

Report to Council



Date: September 9th, 2024
To: Council
From: City Manager
Subject: 10-Year Capital Plan
Department: Corporate Services

Recommendation:

THAT Council receives, for information, the report from Corporate Services dated September 9th, 2024, with respect to this year’s annual update to the 10-Year Capital Plan.

AND THAT Council adopt the 10-Year Capital Plan.

Purpose:

To review and adopt the 10-Year Capital Plan 2025-2034.

Background:

This year's Capital Plan update includes three touchpoints for Council to shape its direction. This report is the third in the sequence. The first report provided an overview of the capital planning process, objectives and highlighted the adjustments from the current Capital Plan. The second report offered a comprehensive review of the Capital Plan and allowed Council to ask questions and provide guidance.

Previous Council Resolution

Resolution	Date
THAT Council receives, for information, the report from Corporate Services dated August 12, 2024, with respect to this year’s annual update to the 10-Year Capital Plan.	Aug 12, 2024
THAT Council receives, for information, the report from Corporate Services dated August 26, 2024, with respect to this year’s annual update to the 10-Year Capital Plan.	Aug 26, 2024

Summarized below is the guidance received from Council in the past workshop.

- Transit Operation & Maintenance Facility should be identified for inclusion in the Capital Plan.
- Other major projects not in the Capital Plan should be clearly identified along with current project activities and next steps for inclusion in the Capital Plan.
- Project delivery needs to keep pace with revenue, including external sources like DCCs.
- Provide definitions for Maintain and Enhance categories of infrastructure.

The following responds to Council’s guidance and demonstrates that the Capital Plan is delivering on Council priorities and meeting the needs of our growing community.

Capital Plan Investment

The Capital Plan projects an expenditure of \$2.57 billion in the next decade (2025 – 2034). Guided by Council and Corporate Priorities, capital investment will focus on the following:

- Accelerating transportation & mobility infrastructure making it easier for people to get around by vehicle, transit, cycling and walking.
- Community amenities like recreation and community centres to keep pace with Kelowna’s population growth and the evolving needs of its residents.
- Parks acquisition and development with big investment plans for recreation and waterfront parks.
- Airport development that supports growth in the region and economy.
- Reducing environmental footprint and future-proofing infrastructure to be more resilient in the face of changing climate.
- Renewal of critical infrastructure.

Table 1 - Capital Plan investment by Cost Centre.

Capital Cost Centre	Last Capital Plan (\$ million)	This Capital Plan (\$ million)
Transportation	\$ 373	\$ 726
Buildings	\$ 416	\$ 441
Parks	\$ 288	\$ 358
Airport	\$ 371	\$ 342
Water	\$ 147	\$ 201
Wastewater	\$ 211	\$ 194
Stormwater	\$ 44	\$ 86
Real Estate & Parking	\$ 46	\$ 80
Vehicles	\$ 53	\$ 55
Solid Waste	\$ 73	\$ 52
Fire	\$ 14	\$ 18
Information Services	\$ 12	\$ 12
TOTAL	\$ 2,048	\$ 2,565

Anticipated investment in infrastructure and equipment over the next 10 years of \$342 million ensures additional air service can be accepted to support the continued growth of the regional economy. Significant projects over the next 10 years include:

- Airport Terminal Building Expansion - \$139.0 million
- Airside Pavement Rehabilitation and Expansion - \$94.6 million
- Airport Airside Equipment - \$27.2 million
- Airport Combined Operations Building - \$15.1 million
- Airport Passenger Boarding Bridges - \$11.9 million

Projects in the Capital Plan are classified into two categories; *Maintain* and *Enhance*. The *Maintain* category is for those projects that maintain or renew existing assets whereas *Enhance* includes projects that support growth and improve service levels. Two-thirds of investment in the Capital Plan is allocated to Enhance infrastructure, while the remaining third is dedicated to Maintain existing assets.

