

4. **2ND TRIMESTER RESULTS REPORT**

Memo of the Finance and Governance Standing Committee dated November 1, 2024.

To recommend that Council receive the report for information.



Memo

To: Angila Bains, Director of Legislative and Protective Services/Corporate Officer
From: Colton Whittaker, Committee Clerk
Date: November 1, 2024
Subject: 2nd Trimester Results Report

At the October 28, 2024, Finance and Governance Standing Committee meeting, the committee discussed financial results for the 2nd Trimester. This discussion resulted in the following motion:

"That the Finance and Governance Standing Committee receive the report from the Director of Finance for information and that the report be referred to Council for its consideration."

CARRIED

An excerpt of the October 28, 2024 draft minutes, 2nd Trimester Results Report, and memo dated October 18, 2024 are attached for information.

Colton Whittaker

Colton Whittaker
Committee Clerk

2ND TRIMESTER RESULTS REPORT

The Director of Finance presented the second trimester results, noting overall positive outcomes with some challenges compared to the previous year. One challenge involves refunds on property taxation; several properties that underwent the BC Assessment Property Owner (PO) appeal process have won their appeals, affecting property tax revenue. Recreation revenue, however, has shown strong growth with increasing post-COVID participation. Water revenue remains unpredictable, prompting conservative budgeting. Last year's favorable interest rates benefited finances, but the Bank of Canada is expected to continue to reduce rates. The latest 0.5% decrease is not reflected in the report. High-interest savings accounts will be affected by changing interest rates, but bonds, which the District typically holds long-term, continue to perform well.

On the expenditure side, vacancy issues are easing as more departments are now fully staffed. Recreation expenses are slightly elevated compared to previous years, corresponding to the increase in activity and revenue. Regarding capital projects, those over \$1 million are detailed in the report.

Investment returns are performing well at around 5%. Procurement processes are largely competitive, though single-source bidders are common in sewer and water projects. A Footnote indicates that a grant from the Ministry of Emergency Management and Climate Readiness lowered costs for the emergency program. For capital programs, staff will follow up on potential delays for Wilkinson Road. Investment returns are expected to exceed forecasts. The committee would appreciate discussing how surpluses are handled at a future meeting, staff have a policy that they can bring to the committee for discussion.

Water and sewer revenue often varies from initial forecasts, sometimes leading to annual deficits, though revenue typically catches up. Aging stormwater infrastructure, including concrete pipes, is replaced as needed. The Water Master Plan strategy aims to replace significant infrastructure and includes short-term borrowing approved by Council to meet 10-year plan objectives. On the investment side, all bonds are secured through the Municipal Finance Authority (MFA), with consultants managing bond purchases. Guaranteed Investment Certificates (GICs) are generally held for one to two years, with careful timing to maintain accessibility to funds.

MOVED by Councillor Phelps Bondaroff and Seconded by Councillor Harper: "That the Finance and Governance Standing Committee receive the report from the Director of Finance for information and that the report be referred to Council for its consideration."

CARRIED

Memo

To: Finance and Governance Standing Committee
From: Paul Arslan, Director of Finance
Date: October 18, 2024
Subject: **2nd Trimester Results Report**

To present financial results for the 2nd Trimester.



District of Saanich

2nd Trimester Results Report

January 1, 2024 to August 31, 2024

Results reporting is prepared on a trimester basis by the District of Saanich as a means of providing the community, council, and the organization with regular information on the strategic and financial performance of the municipality.

The Trimester Results Report provides information on:

1. Operational Results
2. Capital Program Results
3. Investment Analysis
 - Diversity
 - Liquidity
 - Return
4. Procurement Results
 - % of procurement processes with more than one bidder
 - Procurement
5. Building Permit Statistics



Operational Results

District of Saanich - 2024 2nd Trimester Performance Report Operating Budget Results - January 1 to August 31

(Represents 2/3 or 66% of the year)

Overall results continue to be positive, with most revenues reaching budgeted targets and recreation revenues, permits and investments exceeding budget due to higher participation in recreation programs, larger construction permits and on-going higher interest rates on investments. Most expenditures are in line with expectations, however, Police Protection is experiencing higher expenditure due to constant demand for their services. Surpluses in other departments are lower than prior years due to less vacancies being experienced than in the past.

