



Regional Board Report

TO: Regional Board

FROM: Marilyn Rilkoﬀ
Director of Financial Services

DATE: November 30, 2019

SUBJECT: Board Approval for 1Q 2020 Project Spending

Voting Entitlement: *All Directors – Weighted Corporate Vote – Simple Majority – LGA 210.2*

Purpose: To seek Board approval to issue RFPs/Tenders and make Expenditure commitments in 1Q 2020 ahead of the 2020 budget approval process, and also to provide information on project budget carryovers from 2019.

Executive Summary:

In January 2014, the Board directed the following via Board Resolution #19/14:

“THAT staff be directed to review further the draft Q1 purchasing commitments and expenditure policy to include consideration by the Board in the last quarter of the year, for the projects identified for early expenditure during the first quarter of the following year.”

In accordance with this, and under a process similar to last year, staff are now making this request for project expenditures in 1Q 2020 for the projects detailed.

RECOMMENDATION:

THAT the Regional Board approve the Projects listed in the November 30th 1Q 2020 Project Spending report under Categories 2 and 4 for commitment/expenditure in 1Q 2020, ahead of the 2020 Financial Plan approval;

AND THAT the Regional Board approve the Projects listed under Category 5 for commitment/expenditure, ahead of the 2020 Financial Plan approval in Q1 2020, subject to budget amendment approvals;

AND FURTHER THAT the Regional Board receive for information projects listed in Categories 1 and 3.

Respectfully Submitted:

A handwritten signature in black ink, appearing to read "Marilyn Rilkoﬀ".

Marilyn Rilkoﬀ
Director of Finance & Administrative Services

Approved for Board's Consideration

A handwritten signature in black ink, appearing to read "Brian Reardon".

Brian Reardon, CAO

Implications of Recommendation:

Strategic Plan: Supports Sustainability and Growth Management

Policy: Board Resolution #19/14

Legal/Statutory Authority: Regional District of Central Okanagan 2019 – 2023 Financial Plan Bylaw 1432 and Amendments

Background:

In January 2014, staff requested the Board approve some expenditures on projects to occur in the first quarter of 2014 (before 2014 budget approval in late March). These projects were already in the 5-year Financial Plan approved by the Board. In providing that approval, it was agreed by the Board, that this request would be made each year in the fall, for expenditure in 1Q of the following year, via Board Resolution #19/14:

“THAT staff be directed to review further the draft Q1 purchasing commitments and expenditure policy to include consideration by the Board in the last quarter of the year, for the projects identified for early expenditure during the first quarter of the following year.”

In accordance with this direction staff has categorized carryover projects into 5 categories outlined in the table below:

Category	Year Project Was Budgeted	Project Status:	Approval Sought from the Board:
1	2019	Purchase already committed in 2019. Goods and services to be received, and payment made, in 2020.	None – for information only – 2019 commitment must be carried forward and re-budgeted for 2020. Appendix A.
2	2019	Purchase not yet committed. Seeking carryover of budget to 2020 with commitment in 1Q.	Approval to carry over budget and make purchase commitments in 1Q 2020. Projects listed below.
3	2019	Purchase not yet committed. Will seek carry over and re-approval of budget in 2020 with commitment in 2Q-4Q.	None -- for information only. Will be reviewed via 2020 budget process along with any new priorities. Appendix B.
4	2020 (in 5 Year Budget Plan)	Not started. Benefit in commencing in 1Q (before 2020 budget approval)	Approval to make these purchase commitments in 1Q 2020. Projects listed below.
5	Not budgeted in 5 Year Plan (unforeseen circumstance)	Not started. Benefit in commencing in 1Q (before 2020 budget approval)	If the Board agrees, a budget amendment will be made. Subject to approval of the bylaw amendment, purchase commitments could then be made in 1Q 2020, or as noted.

This process is similar to past years. It should be noted that although category 3 relates to expenditure after 1Q 2020, it has been included as an information item to provide the Board with greater transparency on the projects which are being carried over from 2019.

Expenditures / Commitments for Board Approval:

In accordance with the categories above, the following detail on projects under each category is provided for the Board's review and approval (where requested):

Category 1

Year Budget Approved For:	2019
Status:	Purchase already committed in 2019, but goods and services to be received, and payment made, in 2020.
Approval Sought:	None - for information only -- 2019 commitment must be carried forward and re-budgeted for 2020.

See APPENDIX A for the list of 6 projects totalling \$155,569.

* Budget carried into 2020 will not exceed the approved 2019 budget amount. Figure shown is the remaining budget amount as at November 6, 2019.

Category 2

Year Budget Approved For:	2019
Status:	Purchase not yet committed. Seeking carryover of budget to 2020 with commitment in 1Q.
Approval Sought:	Approval to carryover budget and make purchase commitments in 1Q 2020.

** Budget to be used in 1Q 2020 will not exceed the approved 2019 budget amount. Figure shown is the remaining budget amount as at November 6th, 2019.

