

# City of Kelowna

## Regular Council Meeting

### AGENDA



Monday, December 3, 2018

9:00 am

Knox Mountain Meeting Room (#4A)

City Hall, 1435 Water Street

Pages

**1. Call to Order**

**2. Confirmation of Minutes**

3 - 5

Regular AM Meeting - November 26, 2018

**3. Reports**

**3.1 Funding the Infrastructure Deficit**

45 m

6 - 24

To provide Council with information on potential funding opportunities so that Council can direct staff to further explore options in order to address the 10-Year Capital Plan's forecasted \$463 million infrastructure deficit

**3.2 City Clerk, re: Verbal Update, Invitation to meet with Central Okanagan Board of Education**

5 m

**3.3 City Clerk, re: Verbal Update, Agassiz Public Hearing Options**

10 m

**4. Resolution Closing the Meeting to the Public**

THAT this meeting be closed to the public pursuant to Sections 90(1) (f) and 90(2) (b) of the Community Charter for Council to deal with matters relating to the following:

- Law Enforcement
- Confidential negotiations with the Province

**5. Adjourn to Closed Session**

**6. Reconvene to Open Session**

7. Issues Arising from Correspondence & Community Concerns

7.1 Mayor Basran, re: Issues Arising from Correspondence

30 m

8. Termination



## City of Kelowna Regular Council Meeting Minutes

Date: Monday, November 26, 2018  
Knox Mountain Meeting Room (#4A)

Location: City Hall, 1435 Water Street

Members Present Mayor Colin Basran, Councillors Maxine DeHart, Ryan Donn, Gail Given, Charlie Hodge, Brad Sieben, Mohini Singh\*, Luke Stack and Loyal Wooldridge

Staff Present Deputy City Manager, Joe Creron; City Clerk, Stephen Fleming; Infrastructure Engineering Manager, Joel Shaw\*; Divisional Director, Infrastructure, Alan Newcombe\*; Divisional Director, Financial Services, Genelle Davidson\*; Parks & Buildings Planning Manager, Robert Parlane\*; Utility Planning Manager, Rod MacLean\*; Transportation Engineering Manager, Gordon Foy\*; Accountant, Matt Friesen\*; Policy & Planning Department Manager, Danielle Noble-Brandt\*, Financial Analyst, Chris Gregson\*

(\* Denotes partial attendance)

### 1. Call to Order

Mayor Basran called the meeting to order at 9:03 a.m.

### 2. Confirmation of Minutes

Moved By Councillor Donn/Seconded By Councillor Hodge

R1023/18/11/26 THAT the Minutes of the Regular AM Meeting of November 19, 2018 be confirmed as circulated.

Carried

### 3. Reports

#### 3.1 Capital Plan and Servicing Plan Overview

Staff:

- Displayed a PowerPoint Presentation.
- Responded to questions from Council.

Councillor Singh joined the meeting at 9:30 a.m.

Moved By Councillor DeHart/Seconded By Councillor Hodge

**R1024/18/11/26** THAT Council receives, for information, the report from the Infrastructure Engineering Manager dated November 26, 2018, with respect to the Capital Plan and Servicing Plan Overview.

**Carried**

The meeting recessed at 10:01 a.m.

The meeting reconvened at 10:14 a.m.

### **3.2 2014-2018 Council Committee End of Term Review**

Staff:

- Displayed a PowerPoint Presentation.
- Responded to questions from Council.

Council:

- Provided comments on the committees' Terms of Reference.
- Provided comments on committees reporting back to Council and circulation of committee minutes to Council.

Moved By Councillor Stack/Seconded By Councillor Donn

**R1025/18/11/26** THAT Council receives, for information, the Report from the City Clerk dated November 19, 2018 with respect to the 2014-2018 Council Committee End of Term Review.

**Carried**

### **4. Resolution Closing the Meeting to the Public**

Moved By Councillor Singh/Seconded By Councillor Hodge

**R1026/18/11/26** THAT this meeting be closed to the public pursuant to Section 90(1) (e) of the Community Charter for Council to deal with matters relating to the following:

- Acquisition, Disposition or Expropriation of Land or Improvements

**Carried**

### **5. Adjourn to Closed Session**

The meeting adjourned to a closed session at 11:01 a.m.

### **6. Reconvene to Open Session**

The meeting reconvened to an open session at 11:24 a.m.

