



CITY OF WEST KELOWNA COMMITTEE OF THE WHOLE AGENDA

Tuesday, October 19, 2021, 3:00 P.M.

COUNCIL CHAMBERS

2760 CAMERON ROAD, WEST KELOWNA, BC

Pages

1. CALL THE COMMITTEE OF THE WHOLE TO ORDER

It is acknowledged that this meeting is being held on the traditional territory of the Syilx/Okanagan Peoples.

This meeting is open to the public. In accordance with COVID-19 protocols, Interior Health Restrictions, and the City's COVID-19 Safety Plan regarding indoor seated gatherings and events, limited seating (twelve seats) will be provided on a first come, first serve basis. All representations to Council form part of the public record. This meeting is being webcast live and will be archived on the City's website.

2. INTRODUCTION OF LATE ITEMS

3. ADOPTION OF AGENDA

4. ADOPTION OF MINUTES

- 4.1. Minutes of the Committee of the Whole meeting held Tuesday,
September 28, 2021 in the City of West Kelowna Council Chambers

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5. MAYOR AND COUNCILLOR'S REPORTS

6. PRESENTATIONS

- 6.1. Nancy Mora Castro, Regional Air Quality Coordinator and Jerry
Dombowsky, Transit and Programs Manager, City of Kelowna

6

Central Okanagan Clean Air Strategy

7. UNFINISHED BUSINESS

8. DIVISION REPORTS

- 8.1. CHIEF ADMINISTRATIVE OFFICER

- 8.2. DEVELOPMENT SERVICES
- 8.3. ENGINEERING / PUBLIC WORKS / PARKS
- 8.4. FIRE RESCUE SERVICES
- 8.5. CORPORATE INITIATIVES
- 8.6. FINANCIAL SERVICES / RECREATION AND CULTURE

- 8.6.1. Budget and Reserve Funds Overview

33

Recommendation:

THAT Council approve a transfer from the Operating Surplus Reserve consisting of \$3.15 million to Capital Reserves, and \$250,000 to the Wildfire/Emergency Reserve for a total of 3.4 million; and

THAT Council amend the 2021 Financial Plan to change the funding of project C2021-55 “Self Contained Breathing Apparatus” from Fire Equipment Reserve to Equipment Financing through the Municipal Finance Authority.

- 9. CORRESPONDENCE AND INFORMATION ITEMS
- 10. NOTICE OF MOTION
- 11. ADJOURNMENT OF THE COMMITTEE OF THE WHOLE

The next Council meeting is scheduled for Tuesday, October 26, 2021.



CITY OF WEST KELOWNA
MINUTES OF THE COMMITTEE OF THE WHOLE

Tuesday, September 28, 2021
COUNCIL CHAMBERS
2760 CAMERON ROAD, WEST KELOWNA, BC

MEMBERS PRESENT: Mayor Gord Milsom
Councillor Doug Findlater
Councillor Jason Friesen
Councillor Stephen Johnston
Councillor Carol Zanon
Councillor Jayson Zilkie (Acting Mayor)

MEMBER ABSENT: Councillor Rick de Jong

Staff Present: Paul Gipps, CAO
Allen Fillion, Director of Engineering / Public Works
Warren Everton, Director of Finance / CFO
Jason Brolund, Fire Chief
Sandy Webster, Director of Corporate Initiatives
Mark Koch, Director of Development Services
Brad Savoury, Director of Legal Services
Bob Dargatz, Development Services/Approving Officer
Shelley Schnitzler, Legislative Services Manager/Corporate Officer
Rebecca Narinesingh, Corporate Records Coordinator
Lisa Siavashi, Financial Services Manager/Deputy CFO

1. CALL THE COMMITTEE OF THE WHOLE TO ORDER

The meeting was called to order at 3:02 p.m.

It was acknowledged that this meeting was held on the traditional territory of the Syilx/Okanagan Peoples.

This meeting was open to the public. In accordance with COVID-19 protocols, Interior Health Restrictions, and the City's COVID-19 Safety Plan regarding indoor seated gatherings and events, limited seating (twelve seats) was provided. All

representations to Council form part of the public record. This meeting was webcast live and archived on the City's website.

2. INTRODUCTION OF LATE ITEMS

3. ADOPTION OF AGENDA

It was moved and seconded

Resolution No. COW008-21

THAT the agenda be adopted as presented.

CARRIED UNANIMOUSLY

4. ADOPTION OF MINUTES

4.1 Minutes of the Committee of the Whole Meeting held Tuesday, May 18, 2021 in the City of West Kelowna Council Chambers

It was moved and seconded

Resolution No. COW009-21

THAT the minutes of the Committee of the Whole Meeting held Tuesday, May 18, 2021 in the City of West Kelowna Council Chambers be adopted.

CARRIED UNANIMOUSLY

5. MAYOR AND COUNCILLOR'S REPORTS

6. DELEGATIONS

7. UNFINISHED BUSINESS

8. DIVISION REPORTS

8.1 CHIEF ADMINISTRATIVE OFFICER

8.2 DEVELOPMENT SERVICES

8.2.1 DCC Bylaw Update

Joel Short, Senior Planner, Urban Systems, facilitated the DCC Bylaw update review process.

The meeting recessed at 4:31 p.m.

The meeting reconvened at 4:37 p.m.

8.3 ENGINEERING / PUBLIC WORKS / PARKS

8.4 FIRE RESCUE SERVICES

8.5 CORPORATE INITIATIVES

8.6 FINANCIAL SERVICES / RECREATION AND CULTURE

8.6.1 2021 Grant in Aid Policy Review

By consensus, it was agreed that Council extend the deadline for 2022 applications to November 30th, 2021 and that applications be reviewed by Council in January 2022.

9. CORRESPONDENCE AND INFORMATION ITEMS

10. NOTICE OF MOTION

11. ADJOURNMENT OF THE COMMITTEE OF THE WHOLE

The meeting adjourned at 5:19 p.m.

ACTING MAYOR

LEGISLATIVE SERVICES MANAGER/CORPORATE OFFICER

Central Okanagan Clean Air Strategy

Nancy Mora Castro, P. Eng. MSc. PMP
Regional Air Quality Coordinator

October 19, 2021

1450 K.L.O. Road
Kelowna, BC, V1W 3Z4
rdco.com





Air Quality Results 2015-2021

Outline

- Sources of pollution
- Clean Air Strategies Results
- Next steps



Sources of pollution

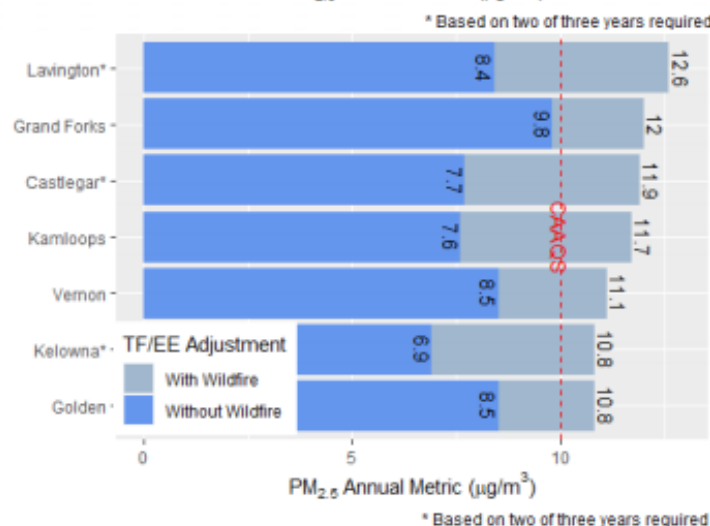
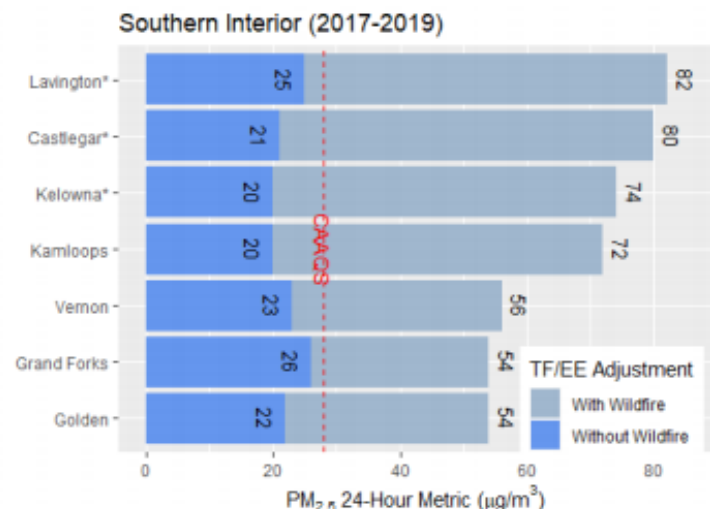
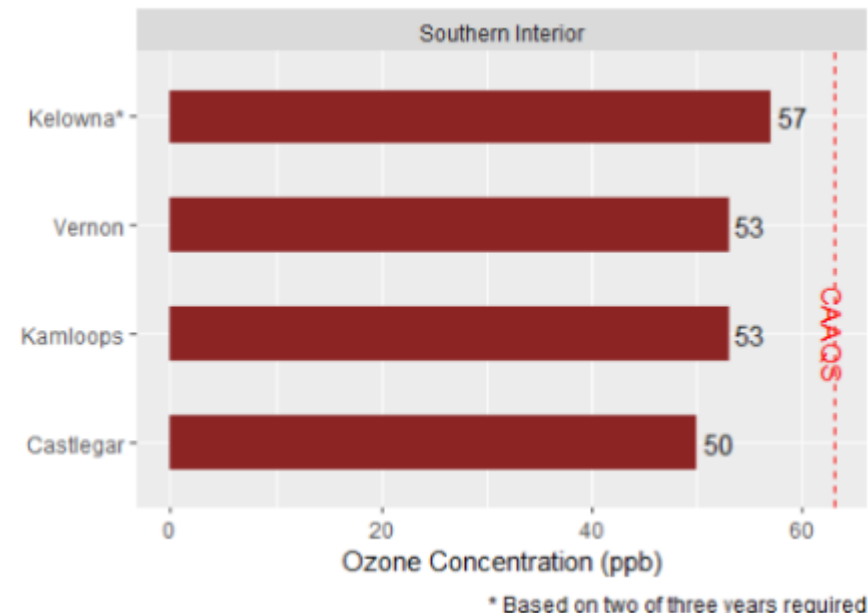


Figure 1. Southern Interior Air Zone.

PM_{2.5} concentrations in Southern Interior Air Zone. Upper plot based on 24-hour concentration (annual 98th percentile, averaged over 2017-2019). Lower plot based on annual mean concentration (averaged over 2017-2019). Red dashed lines identify CAAQS of 28 µg/m³ (upper plot) and 10 µg/m³. (lower plot).

