



City of  
Kelowna

# 2017 Financial Plan overview

December 12, 2016



# Agenda

- ▶ Provisional budget process
- ▶ Taxation impact
- ▶ General fund
  - ▶ Operating & capital
- ▶ Municipal funds
  - ▶ Water, Wastewater, Natural Gas, Airport
- ▶ Reserves & debt
- ▶ Assessment & tax



# 2017 Provisional Budget

Budget letter & guidelines	July 4
Division work plans completed	Aug. 26
Council outlook	Sept. 8
Deadline for budget to Finance	Sept. 9
Performance measures, accomplishments	Sept. 30
2016 drivers & activities	Sept. 30
City Manager's review	Oct. 19/20
Council overview	Dec. 12
Council review	Dec. 15

# Analysis of tax demand

*\$ in millions*

**2016** **2017**

Operating \$120.0 127.5

General revenues -12.2 -12.2

Taxation capital 12.0 12.3

\$119.8 127.6

New construction revenue -1.67 -2.40

Police Services: Building & Contract 1.97 1.56

Fire Department Strategic Plan 0.00 0.38

Other 2.14 2.46

**Tax increase 4.11% 4.40%**

# 2017 base budget changes

2016 budget impacts:

Annualized

\$ 2,176,944

One-time

(692,300)

Department changes

23,560

Other adjustments

245,636

**Base changes**

**\$ 1,753,840**

# 2017 operating budget

General revenue	\$ (44,520)
Expenditure reductions	(83,020)
P1 operating requests	5,741,040
<b>Operating changes</b>	<b>\$5,613,500</b>

# 2017 taxation capital

Pay-as-you-go tax capital  
Increase from 2016

\$12,335,000

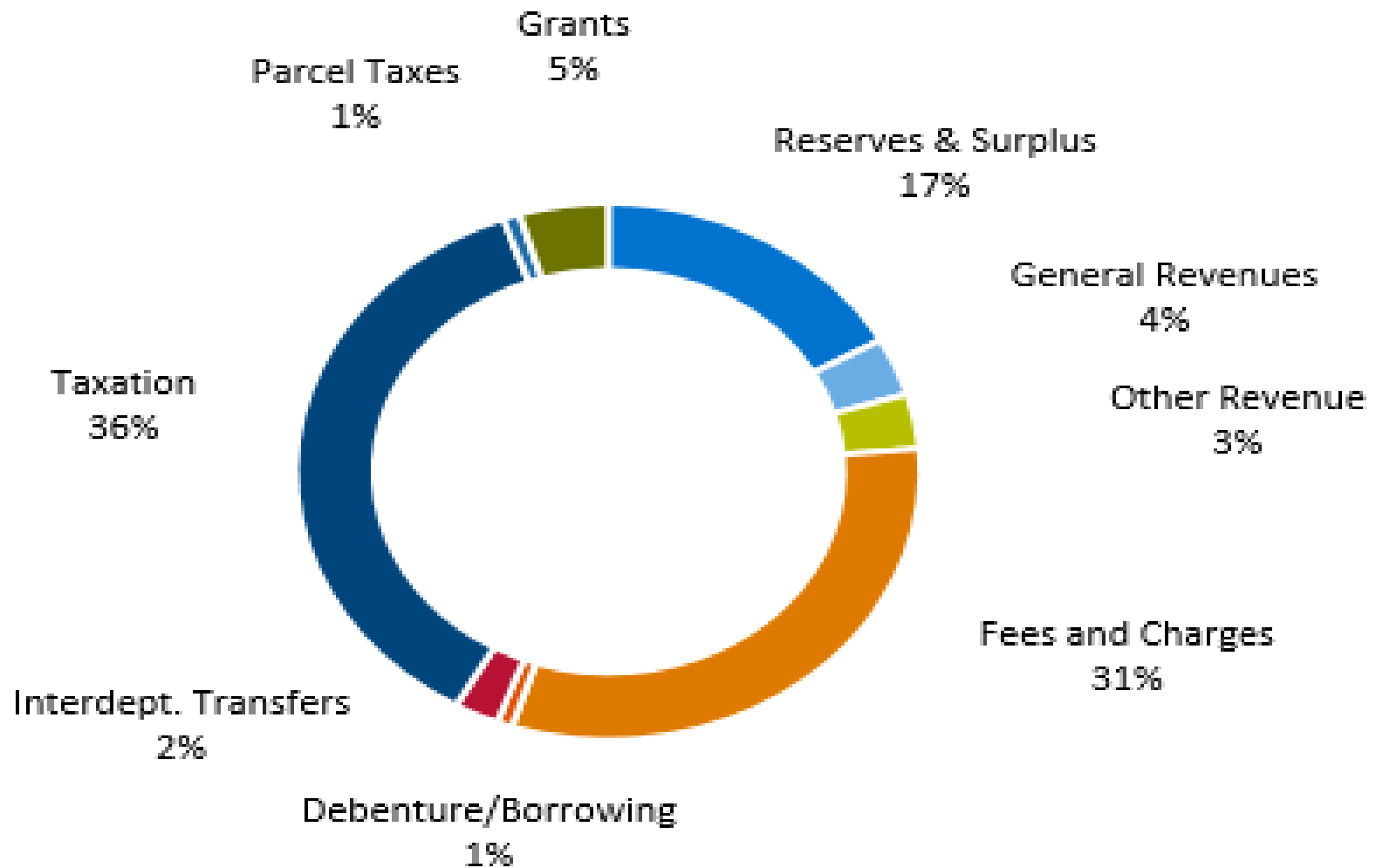
306,160

# 2017 budget summary

2016 decisions	\$ 1.8 M
2017 operating budget	<u>5.6 M</u>
Operating change	7.4 M
2017 tax capital	0.3 M
New construction revenue	<u>(2.4)M</u>
New taxation demand	\$5.3M
Police Services	1.56%
Fire Department Strategic Plan	0.38%
Other	2.46%
<b>Tax increase</b>	<b>4.40%</b>

