



# 2013 Proposed Budget November 14/12

Presented by:  
Doug Leahy  
Chief Financial Officer

# Agenda

1. Budget Process
2. Budget Highlights
3. 2013 Budget Forecast
4. FRAC Recommendations

# 2013 Budget Process

- Budget process commenced in July/August
- Budget forecast presented to Council August 7/12
- Budgets due October 5<sup>th</sup> to CFO
- 4 Budget workshops with all Managers held October 19-24
- 4 Budget Workshops held November 13 with Staff at Yards, Community Centre, Council Chambers and Fire Hall
- November 14 Council Workshop to review Prioritization of Capital and Operating Budget
- Nov 29, 30 Dec 7 Public Budget Meetings
- Dec 13, 3 Readings of Budget Bylaw
- Dec 13, 3 Reading of Fees & Charges Bylaw
- Dec 17 Final Budget Adopted & Fees & Charges Bylaw

# 2013 Budget Summary

- 0% Tax Increase ( recommended by FRAC )
- No staffing increases
- No change in Service Levels
- \$3M allocated to Capital from Electric Utility
- Reallocations have occurred across departments to more accurately allocate costs to appropriate cost centres eg. Land leases to Development Services budget, Aquatic staff who perform maintenance and now allocated to facilities budget
- Expenditures have increased by 1.8% or \$810k



# Budget Highlights

- RCMP E Division Admin Costs - \$500k
- Labor Increases 1% City Wide - \$200k
- Communications - \$66k
- Economic Development - \$75k
- Solid Waste/Recycling Fees Increase by \$1.15/month
- Building Permit Fees have not incorporated DSAC recommendation
- Water Rate Increase 5% - last increase 2009
- Electric Rate Increase 5.2% - FortisBC approved via BCUC

## General Fund Expenditure Breakdown

<b>Total Operating Expenditures</b>		54.5	
Debt Servicing	7.7		
Transfer to Reserves	7.8	<15.5>	
<b><u>Contracts</u></b>			
RCMP	8.2		
Global Spectrum	1.4		
Transit	1.6		
Garbage/Recycling	1.3		
Economic Development/HRT	1.1		
Insurance - Property & Liability	0.6	<14.2>	
<b><u>Labor &amp; Grants</u></b>			
Labor - CUPE & Mgmt	16.3		
Fire Protection	4.2		
Grants - Library/Civic	1.7	<22.2>	
<b>Net Operating Expenses</b>		2.6	4.8%

# Staff Budget Workshop Results

## City of Penticton 2013 Budget Summary

(1,569,862)

### Operating Fund

Security for Council Meetings – Reduce by 1 Guard	2,000
Executive Assistant Council/Corp Admin -	68,000
Long Term Services Awards funded from Prior Years Surplus	40,000
Lands Clerical Support – 1 FTE – Increased Service	55,000
Bylaw Enforcement - Service Increase was proposed .75 FTE	40,000
Parks - Lake Debris Cleanup	10,000
Equipment Depreciation Adjustment	(122,461)
Utility Administration Fee Review	160,900
Garbage/Recycling Fees Increase by \$1.15/month	150,000
IHA and Chamber Phone Rental	5,000
IT Software Supplemental	5,000
<b>Sub-Total</b>	<b>413,439</b>

**Deficit After Staff Meetings**

**(1,156,423)**



# General Fund Expenditures

	FP 2012	Projected Dec 31/12	FP 2013	Variance
<b><u>Base Services</u></b>				
Legislative Services	272,405	265,000	279,400	6,995
Financial Administration	2,502,800	2,575,000	2,597,466	94,666
Corporate Administration	651,650	690,000	657,350	5,700
Communications	115,200	120,000	181,500	66,300
Economic Development	208,863	200,000	284,400	75,537
Human Resources	810,325	700,000	879,200	68,875
Information Technology Services	1,195,491	1,165,000	1,304,055	108,564
Roads & Maintenance & Fleet	3,275,999	3,265,000	3,437,881	161,882
Development Services	986,575	900,000	991,950	5,375
Building & Licence	471,950	470,000	495,350	23,400
Design & Engineering	286,800	290,000	204,325	(82,475)
Recreation	2,241,575	2,235,000	2,216,160	(25,415)
Facilities	2,979,597	2,950,000	2,993,140	13,543
Parks, Beaches, GreenSpace	1,870,649	1,910,000	1,913,064	42,415
<b>Sub-total</b>	<b>17,869,879</b>	<b>17,735,000</b>	<b>18,435,241</b>	<b>565,362</b>