Source- [BC Southern Interior Air Zone Report 2017-2019](#)



Ozone concentrations in the Southern Interior Air Zone, based on annual 4th highest daily 8-hour maxima, averaged over 2017-2019. Red dashed line identifies the CAAQS of 63 ppb

Source- [BC Southern Interior Air Zone Report 2017-2019](#)

Sources of pollution

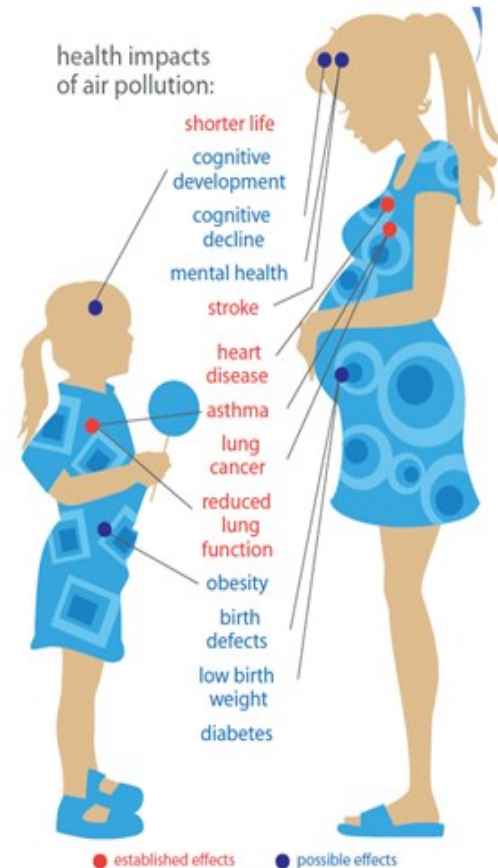
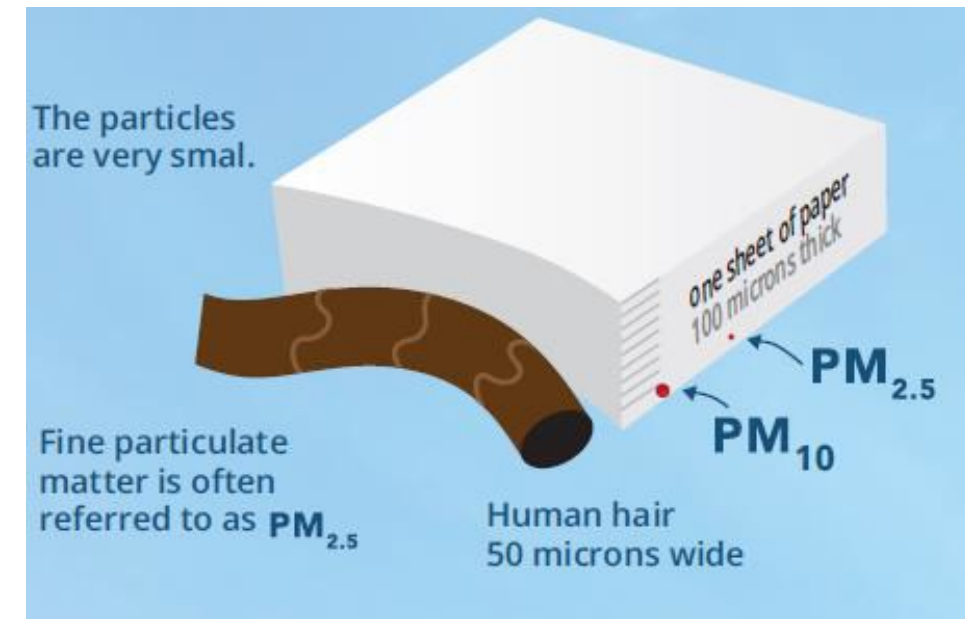


80% of health effects come from **long term** exposure

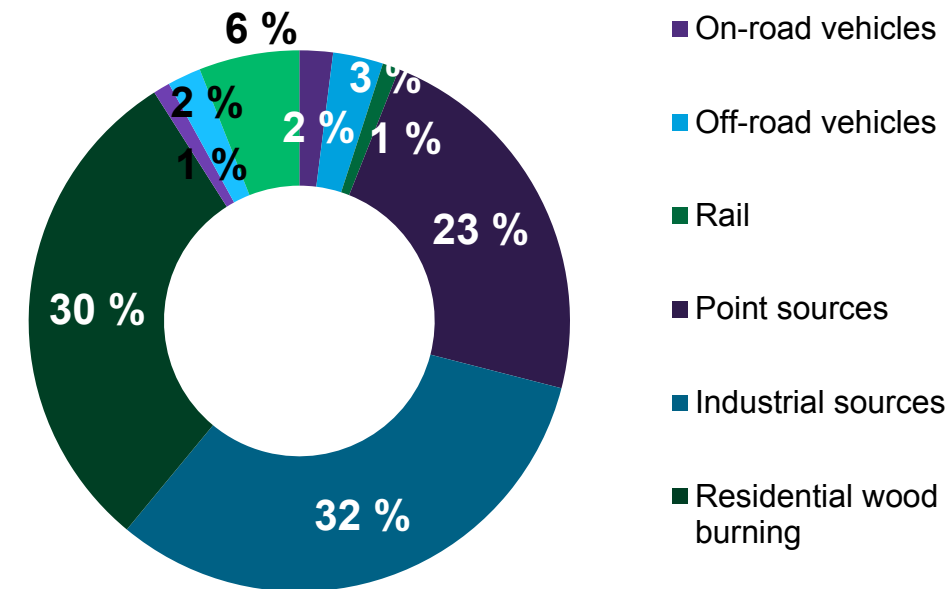


PM2.5 and Health

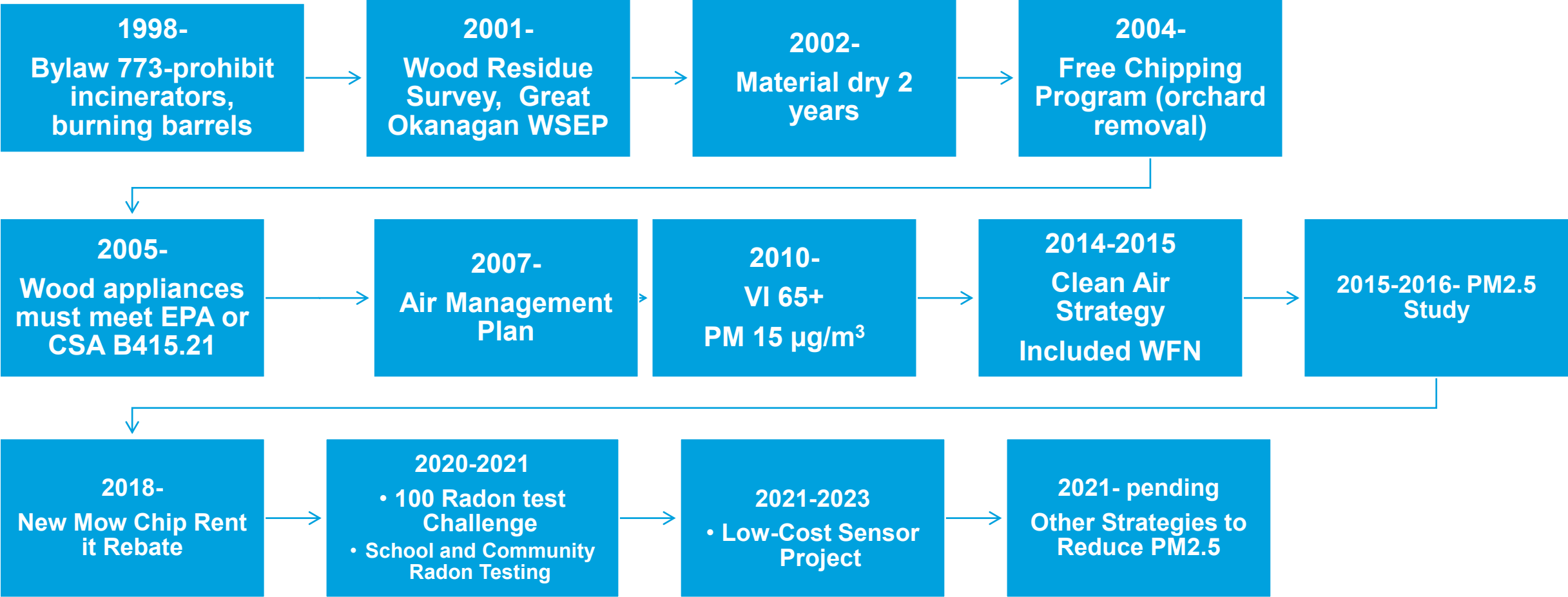
- WHO 2013
 - PM- classified as **carcinogenic to humans**



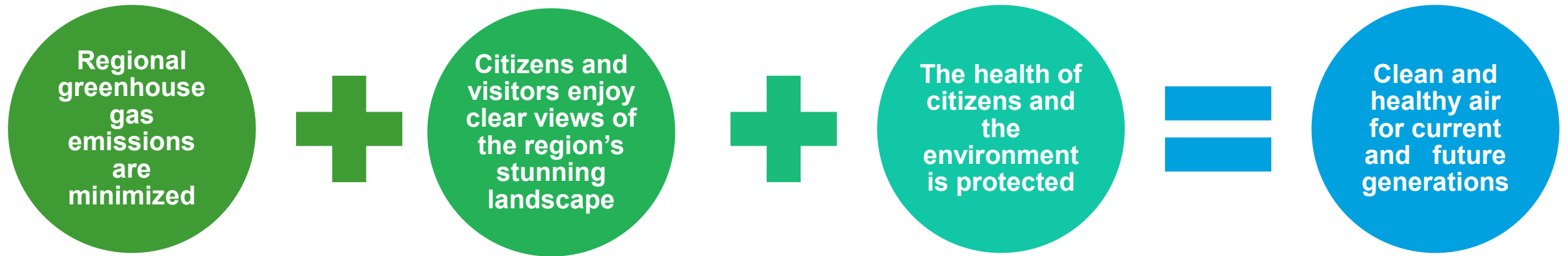
Sources of Fine Particulate Matter (PM_{2.5}) in the Central Okanagan, 2006



Air Quality Service 1998-



Clean Air Strategy 2015



- Municipal Official Community Plans (OCPs)
- Regional Growth Strategy
- 40+ Actions

