

2016 FINANCIAL PLAN COUNCIL, DECEMBER 14, 2015



AGENDA

- ▶ Overview Provisional Budget Process
- ▶ Taxation Impact
- ▶ General Fund
 - ▶ Operating & Capital
- ▶ Municipal Funds
 - ▶ Water, Wastewater, Natural Gas, Airport
- ▶ Reserves & Debt
- ▶ Assessment & Tax

2016 PROVISIONAL BUDGET

- ▶ Budget letter & guidelines Jul 3
- ▶ Division work plans completed Aug 28
- ▶ Council Outlook Sept 10
- ▶ Deadline for budget to Finance Sept 11
- ▶ Performance Measures, Accomplishments
- ▶ 2016 Drivers and Activities Oct 2
- ▶ City Managers Review Oct 20-21
- ▶ Council Overview Dec 14
- ▶ Council Review Dec 17

ANALYSIS OF TAX DEMAND

\$ Millions	2015	2016
Operating	\$112.8	120.5
General revenues	-11.9	-12.4
Taxation capital	<u>12.7</u>	<u>12.1</u>
	\$113.6	120.2
New construction revenue	-1.46	-1.96
Protective Services	1.77	1.97
Other	<u>1.43</u>	<u>2.14</u>
Tax increase	3.20%	4.11%

2016 BASE BUDGET CHANGES

- ▶ 2015 budget impacts:

- ▶ Annualized

- ▶ One-time

- ▶ Department changes

- ▶ Other adjustments

Base changes

\$ 2,008,000

(362,000)

57,000

354,000

\$2,057,000

2016 OPERATING BUDGET

- ▶ General Revenue
- ▶ Expenditure Reductions
- ▶ P1 Operating Requests

\$ (486,300)

(80,000)

5,764,075

Operating Changes

\$5,197,775

2016 TAXATION CAPITAL

▶ Pay-As-You-Go Tax Capital	\$12,084,140
▶ Change from 2015	(623,405)

Increased pressure on operating to service new capital, Police Services Building
Innovative funding sources, ongoing revenues from BCAA desktop review, Fortis shares

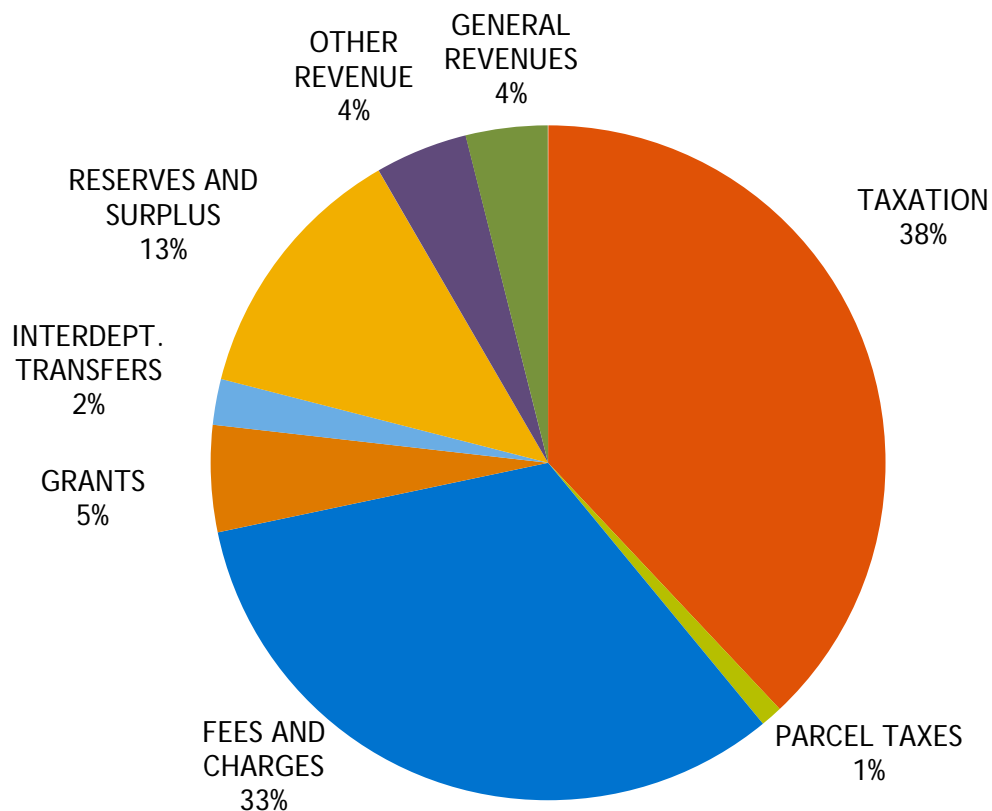
2016 BUDGET SUMMARY

2015 Decisions	\$ 2.1 M
2016 Operating Budget	<u>5.2 M</u>
Operating Change	7.3 M
2016 Tax Capital	(0.6)M
New Construction Rev.	<u>(2.0)M</u>
New Taxation Demand	\$4.7M
Protective Services	1.97%
Other	2.14%
Tax Increase	4.11%

