



## Governance and Priorities Committee Report For the Meeting of May 21, 2015

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**To:** Governance and Priorities Committee  
**From:** Susanne Thompson, Director of Finance  
**Subject:** 2015 First Quarter Budget Status Report

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**Date:** May 8, 2015

### Executive Summary

In accordance with the Community Charter, Council approves a five-year financial plan bylaw that authorizes the expenditure of funds and collection of revenues for the City's various programs. If unanticipated events occur during the year that impact the approved five-year financial plan, staff recommend amendments to the financial plan bylaw to authorize the changes.

The financial plan is reviewed regularly during the year and the status is reported quarterly to Council. The purpose of the quarterly financial report is to provide Council, the community and staff with a continual overview of financial information and staffing levels. Each report highlights any actual to budget variances and recommends adjustments, if any, to the five-year financial plan bylaw.

This report outlines the status of the 2015 budget as of March 31, 2015. No significant variances have been identified. Therefore, no amendments to the 2015-2019 Financial Plan Bylaw are recommended.

### Recommendation:

That Council receive this report for information.


Respectfully submitted

  
Jo-Ann O'Connor  
Manager, Financial Planning

  
Susanne Thompson  
Director of Finance

Report accepted and recommended by the City Manager: \_\_\_\_\_

Date: \_\_\_\_\_

  
May 16, 2015

### List of Attachments

Appendix A – Summary of Operating Budget Revenues and Expenditures  
Appendix B – Summary of Capital Budget Projects  
Appendix C – Summary of Staffing Levels

## **Purpose**

To provide Council with an update on the actual results compared to the budget for operating and capital budgets and staffing levels for the first quarter ending March 31, 2015.

## **Background**

Council approves a five year financial plan bylaw annually in accordance with Section 165 of the Community Charter. The financial plan allocates the financial and human resources required to achieve the objectives of the City's Strategic Plan.

The City performs monthly variance analyses of the revenues and expenditures as they compare to the approved financial plan and reports the progress quarterly to Council. The quarterly report is a comparison of actual revenues and expenditures for city operations and capital projects as well as staffing levels at March 31, 2015 as outlined in the attached summaries.

If unanticipated events occur during the year that impact the approved five-year financial plan, staff recommend amendments to the financial plan bylaw to authorize the changes. All budgetary amendments require Council's approval.

## **Issues & Analysis**

### Operating Budget

As of March 31, 2015, the overall operating revenues and expenditures are 7% and 17% respectively, of the annual budgeted amount. This compares to 6% and 17% to the prior fiscal period. A summary of the actual operating revenues and expenditures compared to the budget is attached in Appendix A.

Revenues are expected to be within budget. The overall low percentage of actual to budgeted revenue is directly related to the property tax and payment in lieu of tax payments that are generally collected in the latter half of the year. Investments vary throughout the year with a large amount recorded in the fourth quarter.

Expenditures are expected to be within budget. The percentage spent is slightly higher than 25% in Corporate Miscellaneous and Grants due to insurance costs paid at the beginning of the year and a payment of a grant from the Victoria Housing Reserve.

Seasonal variations in municipal operations and accounting processes that occur outside the quarterly basis affect the proportion of revenues received or expenditures incurred to March 31, 2015. We continue to improve our accounting processes to better align the quarterly actual to budget reporting.

### Capital Budget

As of March 31, 2015, the actual capital expenditures are at 20% spent of total budgeted expenditures for the year, compared to 11% in the prior year. This increase is due to the Land Purchase of 812 Wharf Street recognized in the first quarter. A summary of capital programs and projects are illustrated in Appendix B.

At present, the majority of projects are expected to be completed according to schedule. As part of the Financial Planning process, Council approved an additional \$1 million towards the David Foster Harbour Pathway project. A report outlining the revised scope and schedule of this project will be brought to Council in the near future, which may result in shifting of budget to 2016.

Staff are working diligently to complete the capital work plan according to schedule, however unplanned or unforeseen factors could arise and delay the completion date. Requests to move the budget forward into next year can be made as part of the regular year-end budget process.

#### Staff Levels

The City's full-time equivalent employees to date is 778.48 as outlined in Appendix C.

The Strategic Planning process identified the need for a temporary Interdisciplinary Team for a 3 year term, to be reviewed annually. During the Financial Planning process, Council approved the Interdisciplinary Team request and the Supplementary request for the sidewalk, concrete and brick paver intersection maintenance; increasing the full-time equivalent positions by 4.75.

