Corporation of the City of
NEW WESTMINSTER

# Attachment #2

## *Department Operating Memos for Q3*

## Q3 Operating Memo – Office of the CAO

(Legislative Services, Economic Development, Communications, Public Engagement, Indigenous Relations, Intergovernmental Relations, Legal and Admin office)

| Administration Department as at September 30, 2022 | Q3 Budget YTD Sep 30 | Q3 Actual YTD Sep30 | YTD Bud Var $ | 2022 Annual Budget | 2022 Annual Forecast | 2022 Annual vs Forecast | 2022 Enhancement |
|---|---|---|---|---|---|---|---|
| 200 Expenses | | | | | | | |
| 400 Salaries/Benefits/Training | 2,820,976 | 2,556,748 | 264,228 | 3,674,754 | 3,555,333 | 119,421 | 60,157 |
| 450 Contracted Services | 352,450 | 347,692 | 4,758 | 475,417 | 552,618 | (77,201) | (2,900) |
| 500 Supplies and Materials | 230,645 | 143,620 | 87,025 | 309,357 | 309,224 | 133 | 42,013 |
| **Total Administration** | **3,404,071** | **3,048,060** | **356,011** | **4,459,528** | **4,417,175** | **42,353** | **99,270** |

**<u>As at September 30, 2022 Budget vs Actual to Date</u>** – The Office of the CAO is reporting a net favorable variance of $356K, largely due to ongoing vacancies; vacant senior officer position, a vacant full-time staff at the end of Q3, and a full-time staff who is seconded to another department in the Mayors and Clerks Division offset by increases due to reclassification and rising benefits costs such as WCB and LTD type Benefits/Premium costs. At the end of Q3, there are 2 vacant positions for a total staff compliment of approximately 29.0 Full Time Staff. The surplus in supplies and materials is due to the timing of payment processing for election costs and therefore will be posted before year-end.

**<u>2022 Service Enhancement</u>**

- Legislative Services – $45.5K – election resources - complete
- Legislative Services – $39.0K - vote counting machine; contracted out for less than purchasing
- Legislative Services – $10.0K - contract services for records management enhancement
- Legislative Services – $3K new equipment cost for a new staff member - complete
- Intergovernmental Relations – $15K auxiliary support – complete by year end

**<u>2022 Annual Forecast Budget vs Actual</u>** – net overall surplus offset by higher than anticipated print costs for voters' booklet and cards for Elections, record management, and legal costs. In addition, an election no longer qualifies for the low-cost mailing through Canada Post. In 2023, staff forecast the need to increase remuneration for Indigenous representation and members with lived experiences to participate on City committees (this policy expected to come to Council in early 2023). The Intergovernmental Relations division will spend $65K towards the start-up of the Peer Assisted Care Team Pilot Project. This was approved in 2021 and includes a coordinator who will transition to provincial staff in 2023. Intergovernmental Relations has also requested $40K for software support to manage new grant opportunities and the contractual obligations for approximately $50M in grant funding received by the City and its partners over the last 2.5 years. Economic Development is anticipating the need for additional funding of $25K for Retail Strategy consulting services for business engagement and to assist with improving accessibility of information materials.

**<u>Planning Ahead</u>** – The organization as a whole, including the Office of the CAO, continues to experience staff recruitment and retention challenges. This is placing immense pressure on leadership to navigate structural changes to avoid impacts to City services longer-term. Some of the key questions being evaluated by the Senior Management Team (SMT) involve more strategic staff recruitment and retention options (wage competitiveness, addressing stress and staff workload given higher than anticipated vacancies, and mitigating against regional municipal competition for key staff positions).

Organizational restructuring options are also being evaluated in order to continue to support Council Priorities and needs of the community.

# Q3 Operating Memo - Anvil Centre and Arts Services

(Anvil Conference Centre & Administration, Anvil Centre Theatre & Arts Services, Museums & Heritage Services and Art + Technology)

| Anvil Centre & Arts Services Group as at September 30, 2022 | Q2 Budget | Q2 Actual | YTD Bud | 2022 Annual | 2022 Annual | 2022 Annual | 2022 |
|---|---|---|---|---|---|---|---|
| | YTD Sept 30 | YTD Sept 30 | Var $ | Budget | Forecast | vs Forecast | Enhancement |
| Total 200 Sale of Services | (45,163) | (91,767) | 46,604 | (61,030) | (108,722) | 47,692 | - |
| Total 250 Grants from Other Governments | (25,949) | (166,822) | 140,873 | (35,000) | (166,822) | 131,822 | - |
| Total 300 Other Revenue | (1,250,171) | (817,261) | (432,910) | (1,689,419) | (1,290,807) | (398,612) | 761,200 |
| Total 350 Contribution Revenue | (7,423) | (8,683) | 1,260 | (10,030) | (10,640) | 610 | - |
| **Total 100 Revenue** | **(1,328,706)** | **(1,084,533)** | **(244,173)** | **(1,795,479)** | **(1,576,991)** | **(218,488)** | **761,200** |
| Total 400 Salaries/Benefits/Training | 2,513,693 | 2,226,265 | 287,428 | 3,271,932 | 3,074,568 | 197,364 | 234,458 |
| Total 450 Contracted Services | 417,070 | 242,869 | 174,201 | 562,347 | 447,699 | 114,648 | (2,106) |
| Total 500 Supplies and Materials | 189,182 | 133,695 | 55,487 | 255,760 | 263,605 | (7,845) | 4,500 |
| Total 600 Cost of Sales | 843,943 | 351,348 | 492,595 | 1,140,462 | 720,987 | 419,475 | (255,000) |
| Total 725 Amortization | 1,963,960 | 1,990,503 | (26,543) | 2,654,000 | 2,654,000 | - | - |
| **Total 200 Expenses** | **5,927,848** | **4,944,680** | **983,168** | **7,884,501** | **7,160,859** | **723,642** | **(18,148)** |
| **Anvil Centre & Arts Services Group** | **4,599,142** | **3,860,147** | **738,995** | **6,089,022** | **5,583,868** | **505,154** | **743,052** |

**<u>As At September 30, 2022 Budget vs Actual to Date</u> –** The Anvil Centre has a net favorable variance of $739K, primarily due to vacancies and staff on leave, and savings from Contracted Services. Salaries are primarily due to 3 staff vacancies (Conference Centre & Adm - 1, Theatre & Arts Services - 1 and Museums & Heritage Services - 1) and 1 Theatre & Arts Services staff on leave out of a total staff compliment of 25. Positive variance in Contracted Services were experienced due to significant savings in Museums & Heritage Services with the hiring of an Indigenous Relations Advisor during the year, and timing delays in supplier invoicing. Positive variance in the Conference Centre & Admin cost of sales mirrors and is offset by the drop in conference centre bookings. Consistent with COVID-19 pandemic impact on the Performing Arts Sector, negative variance in the Conference Centre & Administration other revenue due to lower than anticipated conference centre bookings with rentals opting out of additional services such as catered food and non-alcoholic beverages and audio visual equipment rentals. Similar negative trend identified in Theatre & Arts Services other revenue with lower than expected theatre ticket sales and room booking revenue. Positive variance Museums & Heritage Services grants from other governments due to receipt of Young Canada Works grant and recognition of deferred CDA grant. Funding received to support an exhibition created a positive variance in Art + Technology contribution revenue.

**<u>2022 Service Enhancements</u>**

- Museums & Heritage Services: $93K Indigenous Relations Advisor - Hiring Complete
- Theatre & Arts Services: $22K Auxiliary Salaries (One Time) - Actuals are trending higher than anticipated
- Art + Technology: $73K Program Coordinator - Hiring Complete
- Conference Centre & Administration and Anvil Centre Theatre & Arts Services: $555K Net Revenue Sectoral Recovery Adjustments (COVID-19) - Actuals are trending lower than anticipated with measured conference centre bookings

**<u>2022 Annual Forecast Budget vs Actual</u> –** For year end, a net surplus of $505K is forecasted due to part-year staff vacancies and leaves, combined with savings from lower Cost of Sales and Contracted Services expenditures. Lower conference centre bookings, theatre ticket sales and room bookings are expected to continue for the remainder of the year.

**<u>Planning Ahead</u> –** Continue monitoring post pandemic revenue recover and investigate security concerns raised at Anvil Conference Centre.

## Q3 Operating Memo – BridgeNet

| Bridgenet as at September 30, 2022 | Q3 Budget YTD Sep 30 | Q3 Actual YTD Sep30 | YTD Bud Var $ | 2022 Annual Budget | 2022 Annual Forecast | 2022 Annual vs Forecast Var | 2022 Enhancement |
|---|---|---|---|---|---|---|---|
| 100 Revenue | | | | | | | |
| Total 150 Utility Rates | (136,178) | (103,732) | (32,446) | (191,800) | (191,800) | 0 | |
| Total 200 Sale of Services | | (15,000) | 15,000 | | (15,000) | 15,000 | |
| Total 300 Other Revenue | | (25,456) | 25,456 | (15,168) | (40,622) | 25,454 | |
| Total 100 Revenue | (136,178) | (144,188) | 8,010 | (206,968) | (247,422) | 40,454 | |
| 200 Expenses | | | | | | | |
| Total 400 Salaries/Benefits/Training | 143,415 | 122,684 | 20,731 | 186,745 | 164,559 | 22,186 | |
| Total 450 Contracted Services | 57,725 | | 57,725 | 77,570 | 13,314 | 64,256 | 50,000 |
| Total 500 Supplies and Materials | 39,423 | 21,872 | 17,551 | 52,600 | 50,676 | 1,924 | (50,000) |
| Total 725 Amortization | 348,540 | 353,250 | (4,710) | 471,000 | 475,710 | (4,710) | |
| Total 200 Expenses | 589,103 | 497,806 | 91,297 | 787,915 | 704,259 | 83,656 | |
| **Total BridgeNet Admin/Operations** | **452,925** | **353,618** | **99,307** | **580,947** | **456,837** | **124,110** | |

**As At September 30, 2022 Budget vs Actual to Date** – Overall, BridgeNet is unfavorable to Budget $99k due to timing differences between Actual billings and revenue and Budgeted timing. It is expected that the utility will achieve planned revenue by end of year. At Q3 2022 BridgeNet has a Budget of 1 FTE and is fully staffed.

