



Regional Board Report

Request for Decision

To: Regional Board
From: Director of Financial Services
Date: January 25, 2024
Subject: 2024-2028 Five-Year Financial Plan - DRAFT

Voting Entitlement: *All Directors – Weighted Corporate Vote – Majority (LGA s.210)*

Purpose: To present the Regional District of Central Okanagan's draft 2024-2028 Five-Year Financial Plan for review

Executive Summary:

This Regional District of Central Okanagan's (RDCO's) draft 2024-2028 Five-Year Financial Plan (Plan) ensures that the RDCO continues to deliver effective services for residents by bolstering protective services with facilities and equipment, building on critical infrastructure, and increasing operating costs, where necessary, to keep pace with growth and inflation.

The Plan has been developed to advance the Regional Board's strategic objectives (Emergency Preparedness, Environment & Climate, Health & Wellness, Transportation, and Truth & Reconciliation). The Plan also focuses on:

- addressing infrastructure needs for emergency response services;
- enhancing the RDCO parks system; and
- ensuring adequate resources are available to meet the growing pressures on RDCO services.

The Plan presents an overall increase in operating revenues and expenditures for 2024 of \$4.1 million, or 6.7%. The 2024 tax requisition increase is \$2.8 million or 10.8%. Because of assessment growth in 2024, the increase for the average residential property owner will be 8.5%. The impact on each property owner varies depending on where they live and the value of their property. For the average residential property owner in the Central Okanagan, whose home is assessed at \$891K, their share of the total tax requisition for 2024 is \$557, an increase of \$44 over 2023. This breaks down to \$46/month.

The capital plan portion of the Plan is \$14.5 million, representing a 21% decrease. These costs are funded predominantly through reserves, with funding from grants where available and debt where reserves are insufficient.

Overall, reserve levels are projected to decrease at the end of 2024. The goal is to build these reserves up in the coming years to support future asset replacement and renewal plans and to ensure there are sufficient funds to cover unplanned expenditures.

Recommendation:

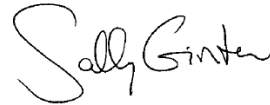
THAT the Regional Board receive the report 2024-2028 Five-Year Financial Plan draft from the Director of Financial Services, dated January 25, 2024, for information.

Report Approved by:



Tania McCabe, CPA, CA
Director of Financial Services

Approved for Agenda:



Sally Ginter
Chief Administrative Officer

Strategic Plan Alignment:

- | | |
|---------------------------|---|
| √ Emergency preparedness | √ Truth and reconciliation |
| √ Health and wellness | √ Environment and climate – Regional priority only |
| √ Regional transportation | √ Growth and development – Electoral Area priority only |
-

Background:**FINANCIAL PLANNING PROCESS**

Annually, the RDCO must develop a five-year financial plan inclusive of funding and expenditures for both operating and capital financial plans. The financial plan is developed in alignment with legislation and, upon approval, provides authority for the operations of the RDCO for the five years of the financial plan. Final financial plan approval is required before March 31 of each year.

A draft financial plan is developed to allow service participants and local ratepayers to comment on and make recommendations to programming, funding requirements, and initiatives. The draft financial plan will be subject to changes due to final year-end adjustments, revised assessment information, and any other amendments from the Board before final approval.

The preparation of the financial plan aims to fulfil four key financial planning goals (these goals are explained in more depth in the report to the Board on the Financial Planning Highlights on [December 15, 2022](#)):

- Making the best use of resources.
 - Based on the Board's & community's priorities.
- Achieving financial stability.
 - To allow for more predictable requirements over the years.
- Maintaining a transparent process.
 - Stakeholders know when and how to provide input.
- Creating a document that is understandable.
 - The impact on stakeholders is clear.

There are also several factors that are important to consider:

- The Board's [strategic priorities](#).
- The economic environment:
 - Inflation & interest rates – stabilized.
 - Supply chain challenges – improving.
 - Contractual requirements.
- Existing and planned service levels:
 - The resources needed to deliver core services.
 - The impact of new initiatives.
- Infrastructure needs:
 - Proposed & required capital programs.

With all of this in mind, the financial plan is developed and includes operating and capital financial plans, changes in reserve funds and impacts on tax requisitions and user fees.