#### **Recommendations**

That Council receive this report for information



## Appendix A

### City of Victoria - Operating Budget Revenues For the Three Months Ending March 31, 2015

	Q1 2014 Actual	Q1 2015 Actual	2015 Budget	Budget Remaining	% Spent	Comments
<b>Engineering and Public Works</b>						
Engineering and Public Works	154,263	84,220	340,356	256,136	25%	
Third Party Billings	221,678	74,519	528,400	453,881	14%	Offsetting Expenditure Budget
Parking Services	3,840,396	3,688,867	15,677,800	11,988,933	24%	
Solid Waste & Recycling	474,360	519,924	2,896,051	2,376,127	18%	Timing of billings
Sewer Utility	1,157,296	1,132,295	7,870,230	6,737,935	14%	Timing of billings
Water Utility	2,825,163	2,792,873	18,556,750	15,763,877	15%	Timing of billings
<b>Human Resources</b>						
<b>Legal Services</b>						
<b>Legislative and Regulatory Services</b>	329,152	293,227	1,506,192	1,212,965	19%	Timing of Lease Rentals
<b>Parks, Recreation and Culture</b>	478,475	483,621	2,636,123	2,152,502	18%	Timing of Boulevard Tax payments
<b>Sustainable Planning and Community Development</b>	573,136	686,776	2,853,646	2,166,870	24%	
<b>Victoria Conference Centre (VCC)</b>	272,760	330,018	4,339,529	4,009,511	8%	Timing of Internal Transfers
<b>VCC Event Costs Paid by Clients</b>	293,682	649,234	4,100,000	3,450,766	16%	Full recovery & timing of billings
<b>Victoria Fire Department</b>	7,382	13,459	56,000	42,541	24%	
<b>Corporate</b>						
Payment in Lieu of Taxes/Special Assessments	12,814	11,739	7,076,685	7,064,946	0%	Payments received later in the year
Fees and Interest	55,195	70,217	3,090,000	3,019,783	2%	Timing of investments
Business and Other Licences	1,345,083	1,355,644	1,387,500	31,856	98%	Timing of payments - Business License
Overhead Recoveries	497,397	510,815	3,158,259	2,647,444	16%	Timing of 2015 allocation
Miscellaneous	46,757	1,678,007	7,288,710	5,610,703	23%	Gas Tax, Traffic Fine Revenue
Hotel Tax	60,502	85,082	1,800,000	1,714,918	5%	Offsetting Expenditure Budget
Prior Year's Surplus	-	-	2,898,482	2,898,482	0%	Timing of 2015 allocation
Strategic Objectives Fund	-	-	143,532	143,532	0%	Timing of 2015 allocation
<b>Victoria Esquimalt Police Department</b>	1,681,003	1,750,657	7,693,627	5,942,970	23%	
<b>Property Taxes</b>	-	-	121,635,023	121,635,023	0%	Payments received later in the year
<b>Total</b>	<b>14,326,495</b>	<b>16,211,195</b>	<b>217,532,895</b>	<b>201,321,700</b>	<b>7%</b>	