**2022 Service Enhancement**

- Sales/Marketing Service – $0K – Third party sales/marketing representative to work with our current ISP's and attract new business opportunities at the same time. Cost of service to be offset by savings from Fiber Utility operations. Potential contractors have been reviewed and a selection has been made. A contract for services is being developed and it is expected that engagement will start November 2022.

**2022 Annual Forecast Budget vs Actual** – BridgeNet is expected to achieve budgeted revenue and operating income by end of year.

**Planning Ahead** – Planning ahead, the BridgeNet will work on implementing its operational improvement plan and achieving planned revenue improvements.

## Q3 Operating Memo - Climate Action, Planning & Development Department (CAPD)

| CAPD Department as at September 30, 2022 | Q3 Budget YTD Sep 30 | Q3 Actual YTD Sep 30 | YTD Bud Var $ | 2022 Annual Budget | 2022 Annual Forecast | 2022 Annual vs Forecast Var | 2022 Enhancement |
|---|---|---|---|---|---|---|---|
| Total 200 Sale of Services | (12,745) | (48,939) | 36,194 | (16,993) | (53,187) | 36,194 | |
| Total 250 Grants from Other Governments | (245,803) | (17,946) | (227,857) | (327,739) | (275,988) | (51,751) | (277,739) |
| Total 300 Other Revenue | (4,669,556) | (6,872,305) | 2,202,749 | (5,826,247) | (7,923,409) | 2,097,162 | (240,143) |
| Total 350 Contribution Revenue | (79,802) | 0 | (79,802) | (106,400) | (15,174) | (91,226) | (105,700) |
| Total 100 Revenue | (5,007,906) | (6,939,190) | 1,931,284 | (6,277,379) | (8,267,758) | 1,990,379 | (623,582) |
| Total 400 Salaries/Benefits/Training | 4,688,659 | 4,312,975 | 375,684 | 6,109,085 | 6,001,172 | 107,913 | 186,420 |
| Total 450 Contracted Services | 673,358 | 649,965 | 23,393 | 897,815 | 889,485 | 8,330 | 384,939 |
| Total 500 Supplies and Materials | 103,200 | 69,143 | 34,057 | 137,604 | 101,774 | 35,830 | |
| Total 650 Grants | 160,574 | 106,659 | 53,915 | 214,100 | 209,100 | 5,000 | |
| Total 200 Expenses | 5,625,791 | 5,138,742 | 487,049 | 7,358,604 | 7,201,531 | 157,073 | 571,359 |
| Total Development Services | 617,885 | (1,800,448) | 2,418,333 | 1,081,225 | (1,066,227) | 2,147,452 | (52,223) |

**As At September 30, 2022 Budget vs Actual to Date** - CAPD Department is tracking a net surplus of $2.4M at Q3 due to significant variances being experienced in a couple of areas. Overall higher than budgeted Other Revenue of $2.2M is primarily from Building permits due to a few multi-tower project permit issuances this year. Staff does not expect the revenue to climb much higher in the rest of 2022 but will consider the 2022 review as a target for 2023 because there is an anticipated recession next year and interest rates are supposed to rise by year end which will slow growth. Grants from Other governments is unfavourable primarily due of timing as Strengthening Community Grant is expected to be received by year end when all spending are paid out and application is submitted. Contribution Revenue is unfavourable due to a vast majority of recently approved planning applications did not require applying a charge to applicants for Economic Analysis, which is partially offset by favourable Sales of Services from increased cost recovery on legal fees the city incurs on behalf of developers.

The overall $487.0k favourable variance in expense is primarily due to net savings from salaries and benefits, as the department experienced very high turnover of staff at the beginning of the year combining with short term vacancies while recruiting and lower than expected auxiliary staff hired. While majority of the vacancies have been filled as of September 30, 2022, there are 4 vacancies remaining out of a total staff complement of approximately 51.4 full time staff. Savings were experienced from Consulting and Studies expenditures as land use planning staff were reallocated to other council priorities, which are partially offset by higher bank charges and legal fees. Other favourable variance are experienced in Subcontracts cost due to spend timing, and spending timing in Grants, which are expected to be paid out by the end of the year.

**2022 Service Enhancement**

- Business Licences Revenue - ($180k) - Experiencing positive growth, expect to be on track
- Plumbing Permits Revenue - ($50k) – Already exceeded budget, this has been achieved
- Planning Permits - ($10k) – Less planning permits than expected, this is unlikely to achieve
- Downtown Livability - $110k -The bylaw officers have been filled
- Auxiliary Clerk Typist 3 - $65k - Position filled
- Dues and Training for the Building Team - $11k – This will be on track
- Cellular Service Costs for Building Team - $2k - Expected to be on track

- Flow through of Senior Government Grants and funds in support of the City's due diligence work in reviewing development applications - $0 - Expected to happen later in the year

**2022 Annual Forecast Budget vs Actual** - For year end a net surplus of $2.1M is forecasted with a similar trend of revenue projected in Sale of Services, Other Revenue and Contributed Revenue. Majority of the senior government's grants are expected to be received by year end.

Staff levels are expected to remain steady for the remaining year with high possibility of filling 2 out of the 4 said vacancies. A few positions have been reclassified and key staff have returned from leave which alleviates a bit of the stress from Q2 in regards to staffing shortages. In contracted services, the same said trend will continue with subcontracts cost being higher than budget due to grants receipts recorded in last year. The overall favourable variance will offset the significantly increased WCB premium and other benefit cost in 2022.

**Planning Ahead** - CAPD continues to work to recruit for a significant number of vacant positions as we transition to 'new normal' facing staff retirements, shortages, and absenteeism. We are collaborating closely with IT and other related departments to enhance our tracking, capitalize on synergies and create new protocols to meet customer service and regulatory demands of the increasingly complex development process. With growing trends in revenues for new developments, the department continues to invest in digitization technologies that allow more nimble project intake, tracking, review, issuance and inspections as well as more robust reporting on leading and lagging indicators. CAPD continues to support Downtown Livability initiatives with an integrated approach to better serve the community along with implementation of Climate Action initiatives including Step Code advancement. Having completed and adopted CEEP 2050 and the e-Mobility Strategy, the Climate Action team will be working on development of a supportive decision making framework to prioritize action implementation, which is required to achieve the City's climate action targets. Policy updates to ensure alignment and advancement of the updated Building Code and new Carbon Pollution Standard are required and development of a strategic deployment of EV Fleet will be initiated. Finally a review of climate risk and vulnerabilities will be reviewed and an assessment of impacts to the City will be initiated.

# Q3 Operating Memo – Electrical Utility

| BU and Accounts | Q3 Budget YTD Sep 30 | Q3 Actual YTD Sep30 | YTD Bud Var $ | 2022 Annual Budget | 2022 Annual Forecast | 2022 Annual Bud vs Forecast Var $ | 2022 Enhancement |
|---|---|---|---|---|---|---|---|
| 100 Revenue | | | | | | | |
| Total 150 Utility Rates | (38,461,223) | (41,649,664) | 3,188,441 | (54,070,372) | (57,258,813) | 3,188,441 | |
| Total 200 Sale of Services | (3,398) | (3,391) | (7) | (49,825) | (49,818) | (7) | |
| Total 300 Other Revenue | | (365,924) | 365,924 | (224,725) | (224,725) | 0 | |
| Total 350 Contribution Revenue | (1,430,790) | (1,061,108) | (369,682) | (1,933,500) | (1,767,000) | (166,500) | |
| Total 100 Revenue | (39,895,411) | (43,080,087) | 3,184,676 | (56,278,422) | (59,300,356) | 3,021,934 | |
| 200 Expenses | | | | | | | |
| Total 400 Salaries/Benefits/Traini | 2,535,271 | 2,116,608 | 418,663 | 3,298,171 | 2,892,000 | 406,171 | |
| Total 450 Contracted Services | 836,930 | 918,031 | (81,101) | 1,178,201 | 1,259,300 | (81,099) | (181,160) |
| Total 500 Supplies and Materials | 339,412 | 320,739 | 18,673 | 478,046 | 459,372 | 18,674 | 0 |
| Total 600 Cost of Sales | | (1,451) | 1,451 | | (1,451) | 1,451 | |
| Total 725 Amortization | 2,522,660 | 2,556,747 | (34,087) | 3,409,000 | 3,443,087 | (34,087) | |
| Total 750 Utility Purchases and Le | 22,537,340 | 24,401,806 | (1,864,466) | 31,742,733 | 33,607,199 | (1,864,466) | |
| Total 200 Expenses | 28,771,613 | 30,312,480 | (1,540,867) | 40,106,151 | 41,659,507 | (1,553,356) | (181,160) |
| Total Electrical Fund | (11,123,798) | (12,767,607) | 1,643,809 | (16,172,271) | (17,640,849) | 1,468,578 | (181,160) |

**As At September 30, 2022 Budget vs Actual to Date** – Overall, the Electrical Utility is favorable to Budget by $1.6M due mainly to lower than average temperatures in the first-half of the year driving additional electrical sales and purchases. Colder weather and additional electrical use account for $1.3M of favorable variances and salary vacancies account for $0.4M of favorable variance.