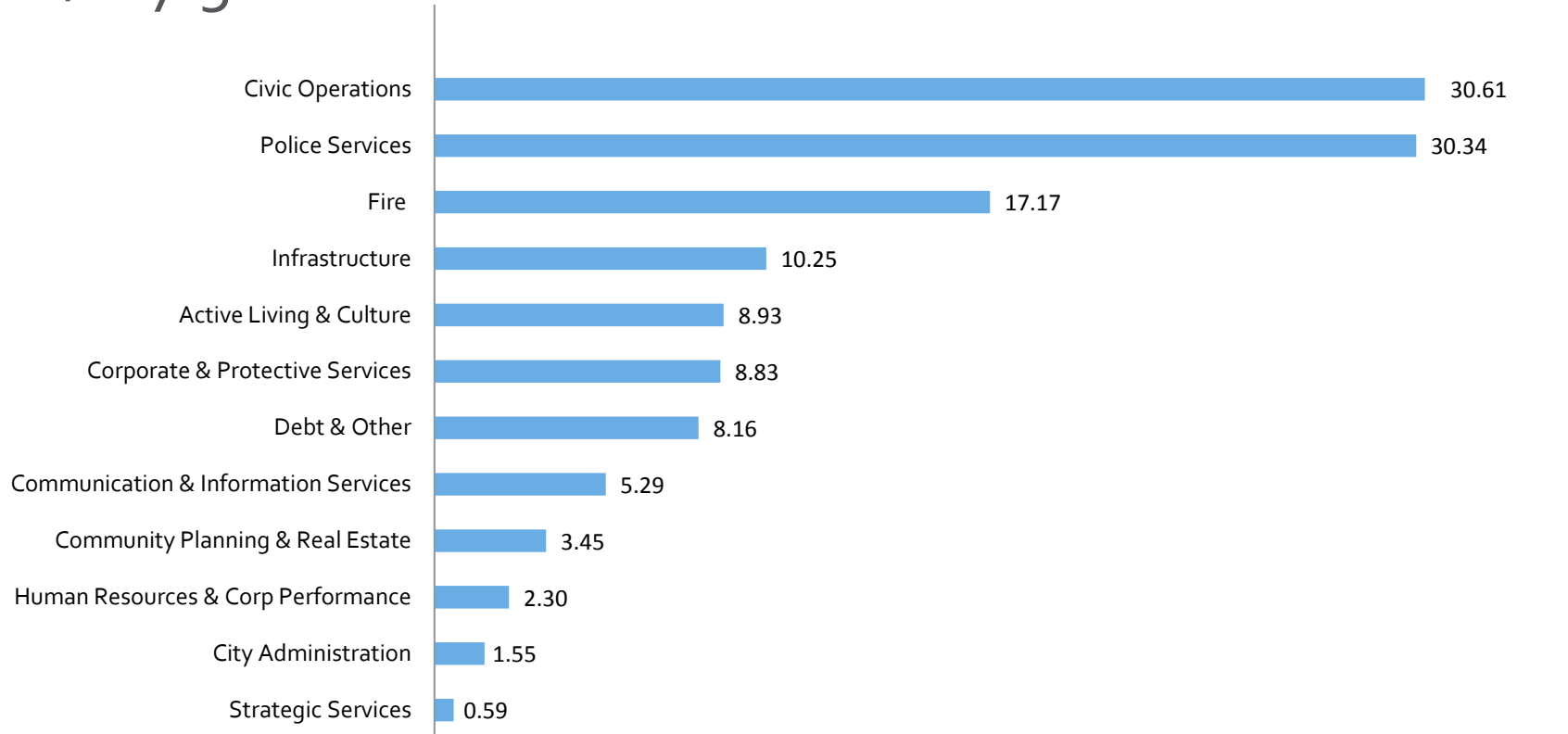


# Total revenue \$349.7M



# Operating (general fund)

\$127.5M



# 2017 capital review

# 2017 Capital Process

- |                                    |           |
|------------------------------------|-----------|
| ▶ Call Letter                      | May 4     |
| ▶ Capital Submissions #1           | Jun 17    |
| ▶ Divisional Meeting #1            | Jun 22    |
| ▶ MBL Analysis & Prioritization    | Jul 6-14  |
| ▶ Divisional Meeting #2            | Jul 20    |
| ▶ Project Charters entered into WP | Jul 29    |
| ▶ Project Cost Estimating          | Aug 1-25  |
| ▶ Final Review                     | Aug 25-28 |
| ▶ Complete Work Plan Entries       | Aug 26th  |
| ▶ Submit to Finance                | Sep 9th   |
| ▶ City Manager Review              | Oct 19-20 |
| ▶ Council Review                   | Dec 15th  |

# Capital Budget Process Improvements

- ▶ 2030 Infrastructure Plan
- ▶ Multiple Bottom Line Review of 2017 Capital Projects
  - ▶ 12 person team
  - ▶ Expanded Scoring
- ▶ Update DCC Bylaw
- ▶ 10-Year Capital Plan (2017-2026)
- ▶ Emphasis on O&M Impacts



# Multiple Bottom Line Analysis

MBL Category	Criteria Title	Council Focus	Corporate Framework	Weighting	
Economic Capital	Economic Development	- Catalyst for business - Balanced transportation network	- Strong Economy	7%	27%
	Efficient Service Delivery	- Strong financial management	- Well-run City	10%	
	Leverage Opportunity for Partnerships and Grants	- Strong financial management	- Strong Economy	10%	
Social Capital	Safe Community	- Healthy, safe, active & inclusive community	- Safe City	16%	30%
	Healthy, Active & Connected Community	-Healthy, safe, active & inclusive community. - Balanced transportation network	- Active, Inclusive City - Resilient well-managed infrastructure	10%	
	Cultural Community	- Vibrant urban centres - Balanced transportation network	- Active inclusive City - Resilient well-managed infrastructure	4%	
Environmental Capital	Healthy Environment	- Clean Drinking Water	- Clean, Healthy environment	15%	27%
	Protect Habitat & Biodiversity	- Healthy, safe, active & inclusive community	- Clean, Healthy environment	12%	
Built Capital	Renew or Replace Existing Infrastructure	- Strong financial management.	- Resilient well-managed infrastructure	16%	16%