# General Fund Expenditures

<u>Protective Services</u>	FP 2012	Projected Dec 31/12	FP 2013	Variance
R.C.M.P.	7,826,839	7,700,000	8,235,654	408,815
Fire Protection	4,240,710	4,210,000	4,232,000	(8,710)
<b>Sub-total</b>	<b>12,067,549</b>	<b>11,910,000</b>	<b>12,467,654</b>	<b>400,105</b>

<u>Non Discretionary/Safety</u>	FP 2012	Projected Dec 31/12	FP 2013	Variance
Civic Grants	655,525	660,000	659,685	4,160
Library Grant	955,372	955,372	986,899	31,527
Street Lighting	198,200	190,000	192,400	(5,800)
Traffic Control Equipment	103,600	85,000	103,800	200
Traffic/Bylaw Enforcement	236,400	235,000	259,500	23,100
Transit System	1,538,800	1,550,000	1,551,500	12,700
Cemetery	142,550	145,000	174,550	32,000
Museum	217,550	230,000	205,800	(11,750)
<b>Sub-total</b>	<b>4,047,997</b>	<b>4,050,372</b>	<b>4,134,134</b>	<b>86,137</b>

# General Fund Expenditures

<u>Contractual Obligations</u>	<u>FP</u> <u>2012</u>	<u>Projected</u> <u>Dec 31/12</u>	<u>FP</u> <u>2013</u>	<u>Variance</u>
Tourism & Visitor Information	297,364	306,000	316,568	19,204
Animal Control	88,100	87,500	91,350	3,250
Garbage & Recycling	1,283,445	1,275,000	1,325,438	41,993
General Provision - In Camera Issues	210,000	210,000	133,000	(77,000)
Business Improvement Area	177,000	164,569	177,000	-
Hotel Room Tax	450,000	450,000	450,000	-
SOEC Contract	1,644,816	1,644,816	1,428,049	(216,767)
<b>Sub-total</b>	<b>4,150,725</b>	<b>4,137,885</b>	<b>3,921,405</b>	<b>(229,320)</b>

<u>Interest &amp; Debt</u>	<u>FP</u> <u>2012</u>	<u>Projected</u> <u>Dec 31/12</u>	<u>FP</u> <u>2013</u>	<u>Variance</u>
Financial Services Interest	26,000	15,000	16,000	
Debt Servicing	2,158,694	2,158,694	2,157,130	
Casino Base Debt Servicing	5,536,081	5,536,081	5,536,081	
<b>Sub-total</b>	<b>7,720,775</b>	<b>7,709,775</b>	<b>7,709,211</b>	<b>(11,564)</b>

Operating Expenditures

**45,856,925**      **45,543,032**      **46,667,645**      **810,720**

1.8%

# General Fund Revenues

	FP 2012	Projected Dec 31/12	FP 2013	Variance
Taxation				
Property Taxes	24,897,235	24,878,000	25,057,235	160,000
Utility Companies	288,775	288,775	278,450	(10,325)
Local Improvement Levy	348,000	348,000	347,200	(800)
Grants In Lieu of Taxes - Federal	93,500	93,500	93,500	-
- Provincial	136,600	136,600	133,300	(3,300)
<b>Sub-total</b>	<b>25,764,110</b>	<b>25,744,875</b>	<b>25,909,685</b>	<b>145,575</b>



