

City of Kelowna
Regular Council Meeting
AGENDA



Monday, August 26, 2024
8:00 am
Council Chamber
City Hall, 1435 Water Street

Pages

1. **Call to Order**
2. **Confirmation of Minutes** 2 - 3

Regular AM Meeting - August 12, 2024
3. **Resolution Closing the Meeting to the Public**

THAT this meeting be closed to the public pursuant to Section 90(1) (a) (e) and Section 90(2) (b) of the Community Charter for Council to deal with matters relating to the following:
 - Position Appointment
 - Acquisition of Land
 - Confidential Information from the Province
4. **Adjourn to Closed Session**
5. **Reconvene to Open Session**
6. **Reports**
 - 6.1 **10-Year Capital Plan Workshop 2** 4 - 59

To present the draft 10-Year Capital Plan to Council for their review and direction prior to staff returning to Council for adoption.
7. **Termination**



**City of Kelowna
Regular Council Meeting
Minutes**

Date:	Monday, August 12, 2024
Location:	Council Chamber City Hall, 1435 Water Street
Members Present	Mayor Tom Dyas, Councillors Ron Cannan, Maxine DeHart, Charlie Hodge*, Gord Lovegrove, Mohini Singh, Luke Stack, Rick Webber and Loyal Wooldridge
Staff Present	City Manager, Doug Gilchrist; City Clerk, Laura Bentley; Deputy City Clerk, Michael Jud; Asset Management & Capital Planning Manager, Joel Shaw*; General Manager, Infrastructure, Mac Logan*; General Manager, Corporate Services, Joe Sass*; Asset Planning Manager, Joline McFarlane*
Staff Participating Remotely	Legislative Coordinator (Confidential), Arlene McClelland*

(* Denotes partial attendance)

1. Call to Order

Mayor Dyas called the meeting to order at 9:00 a.m.

2. Confirmation of Minutes

Moved By Councillor Hodge/Seconded By Councillor Lovegrove

THAT the Minutes of the Regular AM Meeting of July 22, 2024 be confirmed as circulated.

Carried

3. Resolution Closing the Meeting to the Public

Moved By Councillor DeHart/Seconded By Councillor Webber

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

- Acquisition and Disposition of Land
- Legal Advice
- Confidential Information from the Province

Carried

4. Adjourn to Closed Session

The meeting adjourned to a closed session at 9:00 a.m.

5. Reconvene to Open Session

The meeting reconvened to an open session at 11:00 a.m.

6. Reports

6.1 10-Year Capital Plan Workshop 1

Staff:

- Displayed a PowerPoint Presentation.
- Noted that this is the first of three Capital Plan Workshops.
- Provided a high level overview of the Capital Planning process, investment areas and identified key projects.
- Discussed the goals for this year’s Capital Planning exercise.
- Provided a summary of the Capital Plan; specified areas experiencing investment pressures and identified key projects included in or excluded from the Plan.
- Identified modifications to be implemented to enhance the presentation format of the Capital Plan; condensing information into clearer projects and programs.
- The first five years of the Capital Plan will be replicated and presented for approval in the Annual Budget – there will be a direct line of sight between the 10 Year Capital Plan and Annual Budget.
- Responded to questions from Council.

Moved By Councillor Webber/Seconded By Councillor Stack

THAT Council receives, for information, the report from Corporate Services dated August 12, 2024, with respect to this year’s annual update to the 10-Year Capital Plan.

Carried

The meeting reconvened to a closed session at 11:33 a.m.

The meeting reconvened to an open session at 12:07 p.m.

6.2 2024 Level Up AI Summit

Moved By Councillor Webber/Seconded By Councillor Hodge

THAT Council approves a financial contribution of \$5,000 from Council Contingency in support of the 2024 Level Up AI Summit.

Carried

Councillor Hodge left the meeting at 12:08 p.m.

6.3 Policy and Privacy Considerations

City Clerk:

- Provided comments on the liquor policy review and considerations for applications.
- Spoke to changes in development application and public hearing procedures to balance privacy expectations with participating in a public process.
- Responded to questions from Council.

The meeting reconvened to a closed session at 12:20 p.m.

7. Termination

The meeting reconvened to an open session and was declared terminated at 12:24 p.m.

Mayor Dyas

lb/acm

 City Clerk

Report to Council



Date: August 26, 2024
To: Council
From: City Manager
Subject: 10-Year Capital Plan Annual Update – Workshop #2
Department: Corporate Services

Recommendation:

THAT Council receives, for information, the report from Corporate Services dated August 26, 2024, with respect to this year’s annual update to the 10-Year Capital Plan.

Purpose:

To present the draft 10-Year Capital Plan to Council for their review and direction prior to staff returning to Council for adoption.

Background:

This year’s annual update to 10-Year Capital Plan (Capital Plan) details the City's planned infrastructure investment to support growth, improve services, and renew existing assets.

For this year's capital planning cycle, there are three key touchpoints that give Council a chance to influence the Capital Plan's trajectory. This report is the second in the sequence. The first report provided an overview of the capital planning process, objectives and highlighted the adjustments from the current Capital Plan.

Previous Council Resolution

Resolution	Date
THAT Council receives, for information, the report from Corporate Services dated August 12, 2024, with respect to this year’s annual update to the 10-Year Capital Plan.	Aug 12, 2024

The focus of this report is to review the draft Capital Plan and receive direction from Council prior to returning with the third report on September 9th for adoption of the Capital Plan.

Capital Plan Investment

The City has many competing infrastructure demands, necessitating tough decisions to optimize spending, maximize community value, and balance wants versus needs. To guide these decisions, the City maintains a rigorous capital planning process that aligns with [Council Priorities 2023-2026](#), Imagine Kelowna, the Official Community Plan and infrastructure master plans. The Capital Plan provides the framework for long-term planning and fiscal management.

The Capital Plan projects an expenditure of \$2.59 billion over 2025 to 2034, with two-thirds allocated to service enhancements and community growth, while the remaining third is dedicated to maintaining services and the renewal of existing assets.

Guided by Council and Corporate Priorities, capital investment will focus on the following:

- Maintaining direction set by Council in last year's Capital Plan.
- Accelerating transportation & mobility infrastructure making it easier for people to get around by vehicle, transit, cycling and walking.
- Community amenities like recreation and community centres to keep pace with Kelowna's population growth and the evolving needs of its residents.
- Parks acquisition and development with big investment plans for recreation and waterfront parks.
- Airport development.
- Reducing environmental footprint and future-proofing infrastructure to be more resilient in the face of changing climate.
- Increased investment in stormwater infrastructure and flood protection.
- Renewal of critical infrastructure.

Table 1 - Capital Plan investment by Cost Centre.

Capital Cost Centre	Last Capital Plan (\$ million)	This Capital Plan (\$ million)
Transportation	\$ 373	\$ 726
Buildings	\$ 416	\$ 441
Airport*	\$ 371	\$ 371*
Parks	\$ 288	\$ 358
Water	\$ 147	\$ 201
Wastewater	\$ 211	\$ 194
Stormwater	\$ 44	\$ 86
Real Estate & Parking	\$ 46	\$ 80
Vehicles	\$ 53	\$ 55
Solid Waste	\$ 73	\$ 52
Fire	\$ 14	\$ 18
Information Services	\$ 12	\$ 12
TOTAL	\$ 2,048	\$ 2,594

* Airport capital is based on last years Capital Plan and will be updated and presented to Council in September prior to adoption of the Capital Plan.

Transportation is a Council Priority, leading the City to increase its infrastructure investment twofold to make it easier for people to get around by vehicle, transit, cycling and walking. The total funding for Transportation infrastructure now stands at \$726 million, making it the City's most significant area of investment. The Transportation Acceleration Program (TAP) plans to deliver projects faster with alternative approaches to design, procurement and construction. Notable projects include:

- Highway 33 / Clement Extension - \$135 million
- Sutherland Rd - \$52 million
- Richter St - \$24 million
- KLO Bridge Replacement - \$18 million
- TAP Projects
 - Burtch Rd - \$58 million
 - Glenmore Rd - \$43 million
 - Hollywood Rd - \$34 million
 - Lakeshore Rd - \$29 million
 - Frost Rd Ext. to Chute Lake - \$5 million
- Active Transportation Corridors
- Transit Exchanges
- Major intersection improvements

Buildings represent the second-largest area of investment, with \$441 million. This funding is dedicated to expanding facilities such as recreational, community, and protective services to accommodate our expanding population. Additionally, there will be considerable investment focused on the renovation and modernization of existing building assets. Key projects include:

- PRC Redevelopment - \$189 million
- MNP Expansion - \$44 million
- Glenmore Activity Centre - \$24 million
- Mission Activity Centre - \$28 million
- Rutland Activity Centre - \$23 million
- Glenmore Protective Services Building - \$39 million
- Building Renewal - \$80 million

There are several major Building projects not included in the Capital Plan and investment in this cost centre is expected to increase in the future as some of these projects move into the plan. This will be discussed later in the report.

Parks investment will rise to \$358 million over the next decade, as the City commits to build vibrant, animated parks for the community to connect, enjoy and experience. Park washroom investment within the Parks Cost Centre partially explains the uptick in costs, with the principal increase attributed to rising construction costs for park facilities. Big Park projects include:

- Parkland Acquisition - \$166 million
- Parkinson Recreation Park - \$41 million
- Glenmore Recreation - \$41 million
- City Park - \$31 million
- Dehart Park - \$11 million

- Rutland Recreation Park - \$8 million
- Mission Recreation Park - \$6 million
- Neighbourhood Park Program

Water. It is projected that \$201 million will be invested in water infrastructure over the next decade to ensure the provision of high-quality potable water and dependable irrigation to all City customers. Big Water projects include:

- Integration of GEID with City Water Utility.
- Infrastructure to support growth and renew of existing assets.
- Land purchase for a future Water Treatment Facility.

Wastewater. The City treats close to 40 million litres of wastewater from homes, businesses, and industry each day. With the community's expected growth, this volume will continue to increase. The focus is to ensure environmental stewardship, community preparedness and resiliency while meeting regulatory requirements. That is why the City plans to invest \$194 million in the next 10 years. Major investment include:

- Infrastructure to support growth and renew aging assets.
- Expansion of the Wastewater Treatment Plant - \$40 million.

Stormwater and Flood Protection. Investment in stormwater infrastructure will utilize natural and engineered solutions to improve resiliency, flood mitigation and water quality which are increasingly important in the face of a changing climate. Recent capital investment to improve Mill Creek capacity and divert more flow to Mission Creek through an upgraded diversion structure prevented Mill Creek from spilling its banks during the heavy rains last year. To keep going with this critical work, Stormwater investment has more than doubled to \$86 million.

- Mill Creek Flood protection is the largest project at \$51 million.
- Infrastructure to improve resiliency, flood mitigation and water quality entering Okanagan Lake.
- Infrastructure to support growth and renew aging assets.

Solid Waste. Efficient and effective daily operations and long-range capital planning ensures the Glenmore Landfill will serve Kelowna and surrounding communities well into the future. That is why \$52 million worth of capital investment is planned in the next 10 years to ensure the site is future-ready and there are continued plans to:

- Expand the landfill footprint.
- Manage the Stockpile and Reprocessing Areas.
- Implement a new stormwater management program.

Real Estate & Parking. Investment focuses on strategic land acquisition and providing state-of-the-art, well-maintained parking facilities. In response to rapid growth new parkades are planned for South Pandosy and Downtown. Overall, investment in Real Estate & Parking infrastructure is \$80 million with large investment in:

- General Land acquisition
- New Downtown Parkade - \$35 million
- South Pandosy Parkade - \$15 million

Information Services is a small, but important investment area as the City continues its digital-first transformation. To get there, investment of \$12 million is planned in the next 10 years. As the City embraces more cloud-based technology, the focus is on:

- Major systems projects to eliminate legacy systems.
- Refreshing the user-experience by streamlining access to information.
- Enabling staff to be more mobile by purchasing hardware that allows for greater flexibility.

Vehicle or Mobile Equipment funds all the City’s vehicles and equipment except for fire trucks and equipment. The City maintains a reliable, sustainable fleet and continues to modernize it by going Green to reduce GHGs by purchasing EV, hybrid or hydrogen vehicles where available. The \$55 million capital investment will go towards:

- Replacing aging vehicles and adding to the fleet to accommodate growth.

Fire. The well-established capital program at the Fire Department ensures fire trucks, equipment and communication systems remain up-to-date in order to keep firefighters and the community safe. It is a relatively small capital program as most costs are operational and fire stations are accounted for in the Buildings cost centre. Investment in the Fire cost centre is forecasted at \$18 million. Big projects include:

- Vehicle/Equipment Renewal
- New Fire trucks and equipment to support growth
- Implementing NG-911

Capital Plan Funding

Funding for the Capital Plan comes from 4 primary sources totaling \$2.59 billion. Approximately 35% of funding is from external sources comprised of Development Cost Charges and Grants from senior governments. City funding sources include General Taxation and Reserves and Borrowing totaling approximately 65%.

General Taxation and Reserves fund approximately \$1.02 billion (39%) of the plan. These sources are grouped due to similarities in funding flexibility permitting the City discretion in meeting its strategic financial plan to help ensure equity between current and future taxpayers. The primary sources in the Reserve category include the General Fund, Restricted Reserves and the user pay funded Water, Wastewater and Airport Utilities.

