

Attachment #2

Department Operating Memos for Q1

Office of the CAO	PAGE 2
Anvil Centre and Arts Services	PAGE 4
BridgeNet	PAGE 5
Climate Action, Planning and Development	PAGE 6
Electric Utility	PAGE 8
Electrical Services	PAGE 10
Engineering	PAGE 11
Financial Services	PAGE 14
Fire	PAGE 15
General Government	PAGE 17
Human Resources and Information Technology	PAGE 18
Library	PAGE 20
Parks and Recreation	PAGE 22
Police	PAGE 24
Sewer Utility	PAGE 26
Solid Waste Utility	PAGE 28
Water Utility	PAGE 30

Quarterly Operating Memo – Administration/Office of the CAO

Administration Department Mar 31, 2023	Q1 Budget	Q1 Actual	YTD Bud	2023 Annual	2023 Annual	2023 Annual Bud	2023
	YTD Mar 31	YTD Mar 31	Var \$	Budget	Forecast	vs Forecast Var \$	Enhancement
100 Revenue							
300 Other Revenue	(1,528,578)	(1,528,578)		(1,731,108)	(1,731,109)	1	
Total 100 Revenue	(1,528,578)	(1,528,578)		(1,731,108)	(1,731,109)	1	
200 Expenses							
400 Salaries/Benefits/Training	1,141,254	874,986	266,268	4,306,745	4,016,117	290,628	177,076
450 Contracted Services	303,188	137,302	165,886	1,234,026	709,735	524,291	214,962
500 Supplies and Materials	22,758	105,436	(82,678)	93,965	684,591	(590,626)	3,026
Total 200 Expenses	1,467,200	1,117,724	349,476	5,634,736	5,410,443	224,293	395,064
Total Administration	(61,378)	(410,854)	349,476	3,903,628	3,679,334	224,294	395,064

As At March 31, 2023 Budget vs Actual to Date

Administration Department is tracking under budget in Q1 with a net surplus of \$349.4K, primarily from savings in salaries and benefits due to \$80K savings from payroll accrual treatment of retirement benefits for 2022 mayor and councilor wages and \$185K savings in salaries and benefits due to vacancies across the department and timing of conferences and training.

Out of approximately 17.4 full-time equivalent positions, the department has two vacancies in existing positions in Legislative Services that are expected to be filled in May and Q3, and one full-time and one auxiliary vacant positions from the 2023 enhancements that are expected to be filled in Q2 and Q3 respectively. Contracted services and Supplies and Materials should be viewed together as the YTD budget for the Building Safer Community Fund project (\$142.8K) is in the contracted services whereas YTD's actual spending (\$87.4K) is in the supplies and materials category. The net savings of \$83.2K is primarily due to the timing of project starts and delay due to the delay in the budget being approved which is partially offset by overspending in legal (\$50K) in legislative Services.

2023 Service Enhancement

Description	Amount	Status
Consulting and Studies for Indigenous Relations/Asset Mgmt	\$ 100,000	In progress - on track to utilize up to \$100K
Records Management enhancement cost increase	\$ 21,500	Monitoring - actuals trending higher than budget
Policy payments of \$35K to Indigenous Rights and Title holders who participate in City Committees and \$20K to individuals living in poverty who participate on city committees.	\$ 55,000	In progress - expected to start in Q2
One-time funds to support the Economic Impact Model	\$ 25,000	In progress - consultation is expected to start in Q2 and finish in Q3
One-time TPT Indigenous Rel Liason partially funded from auxiliary	\$ 15,000	In progress - expect to fill by Q3
One-time Auxiliary Communications Coordinator Clerk 3	\$ 47,047	Completed - position in place since January
One-time Communications Coordinator (Internal)	\$ 95,012	In progress - expect to post in May and fill by June
One-time Auxiliary for Business Licensing	\$ 20,017	Completed - funding to extend an existing position

2023 Annual Budget vs Forecast

For year-end, Administration is expected to be under budget with a net surplus of \$224.2K. The department is on track to meet the 3% savings in salaries and benefits from delayed hiring of the one-time salary enhancements, the payroll accrual treatment of retirement benefits for 2022 mayor and councilor wages, and the planned vacancy in Legislative Services. Contracted Services and Supplies and Materials are at risk of overspending primarily due to YTD's actual overspending in legal.

Planning Ahead

Staff will be collaborating to align the Budget and Five-Year Financial Plan to the new 2023-2026 Council Strategic Priorities Plan, which is anticipated to be incorporated into the Q2 Performance Report.

Q1 Operating Memo – Anvil Centre and Arts Services

Anvil Centre & Arts Services Group as at March 31, 2023	Q1 Budget	Q1 Actual	YTD Bud	2023 Annual	2023 Annual	2023 Annual	2023
	YTD Mar 31	YTD Mar 31	Var \$	Budget	Forecast	vs Forecast	Enhancement
Total 200 Sale of Services	(14,649)	(50,458)	35,809	(61,030)	(96,840)	35,810	-
Total 250 Grants from Other Governments	(8,447)	(188,724)	180,277	(35,000)	(192,477)	157,477	-
Total 300 Other Revenue	(588,149)	(522,983)	(65,166)	(2,450,619)	(2,385,452)	(65,167)	-
Total 350 Contribution Revenue	(2,409)	(300)	(2,109)	(10,030)	(7,921)	(2,109)	-
Total 100 Revenue	(613,654)	(762,465)	148,811	(2,556,679)	(2,682,690)	126,011	-
Total 400 Salaries/Benefits/Training	861,394	836,568	24,826	3,215,494	3,190,665	24,829	-
Total 450 Contracted Services	132,973	84,331	48,642	549,587	500,946	48,641	18,587
Total 500 Supplies and Materials	67,480	60,670	6,810	280,743	277,235	3,508	19,161
Total 600 Cost of Sales	334,917	302,844	32,073	1,395,462	1,363,387	32,075	-
Total 725 Amortization	634,560	660,999	(26,439)	2,644,000	2,670,439	(26,439)	-
Total 200 Expenses	2,031,324	1,945,412	85,912	8,085,286	8,002,672	82,614	37,748
Anvil Centre & Arts Services Group	1,417,670	1,182,947	234,723	5,528,607	5,319,982	208,625	37,748

As at March 31, 2023 Budget vs Actual to Date

\$0.62M Revenue budget split is \$0.53M or 86% **Anvil Conference Centre & Administration**, \$0.07M or 12% **Anvil Centre Theatre & Arts Services**, \$0.01M or 1% **Museum & Heritage Services** and \$0.01M or 1% **Art + Technology**. Q1 is indicating a \$0.15M surplus which is primarily due to Canadian Heritage, BC Arts Council operating grant and Anvil Conference Centre room booking revenue offset by lower than expected catered food/non-alcoholic beverages, equipment and furnishing rentals and audio visual rental revenues.

\$2.03M Expense budget split is \$1.31M or 65% **Anvil Conference Centre & Administration**, \$0.29M or 14% **Anvil Centre Theatre & Arts Services**, \$0.27M or 13% **Museum & Heritage Services** and 0.16M or 8% **Art + Technology**. Q1 is indicating a positive variance of \$0.09M primarily due to contracted service and supplies and materials timing of spend.

2023 Service Enhancements

No 2023 Service Enhancements to report on.

