

**City of Kelowna
Regular Council Meeting
AGENDA**



Monday, March 16, 2015

8:30 am

Knox Mountain Meeting Room (#4A)

City Hall, 1435 Water Street

Pages

1. **Call to Order**
2. **Confirmation of Minutes** 3 - 5
Regular AM Meeting - March 9, 2015
3. **Reports**
 - 3.1 **Financial Services Strategic Model Preparation** 60 m 6 - 27

The purpose of this report is to inform Council on the goal of the Financial Services Department for 2015, relative to updating policies and establishing a strategic financial management model which will allow Council to make informed strategic decisions on the long term capital planning and shorter term annual budget process.
4. **Resolution Closing the Meeting to the Public**

THAT this meeting be closed to the public pursuant to Section 90(1) (e), (j) and (k) and Section 90 (2) (b) of the *Community Charter* for Council to deal with matters relating to the following:

 - Acquisition, Disposition, or Expropriation, of Land or Improvements;
 - Third Party Information;
 - Provision of a Municipal Service;
 - Negotiations with the Federal Government.
5. **Adjourn to Closed Session**
6. **Reconvene to Open Session**

7. Reports

- 7.1 City of Vernon Biosolids Advisory Committee Appointments, City Manager** 5 m

To appointment a member of Council to the City of Vernon Biosolids Advisory Committee.

- 7.2 Council Bus Tour of City Facilities, City Manager** 5 m

To obtain direction from Council.

8. Issues Arising from Correspondence & Community Concerns

- 8.1 Mayor Basran, re: Issues Arising from Correspondence** 30 m

9. Termination



City of Kelowna Regular Council Meeting Minutes

Date: Monday, March 9, 2015
 Location: Knox Mountain Meeting Room (#4A)
 City Hall, 1435 Water Street

Council Members Present: Mayor Colin Basran and Councillors Maxine DeHart, Ryan Donn, Gail Given*, Tracy Gray, Charlie Hodge, Brad Sieben, Mohini Singh and Luke Stack

Staff Present: City Manager, Ron Mattiussi; City Clerk, Stephen Fleming; Deputy City Manager, Paul Macklem*; Divisional Director, Community Planning & Real Estate, Doug Gilchrist*; Divisional Director, Corporate & Protective Services, Rob Mayne*; Divisional Director, Infrastructure, Alan Newcombe*; Capital Assets & Investments Manager, Joel Shaw*; Financial Services Director, Genelle Davidson*; Airport Director, Sam Samaddar*; and Legislative Systems Coordinator, Sandi Horning

Guests: 1st Vice President, 2014-2015 SILGA Executive, Councillor Chad Eliason*

(* denotes partial attendance)

1. Call to Order

Mayor Basran called the meeting to order at 8:35 a.m.

2. Confirmation of Minutes

Moved By Councillor DeHart/Seconded By Councillor Hodge

R155/15/03/09 THAT the Minutes of the Regular AM Meeting of March 2, 2015 be confirmed as circulated.

Carried

3. Reports

3.1 SILGA Awareness/Outreach, Verbal Presentation by Councillor Chad Eliason

Guest, Councillor Chad Eliason:

- Displayed a PowerPoint presentation regarding SILGA and responded to questions from Council.

The Guest, Councillor Chad Eliason, left the meeting at 8:52 a.m.

3.2 Capital Planning Update

Staff:

- Displayed a PowerPoint presentation summarizing the capital planning process.

City Manager:

- Provided additional commentary regarding the 10-year Capital Plan.

Councillor Given joined the meeting at 9:03 a.m.

Staff:

- Advised that the 2020 Capital Plan was last revised in 2013.
- Responded to questions from Council.
- Confirmed that the 'Taxation for Capital' slide figures do not include the new Kelowna Police Services Building.

City Manager:

- Provided comment regarding federal and provincial grant funding.
- Provided comment regarding the impact of the newly proposed micro-suites on the City's infrastructure and capital costs.

Deputy City Manager:

- Provided comment regarding DCC's.

The meeting recessed at 9:47 a.m. The meeting reconvened at 9:55 a.m.

4. Resolution Closing the Meeting to the Public

Moved By Councillor Hodge/Seconded By Councillor Stack

R156/15/03/09 THAT this meeting be closed to the public pursuant to Section 90(1) (a), (b), (f) and (j) of the *Community Charter* for Council to deal with matters relating to the following:

- Position Appointment;
- Municipal Award/Honour;
- Law Enforcement; and
- Third Party Information.

Carried

5. Adjourn to Closed Session

The meeting adjourned to a closed session at 9:56 a.m.

6. Reconvene to Open Session

The meeting reconvened to an open session at 12:29 p.m.

7. Issues Arising from Correspondence & Community Concerns

7.1 Mayor Basran, re: Issues Arising from Correspondence

Mayor Basran did not have anything to raise with Council.

8. Termination

The meeting was declared terminated at 12:29 p.m.

Mayor

/slh



City Clerk

DRAFT

Report to Council



Date: March 10, 2015
File: 0250-40
To: City Manager
From: Genelle Davidson, Financial Services Director
Subject: Financial Services Strategic Model Preparation

Recommendation:

THAT Council receives for information, the report from the Director Financial Services dated March 10, 2015, with respect to the Financial Services Strategic Model Preparation.

