

Section A

Introduction

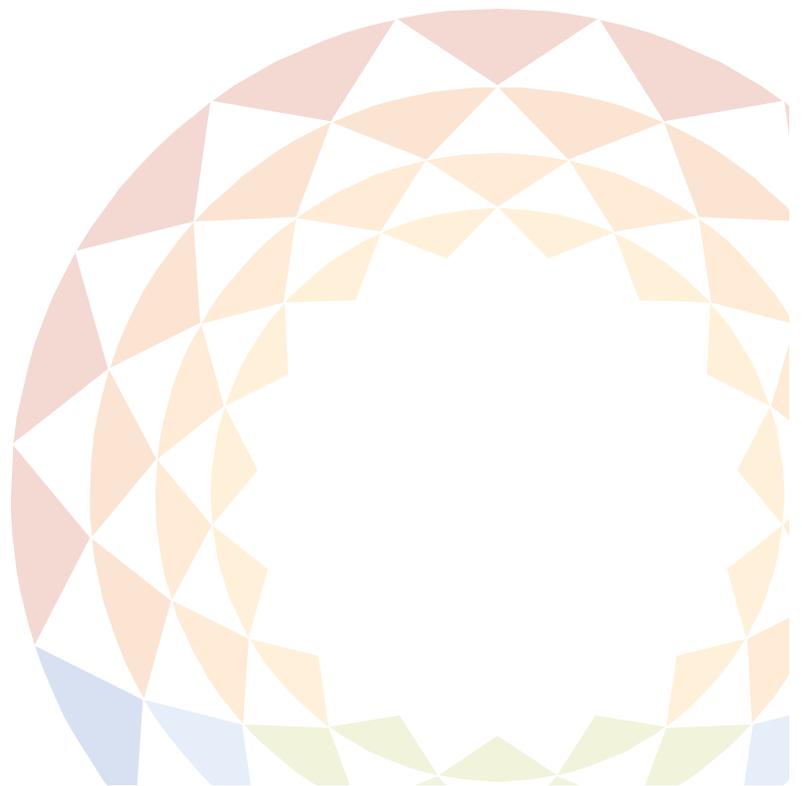


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At a glance

1.6 million passengers annually at Kelowna International Airport

325 km of designated bike lanes

1,500 public consultation participants on getinvolved.kelowna.ca

85 per cent more recycling at the Glenmore Landfill

1,500 tree seedlings planted annually by the community and the City

1.8 million annual visitors to kelowna.ca

10,000 followers on City's Twitter feed: @cityofkelowna

222 Bike to Work Week teams

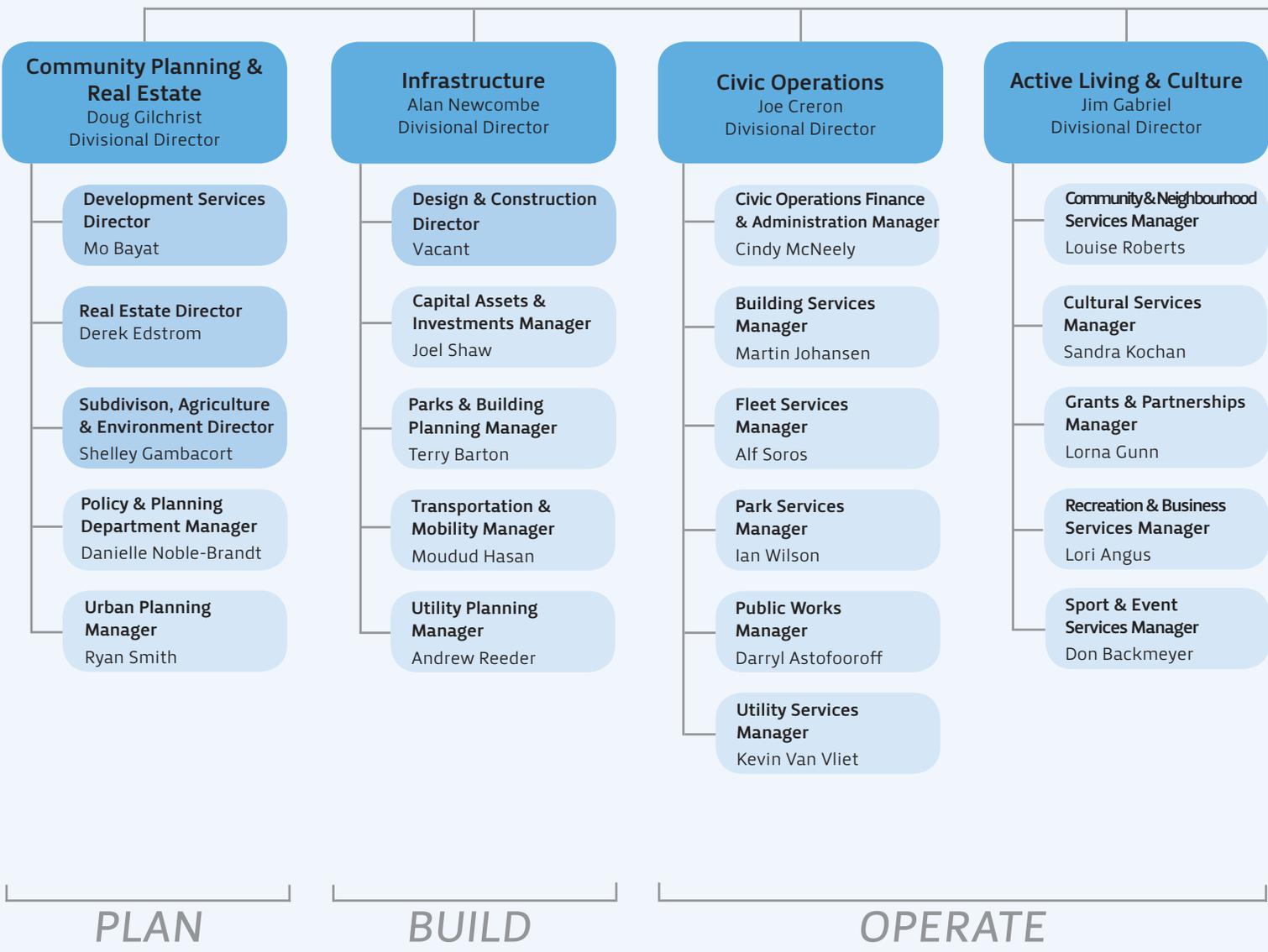
100-plus recreational, leased & rented facilities operated/maintained

1,632 km of roadway maintained

\$342 million in construction

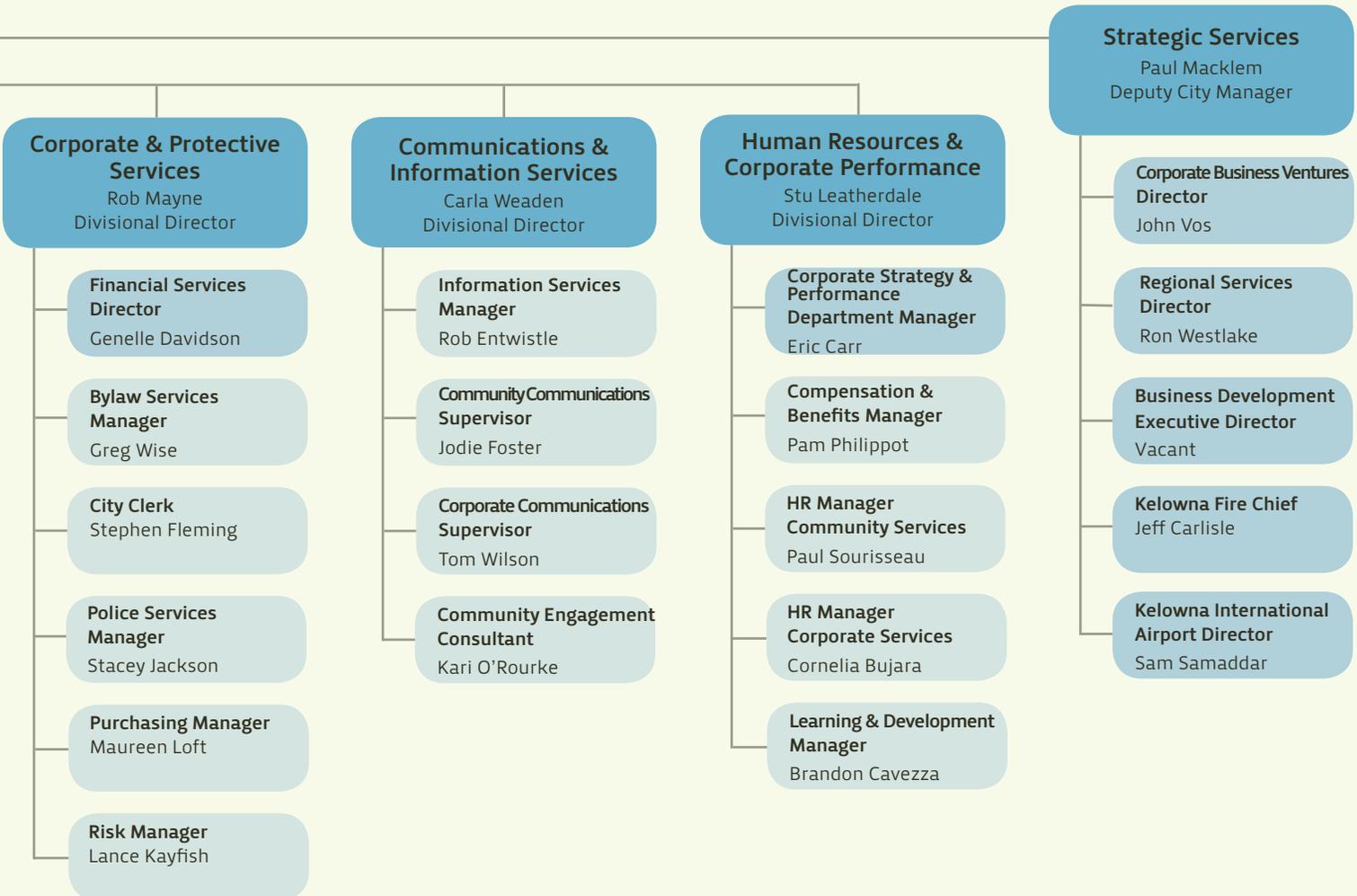
Police Superintendent
Nick Romanchuk

City Manager
Ron Macdonald



COMMUNITY

Manager
Cattiusi



CORPORATE

About Kelowna

Kelowna is the largest city in British Columbia's semi-arid Okanagan Valley. It sits on the eastern shore of 135-kilometre Okanagan Lake, mid-way between Penticton to the south and Vernon in the north.

With a population of 123,500, Kelowna has the third-largest metropolitan area in British Columbia and is one of the fastest growing cities in Canada. Every year, more than 1.5 million visitors make their way to our city from across Canada and around the world.

Incorporated in 1905, Kelowna is the economic centre of B.C.'s Southern Interior. It is the commercial hub of the Okanagan Valley, and home to regional institutions such as Interior Health Authority, University of British Columbia Okanagan, Okanagan College and British Columbia Wine Institute.

Okanagan Lake and its surrounding mountains offer myriad opportunities for outdoor enjoyment, including fishing, swimming, boating, hiking, biking and skiing. With several championship golf courses in the area and three major ski hills within a one-hour drive, it's possible to do a multitude of activities in the same day.

Kelowna's town centres feature a wide variety of facilities and amenities that support arts and culture, commerce, and active, healthy lifestyles. Growing networks of multi-use pathways, along with expanding transit service, make it easier for travellers to choose alternatives to single-occupancy vehicle trips.

The municipally owned Kelowna International Airport is expected to see nearly 1.6 million passengers through its breezeways in 2014, making it one of the 10 busiest airports in the country.

An energetic commercial community features national and independent retailers, internationally acclaimed chefs and winemakers, a growing high-tech sector and the largest concentration of media between Vancouver and Calgary.

Natural beauty abounds. Our agricultural roots as a farming and orchard community have been preserved with more than 40 per cent of land within City boundaries reserved for agricultural use. The area's semi-arid climate is ideal for the tree fruit industry and vineyards, and we produce internationally recognized wines.

Did you know?

Kelowna is the largest city in B.C.'s Interior

Vancouver is only 400 km away by car and 50 minutes by plane

Kelowna Yacht Club is the largest freshwater marina in the Pacific Northwest

Kelowna means "grizzly bear" in the language of the Interior Salish people

More than 30,000 residents were evacuated in the 2003 Okanagan Mountain Park fire

Kelowna averages 300 hours of sun in July

kelowna.ca/visitors

Strategic Planning: Moving Opportunities Forward

The City of Kelowna is guided by the Community Strategic Plan, a direction set out by City Council and the citizens of Kelowna. The Corporate Plan builds the corporate capacity necessary to deliver on City Council's directions and the goals of the community. In 2013 & 2014, City Council reconfirmed its Moving Opportunities Forward Strategic direction in its annual planning session.

Grow our economy

Council will act as a catalyst for sustained quality employment opportunities and prosperity by actively pursuing partnerships, strategic investment in municipal services and infrastructure, and re-investment in existing assets.

Enhance citizens' quality of life

Council will enhance citizens' quality of life by leveraging strong financial decisions to support social, cultural and environmental initiatives.

Focus on results

Council will ensure Kelowna progresses towards its community goals through innovation.

Deliver on our plan

Council will work with citizens, partners and applicants to move opportunities forward that create value for the community.

Proactive & pragmatic leadership

Council will focus on providing pragmatic leadership to achieve key outcomes.



