

Report to Council



Date: July 24, 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 24th, 2023, with respect to this year’s annual update to the 10-Year Capital Plan.

AND THAT Council adopt the 10-Year Capital Plan.

Purpose:

For Council to adopt the 10-Year Capital Plan.

Background:

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.
- Exploring alternative funding through partnerships and grants.
- Taking a long-term planning approach through infrastructure master plans that align with Council Priorities, the Official Community Plan and Imagine Kelowna.
- Investing in asset management to keep existing infrastructure assets in a state of good repair.
- Requiring new infrastructure be built to the very best design standards.

This approach ensures high-quality long-lasting infrastructure that current and future generations can enjoy.

The capital planning process was modified this year to include additional touchpoints with Council to provide more opportunity to shape the direction of the Capital Plan. This is the seventh report for this year’s update. The first report provided a process overview 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 sixth report reviewed the Capital Plan comprehensively and today's Report to Council is for final adoption.

Previous Council Resolution

Resolution	Date
THAT Council receives, for information, the report from Financial Services dated July 10 th , 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.	July 24 th , 2023
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 \$2.05 billion in infrastructure to support growth, improve services and renew existing assets. Overall, the City's infrastructure investment has increased \$418 million from the previous plan across the 12 capital cost centres. Seventy percent of total infrastructure investment is in Parks, Buildings, Transportation and Airport.

There were a few minor changes from the draft Capital Plan presented to Council on July 10th, 2023, including:

Airport

- Increased \$6 million to \$371 million
- Adjusted funding sources

Parks

- Increased \$1 million to \$288 million

Infrastructure Deficit

- Decreased \$7 million to \$605 million

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 by cost centre.

Cost Centre	Capital Plan (\$ million)	% Total
Buildings	\$416	20%
Transportation	\$373	18%
Airport	\$371	18%
Parks	\$288	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	\$2,048	

Funding to support the Capital Plan comes from 10 sources totaling \$2.05 billion. Approximately 32% of funding will come 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 68%. Funding from General Taxation accounts for 10% of the Capital Plan.

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 \$605 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 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 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