Project Name:	Cost Centre:	2019 Budget	Budget to carryover to 1Q 2020**	Reason for Carryover to 1Q 2020:
Fire Services:				
RDCO ESS Reception Centre	030	\$24,882	\$11,200	Completion of Project
Regional Rescue Equipment	030	\$250,000	\$250,000	Design options are being considered and finalized for Hazmat Unit
Financial Services:				
Server Migration from Finance to Information Services	003	\$60,000	\$48,000	Timing of the project. Information Services working with multiple partners, coordination causing delays.
Parks:				
Bertram Creek Security Contractor Residence Asset Sale and Site Remediation	142	\$5,111	\$5,111	Public posting for the sale of the asset to occur in Q4 2019, with removal in Q1 2020.

Scenic Canyon Cabin Disposal	142	\$5,126	\$5,126	Removal and/or public posting for sale of asset to occur in Q1 2020, with removal in Q1 2020.
Goats Peak Habitat Restoration Project	142	\$117,003	\$117,003	Seeking appropriate restoration project in conjunction with CWK, WFN and provincial partners.
Star Park Trail	143	\$31,200	\$31,200	Issue of RFP in Q1 for construction in fish window in Q2, currently awaiting Section 11. (Community Works Funds, or CWF Carryover)
Antlers Saddle Trail	143	\$50,750	\$49,541	Continuing to work with the province on receiving appropriate tenure for the trail alignment and finding a solution for the current land use issues. (CWF Carryover)
Ellison Hall – Heritage Reno’s, Design/Build	121	\$91,350	\$91,350	Awaiting the final completion of the EPRS operating agreement prior to commencing renovation works. (CWF Carryover)
Joe Rich Hall Renovation / Expansion	123	\$46,028	\$46,028	Works to commence in Q1 2020 with completion in early Q2. (CWF Carryover)
Joe Rich Hall Renovation / Expansion	123	\$38,021	\$38,021	Works to commence in Q1 2020 with completion in early Q2. (CWF Carryover)
Post Fire Trail (Philpott Trail)	144	\$30,450	\$22,450	Project commenced in October 2019 in conjunction with adjacent fuel modification works and will continue in 2020.
Engineering Services:				
Killiney Beach - Distribution System	301	\$375,863	\$141,176	Carry forward balance to facilitate PRV installation (Engineering and PRV in Q1).
Falcon Ridge - Reservoirs	303	\$23,587	\$13,969	Carry forward all remaining funds. Continuation of project.
WRWTP - HVAC	401	\$135,960	\$122,960	Continuation of project.
Joe Rich - Water Supply	022	\$30,900	\$30,900	Currently reviewing options and may need to proceed with detailed design and construction in Q1.
Falcon Ridge Water System – Distribution System	303	\$15,900	\$15,900	Await Grant Modification Agreement from Ministry prior to installing either fire hydrants or intake automation.

Planning Services:				
RGS Projects: Regional Housing Strategy (Category 1) & Five Year Review (Category 2)	110	\$60,000 (Category 1) & \$25,000 (Category 2)	\$60,000 (Category 1) & \$25,000 (Category 2)	In 2019, under RGS Plans, \$41.5 was budgeted for the Regional Housing Strategy & \$18.5k for the Five Year Review. The cost for the Housing Strategy was \$60k, and due to momentum to address housing needs and gaps, funds were internally reallocated from the Five Year Review to try to complete the project in 2019. The Five Year Review was scheduled to begin in 2019, and will be carried into Q1 2020. In 2020, there were contract funds of \$107.5k budgeted for RGS Projects. The Five Year Review would come from these funds.

CATEGORY 2: TOTAL OF 18 CARRYOVERS	\$1,124,935
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Category 3

Year Budget Approved For: 2019

Status: Purchase not yet committed. Will seek carryover and re-approval of budget in 2020 with commitment in 2Q-4Q.

Approval Sought: **None- for information only.** Will be reviewed via 2020 budget process along with any new priorities.

See APPENDIX B for the list of 18 projects totalling \$2,462,438.

Category 4

Year Budget Approved For: 2020 (in 5-Year Budget Plan for 2019 - 2023)

Status: Not started. Benefit in commencing in 1Q (before 2020 budget approval)

Approval Sought: **Approval to make these purchase commitments in 1Q 2020**

Project Name:	Cost Centre:	2020 Budget	Reason for Carryover to 1Q 2020:
Financial Services:			
Server Migration from Finance to Information Services	003	\$20,000	Requesting approval prior to budget approval in March to complete the server migration from Finance to Information Services.