Development cost charge (DCC) funding accounts for \$665 million (26%) of all capital investment. Eligible road, storm, sewer, water and park projects

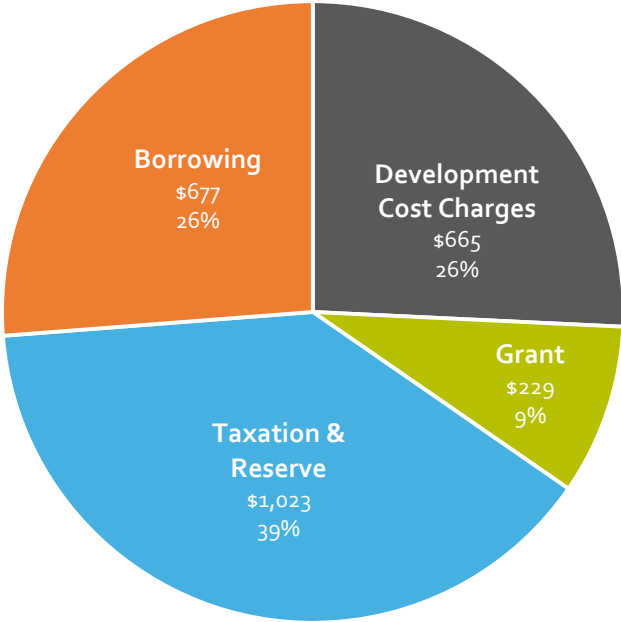


Figure 1. Funding sources (\$ millions). Total \$2.59 billion.

align with the 20-Year Servicing Plan & Financing Strategy and growth requirements in the 2040 Official Community Plan.

A total of \$229 million (9%) in this Capital Plan is projected from various provincial and federal grant programs. These include project specific grants such as the Disaster Mitigation Assistance Fund for works along Mill Creek, to the more generalized Federal infrastructure funding streams like the Housing Accelerator Fund and Community Works Fund (previously known as “gas tax”) and Provincial Growing Communities Fund. Grants will only be pursued for the City’s priority projects and grant funding will not increase the scope of a project without Council endorsement. This plan’s long-term financial strategy relies on unconditional grant opportunities only.

Infrastructure Projects not in the Capital Plan

Previously, the Capital Plan presented Priority 1 projects (funded) and Priority 2 projects (unfunded). Priority 2 projects were used to calculate the Infrastructure Deficit (ID) and annually reported to Council. The ID quantifies the City's funding responsibility for all P2 projects after deducting contributions from external sources like DCCs, grants, utilities, or partnerships. The following table is from last year’s Capital Plan and is reported here for reference.

Table 2. Summary of Infrastructure Deficit (ID) by year (\$ million).

	2018	2019	2020	2021	2022	2023
ID (\$millions)	\$463	\$396	\$388	\$430	\$610	\$612
ID % of funded capital	44%	31%	29%	29%	37%	30%

Staff are currently reassessing the methodology for determining the ID, as it encompasses several variables. Exclusions from the Capital Plan can happen due to multiple reasons such as funding shortages, underdeveloped design or scope, ongoing partnership discussions, or constraints in execution capabilities. This is part of ongoing asset management work that will look at the longer-term financial sustainability of service delivery. Staff expect to complete this work in 2025 Q1 and will report to Council.

Listed below are big-ticket projects that make up the ID and not currently in the Capital Plan, but actively being worked on. As projects are better understood through rigorous planning (design, scoping, stakeholder engagement), they will be added into the capital plan and funded accordingly. It is worth noting that many of these projects will not proceed without significant external funding from grants or partnerships.

Table 3. Major projects not in the Capital Plan.

Transit Operations & Maintenance Facility
Rotary Centre for the Arts - Expansion
Community Theatre Replacement
Kelowna Art Gallery Envelope Replacement
KLO Fire Hall – New Construction
Rutland Fire Hall - Renovation
Civic Yards Replacement
Parks Operations Yard Renewal
Kelowna Police Services Building Expansion
North Glenmore Policing Office
Rutland Community Policing Office Expansion
Water Treatment Facility
Wastewater Digester Facility

Financial/Budgetary Considerations:

The Capital Plan is based on sound financial information and assumptions and will be used to guide the annual capital plan as part of the annual budgeting process. The Capital Plan is a forecast of infrastructure projects, as Council’s approval of these projects occurs during the annual budget process.

Internal Circulation:

- General Manager, Corporate Services
- Divisional Director, Partnership & Investment
- General Manager, Infrastructure Division
- Asset Manager
- Financial Planning Manager
- Budget Supervisor
- Fire Chief
- Fleet Services Manager
- Information Services Department Manager
- Infrastructure Operations Department Manager
- Parks & Buildings Planning Manager
- Transportation Engineering Manager
- Utility Planning Manager
- Utility Services Manager

Considerations not applicable to this report:

- Legal/Statutory Authority:
- Legal/Statutory Procedural Requirements:
- Existing Policy:
- Personnel Implications:
- External Agency/Public Comments:
- Communications Comments:
- Alternate Recommendation:

Submitted by:

J. Shaw, Asset Management and Capital Planning Manager

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

Attachment 1 - 10-Year Capital Plan (2025 – 2034)

Attachment 2 - 10-Year Capital Plan Presentation

cc: Director Strategic Investments
Divisional Director, Active Living and Culture
Divisional Director, Corporate and Protective Services
Divisional Director, Corporate Strategic Services
Divisional Director, Financial Services
Divisional Director, Infrastructure Division
Fire Chief
Infrastructure Operations Department Manager

City of
Kelowna



CITY OF KELOWNA'S 10-YEAR CAPITAL PLAN

Building a City of the Future 2025 -2034 (DRAFT)

SUMMARY

This year's annual update to 10-Year Capital Plan (Capital Plan) details the City's planned infrastructure investment to support growth, improve services, and renew existing assets for the coming decade (2025 – 2034).

The City has many competing infrastructure demands, necessitating tough decisions to optimize spending, maximize community value, and balance wants versus needs. To guide these decisions, the City maintains a rigorous capital planning process that aligns with [Council Priorities 2023-2026](#), Imagine Kelowna, the Official Community Plan and infrastructure master plans.

The Capital Plan projects a total expenditure of \$2.59 billion over the next decade. 67% percent of this investment will enhance services and support growth in the community and 33% will maintain services and renew existing assets.

Guided by Council and Corporate Priorities, capital investment will focus on the following:

- Maintaining direction set by Council in last year's Capital Plan,
- Accelerating transportation & mobility infrastructure making it easier for people to get around by vehicle, transit, cycling and walking.
- Building community amenities like recreation and community centres to keep pace with Kelowna's population growth and the evolving needs of its residents.
- Parks acquisition and development with big investment plans for recreation and waterfront parks.
- Airport development.
- Reducing environmental footprint and future-proofing infrastructure to be more resilient in the face of changing climate,
- Increased investment in stormwater infrastructure and flood protection,
- Renewal of critical infrastructure.

There are several projects not in the capital plan that are withheld for a variety of reasons. As these projects are better understood through rigorous planning (design, scoping, stakeholder engagement), they will be added into the capital plan and funded accordingly. When funding limitations emerge, prioritization will occur in subsequent capital planning cycles.

The City continues to deliver world-class infrastructure and services. Many capital projects continue to be completed; delivering on Council priorities and meeting the needs of the community.



86%
Citizen satisfaction
in level & quality of
City services



\$2.59 Billion
To enhance & maintain
public infrastructure
services



35%
External Funding:
DCCs & grants



73%
Investment in Parks,
Buildings, Airport
& Transportation



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TERRITORY ACKNOWLEDGEMENT

We acknowledge that our community is located on the traditional, ancestral, and unceded territory of the syilx/Okanagan people.

1 OVERVIEW

The 10-Year Capital Plan (the Capital Plan) is part of the City of Kelowna’s rigorous capital planning process. It aligns with Council priorities, Imagine Kelowna and the Official Community Plan and provides the framework for long-term planning and fiscal management. It is updated annually to respond to evolving community needs, maintain alignment with Council priorities and adapt to external factors like the pandemic, rapidly rising inflation, shortage of contractors and supply chain challenges.

The Capital Plan allows the City of Kelowna (the City) to look ahead and answer four fundamental questions:

- “What do we need?”
- “Why do we need it?”
- “How are we going to pay for it?”
- “How much will it cost to operate and maintain?”

Answering these questions allows the City to anticipate current and future cost pressures, stretch the limits of revenues by source, and make the necessary decisions to put in place essential infrastructure to support a future Kelowna. By doing so, this plan will help maximize infrastructure investment in the community where and when it is most needed.

CONSIDERATIONS

The Capital Plan contains infrastructure projects and programs for all 12 capital cost centres for the 10-years from 2023-2032. Several documents have been used in its preparation. These include:

- Council priorities 2023 – 2026
- 10-Year Capital Plan 2023– 2032 (last year’s plan)
- 2040 Official Community Plan
- Imagine Kelowna
- 2040 Transportation Master Plan
- 20 – Year Servicing Plan & Financing Strategy
- Principles & Strategies for Financial Strength & Stability
- Infrastructure Master Plans and Asset Management Plans
- 2045 Airport Master Plan and Airport 10-Year Capital Plan



FOCUS AREAS

Guided by Council and Corporate Priorities, capital investment will focus on the following areas:

- Maintaining direction set by Council in last year's Capital Plan
- Accelerating transportation & mobility infrastructure making it easier for people to get around by vehicle, transit, cycling and walking.
- Providing community amenities like recreation and community centres to keep pace with Kelowna's population growth and the evolving needs of its residents.
- Parks acquisition and development with big investment plans for recreation and waterfront parks.
- Airport development.
- Reducing environmental footprint and future-proofing infrastructure to be more resilient in the face of changing climate,
- Increased investment in stormwater infrastructure and flood protection,
- Renewal of critical infrastructure.

INFLUENCING FACTORS & EMERGING ISSUES

Rapid Growth. Kelowna continues to be one of the fastest growing cities in Canada. It's rapidly evolving, its economy is diversifying, neighbourhoods are changing, and people are choosing new ways to get around. By 2040, Kelowna is expected to be home to another 50,000 people. This transition is exciting, bringing new energy, amenities, employment, and educational opportunities. Signs indicate this pace will continue.

Rapid growth puts pressure on the capital program as demands increase for more infrastructure to support growth. That is why this Capital Plan focuses 67% of the investment in enhancing infrastructure that will increase or improve service level.

Renewal of Aging Assets. In this era of rapid growth and change, there are complex choices to be made. The City must find a balance between funding to support growth and improve services and funding to support renewal of existing infrastructure to maintain services. These choices are rarely easy and often involve making difficult trade-offs.

The City has a robust asset management program that tracks the age and condition of City owned assets (i.e. civic buildings, roads, bridges, sewer, water infrastructure, etc.). Some of these assets are nearing the end of their service life and will need to be renewed to maintain service levels. The City will invest 33% of the Capital Plan in infrastructure to maintain service levels. This will need to increase in the future as assets age and their condition deteriorates.

Inflation & Borrowing Costs. There are many factors influencing the Capital Plan that are beyond the City's control. These include labour shortages, supply chain challenges, inflation, and higher interest rates. Infrastructure construction costs and interest rates have increased significantly in the past few years and this places pressure on the capital program. Inflation and interest rates are reducing, but time will tell if construction costs decrease.

WHAT WE ARE DOING

Listening to Council. Since the new Council took office in 2022, more time has been dedicated to informing them about the Capital Plan, the process used to develop it and to hear from them about what is important to the community.

Alternative Funding through Partnerships, Grants & Advocacy. The City continues to pursue non-tax revenue, grants, partnerships, and advocacy to advance Council and corporate priorities. The City's Intergovernmental Relations program focuses on advocacy through the strategic development of relationships with senior levels of government to advance investments and policy changes that supports Council's priorities and City projects. Through advocacy, the City ensures priority infrastructure projects and program initiatives are consistently and proactively in front of provincial and federal ministers and their staff. As one of Canada's fastest growing communities, advocacy work includes positioning Kelowna as a leading municipality and a strong partner for senior governments to invest in.

The City's Partnerships Program is centered on building relationships and forming partnerships with a diverse array of external organizations, including businesses, non-profits, government agencies, and academic institutions. While each partnership is unique, they generally fall into one or more of the following categories: providing community facilities, programs, and services; operating and maintaining City-owned assets; and administering City funding. Through these collaborations, the City aims to enhance the quality of life for its residents and more effectively address community needs.

Planning for the Future. The Capital Plan is supported by a foundation of good planning, including:

Official Community Plan. The 2040 OCP optimizes infrastructure investment through more compact development where services can be more efficiently used by a greater percentage of the community population.

Transportation Master Plan. The 2040 TMP works with the OCP to support growth, and help residents make more efficient and sustainable transportation choices through the development of reliable transit, improved road connections, comfortable bicycle routes and walkable neighbourhoods.

Parks Master Plan (in-progress). This Master Plan will establish priorities between five park types: city-wide, recreation, community, neighbourhood and linear. As well as identify needs of different stakeholder groups and create a plan for future park development and renewal moving forward.

Strategic Facilities Master Plan (in-progress). This Master Plan will create a vision and model to assess both infrastructure renewal and new construction to match growth, assess provision and distribution of built services and amenities across the City as well as prioritize needs between the different building types.

Asset Management & Data Driven Decisions. The City owns and operates approximately \$7.5 billion in infrastructure assets. Efficient operation and timely renewal are critical to continued service delivery and financial sustainability. The City has advanced its asset management program and is considered one of the leaders in BC. Recent implementation of the computerized asset management system (Cityworks) will support service-based budgeting through data driven decisions and inform infrastructure planning, improve operational efficiency, and extend asset service life. Small improvements make a big financial impact when you own and operate \$7.5 billion in infrastructure.

