

THE CORPORATION OF THE CITY OF PENTICTON

2004 ANNUAL REPORT

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Message from the Mayor



I am once again very pleased to have the opportunity to provide an introduction to the Annual Report for The Corporation of the City of Penticton, for the year 2004. Penticton continues to be an exciting corner of the world in which to live, work and play. The expanding Provincial economy continues to be felt here in our city and more and more people are recognizing the Southern Okanagan and Penticton as a desirable area in which to live.

During 2004, Penticton has continued to grow with record numbers of building permits being processed by the Development Services Department and evidence of major residential complexes have started to dot the sky line of the City. Management staff have continued to work hard to ensure that the needs of the industry are met in a timely manner as we seek to move forward during this economic growth cycle. Challenges in recruitment of skilled employees are a reality now in the market place and Penticton seeks to offset that by advancing the Corporation as an 'employer of choice'.

On the commercial front, the town is buzzing with excitement about the redevelopment of Peach Tree Square along with the opening of a new Wal-Mart store, London Drugs and Honda Dealership as well as the potential for a new movie theatre complex. In excess of twenty five projects exceeding \$350,000, each were approved for 2004. Downtown also continues to show the signs of a healthy economy with the appearance of new businesses and the redevelopment of Nanaimo Square scheduled for 2005.

Work has continued on the Official Community Plan amendments and the Comprehensive Development Plan so that they will be ready for adoption in 2005. This is an ambitious direction set by Council that will map out a growth and development scenario for the next twenty years. The two hallmarks of the process are that it will project future growth over and above the Agricultural Land Reserve thereby eliminating future development pressure on those lands and as well, the plan has clearly identified critical habitat areas at the beginning of the process as opposed to leaving it for the development stage. This novel approach helps to set the important tone for the South Okanagan region around the recognition of the importance of sustainability issues.

The financial picture of the Corporation continues to look positive with the difficult decisions having been made earlier in Council's mandate. The budget for 2005 was given initial approval, unanimously, in December, the earliest date in recent memory. This has allowed the contractual obligations, so important to a tourist community, to move ahead in a timely manner.

The City continues to build on its relationship with the Penticton Indian Band based upon the historic Protocol Agreement signed last year. A recent Council to Council meeting saw a range of issues held in common between our two communities, discussed at length. We are optimistic that growing opportunities exist that will be of significant benefit to all in our region and the regular meetings between our two Councils' are evidence of our combined commitment.

2005 promises to continue the trends that have made their appearance in the previous two years and City Hall is well positioned to guide this process to ensure that Penticton's unique character can flourish during this very exciting period in our history.

Mayor C. David Perry

Biographies of the Mayor and Members of Council



Mayor
C. David Perry

David is currently serving his first term as Mayor of the City of Penticton. First elected to City Council in 1990, he served 12 consecutive years in the councillor's chair. With 28 years teaching experience, an undergraduate degree in Urban Geography as well as a graduate degree in Law related Education, David brings a wealth of experience to the Mayor's chair.

While on City Council, David chaired the Parks, Recreation and Culture Advisory Committee for several terms and through that body initiated a strong community focus on Sports Tourism. The renovation of Penticton's Memorial Arena was steered through this committee and this heritage facility was featured as a showpiece nation wide during the intermission of an NHL game. David is committed to building on this direction as Mayor, with Ironman training facilities, a softball 4 plex and an indoor soccer area on the horizon.

Being career educator, David is interested in youth and youth activities. This sees him driving the process behind the City's second skateboard park, initiating a second 'Banquet of Champions' to celebrate young athletes and to develop facilities and programs in the City that provide a range of opportunity for youth development.



Councillor
Dan Ashton

Summerland Secondary School gave Dan a start towards a lifelong quest of personal development, this was further accented by work on a degree at Eastern Washington University. However, Dan has always fortified formal education with a healthy dose of common sense.

The family retail business, has given Dan a wider prospective of smaller town business viability and the importance of supporting and giving back to the community.

Currently in his third term as a City of Penticton Councillor, Dan also holds the position of Chair of the Regional District of Okanagan-Similkameen.



Photo by Stuart Bish

Councillor
Gus Boersma

Gus is now serving his second term as member of Penticton City Council and has many years in the field of leadership. Gus has also served a term as General Manager for the Penticton Chamber of Commerce.

Wherever he has lived, Gus has been an active participant in his community. After over 25 years of participating as a volunteer with the BC Chamber of Commerce, Gus served as Provincial President in 1985/86 and has been awarded a lifetime Governor designation. Gus was also honored to be the first ever elected British Columbia Senator at the University of Lethbridge 1981-87.



Photo by Stuart Bish
Councillor
Gary Leaman

Gary came to Penticton in 1987 as the General Manager at Cherry Lane Shopping Centre, where he has overseen significant growth and a great number of changes.

He graduated from BCIT with an Honours Technical Diploma in Business Administration – Hotels, and is a former member of the BCIT Senate. In 1986, Gary entered the Shopping Centre industry as Operations Manager for Cambridge Shopping Centres. He received his professional accreditation as a Certified Shopping Centre Manager (CSM) in 1999.

Gary also served on the Executive of the Penticton Chamber of Commerce for five years, including a term as President in 1992. He has also been locally involved in Economic Development, the Visitor's and Convention Bureau and was the founding Chairman of Shop Penticton.



Photo by Stuart Bish
Councillor
Rory McIvor

Rory has been a resident of Penticton since 1972. He is a graduate of the University of Saskatchewan. Rory is not a stranger to community affairs. He is the retired chairman of the Penticton School District and serves on the board of the South Okanagan Community Futures Development Corporation.

Rory is the past chairman of the Okanagan Summer School of the Arts and the Community Foundation of the South Okanagan, and is a past member of the Board of Governors, Okanagan University College.

Rory has twice, in 1990 and 1999, been Penticton's Man of the Year. He is also the recipient of the Canada 125 medal for community service.



Photo by Stuart Bish
Councillor
Mary Storry

Mary was transferred by Canadian Regional Airlines to Penticton in 1996, to become the company's operations manager and continued in that capacity until the company merged with Air Canada. Her work with the Airlines allowed for assisting many community groups and to become familiar with their mandates.

Mary has been a Director of the Penticton Economic Development Commission since 1997 and is a member of the Penticton Convention Centre and the Okanagan University College Advisory Committees.

This is Mary's first term on Penticton City Council.

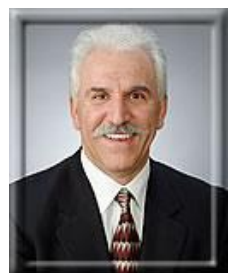


Photo by Stuart Bish
Councillor
John Vassilaki

John is currently serving his first term on Penticton City Council. John graduated from Pen High in 1966 and furthered his education in the computer field at The Technical Institute in Vancouver.

John has had an extensive business career for the past 35 years in the Service & Hospitality industry. He has served on many committees and completed many projects for the improvement of Penticton over the years.

John's main concern is the development of the Downtown and Industrial core for more job creation.

Council's Goals and Objectives - 2004

Community Vision/Growth

- Quality Design
- Penticton Indian Band
- North East Sector Plan
- Comprehensive Development Plan
- Development Cost Charges
- Downtown Improvements

Financing Alternatives

- Electrical Power
- Alternative Revenue Strategy

Infrastructure – Water

- Naramata Road Area
- Valleyview Road Area
- Water Treatment Plant Capacity and Upgrade
- Conservation

Protective Services

- Community Policing
- Emergency/Protective Plan

Queen's Park Development

- South Okanagan Events Centre
- Wine/Visitor Information Centre

Recreational Development

- Munson Mountain Park Recreation sites
- Parkland Acquisition
- Regional Cost Sharing

**Note: Goals and Objectives are listed in alphabetical order, not priority order.

Message from the Chief Administrative Officer



The staff and I are very pleased to have assisted City Council in making civic government more affordable and responsive to community needs in 2004. It was immediately following the last election that I began this exciting journey as CAO for the City of Penticton. In that short time, I have discovered first hand the complexity of this organization and have been very impressed with the talents of both the political leadership and the management and staff.

Pursuant to Section 98 of the *Community Charter*, the City must prepare an annual report which is to include, in part, the audited annual financial statements and a report respecting municipal services and operations for the previous year. This is the second year of this reporting requirement. In the first year, 2003 City Council was only required to report objectives for 2004. For the 2004 reporting year, City Council is required to comment on the progress of the 2004 operations and to establish objectives and measures for 2005. The goal of these measures is to best gauge the efficiency and/or effectiveness of service delivery in the municipality.

2004 COUNCIL GOALS AND OBJECTIVES

2004 Council Service Goals and Objectives followed by the status of the particular service as of April 30, 2005.

Community Vision/Growth

- Comprehensive Development Plan (CDP)
- Development Cost Charges (DCC)
- Downtown Improvements
- North East Sector Plan (NESP)
- Penticton Indian Band (PIB)
- Quality Design

Status: the CDP, DCC, NESP and Quality Design have all been substantially completed. Public Information meetings have been held and Bylaws introduced to effect the same. Downtown Design concepts have also been substantially completed and detailed design has started. A Protocol Agreement has been executed with the Penticton Indian Band and regular meetings are taking place between Councils and staff.

Financing Alternatives

- Alternative Revenue Strategy
- Electrical Power

Status: The 2005 Financial Plan has identified areas of alternative Revenue. The structural deficit has been addressed and controlled.

Infrastructure Water

- Water Conservation
- Naramata Road Area
- Valleyview Road Area
- Water Treatment Plant capacity and Upgrade



Status: Water delivery difficulties have been identified in the Naramata Road and Valleyview Road areas. Water and Sewer Master Plans have been completed to address these and other issues. Council has authorized the detailed design for the Naramata Road waterline replacement. A Water Treatment Plant Capacity review has been completed and a Sewer Treatment Plant audit is underway. A new water and sewer bylaw has been adopted which will address the water conservation initiative.



Protective Services

- Community Policing
- Emergency/Protective Plan

Status: The Community Policing initiative regarding drugs has been very successful and has resulted in a marked reduction in crime in the city. A community policing office has been approved for the Jubilee Pavilion. Design has been completed and construction started.

Queen's Park Development

- South Okanagan Events Centre (SOEC)
- Wine/Visitor Information Centre (WVIC)



Status: The due diligence stage of the SOEC has been completed and discussions with the senior levels of government and the business community are continuing for funding. Received commitments from the Provincial Government for 1/3 of the costs. Construction of the new WVIC has been completed. A search for new tenants for the former WVIC is underway.

Recreational Development

- Munson Mountain Park Recreation Sites
- Parkland Acquisition
- Regional Cost Sharing

Status: The Munson Mountain Park expansion is well underway with the acquisition of 30 acres of land. The ALC has approved the development of some 20 acres for sports fields. Amendments to the OCP and Zoning bylaws are in progress. The city has acquired 201 South Beach Drive for park purposes. Discussions with the RDOS are ongoing on regional cost sharing.

COUNCIL'S GOALS AND OBJECTIVES - 2005

The 2005 Council Goals and Objectives followed by the status at April 30, 2005 are presented hereafter: Measures will be determined by completion of the particular goal and objective.

FIRST PRIORITY

Recreation Cost Sharing Agreement

Status: Letters of Understanding have been exchanged with the Regional District of Okanagan-Similkameen and discussions are continuing.

Legacy Project – Multiplex Funding

Status: Concept drawings have been completed. 2/3 of the funding committed and discussions are ongoing with federal government for 1/3 funding.



Penticton Indian Band - servicing principles agreement.

Status: Discussions are ongoing. Draft terms for agreement completed.

Community Growth Vision Review

Status: Water and Sewer Plans completed. Storm Sewer Master Plan contract awarded. First phase (data collection) transportation master plan completed and final plan awarded. North East Sector Plan and Comprehensive Development Plan completed, Zoning bylaw rewrite 30% completed and Heritage Strategy 50% completed.

Assess Crime Prevention Strategies

Status: Policing 2004 annual report received by council. Policing priorities for 2005 established.

SECOND PRIORITY (GENERAL)

Downtown Parking Options Analysis

Status: Downtown Residential parking Initiative report completed. Zoning Bylaw amendment in process.

Review Development Cost Charges

Status: DCC bylaw amendments in process.

Naramata Road Water Plan

Status: Pre design report completed. Detailed design in progress.

ORGANIZATIONAL IMPROVEMENTS

Priority Work program- regular updates

Status: Regular work program updates commenced in February 2005.

Decision Making Guidelines

Status: Standard council decision report adopted by council and used by staff.

Service Capacity Review and Improvement process

Status: Council identified this as a priority in November 2004. A council/staff workshop was held in January 2005 followed by two additional staff sessions in February 2005. Six Interim recommendations were approved by Council on February 28, 2005. A final report is pending.

ADMINISTRATIVE GOALS AND OBJECTIVES

Organizational

The City has made significant strides with regard to its organizational reporting structure going from ten Department Heads to three General Managers. We now have a structure which is able to respond quickly to council demands, provide leadership on an organizational wide basis, have renewed accountability and flexibility in the delivery of services to the public and most importantly provides opportunities for advancement and succession opportunities. Notwithstanding these positives, the city still faces serious market place issues of retention, recruitment and compression. These market place issues affect both our management and our union groups.

Community Consultation

Increasingly, corporations and government turn to the public on proposed initiatives or projects that affect them. The public expect and demand that they be consulted in major council decisions and we must improve and increase our consultation process. A philosophy and a process will be developed for this.

Community Growth

A community must grow to remain healthy. This growth must be controlled and planned. Quality cannot be sacrificed at the expense of growth. A number of strategies will be initiated to facilitate this.

Safe Community

Of equal importance to community growth is safe community. The citizens have no tolerance for lawlessness. This is on Council's agenda for the future.

Legacy Projects

There are a number of large civic projects under consultation. They include the South Okanagan Events Centre, new wine centre, Okanagan and Riverside Parks, Munson Mountain. A strategy will be developed to complete these projects within the scope of our available resources and revenues.

Smart City

The installation of our fiber network provides a unique opportunity for Penticton to become a smart city. The announcement of UBC-O and the provincial initiative to extend the provincial education and research network to Kelowna and to Penticton places Penticton in a very enviable position to attract national and international, private and public research facilities. A strategy will be developed to this end.

The Staff and I look forward to the challenges which lie ahead and appreciate the opportunity to reporting further progress to you next year.

Leo den Boer
Chief Administrative Officer

Division/Department Reports

CORPORATE SERVICES DIVISION

Corporate Services consists of six departments:

- Corporate Administration
- Treasury
- Information Technology
- Human Resources
- Fire Services
- Police (R.C.M.P.) Services

The managers of the departments report to the Director of Corporate Services who also serves as the City Treasurer. As a result of the resignation of the Electric Utility General Manager, the Electric Utility currently reports to the Director of Corporate Services.

As 2004 was the second year under this organizational structure, a significant number of accomplishments were achieved and are summarized below by department.

CORPORATE ADMINISTRATION DEPARTMENT

This department focuses on the procedural and technical aspects of the *Community Charter, Local Government Act*, bylaws and procedures approved by Council.

This area is responsible for the preparation, circulation, and storage of Council minutes as well as associated committee minutes and all correspondence. Other duties include functions such as land dispositions and acquisitions, exchanges, leases, licence to use agreements, restrictive covenants, right-of-way agreements and document registration. This department also administers elections and referendums and provides legal support for staff and Council. The management structure includes a City Clerk, Administrative Services Manager and Deputy City Clerk. The Administrator also serves as the City Clerk.

The highlights for 2004 were:

- Completion of Administration Department document filing system
- Council and media being provided with electronic agendas
- Completed Clerk's Department Procedure Manual
- Clerk's Department and IT Department created new on-line voter registration program
- Coordinated all supplies and prepared Emergency Operation Centre kits
- Acquisition of 30 acres for future park purposes
- Finalized Marina Way land consolidation and disposition

The goals for 2005 are:

- Secure off-site document storage
- City Policy Manual
- 2005 Civic Election
- Dispose of former R.C.M.P. building
- Redesign work space in administration area
- Initiate annual staff training

TREASURY DEPARTMENT

The Treasury Department consists of three operating sub-departments, Accounting/Finance, Collections and Purchasing. The Accounting/Finance Department administers and prepares the Five Year Financial Plan annually, establishes sound financial policies and guidelines, records and disseminates financial information on a timely basis and in accordance with generally accepted accounting principles and ensures that expenditures are in compliance with budgetary controls. The Collection Department is responsible for the administration and collection of over 17,000 utility accounts that are billed on a monthly basis. Annually the City sends out tax notices for the collection of City taxes as well collection of taxes for other government agencies. The Purchasing Department is discharged with the responsibility of procuring all goods and services for the City on a cost effective basis in accordance with the policy guidelines as adopted by Council. The management structure consists of Treasurer, Deputy Treasurer, Collector and Purchasing Manager.

The highlights for 2004 were:

- Implementation of WorkTech financial systems software
- \$36.9 million in property taxes billed and collected on behalf of the City and other taxing authorities
- 9,000+ homeowner Grant applications approved and processed on behalf of qualified taxpayers
- \$26.7 million in electrical and domestic water billings
- Value of property tax exemption for 2004 pursuant to Section 98(20)(b) of the *Community Charter* was \$240,654
- Purchasing issued 7,715 purchase orders for a combined value in excess of \$11.1 million
- Joint purchasing arrangement with the District of Summerland for the acquisition of Dump Trucks
- Hired a Senior Accountant in the Accounting Department.

The goals for 2005 are:

- Review of municipal taxation participation of various rate classes
- Restructuring of Financial Statements for PSAB compliance
- Research replacement software for Utilities, Taxes, Cash, Traffic, Animal Control and Business Licences
- Implementation of on-line customer payment of traffic tickets, MTI, etc including the use of credit cards
- Develop and implement a City-wide electric and water meter access strategy
- Implementation of a Purchasing Card program
- Implementation of enhanced purchasing software
- Staff training for new software applications
- Establish an internal audit program

INFORMATION TECHNOLOGY DEPARTMENT

The Information Technology Department provides computer and telecommunications support for all City Departments. The services provided includes hardware, software, telephone and help desk support. The IT Department enhances and maintains the City Web Site, Mapping information, and the Geographical Information System. All electronic records are backed up on a daily basis and stored offsite to ensure quick recovery. A team of six IT staff work under the direction of the IT Manager and Technical Services Manager.

The highlights for 2004 were:

- New Internet Based Services were introduced allowing access (7 x 24).
 - Our City Web Site offered a new online Internet Based Registration System giving the public the ability to register and pay using credit cards for the various activities and programs being offered by our Recreation Centre.
 - Lawyers and Notaries can now access a secure Internet based system for property tax and utility information.
- New Aerial Photography was completed allowing us to overlay new photo images of the city over our legal base. This information is used daily by the Planning and Regulatory Services Departments.
- New Photocopiers were installed city wide improving technology by offering three additional services. In addition to copying, users can now fax from their desktop, print to a photocopier and scan documents that are available for viewing from their computers.
- Continuing to improve access to our information, a wireless system was installed at our City Yards and Convention Centre. City Hall was completed the previous year. This allows the users of wireless IP phones to take calls when they are in the building but away from their office area. Laptops can also connect giving flexibility to access information in any part of the building without having to connect a cable.

The goals for 2005 are:

- Install a new disk and tape backup solution that will automatically backup our information offsite by connecting to our high speed fibre optic network.
- Complete the implementation of the IP phones at our Fire Halls.
- Install a fibre optic connection to the new Chamber of Commerce facility so our Economic Development office will be linked to the City mapping and other critical information.
- Install a secure web interface that will allow convention centre delegates access to a high speed Internet link.
- Broadcast a live internet feed for all council meetings.
- Work with our sound technician to be able to provide mobile live streaming video over the Internet from any of our facilities that have a fibre connection.
- Implement Outlook Web access that allows users to check for Email and phone Messages from any internet connection world wide.

- Implement a new online mapping system that will allow the public to view various map information from the Internet.
- Re-write the election software to provide a more user friendly interface for the 2005 Civic Elections.
- Develop a plan for providing additional wireless access to our information.

ELECTRICAL UTILITY



Highlights for 2004 were:

- Feasibility study for potential Power Generation was pursued and investigated by Tom Burns-P. Eng. as a result of the analysis of compiled and review of existing data it proved that the present cost of power purchase could not justify the significant investment requirements of a project such as this with its minimal potential output.
- Due to the acquisition of Aquila Networks by FortisBC in 2004, the negotiations on the Waterford Substation were delayed but have been actively underway as of early 2005.
- Staff training and implementation of the new SCADA software completed.
- 2.9% increase in our Electrical Utility Metered Customers. Total of 452 new customers connected: 412 Residential, 38 Commercial/Small Industrial and 2 City Accounts.
- Deployed either by new installations or through the meter replacement/upgrade program 792 electronic radio read meters (ERT's) throughout the City. Targeted areas include all hard to read locations and rural areas. To date all meters North of Johnson Rd. inclusive are remotely read by radio.

Revenue Meters



Mechanical (Old)



Electronic Radio Read (New)

- New Service Connections increased by 24% over last year or from 97 to 121. Service Upgrades increased by 20% or from 115 to 138.
- New transformer installations resulting from the Conversion Project and new/or upgraded service installations totaled 121 for the year.
- Lower Bench Road overhead power line from Tupper Avenue North to Corbishley Avenue was totally rebuilt/relocated to the East side of Lower Bench Road allowing Telus to transfer their plant to our poles and remove their pole line which is a great aesthetic improvement to the area.
- Feasibility study for potential Power Generation was pursued and investigated by Mr. Tom Burns-P. Eng. as a result of the analysis of compiled data and review of existing data it proved that the present cost of power purchase could not justify the significant investment requirements of a project such as this with its minimal potential output.
- Capital Construction: Line/Pole Installation and/or Replacement totaled 50 poles and approximately 2.1 km of line.





Phase 1 of the Overhead Distribution to Underground Conversion Project on Lakeshore Dr. including a portion of Martin St. is 90% complete. This also includes decorative streetlights. A major portion of the works for this section is inclusive of the property development at 100 Lakeshore Dr. with a contribution for the works from the City Electric Utility.

All over head traffic signal heads were converted to LED's (Light Emitting Diodes) from the standard incandescent bulb and at the same time converted from 200mm (8 in.) to 300mm (12 in.). Note new technology. The LED light contains multiples of individual Light Emitting Diodes within a single fixture thus the durability and extended lifespan. This is a phenomenal improvement in all aspects:



1. Energy Conservation is a 10:1 ratio.
Energy Conservation Award was received from FortisBC.
2. Lifespan is from 5-10 years.
3. Major reduction in liability due to the LED's durability from the elements, namely wind, vibration etc. which easily destroys the filament in the incandescent bulbs. As well as the increased visibility due to the size increase of the signal head.
4. Callouts for bulb replacements are at **0** since the conversion.
(Previously 5-10 a year at approximately \$500.00 each.)

Total cost of the project was \$105,000.00 of which \$54,000.00 was funded by ICBC due to the LED Project being initiated in conjunction with a Conversion Project to a larger more visible signal head. FortisBC also funded the project from an energy conservation aspect in the amount of \$6,500.00.