Agricultural Chipping Program

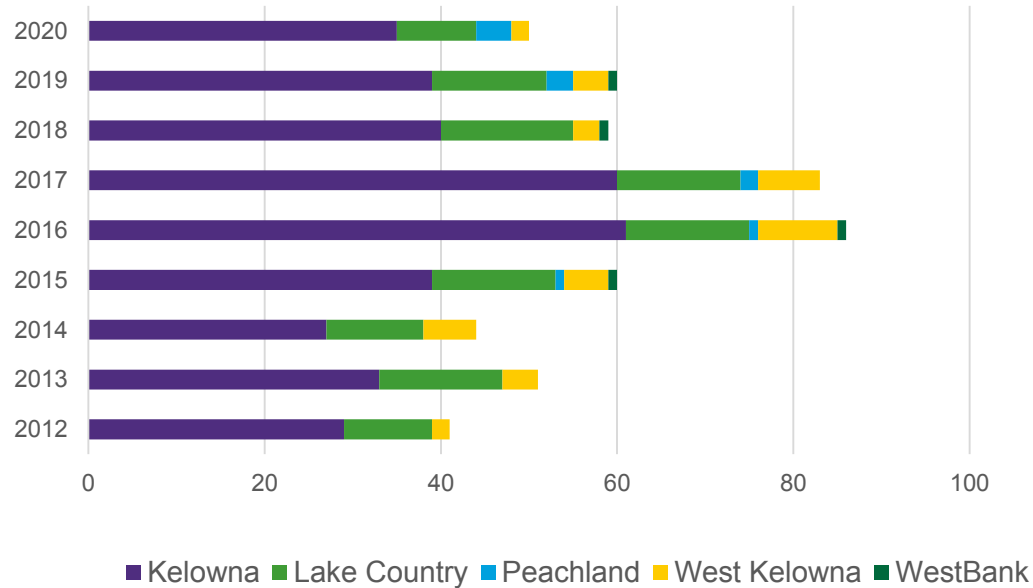
Orchard removal
-Large Volume

-\$60,000 budget
-For 2021 +\$40,000

-Free

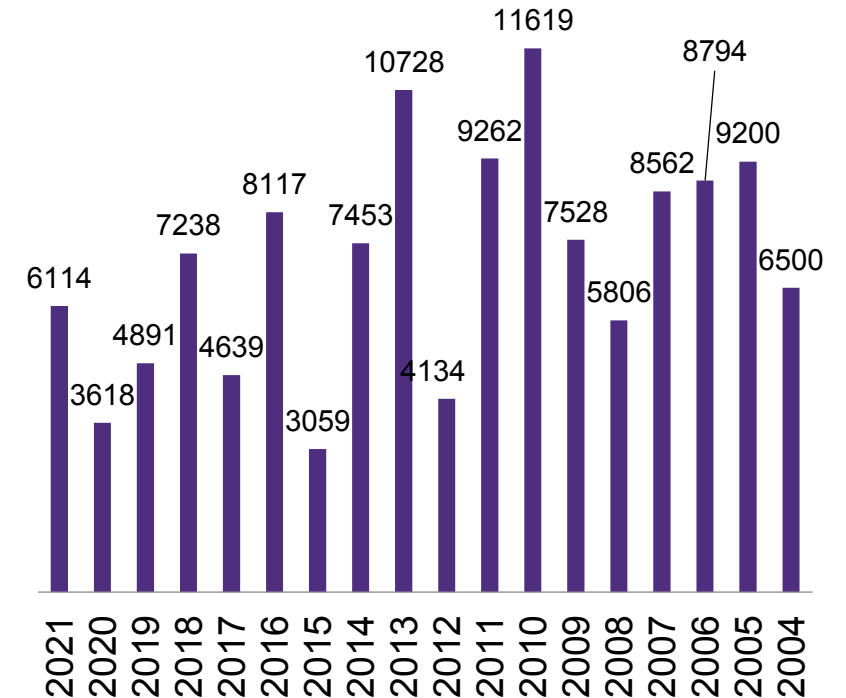
Average:
-59 register/year
-27 completed/year

Orchards registered by Municipality
2012-2020



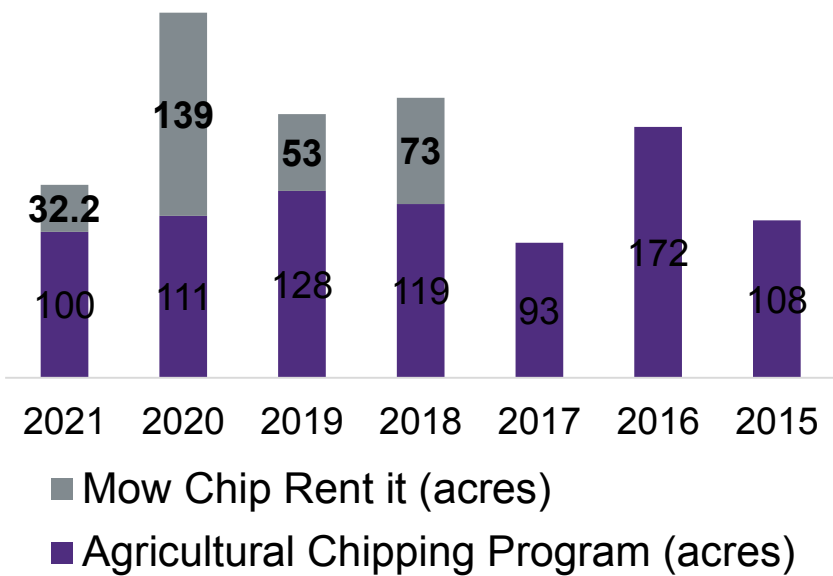
Volume of Wood Chips (m3) from Agricultural Chipping Program (2004-Sep 2021)

■ Volume of Wood Chips (m3)



Mow/Chip/Rent it Program

Total number of acres cleared through Alternatives to Burning (2015- September 2021)



Small Volume

-Since 2018
\$20,000 budget

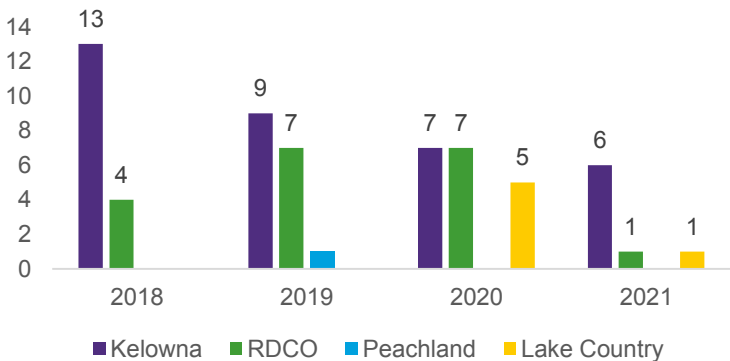
-80% of rental/service cost up to \$500
-[Online Rebate Application](#) (invoice required)

-17 residents/farmers 1ha+ per year

Pollutants avoided-both Waste reduction programs

Pollutants	Average (Tonnes/year)
PM10	87.1
PM2.5	87.1
CO	370.2
NOx	2.8
SOx	0.3
VOC	31.3

Mow Chip it Rebate per Municipality 2018-Sep 2021



Best Burning Practices

•2019- RDCO created [Setback Map](#)

2020-Updated

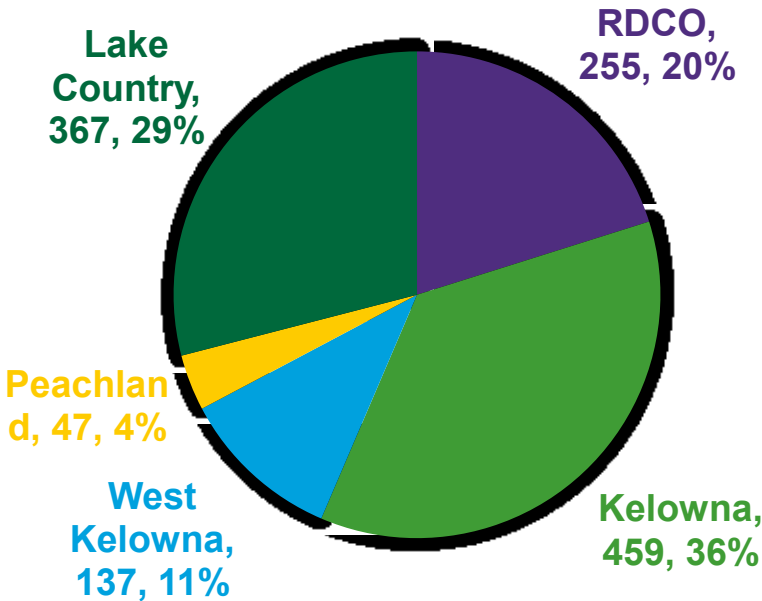
Burning Permits reduction

2020-New Brochures

• Open Burning Line (toll free) [1-855-262-2876](tel:1-855-262-2876)

• 51% from 2010 / 10% reduction from 2019
• 1,266 permits issued/year (average 2015-2020)

Burning Permits Issued/year
(average 2015-2020)



Check Burning Setbacks

Search for an address or locate on map

1450 KLO

X

Q

🕒

📍

Show results within (Meters)

100

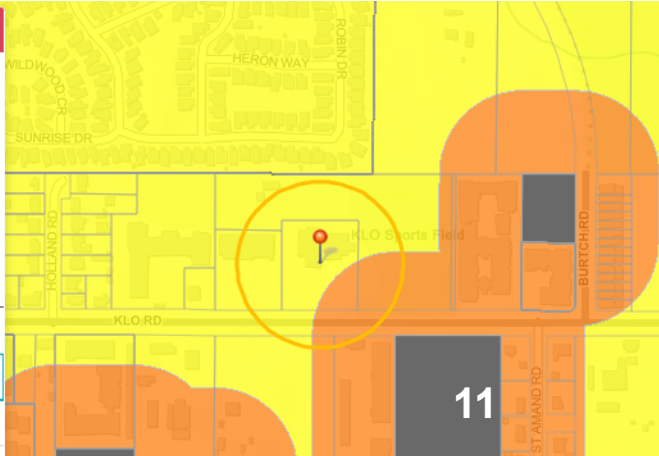
0

100

High Risk Areas - setbacks (2)

High Risk Areas - setbacks: 500.00m 0 m

High Risk Areas - setbacks: 100.00m 23.97 m



Woodstove Exchange Program (WSEP)

