



COUNCIL REPORT

To: Paul Gipps, CAO

Date: March 9, 2021

From: Warren Everton, Director of Finance/CFO

Subject: **Draft 2021-2025 Financial Plan and Ten-Year Capital Plan**

RECOMMENDATION

THAT Council consider the feedback information from the public engagement process held between February 16th and 25th, 2021; and

THAT Council give third reading to the City of West Kelowna Financial Plan Bylaw No. 0284, 2020, with the tax increase set at 4.05%.

STRATEGIC AREA(S) OF FOCUS

Economic and financial well-being of the City of West Kelowna

BACKGROUND

LEGISLATIVE REQUIREMENTS:

Section 165 of the *Community Charter* requires that Council adopt, by bylaw, a five-year financial plan, which must establish the City's proposed expenditures, funding sources and transfers between funds. West Kelowna has a five-year Operating Plan and ten-year Capital Plan. The Operating Plan lists the revenues and expenses, which ultimately determines the tax requisition and rates and may be amended at any time.

Section 166 of the *Community Charter* requires that Council undertake a process of public consultation regarding the proposed financial plan before it is adopted.

DISCUSSION AND FINANCIAL IMPLICATIONS

Operating Plan

The December financial plan deliberations resulted in the 2021 tax rate being set at 4.75% after review of the operating and capital requests. At that time, non-market growth was estimated at 1.5% with the actual growth coming in at 2.2% with the release of the

completed assessment roll in January 2021. During the January 19th Council meeting, the 2nd reading of the budget was presented and focused on holding the overall tax requisition at \$36,559,184 which equates to a 4.05% increase. Grant-in-aid was finalized at a total of \$429,132, which included \$114,325 in cash grants and \$314,807 in non-cash grants. Council also expressed a desire to review and update the Grant-in-aid policy prior to the next budget cycle.

Discretionary funds of \$934,801 were allocated to a number of areas including staffing resources that had been on hold through 2020 for \$239,769, staffing requests for 2021 at \$299,851, first year unallocated legal costs of \$15,536 and transfer to reserves of \$248,645. That left approximately \$131,000 of one-time first-year wage savings remaining unallocated. It was Council's wish to reject discretionary spending of these savings since they were not ongoing.

Capital Plan

The Ten-year Capital Plan was updated in the interim period between first and second reading of the financial plan bylaw. These changes included the delay of the \$85,000 Parks Masterplan to 2022, the removal of the Hook Truck expenditure for \$100,000 and revision of the 2021 Rose Valley Water Treatment Plant borrowing amount from \$23.5 million to \$18.46 million with the balance of debt applied to the 2022 Sunnyside/Pritchard Connections and West Kelowna Estates Transmission Mains. These projects had been listed with funding from reserves and DCCs but are now correctly listed with debt and DCC funding. Total capital appears on Schedule A at \$35.6 million with \$13 million funded from reserves, \$4.2 million funded from DCCs and \$18.4 million allocated to debt. The 2020 Capital Carry forward list also appears in the schedules to provide a full picture of capital projects that will progress through 2021.

Public Engagement

The City of West Kelowna's 2021 Budget Consultations website has been active since February 16th and included eight virtual panels summarizing the budget in aggregate as well as segmented on a cost per property basis. There is also the electronic version of the 2021-2025 Financial Plan Binder along with a feedback form for submission (which was due by February 25th). The engagement process also utilized two live public engagement sessions with the CAO, CFO and Director of Engineering answering questions over a video chat link. The question and answer period on February 25th was particularly engaging with many questions leading up to the event as well as during the live session from 7-8 pm. Most of the questions were on the capital side but some involved operations and the infrastructure levy. Please see the "What We Heard Report" in Attachment 2 for highlights and complete results from the public process.

COUNCIL REPORT / RESOLUTION HISTORY

Date	Report Topic / Resolution	Resolution No.
January 19, 2021	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 2021-2025; and THAT Council give second reading as amended to City of West Kelowna 2021-2025 Financial Plan Bylaw No 0284, 2020, with a tax increase of 4.05%.	C058/21
December 10, 2020	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 2021-2025; and THAT Council give first reading to City of West Kelowna 2021-2025 Financial Plan Bylaw No 0284, 2020.	C356/20

CONCLUSION

The public engagement process produced a number of great questions and comments for consideration in 2021-2025 financial planning cycle. It is apparent from the feedback that most people understand the budgeting process reasonably well and are satisfied with the City's financial planning results.

Alternate Motion:

THAT Council authorize a different tax increase and reduce the proposed transfer to reserve, and;

THAT Council give third reading as amended to City of West Kelowna Financial Plan Bylaw No. 0284, 2020.

REVIEWED BY

Shelley Schnitzler, Legislative Services Manager/Corporate Officer

APPROVED FOR THE AGENDA BY

Paul Gipps, CAO

PowerPoint: Yes ☒ No ☐

Attachments:

Attachment 1 – Financial Plan Bylaw 0284, 2020
Schedule A – 2021-2025 Financial Plan Summary
Schedule B – 2020 Capital Carry Forward Listing
Attachment 2 – What We Heard Report