



Committee of the Whole

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Committee of the Whole
to be held at
City of Penticton, Council Chambers
171 Main Street, Penticton, B.C.

Tuesday, October 4, 2016
Recessed from the Regular Council Meeting at 1:00 p.m.

1. **Call Committee of the Whole to Order**
2. **Adoption of Agenda**
3. **Delegations and Staff Presentations:**
 - 3.1 Introduction of new City staff
Re: Mark Parker, Communications Officer, JoAnne Kleb, Community Engagement and Ben Johnson, Special Projects Manager
 - 3.2 Proclamation – Light Up Purple for World Mental Health Day 1-2
 - 3.3 Funding for the Future: A long term approach to Fiscal and Infrastructure Planning 3-7
4. **Adjourn to Regular Meeting of Council**

Name: Kristina Marrington

Topic: Light Up Purple for World Mental Health Day

Message:

Mayor Jakubeit,

Initiated in 1992 by the World Federation for Mental Health, World Mental Health Day occurs annually on October 10th. Sadly, the need for worldwide awareness related to bullying and mental health continues to grow. Hence, Carol Todd & the Amanda Todd Legacy Society will again work in association with the World Federation for Mental Health during its 2016 Dignity in Mental Health campaign. To achieve our comprehensive goal, we request your support during our 4th annual awareness event, 'Light Up Purple'.

We respectfully request that Mayor Jakubeit issue a Proclamation in support of World Mental Health Day. Approximating many other international cities including Toronto, Vancouver, Las Vegas, Ireland and Boston, we request your help to bring much needed attention to the significance of purple and mental health & wellness. Light up buildings, bridges and or landmarks within your city in purple, encourage discussions related to mental health and the importance of seeking help, and participate in other purple ways (clothing, ribbons, balloons, cupcakes).

The Legacy was founded after Carol's daughter, Amanda, took her life on October 10, 2012. Amanda had a dream of helping other children. As part of her legacy, we ask you to embrace, 'Light Up Purple' and say no to bullying and abuse. Bullying can and does bring about mental illness distresses. Together we can encourage others to speak up, reach out, and no longer be a bystander.

Thank you for your consideration. Please visit the Legacy website www.lightuppurple.com to find out more about this important initiative. We would love to include you on our list of Caring Supporters for 2016 and hope to hear from you soon.

Sincerely,

Kristina Marrington

Project Assistant, Light Up Purple 2016

www.amandatoddlegacy.org

www.lightuppurple.com

Proclamation

World Mental Health Day October 10, 2016

WHEREAS World Mental Health Day is an education and awareness campaign designed to encourage people to talk, reflect and engage with others on the importance of mental health and the reality of mental illness; and

WHEREAS nearly 1 in 5 Canadians will suffer a mental disorder in their lives, the remaining four Canadians will be affected by a mental illness through a family member, friend or co-worker; and

WHEREAS mental illness such as anxiety disorders, major depressive disorder, bipolar disorder and schizophrenia are leading causes of poor work performance, family disruptions even suicide, and contribute greatly to the global burden of disease; and

WHEREAS mental health literacy and education are vital in the prevention, recognition, response and early treatment of mental illness in order to reduce the severity and support the recovery; and

WHEREAS the World Federation for Mental Health urges increased effort and action intended to improve mental health services and ready access to services by those experiencing serious mental health problems and disorders.

NOW THEREFORE I, Andrew Jakubeit, Mayor of the City of Penticton, **DO HEREBY PROCLAIM** October 10, 2016 as **World Mental Health Day** in the City of Penticton.

A handwritten signature in black ink, appearing to read "Andrew Jakubeit".

Mayor Andrew Jakubeit

Council Report

penticton.ca

Date: October, 4, 2016 File No:
To: Council
From: Mitch Moroziuk, Acting Chief Administrative Officer
Subject: **Funding for the Future: A long term approach to Fiscal and Infrastructure Planning**

Recommendation:

THAT Council receive this report as information;

AND THAT Council direct staff to take steps to educate the public on infrastructure planning and to seek public input on the citizen's preferred approaches for funding the City of Penticton's infrastructure and assets in a sustainable manner.

