



City of
Kelowna

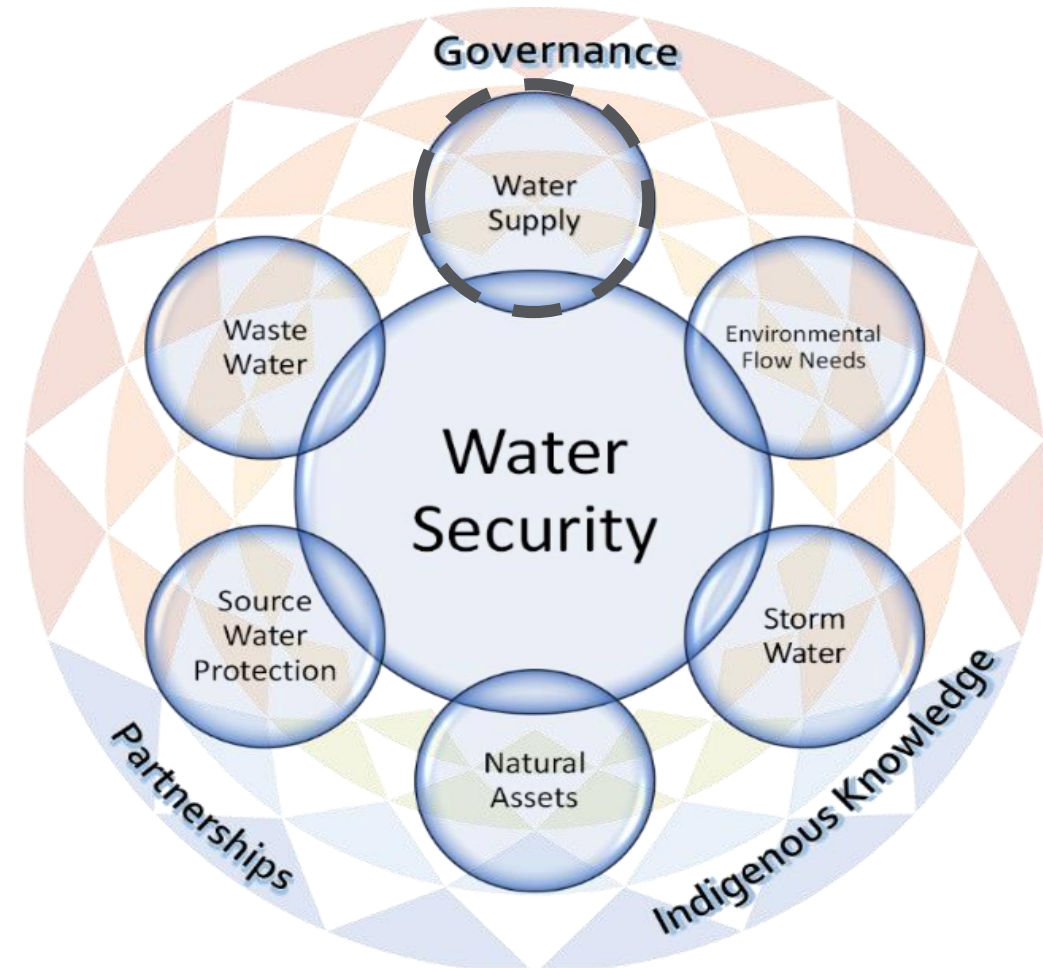
Water Utility 2025 Budget

October 28th, 2024

Water Security

Principles

1. All residents and water users in the City must have a safe, affordable, resilient and sustainable supply of high-quality drinking water and a reliable supply of water for agriculture
5. Okanagan Lake and upland watersheds remain a source of high-quality drinking water
9. The City works in partnership with other water providers and government agencies to ensure water security



The six water sectors outlined in the City's Water Security Planning Process

Utility Overview

- ▶ Potable treatment includes ultraviolet and chlorine disinfection
- ▶ A non-potable system with lake reservoirs and 16 licensed dams
- ▶ Distribution system of
 - ▶ 638 km watermain
 - ▶ 20 Booster pumping stations,
 - ▶ 24 water reservoirs,
 - ▶ 87 pressure reducing stations
 - ▶ 2,435 fire hydrants
 - ▶ 20,000 service connections



