

CITY OF WEST KELOWNA

BYLAW NO. 0263

A BYLAW TO ADOPT THE 2019-2028 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. 0263, 2019".

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, 2019 to December 31, 2028.

READ A FIRST TIME THIS 15TH DAY OF JANUARY, 2019
READ A SECOND TIME AS AMENDED THIS 9TH DAY OF APRIL, 2019
READ A THIRD TIME THIS 9TH DAY OF APRIL, 2019
ADOPTED THIS 23RD DAY OF APRIL, 2019

MAYOR

CITY CLERK

**City of West Kelowna 2019 - 2028 Financial Plan
Consolidated Totals Revenue Schedule "A1"**

Description	Final 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028
Property Taxes	31,032,304	33,009,059	34,428,447	35,908,868	37,452,847	38,988,516	40,587,043	42,251,110	43,883,404	45,786,721	47,863,875
Property Tax Exemption	217,373	206,099	209,190	212,328	215,513	218,745	222,026	225,356	228,737	232,169	235,652
Utility Companies	564,876	600,359	609,364	618,504	627,782	637,199	646,757	656,458	666,305	676,300	686,445
Parcel Tax	1,144,010	1,144,010	1,085,436	1,030,485	1,030,485	1,030,485	1,030,485	1,030,485	1,030,485	1,030,485	1,030,485
Sales of Service and Recoveries	32,185,546	33,227,859	34,349,214	36,845,438	37,359,175	37,880,961	38,410,941	38,927,406	38,035,657	38,166,550	38,741,089
Other Revenue	1,183,700	1,403,318	1,416,741	1,426,815	1,437,022	1,447,349	1,457,812	1,468,365	1,479,057	1,500,187	1,521,649
Government Grants and Operating Reserves	2,316,547	1,636,753	1,630,789	1,633,980	1,705,167	1,640,422	1,643,727	1,647,081	1,721,485	1,653,841	1,657,448
Capital Funding Sources	84,870,109	14,000,080	15,759,406	23,735,533	9,720,589	8,832,021	11,934,995	13,354,581	7,213,180	27,762,605	19,432,379
Sub-total	163,514,264	85,227,648	89,488,597	101,411,940	89,548,700	90,675,709	95,933,797	99,560,853	94,358,320	116,808,968	110,969,132
Collections for Other Governments	21,383,268	21,691,060	22,003,339	22,320,175	22,641,628	22,981,253	23,325,970	23,675,859	24,030,866	24,391,462	24,757,335
TOTAL REVENUES	\$ 184,897,532	\$ 106,918,708	\$ 111,491,936	\$ 123,732,115	\$ 112,190,328	\$ 113,656,962	\$ 119,259,767	\$ 123,236,712	\$ 118,389,316	\$ 141,200,430	\$ 135,726,467

City of West Kelowna 2019 - 2028 Financial Plan
Consolidated Totals Expenditure Schedule "A2"

