

Report to Council



Date: July 10, 2023
To: Council
From: City Manager
Subject: 10-Year Capital Plan (2023 to 2032)
Department: Financial Services

Recommendation:

THAT Council receives, for information, the report from Financial Services dated July 10th, 2023, with respect to this year's annual update to the 10-Year Capital Plan.

AND THAT Staff return to Council for final adoption of 10-Year Capital.

Purpose:

To present the draft of the 10-Year Capital Plan to Council for their review and direction prior to staff returning to Council for endorsement.

Background:

The 10-Year Capital Plan (the Capital Plan) is part of the City of Kelowna's rigorous capital planning process that aligns with Council priorities, Imagine Kelowna and the Official Community Plan and provides the framework for long-term planning and fiscal management. It is updated annually to respond to evolving community needs, maintain alignment with Council priorities and adapt to external factors.

Rapid growth, renewal of aging infrastructure, COVID recovery, inflation and rising interest rates are challenges facing the Capital Plan.

In response, the City of Kelowna (the City) is listening to Council and prioritizing investment where and when it is most needed. The City is exploring alternative funding through partnerships and grants and taking a long-term planning approach to funding infrastructure. The City is investing in asset management to keep the City's existing assets in a state of good repair, as well as, requiring new infrastructure be built to industry best design standards ensuring high-quality long-lasting infrastructure that current and future generations can enjoy.

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. This is the sixth report in a series of reports. The first report provided an overview of this year's process and sequencing for this year's update. The second report focused on the redevelopment of the Parkinson Recreation Centre Functional Plan. The third, fourth and fifth reports focused on

direction for capital investment in the Buildings, Parks, and Transportation capital cost centres, respectively. **The focus of this report to Council is to review the draft Capital Plan and receive direction from Council prior to returning for adoption**

Previous Council Resolution

Resolution	Date
THAT Council receives, for information, the report from Financial Services dated May 15 th , 2023, with respect to this year's annual update to the 10-Year Capital Plan with focus on the Transportation Cost Centre;	May 15 th , 2023
THAT Council receives, for information, the report from Financial Services dated May 8 th , 2023, with respect to this year's annual update to the 10-Year Capital Plan with focus on the Parks Cost Centre;	May 8 th , 2023
THAT Council receives, for information, the report from Financial Services dated April 24 th , 2023, with respect to this year's annual update to the 10-Year Capital Plan with focus on the Buildings Cost Centre;	April 24 th , 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
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

Discussion:

In the next 10-years, the City plans to invest \$2.04 billion in infrastructure that supports growth, improves services and renews existing assets. Overall, the City's infrastructure investment has increased \$4.11 million from the previous plan across 12 capital cost centres. Seventy percent of total infrastructure investment is in Parks, Buildings, Transportation and Airport.

Guided by Council and Corporate Priorities, capital investment will focus on the following areas:

- Transportation & mobility infrastructure making it easier for people to get around by vehicle, transit, cycling and walking.
- Community amenities like recreation centres and public space to keep pace with Kelowna's population growth and the evolving needs of its residents.
- Parks acquisition and development.
- Airport development aligned with post-pandemic passenger forecasts.
- Flood protection infrastructure to protect the community against the effects of climate change and flooding.
- Renewal of critical infrastructure.

The following table shows the City's total investment for funded projects in each Cost Centre in this Capital Plan. The reader is directed to the appendix for the complete 10-Year Capital Plan.

Table 1. Summary of infrastructure investment levels by cost centre.

Cost Centre	Capital Plan (\$ million)	% Total
Buildings	\$416	20%
Transportation	\$373	18%
Airport	\$365	18%
Parks	\$287	14%
Wastewater	\$211	10%
Water	\$147	7%
Solid Waste	\$73	4%
Vehicles	\$53	3%
Real Estate	\$46	2%
Storm Drainage	\$44	2%
Fire	\$14	1%
Information Services	\$12	1%
TOTAL	\$2,041	

The Capital Plan has identified several infrastructure projects that do not have sufficient funding. This funding shortfall or 'infrastructure deficit' has remained relatively constant at \$612 million compared to last year's plan. It is worth noting that many of these projects would not proceed without significant external funding from grants or partnerships, so the infrastructure deficit is a conservative estimate. Regardless, the infrastructure deficit remains a significant challenge to fully fund and the City is actively exploring opportunities to fund components of the infrastructure deficit.

Financial/Budgetary Considerations:

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.

Conclusion:

Despite challenges, the City continues to deliver world-class infrastructure and services. Many capital projects continue to be completed; delivering on Council priorities and meeting the needs of the community.

Internal Circulation:

Senior Airport Finance & Corporate Services Manager
Buildings & Parks Planning Manager
Transportation Engineering Manager
Utilities Planning Manager
Fire Chief
Real Estate Department Manager
Parking Services Manager
Fleet Services Manager

Information Services Department Manager
Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

External Agency/Public Comments:

Communications Comments:

Submitted by:

J. Shaw, Asset Management and Capital Planning Manager [

Approved for inclusion:



J. Sass, Financial Services Divisional Director

Attachment 1 - 10-Year Capital Plan (2023 – 2032)

Attachment 2 - 10-Year Capital Plan Presentation

cc: Director Strategic Investments
Divisional Director, Active Living and Culture
Divisional Director, Corporate and Protective Services
Divisional Director, Corporate Strategic Services
Divisional Director, Financial Services
Divisional Director, Infrastructure Division
Fire Chief
Infrastructure Operations Department Manager