

August 5, 2020

2020 FIRST QUARTER REVIEW – OPERATING AND CAPITAL BUDGETS

EXECUTIVE SUMMARY

OPERATING BUDGET

Revenues and expenditures are each forecast to be below their respective budget and the City is forecasting a balanced budget at year-end after all reserve transfers and adjustments. As of March 31, 2020, revenues are below their Q1 year-to-date budgets, primarily due to Facility closures and loss of parking revenues. Expenditures are below their respective Q1 year-to-date budgets, primarily due to reduced salary expenses due to temporary layoffs and hiring restrictions. Commentary on variances between full-year forecast actuals and corresponding budgets in specific categories of revenues and expenditures are provided in the body of this review report.

2020 Operating Budget- Year-to-Date and Full year Forecast								
\$ millions	Year-to-date				2020 Full Year Forecast			
	Budget	Actuals	Variance	Variance %	Annual Budget	Year end forecast	Year-end Variance \$	Variance %
TOTAL REVENUES	\$378.5	\$373.5	(\$5.0)	(1.3%)	\$1,616.3	\$1,490.5	(\$125.8)	(7.8%)
TOTAL EXPENDITURES & TRANSFERS	\$315.0	\$312.9	\$2.1	0.7%	\$1,616.3	\$1,490.5	\$125.8	7.8%
SURPLUS (DEFICIT)	\$63.5	\$60.7	(\$2.8)	(4.4%)	(\$0.0)	\$0.0	\$0.0	

NOTE: Totals may not add due to rounding.

CAPITAL BUDGET

Total capital expenditures to the end of first quarter of 2020 were \$67.0 million, representing 9.5% of the total 2020 Annual Capital Expenditure Budget of \$701.8 million. Total expenditures for the year are forecast to be \$580.9 million, being 17.2% below the Capital Expenditure Budget. The forecast reflects overall slowdown of project work, but does not fully reflect the results of a COVID-19 impact assessment that is currently underway. Commentary on variances between full-year forecast actuals and corresponding budgets in specific service categories are provided in the body of this review report.

2020 Annual Capital Expenditure Budget - Year-to-Date Actual Expenditures (\$ millions)					
Service Category	2020 Budget	Q1 Year-to-date Actuals	2020 Full Year Expenditures		
			Forecast Expenditure	Variance (\$)	Variance (%)
AFFORDABLE HOUSING	\$80.9	\$6.1	\$75.7	\$5.2	6.4%
CHILDCARE	\$42.8	\$2.3	\$21.1	\$21.7	50.8%
PARKS, OPEN SPACES AND RECREATION	\$59.1	\$4.8	\$51.1	\$8.0	13.6%
COMMUNITY FACILITIES	\$41.0	\$0.9	\$25.9	\$15.2	36.9%
ARTS AND CULTURE	\$33.3	\$1.2	\$21.3	\$12.0	36.2%
PUBLIC SAFETY	\$18.0	\$4.2	\$17.4	\$0.5	3.0%
CIVIC FACILITIES AND EQUIPMENT	\$54.0	\$4.4	\$35.4	\$18.7	34.6%
TRANSPORTATION AND STREET USE	\$117.3	\$15.2	\$99.6	\$17.7	15.1%
ONE WATER	\$135.5	\$21.0	\$135.7	-\$0.2	-0.2%
RENEWABLE ENERGY	\$28.7	\$0.6	\$16.1	\$12.6	43.9%
SOLID WASTE	\$51.6	\$1.7	\$45.1	\$6.5	12.6%
TECHNOLOGY	\$31.9	\$2.9	\$28.8	\$3.1	9.8%
CITY-WIDE	\$7.6	\$1.7	\$7.8	-\$0.2	-2.5%
TOTAL	\$701.8	\$67.0	\$580.9	\$120.9	17.2%

NOTE: Totals may not add up due to rounding.

OPERATING BUDGET

Since 2010, the Director of Finance has committed to reporting quarterly on the Operating Budget status. Council Policy regarding the Operating Budget, as per the Vancouver Charter, is to ensure a balanced operating budget.