### **7. Issues Arising from Correspondence & Community Concerns**

#### **7.1 Councillor Given, re: LGLA Attendance**

Moved By Councillor Given/Seconded By Councillor Hodge

**R1026/18/11/26** THAT Council authorizes any member of Council to attend the upcoming Local Government Leadership Academy sessions being held in Kelowna this coming January 2019 with registration expenses to be paid in accordance with Council Remuneration and Expense Bylaw No. 7547.

**Carried**

**7.2 Councillor Wooldridge, re: UBC Student Nurses - Business Licence Bylaw Amendment Request**

Mayor Basran:

- Staff will respond with a copy to Council correspondence file.

**7.3 Councillor Donn, re: Mill Creek Car Dealers**

Councillor Donn:

- Contacted by business owners regarding recent anti-social behaviours occurring at their locations.

**7.4 Mayor Basran, re: Weekly Update**

Mayor Basran:

- Attended the OBWB forum at the Innovation Centre last week regarding fire mitigation and the work the City is doing with the Province; also heard from an Indigenous speaker regarding First Nations forest practices and that UBC will incorporate Indigenous fire practices into their curriculum.
- Update on the Provincially funded Chairs in three Universities on natural disaster management; discussion will come to Council.
- Attended a Forum on facilities and services available for youth in Rutland and how to engage youth to be aware.
- Attended, with Robert Fine, monthly business visit to Patriot One
- Thanked those Councillors who attended the "Ending Us and Them" event last week.

**7.5 Councillor Stack, re: Non Profit Housing Conference**

Councillor Stack:

- Attended as employee of Society of Hope and provided an update on the Conference.

**8. Termination**

The meeting was declared terminated at 11:47 a.m.

\_\_\_\_\_  
Mayor Basran

/sf/acm

\_\_\_\_\_  
City Clerk

# Report to Council



**Date:** December 3, 2018

**File:** 0610-50

**To:** City Manager

**From:** Divisional Director, Financial Services

**Subject:** Funding the Infrastructure Deficit

Report Prepared by: Chris Gregson, Financial Analyst

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## **Recommendation:**

THAT Council receives for information, the report from the Divisional Director, Financial Services dated December 3, 2018 with respect to funding the infrastructure Deficit;

AND THAT Council directs staff to research specific funding options identified in this report and report back to Council in the first quarter of 2019 on a funding approach that addresses the infrastructure deficit.

## **Purpose:**

To provide Council with information on potential funding opportunities so that Council can direct staff to further explore options in order to address the 10-Year Capital Plan's forecasted \$477 million infrastructure deficit in the general fund.

## **Background:**

Municipal infrastructure gets people and goods moving, provides safe drinking water, handles our waste, creates spaces for sport and recreation, and helps protect our homes against flooding and other natural disaster. The delivery of these essential public services is reliant on a strong foundation of municipal infrastructure. This foundation enables our communities and local businesses to grow and ensures Canadians can lead safe and healthy lives.

Municipalities own the core infrastructure assets that are critical to the quality of life of Canadians and the competitiveness of our Country. Almost 60% of Canada's core public infrastructure is owned and maintained by municipal governments. This amounts to an estimated \$1.1 trillion dollars or \$80,000 per household. Asset Management professionals across the country have identified reinvestment as lower than recommended targets required to maintain infrastructure in a good state of repair. This

underinvestment will allow infrastructure to deteriorate to levels that lead to costly reconstruction and increased risk of service disruption.

The 10-Year Capital Plan at the City of Kelowna forecasts a total general fund infrastructure investment of \$1.05 billion required to renew existing infrastructure and to put in place the necessary infrastructure to accommodate growth and meet the community's evolving service expectations. The City's general fund is forecasted to provide funding of \$573 million leaving a \$477 million infrastructure deficit in the general fund.

Staff have identified the following preliminary funding opportunities that in principle will contribute to lowering the infrastructure deficit:

- Infrastructure Levy - an annual levy collected for the purpose of infrastructure investment.
- Development Cost Charges (DCC) – charges developers pay to service growth. Current program already in place, plus considering new DCCs for Parks development and Storm Drainage infrastructure.
- Developer Incentives.
- Storm Drainage Utility – a utility similar to Water and Wastewater Utilities where serviced properties pay for Storm Drainage service.
- Fees and Charges Review.
- Alternative service delivery models.
- Local Area Services – benefitting property owners pay for service upgrades (i.e. wastewater, water, drainage, street scaping).

