

Column: 2018 Provisional Budget

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Leading up to Council's review of the provisional budget on Dec. 14, this question is bound to come up: Why don't taxes simply reflect the rate of inflation?

The Consumer Price Index is the most widely used measure of inflation. The CPI measures cost increases for these consumer expenses: food, shelter, household operations, furniture, clothing, transportation, health, personal care, recreation, education, alcoholic beverages and tobacco.

From that list, costs associated with shelter/household operations, transportation and education can also apply to municipalities. The rest have little or no relevance for municipalities. The City's shopping basket of supplies includes other, costlier items – steel, concrete, fuel, water treatment, asphalt, labour, heavy equipment and citizens' safety.

Making a direct comparison between CPI and municipal taxes isn't that simple.

A number of other factors influence the annual tax rate beyond inflation. For example, every annual budget contains ongoing impact costs to maintain service levels approved in previous budgets. Examples include paying for the new Kelowna Police Services building for ongoing operations and maintenance, union and contractor wage increases from negotiated multi-year contracts and Phase 2 of the customer care improvement project that will see upgrades to the utility billing system.

These multi-year costs alone can typically amount to a two-per-cent rate increase – before anything else is even considered for the new budget year.

Then consider the costs of keeping up with growth. We're one of the fastest growing regions in Canada, adding thousands of new residents every year who are drawn by our reputation for having a high quality of life, but who also need more roads, underground infrastructure, buses, parks, recreation and cultural opportunities.

On top of that, there can be unexpected costs – like the \$10 million in flood damages to City property that needs to be replaced or repaired, \$3 million of which the City will pay for, with the remainder covered by the provincial government.

The Citizen Survey and ongoing engagement and interaction with residents virtually every day of the year helps identify budget priorities.

Expanding and diversifying the type and price-points for housing is a priority reflected in City programs such as the Infill Challenge, Rental Housing Grant Program, the Journey Home Strategy and the Housing Needs Strategy, along with partnerships with other levels of government to address housing needs.

Maintaining or improving a feeling of safety and security in a city of nearly 130,000 requires a certain amount of financial and human resources – that remains a priority.

Over the years, the City administration has developed other revenue sources to reduce the demand on taxpayers. Today, taxes account for just over one-third of the overall budget, with the remaining majority coming from user fees and charges, grants and reserves. Strong financial management – another Council priority – includes choosing the best timing to make investments that have the greatest benefit to the community.

The budget's link to Council community priorities has helped the City of Kelowna achieve a high level of satisfaction with residents when asked about the value they receive for the taxes they pay.

For the past decade, a large majority of residents have said they receive high value for their taxes in Kelowna, and most residents are willing to pay the same or more to maintain or increase services.

For more information about the 2018 Budget visit kelowna.ca/budget and sign up for [e-subscribe](#) to receive the latest budget news.