



**REGIONAL DISTRICT OF CENTRAL OKANAGAN
REGULAR BOARD MEETING
AGENDA
8:30 am**

Thursday, May 9, 2019
Woodhaven Board Room
1450 K.L.O. Road, Kelowna, BC

Pages

1. CALL TO ORDER

2. ADDITION OF LATE ITEMS

3. ADOPTION OF THE AGENDA

(All Directors - Unweighted Corporate Vote - Simple Majority - LGA 208.1)

Recommended Motion:

THAT the agenda be approved.

4. ADOPTION OF MINUTES

4.1 Regional Board Meeting Minutes - April 29, 2019

1 - 6

(All Directors - Unweighted Corporate Vote - Simple Majority - LGA 208.1)

Recommended Motion:

THAT the Regional Board meeting minutes of April 29, 2019 be adopted.

5. FINANCIAL SERVICES

5.1 BDO Auditors Report - Year ended December 31, 2018

5.1.1 Introduction of BDO Auditors Report

Carol Teschner, Manager - Financial Services introducing the audit process and BDO Auditors, Markus Schrott and Brennen Giroux

5.1.2 Adjourn In Camera

(All Directors - Unweighted Corporate Vote - Simple Majority - LGA 208.1)

Recommended Motion:

THAT pursuant to Section 90 (1)(l) of the *Community Charter* the Regional Board adjourn and convene to a closed to the public meeting to discuss:

- 90(1)(l) discussions with municipal officers and employees respecting municipal (regional district) objectives, measures and progress reports for the purpose of preparing an annual report under section

5.1.3 BDO Auditors Report (Rise From In Camera)

7 - 28

(All Directors - Unweighted Corporate Vote - Simple Majority - LGA 208.1)

Recommended Motion:

THAT BDO's Regional District of Central Okanagan Final Audit Report for the year ended December 31, 2018 be received.

5.2 RDCO Financial Audited Statements - Year Ended December 31, 2018

29 - 91

(All Directors - Unweighted Corporate Vote - Simple Majority - LGA 208.1)

Recommended Motion:

THAT the Regional District of Central Okanagan Financial Statements – year ended December 31, 2018 be approved.

6. COMMUNITY SERVICES

6.1 First Reading - Zoning Amendment Bylaw No. 871-243

92 - 104

For Regional District of Central Okanagan (applicant) to amend Zoning Bylaw No. 871, 2000 to incorporate changes to Secondary Suite Regulations (Z17/05) Central Okanagan East and Central Okanagan West Electoral Areas

(Custom Vote - All Directors, Simple Majority, 1 Director, 1 Vote)

Recommended Motion:

THAT Zoning Amendment Bylaw No. 871-243 be given first reading;

AND FURTHER THAT the application Z17/05 be scheduled for a Public Hearing.

Recommended Motion:

THAT the Regional Board approve a moratorium on secondary suite rezoning applications pending completion of the proposed amendments to Bylaw No. 871-243.

6.2 First Reading - Joe Rich Rural Land Use Amendment Bylaw No. 1195-16

105 - 116

For Regional District of Central Okanagan (applicant) to incorporate changes to Secondary Suite Regulations. (RLUB-17-02) Central Okanagan East Electoral Area

(Custom Vote - Electoral Areas and Kelowna Fringe Area - Simple Majority - 1 Director, 1 Vote)

Recommended Motion:

THAT ~~Joe Rich Rural~~ Land Use Bylaw Amendment No. 1195-16 be given first reading;

AND FURTHER THAT the application RLUB-17-02 be scheduled for a Public Hearing.

Recommended Motion:

THAT the Regional Board approve a moratorium on secondary suite rezoning applications, pending completion of the proposed amendments to Bylaw No. 1195-16.

7. ENGINEERING SERVICES

7.1 Water System Fees & Charges Amendment Bylaws

Rise from May 9, 2019 Governance & Services Committee

- 7.1.1 Regional District of Central Okanagan Killiney Beach Water System Fees & Charges Amendment Bylaw No. 1435, 2019

117 - 118

1st, 2nd and 3rd Reading and Adoption

(All Directors - Unweighted Vote - 1 Director, 1 Vote - LGA 207.5)

Recommended Motion:

THAT Regional District of Central Okanagan Killiney Beach Water System Fees & Charges Amendment Bylaw No. 1435, 2019 be given first, second and third readings and adopted.

- 7.1.2 Regional District of Central Okanagan Falcon Ridge Water System Fees & Charges Amendment Bylaw No. 1436, 2019

119 - 120

1st, 2nd and 3rd Reading and Adoption

(All Directors - Unweighted Vote - 1 Director, 1 Vote - LGA 207.5)

Recommended Motion:

THAT Regional District of Central Okanagan Falcon Ridge Water System Fees & Charges Amendment Bylaw No. 1436, 2019 be given first, second and third readings and adopted.

- 7.1.3 Regional District of Central Okanagan Sunset Ranch Water System Fees & Charges Amendment Bylaw No. 1437, 2019 121 - 122
- 1st, 2nd and 3rd Reading and Adoption***
- (All Directors - Unweighted Vote - 1 Director, 1 Vote - LGA 207.5)*
- Recommended Motion:
THAT Regional District of Central Okanagan Sunset Ranch Water System Fees & Charges Amendment Bylaw No. 1437, 2019 be given first, second and third readings and adopted.
- 7.1.4 Regional District of Central Okanagan Dietrich Water System Fees & Charges Amendment Bylaw No. 1438, 2019 123 - 124
- 1st, 2nd and 3rd Reading and Adoption***
- (All Directors - Unweighted Vote - 1 Director, 1 Vote - LGA 207.5)*
- Recommended Motion:
THAT Regional District of Central Okanagan Dietrich Water System Fees & Charges Amendment Bylaw No. 1438, 2019 be given first, second and third readings and adopted.
- 7.1.5 Regional District of Central Okanagan Westshore Estates Water System Fees & Charges Amendment Bylaw No. 1439, 2019 125 - 126
- 1st, 2nd and 3rd Reading and Adoption***
- (All Directors - Unweighted Vote - 1 Director, 1 Vote - LGA 207.5)*
- Recommended Motion:
THAT Regional District of Central Okanagan Westshore Estates Water System Fees & Charges Amendment Bylaw No. 1439, 2019 be given first, second and third readings and adopted.
- 7.1.6 Regional District of Central Okanagan Upper Fintry, Shalal Road, and Valley of the Sun Water System Fees & Charges Amendment Bylaw No. 1440, 2019 127 - 128
- 1st, 2nd and 3rd Reading and Adoption***
- (All Directors - Unweighted Vote - 1 Director, 1 Vote - LGA 207.5)*
- Recommended Motion:
THAT Regional District of Central Okanagan Upper Fintry, Shalal Road, and Valley of the Sun Water System Fees & Charges Amendment Bylaw No. 1440, 2019 be given first, second and third readings and adopted.

- 7.2 **Regional District of Central Okanagan East Sewer Systems Amendment Bylaw No. 1441, 2019** 129 - 131

1st, 2nd and 3rd Reading and Adoption

(All Directors - Unweighted Vote - 1 Director, 1 Vote - LGA 207.5)

Recommended Motion:

THAT Regional District of Central Okanagan Central Okanagan East Sewer Systems Amendment Bylaw No. 1441, 2019 be given first, second and third readings and adopted.

- 7.3 **Regional District of Central Okanagan Water Systems Fees and Regulation Amendment Bylaw No. 1442, 2019** 132 - 133

1st, 2nd and 3rd Reading and Adoption

(All Directors - Unweighted Vote - 1 Director, 1 Vote - LGA 207.5)

Recommended Motion:

THAT Regional District of Central Okanagan Water Systems Fees and Regulations Amendment Bylaw No.1442, 2019 be given first, second and third readings and adopted.

8. **NEW BUSINESS**

8.1 **Rise & Report from the Governance & Services Committee Meeting**

9. **DIRECTOR ITEMS**

10. **ADJOURN IN CAMERA**

Recommended Motion:

THAT pursuant to Section 90 (1)(g) of the *Community Charter* the Regional Board adjourn and convene to a closed to the public meeting to discuss:

- litigation or potential litigation affecting the Regional District.

Minutes of the *REGIONAL BOARD MEETING* of the Regional District of Central Okanagan held at the Regional District offices, 1450 KLO Road, Kelowna, B.C. on Monday, April 29, 2019

- Directors: J. Baker (District of Lake Country)
M. Bartyik (Central Okanagan East Electoral Area)
C. Basran (City of Kelowna)
W. Carson (Central Okanagan West Electoral Area)
C. Fortin (District of Peachland)
G. Given (City of Kelowna)
S. Johnston (City of West Kelowna)
R. DeJong, alternate for G. Milsom (City of West Kelowna)
B. Sieben (City of Kelowna)
L. Stack (City of Kelowna)
L. Wooldridge (City of Kelowna)
- Absent: M. DeHart (City of Kelowna)
C. Hodge (City of Kelowna)
T. Konek (Westbank First Nation)
- Staff: B. Reardon, Chief Administrative Officer
D. Danzik, Environmental Planning
J. Foster, Manager of Communications
C. Griffiths, Director of Economic Development
D. Komaika, Director of Engineering Services
J. Taylor, Senior Planner
M. Drouin, Manager - Corporate Services (recording secretary)

1. CALL TO ORDER

Chair Given called the meeting to order at 7:00 p.m.

The meeting is being held on the traditional territory of the Syilx/Okanagan Peoples.

2. ADDITION OF LATE ITEMS

7.1 1st Quarter Video Highlights

3. ADOPTION OF THE AGENDA

(All Directors - Unweighted Corporate Vote - Simple Majority - LGA 208.1)

#70/19 STACK/BAKER

THAT the agenda be adopted.

CARRIED Unanimously

4. ADOPTION OF MINUTES

- 4.1 Regional Board Meeting Minutes – April 11 2019 (*All Directors - Unweighted Corporate Vote - Simple Majority - LGA 208.1*)

#71/19 WOOLDRIDGE/BAKER

THAT the Regional Board meeting minutes of April 11, 2019 be adopted.

CARRIED Unanimously

5. CORRESPONDENCE

- 5.1 Minister Robinson, Ministry of Municipal Affairs and Housing, Approval of a \$10,000 Okanagan Lake Protection Strategy - Phase 1 grant (*All Directors - Unweighted Corporate Vote - Simple Majority - LGA 208.1*)

#72/19 BARTYIK/WOOLDRIDGE

THAT the April 5, 2019 letter from Minister Robinson, Ministry of Municipal Affairs and Housing confirming approval of a \$10,000 Okanagan Lakes Protection Strategy - Phase 1 grant be received for information.

CARRIED Unanimously

Director Basran arrived at 7:02 p.m.

6. COMMUNITY SERVICES

- 6.1 FrontCounter BC Referral Application (BC File No. 272596) Ministry of Forests, Lands and Natural Resource Operations and Rural Development (Applicant), for Crown land tenure to develop recreation facilities at the Dog House Cabin and Priest Creek Cabin (Central Okanagan East Electoral Area) (*All Directors – Unweighted Corporate Vote – Simple Majority – LGA 208.1*)

Staff report outlined the FrontCounter BC referral application for Crown land tenure to develop recreation facilities at the Dog House and Priest Creek Cabins Recreation Site which cover approximately 2.0 hectares in the vicinity of Myra-Bellevue park and the McCulloch Snowmobile Trails.

#73/19 BASRAN/BARTYIK

THAT the Regional Board conditionally support FrontCounter BC referral application No. 272596 for the issuance of an indefinite license for Crown land tenure to construct, rehabilitate, and/or maintain a recreation site or trail, and to legally designate Crown land as a recreation site at the Dog House Cabin and

Priest Creek Cabin recreation sites subject to the following being addressed prior to issuance of, or applied as conditions to, approval:

- A management plan and maintenance agreement should be developed for the area in association with the existing trails to address concerns regarding environmental impacts such as litter, fuel disposal, disturbance and noise to local wildlife, fire risk from campfires, and abuse of off-road vehicles on environmental features such as wetlands;
- Follow Best Management Practices to protect source water;
- Ensure that pit toilets comply with the B.C. Sewerage System Regulation;
- Post signage at the site to include information on Provincial best management practices and reminders to leave the area litter-free; and,
- Any proposed construction, repair, and/or maintenance of the recreation site(s) that falls within the scope of the B.C. Building Code requires a building permit from the Regional District of Central Okanagan.

CARRIED Unanimously

- 6.2 FrontCounter BC Referral Application (BC File No. 271128) Ministry of Forests, Lands, Natural Resource Operations and Rural Development (applicant), for Crown land tenure to develop recreation facilities at the Graystokes Staging Area (Central Okanagan East Electoral Area) (*All Directors – Unweighted Corporate Vote – Simple Majority – LGA 208.1*)

Staff report outlined the FrontCounter BC referral application for Crown land tenure to develop recreation facilities at the Graystokes Staging Area recreational site covering approximately 4.2 hectares in the vicinity of Joe Rich, Three Forks Road and Graystokes Forest Service Road.

#74/19

WOOLDRIDGE/BARTYIK

THAT the Regional Board conditionally support FrontCounter BC referral application No. 271128 for the issuance of an indefinite license for Crown land tenure to construct, rehabilitate, and/or maintain a recreation site or trail, and to legally designate Crown land as a recreation site at the Graystokes Staging Area subject to the following being addressed prior to issuance of, or applied as conditions to, approval:

- A management plan and maintenance agreement should be developed for the staging area in association with the existing trails to address concerns regarding environmental impacts associated with the staging area such as litter, fuel disposal, disturbance and noise to local wildlife, fire risk from campfires, and abuse of off-road vehicles on environmental features such as wetlands;
- Follow Best Management Practices to protect source water;
- Ensure that pit toilets comply with the B.C. Sewerage System Regulation;
- Post signage at the site to include information on Provincial Best Management Practices and reminders to leave the area litter-free; and,

- Any proposed construction, repair, and/or maintenance of the recreation site that falls within the scope of the B.C. Building Code requires a building permit from the Regional District of Central Okanagan.

CARRIED Unanimously

- 6.3 Temporary Use Permit (TUP-19-01) - Gonzo Music Festival (at Sunset Ranch Golf Club - June 14, 2019) Durali Properties Ltd. c/o J. Richard (agent), 5101 Upper Booth Road South (Central Okanagan East Electoral Area (*Custom Vote – Electoral Areas and Kelowna Fringe Areas – 1 Director, 1 Vote*))

Staff report outlined the temporary use permit application for a special event to take place at Sunset Ranch Golf Club located at 5101 Upper Booth Road South on the evening of Friday, June 14, 2019.

#75/19

BARTYIK/CARSON

THAT Temporary Use Permit TUP-19-01 for Durali Properties Ltd. to permit the June 14, 2019, Gonzo Music Festival (Special Event) to take place on part of Lot A, Plan KAP84569, Sec. 7, Twp. 24, ODYD - 5101 Upper Booth Road South be issued subject to the following conditions:

- Obtain Special Event Permit from Liquor and Cannabis Regulation Branch;
- Receive Royal Canadian Mounted Police sign-off on the Special Event;
- Obtain Temporary Food Service Permit from Interior Health Authority;
- The music festival to commence no earlier than 3:30pm and end no later than 10:30pm;
- No greater than 1000 people may reasonably be expected to attend;
- There be no changes to the proposed site plan or site footprint;
- All parking at Sunset Ranch Golf Club be contained on site;
- Receipt of a security deposit in the amount of \$5000.00 for the reimbursement of any costs which may be incurred by the Regional District, or other agencies (ie: RCMP) because of, and as a consequence of the Special Event; and
- Receipt of proof of \$5,000,000 full liability insurance (including a save harmless clause protecting the Regional District).

AND FURTHER THAT the Temporary Use Permit shall expire on June 14, 2019, at 11:00 pm and all uses temporarily authorized by the Permit shall cease upon expiry of the Permit, unless otherwise authorized.

CARRIED Unanimously

Director Sieben arrived at 7:15 p.m.

- 6.4 One Year Extension Request for OCP Amendment Bylaw No. 1274-06 & Zoning Amendment Bylaw No. 871-246, C. Roy (owner) c/o Ken Macpherson (agent) 6972 Barcelona Drive East, Central Okanagan West Electoral Area (Application File Z18/01) (*Custom Vote - Electoral Areas – 1 Director, 1 Vote*)

Staff report outlined a request for a one-year extension of an application for a subdivision of six rural residential properties. This applicant has not yet come before the Board as the applicant continues to work to satisfy the Ministry of Transportation and Infrastructure concerns and the application expires May 1, 2019.

#76/19 CARSON/BARTYIK

THAT the Regional Board approve a one-year extension for File No. Z18/01 (OCP Amendment Bylaw No. 1274-06 and Zoning Amendment Bylaw No. 871-246).

CARRIED Unanimously

7. NEW BUSINESS

- 7.1 The first quarter video highlights were presented.

#77/19 WOOLDRIDGE/STACK

THAT the first quarter video highlights be received for information.

CARRIED Unanimously

8. DIRECTOR ITEMS

There were no items for Board consideration.

9. ADJOURN IN CAMERA

#78/19 WOOLDRIDGE/STACK

THAT pursuant to Section 90 (k) of the Community Charter the Regional Board adjourn and convene to an 'In-Camera' session to discuss:

- Negotiations respecting the proposed provision of a municipal service that are at their preliminary stages

CARRIED Unanimously

There being no further business the meeting was adjourned at 7:25 p.m.

CERTIFIED TO BE TRUE AND CORRECT

G. Given (Chair)

B. Reardon (Chief Administrative Officer)

Regional Board Report

TO: Regional Board

FROM: Carol Teschner
Manager, Financial Services

DATE: April 15, 2019

SUBJECT: BDO's 2018 Final RDCO Audit Report to the Board

Voting Entitlement: All Directors – Unweighted Corporate Vote – Simple Majority – LGA 208.1

Purpose: To provide the 2018 Final RDCO Audit Report from BDO to the Board.

Executive Summary:

BDO will present their Final Audit Report which resulted in the following opinion:

"In our opinion, the financial statements present fairly, in all material respects, the financial position of the Regional District of Central Okanagan as at December 31, 2018, and its financial operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards."

RECOMMENDATION:

THAT BDO's Regional District of Central Okanagan Final Audit Report for the year ended December 31, 2018 be received.

Respectfully Submitted:



Carol Teschner
Manager – Financial Services

Approved for Board's Consideration



Brian Reardon, CAO

Attachment(s):

- BDO's RDCO Final Report to the Board of Directors dated May 9, 2019 – Audit of the Financial Statements of the Regional District of Central Okanagan for the year ended December 31, 2018

Regional District of Central Okanagan

Final Report to the Board of Directors

May 9, 2019



Prepared by:





Tel: 250 763 6700
Fax: 250 763 4457
www.bdo.ca

BDO Canada LLP
Landmark Technology Centre
400 - 1631 Dickson Ave
Kelowna, BC V1Y 0B5

May 9, 2019

Members of the Board of Directors
Regional District of Central Okanagan
1450 K.L.O. Road
Kelowna, British Columbia
V1W 3Z4

Dear Board of Directors (the "Board"):

We are pleased to present the relevant results of our audit of the financial statements of Regional District of Central Okanagan (the "Regional District"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The purpose of our report is to summarize certain aspects of the audit that we believe to be of interest to the Board.

Our audit and therefore this report will not necessarily identify all matters that may be of interest to the Board in fulfilling its responsibilities.

We wish to express our appreciation for the co-operation we received during the audit from the Regional District's management and staff who have assisted us in carrying out our work. We look forward to meeting with you to discuss the contents of this report and any other matters that you consider appropriate.

Yours truly,

Markus Schrott, CPA, CA

Partner through a corporation
BDO Canada LLP
Chartered Professional Accountants

TABLE OF CONTENTS

Section 1 - Important Canadian Auditing Standards Topics	
Independence	5
Responsibility of the Auditor	6
Audit Findings	7 - 9
Internal Control Matters	10
Other Required Communications	11
Section 2 - Financial Highlights	12 - 19
Section 3 - BDO Resources	20 - 21

Section 1

Important Canadian Auditing Standards Topics



INDEPENDENCE

At the core of the provision of external audit services is the concept of independence. Canadian generally accepted auditing standards require us to communicate to the Board at least annually, all relationships between BDO Canada LLP and its related entities and the Regional District and its related entities, that, in our professional judgment, may reasonably be thought to bear on our independence with respect to the audit of the Regional District.

Our annual letter confirming our independence was previously provided to you in our audit planning letter. We confirm that as of the date of this letter that we remain independent with respect to the Regional District.

RESPONSIBILITIES OF THE AUDITOR

It is important for the Board of Directors to understand the responsibilities that rest with the Regional District and its management and those that belong to the auditor. The audit of financial statements does not relieve management or those charged with governance of their responsibilities as outlined in our Planning Report to the Board dated December 11, 2018. A summary of the auditor's responsibilities is as follows:

- The auditor's responsibility is to express an opinion on each financial statement based on an audit thereof;
- An audit is performed to obtain reasonable, but not absolute, assurance as to whether the financial statements are free of material misstatement and, owing to the inherent limitations of an audit, there is an unavoidable risk that some misstatements of the financial statements will not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed;
- The audit includes:
 - (i) Assessing the risks of material misstatement of the financial statements, whether due to fraud or error;
 - (ii) Obtaining an understanding of the entity and its environment including internal control in order to plan the audit and to assess the risk that the financial statements may contain misstatements that, individually or in the aggregate, are material to the financial statements taken as a whole;
 - (iii) Examining, on a test basis, evidence supporting the amounts and disclosures in each financial statement;
 - (iv) Assessing the accounting principles used and their application; and
 - (v) Assessing the significant estimates made by management;
- When the auditor's risk assessment includes an expectation of the operating effectiveness of controls, sufficient appropriate audit evidence is obtained through tests of controls to support the assessment, but the scope of the auditor's review of internal control is insufficient to express an opinion as to the effectiveness or efficiency of the entity's controls; and
- The auditor will express an opinion as to whether the each financial statement presents fairly in all material respects, in accordance with Canadian generally accepted accounting principles, the financial position, results of operations and cash flows of the entity.

Further details regarding our responsibilities are outlined in our engagement letter which was included in our Planning Report to the Board dated December 11, 2018.

AUDIT FINDINGS

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Regional District's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. In order to have a frank and open discussion, these matters will be discussed verbally with you. A summary of the key discussion points are as follows:

ACCOUNTING AND AUDIT MATTERS

Grants and Revenue Recognition

Accounting standards in this area are complex and open to interpretation. There is a risk that revenue may be incorrectly deferred into future periods or recognized before stipulations have been met. In order to mitigate this risk, we performed the following procedures:

- Confirmed grant funding received through a review of the agreements, ensuring that the amounts recorded exist, are complete and are recorded accurately;
- Reviewed any stipulations in the agreement to ensure revenue was recognized when stipulations were met; and
- Other revenue streams were reviewed in accordance with the latest revenue recognition standards.

All audit testing in this area was executed as planned with no issues to be reported.

Management Override of Controls

Management is in a unique position to directly or indirectly manipulate accounting records by overriding controls that otherwise appear to be operating effectively.

This risk is required to be addressed for all audits pursuant to Canadian audit standards.

In order to mitigate this risk, we performed the following procedures:

- Tested the appropriateness of journal entries recorded in the general ledger, reviewed key estimates and other adjustments made in the preparation of the financial statements.

All audit testing in this area was executed as planned with no issues to be reported.

AUDIT FINDINGS (Continued)

ACCOUNTING AND AUDIT MATTERS (Continued)

Employee Future Benefits

A complex area that requires much estimation and reliance on actuarial experts. We performed the following procedures to mitigate this risk:

- Reviewed actuarial reports and audited the significant assumptions;
- Directly communicated with the external actuaries;
- Reviewed the underlying data provided to the actuary for accuracy and completeness; and
- Reviewed the appropriateness of financial statement disclosure.

All audit testing in this area was executed as planned with no issues to be reported.

Landfill Closure and Post Closure Costs

A complex area that requires estimation, reliance on expert reports and calculations, and key management assumptions. We performed the following procedures to mitigate this risk:

- Enquired with Regional District's engineers regarding any significant changes to the remaining life and associated costs of the landfill;
- Evaluated key inputs used in the valuation of the landfill closure and post closure liability; and
- Reviewed calculations and disclosures prepared by management and management's experts.

All audit testing in this area was executed as planned with no issues to be reported.

MANAGEMENT REPRESENTATIONS

During the course of our audit, management made certain representations to us. These representations were verbal or written and therefore explicit, or they were implied through the financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw reasonable conclusions on which to base our audit opinion. These representations were documented by including in the audit working papers memoranda of discussions with management and written representations received from management.

A summary of the representation we have requested from management can be requested from management or us.

ACCOUNTING ADJUSTMENTS

We discuss all significant adjusting journal entries that we proposed during the course of our audit with management. Management receives a copy of these adjustments and they are reviewed and approved by management. Copies of adjustments if so required can be requested of management.

AUDIT FINDINGS (Continued)

FINANCIAL STATEMENT DISCLOSURE OMISSIONS

During the course of our audit we noted no circumstances where required financial statement disclosures were either avoided or requested to be left out by management.

UNADJUSTED AUDIT DIFFERENCES

During the course of our audit we noted no significant unadjusted audit differences.

INTERNAL CONTROL MATTERS

During the course of our audit, we performed the following procedures with respect to the Regional District's internal control environment:

- Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- Discussed and considered potential audit risks with management.

The results of these procedures were considered in determining, the extent and nature of substantive audit testing required.

We are required to report to you in writing, significant deficiencies in internal control that we have identified during the audit. A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

During the course of our audit, there were no significant deficiencies in internal control noted.

OTHER REQUIRED COMMUNICATIONS

Professional standards require independent auditors to communicate with those charged with governance certain matters in relation to an audit. In addition to the points communicated within this letter, the table below summarizes these additional required communications.

