

CITY OF WEST KELOWNA

BYLAW NO. 0247

A BYLAW TO ADOPT THE 2018-2027 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 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. 0247, 2018".

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, 2018 to December 31, 2027.

READ A FIRST TIME THIS 16<sup>TH</sup> DAY OF JANUARY, 2018  
READ A SECOND TIME AS AMENDED THIS 10<sup>TH</sup> DAY OF APRIL, 2018  
READ A THIRD TIME THIS 10<sup>TH</sup> DAY OF APRIL, 2018  
ADOPTED THIS 17<sup>TH</sup> DAY OF APRIL, 2018

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MAYOR

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CITY CLERK



**City of West Kelowna 2018 - 2027 Financial Plan  
Consolidated Totals Revenue Schedule "A" Continued**

Description	Final 2017	Final 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027
Property Taxes	29,473,142	31,032,304	32,366,691	33,758,456	35,210,068	36,724,099	38,229,785	39,797,204	41,428,887	43,127,470	44,895,694
Property Tax Exemption	247,331	217,373	220,633	223,943	227,302	230,711	234,171	237,683	241,248	244,867	248,540
Utility Companies	551,419	564,676	573,146	581,743	590,469	599,326	608,316	617,441	626,703	636,104	645,646
Parcel Tax	1,168,388	1,144,010	1,144,010	1,085,436	1,030,495	1,030,495	1,030,495	1,030,495	1,030,495	1,030,495	1,030,495
Sales of Service and Recoveries	32,297,952	32,185,546	31,430,192	32,373,500	34,799,432	35,252,593	35,712,551	36,179,409	35,640,934	35,673,977	35,727,440
Other Revenue	1,082,212	1,183,700	1,160,100	1,154,900	1,149,469	1,143,894	1,138,140	1,132,235	1,126,079	1,119,761	1,133,875
Government Grants and Operating Reserves	43,093,607	2,316,547	1,629,263	1,632,399	1,703,584	1,638,816	1,642,096	1,716,425	1,648,805	1,652,235	1,655,717
Capital Funding Sources	33,605,022	94,870,109	16,122,471	12,762,683	10,159,859	5,917,357	16,213,602	12,029,467	8,659,619	5,349,073	42,057,725
Sub-total	141,519,072	163,514,265	84,646,506	83,573,061	84,870,678	82,537,291	94,809,156	92,740,359	90,402,770	88,833,982	127,395,132
Collections for Other Governments	21,371,043	21,383,268	21,691,060	22,003,339	22,320,175	22,641,628	22,981,253	23,325,970	23,675,859	24,030,996	24,391,462
<b>TOTAL REVENUES</b>	<b>\$ 162,890,115</b>	<b>\$ 184,897,533</b>	<b>\$ 106,337,566</b>	<b>\$ 105,576,400</b>	<b>\$ 107,190,853</b>	<b>\$ 105,178,919</b>	<b>\$ 117,790,409</b>	<b>\$ 116,066,329</b>	<b>\$ 114,078,629</b>	<b>\$ 112,864,978</b>	<b>\$ 151,786,594</b>



