

CITY OF KELOWNA

BYLAW NO. 12639

Five-Year Financial Plan 2024-2028

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 1, 2024 to and including December 31, 2028.
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, 2024-2028, No. 12639".

Read a first, second and third time by the Municipal Council this 6th day of May, 2024.

Adopted by the Municipal Council of the City of Kelowna this 13th day on May, 2024.

Mayor

City Clerk

Schedule "A"
Financial Plan 2024 - 2028

	2024	2025	2026	2027	2028	2029-2031
Revenue						
Property Value Tax	191,220,490	203,343,357	216,124,348	230,689,351	244,802,502	786,564,674
Library Requisition	7,859,400	8,016,588	8,176,920	8,340,458	8,507,267	26,035,639
Parcel Taxes	4,440,697	3,450,288	3,290,286	2,944,479	2,711,096	7,883,485
Fees and Charges	178,947,925	185,894,676	196,314,029	204,029,869	212,399,148	688,368,989
Borrowing Proceeds	4,522,400	71,928,262	24,680,540	11,421,775	16,806,499	25,875,982
Other Sources	98,499,082	161,931,710	140,624,333	113,384,030	85,439,508	225,580,497
	485,489,994	634,564,881	589,210,457	570,809,962	570,666,020	1,760,309,266
Transfer between Funds						
Reserve Funds	2,489,948	1,289,098	6,115,713	7,629,335	6,143,430	18,519,832
DCC Funds	61,375,400	57,634,139	52,938,672	66,663,479	65,428,683	140,205,159
Surplus/Reserve Accounts	305,547,770	119,650,706	100,298,759	95,870,859	75,249,984	257,737,446
	369,413,118	178,573,943	159,353,144	170,163,674	146,822,097	416,462,437
Total Revenues	854,903,112	813,138,824	748,563,601	740,973,636	717,488,117	2,176,771,703
Expenditures						
Municipal Debt						
Debt Interest	4,956,085	5,315,399	11,005,460	15,739,605	17,969,307	63,420,320
Debt Principal	7,149,119	7,258,284	8,954,238	10,373,849	10,258,477	36,787,913
Capital Expenditures	415,457,000	357,466,503	272,670,553	248,886,362	206,263,477	519,091,611
Other Municipal Purposes						
Arts & Culture	4,273,737	4,282,458	4,489,454	4,645,033	4,806,007	15,440,657
Community Development	6,002,914	4,793,625	5,150,805	5,209,788	5,382,430	17,243,174
Community Safety & Bylaw	7,853,956	7,650,957	7,902,278	8,183,981	8,467,965	27,232,983
Development Planning	2,713,940	2,599,523	2,687,924	2,779,287	2,873,820	9,222,032
Development Services	6,532,198	7,043,599	7,288,306	7,541,210	7,802,890	25,071,139
Enabling Services	73,464,907	75,380,138	79,266,450	83,399,969	87,762,191	290,811,350
Fire Safety	28,176,552	29,074,292	29,933,760	30,971,906	32,046,076	102,962,498
Governance & Leadership	4,716,757	4,540,408	4,698,150	4,861,176	5,029,858	16,161,228
Parking	4,993,679	4,655,296	4,749,895	4,846,916	4,946,474	15,463,232
Parks	13,402,113	14,280,247	14,825,843	15,339,239	15,870,450	50,986,163
Partnerships Office	1,405,389	1,236,025	1,278,966	1,100,246	1,138,424	3,657,827
Police Services & RCMP	59,394,604	61,498,220	63,634,014	65,841,357	68,125,286	218,885,725
Solid Waste & Landfill	17,080,505	17,294,887	16,831,025	17,314,117	17,813,287	56,603,919
Sport & Recreation	14,858,167	15,289,370	15,752,317	16,266,208	16,822,777	52,637,145
Stormwater & Flood Protection	3,369,341	2,809,749	2,896,693	2,976,454	3,068,875	9,792,654
Transit	31,871,916	31,712,016	32,800,301	33,925,048	35,088,823	112,660,004
Transportation	17,025,537	17,476,533	18,090,049	18,657,774	19,305,199	62,028,728
Wastewater	15,554,826	15,832,141	15,519,908	15,787,332	16,063,682	49,943,013
Water	14,065,368	13,003,895	12,829,942	13,046,487	13,270,324	36,733,688
Airport	27,176,085	27,726,778	28,855,121	30,541,836	31,576,677	100,472,340
	781,494,695	728,220,343	662,111,453	658,235,180	631,752,776	1,893,309,343
Transfers between Funds						
Reserve Funds	31,623,581	32,305,990	33,735,918	34,877,386	36,090,325	115,392,541
DCC Funds	0	0	0	0	0	0
Surplus/Reserve Accounts	41,784,836	52,612,491	52,716,230	47,861,069	49,645,017	168,069,820
	73,408,417	84,918,481	86,452,149	82,738,455	85,735,342	283,462,361
Total Expenditures	854,903,112	813,138,824	748,563,601	740,973,636	717,488,117	2,176,771,703

Note: Totals may not add due to rounding.

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;
- (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 2024. Property taxes and fees and charges are two of the largest sources of revenue. Both have advantages in that they are stable, relatively simple to administer and are generally understood by citizens. The City of Kelowna also utilizes funds from reserves and surplus as another main source of financial support. Reserve funds are closely managed to ensure and protect the current and future financial viability of the municipality. 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.
 - Planning and Development Fees.
 - Active Living & Culture Fees and Charges – application of BC Consumer Price Index.
 - 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	191,220	22%
Library Requisition	7,859	1%
Parcel Taxes	4,441	1%
Fees and Charges	178,948	21%
Borrowing Proceeds	4,522	1%
Other Sources	98,499	11%
Reserve Funds/Accounts	369,413	43%
Total	854,903	100%

Distribution of Property Tax Rates

Table 2 outlines the council approved municipal tax distribution policy for 2024 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 75,000.
- Allow for a maximum ratio cap of 3:1 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	2024 Tax Class Ratios	Tax Revenue \$ (000's)	2023 Tax Class Ratios
01/08/03	Res/Rec/NP/SH	1.0000:1	132,869	1.0000:1
02	Utilities	4.5169:1	797	5.7720:1
04	Major Industrial	8.3358:1	28	8.5581:1
05/06	Light Ind/Bus/Other	2.0696:1	56,808	2.4594:1
09	Farm Land	0.2291:1	12	0.2307:1
91	Farm Improvements	0.5122:1	708	0.5149:1
	Total Revenues		191,220	

Property 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 2024 (based on 2023 assessment totals and tax rates) is \$3,973,514. The following breaks down the total into various exemption categories and the exemption value for the category:

Places of Worship - \$ 350,101

Private schools - \$ 65,955

Hospitals - \$ 15,374

Special Needs Housing - \$ 70,660

Social Services - \$ 334,195

Public Park, Athletic or Recreational - \$ 394,972

Cultural - \$ 600,709

Partnering, Heritage or Other Special Exemptions Authority - \$ 366,005

Revitalization - \$1,775,543

In order to encourage the restoration and preservation of commercial, industrial and institutional building, properties that meet 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.