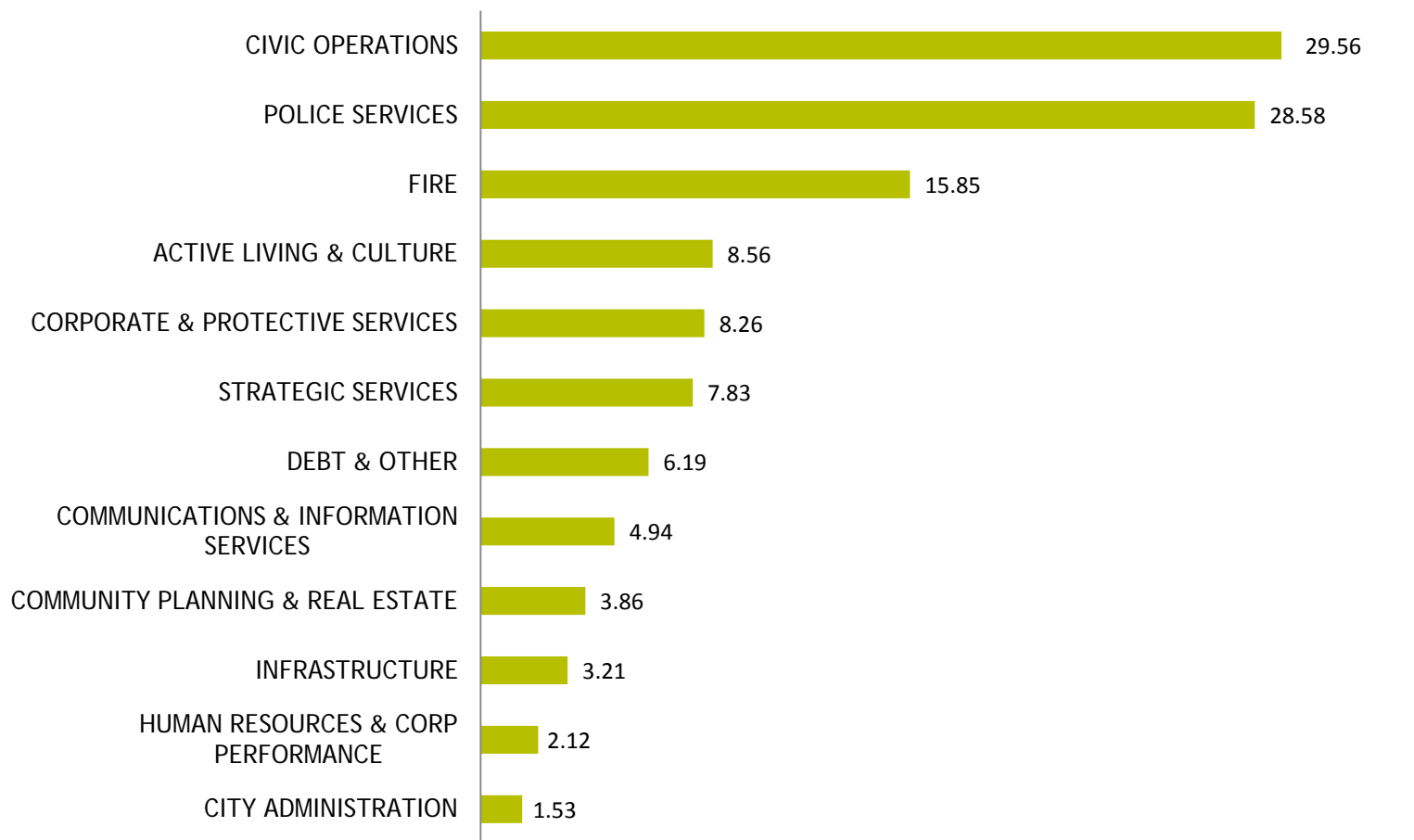
TOTAL REVENUE

▶ \$316.4 million

▶ Taxation demand
\$120.2 million



OPERATING (GENERAL FUND)



\$120.2 M

2016 CAPITAL REVIEW



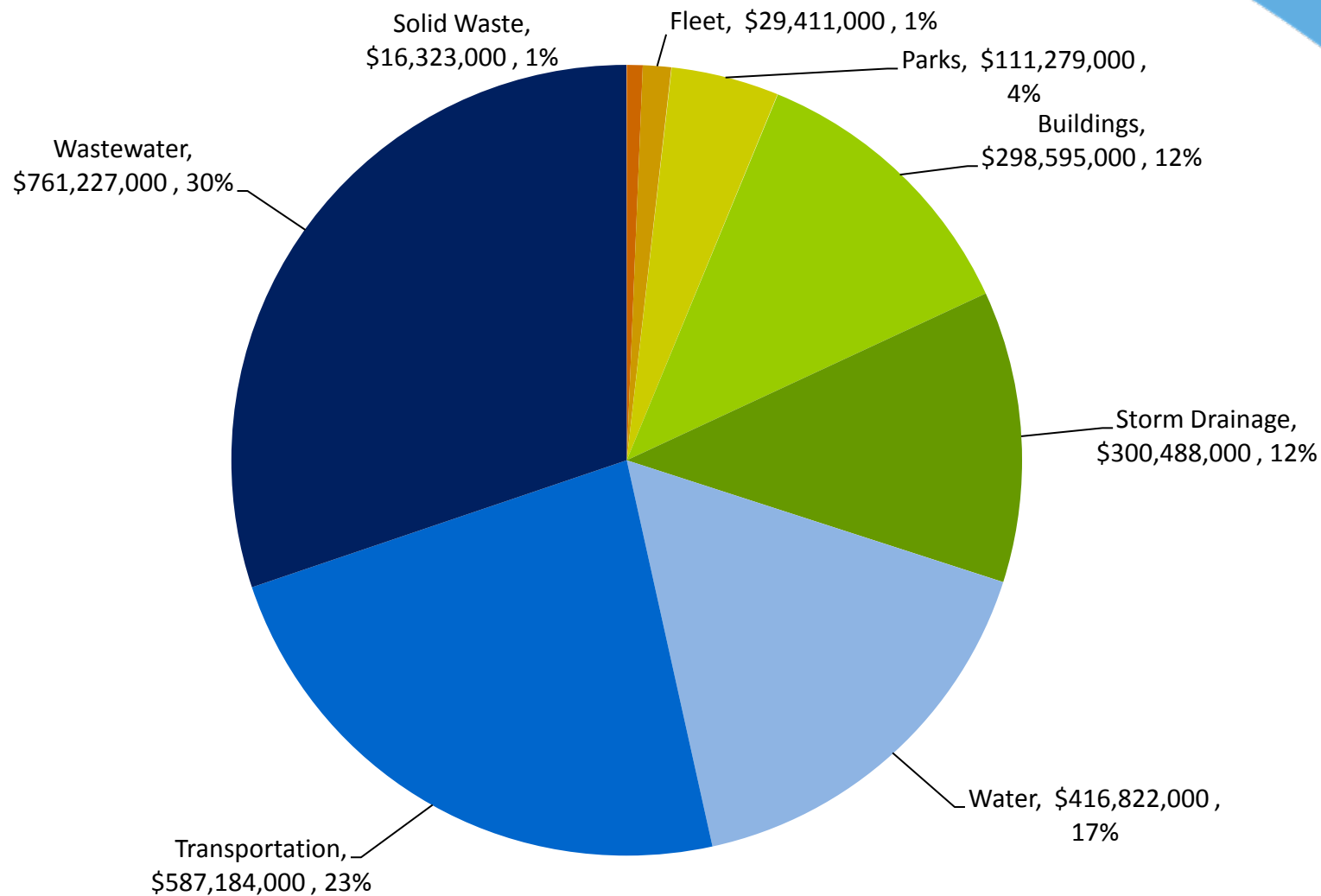
2016 CAPITAL PROCESS

- ▶ Project Call Letter May 6
- ▶ Project Request Submission #1 Jun 19
- ▶ Capital (TCA) Screening Jun 23
- ▶ Review Meeting #1 Jun 25
- ▶ MBL Analysis & Prioritization Jul 7-16
- ▶ Review Meeting #2 Jul 23
- ▶ Work Plan Input and Project Charters Jul 31
- ▶ Project Costing (ID) Jul 27-Aug 25
- ▶ Operational Impacts (IPlan & Op) Jul 27-Aug 25
- ▶ Final Review (IPlan) Aug 25-28
- ▶ Submit to Finance Sep 9
- ▶ City Managers Review Oct 20
- ▶ Council Review Dec 17

