

## **Attachment C: Q2 Budget Update**

### **Q2 BUDGET STATUS REPORT**

This report outlines the actual results compared to the budget for operating and capital budgets and staffing levels for the second quarter ending June 30, 2017.

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.

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.

#### **Operating Budget**

As of June 30, 2017, the overall operating revenues and expenditures are 74% and 36% respectively, of the annual budgeted amount. This compares to 73% and 38% to the prior fiscal period. A summary of the actual operating revenues and expenditures compared to the budget is attached.

Revenues are expected to meet or exceed budget apart from traffic fine revenue received from the Provincial Government that is \$217,000 less than what was estimated in the financial plan. Revenues from parking, permits and inspections, rezoning and recreation are trending higher than expected for the second quarter. Dog licences and business licenses are collected in the first half of the year resulting in a higher percentage of actual to budgeted revenue in those departments.

Expenditures are expected to be within budget. Seasonal variations in municipal operations and accounting processes that occur outside the quarterly basis affect the proportion of revenues received or expenditures incurred to June 30, 2017. Seasonal impacts are reflected in Parks, Recreation, Sustainable Planning and Community Development and Corporate budgets due to work programs that will commence in the third quarter such as the summer recreation programs, Official Community Plan, Downtown Area Core Plan, Canada Day celebrations, Gorge Waterway Removal and the Truth and Reconciliation Task Force.

We continue to improve our accounting processes to better align the quarterly actual to budget reporting.

#### **Capital Budget**

As of June 30, 2017, the actual capital expenditures are at 12% spent of total budgeted expenditures for the year, compared to 24% in the prior year. In 2017, the percentage spent is lower as the overall capital budget is substantially greater than the 2016 budget, mainly due to the Crystal Pool Replacement Project, otherwise the total spend would be similar. Capital projects have varying schedules and the majority of the work planned for 2017 is scheduled to start in Q2 and Q3. A summary of capital programs and projects are attached.

At present, the majority of projects are expected to be completed according to schedule; though the Fountain Upgrades have been cancelled to align with the Centennial Square Master Plan. Finance and the responsible Departments continue to monitoring projects for potential variances in scope, budget, timeline or deliverables.

## Attachment C: Q2 Budget Update

The following projects have been completed:

- Vic West Park Improvements
- Beacon hill Park Street Light Poles
- Pandora Bike Lanes
- Storm Main Upgrade Cook Street, Pandora to North Park/Caledonia
- Storm Main Upgrade Menzies, Superior to Michigan
- Water Main Upgrade Belleville, Menzies to Oswego
- Sanitary Sewer Main Upgrade Fifth Street

Should adjustments be required, reports providing details and options will be brought to Council for consideration.

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 for 2017 is 803.10 as attached.

City of Victoria - Operating Budget Expenditures  
For the Six Months Ending June 30, 2017

