



Five Year Capital Plan

2014-2018

The City of Kenora, Ontario, Canada

Lake of the Woods
KENORA



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*Introductory
Information*



Mayor David Canfield



Councillor Ron Lunny
Chair of Business Administration



Councillor Charito Gallivan
Chair of Emergency Services



Councillor Rod McKay
Chair of Operations



Councillor Rory McMillan
Chair of Community Services



Councillor Louis Roussin
Chair of Property & Planning



Councillor Sharon Smith
Chair of Economic Development

City Council



City Strategic Plan and Guiding Principles

The City's corporate Strategic Plan lays the foundation for the City's future. During 2014, we will be revisiting our Strategic Plan to help guide and direct organizational decision-making over the next 5 years. The new Strategic Plan will update and replace the Kenora Vision 2015 document (completed in 2010). The working name for our new Strategic Plan is, Kenora: Our Vision is 2020.

Until the new plan is in place, we will continue to use the guiding principles from the Kenora Vision 2015 document. These principles have provided 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 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.



*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 2014 through 2018, 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.



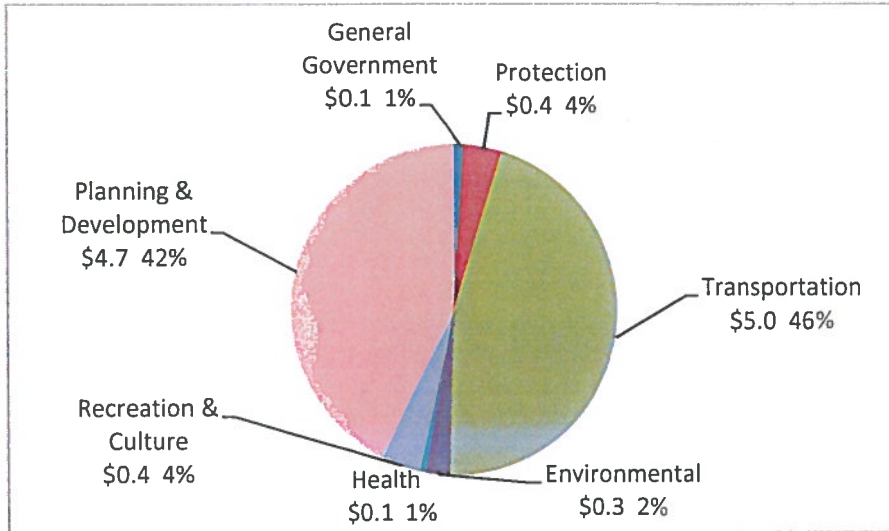
Capital Plan Principles



2014 Capital Plan Highlights

The City of Kenora 2014 Capital Plan includes \$11.0 million in total cost of capital projects.

The following pie chart shows gross planned capital spending for 2014 by functional area:



Capital Plan Highlights

2014 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.

In 2014, there is \$4.5M in the Planning & Development category for Downtown Revitalization Phase III. This \$4.5M represents the construction portion for roads. The Water & Sewer portion is included in that budget.

The City's net tax levy allocation to capital spending is \$1.9 million in 2014. Of this amount, 79%, or \$1.5 million is allocated direct to spending on municipal roads. In fact, the five year capital plan allocates \$1.5 million in property taxes annually for the next five years to roads capital spending. Overall, this represents close to 90% of the entire capital and unusual spending dollars spent on roads infrastructure alone each year.



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 2014 (Indexes #1 through #7). The unusual spending included in the City's 2014 budget is \$.6 million in total costs, with a net tax levy allocation of about \$.15 million.

Net Tax Levy Allocation

For 2014, the City is allocating close to \$2.1 million of the net tax levy to its combined capital and unusual spending programs.

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

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 2014, the City is estimating it will put aside \$2.1 million into non-utility reserves.



Unusual Spending

Net Tax Levy Allocation

Reserves and Reserve
Funds



Planned contributions to capital works and special projects from reserve and reserve funds for the 2014 five-year capital plan are:

Capital Works

- 2014 - \$3.2 million
- 2015 - \$1.1 million
- 2016 - \$1.3 million
- 2017 - \$1.7 million
- 2018 - \$.7 million

