

Second Quarter Update shows positive signs

(Penticton, BC – September 8, 2023) – The release of the Second Quarter Financial Update shows the City of Penticton's operating budget remains on track, despite dealing with increased costs due to inflation.

The City's financial position for the second quarter has total revenues expected to be higher than budget by 5.7 per cent, and operating expenses are anticipated to be 0.4 per cent lower than budget.

Council will receive a report on the budget along with an update on this year's business plan at their meeting on September 12, 2023.

At the same time, Council will be asked to approve changes in the budget to allow for the draw of from the Growing Communities Fund of \$222,000 for inflation increases for indoor soccer facility roof bubble and rental equipment and \$246,500 for significant cost increases for electrical and foundation works on the Fire Hall 2 - two bay garage project.

Of the 35 strategic priorities and initiatives outlined in the City's business plan, 30 initiatives are on track to be completed by the end of 2023. Three initiatives are delayed in the second quarter report of 2023 with reasons cited for delays include capacity challenges, staffing vacancies and conflicting schedules.

Highlights:

- The City was successfully in receiving the following operating grants:
 - 2 Billion Trees grant of \$300,000, split equally over two years, to assist with the Urban Forestry Master Plan project;
 - Federation of Canadian Municipalities Home Energy Loan Grant of \$175,000;
 - Union of BC Municipalities 2023 ESS Community Emergency Preparedness grant of \$26,000.
- Transit revenue is similar to last year and the forecast has been increased \$25,000 to reflect the higher revenue for increased ridership.
- Building Permit revenue June year to date is 41 per cent of the annual budget. This is mainly attributed to reduced building permits due to apprehension in the market with the high costs of construction and increased borrowing rates.
- Recreation revenue is on budget at this time, and will depend on the length of the unplanned extended closure of the Community Centre.
- The SOEC is forecasting a slightly lower draw from the City, comparative to budget.

Planning for the 2024 budget is underway and open houses are planned for October before deliberations in November. This budget will contain the second year of the tax deferral made by the previous Council that is being phased in at 3.3 percent per year over three years and utilizes surplus reserves to offset the deficit until fully phased in.

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