Revenues:	2023 Actual	2024 Actual	Annual Budget 2024	2024 Budget Remaining	% Revenue Collected	
Property Taxation	(161,415,700)	(174,918,900)	(175,553,000)	(634,100)	100%	1
Utility Tax and Other	(1,725,800)	(1,697,700)	(1,789,500)	(91,800)	95%	1
Water Utility Revenue	(15,506,800)	(15,702,700)	(28,291,200)	(12,588,500)	56%	2
Sewer Utility Revenue	(18,621,000)	(19,240,200)	(30,570,500)	(11,330,300)	63%	
Solid Waste Revenue	(5,394,900)	(5,732,700)	(8,968,200)	(3,235,500)	64%	
Business License & Inspection Revenues	(3,305,100)	(2,994,300)	(3,775,100)	(780,800)	79%	3
Recreation Revenues	(10,687,300)	(12,204,800)	(14,940,600)	(2,735,800)	82%	4
Grants In Lieu	(2,654,600)	(3,057,000)	(3,451,700)	(394,700)	89%	1
Provincial Grants	(1,313,000)	(1,339,000)	(1,380,000)	(41,000)	97%	1
Interest and Penalties	(5,534,700)	(5,806,700)	(6,437,400)	(630,700)	90%	5
Surplus Appropriations	-	-	(500,000)	(500,000)	0%	6
Other Revenues	(370,500)	(385,100)	(358,000)	27,100	108%	7
COVID-19 Restart Grant	-	-	(149,300)	(149,300)	0%	6
Total Revenue	(226,529,400)	(243,079,100)	(276,164,500)	(33,085,400)	88%	

Explanatory notes for variances over 5%

REVENUES:

- 1 *Property Taxation / Utility Tax / Grants In Lieu / Provincial Grants (89%-100% collected)* – All taxation and grants from various government entities are recorded or received in the second and third trimesters.
- 2 *Water Utility Revenue (56% collected)* - Revenue percentage is slightly less than last year's actual. Revenues will increase as billing for summer months consumption continue into the fall.
- 3 *Business License & Inspection Revenues (79% collected)* - Business License revenue is collected in the first trimester. Inspection revenue varies from year to year based on construction projects undertaken in the district.
- 4 *Recreation Revenues (82% collected)* - Golf and program revenues performing better than expected.
- 5 *Interest and Penalties (90% collected)* - Interest revenue is higher due BOC interest rates staying higher for longer and that translates to higher market investment rates.
- 6 *Surplus Appropriations / COVID-19 Restart Grant (0% applied)* - As and when needed to offset revenue reductions or COVID expenditure.
- 7 *Other Revenues (108% collected)* - WCB rebate and School Tax Admin fee have come in higher than

Expenditures:	2023 Actual	2024 Actual	Annual Budget 2024	2024 Budget Remaining	% Expenditure Spent	
Administration	1,328,400	1,433,300	2,072,600	639,300	69%	
Finance	3,087,200	3,624,700	5,847,100	2,222,400	62%	
Corporate Revenues/Expenses	(748,100)	(464,700)	96,000	560,700	-484%	1
Fiscal Services	5,310,900	5,098,700	9,789,300	4,690,600	52%	2
Corporate Services	2,565,100	3,240,400	5,310,500	2,070,100	61%	
Information Technology	4,127,700	4,868,700	7,997,800	3,129,100	61%	
Legislative & Protective Services	4,660,500	5,704,800	7,892,300	2,187,500	72%	3
Police Protection	27,671,700	33,707,800	47,113,700	13,405,900	72%	4
Fire Protection	14,772,400	16,131,800	23,963,700	7,831,900	67%	
Emergency Program	283,000	285,600	495,400	209,800	58%	5
Planning	2,439,000	2,903,332	4,146,500	1,243,168	70%	
Engineering	10,145,900	12,288,500	17,387,000	5,098,500	71%	
Parks	7,326,800	8,042,300	12,248,800	4,206,500	66%	
Recreation and Community Services	17,221,400	19,903,400	29,778,200	9,874,800	67%	
Library, Grants & Economic Development	6,281,400	6,007,200	8,568,500	2,561,300	70%	
Solid Waste Utility Expenditure	5,304,800	6,408,000	10,104,800	3,696,800	63%	
Water Utility Expenditure	10,968,000	12,578,200	19,025,200	6,447,000	66%	
Sewer Utility Expenditure	18,755,200	19,890,900	23,512,700	3,621,800	85%	6
Capital Program (tax and fee funded)	34,929,200	38,574,900	40,814,400	2,239,500	95%	7
Total Expenditures	176,430,500	200,227,832	276,164,500	75,936,668	73%	
Revenues minus Expenditures	(50,098,900)	(42,851,268)	-	42,851,268		

