

DISTRICT OF WEST KELOWNA

BYLAW NO. 0171

A BYLAW TO ADOPT THE 2014-2023 FINANCIAL PLAN

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. 0171, 2014".

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, 2014 to December 31, 2023.

READ A FIRST TIME THIS 21ST DAY OF JANUARY, 2014

READ A SECOND TIME AS AMENDED AND A THIRD TIME THIS 22ND DAY OF APRIL, 2014

ADOPTED THIS 13TH DAY OF MAY, 2014

' DOUG FINDLATER '

MAYOR

' TRACEY BATTEN '

CITY CLERK

Schedule "A"

District of West Kelowna 2014 - 2023 Financial Plan												
Consolidated Totals - Revenues Schedule "A"												
Description	Financial Plan		Requested 2014	Forecast								
	2013	2014		2015	2016	2017	2018	2019	2020	2021	2022	2023
Property Taxes	24,236,231	25,274,801	26,285,793	27,337,225	28,430,714	29,567,943	30,750,659	31,980,683	33,259,909	34,590,303	35,973,913	
Property Tax Exemption	472,083	479,164	486,351	493,647	501,051	508,567	516,196	523,938	531,798	539,775	547,871	
Utility Companies	476,884	450,000	456,750	463,601	470,555	477,614	484,778	492,049	499,430	506,922	514,525	
Grants-in-Lieu	313	318	322	327	332	337	342	347	353	358	363	
Sales of Service	23,098,156	23,560,384	25,865,792	25,375,976	25,720,981	26,345,803	26,675,254	27,050,357	27,705,944	28,192,236	28,336,254	
Other Revenue from Own Sources	2,595,463	2,664,093	2,782,966	2,636,767	2,676,318	2,716,463	2,757,209	2,798,567	2,840,545	2,883,154	2,926,402	
Government Transfers	665,000	273,182	278,646	284,219	289,903	295,701	301,615	307,647	313,800	320,076	326,478	
Government Grants	1,607,076	842,876	843,886	994,406	844,937	995,479	846,030	1,046,593	847,167	997,753	848,351	
Transfer from Own Reserves	10,079,430	3,675,094	4,007,288	1,441,761	2,068,345	2,587,002	3,291,904	1,863,204	2,710,704	2,275,000	5,100,000	
Development Cost Charges	1,184,361	3,921,935	3,049,238	126,833	-	-	228,000	294,000	67,000	-	-	
Equipment Replacement Fund	1,155,235	1,654,100	474,000	605,000	779,355	905,000	1,046,000	395,000	1,078,500	285,000	840,000	
Capital Reserve	5,427,128	1,191,008	2,013,008	2,074,667	722,100	2,008,574	3,534,474	1,439,100	3,801,775	2,008,225	550,000	
Water CEC Reserve	-	1,037,760	-	-	-	-	-	-	-	-	-	
Borrowing Proceeds	558,200	-	1,185,000	6,500,000	-	-	-	-	-	-	-	
Sub-total	71,555,560	65,024,714	67,729,040	68,334,429	62,504,592	66,408,483	70,432,460	68,191,487	73,656,925	72,598,802	75,964,158	
Collections for Other Governments	21,652,323	22,180,107	22,623,710	23,076,184	23,537,707	24,008,462	24,488,631	24,978,403	25,477,971	25,987,531	26,507,282	
TOTAL REVENUES	93,407,883	87,204,822	90,352,750	91,410,613	86,042,299	90,416,944	94,921,091	93,169,890	99,134,896	98,586,333	102,471,439	

Schedule "A"

