

FINANCIAL MANAGEMENT COMMITTEE

TO: *MAYOR AND COUNCILLORS*

SUBJECT: FINANCIAL REPORT AS AT 2024 PERIOD 08

RECOMMENDATION:

THAT the report titled “Financial Report As at 2024 Period 08” dated October 15, 2024, of the Open meeting of the Financial Management Committee, be received for information.

REPORT

The Financial Management Committee, at its meeting held on October 15, 2024, received and adopted the attached report providing an overview of the City’s financial activity as of the end of Period 8 and comparing that activity with the 2024 - 2028 Financial Plan adopted by Council on February 12, 2024.

On behalf of the Financial Management
Committee,

Councillor P. Calendino
Chair

Councillor A. Gu
Vice Chair

TO: FINANCIAL MANAGEMENT COMMITTEE (FMC)
FROM: DEPUTY CHIEF ADMINISTRATIVE OFFICER AND CHIEF FINANCIAL OFFICER
SUBJECT: **FINANCIAL REPORT AS AT 2024 PERIOD 08**
PURPOSE: To provide an overview of the City's financial activity as of the end of Period 8 and to compare that activity with the 2024 - 2028 Financial Plan adopted by Council on February 12, 2024.

RECOMMENDATION

THAT the report titled "Financial Report As at 2024 Period 08" dated October 15, 2024, be received for information.

EXECUTIVE SUMMARY

This report provides an overview of the City's financial activity as at the end of Period 08 comparing actual financial results to the approved 2024-2028 Financial Plan. This report is to be received for information.

1.0 POLICY SECTION

This financial update is being provided to align with the Office of the Auditor General of British Columbia's best practices for Public Sector Governance in the area of Planning and Performance Monitoring.

2.0 BACKGROUND

The City of Burnaby uses four week accounting periods to capture budget and posted accounting data. Therefore, this report is based on revenue and expenditure figures for closed 2024 Periods 01 to 08 (January 1, 2024 to August 11, 2024).

All known expenditures as of Period 08 have been accrued; therefore, the expenditures reported reflect costs incurred to date for goods and services that have been delivered but not billed.

3.0 GENERAL INFORMATION

As of Period 08, the City is currently in a net surplus position, primarily due to higher-than-anticipated revenues. The Parks, Recreation, and Culture (PRC) department has continued to experience increased demand for several of its key programs and services over the summer season. Specifically, revenues from golf and food services have exceeded budget expectations due to high demand for tee times, weddings, and other events. Additionally, Recreation Services has continued to see a rise in demand for B-Active membership passes with the introduction of additional programs and courses that have been included under the revised B-Active program. However, expenditures have also increased to maintain service levels to align with the increase in demand.

As previously noted in the Financial Report as of Period 5, the City was experiencing a decline in development-driven revenues as activity in the development market has slowed due to market conditions. This trend has continued into Period 8 and has led to a reduction in building permit and fee revenues, as well as other associated revenues, compared to prior years. Furthermore, the recent housing legislation implemented by the Provincial government that came into effect on July 1, 2024, has created additional uncertainty around the City’s development revenues, with long-term financial impacts currently under review.

Although revenues remain higher than expected, the City continues to face economic pressures, including significant cost increases, ongoing supply chain issues in certain sectors (e.g., vehicles), and challenges in the labor market. While some of these factors have improved periodically, they continue to impact City operations and the delivery of public services.

While a forecasted surplus is reflected in this financial report as of Period 8, the forecasted amount is significantly lower than in previous years. Previous years surpluses were a result of strong economic activity from development which has slowed in the current year. Staff will continue to monitor the effects of recent legislative changes on the development community, as well as the ongoing economic pressures on City operations. As the year progresses, staff will adjust operations as needed to ensure that public service levels are maintained while adhering to the City’s financial plan. However, as costs continue to increase each year, this will continue to put pressure on the operating budget and could create future challenges for staff to continue delivering core programs and services at the existing levels.

The year-end forecasts provided in this report are based on current information and are subject to change due to the uncertainty and factors caused by the issues noted above.

3.1. OPERATING BUDGETS

3.1.1. General Revenue Fund – Operational Highlights

The following is a list of some department initiatives up to the end of 2024 Period 08:

- The City hosted a National Indigenous Peoples Day celebration, featuring a variety of performances including dance, modern and traditional music, spoken word, storytelling, and artisans. The event aimed to recognize and celebrate the history, heritage, resilience, and diversity of First Nations, Inuit, and Métis Peoples.
(Responsible Departments: Indigenous Relations)
- In celebration of Environment Week 2024, the City hosted two successful events in June to raise environmental awareness in the Still Creek area. One of the events was Spring Cleanup Day at the Still Creek Works Yard, where residents were invited to drop off household items such as batteries, electronics, mattresses, and more at no cost.