The Utility is supported by 48 FTE positions including field staff and internal support



Water Utility

▶ Key accomplishments

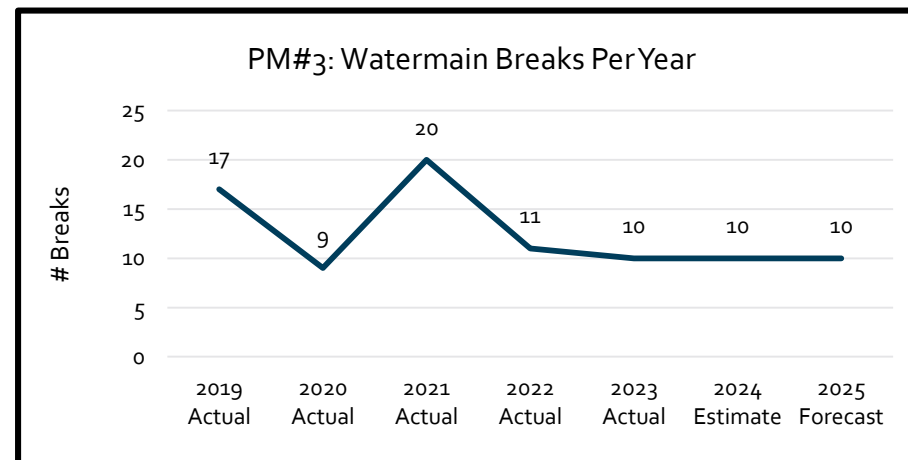
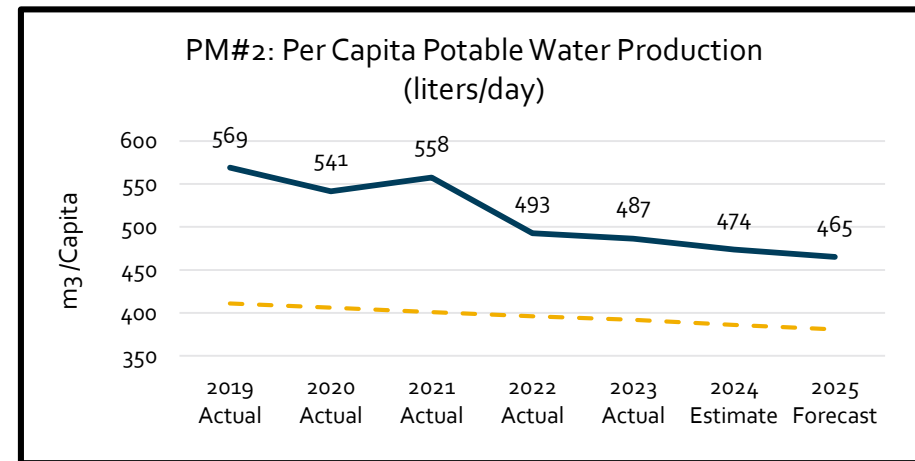
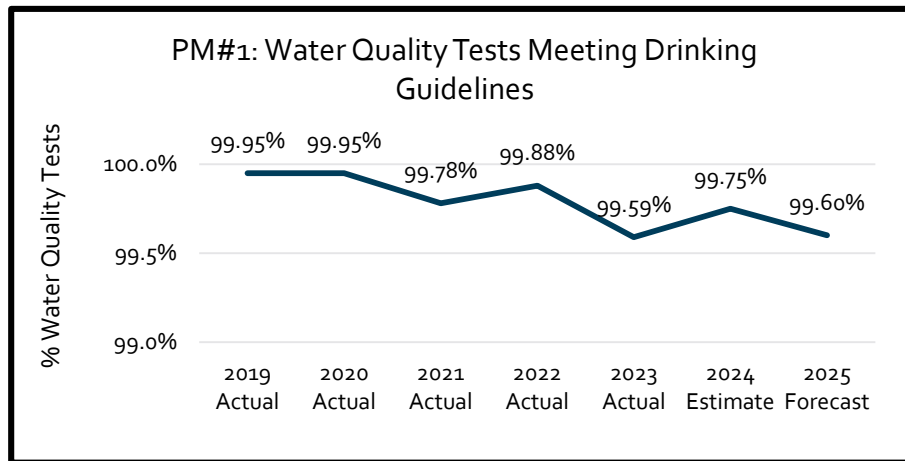
- Ultraviolet Light Disinfection Facilities: Mitigate impacts from a UV lamp failure. Poplar point complete, remaining stations complete in by end of 2025.
- Turtle Lake Dams: Assessment and mitigation of a potential dam failure was completed in 2023. The lake was safely lowered to reduce the risk of failure and a project to remediate the dam is being planned. Design of the remediation is expected to commence late in 2024 and continue into 2025
- Summit Reservoir: One additional reservoir was constructed in 2024 to serve the north part of the City

