



COUNCIL REPORT

To: Mayor and Council

Date: February 27, 2024

From: Ron Mattiussi, Interim CAO

Subject: **Draft 2024-2028 Financial Plan with Community Feedback and Second and Third Reading of Bylaw 0312**

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

RECOMMENDATION to Consider and Resolve:

THAT Council consider the feedback information from the public engagement process held between January 29th and February 8th, 2024;

AND THAT Council authorize staff to proceed with the capital expenditures as amended on Attachment 2 – 2024 Amended Capital and Operating Early Approval Requests;

AND FURTHER THAT Council give second reading as amended and third reading to the “City of West Kelowna Financial Plan Bylaw No. 0312, 2023”, with the tax increase set at 6.85%.

STRATEGIC AREA OF FOCUS

Invest in Infrastructure – We will invest in building, improving and maintaining infrastructure to meet the needs of, and to provide a high quality of life for, current and future generations.

Pursue Economic Growth and Prosperity – We will work with stakeholders throughout the region to advocate for and support efforts aimed at helping West Kelowna businesses prosper. With a focus on the future, we will advance opportunities to expand our economy, increase employment, and develop the community in ways that contribute towards prosperity for all.

Strengthen Our Community – We will provide opportunities for the residents of West Kelowna to build connections, celebrate successes, embrace the community's strengths and diversity, address shared needs, and contribute to shaping the community's future.

Foster Safety and Well-Being – We will pursue through direct action, advocacy, and collaboration with local and regional service providers, investments in community health, needs-based housing, emergency preparedness, policing, and other services that foster safety and well-being in West Kelowna.

Financial planning ultimately touches all areas of Council's Strategic Priorities. Forecasting and planning for revenues, expenses, capital and reserves are integral to a healthy and progressive young city.

BACKGROUND

LEGISLATIVE REQUIREMENTS:

Section 165 of the *Community Charter* requires that Council adopt, by bylaw, a five-year financial plan, which must establish the City's proposed expenditures, funding sources and transfers between funds. West Kelowna has a five-year Operating Plan and ten-year Capital Plan. The Operating Plan lists the revenues and expenses, which ultimately determines the tax requisition and rates and may be amended at any time.

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 AND FINANCIAL IMPLICATIONS

Operating Plan

City of West Kelowna 2024 - 2028 Financial Plan Previous, Current and Projected						
Schedule A Summary	Approved 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028
Growth (Projected)	1.75%	1.50%	1.50%	1.50%	1.50%	1.50%
Previous Year Taxes	38,935,530	41,563,677	45,034,242	47,961,468	51,078,964	53,888,306
Growth	681,372	623,455	675,514	719,422	766,184	808,325
Budget Increase (base plus options)	1,557,421	2,847,112	1,801,370	1,918,459	2,043,159	2,155,532
Increase in Infrastructure Allocation	389,355	0	450,342	479,615	-	-
Additional Transfer to Reserves & Roads	-	0	-	-	-	-
Current Taxes	\$ 41,563,677	\$ 45,034,242	\$ 47,961,468	\$ 51,078,964	\$ 53,888,306	\$ 56,852,163
Total Increase	6.75%	8.35%	6.50%	6.50%	5.50%	5.50%
Less Growth (pre-roll report)	1.75%	1.50%	1.50%	1.50%	1.50%	1.50%
Net Tax Increase	5.00%	6.85%	5.00%	5.00%	4.00%	4.00%

After review of the operating and capital requests during the December financial plan deliberations the 2024 tax increase, accounting for growth of 1.5%, was reduced to 6.85%.

The General Fund discretionary total of \$1,114,400 was remaining after allocating base costs of \$2,179,500 or 5.2% and inflationary police member costs of \$508,676 or 1.22% to the base budget. The remaining funds were applied to support current service levels with early approvals of \$377,134 or 0.91% for of staffing resources, \$404,450 or 0.98% for a one-member increase to the police collator and the addition of two watch support positions. Under the funded resources (no tax increase) there were three planning positions contingent upon grants for a total of \$400,767 as well as two capital crew additions including a student funded through capital for a total \$85,508. Unsupported proposals on the general side included infrastructure and capital reserve transfers (3%),

a seasonal bylaw position, half of the 1.81% for FTE requests, as well as facilities operators positions to bring janitorial services in-house at a net zero cost as demonstrated in the business case. The balance of the Supplemental Requests were proposed within the Water Fund and included \$357,288 funded from reserves for a four-member Water Meter Program Team.

During the January 9th Council meeting, Grant-in-aid (GIA) deliberations took place which increased the budgeted figure of \$141,502 including cash and non-cash requests up to \$152,578 for an increase of \$11,076, of which only \$2,000 was cash. It was noted again this year that youth sports groups receiving reduced rates were no longer included in GIA analysis but would be reported on when facility rates are updated. A preliminary summary of the expected impact of reduced rates was provided and appears again below.