Updating Infrastructure Standards. It is important the new infrastructure the City is building today is high quality, long lasting and state-of-art. That is why the City actively reviews design and construction standards. The Subdivision, Development and Servicing Bylaw sets out these standards and the City employs a working group that continually reviews and updates infrastructure standards in consultation with key stakeholders and the community.

2 FUNDED PROJECTS

INFRASTRUCTURE INVESTMENT

This Capital Plan forecasts \$2.59 billion in infrastructure investment to enhance and maintain infrastructure service levels.

Enhance includes infrastructure to support growth and improve services. Maintain investments are infrastructure required to maintain current service levels through renewal of existing assets.

Infrastructure required to enhance services accounts for 67% of total investment. Investment of approximately 33% is allocated to maintain existing services.

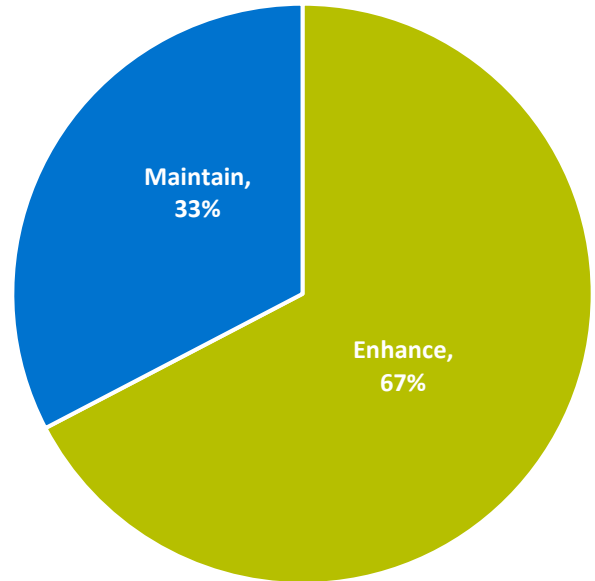


Figure 1. Enhance and Maintain investment %.

COST CENTRE FORECAST

The Capital Plan forecasts \$2.59 billion of capital investment across 12 cost centres.

- Transportation, Parks and Buildings cost centres account for 59% of overall investment to deliver on Council Priorities, invest in infrastructure renewal and meet community expectations.
- Water, Wastewater, Storm Drainage and Solid Waste is 21% to meet regulatory requirements.
- Airport at 14% is based on last years Capital Plan and will be updated prior to adoption.
- The remaining 6% supports Fire, Vehicles, Information Services and Real Estate & Parking.

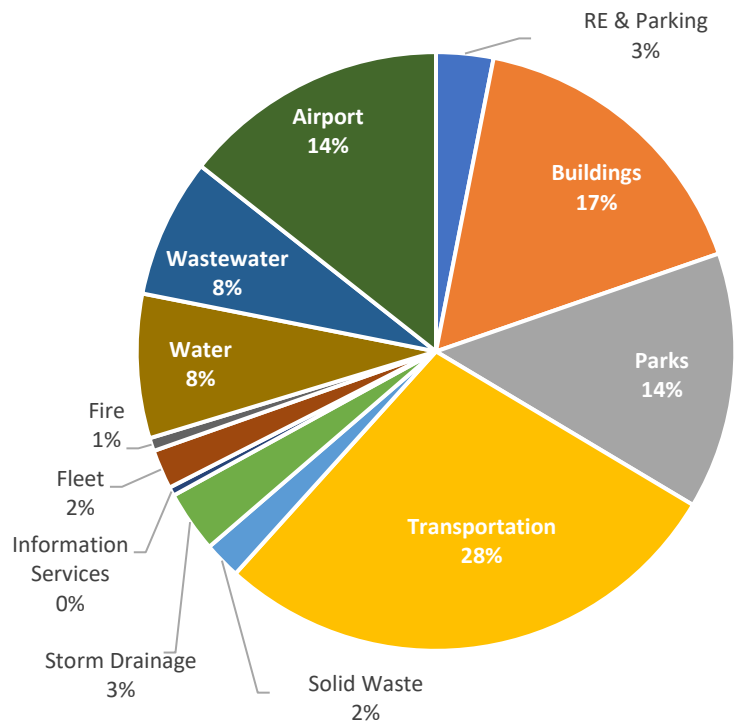


Figure 2. Investment for each cost centre. Airport is based on last years Capital Plan and will be updated in September prior to adoption.

MAJOR CHANGES FOR FUNDED PROJECTS

Overall, the City's infrastructure investment has increased \$546 million from the previous plan across 12 capital cost centres. The primary drivers for the change include:

- Doubling investment in Transportation to align with this Council Priority,
- Including current approved budgets in the Capital Plan,
- Construction inflation.

The following table shows the City's total investment for funded projects in each cost centre in this Capital Plan compared to the previous plan.

Table 1. Summary of changes from the previous plan and this Capital Plan for funded projects (\$ million).

Cost Centre	Previous Plan (\$ million)	This Plan (\$ million)	Difference (\$ million)
Real Estate & Parking	\$46	\$80	\$34
Buildings	\$416	\$441	\$25
Parks	\$288	\$358	\$70
Transportation	\$373	\$726	\$353
Solid Waste	\$73	\$52	\$(21)
Storm Drainage	\$44	\$86	\$42
Information Services	\$12	\$12	\$0
Vehicle & Mobile Equipment	\$53	\$55	\$2
Fire	\$14	\$18	\$4
Water	\$147	\$201	\$54
Wastewater	\$211	\$194	\$(17)
Airport	\$371	\$371*	\$-*
TOTAL	\$2,048	\$2,594	\$546

*Airport Cost Centre's 2025-2034 investment levels unchanged from last year as Airport's Capital Plan to be presented at an upcoming 2024 Council meeting.



Real Estate & Parking. Investment focuses on strategic land acquisition and providing state-of-the-art, well-maintained parking facilities. In response to rapid growth new parkades are planned for South Pandosy and Downtown. Overall, investment in Real Estate & Parking infrastructure is \$80 million with large investment in:

- General Land Acquisition - \$18 million
- Parking Infrastructure including Electric Vehicles infrastructure - \$12 million
- Downtown Parkade - \$35 million
- South Pandosy Parkade - \$15 million

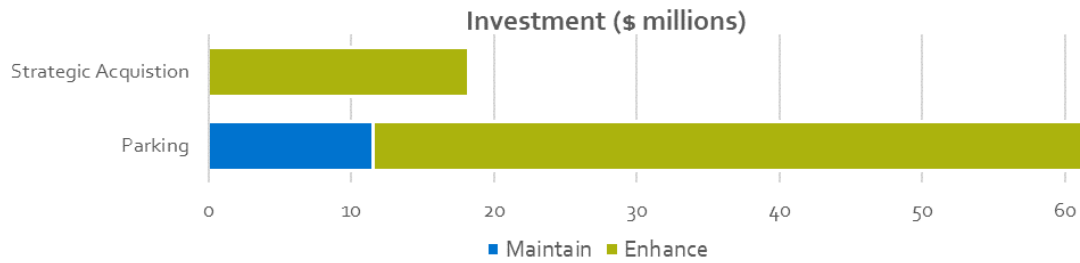


Table 2. Real Estate & Parking Capital Programs and Projects summary for 2025-2034.

		2025 (\$ 000)	2026 (\$ 000)	2027 (\$ 000)	2028 (\$ 000)	2029 (\$ 000)	2030-34 (\$ 000)	10-Year Total
PROGRAMS								
General Land Acquisition		1,800	1,800	1,800	1,800	1,800	9,000	18,000
Marine Facilities		100	100	-	-	-	-	200
Parking Infrastructure & Facilities		3,300	600	2,100	600	2,100	2,856	11,556
PROJECTS		Total Cost						
South Pandosy Parkade	15,000	500	1,500	6,500	6,500	-	-	15,000
New Downtown Parkade	35,000	-	-	-	-	1,500	33,500	35,000
TOTAL		\$5,700	\$4,000	\$10,400	\$8,900	\$5,400	\$45,356	\$79,756

Buildings. This is a large investment area with total investment forecast at \$441 million. There are big investment plans to expand recreational, cultural, and protective services facilities to support a growing community. As well, the existing Building portfolio will see significant investment to renew and modernize. Big projects include:

- PRC Redevelopment - \$189 million
- Building Renewal - \$80 million
- MNP Expansion - \$43 million
- Glenmore Protective Services Building- \$39 million
- Mission Activity Centre - \$28 million
- Glenmore Activity Centre - \$24 million
- Rutland Lions Activity Centre - \$23 million

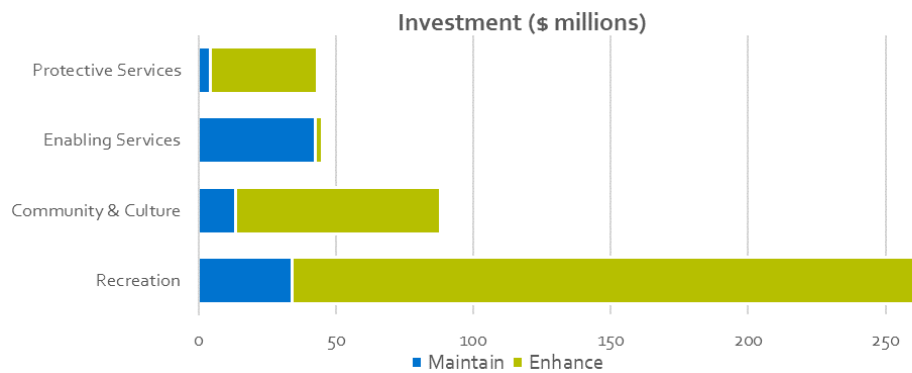


Table 3. Buildings Capital Programs and Projects summary for 2025-2034.

		2025 (\$ 000)	2026 (\$ 000)	2027 (\$ 000)	2028 (\$ 000)	2029 (\$ 000)	2030-34 (\$ 000)	10-Year Total
PROGRAMS								
Building Systems & Infrastructure		3,080	2,330	1,775	975	725	3,625	12,510
Community & Culture Facilities		230	230	230	230	230	1,150	2,300
Facilities Portfolio Planning		1,770	2,030	1,400	1,400	1,400	7,000	15,000
Placemaking		250	-	-	-	-	-	250
PROJECTS		Total Cost						
EV Infrastructure Installations	1,500	500	500	500	-	-	-	1,500
LED Lighting Upgrades	1,500	400	400	200	-	-	-	1,000
MNP Place Expansion	43,450	-	-	-	4,345	15,207	23,898	43,450
Glenmore Protective Services Building	39,000	2,700	9,450	12,150	14,700	-	-	39,000
Parkinson Recreation Centre Redevelopment	189,100	18,660	65,230	84,000	18,660	-	-	186,550
Activity Centres								
Glenmore Activity Centre	24,229	2,415	8,454	10,870	2,415	-	-	24,154
Mission Activity Centre	27,784	2,750	9,626	12,378	2,750	-	-	27,504
Rutland Lions Activity Centre	22,800	1,140	1,140	7,980	10,260	2,280	-	22,800
Building Renewal & Improvements								
City Hall	16,700	1,761	1,103	7,837	4,310	-	-	15,011
Enterprise Fire Hall #1	4,350	1,350	1,625	1,225	150	-	-	4,350
Gymnastics Centre (Rutland)	2,050	100	850	1,000	100	-	-	2,050
H2O Centre	5,270	2,674	1,960	335	-	-	-	4,969
Memorial Arena	4,650	450	2,000	2,000	200	-	-	4,650
MNP Place	7,245	7,000	200	-	-	-	-	7,200
Prospera Place	8,060	3,960	3,600	400	-	-	-	7,960
Rotary Centre for the Arts	9,900	-	150	4,785	4,745	470	-	10,150
Rutland Arena	7,345	2,025	775	4,500	-	-	-	7,300
Sarson's Activity Centre	1,025	125	450	450	-	-	-	1,025
TOTAL		\$53,340	\$112,103	\$154,015	\$65,240	\$20,312	\$35,673	\$440,683

Parks. In the next 10-years, the City plans to invest \$358 million in parks creating vibrant, animated spaces for the community to connect, enjoy and experience. Big Park projects in the next 10-years include:

- Parkland Acquisition - \$166 million
- Parkinson Recreation Park - \$41 million
- Glenmore Recreation – Future Phases - \$41 million
- Dehart Park - \$11 million
- Rutland Recreation Park - \$8 million
- Neighbourhood Parks – approximately 1 per year - \$4 million/park

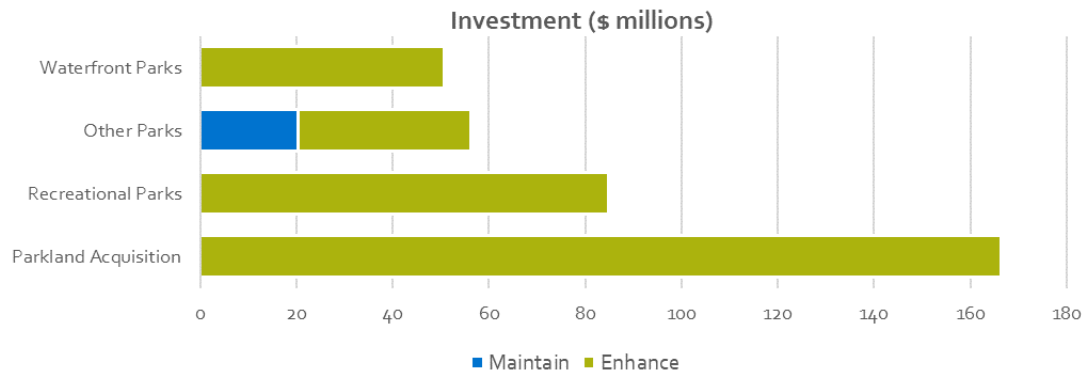


Table 4. Parks Capital Programs and Projects summary for 2025-2034.

