



CITY OF WEST KELOWNA REGULAR COUNCIL ADDENDUM

Tuesday, April 7, 2020, 1:30 P.M.

LIONS COMMUNITY CENTRE
2466 MAIN STREET, WEST KELOWNA, BC

Pages

2. INTRODUCTION OF LATE ITEMS

- *2.1 Adoption of Water Rates Bylaw No. 0028.66, 2020 (see Item 8.2.2 under Division Reports)**

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Recommended Motion:

THAT Council rescind third reading of the “City of West Kelowna Fees and Charges Amendment Bylaw No. 0028.66, 2020”, and re-read a third time as amended; and, as permitted under the Province of BC Order of the Minister of Public Safety and Solicitor General (Ministerial Order No. M083);

THAT Council adopt the “City of West Kelowna Fees and Charges Amendment Bylaw No. 0028.66, 2020” (Schedule 8).

- *2.2 Adoption of 2020-2024 Financial Plan (see Item 8.2.3 under Division Reports)**

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Recommended Motion:

THAT Council rescind third reading of the “City of West Kelowna Financial Plan Bylaw 0271, 2019”, and re-read a third time as amended, by revising Schedule A, page B1, line "Transfer from Reserves - Operating Purposes", with a tax rate increase set at 2.8%; and, as permitted under the Province of BC Order of the Minister of Public Safety and Solicitor General (Ministerial Order No. M083);

THAT Council adopt the “City of West Kelowna Financial Plan Bylaw 0271, 2019”.



COUNCIL REPORT
Financial Services
For the April 7, 2020 Council Meeting

DATE: March 31, 2020
TO: Paul Gipps, CAO
FROM: Lisa Siavashi, Financial Services Manager
RE: Adoption of Water Rates Bylaw No. 0028.66, 2020

<p>The water rates bylaw is needed at this time of crises to ensure our systems have adequate funding to continue to supply water and to fund much needed upgrades.</p>

The financial impacts of not moving ahead with the Water Rates Bylaw amendment to the City's capital plan to maintain and improve water to our residents and businesses will be significant. Delays in much needed infrastructure improvements and downstream costs will increase. Therefore, I fully support this bylaw amendment being adopted by Council.

- Paul Gipps, CAO

RECOMMENDED MOTION:

THAT Council rescind third reading of the “City of West Kelowna Fees and Charges Amendment Bylaw No. 0028.66,2020”, and re-read a third time as amended; and, as permitted under the Province of BC Order of the Minister of Public Safety and Solicitor General (Ministerial Order No. M083);

THAT Council adopt the “City of West Kelowna Fees and Charges Amendment Bylaw No. 0028.66, 2020” (Schedule 8).

RATIONALE:

At the March 24th, 2020 regular meeting, Council asked staff to postpone the adoption of the City of West Kelowna Fees and Charges Amendment Bylaw No. 0028.66, and return with suggestions for adjustments to assist customers of West Kelowna with their utility billing during the financial hardships created by the COVID-19 pandemic.

Staff reviewed the amendments to the water rates bylaw that were part of a revised water rate schedule, as deliberated by Council, over a 4-year period, to move towards one water system. The increase in water distribution costs and projected funding of infrastructure maintenance and upgrades necessitate an increase in the water user fees collected. Foregoing these increases would cause a financial burden on the water fund as much of the maintenance is needed order to keep our water system functioning and to minimize urgent reactive repairs. Staff also noted during deliberations that neither garbage fees nor sewer fees had been increased in 2020.

Upon review of other municipalities' efforts to ease the financial burden during this crisis it was apparent that those who have made amendments did so by removing interest that would result from unpaid utility bills for the first quarter of 2020. Alternatively in the case of annual bills, they proposed to adjust the penalty that would result from unpaid utility bills throughout 2020. These municipalities also delayed the due dates, with dates ranging from June 1 to September 20, 2020, at which time the interest or penalty would be applied. The majority of these municipalities had water rate increases for 2020 that had already been adopted. Staff felt that following this model, but extending the payment due date to December 31, 2020, would create the most flexibility for CWK customers, while minimizing the water fund hardship and pressure on the water budget. Therefore, staff recommend removing the 1% per month interest charged on outstanding balances until the end of 2020. The due dates will remain in place, but customers will not be penalized if they are unable to make their full payments by these dates.

Other options that staff reviewed included:

- Delaying the planned water rate increase for 2020. This option would create a loss of approximately \$1 Million for the year or \$250,000 per quarter. While some savings are expected due to processes/maintenance that cannot be completed during the pandemic, delaying the water rate increase in 2020 would ultimately require larger rate increases in the future. The planned water rate increases for 2020 equate to a \$4/month increase for Powers Creek customers and a \$6/month increase for Rose Valley customers. If this option was adopted by council, we would still require a bylaw to change the method of billing the agricultural rates.
- Delaying the transfer to taxes process that occurs for at the end of the year for one year. Currently the bylaw includes a process where by any unpaid utility charges at the end of the year are transferred to tax arrears. Interest then accrues at rates established under Section 11(3) of the Taxation act (currently 6.95% to be reset April 1st, 2020 and then again quarterly). It was noted in the review that no other municipalities were waiving this process at this time.

