



# 10-Year Capital Plan Update (2020 – 2029)

November 23<sup>rd</sup>, 2020

# Meeting Agenda

- ▶ Financial Shifts
- ▶ Overview
- ▶ Cost Centre Review
- ▶ Infrastructure Deficit
- ▶ Next Steps





Understanding  
Community Service  
Expectations

# Planning Continuum

Delivering Infrastructure  
that supports Service  
Delivery



2040 OCP

2040 Infrastructure Plan



Imagine  
Kelowna

2030  
OCP

Council  
Priorities

2030  
Inf. Plan

10-Yr Capital  
Plan  
(Annually updated)

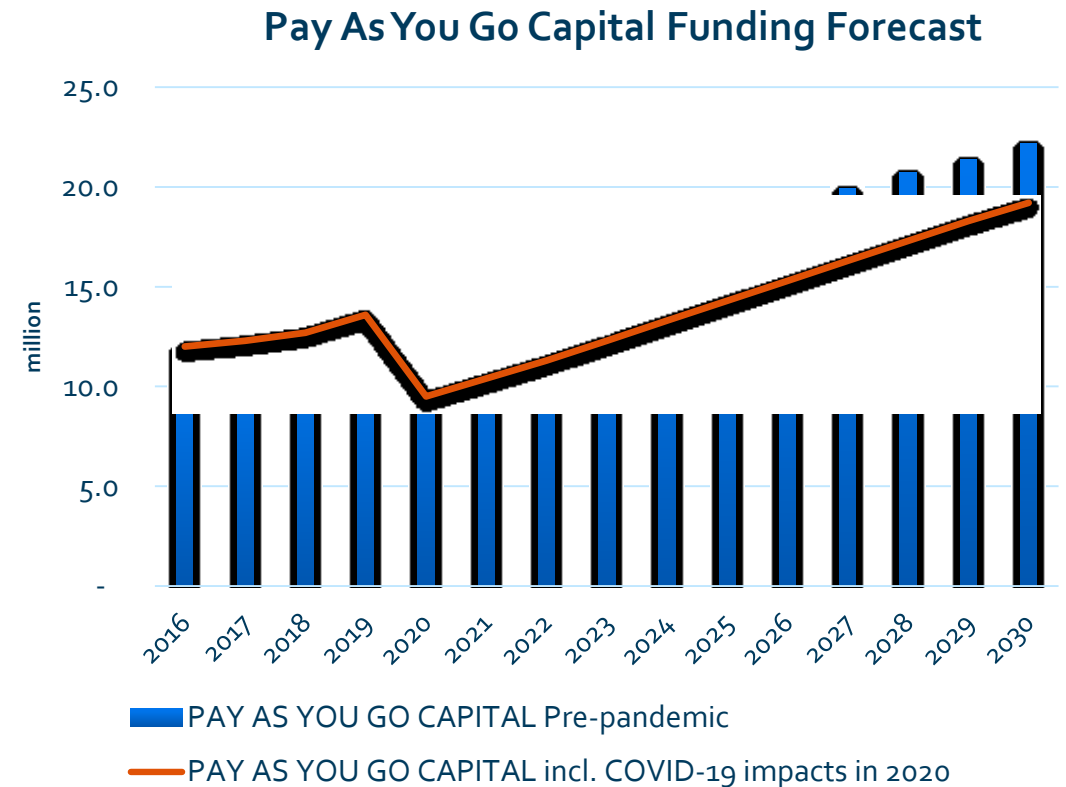
Annual Capital  
Program

# Financial Shifts

- ▶ COVID Impacts to PAYG capital funding
- ▶ Infrastructure cost escalation
- ▶ Leveraging capital reserves
- ▶ Parks Development DCC
- ▶ Infrastructure Levy

# COVID Impacts

- ▶ PAYG reduced by \$5 million in 2020
- ▶ Affects future years ongoing
- ▶ Net result \$41 million reduction in PAYG funding 2020 – 2029.
- ▶ Broader financial impacts because PAYG used to support other funding sources (i.e. grants, DCC, CWF, partnerships).



