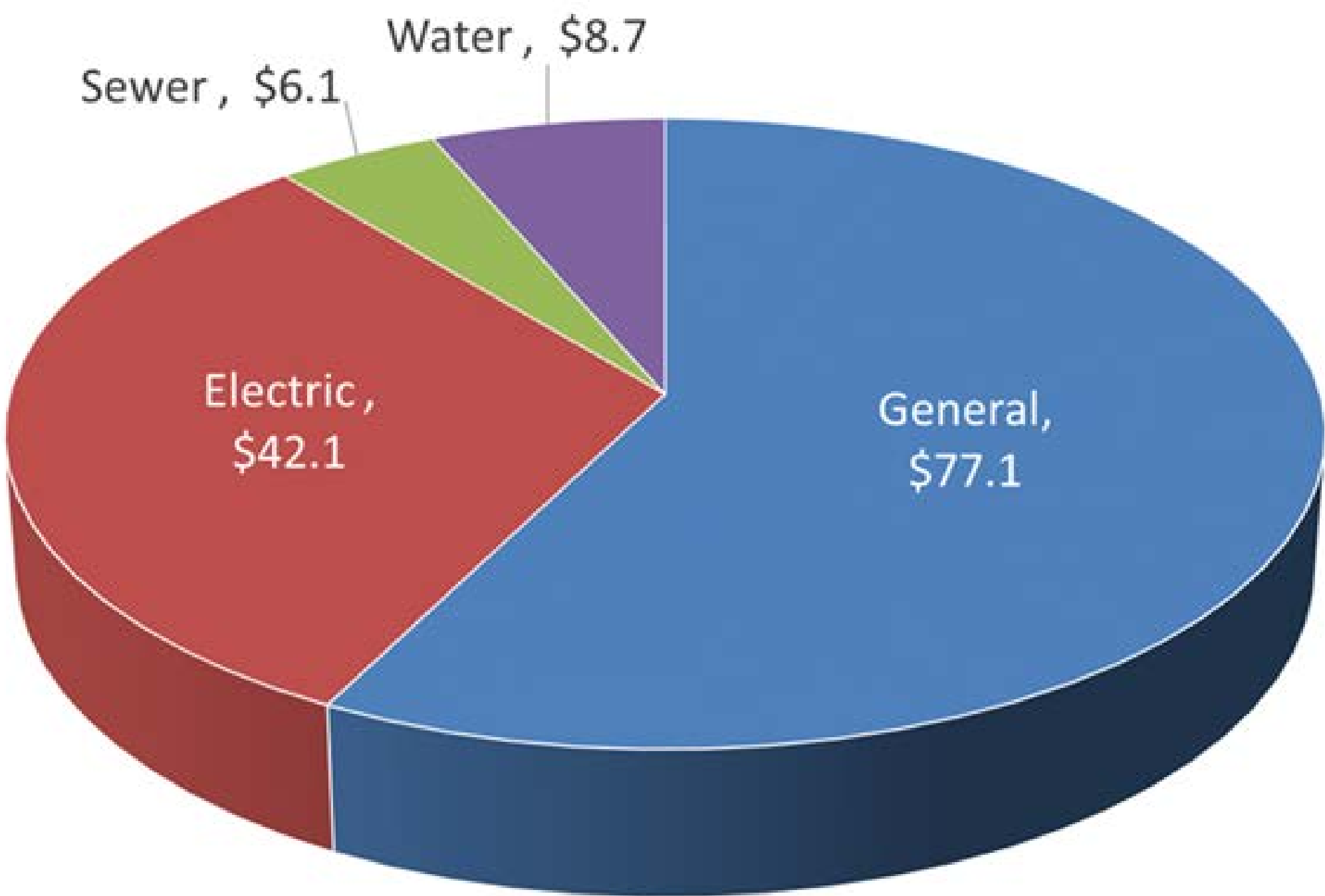


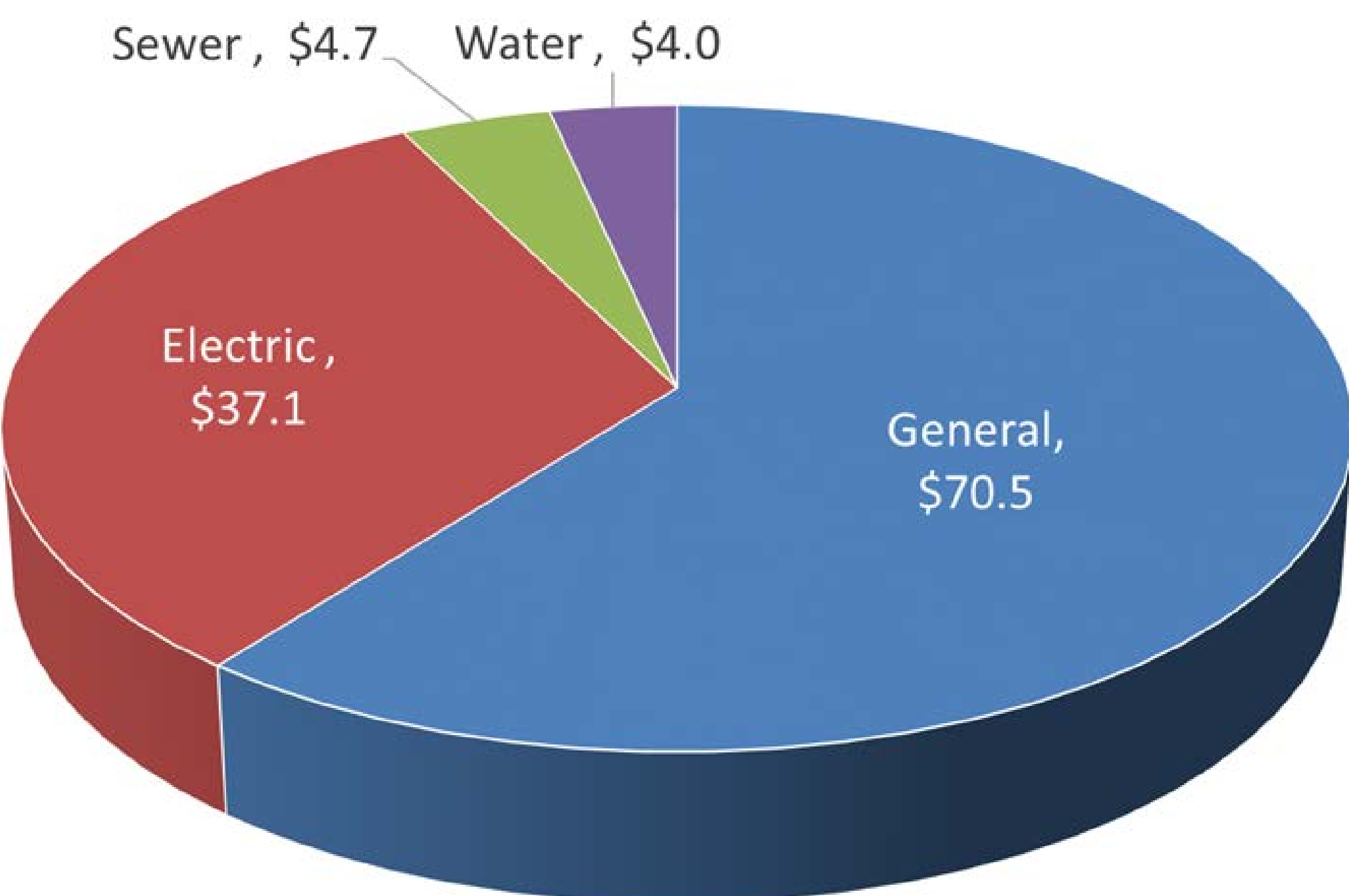
At-a-glance

- The 2018-2022 Financial Plan continues to balance immediate community needs while addressing asset management requirements
- A 3% tax increase is proposed to fund inflation, asset management and 2018 priorities
- The City’s finances are comprised of four funds – **General, Water, Electric and Sewer**
- General is funded by property taxes and the three utilities are self-funded

Operating Revenues \$133.9M



Operating Expenses \$116.3M



Continuing to improve

Staff is improving the financial plan and budget process by:

- Expanding public engagement
- Making the plan more citizen-friendly
- Improving transparency
- Focusing on metrics and measures
- Ensuring alignment with Council Priorities

Capital Projects \$18.9M

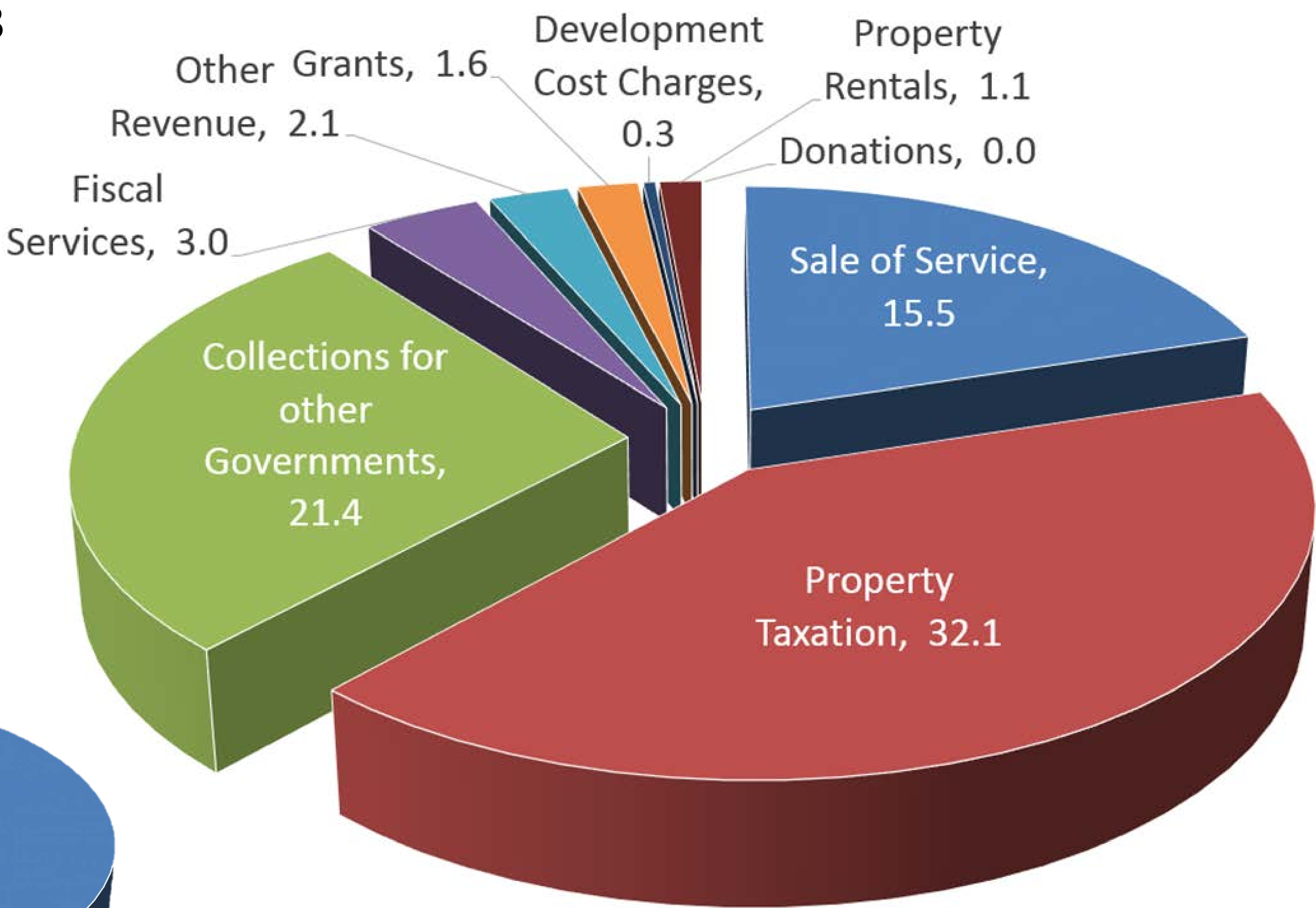
Fund	Project (\$M)
General	9.5
Water	3.4
Electric	3.3
Sewer	2.7

