Lake of the Woods

KENORA

City of Kenora
2022 Capital Plan

The Corporation of the City of Kenora
Kenora, Ontario
Canada

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Kenora City Council

From left to right:
Councilor Andrew Poirier

Councillor Mort Goss

Councillor Sharon Smith

Councillor Chris Van Walleghem

Mayor Daniel Reynard

Councillor Rory McMillan

Councillor Graham Chaze

Capital Plan Principles and Capital Prioritization Process

In setting the Capital Budget staff adheres to a Capital Prioritization Process that adheres 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 or 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.

The process represents a risk-averse and quantitative approach to asset management planning. It provides a structures 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.

2022 Capital Plan Highlights

The City of Kenora 2022 Capital Plan includes $11.97 million in total cost of capital projects. The following pie chart shows gross planned capital spending for 2022 by functional area in millio
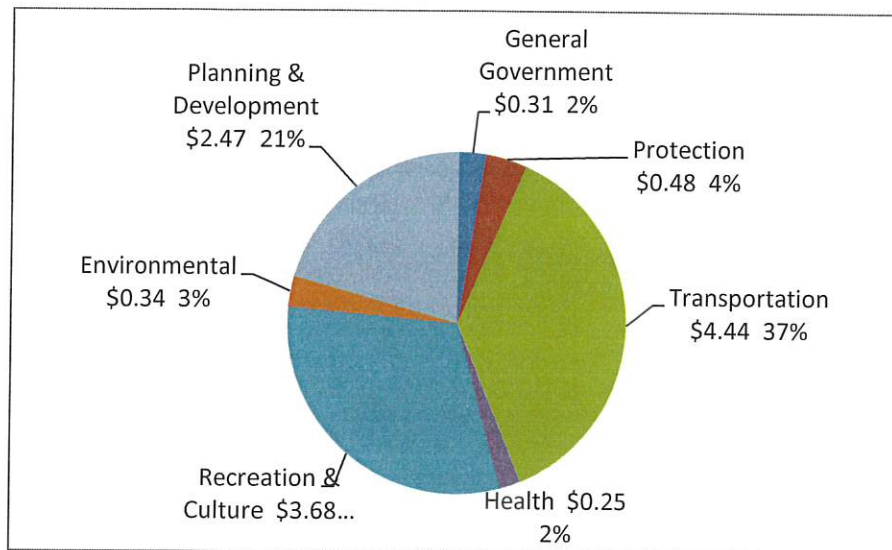
Transportation, or more specifically, roads and bridges continue to represent the largest demand on City capital resources as well as the most significant portion of the City's infrastructure funded through property tax dollars.

The City's net tax levy allocation to capital spending is $1.26M in 2022. Of this amount, 64%, or $.8M is allocated directly to spending on municipal roads. In 2022, federal and provincial government funding is subsidizing roads projects to bring total spending for roads up to $3.55M in 2022.

Unusual Spending

The City's 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 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 2022. The unusual spending included in the City's 2022 budget is $2.25 million in total costs, with a net tax levy allocation of about $.63 million.

Net Tax Levy Allocation

For 2022, the City is allocating $1.89 million of the net tax levy to its combined capital and unusual spending programs.

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 vehicle/equipment replacement. Many reserve funds are set at an annual contribution amount, and others are based on the income from the department. The reserve allocations that dependent on net income from the department at the end of the year include; Building rentals, Building inspection, 911 emergency access, Health & Safety, Parking rentals, Docks & Wharfs, Recycle, and Land planning.

Funding Sources

Another proposed source of funding for the 2022 capital plan is funding from senior levels of government. Combined, this subsidized funding represents an anticipated 49% of the City's 2022 planned capital spending.

The remaining funding sources for the 2022 capital plan are represented by issuing long term debt ($1.44M), net tax levy ($1.26M) and recoveries ($.15M). The following pie chart illustrates the breakdown of funding sources for capital spending planned in 2022:

Long Term Debt $1.44 12%

Recovery $0.15 1%

Net Tax Levy $1.26 10%

Reserves $3.29 28%

Subsidies $5.83 49%
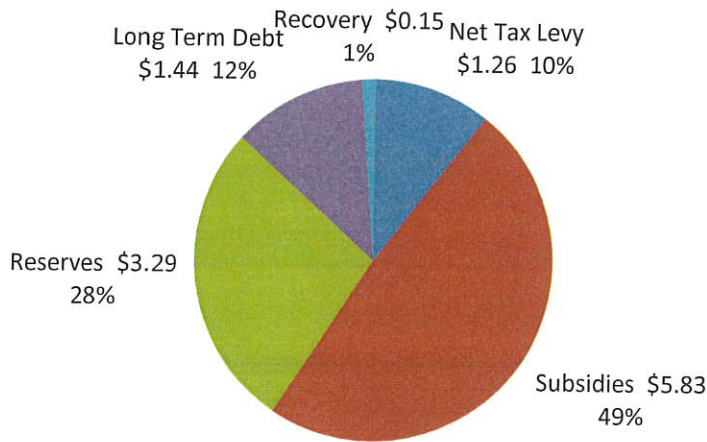
Projects for Long Term Debt Financing

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 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.

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