



**City of Kingston
Information Report to Council
Report Number 18-382**

To:	Mayor and Members of Council
From:	Desirée Kennedy, Chief Financial Officer and City Treasurer
Resource Staff:	Lana Foulds, Manager of Financial Planning
Date of Meeting:	November 20, 2018
Subject:	Third Quarter Operating Budget Status Report for 2018

Executive Summary:

This information report provides a financial status update of the general operating budget as at September 30, 2018. Exhibits to the report provide detailed budget and actual information and resulting variances as at the end of the third fiscal quarter. Revenues and expenditures are tracking normally with reported variances resulting from seasonality and other operational factors.

In order to ensure that net spending remains within approved budget parameters, staff regularly monitor and review budget variance information. This allows for unanticipated variances to be identified on a timely basis and any necessary corrective action to be taken in response to changing circumstances and conditions. Further information on year-to-date results is included in the body of this report.

Recommendation:

This report is for information purposes only.

Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF FINANCIAL OFFICER AND CITY TREASURER

Desirée Kennedy, Chief Financial Officer and
City Treasurer

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Lanie Hurdle, Commissioner, Community Services	√
Jim Keech, President and CEO, Utilities Kingston	√
Denis Leger, Commissioner, Corporate & Emergency Services	√

Options/Discussion:

The financial information provided in this report is derived from the financial accounting records of the Corporation as at September 30, 2018. The report reflects the approved operating budget for the year 2018 together with 2018 actual year-to-date revenue and expenditure information. A variance column is provided for reference purposes and generally reflects the amount of revenues to be generated or expenditures to be spent over the balance of the year. The actual to budget percent column provides a comparative indicator of the proportion of the annualized budget that has been spent or received to date.

With respect to the overall corporate results, three exhibits are attached, reported by group and summarized by department. Board and agency transfers and municipal utilities are summarized as well. Exhibit A reflects the net operating information (revenues less expenditures). Exhibits B and C reflect gross revenues and gross expenditures respectively.

The majority of revenues and expenditures to the end of the third quarter are tracking as expected. In addition to seasonality variances, results also reflect the following:

- Public Works Services – winter control costs are proportionately higher in the first half of the year.
- Engineering – timing of revenues and lower than anticipated utilities costs are contributing to this department's surplus year to date.
- Planning, Building & Licensing – lower than anticipated building permit revenues are offset by the timing of annual licensing revenues; staff vacancies and turnover are contributing to the department's surplus year to date.
- City Clerk – reflects budgeted election costs which will be incurred later in the year.

Solid Waste continues to report a favourable variance at the end of the third quarter; however, it is anticipated that these operations will experience some budgeting challenges over the last quarter of the year. As reported last quarter, we continue to see a weakening in the markets for recyclables which is putting pressure on our projected revenues from the sale of these materials and negotiated contracts for the processing of recyclables will reflect higher cost increases than projected, commencing in the fourth quarter. Staff will continue to monitor these projections.

Fuel prices continue to exceed projections, however, volume forecasts related to the May launch of the Montreal Street Express Route have helped to offset this in earlier quarters. By year end it is projected that fuel costs could exceed budget by approximately \$400K.

Offsetting the budget challenges noted above, net savings in salaries and benefit costs are projected as a result of staff vacancies and turnover. Departments continue to work with Finance staff to review variances on a regular basis with a goal to have a balanced budget or small surplus by year end.

This report also includes the 2018 third quarter results for the Grand Theatre, INVISTA Centre and Arenas and Leon's Centre as provided in summary form by the departments in Exhibits D, E and F respectively.

Existing Policy/By Law:

By-Law Number 2018-18, A By-Law to Approve the 2018 Operating Budget

Notice Provisions:

There are no notice provisions under the *Municipal Act, 2001* for this report.

Accessibility Considerations:

The exhibits to this report are available in an alternate format upon request.

Financial Considerations:

There are no financial considerations at this time. Comments are contained in the Options/ Discussion section of this report and in the exhibits attached.