Purpose:

The purpose of this report is to inform Council on the goal of the Financial Services Department for 2015, relative to updating policies and establishing a strategic financial management model which will allow Council to make informed strategic decisions on the long term capital planning and shorter term annual budget process.

Background:

For the past several decades the City of Kelowna has been well served with strong fiscal policies that have guided Council through many budget years and important infrastructure funding decisions.

Shifting economic and demographic conditions have changed in recent years causing some of the policies to be inconsistent with current practices. The beginning of a new Council term is an opportune time to take stock on existing policies and set a renewed direction consistent with the strategic direction of Council.

The presentation will review the elements of the proposed financial model, review of some of the current measures of fiscal sustainability, and overview of some of the financial risks that face the organization today.

It will also present the proposed timeline required for both Council and staff to complete the strategic financial management model by July of 2015.

Internal Circulation:

Corporate and Protective Services Divisional Director
Communications & Information Services Divisional Director

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Financial/Budgetary Considerations:

Personnel Implications:

External Agency/Public Comments:

Communications Comments:

Alternate Recommendation:

Submitted by:

G Davidson, CPA, CMA, Director, Financial Services

Approved for inclusion:



R Mayne, Div Director, Corporate and Protective Services

CC

Infrastructure Division Director
Capital Assets & Investments Manager

Attachments:

Presentation Council Strategic Model

2015 COUNCIL ORIENTATION



Building a Sustainable Financial Model



AGENDA

- ▶ Financial Sustainability
- ▶ Building the Model
- ▶ Scorecard
 - ▶ Reserves, Debt, Taxation, Capital Funding
- ▶ Risks to Financial Sustainability
- ▶ Financial Schedule
- ▶ Next Steps

FINANCIAL SUSTAINABILITY

- ▶ Predictable taxation
- ▶ User fees levels
- ▶ External environment
- ▶ Flexibility
- ▶ Transparency
- ▶ Sound principles and practices
- ▶ Long term view