2014 City-wide Accomplishments

Grow our economy

- Passenger traffic in 2014 will again set a new record with a growth rate of approximately 5% over 2013. YLW will eclipse the 1.6 million passenger traffic mark, one full year ahead of the medium range master plan forecast
- August was the busiest month in YLW history, with 152,677 passengers using the airport
- Submitted a successful bid to host the Creative City Network of Canada's annual Creative City Summit, Oct. 27-29, 2015
- Submitted grant applications for seven 2014 projects, successfully receiving \$150,000 in funding support with another \$450,000 anticipated by year-end
- Approved construction valued at \$342.32 million; the highest annual amount since 2010 and the third consecutive year of increased construction value
- Approved 304 new subdivision lots (as of end of September 2014), a 68 per cent increase over the same period in 2013
- Rezoned Capri Mall and St. Paul's Church sites for mixed-use redevelopment
- Processed Development Permit and Development Variance Permit applications for the downtown Westcorp Hotel, Interior Health building, Innovation Centre and for the redevelopment of the Pleasantvale Homes site in Kelowna's North End
- Conducted research in partnership with the Uptown Rutland Business Association to identify gaps in the retail services provided in the Rutland Business area
- Kelowna International Airport (YLW) air service development continued at a rapid pace. WestJet announced daily service to Fort McMurray, which commenced in May, and an additional flight was added to Edmonton during the summer, increasing the total number of daily flights to five. United Airlines commenced daily flights to San Francisco in September, switching from Los Angeles. Ten airlines operate at the airport with approximately 20,000 seats available on a weekly basis.
- Received the WorkSafeBC and BC Municipal Safety Association Certificate of Recognition, which carries with it a financial incentive of more than \$125,000 annually so long as it is maintained, joining the ranks of 17 other BC municipalities for excellence in occupational health & safety
- Hired 11 Co-op students in the areas of Revenue, Wastewater Treatment, Water Quality, Traffic Operations, Systems Development, Legislative Services and Human Resources, and 27 summer students in the areas of Capital Assets & Investments, Transportation & Mobility, Parks, Urban Forestry, Solid Waste, Property Management, Regional Programs and Urban Planning
- Received and coordinated responses to federal Medical Marijuana Production Regulations (MMPR) applications for facilities within City boundaries

Enhance quality of life

- Coordinated with the RCMP's Downtown Enforcement Unit to increase police presence in the downtown with foot patrols and increase bicycle patrols in adjacent parks
- Kelowna RCMP focused efforts on reducing illicit drugs on the streets through arrests and seizures, which increased drug files significantly - between Jan. 1, 2013 and Sept. 30, 2013 there were 1,199 files and during the same time period in 2014 there were 1,399 files; an increase of 16.81 per cent in one year
- Provided support to regional partners when the Emergency Operations Centre (EOC) was activated for three wildfire incidents in July and August
- Continued the Kelowna Fire Department smoke alarm campaign in mobile home parks, testing and checking to see if all homes had an alarm, and replacing or supplying smoke detectors free, as needed. Fifty-eight new alarms were installed by the department in 2014 (as of October)
- Initiated a research partnership with UBC Okanagan to explore sustainable growth options
- Completed the next phase of Rails with Trails multi-use path from Spall Road to Dilworth Drive using funding contributions from both the Federal and Provincial government

- YLW played an instrumental role in establishing ground transportation shuttle services connecting the communities from the South Okanagan to the Airport, launched in August. A further expansion of service was completed in October, extending services north to Salmon Arm.
- Approved the purchase of the Predictive Modeling/Dynamic Deployment System (PM/DDS) and delivered the first two modules
- Kelowna RCMP added the COMPSTAT model to their current Crime Reduction Strategy, which identifies crime patterns and issues, primarily through statistics and crime mapping
- Administered and distributed community-building grants, including Arts, Culture & Heritage grants totaling nearly \$515,000, Sport Grants totaling more than \$30,000 and Event & Festivals Grant totaling more than \$50,000
- Acquired a 55-acre open space park in the University Heights neighbourhood through a donation agreement with the area developer
- Purchased and replaced playground equipment at Cassiar Park, Jack Brow and Bankhead Crescent
- Crews decommissioned a dangerous and eroding rogue trail at Canyon Falls Park and built a new trail for users to reach the falls
- Completed the Knox Mountain Park - Apex Trail Restoration, City Park Tennis Courts, construction of the Waterfront Promenade as part of Stuart Park Phase 2 and Ponds Playground Partnership with the developer to build a neighbourhood playground
- Maintained 1,632 lane kilometres of roadway and inspected and repaired 423 kilometres of sidewalks/walkways
- Installed neighbourhood traffic calming on Ambrosi Road, Gibson Road, Willow Crescent and Aldon Road
- Increased sustainable transportation participation through community events and programs, such as Bike to Work Week, Bike to School, Bike Skills Rodeos at Elementary schools and Class Rides Free
- Implemented a School Travel Planning Program pilot project at a regional Elementary School that increased local ownership of active and safe routes to school by engaging school boards, municipal transportation planners and engineers, public health, police, parents, students and school staff
- Worked to reduce fleet footprint through a partnership and pilot program with OGO Okanagan Carshare, incorporated alternative fueled vehicles into fleet and assessed viability of a natural gas station. Efforts resulted in a fuel reduction of more than 111,000 litres from previous year.
- Provided clean drinking water with no drinking water notices issued in 2014 and no equipment failures interrupting supply
- Worked with the Regional District of Central Okanagan as part of its Legacy Parks Fund to help acquire the City's largest open space park at Black Mountain
- Completed the relocation of the Okanagan College KLO Road Transit Exchange and other pedestrian safety improvements
- Completed sidewalk construction on sections of Lawrence Avenue, Hardie Road, Pearson Road, Raymer Avenue and Cadder Avenue
- Successfully adopted the Council directed 'Our Rutland' project
- Developed a mobile smartphone "app" for 2014 General Local Election information and results
- Continued to expand engagement with residents on social media, including launch of service for EOC along with communications support for local emergencies
- Developed city-wide signage standards and implementation program to encourage and enhance wayfinding on Kelowna's active corridors
- Used Google Maps to improve website mapping applications, including the City road report and downtown parking inventory

Focus on results

- Initiated the Strong Neighbourhood Project, which included 22 neighbourhood engagement events, an online survey and other input from community stakeholders
- Led the Pandosy Waterfront public consultation process to determine the future plan for the area surrounding the 12 City-owned waterfront properties
- Completed a Transit Customer Utilization and Satisfaction Survey to gather feedback on performance and establish a baseline to identify areas for improvement. The survey data provides a better understanding of the market for transit services in terms of rider profile, origin and destination, and other key variables that can be used in future planning.
- Enhanced communications to deliver timely information to citizens about City of Kelowna property taxes. Efforts resulted in a 10 per cent increase in page views of kelowna.ca/propertytax during the 2014 tax season.
- Improved public access and interaction with the 2013 Annual Report with an online-only version, incorporating hyperlinks to more information, video and infographics
- Established a more focused approach with organizations operating City-owned recreation facilities, such as the Kelowna Outrigger Canoe Club Association (Kelowna Paddle Centre), Kelowna Minor Fastball Association (High Noon Ball Park) and Major Men's Fastball Association (King Stadium) and continued work with local sport organizations to enhance the City's sport delivery system
- Completed the disposition of all Central Green parcels in line with the project's sustainability goals
- Led the negotiations for a revitalized Rutland Centennial Park
- Entered into an agreement for Shaw to provide WiFi hot spots in parks and City facilities throughout Kelowna
- Partnered with the development community in the management of three joint servicing projects, including participation in a sanitary sewer system on Rio Drive, construction of sidewalk across from the Kelowna General Hospital and extension of Mayfair Road
- Opened the Glenmore Landfill's new entrance and administrative facilities in June, diverted more than 35 per cent of incoming volumes to reuse or recycling options, tied landfill gas collector lines into FORTIS Renewable Natural Gas cleansing plant and received the award for Most Improved Landfill in the Province
- Collected data in 40 locations to determine neighbourhood traffic safety issues and prioritize traffic calming requests. There was a 50 per cent increase in traffic calming service requests (estimated at 250) in 2014 compared to 2013
- Thinned, pruned and removed dead trees from 18 hectares of forested land to reduce the wildfire risk adjacent to the residential community in South East Kelowna. The project cost \$150,000 with the majority of the funding coming from the province through the *UBCM - Strategic Wildfire Initiative* and in-kind contributions from City of Kelowna and South East Kelowna Irrigation District
- Completed the Police Services Building Project alternative approval process (AAP), allowing the project to continue, and finished the process to shortlist contractors in preparation for issuing the design/build contract
- Kelowna Fire Department Dispatch began providing safety monitoring and emergency dispatch services to Westbank First Nations Law Enforcement Officers
- Configured 80 per cent of our video detection equipment to collect traffic volume data, with 'past hour' volume data available through the video stream
- Tagged 5,400 City streetlights to help in locating lamp standards for service requests
- Installed wireless pedestrian/cyclist pushbuttons in eight new locations
- Continued to reach and exceed goals in two long-running regional air quality programs - the Agricultural Wood Chipping program and Woodstove Exchange program, preventing a significant amount of wood smoke from entering our air, improving the health and welfare of Central Okanagan residents

Deliver on our plan

- Completed the final phase of Bernard Avenue revitalization project including the installation of seasonal decorations
- Completed the Drive to 1.6 Million Development program Phase 2 detailed design of the outbound baggage and concourse. Work will commence in 2015.
- Completed the City-wide Parking Management Strategy, instituted rate changes in line with the City's guiding principles and implemented the South Pandosy Parking Management plan with significant stakeholder engagement
- Established a partnership with UBC Okanagan, acquired key land parcels and completed a dyke setback design as part of our commitment to restore Mission Creek
- Completed installation of Harvey Backbone fibre optic cable that connects to Parkinson Recreation Centre and provides a backup by creating a redundant fibre ring for Kelowna's downtown core
- Implemented a Project Portfolio Management process to make sure that City resources align with Council and Corporate goals. Over the next year, we will continue to refine our Project Portfolio management expertise and focus on improving project management skills throughout the corporation.
- Completed Queensway exchange upgrades for Rapid Bus service (including a traffic circle at Queensway Avenue and Water Street) and a new transit exchange at Okanagan College in conjunction with the regional Transit Future Plan
- Completed the Adam's Reservoir UV treatment plant, ensuring that all City utility water meets Interior Health Authority's requirements
- Completed the \$2.8 million road-resurfacing program, involving 13 streets, requiring 154,000 square-meters of asphalt and including utility upgrades with 73 manholes, 47 water box adjustments and various sanitary and drainage system repairs
- Completed the upgrades on Lakeshore Road from Cook to Lexington Roads, including replacement of the bridge over Mission Creek, extension of the sanitary sewer trunk and upgrades to the water and storm drainage infrastructure
- Completed YMCA (Family "Y") renovations using the maximum federal grant approved under the Community Infrastructure Improvement Fund program and YMCA contributions towards extra works
- Completed implementation of the new #5 Gordon Drive frequent transit network and rerouting of the #8 Okanagan College to better serve the Kelowna General Hospital area
- Completed the closure of the Ellis Street truck route
- Acquired the remaining land required for John Hindle Drive through an innovative option agreement with UBC Okanagan that will not require budget from the City to complete
- Worked with the development community on the delivery of South Perimeter Road
- Operated & maintained more than 100 civic, recreational, leased and rented facilities, which included the demolition of seven City buildings (including the Yacht Club), replacing the entire HVAC system for the Rutland Boys & Girls Club and several HVAC systems at the Wastewater Treatment Facility
- Developed and implemented communication and marketing plans for ongoing City programs, including Snow Removal & Ice Control, Pesticide Free, recreation and cultural programming, and active transportation/transportation demand management
- Enhanced online public engagement through a multi-project platform at getinvolved.kelowna.ca
- Implemented Development Notice Signage and neighbour mail-out improvements to make development applications more visible and easier to understand
- Developed guiding principles for the City's Reserve and Debt Policies

GENERAL FUND HIGHLIGHTS

General Revenues

General Revenues are those revenues which, by definition and control, are not specifically attributable to or generated by any particular division within the City of Kelowna reporting structure. The General Revenue portion of the 2015 Financial Plan has been projected at \$11,719,020 as compared to \$11,762,060 for 2014, a decrease of \$43,040.

Some of the more significant changes to projected General Revenues for the 2015 budget year includes an increase of \$140,000 to the risk to roll provision to allow for adjustments that are made by BC Assessment to the assessment roll, and the franchise fees due from Fortis BC are expected to decrease by 9% or \$114,960. These changes are offset by an increase in revenue of \$200,000 from Utility Companies who pay 1% of sales revenue in lieu of property taxes that had been projected and approved by Council in 2013.

Provincial Gaming revenues budgeted at \$3.85 M are expected to remain the same for 2015. Although these revenues are 'general' in nature, they are included in the operating budget under the RCMP section as they are a conditional payment that must be allocated towards a specific program/project.

Taxation Revenues

Taxation demand, on existing property owners, represents the difference between net operating and capital requirements offset by new general and divisional revenues and additional tax revenue generated through new construction.

A large number of the capital programs are funded from existing reserves such as Development Cost Charge Reserves and Equipment Replacement Reserves and do not impact directly on the Taxation Demand.

1. **Taxation Revenue from new construction**, based on preliminary information, has been projected at **\$2,540,000** of which \$940,000 is a direct result of B.C. Assessments Desktop Review initiative undertaken in 2014. The actual new construction assessments will not be available from BC Assessment until the second quarter of 2015. New construction revenues are used to reduce the overall tax demand impact.
2. Although the overall taxation demand has increased from **\$107.7 M to \$113.9 M**, or 5.8%, the **average impact on existing property owners**, taking into consideration the revenue generated from new construction, is **3.47%**.
3. BC Assessment adopted the annual assessment cycle in 1992. While it is possible to project the average property tax increase using the overall assessment base and the revenues required to operate the City, **the impact on each individual property owner will vary** dependent on the relationship of their overall assessment change to the average. Further analysis will be required when B.C. Assessment provides the Revised Assessment Roll in the second quarter of 2015.

OPERATING EXPENDITURES AND DEPARTMENT REVENUES

Departmental operating budgets represent the total cost of operations offset by any direct revenues generated by the department through user fees, provincial contributions or reserve funds put away in prior years to fund current operations. As part of the budget process, departments perform a thorough review of operational budgets. Reductions due to service level reductions or service eliminations, additional revenue generation through fees and/or charges increases, and reductions resulting from process changes are included in the financial plan requests.

The highlights, as detailed below, are designed to provide Council with a more global overview of departmental operating budgets. However, the items highlighted do not necessarily include all items that may be of interest to members of Council, nor are they listed in order of priority. A more detailed review of the budget on January 15, 2015, will provide additional information.

2014 Financial Plan Impacts

The annualization of operating costs approved in the 2014 budget will add \$957,295 to the 2015 Financial Plan. \$74,550 has been added back into the 2015 Financial Plan for expenditure reductions approved by Council in 2014 for one time only.

In the preparation of 2015 operating requests, departments were asked to perform detailed reviews of their operational budgets. Expenditure reductions of \$670,830 were accepted into the Financial Plan to support net operating requests of \$6,859,920.

Following is a summary of the net operating impacts for 2015:

▶ 2014 Net Operating Budget	\$105,516,930
▶ Add: 2014 One-time Requests & Expenditure Reductions (Net)	74,550
▶ Add: Annualized Requests (prior years)	957,295
▶ Add: 2015 Base Adjustments (detailed in the departments)	112,570
▶ Add: 2015 Requests (operating requests & expend. reductions)	6,189,090
▶ 2015 Net Operating Budget	\$112,850,435

Salaries, Wages and Fringe Benefits

1. The current collective agreement for City of Kelowna CUPE employees covers the period of 2014 - 2018 and provides for an increase of 1.50% in 2015 that is reflected in the budget. The collective agreements covering both Kelowna Airport CUPE employees and for IBEW employees expire on December 31st 2014. Renewal negotiations for both collective agreements are expected to start in the first quarter of 2015. The agreement covering Kelowna Fire Department employees (IAFF) expired December 31, 2012 and negotiations are also expected to begin in 2015. Delays of several years in settling IAFF agreements, is common throughout the Province due to the current bargaining structure. Appropriate changes for step increases were applied and are included in department operating changes.
2. Fringe benefit load factors that are reflected throughout the divisional operating budgets will be updated in 2015.

RCMP Contract

The 2015 General Fund Police contract staffing is at **168 members** with a budgeted vacancy factor for one member. The 2015 **average cost per member** has increased from \$149,100 in 2014 to \$153,100 in 2015. This is a difference of \$4,000 per member or a 2.7% increase. The per member increase requires an additional \$656,000 for 2015. The main cost increases are in the indirect costs for pension and recruit training.

Provision of police services through the Reserve Policing and the Auxiliary programs is intended to be continued this year. The reserve program allows the department to quickly fill vacancies or staffing shortages by using a fully trained reserve officer. Both programs are especially valuable during the busy summer policing season. The reserve program does not have specific budget but is funded by vacancies within the regular member contingent, if the situation arises.