Current Situation:

The City of Penticton, along with many Canadian municipalities, is facing challenges with the rising costs of maintenance, replacement and improvements to their infrastructure, assets and public facilities.

Due to stagnant population growth over the last ten years and average tax increases of approximately 1.5% annually over the last six years the gap between the funding requirements to maintain and replace infrastructure and the amount invested by the City is substantial.

Significant investment is required in order to continue to provide the services citizens depend on and enjoy. These assets include everything from the hundreds of kilometers of pipe that deliver our drinking water to the numerous recreation facilities, including the sixty-six-year-old Memorial Arena. Some assets are operating after their end of life or approaching end of life and may need to be upgraded or replaced.

Our current planning and financial structure and planning process does not provide the funds needed to complete this essential work. Creation of a long-term strategy and funding to manage our infrastructure should not be further delayed.

Executive Summary:

City staff and experts have been information gathering; taking stock of our assets and their condition, and establishing a base case for the status of Penticton's infrastructure on which to base our future planning using the Facilities Master Plan from December 2013 and March 2016 combined with the Urban Systems initial findings on the current state of the City Infrastructure. Many of our assets were installed in the 1960's and some even earlier. The overall assets are rated as "fair with an average remaining life of 48%. While the

City plans, builds, operates and maintains facilities and assets in a practical and effective manner, the City has not been investing in the upgrading and replacement cycle needed to maintain asset health. Without this investment infrastructure failures will become for frequent.

The city owns and operates a large portfolio of infrastructure required for the delivery of services from water pipes, reservoirs, treatment plants, sewer systems, electrical assets, storm sewer, roads and transportation networks, parks, art, buildings, sporting fields and equipment such as fire trucks.

The City needs to spend up to \$175M to address infrastructure deficits and to ensure funding to maintain assets which are both on the utilities and general funded side of the City budget. Urban Systems estimates the total infrastructure deficit, defined as the infrastructure that has passed its service life but is still providing service to the community, at up to \$175M. Of that amount, \$77M will be needed to maintain, update general fund assets, those funded by tax dollars. The remainder will need to be funded by utility rates (water, sewer and electrical).

Staff recommends that over the coming weeks steps be taken to educate the public on infrastructure planning and to seek public input on the citizen's preferred approaches for funding the City of Penticton's infrastructure and assets in a sustainable manner.

Options to create the funding needed on a long term basis to support the infrastructure replacement need to be explored. These include:

- tax increases
- utility fee increases
- pursuing population growth
- creating a storm water utility
- adjusting service offerings or service levels
- working with other levels of government for reliable support.

The public input can be collected over the six weeks by reaching out to our residents to further explain the situation and gather their recommendations to create a more sustainable and livable Penticton.

Strategic priority objective

A five year fiscal plan, strategic plan and long term infrastructure plan is required for the health of the City's overall financial situation.

Background

There have been a number of factors that have contributed to the asset management challenge. First, our population growth and tax base has not grown as projected nor has it grown at a rate high enough to fund the cost of maintaining our community's infrastructure.

In the 2002 Official Community Plan it was projected that the city would grow from 33,000 to 42,000 by 2012. Today our population remains about 33,000. At the same time, the cost to upgrade infrastructure continues to rise and funding support from other levels of government have gone down. Tax increases have been kept low with several years falling below the inflation rate of city costs. This is no longer sustainable.

Penticton is not alone in facing this challenge. The Federation of Canadian Municipalities estimated that Canada's municipal infrastructure deficit is \$123 billion and growing by \$2 billion annually. An infrastructure deficit is a measure of the amount of infrastructure that has passed its theoretical service life. Cities, across Canada are looking for long term and sustainable solutions to make up the infrastructure deficit as well as to upgrade and replace assets.