# General Fund Revenues

<u>Sales of Service</u>	FP 2012	Projected Dec 31/12	FP 2013	Variance
Administration - General	1,553,950	1,475,000	1,545,000	(8,950)
Administration - Utilities	2,675,700	2,675,700	2,863,000	187,300
Depreciation	826,749	826,749	881,984	55,235
Protective Services	561,600	675,000	783,100	221,500
Transportation Services	858,000	825,000	875,380	17,380
Solid Waste & Recycling Recoveries	1,503,454	1,525,000	1,689,139	185,686
Cemetery Recoveries	213,200	205,000	204,500	(8,700)
Development Services	50,000	50,000	75,000	25,000
Recreation and Cultural Services	1,674,375	1,800,000	1,784,240	109,865
Library Administrative Services	188,800	188,800	188,800	-
Development Cost Charges	85,000	85,000	30,000	(55,000)
<b>Sub-total</b>	<b>10,190,828</b>	<b>10,331,249</b>	<b>10,920,143</b>	<b>729,316</b>

# General Fund Revenues

<u>Other Revenue from Own Sources</u>	FP 2012	Projected Dec 31/12	FP 2013	Variance
Business Licence Fees	430,000	425,000	425,000	(5,000)
Building and Plumbing Fees	395,000	450,000	445,000	50,000
Commercial Vehicle and Other Fees	8,000	8,000	9,000	1,000
Dog Licences and Violations	60,000	63,000	60,000	-
Traffic and Municipal Fines	116,000	116,000	109,000	(7,000)
Building Rentals	716,330	716,000	735,544	19,214
Franchise Fees	344,000	391,963	350,000	6,000
Municipal Proceeds - Gaming	5,700,000	5,700,000	5,700,000	-
Investment Income	782,767	782,767	500,000	(282,767)
Penalties and Interest on Taxes	219,000	199,115	209,000	(10,000)
Contributions & Other Income	881,500	875,000	818,000	(63,500)
<b>Sub-total</b>	<b>9,652,597</b>	<b>9,726,845</b>	<b>9,360,544</b>	<b>(292,053)</b>

# General Fund Revenues

<u>Government Transfers and Reserves</u>	FP 2012	Projected Dec 31/12	FP 2013	Variance
Provincial Traffic Fine Sharing	415,000	415,000	415,000	-
Government Grants – CWF – Gas Tax	990,130	950,000	1,004,000	13,870
Transfer from Own Reserves	5,656,533	5,656,500	5,529,728	(126,805)
Transfer from Surplus	800,000	800,000	-	(800,000)
Tsf fr Electric Utility – Street Light Elec.	143,200	143,200	137,400	(5,800)
Development Cost Charges	68,306	68,306	68,306	-
<b>Sub-total</b>	<b>8,073,169</b>	<b>8,033,006</b>	<b>7,154,434</b>	<b>(918,735)</b>
<b>Total Operating Revenues</b>	<b>53,680,703</b>	<b>53,835,975</b>	<b>53,344,806</b>	<b>(335,897)</b>

Surplus / (Deficit)	0	492,943	(1,154,423)
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Tax Increase Projected	0.0%	4.6%
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<b>Sewer Utility</b>	FP 2013	Forecast 2014	Forecast 2015
<b><u>Revenues</u></b>			
Sewer Levy	1,348,887	1,348,887	1,348,887
Sewer Fixture Charges	3,720,000	3,651,000	3,651,000
Recoveries - Connections & Other	446,000	211,000	211,000
Development Cost Charges	125,000	200,000	200,000
Okanagan Basin Water Board	203,320	207,300	207,300
	<u>5,843,207</u>	<u>5,618,187</u>	<u>5,618,187</u>
<b><u>Expenditures</u></b>			
Environmental Health Services	2,660,109	2,493,644	2,507,944
Interest & Principal - Municipal Debt	1,348,887	1,348,887	1,348,887
Transfer to Statutory Reserves			
Development Cost Charges	125,000	200,000	200,000
Transfer to General Revenue Fund	560,000	-	-
Total Operating Expenditures	<u>4,693,996</u>	<u>4,042,531</u>	<u>4,056,831</u>
Capital Expenditures	564,500	2,220,000	2,651,000
<b>TOTAL EXPENDITURES</b>	<u>5,258,496</u>	<u>6,262,531</u>	<u>6,707,831</u>
<b>Surplus/(Deficit)</b>	<b>584,711</b>	<b>(644,344)</b>	<b>(1,089,644)</b>

