

The Corporation of the City of Penticton

Bylaw No. 2021-45

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:

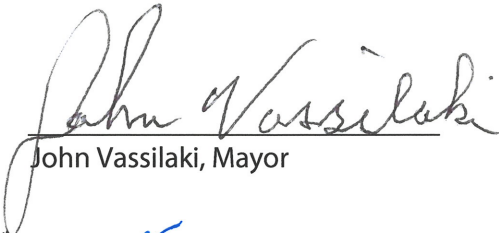
1. Title

This bylaw may be cited as "2022-2026 Five Year Financial Plan Bylaw No. 2021-45".

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, 2022 to December 31, 2026.

READ A FIRST time this	7 day of	December, 2021
READ A SECOND time this	7 day of	December, 2021
READ A THIRD time this	7 day of	December, 2021
ADOPTED this	14 day of	December, 2021



John Vassilaki, Mayor



Angie Collison, Corporate Officer

City of Penticton - Schedule A

	2022 Budget	2023 Projection	2024 Projection	2025 Projection	2026 Projection
Revenue					
Taxation	\$ (62,343,532)	\$ (64,464,569)	\$ (66,486,984)	\$ (68,610,600)	\$ (70,840,483)
Sale of Services	(11,907,942)	(12,049,542)	(12,320,451)	(12,599,519)	(12,887,400)
Electric Utility Revenue	(42,577,253)	(43,429,826)	(44,299,481)	(45,186,565)	(46,091,422)
Sewer Utility Revenue	(8,567,580)	(8,735,316)	(8,906,406)	(9,080,917)	(9,258,918)
Water Utility Revenue	(10,262,600)	(10,473,644)	(10,689,029)	(10,908,846)	(11,133,189)
Storm Water Utility Revenue	(966,000)	(1,179,000)	(1,391,000)	(1,614,000)	(1,914,250)
Fiscal Services	(1,856,516)	(1,856,516)	(1,856,516)	(1,856,516)	(1,856,516)
Grants	(4,181,862)	(2,316,296)	(2,216,296)	(2,216,296)	(2,216,296)
Other Revenues	(4,682,303)	(5,042,363)	(5,459,706)	(5,477,394)	(5,495,323)
Development Cost Charges	(1,195,000)	(1,195,000)	(1,195,000)	(1,195,000)	(1,195,000)
Donations	(19,500)	(19,500)	(19,500)	(19,500)	(19,500)
Total Revenues	(148,560,088)	(150,761,572)	(154,840,369)	(158,765,153)	(162,908,297)
Operating Expenses					
General Operating	82,745,183	81,027,520	82,061,601	83,335,850	84,783,613
Storm Sewer	551,173	590,383	597,475	601,830	606,451
Electrical Supply	37,934,940	38,774,412	39,377,164	40,853,322	40,899,531
Sewer System	4,927,649	4,707,184	4,766,775	4,791,219	4,854,744
Water Utility	4,554,917	4,528,344	4,395,638	4,437,360	4,492,007
Total Operating Expenses	130,713,862	129,627,843	131,198,653	134,019,581	135,636,346
Net Operating Surplus	(17,846,226)	(21,133,729)	(23,641,716)	(24,745,572)	(27,271,951)
Capital Expenses					
General Capital	16,133,300	7,529,500	11,482,275	8,445,650	11,594,710
Electric Capital	8,190,169	4,341,523	4,688,280	4,007,866	6,158,511
Sewer Capital	11,004,000	4,011,000	5,275,000	2,882,000	8,156,000
Water Capital	11,448,000	11,216,500	4,060,500	3,962,500	6,822,200
Total Capital Expenses	46,775,469	27,098,523	25,506,055	19,298,016	32,731,421
Debt Proceeds	(9,618,519)	(8,300,000)	(4,288,500)	-	(5,171,000)
Debt Servicing - Principal Repayments	2,211,126	2,642,309	2,671,499	2,807,517	2,807,517
Capital Grant Funding	(410,000)	-	(2,854,500)	-	(2,854,500)
Transfer To (From) Surplus/Reserve	(21,111,850)	(307,103)	2,607,162	2,640,039	(241,487)
Financial Plan Balance	\$ -	\$ -	\$ -	\$ -	\$ -

Schedule B

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

Taxation	38,489,932	25.91%
Collections for Other Governments	23,071,600	15.53%
Grant in Lieu	366,000	0.25%
Local Improvement Levy	171,000	0.12%
Business Improvement Area Levy	245,000	0.16%
Sale of Services	11,907,942	8.02%
Electric Utility Revenue	42,577,253	28.66%
Sewer Utility Revenue	8,567,580	5.77%
Water Utility Revenue	10,262,600	6.91%
Storm Water Utility Revenue	966,000	0.65%
Fiscal Services	1,856,516	1.25%
Grants	4,181,862	2.81%
Other Revenues	4,682,303	3.15%
Development Cost Charges	1,195,000	0.80%
Donations	19,500	0.01%
Total Revenues	148,560,088	100.00%

Current Property Class Multiples:

Ratio	2022 Est.	2021	2020	2019	2018
Residential	1.00	1.00	1.00	1.00	1.00
Utilities	7.30	7.22	7.24	7.66	7.33
Supportive Housing	1.00	1.00	1.00	1.00	1.00
Major Industry	1.79	1.72	1.65	1.79	1.67
Light Industry	1.79	1.72	1.65	1.79	1.67
Business & Other	2.00	1.91	1.75	1.82	1.66
Managed Forest	2.00	1.91	1.75	1.82	1.66
Rec/Non-Profit	1.29	1.28	1.29	1.4	1.42
Farm	3.61	3.57	3.55	3.59	3.26

The ratios in this chart are based on 2021 calculations. Council passed a motion to set the business tax multiplier (BTM) at 2.0 for 2021, this was paused in 2020 due to pandemic uncertainties and a BTM of 1.91 was applied in 2021. Council direction for 2022 is to apply a BTM of 2.0. Council will confirm the tax multipliers in April/May 2022 when tax rates are set.

Use of Permissive Tax Exemptions

In 2021, Council passed Bylaw 2021-34 to exempt certain properties from taxation in 2021. The Bylaw contains the list of properties and the estimated amount of tax revenue forgone (\$613,884). 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.