Additional Staffing - Operating Requests - All Funds

In the current economic climate, the City has been working on maintaining staffing levels and replacing vacant positions only on a priority basis. Again for 2015, vacant positions have been reduced by holding them vacant throughout 2015. Staff additions require a written justification and City Manager approval. Continuing with this philosophy, 2015 budget requests for new staff positions were required to be submitted with a full business plan prior to the determination of the priority ranking of the request.

As a result of continuing economic conditions, the City continues to adhere to controlled recruitment practices and in the 2015 financial plan there is a number of priority one requests for new staff positions. Additionally, expenditure reductions will reduce the numbers of full time and part time positions either on a permanent or temporary basis.

Within operating requests there is one one-time request and one term position request. These are: One (1) term Computer Support Technician at Police Services to assist with e-mail platform changes and the conversion to electronic document and records management system. One (1) new Energy Specialist Coordinator (12 to 18 month term) to be accountable for managing energy use, developing energy efficiency and conservation measures, updating the 2011 Corporate Energy & Emissions Plan, providing support for cultural change within the organization and quarterly reporting to the Energy Committee.

On-going operating requests are: One (1) Development Services Coordinator to manage the team of twelve (12) in the shared administration group; this request is elevating a retiring Planning Technician position. One (1) Parking Operating Coordinator responsible for responding to public service requests/petitions, assist with maintenance and enforcement, provide vacation relief for field staff and assume an acting supervisory role in the absence of the Manager. One (1) Plumbing & Gas Inspector position to provide proactive service delivery due to modest increases in construction activity forecasted for 2015 and beyond. Point six (0.6) Permanent Building Inspector/Plan Checker position to meet mandated service delivery; this request will increase a current 0.4 budgeted position and create a full time position. One (1) RCMP - Court Liaison Officer allowing for the review and timely submission of all reports to Crown Council in accordance with the law, RCMP, and Attorney General policy and guidelines. One (1) RCMP - Secretary to address the increased volume of statements requiring transcription. One (1) Transportation Planning Engineer to address the significant workload issues faced by the department to meet timely processing of development applications, capital planning and project delivery, and traffic/transportation related Service Requests.

The impacts on the budget for these positions are less than \$261,850 for 2015 because majority of funding sources are from: reserves; elevating a current position; delayed start; increased revenues; reallocated expenditures.

The Water Utility contains a \$50,000 on-going expenditure reduction for a Water Quality Technician position, which will now be managed by hiring a summer student during the high demand season and having a Storm Water Quality Technician fill in during the winter.

Six (6) additional RCMP members have been requested, three (3) of which were approved in the 2012 budget; the hiring for these positions is scheduled for May 1, therefore a one-time savings of \$306,200 has been included in the 2015 budget.

There are a number of additional wage dollars being added throughout various operating requests either on an ongoing or one-time basis. Generally these additional wage amounts result in an increase in the available hours for current and seasonal staff to work but may result in additional hires as deemed necessary due to operational needs.

Other Division and Department Operating Highlights

The financial plan includes a number of Priority 1 Operating Requests, of which \$7,106,520 is being funded from taxation. Worth noting here is that 51% of this is made up from only 3 requests - anticipated borrowing costs associated with the Lawrence Ave local area service and the new RCMP building, a provision for known or contractual obligations in other working capital of \$1,666,450 and the increase in the police services contract of \$656,000. The rest of City divisions have a total of \$3,496,190 allocated between them. In 2015, divisions have submitted expenditure reductions providing for a reduction of \$670,830. Some of the more significant changes to the divisional operating budgets for 2015 (that have not been discussed previously) are as follows:

1. Strategic Services

The **Fire Department** has increased dispatch services revenue received from the Regional District of Central Okanagan by \$82,680.

The **Fire Department** is requesting \$50,000 ongoing to cover the additional increase in overtime costs experienced over the last few years.

The **Fire Department** is requesting \$25,000 for ongoing professional and consulting services support for the Fire Department Management Software System (FDM). Systems such as the FDM Records Management Database are critical to all areas in the fire department including Suppression, Administration, and Fire Prevention.

Regional Services transit is request \$635,500 ongoing to cover transit base operating costs increases in transit management/labour, fuel, maintenance and lease fees.

2. Infrastructure

Transportation & Mobility is requesting \$200,000 as the City of Kelowna's current planning continuum calls for master planning works to be completed prior to the next Official Community Plan (OCP) update in 2017. This budget will allow completion of necessary modeling works in advance of the 2016 Transportation Master Plan development and the updated OCP. The current Transportation Master Plan dates back to 1996.

3. Community Planning & Real Estate Division

Development Services is projecting growth in 2015 revenues for the permitting and inspection area, an increase of \$400,000.

The City's **Policy and Planning** branch along with the University of BC Okanagan Campus (UBCO) and Interior Health Authority (IHA) have developed a collaboration and research partnership in order to help all three organizations understand the relationship between healthy citizens and the performance of the built environments. The Healthy City Partnership initiative requires \$30,000 on-going.

The **Policy and Planning** branch is also requesting \$50,000 in order to develop a Civic Precinct Land Use Plan. The objective of the plan is to define the vision and purpose for the Civic Precinct area that includes creating a community-focused area in the Downtown with a unique identity and sense of place.

4. Active Living & Culture Division

Canada will celebrate its sesquicentennial, the 150th anniversary of Confederation, in 2017. This milestone is a great opportunity to celebrate Canada's history, as well as build excitement for the future both on a national and local level. In order to enable the City to support community-led efforts and mobilize excitement around Canada's 150th anniversary funding of \$50,000 for the next 3 years is requested by **Active Living & Culture** to establish a program reserve.

On an ad hoc basis the City has been approached and/or sought out sponsorship and advertising opportunities to generate alternative funding for events, programs and facilities. Given the significant potential for creating additional revenues to support programs and projects within the corporation, the **Active Living & Culture** is requesting \$30,000 to engage a consultant to develop an inventory of assets and sponsorship opportunities, estimate revenue generation potential, finalize model and develop initial marketing materials.

The **Active Living & Culture** is requesting \$35,000 to engage a consultant that would assist with research and analysis of existing neighbourhood associations models, review and incorporate findings from the Strong Neighbourhood Project, facilitate community association workshops and a public consultation process, as well as to develop a final report that outlines opportunities for the relationship between the City and Community Neighbourhood Associations.

5. Civic Operations Division

The Kelowna Community Theatre was constructed in 1977 and is in need of investment to address building systems which have reached the end of service life. The **Building Services** branch of Civic Operations will be requesting \$65,000 in budget to replace the vinyl composite tile flooring. In addition the water closets, urinals and facets in the public washrooms will be replaced with hands free, low impact fixtures.

The **Public Works** branch is recommending a \$35 fee reduction to tax payers as a result of the Multi Material BC recycling program which starting in May 2014. Based on the number of customers, the result will be a parcel tax reduction of \$1,280,000 annually. The 2015 annual rate per household for the garbage/recycle program will be \$162.30 (\$197.30-\$35).

The **Public Works** branch is projecting a \$38,000 increase in electrical charges as FortisBC, per their policy, is installing meters at traffic intersections which will result in higher electricity costs for Traffic Signals.

The **Utility Services** branch of Civic Operations is requesting \$35,000 for the annual pavement replacement program which is required at the Regional Biosolids Compost Facility, to ensure that an impermeable all-weather surface is maintained in accordance with the Ministry of Environment Organic Matter Recycling Regulation. This cost will be shared with the City of Vernon (1/3) and the Wastewater Utility (2/3).

The **Parks Services** branch of Civic Operations is requesting \$85,750 to maintain new park assets, completed in 2014 and \$26,280 to maintain landscaping developed for the 2015 capital budget projects.

6. Corporate and Protective Services Division.

The **Risk Management** branch is requesting \$3,200 to ensure ongoing funding for the Material Safety Data Sheet (MSDS) management which is a legislated requirement and to cover the annual fees and maintenance for five Automated External Defibrillators located in various City facilities.

The **Bylaw Services** branch requires one-time funding of \$12,000 to purchase one set of portable truck weigh scales in order to effectively enforce overweight commercial vehicle restrictions under the current Traffic Bylaw 8120.

The **Police Services** department is requesting \$10,000 to create a marketing campaign to help reduce incidents of property crime by changing the behavior and attitudes associated with the high percentage of vehicles and homes left unlocked. More than 25% of stolen vehicles occurred because the keys have been left inside the vehicle.

In addition to the Operating Requests included in the 2015 financial plan, there are 19 **Priority 2 operating requests** totaling **\$840,100** which are not included in the budgetary totals, however they are included in the document for Council's review.

CAPITAL EXPENDITURES

2015 Capital submissions are coordinated by the Infrastructure Division with the integral involvement of all divisions with capital needs and with particular collaboration with Real Estate department, and Civic Operations Division. The Infrastructure Division is responsible for the planning component of the Capital Plan, and the Design & Construction department will design and build the projects. The Real Estate department and Civic Operations Division will be responsible for the operating function at project completion.

The Infrastructure Division uses a **multiple bottom line** approach to the Capital Program and is working toward implementing a full **total capital renewal cost** calculation for all submissions. This will help in establishing future commitments and awareness of projects being recommended.

The move toward an integrated Asset Management System began in 2012 and will continue over the next number of years. The 2012 Eight Year Capital plan (2020 Capital Plan) will be updated in 2015 as a Ten Year Capital Plan covering 2016-2025. The 20 year servicing plan and financing strategy was last updated in 2010. The 2015 financial plan contains a budget request to update the costs in the plan to ensure the Development Cost Charge rates are set at fair market value and that the City receives sufficient revenue to fund infrastructure improvements for development servicing.

Again this year, all capital submissions from departments were evaluated against Tangible Capital Asset criteria. Where submissions were deemed to not meet the criteria, requests are included in the operating program. The 2015 General Fund **Capital Expenditure Program** (not including the Airport and Utilities) is **\$39.8 M** of which **\$12.8 M** is projected to be funded from **general taxation sources**.

The **2015 general taxation contribution** to the capital program (as described above) has decreased by \$1,095,545 over the **2014 Final Budget funding level of \$13.9 M**. The 10 Year Capital Plan assumption that 40% of new construction revenues will be allocated towards the pay-as-you-go capital program would result in a 2015 Capital program expansion of \$640,000, however, as the economy is slow to recover and where a small number of specific programs required considerable operating increases, executive management looked to find a balance between the number of capital projects and the requirements of the operating program.

The following are some of the highlights of the 2015 Capital Expenditure Program:

General Fund Program

The **general taxation** expenditure of **\$12.8 M**, has been allocated to departmental budgets as follows:

Capital Program	Description	\$ 000's
Real Estate	Land Acquisition	\$ 200
Building	Facilities & Improvements	3,070
Parks	Park Land/Trail/Area Development	1,760
Transportation	Roadways/Pathways/Traffic Signals	5,771
Storm Drainage	Drainage Systems	1,060
Street Lights		100
Information Services	Communication Hardware/Software	791
Fire	Fire Equipment	95

Funding from other sources other than taxation is **\$27.0 M**.

1. In Real Estate Capital, there is \$1.1 M included for **General Land Acquisitions**, \$150,000 for **Strategic Capital Land Needs**, and \$241,400 for **Parking Equipment**. Other projects include land acquisition for road & sidewalk, and mission creek restoration. Funding other than taxation is from general, land sales, and parking reserves.
2. In Building Capital, total gross project costs are \$4.1 M with \$1.55 M (of a \$1.95 M project) included for the **Ellis Street Parkade Office Space Construction**. **Restoration work** at the Glenn Avenue School will be \$510,000 and at the Queensway Jetty will be \$170,000. Other projects include \$625,000 for **Roof Replacements** at various civic buildings, and \$115,000 for **Asphalt Replacement** at the Capital News Centre.
3. Major projects in Parks Capital include **Community Parks & Open Space Development** for \$750,000, **Park Land** acquisition for \$450,000, and **Cemetery Improvements** for \$660,000. Other projects include \$150,000 **Poplar Point Linear Foreshore** restoration, \$150,000 **Knox Mountain Park Improvements**, and \$200,000 for **Irrigation Infrastructure Renewal**.

4. Transportation projects continue to have the largest demand in terms of capital dollar requirements. This year there is \$25.8 M worth of project requests with \$5.8 M being funded from taxation and \$20.0 M being funded from other sources such as reserves, grants and developer/community contributions. Some of the larger projects include the construction of **John Hindle Drive 2, 3 & 4** \$10.0 M, the completion of road, pedestrian, and cycling improvements on **Lakeshore 1 DCC**, between Dehart and McClure Roads \$4.5 M, **Ethel 1 DCC Active Transportation** \$1.6 M, and functional improvements on **Clement 1 DCC** between St. Paul and Graham \$1.0 M. The **Roads Resurfacing** program has been budgeted at \$2.8 M for the annual work maintaining the City's road network.
5. The Solid Waste Management capital program requires \$1,550,000 in reserve funding for 2015 and includes \$250,000 for **Glenmore Landfill Entrance Screening**, \$700,000 for **Leachate and Landfill Gas Header and Collectors** and \$200,000 for **Automated Collection Curbside Cart** purchases.
6. The Storm Drainage capital program includes \$660,000 for the final phase of **Crawford/Dehart - Drainage Improvements**, \$150,000 for **Brandt's Creek Drainage Improvements**, and \$90,000 for the installation of an oil/water separator at Sutherland Ave. Other projects include \$160,000 for drainage improvements at **Dehart Ave**, **West of Bartholomew** and **Horn Crescent/Cobble Court**.
7. There is \$100,000 for **Street Light** infrastructure replacement. The City is responsible for over 14,000 street lights and this funding will replace many of those that are past their service life.
8. The Information Services department has submitted requests for \$661,000 for **Information Technologies** such as servers, computers and communication networks. Other requests include \$60,000 for **Building Outlines** and \$70,000 to acquire **Ortho-photography** in the spring of 2015. This is a continuation of a three year cycle that has occurred since 1997.
9. **Vehicle & Mobile Equipment** totaling \$1.3 M is included in the budget to be funded primarily from the Equipment Replacement Reserve with \$86,825 funded from the Wastewater Utility and \$73,025 from the Water Utility.
10. The Fire Department has submitted requests for \$695,000 with the majority funded from reserve. A **Fire Engine for Firehall #2 Water St.** will be purchased for \$600,000 funded from the fire equipment replacement reserve. The second request is \$95,000 for the third stage of a 2-year project for **Predictive Modeling/Dynamic Deployment System**. This system will help staff to evaluate operations and determine best use of staff deployment.

There are three priority 2 capital requests totaling **\$295,000** from taxation.

UTILITY FUND HIGHLIGHTS

The City of Kelowna operates two major utilities providing **Water and Wastewater Service**, the ongoing operation of which is **funded entirely** by user rates in the form of annual parcel taxes and/or monthly user fees.

A **Natural Gas** utility was created in 2001 when the City entered into a capital lease for the gas distribution system within the municipal boundaries. The debt payments for the capital lease are offset by revenues received from an operating lease-back of the distribution network. The debt commitment ends in 2018.

The **Airport** also operates similar to a utility and is currently funded by user fees for ongoing operations and maintenance with some limited potential for Federal Ministry of Transportation cost sharing on airside related capital improvements.