BACKGROUND:

The 2019 water rates approved by Council marked the second step of water rate increases in a 4-year phase-in plan that would see us move to having the same level of service for all of our citizens.

In 2020, the next phase of that plan will see the following accomplished:

1. An average rate increase of 13% for Rose Valley water customers and 5.52% for Powers Creek water users,

Increases to the water rates will help to fund: the construction of the Rose Valley Water Treatment Plant; upgrades to the general water infrastructure, including PRV assessments and water main replacements.

2. Re-structuring of the agricultural billing methodology to implement a quarterly flat-rate and consumption-based model for all agricultural customers.

The metered charges for agriculture are tier based as follows: \$0.03 per cubic meter up to 7,491 cubic meters/hectare/year and \$0.10 per cubic meter for all remaining consumption. As this allowance is for annual consumption, the metered charges will be billed to customers on their fourth quarter bill. The quarterly flat-rate would continue to be billed on the quarterly invoices.

Communication about the change in the agricultural billing methodology was originally sent to customers in January 2018. Further to this, a reminder letter was sent December 13, 2019 noting these changes. Letters have also been sent out recently informing those customers that have obtained/retained their farm class that metered charges will be billed annually along with an estimate of the annual charges based on their 2019 consumption. Approximately 41 customers that did not obtain farm class and who will be billed residential rates starting January 1st, 2020, have also been sent a letter informing them of the changes to their account.

COUNCIL REPORT/RESOLUTION HISTORY:

Date	Report Topic/Resolution	Resolution No.
Mar 10, 2020	THAT Council give first, second and third reading to "City of West Kelowna Fees and Charges Amendment Bylaw No. 0028.66, 2020" (Schedule 8)	
Mar 24, 2020	THAT Council postpone consideration of adoption of City of West Kelowna Fees and Charges Amendment Bylaw No. 0028.66, 2020	

FINANCIAL IMPLICATIONS:

The proposed water rates are designed to meet the financial needs of the City in 2020 and will continue to be reviewed as part of our annual budget process each year and amended as required. This includes amounts to be transferred to water reserves to help fund the different capital expenditures as authorized in the 10 year Capital Plan.

Delaying water rates increases for 2020 would create a loss of approximately \$1 Million of revenue, or \$250,000 per quarter. This loss revenue, even with reduced expenses, would most likely create a deficit for 2020 and would also create the need to have larger increases to the water rate in the future.

ALTERNATE MOTIONS(S):

THAT Council re-read and adopt the "City of West Kelowna Fees and Charges Amendment Bylaw No. 0028.66, 2020" (Schedule 8) with the amendment of removing the process of transferring unpaid utility balance to property tax arrears at the end of 2020.

Or

THAT Council re-read and adopt the "City of West Kelowna Fees and Charges Amendment Bylaw No. 0028.66, 2020" (Schedule 8) with amendments as made by Council.

REVIEWED AND APPROVED BY:

Warren Everton, Director of Finance/CFO

Tracey Batten, Deputy CAO/Corporate Officer
Paul Gipps, CAO

Powerpoint: Yes ☐ No ☒

Attachments: Amended Fees and Charges Bylaw. 0028.66, 2020 and Schedule 8 updated Mar 31

CITY OF WEST KELOWNA

BYLAW NO. 0028.66

A BYLAW TO AMEND THE FEES AND CHARGES BYLAW

WHEREAS the Council of the City of West Kelowna by bylaw, amend "BYLAW NO. 0028" under the provisions of the *Community Charter*;

THEREFORE BE IT RESOLVED that the Council of the City of West Kelowna in open meeting assembled, hereby enacts as follows:

1. Title

This Bylaw may be cited as the "CITY OF WEST KELOWNA FEES AND CHARGES AMENDMENT BYLAW NO. 0028.66, 2020."

2. Amendments

"DISTRICT OF WEST KELOWNA FEES AND CHARGES BYLAW 2009 NO. 0028" is hereby amended as follows:

- 2.1 By deleting Schedule "8" in its entirety and replacing with the attached and forming part of this bylaw, Schedule "8".

READ A FIRST, SECOND AND THIRD TIME THIS 10TH DAY OF MARCH, 2020

MAYOR

CITY CLERK

SCHEDULE 8 - WATER RATES (Effective January 1, 2020)		
CATEGORY	POWERS CREEK	ROSE VALLEY
Water Maintenance: Unimproved Parcels Only	\$39.57	\$38.43
RESIDENTIAL- billed quarterly		
Water Flat Single Family	\$158.28	\$153.72
Up to four SFD Equivalent/unit	\$158.28	\$153.72
Secondary Suite or Equivalent	\$63.31	\$61.49
Metered Consumption (per cubic meter):		
0 - 100	\$0.37	\$0.37
101 - 300	\$0.75	\$0.75
301 +	\$1.20	\$1.20
COMMERCIAL/INDUSTRIAL/INSTITUTIONAL/MULTI-FAMILY (> four units) - billed quarterly		
Flats: (based on meter size)		
5/8"-3/4"-1"	\$158.28	\$153.72
1.5"	\$356.13	\$345.87
2"	\$633.12	\$614.88
3"	\$1,424.53	\$1,383.48
4"	\$2,532.49	\$2,459.52
6"	\$5,698.11	\$5,533.91
8"	\$10,129.97	\$9,838.07
Metered Consumption (per cubic meter):	\$0.75	\$0.75
AGRICULTURAL		
Per hectare quarterly flat fee		\$29.64
Metered Consumption (per cubic meter):		
0 - 7,491 m3/hectare/year		\$0.03
7,492 m3/hectare/year +		\$0.10
BULK WATER SALES:		
Set up Fee - Residential	\$35.00	
Bulk Water rate per m3	\$1.20	
LATE PAYMENT CHARGE - A late payment charge of 1% per month (compounded monthly = 12.68% p.a.) will be waived for the year 2020		
TRANSFER TO TAXES - All utility charges imposed on benefitting premises under this bylaw will be transferred to tax arrears if unpaid as of December 31st of the year in which they are due. Interest thereon will accrue at rates established under Section 11(3) of the Taxation (Rural Area) Act.		



