

## Council Agenda Information

COTW [Click and type date of meeting]  Regular Council July 20, 2020



# City of Campbell River Report/ Recommendation to Council

Date: July 8, 2020  
Submitted by: Finance Department  
Subject: Quarterly Financial Report – Q1, 2020

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## Purpose / Introduction

Council receives a quarterly financial report for information to ensure that the City governance structure has continued oversight of the City's ongoing financial results.

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## Recommended Resolutions

**THAT the report dated July 8, 2020 from the Finance Department regarding the City's Quarterly Financial Report – Q1, 2020 be received for information.**

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## Background

The Quarterly Financial Report provides regular information to Council on the progress of the work plan approved during Financial Planning. This report also ensures that the actual results are aligning with approved budgets and any variances are investigated and explained. The report includes the three core components of the budget, which are operating departmental budgets, one-time operating projects, and capital projects.

The Financial Plan Bylaw for 2020 was originally adopted in early December 2019 with projected carry forward balances on operating and capital projects based on the best information at the time. After the City's annual fiscal year cut-off, those carry forwards were adjusted to actual amounts remaining for completion of these projects. The results reported in this quarterly financial report are based on the revised carry forward amounts, and not the estimates approved during Financial Planning.

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## Discussion

### Operating Financial Report

The City's departmental operational revenues and expenses by core service area are summarized below, with a comparison to the same quarter in 2019, as well as the variance to the approved 2020 budget. Overall, City revenues are 7% of budget and expenses are 20% of budget.

Nearing the end of Q1 it was identified that the COVID-19 pandemic would have a significant impact on the City's financial operations for the balance of the year. Council approved changes to the 2020 financial plan have not been reflected in the budget to actual amounts as these changes were not approved until the second quarter.

	2019 Q1	2019 Budget	2020 Q1	2020 Budget	2020 Variance \$	2020 Variance %
<b>REVENUE</b>						
FISCAL SERVICES	(2,426,263)	(48,681,314)	(2,725,509)	(47,685,823)	(44,960,314)	5.7%
CORPORATE SERVICES	(285,462)	(3,276,563)	(751,343)	(3,764,995)	(3,013,652)	20.0%
RCMP	(65,248)	(761,263)	(366,404)	(735,155)	(368,751)	49.8%
FIRE	(359,927)	(1,845,973)	(362,114)	(1,900,883)	(1,538,769)	19.0%
ASSETS & OPERATIONS	(236,015)	(1,077,551)	(222,756)	(1,126,832)	(904,076)	19.8%
UTILITIES	(235,445)	(17,088,105)	(360,896)	(18,497,270)	(18,136,374)	2.0%
COMMUNITY DEVELOPMENT	(625,067)	(2,215,789)	(607,209)	(2,145,910)	(1,538,701)	28.3%
ECONOMIC DEV. & TOURISM	(19,165)	(504,000)	(16,947)	(475,000)	(458,053)	3.6%
AIRPORT	(331,211)	(2,113,387)	(329,495)	(2,040,198)	(1,710,703)	16.2%
<b>REVENUE TOTAL</b>	<b>(4,583,803)</b>	<b>(77,563,945)</b>	<b>(5,742,672)</b>	<b>(78,372,066)</b>	<b>(72,629,394)</b>	<b>7.3%</b>
<b>EXPENSE</b>						
FISCAL SERVICES	2,466,413	24,804,486	5,922,452	24,188,808	18,266,356	24.5%
GOVERNANCE	202,245	1,266,143	258,302	1,120,030	861,728	23.1%
CORPORATE SERVICES	1,141,763	3,266,405	1,000,339	3,268,815	2,268,476	30.6%
RCMP	465,972	9,875,966	424,142	10,427,090	10,002,948	4.1%
FIRE	1,629,113	6,234,082	1,707,140	6,650,459	4,943,319	25.7%
ASSETS & OPERATIONS	2,054,160	11,258,294	2,089,649	11,562,695	9,473,046	18.1%
UTILITIES	1,762,091	10,390,906	2,010,609	10,506,734	8,496,125	19.1%
COMMUNITY DEVELOPMENT	1,429,965	7,149,811	1,546,555	7,271,747	5,725,192	21.3%
ECONOMIC DEV. & TOURISM	492,059	1,164,938	326,716	1,190,979	864,263	27.4%
AIRPORT	436,215	2,152,914	429,109	2,184,709	1,755,600	19.6%
<b>EXPENSE TOTAL</b>	<b>12,079,998</b>	<b>77,563,945</b>	<b>15,715,014</b>	<b>78,372,066</b>	<b>62,657,052</b>	<b>20.1%</b>
<b>GRAND TOTAL</b>	<b>7,496,195</b>	<b>-</b>	<b>9,972,342</b>	<b>-</b>	<b>(9,972,342)</b>	<b>0.0%</b>