		2025 (\$ 000)	2026 (\$ 000)	2027 (\$ 000)	2028 (\$ 000)	2029 (\$ 000)	2030-34 (\$ 000)	10-Year Total
PROGRAMS								
Park Development		447	172	3,261	172	3,261	7,038	14,351
Park Infrastructure & Facilities		1,971	2,423	1,181	2,828	1,159	10,472	20,034
Parkland Acquisition		20,823	21,618	20,823	15,180	14,385	73,515	166,344
Placemaking		1,305	705	887	110	-	-	3,007
PROJECTS								
	Total Cost							
Ben Lee Park	1,086	250	-	-	-	-	-	250
Burne Park	3,311	1,000	1,300	591	-	-	-	2,891
Chichester Wetland Park	3,886	195	195	3,496	-	-	-	3,886
City Park	30,765	740	1,365	6,307	8,280	3,750	9,922	30,364
Cook Beach Park	3,750	325	937	2,288	300	-	-	3,850
DeHart Park	11,480	1,818	402	134	-	-	-	2,354
Glenmore Recreation Park	41,270	9,500	3,000	7,000	7,000	3,500	-	30,000
Island Stage Rejuvenation	1,650	1,000	600	-	-	-	-	1,600
Kelowna's Newest Waterfront Park	2,060	608	1,156	196	-	-	-	1,960
Manhattan Point Park	4,915	235	235	2,827	1,413	-	-	4,710
Mill Creek Linear Park	8,727	300	1,119	1,000	1,119	1,000	4,238	8,776
Mission Recreation Park	5,543	774	3,140	1,570	-	-	-	5,484
Parkinson Recreation Park	41,162	4,115	14,409	18,523	4,115	-	-	41,162
Queensway Improvements	150	50	50	50	-	-	-	150
Rotary Beach Park	2,470	708	1,122	600	-	-	-	2,430
Rutland Recreation Park	8,360	3,893	3,406	811	-	-	-	8,110
Tower Ranch Park #2	660	-	330	330	-	-	-	660
Truswell Park	5,806	-	-	580	2,500	2,500	226	5,806
TOTAL		\$50,057	\$57,684	\$72,455	\$43,017	\$29,555	\$105,411	\$358,179

Transportation. Transportation is a Council priority and in response the City is doubling investment in infrastructure to make it easier for people to get around by vehicle, transit, cycling and walking. Total investment in Transportation infrastructure has increased to \$726 million making it the largest investment area. Notable projects include:

- Highway 33 / Clement Extension - \$135 million
- Burtch Rd - \$58 million
- Sutherland Rd - \$52 million
- Active Transportation Corridors - \$47 million
- Glenmore Rd - \$43 million
- Hollywood Rd - \$35 million
- Lakeshore Rd - \$29 million
- Richter St - \$24 million
- KLO Bridge Replacement - \$18 million
- Orchard Park Transit Exchange - \$17 million
- Frost Rd Ext. to Chute Lake - \$5 million

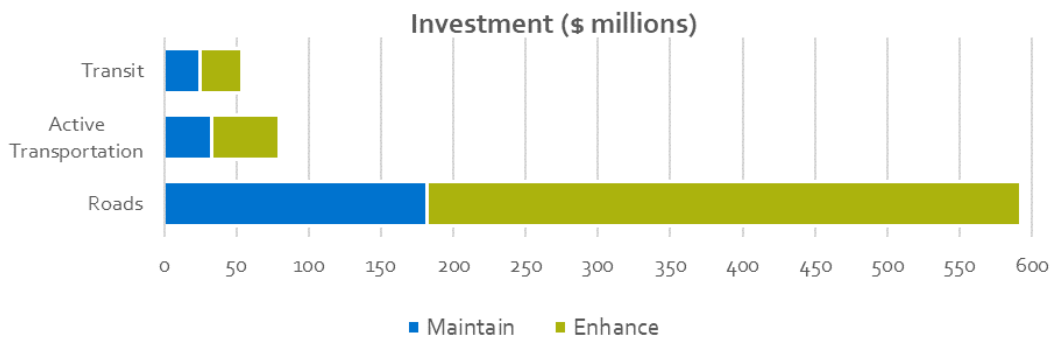


Table 5. Transportation Capital Programs and Projects summary for 2025-2034.

		2025	2026	2027	2028	2029	2030-34	10-Year
		(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	Total
PROGRAMS								
Active Transportation		2,408	3,005	2,785	2,982	3,084	18,931	33,195
Bridges		450	540	1,140	1,270	1,270	7,435	12,105
Road Network		8,390	11,696	12,788	14,932	16,517	105,790	170,113
Transit		616	944	1,503	1,767	3,014	17,163	25,007
Active Transportation	Total Cost							
Abbott St	12,919	-	2,475	-	414	630	9,400	12,919
Bertram St	8,489	1,620	6,869	-	-	-	-	8,489
Ethel St (Rail Trail - Cawston)	3,877	-	352	3,525	-	-	-	3,877
Leon Ave & Lawrence Ave (Waterfront - Ethel)	15,225	-	-	-	420	805	14,000	15,225
Pandosy Village (Raymer - Abbott)	4,102	-	70	168	840	3,024	-	4,102
Rutland Neighbourhood	2,000	1,000	1,000	-	-	-	-	2,000
Roads								
Burtch Rd Upgrades	58,079	12,355	29,939	5,811	210	-	9,764	58,079
Commonwealth Rd (Hwy 97 - Jim Bailey) Upgrades	13,229	313	1,474	11,443	-	-	-	13,230
Frost Rd Upgrades (w/utilities)	5,480	5,043	-	-	-	-	-	5,043
Glenmore Rd Upgrades	42,883	10,425	2,470	5,619	3,700	-	20,669	42,883
Glenwood Ave Upgrades (w/utilities)	2,050	2,050	-	-	-	-	-	2,050
Highway 33 / Clement Extension	135,300	2,800	3,000	4,500	75,000	45,000	5,000	135,300
Hollywood Rd Upgrades	34,612	5,667	13,600	3,750	575	3,515	7,505	34,612
KLO Bridge Replacement (w/utilities)	18,364	16,564	1,800	-	-	-	-	18,364
Lakeshore Rd Upgrades	29,272	4,690	8,920	8,834	-	-	5,368	27,812
Morrision Ave Upgrades (w/utilities)	1,950	1,950	-	-	-	-	-	1,950
Parkinson Recreation Centre Road Improvements	3,290	400	2,537	-	-	-	-	2,937
Richter St Upgrades	23,785	-	450	1,120	1,120	1,120	19,975	23,785
Stewart Rd Upgrades	9,842	800	-	-	280	4,632	-	5,712
Stockwell Upgrades (w/utilities)	1,150	1,150	-	-	-	-	-	1,150
Sutherland Rd Upgrades	51,534	130	5,150	-	4,038	4,800	-	14,118
Intersections								
Clement & Gordon Intersection	4,800	-	-	300	500	4,000	-	4,800
Longhill & Rifle Roundabout	3,000	-	68	168	2,764	-	-	3,000
Springfield & Belgo Roundabout	2,220	-	-	2,220	-	-	-	2,220
Springfield & Dilworth Improvements	10,945	2,472	2,150	6,323	-	-	-	10,945
Springfield & Rutland Roundabout	2,167	-	88	2,079	-	-	-	2,167
Transit								
Mission Recreation Transit Exchange & Mobility Hub	3,750	750	1,000	2,000	-	-	-	3,750
Okanagan College Exchange Capacity Expansion	2,300	500	800	1,000	-	-	-	2,300
Orchard Park Exchange	17,449	30	661	-	1,288	-	15,470	17,449
Rutland Park & Ride, Mobility Hub, Operations Facility	2,992	992	1,000	1,000	-	-	-	2,992
YLW Transit Hub	3,010	-	1,005	1,005	-	-	-	2,010
TOTAL		\$83,565	\$103,063	\$79,081	\$112,100	\$91,411	\$256,470	\$725,690

Solid Waste. Efficient and effective daily operations and long-range capital planning ensures the Glenmore Landfill will continue to serve Kelowna and surrounding communities well into the future. That is why \$52 million worth of capital investment is planned in the next 10 years to ensure the site is future-ready and there are continued plans to:

- Expand the landfill footprint.
- Manage the Stockpile and Reprocessing Areas.
- Implement a new stormwater management program.

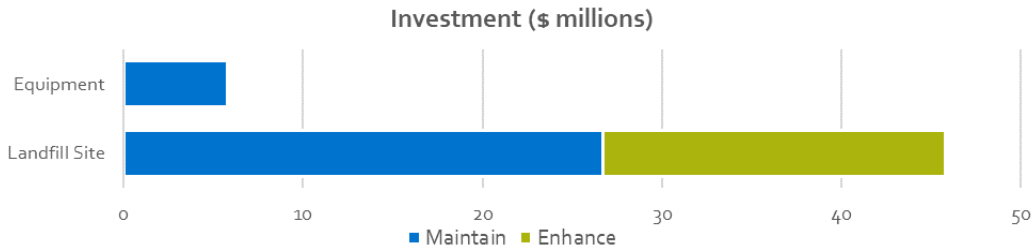


Table 6. Solid Waste Capital Programs and Projects summary for 2025-2034.

		2025 (\$ 000)	2026 (\$ 000)	2027 (\$ 000)	2028 (\$ 000)	2029 (\$ 000)	2030-34 (\$ 000)	10-Year Total
PROGRAMS								
Solid Waste Equipment		1,150	1,050	450	450	450	2,250	5,800
Solid Waste Infrastructure & Facilities		4,600	4,200	4,150	1,885	1,860	10,025	26,720
PROJECTS		Total Cost						
Composting System Expansion	9,200	700	3,000	3,700	500	1,300	-	9,200
Surface Water Bypass	9,850	4,750	-	350	4,750	-	-	9,850
TOTAL		\$11,200	\$8,250	\$8,650	\$7,585	\$3,610	\$12,275	\$51,570

Storm Drainage. Investment in drainage infrastructure will utilize natural and engineered solutions to improve resiliency, flood mitigation and water quality which are increasingly important in the face of a changing climate. Recent capital investment to improve Mill Creek capacity and divert more flow to Mission Creek through an upgraded diversion structure prevented Mill Creek from spilling its banks during the heavy rains last year. To keep going with this critical work, Storm Drainage plans to invest \$86 million in the next 10 years.

- Mill Creek Flood protection is the largest project at \$51 million.
- Renewal of aging drainage infrastructure.

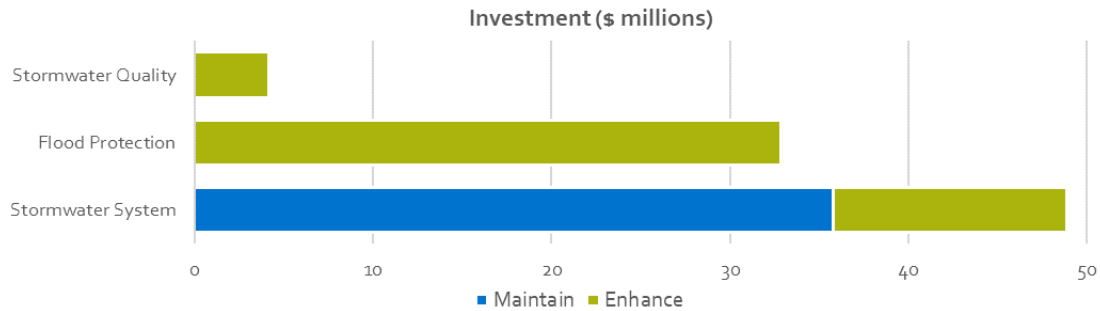


Table 7. Storm Drainage Capital Programs and Projects summary for 2025-2034.

	2025 (\$ 000)	2026 (\$ 000)	2027 (\$ 000)	2028 (\$ 000)	2029 (\$ 000)	2030-34 (\$ 000)	10-Year Total
PROGRAMS							
Stormwater Network & Facilities	3,627	4,690	4,300	5,950	3,700	13,500	35,767
Stormwater Quality	219	360	500	400	500	2,200	4,179
PROJECTS							
	Total Cost						
Frost Rd Upgrades (w/utilities)	750	-	-	-	-	-	750
Mill Creek Flood Protection	51,395	7,080	14,800	10,950	-	-	32,830
Stormwater System Upgrades	12,380	110	990	300	2,710	5,470	12,380
TOTAL	\$11,786	\$20,840	\$16,050	\$9,060	\$9,670	\$18,500	\$85,906

Information Services. Information services is a small but important investment area as the City continues its digital-first transformation. To get there, investment of \$12 million is planned in the next 10 years. As the City embraces more cloud-based technology, the focus is n:

- Major systems projects to eliminate legacy systems.
- Refreshing the user-experience by streamlining the access to information.
- Enabling staff to be more mobile by purchasing hardware that allows for greater flexibility.

