
City of Kelowna

MEMORANDUM

DATE: April 11, 2005
FILE: 1700-20
TO: City Manager
FROM: Financial Planning Manager
RE: Amendment #2 to Bylaw 9220 – Five Year Financial Plan, 2004-2008

RECOMMENDATION:

THAT Council approve amendment #2 to the Five Year Financial Plan, 2004-2008 Bylaw 9220 as required by the Community Charter, to reflect changes in the Operating Budget and Capital Expenditure Program for 2004.

AND THAT Bylaw #9411, containing amendment #2 information, be advanced for reading consideration.

BACKGROUND:

The City of Kelowna, in order to comply with section 165 of the Community Charter (Financial Management), amends the financial plan to provide for expenditures required after adoption of the Five Year Financial Plan Bylaw.

The amended financial plan is impacted on a departmental basis by contingency fund transfers, disbursements of Other Working Capital, transfers from the City Manager's training account and other transfers as permitted under the Budget Transfer Policy #261, which are excluded from the analysis below.

The attached Schedule A reflects the following material amendments and transfers that are being brought before Council for the first time:

1)

Planning & Corporate Services

Increase the Heritage Planning operating budget by \$30,000 with funding from a Provincial Government Grant.

To provide operating budget of \$55,000 for an Unmet Needs – Housing Strategy with funding from community contributions received.

Increase legal services budget by \$300,000 from general reserves to cover legal fees incurred with respect to the Mission Creek Greenway.

2)

Works and Utilities

Increase Works and Utilities operating budget by \$30,000 for the One-Tonne Challenge funded by an agreement with Environment Canada.

Increase the Transportation Sidewalk Network capital budget by \$37,900 for projects along Hartman Road (Rutland School projects) using developer contributions held in deferred revenues.

Increase the DCC capital program by \$1,085,650 to budget for DCC credits provided to developers for works completed and claimed in 2004.

Increase of \$16,440 for Lakeshore/Barnaby/Chute Lake project from Roads Sector B DCC reserve to cover final payment to the contractor for that project.

Increase the Wastewater capital budget by \$333,380 for the Byrns/Baron and Okaview sewer projects covered by additional borrowing of \$134,600 and from a contribution from the Wastewater MFA Debt Reserve.

Transfer Wastewater capital funding of \$78,190 to the Pandosy/Lake forcemain project from the Sutherland and Ethel Street projects.

Increase the Wastewater capital program by \$135,820 for preliminary local service area work funded from connection fee revenues received from developers.

Increase the Electrical wholesale power purchase budget by \$620,000 offset by increasing energy sales by \$200,000 and reducing surplus by \$420,000 to adjust for the unanticipated increase in electrical consumption.

Increase the Electrical capital by \$58,880 to provide for system upgrades and new services with funding of \$18,900 from community contributions and \$39,980 from Electrical general reserves.

Transfer Electrical capital funding of \$190,290 to Customer Driven Line Extensions with funding from other electrical capital projects.

3)

Parks and Leisure Services

Increase facility operations budget by \$49,000 for the Rotary Centre for the Arts start up costs, which should have been a carryover from 2003. Funding of \$42,000 is from the Arts Centre Reserve and \$7,000 from general reserves.

A reconciliation of property rental revenues at the RCMP detachment resulted in a reduction in rental revenues for Civic Properties. This revenue reduction of

\$30,880 was funded from the Civic Facilities Reserve.

The KSS Demolition project required an additional \$100,000 to offset materials abatement and legal fees with funding from Land Sales reserve.

Increase the operating budget in Civic Properties by \$114,500 for paint and sign shop costs and Knox Mountain Park contract management. Funding was transferred from reduced Recreation expenditures of \$69,800 and increased Recreation revenues of \$44,700.

Increase to Parks operating budget of \$206,200 due to expenditures over budget for hazardous tree removal, additional security costs, washroom maintenance and beach cleaning costs. Funding of \$100,000 was from the Parks Purchase & Development Reserve, \$54,000 from general reserves, \$40,000 transferred from Other Working Capital and increases to the Recreation revenues budget by \$12,200.

Increase the Cemetery capital program by \$30,000 for "Marking our Past" Centennial Program with funding split between Community Contribution and the Cemetery Replacement Reserve.

Transfer funding of \$74,160 from the Hartman and Craig Road offsite budget to the Memorial Arena Interior Improvements project (\$41,000 for arena flooring, security upgrades and mechanical works) and the City Park storm drain works (\$33,160).

4)

Fire

Increase the operating budget by \$143,500 from general reserves to provide for a retroactive firefighter salary rate increase.

Increase the operating budget by \$216,300 to cover salary costs, fringe benefit costs and vehicle repair costs with funding of \$20,000 obtained by reducing the appropriation to the Fire Equipment Replacement Reserve and \$196,300 from general reserves.

Add budget of \$86,340 for costs related to Okanagan Mountain Fire response for staff time, equipment and materials not covered by PEP or the Office of the Fire Commissioner with funding from general reserves.

Add operating budget of \$3,111,000 to provide for the Okanagan Mountain Fire recovery costs. Of this total cost \$642,075 has been set up as a receivable from PEP, \$168,925 was funded from general reserves, \$700,000 was funded by increasing the Traffic Fine revenue budget and \$1,600,000 was funded by increasing the building permit revenue budget.

5)

Airport

Increase capital budget by \$104,100 for Security Access Controls with funding of \$83,400 provided by Federal funding and \$20,700 from the Airport Terminal Reserve.

Increase the Airport capital program by \$20,440 for the Gate 6 relocation and air conditioning costs funded from the Airport Improvement Fee Reserve.

Increase the capital program by \$21,050 for General Aviation parking relocation costs funded from the Airside Reserve.

This amendment is being presented for Council approval for changes that have occurred since the first Financial Plan amendment was approved in October, 2004.

Keith Grayston, CGA
Financial Planning Manager

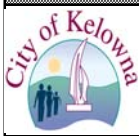
Approved for inclusion

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Paul Macklem, CMA
Director of Financial Services

PM/KG

Attach.



FINANCIAL PLAN 2004 - 2008

	Amend #2 2004	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009-2020</u>
<u>REVENUE SOURCES</u>							
Property Value Tax	66,120,000	66,120,000	69,139,783	72,333,395	75,500,868	80,245,990	1,260,519,665
Parcel Taxes	3,495,264	3,495,264	3,301,531	2,864,992	2,403,326	1,902,405	57,507,308
Fees and Charges	70,615,834	68,815,834	70,869,018	73,152,833	75,513,800	77,908,993	1,140,641,981
Borrowing Proceeds	8,214,960	8,080,360	0	0	13,300,000	5,000,000	0
Other Sources	52,300,972	48,945,107	34,959,709	35,924,713	35,188,100	37,262,828	458,953,460
	200,747,030	195,456,565	178,270,041	184,275,933	201,906,094	202,320,216	2,917,622,415
<u>TRANSFERS BETWEEN FUNDS</u>							
Reserve Funds	13,204,907	7,650,588	4,964,772	4,814,967	4,068,771	2,354,289	
DCC Funds	21,977,320	19,885,576	15,402,709	17,684,993	13,167,044	15,387,346	176,571,630
Surplus/Reserve Accounts	40,447,026	33,445,064	9,986,092	6,666,577	5,627,248	7,712,523	225,376,457
	75,629,253	60,981,228	30,353,573	29,166,537	22,863,064	25,454,158	401,948,087
Total	276,376,283	256,437,793	208,623,614	213,442,470	224,769,157	227,774,374	3,319,570,502
<u>EXPENDITURES</u>							
Municipal Debt							
Debt Interest	6,948,463	6,948,463	6,865,954	6,729,608	6,444,320	7,120,382	52,509,827
Debt Principal	3,687,487	3,687,487	3,712,023	3,551,130	3,452,390	3,821,312	34,611,454
Capital Expenditures	120,030,278	106,690,080	58,925,580	60,156,036	67,288,531	64,209,759	730,591,802
Other Municipal Purposes							
General Government	8,298,454	8,186,137	8,285,535	8,544,692	8,813,190	9,091,401	139,296,349
Planning & Corp. Services	9,175,491	8,747,503	8,460,663	8,774,518	9,101,350	9,441,714	155,236,320
Parks & Leisure Services	20,581,211	20,124,227	19,495,170	19,499,548	20,149,705	21,477,362	389,365,529
Works & Utilities	53,900,648	52,933,820	52,263,489	53,892,301	55,839,802	57,599,896	1,014,753,979
Protective Services	28,579,701	23,699,372	24,367,463	25,218,435	25,990,741	26,790,416	413,400,813
Other	3,343,894	3,128,314	3,137,347	3,197,561	3,258,979	3,321,626	52,598,566
Airport	5,491,638	5,491,638	5,736,269	5,983,649	6,213,770	6,453,850	89,763,859
	260,037,265	239,637,041	191,249,493	195,547,478	206,552,777	209,327,719	3,072,128,498
<u>TRANSFERS BETWEEN FUNDS</u>							
Reserve Funds	4,541,424	4,571,424	4,647,465	4,715,212	4,784,271	4,854,652	0
DCC Funds	0	0	0	0	0	0	0
Surplus/Reserve Accounts	11,797,594	12,229,328	12,726,657	13,179,780	13,432,109	13,592,002	247,442,002
	16,339,018	16,800,752	17,374,122	17,894,992	18,216,380	18,446,654	247,442,002
Total	276,376,283	256,437,793	208,623,614	213,442,470	224,769,157	227,774,374	3,319,570,502