



Regional Board Report

Request for Decision

To: Regional Board
From: Director of Financial Services
Date: February 19, 2026

Subject: 2026-2030 Financial Plan – Amendments, Reductions & Public Feedback

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

Purpose: To consider amendments and reductions to the Regional District of Central Okanagan's draft 2026-2030 Financial Plan.

Executive Summary:

The Regional District of Central Okanagan's (RDCO's) draft 2026-2030 Financial Plan ("the Plan") was presented to the Regional Board for consideration at the Regular Board Meeting held on January 22, 2026. In the presented Plan, the RDCO operating budget would increase \$6.9 million, from \$70.8 million in 2025 to \$77.7 million in 2026. This is a 7.2% increase plus an additional 2.6% allocated for the additional debt financing resulting from borrowing on behalf of municipal partners through the Municipal Finance Authority (MFA). [NOTE: Borrowing through MFA is a legislated requirement and the resulting debt servicing, while showing as an operating cost to the RDCO, is a flow through to the municipalities and paid for entirely by the municipalities and their taxpayers. There is **no resulting tax implication** for the RDCO. For example, the RDCO borrowed \$23.5 million on behalf of the City of West Kelowna for the Rose Valley Water Treatment Plant in 2025. This borrowing amount flows through to the City of West Kelowna and is paid for by the City of West Kelowna taxpayers only.]

The Regional Board expressed concern regarding the proposed increases in both the operational budget and the tax requisition. In response, staff have reviewed the detailed financial plan to identify potential opportunities to minimize both increases. The results of that review have identified two levels of reductions; one with lower impacts on service levels, and the second building on the first option with additional impacts.

- **Option A (- \$825 thousand)** – recommended option reductions to the draft 2026-2030 financial plan would change the RDCO operating budget increase from \$6.9 million down to \$5.7 million. This represents a 5.6% increase, excluding the 2.6% needed for the debt financing for borrowing on behalf of municipal partners through the Municipal Finance Authority (MFA). Option A is captured in Appendix A.
- **Option B (- \$825 thousand + - \$597 thousand)** – not recommended - this option includes the reductions in Option A and additional reductions that could be made to the draft 2026-2030 financial plan that would change the RDCO operating budget increase from \$6.9 million to \$5.1 million. This is a 4.7% increase, excluding the 2.6% needed for the debt financing for borrowing on behalf of municipal partners through the Municipal Finance Authority (MFA). These changes would result in noticeable reductions in service levels. Option B is captured in Appendix B.

There was also public consultation carried out from January 16th to February 6th, 2026. During the public consultation process, the public had the opportunity to provide written comments on the financial plan via mail, email, or through the RDCO public consultation platform (yoursay.rdco.com). Seven (7) submissions were received. The public also had the opportunity to express comments in-person at the RDCO Committee of the Whole meeting held on February 5, 2026. There were no public comments provided at that meeting. The public comments received are summarized, along with the staff's responses, in the report.

Recommendation(s):

THAT the Regional District of Central Okanagan's 2026–2030 Financial Plan, with Option A reductions, be approved

AND THAT the Regional District of Central Okanagan's 2026–2030 Financial Plan bylaw be prepared for the Board's consideration based on the approved 2026–2030 Five-Year Financial Plan.

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:

1. Budget Amendments

The financial plan presented to the Board at the January 22, 2026, Board meeting now has amendments resulting from new information received after January 22nd regarding grants planned for under the Community Wildfire Resiliency Program. Previously, the anticipated grants consisted of three amounts:

- \$300 thousand – base Fire Smart funding
- \$100 thousand - wildfire mitigation in regional parks
- \$100 thousand – one-time additional Fire Smart funding for wildfire impacted communities

These amounts were included as Operating Projects in Electoral Area Fire Prevention and Regional Parks. It is anticipated that the base funding will be \$150 thousand and the other amounts may not be received. The financial plan has been updated to reflect these revised amounts, and the financial plan increase has been reduced by \$350 thousand. As this is a grant funded project, these changes do not impact the tax requisition.

2. Option A - Financial Plan Reductions – Recommended

Costs are delineated between those that are non-discretionary and those that are discretionary. Non-discretionary costs are driven by contractual obligations, regulatory requirements, or economic conditions and require corresponding increases in the financial plan. Discretionary costs are driven by Board direction regarding service levels. In response to the concerns expressed by the Regional Board regarding the proposed increases in both the operational budget and the tax requisition for 2026, staff completed a detailed review of the financial plan to identify potential opportunities to reduce inflationary increases and minimize increases in discretionary costs.

