

Five Year Capital Plan

2020-2024

The City of Kenora, Ontario, Canada

Lake of the Woods  
**KENORA**



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*Introductory  
Information*

City Council

**Kenora City Council**

From Left to Right:

- ❑ Councillor Sharon Smith
- ❑ Councillor Andrew Poirier
- ❑ Councillor Chris Van Wallegghem
- ❑ Mayor Daniel Reynard
- ❑ Councillor Mort Goss
- ❑ Councillor Rory McMillan
- ❑ Councillor Kirsi Ralko

### City Strategic Plan and Guiding Principles

The City's corporate Strategic Plan lays the foundation for the City's future. We call our Strategic Plan, *Kenora: Our Vision is 2020*. The cornerstones of our Strategic Plan are the Vision and Mission Statements.

#### Vision Statement

Kenora is a City of choice, renowned as a sustainable, lifestyle community supported by a Municipality committed to excellence.

#### Mission Statement

To deliver quality, cost-effective Municipal Services.

### City Strategic Plan and Guiding Principles

The City's values as defined in its Strategic Plan, provide the City with guidelines for evaluating and determining its actions. To help ensure the City budget considerations are done in conjunction with these values as presented within the strategic plan, they are reviewed in conjunction with the budget deliberations, and have been set out below:

- ❑ **Trust & Respect:** We demonstrate integrity, honesty, fairness, transparency and accountability in all of our actions, fostering a corporate culture intended to promote trust and respect of our staff, our community and our partners.
- ❑ **Communication:** We ensure respectful and inclusive communications with our staff, community and partners.
- ❑ **Commitment:** We value employees that are committed to service the interests of the community.
- ❑ **Innovation:** We strive for continuous service improvements through innovation, leadership and best practices.
- ❑ **Preparedness:** We consider community, public and workplace safety in every decision that we make.
- ❑ **Fiscal Responsibility:** We manage the municipal finances in a responsible, prudent and transparent manner.
- ❑ **Environmental Stewardship:** We are committed stewards of the land and lakes that enrich our lives.



### Introductory Information

## City of Kenora 2020 Five Year Capital Plan

### City Brand and Brand Promise

In 2013, Council officially adopted the City's new Brand recognizing Kenora as "North America's Premier Boating Destination".

Council further adopted the resulting Brand Promise, which reads as follows:

*Kenora is North America's Premier Boating Destination. We are the connection to Lake of the Woods and its 14,522 Islands.*

*Through our events and amenities we celebrate our history and build our future.*

*We love our lake; we are its stewards and we nurture its pristine environment.*

Where possible, recognition of the Brand and Promise was given consideration in reviewing the City's proposed capital projects and unusual spending within this five year plan.

### Capital Plan Principles/Capital Prioritization Process

In late 2018, the senior leadership team developed a Capital Prioritization Process that would adhere to certain capital budget principles to help guide the City's capital budgeting process. These principles are as follows:

- ❑ Projects will be reviewed in conjunction with the principles as set out within the City's strategic plan and in recognition of the City's Brand and Brand Promise.
- ❑ Priority will be given to projects which, left undone, would represent a significant safety concern / hazard to the community.
- ❑ Priority will be given to projects based on need, with funds allocated primarily to higher need areas.
- ❑ Priority will be given to meaningful projects that are eligible for funding from senior levels of government.
- ❑ Priority will be given to coordinating projects between departments to help ensure that unnecessary spending is eliminated.
- ❑ Priority will be given to projects that are necessary in meeting legislative or regulatory requirements.

The Capital Prioritization Process is designed to serve as a tool that will assist City staff when they are determining which projects should be prioritized in capital budgeting and planning. It provides a strategic risk-based approach to planning that can be integrated into the City's current capital budgeting and planning process through a simple application of the capital prioritization methodology.



## Introductory Information

### City Brand and Brand Promise

### Capital Plan Principles/ Capital Prioritization Process

## City of Kenora 2020 Five Year Capital Plan

The process represents a risk-averse and quantitative approach to asset management planning. It provides a structure and defined method to achieve consensus between decision-makers that may have different motivations or priorities. The output of this methodology will result in decisions that closely align with the City's organization and strategic priorities and allow for both qualitative and quantitative assessments.