➤ Also a notable item in the Electric Utility statistical operations relating to system losses which saw an appreciable decline from 3.14% to 2.26% a difference of .88% which equates to a savings of approximate \$100,000.00 over the course of a year. The reduction in system or power losses can be attributable to several reasons as follows:

1. Conversion project or transformers utilized in the project are purchased based on maximum efficiency or cost of ownership. The distribution system which presently has 2537 energized transformers of which 50% are the newer more efficient version.
2. All revenue metering installations utilize electronic meters which are extremely accurate and energy efficient versus the old mechanical type.
3. Co-operation with the R.C.M.P. in monitoring and identifying potential Grow-Ops which generally involve meter by-pass or power theft. This is probably be the single largest contributor to power loss savings for 2004.



The goals for 2005 are:

- On going works on the Conversion and ensure a secured date from FortisBC for the Waterford Substation Upgrade Project. This is crucial to the Utility as the City has been in a high risk situation for several years. With the completion of the Waterford Substation upgrade the City Electric Utility is better able to utilize the assets which have been installed to date for this portion of our distribution system. Better use means increased efficiency of the system due to the increased voltage, which in turn, improves system capacity and reduces power/revenue losses.
- Continued implementation of the Electronic Radio Read meter replacement/upgrade program in the rural area of Valleyview Road.
- Phase 2 of the Lakeshore Drive Overhead to Underground Conversion Project from Martin Street, East to the Creek.
- Phase 2 of the Marina Way, Abbott Street and Vancouver Avenue Overhead to Underground Conversion Project.
- Rebuild overhead distribution on Eckhardt Avenue East (Burns Street to Main Street) and Corbishley Avenue (Lower Bench Road to Naramata Road)
- Completion of Phase 2 - Traffic Signal LED Replacement program in spring of 2005.
- All Electrical Utility Standards/Specifications Manuals to be 100% complete and Signed/Sealed by the Consulting Firm of TE Burns Engineering.
- Ensure Power Line Technician (P.L.T.) staff levels are 1 away from full compliment by mid-summer and implement a P.L.T. apprenticeship program by the end of summer to cap staff levels at full compliment.

HUMAN RESOURCES DEPARTMENT

The Human Resources Department is responsible for all staff related matters including safety. This starts with the recruitment and selection of new staff and continues throughout the employee's career with the City. The Department facilitates comprehensive education and training opportunities and encourages positive mental and physical health of all employees through support for, and involvement in, the Wellness Program. Specific functions performed by this department include, but are not limited to, all aspects of recruitment; the administration, negotiation and interpretation of three collective agreements; benefits administration; return to work programs for employees on disability leave; workplace safety requirements and audits and consulting and advising services. Due to the sensitive nature of this department's work, all staff are exempt employees. The staff complement of three is under the direction of the Human Resources Manager.

The highlights for 2004 were:

- Human Resources Policy Manual rewritten.
- Concluded negotiations with the International Association of Fire Fighters.
- Instituted a Flex Benefit Plan for fire fighters.
- Continuing progress on a Succession Plan.
- Management training program is continuing.
- Commenced bargaining with International Brotherhood of Electrical Workers.

The goals for 2005 are:

- Completion of contract negotiations with IBEW.
- Implementation of a new Human Resources Information System.
- Commencement of bargaining with CUPE.
- Investigate new ways of advertising and attracting qualified candidates.

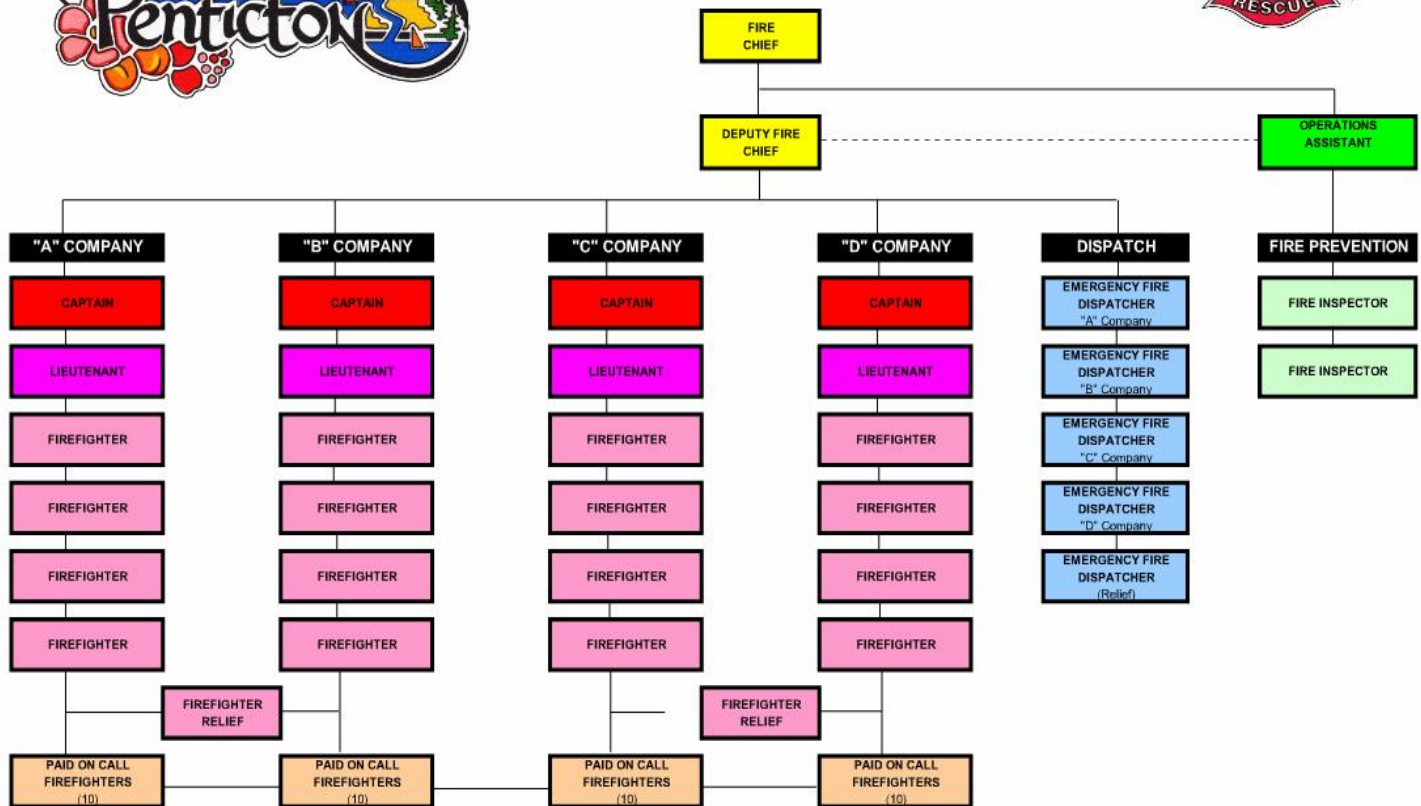
FIRE SERVICES DEPARTMENT

Fire and Emergency Services

The Penticton Fire Department (PFD) provides fire suppression, pre-hospital medical emergencies and all types of specialized and technical rescue. The Department is also the hub of the Regional District of Okanagan-Similkameen, providing comprehensive 911 services, emergency dispatch, automatic alarm response and municipal after hour's response. We are also very diversified and put heavy emphasis on fire prevention and public education helping children, families, business and industry become more aware of fire and safety threats, preventative techniques and appropriate emergency responses.

Fire Department Organizational Structure

PENTICTON FIRE DEPARTMENT Organizational Structure - 2004



The highlights for 2004 were:

The past year was a momentous year for the Penticton Fire Department. The Department had many significant achievements and the highlights are as follows.

- After Firestorm 2003, the PFD quickly put an action plan in place that would help property owners who live in interface areas protect their property, buildings and other belongings against wild fires. The PFD held workshops with the Ministry of Forests, delivering the FireSmart Program to all households in the high hazard areas of the fire protection district.
- In 2004, The PFD received the results of the Fire Underwriters Survey (FUS) conducted by CGI Information Systems and Management Consultants. The FUS is a report which analyses the PFD's operations as well as the City's water supply system. The report compliments the PFD on many achievements and progressive changes resulting in a Class Four rating.
- The PFD is the lead City agency for emergency planning. With the assistance of a consultant, a new Emergency Response and Recovery Plan was developed and written, then to test the plan a table top exercise was held with key agency personnel. With the implementation of the Plan, the City has made an enormous commitment to the citizens of Penticton to ensure their safety during a major disaster.
- In 2004, the PFD reviewed and revised the existing Fire and Life Safety Bylaw. After key stakeholders were consulted, the Bylaw was rewritten to reflect necessary changes and then went to the Emergency/Protective Services Advisory Committee for approval and then City Council for adoption. The majority of the changes focused on open air burning and improving air quality.
- This past year, buildings were donated to the PFD for live fire training prior to demolition.
- Specialized training included High Angle Rescue for the two tower cranes working in our City, First Responder Level III with AED and spinal endorsement and water rescue-boat operation for the department's Zodiac.
- The PFD was one of the first department's in BC to create and implement a Career Track Program for all members of the department. The program establishes paths plotting out courses and programs that are required for advancement. The program committee has recently completed a major revamping of all courses and programs and is now included in the PFD's Operational Guidelines.
- In 2004, the PFD took possession of a new rescue truck with a compressed air foam system and state of the art rescue equipment. This versatile truck responds to vehicle accidents, first responder calls and fire calls. With the assistance of provincial/federal grants the 'quick response vehicle' has become a very cost effective means of responding to all types of emergencies.

Emergency Responses

Emergency response whether it's a third alarm fire, a multi-vehicle accident involving injuries or a water rescue due to a capsized boat, is the major focal point of fire department operations. We continue to excel in our responses to provide protection to the citizens and visitors of our beautiful city.

Fire calls and rescue and safety calls continue to grow each year. In 2004, we responded to 769 fire calls and 1,538 rescue and safety calls, up 2% over 2003. Fire losses fluctuate from year to year and depend upon the value of the real property which is consumed by fire. In 2004, while fire calls increased by 21 over the previous year, the total dollar fire loss value decreased by \$2.1 million dollars.

Fire Calls by Incident

In 2004, the PFD responded to 1,538 rescue and safety calls. 1,324 of these responses were for first responder calls, and that 454 of those calls were either for severe trauma or cardiac responses. The PFD also responded to 214 motor vehicle accidents where injuries were reported.

The PFD responded to 70 structure fires where losses occurred, 46 garbage bin fires and 12 wildland/grass fires. Regrettably in 2004, the City had two fires that resulted in the deaths of two individuals.

Emergency Communications Centre

The Emergency Dispatch Centre dispatches 911 fire and first responder calls to twelve other fire departments in the Regional District of Okanagan-Similkameen as well as the City of Penticton. The dispatch centre handled almost 8,000 calls this past year which is a slight decrease over the previous year, in which Firestorm 2003 occurred.

The dispatch centre also monitors fire alarms in various buildings as well as providing the required Man Checks, as per the Workers Compensation Regulations, throughout the city and the Regional District of Okanagan-Similkameen. The dispatch centre also handles the City's after hour's telephone service when city facilities are closed.

Penticton Fire Department Association



The Fire Department has approximately 40 paid-on-call members who volunteer their time to respond from home or work 24 hours a day/seven days a week to fire calls when additional help is needed by the career staff. Service as a paid-on-call member of our department requires a serious commitment as members must also attend 36 fire drills/practises in order to maintain the required training. The paid-on-call members are very active in the community participating in fund raising events and public education programs.

Fire Prevention and Public Education

The Fire Prevention Division consists of two Fire Inspectors and an Operations Assistant/Public Educator. Each Fire Inspector is responsible to enforce the BC Fire Code Regulations and the Fire and Life Safety Bylaw 2004-57 by completing mandatory fire inspections. Each inspector is also trained through the Canadian Fire Investigation School to perform fire investigations under the *Fire Services Act*. Other duties include working with Building and Licensing Officials at City Hall, completing plan approvals and working with the general public on fire department issues. Fire Inspectors also deliver fire safety talks and fire extinguisher demonstrations to businesses and their employees.

In 2004, the Fire Inspectors completed 2,356 mandatory inspections on businesses and other establishments within the City. They also completed 116 business licence inspections and provided 14 fire safety talks to 152 individuals.

The Penticton Fire Department continues to educate the public about fire and life safety issues related to homes, worksites, schools, natural areas and the community as a whole. The programs were designed to address specific fire problems and to motivate the public to take positive actions to reduce injuries and property loss. In total, more than 8,000 children and adults received fire safety information at school or in the community. Many more people received fire safety information through the media.



The goals for 2005 are:

The year 2005 will address the continued growth of the Penticton Fire Department. A number of important issues were brought forward with the results of the Fire Underwriters Survey, which will in turn, be brought forward for development and implementation.

- Prepare and deliver a report to Council on manpower issues amongst the fire suppression division. This was a key issue in the survey.
- Research and design a new training facility for the PFD training division exploring options including partnerships and sponsorship.
- As the fire department continues to be the lead agency for City emergency planning, the department will design and carryout a mock disaster and open the Emergency Operations Centre.
- Create and implement a customer satisfaction questionnaire to the citizens of Penticton who receive our services. The questionnaire will help the department determine whether we are meeting the needs of the people we serve.
- Take ownership of the 2005 American LaFrance fire truck with a compressed air foam system in place. Outfit the fire truck and put into service by December 31, 2005.



POLICE (R.C.M.P.) SERVICES DEPARTMENT



The mission of the R.C.M.P. in Penticton is to:

- In partnership with the community, share in the delivery of a sensitive and progressive police service.
- Serve and protect the community.
- Treat all people equally and with respect.
- Promote respect for rights and freedoms, the law and democratic traditions.

Penticton R.C.M.P. remains committed to delivering excellence in policing, together we can work toward the R.C.M.P. goal of “Safe Homes, Safe Community”. The policing priorities of the Penticton R.C.M.P. are:

1. Drug Enforcement/Partnership
2. Effective Traffic Services (Bicycle safety)
3. Internal Training
4. Fraud Investigations (Related to drug enforcement)

SERVICES AND PROGRAMS

Community Policing Services

Community policing refers to a partnership between police and the community, businesses, social agencies and other public service organizations. Through these relationships, police agencies can work in a co-ordinated effort to build healthy, safe and self-reliant communities.

Growing demands on police for an immediate response to community needs plus procedural requirements arising from legislative and judicial changes put additional pressures on police resources. We also find it necessary to keep pace with advances in investigative techniques while expanding beyond traditional responsibilities into areas of emerging criminal activity such as identity theft and internet-related crime.

Community policing is a solid investment in crime prevention. Shared ownership of problems involving partnership between police and the community is the first step. Community policing represents an evolution in policing - a paradigm shift from looking inward for answers to an external focus on long term community needs. The following are our active programs:

Auxiliary Policing - We presently have nine Auxiliary officers and training for a further 18 officers is scheduled to begin in May 2005. The Auxiliary officers assist our uniform members at special events and on foot and bike patrols. They are a valuable addition to our Detachment

Youth Options Program - This program provides a systematic response to correct wrongdoing as an alternative method of the justice system. This past year, we had 25 youths go through this program.

Citizens on Patrol - These volunteers are the eyes and ears of our community. They patrol high crime areas and report suspicious activities to the police.

Speed Watch - In partnership with I.C.B.C., volunteers set up radar at certain locations to remind people of the importance of staying within the speed limit.

Crimestoppers - A community-based crime solving program working in conjunction with the police, the media and the public to help make communities a safer place to live. This continues to be a very important program at our Detachment.

Downtown Community Police Office - Manned mostly by volunteers, this office looks after routine police enquiries. The staff also conduct parking lot audits and pawnshop visits. They also organized several counterfeit money training sessions for local businesses. This office will be relocating to Lakeshore Drive during 2005.

Crime-Free Multi-Housing - Police will assist apartment managers in making their apartment less of a target for criminals.

Auxiliary School Patrols - Our Detachment Auxiliary officers have been training school crossing guards in several schools within our community.

Throughout the year, Penticton Detachment officers participate in a variety of community events where they give of their time and energy to engage in meaningful community building events.

- TIM HORTONS CAMP DAY
- WENDY'S DREAM LIFT
- COPS FOR KIDS
- SANTA CLAUS PARADE
- SURVIVOR WEEKEND

Victim Services

Under this program the R.C.M.P., the Solicitor General and local communities work together to provide emotional and legal support to the victims of crime. This program is a vital link between the police and the victim to ensure information flow, to assist with referrals to agencies for counseling and to provide assistance and support during the Court or Restorative Justice process.

Task Force/ Drug Partnership

This Detachment established a Drug Prevention Strategy as a priority in 2003 at the request of Mayor David Perry. The first step in the Drug Prevention Strategy was the establishment of an R.C.M.P. Community Drug Partnership to take a problem-oriented approach to dealing with the issues of drugs in Penticton more effectively. Partners included City officials, R.C.M.P., various government agencies and service clubs.

An important part of our Drug Strategy is the establishment of the Drug Free Zone around the schools as a priority. The D.A.R.E. program continues to be a priority for both this Detachment and our School District. We are once again providing all the grade six classes within our policing area of the D.A.R.E. program.

Enforcement continues to be an important part of the Detachment Drug Strategy. This past year was once again a very successful one for the Task Force resulting in a large number of arrests for both drug possession and trafficking.

General Investigation Section

This Section consists of plainclothes officers responsible for conducting major investigations involving homicides or other serious offences under the provisions of the Criminal Code. Our Section consists of five members with an additional member planned for the summer of 2005.

Forensic Identification Section

F.I.S. provides technical investigative support services to the R.C.M.P. in the following areas:

- Crime scene analysis.
- Collecting, preserving and processing evidence.
- Providing expert testimony in Court with regard to forensic evidence.

Two members in F.I.S. provide support to all the Detachments in the South Okanagan.

Traffic Services

The mandate of the Traffic Services Section is to develop and implement innovative strategies focused on the reduction of deaths and injuries on our roadways. Activities include:

- Performing general traffic law enforcement duties.
- Enforcement of Criminal Code relating to traffic such as impaired driving.
- Collision investigation.
- Educational programs to schools and other groups.

Police Dog Services

The Police Dog Service provides specialized investigative support services using trained police dogs in the following areas:

- Tracking and searching for lost persons, criminals and evidence.
- Searching for narcotics, explosives, weapons/shell casings, minute and large articles such as crime scene evidence, DNA and lost property.
- Crowd management.
- Assistance in hostage, barricaded or fleeing suspects situations.
- Avalanche search and rescue operations.
- Criminal apprehension of fleeing or dangerous suspects.
- Police community relations including presentations, demonstrations and education of our youth.

Two Police Service Dogs at Penticton offer support services to Detachments in the South Okanagan.

DEVELOPMENT AND ENGINEERING SERVICES DIVISION

The Development and Engineering Services Division consist of four (4) Departments: Planning, Engineering, Regulatory Services and Public Works. These four (4) Departments provide service to the public through one (1) Director, four (4) Managers, Five (5) Supervisors and sixty six (66) full time equivalents.

The Division is headed up by Mitch Moroziuk, Director of Development and Engineering Services, a professional engineer with a master's degree in business administration and twenty four (24) years of experience mostly in local government coupled with some private sector work.

The year 2004 was a busy one for the Division as development activity continued to increase in the planning and engineering areas which were completed or were placed well on the road to completion. These include:

- The creation of a new Subdivision and Development Bylaw.
- The creation of a new Irrigation, Sewer and Water Bylaw.
- Significant work on the North East Sector Plan, Comprehensive Development Plan and the Development Cost Charges Bylaw.
- Significant work on the Main Street Revitalization plan.
- Start up work on infrastructure master plans that will serve the City and the development community well for the next 5 – 10 years.

As with 2003, 2004 saw some additional re-organization occur to improve the functioning of two departments.

- The structure of the Regulatory Services Department was altered to create three separate sections reporting to the Manager of Regulatory Services. In addition a new Supervisor of Building Inspection position was created and one new Bylaw Officer was added to the full complement of staff.
- The Public Works Department was reorganized to separate the water and waste water treatment functions putting them under separate supervisors.

The changes to the organizational structure, once all positions are filled, will improve the level of customer service, increase managerial accountability and to reduce the number of direct reports to a more manageable level. Unfortunately attracting qualified candidates to the vacant positions is proving to be difficult and the City is finding that it is no longer competitive in the market place with respect to certain positions.

PLANNING DEPARTMENT

The main focus areas of the Planning Department are to provide professional advice to Council on land use planning issues and to process and be the lead Department for development applications and approvals. These land use planning functions are both short and long term and typically involve items such as:

Short term

Official Community Plan Amendments.
Zoning and Rezoning
Development Permits
Development Variance Permits
Subdivision

Long term

Redrafting of the Official Community Plan
Redrafting of the Zoning Bylaw
Sector land use plans
Comprehensive Development Plans
Development Cost Charges

The Planning Department carries out this responsibility through the City Planner who manages a permanent staff of four (4), plus one term Contract Planner. The Planning Department is headed by the City Planner, Donna Butler, a Member of the Canadian Institute of Planners with a degree in Arts specializing in Urban Geography. Donna has twenty-six (26) years of experience split between local government and the private sector.

The key achievements for the Planning Department for 2004 were:

- Commenced a long over due rewrite of the Zoning Bylaw. This project, managed by planning consultant Mike Brown, involves a complete rewriting of the Zoning Bylaw. This Bylaw affects all development in the City and there are many interesting land use issues to consider. In particular, secondary suites will be a key zoning issue to be addressed in 2005.



- Approved key developments on the former Canadian Pacific Railway lands, now known as the Duncan Avenue West area, including an innovative single family bare land strata project called Hastings Landing, the Ellis 120 unit apartment development, the new Honda Dealership and a mini storage facility.

- Approved the last phase of a multi storey apartment development Cherry Lane Towers Phase 5.
- Approved the redevelopment of a former mall into the new Peach Tree Square project, with new Wal-Mart Store and 6 new commercial buildings along the road frontages.
- 2004 also saw the addition of London Drugs to the Cherry Lane Mall.





Wal-Mart



London Drugs

- Developed a parking incentive program to facilitate Downtown residential units above existing buildings.
- Ongoing work on key planning initiatives: Agriculture Plan, North East Sector Plan, Comprehensive Development Plan and worked on a Penticton Indian Band Sanitary Sewer Servicing agreement.
- Processed a significant number of development applications including:
 - 2 Pre-Development applications;
 - 52 Development Permits;
 - 38 Subdivisions;
 - 36 Development Variance Permits.
 - 6 ALR;
 - 57 Re-zonings;
 - 4 Strata Developments and;

This represents the highest volume of development applications in the past 10 years.

- The volume of Applications handled by the Planning Department has increased by 10% from 2003 and by 119% from 2001. Figure 1 illustrates the type and volume of permits issued for the period 1994 – 2004.

