

2019-23 Financial Plan Overview

February 26, 2019



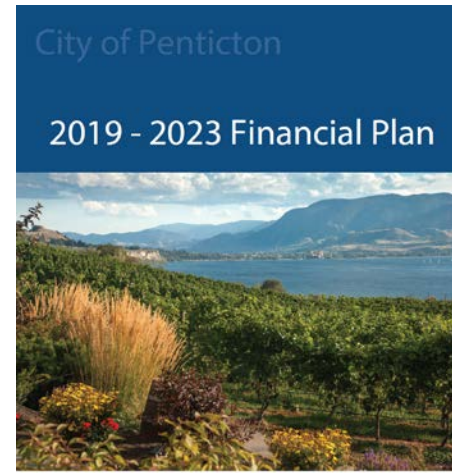
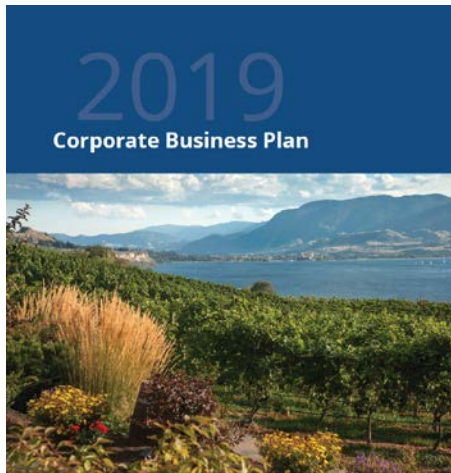
Topics

- What's New for 2019
- Areas of Focus
- Budget Highlights
- Taxes & What this means to You
- What the Proposed Budget Delivers

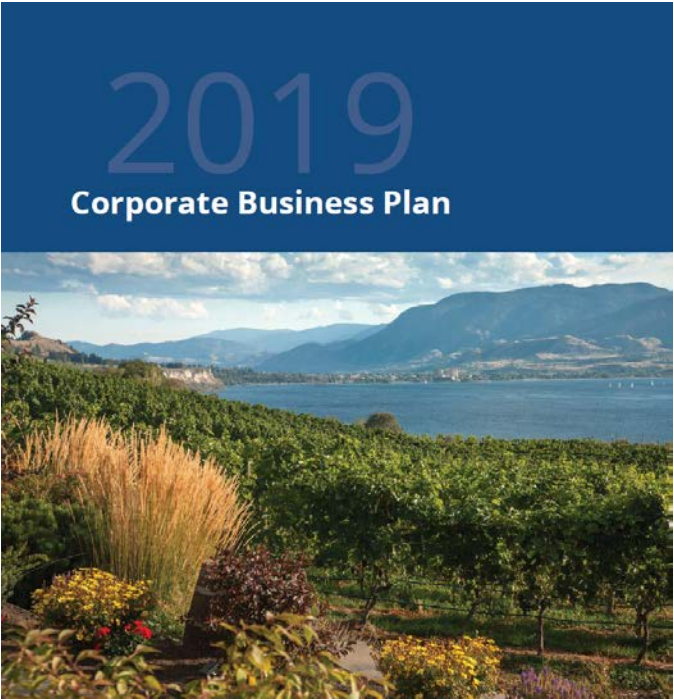


What's New for 2019

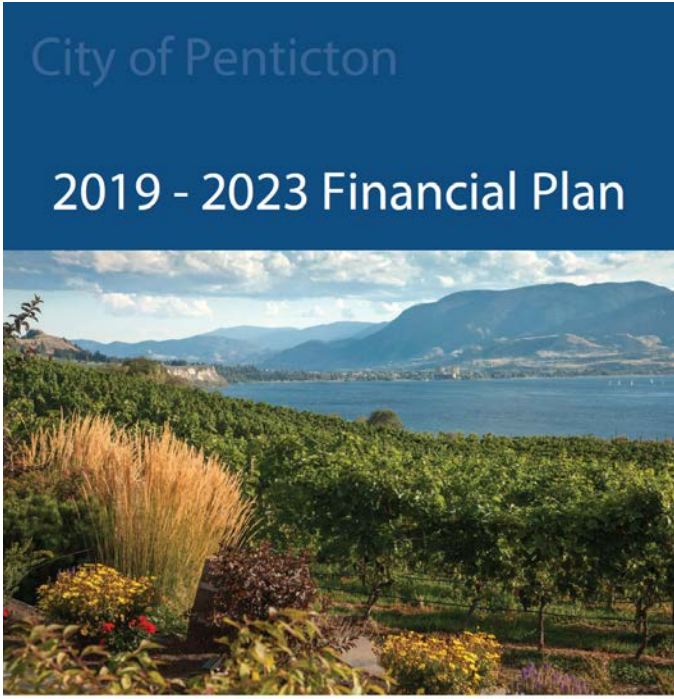
- Introduction of Department Business Plans
- Full Cost Accounting in Financial Plan
- Asset Management Funding



