

Report to Council



Date: August 12, 2024
To: Council
From: City Manager
Subject: Quarter two Amendment to the 2024 Financial Plan
Department: Financial Planning

Recommendation:

THAT Council receives, for information, the Report from Financial Services dated August 12, 2024 with respect to quarter two amendments to the 2024 Financial Plan;

AND THAT the 2024 Financial Plan be amended to include budget amendments detailed in this report.

Purpose:

To amend the 2024 Financial Plan to include quarter two budget changes outlined in this report.

Background:

Budget amendments and transfers are changes to the annual budget that reflect new or updated information, circumstances, or priorities and are frequently required after the City's Financial Plan has been approved by Council. Reasons for amendments vary and may include confirmed grant funding, emergent events, new Council-directed initiatives, new legislation or regulations, and when unforeseen expenditures are deemed necessary but were not included in the approved Financial Plan.

Budget amendments and transfers are permitted under section 165(1) of the Community Charter (Financial Management). The amendments in all cases do not impact the approved taxation demand but rather result in a shift of funding from one source to another and/or shifts in expenditures within, or from one municipal purpose area to another. As part of the City's commitment to active financial management, redeployment of the forecasted surplus is considered first before other City funds are added to the annual budget. Budget transfers and amendments included in the amended financial plan are permitted under Council Policies #262 Financial Plan Amendment Policy, and #261 Financial Plan Transfer Policy.

Discussion:

The following are transfers and amendments being recommended for quarter two of 2024.

Enabling Services:

Prospera Place Improvements: In order to support a bid for the 2026 Memorial Cup, the City is committing to a number of facility related improvements to Prospera Place, including the installation of

a new video-scoreboard and audio system. Budget of \$3.8 million is requested funded from reserves, with \$100k required in 2024 and the remaining \$3.7 million in 2025/2026.

Parks & Construction Yards EV Chargers: Budget of \$270k, funded from reserves, is requested in 2024 for electric vehicle infrastructure which is required to accommodate incoming electrical vehicles at three of the City's facilities (Parks Yards, Construction Yards and Library Parkade).

Housing Accelerator Fund (HAF) Initiatives: Funding has been allocated to the seven HAF Initiatives as outlined in the grant agreement. The largest portion of the budget so far has been allocated to land acquisition for affordable housing, and the remainder has been allocated to resourcing (staffing and consulting) and infrastructure projects. Budget of \$2.1 million is requested for the anticipated 2024 expenses, not including land purchases. Details of the initiatives will be brought forward with greater detail in a separate report to council.

Local Government Climate Action Plan (LGCAP) Initiatives: In 2022, the provincial government introduced the LGCAP to provide predictable, stable, and flexible funding for local governments to use on projects that support climate actions that prepare communities for a changing climate and reduce greenhouse gas (GHG) emissions. Originally, funding was provided for a three-year period (2022-2024) and funds were disbursed from the provincial government on an annual basis. Earlier this year, funds for an additional two years (2025 and 2026) were approved, and funds for LGCAP years 2024-2026 were disbursed in an upfront lump sum payment. As presented in the informational report to council on July 22, 2024, the following projects, as well as one three-year term position, are requesting a total budget of \$410k between 2024-2027, with \$98k budget requested in 2024 from the LGCAP funding. Lawn Swap Go Electric Rebate Program with a budget of \$10k; Quail Ridge Park Wildfire Risk Reduction Prescription with a budget of \$25k; Fire Weather Monitoring Stations with a budget of \$24k; and a Term Staff Position - Climate Action Specialist with a budget of \$39k in 2024, and the remaining \$312k in 2025-2027.

Parks Capital:

Acadia Park – University South Neighbourhood: The development of the Acadia Park (University South Neighborhood Park #2) was not originally planned until 2030 but was brought forward by the developer with an opportunity to advance work to 2024. This partnership leverages municipal and DCC funds, providing efficiencies through construction, accelerates the process of park development and includes a developer contribution to the park. The partnership aligns with Council Priorities for Climate and Environment, as it will improve tree canopy in the neighborhood and protect an area of sensitive ponderosa pine/bunchgrass ecosystem. Budget of \$450k is requested funded from the DCC - Parks Development Reserve (\$204k), with the remaining amount funded from developer contributions (\$246k).

Fire Capital:

Structure Protection Unit Trailer: In 2023 the Kelowna Fire Department purchased a structure protection unit (SPU) trailer. An additional SPU trailer to enhance the fire departments' response capabilities during the wildfire season is needed with the increasing frequency and severity of wildfires in the Okanagan region posing a significant threat to homes, businesses, and critical infrastructure. An additional SPU trailer will provide the necessary resources to protect more properties simultaneously, reducing potential damages and ensuring community safety. Budget of \$232k is requested funded from fire reserves for the equipment to be operational prior to the 2025 wildfire season.

Vehicle Safety Upgrade: The City has recently identified an emerging safety concern with the vehicles of the Fire Chief Officers (five vehicles). The effectiveness of the emergency lighting packages installed on the vehicles does not align with the heavy traffic conditions within the city. Due to the safety nature of this issue, and the requirement to bring the vehicles up to a recognized standard, a budget redeployment is requested of \$26k to allow for these important changes. The \$26k originally designated for an additional digital fire training screen is no longer required.

