



COUNCIL REPORT

To: Mayor and Council

Date: December 3 & 4, 2025

From: Ron Bowles, Chief Administrative Officer

Subject: **2026-2030 DRAFT Financial Plan**

Prepared by: Lisa Siavashi, Acting Chief Financial Officer

Reviewed by: Ron Bowles, Chief Administrative Officer

RECOMMENDATION:

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 2026-2030;

AND THAT the "2026-2030 Financial Plan Bylaw No. 0336, 2025" be read a first and second time.

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 and 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.

DISCUSSION

The Financial Plan serves as a key policy document for Council, highlighting West Kelowna's ongoing commitment to delivering excellent service in both daily operations and governance, in alignment with the municipality's strategic priorities and goals.

The annual review process is grounded in a zero-increase approach; adjustments are considered based on current-year requirements for insurance, gas, utilities, contracts, collective agreements, and other obligations. Department managers assess their respective areas to ensure that service needs are met. To help offset any necessary increases, accounts that are not fully utilized may be reduced accordingly.

Consolidated Total Revenues and Expenditures – Bylaw Schedule A

The Consolidated Schedules of Revenue and Expenditure combine the general, water and sewer funds together – showing the combined efforts of the City of West Kelowna. It also includes a line summarizing the amounts collected on behalf of other governments. These include the Regional District of Central Okanagan, the Central Okanagan Hospital District, the Provincial School Tax, BC Assessment Authority, and the Municipal Finance Authority.

This schedule outlines the revenue and expenditure components based on a proposed 9.8% tax increase. The breakdown includes a 5.387% base budget increase; a 1% increase allocated to capital reserves—partly to support ongoing capital investments in road rehabilitation; and another 1% increase specifically funds the infrastructure reserve. After a pause in 2024, the year 2026 will represent the fifth year of this infrastructure reserve transfer, continuing Council's commitment from 2021. As in previous years, these reserves are dedicated to financing pedestrian and stormwater projects led by the capital works team. To uphold the infrastructure goals within Council's strategic priorities, it is essential to keep reserves at a strong level.

Growth in residential properties continues to decline. For 2026 it has been projected at 1.20% which is the lowest amount the City has seen since incorporation. Growth has always been used in helping to offset the tax increases. When projected growth is incorporated into the 2026 plan, the tax increase decreases to 8.6%, providing Council

with \$4.8 million increased funds. These funds may be allocated toward recommended resources, transfers to reserves, or other projects and initiatives identified by Council. However, \$2.64 million of this forms part of the base budget for contract and inflationary increases.

Schedule A Summary	Approved	Forecast
	2025	2026
Previous Year Taxes	45,034,242	49,024,276
Growth	698,031	588,291
Budget Increase (base plus options)	3,292,005	4,216,088
Current Taxes	\$ 49,024,276	\$ 53,828,655
Total Increase	8.86%	9.80%
Less Growth (Projected)	1.55%	1.20%
Net Tax Increase	7.31%	8.60%

Individual Fund Revenues and Expenditures – Bylaw Schedules B, C and D

Schedule B, C and D separate out the three funds. Schedule B for the general fund shows revenues from taxes, building permits, facility rentals and recreation. It also includes recoveries for Policing and Fire Services from other government agencies, as well as an internal entry for administrative revenue from general fund departments; the water and sewer fund; and from capital projects. Schedule C summarizes the sewer fund and Schedule D the water fund. The majority of revenue for these two funds come from user fees billed to residents quarterly.

Operating Budget Variance Analysis

The operating budget variance analysis is a regular part of the Financial Plan. It details the changes in each department for the coming year. For 2026 there are a couple overall changes that are making this analysis not as useful as usual:

- The new City Hall became its own facility in 2024, with some expenses split off from being connected to Mt. Boucherie recreation centre. For 2026, the new Operations Centre is combining facility budgets from Elliot Road, Bartley Road and at the Mt. Boucherie recreation centre. Fire Hall #32 opened in the October 2025 and will see different expenses from its previous location. Each of these new facilities are essentially building new budgets. Staff have used a combination of amounts from the previous locations, as well as estimates from facilities of the same size, to build these new budgets, which will be fine tuned over the next couple of years.
- In 2025, the organizational structure was realigned to address the evolving needs and strategic direction outlined by the CAO. Certain management roles were eliminated or left vacant, while others were reassigned to different divisions. As reflected throughout the variance analysis, several percentage changes result from reallocating wage budgets to their corresponding new areas. In addition to budgetary adjustments driven by position shifts across departments, some

departments were merged into others. Consequently, some departments show a complete reduction in budget, while others display increases attributable to the integration of new service responsibilities within their scope.