Water Utility

▶ Continuous improvements

- Staff are committed to continuous improvement and assess our systems and infrastructure to look for improvement opportunities.
 - PRV Condition Assessment and Program Development
 - Non-Potable System Assessment
 - Risk Assessment and contingency planning for critical assets and systems (telemetry and communications)
 - Council approval and implementation of a holistic Water Security and Responsibility Plan
 - Interconnectivity planning with Improvement Districts

Water Utility Performance measures

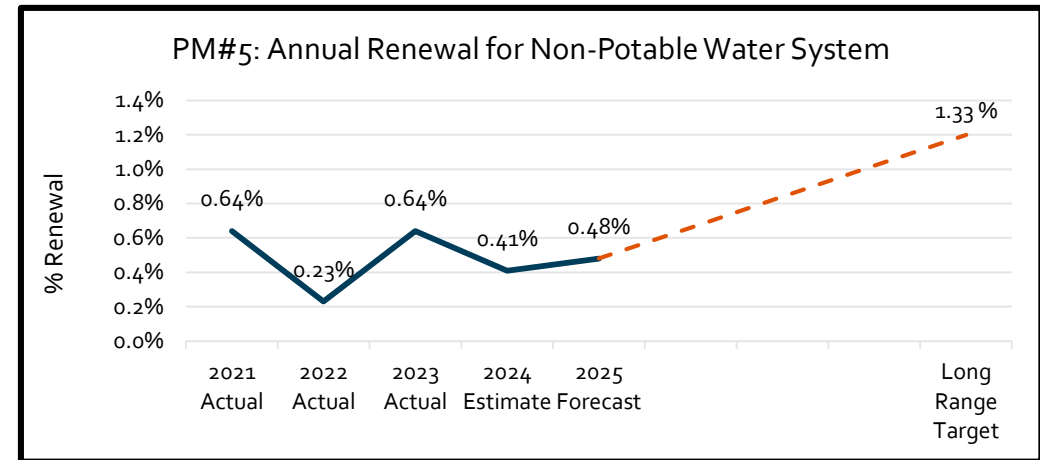
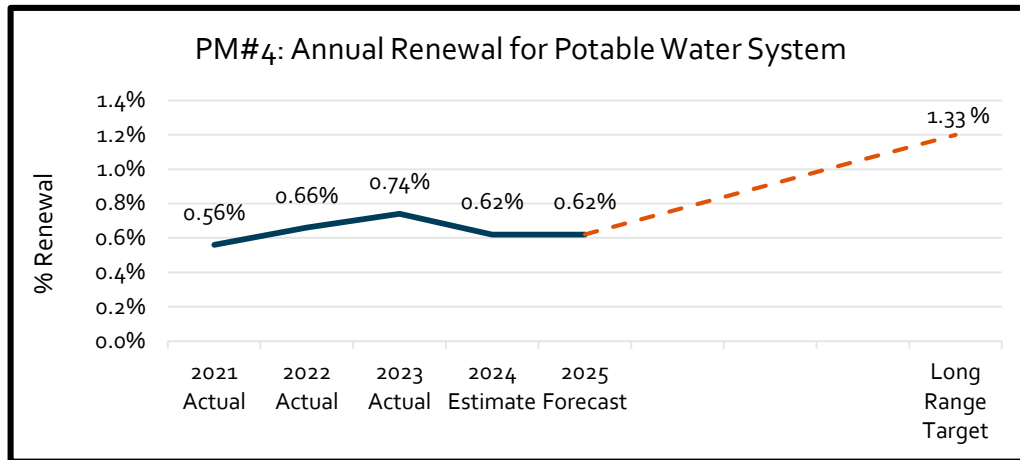