Sports & Recreation:

Island Stage Rejuvenation: Staff are in the design stage for the Island Stage Rejuvenation project and recommend an increase of scope to the project to enhance the stage cover and address increased costs of moving the stage back and filling in portions of the lagoon. Construction is anticipated to commence at the end of August 2024 to alleviate the impact on tourists and is scheduled to be completed by Q2, 2025. The project has approved 2024 budget of \$1.25 million and spending of \$24k to date. Additional budget of \$400k is requested funded through redeployment of anticipated surplus from this service area.

Transportation Capital:

With an increase in housing construction, development cost charges (DCC's) have also increased, resulting in greater availability of funding for transportation infrastructure. The Transportation Accelerator Program (TAP) is a strategic initiative to accelerate the delivery of transportation projects across the city. Its goals include supporting growth, enhancing mobility and safety, improving access, optimizing the use of Development Cost Charges, and exploring alternative approaches to procurement to expedite construction. Initiating these projects now instead of in the future also serves to avoid inflationary costs. TAP is a collection of transportation projects identified for design and delivery sooner than identified in the 10-Year Capital Plan. Any funding above the DCC amounts will be through reserves or the Community works fund. The following are projects identified for acceleration in 2024:

Lakeshore 4: A number of active developments on Lakeshore Rd between Richter St and Lanfranco Rd are currently under construction and will urbanize their street frontages over the next 12 months. Budget of \$1.1 million is requested to be advanced to take advantage of efficiencies with existing development work, and purchase remaining land need to deliver the planned project. The total project cost is \$4.76 million as approved in the 10-Year Capital Plan with completion estimated to be 2030.

Lakeshore 2 & 3: Preliminary design is underway and is expected to be completed fall of 2024. The project team has taken steps to accelerate preliminary design to accommodate advancing construction in the 10-Year Capital Plan, as part of the TAP. There is an opportunity to initiate detailed design work in 2024 to inform project scope, permitting, land acquisition needs to advance the construction timeline. The project has approved 2024 budget of \$130k and spending of \$49k to date with the total project cost of \$9.7 million approved in the 10-Year Capital Plan. Additional budget of \$100k is requested to advance detailed design in 2024.

Glenmore 5: Construction and replacement of a sanitary sewer on Glenmore between Union and Snowsell is planned in 2025. This work will require disturbance to the existing roadway and is an opportunity to coordinate with planned transportation upgrades / widening to the same section on Glenmore. A coordinated approach concurrent with utility upgrades will reduce impacts to residents and road users over the long term. The total project cost of \$2.47 million was approved in the 10-Year Capital Plan. Additional budget of \$450k is requested to advance detailed design in 2024.

Hollywood 7: A priority project identified to facilitate growth in Kelowna, at UBCO and at YLW. With the final steps of the Agricultural Land Commission (ALC) exclusion being completed, this project can be advanced. This project will upgrade and extend Hollywood Rd from John Hindle Dr to Sexsmith Rd. Improvements include the development of a suburban major arterial roadway and intersection upgrades at Academy Way. This is one of a series of projects planned to develop Hollywood Rd as a continuous arterial corridor between Airport Way and Highway 97 and will facilitate access to the future Transit Operations and Maintenance Facility. The total project cost of \$22.7 million was approved in the 10-Year Capital Plan. Budget of \$500k is requested to advance detailed design in 2024.

Burtch 2: This project will upgrade and extend Burtch Rd from Denver to KLO Rd. Improvements include the development of a suburban major arterial roadway, protected bike lanes and intersection upgrades at KLO. This is one of a series of projects planned to improve access to growth areas in the south of the city. The total project cost of \$11.4 million was approved in the 10-Year Capital Plan. Budget of \$500k is requested to advance detailed design in 2024.

Water Capital:

Agriculture Water Infrastructure Fund Stream 2 Grant: Construction of a new balancing reservoir in Southeast Kelowna has an estimated cost of \$5.97 million. Pending approval of the \$2 million Agricultural Water Infrastructure Fund grant this fall, the design of the reservoir will cost \$150k in 2024, with the remaining \$5.82 million to be requested for 2025 and 2026 once the grant is received. This project moving forward is contingent on grant approval.

Internal Circulation:

Active Living & Culture
Communications
Infrastructure
Partnerships & Investments
People & Protective Services
Planning, Climate Action & Development

Legal/Statutory Authority:

Community Charter section 165

Considerations not applicable to this report:

Legal/Statutory Procedural Requirements:

Existing Policy:

Financial/Budgetary Considerations:

Consultation and Engagement:

Communications Comments:

Submitted by:

J. Jean, Budget Supervisor

Approved for inclusion: J. Sass, CA, CPA Director of Financial Services

cc: M. Antunes, CPA Financial Planning Manager

Attachment:

1. Quarter two Amendment to the 2024 Financial Plan Presentation