The utility currently lists 22 budgeted FTEs of which 4-roles are currently vacant including 2-engineers of which one is an Asset Coordinator, a manager, and a recently vacated Electrical Technician position. Salaries and benefit are favorable to Budget.

**2022 Service Enhancement**

- Contracted Services – ($181K) – Savings from outsourced metering function and consulting & study costs with the recruitment of an additional Power Line Technician and an Asset Coordinator. Hiring is still ongoing due to vacancies in existing technician positions. Enhancement savings from terminating a supplier contract will not be fully realized due to incremental demands of AMI project on metering resources as well as data cleanup and process issues that needed to resolved in advance of ending contract. The contract has been terminated as at September 2022.

**2022 Annual Forecast Budget vs Actual –** The Electrical utility is forecasting to meet Budget for electrical sales and purchases in the final quarter of the year and to actively place the current job vacancies. Net impact is a projected end of year favorable variance of $1.3M.

**Planning Ahead –** Planning ahead, the Electrical Utility will need to budget and review the operating impact of adding an operating Queensborough Substation and its operating and maintenance along with planning the financial impacts of introducing Automated Metering.

## Q3 Operating Memo – Electrical Services

| Electrical Services Department as at September 30, 2022 | Q3 Budget YTD Sep 30 | Q3 Actual YTD Sep30 | YTD Bud Var $ | 2022 Budget | 2022 Forecast | 2022 Annual vs Forecast | 2022 Enhancement |
|---|---|---|---|---|---|---|---|
| Total 100 Revenue | (3,030) | (76,196) | 73,166 | (44,440) | (117,605) | 73,165 | |
| 200 Expenses | | | | | | | |
| Total 400 Salaries/Benefits/Training | 577,537 | 556,780 | 20,757 | 751,287 | 730,530 | 20,757 | |
| Total 450 Contracted Services | 67,932 | 74,613 | (6,681) | 91,800 | 98,483 | (6,683) | |
| Total 500 Supplies and Materials | 104,044 | 195,576 | (91,532) | 140,602 | 232,132 | (91,530) | |
| Total 200 Expenses | 749,513 | 826,969 | (77,456) | 983,689 | 1,061,145 | (77,456) | |
| **Total Electrical Services** | **746,483** | **750,773** | **(4,290)** | **939,249** | **943,540** | **(4,291)** | **0** |

**As At September 30, 2022 Budget vs Actual to Date** – Electrical Services is unfavorable to Budget due to unfavorable variances in Supplies and Materials that are slightly offset by higher than expected revenue in Sales of Services. On review, this line item has average $235k of spending in the past 5-years so the department will be seeking a budget enhancement to align Budget to historical spending. Unfavorable Contract Services variance will continue to the end of the year. Electrical services lists 5-FTE budgeted. The department is currently fully-staffed.

**2022 Annual Forecast Budget vs Actual** – Ongoing Supplies and Materials variances due to Budget not aligning with historical trend.

**Planning Ahead** – Electrical Services will be seeking budget enhancements to align Annual Budget with annual spending over the past-5 years. The department will also be exploring process changes to bring Supplies and Materials expenses under control. Changes include processes to assign more specific accountability to Supplies and Materials expenses.

# Q3 Operating Memo - Engineering (General Fund)

| Engineering Department (General Fund) as at September 30, 2022 | Q3 Budget YTD Sept 30 | Q3 Actual YTD Sept 30 | YTD Bud Var $ | 2022 Annual Budget | 2022 Annual Forecast | 2022 Annual vs Forecast | 2022 Enhancement |
|---|---|---|---|---|---|---|---|
| Total 200 Sale of Services | (3,335,298) | (3,666,163) | 330,865 | (4,507,157) | (4,997,642) | 490,485 | (45,000) |
| Total 250 Grants from Other Governments | (643,396) | (466,320) | (177,076) | (857,860) | (867,700) | 9,840 | (110,200) |
| Total 300 Other Revenue | (2,253,302) | (2,092,097) | (161,205) | (3,041,223) | (2,840,235) | (200,988) | (15,000) |
| Total 350 Contribution Revenue | (75,561) | (39,761) | (35,800) | (100,758) | (39,960) | (60,798) | (75,000) |
| **Total 100 Revenue** | **(6,307,557)** | **(6,264,341)** | **(43,216)** | **(8,506,998)** | **(8,745,537)** | **238,539** | **(245,200)** |
| Total 400 Salaries/Benefits/Training | 11,565,052 | 10,574,852 | 990,200 | 15,050,776 | 13,999,343 | 1,051,433 | 453,022 |
| Total 450 Contracted Services | 1,780,101 | 1,682,349 | 97,752 | 2,396,101 | 2,441,968 | (45,867) | (34,500) |
| Total 500 Supplies and Materials | 2,431,891 | 2,642,796 | (210,905) | 3,293,392 | 3,718,879 | (425,487) | 150,000 |
| Total 600 Cost of Sales | - | 3,930 | (3,930) | - | 15,000 | (15,000) | - |
| Total 700 Insurance and Claims | 235,505 | 274,709 | (39,204) | 318,250 | 274,709 | 43,541 | - |
| Total 725 Amortization | 6,451,320 | 6,538,500 | (87,180) | 8,718,000 | 8,718,000 | - | - |
| **Total 200 Expenses** | **22,463,869** | **21,717,136** | **746,733** | **29,776,519** | **29,167,899** | **608,620** | **568,522** |
| **Engineering Department (General Fund)** | **16,156,312** | **15,452,795** | **703,517** | **21,269,521** | **20,422,362** | **847,159** | **323,322** |

**As At September 30, 2022 Budget vs Actual to Date** – Engineering Department is reporting a net favorable variance of $703.5K largely due to ongoing staff vacancies and better than expected Parking Revenues and timing of Street Occupancy Permit Revenues that resulted from late payments for works complete in 2021. At the end of Q3 there remain 14 vacancies and 5 long term leaves which are partially being managed through increase in contracted services, overtime, and auxiliary staff. In spite of additional spending in these areas, the Operations Division remains unable to keep up with demand for service, particularly in the areas of street cleanliness and customer service call response. Staff are also experiencing inflationary increases for basic materials and commodities such as salt, fuel, lumber and insurance for the City's fleet. Cost escalation for basic materials and commodities, including fuel, combined with increased volume of scheduled and unscheduled facilities maintenance work for HVAC, elevators, pest control and alarm systems, is resulting in higher than budgeted spend in several Civic Buildings and Facilities Division accounts. The surplus in revenues in Q3 is largely offset by the timing of TransLink MRN grant funds, less than planned development application processing fees, Q to Q Ferry lower than planned ticket sales and no revenue from 3rd parties through grants or advertising sponsorship.

**2022 Service Enhancements**

- Administration: ($110K) Pattullo Bridge Project Grant Increase - Being received to plan.
- Administration: $102K Street Use Permits Revenue Reduction - Actuals are trending higher than anticipated.
- Administration: $50K Transportation Dev App Fee Revenue Reduction - Actuals are trending lower than anticipated.
- Administration: ($42K) Other Fees and Permits Revenue Increase - Actuals are trending lower than anticipated
- Administration: ($100K) Q to Q Ferry fare & Sponsorship Revenue Increase - Actuals are trending lower than anticipated, due primarily to an absence of 3rd party contributions and modest ridership recovery.
- Administration: $15K Consultant and Studies Increase - Tracking with budget.
- Administration: ($35K) Legal Expense Decrease - Actuals are trending higher than anticipated.
- Administration: $35K Auxiliary Salaries Increase - Actuals are tracking with budget
- Operation: $90K Graffiti Specialist - Hiring complete.

- Operations: ($90K) Subcontracts Decrease - Actuals are tracking with budget.
- Operation: $47K PT Education & Enforcement Officer - To be posted.
- Operation: $90K Street Use Enforcement Senior Officer - Interview stage.
- Operation: $70K Beat Person: Greenways and Commercial Areas - To be posted.
- Operations: ($100K) Parking Fines Revenue Increase - Actuals are tracking with budget
- Operations: ($45K) Sign Shop Flat Fee Revenue Increase - Actuals are trending higher than anticipated.
- Operations: $45K Sign Shop Auxiliary Salaries Increase - Actuals are trending lower than anticipated
- Facilities: $150K Massey Theatre Maintenance Increase - Work has been absorbed by existing CNW staff, and staff are monitoring actuals.
- Facilities: $76K Anvil Centre Security (One-Time) - Contract in place.
- Facilities: $75K Building Maintenance Worker - Hiring complete.

**2022 Annual Forecast Budget vs Actual –** For year-end, staff are forecasting a net surplus of $847K; improved net revenue surplus is due to the timing of the receipt of TransLink funds and a continued net surplus in expenditures largely due to ongoing staff vacancies, offset inflationary cost increases in materials and commodities, and the need to contract out services to meet service level expectations.