2023 Annual Forecast Budget vs Actual

\$2.56M Revenue budget split is \$2.19M or 86% **Anvil Conference Centre & Administration**, \$0.31M or 12% **Anvil Centre Theatre & Arts Services**, \$0.05M or 1% **Museum & Heritage Services** and \$0.01M or 1% **Art + Technology**. Annual forecast is signaling a \$0.13M surplus primarily due to grant and booking revenue.

\$8.10M Expense budget split is \$5.31M or 65% **Anvil Conference Centre & Administration**, \$1.17M or 14% **Anvil Centre Theatre & Arts Services**, \$1.01M or 13% **Museum & Heritage Services** and 0.61M or 8% **Art + Technology**. Annual forecast is tracking with budget.

Planning Ahead

Staff will be working to align the Budget and Five-Year Financial Plan to the new 2023-2026 Council Strategic Priorities Plan, which is anticipated to be incorporated into the Q2 Performance Report.

Council Report – Q1 Report

BridgeNet

	Q1 Budget	Q1 Actual	YTD Bud	2023 Annual	2023 Annual	2023 Annual Bud	2023
BU and Accounts	YTD Mar 31	YTD Mar 31	Var \$	Budget	Forecast	vs Forecast Var \$	Enhancement
100 Revenue							
Total 150 Utility Rates	(51,786)	(82,049)	30,263	(191,800)	(191,800)	0	
Total 300 Other Revenue				(23,095)	(23,095)		
Total 100 Revenue	(51,786)	(82,049)	30,263	(214,895)	(214,895)	0	
200 Expenses							
Total 400 Salaries/Benefits/Training	52,883	42,489	10,394	197,622	188,573	9,049	
Total 450 Contracted Services	20,943	24,032	(3,089)	77,570	77,570	0	
Total 500 Supplies and Materials	13,121		13,121	52,600	52,601	(1)	
Total 725 Amortization	143,040	149,001	(5,961)	596,000	601,961	(5,961)	
Total 200 Expenses	229,987	215,522	14,465	923,792	920,705	3,087	
Total 300 Fiscal Expenses	48,438	25,955	22,483	201,824	224,307	(22,483)	
Total BridgeNet Fibre Fund	226,639	159,428	67,211	910,721	907,634	3,087	

As At March 31, 2023 Budget vs Actual to Date

General

Overall, BridgeNet is favorable to Budget \$0.1M due to timing differences between Actual billings and revenue and Budgeted timing and expense timing. It is expected that the utility will achieve planned revenue and expenses by end of year.

Payroll

At Q3 2023 BridgeNet has a Budget of 1 FTE and is fully staffed.

2023 Service Enhancement:

Not applicable

2023 Annual Forecast Budget vs Actual

BridgeNet is expected to achieve budgeted revenue and operating income by end of year.

Planning Ahead

Planning ahead, BridgeNet will work on implementing its operational improvement plan, work with a new marketing consultant and achieving planned revenue improvements.

Quarterly Operating Memo – Climate Action, Planning and Development Department (CAPD)

Climate Action, Planning, and Development Department as at March 31, 2023	Q1 Budget	Q1 Actual	YTD Bud	2023	2023	2023 Annual	2023
	YTD Mar 31	YTD Mar 31	Var \$	Annual	Annual	Budget	Enhancement
				Budget	Forecast	vs Forecast	
100 Revenue							
Total 200 Sale of Services	(4,249)	(16,185)	11,936	(16,993)	(28,929)	11,936	
Total 250 Grants from Other Governments	(141,893)	(58,420)	(83,473)	(567,575)	(484,102)	(83,473)	(517,575)
Total 300 Other Revenue	(1,033,840)	(1,381,128)	347,288	(4,135,877)	(4,263,725)	127,848	
Total 350 Contribution Revenue	(178)	(25,000)	24,822	(700)	(25,522)	24,822	
Total 100 Revenue	(1,180,160)	(1,480,733)	300,573	(4,721,145)	(4,802,278)	81,133	(517,575)
200 Expenses							
Total 400 Salaries/Benefits/Training	1,729,350	1,404,485	324,865	6,438,478	6,217,268	221,210	407,506
Total 450 Contracted Services	263,625	171,565	92,060	1,054,482	1,074,801	(20,319)	536,146
Total 500 Supplies and Materials	36,692	54,738	(18,046)	146,753	182,198	(35,445)	13,126
Total 650 Grants	53,522	70,000	(16,478)	214,100	239,325	(25,225)	
Total 200 Expenses	2,083,189	1,700,788	382,401	7,853,813	7,713,592	140,221	956,778
Total CAPD	903,029	220,055	682,974	3,132,668	2,911,314	221,354	439,203

As At March 31, 2023 Budget vs Actual to Date

The Climate Action, Planning and Development Department is currently operating below the allocated budget in Q1, resulting in a net surplus of \$683K. This surplus can be attributed primarily to savings in salaries and benefits, as well as an increase in other sources of revenue. The majority of the surplus (96%) from other revenue was generated by a temporary rise in the issuance of building, plumbing, and planning permits, due to a number of applications being made for larger developments.

Among the department's approximately 52 full-time equivalent positions, there are currently 5 vacancies in existing roles, 5 vacant positions that have been approved for enhancement in 2023 but were delayed due to a late budget approval, and 5 staff members on leave. Efforts are underway to recruit suitable candidates to fill the vacancies. Additionally, the net surplus of approximately \$92K in contracted services is a result of delays in receiving invoices from consultants. The department anticipates that the budget for contracted services will be utilized throughout the rest of the year.

2023 Service Enhancement

Description	Amount	Status
RFT Senior Development Planner 3	\$ 143,300	In progress – shortlisting candidates
TFT Affordable Housing Planning Analyst	\$ 104,036	In progress – shortlisting candidates
TFT Building Clerk 3	\$ 39,557	Completed – position filled
TFT Affordable Housing Building Coordinator	\$ 117,100	In progress – pending posting
TPT Plumbing Inspector	\$ 55,000	Completed – position filled
RFT Livability Coordinator	\$ 103,470	In progress – pending posting
TFT Livability Coordinator	\$ 56,470	In progress – pending posting

2023 Annual Budget vs Forecast

At the end of the year, it is projected that the Climate Action, Planning and Development Department will operate below the allocated budget with a net surplus of \$221.4K. The surplus is primarily attributed to savings in salary, benefits, and training expenses resulting from existing vacancies. These savings are expected to be one-time only, as new recruitments are made and training and development activities are carried out for both existing and newly hired staff members.

The issuance of building permits is anticipated to align with regular volumes; however, it remains uncertain whether the growth in plumbing and planning permits will continue throughout the rest of the year. The department will continue monitoring the trajectory of plumbing and planning permit activities.

Planning Ahead

Staff will be working to align the Budget and Five-Year Financial Plan to the new 2023-2026 Council Strategic Priorities Plan, which is anticipated to be incorporated into the Q2 Performance Report.