CATEGORY 4: TOTAL OF 1 CARRYOVER	\$20,000
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Category 5

Year Budget Approved For: Not budgeted in 5-Year Plan (unforeseen circumstance)

Status: Not started. Benefit in commencing in 1Q (before 2020 budget approval)

Approval Sought: **If the Board agrees, a budget amendment will follow. Subject to approval of the bylaw amendment, purchase commitments could then be made in 1Q 2020, or as noted.**

Project Name:	Cost Centre:	Project Budget:	Reason to commence in 1Q 2020
WRWTP - TWAS Expansion	401	\$1,400,000	Allows issuing construction RFP in January/February 2020 which would help facilitate construction in 2020. Detailed design is targeted to be complete at end of 2019. Noted in 2019-2023.
Mission Creek – Spawning Channel Retaining Wall and Guardrail Fencing	142	\$65,975	Retaining wall failed in Q4 2019 and threatens water quality and kokanee spawning eggs from movement of sediments into the channel. In addition this wall is located in a busy section of the park and provides access to the heart of the park.
Purchase of new folding/sorter machine	002	\$20,000	Current machine is ~15 years old and incurs high maintenance costs. Plan to buy new machine in 2020. It would be beneficial to purchase in early 2020 as large volumes of utility bills, dog license renewals, and water talk newsletters, will be issued in 1Q.

CATEGORY 5: TOTAL OF 3 CARRYOVERS	\$1,485,975
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Alternative Recommendation:

All projects listed under Categories 2, 4, and 5 above could be delayed to be re-approved as part of the 2020 Budget Process, as no purchase commitment has been made.

APPENDIX A

Category 1

Year Budget Approved For:	2019
Status:	Purchase already committed in 2019, but goods and services to be received, and payment made, in 2020.
Approval Sought:	None - for information only – 2019 commitment must be carried forward and re-budgeted for 2020.

Project Name:	Cost Centre:	2019 Budget	Budget Carried into 2020:	Reason for Continuation into 2020:
Parks:				
Ellison Hall – Storage Rooms for Community Hall Tables, Chairs, and Equip.	121	\$20,300	\$20,300	Project contractor selected in Q4 2019, work expected to be completed in Q1 2020.
Engineering Services:				
Fleet	199	\$117,300	\$51,437	Service truck purchased and box refurbishment likely to be completed in 1Q
Killiney Beach - Distribution System	301	\$375,863	\$40,000	PRV supply may be invoiced in 2020 but should be 2019. Engineering completed by year end.
WRWTP - Engineering and Design	401	\$130,500	\$27,488	TWAS Expansion design to be complete by end of 2019 implying final invoice to be paid in early 2020.
Westshore Reservoirs	307	\$197,028	\$2,375	Awaiting final invoice.
Falcon Ridge Water System – Reservoirs	303	\$23,587	\$13,969	Await final invoices after WTP investigation and resolution

CATEGORY 1: TOTAL OF 6 CARRYOVERS	\$155,569
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APPENDIX B

Category 3

Year Budget Approved For:	2019
Status:	Purchase not yet committed. Will seek carryover and re-approval of budget in 2020 with commitment in 2Q-4Q.
Approval Sought:	None- for information only. Will be reviewed via 2020 budget process along with any new priorities.

Project Name:	Cost Centre:	Budget Carried Forward to 2020:	Reason for carryover to 2020
Corporate Services:			
Building Renovations to KLO Road Administration Building	002	\$152,250	Carryover to 2020 for future projects upgrades to KLO Road Administration building.
Administration Vehicle	002	\$30,075	Original budget was reduced to \$30k, but is insufficient to purchase an SUV with the required features. It is anticipated vehicle would be kept for 8-10 years
Regional Board:			
Regional Board room equipment	001	\$2,500	Carryover for purchase of new podium.
Dog Control:			
Communications Upgrades	046	\$12,360	Carryover for future communication upgrades.
Vadim financial system upgrades	046	\$5,150	Carry over for future upgrades related to Dog Control.
Dog Pound Improvements	046	\$6,500	Carryover for upgrades to Weddell Place parking lot.
Parks:			
Park Development – West Zone Yard	142	\$131,950	Still seeking an appropriate location for the location of the West Zone Operational Yard.
Land Purchase Acquisition	142	\$1,096,254	In-progress, still in negotiations and discussions with properties of interest owners.
Black Mountain Trail & Parking Lot	142	\$37,394	Construction work has started, and will continue over into 1Q 2020.

Engineering Services:			
Killiney Beach Water System - Leak Detection Equipment	301	\$10,000	Work not completed due to staffing shortage and large project load.
Westshore - Leak Detection Equipment	307	\$31,230	Work not completed due to staffing shortage and large project load.
WRWTP - Pumps (Headworks)	401	\$79,568	Work not completed due to staffing shortage and large project load. (Alum scaffold,#2 Clarifier repair)
WRWTP - Security System	401	\$10,000	Work not completed due to staffing shortage and large project load.
RDCO Collection System - Communication Electrical	470	\$13,500	Work not completed due to staffing shortage and large project load.
RDCO Collection System - Flow Meters	470	\$6,694	Work not completed due to staffing shortage and large project load.
UV disinfection system Intake Replacement	301 301	\$106,000 \$420,201	Projects delayed due to finalization of design approach.
UV disinfection system Reservoirs	307 307	\$106,000 \$138,404	Projects delayed due to finalization of design approach.
Fire:			
Ellison SCBA	021	\$66,408	Assessing needs. Full upgrade to 4500 cylinders may be required with a larger project in 2020

CATEGORY 3: TOTAL OF 18 CARRYOVERS	\$2,462,428
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