

DISTRICT OF WEST KELOWNA

2010 BYLAW NO. 0104

A BYLAW TO AMEND THE 2010-2014 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 District of West Kelowna in open meeting assembled, hereby ENACTS AS FOLLOWS:

1. Title

This bylaw may be cited as the FINANCIAL PLAN BYLAW 2010 NO. 0104.

2. Schedule "A" attached hereto and forming part of this Bylaw shall be the Financial Plan of the District of West Kelowna for the period January 1, 2010 to December 31, 2014.

PASSED FIRST READING, FEBRUARY 23, 2010  
PASSED SECOND READING, FEBRUARY 23, 2010  
PASSED THIRD READING, FEBRUARY 23, 2010  
RESCINDED THIRD READING, APRIL 27, 2010  
PASSED THIRD READING AS AMENDED, APRIL 27, 2010  
RESCINDED THIRD READING, MAY 7, 2010  
PASSED THIRD READING AS AMENDED, MAY 7, 2010  
ADOPTED, MAY 11, 2010

'DOUG FINDLATER'

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MAYOR

'SHELLEY NIXON'

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DIRECTOR OF CORPORATE SERVICES

## Schedule "A"

### District of West Kelowna 2010 - 2014 Financial Plan Consolidated Totals - Revenues

Description	Financial Plan 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast 2014
Property Taxes	18,829,977	21,388,321	22,885,503	24,487,488	26,201,614	28,035,724
Property Tax Exemption	-	218,337	224,341	230,511	236,850	243,363
Trsf of 2007 Property Taxes from Province	-	-	-	-	-	-
Utility Companies	244,636	376,971	387,338	397,989	408,934	420,180
Local Improvements	932,370	913,932	913,932	913,932	913,932	913,932
Grants-in-Lieu	308	308	316	325	334	343
Sales of Service	16,052,373	15,085,170	16,065,223	16,690,067	17,126,207	17,573,420
Other Revenue from Own Sources	1,844,396	2,546,145	2,365,840	2,415,611	2,466,750	2,512,733
Government Transfers	1,500,000	2,257,000	2,265,225	2,273,182	780,695	288,414
Government Grants	9,230,707	14,582,391	3,208,250	3,208,250	823,250	823,250
Transfer from Own Reserves	5,108,266	4,287,107	3,834,000	3,008,000	3,181,330	2,815,000
Transfer from Sewer Utility	-	-	-	-	-	-
Transfer from Water Utility	15,000	-	-	-	-	-
Transfer from Surplus to fund Capital	92,759	-	-	-	-	-
Transfers from Statutory Reserves	-	-	-	-	-	-
Development Cost Charges	-	531,258	420,000	420,000	420,000	20,000
Equipment Replacement Fund	975,150	776,700	339,582	166,000	805,000	150,000
Capital Reserve	1,577,426	1,931,061	425,000	420,000	376,000	275,000
Local Improvement Reserve	-	-	-	-	-	-
Water Capital Reserve	-	-	1,200,000	1,000,000	1,000,000	1,000,000
Borrowing Proceeds	9,310,709	19,090,012	-	-	-	-
Sub-total	65,714,078	83,984,713	54,534,551	55,631,356	54,740,895	55,071,359
Collections for Other Governments	20,794,416	20,131,965	20,685,594	21,254,448	21,838,945	22,439,516
<b>TOTAL REVENUES</b>	<b>86,508,493</b>	<b>104,116,678</b>	<b>75,220,145</b>	<b>76,885,803</b>	<b>76,579,840</b>	<b>77,510,875</b>