Contacts:

Lana Foulds, Manager of Financial Planning, Extension 2209

Other City of Kingston Staff Consulted:

Colin Wiginton, Director, Cultural Services

Luke Follwell, Director, Recreation & Leisure Services

Laura Deak, Manager of Finance, Utilities Kingston

Exhibits Attached:

Exhibit A: Net Operating Report

Exhibit B: Gross Revenues

Exhibit C: Gross Expenditures

Exhibit D: Grand Theatre Quarterly Performance Report

Exhibit E: INVISTA Centre and Arenas Quarterly Performance Report

Exhibit F: Leon's Centre Quarterly Performance Report

**City of Kingston
Net Operating
As At September 30, 2018**

	Actuals Year to Date	Annual Budget	Variance \$	YTD=75% Actual to Budget %
Transit & Fleet Services	12,169,332	16,174,719	4,005,387	75.24%
Transportation Services	617,362	1,084,945	467,583	56.90%
Public Works Services	17,753,761	21,866,785	4,113,024	81.19%
Solid Waste Services	5,114,957	7,565,678	2,450,721	67.61%
Engineering Services	1,265,532	2,335,604	1,070,072	54.18%
Transportation & Infrastructure Services	36,920,944	49,027,731	12,106,787	75.31%
Real Estate & Environmental Initiatives	703,545	1,054,754	351,209	66.70%
Planning, Building, & Licensing	1,781,191	2,902,943	1,121,752	61.36%
Cultural Services	3,364,084	4,373,876	1,009,792	76.91%
Recreation & Leisure Services	5,568,908	7,669,494	2,100,586	72.61%
Housing & Social Services	12,127,515	17,087,184	4,959,669	70.97%
Long Term Care	3,922,232	5,662,898	1,740,666	69.26%
Communications & Customer Experience	1,166,424	1,520,924	354,500	76.69%
Commissioner's Office	358,705	445,812	87,107	80.46%
Community Services	28,992,604	40,717,885	11,725,281	71.20%
Human Resources & Organization Development	2,190,125	3,072,312	882,187	71.29%
Facilities Management & Construction Services	2,142,413	3,028,241	885,828	70.75%
Legal Services & Insurance Services	982,939	1,287,801	304,862	76.33%
City Clerk	973,226	1,714,994	741,768	56.75%
Fire & Rescue	17,868,608	24,676,998	6,808,390	72.41%
Airport	(175,691)	35,000	210,691	-
Commissioner's Office	244,383	313,281	68,898	78.01%
Corporate & Emergency Services	24,226,003	34,128,627	9,902,624	70.98%
Mayor, Council, & CAO	1,251,410	1,773,624	522,214	70.56%
Information Systems & Technology	2,686,777	3,647,459	960,682	73.66%
Financial Services	1,408,414	1,919,834	511,420	73.36%
Finance, Technology, & Administration	5,346,601	7,340,917	1,994,316	72.83%
Agency Transfers	53,435,774	70,402,229	16,966,455	75.90%
Fiscal Services & Capital Levy	27,217,375	35,266,166	8,048,791	77.18%
Agency and Board Transfers & Fiscal Services	80,653,149	105,668,395	25,015,246	76.33%
Sub-Total	176,139,301	236,883,555	60,744,254	74.36%
Taxation Revenue	(236,912,733)	(236,883,553)	29,179	100.01%
Total	(60,773,432)	-	60,773,432	
Water	(1,334,239)		1,334,239	
Wastewater	(1,604,192)		1,604,192	
Gas	(594,668)		594,668	
Appliance Rental	(114,659)		114,659	
Municipal Utilities	(3,647,758)	-	3,647,758	
Total Net Operating	(64,421,190)	-	64,421,190	

