
CITY OF KELOWNA

MEMORANDUM

Date: October 31, 2007
File No.: 6430-01
To: City Manager
From: Director of Works and Utilities
Director of Financial Services
Director of Recreation, Parks and Cultural Services
Subject: 20-Year Servicing Plan and Financing Strategy (2007 Update)
Report Prepared by: J. Wunderlich

RECOMMENDATION:

THAT Council receive the draft 20-Year Servicing Plan and Financing Strategy (2007 update) for information;

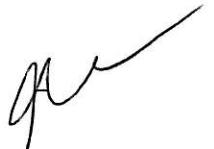
AND THAT Council authorize staff to seek stakeholder input into the draft plan and report back following that feedback.

BACKGROUND:

The current 20-Year Servicing Plan and Financing Strategy was presented to Council in November, 2006 and became effective in April, 2007.

The recommended 2007 update to the 2020 Servicing Plan reflects changes in land and construction costs, updated completed projects and more detailed engineering on a number of projects. The proposed infrastructure works are largely the same except for the following key changes:

- (a) **TRANSPORTATION** – The updated plan reflects an increase in land costs of 17% and construction costs of 19% for an overall increase of 18.8%. Construction costs reflect an increase in excavation costs, materials, asphalt and retaining walls. This plan includes the same roads as the current plan. Key changes to funding include Hwy 97(1) for which Provincial Assistance has increased from 50% of net cost to 62% (MOT costs not in the current plan are included in the update thereby increasing the assistance component) and Gordon 5B and Lakeshore 3B bridges over Mission Creek whereby a total of \$4.1 M. (from DCC's) was added to raise these bridges over the Greenway.
- (b) **WATER** – The current 2020 Plan calls for \$46.5 Million in expenditures to support growth while the 2020 update identifies \$48.1 Million of expenditures. This is a relatively modest increase of 3.5% (comprised of 0% increase for 5 projects to be constructed, including the Cedar Creek pump station at \$12.4 M., as well as a 0% increase for 4 completed projects, offset by the remaining projects yet to be done which have an average increase of 5.4%).



- (c) **WASTEWATER** – The updated plan reflects an increase in Trunk costs of 34% and Treatment costs of 14%. This is based on increases in functional sewer main costs, granular material costs, costs of PVC pipe and inclusion of \$13.3 Million of long term debt financing costs for the Treatment facility. Inclusion of interest costs can be approved for facilities such as the sewer treatment plant that need to be constructed before growth can occur and before adequate development cost charges can be collected.
- (d) **PARKS** – The updated plan retains the current standard of 2.2 hectares of park per 1,000 population. The cost of the updated 2020 program is \$139.7 Million, an increase of 35 %. Updated costs are based on the 2007 Assessment Review of land acquisition costs and specific site detail costs.

The total costs of providing this infrastructure in the 2020 Plan update is \$905.6 Million as compared to \$753.4 Million for the current 2020 program. This 20.2 % increase is a result of the changes outlined above. The impact on the funding areas is:

(Millions \$'s)

<u>Funding Sources</u>	<u>Current Program</u>	<u>Update</u>	<u>Change \$'s</u>
Taxation	130.3	155.2	24.9
DCC's	465.2	568.1	102.9
Developer	84.8	98.0	13.2
Province	32.7	42.7	10.0
Utility	<u>40.4</u>	<u>41.6</u>	<u>1.2</u>
Total	\$753.4	\$905.6	\$152.2

The impact on the funding sources and DCC rates can be seen in attachment Schedule 1A.

Additional information on the DCC rates is provided in the attached schedules 1-4.

Staff intends to hold 2 open houses, one on November 20th from 4:00 p.m. to 7:00 p.m. at City Hall Council Chambers and the other on November 22nd from 4:00 p.m. to 7:00 p.m. at the Ramada Lodge, with presentations to stakeholders and the general public at 5 p.m. At this session staff will be available to answer questions on the various plans and the financing strategy. Surveys will be provided to attendees to seek feedback. As well, staff will work with key stakeholders such as the Urban Development Institute and interested neighbourhood organizations to provide additional information and clarification. Once their feedback is received staff will report with an amended servicing plan and financing strategy. The following is a schedule of events:

Presentation to City Council – November 5
 Public Consultation Meetings – November 20 and November 22
 Acceptance of Input – by December 5
 Report back to Council – December 17/07
 New rates effective – March 1/08

A Consultant is preparing a report on the square footage and the secondary suites issues and a recommendation from that will be brought back to Council and implemented with this update.

