

# 2022

## Financial Plan

Kelowna, British Columbia  
Final Budget - Volume 3





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# Report to Council



**Date:** April 25, 2022  
**To:** Council  
**From:** City Manager  
**Subject:** 2022 Financial Plan – Final Budget Volume  
**Department:** Financial Planning

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## **Recommendation:**

THAT COUNCIL adopts the 2022-2026 Financial Plan;

AND THAT Council approves the formulation of 2022 Property Tax Rates that will raise the required funds in 2022, from General Taxation, in the amount of \$167,107,316 resulting in an average net property owner impact of 3.94 per cent;

AND THAT Bylaw No. 12338 being the 2022-2026 Five-Year Financial Plan, 2022 be advanced for reading consideration;

AND THAT Bylaw No. 12339 being the Tax Structure Bylaw, 2022 be advanced for reading consideration;

AND THAT Bylaw No. 12340 being the Annual Tax Rates Bylaw, 2022 be advanced for reading consideration;

AND THAT Bylaw No. 12341 being the DCC Reserve Fund Expenditure Bylaw, 2022 be advanced for reading consideration;

AND FUTHER THAT Bylaw No. 12342 being the Sale of City Owned Land Reserve Fund Expenditure Bylaw, 2022 be advanced for reading consideration.

## **Purpose:**

To present the 2022 Final Budget Volume submissions, the 2022-2026 Financial Plan and related bylaws to Council for their consideration and approval.

## **Background:**

Council approved the 2022 Financial Plan – Preliminary volume on December 9, 2021 and the addition of the 2022 Financial Plan – Carryover Budget volume on March 21, 2022. The 2022 Financial Plan - Final Budget volume includes emergent, legislated or Council directed requests. The three volumes provide the 2022 portion of the 2022-2026 Five Year Financial Plan. Depending on the nature of the item being considered within Final Budget, the adjustments could cause the final tax demand to increase or decrease.

The City of Kelowna's strong financial management and clear budgeting practices continue to allow the delivery of essential services residents expect while maintaining, expanding, and building infrastructure that makes Kelowna a great place to live. The 2022 Final Budget as proposed, reflects a net municipal property tax increase of 3.94 per cent, a 0.3% increase to the Preliminary Budget tax requirement approved in December 2021, of 3.64 per cent.

Final Budget requests affecting taxation can be attributed to the RCMP contract increase which is offset by an increase in new construction revenue and the FortisBC franchise fee revenue. Information about the requested changes are included in the attached 2022 Final Budget Volume.

A tax rate of 3.94 per cent means the owner of a residential property with an average assessed value of \$888,420 will pay \$2,286 which is an increase of \$86 from the prior year for the municipal portion of their property taxes.

**Considerations applicable to this report:**

***Legal/Statutory Authority:***

In Section 165 of the Community Charter regarding Financial Plans, adoption of a 5 Year Financial Plan bylaw is required prior to the annual property tax bylaw. Under the Annual Property Tax Bylaw Section 197 of the Community Charter, Council must establish tax rates by bylaw after adoption of the financial plan but before May 15th.

**Considerations not applicable to this report:**

***Legal/Statutory Procedural Requirements:***

***Existing Policy:***

***Financial/Budgetary Considerations:***

***External Agency/Public Comments:***

***Communications Comments:***

Submitted by:

K. Hughes, CPA, CA Financial Planning Manager

**Approved for inclusion:** G. Davidson, CPA, CMA Divisional Director Financial Services

**Attachment:**

- 1: 2022 Financial Plan – Final Budget Volume
- 2: 2022-2026 Five-Year Financial Plan
- 3: 2022 Financial Plan Presentation



## FINANCIAL SUMMARIES

The 2022 Final Budget Volume includes requests that are emergent, required by legislation or have been directed by City Council. This volume is consolidated with the first two volumes, 2022 Preliminary Volume and the 2022 Carryover Volume, to create the 2022 Financial Plan and the 2022-2026 Five-Year Financial Plan.

The 2022 Financial Plan results in a Final Tax Demand of \$167.1M. This represents an increase of \$689k relative to the 2022 Preliminary Financial Plan, and an increase of \$220k of taxation revenue from new construction.

**The impact to the average property owner is 3.94 per cent.**

### Final Budget summaries

#### Analysis of tax demand (\$ thousands)

The 2021 final tax demand was \$157.7M and had a 4.04 per cent net property owner impact. The final 2022 gross department operating expenditures have increased by 11.41 per cent over 2021 and net department revenues by increased by 19.27 per cent. The net general debt decreased by 3.32 per cent while capital expenditures from general taxation increased by 13.44 per cent and general revenue increased by 4.54 per cent for a total gross tax demand increase of \$9.3M.

	2021	2022	Change	% change
Gross departmental operating expenditures	267,701	298,253	30,553	11.41%
Net departmental revenue	(114,809)	(136,935)	(22,126)	19.27%
<b>Net departmental operating expenditure</b>	<b>152,892</b>	<b>161,318</b>	<b>8,427</b>	<b>5.51%</b>
Net general debt	4,453	4,305	(148)	(3.32%)
Capital expenditures from general taxation	12,071	13,693	1,622	13.44%
General revenue	(11,680)	(12,209)	(530)	4.54%
<b>Gross tax demand</b>	<b>157,736</b>	<b>167,107</b>	<b>9,371</b>	<b>5.94%</b>
Less estimated new construction revenue	(2,880)	(3,160)		
<b>Net property owner impact</b>	<b>4.04%</b>	<b>3.94%</b>		<b>(0.10%)</b>

Note: Totals may not add due to rounding



### General Fund tax demand (\$ thousands)

The tax demand established at Preliminary Budget was \$166.4M. The estimated new construction revenue was \$2.9M, based on BC Assessment preliminary roll information, resulting in a 3.64 per cent net property owner impact.