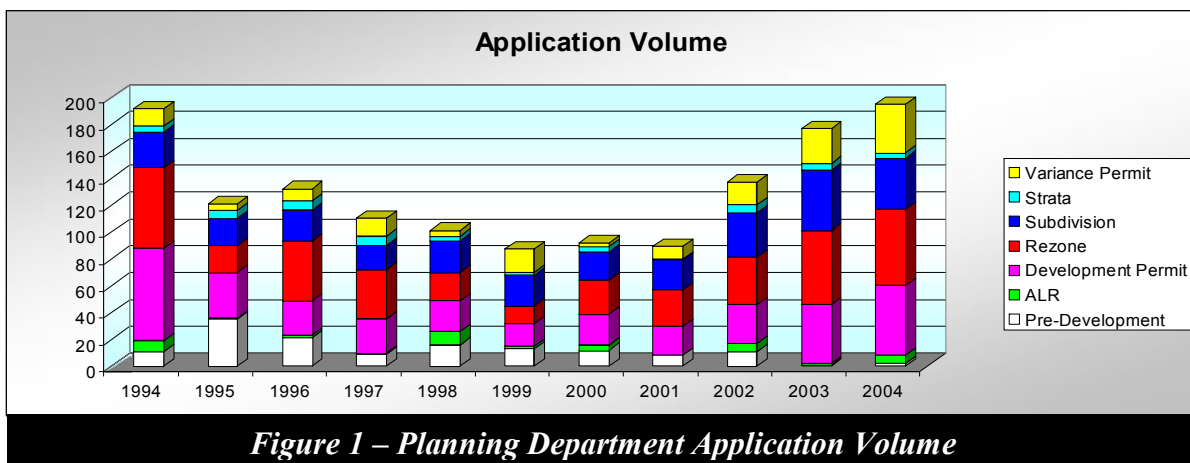
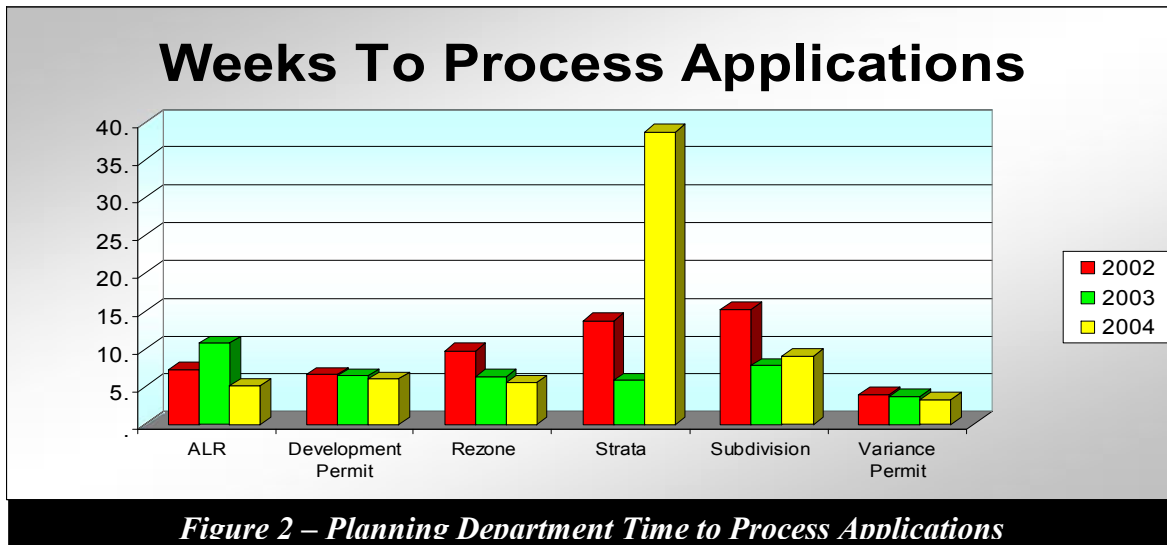


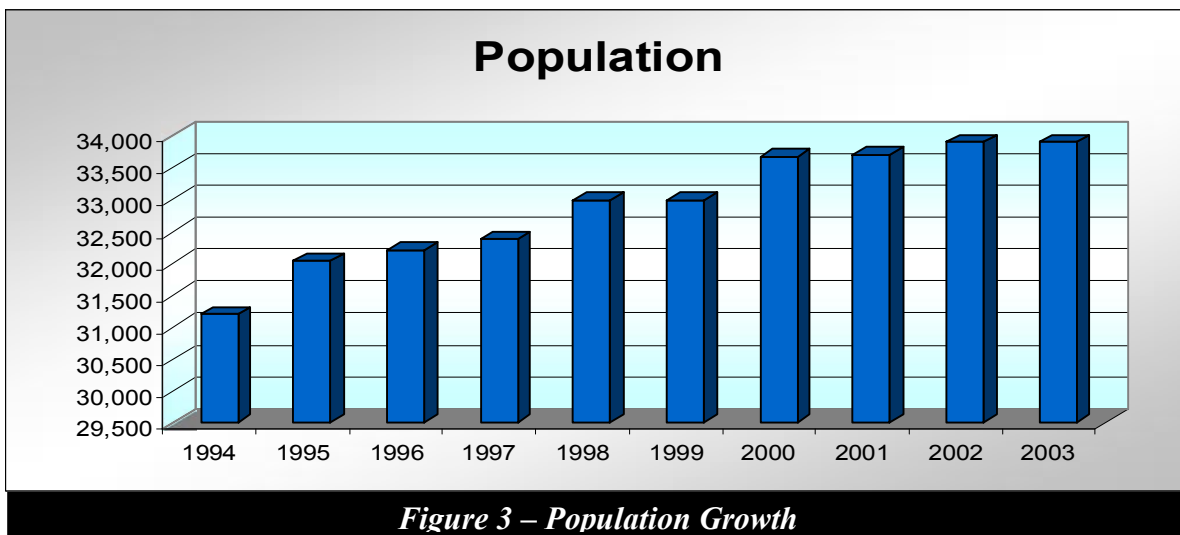
Figure 1 – Planning Department Application Volume

- In 2002 the Planning Department started tracking the time to process applications, see Figure 2. Between 2003 and 2004 the time to process ALR, development permit, rezoning and variance permit applications has dropped by an average of almost 2 weeks. Processing time for subdivision applications and strata developments increased in time by 15% and 567% respectively. Incomplete submissions and issues with right of ways and

easements was the cause of the long time frame to process the strata development. The Planning Department is once again applauded for addressing the significant increase in permits in less time with the same staff. This trend however cannot continue. Addressing permit applications quicker and quicker with the same staff has lead to the Planning Department not being able to address long term planning projects in a timely manner. Work on the Zoning Bylaw, the North East Sector Plan, the Comprehensive Development Plan and the Development Cost Charges Bylaw are significantly behind schedule and work on other sector plans for the Downtown area have been put on hold. The Planning Department is in need of additional staff to properly keep place with the projects it is expected to do.



- The Planning Department also tracked statistics on population growth as displayed in Figure 3. It can be seen that there has not been any significant growth in the City since 1999 to 2000 and growth has been rather flat for the last three (3) years. No new population data was available for 2004.



Planning Department Performance Measures

Infrastructure - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Number of Development Applications per Staff person Total # of Development Permits / Total # of Planning staff	22.3	34.3	35.4	39.0	40.0

Client Benefits - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Time to process Development Applications					
Weeks to process a Subdivision Application	No Data	No Data	15.2	9.0	8.0
Weeks to process a Development Permit	No Data	No Data	6.6	6.0	6.5
Weeks to process a Rezoning Application	No Data	No Data	9.7	5.5	6.5
Weeks to process a Variance Permit	No Data	No Data	4.0	3.2	4.0
Weeks to process an ALR Application	No Data	No Data	7.2	5.1	9.0
Weeks to process a Strata Subdivision Application	No Data	No Data	13.8	38.7	10.0
Number of Information Sessions held with the Development Industry	No Data	No Data	No Data	0	2
% of Customers who report that procedures are					
Efficient	No Data	No Data	No Data	No Data	75%
Fair	No Data	No Data	No Data	No Data	75%
Consistent	No Data	No Data	No Data	No Data	75%
Professional	No Data	No Data	No Data	No Data	80%

Planning Department Goals

The goals for the Planning Department in 2004 were:

- Commence work on a rewrite of the Zoning Bylaw - *Contract planner has commenced work on the project.*
- Hire a Contract Planner - *Complete.*
- Complete the Northeast Sector Plan - *Project delayed, expect completion mid 2005.*
- Complete the Comprehensive Development Plan - *Project delayed, expect completion mid 2005.*
- Amend the OCP to reflect the: Agricultural Plan; The Northeast Sector Plan and; The Comprehensive Development Plan - *Project delayed, expect completion mid 2005.*
- Amend and update the Development Cost Charges Bylaw - *Project delayed, expect completion mid 2005.*
- Achieve 100% electronic submissions for Council Packages - *Commenced the process late in 2004.*

The goals for the Planning Department for 2005 are:

- Continue working on the rewrite of the Zoning Bylaw.
- Complete the Northeast Sector Plan and Comprehensive Development Plan.
- Amend the OCP to reflect the: Agricultural Plan; The Northeast Sector Plan and; The Comprehensive Development Plan.
- Amend and update the Development Cost Charges Bylaw.
- Complete the Heritage Strategy.
- Prepare a Floodplain Bylaw.
- Undertake a customer service survey.

- Achieve 100% electronic submissions for Council Packages.

ENGINEERING DEPARTMENT

The Engineering Department has four main focus areas. The first is to provide professional engineering advice to Council. The second is to plan, budget, design and construct Capital Infrastructure projects. The third is to review, inspect, approve and provide input into the requirements for private development. The fourth is to maintain records with respect to engineering drawings and reports.



The Surveyors at Work

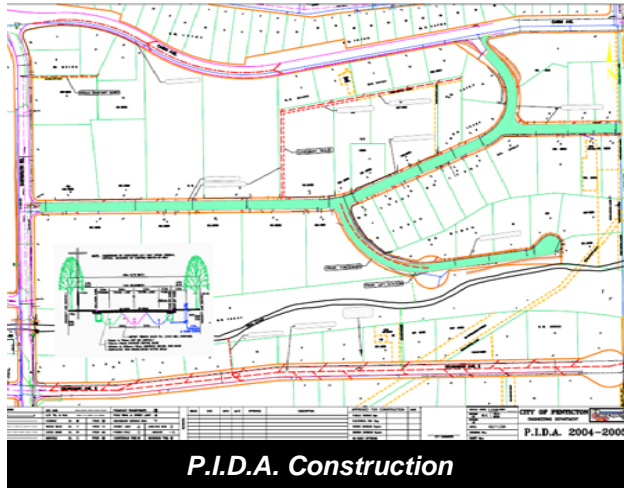
The Engineering Department is managed by Marty Willfong, a professional engineer with seven (7) years experience mostly in local government with a brief foray in the private sector. Marty is assisted in carrying out the responsibilities of the Engineering Department by a permanent staff of seven (7), three (3) direct reports and four (4) indirect reports.

The key achievements for the Engineering Department for 2004 were:

- Issued a Request for Proposals and hired a consultant to complete a comprehensive Water and Sanitary Sewer Study. The Study will outline the City's existing infrastructure deficiencies and provide recommendations for future upgrading requirements. The consultant is to provide working models of both the water and sanitary systems and provide training to City staff on use of the models. The consultant will also review the City's water rates and provide recommendations to ensure that the rates are set appropriately to fund the required future upgrades. Project completion is scheduled for June of 2005.
- Completed Phase 1 of the Transportation Study within budget. Phase 1 focused on data collection, which will be used in Phase 2 (Analytical) of the Study.
- Designed and tendered the Penticton Industrial Development Area (PIDA) underground and surface works project for Commercial Way, Commercial Place and Clark Avenue. This project was tendered within the \$1.2 M budget and is to be phased over 2004 and 2005. This is a continuation of past joint City/Business projects in the PIDA area and saw the long awaited provision of sanitary sewer mains, water mains, concrete curb, and gutter and asphalt roadways. This project has made a marked improvement to Penticton's Industrial area.



P.I.D.A. Creek Crossing



- Installed a new watermain and asphalt surface works on Dartmouth Drive. These upgrades improved watermain integrity and ride quality.



- Substantially completed 2004 Marina Way Project within the tendered budget of \$1.5 M. The Marina Way signature project included a roundabout for traffic calming and an interesting entrance feature. Other improvements included decorative lighting, brick pavers, landscaped areas, benches, parking lot expansion, and beach improvements.
- Worked with the B.C. Ministry of Transportation to rebuild the Eckhardt Avenue and Power Street intersection. Dual left turn lanes were added to the north to west bound lanes to increase volume capacity for the turning movement. The Power Street trunk sanitary sewer was also twinned to relieve capacity problems on the sewer. This project was a joint project with the Ministry of Transportation. The City's portion of the works was completed within the \$700,000.00 budget.
- Completed a \$350,000.00 recapping project on numerous priority roads in Penticton with the most significant being South Main Street and Pineview Road. This project was also completed within budget.
- Completed pre-design work on the Naramata Road and concept design on the Valleyview Road watermain. The goal is to rectify the long standing concern with a lack of adequate fire flow to these two areas. Construction work is planned for the Naramata Road Watermain in late 2005 subject to residents supporting a cost-sharing arrangement. The Valleyview Road watermain pre-design and detail design will also proceed in the fall of 2005, if resident support for a cost-sharing arrangement can be reached.
- Reviewed, approved and inspected a number of private development projects.

Marina Way



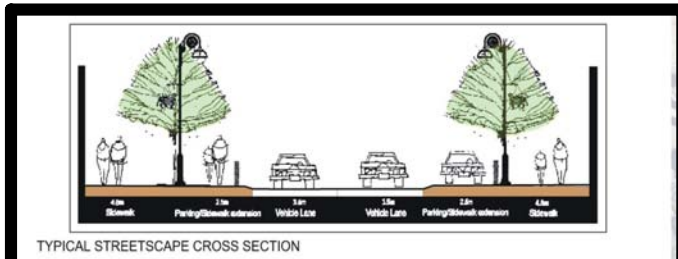
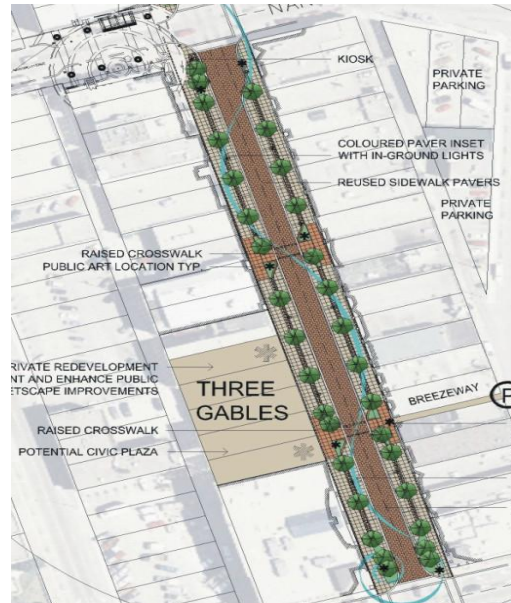
**SUBDIVISION AND DEVELOPMENT
BYLAW 2004-81**



- Completed a re-write of the Subdivision & Development Bylaw. This is the document that sets standards for development in the City. The new Bylaw addresses changes in technology, standards and addresses topography constraints that the City will have to deal with when opening up new development areas on the eastern hillsides. This is a significant project for the City as this bylaw was last updated in 1987. The Department put significant resources into completing this project and now has a document that will serve the City and the development community for some time to come. It is intended that the Subdivision & Development Bylaw become a living document and that changes be tracked and made on an annual basis from now on.

Bylaw 2004-81

- Commenced pre-design on the Main Street Revitalization project. This project involved developing concept designs for a seven (7) block section of Main Street from Jermyn to Lakeshore Drive. This project, once constructed, will make a significant change to the look and feel of the downtown and will complement many of the redevelopment initiatives started by the Planning Department in other areas.



Main Street Cross Section

Main Street Revitalization

Engineering Department Performance Measures

Infrastructure - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Capital projects per Staff person Total # of Capital Projects / Total # of Engineering staff dedicated to Capital Projects.	No Data	No Data	1.5	3.6	3.0
% of capital projects completed within submitted budget	No Data	No Data	33%	77%	75%
% of capital projects complete by completion date in Contract	No Data	No Data	No Data	75%	75%



Client Benefits - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Negative Citizen Concern - Capital Projects Number of negative complaints received specifically related to capital construction projects	No Data	No Data	No Data	10	8
Positive Citizen Comment – Capital Projects Number of positive comments received specifically related to capital construction projects	No Data	No Data	No Data	2	5

Engineering Department Goals

The goals for the Engineering Department for 2004 were:

- Complete and execute a Sanitary Sewage Treatment with the Penticton Indian Band - *Progress ongoing.*
- Develop and implement a plan for rectifying the Naramata Road and Valleyview Road fire flow issues - *Plan in place with further work to follow in 2005.*
- Complete 2004 Capital Works projects on time and on budget - *Complete.*
- Complete the first phase of Transportation Study, Data Collection - *Complete.*
- Complete a comprehensive Sewer and Water Study - *Completion date June 2005. On schedule.*
- Create a comprehensive Irrigation, Water, Sanitary Sewer and Storm Sewer Bylaw - *In the Council Process.*
- Implement an electronic data base to track development projects - *Project carried over to 2005.*
- Complete and adopt the new Subdivision & Development Works & Servicing Bylaw - *Complete.*

The goals for the Engineering Department for 2005 are:

- Hire a consultant to complete a Storm Sewer Master Plan.
- Hire a consultant to complete Phase 2 of the Transportation Master Plan.
- Hire a consultant to complete the Pavement Management Study.
- Complete work on the Naramata and Valleyview water main projects.
- Complete 2005 Capital Works projects on time and on budget.
- Implement an electronic data base to track development projects.
- Complete a pre-design for Corry Place that incorporates Smart Growth elements.
- Update As-Built drawings and servicing database
- Train consultants with regards to the new Subdivision and Development Bylaw submission and design standards.

REGULATORY SERVICES DEPARTMENT

The Regulatory Services Department is charged with providing three services. The first is the building permits and inspection function which addresses residential, agricultural, commercial, institutional and industrial building construction in the City of Penticton. The second is to provide enforcement of the City of Penticton Bylaws which includes property bylaws, traffic and parking bylaws. The third is a licensing function which involves the review and issuance of business licenses and liquor licenses.

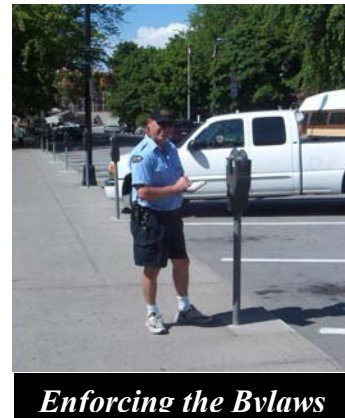
The Regulatory Services Department is managed by the Manager of Regulatory Services, Barry Chickloski who has an Architectural Technology Diploma, fourteen (14) years of local government experience plus an additional ten (10) years of private sector experience. The Department carries out their responsibilities through the Manager of Regulatory Services, a Building Inspection Supervisor and a permanent staff of eight (8).



A Sign of Development, a crane on the Horizon

The key achievements for the Regulatory Services Department for 2004 were:

- Commenced work on the review of the Business License Bylaw. The review will focus on simplifying license fees and license categories, exploring inter-municipal licensing and participating in the "One Stop Business Solutions" initiative. The review and any resulting changes to the Business Licensing Bylaw are expected to be completed in mid 2005.
- The department underwent an organizational restructuring which focused on improving upon the services provided while accommodating a booming construction sector and a sustained increase in regulatory activity. The restructuring resulted in a more effective reporting structure, the creation of a new Supervisor of Building Inspection as well as an additional Plan Checker and an additional Bylaw Officer.
- Regulatory Services staff took forward an amendment to the Property Maintenance Bylaw with regard to the clean up of unsightly properties. Under the amended bylaw the time it takes to have an unsightly property cleaned up has been reduced from over 30-days down to just 15-days.
- Monitored Building Permit Activity. Figures 4 and 5 illustrate that Building Permit activity in terms of volume and value has been on the rise since 2000. The increase from 2000 to 2004 was 104% in terms of the number of permits (Volume) and 227% in terms of the value of construction (Value).



Enforcing the Bvlaws



A New Shape on the Lake

This statistic demonstrates the increasing health and vitality of Penticton's development and construction industry. 2004 remained strong with a 21% increase in building activity as measured by the number of permits and a 28% increase in the value of construction over the previous year.

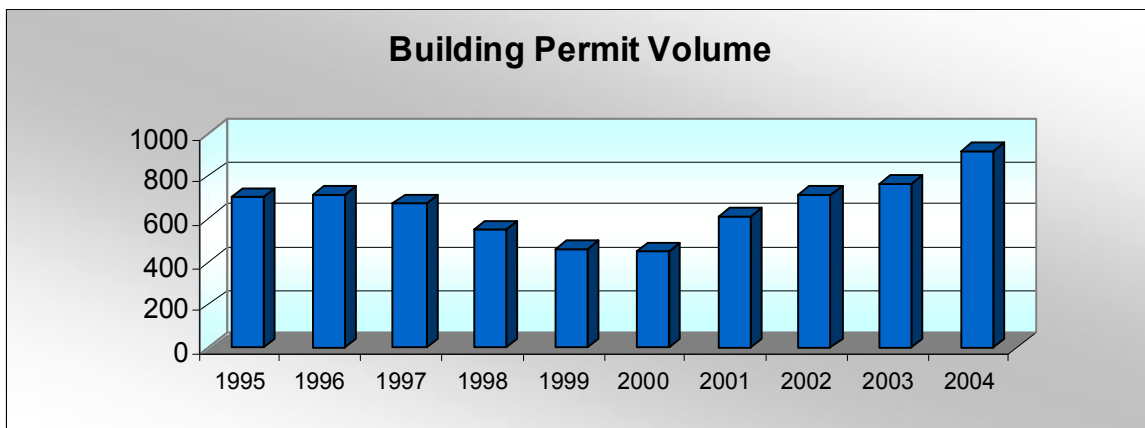


Figure 4 –Building Permit Volume

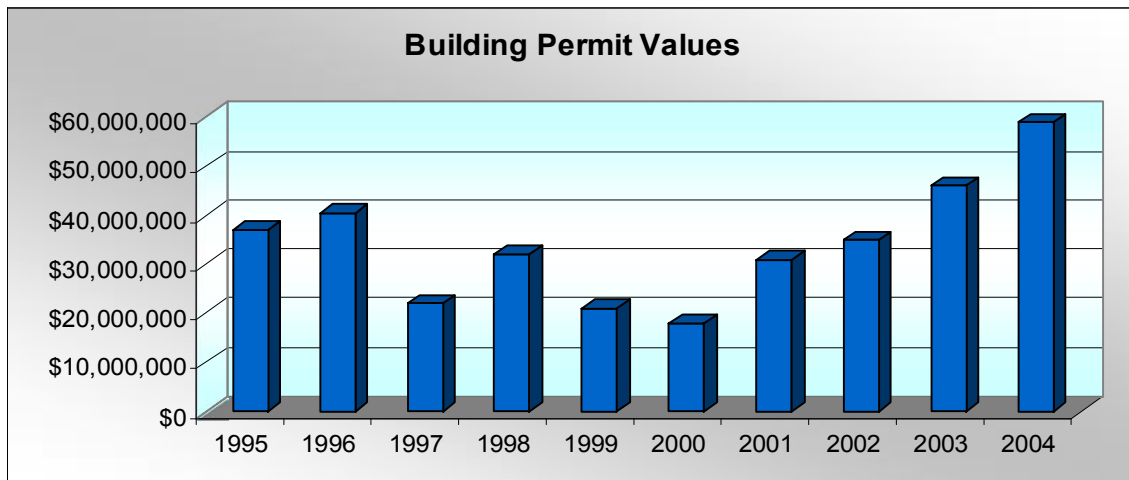


Figure 5 –Building Permit Values

- Monitored the make up of Building Permits issued. Figure 6 shows the make up of the Building Permits issued in terms of residential and commercial, industrial and institutional. As can be seen the ratio between the two classes of Building Permits changes from year to year. In general terms construction has been on the increase since 2000. It is

interesting to note that 2002 to 2004 has seen balanced growth in both classes of construction.