Transportation is a Council Priority. In response, the City plans to double investment in transportation infrastructure including major road networks, active transportation, traffic safety, and transit. The City considers all road users when designing its streets. While projects may have different emphasis depending on the context - they all consider factors such as traffic capacity, safety, active transportation, transit, and impacts on residents and businesses. As an example, all the projects in the Transportation Accelerator Program include active transportation components - some of them significant. Improvements on Burtch Rd are focused on increasing vehicle capacity and filling gaps in the road network while also including sidewalk improvements and protected bike lanes. Improvements along Lakeshore Rd include some vehicle improvements and significant benefits to the active transportation network by filling gaps in the Lakeshore ATC between Gyro Park and the Lower Mission.

Significant investment in the next decade for Transit focuses on major transit exchanges, upgraded bus stops, and service improvements. The Transit Operation & Maintenance Facility, located on Hollywood Rd, is in the planning and preliminary design phase with expected project delivery in 2030 – 2032 timeframe. BC Transit and the City are partnering on this major project and are working together to finalize project scope, cost and funding strategy. This project will be included in the Capital Plan once these details have been finalized. In the meantime, the Hollywood Rd extension from Sexsmith to John Hindle Rd is being advanced to service the new Transit O&M Facility.

The rapid growth that pressures our infrastructure and services also contributes to financing infrastructure through Development Cost Charges (DCCs). Out of the \$2.57 billion allocated for infrastructure investment in the next decade, it is projected that 26% will be covered by DCC revenue. With the rapid rate of development, DCC revenue has risen in recent years. This prompted the City to advance several infrastructure projects earlier than anticipated in the [20-Year Servicing Plan](#) to keep pace with growth and revenue.

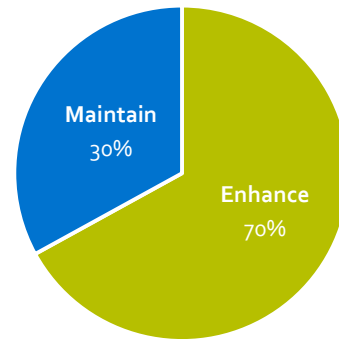


Figure 1. Enhance (Growth/New) and Maintain (Renewal) infrastructure investment. Total investment \$2.57 billion.

The Capital Plan is Council’s funded and approved projects. These have certainty and help achieve defined service levels. In addition to the Capital Plan-ready projects, there are a number of other projects in the pre-planning stages. Many of these are being identified in the City’s infrastructure Master Plans and other initiatives that are currently in-progress. Following completion of this critical step, these projects will then go through a prioritization filter, relative to service level obligations, and brought forward to Council for funding approval and inclusion in the Capital Plan.

Table 2. Major projects that are currently not in the Capital Plan, but actively pursued.

Project	Current Status	Next Step
Transit Operations & Maintenance Facility	Planning & design led by Infrastructure BC, in partnership with the City & BC Transit	Determined by Partners. Include in Operating Budget. Construct of Hollywood Rd.
Rotary Centre for the Arts - Expansion	Third Party Leased Facilities Master Plan in-progress. Completion Q4 2024.	Informed by Master Plan.
Community Theatre Replacement	Community Task Force on the Performing Arts in-progress. Completion Q4 2024.	Determined by Task Force.
Kelowna Art Gallery Envelope Replacement	Third Party Leased Facilities Plan in-progress. Completion Q4 2024.	Informed by Master Plan.
KLO Fire Hall – New Construction	Fire Service Master Plan update in-progress. Completion Q4 2024.	Informed by Master Plan.
Rutland Fire Hall - Renovation	Fire Service Master Plan update in-progress. Completion Q4 2024.	Informed by Master Plan.
Civic Yards Replacement	Operational Facility Master Plan in-progress. Completion Q1 2025.	Informed by Master Plan
Parks Operations Yard Renewal	Operational Facility Master Plan in-progress. Completion Q2 2025.	Informed by Master Plan.
Kelowna Police Services Building Expansion	Police Services Master Plan in-progress. Completion Q1 2025.	Informed by Master Plan.
North Glenmore Policing Office	Police Services Master Plan in-progress. Completion Q1 2025.	Informed by Master Plan.
Rutland Community Policing Office	Police Services Master Plan in-progress. Completion Q1 2025.	Informed by Master Plan.
Water Treatment Facility	Land purchase planned in 2028.	Purchase land. Ongoing monitoring.
Wastewater Digester Facility	Actively working with partners to expand biosolid management.	Ongoing monitoring.