The intent of the process is not to remove the influence of decision-makers on capital planning. Rather it is designed to provide flexibility in the management of the capital planning process while ensuring that all projects are prioritized according to consistent criteria.

As the City's asset management plan database becomes more populated with information on the City's assets, decision-makers will be able to better utilize the information for making informed decisions on capital asset spending. Currently the City is in the process of updating its asset management data. The City's asset management plan is intended to be a living document with ever changing information to be utilized by staff and the senior leadership team for making informed decisions.

The City utilities are dealt with through an independent budget process, in accordance with Council direction to establish these operations as self-supporting utilities independent of tax dollars. A separate budget is developed for each of these entities.



### *Introductory Information*

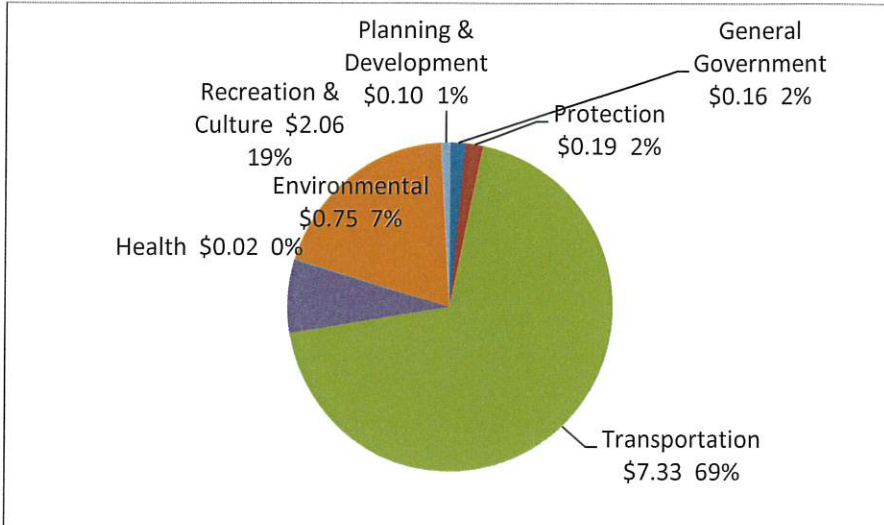
Capital Plan Principles/  
Capital Prioritization Process  
continued

# City of Kenora 2020 Five Year Capital Plan

## 2020 Capital Plan Highlights

The City of Kenora 2020 Capital Plan includes \$10.6 million in total cost of capital projects.

The following pie chart shows gross planned capital spending for 2020 by functional area:



## Capital Plan Highlights

### 2020 Capital Plan Highlights

Transportation, or more specifically, roads and bridges continue to represent the largest demand on City capital resources as well as the most significant portion of the City's infrastructure funded through property tax dollars.

The City's net tax levy allocation to capital spending is \$2.08M in 2020. Of this amount, 82%, or \$1.7M is allocated directly to spending on municipal roads. In 2020, provincial and federal government funding is helping with roads projects which is topped up by internal debt financing to bring total spending for roads up to \$5.7M in 2020.



## Unusual Spending

The City's five year capital plan includes non-capital works classed as "Non-Capital Special Projects / Unusual Spending" (referred to as "unusual spending"). While these works are not capital in nature, they are budgeted for through the City's five year capital planning process. Unusual spending refers to larger value non-capital works that are not typical from year to year. The City has listed out the "Non-Capital Special Projects / Unusual Spending" in Index #9 of the capital budget. This spending is not included in the total capital spending in 2020 (Indexes #1 through #7). The unusual spending included in the City's 2020 budget is \$.9 million in total costs, with a net tax levy allocation of about \$.16 million.

## Net Tax Levy Allocation

For 2020, the City is allocating close to \$2.24 million of the net tax levy to its combined capital and unusual spending programs. Note this is down from 2019 as a significant portion of capital spend will be required to pay down the debt financing from the latest downtown revitalization.