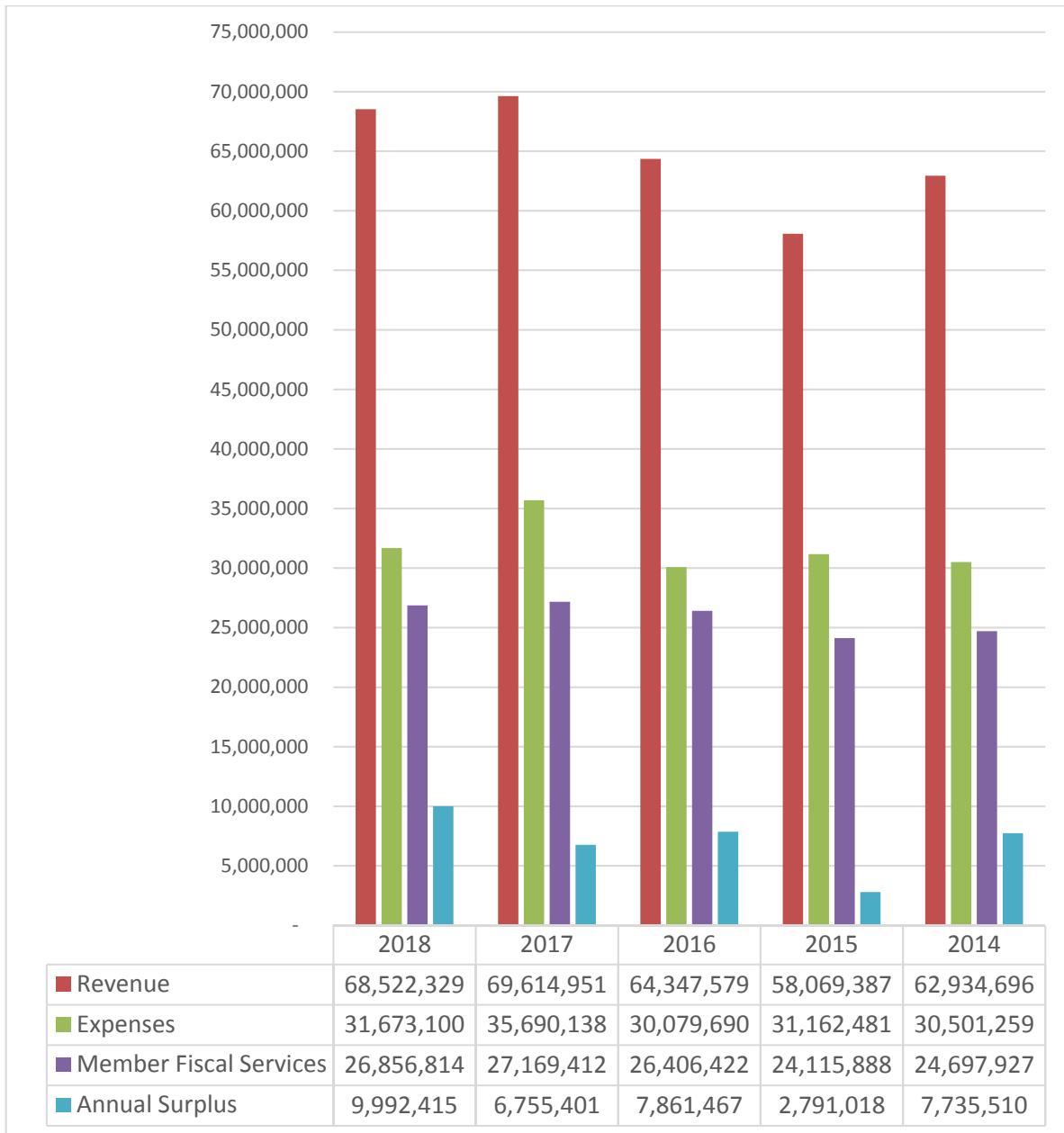
Communication Required	Auditors' Response
Potential effect on the financial statements of any material contingencies or commitments, such as pending litigation, that are required to be disclosed in the financial statements.	There are no material contingencies or commitments that need to be disclosed in the financial statements other than normal course items.
Matters involving non-compliance with laws and regulations.	We noted no instances of non-compliance with laws or regulations during the course of our audit.
Material uncertainties related to events and conditions that may cast significant doubt on the Regional District's ability to continue as a going concern.	There is no going concern issue noted.
Disagreements with management about matters that, individually or in aggregate, could be significant to the Regional District's financial statements or our audit report.	No disagreements were noted with management.
Significant related party transactions that are not in the normal course of operations and which involve significant judgments made by management concerning measurement or disclosure.	None noted.
Discussion of whether subsequent events are appropriately disclosed or resulted in adjustments.	No subsequent events noted.
Discussion of whether scope limitations were present, preventing us from carrying out our audit completely.	No scope limitations were noted.
Discussion of whether the audit report required modifications or a qualified audit report was issued.	No report modifications were needed and the opinion was unqualified.

Section 2

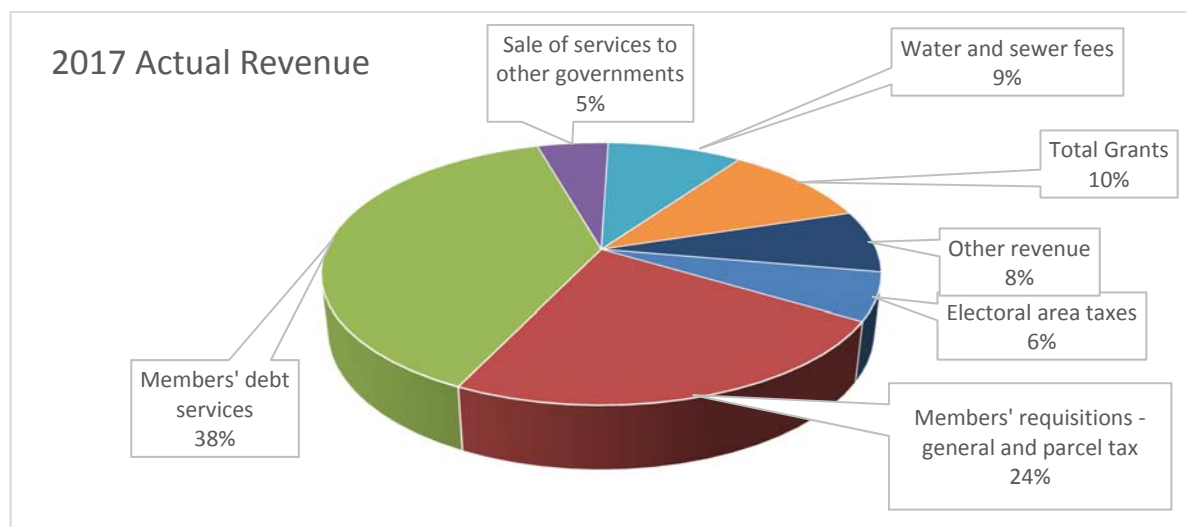
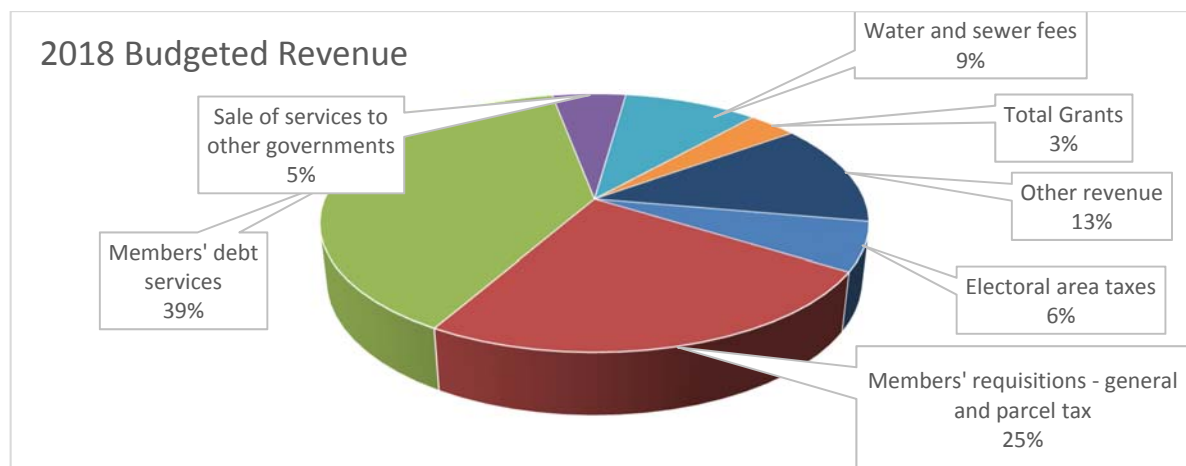
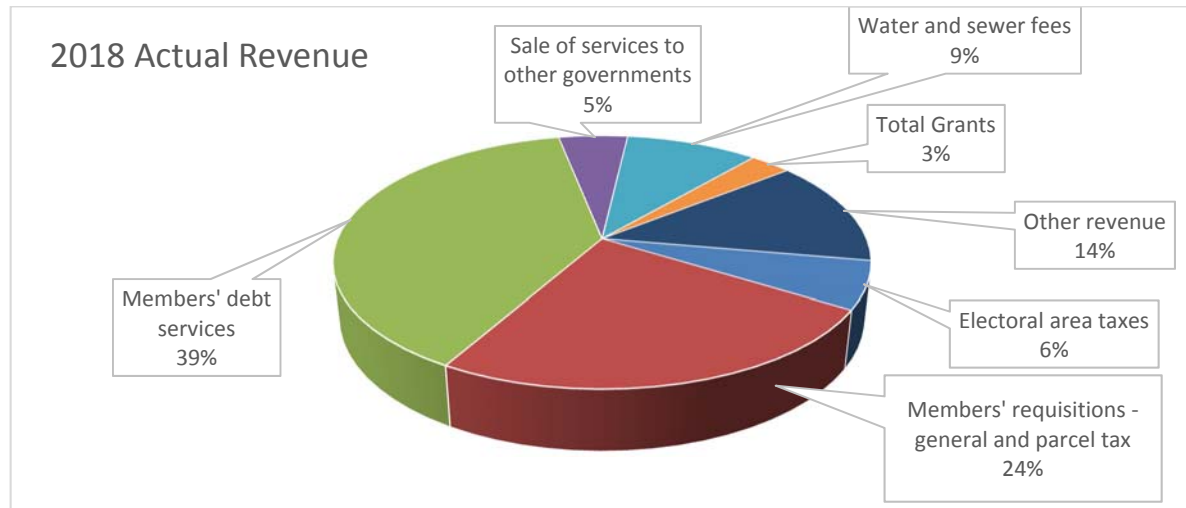
Financial Highlights



TOTAL REVENUE, EXPENSES, AND ANNUAL SURPLUS

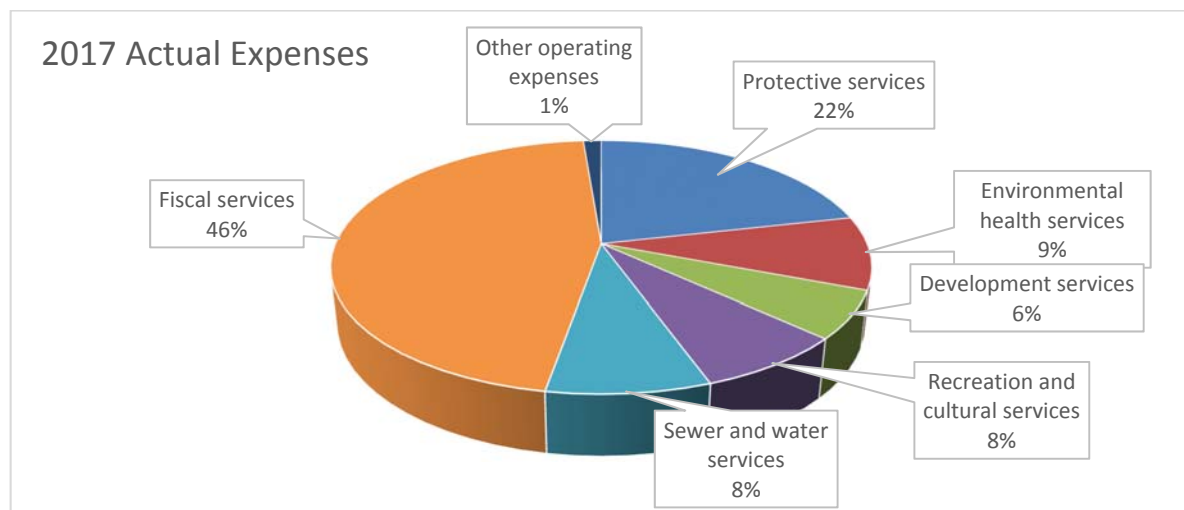
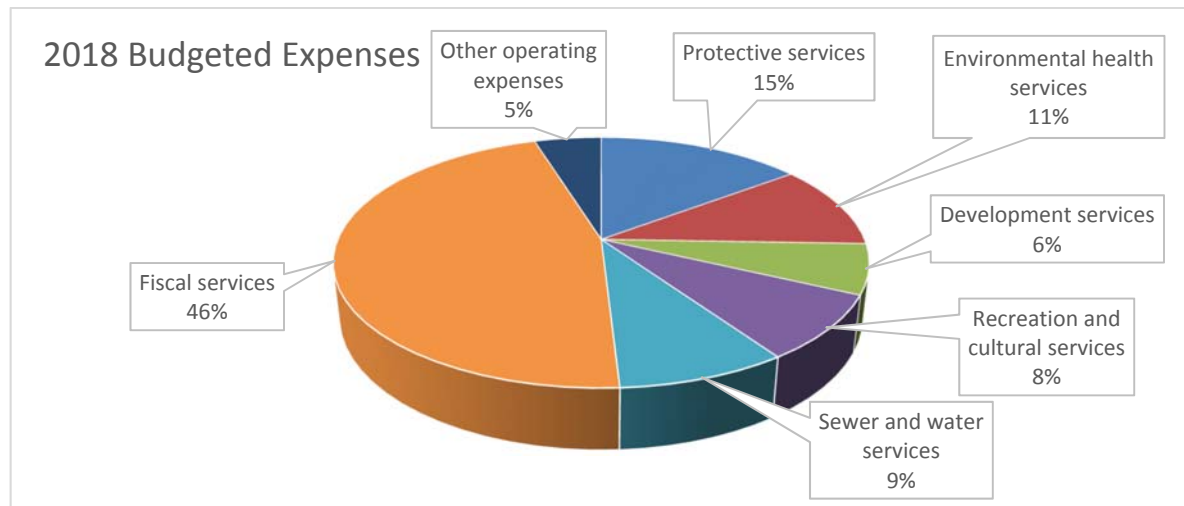
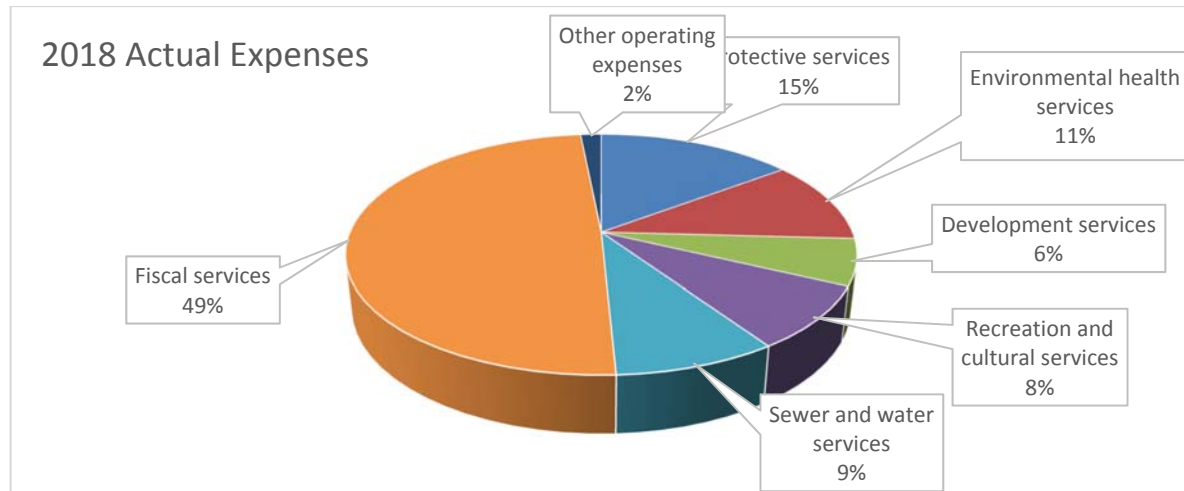


REVENUE ANALYSIS



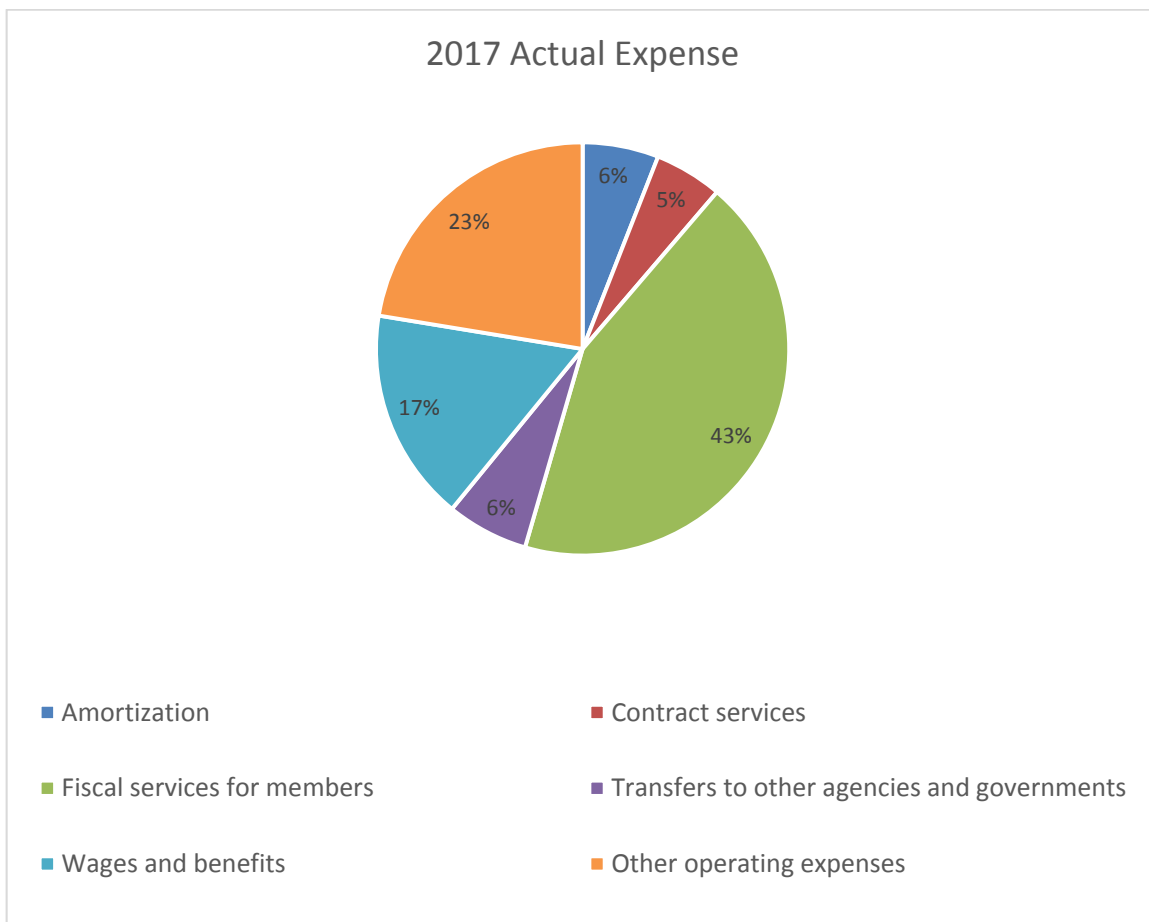
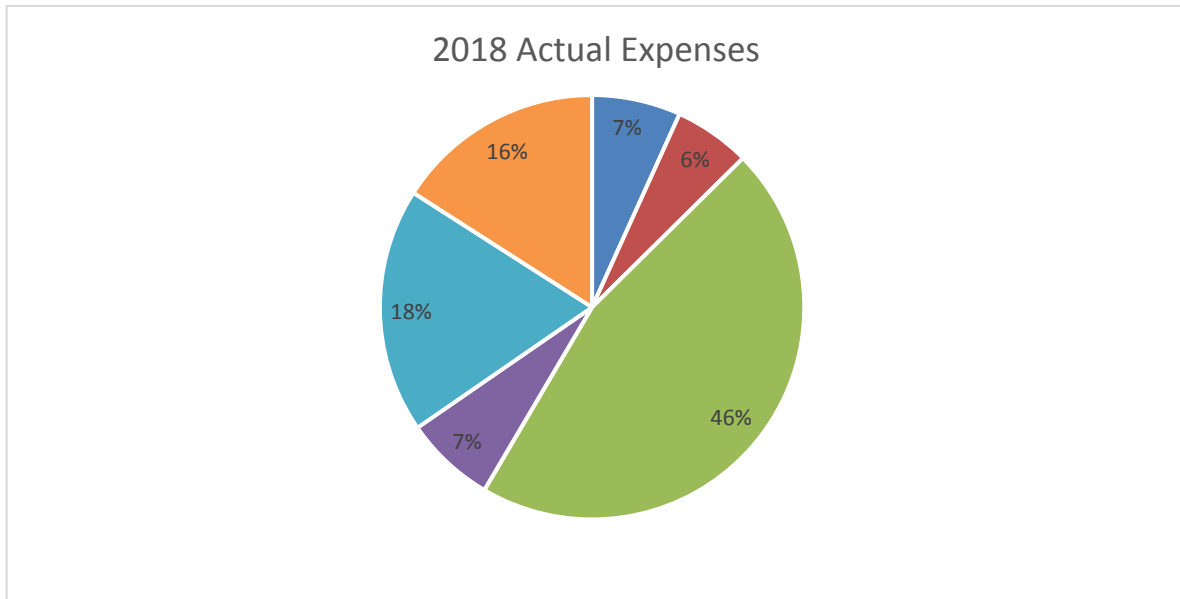
* Any revenue not listed is grouped into other.

EXPENSES BY FUNCTION



* Any expense not listed is grouped into other. Amortization is not shown in 2018 or 2017 actual.

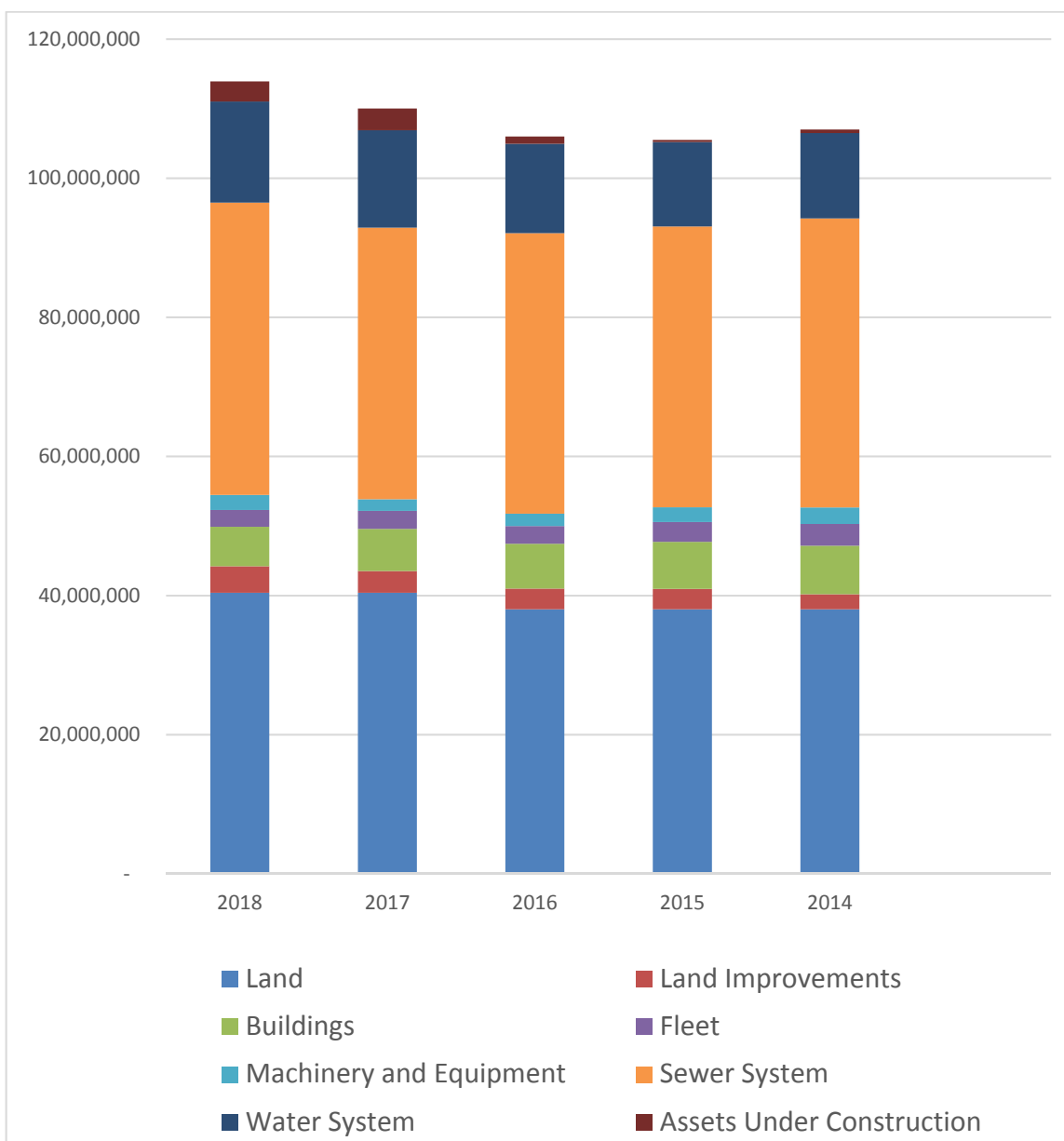
OPERATING EXPENSES BY OBJECT



* Any expense less than 5% of total expenses is included in other operating expenses

CAPITAL ASSET ANALYSIS - CATEGORY BREAKDOWN

	2018	2017	2016	2015	2014
Tangible capital assets					
Beginning of year	110,033,002	105,992,776	105,495,656	106,997,153	92,989,363
Purchases	8,843,074	8,475,428	4,377,018	2,591,444	18,330,923
Disposals	(993,760)	(692,810)	(138,630)	(452,124)	(738,722)
Amortization	(3,961,742)	(3,742,392)	(3,741,268)	(3,640,817)	(3,584,412)
End of year	<u>113,920,574</u>	<u>110,033,002</u>	<u>105,992,776</u>	<u>105,495,656</u>	<u>106,997,153</u>



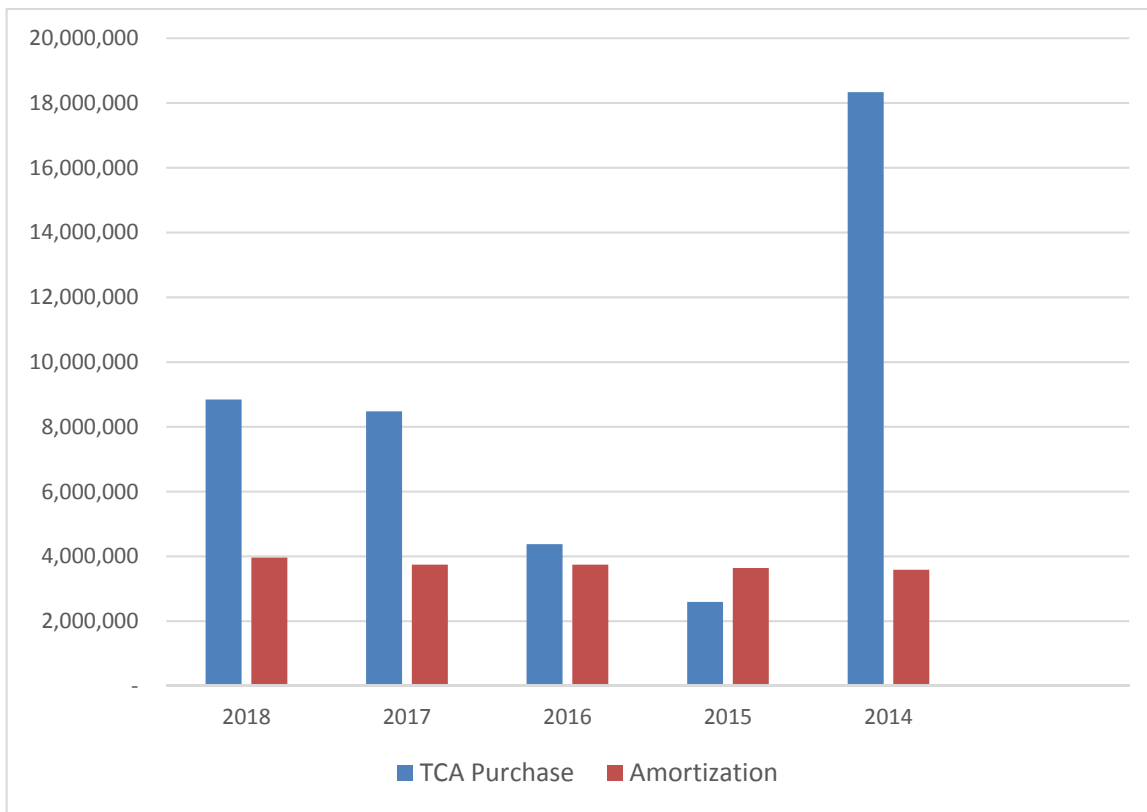
CAPITAL ASSET ANALYSIS - TCA FINANCIAL INDICATOR

As assets age, the TCA Financial Indicator percentage will decrease. The newer the assets, the longer the remaining life of the asset and the higher the percentage.

