



## COUNCIL REPORT

To: Mayor and Council

Date: April 18, 2023

From: Paul Gipps, CAO

Subject: **Adoption of the 2023-2027 Financial Plan**

Report Prepared By: Warren Everton, Director of Finance/CFO

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### RECOMMENDATION

**THAT** Council adopt the “City of West Kelowna Financial Plan Bylaw 0304, 2023” with the tax increase set at 5.0%, which will result in a tax requisition of \$41,563,677.

### STRATEGIC AREA(S) OF FOCUS

Financial planning including taxation is an integral component in achieving the objectives of Council’s 2022 Strategic Priorities: Invest in Infrastructure, Economic Growth and Prosperity, Strengthen Our Community and Foster Safety and Well-Being. Careful management of the City’s revenues, expenses, capital, and reserves ensures a healthy and progressive community.

### BACKGROUND

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.

Section 166 of the *Community Charter* requires that Council undertake a process of public consultation regarding the proposed financial plan before it is adopted.

## DISCUSSION

### Operating Plan

During the March 14<sup>th</sup> Council meeting, Financial Plan Bylaw 0304, 2023 was read a second and third time confirming the tax increase at 5.0% after the non-market assessment growth came in as originally expected (1.75% projected). The breakdown of the total tax and rate increase is as follows:

	Approved 2022	Forecast 2023
Growth (Projected)	2.50%	1.75%
Previous Year Taxes	36,559,183	38,935,530
Growth	913,980	681,372
Budget Increase	1,096,775	1,557,421
Increase in Infrastructure Allocation	365,592	389,355
<b>Current Taxes</b>	<b>\$ 38,935,530</b>	<b>\$ 41,563,677</b>
Total Increase	6.50%	6.75%
Less Growth (from completed roll)	2.50%	1.75%
<b>Net Tax Increase</b>	<b>4.00%</b>	<b>5.00%</b>

Unchanged Growth projection of 1.75% generates almost \$700k

Total increase over 2022 covered by the 2022 assessment base is just under \$1.56 million. This equates to the net tax increase of 5.0%

The tax total of \$41,563,677 is \$2,628,148 greater than the 2022 total of \$38,935,530, which equates to a 6.75% change. Adjusting for assessment growth of 1.75% that tax percentage increase then drops to 5.0% including the additional 1% infrastructure allocation. Non-market assessment growth enables the total tax requisition to be spread out over a larger base than what existed in the previous year. Looking at the base increase before the infrastructure levy the rate actually nets out to 4.0% for the 2023 tax similar to 2022. The subsequent years 2024 to 2027 listed in Schedule A contain a similar calculation with a net tax increase of 4% in each of the next two years including the infrastructure allocation and then 3% beyond that for a total increase of 19% over the five years. It is important though obvious to note that the years 2024-2027 are to be re-evaluated in the next budget season and are always subject to Council's approval each year.

### Capital Plan

The total Capital budget for 2023 is at \$30.66 million and was adjusted downwards by \$3.25 million for the second and third reading of the budget bylaw. The budget includes \$15.8 million funded from reserves, \$4.3 million funded from DCCs and \$12.1 million allocated to debt. The first phase of capital spending totaling \$9.15 million received early approval at the January 31<sup>st</sup> Council meeting. The second phase totaling \$2.39 million was early approved at the March 14<sup>th</sup> Council meeting and included a timing amendment for the Inverness Culvert at \$730,000.

## Public Engagement

The ourwk.ca engagement website houses the Financial Plan documents, storyboards, videos, fact sheets and public consultation summary. The City concluded its 10-day budget engagement period February 16<sup>th</sup> and heard a broad range of comments, questions and concerns through email, feedback forms and in-person open houses.

## **COUNCIL REPORT / RESOLUTION HISTORY**

<b>Date</b>	<b>Report Topic / Resolution</b>	<b>Resolution No.</b>
January 31, 2023	<b>THAT</b> 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 2023-2027; and <b>THAT</b> Council give first reading to City of West Kelowna 2023-2027 Financial Plan Bylaw No. 0304, 2023. <u>CARRIED UNANIMOUSLY</u>	C088/23
March 14, 2023	<b>THAT</b> Council consider the feedback information from the public engagement process held between February 7th and February 16th, 2023; and <b>THAT</b> Council authorize staff to proceed with the capital expenditures as amended on Attachment 2 – 2023 Amended Capital Early Approval Requests; and <b>THAT</b> Council give second reading as amended and third reading to the “City of West Kelowna Financial Plan Bylaw No. 0304, 2023”, with the tax increase set at 5.0%. <u>CARRIED UNANIMOUSLY</u>	C145/23

### **Alternate Motion:**

**THAT** Council authorize a different tax increase and reduce the proposed transfer to reserve; and

**THAT** Council rescind third reading; and

**THAT** Council re-read third reading as amended.

**REVIEWED BY**

Corinne Boback, Legislative Services Manager / Corporate Officer

**APPROVED FOR THE AGENDA BY**

Paul Gipps, CAO

PowerPoint: Yes  No

**Attachments:**

Attachment 1 – Financial Plan Bylaw 0304, 2023