Final Budget requests for net general fund operating and capital expenditures of \$689k have increased the total tax demand to \$167.1M. Final new construction revenues, based on the revised assessment roll, increased by \$220k to \$3.16M increasing the net property owner impact to 3.94 per cent.

<b>Preliminary Budget Tax Demand</b>			166,418
<b>Final Budget Submissions</b>			
General Revenues	(159)		
Operating Requests	<u>848</u>	689	
Capital Project Requests		<u>0</u>	
<b>Total Final Budget Additions</b>			689
<b>Final Gross Tax Demand</b>			<b>167,107</b>
Less new construction revenue			(3,160)
<b>Final Net Tax Demand</b>			<b>163,947</b>
<b>Net Property Owner Impact</b>			
Preliminary Budget		3.64%	
<b>Financial Plan - Final Budget</b>			<b>3.94%</b>

Note: Totals may not add due to rounding

### Airport and Utility Funds – Final Budget (\$ thousands)

Final Budget requests for the water utility totals \$149k funded from current year water utility revenues while the Final budget net operating requests for the Airport, contribute excess revenue to applicable Airport reserves.

<b>Final Budget Submissions</b>			
Revenue	0		
Operating Requests	<u>149</u>	149	
Capital Project Requests		<u>0</u>	
<b>Total Final Budget Additions</b>			<b>149</b>

Note: Totals may not add due to rounding

## Analysis of total revenues

The total revenue budget is \$658.6M with \$385M from operating sources and \$273.6M from capital sources.

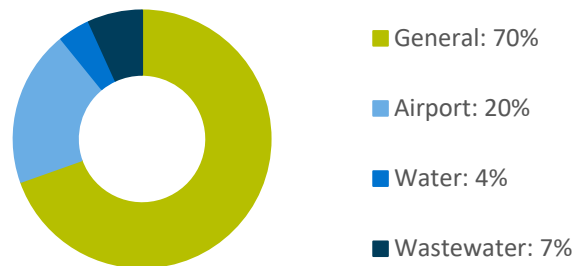
The tables below summarize the total operating and capital revenue by fund, including the prior year's carryover amounts, and the same revenue information by revenue source.

### Revenues by Fund (\$ thousands)

	Operating	Capital
General	303,941	154,408
Airport	47,878	81,062
Water	16,804	9,755
Wastewater	16,385	28,334
	<u>385,008</u>	<u>273,559</u>

<b>Total</b>	<b>658,566</b>
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Note: Totals may not add due to rounding

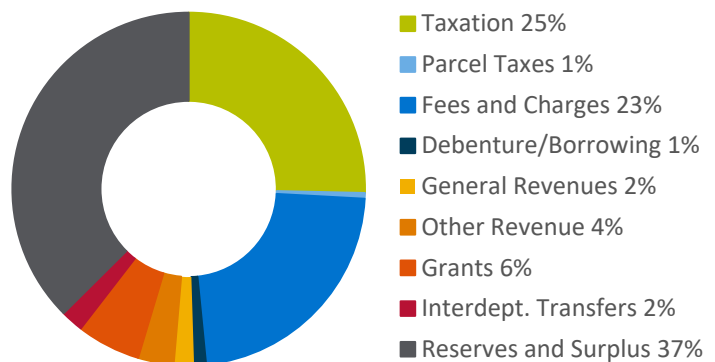


Total \$658.6M

### Revenues by Type (\$ thousands)

Taxation	167,107
Parcel Taxes	3,421
Fees and Charges	148,398
Debenture/Borrowing	7,159
General Revenues	12,209
Other Revenue	21,496
Grants	38,488
Interdept. Transfers	13,628
Reserves and Surplus	246,660
<b>Total</b>	<b>658,566</b>

Note: Totals may not add due to rounding



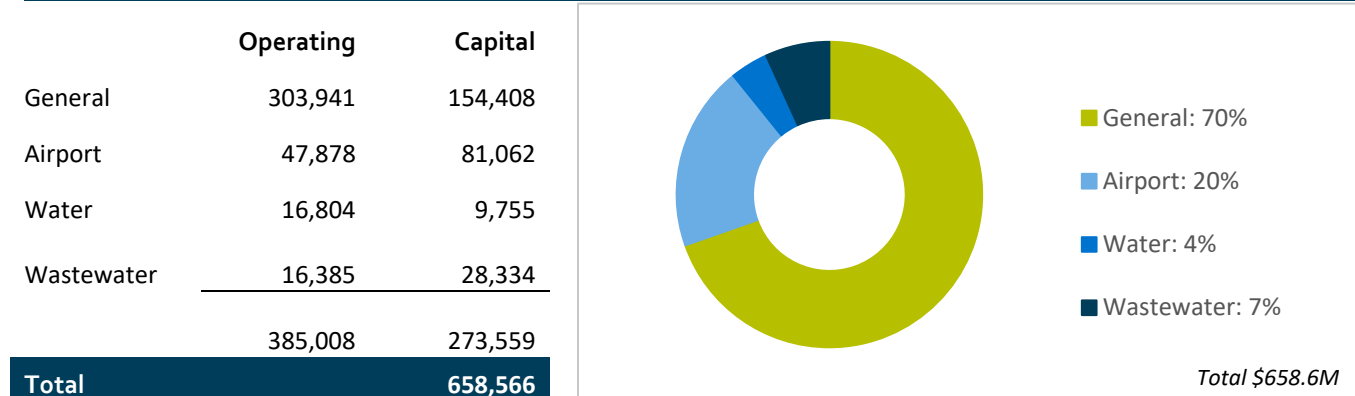
Total \$658.6M

## Analysis of total expenditures

The total expenditure budget requirement is \$658.6M with \$385M for operating needs and \$273.6M for the 2022 capital program.