The formula is as follows:

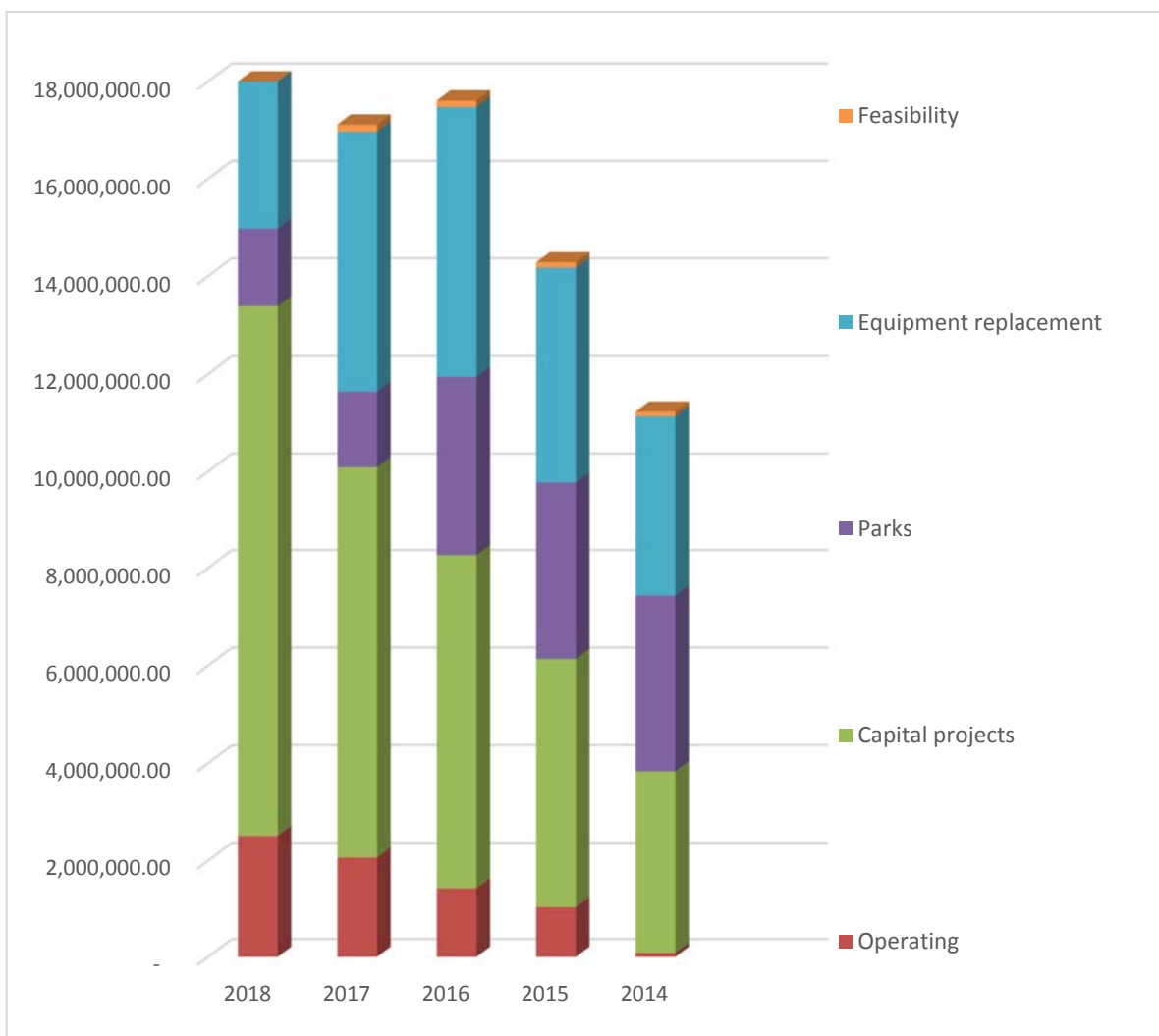
$$\text{Age of TCA Financial Indicator} = \frac{\text{Net Book Value of TCA}}{\text{Historical Cost of TCA}}$$

	2018	2017	2016	2015	2014
Buildings	47%	50%	53%	57%	60%
Sewer System	65%	65%	68%	70%	73%
Water System	71%	71%	71%	71%	72%
Fleet	36%	40%	41%	45%	48%
Miscellaneous	64%	61%	54%	55%	55%
Total	72%	73%	73%	75%	77%



RESERVE ANALYSIS

	2018	2017	2016	2015	2014
Statutory Reserve Funds					
Feasibility	160,486	148,105	131,423	110,257	99,133
Equipment replacement	5,795,961	5,330,103	5,535,755	4,399,977	3,695,792
Parks	1,579,995	1,554,986	3,677,311	3,639,791	3,599,003
Capital projects	10,886,850	8,021,053	6,842,541	5,101,622	3,753,078
Operating	2,509,646	2,062,040	1,422,339	1,032,859	82,006
	20,932,938	17,116,287	17,609,369	14,284,506	11,229,012



Section 3

BDO Resources



BDO PROFILE

BDO is one of Canada's largest accounting services firms providing assurance and accounting, taxation, financial advisory, risk advisory, financial recovery and consulting services to a variety of publicly traded and privately held companies.

BDO serves its clients through 105 offices across Canada. As a member firm of BDO International Limited, BDO serves its multinational clients through a global network of over 1,300 offices in 151 countries. Commitment to knowledge and best practice sharing ensures that expertise is easily shared across our global network and common methodologies and information technology ensures efficient and effective service delivery to our clients.

Outlined below is a summary of certain BDO resources which may be of interest to the Board.

PSAB PUBLICATIONS

BDO's national and international accounting and assurance department issues publications on the transition and application of Public Sector Accounting Standards (PSAB) as well as common differences between PSAB and Canadian generally accepted accounting principles.

For additional information on PSAB including links to archived publications and model financial statements, refer to:

<https://www.bdo.ca/en-ca/services/assurance-and-accounting/a-a-knowledge-centre/psas/>

PSAB UPDATES

For a complete reference to PSAB updates, refer to:

http://www.bdo.ca/BDO/media/FRS/ASNPO/PSAS_Update_24Sep18.pdf



TO: Regional Board


FROM: Carol Teschner
Manager – Financial Services

DATE: April 19, 2019

SUBJECT: Guide to Understanding the Financial Statements

- ❑ The Public Sector Accounting Board (“PSAB”) adopted revised standards with which all local governments began to comply with in 2009. Some explanation of the Statements follows on the second page of this report.
 - The standards require the recognition of all non-financial assets including tangible capital assets, prepaid expenses and inventories of supplies as assets.
 - In addition, revenue from contributed assets, and amortization on tangible capital assets is recorded in the statement of operations.
- ❑ The PSA Financial Reporting Model:
 - Four Statements (the purpose of each is described on the next page):
 - Statement of Financial Position
 - Statement of Operations
 - Statement of Change in Net Financial Assets
 - Statement of Cash Flows
 - Summary of Significant Accounting Policies
 - Notes to Financial Statements & Schedules
 - Exhibits
- ❑ What does PSAB Do?
 - Serves the public interest by setting standards and providing guidance for financial and other performance information reported in the public sector
 - All governments in Canada are required, by legislation, to comply with PSA financial reporting requirements
- ❑ PSAB Vision & Goal:
 - Vision: “The public understands and has confidence in public sector accounting”
 - Goal: “The public sector produces a decision-useful, multi-dimensional accountability report”. (This is a little trickier for Regional Districts because of all the separate service areas, however, these statements do give an overall net picture of the organization – Decision making is typically required for each individual service).

Respectfully Submitted,



Carol Teschner,
Manager - Financial Services

The underlying goal of the Financial Reporting Model is to identify the net economic resources available to a government, their make-up and nature, and changes to them in the reporting period.

Economic Resources are the means to provide services or satisfy liabilities.

- Assets & Liabilities describe the net economic resources available at a point in time
- Revenues and Expenses explain the change in the net economic resources in the period

Reporting Statements - Purpose of Each Report Explained:

Statement of Financial Position (Pg 6)

- **Most important statement – all others tie into numbers on this statement.**
- Shows details of, and changes in, net economic resources. Definitions:
 - o Net Financial Assets/Debt are resources available to finance future operations, “prepaid service potential” (both operating and capital)
 - o Non-Financial Assets are resources typically to be consumed in service provision (including tangible capital assets, inventory, prepaid expenses, work in progress).
 - o Accumulated Surplus
 - o The sum of Net Financial Assets or liabilities & Non-Financial Assets.
 - o Tangible Capital Assets
 - o Economic Resources available to be consumed in the provision of services

Statement of Operations (Pg 7)

- Shows the extent to which revenues recognized were sufficient to offset the cost of the services provided for the fiscal year.
- Explains the change in net economic resources or Accumulated Surplus (shown on Statement of Financial Position, Page 6)
 - o Revenues – increases in economic resources
 - o Expenses – economic resources consumed to provide services

Statement of Change in Net Financial Assets (Pg 8)

- Shows the extent to which revenues recognized were sufficient to offset the cost of goods and services acquired
- Explains the change in Net Financial Assets (shown on Statement of Financial Position, Page 6)

Statement of Cash Flows (Pg 9)

- Explains the change in Cash & Cash Equivalents (shown on Statement of Financial Position, Page 6)
- Shows how cash requirements were met and activities financed

Summary of Significant Accounting Policies (Pgs 10 & 11): Disclose significant accounting practices.

Notes to the Financial Statements (Pgs 12-28): The Notes form part of the audited statements and provide additional detail and required disclosures.

Exhibits (Pgs 29-57): The exhibits break down the information by the General Fund, Water Fund, and Sewer Fund. These are provided for supplementary information primarily for Board and management use. While the account balances and transactions are reviewed during audit, the exhibit statements themselves are considered unaudited because they are not PSAB or legislative requirements. These balances all roll up to the audited statements.



Regional Board Report

TO: Regional Board

FROM: Carol Teschner
Manager – Financial Services

DATE: April 30, 2019

SUBJECT: RDCO 2018 Financial Statements

Voting Entitlement: *All Directors - Unweighted Corporate Vote – Simple Majority – LGA 208.1*

Purpose: To report annual financial information to the Board and comply with legislative requirements.

Executive Summary:

The 2018 Financial Statements are submitted for approval by the Board as required by legislation—Section 167 of the *Community Charter*.

In the opinion of the auditors, BDO, the financial statements present fairly, in all material respects, the position of the Regional District of Central Okanagan as at December 31, 2018 and the results of its operations and its cash flows for the year the ended in accordance with Canadian Public Sector Accounting Standards.

RECOMMENDATION:

THAT the Regional District of Central Okanagan Financial Statements – year ended December 31, 2018 be approved.

Respectfully Submitted:

Carol Teschner
Manager – Financial Services

Approved for Board's Consideration

Brian Reardon, CAO

Implications of Recommendation:

Strategic Plan:	The 2018 – 2022 Financial Plan, Department Initiatives and Program Plans were approved at the end of March 2018. Expenditures were made in accordance with the Financial Plan.
General:	Legislative Compliance.
Organizational:	To report on the financial status of the organization.
Financial:	Compliance with the legislative requirements. Part of the Financial Control System.
Legal/Statutory Authority:	Expenditures were approved in the 2018 – 2022 Financial Plan Bylaw 1414 and Amending Bylaws 1418, 1422, 1429 and 1430 <i>Local Government Act</i> <i>Community Charter</i> <i>Financial Information Act</i> <i>Financial Information Regulation</i>

Background:

The financial statements have been prepared in accordance with PSAB Standards and audited by BDO Dunwoody, and a clean audit opinion has been received.

Once the Board has approved the Financial Statements, the Auditors will finalize the Audit Report and Final Financial Statements signed copy will be available in the Reader File.

According to the Canadian Audit Standard 560, the date of BDO's audit report is required to be the date that those charged with governance (the Board) formally approve the draft financial statements as presented. The auditors must receive the approval and perform "subsequent events" work up to this date (procedures relating to subsequent events while financial statements are being presented for approval if audit staff have left the premises prior to the date of the report), prior to releasing the final financial statements.

Financial Statement Highlights:

- The accumulated surplus has increased by \$9.99 million from \$121,325,174 to \$131,317,589 as per page 6 of the Financial Statements. NOTE: This is NOT surplus cash that the RDCO has to spend. Under Public Sector Accounting Standards the meaning of "Accumulated Surplus" is the Sum of Net Financial Assets (which is Financial Assets, less the Financial Liabilities) and Non-Financial Assets (primarily Tangible Capital Assets, or TCA's). The RDCO is in a strong and vital financial position. The Board and Staff will continue, through enacting directives in the Strategic Plan and through Asset Management initiatives, to maintain and build sustainable stewardship of the assets.

- While the RDCO holds \$141.5 million in long term debt (page 6 of Financial Statements), the majority - \$136.8m (note 4, page 13 of Financial Statements) is on behalf of the 4 (four) partner municipalities – Kelowna, Peachland, Lake Country and West Kelowna and the Regional Library. Long term borrowing is done through the Municipal Finance Authority, via the RDCO as required by legislation. Only \$4.7 million of the long term debt relates to the Regional District's services.
- There was a net increase to reserves in 2018 of \$3.82 million, from \$17.1m in 2017 to \$20.9m (page 21 of the Financial Statements). This was after investments in tangible capital asset additions of \$7.99m (Note 10, page 19). DCC reserve balances decreased by \$2.2m (down from \$6.2m in 2017 – page 14 – Note 6, and pages 46 and 47 of the Financial Statements). Amortization (or asset consumption) is \$3.96m. In simple terms of reserves for asset renewal, the RDCO still needs to continue to set aside higher levels of reserves. In recent years significant land acquisitions and investments and replacement of assets have been made, particularly in relation to parks, water systems and the wastewater treatment plant. While this has drawn down some reserve balances, most are at reasonable levels.

Work continues by all Departments and services on Asset Management and increasing infrastructure reserves.

Attachment(s):

- Financial Services Report – Guide to Understanding the Financial Statements
- RDCO 2018 Financial Statements

**REGIONAL DISTRICT
OF CENTRAL OKANAGAN**
Financial Statements
For the year ended December 31, 2018

DRAFT

Management's Responsibility for Financial Reporting	3
Independent Auditor's Report	4-5
Financial Statements	
Statement of Financial Position	6
Statement of Operations	7
Statement of Change in Net Financial Assets	8
Statement of Cash Flows	9
Summary of Significant Accounting Policies	10-11
Notes to Financials Statements	12-28
Unaudited Supplemental Financial Information	
Consolidated Funds	
Exhibit 1 Consolidated Statement of Current Fund Operations	29
Exhibit 2 Consolidated Statement of Capital Fund Operations	30
Exhibit 3 Consolidated Statement of Reserve Fund Operations	31
General Revenue Fund	
Exhibit 4 Statement of Financial Position	32
Exhibit 5 Statement of Operations	33
Exhibit 6 Surplus	34-35
General Capital Fund	
Exhibit 7 Statement of Financial Position	36
Exhibit 8 Statement of Equity in Capital Assets	37
Water Revenue Fund	
Exhibit 9 Statement of Financial Position	38
Exhibit 10 Statement of Operations	39
Water Capital Fund	
Exhibit 11 Statement of Financial Position	40
Exhibit 12 Statement of Equity in Capital Assets	41
Sewer Revenue Fund	
Exhibit 13 Statement of Financial Position	42
Exhibit 14 Statement of Operations	43
Sewer Capital Fund	
Exhibit 15 Statement of Financial Position	44
Exhibit 16 Statement of Equity in Capital Assets	45
Development Cost Charge Reserve Fund	
Exhibit 17 Statement of Financial Position	46
Exhibit 18 Statement of Changes in Fund Balance	47
Feasibility Study Reserve Fund	
Exhibit 19 Statement of Financial Position	48
Exhibit 20 Statement of Changes in Fund Balance	49
Equipment Replacement Reserve Fund	
Exhibit 21 Statement of Financial Position	50
Exhibit 22 Statement of Changes in Fund Balance	51
Park Reserve Fund	
Exhibit 23 Statement of Financial Position	52
Exhibit 24 Statement of Changes in Fund Balance	53
Capital Projects Reserve Fund	
Exhibit 25 Statement of Financial Position	54
Exhibit 26 Statement of Changes in Fund Balance	55
Operating Reserve Fund	
Exhibit 27 Statement of Financial Position	56
Exhibit 28 Statement of Changes in Fund Balance	57

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Regional District of Central Okanagan are the responsibility of management and have been approved by the Chairperson on behalf of the Board.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Certain amounts used in the preparation of the financial statements are based on management's best estimates and judgements. Actual results could differ as additional information becomes available in the future. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Regional District of Central Okanagan maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Board's assets are appropriately accounted for and adequately safeguarded.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report.

The financial statements have been audited by external auditors BDO Canada LLP Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the Board. The independent auditor's report expresses their opinion on these financial statements. The external auditors have full and free access to the accounting records and to the Board of the Regional District of Central Okanagan.

Chief Administrative Officer

Director of Financial Services

TBD

Independent Auditor's Report

To the Directors of the Regional District of Central Okanagan

Opinion

We have audited the financial statements of the Regional District of Central Okanagan (the "Regional District"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Regional District as at December 31, 2018, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Regional District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information included in the annual report or the information included in exhibits 1 through 28 of the Regional District's financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Regional District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Regional District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Regional District's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Regional District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Regional District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Kelowna, British Columbia
May 9, 2019

Regional District of Central Okanagan

Statement of Financial Position

December 31	2018	2017
Financial Assets		
Cash (Note 1)	\$ 29,005,114	\$ 28,122,990
Accounts receivable (Note 2)	4,065,497	4,743,181
Deposits - Municipal Finance Authority (Note 3)	12,216,586	16,361,266
Agreements due from members (Note 4)	136,803,900	159,193,124
	182,091,097	208,420,561
Financial Liabilities		
Accounts payable and accrued liabilities	4,295,715	5,449,530
Deferred revenue (Note 5)	281,320	500,719
Development cost charges (Note 6)	3,968,969	6,158,546
Reserve - Municipal Finance Authority (Note 3)	12,124,772	16,270,507
Interim financing (Note 7)	2,154,007	4,319,844
Long term debt (Note 8)	141,547,939	164,169,237
Landfill closure and post-closure (Note 9)	753,493	670,077
	165,126,215	197,538,460
Net Financial Assets	16,964,882	10,882,101
Non-Financial Assets		
Prepaid expenses	432,133	410,071
Tangible capital assets (Note 10)	113,920,574	110,033,002
Accumulated Surplus (Note 11)	\$ 131,317,589	\$ 121,325,174

Approved on behalf of the Board:

Chair

Regional District of Central Okanagan

Statement of Operations

For the year ended December 31

	2018		2017
	Actual	Budget (Note 17)	Actual
Revenues			
Electoral area tax requisitions	\$ 3,720,890	\$ 3,720,979	\$ 3,624,735
Electoral area parcel taxes	421,349	421,349	436,144
Members' requisitions			
General	16,269,444	16,273,194	15,890,847
Parcel taxes	473,574	473,574	471,295
Debt services	26,475,509	26,527,613	26,787,917
Federal government grants	238,683	193,100	406,052
Provincial government grants	1,798,371	2,156,295	6,804,583
Sale of services to other governments	3,383,600	3,536,460	3,398,244
Sale of services to others	1,750,603	1,716,538	1,787,577
Water and sewer fees	6,489,952	6,440,560	6,470,037
Gas tax revenue (Note 16)	705,850	671,753	682,387
Contributions from others	55,391	93,450	74,249
Contributions from sewer DCC reserve (Note 6)	4,083,090	4,583,174	245,204
Gain on disposal of tangible capital assets	-	-	273,678
Other revenue	2,656,023	1,654,351	2,262,002
	68,522,329	68,462,390	69,614,951
Expenses (Note 15)			
Amortization	3,961,742	-	3,742,393
General government services	819,765	1,764,115	582,714
Protective services	8,072,940	8,613,738	12,689,573
Transportation services	46,357	644,715	42,331
Environmental health services	6,032,420	6,299,762	5,519,846
Development services	3,387,436	3,761,080	3,573,096
Recreation and cultural services	4,596,672	4,898,787	4,526,060
Water services	595,730	707,002	691,943
Sewer services	4,177,749	4,363,735	4,192,952
Interest on long term debt and debt issue expense	275,760	284,838	289,169
Fiscal services	26,856,814	26,910,482	27,169,412
Transfer to local governments	112,256	112,438	118,705
Loss on disposal of tangible capital assets	30,906	-	-
Reallocation of insurance reserve (recovery)	(436,633)	-	(278,644)
	58,529,914	58,360,692	62,859,550
Annual Surplus	9,992,415	10,101,698	6,755,401
Accumulated surplus, beginning of the year	121,325,174	121,325,174	114,569,773
Accumulated surplus, end of year	\$ 131,317,589	\$ 131,426,872	\$ 121,325,174

Regional District of Central Okanagan Statement of Change in Net Financial Assets

For the year ended December 31	2018	2017
Annual Surplus	\$ 9,992,415	\$ 6,755,401
Acquisition of tangible capital assets	(7,898,591)	(8,067,091)
Amortization of tangible capital assets	3,961,742	3,742,393
Loss (gain) on disposal of tangible capital assets	30,906	(273,678)
Proceeds from disposal of tangible capital assets	18,371	558,150
	<u>6,104,843</u>	<u>2,715,175</u>
Change of prepaid expenses	(22,062)	2,447
Change in net financial assets	<u>6,082,781</u>	<u>2,717,622</u>
Net financial assets, beginning of the year	<u>10,882,101</u>	<u>8,164,479</u>
Net financial assets, end of year	<u>\$ 16,964,882</u>	<u>\$ 10,882,101</u>

Regional District of Central Okanagan

Statement of Cash Flows

For the year ended December 31

2018

2017

Cash provided by (used in)

Operating Activities

Cash receipts from grants, other governments, and own sources	\$ 68,415,487	\$ 67,667,299
Cash paid to employees and suppliers	(30,360,979)	(27,545,086)
Interest paid	(11,261,387)	(12,347,084)
Interest received	565,123	341,577
Landfill closure cost payments from reserve	(325,747)	(40,171)
	27,032,497	28,076,535

Capital Activities

Purchase of tangible capital assets	(7,898,591)	(8,067,091)
Proceeds from sale of tangible capital assets	18,371	558,150
	(7,880,220)	(7,508,941)

Financing Activities

Net long term debt reduction	(16,104,316)	(15,337,322)
Net reduction of interim financing	(2,165,837)	(2,507,632)
	(18,270,153)	(17,844,954)

Increase in cash during year

882,124 2,722,640

Cash, beginning of the year

28,122,990 25,400,350

Cash, end of year

\$ 29,005,114 \$ 28,122,990

Regional District of Central Okanagan

Summary of Significant Accounting Policies

December 31, 2018

Nature of Business	The Regional District of Central Okanagan (the "Regional District") provides local government services such as protective, transportation, environmental health and development, parks, water, sewer, and other general government services.
Basis of Presentation	The financial statements of the Regional District are the representations of management and are prepared in accordance with Canadian public sector accounting standards as issued by CPA Canada.
Landfill Closure and Post-Closure	The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.
Development Cost Charges	Development Cost Charge ("DCC") levies are restricted by by-law in their use for sewer expansion and the revenue is deferred until the expenses are incurred. When DCC expenses are made, a corresponding amount is recorded as "Contribution from sewer DCC reserve".
Reserve Fund Balances	The Regional District has appropriated certain funds for future capital expenses for specific projects or studies. Expenses from a reserve can only be made with approval from the Ministry or in accordance with by-law directives.
Government Transfers	<p>Government transfers, are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. The transfer of revenue is initially deferred and then recognized in the statement of operations as the stipulation liabilities are settled.</p> <p>When the Regional District is deemed the transferor, the transfer expense is recognized when the recipient is authorized and has met the eligibility criteria.</p>
Financial Instruments	The Regional District's financial instruments consist of cash, accounts receivable and other receivables, deposits, accounts payable and accrued liabilities, interim financing and long-term debt. Unless otherwise noted, it is management's opinion that the Regional District is not exposed to significant interest, currency, liquidity or credit risks arising from these financial instruments.
Non-Financial Assets	Non-financial assets are held for use in the provision of services and are not normally available to discharge liabilities. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the net surplus (deficit) for the year, provides the change in net debt for the year.

Regional District of Central Okanagan

Summary of Significant Accounting Policies

December 31, 2018

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Assets under construction are recorded at cost and are not amortized until the asset is complete and in use. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	5 - 20 years
Buildings	10 - 75 years
Fleet	5 - 15 years
Machinery and equipment	3 - 20 years
Sewer system	10 - 80 years
Water system	10 - 100 years

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purposes.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimate and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Revenue Recognition

Taxes are recognized as revenue in the year they are levied.

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Sales of services and other revenue is recognized on an accrual basis.

Contributions of capital assets are recognized when the transfer occurs.

Regional District of Central Okanagan

Notes to the Financial Statements

December 31, 2018

1. Cash

Cash is held in a financial institution earning interest at a rate of 1.60% (2017 - 1.28%) per annum.

Included in cash, a portion has been specifically set aside for internally and externally restricted reserves.

2. Accounts Receivable

	2018	2017
Local governments and Hospital District	\$ 1,849,541	\$ 1,626,142
Federal government	-	30,000
Provincial government	710,766	1,717,391
Other	1,505,190	1,369,648
	\$ 4,065,497	\$ 4,743,181

3. Deposit / Reserve - Municipal Finance Authority

Deposits:

The Regional District also executes demand notes in connection with each debenture whereby the Regional District may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature. The details of the cash deposits and demand notes at year end are as follows:

	Demand Notes	Cash Deposits	2018	2017
Regional District	\$ 127,385	\$ 91,814	\$ 219,199	\$ 222,047
Member Municipalities				
Kelowna	6,731,191	2,400,604	9,131,795	13,224,683
Peachland	192,935	146,236	339,171	388,574
Lake Country	612,556	323,480	936,036	946,733
West Kelowna	920,054	463,083	1,383,137	1,373,276
Okanagan Regional Library	146,434	60,814	207,248	205,953
	\$ 8,730,555	\$ 3,486,031	\$ 12,216,586	\$ 16,361,266

Regional District of Central Okanagan

Notes to the Financial Statements

December 31, 2018

3. Deposit / Reserve - Municipal Finance Authority (continued)

Reserves and Demand Notes:

The Regional District issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are held by the Municipal Finance Authority as a debt reserve fund and demand notes. The balances at year end are as follows:

	2018	2017
Regional District Reserves	\$ 127,385	\$ 131,288
Member Municipalities Reserves and Demand Notes		
Kelowna	9,131,795	13,224,683
Peachland	339,171	388,574
Lake Country	936,036	946,733
West Kelowna	1,383,137	1,373,276
Okanagan Regional Library Reserves and Demand Notes	207,248	205,953
	<u>\$ 12,124,772</u>	<u>\$ 16,270,507</u>

4. Agreements Due from Members

Agreements due from members become receivable on the same terms as payable to the Municipal Finance Authority (Note 8). The Regional District borrows funds upon its credit at large and shall, in the event of default, constitute an indebtedness of the member municipalities for which they are jointly and severally liable.