For those services funded through tax requisitions, the costs are apportioned on an assessment basis. Historical growth trends have been positive on an aggregate regional basis but can vary significantly on a participant basis. These differences will have an impact on the increases an individual resident may experience.

It's important to note that existing and planned service levels are the main driver of the costs in the financial plan. These drivers are a product of the needs and wants of the community, the priorities of the Board, and regulatory requirements. Major initiatives affecting the organization across its services are addressed through service planning to coordinate an organizational response.

2024-2028 FIVE-YEAR FINANCIAL PLAN

The financial plan advances the Regional Board's strategic objectives by:

- Continuing to improve emergency preparedness through investments in facilities for search and rescue, replacing fire apparatus and, staffing.
- Supporting the health and wellness of residents by providing year-round access to regional parks through increased staffing and building infrastructure in regional parks to make them more accessible all year.
- Increasing planned operational spending to ensure the regional district keeps pace with growth and inflation.

Operating Plan

The 2024 RDCO financial plan includes operating revenues and expenditures of \$65.6 million, an increase of \$4.1 million (6.7%) over the 2023 plan of \$61.5M.

Appendix A (Financial Plan Summary - Comparison to Prior Year) shows the year-over-year change in the financial plan for each service. Appendix B (Financial Plan Summary - 2024) shows gross expenditures and revenue sources by service for 2024.

Operational Expenditures

The following table summarizes the operating expenditures of the RDCO into four key components:

Expenditure Type	2024	2023	Change \$	Change %
Operations	\$ 41,753,306	\$ 39,751,966	\$ 2,001,340	5.0%
Debt servicing	13,841,546	13,567,904	273,642	2.0%
Transfers to reserves	10,019,134	8,151,723	1,867,411	22.9%
TOTAL	\$ 65,613,986	\$ 61,471,593	\$ 4,142,393	6.7%

The RDCO provides a multitude of services with annual expenditures ranging from \$1,000 to over \$9.5 million. These services are provided on a regional, sub-regional and local level and the participants for each are different. Details on the changes for each service are provided in Appendix H. For the lower cost services, a small change in dollar value can result in a significant change on a percentage basis. As a result, this report focuses on those services with significant changes and provides information in the Notes section at the bottom. A significant change was determined to be a change greater than 5% and \$10,000.

Overall, the key areas where costs have increased for all services are:

Table 2 – Operating Expenditure Changes

Type of Cost	Reason for Change
Transfers to Reserves (\$1.8M = 2.9%)	<ul style="list-style-type: none"> Increases are made to planned transfers to capital reserves, where required, to ensure there are sufficient reserves to fund identified capital expenditures over the years of the plan and into the future.
Remuneration (\$793K = 1.3%)	<ul style="list-style-type: none"> Cost of living adjustments. Proposed new staffing.
General operating expenses (\$765K = 1.2%)	<ul style="list-style-type: none"> General increase in costs that has been kept to a minimum through focused contract negotiations.
Operating Projects (\$548K = 0.9%)	<ul style="list-style-type: none"> Various one-time expenditures funded from operating reserves or grants.
Debt servicing (\$236K = 0.4%)	<ul style="list-style-type: none"> New borrowing for the Okanagan Regional Library.

Staffing Compliment

Appendix C (2024 Proposed Staffing Resources) presents the proposed new staffing requests for 2024. Staff are proposing the addition of the following positions:

- Parks Conservation Officers (2.0 FTE)
 - To improve the ability to provide access to Regional District parks on a year-round basis the addition of two Parks Conservation Officers (PCO) is proposed. The PCOs patrol the parks, assisting and guiding users as well as enforcing park bylaws.
 - Total loaded cost = \$89,000 x 2 = \$178,000
- Parks Operators (1.2 FTE)
 - To support the Board's strategic priority of year-round access to Regional Parks, staff are proposing the conversion of three seasonal positions to full time positions. These positions are currently only filled for the 7.5 months per year resulting in insufficient staffing to keep Regional Parks open during the winter months. The increase will allow some parks to be opened for public access all year round.
 - Total loaded cost = \$28,000 x 3 = \$84,000
- Victim Services Caseworker (1.0 FTE)
 - Staffing for Victim Services has been constant at 4 since 2017. The addition of one Victim Services Caseworker (VSC) position will bring the total positions to 5. The Central Okanagan population has grown approximately 13% since 2017 and the number of victims supported has seen a significant increase (2017 = 754, 2023 = 1,330). The addition of one new VSC will help to reduce workloads to a manageable level and improve the support provided for victims of crime.
 - Total loaded cost = \$75,000