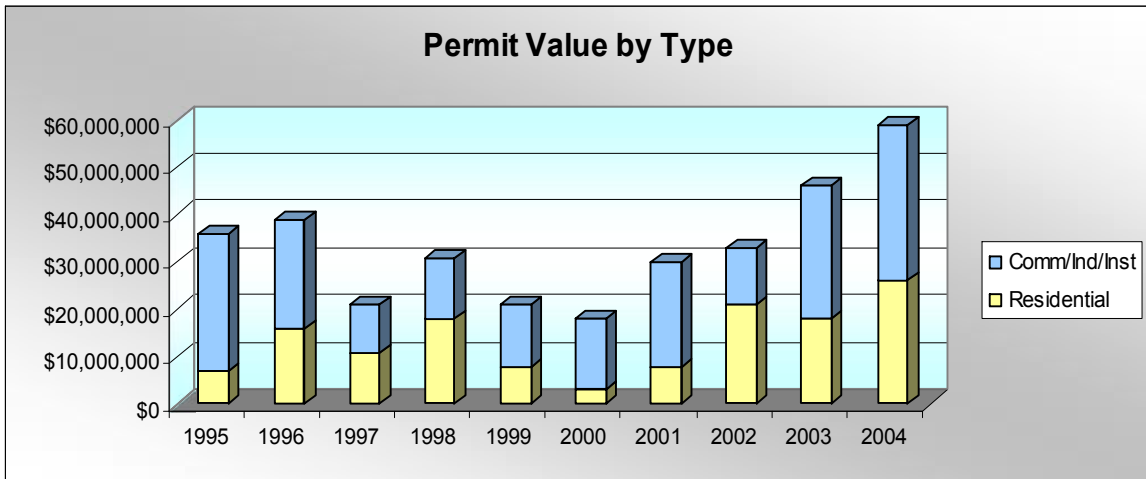


Figure 6 – Building Permit Values by Class of Permits

- The building and License Division tracks the time that it takes to process Building Permit applications, see Figure 7. As can be seen in 2004 the time to process all types of building permit applications was more uniform ranging from 3 to 4-weeks. It is expected that the restructuring of the Department will see further overall reductions in the time needed to process application.

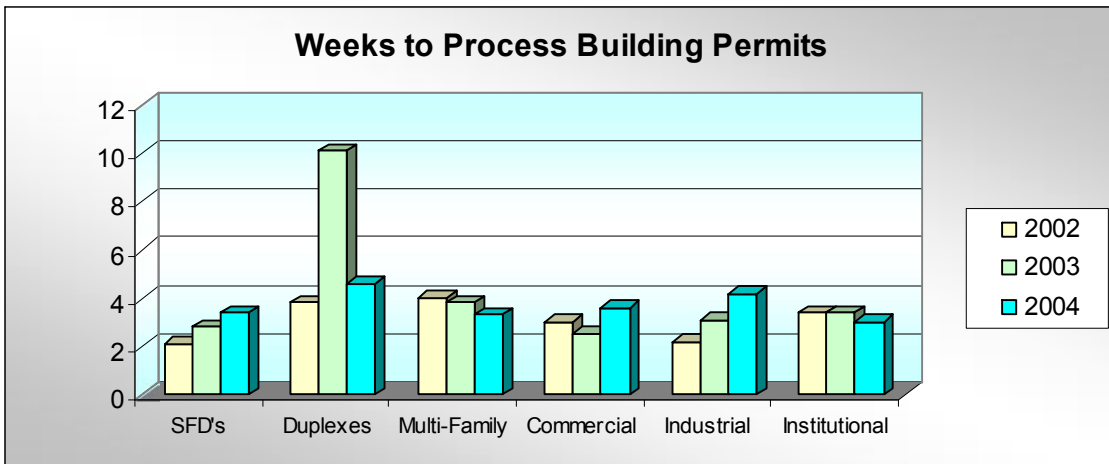
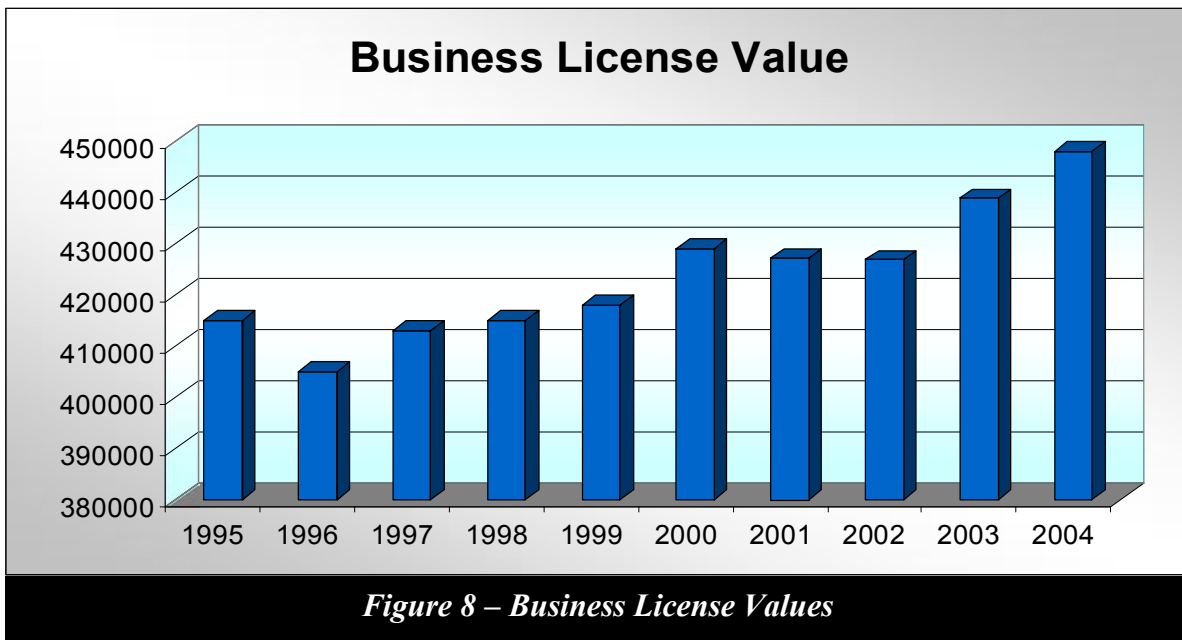


Figure 7 – Time to Process Building Permit Applications

- The Building and Licensing Division also tracks the issuance of Business Licenses. The value of Business Licenses issued in 2004 showed a small increase of 2.1% over 2003, see Figure 8.



Regulatory Services Department Performance Measures

Bylaw

Infrastructure - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Number of Bylaw Files per Bylaw Officer					
Total # of Bylaw complaint files / # Bylaw officers	275	507	638	2,040	1,360

Bylaw

Client Benefits - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Time to process a Bylaw Complaint					
Weeks to complete a complaint investigation	No Data	No Data	No Data	1.5	1.0
Days to complete a general bylaw response	No Data	No Data	No Data	5.0	2.0

Parking

Infrastructure - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Number of regulated parking stalls per Traffic Officer					
Total # of regulated (metered, timed and city parking lots / # of Parking Enforcement Officers.	1,023	1,023	1,023	1,154	769

Parking

Client Benefits - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
To be developed in 2005					

Building Inspection

Infrastructure - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Number of Building Permits per Staff person Total # of Building Permits / Total # Building Inspectors	314	355	381	460	307

Building Inspection

Client Benefits - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Time to process Building Permits					
Weeks to process a Single Family Residential Permit	No Data	2.1	2.8	3.4	3.0
Weeks to process a Duplex Permit	No Data	3.8	10.1	4.6	3.0
Weeks to process a Multi Family Permit	No Data	4.0	3.8	3.3	4.0
Weeks to process a Commercial Permit	No Data	3.0	2.5	3.6	4.0
Weeks to process an Industrial Permit	No Data	2.2	3.1	4.2	4.0
Weeks to process an Institutional Permit	No Data	3.4	3.4	3.0	4.0
Number of Information Sessions held with the Construction Industry	No Data	No Data	No Data	1	2
% of Customers who report that procedures are					
Efficient	No Data	No Data	No Data	No Data	75%
Fair	No Data	No Data	No Data	No Data	75%
Consistent	No Data	No Data	No Data	No Data	75%
Professional	No Data	No Data	No Data	No Data	80%

Licensing

Infrastructure - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Number of Business Licenses per staff person Total # of Business Licenses / # Business License staff	2,300	2,400	2,500	2,600	2,600

Licensing

Client Benefits - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Time to process a Business License					
Days to review and have ready for pick up a new business license.	No Data	No Data	No Data	3.9	3.0
Days to change an existing business license	No Data	No Data	No Data	3.0	2.5

Regulatory Services Department Goals

The goals for the Regulatory Services Department for 2004 were:

- Examine methods to reduce the time to issue permits - *Project delayed.*
- Amend the Noise and Nuisance Bylaw to allow construction activity to start at 0700 and run to 2200 seven (7) days per week, three hundred and sixty five (365) days a year - *Complete.*
- Amend the Private Property Maintenance Bylaw to include a provision to address reoccurrence and to shorten the time to achieve compliance - *Complete.*
- Complete the Residential Parking Policy - *Complete.*
- Obtain new staff or contract for the provision of additional parking enforcement - *Council decided late in 2004 to approve a new bylaw position. Out to competition.*
- Rewrite or amend the Building Bylaw to bring it in conformance with the MIA Core Bylaw and to make it a requirement that low water use fixtures be used on all new and renovation projects - *Project carried over to 2005.*
- Rewrite the Business License Bylaw to: Reduce the number of license classes; Simplify the fee schedule - *Project started in late 2004 with completion expected in mid 2005.*

The goals for the Regulatory Services Department for 2005 are:

- Examine methods to reduce the time required to issue permits.
- Monitor City parking lots and on street parking in the downtown core to determine usage rates, turnover rates and duration rates.
- Review the Private Property Maintenance Bylaw and bring forward an amendment that better defines what is considered to be an unsightly property and to what standard must the property be cleaned up.
- Complete the review & amendments to the Building Bylaw to bring it in conformance with the MIA Core Bylaw and to make it a requirement that low water use fixtures be used on all new and renovation projects.
- Complete the Review & rewrite of the Business License Bylaw to reduce the number of license classes, simplify the fee schedule and participate in inter-municipal business licensing.
- Work with the Planning Department to bring forward a strategy on how the City should deal with Secondary Suites in the future.

PUBLIC WORKS DEPARTMENT

This is the largest Department within the Development and Engineering Services Division. The Public Works Department is managed by Len Robson who has a diploma in Engineering Technology is ASCT certified and brings seventeen (17) years of experience to the City.

The Public Works Department is further broken down into three Sections, the Works Section, the Water Treatment Section and the Waste Water Treatment Section.



Fleet Maintenance Staff

The Works Section is supervised by Todd Mizuik includes three areas. The first is the Fleet Maintenance area which is charged with maintaining and managing the City of Penticton’s fleet, the R.C.M.P. fleet and Regional District of Okanagan-Similkameen fleet. The second area is the Utility area which maintains the underground domestic and irrigation water, storm and sanitary sewer infrastructure, dams, and performs the water meter reading and water meter maintenance functions for the City. The third area is the Works area which provides road maintenance and compost functions for the City. This is the area of the City that keeps things running smoothly twenty four (24) hours a day seven (7) days a week. If there is a problem these guys deal with it.



Cross Connection Control

The Water Treatment Section is supervised by Brent Edge who is responsible to operate and maintain the City’s water treatment plant, water storage reservoirs, cross connection program, water conservation program and water pump stations.

The Waste Water Treatment Section is supervised by Berne Udala who maintains and operates the City of Penticton Advanced Waste Water Treatment Facility, the sewage lift stations and the Effluent Irrigation System to the Penticton Golf Course and City Parks.

The Water Treatment and Waste Water Treatment Sections ensure that the water you get at your tap is safe to drink and that your sanitary sewage is treated properly. The citizens of Penticton are fortunate that we have state of the art water and waste water facilities run by the most qualified operators in the business. Our facilities are often showcased to universities, consultants and other municipalities.

The Public Works Department carries out their responsibility through the Manager of Public Works, three (3) supervisors and a permanent staff of forty seven (47).

The key achievements, performance measures and goals for the Public Works Department are presented in the following sections.

Works Section Key Achievements

- Hired Public Works Superintendent – Todd Mizuik.
- Completed a dam safety assessment to determine the status of dam safety and provide recommendations for changes or required work.
- Completed the first phase of rehabilitation on the Ellis #2 dam to correct noted concerns with respect seepage and structural stability.
- Completed the first phase of the Columbia School sidewalk installation.



Dam Repair



Bridge Repair

- Commenced the radio frequency upgrades to the water metering system. Two hundred and eleven (211) Installations completed.
- Completed the installation of a new bridge on route to Campbell Mountain Diversion.
- Implemented an Automotive Mechanic Apprentice Program.

Works Section Performance Measures

Roads

Infrastructure - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Efficient Road Maintenance Operations Costs for patching, line painting, crack sealing, concrete curb & gutter & sidewalk repair per lineal meter of road network.	\$1.05/ m	\$1.09/ m	\$1.01/ m	\$0.69/ m	\$1.24/ m
Efficient Road Sweeping Operations Costs for road sweeping per lineal meter of road network.	\$0.32 / m	\$0.36 / m	\$0.36 / m	\$0.33 / m	\$0.41 / m
Efficient Snow Ice Road Operations Cost for snow and ice control per lineal meter of road network.	\$0.24 / m	\$0.30 / m	\$0.22 / m	\$0.57 / m	\$0.58 / m

Roads

Client Benefits - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Citizen Concern – Roads General Number of complaints received specifically related to the condition of the road network.	No Data	No Data	No Data	9	10
Citizen Rating – Roads Maintenance % of those surveyed that rate Road Maintenance as sufficient.	No Data	No Data	No Data	No Data	75%
Citizen Rating – Sweeping Operations % of those surveyed that rate Street Sweeping Operations as sufficient.	No Data	No Data	No Data	No Data	75%
Citizen Rating – Snow and Ice Control % of those surveyed that rate Snow and Ice Control Operations as sufficient.	No Data	No Data	No Data	No Data	75%

Water Distribution System Infrastructure - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Efficient Agricultural Irrigation Mainline Operations & Maintenance Cost to provide and maintain 33 km of an agricultural Irrigation system	\$2.26 / m	\$2.62 / m	\$2.40 / m	\$3.37 / m	\$3.21 / m
Efficient Domestic Water Mainline Operations & Maintenance Cost to provide and maintain 199 km of domestic water supply main .	\$1.47 / m	\$1.53 / m	\$1.71 / m	\$1.86 / m	\$2.15 / m

Water Distribution System Client Benefits - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Citizen Concern - Agricultural Mainlines Number of complaints received specifically related to agricultural irrigation mains	No Data	No Data	No Data	0	5
Citizen Concern – Domestic Mainlines Number of complaints received specifically related to domestic water mains	No Data	No Data	No Data	3	5

Sanitary and Storm Sewer Collection System Infrastructure - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Efficient Sanitary Sewer System Maintenance Cost per lineal meter of pipe	\$1.43/m	\$1.44/m	\$1.86/m	\$1.53/m	\$1.55/m
Efficient Storm Sewer Maintenance Cost per lineal meter of pipe – incl. c/b & mh	\$0.63m	\$0.63/m	\$0.79/m	\$0.57/m	\$0.91/m

Sanitary and Storm Sewer Collection System Client Benefits - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Citizen Concern - Sanitary Sewer Mains Number of complaints received specifically related to sanitary sewer mains	No Data	No Data	No Data	1	5
Citizen Concern – Storm Sewer Mains Number of complaints received specifically related to storm sewer mains	No Data	No Data	No Data	8	5

Works Section Goals

The goals for the Works Section for 2004 were:

- Investigate metering and charging for irrigation water on a cubic meter basis. **Flow monitoring complete, analysis required.**
- Undertake a review and rewrite of pertinent Works Policies. **In progress.**
- Bring the Department up to full staffing levels. **Complete.**

The goals for the Works Section for 2005 are:

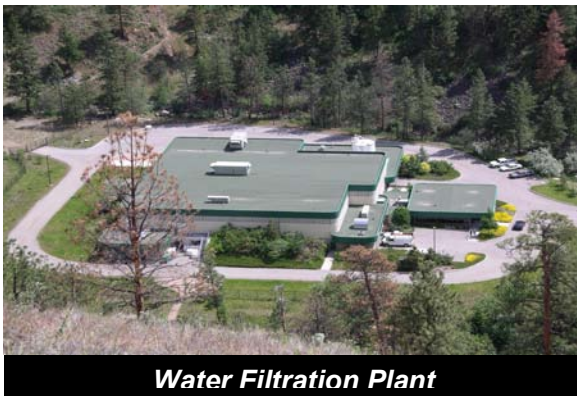
- Investigate Asset Management Software.
- Implement Fleet Maintenance Software.
- Complete the Ellis 2 Dam repairs.
- Implement a Uni-Directional Flushing Program.
- Review and update Public Works Policies.

Water Treatment Section Key Achievements

- Hired Water Treatment Plant Supervisor – Brent Edge.
- Purchased and installed an emergency generator at the Duncan Avenue reservoir.
- Completed SCADA work at the Okanagan Lake Pump Station, Carmi Booster Station, Gordon Avenue Booster Station.
- Rebuilt Okanagan Lake Pump Station pump #5.
- Completed an Emergency Response Plan.
- Investigated and carried out cross training with the Waste Water Treatment Plant staff.
- Installed distribution particle counter and related SCADA work at the Treatment Plant.
- Commenced fiber link between Duncan Ave and the Water Treatment Plant.
- Investigated and resolved City of Penticton water license issues.
- Wrote up and published a Water Talk information newsletter.
- Activated a successful water conservation/education program resulting in a peak day reduction of 8 MLD of treated water.



Duncan Avenue Generator



Water Filtration Plant

- Continued work on the cross connection control program to help ensure the safety of the City's water system. Resulting in 120 new assemblies being installed.

Water Treatment Section Performance Measures

Water Treatment and Storage Infrastructure - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Efficient Water Treatment, Pumping & Storage Operations and Maintenance Costs for treatment, pumping and storage per cubic meter of water treated.	\$0.135/m ³	\$0.138/m ³	\$0.135/m ³	\$0.151/m ³	\$0.158/m ³
Per Capita Daily Water Demand Liters of treated water per capita per day	661 lpcd	725 lpcd	703 lpcd	639 lpcd	650 lpcd

Water Treatment and Storage

Client Benefits - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Citizen Concern – Water aesthetics Number of complaints received specifically related to treated water odor, taste and clarity.	24	7	10	15	15
Regulatory Requirements – Water Quality % of water samples that meet or are better than the requirements in the Ministry of Health Operating Certificate.	100%	100%	100%	100%	100%

Water Conservation

Infrastructure - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Efficient Water Conservation Program Water Conservation Costs per reduction in the number of liters per capita per day.	No Data	No Data	No Data	\$ 1046/L	\$1300/L

Water Conservation

Client Benefits - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Peak Day Demand Highest volume of water pumped over a 24 hour period.	51.6 ML/d	48.3 ML/d	52.6 ML/d	46.6 ML/d	45.0 ML/d
July Total Monthly Demand Volume of water pumped over the month of July.	1108 ML	1318 ML	1428 ML	1186 ML	1250 ML
July Degree days over 30 Days in July where the temperature exceeded 30	11	15	18	17	N/A
July Total Rainfall	47.4 mm	11.2 mm	0.0 mm	8.0 mm	N/A
August Total Monthly Demand Volume of water pumped over the month of August.	1059 ML	1226 ML	1225 ML	1006 ML	1075 ML
August Degree days over 30 Days in August where the temperature exceeded 30	11	10	16	14	N/A
August Total Rainfall	35.2 mm	7.0 mm	3.8 mm	70.6 mm	N/A
Average Day Demand Average volume of water pumped over a 24 hour period.	21.2 ML/d	23.2 ML/d	23.1 ML/d	21.0 ML/d	21.5 ML/d
Per Capita Daily Water Demand Liters of treated water per capita per day	661 lpcd	725 lpcd	703 lpcd	639 lpcd	650 lpcd

Water Treatment Section Goals

The goals for the Water Treatment Section for 2004 were:

- Amend the City of Penticton Water use License for Okanagan Lake - *Complete.*
- Complete the Warren Avenue Well Protection Plan - *Plan complete, undertaking implementation.*
- Complete the Emergency Response Plan for the Water Filtration Plant - *Complete.*
- Investigate an inclining block rate for water use charges - *Handed off to the Engineering Department, in progress.*

The goals for the Water Treatment Section for 2005 are:

- Rebuild Ridgedale Pump Station pump #1.
- Purchase and install an emergency generator at the Ridgedale Pump Station.
- Complete the installation of a fiber optic line between Duncan Avenue Pump Station and the Ridgedale Pump Station.
- Surveys high water contamination hazards surrounding the Warren Avenue Well.
- Complete the 2005 Annual Water Plant Operations Report and post on the city web page.
- Complete a pilot test and pre-design of the Warren Avenue Well Treatment Facility.

Waste Water Treatment Section Key Achievements

- Rebuilt Lakeside South Lift Station pump #2
- Alberni Street Lift Station pump #1.
- Commenced work on a wireless communication system upgrade.
- Completed the Cross Connection Control upgrades required at the Advanced Waste Water Treatment Plant and at two major Lift Stations.
- Installed fall protection devices at some lift stations.
- Reorganized to create a dedicated Waste Water Treatment Section Supervisor.
- Completed a preliminary Wastewater Treatment process capacity review.
- Hired a consultant to undertake a Liquid Waste Management Plan.



- Put into action several staff led innovations:
 - The installation of two new flow meters downstream of the secondary clarifiers. These meters were originally (1991) installed upstream of the bio-reactor and presented fouling problems. The meters were sent back to the factory and new probes were purchased and factory calibrated. The purpose for these meters is to provide flow information for control purposes when running parallel trains.
 - The installation of a second chlorine analyzer. This analyzer was installed at the end of the Chlorine contact tanks, prior to de-chlorination. This provided a constant Chlorine residual reading that is required for our permit.
 - The relocation of the chlorine injection point. The first chlorine meter location was changed and some pipe modifications were made. This was required to meet permit requirements for Irrigation Total Chlorine Residual.
 - The replacement of the digester roofs. Many options were explored. Staff finally selected a spray on urethane foam with a membrane sprayed over top for durability and UV protection. This was applied over top of the old roof. The cost of this roof system was half of that of a traditional roof, and had added benefit of increased insulation value which will result in energy savings.
 - The utilizing of natural ventilation to de-humidify filter building, resulting in natural gas consumption reduction.