2018 Budget

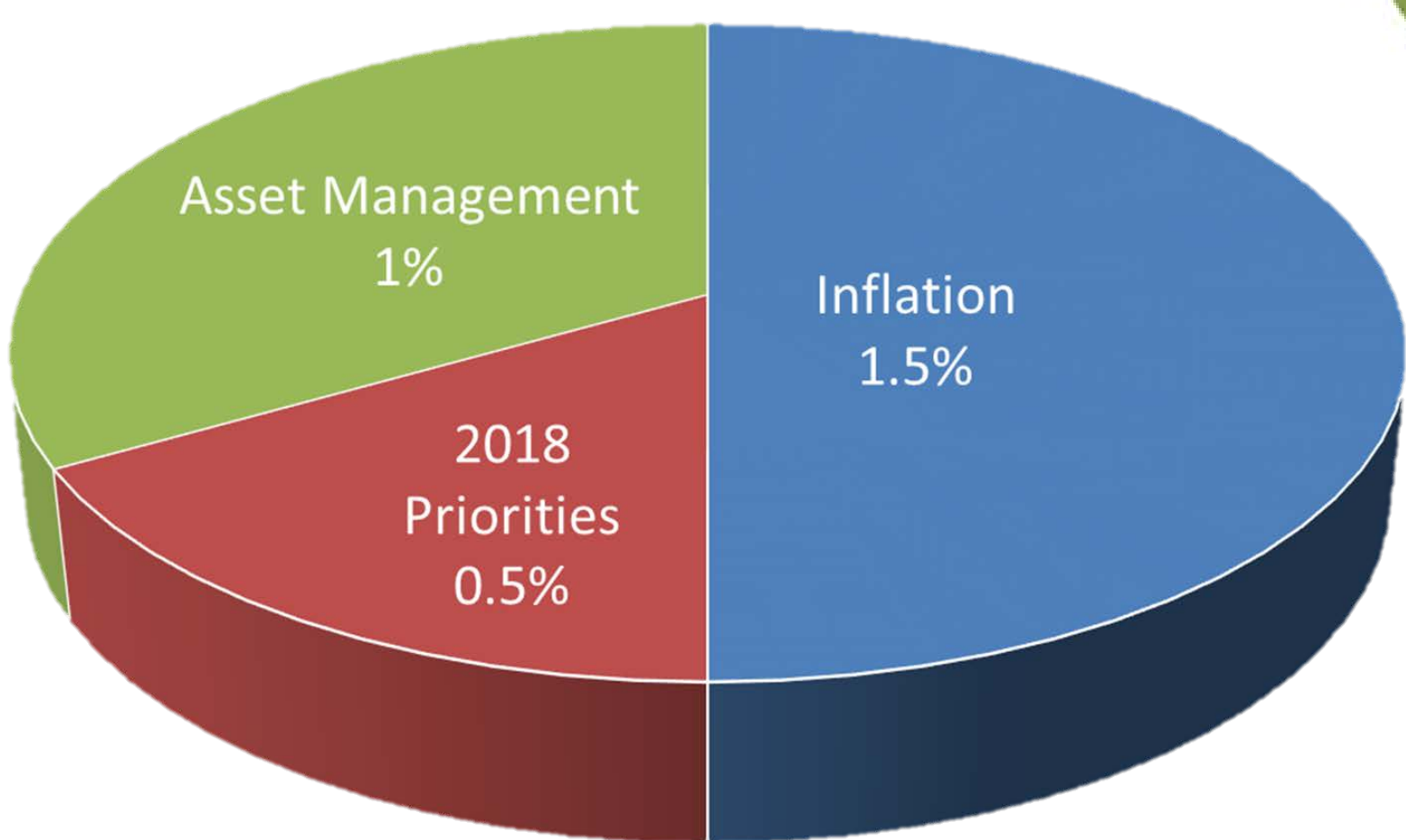
General Revenues

- 3% tax increase proposed
- Addresses inflation, asset management and 2018 priorities
- \$6.6M difference between revenues and expenses funds capital projects

\$77.1M



Proposed 3% increase

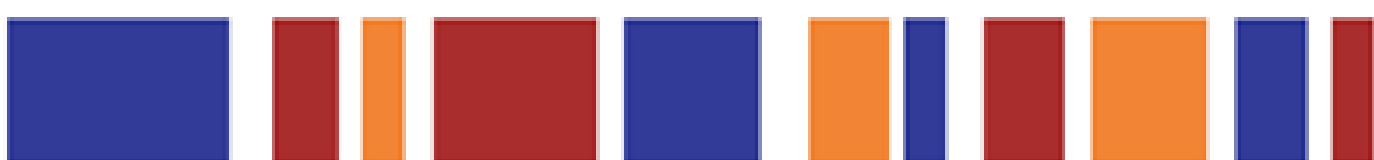


What does it mean to you?

The following table shows the approximate increase in property taxes depending on the value of the home. The actual amount fluctuates depending on the value set for the business tax multiplier.

Key Assumptions	Scenario #1	Scenario #2	Scenario #3
Proposed Tax Rate Adjustment	3.00%	3.00%	3.00%
Business Multiplier	1.58*	1.8	2
Annual Increase per \$100,000 Property Value			
Residential	\$13.00	\$5.64	-\$6.81 *
Business/Other	\$20.54	\$105.47	\$168.34

*In Scenario #3, residents would pay \$6.81 less than 2017 per \$100,000 of property value.

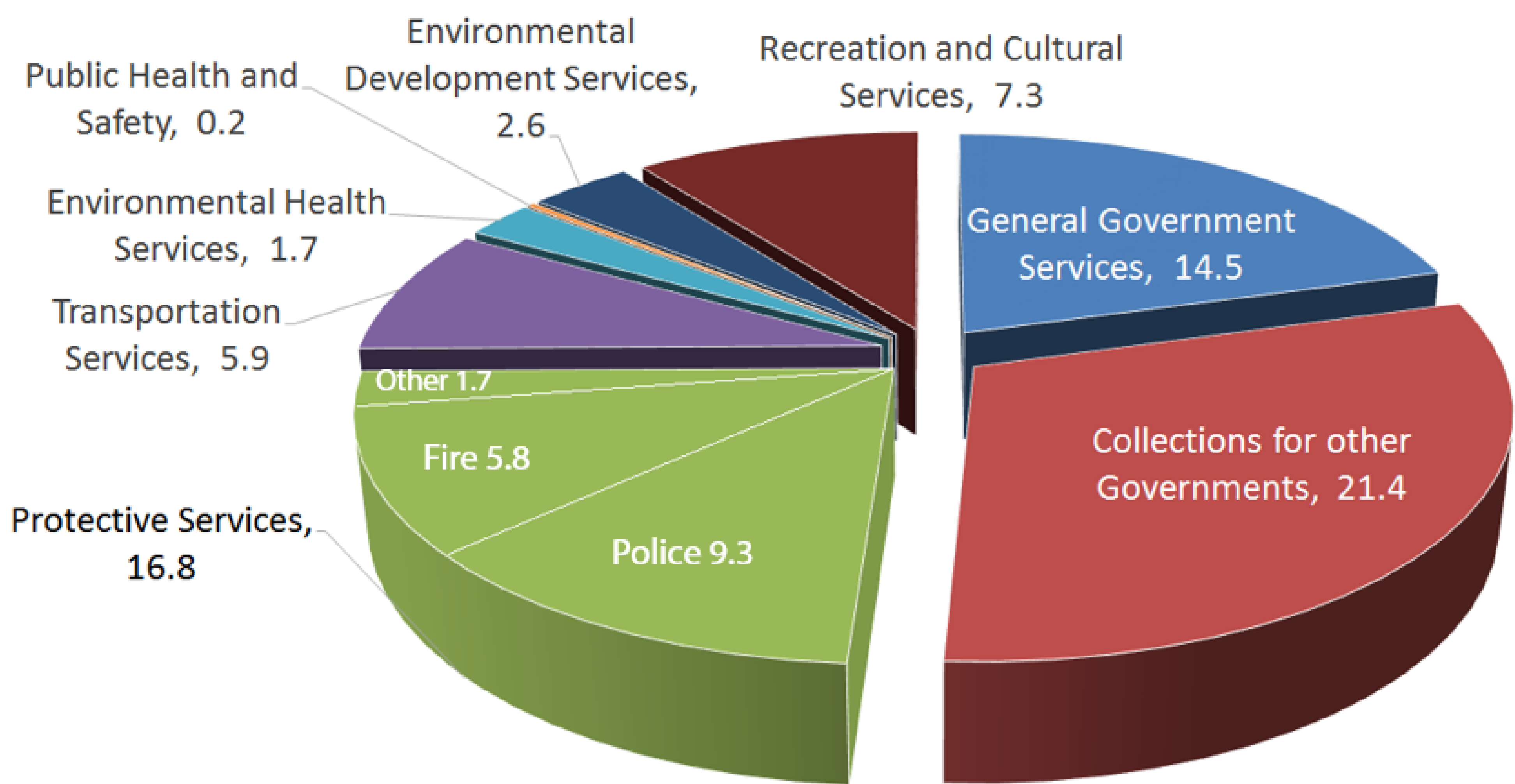


2018 Budget

General Expenses

- Expenditures have increased to address:
 - Inflation (\$825K)
 - Safety & Enforcement (\$215K)
 - Asset Management (\$390K)
- \$6.6M difference between revenues and expenses funds capital projects

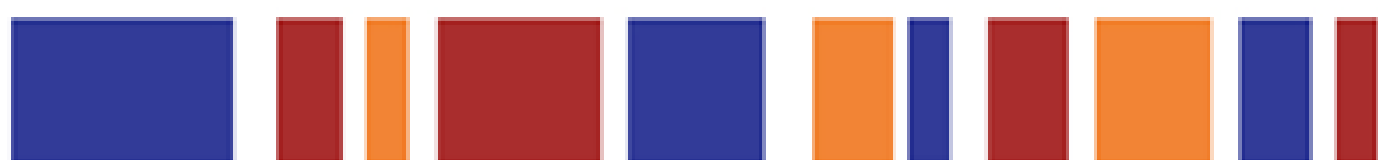
\$70.5M



What does it mean to you?

The table below shows how much of your taxes pay for the main service areas.