Description	Final 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028
Operating Expenditures											
General Government Services	7,506,989	7,818,104	7,935,375	8,054,406	8,243,222	8,297,850	8,422,318	8,548,663	8,747,862	8,807,036	8,939,141
Protective Services	14,327,136	15,395,288	16,019,911	16,321,067	16,629,514	16,944,396	17,265,828	17,593,983	17,929,001	18,271,034	18,620,231
Transportation Services	6,947,051	7,367,483	7,618,746	7,733,027	7,949,023	7,966,758	8,086,259	8,207,553	8,330,666	8,455,626	8,582,461
Environmental Health Services inc Storm Sewer	12,944,456	14,565,512	15,310,944	17,052,433	17,307,694	17,566,785	17,829,781	18,074,888	18,322,808	18,607,597	18,886,711
Storm Sewer Utility	222,412	350,500	355,758	361,084	366,510	372,008	377,588	383,252	389,001	394,836	400,758
Cemetery	181,363	189,525	188,370	190,243	192,145	194,074	196,033	198,021	200,039	202,067	204,106
Environmental Development Services	3,979,524	4,249,063	4,420,190	4,480,896	4,553,696	4,616,303	4,681,233	4,755,902	4,832,925	4,899,717	4,975,895
Recreation & Cultural Services	9,924,589	7,599,378	7,759,024	7,875,012	7,992,739	8,112,233	8,233,518	8,358,623	8,481,575	8,608,401	8,737,129
Property Tax Exemption Offset	227,835	200,069	208,180	212,328	215,513	218,745	222,026	225,356	228,737	232,169	235,652
Interest & Principal - Municipal Debt	3,982,098	3,243,425	3,573,814	3,860,948	3,852,086	3,843,064	3,833,864	3,824,445	2,209,498	1,775,303	1,775,836
Other Financial Fees	23,700	24,056	24,416	24,783	25,154	25,532	25,915	26,303	26,688	27,068	27,505
Transfer to Reserves:											
Capital Infrastructure - New	3,339,519	3,719,664	3,998,429	4,044,207	4,349,200	4,504,210	5,159,375	5,664,740	6,270,307	7,062,731	7,815,725
Capital Infrastructure - Renewal	70,736	111,716	63,781	66,523	68,384	61,234	63,744	66,368	69,079	71,911	74,859
Equipment Replacement	617,500	600,000	600,000	600,000	600,000	600,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Universal Accessibility	2,000	-	-	-	-	-	-	-	-	-	-
Future Expenditures	755,560	702,800	447,462	525,049	763,358	1,108,276	706,410	707,973	813,164	672,198	1,375,071
Accumulated Surplus	-	-	-	-	-	-	-	-	-	-	-
Gas Tax (Community Works)	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	1,420,117
Property Acquisition Reserve	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	-
Recreation	106,000	106,554	107,116	219,540	269,540	269,540	269,540	319,540	319,540	319,540	319,540
Sewer Capital	120,000	120,000	121,800	123,627	125,481	127,364	129,274	131,213	133,181	135,179	137,207
Water Capital	1,445,580	1,627,440	2,168,370	2,346,243	2,373,785	2,399,730	2,426,054	2,452,772	2,479,862	2,507,418	2,535,358
Available for supplemental requests 2019 to 2028	-	222,835	682,377	1,162,864	1,629,921	2,185,481	2,739,939	3,348,579	4,031,230	4,676,366	5,267,391
Total Operating Expenditures	\$ 68,644,155	\$ 71,227,558	\$ 73,729,191	\$ 77,676,407	\$ 79,828,101	\$ 81,843,688	\$ 83,998,902	\$ 86,209,272	\$ 87,145,140	\$ 89,046,363	\$ 91,536,753
Capital Expenditures											
General Government Services	1,596,046	578,690	411,500	493,495	561,595	1,127,303	256,122	350,055	385,107	158,290	272,579
Protective Services	3,065,700	281,000	1,394,000	1,273,000	1,178,400	372,600	1,411,000	198,000	1,264,000	1,905,400	1,268,200
Transportation Services	18,122,383	5,872,974	5,755,340	6,008,300	3,610,000	3,130,000	5,433,800	4,772,000	2,324,000	4,226,700	14,891,600
Environmental Health Services (water Sewer, Cemetery)	59,214,175	6,759,028	4,788,460	2,463,000	682,073	2,873,118	4,040,073	1,552,073	1,385,073	619,073	-
Public Health Services	11,621,805	508,400	3,467,106	12,906,738	3,690,531	1,329,000	794,000	6,482,463	1,815,000	20,850,152	3,000,000
Recreation & Cultural Services	250,000	-	-	-	-	-	-	-	-	-	-
Storm Sewer	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	64,870,109	14,000,090	15,756,406	23,735,533	9,720,599	8,832,021	11,934,965	13,364,581	7,213,180	27,762,605	19,432,379
Transfers to Other Governments	21,383,268	21,691,060	22,003,339	22,320,175	22,641,628	22,981,253	23,325,970	23,675,859	24,030,966	24,391,462	24,757,335
TOTAL EXPENDITURES	\$ 164,897,532	\$ 106,918,708	\$ 111,491,938	\$ 123,732,115	\$ 112,160,328	\$ 113,656,962	\$ 119,259,767	\$ 123,236,712	\$ 118,389,316	\$ 141,200,430	\$ 135,726,467



DISTRICT OF WEST KELOWNA

COUNCIL POLICY MANUAL

Pages: 1 of 3
Approval Date: 2009-FEB-02

DEPARTMENT:	FINANCE
SUBJECT:	REVENUE POLICY

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.
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. Interest paid to reserve = (average rate of interest-.005) * ((balance in reserve at start of year + 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.

Previous Revision/s: None
