

To: Chief Administrative Officer **Date:** May 2, 2022
From: Kristi Klassen, Budget Analyst
Subject: **Regional Utilities Financial Plan Carry Forward Amendment 2021 to 2022/2023**

Recommendation(s)

1. That the regional water operating carry forward requests, as shown in the Operating Budget Carry Forward section of the Budget Analyst's report entitled "Regional Utilities Financial Plan Carry Forward Amendment, 2021 to 2022/2023" dated May 2, 2022, totaling \$150,000 (Mission's share is \$33,900) be approved;
2. That the regional sewer operating carry forward requests, as shown in the Operating Budget Carry Forward section of the Budget Analyst's report entitled "Regional Utilities Financial Plan Carry Forward Amendment, 2021 to 2022/2023" dated May 2, 2022, totaling \$221,000 (Mission's share is \$43,051) be approved;
3. That the regional water capital carry forward requests and associated funding sources, detailed in Attachment B to the Budget Analyst's report entitled "Regional Utilities Financial Plan Carry Forward Amendment, 2021 to 2022/2023" dated May 2, 2022 (Mission's share is \$978,179), be approved;
4. That the regional sewer capital carry forward requests and associated funding sources, detailed in Attachment B to the Budget Analyst's report entitled "Regional Utilities Financial Plan Carry Forward Amendment, 2021 to 2022/2023" dated May 2, 2022, (Mission's share is \$1,354,982), be approved;
5. That the regional water and sewer capital carry forward requests and associated funding sources, detailed in Attachment C to the Budget Analyst's report entitled "Regional Utilities Financial Plan Carry Forward Amendment, 2021 to 2022/2023" dated May 2, 2022, (Mission's share is \$1,689,401), be approved; and
6. That the City's 2022 to 2026 Financial Plan be amended accordingly.

Purpose

The purpose of this report is to provide Council with the 2021 regional water and sewer carry forward amounts as presented in Attachments A, B & C of this report, and recommend they be incorporated into the City of Mission's 2022 to 2026 Financial Plan.

Background

As presented and approved at the March 10, 2022 Joint Shared Services Committee (JSSC) meeting, report #JSSC 011-2022, (Attachment A), details the 2021 regional capital projects requested to be carried forward and added to the 2022 Abbotsford/Mission Water Capital Plan and the 2022 JAMES Capital Plan.

The JSSC report recommends the amendments for approval as per the Ownership and Government Agreement for the regional utility systems. Related financial plans and amendments are to be approved by both the City of Mission and City of Abbotsford Councils.

2021 operating and capital projects that are still in progress at the end of 2021 can have their remaining budgets added to the 2022 or other future budgets via a carry forward amendment. The final 2021 expenditure figures are now finalized.

Discussion and Analysis

During the 2022 budget process, the JSSC was informed that any current capital projects that were still in progress at the end of 2021 would be requested to be carried forward via a budget amendment in early 2022. Additionally, seven operating projects were identified as requiring budget carry forwards, resulting from budgeted work that was expected to start in 2021, but was not started. Now that full information on 2021 expenditures is available, it is possible to update the 2022 and 2023 budgets to reflect projects carried forward, and amend the financial plan accordingly.

Operating Budget Carry Forwards

Carry forwards are proposed in both the regional water and regional sewer operating budgets, for projects that are either in progress, or will be carried out in 2022. These operating carry forward requests are related to projects that were already included in the approved 2021 financial plan; therefore, no increases to the overall budgets are required.

In the regional water operating budget, three projects totaling \$150,000 are proposed to be carried forward, of which Mission's share at 22.60% is \$33,900, as follows:

| Projects | Amount |
|---|---|
| Rebate Program – Water Efficiency Plan | \$30,000 |
| Toilet Rebates – Water Shortage Response Plan | 76,000 |
| Washer Rebates – Water Shortage Response Plan | 44,000 |
| | \$150,000 (Mission's share = \$33,900) |

In the regional sewer operating budget, four projects totaling \$221,000 are proposed to be carried forward, of which Mission's share at 19.48% is \$43,051, as follows:

| Projects | Amount |
|--------------------------------|---|
| Outfall Pipe Survey Monitoring | \$10,000 |
| Engineering Studies | 51,000 |
| Effluent, Outfall Monitoring | 66,000 |
| Mechanical Maintenance | 94,000 |
| | \$221,000 (Mission's share = \$43,051) |

Capital Budget Carry Forwards

Attachment B to this report details Mission's share of the requested capital carry forwards from 2021 to 2022, and the associated funding sources. The regional water capital carry forward requests total \$4,334,000, of which Mission's share is \$978,179. The regional sewer capital carry forward requests total \$6,955,000, of which Mission's share is \$1,354,982.

Some of the unspent 2021 project costs will actually be spent in years beyond 2022. The report to the JSSC only includes the amounts requested to be added to the 2022 capital plans. To maintain continuity and to allow for reserve projections, Mission staff recommend including the amounts to be carried forward beyond 2022 in the 2023 capital plan. Attachment C to this report

details Mission's share of the requested capital carry forwards from 2021 to 2023, and the associated funding sources. The regional water capital carry forward requests total \$2,224,000, of which Mission's share is \$476,104. The regional sewer capital carry forward requests total \$6,169,000, of which Mission's share is \$1,213,297.

Similar to the operating carry forward requests, the capital carry forward requests include projects that are either already in progress, or are expected to be carried out in future years. The capital carry forward requests are related to projects that were already included in the approved budget; therefore, no increases to the total budgets are required.

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

There are no additional financial implications associated with the budget carry forward requests in this report, as all of the carry forward requests were included in the 2021 approved budgets. No budget increases are requested. The funding requirements for the planned capital projects added to the 2022 and 2023 budgets have previously been approved by the JSSC and the City of Mission. These carry forward requests simply reflect timing differences between when the projects were initially budgeted, and when the expenses will actually occur.

Communication

Mission staff will advise Abbotsford staff of Council's resolution regarding this report.

Summary and Conclusion

Report #JSSC 011-2022, was presented and approved at the March 10, 2022 Joint Shared Services Committee (JSSC) meeting, and details the 2021 regional water and regional sewer projects that are being requested for budget carry forward. No overall budgets have been increased, rather the unspent project budgets are simply transferred or "carried forward" to future budget years.

As per the Ownership and Government Agreement, for the regional utility systems, related financial plan and amendments are to be approved by both the City of Mission and City of Abbotsford Councils.

The proposed carry forward amendments reflect timing of expenditure differences only. No capital funding increases are required for the planned capital work. The funding requirements for the planned capital projects, have previously been approved.

Report Prepared by: K. Klassen, Budget Analyst
Reviewed 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: JSSC Report #011-2022 – 2022 Financial Plan Carry Forward

Amendment

Attachment B: Mission's Share of 2021 Regional Water and Sewer Capital Carry
Forwards Carried Forward to 2022 Budget

Attachment C: Mission's Share of 2021 Regional Water and Sewer Capital Carry
Forwards Carried Forward to 2023 Budget