- Business Development Coordinator (1.0 FTE)
 - This new position will bring three, long-standing contracts, in-house. This will improve the ability to provide oversight to the programs and support the Board’s strategic priorities. It will also bring in-house the communications/branding portions of the contracts, allowing for better alignment with the RDCO brand and messaging. The cost of the existing contracts is more than the cost of an FTE, resulting in a net savings.
 - Total savings = \$16,700

The financial impact is an additional \$320K:

PERMANENT POSITIONS	Cost ('000s)	FTE	Annual Cost/ Avg House
<u>Proposed New positions</u>			
Parks Conservation Officer/Trails Team Lead	\$ 178	2.0	\$ 1.63
Parks Operators	84	1.1	\$ 0.64
Victim Services Caseworker	75	1.0	\$ 0.69
	337	4.1	
<u>Other Changes</u>			
Business Development Coordinator	(17)	1.0	\$ -
	(17)	1.0	
	\$ 320	5.1	

Administration Overhead

The Regional District has several administration functions. The costs of providing these functions are covered through overhead rates that are included in the financial plans for most of the services. The allocation is determined in accordance with Board Policy 18-2023, which was adopted on November 30, 2023, after an extensive review process. The impact of the change in allocation approach is provided in Appendix D.

For 2024, there is an overall increase of \$1 million in the financial plans for the administration departments. This increase is driven by the following:

1. Introduction of an allocation of Human Resources and Information Services costs to Corporate Services, Financial Services and Communications.
2. Introduction of corporate wide employee training programs.
 - a. Diversity, equity, and inclusion training.
 - b. Bullying & harassment.
 - c. Violence prevention.
3. New Human Resources and Information Systems software.
4. Annual salary adjustments & benefit cost increases.
5. Introduction of an annual contribution to the capital reserve for the administration buildings located at 1450 KLO Road.

The impact of this increase, on each of the services the Regional District provides, is dependent on the operating expenditures, staffing levels and technology usage for the service. The amount allocated to each service is provided in Appendix D as well as shown in Appendices B & H.

Operational Funding

Sources of funding vary by service and include the following:

- sale of services (various fees),
- property tax requisitions (including parcel taxes) collected from member municipalities and electoral areas,
- reserve transfers,
- grants, and
- other revenue.

The main source of funding for services is tax requisitions (including parcel taxes) and user fees. The other sources of funding are used to reduce the Regional District's reliance on these main sources of funding. Changes in other funding sources have a direct impact on the amount of tax requisition, or user fees, required.

The Table 4 outlines the year-over-year change in revenue by source.

Sources of Revenue	2024	2023	Change \$	Change %
Tax requisition	\$ 30,075,757	\$ 27,140,122	\$ 2,935,635	10.8%
Parcel taxes	944,004	916,364	27,640	3.0%
Sale of service	19,560,861	18,532,687	1,028,174	5.5%
Rentals and other revenue	141,468	146,242	(4,774)	-3.3%
Grants	823,277	1,130,276	(306,999)	-27.2%
Prior year surplus (deficit)	(100)	(59,545)	59,445	-99.8%
Transfer from reserves	1,446,824	1,043,553	403,271	38.6%
Municipal debt	12,621,896	12,621,896	-	0.0%
TOTAL	\$ 65,613,986	\$ 61,471,593	\$ 4,142,392	6.7%

Tax Requisition

Revenue raised through tax requisition (excluding parcel taxes) totals an estimated \$30.1 million, an increase of 11% from 2023. Table 5 summarizes the change in requisition from 2023 categorized by regional, sub-regional, local, and electoral areas.

