



2018 Council Orientation Budget Overview



Agenda

- ▶ Overview of municipal budgeting
- ▶ Provisional Budget - Volume 1
- ▶ Infrastructure Levy
- ▶ Carryover Budget - Volume 2
- ▶ Final Budget - Volume 3

Overview of Municipal Budget



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Kelowna

British Columbia

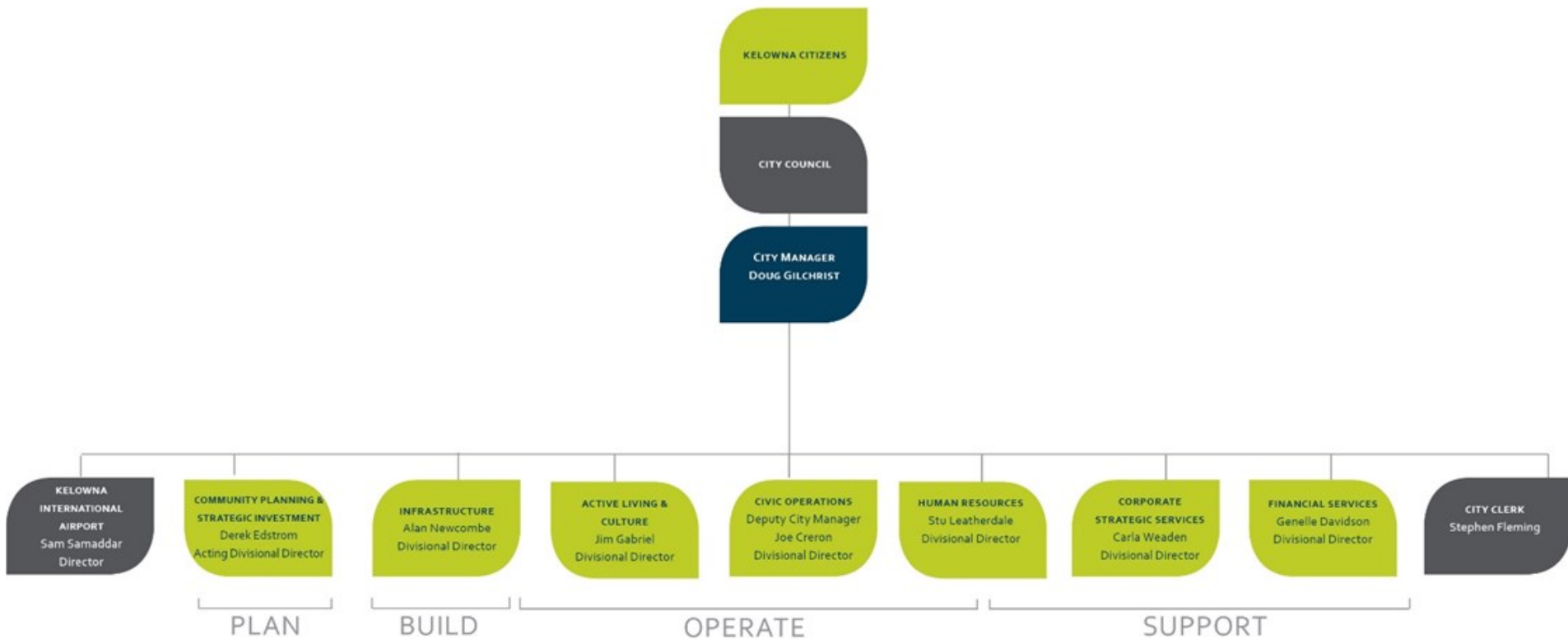
For the Fiscal Year Beginning

January 1, 2018