COUNCIL REPORT
Financial Services
For the April 7, 2020 Council Meeting

DATE: April 7, 2020
TO: Mayor and Council
FROM: Paul Gipps, CAO
RE: Adoption of 2020-2024 Financial Plan

RECOMMENDED MOTION:

THAT Council rescind third reading of the “City of West Kelowna Financial Plan Bylaw 0271, 2019”, and re-read a third time as amended, by revising Schedule A, page B1, line “Transfer from Reserves – Operating Purposes”, with a tax rate increase set at 2.8%; and, as permitted under the Province of BC Order of the Minister of Public Safety and Solicitor General (Ministerial Order No. M083);

THAT Council adopt the “City of West Kelowna Financial Plan Bylaw 0271, 2019”.

BACKGROUND:

In considering how to move forward with the City of West Kelowna’s Five-Year Financial Plan in light of the current uncertainties brought on by COVID-19, I am putting forward a recommendation that will see a reduction in property tax from 4.8 % to 2.8% in the 2020 year of our Five-Year Financial Plan. At the March 24, 2020 Council meeting, staff were directed to “to explore measures to help support local residents and businesses in the immediate future and the longer term, with a report coming back to Council.”

Leading into the 2020 year, the City had a 2.8% shortfall in operations funding as a result of not fully funding the additional first responders and other staff brought on in late 2019. Therefore, the 2% reduction proposed will see service levels held at the 2019 level.

Local Governments have limited resources to make significant financial changes to our residents and businesses without impacting services significantly. Water, sewer, fire protection, policing, garbage collection, road, parks, recreation and development approvals are the funding basis in the 5-Year Financial Plan. In addition, we transfer funding to reserves for future capital projects to ensure we plan for tomorrow and beyond.

With that said, these are no doubt the most difficult times the city and the world has faced in our history and increased measures are necessary. Therefore, the recommendation to reduce the tax request has been put forward.

Our CFO's report is listed below in its entirety and his position about the financial well being of the organization is for Council's consideration.

At the time of this report our service levels are being considered and likely to change so in the interim we can draw from reserves and put back the reserves later in the year as we work through these challenges.

Paul Gipps, CAO

Powerpoint: Yes ☐ No ☒



COUNCIL REPORT
Financial Services
For the April 7, 2020 Council Meeting

DATE: March 27, 2020
TO: Paul Gipps, CAO
FROM: Warren Everton, Director of Financial Services/CFO
RE: Adoption of 2020-2024 Financial Plan

RECOMMENDED MOTION:

THAT Council adopt the “City of West Kelowna Financial Plan Bylaw 0271, 2019” with the tax rate increase set at 4.8%, which will result in a tax requisition of \$35,068,825.

EXECUTIVE SUMMARY:

During the March 10th Council meeting, Financial Plan Bylaw 0271, 2019 was read a third time setting the tax rate at 4.8% after considering a reduction to 4.5%. Staff had revisited the budget and found a number of ways to reduce expenditures, which totalled \$99,027. This brought the overall discretionary funds to \$301,560, which after deliberation Council resolved to transfer this amount to reserve and keep the tax increase at 4.8%.

At this juncture if Council wished to amend the Financial Plan it would be possible to do so by rescinding third reading and re-reading the amended bylaw a third time and adopt it. As I understand it, our new legislative reality the Province is temporally allowing third reading and adoption to take place at the same meeting.

LEGISLATIVE REQUIREMENTS:

In accordance with section 165 of the *Community Charter*, a municipality must have a five-year financial plan adopted by Council on an annual basis before May 15th of each year. West Kelowna develops a five-year Operating Plan and a ten-year Capital Plan as part of the annual financial planning process. The City’s plan consolidates revenues and expenses and ultimately determines the tax requisition and rates for the current year. It is important to note that the financial plan may be amended at any time throughout the year but once taxes are collected, any amendments must be funded with the current year’s cash structure.

