



CITY OF KELOWNA'S 10-YEAR CAPITAL PLAN

Building a City of the Future 2023-2032 (DRAFT)

SUMMARY

The 10-Year Capital Plan (the Capital Plan) forecasts infrastructure investment for 2023 – 2032. The Capital Plan anticipates current and future cost pressures, stretches the limits of revenues by source, and makes the necessary decisions to put in place essential infrastructure to support a future Kelowna.

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 through infrastructure master plans that align with the City's Official Community Plan and Imagine Kelowna. The City is investing in asset management to keep the City's existing infrastructure assets in a state of good repair, as well as, requiring new infrastructure be built to the very best design standards ensuring high-quality long-lasting infrastructure that current and future generations can enjoy.

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 \$411 million from the previous plan across 12 capital cost centres. Seventy percent of total infrastructure investment is in Parks, Buildings, Transportation and Airport.

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.

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



80%
citizens satisfaction
in level & quality of
City services



\$2.04 Billion
investment in new,
upgraded & renewed
public infrastructure



31%
External Funding
DCCs, partnerships &
grants



70%
investment in Parks,
Buildings, Airport
& Transportation



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TERRITORY ACKNOWLEDGEMENT

The City of Kelowna is located on the traditional, ancestral, and unceded territory of the syilx/Okanagan people.

1 OVERVIEW

The 10-Year Capital Plan (the Capital Plan) is part of the City of Kelowna's rigorous capital planning process. It 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 like the pandemic, rapidly rising inflations, shortage of contractors and supply chain challenges.

The Capital Plan allows the City of Kelowna (the City) to look ahead and answer four fundamental questions:

1. "What do we need?"
2. "Why do we need it?"
3. "How are we going to pay for it?"
4. "How much will it cost to operate and maintain?"

Answering these questions allows the City to anticipate current and future cost pressures, stretch the limits of revenues by source, and make the necessary decisions to put in place essential infrastructure to support a future Kelowna. By doing so, this plan will help maximize infrastructure investment in the community where and when it is most needed.

CONSIDERATIONS

The Capital Plan contains infrastructure projects and programs for all twelve City service areas for the 10-years from 2023-2032. Several documents have been used in its preparation. These include:

- Council priorities 2023 – 2026
- Imagine Kelowna
- 2040 Official Community Plan
- 2040 Transportation Master Plan
- 20 – Year Servicing Plan & Financing Strategy
- Principles & Strategies for Financial Strength & Stability
- Infrastructure Master Plans and Asset Management Plans
- 2045 Airport Master Plan and Airport 10-Year Capital Plan
- 10-Year Capital Plan 2022 – 2031 (last year's plan)



FOCUS AREAS

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.

INFLUENCING FACTORS & EMERGING ISSUES

Rapid Growth. Kelowna continues to be one of the fastest growing cities in Canada and it's rapidly evolving, its economy is diversifying, neighbourhoods are changing, and people are choosing new ways to get around. By 2040, Kelowna is expected to be home to another 50,000 people. This transition is exciting, bringing new energy, amenities, employment, and educational opportunities. Signs indicate that this pace is unlikely to let up.

Rapid growth puts pressure on the capital program, however, and increases demand for more infrastructure to support growth. That is why this Capital Plan focuses 72% of investment on infrastructure to support growth and improve services.

Renewal of Aging Assets. In this era of rapid growth and change, there are complex choices to be made. We must find a balance between funding to support growth and improve services and funding to support renewal of existing infrastructure to maintain services. These choices are rarely easy and often involve making difficult trade-offs.

The City has a robust asset management program that tracks the age and condition of City owned assets (i.e. civic buildings, roads, bridges, sewer, water infrastructure, etc.). Some of these assets are nearing the end of their service life and will need to be renewed to maintain service levels. The City will invest 28% of the Capital Plan in asset renewal but we know this will need to increase in the future as assets age and their condition deteriorates.

Inflation & Borrowing Costs. There are many factors influencing the Capital Plan that are beyond the City's control. These include labour shortages, supply chain challenges, inflation, and rising interest rate. In the past two years the City has seen infrastructure construction costs increase by approximately 40%. There are signs that inflation may be easing but time will tell if construction costs decrease from these historic highs.

Interest rates have also increased significantly in the last two years, and this places pressure on the capital program as several large capital projects are funded through borrowing.

The current policy of debt repayment is to not exceed 8% of the taxation demand for supported debt and 15% of City-owned source revenues. Debt servicing, as a percentage of taxation demand, is anticipated to remain below these limits.

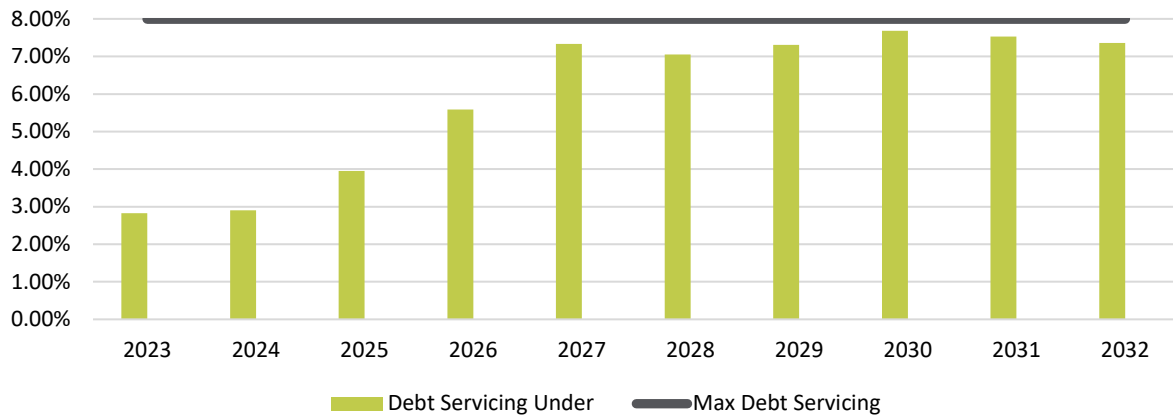


Figure 1. Annual debt servicing as a percentage of taxation demand

COVID-19 Recovery. The financial impacts related to COVID-19 are still being felt. Pay-as-you-go (PAYG) capital funding decreased at the beginning of the Pandemic as a measure to mitigate funding uncertainty. There is a concentrated effort to return the PAYG funding to pre-pandemic levels a by 2030. Future PAYG decreases will impede this recovery.