2001-2021
1978
exchanges

\$300,000+
Provincial funding to all RD

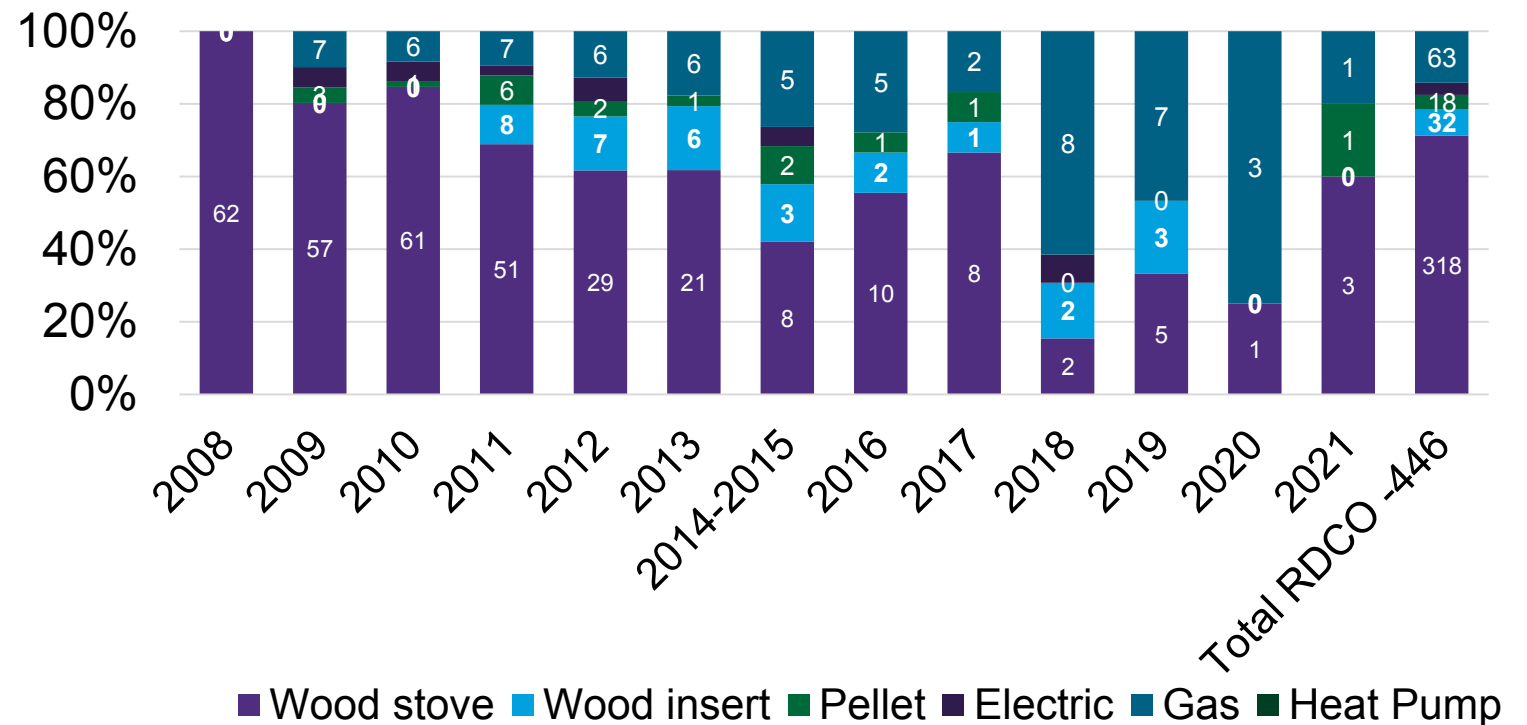
RDCO-746 (2001-)
RDOS-735 (2001-2016)
RDNO-305 (2001-2011)

2017- new incentives levels
\$250-\$400
As of Sep 15, 2021 new
incentive levels (\$300-\$1500)

2020 – New online [Burn It Smart Tool](#) & [Woodstove troubleshooting guide](#)
2021-Program evaluation
survey

- 4000-12,000 uncertified wood appliances in-use (248-1,060 tonnes/year)

Type of Exchanges in RDCO (2008-2021)



Emission reductions (Kg/year)

Woodstove	Insert/ pellet	Natural gas/electric
62.2	79	88.6

WSEP- Burn it Smart

WE'VE GOT A
PURR...FECT
IDEA FOR YOU



FREE GIFT
FOR THOSE WHO
PRE-REGISTER BY
PHONE OR EMAIL

FREE WOOD HEATING WORKSHOP
APRIL 11, 6:00 - 8:00PM
LAKE COUNTRY MUNICIPAL HALL - 10150 BOTTOM WOOD LAKE RD

LEARN ABOUT:
Planning an effective woodheat system
Purchasing & preparing your wood
Loading the firebox & chimney care tips
Proper burning techniques

To pre-register or for more information call 250 469-8408,
email airquality@kelowna.ca or visit regionaldistrict.com/airquality



**Breathe Easier
Burn Responsibly**



Wood Stove Exchange Program

Exchange your old wood stove for a new certified appliance and earn a cash rebate of \$250 (plus dealer discounts may apply).

Burning Best Practices

- Burn only clean, dry wood
- Never burn garbage
- Never burn green, painted or treat wood
- Properties greater than 1 hectare may apply for an open burning permit (Oct. 1 - April 30).

Contact Fire Dispatch if you suspect someone is burning without a permit, 250-469-8577.

For more information:
www.regionaldistrict.com/airquality
250-469-8408 | airquality@kelowna.ca

CLEAN AIR & COMFORT FOR YOUR HOME



CASH REBATE OF UP TO \$1,500
Rebate money depends on type of exchange. Money is limited.

EXCHANGE YOUR OLD WOOD STOVE FOR A NEW CERTIFIED APPLIANCE

For more information visit rdco.com/airquality.
To find participating retailers call (250) 469-8408 or send an email to airquality@kelowna.ca



rdco.com/airquality

TIPS FOR CLEAN BURNING



- Wood should be split, stacked and properly covered at least 6 months before using.
- If your wood hisses or moisture is released when burning, your wood is not yet dry enough. The wood moisture content should be 20% or less. You can find moisture meters in local stores.
- Never burn green, painted or treated wood.
- Burn only clean, dry wood.
- Never burn garbage.

CASH REBATE OF UP TO \$1,500
Rebate money depends on type of exchange. Money is limited.

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rdco.com/airquality

Clean Air and Safe Routes 4 Schools

Goal

- Increase participation in active transportation, reduce the number of motorized vehicles used for travel to and from school and reduce school emissions

Collaboration

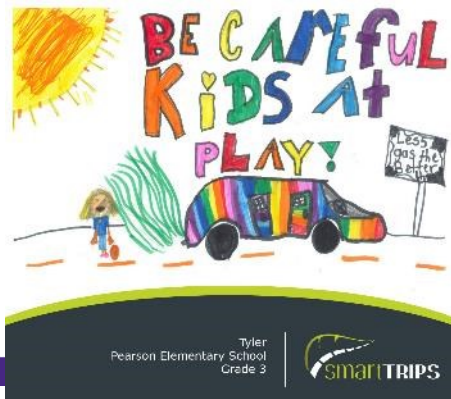
- 8- participant Schools
- Municipal Committee
- School Committee

School programming

- 5-year Action Plan

Infrastructure

- Minor/major infrastructure improvements



Radon awareness

2020-2022
55 schools
will be
screened

+20,000
School Screening
Health Canada funding

2020:
23-Public schools
8- Independent schools
2021:
22- Public schools
2- Independent schools

2020: 100 Radon Kit
Community Challenge:
1200+ free radon
detectors delivered
2021: 300 free radon
detectors available

Collaboration

Strategies

- Health Canada- Interior Health –Canadian Association of Radon Scientists and Technologists (CARST)
- Take Action on Radon-SD23- BC Lung Association-Local Governments
- [Community Report 2020](#)- West Kelowna 207 kits delivered 36% above guidelines
- Radon campaign 2020&2021
- Newsletter/Social media
- Online pre-registration
- November- Radon Month Awareness



WHO Guideline	Canadian Guideline
100Bq/m ³	200Bq/m ³

Radon is the leading cause of lung cancer in non-smokers.

1. Test 2. Assess 3. Take Action

To get your FREE radon test kit, complete the online form by October 18, 2021. Visit rdco.com/radonawareness

Regional District of Central Okanagan BRITISH COLUMBIA LUNG ASSOCIATION TAKE ACTION ON RADON

Radon awareness

BC Radon Repository

•West Kelowna
63% of houses tested are above WHO guidelines

A Radon guide for local governments is coming

Table 2: BC Radon Repository Compilation of Radon Data as of September 1, 2021

Community Health Service Area	No. of Buildings tested	Total No. of Buildings (and percentage) over 100Bq/m ³	Total No. of Buildings (and percentage) over 200 Bq/m ³	No. of Buildings (and percentage) over 600 Bq/m ³	Total No. of Buildings (and percentage) over 1000 bq/m ³	Dates
Central Okanagan Rural	103	75, 73%	49, 48%	16, 16%	7, 7%	2007-03-20 to 2021-03-22
Downtown Kelowna	179	41, 23%	7, 4%	2, 1%	1, <1%	2001-05-26 to 2021-03-24
Glenmore	304	174, 57%	70, 23%	4, 1%	1, <1%	1999-02-03 to 2021-04-26
Lake Country	241	183, 76%	114, 47%	21, 9%	9, 4%	2002-10-26 to 2021-06-16
Okanagan Mission	298	164, 55%	72, 24%	6, 2%	1, <1%	2001-11-20 to 2021-07-01
Rutland	96	45, 47%	13, 14%	0	0	2001-09-27 to 2021-04-03
West Kelowna	308	193, 63%	101, 33%	16, 5%	4, 1%	1999-02-19 to 2021-04-30
TOTAL	1529	875, 57%	426, 28%	65, 4%	23, 2%	

1- BC Radon Repository Compilation of Radon Data as of September 1, 2021:

- Total radon home tests completed in BC -**12,626**
- Total test results at or over 100 Bq/m³ -**6,021**
- Total test results over 200 Bq/m³ -**3,194**

2- For more information: [Health Canada Survey Report 2012](#)

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PM2.5 Study

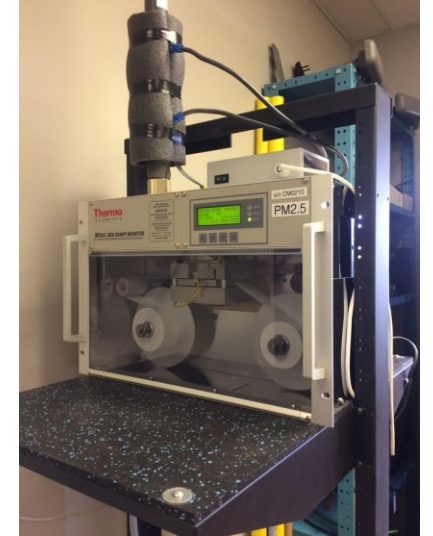
2015-
2016

Stationary and
Mobile Project

Ministry of
Environment/BC
Clean/ Environment
Canada /UBC/UNBC...