Waste Water Treatment Section Performance Measures

Infrastructure - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Efficient Waste Water Pumping and Treatment Operations and Maintenance Costs for pumping and treatment per cubic meter of waste water treated.	\$0.232/m ³	\$0.231/m ³	\$0.230/m ³	\$0.240/m ³	\$0.250/m ³

Client Benefits - Measurements and Targets:

Description	2001	2002	2003	2004	2005 Target
Regulatory Requirements – Waste Water Quality % of waste water samples that meet the Ministry of Environment total phosphorus requirement of 0.25 mg/l.	94.0%	99.6%	88.5%	71.0%	85.0%
Yearly Average phosphorous The average of all total phosphorus tests (Limit 0.25 mg/l)	0.12 mg/l	0.07 mg/l	0.16 mg/l	0.25 mg/l	0.25 mg/l

Waste Water Treatment Section Goals

The goals for the Waste Water Treatment Section for 2004 were:

- Put in place and implement a cross training program for the Water and Waste Water areas - *Department restructured to eliminate the need for a cross training on a global level.*

The goals for the Waste Water Treatment Section for 2005 are:

- Complete fall protection upgrades for the lift station hatches.
- Upgrade the wireless communication upgrade.
- Complete the Liquid Waste Management Plan.
- Complete a plant and equipment audit.
- Complete a three year staff training plan.

PARKS, RECREATION, CULTURE AND CONVENTION DIVISION

The Division's mission is to achieve socially worthwhile goals which will enhance the quality of life for the citizens, visitors, and future generations of Penticton. The underlying theme for the staff and volunteers is *commitment!* A commitment to our work objectives, to our mission, and to the community.

The Division consists of five (5) Departments: Parks and Cemeteries, Facilities, Recreation, Museum, and Trade & Convention. The Division also co-ordinates the Personal Disaster Assistance (PDA) and Emergency Social Services (ESS) functions for the City in times of family or community disaster. The Division services are provided through a Director, two managers, four supervisors, 100 full or part-time employees and nearly 300 volunteers. In addition, 90 contract staff teach recreation programs to the community and dozens of contractors provide everything from security to custodial services.

In 2003, the Division's administration re-organized due to key retirements and technological advancements. The changes saved the City almost \$100,000 annually. In 2004, further organizational changes were made to improve customer service, meet changing needs, increase levels of professionalism, address succession planning issues, and provide new challenges for individuals.

The Division's administration manages human and physical resources, planning, research, administrative priority setting, liaison with authorities, fiscal control, support to advisory committees, and assistance to community groups.

The highlights for 2004 were:

- The completion of a \$3,800,000 capital works program.
- Partnered or liaised with many community groups to produce special events, community programs, facility improvements, concept plans and visions, fundraising, and the implementation of innovations.
- Continued the division administrative re-organization and added support for the facilities maintenance functions.
- Completed the feasibility study and concept renderings for the South Okanagan Events Centre with consultants and architects.
- Worked with the School District and Pen High Building Committee on the development and selection of a concept for the new high school.
- Completed Phase three of the PT&CC renovations and 90% of Phase 4 – Front Façade.
- Commenced work on the new Wine Country Visitors Centre and submitted grant progress payment to December 31, 2004.
- Submitted grant applications including an Infrastructure Grant request for the Youth Activity Park.
- Held priority setting sessions with the Advisory Committee and staff.

The goals for 2005 are:

- To submit applications to host events that will increase the profile of Penticton and provide a positive economic impact on the community.
- To complete the financial due diligence phase on the proposed South Okanagan Events Centre.
- To follow-up on actions identified in the Due Diligence report on the South Okanagan Events Centre.
- To initiate and complete research on projects as identified.

- To complete a long term facility and park review and strategy.
- To work with the School District on any issues that arise in regards to the new Penticton High School project and Shatford Building.
- To complete Phase 3 construction of the Penticton Trade and Convention Centre.
- To complete construction of the new Wine Country Visitors Centre.
- To work with the RCMP on a new Community Policing office.
- To complete grant applications for capital projects.
- To update selected sections and issue papers within the Parks, Recreation and Culture Master Plan, including a paper on sports fields and facility needs.

PARKS AND CEMETERIES DEPARTMENT

The Parks and Cemeteries Department provides public open spaces, two cemeteries, beautiful clean beaches, parks furniture, water equipment, integrated pest management, turf management, flowers and trees, sports fields, trails, hanging baskets, a tree nursery, irrigation systems, litter control, general park maintenance, special event assistance, playgrounds, parkland design and construction, and community development.



SKAHA BEACH

Through their commitment to the community, innovations, and pursuit of partnerships, the staff and volunteers of the Parks and Cemeteries Department strive to:

- Maintain quality parks, beaches and cemeteries, which meet the needs of our community and provides a positive impression to visitors.
- Provide outdoor opportunities for public participation.
- Protect the natural environment of Penticton for future generations.
- Maintain the resting space of deceased residents of Penticton.
- Provide a dignified setting where the residents of Penticton can reflect on their life with departed loved ones.



ADOPT-A-PARK

The Parks and Cemeteries Department is administered by a Parks Supervisor and has eight full time employees and twenty three seasonal staff members. The Department has three sections, each with a lead sub-foreman, including Amenities and Design, Urban Forestry and Integrated Pest Management and Horticulture. There are approximately thirty volunteers in the Adopt-A-Park Program.

The highlights for Parks and Cemeteries in 2004 were:

- Arbor Day at Columbia School.
- 130 trees planted through out the City.
- Reduced the use of pesticides by 10%.
- Goose Management reestablished on our Waterfront Parks.
- Reduced Incidents and Accidents by 10%.
- Hosted 15 annual sports tournaments on our athletic fields.
- Hosted 3 Provincial tournaments Youth Soccer, Youth baseball and Senior Games.
- Reduced our Irrigation consumption by approximately 10%.
- Hosted 15 major special events attracting 50,000 plus visitors to the following Parks:
 - Gyro, Rotary
 - Okanagan
 - Skaha
 - Queens



TRANS CANADA TRAIL

- Planted and maintained 40 flower beds and 110 hanging baskets.
- Library fountain was upgraded with new plumbing and pump for the fountain.
- New entrance signs were installed.
- Warren Avenue ballpark received a new irrigation system.
- Kiwanis Park received a new play structure purchased by the Kiwanis Club.
- Received \$33,000 in donations through our Gifting Program which included 20 new benches and 4 new picnic tables.
- Installed 40 new in ground waste receptacles.
- Commenced construction of Okanagan Park with some base grading completed before freeze up.
- Restructured our Parks administration creating one additional sub-foreman position and two gardener positions.

KIWANIS PARK



FLOWER DISPLAYS

The goals for Parks and Cemeteries in 2005 are:

- Continue to develop an Urban Forestry management Plan including a Heritage tree list.
- Continue to identify and manage hazardous trees and inventory all trees.
- Continue to review Parks Safety Standards and refine the Parks Safety manual.
- To complete the approved 2005 Waterfront Capital Development, including Okanagan Park, Marina Way Park and installation of Rotary Pavilion.
- To complete the approved 2005 Parks Capital Program.
- To work with clubs and organizations who sponsor events, park development and amenities, and to pursue joint ventures with these organizations.
- To develop an Irrigation Management Plan that will forecast the need for system upgrades and improvements.
- To develop a joint Goose Management Plan with Oliver, Vernon, Osoyoos, Kelowna, Summerland, West Bank and Peachland.
- To develop construction drawings for Lakeview Cemetery Columbarium area and install phase 2 of the Columbaria.
- To develop an upright headstone section in Lakeview Cemetery.
- To develop a new full burial section in Lakeview Cemetery.



2005 PARK DESIGN & CONSTRUCTION

Okanagan Park

Initial planning and design sessions with user groups and the community have produced this concept which will become a beautiful open space and event site before the end of summer.

Concept Plan



Marina Park

After a year of input from the community, consultants, and parks staff, this approved concept will be constructed in the fall of 2005. The main feature will be a state of the art xeriscape demonstration garden.

Riverside Park

This conceptual drawing will be completed in 2005 and become working drawings for construction in 2006. Features will include the Rotary Pavilion in 2005 and the proposed future skate board park.



Lakeview Cemetery Columbarium

The artist drawing depicts the future development of Lakeview's Columbarium Gardens. During 2005, construction drawings and some structural site improvements will take place. Features to look for will be the outdoor chapel.



FACILITIES DEPARTMENT

The Facilities Department provides property management functions for the development and maintenance of all civic and recreational facilities within the City of Penticton, with the exception of the two treatment plants. Staff in the Facilities Department continually strive to:

- Provide staff, citizens, and visitors with safe and clean facilities; in a cost efficient manner.
- Provide maintenance services for 500,000 square feet of building space.
- Supervise, operate, and provide custodial services for two arenas and a Community Centre operating eighteen hours a day and seven days a week.
- Provide a wide variety of services for staff, community groups, tourists, and special events throughout the city.
- Hire and manage a large number of contractors to cover many areas such as elevators, fire suppression, HVAC (heating, ventilation and air conditioning), electrical, refrigeration, boilers, carpentry, gas fitting, janitorial, and security.
- Contract with and supervise architects, engineers, and consultants to help with the design and construction of new facilities and renovations to existing buildings.
- The Facilities Department is led by a Facilities Supervisor and has two sub-foremen, five maintenance personnel, and nine facility attendants. The operating budget for 2004 was \$2,529,762 and the Department completed the year under budget by \$47,516.

Highlights in 2004 included:

- Completed a capital works program of \$2,438,820.
- Operated recreation facilities on an eighteen hour day and seven days per week schedule.
- Repaired and upgraded aging infrastructure including Leir House Cultural Centre repairs and roofing of the studio building, City Hall air conditioning, renovations to a Memorial Arena dressing room, McLaren Arena de-humidifiers, replaced the theatre fire curtain, partial roof replacement for Fire Hall #1, replacement of Fire Hall #1 exhaust system, fencing and overhead doors at the City Yards, and a renovated office area in Fire Hall #2.
- Started construction on the new Wine Country Visitors Centre.



Turning the dirt for the new Wine Country Visitor Centre

- Worked with administration and consultants to complete the Feasibility Study on the South

- Okanagan Events Centre.
- Completed safety items such as the City Yards fire alarm and safety list, McLaren Arena safety netting, Community Centre magnetic door releases, and cross connection controls on several buildings.
- Completed annual maintenance functions on McLaren Arena, Memorial Arena, and the Community Centre aquatic facilities within budget and a tight timeline.
- Assisted the B.C. Senior Games and Elvis Festival Society with the preparation and clean-up of the old RCMP Detachment building for their 2004 use, and during their lease of the building.
- Completed roof inspections on civic buildings.
- Clean-up of flood damage in the 3 Mile Beach caretaker building.
- Completed the demolition and removal of a house boat that was abandoned on city lakefront parkland.
- Assisted the Curling Club with removal of their ice.
- Provided support to the Emergency Services program during small evacuations and participated in training sessions.
- Partnered with the Curling Club on several improvements or repairs including the clean-up of a contaminated substance spill.
- Completed the \$1,500,000 third phase renovations to the Penticton Trade and Convention Centre.
- Worked with the architects and consultants on the design and tendering of the fourth and final phase of improvements to the Penticton Trade and Convention Centre ... the front façade, landscaping, and signage.



Convention Centre Renovations



Convention Centre Façade

- Completed start-up, operation, and winterization of the public washrooms/ bathhouses in city parks and on city beaches.
- Dealt with operating issues related to the cemetery septic field.
- Assisted other Division staff with the hosting of the 2004 British Columbia Parks and Recreation Association conference and AGM.
- Hosted many community events in city facilities including constant events during the warmer months on the bandshell in Gyro Park, the West of the Rockies Rodeo in Memorial Arena, Okanagan Children's Festival, Santa's Craft Workshop, and many more events that attracted both local residents and tourists.
- Continued involvement with and improvement to our Joint Health and Safety Program.

The planned goals for the Facilities Department in 2005 include:

- To complete the 2005 approved capital program for City facilities.
- To participate in meetings and a planning process for the Library and Museum vision and direction. Complete long term vision in 2005 and submit to the 10 Year Capital Program.
- To complete a facility review and short/long term direction for all City facilities.
- To complete construction of Phase 4 improvements to the Penticton Trade and Convention Centre – front façade, landscaping, and signage.
- To complete construction of the Wine Country Visitors Centre.
- To continue developing visions and plans for the Community Centre, South Okanagan Events Centre, Library/Museum, bathhouses, Cleland Community Theatre, and Nanaimo Hall.
- To work with the Parks Department on structural components within scheduled park upgrades.
- To continue to refine budget processes for the department in cooperation with the Finance Department.
- To address the developing problems related to increased usage of facilities and more special events in our buildings.

➤ RECREATION DEPARTMENT

The Recreation Department provides programs, community development, office administration, facility and park reservations, theatre administration, and assistance to advisory committees and community groups.

Through leadership, advocacy and the provision of programs, services and educational opportunities, the Recreation Department is constantly striving to attain and maintain a healthier community. Through the programs and services offered, the staff and volunteer team strive to:

- Provide a balanced diversity of recreational and cultural opportunities which will foster a sense of community and individual growth;
- Support community organizations and individuals with their diversity of services;
- Foster a strong sense of volunteerism within the community;
- Encourage recreational activities, which will provide economic and social benefits to the community.



The Department's structure includes one Recreation Manager, one Recreation Supervisor and 11 additional full time staff with a combined 195 years of service with the City, 14 part time staff who have collectively worked for 54 years with the City, 65 contract staff providing recreation programs and courses, and nearly 200 volunteers who provided 9460 hours of service in 2004.

The highlights for 2004 were:

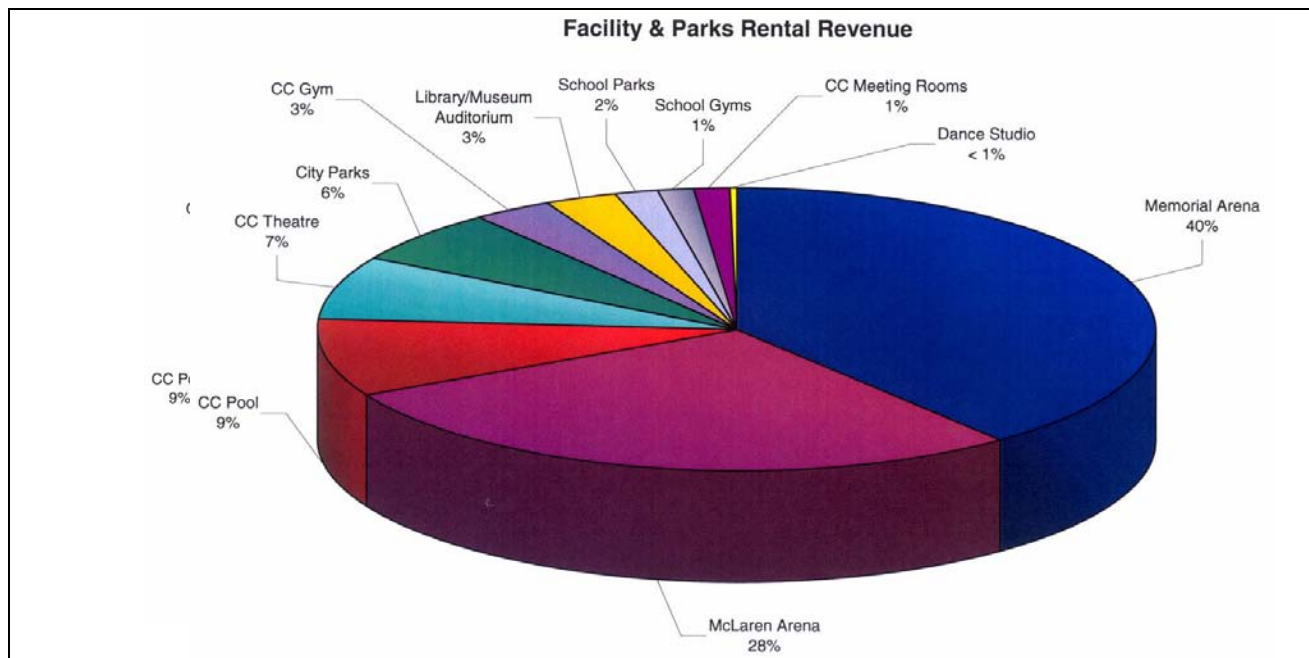
- Recreation Department staff hosted the 2004 B.C. Recreation & Parks Association Annual Symposium which brought valuable training opportunities to the staff and injected additional tourism revenue into the community.
- The City of Penticton was awarded the 2004 BCRPA Program Excellence Award for its innovative youth programming ideas.
- Penticton Recreation staff played an important role in coordinating the 2004 B.C. Senior Games. Not only did the event draw 2,500 participants and close to 3,000 spectators from all over the province, a legacy fund was left to the community as well.
- Penticton's Recreation Department created a new "Healthy Living Alliance" with the B.C. Heart & Stroke Society, local fitness providers and Interior Health to present an Active Living Health Fair. Participants visited stations to receive medical tests and learned how to access a variety of health resources in Penticton.
- The City of Penticton and the Penticton Youth Park Committee, together with Vander Zalm & Associates Landscape Architects completed the final draft of construction drawings for the Penticton Youth Park.



- The second annual Penticton Teen Idol contest drew over 60 youth auditions and 350 people to the Finals Event at the Pen High Auditorium.
- There were over 4,500 visits to public skating.
- Staff provided valuable training opportunities for Emergency Social Services volunteers.
- 875 children attended annual special events including The Pumpkin Patch Carnival, Santa's Hide-a-way Craft Workshop and the Winter Wonderland Skate.
- Through the leadership of the Recreation Department staff, the KidSport Fund helped over eighty children from low-income families access community sports.
- 2004 saw 81,729 visits to the Community Centre pool for a variety of programs and public swimming.
- 3229 adults participated in recreation programs in 2004.
- The Recreation Department has met with user groups to gather statistics and information which will assist in developing a Gender Equity Policy for the City.
- The Recreation Department provided support for Penticton's first Ultimate Frisbee Tournament. There were over 8,000 visits to aquatic fitness classes where patrons were improving their health and fitness on a regular basis.
- 143 participants registered for the Sun Run Training Clinic to prepare for the 10 km Vancouver Sun Run.
- Due to the success of the 'Penticton Steps Out' program, the B.C. Heart Foundation is implementing similar programs throughout the province.
- Pool rental revenue increased by more than \$4,000 from 2003.
- The REACT program (Recreational Education of Controlled Aquatic Therapy) had 5,355 visits over the year. Clients in this program have conditions ranging from stroke, head injuries, motor vehicle accidents, polio, arthritis, Alzheimer's, and post surgery to paraplegics. The REACT program has helped many people get back on their feet.



- The Canadian Triathlon team chose Penticton and the Community Centre pool to train in preparation for the 2004 Olympics. This 6-week session included local Jill Savege and Canadian Olympic Gold medalist Simon Whitfield. Staff assisted in raising \$10,000.00 for the team.
- Over 500 youth attended October's Rocktoberfest Concert featuring a variety of youth bands.
- There were 2524 teen visits at Nights Alive drop-in programs and events in 2004.
- The 2nd annual Lifeguard Competition brought 9 teams of 4 lifeguards to our city in August.
- Penticton Steps Out had over 400 participants who have logged more than one million steps - each contributing to an imaginary walk to Las Vegas.
- There were over 4500 visits to public skating.
- Cleland Community Theatre increased revenue by \$4,300.
- Revenue for parks bookings increased by more than \$7,000.
- Revenue for facility bookings at the Community Centre increased by \$11,500.



Recreation helps build strong families and healthy communities.



The planned activities within the Recreation Department for 2005 include:

- Complete facility improvements to the Community Centre gym.
- Increase number of programs and facility bookings in Community Centre Gym.
- Continue to support athletes and coaches by offering services, training and educational opportunities through PacificSport Okanagan.
- Provide professional staff involvement and facilitate public input for future facility development in Penticton.
- Maintain consistent and equitable recreational opportunities for families living on limited incomes.
- Increase the number of walking participants in 'Penticton Steps Out' from 400 to 1,000 by introducing the program to school children.
- Continue to offer the L.I.F.E. program - which encourages those with financial barriers to access recreation in Penticton.
- Continue to focus on health and wellness by increasing partnerships with the health and medical professions. Offer more health fairs; workshops; seminars; and active living events.
- Implement a gender equity policy for sport and recreation.
- Expand aquatic programs and services.
- Develop strategic partnerships with health agencies to increase leisure education opportunities and better promote healthy lifestyles.
- De-centralize the delivery of recreation programs in Penticton.

- Introduce new and innovative program ideas - for youth through to seniors.
- Begin construction of the \$600,000 state-of-the-art Youth Activity Park in Riverside Park.
- Continue to provide outreach recreational programs in schools across Penticton.



*A 3% increase in participation by Canadian citizens would save taxpayers
\$41 million in annual health care costs!*

MUSEUM

The Mission of the Museum and Archives is to:

- ensure that the living heritage values that define Penticton as a community are retained;
- that heritage resources that enhance the quality of life for our citizens are conserved through the provision of museum and archival functions;
- that the Museum provides an attraction for visitors and tourists; and
- that there is an ongoing preservation program of our heritage for future generations.

Department Goals and Objectives

The primary goals and objectives of the institution are to collect, maintain, preserve and interpret the heritage of Penticton through various educational programs and exhibits.

Functions Performed

- The Museum and Archives provide: community and regional archives; museum exhibits/displays; collections management; archival collections; school education programs; general public programs; special events; and archival research for historic land use as required by the Community Charters Act for lending institutions, law firms, insurance companies and developers as well as various city departments for engineering and planning purposes.
- It is a primary source for documentation required by many students, academics and researchers. The museum and archives holds approximately 80,000 photographs that are available for publication, display and research.
- There is also a collection of sound and moving images dated as far back as 1930.
- The Museum has a large collection of regional, civic and railway related maps, the earliest dates to the 1830's which was produced by the Hudson's Bay Fur Trading Company.
- The Museum also contains a large collection of flora and fauna that tells the story of the unique biotic zone of the South Okanagan and Similkameen.
- The largest single collection was purchased by the city in 1977.
- The 380 pieces in this collection are mostly in storage until sufficient gallery space is made available.
- The Museum and Archives interacts with other heritage groups and arts organizations as well as educational institutions providing expertise and assistance as requested.
- Typical contacts include, but are not limited to: S.S. Sicamous Restoration Society, (founded by the Museum), Kettle Valley Steam Railway (founded by the Museum), Art Gallery of the South Okanagan, Penticton and District Arts Council, Okanagan Historical Society, Naramata Museum Society, Okanagan Falls Museum, Keremeos Museum, Heritage Advisory Committee, Public Arts Advisory Committee, various city departments, engineering firms, law offices and insurance companies as well as the general public.
- The Museum hosts several school programs from Tonasket, Washington in the south to Nelson in the east, Princeton in the west and up to Summerland and Naramata in the north.



Staffing and Funding

- The Museum and Archives operates a small gift shop.
- The shop, along with the sales of services generates about \$6500 per year.
- The total staff compliment for the Museum and Archives is two full time positions.
- As well, one additional person has been working there under a mentorship program from the Osoyoos Indian Band. This position, which was supported by the Band, started in late October and will run until March 25, 2005.
- Over the past year, 20 volunteers have assisted in various functions at the Museum.
- As well, the 'Friends of the Museum' membership of 85 members has also contributed many hours.
- Additionally, two summer students were hired to work between May 4 and August 28.
- In 2004 the Penticton Museum and Archives was successful in obtaining a grant from the British Columbia Arts Council for \$6,150.
- Revenue from gift shop sales, programming, photographic sales and fees for service brought the total revenue in 2004 to \$21,351.
- The total visitor count was 13,143.
- The time spent on research for clients was 255 hours (or 7 weeks at 7 hours a day).