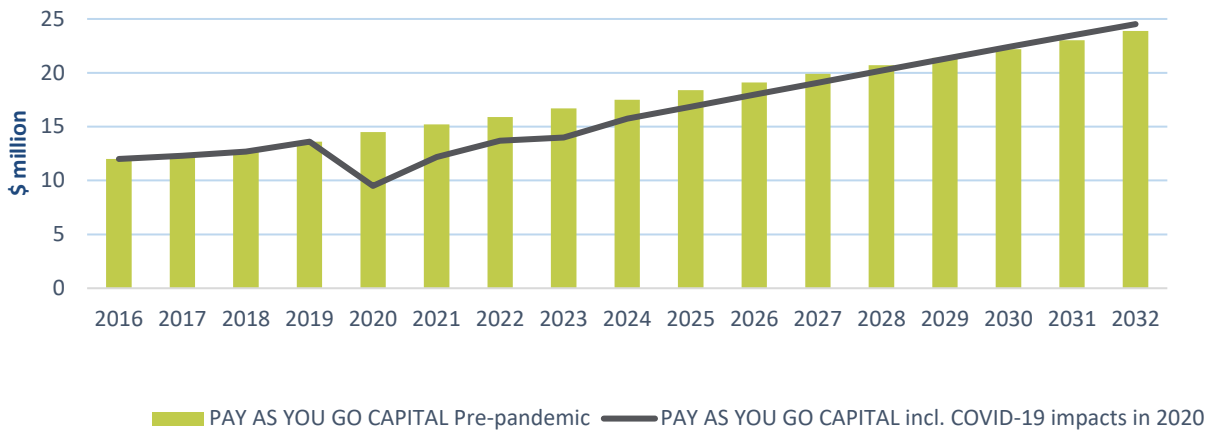


Figure 2. Pay as you go capital forecast due to COVID-19 Pandemic.

WHAT WE ARE DOING

The City is taking a proactive approach to address these complex issues.

Listening to Council. This is the first Capital Plan update for the newly elected members of Council. More time has been dedicated informing Council about the Capital Plan, process used to develop it and to hear from them about what is important to the community. This has helped shape this year's Capital Plan.

Alternative Funding through Partnerships, Grants and Advocacy. The City continues to review alternative funding options and partnerships to help fund the capital program and reduce the infrastructure deficit. Staff have been working since 2022 on a Driving Municipal Revenue initiative aimed at identifying the use of innovated tools, approaches, and opportunities to generate non taxation municipal revenue growth. Staff will be making a presentation to Council in the fall of 2023 outlining the process, potential revenue impacts and implementation timelines.

The City actively pursues grants to reduce municipal taxation and to leverage City funding for infrastructure and services. These grants from the federal and provincial governments further Council, corporate and community priorities. In 2022, the City received \$27 million in grants and managed \$67 million in grant contracts.

The City's Intergovernmental Relations program focusses on advocacy through the strategic development of relationships with senior levels of government to advance investments and policy changes that supports Council's priorities and City projects. Through advocacy, the City ensures priority infrastructure projects and program initiatives are in front of provincial and federal ministers and their staff consistently and proactively. As one of Canada's fastest growing communities, advocacy work includes positioning Kelowna as a leading municipality and a strong partner for senior governments to invest in.

Planning for the Future. The Capital Plan is supported by a foundation of good planning including:

- **Official Community Plan.** The recently endorsed 2040 OCP optimizes infrastructure investment through more compact development where services can be more efficiently used by a greater percentage of the community population.
- **Transportation Master Plan.** The 2040 TMP works with the OCP to support growth, and help residents make more efficient and sustainable transportation choices through the development of reliable transit, improved road connections, comfortable bicycle routes and walkable neighbourhoods.
- **Parks Master Plan (in-progress).** This Master Plan will establish priorities between five park types: city-wide, recreation, community, neighbourhood and linear. As well as identify needs of different stakeholder groups and create a plan for future park development and renewal moving forward.
- **Buildings Master Plan (in progress).** This Master Plan will create a vision and model to assess both infrastructure renewal and new construction to match growth; assess provision and distribution of built services and amenities across the City; and prioritize needs between the different building types.

Asset Management & Data Driven Decisions. The City owns and operates \$5 billion in infrastructure assets and efficient operation and timely renewal is critical to continued service delivery and financial sustainability. The City has advanced its asset management program and is considered one of the leaders in BC. Recent implementation of the computerized asset management system (Cityworks) will support program-based budgeting through data driven decisions and inform infrastructure planning, improve operational efficiency, and extend asset service life. Small improvements make a big financial impact when you own and operate \$5 billion in infrastructure.

Updating Infrastructure Standards. It is important the new infrastructure the City is building today is high quality, long lasting and state-of-art. That is why the City actively reviews design and construction standards. The Subdivision and Servicing Bylaw sets out these standards and the City employs a working group that continually reviews and updates infrastructure standards in consultation with key stakeholders and the community.

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2 FUNDED PROJECTS

INFRASTRUCTURE INVESTMENT

This Capital Plan forecasts \$2.04 billion in infrastructure investment to accommodate growth, enhance services, and renew existing assets.

Infrastructure required to support growth accounts for \$1.05 billion (52%) of total investment and new infrastructure to support enhanced or improved services accounts for \$404 million (20%). There is approximately \$583 million (28%) allocated to renew existing infrastructure to maintain existing services.

The Capital Plan forecasts \$1.46 billion in infrastructure to accommodate growth and improve services to the community. This infrastructure will require additional funding to operate and maintain. Renewal of existing infrastructure is assumed to have no additional operational impacts because budgets are already in place to support.

