



COUNCIL REPORT

To: Mayor and Council

Date: February 13, 2024

From: Trevor Seibel, Deputy CAO

Subject: **Funding Strategies – Major Projects – Follow Up**

Report Prepared by: Trevor Seibel, Deputy CAO

PURPOSE

To facilitate a discussion on funding options for major projects and seek direction on the next steps.

RECOMMENDATION to Consider and Resolve:

THAT the 2024 Capital Budget Request for Pedestrian Infrastructure (C2024-27 – Multi Use Path Connections) be approved in the amount of \$380,000 funded from the Growing Communities Fund;

AND THAT the 2024 Capital Budget Request for Facilities (C2024-50 Arena - Score Clock Replacement and Gondola Expansion) be approved in the amount of \$600,000 funded from the Growing Communities Fund;

AND THAT the 2024 Capital Budget Request for Equipment – Fire Department (C2024-55 Fire Truck - Quint) be funded from MFA – Equipment Financing;

AND THAT Council approve the Operations Yard Project Budget of \$9,805,000 and related Funding Strategy as outlined in Attachment 7 in the report titled “Funding Strategies – Major Projects – Follow-Up” from the Deputy CAO, dated February 13, 2024.

STRATEGIC AREA(S) OF FOCUS

Invest in Infrastructure – We will invest in building, improving and maintaining infrastructure to meet the needs of, and to provide a high quality of life for, current and future generations.

BACKGROUND

The Strategic Priorities has four pillars to guide the use of resources and organize priorities. They are Invest in Infrastructure, Pursue Economic Growth & Prosperity, Strengthen Our Community and Foster Safety and Well-being. Under each of these pillars are specific priorities/projects. During the 2024 budget deliberations, there were six (6) projects identified for possible use of the Growing Communities Fund (GCF) funds. Council has already allocated GCF towards the Fire Hall #32 project and the Shannon Lake Roundabout project. Staff have pulled together additional information on the GCF (Attachment 1) to facilitate the discussion of options available. As Council considers the funding available from each of these options, it is important to consider the broader strategic priorities endorsed by Council.

DISCUSSION

Each of the six (6) projects have been summarized and are attached to this report. The projects are as follows:

1. C2024-27 Multi Use Path Connections (Attachment 2)
2. C2024-43 Mt. Boucherie Community Center (MBCC) (Attachment 3)
3. C2024-44 Fire Hall #32 (Attachment 4) *Note: This is the only project where Council has directed use of GCF out of these 6 projects*
4. C2024-50 Royal LePage Place Score Clock and Gondola Upgrade (Attachment 5)
5. C2024-55 Quint Fire Truck (Attachment 6)
6. C2022-46 Operations Yard Project (Attachment 7)

In addition to the aforementioned projects, there are other Strategic Priorities of Council identified to begin within the current Council Term (through 2026) which include initiatives that Council may wish to discuss for future consideration of the Growing Communities Fund. The list below are examples of initiatives that may be either underway or anticipated to begin over the next couple of years and would require further direction from Council.

Examples that qualify for the Growing Communities Fund

- Returning the Mt. Boucherie Community Centre for public use
- Upgrading Johnson Bentley Memorial Aquatic Centre
- Sports Fields and additional Parks, including Dog Parks
- Upgrades to the Old Okanagan/Butt Road Intersection
- Pedestrian Improvements, including those aimed at making sidewalks more accessible
- Improvements to Elliott Road from Smith Creek Road to Reece Road
- Expanding the offerings at Memorial Park
- Increasing accessibility at civic facility gathering spaces

Growing Communities Fund

On March 16, 2023 the City received notice from the Province establishing, and distributing, the Growing Communities Fund (GCF). The letter from the Province is attached (Attachment 1). The City of West Kelowna received \$10,212,000 from the GCF program and the monies were deposited into a separate statutory reserve, as required under the terms of the funding. The letter provides some detailed examples of what the funds can be used for, but there are a few overarching parameters to consider, as outlined in the body of the letter from the Province. These include, but are not limited to:

- *The principal objective of the GCF is to increase the local housing supply with investments in community infrastructure and amenities.*
- *The funding provided through the GCF should be limited to one-off costs needed to build required infrastructure and amenities rather than funding ongoing or operational activities*

As per the Province letter in Attachment 1, it is expected that the funds will be expended within approximately five years of receipt.