INTERNAL CIRCULATION TO:
 Works & Utilities Department

Recreation, Parks and Cultural Services Department
Community Development and Real Estate Department

EXISTING POLICY:

20 Servicing Plan and Financing Strategy

FINANCIAL/BUDGETARY CONSIDERATIONS:

20 Servicing Plan and Financing Strategy

Considerations that were not applicable to this report:

LEGAL/STATUTORY AUTHORITY:

LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:

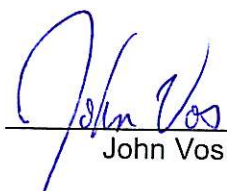
PERSONNEL IMPLICATIONS:

TECHNICAL REQUIREMENTS:

EXTERNAL AGENCY/PUBLIC COMMENTS:

ALTERNATE RECOMMENDATION:

Submitted by:


John Vos


Paul Macklem


David Graham

Attachments

2020 PLAN UPDATE (In 2007)

2020 Major Services - Updated Funding Sources (\$ Millions)								
Major Service	Prov. Grant	Developer Construct	DCC's / Reserves	Taxation	Utility User Rates	Totals	% of Total	% Change
Arterial Roads	42.7	94.5	302.9	142.3		582.4	64.3%	18.8%
Water Distribution		3.5	27.1		17.5	48.1	5.3%	3.5%
Wastewater Trunks		0.0	38.5		4.9	43.4	4.8%	34.3%
Wastewater Treatment			72.8		19.2	92.0	10.2%	14.2%
Parkland Acquisition			126.8	12.9		139.7	15.4%	34.8%
Updated Totals	42.7	98.0	568.1	155.2	41.6	905.6	100.0%	20.2%
% of Total	4.7%	10.8%	62.7%	17.1%	4.6%	100.0%		
Current Totals	32.7	84.8	465.1	130.3	40.4	753.4		
% Change	30.6%	15.5%	22.1%	19.1%	3.1%	20.2%		

UPDATED RATES**ROADS**

	A S.E. Kelowna	B South Mission	C NE of Inner City	D North of Hwy 33	E South of Hwy 33	F North of Inner City	G Inner City
Sector	15,845	14,798	3,512	7,588	4,333	4,899	9,002
Common	9,002	9,002	9,002	9,002	9,002	9,002	
Total Roads	24,847	23,800	12,514	16,589	13,335	13,901	9,002
% change	39	20	15	12	9	12	22

WATER

	A	B	D
Updated	1,757	1,289	3,054
% change	7	0	4

TRUNKS

	Not S. Mission	S. Mission
Updated	1,562	1,979
% change	37	29

TREATMENT

Updated	3,044
% change	20

PARKS

Updated	4,910
% change	36

1. Residential 1 - Single Family Development - by growth area - by service type
Comparison to current rates

	Sector / Rate						
GROWTH AREA		<u>Roads</u>	<u>Water</u>	<u>Sewer Trunks</u>	<u>Treatment</u>	<u>Parks</u>	<u>Total</u>
City Centre (Updated)	I	9,002	A 1,757	A 1,562	A 3,044	4,910	20,275
Current	I	7,388	A 1,646	A 1,143	A 2,542	3,610	16,329
Clifton/Glen. Hghld (Updated)	I	9,002	D 3,054	A 1,562	A 3,044	4,910	21,572
Current	I	7,388	D 2,943	A 1,143	A 2,542	3,610	17,626
Glenmore Valley (Updated)	I	9,002	GEID	A 1,562	A 3,044	4,910	18,518
Current	I	7,388	GEID	A 1,143	A 2,542	3,610	14,683
Rutland (Updated)	I	9,002	RWW	A 1,562	A 3,044	4,910	18,518
Current	I	7,388	RWW	A 1,143	A 2,542	3,610	14,683
North East Rutland (Updated)	C	12,514	BMID	A 1,562	A 3,044	4,910	22,030
Current	C	10,900	BMID	A 1,143	A 2,542	3,610	18,195
Hwy 33 - North East (Updated)	D	16,589	BMID	A 1,562	A 3,044	4,910	26,105
Current	D	14,765	BMID	A 1,143	A 2,542	3,610	22,060
Hwy 33 - South West (Updated)	F	13,335	BMID	A 1,562	A 3,044	4,910	22,851
Current	F	12,222	BMID	A 1,143	A 2,542	3,610	19,517
University / Airport (Updated)	E	13,901	GEID	A 1,562	A 3,044	4,910	23,417
Current	E	12,391	GEID	A 1,143	A 2,542	3,610	19,686
McKinley (Updated)	E	13,901	GEID	N/A	N/A	4,910	18,811
Current	E	12,391	GEID	N/A	N/A	3,610	16,001
Hall Road (Updated)	I	9,002	SEKID	A 1,562	A 3,044	4,910	18,518
Current	I	7,388	SEKID	A 1,143	A 2,542	3,610	14,683
Southeast Kelowna (Updated)	A	24,847	SEKID	N/A	N/A	4,910	29,757
Current	A	17,941	SEKID	N/A	N/A	3,610	21,551
S.W. Mission (Updated)	B	23,800	B 1,289	B 1,979	A 3,044	4,910	35,022
Current	B	19,794	B 1,292	B 1,533	A 2,542	3,610	28,771