BACKGROUND:

The Financial Plan bylaw process is almost complete with a mid season staff budget review providing some minor costs savings. The overall budgeting process for 2020 had already been restructured with Departments tasked with keeping budgets needs specific. The mid-season review by Finance to present a possible reduction to the plan resulted in a \$99,027 reduction in budget expenditures. As well, Council should recall seeing the components of the average tax bill indicating that 2.8% of the 4.8% was attributable to a full year of budget expenditures added in

2019. Therefore, in retrospect, the 2020 additions equate to a 2% increase and any further departmental reductions could affect service levels. The best option to mitigate the budget increase and ease some of the tax burden would be to revisit the discretionary funds transfer to reserve that was approved at the March 10th meeting. This discretionary fund transfer of \$301,560 was intended to give a much-needed boost to the City's reserve balance but given the situation could be used to reduce the tax increase by 0.91% to 3.89%. Such a decrease would equate to about \$18.50 per average household per year, which does not do much to help the taxpayer. On the other hand reducing the reserve allocation by \$301,560 would be relatively significant to the City's savings.

COUNCIL REPORT/RESOLUTION HISTORY:

Date	Report Topic/Resolution	Resolution No.
December 16, 2019	THAT Council direct staff to incorporate the supported supplemental budget requests, capital projects, additions and deletions into the City of West Kelowna's Financial Plan for 2020-2024; and, THAT Council give first reading to City of West Kelowna 2020-2024 Financial Plan Bylaw No. 0271, 2019.	Bylaw 0271, 2019
February 25, 2020	THAT Council give second reading as amended to the "City of West Kelowna Financial Plan Bylaw No. 0271, 2019"; and, THAT Council direct staff to further amend the Financial Plan to reflect a tax rate increase of 4.5% by utilizing discretionary funds (\$16,505) and the balance to come from a reduction to the operating budget prior to consideration of third reading.	Bylaw 0271, 2019 Resolution C063/20
March 10, 2020	THAT Council give 3 rd reading as amended to the "City of West Kelowna Financial Plan Bylaw 0271, 2019", with a tax rate increase of 4.8%; and, THAT Council direct staff to place the remaining discretionary funds into reserves.	Bylaw 0271, 2019 Resolution C08/20

ALTERNATE MOTIONS(S):

THAT Council adopt the City of West Kelowna "Financial Plan Bylaw 0271, 2019" with the tax rate increase set at 3.89%, which will result in a tax requisition of \$34,291,933.

or

THAT Council adopt the City of West Kelowna "Financial Plan Bylaw 0271, 2019" with some other tax rate increase.

REVIEWED AND APPROVED BY:

Tracey Batten, Deputy CAO/Corporate Officer
Paul Gipps, CAO

Powerpoint: Yes ☐ No ☒

Attachments:

Bylaw No. 0271, 2019 Financial Plan

Schedule A1 Consolidated 2020 -2024 Financial Plan Revenue
Schedule A2 Consolidated 2020 -2024 Financial Plan Expenses
Schedule B1 Consolidated 2020 -2024 General Fund Revenue
Schedule B2 Consolidated 2020 -2024 General Fund Expenses
Schedule C Sewer Fund Revenue and Expenses
Schedule D Water Fund Revenue and Expenses

CITY OF WEST KELOWNA

BYLAW NO. 0271

A BYLAW TO ADOPT THE 2020-2024 FINANCIAL PLAN

WHEREAS the Council shall, by bylaw, pursuant to Section 165 of the *Community Charter*, adopt in each year a five year financial plan; and

WHEREAS expenditures not provided for in the financial plan or the financial plan, as amended, are not lawful except in the event of an emergency;

THEREFORE BE IT RESOLVED THAT the Municipal Council of the City of West Kelowna in open meeting assembled, hereby ENACTS AS FOLLOWS:

1. Title

This Bylaw may be cited as the “CITY OF WEST KELOWNA FINANCIAL PLAN BYLAW NO. 0271, 2020”.

2. Schedule “A” attached hereto and forming part of this Bylaw shall be the Financial Plan of the City of West Kelowna for the period January 1, 2020 to December 31, 2024.

READ A FIRST TIME THIS 16TH DAY OF DECEMBER, 2019

READ A SECOND TIME AS AMENDED THIS 25TH DAY OF FEBRUARY, 2020

READ A THIRD TIME AS AMENDED THIS 10TH DAY OF MARCH, 2020

ADOPTED

MAYOR

CITY CLERK

Schedule "A"

City of West Kelowna 2020 - 2024 Financial Plan						
Consolidated Totals Revenue Schedule "A1"						
Description	Final 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Property Taxes	33,009,059	35,068,825	36,822,264	38,663,375	40,596,542	42,626,367
Property Tax Exemption	206,099	206,099	209,190	212,328	215,513	218,745
Utility Companies	600,359	593,304	602,203	611,236	620,405	629,711
Parcel Tax	1,144,010	1,144,010	1,085,436	1,030,495	1,030,495	1,030,495
Sales of Service and Recoveries	33,227,959	34,585,335	35,620,088	38,130,607	38,663,840	39,205,419
Other Revenue	1,403,318	1,409,100	1,372,875	1,382,292	1,391,831	1,401,479
Government Grants and Operating Reserves	1,636,753	2,006,326	1,634,494	1,637,710	1,708,974	1,644,286
Capital Funding Sources	14,000,090	18,221,136	33,038,132	27,354,087	24,529,905	11,847,585
Sub-total	85,227,648	93,234,134	110,384,681	109,022,130	108,757,505	98,604,088
Collections for Other Governments	21,866,002	21,930,300	22,263,641	22,584,380	22,909,797	23,253,443
TOTAL REVENUES	\$ 107,093,650	\$ 115,164,434	\$ 132,648,322	\$ 131,606,510	\$ 131,667,302	\$ 121,857,531