Table 5 - Tax Requisition by Service Type

Expenditure Type	2024	2023	Change \$	Change %	% of Total Change
Regional	24,218,893	22,207,048	2,011,846	9.1%	7.4%
Sub-regional	986,457	926,765	59,693	6.4%	0.2%
Local	881,802	836,967	44,835	5.4%	0.2%
Electoral Area East	1,980,901	1,615,505	365,396	22.6%	1.3%
Electoral Area West	2,007,703	1,553,838	453,865	29.2%	1.7%
TOTAL	\$ 30,075,757	\$ 27,140,122	\$ 2,935,635	10.8%	10.8%

Tax requisitions are apportioned to the participating members on an assessment basis. The following table provides the 2024 assessment values for each of the members as well as the comparison to 2023 on both a year-over-year basis, and as share of the total assessment base:

Table 6 - Proportionate Share of Total Assessment Base + Year-Over-Year Change in Assessment Base

	2024		2023		Change	
	Value (000's)	% Share of Total	Value (000's)	% Share of Total	Value (000's)	% Change in Value
City of Kelowna	64,586,179	66.5%	62,414,335	65.8%	2,171,844	3.5%
District of Peachland	2,719,590	2.8%	2,700,176	2.8%	19,414	0.7%
District of Lake Country	7,262,821	7.5%	7,104,212	7.5%	158,609	2.2%
City of West Kelowna	15,495,136	15.9%	15,554,710	16.4%	(59,575)	-0.4%
Electoral Area West	1,942,378	2.0%	1,984,089	2.1%	(41,712)	-2.1%
Electoral Area East	1,775,806	1.8%	1,724,621	1.8%	51,184	3.0%
Westbank First Nation	3,397,702	3.5%	3,397,702	3.6%	-	0.0%
TOTAL	97,179,610	100.0%	94,879,845	100.0%	2,299,765	2.4%

The shift in the share of the total value, between participating members, means that the year-over-year change in the amount of the tax requisition paid by each property owner will not be the same.

The proportionate share, of each participating member, of the tax requisition is as follows:

Table 7 - Proportionate Share of + Year-Over-Year Change in Share of Requisition

	2024		2023		Change	
	Value (000's)	% Share of Total	Value (000's)	% Share of Total	Value (000's)	% Change in Value
City of Kelowna	17,221	52.6%	15,619	52.8%	1,602	10.3%
District of Peachland	708	2.2%	670	2.3%	39	5.8%
District of Lake Country	1,890	5.8%	1,761	6.0%	130	7.4%
City of West Kelowna	4,042	12.4%	3,837	13.0%	205	5.3%
Electoral Area West	3,260	10.0%	2,750	9.3%	510	18.5%
Electoral Area East	2,954	9.0%	2,503	8.5%	451	18.0%
SUB TOTAL	30,076	91.9%	27,140	91.8%	2,936	10.8%
Westbank First Nation	2,650	8.1%	2,420	8.2%	230	9.5%
TOTAL	32,725	100.0%	29,560	100.0%	3,166	10.7%

These two tables show the relationship between assessment values and the distribution of the tax requisition. Members, and property owners, with a larger than average increase in assessment base will see a larger increase in their share of the total tax requisition.

The impact of the change in requisition, when combined with the change in the share of requisition result in the following impact for the average valued home within the different parts of the Central Okanagan:

Table 8 - Estimated Property Taxes for Average House

	Average House Value	Annual Tax per House	\$ Change per Avg House over prior year	Monthly Tax per House	% Change per Avg House over prior year	Monthly \$ Change per Avg House over prior year
Kelowna	\$ 938,890	\$ 276	\$ 6	\$ 23	2.2%	\$ 0.50
Peachland	909,909	254	\$10	21	4.2%	0.86
Lake Country	1,030,807	284	\$13	24	4.7%	1.05
West Kelowna	983,129	293	\$6	24	2.0%	0.49
Electoral Area West *	548,313	1,193	\$169	99	16.5%	14.06
Electoral Area East *	934,851	1,043	\$59	87	6.0%	4.95
AVERAGE	\$ 890,983	\$ 557	\$ 44	\$ 46	8.5%	\$ 3.65

* excludes local service area taxes (eg fire protection, community centers, transit)

Appendix E – Tax Requisition Comparison provides a comparison of the 2024 tax requisitions to the 2023 amounts, by service, for each participating member.

