

# Report to Council



**Date:** April 18, 2016  
**File:** 1100-01  
**To:** City Manager  
**From:** Infrastructure Planning Department Manager  
**Subject:** *2030 Infrastructure Plan*

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## **Recommendation:**

THAT Council endorses the *2030 Infrastructure Plan* as attached to the Report of the Infrastructure Planning Department Manager dated April 18, 2016;

AND THAT Council receives, for information, the impacts to the *2030 Infrastructure Plan* should construction of the Glenmore Fire Hall (Station 5) be advanced by 5 years from its proposed construction timing of 2022-24 to 2017-19 in the *2030 Infrastructure Plan*.

## **Purpose:**

To provide Council with the 2030 Infrastructure Plan for their review and adoption and to detail the impacts to the 2030 Infrastructure Plan of advancing the construction timing of the Glenmore Fire Hall (Station 5) by 5 years from 2022-24 to 2017-19.

## **Background:**

The *2030 Infrastructure Plan* planning horizon (2016-2030) was chosen to align with the City's 2030 OCP and 20-Year Servicing Plan and Financial Strategy. The plan was prepared by staff and reviewed internally to strike an affordable balance of infrastructure projects that maintain levels of service, preserve existing assets, and provide opportunity for growth and economic development.

The *2030 Infrastructure Plan* is the highest level capital plan. Figure 1 shows the infrastructure planning model and the hierarchy of the various planning documents. The *2030 Infrastructure Plan* is the link between the higher level planning documents (above) like the Official Community Plan, Council and Corporate Priorities and the infrastructure delivery plans (below) which include the 10 year capital plan and the annual capital plan. This infrastructure planning model starts with understanding community expectation and ends with providing infrastructure that delivers the expected services to the community.

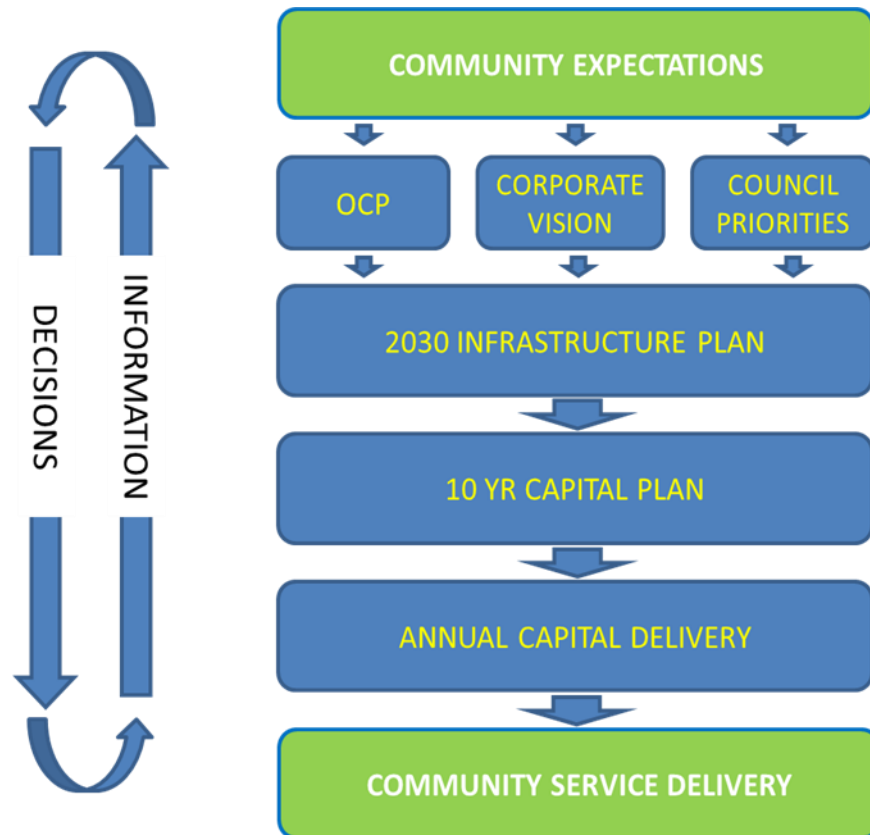


Figure 1. Infrastructure Planning Model

The *2030 Infrastructure Plan* will provide the framework for infrastructure planning and fiscal management moving forward and form the basis of the 10-year Capital Plan which will be updated annually to remain accurate and, reflect emerging issues and the community's changing priorities. The 10-Year Capital Plan will be used in-turn to support infrastructure investment decisions in the annual budget that is approved by Council. This infrastructure planning model will ensure infrastructure investment occurs where and when it is most needed in the community.