Explanatory notes for variances over 5%

EXPENSES:

- 1 *Corporate Revenues/Expenses (-484% spent)* - Recoveries from water, sewer and solid waste utilities in line, however, no contingency spending.
- 2 *Fiscal Services (52% spent)* - Debt payments in line with last year. Debt payments to MFA occur in 1st and 3rd trimesters.
- 3 *Legislative & Protective Services (72% spent)* - Expenditure in line with last year; Insurance premiums are paid in 1st trimester.
- 4 *Police Protection (72% spent)* - Over expenditure in overtime which was needed to cover shifts due to medical absences and vacancies. Some secondments are yet to be recovered.
- 5 *Emergency Program (58% spent)* - Expenditure on track. Lower net expenditure impacted by a \$48K grant received from Ministry of Emergency Management and Climate Readiness.
- 6 *Sewer Utility Expenditure (85% spent)* - Operating costs in line with last year. Payment to CRD constitutes 69% of budget and occurs in August.
- 7 *Capital Program (95% spent)* - Majority of the budget is the transfer of funds to capital for infrastructure funding. This occurs in the 2nd trimester after budget approval.

Capital Program Results

District of Saanich - 2024 2nd Trimester Performance Report Capital Program Results up to August 31, 2024

Projects budgeted over \$1,000,000

Capital Project	Fund	Duration	Original 2024 Budget	Budget Transfers *	Revised 2024 Budget	Actual	Percent Spent	Schedule Status	Budget Status	
Arena Rd, 340 Ker - Dysart Rd	Sewer		1,037,000		1,037,000	-	0%			2
Sherwood Rd and MacDonald Rd W	Water		1,068,000		1,068,000	-	0%			2
Burnside Rd W. - Road Improv	Transportation		1,090,540		1,090,540	1,088,863	100%			
Madock Ave(Wascana - Harriet)	Sewer		1,105,000		1,105,000	506	0%			2
Cedar Hill, Garnet-Mortimer Ph1	Water		1,114,000		1,114,000	560,021	50%			
Leasehold & New Office Space Outfitting	Facilities		1,125,000		1,125,000	2,054	0%			1
Saanich Rd Blanshard-Short)	Sewer		1,177,000		1,177,000	67	0%			
Bridges and Structures	Parks		1,207,170		1,207,170	161,941	13%			
SOC EV Chargers	Facilities		1,225,000		1,225,000	56,853	5%			
Natural Areas	Parks		1,230,890		1,230,890	4,887	0%			
Adelaide Ave, 2823 - Cowper	Drainage		1,261,000	516,400	1,777,400	1,758,977	99%			
Richmond - Newton to Adanac Construction	Transportation		1,350,000		1,350,000	-	0%			2
Water - Detailed Design	Water		1,491,414		1,491,414	432,274	29%			
Sanitary Sewer-Detailed Design	Sewer		1,546,500		1,546,500	605,640	39%			
Storm Drain - Detailed Design	Drainage		1,608,990		1,608,990	457,670	28%			
Wilkinson Road (Greenlea-Quick's)	Transportation		1,611,000		1,611,000	61,379	4%			2
Lift Station Capital Works	Sewer		1,617,610		1,617,610	81,918	5%			
2875 Colquitz - Gorge Rd	Drainage		1,629,000		1,629,000	1,108,813	68%			
Vanalman:636-648,SRW-Ridgewood	Sewer		1,650,000		1,650,000	1,484,182	90%			
Rutledge Park Playground Replacement	Parks		1,715,890		1,715,890	1,702,953	99%			
Vanalman/Colquitz Creek Culvert	Drainage		1,856,600		1,856,600	1,858,471	100%			
Cycling Infrastructure Program	Transportation		1,914,970		1,914,970	666,271	35%			
Pavement Renewal Program	Transportation		1,949,890	(265,000)	1,684,890	902,323	54%			2
ShortTerm Soln-Adv Active Tran	Transportation		2,019,350		2,019,350	1,246,964	62%			
MannAve,Vanalman Ave&Parkridge	Water		2,026,500		2,026,500	1,922,693	95%			
Tattersall (Quadra - Salsbury)	Various		2,028,000		2,028,000	496,988	25%			
Pat Bay Hwy Watermain Lining	Water		2,058,000		2,058,000	129,898	6%			3
Small Water Meter Replacement	Water		2,105,208		2,105,208	620,513	29%			
Pump Station & PRV Replacement	Water		2,173,000		2,173,000	448,092	21%			
Bridge Repairs	Transportation		2,194,261		2,194,261	91,142	4%			
Storm Drainage Model Development	Drainage		2,458,150		2,458,150	733,312	30%			
PKOLS/Mt Doug Tower Replacement	IT		2,400,000		2,400,000	2,500	0%			
Albina-Gorge Utility Upgrades	Sewer		3,421,000		3,421,000	16,867	0%			3
Pearkes - RTU Replacement	Facilities		4,186,700		4,186,700	364,174	9%			
Cordova Bay Rd	Various		4,957,000		4,957,000	132,058	3%			2
SCP - Mechanical Upgrades	Facilities		5,125,430		5,125,430	3,747,531	73%			1
Green and Inclusive CHRC	Facilities		5,134,350		5,134,350	882,740	17%			
Public Works Yard	Facilities		6,803,700		6,803,700	2,143,823	32%			3
W.Saa/Prospect Lk/Sparton Int	Transportation		7,303,890		7,303,890	7,213,132	99%			
Sinclair Rd Improvement	Various		10,127,170		10,127,170	1,347,841	13%			
Sidewalk Installation Program	Transportation		10,488,760		10,488,760	5,464,353	52%			
Gorge Drainage Improvements	Various		14,518,130		14,518,130	11,260,632	78%			
Fire Hall#2 - Project Planning	Facilities		20,961,070		20,961,070	7,563,020	36%			1
SSIP - Shelbourne St Development	Various		44,586,693		44,586,693	28,439,986	64%			