Capital Plan

Expenditures

The capital plan advances the Regional Board's strategic objectives with a focus on addressing infrastructure deficits and enhancing the RDCO parks, protective, water, and solid waste services. Total proposed spending in 2024 is \$14.5M. This is a decrease of \$3.9M from the planned 2023 capital expenditures in the 2023-2027 Five-Year Financial Plan, as well as a decrease of \$8.6M from the planned 2024 capital expenditures in the 2023-2027 Five-Year Financial Plan. The decrease from the 2023-2027 Five-Year Financial Plan is due to:

- A delay in the creation of a permanent facility for Central Okanagan Search and Rescue.
- Postponement of the Stage 4 upgrades to the Westside Wastewater Treatment Plant.
- Postponement of the upgrades to lift stations that are part of the Regional Districts Westside Wastewater Services.

The 2024-2028 Capital Plan projects are provided in Appendix F (Capital Project Expenditures). The funding sources for these projects are provided in Appendix G (Capital Project Funding). Capital financial plans are developed through the service planning and financial planning processes and consider:

- status of projects already in progress.
- condition of existing assets and infrastructure.
- regulatory, environmental, risk, and health and safety factors.
- new or renewal projects prioritized by the commissions, committees, or local service areas.

The total planned capital expenditure, by department, are:

Department	2024	2025	2026	2027	2028'
1200 - Corporate Services	556,000	308,000	127,000	25,000	310,000
1220 - Engineering	10,000	10,000	10,000	10,000	10,000
1300 - Financial Services	30,900	30,900	30,900	30,900	30,900
1400 - Communication and Information Services	173,150	128,500	135,500	508,500	155,000
2400 - Fire services and Protection	1,919,327	6,736,807	4,109,517	1,259,187	1,239,977
2920 - Inspection Services	68,171	-	66,860	-	-
2940 - Bylaw Services	98,495	24,154	13,547	86,388	91,793
4190 - Water	1,250,553	288,196	768,250	185,825	13,772,389
4200 - Sewer	1,534,653	3,128,412	8,216,571	4,074,583	4,315,110
4300 - Solid Waste	1,321,430	7,049,561	25,239	25,951	44,698
7100 - Parks Services	7,500,985	3,215,450	2,626,200	2,800,550	2,306,900
Grand Total	14,463,663	20,919,979	16,129,584	9,006,883	22,276,766

Highlights of key capital projects planned for 2024 are:

Table 10 – Key Capital Plan Projects

Department	Project	Description	Board Priority	Funding	Cost (000's)
Administration Services	Building renovations	Multiple projects including renewal of the elevator and installation of EV charging stations.	Environment & Climate (EV chargers)	Reserves	\$395
Protective Services	Regional Rescue	Engineering & design for a new facility for Central Okanagan Search and Rescue	Emergency Preparedness	Grant	\$400
	Joe Rich Firehall	Replacement of one of two tenders with a new interface truck. The request to Fire Underwriters for an extension for this unit was denied.	Emergency Preparedness	Debt	\$683
Parks Services	Land acquisitions	Purchases are being considered, but details cannot be disclosed publicly.	Health & Wellness	Reserves	\$3,792
	Kalamoir Trail	Improvement to the trail to increase the options for active transportation.	Health & Wellness	Grant	\$311
	Accessibility projects	Funded from Growing Communities grant	Health & Wellness	Grant	\$393
	Grouse Complex Fire (GCF) recovery project	Assessment and recovery projects in four parks impacted by the GCF. Funding provided from the Provincial Disaster Assistance Fund		Disaster Assistance Funding	\$772
	Mission Creek Greenway	Streambank stabilization work along Hollywood Road.		Reserves	\$309
Solid Waste Services	Curb Side Organics	The Food Waste Feasibility Study recommended a co-mingled curb side food and waste collection system. The 2024 project will include public education & outreach as well as service design.	Environment & Climate	Grant	\$450
Water Services	Killiney Beach	PRV replacement (started in 2023)		Reserves	\$525

Funding

The funding profile for 2024 shows a firm reliance on reserves for capital investment reflecting a “save now” versus “pay later” approach. There is also an increase in funding from grants, in particular the use of the Growing Communities Fund grant. The ability to use grants reduces the need to rely on transfers from reserves. The debt funding in 20 is to replace fire-fighting apparatus that was originally planned for replacement in a future year. There are insufficient reserves to fund the accelerated timeline so debt must be used to fund the purchase. The 2024 planned use of development cost charges, third-party contributions and other sources account make up a small portion of all capital funding.

