

The Corporation of the City of Penticton

Bylaw No. 2023-41

A bylaw to adopt the five year financial plan

WHEREAS the *Community Charter* states a municipality must have a financial plan that is adopted annually, by bylaw, before the annual property tax bylaw is adopted;

AND WHEREAS the planning period for a financial plan is five (5) years, that period being the year in which the plan is specified to come into force and the following four (4) years;

NOW THEREFORE BE IT RESOLVED THAT the Municipal Council of the City of Penticton in open meeting assembled, hereby ENACTS AS FOLLOWS:

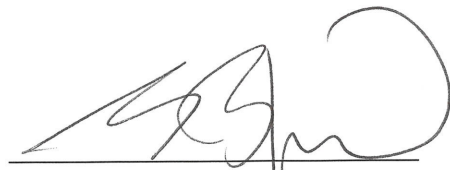
1. Title


This bylaw may be cited as "2024-2028 Five Year Financial Plan Bylaw No. 2023-41".

2. Purpose

Schedule "A" and Schedule "B" attached hereto and forming part of this bylaw shall be the Five Year Financial Plan of the City of Penticton for the period of January 1, 2024 to December 31, 2028.

READ A FIRST time this	12	day of	December, 2023
READ A SECOND time this	12	day of	December, 2023
READ A THIRD time this	12	day of	December, 2023
ADOPTED this	14	day of	December, 2023



Julius Bloomfield, Mayor

Angie Collison, Corporate Officer

City of Penticton - Schedule A

	2024 Budget	2025 Projection	2026 Projection	2027 Projection	2028 Projection
Revenue					
Municipal Taxation	\$ (46,003,010)	\$ (48,690,034)	\$ (50,775,967)	\$ (52,242,567)	\$ (53,522,178)
Sale of Services	(13,743,687)	(13,810,090)	(13,908,525)	(13,999,263)	(14,102,360)
Electric Utility Revenue	(48,840,029)	(52,721,121)	(56,912,233)	(61,438,153)	(66,325,661)
Sewer Utility Revenue	(9,823,397)	(10,849,129)	(11,989,056)	(13,256,181)	(14,559,257)
Water Utility Revenue	(11,059,284)	(11,856,177)	(12,709,431)	(13,625,198)	(14,494,469)
Storm Water Utility Revenue	(1,576,000)	(2,073,000)	(2,727,000)	(3,588,000)	(4,664,400)
Fiscal Services	(4,146,000)	(4,146,000)	(4,146,000)	(4,146,000)	(4,146,000)
Grants	(3,185,975)	(2,744,823)	(2,398,174)	(2,164,374)	(2,164,374)
Other Contributions	(5,317,254)	(5,350,884)	(5,385,187)	(5,420,175)	(5,455,865)
Development Cost Charges	(1,470,000)	(1,470,000)	(1,470,000)	(1,470,000)	(1,470,000)
Donations	(19,500)	(18,500)	(18,500)	(18,500)	(18,500)
Total Revenues	(145,184,136)	(153,729,758)	(162,440,073)	(171,368,411)	(180,923,064)
Operating Expenses					
General Operating	76,410,902	77,188,634	79,057,613	80,033,335	81,686,665
Storm Water	668,870	721,861	774,312	778,136	987,336
Electric Utility	43,460,185	45,438,453	46,512,487	48,225,728	49,845,215
Sewer System	6,764,024	6,714,332	6,878,854	6,894,125	6,806,410
Water Utility	6,926,364	6,604,148	6,950,790	6,990,736	6,994,713
Total Operating Expenses	134,230,345	136,667,428	140,174,056	142,922,060	146,320,339
Net Operating Surplus	(10,953,791)	(17,062,330)	(22,266,017)	(28,446,351)	(34,602,725)
Capital Expenses					
General Capital	15,271,465	15,002,111	12,796,268	11,197,167	12,455,570
Electric Capital	8,361,409	8,730,012	7,139,765	7,311,666	7,875,435
Sewer Capital	3,209,900	3,645,200	11,220,500	5,728,800	6,316,303
Water Capital	14,462,725	8,451,725	2,569,400	3,418,150	5,845,425
Total Capital Expenses	41,305,499	35,829,048	33,725,933	27,655,783	32,492,733
Debt Proceeds	-	(4,000,000)	-	(1,485,000)	-
Debt Servicing - Principal Repayments	2,187,651	2,299,769	2,314,928	2,089,026	2,036,454
Capital Grant Funding	(7,980,000)	-	-	-	-
Transfer To (From) Surplus/Reserve	(10,197,359)	(2,704,487)	587,156	14,548,542	14,435,538
Amortization Offset	(14,362,000)	(14,362,000)	(14,362,000)	(14,362,000)	(14,362,000)
Financial Plan Balance	\$ -	\$ -	\$ -	\$ -	\$ -

Schedule B

Current Revenue Portions by Funding Source for Operating (excluding borrowing and transfers from reserve/surplus):

Taxation	45,422,780	31.29%
Grant in Lieu	493,000	0.34%
Local Improvement Levy	87,230	0.06%
Sale of Services	13,743,687	9.47%
Electric Utility	48,840,029	33.64%
Sewer Utility	9,823,397	6.77%
Water Utility	11,059,284	7.62%
Storm Water Utility	1,576,000	1.09%
Fiscal Services	4,146,000	2.86%
Grants	3,185,975	2.19%
Other Revenues	5,317,254	3.66%
Development Cost Charges	1,470,000	1.01%
Donations	19,500	0.01%
Total Revenues	145,184,136	100.00%

Current Property Class Multiples:

<u>Ratio</u>	<u>2024 Est.</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Residential	1.00	1.00	1.00	1.00	1.00	1.00
Utilities	10.06	10.06	10.09	7.22	7.24	7.66
Supportive Housing	1.00	1.00	1.00	1.00	1.00	1.00
Major Industry	1.86	1.86	1.88	1.72	1.65	1.79
Light Industry	1.86	1.86	1.88	1.72	1.65	1.79
Business & Other	2.22	2.22	2.14	1.91	1.75	1.82
Managed Forest	2.22	2.22	2.14	1.91	1.75	1.82
Rec/Non-Profit	1.37	1.37	1.31	1.28	1.29	1.4
Farm	5.18	5.18	4.59	3.57	3.55	3.59

The 2024 multiples are estimated using the revenue neutral tax approach and are based on the 2023 revised assessment rolls. During budget deliberations, Council postponed consideration of the 2024 BTM to a meeting in Spring 2024.

Use of Permissive Tax Exemptions

In 2023, Council passed Bylaw 2023-29 to exempt certain properties from taxation in 2024. The Bylaw contains the list of properties and the estimated amount of tax revenue forgone (\$702,258). The list of properties includes religious institutions, historical societies, recreational facilities, and service organizations that form a valuable part of our community. These organizations have demonstrated to Council that their services support our residents and community.

Use of Revitalization Tax Exemptions

Revitalization tax exemption bylaws were introduced in Penticton in 2010 to provide economic incentives for specified key areas within the City, including the downtown area, industrial areas, and other strategic areas. Bylaws 2014-04, 2014-44, and 2015-52 provide for tax exemptions for specific uses within those areas. Each of the bylaws included 'sunset clauses' whereby construction is required to begin and end. While there are still some properties receiving benefits, all sunset clauses have now passed and thus no future projects are eligible to receive benefits under any of these bylaws.