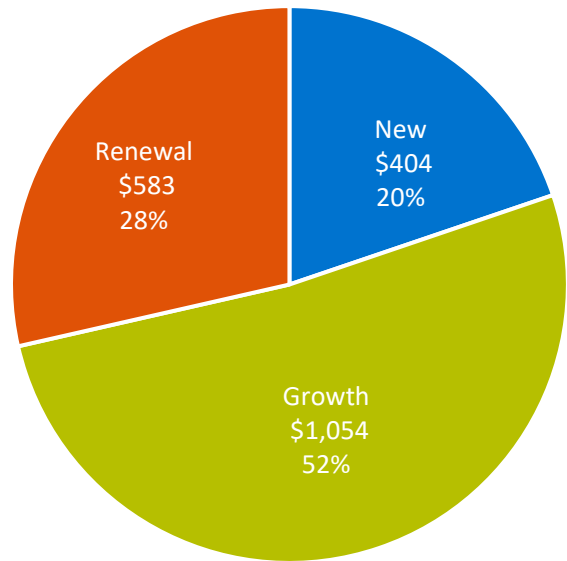


Figure 3. Funded new, growth, & renewal investment (\$millions) and % total.

COST CENTRE FORECAST

The Capital Plan forecasts \$2.04 billion of capital investment across 12 cost centres.

- Transportation, Parks and Buildings cost centres account for 53% of overall investment to deliver on Council Priorities, invest in infrastructure renewal and meet community expectations.
- Water, Wastewater, Storm Drainage and Solid Waste is 23% to meet regulatory requirements.
- Airport is 18% to align with post-pandemic passenger forecasts and to meet regulatory travel requirements.
- The remaining 6% supports Fire, Vehicles, Information Services and Real Estate & Parking.

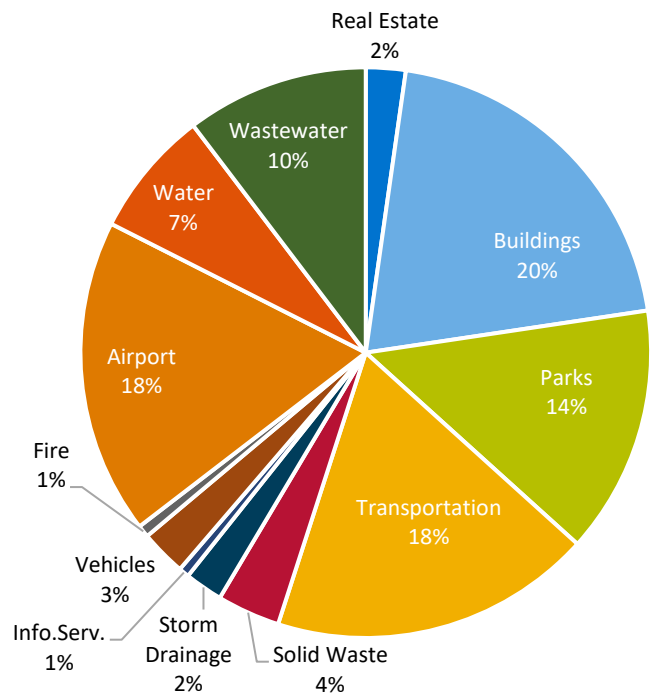


Figure 4. Investment for each cost centre by percent total.

MAJOR CHANGES FOR FUNDED PROJECTS

Overall, the City's infrastructure investment in funded projects (P1) has increased \$411 million from the previous plan across 12 capital cost centres. The following table shows the City's total investment for funded projects in each Cost Centre in this Capital Plan compared to the previous plan.

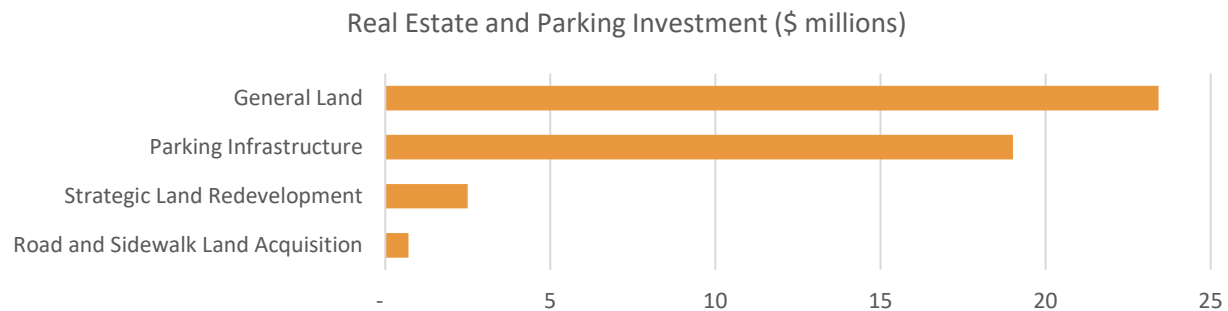
Table 1. Summary of changes from the previous plan and this Capital Plan for funded projects (\$ million).

Cost Centre	Previous Plan (\$ million)	This Plan (\$ million)	Difference (\$ million)
Real Estate and Parking	\$46	\$46	\$0
Buildings	\$290	\$416	\$126
Parks	\$248	\$287	\$39
Transportation	\$307	\$373	\$66
Solid Waste	\$61	\$73	\$12
Storm Drainage	\$45	\$44	\$(1)
Information Services	\$12	\$12	\$0
Vehicle or Mobile Equipment	\$55	\$53	\$(2)
Fire	\$14	\$14	\$0
Water	\$118	\$147	\$29
Wastewater	\$197	\$211	\$14
Airport	\$237	\$365	\$128
Total	\$1,630	\$2,041	\$411