# Capital budget comparison

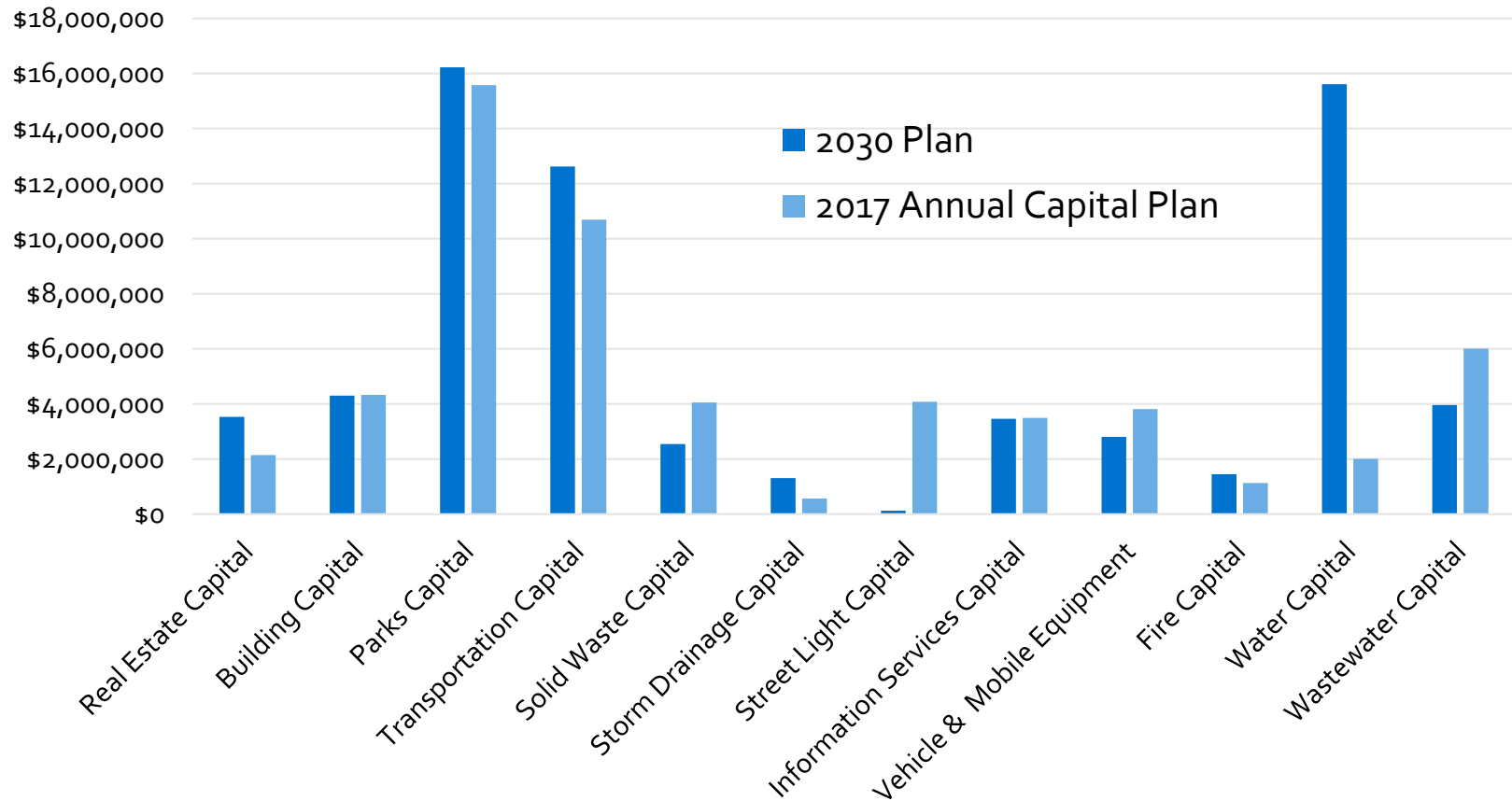
Measures	2014	2015	2016	2017
Total Projects (P1)	114	117	106	105
Capital Budget	\$93M	\$92M	\$45M	\$68.3M
Total Taxation	\$13.9M	\$12.7M	\$12.0M	\$12.3M
Grants	\$4.7M	\$8.4M	\$3.3M	\$1.05M
Big Rocks	Police Services, Lakeshore Bridge, Queensway Transit	John Hindle, Lakeshore Rd, Heritage, Airport Expansion	Roads Resurfacing, Ethel Street AT, Land Purchases, Asset Renewal	Parks, Street Lights Asset Renewal

# Infrastructure Investment

2017 Annual Capital plan

vs.

2030 Infrastructure Plan



**P1 REQUESTS = \$57.9 million**  
- not including airport

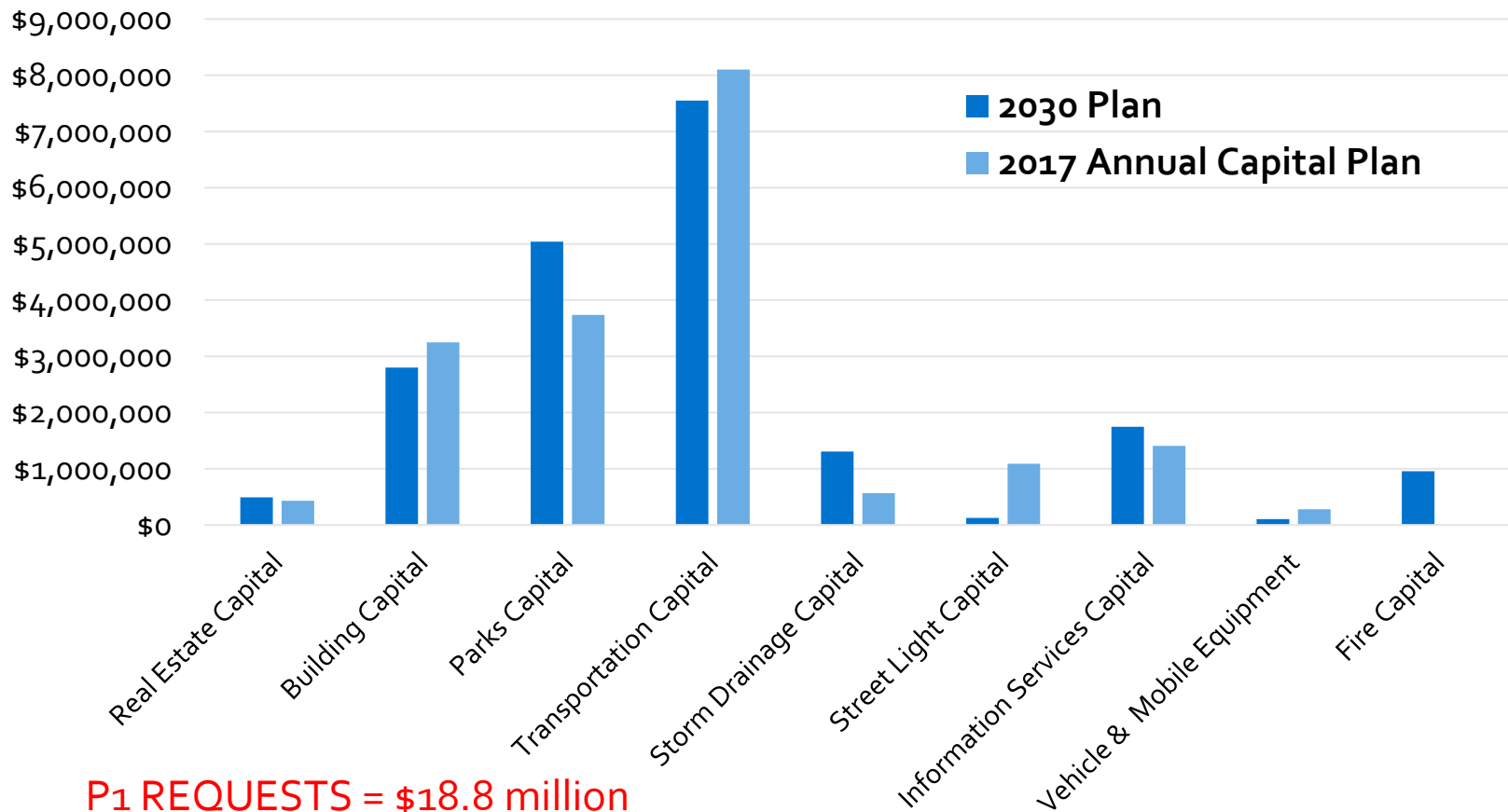
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# Taxation and Gas Tax Funding