Council Report – Q1 Report

Electrical Utility

	Q1 Budget	Q1 Actual	YTD Bud	2023 Annual	2023 Annual	2023 Annual Bud	2023
BU and Accounts	YTD Mar 31	YTD Mar 31	Var \$	Budget	Forecast	vs Forecast Var \$	Enhancement
100 Revenue							
Total 150 Utility Rates	(16,733,242)	(16,400,992)	(332,250)	(59,979,517)	(59,653,198)	(326,319)	
Total 200 Sale of Services	(951)	40,331	(41,282)	(50,957)	(9,675)	(41,282)	
Total 300 Other Revenue				(292,698)	(292,698)		
Total 350 Contribution Revenue	(588,039)	(348,800)	(239,239)	(2,450,154)	(2,450,154)	0	
Total 100 Revenue	(17,322,232)	(16,709,461)	(612,771)	(62,773,326)	(62,405,725)	(367,601)	
200 Expenses							
Total 400 Salaries/Benefits/Training	1,020,639	818,236	202,403	3,819,948	3,593,843	226,105	178,703
Total 450 Contracted Services	398,765	153,716	245,049	1,495,471	1,450,646	44,825	250,000
Total 500 Supplies and Materials	142,189	265,895	(123,706)	530,646	552,921	(22,275)	
Total 600 Cost of Sales		77	(77)		77	(77)	
Total 725 Amortization	993,360	1,034,751	(41,391)	4,139,000	4,180,391	(41,391)	
Total 750 Utility Purchases and Levies	9,469,223	8,950,797	518,426	33,818,655	33,300,228	518,427	
Total 200 Expenses	12,024,176	11,223,472	800,704	43,803,720	43,078,106	725,614	428,703
Total 300 Fiscal Expenses	900,080	568,332	331,748	1,905,108	1,905,139	(31)	
Total Electrical Fund	(4,397,976)	(4,917,657)	519,681	(17,064,498)	(17,422,480)	357,982	428,703

As At March 31, 2023 Budget vs Actual to Date

General

Overall, the Electrical Utility is favorable to Budget by \$0.5M due mainly to vacancies and expense timing offset by significantly unfavorable revenue performance.

Revenue is below Budget by \$0.6M due to:

- Utility Rate Revenue from consumption being unfavorable to Budget by \$0.4M mainly in Commercial receipts although Utility Rate Revenue is ahead of Q1 last year by \$0.7M.
- \$0.2M favorable Contribution Revenue variance in Q1 due to Budget timing of Contributions versus actual incurrence

Expenses are below Budget by \$1.1M due to:

- \$0.2M favorable variance in salaries and benefits due to staff vacancies
- \$0.5M favorable variance in Electrical Purchases due to slightly warmer weather in January
- \$0.4M in favorable timing variance in the following expense areas where expenses are less than Budget in Q1 but expenses are expected to catch-up to Budget by end of year.
 - Contracted Services
 - Fiscal Expenses

Payroll

The utility currently lists 23.5 budgeted FTEs of which 4.5-roles are currently vacant including 2-engineers of which one is an Asset Coordinator, a manager, a Clerk Typist, and 0.5 FTE Safety Officer that is a 2023 service enhancement intended to be shared with Engineering.

2023 Service Enhancement:

The Electric Utility successfully hired a Clerk Typist in May partially funded by service enhancement. The Electric Utility is in the process of hiring for a Safety Officer and Asset Coordinator.

2023 Annual Forecast Budget vs Actual

The Electrical Utility is forecasting at this time to be \$0.3M due primarily to Q1 staff vacancies. It is still anticipated that these roles are filled in a go-forward basis.

Planning Ahead

Planning ahead, the Electrical Utility will need to budget and review the operating impact for the new Queensborough Substation, reviewing financial impacts of long-term load supply and demand needs, along with planning the financial impacts of introducing Advanced Metering.

Council Report – Q1 Report

Electrical Services

BU and Accounts	2023 Annual Budget	Q1 Budget YTD Mar 31	Q1 Actual YTD Mar 31	YTD Bud Var \$	YTD Bud Var %	2023 Annual Budget	2023 Annual Forecast	2023 Annual vs Forecast Var	2023 Enhancement
100 Revenue									
Total 200 Sale of Services	(44,440)	(847)	(22,079)	21,232	(2,507%)	(44,440)	(44,440)	0	
Total 100 Revenue	(44,440)	(847)	(22,079)	21,232	(2,507%)	(44,440)	(44,440)	0	
200 Expenses									
Total 400 Salaries/Benefits/Training	760,672	204,181	182,262	21,919	11%	760,672	732,404	28,268	
Total 450 Contracted Services	95,013	22,803	8,047	14,756	65%	95,013	95,013	0	3,213
Total 500 Supplies and Materials	145,524	34,932	107,736	(72,804)	(208%)	145,524	319,705	(174,181)	4,922
Total 200 Expenses	1,001,209	261,916	298,045	(36,129)	(14%)	1,001,209	1,147,122	(145,913)	8,135
Total Electrical Services	956,769	261,069	275,966	(14,897)	(6%)	956,769	1,102,682	(145,913)	8,135

As At March 31, 2023 Budget vs Actual to Date

General

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 over spend budget.

Unfavorable Contract Services variance will continue to the end of the year.

Payroll

Electrical services lists 6-FTE budgeted. The department is currently fully-staffed.

2023 Service Enhancement:

Not applicable

2023 Annual Forecast Budget vs Actual

Ongoing Supplies and Materials variances due to Budget not aligning with past budgets.

Planning Ahead

Planning ahead, the 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.

Q1 Operating Memo - Engineering (General Fund)

Engineering Department (General Fund) as at March 31, 2023	Q1 Budget	Q1 Actual	YTD Bud	2023 Annual	2023 Annual	2023 Annual	2023
	YTD Mar 31	YTD Mar 31	Var \$	Budget	Forecast	vs Forecast	Enhancement
Total 200 Sale of Services	(1,081,722)	(1,279,704)	197,982	(4,507,157)	(4,759,855)	252,698	
Total 250 Grants from Other Governments	(225,662)	(225,790)	128	(902,660)	(902,789)	129	(155,000)
Total 300 Other Revenue	(740,334)	(722,264)	(18,070)	(3,076,223)	(3,125,078)	48,855	50,000
Total 350 Contribution Revenue	(6,433)	(9,966)	3,533	(25,758)	(29,291)	3,533	
Total 100 Revenue	(2,054,151)	(2,237,724)	183,573	(8,511,798)	(8,817,013)	305,215	(105,000)
Total 400 Salaries/Benefits/Training	4,207,389	4,077,042	130,347	15,758,234	15,625,523	132,711	182,070
Total 450 Contracted Services	687,226	522,882	164,344	2,839,679	2,799,953	39,726	492,168
Total 500 Supplies and Materials	901,857	922,515	(20,658)	3,758,009	3,957,355	(199,346)	412,113
Total 600 Cost of Sales	-	5,072	(5,072)	-	5,072	(5,072)	
Total 700 Insurance and Claims	76,379	91,645	(15,266)	318,250	333,514	(15,264)	
Total 725 Amortization	2,260,080	2,354,250	(94,170)	9,417,000	9,511,170	(94,170)	
Total 200 Expenses	8,132,931	7,973,406	159,525	32,091,172	32,232,587	(141,415)	1,086,351
Engineering Department (General Fund)	6,078,780	5,735,682	343,098	23,579,374	23,415,574	163,800	981,351

As at March 31, 2023 Budget vs Actual to Date

The Engineering Department is reporting a net favorable variance of \$343K largely due to ongoing staff vacancies and better than expected Parking Revenues. At the end of Q1, there remain 16 vacancies which are partially being managed through contracted services, overtime and auxiliary staff.

The Operations Division is experiencing an increase in volume and complexity of services offered, particularly in areas of street cleanliness and customer service call response, leading to increased spending costs despite the ongoing vacancy concerns.