A. Q1 YTD 2020 OPERATING BUDGET RESULTS AND FULL YEAR 2020 FORECAST

This first Quarter year-to-date review provides an indication of the City's financial direction for the year and the identification of any significant variances from the 2020 Operating Budget.

The City recorded an Operating Budget deficit of \$2.8 million for the first quarter of 2020. The variances in the revenue categories reflect lost revenues due to Facility closures and lost parking revenues partially offset by salary related savings, as well as the timing difference in the first quarter between actual and budgeted revenues and expenditures.

The City is taking a balanced approach to mitigating the impact of Covid-19 including actions such as temporary staff layoffs, wage adjustments, cost containment, holds on hiring and utilizing reserves. Through these mitigations actions the City is forecasting the Operating Budget to be balanced for 2020 year-end. The forecast reflects the financial results for the first three months of the year and a projection of revenues, expenditures and transfers for the remaining nine months. The forecast includes an estimate of year-end transfers from reserves, including transfers from revenue stabilization to address the funding gap.

The table below shows the 2020 Operating Budget revenue and expenditures, year-to-date variances and full year forecasts.

2020 Operating Budget- Year-to-Date and Full year Forecast								
\$ millions	Year-to-date				2020 Full Year Forecast			
	Budget	Actuals	Variance	Variance %	Annual Budget	Year end forecast	Year-end Variance \$	Variance %
REVENUES								
Property tax revenue	\$213.0	\$210.0	(\$3.0)	(1.4%)	\$890.6	\$890.6	\$0.0	0.0%
Utility revenue	\$65.6	\$68.1	\$2.5	3.8%	\$329.7	\$332.0	\$2.3	0.7%
Program revenue	\$12.1	\$10.5	(\$1.6)	(13.2%)	\$66.1	\$22.0	(\$44.1)	(66.7%)
License & Development fees	\$36.4	\$32.2	(\$4.2)	(11.5%)	\$95.8	\$83.6	(\$12.2)	(12.7%)
Parking revenue	\$17.8	\$15.0	(\$2.8)	(15.6%)	\$77.1	\$32.7	(\$44.4)	(57.5%)
Cost recoveries, grants & donations	\$13.6	\$14.8	\$1.1	8.3%	\$61.2	\$61.2	\$0.0	0.0%
Provincial revenue sharing	\$0.0	\$0.0	\$0.0	-	\$19.2	\$11.1	(\$8.1)	(42.0%)
Investment income	\$4.3	\$6.0	\$1.7	39.3%	\$15.2	\$13.9	(\$1.3)	(8.8%)
Other revenue	\$10.3	\$11.1	\$0.8	7.7%	\$39.8	\$35.0	(\$4.8)	(12.1%)
Bylaw fines	\$5.4	\$5.9	\$0.5	8.8%	\$21.7	\$8.4	(\$13.3)	(61.3%)
TOTAL REVENUES	\$378.5	\$373.5	(\$5.0)	(1.3%)	\$1,616.3	\$1,490.5	(\$125.8)	(7.8%)
EXPENDITURES & TRANSFERS								
Utilities	42.2	41.3	0.8	2.0%	375.4	377.8	(2.4)	(0.6%)
Engineering	26.4	27.4	(1.1)	(4.0%)	105.6	90.9	14.7	13.9%
Police Services	82.8	84.7	(1.9)	(2.3%)	339.5	339.5	0.0	0.0%
Fire & Rescue Services	36.8	37.4	(0.6)	(1.5%)	143.7	143.2	0.4	0.3%
Parks & Recreation	30.5	29.2	1.2	4.0%	136.1	106.8	29.3	21.6%
Library	14.1	14.3	(0.1)	(1.0%)	55.2	39.7	15.6	28.2%
Britannia	1.3	1.5	(0.2)	(14.6%)	5.5	5.2	0.2	4.5%
Civic Theatres	3.8	3.4	0.4	9.8%	15.1	9.1	6.1	40.1%
Arts, Culture & Community Services	10.0	10.0	0.1	0.6%	40.0	37.9	2.1	5.3%
Grants	12.0	11.3	0.8	6.5%	22.7	22.7	0.0	0.0%
Development, Buildings & Licensing	10.3	9.9	0.5	4.7%	41.4	39.8	1.6	3.7%
Planning, Urban Design & Sustainability	9.0	7.9	1.1	12.3%	32.1	27.7	4.4	13.7%
Mayor	0.4	0.3	0.0	3.5%	1.4	1.2	0.2	15.0%
Council	0.5	0.4	0.1	13.6%	2.0	1.9	0.1	7.2%
Corporate Services	28.8	27.5	1.3	4.6%	117.8	104.9	12.9	10.9%
General Government, Debt and transfers	6.1	6.4	(0.3)	(4.7%)	182.5	142.0	40.5	22.2%
TOTAL EXPENDITURES & TRANSFERS	\$315.0	\$312.9	\$2.1	0.7%	\$1,616.3	\$1,490.5	\$125.8	7.8%
SURPLUS (DEFICIT)	\$63.5	\$60.7	(\$2.8)	(4.4%)	(\$0.0)	\$0.0	\$0.0	