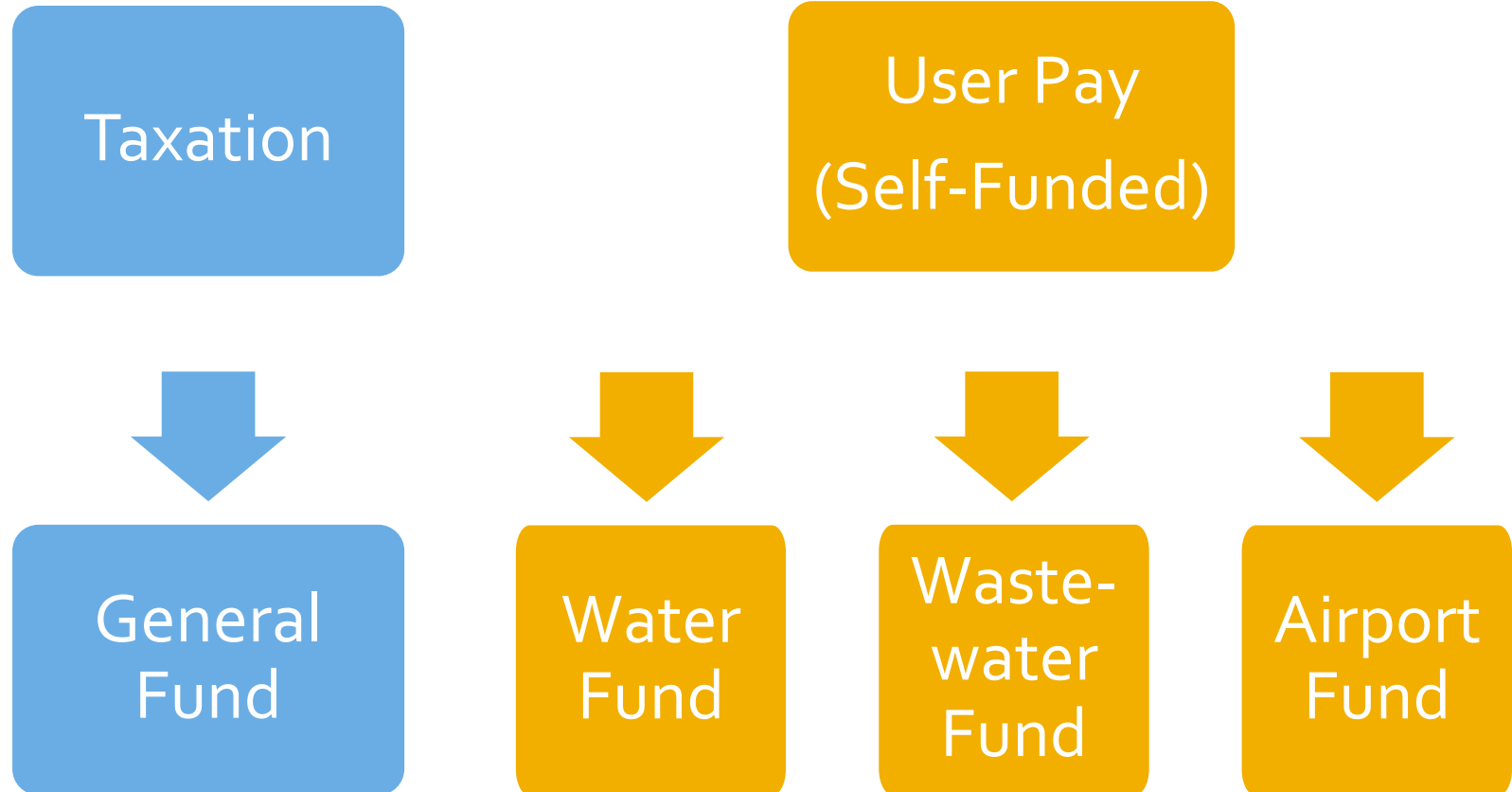
Christopher P. Morill

Executive Director

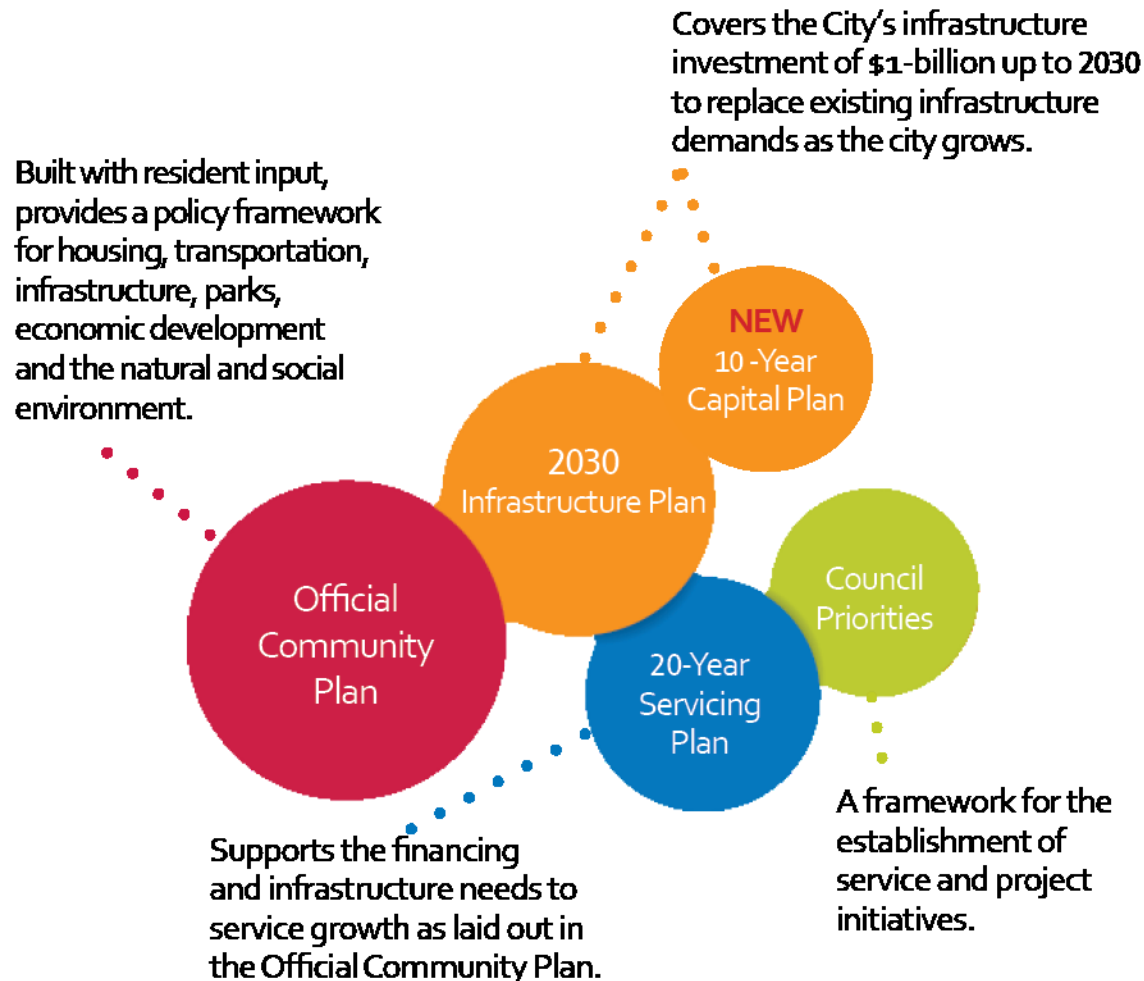
The City & its divisions



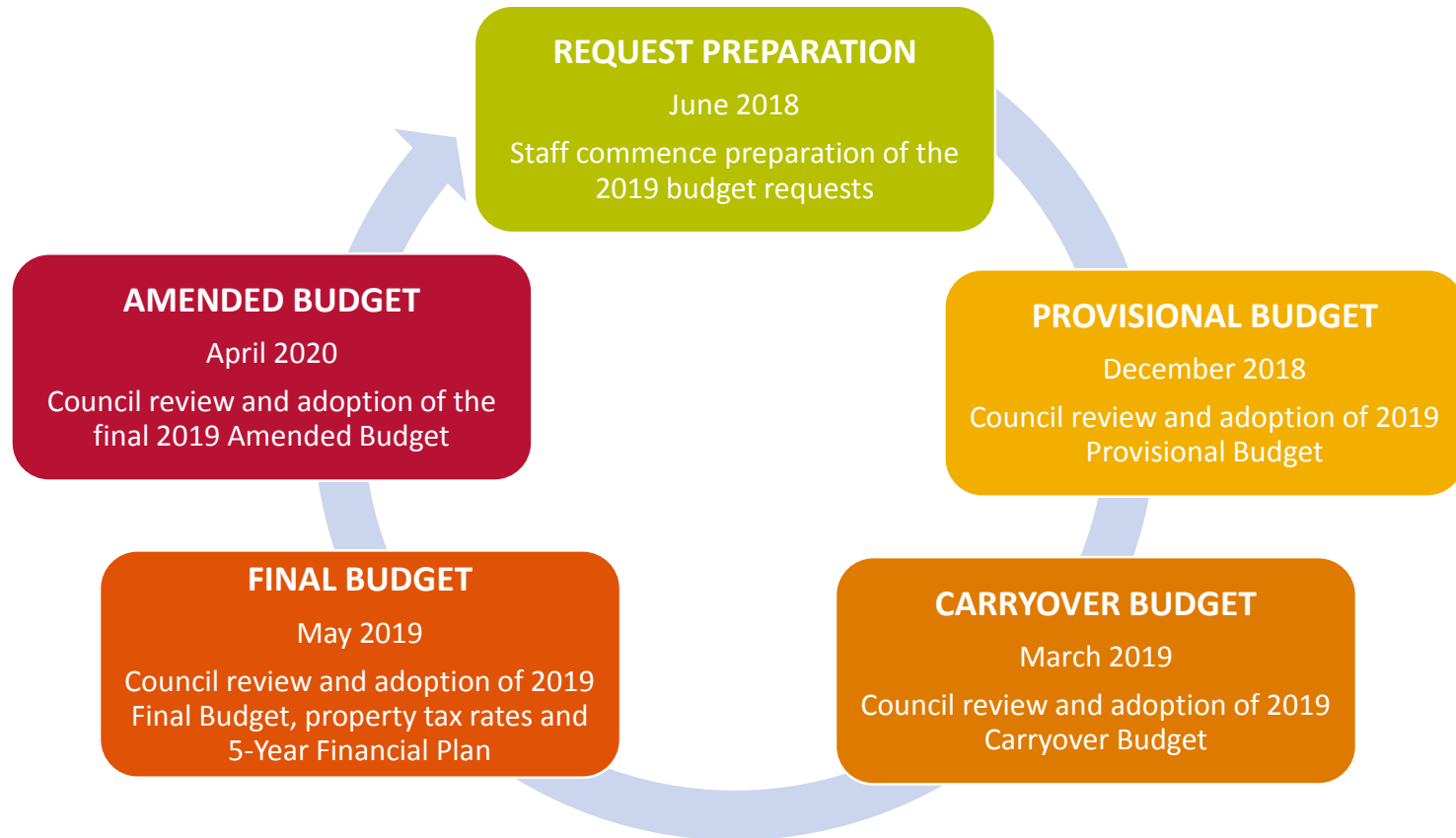
Municipal Funds



Plans that Influence the Budget



Budget Cycle



2018 Financial Plan

Provisional - Volume 1

Kelowna, British Columbia
December 2017



MAINTAIN
RENEW



GROWTH



NEW



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Tax demand calculation

Prior year
tax
demand

General
revenue

Operating
requests

Capital
program

Current
year
tax
demand

Prior Year Tax Demand

(in millions)

	2017
Gross departmental operating expenditures	213.2
Net departmental revenue	(91.8)
Net general debt	5.7
Net operating expenditure	127.0
Capital expenditures from general taxation	12.2
General revenue	(12.1)
Gross tax demand	127.1