The Water and Wastewater Utilities require significant **capital investment** to **service new growth**, as identified in the 20 Year Servicing Plan and Financing Strategy that was updated in 2011. Analytical work and annual funding continues on the systematic replacement program for the older infrastructure in both of these utilities.

The City's utility billing function for water and wastewater are managed under 3rd party contracts.

WATER UTILITY

General

The primary goal of the City of Kelowna Water Utility is to continue its dedication to providing high quality drinking water and excellent service to its customers. The delivery of safe, high quality potable water will be achieved by ensuring the utility is dedicated to its continuous improvement process and by exceeding customer expectations. The water utility will promote efficient use of the water resource in keeping with Council's commitment to the Water Sustainability Action Plan. The plan to reduce overall water consumption with further implementation of landscape and irrigation standards will continue in 2015. The water utility will continue to reduce and demonstrate energy efficiency and the reduction of GHG's throughout its operation in conjunction with the corporate commitment to community sustainability.

Under the Filtration Deferral program, increased source, creek and storm water sampling and analysis will be required by the Water Utility in order to maintain Interior Health Authority Filtration Deferral status.

Water Utility

Financial Outlook - 2015

The **2015 Operating Revenues** are projected at **\$13.3 M**, with approximately **\$9.2 M** required to cover operating expenditures and debt repayment and a budgeted surplus of **\$2,805,583**.

The **Water Utility Capital Expenditure Program** and the Roads and Wastewater Capital Programs are closely interrelated. The total **Capital Expenditure Program** in the water utility is **\$1.5 M** with funding from current year utility revenues of **\$1.3 M** with a further **\$73,025** required for utility contributions in the General Fund capital program and **\$37,578** required for the General Fund operating program.

The major projects budgeted include:

Dilworth Reservoir Roof Repair	\$450,000
Dilworth Dr. Watermain Replacement, Summit to Glacier	\$300,000
Decommissioning of Reservoirs	\$100,000

There is a budgeted surplus of **\$2,805,583** for the water utility in 2015. The anticipated accumulated surplus position at the end of 2015 will be **\$9,364,358** and is supported by reserves for future expenditures.

WASTEWATER UTILITY - COLLECTION & TREATMENT

General

The Wastewater Utility provides a safe, reliable and efficient sanitary sewer collection system and treatment facility through sound operation and environmentally responsible practices. It is vital to determine the long-range requirements for the wastewater utility to best serve the present and future populations. Efficient and cost effective approaches are used in asset management in order to protect and manage all wastewater infrastructure. The wastewater utility will continue to reduce and demonstrate energy efficiency and the reduction of GHG's throughout its operation in conjunction with the corporate commitment to community sustainability.

Wastewater Utility

Financial Outlook - 2015

The **2015 Operating Revenues** are projected at **\$22.8 M** with approximately **\$12.3 M** required for operating expenditures of the collection system and debt repayment. A further **\$6.7 M** is required for treatment operations expenditures at the Wastewater Treatment Facility.

The total **Capital Expenditure Program** in the Wastewater Utility system is **\$4.8 M**, with funding from current year utility revenues of **\$3.8 M** with a further **\$86,825** required for utility contributions in the General Fund capital program.

The major projects budgeted are as follows:

Raymer Ave. Lift Station Replacement	\$960,000
Guy St. Lift Station Renewal	\$950,000
Lane North of Grenfell Ave. and Area Sanitary Replacement	\$900,000

There is no planned budget surplus in 2015. The anticipated accumulated surplus position at the end of 2015 will be **\$19,654,933**.

NATURAL GAS

General

The Natural Gas Legacy Fund was established in 2001 with a 35 year capital lease of the gas distribution system within the City and a 17 year operating lease back to Terasen Inc. Each year the City of Kelowna has the option of leasing the distribution system additions from the previous year.

Natural Gas

Financial Outlook - 2015

The projected lease revenue and interest for 2015 is \$4.3 M with approximately \$4.6 M required for principal and interest debt repayments. The Natural Gas utility provides a contribution to the General Fund of \$20,000 for administrative services.

There is a budgeted deficit of \$304,671 for the Natural Gas Utility in 2015 and a projected accumulated surplus at the end of 2015 of \$4,372,172.

AIRPORT

General

The airport operates on a financially self sufficient basis, in compliance with Federal regulations and as part of the National Airport System. Passenger activity in 2014 will once again set a new record with a growth rate of approximately 6.8 % over 2013. It is anticipated that the airport will surpass 1.6 million passengers by year end and a 2% increase in passenger traffic is projected for 2015.

Phase 1 of The “Drive to 1.6 Million Passenger” capital improvement program is complete, and Phase 2 consisting of an expansion of the check-in lobby and the outbound baggage system is currently at the 90% review stage of detailed design. Work on these improvements is expected to commence in the spring of 2015.

An economic impact study completed in 2010 determined the direct impacts of Kelowna International Airport include 1,400 direct jobs associated with the airport, representing 1,290 direct person years of employment. The direct economic impact of this employment on the provincial economy is \$120 million in gross domestic product, \$300 million in economic output and \$70 million in wages. In addition the ongoing operations of the airport generate \$30 million per annum in government tax revenues. The federal government is the largest recipient of tax revenue, receiving nearly \$22 million, the provincial government receives over \$7 million and the municipal government collects approximately \$1 million.

Airport

Financial Outlook - 2015

Total revenues and expenditures from Airport operations are projected to be \$31.4 M.

The total Capital Expenditure Program for the Airport is \$44.9 M all of which will be coming from reserves. There will be a carry-over of 2014 funding for the completion of the capital project, Drive to 1.6 Million Passengers Program, which has been extended to include the Flight to 2020 Capital Improvement Plan Program. Major 2015 capital projects include:

Flight to 2020 Capital Improvement Program	\$39,958,000
Land Acquisition	\$2,000,000
Oshkosh Striker (Firefighting Truck)	\$1,400,000

In 2015 a total of \$3.5 M will be showing as debt repayment from AIF revenues.

In addition to placing the Airport Improvement Fee revenue into a reserve the airport also puts excess revenue into 3 reserves for future capital projects. In 2015 \$4.5 M will be appropriated into these reserves. Accumulated surplus is anticipated to be \$596,275 at the end of 2015 (excluding internal financing for the AIF program).

1. 2015 BUDGET PROCESS

The budget process used by the City of Kelowna is an intensive process that requires input from many different groups including City Staff, City Council, outside agencies funded by the City and by the citizens of Kelowna through the citizen survey, various City committees and through the recommendations developed in the City's Strategic Plan.

The budget cycle is also guided by the requirements of the Community Charter as described in Section 165:

FINANCIAL PLAN

165. (1) A municipality must have a financial plan that is adopted annually, by bylaw, before the annual property tax bylaw is adopted.
- (2) For certainty, the financial plan may be amended by bylaw at any time.
 - (3) The planning period for a financial plan is 5 years, that period being the year in which the plan is specified to come into force and the following 4 years.
 - (3.1) The financial plan must set out the objectives and policies of the municipality for the planning period in relation to the following:
 - (a) for each of the funding sources described in subsection (7), 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 the taxes;
 - (c) the use of permissive tax exemptions.
 - (4) The financial plan must set out the following for each year of the planning period:
 - (a) the proposed expenditures by the municipality;
 - (b) the proposed funding sources;
 - (c) the proposed transfers to or between funds.
 - (5) The total of the proposed expenditures and transfers to other funds for a year must not exceed the total of the proposed funding sources and transfers from other funds for the year.
 - (6) The proposed expenditures must set out separate amounts for each of the following as applicable:
 - (a) the amount required to pay interest and principal on municipal debt;
 - (b) the amount required for capital purposes;
 - (c) the amount required for a deficiency referred to in subsection (9);
 - (d) the amount required for other municipal purposes.
 - (7) The proposed funding sources must set out separate amounts for each of the following as applicable:
 - (a) revenue from property value taxes;
 - (b) revenue from parcel taxes;
 - (c) revenue from fees;
 - (d) revenue from other sources;
 - (e) proceeds from borrowing, other than borrowing under section 177 [*revenue anticipation borrowing*].
 - (8) The proposed transfers to or between funds must set out separate amounts for:
 - (a) each reserve fund under Division 4 of this part, and
 - (b) accumulated surplus.

- (9) If actual expenditures and transfers to other funds for a year exceed actual revenues and transfers from other funds for the year, the resulting deficiency must be included in the next year's financial plan as an expenditure in that year.

Public process for development of financial plan

- 166.** A council must undertake a process of public consultation regarding the proposed financial plan before it is adopted.

CITY OF KELOWNA BUDGET PROCESS

The City currently uses a line item approach to budgeting in all divisions, supplemented with program budgets in operational service oriented departments. Base budgets are subject to annual review and scrutiny to identify need in relation to approved service level requirements.

The City of Kelowna's fiscal year begins January 1 and ends December 31. The process of budgeting is essentially a year-round process. Beginning in August of each year, all divisions are required to prepare department goals and objectives for the upcoming budget year. This is followed by instructions for the preparation, review and analysis of the division's budgetary requirements.

Base budget adjustments, operating requests, expenditure reductions and capital budget requests are reviewed by Financial Services and prepared for divisional reviews in October with the City Manager, Division Directors and Managers. All budget submissions are ranked by the divisions in their priority order. After this review, the requests are ranked on a citywide basis and then reviewed by Senior Management. The information and budget requests are then consolidated into the Financial Plan and prepared for review by Council.

There are two priority levels used in this financial plan for operating requests and expenditure reductions:

Priority 1 - The request is required to maintain the current level or standard of service, or is required to facilitate good management practices.

Priority 2 - The request would improve or enhance the current level of service but has been omitted from the budget totals in order to present an acceptable level of general tax demand/utility user rate.

The priority '1' requests **are included** in the division totals but the priority '2' requests **are not included**. The priority of each individual operating request is included in the top right-hand corner. Requests show one, two or three year financial impacts and are marked as ongoing or one time. Changes in years 2 or 3 of ongoing requests are made directly to the base in future years.

Capital requests are only marked as priority 1 or 2 and there are no ongoing capital requests. Multi-year capital projects may be budgeted in their entirety or in phases as they may be built.

Projects that could not be completed in the previous year (**carry-overs**) are forwarded for Council review in March after accounts are finalized at year-end. Final adjustments to the Financial Plan, including requisition amounts from other taxing jurisdictions, are forwarded for Council review in early May. The Financial Plan and appropriate Tax Rate By-Laws are then adopted by May 15.

BUDGET TRANSFERS AND AMENDMENTS

As per section 165.(2) of the Community Charter, the financial plan may be amended by bylaw at any time. A bylaw amendment is planned for April 2015 for changes to the financial plan for all 2014 year-end requirements. Corporate policies 261 & 262 cover the budget transfer and amendment procedures. A formal policy is in place to ensure that the City's overall internal control objectives are maintained and that there are no material changes to the original budget approved by Council. Appropriate signatures and back-up documentation are required with the transfer or amendment forms.

Budget transfers involve the re-allocation of existing approved budget and do not change the overall budget total. Operating budget transfers in excess of \$50,000 and capital transfers greater than \$75,000 must be approved by the City Manager. Council approval is required to cancel an approved project or to add a new capital project greater than \$15,000. Budget amendments do increase the City’s budget total and must be approved by Council prior to entry.



2015 BUDGET CALENDAR & RESPONSIBILITIES

Description	Resp.	Required Date
1. Distribute budget guidelines to Divisional Directors, Managers, and budget designates.	FP	July 29/14
2. Determine appropriate base budget impacts based on 2014 Financial Plan and contractual changes.	FP	Aug. 29/14
<i>Divisional Integrated Work Plans completed. (Indirect budget process task - work plans tie into the budget document)</i>	D	Aug. 29/14
3. Develop base budgets in detail (nominal base changes); Operating requests, Expenditure reductions, Capital requests to Financial Planning.	D	Sept. 12/14
4. Establish overall City priorities for the 2015 budget year from discussions with Council and City Manager.	C	Sept. 18/14
5. Develop Division Performance Measures, 2014 Accomplishments, and 2015 Drivers and Activities.	D	Oct. 3/14
6. City Manager Review - prioritize capital requests, operating requests, and expenditure reductions.	FP	Oct. 21-24/14
7. City Manager & Divisional Director overall review and prepare recommendation for Council.	FP	Oct. 30/14
8. Distribute budget package to Council.	FP	Jan. 5/15
9. 2015 Budget Program Overview Presentation to Council.	D	Jan. 12/15
10. Detailed Council review and adoption of 2015 Financial Plan.	C	Jan. 15/15
11. Council review/adoption of carryover budget projects.	C	Mar. 16/15
12. Council review/adoption of 2014-2018 financial plan and amend #1.	C	Apr. 13/15
13. Council review and adoption of 5-year 2015-2019 financial plan and 2015 final budget requests.	C	May 4/15
Responsibility Code: FP = Financial Planning, C = Council, D=Division		

2. 2015 BUDGET DEVELOPMENT

A focus of the Financial Plan is to maintain an acceptable level of service within budgetary constraints. Several previous plans have been used as the basis for the development of the Financial Plan. These include: the City of Kelowna Strategic Plan, The Official Community Plan, the 20 Year Servicing Plan and Financing Strategy and the 10 Year Capital Plan.

2004 STRATEGIC PLAN - The “*City of Kelowna Strategic Plan 2004 Edition*” was developed in 2004. The process to update the Strategic Plan was overseen by Council, the City’s Senior Management and a Project Team. An extensive stakeholder consultation process was used throughout the development process. Residents, community groups, external agencies, City Council and staff were provided opportunities to give their views on elements of the Strategic Plan. The Strategic Plan outlines future directions for the City of Kelowna using trends, issues, priorities and community input. The Strategic Plan will be used for an annual priority setting process, including the development of operational work programs and annual budgets.

CORPORATE PLAN - The City of Kelowna is guided by the Community Strategic Plan. The Corporate Plan builds the corporate capacity necessary to deliver on City Council’s directions and the goals of the community.

STRATEGIC PLAN VISION - CORPORATE FOCUS

The City of Kelowna’s Vision and Mission statements are:

- **VISION is to be the best mid-sized city in North America**
- **MISSION is leading the development of a safe, vibrant and sustainable city**

The Corporate Plan sets out priority projects in six areas of focus:

- ***Performance Excellence*** - we deliver on our plan
- ***Passionate Public Service*** - we retain and attract the best
- ***Responsive Customer Service*** - we put people first
- ***Engaged Communities*** - we encourage participation
- ***Pioneering Leadership*** - we find better ways
- ***Sustainable City*** - we deliver on a multiple bottom line

Under a “Moving Opportunities Forward” platform, City of Kelowna Council’s focus for the 2012-2014 election term includes the following priorities:

Grow our economy...Council will act as a catalyst for sustained quality employment opportunities and prosperity by actively pursuing partnerships, strategic investment in municipal services and infrastructure, and re-investment in existing assets.

Enhance citizens’ quality of life...Council will enhance citizens’ quality of life by leveraging strong financial decisions to support social, cultural and environmental initiatives.

Focus on results...Council will ensure Kelowna progresses towards its community goals through innovation.

Deliver on our plan....Council will work with citizens, partners and applicants to move opportunities forward that create value for the community.

