

CITY OF WEST KELOWNA

BYLAW NO. 0312

A BYLAW TO ADOPT THE 2024-2028 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. 0312, 2023".

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, 2024 to December 31, 2028.

READ A FIRST TIME THIS 13TH DAY OF DECEMBER, 2023
READ A SECOND TIME AS AMENDED THIS 27TH DAY OF FEBRUARY, 2024
READ A THIRD TIME THIS 27TH DAY OF FEBRUARY, 2024
ADOPTED

MAYOR

CORPORATE OFFICER

Schedule "A"

City of West Kelowna

Schedule "A1"

Consolidated Totals Revenue

	Approved	Forecast	Forecast	Forecast	Forecast	Forecast
	2023	2024	2025	2026	2027	2028
Property Taxes	\$ 41,563,677	\$ 45,034,242	\$ 47,961,468	\$ 51,078,964	\$ 53,888,306	\$ 56,852,163
Property Tax Exemption	204,852	218,976	227,735	234,567	241,604	248,852
Utility Companies	603,737	649,737	669,229	689,306	709,985	731,285
Parcel Tax	585,535	585,535	603,101	621,194	639,829	659,025
Sales of Service and Recoveries	41,877,120	44,910,519	46,309,157	47,662,942	49,147,612	50,678,636
Other Revenue	1,541,890	1,821,890	1,876,547	1,932,844	1,990,829	2,050,553
Government Grants and Operating Reserves	2,612,865	1,750,117	1,648,121	1,697,564	1,748,491	1,800,946
Capital Funding Sources	30,972,098	32,384,397	20,912,555	39,853,156	25,174,013	15,256,259
Sub-total	\$ 119,961,774	\$ 127,355,413	\$ 120,207,913	\$ 143,770,538	\$ 133,540,669	\$ 128,277,719
Collections for Other Governments	25,962,248	25,962,248	26,741,116	27,543,349	28,369,649	29,220,740
TOTAL REVENUES	\$ 145,924,022	\$ 153,317,661	\$ 146,949,029	\$ 171,313,887	\$ 161,910,318	\$ 157,498,459

City of West Kelowna

Schedule "A2"

Consolidated Totals Expenditure

Description	Approved	Forecast	Forecast	Forecast	Forecast	Forecast
	2023	2024	2025	2026	2027	2028
Operating Expenditures						
General Government Services	9,954,817	\$ 10,869,290	\$ 11,500,158	\$ 11,898,678	\$ 12,311,339	\$ 12,738,560
Protective Services	20,307,592	21,764,680	23,346,108	24,755,924	26,290,131	27,630,521
Engineering and Transportation Services	8,711,731	9,078,346	9,367,843	9,669,074	9,980,134	10,301,373
Water, Sewer, Solid Waste & Recycling	18,238,022	18,584,887	19,214,156	19,875,153	20,545,742	21,238,615
Storm Sewer Utility	517,637	521,873	539,207	557,133	575,662	594,819
Cemetery	162,986	170,769	176,278	181,968	187,845	193,914
Development Services	4,876,052	5,144,452	5,340,500	5,547,005	5,764,766	5,983,599
Recreation & Cultural Services	9,429,450	10,326,067	10,695,384	10,926,816	11,293,603	11,672,977
Property Tax Exemption Offset	204,852	218,976	227,735	234,567	241,604	248,852
Interest & Principal - Municipal Debt	1,612,297	1,693,792	1,721,453	1,650,572	1,678,404	1,707,071
Transfer to Reserves:						
General Capital	11,721,245	11,932,361	12,309,108	12,698,422	13,094,131	13,502,549
Sewer Capital	618,932	656,068	677,220	698,986	721,380	744,418
Water Capital	2,882,814	3,055,783	3,147,745	3,242,183	3,339,151	3,438,702
Available for Supplemental Requests 2024 to 2028	62,500	1,114,383	1,343,174	2,241,695	2,531,233	3,218,640
Total Operating Expenditures	\$ 89,300,927	\$ 95,131,727	\$ 99,606,069	\$ 104,178,176	\$ 108,555,125	\$ 113,214,611
Capital Expenditures						
Total Capital Expenditures	30,660,847	32,223,686	20,601,844	39,592,362	24,985,544	15,063,109
Transfers to Other Governments	25,962,248	25,962,248	26,741,116	27,543,349	28,369,649	29,220,740
TOTAL EXPENDITURES	\$ 145,924,022	\$ 153,317,661	\$ 146,949,029	\$ 171,313,887	\$ 161,910,318	\$ 157,498,459

Schedule "A"

Taxation is a major revenue source for the General Fund and accounts for 44% of the 2024 total revenue estimated at \$102,280,800, 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 1.5% in 2024 through 2028 as well as by an infrastructure allocation of 1% in each of the next two years. This will complete a five-year commitment to collect the levy and makes no assumptions regarding renewal. Inflationary factors and transfers to reserves are also included in the estimated 6.85% increase for 2024 with subsequent increases at 5% for 2025/2026 and 4% for 2027/2028.

The current financial plan provides for \$45,034,242 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 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 determines the amount of funding to be provided for the municipal Grants in Aid Program. Council retains the right to make final decisions on both the overall grant allocation and the individual grants awarded. 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 priorities 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.

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.

Schedule "A"

- 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
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.