

To: Chief Administrative Officer
From: Kerri Onken, Deputy Treasurer/Collector
Subject: **2021 Budget Carry Forward Requests**

Date: May 2, 2022

Recommendation(s)

1. That the 2021 capital budget carry forwards attached as Attachment A to the report entitled “2021 Budget Carry Forward Requests” from the Deputy Treasurer/Collector dated May 2, 2022, be approved;
2. That the 2021 operating budget carry forwards attached as Attachment B to the report entitled “2021 Budget Carry Forward Requests” from the Deputy Treasurer/Collector dated May 2, 2022, be approved; and
3. That the City's 2022 Financial Plan be amended accordingly.

Purpose

The purpose of this report is to advise Council of the various 2021 budget carry forward requests from departments for specific projects.

Background

Each year departments may have some budgeted projects that are, for various reasons, not completed within that budget year. Some projects span over more than one year, creating budget timing issues that need to be accounted for in the financial plan. Other projects cannot be started until external factors, such as development activities or decisions by other levels of government, are known. Departments can request that the unspent budgeted funds be carried forward into the next fiscal year, so that the projects that have been started can be completed.

The 2021 capital plans totaled \$40.3 million with over 206 projects in the seven capital programs (does not include regional water and sewer projects): Drainage, Equipment, Forestry, General Fund, Local Water, Local Sewer, and Solid Waste.

Discussion and Analysis

Attachment A summarizes the projects in the City's 2021 capital plans that the City's various departmental staff are requesting be carried forward to a future year. This list represents mostly timing differences between the year the budget is reported and the actual start and completion year of the project.

Approximately 29% of the approved 2021 Final/Amended Capital Budget of \$40,320,180 (not including regional water and regional sewer projects) was spent in 2021. Table A (below) shows the actual 2021 capital expenditures compared to the Final/Amended Budget for each capital plan.

Table A: 2021 Capital Budget Summary - Actuals Compared to Budgets

Capital Plans	Final/ Amended Budget	Total Expenditures to Date	Available for Carry Forward	Carry Forward Request
General Plan	29,365,780	8,432,735	20,933,046	18,403,834
Drainage Plan	2,442,144	195,778	2,246,366	2,152,685
Solid Waste Plan	304,745	80,919	223,826	214,560
Forestry Plan	315,580	146,642	168,938	116,498
Equipment Plan	1,113,865	801,690	312,175	284,403
Water Plan	3,574,399	1,998,119	1,663,409 ³	1,646,760
Sewer Plan	3,203,668	184,949	3,018,719	3,018,719
	40,320,181	11,840,830	28,566,480	25,837,458
Regional Capital Plans				
Regional Water Plan	1,878,815	144,695	1,734,120 ¹	1,454,283
Regional Sewer Plan	4,015,902	571,615	3,444,287 ¹	2,568,279
Fraser River Sewer Crossing ²	28,523,827	8,675,814	19,848,013	19,848,013
	74,738,725	21,232,954	53,592,901	49,708,033

¹ Final Regional carry forward amounts will be in a separate report.

² Fraser River Sewer Crossing is not cost shared with Abbotsford.

³ \$87,130 difference in water is a result of third-party billing additional costs, covered by additional recoveries

Staff are requesting a total of \$25,837,458, for 152 projects, be carried forward from the 2021 capital plan plus the Fraser River Sewer Crossing of \$19,848,013.

It should be noted that some departments may have budgets allocated differently among the original individual projects within the same funding source, depending on the operational needs of the departments' capital projects. For example, budget savings from the Leisure Centre Roof Replacement (Phase 1) project of \$789,274 was allocated to Leisure Centre Roof Replacement (Phase 2), which came in overbudget by \$789,274. Both projects have the Major Capital Reserve as the funding source. This occurred to 12 projects in the capital program with an accumulative budget allocation of \$911,304 (2.26% of total budget) from projects with budget surplus.