## Reserves and Reserve Funds

To help equalize, stabilize and fund certain annual capital expenditures, the City has established a number of reserves and reserve funds. All funds set aside in either reserves or reserve funds are allocated to a specific purpose. Certain expenditures are fully funded through reserves, such as equipment replacement. Overall, in 2020, the City is estimating it will put aside approximately \$1.8 million into non-utility reserves.



## Capital Plan Highlights

Unusual Spending

Net Tax Levy Allocation

Reserves and Reserve Funds



# City of Kenora 2020 Five Year Capital Plan

Planned contributions to capital works and special projects from reserve and reserve funds for the 2020 five-year capital plan are:

### Capital Works

- 2020 - \$2.5M
- 2021 - \$1.52M
- 2022 - \$1.11M
- 2023 - \$1.45M
- 2024 - \$1.26M

### Special Projects

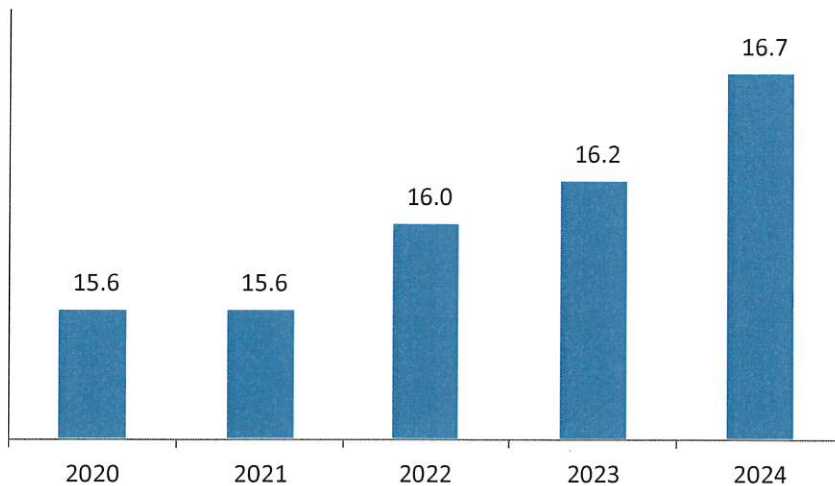
- 2020 - \$ .67M
- 2021 - \$ .14M
- 2022 - \$ .19M
- 2023 - \$ .17M
- 2024 - \$ .19M



## Capital Plan Highlights

### Reserves and Reserve Funds (Cont.)

In 2020, the City is anticipating maintaining the overall balance of non-utility reserves over the next five years. The following chart illustrates the projected non-utility reserves in \$ millions over the next five years:



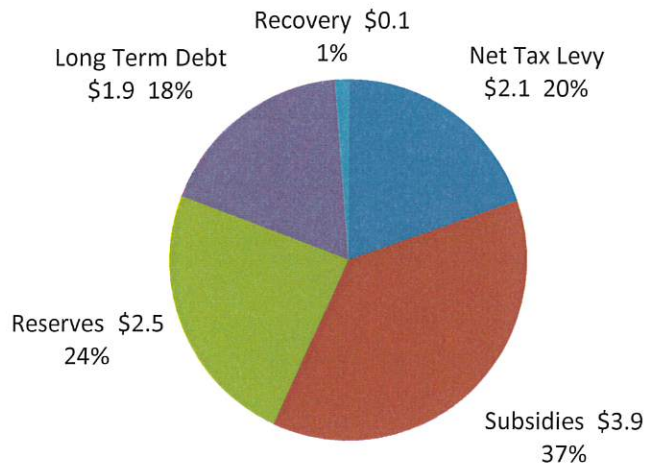


## Capital Plan Highlights

### Other Funding Sources

Another proposed source of funding for the 2020 capital plan is funding from senior levels of government including a planned use of the City's Federal Gas Tax funding. Combined, this funding represents an anticipated 37% of the City's 2020 planned capital spending.