Segment	% Property Tax	Cost per capita
Protective Services	42%	\$401
Recreation & Culture	15%	\$145
Transportation Services	11%	\$101
General Government	9%	\$88

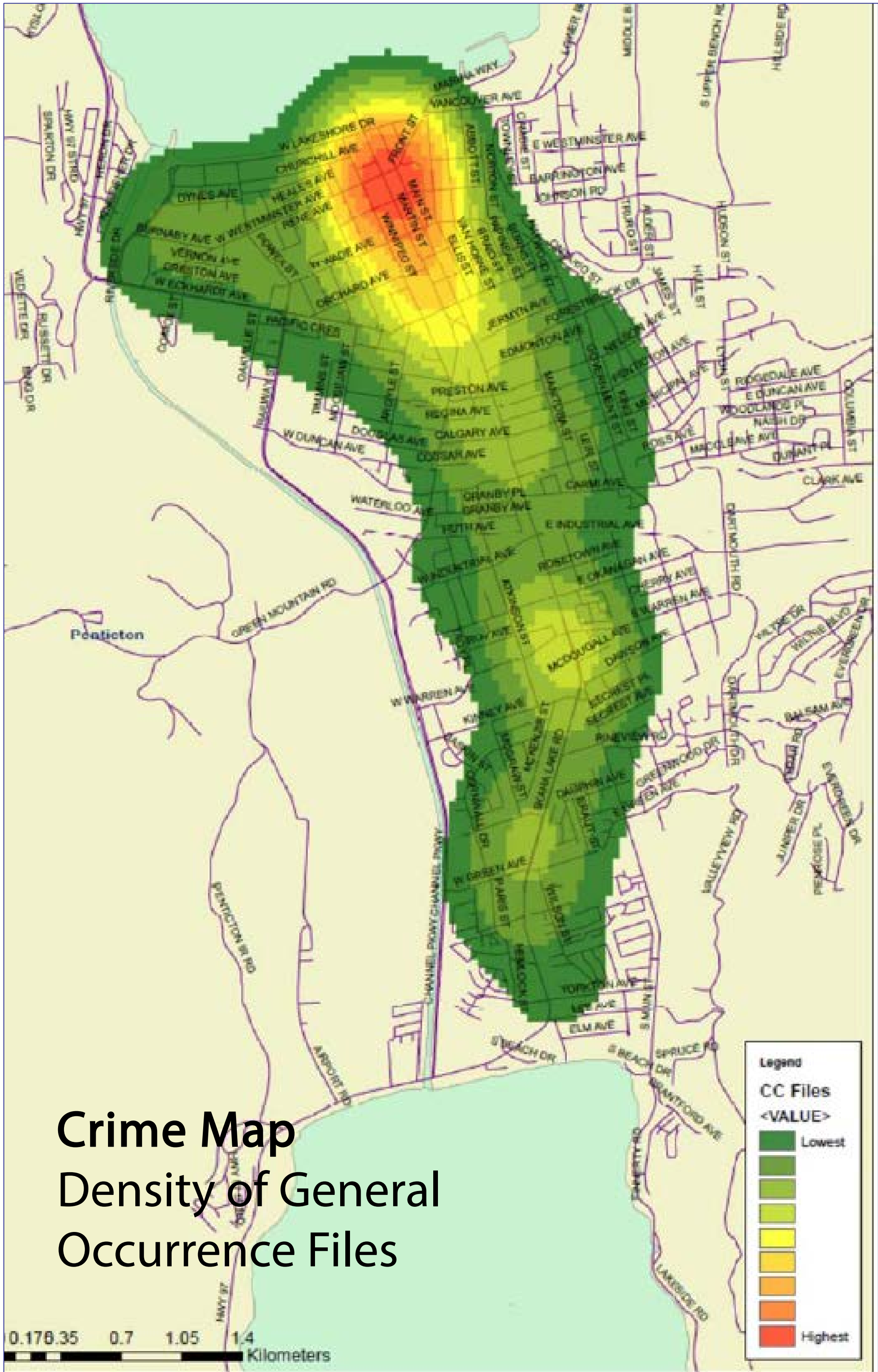


1. Safety and enforcement

- Enhance safety of downtown and surrounding areas by increasing RCMP and Bylaw presence
- Add an RCMP officer at a cost of \$150K
- Create a bylaw complaint intake position
- Establish a Community Safety Enforcement Team
- Better address community concerns, social issues, mental health calls for service, traffic concerns and youth support

Bylaw metrics

- 6,000 customer inquiries
- 1,300+ complaint files opened
- 5,500 bylaw offence notices
- 100+ welfare or unauthorized camping checks



Crime Map
Density of General
Occurrence Files

Penticton crime statistics

Offence Type	Q3 2016	Q3 2017	%Change Q3 2016 to Q3 2017	Q2 2017	Q3 2017	% Change Q2 - Q3 2017	Q3 YTD 2016	Q3 YTD 2017	% Change YTD Q3 2016 - YTD Q3 2017
AUTO THEFT	50	64	28%	56	64	14%	166	192	16%
BREAK & ENTER-BUS	37	41	11%	26	41	58%	135	125	-7%
BREAK & ENTER-OTH	24	29	21%	34	29	-15%	69	114	65%
BREAK & ENTER-RES	33	38	15%	31	38	23%	129	118	-9%
MENTAL HEALTH ACT	203	202	0%	206	202	-2%	579	587	1%
THEFT FROM VEHICLE	181	184	2%	199	184	-8%	473	580	23%
PERSONS VIOLENT CRIME (DV)	48	34	-29%	25	34	36%	117	84	-28%
PERSONS VIOLENT CRIME	161	139	-14%	111	139	25%	383	327	-15%
PROPERTY CRIME	978	967	-1%	903	967	7%	2561	2783	9%

2. Asset management

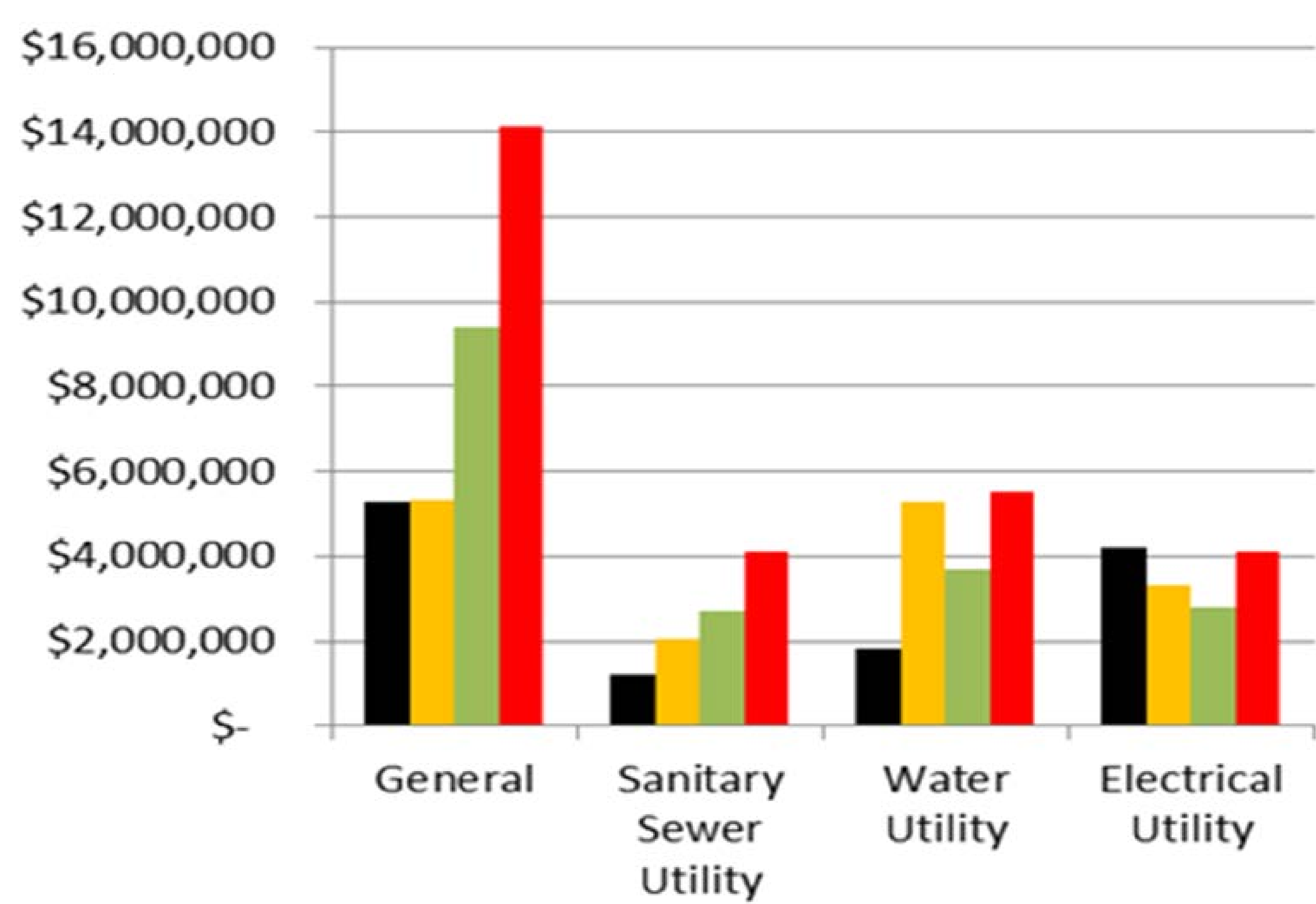
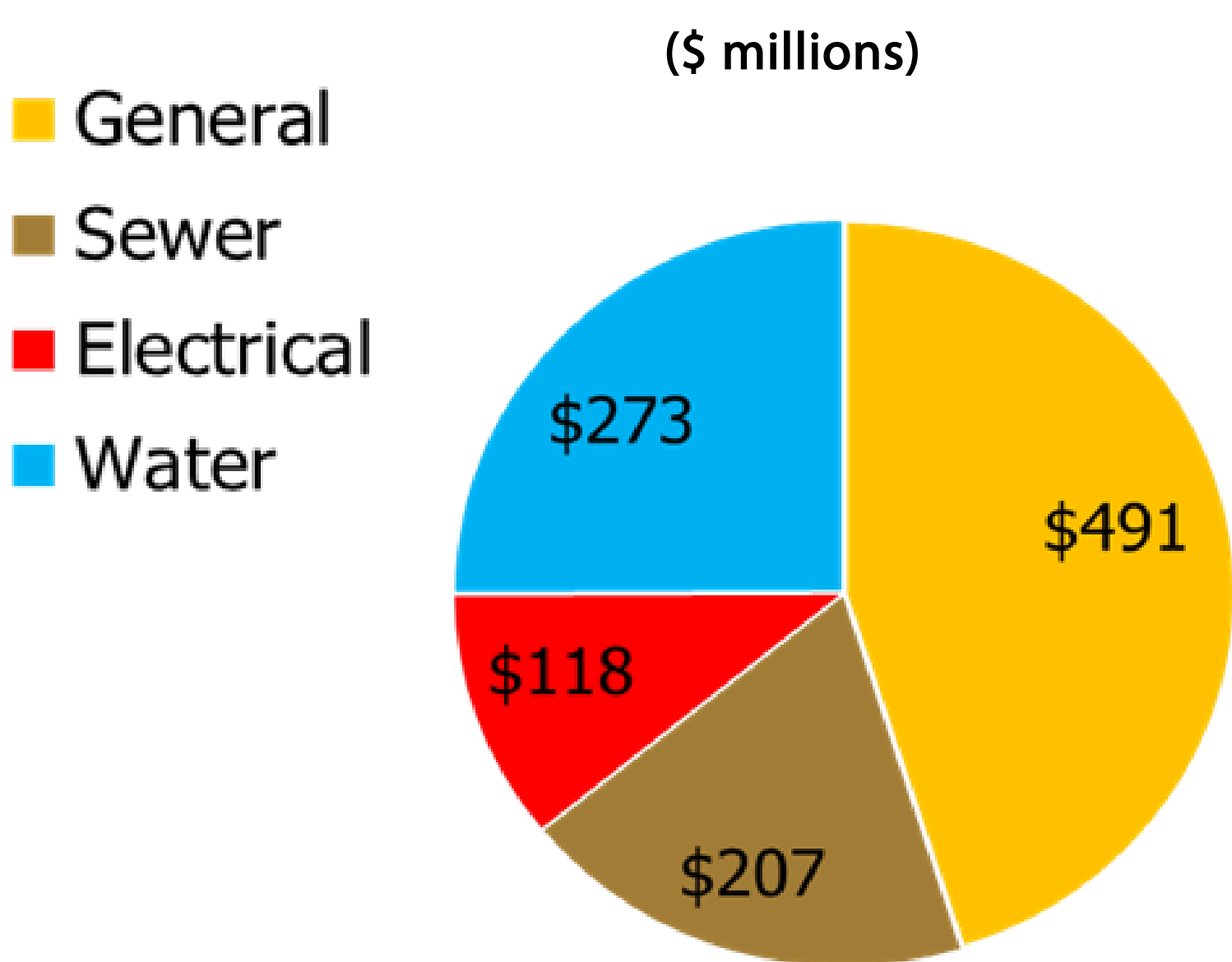
- Continue to build the asset management reserve by adding \$1.2M in 2018
- Provide funds to replace or repair assets through contributions to reserve (\$1.2M)
- Implement GIS technology and refine estimates of the remaining service life of assets
- Establish a stormwater utility to secure funds for critical infrastructure



