



Governance & Services Committee

TO: Governance and Services Committee

FROM: Marilyn Rilkoff
Director of Financial Services

DATE: February 15, 2021

SUBJECT: Draft 1 – RDCO 2021 - 2025 Budget and Financial Plan – Summary Highlights

Purpose: This Draft Financial Plan is provided to the Board for discussion, and to see the impacts of various proposals that have been made for 2021 and upcoming projects and unusual expenses in 2022 - 2025. The Board may then provide further direction to staff for the revision of the Plan for the 2nd Budget meeting on March 22, 2021.

Executive Summary:

General Services average home tax decreases and increases for 2021:

City of Kelowna	Increase	+\$7.15	3.902 %
Peachland	Increase	+\$8.16	4.032 %
Lake Country	Increase	+\$14.70	6.977 %
West Kelowna	Increase	+\$7.50	3.693 %
C.O. West	Increase	+\$10.59	1.591 %
C.O. East	Decrease	(-\$0.19)	(-0.036) %

Local Service Areas are in addition to the above.

RECOMMENDATION:

THAT the Governance & Services Committee receive for information the 2021-2025 Financial Plan documentation;

AND FURTHER THAT any recommended amendments discussed today be brought forward to the Governance & Services Committee meeting scheduled for March 18, 2021.

Respectfully Submitted:

Handwritten signature of Marilyn Rilkoff in black ink.

Marilyn Rilkoff
Director of Financial Services

Approved for Committee's Consideration

Handwritten signature of Brian Reardon in black ink.

Brian Reardon, CAO

Please read the Summary Memo in Tab 1 of your binder first, and then come back to this report.

This report includes the highlights of some budgets that have the largest tax or rate impacts, and some other large items to be aware of, but please note that all budgets and capital items in Tab 5 should still be reviewed.

Both the Budget Binder and this report are designed to allow the reader to obtain either a high level summary, or delve further into the detail should they have questions. Tabs 4 & 5 are key, and the other information is supportive in nature.

GENERAL INFORMATION:

The Financial Plan preparation included keeping tax rates and impacts as low as possible while balancing:

- Inflationary cost pressures
- Carrying out the initiatives in the Board's Strategic Plan
- Building reserves for asset replacement strategies.

Last year, Regional growth in assessments was 2.44%. In 2021, it is only 1.74%. Any tax increases are not as easily absorbed with the addition of new homes or businesses.

Increases to All Operating Budgets:

- Budgets are not automatically increased with cost of living percentages. All line items are reviewed each year and adjusted based on anticipated need for the year. Any one time expenditures (i.e. studies or projects) are removed or added.
- The Collective Agreement was renewed, and there are 2% increases.
- Increases for utilities and insurance.

Summary of Operating Budgets:

General Revenue Operating:	\$49,513,333
Water Revenue Operating:	\$ 1,913,294
Sewer Revenue Operating:	<u>\$ 5,276,933</u>
Total Operating	\$56,703,560

Summary of Capital Projects:

Capital projects and their funding sources are listed in the Capital Fund Budgets for each function (Tab 5). For summaries by function, of capital project totals, see Tab 3, pages 9, 11, and 13.

General Capital:	\$ 7,144,074
Water Capital:	\$ 680,393
Sewer Capital:	<u>\$ 3,579,610</u>
Total Capital	\$11,404,077

Major Capital Projects over \$150,000 are:

- 142 – Regional Parks – Development, Land, Vehicles & Equipment \$4.5 million, funded by reserves, & small grant. Tab 5, Page 7.
- 307 – Westshore Water System – Reservoir, Disinfection and equipment \$435k – funded by reserves. Tab 5 – Page 47. Note - \$3.7m for 2023 potentially coming.
- 401– Westside Wastewater Treatment Plant - \$2m. Equipment and Improvements funded by reserves, small grant and DCC's. Tab 5 -- Page 51.
- 470 – Westside Sewer System: RDCO Lift Stations / Collector Systems – \$2.6m in 2021, \$0.5m in 2023 and \$1.2m in 2024 and \$4m in 2025. Reserves, DCC's, and debt financing will be required as reserves are insufficient for this level of newly added projects.
- 095 – SWM: Solid Waste Collection (Electoral Areas): \$216k funded by CWF and reserves – Page 69.
- 021 – Ellison Fire Department – SCBA System, Equipment, Hall Improvements \$213k. Tab 5 – Page 75.
- 024 -- Wilson's Landing Fire Department -- \$204k SCBA, Equipment, Hall Improvements funded by Reserves and small grant – Page 81.
- 030 – Regional Rescue – Truck, Equipment, EOC Equipment \$478k. Tab 5 – Page 87.
- 002 – Administration / Corporate Services – Building Improvements, vehicle and equipment \$302k funded by reserves and COVID Restart Grant. Tab 5, Page 116.
- 006 – Information Systems – Computers & Equipment \$179k funded through reserves and COVID Restart Grant. Tab 5, Page 134.