Business Plans vs Financial Plan



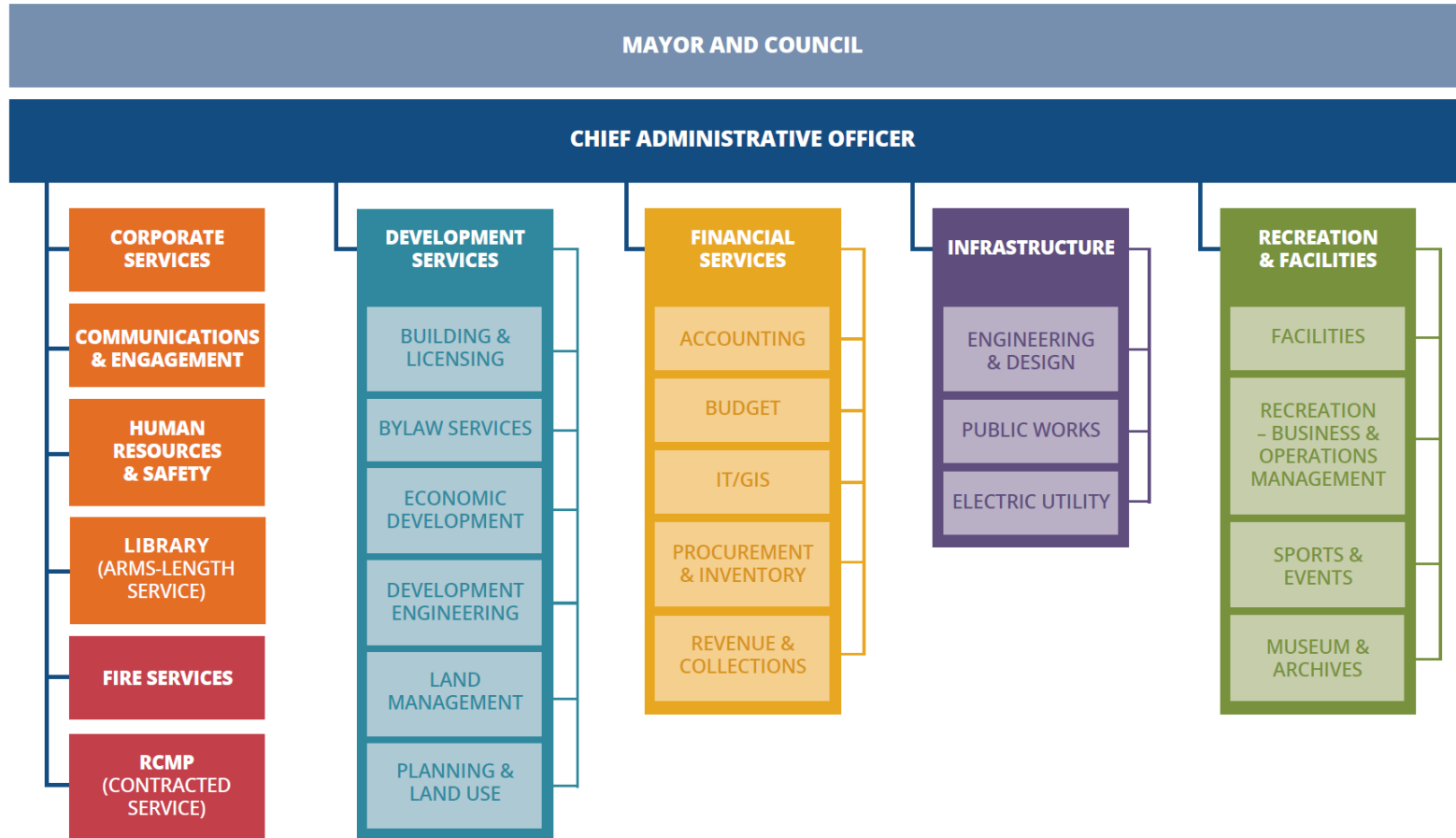
Aiming to Achieve



Resources Needed



Corporate Business Plan Structure



Financial Plan Structure

City of Penticton: Financial Plan Reporting Structure

General

Utilities

General Government	Transportation Services	Recreation and Culture	Environmental Health Services	Public Health and Safety	Protective Services	Environmental Development Services	Electrical Supply	Sewer System	Water Utility
Mayor and Council	Transit	Parks	Solid Waste Management	Cemetery	RCMP	Tourism	Electrical Utility	Engineering	Engineering
Corporate Administration	Operations	SOEC			Fire Services	Development Services		Engineering	AWWTP
Communications	Fleet	Recreation			Building and License	Development Engineering	Sewer Collection	Water Distribution	
Facilities	Roads and Maintenance	Library			Bylaw Enforcement	Planning			
Human Resources	Storm Water	Museum			Dog Control	Economic Development			
Finance	Street Lighting					Land Management			
Information Technology	Traffic Control					Engineering			
Revenue & Collections									
Procurement									
Municipal Grants									
	Public Works	Engineering	Electric	Development Services	Financial Services	Recreation & Culture			



Full Cost Accounting

- Reflects the True Cost of Departments
- Key Changes
 - Facility Operating Costs
 - Debt Servicing Costs



Recreation - Operating Budget

	2016 Actual	2017 Actual	2018 Budget	2018 Forecast	2019 Budget
Goods and Services	344,806	379,125	404,043	469,147	459,520
Fleet	1,727	2,119	-	2,059	-
Salaries and benefits	1,731,415	1,800,289	1,951,927	1,938,481	1,979,317
Total Operating Expense	2,077,947	2,181,533	2,355,970	2,409,686	2,438,837
Recoveries	(2,047,297)	(2,224,346)	(2,090,000)	(2,350,209)	(2,198,035)
Net Operating Expense	30,651	(42,813)	265,970	59,477	240,802
Internal Allocations Out					
Museum	-	6	-	-	-
Internal Allocations In					
Safety	10,119	2,489	10,623	3,005	10,623
Facilities	-	-	-	-	1,359,250
Finance - Debt Interest	-	-	-	-	482,742
Finance - Procurement	780	1,125	-	-	-
Information Technology	4,851	8,096	6,942	7,300	6,984
Fleet	14,015	16,681	11,000	16,500	11,000
Total Internal Allocations In	29,765	28,391	28,565	26,805	1,870,599
Add back Revenue	(2,047,297)	(2,224,346)	(2,090,000)	(2,350,209)	(2,198,035)
Total Operating Expense	2,107,712	2,209,918	2,384,536	2,436,491	4,309,436