**Planning Ahead** – The Operating Budget challenges being faced by the Engineering Department are significant in terms of scope, scale and complexity. While an overall “savings” in operating budget may appear positive, the impact that this is having on our operations, including level of service and staff well-being, is meaningful. Summarized below are the key areas of concern, followed by the approach that is proposed to work toward some relief:

1. Operations – Due to various factors, including a significant increase in the volume and complexity of street cleaning in commercial areas, weather-related operational pressures, and increased cleaning and maintenance needs for greenways, parks and open spaces, compounded by high staff turnover and an inability to act quickly on filling vacancies, it is increasingly difficult for Operations to deliver high quality, reliable levels of service.
2. Civic Buildings & Facilities – The City has seen an increase in the number of buildings that require maintenance, greater complexity and cost of maintenance, and various staffing challenges including vacancies, labour relations issues, and long term medical leaves. This is compounded by aging infrastructure, climate-related operational pressures, and legacy Divisional structure and budget challenges.
3. Transportation – the City is committed to delivering high quality people-centred public realm and sustainable transportation options. There are meaningful operational implications associated with maintaining greenway routes and public gathering spaces like plazas and parklets to a high standard. As we continue to add this type of infrastructure across the City, the ongoing staff shortages in Operations makes it increasingly challenging to maintain our priority transportation infrastructure to a high standard. Another significant transportation challenge is the Q to Q Ferry. Ridership remains relatively low, and we have been unable attract third party funding to offset the cost to deliver the service.
4. Downtown Livability – as identified above, the ongoing challenges being experienced Downtown, and in other commercial areas, continues to present challenges to our staff, and is adding pressure to our operating budget. The challenges are a result of increased need for street cleaning and removal of discarded materials, including human waste and drug related waste.

5. Human Resources – finally, in spite of ongoing effort and commitment to supporting the HR needs of the Engineering Department, it is evident that HR is overwhelmed as well.

Engineering managers are working with HR to prioritize the outstanding recruitments, and exploring options for streamlining the recruitment process, including shorter interviews, fewer people on interview panels, and group interviews when that is operationally appropriate. Wherever possible, services are being contracted out to third parties to bridge the staffing gap, staff are being shifted from lower priority functions, and auxiliary staff are being hired to temporarily backfill vacant positions. A review of Engineering's development application process is underway to better predict revenue from the various development related fees. Finally, the feasibility of continuing to operate the Q to Q Ferry beyond the current commitment, which expires in 2024, will commence, for Council's consideration in 2023.

## Q3 Operating Memo – Financial Services

| Financial Services Department as at September 30, 2022 | Q3 Budget YTD Sep 30 | Q3 Actual YTD Sep 30 | YTD Bud Var $ | 2022 Annual Budget | 2022 Annual Forecast | 2022 Annual vs Forecast | 2022 Enhancement |
|---|---|---|---|---|---|---|---|
| Total 400 Salaries/Benefits/Training | 2,855,895 | 2,762,418 | 93,477 | 3,721,620 | 3,696,356 | 25,264 | |
| Total 450 Contracted Services | 106,844 | 102,304 | 4,540 | 144,418 | 132,680 | 11,738 | 10,000 |
| Total 500 Supplies and Materials | 332,494 | 365,765 | (33,271) | 449,433 | 506,717 | (57,284) | |
| Total 700 Insurance and Claims | 2,898,826 | 2,912,871 | (14,045) | 3,917,333 | 3,890,192 | 27,141 | |
| **Total Finance** | **6,194,059** | **6,143,358** | **50,701** | **8,232,804** | **8,225,945** | **6,859** | **10,000** |

**As At September 30, 2022 Budget vs Actual to Date** – Financial Services Department is reporting a favourable variance as at Q3 of $50.7K, as savings are experienced in salary and staff training budgets from 1 staff on leave and 3 staffs on gradual return-to-work schedules out of a total staff compliment of approximately 35 Full Time Staff. The vacancies are contributing to the surplus, however, areas of WCB and LTD type Benefits/Premium costs are on the rise and putting significant pressure on the long-term financial health of the Financial Services Department. Financial Services continues to utilize the temporary and auxiliary staff to maintain service levels and support the existing staff. The financial surplus has been primarily offset by the unfavourable variances between unadjusted postage/mail print budgets since 2016, while the true mail cost reflect inflation increases and additional mail volume from additional residents and city growth. Insurance and Claims variances are expected to level off by end of year, as monthly savings will be realized from the insurance policy renewal effective July 2022.

**2022 Service Enhancement**

- Purchasing Department – $10K Electronic bidding tool that supports both the vendors bidding and our staff groups. Contract has been awarded and the software is currently in setup and testing phase.

**2022 Annual Forecast Budget vs Actual** – For year end there is a slight risk of overspend related to the above mentioned risk areas, however, Insurance & Risk Management has managed to extract savings from the insurance policy renewal effective July 2022 which will help mitigate insurance claims cost increases due to prior year's insurance deductible increase, and Financial Services will mitigate overspend through monitoring costs and exploring paperless initiatives to reduce postage/print cost. Salary savings are expected to reduce as staffs on leaves are gradually returning to work, which primarily offsets the significant increase in WCB premium and other benefit costs have been experienced throughout 2022.

**Planning Ahead** – Short-term strategies to gradually bring staff on leaves back to work with accommodated duties is underway, with a longer-term strategies for good attendance management and ensure the wellness of staff, and ultimately minimize the risk of annual insurance premium increases and the non-financial risk that results from being short-handed for prolonged periods. IT and other transformational strategies are being accelerated as we come out of the pandemic and face significant staff retirements, shortages, and absenteeism. Financial Services sees opportunities that support going paperless and movement to more online services, both a benefit for climate and improved customer service.

## Q3 Operating Memo – Fire Department

| Fire Department as at Sep 30, 2022 | Q3 Budget YTD Sep 30 | Q3 Actual YTD Sep30 | YTD Bud Var $ | 2022 Annual Budget | 2022 Annual Forecast | 2022 Annual Bud vs Forecast Var $ | 2022 Enhancement |
|---|---|---|---|---|---|---|---|
| 100 Revenue | | | | | | | |
| 200 Sale of Services | (9,694) | - | (9,694) | (13,100) | - | (13,100) | |
| 250 Grants from Other Governments | - | - | - | - | (22,000) | 22,000 | |
| 300 Other Revenue | (29,180) | (36,172) | 6,992 | (39,431) | (40,949) | 1,518 | |
| 350 Contribution Revenue | - | (17,441) | 17,441 | - | (17,441) | 17,441 | |
| **Total 100 Revenue** | **(38,874)** | **(53,613)** | **14,739** | **(52,531)** | **(80,390)** | **27,859** | |
| 200 Expenses | | | | | | | |
| 400 Salaries/Benefits/Training | 12,563,005 | 12,091,450 | 471,555 | 16,362,313 | 16,160,181 | 202,132 | |
| 450 Contracted Services | 531,364 | 525,995 | 5,369 | 718,230 | 693,272 | 24,958 | |
| 500 Supplies and Materials | 185,275 | 160,797 | 24,478 | 250,429 | 268,247 | (17,818) | |
| 725 Amortization | 398,120 | 403,497 | (5,377) | 538,000 | 538,000 | - | |
| **Total 200 Expenses** | **13,677,764** | **13,181,739** | **496,025** | **17,868,972** | **17,659,700** | **209,272** | |
| **Total Fire Services** | **13,638,890** | **13,128,126** | **510,764** | **17,816,441** | **17,579,310** | **237,131** | **-** |

**<u>As at September 30, 2022 Budget vs Actual to Date</u>** – Currently the Fire Department has a surplus of $511K due to several vacancies early in the year. These savings have been partially offset by increases in WCB and LTD benefit premium, overages in Fire Operations overtime ($255K) and Emergency Operations Center (EOC) training ($55K). The surplus is expected to diminish further as Fire Operations training scheduled for Q4 is realized. Fire Operations hired 12 new personnel in May to restore staffing level to 103 Full-Time Staff. Currently, Fire Administration has 1 vacant Administrative Assistant Position and is currently supported with 2 acting administrative officer positions backfilling these vacancies.

**<u>2022 Annual Forecast Budget vs Actual</u>** – Q3 savings will be reduced due to Q4 scheduled training and unanticipated overspending on supplies and materials for the EOC. Overspending will be mitigated by strategic equipment purchases, delaying less urgent expenditures, moving to voice over IP phones and strategically utilizing the increased staffing complement to reduce overtime expenditures.

**<u>Planning Ahead</u>** – E-COMM service expenditures will increase by $200K across the next 5 years starting with an increase of $40K in 2024. Likewise, increased Climate Change Emergencies and pre-incident preparations have placed increased demands on the Emergency Management Office (EMO) which will hire a permanent part-time Emergency Social Services Volunteer Coordinator to free up the Emergency Planner to focus on core EMO functions and Climate Change issues. Corporate training by contract staff which placed financial pressure on the EMO has been completed, reducing financial pressures for Q4. Planning is underway to restructure inspection and special event permit fees to provide modest increased revenue opportunities. Likewise, Fire is working with HR and IT to produce a strategic Attendance Management Program to reduce future overtime. Fire is developing a recruitment strategy and creating a supportive work environment to address the staffing challenges of a regional competitive labor market and forecasted imminent retirements. To assist with recruitment strategies, community outreach and to align with the DEIAR Framework, in Q4, Fire will be instituting a part time Chief Equity Officer utilizing salary from vacant administrative positions. To improve emergency response capacity, quality of service and organizational effectiveness fire will be upgrading its personnel to Licensed Emergency Medical Responders (EMR) from First Responders and since program maintenance costs are reduced, the program implementation expenses will be recovered over the next several budget cycles.

