



FINANCIAL PLAN

Kelowna, BC Canada
Final Budget

2025

Volume 3



Report to Council



Date: April 28, 2025

To: Council

From: City Manager

Subject: 2025 Financial Plan – Final Budget Volume

Department: Financial Services

Recommendation:

THAT Council adopts the 2025-2029 Financial Plan.

AND THAT Council approves the formulation of 2025 Property Tax Rates that will raise the required funds in 2025, from General Taxation, in the amount of \$204,274,126 resulting in an average net property owner impact of 4.34 per cent.

AND THAT Bylaw No. 12770 being the Five-Year Financial Plan 2025-2029 be advanced for reading consideration.

AND THAT Bylaw No. 12771 being the Tax Structure Bylaw, 2025 be advanced for reading consideration.

AND THAT Bylaw No. 12772 being the Annual Tax Rates Bylaw, 2025 be advanced for reading consideration.

AND THAT Bylaw No. 12773 being the DCC Reserve Fund Expenditure Bylaw, 2025 be advanced for reading consideration.

AND THAT Bylaw No. 12774 being the Sale of City Owned Land Reserve Fund Expenditure Bylaw, 2025 be advanced for reading consideration.

AND THAT Bylaw No. 12775 being the Density Bonusing for Public Amenities and Streetscape Reserve Fund Expenditure Bylaw, 2025 be advanced for reading consideration.

AND FURTHER THAT Bylaw No. 12776 being the Septic Removal Specified Area Reserve Fund Expenditure Bylaw, 2025 be advanced for reading consideration.

Purpose:

To present the 2025 Final Budget Volume submissions, the 2025-2029 Financial Plan, and related bylaws to Council for their consideration and approval.

Background:

Council approved the 2025 Financial Plan – Preliminary Volume on December 5, 2024 and the addition of the 2025 Financial Plan – Carryover Budget Volume on March 10, 2025. The 2025 Financial Plan - Final Budget Volume includes emergent, legislated or Council directed requests. The three volumes provide the 2025 portion of the 2025-2029 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 2025 Final Budget as proposed, reflects a net municipal property tax increase of 4.34 per cent, which is unchanged from the Preliminary Budget tax requirement approved in December 2024.

A tax rate increase of 4.34 per cent means the owner of a residential property with an average assessed value of \$970,134 will pay \$2,592 which is an increase of \$108 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: M. Antunes, Financial Planning Manager

Approved for inclusion: J. Sass, General Manager, Corporate Services

Attachment:

Attachment A: 2025 Financial Plan – Final Budget Volume
Attachment B: 2025-2029 Five-Year Financial Plan

FINANCIAL SUMMARIES

The 2025 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, 2025 Preliminary Volume and the 2025 Carryover Volume, to create the 2025 Financial Plan and the 2025-2029 Five-Year Financial Plan.

The 2025 Financial Plan results in a Final Tax Demand of \$204.3M. This represents a decrease of \$440k relative to the Council approved 2025 Preliminary Financial Plan, and a decrease of \$440k of taxation revenue from new construction.

The impact to the average property owner is 4.34 per cent.

FINAL BUDGET SUMMARIES

Analysis of tax demand

The 2024 final tax demand was \$191.2M and had a 4.72 per cent net property owner impact. The final 2025 taxation demand has increased by 6.83 per cent over 2024 for a total gross tax demand increase of \$13.1M.

<i>\$ thousands</i>	2024	2025	Change	% change
Taxation demand	191,220	204,274	13,054	6.83%
New construction tax revenue	(6,260)	(4,760)	1,500	(23.96%)
Net property owner impact	4.72%	4.34%		(0.38%)
Municipal impact	3.72%	3.34%		(0.38%)
Public Safety Levy impact	1.00%	1.00%		0.00%

Note: Totals may not add due to rounding

The tax demand established at Preliminary Budget was \$204.7M. The estimated new construction revenue was \$5.2M, based on BC Assessment preliminary roll information, resulting in a 4.34 per cent net property owner impact. Final new construction revenues, based on the revised assessment roll, decreased by \$440k to \$4.8M. The gross tax demand for Final Budget has decreased to \$204.3M, resulting in a net property owner impact of 4.34 per cent.