A common best practice tool in BC Municipalities financial toolkit is the use of a tax levy that is used to specifically address their City's infrastructure deficit. The District of West Vancouver, City of Vernon, Port Moody and Saanich on Vancouver Island, have all successfully implemented an infrastructure levy on their tax notices where the funding collected is contributed to a specific reserve that is designated to fund capital projects that will directly reduce the infrastructure deficit.

In quarter one of 2019 staff will provide Council with additional detail on the funding opportunities identified in this report that will help determine a City of Kelowna funding approach, and then subsequent development of a strategic plan for implementation of the chosen opportunities.

**Financial/Budgetary Considerations:** There will be a revenue budget impact to the funding opportunities chosen – these revenue impacts to be determined in 2019. There may be funding required for consultant assistance to develop strategic plan for implementation.

**Considerations not applicable to this report:**

**Internal Circulation:** N/A

**Legal/Statutory Authority:** N/A

**Legal/Statutory Procedural Requirements: N/A**

**Existing Policy: N/A**

**Personnel Implications: N/A**

**External Agency/Public Comments: N/A**

**Communications Comments: N/A**

**Alternate Recommendation: N/A**

Submitted by:

Genelle Davidson, CPA, CMA  
Divisional Director, Financial Services

**Approved for inclusion:**



cc: Joel Shaw, Infrastructure Engineering Manager





# Funding the Infrastructure Deficit





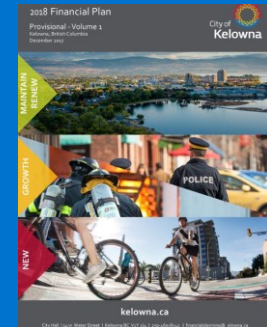
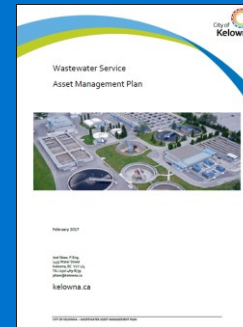
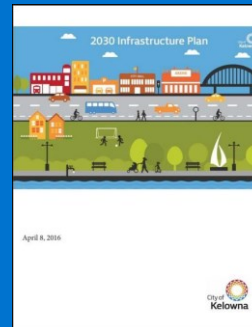
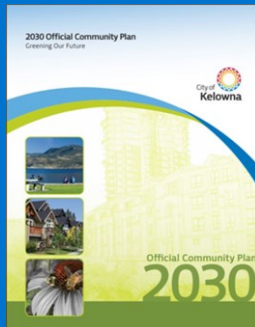
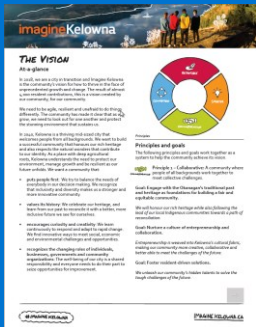
# Agenda

- ▶ Infrastructure planning
- ▶ Infrastructure deficit
- ▶ Opportunities
- ▶ Infrastructure levy
- ▶ Capital project prioritization
- ▶ Council endorsement

