



COUNCIL REPORT
Financial Services
For the April 7, 2020 Council Meeting

DATE: March 27, 2020
TO: Paul Gipps, CAO
FROM: Warren Everton, Director of Financial Services/CFO
RE: Adoption of 2020-2024 Financial Plan

RECOMMENDED MOTION:

THAT Council adopt the “City of West Kelowna Financial Plan Bylaw 0271, 2019” with the tax rate increase set at 4.8%, which will result in a tax requisition of \$35,068,825.

EXECUTIVE SUMMARY:

During the March 10th Council meeting, Financial Plan Bylaw 0271, 2019 was read a third time setting the tax rate at 4.8% after considering a reduction to 4.5%. Staff had revisited the budget and found a number of ways to reduce expenditures, which totalled \$99,027. This brought the overall discretionary funds to \$301,560, which after deliberation Council resolved to transfer this amount to reserve and keep the tax increase at 4.8%.

At this juncture if Council wished to amend the Financial Plan it would be possible to do so by rescinding third reading and re-reading the amended bylaw a third time and adopt it. As I understand it, our new legislative reality the Province is temporally allowing third reading and adoption to take place at the same meeting.

LEGISLATIVE REQUIREMENTS:

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.

BACKGROUND:

The Financial Plan bylaw process is almost complete with a mid season staff budget review providing some minor costs savings. The overall budgeting process for 2020 had already been restructured with Departments tasked with keeping budgets needs specific. The mid-season review by Finance to present a possible reduction to the plan resulted in a \$99,027 reduction in budget expenditures. As well, Council should recall seeing the components of the average tax bill indicating that 2.8% of the 4.8% was attributable to a full year of budget expenditures added in

2019. Therefore, in retrospect, the 2020 additions equate to a 2% increase and any further departmental reductions could affect service levels. The best option to mitigate the budget increase and ease some of the tax burden would be to revisit the discretionary funds transfer to reserve that was approved at the March 10th meeting. This discretionary fund transfer of \$301,560 was intended to give a much-needed boost to the City's reserve balance but given the situation could be used to reduce the tax increase by 0.91% to 3.89%. Such a decrease would equate to about \$18.50 per average household per year, which does not do much to help the taxpayer. On the other hand reducing the reserve allocation by \$301,560 would be relatively significant to the City's savings.

COUNCIL REPORT/RESOLUTION HISTORY:

Date	Report Topic/Resolution	Resolution No.
December 16, 2019	THAT Council direct staff to incorporate the supported supplemental budget requests, capital projects, additions and deletions into the City of West Kelowna's Financial Plan for 2020-2024; and, THAT Council give first reading to City of West Kelowna 2020-2024 Financial Plan Bylaw No. 0271, 2019.	Bylaw 0271, 2019
February 25, 2020	THAT Council give second reading as amended to the "City of West Kelowna Financial Plan Bylaw No. 0271, 2019"; and, THAT Council direct staff to further amend the Financial Plan to reflect a tax rate increase of 4.5% by utilizing discretionary funds (\$16,505) and the balance to come from a reduction to the operating budget prior to consideration of third reading.	Bylaw 0271, 2019 Resolution C063/20
March 10, 2020	THAT Council give 3 rd reading as amended to the "City of West Kelowna Financial Plan Bylaw 0271, 2019", with a tax rate increase of 4.8%; and, THAT Council direct staff to place the remaining discretionary funds into reserves.	Bylaw 0271, 2019 Resolution C08/20

ALTERNATE MOTIONS(S):

THAT Council adopt the City of West Kelowna "Financial Plan Bylaw 0271, 2019" with the tax rate increase set at 3.89%, which will result in a tax requisition of \$34,291,933.

or

THAT Council adopt the City of West Kelowna "Financial Plan Bylaw 0271, 2019" with some other tax rate increase.

REVIEWED AND APPROVED BY:

Tracey Batten, Deputy CAO/Corporate Officer
Paul Gipps, CAO

Powerpoint: Yes ☐ No ☒

Attachments:

Bylaw No. 0271, 2019 Financial Plan

- Schedule A1 Consolidated 2020 -2024 Financial Plan Revenue
- Schedule A2 Consolidated 2020 -2024 Financial Plan Expenses
- Schedule B1 Consolidated 2020 -2024 General Fund Revenue
- Schedule B2 Consolidated 2020 -2024 General Fund Expenses
- Schedule C Sewer Fund Revenue and Expenses
- Schedule D Water Fund Revenue and Expenses