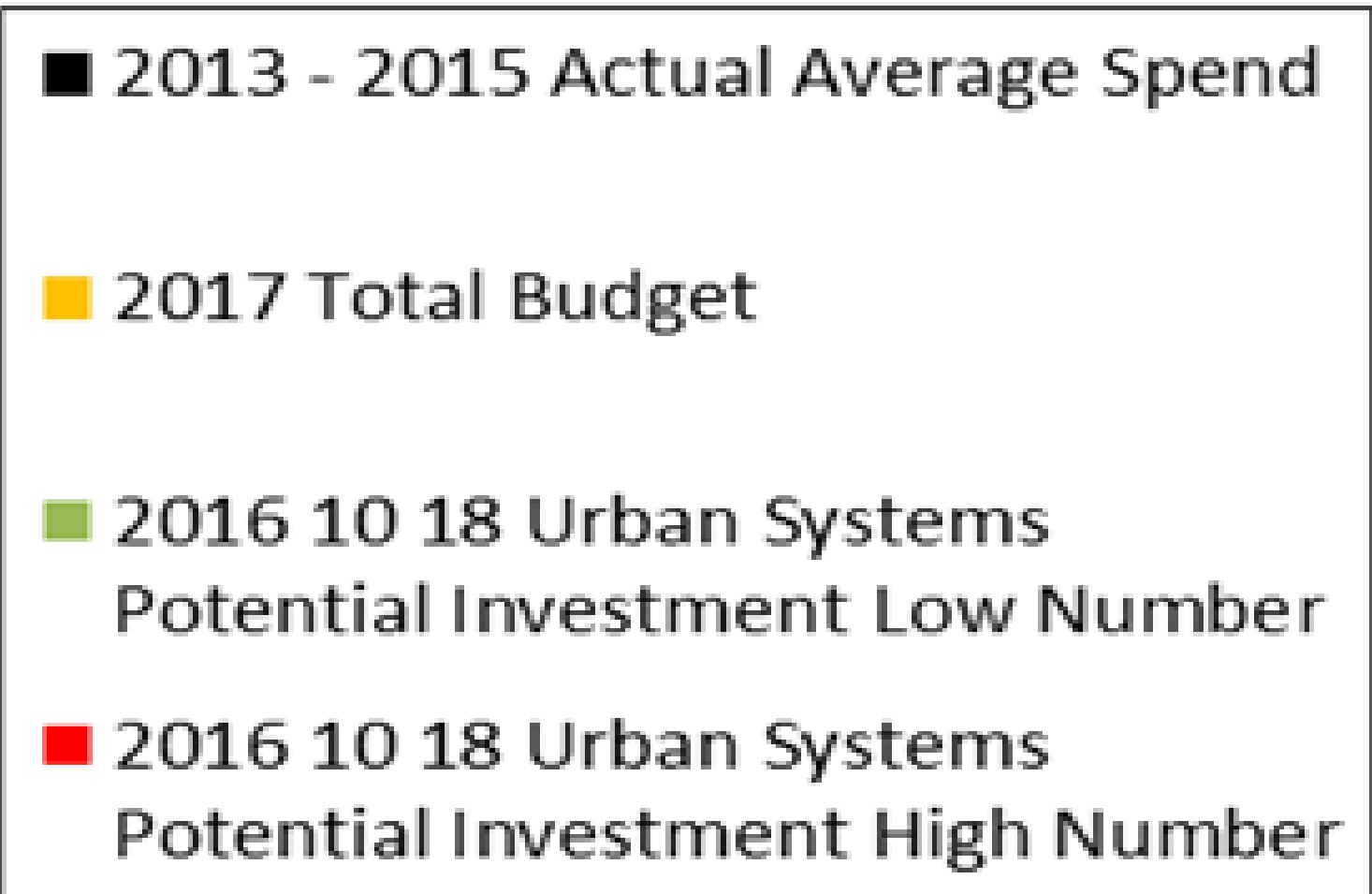
Funds for the future

- Our infrastructure is valued at \$1.1B
- Most assets have exceeded 55% of their service lives
- With the exception of the electrical utility, most assets currently underfunded
- Tax increase of 1% per year dedicated to fund asset reserve
- Anticipate total of \$7.8M in reserve by 2021

Cost to replace assets



Potential vs Actual Spend on Assets by Fund



3. Growth & development

- Invest \$250K to modernize permit approvals and business licensing systems
- Accelerate approvals for development and reduce wait times from about 10 weeks to 4 weeks

Planning Applications*



Building Permits*



*as of end of October

Healthy growth

- Population up 2.7% in the past five years to 33,716
- Planning applications are up 55%
- Building permits are up 39%
- Business Licenses up 13% to date
- Total of 2,968 active business licenses
- 2018 expected to be another strong year

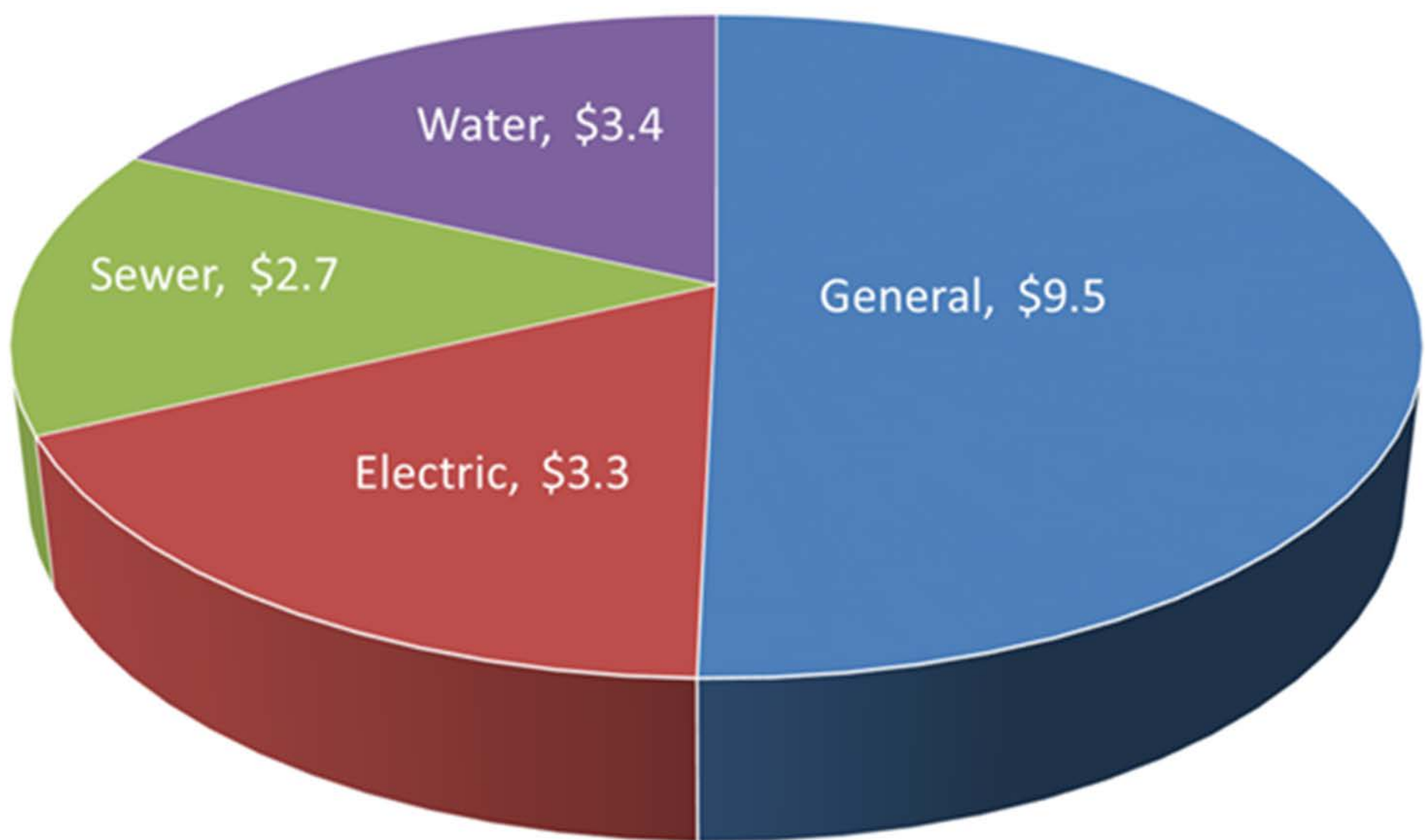
2018-2019 Expected Major Developments*



2018 Capital Projects

- The City developed a framework to provide a more rigorous and common approach to prioritizing capital investment
- Proposed capital projects are reviewed using six criteria:
 - Public health and safety
 - Regulatory requirements
 - Environment
 - Finances
 - Asset replacement/service levels
 - Strategic investments/community needs