City of West Kelowna 2020 - 2024 Financial Plan						
Consolidated Totals Expenditure Schedule "A2"						
Description	Final 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Operating Expenditures						
General Government Services	7,901,324	8,521,571	8,129,816	8,251,764	8,443,540	8,501,173
Protective Services	15,395,288	16,339,302	16,660,491	16,973,714	17,293,428	17,619,775
Transportation Services	7,367,483	7,740,593	7,898,188	8,016,661	8,136,911	8,258,964
Environmental Health Services inc Storm Sewer	14,956,512	15,242,299	15,667,541	17,409,400	17,670,016	17,934,541
Storm Sewer Utility	350,500	348,998	354,233	359,547	364,940	370,414
Cemetery	186,525	160,569	162,025	163,502	165,002	166,525
Environmental Development Services	4,349,063	4,535,174	4,603,104	4,666,554	4,742,136	4,807,569
Recreation & Cultural Services	7,599,378	8,322,470	8,482,305	8,609,142	8,737,882	8,868,552
Property Tax Exemption Offset	206,099	206,099	209,190	212,328	215,513	218,745
Interest & Principal - Municipal Debt	3,343,425	3,124,513	3,359,901	3,642,035	3,633,184	3,624,151
Other Financial Fees	24,056	24,056	24,416	24,783	25,154	25,532
Transfer to Reserves:						
Capital Infrastructure - New	3,719,664	4,518,902	4,263,120	4,849,200	5,334,119	5,334,119
Capital Infrastructure - Renewal	111,716	213,781	66,523	69,384	61,234	63,744
Equipment Replacement	600,000	660,000	1,460,000	1,760,000	1,760,000	2,060,000
Storm Sewer	-	-	-	-	-	-
Future Expenditures	702,800	450,000	525,049	763,358	1,108,276	1,219,103
Accumulated Surplus	-	-	-	-	-	-
Gas Tax (Community Works)	1,420,117	1,420,117	1,420,117	1,420,117	1,420,117	1,420,117
Property Acquisition Reserve	700,000	700,000	700,000	700,000	700,000	700,000
Recreation	106,554	107,116	219,540	269,540	269,540	269,540
Sewer Capital	120,000	450,000	456,750	463,601	470,555	477,614
Water Capital	1,927,440	1,927,440	2,168,370	2,348,243	2,373,795	2,399,730
Available for supplemental requests 2020 to 2024	139,614	-	515,870	695,172	1,302,258	2,416,594
Total Operating Expenditures	\$ 71,227,558	\$ 75,012,998	\$ 77,346,549	\$ 81,668,043	\$ 84,227,600	\$ 86,756,503
Capital Expenditures						
General Government Services	578,690	628,685	657,984	450,279	1,022,187	313,212
Protective Services	281,000	1,376,130	1,291,000	1,194,400	390,600	1,429,000
Transportation Services	5,872,974	9,700,716	12,481,000	2,492,000	3,420,000	3,265,000
Environmental Health Services (water Sewer, Cemetery)	6,759,026	2,578,205	3,146,806	7,240,073	3,271,118	5,334,073
Public Health Services	-	-	-	-	-	-
Recreation & Cultural Services	508,400	3,437,400	15,111,342	15,052,335	15,673,000	919,000
Storm Sewer	-	500,000	350,000	925,000	753,000	587,300
Total Capital Expenditures	14,000,090	18,221,136	33,038,132	27,354,086	24,529,905	11,847,585
Transfers to Other Governments	21,866,002	21,930,300	22,263,641	22,584,380	22,909,797	23,253,443
TOTAL EXPENDITURES	\$ 107,093,650	\$ 115,164,434	\$ 132,648,322	\$ 131,606,510	\$ 131,667,302	\$ 121,857,531

Schedule "A"

Taxation is a major revenue source for the General Fund and accounts for 36% of the 2020 total revenue estimated at \$115,164,434, including collection for other governments but excluding transfers from reserves. Over the five-year period of the financial plan, the taxation requirement is estimated to increase annually by a growth factor of 1.44% in 2020 and 1.5% for the remaining years. In addition, inflationary factors and transfers to reserves are included in the proposed 4.8% increase for 2020 with subsequent increases leveling back down to 3.5% in 2021 to 2024.

The current financial plan provides for \$35,068,825 to be generated from City of West Kelowna property tax base for General Government purposes.

The City has various policies that govern and affect the budget process and include:

1. Revenue Policy
2. Reserve Fund Policy
3. Grant-In-Aid Policy
4. Permissive Tax Exemption Policy
5. Development Cost Charge Policy

Revenue Policy

The City will review fees/charges annually to ensure that they keep pace with changes in the cost-of-living as well as changes in the methods or levels of service delivery.

The City will actively pursue alternative revenue sources to help minimize property taxes.

The City will consider market rates and charges levied by other public and private organizations for similar services in establishing rates, fees and charges.

The City will establish cost recovery policies for fee-supported services. The Policies will consider whether the benefits received from the service are public and/or private.

The City will establish cost recovery policies for services provided for other levels of government.

General Revenues will not be dedicated for specific purposes, unless required by law or generally accepted accounting practices (GAAP).