Other variances noted:

- Projected reduction in building permit revenue of 20%
- Changes within the user fee revenue and the contract services for solid waste, due to the responsibility of recycling moving to Recycle BC in the spring of 2026.
- Overall increase in salaries, wages and benefits between 3.5 – 5%
- Recreation revenue and related expenses continue to grow.
- Water fund costs continue to rise due to chemical and sludge removal costs
- Sewer fund costs increasing due to a large increase in the RDCO contract for the wastewater treatment plant.

Supplemental and Full Time Equivalent (FTE) Requests

FTE requests for 2026 originally totalled 12.8 new positions totalling over \$1.3 Million – not including RCMP members or new firefighters. The Senior Executive Team reviewed and rationalized the full-time equivalent (FTE) requests down to 6.8 new positions totalling \$767,572.

In addition, the following full-time equivalent (FTE) positions are included in the Financial Plan:

- The Housing Accelerator Funds scope requires 2 FTEs for a two-year term that will be fully funded by this grant.
- The safety and security planning process started in 2025 laid out 3 new police members to be requested in 2026 while increasing the funded amount by 2.5 members – for a net increase in 2026 of \$601,932. This plan identified the need for nineteen new police members by 2028. Council approved an extended plan that would review implementing these new members by 2030 and extended the funding to 2031. This is possible due to the time delay needed each year to hire and bring in new police officers.
- Additionally, Fire and Rescue reviewed the additional firefighters that will be needed with the addition of complex buildings to the City. Council proposed adding the eleven additional fire fighters to be budgeted in 2027 to be reviewed in conjunction with received building proposals. If no complex building proposals are received before the 2027 budget is prepared, this budget request will continue to move into the subsequent year until a building proposal is received.

Supplement increases are requests for new services, increases in service levels or needs that are not currently in the budget. For 2026 15 requests were received totalling \$529,250. The Senior Executive Team reviewed this list and were able to incorporate five requests totalling \$90,000 within the current operating budget amounts. Four requests totalling \$202,750 were removed and one request of \$51,500 was postponed to review again in 2027. Five requests totalling \$185,000 remain on the Supplemental Summary list for Council to deliberate.

The chart below provides an overview of the required increases within the base budget, including supplemental FTEs and related requests. Additionally, a 2% tax increase for transfers to reserves is proposed. The chart outlines a total proposed tax increase of 9.8%, offset by anticipated growth of 1.2%, resulting in a net tax increase of 8.6%.

	FTEs		Estimated Amount for 2026	Tax Increase needed
Base budget includes:				
Expenses:				
Increase RCMP member costs from Edivision			\$ 394,805	
Increase in COK Police Support Services			137,781	
Increases in Wages, Salaries and Contracts			1,316,845	
Revenue:				
Reduction of Building Permit Revenue			511,600	
Reduction of Recycling Rebate			280,000	
			\$ 2,641,031	5.387%
Infrastructure Funding				
Infrastructure Allocation (Year 4 of 5 year plan, skipped 2024)			\$ 490,243	
Transfer to reserves				
- Capital Reserves			490,243	
			\$ 980,486	2.00%
Service Increases				
Seasonal Parks Operator 1	0.8	73,480		
Automotive Services Technician/Heavy Duty	1	135,021		
			208,501	
FTE Allocation			\$ 208,501	0.43%
Supplemental Expense Increases			\$ 185,000	0.38%
Services Increases fully funded				
Housing Accelerator Funding (HAF)- Planner II	1	110,830		
Housing Accelerator Funding (HAF)- Manager	1	171,615		
Funded from HAF GRANT		(282,445)	-	
			\$ -	
Safety and Security Increases:				
Additional funding for Police Services Information Services FTE	0.6	62,461		
RCMP Members (approval needed for 2025 but members to be funded per strategic plan)	3	\$722,318		
Less: Funding to be incorporated into operating budget in subsequent years		(120,386)		
			664,393	
Bylaw Officer II	1	123,143		
			123,143	
Increase Needed for Safety and Security			\$ 787,536	1.61%
Total Increase In				9.80%
Less Estimated Growth				-1.20%
NET TAX INCREASE				8.60%

