

CITY OF KELOWNA

BYLAW NO. 10189

Five Year Financial Plan 2009-2013

The Municipal Council of the City of Kelowna, in open meeting assembled, enacts as follows:

1. Schedule "A" attached hereto and forming part of this bylaw is hereby declared to be the Five Year Financial Plan of the City of Kelowna for the period January 1st, 2009 to and including December 31st, 2013.
2. Schedule "B" attached hereto and forming part of this bylaw is hereby declared to be the Statement of Objectives and Policies in accordance with Section 165 (3.1) of the *Community Charter*.
3. This bylaw may be cited for all purposes as the "Five Year Financial Plan Bylaw, 2008-2012, No. 10189".

Read a first, second and third time by the Municipal Council this

Adopted by the Municipal Council of the City of Kelowna this

Mayor

City Clerk

Schedule A

 FINANCIAL PLAN 2009 - 2013						
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014-2020</u>
REVENUE SOURCES						
Property Value Tax	90,050,000	95,384,832	100,525,976	106,438,107	111,014,393	922,896,519
Parcel Taxes	1,955,142	2,331,562	2,105,825	1,873,064	1,633,120	13,576,621
Fees and Charges	106,591,287	110,147,155	113,425,793	117,006,492	120,427,678	1,001,152,034
Borrowing Proceeds	58,241,400	19,000,000	13,250,000	3,390,000	19,600,000	116,033,750
Other Sources	73,397,398	43,184,966	42,424,004	41,916,267	45,432,675	377,695,689
	330,235,227	270,048,515	271,731,598	270,623,930	298,107,866	2,431,354,612
TRANSFERS BETWEEN FUNDS						
Reserve Funds	1,826,537	1,577,537	1,578,557	1,579,597	1,580,659	12,586,228
DCC Funds	38,330,933	38,447,315	37,875,415	36,316,899	39,403,190	200,332,482
Surplus/Reserve Accounts	70,265,799	17,535,325	20,686,638	29,341,986	29,284,175	192,983,702
	110,423,269	57,560,177	60,140,610	67,238,482	70,268,024	405,902,412
Total	440,658,496	327,608,692	331,872,208	337,862,412	368,375,890	2,837,257,024
EXPENDITURES						
Municipal Debt						
Debt Interest	11,229,109	12,429,633	15,679,562	15,659,135	15,542,079	108,794,553
Debt Principal	10,659,737	14,042,875	17,946,915	20,329,257	20,385,377	138,497,639
Capital Expenditures	218,977,570	98,565,563	86,143,199	84,579,267	106,709,025	826,080,791
Other Municipal Purposes						
General Government	18,604,945	18,291,798	18,975,684	19,673,718	20,399,437	169,586,741
Planning & Development	7,116,740	7,183,622	7,512,012	7,846,327	8,196,323	68,138,536
Rec, Parks & Culture	29,247,308	29,452,251	30,501,447	31,646,137	32,837,827	272,990,872
Works & Utilities	81,028,003	83,733,107	87,260,654	91,096,546	94,614,993	687,763,011
Protective Services	33,878,042	35,240,425	36,706,167	38,454,275	40,019,388	332,693,385
Other	(113,369)	(132,801)	(152,718)	(173,134)	(194,060)	(1,613,276)
Airport	8,581,037	8,099,876	8,351,345	8,611,510	8,880,669	73,827,707
	419,209,122	306,906,350	308,924,266	317,723,038	347,391,058	2,676,759,959
TRANSFERS BETWEEN FUNDS						
Reserve Funds	5,201,582	5,255,947	5,353,117	5,432,695	5,510,542	42,145,954
DCC Funds	0	0	0	0	0	0
Surplus/Reserve Accounts	16,247,792	15,446,397	17,594,825	14,706,680	15,474,292	118,351,112
	21,449,374	20,702,344	22,947,942	20,139,374	20,984,835	160,497,066
Total	440,658,496	327,608,692	331,872,208	337,862,412	368,375,890	2,837,257,024

Schedule “B”
Statement of Objectives and Policies

In accordance with Section 165(3.1) of the *Community Charter*, municipalities are required to include in the Five Year Financial Plan, objectives and policies regarding each of the following:

- (a) For each of the funding sources described in Section 165(7) of the *Community Charter*, the proportion of total revenue that is proposed to come from that funding source;
- (b) The distribution of property value taxes among the property classes that may be subject to taxes; and
- (c) The use of permissive tax exemptions.

Funding Sources

Table 1 shows the proportion of total revenue proposed to be raised from each funding source in 2009. Property taxes and fees and charges make up the largest proportion of revenue. Both have advantages in that they are stable, relatively simple to administer and are generally understood by citizens. Other sources of revenue may be variable and fluctuate from year to year depending on the economic influences and capital programs undertaken by the City.