NOTE: Totals may not add due to rounding.

Revenue highlights for Q1 Year-to-Date and the full year forecast by revenue category include:

01. Property Tax Revenue Forecast on budget

Property Tax Revenue is above below budget for Q1 YTD due to timing and forecast to be on budget for the year.

02. Utility Revenue Forecast \$2.3 million above budget

Utility Revenues are forecasted to be higher than 2020 budget due to higher Sewer and Water consumption in Q1 partially offset by lower Solid Waste disposal revenues from lower than budgeted tonnes of Commercial Disposal site and Demo receipts.

03. Program Revenue**Forecast \$44.1 million below budget**

Program Revenue is below budget by \$1.6 million for Q1 YTD and forecast to be \$44.1M below budget for the year partially offset by related expenditures.

Parks program revenues are forecasted to be below budget at year-end by \$30.1 million primarily due to lower than budgeted volume of recreation revenues, golf revenues and rental revenues due to Facility closures. These expenses are partially offset by salary savings due to hiring freeze and vacancy savings. After the Park Board's decision to reopen certain facilities such as golf courses and the VanDusen Botanical Garden, the overall revenue forecast has improved.

Civic Theatres program revenues are forecasted to be below budget at year-end by \$9.5 million offset by temporary lay-offs and hiring freeze due to Civic Theatres closure.

Other departments such as Vancouver Public Library and Arts, Culture & Community Services are forecasting below budget program fees due to Library facility closures and Community facility closures respectively.

04. License & Development Fees**Forecast \$12.2 million below budget**

License and Development Fees are \$4.2 million below budget for YTD and forecast to be \$12.2 million below budget for the year primarily due to lower development fees and Anchor fees caused by lower development activity.

05. Parking revenue**Forecast \$44.4 million below budget**

Parking revenues are forecast to be below budget by \$44.4 million for the year due to loss of parking revenue during the last 3 months of the pandemic. After Council's decision to restore Parking enforcement, Parking revenues are expected to slowly ramp up, thus resulting in a better forecast than originally assumed.

06. Cost Recoveries and Grants**Forecast on budget**

Cost recoveries are forecasted to be on budget, however are negatively impacted by a \$4 million reduction in Translink funding to the City's operating budget for major road maintenance. The decrease in Translink funding is being offset by higher than budgeted cost recoveries related to the DTES and developer funded projects. These above budget cost recoveries are offset by higher costs.

07. Provincial revenue sharing**Forecast \$8.1 million below budget**

Revenue sharing is forecast to be \$8.1 million below budget for the year primarily due to Casino closures resulting to lost revenue and lower traffic fine revenue from Provincial government.

08. Bylaw fines	Forecast \$13.3 million below budget
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The forecast for the year is to be below budget by \$13.3 million mainly due to parking fines freeze during COVID-19 restrictions period.