Capital and Reserves Overview

Three budget workshops were delivered to Council, providing updates on the status of currently approved capital projects, an overview of project requests anticipated for 2026, and an analysis of their respective impacts on reserves within the general, water, and sewer funds. This year's capital budget review was streamlined by prioritizing outstanding projects. For 2026, a new process was implemented with the introduction of Gantt charts to assess resource capacity for both ongoing and planned initiatives. The review also evaluated projects for relevance and scope changes; any projects deemed unnecessary or requiring substantial revisions had their budgets returned to the originating reserve funds.

The Capital Plan has been organized by department and project type. The general fund portion of the capital plan includes requests that total \$16.8 million, and the utilities portion of the plan includes requests totalling \$2.9 million for an overall total capital budget of \$19.7 million. The totals for each of the sections is summarized below.

Section	Section No.	2026
Roads	Sec. 1	\$ 7,325,000
Equipment - General	Sec. 2	1,182,980
Development Services	Sec. 3	593,000
Strom Drainage	Sec. 4	-
Pedestrian Infras.	Sec. 5 a)	1,550,000
Parks & Comm. Amenities	Sec. 6	1,325,700
General Capital	Sec. 7	375,000
Facilities	Sec. 8	3,045,000
Equipment - Fire Dept.	Sec. 9	770,000
Information Services	Sec. 10	601,700
Police Services & Bylaw	Sec. 11	-
Water Utility	Sec. 12	2,670,340
Sewer Utility	Sec. 13	265,000
Totals Capital Requests		\$ 19,703,720

The funding regime for these projects are estimated to be 75.6% from reserves at \$14.9 million, 14.7% DCCs at \$2.9 million, 5.58% grants and recoveries at \$1.1 million and 4.4% debt at \$871,000. Additionally, short-term equipment financing payments of \$2.3 million are coming from reserve

FINANCIAL IMPLICATIONS

CWK is primarily a residential community with limited industrial presence, both large and small, which has advantages and disadvantages. The restricted number of alternative

revenue sources places the majority of the financial burden on residents. Staff members continually seek additional methods to increase revenue; however, many options involve associated costs. Borrowing for infrastructure projects is utilized to extend reserves and minimize required increases for reserve-building, while remaining mindful that loans entail both interest and principal repayments. The pursuit of grants remains ongoing, and the current strategy focuses on preparing a portfolio of “shovel-ready” plans to ensure the City is well-positioned when grant opportunities arise.

Next Steps

The Draft 2026-2030 Financial Plan was released to the public on Wednesday November 29th with a questionnaire to capture feedback from residents which will remain open until December 12th. A public open house is scheduled for December 10th from 4 -7 pm at City Hall for staff and Council to discuss the proposed budget with residents and receive feedback. This feedback will be summarized and reported back to Council at the January 9th, 2026, Council meeting. If no changes are required, third reading of the Financial Plan bylaw will be requested. With the updated timelines, there is no need for early capital and resource approvals.

CONCLUSION

In summary, the 2026-2030 Financial Plan reflects a balanced approach to managing both operational and capital needs, while remaining responsive to community input and fiscal realities. Through diligent review and prioritization, the City has incorporated feasible supplement requests, streamlined capital planning, and outlined prudent funding strategies that minimize risk and maximize available resources. The ongoing commitment to seeking alternative revenue sources and preparing for grant opportunities demonstrates a proactive stance in supporting future growth. As the public consultation process continues, Council and staff remain dedicated to transparency and responsible stewardship, ensuring that financial decisions align with the community’s long-term vision and sustainability goals.

Alternate Recommendation:

THAT Council direct staff to incorporate the supported Capital projects, supplemental budget requests, additions and deletions into the City of West Kelowna's Financial Plan for 2026-2030;

AND THAT Council authorize a different tax increase and instruct staff to reduce proposed operational expenditures to match the increase;

AND FURTHER THAT the “2026-2030 Financial Plan Bylaw No. 0336, 2025” be read a first time.

PowerPoint: Yes No

Attachments:

1. “2026-2030 Financial Plan Bylaw No. 0336, 2025” (including Schedules A, B, C and D)