CAPITAL BUDGET PROCESS IMPROVEMENTS

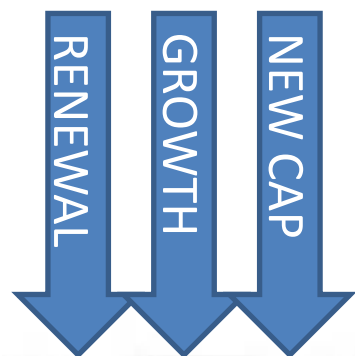
- ▶ Expanded MBL review team
 - ▶ 12 person team
 - ▶ Developed MBL scoring [system](#).
- ▶ Emphasis on O&M Impacts
- ▶ Infrastructure Investment Categories
 - ▶ **Renew** - Infrastructure renewal or replacement.
 - ▶ **Growth** - Infrastructure required to support growth.
 - ▶ **New** - Infrastructure required to enhance service levels.

Infrastructure Value \$2.52 billion



BALANCING INFRASTRUCTURE INVESTMENT

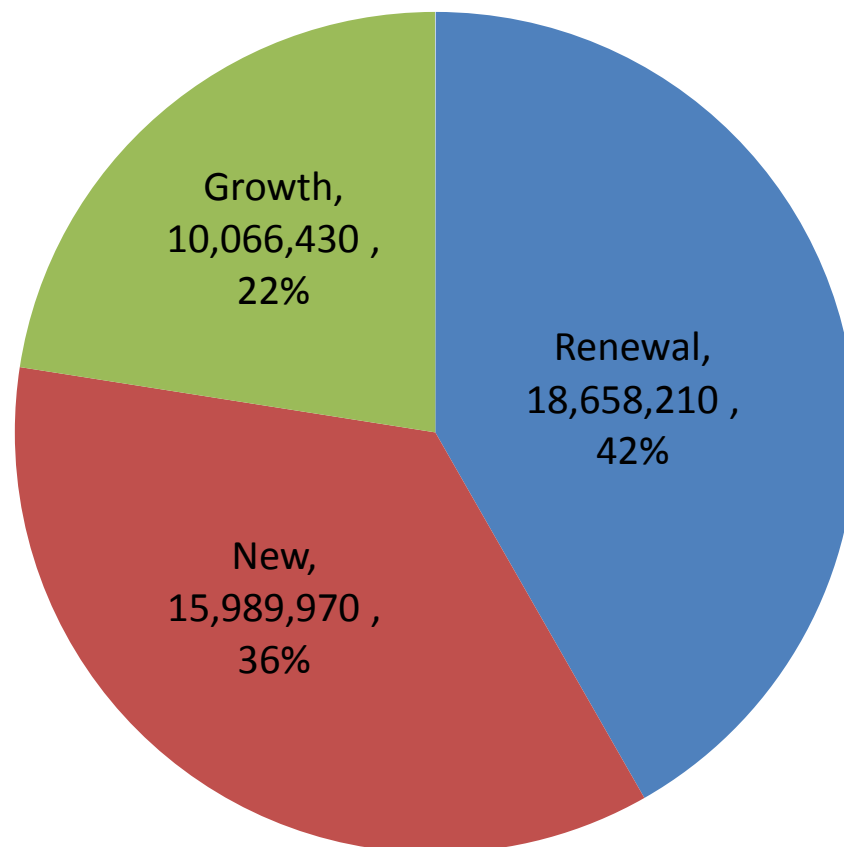
CAPITAL COSTS



FUNDING



BALANCED INFRASTRUCTURE INVESTMENTS



COUNCIL FOCUS & PRIORITY PROJECTS

OCP GOALS

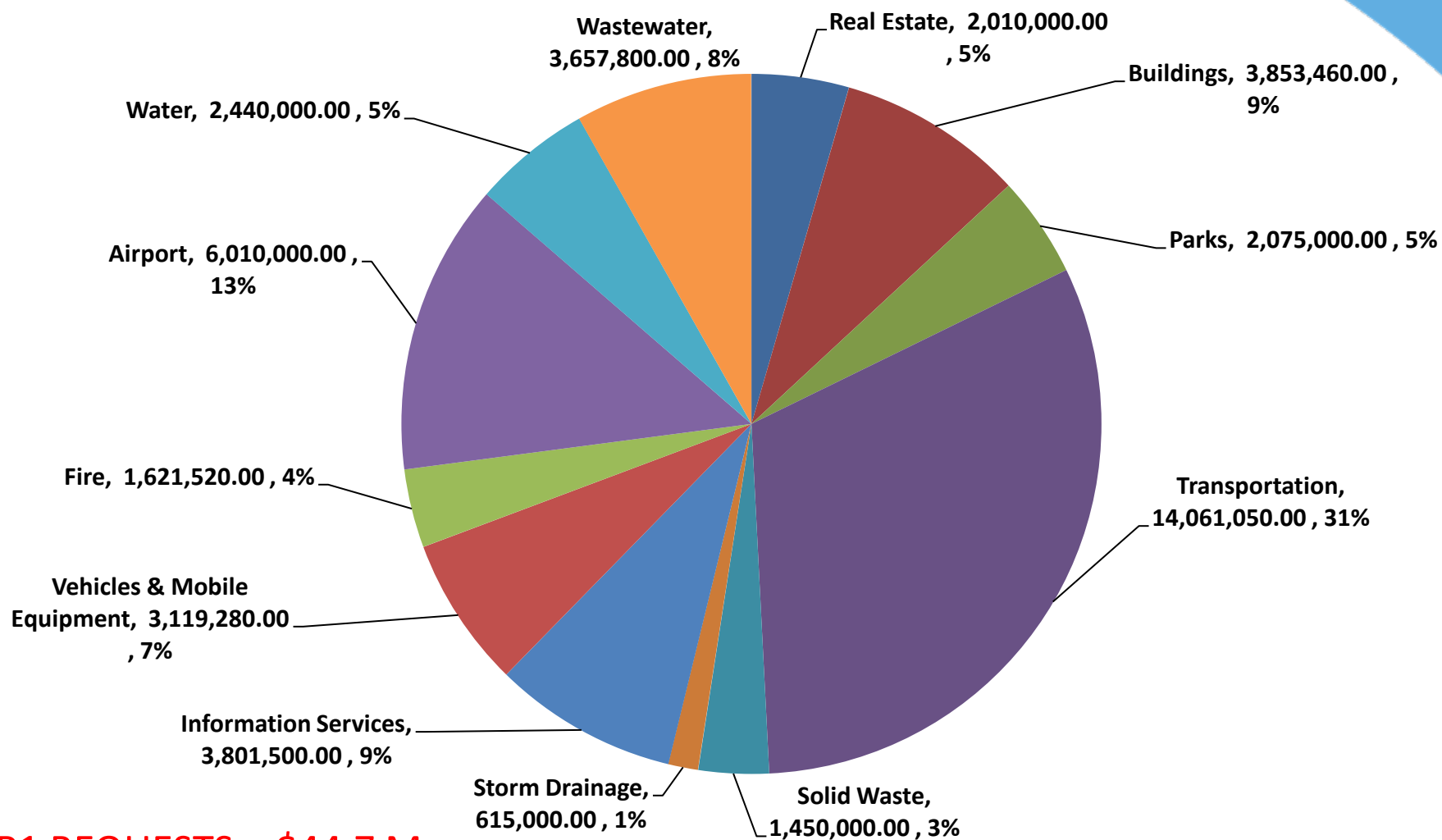
- ▶ Clean drinking water
 - ▶ \$2.44 million for water projects both to support growth and renew existing assets
- ▶ Vibrant urban centres ([Develop great neighbourhoods](#))
 - ▶ Rutland Centennial Park Redevelopment (2016 - 2020)
 - ▶ Shephard Road Extension
 - ▶ New Memorial & expanded Library Parkades (2015 - 2016)
