

The Corporation of the City of Penticton

Bylaw No. 2023-09

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:

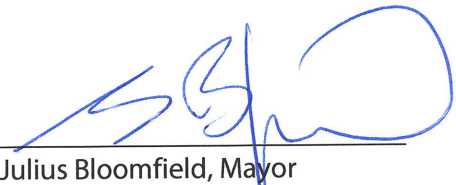
1. Title

This bylaw may be cited as "2023-2027 Five Year Financial Plan Bylaw No. 2023-09".


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, 2023 to December 31, 2027.

| | | | |
|-------------------------|----|--------|-------------|
| READ A FIRST time this | 3 | day of | April, 2023 |
| READ A SECOND time this | 3 | day of | April, 2023 |
| READ A THIRD time this | 3 | day of | April, 2023 |
| ADOPTED this | 18 | day of | April, 2023 |



Julius Bloomfield, Mayor



Angie Collison, Corporate Officer

City of Penticton - Schedule A

| | 2023 Budget | 2024 Projection | 2025 Projection | 2026 Projection | 2027 Projection |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenue | | | | | |
| Municipal Taxation | \$ (42,987,288) | \$ (45,383,300) | \$ (47,914,686) | \$ (50,281,421) | \$ (52,766,492) |
| Sale of Services | (12,932,451) | (13,142,366) | (13,309,457) | (13,477,747) | (13,647,196) |
| Electric Utility Revenue | (45,230,833) | (47,603,021) | (50,328,235) | (53,027,497) | (55,973,883) |
| Sewer Utility Revenue | (8,949,057) | (9,128,914) | (9,342,325) | (9,540,679) | (9,712,857) |
| Water Utility Revenue | (10,279,525) | (10,368,751) | (10,459,012) | (10,550,327) | (10,642,715) |
| Storm Water Utility Revenue | (1,197,958) | (1,414,888) | (1,673,481) | (1,976,980) | (2,336,807) |
| Fiscal Services | (3,986,000) | (3,986,000) | (3,986,000) | (3,986,000) | (3,986,000) |
| Grants | (2,729,992) | (2,734,975) | (2,634,975) | (2,459,625) | (2,225,825) |
| Other Contributions | (5,619,290) | (5,632,661) | (5,667,209) | (5,702,448) | (5,738,391) |
| Development Cost Charges | (1,470,000) | (1,470,000) | (1,470,000) | (1,470,000) | (1,470,000) |
| Donations | (21,500) | (21,500) | (21,500) | (21,500) | (21,500) |
| Total Revenues | (135,403,894) | (140,886,376) | (146,806,880) | (152,494,224) | (158,521,666) |
| Operating Expenses | | | | | |
| General Operating | 63,558,802 | 63,743,520 | 64,901,750 | 66,289,808 | 67,141,723 |
| Storm Sewer | 618,611 | 618,597 | 627,352 | 781,463 | 647,936 |
| Electrical Supply | 39,995,595 | 41,753,334 | 44,335,601 | 45,577,900 | 47,729,739 |
| Sewer System | 5,546,953 | 5,278,683 | 5,489,153 | 5,402,813 | 5,276,934 |
| Water Utility | 5,489,071 | 5,589,346 | 5,646,897 | 5,585,862 | 5,743,950 |
| Total Operating Expenses | 115,209,032 | 116,983,480 | 121,000,753 | 123,637,846 | 126,540,282 |
| Net Operating Surplus | (20,194,862) | (23,902,896) | (25,806,127) | (28,856,378) | (31,981,384) |
| Capital Expenses | | | | | |
| General Capital | 15,195,450 | 10,690,525 | 9,095,636 | 11,215,293 | 11,484,167 |
| Electric Capital | 5,294,740 | 5,904,201 | 5,243,319 | 7,489,472 | 7,669,117 |
| Sewer Capital | 3,155,800 | 6,398,000 | 3,092,300 | 8,406,000 | 3,170,000 |
| Water Capital | 4,209,025 | 14,808,250 | 8,547,775 | 4,268,328 | 3,999,150 |
| Total Capital Expenses | 27,855,015 | 37,800,976 | 25,979,030 | 31,379,093 | 26,322,434 |
| Debt Proceeds | - | - | (4,000,000) | (2,668,163) | - |
| Debt Servicing - Principal Repayments | 2,218,646 | 2,183,462 | 2,095,980 | 2,111,089 | 1,935,995 |
| Capital Grant Funding | (3,058,600) | (6,600,000) | - | - | - |
| Transfer To (From) Surplus/Reserve | (6,820,199) | (9,481,542) | 1,731,117 | (1,965,641) | 3,722,955 |
| Financial Plan Balance | \$ - | \$ - | \$ - | \$ - | \$ - |

Schedule B

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

| | | |
|--------------------------------|-------------|---------|
| Taxation | 42,205,288 | 31.17% |
| Grant in Lieu | 366,000 | 0.27% |
| Local Improvement Levy | 171,000 | 0.13% |
| Business Improvement Area Levy | 245,000 | 0.18% |
| Sale of Services | 12,932,451 | 9.55% |
| Electric Utility Revenue | 45,230,833 | 33.40% |
| Sewer Utility Revenue | 8,949,057 | 6.61% |
| Water Utility Revenue | 10,279,525 | 7.59% |
| Storm Water Utility Revenue | 1,197,958 | 0.88% |
| Fiscal Services | 3,986,000 | 2.94% |
| Grants | 2,729,992 | 2.02% |
| Other Revenues | 5,619,290 | 4.15% |
| Development Cost Charges | 1,470,000 | 1.09% |
| Donations | 21,500 | 0.02% |
| Total Revenues | 135,403,894 | 100.00% |

Current Property Class Multiples:

| Ratio | 2023 Est. | 2022 | 2021 | 2020 | 2019 | 2018 |
|--------------------|------------------|-------------|-------------|-------------|-------------|-------------|
| Residential | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Utilities | 10.07 | 10.09 | 7.22 | 7.24 | 7.66 | 7.33 |
| Supportive Housing | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Major Industry | 1.86 | 1.88 | 1.72 | 1.65 | 1.79 | 1.67 |
| Light Industry | 1.86 | 1.88 | 1.72 | 1.65 | 1.79 | 1.67 |
| Business & Other | 2.22 | 2.14 | 1.91 | 1.75 | 1.82 | 1.66 |
| Managed Forest | 2.22 | 2.14 | 1.91 | 1.75 | 1.82 | 1.66 |
| Rec/Non-Profit | 1.37 | 1.31 | 1.28 | 1.29 | 1.4 | 1.42 |
| Farm | 5.17 | 4.59 | 3.57 | 3.55 | 3.59 | 3.26 |

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

Use of Permissive Tax Exemptions

In 2022, Council passed Bylaw 2022-49 to exempt certain properties from taxation in 2023. The Bylaw contains the list of properties and the estimated amount of tax revenue forgone (\$617,098). 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.