The Engineering Department General Fund supports the delivery of core services to the City, including the operations and maintenance of buildings and properties, services delivered by Engineering Operations, Transportation services, Q to Q Ferry, asset management, utilities engineering, Engineering development services, design and construction, Engineering environmental services, and customer service and administrative Services. Operating Budget challenges being faced by the Engineering Department are significant in terms of scope, scale and complexity. The Department has been facing rising costs associated with maintaining and operating existing buildings and properties, streets and sidewalks, and other aging assets, while also responding to the needs of a growing inventory of assets and facing inflationary increase challenges.

2023 Service Enhancements

Description	Amount	Status
Street Cleaning Services - Grant	\$ 155,000	Not yet secured
Street User Permits Revenue Increase	\$ 50,000	Actuals are trending as anticipated
Q to Q Ferry Fare Revenue Reduction	\$ 100,000	Actuals are trending as anticipated
Street Cleaning Services Specialist	\$ 82,000	To be posted
Street Cleaning Operations Supervisor - Permanent Free-Standing Toilet	\$ 100,000	To be posted

Contracted Services - Permanent Free-Standing Toilet	\$ 125,000	Actuals are trending as anticipated
Contracted Services - Street Cleaning Services	\$ 180,000	Actuals are trending as anticipated
Contracted Services & Supplies and Materials - Engineering Operations	\$ 400,000	Actuals are trending as anticipated

2023 Annual Forecast Budget vs Actual

For year-end, staff are forecasting a surplus of \$164K. This surplus is anticipated to be driven by the forecasted increase in parking revenue, which is predicted to be offset by the increasing facility utility charges and scheduled and unscheduled maintenance expenses. Utility consumption and costs have steadily increased over the past several years and continue to climb as core service areas grow (buildings are programmed to be operational for longer hours accommodating more people – staff and public). Unscheduled Maintenance costs continue to climb year over year as the facility portfolio ages. The best means by which to control unexpected unscheduled maintenance is by improving scheduled maintenance practices, so we are seeing additional costs in that area as well across the portfolio. Massey Theatre's actual operating costs are trending to exceed budget estimates for this recently acquired asset.

Planning Ahead

Staff will be working to align the Budget and Five-Year Financial Plan to the new 2023-2026 Council Strategic Priorities Plan, which is anticipated to be incorporated into the Q2 Performance Report.

The Operating Budget challenges being faced by the Engineering Department are significant in terms of scope, scale and complexity. Summarized below are some of the key areas of concern for the Engineering department:

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 – 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 our HR needs, it is evident that HR is overwhelmed as well.

Staff are working with HR to prioritize and find efficient and innovative means to address outstanding recruitments. In addition, third-party consultants, contractors and auxiliary staff are engaged to supplement services as needed.

Quarterly Operating Memo – Finance

Financial Service Department as at March 31, 2023	Q1 Budget	Q1 Actual	YTD Bud	2023	2023	2023 Annual	2023
	YTD Mar 31	YTD Mar 31	Var \$	Annual	Annual	Budget	Enhancement
				Budget	Forecast	vs Forecast	
200 Expenses							
Total 400 Salaries/Benefits/Training	1,069,186	932,833	136,353	3,992,207	3,908,583	83,624	
Total 450 Contracted Services	36,526	37,047	(521)	152,177	148,688	3,489	5,149
Total 500 Supplies and Materials	113,565	111,630	1,935	473,138	507,642	(34,504)	16,003
Total 700 Insurance and Claims	940,158	896,215	43,943	3,917,333	3,920,507	(3,174)	
Total 200 Expenses	2,159,435	1,977,725	181,710	8,534,855	8,485,420	49,435	21,152
Total Finance	2,159,435	1,977,725	181,710	8,534,855	8,485,420	49,435	21,152

As At March 31, 2023 Budget vs Actual to Date

Finance Department is tracking under budget at Q1 with a net surplus of \$181.7K, primarily from savings in salaries and benefits which are offset by higher trending supplies and materials costs.

Out of an approximately 35 full-time equivalent positions, the department has 4 vacancies in existing positions and 3 staffs on leave. Recruitment is underway for these vacancies with 2 positions filled by Q2.

2023 Service Enhancement

None

2023 Annual Forecast Budget vs Actual

For year end, Finance Department is expected to be under budget with a net surplus of \$49.4K. Salary/Benefits/Training savings from vacancies are expected to be reduced with new recruitments and training and development activities occur for existing and new onboarding staff. There are risks of overspend as the City has an upcoming insurance policy renewal in June, and continuing budgetary pressure in Supplies and Materials primarily due to increased printing and postage cost associated with property tax and utilities billing.

Planning Ahead

Staff will be working to align the Budget and Five-Year Financial Plan to the new 2023-2026 Council Strategic Priorities Plan, which is anticipated to be incorporated into the Q2 Performance Report.

Quarterly Operating Memo – Fire Department

Fire Department as at Mar 31, 2023	Q1 Budget	Q1 Actual	YTD Bud	2023 Annual	2023 Annual	2023 Annual Bud	2023
	YTD Mar 31	YTD Mar 31	Var \$	Budget	Forecast	vs Forecast Var \$	Enhancement
100 Revenue							
200 Sale of Services	(3,144)	(14,886)	11,742	(13,100)	(25,562)	12,462	-
250 Grants from Other Governments	(4,997)		(4,997)	(20,000)	(20,000)		(20,000)
300 Other Revenue	(9,466)	(25,969)	16,503	(39,431)	(98,448)	59,017	-
350 Contribution Revenue					(20,000)	20,000	-
Total 100 Revenue	(17,607)	(40,855)	23,248	(72,531)	(164,010)	91,479	(20,000)
200 Expenses							
400 Salaries/Benefits/Training	4,509,186	4,339,026	170,160	16,982,210	17,116,187	(133,977)	274,049
450 Contracted Services	204,321	188,194	16,127	851,325	883,691	(32,366)	129,092
500 Supplies and Materials	76,556	55,650	20,906	318,987	321,355	(2,368)	62,243
725 Amortization	154,560	161,001	(6,441)	644,000	644,000		-
Total 200 Expenses	4,944,623	4,743,871	200,752	18,796,522	18,965,233	(168,711)	465,384
Total Fire Services	4,927,016	4,703,016	224,000	18,723,991	18,801,223	(77,232)	445,384

As At March 31, 2023 Budget vs Actual to Date

Fire Department is tracking under budget in Q1 with a net surplus of \$224.0K, primarily from savings in salaries and benefits from vacant positions and city staff EOC training and conferences that take place later in the year. Fire operations' retro increases for 2020, 2021, and 2022 (up to 2021 rate) have been paid in Q1.

Out of approximately 102.5 full-time equivalent positions, the department has 6 vacancies in existing positions; 3 in Fire Administration and 3 in Fire Operations. The 0.5 vacancy from the approved 2023 enhancement position has been filled in April. Two full-time vacancies in Fire Administration are currently filled by acting staff from Fire Operations and recruitment is underway for the vacancies in Deputy Chief Positions and the Executive Assistant vacancy for Fire Administration. Recruitment for vacancies in Fire Operations are expected to be completed by Q3.