Tax demand calculation

Prior year
tax
demand

\$127.1M

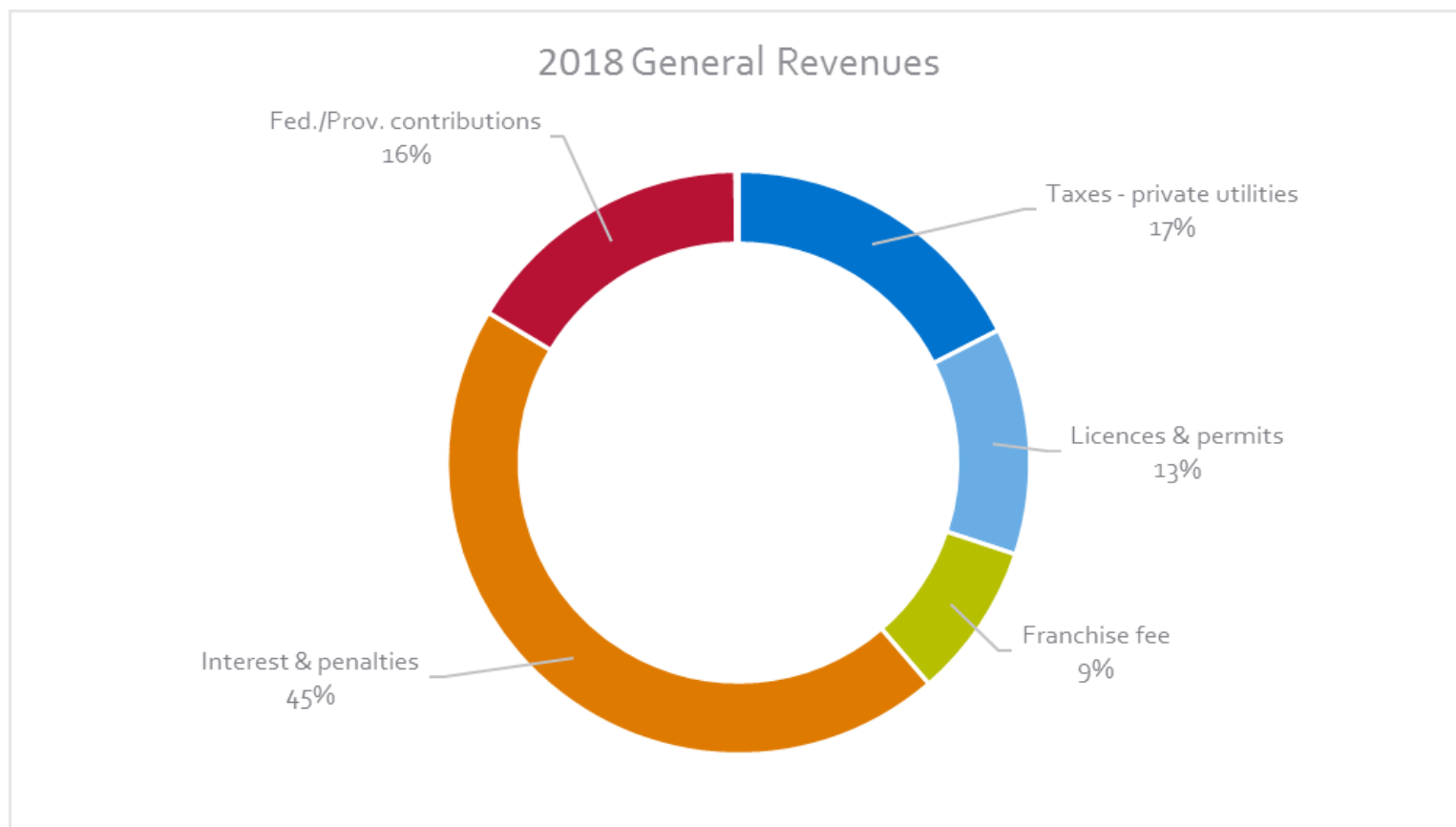
General
revenue

Operating
requests

Capital
program

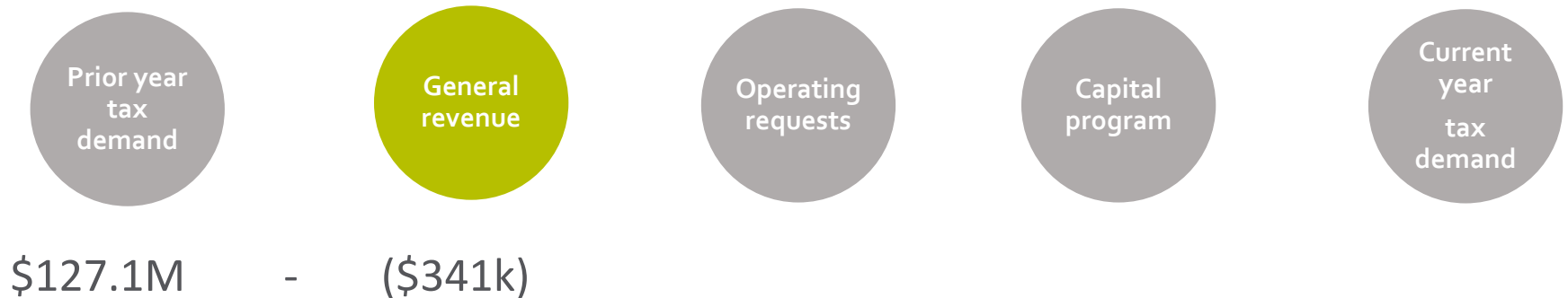
Current
year
tax
demand

General Revenues



Total 2018 General Revenues \$11.8M

Tax demand calculation



2018 Net Operating Impacts

(in thousands)

Annualized Costs

2016 on-going operating costs	\$	284
2017 on-going operating costs		577
2017 one-time requests		(670)
Other Adjustments		255
Department Adjustments		38
	\$	484

2018 Operating Program Additions

2018 Net Impacts	484k
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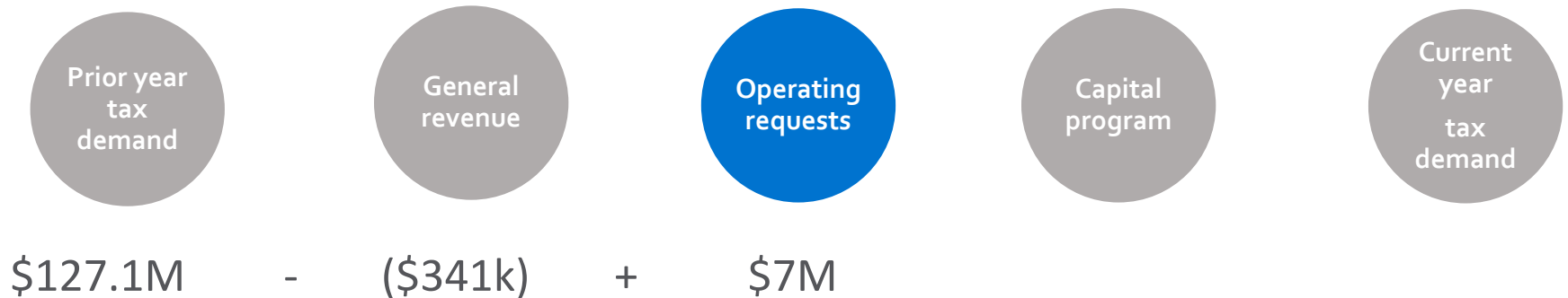
Council-approved requests:

2018 operating requests	6.68M
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2018 reduction requests	(134k)
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	\$7.0M
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Tax demand calculation



