

2015-2019

Five Year Capital Plan

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 Dan Reynard, Chair of Community Services
- Councillor Mort Goss, Chair of Economic Development
- Mayor David Canfield
- Councillor Rory McMillan, Chair of Business Administration
- Councillor Sharon Smith, Chair of Property & Planning
- Councillor Colin Wasacase, Chair of Emergency Services
- Councillor Louis Roussin, Chair of Operations

City Strategic Plan and Guiding Principles

The City's corporate Strategic Plan lays the foundation for the City's future. During 2014, we revisited our Strategic Plan to help guide and direct organizational decision-making over the next 5 years. The name for our new Strategic Plan is, Kenora: Our Vision is 2020.

The City's values as defined in the 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.

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.



City Strategic Plan and Guiding Principles

City Brand and Brand Promise



Capital Plan Principles

In developing the five-year capital plan for the years 2015 through 2019, 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

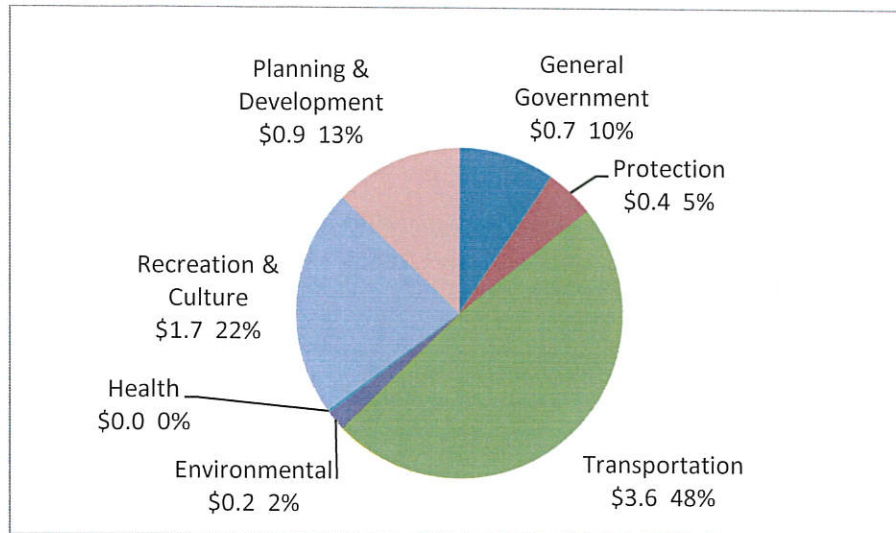


City of Kenora 2015 Five Year Capital Plan

2015 Capital Plan Highlights

The City of Kenora 2015 Capital Plan includes \$7.4 million in total cost of capital projects.

The following pie chart shows gross planned capital spending for 2015 by functional area:



2015 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 \$2.1M in 2015. Of this amount, 79%, or \$1.6M is allocated directly to spending on municipal roads. In fact, the five year capital plan allocates \$1.6M 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 2015 (Indexes #1 through #7). The unusual spending included in the City's 2015 budget is \$.5M in total costs, with a net tax levy allocation of about \$.14M.

Net Tax Levy Allocation

For 2015, the City is allocating close to \$2.2M 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 2015, the City is estimating it will put aside \$2.3 million into non-utility reserves.



Capital Plan Highlights

Unusual Spending

Net Tax Levy Allocation

Reserves and Reserve Funds



City of Kenora 2015 Five Year Capital Plan

Planned contributions to capital works and special projects from reserve and reserve funds for the 2015 five-year capital plan are:

Capital Works

- 2015 - \$3.7M
- 2016 - \$2.1M
- 2017 - \$1.6M
- 2018 - \$1.0M
- 2019 - \$1.2M

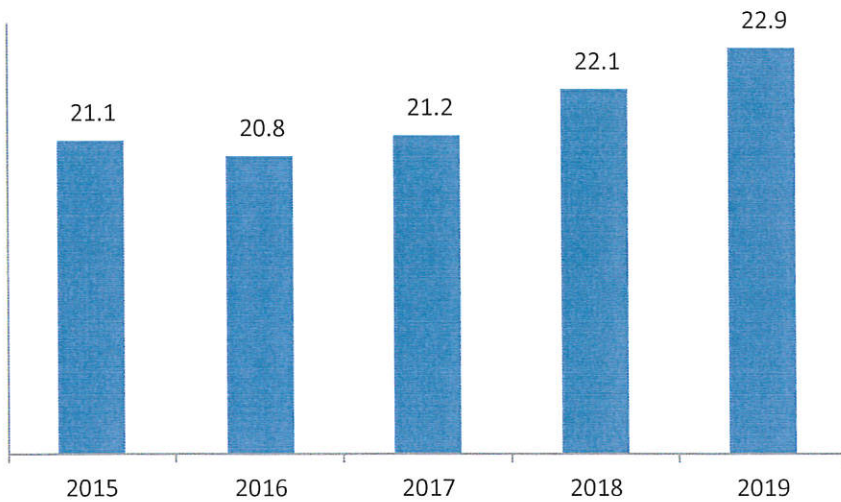
Special Projects

- 2015 - \$.4M
- 2016 - \$.1M
- 2017 - \$.0M
- 2018 - \$.1M
- 2019 - \$.0M



Reserves and Reserve Funds (Cont.)

In 2015, the City is anticipating a slow increase in 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:



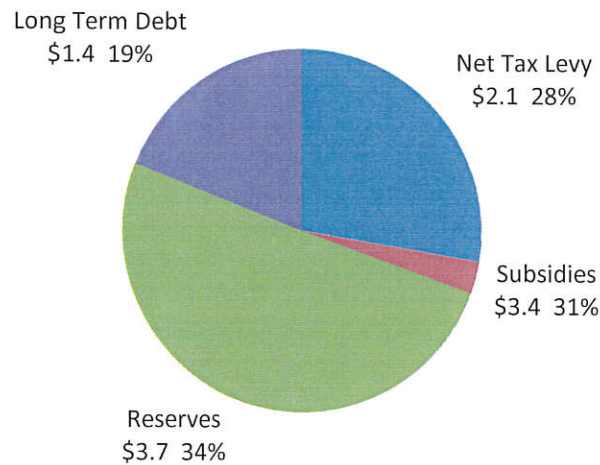


Capital Plan Highlights

Other Funding Sources

There are two other proposed primary source of funding for the 2015 capital plan. They are use of reserves and funding from senior levels of government including a planned use of the City's Federal Gas Tax funding. Combined, this funding represents an anticipated 53% of the City's 2015 planned capital spending.

The remaining funding sources for the 2015 capital plan are represented by issuing long term debt (\$1.4M) and net tax levy (\$2.1M). The following pie chart illustrates the breakdown of funding sources for capital spending planned in 2015:



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 \$0.8M, almost half of which would have been funded by the net tax levy.

All projects listed above continue to be City priorities. In 2015, deleted projects related primarily to additional funding for the Community Improvement Projects and outdoor facility improvements for the cemetery, parks and walkways. 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. The following projects, shown with their total projected cost, are currently being considered in the 2015 five year capital plan, but would require long term debt financing to proceed, Aside from the Keewatin Arena projects, this list is over and above any projects approved in the capital budget for funding through long term debt issuance:

- Railway Street - \$2.6M
- Event Centre Design - \$1.0M
- Event Centre Construction - \$25M
- 4 Plex Baseball Diamonds at the KRC - \$.8M
- Beaches, Parks & Trails - \$6.0M
- Downtown Revitalization Next Steps - \$5.8M

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.

In 2015, the long-term-debt-financed projects Keewatin Arena and Streetlight conversion to LED are in the 2015 Capital Budget (Index #3).



Capital Plan Highlights

Deleted Projects

Projects for Long Term Debt Financing



Review of Higher Value 2015 Capital Projects

The following table summarizes capital projects included in the 2015 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
General Government		
Financial Software	275	-
Website Redesign	250	-
Protection		
Fire - Rescue Vehicle	300	-
Transportation		
Sidewalks	125	125
Municipal Paving	1,479	1,287
Surface Treated Roads	200	200
Streetlight Conversion	600	-
Public Works Roof	200	-
Public Works Lights	100	-
Roads Excavator	280	-
Roads Loader	195	-
Environmental		
Storm Sewers	150	150
Recreation & Cultural		
Pearson/Norman Retaining Wall	107	58
Keewatin Arena Condenser	102	-
Keewatin Arena Floor, Boards, Roof, HVAC	807	-
Library Roof	110	-
Planning & Development		
DTR* - Completion of Second Street	800	-
<hr/>		
Total Significant Projects	6,080	1,820
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Projects less than \$100K	1,331	230
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Total Planned 2015 Capital	\$ 7,412	\$ 2,050

Review of Higher Value
2015 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 2015, the draft budget includes estimated capital and unusual expenditures of about \$5.5 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 2015.

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.



Infrastructure Deficit

