

# Report to Council



**Date:** March 11<sup>th</sup>, 2019  
**File:** 0220-30  
**To:** City Manager  
**From:** Infrastructure Engineering Manager  
**Subject:** Infrastructure Planning Process

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## **Recommendation:**

THAT Council receives, for information, the report from the Infrastructure Engineering Manager dated March 11<sup>th</sup> 2019, with respect to the City's Infrastructure Planning Process.

## **Purpose:**

To provide Council with a detailed look at the processes used to develop the Annual and 10-Year Capital Plans.

## **Background:**

The population of Kelowna is expected to grow by 20,000 over the next 10-years and the City is faced with increasing pressure to deliver infrastructure to accommodate growth, enhance services and renew existing infrastructure assets. Total infrastructure investment required to support service delivery over the next 10 years is forecasted at \$1.53 billion and available funding is \$ 1.05 billion leaving a \$478 million deficit. Council has proactively introduced an Infrastructure Levy that will generate an additional \$50 million to fund infrastructure over the next ten years but more work is required to close the infrastructure deficit. This presentation is the first of three aimed at reviewing the current infrastructure planning process, identify funding strategies to help close the City's infrastructure deficit and update the *10-Year Capital Plan*. Three reports will be presented to Council as follows:

- Infrastructure Planning Process – March 11<sup>th</sup>
- Infrastructure Funding Strategies – March 25<sup>th</sup>
- *10-Year Capital Plan* Update – April 1<sup>st</sup>

The City has a rigorous infrastructure planning process that starts with the direction set by Council in the *2030 Infrastructure Plan*. Council endorsed the *2030 Infrastructure Plan* in April 2016, which set the direction for infrastructure investment until 2030. Recognizing that emerging issues and community priorities change, the *10-Year Capital Plan* was developed to respond to these changing conditions. The

*10-Year Capital Plan* is guided by the direction set in the *2030 Infrastructure Plan* but is updated annually to be responsive and practical. The *Annual Capital Plan* is, in turn, directed by the *10-Year Capital Plan* and capital projects are prioritized through a multiple bottom line analysis that considers economic, social and environmental factors. Figure 1 shows the infrastructure planning model and the hierarchy of the various planning documents. The *2030 Infrastructure Plan* is the highest level capital plan and is the link between the high level planning documents (above) like the Imagine Kelowna, 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.

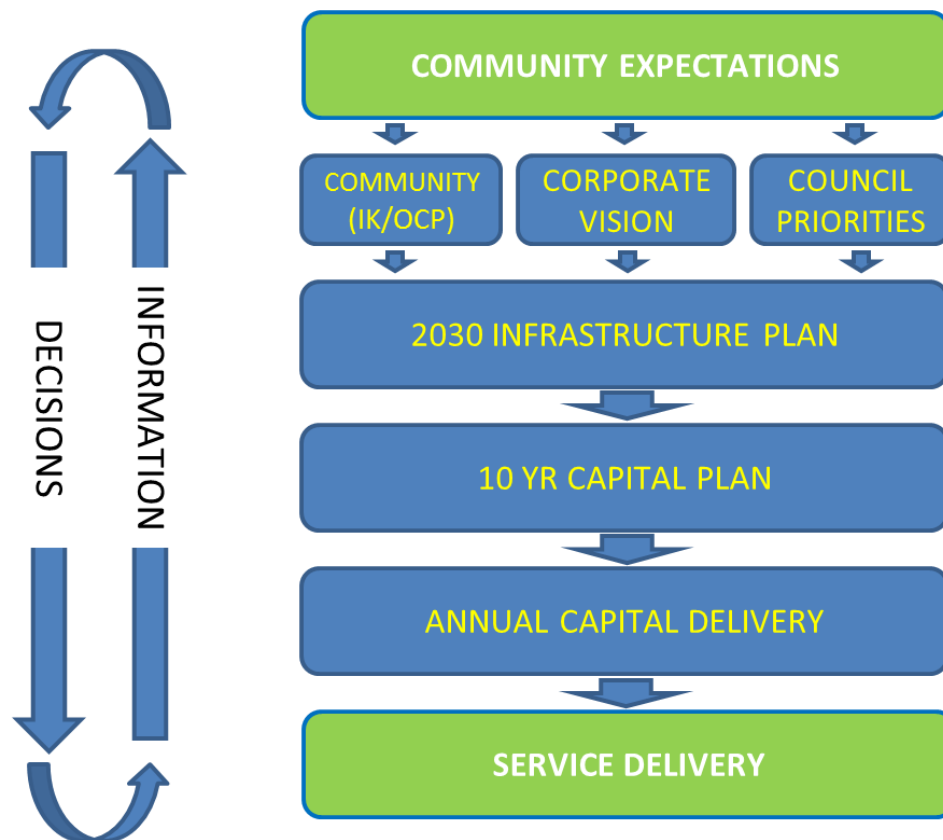


Figure 1. Infrastructure Planning Model.