Objectives

- Investigate other potential funding sources and securing opportunities for additional revenues.
- Begin to decrease the municipality’s reliance on property taxes and explore opportunities to increase the percent of total revenue received from user fees and charges and senior government grants.
- Maintain a fees and charges structure whereby increases are applied on a regular basis in line with inflation, while ensuring that service levels remain competitive and affordable.

Policies

- Pursue non-property tax revenues whenever possible through applying for government grants and charging user fees at appropriate levels.
- Perform regular reviews of revenue generating areas for appropriate application of rate increases.
 - o Planning and Development Fees.
 - o Recreation & Cultural Services – application of BC Consumer Price Index.
 - o Utility Revenues – ensure Utilities operate as self supporting enterprise funds.
- Increase provincial and federal grant revenue through maximum utilization of the City’s Grant Manager position.

Table 1: Sources of Revenue

Revenue Source	Revenue \$ (000's)	% of Revenue
Property Value Tax	90,050	20%
Parcel Taxes	1,955	1%
Fees & Charges	106,591	24%
Borrowing Proceeds	58,242	13%
Other Sources	73,397	17%
Reserve Funds/Accounts	110,423	25%
Total	440,658	100%

Distribution of Property Tax Rates

Table 2 outlines the council approved municipal tax distribution policy for 2009 and the relative proportion of tax revenues. Projected revenues from the combined residential, recreational and Non-Profit classes, provides the largest proportion of property tax revenue. This cumulative class represents the largest tax assessment base and hence utilizes the majority of City services.

Objectives

- Provide an effective tax change that is the same for all property classes.
- Ensure that business and light industry property tax ratios remain below the average of BC municipalities with populations greater than 50,000.
- Allow for a maximum ratio cap of 3.00:1 for the Light Industrial/Business class.

Policies

- Council will annually review and modify tax class ratios to provide an effective tax change that is the same for all classes.
- The impacts on other property classes from administering a ratio cap on the Light Industrial/Business classes will be reported to Council during the annual Tax Distribution Policy review.
- Regularly review and compare the City's relative position in terms of distribution of taxes to other similarly sized municipalities in British Columbia.

Table 2: Tax Class Ratios and Projected Revenues

Property Class	Description	2009 Tax Class Ratios	Tax Revenue (000's)	2008 Tax Class Ratios
01/08/03	Res/Rec/NP/SH	1.0000:1	62,307	1.0000:1
02	Utilities	6.1541:1	406	6.1729:1
04	Major Industrial	3.9580:1	333	3.9701:1
05/06	Light Ind/Bus/Other	2.7177:1	26,607	2.7067:1
09	Farm Land	0.1579:1	11	0.1562:1
91	Farm Improvements	0.5503:1	386	0.5535:1
	Total Revenues		90,050	

Permissive Tax Exemptions

The City has an existing permissive tax exemption policy which guides the administration and approval of permissive tax exemptions. Some of the eligibility criteria for permissive tax exemptions that are outlined in the policy include the following:

- The applicant must qualify for an exemption under the provisions of the Community Charter.
- The organization receiving an exemption must be a registered non-profit society or registered charity, as the support of the municipality will not be used for commercial and private gain.
- The tax exemption must demonstrate benefit to the community and residents of the City by enhancing the quality of life (spiritually, educationally, socially and culturally), while delivering services economically to the citizens within the community.

The value of tax exemptions provided by Council for 2009 (based on 2008 assessment totals and tax rates) is \$2,786,902. The following breaks down the total into various exemptions categories and the exemption value for the category.

Schedule A – Places of Worship - \$613,203

Schedule B – Private schools - \$491,854

Schedule C – Hospitals - \$ 901,094

Schedule D – Special Needs Housing - \$ 54,592

Schedule E – Social Services - \$194,181

Schedule F – Public Park, Athletic or Recreational - \$ 207,481

Schedule G – Cultural - \$270,595

Schedule H – Partnering, Heritage or Other Special Exemptions Authority - \$53,902

In order to encourage the restoration and preservation of commercial, industrial and institutional building properties that meets the criteria outlined in the Heritage Building Tax Incentive Program policy can receive a tax exemption.

The establishment of the Revitalization Tax Exemption policy allows qualifying properties within the Downtown Urban Centre and Rutland Urban Centre areas to receive a tax exemption.

Objectives

- Continue to provide permissive tax exemptions to support qualifying organizations that improve the well-being of the community.
- The municipality will continue to provide heritage and revitalization tax exemptions for qualifying properties.

Policies

- Permissive tax exemptions will be considered to encourage activities that: (a) are consistent with the quality of life objectives of the municipality; (b) provide direct access and benefit to the public; and (c) would otherwise be provided by the municipality.
- To meet the city's commitment to the ongoing restoration, preservation and maintenance of buildings and structures on its Heritage Register, eligible properties will be considered for a tax exemption.
- To support the city's revitalization program of the Downtown Urban Centre and Rutland Urban Centre, qualifying properties will be considered for a tax exemption.