	Q2 2016 Actual	Q2 2017 Actual	2017 Budget	Variance	%	Explanation
Engagement	930,671	1,000,491	1,834,718	834,227	55%	
City Manager's Office	356,462	350,422	823,199	472,777	43%	
Council	308,673	329,046	589,875	260,829	56%	
Deputy City Manager	207,607	223,942	403,691	179,749	55%	
Arts, Culture and Events	439,599	1,013,742	1,726,757	713,015	59%	Canada 150; offsetting revenues
Third Party Billing - Special Events	16,679	22,820	-	(22,820)		Full cost recovery; offsetting revenues
Economic Development	171,935	318,642	495,000	176,359	64%	Grant to SIPP was paid in June
Human Resources	764,854	872,481	1,910,393	1,037,912	46%	Rehabilitation trending lower in Q1 and Q2
Legislative and Regulatory Services	1,381,344	1,311,414	3,075,936	1,764,522	43%	Vacancy
Third Party Billing - Bylaw Enforcement	5,755	7,803	-	(7,803)		Full cost recovery; offsetting revenues
Real Estate	389,201	386,649	1,614,503	1,227,853	24%	Transfer to reserve for 812 Wharf Street not done
Victoria Conference Centre (VCC)	1,886,388	1,729,843	3,503,818	1,773,976	49%	
VCC Event Costs Paid by Clients	1,048,721	1,013,855	3,460,000	2,446,145	29%	Full cost recovery; offsetting revenues
Engineering and Public Works				-		
Engineering and Public Works	6,285,909	6,778,266	14,363,121	7,584,855	47%	
Third Party Billings	485,589	454,305	428,400	(25,905)	106%	Full cost recovery; offsetting revenues
Solid Waste & Recycling	1,229,086	1,258,203	3,050,454	1,792,250	41%	Timing of billings
Water Utility	5,565,353	5,557,167	19,402,507	13,845,339	29%	Transfer to capital & reserves not done yet
Sewer Utility	1,729,616	1,610,620	7,982,200	6,371,580	20%	Transfer to capital & reserves not done yet
Stormwater Utility	1,447,855	1,370,460	6,294,511	4,924,051	22%	Transfer to capital & reserves not done yet
Finance				-		
Finance	3,626,276	3,584,120	7,361,623	3,777,503	49%	
Parking Services	3,099,443	3,060,192	7,591,665	4,531,473	40%	Broughton Street shared services with the Province of BC payment is processed later in the year
Legal Services	344,862	363,810	737,615	373,805	49%	
Parks, Recreation and Facilities				-		
Parks	4,647,916	4,562,341	11,163,441	6,601,100	41%	Seasonal work programs in progress and scheduled to start in Q3 include Sports Field Renovations, Natural Resources and BHP Management Plan
Recreation	1,840,553	1,899,757	4,287,490	2,387,732	44%	Seasonal programs in progress and scheduled to start in Q3 include Summer Camps, Outdoor Recreation and RAP
Facilities	2,613,205	2,637,843	5,593,496	2,955,652	47%	
Sustainable Planning and Community Development	2,504,409	2,471,608	5,965,040	3,493,432	41%	The majority of the Downtown Core Area Plan, Official Community Plan and Victoria Housing Strategy work is scheduled for later in the year
Victoria Fire Department	7,589,375	8,095,123	16,660,868	8,565,745	49%	
Corporate				-		
Contingencies	-	-	2,070,896	2,070,896	0%	
Debt Principal, Interest and Reserve Transfer	1,845,937	1,903,687	7,827,583	5,923,896	24%	Timing of debt payments; and transfer to reserve not done yet
Grants	2,649,931	2,758,139	2,834,294	76,155	97%	Majority of grants are paid in June
Hotel Tax	349,188	-	-	-		
Miscellaneous	1,305,711	1,370,806	3,057,700	1,686,894	45%	#NAME?
Transfer to VCC	-	-	300,000	300,000	0%	Transfer not recorded yet
Transfers to Reserve	(486,433)	(496,862)	17,139,369	17,636,231	-3%	Financial statement entry, transfers to reserve not recorded yet
Transfer to Capital Budget	-	-	10,161,000	10,161,000	0%	Year end transfer not recorded yet
Greater Victoria Public Library	2,331,712	2,384,487	4,879,695	2,495,209	49%	
Victoria Police Department	23,983,115	23,911,079	53,253,743	29,342,664	45%	Transfer to reserve and year end entries not recorded yet
Total	62,695,495	64,116,202	231,844,600	147,729,287	35%	

**City of Victoria - Operating Budget Revenues**  
**For the Six Months Ending June 30, 2017**

	Q2 2016 Actual	Q2 2017 Actual	2017 Budget	Variance	%	Explanation
<b>Engagement</b>	-	-	-	-		
<b>Deputy City Manager</b>	-	-	-	-		
Deputy City Manager	-	-	3,000	3,000	0%	Bastion Square License Agreement revenue recognized later in the year
Arts, Culture and Events	18,322	227,503	397,800	170,297	57%	Canada 150 grant; offsetting expenses
Special Events Third Party Billings	17,772	20,334	-	(20,334)		Full cost recovery of related expenses
Legislative and Regulatory Services	212,423	233,529	287,350	53,821	81%	Dog licenses
Bylaw Enforcement Third Party Billing	5,855	4,789	-	(4,789)		Full cost recovery of related expenses
Real Estate	767,344	780,261	1,786,750	1,006,489	44%	Timing of recording rental income
Victoria Conference Centre (VCC)	1,462,025	1,363,650	3,739,138	2,375,488	36%	Seasonal revenues, majority of fees recognized between May - September
VCC Event Costs Paid by Clients	1,892,117	2,140,683	3,460,000	1,319,317	62%	Full recovery of related expenses
<b>Engineering and Public Works</b>	-	-	-	-		
Engineering and Public Works	195,735	290,603	967,439	676,836	30%	Enroachment fees trending lower and transfer of reserve funds not yet done; includes Transportation Strategy and Mall and Squares
Third Party Billings	615,894	331,972	528,400	196,428	63%	Full cost recovery of related expenses
Solid Waste and Recycling	1,010,178	1,538,498	3,050,454	1,511,956	50%	Timing of billings
Sewer Utility	2,995,335	4,293,842	7,982,200	3,688,358	54%	Timing of billings
Water Utility	5,663,827	9,023,404	19,402,507	10,379,103	47%	Timing of billings
Storm Drain Utility	-	-	6,294,511	6,294,511	0%	Billing is in September
<b>Finance</b>	-	-	-	-		
Parking Services	8,292,502	8,548,590	16,042,800	7,494,210	53%	Total parkade transactions increased by just over 4.4%; 379,000 transactions compared to 363,000 in Q2 2016 and ParkVictoria transactions increased by 46%; 149,000 from 102,000 in Q2 2016
Parks, Recreation and Facilities	1,579,226	1,548,741	2,986,966	1,438,225	52%	Parks Boulevard Program revenue recognized in June. Facility rentals and swimming and fitness revenues are trending slightly higher. Transfer from reserve entries not yet done; includes funding for Downtown Trees and the Parks Master Plan
Sustainable Planning and Community Development	2,055,354	2,666,149	3,563,501	897,352	75%	Building permits, electrical and plumbing permits and rezoning revenues are trending higher
Victoria Fire Department	66,330	63,330	159,700	96,370	40%	Mechanic program revenue, confined space and fire technical high angle rope rescue cost sharing is received later in year.
<b>Corporate</b>	-	-	-	-		
Payment in Lieu of Taxes/Special Assessments	1,692,032	1,749,200	7,416,140	5,666,940	24%	Payments received later in the year
Fees and Interest	1,582,474	1,212,273	3,490,000	2,277,727	35%	Timing of investment income varies from year to year
Business and Other Licences	1,360,539	1,402,704	1,499,500	96,796	94%	Majority of business licenses revenue recognized in Q1
Overhead Recoveries	1,189,130	1,219,500	3,310,160	2,090,660	37%	
Hotel Tax	526,448	-	-	-		
Miscellaneous	3,098,929	3,865,597	8,000,192	4,134,595	48%	Revenues received later in year; includes Gas Tax and Multipurpose; Traffic Fine Revenue \$217,000 less than budget
Prior Year's Surplus	-	-	3,827,909	3,827,909	0%	Total City surplus is \$4.032 million; \$204,891 is in the Police budget
Victoria Police Department	4,148,570	4,285,913	8,736,916	4,451,003	49%	
<b>Property Taxes</b>	120,139,530	124,916,053	124,911,268	(4,785)	100%	
<b>Total</b>	<b>160,567,888</b>	<b>171,727,115</b>	<b>231,844,601</b>	<b>60,117,486</b>	<b>74%</b>	