The Capital Plan focuses on delivering more infrastructure and the next few years will see infrastructure investment at historic highs. The Capital Plan is ambitious, and we’ll need to increase delivery capacity significantly to execute the Plan. This will require innovative procurement strategies to balance delivery capacity with the planned projects.

Capital investment is higher in the first few years of the Capital Plan and lower in the back half (Figure 2). This is intentional as the City aims to deliver more infrastructure faster but also leaving capacity in later years to bring in the projects noted above.

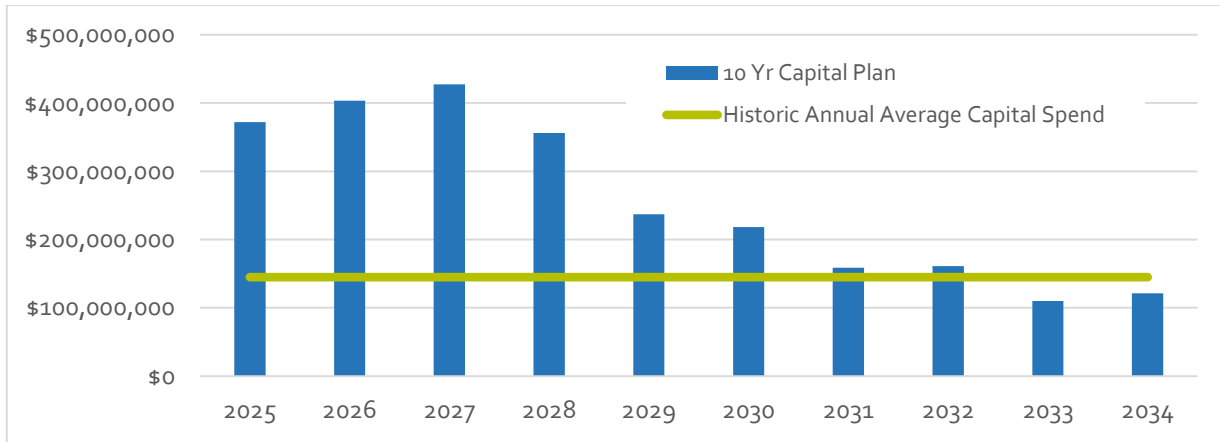


Figure 2. Forecasted Capital Plan investment by year compared to historic annual average capital expenditure.

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.

Internal Circulation:

- General Manager, Corporate Services
- Divisional Director, Partnership & Investment
- General Manager, Infrastructure Division
- Asset Manager
- Financial Planning Manager
- Budget Supervisor
- Fire Chief
- Fleet Services Manager
- Information Services Department Manager
- Infrastructure Operations Department Manager
- Parks & Buildings Planning Manager
- Transportation Engineering Manager
- Utility Planning Manager
- Utility Services Manager

Considerations not applicable to this report:

- Legal/Statutory Authority:
- Legal/Statutory Procedural Requirements:
- Existing Policy:
- Personnel Implications:
- External Agency/Public Comments:
- Communications Comments:
- Alternate Recommendation:

Submitted by:

J. Shaw, Asset Management and Capital Planning Manager

Approved for inclusion:

J. Sass, General Manager, Corporate Services

Attachment 1 - 10-Year Capital Plan (2025 – 2034)

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