Expenditures and Transfer highlights for Q1 Year-to-Date and the full-year forecast by department include:

01. Utilities	Forecast \$2.4 million above budget
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Utility expenditures are forecasted be above budget by \$2.4 million at year-end, reflecting higher than budget water consumption and higher transfer to reserve, fully offset by expenditures

02. Engineering	Forecast \$14.7 million below budget
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Engineering expenditures are above budget by \$1.1 million for Q1 YTD, primarily due to significant snow removal costs beginning of the year partially offset by vacancy savings. The overall forecast for Engineering expenditures is to be \$14.7M below budget due salary reduced costs due to hire freeze and vacancy savings as well as cost savings related to events cancellation and professional fees.

03. Police Services	Forecast on budget
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Police Services expenditures are over budget for Q1 YTD primarily due to higher than budgeted overtime costs for callouts required to meet minimum staffing levels. These higher expenditures, however, are offset by cost recoveries and additional fee and donation revenue. Expenditures are expected to be on budget for the year.

04. Parks	Forecast \$29.3 million below budget
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Parks expenditures are forecast to be below budget by \$29.3 million for the year, primarily due hiring freeze of auxiliary staff due to Facility closures, vacancy savings as well as lower revenue related expenditures offsetting lost revenues as mentioned above.

05. Library	Forecast \$15.6 million below budget
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Library expenditures are forecast to be below budget by \$15.6 million for the year, primarily due temporary layoffs due to Library branches closures, as well as savings in building maintenance and safety costs.

06. Civic Theatres	Forecast \$6.1 million below budget
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Civic Theatres expenditures are forecast to be below budget by \$6.1 million for the year, primarily due temporary layoffs due to theatre closures and event cancellations offsetting lost revenues as mentioned above.

07. Arts, Culture & Community Services **Forecast \$2.1 million below budget**

Arts, Culture and Community Services expenditures are forecast to be to be below budget by \$2.1 million, primarily due facility closures which resulted to hiring freeze and vacancy savings.

08. Development, Buildings & Licensing **Forecast \$1.6 million below budget**

Development, Buildings & Licensing expenditures are forecast to be below budget by \$1.6 million, primarily due to hiring freeze and vacancy savings.

09. Planning, Urban Design & Sustainability **Forecast \$4.4 million below budget**

Planning, Urban Design & Sustainability expenditures are below budget by \$4.4 million primarily due to Vancouver Plan delay, resulting in salary savings and workspace savings.

10. Corporate Services **Forecast \$12.9 million below budget**

Corporate Services expenditures are forecast to be below budget by \$12.9 million for the year reflecting hiring freeze and vacancy savings in REFM, Finance, HR and Technology Services department, savings in Operating impacts of Capital from IT project delays and City-Wide energy savings due to closed facilities partially offset by higher COVID-19 related expenditures.

12. General Government, Debt and Transfers **Forecast \$40.5 below budget**

General Government expenditures, debt and transfers are forecast to be below budget by \$40.5 million primarily due to transfer from Revenue Stabilization reserve as well as reduced budgeted transfers to Capital and Facility reserves to help mitigate the lost revenue due to COVID-19 impact.

When favorable conditions, such as weather, enable higher than expected revenue generation in a period, a portion of those revenues are transferred to the general stabilization reserve to provide support for future years when revenues may be lower than expected as a result of unfavorable conditions, such as COVID-19.

B. RISKS AND OPPORTUNITIES

Forecast risk arising from changes in economic outlook: Development revenues are sensitive to changes in the economic cycle and any forecasting or planning associated with these potential increased revenues must be considered carefully and monitored over time.

Emerging issues: Over the remainder of the year, unanticipated costs and unplanned activities may be realized. Departments make efforts to absorb those unplanned costs and activities to manage within the existing budgets.

CAPITAL BUDGET

While the Operating Budget reflects operating costs for one year only, the annual Capital Expenditure Budget reflects one year's expenditures for capital projects which may span multiple years. Therefore, capital projects are viewed on both an annual expenditure basis (annual expenditure actuals vs. annual expenditure budget) and a multi-year project basis (multi-year project actuals vs. multi-year project budget).

On December 17, 2020, Council approved the 2020 Capital Budget, including a 2020 Annual Capital Expenditure Budget of \$701.8 million. This report reflects first quarter year-to-date performance against 2020 Annual Capital Expenditure Budget, not including reallocations or adjustments within the Annual Expenditure Budget subsequent to the end of the first quarter approved by the City Manager in accordance with the Capital Budget Policy, with no change to the overall 2020 Annual Capital Expenditure Budget as approved by Council.