Building the Strategic Financial Management Model

INPUTS

Economic
Conditions

Current
Measures

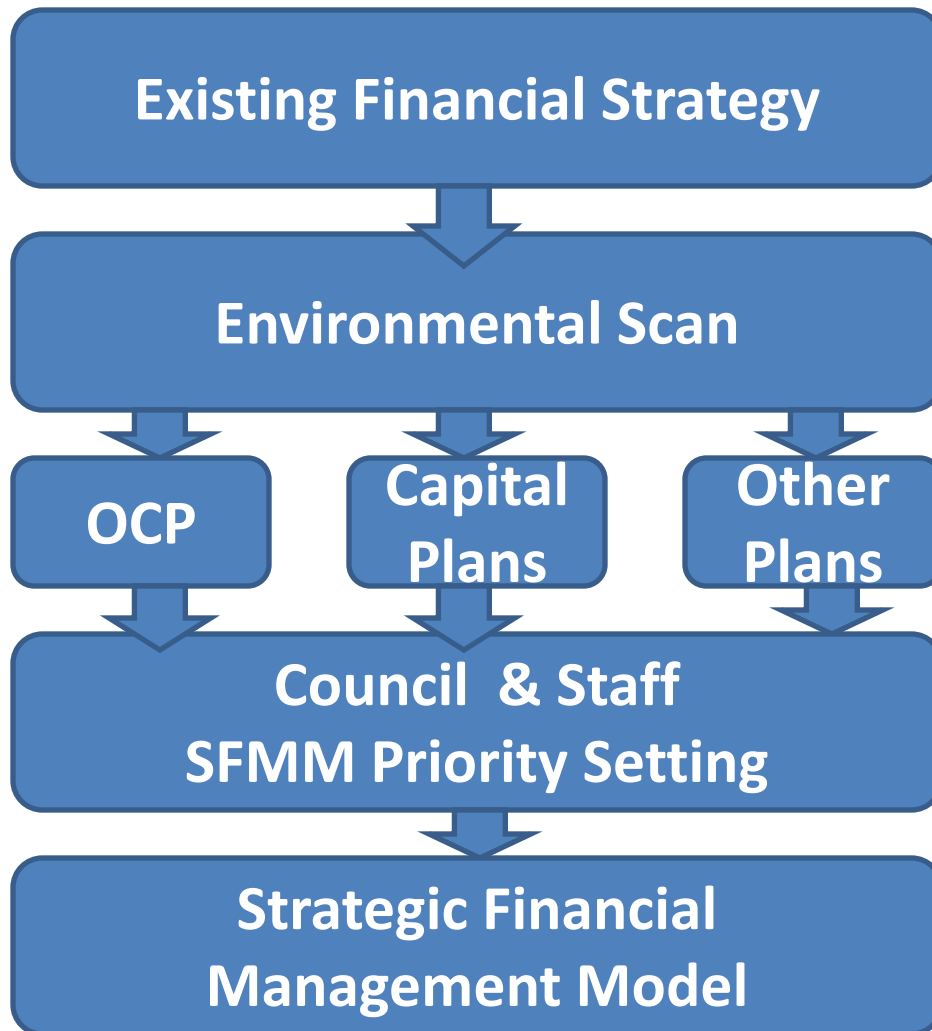
Risks

OUTPUTS

Principles

Policies

Practices



FINANCIAL SCORECARD

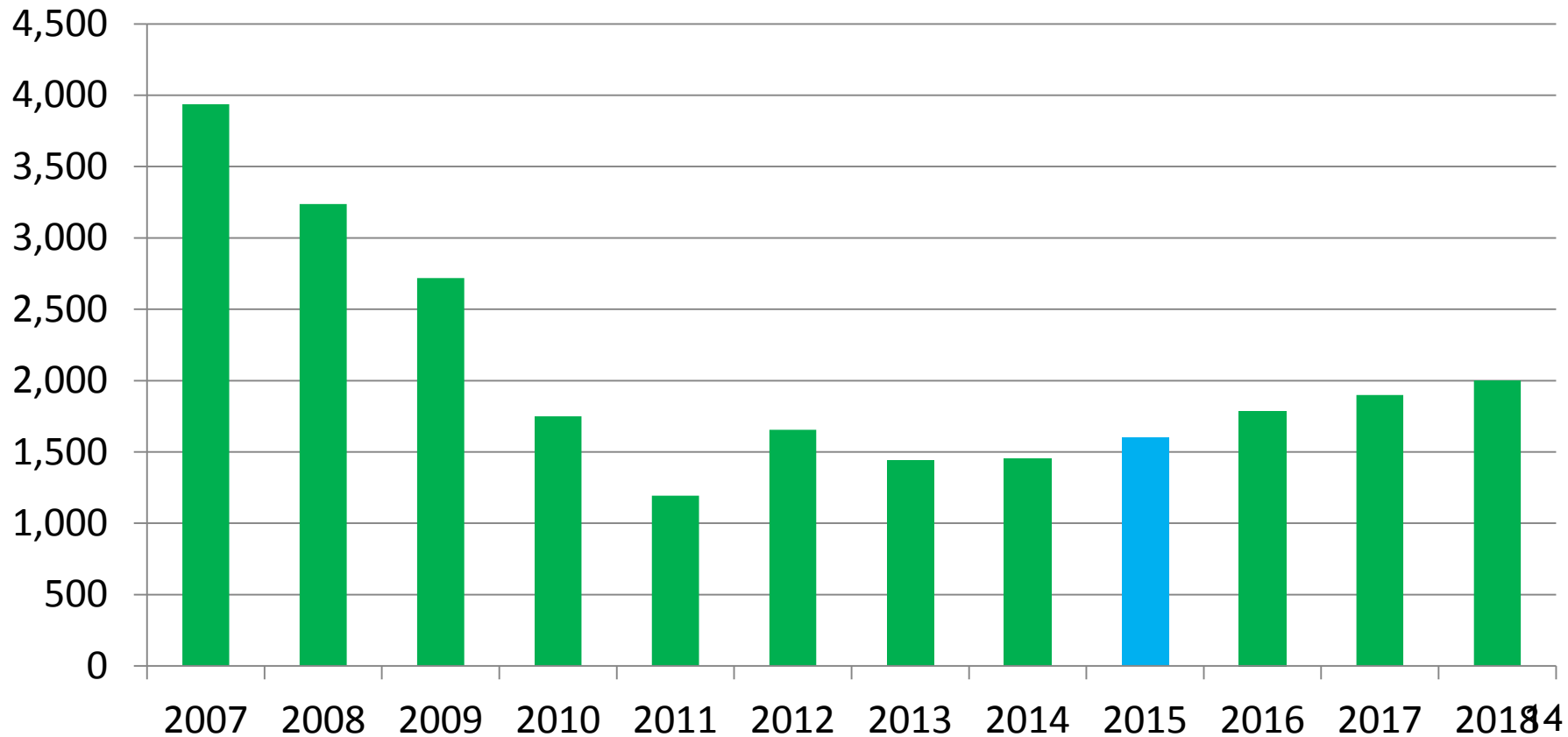
Current Measures

- ▶ Debt
- ▶ New development taxation
- ▶ Pay as you go capital
- ▶ Tax distribution
- ▶ Tax rates
- ▶ Reserves

DEBT			LT	Debt	Debt	Debt
Municipality	Population	Long Term	Debt/	Servicing	Serv.	Capacity
		Debt	Capita	Costs	/Capita	Used
Vancouver	615,473	1,189,754,000	1,933	147,438,000	240	65.1%
Kelowna	118,507	163,518,649	1,380	18,046,598	152	56.8%
Kamloops	86,236	107,149,378	1,243	11,304,704	131	32.8%
Victoria	81,874	49,386,444	603	7,726,247	94	18.7%
Delta	99,508	24,319,451	244	7,129,402	72	16.9%
Abbotsford	133,556	100,802,000	755	9,281,294	69	20.4%
Richmond	189,027	13,123,000	69	12,975,265	69	15.4%
Nanaimo	82,937	40,528,535	489	4,615,158	56	15.0%
Langley	101,342	40,330,000	398	5,015,000	49	14.3%
Vancouver	86,066	29,270,563	340	3,228,943	38	9.8%
Saanich	113,209	17,421,794	154	2,820,545	25	8.5%
Coquitlam	121,452	24,297,129	200	2,344,399	19	5.2%
Burnaby	218,241	0	0	0	0	0.0%
Surrey	433,924	0	0	0	0	2.5%