Proactive & pragmatic leadership....Council will focus on providing pragmatic leadership to achieve key outcomes.

All operating and capital requests should strive to support these priorities and as such, each request has been specifically identified with a link to one of the first 4 priorities.

Divisional Directors have outlined the drivers that guide their departments and managers have provided their action plans, or activities, that will be undertaken in the current year to support the priorities of council. These “drivers and activities” can be found in the first few pages of each Division’s operating section and are tied back to a specific council priority. Through the use of integrated work plans, the city will embark on a purposeful effort to effectively coordinate human and financial resources to achieve the priorities as set forth by council and the community.

City of Kelowna staff will be the **BEST** through the specific core corporate values of:

Balance
Excellence
Service
Teamwork

FINANCIAL POLICIES & STRATEGIES

There are various policies adopted by Council or long standing principles that have guided the City of Kelowna in the past that are used in the preparation of the financial plan.

Financial Planning Policies

1. **Balanced Budget** - The financial plan is developed for the City of Kelowna to operate within its means. Each department is expected to operate within the limits of the financial resources identified, maintaining a balanced budget for the year. The Utility Funds will have planned deficits some years based on large capital projects in that year. When over-expenditures are known the department must first investigate transfer of budget from other sources within their area. Use of surplus or reserve accounts is available under special circumstances to cover budget shortfalls.
2. **Long Range Planning** - The Community Charter mandates that a 5 Year Financial Plan is prepared. The plan contains current year operating and capital costs along with projected future costs. It includes estimated operating costs and revenues of future capital improvements. The plan is adopted by bylaw in May after Final Budget requests are considered by Council. 10 Year Capital Plan and 10 year utility models are prepared that provide details for the overall Financial Plan. The 20 Year Servicing Plan and Financing Strategy also provides capital details for the 10 year capital plans. Development cost charge rates are based on the requirements of the 20 Year Servicing Plan. 10 year models are developed for the utilities to ensure that rates and fees are set at a level that allows the funds to be self supporting (without taxation assistance). There is a strong link between the various plans as they flow from the future right into the current year requirements.
3. **Asset Inventory** - Civic facilities are reviewed on an annual basis to determine the requirements for maintaining the asset. Funding is included in the base operating budget in Building Services which supports maintenance projects. The amount included in the base is reviewed annually to ensure it is adequate to address the facilities requirements.
 A portion of the road network is assessed each year under the Pavement Management Program. The condition assessment is updated and a listing of priority road improvements for the next five years is prepared. Works are coordinated with the various utilities to provide the most cost effective service with the least disruption on the community.
 Water, wastewater and storm drainage systems are reviewed annually to determine the priority for replacement of the older infrastructure.

2009 was the first year of implementation of PSAB 3150 (Public Sector Accounting Board). This PSAB section outlines standards on how to account for and report tangible capital assets in government financial statements. Department requests are now measured against Tangible Asset Criteria and where they do not meet the criteria, are reported as operating expenses of the current year.

Revenue and Expenditure Policies

1. Revenue - A diversity of revenue sources is encouraged and appropriate recovery levels should be established for municipal services. The level of community resources that the City dedicates toward municipal services should be directly related to the extent of benefit to the community and the City's ability to pay. Higher rates of cost recovery for certain services will be achieved by charging fair market value for services when it is appropriate to do so and by using prudent cost control measures. Fees and charges should be reviewed annually for the level of cost recovery and reasons for not recovering full costs should be identified and explained. One time revenues should not be used for ongoing costs except in the case of start up costs for a new program. These programs should be carefully reviewed and justified through the budget process.
2. Expenditure - Regular monthly and annual financial reports are prepared that compare the actual revenues and expenditures to budgeted amounts. These reports are distributed to management at various times of the year. Budget must be in place for all expenditures at the Division level for operating costs and at the program level for capital projects. An expenditure may be made for an emergency that was not contemplated in the financial plan but the plan must be amended, as soon as practical, to include the expenditure and the funding source.
3. Debt - Debt will not be used to fund current operating expenses. For capital improvements the repayment period shall not exceed the reasonable life expectancy of the asset. The maximum debt servicing should not exceed 5% of annual tax demand and cannot exceed debt servicing limits established by the Province.
4. Reserves - The City will maintain a surplus account within the general fund of 5% of the previous year's taxation requirement to assist with the expenses of unforeseen emergencies and to ensure a continued strong financial position. Additional reserve accounts should be maintained for revenue and expenditure stabilization including reserves for snow removal, street cleaning, flood control, insurance deductible and permit revenue averaging. Under expenditures in these areas should be placed into reserve at year end and over expenditures should be funded from the reserve to avoid the requirement to reduce service levels or raise taxes/fees for a temporary issue. Other reserves should be established to provide for the requirements of the City's 10 Year Capital Plan.
5. Surplus Allocation - Any surplus generated in a year will be allocated to reserves as recommended by the City's Audit Committee. Consideration to be given to the requirements identified in the 10 Year Capital Plan, the area where the surplus was generated, future capital requirements or to offset funding shortfalls from other anticipated funding sources.

Investment and Cash Management Policies

1. The City will maintain sufficient short term liquid assets to enable it to meet its annual operating budget as required. Due to the uncertain nature of future expenses, the portfolio will focus on high quality, liquid securities. The goal is to maximize the investment return on the fund, while ensuring that the liquidity, quality and diversification requirements are satisfied. The primary performance objective is to achieve a rate of return over moving three year periods of 1.5% over the Canada Consumer Price Index for All Items. Additionally, the fund's performance should match or exceed the Municipal Finance Authority of BC Intermediate Fund and Money Market Fund for the same period. Permitted investments in the fund are eligible securities defined in Section 183 of the Community Charter and investments in internally financed City of Kelowna projects. All securities held in the portfolio shall have a maturity of 10 years or less and the total portfolio shall have an average quality rating of at least AA. Bonds held by the fund will be diversified by sector with limits on the maximum exposure to

bonds of a single province (20%), bonds of a single corporate entity (5%) and for all internally financed projects (30%) of the total fund in aggregate market value. Funds shall not be borrowed to acquire securities or otherwise deal in margin trading. Reports on the fund's performance will be provided at a minimum of quarterly to the Audit Committee and annually to City Council.

Previous Council's have approved the ten major corporate strategies identified below that provide direction for the *10 Year Capital Plan* and thus for the capital component of the current Financial Plan. These strategies are:

- **Park Acquisition Strategy** - this plan provides for the park land acquisition standard of 2.2 hectares per thousand of population and the acquisition of natural space by means other than cash outlay.
- **Parks Development Strategy** - parks development costs will be a function of the capital allocation deemed reasonable annually and are to be shared by the community rather than through increased development cost charge fees.
- **Waterfront Amenities Strategy** - an annual allocation is provided for some waterfront land acquisitions but the emphasis is on private enterprise or community contributions to develop other amenities.
- **Major Recreational Facilities Strategy** - major recreational/cultural facilities are budgeted with substantial emphasis on funding from PPP's, public sector partnering and other contributions. Pay-as-you-go capital and reserve funding will be required to minimize long-term debt financing.
- **Civic Buildings Strategy** - buildings will be planned and constructed as required, subject to funding availability, with a focus on Public Private Partnerships in the development of these future civic buildings.
- **Pavement Management Strategy** - annual general revenue contributions are to increase from the baseline of \$1.9 Million over the ten year program to achieve an overall roads condition of 73 out of 100.
- **Storm Drainage Retrofit Strategy** - annual general revenue contribution of \$1.6 million to this program over the ten year plan.
- **Generation/Disposition of Surplus Strategy** - \$1,000,000 is to be allocated to reserves each year from annual surplus in order to mitigate the need for abnormal tax increases or incurring of new debt and to provide for capital expenditure opportunities which might otherwise require an alternative approval and/or referendum process.
- **Capital Pay-As-You-Go Strategy** - 40% of new construction taxation revenue each year is to be allocated to capital, increasing the percentage of capital to Municipal Taxation to a maximum of 30%.
- **Debt Management Strategy** - the existing strategy of using alternative funding for discretionary expenditures, capitalizing on debt reduction opportunities and using short term borrowing and agreements for sale has been maintained. Maximum debt servicing should not exceed 5% of annual taxation demand.

CURRENT YEAR ACTIVITIES

Current year activities (goals/objectives) are outlined in the City Manager's memorandum and are also detailed in the individual departments throughout this document. (Division Drivers and Activities by Council Priority).

Performance Measurement

The City of Kelowna has embarked on a corporate-wide performance measurement program for integration into the annual Financial Plan and Annual Report. The Province of British Columbia has mandated the requirement under the *Community Charter* for reporting with annual objectives and measures. Performance measurement is a process for determining how a program is accomplishing its mission through the delivery of products, services or processes. It is government's way of determining if it is providing a quality product at a reasonable cost. For City staff performance measurement is a process for continuous improvement.

Performance measurement is an ongoing program being developed in multiple phases. It is an evolutionary process that will improve with experience. A complete and effective system of performance measurement will require years of consistent, incremental work to achieve.

The performance measurement program provides information by division/department under six measurement categories:

- Program Inputs
- Outputs (Activity levels)
- Outcome (Results)
- Process Efficiency (Productivity)
- Customer Service
- Innovation & Learning

The performance measurement program will, at all times, strive for consistency with the City's Corporate Strategic Plan and council's priorities.

The reporting on corporate performance measures developed as part of the financial planning process is to be included in the City of Kelowna Annual Report. This report is to be provided to City Council by June 15, of the following year and presented to a public forum, in accordance with the provisions of the provincial government's Community Charter.

The current format of the performance measures expands on the initial phase. **Within each Division/Department** there are current year strategic activities that are linked to one of four council priorities from the Moving Opportunities Forward platform mentioned earlier. These relate to project type works that are planned for 2015.

Following a description of the various Division functions, there is a performance measurement section that deals with the ongoing programs in each area, measured on a three year basis. These categories will be described in further detail:

Program Input Measures - addresses the question of what amount of resources are needed to provide a particular program or service. These are being measured by the net operating budget requirements.

Program Outputs - define the activities or units of service provided, measure quantity of service.

Program Outcomes - focus on results to determine if the service is meeting its proposed goals. They consider the quality or effectiveness of public programs.

Efficiency Measures - measure the cost per unit of output or outcome. Used to determine productivity trends and provide an indication of the cost effectiveness of a program. These can be expressed as ratios of outputs or outcomes to inputs.

Customer Satisfaction - based on feedback received from City customers, typically relate to customer satisfaction surveys or complaint receipt.

Innovation and Learning - to encourage continuous improvement through learning, targeting knowledge and skills as a long term investment.

It is important to strive for a balance of measures for each program area. Measures are to be meaningful and significant and relate directly to the City's mission and goals.

Through the City's corporate restructure in 2009, a new department, Strategic Initiatives was created. The mandate of this department is to keep in touch with changes to the City's operating environment to identify emerging issues and to lead the development of appropriate strategic direction or change within the City's operations, structures, and business processes. Additionally, the Department develops and manages tools to support excellence in performance and measurement of how well the City meets expectations. Since 2013, Corporate Strategy & Performance has been working with departments on Performance Management initiatives that include the development of a model to define goals and meaningful performance measures to achieve continuous improvement. Many of the departments have undergone this process however the initiative will continue with the remaining departments in 2015. This new model will be implemented throughout the organization and the will be incorporated into the Financial Plan document.

3. BUDGET DOCUMENT FORMAT

The Financial Plan can be considered in three main sections:

1. General Revenues
2. Operating Budgets
3. Capital Budgets

General revenues are those revenues that are not specifically attributable to or generated by any particular department within the City of Kelowna reporting structure. There is one group of General Revenue requests at the end of the 'Summary' section.

Department operating budgets represent the total cost of operation offset by any direct revenues recognized in each department through user fees, provincial contributions or reserve funds.

Capital budgets are summarized by department and funding source. A funding source of general taxation is also referred to as pay-as-you-go capital.

Within the operating and capital budgets there is a further breakdown between the General Fund (taxation impact) and the Utility Funds. The City of Kelowna operates two major utilities providing **water** and **wastewater** service. The ongoing operation of these utilities is funded entirely by user rates in the form of annual parcel taxes and/or monthly user fees. There is also a **natural gas** utility obtained by a capital lease of the gas distribution system and offset by revenues received from an operating lease back of the system. The **Airport** operates similar to a utility and is currently funded by user fees for ongoing operations, maintenance and capital improvements.

An example of the City structure under the General Fund is:

Division:	Infrastructure
Department:	Design & Construction Services
Branch:	Roadways Construction

The 2015 Financial Plan requirements are summarized on page B1 followed by the three year details for general revenues, net operating expenditures and taxation capital expenditures. These provide a historical perspective to the current year submissions.

The background details for the 'historical' summary sheets are included directly with the division's information. The Volume 1 binder will be presented with division operating information and requests in the first half of the volume followed by the capital program in the latter half. Under the various 'Division' tabs there is a summary sheet that provides a Division Overview.

Following this overview is an organizational chart and narrative describing the major sections of that division. Next is the Division Drivers (goals) and Work Plan Activities for the upcoming year. The City of Kelowna plans work through an annual Work Planning Development Process which includes a framework for the development of cascaded, work plans which serve a multitude of objectives and inform other initiatives that collectively lead the organization to achieving the "B.E.S.T.". Work plans raise the awareness of the operational and project work each division, department and branch plans to take on in the coming year and provides for the approval of necessary financial and human resources needed for their successful delivery. The purpose of cascading, work plans is to solidify and document the common direction of the organization at every level and ensure adequate resources are available to complete the prioritized projects. Cascaded work plans logically flow from the direction set by Council, through to Division plans and on to Departmental and Branch plans. Ultimately this cascading model will be utilized to develop Personal plans for each employee and inform a performance management strategy.

Projects in the work plan system are approved, prioritized and authorized to start using a newly implemented Project Portfolio Management (PPM) methodology. PPM processes ensure that the City's scarce resources are spent on the projects that are the most highly aligned with the direction set by Council and will deliver the highest benefits to stakeholders.

The next page includes data measuring divisional performance. This is followed by three years of financial information showing revenues and expenditures by category and including capital expenditures to provide the total taxation impact of that division. Finally, there is a summary page highlighting the changes to the operating budget for this budget year.

Next will be the 2015 additional operating budget request information beginning with a blue summary sheet and followed by the detailed operating requests. These operating requests contain a description, justification and the one to three year impact of the request depending on whether the request has been submitted for one-time or on-going. The cost of the request is indicated on the left, followed by the sources of funding that will be accessed to support the cost. Where departments have expenditure reductions for reduced or eliminated services or programs, these are listed on pink expenditure reduction sheets with the detailed requests following.

The 2015 financial plan uses Divisional reporting with the exception of Fire and Police Services in the general fund and Airport, Water and Wastewater that are their own funds. For 2015 there are four general fund capital requests with increased operational requirements: Lakeshore 1 DCC, Dehart - McClure, Ethel 1 DCC Active Transportation, Harvey - Bernard, Ponds Trail Building Partnership, and Community Parks & Open Space Development.

Within the Capital Plan section, each capital cost centre is presented in its own section and will start with a yellow summary sheet that indicates the 2015 capital requests by priority 1 (included in the budget totals) and priority 2 (not included in the budget totals). The number on the left side of the summary page indicates the page number when locating specific projects. The funding source for each project is indicated on the right side of the summary page. The priority summary summarizes the capital requests in the Department's priority order. The detailed requests follow, and are in department priority order by priority 1 and then priority 2. Similar to operating requests, the cost and sources of funding to support the cost are indicated on the request.