	2018	2017
City of Kelowna	\$ 109,344,319	\$ 128,332,609
District of Lake Country	8,766,410	9,911,155
District of Peachland	3,190,262	3,626,442
City of West Kelowna	12,817,246	14,422,168
Okanagan Regional Library District	2,685,663	2,900,750
	<u>\$ 136,803,900</u>	<u>\$ 159,193,124</u>

5. Deferred Revenue

	2018	2017
Balance, beginning of the year	\$ 500,719	\$ 519,672
Contributions		
Business licenses	35,858	36,623
Other	245,462	464,096
Recognized as revenue	(500,719)	(519,672)
Balance, end of the year	<u>\$ 281,320</u>	<u>\$ 500,719</u>

Regional District of Central Okanagan

Notes to the Financial Statements

December 31, 2018

6. Development Cost Charges

During the year, the Regional District collected and recognized as revenue, developmental cost charges ("DCC's") as follows:

	2018	2017
Balance, beginning of the year	\$ 6,158,546	\$ 4,304,300
Interest	99,050	55,060
DCC's collected in the year	1,794,462	2,044,390
DCC's recognized as revenue	(4,083,090)	(245,204)
Balance, end of the year	\$ 3,968,968	\$ 6,158,546

Developmental cost charges are allocated as follows:

	2018	2017
Westside Sewer Plant	\$ 1,934,560	\$ 4,255,283
East Trunk Sewer	2,034,408	1,903,263
	\$ 3,968,968	\$ 6,158,546

7. Interim Financing

Interim Financing is due to the Municipal Finance Authority of British Columbia and was borrowed under Section 819 of the Local Government Act, which allows the Regional District to borrow under Section 175 of Community Charter - Liabilities under Agreement. Interim financing requires scheduled repayments with the last payment due to be repaid in fiscal 2019. Interest on interim financing is payable monthly at a rate of 2.80% (2017 - 1.94%). The outstanding balance is \$2,154,007 as at December 31, 2018 (2017 - \$4,319,844).

Regional District of Central Okanagan

Notes to the Financial Statements

December 31, 2018

8. Long Term Debt

Municipal Finance Authority Agreements

Security			Year of Maturity	Interest Rate	Balance outstanding	
Issuing By-law	Issue number	Purpose			2018	2017
603	59	District of Peachland	2019	5.000	\$ -	\$ 84,963
740	66	District of Peachland	2022	2.250	47,551	58,058
764	68	District of Peachland	2023	2.650	1,250,251	1,465,741
768	69	City of Kelowna	2018	4.650	-	16,224
809	70	City of West Kelowna	2019	2.100	12,527	24,511
811	70	City of Kelowna	2019	2.100	5,169	10,115
818	70	District of Lake Country	2019	2.100	120,015	234,834
		District of Lake Country	2024	5.745	1,801,904	2,058,365
839	71	City of West Kelowna	2019	2.100	120,015	234,834
841	71	City of Kelowna	2019	2.100	48,299	94,506
886	73	City of West Kelowna	2020	2.100	242,553	356,053
887	73	District of Lake Country	2020	2.100	152,640	224,067
912	74	Regional District - Ellison Fire Hall	2021	1.750	131,112	170,722
		Regional District - Lakeview Sewer	2021	1.750	172,631	224,784
		City of West Kelowna	2021	1.750	281,673	366,767
931	75	City of West Kelowna	2021	1.750	296,751	386,400
932	75	City of Kelowna	2021	1.750	109,260	142,268
933	75	District of Lake Country	2021	1.750	546,301	711,341
939	76	City of Kelowna	2018	1.150	-	2,736,537
957	77	City of Kelowna	2022	1.750	11,225	13,705
964	77	City of West Kelowna	2022	1.750	544,887	665,287
983	78	City of Kelowna	2022	2.250	1,158,417	1,414,385
973	78	District of Lake Country	2022	2.250	161,484	197,166
984	78	District of Lake Country	2022	2.250	227,629	277,927
1007	79	City of West Kelowna	2023	2.250	680,797	798,137
1023	80	City of Kelowna	2023	2.850	13,614	15,960
1069	85	City of Kelowna	2019	2.000	354,696	692,501
		City of Kelowna	2024	2.000	1,443,634	1,645,766
1070	85	City of West Kelowna	2024	2.000	412,225	469,943
939	89	City of Kelowna	2018	4.450	-	1,790,687
1123	95	District of Peachland	2030	1.800	1,892,459	2,017,680
1125	95	City of Kelowna	2025	1.800	3,273,528	3,680,093
Carried forward					<u>\$ 15,513,247</u>	<u>\$ 23,280,327</u>

Regional District of Central Okanagan

Notes to the Financial Statements

December 31, 2018

8. Long Term Debt (continued)

Municipal Finance Authority Agreements

Security		Purpose	Year of Maturity	Interest Rate	Balance outstanding	
Issuing By-law	Issue number				2018	2017
Brought forward					\$ 15,513,247	\$ 23,280,327
1122	95	Regional District - Upper Ellison Fire	2020	1.800	23,308	34,374
1122	95	Regional District - Ridgeview Fire Protection	2025	1.800	96,534	108,523
1122	95	City of West Kelowna	2025	1.800	1,847,803	2,077,296
1147	99	City of West Kelowna	2026	1.750	650,466	718,345
1175	101	City of West Kelowna	2027	2.250	1,554,872	1,696,145
1196	101	Lakeshore Road Improvements	2027	2.250	43,768	47,745
		City of West Kelowna	2027	2.250	763,758	833,152
1212	102	City of Kelowna	2027	2.250	15,483,063	16,889,834
1227	103	City of Kelowna	2018	4.650	-	1,896,784
1219	103	City of West Kelowna	2028	2.650	83,878	90,596
1239	104	District of Lake Country	2018	5.150	-	29,519
		District of Lake Country	2028	2.900	1,000,857	1,081,013
1241	104	Regional District - Shelter Cove Fire Protection	2018	5.150	-	8,061
1245	104	Okanagan Regional Library District Admin Building	2028	2.900	2,685,663	2,900,750
1212	104	City of Kelowna	2028	2.900	1,193,628	1,289,223
1246	104	City of Kelowna	2028	2.900	6,324,691	6,831,219
		City of Kelowna	2018	5.150	-	1,232,909
1246	105	City of Kelowna	2019	4.900	2,370,980	4,650,768
1251	105	City of West Kelowna	2029	4.900	5,325,042	5,704,703
1252	105	District of Lake Country	2024	4.900	436,290	499,536
	105	District of Lake Country	2029	4.900	322,306	345,285
1246	106	City of Kelowna	2019	4.130	1,185,490	2,325,384
1260	106	City of Kelowna	2019	4.130	570,221	1,118,510
1252	109	District of Lake Country	2020	1.830	75,000	125,000
1246	112	City of Kelowna	2020	3.730	2,325,384	3,421,436
1285	114	District of Lake Country	2026	3.650	145,427	160,845
1286	114	District of Lake Country	2026	3.650	222,526	246,118
1292	117	City of Kelowna	2031	3.250	1,469,523	1,554,506
1293	117	City of Kelowna	2026	3.250	2,301,092	2,541,219
Carried forward					\$ 64,014,817	\$ 83,739,123

Regional District of Central Okanagan

Notes to the Financial Statements

December 31, 2018

8. Long Term Debt (continued)

Municipal Finance Authority Agreements

Security			Year of Maturity	Interest Rate	Balance outstanding	
Issuing By-law	Issue number	Purpose			2018	2017
Brought forward					\$ 64,014,817	\$ 83,739,123
1310	121	Regional District - Upper Fintry Shalal Road & Valley of the Sun Water Distribution System	2042	2.900	4,276,685	4,381,903
1329	126	District of Lake Country	2033	3.850	875,378	917,414
1337	127	District of Lake Country	2029	3.300	350,884	375,901
1350	130	City of Kelowna	2034	3.000	295,802	308,834
1362	133	District of Lake Country	2035	2.750	2,327,770	2,426,825
1363	133	City of Kelowna	2035	2.750	17,803,210	18,560,804
1364	133	City of Kelowna	2035	2.750	13,352,408	13,920,603
1227	133	City of Kelowna	2025	2.750	5,514,158	6,199,004
1227	137	City of Kelowna	2026	2.600	2,892,868	3,201,655
1363	137	City of Kelowna	2036	2.600	15,776,684	16,398,862
1227	139	City of Kelowna	2026	2.100	2,468,766	2,738,308
1227	141	City of Kelowna	2027	2.800	7,302,156	8,000,000
1363	142	City of Kelowna	2037	3.150	2,888,353	3,000,000
1363	145	City of Kelowna	2038	3.150	1,360,000	-
1420	146	City of Kelowna	2038	3.200	48,000	-
Total long term debt					\$ 141,547,939	\$ 164,169,237

Future principal repayments on existing long-term debt for the next five years and thereafter:

2019	\$ 16,037,067
2020	12,973,959
2021	9,902,341
2022	8,949,019
2023	8,800,662
Thereafter	84,884,891
	<u>\$ 141,547,939</u>

Regional District of Central Okanagan

Notes to the Financial Statements

December 31, 2018

9. Landfill Closure and Post- Closure Care

The British Columbia Environmental and Enhancement Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Capacity of the Westside Sanitary Landfill of 1,926,340 cubic meters was reached during the 2010 fiscal year. Closure will involve covering the site with topsoil and vegetation, drainage control, and installing groundwater monitoring wells. Post-closure care activities for the landfill are expected to occur for 30 years and will involve surface and ground water monitoring, maintenance of drainage structures, monitoring leachate and landfill gas, and landfill cover maintenance.

The table below sets out the liability based on estimated capacities used in cubic meters, multiplied by the estimated total expenses, expressed as discounted present values, assuming a discount rate of 3.22% (2017 - 3.43%) based on average long term borrowing rate. The amount remaining to be recognized in future years is \$nil because the landfill reached full capacity during the 2010 fiscal year. The annual provision is reported as an operating fund expense and the accumulated provision is recorded as a liability on the Statement of Financial Position. Reserve funds totaling \$348,249 (2017 - \$663,327) have been established to provide for this liability in the Capital Project Reserve Fund. (Note 11)

Site	Estimated Remaining Life (yrs)	Est. Total Expenditure For Closure	Cumulative Capacity Used	Total Estimated Capacity	% Used	Liability for Closure to Dec. 31, 2018
West Kelowna	-	\$ 753,493	1,926,340	1,926,340	100%	\$ 753,493
Less expenses previously recognized:						<u>(670,077)</u>
2018 net additional cost in connection with landfill closure:						<u>\$ 83,417</u>

Site	Estimated Remaining Life (yrs)	Est. Total Expenditure For Closure	Cumulative Capacity Used	Total Estimated Capacity	% Used	Liability for Closure to Dec. 31, 2017
West Kelowna	-	\$ 670,077	1,926,340	1,926,340	100%	\$ 670,077

Regional District of Central Okanagan
Notes to the Financial Statements

December 31, 2018

10. Tangible Capital Assets

	2018									
	Land	Land Improvements	Buildings	Fleet	Machinery and Equipment	Sewer System	Water System	Assets Under Construction	Total	
Cost, beginning of year	\$ 40,388,504	\$ 5,188,288	\$ 12,110,894	\$ 6,458,432	\$ 4,631,118	\$ 59,761,027	\$ 19,613,195	\$ 3,126,979	\$ 151,278,437	
Additions	-	850,204	65,610	244,044	604,625	4,507,861	905,080	721,167	7,898,591	
Disposals	-	(12,951)	(21,000)	-	(933,719)	(50,906)	(44,192)	(22,041)	(1,084,809)	
Reallocation of Assets Under Construction		193,540			382,318	287,730	80,895	(944,483)	-	
Cost, end of year	\$ 40,388,504	\$ 6,219,081	\$ 12,155,504	\$ 6,702,476	\$ 4,684,342	\$ 64,505,712	\$ 20,554,978	\$ 2,881,622	\$ 158,092,219	
Accumulated amortization, beginning of year	\$ -	\$ 2,049,740	\$ 6,051,639	\$ 3,870,400	\$ 2,966,207	\$ 20,702,456	\$ 5,604,993	\$ -	\$ 41,245,435	
Amortization	-	367,961	441,341	422,111	480,044	1,833,640	416,645	-	3,961,742	
Disposals	-	(12,951)	(21,000)		(927,526)	(50,904)	(23,151)	-	(1,035,532)	
Accumulated amortization, end of year	\$ -	\$ 2,404,750	\$ 6,471,980	\$ 4,292,511	\$ 2,518,725	\$ 22,485,192	\$ 5,998,487	\$ -	\$ 44,171,645	
Net carrying amount, end of year	\$ 40,388,504	\$ 3,814,331	\$ 5,683,524	\$ 2,409,965	\$ 2,165,617	\$ 42,020,520	\$ 14,556,491	\$ 2,881,622	\$ 113,920,574	

Regional District of Central Okanagan
Notes to the Financial Statements

December 31, 2018

10. Tangible Capital Assets (continued)

	2017									
	Land	Land Improvements	Buildings	Fleet	Machinery and Equipment	Sewer System	Water System	Assets Under Construction	Total	
Cost, beginning of year	\$ 38,019,146	\$ 5,143,314	\$ 12,043,066	\$ 6,283,801	\$ 4,517,814	\$ 59,382,170	\$ 18,215,120	\$ 1,037,518	\$ 144,641,949	
Additions	2,369,358	451,406	67,828	478,917	358,389	428,936	1,414,459	2,497,798	8,067,091	
Disposals	-	(458,948)	-	(304,286)	(245,085)	(84,179)	(338,105)		(1,430,603)	
Reallocation of Assets Under Construction		52,516				34,100	321,721	(408,337)	-	
Cost, end of year	\$ 40,388,504	\$ 5,188,288	\$ 12,110,894	\$ 6,458,432	\$ 4,631,118	\$ 59,761,027	\$ 19,613,195	\$ 3,126,979	\$ 151,278,437	
Accumulated amortization, beginning of year	\$ -	\$ 2,162,005	\$ 5,606,720	\$ 3,729,057	\$ 2,749,274	\$ 19,030,055	\$ 5,372,062	\$ -	\$ 38,649,173	
Amortization	-	249,353	444,919	431,315	462,018	1,756,580	398,207	-	3,742,392	
Disposals	-	(361,618)	-	(289,972)	(245,085)	(84,179)	(165,276)	-	(1,146,130)	
Accumulated amortization, end of year	\$ -	\$ 2,049,740	\$ 6,051,639	\$ 3,870,400	\$ 2,966,207	\$ 20,702,456	\$ 5,604,993	\$ -	\$ 41,245,435	
Net carrying amount, end of year	\$ 40,388,504	\$ 3,138,548	\$ 6,059,255	\$ 2,588,032	\$ 1,664,911	\$ 39,058,571	\$ 14,008,202	\$ 3,126,979	\$ 110,033,002	

Regional District of Central Okanagan

Notes to the Financial Statements

December 31, 2018

11. Accumulated Surplus

	2018	2017
Current Funds		
General revenue fund	\$ 3,739,312	\$ 3,871,283
Water revenue fund	182,932	80,692
Sewer revenue fund	193,371	189,943
	<u>4,115,615</u>	<u>4,141,918</u>
Capital Funds		
General capital fund	51,248,168	48,804,745
Water capital fund	12,988,852	11,966,268
Sewer capital fund	42,032,014	39,295,956
	<u>106,269,034</u>	<u>100,066,969</u>
Reserve Funds		
Feasibility reserve fund	160,486	148,105
Equipment replacement reserve fund	5,795,961	5,330,103
Park reserve fund	1,579,995	1,554,986
Capital projects reserve fund	10,886,850	8,021,053
Operating reserve fund	2,509,646	2,062,040
	<u>20,932,938</u>	<u>17,116,287</u>
Accumulated Surplus Total	<u>\$ 131,317,589</u>	<u>\$ 121,325,174</u>

Capital funds represent amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by the Board for specific purposes.

12. Credit Facility

The Regional District has a credit facility agreement with a financial institution which provides for a total commitment of \$20,800,000 (2017 - \$20,400,000). At December 31, 2018, the Regional District had drawn an amount of \$Nil on this agreement (2017 - \$Nil).

Regional District of Central Okanagan

Notes to the Financial Statements

December 31, 2018

13. Employee Benefits

Retirement Benefits

The Regional District and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Regional District paid \$706,727 (2017 - \$710,718) for employer contributions to the plan in fiscal 2018.

The next valuation will be December 31, 2018, with results available in 2019. Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

Compensated Absences

Sick Leave

After ten years of employment, earned sick leave is paid out upon termination of employment as per agreements. Sick leave obligations are attributed to the period beginning the employee's date of hire and ending on the date the employee ceases employment.

The Regional District determines its discount rates by reference to its cost of borrowing in accordance with Paragraph .044 of PS 3250. Actuarial gains and losses arise from the difference between the actual experience of the plan and that expected by the actuarial assumptions or from changes in actuarial assumptions. Actuarial gains and losses arising in a specific fiscal period will be amortized over the expected average remaining service life (EARSLS) of the related employee group in accordance with Paragraph .061 or PS 3250.

The sick leave benefits are adequately funded by an account reserved for employee benefits and insurance. The projected sick leave liability in 2018 is \$768,600 (2017 - \$747,800).

Vacation

Vacation is accrued as it is earned by employees.

Regional District of Central Okanagan

Notes to the Financial Statements

December 31, 2018

14. Contingent Liabilities

The Regional District is the defendant in various lawsuits. In the opinion of management, the overall estimation of loss is not determinable at this time. These claims have not be provided for in the financial statements. Settlement, if any, made with respect to these actions would be expected to be accounted for as a charge to expenses in the period in which realization is known, to the extent not covered by insurance.

15. Expenses by Object

	2018	2017
Advertising and promotion	\$ 185,423	\$ 109,946
Amortization	3,961,742	3,742,392
Contract Services	3,408,515	3,343,675
Education and training	560,613	535,067
Emergency services	1,863,623	6,765,017
Grants and other programs	281,556	286,077
Insurance, licenses and memberships	59,806	194,601
Interest on long-term debt and debt issue expense	275,761	289,170
Fiscal services for members	26,856,815	27,169,412
Leases and rentals	30,707	17,992
Loss on disposal of tangible capital assets	30,906	-
Office and administration	419,157	525,703
Planning and development	260,057	372,794
Professional fees	214,578	263,944
Repairs and maintenance	3,011,370	2,720,383
Supplies	931,311	812,019
Telephone and utilities	954,145	972,406
Transit services	12,774	10,552
Travel	232,148	214,391
Transfers to other agencies and governments	4,045,182	4,022,986
Wages and benefits	10,933,720	10,491,023
	\$ 58,529,914	\$ 62,859,550

Regional District of Central Okanagan

Notes to the Financial Statements

December 31, 2018

16. Gas Tax Agreement Funds

Community Works funds

Community Works Funds are provided by the Government of Canada under the Gas Tax Agreement. The use of the funding is established by a funding agreement between the Regional District and the Union of British Columbia Municipalities. Gas Tax Agreement funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects. The Community Works Fund balance is included in the capital projects reserve fund.

	2018	2017
Opening balance of unspent funds	\$ 1,297,236	\$ 1,874,346
Add: Amount received during the year	705,850	682,387
Interest earned	20,864	23,976
Less: Amount spent on projects	(207,323)	(1,283,473)
Closing balance of unspent community works funds	\$ 1,816,627	\$ 1,297,236

Regional District of Central Okanagan

Notes to the Financial Statements

December 31, 2018

17. Budget

The budget data presented in these financial statements is based upon the 2018 - 2022 Financial Plan Bylaw 1414 approved by the Regional District Board on March 26 and Amending Bylaws 1418, 1422, 1429, and 1430 approved by the Board on April 23, October 11, December 10 2018 and February 14, 2019 respectively.

The legislative requirements of the Financial Plan are that the cash inflows for the period must at a minimum equal cash outflows.

Budgeted Cash inflows and outflows include transfers to and from reserves and other funds, and prior year surplus/deficits carried forward, and principal repayments on debt. These transactions are not recognized as revenues and expenses in the Statement of Operations as they do not meet the inclusion requirements under public sector account standards.

Revenue	Approved Budget	Capital Adjustments	Debt Adjustments	Transfers & Other	Presented Budget
Electoral Area tax & parcel tax	\$ 4,142,328				\$ 4,142,328
Members' requisitions	43,274,381				43,274,381
Grants	1,175,469	1,173,926			2,349,395
Sale of services	5,252,998	-			5,252,998
Water and Sewer fees	6,442,960			(2,400)	6,440,560
Gas tax revenue	600,000	71,753			671,753
Contributions	-	4,676,624			4,676,624
Transfers from reserves	583,791	(583,791)			-
Other revenue	1,764,990		(152,386)	41,747	1,654,351
Prior years' surplus	3,340,117			(3,340,117)	-
	\$ 66,577,034	\$ 5,338,512	\$ (152,386)	\$ (3,300,770)	\$ 68,462,390
Expense					
General government services	5,221,836		(18,000)	(3,439,721)	1,764,115
Protective services	8,851,277		(42,001)	(195,538)	8,613,738
Transportation services	657,113		(4,487)	(7,911)	644,715
Environmental health services	6,063,401		-	236,361	6,299,762
Development services	3,532,462		-	228,618	3,761,080
Recreation and cultural services	9,480,880		(2,655,521)	(1,926,572)	4,898,787
Water services	1,570,495		(227,141)	(636,352)	707,002
Sewer services	4,671,957		(37,717)	(270,505)	4,363,735
Fiscal services	26,527,613		382,869	-	26,910,482
Interest on long-term debt and debt issue expense	-		284,838		284,838
Transfers to local governments	-			112,438	112,438
	\$ 66,577,034	\$ -	\$ (2,317,160)	\$ (5,899,182)	\$ 58,360,692

Regional District of Central Okanagan

Notes to the Financial Statements

December 31, 2018

18. Segmented Information

The segments and the services the Regional District provide are broken down as follows:

General Government Services is comprised of a number of different services, including Board and Communications Costs, Corporate Services; Administration Finance; Engineering; Human Resources; Information Systems; Electoral Area Costs; and Grants. Corporate Services involves staff and management working closely with the Regional Board and Community partners to coordinate the delivery of a wide range of functions and services. The Finance department is responsible for the requisition of tax revenues from the Province and from member municipalities and all treasury and accounting functions. Human Resources involves the administration of full-time and part-time employees, as well as the responsibility for labour relations, recruitment, training and career planning, employee health and safety and Workers Compensation regulations. Information Systems includes an all-encompassing computer database and mapping system for properties in the Regional District, which is used by Regional Services and Regional District departments and other government agencies, as well as members of the public and businesses.

Protective Services includes a number of different programs. These programs include Electoral Area Fire Protection; Regional Rescue; 911 Services; Crime Stoppers; Victim Services; Crime Prevention; Bylaw Enforcement (Business Licenses, Building Inspections, Dog Control, Mosquito Control, Starling Control, and Prohibited Animal Control). These services are designed to provide a safe environment to the community. They are responsible for providing these services to the unincorporated electoral areas of Central Okanagan East and Central Okanagan West, as well as to the member municipalities of Kelowna, West Kelowna, Peachland, and Lake country within the boundaries of the Regional District.

Transportation Services includes Transportation Demand Management, Road/Street Light Improvements and Transit Services.

Environmental Health Services includes a number of different services, including: Effluent Disposal; Solid Waste Management Services (Recycling, Collection, Transfer Stations, Management); Okanagan Basin Water Board; Air Quality Monitoring; Noise Abatement; Untidy Premises. The mandate of these programs is to coordinate delivery of the many day-to-day services required for community living.

Environmental Development Services is responsible for delivering Insect & Weed Control, Sterile Insect Release, Economic Development and Planning. Economic Development provides assistance to businesses and entrepreneurs in the Regional District and to those interested in relocating to the region. The planning function is responsible for developing land use policies that provide guidance to elected officials, developers, the public and other decision makers. It puts land use plans and policies into action and ensures proper Infrastructure and orderly development. The program also evaluates applications and provides recommendations to decision makers; assist the public with land use regulations, applications, and processes; and invites and responds to public

Recreational/Cultural Service includes the Community Halls, Regional Parks, Community Parks, and Okanagan Regional Library. The Parks department is responsible for 30 Regional Parks and more than a dozen community and neighbourhood parks making up over 1,900 hectares or parkland. The department is also responsible for future recreational opportunities through parkland acquisition on development.

Fiscal Services is responsible for MFA Financing for 2 electoral areas and 4 member municipalities.

Water Services includes a total of six water systems that provides water services to local service areas within the electoral areas.

Sewer Services includes the Westside Wastewater Treatment Plant, the Ellison Sewer System and a number of Lift Stations/Collector Systems which service residents of West Kelowna, Peachland and Westbank First Nation.