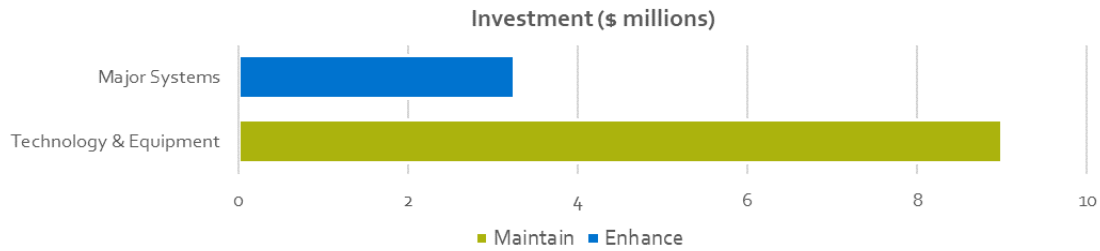


Table 8. Information Services Capital Programs and Projects summary for 2025-2034.

	2025 (\$ 000)	2026 (\$ 000)	2027 (\$ 000)	2028 (\$ 000)	2029 (\$ 000)	2030-34 (\$ 000)	10-Year Total
PROGRAMS							
Communications Systems	200	200	200	200	200	1,000	2,000
Front Office Equipment	550	550	550	550	550	2,750	5,500
Major Systems	500	500	500	250	250	1,250	3,250
Server & Data Storage	150	150	150	150	150	750	1,500
PROJECTS							
N/A	-	-	-	-	-	-	-
TOTAL	\$1,400	\$1,400	\$1,400	\$1,150	\$1,150	\$5,750	\$12,250

Vehicle or Mobile Equipment. This cost centre funds all the City’s vehicles and equipment except for fire trucks and equipment. The City maintains a reliable, sustainable fleet and continues to modernize it by going Green to reduce GHGs by purchasing EV, hybrid or hydrogen vehicles where available. The \$55 million capital investment will go towards:

- Replacing aging vehicles and adding to the fleet to accommodate growth.

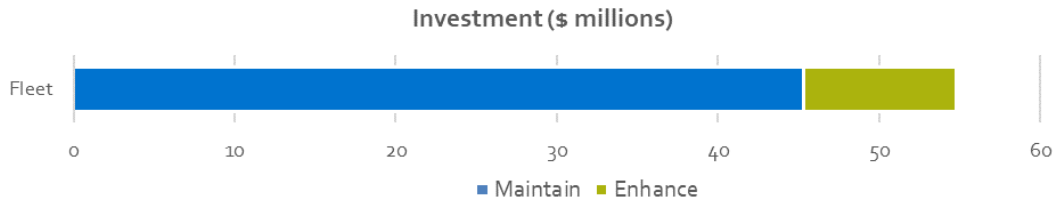


Table 9. Vehicles or Mobile Equipment Capital Programs and Projects summary for 2025-2034.

	2025 (\$ 000)	2026 (\$ 000)	2027 (\$ 000)	2028 (\$ 000)	2029 (\$ 000)	2030-34 (\$ 000)	10-Year Total
PROGRAMS							
Vehicles & Equipment - Growth	1,257	1,179	888	859	799	4,470	9,452
Vehicles & Equipment - Renewal	3,910	4,100	4,290	4,500	4,720	23,805	45,325
PROJECTS							
Total Cost							
N/A	-	-	-	-	-	-	-
TOTAL	\$5,167	\$5,279	\$5,178	\$5,359	\$5,519	\$28,275	\$54,777

Fire. The well-established capital program at the Fire Department ensures fire trucks, equipment and communication systems remain up-to-date in order to keep firefighters and the community safe. It is a relatively small capital program as most costs are operational and fire stations are accounted for in the Buildings cost centre. Investment in the Fire cost centre is forecasted at \$18 million. Big projects include:

- Vehicle/Equipment Renewal
- Communication Systems
- New Fire trucks and equipment to support growth

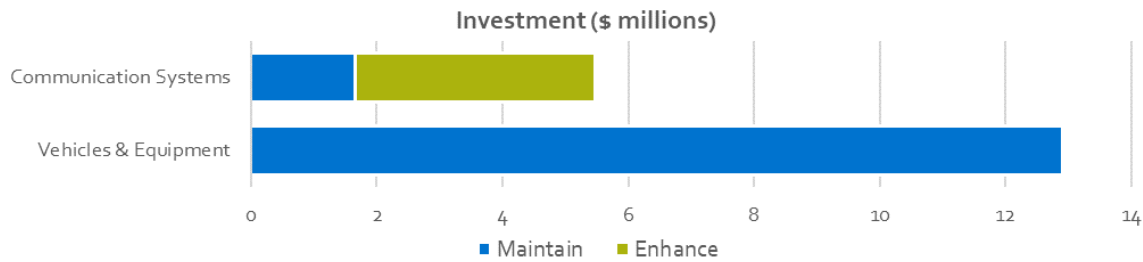


Table 10. Fire Capital Programs and Projects summary for 2025-2034.

		2025 (\$ 000)	2026 (\$ 000)	2027 (\$ 000)	2028 (\$ 000)	2029 (\$ 000)	2030-34 (\$ 000)	10-Year Total
PROGRAMS								
Communications Systems		92	850	552	11	11	145	1,661
Vehicles & Equipment		1,091	854	204	3,717	2,806	4,229	12,901
PROJECTS		Total Cost						
NG911 Implementation	3,810	1,905	1,905	-	-	-	-	3,810
TOTAL		\$3,088	\$3,609	\$756	\$3,728	\$2,817	\$4,374	\$18,372

Airport. (in-progress) Airport Cost Centre's 2025-2034 capital to be presented at an upcoming Council meeting and included in the Capital Plan prior to adoption.

Water. Infrastructure investment is forecasted at \$201 million that focuses on delivering high-quality drinking water and reliable irrigation water to all City customers. This is evident in projects like the recently completed Water Integration Project in the city’s southeast. In the next 10 years, infrastructure to:

- Support growth - \$97 million
- Renew existing infrastructure - \$34 million.

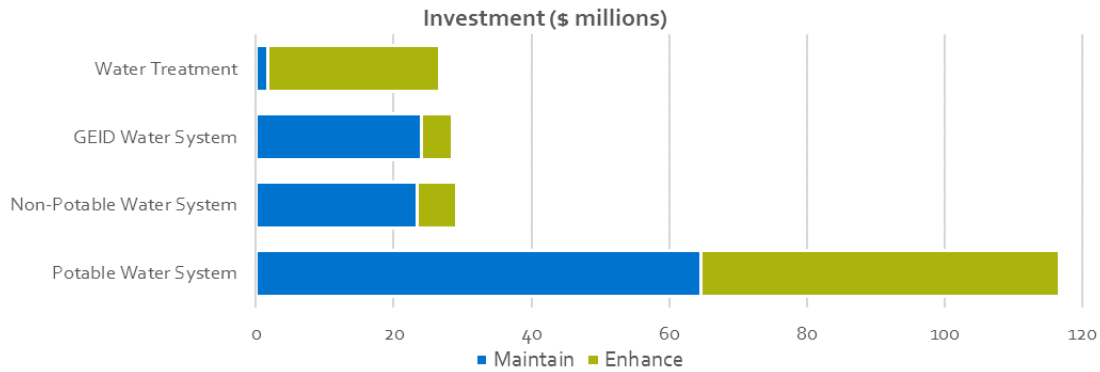


Table 12. Water Capital Programs and Projects summary for 2025-2034.

	2025 (\$ 000)	2026 (\$ 000)	2027 (\$ 000)	2028 (\$ 000)	2029 (\$ 000)	2030-34 (\$ 000)	10-Year Total
PROGRAMS							
GEID Water Network & Facilities	-	-	3,000	3,000	3,000	15,000	24,000
Non-Potable Water Network & Facilities	1,406	2,640	2,740	3,240	3,240	10,200	23,466
Potable Water Network & Facilities	7,570	6,100	6,350	8,250	7,900	28,500	64,670
Water Treatment	1,285	400	-	-	-	-	1,685
PROJECTS							
	Total Cost						
Frost Rd Upgrades (w/utilities)	200	-	-	-	-	-	200
GEID Integration	5,150	3,850	600	-	-	-	4,450
KLO Bridge Replacement (w/utilities)	2,000	2,000	-	-	-	-	2,000
Non-Potable Water System Upgrades	5,700	400	2,000	3,300	-	-	5,700
Potable Water System Upgrades	52,306	2,897	5,450	10,500	7,450	10,000	49,797
Water Treatment Facility (Land Only)	25,000	-	-	25,000	-	-	25,000
TOTAL	\$19,608	\$17,190	\$25,890	\$46,940	\$24,140	\$67,200	\$200,968

Wastewater. The City treats close to 40 million litres of wastewater from homes, businesses, and industry each day. With the community’s expected growth, this volume will continue to increase. The focus is to ensure environmental stewardship, community preparedness and resiliency while meeting regulatory requirements. That is why the City plans to invest \$194 million in the next 10 years. Major investment includes:

- Infrastructure to support growth and renewal of aging assets.
- Septic removal projects to provide wastewater service to the remaining areas of the City that are still on aging septic systems.

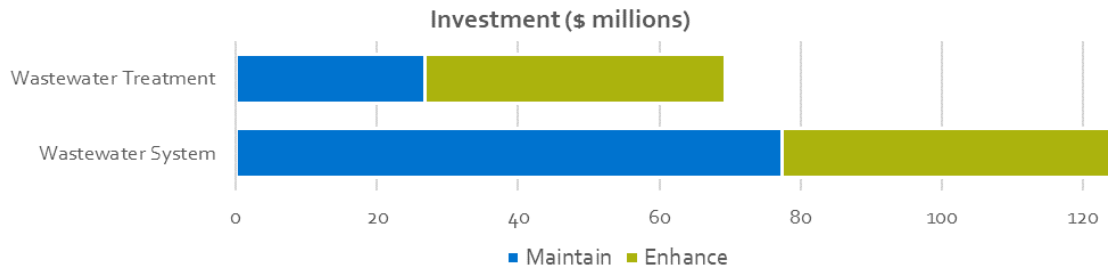


Table 13. Wastewater Capital Programs and Projects summary for 2025-2034.

		2025 (\$ 000)	2026 (\$ 000)	2027 (\$ 000)	2028 (\$ 000)	2029 (\$ 000)	2030-34 (\$ 000)	10-Year Total
PROGRAMS								
Wastewater Network & Facilities		4,637	5,488	9,950	8,707	8,086	40,430	77,298
Wastewater Treatment		5,615	4,250	3,000	2,000	2,000	10,000	26,865
PROJECTS								
	Total Cost							
Frost Rd Upgrades (w/utilities)	100	100	-	-	-	-	-	100
Hydro-Vac Disposal Facility	2,500	250	1,000	1,250	-	-	-	2,500
KLO Bridge Replacement (w/utilities)	1,000	800	200	-	-	-	-	1,000
Sewer Connection Areas	25,196	6,958	2,981	380	-	-	-	10,319
Wastewater System Upgrades	41,775	19,794	11,764	1,600	-	300	2,700	36,158
WWTF Expansion	40,000	500	500	1,000	10,000	10,000	18,000	40,000
TOTAL		\$38,654	\$26,183	\$17,180	\$20,707	\$20,386	\$71,130	\$194,240

OPERATIONS & MAINTENANCE IMPACTS

Infrastructure investment decisions consider asset lifecycle costs which includes both capital and operating expenses. Municipal infrastructure is designed to last a long time, varying from 20 – 100 years, and the operating expense can amount to 70 - 80% of the lifecycle cost. This is why it is important to consider operational impacts when making capital investment decisions.

The Capital Plan forecasts \$1.5 billion in infrastructure to enhance service levels and accommodate growth. This enhanced infrastructure may require additional funding to operate and maintain. The operational impacts for the General Fund and Utilities will require approximately \$30.05 million and \$11.35 million respectively of additional annual funding by 2034. The General Fund cost centres will be primarily funded by taxation while Utilities and Solid Waste will be accounted for in their respective utility funding models.

Renewal of existing infrastructure is assumed to have no operational impacts because operational budgets are currently in place to support existing infrastructure.

Table 14. Forecasted operational and maintenance (O&M) impacts for each service area based on historical data.

Cost Centre	Enhanced Service Level Capital Investment (\$ million)	O&M Capital Investment % (10-Year Average)	O & M Forecast by 2034 (\$ million)
General Fund			
Real Estate & Parking	\$68	3.88%	\$2.64
Buildings	\$346	1.48%	\$5.12
Parks	\$338	2.98%	\$10.07
Transportation	\$485	2.08%	\$10.09
Storm Drainage	\$50	3.54%	\$1.77
Information Services	\$3	3.02%	\$0.09
Vehicles & Equipment	\$9	2.99%	\$0.27
TOTAL	\$1,299	2.31%	\$30.05
Utilities & Self-Funded			
Solid Waste (Self-funded)	\$19	11.15%	\$2.12
Water (Utility)	\$90	2.24%	\$2.02
Wastewater (Utility)	\$87	8.09%	\$7.04
TOTAL	\$196	5.79%	\$11.35

Information for Airport and Fire cost centres not included.

3 FUNDING SOURCES

FUNDING SOURCES

Funding for the Capital Plan comes from 4 primary sources totaling \$2.59 billion. Approximately 35% of funding is from external sources comprised of Development Cost Charges and Grants from senior governments. City funding sources include General Taxation and Reserves and Borrowing totaling approximately 65%.

General Taxation and Reserves

General Taxation and Reserves fund approximately \$1.02 billion (39%) of the plan. These sources are grouped due to similarities in funding flexibility permitting the City discretion in meeting its strategic financial plan to help ensure equity between current and future taxpayers. The primary sources in the Reserve category include the General Fund, Restricted Reserves and the user pay funded Water, Wastewater and Airport Utilities.