The other event was the Open House at the Burnaby Eco-Centre, offering residents the opportunity to explore over 20 recycling categories and learn about ways to reduce waste and contribute to a greener, more beautiful Burnaby. The event featured free compost bags, live music, hot dogs, and drinks. Both events attracted over 1,000 participants.

(Responsible Departments: Engineering)

- In partnership with Concord, the City celebrated Canada Day by hosting the third annual “StreetFest on Central”, a free street party headlined by musical act Dear Rouge. The event attracted approximately over 50,000 attendees and featured food trucks, family-friendly activities, and concluded with a spectacular fireworks finale.

(Responsible Departments: PRC, Engineering, and Lands & Facilities)

- The City has been recognized for its exceptional financial reporting practices and has received the prestigious "triple crown" of awards from the Government Finance Officers Association (GFOA). These awards include the Canadian Award for Financial Reporting, the Popular Annual Financial Reporting Award, and the Distinguished Budget Presentation Award. The City remains committed to providing clear and concise financial reports to help residents understand how its budgets and investments are managed.

(Responsible Departments: Finance)

- From June to August, the City hosted numerous free musical and artistic events for residents to enjoy. In partnership with the Vancouver Symphony Orchestra and Vancouver Opera, the City presented a blend of classical and contemporary music, accompanied by stunning theatrical elements, during a weekend in July that attracted over 27,000 attendees. This year marks the 35th Symphony in the Park hosted by the City.

Additionally, the City held the annual Blues & Roots Festival in August, celebrating a day of soulful melodies and vibrant cultural experiences, drawing over 9,000 attendees.

The City also hosted Burnaby's Summer Stages, Sounds Like Summer, and Summer Cinema series, attracting over 9,000 attendees throughout the summer. These events featured live performances, activities, and games for the whole family, showcased talented local musicians, and offered the chance to watch beloved films under the open sky. Guests even had the opportunity to meet costumed characters from the movies in various parks around the City.

(Responsible Departments: PRC, Engineering and Community Safety)

- On July 20, the City officially opened the new Fire Station #4 on Greystone Drive, with over 800 attendees. The grand opening event featured family-friendly activities, and a BBQ hosted by the Burnaby Firefighters Charitable Society. The completion of Fire Station #4 marks a significant enhancement to public safety in the Burnaby Mountain area, offering specialized wildfire firefighting equipment and personnel.

(Responsible Departments: Community Safety – Burnaby Fire)

- In response to rising temperatures, the City opened four Cooling Centres across Burnaby starting on August 3, providing relief for residents during the extreme summer heat. These centres are equipped with air conditioning, seating, drinking water, washrooms, and free public Wi-Fi, and were open daily from 10 a.m. to 10 p.m.

(Responsible Departments: Community Safety and Lands & Facilities)

3.1.2. General Revenue Fund – Operating Financial Results

In Tables 1 to 3 below, the Period 08 Variance is the difference between Period 08 Actual and Period 08 Budget. A positive number is a favourable variance which could result from either lower expenditures or higher revenue compared to budget. A negative number is an unfavourable variance which could result from either higher costs or lower revenue compared to budget. Variances identify any pressures or opportunities on the operating budget. Departments continue to proactively monitor their actual results compared to the approved budget on a monthly basis.

