

DISTRICT OF WEST KELOWNA

BYLAW NO. 0182

A BYLAW TO ADOPT THE 2015-2024 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. 0182, 2015".

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, 2015 to December 31, 2024.

READ A FIRST TIME THIS 5TH DAY OF FEBRUARY, 2015

READ A SECOND TIME AS AMENDED AND A THIRD TIME THIS 14TH DAY OF APRIL, 2015

ADOPTED THIS 28TH DAY OF APRIL, 2015

'Doug Findlater'

MAYOR

'Tracey Batten'

CITY CLERK

Schedule "A"

District of West Kelowna 2015 - 2024 Financial Plan											
Consolidated Totals - Revenues Schedule "A"											
Description	Financial Plan 2014	Requested 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024
Property Taxes	25,274,801	26,925,245	28,002,255	29,122,345	30,287,240	31,347,292	32,444,445	33,579,998	34,755,296	35,971,730	37,230,738
Property Tax Exemption	479,164	249,319	253,059	256,855	260,707	264,618	268,587	272,616	276,705	280,856	285,069
Utility Companies	450,000	446,769	453,470	460,272	467,177	474,184	481,297	488,516	495,844	503,282	510,831
Grants-in-Lieu	318	322	327	332	337	342	347	353	358	363	369
Sales of Service	23,558,910	23,481,043	24,065,305	24,618,666	25,055,613	25,501,184	25,955,746	26,419,490	26,892,618	27,375,329	27,833,426
Other Revenue from Own Sources	2,664,092	2,649,864	2,656,911	2,696,765	2,737,217	2,778,275	2,819,948	2,862,247	2,905,180	2,948,759	2,992,991
Government Transfers	273,182	275,000	275,000	279,125	283,312	287,562	291,875	296,253	300,697	305,207	309,785
Government Grants	842,876	63,313	63,695	64,081	64,473	64,872	65,275	65,685	66,101	66,524	66,953
Transfer from Own Reserves	3,675,094	-	-	-	-	-	-	-	-	-	-
Development Cost Charges	3,921,935	-	-	-	-	-	-	-	-	-	-
Equipment Replacement Fund	1,654,100	-	-	-	-	-	-	-	-	-	-
Capital Reserve	1,191,008	-	-	-	-	-	-	-	-	-	-
Water CEC Reserve	1,037,760	-	-	-	-	-	-	-	-	-	-
Borrowing Proceeds	-	-	-	-	-	-	-	-	-	-	-
Sub-total	65,023,240	54,090,876	55,770,022	57,498,442	59,156,076	60,718,329	62,327,521	63,985,159	65,692,800	67,452,049	69,230,162
Collections for Other Governments	22,180,107	22,623,710	22,512,809	22,850,501	23,193,259	23,541,157	23,894,275	24,252,689	24,616,479	24,985,727	25,360,512
TOTAL REVENUES	87,203,347	76,714,585	78,282,831	80,348,943	82,349,335	84,259,487	86,221,796	88,237,848	90,309,279	92,437,776	94,590,674

Schedule "A"