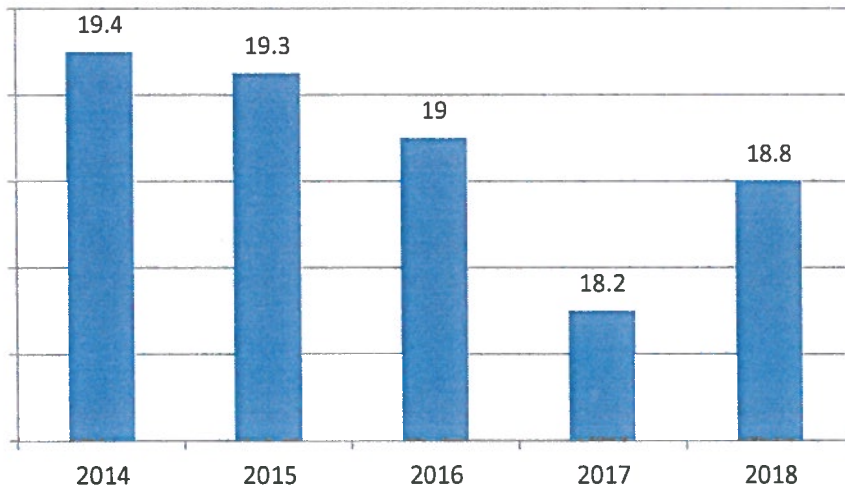
Special Projects

- 2014 - \$.4 million
- 2015 - \$.1 million
- 2016 - \$.2 million
- 2017 - \$.1 million
- 2018 - \$.5 million



Reserves and Reserve Funds (Cont.)

In 2014, the City is anticipating a modest decrease in the overall balance of non-utility reserves over the next five years, followed by steady increases in reserve balances for the following five. The following chart illustrates the projected non-utility reserves in millions over the next five years:



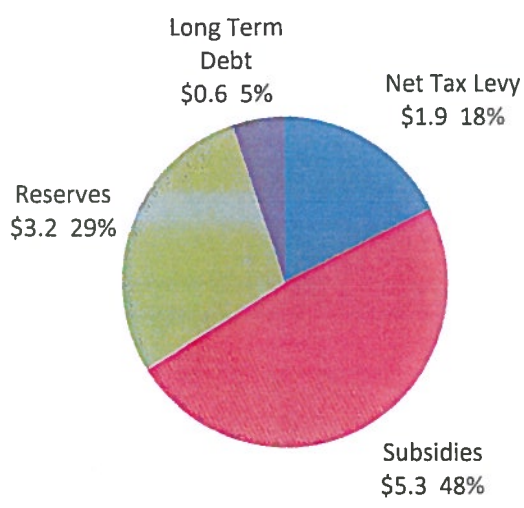


Capital Plan Highlights

Other Funding Sources

The proposed primary source of funding for the 2014 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 49% of the City's 2014 planned capital spending.

The remaining funding sources for the 2014 capital plan are represented by issuing long term debt (\$0.6 million), appropriations from reserves (\$3.2 million) and net tax levy (\$1.9 million). The following pie chart illustrates the breakdown of funding sources for capital spending planned in 2014:



Other Funding Sources





Capital Plan Highlights

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 \$1.6 million, all of which would have been funded by the net tax levy. 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 2014, 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.

Deleted Projects

Projects for Long Term Debt Financing

The City has identified several significant projects which are not currently included in the approved 2014 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 2014 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:

Projects for Long Term Debt Financing

- 16th 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.



*Capital Plan
Discussion*

Review of Higher Value 2014 Capital Projects

The following table summarizes capital projects included in the 2014 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
Protection		
Fire - Rescue Vehicle	300	-
Transportation		
Sidewalks	125	125
Winnipeg River W Br Bridge	675	-
Municipal Paving Valley & Drewry	1,500	1,186
Municipal Paving Minto	400	-
Surface Treated Roads	200	200
Parkade Concrete Rehab	250	-
Streetlight Conversion	600	-
Coney Island Upgrades	375	24
Street Sweeper	210	-
GIS Aerial Photo	127	-
Environmental		
Storm Sewers	150	150
Recycle Trailer	113	-
Recreation & Cultural		
MSFC Tile Pool Deck	130	61
Planning & Development		
DTR* - Wayfinding Signage	106	-
DTR* - Phase III Construction	4,525	35
Total Significant Projects	9,786	1,781
Projects less than \$100K	1,196	47
Total Planned 2014 Capital	\$ 10,982	\$ 1,828

Review of Higher Value
2013 Capital Projects

** DTR - Downtown Revitalization





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 2014, the draft budget includes estimated capital and unusual expenditures of about \$7.5 million on City roads and bridges. In comparison, the City's entire tax levy allocation to capital and unusual spending is only \$2.1 million for 2014.

During 2013, the City produced, with the help of funded consultants, an Asset Management Plan. This plan indicates an annual funding deficit on roads and bridges of \$4 million. 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