2018 Capital Budget
(\$ millions)



2018 Proposed Capital Projects

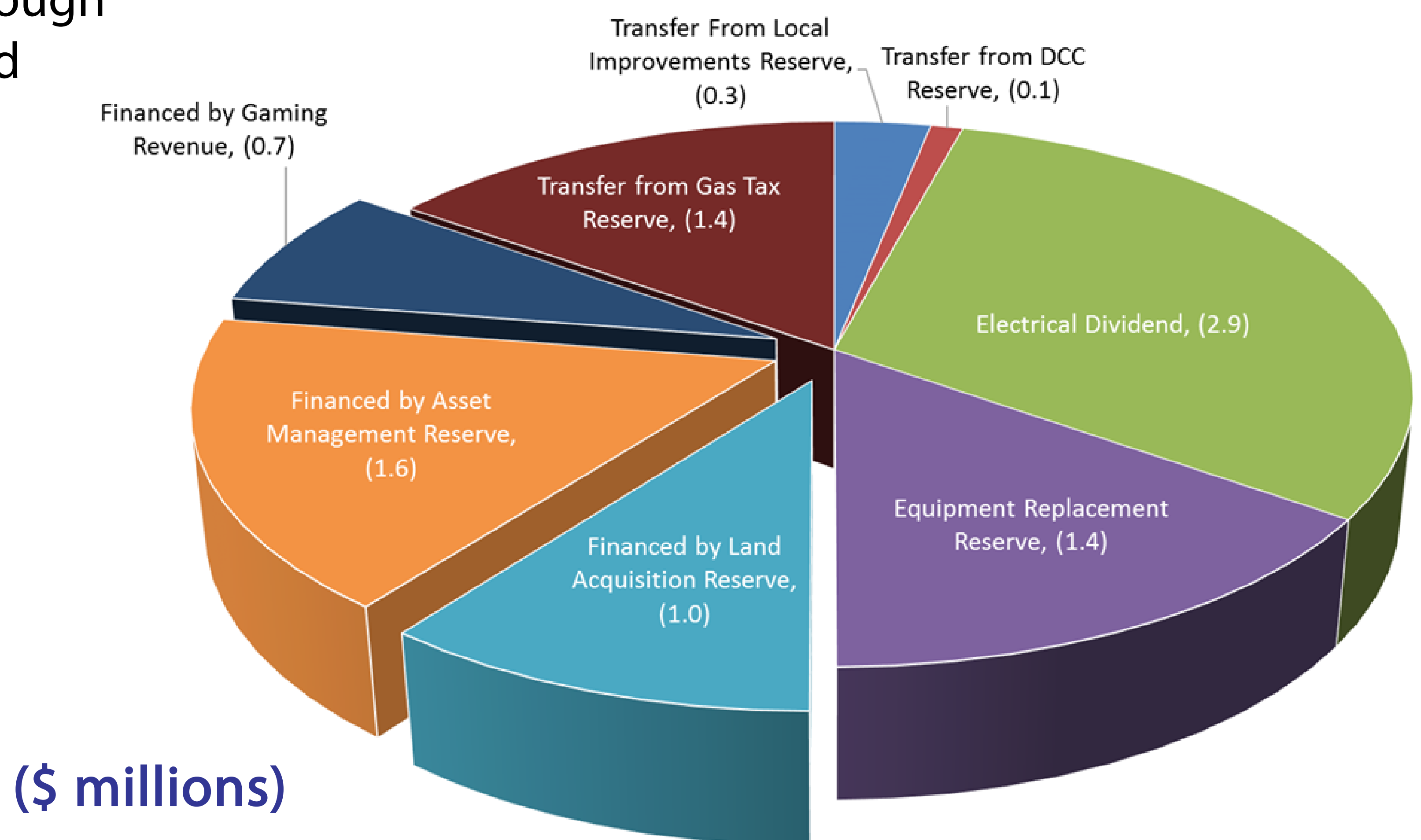
General (Major Projects)	\$9.5M
Downtown 300 Block	\$2.3M
Skaha Marina over 2 years	\$1.7M
Flood Recovery (City cost)	\$749K
Gahan Avenue	\$313K
Parks Master Plan	\$100K
Fleet Replacement	\$1.1M
Information Technology	\$925K
Fire Services Equipment	\$231K
SOEC Upgrade	\$313K
Community Centre	\$125K
PTCC Roof and Mechanical	\$615K
Other	\$1M
Utilities	\$9.4M
Electric	\$3.3M
Water	\$3.4M
Sanitary Sewer	\$2.7M



2018 Capital Projects

Funding Sources

- \$6.2M of general capital projects funded through gas tax, reserves and electrical dividend
- \$3.3M needed from alternate funding sources



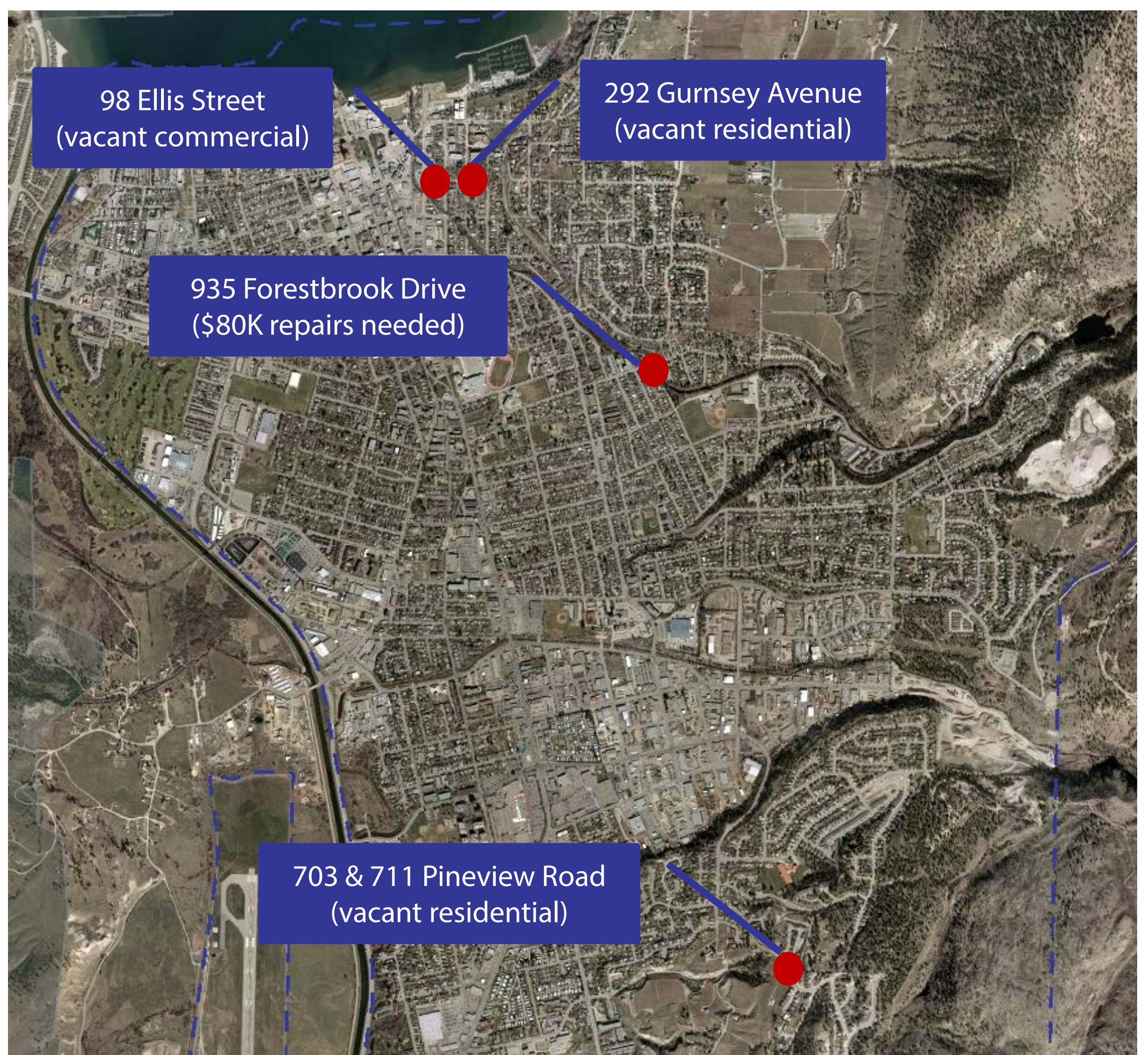
How will outstanding needs be funded?

1. Financing

- SOEC paid off by end of 2018 giving greater borrowing capacity
- \$1.5M Casino revenues available to service debt
- \$2.8M available from Asset Management Reserve

2. Land Sales

- Non-core properties (not in Park Dedication Bylaw)
- Move away from being a landlord
- Strong market conditions



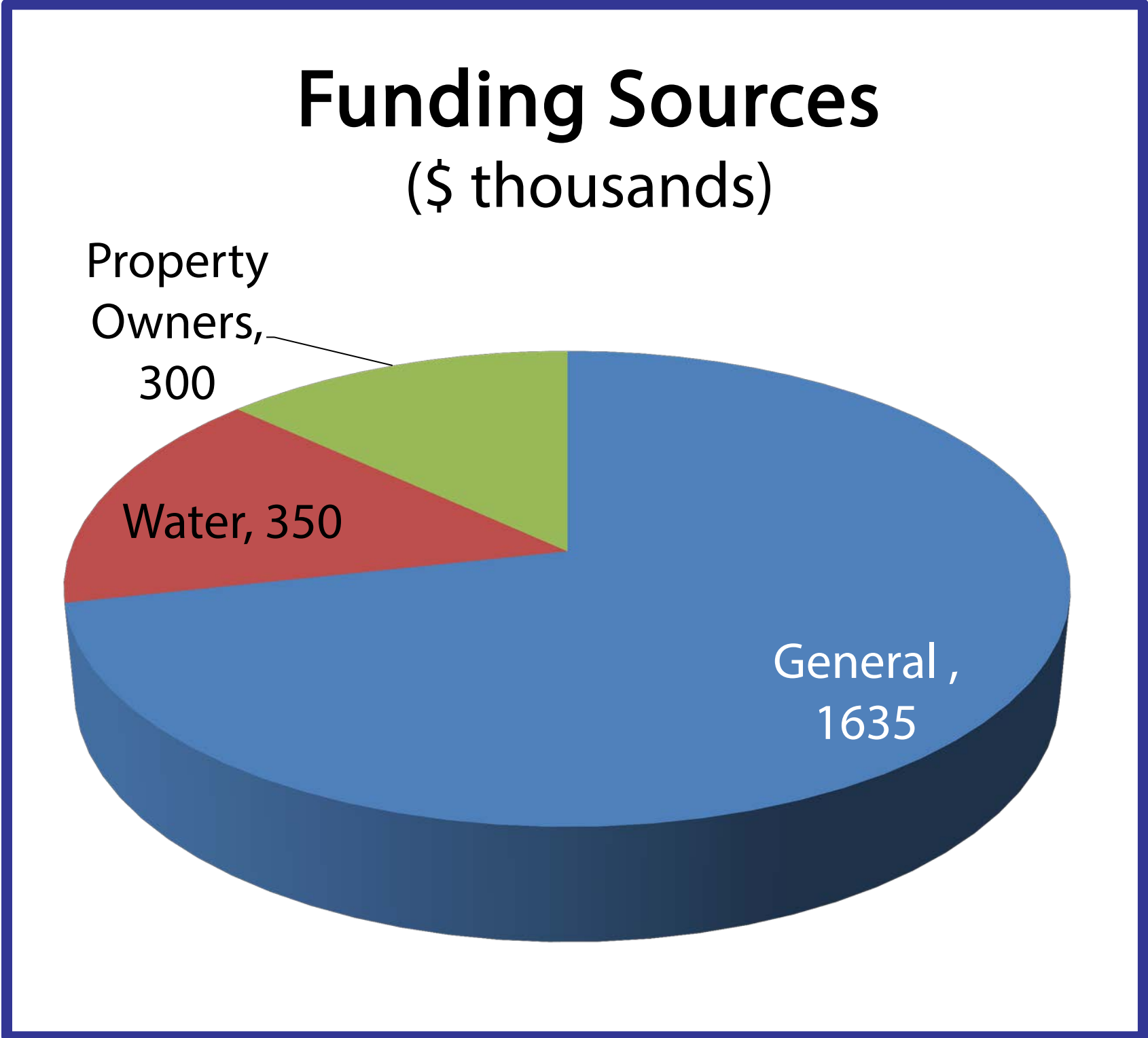
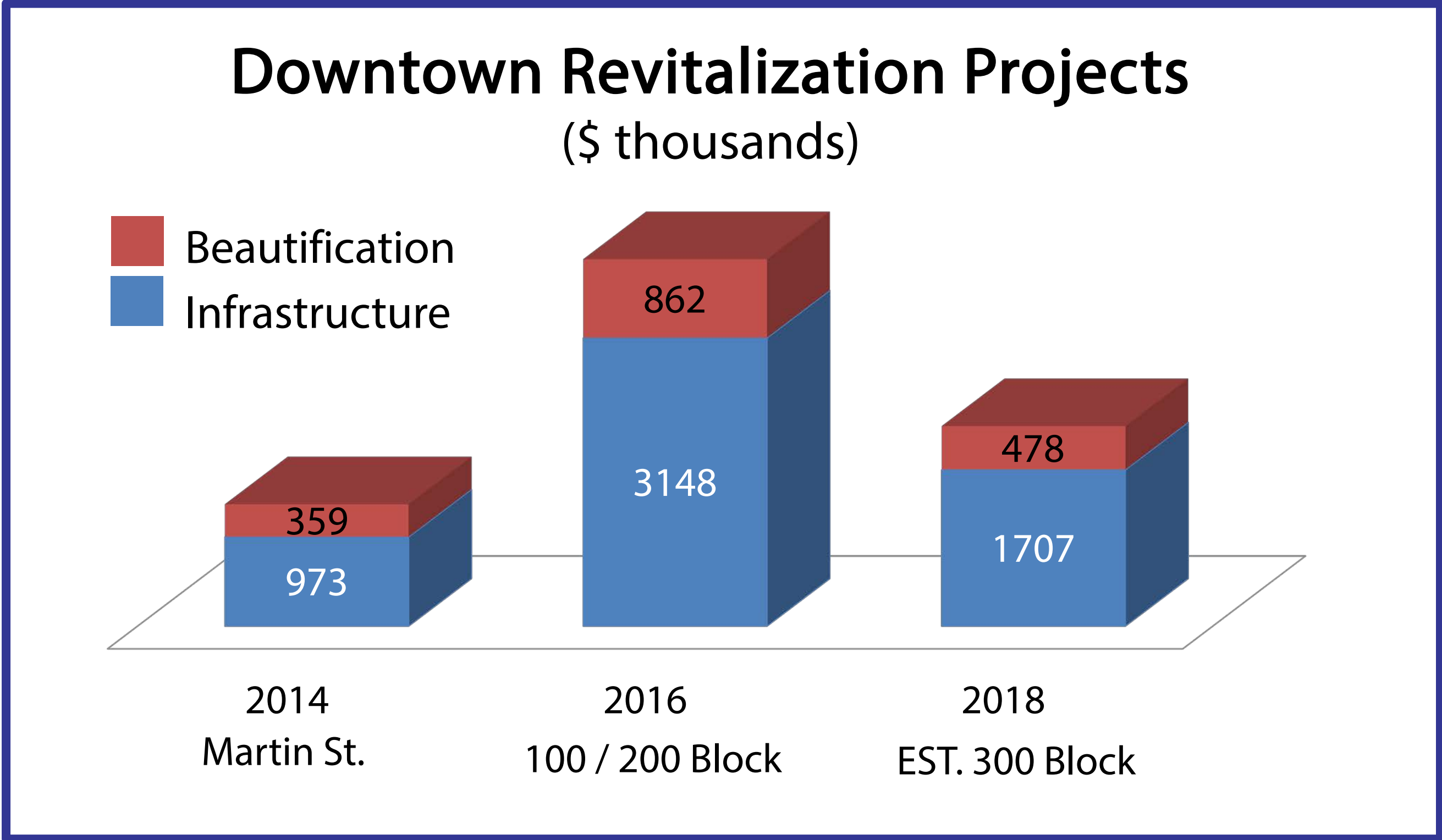
2018 Capital Projects

Downtown 300 Block

- Third phase of project
- Estimated cost of \$2.2M
- Result of extensive consultation and creation of Downtown Plan
- Project supported by local business owners
- Identified as a strategic priority



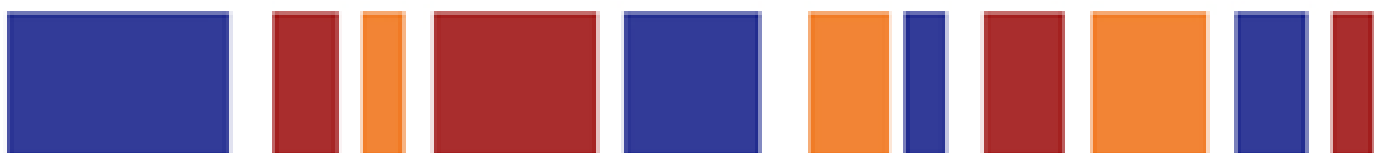
Costs and funding



Attracting investment downtown

Investment in our downtown can help to attract and retain other investment. The chart below summarizes investment in our downtown since 2012.

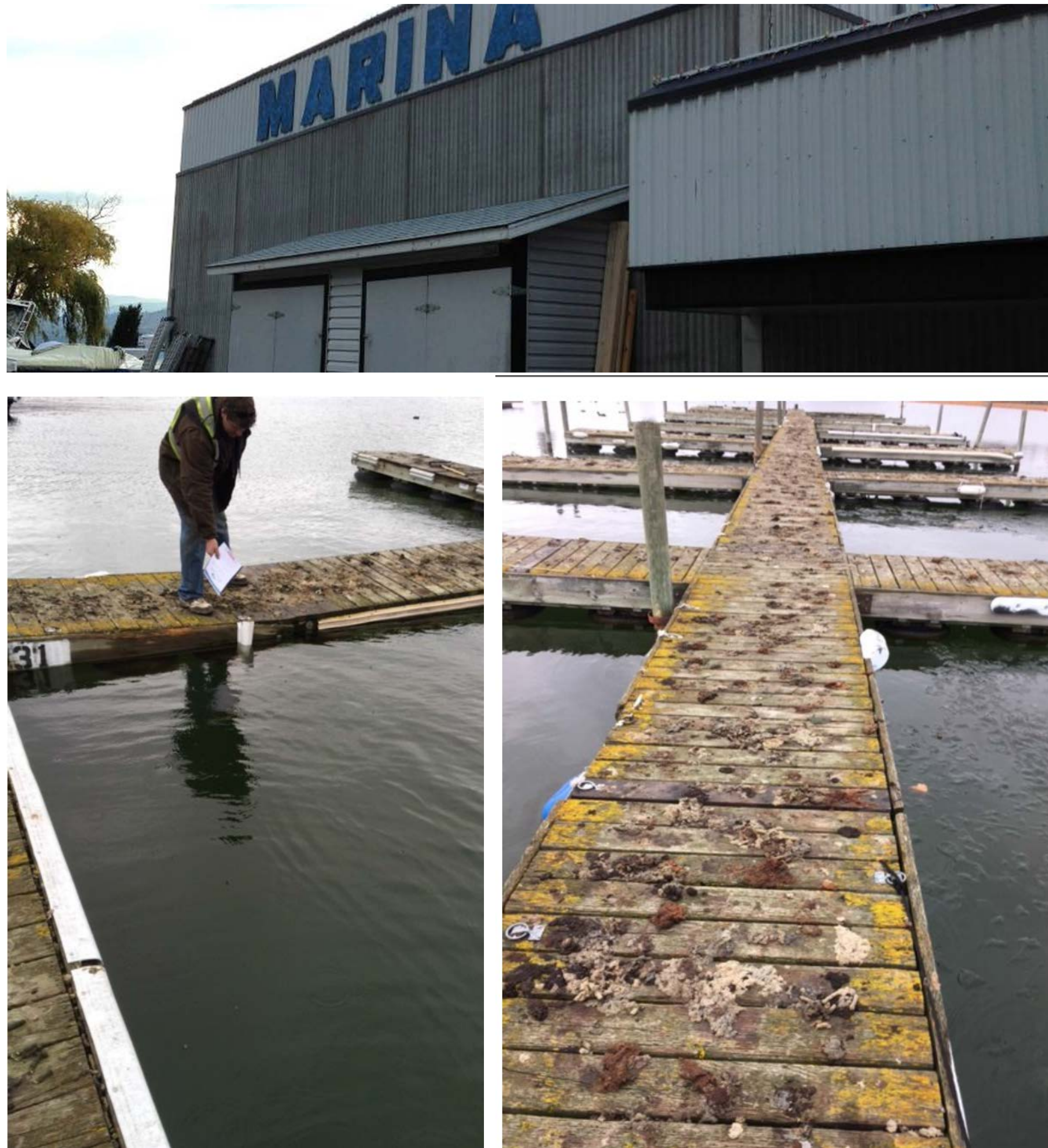
Public Sector Investment \$12M+	Private Sector Investment \$47M+
<ul style="list-style-type: none">• Martin Street / Westminster• 100-200 block of Main Street• Penticton Creek Restoration – Phase 1• Public Washrooms• Brunswick Street Affordable Housing• Court House	<ul style="list-style-type: none">• Cannery Brewing / Landmark Cinema• Bad Tattoo / Time Winery• Ellis Don / BC Housing / New SOICS Office• Front St. (Chase Valley and Schoenne Homes)• Lakeside Resort expansion / Infill redevelopment• Façade upgrades (i.e. Pasta Factory, Old Order)• Van Horne Apartments (32 units in 4 buildings)



2018 Capital Projects

Skaha Marina

- Inspection performed in March confirmed docks are nearing the end of their service life
- Identified options to **remove, replace as-is** or **replace and expand**
- Repair is not considered an option due to deterioration
- Reviewed options for construction (steel, aluminum and timber), fixed and floating systems and expansion
- Estimated cost of \$1.7M over two years to replace and expand to 127 slips
- Option to finance through Asset Management Reserve



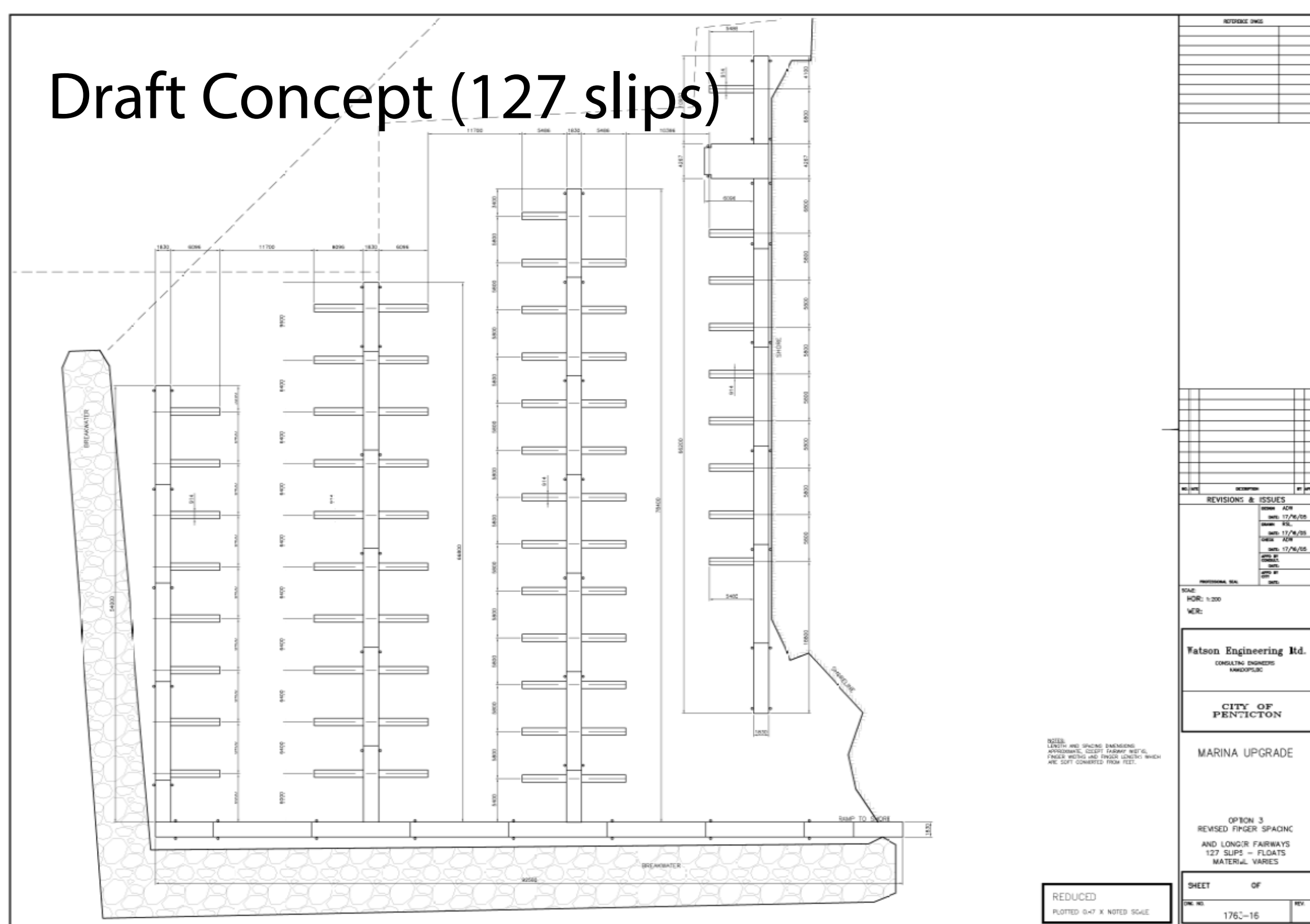
An inspection of the marina identified sinkholes, broken boards, broken side rails, nails protruding, instability, cracked boards and loose railings.

Option to optimize

The following images show the existing marina and a possible concept of the option to replace and expand the marina.



Existing Marina (82 slips)



Utilities

- Penticton has three utilities - Electric, Water and Sanitary Sewer
- The Electric Utility is an advantage (dividend used to fund Penticton infrastructure)
- Utility Rate Review in 2015 recommended moving rates to five-year rates
- Shifted to one-year rates for electrical to be competitive (no increase for 2018)
- Revisit all rates in 2018 to address asset management
- Establishing a stormwater utility in 2018



Protecting our utilities

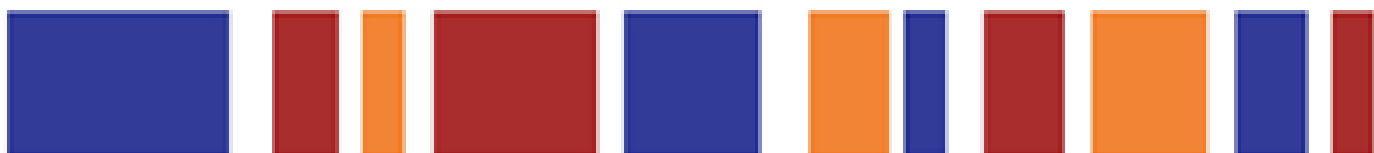
The City is proposing **\$9.4M** in capital projects to repair or replace utility infrastructure. Here are some of the projects planned for next year:

- Water Mains (Nelson, Killarney)
- Water Treatment Plant equipment
- Okanagan Lake Pump Station electrical
- Creek Flow monitoring equipment
- Sanitary Sewer master plan
- Skaha Lake Road sanitary sewer main
- Advanced Waste Water Treatment Plant equipment replacement
- Motor Control Center, Aeration Blower, Screw Pump
- Lakeside Road lift stations upgrade
- Voltage Conversion Feeder R12 and R34
- Lane East of 200 Block of Main rebuild
- Carmi Substation Voltage Upgrade
- Reliability Enhancements (switch replacement, conductor upsizing)

What does it mean to you?

- Electrical rates won't increase
- Minimal increases to Sanitary Sewer and Water
- Rate review in 2018

	Estimated Average Monthly Change 2017 to 2018		
Utility	Residential	Small Commercial	Large Commercial Industrial
Electrical	\$0.52	\$0.52	\$0.52
Sanitary Sewer	\$6.53	\$40.15	\$106.06
Water	\$2.55	\$4.70	\$17.89
Total	\$9.61	\$45.37	\$124.48



Securing stormwater

Overview

- Our stormwater system is valued at \$75M and includes 88 km of pipe
- System moves rain and runoff away from roads and surrounding properties
- System is aging (55% of life remaining)
- Regular maintenance needed to prevent failures that lead to flooding, sewer backups and other costly repairs
- Recommending the creation of a utility to provide a dedicated and sustainable source of funding
- Stormwater currently funded through general taxation which means it competes with other priorities for funding (i.e. fleet vehicles, facilities)
- Utility will also provide funds to replace flood infrastructure and restore creeks to natural state



\$2.5M/year

needed to fund operations and maintenance, new construction and replacement and creek restoration.

What does it mean to you?

- No increase in cost in 2018
- Amount will be removed from property tax and added to utility bill
- Reduced risk of flooding
- Phased in over seven years
- Est. \$152/year in 2025 for typical single family dwelling
- Need to determine rate structure
 - Flat Fee or Tiered Flat Fee?



Stormwater rates

How will it work? Flat Fee or Tiered Flat Fee?

- Recommending a flat fee as it is easiest to administer (option of mill rate or frontage also considered)
- Option for all properties to pay same flat fee or to tier according to property classes
- Chart shows what different options mean to the property classes

Option 1 – Flat Fee

	2018	2019	2020	2021	2022	2023	2024	2025
All Property Types	\$10	\$30.3	\$50.6	\$70.9	\$91.3	\$111.6	\$131.9	\$152.2

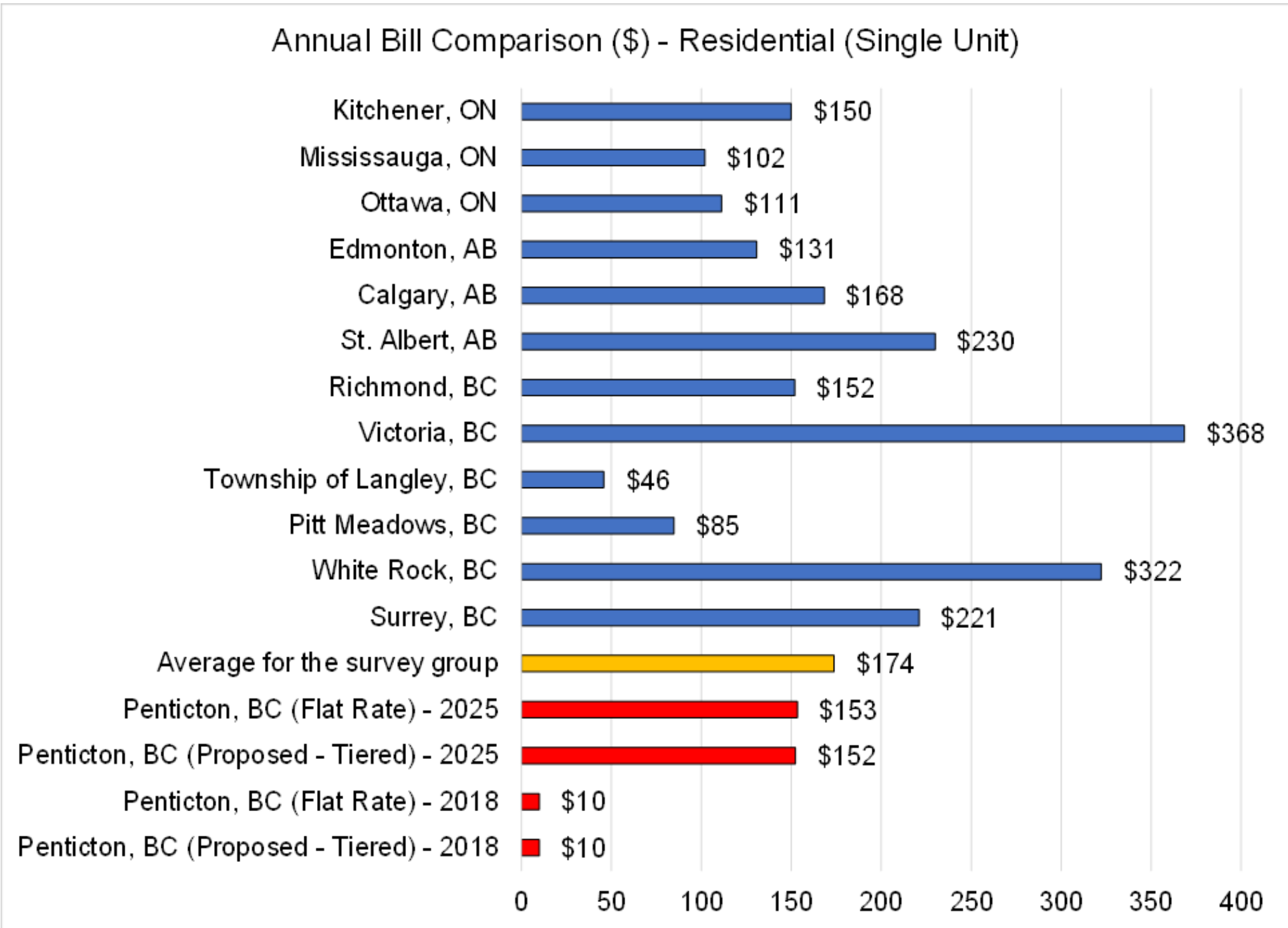
Option 2 – Flat Fee Tiered by Property Type

	2018	2019	2020	2021	2022	2023	2024	2025
Single Family	\$10	\$30.3	\$50.6	\$70.9	\$91.3	\$111.6	\$131.9	\$152.2
Multi Family (<4 units)	\$16	\$48.6	\$81.1	\$113.7	\$146.2	\$178.8	\$211.4	\$243.9
Multi Family (>4 units) Per unit	\$5.3	\$16.2	\$27.0	\$37.9	\$48.7	\$59.6	\$70.5	\$81.3
Multi Family (Stratas) Per strata	\$5.3	\$16.2	\$27.0	\$37.9	\$48.7	\$59.6	\$70.5	\$81.3
Business / Light Industry	\$20.3	\$61.5	\$102.7	\$143.9	\$185.1	\$226.3	\$267.5	\$308.8