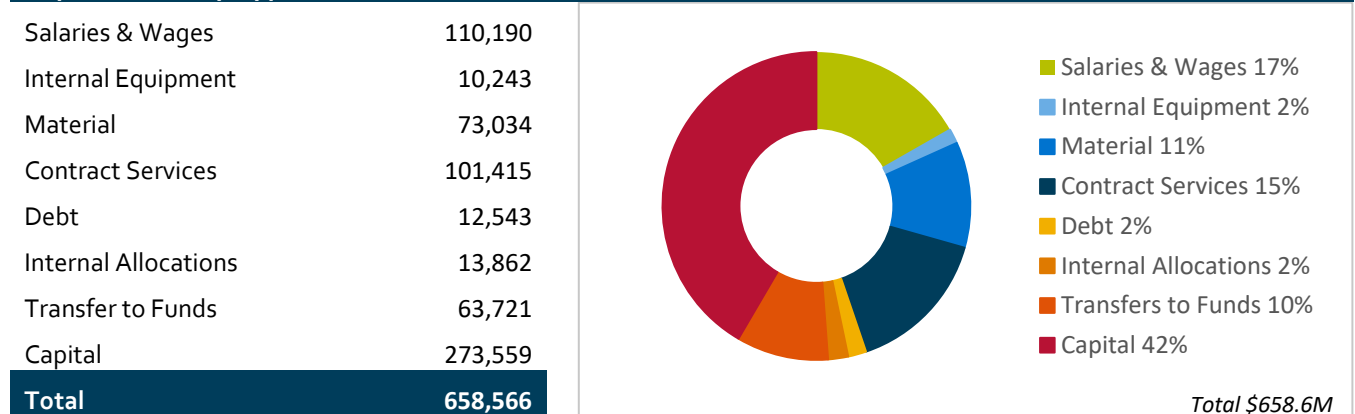
The tables below summarize the total operating and capital expenditures by fund, including the prior year's carryover amounts, and the same total operating and capital expenditure information by expenditure type.

### Expenditures by Fund (\$ thousands)



Note: Totals may not add due to rounding

### Expenditures by Type (\$ thousands)



Note: Totals may not add due to rounding



## Use of tax dollar by service area

The table below highlights the cost by service area and the resulting total municipal taxes for the average residential property in Kelowna for 2022. Note the municipal portion of taxes does not include amounts collected on behalf of other taxing authorities or applicable business improvement areas such as: Regional District of Central Okanagan, BC Assessment, Okanagan Regional Library, Minister of Finance – School Tax, Downtown Kelowna Business Improvement Area or Uptown Rutland Business Improvement Area. The average assessed value of a residential property is \$888,420 in 2022, as obtained from BC Assessment. The service area with the highest cost is Community Safety, including RCMP, at 35 per cent, followed by the Fire Department at 13 per cent and Parks Services at 13 per cent.

Service area	\$ Cost	2022 %	2021 %
Community Safety	791.92	35	31
Fire Department	304.37	13	15
Infrastructure			
Street Lights	28.70	1	1
Parks Services	295.53	13	13
Transportation Services	243.08	11	10
Utility Services	55.68	2	2
Planning & Development	237.26	10	10
Active Living & Culture Services	113.62	5	5
Regional Programs	10.60	1	1
Public Transit	96.51	4	7
Debt	62.57	3	3
Grants or transfers to external organizations/individuals	46.53	2	2
<b>Total Municipal portion of taxes</b>	<b>\$ 2,286.38</b>	<b>100 %</b>	<b>100 %</b>

*Based on the 2022 average residential property assessed property value of \$888,420*

Note: Totals may not add due to rounding



## Ongoing budget impacts

Below is a projection of the next five years net property owner impacts using the best information available at the time of preparation of this volume. As with any planning exercise, the level of certainty and detail is most appropriately found in the current year. For the years after 2022, budgets have been adjusted for current one-time projects, changes in operating budgets from previously approved requests, new capital projects included in the Council endorsed 10-Year Capital Plan, 2021-2030 (10YCP), growth and/or inflationary rates, and other key assumptions. Although this forward looking information is based on what is believed to be reasonable assumptions, there can be no assurance that this information will prove to be accurate as actual results and future events could differ materially from the anticipated information contained in this forecast.

Specific assumptions in the preparation of the years 2023-2026 included in the forecasted increases below:

- Growth rates of 1.59 per cent for 2023 to 2025, 1.47 per cent in 2026.
- Inflation rates of 2 per cent for most operating expenses and certain revenues, rate increase to 4 per cent in 2023 for materials expense.
- Annual allocation for new RCMP members.
- Debt impacts have been split over the expected construction years to match required cash flow and to spread the debt repayment impacts. Included in the plan with significant impacts, are the Parkinson Recreation Centre and the Capital News Centre – Expansion projects.

Additional details on all assumptions are provided in the Five-Year Financial Plan (2022-2026).