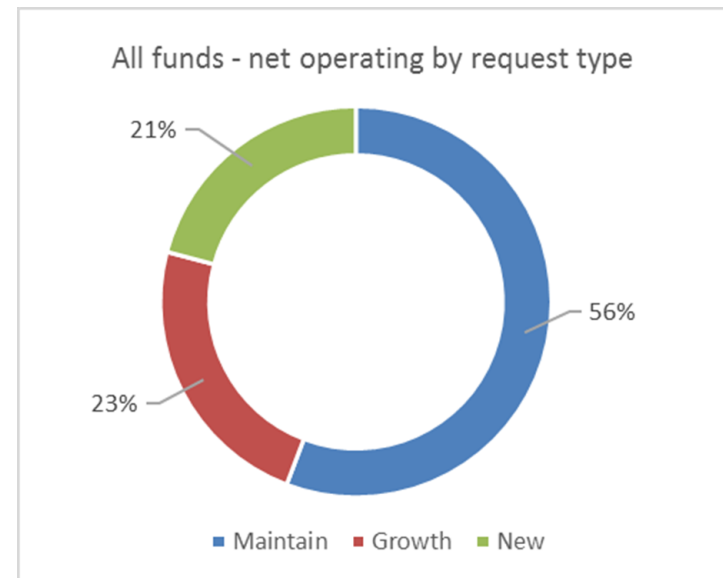
Reading an Operating Request

► Priority

- Priority 1 – included in the budget
- Priority 2 – for Council consideration

► Request Types

- Maintain
- Growth
- New



2018 Operating Request Details

Division:	Community Planning & Strategic Investments	Priority: 1	New
Department:	Enterprise Kelowna		ONE-TIME
Title:	Strategic Land Development Projects		PROVISIONAL

Justification:

The realization of the Official Community Plan and corporate objectives through creative real estate strategies encompass the mandate of this Branch. Several initiatives have been identified that have the potential of returning social, economic, environmental, and cultural benefits to the City. To deliver many of these projects, an investment is needed to cover expenditures on legal advice, property appraisal, urban design, surveying, and other professional services. These costs will often be recovered through redevelopment and disposition.

Key projects undertaken with this funding will include the RCMP site redevelopment, Central Green Leadership in Energy and Environmental Design (LEED) certification, Willits Road redevelopment, McDonalds site redevelopment, and the CN railway surplus dispositions.

Corporate Framework: A well-run City - Pioneering leadership

	Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Revenue	Utility	Taxation
2018	134,500	(134,500)	0	0	0	0	0	0

2018 Operating Request Details


Division:	Active Living & Culture	Priority: 1	New
Department:	Active Living & Culture		ON-GOING
Title:	Journey Home Implementation Funding		PROVISIONAL

Justification:

Canadian communities are demonstrating that a multi-sector collaborative approach is required for effective long term strategies to address homelessness. Cities are committing to contribute to multi-sector funding frameworks to support implementation of strategies which has proven effective in leveraging senior government and partner contributions. The Journey Home Strategy is expected to be complete in the Spring of 2018 and will include an implementation plan along with a funding strategy to address the new system coordination elements identified. While the completed strategy will provide direction for the City to consider its future role in the implementation, research demonstrates that Cities have an important role to play. This request is for initial funding for the first three years of implementation, further demonstrating the City's continued commitment, along with other senior government and community partners in the implementation. As the strategy continues to unfold, staff will report back to Council on use of the funds.

Corporate Framework: An active, inclusive city - Considering diverse community needs

	Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Revenue	Utility	Taxation
2018	75,000	0	0	0	0	0	0	(75,000)
2019	150,000	0	0	0	0	0	0	(150,000)
2020	150,000	0	0	0	0	0	0	(150,000)



2018 Reduction Request Details

Division:	Civic Operations	Priority: 1	
Department:	Civic Operations		ON-GOING
Title:	Queensway Transit Pavilion		PROVISIONAL

Justification:

The Queensway transit Pavilion was not constructed as planned resulting in an operating budget that is not required.

Corporate Framework: Resilient, well-managed infrastructure - Efficient civic buildings & facilities

	Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Revenue	Utility	Taxation
2018	(25,000)	0	0	0	0	0	0	25,000
2019	(25,000)	0	0	0	0	0	0	25,000
2020	(25,000)	0	0	0	0	0	0	25,000

