

## Q2 Reports shows City's budget holding steady

(Penticton, BC – August 12, 2022) – The release of the Second Quarter Financial Update shows the City of Penticton is on budget despite inflationary pressures and supply-chain challenges. Council will receive a report on the budget along with an update on this year's business plan at their meeting on Aug. 16, 2022.

The financial report shows an increase in overall forecasted revenues of just over \$555,000 for the year. General operating expenses are forecasting for the year a reduction by just over \$380,000 due to various operational variances. Capital expenditures are also on track for a spend of nearly \$45 million. The City's total approved 2022 annual operating budget is \$107.4 million.

Of the 51 strategic priorities and initiatives outlined in the City's business plan, 44 are on track to be complete by the end of 2022. Some of the priorities recently completed include the RCMP improving investigative capacity by increasing the DMFT (Digital Field Triage) role to two positions and the IT/GIS department hired a new IT Operations Supervisor to strengthen the City's network and systems against cyber threats.

The report notes that fuel prices have increased substantially since the completion of the budget. Staff have increased the Q2 forecast by \$95,000 and will continue to monitor costs comparative to budget and will adjust again, if required, later in the year.

The City continues to manage costs and project deliverables related to supply chain delays, increased lead times and higher material costs. There are no significant impacts in operating to report at this time.

### Highlights:

The following are some of the key factors that influenced the City's budget and forecast:

- Building Permit revenues are higher than anticipated year to date, increasing the forecast by \$200,000.
- Licensing revenues are forecasting a \$54,000 increase for business licenses and liquor licenses.
- Protective Services is forecasting a reduction of \$500,000 to date due to staffing vacancies, which includes sick leave, maternity leave, and unfilled positions (Note: leaves longer than 30 days are covered by the government and two newly funded positions are now filled).
- Under recreation, there is a reduction of \$50,000 for lifeguard shortages, which has been reflected in the reduced pool hours.
- Planning and Development spend has increased \$85,000 to support 100 More Homes housing and homeless initiatives which will be offset by potential grant funding.

- Damage to the Canadian National Tugboat No. 6 's hull required immediate repairs this spring. The cost to remove the contaminated water and repair the hull are expected to be \$125,000. Funding of this is anticipated to come from the Asset Emergency Reserve.
- Weather extremes are leading to higher than anticipated maintenance costs of water mains of \$350,000.

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