



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

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

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

A handwritten signature in black ink, appearing to read "Jo-Ann O'Connor".

Jo-Ann O'Connor
Manager, Financial Planning

A handwritten signature in black ink, appearing to read "Susanne Thompson".

Susanne Thompson
Director of Finance

Report accepted and recommended by the City Manager: _____

Date: _____

A handwritten signature in blue ink, appearing to be a stylized "M".
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 |
|---|-------------------|-------------------|--------------------|---------------------|------------|---------------------------------------|
| Engineering and Public Works | | | | | | |
| 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 |
| Human Resources | | | | | | |
| Legal Services | | | | | | |
| Legislative and Regulatory Services | 329,152 | 293,227 | 1,506,192 | 1,212,965 | 19% | Timing of Lease Rentals |
| Parks, Recreation and Culture | 478,475 | 483,621 | 2,636,123 | 2,152,502 | 18% | Timing of Boulevard Tax payments |
| Sustainable Planning and Community Development | 573,136 | 686,776 | 2,853,646 | 2,166,870 | 24% | |
| Victoria Conference Centre (VCC) | 272,760 | 330,018 | 4,339,529 | 4,009,511 | 8% | Timing of Internal Transfers |
| VCC Event Costs Paid by Clients | 293,682 | 649,234 | 4,100,000 | 3,450,766 | 16% | Full recovery & timing of billings |
| Victoria Fire Department | 7,382 | 13,459 | 56,000 | 42,541 | 24% | |
| Corporate | | | | | | |
| 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 |
| Victoria Esquimalt Police Department | 1,681,003 | 1,750,657 | 7,693,627 | 5,942,970 | 23% | |
| Property Taxes | - | - | 121,635,023 | 121,635,023 | 0% | Payments received later in the year |
| Total | 14,326,495 | 16,211,195 | 217,532,895 | 201,321,700 | 7% | |

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 |
|---|-------------------|-------------------|--------------------|---------------------|------------|--|
| Council | 154,547 | 143,396 | 610,372 | 466,976 | 23% | |
| City Manager's Office | 135,362 | 69,233 | 284,709 | 215,476 | 24% | |
| Citizen Engagement and Strategic Planning | 220,766 | 361,931 | 1,464,974 | 1,103,043 | 25% | |
| Engineering and Public Works | | | | | | |
| 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 |
| Finance | 1,629,968 | 1,553,684 | 6,384,700 | 4,831,016 | 24% | |
| Human Resources | 384,796 | 479,500 | 1,609,246 | 1,129,746 | 30% | Recruitment expenses |
| Legal Services | 162,224 | 138,512 | 703,241 | 564,729 | 20% | |
| Legislative and Regulatory Services | 762,396 | 807,624 | 3,981,662 | 3,174,039 | 20% | |
| Parks, Recreation and Culture | 2,979,559 | 3,124,075 | 14,897,072 | 11,772,997 | 21% | |
| Sustainable Planning and Community Development | 953,438 | 1,008,508 | 5,004,218 | 3,995,710 | 20% | |
| Victoria Conference Centre (VCC) | 822,519 | 904,866 | 4,339,529 | 3,434,663 | 21% | |
| VCC Event Costs Paid by Clients | 53,424 | 164,500 | 4,100,000 | 3,935,500 | 4% | Full recovery & timing of billings |
| Victoria Fire Department | 3,047,225 | 3,771,921 | 15,078,352 | 11,306,431 | 25% | |
| Victoria Emergency Management Agency | 88,763 | 76,401 | 445,071 | 368,670 | 17% | |
| Corporate | | | | | | |
| 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 |
| Greater Victoria Public Library | 1,034,986 | 1,070,572 | 4,562,523 | 3,491,951 | 23% | |
| Victoria Esquimalt Police Department | 10,183,157 | 10,851,167 | 49,245,183 | 38,394,016 | 22% | |
| Total | 34,852,095 | 36,903,369 | 217,532,895 | 180,629,526 | 17% | |

Appendix B

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

| | Q1 Actual | 2015 Budget | Budget Remaining | % Spent |
|--------------------------------------|-------------------|-------------------|---------------------|------------|
| Capital Equipment | 426,652 | 6,525,320 | 6,098,668 | 7% |
| Capital Programs and Projects | | | | |
| 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% |
| Total Capital Expenditures | 16,820,587 | 82,329,882 | 65,509,295 | 20% |

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 |
| Total | 773.73 | 4.75 | 778.48 | |