# Plan Alignment

Understanding  
Community Service  
Expectations

Delivering Infrastructure  
that supports Service  
Delivery



Imagine  
Kelowna

OCP

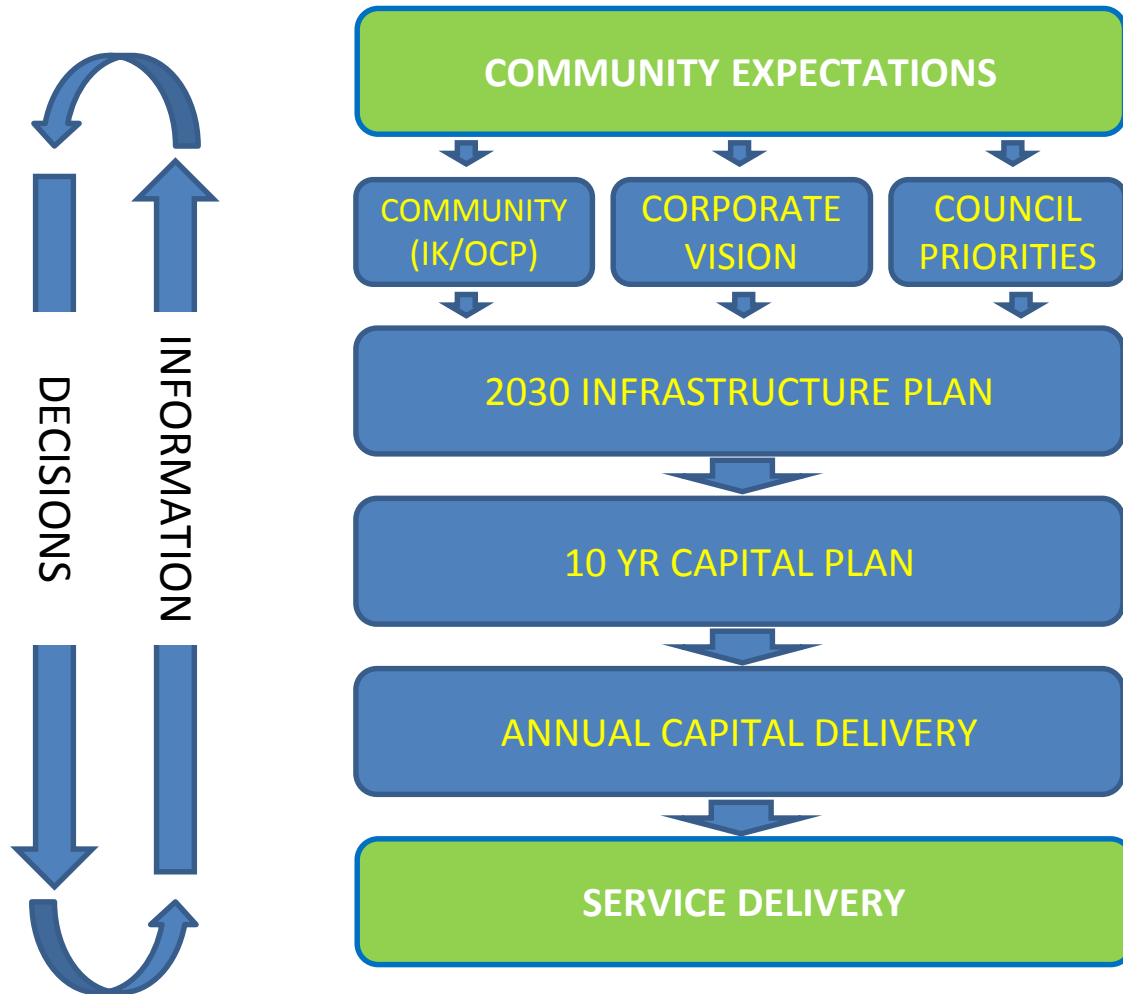
Council  
Priorities

2030 Inf.  
Plan

10-Yr  
Capital Plan

Annual Capital  
Program

# INFRASTRUCTURE PLANNING MODEL

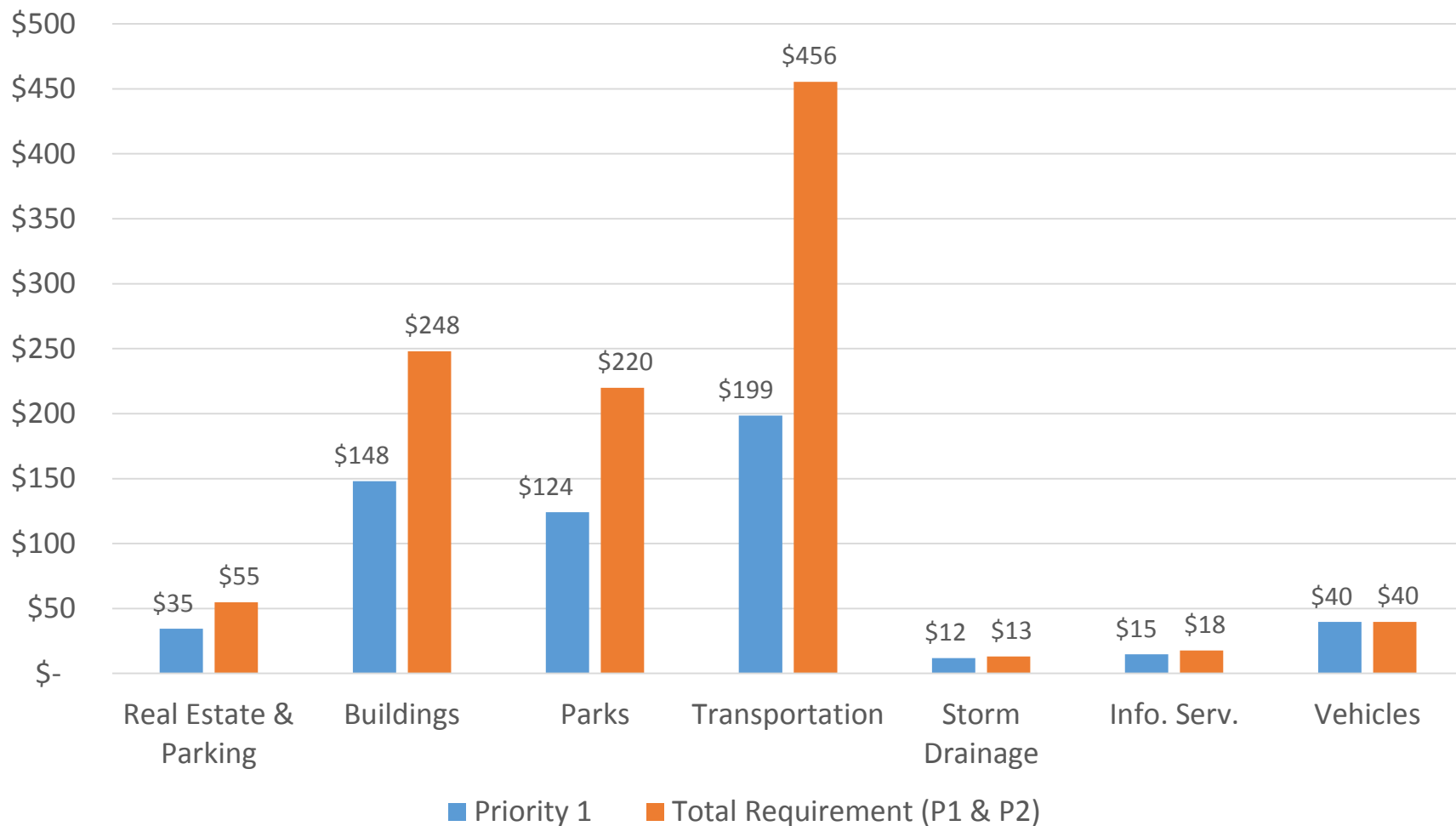