2019 Areas of Focus

- Public Safety & Security



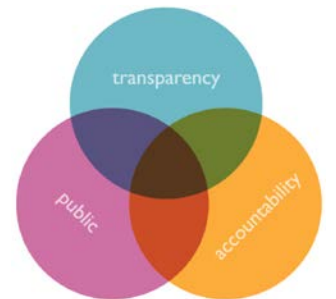
- Planning for Growth and Development



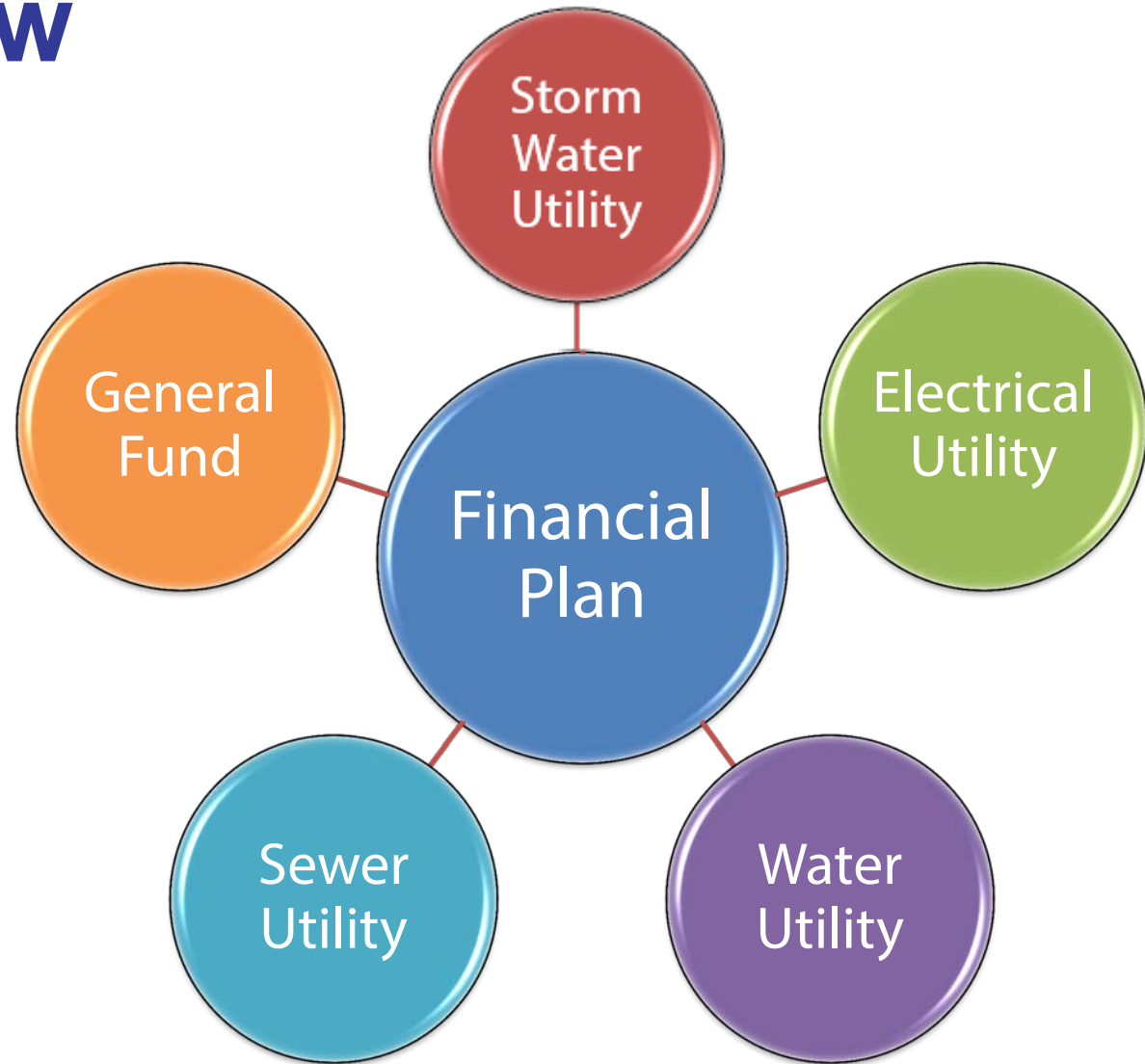
- Asset Management



- Public Accountability & Financial Transparency

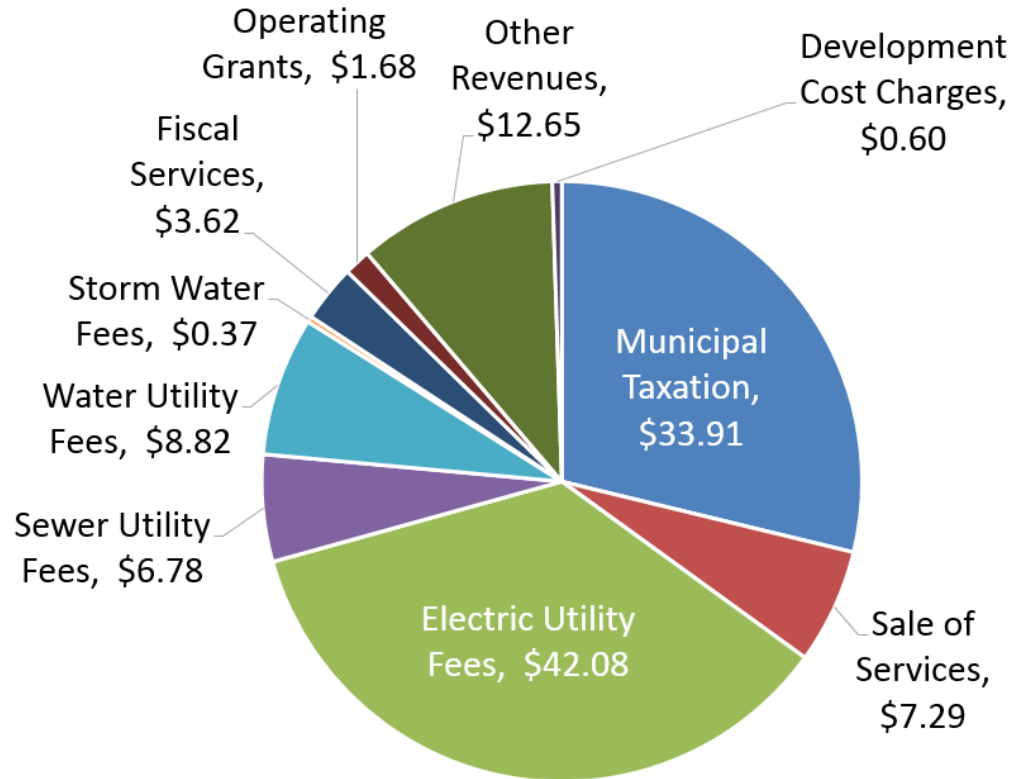


Financial Overview

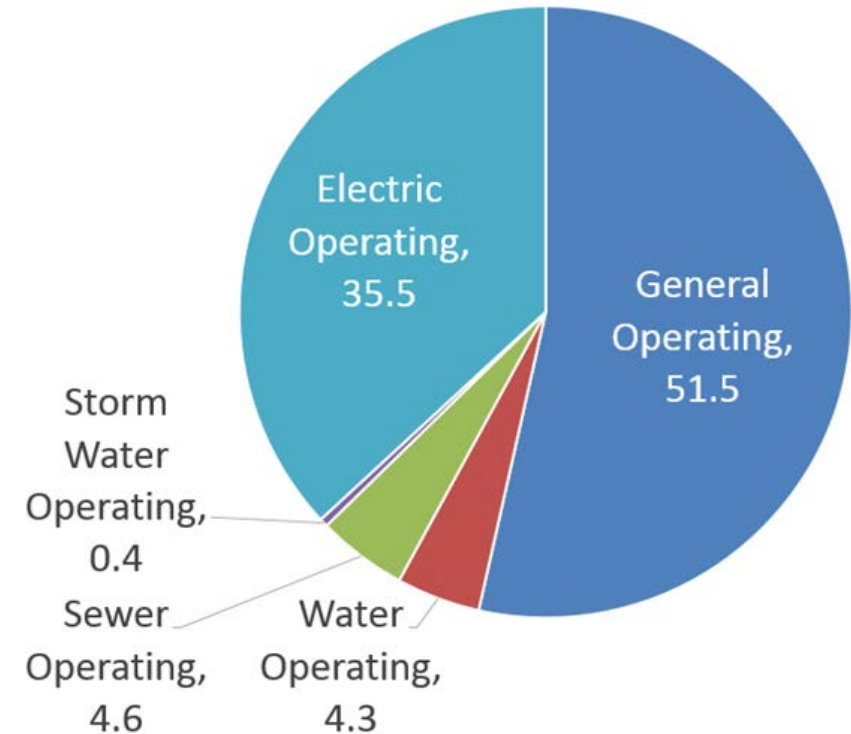


2019 Overall Budget Highlights

Revenues 117.8 million*



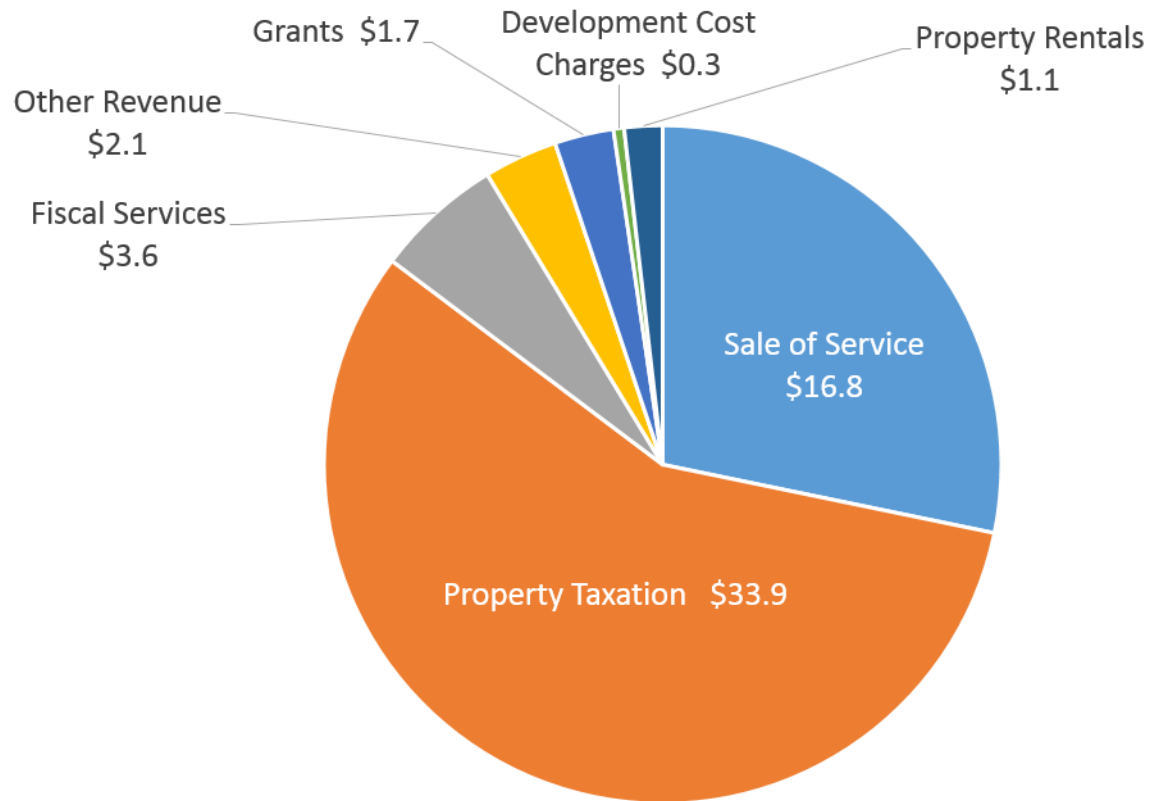
Expenses \$96.3 million*



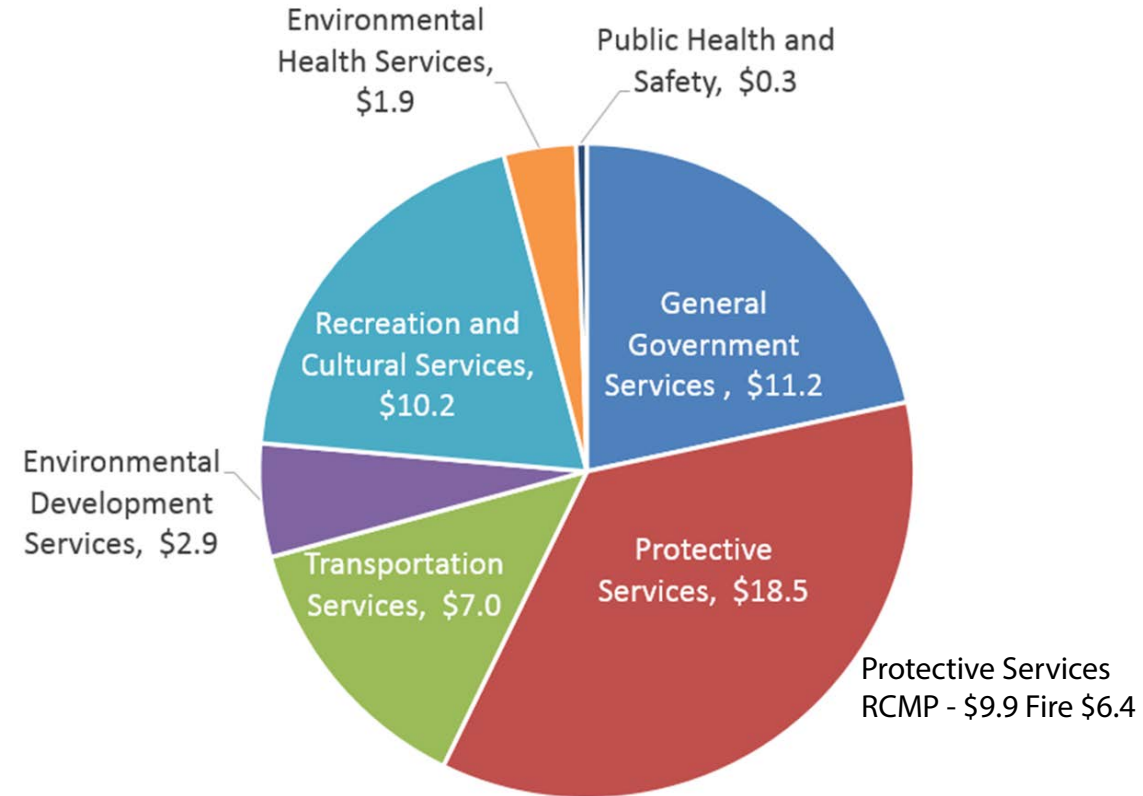
*Net of \$22.2 m in taxes collected on behalf of others

2019 General Fund Budget Highlights

Revenues \$59.5 million*



Expenses \$52 million*



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*Net of \$22.2 m in taxes collected on behalf of others

2019 General Revenue - Key Changes

- Proposed Tax Increase - \$1.1 m (3.6%)
- Non Market Changes (New Development) - \$700K (2.3%)
- Interest Revenue - \$367K
- Various Revenue - 394k
 - i.e. Building Permit, storm water, Fire Protection Recoveries,



General Fund Key Expense Changes

Inflation/Non-discretionary	\$2,024,000
Critical Staffing	\$366,000
Public Safety and Security	\$535,000
Growth and Development Initiatives	\$246,000
Various Initiatives i.e. new website	\$225,000
Offset by :Reductions in municipal grants/partnerships & debt Interest	(\$1,175,000)