## Q3 Operating Memo – General Government

| General Government as at Sep 30, 2022 | Q2 Budget YTD Sep 30 | Q2 Actual YTD Sep 30 | YTD Bud Var $ | 2022 Annual Budget Budget | 2022 Annual Forecast Forecast | 2022 Annual vs Forecast vs Forecast | 2022 Enhancement |
|---|---|---|---|---|---|---|---|
| 100 Taxation Revenue | (97,129,467) | (97,599,907) | 470,440 | (97,877,861) | (98,208,469) | 330,608 | |
| 200 Sale of Services | (117,544) | (151,578) | 34,034 | (158,845) | (192,879) | 34,034 | |
| 250 Grants from Other Governments | (4,245,600) | (2,103,827) | (2,141,773) | (5,678,800) | (4,806,102) | (872,698) | |
| 300 Other Revenue | (3,650,236) | (32,682,989) | 29,032,753 | (4,932,750) | (34,397,345) | 29,464,595 | |
| 350 Contribution Revenue | (14,207,451) | (5,420,338) | (8,787,113) | (19,489,392) | (16,056,445) | (3,432,947) | |
| **Total 100 Revenue** | (119,350,298) | (137,958,639) | 18,608,341 | (128,137,648) | (153,661,240) | 25,523,592 | |
| 400 Salaries/Benefits/Training | (1,906,899) | 159,536 | (2,066,435) | (2,478,853) | 156,566 | (2,635,419) | |
| 450 Contracted Services | 305,895 | 162,945 | 142,950 | 413,370 | 265,420 | 147,950 | |
| 500 Supplies and Materials | 81,368 | 26,488 | 54,880 | 109,958 | 53,947 | 56,011 | |
| 650 Grants | 771,338 | 610,758 | 160,580 | 1,028,450 | 1,017,020 | 11,430 | 50,000 |
| 725 Amortization | 473,600 | 479,997 | (6,397) | 640,000 | 640,000 | | |
| **Total 200 Expenses** | (274,698) | 1,439,724 | (1,714,422) | (287,075) | 2,132,953 | (2,420,028) | 50,000 |
| **Total General Government** | **(119,624,996)** | **(136,518,915)** | **16,893,919** | **(128,424,723)** | **(151,528,287)** | **23,103,564** | **50,000** |

**As At September 30, 2022 Budget vs Actual to Date** – The General Government Department is tracking better than budget as at Q3 with a surplus of $16.9M primarily as a result of the $26.4M sale of low carbon credits which is reflected in Other Revenue. The remaining favourable variances in Other Revenue is attributed to investment income due to higher than expected cash balances. The favourable variance in Property Taxes is due to higher than expected grants in lieu of taxes. Contribution and Grant revenues are tracking lower than budget due to the timing of the revenue received and a slower pace of capital spending than expected largely due to staff challenges. The net favourable variance in revenue of $18.6M is offset by an unfavourable variance in expenses largely due to the amount that is budgeted for expected vacancies across all City departments of $1.9M.

**2022 Service Enhancement**:

- City Grants - $50K– this is a one-time enhancement to increase City grants due to the impacts of COVID-19 and was funded by the Provincial Restart Grant. Grant spending is on track to utilize all of these funds in the year.

**2022 Annual Forecast Budget vs Actual** – There is an estimated year end surplus of $23.1M forecast for 2022 primarily as a result of the sale of low carbon credits for $26.4M. Without this transaction there is a forecasted shortfall of $3.3M for year-end due largely to the expected salary vacancy amount of $2.6M and grants and contributions that will not be received until 2023 due to lower than expected capital spending. These are partially offset by favourable variances in taxation revenue and investment income as well as some positive savings in operating expenses.

**Planning Ahead** – The current practice of budgeting for 3% of salaries as planned vacancies will be reviewed as staff looks to be more proactive in filling vacancies and providing transitional support for planned retirements. The funds received from the sale of the carbon credits has been placed in a Climate Action Reserve Fund pending identification of projects that would be eligible for funding from this reserve in accordance with the Climate Reserve Fund Bylaw.

## Q3 Operating Memo - Human Resource (HR) and Information Technology (IT)

| HR & IT Department as at September 30th, 2022 | Q3 Budget YTD Sep 30 | Q3 Actual YTD Sep 30 | YTD Bud Var $ | 2022 Annual Budget | 2022 Annual Forecast | 2022 Annual vs Forecast | 2022 Enhancement |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| Total 100 Revenue | (3,700) | (655) | (3,045) | (5,000) | (655) | (4,345) | 0 |
| Total 400 Salaries/Benefits/Training | 4,297,423 | 3,743,466 | 553,957 | 5,614,933 | 5,219,871 | 395,062 | 504,563 |
| Total 450 Contracted Services | 233,194 | 272,807 | (39,613) | 315,196 | 363,684 | (48,488) | 22,000 |
| Total 500 Supplies and Materials | 1,071,479 | 1,008,776 | 62,703 | 1,449,302 | 1,540,263 | (90,961) | 5,000 |
| Total 725 Amortization | 886,520 | 898,506 | (11,986) | 1,198,000 | 1,198,000 | 0 | |
| Total 200 Expenses | 6,488,616 | 5,923,555 | 565,061 | 8,577,431 | 8,321,818 | 255,613 | 531,563 |
| Total Human Resources & Information Technology | 6,484,916 | 5,922,900 | 562,016 | 8,572,431 | 8,321,163 | 251,268 | 531,563 |

**As At September 30, 2022 Budget vs Actual to Date** – HR & IT Department is tracking under budget at Q3 with a net surplus of $562.0k primarily from savings in salaries and benefits due to vacancies. Salary savings were experienced due to three vacant positions in the HR Division since January out of a total staff compliment of 21.0 full time positions, and two senior level vacant positions in the IT Division since February, and a budgeted Business System Analyst recruitment in July that was unsuccessful, out of a total staff compliment of 21.7 full time positions. Recruitment is underway for these vacancies and it is anticipated that the majority of these positions will not be filled by the end of the year. Savings have been experienced in Education and Training, Employee Service and Corporate Staff Development costs due to the vacant Learning and Development Specialist position not being filled until September, which caused delays in staff training schedules. Other savings were experienced from the timing of IT expenses in Computer system and Network Maintenance cost, which are partially offset by higher than budgeted Legal costs and consultant costs in HR.

**2022 Service Enhancement**

- HR Division – Temporary Full-Time (TFT) Workplace Wellness & Ability Management Specialist - $106k – Actively working on hiring
- HR Division – TFT Learning & Development Coordinator Specialist - $106k – Hired in September
- HR Division – Mental Health support tool - $30k - Online tool is implemented
- HR Division – Senior Payroll Specialist - $68k – Hired in October
- HR Division – HR Consultant - $20k - For completion of the DEIAR (Diversity, Equity, Inclusion, and Anti-Racism) framework and staff training recommendations. This has been completed
- HR Division – Corporate Staff Development - $60k - Staff training with respect to DEIAR, Sanctuary City, violence prevention, mental health, etc. - Training is scheduled for November/December as the Learning & Development Specialist was just hired in September
- IT Division – Business Systems Analyst - $54k - This position was budgeted for the latter half of 2022 and hiring process is still ongoing
- IT Division – Help Desk Analyst - $88k - This position was filled in March as a Service Desk Technician

**2022 Annual Forecast Budget vs Actual** – For year end, HR & IT is expected to be under budget with a net surplus of $251.3k. Anticipated savings in Supplies and Material is unlikely to be achieved due to increased costs in Computer System Maintenance, Telephone System maintenance and Network Maintenance. Staff levels are expected to remain relatively steady for the remainder of the year with a couple of short terms vacancies. With the challenge of filling the current vacancies, it is expected that the salary savings from staff vacancies will offset significantly increased WorkSafeBC premiums and other benefit costs in 2022.

**Planning Ahead** – HR & IT were the two areas the most impacted by the pandemic. The attrition rate is projected to be double the 2019 rate by the end of the year, with HR & IT being two of the three areas with the highest attrition rate. IT staff are in high demand and being poached across the board. IT is constantly short-staffed with people coming and going; salaries and working conditions are not sufficiently competitive for this group. As well, both HR & IT staffing is inadequate due to the City's workforce having grown and HR & IT staff numbers only having increased minimally.

Due to "The Great Resignation" and increased complexities in labor and employment relations cases, HR is constantly recruiting and dealing with employee issues. Furthermore, this fall, HR is collective bargaining with three out of the four unions. Until HR & IT is at full capacity and receives additional support through new positions and updated systems, service to the departments will be reduced. Currently, there are no resources to support much needed strategic planning, organizational development, staff wellness and engagement, attendance and ability management, metrics and information reporting, and policy and program development.

While the short-term strategy is to fill all the vacancies, HR is looking to extend the two specialist positions from TFT ending December 31, 2023 to June 30, 2025, and create three new additional three-year temporary full-time positions in the new year to assist with filling City-wide vacancies and work on retention strategies and programs. In addition, HR is looking to continue its work on DEIAR by creating one temporary position and continuing to promote MindBeacon services to support employee mental health.

