

DISTRICT OF WEST KELOWNA

BYLAW NO. 0152

A BYLAW TO ADOPT THE 2013-2022 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 "DISTRICT OF WEST KELOWNA FINANCIAL PLAN BYLAW NO. 0152, 2013".

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, 2013 to December 31, 2022.

READ A FIRST TIME AS AMENDED, January 15, 2013  
READ A SECOND TIME AS AMENDED, April 23, 2013  
READ A THIRD TIME, April 23, 2013  
ADOPTED, May 14, 2013

'DOUG FINDLATER'

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MAYOR

'TRACEY BATTEN'

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CITY CLERK

## Schedule "A"

District of West Kelowna 2013 - 2022 Financial Plan									
Consolidated Totals - Revenues Schedule "A"									
Description	Financial Plan 2012	Requested 2013	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022
Property Taxes	23,259,339	24,247,861	27,275,546	28,366,567	29,501,231	30,681,278	31,908,527	33,184,866	34,512,259
Property Tax Exemption	462,826	472,083	493,647	501,051	508,567	516,196	523,938	531,798	539,775
Utility Companies	454,127	476,884	498,667	506,148	513,740	521,446	529,268	537,207	545,255
Local Improvements	-	-	-	-	-	-	-	-	-
Grants-in-Lieu	308	313	327	332	337	342	347	353	358
Sales of Service	22,718,411	22,569,550	24,359,063	24,636,326	25,191,088	25,573,497	25,873,712	26,451,883	26,888,167
Other Revenue from Own Sources	2,442,796	2,476,841	2,588,700	2,627,531	2,666,944	2,706,947	2,747,551	2,788,763	2,830,596
Government Transfers	2,265,225	665,000	279,842	285,438	291,147	296,970	302,910	308,968	315,147
Government Grants	6,221,717	800,876	20,939	20,939	20,940	20,939	20,939	20,939	20,939
Transfer from Own Reserves	9,671,926	108,333	1,878,057	1,735,641	1,677,946	2,026,444	1,757,500	1,638,000	1,638,000
Transfer from Sewer Utility	-	-	-	-	-	-	-	-	-
Transfer from Water Utility	-	-	-	-	-	-	-	-	-
Transfer from Surplus to fund Capital	-	-	-	-	-	-	-	-	-
Transfers from Statutory Reserves	-	-	-	-	-	-	-	-	-
Development Cost Charges	1,210,180	-	-	525,000	875,000	1,103,000	334,000	-	-
Equipment Replacement Fund	793,146	-	1,264,335	113,967	480,520	143,967	1,009,333	306,520	306,520
Capital Reserve	2,944,200	-	2,778,000	2,497,100	1,739,000	1,671,900	2,871,350	2,587,025	2,587,025
Local Improvement Reserve	129,532	-	-	-	-	-	-	-	-
Water Capital Reserve	-	-	-	-	-	-	-	-	-
Borrowing Proceeds	1,376,276	-	-	-	-	-	-	-	-
Sub-total	73,950,009	51,817,714	61,437,123	61,816,041	63,466,480	65,262,925	67,929,375	68,355,321	70,183,050
Collections for Other Governments	21,367,898	21,795,164	23,129,202	23,591,786	24,063,622	24,544,895	25,035,792	25,536,508	26,047,239
<b>TOTAL REVENUES</b>	<b>95,317,817</b>	<b>73,612,905</b>	<b>84,566,325</b>	<b>85,407,827</b>	<b>87,530,082</b>	<b>89,807,820</b>	<b>92,965,168</b>	<b>93,891,829</b>	<b>96,230,289</b>