2004 Highlights

Capital works within the Museum included:

- the building of five new showcases;
- the creation of additional work space;
- the introduction of new exhibits promoting our natural history collection. (This was in partnership with the Dominion Radio Astrophysical Observatory at White Lake - for the Okanagan Night Sky, as well as O.U.C. Penticton campus with Dr. Kathleen Yeager - for the geology exhibit and program, and the E'Nowkin Cultural Centre – for the archeology interpretive program.)

2005 Activities

- 2005 will see a complete showcase upgrade which began in 2004;
- A new exhibit titled "My Backyard" will be added to the Museum display area;
- An archival audit will be completed;
- Another new display will be added which is based on the natural history of our area;
- A proposal will be forwarded which outlines the need for a full time archival position;
- Minor renovations will be implemented in the Museum and Auditorium which will result in a more efficient working space, archival space and meeting space.

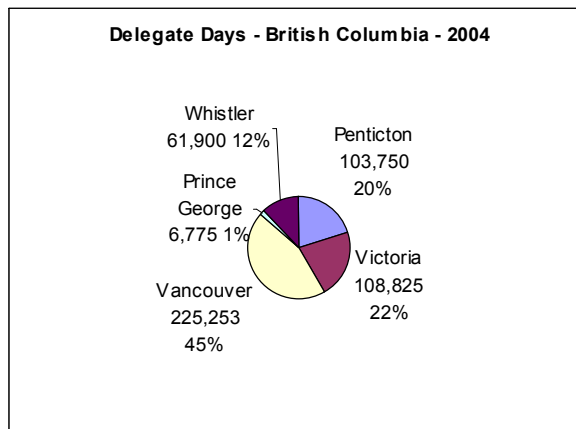


CONVENTION CENTRE

The Penticton Trade & Convention Centre is the largest full service Convention Centre in British Columbia outside of the Vancouver Convention & Exhibition Centre.

2004 was an exceptional year for the Penticton Trade & Convention Centre:

- Hosting 26 major, multiple day conventions that represented 103,750 delegate days
- Capturing 20% of the British Columbia convention market.
- With an average daily “direct spend” by delegates of \$250.00 per day (hotel, motel, bed and breakfast, campground accommodation; convention registration fees; food and beverage; in-town transportation; companion programs; entertainment; incentive spending).
- Over \$25 million dollars in economic impact was injected into the community.



- In addition to fulfilling its mandate attracting and hosting out of town convention business to the City, the Penticton Trade & Convention Centre also acts as a civic facility, hosting local festivals, events, consumer trade shows, school district activities, local meetings and functions.
- Approximately 50% of the year is utilized by local organizations.
- During the course of the year, the Convention Centre showed 287 days of activity, or an occupancy level of 78.6%.

Staff and Funding

- The Penticton Trade & Convention Centre maintains the smallest staff of any convention centre in the country yet proudly provides outstanding service to all clients.
- The Penticton Trade & Convention Centre has been cited as the “model” for service excellence in the industry, on a number of occasions.
- The superb team consists of a Chief Operating Officer; one Regional Sales Manager; one Vancouver based Regional Sales Manager – Pacific Northwest; one Convention and Event Coordinator; one full time Facility Attendant and 8 full/part time, on-call Service Workers.
- All food services are handled in-house under contract by Wine Country Catering who does an absolutely terrific job.
- Convention delegates always remember food and beverage services during a conference and our Chef and his staff never disappoint.



Renovations and Upgrades

- 2004 saw the completion of Phase 2 and 90% completion of Phase 3 with extensive renovations and upgrades. Mechanical, electrical, HVAC systems and WI FI have been completed, along with new wall and floor coverings, lighting and washroom upgrades.
- Final construction to the front entrance façade which includes signage and two electronic marquis, along with interior signage will be completed by March 31, 2005.
- The Penticton Trade & Convention Centre has joined 16 other convention centres across Canada to create a new organization intended to advance the position of Canadian centres in convention markets worldwide and promote the importance of this sector to the Canadian economy.
- The group, named **Convention Centres of Canada**, represent the 17 convention centres from coast to coast, with a total of more than 6 million square feet of meeting and convention space.



- Funding for collaborative marketing initiatives by the Convention Centres of Canada is provided by the Canadian Tourism Commission.
- The Penticton Trade & Convention Centre was proud to host the 2004 Convention Centres of Canada Conference attended by all of the Chief Executive Officers, Chief Operating Officers, General Managers and Directors of Sales of all of Canada's convention centres.
- Very few of the attendees had ever had the opportunity to visit Penticton or the facilities of the Penticton Trade & Convention Centre.



- Each and every one of the attendees remarked on the quality of the facility and level of service, including all ancillary convention services available throughout the community.
- Attendees were truly impressed and remarked on the world class capabilities afforded to convention delegates.

Conventions British Columbia Membership

- The Penticton Trade & Convention Centre is also a member of Conventions British Columbia, funded by Western Economic Diversification and the Ministry of Small Business and Economic Development. Conventions British Columbia, representing the five convention centres in B.C. (Penticton, Vancouver, Victoria, Whistler and Prince George) provides an opportunity to enhance the convention product in our province through collaborative marketing, service standards, delegate surveys, referrals and networking.
- Conventions British Columbia, representing the five convention centres in B.C. (Penticton, Vancouver, Victoria, Whistler and Prince George) provides an opportunity to enhance the convention product in our province through collaborative marketing, service standards, delegate surveys, referrals and networking.
- The Conventions British Columbia first “launch” took place at the Penticton Trade & Convention Centre in November, 2004. Similar Conventions BC presentations followed in other communities.

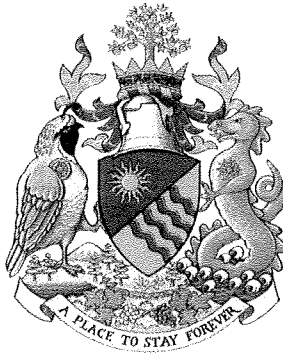


- With the newly enhanced facilities of the Penticton Trade & Convention Centre, aggressive sales and marketing team, reputation of excellence and our enviable location, a high number future conventions and events are being booked on a regular basis.
- The pending addition of the South Okanagan Events Centre will add to the capabilities of the Penticton Trade & Convention Centre, greatly enhancing the convention product in our community.

The Penticton Trade & Convention Centre is looking forward to a great convention year in 2005!

**THE CORPORATION OF THE
CITY OF PENTICTON
2004
FINANCIAL STATEMENTS**

SCHEDULE A



THE CORPORATION OF THE CITY OF PENTICTON

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REEVES AND MAYORS

THE CORPORATION OF THE CITY OF PENTICTON FROM INCORPORATION

REEVES

1909	Alfred H. Wade
1910 – 1911	E. Foley-Bennett
1912	Capt. I.M. Stevens
1913	E. Foley-Bennett
1914 – 1916	Robert Scott Conklin
1917	William Alexander McKenzie
1918 – 1919	Frederick Maurice Smith
1920 – 1923	Edward John Chambers
1924 – 1925	James Kirkpatrick
1926 – 1927	Geo. A.M. Macdonald
1928	James Kirkpatrick
1929 – 1931	Geo. A.B. Macdonald
1931 – 1935	Charles E. Oliver
1936	H.B. Morley
1937 – 1940	W. Gordon Wilkins
1941 – 1942	R.J. McDougall
1943 – 1944	Robert Lyon
1945	R.J. McDougall
1946 – 1947	Robert Lyon

MAYORS

1948 – 1949	Robert Lyon
1950 – 1953	William A. Rathbun
1954 – 1957	C. Oscar Matson
1957 – 1961	Charles E. Oliver
1962 – 1967	Maurice P. Finnerty
1968 – 1971	F.D. Stuart
1972 – 1975	F.W. Laird
1976 - 1979	K.A. Kenyon
1979 – 1980	J.J. Winkelaar
1980 – 1986	I.C. Messmer
1986 – 1990	Dorothy Whittaker
1990 – 1996	G.J. Kimberley
1996 – 1999	Beth Campbell
1999 - 2002	M.L. (Mike) Pearce
2002 -	C. David Perry

DIRECTORY OF COUNCIL AND CITY OFFICIALS - 2004

COUNCIL

MAYOR	C. David Perry	
COUNCILLORS	Dan Ashton	Gus Boersma
	Gary Leaman	Rory McIvor
	Mary Storry	John Vassilaki

CITY OFFICIALS

Administrator/Clerk	L. den Boer
Director of Corporate Services/Treasurer	J.A. Kler
Collector	M.L. Raymond
Director of Development Services	M. Moroziuk
Director of Parks, Recreation and Culture	B. Reid
Human Resources Manager	G.P.A. Sobool
Fire Chief	M. Lockhart
R.C.M.P. Inspector	D. Fudge
CITY AUDITORS	BDO Dunwoody
CITY SOLICITORS	Davie & Associates
BANKERS	HSBC Bank Canada

May 2005

Mayor and Council
The Corporation of the City of Penticton

Your Worship and Members of Council:

In accordance with Section 167(1) of the Community Charter, I am pleased to submit the 2004 Annual Financial Report of the City of Penticton for the fiscal year ended December 31, 2004. The report includes the Auditors' Report, the 2004 audited financial statements, and supplementary information for the City of Penticton.

The financial statements were prepared by City staff in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. These statements were audited by BDO Dunwoody and their responsibility was to express an opinion based on the results of their audit. The audit was planned and performed to obtain reasonable assurance as to whether the financial statements were free of material error or misstatement.

The operations of the City of Penticton are segregated into various funds for accounting and financial reporting purposes. The funds are as follows:

<i>General Fund</i>	<i>Sanitary Sewer Utility Fund</i>
<i>Water Utility Fund</i>	<i>Electric Utility Fund</i>
<i>Reserve Funds</i>	

The Annual Report includes the financial statements for each entity as well as consolidation statements for all entities. The highlights from these reports are summarized below:

CAPITAL EXPENDITURES

	<u>2004</u>	<u>2003</u>
<i>General Fund</i>	\$10,271,748	\$4,720,982
<i>Sewer Fund</i>	948,644	607,408
<i>Water Fund</i>	1,301,647	1,711,842
<i>Electric Fund</i>	<u>1,208,227</u>	<u>845,963</u>
Total Capital Expenditures	<u>\$13,730,266</u>	<u>\$7,886,195</u>

Major capital projects included in the above summary are:

General Capital

<i>City Parkland Acquisition</i>	\$3,183,658
<i>City-wide Transportation Works</i>	2,214,603
<i>Trade and Convention Centre - Phase 3 Upgrade</i>	1,660,474
<i>Parks - Landscape and Development</i>	772,904
<i>Wine Information Centre</i>	520,922
<i>Information and Technology Works</i>	376,225
<i>Fire Department Equipment</i>	279,264

Utilities

<i>Sewer Mains</i>	\$679,080
<i>Sewer Treatment Plant Works</i>	162,656
<i>Water Mains</i>	473,425
<i>Water Reservoir Generator</i>	148,917
<i>Electric Utility Services</i>	300,642
<i>Electric Utility Line Reconstruction</i>	670,640
<i>Electric Utility Voltage Conversion Program</i>	130,519

Operating Expenditures and Debt Charges (excludes transfers to other funds and reserves)

		<u>2004</u>	<u>2003</u>
<i>General Fund</i>	Operating	\$27,060,356	\$25,946,643
	Debt	<u>1,079,364</u>	<u>1,385,098</u>
		<u>\$28,139,720</u>	<u>\$27,331,741</u>
<i>Sewer Fund</i>	Operating	\$1,798,527	\$1,839,691
	Debt	<u>346,544</u>	<u>343,398</u>
		<u>\$2,145,071</u>	<u>\$2,183,089</u>
<i>Water Fund</i>	Operating	\$2,068,391	\$1,950,485
	Debt	<u>611,295</u>	<u>609,316</u>
		<u>\$2,679,686</u>	<u>\$2,559,801</u>
<i>Electric Fund</i>	Operating	<u>\$16,758,780</u>	<u>\$15,550,278</u>
TOTAL NET OPERATING EXPENDITURES		<u>\$49,723,257</u>	<u>\$47,624,909</u>

Financial Statistics

	<u>2004</u>	<u>2003</u>
<i>Real Property Taxes</i>	\$17,456,069	\$16,360,015
<i>Collection of taxes for other Governments</i>	16,144,416	15,636,193
<i>Long-Term Debt Outstanding</i>	12,176,428	10,348,553
<i>Per Capita Debt – General Purposes</i>	232	158
<i>Per Capita Debt – Utilities</i>	161	176

Investment Earnings

Investment of all excess Revenue and Reserve Funds generated \$1,174,112 in 2004 compared to \$1,157,363 in 2003. Our portfolio was adjusted to increase our bond holdings in 2003 and this allowed us to maintain a good rate of return for 2004.

Surplus

The general revenue fund generated a surplus of \$920,800. The balance in accumulated general surplus as at December 31, 2004 is \$3,494,824. The surplus can be attributed to various departments operating under their budget provisions, increased revenue from Traffic Fines Revenue Sharing and changes to the eligible percentage for the G.S.T. rebate.

Sewer System

An appropriation from surplus of \$187,045 was required resulting in a sewer surplus account balance of \$1,874,933.

Water Utility

An appropriation of \$672,206 was required. Part of the results were attributable to water sales being lower than anticipated. The balance in water surplus account is \$1,636,024 which is in excess of the minimum reserve requirement.

Electric Utility

The electric utility ended the year with a surplus balance of \$5,927,423 as the result of a surplus of \$657,902.

Library

The Statement of Revenue and Expenditure for the Penticton Public Library is presented in this report. Library revenue reflects a City grant of \$830,833 which includes an allowance of \$159,000 for building and administration costs, and \$5,124 for capital purposes.

Respectfully submitted,



Jack Kler
Director Corporate Services/Treasurer



Driving growth

BDO Dunwoody LLP
Chartered Accountants
and Advisors

102 - 100 Front Street
Penticton BC Canada V2A 1H1
Telephone: (250) 492-6020
Telefax: (250) 492-8110

www.bdo.ca

AUDITORS' REPORT

**To the Mayor and Council
Corporation of the City of Penticton**

We have audited the consolidated statement of financial position of the Corporation of the City of Penticton as at December 31, 2004 and the consolidated statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2004 and the results of its consolidated operations for the year then ended in accordance with the Canadian accounting principles generally accepted for Municipalities.

BDO Dunwoody LLP
Chartered Accountants

Penticton, British Columbia
April 18, 2005

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Financial Position

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
FINANCIAL ASSETS		
Cash	\$ 1,729,483	\$ 7,165,596
Term Deposits	34,284,415	26,194,420
Receivables		
Property Taxes	523,960	701,438
Federal Government	891,604	-
Province of B.C.	1,181,984	834,823
Okanagan Basin Water Board	-	100,731
Other Government Agencies	5,888	20,937
Utility Accounts	1,307,762	1,426,275
Accrued Interest	275,808	238,948
Other	1,723,761	1,351,959
Deposit - Municipal Finance Authority	1,425,024	1,341,643
Pre Paid Expenses	426,447	176,317
	-----	-----
	43,776,136	39,553,087
LIABILITIES		
Payables		
Federal Government	-	103,067
Trade Accounts and Accrued Liabilities	8,675,266	6,678,924
Development Cost Charges	1,466,518	2,184,151
Deferred Revenue	2,373,981	2,016,817
Sundry Deposits	2,056,200	1,514,255
Penticton Public Library	75,199	57,328
Reserve - Municipal Finance Authority	1,425,024	1,341,643
Long-term Debt	12,176,427	10,348,553
	-----	-----
	28,248,615	24,244,738
	-----	-----
Net Financial Assets (Liabilities)	15,527,521	15,308,349
Physical Assets		
Capital Assets	229,999,327	216,903,549
	-----	-----
Net Position	\$ 245,526,848	\$ 232,211,898
	=====	=====
Municipal Position		
Equity in Physical Assets	217,822,900	206,554,996
Capital and Operating Fund	18,285,903	16,098,108
Statutory Reserve Funds	9,418,045	9,558,794
	-----	-----
	\$ 245,526,848	\$ 232,211,898
	=====	=====

See accompanying notes to the financial statements


TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Financial Activities

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2004</u> Budget (Unaudited)	<u>2003</u>
REVENUE			
Taxation - net	\$ 17,826,516	\$ 17,829,640	\$ 16,722,533
Grants in Lieu of Taxes	171,529	169,739	172,882
Sales of Services	34,979,595	33,931,142	34,099,118
Other Revenue from Own Sources	6,026,203	4,846,025	5,748,967
Interest Revenue from Reserves	232,489	-	279,613
Actuarial Adjustments	208,203	-	204,356
Transfer from Unexpended Debt Funds	-	-	1,211
Contributions from Developers and Others	976,033	1,121,867	683,176
Unconditional Transfers - Provincial Government	341,636	81,719	82,396
Conditional Transfers - Federal Government	880,926	1,437,028	74,540
Conditional Transfers - Provincial Government	630,493	666,217	167,562
Conditional Transfers - Regional and Local Governments	231,110	225,529	228,386
Debt Finance	337,500	-	-
	62,842,233	60,308,906	58,464,740
EXPENDITURE			
General Government Services	6,059,726	6,528,850	5,171,600
Protective Services	9,145,937	9,325,432	9,379,349
Transportation Services	2,789,095	3,082,913	2,616,061
Environmental Health Services	5,560,074	5,757,402	5,401,108
Public Health Services	118,495	113,897	108,440
Environmental Development Services	1,990,463	2,305,977	1,993,855
Recreation and Cultural Services	6,349,094	6,361,247	6,065,725
Electric Supply	16,758,780	17,007,624	15,550,278
Bank Charges and Interest	32,033	42,500	35,978
Temporary Borrowings	14,242	-	646,194
Inventory	74,856	-	63,498
Capital Expenditures	13,730,266	24,372,433	7,886,195
	62,623,061	74,898,275	54,918,281
Net Revenue/(Expenditure)	219,172	(14,589,369)	3,546,459
Proceeds from Long Term Debt	2,962,501	-	-
Debt Principal Repayments	(926,423)	936,632	(1,239,017)
Sinking Fund Actuarial Amount	(208,204)	-	(253,809)
Increase/(Decrease) in Fund Balances	\$ 2,047,046	\$ (13,652,737)	\$ 2,053,633

See accompanying notes to the financial statements


TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Changes in Financial Position

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
Cash flows from (to)		
Operations		
Net increase(decrease) in financial equity	\$ 1,031,479	\$ 2,871,707
Net increase in equity in capital assets	10,383,435	8,666,216
Decrease(increase) in accounts receivable	(1,494,743)	(723,200)
Decrease(increase) in taxes and utilities receivable	295,991	152,489
Decrease(increase) in inventory	(74,855)	63,498
Decrease(increase) in prepaid expenses	(250,130)	3,771
Decrease(increase) in investments	(37,723)	(8,194)
Increase(decrease) in accounts payable	1,787,525	515,794
Increase(decrease) in refundable deposits	541,945	436,629
Increase(decrease) in deferred revenue	375,035	389,515
Net cash from operations	12,557,959	12,368,225
Financing		
Increase in long term debt	2,962,500	-
Principal repayments on long-term debt	(1,134,626)	(1,492,826)
Decrease in deposits - MFA	83,381	21,454
Decrease in MFA cash and demand notes payable	(83,381)	(21,454)
	1,827,874	(1,492,826)
Investments		
Expenditures on capital assets	(12,306,438)	(7,886,195)
Cost of assets disposed and write-down	634,487	65,400
	(11,671,951)	(7,820,795)
Change in cash and short-term investments	2,713,882	3,054,604
Cash and short-term investments, beginning of year	33,890,016	30,835,412
Cash and short-term investments, end of year	\$ 36,603,898	\$ 33,890,016
Consisting of:		
Restricted cash		
Statutory reserves and deferred revenue	12,779,277	13,207,385
Cemetery Care Trust Fund	590,000	530,000
Utilities	8,706,432	7,668,897
	22,075,709	21,406,282
Current funds	14,528,189	12,483,734
	\$ 36,603,898	\$ 33,890,016

See accompanying notes to the financial statements



 TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Statutory Reserve Fund Operations

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
BALANCE, BEGINNING OF YEAR	\$ 11,742,945	\$ 11,333,211
ADD		
Transfers from		
Revenue Funds	2,031,991	1,971,334
Interest Earned	278,488	342,122
	14,053,424	13,646,667
DEDUCT		
Transfers to		
Revenue Funds	130,761	124,520
Capital Funds	3,038,100	1,779,202
BALANCE, END OF YEAR	\$ 10,884,563	\$ 11,742,945

Summary of Statutory Reserve Fund Balances

Equipment Replacement	\$ 3,021,748	\$ 3,199,656
Tax Sale Lands	5,709	5,563
Development Cost Charges - Roads	198,019	159,543
- Public Open Space	327,485	1,232,417
- Water Filtration Plant	252,485	154,125
- Sanitary Sewer	484,947	512,498
- Storm Sewer	203,582	105,923
- Gordon Ave Reservoir	-	19,645
Capital	988,240	1,116,477
Local Improvement	1,038,901	985,411
Sewer System Capital	1,307,150	1,273,712
Water System Capital	2,230,680	2,173,516
Electric Capital	766,566	746,922
Off-Site Parking	59,051	57,537
	\$ 10,884,563	\$ 11,742,945

See accompanying notes to the financial statements


TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Equity in Capital Assets

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
BALANCE, BEGINNING OF YEAR	\$ 205,404,559	\$ 195,314,515
ADD		
Assets Acquired by Transfer		
Federal Government	870,318	68,933
Provincial Government	541,369	85,747
Development Cost Charges Reserve Fund	1,364,981	398,728
Capital Reserve Fund	293,277	441,804
Equipment Replacement Reserve Fund	1,042,199	758,759
Electric Capital Reserve Fund	-	34,991
Revenue Funds	6,290,812	4,717,087
Interest Earned	3,911	4,645
Other Contributions	976,033	683,176
Repayment to General Revenue Fund	124,078	-
Retirement of Long-term Debt	926,423	1,239,017
Actuarial Sinking Fund Requirement	208,204	253,809
Repayment of Loan from Local Improvement Reserve Fund	137,645	44,920
	-----	-----
	12,779,250	8,731,616
	-----	-----
ADD		
Prior Period Valuation Adjustment (Note 7)	-	1,423,828
DEDUCT		
Assets Written Off	634,487	65,400
	-----	-----
BALANCE, END OF YEAR	\$ 217,549,322	\$ 205,404,559
	=====	=====

See accompanying notes to the financial statements


TREASURER

CITY OF PENTICTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, DECEMBER 31, 2004

The notes to the Consolidated Financial Statements are an integral part of the statements. They explain the significant accounting and reporting policies and principles underlying these statements. They also provide relevant supplementary information and explanations which cannot be conveniently expressed in the Consolidated Financial Statements.

1. ACCOUNTING POLICIES

- (a) The municipality reports its activities on the fund accounting basis as followed by British Columbia municipalities;
- (b) In accordance with accounting and reporting requirements of the Ministry of Municipal Affairs, depreciation is no longer recorded;
- (c) The Consolidated Statements include all General, Capital and Utility Funds of the Municipality, including the Cemetery Perpetual Trust Care Fund;
- (d) All fund bank accounts are consolidated in the General Revenue Fund;
- (e) Inventories of materials and supplies are valued on a moving average basis;
- (f) Capital assets are recorded at cost;
- (g) Certain 2003 figures have been reclassified in order to be consistent with the account presentation of 2004.

Municipal Finance Authority

Cash Deposits and Demand Notes

The Municipality issues the majority of its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the Municipal Finance Authority as a debt reserve fund. The Municipality also executes demand notes in connection with each debenture whereby the Municipality may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature.