Table 1 – General Revenue Fund – Net Departmental Variances as of Period 08

Department – Net View	Period 08 Actual	Period 08 Budget	Period 08 Variance Favourable/ (Unfavourable)	Variance %	2024 Annual Budget	2024 Year End Forecasted Variance Favourable/ (Unfavourable)
Mayor & Council	767,540	851,107	83,567	9.8%	1,353,700	78,800
Office of the CAO	2,662,551	3,212,297	549,746	17.1%	4,682,000	587,900
People & Culture	5,362,230	5,052,541	(309,689)	(6.1%)	7,881,300	(373,900)
Burnaby Public Library	12,255,061	12,043,606	(211,455)	(1.8%)	17,449,800	(331,800)
Information Technology	25,114,781	24,883,091	(231,690)	(0.9%)	32,191,800	(244,100)
Corporate Services	6,603,343	7,557,611	954,268	12.6%	10,950,100	494,600
Community Safety Administration	3,092,441	2,997,565	(94,876)	(3.2%)	3,654,900	(75,900)
Business Licence & Bylaw Services	(2,753,581)	(2,272,991)	480,590	21.1%	(1,906,100)	633,100
Burnaby Fire	40,489,412	40,212,265	(277,147)	(0.7%)	60,111,200	(889,500)
RCMP Burnaby Detachment	39,106,409	41,053,761	1,947,352	4.7%	82,352,900	2,479,000
Engineering	53,542,466	53,231,859	(310,607)	(0.6%)	54,049,200	(641,000)
Finance	9,246,239	9,661,208	414,969	4.3%	15,694,100	644,900
Planning & Development	(4,475,511)	(1,653,177)	2,822,334	170.7%	(10,659,300)	3,014,900
Lands & Facilities*	20,122,926	19,259,503	(863,423)	(4.5%)	26,595,050	(1,376,300)
Parks, Recreation & Culture*	47,446,098	50,590,088	3,143,990	6.2%	68,575,450	(424,700)
Fiscal	(9,885,486)	(14,331,005)	(4,445,519)	(31.0%)	(26,262,500)	(5,200,300)
Tax Levy for City Services	(349,767,995)	(346,713,600)	3,054,395	0.9%	(346,713,600)	3,054,400
Net Result	(\$101,071,076)	(\$94,364,271)	\$6,706,805	1.9%	-	\$1,430,100

* Reorganization of staff between Lands & Facilities and Parks, Recreation & Culture

** Represents Period 08 net variance as a percentage to Period 08 expenditures budget

The City is in an overall net favourable position of \$6.7M (1.9%) at the end of Period 08 which is primarily due to higher than anticipated taxation from new growth and favourable operations in RCMP, Planning & Development and PRC. These are offset by higher than anticipated expenditures in other departments and higher employee benefit related premiums within Fiscal. By year end, it is forecasted that the City's net favourable variance will decrease to \$1.4M, primarily due to continued higher than expected expenditures for the remainder of the year. Additional details by departments are provided below.

The major net variances as of Period 08 and year end forecasts by department in General Revenue Operations are as follows:

Office of the CAO: As of Period 08, the department has a net favourable variance of \$0.5M due to compensation savings from staffing levels and other various operating expenditures. The forecasted year end net variance will be favourable by \$0.6M due to the same factors to date.

Corporate Services: As of Period 08, there is a net favourable variance of \$1.0M due to compensation savings from staff, higher retainer legal fees received and other various operating expenditures. By year end, it is forecasted the net favourable variance will decrease to \$0.5M favourable due to the continued use of external legal services.

Business Licence & Bylaw Services: As of Period 08, the department has a net favourable variance of \$0.5M due to compensation savings from staffing levels, lower SPCA contract cost and other various operating expenditures. The forecasted year end net favourable variance will be \$0.6M due to the same factors to date.

Burnaby Fire: As of Period 08, the department has a net unfavourable variance of \$0.3M due to higher than anticipated compensation expenditures to ensure adequate firefighting coverage/staff levels at the various fire hall stations, partially offset by other various operating expenditures. The forecasted year end net variance will remain unfavourable by \$0.9M due to the same factors to date.

RCMP Burnaby Detachment: As of Period 08, there is a net favourable variance of \$1.9M primarily due to lower RCMP contract costs from Regular Member vacancies and compensation savings from City staff vacancies. Similar to many organizations and other police services across Canada, the RCMP is operating during an unprecedented time with uncertainty and many staffing challenges. There is a significant staffing plan in place with currently 17,500 active applicants in process. The results of this plan are not expected to be realized by year end. The forecasted year end net variance will be favourable by \$2.5M due to the same factors mentioned.

Engineering: As of Period 08, the department has a net unfavourable variance of \$0.3M primarily due to a decrease in revenues from 3rd party connection activities, anchor rod fees and parking revenues. These are partially offset by higher refuse fees, compensation savings, lower disposal & tipping fees due to increase of waste diversion efforts that reduced volume of waste materials, lower vehicle related expenditures, and savings in other operating expenditures. By year end, the net unfavourable variance is forecasted to increase to \$0.6M due to the same factors noted above.

Finance: As of Period 08, there is net favourable variance of \$0.5M due to compensation savings from staffing levels which is partially offset by other various operating expenditures. The forecasted year end net variance will be favourable by \$0.6M due to the same factors to date.