A. 2020 CAPITAL EXPENDITURES vs. 2019 CAPITAL BUDGET by Service Category

Capital expenditures for the first quarter of 2020 were \$67.0 million, representing 9.5% of the total 2020 Annual Capital Expenditure Budget of \$701.8 million. Expenditures for the year are currently forecast to be \$580.9 million, being 82.8% of the Capital Expenditure Budget. The forecast also reflects an anticipated overall slowdown of project work, but does not fully reflect the results of a COVID-19 impact assessment that is currently underway.

The table below summarizes the 2020 Capital Expenditure Budget variances for Q1 year-to-date by service category.

Q1 2020 Annual Capital Budget Results By Service Category (\$000's)				
Service Category 1	2020 Expenditure Budget	2020 YTD Expenditures	2020 Expenditure Forecast	Forecast Variance
01. Affordable Housing	80,886	6,082	75,703	5,183
02. Childcare	42,751	2,286	21,051	21,700
03. Parks and Open Spaces	59,079	4,814	51,063	8,017
04. Community Facilities	41,041	936	25,878	15,163
05. Arts & Culture	33,309	1,163	21,262	12,047
06. Public Safety	17,964	4,158	17,424	541
07. Civic Facilities and Equip	54,042	4,423	35,352	18,690
08. Transportation	117,267	15,240	99,579	17,688
09. One Water	135,521	20,969	135,729	(208)
10. Renewable Energy	28,742	575	16,121	12,621
11. Solid Waste	51,636	1,673	45,140	6,497
12. Technology	31,939	2,926	28,799	3,140
13. Overhead	7,579	1,736	7,765	(187)
Grand Total	701,757	66,980	580,867	120,890

Explanations for variances between forecast full-year 2020 expenditures as of March 31 and the 2020 Annual Capital Expenditure Budget by service category follow:

The forecasts below reflect an anticipated overall slowdown of project work as a result of COVID-19 social distancing restrictions. The full year forecasts are early estimates and do not fully reflect the results of a COVID-19 impact assessment that is currently underway.

Affordable Housing	\$5.2 million below budget
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Housing projects are managed by Housing Policy & Regulation in Planning, Urban Design and Sustainability Department, Affordable Housing Programs in Arts, Culture & Community Services, Real Estate & Facilities Management (REFM), Vancouver Affordable Housing Agency (VAHA) and Vancouver Affordable Housing Endowment Fund (VAHEF).

As of March 31, capital expenditures for Affordable Housing projects in 2020 were forecast to be \$5.2 million below budget, primarily due to the impact of COVID-19 as well as an adjustment in the Roddan Lodge Redevelopment project construction schedule as a result of excavation issues encountered during site preparation.

Childcare	\$21.7 million below budget
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Childcare projects are managed by Arts, Culture & Community Services and Real Estate & Facilities Management (REFM).

As of March 31, capital expenditures for Childcare projects in 2020 were forecast to be \$21.7 million below budget, primarily due to the impact of COVID-19 as well as:

- lower expenditure now expected in 2020 for the Gastown Parkades Childcare project reflecting complexities associated with this unique childcare project; and
- longer than expected timelines for finalizing planning and scoping/construction tendering for some City/Vancouver School Board childcare facility partnership projects.

Parks and Open Spaces

\$8.0 million below budget

Parks and Open Spaces projects are managed by Parks and Recreation; Real Estate & Facilities Management (REFM); Arts, Culture & Community Services; Planning, Urban Design and Sustainability; and Engineering Services.

As of March 31, capital expenditures for Parks and Open Spaces projects in 2020 were forecast to be overall \$8.0 million below budget, primarily due to:

- lower than expected expenditures in the year for several Parks and Recreation projects reflecting extended timelines now anticipated for public engagement and project resource planning;
- lower than expected expenditures in the year for the Vancouver Art Gallery Plaza Hornby Side Redevelopment project reflecting a longer than anticipated timeline required for permitting and project resource planning; and
- lower than anticipated expenditures for Washroom & Fieldhouse renewal program as a result of program staff resourcing constraints.