Regional District of Central Okanagan

Notes to the Financial Statements

December 31, 2018

18. Segmented Information

The segments and the services the Regional District provide are broken down as follows:

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Environmental Development Services	Recreation/ Cultural Services	Fiscal Services	Water Services	Sewer Services	Other	Total 2018 Actual	Total 2018 Budget
Revenues												
General taxes	\$ 690,286	\$ 5,902,459	\$ 45,098	\$ 2,362,178	\$ 3,353,484	\$ 8,273,718	\$ 26,473,948	\$ 221,839	\$ 37,756	\$ -	\$ 47,360,766	\$ 47,416,709
Utility Charges	-	-	-	-	-	-	-	1,418,303	5,071,649	-	6,489,952	6,440,560
Government grants - Federal	130,000	6,000	-	-	29,955	70,893	-	1,835	-	-	238,683	193,100
Government grants - Provincial	22,696	853,209	-	3,000	9,575	98,931	-	810,960	-	-	1,798,371	2,156,295
Sales of services	347,501	946,011	12,129	3,042,260	90,121	696,181	-	-	-	-	5,134,203	5,252,998
Other revenue	335,340	1,223,516	4,228	335,648	42,237	363,406	79,690	21,475	4,083,676	1,011,138	7,500,354	7,002,728
	1,525,823	8,931,195	61,455	5,743,086	3,525,372	9,503,129	26,553,638	2,474,412	9,193,081	1,011,138	68,522,329	68,462,390
Expenses												
Operating												
Goods and services (net)	(2,077,229)	5,575,499	45,506	5,496,690	2,357,089	2,087,785	27,132,574	422,390	3,047,684	(324,378)	43,763,610	46,916,034
Wages and benefits	2,886,477	2,501,330	851	535,730	1,030,347	2,525,381	-	194,381	1,130,065	-	10,804,562	11,444,658
	809,248	8,076,829	46,357	6,032,420	3,387,436	4,613,166	27,132,574	616,771	4,177,749	(324,378)	54,568,172	58,360,692
Capital												
Amortization	450,000	545,253	-	97,605	9,659	568,409	-	426,289	1,864,527	-	3,961,742	-
	1,259,247	8,622,082	46,357	6,130,025	3,397,095	5,181,578	27,132,574	1,043,060	6,042,274	(324,378)	58,529,914	58,360,692
Excess (deficiency) in revenues over expenses	\$ 266,576	\$ 309,113	\$ 15,098	\$ (386,939)	\$ 128,277	\$ 4,321,551	\$ (578,936)	\$ 1,431,352	\$ 3,150,807	\$ 1,335,516	\$ 9,992,415	\$ 10,101,698

Regional District of Central Okanagan

Notes to the Financial Statements

December 31, 2018

18. Segmented Information (continued)

The segments and the services the Regional District provide are broken down as follows:

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Environmental Development Services	Recreation/ Cultural Services	Fiscal Services	Water Services	Sewer Services	Other	Total 2017 Actual	Total 2017 Budget
Revenues												
General taxes	\$ 697,868	\$ 5,749,897	\$ 46,500	\$ 2,368,205	\$ 3,257,254	\$ 8,043,976	\$ 26,786,544	\$ 228,226	\$ 32,468	\$ -	\$ 47,210,938	\$ 47,100,998
Utility Charges	-	-	-	-	-	-	-	1,424,423	5,045,614	-	6,470,037	6,382,737
Government grants - Federal	150,000	5,000	-	-	30,000	217,214	-	-	3,838	-	406,052	185,600
Government grants - Provincial	17,856	5,373,937	-	7,100	-	139,890	-	1,265,800	-	-	6,804,583	8,208,722
Sales of services	291,448	972,332	11,202	3,027,945	179,205	703,689	-	-	-	-	5,185,821	5,170,134
Other revenue	196,547	1,273,901	22	361,846	45,170	548,403	70,594	(140,899)	249,301	932,635	3,537,520	5,503,923
	1,353,719	13,375,067	57,724	5,765,096	3,511,629	9,653,172	26,857,138	2,777,550	5,331,221	932,635	69,614,951	72,552,114
Expenses												
Operating												
Goods and services (net)	(2,269,168)	10,219,988	41,510	4,965,860	2,602,218	2,196,634	27,458,581	454,660	3,118,290	(159,939)	48,628,634	51,498,342
Wages and benefits	2,851,882	2,469,585	821	553,986	970,878	2,329,426	-	237,283	1,074,662	-	10,488,523	11,142,386
	582,714	12,689,573	42,331	5,519,846	3,573,096	4,526,060	27,458,581	691,943	4,192,952	(159,939)	59,117,157	62,640,728
Capital												
Amortization	412,950	562,038	-	96,752	9,257	443,103	-	419,438	1,798,855	-	3,742,393	-
	995,664	13,251,611	42,331	5,616,598	3,582,353	4,969,163	27,458,581	1,111,381	5,991,807	(159,939)	62,859,550	62,640,728
Excess (deficiency) in revenues over expenses	\$ 358,055	\$ 123,456	\$ 15,393	\$ 148,498	\$ (70,724)	\$ 4,684,009	\$ (601,443)	\$ 1,666,169	\$ (660,586)	\$ 1,092,574	\$ 6,755,401	\$ 9,911,386

Regional District of Central Okanagan
Consolidated Statement of Current Fund Operations
(Unaudited)

For the year ended December 31	2018		2017
	Actual	Budget	Actual
Revenues			
Electoral area tax requisitions	\$ 3,720,890	\$ 3,720,979	\$ 3,624,735
Electoral area parcel taxes	421,349	421,349	436,144
Members' requisitions			
General	16,269,444	16,273,194	15,890,847
Parcel Taxes	473,574	473,574	471,295
Debt Services	26,475,509	26,527,613	26,787,917
Federal government grants	238,683	193,100	206,052
Provincial government grants	889,880	982,369	5,455,379
Sale of services to other governments	3,383,600	3,536,460	3,398,244
Sale of services to others	1,750,603	1,716,538	1,787,577
Water and sewer fees	6,489,952	6,440,560	6,470,037
Gas tax revenue	-	600,000	-
Other Revenue	2,229,297	1,806,737	1,966,160
	62,342,781	62,692,473	66,494,387
Expenses			
General government services	819,765	1,764,115	582,714
Protective services	8,072,940	8,613,738	12,689,573
Transportation services	46,357	644,715	42,331
Environmental health services	6,032,420	6,299,762	5,519,846
Development services	3,387,436	3,761,080	3,573,096
Recreation and cultural services	4,596,672	4,898,787	4,526,060
Water services	595,730	707,002	691,943
Sewer services	4,177,749	4,363,735	4,192,952
Fiscal services	27,132,579	27,195,319	27,458,581
Transfer to local governments	112,256	112,438	118,706
Reallocation of insurance reserve (recovery)	(436,633)	-	(278,644)
	54,537,271	58,360,691	59,117,158
Net revenues	7,805,510	4,331,782	7,377,229
Regional District - debt principal repayments	(152,384)	(152,386)	(153,717)
- short term debt repayments	(2,165,838)	(2,164,775)	(2,530,056)
Net interfund transfers			
Capital Fund	(581,283)	(561,930)	598,388
Reserve fund	(4,932,308)	(4,792,807)	(4,784,860)
Change in current fund	(26,303)	(3,340,116)	506,984
Balance, beginning of year	4,141,918	4,141,918	3,634,934
Balance, end of year	\$ 4,115,615	\$ 801,802	\$ 4,141,918

Regional District of Central Okanagan
Consolidated Statement of Capital Fund Operations
(Unaudited)

For the year ended December 31	2018		2017
	Actual	Budget	Actual
Revenues			
Federal government grants	\$ -	\$ -	\$ 200,000
Provincial government grants	908,491	97,536	1,349,204
Gain on disposals of tangible capital assets	-	-	273,678
Contributions from others	55,391	93,450	74,249
Retirement of long term debt	232,074	-	224,311
Gas tax revenue	71,753	71,753	-
	1,267,709	262,739	2,121,442
Expenses			
Land	-	16,020	-
Buildings	-	359,602	-
Machinery, equipment & other	-	9,143,287	-
Engineering structures	-	5,917,638	-
Amortization	3,961,742	-	3,742,393
Loss on disposals of tangible capital assets	30,906	-	-
	3,992,648	15,436,547	3,742,393
Net revenues (expenses)	(2,724,939)	(15,173,808)	(1,620,951)
Net interfund transfers			
Current fund	664,700	561,930	(567,715)
Current fund - Landfill	(83,417)	-	(30,672)
Current fund - Retirement of short term debt	2,165,838	2,164,775	2,530,056
Reserve funds	2,096,793	7,596,318	6,185,577
Contributions received from sewer DCC reserve	4,083,090	-	245,204
Change in capital fund	6,202,065	(4,850,785)	6,741,499
Balance, beginning of year	100,066,969	100,066,969	93,325,470
Balance, end of year	\$ 106,269,034	\$ 95,216,184	\$ 100,066,969

Regional District of Central Okanagan
Consolidated Statement of Reserve Fund Operations
(Unaudited)

For the year ended December 31	2018		2017
	Actual	Budget	Actual
Revenues			
Gas tax revenue	\$ 705,850	\$	682,387
Interest Income	275,286		225,248
	981,136	-	907,635
Net interfund transfers			
Current fund	4,932,308	4,792,807	4,784,860
Capital fund	(2,096,793)	(7,596,318)	(6,185,577)
Change in capital fund	3,816,651	(2,803,511)	(493,082)
Balance, beginning of year	17,116,287	17,116,285	17,609,369
Balance, end of year	\$ 20,932,938	\$ 14,312,774	\$ 17,116,287
Summary of Reserve Funds positions			
Feasibility Reserve Fund	\$ 160,486	\$	148,105
Equipment Replacement Reserve Fund	5,795,961		5,330,103
Park Reserve Fund	1,579,995		1,554,986
Capital Projects Reserve Fund	10,886,850		8,021,053
Operating Reserve Fund	2,509,646		2,062,040
	\$ 20,932,938	\$	17,116,287

Regional District of Central Okanagan
General Revenue Fund
Statement of Financial Position
(Unaudited)

December 31	2018	2017
Assets		
Cash	\$ 29,005,115	\$ 28,122,990
Accounts receivable		
Federal government	-	30,000
Provincial government	710,766	1,717,391
Local governments and Hospital District	1,849,541	1,626,142
Other	1,505,189	1,369,648
Prepaid expenses	432,133	410,071
Other assets		
Municipal Finance Authority debt reserve fund		
Member municipalities	11,790,139	15,933,266
Regional District	260,422	263,536
	\$ 45,553,305	\$ 49,473,044
Liabilities and Surplus		
Accounts payable		
Accounts payable and accrued liabilities	\$ 4,295,717	\$ 5,449,533
Due to development cost charges reserve fund	3,968,968	6,158,546
Due to capital projects reserve fund	10,886,850	8,021,053
Due to equipment replacement reserve fund	5,795,961	5,330,103
Due to feasibility study reserve fund	160,486	148,105
Due to operating reserve fund	2,509,646	2,062,040
Due to park reserve fund	1,579,995	1,554,986
Due to sewer revenue fund	178,008	174,906
Due to water revenue fund	124,970	23,963
Due to water capital fund	144,776	148,916
Other liabilities		
Deferred revenue	136,544	351,803
Municipal Finance Authority debt reserve fund		
Member municipalities		
- cash requirements	3,333,403	4,504,237
- demand note requirement	8,456,736	11,429,029
Regional District		
- cash requirements	60,814	59,519
- demand note requirement	181,119	185,022
Surplus	3,739,312	3,871,283
	\$ 45,553,305	\$ 49,473,044

Regional District of Central Okanagan
General Revenue Fund
Statement of Operations
(Unaudited)

For the year ended December 31	2018	2017
Revenue		
Electoral area tax requisitions	\$ 3,720,890	\$ 3,624,735
Electoral area parcel taxes	200,744	209,003
Members' requisitions		
General	16,269,444	15,890,847
Parcel taxes	436,145	439,115
Debt services	26,473,948	26,786,544
Federal government grants	236,848	202,214
Provincial government	889,880	5,455,379
Sale of services to local governments	3,383,600	3,398,244
Sale of services to others	1,750,603	1,787,577
Other revenue		
Licenses, fees and permits	1,190,335	1,234,775
Facility rentals	194,001	196,997
Other revenue	792,900	486,912
Other programs	30,000	25,000
Transfer from general capital fund	-	520,586
Transfer from capital projects reserve fund	340,746	65,171
Transfer from operating reserve fund	103,544	73,843
Surplus from previous year	3,871,283	3,330,077
	59,884,911	63,727,019
Expenses		
General government services	819,765	582,714
Protective services	8,072,940	12,689,573
Transportation services	46,357	42,331
Environmental health services	6,032,420	5,519,846
Development services	3,387,436	3,573,096
Recreational and cultural services	4,596,672	4,526,060
Fiscal services	27,020,105	27,343,042
Transfer to general capital fund	668,896	-
Transfer to equipment replacement reserve fund	458,896	512,128
Transfer to operating reserve fund	497,986	644,352
Transfer to capital projects reserve fund	2,776,082	2,433,603
Transfer to feasibility study reserve fund	10,000	15,000
Transfer to City of Kelowna	-	7,100
Transfer to District of Lake Country	55,000	55,000
Transfer to District of Peachland	12,000	12,000
Transfer to City of West Kelowna	45,256	44,606
Landfill closure and post-closure	(83,417)	(30,672)
Reallocation of insurance reserve (recovery)	(436,633)	(278,644)
Short term debt repayment	2,165,838	2,164,601
	56,145,599	59,855,736
Surplus, end of year	\$ 3,739,312	\$ 3,871,283

Regional District of Central Okanagan
General Revenue Fund
Surplus
(Unaudited)

For the year ended December 31	2018	2017
Regional Board	\$ 69,697	\$ 88,833
Corporate Services/Administration	271,030	273,927
Finance	354,500	209,360
Engineering	191,277	187,651
Human Resources	63,457	55,685
Information Systems	161,116	161,773
General Government Services - Electoral Areas	7,140	9,933
Electoral Area Central Okanagan West	7,472	11,163
Electoral Area Central Okanagan East	4,428	2,636
Regional Grants in Aid	-	1
EA West Grants in Aid	1,748	2,420
EA East Grants in Aid	3,400	2,400
Upper Ellison Fire Protection	(3,648)	(3,696)
Electoral Areas Fire Protection	-	(904)
Lakeshore Road Fire Protection	-	(456)
Ellison Fire Protection	25,201	102,405
Joe Rich Road Fire Protection	625	(18,001)
North Westside Road Fire Protection	869	52,533
Wilson's Landing Fire Protection	628	20,597
Ridgeview Fire Protection	73	232
June Springs Fire Protection	575	(657)
Brent Road Fire Protection	1,009	3,641
Regional Rescue Service	189,860	146,012
911 Emergency Telephone Service	109,435	94,815
Shelter Cove Fire Protection	(544)	(636)
Crime Stoppers	195	5,025
Victims Services	577	3,970
Crime Prevention	27,074	44,235
Business Licenses	7,017	4,260
Building Inspection	52,426	120,165
Dog Control	274,888	162,498
Mosquito Control	16,138	32,774
Prohibited Animal Control	981	980
Transportation Demand Management	(2,164)	(83)
Lakeshore Road Improvements	26	22
Scotty Heights Street Lighting	945	10
Ellison Transit	11,733	11,003
Septic Tank Effluent Disposal	61,889	75,556
Balance to be carried forward	\$ 1,911,073	\$ 1,862,082

Regional District of Central Okanagan
General Revenue Fund (continued)
Surplus
(Unaudited)

For the year ended December 31	2018	2017
Balance carried forward	\$ 1,911,073	\$ 1,862,082
Westside Disposal & Recycling Centre	2,153	77,440
Solid Waste Management	5,058	5,449
Solid Waste Collection	52,836	69,802
Okanagan Basin Water Board	(3)	-
Air Quality Monitoring	(1)	1
Noise Abatement	3,298	3,526
Untidy Premises	3,373	2,760
Regional Planning	114,802	22,941
Electoral Area Planning	31,594	55,103
Noxious Insect Control	4,395	6,221
Weed Control	27,771	14,614
Starling Control	12	-
Economic Development Commission	3,636	5,658
Ellison Heritage Community Centre	23,576	19,420
Joe Rich Community Hall	4,303	2,005
Killiney Community Hall	(86)	(3)
Regional Parks	276,689	707,567
Westside Community Parks	18,146	207,479
Eastside Community Parks	13,914	3,081
Insurance	1,242,773	806,137
Surplus, end of year	\$ 3,739,312	\$ 3,871,283

Regional District of Central Okanagan
General Capital Fund
Statement of Financial Position
(Unaudited)

December 31	2018	2017
Assets		
Tangible capital assets (net of accumulated amortization)		
Land	\$ 40,096,228	\$ 40,096,228
Land improvements	3,814,331	3,138,548
Buildings	5,683,523	6,059,254
Fleet	2,237,471	2,463,349
Machinery and equipment	2,165,618	1,664,911
Assets under construction	453,220	741,800
	54,450,391	54,164,090
Debt recoverable from other authorities for debentures		
City of Kelowna	109,344,318	128,332,609
City of West Kelowna	12,817,246	14,422,168
District of Lake Country	8,766,410	9,911,155
District of Peachland	3,190,262	3,626,442
OK Regional Library	2,685,663	2,900,750
	136,803,899	159,193,124
	\$ 191,254,290	\$ 213,357,214
Liabilities and Equity in Capital Assets		
Temporary borrowings	\$ 2,154,006	\$ 4,319,842
Long term debt		
Landfill closure and post closure	753,493	670,077
Municipal Finance Authority	137,098,623	159,562,550
Equity in capital assets	51,248,168	48,804,745
	\$ 191,254,290	\$ 213,357,214

Regional District of Central Okanagan
General Capital Fund
Statement of Equity in Capital Assets
(Unaudited)

For the year ended December 31	2018	2017
Balance, beginning of the year	\$ 48,804,745	\$ 44,270,867
Add:		
Assets acquired and debt retired by transfer from own funds		
Transfer from general revenue fund	668,896	-
Park reserve fund	-	2,169,363
Equipment replacement reserve fund	384,317	436,000
Capital projects reserve fund	736,472	992,885
Gain on disposal of tangible capital assets	-	432,957
Grant from Federal government	-	200,000
Grant from Provincial government	97,531	83,404
Other contributions	55,391	74,249
Gas tax revenue	71,753	-
Retirement of long term debt	74,703	73,471
Retirement of short term debt	2,165,838	2,164,601
	4,254,901	6,626,930
Deduct:		
Amortization	1,670,926	1,524,100
Landfill closure cost transfer	83,417	30,672
Loss on disposal of tangible capital assets	9,865	-
Transfer to general revenue fund	-	520,586
Transfer to equipment replacement reserve fund	653	-
Transfer to capital projects reserve fund	46,617	-
Transfer to water capital fund	-	17,694
	1,811,478	2,093,052
Balance, end of year	\$ 51,248,168	\$ 48,804,745

Regional District of Central Okanagan
Water Revenue Fund
Statement of Financial Position
(Unaudited)

December 31	2018	2017
Assets		
Due from general revenue fund	\$ 124,970	\$ 23,963
Other assets		
Municipal Finance Authority debt reserve fund	<u>123,029</u>	<u>121,795</u>
	\$ 247,999	\$ 145,758
Liabilities and Surplus		
Other liabilities		
Municipal Finance Authority debt reserve fund - demand note requirement	\$ 65,067	\$ 65,066
Surplus	<u>182,932</u>	<u>80,692</u>
	\$ 247,999	\$ 145,758

Regional District of Central Okanagan
Water Revenue Fund
Statement of Operations
(Unaudited)

For the year ended December 31	2018	2017
Revenue		
Connection charges	\$ 24,545	\$ 30,510
Debt service fee	1,234	1,085
Parcel taxes	220,605	227,141
User fees and maintenance fees	1,393,758	1,393,913
Federal government grants	1,835	-
Other revenue	21,475	21,930
Transfer from general revenue fund	-	3,000
Transfer from water capital fund	-	5,047
Surplus from previous year	80,692	87,156
	1,744,144	1,769,782
Expenses		
Falcon Ridge water system	45,434	39,398
Killiney Beach water system	153,691	182,714
Sunset Ranch water system	114,087	133,145
Trepanier Bench water system	24,465	22,270
Upper Fintry/Shalal/Valley Of The Sun water system	96,625	103,951
Westshore water system	161,428	213,465
Transfer to water capital fund	314	7,918
Transfer to capital projects reserve fund	28,141	61,476
Transfer to equipment replacement reserve fund	709,886	697,612
Fiscal Services	227,141	227,141
	1,561,212	1,689,090
Surplus	\$ 182,932	\$ 80,692

Regional District of Central Okanagan
Water Capital Fund
Statement of Financial Position
(Unaudited)

December 31	2018	2017
Assets		
Due from general revenue fund	\$ 144,776	\$ 148,916
Tangible capital assets (net of accumulated amortization)		
Land	228,536	228,536
Fleet	53,350	14,155
Water system	14,556,491	14,008,202
Asset under construction	2,427,160	2,097,277
	<u>\$ 17,410,313</u>	<u>\$ 16,497,086</u>
Liabilities and Equity in Capital Assets		
Long term debt		
Deferred Revenue	\$ 144,776	\$ 148,916
Municipal Finance Authority	4,276,685	4,381,902
Equity in capital assets	<u>12,988,852</u>	<u>11,966,268</u>
	<u>\$ 17,410,313</u>	<u>\$ 16,497,086</u>

Regional District of Central Okanagan
Water Capital Fund
Statement of Equity in Capital Assets
(Unaudited)

For the year ended December 31	2018	2017
Balance, beginning of the year	\$ 11,966,268	\$ 9,032,796
Add:		
Provincial government grant	810,960	1,265,800
Retirement of debenture debt	105,218	101,171
Transfer from water revenue fund	314	7,918
Transfer from equipment replacement reserve fund	399,688	1,097,530
Transfer from capital project reserve fund	153,734	1,030,673
Transfer from general capital fund	-	17,694
	1,469,914	3,520,786
Deduct:		
Amortization	426,289	419,438
Loss on disposal of tangible capital assets	21,041	162,829
Transfer to water revenue fund	-	5,047
	447,330	587,314
Balance, end of year	\$ 12,988,852	\$ 11,966,268

Regional District of Central Okanagan
Sewer Revenue Fund
Statement of Financial Position
(Unaudited)

December 31	2018	2017
Assets		
Due from general revenue fund	\$ 178,008	\$ 174,906
Other assets		
Municipal Finance Authority debt reserve fund	<u>42,996</u>	<u>42,669</u>
	\$ 221,004	\$ 217,575
Liabilities and Surplus		
Other liabilities		
Municipal Finance Authority debt reserve fund		
- demand note requirement	\$ 27,633	\$ 27,632
Surplus	<u>193,371</u>	<u>189,943</u>
	\$ 221,004	\$ 217,575

Regional District of Central Okanagan
Sewer Revenue Fund
Statement of Operations
(Unaudited)

For the year ended December 31	2018	2017
Revenue		
Debt service fee	\$ 327	\$ 288
Parcel tax	37,429	32,180
User fees and municipal services	5,071,649	5,045,614
Federal government grant	-	3,838
Other revenue	2,986	2,947
Transfer from sewer capital fund	4,510	50,000
Surplus from previous year	189,943	217,701
	5,306,844	5,352,568
Expenses		
Westside sewer system	4,076,734	4,077,563
Ellison sewer system	103,415	117,789
Fiscal services	37,717	42,115
Transfer to capital projects reserve fund	812,544	431,182
Transfer to equipment replacement reserve fund	63,063	77,521
Transfer to operating reserve fund	20,000	51,000
Temporary borrowings repayment	-	365,455
	5,113,473	5,162,625
Surplus	\$ 193,371	\$ 189,943

Regional District of Central Okanagan
Sewer Capital Fund
Statement of Financial Position
(Unaudited)

December 31	2018	2017
Tangible capital assets (net of accumulated amortization)		
Land	\$ 63,739	\$ 63,739
Fleet	119,144	110,528
Sewer system	42,020,520	39,058,570
Asset under construction	1,242	287,903
	\$ 42,204,645	\$ 39,520,740
Liabilities and Equity in Capital Assets		
Long term debt		
Municipal Finance Authority	\$ 172,631	\$ 224,784
Equity in capital assets	42,032,014	39,295,956
	\$ 42,204,645	\$ 39,520,740

Regional District of Central Okanagan
Sewer Capital Fund
Statement of Equity in Capital Assets
(Unaudited)

For the year ended December 31	2018	2017
Balance, beginning of the year	\$ 39,295,956	\$ 40,021,807
Add:		
Gain on disposal of tangible capital assets	-	3,550
Retirement of debenture debt	52,153	49,669
Retirement of short term debt	-	365,455
Transfer from development cost charge reserve fund	4,083,090	245,204
Transfer from capital projects reserve fund	401,491	428,936
Transfer from equipment replacement reserve fund	68,361	30,190
	<u>4,605,095</u>	<u>1,123,004</u>
Deduct:		
Amortization	1,864,527	1,798,855
Transfer to sewer revenue fund	4,510	50,000
Balance, end of year	<u>\$ 42,032,014</u>	<u>\$ 39,295,956</u>

Regional District of Central Okanagan
Development Cost Charge Reserve Fund
Statement of Financial Position
(Unaudited)

December 31	2018	2017
Assets		
Due from general revenue fund	\$ 3,968,968	\$ 6,158,546
Fund Balance		
Westside wastewater treatment plant	\$ 1,934,560	\$ 4,255,283
East trunk treatment plant	2,034,408	1,903,263
	\$ 3,968,968	\$ 6,158,546

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Regional District of Central Okanagan
Development Cost Charge Reserve Fund
Statement of Changes in Fund Balance
(Unaudited)

For the year ended December 31	2018	2017
Balance, beginning of the year	\$ 6,158,546	\$ 4,304,300
Add:		
Interest earned	99,050	55,060
Development cost charge levies	1,794,462	2,044,390
	1,893,512	2,099,450
Deduct:		
Transfer to sewer capital fund	4,083,090	245,204
Balance, end of year	\$ 3,968,968	\$ 6,158,546

Note:

Development Cost Charge (DCC) levies are restricted by by-law in their use for sewer expansion and the revenue is deferred until the expenses are incurred. When DCC expenses are made, a corresponding amount is recorded as "Contribution from sewer DCC reserve" on the statement of operations.

Regional District of Central Okanagan
Feasibility Study Reserve Fund
Statement of Financial Position
(Unaudited)

December 31	2018	2017
Assets		
Due from general revenue fund	\$ 160,486	\$ 148,105
Fund Balance		
Feasibility Study Reserve - Electoral Areas	\$ 67,753	\$ 61,760
Feasibility Study Reserve - Regional	92,733	86,345
	\$ 160,486	\$ 148,105

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Regional District of Central Okanagan
Feasibility Study Reserve Fund
Statement of Changes in Fund Balance
(Unaudited)

For the year ended December 31	2018	2017
Balance, beginning of the year	\$ 148,105	\$ 131,423
Add:		
Interest Income	2,381	1,682
Transfer from general revenue fund	10,000	15,000
	12,381	16,682
Balance, end of year	\$ 160,486	\$ 148,105

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Regional District of Central Okanagan
Equipment Replacement Reserve Fund
Statement of Financial Position
(Unaudited)

December 31 **2018** **2017**

Assets

Due from general revenue fund **\$ 5,795,961** **\$ 5,330,103**

Statement of Fund Balance

Regional Board	\$ 561	\$ 553
Corporate Services/Administration	124	7,718
Finance	238,873	225,969
Engineering	82,935	73,105
Information Systems	116,452	217,986
Ellison Fire Protection	15,237	14,996
Joe Rich Fire Protection	24,815	24,422
North Westside Road Fire Protection	172,757	170,023
Wilson's Landing Fire Protection	107,731	116,808
Brent Road Fire Protection	179	176
Regional Rescue Service	503,890	426,367
Alarm Control	5,675	3,958
Crime Stoppers	42,194	41,526
Victims Services	22,872	17,589
Crime Prevention	40,456	34,894
Business Licenses	28,831	27,390
Business Inspection	137,648	135,469
Dog Control	123,624	135,150
Mosquito Control	37,859	37,260
Lakeshore Road Improvements	72,431	71,284
Septic Tank Effluent Disposal	5,258	5,174
Westside Sanitary Landfill	3,645	3,587
Solid Waste Management	48,828	41,166
Solid Waste Collection	197,391	194,267
Noise Abatement	110	108
Unsightly & Untidy Premises	504	496
Electoral Area Planning	56,182	56,154
Noxious Insect Control	15,901	15,650
Weed Control	42,200	38,670
Economic Development Commission	14,815	8,183
Ellison Heritage Community Centre	60,012	59,062
Regional Parks	165,468	93,100
Westside Community Parks	46,095	45,366
Eastside Community Parks	50,404	49,606
Okanagan Regional Library	3,190	3,140
Equipment Pool / Fleet	130,423	103,755
Killiney Beach Water	681,926	536,078
Falcon Ridge Water	15,769	72,035
Sunset Ranch Water	373,081	348,343
Trepanier Water	1,008	3,019
Westshores Water	1,487,166	1,216,271
Upper Fintry/Shalal/Valley Of The Sun water system	159,215	194,106
Westside Wastewater Treatment Plant	275,592	284,380
Ellison sewer	186,634	175,744
Fund Balance	\$ 5,795,961	\$ 5,330,103

Regional District of Central Okanagan
Equipment Replacement Reserve Fund
Statement of Changes in Fund Balance
(Unaudited)

For the year ended December 31	2018	2017
Balance, beginning of the year	\$ 5,330,103	\$ 5,535,755
Add:		
Interest Income	85,726	70,807
Transfer from general revenue fund	458,896	512,128
Transfer from general capital fund	653	-
Transfer from sewer revenue fund	63,063	77,521
Transfer from water revenue fund	709,886	697,612
	1,318,224	1,358,068
Deduct:		
Transfer to general capital fund	384,317	436,000
Transfer to sewer capital fund	68,361	30,190
Transfer to water capital fund	399,688	1,097,530
	852,366	1,563,720
Balance, end of year	\$ 5,795,961	\$ 5,330,103

Regional District of Central Okanagan
Park Reserve Fund
Statement of Financial Position
(Unaudited)

December 31	2018	2017
Assets		
Due from general revenue fund	\$ 1,579,995	\$ 1,554,986
Statement of Fund Balance		
Regional Parks	\$ 1,316,560	\$ 1,295,720
Westside Parks	173,866	171,114
Eastside Parks	62,826	61,832
Regional Parks Legacy	26,743	26,320
Fund Balance	\$ 1,579,995	\$ 1,554,986

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Regional District of Central Okanagan
Park Reserve Fund
Statement of Changes in Fund Balance
(Unaudited)

