

Report to Council



Date: April 24th, 2023
To: Council
From: City Manager
Subject: 10-Year Capital Plan Annual Update – Workshop #3 (Buildings)
Department: Financial Services

Recommendation:

THAT Council receives, for information, the report from Financial Services dated April 24th, 2023, with respect to this year’s annual update to the 10-Year Capital Plan with focus on the Buildings Cost Centre;

AND THAT Council direct staff to proceed with the approach recommended in Option B for the Buildings Cost Centre for inclusion in this update to the 10-Year Capital Plan;

AND FURTHER THAT Staff return to Council with the comprehensive 10-Year Capital Plan that balances all capital cost centres prior to final endorsement.

Purpose:

To provide Council the opportunity to provide input on the Buildings Cost Centre in advance of Staff drafting the comprehensive 10-Year Capital Plan.

Background:

This report is the third in a series of reports that will inform and afford Council an opportunity to provide input and direction in the development of this year’s annual update to the 10-Year Capital Plan (Capital Plan). The first report provided an overview of this year’s process and sequencing for this year’s update and the second report focused on the redevelopment of the Parkinson Recreation Centre Functional Plan.

Previous Council Resolution

Resolution	Date
THAT Council receives, for information, the report from Financial Services dated April 3 rd , 2023, with respect to the process for this year’s annual update to the 10-Year Capital Plan.	April 3 rd , 2023

THAT Council receives the report from Parks and Buildings Planning, dated April 17, 2023, for the Redevelopment of Parkinson Recreation Centre Functional Plan;	April 17 th , 2023
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Discussion:

In Workshop #1 Council was asked what infrastructure and services were most important to them and several themes emerged (not listed in order of priority):

- Enhanced investment (or accelerated delivery) of pedestrian and traffic safety,
- Arts & Cultural investment, performing arts centre,
- Environmental stewardship, climate, GHG reduction and urban forest,
- Improve transit,
- Recreational facilities – expanding and renewal of existing,
- Improve traffic flow,
- Affordable housing,
- Partnerships.

These themes will be used to help direct investment as we develop the Capital Plan in conjunction with Council.

To guide these decisions, the City maintains a rigorous capital planning process that aligns with Council priorities, Imagine Kelowna and the Official Community Plan. The [10-Year Capital Plan](#) provides the framework for long-term planning and fiscal management and helps balance competing infrastructure needs within limited funding and capacity to deliver infrastructure.

The capital planning process is being modified this year to include additional touchpoints to allow Council more opportunity to shape the direction of the Capital Plan through priority alignment workshops. **The focus of this report to Council is the Buildings Capital Cost Centre.**

The City manages 154 buildings with an estimated replacement value of \$1.24 billion. The adopted Capital Plan forecasts \$290 million in capital investment but we know that is expected to grow because of inflationary pressures and increased need to replace aging assets. The City’s asset management program is maturing and condition assessments from existing Buildings indicate a significant investment is required to keep building assets in a state of good repair.

The services provided by the Buildings cost centre are describe in the categories below.

Table 1- Buildings service categories.

Parks & Recreation	Community & Cultural	Civic & Protective Services	Transportation & Public Works
<ul style="list-style-type: none"> • Washrooms • Pavilions • Field Houses • Rec centres & pools • Arenas • Stadiums 	<ul style="list-style-type: none"> • Activity centres • Library • Art Gallery • Theatre • Museums 	<ul style="list-style-type: none"> • City Hall • Police Stations • Fire Halls 	<ul style="list-style-type: none"> • Public Works Yard • Cemetery • WWTF Admin

