

Five Year Capital Plan

2013 - 2017

The City of Kenora, Ontario, Canada

Lake of the Woods  
**KENORA**



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Councillor Rod McKay  
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Councillor Rory McMillan  
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Chair of Economic Development



*Introductory  
Information*

City Council



## City Strategic Plan and Guiding Principles

The City's current corporate strategic Plan lays the foundation for the City's future. This plan sets out the City's guiding principles as well as provides the strategic directions for the City.

The guiding principles provide the City with guidelines for evaluating and determining its actions. To help ensure the City budget considerations are done in conjunction with the vision as presented within the strategic plan, the guiding principles are reviewed in conjunction with the budget deliberations, and have been set out below:

- Kenora will provide fairness in taxation
- Kenora will provide value for service to the ratepayer
- Kenora will ensure sound fiscal management
- Kenora will provide quality of life amenities and services for citizens and visitors
- Kenora will explore and pursue new opportunities
- Kenora will value and be responsible to its employees
- Kenora will understand and respect its citizens
- Kenora will inform and engage its citizens
- Kenora will be a steward of the environment

## City Brand and Brand Promise

In January 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 are stewards of the lake, nurture its pristine environment, and live the lake life.*

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



## Introductory Information

City Strategic Plan and Guiding Principles

City Brand and Brand Promise



## Capital Plan Principles

In developing the five-year capital plan for the years 2013 through 2017, the City has adhered to certain capital budget principles that it has established to guide overall spending within the capital budget 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 that have previously received Council commitment.
- ❑ 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.

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

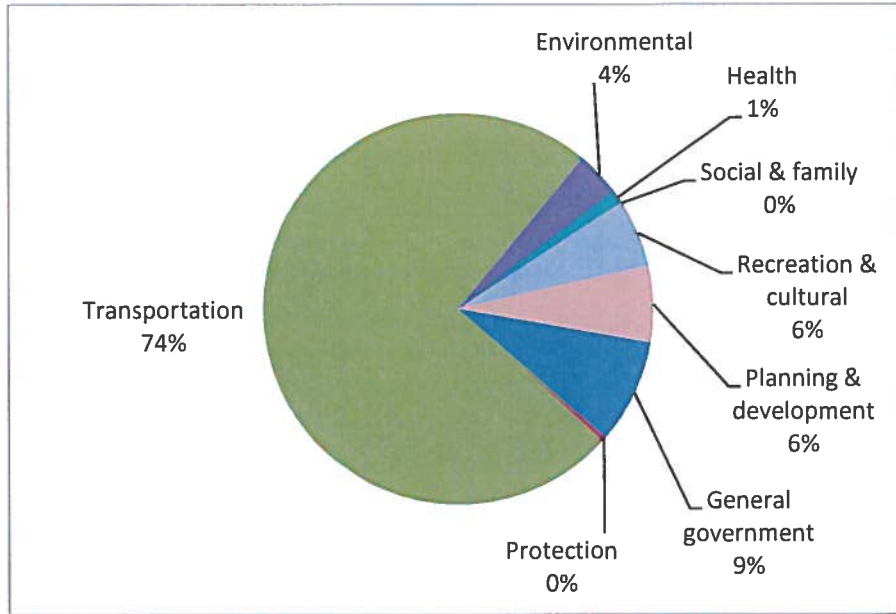


# City of Kenora 2013 Five Year Capital Plan

## 2013 Capital Plan Highlights

The City of Kenora 2013 Capital Plan includes \$10.5 million in total cost of capital projects.

The following pie chart shows gross planned capital spending for 2013 by functional area:



## Capital Plan Highlights

### 2013 Capital Plan Highlights

Roads 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.

As evidenced in the above pie chart, the City's primary capital spending is on transportation related infrastructure, primarily roads and bridges, with 74% of capital spending allocated to transportation services. Similarly, the City's net tax levy allocation to capital spending is \$1.8 million in 2013. Of this amount, 75%, or \$1.4 million is allocated direct to spending on municipal roads. In fact, the five year capital plan allocates \$1.4 million in property taxes annually for the next five years to roads capital spending. Overall, this represents close to 71% of the entire capital and unusual spending dollars spent on roads infrastructure alone each year.





## Capital Plan Highlights

### 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 2013 (Indexes #1 through #7). The unusual spending included in the City's 2013 budget is \$.7 million in total costs, with a net tax levy allocation of about \$.1 million.