Challenges and Drivers

- ▶ Similar cost pressures remain for the Utility:
 - ▶ Asset age and renewal rates
 - ▶ Rising operating costs
 - ▶ Construction inflation

Water Utility

Performance measures (continued)



Growth & Expansion

- ▶ Glenmore Ellison Improvement District Transfer:
 - ▶ Provincial Order in Council will transfer all GEID assets and operations to the City as of January 1, 2025
 - ▶ Independent operation of GEID will continue to January 2028
 - ▶ Goal of merging rates and rate structure by end of 2027
- ▶ Very high community growth rates
 - ▶ Expedite supply planning
 - ▶ GEID merger allows more options

Other Utility Challenges

▶ Water Quality:

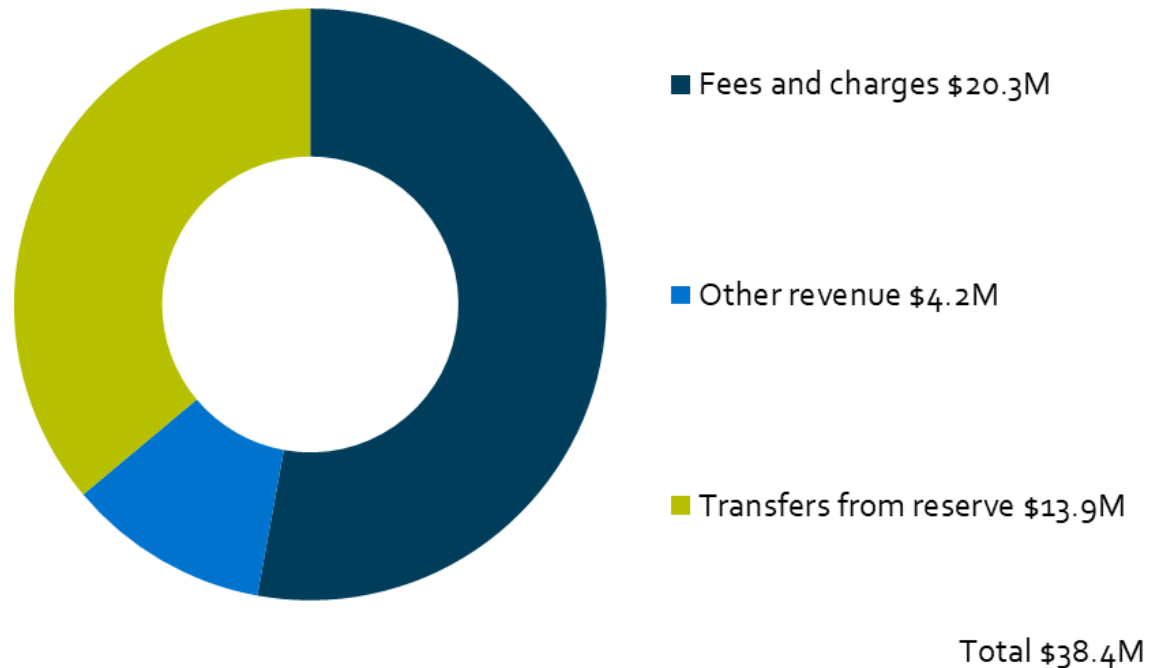
- ▶ Filtration treatment exclusion as approved in 2010
- ▶ Continue to meet all provincial requirements
- ▶ Maintain lake water quality
- ▶ Changes and pressures on water quality could affect this excursion and require a water filtration treatment facility in the 100's of millions of dollars

▶ Organizational Requirements:

- ▶ Operations staff are currently working out of two locations which are fully maximized and require facility upgrades / expansion

Water Utility Budget overview

Funding strategy



Note: Totals may not add due to rounding

Water Utility

Expenditure budget overview

Annualization of previously approved budget requests

2024 Revised budget	\$35.872 M
2023 & 2024 Adjustments	(\$17.707) M
2025 Starting budget	\$18.165 M

▶ Drivers for change:

- Removal of 2024 one-time capital and operating budgets
- Removal of 2024 carryover capital and operating budgets
- Annualization of 2023 & 2024 operating requests

Water Utility

Expenditure budget overview

2025 Recommended budget

2025 Starting budget	\$18.165 M
Maintaining current service level	\$10.769 M
	\$28.934 M
Enhancing service level	\$9.508 M
	\$38.442 M

▶ Drivers for change:

- GEID integration
- Potable water network & facilities programs and enhancements
- Non-potable water network & facilities programs and enhancements

Water Utility

Operating requests (\$thousands)

Priority 1

Description	2025	2026	2027	2028	2029
Water Efficiency Program Enhancements	61	119	119	119	119
Water Distribution Operations Enhancements	100	100	100	100	100
Water Operations - Growth	153	272	272	272	272
Operating Requests Priority 1 Total	314	491	491	491	491

Water Utility

Capital requests (\$thousands)

Priority 1

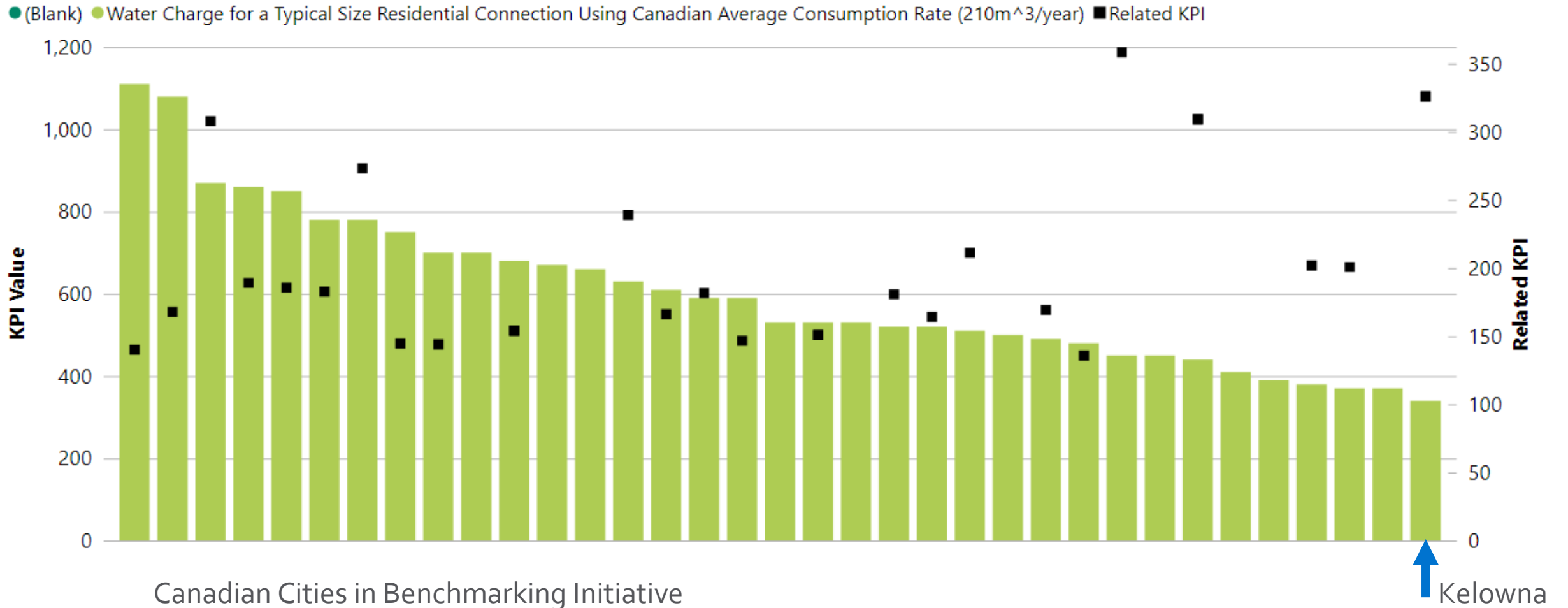
Description	2025	2026	2027	2028	2029
Programs					
Non-Potable Water Network & Facilities	1,406	2,640	2,740	3,240	3,240
Potable Water Network & Facilities	7,570	6,100	6,350	8,250	7,900
Water Treatment	1,285	400			
Projects					
Frost Rd Upgrades (w/utilities)	200	-	-	-	-
GEID Integration	3,850	600	-	-	-
KLO Bridge Replacement (w/utilities)	2,000	-	-	-	-
Non-Potable System Upgrades	400	2,000	3,300	-	-
Potable Water System Upgrades	2,897	5,450	10,500	7,450	10,000
Capital Request Priority 1 Total	19,608	17,190	22,890	18,940	21,140