The infrastructure planning process is a continuous process that begins with updates to the *10-Year Capital Plan* in January and ends with endorsement of the Provisional Budget in December. The following provides the estimated timeline for tasks and deliverables:

- Update *10-Year Capital Plan* – Q1
- *10-Year Capital Plan* endorsed by Council - Q2
- *Annual Capital Planning* process initiated – Q2
- Annual Capital Projects scored using multiple bottom line analysis and prioritized – Q3
- Project cost estimates reviewed for Annual Capital Projects – Q3
- *Annual Capital Plan* included in Provisional Budget – Q3

- City Manager review of Provisional Budget – Q4
- Council review and endorsement of Provisional budget – Q4

Figure 2. Illustrates the continuous capital planning cycle.

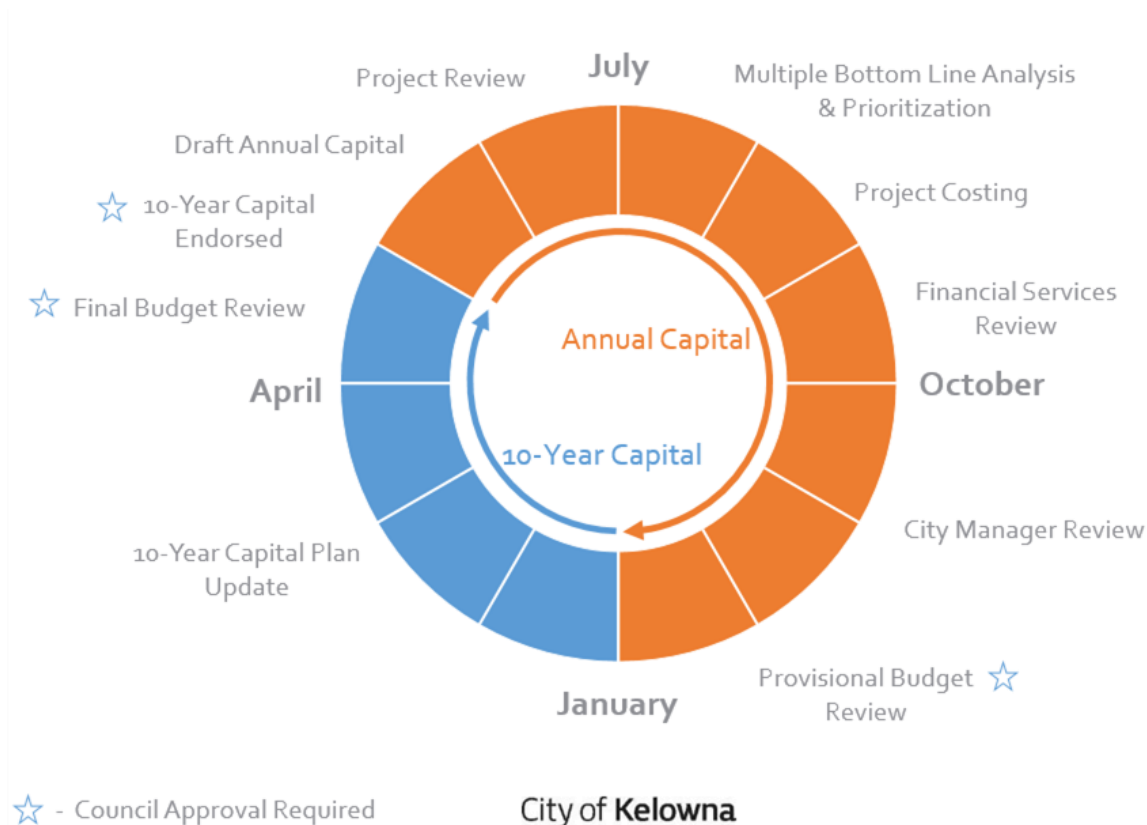


Figure 2. Capital Planning Cycle.

Adequate financing needs to be in place to schedule and undertake each capital investment. The *10-Year Capital Plan* looks at revenue sources whether it be rates, taxes, fees, development cost charges, grants, reserves or borrowing. As the City faces competing priorities, difficult decisions need to be made to optimize the spending to provide the most value to our residents and balancing needs versus wants. The *10-Year Capital Plan* provides the framework for long term planning and fiscal management and allows 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 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.

**Internal Circulation:**

Community Communications Manager  
Deputy City Manager  
Divisional Director, Community Planning & Strategic Investment  
Divisional Director, Corporate Strategic Services  
Divisional Director, Financial Services  
Divisional Director, Infrastructure  
Financial Analyst, Infrastructure Planning

**Considerations not applicable to this report:**

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

Submitted by:

J. Shaw, Infrastructure Engineering Manager

**Approved for inclusion:**



A. Newcombe, Divisional Director, Infrastructure

Attachment 1 – Infrastructure Planning Process Presentation

cc: Deputy City Manager  
Divisional Director, Community Planning & Strategic Investment  
Divisional Director, Corporate Strategic Services  
Divisional Director, Financial Services  
Divisional Director, Infrastructure