Inflation/Non-Discretionary Expense Increases

Labour and Related	\$ 1,024,162
Contractual Increases	\$ 856,670
Insurance Premiums/Claims	\$ 143,100
Total Non-Discretionary	\$ 2,023,931



Full Time Equivalent Staffing Levels

- We are a very diversified workforce with unique challenges.
 - We have an electrical utility and regional RCMP services
 - Difficult to fill leadership and technical positions
- City Year 2018 Turnover rate = 7%
- 27 retirements over the next 5 years
- Succession planning critical to organizational continuity
- 5 retired staff returned to fill vacancies



FTE Staffing Levels

Department	2018	2019	New	Comments
Corporate Administration & Communications	8	9	1	RMS position
Development Services	29.5	32	2.5	2 Comm Safety Officers, ½ Ec Dev
Infrastructure	100	103	3	2 Clean Team (=1 FTE), Utility Works Supervisor, Fleet Service Advisor
Finance	34	34		
Fire Services - General	39	39		
Human Resources	5	5		
Facilities, Recreation & Culture	46	47	1	Facilities Administrator
RCMP	25	25		
Total	287	294.5	7.5	



2019 Critical Staffing Requests

Department	Position Type	# of Positions	General Fund Cost
Corporate	RMS Support Position	1	75,000
Public Works	Works Utility Manager	1	60,000
Public Works	Downtown Cleaning & Maintenance staff*	2	66,000
Fleet	Fleet Advisor	1	100,000
Facilities	Facilities Support	1	<u>65,000</u>
Total		6	366,000



Note: excludes 2 Comm Safety officers included in public safety



*Handles needle clean up, snow clearing previously handled by contractors

Public Safety & Security

	Amount
Increased Bylaw Presence	\$155,000
New Downtown Bylaw/RCMP Lease	\$30,000
Strategic Street Lighting Projects	\$200,000
New RCMP Member	<u>\$150,000</u>
Total	\$535,000



Growth & Development

	Amount
Comprehensive Development Plan	\$130,000
Land Management Strategy	\$15,000
Downtown Parkade Study	\$26,000
Skaha Lake Park Masterplan Development	<u>\$75,000</u>
Total	\$246,000



Public Accountability and Financial Transparency

- Department Business Plans
- Full Cost Accounting & Increased Reserve Disclosure
- Mayor and Council Remuneration Task Force
- Recreation Revenue & Cost Sharing Review
- Various Financial Policies
 - Reserves, Nominal Lease, Permissive Tax Exemptions

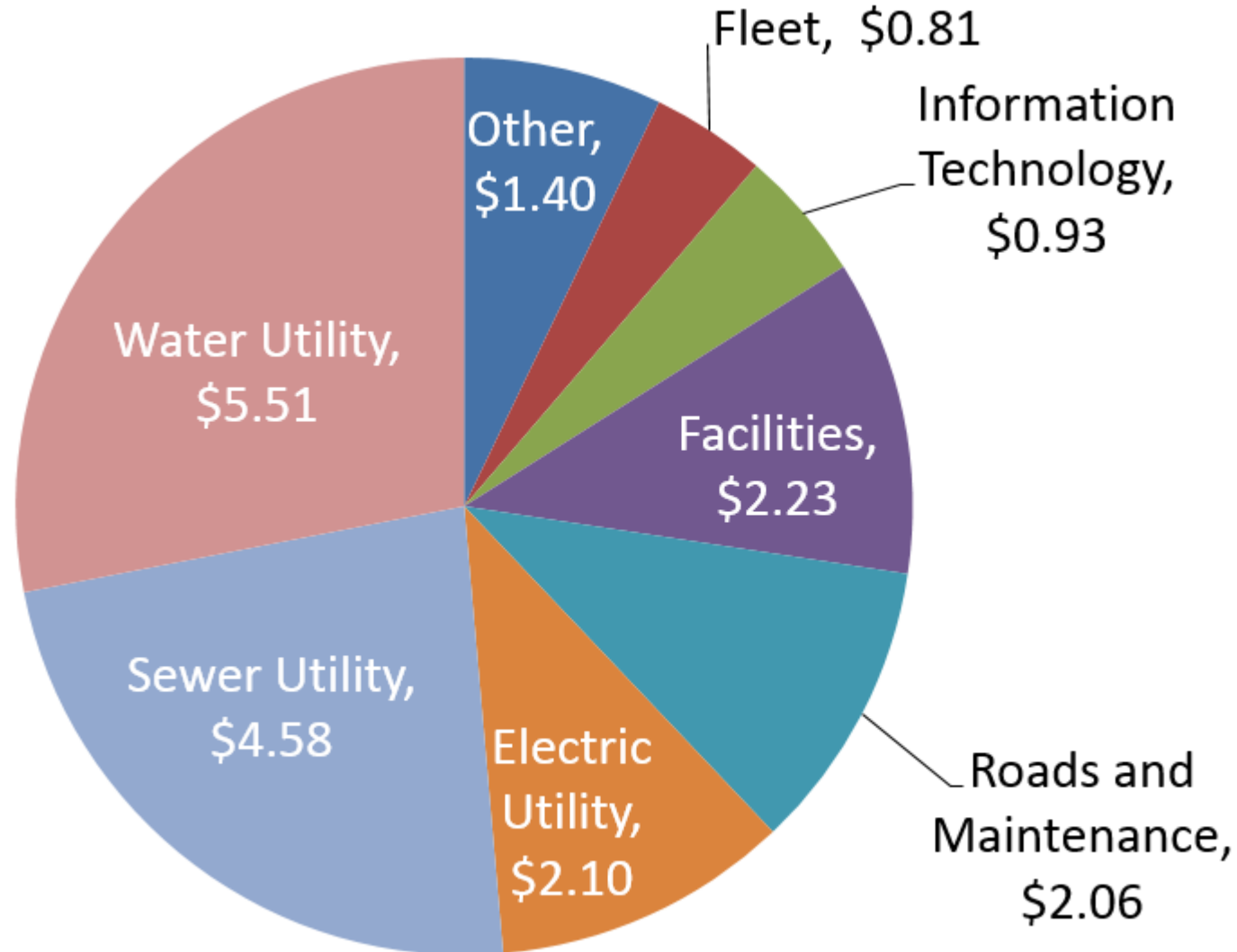


Asset Management - Funding

- Annually increase reserve contribution by \$300,000
- 2018 Contribution – \$1.2 million
- 2019 planned \$300,000 Asset Management increase from gaming revenues and a further \$300,000 gaming revenues towards Asset Management
- 2019 Result - Asset Management contribution \$1.8 million
 - \$1.2 million from existing tax base
 - \$600,000 from gaming revenue
- Estimated reserve balance at end of 2019 \$4.0 million