Debenture Debt

Debentures unmaturing and outstanding under Bylaws #3859, aggregating \$256,902 (2003 - \$682,610) are stated in United States funds. In accordance with generally accepted accounting principles for governmental reporting, no conversion to Canadian funds for these debentures has been made.

Principal payments due for the next five years (in thousand of dollars) are forecasted as follows:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund	\$767	\$547	\$717	\$1,011	\$1,333
Sewer Fund	112	112	142	160	184
Water Fund	<u>168</u>	<u>193</u>	<u>219</u>	<u>244</u>	<u>267</u>
	<u>\$1,047</u>	<u>\$852</u>	<u>\$1,078</u>	<u>\$1,415</u>	<u>\$1,784</u>

Reserves for Future Expenditure

Reserves for future expenditure are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditure include funds to finance incomplete projects and accumulations for specific purposes.

Interfund Balances and Transactions

All material interfund transactions and balances have been eliminated within the consolidated financial statements.

Statutory Reserve Funds

The use of these funds is restricted by the Local Government Act and associated Municipal Bylaws. Statutory reserve funds are funded 100% by cash and temporary investments.

Financial Instruments

The City's financial instruments consist of cash and temporary investments, accounts receivable, accrued interest, long term investments, accounts payable and long term debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

Budget Figures

The budget figures are from the Annual Five-Year Financial Plan Bylaw adopted before May 15 of each year. Subsequent amendments have been made by Council to reflect changes in the budget as required by law.

Object Reporting

The total funds expended by the City (in thousands of dollars):

	<u>2004</u>	<u>2003</u>
Payroll	\$15,329	\$14,633
Inventory	\$981	\$877

CITY OF PENTICTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, DECEMBER 31, 2004

2. FINANCIAL ASSETS AND LIABILITIES

Temporary investments (in thousands of dollars)

Investments are recorded at cost and are as follows:

Type of Investments	2004	2003
Cash	\$1,729	\$7,166
Municipal Finance Authority		
Bond Fund	7,434	6,494
Government and Bank Issued		
Accrual Notes and Debenture	9,850	7,700
Guarantee Investments		
Certificates and Deposit Notes	17,596	12,530
Total Cash and		
Temporary investments	<u>\$36,604</u>	<u>\$33,890</u>

Accounts Receivables (in thousands of dollars)

Accounts receivable are recorded net of allowance:

Type of Receivable	2004	2003
Property tax	\$524	\$701
Accounts Receivable	1,723	1,352
Federal Government	892	-
Provincial Government	1,182	835
Other Government	6	122
Utilities	1,308	1,426
Total Accounts Receivable	<u>\$5,635</u>	<u>\$4,436</u>

Capital Assets by type (in thousands of dollars)

	2004	2003
Engineering Structures	\$147,384	\$144,104
Buildings	44,925	39,687
Machinery and Equipment	22,774	21,498
Land	14,916	11,615
	<u>\$229,999</u>	<u>\$216,904</u>

Development Cost Charges (DCC)

The City collects development cost charges to pay for a proportionate share of infrastructure related to new growth. In accordance with the Local Government Act of BC, these funds must be deposited into a separate reserve fund. When the related costs are incurred, the DCCs are recognized as revenue. Because these funds are restricted in nature they are shown as a liability.

DCC by type	2004	2003
Roads	\$198	\$160
Parks	328	1,232
Drainage	204	126
Wastewater	485	512
Water	252	154
TOTAL	<u>\$1,467</u>	<u>\$2,184</u>

DCC Activity	2004	2003
Balance, beginning of year	\$2,184	\$1,885
Return on investments	46	63
DCCs levied in the year	932	860
Transfers to General Capital	(1,295)	(380)
Transfers to General Operating	(200)	(100)
Transfers to Wastewater Capital	(69)	-
Transfers to Water Capital	-	(19)
Transfers to Water Operating	(131)	(125)
Balance, end of year	<u>\$1,467</u>	<u>\$2,184</u>

3. CONTINGENT LIABILITIES

Regional District of Okanagan Similkameen

Under Section 836 of the *Local Government Act*, all monies borrowed by a Regional District, shall be upon its credit at large and shall, in the event of any default, constitute an indebtedness of the member municipalities for which they are jointly and severally liable. At December 31, 2004, the long-term debt of the Regional District aggregated \$27,550,071 (2003 - \$26,363,598).

Legal Actions

As at December 31, 2004, certain other legal actions are pending against the Municipality, the outcome of which cannot be determined at this time. As it is not possible to determine the outcome of these proceedings, no provision for any potential liability has been recorded in the accounts.

Pension Liability

The municipality and its employees contribute to the Municipal Pension Plan (the plan) a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 130,000 active members and approximately 45,000 retired members. Active members include approximately 29,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2003 indicated an unfunded liability of \$789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers. The City of Penticton paid \$946,263 of employer contributions to the plan in fiscal 2004.

4. LETTERS OF CREDIT

In addition to the performance deposits reflected in the Balance Sheet, the City is holding irrevocable Letters of Credit in the amount of \$2,898,718 which were received from depositors to ensure their performance of works to be undertaken within the city. These amounts are not reflected in the financial statements but are available to satisfy liabilities arising from non-performance by the depositors.



Driving growth

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AUDITORS' REPORT ON SUPPLEMENTARY FINANCIAL INFORMATION

To the Mayor and Council
Corporation of the City of Penticton

We have audited and reported separately herein on the consolidated financial statements of the Corporation of the City of Penticton as at and for the year ended December 31, 2004.

Our audit was conducted for the purposes of expressing an opinion on the consolidated financial statements of the City taken as a whole. The supplementary information on the financial position and financial activities of operations of the individual funds included in the following supporting schedules are presented for the purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Chartered Accountants

Penticton, British Columbia
April 18, 2005

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL REVENUE FUND

Balance Sheet

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
ASSETS		
CASH	\$ 1,729,483	\$ 7,165,596
TERM DEPOSITS	34,284,415	26,194,420
RECEIVABLES		
Property Taxes	523,960	701,438
Federal Government	891,604	-
Provincial Government	1,181,984	834,823
Regional District Okanagan Similkameen	1,569	15,171
Other Government Agencies	4,319	5,766
General Capital Fund	250,511	124,078
Water Capital Fund	550,883	601,614
Other	1,275,899	857,253
	-----	-----
	4,680,729	3,140,143
MATERIALS AND SUPPLIES	335,213	321,775
OTHER ASSETS		
Trusts and Other Deposits		
Municipal Finance Authority	715,649	583,063
Accrued Interest Receivable	275,808	238,948
Prepaid Expenses	426,447	176,317
	-----	-----
	1,417,904	998,328
	-----	-----
	\$ 42,447,744	\$ 37,820,262
	=====	=====

See accompanying notes to the financial statements


TREASURER

	<u>2004</u>	<u>2003</u>
LIABILITIES AND SURPLUS		
PAYABLES		
Other Funds		
Equipment Replacement Reserve Fund	\$ 3,021,748	\$ 3,199,656
Tax Sale Lands Reserve Fund	5,709	5,563
Development Cost Charges Reserve Fund	1,466,549	2,184,151
Capital Reserve Fund	988,240	1,116,477
Local Improvement Reserve Fund	555,389	411,954
Water Capital Reserve Fund	2,230,680	2,173,516
Sewer Capital Reserve Fund	1,307,150	1,273,712
Electric Capital Reserve	766,566	746,922
Off-Site Parking Reserve Fund	59,051	57,537
Cemetery Perpetual Care Fund	4,214	21,080
	-----	-----
	10,405,296	11,190,568
Sewer Utility	2,357,525	2,321,524
Water Utility	2,034,889	2,350,623
Electric Utility	3,640,191	2,848,038
General Capital Fund	673,827	148,712
Federal Government	-	103,067
Trade Accounts and Accrued Liabilities	8,675,266	6,784,674
Deferred Revenues	2,373,981	2,016,817
Sundry Deposits	1,164,061	792,208
Penticton Public Library	75,199	57,328
Municipal Finance Authority Debt Reserve Fund		
Cash Requirement	314,303	270,727
Demand Note Requirement	401,346	312,336
	-----	-----
	715,649	583,063
RESERVES FOR FUTURE EXPENDITURES		
Marinas	188,392	168,559
Downtown Revitalization	187,829	121,350
Parking Lot Development	27,944	8,824
Cemetery Land	83,000	58,000
Park & Associated Areas Development	45,998	33,996
Facilities Improvements	13,150	13,150
Other - Capital	1,106,972	1,875,019
Other - Operating	290,846	363,314
	-----	-----
	1,944,131	2,642,212
ASSET VALUATION ALLOWANCES		
Allowance for Doubtful Accounts	52,206	45,206
OTHER RESERVES		
Gaming	3,192,600	1,955,956
RCMP Services Stabilization	100,000	100,000
Rate Stabilization	200,000	200,000
Investment Income Stabilization	664,747	480,351
Liability Insurance	500,001	455,001
Vehicle Insurance	156,295	151,295
Airport Capital	27,056	12,804
Tax Sale Surplus	-	6,791
SURPLUS	3,494,824	2,574,024
	-----	-----
	\$ 42,447,744	\$ 37,820,262
	=====	=====

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL REVENUE FUND

Statement of Revenues and Expenditures

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u> Actual	<u>2004</u> Budget (Unaudited)	<u>2003</u>
REVENUE			
Taxation			
Real Property	\$ 17,260,289	\$ 17,265,171	\$ 16,184,781
Special Assessments	195,780	195,842	175,234
	-----	-----	-----
	17,456,069	17,461,013	16,360,015
	-----	-----	-----
Grants in Lieu of Taxes			
Federal Government	65,038	62,000	65,088
Provincial Government	106,491	107,739	107,794
	-----	-----	-----
	171,529	169,739	172,882
	-----	-----	-----
Sales of Services	8,410,698	7,951,066	8,703,342
Other Revenue from Own Sources	5,661,234	4,539,992	5,244,397
Municipal Finance Authority Debt Reserve Fund	-	-	495
Municipal Finance Authority Debt Proceeds	213,451	-	-
Unconditional Transfers - Provincial Government	341,636	81,719	82,396
Conditional Transfers - Federal Government	10,608	14,216	5,607
Conditional Transfers - Provincial Government	84,573	85,150	81,818
Conditional Transfers - Regional and Local Governments	32,959	32,959	32,959
Transfer from Own Reserves	3,195,598	3,640,110	1,641,212
Transfer from Other Funds			
Development Cost Charges Reserve Fund	200,000	200,000	100,000
Electric Utility Revenue Fund	945,293	3,000,000	2,091,724
	-----	-----	-----
	19,096,050	19,545,212	17,983,950
	-----	-----	-----
Collections for Other Governments			
School District	12,615,858	12,636,778	12,134,420
Regional Hospital District	1,961,397	1,960,970	1,977,478
Municipal Finance Authority	655	656	581
B.C. Assessment Authority	350,556	350,445	348,782
Regional District Okanagan Similkameen	960,392	968,247	919,609
Okanagan Basin Water Board	255,558	255,558	255,323
	-----	-----	-----
	16,144,416	16,172,654	15,636,193
	-----	-----	-----
	\$ 52,868,064	\$ 53,348,618	\$ 50,153,040
	=====	=====	=====

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL REVENUE FUND

Statement of Revenues and Expenditures

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u> Actual	<u>2004</u> Budget (Unaudited)	<u>2003</u>
EXPENDITURE			
General Government Services	\$ 6,052,863	\$ 6,528,850	\$ 5,207,564
Protective Services	8,889,287	9,068,782	9,122,699
Transportation Services	2,789,095	3,082,913	2,616,061
Environmental Health Services	1,002,396	1,056,537	937,962
Public Health Services	118,495	113,897	108,440
Environmental Development Services	1,990,463	2,305,977	1,993,855
Recreation and Cultural Services	6,185,724	6,080,078	5,924,084
	----- 27,028,323	----- 28,237,034	----- 25,910,665
Fiscal Services			
Bank Charges and Interest	32,033	42,500	35,978
Long-term Debt Charges - Interest	432,685	444,539	425,825
- Principal	646,679	656,888	959,273
	----- 1,111,397	----- 1,143,927	----- 1,421,076
Transfer to Own Reserves			
	3,966,828	1,940,315	4,795,812
Transfer to Other Funds			
Development Cost Charges Reserve Fund	698,806	560,000	588,582
Equipment Replacement Reserve Fund	783,541	725,373	803,724
General Capital Fund	1,885,545	4,442,589	1,039,061
Local Improvement Reserve Fund	178,579	94,079	74,767
Capital Reserve	137,763	373,561	232,830
Cemetery Perpetual Care Trust Fund	19,030	20,000	18,947
	----- 3,703,264	----- 6,215,602	----- 2,757,911
Transfer to Other Governments and Boards			
School District	12,609,823	12,636,778	12,136,791
Regional Hospital District	1,960,970	1,960,970	1,980,108
Municipal Finance Authority	655	656	582
B.C. Assessment Authority	350,306	350,445	349,265
Regional District Okanagan Similkameen	960,140	968,247	921,535
Okanagan Basin Water Board	255,558	255,558	255,323
	----- 16,137,452	----- 16,172,654	----- 15,643,604
Transfer to/(from) Surplus			
	920,800	(360,914)	(376,028)
	----- \$ 52,868,064	----- \$ 53,348,618	----- \$ 50,153,040
	=====	=====	=====

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL CAPITAL FUND

Balance Sheet

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
ASSETS		
RECEIVABLES		
Due from General Revenue	\$ 673,827	\$ 148,712
FIXED ASSETS		
Engineering Structures	56,957,280	54,226,416
Buildings	35,410,493	33,070,395
Machinery and Equipment	21,854,595	20,590,023
Land	14,378,492	11,076,765
	-----	-----
	\$ 129,274,687	\$ 119,112,311
	=====	=====
 LIABILITIES AND EQUITY IN CAPITAL ASSETS		
PAYABLES		
General Revenue Fund	\$ 250,511	\$ 124,078
Loan from Local Improvement Fund	334,127	398,053
LONG-TERM DEBT		
Debentures Authorized and Issued	7,178,004	4,881,251
EQUITY IN CAPITAL ASSETS		
	121,512,045	113,708,929
	-----	-----
	\$ 129,274,687	\$ 119,112,311
	=====	=====

See accompanying notes to the financial statements


TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL CAPITAL FUND

Statement of Equity in Capital Assets

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
BALANCE, BEGINNING OF YEAR	\$ 113,708,929	\$ 106,878,403
ADD		
Assets Acquired by Transfer		
Federal Government	870,318	68,933
Provincial Government	541,369	85,989
Development Cost Charges Reserve Fund	1,295,588	379,865
Capital Reserve Fund	293,277	103,713
Equipment Replacement Reserve Fund	1,042,199	758,759
Electric Capital Reserve Fund	-	34,991
Electric Utility	1,554,707	1,784,346
General Revenue Fund	1,885,545	1,039,061
Interest Earned	3,911	4,645
Other Contributions	409,838	206,630
Repayment to General Revenue Fund	124,078	
Repayment of Long-term Debt	646,679	959,273
Actuarial Sinking Fund Requirement	19,068	12,400
Repayment of Loan from Local Improvement Reserve Fund	88,526	33,493
	8,775,103	5,472,098
ADD		
Prior Period Valuation Adjustment (Note 7)	-	1,423,828
DEDUCT		
Assets Written Off	634,487	65,400
Reclassification of Equity to Debt	337,500	-
BALANCE, END OF YEAR	\$ 121,512,045	\$ 113,708,929

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL CAPITAL FUND

Statement of Capital Financing

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
FINANCES ACQUIRED		
Unexpended Funds at Beginning of Year	\$ 148,712	\$ 149,923
Federal Government	870,318	68,933
Provincial Government	541,369	85,989
Debentures issued by MFA	2,625,000	-
Transfers from		
Development Cost Charges Reserve Fund	1,295,588	379,865
Capital Reserve Fund	293,277	103,713
Equipment Replacement Reserve Fund	1,042,199	758,759
Electric Capital Reserve Fund	-	34,991
Electric Utility	1,554,707	1,784,346
General Revenue Fund	1,885,545	1,039,061
Interest Earned	3,911	4,645
Other Contributions	409,838	206,630
Repayment to General Revenue Fund	124,078	
Repayment of Loan from		
Local Improvement Reserve Fund	88,526	33,493
Temporary Borrowings and Payables		
At End of Year	584,638	522,131
	-----	-----
	\$ 11,467,706	\$ 5,172,479
	=====	=====
Temporary Borrowings and Payables		
At Beginning of Year	522,131	\$ 302,785
Expenditures for General Fixed Assets	10,271,748	4,720,982
Unexpended Funds at End of Year	673,827	148,712
	-----	-----
	\$ 11,467,706	\$ 5,172,479
	=====	=====

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

RESERVE FUNDS

Balance Sheet

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
ASSETS		
RECEIVABLES		
General Revenue Fund	\$ 10,401,051	\$ 11,169,488
General Capital Fund	334,127	398,053
Sewer Capital Fund	149,385	175,404
	-----	-----
	\$ 10,884,563	\$ 11,742,945
	=====	=====
 LIABILITIES AND FUND BALANCES		
FUND BALANCES		
Equipment Replacement	\$ 3,021,748	\$ 3,199,656
Tax Sale Lands	5,709	5,563
Development Cost Charges - Roads	198,019	159,543
- Public Open Space	327,485	1,232,417
- Water Mains/Filtration Plant	252,485	154,125
- Sanitary Sewer	484,947	512,498
- Storm Sewer	203,582	105,923
- Gordon Ave Reservoir	-	19,645
Capital	988,240	1,116,477
Local Improvement	1,038,901	985,411
Sewer System Capital	1,307,150	1,273,712
Water System Capital	2,230,680	2,173,516
Electric Capital	766,566	746,922
Off-Site Parking	59,051	57,537
	-----	-----
	\$ 10,884,563	\$ 11,742,945
	=====	=====

See accompanying notes to the financial statements



TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

RESERVE FUNDS

Statement of Changes in Fund Balances

December 31, 2004
(With comparative figures for 2003)

	Equipment Replacement	Tax Sale Lands	Capital
BALANCE, BEGINNING OF YEAR	3,199,656	5,563	1,116,477
ADD			
Transfers from			
General Revenue Fund	783,541	-	137,762
Sewer Utility Revenue Fund	-	-	-
Water Utility Revenue Fund	-	-	-
Interest Earned	80,750	146	27,278
	4,063,947	5,709	1,281,517
DEDUCT			
Transfers to			
General Capital Fund	1,042,199	-	293,277
Sewer Capital Fund	-	-	-
Water Capital Fund	-	-	-
Water Utility Revenue Fund	-	-	-
General Revenue Fund	-	-	-
BALANCE, END OF YEAR	\$ 3,021,748	\$ 5,709	\$ 988,240

Development Cost Charges	Local Improvement	Sewer Capital	Water Capital	Electric Capital	Off-Street Parking	2004 Total	2003 Total
\$ 2,184,151	\$ 985,411	\$ 1,273,712	\$ 2,173,516	\$ 746,922	\$ 57,537	\$ 11,742,945	\$ 11,333,211
698,806	178,578	-	-	-	-	1,798,687	1,699,903
28,935	-	-	-	-	-	28,935	21,669
204,369	-	-	-	-	-	204,369	249,762
45,999	12,555	33,438	57,164	19,644	1,514	278,488	342,122
3,162,260	1,176,544	1,307,150	2,230,680	766,566	59,051	14,053,424	13,646,667
1,295,588	88,525	-	-	-	-	2,719,589	1,310,821
69,393	49,118	-	-	-	-	118,511	11,427
-	-	-	-	-	-	-	356,954
130,761	-	-	-	-	-	130,761	124,520
200,000	-	-	-	-	-	200,000	100,000
\$1,466,518	\$1,038,901	\$1,307,150	\$2,230,680	\$766,566	\$59,051	\$10,884,563	\$11,742,945

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

**SEWER SYSTEM UTILITY
Revenue Fund**

Balance Sheet

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
ASSETS		
RECEIVABLES		
Okanagan Basin Water Board	\$ -	\$ 100,731
General Revenue Fund	2,357,525	2,321,524
Other	27,423	25,986
MATERIALS AND SUPPLIES	20,786	13,741
TRUSTS AND OTHER DEPOSITS		
Municipal Finance Authority	340,086	394,564
	----- \$ 2,745,820 =====	----- \$ 2,856,546 =====
 LIABILITIES AND SURPLUS		
DEPOSITS	\$ 59,359	\$ 50,708
MUNICIPAL FINANCE AUTHORITY DEBT RESERVE FUND		
Cash Requirement	123,262	146,117
Demand Note Requirement	216,824	248,447
RESERVE FOR FUTURE EXPENDITURES	471,442	349,296
SURPLUS		
Balance at beginning of year	2,061,978	2,100,362
Transfer from/(to) Sewer Revenue	(187,045)	(38,384)
	----- 1,874,933	----- 2,061,978
	----- \$ 2,745,820 =====	----- \$ 2,856,546 =====

See accompanying notes to the financial statements


TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

SEWER SYSTEM UTILITY
Revenue Fund

Statement of Revenues and Expenditures

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u> Actual	<u>2004</u> Budget (Unaudited)	<u>2003</u>
REVENUE			
Sewer Levy	\$ 370,447	\$ 368,627	\$ 369,929
Sewer Fixture Charges	2,071,023	1,997,000	2,020,261
Sewer Connections and Recoveries	157,498	110,000	71,757
Provincial Government Conditional Grant	4,551	-	-
Okanagan Basin Water Board Conditional Grant	198,151	192,570	195,427
Municipal Finance Authority Debt Reserve Refund	32,207	27,545	28,873
Development Cost Charges	28,935	15,000	21,669
Transfer from Own Reserve - Future Expenditures	340,000	340,000	315,760
	-----	-----	-----
TOTAL REVENUE	\$ 3,202,812	\$ 3,050,742	\$ 3,023,676
	=====	=====	=====
 EXPENDITURE			
Administration	\$ 360,741	\$ 378,624	\$ 348,254
Sewage Collection Systems	241,431	257,000	292,064
Lift Station, Operation & Maintenance	57,769	52,000	35,361
Sewage Treatment and Disposal	1,136,868	1,154,701	1,164,012
Other	1,718	-	-
Long-term Debt Charges			
Interest	234,646	231,500	231,500
Principal	111,898	111,897	111,898
Contributions to Capital Fund	753,705	1,224,500	517,302
Transfer to Development Cost Charges Reserve	28,935	15,000	21,669
Transfer to General Fund	-	100,000	-
Transfer to Own Reserve - Future Expenditures	462,146	-	340,000
Transfer to/(from) Surplus	(187,045)	(474,480)	(38,384)
	-----	-----	-----
TOTAL EXPENDITURE	\$ 3,202,812	\$ 3,050,742	\$ 3,023,676
	=====	=====	=====

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

SEWER SYSTEM UTILITY
Capital Fund

Balance Sheet

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
ASSETS		
FIXED ASSETS		
Engineering Structures	\$ 30,535,769	\$ 29,616,799
Buildings	4,828,895	4,828,895
Machinery and Equipment	304,536	274,862
Land	137,521	137,521
	-----	-----
	\$ 35,806,721	\$ 34,858,077
	=====	=====
 LIABILITIES AND EQUITY IN CAPITAL ASSETS		
PAYABLES		
Loan from Local Improvement Fund	\$ 149,385	\$ 175,404
 LONG-TERM DEBT		
Debentures Authorized and Issued	1,357,265	1,575,393
 EQUITY IN CAPITAL ASSETS		
	34,300,071	33,107,280
	-----	-----
	\$ 35,806,721	\$ 34,858,077
	=====	=====