# Infrastructure Deficit

## ▶ General fund 10-year Capital Plan

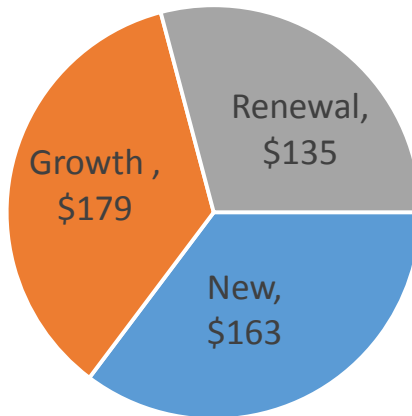
- ▶ Requires \$1.05 billion in infrastructure investment
- ▶ Forecasted funding \$573 million
- ▶ \$477 million infrastructure deficit

# Investment General Fund - Priority 1 and Priority 2 (in millions)



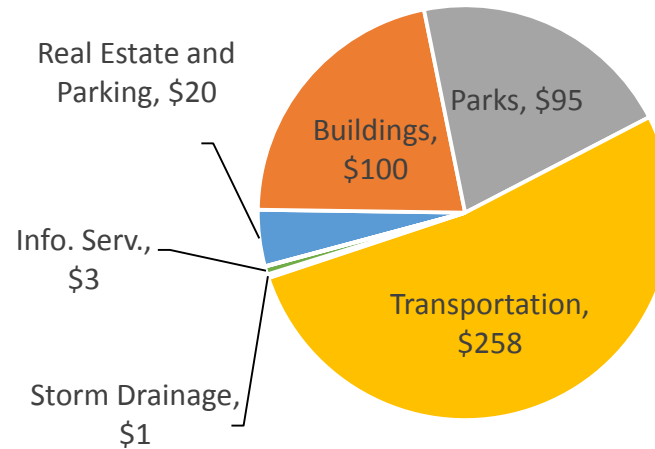
# Infrastructure Deficit General Fund 10-Year Capital Plan P2 Projects

