CITY OF WEST KELOWNA

BYLAW NO. 0292

A BYLAW TO ADOPT THE 2022-2025 FINANCIAL PLAN

CONSOLIDATED FOR CONVENIENCE TO INCLUDE

BYLAW NO. 0292.01

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. 0292, 2022".

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, 2022 to December 31, 2026.

READ A FIRST TIME THIS 8TH DAY OF DECEMBER, 2021
READ A SECOND TIME AS AMENDED AND A THIRD TIME THIS 8TH DAY OF MARCH, 2022
ADOPTED THIS 5TH DAY OF APRIL, 2022

_____
MAYOR

_____
CORPORATE OFFICER

Bylaw No. 00292.01 adopted October 6, 2026 deleted Schedule A in its entirety and replaced it with the following Schedule A:

Schedule A

City of West Kelowna 2022 - 2026 Financial Plan

Consolidated Totals Revenue Schedule "A1"

	Approved 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026
Property Taxes	$ 36,559,183	$ 38,935,530	$ 41,076,984	$ 43,336,218	$ 45,719,710	$ 48,234,294
Property Tax Exemption	209,190	230,135	237,039	244,150	251,475	259,019
Utility Companies	603,844	605,790	623,964	642,684	661,964	681,822
Parcel Tax	1,144,010	585,535	603,102	621,194	639,830	659,025
Grants-in-Lieu	-	-	-	-	-	-
Sales of Service and Recoveries	35,474,337	38,293,031	41,304,392	42,516,686	43,797,875	45,121,691
Other Revenue	1,346,100	1,446,890	1,490,297	1,535,006	1,581,056	1,628,488
Government Grants and Operating Reserves	2,676,617	3,014,239	2,045,122	1,591,474	1,639,218	1,749,394
Capital Funding Sources	56,070,056	25,895,694	33,689,816	22,516,791	18,742,981	12,354,152
Sub-total	$ 134,083,337	$ 109,006,845	$ 121,070,716	$ 113,004,204	$ 113,034,109	$ 110,687,885
Collections for Other Governments	21,930,300	23,741,700	24,453,951	25,187,571	25,943,194	26,721,493
TOTAL REVENUES	$ 156,013,637	$ 132,748,545	$ 145,524,667	$ 138,191,775	$ 138,977,303	$ 137,409,378

City of West Kelowna 2022 - 2026 Financial Plan

Consolidated Totals Expenditure Schedule "A2"

Description	Approved 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026
Operating Expenditures						
General Government Services	$ 9,503,175	$ 9,440,545	$ 9,690,291	$ 9,826,770	$ 10,069,447	$ 10,379,567
Protective Services	16,517,168	18,628,611	19,300,398	20,102,183	20,950,711	21,849,316
Engineering and Transportation Services	8,137,042	8,105,741	8,259,287	8,489,194	8,725,632	8,968,802
Water, Sewer, Solid Waste & Recycling	15,879,841	16,596,893	19,070,866	19,591,463	20,126,676	20,676,927
Storm Sewer Utility	400,444	484,906	497,740	510,925	524,470	538,386
Cemetery	163,005	162,986	167,376	171,887	176,524	181,291
Development Services	4,308,741	4,584,393	4,688,432	4,794,681	4,903,213	5,009,069
Recreation & Cultural Services	8,482,111	8,853,488	9,114,346	9,385,395	9,602,898	9,826,024
Property Tax Exemption Offset	209,190	230,135	237,039	244,150	251,475	259,019
Interest & Principal - Municipal Debt	3,124,512	2,194,821	2,108,637	2,027,325	1,973,944	1,764,024
Other Fees	-	-	-	-	-	-
Transfer to Reserves:						
General Capital	8,776,171	10,432,678	9,822,062	10,034,349	10,254,536	10,483,316
Sewer Capital	450,000	526,318	656,181	782,635	882,668	976,862
Water Capital	1,927,441	2,719,636	2,719,636	2,882,814	3,055,783	3,239,130
Available for supplemental requests 2022 to 2026	134,440	(0)	1,048,609	1,643,643	2,793,147	4,182,000
Total Operating Expenditures	$ 78,013,281	$ 82,961,151	$ 87,380,900	$ 90,487,414	$ 94,291,124	$ 98,333,733
Capital Expenditures						
General Government Services	711,875	680,728	1,154,562	409,094	457,273	498,879
Protective Services	1,162,000	929,568	1,187,000	1,075,400	766,000	1,332,000
Transportation Services	12,441,700	4,547,240	8,220,135	4,540,000	11,768,507	4,260,000
Environmental Health Services (water Sewer, Cemetery)	19,423,981	12,263,158	11,602,118	12,000,073	3,538,073	5,855,073
Public Health Services	-	-	-	-	-	-
Recreation & Cultural Services	21,160,500	6,775,000	10,458,001	3,704,925	1,464,128	184,200
Storm Sewer	1,170,000	850,000	1,068,000	787,300	749,000	224,000
Total Capital Expenditures	56,070,056	26,045,694	33,689,815	22,516,791	18,742,981	12,354,151
Transfers to Other Governments	21,930,300	23,741,700	24,453,951	25,187,569	25,943,198	26,721,493
TOTAL EXPENDITURES	$ 156,013,637	$ 132,748,545	$ 145,524,666	$ 138,191,774	$ 138,977,303	$ 137,409,377

Taxation is a major revenue source for the General Fund and accounts for 44% of the 2022 total revenue estimated at $87,742,356 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 2.5% in 2022 and 1.5% from 2023 to 2026 as well as by an infrastructure levy of 1% in each of the five years. Inflationary factors and transfers to reserves are also included in the proposed 4.0% increase for 2022 with subsequent increases at the same level for 2023 to 2026.

The current financial plan provides for $38,935,530 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:

- 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

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

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

1. One-time capital improvements and significant 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.