2023 Service Enhancement

Description	Amount	Status
One-time TPT (910 hours) Chief Equity Officer for the DEIAR Framework	\$ 50,000	Completed - position filled in April and expected to work till end of 2023
One-time project management and various other consultant scope work	\$ 15,000	In progress - expected to be spent in Q2
One-time ESS Volunteer Coordinator	\$ 31,100	Completed - funding to extend an existing position (budgeted in Corporate Contingency)
One-time Emergency Medical Responder (EMR) as follows:		
-Contracting for instructors for priority care	\$ 9,000	In progress - expected to be spent in Q3
-License fee for EMR	\$ 29,500	In progress - expected to be spent in Q3 & Q4
-EMR diagnostic equipment	\$ 23,330	In progress - procurement has started in Q1 and expected to be completed in Q2
-Staffing costs of fire fighters are paid at straight time per union agreement	\$ 221,568	In progress - overtime from Fire Fighters for EMR project expected to start in Q2
One-time programmable communication tool from Twilio to aid residents in response to an emergency or extreme weather event	\$ 10,000	In progress - expected to be spent in Q2
One-time UBCM Grant and spending for Emergency Support Services	\$ 20,000	In progress - spending is expected in Q2 and grant is expected to be received in Q3

2023 Annual Budget vs Forecast

For year-end, Fire is expected to be over budget with a net deficit of \$77.2K. Salary/Benefits/Training savings from vacancies are expected to be reduced with new recruitments and training and development activities occur later in the year. The other budgetary pressure on salaries and benefits include unbudgeted payment for a retiring officer till mid-year, an expected \$31.1K payment for an ESS volunteer coordinator whose budget is in corporate contingency, the foreseeable collective agreement increases higher than City had budgeted, and the possibility of an increase in overtime during summer months in response to emergencies. Contracted Services and Supplies and Materials are at risk of overspending primarily due to unbudgeted spending in the Emergency Operating Center for city emergencies.

Planning Ahead

Staff will be collaborating to align the Budget and Five-Year Financial Plan to the new 2023-2026 Council Strategic Priorities Plan, which is anticipated to be incorporated into the Q2 Performance Report. Some cost recoveries from a stipend by the Construction Safety Alliance will be realized in Q3/Q4 for training costs incurred in Q1. It is estimated to be a reimbursement of approximately \$50.0K for the Technical Rope Rescue Program. Future opportunities for cost recovery will be sourced and applied for as they become available.

Quarterly Operating Memo – General Government

General Government as at March 31, 2023	Q1 Budget	Q1 Actual	YTD Bud	2023	2023	2023 Annual	2023
	YTD Mar 31	YTD Mar 31	Var \$	Annual Budget	Annual Forecast	Budget vs Forecast	Enhancement
100 Revenue							
Total 100 Taxation Revenue	111,358	128,720	(17,362)	(105,142,045)	(105,124,681)	(17,364)	
Total 200 Sale of Services	(38,120)	(45,151)	7,031	(158,845)	(165,877)	7,032	
Total 250 Grants from Other Governments	(16,007,396)	(15,850,000)	(157,396)	(16,497,590)	(16,497,590)	0	
Total 300 Other Revenue	(2,533,822)	(2,742,575)	208,753	(10,557,583)	(12,761,246)	2,203,663	
Total 350 Contribution Revenue	(1,719,985)	(1,535,543)	(184,442)	(6,908,275)	(6,778,457)	(129,818)	
Total 100 Revenue	(20,187,965)	(20,044,549)	(143,416)	(139,264,338)	(141,327,851)	2,063,513	0
200 Expenses							
Total 400 Salaries/Benefits/Training	46,244	50,235	(3,991)	(2,469,601)	199,732	(2,669,333)	
Total 450 Contracted Services	130,691	55,342	75,349	539,839	416,185	123,654	126,469
Total 500 Supplies and Materials	91,066	2,339	88,727	368,807	114,233	254,574	258,849
Total 650 Grants	244,608	449,117	(204,509)	978,450	1,182,959	(204,509)	
Total 725 Amortization	129,840	135,249	(5,409)	541,000	546,409	(5,409)	
Total 200 Expenses	642,449	692,282	(49,833)	(41,505)	2,459,518	(2,501,023)	385,318
300 Fiscal Expenses							
Total 550 Interest	1,166,012	2,153,979	(987,967)	4,858,387	5,003,106	(144,719)	
Total 300 Fiscal Expenses	1,166,012	2,153,979	(987,967)	4,858,387	5,003,106	(144,719)	0
Total General Government	(18,379,504)	(17,198,288)	(1,181,216)	(134,447,456)	(133,865,227)	(582,229)	385,318

As At March 31, 2023 Budget vs Actual to Date

The General Government Department is tracking over budget as at Q1 by \$1.2M, primarily due to the timing of semi-annual debt coupon payments with the majority of payments due in March and September, and the timing of contribution revenue and grant payments.

2023 Service Enhancement

Description	Amount	Status
Corporate Contingency	\$ 112,000	Staff will continue to monitor expenditure on incurred for Inflation/Extreme Events across the organization for the utilization of the Corporate Contingency
New Staff IT Equipment, Furniture, and Training	\$ 285,000	Ongoing training and purchase of IT equipment and furniture for onboarding new staff

2023 Annual Forecast Budget vs Actual

For year end, The General Government Department is forecasting to be over budget by \$0.6M mainly due to a planned surplus of \$2.6M for 3% staff vacancies budgeted across the organization, while actual savings will be recognized in the individual departments. Other revenue is expected to trend higher than budget by \$2.2M due to favourable interest income in the current high interest rate environment, which are partially offset by higher debt interest expense.

Planning Ahead

Staff will be collaborating to align the Budget and Five-Year Financial Plan to the new 2023-2026 Council Strategic Priorities Plan, which is anticipating to be incorporated into the Q2 Performance Report.

Quarterly Operating Memo – Human Resource (HR) and Information Technology (IT)

HR & IT Department as at March 31, 2023	Q1 Budget	Q1 Actual	YTD Bud	2023	2023	2023	2023
	YTD Mar 31	YTD Mar 31	Var \$	Annual	Annual	Budget	Enhancement
				Budget	Forecast	vs Forecast	
100 Revenue							
Total 200 Sale of Services	(1,200)		(1,200)	(5,000)	0	(5,000)	
Total 100 Revenue	(1,200)	0	(1,200)	(5,000)	0	(5,000)	0
200 Expenses							
Total 400 Salaries/Benefits/Training	1,698,735	1,296,060	402,675	6,414,916	6,072,190	342,726	542,783
Total 450 Contracted Services	74,579	67,222	7,357	310,777	365,640	(54,863)	10,509
Total 500 Supplies and Materials	410,987	555,957	(144,970)	1,712,447	1,845,453	(133,006)	162,740
Total 725 Amortization	349,680	364,251	(14,571)	1,457,000	1,471,571	(14,571)	
Total 200 Expenses	2,533,981	2,283,490	250,491	9,895,140	9,754,854	140,286	716,032
Total Human Resources & Information Technology	2,532,781	2,283,490	249,291	9,890,140	9,754,854	135,286	716,032

As At March 31, 2023 Budget vs Actual to Date

HR & IT Department is tracking under budget at Q1 with a net surplus of \$249.0K, primarily from savings in salaries and benefits which are offset by higher trending supplies and materials costs.

Out of an approximately 47 full-time equivalent positions, the department has 5 vacancies in existing positions, 4 vacant approved 2023 enhancement positions due to an approved budget late in the year, and 2 staffs on leave. Recruitment is underway for these vacancies, and recruitment costs incurred by the HR Department are above budget due to senior management level staff recruitment activity required for the organization. Supplies and materials cost are higher than budget due to timing of expenses of software and monitoring licenses for the year.

2023 Service Enhancement

Description	Amount	Status
TFT Learning and Development Specialist 18 month	\$ 28,415	Completed – funding to extend existing position to December 31, 2023
TFT Workplace Wellness and Ability Management Specialist	\$ 28,865	In progress – shortlisting candidates
RFT HR Recruiter	\$ 116,854	In progress – interviewing candidates
TFT HR Assistant	\$ 82,265	Completed – position filled January 2023 to December 31, 2023
2022 Service Enhancement Carryover Training - Diversity, Equity, Inclusion, and Anti-Racism Training; Sanctuary City	\$ 25,000	In progress – training sessions to be provided for staff throughout 2023
RFT IT Project Manager	\$ 126,669	In progress – pending Metro Vancouver paygrade review
RFT IT Security Administrator	\$ 129,169	In progress – pending Metro Vancouver paygrade review
TFT Business Systems Analyst/Programmer	\$ 126,369	Completed – position filled for AMI project

RPT to RFT IT Support Clerk (administrative assistant)	\$ 20,000	In progress – pending Metro Vancouver reclassification review
Computer Systems Maintenance Enhancement	\$ 100,000	Monitoring – Actuals trending higher than budget

2023 Annual Budget vs Forecast

For year end, HR & IT is expected to be under budget with a net surplus of \$135.2K. Salary/Benefits/Training savings from vacancies are expected to be reduced with new recruitments and training and development activities occur for existing and new onboarding staff. There are budgetary pressure in Contracted Services and Supplies and Materials for a risk of overspend, primarily due to increasing software and network maintenance costs and subcontract work for network infrastructure support.

Planning Ahead

Staff will be collaborating to align the Budget and Five-Year Financial Plan to the new 2023-2026 Council Strategic Priorities Plan, which is anticipating to be incorporated into the Q2 Performance Report.

Quarterly Operating Memo – Library

Library Department as at Mar 31, 2023	Q1 Budget	Q1 Actual	YTD Bud	2023 Annual	2023 Annual	2023 Annual Bud	2023
	YTD Mar 31	YTD Mar 31	Var \$	Budget	Forecast	vs Forecast Var \$	Enhancement
100 Revenue							
200 Sale of Services	(7,488)	(8,327)	839	(31,200)	(32,038)	838	
250 Grants from Other Governments				(150,340)	(159,742)	9,402	
300 Other Revenue		(67)	67		(66)	66	
350 Contribution Revenue	(9,240)		(9,240)	(38,500)	(38,500)		(31,000)
Total 100 Revenue	(16,728)	(8,394)	(8,334)	(220,040)	(230,346)	10,306	(31,000)
200 Expenses							
400 Salaries/Benefits/Training	928,700	729,950	198,750	3,498,347	3,315,499	182,848	4,500
450 Contracted Services	27,518	17,987	9,531	114,663	116,494	(1,831)	3,823
500 Supplies and Materials	197,890	236,690	(38,800)	824,545	827,127	(2,582)	57,557
725 Amortization	169,440	176,499	(7,059)	706,000	706,000		
Total 200 Expenses	1,323,548	1,161,126	162,422	5,143,555	4,965,120	178,435	65,880
Total Library	1,306,820	1,152,732	154,088	4,923,515	4,734,774	188,741	34,880

As At March 31, 2023 Budget vs Actual to Date

Library Department is tracking under budget in Q1 with a net surplus of \$154.0K, primarily from savings in salaries and benefits which are offset by higher trending supplies and materials costs due to the timing of invoices that were prepaid.

Out of approximately 31.6 full-time equivalent positions, the department has a number of vacancies:

- Two Library Assistant 3s from staff turnover that are expected to be filled by July 2023.
- Three out of five permanent full-time positions that were converted from vacant part-time positions have been backfilled by auxiliary staff in Q1 and the remaining two are expected to be filled by June. Two of the three positions that were backfilled are expected to be filled by Q1 2024 while one of them is expected to be filled by Q3, 2023.

2023 Service Enhancement

Description	Amount	Status
Librarian 2	\$ 103,275	In progress - expected to be filled by June
Librarian 2	\$ 107,687	In progress - expected to be filled by June
Library Assistant 2	\$ 74,383	In progress - position backfilled by auxiliary person in Q1 and will continue to be backfilled until it is filled. Expected to be filled by Q1, 2024
Library Assistant 2	\$ 74,383	In progress - position backfilled by auxiliary person in Q1 and will continue to be backfilled until it is filled. Expected to be filled by Q1, 2024
Library Assistant 2	\$ 74,383	In progress - position backfilled by auxiliary person in Q1 and will continue to be backfilled until it is filled. Expected to be filled by Q3, 2023
Training and education of the permanent positions	\$ 4,500	In progress - expected to be spent by year-end
Offset by Auxiliary Budget	\$ (438,611)	Offsets the above 5 permanent positions from vacant part-time positions so no net impact to budget
Balance of the one-time \$80K Provincial grant for COVID-19 recovery received in 2022 to be spent on small equipment in the supplies section in 2023	\$ 31,000	In progress - expected to be spent by year-end and offset by grant

2023 Annual Budget vs Forecast

For year-end, Library is expected to be under budget with a net surplus of \$188.7K. Salary and Benefits savings from vacancies from Q1 are expected to be carried forward to year-end. The annual provincial grant received in April has increased to \$159.7K from \$144.0K. This will offset the \$4.0K budgeted federal grant that the Library no longer receives. Library also received an additional one-time grant of \$199.8K in April to be spent over 3 years for capital. Library is expected to acquire a \$60K electrical vehicle from donated funds. The Fleet division is researching the best options for Library's specific needs. Additional vehicle maintenance costs will be borne by the Engineering Fleet division.

Planning Ahead

Staff will be collaborating to align the Budget and Five-Year Financial Plan to the new 2023-2026 Council Strategic Priorities Plan, which is anticipated to be incorporated into the Q2 Performance Report, and following the NWPL Strategic Plan 2021-2025.

Quarterly Operating Memo – Parks and Recreation

Parks and Recreation as at March 31, 2023	Q1 Budget	Q1 Actual	YTD Bud	2023 Annual	2023 Annual	2023 Annual	2023
	YTD Mar 31	YTD Mar 31	Var \$	Budget	Forecast	vs Forecast	Enhancement
Total 200 Sale of Services	(823,424)	(1,087,236)	263,812	(3,430,820)	(3,650,883)	220,063	
Total 250 Grants from Other Governments	(5,040)	(7,500)	2,460	(21,000)	(20,040)	(960)	
Total 300 Other Revenue	(81,024)	(76,042)	(4,982)	(337,600)	(332,618)	(4,982)	
Total 350 Contribution Revenue	(1,679)	-	(1,679)	(6,800)	(5,121)	(1,679)	
Total 100 Revenue	(911,167)	(1,170,778)	259,611	(3,796,220)	(4,008,662)	212,442	-
Total 400 Salaries/Benefits/Training	3,697,234	3,494,731	202,503	13,849,383	13,705,069	144,314	
Total 450 Contracted Services	141,676	81,813	59,863	593,913	534,058	59,855	106,187
Total 500 Supplies and Materials	351,785	280,030	71,755	1,462,234	1,398,383	63,851	49,282
Total 600 Cost of Sales	65,808	27,234	38,574	274,200	235,627	38,573	
Total 725 Amortization	886,800	923,751	(36,951)	3,695,000	3,731,951	(36,951)	
Total 200 Expenses	5,143,303	4,807,559	335,744	19,874,730	19,605,088	269,642	155,469
Parks and Recreation	4,232,136	3,636,781	595,355	16,078,510	15,596,426	482,084	155,469

As at March 31, 2023 Budget vs Actual to Date - \$0.91M Revenue budget split is \$0.13M or 14% **Parks** and \$0.78 or 86% **Recreation**, with Q1 actuals indicating a \$0.26M surplus. Positive variance in **Recreation** sale of services is primarily due to increase in program registrations such as swimming, gymnastics, camps, rentals along with steady drop-in and membership revenues which are offset by lower than expected concessions sales. **Parks** sale of services from rentals such as grass and turf fields are also tracking better than expected.