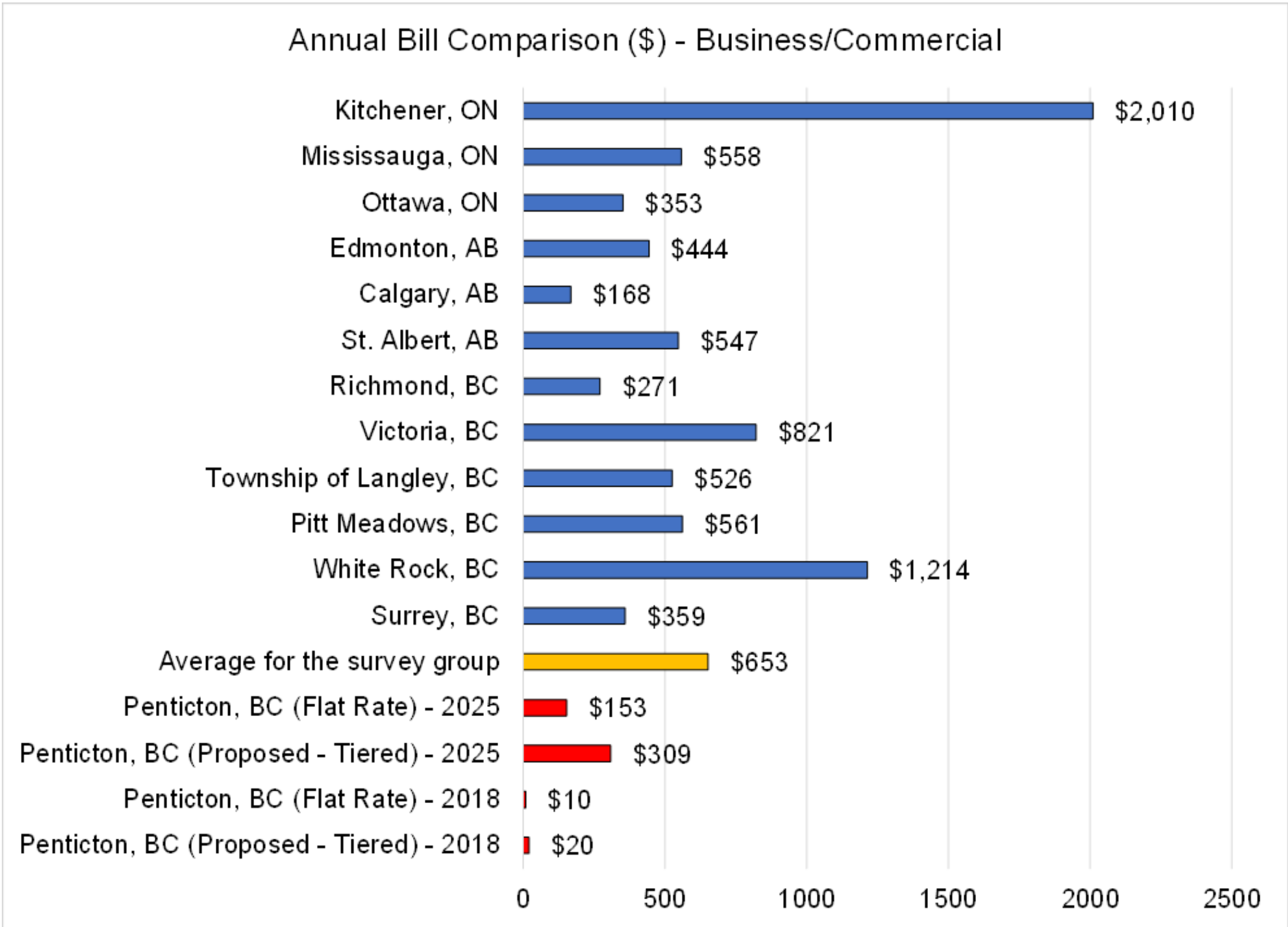
Rate comparison

The charts below compares storm water charges for typical properties across municipalities. 2018 and 2025 proposed bills for the City of Penticton are compared to current bills in other municipalities.

Residential




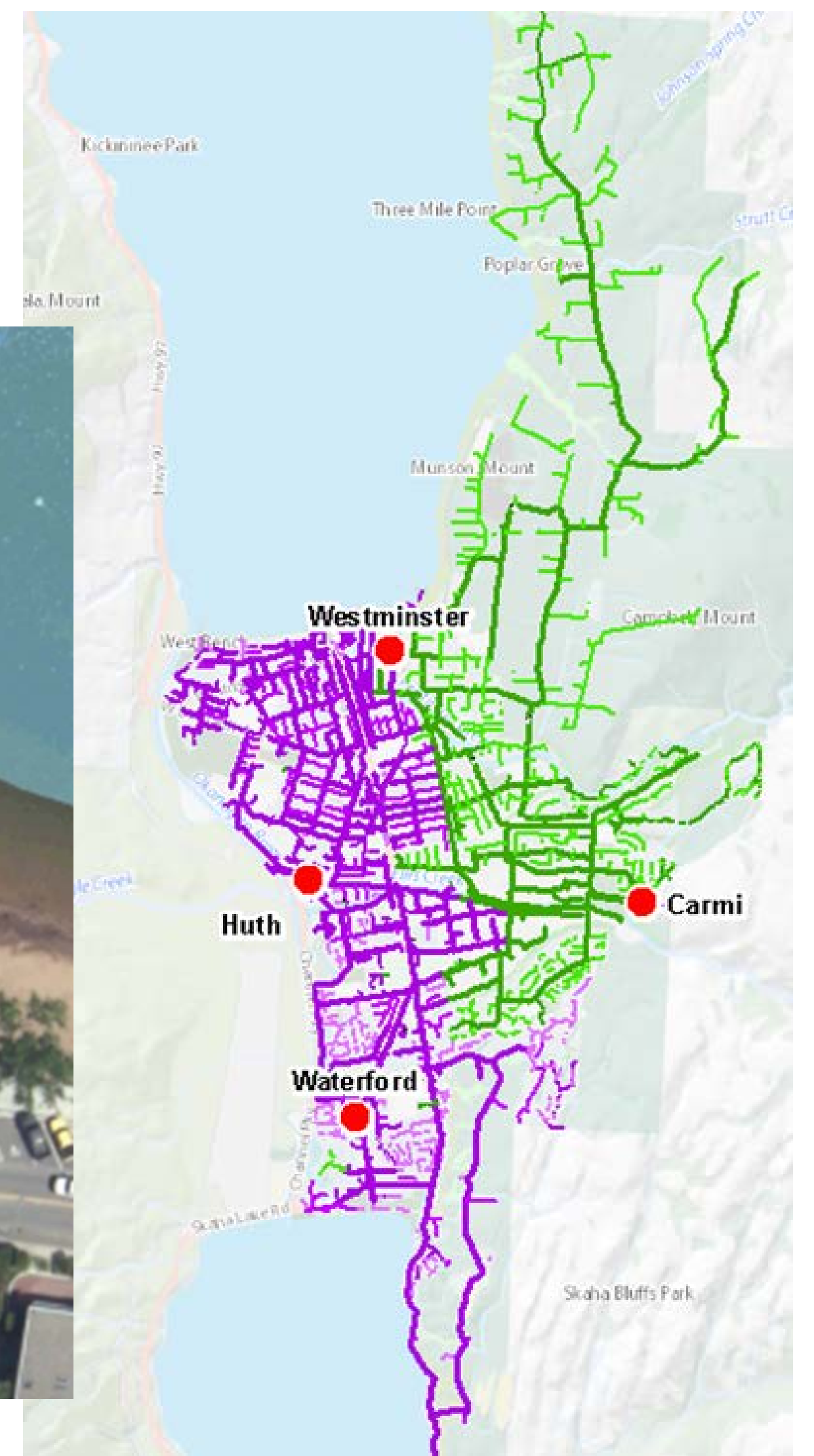
Commercial



Investing in GIS

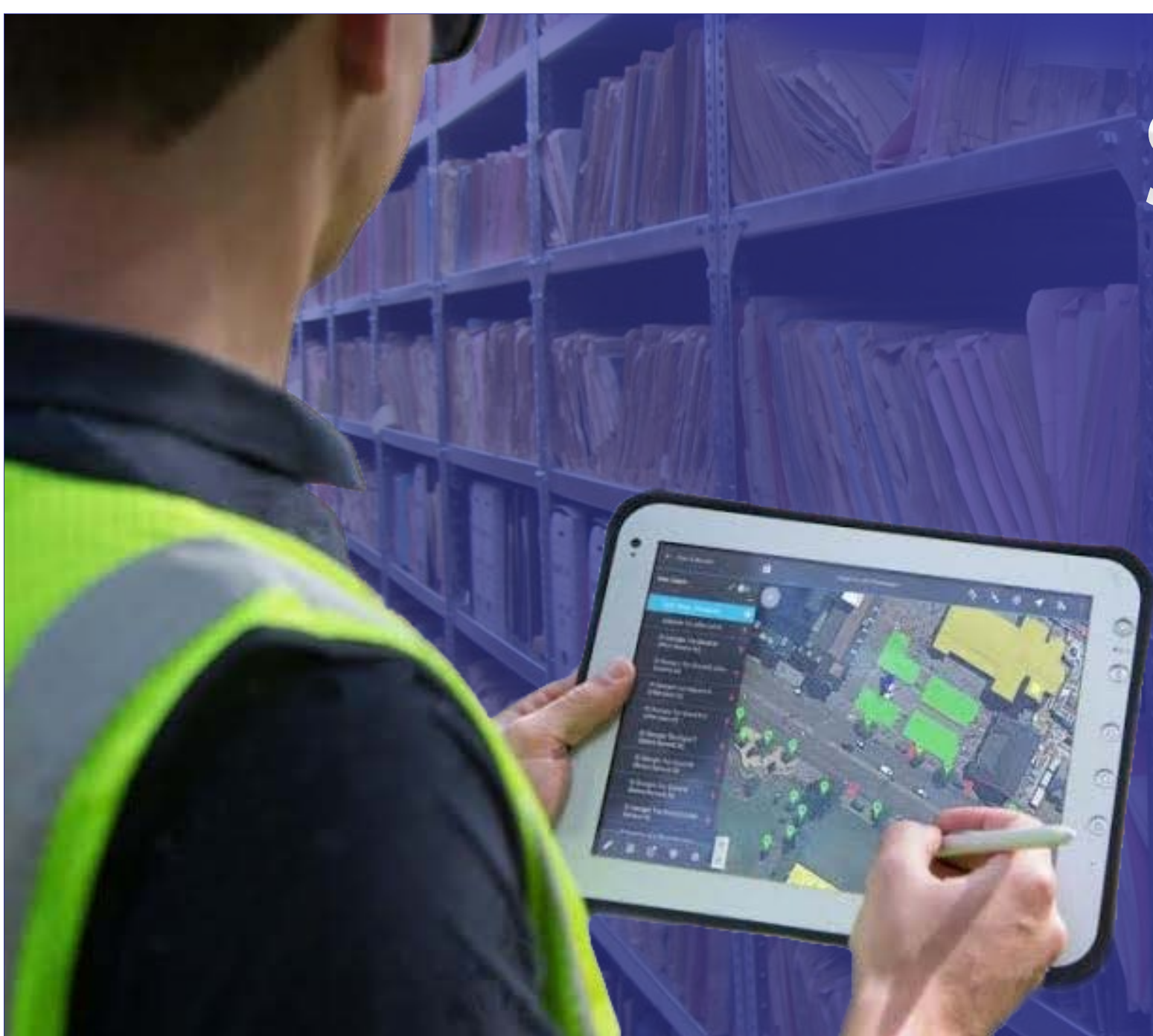
What is GIS?

- Geographic Information Systems is a technology that gives you the ability to store, manage and analyze geospatial data
 - Provides information on:
 - boundaries of a property
 - Location of electrical, water, sanitary, and storm assets
 - names of roads and addresses
 - policies and community plans
- 
- An aerial photograph showing a coastal property. A white boat is docked in a small harbor area. A large, dark-colored building with a flat roof is situated on the land. A parking lot with several cars is visible in the foreground. The surrounding area includes green grass, trees, and a body of water.



Supports good decisions

- Allows for advanced planning for infrastructure maintenance and replacement and emergency preparedness for fire and flood
- Supports better and real-time decision making during emergency events (i.e. areas at risk of flood or affected by fire)



What does it mean to you?

- Faster and easier answers to questions about infrastructure in your neighborhood
- Easy to identify who is affected by maintenance or failures
- More efficient and accurate response to emergencies
- Fingertip access to information for the public, businesses and developers