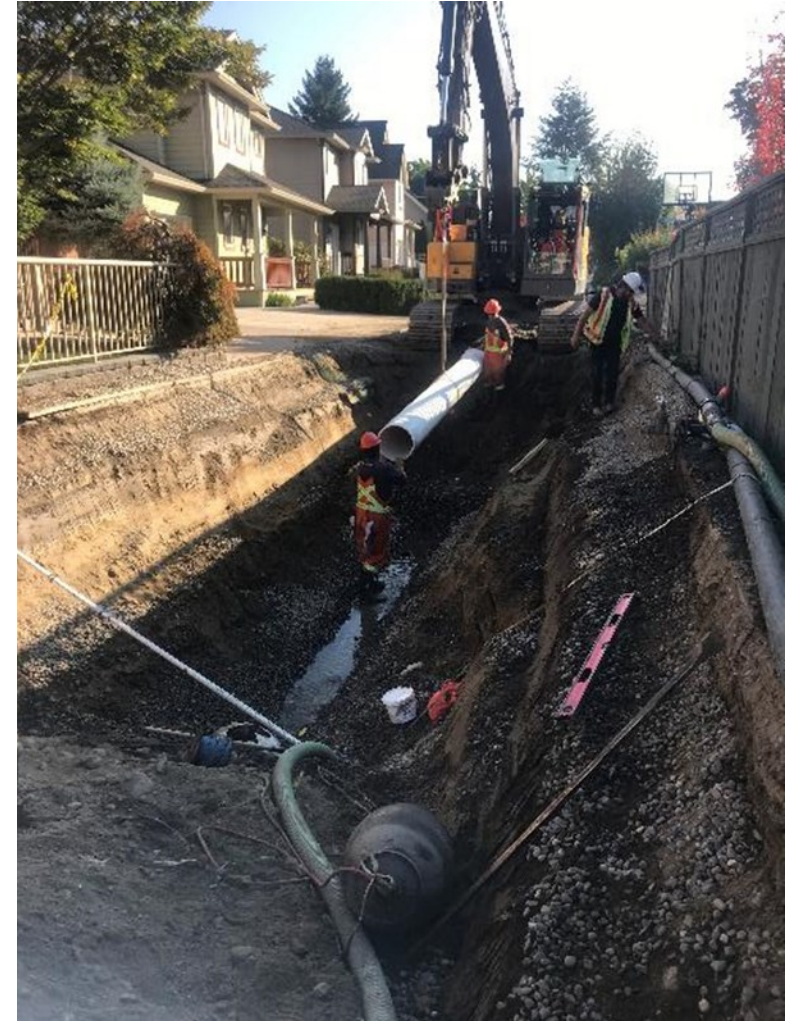
# Construction Cost Escalation

- ▶ DCC land costs +25%
- ▶ DCC infrastructure +7%
- ▶ DCC increase approved 2019
- ▶ Building construction +6%



# Leveraging Capital Reserves

- ▶ Capital Reserves were utilized to the maximum to offset funding shortfall.
- ▶ One time opportunity and not financially sustainable long-term.
- ▶ Reserves include:
  - ▶ Community Works Fund (Gas Tax),
  - ▶ Municipal Works Fund (Building),
  - ▶ Infrastructure Levy,
  - ▶ Public Work and Equipment reserves.





# Parks DCC

- ▶ Approved in 2020
- ▶ Additional \$74 million Parks Development and land
- ▶ 30% of Infrastructure Levy