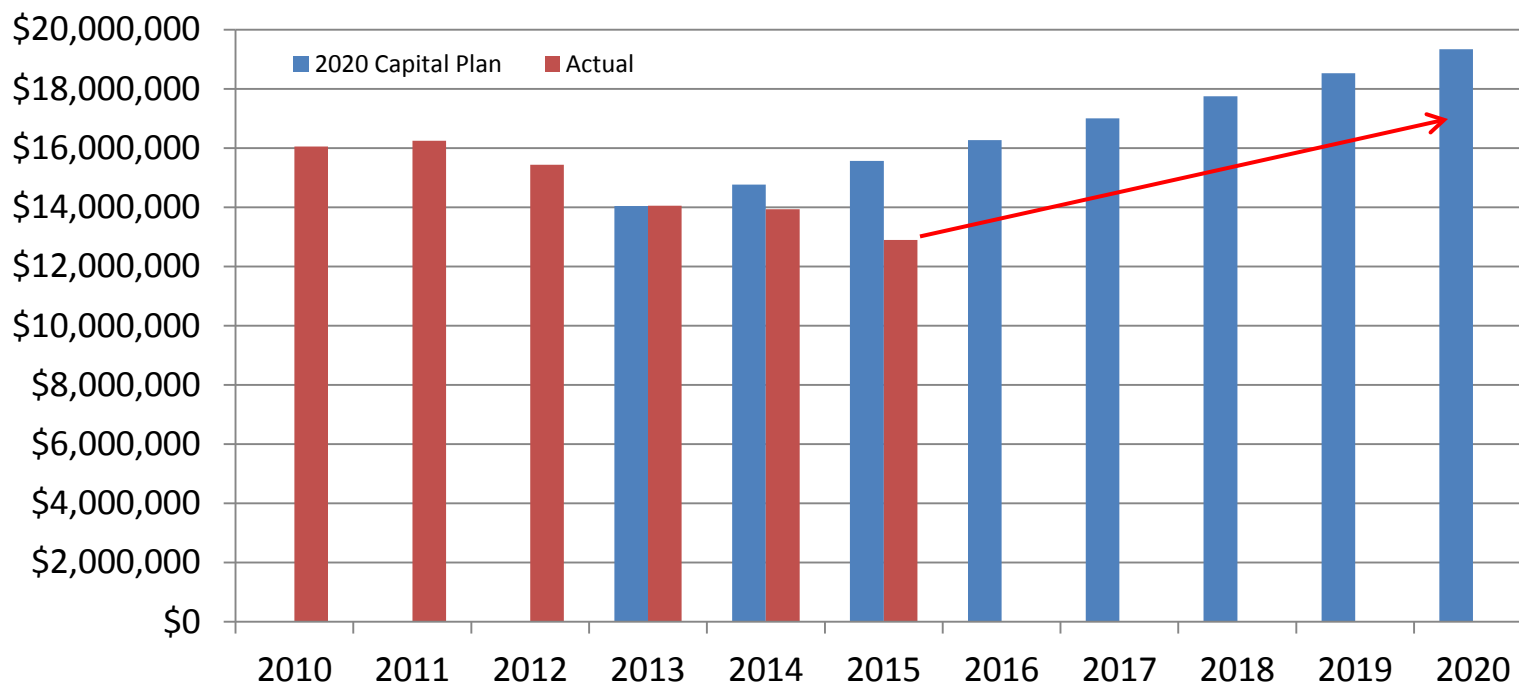
FINANCIAL SCORECARD

New Development Taxation 000'S



FINANCIAL SCORECARD

PAY AS YOU GO CAPITAL

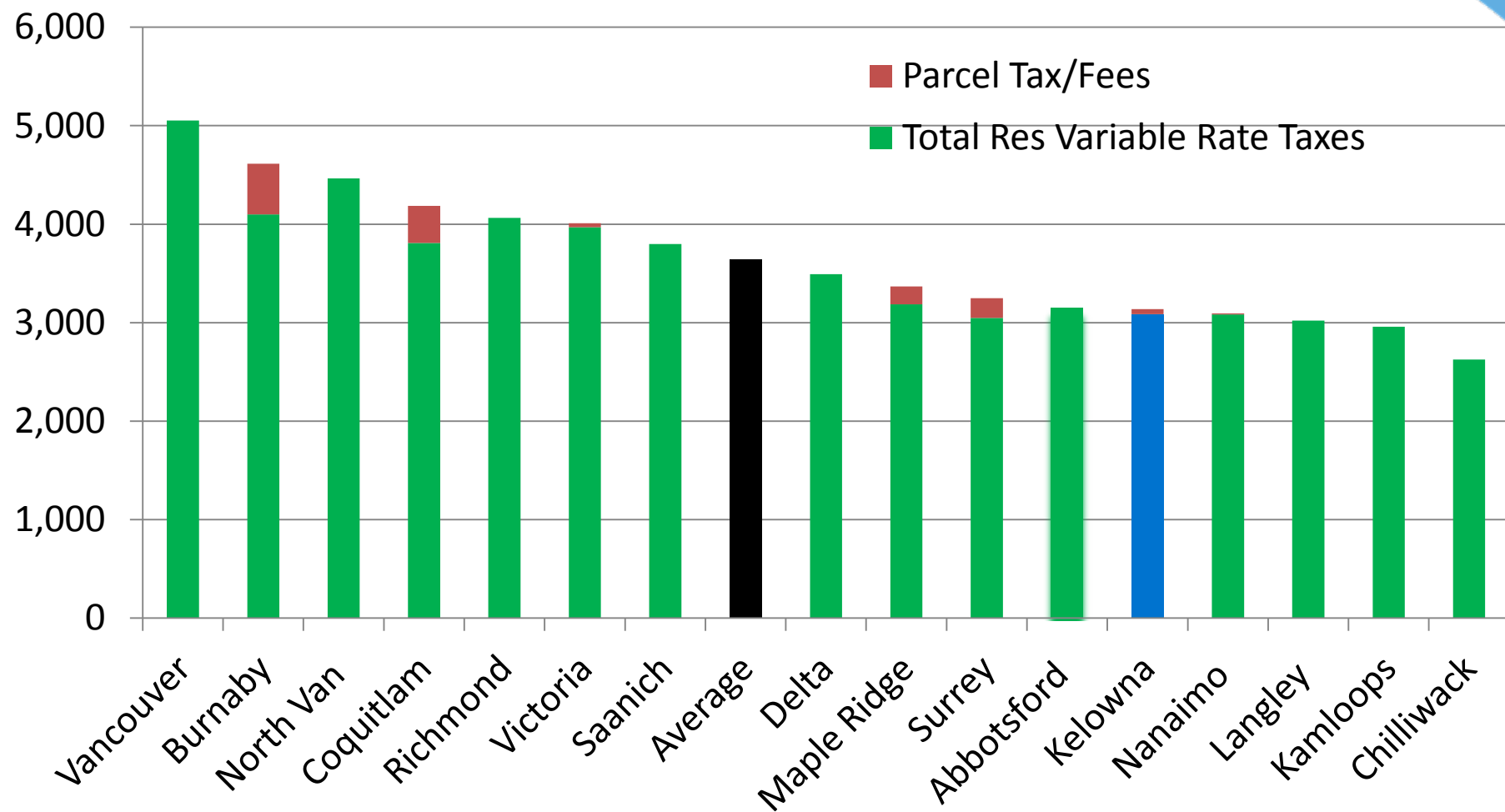


2014 Tax Distribution Policy

Municipality	Business
Coquitlam	4.31
Vancouver	4.27
Burnaby	3.99
North Vancouver	3.47
Saanich	3.34
Richmond	3.24
Delta	3.04
Victoria	3.01
Langley	2.97
Maple Ridge	2.85
Surrey	2.84
Kamloops	2.79
Nanaimo	2.51
Abbotsford	2.45
Kelowna	2.09

Municipalities
> 75,000
population

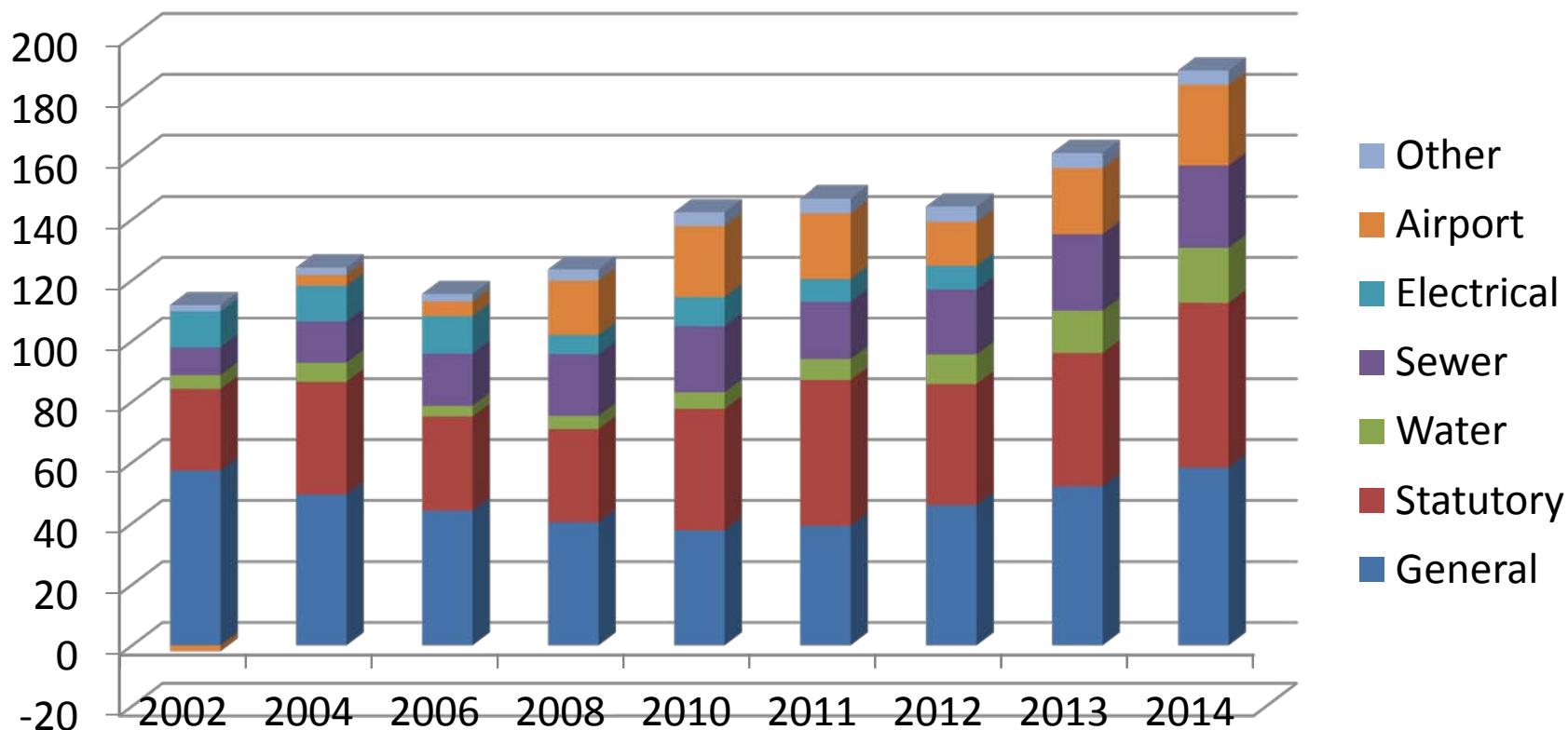
2014 TAXES



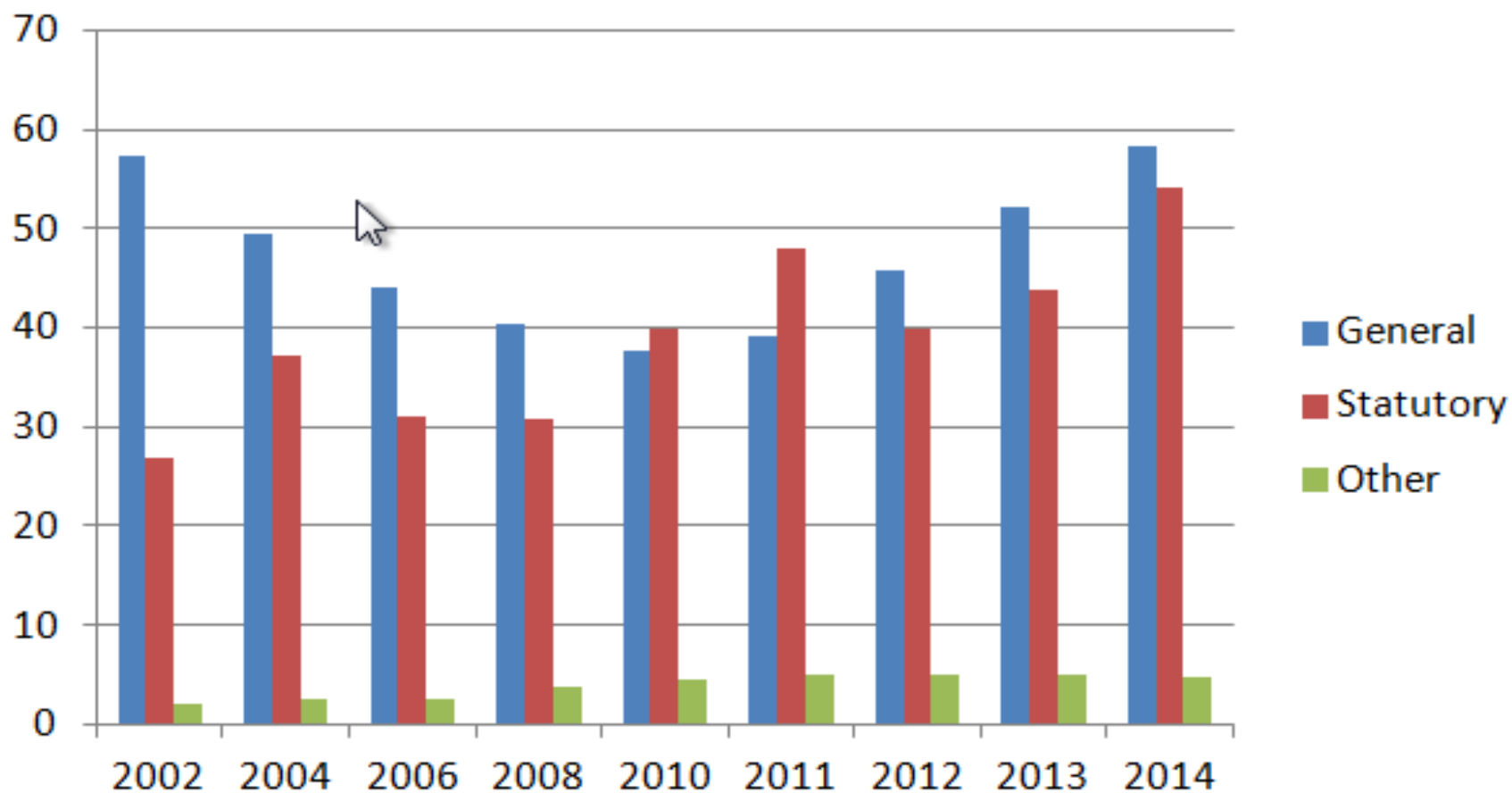
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Reserves

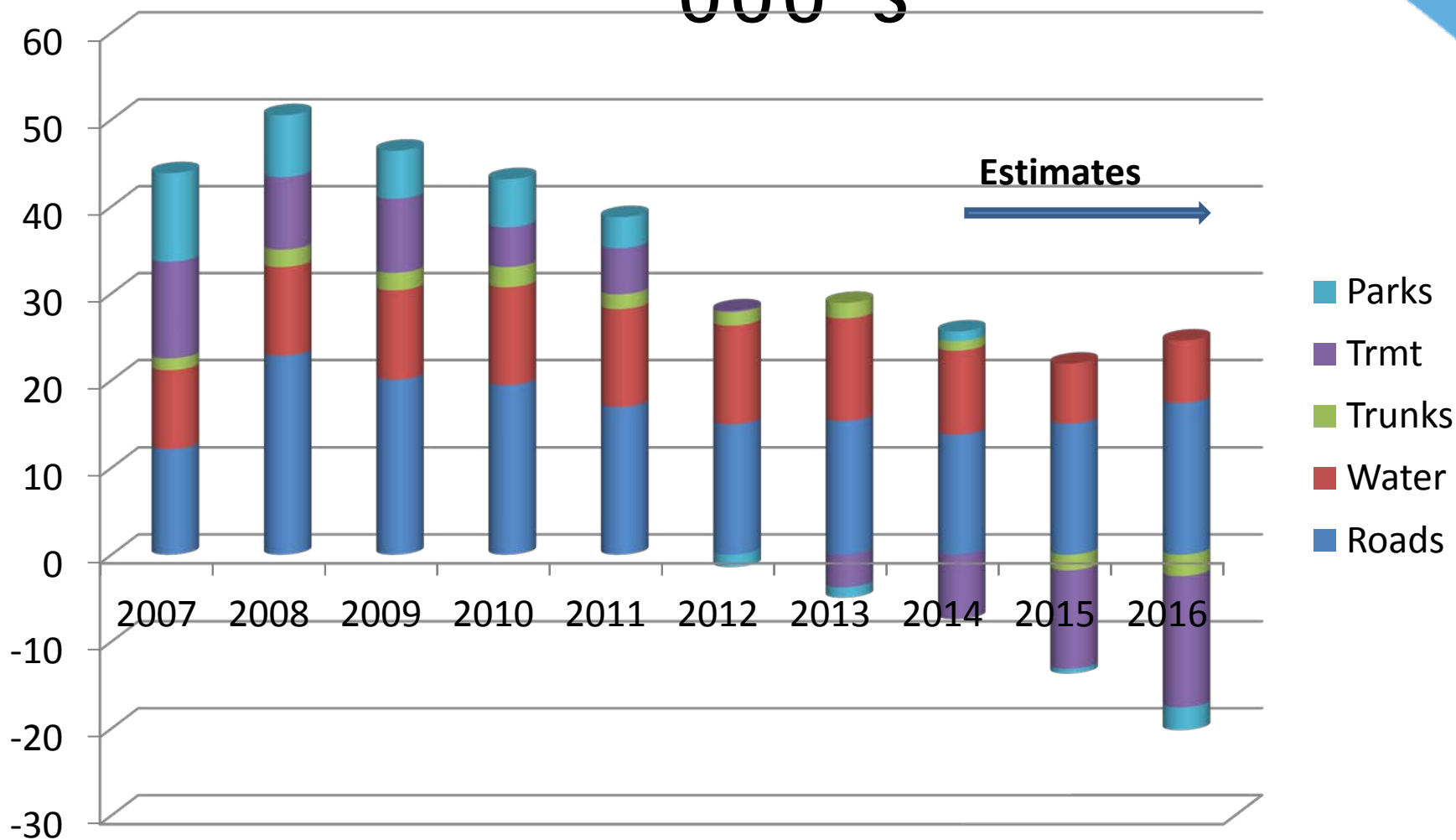
000's



FINANCIAL SCORECARD RESERVES 000'S



DCC RESERVES 000'S



RISKS TO FINANCIAL SUSTAINABILITY

Downloading

- ▶ Partnerships
 - ▶ Affordable Housing , Arts and Culture

- ▶ Regulation
 - ▶ Work Safe BC, Environmental Protection, ALR

- ▶ Grants
 - ▶ Process, Oversight, Predictability

RISKS TO FINANCIAL SUSTAINABILITY

- ▶ ASSET MANAGEMENT FUNDING GAP
 - ▶ Aging infrastructure
 - ▶ Asset renewal
 - ▶ Heritage investment
 - ▶ Information technology
 - ▶ Intergenerational equity