Penticton requires a long-term and sustainable funding model and asset management plan to reduce our infrastructure deficit and ensure we have the ability to replace and upgrade facilities as their service life comes to an end. Penticton's current infrastructure deficit is up to \$175 million (2015) and without closing the gap that deficit may increase to \$197 million by 2026.

The city owns and operates a large portfolio of infrastructure required for the delivery of services estimated at \$1.09 Billion or \$70,000 per household. This is consistent with other municipalities are in the range of \$70,000 to \$100,000 per household.

This includes:

- 237 km of water pipe; a water treatment plant; 8 water reservoirs
- 174 km of sewer pipe; a sewage treatment plant; 7 sewage pumping stations
- 359 km of electrical cable; 4 substations; almost 4000 electrical poles
- 88 km of storm sewer pipe
- 184 km of roads; 24 bridge structures; 143 km of sidewalks and 32 traffic lights

Other major assets include the City buildings with major buildings such as:

- City Hall; 2 fire halls; 4 arenas; the RCMP building; the soccer bubble as well as 42 smaller buildings.

In addition, the City maintains:

- 67 parks with playgrounds, pavilions and art; 12 sporting fields and more than 270 vehicles and pieces of specialty equipment used to keep the city operating and provide fire protection.

Although our assets have served the community well, many are all getting older and will need to be replaced or upgraded to avoid significant disruptions to services in the future. Some infrastructure is in need of more immediate attention than others. For instance, Memorial Arena at 66 years of age faces all major building systems reaching end of life including the roof, structure, electrical, mechanical and refrigeration. This is just one example.

Asset failures are increasing in frequency. One example from February 2015 was the severe water main break at Main St. and Wade Avenue. This affected residents and businesses throughout the downtown core and resulted in a boil water advisory and water disruption for several days. The community needs increased investment and an asset management plan to set aside the resources necessary to upgrade or replace infrastructure as its life expectancy comes to an end.

The City does not bring in enough revenue from taxes and utilities to pay for current and future infrastructure needs.

The City has been using reserves to fund infrastructure costs. The city has been drawing on our reserves to make capital investments in our infrastructure. Continuing to drawing on our reserves is not a sustainable option to fund the long-term community infrastructure needs.

We cannot solely rely on federal and provincial governments support to pay for our infrastructure needs. Capital funding from senior levels of government have decreased from 78 per cent to 48 per cent over the last decades. The Federation of Canadian Municipalities is also working on behalf of all communities with other levels of government to develop a sustainable funding model for the city. However, relying on increased investment from other levels of government would not be prudent.

The City can finance options through debt. However, increased debt especially excessive debt is not recommended. The interest on the borrowed funds must be serviced as well as funds set aside for principal repayment. Excessive incremental borrowing creates additional annual expenses and reduced the financial stability of the City as well as shifts the burden to future citizens.

Public input on the options to pursue would help guide the decision making of council. Public input can be obtained through open houses, by providing materials at City Hall, by delivering and receiving information online from citizens through ShapeYourCityPenticton.ca and in person. Staff is recommending using a number of approaches to solicit as much feedback on the preferred approaches as possible in the next weeks.

Schedule of Events for Community Engagement:

Week of October 4	Council presentation
	Staff presentations
	Preliminary Information available on ShapeyourcityPenticton.ca
	Links to online material posted on website and social media
Week of October 18th	Urban Systems in depth asset management study presentation
November	Public open houses
	Community Engagement Coordinator activities
	Shapeyourcitypenticton.ca dialogue and comments available
	City Budget recommendations developed
End of November	Budget and sustainable financing plan finalized
December	Council decision on budget and funding approach
	5 Year Plan Implemented

Financial implication

Penticton's current infrastructure deficit is up to \$175 million (2015) and without closing the gap that deficit will increase to \$197 million by 2026. Based on current construction costs, the replacement value of the community's infrastructure is \$1.08 billion or \$70,000 per household.

Penticton needs to create a long term sustainable asset management and financing plan to protect the quality of life of the City.

Respectfully submitted,



Mitch Moroziuk P.Eng. MBA

Acting Chief Administrative Officer