City of Kelowna





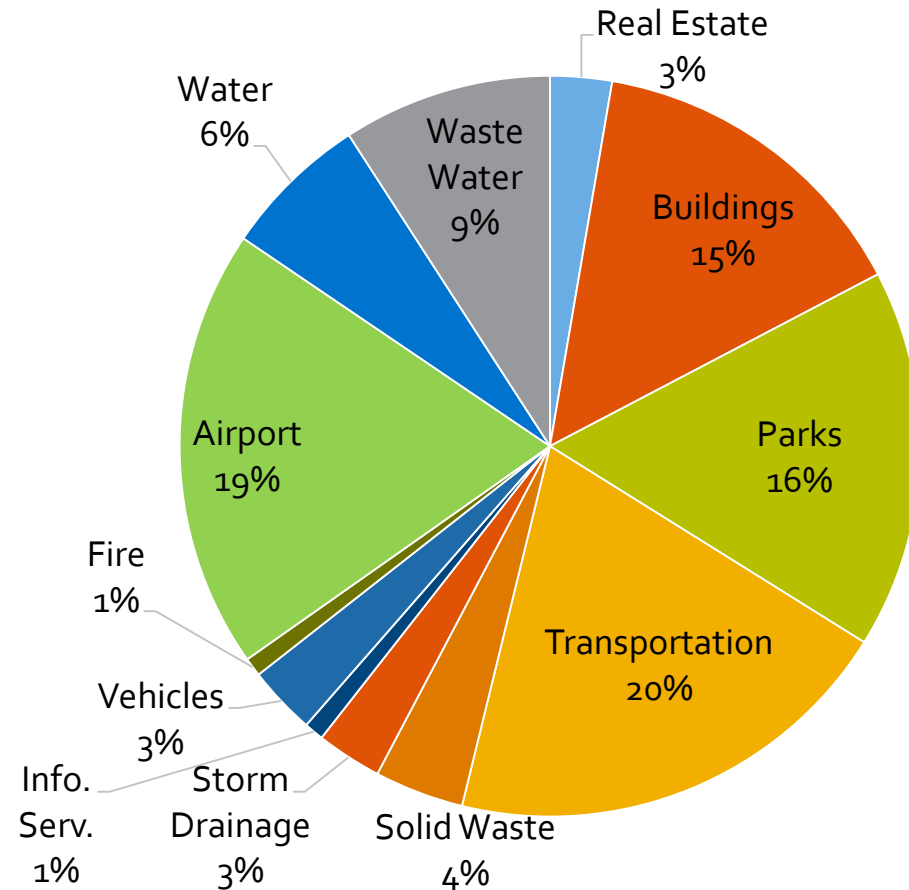
# Infrastructure Levy

- ▶ Approved 2019
- ▶ Adds \$5.6 million/annually
- ▶ Used to support:
  - ▶ Parks Development,
  - ▶ Transportation Renewal,
  - ▶ Flood prevention.

<b>Cost Centre</b>	<b>Investment (million)</b>	<b>(%)</b>
Parks	\$15.6	28
Transportation	\$27.1	48
Storm Drainage	\$13.7	24
<b>Total</b>	<b>\$56.4</b>	

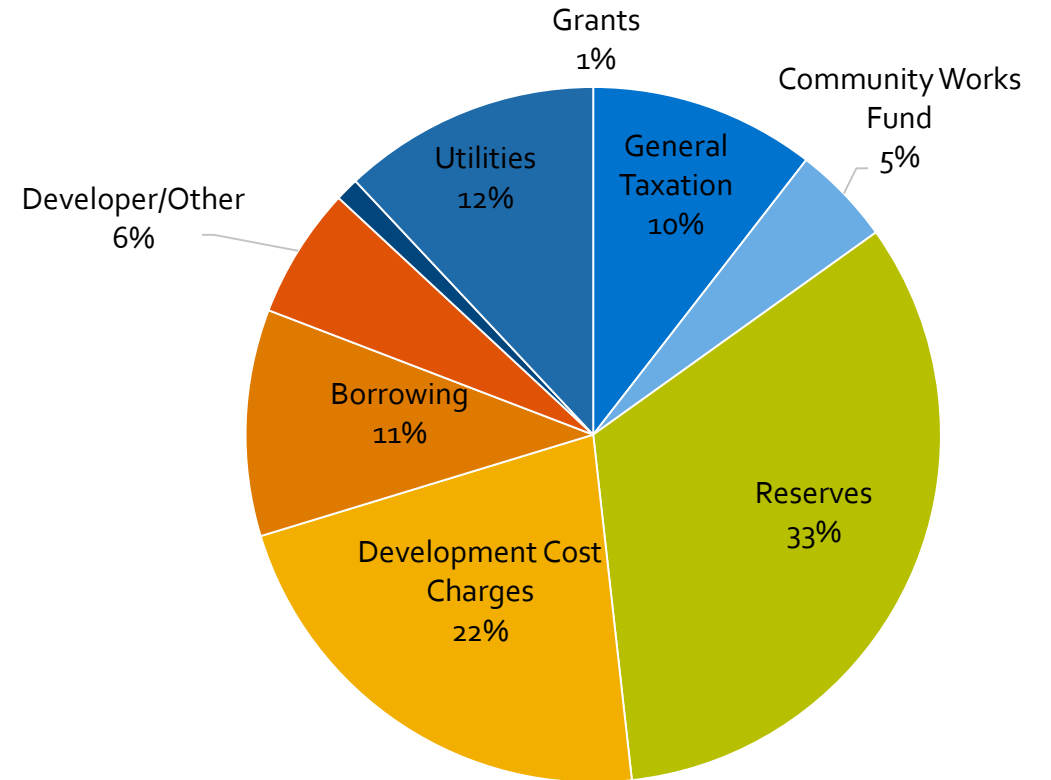
# Investment Summary (2020 – 2029)