- ▶ Health, safe, active & inclusive community
 - ▶ Parkinson Recreation Centre Planning
 - ▶ Water St Fire Hall Upgrades (2016-2017)
- ▶ Balanced transportation network ([OCP goal](#))
 - ▶ \$5.5 million investment in pedestrian, cycling and transit (40% of Transportation budget)
 - ▶ Queensway Transit Pavilion
 - ▶ Okanagan Rail Trail planning
 - ▶ John Hindle Dr (2015 - 2017)

COUNCIL FOCUS & PRIORITY PROJECTS

OCP GOALS

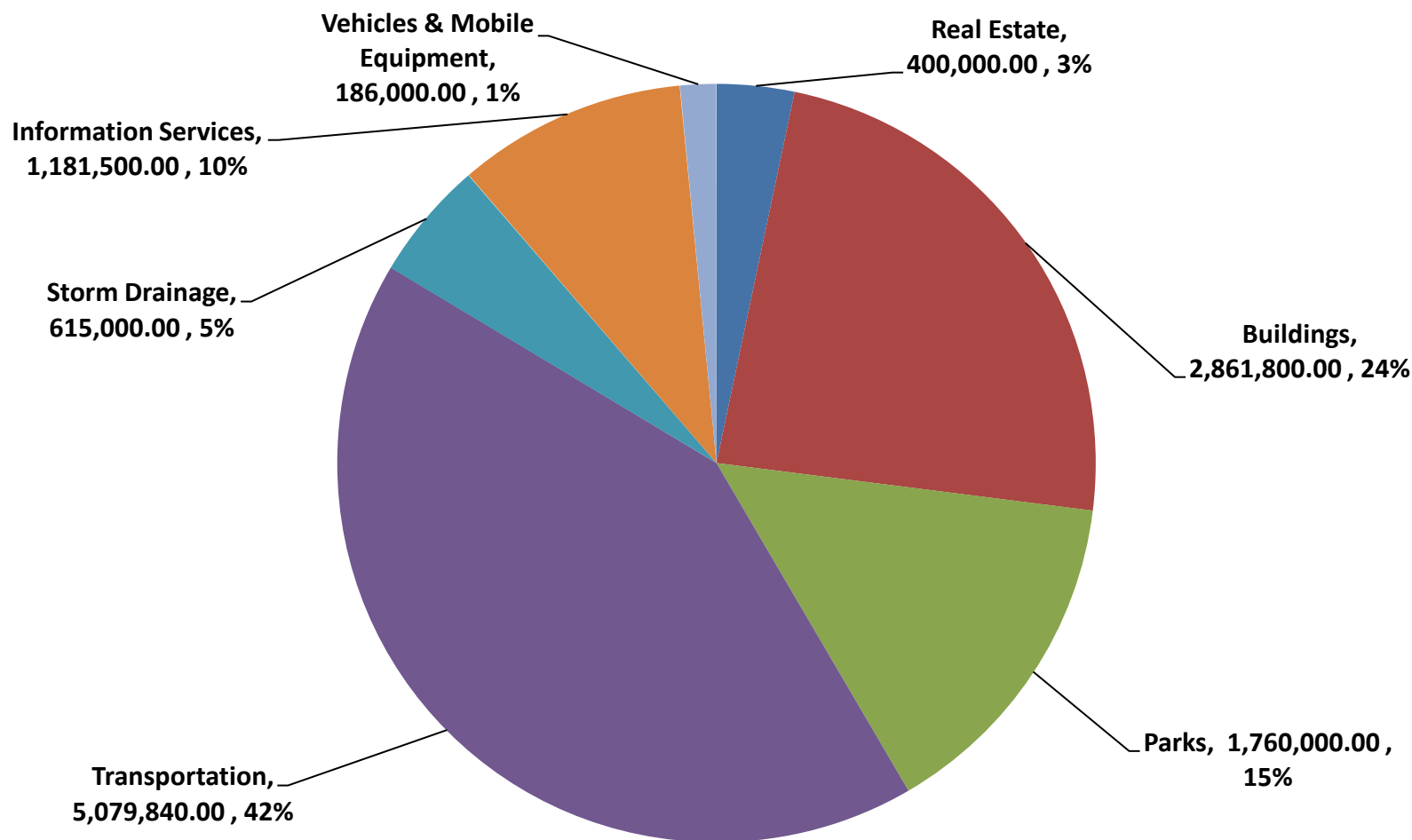
- ▶ Catalyst for business (**Foster prosperity**)
 - ▶ Fibre Optic Network Ph. 1
 - ▶ Police Service Building (2015 - 2017)
- ▶ **Provide spectacular parks**
 - ▶ Glenmore Recreation Park Design
 - ▶ Upper Mission Trail Building Partnership
 - ▶ Kerry Park Design
- ▶ **Protect and enhance natural areas**
 - ▶ Canyon Falls Park, Upgrades
 - ▶ Storm Drainage - Oil/Water Separator
- ▶ **Improve efficiency and performance of buildings**
 - ▶ Rutland Arena - Dehumidifier Replacement
 - ▶ Yards Boiler Replacement