Proposed 2019 Capital Spending - \$19.6 million

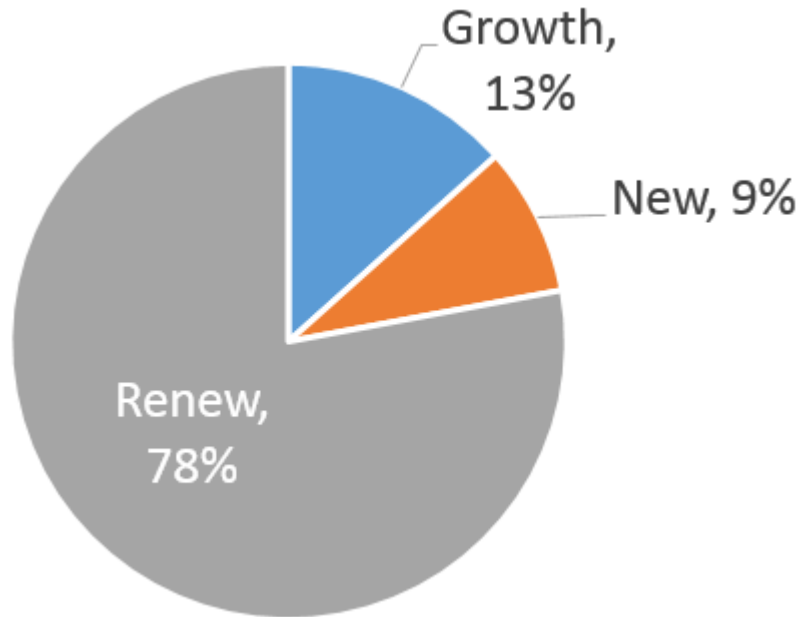


Other Includes: Parks, Fire, Cemetery, Traffic Control, etc.



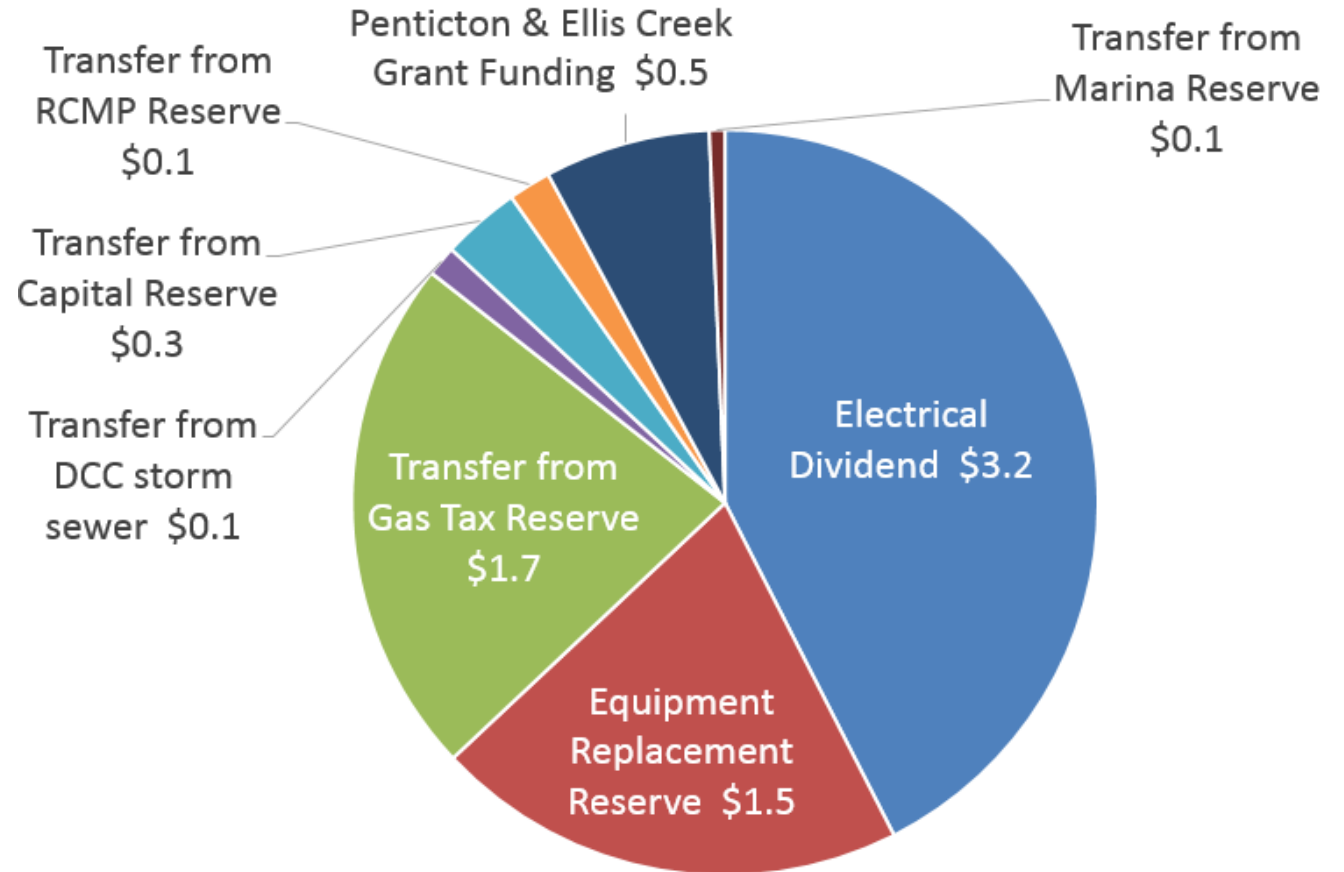
2019 Capital Spending – Highlights

120 projects commencing in 2019



➤ Proposing \$1 million to be funded through borrowing for compost site improvements