BMID Serviced by Black Mountain Irrigation District

SEKID Serviced by South East Kelowna Irrigation District

RWW Serviced by Rutland Water Works

GEID Serviced by Glenmore Ellison Irrigation District

N/A Not Applicable as Sewer will not be in that area within the 20 Year period

2. Residential 2 - Single Family Development - by growth area - by service type

SCHEDULE 2

Comparison to current rates

GROWTH AREA	Sector / Rate					
	<u>Roads</u>	<u>Water</u>	<u>Sewer Trunks</u>	<u>Treatment</u>	<u>Parks</u>	<u>Total</u>
City Centre (Updated)	I 7,201	A 1,178	A 1,297	A 2,526	4,910	17,112
Current	I 5,911	A 1,103	A 949	A 2,110	2,957	13,030
Clifton/Glen. Hghld (Updated)	I 7,201	D 2,046	A 1,297	A 2,526	4,910	17,980
Current	I 5,911	D 1,972	A 949	A 2,110	2,957	13,899
Glenmore Valley (Updated)	I 7,201	GEID	A 1,297	A 2,526	4,910	15,934
Current	I 5,911	GEID	A 949	A 2,110	2,957	11,927
Rutland (Updated)	I 7,201	RWW	A 1,297	A 2,526	4,910	15,934
Current	I 5,911	RWW	A 949	A 2,110	2,957	11,927
North East Rutland (Updated)	C 10,011	BMID	A 1,297	A 2,526	4,910	18,744
Current	C 8,720	BMID	A 949	A 2,110	2,957	14,736
Hwy 33 - North East (Updated)	D 13,271	BMID	A 1,297	A 2,526	4,910	22,004
Current	D 11,812	BMID	A 949	A 2,110	2,957	17,828
Hwy 33 - South West (Updated)	F 10,668	BMID	A 1,297	A 2,526	4,910	19,401
Current	F 9,778	BMID	A 949	A 2,110	2,957	15,794
University / Airport (Updated)	E 11,121	GEID	A 1,297	A 2,526	4,910	19,854
Current	E 9,913	GEID	A 949	A 2,110	2,957	15,929
McKinley (Updated)	E 11,121	GEID	N/A	N/A	4,910	16,031
Current	E 9,913	GEID	N/A	N/A	2,957	12,870
Hall Road (Updated)	I 7,201	SEKID	A 1,297	A 2,526	4,910	15,934
Current	I 5,911	SEKID	A 949	A 2,110	2,957	11,927
Southeast Kelowna (Updated)	A 19,878	SEKID	N/A	N/A	4,910	24,788
Current	A 14,353	SEKID	N/A	N/A	2,957	17,310
S.W. Mission (Updated)	B 19,040	B 864	B 1,642	A 2,526	4,910	28,982
Current	B 15,585	B 866	B 1,273	A 2,110	2,957	22,791

