

CITY OF WEST KELOWNA

BYLAW NO. 0284

A BYLAW TO ADOPT THE 2021-2025 FINANCIAL PLAN

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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. 0284, 2020".

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, 2021 to December 31, 2025.

READ A FIRST TIME THIS 10<sup>TH</sup> DAY OF DECEMBER, 2020

READ A SECOND TIME

READ A THIRD TIME

ADOPTED

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MAYOR

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CITY CLERK

## Schedule "A"

City Of West Kelowna 2021 - 2025 Financial Plan						
Consolidated Totals Revenue Schedule "A1"						
	Approved	Forecast	Forecast	Forecast	Forecast	Forecast
	2020	2021	2022	2023	2024	2025
Property Taxes	34,408,643	36,559,183	38,752,734	41,077,898	43,542,572	46,155,126
Property Tax Exemption	206,099	209,190	212,328	215,513	218,745	222,026
Utility Companies	593,304	603,844	640,074	678,479	719,188	762,340
Parcel Tax	1,144,010	1,144,010	1,212,650	1,285,409	1,362,534	1,444,286
Grants-in-Lieu	-	-	-	-	-	-
Sales of Service and Recoveries	34,648,335	35,173,706	37,204,627	39,436,907	41,803,122	44,311,312
Other Revenue	1,346,100	1,346,100	1,426,866	1,512,478	1,603,226	1,699,420
Government Grants and Operating Reserves	2,364,947	2,600,117	2,756,124	2,921,491	1,786,663	1,893,863
Capital Funding Sources	18,223,737	35,595,056	-	-	-	-
Sub-total	92,935,175	113,231,206	82,205,403	87,128,175	91,036,050	96,488,373
Collections for Other Governments	21,930,300	21,930,300	23,246,118	24,640,885	26,119,339	27,686,500
<b>TOTAL REVENUES</b>	<b>\$ 114,865,475</b>	<b>\$ 135,161,506</b>	<b>\$ 105,451,521</b>	<b>\$ 111,769,060</b>	<b>\$ 117,155,389</b>	<b>\$ 124,174,873</b>

City Of West Kelowna 2021 - 2025 Financial Plan						
Consolidated Totals Expenditure Schedule "A2"						
Description	Approved	Forecast	Forecast	Forecast	Forecast	Forecast
	2020	2021	2022	2023	2024	2025
<b>Operating Expenditures</b>						
General Government Services	8,854,572	9,179,308	9,712,845	10,277,540	10,875,199	11,507,776
Protective Services	15,779,302	16,321,693	17,300,995	18,339,056	19,439,400	20,605,764
Engineering and Transportation Services	7,865,914	8,058,089	8,405,893	8,910,247	9,444,863	10,011,556
Water, Sewer, Solid Waste & Recycling	15,182,299	15,804,841	16,673,631	17,674,051	18,734,486	19,858,560
Storm Sewer Utility	348,998	350,444	371,470	393,757	417,381	442,425
Cemetery	160,569	163,005	172,785	183,152	194,141	205,790
Development Services	4,069,905	4,234,389	4,488,454	4,757,762	5,043,227	5,345,823
Recreation & Cultural Services	8,322,473	8,366,339	8,868,318	9,400,416	9,964,442	10,562,311
Property Tax Exemption Offset	206,099	209,190	212,328	215,513	218,745	222,026
Interest & Principal - Municipal Debt	3,124,512	3,124,512	3,311,983	3,510,703	3,721,345	3,944,624
Other Fees	-	-	-	-	-	-
<b>Transfer to Reserves:</b>						
General Capital	8,419,356	8,512,098	9,022,824	9,564,193	9,701,338	10,283,417
Sewer Capital	450,000	450,000	477,000	505,620	535,957	568,114
Water Capital	1,927,440	1,927,441	2,043,087	2,165,670	2,295,620	2,433,354
Available for supplemental requests 2021 to 2025	-	934,801	1,143,790	1,230,495	449,906	496,832
<b>Total Operating Expenditures</b>	<b>74,711,438</b>	<b>77,636,150</b>	<b>82,205,403</b>	<b>87,128,175</b>	<b>91,036,050</b>	<b>96,488,372</b>
<b>Capital Expenditures</b>						
General Government Services	631,286	711,875				
Protective Services	1,376,130	1,162,000				
Transportation Services	9,700,716	9,091,700				
Environmental Health Services (water Sewer, Cemetery)	2,578,205	19,298,981				
Public Health Services		-				
Recreation & Cultural Services	3,437,400	4,160,500				
Storm Sewer	500,000	1,170,000				
Total Capital Expenditures	18,223,737	35,595,056	-	-	-	-
Transfers to Other Governments	21,930,300	21,930,300	23,246,118	24,640,885	26,119,339	27,686,501
<b>TOTAL EXPENDITURES</b>	<b>\$ 114,865,475</b>	<b>\$ 135,161,506</b>	<b>\$ 105,451,521</b>	<b>\$ 111,769,060</b>	<b>\$ 117,155,389</b>	<b>\$ 124,174,873</b>

## Schedule "A"

Taxation is a major revenue source for the General Fund and accounts for 37% of the 2021 total revenue estimated at \$99,491,450, 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 2.2% in 2021 and the remaining years as well as a proposed infrastructure levy of 1% in each of the five years. Inflationary factors and transfers to reserves are also included in the proposed 4.05% increase for 2021 with subsequent increases at 4.5% in 2021 to 2025.

The current financial plan provides for \$36,559,183 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:

## 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 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.