For the year ended December 31	2018	2017
Balance, beginning of the year	\$ 1,554,986	\$ 3,677,311
Add:		
Interest Income	25,009	47,038
Deduct:		
Transfer to general capital fund	<u>-</u>	<u>2,169,363</u>
Balance, end of year	\$ 1,579,995	\$ 1,554,986

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Regional District of Central Okanagan
Capital Projects Reserve Fund
Statement of Financial Position
(Unaudited)

December 31 **2018** **2017**

Assets

Due from general revenue fund **\$ 10,886,850** **\$ 8,021,053**

Statement of Fund Balance

Community Works Fund	\$	1,816,627	\$	1,297,236
Regional Board		11,325		58,950
Corporate Services/Administration		485,026		322,543
Electoral Areas		111,418		92,924
Ellison Fire Protection		509,121		324,258
Joe Rich Fire Protection		319,674		146,511
North Westside Road Fire Protection		409,714		243,715
Wilson's Landing Fire Protection		128,174		80,614
Brent Road Fire Protection		26,875		23,300
911 Emergency Telephone Service		79,645		97,270
Dog Control		98,650		98,912
Septic Tank Effluent Disposal		189,303		137,098
Westside Disposal & Recycling Centre		97,216		75,994
Westside Sanitary Landfill Closure		348,249		663,327
Solid Waste Management		28,084		35,663
Ellison Heritage Community Centre		311,198		292,177
Joe Rich Community Hall		19,010		13,959
Regional Parks		4,143,336		2,818,437
Westside Community Parks		307,307		223,839
Eastside Community Parks		126,836		112,322
Joe Rich Water System		5,000		-
Upper Fintry/Shalal/Valley Of The Sun water system		145,494		115,495
Westside Wastewater Treatment Plant		624,129		318,583
RDCO Lift Station/Collector System		408,497		310,890
Peachland Lift Station/Collector System		136,942		117,036
Fund Balance	\$	10,886,850	\$	8,021,053

Regional District of Central Okanagan
Capital Projects Reserve Fund
Statement of Changes in Fund Balance
(Unaudited)

For the year ended December 31	2018	2017
Balance, beginning of the year	\$ 8,021,053	\$ 6,842,541
Add:		
Gas tax revenue (Note 16)	705,850	682,387
Interest earned	129,006	87,529
Transfer from general capital fund	46,617	-
Transfer from general revenue fund	2,776,082	2,433,603
Transfer from sewer revenue fund	812,544	431,182
Transfer from water revenue fund	28,141	61,476
	4,498,240	3,696,177
Deduct:		
Transfer to general revenue fund	340,746	65,171
Transfer to general capital fund	736,472	992,885
Transfer to water capital fund	153,734	1,030,673
Transfer to sewer capital fund	401,491	428,936
	1,632,443	2,517,665
Balance, end of year	\$ 10,886,850	\$ 8,021,053

Regional District of Central Okanagan
Operating Reserve Fund
Statement of Financial Position
(Unaudited)

December 31 **2018** **2017**

Assets

Due from general revenue fund **\$ 2,509,646** **\$ 2,062,040**

Statement of Fund Balance

Regional Board	\$ 51,872	\$ 30,384
Corporate Services/Administration	61,639	45,901
Finance	24,193	12,000
Engineering	108,129	8,000
Human Resources	15,000	-
Information Systems	96,435	65,384
Electoral Areas	22,558	42,868
Electoral Area Central Okanagan West	6,129	2,588
Electoral Area Central Okanagan East	2,629	2,588
Electoral Area Fire Prevention	469	10,052
Lakeshore Road Fire Protection	120	1,545
Ellison Fire Protection	129,077	82,746
Ridgeview Fire Protection	232	-
June Springs Fire Protection	9	9
Brent Road Fire Protection	7,203	3,505
Regional Rescue	152,091	130,000
911 Emergency Telephone Service	223,726	290,405
Crime Stoppers	5,471	5,384
Victim Services	3,974	4
Crime Prevention	29,500	-
Business Licenses	26,648	26,226
Business Inspection	249,634	245,682
Dog Control	300,222	295,469
Mosquito Control	19,919	19,603
Lakeshore Road Improvements	1,612	1,565
Scotty Heights Street Lights	143	141
Ellison Transit	15,845	4,766
Septic Tank Effluent Disposal	135,110	89,793
Westside Disposal & Recycling Centre	43,047	-
Solid Waste Collection	125,802	55,114
Air Quality Monitoring	4,064	4,000
Noise Abatement	5,666	5,120
Untidy & Unsightly Premises	7,028	6,917
Regional Planning	32,992	32,470
Electoral Area Planning	98,328	73,808
Insect Control	4,879	2,243
Weed Control	39,236	35,662
Economic Development Commission	20,582	20,256
Ellison Heritage Community Hall	26,955	26,528
Regional Parks	207,994	204,702
Westside Wastewater Treatment Plant	195,310	172,535
RDCO Lift Station/Collector System East Boundary	-	6,077
RDCO Lift Station/Collector System	6,174	-
Bylaw Enforcement	2,000	-

Fund Balance **\$ 2,509,646** **\$ 2,062,040**

Regional District of Central Okanagan
Operating Reserve Fund
Statement of Changes in Fund Balance
(Unaudited)

For the year ended December 31	2018	2017
Balance, beginning of the year	\$ 2,062,040	\$ 1,422,339
Add:		
Interest earned	33,164	18,192
Transfer from general revenue fund	497,986	644,352
Transfer from sewer revenue fund	20,000	51,000
	<u>2,613,190</u>	<u>2,135,883</u>
Deduct:		
Transfer to general revenue fund	103,544	73,843
Balance, end of year	<u>\$ 2,509,646</u>	<u>\$ 2,062,040</u>

Regional Board Report

TO: Regional Board

FROM: Todd Cashin
Director of Community Services

DATE: May 9, 2019

SUBJECT: Text Amendments to Zoning Bylaw No. 871, 2000
Zoning Amendment Bylaw No. 871-243 (Z17/05)

Voting Entitlement: *Custom Vote - All Directors – Unweighted Vote, Simple Majority, 1 Director, 1 Vote*

Purpose: To amend regulations in Zoning Bylaw No. 871 to clarify secondary suite regulations and strengthen servicing requirements and to continue with the current rezoning process for a number of residential zones.

Executive Summary:

In 2017, staff began a policy review of secondary suite regulations in the Central Okanagan Electoral Areas. During the review process, it was identified that increasing density by permitting secondary suites in all residential zones may cause drainage and slope stability challenges, particularly in areas without access to community sewer and without proper drainage plans.

Following extensive analysis and review, Planning Services staff is recommending the current process of requiring a rezoning application remain in place which will have the Regional Board making informed decisions on a site-specific, case by case basis. It is also recommended that secondary suites are added as a prohibited use under R1, RU4, RU5, and RU6 zones.

RECOMMENDATION #1:

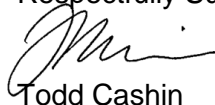
THAT Zoning Amendment Bylaw No. 871-243 be given first reading;

AND FURTHER THAT the application Z17/05 be scheduled for a Public Hearing.

RECOMMENDATION #2:

THAT the Regional Board approve a moratorium on secondary suite rezoning applications pending completion of the proposed amendments to Bylaw No. 871-243.

Respectfully Submitted:



Todd Cashin

Director of Community Services

Approved for Board's Consideration



Brian Reardon, CAO

Prepared by: Brittany Lange, Planner

Implications of Recommendation:

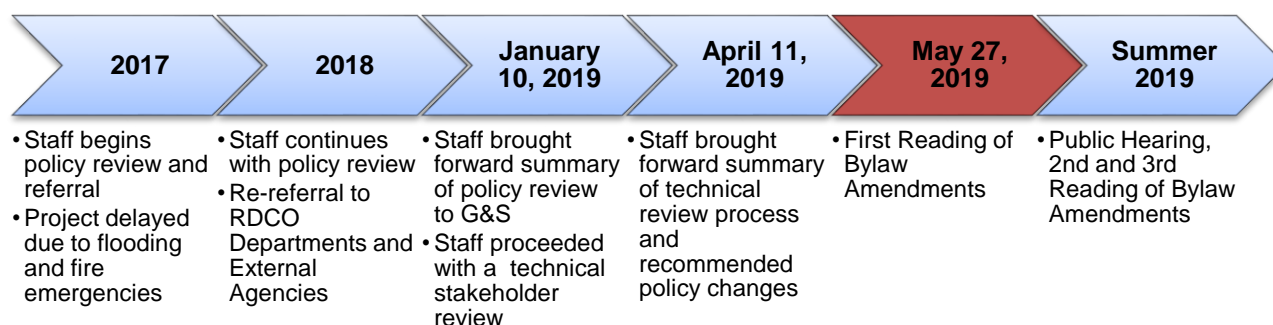
Strategic Plan:	Granting first reading to the amendment bylaw meets the 2015-2018 Strategic Priorities Plan, Strategic Priority #1: Provide Proactive and Responsive Governance.
Policy:	Granting first reading to the amendment bylaw is in compliance with several of the goals and policies of the Regional Growth Strategy Bylaw No. 1336 and Regional District Official Community Plans (OCPs).
Legal/Statutory Authority:	Granting first reading to the amendment bylaw is in compliance with the <i>Local Government Act</i> , Section 479.

Background:

In 2016, the Regional Board directed staff to review secondary suite regulations to consider allowing secondary suites by policy rather than through bylaw amendments, and to establish regional consistency. As such, in 2017 Planning staff embarked on a policy review of secondary suites in the Central Okanagan Electoral Areas. Subsequently, staff engaged with the public by attending community events, conducting an online survey, and making information available at the Planning Services front counter to gauge the public's opinion on proposed regulatory changes.

Upon review of the information received during this process, issues were raised regarding drainage and servicing, most notably with the number of small, undeveloped lots in the Electoral Areas. Secondary suites, which are self-contained and located within an existing single family dwelling, have always been considered acceptable to tie into the primary septic field assuming that the field is sized appropriately, and with proper maintenance and treatment. However, recognizing the rural nature of the Electoral Areas and minimal servicing, increasing density in all residential zones may not be appropriate and may cause a significant strain on servicing and the environment.

Timeline



Zoning Bylaw Amendment Proposals

Following extensive analysis, research, and careful consideration of the comments received to date, staff is recommending the following key changes to secondary suite regulations:

Item 1: To continue to require a rezoning application under Zoning Bylaw No. 871 for A1, RU1, RU2, and RU3 zones to permit a secondary suite and add the 's' designation.

- Rationale: The rezoning process allows the Regional District to consider secondary suites on a site specific, case by case basis.

Item 2: To add secondary suites as a prohibited use under R1, RU4, RU5, and RU6 zones.

- Rationale: The above noted residential zones are considered to be areas with minimal servicing and parcels with limited lot sizes to accommodate increased density.
- This policy is consistent with the Regional District of North Okanagan Zoning Bylaw No. 1888 that limits secondary suites to parcels greater than 1.0 hectare. Furthermore, this amendment proposal is similar to a policy implemented by the City of Kelowna where secondary suites are prohibited in certain neighbourhood areas due to water and slope stability challenges and poor soil conditions for on-site sewerage systems (e.g. Gallaghers Canyon and Eastwood).

Item 3: Define '*breezeway*', '*private water source*', and '*on-site sewerage system*'.

- Rationale: Connecting a secondary suite to a principal dwelling via an open, unenclosed space is seen as a form of subdivision and is not consistent with the Okanagan Basin Water Board's 1.0 hectare policy. To avoid ambiguity going forward, *breezeways* will be defined to clarify what 'located within a single detached house' means.
- In addition, '*private water source*' and '*on-site sewerage system*' are defined to ensure consistency with the RDCO Subdivision Servicing Bylaw No. 1397 and the Provincial *Sewerage System Regulation*.

Item 4: To allow only one secondary suite or one accessory home per parcel, where zoning permits.

- Rationale: Currently, a single parcel of land that is over 9.88 acres in size is permitted to have one single detached house with a secondary suite (rezoned to the 's' designation) as well as one accessory home subject to further regulations under Part 3 – Section 3.18 of Bylaw No. 871. To be consistent with surrounding jurisdictions and to minimize environmental impacts, staff is proposing that only one suite or one accessory home be permitted where land use and parcel size permit.

Item 5: To require that new and existing on-site sewerage systems demonstrate compliance with today's standards and include a primary reserve area for a back-up Type I trench system.

- Rationale: Technical stakeholders, including Interior Health Authority, local hydrogeologists, groundwater technicians, and onsite wastewater practitioners all agreed that stronger regulations are needed regarding on-site sewerage systems. Given this, it was recommended that new and existing septic systems are reviewed to ensure compliance with today's standards and can sufficiently accommodate the increased density of adding a secondary dwelling.

Furthermore, several of the existing secondary suite regulations will remain in force, such as continuing to prohibit the use of secondary suites as short-term rentals and continue to recognize parcels with the 's' designation.

Okanagan Basin Water Board (OBWB)

The OBWB Sewage Facilities Assistance grant program was established to subsidize construction of tertiary sewage treatment plants for local governments. The intention of the policy and program is to decrease water pollution coming from development on small lots and failing or over-capacity septic systems, and reduce the amount of phosphorus entering the lakes from municipal effluent.

To be eligible for the grant, local governments are required to have zoning policies or bylaws prohibiting new development on lots less than one hectare that are not serviced by community sewer. As per the grant program terms of reference:

- Secondary suites are permitted so long as they tie into the sewage disposal system of the existing dwelling; and,
- Carriage houses / accessory dwellings are prohibited on properties less than 1.0 hectare and not connected to community sewer.

Regional Growth Strategy Bylaw No. 1336

Granting first reading to the amendment bylaw complies with the following policies of the RGS:

Our Water

- Goal: to manage and protect water resources.
- Policy No. 1: Consider water resources in land use planning decisions.

Our Land

- Goal: to manage the land base effectively to protect natural resources and limit urban sprawl.
- Policy No. 1: Support logical and sequential growth patterns that minimize urban encroachment into rural areas.
- Policy No. 2: Proposals for new growth areas should consider the impacts on existing services and facilities in the community.

Our Economy

- Goal: To develop and enhance a positive business environment in the region to achieve a dynamic, resilient and sustainable economy.
- Policy No. 9: Support effectively managing and protecting the integrity of the Region's critical assets such as the lakes, natural environment and agricultural lands that promote attraction of employment and investment.

Our Health

- Goal: to contribute to the improvement of community health, safety and well-being.
- Policy No. 7: Support Interior Health in efforts to explore opportunities to develop healthy community strategies.

Our Housing

- Goal: to improve the range of housing opportunities to meet the social and economic needs of the region. It is important to consider land use decisions that focus new residential developments in areas with existing services, as this assists in housing affordability, reducing reliance on vehicles in the Region, and creates opportunities for residents to be closer to work and recreation opportunities, which in turn contributes to a healthier region.
- Policy No. 1: Preserve and enhance existing neighbourhoods through encouragement of a variety of housing types, densities and affordability.

Our Ecosystems

- Goal: to be responsible stewards of natural ecosystems to protect, enhance and restore biodiversity in the region. As population grows in the Region, the protection of healthy ecosystems will become increasingly complex and challenging.
- Policy No. 3: Manage growth to minimize disturbance to habitat, watershed and natural drainage areas and systems.
- Policy No. 7: Protect natural environments, parks and water systems, as these systems are essential to the quality of life in the Okanagan that support active and healthy lifestyles.

Our Governance

- Goal: to respond to the needs of the region with an effective and efficient governance service model.
- Policy No. 2: Encourage effective governance and service delivery by being transparent, accountable, and accessible.
- Policy No. 6: Ensure the Region maintains effective services, which meets the present and future user demands.

Ellison Official Community Plan Bylaw No. 1124

Granting first reading to the amendment bylaw complies with the following policies of the Ellison OCP:

- 7.2.1.7 Continue to support Okanagan Basin water management strategies, including the activities of Okanagan Basin Water Board;
- 7.2.3.7 Continue to review the bylaws and activities of the Regional District to ensure that the environmentally responsible practices are being utilized;
- 9.2.2.3 Encourage that all urban land uses and all lots 2 hectares or less in size connect to a community water system with fire flows except for publicly owned services such as public parks and fire halls;
- 9.2.2.5 Require that properties served by individual wells or water licenses meet Regional District bylaw requirements with regard to water quality and quantity;
- 9.2.2.8 Support the Province of British Columbia policy with respect to ensuring that all new development one hectare or smaller in parcel size is served by community sewer (including satellite community sewage systems) rather than on-site (septic) disposal; and,
- 9.2.18 Support the regulations, setbacks, and requirements of the province of BC for on-site septic fields where septic fields are permitted by Regional District bylaw.

South Slopes Official Community Plan Bylaw No. 1304

Granting first reading to the amendment bylaw complies with the following policies of the South Slopes OCP:

- 5.1.1.1 Continue to protect Environmentally Sensitive Areas on private land through the Development Permit, rezoning and subdivision processes;
- 5.4.1.1 Evaluate land use decisions and developments applicators on the implications and impacts on the natural environment;
- 6.2.4 Housing is encouraged in adjacent municipal areas where there are services and infrastructure to support growth;
- 6.2.6 The Board may consider allowance of secondary suites on properties that are zoned for residential use. A zoning amendment process is required in accord with the Local Government Act and with provisions of the Zoning Bylaw. Secondary suites are recognized as an appropriate form of infill housing that provides affordable rental/special needs housing options without a significant impact on the character of a neighbourhood. The Regional Board generally supports secondary suites where a landowner demonstrates that all technical issues will be addressed, and where there are no significant objections from neighbouring landowners. Limited growth is anticipated in the foreseeable future due to constraints of potable water and servicing; and,
- 6.2.10 Support policies of neighbouring local governments to concentrate growth in their serviced, sustainable urban centres.

Brent Road / Trepanier Official Community Plan Bylaw No. 1303

Granting first reading to the amendment bylaw complies with the following policies of the Brent Road / Trepanier OCP:

- 5.1.1.1 Continue to protect Environmentally Sensitive Areas on private land through the Development Permit, rezoning and subdivision processes;
- 5.1.3.35 Continue to review the bylaws and activities of the Regional District so that environmentally responsible practices are being utilized;
- 5.4.1.1 Evaluate land use decisions and development applications on the implications and impacts on the natural environment;
- 6.2.7 The Board may consider allowance of secondary suites on properties that are zoned for residential use. A zoning amendment process is required in accord with the Local Government Act and with provisions of the Zoning Bylaw. Secondary suites are recognized as an appropriate form of infill housing that provides affordable rental/special needs housing options without a significant impact on the character of a neighbourhood. The Regional Board generally supports secondary suites where a landowner demonstrates that all technical issues will be addressed, and where there are no significant objections from neighbouring landowners. Limited growth is anticipated in the foreseeable future due to constraints of potable water and servicing; and,
- 6.2.11 Support policies of neighbouring local governments to concentrate growth in their serviced, sustainable urban centres.

Rural Westside Official Community Plan Bylaw No. 1274

Granting first reading to the amendment bylaw complies with the following policies of the Rural Westside OCP:

- 3.2.1.1 Continue to protect Environmentally Sensitive Areas on private land through the Development Permit, Rezoning and Subdivision processes;
- 3.2.3.8 Continue to review the bylaws and activities of the Regional District to ensure that the environmentally responsible practices are being utilized;
- 6.5 Assess future residential developments and concept development plans on the following development criteria:

- a) capability of handling on-site domestic water and sewage disposal, or availability of community water or sewer;
 - b) availability of community water or sewer systems to be extended to existing neighbouring subdivisions which are presently unserved;
 - c) capability of the natural environment and topography to accommodate additional development;
 - d) impact on adjacent land uses and character of the existing area;
 - e) location relative to existing roads and other community and essential services;
 - f) susceptibility to natural hazards including, but not limited to, flooding, soil stability, land slide, rockfall, moderate or higher forest fire risk;
 - g) demonstration of housing need, and provision for a variety of housing types; h) timing and staging of development;
 - h) an environmental impact assessment where the parcel contains watercourses; and,
 - i) a visual quality assessment where development is proposed on hillsides and other visually sensitive areas; and,
- 9.4.2 Review opportunities to implement long-term sustainable sewage collection and disposal methods for existing developments where appropriate.

RDCO TECHNICAL COMMENTS:

Planning Services staff acknowledges that secondary suites are recognized as an appropriate form of infill housing that provides affordable rental/housing options without a significant impact on the character of a neighbourhood. In the past, the Regional Board has generally supported secondary suites where a landowner demonstrates that all technical issues will be addressed, and where there are no significant objections from neighbouring landowners. However, Planning staff strongly encourages settlement and housing in areas with existing services and infrastructure in order to support logical and sequential growth patterns and limit impacts to infrastructure and the environment.

Furthermore, Planning staff advocates for the long-term sustainability of a property that avoid sensitive areas and be designed to retain important ecosystem features, functions, and connectivity as well as protects hillsides and minimizes damage to surrounding parcels. Prior to the issuance of a Building Permit, development proposals must ensure that drainage, topography, and natural features are considered as this may require Development Permit approval. Proposals should be assessed on a site-by-site basis to ensure that existing and future servicing as well as development suitability of the lot is adequately addressed.

Corporate Services staff advises that the number of complaints from residents related to illegal/legal secondary suites is minimal and that there are no foreseeable issues with the proposed bylaw amendments.

AGENCY REFERRAL COMMENTS:

Fortis B.C. staff advise that there are FortisBC Inc. primary distribution lines within and along public roads and lands servicing the Central Okanagan Electoral Areas. Future applicants seeking land use changes stemming from the proposed bylaw amendments are responsible for the costs associated with any change to the existing service, if any, as well as provision of appropriate land rights where required.

Glenmore Ellison Improvement District staff advise that water rates in the Ellison area are subject to change and it is recommended that property owners coordinate the installation of a water meter during the construction of a secondary dwelling unit to allow for possible reductions in water billings in the future.

Interior Health Authority (IHA) staff has been involved extensively throughout the RDCO secondary suite policy review process, and provide the following comments:

- IHA staff are aware of failing septic systems throughout the region on parcels with secondary suites;
- IHA staff acknowledge that many neighbourhoods, when not serviced by sanitary sewer, have old septic systems that were designed originally for a single family dwelling (i.e. not multiple families in one dwelling) and many systems are approaching the end of their lifespan;
- IHA staff recommend that new and existing on-site sewerage systems demonstrate compliance with today's standards and include a primary reserve area on the parcel for a back-up Type I trench system; and,
- Recommend establishing a requirement test for radon gas prior to tenant occupancy to protect the secondary suite tenants and primary residents.

Ministry of Agriculture staff indicated that accumulative residential uses on the Agricultural Land Reserve (ALR) and other farmland may potentially restrict agricultural activity or impact farm practices. Minimising the impact of residential uses plays a critical role in supporting agriculture. As such, permitting secondary suites on the ALR and local government agricultural zones may increase the principal dwelling's total floor area or its farm residential footprint.

Further to the recent changes to the *Agricultural Land Commission Act* under Bill 52, the RDCO may wish to consider regulatory options that limit the impact of residential uses on the ALR such as limiting footprint sizes and siting requirements. It was also noted that secondary suites in the ALR comply with the Agricultural Land Commission's Policy L-08.

Ministry of Municipal Affairs and Housing staff had no objections to the proposal and commended RDCO staff for the extensive referral and consultation process to date. The Ministry further recommends continuing with an open and transparent dialogue with all stakeholders regarding the proposed zoning amendment bylaws.

Ministry of Transportation and Infrastructure staff granted Preliminary Approval for the bylaw amendments for one (1) year, and advise that the bylaws must be forwarded to the Ministry for signature after they have achieved 3rd reading.

Okanagan Basin Water Board staff approve of the recommended bylaw amendments as it is consistent with their Sewage Facilities Assistance Grants Program.

Westbank First Nation Chief and Council provided consent to the proposed bylaw amendment.

Unaffected Agencies include the Ministry of Forests, Lands, Natural Resource Operations, and Rural Development, Ministry of Environment and Climate Change Strategy, District of Lake Country, B.C. Hydro, Shaw Cable, Telus, Agricultural Land Commission, City of Kelowna, City of West Kelowna, District of Peachland, Black Mountain Irrigation District, and Okanagan Indian Band.

Unaffected RDCO Departments include Inspection Services, Fire Services, Parks Services, and Environmental Services.

External Implications:

Any correspondence received from the public will be provided to the Board as part of a future public hearing report.

General Implications:

Staff's recommendation to prohibit secondary suites in R1, RU4, RU5, and RU6 zones will apply to approximately 1,763 parcels in the Central Okanagan West Electoral Area and 302 parcels in the Central Okanagan East Electoral Area.

Conclusion:

Safe and legal secondary suites can provide many benefits to home owners including a revenue source to supplement income, assist a family member in need, and/or increase the value of the property. Therefore, continuation of the current rezoning process for secondary suites allows the Regional Board to make informed decisions on a site-specific, case by case basis. Furthermore, the regulations should be strengthened to clarify definitions, and ensure that new and existing on-site sewerage systems demonstrate compliance with current standards and best practices and limit environmental impacts in the future.

Alternative Recommendation:

Should the Board choose not to support the staff position, the following alternate recommendation is provided:

THAT Zoning Amendment Bylaw No. 871-243 not be given first reading and Application No. Z17/05 be referred back to staff for further review.

Considerations not applicable to this report:

- *Financial*
- *Organizational*

Attachment(s):

- Bylaw Amendment No. 871-243

REGIONAL DISTRICT OF CENTRAL OKANAGAN

BYLAW NO. 871-243

A Bylaw to Amend Regional District of Central Okanagan Zoning Bylaw 871, 2000

WHEREAS the Regional Board of the Regional District of Central Okanagan is desirous of amending Zoning Bylaw No. 871 under the provisions of the Local Government Act.

NOW THEREFORE the Regional Board of the Regional District of Central Okanagan, in an open meeting enacts as follows:

- 1. This bylaw shall be cited as Regional District of Central Okanagan Zoning Amendment Bylaw No. 871-243.**
- 2. That the Regional District of Central Okanagan Zoning Bylaw No. 871, 2000 is hereby AMENDED by the following and forms a part of this bylaw:**

2.2. Amending PART 3 – General Regulations

2.2.1. By **ADDING** the following to SECTION 3.13 Prohibited Uses:

6. A *secondary suite* is prohibited in the following residential zones: R1, RU4, RU5, and RU6.

2.2.2. By **REMOVING** SECTION 3.26 Secondary Suites in its entirety, and **REPLACING** with the following:

“Section 3.26 Secondary Suites

A *secondary suite* is subject to the following regulations:

1. A *secondary suite* is added to the list of permitted uses in the A1 (in principal residence – not in accessory home), RU1, RU2, and RU3 *zone* if the *zone* has an “s” notation shown on Schedule B, the Zoning Map, as part of the zone identification. The “s” notation shall be shown on Schedule B the Zoning Map as follows: A1s, RU1s, RU2s, and RU3s. An “s” zoning classification on a *parcel* shall be established by rezoning the subject *parcel* to the “s” version of the *zone*. The regulations set out for the “s” version of the *zone* will be the same as the regulations for the version without the “s”, except for the addition of *secondary suite* as a permitted use.
2. The *secondary suite* shall have its own separate cooking, sleeping and bathing facilities.
3. The *secondary suite* shall have direct access to outside without passing through any part of the principal *dwelling unit*.