Description	Consolidated Expenditures											
	Financial Plan 2014	Requested 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	
Operating Expenditures	6,495,538	6,594,179	6,693,092	6,738,606	6,813,965	6,916,830	7,020,222	7,125,165	7,232,663	7,340,798	7,452,035	
General Government Services	11,260,061	12,035,800	12,266,253	12,493,342	12,725,028	12,961,408	13,202,584	13,448,659	13,699,738	13,955,930	14,217,345	
Transportation Services	7,103,599	6,591,168	6,690,035	6,787,295	6,889,105	6,992,441	7,097,328	7,203,788	7,311,845	7,421,522	7,532,845	
Environmental Health Services Inc Storm Sewer	8,572,880	8,877,864	8,849,053	8,889,904	9,061,145	9,235,844	9,414,072	9,595,907	9,781,428	9,970,714	10,163,846	
Storm Sewer Utility	172,076	216,576	211,741	217,034	222,459	228,021	233,721	239,564	245,553	251,692	257,984	
Public Health Services	170,400	103,500	103,672	119,914	120,641	121,198	121,764	122,338	122,920	123,511	124,112	
Environmental Development Services	3,150,996	3,111,129	3,157,798	3,205,133	3,253,179	3,301,947	3,351,445	3,401,685	3,452,680	3,504,441	3,556,979	
Recreation & Cultural Services	6,051,953	6,217,925	6,311,194	6,397,236	6,409,310	6,505,065	6,602,256	6,700,906	6,801,035	6,902,666	7,005,822	
Interest & Principal - Municipal Debt	5,769,792	5,836,028	5,742,730	6,336,146	6,392,175	6,449,044	6,506,766	6,565,355	6,624,821	6,685,181	6,746,447	
Other Financial Fees	29,934	29,934	30,383	30,839	31,302	31,771	32,248	32,732	33,223	33,721	34,227	
Transfer to Own Reserves	2,428,530	1,682,181	2,122,654	2,100,784	2,208,772	2,325,050	2,565,739	2,850,766	3,415,431	4,008,280	4,075,244	
Transfer to Statutory Reserves	600,000	-	-	-	-	-	-	-	-	-	-	
Development Cost Charges Fund	378,003	393,177	542,861	586,840	675,392	716,130	883,897	1,056,650	1,146,033	1,236,774	1,256,056	
Equipment Replacement Fund	1,518,764	1,541,545	1,582,497	2,089,792	2,623,077	2,978,843	2,967,182	3,031,795	2,926,922	2,816,979	3,282,804	
Capital Reserve Fund	-	659,869	1,262,459	1,298,308	1,519,520	1,739,918	2,109,593	2,387,186	2,671,788	2,969,025	3,289,410	
Available for supplemental budget requests	80,000	80,000	81,200	82,418	83,654	84,909	86,183	87,475	88,788	90,119	91,471	
Sewer Capital Reserve	119,000	120,000	122,400	124,852	127,355	129,911	132,522	135,189	137,913	140,695	143,535	
Water Capital Reserve	-	-	-	-	-	-	-	-	-	-	-	
Total Operating Expenditures	53,901,085	54,090,876	55,770,022	57,498,442	59,156,076	60,718,330	62,327,521	63,985,160	65,692,800	67,452,049	69,230,162	
Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-	
General Government Services	263,500	-	-	-	-	-	-	-	-	-	-	
Protective Services	762,500	-	-	-	-	-	-	-	-	-	-	
Transportation Services	6,705,845	-	-	-	-	-	-	-	-	-	-	
Environmental Health Services	1,492,760	-	-	-	-	-	-	-	-	-	-	
Public Health Services	1,290,401	-	-	-	-	-	-	-	-	-	-	
Recreation & Cultural Services	607,150	-	-	-	-	-	-	-	-	-	-	
Storm Sewer	-	-	-	-	-	-	-	-	-	-	-	
Total Capital Expenditures	11,122,156	-	-	-	-	-	-	-	-	-	-	
Transfers to Other Governments	22,180,107	22,623,710	22,512,809	22,850,501	23,193,259	23,541,157	23,894,275	24,252,689	24,616,479	24,985,727	25,360,512	
TOTAL EXPENDITURES	87,203,348	76,714,585	78,282,831	80,348,943	82,349,335	84,259,487	86,221,796	88,237,849	90,309,280	92,437,775	94,590,674	

Schedule "A"

Taxation is a major revenue source for the General Fund and accounts for 35.10% of the 2015 total revenue estimated at \$76,714,585, including collection for other governments but excluding transfers from reserves. Over the five-year period of the financial plan, the taxation requirement is estimated to increase annually by a growth factor of 4.13% in 2015 and 1.00% for the remaining for years. In addition, a 2.40% increase for cost of living and transfers to reserves is included with 3.0% increases for 2016 to 2018 and a 2.5% increase in 2019.

The current financial plan provides for \$26,925,245 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 debt servicing amount be limited to 15% (*Community Charter* allows for 25%) of the District's 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.