

# CITY OF KELOWNA

## BYLAW NO. 12198

### Five Year Financial Plan 2021-2025

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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, 2021 to and including December 31, 2025.
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, 2021-2025, No. 12198".

Read a first, second and third time by the Municipal Council this

Adopted by the Municipal Council of the City of Kelowna this

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Mayor

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City Clerk

**Schedule "A"**  
**Financial Plan 2021 - 2025**

	2021	2022	2023	2024	2025	2026-2030
<b>Revenue</b>						
Property Value Tax	157,735,983	169,205,678	180,116,559	189,700,310	198,190,895	1,090,891,060
Library Requisition	6,926,600	7,065,132	7,206,435	7,350,564	7,497,575	39,798,035
Parcel Taxes	3,195,727	3,422,977	3,446,741	3,470,144	3,309,310	13,431,141
Fees and Charges	109,997,186	138,915,319	150,938,199	157,982,369	160,220,846	881,407,825
Borrowing Proceeds	7,158,600	17,805,940	21,700,000	2,742,540	10,061,293	3,646,873
Other Sources	67,535,274	50,713,865	50,086,080	55,678,976	52,206,130	349,939,336
	352,549,370	387,128,911	413,494,014	416,924,903	431,486,049	2,379,114,271
<b>Transfer between Funds</b>						
Reserve Funds	2,164,376	1,607,774	1,018,046	1,018,046	1,018,046	5,090,230
DCC Funds	27,455,260	22,749,126	31,614,637	28,975,450	36,132,347	188,554,781
Surplus/Reserve Accounts	187,605,634	42,896,550	64,009,793	59,487,250	52,358,826	285,394,007
	217,225,270	67,253,450	96,642,476	89,480,746	89,509,219	479,039,018
<b>Total Revenues</b>	<b>569,774,640</b>	<b>454,382,361</b>	<b>510,136,490</b>	<b>506,405,649</b>	<b>520,995,268</b>	<b>2,858,153,289</b>
<b>Expenditures</b>						
Municipal Debt						
Debt Interest	3,728,439	5,266,286	7,025,695	7,813,907	7,851,686	33,267,080
Debt Principal	9,762,977	10,555,605	12,340,084	13,843,506	13,952,658	55,498,330
Capital Expenditures	238,360,450	104,896,152	142,250,238	122,121,840	127,596,432	715,188,831
Other Municipal Purposes						
General Government	31,883,709	30,836,885	31,686,895	32,585,805	33,510,415	181,912,914
Planning, Development & Building Services	31,729,092	25,471,518	25,685,213	26,445,831	27,242,444	147,813,478
Community Services	93,067,468	96,372,824	97,799,320	100,370,889	103,387,067	558,930,773
Protective Services	72,202,231	76,409,427	80,426,322	84,969,627	89,572,078	498,302,342
Utilities	25,865,914	22,504,022	22,868,555	23,879,546	24,519,526	132,273,909
Airport	15,915,345	16,917,094	17,925,228	19,474,505	18,019,242	107,298,110
	522,515,625	389,229,813	438,007,550	431,505,456	445,651,548	2,430,485,767
<b>Transfers between Funds</b>						
Reserve Funds	25,971,978	26,312,594	27,575,765	27,595,506	27,606,240	142,651,153
DCC Funds	0	0	0	0	0	0
Surplus/Reserve Accounts	21,287,037	38,839,954	44,553,175	47,304,687	47,737,480	285,016,369
	47,259,015	65,152,548	72,128,940	74,900,193	75,343,720	427,667,522
<b>Total Expenditures</b>	<b>569,774,640</b>	<b>454,382,361</b>	<b>510,136,490</b>	<b>506,405,649</b>	<b>520,995,268</b>	<b>2,858,153,289</b>

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 2021. 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	157,736	28%
Library Requisition	6,927	1%
Parcel Taxes	3,196	1%
Fees & Charges	109,997	19%
Borrowing Proceeds	7,159	1%
Other Sources	67,535	12%
Reserve Funds/Accounts	217,225	38%
<b>Total</b>	<b>569,775</b>	<b>100%</b>

**Distribution of Property Tax Rates**

Table 2 outlines the council approved municipal tax distribution policy for 2021 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	2021 Tax Class Ratios	Tax Revenue \$ (000's)	2020 Tax Class Ratios
01/08/03	Res/Rec/NP/SH	1.0000:1	110,272	1.0000:1
02	Utilities	4.9179:1	717	4.9211:1
04	Major Industrial	5.8504:1	0	6.0425:1
05/06	Light Ind/Bus/Other	2.2556:1	46,092	2.1724:1
09	Farm Land	0.1639:1	11	0.1706:1
91	Farm Improvements	0.5081:1	643	0.5096:1
	<b>Total Revenues</b>		<b>157,736</b>	

## 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 2021 (based on 2020 assessment totals and tax rates) is \$3,747,201. The following breaks down the total into various exemption categories and the exemption value for the category:

Places of Worship - \$ 395,271

Private schools - \$ 258,882

Hospitals - \$ 19,736

Special Needs Housing - \$ 58,678

Social Services - \$ 297,429

Public Park, Athletic or Recreational - \$ 454,458

Cultural - \$ 419,988

Partnering, Heritage or Other Special Exemptions Authority - \$ 378,602

Revitalization - \$1,464,157

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.