

DATE OF MEETING MARCH 15, 2023

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**SUBJECT 2022 BUDGET CARRYFORWARDS**

## **OVERVIEW**

### **Purpose of Report:**

To provide the Finance and Audit Committee with a summary of the 2022 budgets carried forward to 2023.

## **BACKGROUND**

At the end of each year where a project has not been completed or where a project was delayed/not started, budgets are carried forward to the following year.

Unspent project budgets funded from general revenue contribute to operating surplus and unspent project budgets funded from reserves are returned to reserves to fund future projects.

Projects that are delayed or not started at year-end and are not anticipated to be undertaken in the following year are not carried forward.

## **DISCUSSION**

Total carryforwards from 2022 to 2023 were \$86,470,600, \$85,548,474 for projects and \$922,126 for operating.

### Breakdown of Significant Carryforwards:

| Project   | Amount            | Project Status @ Dec 31, 2022  |
|---|-------------------|--|
| Midtown Water Supply & Utility Upgrade Project <sup>1</sup> | 22,150,916        | In progress  |
| Midtown Gateway Transportation & Utility Project            | 6,922,006         | In progress except 4 components delayed                                    |
| Downtown Transit Exchange                                   | 6,298,391         | Design in progress, construction not started (contingent on grant funding) |
| Terminal Corridor Upgrade                                   | 4,472,073         | In progress except 3 components not started                                |
| City Fleet - 28 Units <sup>2</sup>                          | 3,559,945         | 4 substantially completed, 22 in progress, 2 not started                   |
| Albert & Fourth Complete Street Ph 2                        | 2,707,153         | Delayed  |
| Police Operations Building Expansion - Design               | 2,000,000         | Not started  |
| Police Operations Building - Renovation                     | 1,900,000         | Not started  |
| Westwood Lake Improvement Ph 1                              | 1,490,995         | In progress  |
| Marie Davidson Bike Park                                    | 1,487,623         | Delayed  |
| <b>Total</b>  | <b>52,989,102</b> |  |

<sup>1</sup> Project budget was increased \$729,500 during cfwds

A breakdown of all carryforwards is provided in the table below:

| Division                                   | Department/Area                                 | 2022 Budget        | Total Cfwd        | Project Status of Cfws by \$'s |                   |                     |
|--|---|--------------------|-------------------|--------------------------------|-------------------|---------------------|
|  |   |                    |                   | Substantially Completed        | In Progress       | Delayed/Not Started |
| Administration                             | Human Resource                                  | 24,702             | -                 | -                              | -                 | -                   |
|  | Legislative Services                            | 38,874             | -                 | -                              | -                 | -                   |
|  | <b>Total Administration</b>                     | <b>63,576</b>      | <b>-</b>          | <b>-</b>                       | <b>-</b>          | <b>-</b>            |
| Corporate and Business Development         | Development                                     | 100,000            | 100,000           | -                              | -                 | 100,000             |
|  | PoNC/VICC                                       | 859,565            | 596,348           | -                              | 596,348           | -                   |
|  | Real Estate                                     | 2,778,800          | 112,243           | -                              | 112,243           | -                   |
|  | <b>Total Corporate and Business Development</b> | <b>3,738,365</b>   | <b>808,591</b>    | <b>-</b>                       | <b>708,591</b>    | <b>100,000</b>      |
| Corporate Services                         | Corporate Civic Facilities                      | 204,591            | 175,194           | -                              | 123,194           | 52,000              |
|  | Financial Services                              | 98,869             | 4,503             | -                              | 4,503             | -                   |
|  | IT  | 4,068,769          | 3,098,970         | -                              | 3,098,970         | -                   |
|  | Police Services                                 | 5,664,567          | 4,930,509         | -                              | 800,204           | 4,130,305           |
|  | <b>Total Corporate Services</b>                 | <b>10,036,796</b>  | <b>8,209,176</b>  | <b>-</b>                       | <b>4,026,871</b>  | <b>4,182,305</b>    |
| Development Services                       | Bylaw & Parking                                 | 1,519,378          | 1,306,098         | 26,043                         | 1,080,830         | 199,225             |
|  | Community Planning                              | 613,866            | 156,020           | -                              | 104,820           | 51,200              |
|  | Development                                     | 486,175            | 469,185           | -                              | 419,185           | 50,000              |
|  | Social Planning                                 | 3,369,120          | 2,061,732         | -                              | 2,031,732         | 30,000              |
|  | Support Services                                | 22,000             | 13,130            | -                              | 13,130            | -                   |
|  | Sustainability                                  | 431,639            | 301,325           | -                              | 301,325           | -                   |
|  | <b>Total Development Services</b>               | <b>6,442,178</b>   | <b>4,307,490</b>  | <b>26,043</b>                  | <b>3,951,022</b>  | <b>330,425</b>      |
| ENG PW                                     | ENG PW <sup>1</sup>                             | 43,492,576         | 27,883,226        | 260,145                        | 15,237,871        | 12,385,210          |
|  | Sewer   | 10,980,086         | 4,726,296         | 272,865                        | 1,360,163         | 3,093,268           |
|  | Water   | 48,025,580         | 27,827,814        | 103,237                        | 26,660,977        | 1,063,600           |
|  | <b>Total ENG PW</b>                             | <b>102,498,242</b> | <b>60,437,336</b> | <b>636,247</b>                 | <b>43,259,011</b> | <b>16,542,078</b>   |
| Nanaimo Fire Rescue                        | Emergency Management                            | 202,230            | -                 | -                              | -                 | -                   |
|  | Nanaimo Fire Rescue                             | 10,126,228         | 1,582,978         | -                              | 1,582,978         | -                   |
|  | <b>Total Nanaimo Fire Rescue</b>                | <b>10,328,458</b>  | <b>1,582,978</b>  | <b>-</b>                       | <b>1,582,978</b>  | <b>-</b>            |
| Parks and Recreation                       | Aquatics  | 1,224,284          | 443,372           | 69,884                         | 373,488           | -                   |
|  | Arenas  | 415,588            | 267,261           | -                              | 235,161           | 32,100              |
|  | Civic Properties                                | 27,696             | -                 | -                              | -                 | -                   |
|  | Culture   | 1,440,625          | 131,061           | -                              | 117,016           | 14,045              |
|  | Facilities                                      | 257,753            | 57,287            | -                              | 57,287            | -                   |
|  | Parks Ops                                       | 13,208,922         | 8,766,064         | 57,766                         | 5,345,115         | 3,363,183           |
|  | Recreation                                      | 1,307,268          | 537,858           | 40,000                         | 497,858           | -                   |
| <b>Total Parks, Recreation and Culture</b> |   | <b>17,882,136</b>  | <b>10,202,903</b> | <b>167,650</b>                 | <b>6,625,925</b>  | <b>3,409,328</b>    |
| <b>Total All</b>                           |   | <b>150,989,751</b> | <b>85,548,474</b> | <b>829,940</b>                 | <b>60,154,398</b> | <b>24,564,136</b>   |
| <b>% of Total Carried Forward</b>          |   |                    |                   | <b>1%</b>                      | <b>70%</b>        | <b>29%</b>          |

<sup>1</sup>Includes \$777,174 cfwd from ENGPW to 2 new Parks projects concurrent with an ENGPW project

The reasons for projects being carried forward can vary year to year and is impacted by a variety of factors including:

- Market capacity challenges – 2022 continued to see supply chain disruptions and labour shortages, in particular equipment tenders such as vehicles are seeing very long lag times.
- Inflation – 2022 saw significant inflation during the year which meant staff reconsider certain projects and impacted project budgets. This resulted in staff delaying projects where appropriate.
- Number of competitive bids – 2022 saw the local contractor market engaged in an active market, resulting in fewer competitive bids.
- Cash flow timing – project execution was slower than anticipated.

Included with the report is an attachment, which provides a breakdown of project carryforwards by department with funding source. |

## **CONCLUSION**

The 2023 – 2027 Final Financial Plan Bylaw will reflect the revised 2023 budget amounts that include the 2022 budgets carried forward |

### **SUMMARY POINTS**

- Each year, budgets for projects that are still in progress or were delayed/not started are carried forward to the following year.
- Total carryforwards from 2022 to 2023 were \$86,470,600, \$85,548,474 for projects and \$922,126 for operating.

## **ATTACHMENTS**

Attachment A – 2022 Carryforwards Analysis: Breakdown by Department with Funding Source

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