



Regional Board Report

Request for Decision

To: Regional Board
From: Director of Financial Services
Date: February 22, 2024
Subject: 2024-2028 Five-Year Financial Plan – Public Feedback

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

Purpose: To present the public feedback received on the Regional District of Central Okanagan's 2024–2028 Five-Year Financial Plan and consider approval.

Executive Summary:

The Regional District of Central Okanagan's (RDCO) 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 Regional Board reviewed the plan at its regular meetings held on January 25, 2024. Public consultation was also carried out from January 18 to February 12, 2024. During the public consultation process the public could provide written comment on the financial plan via mail, email, or through the RDCO public consultation platform (www.yoursay.rdco.com), as well as provide comment in person at the regular Committee of the Whole meeting held on February 8, 2024. Forty-three (43) submissions were received. The comments received are summarized, along with the staff's responses, in this report. The full comments received are included in Appendix A, attached to this report.

At this time, no updates have been made to the plan presented on January 25, 2004. The increase in operating expenditures remains at 6.7%. The total increase to the tax requisition also remains at 10.8% and the increase in property taxes for 2024, for the average homeowner, remains at 8.5%.

Recommendation(s):

THAT the Regional District of Central Okanagan's 2024–2028 Five-Year Financial Plan be approved,

AND THAT the Regional District of Central Okanagan's 2024–2028 Five-Year Financial Plan bylaw be prepared for the Board's consideration based on the approved 2024–2028 Five-Year Financial Plan.

Report Approved by:

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Tania McCabe, CPA, CA
Director of Financial Services

Approved for Agenda:

Handwritten signature of Sally Ginter in black ink.

Sally Ginter
Chief Administrative Officer

Strategic Plan Alignment:

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

The 2024-2028 Five-Year Financial Plan (Plan) was presented to the Board for review at the [January 25, 2024](#) Regular Board meeting. During that meeting, the Board was presented with the operating and capital plans for the five-year period.

Public Comments

One January 18, 2024, the Plan was made available to residents on the RDCO engagement platform yoursay.rdco.com. A news release and advertising were utilized to promote the public consultation process. Residents had until February 12, 2024, to submit questions and comments about the proposed financial plan via email, www.yoursay.rdco.com, or in person at the February 8, 2024, meeting

During the public consultation period, 43 submissions of public comments on the Plan were received, 42 via email and one via the RDCO engagement platform, YourSay. No comments were presented in person at the February 8, 2023, Committee of the Whole meeting.

In general, the public comments focused on the themes below. The following table is a summary of the themes and staff responses.

1. A feeling that the tax impact is significant.
2. How grants are allocated by the RDCO
3. Clarification of administrative overhead costs
4. Allocation of revenues and costs for fire departments

Them 1: A feeling that the tax impact is significant:

Description	Response	Example Comment/Question
Residents expressed concerns that the tax impacts were significant, particularly for those in Electoral Area West.	<p>The RDCO recognizes the impact proposed increases have on residents. Where possible, increases have been kept to a minimum to offset the impact of areas where increases are necessary to maintain existing services levels or to help the Board achieve their strategic objectives.</p> <p>The increases for individual services are provided in Appendix H of the financial plan. Where they are more than 5% (or \$10,000), notes are provided to explain the key drivers. While Electoral Area West has the highest % increase, they do have the second lowest dollar increase. Additionally, some areas of Electoral Area West saw a significant reduction in assessment value, which forced a corresponding increase in the tax rate.</p>	<p><i>“An increase of 8.5% in RDCO property taxes is more than we can absorb.”</i></p> <p><i>“The next highest is only 6%, so what is Electoral Area West increase of 16.5% going to cover?”</i></p>

Theme 2: How grants are allocated by the RDCO

Description	Response	Example Comment/Question
Residents requested clarification on the way grant funding is allocated by the RDCO, specifically the Community Works Fund.	<p>Applications for grant funding are reviewed and approved by the Regional Board during regular public Board meetings.</p> <p>Most grant funding is conditional and can only be used for the project and population it is approved for and cannot be diverted to other projects or populations.</p> <p>For example, the RDCO received \$6.9 million in funding from the Province through the Growing Communities Fund. The amount that was recommended for allocation to the Electoral Area fire departments was determined based on the funding received for the populations in the Electoral Areas as well as the growth in those areas, as determined by the Province. The report presented to the Board at a regular Board meeting held on November 16, 2023 (Item 7.1 on the agenda) provides information on what these funds can be used for and how the RDCO plans to use them.</p>	<p><i>“Out of a grant of \$6,950,00 our Electoral Area only received \$863,810? How did you come to that figure?”</i></p> <p><i>“Why are grants being diverted from local park/capital projects?”</i></p>