P1 Summary

2018 Operating Requests

Provisional Budget

Summary - General Fund

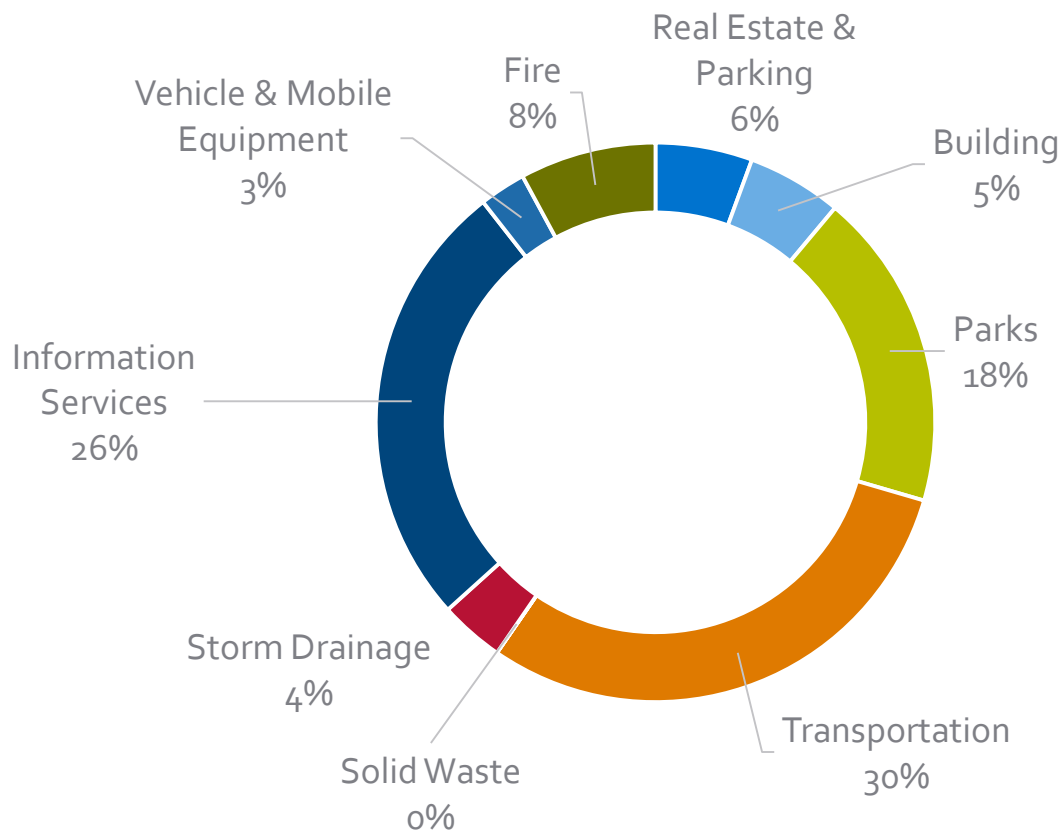
Page	Description	Cost	Reserve	Borrow	Gov/Contr	Revenue	Utility	Taxation	Cat
Civic Operations Division									
Maintain									
198	H2o Flowrider Space Study	50,000	(50,000)	0	0	0	0	0	OT
198	Secondary Odour Mitigation Method	75,000	0	0	0	(25,000)	(50,000)	0	OT
405 CAP	Kerry Park - Phase 1 Construction	8,600	0	0	0	0	0	(8,600)	OG
Total Maintain		133,600	(50,000)	0	0	(25,000)	(50,000)	(8,600)	
Growth									
432 CAP	Rails with Trails DCC (Dilworth - Commerce Ave), ATC	6,000	0	0	0	0	0	(6,000)	OG
433 CAP	Hwy 97 Six Laning - Sidewalk and Fibre Conduit Network	26,000	0	0	0	0	0	(26,000)	OG
437 CAP	# Stewart Road West 3 DCC (Crawford-Swamp), Road	0	0	0	0	0	0	0	OG
Total Growth		32,000	0	0	0	0	0	(32,000)	
New									
432 CAP	Rails with Trails (Commerce Ave to Hwy 97 Overpass), ATC	42,000	0	0	0	0	0	(42,000)	OG
433 CAP	UBCO-University South Pedestrian-Cycling Bridge	7,500	0	0	0	0	0	(7,500)	OG
143	* Avocet Wetland Restoration	150,000	(150,000)	0	0	0	0	0	OT
Total New		199,500	(150,000)	0	0	0	0	(49,500)	
Division Priority 1 Total		365,100	(200,000)	0	0	(25,000)	(50,000)	(90,100)	
Total Priority 1 Operating		365,100	(200,000)	0	0	(25,000)	(50,000)	(90,100)	

CAP – denotes operating request that has been moved to the capital section.

* italics – denotes that this is a shared (part of another department) operating request. In the originating department, the title is denoted by an *.

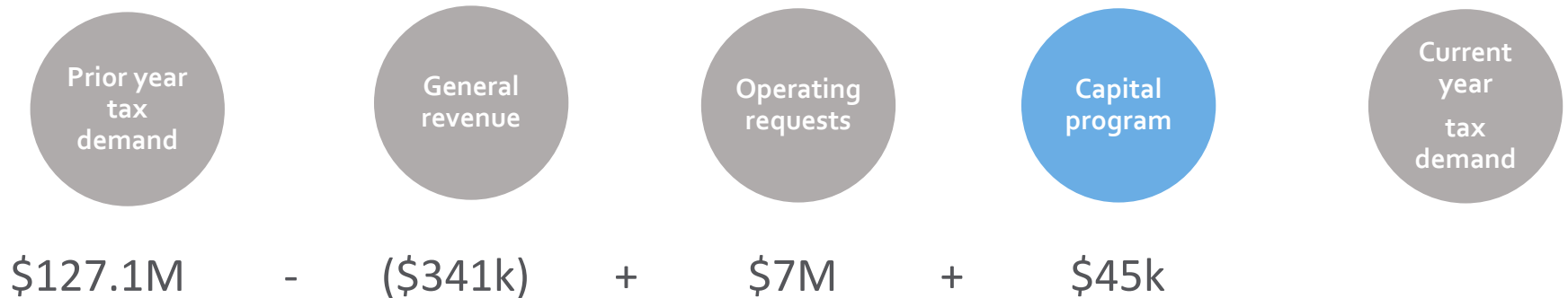
where there are zero amounts in all columns, this denotes there is no change overall in expense or revenue budgets, due to a reallocation of expenses or revenues to support the request for 2018.

2018 Capital Requests



Total Capital Expenditure from Tax Rate \$12.2M

Tax demand calculation



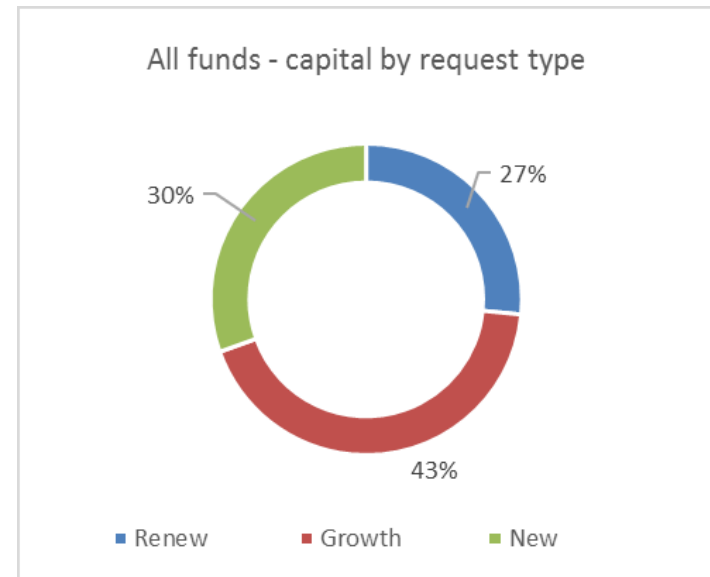
Reading a Capital Request

► Priority

- Priority 1 – included in the budget
- Priority 2 – for Council consideration

► Request Types

- Renew
- Growth
- New



Capital Request

2018 Capital Request Details

NEW

Department:	Capital Projects	Priority: 1	New
Cost Center:	Transportation Capital	10 Yr Cap Plan Ref: 2018 T5 - \$815k	
Title:	Rails with Trails (Commerce Ave to Hwy 97 Overpass), ATC		PROVISIONAL

