



## INFORMATION ONLY COUNCIL REPORT

To: Mayor and Council

Date: April 22, 2025

From: Ron Bowles, Chief Administrative Officer

File No: 1610-01

Subject: **City of West Kelowna Tariff Update**

Report Prepared by: Warren Everton, Director of Finance/Chief Financial Officer

Report Reviewed by: Ron Bowles, Chief Administrative Officer

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### RECOMMENDATION:

**THAT** the report titled “City of West Kelowna Tariff Update” dated April 22, 2025, from the Director of Finance/Chief Financial Officer be received for information.

### STRATEGIC AREA(S) OF FOCUS

**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.

### BACKGROUND

In early February the U.S. applied tariffs to all Canadian non-USMCA products at 25% as well as 10% on energy and potash. In early April the US applied a similar tariff on steel and aluminum following up with a 25% tariff on all Canadian made automobiles.

As of March 4<sup>th</sup>, Canada, in retaliation, applied 25% tariffs on many US consumer goods including food, beverages, clothing and household electronic goods.

As of March 13<sup>th</sup>, Canada expanded the retaliatory tariffs to include steel aluminum, gold, platinum, ceramics, piping, tools, appliances, heating, telephony and wireless network products among others.

As of April 9<sup>th</sup>, Canada imposed a 25% tariff on non-USMCA compliant US-made vehicles and on the non-Canadian, non-Mexican content of the USMCA-compliant US-made vehicles.

## **FINANCIAL IMPLICATIONS**

It's important to note that Canadian retaliatory tariffs are not the direct concern for municipalities as US tariffs only affect US buyers of foreign goods. In that respect it is important to point out that the City of West Kelowna's Business and Industry taxpayers who export products to the US would be directly affected by US tariffs. Any market loss would directly impact these businesses and their employees.

The City has since reviewed its 2023 and 2024 purchasing statistics to reveal that on average the City procures 99.6% of its purchases from Canadian Suppliers and only 0.4% from US suppliers.

The City has also gone through a review of its capital budget for 2025 and 2026, as well as the carry forward projects from previous years, resulting in a projection of less than a 7% risk of price escalation due to tariffs. In particular considering recent budgetary fleet orders and two fire truck chassis under construction in the US, there are no retaliatory tariffs on trucks and there is no indication whether or not these may be applied in the future.

## **STRATEGY GOING FORWARD**

- BC Municipalities do not have to be concerned about trade agreements and any US bidders on local procurement opportunities. Any procurement provisions fall under the USMCA and pertain only to the federal government.
- Wait and see approach to updating our purchasing policy. The situation continues to evolve, and directives may yet come down from the Province.
- Carefully read and interpret contracts to identify any force majeure wording that pertains to "unforeseen market conditions". Suppliers may want to hedge their bids with wording that provides for price escalations.
- Continue to monitor currency risk as volatility is pronounced under tariff threats. Consider currency hedge purchases for any large procurement out of the US.
- Re-evaluate Capital Budget risk periodically as the situation evolves. When under threat of price escalation look for opportunities to pivot to domestic or non-US foreign suppliers.
- Continue to work with other Okanagan local governments to determine, recommend and implement best procurement practices in light of tariffs.

PowerPoint: Yes ☐ No ☒