Summary of Staffing:

The overall proposal is a net increase in Full Time Equivalents (FTE)'s of 6.187 (From 126.963 in 2020 to 133.113 in 2021). The primary cost centres affected with changes are:

- 1.892 Corporate Services – Energy Efficiency 2 year term position with funding from Fortis, additional custodial hours, Records Management, Communications.
- 1.0 Financial Services – Financial Supervisor
- 0.5 Building Inspections – Inspector
- 0.70 EDC – Business Development Coordinator
- 0.40 Vehicle Operations – Mechanic's hours increased
- 0.75 SWM & Recycling – Support staff
- 0.40 Fire Services combined – Support staff
- 0.35 Human Resources
- 0.195 Various functions, minor adjustments, additions, and shifts of staff between cost centres.

Summary of Budgeted Reserve or Capital Transfers:

Continued work on Asset Management and Renewal is in the work plan for 2021. Five, Ten and Twenty Five Year Plans continue to be revised and developed for various cost centres to assist with planning and forecasting future capital needs and reducing or eliminating the need for financing. In 2021 the following total use and transfers are proposed in this budget. Reserve balances at the beginning of the year - \$36.9m and Forecasted year end balance \$34.3m after transfers and usage for capital projects are shown in Tab 8 by service.

One of the key focuses is increasing the amount of transfers to Facilities and Capital Reserves.

	2020 Transfers into Reserves for comparison	2021 Budgeted Transfers into Reserves	2021 Budgeted Transfers From (use of reserves)
Capital	\$61,203	\$65,000	\$65,000
Equipment Reserve	\$526,786	\$583,415	\$1,830,575
CWF Reserve	\$749,847	\$749,847	\$601,215
Facilities & Equip Reserve	\$6,584,165	\$7,184,938	\$5,177,762
Landfill Closure Reserve	\$22,000	\$22,000	\$53,290
Parkland Reserve	\$0	\$0	\$1,205,895
DCC Reserves **	\$700,000	\$700,000	\$2,879,610
Operating Reserve	\$462,550	\$548,993	\$660,380
Total	\$9,106,551	\$9,854,193	\$12,473,727

** Transfers to DCC Reserves in 2021 are very conservative. In 2020 \$700k was budgeted, and more was received.

Operating Reserves:

In 2021, staff are proposing setting aside a total of \$548,993 into individual operating reserves for some functions with 2020 surpluses, for future rate stabilization and contingency. The amounts and reasoning are in Schedule A.

Recommended Use of Operating Reserves in 2021:

Budgets in Tab 5 have been presented with the proposed use of \$660,380 of Operating Reserves established in prior years. The benefit is to smooth rate increases between years by reducing impacts on requisitions and rates in 2021. The amounts utilized in the draft of the budget are listed below:

002 – Corporate Services	\$65,000	Page 116
003 – Financial Services	\$22,216	Page 136
004 – Engineering	\$85,000	Page 29
006 – Information Systems	\$30,000	Page 134
030 – Regional Rescue	\$60,000	Page 87
031 – 911	\$190,000	Page 98
043 – Business Licenses	\$9,613	Page 90
044 – Building Inspection	\$69,970	Page 92
046 – Dog Control	\$125,000	Page 17
050 – Transportation Demand Mngt (STPCO)	\$2,581	Page 126
085 – Ellison Transit	\$1,000	Page 128

Use of Community Works Gas Tax Funds (CWF):

A list of CWF projects for the Electoral Areas is included in Tab 6.

- Some projects have been approved in prior years and are carried over and reflected in the 2021 budgets. Some previously approved amounts are not in the 2021 budget. The total previously committed CWF are \$455,418.
- Staff has proposed some additional projects totaling \$379,646 for usage of CWF for the Electoral Areas in the budget.
- A staff report will be brought forward at the March 29th Board Meeting for approval of the use of these new funds. **While the use of CWF has been shown in the budget, it has been specifically noted in the Budget Notes that these projects require further reporting and Board approval on March 29th of the use of those funds due to competing priorities and limited availability of funds.**
- A report on historical use and approval of CWF by electoral area and service will also be provided at that time for inclusion in Tab 6.