	2022	2023	2024	2025	2026
General revenues	(12,209)	(12,480)	(12,758)	(13,049)	(13,332)
Net operating budget	165,624	177,006	188,221	200,144	209,919
Pay-as-you-go capital	13,693	14,996	16,338	17,718	19,083
Taxation demand	<b>167,107</b>	<b>179,522</b>	<b>191,802</b>	<b>204,814</b>	<b>215,670</b>
New construction tax revenue	(3,160)	(3,257)	(3,354)	(3,450)	(3,411)
<b>Net property owner impact</b>	<b>3.94%</b>	<b>5.48%</b>	<b>4.97%</b>	<b>4.99%</b>	<b>3.64%</b>

Note: Totals may not add due to rounding.



## Financial Plan 2022 - 2026

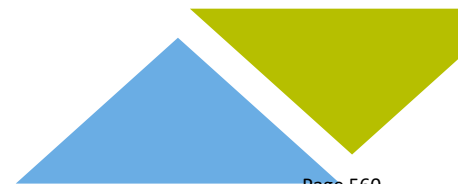
The table below outlines the City's Five-Year forecast for all funds revenues and expenditures for 2022-2026. The years 2027-2030 are included in summary to match the term of the 20-Year Servicing Plan. For detailed divisional information see the Five-Year Financial Plan section of the 2022 Financial Plan.

	2022	2023	2024	2025	2026	2027-2030
<b>Revenue</b>						
Property Value Tax	167,107,316	179,522,375	191,801,552	204,813,609	215,669,897	940,159,269
Library Requisition	7,044,023	7,184,903	7,328,602	7,475,174	7,624,677	32,054,448
Parcel Taxes	3,420,974	3,941,636	3,965,038	3,804,203	3,456,841	12,662,470
Fees and Charges	150,005,535	213,977,187	225,910,172	239,006,280	246,465,323	1,063,681,066
Borrowing Proceeds	7,158,600	0	26,053,200	10,560,000	0	3,830,000
Other Sources	77,169,881	70,729,573	59,588,315	55,953,135	60,148,606	276,738,529
	411,906,329	475,355,674	514,646,879	521,612,401	533,365,344	2,329,125,782
<b>Transfer between Funds</b>						
Reserve Funds	2,319,917	1,018,987	1,018,987	1,018,987	1,018,987	4,075,949
DCC Funds	37,425,860	28,264,914	34,031,463	36,559,002	35,863,936	165,616,918
Surplus/Reserve Accounts	206,914,336	78,307,796	52,726,789	65,029,541	56,828,498	207,146,830
	246,660,113	107,591,697	87,777,239	102,607,530	93,711,421	376,839,697
<b>Total Revenues</b>	<b>658,566,442</b>	<b>582,947,371</b>	<b>602,424,118</b>	<b>624,219,931</b>	<b>627,076,765</b>	<b>2,705,965,479</b>
<b>Expenditures</b>						
Municipal Debt						
Debt Interest	3,694,690	4,162,325	6,044,860	8,532,854	10,050,872	39,490,366
Debt Principal	8,847,932	7,654,270	7,885,874	10,911,346	13,248,530	48,035,228
Capital Expenditures	273,558,700	155,020,452	154,084,439	148,709,078	133,443,167	576,459,501
Other Municipal Purposes						
General Government	35,548,877	39,501,887	40,473,724	41,466,844	42,621,132	182,734,891
Planning, Development & Building Services	33,173,416	26,023,038	26,596,068	27,400,651	27,371,013	119,155,373
Community Services	99,961,295	103,041,317	106,205,449	109,481,906	112,688,935	485,206,409
Protective Services	90,581,801	84,395,912	89,607,971	94,403,331	98,854,158	430,467,334
Utilities	25,659,161	23,515,668	24,184,209	25,281,998	25,981,311	111,405,897
Airport	19,974,967	30,114,952	31,423,042	32,757,421	35,275,058	150,430,052
	591,000,839	473,429,821	486,505,636	498,945,430	499,534,177	2,143,385,050
<b>Transfers between Funds</b>						
Reserve Funds	28,603,562	30,285,675	30,427,080	30,193,089	31,158,937	124,289,996
DCC Funds	0	0	0	0	0	0
Surplus/Reserve Accounts	38,962,041	79,231,875	85,491,402	95,081,412	96,383,651	438,290,433
	67,565,603	109,517,550	115,918,482	125,274,501	127,542,588	562,580,429
<b>Total Expenditures</b>	<b>658,566,442</b>	<b>582,947,371</b>	<b>602,424,118</b>	<b>624,219,931</b>	<b>627,076,765</b>	<b>2,705,965,479</b>

Note: Totals may not add due to rounding.



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# Operating Budget



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# 2022 Operating Requests

## Final Budget

### Summary - General Fund

Page	Description	Cost	Reserve	Borrow	Grant/Other	Revenue	Utility	Taxation	Cat
Corporate & Protective Services									
<i>Corporate Services</i>									
Maintain									
J1	Recovery Coordinator Term Position	24,000	(24,000)	0	0	0	0	0	OG
	Total Maintain	24,000	(24,000)	0	0	0	0	0	
Department Priority 1 Total									
	Department Priority 1 Total	24,000	(24,000)	0	0	0	0	0	
Corporate & Protective Services									
<i>Community Safety</i>									
Maintain									
J1	RCMP Contract Services	848,000	0	0	0	0	0	(848,000)	OG
	Total Maintain	848,000	0	0	0	0	0	(848,000)	
Department Priority 1 Total									
	Department Priority 1 Total	848,000	0	0	0	0	0	(848,000)	
Corporate & Protective Services									
<i>Fire Department</i>									
Maintain									
E1	Emergency Manager - Regional Emergency Operations Position	119,100	0	0	0	(119,100)	0	0	OG
	Total Maintain	119,100	0	0	0	(119,100)	0	0	
Growth									
E1	Emergency Social Services Supervisor - Regional Emergency Operations Position	57,200	0	0	0	(57,200)	0	0	OG
	Total Growth	57,200	0	0	0	(57,200)	0	0	
Department Priority 1 Total									
	Department Priority 1 Total	176,300	0	0	0	(176,300)	0	0	
Corporate Strategic Services									
<i>Information Services</i>									
Growth									
K1	Cyber Security Enhancements	155,000	(155,000)	0	0	0	0	0	OG
	Total Growth	155,000	(155,000)	0	0	0	0	0	
Department Priority 1 Total									
	Department Priority 1 Total	155,000	(155,000)	0	0	0	0	0	

