

TO: MAYOR & COUNCILLORS

FROM: DEPUTY CHIEF ADMINISTRATIVE OFFICER AND CHIEF FINANCIAL OFFICER

SUBJECT: **FINANCIAL REPORT AS AT 2024 PERIOD 11**

PURPOSE: To provide an overview of the City's financial activity as of the end of Period 11 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 11" dated December 16, 2024, be received for information.

EXECUTIVE SUMMARY

This report provides an overview of the City's financial activity as at the end of Period 11 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 11 (January 1, 2024 to November 3, 2024).

All known expenditures as of Period 11 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 11, the City remains in a net surplus position, primarily driven by higher-than-anticipated revenues. The Parks, Recreation, and Culture (PRC) department has continued to experience increased demand for key programs and services during the summer season. Revenues from golf and food services have exceeded budget expectations due to strong demand for tee times, weddings, and other events. Additionally, the introduction of the revised B-Active membership pass, which includes expanded programs and courses, has further increased demand for Recreation Services. However, expenditures have also increased to maintain service levels to align with the increase in demand.

As previously noted in the Period 5 & 8 Financial Report, 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 11 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.

Overall, revenues remain higher than budget, 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 11, the projected amount is significantly lower than in previous years. Previous surpluses were driven by strong economic activity in development, which has slowed this year. Staff will continue to monitor the impact of recent legislative changes on the development community, as well as the ongoing economic pressures affecting City operations. Throughout the year, adjustments have been made to ensure public service levels are maintained while adhering to the City's financial plan. However, with rising costs each year, potential challenges may arise in delivering core programs and services at current levels. The City remains committed to monitoring and assessing financial pressures and will implement strategies to mitigate their impact on the operating budget.

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 11:

- In recognition of the National Day for Truth and Reconciliation, the City hosted multiple events and activities to encourage community members to learn about the history of Indigenous Peoples and engage in the healing and reconciliation process. Children and youth participated in a free one-day ReconciliACTION soccer camp, the Shadbolt Centre for the Arts presented Qwalena: The Wild Woman Who Steals Children by Indigenous storyteller Dallas Yellowfly, and in September, City Hall showcased artworks by Indigenous artists from the City of Burnaby Permanent Art Collection.

(Responsible Departments: Indigenous Relations and PRC)

- The City of Burnaby will receive \$7.4 million through ChildCareBC's New Spaces Fund to support the development of a new 74-space childcare centre on Rowan Avenue. Currently under construction, the centre is scheduled to open in May 2025. It will provide 50 spaces for children aged 30 months to school age and 24 spaces for children under three years old, addressing the needs of the most underserved age group identified in Burnaby's Child Care Action Plan.

(Responsible Departments: Lands & Facilities, Planning & Development and PRC)

- On September 22, over 1,200 residents gathered at Burnaby Village Museum to celebrate Burnaby's home-grown international day of recognition, World Rivers Day. Guests enjoyed free music and performances, explored Burnaby's environment and Indigenous history and traditions, and participated in the Official Community Plan open house session held on-site. In addition, at the Ron McLean Park, volunteers came together for a fun, all-ages day of service, removing over 10 cubic metres of invasive species from Byrne Creek.

(Responsible Departments: PRC)

- The City hosted a variety of Halloween-themed events, drawing a record-breaking attendance of over 50,000 people. Central Spark at Central Park attracted more than 35,000 attendees, the Haunted Village welcomed over 16,000 visitors, and the Themed Toonie Skates featured various ice-skating events, including the Vampires & Zombies Teen Toonie Skate and the Ghouls & Goblins Toonie Skate.

(Responsible Departments: PRC and Burnaby Public Library)

- The City hosted five community clean-up events across the city, which were enthusiastically embraced by residents. A total of 399 volunteers came together to collect over 1,487 lbs. of litter—an impressive increase of over 550 lbs. compared to last year. City staff continue to appreciate the dedicated volunteers who helped made these events successful.

(Responsible Departments: Engineering)

- The City has received the Public Works Association of BC's "Project of the Year" award for large communities (50,000+ population) for the construction of the new Laurel Street Works Yard, a keystone civic facility completed in September 2023. The project earned top honors for the next-generation features of the works yard and the integrated project management that ensured the facility was delivered on time and within budget.

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

- The City has received the Creative City Network of Canada's I.D.E.A. Award in recognition of the outstanding impact of its Harmony for All program. This initiative provides Burnaby residents with free instrument lending, no-cost music outreach programs for community groups, and scholarships to support participation in music lessons.

