

CITY OF KELOWNA

BYLAW NO. 12890

Five-Year Financial Plan 2026-2030

The Municipal Council of the City of Kelowna, in open meeting assembled, enacts as follows:

1. Schedule "A" attached hereto and forming part of this bylaw is hereby declared to be the Five-Year Financial Plan of the City of Kelowna for the period January 1, 2026 to and including December 31, 2030.
2. Schedule "B" attached hereto and forming part of this bylaw is hereby declared to be the Statement of Objectives and Policies in accordance with Section 165 (3.1) of the *Community Charter*.
3. This bylaw may be cited for all purposes as the "Five-Year Financial Plan Bylaw, 2026-2030, No. 12890".

Read a first, second and third time by the Municipal Council this

Adopted by the Municipal Council of the City of Kelowna this

Mayor

City Clerk

Schedule "A"
Financial Plan 2026 - 2030

<i>\$ thousands</i>	2026	2027	2028	2029	2030	2031 - 2033
Revenue						
Property Value Tax	217,565	233,700	250,785	268,760	287,729	1,004,672
Library Requisition	8,916	9,183	9,450	9,718	9,985	30,938
Parcel Taxes	4,036	2,984	3,009	2,804	2,830	8,649
Fees and Charges	218,383	229,842	238,696	280,108	261,855	817,951
Borrowing Proceeds	134,155	122,444	92,186	35,500	41,937	92,012
Other Sources	110,055	98,170	89,021	81,056	82,802	262,137
	693,110	696,323	683,148	677,946	687,137	2,216,358
Transfer between Funds						
Reserve Funds	164,845	96,088	85,140	74,495	83,541	220,655
DCC Funds	116,127	88,402	102,556	88,118	79,198	112,535
Surplus/Reserve Accounts	130,045	87,519	89,432	103,402	63,171	216,942
	411,017	272,008	277,128	266,015	225,911	550,132
Total Revenues	1,104,127	968,331	960,275	943,961	913,048	2,766,491
Expenditures						
Municipal Debt						
Debt Interest	4,068	9,566	13,074	17,841	19,526	69,724
Debt Principal	5,868	8,241	8,554	9,570	10,262	35,394
Other Municipal Purposes						
Airport	81,329	79,448	81,339	74,824	52,252	240,222
Arts & Culture	8,040	5,720	7,772	19,538	6,152	20,429
Community Development	4,861	4,391	4,458	4,636	4,815	15,744
Community Safety & Bylaw	11,170	11,034	10,198	10,617	11,035	36,155
Development Planning	2,674	2,791	2,908	3,025	3,142	10,280
Development Services	6,987	7,299	7,612	7,924	8,236	26,985
Enabling Services	129,885	116,365	125,864	158,633	159,750	489,675
Fire Safety	71,071	39,085	42,521	37,787	39,799	132,424
Governance & Leadership	5,004	4,938	5,149	5,360	5,572	18,254
Parking	9,222	9,102	14,423	17,943	12,114	55,438
Parks	75,759	70,839	55,630	52,127	50,061	152,358
Partnerships Office	1,828	1,547	1,613	1,679	1,745	5,718
Police Services & RCMP	76,706	81,076	84,544	88,012	91,480	299,707
Solid Waste & Landfill	32,937	29,279	27,085	28,302	31,884	80,357
Sport & Recreation	135,553	119,302	72,268	20,552	22,836	71,255
Stormwater & Flood Protection	13,768	13,784	10,123	15,683	11,554	22,614
Transit	49,313	48,105	45,801	47,868	49,918	182,969
Transportation	117,208	98,917	138,432	109,242	116,971	192,144
Wastewater	57,117	37,121	37,441	41,545	44,654	97,535
Water	85,283	63,819	58,270	57,964	36,318	114,545
	985,651	861,769	855,079	830,673	790,076	2,369,927
Transfers between Funds						
Reserve Funds	50,843	51,436	52,337	54,046	56,007	170,889
DCC Funds	—	—	—	—	—	—
Surplus/Reserve Accounts	67,633	55,126	52,860	59,243	66,965	225,675
	118,476	106,562	105,197	113,289	122,972	396,564
Total Expenditures	1,104,127	968,331	960,275	943,961	913,048	2,766,491

Note: Totals may not add due to rounding.

Schedule "B"
Statement of Objectives and Policies

In accordance with Section 165(3.1) of the *Community Charter*, municipalities are required to include in the Five-Year Financial Plan, objectives and policies regarding each of the following:

- (a) For each of the funding sources described in Section 165(7) of the *Community Charter*, the proportion of total revenue that is proposed to come from that funding source;
- (b) The distribution of property value taxes among the property classes that may be subject to taxes;
- (c) The use of permissive tax exemptions.

Funding Sources

Table 1 shows the proportion of total revenue proposed to be raised from each funding source in 2026. Property taxes and fees and charges are two of the largest sources of revenue. Both have advantages in that they are stable, relatively simple to administer and are generally understood by citizens. The City of Kelowna also utilizes funds from reserves and surplus as another main source of financial support. Reserve funds are closely managed to ensure and protect the current and future financial viability of the municipality. Other sources of revenue may be variable and fluctuate from year to year depending on the economic influences and capital programs undertaken by the City.

