

ATTACHMENT A
Variance Analysis of the Operating Results
for the Nine Months Ending 2020-SEP-30 & Projections for the
Year Ending 2020-DEC-31

On a monthly basis, each City department monitors its actual financial results as compared to the Financial Plan. The following section provides a summary of the projected surplus (deficit) by department for 2020, and includes an explanation for significant variances over \$100,000.

City Administration

The City Administration division shows year-to-date total revenues at 103% and expenditures at 66%. Based on the analysis of these accounts, at 2020-SEP-30, a net surplus of \$281,700 is projected which includes the following key variances:

- Human Resources – \$123,300 surplus – This surplus is due to a staff vacancy, and under spending on management consulting, travel and conferences due to COVID-19.
- Legislative Services – \$111,900 surplus – Vacancies including the Deputy City Clerk and Steno position along with under spending on travel and conferences and materials and supplies has resulted in this surplus.

Corporate Services

The Corporate Services division shows year-to-date total revenues at 81% and expenditures at 76%. Based on the analysis of these accounts, at 2020-SEP -30, a net deficit of (\$627,800) is projected. The key variances over \$100,000 are outlined below:

- General Administration – \$375,900 surplus – This is largely due to an aggregate surplus in the City's extended health and dental plan through Sun Life. \$250,000 was withdrawn from the account to bring it to the recommended balance. The City also received its 2018 COR (Worksafe) rebate totaling \$92,107 which contributed to the surplus.
- Information Technology – \$198,800 surplus – Vacancies including the Director of IT, and a reduction in conference and travel costs has resulted in this surplus.
- Police Services – \$224,500 surplus – Savings in wages due to vacant positions has resulted in this surplus.
- RCMP Severance Expense – (\$1,511,200) deficit – A settlement was reached between Public Safety Canada and the Province of B.C. to pay RCMP members severance for voluntary resignations and retirements as of March 31, 2012. The obligation for Nanaimo is \$2,621,613 of which \$1,110,413 was previously accrued.

Development Services

The Development Services division shows year-to-date total revenues at 97% and expenditures at 65%. Based on the analysis of these accounts, at 2020-SEP-30, a net surplus of \$963,900 is projected. Areas with variances exceeding \$100,000 are outlined below:

- Permit Centre & Business Licencing – \$169,000 surplus – Business License revenue is forecasted to exceed budget by approximately \$110,000, which when combined with some wage and expense savings has resulted in this surplus.
- Economic Development – \$168,000 surplus – The projected surplus is due to the vacant Manager of Economic Development position, along with reduced spending for travel and conferences.
- Building Inspections – \$160,500 surplus – This projected surplus is due to the expectation that the volume of building inspections will be \$203,000 higher than anticipated for the year.
- Environment – \$107,000 surplus – This projected surplus is largely due to a vacant Urban Forestry technician position.
- Subdivisions – \$136,400 surplus – This projected surplus is due to vacant positions along with reduced spending for travel and conferences.

Parks, Recreation and Culture

The Parks, Recreation and Culture division shows year-to-date total revenues at 43% and expenditures at 57%. Based on the analysis of these accounts, at 2020-SEP-30 there is a projected year-end surplus of \$1,343,100. The key variances over \$100,000 are as follows:

- Parks Operations – (\$307,700) deficit – This deficit is a result of reduced play field revenues due to COVID-19, higher snow removal costs and increased labour costs due to the redeployment of permanent staff to parks.
- Aquatics Operations – \$1,122,200 surplus – This surplus is a result of cost savings due to pool closures in mid march due to the pandemic.
- Culture & Events – \$125,200 surplus – This surplus is the result of vacancies in the first half of the year and the refund of grants due to COVID-19 cancellations.
- Recreation Services – \$262,100 surplus – Cost savings from community centre closures in mid March due to the COVID-19 pandemic have resulted in this surplus.

Engineering and Public Works

The Engineering and Public Works division shows year-to-date total revenues at 81% and expenditures at 74%. Based on the analysis of these accounts, at 2020-SEP-30, a net surplus of \$245,500 is projected. Areas with variances exceeding \$100,000 are outlined below:

- Engineering – \$212,400 surplus – The projected surplus is largely due to position vacancies in Traffic/Transportation and Infrastructure Planning.
- Sanitation – (\$370,800) deficit – This deficit is a result of an increase in residential collection labour due to overtime required to maintain the level of service, and re-deployed staff time to

assist with cart management. In addition, tipping fees and automotive repairs are higher due to an increase in waste disposal.

- Storm Drainage – \$112,400 surplus – This projected surplus is largely the result of labour savings due to position vacancies.
- Transportation – \$273,200 surplus – This projected surplus is the result of unfilled vacancies along with street light savings through lower utility costs and contracted services.

Fire Rescue

The Fire Rescue division shows year-to-date total revenues at 91% and expenditures at 71%. Based on the analysis of these accounts, at 2020-SEP-30, there is a projected year-end surplus of \$95,400.

Utilities

The Utilities division shows year-to-date total revenues at 88% and expenditures at 91%. Based on the analysis of the water and sewer accounts, at 2020-SEP-30 there is a projected combined year-end deficit of (\$74,800). Areas with variances exceeding \$100,000 are outlined below:

- Sewer – \$134,200 surplus – Revenues are projected to be higher than budget due to higher than anticipated growth.
- Water – (\$209,000) deficit – Revenues are expected to be lower than budget due to weather conditions and the pandemic, and water expenses are higher than anticipated due to water main breaks.

Other (VICC and Corporate Facilities)

The Other division shows year-to-date total revenues at 19% and expenditures at 45%. Based on the analysis of these accounts, at 2020-SEP-30, there is a projected year-end deficit of \$247,000. The key variance over \$100,000 is:

- VICC – (\$220,000) deficit – Revenues are significantly lower than budget as a result of the COVID-19 pandemic.

General Revenue

The General Revenue division shows year-to-date total revenues at 97% and expenditures at 76%. The majority of revenues in this department relate to property taxation, which are recorded in May and June of each year. Correspondingly, the majority of expenditures relate to tax pay overs and transfers to reserve.

Based on the analysis of these accounts, at 2020-SEP-30 an estimated deficit of \$410,500 is expected. Areas with variances exceeding \$100,000 are outlined below:

- Investment Income – \$150,000 surplus – This estimated surplus is due to higher than anticipated cash flows from property taxation.
- Provincial Revenue Sharing – (\$655,100) deficit – This deficit is due to the closure of the casino. No further revenues are anticipated for the remainder of the year.

Internal Orders and Capital Projects

Project variances do not typically impact operating surplus as any unfinished projects are carried forward to future years, and budget transfers are used to allocate monies between projects. In 2020, a projected year-end deficit totaling (\$632,500) is expected from the unplanned internal orders outlined below:

- COVID-19 Response Costs – (\$500,000) deficit – This deficit is the result of COVID-19 pandemic response costs including masks, sanitizer, glass panels, equipment rentals, software, hardware and security.
- Parks Ambassadors – (\$106,100) deficit – This deficit is a result of expenses incurred for the Parks Ambassadors Program that was not part of the 2020 financial plan.
- Water Safety Team 2020 – (\$26,400) deficit – This deficit is the result of water safety measures taken in response to COVID-19 facility closures.