

CITY OF KELOWNA

BYLAW NO. 12770

Five-Year Financial Plan 2025-2029

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, 2025 to and including December 31, 2029.
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, 2025-2029, No. 12770".

Read a first, second and third time by the Municipal Council this 28th day of April, 2025.

Adopted by the Municipal Council of the City of Kelowna this 5th day of May, 2025.

Mayor

City Clerk

Schedule "A"
Financial Plan 2025 - 2029

\$ thousands	2025	2026	2027	2028	2029	2030 - 2032
Revenue						
Property Value Tax	204,274	217,396	232,130	246,538	261,835	849,770
Library Requisition	8,418	8,586	8,758	8,933	9,112	27,885
Parcel Taxes	4,368	1,962	5,037	3,697	2,428	6,236
Fees and Charges	198,594	195,235	202,500	209,989	216,831	626,822
Borrowing Proceeds	31,627	165,000	166,400	84,684	47,500	90,700
Other Sources	92,267	76,330	81,266	76,810	74,710	225,380
	539,547	664,509	696,091	630,651	612,417	1,826,793
Transfer between Funds						
Reserve Funds	122,341	107,525	99,661	111,205	70,947	130,449
DCC Funds	88,870	69,434	74,303	67,860	48,841	113,693
Surplus/Reserve Accounts	157,209	54,877	79,291	84,242	59,372	178,495
	368,421	231,835	253,255	263,307	179,159	422,637
Total Revenues	907,968	896,344	949,346	893,957	791,576	2,249,431
Expenditures						
Municipal Debt						
Debt Interest	4,259	5,179	9,565	10,852	13,372	50,632
Debt Principal	6,811	7,299	10,892	11,376	13,804	52,025
Other Municipal Purposes						
Airport	125,232	72,757	68,727	64,545	57,154	128,680
Arts & Culture	6,435	5,629	5,974	5,365	5,430	17,397
Community Development	4,267	4,019	4,182	4,323	4,470	14,338
Community Safety & Bylaw	9,452	8,952	9,253	9,574	9,906	31,828
Development Planning	2,713	2,764	2,858	2,955	3,056	9,806
Development Services	6,785	7,020	7,264	7,516	7,777	24,987
Enabling Services	114,600	105,258	114,795	105,962	109,925	321,553
Fire Safety	36,918	44,710	45,622	52,279	37,842	115,598
Governance & Leadership	4,403	4,383	4,715	4,878	5,047	16,218
Parking	7,880	7,500	14,112	12,726	9,344	53,267
Parks	79,114	68,727	86,161	60,450	47,711	125,950
Partnerships Office	2,066	1,795	1,635	1,691	1,750	5,623
Police Services & RCMP	69,610	73,654	76,120	78,760	81,492	261,834
Solid Waste & Landfill	32,752	25,148	26,063	25,531	22,108	67,427
Sport & Recreation	42,977	105,127	134,660	52,551	21,371	59,154
Stormwater & Flood Protection	13,906	23,033	18,298	11,374	12,053	19,786
Transit	40,120	43,746	46,161	44,071	45,440	162,823
Transportation	106,078	115,464	90,942	128,051	108,063	200,913
Wastewater	60,706	41,936	32,716	36,526	36,497	101,145
Water	45,738	36,575	44,983	66,412	44,001	102,458
	822,822	810,675	855,695	797,768	697,611	1,943,442
Transfers between Funds						
Reserve Funds	35,724	37,491	37,419	38,225	39,084	119,251
DCC Funds	—	—	—	—	—	—
Surplus/Reserve Accounts	49,421	48,178	56,231	57,964	54,882	186,738
	85,146	85,669	93,651	96,189	93,966	305,989
Total Expenditures	907,968	896,344	949,346	893,957	791,576	2,249,431

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 2025. 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 percentage 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 utilization of Partnerships office

Table 1: Sources of Revenue

Revenue Source	Revenue \$ (000's)	% of Revenue
Property Value Tax	204,274	22%
Library Requisition	8,418	1%
Parcel Taxes	4,368	1%
Fees and Charges	198,594	22%
Borrowing Proceeds	31,627	3%
Other Sources	92,266	10%
Reserve Funds/Accounts	368,421	41%
Total	907,968	100%

Distribution of Property Tax Rates

Table 2 outlines the council approved municipal tax distribution policy for 2025 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	2025 Tax Class Ratios	Tax Revenue \$ (000's)	2024 Tax Class Ratios
01/08/03	Res/Rec/NP/SH	1.0000:1	141,999	1.0000:1
02	Utilities	3.6021:1	836	4.5169:1
04	Major Industrial	8.2256:1	116	8.3358:1
05/06	Light Ind/Bus/Other	2.0265:1	60,548	2.0696:1
09	Farm Land	0.2206:1	12	0.2291:1
91	Farm Improvements	0.5136:1	763	0.5122:1
	Total Revenues		204,274	

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.

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.

The value of tax exemptions provided by Council for 2025 (based on 2024 assessment totals) is \$4,846,871. The following breaks down the total into various exemption categories and the exemption value for the category:

Places of Worship - \$ 422,644

Private schools - \$ 65,056

Hospitals - \$ 15,052

Special Needs Housing - \$ 86,084

Social Services - \$ 371,725

Public Park, Athletic or Recreational - \$ 454,649

Cultural - \$ 567,801

Partnering, Heritage or Other Special Exemptions Authority - \$ 380,866

Revitalization - \$2,482,994