Unusual Spending

### Net Tax Levy Allocation

For 2013, the City is allocating close to \$2.0 million in its combined capital and unusual spending programs. This is an increase from the 2012 level of \$1.8 million. In 2012, Council approved an increase of 1% on the City's tax rate, representing additional revenues of about \$210,000. Council direction was to allocate these additional dollars to the City's roads infrastructure deficit beginning in 2013. This amount has been added to the net spending in 2013, with the entire allocation put towards the roads capital program.

Net Tax Levy Allocation

Independently, in 2009, the City reduced its capital spending by just over \$429,000. This decision was made to help offset a significant reduction in investment income to the City due to changes in the global economy and the resulting reduction of interest rates. At that time, the intent was to partially reduce the net tax levy allocation to capital spending until such time as the interest rates rebounded rather than pass on the full impact of the lost revenue to the taxpayer. This decision continues to be reviewed annually as part of the City's budget process and in consideration of anticipated available investment income.

Reserves and Reserve Funds

### 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 2013, the City is estimating it will put aside \$2.2 million into non-utility reserves.



# City of Kenora 2013 Five Year Capital Plan

## Reserves and Reserve Funds (Cont.)

Planned contributions to capital works and special projects from reserve and reserve funds for the 2013 five-year capital plan are:

### Capital Works

- 2013 - \$2.0 million
- 2014 - \$1.1 million
- 2015 - \$ .7 million
- 2016 - \$1.1 million
- 2017 - \$ .8 million

### Special Projects

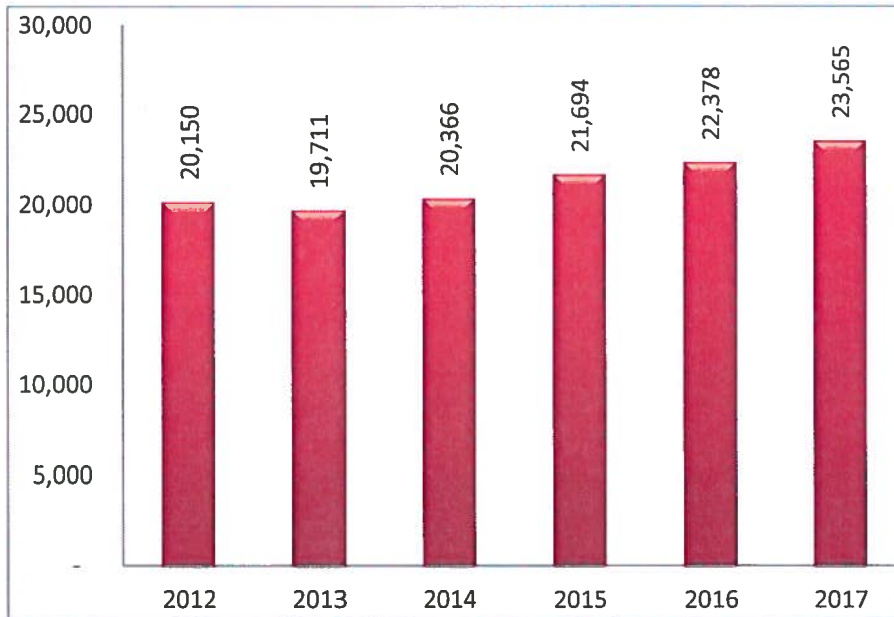
- 2013 - \$ .6 million
- 2014 - \$ .2 million
- 2015 - \$ .1 million
- 2016 - \$ .3 million
- 2017 - \$ .-



## Capital Plan Highlights

## Reserves and Reserve Funds (Cont.)

In 2013, the City is anticipating a modest decrease in the overall balance of non-utility reserves, followed by steady increases in reserve balances. The following chart illustrates the projected non-utility reserves over the next five years:







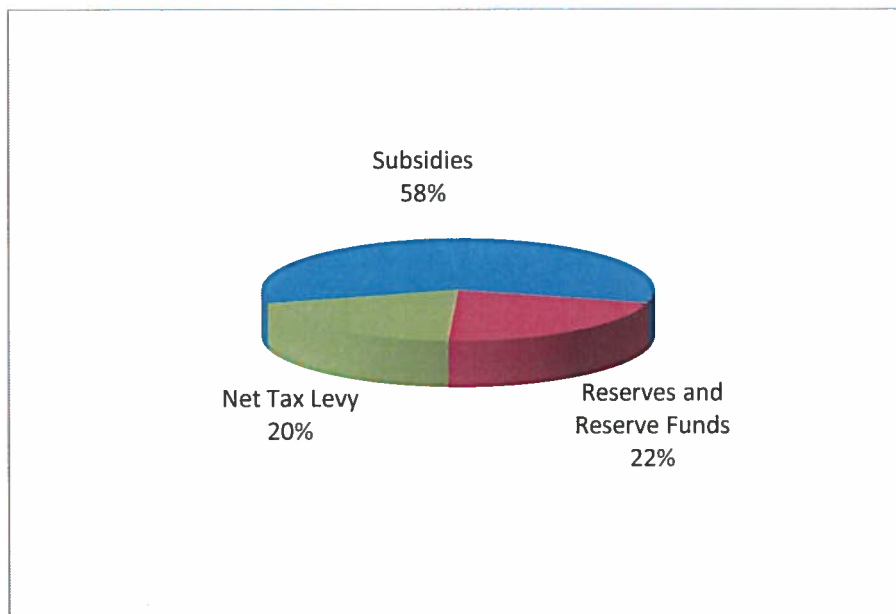
*Capital Plan  
Highlights*

**Other Funding Sources**

The proposed primary source of funding for the 2013 capital plan is funding from senior levels of government. This is as a result of the introduction of the new Municipal Infrastructure Investment Initiative (MIII) funding announced by the Province, as well as a planned use of the City's Federal Gas Tax funding. Commencing in 2013, the City is targeting an aggressive bridge campaign designed to address the City's significant bridge infrastructure deficit. This would not have been possible for the City without the introduction of the MIII funding by the Province. Combined, this funding represents an anticipated 58% of the City's 2013 planned capital spending.

Other Funding Sources

The remaining funding sources for the 2013 capital plan are represented by appropriations from reserves (\$2.0 million) and net tax levy (\$1.8 million). The following pie chart illustrates the breakdown of funding sources for capital spending planned in 2013:



## 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 \$5.1 million, or a net tax levy requirement of \$4.5 million. These numbers do not include under spending on roads, bridges and other infrastructure, such as facilities.

All projects listed above continue to be City priorities. In 2013, deleted projects related primarily to recreational projects for which an overall plan is required prior to committing any funds. 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 which are not currently included in the approved 2013 five year capital plan project lists. The net costs for these projects are well in excess of what the City historically contributes to capital expenditures through the tax levy. The following projects, shown with their total projected cost, are currently being considered in the 2013 five year capital plan, but would require long term debt financing to proceed, This is over and above any projects approved in the capital budget for funding through long term debt issuance:

- 16<sup>th</sup> Ave N Railway Crossing - \$1.5 million
- Railway Street - \$2.6 million
- Design Work and Twinning for the Kenora Recreation Centre (KRC) - \$13.0 million combined
- 4 Plex Baseball Diamonds at the KRC - \$.8 million
- Convention / Performing Arts Centre - \$7.5 million
- Beaches, Parks & Trails - \$3.5 million
- Norman Transportation Park - \$2.5 million
- Downtown Revitalization Phase IV - \$5.8 million

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.



Deleted Projects

Projects for Long Term Debt Financing



*Capital Plan  
Discussion*

**Review of Higher Value 2013 Capital Projects**

The following table summarizes capital projects included in the 2013 five year capital plan approved project lists (in thousands of dollars) that have a total cost estimate of \$100,000 or higher:

	Total Cost	Net Tax Levy
<b>General Government</b>		
City Hall Roof	633	15
<b>Transportation</b>		
Sidewalks	120	120
16th Ave N RR X-ing Design	150	-
Winnipeg River W Br Bridge	4,210	-
Municipal Paving	1,060	1,060
Surface Treated Roads	195	195
Conventional Transit Bus	360	-
Handi Transit Bus	100	-
Single Axle Plow	225	-
<b>Environmental</b>		
Storm Sewers	150	150
Recycle Trailer	185	-
<b>Planning &amp; Development</b>		
DTR - Wayfinding Signage	125	-
Disc Ctr Dock	110	-
DTR - Phase III Engineering	280	-
<b>Total Significant Projects</b>	<b>7,903</b>	<b>1,540</b>
<b>Projects less than \$100K</b>	<b>1,235</b>	<b>288</b>
<b>Total Planned 2013 Capital</b>	<b>\$ 9,138</b>	<b>\$ 1,828</b>

Review of Higher Value  
2013 Capital Projects

\*\* DTR - Downtown Revitalization



### Recreation Facilities Strategy

In January of 2010, an independent review of the city's recreation facilities was completed by Scatliff and Associates. The focus of the review was on rationalizing the current supply of targeted major facilities, identifying economies that could be achieved and proposing a short and long-term plan for the development and operation of major facilities in the City. The report contains 22 recommendations for improvements to existing recreation facilities and operations at total implementation cost of \$18 million based on 2010 estimates. The 2013 budget contains several projects related to this initiative that have either been deleted or added to the long term debt list pending further business case development and priority setting.

