

Report to Council



Date: December 2nd, 2019

To: Council

From: City Manager

Subject: Capital Prioritization – 10 Year Capital Plan

Department: Infrastructure Engineering

Recommendation:

THAT Council receives, for information, the report from the Infrastructure Engineering Manager dated December 2nd, 2019, with respect to infrastructure prioritization and investment in the 10-Year Capital Plan.

AND THAT Council directs staff to adopt the parks priorities criteria in this report for prioritization of parks within the Parks Development DCC Program;

AND THAT Council directs staff to prepare a draft 10-Year Capital Plan based on the direction received in this workshop and report back to Council in the first quarter of 2020.

Purpose:

To receive Council's direction on infrastructure prioritization and investment for preparation of the 10-Year Capital Plan.

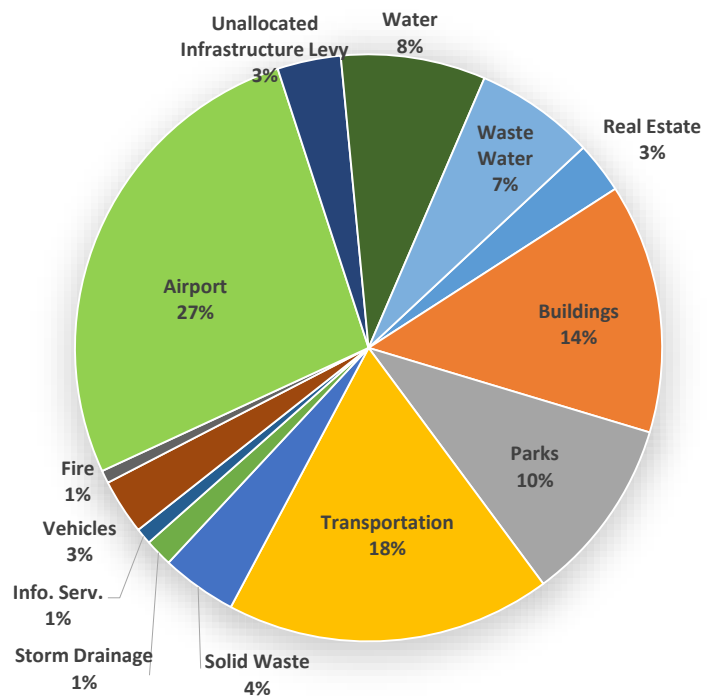
Background:

The City has a rigorous infrastructure planning process that starts with understanding community expectations and ends with delivering infrastructure that supports the expected services. 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 current 10-Year Capital Plan was endorsed by Council in July 2019 and the process has started for the annual update to the 10-Year Capital Plan. This workshop will be an opportunity for Council to provide direction to staff regarding infrastructure investment and prioritization in the 10-Year Capital Plan.

The 10-Year Capital Plan forecasts \$1.3 billion of capital investment across 12 asset cost centres (Fig. 1). Several funding sources support this planned infrastructure investment including: Taxation, Gas Tax, Reserves, DCCs, borrowing, confirmed grants, developer contributions, Utility and Airport revenues. General taxation share of funding is \$171 million and represents 13% of the total.

Council approved an Infrastructure Levy (IL) in 2019 that will provide \$5.6 million in funding annually. The use of the IL is approved by Council as part of the annual budget process. The new Parks Development DCC will utilize \$1.4 million annually of the IL funds to support the City's share of this program.



Projects that are not fully funded and cannot proceed are termed Priority 2 (P2) projects. P2 projects amount to \$634 million in the 10-Year Capital Plan and include projects to accommodate growth (46%), enhance services (30%), and renew existing assets (24%).