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 revenues due to the above noted service delivery alternatives.

\$5.14M Expense budget split is \$2.03M or 39% **Parks** and \$3.11M or 61% **Recreation**, with Q1 actuals indicating a \$0.34M surplus primarily from 12 staff vacancies (Parks - 4, Recreation - 8) and 5 Recreation staff on leave from a total staff compliment of 105. Recruitment is underway for vacancies supplemented auxiliary employee backfill. This approach is sustainable over the short term, it does leave the department vulnerable as the pool of available staff is drawn down and labour market forces continue to make staff recruitment challenging.

Positive variance in **Recreation** supplies and materials primarily due to timing of spend, limited special events spending and no Fortis BC gas account (CGP) charges. Positive variance is **Recreation** cost of sales mirrors measured concession sales.

2023 Service Enhancements

Description	Amount	Status
Arboriculture Operations Support	\$ 87,500	In progress - Staff are monitoring the spend

2023 Annual Forecast Budget vs Actual

\$3.80M Revenue budget split is \$0.55M or 14% **Parks** and \$3.25 or 86% **Recreation**, with the annual forecast signaling \$0.21M 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.

\$19.87M Expense budget split is \$7.60M or 38% **Parks** and \$12.01M or 62% **Recreation**, with the annual forecast signaling a \$0.27M surplus largely from part-year staff vacancies. Positive variance in **Recreation** supplies and along with cost of sales anticipated to continue through Q4.

Planning Ahead

Staff will be working to align the Budget and Five-Year Financial Plan to the new 2023-2026 Council Strategic Priorities Plan, which is anticipated to be incorporated into the Q2 Performance Report.

Quarterly Operating Memo – Police Department

Police Department as at Mar 31, 2023	Q1 Budget	Q1 Actual	YTD Bud	2023 Annual	2023 Annual	2023 Annual Bud	2023
	YTD Mar 31	YTD Mar 31	Var \$	Budget	Forecast	vs Forecast Var \$	Enhancement
100 Revenue							
200 Sale of Services	(1,429,872)	(1,570,789)	140,917	(5,957,800)	(6,156,103)	198,303	
250 Grants from Other Governments	(142,749)	(220,220)	77,471	(1,711,100)	(1,748,988)	37,888	125,000
300 Other Revenue	(5,400)	(12,611)	7,211	(22,500)	(27,350)	4,850	
Total 100 Revenue	(1,578,021)	(1,803,620)	225,599	(7,691,400)	(7,932,441)	241,041	125,000
200 Expenses							
400 Salaries/Benefits/Training	7,383,966	7,798,255	(414,289)	30,747,705	30,755,066	(7,361)	397,000
450 Contracted Services	1,098,968	1,228,129	(129,161)	4,578,190	4,703,768	(125,578)	462,490
500 Supplies and Materials	293,518	241,865	51,653	1,223,053	1,219,042	4,011	52,454
650 Grants	7,200	4,957	2,243	30,000	19,957	10,043	
725 Amortization	164,880	171,750	(6,870)	687,000	687,000		
Total 200 Expenses	8,948,532	9,444,956	(496,424)	37,265,948	37,384,833	(118,885)	911,944
Total Police Services	7,370,511	7,641,336	(270,825)	29,574,548	29,452,392	122,156	1,036,944

As At March 31, 2023 Budget vs Actual to Date

The Police Department is tracking over budget in Q1 with a net deficit of 270.8K; this variance is primarily due to timing. The reported variance is different from what was reported to the Police Board on May 23 as city finance has corrected the traffic fine grant budget spread.

The favorable revenue variance of \$225.6K is primarily from increased pricing in sales of service and from additional secondments (\$140.9K). Recognition of other grant funding was also favorable in Q1 (\$77.5K).

The unfavorable variance in salary and benefits is primarily attributed to the front-loaded nature of benefits (\$300.0K). Timing of JIBC payments for recruit training (\$60.0K), and escalating recruitment costs (\$35.0K) have created a variance in Q1. Variances in contracted services and supplies and materials are primarily due to the timing of invoices.

2023 Service Enhancement

Description	Amount	Status
Traffic File Revenue reduction	\$ 125,000	In progress - reduction in grants is still unknown and won't be confirmed until Q2 or Q3.
JIBC recruitment training	\$ 198,000	In progress - expected to be fully spent
Salaries for non-emergency line call centre	\$ 199,000	In progress - slightly behind schedule but tracking to start early May
E-COMM contractual requirements	\$ 166,000	Monitoring - expected to be overspent as E-COMM approved further budget increases after police board approval
Contract Services for prisoner custodial and 3rd party contracts	\$ 213,000	In progress - on target to be fully spent
Inflationary Adjustments for Contracted Services and Supplies & Material	\$ 135,944	In progress - expected to be fully spent

2023 Annual Forecast Budget vs Actual

As of now, the Police Department's forecasted surplus is \$122.2K; however, there are several variables that could potentially impact the department's financial results. These include collective bargaining, provincial grants and hiring needs. Although the major assumptions in the 2023 budget are being held, it is essential to keep a close watch on these factors to ensure that the department remains on track.

Planning Ahead

The outcome of the collective agreements for both sworn and civilian staff will have a significant impact on the department's financial plan for the next five years. The department is closely monitoring the finalization of other municipalities' collective agreements and will update the forecast accordingly.

The department's funding from other government agencies, particularly for the gang suppression unit, will also affect the financial plan going forward. Funding for this unit ended in April 2023 and as at writing this report a new funding agreement was not in place.

The 2023 budget process saw an inflation increase of 3.5% for contracted services and supplies. While this increase will help reduce overages, it is crucial to analyze each account during the next budget process to ensure that each account receives adequate funding for current needs.

Quarterly Operating Memo – Sewer Utility

	Q1 Budget	Q1 Actual	YTD Bud	2023 Annual	2023 Annual	2023 Annual Bud	2023
BU and Accounts	YTD Mar 31	YTD Mar 31	Var \$	Budget	Forecast	vs Forecast Var \$	Enhancement
100 Revenue							
Total 100 Taxation Revenue							
Total 150 Utility Rates	(25,777,620)	(25,982,174)	204,554	(28,307,000)	(28,214,507)	(92,493)	
Total 200 Sale of Services	(89,040)	(57,216)	(31,824)	(424,000)	(392,176)	(31,824)	
Total 300 Other Revenue	(4,200)		(4,200)	(20,000)	(20,000)	0	
Total 350 Contribution Revenue	(1,236,212)	(30,000)	(1,206,212)	(5,886,733)	(5,886,733)	0	(1,092,337)
Total 100 Revenue	(27,107,072)	(26,069,390)	(1,037,682)	(34,637,733)	(34,513,416)	(124,317)	(1,092,337)
200 Expenses							
Total 400 Salaries/Benefits/Training	329,224	210,106	119,118	1,229,445	1,111,592	117,853	52,376
Total 450 Contracted Services	146,786	147,170	(384)	990,573	991,133	(560)	100,000
Total 500 Supplies and Materials	21,310	29,288	(7,978)	144,609	147,363	(2,754)	
Total 725 Amortization	544,320	567,000	(22,680)	2,268,000	2,290,680	(22,680)	
Total 750 Utility Purchases and Levies				11,965,955	11,965,955		
Total 200 Expenses	1,041,640	953,564	88,076	16,598,582	16,506,723	91,859	152,376
Total Sewer Utility	(26,065,432)	(25,115,826)	(949,606)	(18,039,151)	(18,006,693)	(32,458)	(939,961)

As At March 31, 2023 Budget vs Actual to Date

General

Overall, the Sewer Utility is unfavorable to Budget by \$0.9M in the Q1 due to Budget timing of Contributions versus actual incurrence. It is expected that Contribution will meet budgeted targets by end of year.

