

# Report to Council



**Date:** June 23, 2025  
**To:** Council  
**From:** City Manager  
**Subject:** Capital Projects Amendment to the 2025 Financial Plan  
**Department:** Financial Services

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## **Recommendation:**

THAT Council receives, for information, the Report from Financial Services dated June 23, 2025 with respect to capital project amendments to the 2025 Financial Plan;

AND THAT the 2025 Financial Plan be amended to include budget amendments and transfers detailed in this report;

AND FURTHER THAT Council approves the design change opportunity for the redevelopment of Parkinson Recreation Centre as part of the Building Stronger Kelowna Initiative.

## **Purpose:**

To amend the 2025 Financial Plan to include capital project budget changes outlined in this report and approve a design change opportunity for the redevelopment of Parkinson Recreation Centre (RPRC).

## **Background:**

Budget amendments and transfers are adjustments 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 adjustments 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. 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:**

### Financial Plan Amendments

The following capital projects are transfers and amendments recommended to be advanced or requesting additional budget in 2025. The 10 Year Capital Plan update to Council in September will reflect any impacts or changes to future years.

#### Transit:

Rutland Park & Ride Mobility Hub, Operations Facility: The Rutland Transit Exchange project was developed in partnership between BC Transit and the City of Kelowna. It was originally identified in the 10 Year Capital Plan for completion in 2027, however; most of the project will be constructed in 2025, with a revised completion date in early 2026. Upgrades to the exchange include construction of a driver washroom/admin facility, an additional transit bay, park and ride parking, and a bicycle parking/micro-mobility hub. The project has an approved 2025 budget of \$992k, with \$134k already spent. Additional budget of \$1.56M is requested to advance work approved in the 10 Year Capital Plan originally planned for 2026-2027, funded from grant funding, reserves and redeployment of existing budget.

Rutland Network Restructuring: As part of the Rutland Network Restructure plan, bus stop construction is currently underway. Originally this project was planned to be delivered over multiple years. However, there is an opportunity to accelerate delivery and complete 15 bus stops as part of the initial phase of this project. The program has an approved 2025 budget of \$490k, with \$83k already spent. An additional budget of \$550k is requested to advance work approved in the 10 Year Capital Plan originally planned for 2026-2028, funded from reserves.

#### Transportation Capital:

Abbott DCC (Cedar to Gyro), Active Transportation Corridor (ATC): This portion of the project will advance road reconstruction and the ATC between Cedar Ave. and Walnut St. The Abbott St. ATC project has an approved 2025 budget of \$357k, with \$71k already spent in 2025. Additional budget of \$1.10M is requested to advance work approved in the 10 Year Capital Plan originally planned for 2026, funded from redeployment of existing budget, Development Cost Charges (DCC) and reserves. Works are being coordinated with the ATC extension between the new Waterfront Park and Gyro Beach by Movala development.

Kane/Valley Roundabout: As part of the roundabouts program, the required permit and design for the roundabout at Kane/Valley are complete and can be advanced to construction in 2025. Construction would coincide with the planned resurfacing of Valley Road. This project responds to several multi-family developments in the vicinity. Budget of \$2.0M is requested to advance work approved in the 10 Year Capital Plan originally planned for 2028, funded from redeployment of existing budget, Development Cost Charges (DCC) and reserves.

Sidewalk Network Program: This program aims to expand the City's sidewalk network and has a 2025 budget of \$250k. Additional budget of \$970k is requested, funded from redeployment of existing budget and reserve to advance and complete the following sidewalk projects in 2025:

- Raymer Rd - Construction (Bellevue Elementary school to McClure Rd)
- Cornwall Rd - Construction (Ziprick Rd to cul-de-sac)

- McClure Rd - Construction (Lakeshore Rd to east of Doeksen Rd)
- Clifton Rd - Design (North of Cara Glen Way to Rio Dr)

Stewart 3 DCC, Road: The North of Bedford to Dehart section of this project was originally identified in 2023. However, construction was delayed due to Agricultural Land Commission (ALC) approvals and land acquisitions. With timeline uncertainty, the project budget was allocated to reserves. ALC approvals are now in place and land acquisitions are nearing completion with the expectation that the process will be finalized concurrently with contractor procurement. Budget of \$3.90M is requested to proceed with work previously approved by Council to complete land acquisitions and begin construction, funded from redeployment of existing budget, Development Cost Charges (DCCs) and reserves. A further \$740k will be requested in the 2026 preliminary budget process with anticipated completion of this project in 2026.