Council has reviewed and provided guidance for development of the *2030 Infrastructure Plan* at two Council meetings in November, 2015 and March, 2016. The latest version of the *2030 Infrastructure Plan* dated April 8th, 2016 is attached. No changes have been made to the infrastructure projects, their timing or financing strategy since the March 7<sup>th</sup> Council meeting. The Debt Serving chart in the Debenture/Borrowing section has been amended to reflect the latest projected borrowing rates and to account for a error found in the previous version.

The attached *2030 Infrastructure Plan* includes Introduction, Summary and Community Engagement sections along with project details and revenue sources. The reader is directed to the attached document for the complete report.

**Glenmore Fire Hall (Station 5)**

The 2016-2030 Kelowna Fire Department Strategic Plan was presented to Council on March 21, 2016. Council supported the plan in principal but directed staff to report back on the implications of amending the *2030 Infrastructure Plan* to identify the new Glenmore Fire Hall (Station 5) for construction completion in 2020. This advances the land and construction of

this \$8 million project by 5 years in the *2030 Infrastructure Plan* and affects the timing of other projects and the financing strategy.

The impact of advancing Station 5 from its proposed timing in the *2030 Infrastructure Plan* are threefold as described below:

1. The City’s debt service would increase in 2018 to borrow the funding needed for Station 5 construction. The increase in debt would require \$357,000 in operating funds for debt repayment starting in 2019 and continuing for the 20 year term. The figure below shows the City’s projected increase in debt servicing with and without the proposed changes to the Station 5 construction timing.

### Debt Servicing % of Taxation Demand

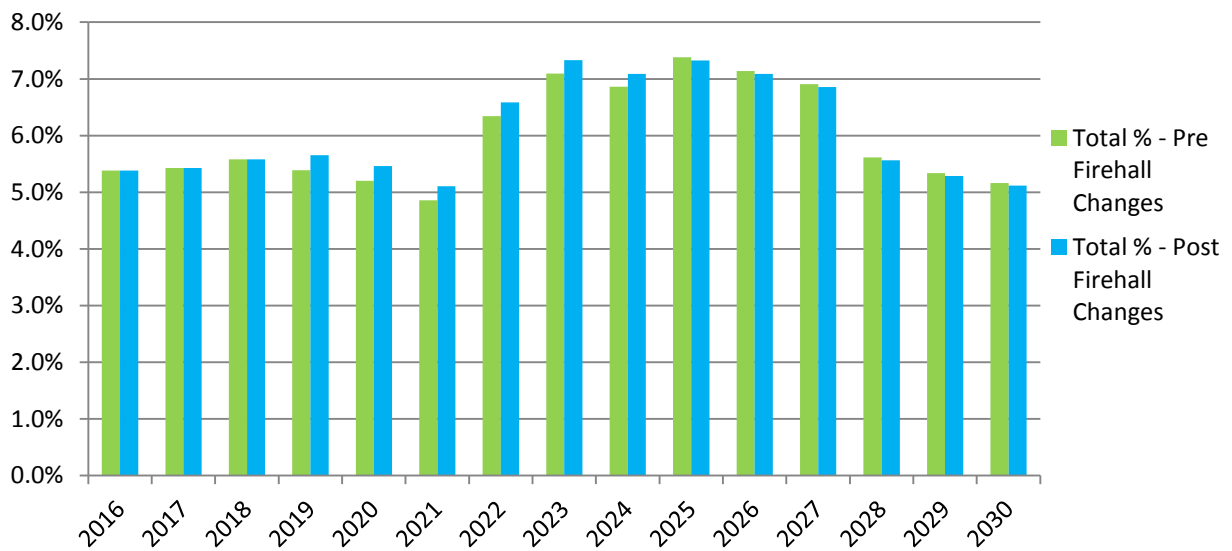


Figure 2. Debt servicing as a percentage of taxation demand with and without advancing Station 5 construction timing. Construction timing of Station 5 was changed from 2022-24 to 2017-19.