<b>Water Utility</b>	FP 2013	Forecast 2014	Forecast 2015
<b><u>Revenue</u></b>			
Rates	5,745,045	6,036,600	6,154,000
Recoveries - Connections & Other	122,450	136,700	136,700
Development Cost Charges	100,000	200,000	200,000
Transfer from Own Reserve	60,000	-	-
Transfer from Statutory Reserves			
Development Cost Charges	81,230	81,230	81,230
<b>TOTAL REVENUES</b>	<b>6,108,725</b>	<b>6,454,530</b>	<b>6,571,930</b>
<b><u>Expenditures</u></b>			
Environmental Health Services	2,854,359	2,865,000	2,886,500
Interest & Principal - Municipal Debt	1,326,835	1,386,085	1,386,085
Transfer to Statutory Reserves			
Development Cost Charges	100,000	200,000	200,000
Total Operating Expenditures	4,281,194	4,451,085	4,472,585
Capital Expenditures	1,621,000	2,346,000	3,016,000
<b>TOTAL EXPENDITURES</b>	<b>5,902,194</b>	<b>6,797,085</b>	<b>7,488,585</b>
<b>Surplus/(Deficit)</b>	<b>206,531</b>	<b>(342,555)</b>	<b>(916,655)</b>

<b>Electric Utility</b>	FP 2013	Forecast 2014	Forecast 2015
<b><u>Revenue</u></b>			
Rates	35,981,117	37,780,200	39,669,200
Recoveries - Connections & Other	496,500	491,100	498,400
<b>TOTAL REVENUES</b>	<b>36,477,617</b>	<b>38,271,300</b>	<b>40,167,600</b>
<b><u>Expenditures</u></b>			
Operating Expenses	3,585,250	3,453,600	3,479,300
Electrical Energy Purchases	26,054,725	27,357,500	28,725,400
Transfer to General Capital	3,000,000	3,000,000	3,000,000
Transfer to General Revenue	137,400	138,800	140,200
<b>Total Operating Expenditures</b>	<b>32,777,375</b>	<b>33,949,900</b>	<b>35,344,900</b>
<b>Capital Expenditures</b>	<b>6,938,300</b>	<b>6,781,100</b>	<b>2,159,624</b>
<b>TOTAL EXPENDITURES</b>	<b>39,715,675</b>	<b>40,731,000</b>	<b>37,504,524</b>
<b>Surplus/(Deficit)</b>	<b>(3,238,058)</b>	<b>(2,459,700)</b>	<b>2,663,076</b>



# 2012 Budget Summary

## 2012 Budget Deliberations Summary

Deficit at commencement of deliberations	(2,050,000)
Adjustments made at Staff Budget Meetings	726,213
Adjustment made by Council	251,475
	<hr/>
	(1,072,312)
<b>Deficit was funded by:</b>	
Priors Year Surplus	800,000
Interest Stabilization Reserve	272,312
2012 Surplus Balance Estimate	3,512,000
2012 Estimated Interest Reserve Balance	950,000