For 2023 minor sports (Youth) groups accounted for:

- \$234,427 of arena rentals
- \$61,625 of field rentals
- For a total of \$296,179

Youth rates are set at 50% of adult rates for arena and field rentals and are comparable to the neighbouring municipalities. The amounts above are specific to various minor sports (youth) groups that were previously grouped under the grant in aid process. (prior to 2022)

Capital Plan

Refer to the next page.

2024 - 2033 - 10 Year Capital Plan Summary						
Section	Section No.	2024	2025	2026	2027	2028
Roads	Sec. 1	\$ 7,575,000	\$ 2,850,000	\$ 7,750,000	\$ 5,500,000	\$ 5,300,000
Equipment - General	Sec. 2	522,000	2,557,000	760,000	460,000	1,190,000
Development Services	Sec. 3	340,000	205,000	190,750	75,000	91,538
Strom Drainage	Sec. 4	977,000	1,270,000	533,000	233,800	280,000
Pedestrian Infrass.	Sec. 5 a)	1,880,000	2,056,000	1,500,000	1,815,180	1,500,000
Cemetery	Sec. 5 b)	225,000	-	-	-	-
Waterfront	Sec. 5 c)	-	-	-	2,435,135	-
Land/Parks Acquisition	Sec. 5 d)	-	-	5,283,507	-	3,000,000
Parks & Comm. Amenities	Sec. 6	543,520	814,504	941,953	655,077	592,528
General Capital	Sec. 7	939,000	100,000	171,000	100,000	100,000
Facilities	Sec. 8	13,776,900	3,056,128	4,284,200	233,000	405,946
Equipment - Fire Dept.	Sec. 9	2,150,000	838,000	1,180,000	2,040,000	555,000
Information Services	Sec. 10	356,120	534,560	304,300	186,700	295,445
Police Services & Bylaw	Sec. 11	223,886	77,652	67,652	67,652	67,652
Water Utility	Sec. 12	1,722,000	4,600,000	14,915,000	10,407,000	1,215,000
Sewer Utility	Sec. 13	140,000	1,643,000	1,711,000	777,000	470,000
Totals Capital Requests		\$ 31,370,426	\$ 20,601,844	\$ 39,592,362	\$ 24,985,544	\$ 15,063,109

Changes to the capital plan during December deliberations and subsequent Council meetings included fourteen adjusted, deleted or deferred projects that either required follow-up on the funding side or were amended on the Ten-year Capital Plan. The listing that follows includes follow-up funding for C2024-27 Multi-use Path Connections, C2024-50 Score Clock & Gondola and amendments to the budget for the Public Works Yard (C2022-46) from the February 13th Council meeting. The total capital spending regime is now at \$31,370,426, which is \$1,808,463 less than originally proposed and is broken out below.

Project Code	Name	Estimate	Reasoning change, deferral or denial at 1st Reading
C2024-3	Shannon Lake Road - WFN Boundary to Swite Rd	425,000	Council approved change to scope of project at Nov 28/24 meeting increasing budget
C2024-4	Mechanical Road Sweeper	-530,000	Defer one year
C2024-7	Operations Yard Loader	-400,000	Defer one year
C2024-9	Capital Works Crew Drum Roller	-80,000	Deny and continue to lease
C2024-10	RVWTP Utility Vehicle	-40,000	Deny but swapped for C2024-12
C2024-15	Truck Sanders	-27,000	Request for 2 and defer 1 for one year
C2024-16	Facilities Tradesman Van	-70,000	FTE denied therefore Van removed
C2024-27	Mult Use Path Connections	-380,000	Was denied at 1st read then brought back
		380,000	Funded from Growing Communities Fund
C2024-43	MBCC-New Spaces Gym Additions	-5,500,000	Defer until progressive design build complete
C2024-50	Arena - Score Clock Replacement and Gondola Expansion	-600,000	Was denied at 1st read then brought back
		600,000	Funded from Growing Communities Fund
C2022-46	Public Works Yard - Construction	4,813,000	Increase to 2022 original budget
C2024-59	Personnel Transport Vans	-90,000	Asked for 2 and defer 1 for one year
C2024-62	Two-way Radio Network Design and Construction	-179,463	Denied
C2024-63	Starlink Internet	-9,870	Denied
C2024-67	Artificial Intelligence - Zammo AI and Microsoft Azure AI	-70,560	Denied, start with internal facing solutions
C2024-70	Operations Yard IT Equipment	-49,570	Denied but include in Ops Yard construction budget
Total		-1,808,463	

Further to the listing, Council had originally denied the Rose Valley WTP request C2024-10 Backup Utility Vehicle for \$40,000 and approved C2024-12 Scissor Lift for \$38,000 but an incident in the watershed with the current vehicle, that almost left the crew stranded with minimal satellite phone coverage in frigid temperatures necessitated the project switch at the lower \$38,000 level for safety reasons. Operations also secured the use of the Facilities Department's scissor lift to accommodate the treatment plant's needs going forward in 2024.