Page	Description	Cost	Reserve	Borrow	Grant/Other	Revenue	Utility	Taxation	Cat
Financial Services									
<i>Debt &amp; Other</i>									
Maintain									
J1	Transmission of Taxes - BIA's and Other Governments	123,546,700	0	0	0	(123,546,700)	0	0	OT
	Total Maintain	123,546,700	0	0	0	(123,546,700)	0	0	
Department Priority 1 Total									
	Department Priority 1 Total	123,546,700	0	0	0	(123,546,700)	0	0	
Financial Services									
<i>General Revenue</i>									
Maintain									
J1	FortisBC Operating Fee	0	0	0	0	(159,000)	0	159,000	OG
	Total Maintain	0	0	0	0	(159,000)	0	159,000	
Department Priority 1 Total									
	Department Priority 1 Total	0	0	0	0	(159,000)	0	159,000	
Total Priority 1 Operating									
	Total Priority 1 Operating	124,750,000	(179,000)	0	0	(123,882,000)	0	(689,000)	

## 2022 Operating Request Details

Division:	Corporate & Protective Services	Priority: 1	Maintain
Department:	Risk Management		ON-GOING
Title:	Recovery Coordinator Term Position		FINAL

### Justification:

This term position will support recovery efforts associated with property damage, project deficiencies, development deficiencies and emergency responses caused by third-parties. Over the last 10 years, the City has recovered more than \$2M. With a dedicated staff resource, additional recoveries can be pursued and realized before timelines expire. This will allow the City to reduce tax dollars currently being spent to correct errors or repair damage caused by others. This position will prioritize recovery activities to maximize recouping financial losses and hold those responsible accountable.

Strategic Direction: Financial management - Non-tax revenues are increasing

	Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Revenue	Utility	Taxation
2022	24,000	(24,000)	0	0	0	0	0	0
2023	89,800	(89,800)	0	0	0	0	0	0
2024	89,800	(89,800)	0	0	0	0	0	0

Division:	Corporate & Protective Services	Priority: 1	Maintain
Department:	Community Safety		ON-GOING
Title:	RCMP Contract Services		FINAL

### Justification:

This request is for the 2022 contract increase for the RCMP. When the 2022 preliminary budget was prepared, the RCMP had not communicated their financial plan incorporating the impacts of the ratified collective agreement. An updated financial plan was received from the RCMP in March 2022.

Strategic Direction: Other - Supports Base Business

	Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Revenue	Utility	Taxation
2022	848,000	0	0	0	0	0	0	(848,000)
2023	848,000	0	0	0	0	0	0	(848,000)
2024	848,000	0	0	0	0	0	0	(848,000)

## 2022 Operating Request Details

Division:	Corporate & Protective Services	Priority: 1	Maintain
Department:	Fire Department		ON-GOING
Title:	Emergency Manager - Regional Emergency Operations Position		FINAL

### Justification:

An Emergency Manager position is requested for the Fire Communications & Emergency Management branch of KFD to support the Regional District of Central Okanagan (RDCO) Emergency Program, with funding from RDCO. The RDCO Emergency Operations Centre (EOC) has remained busy over the last five years with increased quantity and scope of response and recovery disasters such as the 2017 & 2018 Freshet Events, the COVID-19 pandemic response, and various fires throughout the region. With this high level of activity, the importance of the Emergency Manager role has escalated. This position will be part of the KFD management team and as a Duty Chief as part of a four-person rotation providing 24/7 coverage for the City.

Strategic Direction: Other - Supports Base Business

	Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Revenue	Utility	Taxation
2022	119,100	0	0	0	0	(119,100)	0	0
2023	158,800	0	0	0	0	(158,800)	0	0
2024	158,800	0	0	0	0	(158,800)	0	0

Division:	Corporate & Protective Services	Priority: 1	Growth
Department:	Fire Department		ON-GOING
Title:	<b>Emergency Social Services</b> Supervisor - Regional Emergency Operations Position		FINAL

### Justification:

An Emergency Social Services (ESS) Supervisor position is requested for the Fire Communications & Emergency Management branch of KFD to support the Regional District of Central Okanagan (RDCO) Emergency Program, with funding from RDCO. The RDCO Emergency Operations Centre (EOC) has remained busy over the last five years with increased quantity and scope of response and recovery disasters such as the 2017 & 2018 Freshet Events & 2021 Atmospheric River Event, the COVID-19 pandemic response, and various fires throughout the region. With this high level of activity, the importance of the ESS Supervisor role has escalated.

Strategic Direction: Other - Supports Base Business

	Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Revenue	Utility	Taxation
2022	57,200	0	0	0	0	(57,200)	0	0
2023	114,300	0	0	0	0	(114,300)	0	0
2024	114,300	0	0	0	0	(114,300)	0	0

## 2022 Operating Request Details

Division:	Corporate Strategic Services	Priority: 1	Growth
Department:	Information Services		ON-GOING
Title:	Cyber Security Enhancements		FINAL

### Justification:

The threat of cyber security incidents is a constant threat to organizations. Budget is requested to further strengthen the City's security posture in response to these types of attacks.