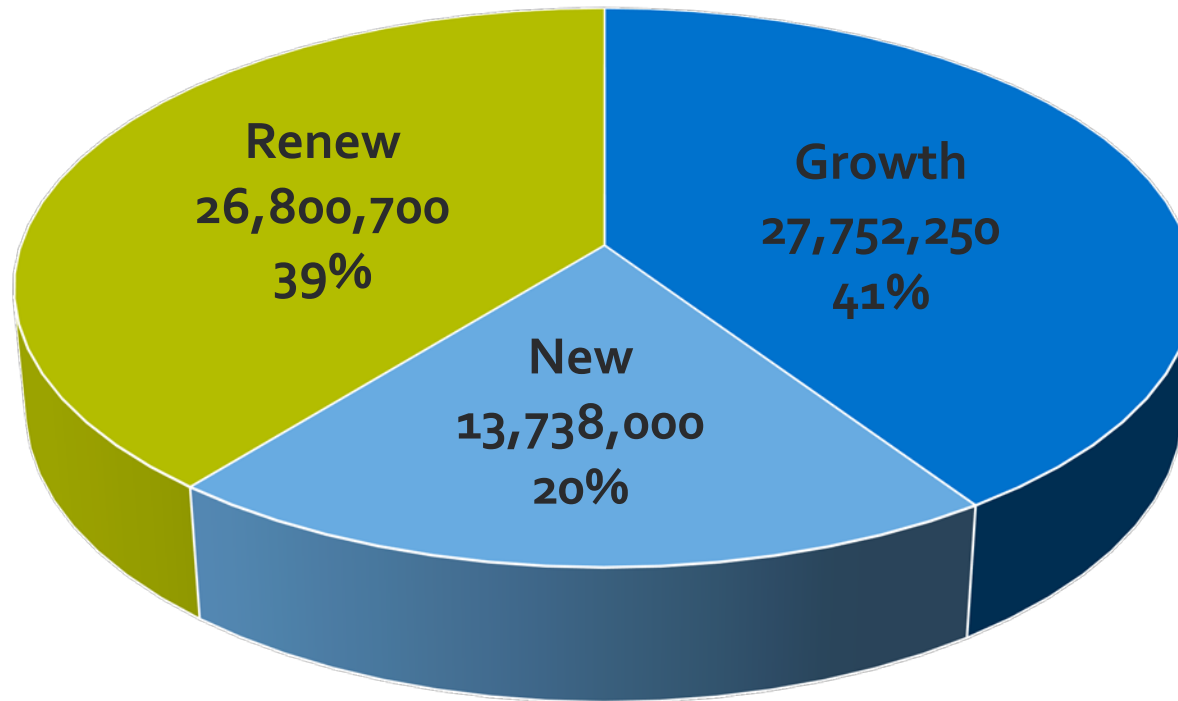
2017 Annual Capital Plan

vs.

2030 Infrastructure Plan



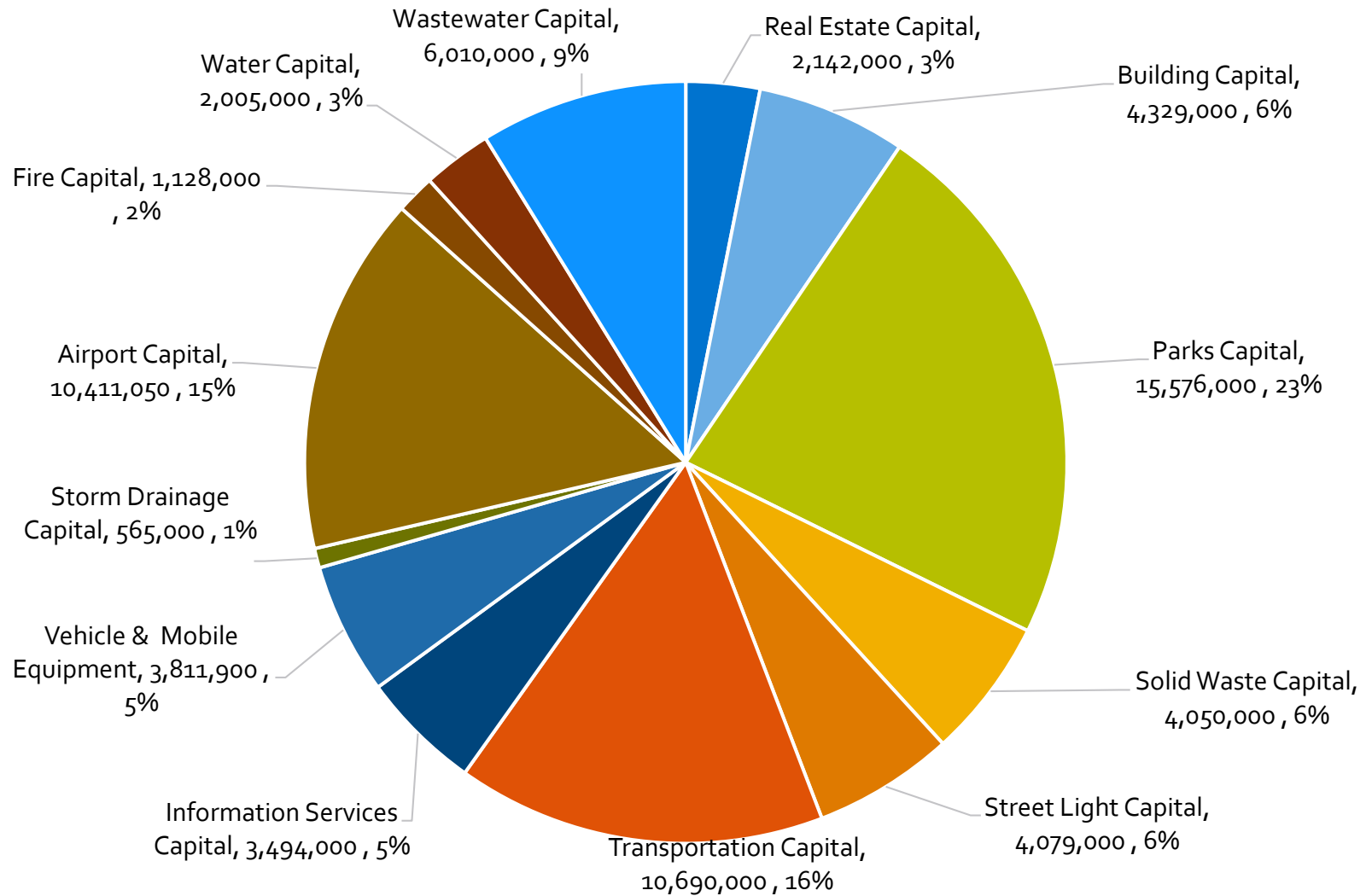
# Infrastructure Value by Category



- *New Capital* - infrastructure required to support enhanced service levels,
- *Growth Capital* - infrastructure required to accommodate growth,
- *Renewal Capital* - infrastructure that replaces or renews existing assets.