2016 CAPITAL REQUESTS



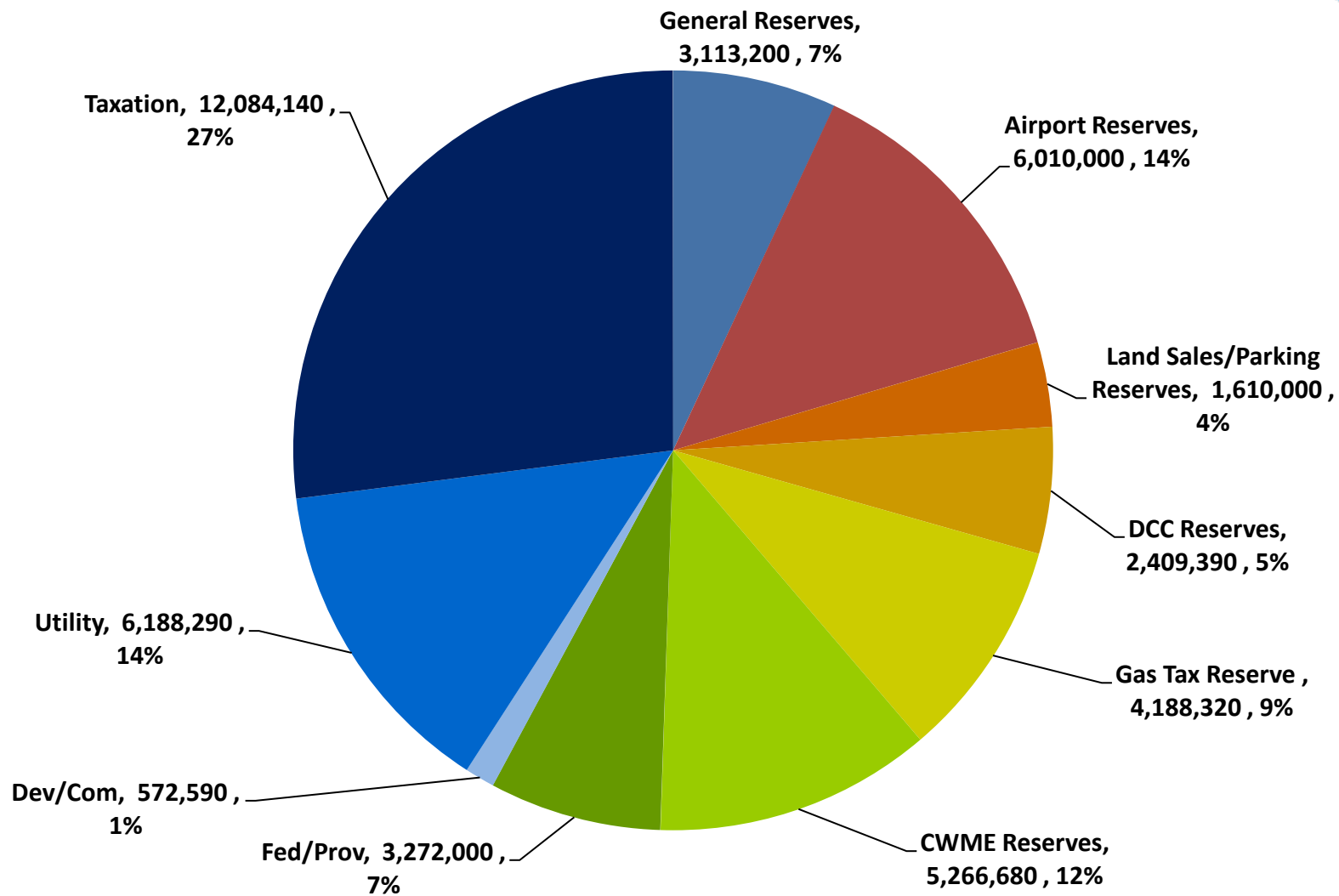
P1 REQUESTS = \$44.7 M

2016 TAXATION REQUESTS



P1 TAX FUNDING = \$12.08 M

2016 CAPITAL FUNDING



CAPITAL BUDGET COMPARISON

Measures	2013	2014	2015	2016
Total Projects (P1)	118	108	111	106
Capital Budget	\$82M	\$101M	\$93M	\$44.7M
Total Taxation	\$14.0M	\$14.1M	\$12.9M	\$12.1M
Grants	\$3.4M	\$4.7M	\$7.7M	\$3.3M
Big Rocks	Parkades, Bernard, Transit, Airport Expansion	RCMP, Lakeshore Bridge, Queensway Transit	John Hindle, Lakeshore Rd, Heritage, Airport Expansion	Roads Resurfacing, Ethel Street AT, Land Purchases, Fibre Network, Asset Renewal

OTHER MUNICIPAL FUNDS

- ▶ Water Utility
- ▶ Wastewater Utility
- ▶ Natural Gas Fund
- ▶ Kelowna International Airport

WATER UTILITY

▶ Revenue	\$14.0 M
▶ Operating Cost	\$9.8 M
▶ Capital Program	\$1.9 M
Planned Surplus	\$2.3 M



WASTEWATER UTILITY

▶ Revenue	\$23.4 M
▶ Operating Cost	\$18.7 M
▶ Capital Program	\$3.5 M
Planned Surplus	\$1.2 M



NATURAL GAS

- ▶ Revenue
- ▶ Operating Cost
- ▶ Capital Program
- Planned Deficit

\$4.2 M
\$4.6 M
\$0.0 M
(\$422,000)

