



COUNCIL REPORT

To: Mayor and Council

Date: February 25, 2025

From: Ron Bowles, Chief Administrative Officer

Subject: **Draft 2025-2029 Financial Plan and Ten-Year Capital Plan**

Report Prepared by: Warren Everton, Director of Finance/CFO

RECOMMENDATION to Consider and Resolve:

THAT Council consider the feedback information from the public engagement process held between January 27th and February 9th, 2025;

AND THAT Council authorize staff to proceed with the capital and supplemental expenditures as amended in Attachment 3 – Amended Schedule A Early Capital Approvals;

AND FURTHER THAT Council give second reading as amended and third reading to the “City of West Kelowna Financial Plan Bylaw No. 0323, 2024”, with the tax increase set at 7.43%.

STRATEGIC AREA(S) OF FOCUS

Invest in Infrastructure – We will invest in building, improving and maintaining infrastructure to meet the needs of, and to provide a high quality of life for, current and future generations.

Pursue Economic Growth and Prosperity – We will work with stakeholders throughout the region to advocate for and support efforts aimed at helping West Kelowna businesses prosper. With a focus on the future, we will advance opportunities to expand our economy, increase employment, and develop the community in ways that contribute towards prosperity for all.

Strengthen Our Community – We will provide opportunities for the residents of West Kelowna to build connections, celebrate successes, embrace the community's strengths and diversity, address shared needs, and contribute to shaping the community's future.

Foster Safety and Well-Being – We will pursue through direct action, advocacy, and collaboration with local and regional service providers, investments in community health,

needs-based housing, emergency preparedness, policing, and other services that foster safety and well-being in West Kelowna.

BACKGROUND

LEGISLATIVE REQUIREMENTS:

Section 165 of the *Community Charter* requires that Council adopt, by bylaw, a five-year financial plan, which must establish the City's proposed expenditures, funding sources and transfers between funds. West Kelowna has a five-year Operating Plan and ten-year Capital Plan. The Operating Plan lists the revenues and expenses, which ultimately determines the tax requisition and rates and may be amended at any time.

Section 166 of the *Community Charter* requires that Council undertake a process of public consultation regarding the proposed financial plan before it is adopted.

DISCUSSION AND FINANCIAL IMPLICATIONS

Operating Plan

| City of West Kelowna 2025 - 2029 Financial Plan Previous, Current and Projected | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Schedule A Summary | Approved | Forecast | Forecast | Forecast | Forecast | Forecast |
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| Growth (Projected) | 1.50% | 1.55% | 1.50% | 1.50% | 1.50% | 1.50% |
| Previous Year Taxes | 41,563,677 | 45,034,242 | 49,078,317 | 52,268,409 | 55,665,855 | 59,284,136 |
| Growth | 623,455 | 698,031 | 736,175 | 784,026 | 834,988 | 889,262 |
| Budget Increase (base plus options) | 2,847,110 | 3,346,046 | 1,963,133 | 2,090,735 | 2,226,634 | 2,371,366 |
| Increase in Infrastructure Allocation | 0 | 0 | 490,784 | 522,684 | 556,659 | - |
| Current Taxes | \$ 45,034,242 | \$ 49,078,317 | \$ 52,268,409 | \$ 55,665,855 | \$ 59,284,136 | \$ 62,544,764 |
| Total Increase | 8.35% | 8.98% | 6.50% | 6.50% | 6.50% | 5.50% |
| Less Growth (Revised Roll) | 1.50% | 1.55% | 1.50% | 1.50% | 1.50% | 1.50% |
| Net Tax Increase | 6.85% | 7.43% | 5.00% | 5.00% | 5.00% | 4.00% |

After review of the operating and capital requests during the December financial plan deliberations the 2025 tax increase, accounting for growth of 1.55%, was reduced to 7.43% from 8.35%.

The General Fund discretionary total of \$2,836,154 was remaining after allocating base costs of \$1,205,840 or 2.68%. Other base costs pertaining to infrastructure reserve funding of \$900,685 or 2%, Flex Firefighter and support costs of \$274,903 and police collator funding costs of \$546,728 or 1.21% applied to the base budget bring that discretionary total down to \$1,113,838. These remaining funds were applied to support supplemental expense increases of \$254,500 for transit security, wildfire mitigation and Paid-on-call firefighter wages as well as current service levels with early approvals of \$279,433 and regular approvals of \$579,905 for a total of \$859,338 or 1.91% for staffing

resources. There was one unsupported proposal on the general side which involved a third Police collator funded position. Staff presented an alternative regime for adding 19 members over 8 years which allowed for two positions to be funded rather than three in 2025. The balance of the Supplemental Requests was proposed within the Water Fund and included \$315,031 funded from reserves for a one FTE increase in Distribution and Collection and 2.4 FTE for Water Treatment and Supply.

During the January 14th Council meeting, Grant-in-aid (GIA) deliberations took place which increased the budgeted figure of \$152,578 including cash and non-cash requests up to \$153,355 for an increase of \$777. It was noted again this year that youth sports groups receiving reduced rates were no longer included in GIA analysis but would be reported on when facility rates are updated. A preliminary summary of the expected impact of reduced rates was provided and appears again below.

For 2024 minor sports (Youth) groups accounted for:

- \$321,920 of arena rentals
- \$120,568 of field rentals
- For a total of \$442,487

Youth rates are set at 50% of adult rates for arena and field rentals and are comparable to the neighbouring municipalities. The amounts above are specific to various minor sports (youth) groups that were previously grouped under the grant in aid process. (prior to 2022)

Capital Plan

See next page

| 2025 - 2034 - 10 Year Capital Plan Summary | | | | | | |
|--|-------------|---------------|---------------|---------------|---------------|---------------|
| Section | Section No. | 2025 | 2026 | 2027 | 2028 | 2029 |
| Roads | Sec. 1 | \$ 3,150,000 | \$ 6,985,000 | \$ 2,765,000 | \$ 5,350,000 | \$ 11,750,000 |
| Equipment - General | Sec. 2 | 1,365,000 | 3,025,000 | 805,000 | 595,000 | 150,000 |
| Development Services | Sec. 3 | 100,000 | 440,750 | 275,000 | 171,538 | 75,000 |
| Strom Drainage | Sec. 4 | 1,625,000 | 500,000 | 4,933,800 | 4,448,000 | 1,900,000 |
| Pedestrian Infrs. | Sec. 5 a) | 1,050,000 | 1,606,000 | 1,550,000 | 1,500,000 | 1,500,000 |
| Cemetery | Sec. 5 b) | - | - | - | - | - |
| Waterfront | Sec. 5 c) | - | - | - | - | - |
| Land/Parks Acquisition | Sec. 5 d) | - | - | - | - | - |
| Parks & Comm. Amenities | Sec. 6 | 1,724,500 | 990,993 | 1,174,651 | 408,391 | 547,463 |
| General Capital | Sec. 7 | 82,000 | 271,000 | 200,000 | 200,000 | 250,000 |
| Facilities | Sec. 8 | 2,503,000 | 1,175,000 | 1,952,128 | 215,146 | 15,000,000 |
| Equipment - Fire Dept. | Sec. 9 | 514,500 | 535,000 | 1,590,000 | 555,000 | 1,065,000 |
| Information Services | Sec. 10 | 941,595 | 608,585 | 278,200 | 295,445 | 433,800 |
| Police Services & Bylaw | Sec. 11 | 30,000 | 77,652 | 67,652 | 67,652 | 67,652 |
| Water Utility | Sec. 12 | 4,076,000 | 17,680,000 | 11,139,000 | 8,795,000 | 1,520,000 |
| Sewer Utility | Sec. 13 | 400,000 | 1,968,000 | 1,308,000 | 1,557,000 | 470,000 |
| Totals Capital Requests | | \$ 17,561,595 | \$ 35,862,980 | \$ 28,038,431 | \$ 24,158,172 | \$ 34,728,915 |

The capital plan was reviewed section by section during deliberations, and all projects C2025-1 through C2025-83 were moved and approved. Project C2025-83, the Glenrosa Second Access Corridor Study project for 2027, was requested by Council to be rescheduled to 2025. Additionally, discussions around the Museum Yard project scheduled for 2026 led Council to ask staff to bring the project forward at the 2nd reading for consideration. The funding is proposed to come from the capital reserve, and the capital request form (C2025-84) is included in Attachment 2 for reference. Staff are also presenting C2025-56 (\$277,920) Council Chambers Equipment Replacement for early approval due to the necessary lead time for procurement and planning, as well as the GIS ESRI Platform upgrade C2025-59 (\$41,000).

The major spending areas in the Capital Plan are Water at \$4.076 million, including the water meter replacement project at \$1.64 million; Roads at \$3.15 million; Facilities at \$2.5 million; Parks at \$1.72 million; and Storm Drainage at \$1.63 million. During the first reading of the bylaw, early capital approvals totaling \$10.31 million out of a \$17.371 million capital budget were discussed.

Communication and Engagement Summary:

The City's 2025 Budget engagement process was held from January 27 through February 9, 2025. This included one open house hosted on February 6th. The open house coincided with the Transportation Master Plan open house and was reasonably attended. The budget segment was well supported by staff and Council, with informational handouts and display boards featuring segmented information on a cost per property basis. A variety of budget information was also available on OurWK.ca/2025Budget webpage, including the electronic version of the 2025-2029 Financial Plan, 10-Year Capital Plan, display boards, questions portal and a feedback form.

What we heard:

During the Draft 2025 Budget consultation, we received 79 completed questionnaires. An overview of key themes and top priorities mentioned by participants is summarized below.

The qualitative feedback reflects the opinions of those who participated in the process. All questions were optional, and respondents could choose to complete the questionnaire anonymously.

During the engagement period, we interacted with the public and stakeholders in a variety of ways:

- 916 visitors to **OurWK.ca/2025Budget**
 - 260 people were informed (clicked through the content)
 - 763 people were aware (visited at least one page)
 - 79 people completed the questionnaire

Questionnaire highlights:

- 72.2% said they understood the City's revenue, expenses, services and the proposed tax (57 people)
- 34.2% said the City should cut additional programs and services to reduce taxes (27 people)
- 56.9% said that balancing savings contributions and borrowing is most important to them regarding financial planning at the City (45 people)
- 41.7% of respondents learned about the engagement opportunity through communications from the City (e-News, PSA, etc.) (33 people)

When asked to rank services and infrastructure from 1 (being the highest priority) to 9 (being the lowest priority) respondents ranked the following:

1. Water
2. Police Services
3. Fire Services
4. Road maintenance (e.g. snow removal, pothole repair)
5. Road improvements
6. Sewer
7. Sidewalks and active transportation
8. Parks, Recreation and/or Facilities
9. Development Services (e.g. business licensing, development applications)

In evaluating communications methods as part of the consultation process, 82.2% of respondents said they agreed or somewhat agreed they had an opportunity to share their views.

Comments:

Participants had the option to provide additional feedback and share ideas via open comment boxes. Commenting was optional and not all respondents opted to provide input.

The City received 206 written comments from the 79 respondents who completed the questionnaire.

Common themes included:

- Infrastructure upgrades i.e., more sidewalks, repair roads
- Enhancing public safety throughout West Kelowna
- Water system improvements
- Streamlining services

See the engagement reports and a full list of highlights and comments in **Attachments number 4 to 6.**

COUNCIL REPORT / RESOLUTION HISTORY

| Date | Report Topic / Resolution | Resolution No. |
|-------------------|---|----------------|
| December 19, 2024 | THAT Council direct staff to incorporate the supported supplemental budget requests, capital projects, additions and deletions into the City of West Kelowna's Financial Plan for 2025-2029; AND THAT Council give first reading to City of West Kelowna 2025 - 2029 Financial Plan Bylaw No. 0323, 2024. CARRIED UNANIMOUSLY | C336/24 |

CONCLUSION

The Five-Year Financial Plan offers a reasonable 7.43% tax increase in light of inflationary and contractual pressures. Prudent financial planning and spending is key to the health of our growing community and staff have worked hard to keep increases to a minimum.

The public engagement process was again meaningful and produced a number of thoughtful questions and comments for consideration in the 2025-2029 financial planning cycle. It is apparent from the feedback that West Kelowna citizens understand the budgeting process reasonably well and are satisfied with the City's financial planning results.

Alternate Recommendation to Consider and Resolve:

THAT Council authorize a different tax increase;

AND THAT Council give second reading as amended and third reading to City of West Kelowna Financial Plan Bylaw No. 0323, 2024.

REVIEWED BY

Trevor Seibel, Deputy CAO/Deputy Corporate Officer

APPROVED FOR THE AGENDA BY

Ron Bowles, Chief Administrative Officer

PowerPoint: Yes ☒ No ☐

Attachments:

Attachment 1 – Financial Plan Bylaw 0323, 2024

Attachment 2 – C2025-84 Museum Yard Improvements Capital Request Form

Attachment 3 – Amended Schedule A Early Capital Approvals

Attachment 4 – 2025 Draft Budget Feedback Response Report

Attachment 5 – 2025 Draft Budget Questionnaire Summary Report

Attachment 6 – Additional Comments Report