1 Costs projected to be higher than budgeted and may require additional funding

2 Project start date was delayed due to internal and contracted resources

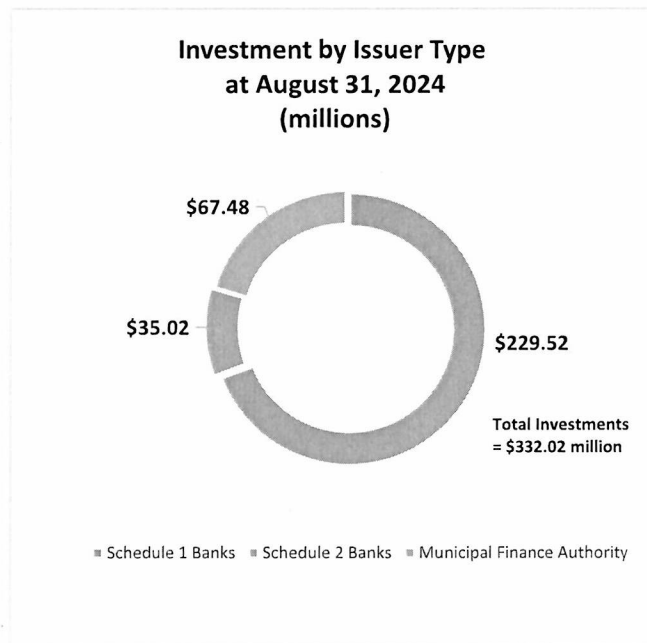
3 Project cost escalation, longer lead time on material delivery or change in scope of the project

* Budget transfers are usually done from program budgets such as sidewalks, cycling or paving to individual projects once the scope of the work is determined