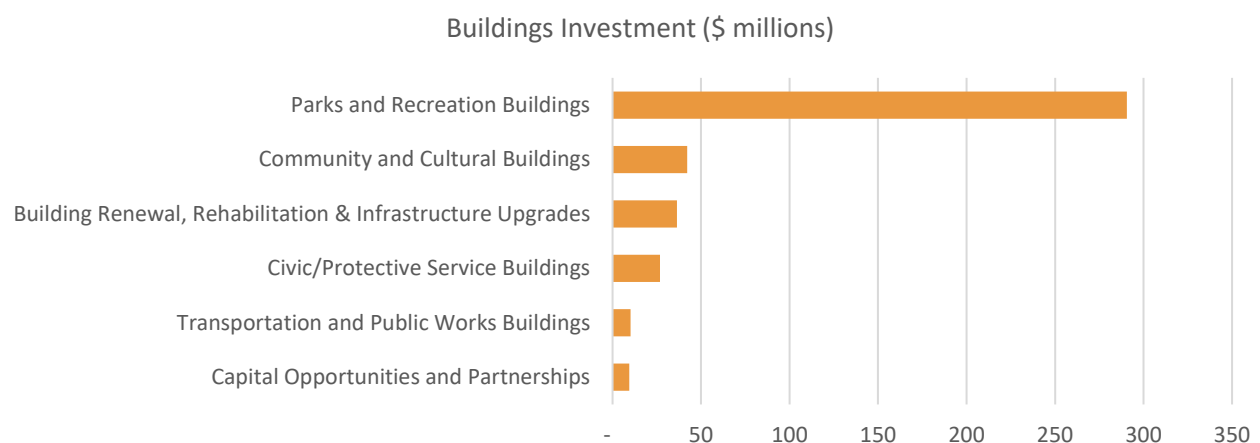
Real Estate & Parking are Investing in strategic land acquisition & providing state-of-the-art, well-maintained parking facilities. Overall investment in Real Estate and Parking infrastructure is \$46 million with large investment in:

- General Land acquisition, and
- Parking Infrastructure including Electric Vehicles infrastructure.



Buildings is the largest investment area with total investment forecast at \$416 million. There are big investment plans to expand recreational, cultural, & protective services facilities to support a growing community. Big projects include:

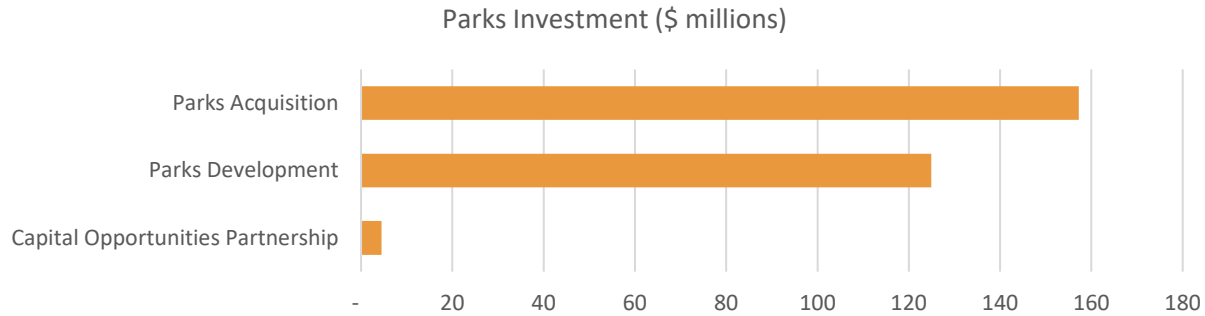
- PRC Redevelopment - \$242 million
- CNC Expansion - \$41 million
- Community Activity Centres - Construction - \$36 million
- Critical & Core Building Renewal (service level 3) - \$28.4 million
- North Glenmore Fire Hall - \$14 million
- City Hall – Envelop Renewal - \$12.2 million
- Capital Opportunities & Partnerships Fund - \$9.5 million
- Park Washroom Renewal - \$7.6 million



Parks. In the next 10-years, the City plans to invest \$287 million in parks creating vibrant, animated spaces for the community to connect, enjoy & experience. The recently completed Waterfront Park, is a great example. Other big Park projects in the next 10-years include:

- Parkland Acquisition - \$156 million
- Glenmore Recreation – Future Phases - \$23.6 million
- Kerry Park Future Phases - \$10 million

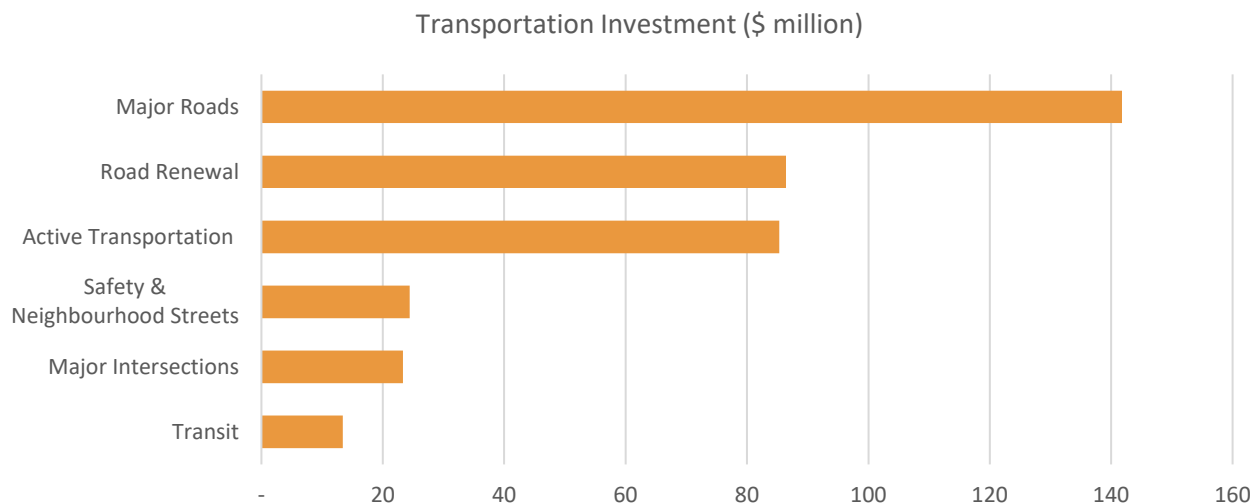
- Casorso Park - \$8.2 million
- City Park Playground Expansion - \$8.1 million
- Bluebird Beach Park - \$5.4 million
- DeHart Park - \$5 million
- Capital Opportunities & Partnerships Fund - \$4.5 million
- Neighbourhood Parks – 1 per year - \$2 million/park



Transportation continues to invest in infrastructure making it easier for people to get around by vehicle, transit, cycling and walking. Total investment in Transportation infrastructure has increased to \$373 million making it the second largest investment area next to Buildings. Key changes to Capital Plan are due to the reprioritization caused by 40% construction inflation experienced in the past two years with some projects moving to P2. To partially offset inflation and to respond to Council priority for transportation improvements, an additional \$66 million in funding was added for transportation projects.

Notable projects include:

- Road Renewal Program - \$58 million
- Burtch Rd Extension (Glenmore – Benvoulin) - \$34.5 million
- Hollywood Rd Extension (Sexsmith – John Hindle) - \$18.4 million
- Sutherland Rd (Mill Creek – Spall) - \$16 million
- Major Intersection Capacity Improvements - \$14.2 million
- KLO Bridge Replacement - \$11.2 million
- Frost Rd Ext. to Chute Lake - \$5.2 million
- Bertram, Rail Trail – Greenway, Glenmore, Leon Lawrence ATCs
- Park/Ride; OC Exchange



Solid Waste. Efficient and effective daily operations and long-range capital planning ensures the Glenmore Landfill can continue to serve Kelowna and surrounding communities well into the future. That is why \$73 million worth of capital investment is planned in the next 10 years to ensure the site is future-ready and there are continued plans to:

- Expand the landfill footprint
- Manage the Stockpile and Reprocessing Areas and
- Implement a new stormwater management program.

Storm Drainage. Investment in drainage infrastructure will utilize natural & engineered solutions to improve resiliency, flood mitigation and water quality which is increasingly important in the face of a changing climate. Recent capital investment to improve Mill Creek capacity and divert more flow to Mission Creek through an upgraded diversion structure prevented Mill Creek from spilling its banks during the heavy rains last year. To keep going with this critical work, Storm Drainage plans to invest \$44 million in the next 10 years.

- Mill Creek Flood protection is the largest project at \$30 million, and
- renewal of aging drainage infrastructure.

Information Services. Information services is a small but important investment area as we continue our transformation into a digital-first City. To get us there, we're investing \$12 million in the next 10 years. As the City embraces cloud-based technology, the focus is on:

- major systems projects to eliminate legacy systems
- refreshing the user-experience by streamlining the access to information, and
- enabling staff to be more mobile by purchasing hardware that allows for greater flexibility.

Vehicle or Mobile Equipment cost centre funds all the City's vehicles and equipment except for fire trucks & equipment. The City maintains a reliable, sustainable fleet and continues to modernize its fleet by going Green to reduce GHGs by purchasing EV, hybrid or hydrogen vehicles where available. The \$53 million capital investment will go towards:

- replacing aging vehicles and adding to the fleet to accommodate growth.

Fire. The well-established capital program at the Fire Department ensures fire trucks, equipment and communication systems remain up to date to keep firefighters and the community safe. Fire has a relatively small capital program as most of their costs are operational and firehalls are accounted for in the Buildings cost centre. Investment in the Fire cost centre is forecasted at \$14 million. Big projects include:

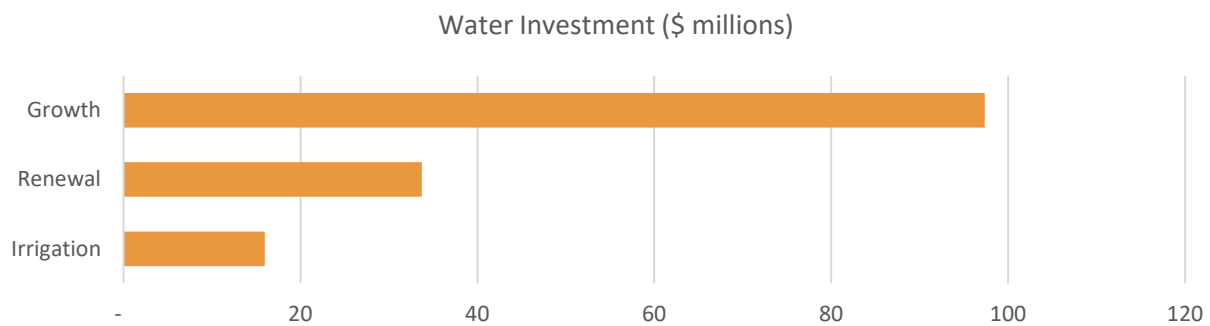
- Vehicle/Equipment Renewal - \$8.6 million
- Communication Systems - \$3 million
- New Fire trucks and equipment to support growth - \$2 million

Airport. The Airport currently anticipates investing \$365 million in infrastructure and equipment over the next 10 years to ensure additional air service can be accepted in order to help the regional economy continue to grow. The Airport's 10-year Capital Plan will continue to be updated while developing the 2024 Preliminary Budget and a further update will be provided in the fall. Significant projects over the next 10 years include:

- Airport Terminal Building Expansion - \$150 million
- Airside Pavement Rehabilitation and Expansion - \$80 million
- Airport Airside Equipment - \$14 million
- Airport Combined Operations Building - \$17 million
- Airport Car Rental Quick Turn Around Facility - \$10.5 million

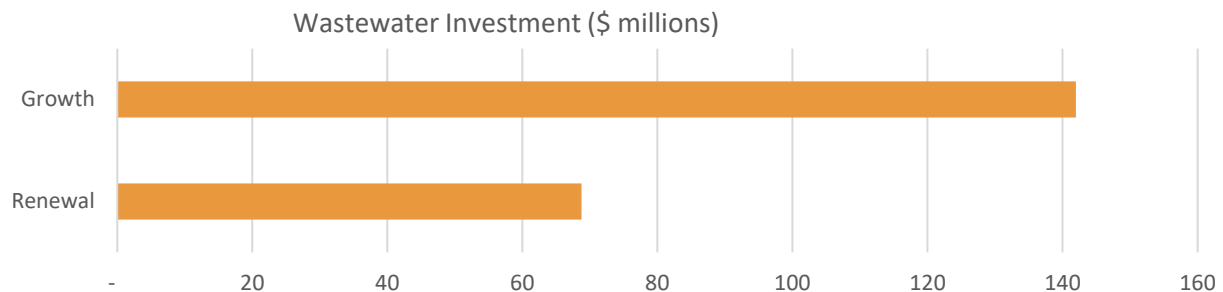
Water infrastructure investment is forecast at \$147 million with the focus of delivering high-quality drinking water & reliable irrigation water to all City customers. To see this commitment, one doesn't have to look any further than the recently completed Water Integration Project. In the next 10 years, infrastructure to:

- support growth accounts for \$97 million, and
- with renewal of existing infrastructure accounting for \$34 million.



Wastewater. The city treats close to 40 million litres of wastewater from homes, businesses, and industry each day. With the community's expected growth, this volume is expected to increase. The Wastewater utility's focus is to ensure environmental stewardship, community preparedness and resiliency while meeting regulatory requirements. That is why the City plans to invest \$211 million in the next 10 years. Major investment includes:

- Infrastructure to support growth and renewal of aging assets.
- Big projects include the addition of a new Biosolids Digestion facilities - \$77 million, and
- Septic removal projects to provide wastewater service to the remaining areas of the City who are still on aging septic systems.



OPERATIONS & MAINTENANCE IMPACTS

Infrastructure investment decisions consider asset lifecycle costs which includes both capital and operating expenses. Municipal infrastructure is designed to last a long time, varying from 20 – 100 years, and the operating expense can amount to 70 - 80% of the lifecycle cost, which is why it is important to consider operational impacts when making capital investment decisions.

The Capital Plan forecasts \$1.46 billion in infrastructure to accommodate growth and improve services to the community. This new and growth-related infrastructure will require additional funding to operate and maintain. The operational impacts for the General Fund and Utilities will require approximately \$16.20 million and \$20.38 million respectively of additional annual funding by 2032. The General Fund cost centres will be primarily funded by taxation while Utilities and Solid Waste will be accounted for in their respective utility funding models.

Renewal of existing infrastructure is assumed to have no operational impacts because operational budgets are currently in place to support existing infrastructure.

Table 2. Forecasted operational and maintenance (O&M) impacts for each service area based on historical data.

	Cost Centre	New + Growth Capital Investment (\$ million)	O&M Capital Investment % (10-Year Average)	O & M Forecast by 2032 (\$ million)
General Fund	Real Estate & Parking	\$40	3.88%	\$1.55
	Buildings	\$255	1.48%	\$3.77
	Parks	\$116	2.98%	\$3.46
	Transportation	\$290	2.08%	\$6.03
	Storm Drainage	\$29	3.54%	\$1.03
	Information Services	\$3	3.02%	\$0.09
	Vehicles & Equipment	\$9	2.99%	\$0.27
	TOTAL	\$742	2.18%	\$16.20
Utilities & Self- Funded	Solid Waste (Self-funded)	\$63	11.15%	\$7.02
	Water (Utility)	\$98	2.24%	\$2.20
	Wastewater (Utility)	\$138	8.09%	\$11.16
	TOTAL	\$299	6.82%	\$20.38

Information for Airport and Fire cost centres not included.

3 FUNDING SOURCES

FUNDING SOURCES

Funding for the Capital Plan comes from 10 sources totaling \$2.04 billion.

Approximately 31% of funding is from external sources such as Development Cost Charges, Grants, Community Works Fund, and Developer and Other Contributions. City funding sources such as General Taxation, Infrastructure Levy, Reserves, Borrowing and Utilities are approximately 69%.

General Taxation

The City's capital program has increased to keep pace with the demands of a growing community while at the same time relying less on taxation as a primary funding source. At \$196 million over the next 10 years, General Taxation contributes 10% of the capital investment. Grants, user fees, reserves, and borrowing make-up a larger share of the funding for the capital program. The capital plan from seven years ago was \$848 million and funded 18% from taxation whereas today the Capital Plan is \$2.04 billion and funded 10% from taxation.

Infrastructure Levy

The Infrastructure Levy (IL) was approved by Council in 2019 with an increase occurring in the 2020 budget, and ongoing thereafter. Initially the IL was not indexed with inflation, however, it is as of 2023.

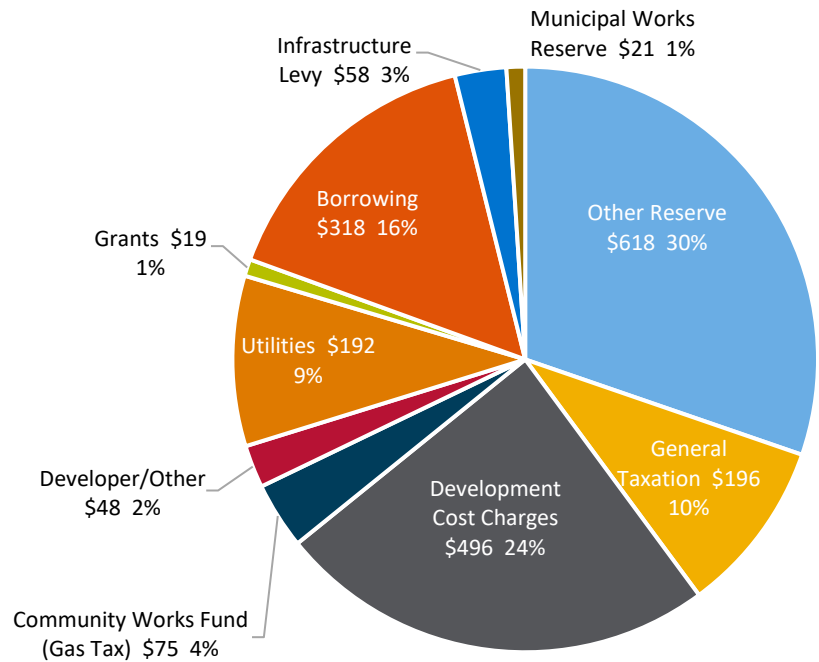


Figure 5. Funding sources for 10-Year Capital Plan (\$ millions). Total \$2.04 billion.

Table 3. Projected appropriations from infrastructure levy (\$ millions).

Cost Centre	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Parks	1.7	-	4.5	2.4	2.5	-	-	0.7	0.3	1.0	13.2
Transportation	2.3	1.7	2.3	1.3	3.3	3.8	4.1	4.4	4.2	4.2	31.7
Storm Drainage	1.9	2.6	1.9	3.3	-	-	-	-	-	-	9.7
Buildings	-	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	3.8
Total	5.9	5.7	5.6	6.5	5.6	5.1	7.1	4.5	4.2	5.7	58.4

Municipal Works, Community Works & Other Reserves

Reserve funds are used to fund infrastructure to prevent large fluctuations in annual general taxation requirements. There is a total of \$618 million (30%) in total general reserve funding. Community Works Fund reserve, which is funded from Canada Community – Building Fund (formerly known as Gas Tax), accounts for \$75 million. The Solid Waste reserve accounts for \$73 million. The Municipal Works reserve was established in 2015 and will fund \$21 million worth of Buildings renewal projects in the next 10 years.

Development Cost Charges

Development cost charge (DCC) funding accounts for \$496 million (24%) of all capital investment. The timing of DCC projects must coincide with the availability of DCC revenues. Should revenue not be realized due to slower growth, the timing of DCC projects may be adjusted.

Utilities

Utilities' funding sources are primarily from user fees collected for services such as Water and Wastewater. Approximately \$192 million will be re-invested in projects that directly benefit the respective services where fees were collected.

Borrowing

Debenture borrowing of \$318 million (16%) is required to fund significant buildings projects. The debt analysis only reports on debt according to the General Fund and the taxation impact of these borrows.

Table 4. Infrastructure Projects that require borrowing.

Cost Centre	Project	Year	Borrowing (\$ million)
Buildings	Parkinson Recreation Centre Redevelopment	2024	\$210.3
	Community Activity Centres - Construction	2024-2026	\$29.8
	Capital News Centre - Expansion, 2 Ice Sheets & Multi-use Facility	2028-2029	\$18.7
	Other Projects under \$10 Million Requiring Borrowing	2025-2031	\$59.6
	TOTAL		\$318.4

Grants

Consistent with the City's Financial Principles & Strategies, the Capital Plan uses only confirmed grants as part of the financial strategy. As grants become available this will reduce reliance on taxation and other funding sources. A total of \$19 million (1%) is budgeted in the Capital Plan to be funded from project specific grants and \$15.6 million of City directed provincial/federal grant programs. Storm Drainage and Airport Cost Centres have been approved for up to \$22 million of the federal Disaster Mitigation and Adaption Fund grant and Wastewater Cost Centre has been approved for up to \$9 million of the federal Investing in Canada Infrastructure Program grant. Both grants require the City to come up with its share of funding to leverage the full amount.

Table 5. Project specific: Federal/Provincial funding (\$ millions).

Cost Centre	Project	Assumed Funding (\$ million)
Transportation	Okanagan College Exchange Capacity Expansion	\$1.0
Storm Drainage	Mill Creek Flood Protection	\$11.9
Airport	Mill Creek Realignment	\$3.3
Water	Dam Repairs	\$2.0
Wastewater	Sewer Connections	\$0.7
TOTAL		\$18.9

Table 6. City directed: Growing Communities Fund (\$ millions).

Cost Centre	Project	Assumed Funding (\$ million)
Parks	Parkinson Recreation Centre redevelopment	\$13.1
Transportation	Burtch 2 DCC (Springfield – Benvoulin), RD	\$1.5
Buildings	Kelowna Community Theatre – Replacement Construction	\$1.0
TOTAL IN THE PLAN		\$15.6
Multiple Capital Cost Centres	Budget Adjustment(s) to 2023 Existing Projects(s) <ul style="list-style-type: none"> • Bertram Overpass (\$3.5 million) • Rutland Sewer (\$4.0 million) 	\$7.5
TBD: Capital/Operating Cost Centres	Council Priorities	\$3.1
TOTAL GROWING COMMUNITIES FUND		\$26.2

Developer & Other Contributions

Developer and Other Contributions provide \$48 million (2%) towards capital projects in this Capital Plan.

Table 7. Developer, Community, & Other Contributions (\$ millions).

Cost Centre	Assumed Funding (\$ million)
Real Estate	\$2.3
Buildings	\$18.7
Parks	\$0.5
Transportation	\$14.2
Information Services	\$0.5
Water	\$6.8
Wastewater	\$4.6
TOTAL	\$47.6

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4 UNFUNDED PROJECTS

UNFUNDED INFRASTRUCTURE INVESTMENT

Infrastructure projects that are lower priority and not fully funded are deemed Priority 2 (P2) projects. The unfunded projects (P2) forecast for the next 10-years increased to \$802 million.

P2 projects to support growth accounts for \$321 million (40%) and new infrastructure to support enhanced or improved services accounts for \$250 million (31%). There is approximately \$231 million (29%) for renewal of existing infrastructure to maintain existing services. Without increased funding these projects remain unfunded and contribute to the Infrastructure Deficit.

COST CENTRE FORECAST

The Capital Plan forecasts \$802 million of unfunded infrastructure investment across eight cost centres.

Unfunded infrastructure occurs in seven of the 12 cost centres. Buildings, Parks and Transportation account for 87% of the unfunded projects in the Capital Plan.

INFRASTRUCTURE DEFICIT

Over the next ten years the City has identified several infrastructure projects that do not have sufficient funding. This funding shortfall or 'infrastructure deficit' is \$612 million. The Infrastructure Deficit measures the City's share of funding for all P2 projects net of funding from external sources including DCCs, grants, utilities and/or partnerships. 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 that will be further refined future iterations of the 10-Year Capital Plan.

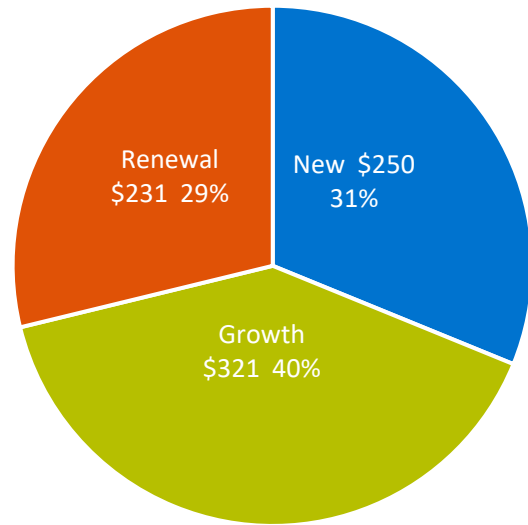


Figure 6. Unfunded new, growth, & renewal investment.