- ▶ \$1.32 billion total investment
- ▶ Renewal of critical aging infrastructure,
- ▶ Parks acquisition and development,
- ▶ Transportation & mobility infrastructure making it easier for all people to get around by vehicle, transit, cycling and walking,
- ▶ Flood protection infrastructure to protect the community against the effects of climate change and flooding,
- ▶ Recreation centres and public space to keep pace with Kelowna's population growth and the evolving needs of its residents,
- ▶ Airport development adjusted to align with lower passenger demand resulting from COVID-19.



# Funding

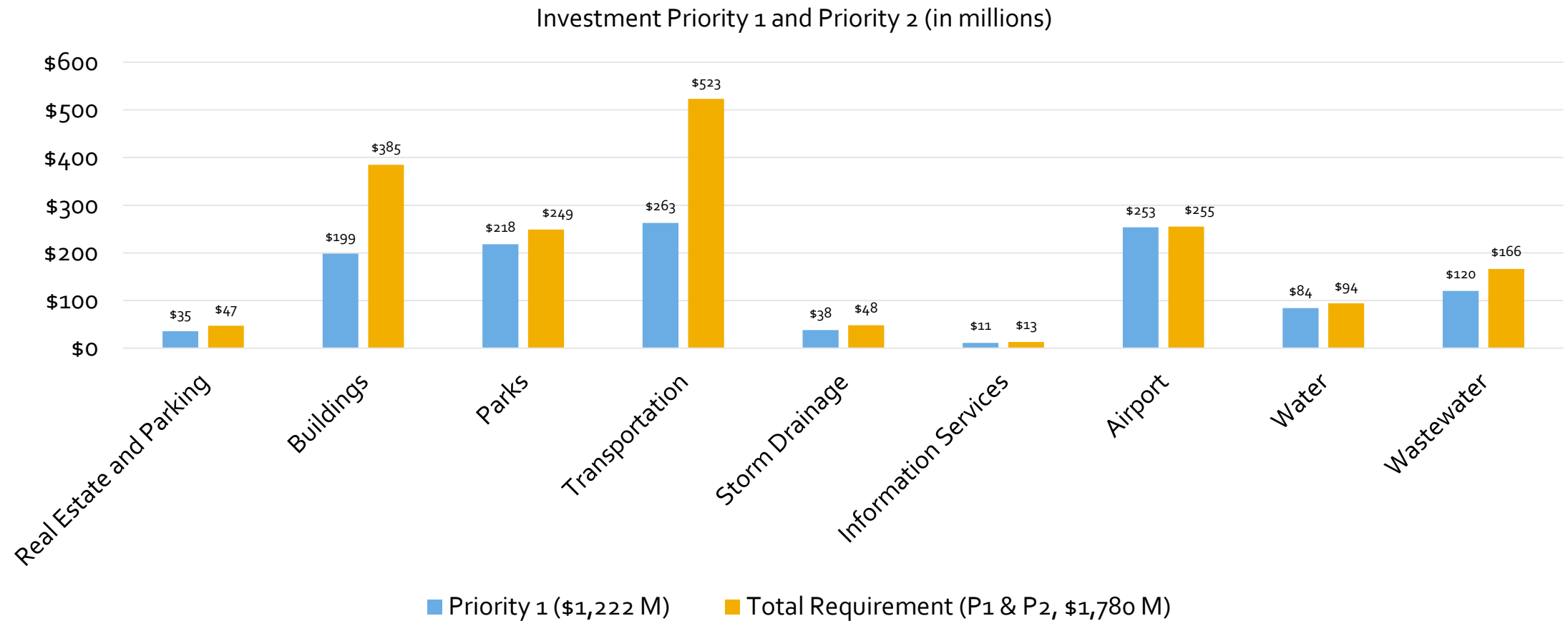
- ▶ \$1.32 billion forecasted funding
- ▶ 10% taxation (\$138 million)
- ▶ 4% infrastructure levy (\$56 million)
- ▶ 1 % confirmed grants (\$14 million)
- ▶ 33% reserves (\$436 million)
- ▶ 22% DCC (\$291 million)