Development Cost Charges

Development cost charge (DCC) funding accounts for \$665 million (26%) of all capital investment. Eligible road, storm, sewer, water and park projects align with the 20-Year Servicing Plan & Financing Strategy and growth forecast in the 2040 Official Community Plan.

Borrowing

Debenture borrowing of \$677 million (26%) is forecasted to fund major one-time capital projects such as the Building Stronger Kelowna suite of recreation projects. The exact timing and allocation of debt will be evaluated continually as projects near phases of significant cash outlay and monitored against targeted Council approved debt limits and prevailing interest rates.

Grants

A total of \$229 million (9%) in this Capital Plan is project to fund the plan from various provincial and federal grant programs; these includes project specific grants such as the Disaster Mitigation Assistance Fund for works along Mill Creek, to the more generalized Federal infrastructure funding streams like the Housing Accelerator Fund and Community Works Fund (previously known as "gas tax") and Provincial Growing Communities Fund. Grants will only be pursued for the City's priority projects and grant funding will not increase the scope of a project without Council endorsement. This plan's long-term financial strategy relies on unconditional grant opportunities only.

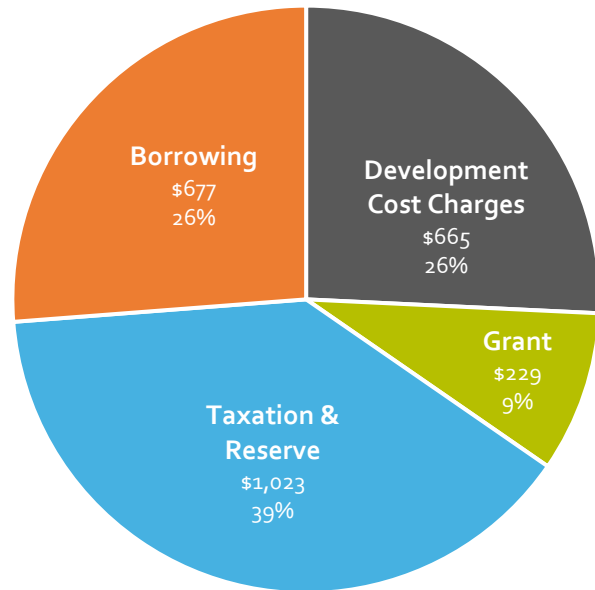


Figure 3. Funding sources for 10-Year Capital Plan (\$ millions). Total \$2.59 billion.

4 PROJECTS NOT IN THE PLAN

Previously, the Capital Plan presented Priority 1 projects (funded) and Priority 2 projects (unfunded). Priority 2 projects were used to calculate the Infrastructure Deficit (ID), annually reported to the Council. The ID quantifies the City's funding responsibility for all P2 projects after deducting contributions from external sources like DCCs, grants, utilities, or partnerships. The following table is from last year's Capital Plan and is reported here for reference.

Table 15. Summary of Infrastructure Deficit (ID) by year (\$ million).

	2018	2019	2020	2021	2022	2023
ID (\$millions)	\$463	\$396	\$388	\$430	\$610	\$612
ID % of funded capital	44%	31%	29%	29%	37%	30%

Staff are currently reassessing the methodology for determining the ID, as it encompasses several variables. Exclusions from the Capital Plan can happen due to multiple reasons such as funding shortages, underdeveloped design or scope, ongoing partnership discussions, or constraints in execution capabilities. This is part of ongoing asset management work that will look at the longer-term financial sustainability of service delivery. Staff expect to complete this work in 2025 Q1 and will report to Council.

Listed below are the big-ticket projects that make up the ID and that are not in the Capital Plan but we are actively working on. As projects are better understood through rigorous planning (design, scoping, stakeholder engagement), they will be added into the capital plan and funded accordingly. When funding limitations emerge, prioritization will occur in subsequent capital planning cycles.

Table 16. Major projects not in the Capital Plan.

Transit Operations & Maintenance Facility
Rotary Centre for the Arts - Expansion
Community Theatre Replacement
Kelowna Art Gallery Envelope Replacement
KLO Fire Hall – New Construction
Rutland Fire Hall - Renovation
Civic Yards Replacement
Parks Operations Yard Renewal
Kelowna Police Services Building Expansion
North Glenmore Policing Office
Rutland Community Policing Office Expansion
Water Treatment Facility
Wastewater Digester Facility





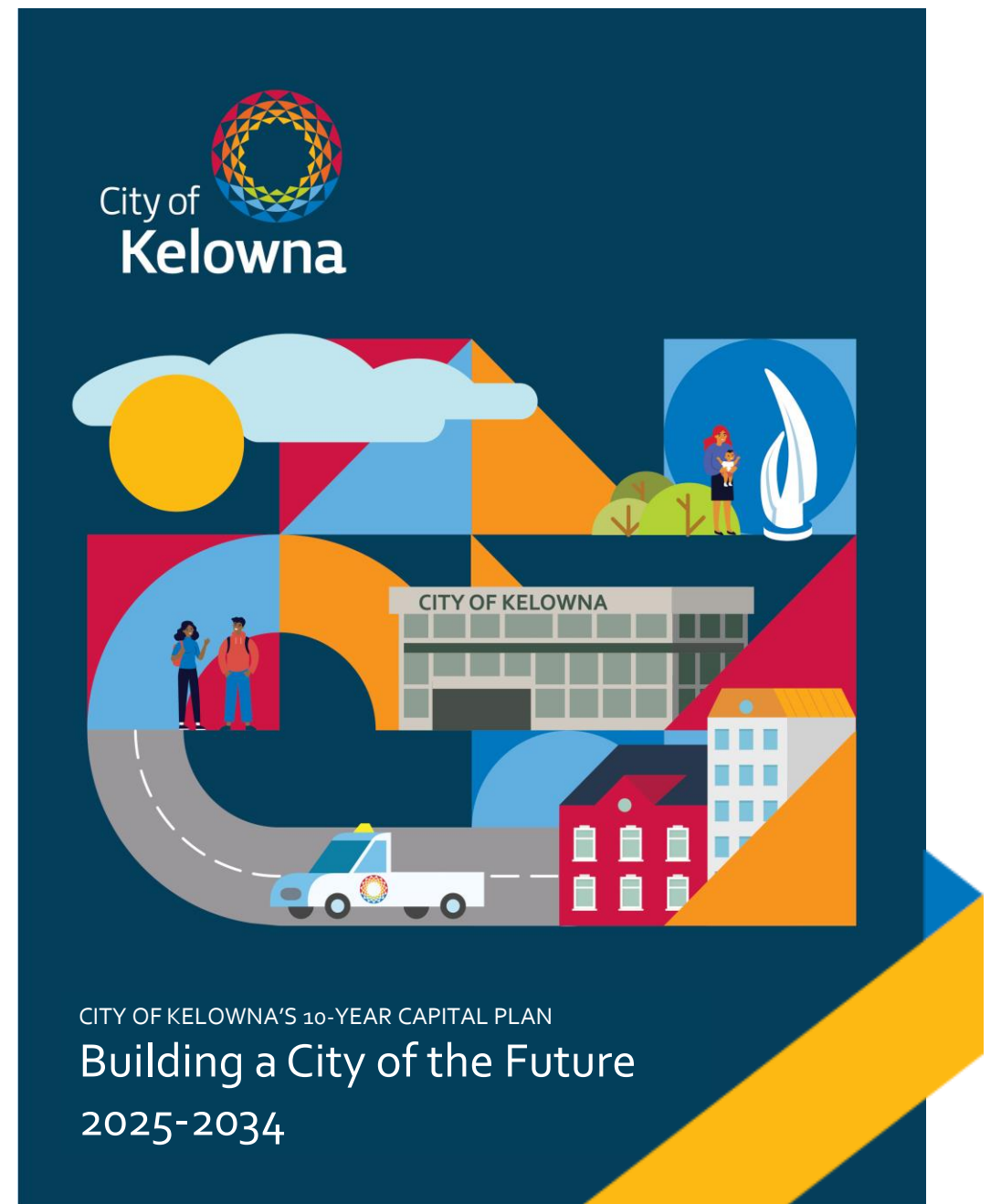
City of
Kelowna

10-Year Capital Plan Overview Council Workshop #2

August 26th, 2024

Agenda

- ▶ Timeline overview
- ▶ 2025 Capital Plan goals
- ▶ Cost Centre Review
- ▶ Projects not in Capital Plan



Roadmap to Preliminary Budget



Capital Plan Goals - 2025

- ▶ Maintain direction set by Council in last year's Capital Plan
- ▶ Accelerate transportation & other critical infrastructure projects
- ▶ Balance with capacity to deliver
- ▶ Show previous approved budget
- ▶ Align with Service Based Budgeting
- ▶ Improve transparency & capital coordination by mapping projects
- ▶ Deliver on the Plan



Balancing Cost Centres



10-Year Infrastructure Investment Forecast



\$2.59 Billion
investment in new,
upgraded & renewed
public infrastructure



73%
Allocated to
Transportation,
Buildings, Parks &
Airport



35%
External Funding
DCCs, partnerships &
grants



86%
of citizens satisfied in
level & quality of City
services

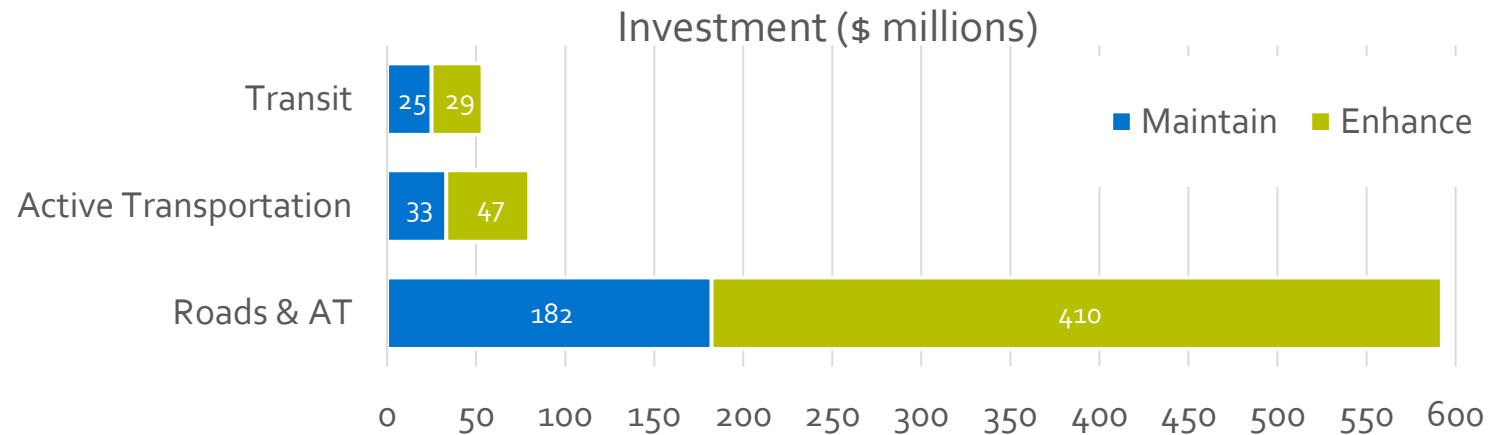
Capital Cost Centre	Last Capital Plan (\$ million)	This Capital Plan (\$ million)
Transportation	\$ 373	\$ 726
Buildings	\$ 416	\$ 441
Airport*	\$ 371	\$ 371
Parks	\$ 288	\$ 358
Water	\$ 147	\$ 201
Wastewater	\$ 211	\$ 194
Stormwater	\$ 44	\$ 86
Real Estate	\$ 46	\$ 80
Vehicles	\$ 53	\$ 55
Solid Waste	\$ 73	\$ 52
Fire	\$ 14	\$ 18
Information Services	\$ 12	\$ 12
TOTAL	\$ 2,048	\$ 2,594

Transportation

Making it easier for people to get around by vehicle, transit, cycling & walking.



- ▶ Largest Investment Area
 - ▶ \$726 million
 - ▶ Investment doubled
- ▶ Large Transportation Projects
 - ▶ Highway 33/Clement Ext
 - ▶ KLO Bridge Replacement
 - ▶ Major Intersections
 - ▶ Active Transportation,
 - ▶ Transit & Programs



TAP



- ▶ Transportation Accelerator Program (TAP)
 - ▶ \$170 million investment in major roads
 - ▶ Frost Rd (to Chute Lake)
 - ▶ Hollywood Rd (Sexsmith – John Hindle)
 - ▶ Burtch Rd (Springfield – KLO)
 - ▶ Glenmore Rd (Union to Snowsell)
 - ▶ Lakeshore (Lanfranco to Cook)
 - ▶ Lakeshore (Lexington to DeHart)



Buildings



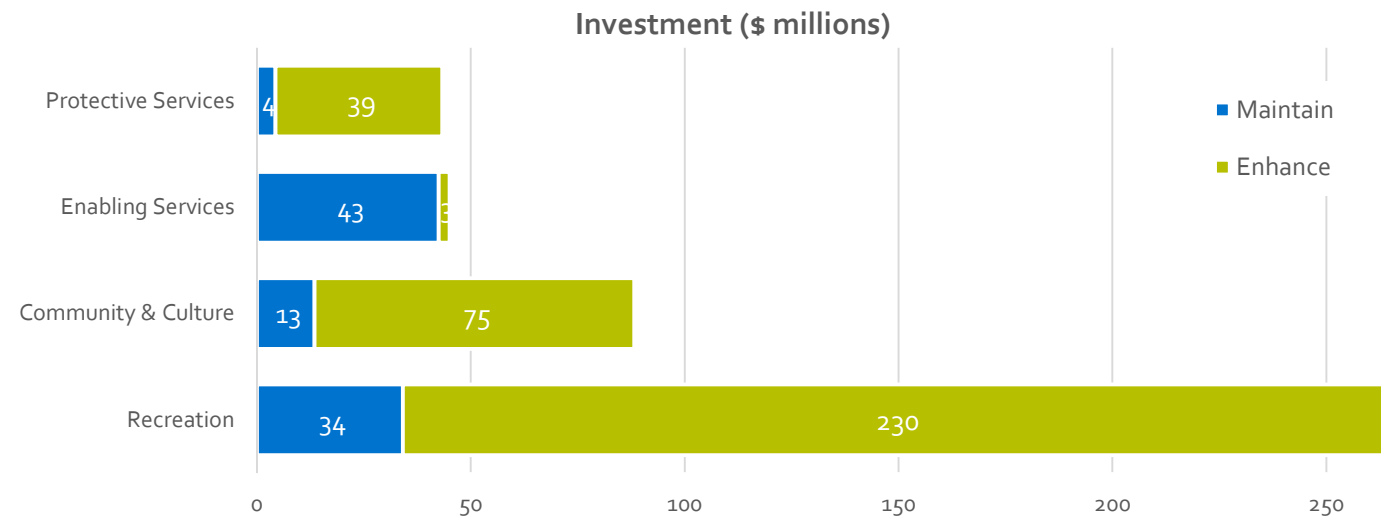
Expanding recreational, cultural, & protective services facilities to support a growing community.