Planning & Development: As of Period 08, the department has a net favourable variance of \$2.8M primarily due to higher than budgeted planning revenue and grant revenues that are partially offset by general building inspection fees. It is estimated that by year end the net variance will remain favourable by \$3.0M.

Lands & Facilities: As of Period 08, the department has a net unfavourable variance of \$0.9M primarily due to lower than anticipated rental revenue from City occupied space and higher than anticipated consulting services related to civic building projects and other various operating expenditures partially offset by compensation savings from staff. The forecasted year end net variance will be unfavourable by \$1.4M due to the same factors mentioned.

Parks, Recreation and Culture: As of Period 08, the department net variance is favourable by \$3.1M primarily due to favourable operations within the recreation, food and golf services divisions. Recreation division is favourable due to higher than anticipated recreation revenues from an increase in B-Active membership passes and facility rental revenue partially offset by higher than anticipated compensation expenditures to ensure appropriate coverage/staffing levels. Food & Golf Services division is favourable due to strong golf revenues in green fees due to high volume of patrons and food services revenues resulting from an increase in demand for catering services for weddings and other events. These are offset by higher than budgeted expenditures within Park Services division for various maintenance and contracted/hired equipment services to support snow removal and overall parks operations. By year end, it is anticipated the net variance will become unfavourable by \$0.9M due to the continued increases in overall compensation expenditures as well as maintenance and contracted/hired equipment expenditures related to snow removal & parks operations.

Fiscal: As of Period 08, the department net variance is unfavourable by \$4.4M primarily due to higher than anticipated employee benefits related premiums. This is partially offset by higher investment income and grants-in-lieu received. By year end, the net unfavourable variance is expected to increase to \$5.2M primarily due to the same factors mentioned.

Please refer to Attachment 1 for the summary of Period 08 General Revenue and Expenditure Operating Results by Department.

3.1.3. Sanitary Sewer Fund – Operating Financial Results

Table 2 summarizes Period 08 Sanitary Sewer Fund operating results.

Table 2 – Sanitary Sewer Fund - Revenue and Expenditures to Period 08

	Period 08 Actual	Period 08 Budget	Period 08 Variance Favourable/ (Unfavourable)	Variance %	2024 Annual Budget	2024 Year End Forecasted Variance Favourable/ (Unfavourable)
Revenue	53,047,177	52,798,455	248,723	0.5%	55,784,200	166,000
Expenditures	45,086,976	45,938,065	851,089	1.9%	55,784,200	979,000
Net Result	\$7,960,201	\$6,860,390	\$1,099,811	2.4%*	-	\$1,145,000

* Represents Period 08 net variance as a percentage to Period 08 expenditures budget

Sanitary Sewer Fund has a net favourable variance of \$1.1M (2.4%) at Period 08 and is mainly due to favourable variances of \$0.2M in revenue and \$0.9M in expenditures.

The favourable Period 08 revenue variance of \$0.2M is mainly due to higher than anticipated sewer use revenues from additional growth in new strata apartment/townhome units, this is partially offset by lower metered sewer revenue and a decline in other revenue from 3rd party sanitary sewer connection activities.

The favourable Period 08 expenditure variance of \$0.9M is primarily due to compensation savings from staff vacancies and savings in contracted/hired equipment services.

By year end, it is anticipated that Sanitary Sewer Funds’ net favourable variance will remain, primarily due to continued factors as mentioned above.

3.1.4. Waterworks Utility Fund – Operating Financial Results

Table 3 summarizes Period 08 Waterworks Utility Fund operating results.

Table 3 – Waterworks Utility - Revenue and Expenditure to Period 08

	Period 08 Actual	Period 08 Budget	Period 08 Variance Favourable/ (Unfavourable)	Variance %	2024 Annual Budget	2024 Year End Forecasted Variance Favourable/ (Unfavourable)
Revenue	59,784,643	59,282,441	502,202	0.8%	64,890,600	91,000
Expenditures	23,861,898	24,143,379	281,481	1.2%	64,890,600	332,000
Net Result	\$35,922,744	\$35,139,061	\$783,683	3.2%*	-	\$423,000

* Represents Period 08 net variance as a percentage to Period 08 expenditures budget

Waterworks Utility has a net favourable variance of \$0.8M (3.2%) at Period 08 is mainly due to favourable variances of \$0.5M in revenue and \$0.3M in expenditures.