BMID Serviced by Black Mountain Irrigation District

SEKID Serviced by South East Kelowna Irrigation District

RWW Serviced by Rutland Water Works

GEID Serviced by Glenmore Ellison Irrigation District

N/A Not Applicable as Sewer will not be in that area within the 20 Year period

3. Residential 3 - Single Family Development - by growth area - by service type

SCHEDULE 3

Comparison to current rates

GROWTH AREA	Sector / Rate					
	Roads	Water	Sewer Trunks	Treatment	Parks	Total
City Centre (Updated)	I 4,951	A 844	A 875	A 1,704	4,910	13,284
Current	I 4,064	A 790	A 640	A 1,423	3,610	10,527
Clifton/Glen. Hghld (Updated)	I 4,951	D 1,466	A 875	A 1,704	4,910	13,906
Current	I 4,064	D 1,413	A 640	A 1,423	3,610	11,150
Glenmore Valley (Updated)	I 4,951		A 875	A 1,704	4,910	12,440
Current	I 4,064	GEID	A 640	A 1,423	3,610	9,737
Rutland (Updated)	I 4,951		A 875	A 1,704	4,910	12,440
Current	I 4,064	RWW	A 640	A 1,423	3,610	9,737
North East Rutland (Updated)	C 6,883		A 875	A 1,704	4,910	14,372
Current	C 5,995	BMID	A 640	A 1,423	3,610	11,668
Hwy 33 - North East (Updated)	D 9,124		A 875	A 1,704	4,910	16,613
Current	D 8,121	BMID	A 640	A 1,423	3,610	13,794
Hwy 33 - South West (Updated)	F 7,334		A 875	A 1,704	4,910	14,823
Current	D 6,722	BMID	A 640	A 1,423	3,610	12,395
University / Airport (Updated)	E 7,646		A 875	A 1,704	4,910	15,135
Current	E 6,815	GEID	A 640	A 1,423	3,610	12,488
McKinley (Updated)	E 7,646		A N/A	N/A	4,910	12,556
Current	E 6,815	GEID	A N/A	N/A	3,610	10,425
Hall Road (Updated)	I 4,951		A 875	A 1,704	4,910	12,440
Current	I 4,064	SEKID	A 640	A 1,423	3,610	9,737
Southeast Kelowna (Updated)	A 13,666		A N/A	N/A	4,910	18,576
Current	A 9,867	SEKID	A N/A	N/A	3,610	13,477
S.W. Mission (Updated)	B 13,090	B 619	B 1,108	A 1,704	4,910	21,431
Current	B 10,887	B 620	B 859	A 1,423	3,610	17,399

BMID Serviced by Black Mountain Irrigation District

RWW Serviced by Rutland Water Works

SEKID Serviced by South East Kelowna Irrigation District

GEID Serviced by Glenmore Ellison Irrigation District

N/A Not Applicable as Sewer will not be in that area within the 20 Year period

4. Residential 4 - Single Family Development - by growth area - by service type
Comparison to current rates

GROWTH AREA	Sector / Rate					
	<u>Roads</u>	<u>Water</u>	<u>Sewer Trunks</u>	<u>Treatment</u>	<u>Parks</u>	<u>Total</u>
City Centre (Updated)	I 4,681	A 598	A 844	A 1,644	4,910	12,676
Current	I 3,842	A 560	A 617	A 1,373	3,610	10,002
Clifton/Glen. Hghld (Updated)	I 4,681	D 1,038	A 844	A 1,644	4,910	13,116
Current	I 3,842	D 1,001	A 617	A 1,373	3,610	10,443
Glenmore Valley (Updated)	I 4,681	GEID	A 844	A 1,644	4,910	12,078
Current	I 3,842	GEID	A 617	A 1,373	3,610	9,442
Rutland (Updated)	I 4,681	RWW	A 844	A 1,644	4,910	12,078
Current	I 3,842	RWW	A 617	A 1,373	3,610	9,442
North East Rutland (Updated)	C 6,507	BMID	A 844	A 1,644	4,910	13,904
Current	C 5,668	BMID	A 617	A 1,373	3,610	11,268
Hwy 33 - North East (Updated)	D 8,626	BMID	A 844	A 1,644	4,910	16,024
Current	D 7,678	BMID	A 617	A 1,373	3,610	13,278
Hwy 33 - South West (Updated)	F 6,934	BMID	A 844	A 1,644	4,910	14,331
Current	F 6,356	BMID	A 617	A 1,373	3,610	11,956
University / Airport (Updated)	E 7,229	GEID	A 844	A 1,644	4,910	14,626
Current	E 6,443	GEID	A 617	A 1,373	3,610	12,043
McKinley (Updated)	E 7,229	GEID	N/A	N/A	4,910	12,139
Current	E 6,443	GEID	N/A	N/A	3,610	10,053
Hall Road (Updated)	I 4,681	SEKID	A 844	A 1,644	4,910	12,078
Current	I 3,842	SEKID	A 617	A 1,373	3,610	9,442
Southeast Kelowna (Updated)	A 12,921	SEKID	N/A	N/A	4,910	17,831
Current	A 9,329	SEKID	N/A	N/A	3,610	12,939
S.W. Mission (Updated)	B 12,376	B 438	B 1,069	A 1,644	4,910	20,436
Current	B 10,293	B 439	B 828	A 1,373	3,610	16,543

BMID Serviced by Black Mountain Irrigation District

SEKID Serviced by South East Kelowna Irrigation District

RWW Serviced by Rutland Water Works

GEID Serviced by Glenmore Ellison Irrigation District

N/A Not Applicable as Sewer will not be in that area within the 20 Year period