Justification:

The Okanagan Rail Trail will form an important all ages and abilities walking-cycling connection between downtown, UBCO and points in-between. In 2017, gravel surfacing and roadway crossing improvements took place. Budget is requested to pave the trail and install conduit to allow for future trail lighting.

The ongoing operation and maintenance impacts for this request are included in this capital section as an operating request with the same title.

Project Driver: Maintenance of Council approved levels of service (usually to accommodate growth).

Corporate Framework: Resilient, well-managed infrastructure - Balanced transportation systems

Asset Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Utility	Taxation
815,000	0	0	0	(548,220)	0	(266,780)

Operating Linked to Capital



2018 Operating Request Details

Division:	Civic Operations	Priority: 1	New
Department:	Civic Operations		ON-GOING
Title:	Rails with Trails (Commerce Ave to Hwy 97 Overpass), ATC		PROVISIONAL

Justification:

This is the ongoing operation and maintenance budget impacts associated with the capital request. Programs included in this budget are snow and ice control, street sweeping, roadside weed control, tree pruning and graffiti removal.

Corporate Framework: Resilient, well-managed infrastructure - Balanced transportation systems

	Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Revenue	Utility	Taxation
2018	42,000	0	0	0	0	0	0	(42,000)
2019	47,000	0	0	0	0	0	0	(47,000)
2020	47,000	0	0	0	0	0	0	(47,000)

Integrated Capital Project

Water Capital
Request

Wastewater
Capital Request

Transportation
Capital Request

NEW

2018 Capital Request Details

CITY OF KELOWNA

Department:	Capital Projects	Priority: 1	Growth/Renew
Cost Center:	Transportation Capital	10 Yr Cap Plan Refs:	2017 T2 - \$2.1M
			2017 W6 - \$500K
			2018 WW5 - \$40K
Title:	Ethel 4 (Sutherland-Springfield), ATC		PROVISIONAL

Justification:

Ethel Street Active Transportation Corridor (ATC) is a priority all ages and abilities cycling project within the Pedestrian Bicycle Master Plan. Phase 4 of 6 will extend south from Sutherland Avenue to Springfield Road. At the end of 2018, Ethel Street ATC will be complete from Springfield Road to Cawston Avenue. Future phases 5 and 6 will extend south to Rose Avenue and north to Clement Avenue, forming a major north-south cycling corridor. Budget is requested to replace 785m of 250mm cast iron pipe with new 250mm polyvinyl chloride (PVC) watermain and to replace and, where necessary, reconnect sanitary collection services along the 785m of new sewer mainline installed on Ethel Street.

The ongoing operation and maintenance impacts for this request are included in this capital section as an operating request with the same title.

Project Drivers: Level of service enhancements (functional efficiency and levels of service increases).
Asset preservation (renewal and replacement to achieve anticipated service life).

Corporate Framework: Resilient, well-managed infrastructure: Balanced transportation systems
Well-maintained utilities

Asset Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Utility	Taxation
2,650,000	(1,476,070)	-	-	-	-	(1,173,930)

P1 Summary

2018 FINANCIAL PLAN

CITY OF KELOWNA

2018 Capital Requests

Provisional Budget

Parks Capital Summary - General Fund

Page	Project	Description	Asset Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Utility	Taxation
Parks Capital Priority 1									
Renew									
401	3134	Irrigation Infrastructure Renewal	28,000	0	0	0	0	0	(28,000)
401	2XXX	High Noon Park Improvements	75,000	0	0	0	0	0	(75,000)
Total Renew			103,000	0	0	0	0	0	(103,000)
Growth									
402	3208	Rowcliffe Park - Phase 2 Construction	1,350,000	(728,540)	0	0	0	0	(621,460)
402	2030	DCC Parkland Acquisition	4,548,170	(4,029,680)	0	0	0	0	(518,490)
Total Growth			5,898,170	(4,758,220)	0	0	0	0	(1,139,950)
New									
OP 403	XXXX	Kerry Park - Phase 1 Construction	450,000	0	0	0	0	0	(450,000)
403	XXXX	Bellevue Creek Linear Park - Phase 1 Construction	440,000	0	0	0	0	0	(440,000)
OP 404	XXXX	Interim Park Access	115,000	0	0	0	0	0	(115,000)
Total New			1,005,000	0	0	0	0	0	(1,005,000)
Cost Center Totals			7,006,170	(4,758,220)	0	0	0	0	(2,247,950)
Grand Total			7,006,170	(4,758,220)	0	0	0	0	(2,247,950)

OP – See related operating request with a similar title at the end of this section.

RED – See related reduction request with a similar title at the end of this section.