With the unprecedented and unusually high inflation, that has impacted all areas of IT's maintenance and support costs, staff will continue to investigate options that can help reduce maintenance costs by looking at multi-year renewals versus one year terms where appropriate.

Furthermore, IT is looking to fill the long term vacancies in the two senior positions as soon as possible. For 2023, IT will be requesting the addition of one IT project management position to ensure project efficiency, organization, and service delivery and one new IT Security Administrator position to focus on reducing IT security risks and provide added resiliency in the network team.

## Q3 Operating Memo – Library

| Library Department as at Sep 30, 2022 | Q3 Budget YTD Sep 30 | Q3 Actual YTD Sep30 | YTD Bud Var $ | 2022 Annual Budget | 2022 Annual Forecast | 2022 Annual Bud vs Forecast Var $ | 2022 Enhancement |
|---|---|---|---|---|---|---|---|
| 100 Revenue | | | | | | | |
| 200 Sale of Services | (23,088) | (25,200) | 2,112 | (31,200) | (31,200) | - | 37,930 |
| 250 Grants from Other Governments | (149,290) | (144,046) | (5,244) | (150,340) | (144,046) | (6,294) | - |
| 300 Other Revenue | - | (259) | 259 | - | (259) | 259 | - |
| 350 Contribution Revenue | (5,550) | (76,818) | 71,268 | (7,500) | (79,934) | 72,434 | - |
| **Total 100 Revenue** | **(177,928)** | **(246,323)** | **68,395** | **(189,040)** | **(255,439)** | **66,399** | **37,930** |
| 200 Expenses | | | | | | | |
| 400 Salaries/Benefits/Training | 2,564,531 | 2,208,606 | 355,925 | 3,336,645 | 3,035,296 | 301,349 | - |
| 450 Contracted Services | 80,823 | 69,152 | 11,671 | 109,221 | 106,815 | 2,406 | - |
| 500 Supplies and Materials | 561,529 | 494,739 | 66,790 | 758,820 | 776,770 | (17,950) | - |
| 725 Amortization | 518,740 | 525,753 | (7,013) | 701,000 | 701,000 | - | - |
| **Total 200 Expenses** | **3,725,623** | **3,298,250** | **427,373** | **4,905,686** | **4,619,881** | **285,805** | - |
| **Total Library** | **3,547,695** | **3,051,927** | **495,768** | **4,716,646** | **4,364,442** | **352,204** | **37,930** |

**As at September 30, 2022 Budget vs Actual to Date** – The Library Department is reporting a favorable variance in Q3 with a net surplus of $495.8K, primarily from $355.9K net savings from salaries and benefits, $66.8K in supplies and materials due to timing of the fall publishing (not yet received) and an $80K one-time Provincial grant for COVID-19 recovery that the Library expects to spend $33.0K in 2022 on small equipment and the balance of the grant to be expensed in 2023. The notable savings in salaries are due to staff vacancies throughout the year which have been mostly filled, with five vacant part-time positions remaining out of a total staff compliment of approximately 29.6 Full Time Staff, which the library is reviewing and hope to convert some pat-time into full-time positions.

**2022 Service Enhancement**

- The $37.9K revenue reduction represented Fine-Free for overdue fines that were introduced in the Library's Strategic Plan 2021-2025 to reduce barrier to low income families. The overdue fines will be ceased by the end of August 2022. The balance of the budget $13K for Fines are expected to be removed from the 2023 budget.

**2022 Annual Forecast Budget vs Actual** – Savings from salaries are benefits are expected to continue with ongoing vacancies and as staffing levels continue to be volatile, especially for the coming respiratory season. There is a high probability of increase in auxiliary use to back fill staff on sick leave.

**Planning Ahead** – The library continues to experience staffing challenges affecting our ability to resource services. The pandemic and the negative impact it is having on the economy, mental health, substance abuse, the opioid crisis, and the impacts of the housing crisis on unsheltered populations, are all affecting the provision of library services and use of staff resources. Library staff at a personal level are also not immune from some of these detrimental effects.

The library has always been a place that serves vulnerable populations. As a facility that is open, free, and where everyone is welcome to come in and stay awhile, it is not new for staff to assist people find shelter, food banks, search for jobs, and apply for government subsidies. Helping people who are also exhibiting mental health conditions is also not new. What is new, is the significant increase in the volume and complexity of these more challenging interactions and the intensity and volatility of mental health episodes.

The pandemic also exacerbated the isolation and vulnerability of those with low or no digital literacy. The library has and is continuing to evolve library support to bridge the digital divide through staff assistance, and a greater range of technology tools and solutions. Finding housing, employment, and government assistance requires digital access and some basic fluency. Not only do we continue to see a surprising volume in the amount of people not able to access this essential information, but staff are seeing an increase in people with low general literacy skills.

Many aspects of the new strategic plan are challenging us to ensure we are truly inclusive and that we are doing everything we can to remove barriers to service. To do this work, library staff are spending more time consulting with different groups and organizations in the community, listening to community needs, and refining library policy and services. Decolonization and reconciliation is part of this work, and all of this consultative work is slow and methodical, and the learning curve is high.

In order to meet these challenges the library is reviewing current staffing levels, staff budgets, and vacant positions. This review has informed much of the library's enhancement requests for 2023. The library has historically relied heavily on the use of auxiliary staff. By reallocating some of the auxiliary staff budget to convert existing part-time positions to full-time, we will create greater stability in the workforce and be more equipped to respond to current and emerging needs. We are also transforming the work of some of the key front-line staff positions, reassigning some positions to focus more on outreach, and hoping to create a position dedicated to community librarianship.

# Q3 Operating Memo - Parks and Recreation

| Parks and Recreation as at September 30, 2022 | Q3 Budget YTD Sept 30 | Q3 Actual YTD Sept 30 | YTD Bud Var $ | 2022 Annual Budget | 2022 Annual Forecast | 2022 Annual vs Forecast | 2022 Enhancement |
|---|---|---|---|---|---|---|---|
| Total 200 Sale of Services | (2,527,532) | (2,909,238) | 381,706 | (3,415,545) | (3,760,053) | 344,508 | 69,125 |
| Total 250 Grants from Other Governments | (25,530) | (15,500) | (10,030) | (34,500) | (15,500) | (19,000) | (13,500) |
| Total 300 Other Revenue | (249,824) | (342,880) | 93,056 | (337,600) | (431,959) | 94,359 | - |
| Total 350 Contribution Revenue | (5,081) | - | (5,081) | (6,800) | - | (6,800) | - |
| **Total 100 Revenue** | **(2,807,967)** | **(3,267,618)** | **459,651** | **(3,794,445)** | **(4,207,512)** | **413,067** | **55,625** |
| Total 400 Salaries/Benefits/Training | 10,362,699 | 10,685,447 | (322,748) | 13,482,445 | 13,907,052 | (424,607) | 282,583 |
| Total 450 Contracted Services | 399,192 | 352,765 | 46,427 | 538,335 | 500,167 | 38,168 | - |
| Total 500 Supplies and Materials | 1,054,747 | 926,244 | 128,503 | 1,424,553 | 1,314,153 | 110,400 | 22,500 |
| Total 600 Cost of Sales | 202,908 | 93,594 | 109,314 | 274,200 | 164,885 | 109,315 | - |
| Total 725 Amortization | 2,735,780 | 2,772,756 | (36,976) | 3,697,000 | 3,697,000 | - | - |
| **Total 200 Expenses** | **14,755,326** | **14,830,806** | **(75,480)** | **19,416,533** | **19,583,257** | **(166,724)** | **305,083** |
| **Parks and Recreation** | **11,947,359** | **11,563,188** | **384,171** | **15,622,088** | **15,375,745** | **246,343** | **360,708** |

**<u>As at September 30, 2022 Budget vs Actual to Date</u>** – $2.80M Revenue budget split is $0.40M or 14% Parks and $2.40M or 86% Recreation, with Q3 actuals indicating a $0.46M surplus. Positive variance in Recreation sale of services is consistent with lifting of Provincial Health Orders (PHO) in February 2022 followed by an increase in filming activity, program registrations such as swimming, gymnastics, skating, and day camps, rentals, along with steady drop-in and membership revenues which are offset by lower than expected concession sales. Parks sale of services from rentals such as grass and turf field are tracking with budget.

The unplanned closure of Canada Games Pool (CGP) in late 2021 required implementation of service delivery alternatives which included extending the operating season of community outdoor pools, relocating fitness equipment and extending fitness centers operating hours. No negative budget variances identified in Recreation drop in, program registrations, rentals and membership revenue due to above noted service delivery alternatives.

$14.80M Expense budget split is $5.70M or 38% Parks and $9.10M or 62% Recreation with the Recreation salaries budget including a Q3 savings target of $0.55M ensuing the closure of CGP. $0.90M savings from 12 staff vacancies (Parks - 4, Recreation - 8) and 5 Recreation staff on leave from of a total staff compliment of 105 is offset by $0.69M overspend in Recreation auxiliary salaries and benefits causing Recreation to miss Q3 salaries savings target by $0.34M. The impacts on core services delivery have been largely mitigated through the use of auxiliary employees to backfill key positions while recruitment efforts to fill the vacancies are underway. While this approach is sustainable over the short term, it does leave the department vulnerable as the pool of available auxiliary staff is drawn down and labour market forces continue to make staff recruitment challenging.