	On target
	Caution
	Delayed

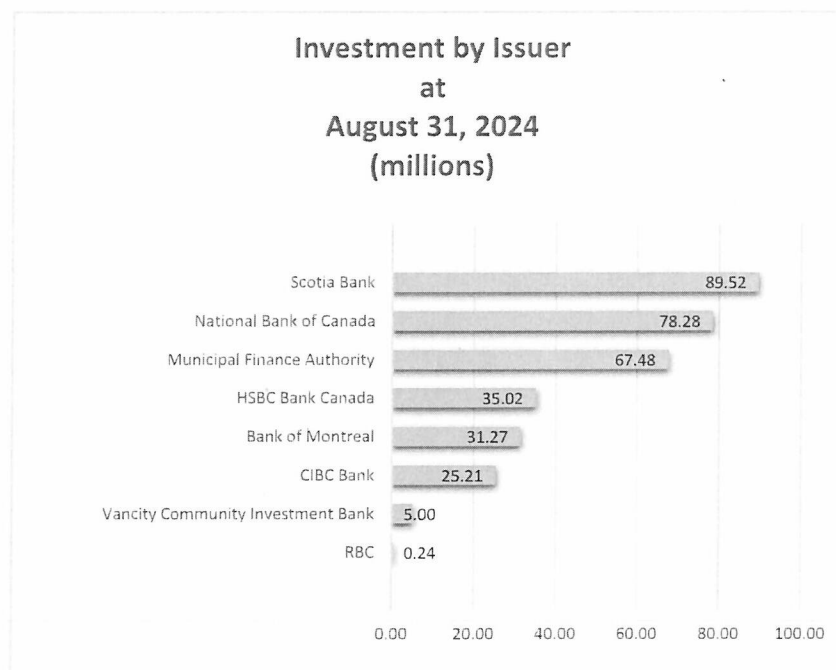
Investment Analysis

The District of Saanich invests public funds in a prudent manner in accordance with the Council Investment Policy. The investment portfolio is currently valued at \$332.02 million. Most of these funds are either held for specific capital programs or are invested until needed to pay current operating expenses.



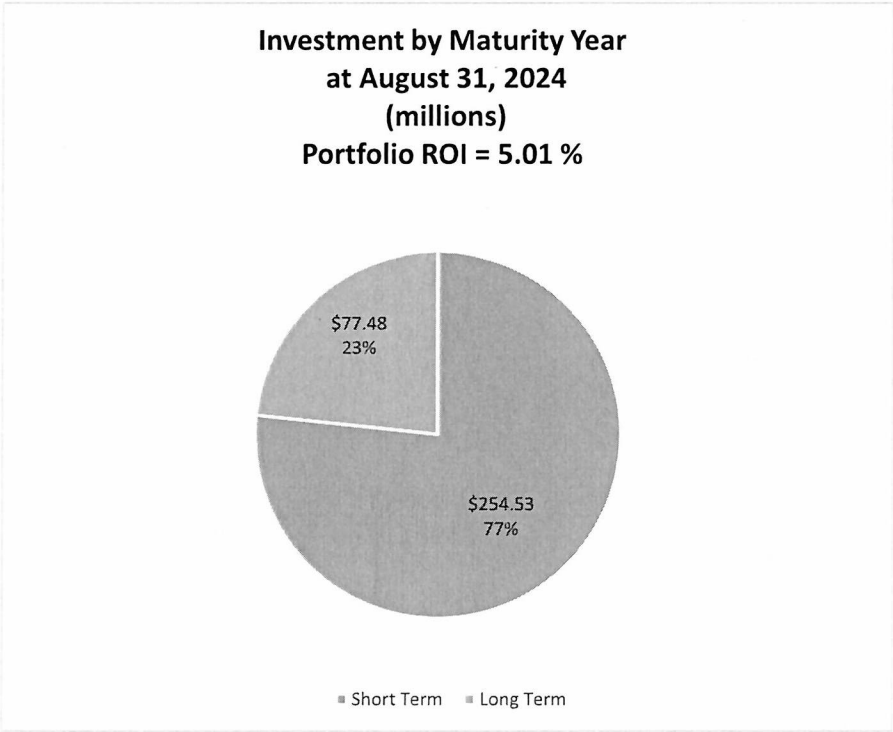
Diversification

In order to reduce overall portfolio risk, Saanich diversifies its investment holdings across a range of security types and financial institutions.



Liquidity

Saanich ensures that the investment portfolio remains sufficiently liquid in order to meet all reasonably anticipated operating and capital cash flow requirements. The majority of the MFA Pooled Funds are held for longer terms as they include various capital reserve funds.