**City of Kingston
Gross Revenue
As At September 30, 2018**

	Actuals Year to Date	Annual Budget	Variance \$	YTD=75% Actual to Budget %
Transit & Fleet Services	(8,045,385)	(10,662,082)	(2,616,697)	75.46%
Transportation Services	(7,079,303)	(9,290,270)	(2,210,967)	76.20%
Public Works Services	(559,081)	(524,418)	34,663	106.61%
Solid Waste Services	(2,875,807)	(3,751,735)	(875,928)	76.65%
Engineering Services	(625,637)	(569,520)	56,117	109.85%
Transportation & Infrastructure Services	(19,185,213)	(24,798,025)	(5,612,812)	77.37%
Real Estate & Environmental Initiatives	(139,572)	(300,793)	(161,221)	46.40%
Planning, Building, & Licensing	(3,434,695)	(4,991,620)	(1,556,925)	68.81%
Cultural Services	(1,489,737)	(2,305,986)	(816,249)	64.60%
Recreation & Leisure Services	(7,048,673)	(9,084,525)	(2,035,852)	77.59%
Housing & Social Services	(41,781,044)	(59,546,498)	(17,765,454)	70.17%
Long Term Care	(9,137,203)	(12,218,729)	(3,081,526)	74.78%
Communications & Customer Experience	(705,252)	(1,070,288)	(365,036)	65.89%
Commissioner's Office	(71,339)	(80,000)	(8,661)	89.17%
Community Services	(63,807,515)	(89,598,439)	(25,790,924)	71.21%
Human Resources & Organization Development	(217,130)	(308,908)	(91,778)	70.29%
Facilities Management & Construction Services	(2,359,964)	(3,244,445)	(884,481)	72.74%
Legal Services & Insurance Services	(1,259,142)	(1,996,542)	(737,400)	63.07%
City Clerk	(644,925)	(813,922)	(168,997)	79.24%
Fire & Rescue	(345,590)	(326,794)	18,796	105.75%
Airport	(1,239,118)	(1,607,358)	(368,240)	77.09%
Corporate & Emergency Services	(6,065,869)	(8,297,969)	(2,232,100)	73.10%
Mayor, Council, & CAO	(362,764)	(929,135)	(566,371)	39.04%
Information Systems & Technology	(1,075,170)	(1,440,065)	(364,895)	74.66%
Financial Services	(805,773)	(1,097,516)	(291,743)	73.42%
Finance, Technology, & Administration	(2,243,707)	(3,466,716)	(1,223,009)	64.72%
Agency Transfers	(656,015)	(791,768)	(135,753)	82.85%
Fiscal Services & Capital Levy	(5,942,311)	(9,916,341)	(3,974,030)	59.92%
Agency and Board Transfers & Fiscal Services	(6,598,326)	(10,708,109)	(4,109,783)	61.62%
Sub-Total	(97,900,630)	(136,869,258)	(38,968,628)	71.53%
Taxation Revenue	(243,042,052)	(242,221,998)	820,054	100.34%
Total	(340,942,682)	(379,091,256)	(38,148,574)	89.94%
Water	(21,107,103)	(26,330,000)	(5,222,897)	80.16%
Wastewater	(24,415,562)	(30,668,500)	(6,252,938)	79.61%
Gas	(21,289,262)	(35,190,550)	(13,901,288)	60.50%
Appliance Rental	(2,052,175)	(2,663,220)	(611,045)	77.06%
Municipal Utilities	(68,864,102)	(94,852,270)	(25,988,168)	72.60%
Total Net Operating	(409,806,784)	(473,943,526)	(64,136,742)	86.47%