**City of West Kelowna 2018 - 2027 Financial Plan  
Consolidated Totals Expenditure Schedule "A" Continued**

Description	Final 2017	Final 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027
<b>Operating Expenditures</b>											
General Government Services	7,164,762	7,506,989	7,481,750	7,593,976	7,775,885	7,823,504	7,940,856	8,130,969	8,180,869	8,303,582	8,428,135
Protective Services	13,707,929	14,327,136	14,769,072	15,044,360	15,325,338	15,612,129	15,904,861	16,203,665	16,508,669	16,820,014	17,137,835
Transportation Services	6,770,925	6,847,051	6,932,987	7,177,733	7,285,399	7,394,680	7,505,600	7,618,184	7,732,457	7,848,444	7,966,170
Environmental Health Services inc Storm Sewer	12,274,007	12,944,456	13,428,715	13,922,189	15,895,154	16,133,056	16,374,527	16,619,620	16,846,594	17,085,890	17,342,179
Storm Sewer Utility	212,577	222,412	225,748	229,134	232,571	236,060	239,601	243,195	246,843	250,545	254,304
Cemetery	117,546	181,353	183,121	184,915	186,736	188,585	190,461	192,366	194,299	196,261	198,252
Environmental Development Services	3,679,534	3,979,524	3,988,467	4,048,294	4,109,019	4,170,653	4,233,213	4,296,711	4,361,161	4,426,577	4,492,975
Recreation & Cultural Services	6,922,464	9,824,589	7,542,032	7,654,765	7,769,188	7,885,328	8,003,210	8,122,861	8,244,306	8,367,573	8,492,689
Property Tax Exemption Offset	247,331	227,835	220,633	223,943	227,302	230,711	234,171	237,683	241,248	244,867	248,540
Interest & Principal - Municipal Debt	3,041,972	3,982,098	3,991,638	3,924,578	3,860,948	3,852,096	3,843,064	3,833,864	2,833,904	2,209,498	1,775,303
Other Financial Fees	35,000	23,700	24,056	24,416	24,783	25,154	25,532	25,915	26,303	26,698	27,098
<b>Transfer to Reserves:</b>	0										
Capital Infrastructure - New	2,610,000	3,339,519	3,626,477	3,969,041	3,996,358	4,200,000	4,250,000	5,000,000	5,500,000	6,100,000	6,886,648
Capital Infrastructure - Renewal	61,649	70,736	60,513	63,115	65,829	68,660	60,595	63,079	65,665	68,358	71,160
Equipment Replacement	530,000	617,500	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
New fund re Universal Accessibility	-	2,000	-	-	-	-	-	-	-	-	-
Future Expenditures	1,063,860	755,560	552,789	275,000	350,000	585,681	927,933	523,363	522,181	624,587	480,792
Accumulated Surplus	0	-	-	-	-	-	-	-	-	-	1
Gas Tax (Community Works)	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
Property Acquisition Reserve	370,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Recreation	105,879	106,000	106,554	107,116	219,540	269,540	269,540	269,540	319,540	319,540	319,540
Sewer Capital	49,043	120,000	124,436	126,303	128,197	130,120	132,072	134,053	136,064	138,105	140,176
Water Capital	1,201,579	1,445,580	1,927,440	2,168,370	2,409,300	2,409,300	2,409,300	2,409,300	2,409,300	2,409,300	2,409,300
Available for supplemental requests 2018 to 2027	23	-	617,489	1,153,013	1,729,155	2,284,559	2,930,901	3,466,409	4,053,631	4,724,953	5,346,192
<b>Total Operating Expenditures</b>	<b>\$ 61,521,747</b>	<b>\$ 68,644,155</b>	<b>\$ 68,524,034</b>	<b>\$ 70,810,378</b>	<b>\$ 74,710,819</b>	<b>\$ 76,619,933</b>	<b>\$ 78,595,554</b>	<b>\$ 80,710,893</b>	<b>\$ 81,743,151</b>	<b>\$ 83,484,909</b>	<b>\$ 85,337,407</b>
<b>Capital Expenditures</b>											
General Government Services	1,310,516	1,596,046	536,000	348,730	180,042	329,438	877,421	240,494	225,000	10,000	10,000
Protective Services	1,477,276	3,065,700	345,600	1,270,600	1,310,600	1,057,600	412,600	305,600	1,310,600	1,270,600	278,600
Transportation Services	10,708,487	19,122,383	4,099,000	2,910,000	6,813,340	2,190,000	2,475,000	9,409,300	4,023,000	2,449,400	17,471,900
Environmental Health Services (water Sewer, Cemetery)	61,362,788	59,214,175	8,370,267	2,573,027	1,138,077	718,119	5,561,073	826,073	1,552,073	1,395,073	619,073
Public Health Services	36,000	-	-	-	-	-	-	-	-	-	-
Recreation & Cultural Services	3,482,258	11,621,805	2,547,604	5,660,326	659,000	891,200	6,887,508	1,073,000	799,946	-	23,678,152
Storm Sewer	1,620,000	250,000	224,000	-	58,800	731,000	-	175,000	749,000	224,000	-
<b>Total Capital Expenditures</b>	<b>79,997,325</b>	<b>94,870,109</b>	<b>16,122,471</b>	<b>12,762,683</b>	<b>10,159,859</b>	<b>5,917,357</b>	<b>16,213,602</b>	<b>12,029,467</b>	<b>8,659,619</b>	<b>5,349,073</b>	<b>42,057,725</b>
Transfers to Other Governments	21,371,043	21,383,268	21,691,060	22,003,339	22,320,175	22,641,628	22,981,253	23,325,970	23,675,859	24,030,996	24,391,462
<b>TOTAL EXPENDITURES</b>	<b>\$ 162,890,114</b>	<b>\$ 184,897,532</b>	<b>\$ 106,337,565</b>	<b>\$ 105,576,400</b>	<b>\$ 107,190,853</b>	<b>\$ 105,178,918</b>	<b>\$ 117,790,409</b>	<b>\$ 116,066,330</b>	<b>\$ 114,078,629</b>	<b>\$ 112,864,978</b>	<b>\$ 151,786,594</b>