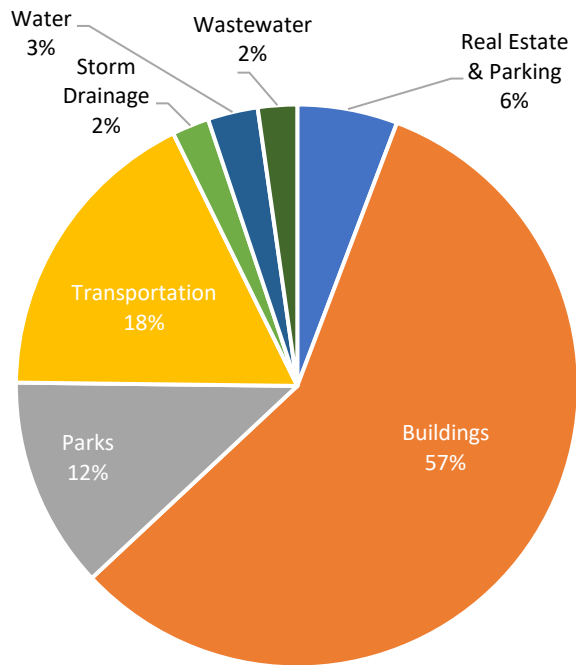


Figure 7. Unfunded investment for each cost centre per cent.

Table 8. Summary of Infrastructure Deficit (ID) by year (\$ million).

	2018	2019	2020	2021	2022	2023
ID (\$millions)	\$463	\$396	\$388	\$430	\$610	\$612
ID % of funded capital	44%	31%	29%	29%	37%	30%

As a percentage of funded capital investment, the ID trended down in 2018 and 2019 due to the increased revenue from the Infrastructure Levy and the Parks DCC. The ID remained relatively constant as a percentage of funded capital (~30%) for 2020 and 2021, but increased in 2022 due to global influences and the renewal needs identified in the Buildings cost centre. In 2023 the ID % of funded capital dipped back down to 30%.

The City has taken significant actions to understand, assess and reduce the Infrastructure Deficit in areas where it has a greater degree of influence. To increase revenue available to complete projects in the 10-year Capital Plan, the City introduced an Infrastructure Levy (2019) and indexed the levy to CPI (2023), so it doesn't lose value with time. A new Park Development Cost Charge was introduced in 2020 and a Storm Drainage DCC was added in 2022. The Infrastructure Levy adds \$58 million in additional revenue in the next ten years, the new Parks DCC adds \$70 million and the Drainage DCC is projected to add \$5 million for a combined total of \$133 million in new revenue for capital.

There exists numerous opportunities to fund components of this ID and they will be fully explored and presented to Council in the future.

The Renewal component of the Infrastructure Deficit is estimated at \$231 million and will be the focus near term funding strategy to ensure the City is adequately funding the renewal of existing infrastructure to maintain service delivery.

Table 9. Infrastructure deficit for unfunded project (\$ millions).

Infrastructure Funding Category	Cost	Funding	
		City	Other*
Renewal	\$231	\$200	\$31
Growth	\$321	\$218	\$103
New (enhance service)	\$250	\$194	\$56
TOTAL	\$802	\$612	\$190

**Other includes DCC's, Grants, Utilities and Partnerships.*

MAJOR UNFUNDED PROJECTS

The total value of unfunded P2 projects have increased by \$58 million to \$802 million in this Capital Plan. The main driver for the increase is inflation in construction costs. This list does not include many of the smaller changes related to cost increases and reductions, project additions and deletions and impacts related to changes in project timing.

Table 10. Summary of changes from the previous plan to this Capital Plan for unfunded projects (\$ million).

Cost Centre	Previous Plan (\$ million)	This Plan (\$ million)	Difference (\$ million)
Real Estate and Parking	\$40	\$46	\$6
Buildings	\$442	\$457	\$15
Parks	\$113	\$97	\$(16)
Transportation	\$54	\$140	\$86
Storm Drainage	\$21	\$17	\$(4)
Information Services	\$1	\$3	\$2
Vehicle & Mobile Equipment	\$18	\$0	\$(18)
Fire	\$1	\$1	\$0
Water	\$38	\$23	\$(15)
Wastewater	\$16	\$18	\$2
Total	\$744	\$802	\$58

Real Estate and Parking. Unfunded major projects include:

- New Parkades - Design and Construction - \$40.6 million

Buildings. Unfunded major projects include:

- Kelowna Community Theatre - Replacement - \$108 million
- City Yards - Replacement Construction - \$86 million
- General Building Infrastructure Renewal - \$81 million
- Kelowna Museum - Replacement Construction - \$80 million
- Community Activity Centres, Daycare - \$20 million
- Prospera Place – Renovations - \$18 million
- Memorial Arena - Adaptive Reuse - \$11 million

Parks. Unfunded major projects include:

- Sutherland Bay Park – Expansion - \$18.4 million
- Irrigation Renewal - \$12.6 million
- Boat Launch - Land Acquisition and Facility - \$12.6 million.

Transportation. Unfunded major projects include:

- Road Renewal Program - \$19 million
- Orchard Park Exchange - \$16.8 million
- Abbott DCC (Rose - Gyro), ATC - \$11.6 million

Storm Drainage. Unfunded major projects include:

- Mill Creek Flood Protection - \$6.6 million
- Central Area Basin Projects - \$2 million

Information Services. Unfunded major projects include:

- Front Office Equipment - \$1.5 million
- Major Systems Project - \$700 thousand

Water. Unfunded major projects include:

- Mission Creek South Connector - \$13.2 million
- Minor Interconnections- \$3 million

Wastewater. Unfunded major projects include:

- Wastewater New Treatment Process - \$10 million
- Sanitary Trunk Clement to Bernard - \$6 million



5 APPENDIX

Click on the cost centre names below to view its detailed financials.

 <p>300-Real Estate & Parking</p>	 <p>308-Information Services</p>
 <p>301-Buildings</p>	 <p>310-Vehicles</p>
 <p>302-Parks</p>	 <p>311-Fire</p>
 <p>304-Transportation</p>	 <p>312-Airport</p>
 <p>305-Solid Waste</p>	 <p>313-Water</p>
 <p>306-Storm Drainage</p>	 <p>314-Wastewater</p>



6 CHANGE SUMMARY

For a summary of changes between the previous plan and this Plan, follow this link: [Change Summary](#)