**City of Kingston
Gross Expenditures
As At September 30, 2018**

	Actuals Year to Date	Annual Budget	Variance \$	YTD=75% Actual to Budget %
Transit & Fleet Services	20,214,716	26,836,801	6,622,085	75.32%
Transportation Services	7,696,665	10,375,214	2,678,549	74.18%
Public Works Services	18,312,842	22,391,203	4,078,361	81.79%
Solid Waste Services	7,990,764	11,317,413	3,326,649	70.61%
Engineering Services	1,891,169	2,905,124	1,013,955	65.10%
Transportation & Infrastructure Services	56,106,156	73,825,755	17,719,599	76.00%
Real Estate & Environmental Initiatives	843,117	1,355,547	512,430	62.20%
Planning, Building, & Licensing	5,215,886	7,894,563	2,678,677	66.07%
Cultural Services	4,853,820	6,679,862	1,826,042	72.66%
Recreation & Leisure Services	12,617,581	16,754,019	4,136,438	75.31%
Housing & Social Services	53,908,559	76,633,682	22,725,123	70.35%
Long Term Care	13,059,435	17,881,627	4,822,192	73.03%
Communications & Customer Experience	1,871,676	2,591,213	719,537	72.23%
Commissioner's Office	430,044	525,812	95,768	81.79%
Community Services	92,800,118	130,316,325	37,516,207	71.21%
Human Resources & Organization Development	2,407,255	3,381,220	973,965	71.19%
Facilities Management & Construction Services	4,502,377	6,272,686	1,770,309	71.78%
Legal Services & Insurance Services	2,242,082	3,284,344	1,042,262	68.27%
City Clerk	1,618,151	2,528,915	910,764	63.99%
Fire & Rescue	18,214,199	25,003,792	6,789,593	72.85%
Airport	1,063,427	1,642,358	578,931	64.75%
Commissioner's Office	244,383	313,281	68,898	78.01%
Corporate & Emergency Services	30,291,874	42,426,596	12,134,722	71.40%
Mayor, Council, & CAO	1,614,174	2,702,759	1,088,585	59.72%
Information Systems & Technology	3,761,947	5,087,524	1,325,577	73.94%
Financial Services	2,214,187	3,017,350	803,163	73.38%
Finance, Technology, & Administration	7,590,308	10,807,633	3,217,325	71.35%
Agency Transfers	54,091,789	71,193,997	17,102,208	75.98%
Fiscal Services & Capital Levy	33,159,687	45,182,507	12,022,820	73.39%
Agency and Board Transfers & Fiscal Services	87,251,476	116,376,504	29,125,028	74.97%
Sub-Total	274,039,932	373,752,813	99,712,881	73.32%
Taxation Revenue	6,129,319	5,338,444	(790,875)	114.81%
Total	280,169,251	379,091,257	98,922,006	73.91%
Water	19,772,864	26,330,000	6,557,136	75.10%
Wastewater	22,811,370	30,668,500	7,857,130	74.38%
Gas	20,694,594	35,190,550	14,495,956	58.81%
Appliance Rental	1,937,516	2,663,220	725,704	72.75%
Municipal Utilities	65,216,344	94,852,270	29,635,926	68.76%
Total Net Operating	345,385,595	473,943,527	128,557,932	72.87%

Grand Theatre Quarterly Performance Report

Period: Third Quarter: For the nine months ending September 30, 2018

Financial Performance:

Income	Actuals to Date	2018 Budget	Expected by Year End	Variance	Previous Year Comparators	
					Total 2017	3rd Quarter 2017
Rental Revenue	\$ (126,998)	\$ (166,000)	\$ (166,000)	-	\$ (167,074)	\$ (119,505)
Other Revenues & Recoveries ¹	(647,308)	(893,000)	(893,000)	-	(819,140)	(524,512)
Total Income	\$ (774,305)	\$ (1,059,000)	\$ (1,059,000)	-	\$ (986,214)	\$ (644,017)
Expenditure						
Operational Expenditures ²	\$ 1,120,397	\$ 1,515,799	\$ 1,515,799	-	\$ 1,391,911	\$ 994,517
Contributions to Reserve Funds	95,650	150,000	150,000	-	123,989	57,755
Total Expenditures	\$ 1,216,047	\$ 1,665,799	\$ 1,665,799	-	\$ 1,515,900	\$ 1,052,272
Net	\$ 441,741	\$ 606,799	\$ 606,799	-	\$ 529,686	\$ 408,255

Notes

¹ Includes concession sales, expenditure recoveries, box office fees and a capital improvement surcharge

² Includes staffing, facility-related costs, box office costs, concessions and technical costs

Grand Theatre Quarterly Performance Report

Period: Third Quarter: For the nine months ending September 30, 2018

Operational Performance:

Key Indicators:	Actuals to Date		Budgeted	
	Regina Rosen	Baby Grand	Regina Rosen	Baby Grand
Days of Use				
Performance ¹	82	77	110	55
Non Performance ²	45	90	98	74
Total Use (by space)	127	167	208	129
Total Use (combined)	294		337	

Attendance	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2018 Q3	2017 Q3
On-site Events ³	24,332	16,810	1,937		43,079	35,586
Off-site Events ⁴	3,589	3,647	5,225		12,461	9,658
Total	27,921	20,457	7,162	0	55,540	45,244

Notes

¹ Includes ticketed events only (Community, Commercial, Grand Theatre Presents)

² Includes load-ins, tech days, rehearsal days, dark days and load-outs

³ Includes all ticketed events sold through the Grand Theatre and held on-site

⁴ Includes all ticketed events sold through the Grand Theatre but held off-site [i.e. Domino Theatre, Isabel Bader Centre for the Performing Arts (Kingston Symphony) and Kingston Writersfest]

INVISTA & Arenas Quarterly Performance Report

Period: Third Quarter: For the nine months ending September 30, 2018

Financial Performance: INVISTA

Income	Actuals To Date	2018 Budget	Expected by Year End	Variance	Previous Year Comparators	
					Total 2017	3rd Quarter 2017
Ice Rentals	(1,622,050)	(2,461,700)	(2,461,700)	-	(2,403,359)	(1,617,170)
Other Revenues and Recoveries	(262,236)	(335,900)	(335,900)	-	(306,686)	(185,580)
	(1,884,286)	(2,797,600)	(2,797,600)	-	(2,710,046)	(1,802,750)
Expenditure						
Operational Expenditures	2,007,562	2,676,101	2,676,101	-	2,549,281	1,834,430
Contributions to Reserves	1,184,131	1,578,841	1,578,841	-	1,532,856	1,149,642
	3,191,693	4,254,943	4,254,943	-	4,082,137	2,984,072
Net	1,307,407	1,457,343	1,457,343	-	1,372,091	1,181,322

Summary of Ice Revenues - All Arenas

Facility	Actual 2018	Budget 2018	Expected by Year End	% 2018	Total 2017	3rd Quarter 2017
INVISTA Centre	(1,622,050)	(2,461,700)	(2,461,700)	66%	(2,403,359)	(1,617,170)
Cataraqui-Kinsmen	(324,095)	(628,300)	(628,300)	52%	(610,165)	(334,879)
Memorial Centre	(214,213)	(425,755)	(425,755)	50%	(439,897)	(222,446)
C70	(156,030)	(339,900)	(339,900)	46%	(309,864)	(169,215)
Total	(2,316,387)	(3,855,655)	(3,855,655)	60%	(3,763,285)	(2,343,710)

INVISTA & Arenas Quarterly Performance Report

Period: Third Quarter: For the nine months ending September 30, 2018

Operational Performance: All Arenas

Ice Rentals	INVISTA		Cat/Kin, Memorial Centre, C70		Total All Arenas	
Prime	Hours	%	Hours	%	Hours	%
Total Available	7,268		3,454		10,722	
Booked	5,699	78%	2,829	82%	8,528	80%
Vacant	1,569	22%	625	18%	2,194	20%
Non-Prime						
Total Available	6,684		2,270		8,954	
Booked	2,111	32%	474	21%	2,585	29%
Vacant	4,573	68%	1,796	79%	6,369	71%
Distribution of Ice						
Total	7,878					
Youth	5,909	75%				
Adult	1,969	25%				

Hall Rentals	INVISTA	
Halls	Hours	%
Total Available	8,856	
Booked	2,779	31%
Vacant	6,077	69%
Distribution of Halls	Hours	%
Internal	468	17%
External	1,574	56%
Partner Groups	737	27%

Leon's Centre Quarterly Performance Report

Period: Third Quarter: For the Nine Months ending September 30, 2018

Financial Performance:

Income	Actuals to Date	2018 Budget	Expected by Year End	Variance	Previous Year Comparators 3rd Quarter	
					Total 2017	2017
SMG Events	\$ (613,268)	\$ (851,826)	\$ (851,826)	-	\$ (652,174)	\$ (443,998)
Kingston Frontenacs Events	(336,061)	(489,711)	(489,711)	-	(461,767)	(307,177)
Other Revenues and Recoveries	(1,082,536)	(1,647,983)	(1,647,983)	-	(1,459,443)	(1,017,461)
	\$ (2,031,865)	\$(2,989,520)	\$ (2,989,520)	-	\$ (2,573,384)	\$ (1,768,636)
Expenditure						
Operational Expenditures	\$ 1,634,461	\$ 2,392,405	\$ 2,392,405	-	\$ 2,082,270	\$ 1,596,441
	\$ 1,634,461	\$ 2,392,405	\$ 2,392,405	-	\$ 2,082,270	\$ 1,596,441
Net Income From Operations	\$ (397,404)	\$ (597,115)	\$ (597,115)	-	\$ (491,114)	\$ (172,195)

(Prior to Reserve Fund Contributions & Management Fees)

Leon's Centre Quarterly Performance Report

Period: Third Quarter: For the Nine Months ending September 30, 2018

Operational Performance:

Key Indicators:	2018 Actual	2018 Budget	Variance	% Achieved
Revenues				
SMG Spectator Events	\$ (593,544)	\$ (813,863)	\$ (220,319)	73%
SMG Non-Spectator Events	(19,724)	(37,963)	(18,239)	52%
SMG Events	(613,268)	(851,826)	(238,558)	72%
Frontenacs Events	(336,061)	(489,711)	(153,650)	69%
Total Event Income	(949,329)	(1,341,537)	(392,208)	71%
Suites/Club Seats	(574,538)	(896,964)	(322,426)	64%
Naming/Advertising	(382,961)	(558,769)	(175,808)	69%
Ice Rentals	(98,853)	(180,000)	(81,147)	55%
Other	(26,184)	(12,250)	13,934	214%
	\$ (2,031,865)	\$ (2,989,520)	\$ (957,655)	68%
Expenses				
Operating	\$ 1,634,461	\$ 2,392,405	\$ 757,944	68%
Net Income	\$ (397,404)	\$ (597,115)	\$ (199,711)	67%

Number of Events				
SMG Spectator Events	12	28	16	43%
SMG Non-Spectator Events	13	33	20	39%
SMG Events	25	61	36	41%
Frontenacs Events	28	40	12	70%
Total Number of Events	53	101	48	52%

Attendance				
SMG Spectator Events	49,560	79,850	30,290	62%
SMG Non-Spectator Events	22,353	30,249	7,896	74%
SMG Events	71,913	110,099	38,186	65%
Frontenacs Events	80,681	118,072	37,391	68%
Total Attendance	152,594	228,171	75,577	67%

Note: Spectator Events include: Concerts, Family Shows, Entertainment Events, Performing Arts and Sporting Events

Non-Spectator Events include: Assemblies, Banquets, Consumer Trade Shows, Conventions, Meetings, Other Events 231

Leon's Centre
Quarterly Performance Report
Third Quarter ending September 30, 2018

The Leon's Centre operating agreement (2018-2022) includes a requirement for SMG to provide a detailed qualitative performance report to the City's contract administrator on a quarterly basis.

In addition to the financial information on year-to-date results of operations and key performance indicators, the quarterly report now includes a summary of year-to-date qualitative performance measures.

Qualitative initiatives are developed annually and reported in greater detail in the Operator Annual Plan, typically presented in the 4th quarter of each year, prior to budget deliberations.

Community Involvement

Meetings, Events, Public Speaking, Outreach:	<u># of Occurrences - YTD</u>
• KEDCO	10
• KAP	5
• Downtown Kingston! BIA	22
• Chamber of Commerce	4
• Post-secondary institutions	9
• Military & business	4
• Tourism	20
• Tenant/Hockey Team	6
• Patron Surveys	5
• Promoter	17
• Other Community/Charity	27

Community Support:	<u># of Contributions - YTD</u>
• In Kind - Facility (total value - \$57,752.50)	26
• Cash - SMG (total value - \$nil)	0