	<p>Community Works Fund monies are received from the Federal and Provincial governments. The amount received is determined by population. It is then allocated and used for projects that will benefit the population the monies were received for. The Board policy that guides the allocation of these funds was approved at a regular Board meeting on November 16, 2023 (Item 8.1)</p> <p>The RDCO received \$10.29 million in funding through the Community Works Fund program (2007-2022). Of these funds, \$2.66 million was for the population that is within Electoral Area West. Interest earned on the invested funds has been allocated accordingly. Over the same time, \$3.12 million has been spent on projects within the area. The funds spent beyond what was available will be recouped from future funds received on behalf of the residents in Electoral Area West.</p>	
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Theme 3: Clarification of administrative overhead costs

Description	Response	Example Comment/Question
<p>Residents expressed concerns over the increase in administrative overhead costs.</p>	<p>Policy BP18-2023, approved by the Board at a regular meeting held on November 30, 2023 (item 6.1) outlined the process followed in the allocation of administrative Overhead. The total amount allocated to each service, along with a comparison to what the allocation would have been under the old policy, is provided in Appendix D of the reported presented to the Board at the regular meeting held of January 25, 2024.</p> <p>An explanation for the increase in Administration Overhead costs if provided in the report presented to the Board on January 25, 2024. It is driven by the following:</p> <ul style="list-style-type: none"> • Human Resources & Information Services costs allocated to administration overhead departments (\$325K) • Implementation of Human Resources and new payroll software (\$271K of which \$146K is non-reoccurring and being funded from operating reserves) • Corporate wide training and Human Resources (\$92K with \$52K being funded from operating reserves) 	<p><i>“Why is there a large spike in administrative overhead costs?”</i></p> <p><i>“Provide greater transparency to how Admin Overhead is calculated for each service and identify the Admin Overhead classification and rate that is changed to each service.”</i></p>

	<ul style="list-style-type: none"> • Cost of living increases for staff (4% = \$180K) • Transfer to capital reserves for required maintenance on the administration building (\$150K). 	
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Theme 4: Allocation of revenues and costs for fire departments

Description	Response	Example Comment/Question
Residents expressed a desire to see greater investment in fire departments and to ensure revenues generated by fire departments are being used to benefit the community and department.	<p>The proposed financial plan includes increased funding for training and equipment to meet new standards for volunteer fire departments. Where possible, grants have been secure to support the increased funding and have been allocated based on populations as well as the growth in the areas as determined by the Province. For example, a \$115,476 grant received through UBCM's Volunteer & Composite Fire Departments funding stream.</p> <p>The revenues received for the deployment of firefighters and equipment to support the suppression of the Grouse Complex fire are reinvested into the applicable fire department to pay for the direct costs of the response and to help fund future equipment replacement costs.</p>	<p><i>“There needs to be much greater investment in rural fire departments.”</i></p> <p><i>“Are the revenues generated by the NWFD for their participation in the McDougall Creek wildfire being used to benefit the department and the community?”</i></p>

Summary

The Regional District has many services offered in different combinations to different residents. Services may be regional, sub-regional or local in nature. Because residents do not all receive the same services, residents only contribute to support the services they receive. This means that each service has its own, unique tax rate. This makes the financial planning process for regional districts complex. The Guide to the RDCO Five-Year Financial Plan has been provided to help residents understand this complexity and what it means to them.

The financial plan presented advances the Regional Board’s strategic objectives (Emergency Preparedness, Environment & Climate, Health & Wellness, Transportation, and Truth & Reconciliation) with a focus on adding resources to deliver effective services for residents through the bolstering of protective services with facilities and equipment, building on critical infrastructure, and increasing operating costs, were necessary, to keep pace with growth and inflation. The financial plan follows sound financial planning guidelines to provide the best use of resources while striving to achieve financial stability in a Plan that is both transparent and understandable to those it impacts.