Funding by source \$1.32 billion.



# Investment Priority



# Transportation

- ▶ Investment \$263 million (20%)
- ▶ Net increase \$15 million
- ▶ Big Projects and Programs (P1)
  - ▶ Road and bridge renewal
  - ▶ Active transportation
  - ▶ Road improvements for growth
- ▶ Unfunded Projects(P2)
  - ▶ Transportation renewal
  - ▶ Clement 2 – Hwy 33 Ext
  - ▶ Transit Facility
  - ▶ Airport Exchange
  - ▶ Infrastructure deficit \$137 million



# Kelowna International Airport

- ▶ Investment \$253 million (19%)
- ▶ Net decrease of \$76 million
- ▶ Main Projects and Programs
  - ▶ Terminal expansion (\$85M)
  - ▶ Airside pavement (\$55M)
  - ▶ Hotel (\$32M)
  - ▶ East Lands development (\$12M)
  - ▶ Combined operations building (\$11M)
  - ▶ Airside equipment (\$9M)
  - ▶ Runway end safety area (\$8M)
  - ▶ Car rental facility (\$8M)
  - ▶ Mill Creek realignment (\$6M)
  - ▶ No Infrastructure deficit.





# Parks

- ▶ Investment \$218 million (16%)
- ▶ Net increase \$82 million
- ▶ Park Development DCCs now included
- ▶ Big projects and programs (P1)
  - ▶ DCC parkland acquisition
  - ▶ Park Development
    - ▶ Pandosy Waterfront, Dehart, Casorso, Gallagher, Kerry, Mission Recreation, and City Park
    - ▶ Neighbourhood and Linear parks
  - ▶ Irrigation renewal
- ▶ Unfunded Projects(P2)
  - ▶ Park infrastructure renewal (irrigation, playgrounds, parking)
  - ▶ Boat launch renewal
  - ▶ Blue Bird Beach
  - ▶ Infrastructure deficit - \$31 million



# Buildings

- ▶ Investment \$199 million (15%)
- ▶ Net increase \$19 million
- ▶ Big projects and programs (P1)
  - ▶ Parkinson Recreation Centre
  - ▶ CNC Expansion
  - ▶ North Glenmore Firehall
  - ▶ Mission Activity Centre
- ▶ Unfunded projects(P2)
  - ▶ Buildings Renewal
  - ▶ Kelowna Community Theatre
  - ▶ City Yards Replacement
  - ▶ CNC, Prospera and Kelowna Family Y – Renovations
  - ▶ Infrastructure deficit - \$186 million