▶ Investment

- ▶ \$441 million

▶ Big projects & changes

- ▶ PRC Redevelopment
- ▶ Glenmore Activity Centre
- ▶ Mission Activity Centre
- ▶ Building Renewal
- ▶ Glenmore Protective Services Building
- ▶ Rutland Lions Activity Centre
- ▶ Prospera Place Upgrades

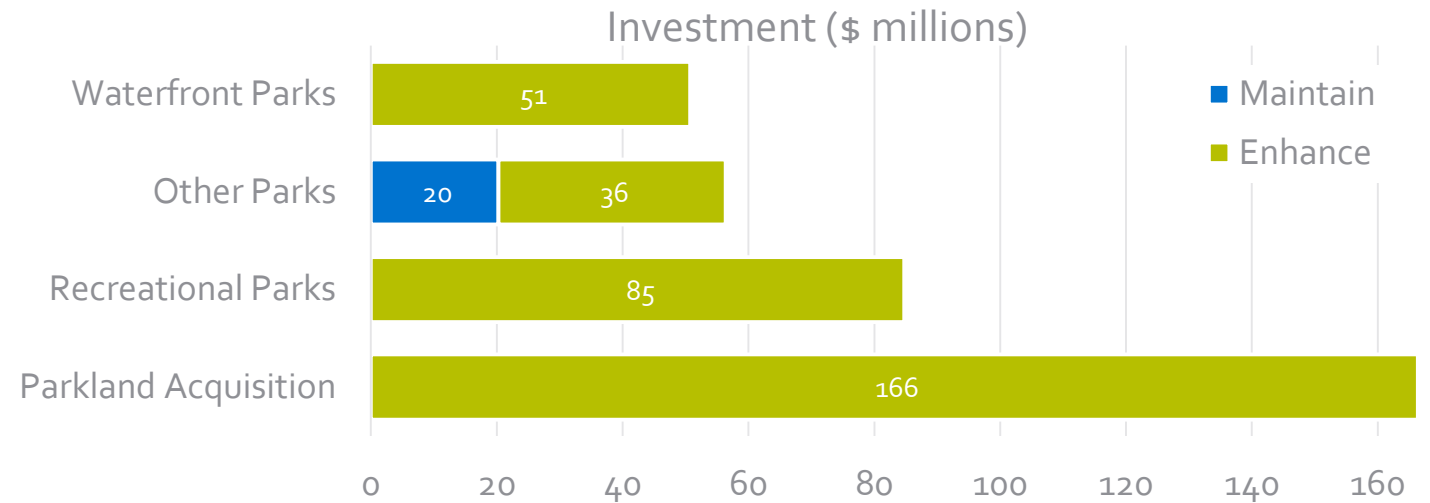




Parks

Creating vibrant, animated spaces for the community to connect, enjoy & experience.

- ▶ Investment
 - ▶ \$358 million
- ▶ Big projects and changes
 - ▶ Parkland Acquisition
 - ▶ Glenmore Recreation
 - ▶ City Park
 - ▶ Parkinson Recreation Park
 - ▶ Rutland Recreation Park
 - ▶ Neighbourhood Parks
 - ▶ Mill Creek Linear Park
 - ▶ Parks Washrooms

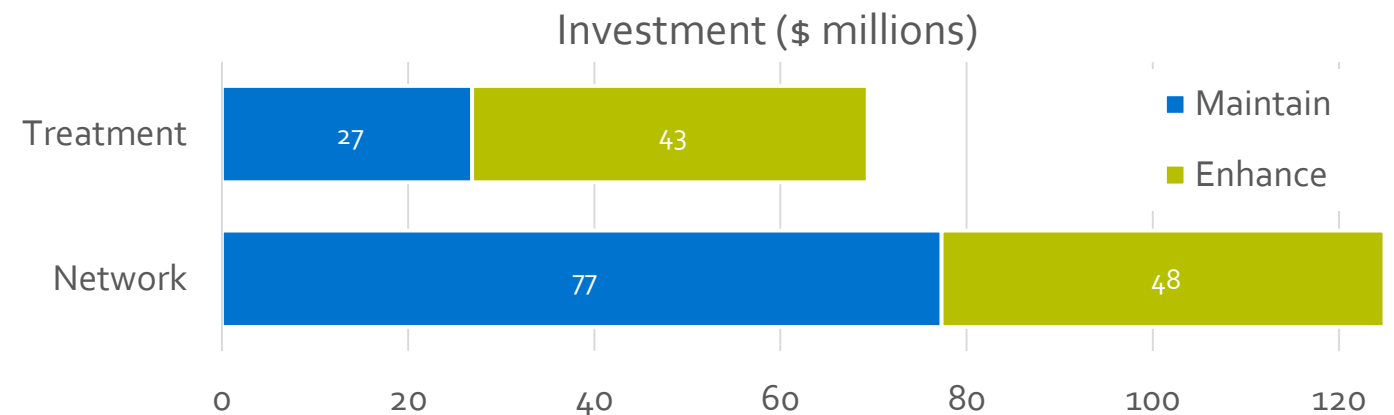


Wastewater



Ensuring environmental stewardship, community preparedness, & resiliency while meeting regulatory requirements.

- ▶ Investment
 - ▶ \$194million
- ▶ Big Projects & Changes
 - ▶ Infrastructure to support growth
 - ▶ Infrastructure Renewal
 - ▶ Wastewater Treatment Upgrades



Water



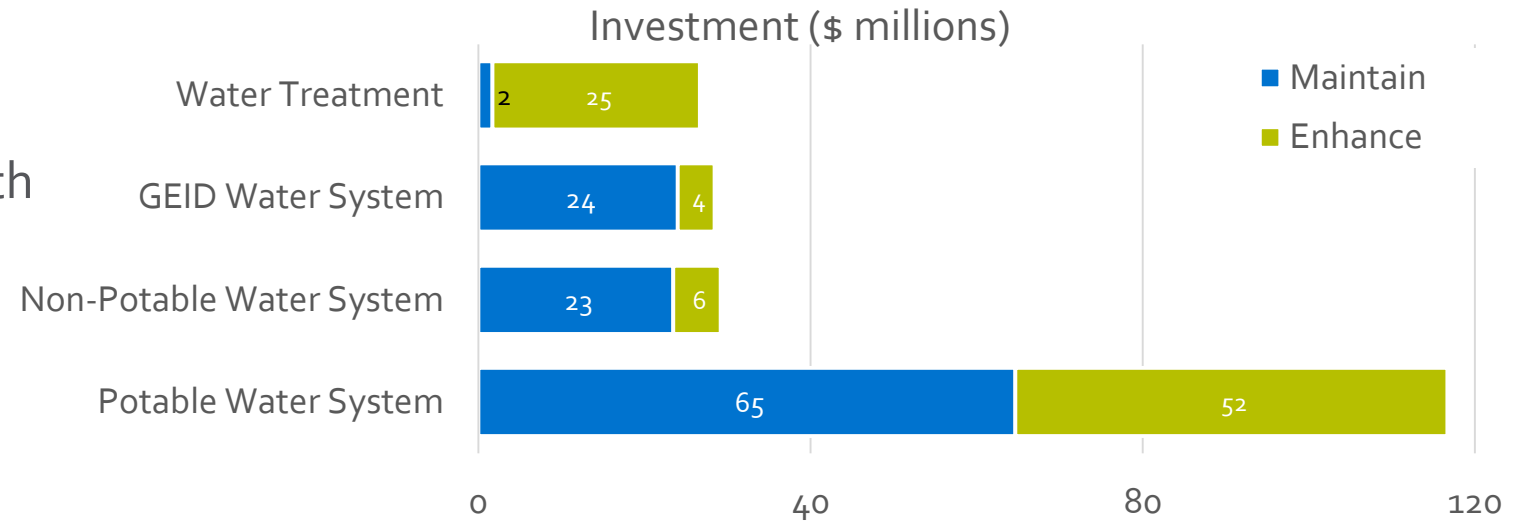
Delivering high-quality drinking water & reliable irrigation water to all City customers.

- ▶ Investment

- ▶ \$201 million

- ▶ Big Projects & Programs

- ▶ Infrastructure to support growth
 - ▶ Renewal of aging assets
 - ▶ Irrigation infrastructure
 - ▶ Treatment Facility Land

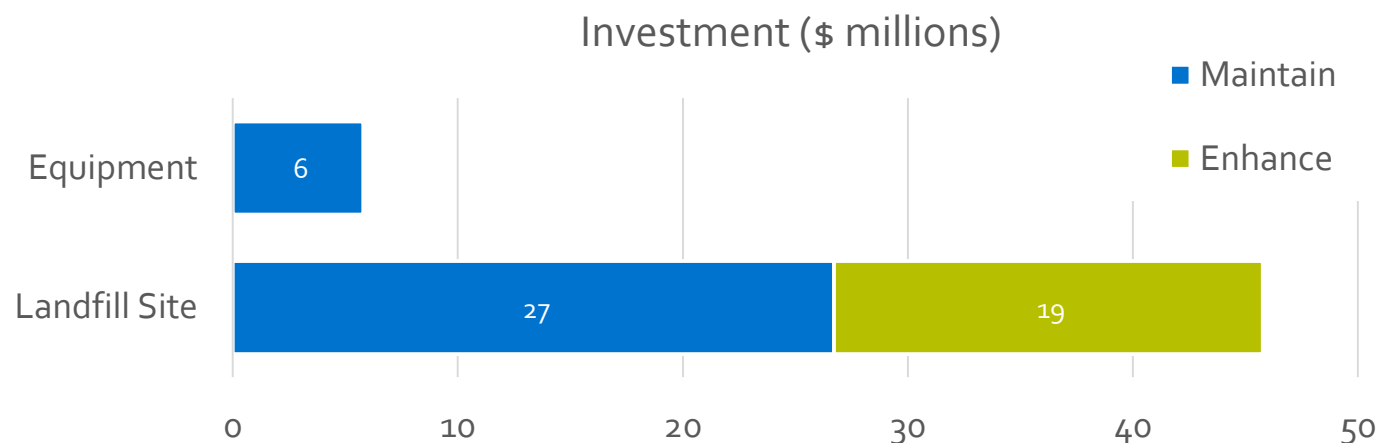


Solid Waste



Operating a progressive, environmentally-aware site to manage, reduce, & divert waste that considers today's regional needs & future demands.

- ▶ Investment
 - ▶ \$52 million
- ▶ Big Projects & Programs
 - ▶ Expansion of the landfill footprint
 - ▶ Surface Water Bypass
 - ▶ Sanitary Lift Station & Forcemain

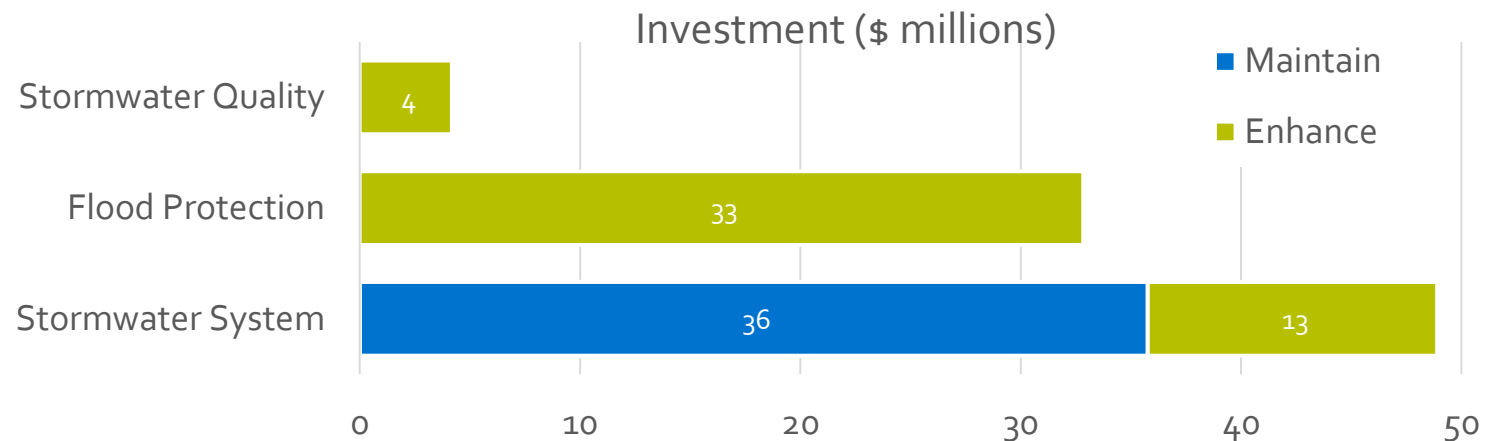


Storm Drainage



Utilizing natural & engineered solutions to improve resiliency, flood mitigation, & water quality in a changing climate.

