



INFORMATION ONLY COUNCIL REPORT

To: Mayor and Council

Date: February 10, 2026

From: Ron Bowles, Chief Administrative Officer

Subject: **2025 Actual vs Budget Expenses with 2026-2030 Financial Plan**

Prepared by: Lisa Siavashi, Acting Chief Financial Officer

Reviewed by: Ron Bowles, Chief Administrative Officer

INFORMATION SUMMARY

There is no recommendation. This report is for information only.

STRATEGIC AREA(S) OF FOCUS

The City of West Kelowna's Financial Plan covers all areas of Strategic 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

This report provides a preliminary overview of the City of West Kelowna's financial performance for 2025, comparing actual expenses against the budget and compared to the forecasted financial plan for 2026-2030. The report highlights how financial decisions align with these priorities and outlines the implications for future planning and resource allocation. Council is invited to review and discuss the findings and consider the recommendations for continued strategic investment and fiscal responsibility.

DISCUSSION

The Council reviewed the proposed 2026 budget and raised several inquiries regarding potential reductions in the operating budget. During the meeting, it was clarified that each budget had undergone comprehensive review, and managers were instructed to provide detailed explanations for any projected surpluses identified as of September 2025. Managers were also required to justify these surpluses; otherwise, corresponding reductions would be made to the 2026 budget.

The Council requested a detailed overview of all expense account balances as of the end of November 2025 to support their understanding of the 2026 requirements. Staff indicated that although such a report could be produced at that time, it would not represent a complete view of the year's expenditures. While the current report remains preliminary, all invoices received for 2025 have been entered. Additional entries—such as those related to funding capital, reconciling debt and equity payments, and other reconciliation adjustments—are still pending; however, these generally do not impact the majority of the expense accounts.

The accompanying Schedule provides a summary of departmental expenses for 2025, comparing actual expenditures to budgeted amounts and indicating the percentage of the budget utilized. Further details are included for accounts that exceeded their budgets by an unusual margin or where allocated funds remained unused.

These were the departments with budget variances to discuss:

Department	% of Budget Used	Explanation
Legislative Service Expenses	113%	Salary reallocation occurred while integrating the Legal department to this area.
Council Expenses	94%	Reviewed and reduced 2026 budget during deliberations
Administration Expenses	74%	Reallocation of Deputy CAO salary
Finance Expenses	109%	Interest payments allocated to Security Deposits causes overage but is offset by interest revenue.

Legal Expenses	162%	Extra legal expenses for 2025. department merged with Leg Services for future budgets.
Communications/Corp Initiatives Expenses	83%	Budget reduced in 2026 due to elimination of Corporate Initiatives.
Human Resources Expenses	110%	Additional recruitment and legal expenses.
Information Services Expenses	89%	Staff vacancies for most of year along with surplus in Tech Agreement budget
Police Services Expenses	115%	\$1M E-Division OT and \$270K extra charges from COK support services.
Fire Expenses	112%	\$1.4 M over in wages (\$490K OT remaining)
Bylaw Expenses	101%	Change in schedule caused unbudgeted overtime.
Public Works Expenses	101%	Various
Transit Expenses	116%	Transit contract not increased sufficiently for 2025
Solid Waste Expenses	111%	Higher tipping fees from COK
Cemetery Expenses	61%	New FTE only part year / Year end Debt entry still needed
Planning Expenses	92%	Staffing vacancies in 2025
Development Engineering Expenses	91%	Staffing vacancy in 2025
Building Expenses	91%	Data Processing budget not used and eliminated for 2026.
Business Licensing Expenses	53%	Staff vacancy due to restructuring.
Recreation Expenses	109%	Additional consulting for special events
Storm Drainage Expenses	90%	Reduction in 2026 budget proposed.

Four areas have been identified where budget allocations were underutilized, primarily due to limited staff capacity. Despite not being spent in 2025, these budgets are still required, and staff anticipate they may request funding for these areas in the future as resources allow.

1. Storm Drainage – Reduction of \$75,000 in the overall operating budget owing to lack of available capacity.
2. Human Resources Safety – Contracts and Risk Management budget reduced by \$35,000.
3. Public Works – Rock Fall & Slope Maintenance budget eliminated, resulting in a \$25,000 reduction due to insufficient staff time.

4. Communications – Crisis Communication Consulting budget eliminated, saving \$15,000, with responsibilities to be managed internally.

Collectively, these adjustments amount to a total reduction of \$145,000, which represents 0.32% of a tax increase. These reductions will form part of the proposed one percent reduction to be discussed with Council on March 10, 2026.

COUNCIL REPORT / RESOLUTION HISTORY

Date	Report Topic / Resolution	Resolution No.
Jan 13, 2026	THAT “2026-2030 Financial Plan Bylaw No. 0336, 2025” be modified to incorporate Council’s direction regarding the 2026 budget as provided at the December 3 and 4, 2025 special Council meetings. THAT staff be directed to review the 2026 budget and bring forward recommendations to reduce the proposed tax increase by 1%.	C007/26
Dec 3, 2025	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.	C362/25

CONCLUSION

The budget process involves comprehensive reviews of each City department's expenditures. Projected inflationary adjustments are factored into future budget proposals as necessary. Surplus budgets are reduced where possible to mitigate the impact of inflationary pressures. Accommodating growth remains challenging without corresponding tax increases. As roadways, parks, and various other municipal facilities have expanded, maintaining established service levels requires increased budget allocations in accordance with Council directives. Any proposed enhancements to service levels or new initiatives are submitted to Council as supplementary requests for consideration and approval.

The comparison of actual expenditures to budgeted amounts throughout the current year demonstrates that the analytic rigor applied during budget preparation precludes the presence of excess or discretionary funds.

PowerPoint: Yes No

Attachments:

2025 Actual vs budget with 2026-2030 Financial Plan