The 2026 financial plan proposed on January 22nd included increases to ensure sufficient financial resources to continue service levels, respond to a changing regulatory environment, and address inflationary pressures. In preparing this report, staff focused on expenditures that fluctuate from year to year and analyzed historical spending to identify potential reductions. The risks associated with the proposed reductions are that, should expenditures surpass the historical average and necessitate the use of operating reserves to cover the shortfall, those reserves may prove insufficient. Consequently, an additional requisition to address the deficit would be required in the subsequent year.

Some specific expenses considered for reductions, and their potential impacts are outlined in Table 1, below:

Table 1 – Option A - Operating Expenditure Reductions –Recommended (- \$825 thousand)

Expense Reduction Opportunity	Impact
Training & education	Reduction of firefighting training funds that were designed to enable a layer for redundancy and provide an increased cadence of refresher training; said reduction sacrifices optimal readiness for regional response/mutual aid commitments.
Contracted services	Throughout the RDCO parks system, the nature of issues and concerns may require subject matter experts to perform risk analysis and provide remediation plans. Without the services of such experts, park areas will be closed for an indeterminate length of time due to risk management principles. Reducing the funding also will drive closures of sites when archeological concerns are found during routine maintenance and operations.
Software licensing	Deferring the Regional Parks workflow management system will delay efficiencies in work assignments and impede the summarizing of data that informs asset life cycle projections.
Temporary staffing	Temporary staffing has historically supported workloads resulting from higher-than-normal building permit processing. Recent market projections indicate a slow down, making it a low risk to lose this flexibility.
Emergency responses	If 2026 is a year of higher-than-average incident responses, budget reductions will result in financial shortfalls that must be covered by operating reserves, impacting the financial stability of the impacted service.

Expense Reduction Opportunity	Impact
Equipment repairs & replacement	Unplanned emergency repairs, for instance the recent unplanned replacement of the backup power system (UPS) for the organization’s computer servers. This system is critical to ensuring the functioning of all online systems required to conduct RDCO business, will need to draw down operating reserves, impacting the financial stability of the affected service.

Applying these reductions will result in the following costs for the average home in each area, shown in Table 2, below:

Table 2 – Option A - Estimated Property Taxes per Average House

	Average House Value	Jan 22, 2026 Plan			Option A			Reduction resulting from Option A
		Annual Tax Per House	Annual \$ Change per Avg House	% Change per Avg House	Annual Tax Per House	Annual \$ Change per Avg House	% Change per Avg House	
Kelowna	\$ 917,866	\$ 303	\$ 28	10.1%	\$ 299	\$ 24	8.8%	\$ (3.54)
Peachland	905,513	358	31	9.4%	354	27	8.2%	(4.03)
Lake Country	1,043,544	392	34	9.3%	388	29	8.1%	(4.43)
West Kelowna	964,162	351	30	9.2%	347	26	8.0%	(3.92)
Electoral Area West *	544,662	527	25	5.0%	511	9	1.9%	(15.85)
Electoral Area East *	899,807	700	29	4.3%	677	6	0.9%	(22.73)
AVERAGE	\$ 879,259	\$ 438	\$ 29	7.2%	\$ 429	\$ 20	4.9%	\$ (9.09)

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

Details of the components of the increases, for this option, and their impact on the property taxes for residents in each of the areas is provided in Appendix A. A summary is provided in Table 3, below:

Table 3 – Option A - Financial Plan – Operating Expenditures

	Increases		Average Municipality		EA West		EA East	
			\$	%	\$	%	\$	%
	\$	%	\$ 957,771		\$ 544,662		\$ 899,807	
AMENDED FINANCIAL PLAN								
2025 Financial Plan	\$ 70,800,374		\$ 320.62		\$ 501.70		\$ 670.81	
<u>Non-discretionary increases</u>								
Remuneration per collective agreement (4%)	820,751	1.2%	5.62	1.8%	4.18	0.8%	4.05	0.6%
Inflationary increases (2%)	817,742	1.2%	5.60	1.7%	4.16	0.8%	4.04	0.6%
Information technology	370,000	0.5%	-	0.0%	-	0.0%	-	0.0%
EOC Transition	218,000	0.3%	1.83	0.6%	1.16	0.2%	1.87	0.3%
Fire Dispatch increase	500,000	0.7%	4.19	1.3%	2.66	0.5%	4.29	0.6%
ORL	10,886	0.0%	-	0.0%	1.58	0.3%	2.60	0.4%
SIR	124,930	0.2%	0.98	0.3%	0.49	0.1%	0.67	0.1%
OBWB	62,385	0.1%	0.52	0.2%	0.33	0.1%	0.54	0.1%
Total non-discretionary increases	\$ 2,924,694	4.1%	\$ 18.75	5.8%	\$ 14.56	2.9%	\$ 18.06	2.7%
Financial Plan before discretionary increases	\$ 73,725,068		\$ 339.36		\$ 516.26		\$ 688.87	
<u>Discretionary increases</u>								
Staffing positions - Parks	328,000	0.5%	2.75	0.9%	1.75	0.3%	2.82	0.4%
Staffing positions - Other	74,000	0.1%	0.25	0.1%	0.16	0.0%	0.26	0.0%
Okanagan Film Commission - GIA increase	15,000	0.0%	0.12	0.0%	0.07	0.0%	0.12	0.0%
Operating projects	252,005	0.4%	-	0.0%	-	0.0%	-	0.0%
Local area service reductions	(78,500)	-0.1%	-	0.0%	(11.37)	-2.3%	(18.77)	-2.8%
Transfers to reserves - tax impact	253,944	0.4%	4.60	1.4%	4.16	0.8%	3.59	0.5%
Transfers to reserves - no tax impact	180,854	0.3%	-	0.0%	-	0.0%	-	0.0%
Total discretionary increases	\$ 1,025,303	1.4%	\$ 7.72	2.4%	-\$ 5.23	-1.0%	-\$ 11.98	-1.8%
Total increases	\$ 3,949,997	5.6%	\$ 26.46	8.3%	\$ 9.33	1.9%	\$ 6.08	0.9%
2026 Financial Plan - before flowthrough items	\$ 74,750,371		\$ 347.08		\$ 511.03		\$ 676.89	
Municipal Finance Authority borrowing	\$ 1,809,612	2.6%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
2026 Financial Plan	\$76,559,983		\$347.08		\$ 511.03		\$ 676.89	

3. Option B - Financial Plan Reductions –Not Recommended

In addition to the decreased outlined in Option A, additional reductions have been identified that will result in an impact to service levels and may impact residents. They involve reducing the following outlined in Table 4 below:

Table 4 – Option B - Operating Expenditure Reductions – Not Recommended (- \$825 thousand + - \$597 thousand)

Expense Reduction Opportunity	Impact
Staff resources	<p>The draft 2026 financial plan included the addition of new staff resources in the Parks Service, which could be removed. Doing so will have the following impacts:</p> <ul style="list-style-type: none"> • Halt progress towards achieving the Board’s strategic priority of year-round access to regional parks. The remaining seasonal parks are Trader’s Cove (Electoral Area West), Raymer Bay (Electoral Area West), Glen Canyon – Brown Road (West Kelowna), Woodhaven (Kelowna) and Kalamoir (West Kelowna). • Additional visitor programming planned for the busiest day of the week in regional parks (Fridays) would not proceed, reducing the number of school groups that can be accommodated. • Delay facility updates and other projects, including the backlog of previously approved projects such washroom upgrades at Gellatly Nut Farm, the replacement of the washroom facilities at Reiswig Regional Park and stair and railing replacement at Mission Creek Regional Park. • Delay of response times for maintenance and/or safety issues in regional and community parks leading to extended closures of impacted park areas.
Transfers to reserves	<p>Insufficient reserves will result in the need to borrow (and incur interest costs), delays that risk critical infrastructure failures, and/or not meeting legislative requirements for planning.</p> <p>The total increases planned for 2026 are \$436 thousand (3%). The services with the largest portion of these increases are:</p> <ul style="list-style-type: none"> • Wastewater treatment plant – in 2023, in response to a report on the Asset Management Plan, the Westside Wastewater Services Committee approved an annual increase of \$200 thousand in the transfers to capital reserves for this facility. This was supported again during the review of the 2026-2030 Financial Plan for the Wastewater Treatment system at the Westside Wastewater Committee meeting on November 6, 2025. • Regional Parks – an annual inflationary increase to ensure sufficient funds for the maintenance of facilities and other assets in the regional parks system.
Okanagan Film Commission – Grant-in-Aid increase request	<p>The Okanagan Film Commission has applied for a \$15,000 increase in the annual grant-in-aid they receive from the Regional District. The existing grant-in-aid is \$140,000. The increase brought that to \$165,000.</p>

Applying both Option A and Option B reductions will result in the following costs for the average home in each area, shown in Table 5, below:

Table 5 – Option B - Estimated Property Taxes per Average House

	Average House Value	Jan 22, 2026 Plan			Option B			Reduction resulting from Option B
		Annual Tax Per House	Annual \$ Change per Avg House	% Change per Avg House	Annual Tax Per House	Annual \$ Change per Avg House	% Change per Avg House	
Kelowna	\$ 917,866	\$ 303	\$ 28	10.1%	\$ 293	\$ 18	6.5%	\$ (9.98)
Peachland	905,513	358	31	9.4%	346	19	5.9%	(11.63)
Lake Country	1,043,544	392	34	9.3%	379	21	5.8%	(12.74)
West Kelowna	964,162	351	30	9.2%	340	18	5.7%	(11.43)
Electoral Area West *	544,662	527	25	5.0%	505	3	0.7%	(21.83)
Electoral Area East *	899,807	700	29	4.3%	670	0	-0.1%	(29.26)
AVERAGE	\$ 879,259	\$ 438	\$ 29	7.2%	\$ 422	\$ 13	3.2%	\$ (16.14)

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

Details of the components of the increases, for this option, and their impact on the property taxes for residents in each of the areas is provided in Appendix B. A summary of the amended plan is provided in the Table 6 below:

Table 6 – Option B - Financial Plan – Operating Expenditures (- \$825 thousand + - \$597 thousand)

	Increases		Average Municipality		EA West		EA East	
					\$	%	\$	%
	\$	%	\$	957,771	\$	544,662	\$	899,807
AMENDED FINANCIAL PLAN								
2025 Financial Plan	\$ 70,800,374		\$ 320.62		\$ 501.70		\$ 670.81	
Non-discretionary increases								
Remuneration per collective agreement (4%)	820,751	1.2%	5.62	1.8%	4.18	0.8%	4.05	0.6%
Inflationary increases (2%)	817,742	1.2%	5.60	1.7%	4.16	0.8%	4.04	0.6%
Information technology	370,000	0.5%	-	0.0%	-	0.0%	-	0.0%
EOC Transition	218,000	0.3%	1.83	0.6%	1.16	0.2%	1.87	0.3%
Fire Dispatch increase	500,000	0.7%	4.19	1.3%	2.66	0.5%	4.29	0.6%
ORL	10,886	0.0%	-	0.0%	1.58	0.3%	2.60	0.4%
SIR	124,930	0.2%	0.98	0.3%	0.49	0.1%	0.67	0.1%
OBWB	62,385	0.1%	0.52	0.2%	0.33	0.1%	0.54	0.1%
Total non-discretionary increases	\$ 2,924,694	4.1%	\$ 18.75	5.8%	\$ 14.56	2.9%	\$ 18.06	2.7%
Financial Plan before discretionary increases	\$ 73,725,068		\$ 339.36		\$ 516.26		\$ 688.87	
Discretionary increases								
Staffing positions - Parks	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Staffing positions - Other	74,000	0.1%	0.25	0.1%	0.16	0.0%	0.26	0.0%
Okanagan Film Commission - GIA increase	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Operating projects	252,005	0.4%	-	0.0%	-	0.0%	-	0.0%
Local area service reductions	(78,500)	-0.1%	-	0.0%	(11.37)	-2.3%	(18.77)	-2.8%
Transfers to reserves - tax impact	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Transfers to reserves - no tax impact	180,854	0.3%	-	0.0%	-	0.0%	-	0.0%
Total discretionary increases	\$ 428,359	0.6%	\$ 0.25	0.1%	-\$ 11.21	-2.2%	-\$ 18.51	-2.8%
Total increases	\$ 3,353,053	4.7%	\$ 19.00	5.9%	\$ 3.35	0.7%	-\$ 0.45	-0.1%
2026 Financial Plan - before flow through items	\$ 74,153,427		\$ 339.61		\$ 505.05		\$ 670.36	
Municipal Finance Authority borrowing	1,809,612	2.6%	-	0.0%	-	0.0%	-	0.0%
2026 Financial Plan	\$ 75,963,039		\$ 339.61		\$ 505.05		\$ 670.36	

4. Public Comments

On January 16, 2026, 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 6, 2025, to submit questions and comments about the proposed financial plan via email, mail, or yoursay.rdco.com; or in person at the February 5, 2026, Committee of the Whole meeting.