(Responsible Departments: PRC)

3.1.2. General Revenue Fund – Operating Financial Results

In Tables 1 to 3 below, the Period 11 Variance is the difference between Period 11 Actual and Period 11 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 11

Department – Net View	Period 11 Actual	Period 11 Budget	Period 11 Variance Favourable/ (Unfavourable)	Variance %	2024 Annual Budget	2024 Year End Forecasted Variance Favourable/ (Unfavourable)
Mayor & Council	1,034,898	1,143,680	108,782	9.5%	1,353,700	86,000
Office of the CAO	3,752,230	4,378,126	625,896	14.3%	4,682,000	426,900
People & Culture	7,516,165	7,233,092	(283,073)	(3.9%)	7,881,300	(483,100)
Burnaby Public Library	15,862,053	15,677,207	(184,846)	(1.2%)	17,449,800	(324,500)
Information Technology	30,052,870	30,208,045	155,175	0.5%	32,191,800	(117,300)
Corporate Services	9,269,085	10,196,213	927,128	9.1%	10,950,100	648,300
Community Safety Administration	3,293,405	3,651,323	357,918	9.8%	3,654,900	414,700
Business Licence & Bylaw Services	(2,397,407)	(1,858,011)	539,396	29.0%	(1,906,100)	565,500
Burnaby Fire	53,889,857	52,943,068	(946,789)	(1.8%)	60,111,200	(1,337,600)
RCMP Burnaby Detachment	60,594,838	61,828,967	1,234,129	2.0%	82,352,900	1,765,000
Engineering	62,350,084	62,930,727	580,643	0.9%	54,049,200	100,000
Finance	12,554,089	13,292,920	738,831	5.6%	15,694,100	973,700
Planning & Development	(7,961,509)	(4,559,909)	3,401,600	74.6%	(10,659,300)	2,724,800
Lands & Facilities*	25,329,955	25,515,580	185,625	0.7%	26,595,050	(487,100)
Parks, Recreation & Culture*	61,348,332	63,536,363	2,188,031	3.4%	68,575,450	(1,800)
Fiscal	(16,916,418)	(21,003,025)	(4,086,607)	(19.5%)	(26,262,500)	(5,787,200)
Tax Levy for City Services	(349,767,995)	(346,713,600)	3,054,395	0.9%	(346,713,600)	3,054,400
Net Result	(\$30,195,468)	(\$21,599,234)	\$8,596,234	1.9%	-	\$2,220,700

* Reorganization of staff between Lands & Facilities and Parks, Recreation & Culture
 ** Represents Period 11 net variance as a percentage to Period 11 expenditures budget

The City is in an overall net favourable position of \$8.6M (1.9%) at the end of Period 11 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 \$2.2M, 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 11 and year end forecasts by department in General Revenue Operations are as follows:

Office of the CAO: As of Period 11, the department has a net favourable variance of \$0.6M due to compensation savings from staffing levels and other various operating expenditures. The forecasted year end net variance will be favourable by \$0.4M due to the same factors to date partially offset by increase spending in consulting services related to indigenous relations.

People & Culture: As of Period 11, the department has a net unfavourable variance of \$0.3M due to increase in compensation to maintain service levels and consulting services related to labour management & recruitment activities. The forecasted year end net unfavourable variance will increase to \$0.5M due to the same factors to date.

Corporate Services: As of Period 11, there is a net favourable variance of \$0.9M 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 \$0.6M favourable due to the continued use of external legal services.

Business Licence & Bylaw Services: As of Period 11, 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 11, the department has a net unfavourable variance of \$0.9M 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 \$1.3M due to the same factors to date.

RCMP Burnaby Detachment: As of Period 11, there is a net favourable variance of \$1.2M 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 \$1.8M due to the same factors to date.

Engineering: As of Period 11, the department has a net favourable variance of \$0.6M primarily due to higher refuse fees, higher traffic control permit and car share revenues, compensation savings, lower disposal & tipping fees due to increase of waste diversion efforts that reduced volume of waste materials, and savings in other operating expenditures. This is partially offset by a decrease in revenues from 3rd party connection activities, anchor rod fees and parking revenues. By year end, it is anticipated actuals will align close to budget with a minor net favourable variance of \$0.1M.

Finance: As of Period 11, there is net favourable variance of \$0.7M 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 \$1.0M due to the same factors to date.

Planning & Development: As of Period 11, the department has a net favourable variance of \$3.4M primarily due to higher than budgeted planning revenue and grant revenues that are partially offset by lower than anticipated general building inspection fees. In addition, compensation savings from staffing levels resulted in lower than anticipated operating expenditures. It is estimated that by year end the net variance will remain favourable by \$2.7M.

Lands & Facilities: As of Period 11, the department has a net favourable variance of \$0.2M primarily due to compensation savings from staff partially offset by lower than anticipated rental revenue from City occupied space and other various operating expenditures. The forecasted year end net variance will be unfavourable by \$0.5M primarily driven by the shortfall in revenues.