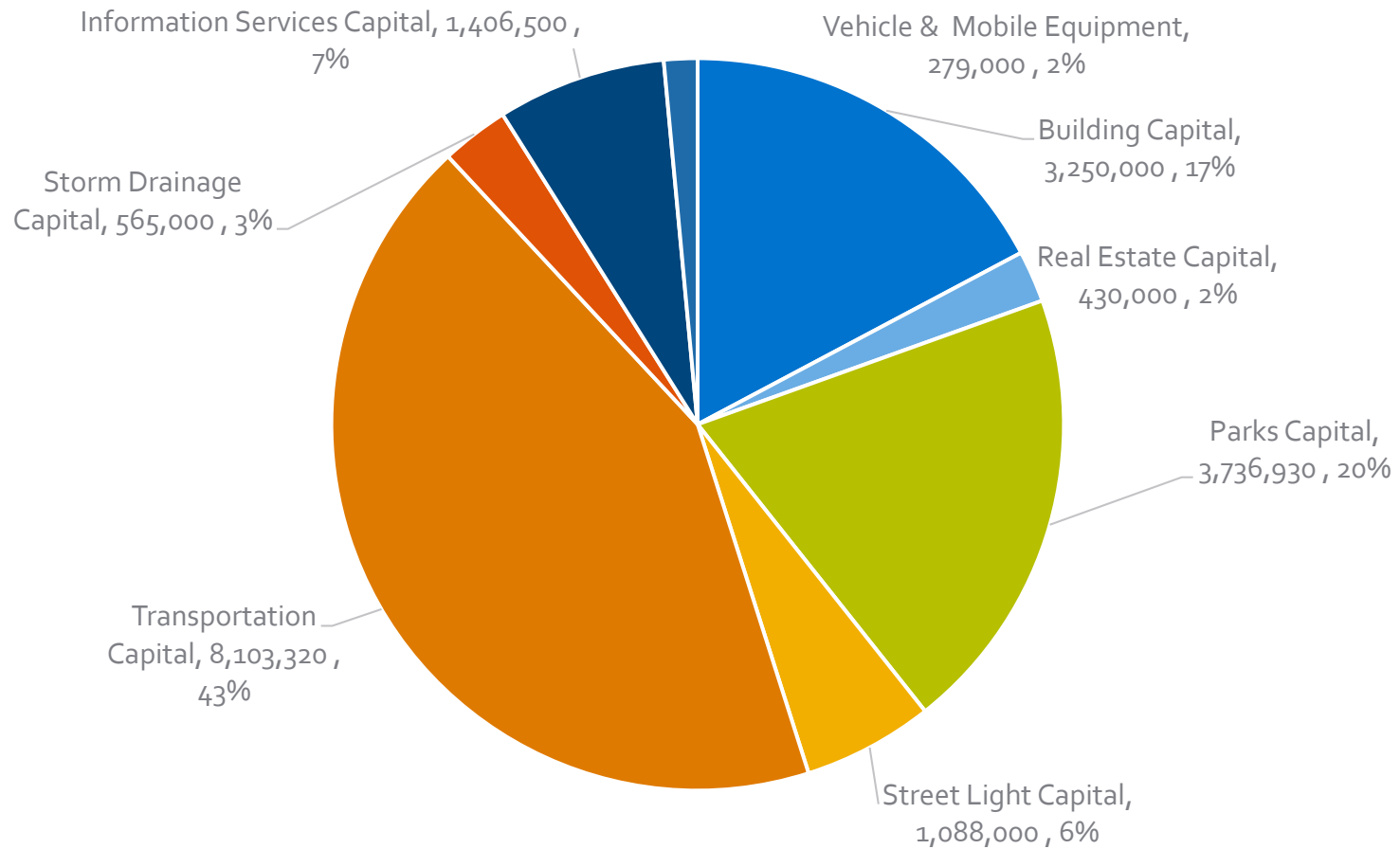
# 2017 Capital Requests



P1 REQUESTS = \$68.3 M

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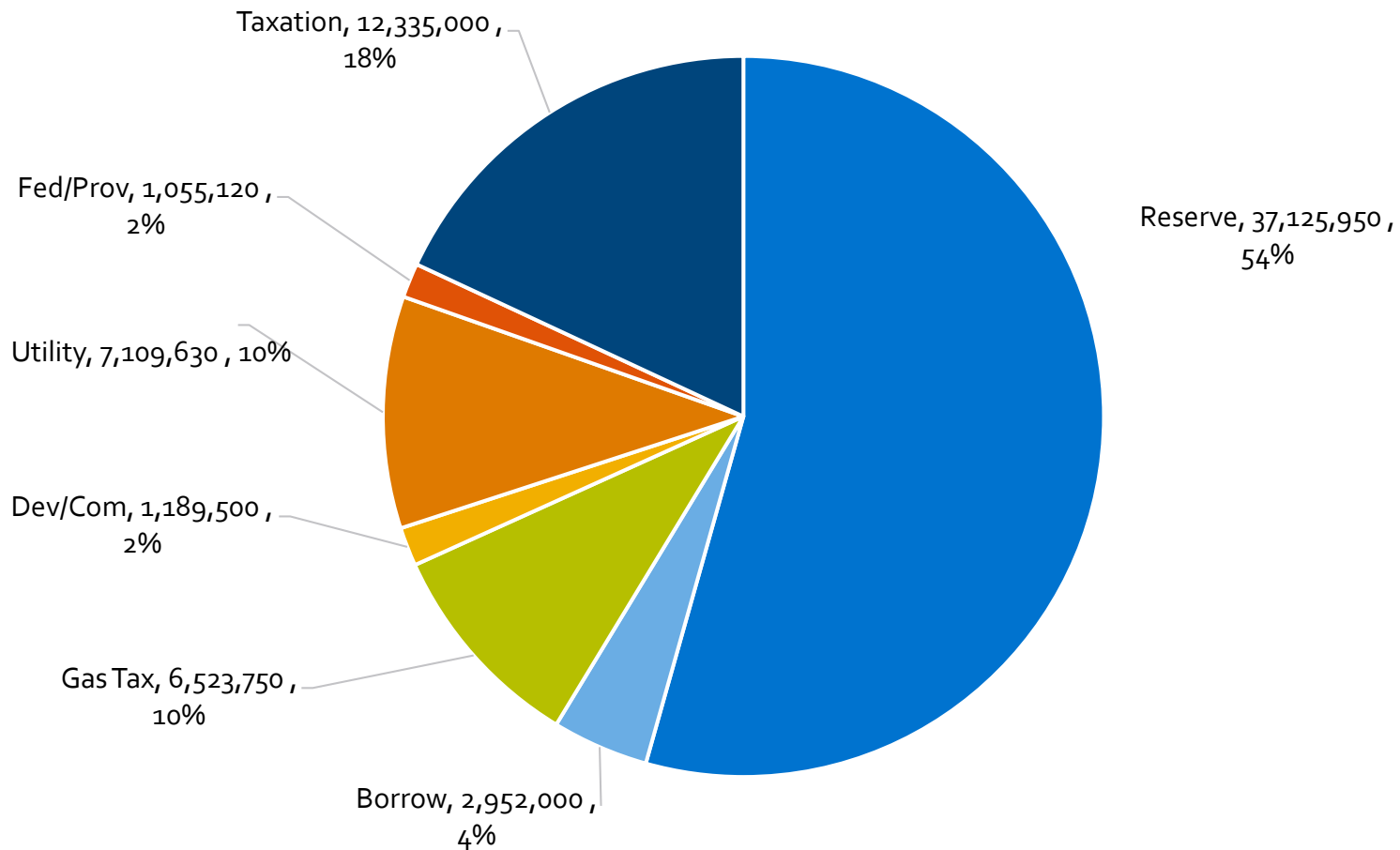
# 2017 Taxation and Gas Tax