The City will develop and pursue new and creative partnerships with government, community institutions (churches, schools), and community groups as well as private and non-profit organizations to reduce costs and enhance service to the community.

Reserve Fund Policy

It is essential that local governments maintain adequate levels of reserve balances to mitigate current and future risks, ensure stable tax rates and demonstrate financial commitment to long range infrastructure and master plans. The following guiding principles form the basis of the Policy:

Schedule "A"

- Sufficient reserve funds are important in achieving financial health and stability for the City of West Kelowna.
- Reserve goals need to be consistent with and supportive of established long term financial plans.
- Reserve fund management needs to conform to the statutory and legal requirements of the *Local Government Act* and the *Community Charter*, generally accepted accounting principles (GAAP) and public sector accounting board (PSAB) recommendations.

Grant in Aid Policy

Each year, as part of its annual budget process, Council will determine the amount of funding to be provided for all municipal Grants in Aid including: Community Project grants, Corporate grants, In-Kind Contribution grants, Special Events grants and Community Events grants. Council will through its annual budget process, determine the amount of funding to be allocated to the grant program. Council will retain the right to make the final decision on both the overall grant allocation and the individual grant. All applications for grants in aid will be considered in accordance with the Grant in Aid Policy.

Permissive Tax Exemption Policy

Permissive tax exemptions will be approved annually by Council. All applications for permissive tax exemptions will be considered in accordance with the Permissive Tax Exemption Policy.

Development Cost Charge Policy

Development cost charges will be used to help fund capital projects deemed to be required in whole or in part due to development in the community. These charges will be set by bylaw and reviewed at a minimum every year to ensure that project estimates remain reasonable and the development costs charges are aligned with the strategic goals of Council.

Other guiding principles that are important during the budget process and preparation of the financial plan:

Surplus Funds

The *Community Charter* does not allow municipalities to plan an operating deficit (i.e. where expenditures exceed revenues). To ensure this situation does not occur, revenue projections are conservative and authorized expenditures are closely monitored. The combination of conservative revenue projections and controlled expenditures should produce a modest annual operating surplus.

Schedule "A"

Use of Surplus Funds

- a. To ensure the Accumulated Surplus is not excessive, the balance in the accumulated surplus account should not exceed a specific amount or guideline (guideline contained in the Reserve Fund Policy)
- b. Staff will facilitate Council's review of the amount of Accumulated Surplus funds available on an annual basis.
- c. Allocation of accumulated surplus over the guideline shall be done in compliance with the Reserve Fund Policy

Debt Policy

The City of West Kelowna may consider debt financing under the following guidelines:

1. One-time capital improvements and significant equipment purchases.
2. When the useful project life will exceed the term of financing.
3. Major equipment purchases.
4. Debt servicing is limited to no more than a 3% tax increase per year.
5. The maximum debt servicing amount be limited to 15% (*Community Charter* allows for 25%) of the City's revenues as defined by the *Community Charter*.
6. Reserves are to be considered as a funding source before debt.

Proportion of Taxes Allocated to Classes

It is Council's goal to ensure that there is a fair and equitable apportionment of taxes to each property class. The apportionment to each class is calculated using the multipliers determined by Council prior to preparing the annual tax rate bylaw. The tax multipliers will be reviewed and set by Council annually.

Schedule "A"

City of West Kelowna 2020 - 2024 Financial Plan						
General Revenue Fund - Revenues Schedule "B1"						
General Fund - Revenues	Final 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Property Taxes	33,009,059	35,068,825	36,822,264	38,663,375	40,596,542	42,626,367
Property Tax Exemptions (all governments)	206,099	206,099	209,190	212,328	215,513	218,745
Utility Companies	600,359	593,304	602,203	611,236	620,405	629,711
Parcel Tax Funding	-	-	-	-	-	-
Grants-in-Lieu	-	-	-	-	-	-
Sales of Service and Recoveries						
General Government						
Administration - General	5,002,184	5,398,149	5,479,121	5,561,308	5,644,728	5,729,399
Administration - Utilities	1,571,212	1,659,841	1,684,739	1,710,010	1,735,660	1,761,695
Administration on Capital Projects	200,000	200,000	200,000	200,000	200,000	200,000
Administration and Protective Services	3,379,280	3,592,747	3,723,358	3,792,780	3,863,670	3,936,018
Engineering and Public Works	917,418	837,190	855,831	868,662	881,685	894,904
Environmental Health Services	3,539,003	2,808,713	2,851,829	2,893,857	2,936,530	2,979,857
Recreation Services	267,638	254,600	258,419	262,295	266,230	270,223
Facilities	1,562,775	1,709,950	1,732,974	1,758,969	1,785,353	1,812,134
Development Services	1,811,709	1,846,525	1,631,388	1,655,611	1,680,198	1,705,153
Other Income	189,000	103,000	104,545	106,113	107,705	109,320
Investment Income	490,000	500,000	507,500	515,113	522,840	530,683
Sewer Fund - Interest Income	121,000	150,000	115,478	106,309	96,971	87,445
Cemetery Fund - Principal payment	27,735	27,735	27,735	27,735	27,735	27,735
Cemetery Fund - Interest Income	35,765	35,765	35,765	35,765	35,765	35,765
Penalties and Interest on Taxes	407,218	460,000	446,600	453,300	460,099	467,001
Government Grants and Operating Reserves						
Prior Year Surplus Carried Forward	-	375,000	-	-	-	-
Government Grants	1,466,477	1,470,117	1,470,867	1,471,628	1,472,401	1,473,185
Transfer from Reserves - Operating Purposes	129,067	120,000	121,800	123,627	193,481	127,364
Capital Funding Sources:						
Transfers from Reserves and DCC's	7,241,064	15,642,931	21,141,326	12,114,014	13,702,564	6,513,512
Donations	-	-	-	-	-	-
Debt Proceeds	-	-	8,800,000	8,000,000	7,556,223	-
	62,174,061	73,060,490	88,822,932	81,144,035	84,602,298	72,136,217
Collections for other Governments	21,866,002	21,930,300	22,263,641	22,584,380	22,909,797	23,253,443
TOTAL GENERAL REVENUES	\$ 84,040,063	\$ 94,990,790	\$ 111,086,573	\$ 103,728,415	\$ 107,512,095	\$ 95,389,660