<i>\$ thousands</i>	Preliminary	Final	Change	% change
2025 Taxation demand	204,714	204,274	(440)	(0.21%)
New construction tax revenue	(5,200)	(4,760)	440	(8.46%)
Net property owner impact	4.34%	4.34%		0.00%
Municipal impact	3.34%	3.34%		0.00%
Public Safety Levy impact	1.00%	1.00%		0.00%

Note: Totals may not add due to rounding

Financial Plan summary

The City of Kelowna's total 2025 annual budget is \$908.0M when including all funds. The following table reports the actual results for the year ending 2023, the revised budget as of October 2024, and the proposed final budget for the 2025 Financial Plan year.

<i>\$ thousands</i>	Actual 2023	Revised 2024	Final 2025
Revenue			
Property tax	176,631	191,220	204,274
Parcel tax	4,544	4,441	4,368
Fees and charges	188,302	179,043	198,594
Grant	28,131	44,864	37,180
Other revenue	63,145	68,337	95,132
Transfer from reserve			
Special (Stat reserve) funds	36,935	89,078	122,341
Development cost charges	40,776	61,375	88,870
Accumulated surplus	189,078	218,293	157,209
Total revenue	<u>727,542</u>	<u>856,652</u>	<u>907,968</u>
Expenditure			
Salaries and wages	119,222	130,545	146,371
Material and other	97,396	116,196	122,397
Contract services	103,331	109,951	122,830
Debt service	11,657	11,180	11,070
Capital expenditure	174,161	415,457	420,154
Transfer to reserve			
Special (Stat reserve) funds	44,136	32,556	35,724
Development cost charges	3,221	—	—
Accumulated surplus	167,297	40,767	49,421
Total expenditure	<u>720,421</u>	<u>856,652</u>	<u>907,968</u>
Total surplus (deficit)	7,121	—	—
<i>Surplus breakdown</i>			
<i>General fund</i>	225		
<i>Utility fund</i>	6,897		

Note: Totals may not add due to rounding

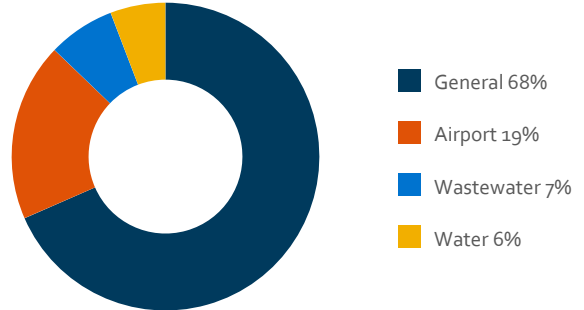
Comparative figures have been reclassified to align with the current period's presentation.

Revenue by fund

The total revenue budget is \$908.0M with \$487.8M from operating sources and \$420.2M from capital sources.

The table below presents the dollar value of the revenue budget for each of the City’s four funds. The proposed Financial Plan year is separated by operating and capital revenue, and includes the prior year’s carryover amounts. The graph illustrates the 2025 revenues for each fund, visually depicting the comparison between each one.

