



COUNCIL REPORT

To: Mayor and Council

Date: April 9, 2024

From: Ron Mattiussi, Interim CAO

Subject: **Adoption of the 2024-2028 Financial Plan and Ten-Year Capital Plan**

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

RECOMMENDATION

THAT City of West Kelowna Financial Plan Bylaw 0312, 2023 with the tax increase set at 6.85%, which will result in a tax requisition of \$45,034,242 be adopted.

STRATEGIC AREA(S) 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.

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 February 27th Council meeting, Financial Plan Bylaw 0312, 2023 was read a second and third time confirming the tax increase at 6.85% after the non-market assessment growth came in as originally expected (1.5% projected). The breakdown of the total tax and rate increase is as follows:

Schedule A Summary	Approved 2023	Forecast 2024
Growth (Projected)	1.75%	1.50%
Previous Year Taxes	38,935,530	41,563,677
Growth	681,372	623,455
Budget Increase (base plus options)	1,557,421	2,847,112
Increase in Infrastructure Allocation	389,355	0
Additional Transfer to Reserves & Roads	-	0
Current Taxes	\$ 41,563,677	\$ 45,034,242
Total Increase	6.75%	8.35%
Less Growth (pre-roll report)	1.75%	1.50%
Net Tax Increase	5.00%	6.85%

Unchanged Growth projection of 1.5% generates almost \$624k

Total increase over 2023 covered by the assessment base is just under \$2.85 million with no increase infrastructure reserves. This equates to the net tax increase of 6.85%

The tax total of \$45,034,242 is \$3,470,565 greater than the 2023 total of \$41,563,677, which equates to an 8.35% change. Adjusting for assessment growth of 1.5% the tax percentage increase then nets out to 6.85% excluding additional infrastructure allocations. Non-market assessment growth enables the total tax requisition to be spread out over a larger base than what existed in the previous year. This year growth fell 0.25% from 1.75% allocated in 2023, which was partially due to the destruction caused by the McDougall Creek wildfire. The subsequent years 2025 to 2028 listed in Schedule A contain similar calculations with a net tax increase of 5.0% for 2025 due to the projected return of the 1% infrastructure allocation but does not yet consider the ongoing 0.907% funding for the three recent Housing Initiative FTE's funded from surplus in 2024. Another 5% follows in 2026 then drops to 4% in each of the last two years. It is important yet obvious to note that the years 2025-2028 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 2024 is at \$32,223,686 and was adjusted down by a net \$955,203 million after consideration of the adjusted, deleted and deferred projects as of second reading of the budget bylaw. Note that the approval of the \$1.5 million Shannon Lake Road Roundabout was missing in error in the previous report but has been appropriately captured in the capital budget. The budget includes \$22.7 million in projects funded from reserves, \$6 million funded from DCCs and \$3.38 million funded from debt and grants. Note that the recent successful AAP process for Fire Hall #32's \$8 million borrowing originally appeared and was approved by Council in the 2023 budget. The first phase of capital spending totaling \$10.808 million received early approval at the December 13th Council meeting. The second phase totaling \$12.05 million was early approved at the February 27th Council meeting and included the balance of the Firehall #32 Project funding of \$6.315 million.

Public Engagement

The ourwk.ca engagement website houses the Financial Plan documents, storyboards, fact sheets and Council's Strategic Priorities update. The City concluded its 10-day budget and Strategic Priorities engagement period February 9th and heard a broad range of comments, questions and concerns through email, feedback forms and in-person open houses.

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
February 27, 2024	THAT Council consider the feedback information from the public engagement process held between January 29 th and February 8 th , 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%. CARRIED UNANIMOUSLY	C075/24

Alternate Motion:

THAT Council authorize a different tax increase and adjust discretionary expenditures;

AND THAT Council rescind third reading; and

AND FURTHER THAT Council re-read third reading as amended.

REVIEWED BY

Corinne Boback, Legislative Services Manager / Corporate Officer

APPROVED FOR THE AGENDA BY

Trevor Seibel, Deputy CAO

PowerPoint: Yes No

Attachments:

Attachment 1 – Financial Plan Bylaw 0312, 2023