Schedule "A"

City of West Kelowna 2020 - 2024 Financial Plan						
General Revenue Fund - Expenses Schedule "B2"						
General Fund - Operating Expenses	Final 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
General Government Services						
Legislative Services	349,714	379,458	385,150	390,927	396,791	402,743
Administration	328,254	378,712	384,393	390,159	396,011	401,952
Grants in Aid cash	122,150	122,150	123,982	125,842	127,730	129,646
Grants in Aid non Cash	310,314	310,314	314,969	319,693	324,489	329,356
Library Grant	1,529,052	1,600,118	1,624,120	1,648,482	1,673,209	1,698,307
Financial Administration	1,467,380	1,542,186	1,565,319	1,588,799	1,612,631	1,636,820
Corporate Services	941,649	780,495	792,202	804,086	884,147	828,389
Corporate Initiatives&Communications		511,900				
Human Resources	982,238	850,950	863,714	876,670	889,820	903,168
Information Services	1,870,573	2,045,287	2,075,966	2,107,106	2,138,713	2,170,793
Protective Services						
R.C.M.P.	5,880,445	6,002,554	6,177,092	6,269,749	6,363,796	6,459,253
Fire	9,514,843	10,336,748	10,483,399	10,703,965	10,929,632	11,160,522
Transportation Services						
Roads & Maintenance	3,902,722	4,001,856	4,061,884	4,122,812	4,184,655	4,247,424
Street Lighting	394,137	442,059	448,690	455,420	462,252	469,185
Traffic Control Equipment	37,095	45,951	46,640	47,340	48,050	48,771
Bylaw	660,262	741,175	752,292	763,577	775,030	786,656
Transit System	2,373,266	2,509,552	2,588,681	2,627,511	2,666,924	2,706,928
Solid Waste and Recycling Services	3,190,530	2,505,438	2,544,244	2,581,883	2,620,086	2,658,862
Storm Sewer Utility	350,500	348,998	354,233	359,547	364,940	370,414
Cemetery	186,525	160,569	162,025	163,502	165,002	166,525
Environmental Development Services						
Planning	2,180,841	1,425,969	1,447,359	1,469,069	1,491,105	1,513,472
Building & License	1,283,141	1,282,574	1,301,812	1,321,340	1,341,160	1,361,277
Design & Engineering	559,912	866,495	879,492	892,685	906,075	919,666
Development Engineering		620,188	629,491	638,933	648,516	658,244
Tourism & Economic Development	325,169	339,948	344,950	344,527	355,280	354,910
Recreation & Cultural Services						
Recreation	1,399,145	1,514,277	1,536,593	1,559,244	1,582,235	1,605,571
Facilities	3,381,360	3,635,385	3,725,312	3,781,192	3,837,910	3,895,479
Parks	2,710,873	3,068,308	3,114,332	3,161,047	3,208,463	3,256,590
Museum	108,000	104,500	106,068	107,659	109,273	110,912
Property Tax Exemption Offset	206,099	206,099	209,190	212,328	215,513	218,745
Financial Services Interest	24,056	24,056	24,416	24,783	25,154	25,532
Interest & Principal - Municipal Debt	862,287	643,374	643,374	643,374	643,374	643,374
Transfer to Reserves:						
Capital Infrastructure - New	3,719,664	4,518,902	4,263,120	4,849,200	5,334,119	5,334,119
Capital Infrastructure - Renewal	111,716	213,781	66,523	69,384	61,234	63,744
Equipment Replacement	600,000	660,000	1,460,000	1,760,000	1,760,000	2,060,000
Storm Sewer	-	-	-	-	-	-
Future Expenditures	702,800	450,000	525,049	763,358	1,108,276	1,219,103
Accumulated Surplus	-	-	-	-	-	-
Gas Tax (Community Works)	1,420,117	1,420,117	1,420,117	1,420,117	1,420,117	1,420,117
Property Acquisition Reserve	700,000	700,000	700,000	700,000	700,000	700,000
Recreation	106,554	107,116	219,540	269,540	269,540	269,540
Available for supplemental requests 2018	-	-	-	-	-	-
Available for supplemental requests 2019	-	-	-	-	-	-
Available for supplemental requests 2019	139,614	-	-	-	-	-
Available for supplemental requests 2020	-	-	265,490	269,472	273,514	277,617
Available for supplemental requests 2021	-	-	250,380	254,136	257,948	261,817
Available for supplemental requests 2022	-	-	-	171,564	174,138	176,750
Available for supplemental requests 2023	-	-	-	-	596,658	605,608
Available for supplemental requests 2024	-	-	-	-	-	1,094,802
Available for supplemental requests 2025	-	-	-	-	-	-
Available for supplemental requests 2026	-	-	-	-	-	-
Available for supplemental requests 2027	-	-	-	-	-	-
Available for supplemental requests 2028	-	-	-	-	-	-
Available for supplemental requests 2029	-	-	-	-	-	-
Total Operating Expenditures	54,932,997	57,417,559	58,881,606	61,030,021	63,343,511	65,622,704
Capital Expenditures	7,241,064	15,642,931	29,941,326	20,114,014	21,258,787	6,513,512
Transfers to Other Governments	21,866,002	21,930,300	22,263,641	22,584,380	22,909,797	23,253,443
TOTAL GENERAL EXPENDITURES	\$ 84,040,063	\$ 94,990,790	\$ 111,086,573	\$ 103,728,415	\$ 107,512,095	\$ 95,389,660