Use of COVID 19 Restart Grant Funds (Tab 10):

A grant of \$1.107million was received in 2020 and a report was presented February 11th detailing the use of \$481,017 in 2020. The budget incorporates the use of the remaining \$588,800 in 2021, leaving a contingency of \$37,183.

Tab 10, pages 1-2 detail the 2021 usage. Pages 3-5 detail the 2020 usage. Some Board members requested a breakdown by area/participants to see how their areas would benefit from these allocations, and that is included on these pages as well. The totals for both years and estimated share breakdowns by area are on page 2.

Administrative & Engineering Overhead Rates and Budgets:

There are 5 overhead budgets that get allocated to all of the other budgets for recovery, in accordance with the Board's Administrative Overhead Policy 7.19.

	2020 Rate	2021 Rate	Difference
Engineering (may be added to Level 1 rate below for certain services (i.e. Sewer & Water))	3.3%	3.8%	0.5% Increase
Administration Level 1	14.50%	15.40%	0.9% Increase
Administration Level 2	9.67%	10.27%	0.6% Increase
Administration Level 3	4.83%	5.13%	0.2% Increase

(Rate level varies for services – only one of the administration rates will apply to a service).

For comparative purposes, the municipal rates are as follows:

City of Kelowna	One rate: 10%
City of West Kelowna	One rate: 18%
District of Lake Country	One rate: 20.5%
District of Peachland	One rate: 15%

Engineering Overhead (applied only to certain budgets in addition to Administrative Overhead): Rate increase from 3.3% to 3.8% (0.5%). The overall maximum rate with both combined rates is now 19.20% vs. 17.80% in 2020 (or 1.4% increase).

- **004 – Engineering** Tab 5, Page 29: **Increase to overhead recovery of \$44.8k.** Large surplus swing reduction of \$47.6k. Operating costs increased by \$11k for payroll, vehicle costs, training & misc. No transfer to Operating Reserve, instead use \$85k of operating reserves to reduce impact. Water and sewer capital project overhead capital recoveries have been budgeted conservatively. Full usage of the operating reserves amount budgeted will likely not be required. Capital \$20.9k.

Administrative Overhead:

The following budgets are recovered via allocation to all other budgets at the rates above.

- **002 – Administration/Corporate Services** Tab 5, Page 116: **Increase to overhead recovery of \$135k.** Operating budget change of \$167.8k mostly for FTE increases of 1.89 for Records Management, Communications, and Energy Management Specialist (Fortis will fund up to \$100k the first year and \$80k the second year, for a total of \$180k over the 2 year term.) COVID Restart Grant of \$102k to offset continued operating costs. Using \$65k of Operating Reserves to reduce impact. Continuing to build reserves for future projects. No transfer to operating reserves. Capital \$302k – includes \$250k for KLO Building improvements and reconfiguration, using \$90k COVID Restart Grant.
- **003 – Finance** Tab 5, Page 136: **Increase to overhead recovery of \$93k.** Operating increase of \$61k: \$98k for payroll due to FTE increase, software & licensing, and decrease \$38k for COVID costs & offsetting grant. Surplus swing reduction of \$191k. Utilize \$22.2k of operating reserve. Capital \$51k.
- **005 – Human Resources** Tab 5, Page 118: **Increase to overhead recovery amount of \$78k.** Increase to operating expenses \$73k for payroll. Operating reserve transfer \$10k.
- **006 – Information Systems** Tab 5, Page 134: **Increase to overhead recovery amount of \$105k.** There was a surplus swing of \$28k. Operating cost increase of \$125k due to payroll, COVID related costs, software and licensing. COVID Restart Grant of \$56k will offset ongoing COVID and new costs in 2021. Transfer from Operating Reserve \$30k to offset some costs. Capital \$179k.

FYI Only – General Tax Information for any Reduction or Increase Decisions:

For regional services, where all partners are involved, on an average \$751,500 RDCO home, every \$50,000 added or deleted, the change to the tax rate would be between \$0.0007 to \$0.0008, and \$0.53 to \$0.60 per home. For other services with different combinations of partners, specific calculations would be required.



Largest Tax Rate or Service Impacts

Look at Tab 4, Pages 10 – 16 to see the requisition impacts in your area for general services, and which ones have the largest increase or decrease. The page numbers in Tab 5 are noted to the right so you can refer to those pages for further explanation of the increases or decreases. **Explanations of the changes are explained in this section below.**

Summary of Total Requisition or Service Cost Increase / Decrease > \$40k (Tabs 4 & 5):

Cost Centre	Tax Requisition (TR), or Service Invoice (SI)	Amount of Increase	Tax Impact per avg home	Tab 5 Page
142 – Regional Parks	TR	\$181,911	\$1.17	7
120 – EDC	TR	\$84,728	\$0.90	15
046 – Dog Control	TR	\$200,828	\$2.37	17
030 – Regional Rescue	TR	\$200,068	\$2.16	87
101 – Okanagan Basin Water Board	TR	\$100,892	\$0.96	145

Summary of Services with Large Tax Impact > \$5 per Average Home per Tab 4 page 17:

Note: Only the Electoral Areas and their local service areas are affected.