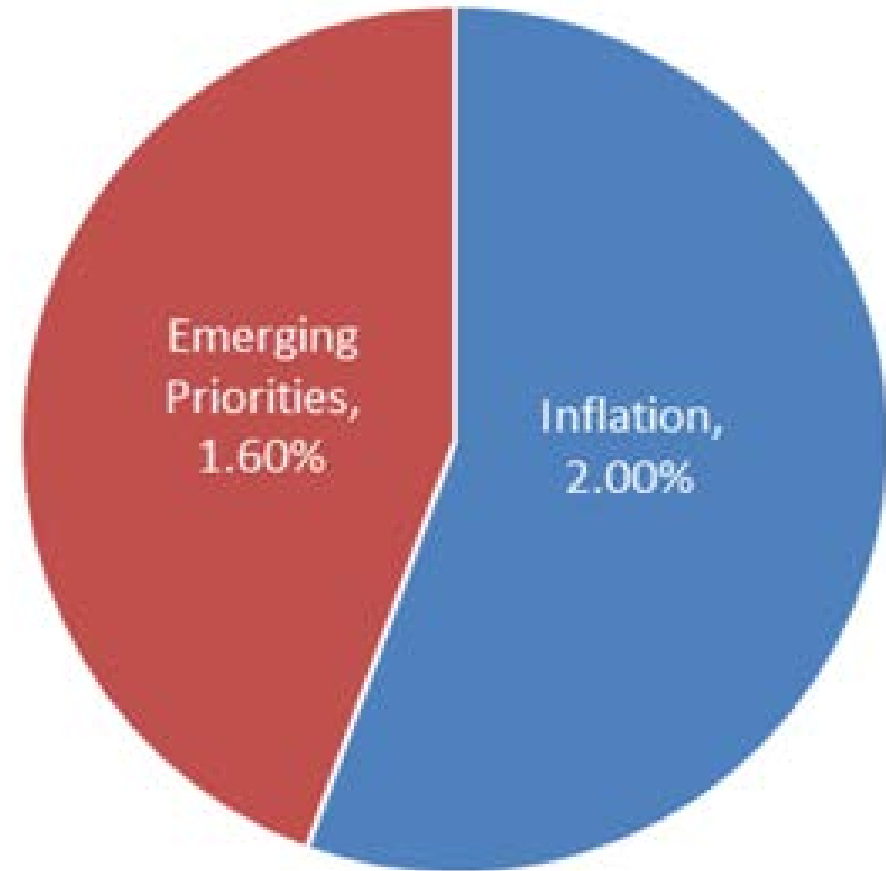
General Capital Funding Sources



Proposed Tax Increase

Increase 3.6%

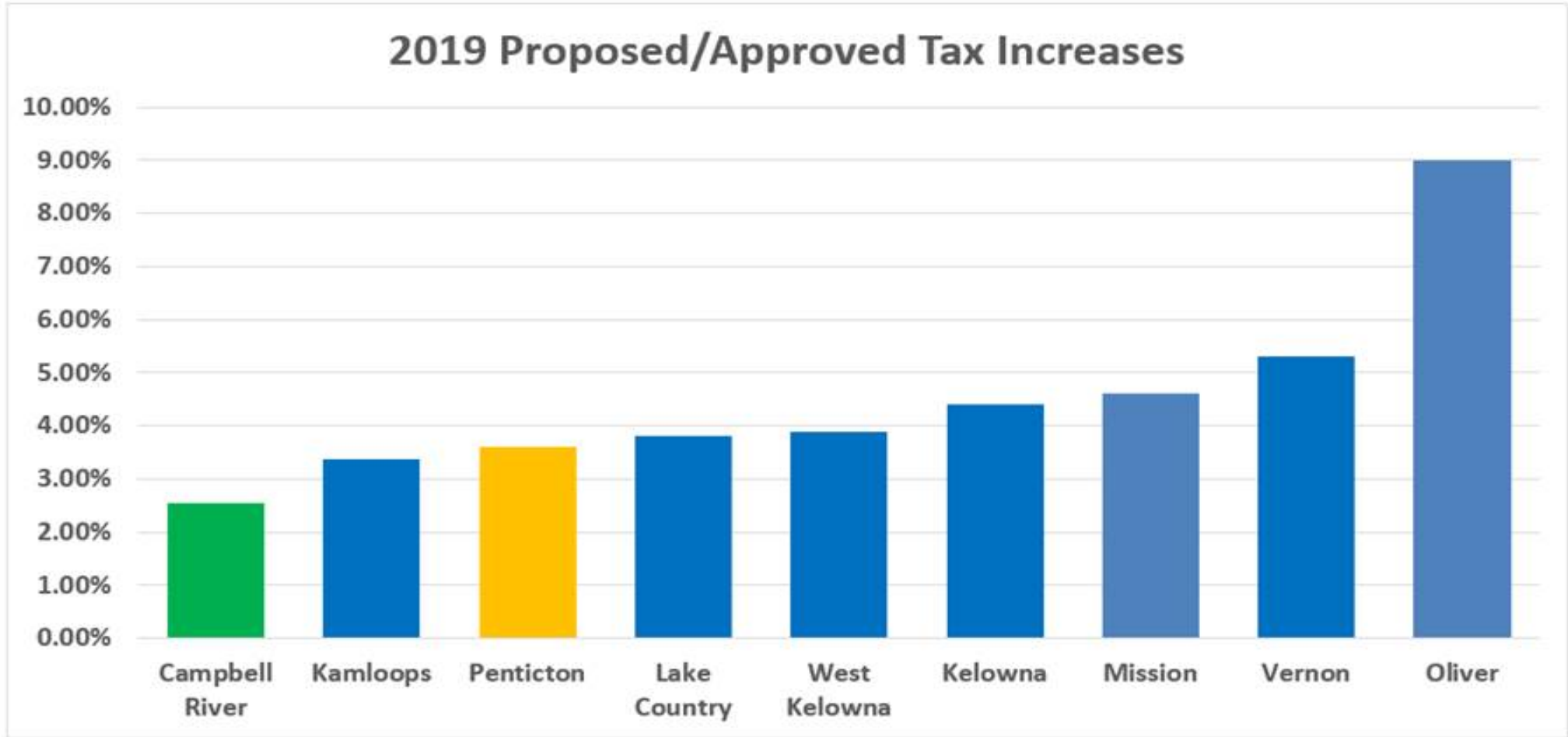
- 2% Inflation
- 1.6% Emerging Priorities
 - Public Safety & Security,
 - Critical Staffing
 - Growth & Development