**Consolidated Expenditures**

	Financial Plan 2009	Forecast 2010	Forecast 2011	Forecast 2012	Forecast 2013	Forecast 2014
<b>Operating Expenditures</b>						
General Government Services	5,238,386	6,103,074	6,037,157	6,398,657	6,520,820	6,700,142
Protective Services	8,116,306	9,336,829	9,708,129	10,012,830	10,808,890	11,409,411
Transportation Services	3,037,985	5,756,578	6,000,854	6,344,593	6,577,432	6,758,312
Environmental Health Services	3,048,186	3,372,372	4,666,853	5,330,356	6,498,357	6,670,977
Public Health Services	-	-	124,500	127,924	131,442	135,056
Environmental Development Services	2,307,856	2,463,702	2,233,059	2,293,594	2,355,465	2,419,375
Recreation & Cultural Services	5,451,744	5,223,046	5,077,398	5,216,087	5,359,529	5,506,916
Interest & Principal - Municipal Debt	2,295,258	4,515,839	4,485,144	4,422,430	3,689,798	3,411,373
Other Financial Fees	48,500	49,834	51,204	52,612	54,059	55,546
Transfer to Own Reserves	4,233,477	4,223,395	4,141,070	3,930,026	2,333,451	2,754,490
Transfer to Surplus	-	-	-	-	-	-
Transfer to General Revenue Fund	-	-	-	-	-	-
Transfer to Statutory Reserves	-	-	-	-	-	-
Development Cost Charges Fund	6,500,000	2,350,000	2,414,625	2,481,027	2,549,255	2,619,360
Equipment Replacement Fund	1,093,003	575,773	515,842	763,666	336,622	578,253
Off-Street Parking Reserve Fund	-	-	-	-	-	-
Local Improvements Fund	-	-	-	-	-	-
Capital Reserve Fund	1,093,000	1,575,771	2,317,806	2,994,561	2,487,605	2,529,274
Available for supplemental budget requests	-	-	-	-	-	-
Sewer Capital Reserve	-	-	-	-	-	-
Water Capital Reserve	235,842	235,842	242,328	248,992	255,839	262,875
	-	-	-	-	-	-
<b>Total Operating Expenditures</b>	<b>42,699,543</b>	<b>45,782,056</b>	<b>48,015,969</b>	<b>50,617,355</b>	<b>49,958,565</b>	<b>51,811,360</b>
<b>Capital Expenditures</b>						
General Government Services	516,900	92,784	150,000	250,000	200,000	150,000
Protective Services	9,798,709	6,524,509	80,000	86,000	750,000	75,000
Transportation Services	2,526,000	4,124,574	3,445,000	3,470,000	3,470,000	2,845,000
Environmental Health Services	7,800,039	26,961,759	1,500,000	1,000,000	-	-
Public Health Services	-	-	-	-	-	-
Recreation & Cultural Services	2,372,887	499,031	1,343,582	208,000	362,330	190,000
	-	-	-	-	-	-
<b>Total Capital Expenditures</b>	<b>23,014,535</b>	<b>38,202,657</b>	<b>6,518,582</b>	<b>5,014,000</b>	<b>4,782,330</b>	<b>3,260,000</b>
Transfers to Other Governments	20,794,416	20,131,965	20,685,594	21,254,448	21,838,945	22,439,516
<b>TOTAL EXPENDITURES</b>	<b>86,508,493</b>	<b>104,116,678</b>	<b>75,220,145</b>	<b>76,885,803</b>	<b>76,579,840</b>	<b>77,510,876</b>

**District of West Kelowna  
2010 Property Taxes by Class  
General Operating - Debt Portion Only**

PROPERTY CLASS		Occurrences	TOTAL VALUE	MULT	Value incl	Mult Factor	TAX RATE	TAX \$/CLASS
RESIDENTIAL	01	12,626	5,704,121,403	1.00	5,704,121,403		0.35742	\$ 2,038,746.85
UTILITIES	02	116	3,106,302	6.00	18,637,812		2.14450	\$ 6,661.46
SUPPORTIVE HOUSING	03		-	1.00	-		0.35742	\$ -
MAJOR INDUSTRY	04	2	15,269,000	3.40	51,914,600		1.21522	\$ 18,555.13
LIGHT INDUSTRY	05	42	72,669,000	3.00	218,007,000		1.07225	\$ 77,919.29
BUSINESS/OTHER	06	400	346,423,096	2.45	848,736,585		0.87567	\$ 303,352.42
MANAGED FOREST	07		-	3.00	-		1.07225	\$ -
REC/NON-PROFIT	08	52	9,123,000	1.00	9,123,000		0.35742	\$ 3,260.71
FARM	09	174	3,486,503	1.00	3,486,503		0.35742	\$ 1,246.13
<b>TOTAL</b>		<b>13,412</b>	<b>6,154,198,304</b>		<b>6,854,026,903</b>			<b>\$ 2,449,742</b>

**District of West Kelowna  
2010 Property Taxes by Class  
General Operating - Excluding Debt**

PROPERTY CLASS		Occurrences	TOTAL VALUE	MULT	Value incl	Mult Factor	TAX RATE	TAX \$/CLASS
RESIDENTIAL	01	12,626	5,704,121,403	1.00	5,704,121,403		2.60055	\$ 14,833,871.50
UTILITIES	02	116	3,106,302	6.00	18,637,812		15.60332	\$ 48,468.62
SUPPORTIVE HOUSING	03		-	1.00	-		2.60055	\$ -
MAJOR INDUSTRY	04	2	15,269,000	3.40	51,914,600		8.84188	\$ 135,006.68
LIGHT INDUSTRY	05	42	72,669,000	3.00	218,007,000		7.80166	\$ 566,938.81
BUSINESS/OTHER	06	400	346,423,096	2.45	848,736,585		6.37136	\$ 2,207,184.69
MANAGED FOREST	07		-	3.00	-		7.80166	\$ -
REC/NON-PROFIT	08	52	9,123,000	1.00	9,123,000		2.60055	\$ 23,724.85
FARM	09	174	3,486,503	1.00	3,486,503		2.60055	\$ 9,066.84
<b>TOTAL</b>		<b>13,412</b>	<b>6,154,198,304</b>		<b>6,854,026,903</b>			<b>\$ 17,824,262</b>