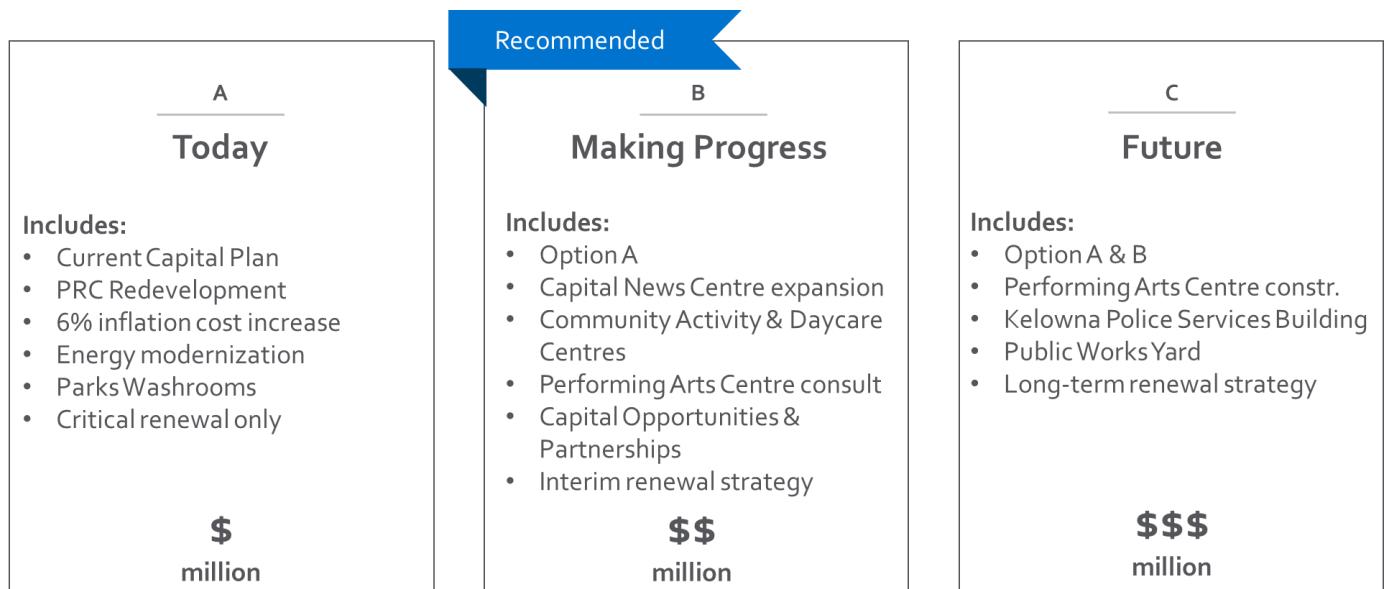
This year's update to the Capital Plan focuses on infrastructure investment for the years 2023 – 2032. The Buildings Cost Centre service drivers include:

- [Council Priorities 2023-2026](#),
- Growing Community,
- Evolving user group needs,
- Asset Condition,
- Energy Efficiency,
- Updates to Master Plans.

The City has many competing infrastructure demands and difficult decisions need to be made to optimize spending to provide the most value to the community. In advance of developing the comprehensive Capital Plan, staff are looking for guidance from Council. Staff have prepared three options to help guide the discussion:

- Option A (Today) – is the current investment strategy with some minor improvements.
- Option B (Making Progress) – Is an incremental step toward building the City of the Future.
- Option C (Future) – Is the vision of building the City of the Future.

Staff are recommending Option B as the approach for Buildings capital investment. Option B is a bold step towards building the City of the Future and balances limited funding and infrastructure delivery resources along with the competing demands from other capital cost centres.



Conclusion:

Based on Council's direction in this workshop, staff will return with the comprehensive Capital Plan that balances all capital cost centres prior to finalizing the Capital Plan.

Below are the upcoming workshops to receive additional input from Council.

Table 2 - Council capital planning touchpoint schedule.

Touchpoint	Topic	Purpose	Date
✓	Overview & Listening	Introduce the process and hear from Council	April 3
✓	PRC Functional Plan	PRC Function Plan presentation	April 17
3	Buildings Workshop	Buildings planning principles, strategy & direction	April 24
4	Parks Workshop	Parks planning principles, strategy & direction	May 8
5	Transportation Workshop	Transportation planning principles, strategy & direction	May 15
6	Draft Capital Plan Review	Comprehensive review of Capital Plan	July 10
7	Final Plan Review & Adoption	Final review and adoption	July 24

The City's 10 year Capital Plan is reviewed annually and adjusted based on Council direction and external influences that are monitored and analyzed.

Internal Circulation:

Parks & Buildings Planning Manager
Buildings Services Manager
Asset Planning Manager

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Financial/Budgetary Considerations:

External Agency/Public Comments:

Communications Comments:

Submitted by:

J. Shaw, Acting Divisional Director, Financial Services

Approved for inclusion:



J. Shaw, Acting Divisional Director, Financial Services

Attachment 1 – Capital Plan Workshop presentation