RISKS TO FINANCIAL SUSTAINABILITY

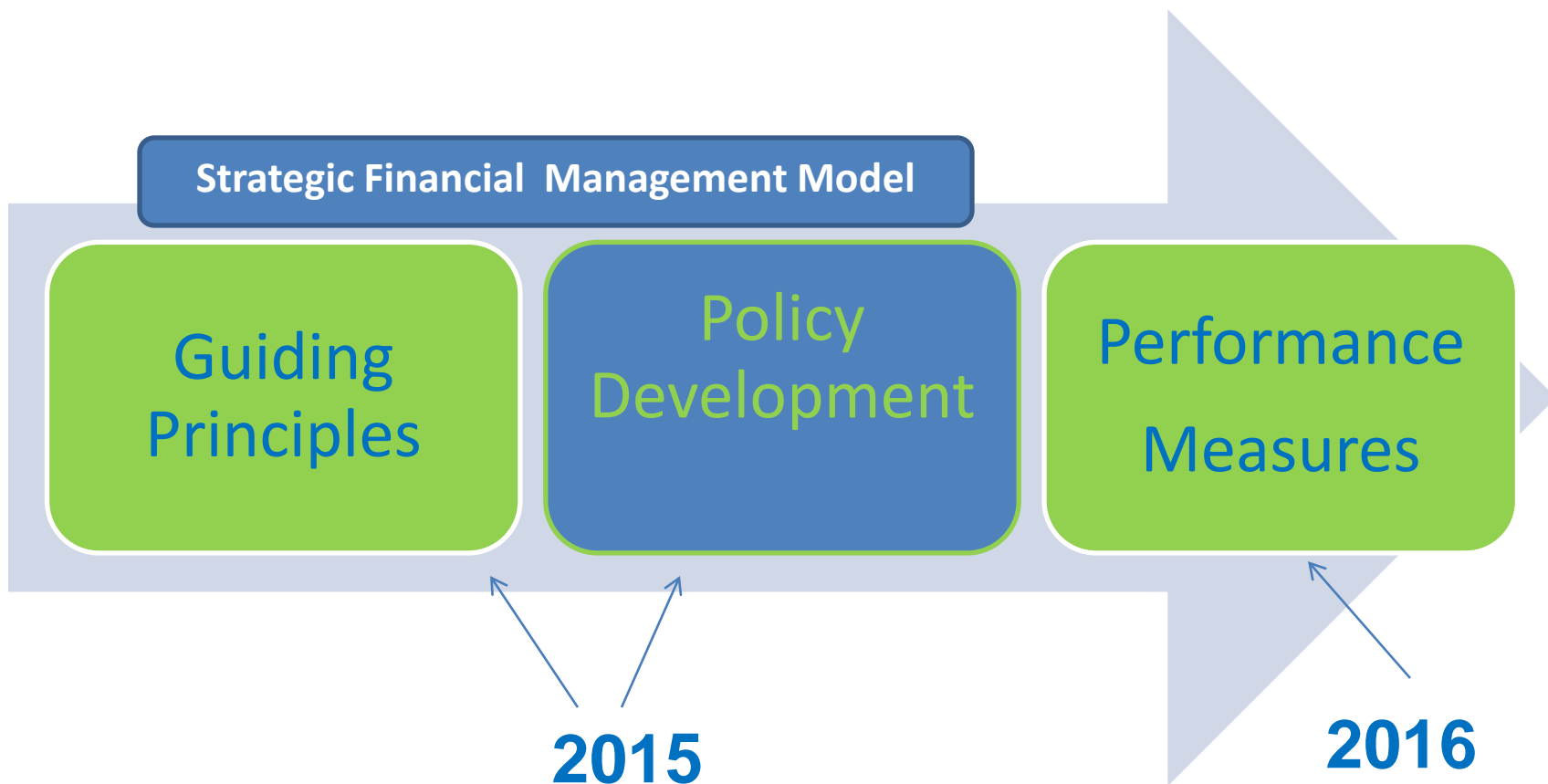
Other Risks

- ▶ Lack of, or outdated policy
- ▶ Municipal inflation (vs. CPI)
- ▶ Rising Interest Rates
- ▶ Understanding of operating cost impact of new capital

FINANCIAL SCHEDULE

Budget process segment	Q1	Q2	Q3	Q4
Carry over Budget	✓			
Budget Amendments		✓		
Final Budget		✓		
Provisional Budget				✓
Strategic Financial Management Model			✓	
Budget Outlook			✓	
20 Year Capital Plan		✓		
10 Year Capital Plan		✓		

NEXT STEPS: BUILDING A SFMM MODEL



NEXT STEPS: BUILDING A SFMM MODEL

- ▶ Review existing policies, best practices
- ▶ Complete environmental scan
- ▶ Council and staff workshop
- ▶ Synthesize workshop notes, prepare draft objectives/principles/policy statements
- ▶ 2nd Workshop, circle back with draft principles/policy, affirm direction
- ▶ Develop document, present to Council, staff team
- ▶ Finalize - July 2015
- ▶ Develop performance measures - 2016

QUESTIONS