#### Water Capital:

Cedar Creek Transmission: After consultation with local farms and private property owners, staff have identified improved alignment options for this installation to accommodate current development and future orchard planting. The advancement of work originally planned for 2029 will cover design of the entire mainline and installation of 250 metres of large mainline through the Sports Park along Quilchena Drive. The project has an approved 2025 budget of \$250k. Additional budget of \$1.52M is requested to advance work approved in the 10 Year Capital Plan originally planned for 2029, funded from Development Cost Charges (DCC) and the Water Utility. An updated cost estimate for the entire project will be included in the 10 Year Capital Plan update.

PRV Renewal – Non-Potable System: Following acceptance of a recently completed asset management plan of the aging non-potable water system in Southeast Kelowna, staff shifted the priority of renewal in early 2025 to replace the Reekie pressure reducing valve (PRV). The Reekie PRV is one of the largest in the system, requiring greater building and additional components than typical City installations. The project has an approved 2025 budget of \$250k with \$75k already spent. Additional budget of \$1.40M is requested to advance work approved in the 10 Year Capital Plan, originally planned for 2026, and an additional \$400k from the Water Utility to cover the additional expenses.

Royal View Transmission Mainline - Knox to Gordon: The Royal View Transmission Mainline re-design initiated in 2023 was coordinated with the Knox Mountain Transmission project, leveraging common elements around Knox Reservoir. This project is part of an early contractor engagement process, which facilitated design and lead time management for critical items. To accelerate construction of several phases of pipe in 2025 to take advantage of market and local conditions, budget of \$6.31M is requested to advance work approved in the 10 Year Capital Plan originally planned in 2026-2027, funded from Development Cost Charges (DCC) and the Water Utility.

The following capital projects are transfers and amendments anticipated to be delayed, have reduced spending or will not proceed in 2025. The 10 Year Capital Plan update to Council in September will reflect any impacts or changes to future years.

#### Transit:

Okanagan College Exchange: Detailed design on Okanagan College (OC) transit hub has been completed and staff recommend construction deferral to 2026 to align with OC construction projects. The hub at Okanagan College is situated directly over top of the utility work that OC plans to install for their new

culinary arts building. Kelowna has agreed to defer construction to 2026 to avoid reconstruction costs. A budget transfer is requested to redeploy \$300k to the Rutland Transit Exchange project.

Mission Recreation Exchange: Staff recommend pausing detailed design work to align with the advancement of the adjacent plaza design and Mission Activity Centre. The Mission transit hub will proceed in 2026 in conjunction with the planned activity centre construction. A budget transfer is requested to redeploy \$400k to the Rutland Transit Exchange project.

Transportation:

Road Network: The Ministry of Transportation has confirmed that certain turning lane work originally required on Highway 97 is not required at this time which will result in savings of \$540k in 2025. A budget transfer is requested to redeploy \$540k to support priority projects requiring funding.

Urban Centre Improvements DCC: This project has been delayed due to resource availability and prioritization of the Transportation Accelerator Program project and is now anticipated to begin in 2026. A budget transfer is requested to redeploy \$200k to support priority projects requiring funding.

Lakeshore 4: Lakeshore 4 project work is progressing and includes ongoing and planned design works and planned land acquisitions. The project has an approved 2025 budget of \$1.86M and current year spending is expected to be \$1.20M. The remaining budget will be required as part of construction in 2026. A budget transfer is requested to redeploy \$664k to support priority projects requiring funding.

Project Design Opportunity

Building Stronger Kelowna – Re-development Parkinson Recreation Centre (RPRC): As the RPRC project progresses through Detail Design, the project team has identified a strategic opportunity that adds significant long-term value for the City. By maintaining the existing roofline in a section of the RPRC, an additional 11,000 square foot third floor can be constructed in otherwise unused space. Incorporating this additional floor not only optimized construction cost efficiencies but also enhances the facility's overall utility. It will improve the flexibility and functionality of premium spaces on the first and second floors, paving a way for enriched program offerings. The new third floor creates opportunities for initiatives such as partnership collaborations and other innovative uses. This opportunity aligns with the RPRC's Council endorsed guiding principles of good stewards of public resources, people focused, innovative and continuously improving, cultivating partnerships and sustainability with new net zero space.

Approval is requested to proceed with this project design opportunity estimated at \$5.50M, anticipated to be constructed in 2027. Recommended funding is from redeployment of funding for City Hall Renovations planned for 2027. There is no impact to taxation in 2025 and the project design opportunity will be captured in the upcoming 10 Year Capital Plan update in September.

**Internal Circulation:**

Infrastructure

Partnerships & Investments

**Considerations applicable to this report:**

***Legal/Statutory Authority:*** Community Charter section 165.

**Considerations not applicable to this report:**

Legal/Statutory Procedural Requirements  
Existing Policy  
Financial/Budgetary Considerations  
External Agency/Public Comments  
Communications Comments

**Submitted by:** J. Jean, Budget Supervisor

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

cc: M. Antunes, Financial Planning Manager