\$ thousands	Actual 2023	Revised 2024	Final 2025	
			Operating	Capital
General	573,495	550,626	369,045	255,277
Airport	82,452	206,046	74,546	93,820
Wastewater	42,059	64,108	18,452	44,664
Water	29,537	35,872	25,771	26,393
Subtotal			487,814	420,154
Total	727,542	856,652	907,968	



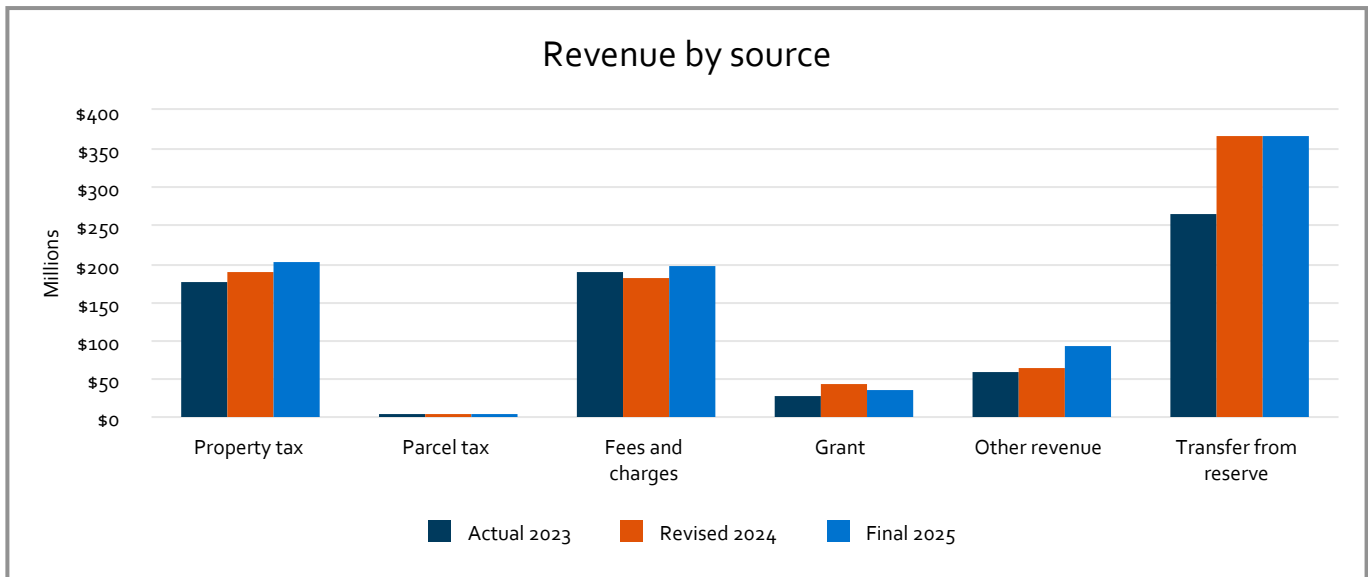
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Comparative figures have been reclassified to align with the current period's presentation.

Total \$908.0 M

Revenue by source

The graph below presents the same operating and capital revenue information as above at the revenue source detail level.



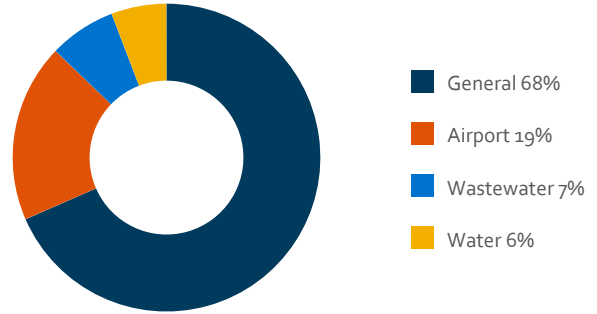
Comparative figures have been reclassified to align with the current period's presentation.

Expenditures by fund

The total expenditure budget requirement is \$908.0M with \$487.8M for operating needs and \$420.2M for the 2025 capital program.

The table below summarizes the total operating and capital expenditures by fund. The proposed Financial Plan year separates operating and capital expenditures, and includes the prior year's carryover amounts. The graph presents the allocation of the total 2025 expenditures between each fund.

