

CITY OF WEST KELOWNA

BYLAW NO. 0323

A BYLAW TO ADOPT THE 2025-2029 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. 0323, 2024".

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, 2025 to December 31, 2029.

READ A FIRST TIME
READ A SECOND TIME
READ A THIRD TIME
ADOPTED

MAYOR

CITY CLERK

Schedule "A"

City of West Kelowna

Schedule "A1"

Consolidated Totals Revenue

| | Approved 2024 | Forecast 2025 | Forecast 2026 | Forecast 2027 | Forecast 2028 | Forecast 2029 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Property Taxes | \$ 45,034,242 | \$ 49,492,632 | \$ 52,709,653 | \$ 56,135,780 | \$ 59,784,606 | \$ 63,072,760 |
| Property Tax Exemption | 218,976 | 237,304 | 249,170 | 261,628 | 274,709 | 285,698 |
| Utility Companies | 649,737 | 679,740 | 700,132 | 721,136 | 742,770 | 765,053 |
| Parcel Tax | 585,535 | 576,597 | 593,895 | 611,712 | 630,063 | 648,965 |
| Sales of Service and Recoveries | 44,950,519 | 49,376,594 | 50,327,144 | 51,764,078 | 53,133,350 | 54,730,270 |
| Other Revenue | 1,781,890 | 2,346,123 | 2,416,507 | 2,489,002 | 2,563,672 | 2,640,582 |
| Government Grants and Operating Reserves | 1,750,117 | 1,420,117 | 1,462,721 | 1,506,602 | 1,551,800 | 1,598,354 |
| Capital Funding Sources | 25,808,137 | 18,467,406 | 37,470,210 | 28,595,378 | 25,916,327 | 36,539,815 |
| Sub-total | \$ 120,779,153 | \$ 122,596,513 | \$ 145,929,430 | \$ 142,085,315 | \$ 144,597,298 | \$ 160,281,498 |
| Collections for Other Governments | 25,962,248 | 28,442,748 | 29,296,030 | 30,174,911 | 31,080,159 | 32,012,563 |
| TOTAL REVENUES | \$ 146,741,401 | \$ 151,039,261 | \$ 175,225,461 | \$ 172,260,227 | \$ 175,677,457 | \$ 192,294,061 |

City of West Kelowna

Schedule "A2"

Consolidated Totals Expenditure

| Description | Approved 2024 | Forecast 2025 | Forecast 2026 | Forecast 2027 | Forecast 2028 | Forecast 2029 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Operating Expenditures | | | | | | |
| General Government Services | \$ 10,728,681 | \$ 11,803,482 | \$ 12,220,586 | \$ 12,529,524 | \$ 12,905,409 | \$ 13,292,572 |
| Protective Services | 21,774,680 | 22,789,251 | 23,508,439 | 24,213,692 | 24,940,103 | 25,688,306 |
| Engineering and Transportation Services | 9,206,331 | 9,883,213 | 10,184,709 | 10,495,251 | 10,815,108 | 11,139,562 |
| Water, Sewer, Solid Waste & Recycling | 18,584,887 | 21,797,580 | 22,420,608 | 23,093,226 | 23,786,023 | 24,499,603 |
| Storm Sewer Utility | 521,873 | 490,408 | 505,120 | 520,274 | 535,882 | 551,959 |
| Cemetery | 170,769 | 196,090 | 201,973 | 208,032 | 214,273 | 220,701 |
| Development Services | 5,233,477 | 5,788,075 | 5,962,732 | 6,142,681 | 6,328,079 | 6,532,214 |
| Recreation & Cultural Services | 10,247,166 | 10,991,474 | 11,187,866 | 11,523,502 | 11,869,207 | 12,225,283 |
| Property Tax Exemption Offset | 218,976 | 237,304 | 249,170 | 261,628 | 274,709 | 285,698 |
| Interest & Principal - Municipal Debt | 1,693,792 | 2,606,103 | 2,684,286 | 2,764,815 | 2,847,759 | 2,933,192 |
| Transfer to Reserves: | | | | | | |
| General Capital | 11,932,361 | 11,847,172 | 12,202,587 | 12,568,665 | 12,945,725 | 13,334,096 |
| Sewer Capital | 656,068 | 755,909 | 778,586 | 801,944 | 826,002 | 850,782 |
| Water Capital | 3,055,783 | 3,239,130 | 3,336,304 | 3,436,393 | 3,539,485 | 3,645,669 |
| Available for Supplemental Requests 2025 to 2029 | 1,114,383 | 3,312,876 | 4,673,485 | 6,637,258 | 8,611,362 | 10,352,945 |
| Total Operating Expenditures | \$ 95,139,227 | \$ 105,738,068 | \$ 110,116,451 | \$ 115,196,884 | \$ 120,439,126 | \$ 125,552,583 |
| Capital Expenditures | | | | | | |
| General Government Services | 896,120 | 1,044,945 | 1,270,335 | 803,200 | 666,983 | 758,800 |
| Protective Services | 8,718,786 | 510,000 | 612,652 | 157,652 | 622,652 | 1,132,652 |
| Transportation Services | 10,383,000 | 5,445,000 | 11,616,000 | 5,420,000 | 7,445,000 | 13,400,000 |
| Environmental Health Services (water Sewer, Cemetery) | 2,176,800 | 4,024,000 | 19,665,823 | 12,465,358 | 10,370,909 | 2,009,476 |
| Public Health Services | - | - | - | - | - | - |
| Recreation & Cultural Services | 2,495,720 | 4,209,500 | 2,148,170 | 3,108,421 | 604,628 | 15,527,987 |
| Storm Sewer | 977,000 | 1,625,000 | 500,000 | 4,933,800 | 4,448,000 | 1,900,000 |
| Total Capital Expenditures | 25,647,426 | 16,858,445 | 35,812,980 | 26,888,431 | 24,158,172 | 34,728,915 |
| Transfers to Other Governments | 25,962,248 | 28,442,748 | 29,296,030 | 30,174,911 | 31,080,159 | 32,012,563 |
| TOTAL EXPENDITURES | \$ 146,748,901 | \$ 151,039,261 | \$ 175,225,461 | \$ 172,260,227 | \$ 175,677,457 | \$ 192,294,061 |

Schedule "A"

Taxation is a major revenue source for the General Fund and accounts for 46% of the 2025 total revenue estimated at \$107,673,325, including collection for other governments but excluding transfers from reserves. The balance of revenue comes from user fees, grants and miscellaneous revenues. Over the five-year period of the financial plan, the taxation requirement is estimated to increase annually by a growth factor of 1.55% in 2025 and 1.5% through 2026 to 2029 as well as by an infrastructure allocation of 1% in each of the years 2026 to 2028. This will complete the five-year commitment started in 2021 (paused in 2024) to collect the levy and makes no assumptions regarding renewal. Inflationary factors and transfers to reserves are also included in the estimated 8.35% increase for 2025 with subsequent increases at 5% for 2026/2027/2028 and 4% for 2029.

The current financial plan provides for \$49,492,632 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.

Schedule "A"

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:

- 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.

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
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.