- ▶ Investment
 - ▶ \$86 million
- ▶ Big Projects & Changes
 - ▶ Mill Creek Flood Protection including grant
 - ▶ More Network Renewal & Improvements

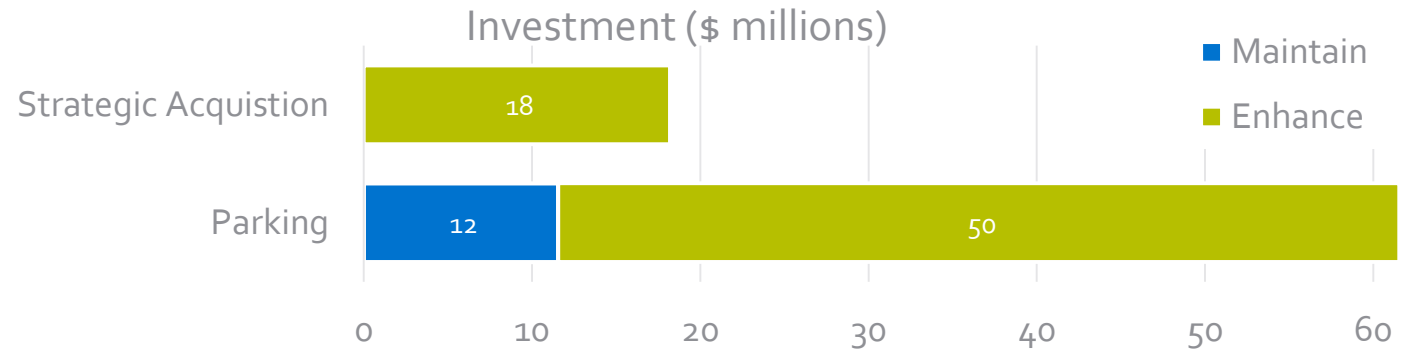


Real Estate and Parking



Investing in strategic land acquisition & providing state-of-the-art, well-maintained parking facilities.

- ▶ Investment
 - ▶ \$80 million
- ▶ Big Projects & Changes
 - ▶ General Land Acquisition
 - ▶ Marine Facilities Program
 - ▶ Downtown Parkade
 - ▶ South Pandosy Parkade

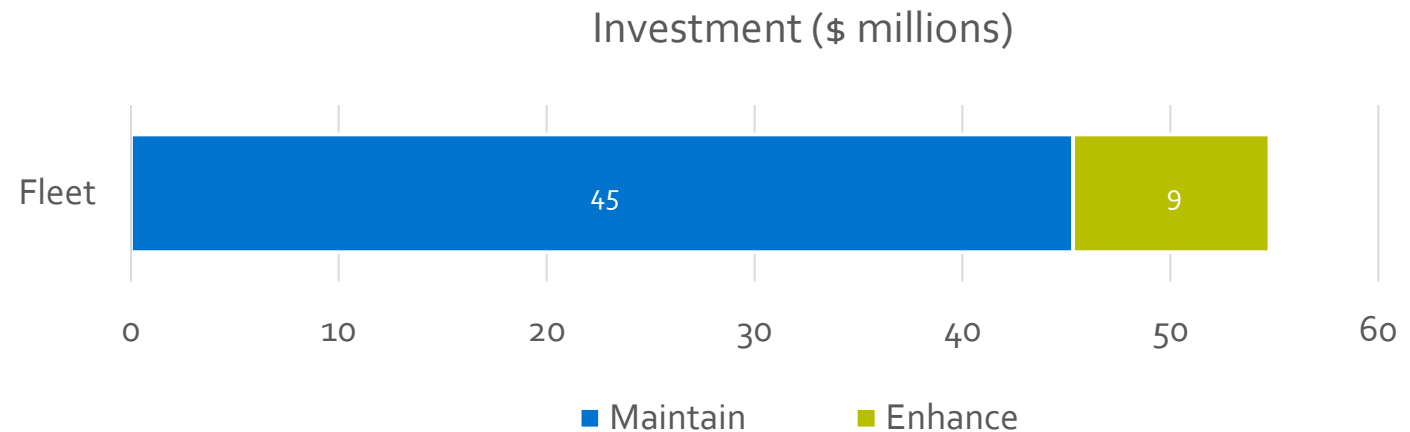


Vehicles and Equipment



Maintaining a reliable, sustainable fleet while Going Green & reducing GHGs.

- ▶ Investment
 - ▶ \$55 million
- ▶ Big Projects & Programs
 - ▶ Vehicle & Equipment Renewal
 - ▶ Additional vehicles to support growth



Fire

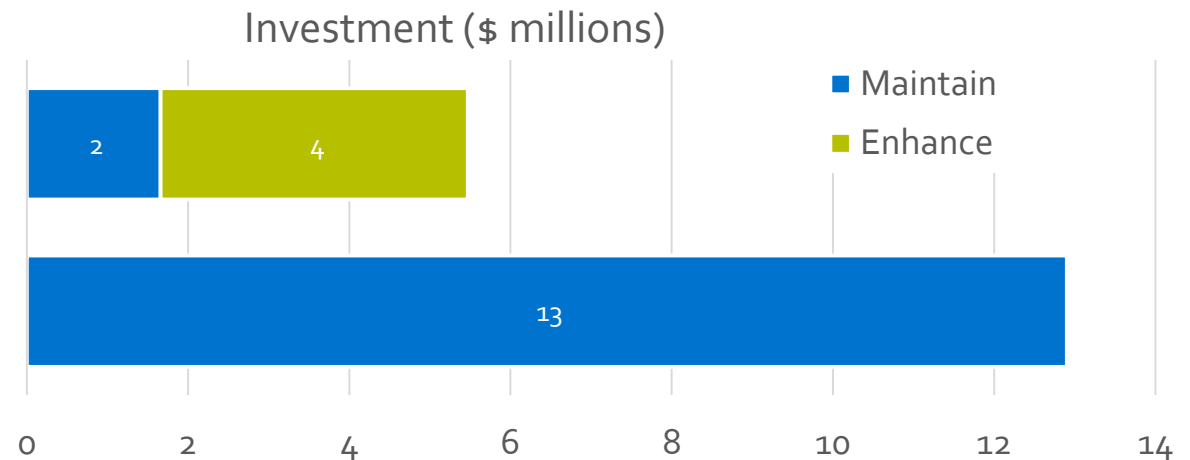


Responding to calls with well-trained personnel equipped with the necessary equipment & tools when the community needs it the most.

- ▶ Investment
 - ▶ \$18 million
- ▶ Big Projects & Programs
 - ▶ New fire trucks and equipment to support growth
 - ▶ Vehicle/Equipment Renewal
 - ▶ Communication Systems

Communication Systems

Vehicles & Equipment

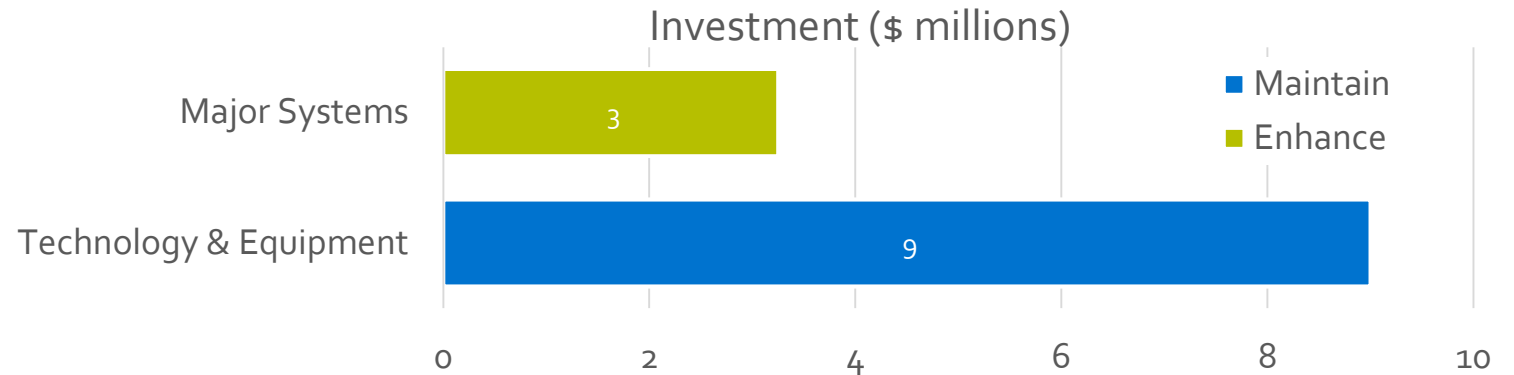


Information Services



Transforming into a digital-first City by supporting hardware, software, & system infrastructure.

- ▶ Investment
 - ▶ \$12 million
- ▶ Big Projects & Programs
 - ▶ Front Office Equipment
 - ▶ Server and Data Storage
 - ▶ Major System Projects
 - ▶ Communications Network



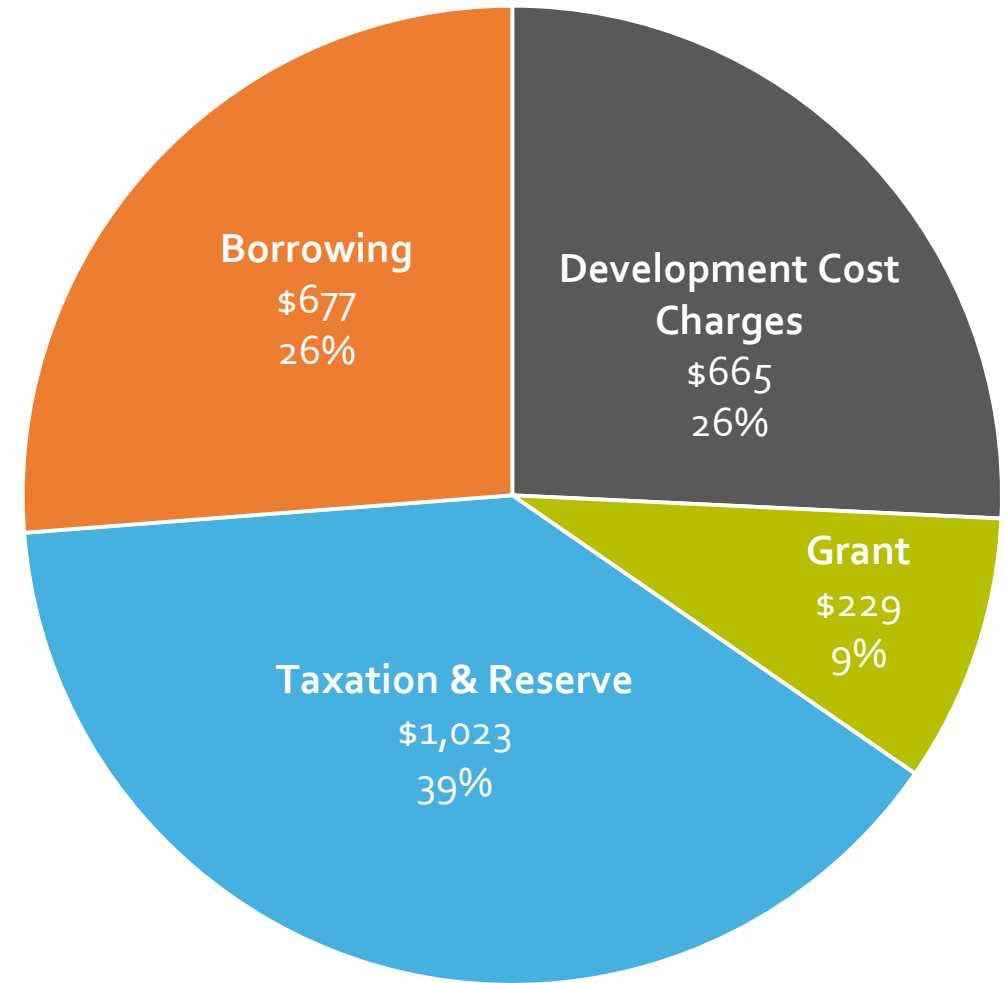
Big Ticket items we're watching...

- ▶ Transit Operations & Maintenance Facility
- ▶ Rotary Centre for the Arts - Expansion
- ▶ Community Theatre Replacement
- ▶ Kelowna Art Gallery Envelope Replacement
- ▶ KLO Fire Hall – New Construction
- ▶ Rutland Fire Hall - Renovation
- ▶ Civic Yards Replacement
- ▶ Parks Operations Yard Renewal
- ▶ Kelowna Police Services Building Expansion
- ▶ North Glenmore Policing Office
- ▶ Rutland Community Policing Office Expansion
- ▶ Water Treatment Facility
- ▶ Wastewater Digester Facility



Funding the Capital Plan

- ▶ External funding - 35%
- ▶ General taxation and reserves – 39%
- ▶ Borrowing – 26%





Questions?

For more information, visit kelowna.ca.

