

CITY OF WEST KELOWNA

BYLAW NO. 0271

A BYLAW TO ADOPT THE 2020-2024 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. 0271, 2019".

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, 2020 to December 31, 2024.

READ A FIRST TIME THIS 16TH DAY OF DECEMBER, 2019

READ A SECOND TIME AS AMENDED THIS 25TH DAY OF FEBRUARY, 2020

READ A THIRD TIME

ADOPTED

MAYOR

CITY CLERK

Schedule "A"

City of West Kelowna 2020 - 2024 Financial Plan						
Consolidated Totals Revenue Schedule "A1"						
Description	Final 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Property Taxes	33,009,059	35,253,675	37,016,357	38,867,173	40,810,530	42,851,054
Property Tax Exemption	206,099	206,099	209,190	212,328	215,513	218,745
Utility Companies	600,359	593,304	602,203	611,236	620,405	629,711
Parcel Tax	1,144,010	1,144,010	1,085,436	1,030,495	1,030,495	1,030,495
Sales of Service and Recoveries	33,227,959	34,518,060	35,541,295	38,051,684	38,583,733	39,124,110
Other Revenue	1,403,318	1,389,100	1,372,875	1,382,292	1,391,831	1,401,479
Government Grants and Operating Reserves	1,636,753	1,631,326	1,634,494	1,637,710	1,708,974	1,644,286
Capital Funding Sources	14,000,090	-	-	-	-	-
Sub-total	85,227,648	74,735,574	77,461,851	81,792,917	84,361,480	86,899,881
Collections for Other Governments	21,866,002	21,930,300	22,263,641	22,584,380	22,909,797	23,253,443
TOTAL REVENUES	\$ 107,093,650	\$ 96,665,874	\$ 99,725,492	\$ 104,377,297	\$ 107,271,277	\$ 110,153,324

City of West Kelowna 2020 - 2024 Financial Plan						
Consolidated Totals Expenditure Schedule "A2"						
Description	Final 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Operating Expenditures						
General Government Services	7,901,324	8,325,143	7,930,442	8,049,399	8,238,140	8,292,692
Protective Services	15,395,288	16,301,802	16,622,428	16,935,080	17,254,215	17,579,974
Transportation Services	7,367,483	7,673,368	7,829,954	7,947,404	8,066,615	8,187,614
Environmental Health Services inc Storm Sewer	14,956,512	15,175,024	15,596,932	17,338,782	17,598,339	17,861,789
Storm Sewer Utility	350,500	348,998	354,233	359,547	364,940	370,414
Cemetery	186,525	160,569	162,025	163,502	165,002	166,525
Environmental Development Services	4,349,063	4,510,674	4,584,834	4,648,010	4,723,314	4,788,464
Recreation & Cultural Services	7,599,378	8,161,942	8,319,370	8,443,762	8,570,021	8,698,173
Property Tax Exemption Offset	206,099	206,099	209,190	212,328	215,513	218,745
Interest & Principal - Municipal Debt	3,343,425	3,124,513	3,359,901	3,642,035	3,633,184	3,624,151
Other Financial Fees	24,056	24,056	24,416	24,783	25,154	25,532
Transfer to Reserves:						
Capital Infrastructure - New	3,719,664	4,217,342	4,263,120	4,568,113	4,723,123	5,378,291
Capital Infrastructure - Renewal	111,716	213,781	66,523	69,384	61,234	63,744
Equipment Replacement	600,000	660,000	900,000	900,000	900,000	1,200,000
Storm Sewer	-	-	-	-	-	-
Future Expenditures	702,800	450,000	525,049	763,358	1,108,276	706,410
Accumulated Surplus	-	-	-	-	-	-
Gas Tax (Community Works)	1,420,117	1,420,117	1,420,117	1,420,117	1,420,117	1,420,117
Property Acquisition Reserve	700,000	700,000	700,000	700,000	700,000	700,000
Recreation	106,554	107,116	219,540	269,540	269,540	269,540
Sewer Capital	120,000	450,000	456,750	463,601	470,555	477,614
Water Capital	1,927,440	1,927,440	2,168,370	2,348,243	2,373,795	2,399,730
Available for supplemental requests 2020 to 2024	139,614	577,592	1,748,656	2,525,931	3,480,404	4,470,362
Total Operating Expenditures	\$ 71,227,557	\$ 74,735,574	\$ 77,461,851	\$ 81,792,917	\$ 84,361,480	\$ 86,899,881
Capital Expenditures						
General Government Services	578,690	-	-	-	-	-
Protective Services	281,000	-	-	-	-	-
Transportation Services	5,872,974	-	-	-	-	-
Environmental Health Services (water Sewer, Cemetery)	6,759,026	-	-	-	-	-
Public Health Services	-	-	-	-	-	-
Recreation & Cultural Services	508,400	-	-	-	-	-
Storm Sewer	-	-	-	-	-	-
Total Capital Expenditures	14,000,090	-	-	-	-	-
Transfers to Other Governments	21,866,002	21,930,300	22,263,641	22,584,380	22,909,797	23,253,443
TOTAL EXPENDITURES	\$ 107,093,649	\$ 96,665,874	\$ 99,725,492	\$ 104,377,297	\$ 107,271,277	\$ 110,153,324

Schedule "A"

Taxation is a major revenue source for the General Fund and accounts for 36% of the 2020 total revenue estimated at \$96,665,847, 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 2% in 2020 and 1.5% for the remaining years. In addition, an inflationary factors and transfers to reserves are included in the proposed 4.8% increase for 2020 with subsequent increases leveling back down to 3.5% in 2021 to 2024.

The current financial plan provides for \$35,253,675 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 guiding principles form the basis of the Policy:

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- 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 will determine the amount of funding to be provided for all municipal Grants in Aid including: Community Project grants, Corporate grants, In-Kind Contribution grants, Special Events grants and Community Events grants. Council will through its annual budget process, determine the amount of funding to be allocated to the grant program. Council will retain the right to make the final decision on both the overall grant allocation and the individual grant. 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 goals 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)

Schedule "A"

- 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 and significant equipment purchases.
- 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.