

2020 Final Budget & Five Year Financial Plan overview

May 4th, 2020
Council Chambers

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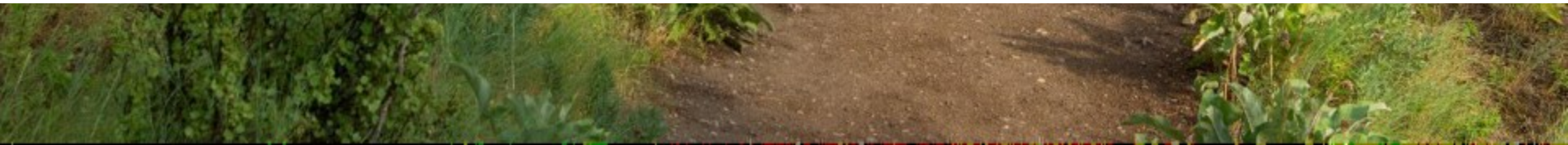
Agenda

- ▶ Provisional budget
- ▶ Impact of COVID-19
- ▶ Final budget
- ▶ Taxation impacts
- ▶ Five-Year Financial Plan





Provisional Budget Highlights

- ▶ Investment in public safety
 - ▶ Building vibrant neighborhoods
 - ▶ Bolstering economic resiliency
 - ▶ Ensuring a socially responsible and inclusive community
 - ▶ Balanced transportation
 - ▶ Commitment to environmental sustainability
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Provisional Budget



Council approved on December 12, 2019:

Provisional tax demand	\$151.3M
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Municipal tax increase	4.15%
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Impact of COVID-19

- ▶ Residents
- ▶ Businesses
- ▶ Organizations
- ▶ City of Kelowna
- ▶ Province of British Columbia
- ▶ Government of Canada
- ▶ Global

Final Budget



Provisional tax demand	\$151.3 M
Operating requests	2.6 M
Capital requests	(5.1 M)
2020 Final tax demand	\$148.8 M
New construction revenue	3.4 M
Net property owner impact	2.05%

Operating Requests – COVID-19

Request: Compensation Adjustments

Justification: In response to the changing economic conditions, the city has found a number of ways to reduce compensation costs. The majority of the reductions included in this request are the cancellation of some new positions approved in the 2020 Provisional Budget as well as one-time reductions of summer students and term position budgets.

Amount: \$1,585,100

Taxation Impact: \$1,465,600 Decrease to Tax Demand

Operating Requests – COVID-19

Request: Operational Adjustments

Justification: In response to the rapidly evolving economy, the City has found a number of ways to be flexible and to adapt various operations. To offset the lost revenues and to reduce the tax demand, all City Divisions have reduced their operational budgets while minimizing impacts to service levels. Reductions include professional and consulting services, materials and supplies and staff training budgets.

Amount: \$2,190,320

Taxation Impact: \$1,831,300 Decrease to Tax Demand

Operating Requests – COVID-19

Request: Program Adjustments

Justification: Significant revenue reductions are expected for many civic services including recreation facilities, transit and casino revenue due to the COVID 19 pandemic. City programs have been reviewed and both revenue and expenditure budgets are being requested to be adjusted to reflect this analysis.

Amount: \$598,000

Taxation Impact: \$5,993,200 Increase to Tax Demand



Operating Requests

- Request:** Transmission of Taxes - Business Improvement Areas' and Other Governments
- Justification:** To establish the receipt and disbursement of taxes to Business Improvement Areas (BIA) and other taxing authorities (OTA's)
- Amount:** \$109,361,100
- Taxation Impact:** No Impact on Tax Demand



Operating Requests

Request: Prospera Place Arena Building Reserve

Justification: This request is to recognize the cost savings associated with the lump-sum payment for community-use time in the Prospera Place Arena and to initiate an annual contribution to reserve for the remaining term of agreement to be used to help fund future building upgrades and reduce future impacts on taxation.