### Beaches, Parks and Trails Development Project

In conjunction with the City of Kenora's tourism development strategy and its economic development plan, city council identified beaches, parks and trails as being key infrastructure which would turn Kenora into a destination community. As a result a study was completed in Aug of 2010. The scope of study called for conceptual site plans and recommendations for five park areas within the City, including:

- Anicinabe Park
- Garrow Park
- Coney Island Park
- Beatty Park
- Portage Bay

The study contains a multitude of recommendations for improvements to existing beaches parks and trails and a total implementation cost of \$15 million based on 2010 estimates. The 2013 budget contains several projects related to this initiative that have either been deleted or added to the long term debt list pending further business case development and priority setting.

It should be noted that a similar study was conducted for Norman Park and will be used in conjunction with the Beaches, Parks and Trails Development Project for business case development and project priorities.



## Capital Plan Discussion

### Recreation Facilities Strategy

### Beaches, Parks and Trails Development Project





*Capital Plan Discussion*

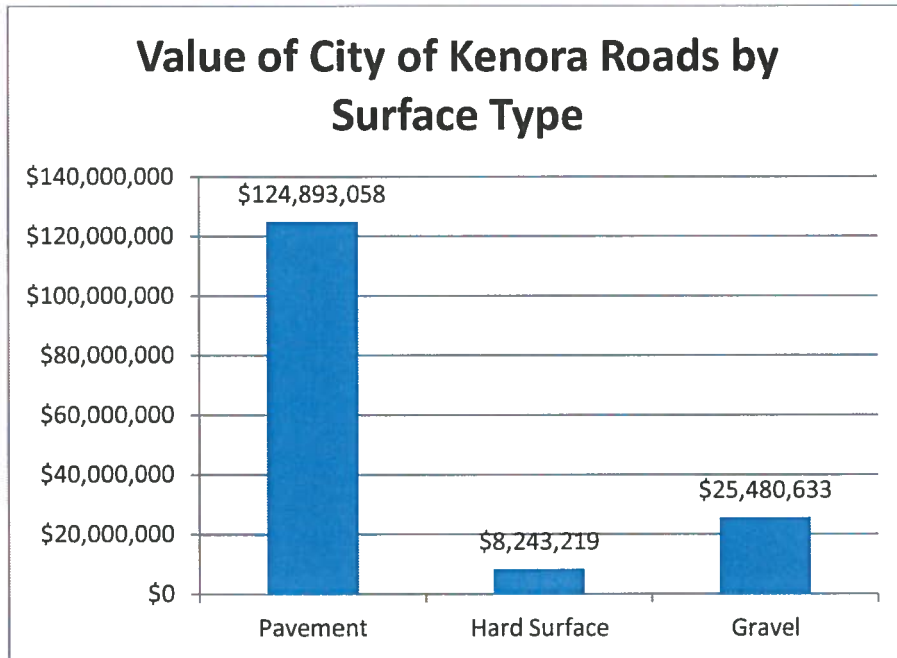
**Infrastructure Deficit**

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 2013, the draft budget includes estimated capital and unusual expenditures of about \$7.6 million on City roads and bridges. In comparison, the City's entire tax levy allocation to capital and unusual spending is only \$2.0 million for 2013.

In contrast, the City's current estimated infrastructure deficit for bridges alone is approaching \$66 million at the end of 2012. In addition, the following chart illustrates the current estimated replacement value for the City's current roads inventory:

Infrastructure Deficit



Based on the estimated life expectancy of the various types of roads (pavement being 25 years, hard surface being 15 years and gravel being 10 years), the City estimates it should be spending over \$8 million annually on roads capital projects alone.

Even more disconcerting is that the City's infrastructure deficit is not limited to roads and bridges alone. Similar deficits exist, albeit to a lesser extent, for City assets such as buildings and facilities, and equipment.