Parks, Recreation and Culture: As of Period 11, the department net variance is favourable by \$2.2M 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 be on budget 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 11, the department net variance is unfavourable by \$4.1M 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 \$5.8M primarily due to the same factors mentioned.

Please refer to Attachment 1 for the summary of Period 11 General Revenue and Expenditure Operating Results by Department.

3.1.3. Sanitary Sewer Fund – Operating Financial Results

Table 2 summarizes Period 11 Sanitary Sewer Fund operating results.

Table 2 – Sanitary Sewer Fund - Revenue and Expenditures to Period 11

	Period 11 Actual	Period 11 Budget	Period 11 Variance Favourable/ (Unfavourable)	Variance %	2024 Annual Budget	2024 Year End Forecasted Variance Favourable/ (Unfavourable)
Revenue	55,017,289	55,215,374	(198,085)	(0.4%)	55,784,200	13,000
Expenditures	46,545,473	48,400,173	1,854,699	3.8%	55,784,200	2,161,000
Net Result	\$8,471,816	\$6,815,201	\$1,656,614	3.4%*	-	\$2,174,000

* Represents Period 11 net variance as a percentage to Period 11 expenditures budget

Sanitary Sewer Fund has a net favourable variance of \$1.7M (3.4%) at Period 11 and is mainly due to favourable variances of \$1.9M in expenditures partially offset by unfavourable variance of \$0.2M in revenue.

The Period 11 unfavourable revenue variance of \$0.2M is mainly due to lower metered sewer revenue partially offset by higher than anticipated sewer use revenues from additional growth in new strata apartment/townhome units.

The favourable Period 11 expenditure variance of \$1.9M 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' will have a net favourable variance of \$2.2M as revenues will align to budget and expenditures will continue to be lower than anticipated due to continued savings in the same factors mentioned above.

3.1.4. Waterworks Utility Fund – Operating Financial Results

Table 3 summarizes Period 11 Waterworks Utility Fund operating results.

Table 3 – Waterworks Utility - Revenue and Expenditure to Period 11

	Period 11 Actual	Period 11 Budget	Period 11 Variance Favourable/ (Unfavourable)	Variance %	2024 Annual Budget	2024 Year End Forecasted Variance Favourable/ (Unfavourable)
Revenue	63,962,072	63,529,441	432,631	0.7%	64,890,600	175,000
Expenditures	38,584,110	40,729,089	2,144,980	5.3%	64,890,600	2,637,000
Net Result	\$25,377,962	\$22,800,352	\$2,577,610	6.3%*	-	\$2,812,000

* Represents Period 11 net variance as a percentage to Period 11 expenditures budget

Waterworks Utility has a net favourable variance of \$2.6M (6.3%) at Period 11 which is mainly due to favourable variances of \$0.4M in revenue and \$2.2M in expenditures.

The favourable Period 11 revenue variance of \$0.4M is mainly due to higher than anticipated flat water revenue from additional growth and increase in other revenue due to 3rd party water connection activities throughout the year partially offset with a decrease in metered water revenue from lower consumption.

The favourable Period 11 expenditure variance of \$2.2M is primarily due to compensation savings from staff vacancies and less than anticipated cost of water expenditures due to decrease in water consumption.

By year end, it is forecasted that the Waterworks Utility's net favourable variance will increase to \$2.8M. This is primarily due to continued expenditures savings due to the same factors mentioned above while partially offset by 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 11, the 2024 year-to-date capital expenditures amount to \$209.7M. The majority of expenditures incurred are attributable to Civic Projects, Engineering – Infrastructure and Realty & Lands, which incurred \$67.8M (32.3%), \$35.4M (16.9%) and \$32.0M (15.3%) of all costs, respectively. Overall, total expenditures incurred equate to 56.3% of the planned capital expenditures which is comparable to 64.6% 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 \$351.3M will be spent in 2024, representing 94.3% of the plan as opposed to 86.7% of plan spent in 2023. The forecast is higher primarily due to Realty & Lands having made significant land acquisitions to date and 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 October 2024, has dropped slightly to 2.0% 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 11.

4.0 COMMUNICATIONS AND COMMUNITY ENGAGEMENT

Not applicable.

5.0 FINANCIAL CONSIDERATIONS

As outlined in this report.

Respectfully submitted,

Ratan Grewal, Deputy General Manager Finance

for

Noreen Kassam, Deputy Chief Administrative Officer and Chief Financial Officer

ATTACHMENTS

- Attachment 1 – General Revenue Fund Summary As of Period 11
Revenue and Expenditures by Department
- Attachment 2 – 2024 Capital Plan Summary As of Period 11
- 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 11)

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.