4. The *secondary suite* shall be located within a *single detached house*.
 - a) The *secondary suite* shall be connected to a *single detached house* by an enclosed, conditioned space.
 - b) The *gross floor area* of the connection shall be included in the calculation of *gross floor area* of the *secondary suite*.
 - c) The *secondary suite* shall not be connected to a *single detached house* by a *breezeway*.
5. No more than one *secondary suite* is permitted per *parcel*.
6. The *secondary suite* shall not exceed 90 m² (968.8 sq. ft.) or 40% of the *gross floor area* of the *single detached house*, whichever is less.
7. A *secondary suite* is not permitted in conjunction with *bed and breakfast accommodation*.
8. A *secondary suite* is not permitted if an *accessory home* exists.
9. A minor *home based business* is permitted within a *secondary suite*.
10. One *parking space* for the *secondary suite* is required in addition to those required for the principal dwelling.
11. The *secondary suite* must be serviced by a *community water system* or a *private water source*.
 - a) For a *community water system*, written authorization permitting the *secondary suite* from the service provider is required.
 - b) For a *private water source*, a copy of the Water License, if applicable under the *Water Sustainability Act*, is required.
12. The *secondary suite* must be connected to a *community sewer system* or serviced by an *on-site sewerage system*, subject to the following:
 - a) For *community sewer system*, written authorization permitting the *secondary suite* from the service provider is required.
 - b) For *on-site sewerage system*, written confirmation is required from an Authorized Person under the Public Health Act: Sewerage System Regulation which includes:
 1. For lots with an existing *on-site sewerage system*, a Compliance Inspection must indicate that the existing system is capable of processing the daily domestic sewerage flow for both *dwelling units* and demonstrates the existing system meets today's standards and can be expanded for the new Daily Design Flow and room on the property for a back-up type 1 trench system.
 2. For lots without an existing *on-site sewerage system*, a primary and reserve area for type 1 trench disposal for intended Daily Design Flow.
13. *Secondary suites* must comply with all relevant Regional District bylaws and the B.C. Building Code.

14. A secondary suite is a permitted use for the following properties:

Lot 1, Plan KAP4660, Section 12, Township 23, ODYD
Lot B, Plan KAP42485, District Lot 122, Section 12, Township 23, ODYD
Lot B, Plan KAP68595, District Lot 1, ODYD
Lot 64, Plan KAP475, District Lot 1&144, ODYD, S ½
Lot 1, Plan EPP16574, District Lot 1, ODYD
Lot B, Plan KAP62264, District Lot 1, ODYD
Lot 3, Plan KAP21785, District Lot 121, ODYD
Lot 3, Plan EPP19434, District Lot 121&145, ODYD
Lot 2, Plan KAP25075, Section 12, Township 23, ODYD
Lot 16, Plan KAP48547, Section 12, Township 23, ODYD
Lot A, Plan KAP41175, Section 6, Township 24, ODYD
Lot 8, Plan KAP26101, District Lot 3688, ODYD
Lot 5, Plan KAP35052, District Lot 2923, ODYD
Lot B, Plan KAP52090, District Lot 3862, ODYD
Lot 1, Plan KAP56335, District Lot 911, ODYD
Lot 1, Plan KAP91594, District Lot 1380, ODYD
Lot 6, Plan KAP5093, District Lot 2898, ODYD, Except Plan H621
Lot 11, Plan KAP26101, District Lot 3688, ODYD
Lot 338, Plan KAP26101, District Lot 3688, ODYD
Lot 1, Plan KAP50084, Section 19, Township 24, ODYD
Lot 4, Plan KAP35690, District Lot 484, ODYD, Except Plan KAP89652, District Lot 2724S, SDYD, Except Plan 34913
Lot A, Plan KAP26430, District Lot 2186, ODYD, THAT PORTION LYING TO THE E OF BROWSE RD AS SAID RD IS SHOWN ON PL 26430

2.2. Amending **PART 15 – Definitions**

- 2.2.1. In the appropriate alphabetical order **ADDING** the new definition: “*Breezeway* means a connection between *buildings* that is not heated or insulated and is not restricted by intervening doors.”
- 2.2.2. In the appropriate alphabetical order **ADDING** the new definition: “*On-site sewerage system* means a system for treating domestic sewage that uses one or more treatment methods and a discharge area, but does not include a holding tank or a privy, and is consistent with the British Columbia Ministry of Health (Health Protection Branch) Sewerage Standard Practices Manual.
- 2.2.3. In the appropriate alphabetical order **ADDING** the new definition: “*Private Water Source* means a water supply from a well or a surface water, not from a *community water system*, that serves a single *parcel* of land.”

READ A FIRST TIME this _____ day of _____

PUBLIC HEARING HELD PURSUANT TO THE LOCAL GOVERNMENT ACT this _____
day of _____

READ A SECOND TIME this _____ day of _____

READ A THIRD TIME this _____ day of _____

Approved under the Transportation Act this _____ day of _____

Ministry of Transportation & Infrastructure

ADOPTED this _____ day of _____

Chairperson

Director of Corporate Services

I hereby certify the foregoing to be a true and correct copy of Zoning Bylaw No. 871-243 as read a
third time by the Regional District of Central Okanagan the _____ day of _____

Dated at Kelowna, this _____ day of _____

Director of Corporate Services

I hereby certify the foregoing to be a true and correct copy of Zoning Bylaw No. 871-243 which was
Adopted by the Regional District of Central Okanagan on the _____ day of _____

Dated at Kelowna, this _____ day of _____

Director of Corporate Services

H:\Planning\3360-Zoning\20-Applications\2017\Z17-05 (Sec Suites)\Bylaw\Bylaw 871-243.docx

Regional Board Report

TO: Regional Board

FROM: Todd Cashin
Director of Community Services

DATE: May 9, 2019

SUBJECT: Text Amendments to Joe Rich Rural Land Use Bylaw No. 1195, 2007
Land Use Bylaw Amendment No. 1195-16 (RLUB-17-02)

Voting Entitlement: *Custom Vote - All Directors – Unweighted Vote, Simple Majority – 1 Director, 1 Vote*

Purpose: To amend regulations in Joe Rich Rural Land Use Bylaw No. 1195 to clarify secondary suite regulations and strengthen servicing requirements and to continue with the current designation process for a number of land uses.

Executive Summary:

In 2017, staff began a policy review of secondary suite regulations in the Central Okanagan Electoral Areas. During the review process, it was identified that increasing density by permitting secondary suites in all residential land use designations may cause drainage and slope stability challenges, particularly in areas without access to community sewer and without proper drainage plans.

Following extensive analysis and review, Planning Services staff is recommending the current process of requiring a land use designation amendment remain in place which will have the Regional Board making informed decisions on a site-specific, case by case basis.

RECOMMENDATION #1:

THAT Joe Rich Rural Land Use Bylaw Amendment No. 1195-16 be given first reading;

AND FURTHER THAT the application RLUB-17-02 be scheduled for a Public Hearing.

RECOMMENDATION #2:

THAT the Regional Board approve a moratorium on secondary suite rezoning applications, pending completion of the proposed amendments to Bylaw No. 1195-16.

Respectfully Submitted:



Todd Cashin
Director of Community Services

Approved for Board's Consideration



Brian Reardon, CAO

Prepared by: Brittany Lange, Planner

Implications of Recommendation:

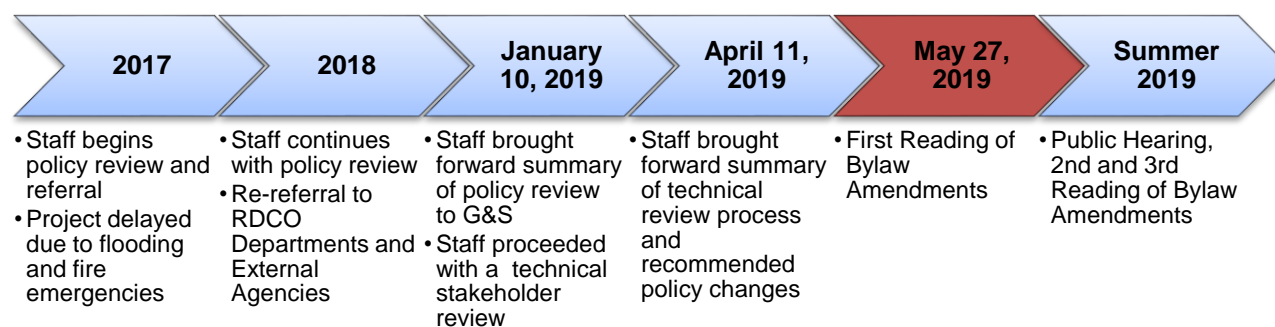
Strategic Plan:	Granting first reading to the amendment bylaw meets the 2015-2018 Strategic Priorities Plan, Strategic Priority #1: Provide Proactive and Responsive Governance.
Policy:	Granting first reading to the amendment bylaw is in compliance with several of the goals and policies of the Regional Growth Strategy Bylaw No. 1336 and the Joe Rich Rural Land Use Bylaw No. 1195.
Legal/Statutory Authority:	Granting first reading to the amendment bylaw is in compliance with the <i>Local Government Act</i> , Section 479.

Background:

In 2016, the Regional Board directed staff to review secondary suite regulations to consider allowing secondary suites by policy rather than through bylaw amendments, and to establish regional consistency. As such, in 2017 Planning staff embarked on a policy review of secondary suites in the Central Okanagan Electoral Areas. Subsequently, staff engaged with the public by attending community events, conducting an online survey, and making information available at the Planning Services front counter to gauge the public's opinion on proposed regulatory changes.

Upon review of the information received during this process, issues were raised regarding drainage and servicing, most notably with the number of small, undeveloped lots in the Electoral Areas. Secondary suites, which are self-contained and located within an existing single family dwelling, have always been considered acceptable to tie into the primary septic field assuming that the field is sized appropriately, and with proper maintenance and treatment. However, recognizing the rural nature of the Electoral Areas and minimal servicing, increasing density in all residential zones may not be appropriate and may cause a significant strain on servicing and the environment.

Timeline



Rural Land Use Bylaw Amendment Proposals

Following extensive analysis, research, and careful consideration of the comments received to date, staff is recommending the following key changes to secondary suite regulations:

Item 1: To continue to require an amendment under the Joe Rich Rural Land Use Bylaw No. 1195 for LH, RA, SH-1, and SH-2 land use designations to permit a secondary suite and add the 's' designation.

- Rationale: The bylaw amendment/redesignation process allows the Regional District to consider secondary suites on a site specific, case by case basis.

Item 2: Define '*breezeway*', '*private water source*', and '*on-site sewerage system*'.

- Rationale: Connecting a secondary suite to a principal dwelling via an open, unenclosed space is seen as a form of subdivision and is not consistent with the Okanagan Basin Water Board's 1.0 hectare policy. To avoid ambiguity going forward, *breezeways* will be defined to clarify what 'located within a single detached house' means.
- In addition, '*private water source*' and '*on-site sewerage system*' are defined to ensure consistency with the RDCO Subdivision Servicing Bylaw No. 1397 and the Provincial *Sewerage System Regulation*.

Item 3: To allow only one secondary suite or one additional dwelling unit per parcel, where land use permits.

- Rationale: Currently, a single parcel of land that equals or exceeds 8 hectares is permitted to have one single family dwelling with a secondary suite (amended to the 's' designation) as well as one additional dwelling unit subject to further regulations under Part 3 – Section 3.13 of Bylaw No. 1195. To be consistent with surrounding jurisdictions and to minimize environmental impacts, staff is proposing that only one suite or one additional dwelling unit be permitted where land use and parcel size permit.

Item 4: To require that new and existing on-site sewerage systems demonstrate compliance with today's standards and include a primary reserve area for a back-up Type I trench system.

- Rationale: Technical stakeholders, including Interior Health Authority, local hydrogeologists, groundwater technicians, and onsite wastewater practitioners all agreed that stronger regulations are needed regarding on-site sewerage systems. Given this, it was recommended that new and existing septic systems are reviewed to ensure compliance with today's standards and can sufficiently accommodate the increased density of adding a secondary dwelling.

Furthermore, several of the existing secondary suite regulations will remain in force, such as continuing to prohibit the use of secondary suites as short-term rentals and continue to recognize parcels with the 's' designation.

Okanagan Basin Water Board (OBWB)

The OBWB Sewage Facilities Assistance grant program was established to subsidize construction of tertiary sewage treatment plants for local governments. The intention of the policy and program is to decrease water pollution coming from development on small lots and failing or over-capacity septic systems, and reduce the amount of phosphorus entering the lakes from municipal effluent.

To be eligible for the grant, local governments are required to have zoning policies or bylaws prohibiting new development on lots less than one hectare that are not serviced by community sewer. As per the grant program terms of reference:

- Secondary suites are permitted so long as they tie into the sewage disposal system of the existing dwelling; and,
- Carriage houses / additional dwelling units are prohibited on properties less than 1.0 hectare and not connected to community sewer.

Regional Growth Strategy Bylaw No. 1336

Granting first reading to the amendment bylaw complies with the following policies of the RGS:

Our Water

- Goal: to manage and protect water resources.
- Policy No. 1: Consider water resources in land use planning decisions.

Our Land

- Goal: to manage the land base effectively to protect natural resources and limit urban sprawl.
- Policy No. 1: Support logical and sequential growth patterns that minimize urban encroachment into rural areas.
- Policy No. 2: Proposals for new growth areas should consider the impacts on existing services and facilities in the community.
- Policy No. 3: Support the protection of the rural areas that offer a rural lifestyle choice.

Our Economy

- Goal: To develop and enhance a positive business environment in the region to achieve a dynamic, resilient and sustainable economy.
- Policy No. 9: Support effectively managing and protecting the integrity of the Region's critical assets such as the lakes, natural environment and agricultural lands that promote attraction of employment and investment.

Our Health

- Goal: to contribute to the improvement of community health, safety and well-being.
- Policy No. 7: Support Interior Health in efforts to explore opportunities to develop healthy community strategies.

Our Housing

- Goal: to improve the range of housing opportunities to meet the social and economic needs of the region. It is important to consider land use decisions that focus new residential developments in areas with existing services, as this assists in housing affordability, reducing reliance on vehicles in the Region, and creates opportunities for residents to be closer to work and recreation opportunities, which in turn contributes to a healthier region.
- Policy No. 1: Preserve and enhance existing neighbourhoods through encouragement of a variety of housing types, densities and affordability.

Our Ecosystems

- Goal: to be responsible stewards of natural ecosystems to protect, enhance and restore biodiversity in the region. As population grows in the Region, the protection of healthy ecosystems will become increasingly complex and challenging.
- Policy No. 3: Manage growth to minimize disturbance to habitat, watershed and natural drainage areas and systems.
- Policy No. 7: Protect natural environments, parks and water systems, as these systems are essential to the quality of life in the Okanagan that support active and healthy lifestyles.

Our Governance

- Goal: to respond to the needs of the region with an effective and efficient governance service model.
- Policy No. 2: Encourage effective governance and service delivery by being transparent, accountable, and accessible.
- Policy No. 6: Ensure the Region maintains effective services, which meets the present and future user demands.

Joe Rich Rural Land Use Bylaw No. 1195

Granting first reading to the amendment bylaw complies with the following policies in Section 4 of the Joe Rich Rural Land Use Bylaw:

- 2.1.3 Ensure that all development has an adequate water supply that does not adversely affect water supplies of existing lands, and that suitable means of sewage disposal are available that does not adversely affect adjoining lands;
- 2.1.4 Set aside land for rural residential use, provided that the natural character is maintained, and provided that overall water supplies and sewage disposal are adequate, and site conditions are respected;
- 3.2.1 Consider slope, soil stability, natural hazards, water supply, sewage disposal capability and road access in designating rural lands for residential use;
- 3.2.5 Require, for rural lands for residential use, the development of water supplies and sewage disposal adequate for the long term, which will not adversely affect neighbouring lands or community water supplies;
- 4.2.3 Consider the impact of any proposed development on non-farm lands upon the farmland and farm activities in the vicinity;
- 5.2.8 Require that applications for a change in land use designation include a detailed environmental review that considers conditions and future environmental impacts both on the property under application and the surrounding area. Development should avoid sensitive areas and be designed to retain important ecosystem feature and functions. Responsiveness to this information will be a very important consideration in the approval of an application;
- 6.2.2 Require appropriate studies prepared by the appropriate professional to assess any apparent hazardous conditions prior to consideration of applications for a change in land use designation or development. Such studies may include but are not limited to geotechnical hazard, wildfire hazard, and flooding hazard;
- 9.2.10 Protect the drinking water quality and quantity in the community when considering additional uses or development; and,
- 12.2.9 Continue to protect Environmentally Sensitive Areas on private land through the development permit, rezoning, and subdivision processes.

RDCO TECHNICAL COMMENTS:

Planning Services staff acknowledges that secondary suites are recognized as an appropriate form of infill housing that provides affordable housing options without a significant impact on the character of a neighbourhood. In the past, the Regional Board has generally supported secondary suites where a landowner demonstrates that all technical issues will be addressed, and where there are no significant objections from neighbouring landowners. However, Planning staff strongly encourages settlement and housing in areas with existing services and infrastructure in order to support logical and sequential growth patterns and limit impacts to infrastructure and the environment.

Furthermore, Planning staff advocates for the long-term sustainability of a property that avoid sensitive areas and be designed to retain important ecosystem features, functions, and connectivity as well as protects hillsides and minimizes damage to surrounding parcels. Prior to the issuance of a Building Permit, development proposals must ensure that drainage, topography, and natural features are considered as this may require Development Permit approval. Proposals should be assessed on a site-by-site basis to ensure that existing and future servicing as well as development suitability of the lot is adequately addressed.

Corporate Services staff advises that the number of complaints from residents related to illegal/legal secondary suites is minimal and that there are no foreseeable issues with the proposed bylaw amendments.

AGENCY REFERRAL COMMENTS:

Fortis B.C. staff advises that there are FortisBC Inc. primary distribution lines within and along public roads and lands servicing the Central Okanagan Electoral Areas. Future applicants seeking land use changes stemming from the proposed bylaw amendments are responsible for the costs associated with any change to the existing service, if any, as well as provision of appropriate land rights where required.

Interior Health Authority (IHA) staff has been involved extensively throughout the RDCO secondary suite policy review process, and provide the following comments:

- IHA staff are aware of failing septic systems throughout the region on parcels with secondary suites;
- IHA staff acknowledge that many neighbourhoods, when not serviced by sanitary sewer, have old septic systems that were designed originally for a single family dwelling (i.e. not multiple families in one dwelling) and many systems are approaching the end of their lifespan;
- IHA staff recommend that new and existing on-site sewerage systems demonstrate compliance with today's standards and include a primary reserve area on the parcel for a back-up Type I trench system; and,
- Recommend establishing a requirement test for radon gas prior to tenant occupancy to protect the secondary suite tenants and primary residents.

Ministry of Agriculture staff indicated that accumulative residential uses on the Agricultural Land Reserve (ALR) and other farmland may potentially restrict agricultural activity or impact farm practices. Minimising the impact of residential uses plays a critical role in supporting agriculture. As such, permitting secondary suites on the ALR and local government agricultural zones may increase the principal dwelling's total floor area or its farm residential footprint.

Further to the recent changes to the *Agricultural Land Commission Act* under Bill 52, the RDCO may wish to consider regulatory options that limit the impact of residential uses on the ALR such as limiting footprint sizes and siting requirements. It was also noted that secondary suites in the ALR comply with the Agricultural Land Commission's Policy L-08.

Ministry of Municipal Affairs and Housing staff had no objections to the proposal and commended RDCO staff for the extensive referral and consultation process to date. The Ministry further recommends continuing with an open and transparent dialogue with all stakeholders regarding the proposed zoning amendment bylaws.

Ministry of Transportation and Infrastructure staff granted Preliminary Approval for the bylaw amendments for one (1) year, and advise that the bylaws must be forwarded to the Ministry for signature after they have achieved 3rd reading.

Okanagan Basin Water Board staff approves of the recommended bylaw amendments as it is consistent with their Sewage Facilities Assistance Grants Program.

Westbank First Nation Chief and Council provided consent to the proposed bylaw amendment.

Unaffected Agencies include the Ministry of Forests, Lands, Natural Resource Operations, and Rural Development, Ministry of Environment and Climate Change Strategy, District of Lake Country, B.C. Hydro, Shaw Cable, Telus, Agricultural Land Commission, City of Kelowna, City of West Kelowna, District of Peachland, Black Mountain Irrigation District, Glenmore Ellison Improvement District, and Okanagan Indian Band.

Unaffected RDCO Departments include Inspection Services, Fire Services, Parks Services, and Environmental Services.

External Implications:

Any correspondence received from the public will be provided to the Board as part of a future public hearing report.

General Implications:

Staff's recommendation to continue to require secondary suite amendments on parcels in the Central Okanagan East Electoral Area will allow the RDCO to continue to consider suites on a case by case basis.

Conclusion:

Safe and legal secondary suites can provide many benefits to home owners including a revenue source to supplement income, assist a family member in need, and/or increase the value of the property. Therefore, continuation of the current designation process for secondary suites allows the Regional Board to make informed decisions on a site-specific, case by case basis. Furthermore, the regulations should be strengthened to clarify definitions, and ensure that new and existing on-site sewerage systems demonstrate compliance with current standards and best practices and limit environmental impacts in the future.

Should the Board choose not to support the staff position, the following alternate recommendation is provided:

Alternative Recommendation:

THAT Land Use Bylaw Amendment No. 1195-16 not be given first reading and Application No. RLUB-17-02 be referred back to staff for further review.

Considerations not applicable to this report:

- *Financial*
- *Organizational*

Attachment(s):

- Land Use Bylaw Amendment No. 1195-16

REGIONAL DISTRICT OF CENTRAL OKANAGAN

BYLAW NO. 1195-16

A Bylaw to Amend Joe Rich Rural Land Use Bylaw 1195, 2007

WHEREAS the Regional Board of the Regional District of Central Okanagan is desirous of amending Joe Rich Rural Land Use Bylaw No. 1195 under the provisions of the Local Government Act.

NOW THEREFORE the Regional Board of the Regional District of Central Okanagan, in an open meeting enacts as follows:

1. **This bylaw shall be cited as Joe Rich Rural Land Use Bylaw No. 1195-16.**
2. **That the Regional District of Central Okanagan Joe Rich Rural Land Use Bylaw No. 1195, 2007 is hereby AMENDED by the following and forms a part of this bylaw:**

2.1 Amending **SECTION 2 – PART 1 – Definitions**

- 2.1.1 In the appropriate alphabetical order **ADDING** the new definition: “Breezeway means a connection between buildings that is not heated or insulated and is not restricted by intervening doors.”
- 2.1.2 In the appropriate alphabetical order **ADDING** the new definition: “Private Water Source means a water supply from a well or a surface water, not from a community water system, that serves a single parcel of land.”
- 2.1.3 **AMENDING** the “On-Site Sewage Disposal” definition to the following new definition: “On-Site Sewage Disposal means a system for treating domestic sewage that uses one or more treatment methods and a discharge area, but does not include a holding tank or a privy, and is consistent with the British Columbia Ministry of Health (Health Protection Branch) Sewerage Standard Practices Manual”.

2.2 Amending **SECTION 2 – PART 3 – General Requirements**

- 2.2.1 By **REMOVING** SECTION 3.16 Secondary Suites in its entirety, and **REPLACING** with the following:

“Section 3.16 Secondary Suites

A secondary suite is subject to the following regulations:

1. A secondary suite is added to the list of permitted uses in the LH, RA, SH-1, and SH-2 land use designations if the designation has an “s” notation shown on Schedule ‘B’ (Land Use Designation Maps) of the Joe Rich Rural Land Use Bylaw No. 1195, 2007, as part of the land use identification. The “s” notation shall be shown on Schedule B the Land Use Designation Map as follows: LHs, RAs, SH1s, and SH-2s. An “s” classification on a parcel shall be established by redesignating the subject parcel to the “s” version of the land use designation. The regulations set out for the “s” version of the land use designation will be the same as the

regulations for the version without the “s”, except for the addition of secondary suite as a permitted use.

2. The secondary suite shall have its own separate cooking, sleeping and bathing facilities.
3. The secondary suite shall have direct access to outside without passing through any part of the single family dwelling.
4. The secondary suite shall be located within a single family dwelling.
 - a) The secondary suite shall be connected to a single family dwelling by an enclosed, conditioned space.
 - b) The gross floor area of the connection shall be included in the calculation of gross floor area of the secondary suite.
 - c) The secondary suite shall not be connected to a single family dwelling by a breezeway.
5. No more than one secondary suite is permitted per parcel.
6. The secondary suite shall not exceed 90 m² (968.8 sq. ft.) or 40% of the gross floor area of the single family dwelling, whichever is less.
7. A secondary suite is not permitted in conjunction with a bed and breakfast.
8. A secondary suite is not permitted if an additional dwelling unit exists.
9. A home occupation is permitted within a secondary suite.
10. One parking space for the secondary suite is required in addition to those required for the single family dwelling.
11. The secondary suite must be serviced by a community water system or a private water source.
 - a) For a community water system, written authorization permitting the secondary suite from the service provider is required.
 - b) For a private water source, a copy of the Water License, if applicable under the Water Sustainability Act, is required.
12. The secondary suite must be connected to a community sewer system or serviced by an on-site sewage disposal system, subject to the following:
 - a) For community sewer system, written authorization permitting the secondary suite from the service provider is required.
 - b) For on-site sewage disposal, written confirmation is required from an Authorized Person under the Public Health Act: Sewerage System Regulation which includes:
 1. For lots with an existing on-site sewage disposal system, a Compliance Inspection report must indicate that the existing system is capable of processing the daily domestic sewerage flow for both dwelling units and demonstrates the existing system meets today's standards and can be expanded for the new Daily Design Flow and room on the property for a back-up type 1 trench system.

2. For lots without an existing on-site sewage disposal system, a primary and reserve area for type 1 trench disposal for intended Daily Design Flow.

13. Secondary suites must comply with all relevant Regional District bylaws and the B.C. Building Code.

14. A secondary suite is a permitted use for the following properties:

Lot A, Plan KAP62177, District Lot 4052, ODYD

Lot 2, Plan KAP35452, District Lot 2182, ODYD

Lot 2, Plan KAP4556, District Lot 4084, ODYD

READ A FIRST TIME this _____ day of _____

PUBLIC HEARING HELD PURSUANT TO THE LOCAL GOVERNMENT ACT this _____
day of _____

READ A SECOND TIME this _____ day of _____

READ A THIRD TIME this _____ day of _____

Approved under the Transportation Act this _____ day of _____

Ministry of Transportation & Infrastructure

ADOPTED this _____ day of _____

Chairperson

Director of Corporate Services

I hereby certify the foregoing to be a true and correct copy of Joe Rich Rural Land Use Bylaw
No. 1195-16 as read a third time by the Regional District of Central Okanagan the _____
day of _____

Dated at Kelowna, this _____ day of _____

Director of Corporate Services

I hereby certify the foregoing to be a true and correct copy of Joe Rich Rural Land Use Bylaw No. 1195-16 which was Adopted by the Regional District of Central Okanagan on the _____ day of _____

Dated at Kelowna, this _____ day of _____

Director of Corporate Services

H:\Planning\3360-Zoning\20-Applications\2017\Z17-05 (Sec Suites)\Bylaw\Bylaw 1195-16.docx

REGIONAL DISTRICT OF CENTRAL OKANAGAN

BYLAW NO. 1435

Being a bylaw to amend the Regional District of Central Okanagan Killiney Beach Water System Fees & Charges Bylaw No. 1371, 2015

WHEREAS the Regional Board of the Regional District of Central Okanagan established Bylaw No. 1371, 2015, a bylaw to provide for the imposition of fees and charges against the owner or occupier of real property located within the service area boundary, or connected to the Regional District of Central Okanagan Killiney Beach Water System.