Positive expense variance in Recreation supplies and materials is a combination of Fortis BC gas account (CGP) refund, transfer of CGP supplies to other facilities and limited special events spending. Positive variance in Recreation cost of sales mirrors reduced concessions sales.

**<u>2022 Service Enhancements</u>**

- Recreation: $53K Sectoral Recovery Revenue Reduction (COVID-19) - Actuals are tracking with budget.

- Recreation: $94K Auxiliary Budget Increase (One-Time) - Actuals are trending higher than budget.
- Recreation: $47K PT Assistant Program Coordinator - Hiring Complete
- Recreation: $23K Sponsorship Revenue Reduction - No sponsorship revenue received.
- Recreation: ($14K) Grant Revenue Increase - No grant revenue anticipated.
- Recreation: $14K Other City Functions Expense Increase - No expenditures anticipated.
- Parks: $41K TEMP Irrigation Technician - Currently, backfilled with auxiliary staff.
- Parks: $103K Open Space and Parks Planning, Design and Project Management (Planner 1) - Hiring Complete

**2022 Annual Forecast Budget vs Actual** – $3.80M Revenue budget split is $0.55M or 14% Parks and $3.25M or 86% Recreation, with the annual forecast signaling $0.46M surplus. Considering seasonality, Recreation is anticipating a sustained uptick in program registrations, stable drop-in and membership revenues and a measured recovery in concession sales. Parks rentals are anticipated to track budget.

$19.40M Expense budget split is $7.40M or 38% Parks and $12.00M or 62% Recreation with the Recreation salaries budget including a savings target of $0.70M ensuing the closure of CGP. Even though Recreation auxiliary salaries and benefits spend is anticipated to decline in Q4, the residual impact of Q3 overspend combined with part-year vacancies and leaves salary savings from Parks and Recreation is ample evidence to forecast a Recreation salary savings target miss of $0.43M. Positive variance in Recreation supplies and materials along with cost of sales is anticipated to continue through Q4.

**Planning Ahead** –Staff will continue to closely monitor and manage departmental service offerings through the final quarter of the year. Recruitment efforts will remain ongoing, yet strategic in order to yield operational savings where practical to do so. Monitoring of post pandemic recovery patterns combined with alternate service delivery approaches due to the closure of CGP and relocation of many services, will continue as the public's use of departmental services begins to normalize in 2023.

## Q3 Operating Memo – Police

| Police Department as at September 30, 2022 | Q3 Budget YTD Sep 30 | Q3 Actual YTD Sep30 | YTD Bud Var $ | 2022 Annual Budget | 2022 Annual Forecast | 2022 Annual vs Forecast | 2022 Enhancement |
|---|---|---|---|---|---|---|---|
| 100 Revenue | | | | | | | |
| 200 Sale of Services | (4,218,592) | (4,756,419) | 537,827 | (5,700,800) | (6,177,891) | 477,091 | (817,000) |
| 250 Grants from Other Governments | (1,693,299) | (1,544,717) | (148,582) | (1,836,100) | (1,751,450) | (84,650) | - |
| 300 Other Revenue | (16,650) | (21,807) | 5,157 | (22,500) | (30,556) | 8,056 | (4,000) |
| **Total 100 Revenue** | **(5,928,541)** | **(6,322,943)** | **394,402** | **(7,559,400)** | **(7,959,897)** | **400,497** | (821,000) |
| 200 Expenses | | | | | | | |
| 400 Salaries/Benefits/Training | 21,572,037 | 22,182,268 | (610,231) | 28,392,204 | 29,225,786 | (833,582) | 322,000 |
| 450 Contracted Services | 3,012,517 | 2,799,190 | 213,327 | 4,070,700 | 4,054,476 | 16,224 | 313,000 |
| 500 Supplies and Materials | 899,543 | 875,175 | 24,368 | 1,215,599 | 1,223,218 | (7,619) | 62,000 |
| 650 Grants | 22,200 | 12,300 | 9,900 | 30,000 | 12,300 | 17,700 | - |
| 725 Amortization | 518,000 | 524,997 | (6,997) | 700,000 | 700,000 | | - |
| **Total 200 Expenses** | **26,024,297** | **26,393,930** | **(369,633)** | **34,408,503** | **35,215,780** | **(807,277)** | 697,000 |
| **Total Police Services** | **20,095,756** | **20,070,987** | **24,769** | **26,849,103** | **27,255,883** | **(406,780)** | **(124,000)** |

**As at September 30, 2022 Budget vs Actual to Date** – The Police Department is under budget by $24.8K at the end of Q3; this is primarily due to timing as we are forecasted to be $406.8K over budget by year-end. The sworn member's collective agreement retroactive payment for 2020-2022 was paid during Q3; this payment has narrowed the gap in salaries and benefits. A budget shortfall in the wage settlement for 2020 and 2022 has also resulted in an overage in 2022 of approximately $285K.

Budget variances in contracted services, supplies and material, grants and other expenses are mostly due to timing.

Recoveries from secondments and other third party billings are trending higher due to salary increases, additional secondments and increased usage. The decrease in grant revenue is due to a reduction of the annual Provincial traffic fine grant of $250K, which is outside the control of the department.

**2022 Service Enhancement**

- $817K Third party billing increase with additional secondments of $448K in Salaries & Benefits. Secondment costs are trending higher than target. All additional costs are recovered so the impact is net zero.
- $140K reduction in Salaries and Benefits for the removal of School liaison is as planned.
- $243K contract increases due to E-Comm rate increase are as expected.
- The one-time $50K consulting fee related to the department review are expected to come under budget due to timing of projects rolling into 2023.
- $52K increase in supplies and material for the monthly billings for the Digital Evidence Management system as required by the province are as expected.

**2022 Annual Forecast Budget vs Actual –** A net deficit of $406.8K is forecasted for the Police Department. The main factors leading to the deficit forecast are inflationary pressures, unexpected downloading of training costs from JIBC, increased recruitment costs, higher than expected wage settlement for sworn members and the reduction in grant revenue.

## Q3 Operating Memo – Sewer Utility

| Sewer Utility Department as at September 30, 2022 | Q3 Budget YTD Sep 30 | Q3 Actual YTD Sep30 | YTD Bud Var $ | 2022 Annual Budget | 2022 Annual Forecast | 2022 Annual Bud vs Forecast Var $ | 2022 Enhancement |
|---|---|---|---|---|---|---|---|
| 100 Revenue | | | | | | | |
| Total 100 Taxation Revenue | (24,057) | (14,404) | (9,653) | | 9,653 | (9,653) | |
| Total 150 Utility Rates | (25,365,790) | (25,531,008) | 165,218 | (25,996,000) | (26,161,216) | 165,216 | |
| Total 200 Sale of Services | (203,250) | (374,716) | 171,466 | (271,000) | (483,049) | 212,049 | |
| Total 300 Other Revenue | (15,000) | | (15,000) | (20,000) | (20,000) | 0 | |
| Total 350 Contribution Revenue | (1,651,837) | (480,000) | (1,171,837) | (2,202,450) | (480,000) | (1,722,450) | |
| Total 100 Revenue | (27,259,934) | (26,400,128) | (859,806) | (28,489,450) | (27,134,612) | (1,354,838) | |
| 200 Expenses | | | | | | | |
| Total 400 Salaries/Benefits/Training | 825,652 | 667,745 | 157,907 | 1,071,797 | 931,532 | 140,265 | |
| Total 450 Contracted Services | 515,324 | 755,816 | (240,492) | 740,573 | 1,101,960 | (361,387) | (30,000) |
| Total 500 Supplies and Materials | 100,847 | 45,343 | 55,504 | 144,609 | 116,418 | 28,192 | |
| Total 725 Amortization | 1,590,260 | 1,611,747 | (21,487) | 2,149,000 | 2,170,487 | (21,487) | |
| Total 750 Utility Purchases and Levies | 11,224,636 | 11,225,358 | (722) | 11,224,636 | 11,225,358 | (722) | |
| Total 200 Expenses | 14,256,719 | 14,306,009 | (49,290) | 15,330,615 | 15,545,755 | (215,140) | (30,000) |
| **Total Sewer Fund** | **(13,003,215)** | **(12,094,119)** | **(909,096)** | **(13,158,835)** | **(11,588,858)** | **(1,569,978)** | **(30,000)** |

**As At September 30, 2022 Budget vs Actual to Date** – Overall, the Sewer Utility is unfavorable to Budget by $0.9M in the first half due to budgeted Contribution Revenues that will not occur. If we were to exclude the contribution revenue then the overall sewer utility would be in a favorable state.

On the revenue side, higher than budgeted Utility Rate collection created a favorable $0.3M revenue variance that were more than offset by the Contribution Revenue, leading to an unfavorable variance of $0.7M overall.

On expenditures, vacancy and an employee on unpaid leave create a favorable personnel variance of $0.2M. Sale of Services are projected to be ahead of Budget by end of year driving Contracted Services cost to deliver the Sales of Services ahead of Budget by $0.2M. A timing difference between expenses incurred on delivery of Sales of Services and the receipt of revenue when services are completed leave an unfavorable $0.2M variance year-to-date. The impacts of personnel vacancies (e.g. SCADA technician) and higher use of Contracted services in direct response to staffing shortages and increased service level expectations, largely offset each other.