FINANCIAL IMPLICATIONS

Growing Communities Funds Reserve:

The GCF were received and deposited into the general investment account with the City's bank (BMO) in late March 2023. After creating the GCF reserve In July the \$10.2 million was placed in a six-month GIC. The interest rates applied to reserves is a blend of rates from all investments and averages out to be 5.46% for 2023 (estimated).

As noted in the chart below, the GCF fund has already earned more than \$418,000 which is roughly equivalent to a 1% tax increase. Furthermore, for every 1 million dollars unspent, it earns just under \$55,000 in interest per year. Therefore, Council could elect to spend a portion of the funds in 2024 and invest the balance for continued to growth in the fund.

GCF Investment				
\$10,212,000 Invested since end of March 2023				
	Amount	Blended Yearly rate	YTD Interest (9 months)	Total
GCF	10,212,000	5.46%	418,014	10,630,014
Each \$1,000,000 portion earns:				
	Amount	Blended Yearly rate	Yearly Interest	Total
GCF	1,000,000	5.46%	54,578	1,054,578

Should Council proceed with the recommended motions in this report, the following is the unallocated funds remaining in the Growing Communities Fund:

Initial Contribution	\$10,212,000
2023 interest (estimate)	418,014
Opening Balance, January 1, 2024	\$10,630,014
<u>Committed amounts</u>	
- C2024-44 Fire Hall #32 Project	(1,177,900)
- C2024-3 Shannon Lake Roundabout	(300,000)
	\$9,152,114
<u>Staff Recommended allocation</u>	
- C2024-27 Multi Use Path connections	(380,000)
- C2022-46 Operations yard	(3,900,000)
- C2024-50 Score Clock and Gondola replacement	(600,000)
Remaining balance for future projects	\$4,272,114

COUNCIL REPORT / RESOLUTION HISTORY

Date	Report Topic / Resolution	Resolution No.
Jan 23/24	THAT Council direct staff to proceed with Option 1 Roundabout to be included in the Shannon Lake Road Active Transportation Corridor tender package; AND THAT Council direct staff to amend the 2024 Budget to include \$1,200,000 from Road DCCs and \$300,000 from the Growing Community Fund for the construction of the Shannon Lake and Asquith roundabout.	C054/24
Dec 12/13, 2023	THAT Council deny the 2024 Capital Budget Request for Pedestrian Infrastructure as follows: C2024-27 Multi Use Path Connections <u>\$380,000</u> AND THAT the Multi Use Path Connection project is forwarded to the future discussion on the Community Growth Funding.	C439/23 C440/23
Dec 12/13, 2023	THAT Council deny the 2024 Capital Budget Request for Facilities as follows: C2024-43 MBCC - New Spaces Gym Addition and Reno <u>\$5,500,000</u> AND THAT staff bring this item back to the January 23, 2024 Regular Council meeting for review.	C445/23

Dec 12/13, 2023	THAT Council support the 2024 Capital Budget Request for Facilities as follows: C2024-44 Fire Hall #32 - Facility Replacement <u>\$6,314,900</u> AND THAT the \$1,177,900.00 of the Fire Hall #32 Facility Replacement project be used from the Community Growth Fund.	C446/23
Dec 12/13, 2023	THAT Council deny the 2024 Capital Budget Request for Facilities as follows: C2024-50 Arena - Score Clock Replacement and Gondola Expansion <u>\$600,000</u> AND THAT staff defer this item to the Council discussions on dispersal of the Growing Communities BC Fund.	C448/23
Dec 12/13, 2023	THAT Council support the 2024 Capital Budget Request for Equipment - Fire Department as follows: C2024-55 Fire Truck - Quint <u>\$1,900,000</u> AND THAT staff bring this item to the Council discussions on dispersal of the Growing Communities BC Fund.	C453/23

REVIEWED BY

Allen Fillion, Director of Engineering & Operations

Warren Everton, Director of Finance/CFO

Sandy Webster, Director of Corporate Initiatives

Corinne Boback, Legislative Services Manager / Corporate Officer

APPROVED FOR THE AGENDA BY

Trevor Seibel, Deputy CAO

Powerpoint: Yes No

Attachments:

Attachment 1 – Growing Communities Fund Letter

Attachment 2 – C2024-27 Multi Use Path Connections

Attachment 3 – C2024-43 Mt. Boucherie Community Center (MBCC)

Attachment 4 – C2024-44 Fire Hall #32

Attachment 5 – C2024-50 Royal LePage Place Score Clock and Gondola Upgrade

Attachment 6 – C2024-55 Quint Fire Truck

Attachment 7 – C2022-46 Operations Yard Project