* denotes capital request has operating & maintenance impacts included in the request

Rate Projections

- ▶ Funding of the capital plan has been pay as you go with higher spending years buffered with reserves
- ▶ Allowing the use of debt allows for consistent annual increase
- ▶ For 2025 an additional \$3.10 for typical single-family monthly bill
- ▶ We expect rate increases in the order of 6% - 8% for the coming years

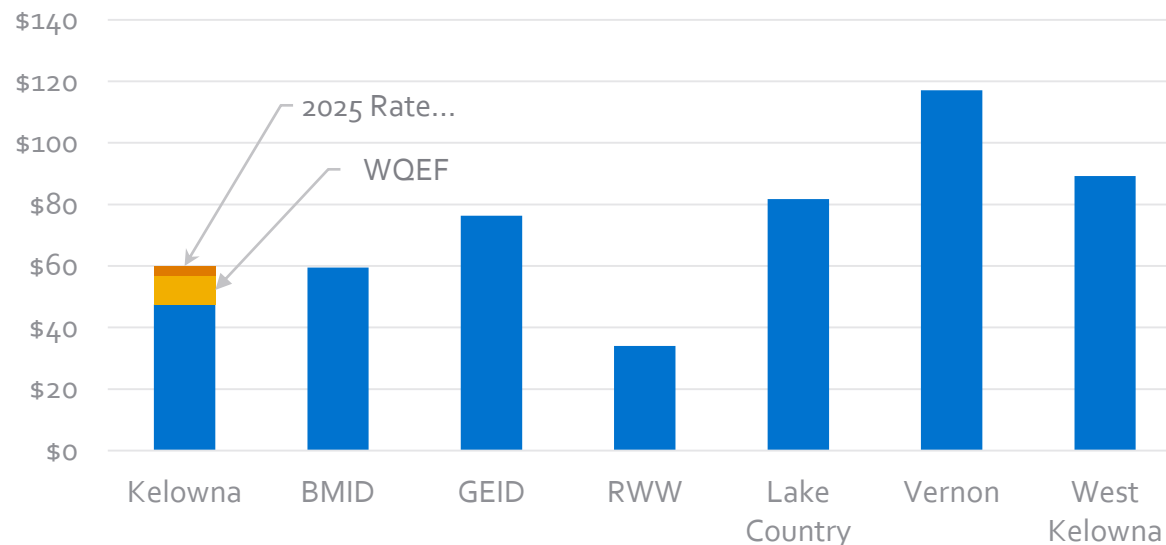
CIBI 2023 Water Charge for Residential Connection using 210 cm³/year (Cdn Average)



2025 Water Utility Rates

- ▶ Water rates for 2024 and 2025 were adopted by Council in 2023
 - ▶ Annual rate increases of 6% to consumption and user rates
 - ▶ The utility's rates are low in comparison to other Okanagan water purveyors

2024 Single Family Monthly Water Rates
(based on 40 m³ of usage)





Questions?

For more information, visit kelowna.ca.