Infrastructure Deficit New, Growth & Renewal 2018-2027 \$477 (millions)



- ▶ New 34%
- ▶ Growth 38%
- ▶ Renew 28%

Infrastructure Deficit Cost Center 2018-2027 (millions)



- ▶ Transportation 52%
- ▶ Parks 21%
- ▶ Buildings 22%
- ▶ Real Estate and Parking 4%
- ▶ Information Services 1%
- ▶ Storm Drainage 0%
- ▶ Vehicles 0%





# Infrastructure Deficits

- ▶ Funding challenge across Canada
- ▶ 60% of Canada's core infrastructure owned by local governments
- ▶ Canadian municipal infrastructure has been identified as underinvested by asset management professionals





# Opportunities

- ▶ DCC Program
- ▶ Storm drainage utility
- ▶ Developer incentives
- ▶ Fees and charges review
- ▶ Infrastructure levy
- ▶ Alternative service delivery models
- ▶ Local Area Services

# Infrastructure Levy

- ▶ Common tool used in municipal financial toolkit
- ▶ Targeted use to reduce infrastructure deficit
- ▶ Identify as a separate line item
  - ▶ Budget discussions
  - ▶ Tax notice
- ▶ Part of the annual tax levy
- ▶ New infrastructure levy reserve
- ▶ Reduces infrastructure deficit

# Infrastructure Levy



Sample of BC Municipalities currently use tool:

City of Vernon

Port Moody

Saanich

District of West Vancouver

# Infrastructure Levy Tax impact - % (millions)

Infrastructure Levy	2019	Ongoing 2020+	Deficit reduction to 2027
1%	\$1.3	\$2.6	\$22
2%	\$2.7	\$5.4	\$46
3%	\$4.0	\$8.0	\$68

Recommendation	2019	Ongoing 2020+	Deficit reduction to 2027
1.95%	\$2.60	\$5.2	\$44

# Council Workshop

## ► February

- Facts & Focus for each opportunity
- Best practices
- Opportunities employed by local governments
- Determine Council prioritization opportunities
- Define capital project use of levy

# Council touch points

- ▶ Draft updated 10 year Capital Plan in February
- ▶ Include recommended use of levy
  - ▶ Consideration New/Growth/Renew
- ▶ Council endorsement of prioritized projects
- ▶ If applicable, prepare final budget submission





# Summary

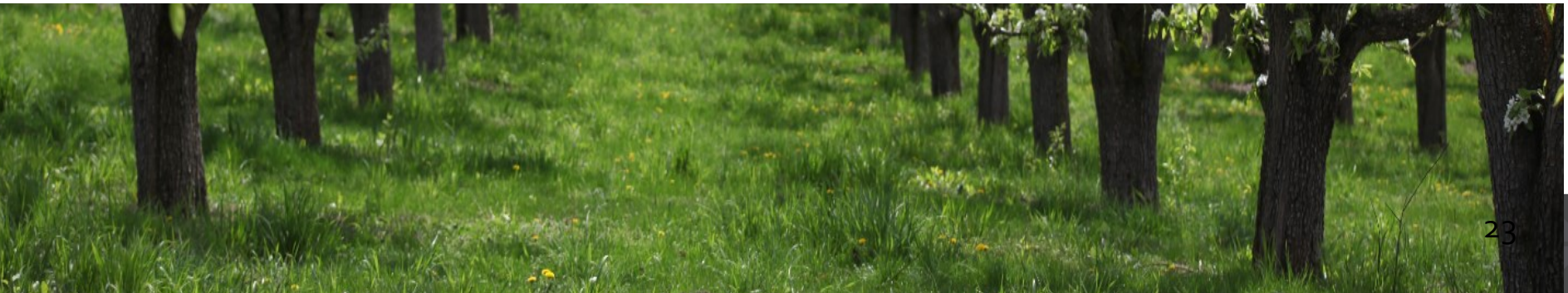
Infrastructure deficits challenge right across Canada

Identified opportunities to address infrastructure deficit

Infrastructure levy recommendation

2019 Council input and capital plan endorsement

- prioritization of infrastructure projects
- prioritization of opportunities
- strategic plan for implementation



*Questions?*