The Sewer Utility has 11.5 FTEs budgeted, including 0.5 FTE for a SCADA software technician shared with the Water Utility. The SCADA technician position remains vacant. The Sewer Utility also has a vacant Sub-foreman and an individual on medical leave. While core sewer services are being maintained with the current FTE compliment, the increasing demands for services, impacts of climate change, deteriorating asset condition and the need for increased operations and maintenance services will continue to place strain on staff well-being.

**2022 Service Enhancement**

- Subcontracts – ($30K) – Reduced need for current contractor arrangement with the addition of a SCADA technician staff. Posting for the SCADA technician will occur November.

**2022 Annual Forecast Budget vs Actual** – On revenue, the combination of an anticipated $1.2M Grant and $1.0M in Contribution Revenues that will largely be unrealized is anticipated to create an unfavorable $1.7M variance that are somewhat offset by improvements in Utility Rate collection and Sale of Services ahead of Budget. Contracted Services expense, unfavorable to budget by $0.4M, is partially due to an offset by a favorable $0.2M improvement over Budget in Sale of Services. The remaining unfavorable variance is due to inflation impacts on the costing of services. Cost escalation, and increasing unscheduled maintenance work will continue to result in higher than budgeted spend.

Overall, the Sewer Utility is projected to be $1.5M unfavorable to Budget as the impact of $2.2M of Grants and Contributions that will not occur are offset by personnel vacancies and higher than anticipated Utility Rate collection.

**Planning Ahead** – Guidance from Metro Vancouver on levies are within reasonable range of last year's projections for Sewer Levies. The City will remain diligent in anticipating and reviewing any potential rate and cost methodology changes from Metro Vancouver and their appropriateness for the City of New Westminster. A potential change in the methodology used by Metro Vancouver, in particular, can have a significant adverse impact on future rate and is being watched closely.

Engineering managers are working with HR to prioritize the outstanding recruitments. Wherever possible, services are being contracted out to third parties, staff are being shifted from lower priority functions, and auxiliary staff are being hired to temporarily backfill vacant positions.

We anticipate cost escalations to continue to be a concern due to inflationary increases for basic materials and supplies.

## Q3 Operating Memo – Solid Waste Utility

| Solid Waste Utility Department as at September 30, 2022 | Q3 Budget YTD Sep 30 | Q3 Actual YTD Sep30 | YTD Bud Var $ | 2022 Annual Budget | 2022 Annual Forecast | 2022 Annual vs Forecast | 2022 Enhancement |
|---|---|---|---|---|---|---|---|
| 100 Revenue | | | | | | | |
| Total 150 Utility Rates | (4,160,711) | (4,190,849) | 30,138 | (4,323,000) | (4,153,139) | (169,861) | |
| Total 300 Other Revenue | (584,250) | (566,221) | (18,029) | (779,000) | (779,000) | 0 | |
| Total 100 Revenue | (4,744,961) | (4,757,070) | 12,109 | (5,102,000) | (4,932,139) | (169,861) | |
| 200 Expenses | | | | | | | |
| 400 Salaries/Benefits/Training | | | | | | | |
| Total 400 Salaries/Benefits/Training | 795,479 | 695,983 | 99,496 | 1,063,460 | 954,517 | 108,943 | |
| Total 450 Contracted Services | 78,929 | 50,140 | 28,789 | 114,284 | 85,491 | 28,793 | 80,000 |
| Total 500 Supplies and Materials | 98,631 | 87,153 | 11,478 | 134,247 | 138,834 | (4,587) | |
| Total 725 Amortization | 265,660 | 269,253 | (3,593) | 359,000 | 362,593 | (3,593) | |
| Total 750 Utility Purchases and Levies | 1,693,760 | 1,425,079 | 268,681 | 2,324,000 | 2,324,000 | 0 | |
| Total 200 Expenses | 2,932,459 | 2,527,608 | 404,851 | 3,994,991 | 3,865,435 | 129,556 | 80,000 |
| **Total Solid Waste Fund** | **(1,812,502)** | **(2,229,462)** | **416,960** | **(1,107,009)** | **(1,066,704)** | **(40,305)** | **80,000** |

**As At September 30, 2022 Budget vs Actual to Date** – Lower tipping fees and staff vacancies create a favorable $0.4M variance for the Solid Waste Utility in the first 3-quarters. The Tipping Fee savings to-date are viewed as temporary timing variances with tipping fees projected to catch-up and move toward being on Budget annually.

The Solid Waste Utility has a Budget of 12 FTEs of which there are 3 current vacancies, including 2 general labourers and a truck operator. Staff turnover and vacancies remains a concern and the group is working with HR to prioritize the outstanding recruitments.

**2022 Service Enhancement**

- Contracted Services – $80K – Third-party glass collection services program for multi-family properties has not yet commenced.

**2022 Annual Forecast Budget vs Actual** – A credit for glass collection fees at the end of the year due to delays in implementing multi-family glass collection services offset by payroll savings due to staff vacancies will leave the Solid Waste Utility largely on its budget for the year.

Tipping fee expenses driving Purchases are expected to catch-up to annual Budget by the end of the year. Collectively, the Solid Waste Utility will be on target to its Budget by end of year.

**Planning Ahead** – Guidance on higher than general CPI year-over-year Tipping Fees increases from Metro Vancouver and escalating personnel cost, along with pressure on the delivery of new services and fleet electrification, complexity of service provided create significant cost challenges to a Solid Waste Utility already with lower than targeted Reserve balances. Going forward, the Utility will need review strategies to reduce costs of delivery and/or increase revenue and rates to address rising costs.

The strategies and actions around Downtown livability will continue to present challenges to our staff with respect to the removal and disposal of discarded materials, including human waste and drug related waste.

## Q3 Operating Memo – Water Utility

| Water Utility Department as at September 30, 2022 | Q3 Budget YTD Sep 30 | Q3 Actual YTD Sep30 | YTD Bud Var $ | 2022 Budget | 2022 Forecast | 2022 vs Forecast | 2022 Enhancement |
|---|---|---|---|---|---|---|---|
| Total 150 Utility Rates | (13,406,080) | (13,440,226) | 34,146 | (15,538,000) | (15,572,150) | 34,150 | |
| Total 200 Sale of Services | (74,177) | (72,026) | (2,151) | (99,000) | (141,749) | 42,749 | |
| Total 350 Contribution Revenue | | | | (229,800) | (229,800) | | |
| Total 100 Revenue | (13,480,257) | (13,512,252) | 31,995 | (15,866,800) | (15,943,699) | 76,899 | |
| 200 Expenses | | | | | | | |
| Total 400 Salaries/Benefits/Training | 591,532 | 410,939 | 180,593 | 769,759 | 589,765 | 179,994 | |
| Total 450 Contracted Services | 56,676 | 124,407 | (67,731) | 81,045 | 203,525 | (122,480) | (65,000) |
| Total 500 Supplies and Materials | 96,016 | 113,217 | (17,201) | 139,137 | 156,337 | (17,200) | |
| Total 725 Amortization | 778,480 | 788,994 | (10,514) | 1,052,000 | 1,052,937 | (937) | |
| Total 750 Utility Purchases and Levies | 5,633,518 | 6,459,451 | (825,933) | 7,316,257 | 7,316,257 | 0 | |
| Total 200 Expenses | 7,156,222 | 7,897,008 | (740,786) | 9,358,198 | 9,318,821 | 39,377 | (65,000) |
| Total Water Fund | (6,324,035) | (5,615,244) | (708,791) | (6,508,602) | (6,624,878) | 116,276 | (65,000) |

**As At September 30, 2022 Budget vs Actual to Date** – Higher than planned commercial water consumption in the first-half of the year is offset by lower commercial consumption over the summer and, as such, the Water Utility is tracking to Plan. Water purchases are higher than Budget to-date due to expense timing issues. Contracted services are unfavorable to budget due to inflation impacts on the costing of services as well as additional consulting costs to support SCADA in the absence of a SCADA technician and is expected to continue through the last quarter of the year. Overall, the Water Utility is unfavorable $0.7M to Budget in the first half of the year due to expense timing.

The Water Utility has a Budget of 7.5 FTEs, of which 1.5 FTEs are vacant including 0.5 FTE for a SCADA software technician shared with the Sewer Utility. The utility also has a vacancy for a labourer. While core water services are being maintained with the current FTE compliment, the increasing demands for services, impacts of climate change, deteriorating asset condition and the need for increased operations and maintenance services will continue to place strain on staff well-being.

**2022 Service Enhancement**

- Subcontracts – ($65K) – Reduced need for current contractor arrangement with the addition of a SCADA technician staff. Posting for the SCADA technician will occur November.

**2022 Annual Forecast Budget vs Actual** – Expenses are expected to catch-up to annual Budget be the end of the year including Water Purchases. Savings from staff vacancies is projected to leave the Water Utility slightly ahead of Plan for the year.

**Planning Ahead** – Metro Vancouver guidance on Water Levies is largely unchanged, overall, from last year's projections for Water Levies. However, the timing has changed with lower increases in the near term with much more substantial increases mid to long term. The City will remain diligent in anticipating and reviewing any potential rate and cost methodology changes from Metro Vancouver and their appropriateness for the City of New Westminster.

Engineering managers are working with HR to prioritize the outstanding recruitments. Wherever possible, services are being contracted out to third parties, staff are being shifted from lower priority functions, and auxiliary staff are being hired to temporarily backfill vacant positions.
We anticipate cost escalations to continue to be a concern due to inflationary increases for basic materials and supplies.