Strategic Direction:	Other - Extraordinary or Unforeseen Obligation							
	Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Revenue	Utility	Taxation
2022	155,000	(155,000)	0	0	0	0	0	0
2023	155,000	0	0	0	0	0	0	(155,000)
2024	155,000	0	0	0	0	0	0	(155,000)

Division:	Financial Services	Priority: 1	Maintain
Department:	Financial Services		ONE-TIME
Title:	Transmission of Taxes - BIA's and Other Governments		FINAL

### Justification:

To establish the receipt and disbursement of taxes to Business Improvement Areas (BIA) and other governments: Regional District of Central Okanagan (RDCO) (\$12,946,600); RDCO SIR Land Levy (\$744,900); RDCO SIR Parcel Tax (\$276,700); BC Assessment Authority (\$2,483,100); School Tax (\$81,851,200); Additional School Tax (\$2,988,100); Kelowna Downtown BIA (\$1,137,600); Uptown Rutland BIA (\$204,200); Regional Hospital (\$13,870,300); and Okanagan Regional Library (\$7,044,000). The total amount to be collected for all other taxing authorities is \$123,546,700

Strategic Direction:	Financial management - Cost to deliver services is quantified							
	Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Revenue	Utility	Taxation
2022	123,546,700	0	0	0	0	(123,546,700)	0	0

## 2022 Operating Request Details

Division:	Financial Services	Priority: 1	Maintain
Department:	Financial Services		ON-GOING
Title:	FortisBC Operating Fee		FINAL

### Justification:

This request is to adjust the franchise fee revenue due from FortisBC up to \$1,604,720 from the 2022 Preliminary budget amount of \$1,445,720. The fee is based on 3 per cent of the gross revenue for the provision and distribution of all gas consumed within the City of Kelowna during the 2021 calendar year.

2022 Base Budget: \$1,445,720

Strategic Direction: Financial management - Non-tax revenues are increasing

	Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Revenue	Utility	Taxation
2022	0	0	0	0	0	(159,000)	0	159,000
2023	0	0	0	0	0	(159,000)	0	159,000
2024	0	0	0	0	0	(159,000)	0	159,000



# 2022 Operating Requests

## Final Budget

### Summary - Utility Funds

Page	Description	Cost	Reserve	Borrow	Grant/Other	Revenue	Utility	Cat
Water								
Maintain								
I1	Water Operations Supply and Maintenance	149,000	0	0	0	0	(149,000)	OG
	Total Maintain	149,000	0	0	0	0	(149,000)	
Department Priority 1 Total								
	Department Priority 1 Total	149,000	0	0	0	0	(149,000)	
Airport								
Growth								
E1	Airport Operations	858,300	542,700	0	0	(1,401,000)	0	OG
	Total Growth	858,300	542,700	0	0	(1,401,000)	0	
New								
E1	Airport Finance Manager Position	65,500	(65,500)	0	0	0	0	OG
E1	Airport Senior Project Manager Position	58,000	(58,000)	0	0	0	0	OG
	Total New	123,500	(123,500)	0	0	0	0	
Department Priority 1 Total								
	Department Priority 1 Total	981,800	419,200	0	0	(1,401,000)	0	
Total Priority 1 Operating								
	Total Priority 1 Operating	1,130,800	419,200	0	0	(1,401,000)	(149,000)	

## 2022 Operating Request Details

Division:	Infrastructure	Priority: 1	Maintain
Department:	Utility Services		ON-GOING
Title:	Water Operations Supply and Maintenance		FINAL

### Justification:

There has been significant price increases to parts and materials related to the operations and maintenance of the water supply and treatment systems for the City's water utility. Quotes received from established suppliers for various equipment, chemicals and critical spare parts show price increases of 16% to 100% due to the current economic conditions. These equipment and parts are vital to continue to safely maintain the water utility systems, and it is anticipated that these price increases will be ongoing.

2022 Base Budget: \$478,000

Strategic Direction: Other - Supports Base Business

	Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Revenue	Utility
2022	149,000	0	0	0	0	0	(149,000)
2023	149,000	0	0	0	0	0	(149,000)
2024	149,000	0	0	0	0	0	(149,000)

Division:	Airport	Priority: 1	Growth
Department:	Airport		ON-GOING
Title:	Airport <b>Operations</b>		FINAL

### Justification:

The increase in revenues and expenditures is due to the commencement of the Airport's recovery from the COVID-19 pandemic and the receipt of grants awarded to help support the Airport during its recovery from the COVID-19 pandemic. Preliminary budget was based on forecasted passenger numbers of 1.67M for 2022 and final budget is based on forecasted passenger numbers of 1.73M for 2022.

Revenues are contributed to and expenditures are appropriated from the applicable Airport reserves.

Strategic Direction: Economic resiliency - Key economic sector impact is increasing

	Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Revenue	Utility
2022	858,300	542,700	0	0	0	(1,401,000)	0
2023	841,300	559,700	0	0	0	(1,401,000)	0
2024	841,300	559,700	0	0	0	(1,401,000)	0

## 2022 Operating Request Details

Division:	Airport	Priority: 1	New
Department:	Airport Finance & Corporate Services		ON-GOING
Title:	Airport Finance Manager Position		FINAL

### Justification:

The COVID-19 pandemic and the commencement of the recovery from the COVID-19 pandemic has highlighted the importance for the Airport Finance team to remain focused on strategic initiatives, be able to pivot quickly, and to have business continuity measures in place. The hiring of an Airport Finance Manager will allow additional strategic initiatives to move forward, allow the Airport Finance Team to pivot more quickly, and further improve business continuity for the Airport Finance team. The Airport Finance Manager would report into the Senior Airport Finance and Corporate Services Manager and would manage the Airport Financial Analyst, Airport Accounting Technician and Airport Accounting Assistants.