4. MUNICIPAL FUNDS

The City's resources and operations are separated into various funds. Each fund is a separate fiscal and accounting entity organized by their intended purpose. They are segregated to comply with finance related legal and contractual provisions. The following funds are used for accounting and financial reporting purposes:

- ◆ General Fund - operating & capital funds
- ◆ Water Fund - operating & capital funds
- ◆ Wastewater Fund - operating & capital funds
- ◆ Airport Fund - operating & capital funds
- ◆ Natural Gas Fund - operating & capital funds
- ◆ Library Fund - operating & capital funds

Revenues used for projects in these funds may also come from the City's Statutory Reserve Funds:

- ❖ Land Sales Reserve Fund
- ❖ DCC Reserve Fund
- ❖ Parking Reserve Fund
- ❖ Capital Works, Machinery and Equipment Reserve Fund

The use of these funds is restricted by the *Community Charter* and associated municipal bylaws.

General Fund

The General Fund is the largest fund and covers all municipal operations aside from the utilities and airport funds. This fund is not allowed to operate at a deficit. The difference between annual expenditures and other revenues generated by the fund forms the annual property tax levy.

Water Fund

This fund provides for the operation of a water utility within specific areas of the City not served by water districts. Revenues within this fund, or prior years' surplus, must be sufficient to cover all operating and capital costs of this utility on an annual basis.

Wastewater Fund

This fund carries out the capital construction, operation and maintenance of wastewater treatment including sewer mains, lift stations and treatment facilities. Revenues generated in this fund, or prior years' surplus, must be sufficient to offset all operating and capital costs of this utility on an annual basis.

Airport Fund

This fund operates the Kelowna International Airport and is responsible for capital construction and ongoing administration, operation and maintenance. This fund is required to be self-sufficient so that revenues generated must offset all operating and capital expenditures.

Natural Gas Fund

This fund provides for the costs of the capital lease of the gas distribution system and the revenues generated from the operating lease-back. This fund is required to be self-sufficient so that revenues generated must offset all operating and capital expenditures.

Library Fund

The Library Fund was created to facilitate the borrowing and repayment of the Ellis Street Branch mortgage. In March of 1997 the society acquired the land and newly constructed building from the City and borrowed \$5,100,000 to finance the unfunded portion of the acquisition. The Library Society will transfer to the City's General Fund the land and building at the retirement of the debt for a nominal amount in 2017.

Land Sales Reserve Fund

The Land Sales Reserve Fund was established in accordance with Provincial Legislation. Sales proceeds from all properties disposed of by the City are required to be placed in this reserve fund. Council may, by bylaw, use this fund to purchase land for general municipal or utility purposes.

Parking Reserve Fund

The Parking Reserve Fund was established to provide funds to purchase land for parking lots, develop on-street parking and to construct parking lots or parkades. The General Fund appropriates net revenues from the operations of parking lots, parkades and parking meters to the Parking Reserve Fund. Both the revenues and expenditures relating to the collection and use of these funds will be found in the General Fund Financial Plan.

Capital Works, Machinery and Equipment Reserve Fund

This reserve was established by the City to provide funds for such items as the purchase of replacement equipment, retirement of capital debt and replacement of cemetery property. Revenue for this reserve is provided from various sources within the General and Utilities Funds. The estimated amounts of the revenue to be transferred may be found in the General or Utilities Funds Financial Plans along with the budgeted use of these funds.

The City of Kelowna also maintains reserves for future expenditures. These are non-statutory reserves (**reserve funds** are 'statutory' reserves) which represent an appropriation of surplus for specific purposes. In the financial plan the use of these reserves for future expenditures is shown under 'Accumulated Surplus' for either revenues or expenditures.

Deferred Development Cost Charges

Development Cost Charge revenues are collected to provide funding for required expansion of roads, drainage works, water works, sewer works, parkland acquisition and wastewater treatment facilities resulting from new development. Monies collected may only be used for the specific purpose and in the specific area for which the funds were collected. The financial plan budget for the use of these funds will be reflected in the appropriate fund.

The following table lists the City's Divisions and the funds they use:

DIVISION	FUNDS					
	G	W	WW	NG	L	A
CITY ADMINISTRATION	X					
STRATEGIC SERVICES	X					
Airport						X
INFRASTRUCTURE	X	X	X			
COMMUNITY PLANNING & REAL ESTATE	X					
ACTIVE LIVING & CULTURE	X					
CIVIC OPERATIONS	X	X	X			
CORPORATE & PROTECTIVE SERVICES	X					
Financial Services	X			X	X	
COMMUNICATIONS & INFORMATION SERVICES	X					
HUMAN RESOURCES & CORPORATE PERFORMANCE	X					

G = General; W = Water; WW = Wastewater; NG = Natural Gas; L = Library; A = Airport

5. RESERVES AND FUND EQUITY

The City of Kelowna maintains reserves and fund equity in order to protect the current and future financial viability of the municipality. Proper reserve management recognizes the need to stabilize taxation and utility rates, and to prevent large annual fluctuations as a result of capital expenditure requirements. The following are audited reserve and fund equity balances at December 31, 2013 and projected balances to the end of 2015. The 2015 projected balance assumes all 2015 budgeted expenditures will be completed and funded (even though some of the projects will not be completed in 2015).

	Actual Balance Dec. 31/13	Projected Balance Dec. 31/14	Projected Balance Dec. 31/15
<u>General Fund</u>			
Surplus	2,000,499	2,000,499	2,000,499
Statutory Reserve Funds	34,772,639	20,704,995	23,137,648
Reserves for Future Expenditures	50,255,760	27,156,026	26,930,135
	<u>87,028,898</u>	<u>49,861,520</u>	<u>52,068,282</u>
<u>Water Fund</u>			
Surplus	4,419,322	6,481,125	9,286,708
Statutory Reserve Funds	688,748	91,188	93,696
Reserves for Future Expenditures	9,505,261	11,541,980	13,727,060
	<u>14,613,331</u>	<u>18,114,293</u>	<u>23,107,464</u>
<u>Wastewater Fund</u>			
Surplus	17,114,718	19,600,689	19,392,197
Statutory Reserve Funds	8,431,982	8,725,367	9,071,712
Reserves for Future Expenditures	8,046,241	8,277,857	8,589,247
	<u>33,592,941</u>	<u>36,603,913</u>	<u>37,053,156</u>
<u>Airport Fund</u>			
Surplus / (Deficit)	596,276	596,276	596,276
Reserves for Future Expenditures	20,904,988	4,834,297	(27,746,738)
	<u>21,501,264</u>	<u>5,430,573</u>	<u>(27,150,462)</u>
<u>Natural Gas Fund</u>			
Surplus	4,849,122	4,676,843	4,372,172
	<u>4,849,122</u>	<u>4,676,843</u>	<u>4,372,172</u>
<u>Library Fund</u>			
Surplus	165,878	165,878	165,878
	<u>165,878</u>	<u>165,878</u>	<u>165,878</u>
Total Reserves & Surplus	<u>161,751,434</u>	<u>114,853,020</u>	<u>89,616,490</u>
<u>Deferred Devt. Cost Charges</u>	<u>24,018,200</u>	<u>10,425,631</u>	<u>4,245,929</u>

The Development Cost Charges are shown separately from other reserves and surplus as they are revenues received for specific projects and cannot be used for any other expenditures. Some of the Deferred Development Cost Charge balances include a receivable portion that is not available for use at December 31, 2015.

The impact of the 2015 general and utility fund operating and capital requests on the reserve balances in terms of contributions to, and expenditures from reserves, are highlighted on the following schedule.

Borrowing for the Mission Recreation Park facility was deferred and is being internally financed from the general reserve balance. This shows as a negative balance in the Misc. Recreation Facilities reserve section. The Multipurpose Facility Investment reserves contain the funds committed by the City for investment into the downtown multi-purpose facility (Prospera Place).

Description	Actual Balance Dec. 31, 2013	Budget Expend	Contribution to Resv	Proj Balance Dec. 31, 2014	Budget Expend	Contribution to Resv	Proj Balance Dec. 31, 2015
General Reserves & Surplus							
Surplus	2,000,499	0	0	2,000,499	0	0	2,000,499
Planning Initiatives - Corporate	1,887,744	444,356	406,890	1,850,278	505,016	171,161	1,516,423
Major Facilities	3,018,902	556,370	394,645	2,857,177	178,500	242,596	2,921,273
Misc. Recreation Facilities	(3,580,865)	0	800,127	(2,780,738)	25,500	998,915	(1,807,323)
Park Purch/Dev't/Other Land	1,458,672	868,130	294,496	885,037	50,000	265,197	1,100,234
Upgrades/Maint. Existing Assets	2,791,398	2,677,420	211,896	325,874	144,960	215,363	396,277
Operating Exp. Equalization	9,632,526	2,883,622	342,736	7,091,640	335,682	384,707	7,140,665
Operating Rev. Equalization	6,503,930	1,210,000	52,939	5,346,869	800,000	15,728	4,562,597
Transportation & Drainage Capital	4,472,292	1,693,438	163,115	2,941,969	840,170	159,883	2,261,682
Debt Equalization Reserve	(19,986)	9,380	9,744	(19,622)	6,380	7,126	(18,876)
Multipurpose Facility Investment	5,576,059	0	172,921	5,748,980	0	199,641	5,948,621
Unspent Budget Reserve	18,515,088	15,606,525	0	2,908,563	0	0	2,908,563
General Reserves Sub-Total	50,255,760	25,949,241	2,849,508	27,156,026	2,886,208	2,660,317	26,930,135
Statutory (CWME, Land, Pkg)	43,893,368	26,307,361	11,935,544	29,521,551	12,054,431	14,835,936	32,303,056
Water Utility Res/Surplus	13,924,582	255,000	4,353,522	18,023,105	80,000	5,070,663	23,013,768
Sewer Utility Res/Surplus	25,160,959	0	2,717,587	27,878,546	208,492	311,390	27,981,444
Airport Res/Surplus	21,501,263	29,671,255	13,600,564	5,430,573	48,205,065	15,624,030	(27,150,462)
Natural Gas Surplus	4,849,122	172,279	0	4,676,843	304,671	0	4,372,172
Library Society Surplus	165,878	0	0	165,878	0	0	165,878
Reserves Total	161,751,431	82,355,136	35,456,726	114,853,021	63,738,867	38,502,336	89,616,490
Deferred Devt. Cost Charges	24,018,200	21,576,601	7,984,031	10,425,631	14,138,340	7,958,638	4,245,929

This chart assumes all projects budgeted will be completed in that year but actual expenditures on some of the larger projects may be over several years so the reserve balance at the end of 2014 and 2015 should be higher than indicated above.

6. BASIS OF ACCOUNTING / BUDGETING

The **basis of accounting** refers to when revenues and expenditures are recognized (recorded) in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The focus within the budget process is that all interfund transactions are budgeted, but in the financial statements all material interfund entries are eliminated in preparation of the consolidated financial statements.

City of Kelowna revenues and expenditures are recognized on a modified accrual basis of accounting. Revenues and related accounts receivable are recognized in the accounting period in which they become earned and measurable.

- expenditures are recognized in the accounting period in which the liability is incurred
- inventory is valued at the lower of cost or replacement cost
- temporary investments are recorded at cost
- starting in 2009, tangible capital assets on the balance sheet will be shown at cost, less amortization, less disposal
- tangible capital assets will be written down when non-contributing
- starting in 2009, amortization and write-downs of tangible capital assets will be a charge against annual income. In 2009, the Canadian Institute of Chartered Accountants (CICA) PSAB standard 3150 changed the way tangible capital assets are reported on the annual financial statements.

The **basis of budgeting** is also on the modified accrual basis. The acquisition of capital assets and the repayment of long term debt are considered as expenditures in Municipal Fund Accounting and are required to be included in the financial plan. Revenues are budgeted in the year they become measurable and available to finance expenditures. Proceeds from borrowing are considered to be revenues. Proceeds from the sale of assets are considered to be revenues and the related gain or loss is not.

7. DEBT MANAGEMENT

The City of Kelowna has various options available to obtain, through borrowing, funds necessary to acquire assets. The following section describes each borrowing option, the City's legal limits, and the estimated outstanding debt balances at December 31, 2014.

Under the *Community Charter (C.C.)* legislation that became effective on January 1, 2004, a new method of determining a municipality's borrowing limit was enacted. The provincial regulations establish a limit based on the cost of servicing the aggregate liabilities of the municipality. The cost of servicing the liabilities cannot exceed 25% of the total revenues for the previous year (excluding revenue received for another taxing jurisdiction, tax sharing revenues paid to another municipality, revenue from the disposition of assets, Federal or conditional grants such as water/sewer infrastructure grants and Municipal Finance Authority actuarial adjustments).

General Fund Debt Servicing Costs

Net Debt Servicing Costs are budgeted at **\$3,706,019 in 2015** (3.3% of taxation demand). This represents an increase of \$1,262,881 from the 2014 budgeted amount. \$150,000 of this amount which was being used to fund a short term borrowing project was shifted to repay an internally financed land acquisition.

There are two new borrowings included in the 2015 financial plan for the General Fund, Police Facilities and Lawrence Avenue. The current net general debt (including internal financing) as a percentage of taxation demand is 4.7% in 2015, as compared to 3.8% of taxation demand in 2014.

Long Term Debenture (C.C. Section 174 & 179)

Long Term Debenture borrowing involves the repayment of both principal and interest over a period not to exceed 30 years. The City of Kelowna has undertaken to limit the term on long term borrowing to 20 years wherever possible. Debenture borrowing for most long-term needs requires the assent of electors through an alternative approval process and/or the passing of a referendum.

The outstanding debenture borrowing for all funds at Jan 1st of each year is:

	<u>2013 Balance</u>	<u>2014 Balance</u>	<u>2015 Est. Bal.</u>
General Capital Fund	\$39,686,000	\$36,488,000	\$33,590,000
Water Utility Capital Fund	8,727,000	8,345,000	7,947,000
Wastewater Utility Capital Fund	48,444,000	42,657,000	36,937,000
Natural Gas Utility Capital Fund	23,434,000	20,101,000	16,558,000
Library Fund	1,949,000	1,563,000	1,142,000
Airport Fund	10,341,000	8,782,000	7,161,000
Total Debenture Debt	\$132,581,000	\$117,936,000	\$103,335,000

Liabilities Beyond the Current Year (C.C. Section 175)

Under an agreement, Council may incur a liability payable after the current year as long as it is not a debenture debt and the liability does not exceed the life expectancy of the activity. If the agreement is for longer than 5 years, or contains a right of renewal that could exceed 5 years, an alternative approval process must be provided. This borrowing method is used by the City of Kelowna to secure the purchase of land from a vendor.

Short Term Borrowing (C.C. Section 178)

Short Term Borrowing is used to undertake capital works programs and must be repaid over a period not to exceed 5 years. The City of Kelowna's short term borrowing legal capacity is approximately \$6.2 million based on \$50 per capita and a 2015 population estimate of 123,500. The City uses this borrowing method for the upgrade or construction of facilities and the purchase and development of parks. There are no projects currently funded through short term borrowing.