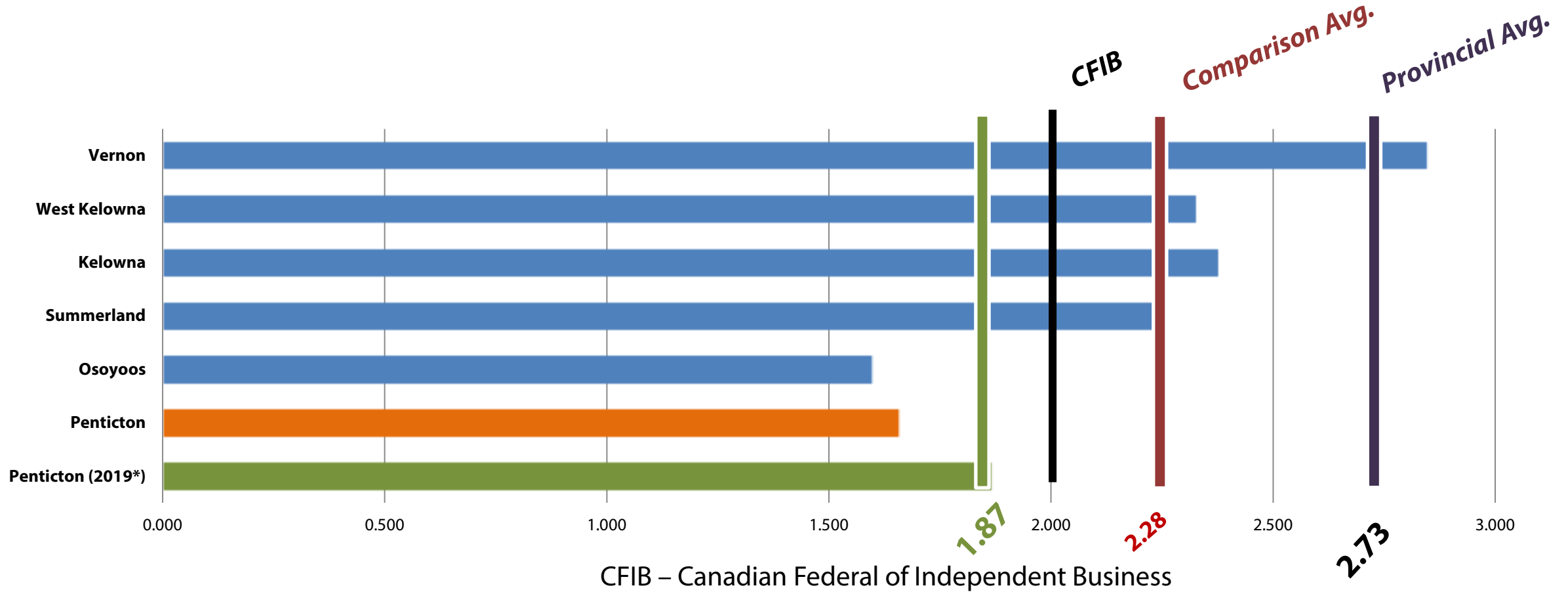
Historical Tax Increases



Comparative Tax Increases

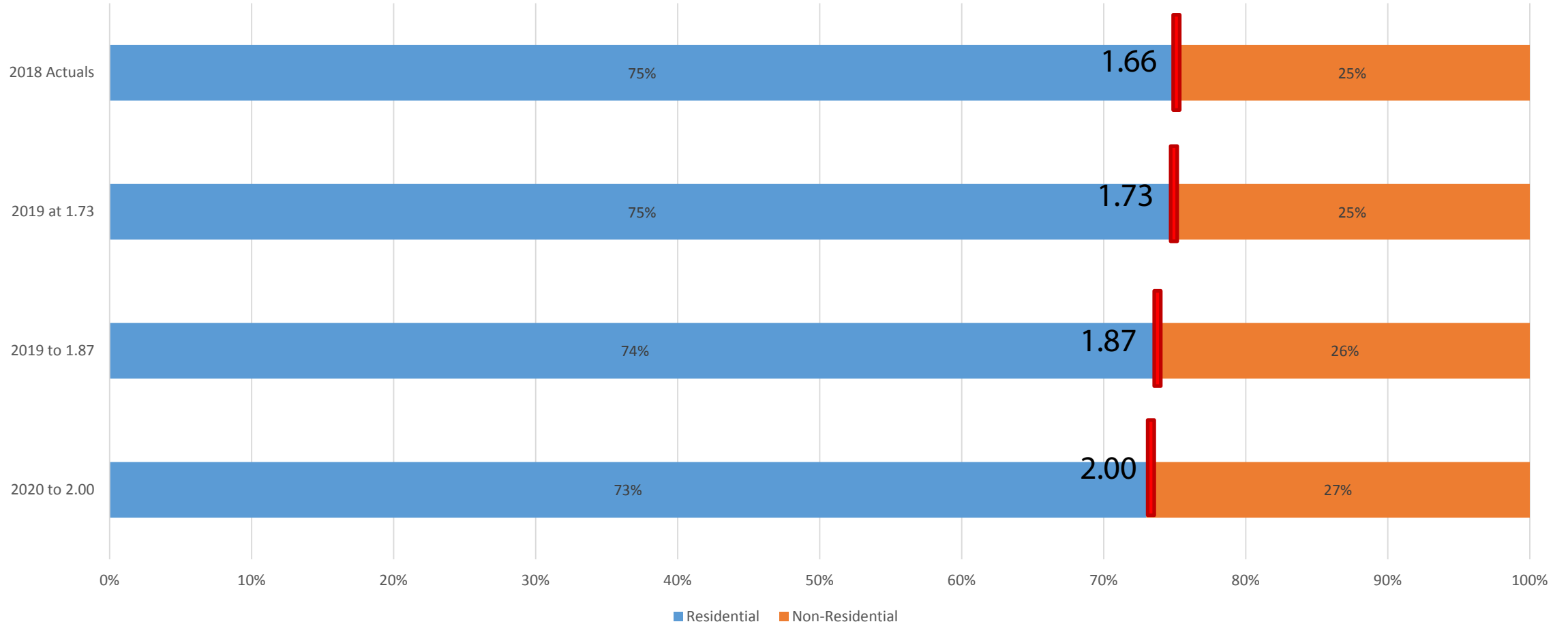


Tax Increase - Business Tax Multiplier Comparisons (2018)



Phased Tax Burden Distribution

- Using the Business Ratio



What this means to Residents

	GENERAL MUNICIPAL TAXES	STORM WATER	ELECTRIC UTILITY	WATER UTILITY	SEWER UTILITY	TOTAL \$ CHANGE
	Estimated Increase	\$11	\$0	\$30	\$58	
2019 Business Tax Multiplier 1.73	\$59					\$158
2019 Business Tax Multiplier 1.87	\$18					\$117
Assumptions:			914 kwh/mo	(3/4") 1,060 cu ft/mo	532 cu ft/mo in winter	

Average Residential Property will pay an extra \$9.75 - \$13.16 month



What This Means to Businesses

	GENERAL MUNICIPAL TAXES	STORM WATER	ELECTRIC UTILITY	WATER UTILITY	SEWER UTILITY	TOTAL \$ CHANGE
	Estimated Increase	\$32	\$0	\$53	\$303	
2019 Business Tax Multiplier 1.73	\$266					\$654
2019 Business Tax Multiplier 1.87	\$658					\$1,046
Assumptions:			5,000 kwh/mo	(1 1/2") 7,060 cu ft/mo	7,060 cu ft/mo	

Average Business will pay an extra \$54.50- \$87.16 month



What the Proposed Budget Delivers

- Moderate Tax Increase – 3.6%
- More Enforcement - One RCMP Officer & Two Community Safety Officers
- Downtown Bylaw/RCMP office presence
- Greater investment in asset management - \$1.8 m annually
- Official Community Plan Implementation
- Parks and Recreation Masterplan implementation - Skaha Lake Park Masterplan
- Critical staffing to address succession planning and growing regulatory requirements
- Strengthened public accountability and financial transparency



Questions

