



# Council Report

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**Date:** November 4, 2025  
**To:** Anthony Haddad, City Manager  
**From:** Kelsey Johnson, General Manager of Community Services  
**Subject:** 2025 Q4 Capital Projects – Budget Amendments

## Staff Recommendation

THAT Council receive into the record the report dated November 4, 2025 titled “2025 Q4 Capital Project – Budget Amendment”;

AND THAT Council approve the following budget amendments:

- City Hall second-floor renovation, to provide a total budget of \$246,500, to be funded with \$175k from the Asset Sustainability Reserve and \$71,500 from the Asset Retirement Obligations liability
- City-wide radio upgrade, to provide a total budget of \$75k, to be funded with \$30k from remaining funds in the Community Centre Fire Suppression Refurbishment capital project and \$45k from the Infrastructure – Local Area Network capital project in IT.

AND THAT the 2025-2029 Financial Plan be amended accordingly.

## Strategic priority objective

**Safe & Resilient:** The City of Penticton will enhance and protect the safety of all residents and visitors to Penticton.

## Background

On October 7, 2025, Council received the Third Quarter report on the City’s Capital Program as part of the quarterly Corporate and Business Plan Update. As staff are working through the remainder of 2025, a number of capital projects require budget amendments prior to year end in order to support completion. Each project will be discussed below, with an appropriate funding strategy identified in the financial implications section.

### City Hall Second-Floor Renovation

On July 30, 2025, the City announced a plan to consolidate office space to create a one-stop customer service hub at City Hall with improved accessibility. This process marked a significant step forward in the

City's Civic Spaces and Places plan and was part of a broader strategy to improve customer service, optimize the use of civic facilities and support long-term organizational growth.

The consolidation would see several corporate administration teams relocate from City Hall and 888 Westminster Avenue to a new office space at 100 Front Street. This would then create space for Bylaw Services to return to City Hall, creating a more centralized and accessible location for residents and businesses seeking City services.

Through the first week of October, Finance, IT & HR successfully moved out of City Hall into the new offices at Front St. With the second-floor office area now vacant at City Hall, staff are proposing the completion of minor capital works to improve HVAC circulation, remediate hazardous materials as part of our Asset Retirement Obligations, support operational requirements of Bylaw Services and enhance accessibility and customer service.

Work on the second floor includes:

- Removal of several interior, non-load bearing walls to improve HVAC circulation in office area
- Abatement of asbestos containing flooring and installation of carpet tiles in office area
- Creation of Bylaw Reception and Intake Desk
- Abatement of lead paint and re-painting walls and trim
- Updating lighting to LED fixtures
- Re-wiring data/network cables

#### City-Wide Radio Upgrade

Initiated by the need for additional safety features for our Bylaw staff, the City is upgrading its Motorola radio infrastructure from analog to digital, marking a major step forward in public safety communications. This modernization will enhance reliability, coverage, and interoperability between City departments and regional emergency partners, ensuring faster, clearer, and more coordinated responses during critical incidents. The digital platform also provides expanded capabilities such as encrypted communications, improved data integration, and future readiness for next-generation technologies. This investment strengthens the City's commitment to community safety by giving first responders the tools they need to communicate seamlessly when every second counts.

#### **Financial implication**

##### City Hall Second-Floor Renovation

Costs associated with the second-floor renovations are estimated at \$246,500. Staff are proposing to fund the bulk of the project from the Asset Sustainability Reserve with the costs associated with hazardous material abatement funded through the Asset Retirement Obligation liability.

##### City-Wide Radio Upgrade

The estimated cost for the radio infrastructure upgrade is approximately \$75,000 and staff are proposing that this be funded through existing IT and Facilities capital budgets. \$45,000 of the project will be funded through the planned IT infrastructure renewal Local Area Network budget and the remaining \$30,000 is proposed to be funded through savings in the Facilities Fire Suppression Refurbishment project.

**Analysis**

City Hall Second-Floor Renovation

Upgrades and enhancements are aligned with the City’s Civic Places & Spaces plan, which recommends that the City retains City Hall as an employment / customer service hub, with continued investments to modernize and upgrade as required. The temporary vacancy of the second-floor office area presents a rare opportunity to abate hazardous materials and conduct improvements without having to accommodate ongoing operations and office work schedules, which provides for a more efficient mobilization of the work.

Should Council approve the budget amendment, work will commence immediately.

City-Wide Radio Upgrade

The upgrade to a modern digital radio system represents a strategic and essential investment in the City’s public safety and operational resilience. Moving from aging analog technology to a secure, interoperable digital platform will deliver lasting value through improved reliability, coverage, and communication between departments and emergency partners. Phase 1 of the project will begin immediately to address the critical needs of the Bylaw Services team, ensuring they have dependable communication tools to support front-line safety and enforcement operations. Phase 2 will follow to integrate the remaining City radios, creating a unified system that enhances coordination across all departments. Together, these phased upgrades will strengthen emergency response capabilities and future-proof the City’s communication infrastructure for years to come.

Respectfully submitted,

Kelsey Johnson  
GM of Community Services

Concurrence

GM of Corporate Services  <i>AMC</i>	City Manager  <i>SH</i>
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