# DISTRICT OF WEST KELOWNA

## COUNCIL POLICY MANUAL

### Schedule "A" Continued

Pages: 1 of 3

Approval Date: 2009-FEB-02

<b>DEPARTMENT:</b>	<b>FINANCE</b>
<b>SUBJECT:</b>	<b>REVENUE POLICY</b>

#### Policy Statement:

The revenue policy will provide direction on how Council chooses to fund the expenditures of the Municipality, distribute property taxes among the property classes and use permissive tax exemptions.

#### Purpose:

To comply with Section 165(3.1) of the *Community Charter*; which requires municipal five-year financial plans to include a more explicit form of revenue and tax policy disclosure. This requires municipalities to include in the five-year financial plan, objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the *Community Charter*;
2. The distribution of property taxes among the property classes; and
3. The use of permissive tax exemptions (such as revitalization tax exemptions).

This policy will identify the objectives and policies of Council regarding each of the revenue items.

#### Policy Procedure:

##### Fees and Charges

1. 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.
2. The District will actively pursue alternative revenue sources to help minimize property taxes.
3. The District will consider market rates and charges levied by other public and private organizations for similar services in establishing rates, fees and charges.

4. 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. 2
5. The District will establish cost recovery policies for services provided for other levels of government.
6. General Revenues will not be dedicated for specific purposes, unless required by law or generally accepted accounting practices (GAAP).
7. 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.

#### Debt Financing

8. Debt financing of capital improvements and equipment will only be considered when the following conditions exist:
  - a. when significant cost savings can be obtained by pursuing the capital project prior to raising the required funds;
  - b. when it can be determined that future users will receive a benefit from the improvements;
  - c. when the total cost of the debt does not constitute an unreasonable burden to the taxpayers;
  - d. when there is adequate room in the liability servicing limit to proceed with the borrowing.

#### Surplus Funds

9. 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.

### Reserve funds

10. 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.
11. The District has the following reserve funds:
- a. Reserve Funds (Statutory Reserves) which are authorized either by the *Community Charter* or by bylaw; and
  - b. General (Non-statutory) Reserves which are a combination of budgeted allocations such as equipment replacement reserves, or surplus funds such as the transfer of unspent amounts in our snow clearing budget to a reserve to assist with leveling out expenditures in those years when we get a harsh winter.
12. Interest will be allocated annually to all Statutory and Non-Statutory Reserve Funds at the investment portfolio average rate for the year less one-half percentage point. The interest allocation is based on the following formula:
- i.  $\text{Interest paid to reserve} = (\text{average rate of interest} - .005) * ((\text{balance in reserve at start of year} + \text{balance in reserve at end of year}) / 2)$
  - ii. the deducted interest of .005% will be placed into a Rate Stabilization Fund to be used to equalize revenues in years with lower than expected investment revenue.

### Development Cost Charges

13. 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.

### Proportion of Taxes Allocated to Classes

14. 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

15. 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.