Consolidated Expenditures											
Schedule "A" Continued											
Description	Financial Plan	Requested	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Expenditures											
General Government Services	6,413,340	6,495,538	6,457,001	6,637,452	6,769,741	6,905,676	7,043,309	7,183,695	7,327,889	7,473,948	7,624,428
Protective Services	10,912,131	11,260,061	11,499,714	11,744,672	11,995,053	12,250,979	12,512,574	12,779,965	13,053,283	13,332,660	13,618,232
Transportation Services	6,876,365	7,103,598	6,704,692	6,835,664	6,972,378	7,111,825	7,254,062	7,399,143	7,547,126	7,698,068	7,852,030
Environmental Health Services inc Storm Sewer	8,761,070	8,574,355	9,714,305	8,855,406	9,041,411	9,231,395	9,425,444	9,623,647	9,826,104	10,032,899	10,244,134
Storm Sewer Utility	145,887	172,076	180,787	185,306	189,939	194,687	199,554	204,543	209,657	214,898	220,270
Public Health Services	25,000	170,400	171,172	161,814	162,541	163,284	38,642	39,414	40,203	41,007	41,827
Environmental Development Services	3,026,307	3,150,996	3,090,575	3,152,387	3,215,434	3,279,743	3,345,338	3,412,244	3,480,488	3,550,100	3,621,104
Recreation & Cultural Services	5,629,358	6,051,953	6,166,872	6,287,604	6,329,330	6,455,391	6,583,974	6,715,128	6,848,905	6,985,358	7,124,539
Interest & Principal - Municipal Debt	5,594,548	5,769,792	5,988,396	5,875,778	6,263,641	6,341,158	6,420,224	6,500,872	6,583,133	6,667,040	6,752,625
Other Financial Fees	52,228	29,492	30,137	30,739	31,354	31,981	32,621	33,273	33,939	34,617	35,310
Transfer to Own Reserves	2,718,411	2,428,530	2,887,623	2,873,908	3,031,800	3,105,512	3,346,213	3,631,254	4,195,933	4,788,796	4,855,775
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	600,000	600,000
Equipment Replacement Fund	478,864	378,003	482,842	501,570	464,866	504,395	671,123	793,646	882,648	973,436	993,211
Off-Street Parking Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Local Improvements Fund	-	-	-	-	-	-	-	-	-	-	-
Capital Reserve Fund	996,545	1,518,764	1,582,497	2,189,792	2,282,561	2,628,984	2,712,812	2,822,743	2,713,008	2,598,016	2,658,600
Available for supplemental budget requests	-	-	676,499	944,270	1,140,427	1,353,974	1,572,566	1,802,177	2,043,279	2,301,359	2,988,571
Sewer Capital Reserve	80,000	80,000	83,232	84,897	86,595	88,326	90,093	91,895	93,733	95,607	97,520
Water Capital Reserve	89,000	119,000	122,162	124,910	127,721	130,596	133,536	136,543	139,619	142,766	145,983
Total Operating Expenditures	52,399,053	53,902,558	56,438,506	57,086,169	58,704,792	60,377,906	61,982,083	63,770,183	65,618,946	67,530,577	69,474,158
Capital Expenditures											
General Government Services	608,241	263,500	406,000	240,000	109,355	225,000	286,000	185,000	138,500	285,000	80,000
Protective Services	305,058	762,500	136,000	15,000	716,000	515,000	796,000	110,000	861,000	-	760,000
Transportation Services	8,329,035	6,705,845	7,127,919	1,305,204	1,470,704	1,995,704	4,840,704	1,890,704	4,940,704	1,950,000	4,750,000
Environmental Health Services	3,927,011	1,492,760	1,925,000	925,000	310,000	615,000	605,000	430,000	495,000	725,000	-
Public Health Services	500,000	-	35,000	-	-	-	-	-	-	-	-
Recreation & Cultural Services	4,534,279	1,290,401	1,289,115	8,025,057	721,641	2,011,622	1,472,024	1,292,500	1,165,000	775,000	900,000
Storm Sewer	952,883	607,150	371,500	738,000	472,100	688,250	440,650	513,100	437,775	1,333,225	-
Total Capital Expenditures	19,156,507	11,122,156	11,290,534	11,248,261	3,799,800	6,030,576	8,450,378	4,421,304	8,037,979	5,068,225	6,490,000
Transfers to Other Governments	21,852,323	22,180,107	22,623,710	23,076,184	23,537,707	24,008,462	24,488,631	24,978,403	25,477,971	25,987,531	26,507,282
TOTAL EXPENDITURES	99,407,882	87,204,822	90,352,750	91,410,613	86,042,299	90,416,943	94,921,091	93,169,890	99,134,897	98,566,332	102,471,440

Schedule "A"

Taxation is a major revenue source for the General Fund and accounts for 33.35% of the 2014 total revenue estimated at \$75,721,278, 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 \$25,274,801 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.

Schedule "A"

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.

Schedule "A"

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.