Community Facilities

\$15.2 million below budget

Community Facilities projects are managed by various departments including Real Estate & Facilities Management (REFM); Arts, Culture & Community Services; Parks and Recreation; Planning, Urban Design and Sustainability; and Vancouver Public Library.

As of March 31, capital expenditures for Community Facilities projects in 2020 were forecast to be below budget by \$15.2 million, primarily due to the impact of COVID-19 as well as:

- Lower than anticipated 2020 capital expenditure forecast for the Marpole Community Centre Redevelopment project reflecting an extended timeline for finalizing the overall project design with Park Board; and
- lower than planned expenditures for the Britannia Rink & Pool Upgrade project reflecting a reduced overall project cost forecast.

Arts and Culture

\$12.0 million below budget

Arts and Culture projects are managed by various departments including Real Estate & Facilities Management (REFM); Arts, Culture & Community Services; Parks and Recreation; Planning, Urban Design and Sustainability; and Hastings Park/Pacific National Exhibition (PNE).

As of March 31, capital expenditures for Arts and Culture projects in 2020 were forecast to be below budget by \$12.0 million, primarily due to the impact of COVID-19 as well as:

- lower than anticipated expenditures in 2020 for PNE Amphitheatre project as the timeline of the Hastings Parks – PNE Master Plan, which the PNE amphitheatre project is dependent on, is also delayed due to its large scope and complexity; (pne decision making)
- lower than anticipated expenditure in 2020 for PNE Garden Auditorium Re-roof reflecting a reduced overall project cost forecast; and
- the disbursement of Heritage Incentive Program was planned for 2020 but deferred to 2021 to allow grant recipients additional time to meet grant eligibility conditions.

Public Safety	\$0.5 million below budget
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Public Safety projects are managed by Real Estate & Facilities Management (REFM) and Engineering Services.

As of March 31, capital expenditures in 2020 for Public Safety projects were forecast to be \$0.5 million below budget, primarily due to lower than anticipated expenditures for the Renewal of Fire Hall 17 project owing to social distancing on construction sites resulting in delay in construction schedule.

Civic Facilities and Equipment	\$18.7 million below budget
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Civic Facilities and Equipment projects are managed by Real Estate & Facilities Management (REFM) and Engineering Services.

As of March 31, capital expenditures in 2020 for Civic Facilities and Equipment projects were forecast to be \$18.7 million below budget, primarily due to the impact of COVID-19 as well as:

- lower than anticipated expenditures for the Office Workspace Expansion reflecting refinement of project delivery timeline as associated tenant improvement work is dependent on developer construction schedule;
- lower than anticipated expenditures for the renovations of administrative facilities owing to a longer planning phase to prioritize the facilities to be renovated; and lower than planned expenditures in 2020 for the Manitoba Yard Renewal project as the planning phase for this project is requiring more time to complete than originally anticipated due to its large scope and complexity.

Transportation	\$17.7 million below budget
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Transportation projects are managed by the Engineering Services department.

As of March 31, capital expenditures in 2020 for Transportation projects were forecast to be \$17.7 million below budget, primarily due to the impact of COVID-19 as well as:

- lower than anticipated expenditures in 2020 for the Arbutus Greenway Fraser River Extension project reflecting a longer than anticipated timeline required for consultation with the Musqueam community; and

- the deferral to 2021 of some of the program scope originally planned for 2020 for Street LED Lighting Replacement.

One Water	\$0.2 million above budget
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One Water projects are managed by the Engineering Services department.

As of March 31, capital expenditures in 2020 for One Water projects are forecasted to be on budget for the year.

Renewable Energy	\$12.6 million below budget
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Renewable Energy projects are managed by the Engineering Services department.

As of March 31, capital expenditures in 2020 for Renewable Energy projects were forecast to be \$12.6 million below budget primarily due to:

- Neighbourhood Energy Utility (NEU) heat pump procurement is on hold pending an opportunity to obtain Federal funding that could offset up some of the total project costs; and
- expenditures that had been planned for 2020 for the Deep Emission Retrofit Program are now anticipated to extend into 2021/ 2022 due to the impact of COVID.