Project Cost \$111,000:
BC Clean-\$15,000
RDCO-6,500
In-Kind- 89,500

- Stationary monitoring with E-BAM
 - Kelowna City Hall
 - Johnson Bentley Memorial Aquatic Center



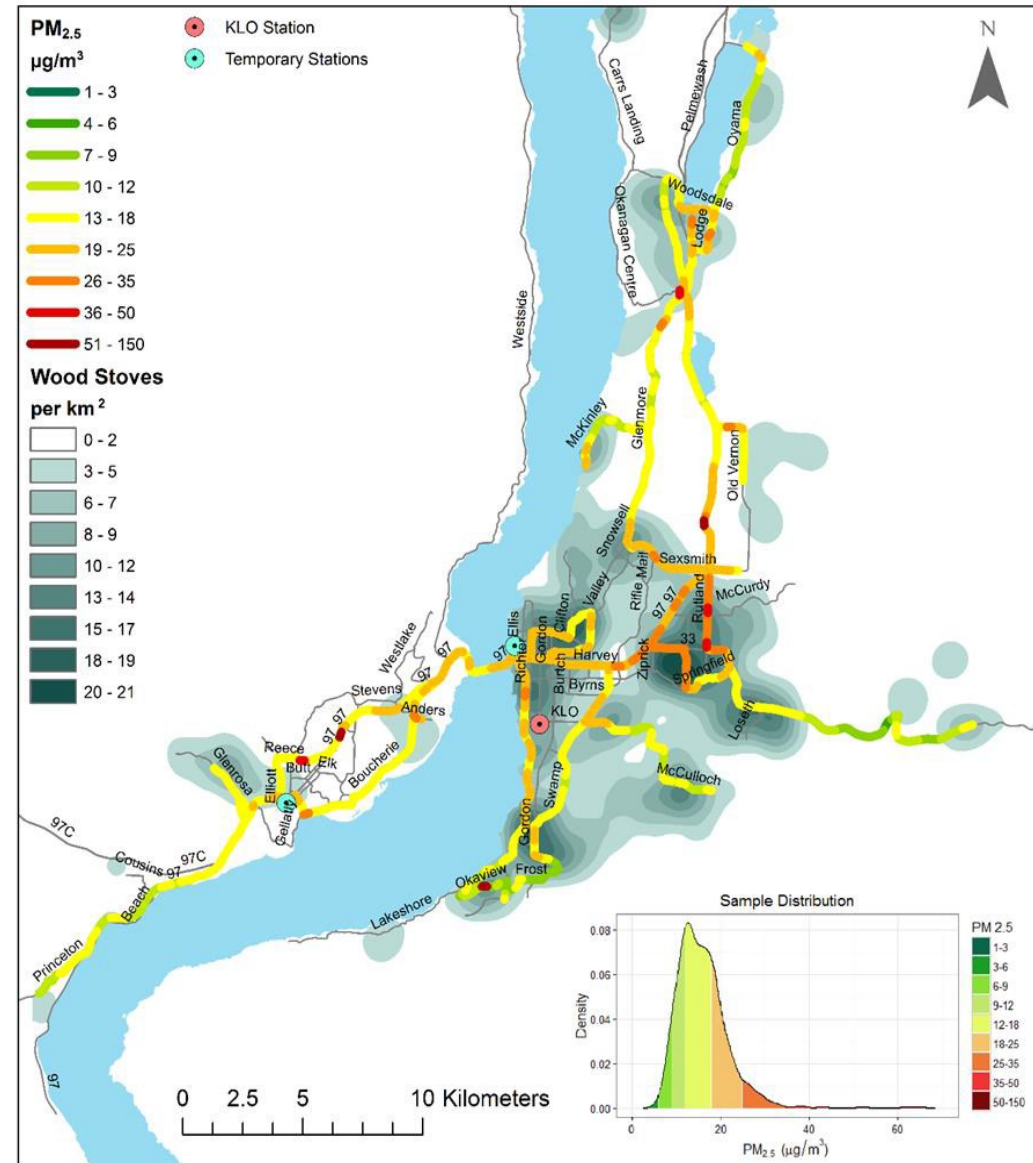
- Mobile monitoring with DustTrak & GPS
 - Route -213 Km
 - 26 trips



PM_{2.5} Study Results

- Stationary monitoring
 - Differences in meteorology and concentrations
 - Two BC objective exceedances
 - WK-20 hrs.
 - Kelowna 35 hrs.
- Mobile Monitoring
 - Hotspots were found

Central Okanagan PM_{2.5} Concentrations and Wood Stove Density for the entire period. (November 2015 - April 2016)



Monitoring Station Relocation

2019
to RDCO

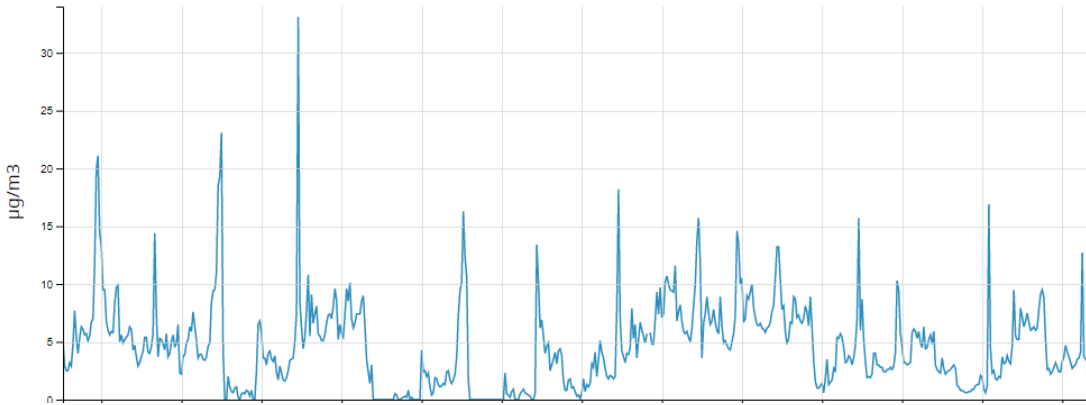
Since 1994
Okanagan College

Several sites
evaluated

New location
RDCO building

Latest data at: **Friday 30 April 2021 11AM (PDT)**. Current data is displayed below and you can select each one to view a 30-day graph.

PM2.5 5.7 µg/m3	PM2.5 (24hr) 5.85 µg/m3	PM10 17.5 µg/m3	PM10 (24hr) 14.99 µg/m3	O3 21.4 ppb	O3 (8hr) 7.06 ppb	NO2 5.1 ppb	NO2 (24h) 5.88 ppb	SO2 0 ppb	SO2 (24h) 0 ppb
Humidity 63 %	Wind Speed 1.2 m/s	Wind Direction 185 Degrees (°)							



Small Low-Cost Air Quality PM Sensor Pilot Project

2021-
2023
8
sensors

3 sensors at:

-Peachland

- Fire Station 101
in NWFR

-Fire Station 51 in
Joe Rich

5 sensors - SD23
buildings (TBD)

Collaboration

- Environment and Climate Change Canada (ECCC) SD23. -Local Governments

Objective

- Investigate the benefit of using emerging low-cost sensor technologies to measure Particulate Matter (PM)

Map

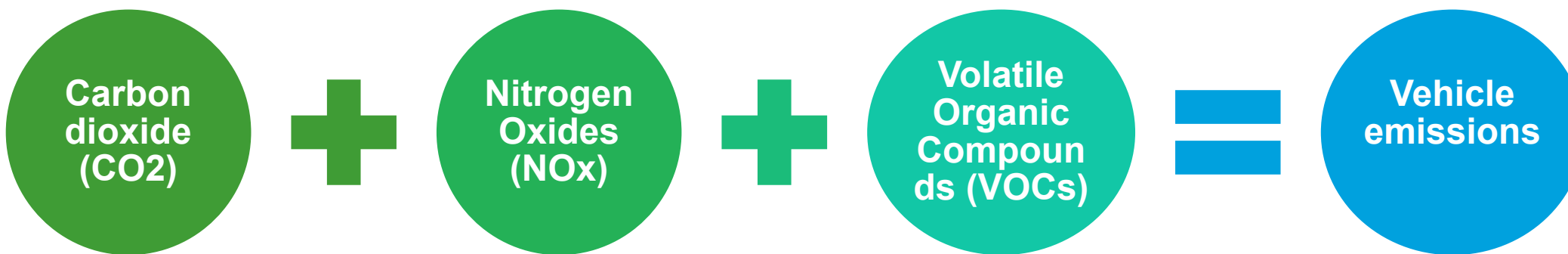
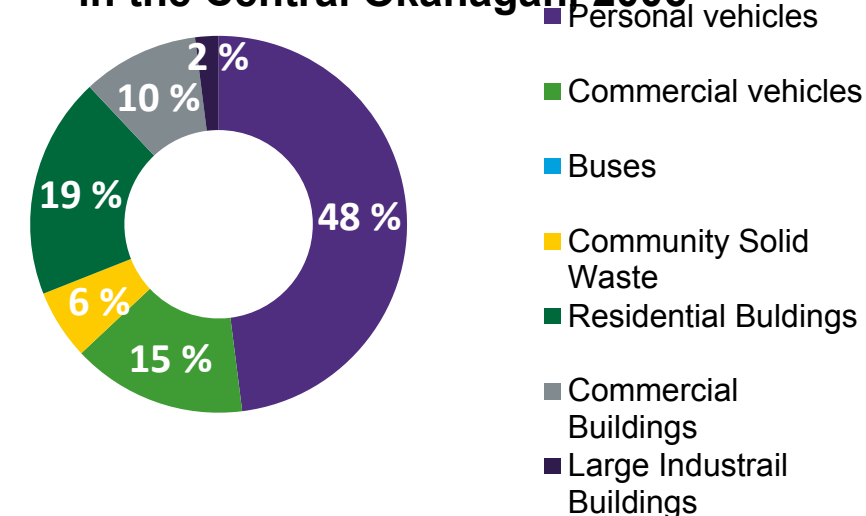
- Real-time PM_{2.5} data is available to the community via a map product:
(<https://cyclone.unbc.ca/aqmap>).



Idling awareness

- Occurs when a vehicle is in operation but not in motion.
- Idling Control Bylaw & Educational Campaign
Potential CO₂ reductions:
Central Okanagan -2,506 to 15,037 tonnes CO₂/year-
 - Kelowna-1,580 to 9,482 tonnes CO₂/year
 - Lake Country, Peachland and West Kelowna-920 to 5,519 tonnes CO₂/year-

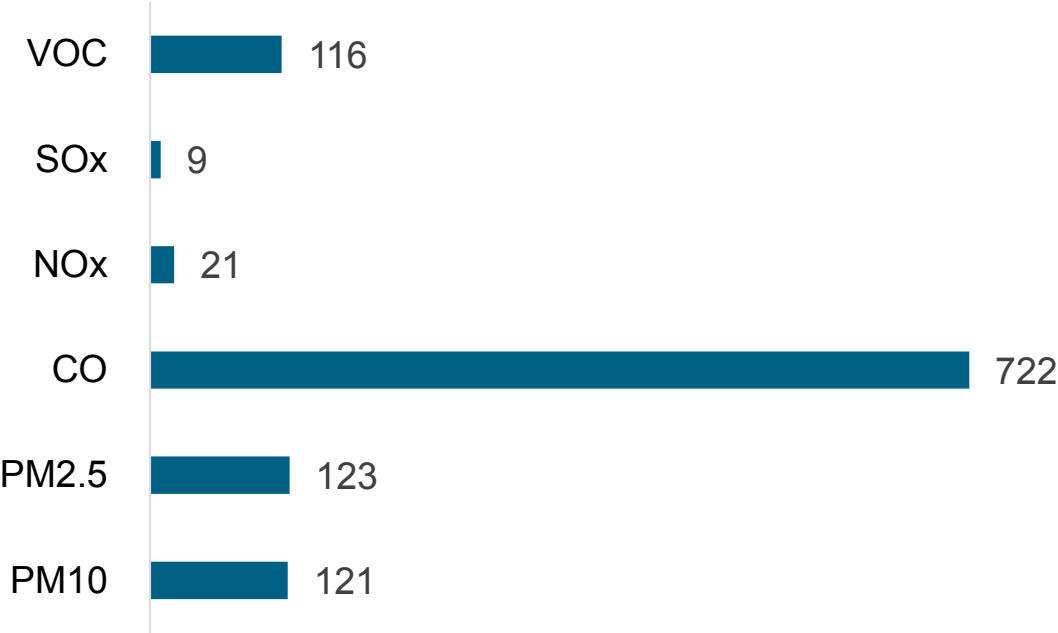
Major Sources of Community GHG emissions in the Central Okanagan, 2006