Revenue Anticipation Borrowing (C.C. Section 177)

Operating loans may be required to meet current expenditures pending receipt of taxation revenue. This most often occurs in the few months prior to the annual July due date for tax payment and is repaid on June 30. To transact operating loans, a Revenue Anticipation Borrowing By-Law must be approved by Council and is limited to 75% of taxes due in the preceding year. The City of Kelowna had no operating loans outstanding at December 31, 2014.

Loan Guarantees & Commitments (C.C. Section 179)

The City of Kelowna has a loan guarantee in place for the Kelowna Family Y Centre (\$1.8 million). There is also a commitment to R.G Arenas (Kelowna) Ltd. to purchase community use time in the multi-purpose facility until the year 2029. A payment of \$10.4 million would be required to terminate the community use agreement.

Internal Financing

The City of Kelowna borrows funds from its own general reserves with repayment of principal and interest in order to finance capital projects. This may relate to projects that are pending debenture issues and require interim financing or to projects that make use of reserve funds not required in the near future. There is no statutory limit to this borrowing as it is offset by existing reserve balances. It is an effective financing tool, especially when investment interest is low. There are currently five capital programs that are being internally financed and their estimated balances at the end of 2014 are:

- Mission Recreation Park Facilities - \$5,717,000
- Energy Management Plan Program - \$86,000
- Protective Services Site Acquisition - \$2,395,000
- Compost Facility Loaders - \$461,000
- Land Acquisition Loan - \$298,000

Internal financing is also used in the Development Cost Charge program where a deficit in one reserve can be temporarily offset by a surplus in another reserve. Repayment to the reserve includes any interest charge.

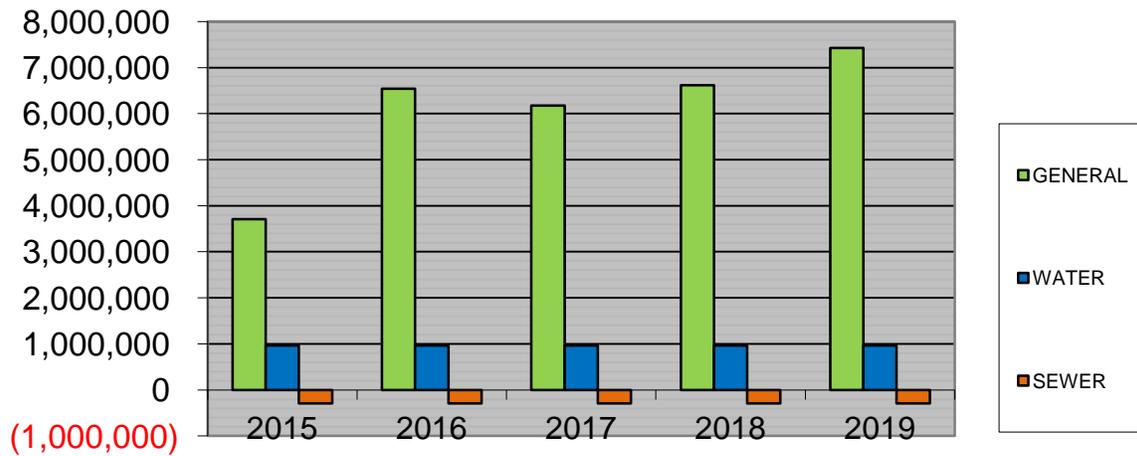
There was one new debenture borrowing in 2014 and funds were received for the Lawrence Avenue Local Area Service. Borrowing over the next five years will be determined by the 10 Year Capital Plan (2014) reflecting capital requirements to 2020.

Further detailed debt repayment information for 2015 and future years is illustrated on the following pages.

CITY OF KELOWNA - 10 YEAR DEBT REPAYMENT SCHEDULE

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
GENERAL										
Debenture										
Principal	2,985,537	5,142,617	4,797,944	4,618,981	4,566,099	4,141,840	4,278,351	4,217,135	4,094,010	4,094,010
Interest	3,782,123	5,462,477	5,408,192	5,402,328	5,895,350	5,682,451	5,855,215	5,742,505	5,657,009	5,657,009
Total Expenditures	6,767,660	10,605,094	10,206,136	10,021,309	10,461,449	9,824,291	10,133,566	9,959,640	9,751,019	9,751,019
Recoveries	(3,176,922)	(4,182,676)	(4,144,862)	(3,521,258)	(3,151,944)	(2,514,787)	(2,514,787)	(2,340,861)	(2,132,239)	(2,132,239)
Net Debenture Debt	3,590,738	6,422,418	6,061,274	6,500,051	7,309,505	7,309,505	7,618,780	7,618,780	7,618,780	7,618,780
Other Debt										
MFA Levy	5,520	5,858	5,975	6,095	6,278	6,466	6,660	6,710	6,760	6,810
Short Term Borrowing	0	0	0	0	0	0	0	0	0	0
Temporary Debt	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
TOTAL NET DEBT (General)	3,706,258	6,538,276	6,177,249	6,616,146	7,425,782	7,425,971	7,735,440	7,735,490	7,735,540	7,735,590
WATER										
Debenture										
Principal	423,489	423,489	423,489	423,489	423,489	423,489	423,489	423,489	423,489	422,304
Interest	570,132	570,132	570,132	570,132	570,132	570,132	570,132	570,132	570,132	569,191
Total Expenditures	993,621	993,621	993,621	993,621	993,621	993,621	993,621	993,621	993,621	991,495
Recoveries	(29,293)	(29,293)	(29,293)	(29,293)	(29,293)	(29,293)	(29,293)	(29,293)	(28,108)	(27,167)
Net Debenture Debt	964,328	964,328	964,328	964,328	964,328	964,328	964,328	964,328	965,513	964,328
WASTEWATER										
Debenture										
Principal	4,256,226	4,256,226	4,256,226	4,256,226	4,249,805	1,571,932	739,022	739,022	737,829	737,829
Interest	2,872,129	2,872,129	2,872,129	2,872,129	2,372,257	1,276,939	903,939	903,337	902,736	902,736
Total Expenditures	7,128,355	7,128,355	7,128,355	7,128,355	6,622,063	2,848,871	1,642,961	1,642,360	1,640,565	1,640,565
Recoveries	(7,418,775)	(7,418,775)	(7,418,775)	(7,418,775)	(6,912,483)	(3,139,291)	(1,933,381)	(1,932,780)	(1,929,894)	(1,929,894)
Net Debenture Debt	(290,420)	(290,420)	(290,420)	(290,420)	(290,420)	(290,420)	(290,420)	(290,420)	(289,329)	(289,329)
NATURAL GAS LEGACY										
Debenture & Capital Lease										
Principal	1,699,052	1,699,052	1,699,052	1,699,052	0	0	0	0	0	0
Interest	2,657,240	2,657,240	2,657,240	2,657,240	0	0	0	0	0	0
Total Expenditures	4,356,292	4,356,292	4,356,292	4,356,292	0	0	0	0	0	0
Recoveries	(4,356,292)	(4,356,292)	(4,356,292)	(4,356,292)	0	0	0	0	0	0
Net Debenture Debt	0	0	0	0	0	0	0	0	0	0
AIRPORT										
Debenture										
Principal	2,332,146	2,332,146	2,332,146	3,814,725	2,482,070	2,482,070	2,482,070	2,482,070	2,482,070	1,482,579
Interest	1,122,000	1,122,000	1,478,000	1,462,000	1,090,000	1,090,000	1,090,000	1,090,000	901,000	712,000
Total Expenditures	3,454,146	3,454,146	3,810,146	5,276,725	3,572,070	3,572,070	3,572,070	3,572,070	3,383,070	2,194,579
Recoveries (AIF Revenue)	(3,454,146)	(3,454,146)	(3,810,146)	(5,276,725)	(3,572,070)	(3,572,070)	(3,572,070)	(3,572,070)	(3,383,070)	(2,194,579)
Net Debenture Debt	0	0	0	0	0	0	0	0	0	0
TOTAL NET DEBT PY MT	4,380,166	7,212,184	6,851,157	7,290,053	8,099,690	8,099,879	8,409,348	8,409,398	8,411,724	8,410,589

5 YEAR NET DEBT REPAYMENT

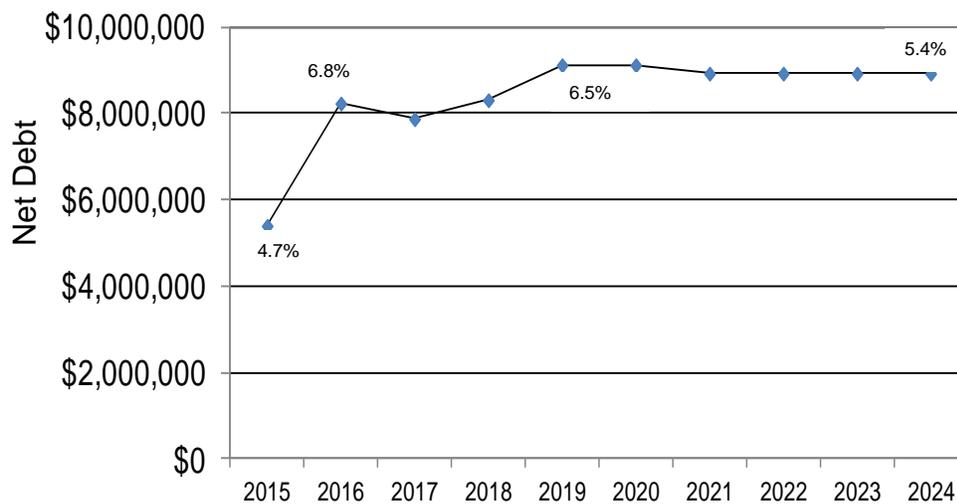


Taxation Funded Debt

Council policy has been to limit annual net debt repayment to a maximum of 5% of taxation demand. Net debt repayment for 2015 will be 4.7% and anticipated to reach a maximum of 6.8% over the next six years before dropping to 5.4% by 2024. This includes debt for internal financing and the debt repayment for both the Mission Aquatic Centre and Police Services facility.

The following chart illustrates the annual debt repayment and the percent of taxation for some of the years:

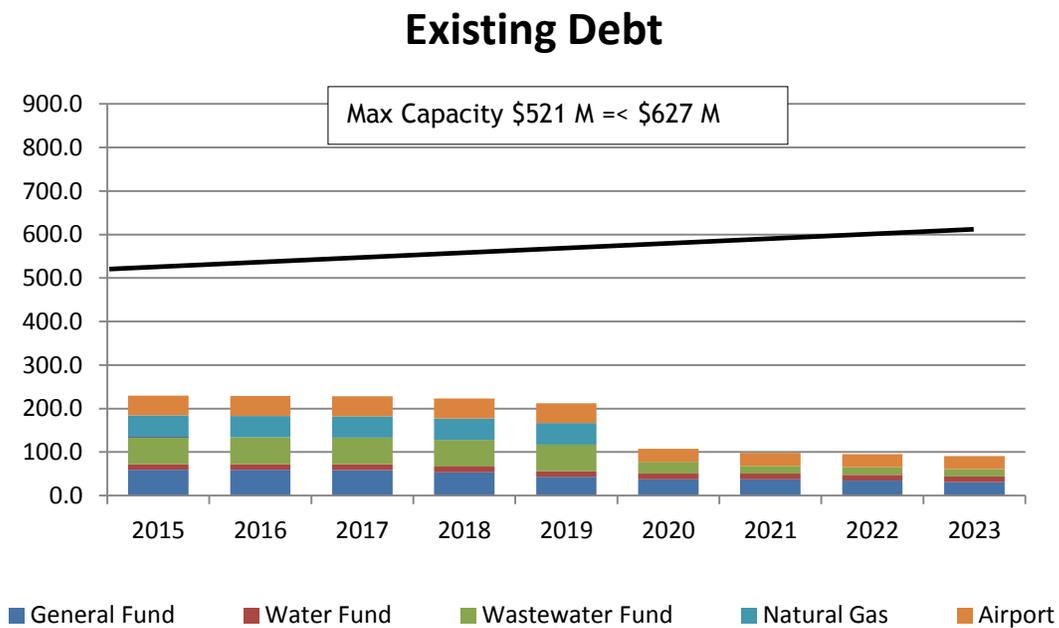
Taxation Funded Debt



Existing Debt - All Funds

The maximum debt that can be undertaken by the City in a given year is based on 25% of previous year revenues. Using 2013 revenues, the current liability servicing limit is \$58.7 million of which \$34.1 M of this capacity has been used, leaving an available capacity of \$24.6 M. While \$34.1 M represents approved debt capacity, the total debt servicing cost payable (principal and interest) is \$22.3 M. The balance of \$11.8 M represents guarantees and commitments as well as approved borrowings which have not been issued. Using current Municipal Finance Authority lending rates and a 15 year repayment term the unused borrowing capacity of \$24.6 M for 2015 is approximately **\$292 M**.

The following chart shows the borrowing by various funds and the maximum borrowing limit by the solid bar.



(Based on current estimated borrowing rates)

Debt Charges Analysis

DEBT - GENERAL	2014		2015	
DEBENTURES	FINANCIAL PLAN		FINANCIAL PLAN	
Local Improvements - MFA 63	23,651		23,651	
Local Improvements - MFA 64	20,052		20,052	
Local Improvements - MFA 66	4,272		4,272	
Local Improvements - MFA 70	4,455		3,732	
Local Improvements - MFA 130	0		21,936	
South Pandosy Spec Area 1 & 2 - MFA 71	41,628		34,867	
Library Parkade Plaza - MFA 64	143,555		143,555	
Kokanee Gymnastic Facility - MFA 75	30,371		30,371	
Chapman Parkade - MFA 78	208,621		208,621	
Okanagan Gymnastics - MFA 102	65,422		65,422	
Mission Aquatic Centre - MFA 102&104	2,419,160		2,419,160	
DCC Roads	1,401,826		1,401,826	
Ellis Street Library	541,737		541,718	
Police Facilities	0		1,249,190	
Automated Collection Carts	599,282	<u>5,504,032</u>	599,282	<u>6,767,655</u>
Debenture Recoveries				
Local Improvement Levies	(52,430)		(73,642)	
Kokanee Gymnastic's Repayment	(34,495)		(34,495)	
- Appropriation to Major Facilities Res.	4,124		4,124	
Okanagan Gymnastics	(65,660)		(65,659)	
South Pandosy Spec Area 1 & 2	(41,628)		(34,867)	
Parking Reserve	(352,176)		(352,176)	
Mission Aquatic Centre Invest. Interest	0		0	
DCC Roads	(1,401,826)		(1,401,826)	
Library Board	(658,040)		(619,332)	
Landfill Reserve (Auto. Carts)	(599,282)	<u>(3,201,414)</u>	(599,282)	<u>(3,177,156)</u>
NET DEBENTURE DEBT		<u><u>2,302,619</u></u>		<u><u>3,590,499</u></u>

Debt Charges Analysis General Fund

	2014 FINANCIAL PLAN	2015 FINANCIAL PLAN
SHORT TERM BORROWING		
MFA Levy	<u>5,520</u>	<u>5,520</u>
NET SHORT TERM DEBT	<u><u>5,520</u></u>	<u><u>5,520</u></u>
TEMPORARY DEBT		
Interest on Prepaid Taxes	105,000	80,000
Bank Charges/Local Improvements	<u>51,000</u>	<u>51,000</u>
	<u>156,000</u>	<u>131,000</u>
Temporary Debt - Recovery		
Parking Reserve	<u>(21,000)</u>	<u>(21,000)</u>
	<u>(21,000)</u>	<u>(21,000)</u>
NET TEMPORARY DEBT	<u><u>135,000</u></u>	<u><u>110,000</u></u>
NET DEBT - GENERAL	<u><u>2,443,139</u></u>	<u><u>3,706,019</u></u>
DOLLAR CHANGE		1,262,880 51.7%
INTERNAL BORROWING		
Mission Recreation Park Facilities	939,660	939,660
Protective Services Property	504,000	504,000
Land Acquisition Reserve	150,000	150,000
TOTAL INCLUDING INTERNAL FINANCING	4,036,799	5,299,679

8. ONGOING BUDGET IMPACTS (GENERAL FUND)

Operating requests and expenditure reductions submitted in the financial plan are projected over a 3 year period. This impact summary analyzes the impacts from current and prior year ongoing and one time operating requests and expenditure reductions for dollar value changes between the current and subsequent year. Adoption of this Provisional volume includes the approval of these changes from year to year.