**District of West Kelowna  
2010 Property Taxes by Class  
General Operating - Library**

PROPERTY CLASS		Occurrences	TOTAL VALUE	MULT	Value incl Mult Factor	TAX RATE	TAX \$/CLASS
RESIDENTIAL	01	12,626	5,704,121,403	1.00	5,704,121,403	0.16258	\$ 927,367.16
UTILITIES	02	116	3,106,302	6.00	18,637,812	0.97547	\$ 3,030.11
SUPPORTIVE HOUSING	03		-	1.00	-	0.16258	\$ -
MAJOR INDUSTRY	04	2	15,269,000	3.40	51,914,600	0.55277	\$ 8,440.19
LIGHT INDUSTRY	05	42	72,669,000	3.00	218,007,000	0.48774	\$ 35,443.24
BUSINESS/OTHER	06	400	346,423,096	2.45	848,736,585	0.39832	\$ 137,986.27
MANAGED FOREST	07		-	3.00	-	0.48774	\$ -
REC/NON-PROFIT	08	52	9,123,000	1.00	9,123,000	0.16258	\$ 1,483.20
FARM	09	174	3,486,503	1.00	3,486,503	0.16258	\$ 566.83
<b>TOTAL</b>		<b>13,412</b>	<b>6,154,198,304</b>		<b>6,854,026,903</b>		<b>\$ 1,114,317</b>

**Included in the Financial Plan is:**

**List of Parcel Taxes Included in Budget**

**RDCO**

Sterile Insect Release	\$ 18,173
East Bound Trunk Sewer	25,452
Lakeview Trunk Sewer	43,098

**District of West Kelowna**

Shamrock/Ensign Street Lights	\$ 2,968
Brown Road Sidewalks	5,279
Mt. Boucherie #305 Sewer	33,289
Glenrosa #103 Trunk	82,786
Mt. Boucherie #303	90,080

Gellatly #503	1,315
Glenrosa #101	273

Lakeview #603	471
Green Bay	15,105

Taxation is a major revenue source for the General Fund and accounts for 25.47% of the 2010 total revenue estimated at \$83,984,713, excluding collection for other governments. Over the five-year period of the financial plan, the taxation requirement is estimated to increase annually by a growth factor of (2.00%) and an additional increase of 5.00%, which includes increase in cost of living and increase to reserves.

The current financial plan provides for \$21,388,321 to be generated from District of West Kelowna property tax base for General Government purposes.

The District has various policies that govern and affect the budget process and include:

1. Revenue Policy.
2. Surplus Funds Policy.
3. Debt Policy.
4. Reserve Fund Policy
5. Proportion of Taxes Allocated to Classes
6. Permissive Tax Exemptions
7. Development Cost Charges

### **Revenue Policy**

The District 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 District will actively pursue alternative revenue sources to help minimize property taxes.

The District will consider market rates and charges levied by other public and private organizations for similar services in establishing rates, fees and charges.

The District 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 District 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 District 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.

## **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. Council will review options and provide direction to staff regarding the allocation of any operating surplus prior to completion of the budget process for the following year.
- b. To ensure the Accumulated Surplus is not excessive, the balance in the accumulated surplus account should not exceed a specific amount or guideline. The guideline is that Accumulated Surplus should not exceed 10% of the net operating budget.
- c. Accumulated Surplus funds above the 10% guideline shall be used to:
  - i. Fund capital expenditures or to increase reserves;
  - ii. Pay off capital debt, including internal borrowings;
  - iii. Stabilize City property tax and utility rate increases;
  - iv. Fund other items as Council deems appropriate.
- d. Staff will facilitate Council's review of the amount of Accumulated Surplus funds available on an annual basis.

## **Debt Policy**

1. One-time capital improvements and unusual 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 borrowing amount be limited to 15% (*Community Charter* allows for 25%) of the Districts revenues as defined by the *Community Charter*.
6. Reserves are to be considered as a funding source before debt.

## **Reserve Funds**

Reserve funds shall be set aside to:

- a. Provide sources of funds for future capital expenditures;
- b. Provide a source of funding for areas of expenditure that fluctuate significantly from year to year (equipment replacement, special building maintenance, etc.);
- c. Protect the District from uncontrollable or unexpected increases in expenditures or unforeseen reductions in revenues, or a combination of the two; and
- d. Provide for working capital to ensure sufficient cash flow to meet the District's needs throughout the year.

### **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.

### **Permissive Tax Exemptions**

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 Charges**

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.