Table 11: Summary of Capital Project Funding

Expenditure Type	2024	2023	Change \$	Change %
Grants	\$ 2,431,470	\$ 1,310,899	\$ 1,120,571	85%
Other revenue	319,800	382,300	(62,500)	-16%
Debt	672,000	501,250	170,750	34%
Transfers from reserves	11,040,392	16,211,679	(5,171,287)	-32%
TOTAL	\$ 14,463,663	18,406,128	-\$ 3,942,466	-21%

Staff continue to be proactive in leveraging senior government funding to pay for projects as well as using internal capacity to deliver projects cost effectively. There is also a focus that prioritizes those capital investments that will enable business transformation by improving operations. See Appendix G (Capital Plan Funding Summary) for details on the use of each funding source by project.

Reserves

Reserves are a government’s way of saving for future capital activities as well as one-time or limited duration operating activities. There are currently 77 capital and 78 operating reserve accounts for the various services. There are also two reserves for Development Cost Charges and four for future park land purchased for a total of 160 individual reserves.

Operating Reserves

One of the key goals of financial planning is creating financial stability. To achieve this goal, it is important to match the duration of expenditures to the sources of funding for them. One tool the Regional District uses to manage this is operating reserves. When there is a large operating expenditure in a future year, operating reserves are used to fund all or a portion of the expenditure. To ensure sufficient operating reserves for this, where these types of expenditures are planned, contributions to the operating reserve are also planned for, in the preceding years, to build up the reserve.

Operating reserves are also used to fund unexpected expenditures. To assist with the ability to fund these types of expenditures, year-end operating surpluses, when available, are transferred to operating reserves. Over time the goal of this approach is to create a structurally balanced financial plan that facilitates financial sustainability in the RDCO’s financial plan and operations.

What is considered a reasonable amount to hold in operating reserves varies from organization to organization. For the Regional District, the minimum threshold used is three months of operating expenditures, excluding transfers to reserves and municipal debt servicing costs. This is approx. \$9.0M

for the Regional District as a whole. Overall, the Regional District is just under this recommended minimum. However, certain services have significant deficiencies.

A summary of the projected balance for each operating reserve is included in Appendix I (Operating Reserves Summary). The schedule assists to determine the health of these reserves. With a few exceptions, there are no planned contributions to these reserves. Those in a deficit will be reviewed each year to determine if planned transfers in should be established or increased.

The projected operating reserve fund balances are also provided, by service, in Appendix I.

Capital Reserves

Capital spending, by its nature, is a limited duration expenditure with each capital project being identified along with its funding sources. The key funding source for most capital projects is reserves. Because of this, regular, annual contributions are made into the reserves and then the reserves are drawn from when the funding is needed. This balancing of annual contributions into a reserve against the sporadic withdrawals is how the Regional District aims to achieve stability in tax requisitions.

It is also important to set minimum thresholds for capital reserves. Financial guidelines recommend using the average planned annual spending over the next five years. However, if there is a large capital outlay expected in the future, efforts should be made to build the reserves in the intervening years to be sufficient to fund the specific project.

Based on the financial plan, \$8.1 million will be transferred into the various capital reserves and \$11.8 million will be transferred out, in 2024, which will draw down the reserves at the end of 2024. For the remaining four years of the plan, however, the planned transfers into capital reserves will exceed the planned transfers out for capital projects, allowing the reserves to grow over time. This will improve the RDCO's financial sustainability, which will in turn give the RDCO the ability to fund future capital projects without the need for other funding sources.

A summary of the projected balance for each capital reserve is included in Appendices J & K (Capital & Equipment Reserves Summary).