# Water

- ▶ Investment \$84 million (6%)
- ▶ Net reduction \$34 million
- ▶ Big Projects and Programs (P1)
  - ▶ Major focus on inner City water transmission and storage projects from Poplar Point to Dilworth Mountain.
  - ▶ Almost 50% of capital budget will go toward renewal and regulatory upgrades.
  - ▶ Installation of water meters across the City.
- ▶ Unfunded Projects(P2)
  - ▶ Irrigation system major renewals
  - ▶ Major Dam Safety Improvements for McCulloch Reservoir
  - ▶ Infrastructure deficit \$9.6 million





# Wastewater

- ▶ Investment \$120 million (9%)
- ▶ Net increase \$38 million
- ▶ Big Projects and Programs (P1)
  - ▶ System Renewal will account for over 40% of the 10 Year budget.
  - ▶ Biosolids Digestion – An added process to the wastewater treatment process. 45% is funded through reserves, and the remainder is P2 through growth.
- ▶ Unfunded Projects(P2)
  - ▶ Biosolids Digestion – 55% is not yet funded and requires funding through growth.
  - ▶ Remaining Sewer Connection Areas. Grant funding opportunities remain only funded through development and program charges.
  - ▶ Infrastructure deficit \$45 million



# Solid Waste

- ▶ Investment \$51 million (4%)
- ▶ Net increase \$15 million
- ▶ Big Projects and Programs (P1)
  - ▶ Expansion of the landfill footprint to Areas 2 & 3
  - ▶ A new compost process to produce Glengrow.
  - ▶ A new stormwater management program
- ▶ Unfunded Projects(P2)
  - ▶ No infrastructure deficit





# Storm Drainage

- ▶ Investment \$38 million (3%)
- ▶ Net increase \$20 million
- ▶ Big Projects and Programs (P1)
  - ▶ Mill Creek Flood Protection Project – Upgrading the diversion, some Dike improvements and Improvements to enhance the Sexsmith Area.
  - ▶ Knox Mountain Slope Stability Project.
- ▶ Unfunded Projects(P2)
  - ▶ The airport component of the Mill Creek Flood Protection Project needs to be re-allocated to take advantage of 40% DMAF funding (Disaster Mitigation and Adaptation Fund)
  - ▶ A number of stormwater major system components and lake outlets across the City remain unfunded.
  - ▶ Annual geotechnical hazard maintenance.
  - ▶ Infrastructure deficit \$10 million





# Vehicles and Equipment

- ▶ Investment \$39 million (3%)
- ▶ Net decrease \$4 million
- ▶ Big Projects and Programs (P1)
  - ▶ Vehicle & Equipment Renewal
  - ▶ Additional vehicles to support growth
- ▶ Unfunded Projects(P2)
  - ▶ Difficult to forecast demand for additional vehicles and equipment demand caused by growth and service improvements
  - ▶ Working on better forecasting and funding strategy
  - ▶ No infrastructure deficit



# Information Services

- ▶ Investment \$11 million (1%)
- ▶ Big Projects and Programs (P1)
  - ▶ Front Office Equipment and Server and Data Storage
  - ▶ Major System Projects
  - ▶ Communications Network and Fibre Optics
- ▶ Unfunded Projects(P2)
  - ▶ Taxation funding decreased by \$1.4 million or 17%. Taxation accounts for all future planned expenditures for City Front Office Equipment and Server and Data Storage Equipment.
  - ▶ Infrastructure deficit \$1.4 million



# Fire

- ▶ Investment \$11 million (1%)
- ▶ Net increase \$2 million
- ▶ Big Projects and Programs (P1)
  - ▶ Vehicle/Equipment Renewal
  - ▶ Communication Systems
- ▶ Unfunded Projects(P2)
  - ▶ No infrastructure deficit





# Infrastructure Deficit

- ▶ Infrastructure required to accommodate growth, enhance services, and renew existing assets
- ▶ City's Infrastructure Deficit \$377 million

INFRASTRUCTURE CATEGORY	Funding		
	Cost	City	Other
Renewal	\$116	\$109	\$7
Growth	\$282	\$149	\$133
New (enhance service)	\$160	\$119	\$41
<b>TOTAL</b>	<b>\$558</b>	<b>\$377</b>	<b>\$181</b>



*Questions?*

For more information, visit [kelowna.ca](http://kelowna.ca).