\$ thousands	Actual 2023	Revised 2024	Final 2025	
			Operating	Capital
General	573,270	550,626	369,045	255,277
Airport	82,452	206,046	74,546	93,820
Wastewater	38,121	64,108	18,452	44,664
Water	26,578	35,872	25,771	26,393
Subtotal			487,814	420,154
Total	720,421	856,652	907,968	



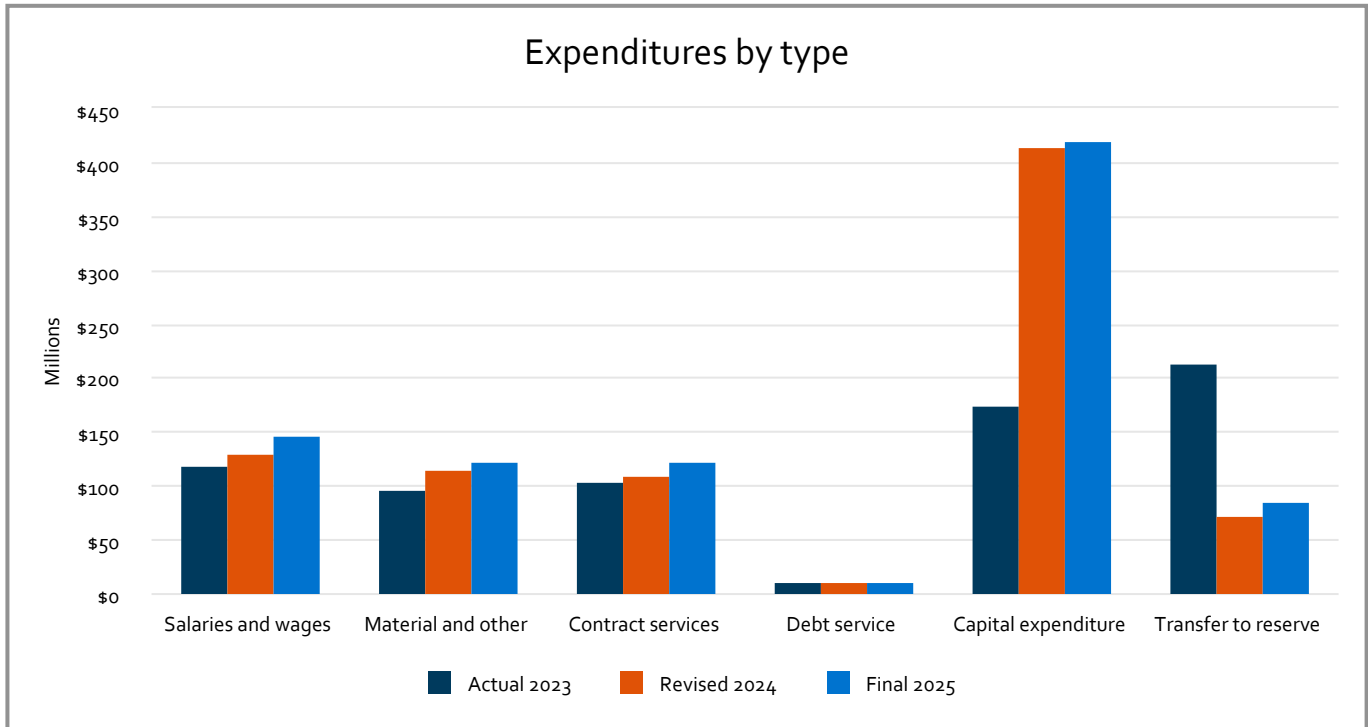
Total \$908.0 M

Note: Totals may not add due to rounding

Comparative figures have been reclassified to align with the current period's presentation.

Expenditures by type

The graph below presents the same total operating and capital information as above at the expenditure type level.



Comparative figures have been reclassified to align with the current period's presentation.

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 2025. 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 \$970,134 in 2025, as obtained from BC Assessment. The service area with the highest cost is Police Services & RCMP, at 28.8 per cent, followed by the Enabling Services at 19.6 per cent and Fire Safety at 13.9 per cent.