**P1 TAX & GAS TAX FUNDING = \$18.8 M**

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# 2017 Capital Funding Sources



**P1 TAX FUNDING = \$68.3 M**

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# Other municipal funds

- ▶ Water utility
- ▶ Wastewater utility
- ▶ Natural Gas fund
- ▶ Kelowna International Airport

# Water utility

Revenue

\$13.9 M

Operating Cost

\$9.8 M

Capital Program

\$1.8 M

Planned Surplus

\$2.3 M





# Wastewater utility

Revenue

\$23.8 M

Operating Cost

\$18.5 M

Capital Program

\$4.6 M

Planned Surplus

\$660 k



# Natural Gas

Revenue

\$4.1 M

Operating Cost

\$4.0 M

Capital Program

\$0.0 M

Planned Surplus

\$88,801

# Airport

Revenue

\$33.2 M

Operating Cost

\$33.2 M

Capital Program

\$10.4 M

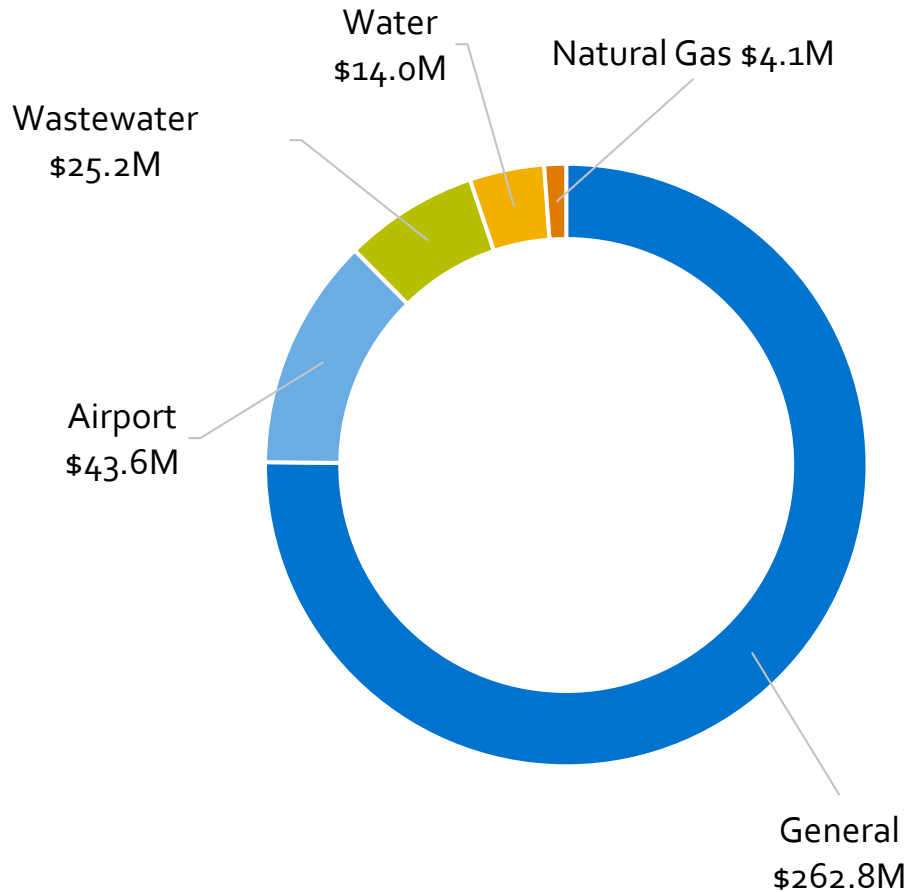
Planned Surplus

\$0



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# Expenditures (by fund) \$349.7M