AIRPORT

- ▶ Revenue
- ▶ Operating Cost
- ▶ Capital Program
- Planned Surplus

\$31.0 M

\$31.0 M

\$6.0 M

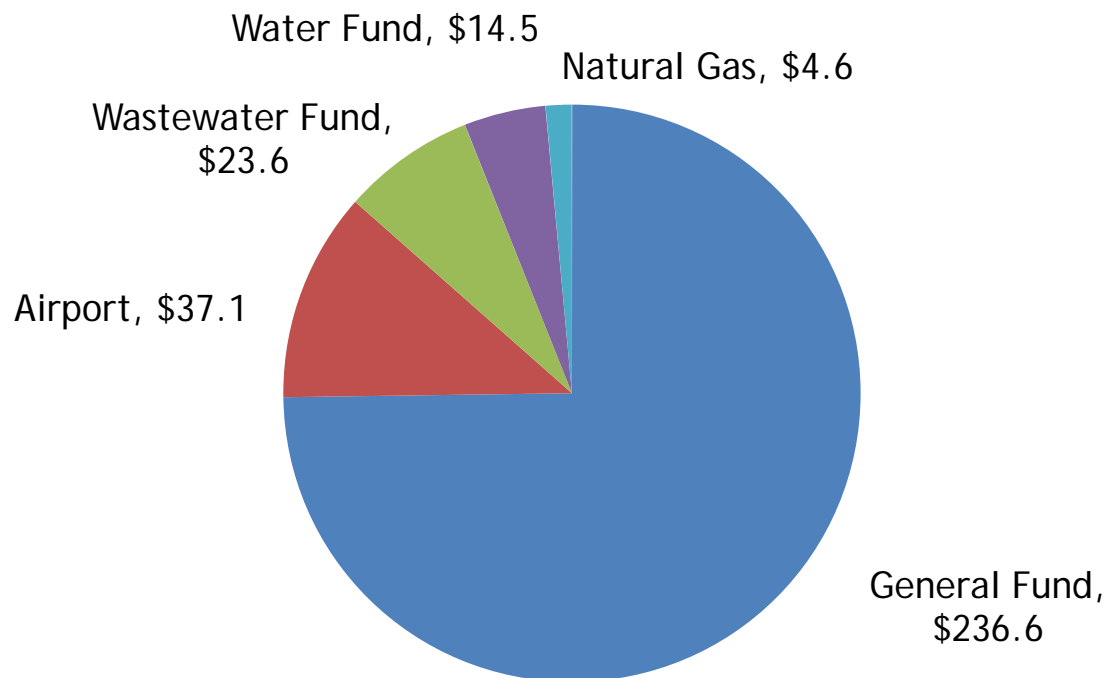
\$0



Your Link to the World

EXPENDITURES (BY FUND)