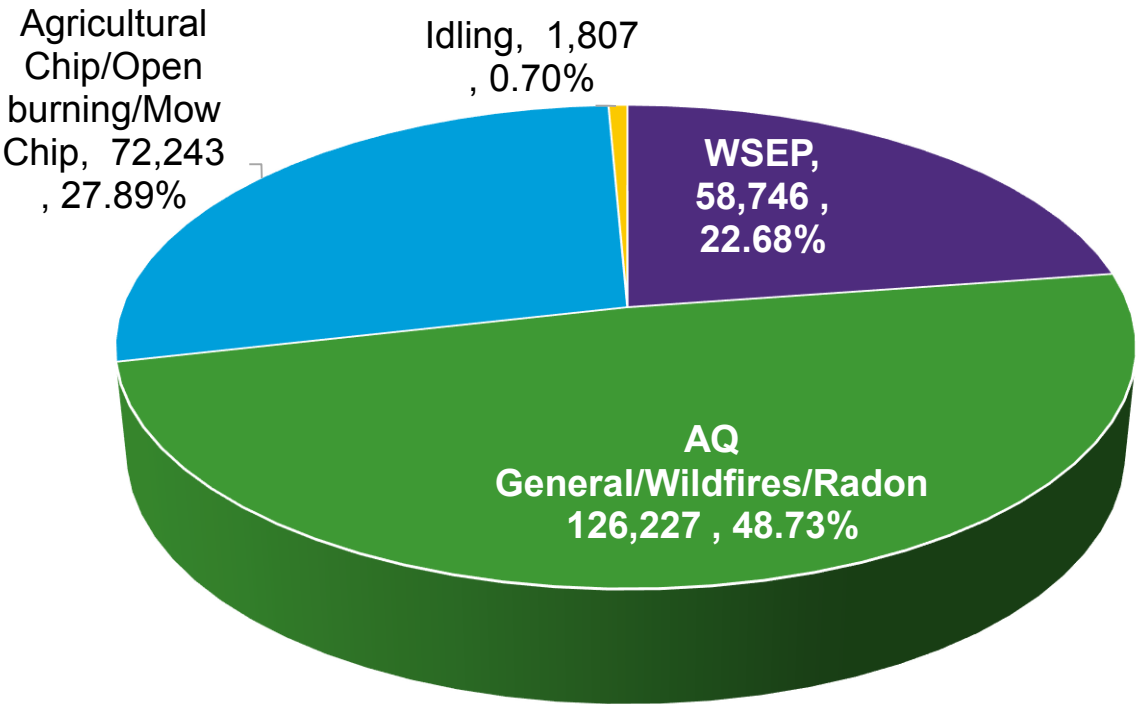
60 second rule

Pollutant reductions/outreach

Pollutant Reductions
Average tonnes/year (2003-Sep 2021)