The remaining funding sources for the 2020 capital plan are represented by issuing long term debt (\$1.9M), net tax levy (\$2.1M) and recoveries (\$.14M). The following pie chart illustrates the breakdown of funding sources for capital spending planned in 2020:



Other Funding Sources



### Deleted Projects

Generally, sufficient funding is not available to meet the various requests submitted under the City's capital plan process. Projects that are not approved through the capital plan process are tracked on a deleted list. Based on available funding, the City has cut capital and unusual spending projects combined of a total cost of \$6.3M, most of which would have been funded by the net tax levy or debt financing.

All projects listed as deleted continue to be City priorities. Should additional funding be made available, these projects may become a priority for potential funding, pending the development of those plans. A complete list of deleted projects can be found in Index #10 of this budget.

### Projects for Long Term Debt Financing

The City has identified several significant projects for consideration of funding with long term debt. Typically, the net costs for projects on this list are well in excess of what the City historically contributes to capital expenditures through the tax levy.

These projects are being held for Council consideration pending the development of a business plan that would support the associated long term debt issuance to fund the related project. Index #8 of this budget provides some summary budget information on these projects, including the proposed year of implementation, total projected cost; total anticipated funding through long term debt issue, estimated annual repayment amounts, and the potential percentage impact on the tax rate if costs relating to the debt repayment were added directly to property taxes.



## Capital Plan Highlights

Deleted Projects

Projects for Long Term Debt Financing

**Review of Higher Value 2020 Capital Projects**

The following table summarizes capital projects included in the 2020 five year capital plan approved project lists (in thousands of dollars) that have a total cost estimate of \$100,000 or higher:



	Total Cost
<b>Transportation</b>	
Municipal Paving	2,033
Park Street	1,300
Railway Street phase 1	2,125
Surface Treated Roads	225
Parking pay stations	110
Tandem sander/plow	290
Tandem sander	250
Handi transit bus	126
Bus garage	160
<b>Environmental</b>	
Storm Sewers	250
Recycle Truck	215
Co-mingle truck	142
Co-mingle truck	142
<b>Recreation &amp; Cultural</b>	
Central Community Club Rehab	100
Ballfields 4 plex	600
Recreation centre enhancements phase 1	1,000
<b>Planning &amp; Development</b>	
Thistle Drive reconfiguration	100
<b>Total Significant Projects</b>	<b>9,168</b>
Projects less than \$100K	1,436
<b>Total Planned 2020 Capital</b>	<b>\$ 10,604</b>

*Capital Plan  
Discussion*

Review of Higher Value  
2020 Capital Projects



### Infrastructure Deficit

As with most municipalities, Kenora has a significant infrastructure deficit.

The most significant portion of the non-utility infrastructure deficit is represented by the City's road and bridge infrastructure. In 2020, the draft budget includes estimated capital and unusual expenditures of about \$5 million on City roads and bridges. In comparison, the City's entire tax levy allocation to capital and unusual spending is only \$2.24 million for 2020.

In 2017, the City produced, with the help of funded consultants, an Asset Management Plan. This plan indicates an annual funding requirement of \$3.4 million for roads and \$4 million for bridges and culverts. So compared to the \$5 million being spent in the 2020 capital and unusual spending budget this would leave a deficit of \$2.4 million being spent on roads & bridges. While the City continues to address the infrastructure deficit to the best of its ability, senior government funding will have to make up the short fall in the long run.



## Capital Plan Discussion

### Infrastructure Deficit

**1**

**Five Year Capital Plan  
Summary of Total Cost:  
2020 - 2024**

**2**

**Five Year Capital Plan  
Summary of Net Tax Levy:  
2020 - 2024**

**3**

**Capital Budget Summary:  
2020**

**4**

**Capital Budget Summary:  
2021**

**5**

**Capital Budget Summary:  
2022**

**6**

**Capital Budget Summary:  
2023**

**7**

**Capital Budget Summary:  
2024**

**8**

**Potential Projects for Long  
Term Debt Financing**

**9**

**Non-Capital Special  
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**10**

**Deleted Projects**