Projected Negative Reserves

There were some services that have reserves projected to be in negative positions. Where a service has negative reserves, if it also has an operating surplus in the prior year, that surplus can be transferred to the reserve that requires it. If that is insufficient, then the following options are available:

- Increasing, or introducing, the annual transfer to the reserve
- Where projects use that reserve as a source of funding:
 - Looking for other sources of funding
 - Postponement of the project
 - Cancelling of the project
- Transferring funds from another reserve for that service.

The services and reserves in this situation are:

Table 12 – Projected Negative Reserves

Service	Reserve	Deficit	Year	Remedy Applied/Proposed
Corporate Services	Facilities	\$35,581	2025	2023 operating surplus
Human Resources	Operating	\$21,605	2024	2023 operating surplus
Ellison Fire Department	Facilities	\$103,081	2025	Deferral of capital project to build a 4 th bay (\$528K) from 2025 to 2026.
Wilson's Landing Fire Department	Equipment	\$692,783	2027	Debt funding for replacement of fire apparatus in 2027
Westside Waste Disposal	Facilities	\$151,558	2025	A transfer of \$200K from the operating reserve to the facilities reserve. The operating reserve is projected to be at 60% of annual operating expenditures at the end of 2023. This is above the maximum recommended level of 50%. The transfer would leave the operating reserve between the minimum and maximum recommended levels at 40% of annual operating costs.
Regional Planning	Operating	\$4,891	2024	Expected reduction in actual use of the reserve from planned use in 2023.
Killiney Beach Water	Equipment	\$127,783	2024	Proposed transfer of \$150K from the Facilities Reserve
Fintry Water	Equipment	\$10,151	2026	Expected reduction in actual use of the reserve from planned use in 2023.

NEXT STEPS

Public Engagement

The draft financial plan is available on the Regional District's website. The public are invited to provide feedback in one of four ways:

1. RDCO's public engagement platform – yoursay.rdco.com
2. Email to finance@rdco.com, subject line "2024-2028 Five-Year Financial Plan"
3. In person at the Committee of the Whole meeting to be held on February 8, 2024.
4. Mail: 1450 KLO Road, Kelowna, V1W 3Z4.

The deadline for submitting feedback is February 12, 2024. All feedback received will be presented to the Board, with any recommended amendments to the financial plan at the Board meeting to be held on February 22, 2024.

Review and Amendments

The timeline for the remaining steps required to adopt the 2024-2028 Five Year Financial Plan Bylaw by the March 31, 2024, deadline is:

Date	Action
February 8, 2024	Opportunity for the public to provide comments on the 2024-2028 Financial Plan.
February 22, 2024	Board review of the public feedback, and any proposed amendments to the draft financial plan
March 14, 2024	Board approval of the 2024-2028 financial plan
March 28, 2024	Board adoption of the 2024-2028 Five Year Financial Plan Bylaw

Considerations:

Organizational/External:

Financial impacts resulting from approval of the 2024 – 2028 Five-Year Financial Plan in terms of property value taxes, parcel taxes and service contracts will affect all municipal and electoral area funding partners.

Financial:

The report and associated appendices identify the financial impacts of the draft 2024 – 2028 Five-Year Financial Plan.

Legal/Statutory Authority:

Section 374 of the *Local Government Act* requires that a regional district must adopt, by bylaw, a financial plan by March 31. Division 1 of Part 11 of the *Local Government Act* fully describes the components and requirements of this process.

Alternate Recommendation:

THAT the Regional Board direct staff that the recommended amendments from the January 25, 2024 Regional Board Meeting be incorporated into the 2024-2028 Five-Year Financial Plan and brought to the Regional Board meeting on February 22, 2024 for approval.

Attachment(s): Appendix A – Financial Plan Summary – Comparison to Prior Year
 Appendix B – Financial Plan Summary – 2024
 Appendix C – Proposed Staffing Resourcing
 Appendix D – Administration Overhead Allocation
 Appendix E – Tax Requisition Comparison
 Appendix F – Capital Project Expenditures
 Appendix G – Capital Project Funding
 Appendix H – Financial Plans by Service
 Appendix I – Projected Operating Reserves by Service
 Appendix J – Projected Capital Reserves by Service
 Appendix K – Projected Equipment Reserves by Service
 Appendix L – Projected Other Reserves by Service
 PowerPoint Presentation