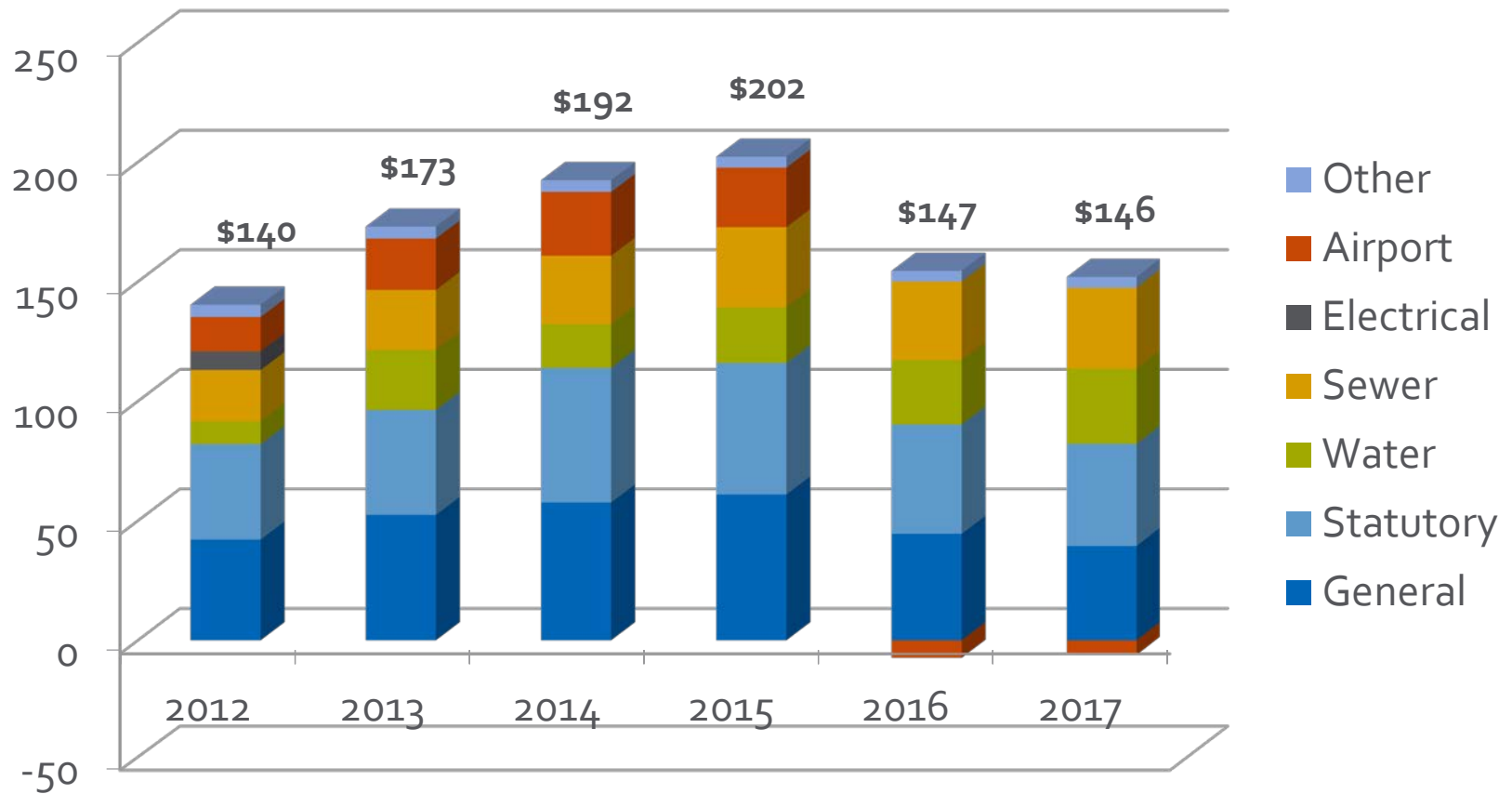


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# Reserves & debt

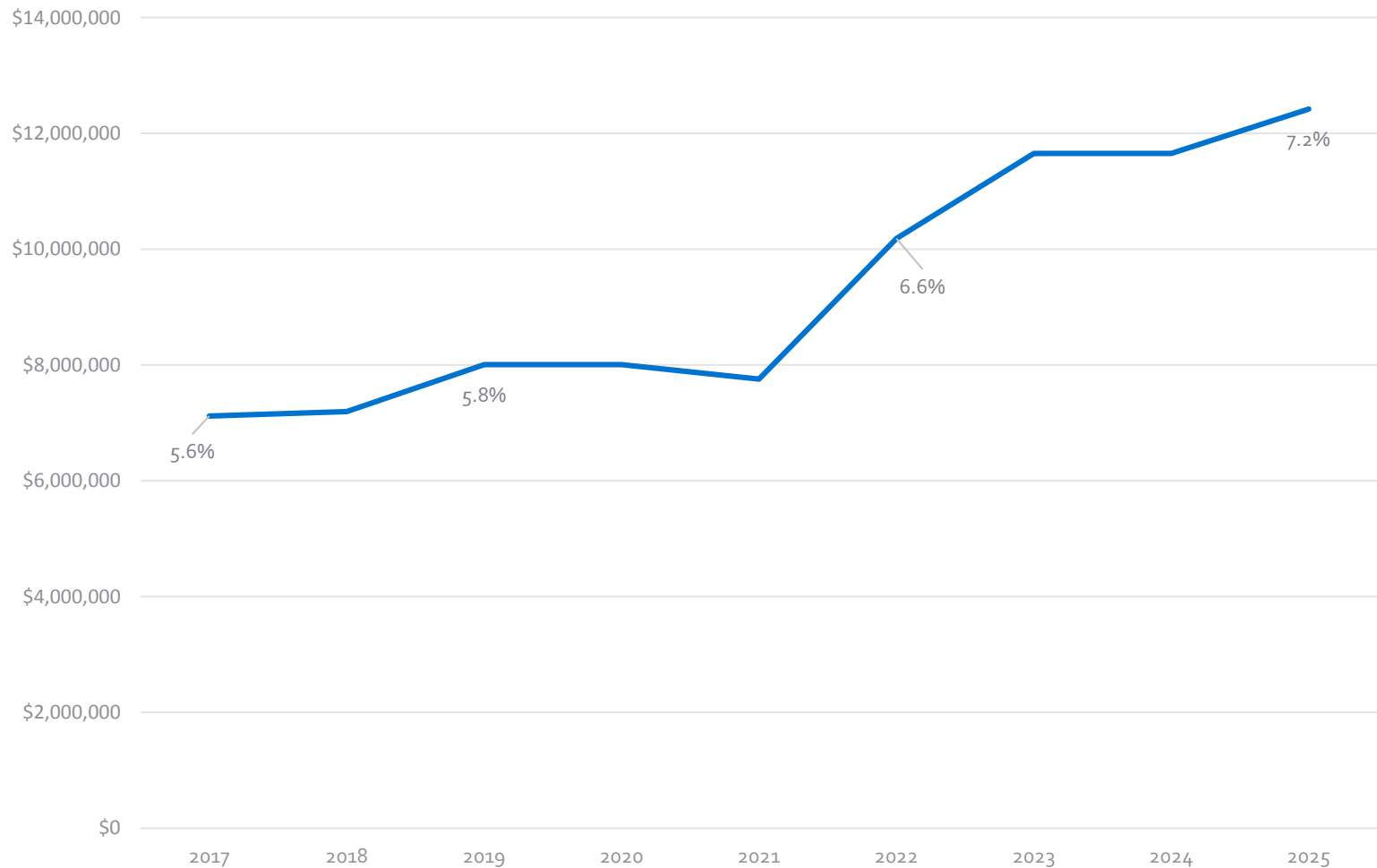


# Reserve balances *(millions)*



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# General Fund



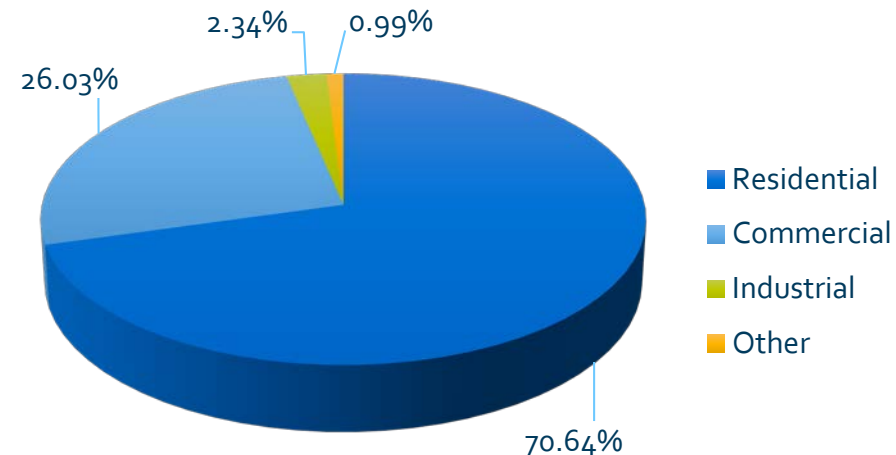
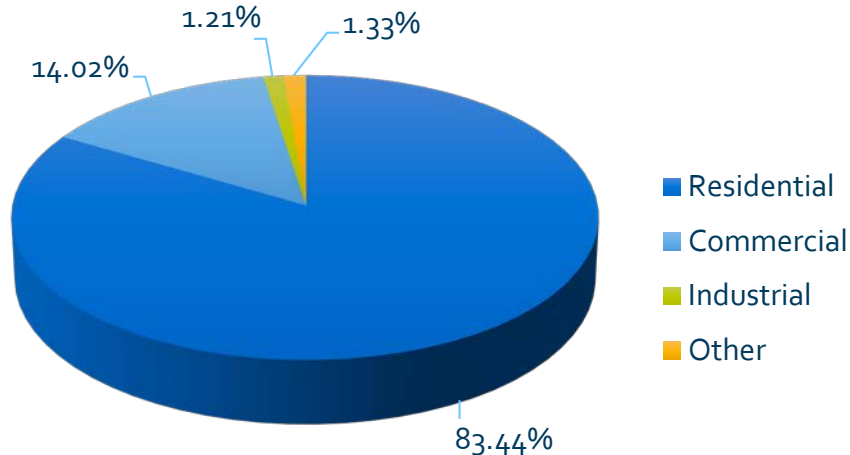
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# Assessment & tax

# Assessment vs. taxation revenue

Assessment \$30.5B

Revenue \$127.6M