On expenditures, vacancy and an employee on unpaid leave create a favorable personnel variance of \$0.1M.

Payroll

Vacancy and an employee on unpaid leave create a favorable personnel variance of \$0.1M. The Sewer Utility has 12 FTEs budgeted, including 0.5 FTE for a SCADA software technician shared with the Water Utility that was filled in March. The role was largely vacant in Q1. Another 0.5 FTE enhancement for an engineering technologist was approved for 2023 Budget that is also shared with the Water Utility. This position is targeted to be filled in June. The Sewer Utility also has a vacant Sub-foreman and an individual on medical leave.

2023 Service Enhancement:

0.5 FTE enhancement for an engineering technologist was approved for 2023 Budget that is also shared with the Water Utility. This position is targeted to be filled in June.

2023 Annual Forecast Budget vs Actual

The Utility is expecting to achieve budgeted targets by the end of the year and that Contribution Revenue targets will meet budgeted targets by end of year.

Planning Ahead

Guidance from Metro Vancouver on levies are within reasonable range of last year's projections for Sewer Levies, it is expected that sewer utility rate increases will remain at the 7% per annum level established last year. 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.

Quarterly Operating Memo – Solid Waste Utility

	Q1 Budget	Q1 Actual	YTD Bud	2023 Annual	2023 Annual	2023 Annual Bud	2023
BU and Accounts	YTD Mar 31	YTD Mar 31	Var \$	Budget	Forecast	vs Forecast Var \$	Enhancement
100 Revenue							
Total 150 Utility Rates	(4,696,090)	(4,805,536)	109,446	(5,005,000)	(5,070,851)	65,851	
Total 300 Other Revenue	(163,590)	(165,745)	2,155	(779,000)	(781,155)	2,155	
Total 100 Revenue	(4,859,680)	(4,971,281)	111,601	(5,784,000)	(5,852,006)	68,006	
200 Expenses							
Total 400 Salaries/Benefits/Training	330,395	272,005	58,390	1,230,542	1,172,695	57,847	
Total 450 Contracted Services	16,012	2,528	13,484	114,284	114,428	(144)	
Total 500 Supplies and Materials	29,796	7,670	22,126	134,247	134,247	0	
Total 725 Amortization	96,000	99,999	(3,999)	400,000	403,999	(3,999)	
Total 750 Utility Purchases and Levies	535,286	463,495	71,791	2,458,768	2,458,768	0	
Total 200 Expenses	1,007,489	845,697	161,792	4,337,841	4,284,137	53,704	
Total Solid Waste Fund	(3,852,191)	(4,125,584)	273,393	(1,446,159)	(1,567,869)	121,710	

As At March 31, 2023 Budget vs Actual to Date

General

The Solid Waste Utility is \$0.3M favorable to budget due to:

- \$0.1M in favorable net revenue due to higher residential revenue and Q1 savings on the budgeted timing of discount claims
- \$0.1M in favorable Q1 timing variance on tipping fee expense
- \$0.1M of staff vacancies

Payroll

The Solid Waste Utility has a Budget of 12 FTEs of which there are 2 current labourer vacancies.

2023 Service Enhancement:

None in 2023

2023 Annual Forecast Budget vs Actual

Favorable Q1 timing variances in Discounts and Tipping Fees and expenses are expected to catch-up to Budget by the year leaving the utility with a slightly favorable variance due to vacancies and higher than Budgeted revenue in Residential.

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.

Quarterly Operating Memo – Water Utility

	Q1 Budget	Q1 Actual	YTD Bud	2023 Annual	2023 Annual	2023 Annual Bud	2023
BU and Accounts	YTD Mar 31	YTD Mar 31	Var \$	Budget	Forecast	vs Forecast Var \$	Enhancement
100 Revenue							
Total 150 Utility Rates	(9,168,740)	(9,019,805)	(148,935)	(17,261,000)	(16,947,487)	(313,513)	
Total 200 Sale of Services	(21,016)	(2,201)	(18,815)	(99,000)	(80,220)	(18,780)	
Total 350 Contribution Revenue	0		0	(885,000)	(885,000)		
Total 100 Revenue	(9,189,756)	(9,022,006)	(167,750)	(18,245,000)	(17,912,707)	(332,293)	
200 Expenses							
Total 400 Salaries/Benefits/Training	229,543	143,145	86,398	858,019	772,158	85,861	52,374
Total 450 Contracted Services	15,328	65,476	(50,148)	109,245	109,245	0	28,200
Total 500 Supplies and Materials	25,125	35,911	(10,786)	179,137	179,137	0	40,000
Total 725 Amortization	271,680	282,999	(11,319)	1,132,000	1,143,319	(11,319)	
Total 750 Utility Purchases and Levies	1,334,093	1,266,452	67,641	7,466,596	7,398,955	67,641	
Total 200 Expenses	1,875,769	1,793,983	81,786	9,744,997	9,602,814	142,183	120,574
Total Water Fund	(7,313,987)	(7,228,023)	(85,964)	(8,500,003)	(8,309,893)	(190,110)	120,574

As At March 31, 2023 Budget vs Actual to Date

General

Overall, the Water Utility is unfavorable to Budget by \$0.1M in the Q1 due to commercial water revenues being below Budgeted targets by \$0.3M. Commercial water revenues were ahead of previous year Q1 revenue by \$0.1M but below Budgeted expectation.

Shortfalls in commercial revenue were offset by:

- \$0.2M in Q1 savings on the timing of discount claims;
- \$0.1 savings in the purchase of water, as consumption in Q1 is lower YoY; and
- salaries and benefits as staff vacancy create a favorable personnel variance of \$0.1M.

Payroll

Vacancy and an employee on unpaid leave create a favorable personnel variance of \$0.1M. The Water Utility has 8 FTEs budgeted, including 0.5 FTE for a SCADA software technician shared with the Sewer Utility that was filled in March. The role was largely vacant in Q1. Another 0.5 FTE enhancement for an engineering technologist was approved for 2023 Budget that is also shared with the Sewer Utility. This position is targeted to be filled in June. The Water Utility also has a vacant labourer.

2023 Service Enhancement:

0.5 FTE enhancement for an engineering technologist was approved for 2023 Budget that is also shared with the Sewer Utility. This position is targeted to be filled in June.

2023 Annual Forecast Budget vs Actual

The Utility is expecting to be unfavorable to budget due to Q1 commercial water revenue targets being behind Actual results and consumption by the end of the year. Actual to budgeted variance in Commercial Water Revenue will be monitored in Q2 and re-forecasted annually if trend persists.

Planning Ahead

Guidance from Metro Vancouver on levies are within reasonable range of last year's projections for Sewer Levies, it is expected that sewer utility rate increases will remain at the 7% per annum level established last year. 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.