

# Report to Council



**Date:** July 15, 2019  
**To:** Council  
**From:** City Manager  
**Subject:** 10-Year Capital Plan (2019 to 2028)  
**Department:** Infrastructure

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## **Recommendation:**

THAT Council receives, the report from the Infrastructure Department dated July 15, 2019, with respect to the 10-Year Capital Plan;

AND THAT Council adopts the 10-Year Capital Plan (2019 to 2028),

AND THAT the 2019 Financial Plan be amended to include \$1.667 million for the Mill Creek Flood Protection Project funded \$1.0 million from the Infrastructure Levy reserve and \$667,000 from grant funding,

AND FURTHER THAT the 2019 Financial Plan be amended to include \$2.0 million from the Infrastructure Levy reserve to provide additional funding for Roads Resurfacing, Street Light Replacement and Traffic Signal Renewal projects.

## **Purpose:**

To provide Council with the 10-Year Capital Plan for their adoption and to amend the 2019 Financial Plan to fund infrastructure projects with the Infrastructure Levy.

## **Background:**

This update to the 10-Year Capital Plan forecasts the City's infrastructure needs from 2019 – 2028. The population of Kelowna is expected to increase by 20,000 to 152,000 over this timeframe and the 10-Year Capital Plan forecasts \$1.25 billion in infrastructure investment required to accommodate growth, enhance services and renew existing infrastructure assets.

The 10-Year Capital Plan is guided by the direction set by Council in the 2030 Infrastructure Plan but is updated annually to be responsive and practical. The 2030 Infrastructure Plan was endorsed by Council in 2016 and since that time there have been a few changes. The 10-Year Capital Plan reflects these changes and strikes an affordable balance of infrastructure projects that maintain services, preserve existing assets and provides opportunity for growth and economic development.

The 10-Year Capital Plan is based on the best available information at the time of preparation. As with any capital plan, there are risks with the assumptions associated with funding, construction costs, community priorities and changing legislative requirements. To respond to these changing conditions, the City is committed to updating the 10-Year Capital Plan on an annual basis so that the plan remains accurate, responsive and practical. By doing so, the 10-Year Capital Plan will help maximize the infrastructure investment in the community where and when it is most needed.

A draft of the 10-Year Capital Plan was presented to Council on June 10<sup>th</sup>, 2019 for their review and direction. The amended 10-Year Capital Plan is attached to this report and a summary of changes is provided below. Council can also access the updated 10-Year Capital Plan using a searchable web application on the internal City of Kelowna website at [10-Year Capital Plan | City of Kelowna](#). Currently, the web application is only available to Council and staff through the internal City of Kelowna intranet and staff are reviewing the feasibility of making the application available to the public.

#### 10-Year Capital Plan Updates

At the June 10<sup>th</sup>, 2019 meeting, Council directed staff to include the following projects funded from the Infrastructure Levy. These projects were previously unfunded and part of the City's infrastructure deficit. Funding these projects will help reduce the City's infrastructure deficit.

#### 2019 (total \$3.0 million)

- **Transportation Renewal - \$2 million**  
Recent road, bridge and transportation infrastructure condition assessments have identified increased renewal investment required to maintain the current service level for the City's transportation network. The Infrastructure Levy funds will be allocated to the road resurfacing program, traffic control, street lights and bikeway programs.
- **Mill Creek Flood Protection - \$1 million**  
The City received a 40% grant from Infrastructure Canada to fund the \$55 million Mill Creek Flood Protection Project that will be completed over the next 10 years. The City does not have all the matching funds needed to leverage the full amount of the grant, however. The Infrastructure Levy funds will leverage the matching 40% grant and the combined \$1.67 million investment will advance critical flood protection work along Mill Creek.

#### 2020 (total \$5.6 million)

- **Parks Development - \$3 million**  
Subject to further consultation and Council approval, a Parks Development DCC may be implemented as soon as January 1<sup>st</sup>, 2020, focusing initially on Neighbourhood and Community Parks. The Infrastructure Levy can be leveraged as the matching municipal contribution for the first DCC development projects. Recommended City priorities would be the completion of Rutland Centennial, Dehart and Rowcliffe Parks. Other park improvement projects would use the Infrastructure Levy funds to replace existing park assets and improve services.
- **Mill Creek Flood Protection - \$1.0 million**  
The Infrastructure Levy funds will leverage the matching 40% grant and the combined \$1.67 million investment will advance critical flood protection work along Mill Creek.

- **Transportation Renewal - \$1.6 million**  
The Infrastructure Levy funds will be allocated to the road resurfacing program, traffic control, street lights and bikeway programs.

Kelowna will receive a \$5.2 million bonus payment in 2019 on top of the scheduled allotment from the Federal Gas Tax Agreement – Community Works Fund Allocations. Council directed staff to use this one-time extra Gas Tax Funding to advance construction of the Central Green Pedestrian Overpass to 2020/2021. The Overpass, which was previously scheduled for 2030, is a Ministry of Transportation and Infrastructure requirement for rezoning of the Central Green development and will allow access across Hwy 97 and increase connectivity to and from downtown.

Staff recommend a portion (\$3.7 million) of this additional Gas Tax funding be used to advance the Central Green Pedestrian Overpass construction to 2020/2021 with the balance of the \$5.5 million project to be funded from the Land Sales Reserve.

The remainder of the additional Gas Tax funding will be held in reserve and used for future priority infrastructure investment.

#### Capital Prioritization

Council has asked staff to facilitate an infrastructure prioritization session to consider infrastructure investment policy and major infrastructure investment in the next 10 years. The prioritization session will be facilitated in a morning workshop with Council early this fall with the intent that it will influence the next iteration of the 10-Year Capital Plan.

#### Financial/Budgetary Considerations:

Council provided direction to use the Infrastructure Levy and Gas Tax funding to advance priority projects in 2019 and 2020. For those projects in 2019, a budget amendment to the 2019 Financial Plan will be required (details below):

Amendment No.	Description	Project No.	Amount	Funding Source
1	Roads Resurfacing	2083	\$1,700,000	Infrastructure Levy (R881)
2	Street Light Replacement	3233	\$250,000	R881
3	Traffic Signal Renewal	3239	\$50,000	R881
4	Mill Creek Flood Protection	New	\$1,667,000	R881 - 60% Grant - 40%

Projects planned for 2020 will be managed through the annual budget process.

The 10-Year 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 10-Year Capital Plan is a forecast of infrastructure projects, as Council's approval of these projects occurs during the annual budget process.

**Internal Circulation:**

Community Engagement Manager  
Divisional Director, Active Living and Culture  
Divisional Director, Corporate Strategic Services  
Divisional Director, Infrastructure Division  
Financial Planning Manager  
Parks & Buildings Planning Manager  
Integrated Transportation Manager  
Utility Planning Manager  
Budget Supervisor

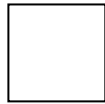
**Considerations not applicable to this report:**

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

Submitted by:

J. Shaw, Infrastructure Engineering Manager

**Approved for inclusion:**



A. Newcombe, Infrastructure Divisional Director

Attachment 1 - 10-Year Capital Plan (2019 – 2028)

Attachment 2 - 10-Year Capital Plan Presentation

cc: Airport Director  
Deputy City Manager  
Divisional Director, Active Living & Culture  
Divisional Director, Corporate Strategic Services  
Divisional Director, Financial Services  
Divisional Director, Human Resources & Community Safety  
Divisional Director, Infrastructure  
Divisional Director, Partnership & Investments  
Divisional Director, Planning & Development Services  
Fire Chief