During the public consultation period, seven submissions were received, two via email and five via yoursay. No comments were made in person at the Committee of the Whole meeting or submitted via mail. In general, the public comments focused on the themes below. A summary of the themes and staff responses is provided in Table 7 below:

Table 7 – Public Comments & Responses

Comment	Response
Staffing resources – either that there should be no new staff or that staffing levels should be reduced	Current staffing levels are insufficient to maintain current service levels while expanding services in response to Board priorities (year-round access to regional parks). As a result, staff struggle to complete the previously approved projects required to provide these service levels. New staff are included in the financial plan to address this. The removal of the additional staffing resources is in Option B. The risks/impacts of this option are identified in the report.
Board remuneration – questioned why the local government appointees to the Board are being paid.	Remuneration is paid to both appointed and elected Board members in accordance with Regional Board Remuneration Bylaw No. 1421.
Westside Road conditions (potholes, general condition) and safety concerns (extremely narrow or no guardrails) raised	Road maintenance and infrastructure are services provided by the Province of BC, however the RDCO advocates to the province on behalf of residents for improvements. The Regional Board incorporated elements of Regional Transportation Planning into the 2026-2030 Financial Plan. This work invites collaboration between various governments and supports regional partners, including the Ministry of Transportation and Transit, with undertaking regionally significant projects such as continual maintenance, rehabilitation and safety upgrades along Westside Road and Highway 33.
Limited emergency access for some neighbourhoods with only a single point of entry and exit	RDCO is currently undergoing evacuation route planning, with the use of grant funding, that will provide more fulsome guidance during emergencies for residents in these situations.
Water safety – boil water notices are not acceptable (referred to a water study done several years ago around improving water safety and treatment for communities along Westside Road)	A project plan including major investments in public drinking water infrastructure in the north westside area (Killiney Beach to Westshore Estates) was received by the Board in 2024 and included within the 2025-2029 Financial Plan. The purpose of these investments is to improve drinking water treatment and provide consistent high quality drinking water for all serviced North Westside residents.
Removing “wants” like transitioning seasonal parks to year-round operations	The option to cease the transition to year-round access to regional parks in response to the Regional Board’s Strategic Priority is included in Option B.

Comment	Response
<p>Urging the board to consider reducing the \$400,000 increase in reserve contributions for 2026. Using existing reserves to offset current pressures is more responsible than asking struggling residents for more "savings."</p>	<p>Unlike municipalities, Regional Districts are mandated to incorporate the principles and restrictions of Fund Accounting at a service level, which does not allow for the same degree of flexibility to move funds as municipalities. Existing capital reserves can only be used to fund the renewal and updating of capital assets. They cannot be used to offset operating cost pressures. Operating reserves can be used, and this use is incorporated into the current financial plan where possible. The planned increases in transfers to reserves for 2026 are predominantly focused on building capital & equipment reserves to reduce or avoid the need to incur debt servicing costs in the future.</p>
<p>With a 2.6% increase tied solely to interest, the District must reconsider the timing of non-essential capital projects to avoid high-interest debt.</p>	<p>This increase is tied to the debt servicing costs (principal and interest) for new debt obtained by municipal partners, in 2025, to build capital projects in their municipalities. The RDCO does not control these projects or costs and debt servicing as a flow through, does not impact tax requisition.</p>

Options for reductions in response to public comments are included for the Board’s consideration in Option B.

5. Summary

The recommended reductions (Option A) will maintain current service levels to reduce the impact on residents in an efficient and cost-conscious manner and enable continued progress on the Regional Board’s strategic priorities. The risks presented by the recommended reductions include longer planning timelines and potential budget shortfalls if costs exceed what is provided for in the financial plan.

The additional reductions, not recommended (Option B), build on the reductions in Option A and would impact staffing and reserve levels. This would cease progress on the Regional Board’s strategic priority of providing year-round access to regional parks. It also increases the potential need for long-term borrowing if reserves are insufficient to fund infrastructure repairs and/or renewal when it is required. These additional risks must be considered by the Regional Board if they choose to make these additional reductions.

6. Next Steps

When the 2026–2030 Financial Plan bylaw is brought back to the Board for adoption, it will include the addition of operating and/or capital projects, approved by the Regional Board for 2025, that were in progress at the end of 2025. The inclusion of these projects will have no impact on the 2026 tax requisitions. The projects will be funded with reserves, and this funding will be carried forward from 2025 along with the projects. The projects that will be brought forward fall within various RDCO services and will be summarized in the report to the Board for the adoption of the bylaw.

Considerations:**Organizational/External:**

Financial impacts resulting from approval of the 2026 – 2030 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 2026 – 2030 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 District of Central Okanagan's 2026-2030 Financial Plan, with Option A and Option B reductions, be approved.

AND THAT the Regional District of Central Okanagan's 2026-2030 Financial Plan bylaw be prepared for the Board's consideration based on the approved 2026-2030 Financial Plan.

Attachment(s):

1. Appendix A – Option A - Recommended Reductions
2. Appendix B – Option B - Additional Reductions – Not Recommended
3. Public Feedback – 2026-2030 Financial Plan
4. 2026-2030 Financial Plan – DRAFT – Amendments, Reduction Options & Public Feedback Presentation