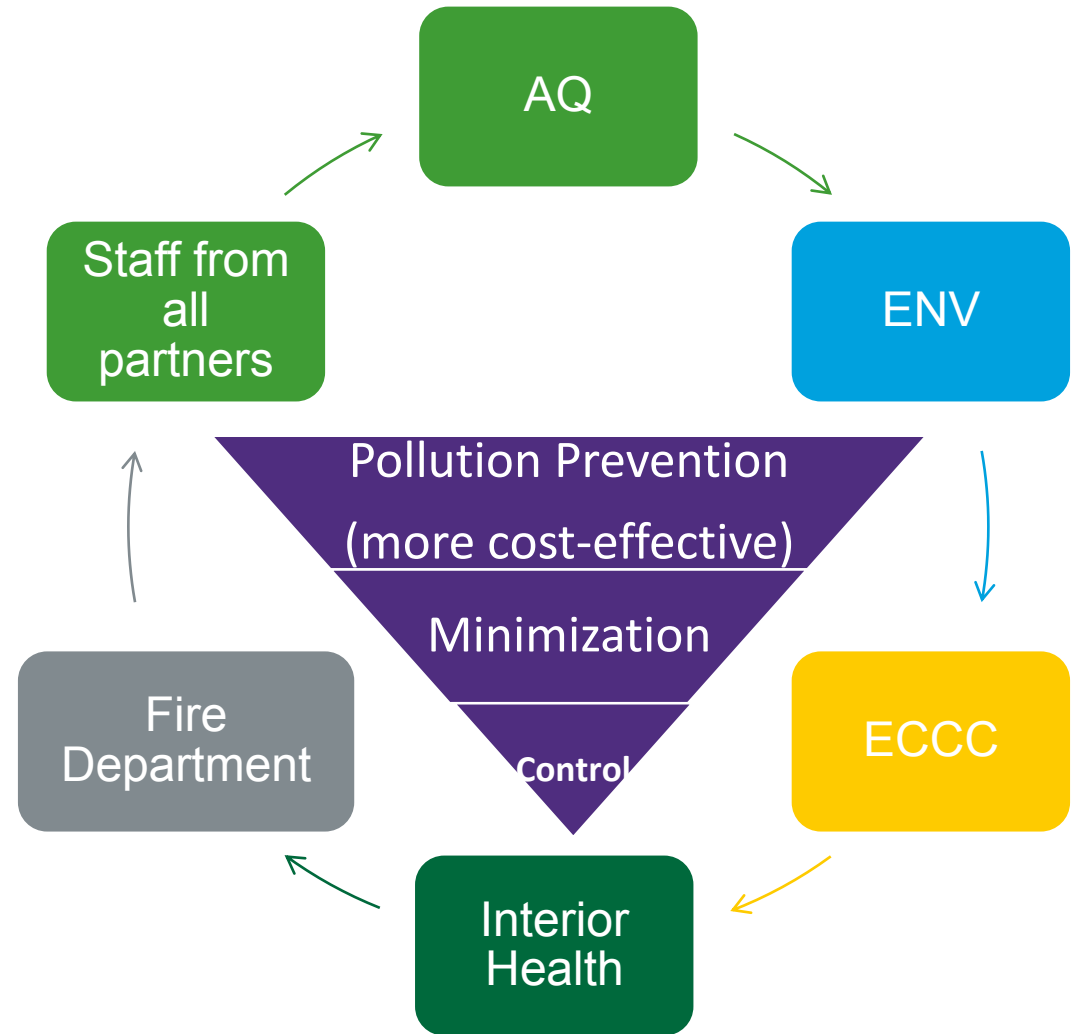


People reached through social media -
Average 2017-2020

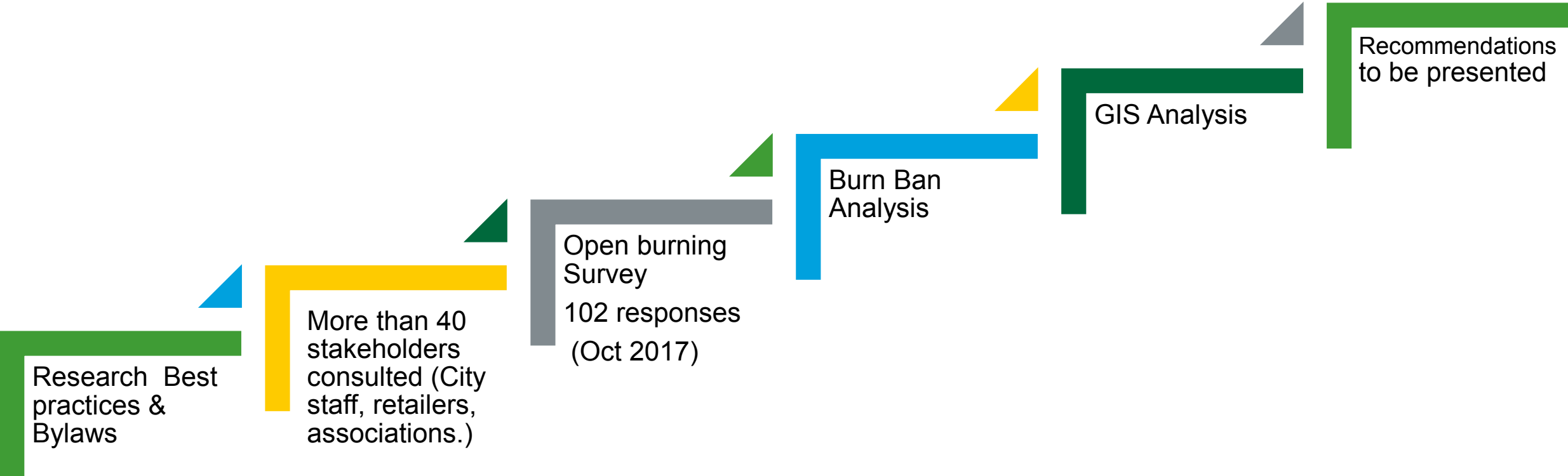


Air Quality Technical Committee

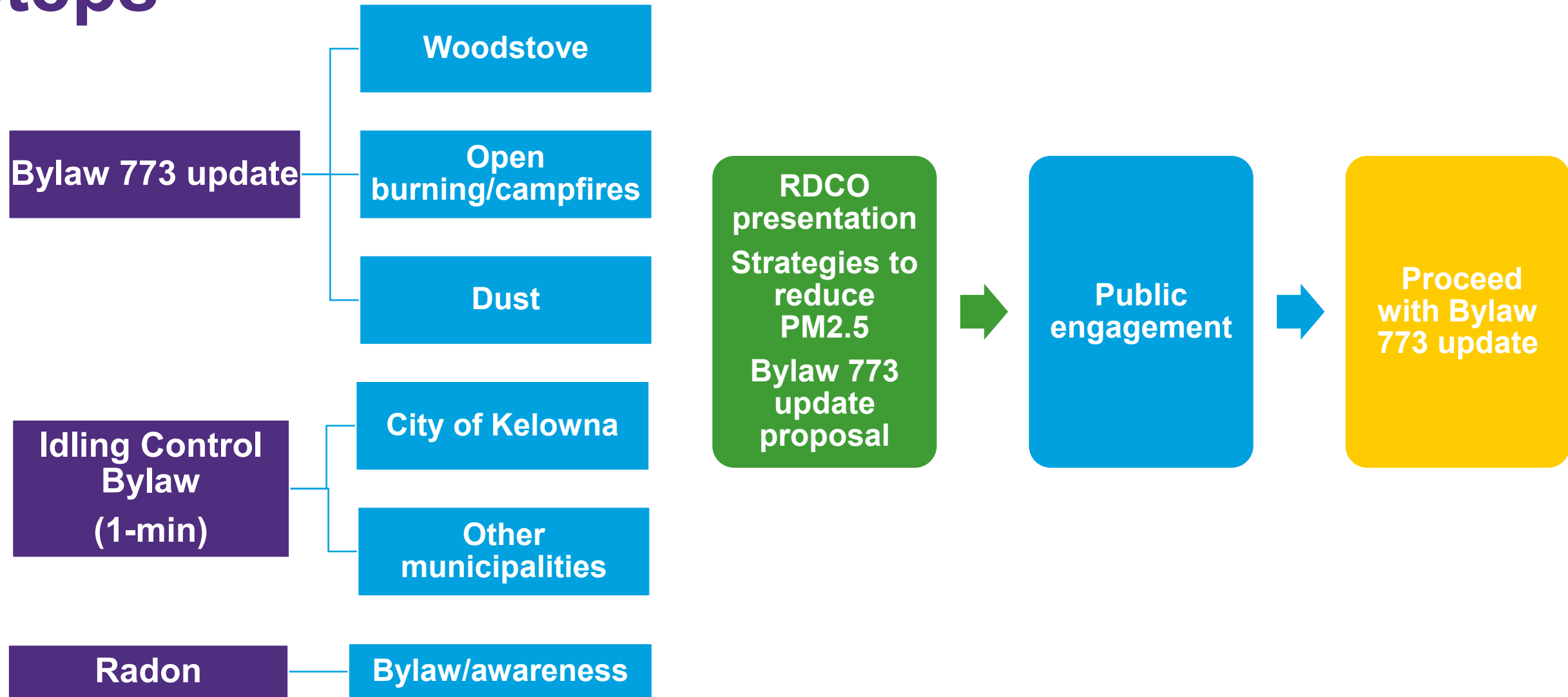
- Active since July 2015
- Idling Control Model Bylaw
- Guides:
 - Green Fleet
 - Dust Management
 - Sustainable Procurement
- Strategies to Reduce PM2.5



Strategies to reduce PM2.5 Process



Opportunities and next steps





Nancy Mora Castro, P. Eng. MSc., PMP
Regional Air Quality Coordinator | City of Kelowna
250-469-8408 | nmoracastro@kelowna.ca_or
airquality@Kelowna.ca

www.rdco.com/airquality





COMMITTEE OF THE WHOLE REPORT

To: Paul Gipps, CAO
From: Warren Everton, Director of Finance/CFO
Subject: **Reserve Funds Overview**

Date: October 19, 2021

RECOMMENDATION

THAT Council approve a transfer from the Operating Surplus Reserve consisting of \$3.15 million to Capital Reserves, and \$250,000 to the Wildfire/Emergency Reserve for a total of 3.4 million; and

THAT Council amend the 2021 Financial Plan to change the funding of project C2021-55 “Self Contained Breathing Apparatus” from Fire Equipment Reserve to Equipment Financing through the Municipal Finance Authority.

STRATEGIC AREA(S) OF FOCUS

Investment in Infrastructure and Economic Growth and Prosperity are the two areas of Strategic Priorities that financial planning touches. Maintaining, upgrading and replacing critical assets is an integral part these two focus areas and reserves are the building blocks of these priorities.

BACKGROUND

To evaluate reserves it is essential we cover numerous aspects of reserve planning including:

- The reserve fund policy
- Maximum and minimum reserve balances as listed in the policy
- Reserve planning and link to the Capital Budget
- The ongoing Asset Management Plan (AMP)
- 2020 audited reserve ending balances vs projected balances including carry forwards
- Comparison of the City’s reserve balances to assets, revenues and debt levels
- Comparison of reserve balances to other medium size cities
- Comments on the overall health of critical reserves

These review items remain quite relevant when considering the age of the City relative to the age of the City’s infrastructure.

The City's reserve fund policy is contained within the Revenue Policy which uses an additional document (attached) listing minimum and maximum levels to be retained in any given year. Generally the minimum reserve balances equate to next 5 years of capital project spending in the ten year plan and the maximums equate to the full 10 years for a given budget year. These criteria have always been very ambitious and the City has rarely achieved these balances. The wording for reserves in the revenue policy is as follows.

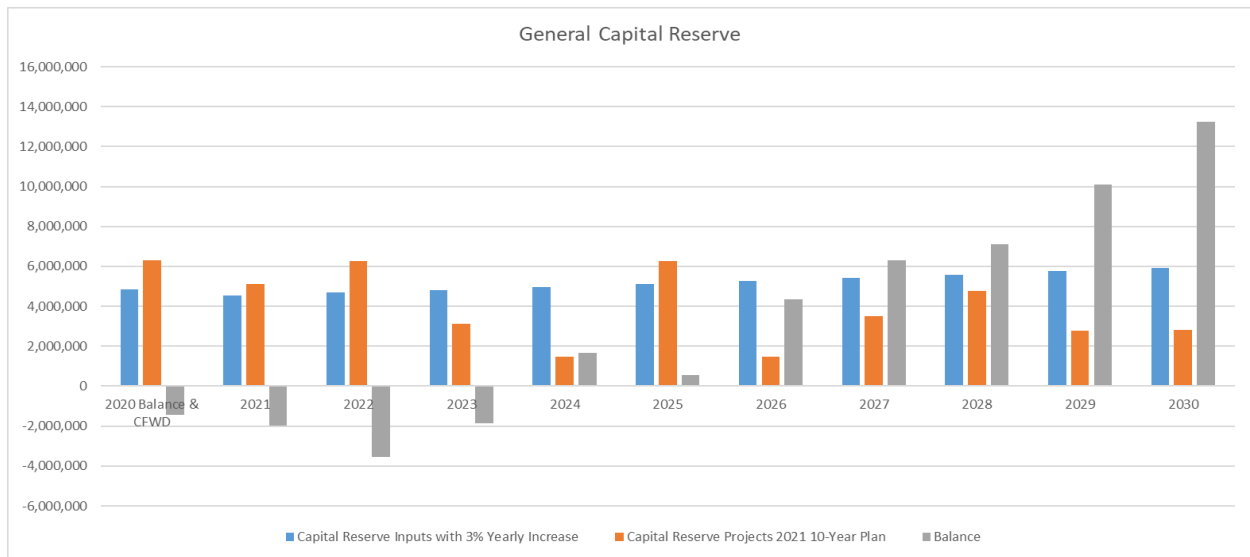
Reserve Funds

1. Provide sources of funds for future capital expenditures;
2. Provide a source of funding for areas of expenditure that fluctuate significantly from year to year (equipment replacement, special building maintenance, etc.);
3. Protect the District from uncontrollable or unexpected increases in expenditures or unforeseen reductions in revenues, or a combination of the two; and
4. Provide for working capital to ensure sufficient cash flow to meet the District's needs throughout the year.

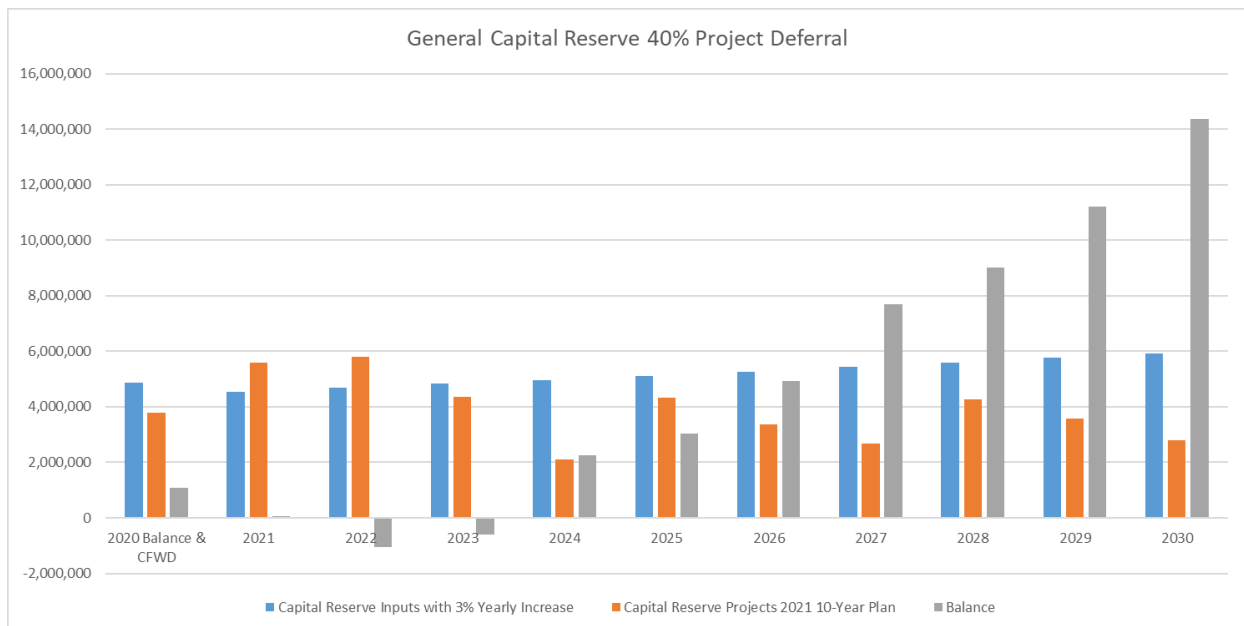
Classifications and Interest:

1. Reserve Funds (Statutory Reserves) which are authorized either by the Community Charter or by bylaw; and
2. General (Non-statutory) Reserves which are a combination of budgeted allocations such as equipment replacement reserves, or surplus funds such as the transfer of unspent amounts in our snow clearing budget to a reserve to assist with leveling out expenditures in those years when we get a harsh winter.
3. Interest will be allocated annually to all Statutory and Non-Statutory Reserve Funds at the investment portfolio average rate for the year less one-half percentage point.