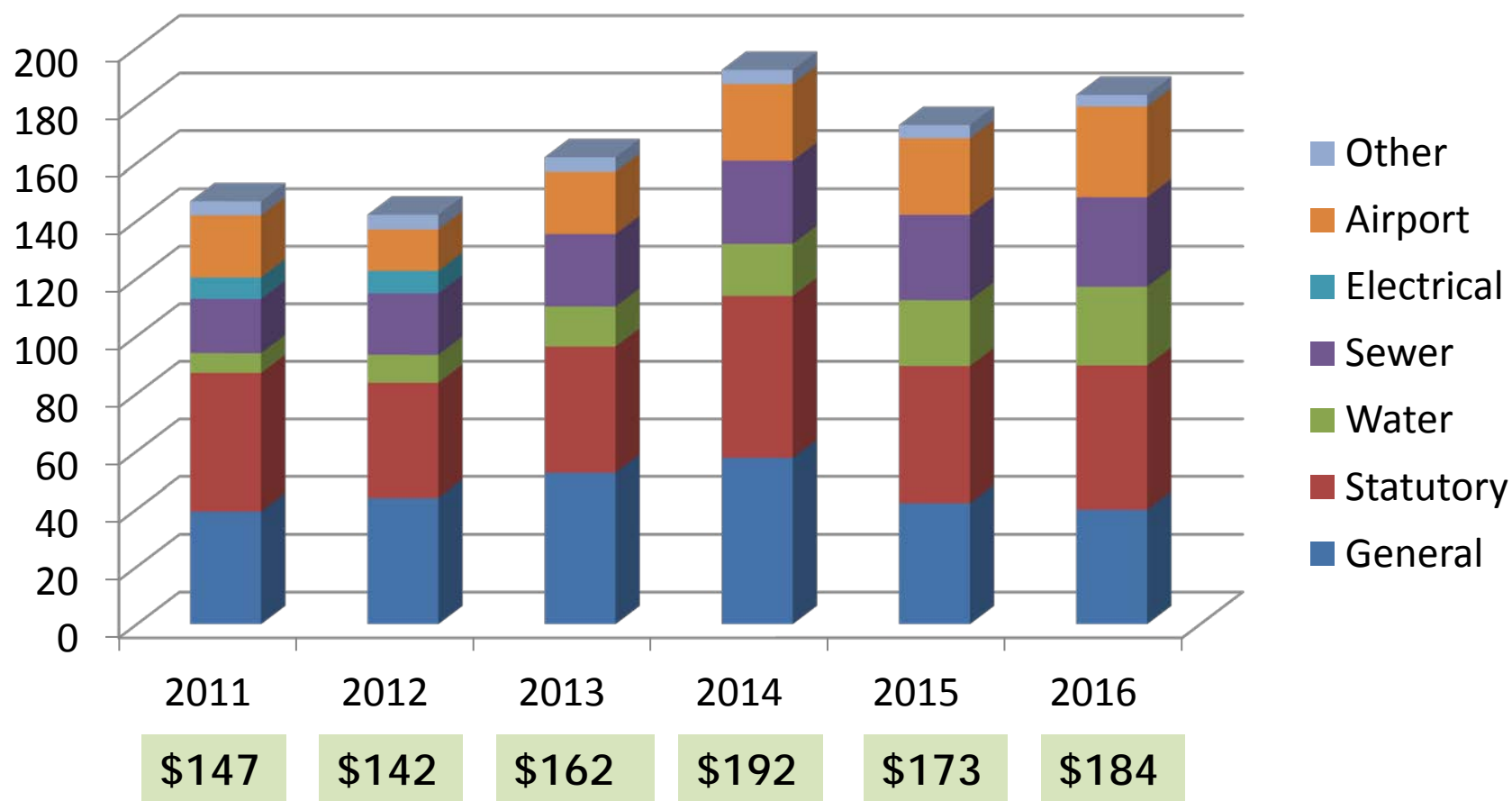
TOTAL \$316.4 M



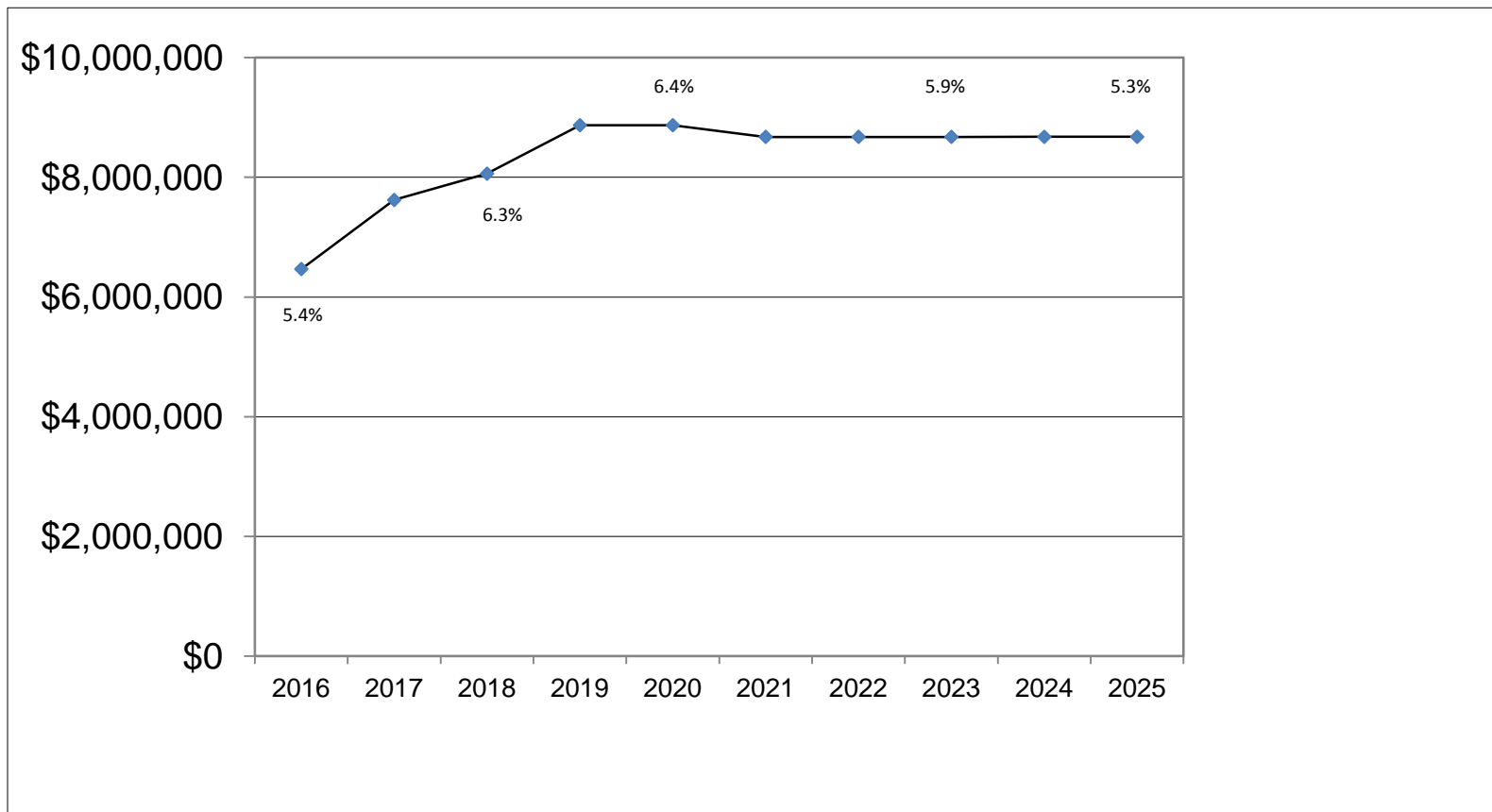
RESERVES AND DEBT



RESERVE BALANCES (MILLIONS \$'S)



GENERAL FUND



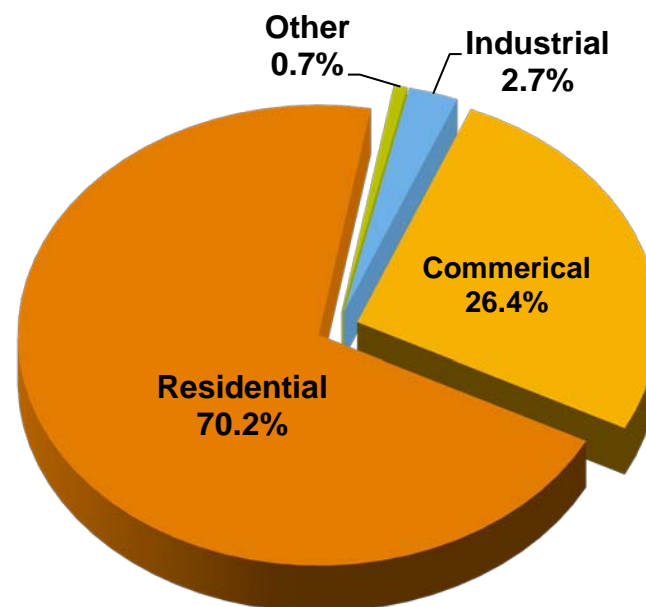
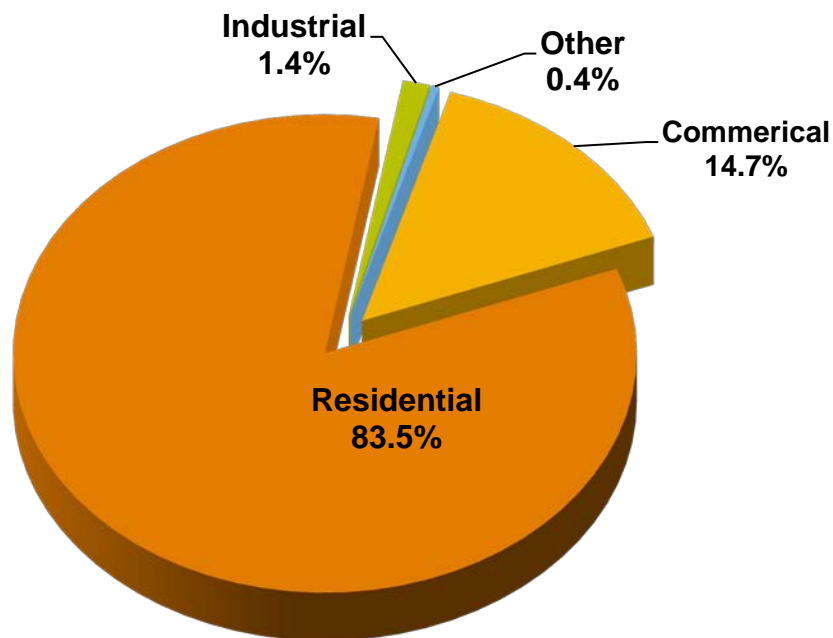
ASSESSMENT & TAX