Operating Budget

Attachment B includes the department staff's request to carry forward \$97,973 for five projects with funding from 2021 taxation plus \$1,558,424 for 14 projects with dedicated funding, to be added to the 2022 General Operating Fund budget.

Operational carry forwards are only considered in exceptional circumstances, such as projects of a non-recurring nature. The five carry forward requests from operations are:

1. \$25,000 from Civic Engagement to cover the costs of a Council community engagement meeting that was postponed from 2021 to 2022,

2. \$8,500 from Corporate Training to cover the Racism training and Mental Health training that started in 2021 but is not yet completed,
3. \$12,280 of taxation funded for Public Art is requested to be used for larger Public Art projects in 2022. In addition, the \$58,480 funded from Gaming Reserve for Public Art is listed under General Operating Projects Re-Budgeted Requests for a total of \$70,760 to be added to the 2022 Budget,
4. \$31,394 from Building Exteriors Parks to cover the costs of exterior painting projects delayed due to weather and contractors were unavailable to complete the work, and
5. \$20,799 from Road Safety Review which was a budget amendment from Council Contingency in 2021 for a special project that will be completed in 2022.

Operating projects unable to be completed during the year that have a dedicated funding source such as a reserve, grant, or deposit account, can be requested to be re-budgeted in the following year using the same identified funding source. Departments have requested that 14 projects with dedicated funding source totaling \$1,558,424 be re-budgeted in 2022 to complete the work started. Table B summarizes the funding sources for these projects.

Table B: 2021 Projects with Dedicated Funding Source -
Summarized by Funding Source

Financial Stabilization Reserve Fund	15,000
Forestry Reserve Fund	45,219
Gaming Revenue Reserve Fund	181,375
Debt Reserve	264,668
Accumulative Surplus - General Fund	330,760
Grants	711,936
Subtotal	1,548,958
Mission Downtown Business Association*	9,466
Total Re-budgeted Projects	1,558,424

**The Downtown Façade Grant Program is 25% funded by Mission Downtown Business Association.*

Council Goals/Objectives

This report addresses the goals under Council's strategic focus areas of Secure Finances, Assets and Infrastructure, and Organizational Excellence.

Financial Implications

In order for projects to be considered for a carry forward request, the department must be within their overall authorized budget. Both the capital and operating carry forward requests represent mostly timing differences between the year the budget is reported and the actual start and completion year of the project. There are no impacts on the City's 2022 property taxes for the capital or the operating requests. The amounts requested to be carried forward are all within the funding authorized in the 2021 Financial Plan.

Communication

Departments will be advised of Council's decision regarding the projects requesting 2021 budget to be carried forward.

Summary and Conclusion

Each year departments may have some budgeted projects that are, for various reasons, not completed within that budget year. Departments can request that the unspent budgeted funds be carried forward into the next fiscal year, in certain circumstances.

Attachment A summarizes the projects in the City's 2021 capital plans requested to be carried forward (totaling \$25,837,458), to a future year, as submitted by the various departmental staff, along with an explanation.

Attachment B includes the operating budget carry forwards (totaling \$97,973), being requested by department staff. Attachment B also includes \$1,558,424 of operating projects unable to be completed during the year that have a dedicated funding source such as a reserve, grant, or deposit account and being requested to be re-budgeted in the following year using the same identified funding source.

Staff are recommending Council consider carrying forward the capital and operating budgets for projects that will be completed after 2021 and, that the City's 2022 Financial Plan be amended accordingly. There is no impact on the City's 2022 property taxes.

Report Prepared by: Kerri Onken, Deputy Treasurer/Collector

Reviewed by: Doug Stewart, Director of Finance

Approved for Inclusion: Mike Younie, Chief Administrative Officer

Attachment(s)

Attachment A: 2021 Capital Carry Forward Requests

Attachment B: 2021 Operating Carry Forward Requests