Objectives

- Investigate other potential funding sources and securing opportunities for additional revenues.
- Begin to decrease the municipality's reliance on property taxes and explore opportunities to increase the percentage of total revenue received from user fees and charges and senior government grants.
- Maintain a fees and charges structure whereby increases are applied on a regular basis in line with inflation, while ensuring that service levels remain competitive and affordable.

Policies

- Pursue non-property tax revenues whenever possible through applying for government grants and charging user fees at appropriate levels.
- Perform regular reviews of revenue generating areas for appropriate application of rate increases.
 - Planning and Development Fees.
 - Active Living & Culture Fees and Charges – application of BC Consumer Price Index.
 - Utility Revenues – ensure Utilities operate as self-supporting enterprise funds.
- Increase provincial and federal grant revenue through utilization of Partnerships office

Table 1: Sources of Revenue

Revenue Source	Revenue \$ (000's)	% of Revenue
Property Value Tax	217,565	20%
Library Requisition	8,916	1%
Parcel Taxes	4,036	1%
Fees and Charges	218,383	19%
Borrowing Proceeds	134,155	12%
Other Sources	110,055	10%
Reserve Funds/Accounts	411,017	37%
Total	1,104,127	100%

Distribution of Property Tax Rates

Table 2 outlines the council approved municipal tax distribution policy for 2026 and the relative proportion of tax revenues. Projected revenues from the combined residential, recreational and Non-Profit classes, provides the largest proportion of property tax revenue. This cumulative class represents the largest tax assessment base and hence utilizes the majority of City services.

Objectives

- Provide an effective tax change that is the same for all property classes.
- Ensure that business and light industry property tax ratios remain below the average of BC municipalities with populations greater than 75,000.
- Allow for a maximum ratio cap of 3:1 for the Light Industrial/Business class.

Policies

- Council will annually review and modify tax class ratios to provide an effective tax change that is the same for all classes.
- The impacts on other property classes from administering a ratio cap on the Light Industrial/Business classes will be reported to Council during the annual Tax Distribution Policy review.
- Regularly review and compare the City's relative position in terms of distribution of taxes to other similarly sized municipalities in British Columbia.

Table 2: Tax Class Ratios and Projected Revenues

Property Class	Description	2026 Tax Class Ratios	Tax Revenue \$ (000's)	2025 Tax Class Ratios
01/08/03	Res/Rec/NP/SH	1.0000:1	152,341	1.0000:1
2	Utilities	3.3316:1	887	3.6021:1
4	Major Industrial	8.0676:1	0	8.2256:1
05/06	Light Ind/Bus/Other	1.9705:1	63,577	2.0265:1
9	Farm Land	0.1892:1	12	0.2206:1
91	Farm Improvements	0.5141:1	748	0.5136:1
	Total Revenues		217,565	

Property Tax Exemptions

The City has an existing permissive tax exemption policy which guides the administration and approval of permissive tax exemptions. Some of the eligibility criteria for permissive tax exemptions that are outlined in the policy include the following:

- The applicant must qualify for an exemption under the provisions of the Community Charter.
- The organization receiving an exemption must be a registered non-profit society or registered charity, as the support of the municipality will not be used for commercial and private gain.
- The tax exemption must demonstrate benefit to the community and residents of the City by enhancing the quality of life (spiritually, educationally, socially and culturally), while delivering services economically to the citizens within the community.

In order to encourage the restoration and preservation of commercial, industrial and institutional building, properties that meet the criteria outlined in the Heritage Building Tax Incentive Program policy can receive a tax exemption.

In order to incentivize commercial and rental development, the Revitalization Tax Exemption provides qualifying properties with a tax exemptions.

Objectives

- Continue to provide permissive tax exemptions to support qualifying organizations that improve the well-being of the community.
- The municipality will continue to provide heritage and revitalization tax exemptions for qualifying properties.

Policies

- Permissive tax exemptions will be considered to encourage activities that: (a) are consistent with the quality of life objectives of the municipality; (b) provide direct access and benefit to the public; and (c) would otherwise be provided by the municipality.
- To meet the city's commitment to the ongoing restoration, preservation and maintenance of buildings and structures on its Heritage Register, eligible properties will be considered for a tax exemption.
- To support the city's revitalization program of the Downtown Urban Centre and Rutland Urban Centre, qualifying properties will be considered for a tax exemption.

The value of tax exemptions provided by Council for 2026 (based on 2025 assessment totals) is \$5,117,014. The following breaks down the total into various exemption categories and the exemption value for the category:

Places of Worship - \$ 448,415
Private schools - \$ 66,659
Hospitals - \$ 16,390
Special Needs Housing - \$ 97,467

Social Services - \$ 364,168

Public Park, Athletic or Recreational - \$ 484,006

Cultural - \$ 585,432

Partnering, Heritage or Other Special Exemptions Authority - \$ 412,428

Revitalization - \$2,642,049