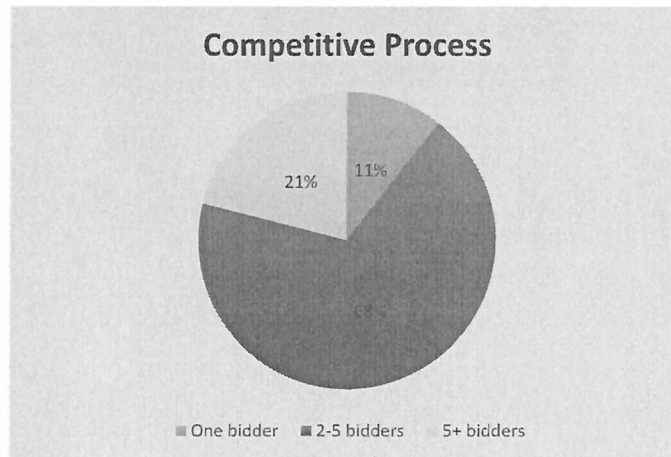
Return on Investment

Saanich’s investment portfolio earned 5.01% (4.62% in 2023) while maintaining the investment security established in the Investment Policy. The Bank of Canada has reduced rates down to 4.25% from 5%. This will impact the interest that the District currently receives from both its high interest savings accounts and from newly acquired GICs. We anticipate that the rate of return will start decreasing in the coming months and into next year.

Procurement Results

Competitive Process

89% of procurement processes in the trimester had more than one bidder.



Procurement

Value \$200,000+				
Procurement Description	Value	Years	Supplier	# Bids
Shelbourne Street Improvements Project - Phase 3	\$17,244,207.76	One Time	Hazelwood Construction Services	4
Hydrovac Services	\$3,156,700.00	5	Hydro-Force Excavating Ltd	3
Waterworks Fittings	\$1,703,088.00	3	Andrew Sheret, EMCO Corp, Iconix Waterworks	6
Wilkinson & Ferrie PRV Replacements	\$1,507,000.00	One Time	G&E Contracting LP	1
Sewer Flush Trucks	\$1,065,414.00	One Time	Vimar Equipment	CP*
Service Boxes and Lids	\$694,194.24	3	Iconix Waterworks LP	3
Roadside Flail Mowing Services	\$501,600.00	3	Metchosin Contracting	2
Vehicle Upfitting - Dump Bodies and Snow and Ice	\$460,000.00	One Time	Commerical Truck Equipment	3
Chip Seal Paving	\$419,410.00	3	Shades Tankers	1
Vehicle Upfitting - Service Bodies	\$406,500.00	One Time	Work Truck West	4
Technical BA	\$385,000.00	2	Procom Consultants Services	13
Business Analyst Level 3	\$367,500.00	2	IT/IQ Tech Recruiters	23
Painting Services Program	\$300,000.00	3	Dynamo, GNG Painting, Moloney Painting	8
Facility Security Platform and Services	\$250,000.00	One Time	Convergint Technologies LLC	CP*
Concrete Manholes and Products	\$312,000.00	3	Glacon Precast, Lombard Precast	2

* co-operative purchasing

Value \$75,000 to \$200,000				
Procurement Description	Value	Years	Supplier	# Bids
Lochside Land Design - Building refit & Site Develop	\$159,800.00	One Time	Franci Architecture	2
Architectural Paints & Supplies	\$152,813.01	4	Cloverdale Paints; Sherwin Williams; PPG Architectural Coatings	3
Extended Range Impact Weapon	\$151,852.50	3	Rampart International Corporate	2
Scheduling Software - Recreation	\$151,453.00	5	RecStaff Incorporated	3
Work Load Study - Police	\$150,000.00	One Time	Dandurand, Chin, and Associates	Single
Conceptual Streetscape Designs, Modelling and Analysis	\$101,295.00	One Time	Watt Consulting Group	5
Armoured Car Services	\$81,904.80	5	First Island Armoured Transport	3

In addition, there were 41 procurement processes with values less than \$75,000 each totalling over \$1,061,000.

Building Permit Statistics

Year to Date	No. of Permits			Dwelling Units			Construction Value (millions)		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Permit Type									
SFD/Duplex	66	49	49	85	70	68	44.2	34.4	41.0
Apartments	1	6	5	76	456	493	10.6	83.4	98.8
Townhouses	0	6	13	0	37	61	0.0	13.0	19.8
Commercial	60	92	27	0	0	0	14.8	64.1	36.2
Gov't/Inst.	23	18	16	0	0	0	10.8	4.0	11.9
Miscellaneous *	219	197	227	21	0	37	24.0	21.6	24.2
Totals	369	368	337	182	563	659	\$104.5	\$ 220.5	\$ 231.9

* Miscellaneous = renovations, additions, accessory buildings, pools, secondary suites, decks, etc.