Cost Centre	Tax Impact per avg home	Tab 5 Page
Included in Electoral Area General Service Rate increases in Tab 4 Pages 7 & 8 (Tax Rates) and 14 & 15 (Requisitions):		
SWM: Parcel Tax	(-\$7.41)	63-70
	Impact	Tab 5 Pg
Electoral Area Local Service Areas (Tab 4, Page 9):		
021 -- Ellison Fire Department	(-\$5.70)	75
022 – Joe Rich Fire Department	\$10.35	77
024 – Wilson’s Landing Fire Department	\$39.37	81
028 – June Springs Fire Protection	\$23.89	83
029 – Brent Road Fire	(-14.48)	85
058 – Scotty Heights Street Lights	\$5.73	33

2021 Budget Changes Explanations (vs. 2020) (Tab 5):

In most cases, if the tax impact has stayed relatively the same for a service, it will not be mentioned below.

Parks Services:

121 – Ellison Heritage School Community Centre Pages 1-2: Virtually no requisition increase, with a \$1.37 decrease per average home due to growth. Capital \$83.6k, funded by \$31.85k of previously approved Community Works Funds and an additional \$50k if approved by the Board in 2021. Debt ends in 2021, transfer the difference to capital reserves - \$5k in 2021 and \$23k more in 2022. Transfer \$9.9k of surplus to operating reserve.

123 – Joe Rich Community Hall Pages 3-4: Requisition increase \$2.3k. Increase of \$3.11 per average home. Operating increases \$2k. Reserves must continue to be built, and \$8k transfer is minimal amount. Increasing by \$1k annually. Capital Projects \$138k funded with \$30.2k of previously approved Community Works Gas Tax Funds. Additional \$66k being requested for approval. \$41.2k Donation from JRRATS for Signage.

142 – Regional Parks Pages 7-10: Requisition increase \$182k. An increase of \$1.17 per average home. Operating decrease of \$252k primarily due to COVID related costs & Central Zone Maintenance. Offsetting grant amounts also decreased. There was an increase in the surplus carry forward from year to year of \$366.7k. Transferring \$138k of this surplus to operating reserve to reduce future impacts. Net increase to combined reserve contribution and debt funding is \$316.6k as follows:

- In 2019, for future financial plans, the Board approved that the net combined amount being transferred to reserves and for land acquisition debt is only to increase by 1.5% annually, as a reasonable representation of assessment growth.
- In the original 2020 budget, \$4.05m was approved for transfer, however, budget amendments were necessary during the year to fund emergency repairs and maintenance and the transfer was reduced to \$3.797m as \$253k was redirected. In 2021, the transfer has resumed to planned 2020 level plus 1.5%, or \$4.11m.

Capital Budget of \$4.5m includes \$3m for development and \$1.2m to complete land acquisition strategy.

143 – Westside Parks Pages 11-12: Requisition Increase \$1.2k. Increase to average home is \$0.06. Increased operating costs \$4.5k and transfer to reserves \$2k. Use of Community Works Funding of \$58.8k previously approved and carried forward, requesting use of \$45k more for capital projects. Capital projects \$108k.

144 – Eastside Parks Pages 13-14: Requisition increase \$1.6k. Decrease to average home is \$0.12 due to growth. Operating costs increased and transfer to reserves up by \$2k. Capital Projects \$47k.

EDC:

120 – EDC Pages 15-16: Requisition increase of \$84.7k. Increase of \$0.90 per average home. Operating increases include Payroll \$57.3k (0.7 FTE increase) and Special Projects. COVID Restart Grant \$80k offsets some of the costs. No other grant/partnership revenues budgeted this year.

Corporate Services – Bylaw Enforcement Services:

046 – Dog Control Pages 17-18: Requisition increase \$201k. Increase to average home is \$2.37 Used \$120k of Operating Reserve to reduce tax impact. Operating increases of \$105k primarily for payroll mix changes. Reduction in surplus from year to year was \$89k which contributes to the requisition increase. Budgeted licensing, Impounding, and Adjudication Revenues reduced by \$48k. Capital \$87k.