ASSESSMENT VS TAXATION REVENUE

► Assessment \$27.3 B

► Revenue \$120.1 M

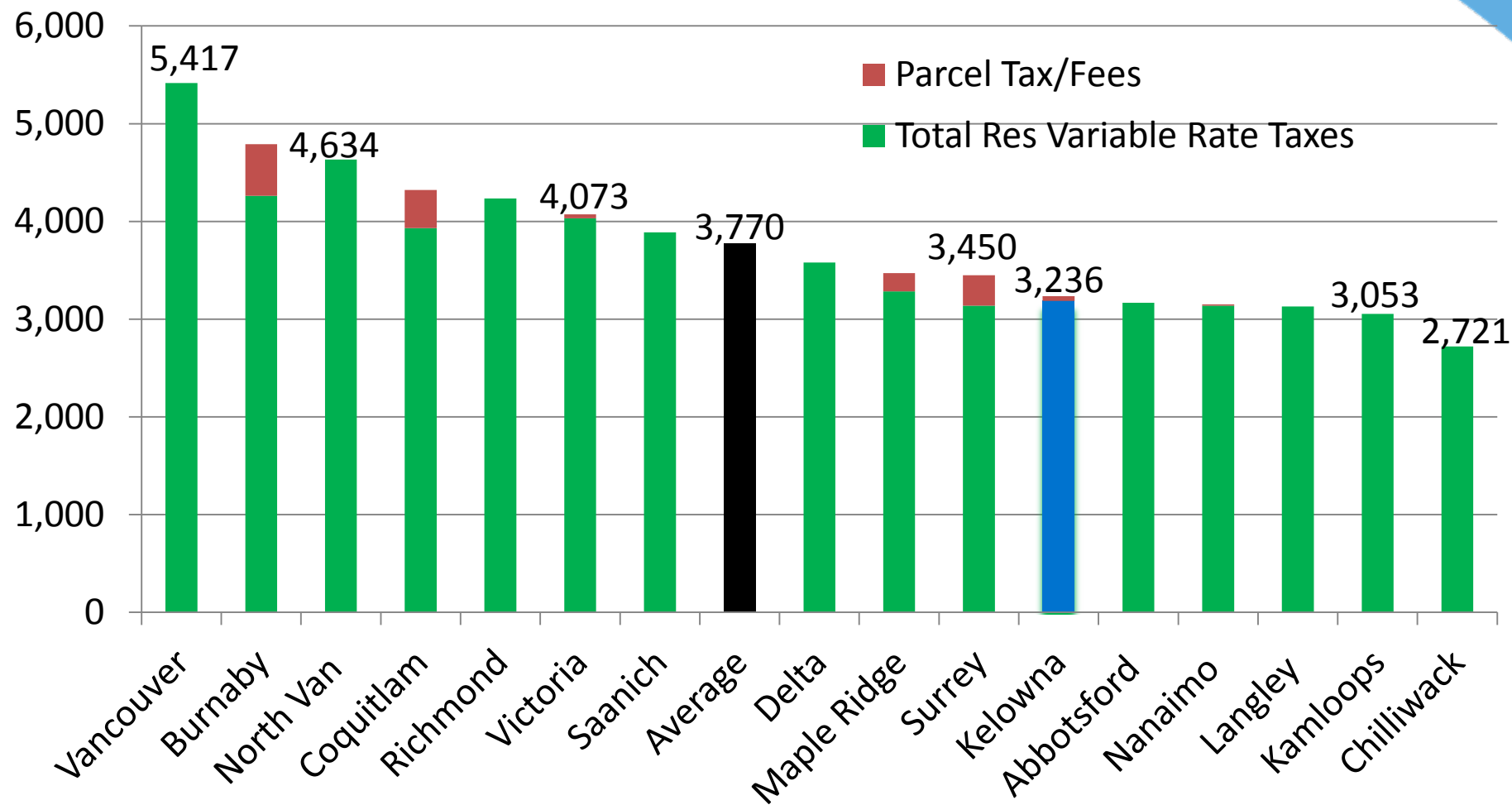


TAXATION IMPACT

- ▶ Average Single Family Home assessed at \$502,340
- ▶ Municipal Tax est. \$1,860.84 for 2016
- ▶ Increase approx \$73 year or \$6 month

2015 TAX INFORMATION

> 75K



City Hall

Residents

Business

Visitors

Search

> [Home Page](#) > [City Hall](#) > [City Departments](#) > [Financial Services](#) > [Inside the City Budget](#)

>Budget Homepage

Budget Process

Budget document centre

Where the money comes from

Where the money goes

2030 Infrastructure Plan

Inside the City Budget

Council deliberations of the provisional 2016 Financial Plan take place Thursday, Dec. 17.

Creating a great place to live takes vision, commitment and thoughtful financial planning. In Kelowna, the bold goal of the [annual budget process](#) is to create the best city of its size in North America. What lifts Kelowna above other cities is the quality and quantity of [services](#) offered within the financial limits of the annual budget.

The City of Kelowna's annual budget aims for a balance between setting a reasonable [tax rate](#) and delivering services expected by residents and businesses. Check out the [2030 Infrastructure Plan](#) to see how the City is planning for the future.



sign up for
e-updates



For more detail, check out the [extended video](#).

2016 FINANCIAL PLAN REVIEW

December 17, 2015
9:00 a.m.
Council Chambers