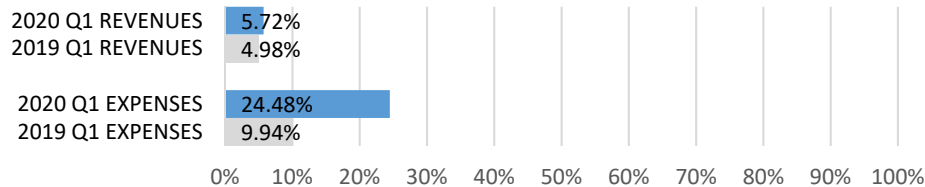
Each area of the City's operations has been analyzed below. Individual graphs show revenues and expenses as a percentage of budget for the first quarter of 2020 and 2019 for comparison.

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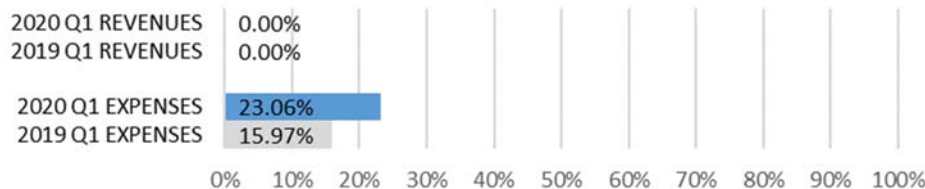
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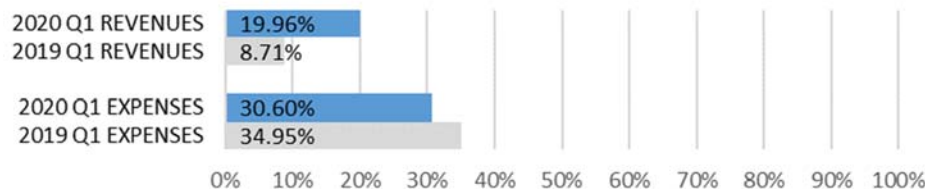
**0 - FISCAL SERVICES** – Revenues are trending with prior year; however, this will begin to drop in Q2 due to COVID-19. Transfers to reserves as per Financial Plan were completed in Q1 in 2020 resulting in increased expenses (2019 transfers were conducted in Q2).



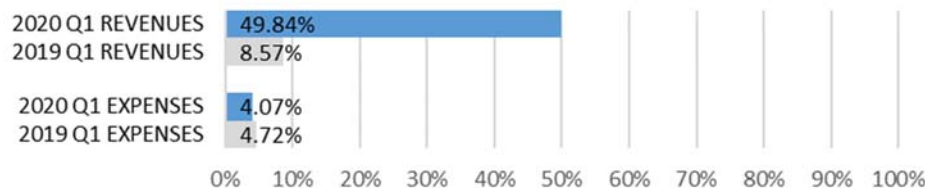
**1 – GOVERNANCE** – Expenses are trending higher than the prior year due to an increased spending for software purchases in Q1 (Envisio Solutions) and increased spending from Council Contingency in the first quarter as compared to the prior year.



**2 – CORPORATE SERVICES** – Revenues are trending higher in 2020 (\$31K in land sales and an increase in the RCMP IT agreement \$13K). Expenses are lower than 2019 primarily due to 2019 fleet allocation not being entered until Q2 (\$400K) which was partially offset by \$125K in EOC related expenses (claim to be submitted for reimbursement of eligible expenses).



**3 – RCMP** – Traffic fine revenue sharing funding was received in Q1 compared to Q2 in 2019. Expenses are on trend with the prior year. RCMP contract billings are generally received subsequent to quarterly cut-off.