**Consolidated Expenditures**  
**Schedule "A" Continued**

Description	Financial Plan	Requested	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
	2012		2013	2016	2017	2018	2019	2020	2021	2022
<b>Operating Expenditures</b>										
General Government Services	6,331,312	6,260,132	6,616,498	6,748,368	6,883,876	7,021,073	7,161,015	7,304,755	7,450,351	
Protective Services	10,462,988	10,836,131	11,769,804	12,042,320	12,321,580	12,607,758	12,901,031	13,201,584	13,509,604	
Transportation Services	5,568,112	6,363,261	6,974,545	7,114,036	7,256,316	7,401,443	7,549,471	7,700,461	7,854,470	
Environmental Health Services inc Storm Sewer	7,964,208	8,692,768	9,283,564	9,350,039	9,690,479	9,854,972	9,933,610	10,286,481	10,493,681	
Storm Sewer Utility	145,887	145,887	161,032	165,058	169,184	173,414	177,749	182,193	186,748	
Public Health Services	20,000	25,000	26,530	27,061	27,602	28,154	28,717	29,291	29,877	
Environmental Development Services	3,001,400	2,928,763	3,053,801	3,114,858	3,177,134	3,240,657	3,305,450	3,371,538	3,438,951	
Recreation & Cultural Services	5,511,119	5,535,182	5,919,351	6,037,210	6,157,427	6,280,047	6,405,120	6,532,694	6,662,821	
Interest & Principal - Municipal Debt	6,479,235	5,594,548	5,560,750	5,426,158	5,497,218	5,569,700	5,643,632	5,719,042	5,795,961	
Other Financial Fees	50,831	52,228	55,425	56,533	57,664	58,817	59,994	61,194	62,417	
Transfer to Own Reserves	4,779,211	2,337,908	2,503,917	2,668,364	2,748,930	2,996,793	3,289,334	3,861,860	4,462,937	
Transfer to Statutory Reserves										
Development Cost Charges Fund	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	
Equipment Replacement Fund	539,877	478,864	485,416	448,308	487,423	653,726	775,814	864,370	954,701	
Off-Street Parking Reserve Fund	-	-	-	-	-	-	-	-	-	
Local Improvements Fund	-	-	-	-	-	-	-	-	-	
Capital Reserve Fund	2,765,529	996,545	1,976,582	2,471,689	2,786,045	2,835,948	2,910,011	2,782,376	2,607,359	
Available for supplemental budget requests	-	811,525	349,245	490,137	644,914	802,812	969,757	1,146,188	1,337,479	
Sewer Capital Reserve	80,000	80,000	84,897	86,595	88,326	90,093	91,895	93,733	95,607	
Water Capital Reserve	354,000	89,000	95,373	97,599	99,876	102,207	104,594	107,037	109,537	
<b>Total Operating Expenditures</b>	<b>54,653,709</b>	<b>51,817,741</b>	<b>55,516,731</b>	<b>56,944,333</b>	<b>58,693,994</b>	<b>60,317,614</b>	<b>61,907,192</b>	<b>63,824,776</b>	<b>65,652,501</b>	
<b>Capital Expenditures</b>										
General Government Services	381,786	-	199,335	78,967	72,520	93,967	199,333	72,520	72,520	
Protective Services	271,228	-	715,000	81,000	408,000	96,000	710,000	154,000	154,000	
Transportation Services	8,158,650	-	2,965,000	3,908,000	3,098,000	3,283,000	3,251,000	3,051,000	3,051,001	
Environmental Health Services	7,054,231	-	575,000	80,000	235,000	255,000	200,000	115,000	115,000	
Public Health Services	-	-	-	-	-	-	-	-	-	
Recreation & Cultural Services	2,909,054	-	728,057	451,641	290,696	776,694	1,148,750	583,250	583,251	
Storm Sewer	521,351	-	738,000	272,100	688,250	440,650	513,100	554,775	554,776	
<b>Total Capital Expenditures</b>	<b>19,296,300</b>	<b>-</b>	<b>5,920,392</b>	<b>4,871,708</b>	<b>4,772,466</b>	<b>4,945,311</b>	<b>6,022,183</b>	<b>4,530,545</b>	<b>4,530,548</b>	
Transfers to Other Governments	21,367,808	21,795,164	23,129,202	23,591,766	24,063,622	24,544,895	25,035,792	25,536,508	26,047,239	
<b>TOTAL EXPENDITURES</b>	<b>95,317,817</b>	<b>73,612,905</b>	<b>84,566,326</b>	<b>85,407,827</b>	<b>87,530,082</b>	<b>89,807,820</b>	<b>92,965,168</b>	<b>93,891,830</b>	<b>96,230,289</b>	

Taxation is a major revenue source for the General Fund and accounts for 32.94% of the 2013 total revenue estimated at \$73,612,905, including 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 (1.00%) and an additional increase of 3.00%, which includes increase in cost of living and increase to reserves.

The current financial plan provides for \$24,247,861 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.