



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

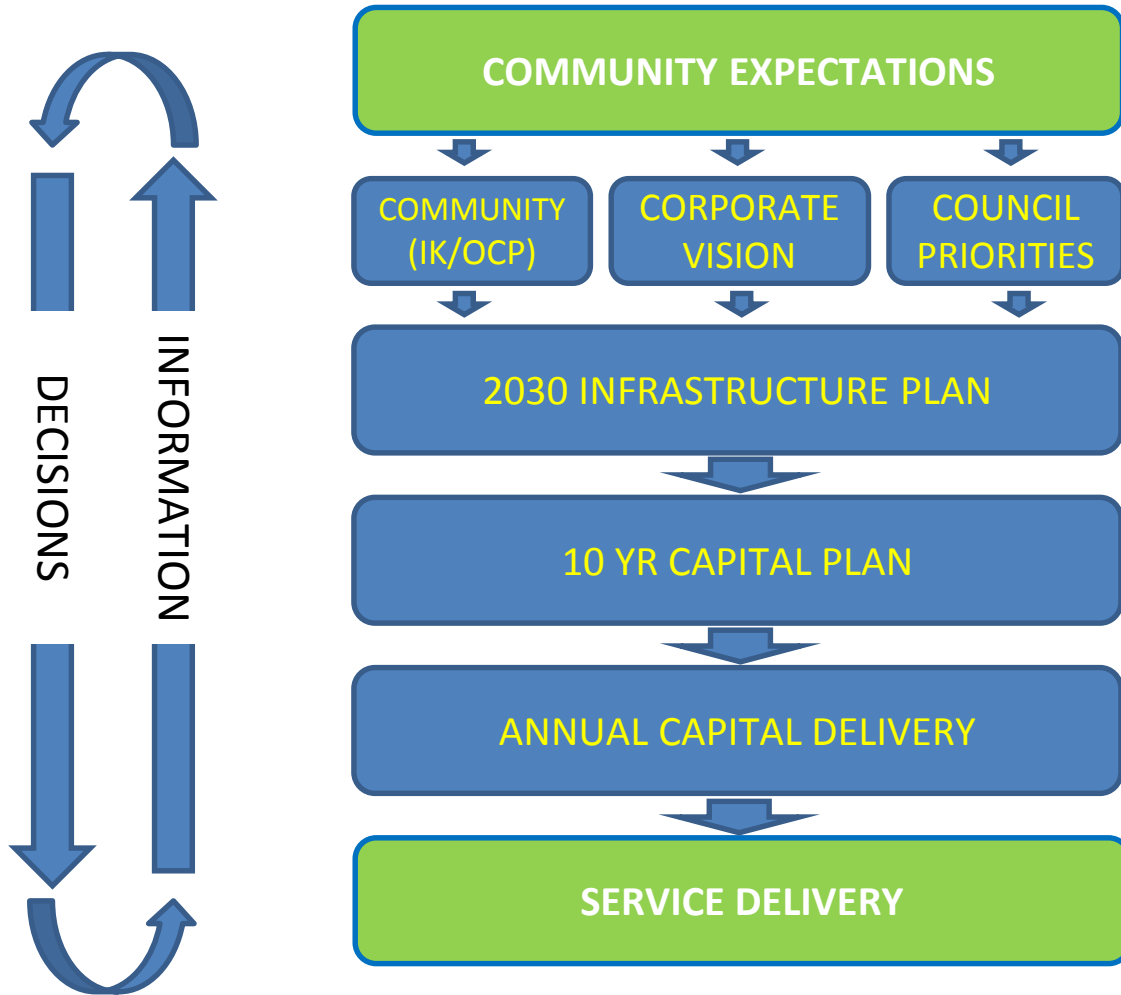
Council
Priorities

2030 Inf.
Plan

10-Yr
Capital Plan

Annual Capital
Program

INFRASTRUCTURE PLANNING MODEL

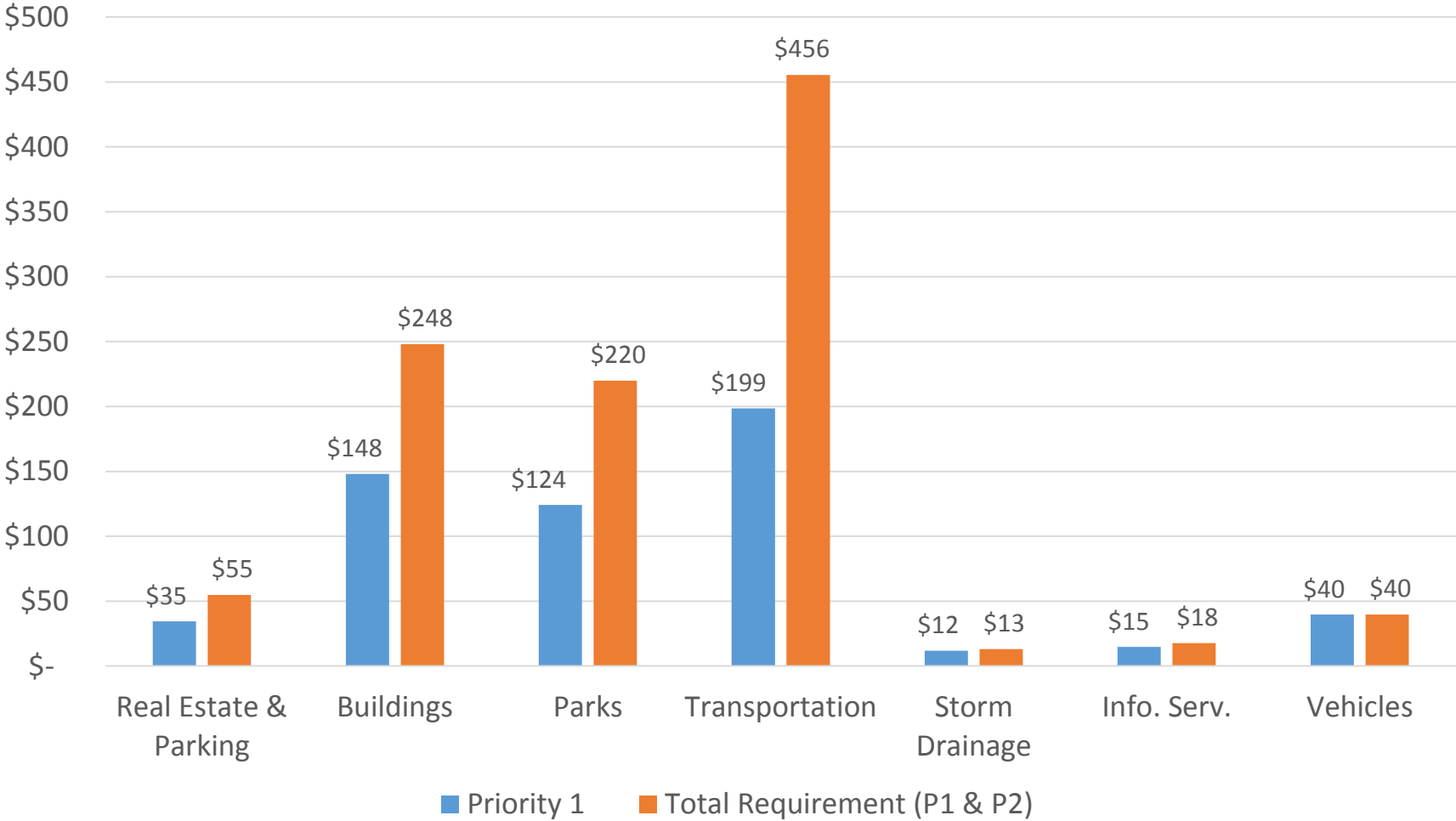


Infrastructure Deficit

▶ General fund 10-year Capital Plan

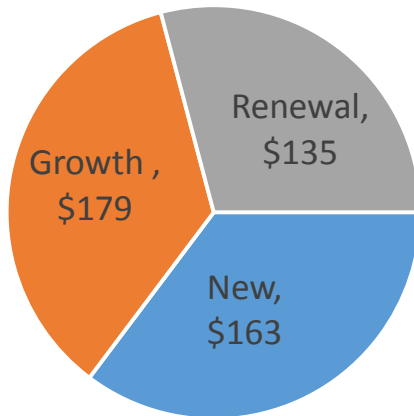
- ▶ Requires \$1.05 billion in infrastructure investment
- ▶ Forecasted funding \$573 million