Solid Waste	\$6.5 million below budget
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Solid Waste projects are managed by the Engineering Services department.

As of March 31, capital expenditures for Solid Waste projects in 2020 were forecast to be overall \$6.5 million below budget, primarily due to:

- lower than expected expenditures in 2020 for some Vancouver Landfill projects reflecting revised total project cost estimates; and
- lower than anticipated expenditures in 2020 for the replacement of end-of-life Sanitation vehicles and equipment as reflecting the impact of COVID-19.

Technology	\$3.1 million below budget
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Technology projects are managed by Information Technology and Engineering Services department.

As of March 31, capital expenditures for property tax funded technology projects for 2020 are forecast to be \$3.1 million below budget to defer projects to later 2020 and 2021 to alleviate COVID-19 related funding pressure on 2020 operating budget.

Overhead**\$0.2 million below budget**

This service category includes the cost of City staff supporting the capital projects and programs, as well as the financing fees the City incurs as part of the debenture program. As of March 31, capital expenditures in 2020 for City-wide overhead costs are forecasted to be on budget.

B. MULTI-YEAR CAPITAL PROJECT BUDGET

As of March 31, 2020, the total Multi-Year Capital Budget for open capital projects and programs totaled \$1.752 billion. As part of the quarterly adjustment and closeout process, on May 12, 2020 (RTS 13519), Council approved additions totaling \$6.4 million and capital project closeouts totaling \$137.5 million, leading to a revised total Multi-Year Capital Budget of \$1.621 billion.

C. 2019-2022 CAPITAL PLAN

The 2019-2022 Capital Plan approved by Council on July 25, 2018 included \$2.771 billion of capital investments over the four years of the plan, consisting of \$2.203 billion of City-led capital programs and \$0.569 billion of in-kind development contributions. Subsequently, Council approved changes to the 2019-2022 Capital Plan bringing the total to \$2.868 billion.

The COVID-19 pandemic has posed significant strain on the City's finances. Staff is conducting a review of the impacts on the City's capital plan funding and will be recommending for Council consideration corresponding adjustments to the Capital Plan to reflect the City's fiscal reality while contributing towards post-COVID recovery efforts.

D. RISKS AND OPPORTUNITIES

Given the longer-term timeframe for capital projects, forecast capital expenditures are subject to change as a result of City capital priorities shifting during the year or as a result of factors beyond the City's control, including for example:

- delays or acceleration in third-party contracted progress,
- unforeseen site conditions encountered in construction phase of projects,
- resolution of factors external to the City, such as partnership funding commitments.
- the impact of COVID-19 Pandemic

Opportunities to initiate or accelerate capital investments in the City's capital infrastructure may arise as the City actively pursues funding partnership and contributions from external partners, including senior levels of government (e.g., Build Canada Fund, Community Works Fund), private and community partners (e.g., BC Housing, developers).

CONCLUSION

OPERATING BUDGET:

The City recorded an Operating Budget deficit of \$2.8 million in YTD Q1. The variances in the revenue categories reflect lost revenues due to Facility closures and lost parking revenues partially offset by salary related savings, as well as the timing difference in the first quarter between actual and budgeted revenues and expenditures.

The forecast reflects the financial results for the first three months of the year and a projection of revenues, expenditures and transfers for the remaining nine months. The forecast includes an estimate of year-end transfers to reserves, including transfers relating to revenue stabilization, asset management, future capital facilities and infrastructure, utility rate stabilization, debt repayment, and deferred payroll costs to provide for the City's unfunded liability.

Actual results may differ from the forecast. Departments and Boards will continue to monitor their budgets carefully and to adjust expenditures accordingly to ensure a balanced year-end position.

CAPITAL BUDGET:

The City incurred \$67.0 million in capital expenditures during the first quarter of 2020, representing 9.5% of the total 2020 Annual Capital Expenditure Budget of \$701.8 million. Expenditures for the year are forecasted to be \$580.9 million, being 83% of the 2020 Capital Expenditure Budget.