2. Operating and maintenance costs for the building will also be required 5 years earlier. The annual O&M costs for the new building are estimated to be \$50,000/yr. This does not include O&M funding for additional fire fighters or equipment, estimated to be \$3.1 million annually.
3. The construction of the proposed Mission Activity Centre will be delayed by 3 years from 2025 to 2028. The Mission Activity Centre is a new activity centre to be constructed at the Mission Recreation Park (MRP). The building would replace programming at Okanagan Mission Activity Centre and Cedar Creek Activity Centre and add additional programming space to accommodate the community’s needs as outlined in the Major Sport & Recreation Infrastructure Needs Assessment (2013). Both buildings are nearing the end of their service lives and will be demolished once the Mission Activity Centre is open. This will benefit Sarson’s Beach Park by providing an expanded green space area to a significant beach park and will provide the City with some development options regarding the land at the Cedar Creek Activity Centre. The consequence of delaying the Mission Activity Centre is that additional building

envelope and mechanical systems upgrades will be required to the Okanagan Mission and Cedar Creek Activity Centres to extend their service lives. These upgrades are not expected to be substantial but may include roof and siding replacement and minor mechanical upgrades. An Activity Centre at MRP would address the community needs for more flexible and open programming space to supplement the more specific sport and leisure facilities on-site including the H2O Centre, Capital News Centre and KU soccer facility.

### **Communication:**

City staff engaged citizens to help inform the long-term vision of City-led infrastructure investment.

The engagement process builds on the building blocks of the Official Community Plan, 2015 Citizen Survey and financial strategy. Engagement involved a city-wide approach primarily through an interactive budget allocation online tool. The online tool was available to the public from November 12<sup>th</sup> to January 3<sup>rd</sup>, 2016.

For the first time, staff asked citizens to use an online infrastructure budgeting tool developed by a Canadian company, Open North. This easily accessible platform is used by municipalities such as Regina, Guelph, Langley, Delta, Montreal, Grand Prairie and Edmonton.

The purpose of the online tool was to collect insight from participants and understand their preferences for various infrastructure areas, keeping in mind Council Priorities, regulatory requirements, master plans and current financial commitments.

In total 741 visited the website with 165 providing responses. Outcomes of the engagement can be found in the attached report.

### **Financial/Budgetary Considerations:**

The *2030 Infrastructure Plan* strives to balance affordability with infrastructure that delivers the expected services to the community. Adequate financing needs to be in place to schedule and undertake each infrastructure investment. The *2030 Infrastructure Plan* looks at revenue sources whether it be rates, taxes, fees, development cost charges, grants, reserves or borrowing. As there is never enough money to fund competing needs, tradeoffs and hard choices are required to establish an optimum and affordable list of priorities. The *2030 Infrastructure Plan* provides the framework for long term planning and fiscal management and allows the City to look ahead and answer three fundamental questions:

- “What do we need?”
- “Why do we need it?”
- “How are we going to pay for it?”

Answering these three questions allows the City to anticipate current and future cost pressures, stretch the limits of our 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 the investment in the community where and when it is most needed.

The *2030 Infrastructure Plan* will be used to develop the 10-year Capital Plan that will be updated annually to remain accurate and, reflect emerging issues and the community's changing priorities. The 10-Year Capital Plan will be used in-turn to support infrastructure investment decisions in the annual budget that is approved by Council.

**Internal Circulation:**

Divisional Director, Active Living and Culture  
Divisional Director, Civic Operations  
Divisional Director, Communications & Information Services  
Divisional Director, Community Planning & Real Estate  
Divisional Director, Corporate & Protective Services  
Divisional Director, Infrastructure  
Director, Financial Services  
Fire Chief

**Alternate Recommendation:**

THAT Council directs staff to amend the *2030 Infrastructure Plan* to advance the construction of the Glenmore Fire Hall (Station 5) by 5 years to 2017 - 2019, as identified in the Report from the Infrastructure Planning Department Manager dated April 18, 2016;

AND THAT the *2030 Infrastructure Plan* be endorsed, as amended.

**Considerations not applicable to this report:**

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

Submitted by:

Joel Shaw, Infrastructure Planning Department Manager

Approved for inclusion:



A. Newcombe, Divisional Director, Infrastructure

Attachment 1: *2030 Infrastructure Plan* - April 8<sup>th</sup>, 2016.

Attachment 2: *2030 Infrastructure Plan* - RTC Apr 18 2016 (Presentation)

cc: Divisional Director, Active Living and Culture  
Divisional Director, Civic Operations  
Divisional Director, Communications & Information Services  
Divisional Director, Community Planning & Real Estate  
Divisional Director, Corporate & Protective Services  
Divisional Director, Infrastructure

Fire Chief