**City of Victoria - Capital Budget Expenditures**  
**For the Six Months Ending June 30, 2017**

	Q2 2017 Actual	2017 Budget	Variance	%	Explanation
Active Transportation	2,749,449	13,533,000	10,783,551	20%	Pandora Bike lanes completed in Q1; DFHP Reeson Park tender went out in July and the majority of other projects are scheduled for Q3 and Q4
Complete Streets	946,519	5,840,000	4,893,481	16%	In progress with majority of projects scheduled for Q3 and Q4
Neighbourhoods	47,426	338,000	290,574	14%	Wayfinding, seasonal animation and participatory budgeting are in progress. Great Neighbours is scheduled to award first intake in Q3
Parks	325,415	2,049,000	1,723,585	16%	Vic West Park and Beacon Hill Park Street Light Poles projects complete; Burnside Gorge new park design underway and majority of other projects to start Q3
Street Infrastructure	622,338	3,700,000	3,077,662	17%	LED replacement Phase 1 complete with Phase 2 starting in Q3. Projects underway; Electrical Wood Pole Inventory and Selkirk Development Streetlight Replacement to start in Q4
Retaining Walls and Railings	313,180	1,085,000	771,820	29%	Dallas Road Seawall is underway, Ship Point Pier and Dallas Road Bluff Study procurement is scheduled for Q4; other projects to start throughout the remaining year
Bridges	4,728,595	21,940,000	17,211,405	22%	In progress
Facilities	825,046	76,972,000	76,146,954	1%	Fountain upgrades cancelled to align with the Centennial Square Master Plan, other projects scheduled to start Q3 and Q4. Crystal Pool Replacement planning is underway
Equipment	1,643,846	10,327,000	8,683,154	16%	Vehicle and Heavy Equipment procurement and majority of projects underway, remaining of projects to start throughout the remaining year
Environmental Remediation	66,706	1,058,000	991,294	6%	Budget only spent if needed
Sanitary Sewers	1,373,987	3,840,000	2,466,013	36%	Carryforward projects are complete. 2017 projects are in progress with mains replacement and inflow and infiltration scheduled to start in Q3
Stormwater	2,054,620	7,121,000	5,066,380	29%	Carryforward projects are complete, 2017 mains replacements in progress with a majority of projects in progress and scheduled to be complete in Q3 and Q4; brick main replacement to start in Q3
Waterworks	2,644,700	5,957,000	3,312,300	44%	Majority of carryforward projects complete; Constance main still in progress. 2017 water main lining projects are underway and a majority are scheduled to start in Q3
Contingency	-	357,000	357,000	0%	
Victoria Police	735,254	1,277,000	541,746	58%	In progress
<b>Total</b>	<b>19,077,088</b>	<b>155,394,000</b>	<b>136,316,912</b>	<b>12%</b>	

**City of Victoria - Budgeted Full-Time Equivalent Employees  
For the Six Months Ending June 30, 2017**

	FTE 2017
<b>Engagement</b>	15.00
City Manager's Office	5.00
Deputy City Manager	2.00
Arts, Culture & Events	7.29
Economic Development	1.00
Human Resources	11.00
Legislative and Regulatory Services	21.88
Real Estate	3.00
Victoria Conference Centre	13.62
<b>Engineering &amp; Public Works</b>	273.72
<b>Finance</b>	102.26
<b>Legal Services</b>	4.00
<b>Parks, Recreation and Facilities</b>	176.81
<b>Sustainable Planning and Community Development</b>	43.43
<b>Victoria Fire Department</b>	123.09
<b>Total</b>	<b>803.10</b>