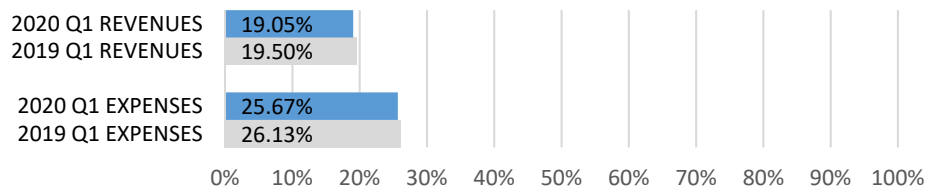


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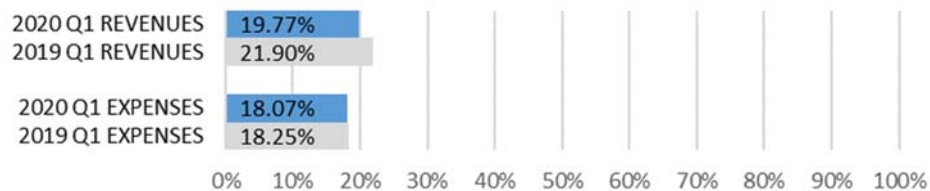
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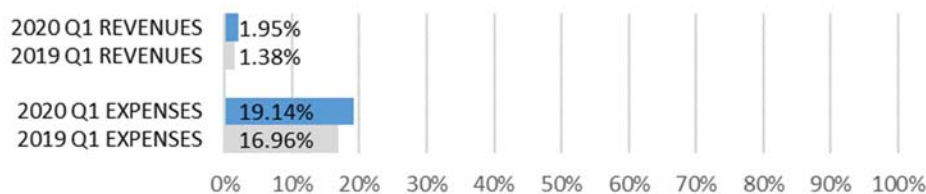
**4 – FIRE** – Revenues and expenses are on trend with 2019.



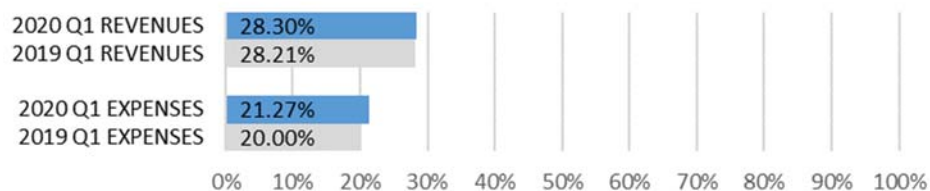
**5 - ASSETS & OPERATIONS** – Slight decrease in revenues due to reduction in transit sales (\$5K decrease in January sales of semester passes) and 2020 revenues reflect only 1 month of BC Bus Pass program revenues received by end of Q1. Revenues will continue to decrease in Q2 as transit ridership was free until June 1<sup>st</sup> due to COVID-19. Expenses are anticipated to be on trend and on budget.



**6 – UTILITIES** – Revenue is on trend with 2019. Expenses are trending higher due to contract rate increases for solid waste, recycling and yard waste (2019 also only accounts for 2 months of billing versus 3 for 2020).



**7 - COMMUNITY DEVELOPMENT** – Revenue is on trend with last year. Expenses are on budget, however, trending slightly higher due to increased expenses for budgeted related to approved operating projects (\$100K Social Grants).



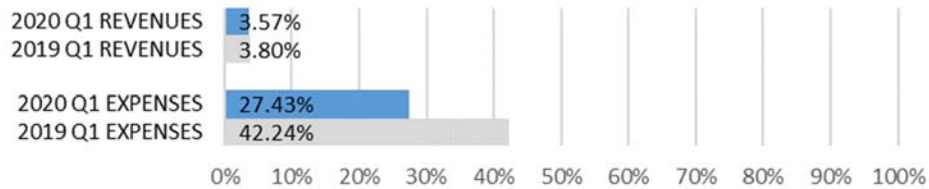
**8 – ECONOMIC DEV. & TOURISM** – Revenues are trending lower than prior year due to a slight decrease in MRDT revenue which is anticipated to continue to decrease in Q2 as a result of

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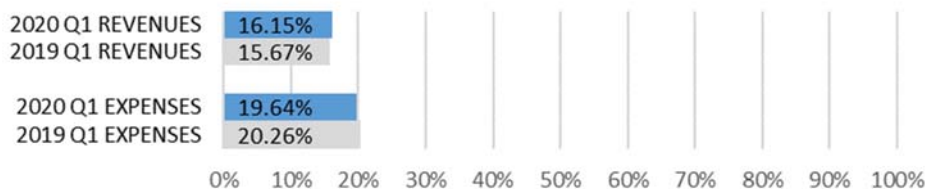
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COVID-19. Expenses are lower than 2019 due to 2019 Q1 expenses including 2018 contract fees (\$200K).