Strategic Direction:	Economic resiliency - Key economic sector impact is increasing
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	Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Revenue	Utility
2022	65,500	(65,500)	0	0	0	0	0
2023	125,600	(125,600)	0	0	0	0	0
2024	125,600	(125,600)	0	0	0	0	0

Division:	Airport	Priority: 1	New
Department:	Airport Finance & Corporate Services		ON-GOING
Title:	Airport Senior Project Manager Position		FINAL

### Justification:

The Airport has commenced its recovery from the COVID-19 pandemic, has experienced a significant increase in commercial development opportunities, and has received grant funding to move certain strategic projects forward. As a result, the Development team is struggling to ensure the correct level of effort and oversight is applied to all of the Airport's projects with the current resource levels.

The hiring of a Senior Program Manager will increase the time available for the Project Managers to properly execute projects, as well as provide additional leadership and directional capabilities to the City of Kelowna and contracted Project Managers. This position will help ensure YLW strategically and effectively executes on these regionally important projects. It also allows for growth and succession planning for YLW's Development team to ensure the Airport is supported in its current and future growth, and that YLW's staff have growth opportunities at the Airport.

Strategic Direction:	Economic resiliency - Key economic sector impact is increasing
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	Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Revenue	Utility
2022	58,000	(58,000)	0	0	0	0	0
2023	110,500	(110,500)	0	0	0	0	0
2024	110,500	(110,500)	0	0	0	0	0



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Capital Budget





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# 2022 Capital Requests

## Final Budget

### CAPITAL BUDGET Summary - General Fund

Page	Type	Description	Asset Cost	Reserve	Borrow	Grant	Other	Utility	Taxation
Real Estate and Parking Capital - Priority 1									
1	New	City Parkades - Roof Level Vehicle Gate Installation	79,000	(79,000)	0	0	0	0	0
1	New	City Parkades - Snow Chute Installation	200,000	(200,000)	0	0	0	0	0
		L3 - Parking Infrastructure	279,000	(279,000)	0	0	0	0	0
Cost Center Totals			279,000	(279,000)	0	0	0	0	0
Parks Capital - Priority 1									
1	Growth	DeHart Park Deferral	(627,000)	627,000	0	0	0	0	0
		P4 - Community Park Development	(627,000)	627,000	0	0	0	0	0
1	Growth	Pandosy Waterfront Park, DCC City-wide Park Development Phase 1	627,000	(627,000)	0	0	0	0	0
		P6 - City-wide Park Development	627,000	(627,000)	0	0	0	0	0
Cost Center Totals			0	0	0	0	0	0	0
Transportation Capital - Priority 1									
1	Growth	Frost 1 DCC (Killdeer - Chute Lake)	120,000	(120,000)	0	0	0	0	0
		T1 - DCC Roads	120,000	(120,000)	0	0	0	0	0
1	Growth	Commonwealth Rd (Hwy 97 - Jim Bailey)	540,000	(540,000)	0	0	0	0	0
		T3 - Non-DCC Roads	540,000	(540,000)	0	0	0	0	0
1	Growth	Hwy. 97/Leckie Road Intersection Improvement	445,500	(229,900)	0	0	(215,600)	0	0
		T4 - Transportation System Renewal	445,500	(229,900)	0	0	(215,600)	0	0
Cost Center Totals			1,105,500	(889,900)	0	0	(215,600)	0	0
Grand Total			1,384,500	(1,168,900)	0	0	(215,600)	0	0

## 2022 Capital Request Details

Department:	Capital Projects	Priority: 1	New
Cost Center:	Real Estate and Parking Capital	10 Yr Cap Plan Ref: Not included L3	
Title:	City Parkades - Roof Level Vehicle Gate Installation		FINAL

### Justification:

City parkades are open 24/7 and regularly experience undesirable activities and damage, especially in the evening, late night and weekend periods. Much of this activity is currently occurring on the top/roof levels. Staff believe that restricting vehicle access to roof levels during periods when the extra capacity is not required will help to prevent damage and reduce impacts on the surrounding neighborhood. This budget will allow for the design and installation of card access/timer controlled vehicle gates on the two parkades where the majority of issues are occurring. The operation and maintenance budget impact associated with this request will be minimal and will be accommodated within the Parking Services operating budget.

Project Driver: Asset preservation (renewal and replacement to achieve anticipated service life).

Strategic Direction: Community Safety - Crime rates are decreasing

Asset Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Utility	Taxation
79,000	(79,000)	0	0	0	0	0

Department:	Capital Projects	Priority: 1	New
Cost Center:	Real Estate and Parking Capital	10 Yr Cap Plan Ref: Not included L3	
Title:	City Parkades - Snow Chute Installation		FINAL

### Justification:

With more frequent and compounding snow events in recent years, staff engaged a structural engineer to undertake a review of parkade snow storage and removal practices as it relates to reducing the risk of general liability, facility damage and maintaining near full capacity on roof levels of downtown parkades. This report confirmed that two city parkades are not designed for any significant snow loading and the third has limited capacity. Staff are now evaluating options to install snow chutes on two parkades for direct removal of snow following an event. This budget is requested to allow for detailed design and installation. Depending on final design, additional funding may be required in future years. The operation and maintenance budget impact associated with this request will be minimal and will be accommodated within the Parking Services operating budget.