AND WHEREAS the Regional Board deems it necessary to amend the said bylaw;

NOW THEREFORE THE REGIONAL DISTRICT OF CENTRAL OKANAGAN IN OPEN MEETING ASSEMBLED ENACTS AS FOLLOWS:

1. The Regional District of Central Okanagan Killiney Beach Water System Fees & Charges Bylaw No. 1371, 2015 is hereby amended by deleting:

“2. Killiney Beach Water System Annual Fees and Charges Table in its entirety,

Service Area	Fee Type	Quarterly Fees
Killiney Beach	User Fee - Basic	\$116.50
	User Fee - Consumption ¹	\$0.50 / M ³ for first 30 M ³ \$0.70 / M ³ for next 60 M ³ \$1.05 / M ³ for next 110 M ³ \$2.00 / M ³ for remainder
	Asset Renewal	\$164.25

¹ Rates and thresholds based on consumption per quarter”

and replacing it with:

2. Killiney Beach Water System Annual Fees and Charges Table:

Service Area	Fee Type	Quarterly Fees			
		Jul, 2019	Jan, 2020	Jan, 2021	Jan, 2022
Killiney Beach	User Fee - Basic	\$128.00	\$131.00	\$134.00	\$137.00
	User Fee - Consumption ¹	Rate for first 30 M ³	\$0.50 / M ³	\$0.50 / M ³	\$0.50 / M ³
		Rate for next 60 M ³	\$0.70 / M ³	\$0.70 / M ³	\$0.70 / M ³
		Rate for next 110 M ³	\$1.05 / M ³	\$1.05 / M ³	\$1.05 / M ³
		Rate for remainder	\$2.00 / M ³	\$2.00 / M ³	\$2.00 / M ³
	Asset Renewal Fee	\$164.25	\$168.00	\$171.00	\$174.00

¹ Rates and thresholds based on consumption per quarter

3. This bylaw may be cited as the "Regional District of Central Okanagan Killiney Beach Water System Fees & Charges Amendment Bylaw No. 1435, 2019".
4. This Bylaw comes into effect on July 1, 2019.

READ A FIRST TIME THIS	9 th	DAY OF	May	2019
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READ A SECOND TIME THIS	9 th	DAY OF	May	2019
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READ A THIRD TIME THIS	9 th	DAY OF	May	2019
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ADOPTED THIS	9 th	DAY OF	May	2019
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CHAIR

DIRECTOR OF CORPORATE SERVICES

I hereby certify the foregoing to be a true and correct copy of Bylaw No. 1435 cited as the "Regional District of Central Okanagan Killiney Beach Water System Fees & Charges Amendment Bylaw No. 1435, 2019", as read a third time and adopted by the Regional Board on the 9th day of May 2019.

Dated at Kelowna, B.C.
this 9th day of May 2019

DIRECTOR OF CORPORATE SERVICES

REGIONAL DISTRICT OF CENTRAL OKANAGAN

BYLAW NO. 1436

Being a bylaw to amend the Regional District of Central Okanagan Falcon Ridge Water System Fees & Charges Bylaw No. 1372, 2015

WHEREAS the Regional Board of the Regional District of Central Okanagan established Bylaw No. 1372, 2015, a bylaw to provide for the imposition of fees and charges against the owner or occupier of real property located within the service area boundary, or connected to the Regional District of Central Okanagan Falcon Ridge Water System.

AND WHEREAS the Regional Board deems it necessary to amend the said bylaw;

NOW THEREFORE THE REGIONAL DISTRICT OF CENTRAL OKANAGAN IN OPEN MEETING ASSEMBLED ENACTS AS FOLLOWS:

1. The Regional District of Central Okanagan Falcon Ridge Water Systems Bylaw No. 1372, 2015 is hereby amended by deleting:

- “2. Falcon Ridge Water System Annual Fees and Charges Table in its entirety,

Service Area	Fee Type	Quarterly Fees
Falcon Ridge	User Fee - Basic	\$137.00
	User Fee - Consumption ¹	\$0.40 / M ³ for first 30 M ³ \$0.55 / M ³ for next 60 M ³ \$0.80 / M ³ for next 110 M ³ \$2.00 / M ³ for remainder
	Asset Renewal	\$114.75

¹ Rates and thresholds based on consumption per quarter”

and replacing it with:

2. Falcon Ridge Water System Annual Fees and Charges Table:

Service Area	Fee Type	Quarterly Fees			
		Jul, 2019	Jan, 2020	Jan, 2021	Jan, 2022
Falcon Ridge	User Fee - Basic	\$185.00	\$204.00	\$208.00	\$212.00
	User Fee - Consumption ¹	Rate for first 30 M ³	\$0.40 / M ³	\$0.40 / M ³	\$0.40 / M ³
		Rate for next 60 M ³	\$0.55 / M ³	\$0.55 / M ³	\$0.55 / M ³
		Rate for next 110 M ³	\$0.80 / M ³	\$0.80 / M ³	\$0.80 / M ³
		Rate for remainder	\$2.00 / M ³	\$2.00 / M ³	\$2.00 / M ³
	Asset Renewal Fee	\$138.00	\$141.00	\$144.00	\$147.00

¹ Rates and thresholds based on consumption per quarter

2. This bylaw may be cited as the "Regional District of Central Okanagan Falcon Ridge Water System Fees & Charges Amendment Bylaw No. 1436, 2019".
3. This Bylaw comes into effect on July 1, 2019.

READ A FIRST TIME THIS 9th DAY OF May 2019

READ A SECOND TIME THIS 9th DAY OF May 2019

READ A THIRD TIME THIS 9th DAY OF May 2019

ADOPTED THIS 9th DAY OF May 2019

CHAIR

DIRECTOR OF CORPORATE SERVICES

I hereby certify the foregoing to be a true and correct copy of Bylaw No. 1436 cited as the "Regional District of Central Okanagan Falcon Ridge Water System Fees & Charges Amendment Bylaw No. 1436, 2019", as read a third time and adopted by the Regional Board on the 9th day of May 2019.

Dated at Kelowna, B.C.
this 9th day of May 2019

DIRECTOR OF CORPORATE SERVICES

REGIONAL DISTRICT OF CENTRAL OKANAGAN

BYLAW NO. 1437

Being a bylaw to amend the Regional District of Central Okanagan Sunset Ranch Water System Fees & Charges Bylaw No. 1373, 2015

WHEREAS the Regional Board of the Regional District of Central Okanagan established Bylaw No. 1373, 2015, a bylaw to provide for the imposition of fees and charges against the owner or occupier of real property located within the service area boundary, or connected to the Regional District of Central Okanagan Sunset Ranch Water System.

AND WHEREAS the Regional Board deems it necessary to amend the said bylaw;

NOW THEREFORE THE REGIONAL DISTRICT OF CENTRAL OKANAGAN IN OPEN MEETING ASSEMBLED ENACTS AS FOLLOWS:

1. The Regional District of Central Okanagan Sunset Ranch Water System Fees & Charges Bylaw No. 1373, 2015 is hereby amended by deleting:

“2. Sunset Ranch Water System Annual Fees and Charges Table in its entirety,

Service Area	Fee Type	Quarterly Fees
Sunset Ranch	User Fee - Basic	\$90.00
	User Fee - Consumption ¹	\$0.25 / M ³ for first 30 M ³ \$0.35 / M ³ for next 60 M ³ \$0.55 / M ³ for next 110 M ³ \$2.00 / M ³ for remainder
	User Fee - Consumption - Club House ¹	\$0.35 / M ³
	Asset Renewal	\$54.75
	Investment - (> 0.25 ha)	\$450.00

¹ Rates and thresholds based on consumption per quarter”

and replacing it with:

2. Sunset Ranch Water System Annual Fees and Charges Table:

Service Area	Fee Type	Quarterly Fees			
		Jul, 2019	Jan, 2020	Jan, 2021	Jan, 2022
Sunset Ranch	User Fee - Basic	\$95.00	\$97.00	\$99.00	\$101.00
	User Fee - Consumption ¹	Rate for first 30 M ³	\$0.25 / M ³	\$0.25 / M ³	\$0.25 / M ³
		Rate for next 60 M ³	\$0.35 / M ³	\$0.35 / M ³	\$0.35 / M ³
		Rate for next 110 M ³	\$0.55 / M ³	\$0.55 / M ³	\$0.55 / M ³
		Rate for remainder	\$2.00 / M ³	\$2.00 / M ³	\$2.00 / M ³
	User Fee - Consumption - Club House ¹	\$0.35 / M ³	\$0.35 / M ³	\$0.35 / M ³	\$0.35 / M ³
	Asset Renewal Fee	\$54.75	\$56.00	\$57.00	\$58.00
	Investment Fee - (> 0.25 ha)	\$450.00	\$450.00	\$450.00	\$450.00

¹ Rates and thresholds based on consumption per quarter

2. This bylaw may be cited as the “Regional District of Central Okanagan Sunset Ranch Water System Fees & Charges Amendment Bylaw No. 1437, 2019”.
3. This Bylaw comes into effect on July 1, 2019.

READ A FIRST TIME THIS 9th DAY OF May 2019

READ A SECOND TIME THIS 9th DAY OF May 2019

READ A THIRD TIME THIS 9th DAY OF May 2019

ADOPTED THIS 9th DAY OF May 2019

CHAIR

DIRECTOR OF CORPORATE SERVICES

I hereby certify the foregoing to be a true and correct copy of Bylaw No. 1437 cited as the “Regional District of Central Okanagan Sunset Ranch Water System Fees & Charges Amendment Bylaw No. 1437, 2019”, as read a third time and adopted by the Regional Board on the 9th day of May 2019.

Dated at Kelowna, B.C.
this 9th day of May 2019

DIRECTOR OF CORPORATE SERVICES

REGIONAL DISTRICT OF CENTRAL OKANAGAN

BYLAW NO. 1438

Being a bylaw to amend the Regional District of Central Okanagan Dietrich Water System Fees & Charges Bylaw No. 1374, 2015

WHEREAS the Regional Board of the Regional District of Central Okanagan established Bylaw No. 1374, 2015, a bylaw to provide for the imposition of fees and charges against the owner or occupier of real property located within the service area boundary, or connected to the Regional District of Central Okanagan Dietrich Water System.

AND WHEREAS the Regional Board deems it necessary to amend the said bylaw;

NOW THEREFORE THE REGIONAL DISTRICT OF CENTRAL OKANAGAN IN OPEN MEETING ASSEMBLED ENACTS AS FOLLOWS:

1. The Regional District of Central Okanagan Dietrich Water System Fees & Charges Bylaw No. 1374, 2015 is hereby amended by deleting:

“2. Dietrich Water System Annual Fees and Charges Table in its entirety,

Service Area	Fee Type	Quarterly Fees
Dietrich	User Fee - Basic	\$403.00
	User Fee - Consumption ¹	\$0.50 / M ³ for first 30 M ³ \$0.70 / M ³ for next 60 M ³ \$1.05 / M ³ for next 110 M ³ \$2.00 / M ³ for remainder
	Asset Renewal	\$189.25

¹ Rates and thresholds based on consumption per quarter”

and replacing it with:

2. Dietrich Water System Annual Fees and Charges Table:

Service Area	Fee Type	Quarterly Fees			
		Jul, 2019	Jan, 2020	Jan, 2021	Jan, 2022
Dietrich	User Fee - Basic	\$524.00	\$534.00	\$545.00	\$556.00
	User Fee - Consumption ¹	Rate for first 30 M ³	\$0.50 / M ³	\$0.50 / M ³	\$0.50 / M ³
		Rate for next 60 M ³	\$0.70 / M ³	\$0.70 / M ³	\$0.70 / M ³
		Rate for next 110 M ³	\$1.05 / M ³	\$1.05 / M ³	\$1.05 / M ³
		Rate for remainder	\$2.00 / M ³	\$2.00 / M ³	\$2.00 / M ³
	Asset Renewal Fee	\$259.00	\$264.00	\$269.00	\$274.00

¹ Rates and thresholds based on consumption per quarter

2. This bylaw may be cited as the "Regional District of Central Okanagan Dietrich Water System Fees & Charges Amendment Bylaw No. 1438, 2019".
3. This Bylaw comes into effect on July 1, 2019.

READ A FIRST TIME THIS	9 th	DAY OF	May	2019
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READ A SECOND TIME THIS	9 th	DAY OF	May	2019
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ADOPTED THIS	9 th	DAY OF	May	2019
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CHAIR

DIRECTOR OF CORPORATE SERVICES

I hereby certify the foregoing to be a true and correct copy of Bylaw No. 1438 cited as the "Regional District of Central Okanagan Dietrich Water System Fees & Charges Amendment Bylaw No. 1438, 2019", as read a third time and adopted by the Regional Board on the 9th day of May 2019.

Dated at Kelowna, B.C.
this 9th day of May 2019

DIRECTOR OF CORPORATE SERVICES

REGIONAL DISTRICT OF CENTRAL OKANAGAN

BYLAW NO. 1439

Being a bylaw to amend the Regional District of Central Okanagan Westshore Estates Water System Fees & Charges Bylaw No. 1375, 2015

WHEREAS the Regional Board of the Regional District of Central Okanagan established Bylaw No. 1375, 2015, a bylaw to provide for the imposition of fees and charges against the owner or occupier of real property located within the service area boundary, or connected to the Regional District of Central Okanagan Westshore Estates Water System.

AND WHEREAS the Regional Board deems it necessary to amend the said bylaw;

NOW THEREFORE THE REGIONAL DISTRICT OF CENTRAL OKANAGAN IN OPEN MEETING ASSEMBLED ENACTS AS FOLLOWS:

1. The Regional District of Central Okanagan Westshore Estates Water System Fees & Charges Bylaw No. 1375, 2015 is hereby amended by deleting:

- “2. Westshore Estates Water System Annual Fees and Charges Table in its entirety,

Service Area	Fee Type	Quarterly Fees
Westshore Estates	User Fee - Basic	\$137.50
	User Fee - Consumption ¹	\$0.50 / M ³ for first 30 M ³ \$0.70 / M ³ for next 60 M ³ \$1.05 / M ³ for next 110 M ³ \$2.00 / M ³ for remainder
	Asset Renewal	\$145.50

¹ Rates and thresholds based on consumption per quarter”

and replacing it with:

2. Westshore Estates Water System Annual Fees and Charges Table:

Service Area	Fee Type	Quarterly Fees			
		Jul, 2019	Jan, 2020	Jan, 2021	Jan, 2022
Westshore	User Fee - Basic	\$144.00	\$147.00	\$150.00	\$153.00
	User Fee - Consumption ¹	Rate for first 30 M ³	\$0.50 / M ³	\$0.50 / M ³	\$0.50 / M ³
		Rate for next 60 M ³	\$0.70 / M ³	\$0.70 / M ³	\$0.70 / M ³
		Rate for next 110 M ³	\$1.05 / M ³	\$1.05 / M ³	\$1.05 / M ³
		Rate for remainder	\$2.00 / M ³	\$2.00 / M ³	\$2.00 / M ³
	Asset Renewal Fee	\$173.00	\$176.00	\$180.00	\$184.00

¹ Rates and thresholds based on consumption per quarter

2. This bylaw may be cited as the “Regional District of Central Okanagan Westshore Estates Water System Fees & Charges Amendment Bylaw No. 1439, 2019”.
3. This Bylaw comes into effect on July 1, 2019.

READ A FIRST TIME THIS	9 th	DAY OF	May	2019
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READ A SECOND TIME THIS	9 th	DAY OF	May	2019
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READ A THIRD TIME THIS	9 th	DAY OF	May	2019
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ADOPTED THIS	9 th	DAY OF	May	2019
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CHAIR

DIRECTOR OF CORPORATE SERVICES

I hereby certify the foregoing to be a true and correct copy of Bylaw No. 1439 cited as the “Regional District of Central Okanagan Westshore Estates Water System Fees & Charges Amendment Bylaw No. 1439, 2019”, as read a third time and adopted by the Regional Board on the 9th day of May 2019.

Dated at Kelowna, B.C.
this 9th day of May 2019

DIRECTOR OF CORPORATE SERVICES

REGIONAL DISTRICT OF CENTRAL OKANAGAN

BYLAW NO. 1440

Being a bylaw to amend the Regional District of Central Okanagan Upper Fintry, Shalal Road, and Valley of the Sun Water System Fees & Charges Bylaw No. 1376, 2015

WHEREAS the Regional Board of the Regional District of Central Okanagan established Bylaw No. 1376, 2015, a bylaw to provide for the imposition of fees and charges against the owner or occupier of real property located within the service area boundary, or connected to the Regional District of Central Okanagan Upper Fintry, Shalal Road, and Valley of the Sun Water System.

AND WHEREAS the Regional Board deems it necessary to amend the said bylaw;

NOW THEREFORE THE REGIONAL DISTRICT OF CENTRAL OKANAGAN IN OPEN MEETING ASSEMBLED ENACTS AS FOLLOWS:

1. The Regional District of Central Okanagan Upper Fintry, Shalal Road, and Valley of the Sun Water System Fees & Charges Bylaw No. 1376, 2015 is hereby amended by deleting:

- “2. Upper Fintry, Shalal Road, and Valley of the Sun Water System Annual Fees and Charges Table in its entirety,

Service Area	Fee Type	Quarterly Fees
Upper Fintry, Shalal Road, and Valley of the Sun	User Fee - Basic	\$172.50
	User Fee - Consumption ¹	\$0.40 / M ³ for first 30 M ³ \$0.55 / M ³ for next 60 M ³ \$0.80 / M ³ for next 110 M ³ \$2.00 / M ³ for remainder
	Asset Renewal	\$50.00

¹ Rates and thresholds based on consumption per quarter”

and replacing it with:

2. Upper Fintry, Shalal Road, and Valley of the Sun Water System Annual Fees and Charges Table:

Service Area		Fee Type	Quarterly Fees			
			Jul, 2019	Jan, 2020	Jan, 2021	Jan, 2022
Upper Fintry	User Fee - Basic		\$198.00	\$202.00	\$206.00	\$210.00
	User Fee - Consumption ¹	Rate for first 30 M ³	\$0.40 / M ³	\$0.40 / M ³	\$0.40 / M ³	\$0.40 / M ³
		Rate for next 60 M ³	\$0.55 / M ³	\$0.55 / M ³	\$0.55 / M ³	\$0.55 / M ³
		Rate for next 110 M ³	\$0.80 / M ³	\$0.80 / M ³	\$0.80 / M ³	\$0.80 / M ³
		Rate for remainder	\$2.00 / M ³	\$2.00 / M ³	\$2.00 / M ³	\$2.00 / M ³
Asset Renewal Fee		\$60.00	\$61.00	\$62.00	\$63.00	

¹ Rates and thresholds based on consumption per quarter

2. This bylaw may be cited as the "Regional District of Central Okanagan Upper Fintry, Shalal Road, and Valley of the Sun Water System Fees & Charges Amendment Bylaw No. 1440, 2019".
3. This Bylaw comes into effect on July 1, 2019.

READ A FIRST TIME THIS	9 th	DAY OF	May	2019
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READ A SECOND TIME THIS	9 th	DAY OF	May	2019
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READ A THIRD TIME THIS	9 th	DAY OF	May	2019
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ADOPTED THIS	9 th	DAY OF	May	2019
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CHAIR

DIRECTOR OF CORPORATE SERVICES

I hereby certify the foregoing to be a true and correct copy of Bylaw No. 1440 cited as the "Regional District of Central Okanagan Upper Fintry, Shalal Road, and Valley of the Sun Water System Fees & Charges Amendment Bylaw No. 1440, 2019", as read a third time and adopted by the Regional Board on the 9th day of May 2019.

Dated at Kelowna, B.C.
this 9th day of May 2019

DIRECTOR OF CORPORATE SERVICES

REGIONAL DISTRICT OF CENTRAL OKANAGAN

BYLAW NO. 1441

A bylaw to amend the "Regional District of Central Okanagan Central Okanagan East Sewer Systems Bylaw No. 1316, 2012"

WHEREAS the Regional Board of the Regional District of Central Okanagan deems it necessary to amend the "Regional District of Central Okanagan Central Okanagan East Sewer Systems Bylaw No. 1316, 2012"

NOW THEREFORE the Regional Board of the Regional District of Central Okanagan in an open meeting assembled enacts as follows:

1. Regional District of Central Okanagan Central Okanagan East Sewer Systems Bylaw No. 1316, 2012 is hereby amended by:
 - (a) deleting in SCHEDULE "A" – FEES & CHARGES in its entirety, and replacing it with SCHEDULE "A" – FEES & CHARGES attached hereto and forming part of this bylaw.
2. This bylaw may be cited as the "Regional District of Central Okanagan Central Okanagan East Sewer Systems Amendment Bylaw No. 1441, 2019".

READ A FIRST TIME THIS	9 th	DAY OF	May	2019
READ A SECOND TIME THIS	9 th	DAY OF	May	2019
READ A THIRD TIME THIS	9 th	DAY OF	May	2019
ADOPTED THIS	9 th	DAY OF	May	2019

CHAIR

DIRECTOR OF CORPORATE SERVICES

I hereby certify the foregoing to be a true and correct copy of Bylaw No. 1441 cited as the "Regional District of Central Okanagan Central Okanagan East Sewer Systems Amendment Bylaw No. 1441, 2019", as read a third time, reconsidered and adopted by the Regional Board on the 9th day of May, 2019.

Dated at Kelowna, B.C. this
9th day of May, 2019

DIRECTOR OF CORPORATE SERVICES

Regional District of Central Okanagan Central Okanagan East
Sewer Systems Bylaw No. 1316, 2012
(Amendment Bylaw No. 1441, 2019)

SCHEDULE A - FEES & CHARGES

1. FEES & CHARGES

- (1) Every Owner of property and/or premises situated within the service boundary of a Regional District Sewage Collection Service Area in the Central Okanagan East Electoral Area shall pay to the Regional District the fees and charges established in accordance with this Bylaw.
 - a. User fees shall apply to all parcels connected to the water system where the water service is turned on. User fees shall commence on the day which final inspection is made, or as determined by the Building Inspector.
 - b. Asset renewal fees shall apply to all parcels, vacant or otherwise, and shall commence immediately upon registration of a property in the Land Title Office.
 - c. Annual fee increases are effective January 1st.
- (2) Fees and charges will be billed quarterly or other established interval and all fees and charges shall be due and payable 30 days after the billing date.
- (3) A late payment penalty of four percent (4%) will be assessed each quarter (compounded quarterly 16.99% per annum) on all outstanding balances accrued under this Bylaw or its predecessors and not paid by the due date.
- (4) The costs, rates, charges, fees and/or penalties required to be paid by this Bylaw shall form a charge against the parcel serviced, and if such costs, rates, charges, fees and/or penalties are unpaid on December 31st of the year in which they become payable, they shall be entered by the Regional District's Collector in the Collector's Roll next prepared, and transferred to the tax roll in the next succeeding year as arrears of taxes against the parcel from which they arose, and such amount may be recovered with interest at such rate as may be authorized from time to time by the Local Government Act, in like manner as municipal taxes. Payments must be received by December 15th to ensure adequate processing time at year end.
- (5) Any application fees, and or fees for additional connections or extensions must be paid 10 days prior to installation or connection to the water system.

2. APPLICATION FEES

(1) Permit to Connect Fee

Single Family Residential (/parcel)	\$200.00
Commercial / Industrial / Institutional (/application)	\$250.00
NON-STRATA:	
Mobile Home Park / Multifamily Residential (/application)	\$250.00
STRATA:	
Bare Land / Condo (/unit)	\$200.00

(2) Capital Connection Fee (/unit) \$5,878.00

(3) Community Sanitary Sewer Service Area Security (/unit) \$8,000.00 minimum

Where the community sanitary sewer service area security is:

- to be determined by the Regional District Officer,
- dependent on the estimated capital costs for the future service area,
- in no case less than \$8,000.00.

(4) Sanitary System Fees for Extensions & Service Connections:

The Fees for an Extension or a Service Connection are each calculated as follows:

$$\text{\$} = (\text{All off-site capital costs}) + (3\% \text{ administration fee}) + (25\% \text{ security deposit})$$

Where:

- The Fees will be determined by the Regional District Officer and must be paid ten (10) days prior to installation.
- The capital costs and administration fee have the following minimums:
 - Off-site capital costs \$2,750; and
 - Administration fee \$ 250.
- Upon completion of the works, the applicant will be reimbursed any remaining balance of the security deposit. If the security deposit is insufficient to cover the costs then the Regional District shall recover the costs from the Owner in accordance with the Local Government Act and the Community Charter.
- Any additional costs incurred will be at the expense of the *Owner*.

3. UTILITY CHARGES

(1) Quarterly Utility Charges Table:

Class	Description	Quarterly Fees			
		Jul, 2019	Jan, 2020	Jan, 2021	Jan, 2022
SUE	User Fee: Per Residential Unit	\$94.00	\$96.00	\$98.00	\$100.00
SRE	User Fee: All other uses which are defined with metered flows (per M3 of flow)	\$2.20 / M ³	\$2.20 / M ³	\$2.20 / M ³	\$2.20 / M ³
SBE	Metered Base Rate	\$39.00	\$40.00	\$41.00	\$42.00
SME	Asset Renewal Fee: Per Parcel	\$26.10	\$27.00	\$28.00	\$29.00

REGIONAL DISTRICT OF CENTRAL OKANAGAN

BYLAW NO. 1442

Being a bylaw to amend the Regional District of Central Okanagan Water Systems Fees and Regulations Bylaw No. 1370, 2015

WHEREAS the Regional Board of the Regional District of Central Okanagan established Bylaw No. 1370, 2015, a bylaw to establish regulations under which water will be provided and to establish fees and charges which may be imposed against the owner of any parcel located within a Regional District of Central Okanagan water system service area;

AND WHEREAS the Regional Board deems it necessary to amend the said bylaw;

NOW THEREFORE THE REGIONAL DISTRICT OF CENTRAL OKANAGAN IN OPEN MEETING ASSEMBLED ENACTS AS FOLLOWS:

- a) The Regional District of Central Okanagan Water Systems Bylaw No. 1370 is hereby amended by

Deleting from SCHEDULE "A" FEES & CHARGES, Section 1. Application Fees b) Water meter Fees (/meter):

3/4" diameter.....	\$440.00
1" diameter.....	\$635.00
1 1/2" diameter.....	\$935.00
2" diameter.....	\$1,220.00
Pit <i>water meter</i> surcharge.....	\$325.00

And adding:

SCHEDULE "A" FEES & CHARGES, Section 1. Application Fees b) Water meter Fees (/meter):

Meter Type	Jul, 2019	Jan, 2020	Jan, 2021	Jan, 2022
5/8"x3/4" diameter	\$485.00	\$500.00	\$515.00	\$530.00
3/4" diameter	\$530.00	\$546.00	\$562.00	\$579.00
1" diameter	\$640.00	\$659.00	\$679.00	\$699.00
1 1/2" diameter	\$1,060.00	\$1,092.00	\$1,125.00	\$1,159.00
2" diameter	\$1,245.00	\$1,282.00	\$1,320.00	\$1,360.00
Pit <i>water meter</i> surcharge	\$380.00	\$391.00	\$403.00	\$415.00

- b) This bylaw may be cited as the "Regional District of Central Okanagan Water Systems Fees and Regulations Amendment Bylaw No.1442, 2019".
- c) This Bylaw comes into effect on July 1, 2019.

READ A FIRST TIME THIS 9th DAY OF May 2019

READ A SECOND TIME THIS 9th DAY OF May 2019

READ A THIRD TIME THIS 9th DAY OF May 2019

ADOPTED THIS 9th DAY OF May 2019

CHAIR

DIRECTOR OF CORPORATE SERVICES

I hereby certify the foregoing to be a true and correct copy of Bylaw No. 1442 cited as the "Regional District of Central Okanagan Water Systems Fees and Regulations Amendment Bylaw No.1442, 2019", as read a third time and adopted by the Regional Board on the 9th day of May 2019.

Dated at Kelowna, B.C.
this 9th day of May 2019

DIRECTOR OF CORPORATE SERVICES