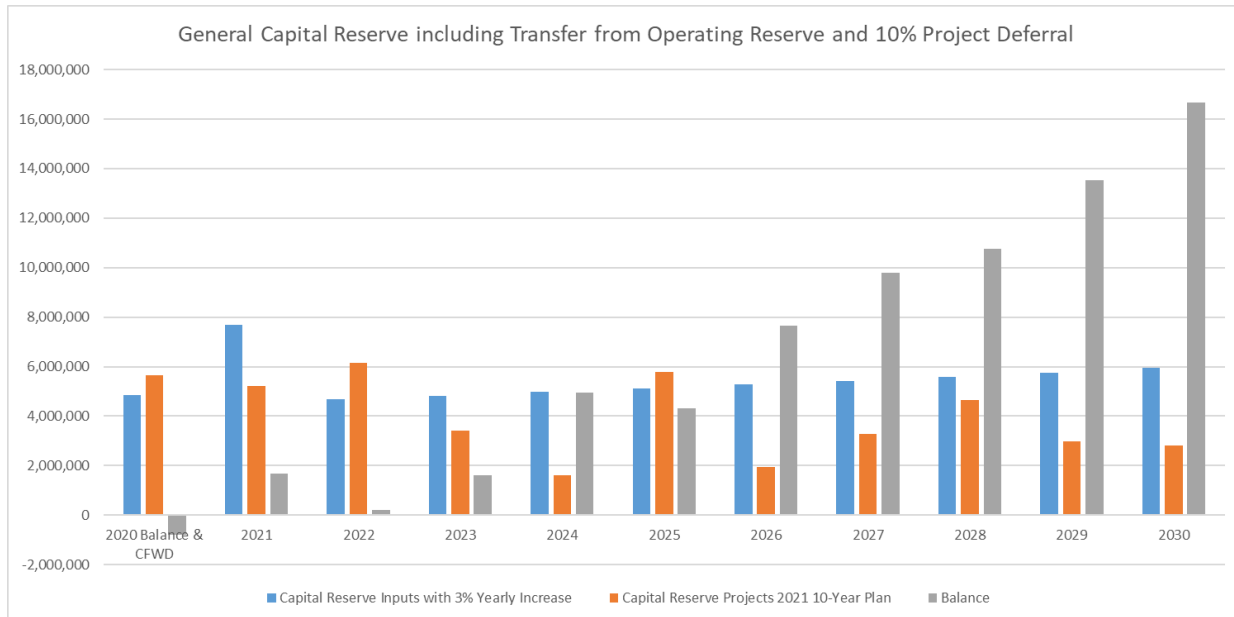
Linking reserves to capital spending is difficult since the actual cash outlay timing is always a moving target. When considering adequate balances it's important to look at cash flow and determine what carry forward projects will complete and what current projects may be carried forward or delayed. The following graph shows how the City's General Capital Reserve, as an example could drop into the negative for three years if all carried-forward projects were completed this year and all 2021 and future projects were completed on time.



Capital spending in the Financial Plan is very front loaded in part due to past plans being deferred to subsequent years. Deferring projects that deal with critical maintenance may leave assets at risk but when reserve balances are stretched this is often necessary. The AMP (Asset Management Plan), which is still in the development stage is key to identifying which assets should be prioritized over the next ten years. The following graph is a scenario where the General Capital Reserve might see a 40% deferral and/or carry-forward through the ten year plan. Though not ideal this reduces pressure on the reserve and is close to historical averages. Please note that reserve levels shown here have a modest 3% increase each year and begin to create sustainable balances by 2026.



Taking into account the proposed \$3.15 million transfer from Operating Surplus to Capital Reserve we would have a much different situation. The reserve could be enhanced enough to stay positive with minimal project deferrals into future years. This of course is contingent upon new requests for 2022 over and above what was projected in the 2021 Capital Budget.



The City's current and carry-forward projects appear in summary below with adjacent funding listed. The completion rate of 24% is low but is skewed by the Water Treatment Plant project.

Capital Projects Status					Funding Source				
Year	No. of Projects	Actual	Budget	% Complete	Reserve	DCC	Debt	Grants	Other
2021- Ammendment	2	1,342,534	17,000,000	8%	6,572,574	-	10,427,426	-	-
2021	77	4,232,752	17,651,716	24%	12,047,064	4,162,500	750,000	144,000	129,000
2020	54	7,580,378	14,992,746	51%	9,167,241	4,185,700	1,938,894	-	120,063
2019	20	1,554,639	5,497,082	28%	3,315,814	657,500	1,004,818	-	518,950
2018	12	321,574	1,077,340	30%	1,047,540	-	-	-	29,800
2017	10	358,771	906,169	40%	739,169	67,000	100,000	-	-
2015	1	17,153	30,000	57%	30,000	-	-	-	-
2017 RV-WTP	1	15,171,512	71,998,091	21%	3,017,607	7,884,243	20,094,241	41,002,000	-
Grand total	177	30,579,312	129,153,144	24%	35,937,009	16,956,943	34,315,379	41,146,000	797,813

FINANCIAL IMPLICATIONS

Many local governments similar in size to West Kelowna have long established and well-funded reserves due to the length of time they have been collecting them. West Kelowna, being a 14-year-old City has not had much time to build reserves and ultimately the process never ends. The following is a table that compares some statistics of similar sized cities for the 2020 financial statement-reporting period

2020	Vernon	Penticton	Campbell River	Mission	West Kelowna
Comparative Financials					
Financial Assets	130,785,000	130,256,944	107,977,634	144,941,920	84,319,314
LT Debt					
General	5,402,000	15,503,927	421,797	3,402,095	5,585,095
Water	0	6,728,355	6,248,729	0	4,985,314
Sewer	20,655,000	5,267,840	4,980,946	0	3,773,046
Total Debt	26,057,000	27,500,122	11,651,472	3,402,095	14,343,455
Tangible Capital Asset Total	831,915,000	318,489,661	274,586,799	495,725,543	385,349,441
TCA Accumulated Amortization	227,968,000	255,525,312	210,992,109	175,163,538	250,235,644
Total Revenues	91,823,000	122,884,914	80,289,337	105,272,205	78,645,401
Savings					
Annual Surplus	10,309,000	13,541,135	17,501,721	34,802,217	11,116,519
Reserve total	78,076,000	134,280,557	62,229,621	69,442,491	40,967,098
DCCs	15,663,000	19,057,314	12,720,575	21,044,179	19,425,058
Total Savings	104,048,000	166,879,006	92,451,917	125,288,887	71,508,675
Analysis					
Ratio of Savings to TCAs	12.5%	52.4%	33.7%	25.3%	18.6%
Remaining Useful Life TCAs	78.5%	55.5%	56.5%	73.9%	60.6%
Ratio of Savings to Revenue	113.3%	135.8%	115.1%	119.0%	90.9%

An important aspect of this analysis is the ratio of savings to TCA (Tangible Capital Assets). For the year-end 2020 CWK had the lowest total savings at \$72.5 million, but a reasonable ratio of savings to Tangible Capital Assets at 18%. Factoring in carry-forward projects and 2021 capital expenditures the figure drops to \$21.6 million with TCAs increasing proportionately.

The comparison also shows that West Kelowna has very low debt and is well positioned amongst its peers. This is ultimately expected to change with the City's priorities focused on infrastructure but should remain reasonable over in the next few years. Another factor affecting reserves is the City's Sewer Fund which borrowed \$9.3 million from other reserves in 2012 over twenty years with \$5.1 million still outstanding to be paid down and retired by 2032.

CONCLUSION

Reserve health in general is a critical aspect of cash flow as projects run their course. The City's reserves are in reasonable condition but if depleted at the same pace as contributions they will struggle to accumulate adequately for future projects.

The General Capital Reserve spending/funding example is indicative of number of other reserves including the Powers Creek Reserve, Fire Equipment Reserve and the Sewer Reserve. These reserves are over committed at present and will need either increased funding for 2022 or projects may be deferred to later years. The Fire Equipment Reserve in particular requires that the 2021 SCBA project be shifted to equipment financing in order to allow the reserve to rebuild.

Fortunately there are funds on the operating side that can be utilized to shore up capital reserves. The Operating Surplus Reserve has accumulated to \$10.25 million and includes true surplus as well as a number of capital grants. Accounting standards require that the City recognize these grants as revenue in the year they are received regardless of when they are used. In the past we would record them as deferred revenue and then allocate against expenditures in the year or years in which they occurred. This allowed for better tracking compared to immediate recognition which can lead to grant assets flowing through to surplus at the end of the year. Accounting for this fact we have \$4.4 million of surplus to work with of which we are recommending a transfer of \$3.4 million leaving a \$1 million buffer to mitigate against a potential operating deficit in future years.

Alternate Motion:

THAT Council approve the transfer of an amount other than the recommended \$3.15 million in Operating Reserve funds to the Capital Reserve and \$250,000 to the Wildfire/Emergency Reserve; and

THAT Council amend the 2021 Financial Plan to change the funding of project C2021-55 "Self Contained Breathing Apparatus" from Fire Equipment Reserve to the General Equipment Reserve.

APPROVED FOR THE AGENDA BY

Paul Gipps, CAO

PowerPoint: Yes ☒ No ☐

Attachments:

Consolidated Schedule of Accumulated Surplus as at Dec 31, 2020

City of West Kelowna
Consolidated schedule of accumulated surplus
Period ending December 31, 2020

	Balance, End of year	Minimum \$	Maximum \$	Minimum Level	Maximum Level
<u>Reserves</u>					
Capital - General	4,859,856.38	19,622,212	38,316,956	Adequate to fund capital projects identified as capital funded for the next 5 years of the 10 year capital plan	Adequate to fund all capital projects identified as capital funded in the 10 year capital plan
Capital - Water	4,737,553.34	15,897,940	20,850,884	Adequate to fund capital projects identified as water capital funded for the next 5 years of the 10 year capital plan	Adequate to fund all capital projects identified as water capital funded in the 10 year capital plan
Capital - Sewer	569,799.12	3,806,648	5,654,648	Adequate to fund capital projects identified as sewer capital funded for the next 5 years of the 10 year capital plan	Adequate to fund all capital projects identified as sewer capital funded in the 10 year capital plan
Community projects (Gas Tax)	3,243,577.48				
Equipment Replacement	2,513,823.35	9,067,123	20,870,892	Minimum funds available to fund five upcoming years of vehicle and equipment replacements.	Funds for all scheduled replacements in the 10 year financial plan.
Fire	-	516,840	1,033,670	5% of fire operational expenditures rounded to the nearest higher \$100,000	10% of fire operational expenditures rounded to the nearest higher \$100,000
Future expenses	1,551,949.13	500,000	1,400,000	1% of general operating fund revenues, rounded to the nearest \$100,000	2.5% of general operating fund revenues, rounded to the nearest \$100,000
<u>Municipal Facilities:</u>	6,274,318.60				
COVID Restart Grant	3,352,000.00				
<u>Operating and Other</u>	15,442,901.30	8,200,000	12,300,000	Two months of regular general fund operating expenditures, rounded to the nearest higher \$100,000	Three months of regular general fund operating expenditures, rounded to the nearest higher \$100,000
Policing	560,922.33	600,260	1,200,510	10% of RCMP contract expenditures rounded to the nearest higher \$100,000	20% of RCMP contract expenditures rounded to the nearest higher \$100,000
Property Acquisition	134,093.00	-		\$0	Adequate to fund Property Acquisitions as identified in Master plans or Council priorities
Lakeview Hall Reserve	29,390.43				
Snow Control	198,551.32	200,000	400,000	\$200,000 – required to address winter maintenance requirements in the event of a defined “Hard Winter”. \$200,000 – required to address winter maintenance requirements in the event of a defined “Hard Winter”.	\$400,000 – required to address winter maintenance requirements in the event of a defined “Exceptionally Hard Winter”. \$400,000 – required to address winter maintenance requirements in the event of a defined “Exceptionally Hard Winter”.
<u>Road Maintenance & Snow Clearing:</u>	652,040.51	200,000	400,000		
Storm Drainage	137,763.49	-		\$0	Adequate to fund storm drainage projects outlined in the 10 year capital plan
Total reserves	40,967,130.46	#			