# Aug 7 – 12 Budget Forecasts

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Taxation</b>	25,864	26,020	26,176	26,383	26,589
<b>Sales of Goods &amp; Services</b>	10,512	10,422	10,646	10,901	10,951
<b>Gaming Proceeds</b>	5,600	5,600	5,600	5,600	5,600
<b>Own Sources</b>	3,699	3,800	3,883	3,950	3,968
<b>Reserve Transfers</b>	<u>7,052</u>	<u>5,635</u>	<u>5,637</u>	<u>5,638</u>	<u>5,640</u>
	52,728	51,477	51,942	52,472	52,748
<b>Base Services</b>	20,470	20,764	21,029	21,207	21,357
<b>Protective Services</b>	12,317	12,512	12,691	12,877	13,066
<b>Contractual Obligations</b>	4,146	4,117	4,137	4,157	4,177
<b>Library &amp; Civic Grants</b>	1,563	1,587	1,613	1,639	1,666
<b>Debt Servicing</b>	7,721	6,243	5,895	5,895	5,895
<b>Reserve Transfers</b>	<u>7,753</u>	<u>7,758</u>	<u>7,833</u>	<u>7,958</u>	<u>7,958</u>
	53,970	52,981	53,198	53,733	54,119
<b>Surplus/ (Deficit)</b>	(1,242)	(1,504)	(1,256)	(1,261)	(1,371)

# 5 Year Budget Forecasts

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Taxation</b>	25,910	26,066	26,223	26,425	26,635
<b>Sales of Goods &amp; Services</b>	10,920	11,116	11,300	11,530	11,636
<b>Gaming Proceeds</b>	5,700	5,700	5,700	3,317	1,700
<b>Own Sources</b>	3,661	3,769	3,811	3,853	3,894
<b>Reserve Transfers</b>	<u>7,154</u>	<u>5,629</u>	<u>5,630</u>	<u>5,632</u>	<u>5,633</u>
	53,345	52,280	52,663	50,756	49,499
<b>Base Services</b>	20,640	20,940	21,180	21,393	21,583
<b>Protective Services</b>	12,468	12,916	13,175	13,441	13,714
<b>Contractual Obligations</b>	4,206	4,070	4,091	4,112	4,133
<b>Library &amp; Civic Grants</b>	1,647	1,663	1,680	1,697	1,714
<b>Debt Servicing</b>	7,709	5,893	5,893	5,893	5,893
<b>Reserve Transfers</b>	<u>7,832</u>	<u>7,944</u>	<u>8,028</u>	<u>5,779</u>	<u>4,171</u>
	54,502	53,426	54,047	52,315	51,208
<b>Surplus/ (Deficit)</b>	(1,157)	(1,146)	(1,384)	(1,559)	(1,709)



# Surplus Balance Gen Rev

## General Fund Accumulated Surplus

Accumulated Surplus Dec 31/11	4,300,000
2012 Budget Drawdown	(800,000)
Projected Surplus 2012	<u>400,000</u>
Projected Accumulated Surplus Dec 31/12	3,900,000

# Investment Funds

## Investment Income Stabilization Reserve

Balance Dec 31/11 1,240,000

**2012 Budget Drawdown (272,000)**

Projected Interest Earnings above Reserve Fund  
and Budget Drawdown 50,000

Projected Balance Dec 31/12 1,018,000

# Status of Reserves to Balance Budget

	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Min. Res.</u>
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Balance</u>
<b>General Surplus</b>	3,912	2,762	1,562	262	(1,138)	(2,538)	995
<b>Investment Income</b>	1,340	1,440	1,540	1,690	1,890	2,090	



# All Reserves

	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017
<b>Total General Fund Reserves</b>	<b>18,325</b>	<b>18,653</b>	<b>20,042</b>	<b>21,475</b>	<b>20,911</b>	<b>18,644</b>
<b>Total Development Cost Charges</b>	<b>5,323</b>	<b>5,589</b>	<b>5,899</b>	<b>6,267</b>	<b>6,764</b>	<b>7,268</b>
<b>Total Reserves</b>	<b>43,727</b>	<b>44,936</b>	<b>46,021</b>	<b>46,763</b>	<b>46,690</b>	<b>40,556</b>
<b>Total Utility Reserves</b>	<b>20,079</b>	<b>20,694</b>	<b>20,080</b>	<b>19,021</b>	<b>19,015</b>	<b>14,644</b>

# Solutions/Challenges

- Prior Years Surplus
- Interest Stabilization Reserve
- Development Growth – Building Permit Fees
- Casino Reserve ( Economic Dev )
- New Revenue Sources ( Parking )
- Service Delivery Options
- Regional Services ?????

# End of Presentation