

CITY OF WEST KELOWNA

BYLAW NO. 0195

A BYLAW TO ADOPT THE 2016-2025 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 City of West Kelowna in open meeting assembled, hereby ENACTS AS FOLLOWS:

1. Title

This Bylaw may be cited as the "CITY OF WEST KELOWNA FINANCIAL PLAN BYLAW NO. 0195, 2016".

2. Schedule "A" attached hereto and forming part of this Bylaw shall be the Financial Plan of the City of West Kelowna for the period January 1, 2016 to December 31, 2025.

READ A FIRST TIME THIS 26TH DAY OF JANUARY, 2016
READ A SECOND TIME AS AMENDED THIS 12TH DAY OF APRIL, 2016
READ A THIRD TIME THIS 12TH DAY OF APRIL, 2016
ADOPTED THIS 26TH DAY OF APRIL, 2016

'Doug Findlater'

MAYOR

'Tracey Batten'

CITY CLERK

Schedule "A"

City of West Kelowna 2016 - 2025 Financial Plan											
Consolidated Totals - Revenues Schedule "A"											
Description	Financial Plan 2015	Requested 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Property Taxes	26,937,883	28,150,087	29,276,091	30,447,136	31,655,019	32,773,293	33,920,356	35,107,566	36,336,329	37,608,099	38,924,380
Property Tax Exemption	249,319	247,331	251,041	254,807	258,629	262,508	266,446	270,442	274,499	278,617	282,796
Utility Companies	446,769	551,419	559,690	568,085	576,606	585,256	594,034	602,945	611,989	621,169	630,486
Parcel Tax	-	-	-	-	-	-	-	-	-	-	-
Grants-in-Lieu	322	327	332	337	342	347	353	358	363	369	374
Sales of Service and Recoveries	25,802,766	27,532,433	27,971,192	28,376,808	28,788,148	29,205,657	29,629,429	30,059,557	30,496,137	30,939,265	31,389,041
Other Revenue	994,600	975,000	989,625	1,004,469	1,019,536	1,034,829	1,050,352	1,066,107	1,082,099	1,098,330	1,114,805
Government Grants and Operating Reserves	1,700,486	2,368,104	1,641,267	1,506,326	1,506,944	1,507,572	1,508,208	1,508,855	1,509,511	1,510,177	90,736
Capital Funding Sources	9,092,068	9,603,294	-	-	-	-	-	-	1	2	2
Sub-total	65,224,213	69,427,996	60,689,238	62,157,968	63,815,225	65,369,462	66,969,178	68,615,831	70,310,928	72,066,027	72,432,621
Collections for Other Governments	20,864,101	21,166,913	21,484,417	21,806,683	22,133,783	22,465,790	22,802,777	23,144,818	23,491,991	23,844,370	24,202,036
TOTAL REVENUES	86,078,314	90,594,909	82,173,654	83,964,651	85,949,008	87,835,251	89,771,954	91,760,649	93,802,919	95,900,397	96,634,656

Schedule "A"

Description	Financial Plan	Requested	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Consolidated Expenditures													
Schedule "A" Continued													
Operating Expenditures													
General Government Services	6,443,559	6,900,515	6,907,920	6,985,819	7,091,261	7,197,270	7,304,869	7,415,082	7,525,933	7,638,447	7,752,649	7,868,111	7,984,111
Protective Services	12,404,700	13,526,254	13,856,174	14,191,359	14,531,925	14,802,988	15,079,669	15,362,091	15,650,381	15,944,666	16,238,011	16,531,356	16,824,701
Transportation Services	6,809,794	6,790,092	6,781,943	6,893,672	6,986,927	7,091,731	7,198,107	7,306,079	7,415,670	7,526,905	7,639,808	7,754,311	7,869,414
Environmental Health Services - Inc Storm Sewer	11,064,556	11,475,929	11,648,068	11,822,789	12,000,131	12,180,133	12,362,835	12,548,277	12,736,502	12,927,549	13,121,462	13,317,375	13,514,288
Storm Sewer Utility	206,576	208,739	211,870	215,048	218,274	221,548	224,871	228,244	231,668	235,143	238,670	242,247	245,874
Cemetery	103,500	115,759	156,328	157,782	158,896	160,027	161,175	162,340	163,523	164,723	165,941	167,176	168,426
Environmental Development Services	3,249,567	3,391,746	3,352,593	3,402,853	3,453,865	3,505,643	3,558,198	3,611,542	3,665,686	3,720,643	3,776,424	3,833,031	3,889,474
Recreation & Cultural Services	6,397,447	6,607,761	6,705,368	6,722,064	6,822,511	6,924,464	7,027,947	7,132,982	7,239,592	7,347,802	7,457,635	7,568,092	7,679,175
Property Tax Exemption Offset	249,319	247,331	251,041	254,807	258,629	262,508	266,446	270,442	274,499	278,617	282,796	287,035	291,334
Interest & Principal - Municipal Debt	3,769,336	3,493,331	3,649,756	4,022,607	4,046,157	4,070,060	4,094,321	4,118,947	4,143,941	4,169,311	4,195,061	4,221,191	4,247,700
Other Financial Fees	29,934	35,000	36,525	36,058	36,599	37,148	37,705	38,271	38,845	39,427	40,019	40,619	41,226
Transfer to Reserves:													
Capital Infrastructure - New	1,551,545	1,742,497	2,610,150	3,010,302	3,310,457	3,510,614	3,810,773	4,010,934	4,011,098	5,011,265	5,511,434	6,011,603	6,511,772
Capital Infrastructure - Renewal	-	60,610	42,225	43,914	45,671	47,498	49,160	50,881	52,661	54,504	56,412	58,385	60,326
Equipment Replacement	333,177	481,361	530,000	600,000	600,000	800,000	1,000,000	1,000,000	1,000,000	1,200,000	1,200,000	1,200,000	1,200,000
Future Expenditures	1,422,181	1,582,849	700,000	300,000	100,000	150,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Accumulated Surplus	-	-	300,000	400,000	900,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Gas Tax (Community Works)	1,291,111	1,355,667	1,355,667	1,420,117	1,420,117	1,420,117	1,420,117	1,420,117	1,420,117	1,420,117	1,420,117	1,420,117	1,420,117
Recreation	126,374	105,341	105,879	106,423	106,977	107,539	108,099	108,661	109,223	109,785	110,347	110,909	111,471
Sewer Capital	80,000	157,779	160,146	162,548	164,986	167,461	169,973	172,522	175,110	177,737	180,403	183,119	185,835
Water Capital	320,000	1,040,703	1,056,314	1,072,158	1,088,241	1,104,564	1,121,133	1,137,950	1,155,019	1,172,344	1,189,929	1,207,514	1,225,100
Available for supplemental budget requests	-	-	272,271	347,647	473,602	608,150	762,339	1,259,590	1,391,142	1,757,284	2,066,423	2,375,562	2,684,701
Total Operating Expenditures	55,852,676	59,319,264	60,689,237	62,157,968	63,815,224	65,369,462	66,969,177	68,615,831	70,310,927	72,056,024	72,432,618	73,178,212	73,924,806
Capital Expenditures													
General Government Services	476,800	478,300	-	-	-	-	-	-	-	-	-	-	-
Protective Services	212,000	1,068,000	-	-	-	-	-	-	-	-	-	-	-
Transportation Services	2,405,000	2,761,000	-	-	-	-	-	-	-	-	-	-	-
Environmental Health Services	2,716,136	3,087,063	-	-	-	-	-	-	-	-	-	-	-
Public Health Services	805,000	97,500	-	-	-	-	-	-	-	-	-	-	-
Recreation & Cultural Services	1,536,600	1,726,868	-	-	-	-	-	-	-	-	-	-	-
Storm Sewer	1,220,000	890,000	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	9,371,536	10,108,731	21,484,417	21,806,683	22,133,783	22,465,790	22,802,777	23,144,818	23,491,991	23,844,370	24,202,036	24,553,102	24,903,807
Transfers to Other Governments	20,854,101	21,166,913	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	86,078,313	90,594,908	82,173,654	83,964,651	85,949,007	87,835,252	89,771,954	91,760,649	93,802,918	95,900,395	96,634,654	97,371,919	98,108,613

Schedule "A"

Taxation is a major revenue source for the General Fund and accounts for 31.1% of the 2016 total revenue estimated at \$90,594,909, including collection for other governments but excluding transfers from reserves. Over the ten-year period of the financial plan, the taxation requirement is estimated to increase annually by a growth factor of 1.5% in 2016 and 1.00% for the remaining years. In addition, an increase for cost of living and transfers to reserves is included with 3.0% increases for 2017 and 2018 and a 2.5% increase in 2019.

The current financial plan provides for \$28,150,087 to be generated from City of West Kelowna property tax base for General Government purposes.

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

1. Revenue Policy
2. Reserve Fund Policy
3. Grant-In-Aid Policy
4. Permissive Tax Exemption Policy
5. Development Cost Charge Policy

Revenue Policy

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

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

The City 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 City 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 City 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.

Reserve Fund Policy

It is essential that local governments maintain adequate levels of reserve balances to mitigate current and future risks, ensure stable tax rates and demonstrate financial commitment to long range infrastructure and master plans. The following guiding principles form the basis of the Policy:

Schedule "A"

- Sufficient reserve funds are important in achieving financial health and stability for the City of West Kelowna.
- Reserve goals need to be consistent with and supportive of established long term financial plans.
- Reserve fund management needs to conform to the statutory and legal requirements of the *Local Government Act* and the *Community Charter*, generally accepted accounting principles (GAAP) and public sector accounting board (PSAB) recommendations.

Grant in Aid Policy

Each year, as part of its annual budget process, Council will determine the amount of funding to be provided for all municipal Grants in Aid including: Community Project grants, Corporate grants, In-Kind Contribution grants, Special Events grants and Community Events grants. Council will through its annual budget process, determine the amount of funding to be allocated to the grant program. Council will retain the right to make the final decision on both the overall grant allocation and the individual grant. All applications for grants in aid will be considered in accordance with the Grant in Aid Policy.

Permissive Tax Exemption Policy

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 Charge Policy

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.

Other guiding principles that are important during the budget process and preparation of the financial plan:

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

Schedule "A"

- a. To ensure the Accumulated Surplus is not excessive, the balance in the accumulated surplus account should not exceed a specific amount or guideline (guideline contained in the Reserve Fund Policy)
- b. Staff will facilitate Council's review of the amount of Accumulated Surplus funds available on an annual basis.
- c. Allocation of accumulated surplus over the guideline shall be done in compliance with the Reserve Fund Policy

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 City's revenues as defined by the *Community Charter*.
6. Reserves are to be considered as a funding source before debt.

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.