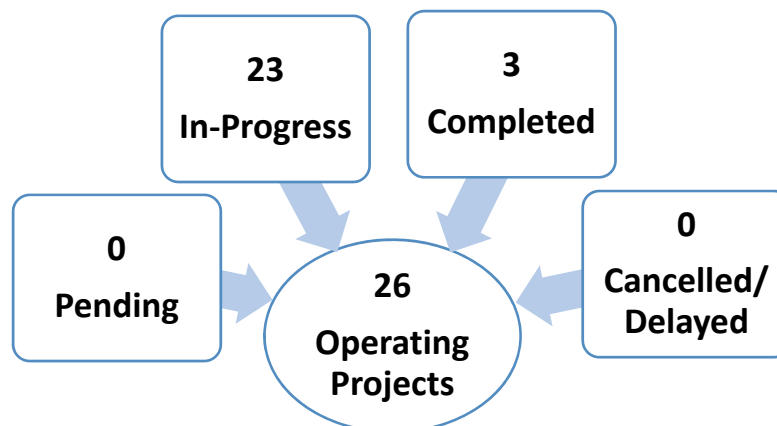


**9 – AIRPORT** – Revenue is trending higher than 2019 due to an increase in lease revenue (\$35K) which is offset by a reduction in fuel sales (\$29K). Expenses are trending lower than the prior year due to the decrease in fuel purchases. The net profit margin for fuel sales is 42%, (40% in 2019). Revenue is anticipated to decrease in Q2 as a result of COVID-19 due (i.e. landing and passenger fees).



### Operating Projects

There are 48 operating projects with a total budget of \$2.01M for 2020 as approved during Financial Planning. Of these 48 projects, 22 were either delayed (9) or cancelled (13) as a cost savings measure due to COVID-19. The total spend in the first quarter on operating projects to date is \$231K or 20% of budget. Of the remaining 26 planned projects (\$1.16M budget), 23 are currently in progress and 3 have been completed. Appendix 2 provides the detail on the status for each operating project; green highlighted projects are on track with expected project delivery timelines, yellow projects could be delayed, and red projects have been delayed or cancelled. A new section has been added outlining which projects have been delayed or cancelled due to COVID-19.



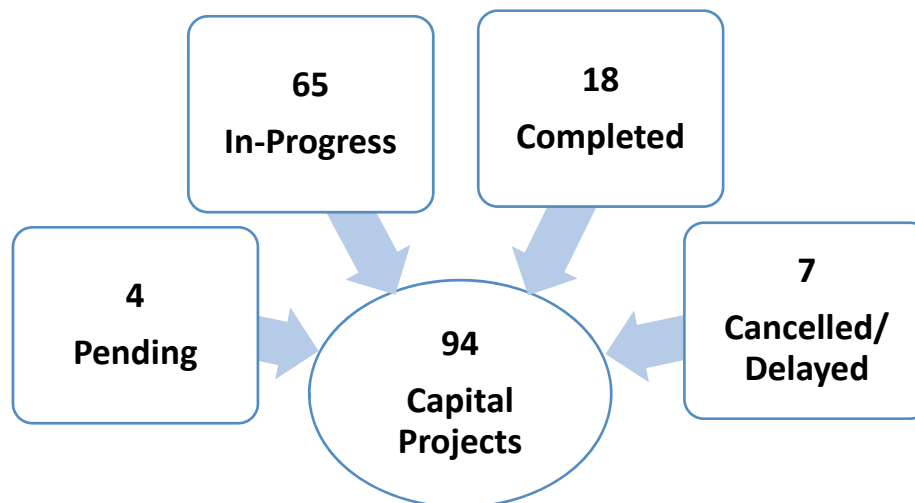
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### Capital Projects

There are 116 capital projects with a total budget of \$38.3M for 2020 as approved during Financial Planning. Of these 116 projects, 16 were delayed and 6 cancelled as a cost savings measure due to COVID-19 (\$2.8M total savings). The most significant capital works being undertaken in 2020 are the waterfront projects for the Highway 19A upgrades and renewal of the waterfront sewer forcemain. The total spend to the first quarter on capital projects is \$2.1M or 6.35% of budget. Overall, 65 of the remaining 94 capital projects are currently underway and 18 have been completed as of the date of this report. Appendix 3 provides the detail on the status for each capital project; green highlighted projects are on track with expected project delivery timelines including multi-year projects, yellow projects could be delayed, and red projects have been delayed or cancelled.



### Communications

The Q1 quarterly financial report will be posted on the City's website with other financial reports to ensure the public has an opportunity to review the City's financial progress periodically throughout the year.

### Conclusion

Financial results for the City's departmental operating budgets are within expectation for the first quarter of 2020. Due to COVID-19, steps were taken to identify cost saving measures in response to lost revenue, which have reduced the number of planned operating and capital projects for 2020. Operating and capital projects are well underway for the first quarter of the year with the majority of projects well into the planning or construction phase. The second and third quarters are typically the busiest for the City, with capital project works and operations crews completing a majority of their work during these months.



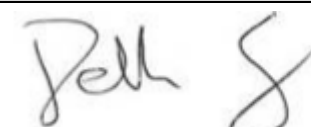
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**Attachments:**

1. Appendix 1 – Operating Departmental Budget Segments
2. Appendix 2 – Operating Projects (Q1, 2020)
3. Appendix 3 – Capital Projects (Q1, 2020)

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