The favourable Period 08 revenue variance of \$0.5M is mainly due to higher than anticipated flat water revenue from additional growth.

The favourable Period 08 expenditure variance of \$0.3M is primarily due to compensation savings from staff vacancies partially offset by higher than anticipated cost of water expenditures due to increase in water consumption.

By year end, it is forecasted that the Waterworks Utility’s net favourable variance will decrease to \$0.4M. This is primarily due to decrease in metered water due to lower than anticipated new units coming on and a decline in 3rd party water connection activities during the winter season.

3.2. CAPITAL PLAN

3.2.1. Capital Plan - Executive Summary

The capital plan total for 2024 is \$372.5M. As of the end of Period 8, the 2024 year-to-date capital expenditures amount to \$129.3M. The majority of expenditures incurred are attributable to Civic Projects and Realty & Lands, which incurred \$37.4M (28.9%), and \$28.6M (22.1%) of all costs, respectively. Overall, total expenditures incurred equate to 34.7% of the planned capital expenditures which is comparable to 40.1% spent during the same period in 2023. The capital plan was increased significantly for 2024 to accommodate several ongoing major civic projects such as Fire Stations #4 & #8, RCMP Facility Replacement, Burnaby Lake Recreation Complex and Cameron Community Centre & Library construction.

Based on activities completed to date and current information available, the City has forecasted that \$277.4M will be spent in 2024, representing 74.5% of the plan as opposed to 86.7% of plan spent in 2023. The forecast is lower primarily due to some delays from Civic Projects such as the Burnaby Lake Recreation Complex, Cameron Community Centre & Library, and Confederation Park Community Centre which have all had redesign delays. Furthermore, Realty & Lands have made significant land acquisitions to date and is expecting additional acquisitions later this year. Capital plan reallocations will be made from other projects to accommodate these extra expenditures by year end.

The year-end forecasts are further influenced by various market conditions and economic impacts. As per Stats Canada, the consumer price index, as of July 2024, remains steady at 2.5% from 3.4% in December 2023. Despite several notable improvements to the supply chain in Canada, there are still ongoing challenges such as geopolitical tensions, extreme weather events, and labour shortages which have all caused persistent delays and price increases to the supply chain. The City continues to experience year-over-year increases to construction services & material costs. Vehicle purchases have shown some improvement and is expected to improve moving forward. Delivery lead times remain significantly longer, and pricing is significantly higher while the market continues to recover. While some improvements have led to gradual stabilization from 2023 to 2024, market conditions will continue to be monitored and forecasts will be updated accordingly.

3.2.2. Capital Reports

For visibility and transparency into the progress of the City of Burnaby’s approved 5 Year Capital Plan, the actual results of capital projects are provided in the 3 capital summary tables attached to this report: the 2024 Capital Plan Summary (Attachment 2), the 2024 Detailed Department Project Summary & Forecast (Attachment 3), and the Lifetime Status Update on Significant Projects (Attachment 4). For reference purposes, a Reader’s Guide - Glossary (Attachment 5) has been included to provide readers with explanations of the terminology utilized in the various reports.

3.3. CONTRACT AWARDS

Attachment 6 provides a listing of all contract awards between \$250,000 and \$1,000,000 signed by the Chief Administrative Officer to the end of 2024 Period 08.

4.0 COMMUNICATIONS AND COMMUNITY ENGAGEMENT

Not applicable.

5.0 FINANCIAL CONSIDERATIONS

As outlined in this report.

Respectfully submitted,

Noreen Kassam, Deputy Chief Administrative Officer and Chief Financial Officer

ATTACHMENTS

- Attachment 1 – General Revenue Fund Summary As of Period 08
Revenue and Expenditures by Department
- Attachment 2 – 2024 Capital Plan Summary As of Period 08
- Attachment 3 – 2024 Detailed Department Project Summary and Forecast
- Attachment 4 – Capital Plan – Lifetime Status Update on Significant Projects
- Attachment 5 – Capital Plan Reporting Readers Guide – Glossary
- Attachment 6 – Purchase Orders Between \$250,000 - \$1,000,000
(2024 Period 01 to 08)

REPORT CONTRIBUTORS

This report was prepared by James Cheu, Manager, Budgets & Reporting and Coreen Jorgenson, Manager, Budgets & Reporting and reviewed by Ratan Grewal, Deputy General Manager, Finance and Wilson Kwan, Director, Budgets & Reporting.