Amount: \$429,000

Taxation Impact: No Impact on Tax Demand

Capital Requests – COVID-19

▶ Building Capital:

- ▶ Rutland Rec Park, Central Okanagan Rugby Enthusiasts Fieldhouse
- ▶ City Hall Improvements
- ▶ Water St. Boat Launch Ramp Renewal

▶ Parks Capital:

- ▶ Lombardy Park, Protective Netting- Construction

Capital Requests – COVID-19

▶ Transportation Capital:

- ▶ McCulloch Area DCC (KLO/Hall/Spiers)
- ▶ Houghton 1 DCC (Nickel – OK Rail Trail), ATC
- ▶ KLO Rd Mission Creek Bridge Replacement
- ▶ Urban Centre Improvements
- ▶ Okanagan Rail Trail – Connections to Waterfront Park Pathway



Capital Requests – COVID-19

- ▶ Information Services Capital:
 - ▶ Major Systems Projects – Electronic Records Management

- ▶ Vehicle & Mobile Equipment Capital:
 - ▶ Fleet Growth

Capital Requests – COVID-19

▶ Airport Capital:

- ▶ Airside
- ▶ Groundside
- ▶ Terminal
- ▶ Airport Improvement Fees (AIF)

▶ Wastewater Capital:

- ▶ KLO Rd Mission Creek Bridge Sanitary Main



Capital Requests

Request: H2O Boiler Replacement

Justification: This request is to replace one of the boilers at the H2O Adventure and Fitness Centre. This project complements the H2O Energy Efficiency 2020 Provisional project and the Clean BC grant program application.

Amount: \$492,000

Taxation Impact: No Impact on Tax Demand

Capital Requests



Request: Landfill Liner Design and Construction

Justification: Additional budget is required for major earthworks associated with preparing the landfill area for construction, road surfacing, drainage systems and electrical conduits. The additional budget required for this project is \$2.1M for a total project budget of \$4.4M.

Amount: \$2,100,000

Taxation Impact: No Impact on Tax Demand

Capital Requests

- Request:** Stockpiles and Reprocessing Areas Relocation
- Justification:** The project to relocate a stockpile pad and reprocessing area to another area of the landfill has been cancelled to allow for the completion of the liner design and construction project.
- Amount:** \$3,446,000
- Taxation Impact:** No Impact on Tax Demand



Capital Requests

- Request:** Knox Mountain Geotechnical Engineering
- Justification:** Budget is requested to initiate the geotechnical design and first year construction of the slope on Knox Mountain north of the corner of Ethel Street and Bay Avenue to protect buried infrastructure.
- Amount:** \$750,000
- Taxation Impact:** No Impact on Tax Demand



Capital Requests

- Request:** Bellevue Creek Water Main Crossing at Varney Court
- Justification:** The 2018 Flood Recovery project identified an existing water main under Bellevue Creek that became exposed during the high flow event. Budget is requested to construct a pipe bridge over the creek.
- Amount:** \$150,000
- Taxation Impact:** No Impact on Tax Demand



Taxation Impact - Summary

\$676,100

average single family detached home

\$2,115

Municipal portion of taxes

\$43

\$ increase from prior year

2.05%

% increase from prior year



What do the tax dollars pay for:

Allocation of funds | where the \$ goes*

31% Safety	7% Transit & Regional services
5% Planning & development	15% Fire
10% Transportation (Roads Sidewalks, etc)	2% Grants
5% Building Services	2% Utility Services
5% Active Living & Cultural Services	3% Debt
2% Street Lights	13% Parks, beaches & trails

Based on the 2020 average single family detached property valued at \$676,100



Helping our tax payers

- ▶ Reducing the property tax rate
- ▶ Delaying the property tax penalty date
- ▶ Holds on auto-withdrawals
- ▶ Waiving of interest charges
- ▶ Waiving not sufficient fund fees
- ▶ Suspending collection agency efforts
- ▶ Removal of parking fees in urban centres

Five-Year Financial Plan

	2020	2021	2022	2023	2024
General revenues	\$11.10	\$11.40	\$11.70	\$11.90	\$12.10
Net operating budget	150.5	159.8	170.2	180.2	185.8
Pay-as-you-go capital	9.5	10.5	11.4	12.4	13.3
Taxation demand	\$148.80	\$158.80	\$169.90	\$180.70	\$186.90
New construction tax revenue	(3.4)	(2.1)	(2.2)	(2.3)	(2.5)
Net property owner impact	2.05%	5.33%	5.58%	4.98%	2.06%

Note: Totals may not add due to rounding

(in millions)

2021 & 5 Year Financial Plan

Financial models

- ▶ Fees & Charges
- ▶ Revenue & Expenditure Forecasts
- ▶ Utility & Debt Models
- ▶ Five-Year Financial Plan
- ▶ Reserves & Surplus





2020 Final Budget

2.05%

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