Service Area	\$ Cost	2025%
Arts & Culture	38.04	1.5%
Community Development	46.46	1.8%
Community Safety & Bylaw	105.67	4.1%
Development Planning	23.38	0.9%
Development Services	(72.03)	(2.8%)
Enabling Services	508.07	19.6%
Fire Safety	361.01	13.9%
Governance & Leadership	54.08	2.1%
Parking	(20.93)	(0.8%)
Parks	202.04	7.8%
Partnership Office	18.00	0.7%
Police Services & RCMP	745.53	28.8%
Solid Waste & Landfill	(2.54)	(0.1%)
Sport & Recreation	158.41	6.1%
Stormwater & Flood Protection	24.99	1.0%
Transit	119.66	4.6%
Transportation	281.75	10.9%
Total	2,591.59	100.0%

Based on the 2025 average residential property assessed property value of \$970,134

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 for the Final Budget volume. As with any planning exercise, the level of certainty and detail is most appropriately found in the current year. For the years after 2025, 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, 2025-2034 (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 2026-2029 included in the forecasted increases below:

- Growth rate of 1.40 per cent annually.
- Inflation rate of 2 per cent for most operating expenses and certain revenues; and a combined growth and inflation rate of 3.5 per cent for certain targeted expenses.
- MFA amortization schedules and estimated rates are used as a basis for projected principal and interest where applicable.
- Approval to borrow for all priority one capital projects funded through debt as presented in the Council endorsed 10-Year Capital Plan, 2025-2034.
- There is no change in current service levels except as provided for in the capital program.
- Reserve funding is used for one-time operating and capital programs to reduce the requirement for increased taxation.

Additional details on all assumptions are provided in the Five-Year Financial Plan (2025-2029).

<i>\$ thousands</i>	2025	2026	2027	2028	2029
Taxation demand	204,274	217,396	232,130	246,538	261,835
New construction tax revenue	(4,760)	(3,999)	(3,946)	(4,162)	(4,374)
Net property owner impact	4.34 %	4.47 %	4.96 %	4.41 %	4.43 %
Municipal Impact	3.34 %	3.47 %	3.96 %	3.41 %	3.43 %
Public Safety Levy Impact	1.00 %	1.00 %	1.00 %	1.00 %	1.00 %

Note: Totals may not add due to rounding

For the City’s Five-Year forecast for all funds revenues and expenditures for 2025-2029 and detailed service area information see the Five-Year Financial Plan section of the 2025 Financial Plan.



SUMMARY OF REQUESTS

Final Budget - Priority 1

(\$ thousands)	Project Amount	2025	2026	2027	2028	2029	Operating/ Capital
Airport							
Airport - Canada Border Services Agency Expansion	1,750	1,750	—	—	—	—	Capital
Airport - Terminal Base Building Servicing	500	500	—	—	—	—	Capital
Airport Requests Total	2,250	2,250	—	—	—	—	
Water Utility							
Glenmore-Ellison 2025 Operating Budget		5,032	5,032	5,032	5,032	5,032	Operating
Glenmore-Ellison 2025 Capital Budget	2,485	2,485	—	—	—	—	Capital
Water Utility Requests Total	2,485	7,517	5,032	5,032	5,032	5,032	
Solid Waste & Landfill							
Solid Waste Equipment		400	—	—	—	—	Capital
Operating and Maintenance Impacts from Capital Requests		(10)	(41)	(41)	(41)	(41)	Operating
Solid Waste & Landfill Requests Total	—	390	(41)	(41)	(41)	(41)	
Governance & Leadership							
Rise Memorial		75	—	—	—	—	Operating
Governance & Leadership Requests Total	—	75	—	—	—	—	
Enabling Services							
Transmission of Taxes - BIAs and Other Governments		161,574	—	—	—	—	Operating
New Construction Revenue Update		—	—	—	—	—	Operating
Enabling Services Requests Total	—	161,574	—	—	—	—	
Requests Total		171,806	4,991	4,991	4,991	4,991	

2025 Final Request Details

Service Area:	Airport	Priority 1	Enhance CAPITAL ONE-TIME FINAL
Title:	Airport - Canada Border Services Agency Expansion		FINAL

Justification:

A Core Service review of the Airport's customs facilities has identified a space shortcoming in meeting the required Canada Border Services Agency (CBSA) Functional Statement of Requirements (FSOR) standard. This emergent budget request is to facilitate an expansion of the customs secondary inspection facilities to meet the CBSA FSOR in order to maintain compliance with federal regulations and to accommodate the Airport's continued growth in international arriving flights and passenger levels.

Strategic Direction:	Crime & Safety - Public safety resources keep pace with growth							
Year	Cost	Reserve	DCC Reserve	Borrow	Grant	Other Revenue	Utility	Taxation
2025	1,750,000	(1,750,000)	—	—	—	—	—	—

Service Area:	Airport	Priority 1	Enhance CAPITAL ONE-TIME FINAL
Title:	Airport - Terminal Base Building Servicing		FINAL

Justification:

This emergent budget request is to provide the base building servicing for a new restaurant within the departures room in the expanded air terminal building and to facilitate the opening of the new restaurant to align with the completion of the terminal building expansion. The Airport's concessionaire tenant lease negotiations are nearing finalization, and discussions and due diligence have confirmed the viability of the location, which meets the circulation and seating requirements. This compelling opportunity will allow the Airport to generate additional non-aeronautical revenue and has an estimated payback period of under two years.

Strategic Direction:	Economy - Priority sectors for economic diversification are supported							
Year	Cost	Reserve	DCC Reserve	Borrow	Grant	Other Revenue	Utility	Taxation
2025	500,000	(500,000)	—	—	—	—	—	—

2025 Final Request Details

Service Area: Water Utility	Priority 1	Enhance OPERATING ON-GOING FINAL
Title: Glenmore-Ellison 2025 Operating Budget		

Justification:

Budget is requested to include the transition of the Glenmore-Ellison Improvement District (GEID) operations in the 2025 Financial Plan. The GEID Base Budget was approved by a GEID Board resolution on Dec 12th, 2024. A Memorandum of Understanding was signed on March 12th, 2024, documenting an agreement for the transition of the Glenmore-Ellison Improvement District to the City of Kelowna. GEID was dissolved on January 1st, 2025, as per the Provincial Order-in-Council #343/2024 approved on June 17th, 2024.

Strategic Direction:		Other -Supports Base Business						
Year	Cost	Reserve	DCC Reserve	Borrow	Grant	Other Revenue	Utility	Taxation
2025	5,032,200	—	—	—	—	(6,269,100)	1,236,900	—
2026	5,032,200	—	—	—	—	(6,269,100)	1,236,900	—
2027	5,032,200	—	—	—	—	(6,269,100)	1,236,900	—

Service Area: Water Utility	Priority 1	Enhance CAPITAL ONE-TIME FINAL
Title: Glenmore-Ellison 2025 Capital Budget		

Justification:

Budget is requested to ensure reliable water service delivery and fire protection for all customers connected to the Glenmore-Ellison Improvement District (GEID) water system. This work was identified by GEID. GEID was dissolved on January 1st, 2025 by the Provincial Order-in-Council as part of the transition to City of Kelowna.