- ▶ \$477 million infrastructure deficit

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



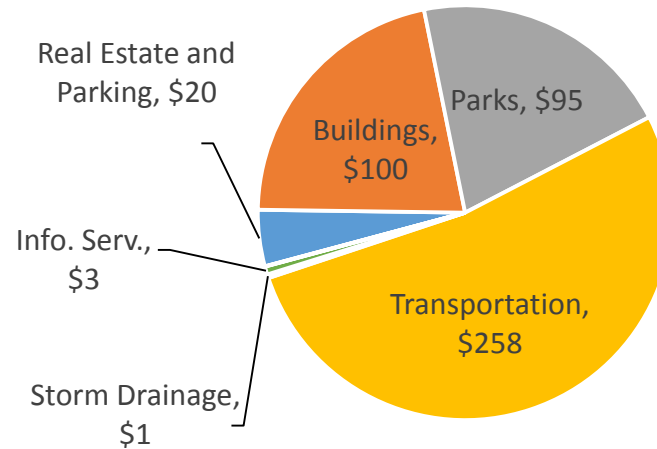
Infrastructure Deficit General Fund 10-Year Capital Plan P2 Projects

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

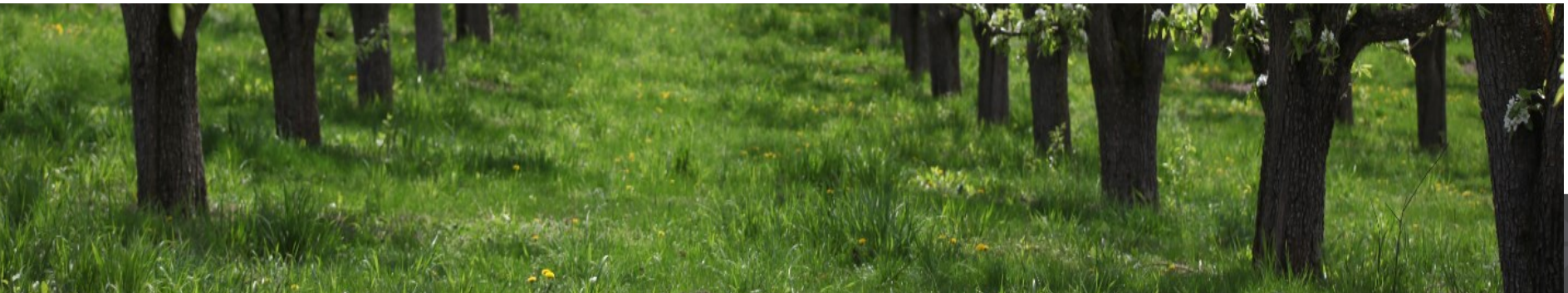
Infrastructure deficits challenge right across Canada

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?