Schedule "A"

City of West Kelowna 2020 - 2024 Financial Plan						
Revenues Schedule "C" Sewer						
Sewer Utility	Final 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Revenues						
User fees	1,372,756	1,826,326	1,845,721	1,861,830	1,878,135	1,894,623
Parcel taxes	1,113,453	1,113,453	1,054,879	999,938	999,938	999,938
Interest income	132,600	132,600	135,252	137,957	140,716	143,531
Sewer surplus	215,594	0	0	0	0	0
Collections for RDCO Waste Water Treatment Plant	3,593,236	3,935,250	3,994,279	4,054,193	4,115,006	4,176,731
Grants	-	-	-	-	-	-
Okanagan Basin Water Board	41,209	41,209	41,827	42,455	43,091	43,738
Reserve - Future Expenditures	505,608	450,000	652,000	916,850	693,870	504,000
Transfer from Statutory Reserves						
Local Improvements	-	-	-	-	-	-
Capital Reserve	180,161	89,928	-	-	-	-
Development Cost Charges	329,231	-	-	108,150	86,130	-
TOTAL REVENUES	7,483,848	8,065,811	7,723,958	8,121,372	7,956,886	7,762,560
Expenditures						
Environmental Health Services	5,114,395	5,364,385	5,444,851	5,526,524	5,609,422	5,693,563
Interest & Principal - Municipal Debt	1,113,453	1,113,453	1,054,879	999,938	999,938	999,938
Interest - to General Fund	121,000	121,000	115,478	106,309	96,971	87,445
Transfer to Reserves:						
Capital Infrastructure - New	120,000	450,000	456,750	463,601	470,555	477,614
Total Operating Expenditures	6,468,848	7,048,838	7,071,958	7,096,372	7,176,886	7,258,560
Capital Expenditures	1,015,000	1,016,973	652,000	1,025,000	780,000	504,000
TOTAL EXPENDITURES	\$ 7,483,848	\$ 8,065,811	\$ 7,723,958	\$ 8,121,372	\$ 7,956,886	\$ 7,762,560

Schedule "A"

City of West Kelowna 2020 - 2024 Financial Plan						
Revenues Schedule "D" Water						
Water Utility	Final 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Revenue						
User fees	9,314,498	10,035,386	13,141,416	19,055,186	15,491,619	17,993,443
Parcel tax	30,557	30,557	30,557	30,557	30,557	30,557
Other revenue	310,658	310,658	315,817	320,980	326,144	331,311
Water surplus	170,000	170,000	350,000	350,000	350,000	350,000
Transfer from Statutory Reserves						
Development Cost Charges	640,000	-	-	-	-	-
Water Reserves	3,580,258	1,240,383	-	-	-	-
Internal Debt	-	-	-	-	-	-
Capital Debt	1,004,818	320,849	-	-	-	-
Grants	-					
Developer/Donation	518,950	-	-	-	-	-
TOTAL REVENUES	15,569,739	12,107,833	13,837,791	19,756,722	16,198,320	18,705,312
Expenditures						
Environmental Health Services	6,651,588	7,372,476	7,678,445	9,300,993	9,440,508	9,582,115
Interest & Principal - Municipal Debt	1,246,685	1,246,685	1,546,170	1,892,414	1,892,900	1,893,394
Transfers to Reserves:						
Reserve trsf - re Rose Valley	1,362,753	1,362,753	1,533,097	1,703,441	1,728,993	1,754,928
Reserve trsf re Powers Creek	564,687	564,687	635,273	644,802	644,802	644,802
Total Operating Expenditures	9,825,713	10,546,601	11,392,985	13,541,650	13,707,203	13,875,239
Capital Expenditures	5,744,026	1,561,232	2,444,806	6,215,073	2,491,118	4,830,073
TOTAL EXPENDITURES	\$ 15,569,739	\$ 12,107,833	\$ 13,837,791	\$ 19,756,722	\$ 16,198,320	\$ 18,705,312