The impact on 2016 from the adoption of the 2015 financial plan as submitted is summarized as follows:

2015 One-time operating requests	(\$633,490)	(0.56%)
2015 One-time expenditure reductions	258,000	0.23%
Additional full year costs:		
From 2014 Financial Plan	22,200	0.02%
From 2015 Financial Plan	1,969,946	1.73%
Capital Maintenance Costs: (estimated)		
Parks	\$50,000	
Transportation	<u>50,000</u>	<u>0.09%</u>
2015 Ongoing budget impact:	\$1,716,656	1.51%

Full Time Equivalent Summary

	BUDGET 2013	ACTUAL 2013	REVISED ADOPTED 2014	FINANCIAL PLAN 2015
GENERAL FUND				
Mayor & Council	10.1	10.2	10.1	10.1
City Management	2.0	2.3	2.0	2.0
Strategic Services	8.3	7.6	8.0	8.0
Fire Department	123.6	121.7	123.9	123.9
Infrastructure	24.4	25.7	25.0	23.2
Community Planning & Real Estate	74.7	76.1	77.1	78.3
Active Living & Culture	54.8	59.4	58.6	58.7
Civic Operations	207.8	202.3	210.4	214.7
Corporate & Protective Services	74.7	80.8	78.2	78.7
Police Services	71.4	74.0	73.5	75.1
Communications & Information Services	34.0	37.9	34.6	35.1
Human Resources & Corporate Performance	15.6	19.6	15.6	15.6
TOTAL GENERAL FUND	701.4	717.6	717.0	723.4
AIRPORT & UTILITY FUNDS				
AIRPORT	40.7	43.4	40.6	41.7
ELECTRICAL	0.2	0.8	0.0	0.0
WASTEWATER	38.2	37.2	38.3	40.0
WATER	27.4	24.1	28.3	29.5
NATURAL GAS				
TOTAL AIRPORT & UTILITY FUNDS	106.5	105.5	107.2	111.2
TOTAL FTEs FOR THE CITY OF KELOWNA	807.9	823.1	824.2	834.6

Full Time Equivalent Analysis

GENERAL FUND

Mayor & Council

2013 Addition of 1.0 FTE on-going for Mayor Secretary

Strategic Services

2013 Addition 1.0 FTE on-going for Executive Director of Business Development position
 Reduction 0.2 FTE on-going moving Regional Projects position to Infrastructure from July 2013
 Corporate Reorg
 Reduction 0.5 FTE for various one-time 2013 Budget Transfers

2014 Reduction 0.8 FTE annualization of Regional Projects position to Infrastructure from July 2013
 Corporate Reorg
 Addition 0.5 FTE for reversal of one-time 2013 Budget Transfers

Fire Department

2014 Annualization 0.3 FTE on-going of 2012 RDOS Fire Dispatch Contract/Admin Officer Operating Request

Infrastructure

2013 Reduction 1.0 FTE for one-time 2012 Road Cross Section Drawings & Approvals Operating Request
 Increase 0.1 FTE for Heritage Asset Restoration Project Carryover Request
 Reduction 0.2 FTE for various one-time 2013 operating requests
 Addition 0.3 FTE for various 2013 Budget Transfers and July 2013 Corporate Reorg
 Reduction 0.4 FTE for revised capital allocations
 Reduction 0.9 FTE for Strategic Projects Manager position

2014 Addition 0.4 FTE for one-time 2014 Summer Student (Data Entry) Operating Request
 Addition 0.1 FTE for City Park Drainage operating request
 Reduction 0.1 FTE for one-time 2013 Budget Transfers
 Addition 0.3 FTE for July 2013 Reorg and Capital reallocation
 Reduction 0.1 FTE for reversal of one-time 2013 Heritage Asset Restoration Project

2015 Addition 1.0 FTE on-going for Transportation Planning Engineer Operating Request
 Reduction 0.5 FTE for reversal of one-time 2014 Operating Requests
 Reduction 2.3 FTE on-going from reallocation of staff to Utility Funds

Community Planning & Real Estate

2013 Addition 2.6 FTE on-going moving City Hall Receptionists from HR & Corporate Performance for July
 2013 Corporate Reorg
 Addition 2.0 FTE for reversal of one-time 2012 Planner II and Planner Specialist Expenditure Reductions
 Reduction 2.0 FTE for one-time 2013 Planner II and Planner Specialist Expenditure Reduction Requests
 Addition 2.0 FTE on-going for 2013 Parking Equipment and Parking Management - Account Adjustments
 Operating Requests
 Reduction 1.0 FTE on-going moving GIS Technician position from Community Planning & Real Estate to
 Information Services, 1.6 FTE on-going moving to Corporate Performance for the Portfolio Management
 Position through 2013 Budget Transfers

2014 Addition 1.0 FTE for one-time Manager, Strategic Land Development - Special Projects Operating
 Request and 0.3 FTE for various on-going operating requests

Addition 2.0 FTE for reversal of 2013 one-time Expenditure Reduction for a Planner Specialist and Planner II positions

Reduction 1.0 FTE on-going from 2014 Budget Transfer moving position to Active Living & Culture Division

2015 Addition 1.0 FTE on-going for Parking Management Operating Requests

Addition 1.2 FTE on-going for various Development Services Operating Requests

Reduction 1.0 FTE for reversal of 2014 one-time Manager, Strategic Land Development - Special Projects Operating Request

Active Living & Culture

2013 Addition 1.2 FTE for on-going 2013 Theatre Operation and Parkinson Activity Centre Operating Requests and 1.0 FTE for reversal of one-time 2012 Outdoors Events Supervisor Expenditure Reduction

Addition 0.1 FTE from one-time 2013 Budget Transfer for Kelowna Paddle Centre

Reduction 0.3 FTE for one-time 2013 Events & Festival Supervisor Expenditure Reduction

Addition 0.5 FTE on-going for Grants & Partnerships Manager from July 2013 Corporate Reorg

2014 Addition 1.2 FTE on-going for Operating Requests KCT Staff Support & Budget Adjustments, Miscellaneous Budget Adjustments and Outdoor Event Wages.

Addition 0.3 FTE from one-time 2013 Events & Festival Supervisor Expenditure Reduction

Addition 0.5 FTE on-going for Grants & Partnerships Manager from July 2013 Corporate Reorg

Addition 0.3 FTE from one-time Osteofit Program Budget Amendment

Addition 1.6 FTE on-going for Neighbourhood Development Coordinator Budget Transfer

Reduction 0.1 FTE for reversal of 2013 one-time Budget Transfer for Kelowna Paddle Centre

2015 Addition 0.4 FTE for the Program Adjustments Operating Request

Reduction 0.3 FTE from one-time 2014 Budget Transfer and Amendments

Civic Operations

2013 Addition 1.5 FTE on-going for various 2012 Parks Operating Requests, 0.2 FTE on-going for various 2012 Building Services operating requests

Reduction 0.5 FTE on-going for 2012 Mechanic Expenditure Reduction Request

Addition 0.3 FTE on-going for various 2013 Transportation Operating Requests, 1.7 FTE for reversal of one-time 2012 various Transportation Operating and Expenditure Reduction Requests

Reduction 0.7 FTE for one-time 2013 Street Sweeping Operating Request, 0.5 for on-going 2012 City Yards Position Reassignment Expenditure Reductions

Addition 0.6 FTE on-going for 2013 Environmental Tech II Operating Request

Reduction 0.2 FTE from various one-time 2013 Budget Transfers

2014 Addition 0.8 FTE on-going for Traffic Technician Operating Request and 0.7 FTE on-going wages for various 2014 Operating Requests

Addition 0.9 FTE from reversal of various one-time 2013 Budget Transfers and 2013 Street Sweeping Expenditure Reduction

Annualization 0.3 FTE wages on-going from various 2012 and 2013 Operating Requests

2015 Annualization 0.3 FTE for 2013 Traffic Technician Operating Request

Addition 1.0 FTE one-time for Energy Specialist Coordinator Position operating request

Addition 3.1 FTE on-going for various 2015 Operating Requests

Reduction 0.3 FTE for 2014 reversal of one-time operating requests

Addition 0.2 FTE on-going from reallocation of staff to Utility Funds

Communications & Information Services

- 2013 Addition 0.9 FTE for Communications Coordinator through 2013 Budget Transfer
- Addition 0.3 FTE on-for going 2013 Business System Analyst Operating Request
- Addition 1.0 FTE on-going moving a GIS Technician position from Community Planning & Real Estate to Information Services
- 2014 Addition 0.8 FTE on-going for Communications Advisor and Applications Systems Manager Operating Requests
- Reduction 0.9 FTE for Communications Coordinator through 2013 Budget Transfer
- Annualization 0.7 FTE on-going for 2013 Business System Analyst Operating Request
- 2015 Annualization 0.5 FTE from 2014 Applications Systems Manager Operating Request

Corporate & Protective Services

- 2013 Reduction 3.4 FTE for reversal of one-time 2012 Credit Management Project - Revenue and 2012 Temporary Accountant Carryover Requests
- Reduction 0.5 FTE on-going for 2012 Bylaw Enforcement Officer Expenditure Reduction
- Reduction 0.3 FTE for one-time 2012 Temporary Accountant Operating Request
- Addition 0.5 FTE for one-time 2012 Cashier Expenditure Reduction Requests
- Addition 0.3 FTE on-going for the Accountant - Transit & Revenue operating request
- Reduction 1.0 FTE on-going for the Parking Management - Account Adjustments Operating Request
- 2014 Addition 0.2 FTE one-time for 2014 Local Government Election Operating Request
- Annualization 0.8 FTE on-going for 2013 Asset Management Accountant/Accountant Transit & Revenue Operating Request
- Addition 0.2 FTE ongoing for part-time staff from 2014 Budget Transfer
- Addition 0.3 FTE onetime for the COR Rebate Final Budget operating request
- Addition 2.0 FTE on-going for Bylaw Enforcement Officer. This results in no physical addition of staff, budget was increased to match actual experience
- 2015 Addition 0.5 FTE on-going for the Bylaw Admin Support Operating Request
- Reduction 0.5 FTE for reversal of 2014 one-time Operating Requests
- Annualization 0.5 FTE from 2013 Asset Management Accountant Operating Request

Police Services

- 2013 Addition 0.8 FTE on-going for 2013 Exhibit Control Officer Operating Request, 1 FTE for one-time 2012 Crime Prevention Supervisor Expenditure Reduction
- Reduction 1.0 FTE on-going for 2013 Community Police Program Coordinator Expenditure Reduction
- Addition 0.8 FTE for part-time wages through 2013 Budget Transfers
- 2014 Addition 0.8 FTE on-going for Operations Clerk - Police Services Operating Request
- Annualization 0.3 FTE on-going for 2013 Exhibit Control Officer Operating Request
- Addition 0.9 FTE for one-time Computer Support Technician Operating Request
- 2015 Annualization 0.3 FTE on-going for 2013 Operations Clerk - Police Services Request
- Reduction 0.2 FTE for 2014 reversal and 2015 addition of Computer Support Technician - Term Operating Request
- Addition 1.5 FTE on-going for Court Liaison Officer and Secretary Operating Requests

Human Resources & Corporate Performance

- 2013 Reduction 1.0 FTE moving Secretary position to Mayor & Council
- Reduction 0.5 FTE moving Grants & Partnership position to Active Living & Culture from July 2013 Corporate Reorg
- Reduction 0.5 FTE one-time for 2012 Human Resource Coordinator Operating Request

Reduction 2.0 FTE moving City Hall Receptionist positions to Community Planning & Real Estate from July 2013 Corporate Reorg

Addition 1.0 FTE for Portfolio Manager position, reduction 1.0 FTE for Strategic Initiatives Director

2014 Addition 0.5 FTE on-going for wages related to Human Resources Student Co-Op Program

Reduction 0.5 FTE annualizing moving Grants & Partnership position to Active Living & Culture from the July 2013 Corporate Reorg.

AIRPORT & UTILITY FUNDS

Airport

2013 Reduction 0.9 FTE on-going for 2013 Airport Staffing Changes Reduction Request

2015 Addition 1.0 FTE for .5 Mechanic and .5 casual equipment operator ongoing

Electrical

2013 Reduction 0.8 FTE on-going for Electrical Utility Restructure Operating Request

2014 Reduction 0.2 FTE on-going from 2013 Electrical Utility Restructure Operating Request

Wastewater

2013 Addition 1.0 FTE for one-time 2012 Operator II Expenditure Reduction Request

Reduction 1.0 FTE for one-time 2013 Operator II Expenditure Reduction Request

Addition 0.9 FTE from one-time and on-going 2013 Budget Transfers

Addition 0.1 FTE for various 2013 Operating Requests

2014 Addition 1.0 FTE for reversal of various one-time 2013 operating requests

Reduction 1.0 FTE for wages related to one-time Operator II Position

Addition 0.1 FTE for Electrical Fund Removal Operating Request

2015 Addition 1.0 FTE for 2014 one-time Operator II Position Reduction Request

Addition 0.7 FTE on-going from reallocation of staff to Utility Funds

Water

2013 Reduction 1.3 FTE for various 2013 one-time Budget Transfers

Addition 0.6 FTE from one-time 2012 Water Service Operations Reduction Request

Reduction 0.6 FTE for one-time Hydrant/Bulk Water Connection Expenditure Reduction

2014 Addition 0.6 FTE wages for reversal of 2013 one-time Hydrant/Bulk Water Connection Expenditure Reduction

Reduction 1.0 FTE for one-time Water Quality Technician Position Pilot Program

Addition 1.3 FTE for Water Quality Technician Pilot Program and Pumpstation Operator Operating Requests

Addition 0.1 FTE for Electrical Fund Removal Operating Request

2015 Addition 0.7 FTE from 2014 one-time Water Quality Technician Position Pilot Program Reduction Request

Reduction 0.7 FTE on-going for Water Quality Technician Position Pilot Program Reduction Request

Addition 0.1 FTE one-time for Pump Operations Shop Area Operating Request

Addition 0.3 FTE on-going for Landscape Maintenance Operating Request

Addition 0.8 FTE on-going from reallocation of staff to Utility Funds

