

CITY OF WEST KELOWNA

BYLAW NO. 0304

A BYLAW TO ADOPT THE 2023-2027 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. 0304, 2023".

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, 2023 to December 31, 2027.

READ A FIRST TIME THIS 31ST DAY OF JANUARY, 2023
READ A SECOND TIME THIS 14TH DAY OF MARCH, 2023
READ A THIRD TIME THIS 14TH DAY OF MARCH, 2023
ADOPTED THIS 18TH DAY OF APRIL, 2023

MAYOR

CORPORATE OFFICER

Schedule "A"

City of West Kelowna						
Schedule "A1"						
Consolidated Totals Revenue						
	Approved	Forecast	Forecast	Forecast	Forecast	Forecast
	2022	2023	2024	2025	2026	2027
Property Taxes	\$ 38,935,529	\$ 41,563,677	\$ 43,849,679	\$ 46,261,412	\$ 48,343,176	\$ 50,518,619
Property Tax Exemption	230,135	204,852	210,998	217,327	223,847	230,563
Utility Companies	605,790	603,737	621,849	640,504	659,719	679,511
Parcel Tax	585,535	585,535	603,101	621,194	639,829	659,025
Sales of Service and Recoveries	38,293,032	41,877,120	43,268,938	44,566,519	45,899,361	47,263,147
Other Revenue	1,446,890	1,541,890	1,588,147	1,635,792	1,684,865	1,735,411
Government Grants and Operating Reserves	3,014,239	2,612,865	1,545,121	1,591,474	1,639,218	1,688,394
Capital Funding Sources	25,487,694	30,972,098	23,841,785	29,819,230	18,287,136	24,743,843
Sub-total	\$ 108,598,844	\$ 119,961,774	\$ 115,529,618	\$ 125,353,452	\$ 117,377,151	\$ 127,518,513
Collections for Other Governments	23,741,700	25,962,248	25,942,919	26,721,207	27,522,842	28,348,528
TOTAL REVENUES	\$ 132,340,544	\$ 145,924,022	\$ 141,472,537	\$ 152,074,659	\$ 144,899,993	\$ 155,867,041

City of West Kelowna						
Schedule "A2"						
Consolidated Totals Expenditure						
Description	Approved	Forecast	Forecast	Forecast	Forecast	Forecast
	2022	2023	2024	2025	2026	2027
Operating Expenditures						
General Government Services	9,440,544	\$ 9,954,817	\$ 10,042,779	\$ 10,343,957	\$ 10,712,269	\$ 10,974,081
Protective Services	19,091,894	20,307,592	20,635,381	21,240,553	21,863,864	22,505,888
Engineering and Transportation Services	8,105,741	8,711,731	8,973,085	9,242,282	9,519,545	9,805,137
Water, Sewer, Solid Waste & Recycling	16,596,893	18,238,022	18,785,159	19,348,716	19,929,175	20,527,054
Storm Sewer Utility	484,906	517,637	533,167	549,164	565,636	582,604
Cemetery	162,986	162,986	167,876	172,913	178,099	183,443
Development Services	4,584,394	4,876,052	5,002,656	5,156,436	5,314,690	5,477,552
Recreation & Cultural Services	9,017,421	9,429,450	10,060,349	10,197,279	10,255,151	10,402,093
Property Tax Exemption Offset	230,135	204,852	210,998	217,327	223,847	230,563
Interest & Principal - Municipal Debt	1,567,604	1,612,297	1,534,616	1,484,972	1,431,988	827,176
Transfer to Reserves:						
General Capital	10,432,678	11,721,245	11,279,497	11,507,145	11,738,323	11,978,675
Sewer Capital	526,318	618,932	735,193	824,572	907,635	1,077,687
Water Capital	2,719,636	2,882,814	3,132,191	3,253,048	3,377,529	3,944,619
Available for Supplemental Requests 2023 to 2027	-	62,500	905,597	2,256,652	3,253,536	4,418,820
Total Operating Expenditures	\$ 82,961,150	\$ 89,300,927	\$ 91,998,544	\$ 95,795,016	\$ 99,271,287	\$ 102,935,392
Capital Expenditures						
General Government Services	680,728	2,593,939	683,592	543,741	678,825	381,323
Protective Services	929,568	1,273,405	2,200,500	419,500	1,292,500	2,172,500
Transportation Services	4,178,000	9,383,000	7,965,000	16,339,507	4,560,000	10,007,315
Environmental Health Services (water Sewer, Cemetery)	12,224,398	6,129,169	6,450,757	8,683,260	10,892,778	10,992,311
Recreation & Cultural Services	6,775,000	10,216,334	4,981,425	2,508,428	506,761	749,672
Storm Sewer	850,000	1,065,000	1,249,800	1,064,000	175,000	280,000
Total Capital Expenditures	25,637,694	30,660,847	23,531,074	29,558,436	18,105,864	24,583,121
Transfers to Other Governments	23,741,700	25,962,248	25,942,919	26,721,207	27,522,842	28,348,528
TOTAL EXPENDITURES	\$ 132,340,544	\$ 145,924,022	\$ 141,472,537	\$ 152,074,659	\$ 144,899,993	\$ 155,867,041

Schedule "A"

Taxation is a major revenue source for the General Fund and accounts for 43% of the 2023 total revenue estimated at \$93,980,426, 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 1.75% in 2023 and 1.5% from 2024 to 2027 as well as by an infrastructure levy of 1% in each of the next three years. This will complete a five-year commitment to collect the levy and makes no assumptions regarding renewal. Inflationary factors and transfers to reserves are also included in the estimated 5.0% increase for 2023 with subsequent increases at the same level for 2024 to 2027.

The current financial plan provides for \$41,563,677 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 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 determines the amount of funding to be provided for the municipal Grants in Aid Program. Council retains the right to make final decisions on both the overall grant allocation and the individual grants awarded. 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 priorities 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

- 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.

Schedule "A"

- c. Allocation of accumulated surplus over the guideline shall be done in compliance with the Reserve Fund Policy

Debt Policy

The City of West Kelowna may consider debt financing under the following guidelines:

1. One-time capital improvements
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.