Strategic Direction:		Other - Supports Base Business						
Year	Cost	Reserve	DCC Reserve	Borrow	Grant	Other Revenue	Utility	Taxation
2025	2,485,000	(2,485,000)	—	—	—	—	—	—

2025 Final Request Details

Service Area:	Solid Waste & Landfill	Priority 1	Maintain CAPITAL ONE-TIME FINAL
Title:	Solid Waste Equipment		

Justification:

Budget is requested to allow for the purchase of an electric loader for the Glenmore Landfill. In the 2025 Preliminary budget, \$600k was approved for the purchase of a diesel loader. An additional \$400k is requested for the electric loader, which is new in the fleet and was not available at the time of the original request. Typical lifetime of landfill loaders is 8 - 10 years, with the expected break even point on the total life cycle cost estimated at year 9. The electric loader would result in an estimated annual reduction of 62.6gtCO2 in GHG emissions.

Strategic Direction: Climate & Environment - Reduce corporate and community GHG emissions

Year	Cost	Reserve	DCC Reserve	Borrow	Grant	Other Revenue	Utility	Taxation
2025	400,000	(400,000)	—	—	—	—	—	—

Operating Impacts:

Year	Cost	Reserve	DCC Reserve	Borrow	Grant	Other Revenue	Utility	Taxation
2025	(10,100)	10,100	—	—	—	—	—	—
2026	(40,500)	40,500	—	—	—	—	—	—
2027	(40,500)	40,500	—	—	—	—	—	—

Service Area:	Governance & Leadership	Priority 1	Enhance OPERATING ONE-TIME FINAL
Title:	Rise Memorial		

Justification:

Budget is requested to support the Rise Memorial Foundation's construction and installation of the Rise Memorial at Knowles Heritage Park scheduled for completion in July 2025. The memorial will commemorate the lives lost in the crane tower collapse, highlight the importance of worker safety, and bring public amenity enhancements to the park. This community-led initiative is supported through community fundraising, provincial grants and community partners. This additional funding ensures the project is able to be completed without delay and addresses shortfall.

Strategic Direction: Other -Supports Base Business

Year	Cost	Reserve	DCC Reserve	Borrow	Grant	Other Revenue	Utility	Taxation
2025	75,000	(75,000)	—	—	—	—	—	—
2026	—	—	—	—	—	—	—	—
2027	—	—	—	—	—	—	—	—

2025 Final Request Details

Service Area:	Enabling Services	Priority 1	Maintain OPERATING ONE-TIME
Title:	Transmission of Taxes - BIAs 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) (\$17,373,600); SIR Mosquito Control (\$196,500); RDCO SIR Land Levy (\$834,000); RDCO SIR Parcel Tax (\$268,200); BC Assessment Authority (\$3,180,200); School Tax (\$109,449,500); Additional School Tax (\$3,822,300 - estimate); Kelowna Downtown BIA (\$1,335,900); Uptown Rutland BIA (\$245,400); Regional Hospital (\$16,450,600); and Okanagan Regional Library (\$8,417,700). The total amount to be collected for all other taxing authorities is \$161,573,900.

Strategic Direction:	Other -Supports Base Business							
			DCC			Other		
Year	Cost	Reserve	Reserve	Borrow	Grant	Revenue	Utility	Taxation
2025	161,573,900	—	—	—	—	(161,573,900)	—	—
2026	—	—	—	—	—	—	—	—
2027	—	—	—	—	—	—	—	—

Service Area:	Enabling Services	Priority 1	Maintain OPERATING ONE-TIME
Title:	New Construction Revenue Update		FINAL

Justification:

Recent updates to property assessed values from BC Assessment have revealed a decrease in new construction revenue, from \$5.2M to \$4.76M for the year 2025. To sustain a tax rate increase of 4.34%, reserve funding is requested to cover the gap and continue supporting the community's growth and development.

Strategic Direction:	Active Financial Management -Enhance the budget process to be more proactive and agile							
			DCC			Other		
Year	Cost	Reserve	Reserve	Borrow	Grant	Revenue	Utility	Taxation
2025	—	(440,000)	—	—	—	—	—	440,000
2026	—	—	—	—	—	—	—	—
2027	—	—	—	—	—	—	—	—