Several large P2 projects are contingent on funding from other sources (i.e. DCC's, grants, utilities or partnerships). Projects include:

- Clement 2 (Hwy 33 Ext.) - \$57 million
- Airport Exchange - \$35 million
- Transit Facility - \$65 million
- Kelowna Community Theatre - \$68 million
- Wastewater Digester - \$49 million

The City requires approximately \$396 million to fund its share of P2 projects when considering funding from other sources. The funding shortfall of \$396 million represents the City's 'Infrastructure Deficit' in the next 10-Years.

Infrastructure Deficit reduction strategies include:

- Infrastructure Levy (approved 2019)
- Parks Development DCC (pending Ministry and Council approval)
- Community Amenities Contribution and Density Bonusing (review underway)
- Partnerships (ongoing)
- Federal/Provincial Grants (ongoing)
- Storm Drainage DCC (review to start in 2020)
- Storm Drainage Utility
- Fees & Charges Review

There are 450 projects and programs in the 10-Year Capital Plan. The workshop will focus on the Buildings and Transportation cost centres as these are large investment areas that comprise a significant portion of the City's Infrastructure deficit. Council has previously completed a Parks Prioritization session during a November 4th, 2019 workshop. The workshop will review the Parks prioritization criteria developed in the November 4th workshop.

As for this workshop, direction will be sought for infrastructure investment levels and project prioritization under the current 10-year capital plan as follows:

- Prioritization for investment within Buildings and Transportation Cost Centres,
- Project prioritization within Buildings and Transportation Cost Centres.

It is important to note that the City is undergoing systematic planning approach, aligning the OCP, with the Transportation Master Plan and the update of 20-year Servicing Plan and Financial Strategy, and these updated plans may change the Infrastructure plan in the near future.

As part of the Transportation Master Plan process, staff are moving forward right now with public engagement around transportation options, which include capital projects. In parallel, the full technical evaluation component of the plan is also being conducted, which involves assessing transportation projects against the TMP Vision and Goals and utilizing various technical tools to help better quantify the benefits of the projects under consideration. Staff will use this information to identify options with the best return on investment in terms of helping the City meet its Transportation goals. The results of this process will be used to inform the ultimate set of projects that will be brought forward for Council's consideration in late spring 2020. The results of the plan will inform the update of the 20-year Servicing Plan and update the Infrastructure plan.

Parks Priority Criteria

The following criteria for prioritizing the development of new park amenities, either as new parks or in existing park sites, were developed following the Council workshop of 4 Nov 2019.

All park types:

- Prioritize park amenities that promote partnerships with other organizations (e.g. School District, sport groups, community groups).

Neighbourhood Parks:

- Seek a balance for new amenities between all communities across the City, in locations related to growth.
- Distribute new amenities equally between urban and sub-urban sites.
- Distribute the construction of new amenities equally over the ten year period.
- Fulfill current community expectations for timing of new amenities.

Community Parks:

- Prioritize communities with less provision of existing local parks.
- Consider the provision of nearby, existing City-wide Parks when doing so.
- Distribute new amenities among communities equitably over ten years.
- Distribute new amenities equally between urban and sub-urban sites.

Recreation Parks:

- Prioritize needs identified through liaison between Active Living & Culture and the wider sports communities.

- Draw on the economic advantages of locating new amenities on existing recreation sites when flat land is available (eg. Shared support amenities: parking, washrooms, and greater potential for leagues and tournaments).
- Locate all recreation amenities based on a city-wide service area.

City-wide Parks:

- Prioritize locations with greatest city-wide appeal or anticipation.
- Prioritize sites with the greatest recreational, environmental or cultural significance.
- Prioritize locations with a greater variety of transportation options available.

Internal Circulation:

Divisional Director, Infrastructure
 Manager, Integrated Transportation
 Manager, Parks and Buildings

Considerations not applicable to this report:

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

Submitted by:

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Approved for inclusion:



A. Newcombe, Division Director, Infrastructure

Attachment 1 - Buildings P1&P2 Prioritization Sheets
 Attachment 2 - Transportation P1&P2 Prioritization Sheets
 Attachment 3 - Presentation

CC: