

Report to Council



Date: April 17, 2023
To: Council
From: City Manager
Subject: Amendment No. 1 to Five Year Financial Plan 2022 - 2026 Bylaw
Department: Financial Services

Recommendation:

THAT Council receives, for information, the Report from Financial Services dated April 17, 2023 with respect to amendments to the Five Year Financial Plan 2022-2026 Bylaw;

AND THAT Bylaw No. 12501 being Amendment No. 1 to the Five Year Financial Plan 2022-2026 Bylaw No. 12338 be advanced for reading consideration.

Purpose:

To amend the Five Year Financial Plan (2022-2026) as required by the Community Charter to include the authorized transfers and amendments which occurred in the 2022 year.

Background:

The City of Kelowna, in compliance with section 165(1) of the Community Charter (Financial Management), amends the financial plan annually to provide for expenditures required after the adoption of the Five Year Financial Plan Bylaw. These expenditures, in all cases, do not impact taxation demand but rather result in the shift of funding from one source to another and/or shifts in expenditures within, or from one municipal purpose area to another. Budget transfers and amendments included in the amended financial plan are permitted under Council Policies #262 Financial Plan Amendment Policy, and #261 Financial Plan Transfer Policy.

Council Policy #262, Financial Plan Amendment Policy, states that amendments may increase the City's total budget only where funding is by a source other than taxation (i.e.: provincial grants, private contributions, etc.). Council approval is required for amendments greater than \$200k.

Council Policy #261, Financial Plan Transfer Policy, allows the transfer of funds within the approved financial plan in order to meet the City's internal control objectives, to provide a means for a predictable operating result and to ensure the early detection and management of over-expenditures. Council

consent is required if the transfer involves the cancellation of an approved program or project. Transfers cannot be used to fund new programs or projects without prior Council consent.

All transfers and amendments, including those that do not require Council approval throughout the year, are presented in an amended Five Year Financial Plan bylaw. The attached Schedule A summarizes the authorized transfers and amendments that occurred throughout the 2022 fiscal year. The following are a few transfers and amendments of note that are being brought before Council for the first time.

Corporate and Protective Services Division:

Social Disorder/Employee Safety Committee Budget Amendment: The City's growing homeless population and an increase in social disorder has created an increase in unsafe situations that the City's outside frontline staff face on a regular basis. The 2022 budget was amended by \$175k, funded from the Worksafe Certificate of Recognition reserve, to establish a committee to develop and implement potential solutions to improve conditions for frontline staff.

Infrastructure Division:

Transportation Safety Strategy Budget Transfer: Based on public feedback, objectives were developed as part of the Transportation Master Plan to reduce transportation related injuries and fatalities. Excess Integrated Transportation consulting services budget of \$80k was transferred to assist in the development of a transportation safety strategy that would work to identify an appropriate safety policy, target and series of actions to help achieve this goal.

Transportation Capital:

Transit Minor Betterment Grant Budget Amendment: The City entered into a partnership with the Minister of Transportation and Infrastructure (MOTI) to improve two bus shelters located at Highway 33 at Gerstmar Rd and Highway 33 at Brayden Rd. The 2022 budget was amended by \$135k to include grant funding provided by MOTI.

Parks Capital:

Park Development Budget Transfer: The Parks Capital projects for Ballou Park, Tower Ranch Park 1 and Gopher Creek Linear Park were over budget due to increased construction and labor costs, unexpected scope changes and re-design fees. Conversely, the Rutland Centennial Park project was completed underbudget due to scope adjustments and project efficiencies. Budget in the amount of \$531k was transferred from the Rutland Centennial project to support the shortfall for the above-mentioned projects.

Fire Capital:

Fire Vehicle and Equipment Renewal Budget Transfer: Fire apparatus identified for replacement in 2022 included one bush truck, two fire engines, and one ladder truck. Due to supply chain challenges, the replacement of fire engine 7 has been delayed until 2024 in the hope that there will be reduced pressure on supply chains and result in a more economical replacement. The 2022 budget allocated to this fire engine was reallocated as \$263k for the acquisition of an additional bush truck one year in advance of the scheduled purchase, and \$57k towards the acquisition of fire engine 1 as the cost was greater than expected. The remaining budget was contributed to the Fire Equipment reserve to support the anticipated cost of the delayed replacement.

Water Capital:

South End SOMID Decommission Upgrades Budget Transfer: The construction cost bid for the Frazer Lake Dam came in higher than anticipated due to increased construction and materials cost. A budget transfer of \$366k was completed to move reserve funding from the South End Water Upgrades main project to cover the additional expenses.

Legal/Statutory Authority:

Community Charter section 165.

Considerations not applicable to this report:

Discussion:

Conclusion:

Internal Circulation:

Legal/Statutory Procedural Requirements:

Existing Policy:

Financial/Budgetary Considerations:

External Agency/Public Comments:

Communications Comments:

Submitted by:

J. Grills, Budget Supervisor

Approved for inclusion:



J. Sass, CA, CPA Director of Financial Services

Attachment:

1. Amendment No. 1 to the Five Year Financial Plan 2022-2026 Council Presentation