



GOVERNANCE & SERVICES COMMITTEE REPORT

TO: Board Directors, Department Heads and Managers

FROM: Marilyn Rilkoff,
Director of Financial Services

DATE: February 13, 2020

SUBJECT: Draft 2020 Budgets and Draft 5 Year Plans 2020 – 2024

Enclosed you will find a draft budget and 5 year plan package. This information is for discussion purposes on February 20st at the Governance and Services meeting.

Summary Draft General Tax Change Comparisons for an average home from 2019 to 2020 (dependent on service participation and assessment shifts) (Tab 4 – Pages 3 - 9):

City of Kelowna	Decrease	(-\$1.73)	(-0.937) %
Peachland	Increase	+\$2.16	1.018 %
Lake Country	Increase	+\$6.17	2.958%
West Kelowna	Increase	+\$0.77	0.382 %
C.O. West	Increase	+\$39.53	6.199 %
C.O. East	Increase	+\$33.56	6.534 %

To see which individual budgets have affected your tax rate the most, view the Requisition pages for your area – Tab 4 – Pages 10 – 16. To delve further into a particular change, there are page numbers to the right, for Tab 5, where the individual service budgets reside, and you can go there, and check to see why the requisition when up or down for that service.

Tab 4 is likely the section Board Members will be most interested in, and is the best starting place if you are already familiar with the Regional District’s services.

The other sections in your budget binder:

RDCO:

- Tab 2: Strategic Plan
- Tab 5: Budget Sheets
 - ❖ Includes some “tips” on information included in this section at the end of the table of contents.
 - ❖ 2019 Budget vs. 2020 Budget Comparisons for each program. Budget notes are included at the bottom of each sheet to explain larger increases and decreases.
 - ❖ 2020 to 2024 Financial plan highlighting capital plans and reserve contributions and balances. Budget notes are included at the bottom of each sheet to explain larger increases and decreases.

• CORHD (Tab 9): Hospital Budget.

Regional Hospital Budget: 3.00% Increase. Total CORHD taxes on a house assessed at \$734,500 in 2020 would be \$188.86. The equivalent home in 2019 at \$741,000 paid \$183.35, for an increase of \$5.51. See the detailed memo in your Agenda package.

Background Information Reminder: BC Assessment Values– Assessment Changes have effects on taxes:

Assessed Values (Tab 4, page 2):

The BC Assessment Authority has provided information that shows that the average home within the RDCO that was assessed at \$741,000 in 2019 has decreased by an average of 0.89% in market value, to \$734,500.

- ❖ However, each municipality’s and Electoral Area’s market change rate within the RDCO varied. See Tab 4, Page 2.

If a home increased or decreased by more than the average, the owner will pay more or less than the numbers estimated.

The majority of home owners in the Central Okanagan will see changes due to market value in the range of -5% to +10% According to BCAA.

Concept 1: Tax Shifts due to Market Changes only between participant areas (see Tab 4, Page 2): Example: As a result of the larger percentage of market increase in Central Okanagan East (1.47%), some of the requisition was shifted from Central Okanagan West (whose market increase was 0.94%) for shared Electoral Area services. This shift in 2020 is not as large as the past few years.

As an example, there is a shift of existing taxes causing a tax increase to one area, and decrease to the other. Let's say there is a service that only the 2 electoral areas participate in. The total requisition last year was \$1000, and remains the same this year.

	C.O. West	C.O. East
2019 Assessed Value	\$741,000	\$741,000
Requisition Split for \$1,000	\$500	\$500
2020 BCAA Market Value Change (minor)	0.94%	1.47%
2020 Assessed Value	\$748,000	\$752,000
Requisition Split for same \$1,000	\$499	\$501
Change	(-\$1)	+\$1

The same theory applies when municipalities have different market change rates, and participate in shared regional services.

Residential market change for the entire region has varied from -0.61% for Peachland to 1.47% for Central Okanagan East.

Concept 2: Total Share of Assessments - Percentage Change In Assessments, by Area – Including Market Change AND Growth: This has caused some requisition shifts between shared services (typically regional services) to Kelowna as follows:

	2019	2020	Change
City of Kelowna	71.312%	71.647%	0.335%
Peachland	2.668%	2.591%	-0.077%
Lake Country	6.766%	6.818%	0.052%
West Kelowna	15.651%	15.365%	-0.286%
EA West	1.893%	1.864%	-0.029%
EA East	1.710%	1.715%	0.005%
Total	100%	100%	0

Now, to go through the budget in more detail, another report will be provided in your agenda package with the highlighted budget changes.

Respectfully Submitted,



Marilyn Rilkoff
Director of Financial Services