



COUNCIL REPORT

To: Paul Gipps, CAO

Date: April 20, 2021

From: Warren Everton, Director of Finance/CFO

Bylaw No. 0284

Subject: **Adoption of the 2021-2025 Financial Plan**

RECOMMENDATION

THAT Council adopt the “City of West Kelowna Financial Plan Bylaw 0284, 2020” with the tax increase set at 4.05%, which will result in a tax requisition of \$36,559,184.

STRATEGIC AREA(S) OF FOCUS

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

BACKGROUND

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.

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

Operating Plan

During the April 6th Council meeting, Financial Plan Bylaw 0284, 2020 was read a third time setting the tax increase at 4.05% after originally starting at 4.75% at first reading and then lowering that to 4.05% at second reading when the non-market assessment growth

came in 0.7% higher than originally projected (2.2% vs 1.5% projected). The breakdown of the total tax and rate increase is as follows:

	Approved 2020	Forecast 2021
Growth (Actual 2020 and Projected)	1.44%	2.20%
Previous Year Taxes	33,009,059	34,408,643
Growth	475,330	756,990
Budget Increase	924,254	1,049,464
Infrastructure Allocation	0	344,086
Current Taxes	\$ 34,408,643	\$ 36,559,184
Total Increase	4.24%	6.25%
Less Growth (from completed roll)	1.44%	2.20%
Net Tax Increase	2.80%	4.05%

Updated Growth projection of 2.2% generates over 756k

Total increase over 2020 covered by the 2020 assessment base or just under 1.4 million. This equates to the net tax increase of 4.05%

The tax total of \$36,559,184 is \$2,149,540 greater than the 2020 total of \$34,408,643, which equates to a 6.25% increase. Adjusting for assessment growth of 2.2% that tax percentage increase drops to 4.05% including the 1% infrastructure levy. Assessment growth enables the total tax to be spread out over a larger base than what the City had in the previous year. Looking at the base increase before the infrastructure levy the rate actually nets out to 3.05% for the 2021 tax year, which is marginally above the 2.8% increase approved in 2020. The subsequent years 2022 to 2025 listed in Schedule A contain a similar calculation with a net tax increase of 4.5% in each of the remaining years including the levy for a total increase of 22.05% over the five-year financial plan. It is important to note that the years 2022-2025 are to be re-evaluated in the next budget season and are always subject to Council's approval each year.

Capital Plan

The total Capital budget for 2021 has remained at \$35.6 million since second reading of the budget. It includes \$12.2 million funded from reserves, \$4.2 million funded from DCCs and \$19.2 million allocated to debt. A total of \$9,154,215 in capital projects received early approval during first and second readings of the budget bylaw. This included \$3.3 million in roads projects, \$1.2 million for pedestrian improvement projects, \$1.4 million in equipment, \$2 million for the City Hall concept plan, tender drawings and consulting as well as just over \$1 million for replacement of the Fire Department's self-contained breathing apparatus inventory.

Public Engagement

The OURWK.ca engagement website now houses Council's Strategic Priorities, Financial Plan documents, storyboards, videos and "What We Heard" report. The City concluded its two-week budget engagement period at the end of February and heard a broad range of comments, questions and concerns through email, feedback forms and live video conferencing sessions.

COUNCIL REPORT / RESOLUTION HISTORY

Date	Report Topic / Resolution	Resolution No.
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.	Bylaw 0284, 2020
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 to City of West Kelowna 2021-2025 Financial Plan Bylaw No 0284, 2020.	Bylaw 0284, 2020
April 6, 2021	THAT Council consider the feedback information from the public engagement process held between February 16 th and 25 th , 2021; and THAT Council give 3 rd reading to the "City of West Kelowna Financial Plan Bylaw 0284, 2020, with the tax increase set at 4.05%	Bylaw 0284, 2020

Alternate Motion:

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

THAT Council rescind third reading; and

THAT Council re-read third reading as amended.

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