P2 Summary

2018 FINANCIAL PLAN
2018 Capital Requests
Provisional Budget
Parks Capital Summary - General Fund

CITY OF KELOWNA

Page	Project	Description	Asset Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Utility	Taxation
Parks Capital - Priority 2									
Renew									
406	XXXX	City Park Promenade Renewal - Phase 2	1,300,000	0	0	0	0	0	(1,300,000)
406	XXXX	Knox Mountain Park Paul's Tomb Trail Restoration	250,000	0	0	0	0	0	(250,000)
407	XXXX	Mission Recreation Park - Artificial Turf Replacement	600,000	(180,000)	0	0	0	0	(420,000)
Total Renew			2,150,000	(180,000)	0	0	0	0	(1,970,000)
Growth									
407	2917	Glenmore Recreation Park - Phase 2 Construction	3,273,860	(1,380,000)	0	0	0	0	(1,893,860)
408	XXXX	Ponds Community Park - Sports Field Construction	600,000	0	0	0	0	0	(600,000)
408	XXXX	Barlee Park Development	300,000	0	0	0	0	0	(300,000)
Total Growth			4,173,860	(1,380,000)	0	0	0	0	(2,793,860)
New									
409	2031	Natural/Linear Park Acquisition	450,000	0	0	0	0	0	(450,000)
409	XXXX	Protective Netting at MRP Softball Quad	100,000	0	0	0	0	0	(100,000)
Total New			550,000	0	0	0	0	0	(550,000)
Cost Center Totals			6,873,860	(1,560,000)	0	0	0	0	(5,313,860)
Grand Total			6,873,860	(1,560,000)	0	0	0	0	(5,313,860)

OP – See related operating request with a similar title at the end of this section.

RED – See related reduction request with a similar title at the end of this section.

Tax demand calculation




New construction revenue “non-market change”

- ▶ Changes in property value as a result of:
 - ▶ new construction – permitted improvements
 - ▶ new construction - no local building permit authority
 - ▶ property class changes
 - ▶ exemption changes
 - ▶ new development or "size" changes to land
 - ▶ zoning changes

Total 2018 New Construction Revenue \$2.85M

Projected property tax rate: 2018

	Dollars	Percent (%)
2018 Projected tax demand	\$ 134.5	
2017 Actual tax demand	<u>127.1</u>	
Tax dollar increase	7.4	5.80
Less: estimated N.C.R.	<u>(2.85)</u>	<u>(2.20)</u>
2019 Projected tax rate	\$ 4.55 M	3.60%



Infrastructure Levy

- ▶ Based on the 10-year Capital Plan
 - ▶ Requires \$1.123 billion in infrastructure investment
 - ▶ Forecasted funding \$660 million
 - ▶ \$463 million infrastructure deficit

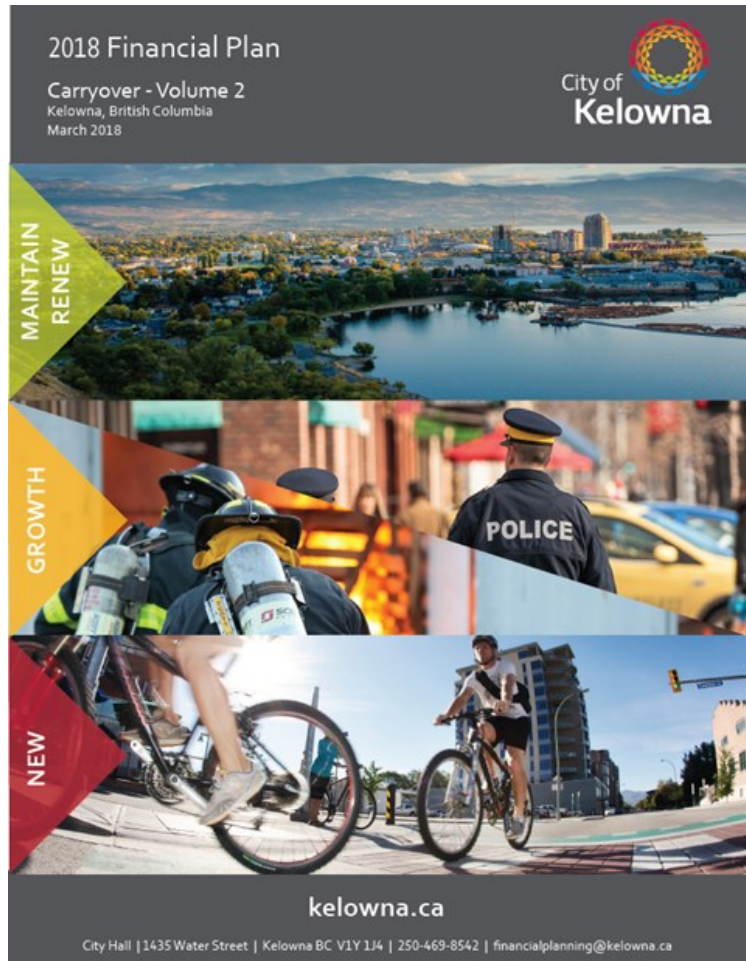
Infrastructure Levy at 1.95% Each Year (Cumulative)

	2019	2020	2021	2022	2019-2027
Levy revenue (in millions)	\$2.6M	5.4	8.3	11.4	\$137.5M

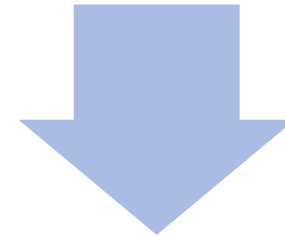
Infrastructure Levy at \$2.6M (1.95%) in 2019 increases to \$5.2M in 2020

	2019	2020	2021	2022	2019-2027
Levy revenue (in millions)	\$2.6M	5.2	5.2	5.2	\$5.2M

Carryover Budget




2017 Unfinished
Project Budgets




2018 Budget

Final Budget


2018 Financial Plan
Final Budget - Volume 3
Kelowna, British Columbia
April 2018




MAINTAIN
RENEW



GROWTH



NEW



kelowna.ca
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2018 Tax Demand

(in millions)

	2018
Gross departmental operating expenditures	230.6
Net departmental revenue	(101.9)
Net general debt	4.5
Net operating expenditure	133.2
Capital expenditures from general taxation	12.7
General revenue	(12.4)
Gross tax demand	133.5
Less new construction value	(2.6)
Net taxation demand	130.9
Net property owner impact	2.99%