## Appendix A

### City of Victoria - Operating Budget Expenditures For the Three Months Ending March 31, 2015

	Q1 2014 Actual	Q1 2015 Actual	2015 Budget	Budget Remaining	% Spent	Comments
<b>Council</b>	154,547	143,396	610,372	466,976	23%	
<b>City Manager's Office</b>	135,362	69,233	284,709	215,476	24%	
<b>Citizen Engagement and Strategic Planning</b>	220,766	361,931	1,464,974	1,103,043	25%	
<b>Engineering and Public Works</b>						
Engineering and Public Works	4,486,920	4,729,553	21,827,382	17,097,829	22%	
Third Party Billings	230,059	227,833	428,400	200,567	53%	Offsetting Expenditure Budget
Parking Services	1,480,056	1,190,331	7,497,800	6,307,469	16%	Timing of debt payment & transfer to reserve
Solid Waste & Recycling	604,979	599,511	2,896,051	2,296,540	21%	
Sewer Utility	823,194	803,511	7,870,230	7,066,719	10%	Transfers to capital & reserves
Water Utility	2,269,424	2,072,712	18,556,750	16,484,038	11%	Transfers to capital & reserves
<b>Finance</b>	1,629,968	1,553,684	6,384,700	4,831,016	24%	
<b>Human Resources</b>	384,796	479,500	1,609,246	1,129,746	30%	Recruitment expenses
<b>Legal Services</b>	162,224	138,512	703,241	564,729	20%	
<b>Legislative and Regulatory Services</b>	762,396	807,624	3,981,662	3,174,039	20%	
<b>Parks, Recreation and Culture</b>	2,979,559	3,124,075	14,897,072	11,772,997	21%	
<b>Sustainable Planning and Community Development</b>	953,438	1,008,508	5,004,218	3,995,710	20%	
<b>Victoria Conference Centre (VCC)</b>	822,519	904,866	4,339,529	3,434,663	21%	
<b>VCC Event Costs Paid by Clients</b>	53,424	164,500	4,100,000	3,935,500	4%	Full recovery & timing of billings
<b>Victoria Fire Department</b>	3,047,225	3,771,921	15,078,352	11,306,431	25%	
<b>Victoria Emergency Management Agency</b>	88,763	76,401	445,071	368,670	17%	
<b>Corporate</b>						
Contingencies	-	-	1,200,971	1,200,971	0%	
Strategic Objectives Fund	-	-	1,661,914	1,661,914	0%	
Hotel Tax	60,502	85,082	1,800,000	1,714,918	5%	Offsetting Expenditure Budget
Transfer to VCC	-	-	642,708	642,708	0%	Timing of 2015 allocation
Transfers to Reserve	-	113,078	15,277,891	15,164,813	1%	Timing of 2015 allocation
Vehicle Depreciation Recovery	(250,000)	(250,000)	(1,000,000)	(750,000)	25%	
Miscellaneous	1,068,199	782,511	2,524,350	1,741,839	31%	Insurance paid in Q1
Grants	225,698	783,424	2,775,771	1,992,347	28%	Payment of Housing Reserve Grant
Debt Principal, Interest and Reserve Transfer	1,239,935	1,239,935	7,827,583	6,587,648	16%	
Transfer to Capital Budget:	-	-	13,034,242	13,034,242	0%	Year end transfer
<b>Greater Victoria Public Library</b>	1,034,986	1,070,572	4,562,523	3,491,951	23%	
<b>Victoria Esquimalt Police Department</b>	10,183,157	10,851,167	49,245,183	38,394,016	22%	
<b>Total</b>	<b>34,852,095</b>	<b>36,903,369</b>	<b>217,532,895</b>	<b>180,629,526</b>	<b>17%</b>	

## Appendix B

### City of Victoria Capital Budget Expenditures For the Three Months Ending March 31, 2015

	Q1 Actual	2015 Budget	Budget Remaining	% Spent
<b>Capital Equipment</b>	426,652	6,525,320	6,098,668	7%
<b>Capital Programs and Projects</b>				
Active Transportation	203,769	5,086,500	4,882,731	4%
Complete Streets	909,586	4,481,200	3,571,614	20%
Downtown Beautification	14,573	303,000	288,427	5%
Parks	22,165	2,720,920	2,698,755	1%
Street Infrastructure	7,889	122,000	114,111	6%
Retaining Walls and Railings	110,993	2,305,555	2,194,562	5%
Bridges	5,117,404	32,059,381	26,941,977	16%
Facilities	238,924	6,135,500	5,896,576	4%
Land Purchase	7,965,997	8,000,000	34,003	100%
Environmental Remediation	215,008	1,942,000	1,726,992	11%
Sanitary Sewers	397,310	3,067,852	2,670,542	13%
Stormwater	373,849	4,183,436	3,809,587	9%
Waterworks	737,456	3,831,218	3,093,762	19%
Police	79,013	1,566,000	1,486,987	5%
<b>Total Capital Expenditures</b>	<b>16,820,587</b>	<b>82,329,882</b>	<b>65,509,295</b>	<b>20%</b>



## Appendix C

### City of Victoria Budgeted Full-time Equivalent Employees by Department

	FTE Draft Financial Plan 2015	Changes	FTE Adopted Financial Plan 2015	Comments
City Manager's Office	1.00		1.00	
Human Resources	10.00		10.00	
Victoria Conference Centre	15.62		15.62	
Legislative and Regulatory Services	23.28		23.28	
Legal Services	4.00		4.00	
Citizen Engagement and Strategic Planning	15.60		15.60	
Finance	63.21		63.21	
Parks, Recreation and Culture	144.00		144.00	
Victoria Fire Department	120.09		120.09	
Victoria Emergency Management Agency	3.00		3.00	
Engineering & Public Works	331.50	1.75	333.25	Approved supplementary - Sidewalk, concrete and brick paver intersection maintenance
Sustainable Planning and Community Development	42.43		42.43	
Interdisciplinary Team	0.00	3.00	3.00	Identified in the Strategic Plan and approved through the Financial Plan
<b>Total</b>	<b>773.73</b>	<b>4.75</b>	<b>778.48</b>	