See accompanying notes to the financial statements



TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

SEWER SYSTEM UTILITY
Capital Fund

Statement of Equity in Capital Assets

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
BALANCE, BEGINNING OF YEAR	\$ 33,107,280	\$ 32,288,634
ADD		
Development Cost Charges Reserve Fund	69,393	-
Utility Revenue Fund	753,705	517,302
Other Contributions	102,445	7,574
Retirement of Long-term Debt	111,898	111,898
Actuarial Sinking Fund Requirement	106,231	170,445
Repayment of Loan from Local Improvement Reserve Fund	49,119	11,427
	----- 1,192,791	----- 818,646
	-----	-----
BALANCE, END OF YEAR	\$ 34,300,071 =====	\$ 33,107,280 =====

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

SEWER SYSTEM UTILITY

Statement of Capital Financing

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
FINANCES ACQUIRED		
Transfers from		
Development Cost Charges Reserve Fund	69,393	-
Utility Revenue Fund	753,705	517,302
Other Contributions	102,445	7,574
Repayment of Loan from		
Local Improvement Reserve Fund	49,119	11,427
Temporary Borrowings and Payables at End of Year	149,386	175,404
	-----	-----
	\$ 1,124,048	\$ 711,707
	=====	=====
 FINANCES APPLIED		
Temporary Borrowings and Payables at Beginning of Year	\$ 175,404	\$ 104,299
Expenditure for Fixed Assets	948,644	607,408
	-----	-----
	\$ 1,124,048	\$ 711,707
	=====	=====

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

**WATER SYSTEM UTILITY
Revenue Fund**

Balance Sheet

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
ASSETS		
RECEIVABLES		
General Revenue Fund	\$ 2,034,889	\$ 2,350,623
Utility Rates	205,521	215,653
Other	158,853	209,518
MATERIALS AND SUPPLIES	122,350	97,517
TRUSTS AND OTHER DEPOSITS		
Municipal Finance Authority	369,289	364,016
	----- \$ 2,890,902 =====	----- \$ 3,237,327 =====
 LIABILITIES AND SURPLUS		
PAYABLES		
Deposits	\$ 312,595	\$ 272,781
Deferred Revenue	22,608	-
MUNICIPAL FINANCE AUTHORITY DEBT RESERVE FUND		
Cash Requirement	110,891	105,618
Demand Note Requirement	258,398	258,398
RESERVE FOR FUTURE EXPENDITURES	550,386	292,300
SURPLUS		
Balance at beginning of year	2,308,230	2,058,057
Transfer from/(to) Water Revenue	(672,206)	250,173
Balance at end of year	----- 1,636,024	----- 2,308,230
	----- \$ 2,890,902 =====	----- \$ 3,237,327 =====

See accompanying notes to the financial statements


TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

WATER SYSTEM UTILITY
Revenue Fund

Statement of Revenues and Expenditures

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u> Actual	<u>2004</u> Budget (Unaudited)	<u>2003</u>
REVENUE			
Water Rates	\$ 3,307,583	\$ 3,368,325	\$ 3,417,533
Recoveries - Connections, Service & Other	17,701	49,500	75,214
Development Cost Charges	204,309	155,000	249,762
Transfer from Own Reserve - Future Expenditures	292,300	292,300	276,800
Transfer from Development Cost Charges Reserve Fund	130,761	424,355	124,520
	-----	-----	-----
TOTAL REVENUE	\$ 3,952,654	\$ 4,289,480	\$ 4,143,829
	=====	=====	=====
 EXPENDITURE			
Administration	\$ 478,597	\$ 498,589	\$ 348,120
Purification and Treatment	632,700	753,730	633,598
Transmission and Distribution	521,292	500,796	548,432
Pumping	269,209	266,805	291,021
Customer Billing and Collection	152,857	137,650	113,880
Other	13,736	28,000	15,434
Long-term Debt Charges			
Interest	443,449	441,470	441,470
Principal	167,846	167,847	167,846
Contributions to Capital Fund	1,190,419	1,408,204	791,793
Transfer to Development Cost Charges Reserve	204,369	155,000	249,762
Transfer to General Fund	-	100,000	-
Transfer to Own Reserve - Future Expenditures	550,386	-	292,300
Transfer to/(from) Surplus	(672,206)	(168,611)	250,173
	-----	-----	-----
TOTAL EXPENDITURE	\$ 3,952,654	\$ 4,289,480	\$ 4,143,829
	=====	=====	=====

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

WATER SYSTEM UTILITY
Capital Fund

Balance Sheet

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
ASSETS		
FIXED ASSETS		
Engineering Structures	\$ 41,265,409	\$ 42,762,406
Buildings	2,890,325	54,711
Machinery and Equipment	210,547	247,517
Land	338,566	338,566
	-----	-----
	\$ 44,704,847	\$ 43,403,200
	=====	=====
 LIABILITIES AND EQUITY IN CAPITAL ASSETS		
PAYABLES		
Due to General Revenue Fund	\$ 550,883	\$ 601,614
 LONG-TERM DEBT		
Debentures Authorized and Issued	3,641,158	3,891,909
 EQUITY IN CAPITAL ASSETS		
	40,512,806	38,909,677
	-----	-----
	\$ 44,704,847	\$ 43,403,200
	=====	=====

See accompanying notes to the financial statements


TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

WATER SYSTEM UTILITY
Capital Fund

Statement of Equity in Capital Assets

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
BALANCE, BEGINNING OF YEAR	\$ 38,909,677	\$ 37,314,768
ADD		
Provincial Government	-	(242)
Development Cost Charges Reserve Fund	-	18,863
Utility Capital Reserve Fund	-	338,091
Utility Revenue Fund	1,190,419	791,793
Other Contributions	161,959	207,594
Retirement of Long-term Debt	167,846	167,846
Actuarial Sinking Fund Requirement	82,905	70,964
	-----	-----
	1,603,129	1,594,909
	-----	-----
BALANCE, END OF YEAR	\$ 40,512,806	\$ 38,909,677
	=====	=====

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

WATER SYSTEM UTILITY

Statement of Capital Financing

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
FINANCES ACQUIRED		
Transfers from		
Provincial Government	\$ -	\$ (242)
Development Cost Charges Reserve Fund	-	18,863
Utility Capital Reserve Fund	-	338,091
Utility Revenue Fund	1,190,419	791,793
Other Contributions	161,959	207,594
Temporary Borrowings and Payables at End of Year	550,883	601,614
	-----	-----
	\$ 1,903,261	\$ 1,957,713
	=====	=====
 FINANCES APPLIED		
Temporary Borrowings and Payables at Beginning of Year	\$ 601,614	\$ 245,871
Expenditure for Fixed Assets	1,301,647	1,711,842
	-----	-----
	\$ 1,903,261	\$ 1,957,713
	=====	=====

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

**ELECTRIC SYSTEM UTILITY
Revenue Fund**

Balance Sheet

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
ASSETS		
RECEIVABLES		
General Revenue Fund	\$ 3,640,191	\$ 2,848,038
Utility Rates	1,102,241	1,210,622
Other	261,586	259,246
 MATERIALS AND SUPPLIES	 1,498,212	 1,468,673
	-----	-----
	\$ 6,502,230	\$ 5,786,579
	=====	=====
 LIABILITIES AND SURPLUS		
PAYABLES		
Deposits	\$ 497,577	\$ 398,558
 RESERVE FOR FUTURE EXPENDITURES	 77,230	 118,500
 SURPLUS		
Balance at beginning of year	5,269,521	5,824,764
Transfer from/(to) Electric Revenue	657,902	(555,243)
	-----	-----
Balance at end of year	5,927,423	5,269,521
	-----	-----
	\$ 6,502,230	\$ 5,786,579
	=====	=====

See accompanying notes to the financial statements


TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

ELECTRIC SYSTEM UTILITY
Revenue Fund

Statement of Revenues and Expenditures

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u> Actual	<u>2004</u> Budget (Unaudited)	<u>2003</u>
REVENUE			
Rates	\$ 20,177,662	\$ 19,834,773	\$ 19,075,052
Recoveries - Connections & Other	604,186	450,478	464,528
Transfer from Own Reserve - Future Expenditures	118,500	118,500	34,610
	-----	-----	-----
TOTAL REVENUE	\$ 20,900,348	\$ 20,403,751	\$ 19,574,190
	=====	=====	=====
 EXPENDITURE			
Administration	\$ 1,828,865	\$ 1,981,730	\$ 1,427,547
Electrical Energy Purchased for Resale	14,116,223	14,326,000	13,334,875
Transmission and Distribution	396,432	300,250	448,971
Customer Billing and Collection	353,072	337,644	278,094
Other	64,188	62,000	60,791
Transfer to Own Reserve - Future Expenditures	77,230	-	118,500
Contributions to Capital Fund	906,436	1,183,524	584,585
Transfer to General Revenue Fund	945,293	300,000	2,091,724
Transfer to General Capital Fund	1,554,707	2,500,000	1,784,346
Transfer to/(from) Surplus	657,902	(587,397)	(555,243)
	-----	-----	-----
TOTAL EXPENDITURE	\$ 20,900,348	\$ 20,403,751	\$ 19,574,190
	=====	=====	=====

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

**ELECTRIC SYSTEM UTILITY
Capital Fund**

Balance Sheet

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
ASSETS		
FIXED ASSETS		
Engineering Structures	\$ 18,625,602	\$ 17,498,350
Buildings	1,795,275	1,733,000
Machinery and Equipment	404,127	385,427
Land	61,896	61,896
	-----	-----
	\$ 20,886,900	\$ 19,678,673
	=====	=====
 LIABILITIES AND EQUITY IN CAPITAL ASSETS		
EQUITY IN CAPITAL ASSETS	\$ 20,886,900	\$ 19,678,673
	-----	-----
	\$ 20,886,900	\$ 19,678,673
	=====	=====

See accompanying notes to the financial statements


TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

ELECTRIC SYSTEM UTILITY
Capital Fund

Statement of Equity in Capital Assets

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
BALANCE, BEGINNING OF YEAR	\$ 19,678,673	\$ 18,832,710
ADD		
Utility Revenue Fund	906,436	584,585
Other Contributions	301,791	261,378
	----- 1,208,227 -----	----- 845,963 -----
BALANCE, END OF YEAR	----- \$ 20,886,900 =====	----- \$ 19,678,673 =====

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

ELECTRIC SYSTEM UTILITY

Statement of Capital Financing

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
FINANCES ACQUIRED		
Transfers from		
Utility Revenue Fund	\$ 906,436	\$ 584,585
Other Contributions	301,791	261,378
	-----	-----
	\$ 1,208,227	\$ 845,963
	=====	=====
 FINANCES APPLIED		
Expenditure for Fixed Assets	\$ 1,208,227	\$ 845,963
	-----	-----
	\$ 1,208,227	\$ 845,963
	=====	=====

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Debt Issued and Outstanding

December 31, 2004

Number	Issue Date	Purpose	Issue Amount	Outstanding Amount
8858	08-May-89	Okanagan Lake Pump Stn	350,000	121,593
9504	12-Apr-95	Water Treatment Plant	1,000,000	666,528
9542	01-Dec-95	Water Treatment Plant	3,000,000	1,999,585
9608	01-Jun-96	Water Treatment Plant	1,200,000	853,452
			-----	-----
			5,550,000	3,641,158
4167	15-May-84	Sewer System	500,000	-
8903	09-Nov-89	Sewer - Treatment Plant	2,500,000	868,521
8962	15-May-90	Sewer - Treatment Plant	1,200,000	488,744
			-----	-----
			4,200,000	1,357,265
3859*	01-Dec-80	Community Centre	2,032,632	256,902
20005	12-Apr-00	RCMP Building	2,500,000	2,174,126
20046	07-Nov-00	RCMP Building	1,500,000	1,304,476
200123	21-Dec-01	Government Street	1,380,000	480,000
200315	22-Apr-04	Storm Sewer	337,500	337,500
2004-16	25-Oct-04	Parks - Land Acquisition	1,680,000	1,680,000
2004-18	25-Oct-04	Road Works - South Main St	195,000	195,000
2004-19	25-Oct-04	Road Design - Main St	150,000	150,000
2004-20	25-Oct-04	Parks - Integrated Waterfront	550,000	550,000
2004-21	25-Oct-04	Parks - Youth Park	50,000	50,000
			-----	-----
			10,375,132	7,178,004
Total Debt			\$ 20,125,132	\$ 12,176,427
			=====	=====

* Stated in U.S. Dollars
Outstanding Amount as at December 31, 2004

U.S. Debt	\$ 256,902
Canadian Equivalent	346,818

Exchange Difference	\$ 89,916
---------------------	-----------

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Debt Issued and Outstanding

December 31, 2004

Term (Years)	Maturity	Rate	Payee	2005 Payments	
				Interest	Principal
20	2009	10.90	R.D.O.S.	22,750	10,585
20	2015	8.5	R.D.O.S.	68,150	30,243
20	2015	7.75	R.D.O.S.	240,000	90,728
20	2016	7.25	R.D.O.S.	93,000	36,291
				423,900	167,847
20	2004	No further cash payments required		-	-
20	2009	6.5	R.D.O.S.	162,500	75,606
20	2010	6.5	R.D.O.S.	73,500	36,291
				236,000	111,897
25	2005	7.75	R.D.O.S.	35,504	256,902
20	2020	6.45	R.D.O.S.	161,250	75,606
20	2020	6.36	R.D.O.S.	95,400	45,364
5	2006	Variable	M.F.A.	25,000	300,000
20	2024	4.86	M.F.A.	16,403	10,207
20	2024	4.975	M.F.A.	92,281	50,808
20	2024	4.975	M.F.A.	10,711	5,897
20	2024	4.975	M.F.A.	8,239	4,536
20	2024	4.975	M.F.A.	30,211	16,633
20	2024	4.975	M.F.A.	2,746	1,512
				477,745	767,465
				\$ 1,137,645	\$ 1,047,209

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

CEMETERY PERPETUAL CARE TRUST FUND

Balance Sheet

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
ASSETS		
BANK TERM DEPOSITS	\$ 590,000	\$ 530,000
RECEIVABLES		
General Revenue Fund	4,214	21,080
ACCRUED INTEREST	14,443	13,580
	----- \$ 608,657 =====	----- \$ 564,660 =====
 SURPLUS		
BALANCE, BEGINNING OF YEAR	\$ 564,660	\$ 523,028
Add:		
Care Fund Contributions	19,030	18,947
Interest Earned	24,967	22,685
	----- \$ 608,657 =====	----- \$ 564,660 =====

See accompanying notes to the financial statements



TREASURER

PENTICTON PUBLIC LIBRARY

(Established under the Provisions of the
Public Libraries Act of British Columbia)

STATEMENT OF REVENUE AND EXPENDITURE

December 31, 2004
(With comparative figures for 2003)

	<u>2004</u>	<u>2003</u>
REVENUE		
Grant City of Penticton		
- Operating	644,633	\$ 624,929
- Building and Administration	159,000	154,006
- Equipment Depreciation	22,076	22,076
- Capital	5,124	16,698
Grant Province of B.C. - Operating	87,831	83,756
Grant - Outlook/Legal Services Society	2,092	2,326
Grant - Youth @ BC	-	4,330
Okanagan Regional Library Contract	51,150	52,800
Interest Earned	2,276	2,939
Fines and Fees	21,099	27,604
Miscellaneous Revenue	23,118	12,944
Photocopy Revenue	3,057	3,375
Donations	2,054	2,604
Legacy/Estate Funds	3,595	855
Equipment Replacement Fund	-	16,363
	-----	-----
Surplus at Beginning of Year	1,027,105	1,027,605
	57,328	47,297
	-----	-----
Total Revenue	1,084,433	1,074,902
	-----	-----
EXPENDITURE		
Building and Administration	159,000	154,007
Equipment Allowance	22,076	22,076
Acquisitions - Books	142,461	147,381
- Periodicals	18,790	15,077
- Software	948	6,508
- Videos/Audio/Online Subscriptions	6,634	5,794
Book Binding	4,037	4,066
Equipment Maintenance	12,337	26,264
Office Supplies	30,259	30,850
Postage, Freight, Courier, Mileage	5,335	3,257
Salaries and Benefits	588,354	571,610
Staff/Trustee Training and Development	4,963	5,130
Telephone/Fax/Internet	5,269	7,935
Program Support	145	197
Legacy/Estate Projects	3,502	724
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Total Operating Expenditure	1,004,110	1,000,876
Capital Equipment	5,124	16,698
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Total Expenditure	1,009,234	1,017,574
	-----	-----
SURPLUS AT END OF YEAR	\$ 75,199	\$ 57,328
	=====	=====

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Financial Statistics
(Unaudited)

	1995*	1996**	1997**	1998**
Population	27,258	30,987	30,987	30,987
Assessed Values - General				
Land	1,019,499,773	1,018,854,562	1,012,811,459	1,040,610,909
Land Exempt	136,200,788	133,761,705	123,682,126	149,736,660
Taxable Land	883,298,985	885,092,857	889,129,333	890,874,249
Improvements	1,271,255,056	1,292,112,550	1,316,138,957	1,323,537,812
Improvements Exempt	178,613,156	184,779,178	203,523,095	190,320,833
Taxable Improvements	1,092,641,900	1,107,333,372	1,112,615,862	1,133,216,979
Total Taxable Assessment	1,975,940,885	1,992,426,229	2,001,745,195	2,024,091,228
Per Capita	72,490	64,299	64,600	65,321
Assessment Actually Taxed				
General Purposes	1,955,028,885	1,990,775,229	1,978,674,195	2,001,292,228
School Purposes	1,971,049,885	1,987,042,829	1,996,464,495	2,018,139,812
% Improvement Taxes	100.00%	100.00%	100.00%	100.00%
Tax Levy				
General and Debt	11,228,346	11,652,354	12,027,944	12,598,784
School	11,001,205	11,164,085	11,297,397	11,436,496
Regional Hospital	774,538	776,646	797,707	902,325
Other (Excluding Irrigation)	4,726,729	4,833,946	4,593,328	4,789,742
Total Tax Levy	27,730,818	28,427,031	28,716,376	29,727,347
Total Levy (Including Irrigation)	27,871,700	28,567,946	28,856,371	29,867,421
Per Capita	1,023	922	931	964
General Mill Rate	5.244/7.866	5.384/8.076	5.529/8.294	5.706/8.559
Tax Collection				
Current Taxes and Irrigation	27,140,558	27,960,965	28,255,700	29,329,134
% Current Levy Collected	97.4%	97.9%	97.9%	98.2%
Arrears and Delinquent	511,652	811,531	600,954	732,150
Total Taxes Collected	27,652,210	28,772,496	28,856,654	30,061,284
% of Current Levy	99.2%	100.7%	100.0%	100.6%
Arrears of Taxes	255,378	174,989	257,298	240,410
Per Capita	9.37	5.65	8.30	7.76
Debt				
Gross Debt	12,513,424	12,868,942	11,937,294	11,042,545
Per Capita	459	415	385	356
Analysis of Debt (Gross)				
Water Supply System	5,178,116	6,127,482	5,828,024	5,513,594
Sewer System	5,452,691	5,010,812	4,272,089	4,058,625
General	1,882,617	1,730,648	1,562,382	1,470,326

* 1991 Census

** 1996 Census

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Financial Statistics
(Unaudited)

1999**	2000**	2001***	2002***	2003***	2004***
30,987	30,987	30,985	30,985	30,985	30,985
1,033,714,732	995,628,640	999,082,549	1,000,376,974	1,022,385,901	1,141,538,471
150,917,460	142,114,754	141,266,606	140,756,657	148,912,016	172,413,710
882,797,272	853,513,886	857,815,943	859,620,317	873,473,885	969,124,761
1,320,489,436	1,337,405,103	1,344,556,402	1,391,386,900	1,490,127,901	1,654,513,500
183,869,582	192,252,631	192,570,333	197,516,990	202,748,963	207,550,130
1,136,619,854	1,145,152,472	1,151,986,069	1,193,869,910	1,287,378,938	1,446,963,370
2,019,417,126	1,998,666,358	2,009,802,012	2,053,490,227	2,160,852,823	2,416,088,131
65,170	64,500	64,864	66,274	69,739	77,976
1,996,437,126	1,975,032,758	1,986,275,412	2,030,243,827	2,137,700,023	2,392,425,331
2,013,650,310	1,998,666,358	2,004,177,143	2,047,566,849	2,154,719,592	2,409,204,900
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
12,830,351	13,390,448	14,140,577	14,882,630	15,926,729	17,012,508
11,648,997	11,630,813	11,671,618	11,913,141	12,152,121	12,637,459
917,656	962,087	1,982,487	1,979,438	1,980,515	1,961,408
4,852,941	5,012,389	5,102,716	4,995,324	5,008,308	5,179,878
30,249,945	30,995,737	32,897,398	33,770,533	35,067,673	36,791,253
30,390,103	31,136,579	33,037,202	33,910,115	35,206,896	36,930,550
981	1,005	1,066	1,094	1,136	1,192
5.805/8.708	6.128/9.192	6.436/9.654	6.6295/9.9443	6.753/10.1295	6.4781/9.7172
29,771,871	30,565,077	32,588,106	33,353,856	34,685,099	36,625,786
98.0%	98.2%	98.6%	98.4%	98.5%	99.2%
716,637	687,640	412,751	748,867	598,402	586,147
30,488,508	31,252,717	33,000,857	34,102,723	35,283,501	37,211,933
100.3%	100.4%	99.9%	100.6%	100.2%	100.8%
263,097	250,136	505,580	205,809	178,225	121,940
8.49	8.07	16.32	6.64	5.75	3.94
9,994,490	13,926,419	13,035,934	11,841,379	10,348,553	12,176,427
323	449	421	382	334	393
5,183,443	4,836,783	4,472,790	4,130,719	3,891,909	3,641,158
3,545,947	3,007,196	2,441,022	1,857,736	1,575,393	1,357,265
1,265,100	6,082,440	6,122,122	5,852,924	4,881,251	7,178,004

** 1996 Census

***2001 Census

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Financial Statistics
(Unaudited)

	1995	1996	1997	1998
Public Utilities				
Sewer				
Operating Profit/(Loss)	136,466	(340,837)	(60,064)	(52,404)
Domestic Water & Irrigation				
Operating Profit/(Loss)	-	-	(3,490)	570,491
Electric Light				
Operating Profit/(Loss)	1,955,092	1,955,013	2,175,190	2,769,318
General				
Building Permits Issued	38,725,960	41,530,318	23,157,321	33,196,718
Borrowing Power (net)	51,488,080	58,612,482	61,786,435	70,561,779
Liability Servicing Capacity Available				

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Financial Statistics
(Unaudited)

1999	2000	2001	2002	2003	2004
98,945	144,617	182,196	(47,480)	(38,384)	(187,045)
631,749	(551,858)	408,648	407,987	250,173	(672,206)
3,016,523	3,067,867	3,363,493	3,422,494	3,320,827	3,157,902
22,619,600	18,796,519	31,093,176	35,928,297	46,681,982	52,227,735
71,721,589	72,711,489	79,586,210	81,821,206	n/a	n/a
				11,529,751	11,300,000*
					*estimated