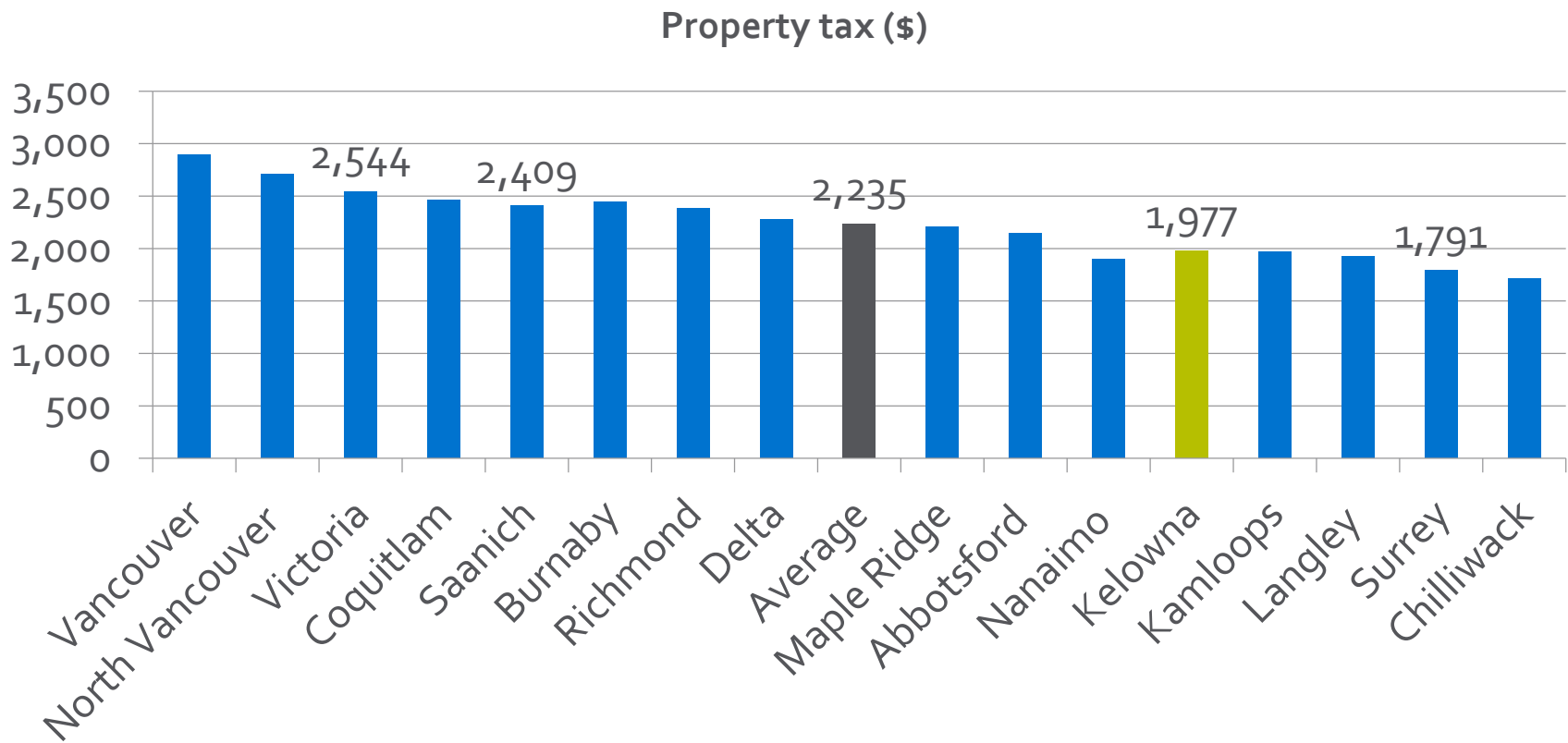


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# Taxation impact

- ▶ Average Single Family Home assessed at \$558,370
- ▶ Municipal Tax estimated at \$1,942.81 for 2017
- ▶ Increase approximately \$82 year or \$7 month

# 2016 tax information (> 75k)



City of Kelowna





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# 2017 Financial Plan review

Dec. 15, 2016 @ 9 a.m.

Council Chambers





*Questions?*

For more information, visit [kelowna.ca](http://kelowna.ca).