The major spending areas in the Capital Plan are in Facilities at \$13.78 million, Roads at \$7.58 million, Fire Equipment \$2.1 million, Pedestrian Infrastructure \$1.88 million, and Water at \$1.7 million. Also, during first reading of the bylaw, two phases of early capital approvals were presented and approved by Council excluding the capital reductions listed above. The first phase totaling \$10.81 million started December 13, 2023, coinciding with the conclusion of the budget deliberations. The second phase totaling \$12.05 million was approved and will proceed as of February 27th with the balance of capital projects totaling \$8.5 million proceeding once the budget bylaw is adopted.

Communication and Engagement Summary:

The City's 2024 Budget consultations were held from January 29 through February 9, 2024. This included two open houses hosted on January 29 and February 8. The open houses were reasonably attended, supported by staff and Council, with informational handouts and display boards featuring segmented information on a cost per property

basis. A variety of budget information was also available on ourwk.ca/2024budget webpage, including the electronic version of the 2024-2028 Financial Plan, 10-Year Capital Plan, display boards, questions portal and a feedback form.

During these financially challenging times for some families locally and across BC, this year staff increased the paid advertisements and publicity efforts to ensure our community was well aware of the draft budget Council is considering. This included running six print newspaper ads, installing digital reader board signs in high-traffic locations, such as Hwy 97 and Bartley Road, increased PSA's, increased social media ads and posts, along with e-News and email reminders of the engagement period.

The results of what we heard from those who participated are highlighted in the attached Draft 2024 Budget Consultation Summary and Feedback Response Report for Council's consideration (Attachments 3, 4 and 5).

Council's annual Strategic Priorities engagement was also conducted in concert with the budget consultations from January 29 through February 9. The results of what we heard from those who participated are highlighted in the attached Consultation Summary Report and Feedback Response Report for Council's consideration (Attachments 5, 6 and 7).

Consolidated Engagement Summary:

Total Open House Attendees	55
Total Online and Paper Feedback Forms Received (47 Budget and 37 Strategic Priorities)	84
Total Comments Contributed (64 Budget and 129 Strategic Priorities)	193
Total Visitors to OurWK.ca (642 Budget and 205 Strategic Priorities)	847

The Budget Consultation Summary Report and Council's Strategic Priorities Consultation Summary Report contain an at-a-glance summary of who we heard from, how we connected and our social media interactions, along with other quantitative data and qualitative opinions for Council's consideration.

Further, as part of Council's budget considerations and strategic priority projects, Alternative Approval Process (AAP) information was also provided at both open houses for the Fire Hall #32 Replacement Project (for long-term borrowing). This included display boards, an information video and handout, and West Kelowna Fire Chief Brolund provided further information and answered questions.

Note that as staff mentioned at the February 13th Regular Council meeting, two comments of support for the AAP were also submitted at the first open house, and many residents discussed questions and provided their support when speaking with Fire Chief Brolund at both open houses. The statutory AAP is currently underway, and all information remains available on the City's website at westkelownacity.ca/aap.

Please also see the attached amended Financial Plan Bylaw and 2024 Early Capital Approval Listing to complete the budget package.

COUNCIL REPORT / RESOLUTION HISTORY

Date	Report Topic / Resolution	Resolution No.
December 13, 2023	THAT Council authorize staff to proceed with the capital expenditures and supplemental FTE staffing requests in Schedules A and B attached to the report titled “2024 Financial Plan Early Approval Requests” dated December 13, 2023 as amended. CARRIED; Councillors Zanon and de Jong opposed	C482/23

CONCLUSION

The Five-Year Financial Plan offers a reasonable 6.85% tax increase in light of inflationary and contractual pressures. Prudent financial planning and spending is key to the health of our growing community and staff have worked hard to keep increases to a minimum.

The public engagement process was again meaningful and produced a number of thoughtful questions and comments for consideration in the 2024-2028 financial planning cycle. It is apparent from the feedback that West Kelowna citizens understand the budgeting process reasonably well and are satisfied with the City's financial planning results.

Alternate Recommendation to Consider and Resolve:

THAT Council authorize a different tax increase; and

THAT Council give second reading as amended and third reading to City of West Kelowna Financial Plan Bylaw No. 0312, 2023.

REVIEWED BY

Sandy Webster, Director of Corporate Initiatives

Lisa Siavashi, Financial Services Manager / Deputy CFO

Corinne Boback, Legislative Services Manager / Corporate Officer

Trevor Seibel, Deputy CAO

APPROVED FOR THE AGENDA BY

Ron Mattiussi, CAO

PowerPoint: Yes ☒ No ☐

Attachments:

Attachment 1 – Financial Plan Bylaw 0312, 2023, including Schedule A – 2024-2028
Financial Plan Summary

Attachment 2 – Amended 2024 Early Capital Approval Request Listing

Attachment 3 – 2024 Draft Budget Consultation Summary Report

Attachment 4 – 2024 Draft Budget Feedback Response Report

Attachment 5 – 2024 Additional Comments Report (Budget and Strategic Priorities)

Attachment 6 – Council's Strategic Priorities: Annual Review 2024 Consultation
Summary Report

Attachment 7 – Council's Strategic Priorities: Annual Review 2024 Feedback Response
Report