Project Driver: Asset preservation (renewal and replacement to achieve anticipated service life).

Strategic Direction: Environmental protection - Resiliency & adaptability to climate change

Asset Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Utility	Taxation
200,000	(200,000)	0	0	0	0	0

## 2022 Capital Request Details

Department:	Capital Projects	Priority: 1	Growth
Cost Center:	Parks Capital	10 Yr Cap Plan Ref: 2022 P4 - \$6.4M	
Title:	DeHart Park Deferral		FINAL

### Justification:

A deferral to the 2022 DeHart Park project budget is requested in order to fund eligible DCC expense increases identified with the Pandosy Waterfront Park. Refer to the Capital budget request under that name. As identified in the 10-Year Capital Plan, a budget request is anticipated in 2023 for the balance of the project funding. This deferral will be included with that request. The works are anticipated to be constructed as a single project over two or more years.

Project Driver: Maintenance of Council approved levels of service (usually to accommodate growth).

Strategic Direction: Vibrant neighbourhoods - Animated parks & public spaces

Asset Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Utility	Taxation
(627,000)	627,000	0	0	0	0	0

Department:	Capital Projects	Priority: 1	Growth
Cost Center:	Parks Capital	10 Yr Cap Plan Ref: 2021 P6 - \$1.45M	
Title:	Pandosy Waterfront Park, DCC City-wide Park Development Phase 1		FINAL

### Justification:

Additional budget is requested to cover an increase in project costs due to the discovery of a native artifact during geotechnical investigation, as well as contract pricing 12% above the engineer estimate. Archaeological investigation and reporting resulted in the project being delayed a year, which added additional consulting, and monitoring work. Construction costs have also continued to rise during this delay. Cost savings have been made to the project design, and this request is to cover the remaining difference. A second Capital budget request for a deferral to the DeHart Park budget has been requested to maintain capacity within the DCC Reserve. There are no operation and maintenance budget impacts associated with this request.

Project Driver: Maintenance of Council approved levels of service (usually to accommodate growth).

Strategic Direction: Vibrant neighbourhoods - Animated parks & public spaces

Asset Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Utility	Taxation
627,000	(627,000)	0	0	0	0	0

## 2022 Capital Request Details

Department:	Capital Projects	Priority: 1	Growth
Cost Center:	Transportation Capital	10 Yr Cap Plan Ref: Not included T1	
Title:	Frost 1 DCC (Killdeer - Chute Lake)		FINAL

### Justification:

Budget is requested to undertake preliminary design update cost estimates for the Frost 1 DCC project. This project will extend Frost Rd from Treadgold Ct eastward towards Chute Lake Rd (350m) and develop a new controlled intersection (roundabout) at Frost / Chute Lake / Okaview. This will provide a major road connection between the Chute Lake / Kettle Valley and Gordon / Ponds corridors/neighbourhoods, improving access within the Upper Mission and access to commercial services and schools. Design is anticipated to be complete by Q2 of 2023. There are no operation and maintenance budget impacts associated with this request.

Project Driver: Maintenance of Council-approved levels of service (usually to accommodate growth).

Strategic Direction: Transportation & mobility - Travel times are optimized

Asset Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Utility	Taxation
120,000	(120,000)	0	0	0	0	0

Department:	Capital Projects	Priority: 1	Growth
Cost Center:	Transportation Capital	10 Yr Cap Plan Ref: Not included T3	
Title:	Commonwealth Rd (Hwy 97 - Jim Bailey)		FINAL

### Justification:

Budget is requested for preliminary design and costing for upgrades of Commonwealth Road, serving both residential and industrial traffic, between Highway 97 and Jim Bailey Road. This project is part of a recent Memorandum of Understanding between Okanagan Indian Band, District of Lake Country and City of Kelowna. Project scope includes traffic projections for Commonwealth and the surrounding network, assessing existing infrastructure, preliminary design - including intersections at Highway 97 and Jim Bailey, cost estimates and consultation with stakeholders and the adjacent community. Coordination with the province would be required and potential cost-sharing pursued. This project phase will define the issues, scope, and cost of the overall project, at the preliminary design level, to inform future project phases. Design is anticipated to be complete by Q4, 2023. There are no operation and maintenance budget impacts associated with this request.

Project Driver: Maintenance of Council-approved levels of service (usually to accommodate growth).

Strategic Direction: Transportation & mobility - Travel times are optimized

Asset Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Utility	Taxation
540,000	(540,000)	0	0	0	0	0

## 2022 Capital Request Details

Department:	Capital Projects	Priority: 1	Growth
Cost Center:	Transportation Capital	10 Yr Cap Plan Ref: 2021 T4	
Title:	Hwy.97/Leckie Road Intersection Improvement		FINAL

### Justification:

Additional budget is requested to complete construction of the road improvements at Highway 97 and Leckie Road. The improvements are to be delivered by the City as part of the partnership between the City, a developer and the Ministry of Transportation and Infrastructure. Construction is to be completed Q3, 2022. There are no operation and maintenance budget impacts associated with this request.

Project Driver: Level of service enhancements (functional efficiency and levels of service increases).

Strategic Direction: Economic resiliency - Key economic sector impact is increasing

Asset Cost	Reserve	Borrow	Fed/Prov	Dev/Com	Utility	Taxation
445,500	(229,900)	0	0	(215,600)	0	0



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