105 – Enforcement of Noise Bylaw Pages 21-22: Minor requisition change. Transfer \$552 of surplus to Operating Reserve.

116 – Noxious Weed Control Bylaw Enforcement Pages 27–28: Requisition increase \$1.8k. \$0.02 increase per average home. Continue Capital reserve transfer of \$5k. Transfer part of surplus to Operating Reserve \$6k.

Engineering Services – Public Works:

047 – Mosquito Control Pages 31-33: Increase to requisition \$12.7k. Due to growth the average home will see a decrease of \$2.53. Increase is caused by change in surplus carried forward and contract cost increase. Peachland contract line now shown separately.

058 -- Scotty Heights Street Lights Pages 33-34: Increase to requisition \$3k for electricity costs. Increase to average home \$5.73.

091 – Effluent / Water Disposal Pages 35-36.: No tax requisition. Transfer \$21.6k to Capital Reserves. Capital \$50k.

199 – Fleet Pool Capital Pages 37-38: Capital \$72.8k – Vehicle & Equipment.

301 – 310 Water Systems Pages 39-50: No impact to tax rates or service contracts. Funded by user fees only. Rates were reviewed and increased in 2019. Maintenance/ Asset Renewal Fees are being transferred to capital reserves. In some cases it has not and will not possible to transfer the full amount as the fees are required to cover operating costs. Rates need further review for these systems:

- 301 – Killiney Beach Water System: 252.8k transferred vs. \$289.9k
- 303 – Falcon Ridge: \$8.6k transferred vs \$31.6k. This system is critical. Reserves are inadequate to fund critical projects and over \$432k in CWF has already been used.
- 305 – Sunset Ranch: After 2021, with the inclusion of the 2020 surplus, it appears it will not be possible to transfer the full amount.
- 306 – Trepanier: It is not possible to transfer the full amount \$8.1k vs. \$8.6k. It is difficult to fund projects, but some ground has been gained.
- 307 – Westshores\$325k transferred vs. \$375k.

Capital Projects totals as below. Items of note:

- 301 – Killiney Beach Water System – 2021 \$123k, 2022 \$511k, 2023 \$3.5m – financing would be required unless alternative solution is found.
- 303 – Falcon Ridge Water System -- \$23k. Additional \$83.5k requested by staff, however only \$13k in reserves remaining. Budget will be amended when solution is found. \$225k for expansion for new users will require capital financing, and an establishment bylaw to recover the costs via a parcel tax. This would be a separate service, and is not shown in the budget. 2022 -2025 capital reduced from \$13k to \$9.7k due to insufficient reserves.
- 305 – Sunset Ranch Water System – \$61k
- 306 -- Trepanier Water System -- \$6.3k
- 307 – Westshores Water System – 2020 \$435k, 2022 \$482k, \$3.7m – financing would be required unless alternative solution is found.
- 310 – Fintry Shalal Water System – Capital \$32.7k.

401 to 472 -- Wastewater Treatment Plant & Collector Systems Pages 51-60:

- Budget has been taken to Stakeholder Committee Feb. 10th and it was recommended:
 - **THAT** the Westside Regional Wastewater Treatment Plant Stakeholder Select Committee receive the Westside Sewer System Draft 2021-2025 Financial Plan Report for information; and
 - **AND THAT** the Committee recommends increasing reserve funding and capital levels from 45% to 55% of the recommended annual replacement amount, and to continue with 5% increases annually to continue to bridge the funding gap.
 - **AND FURTHER THAT** the Committee recommends the Westside Sewer System budgeted Draft 2021 – 2025 Financial Plans to the Board with adjustments made by staff for the 55% funding option.
- Totals: CWK: \$23.9k decrease, Peachland \$8.6k decrease, WFN \$58k increase.

401 Wastewater Treatment Plant Pages 51-54: Net change to recovery from partners - \$15.3k increase. (WK - \$37k decrease, Peachland \$1.2k decrease, WFN \$53.6k increase).

- Shift in 5 year average flow splits for partner cost sharing: 1.12% increase to WFN and reductions to West Kelowna (-1.07%) and Peachland (-0.05%).
 - Operating cost increase \$28.6k primarily due to increases for payroll, chemicals, equipment, biofilters maintenance, biosolids management, and other minor line items, offset by decreases in biosolids removal costs, and vehicle operations.
- Imperative to increase funding the annual Capital Reserve Transfers or capital funding from 45% to 55%. \$2m in capital projects have been identified for 2020 and a new roof is planned for 2027 for \$2m. \$258k each for 2022 & 2023 for Headworks Pumps, and \$700k in future for blowers. Reserve Transfer increase of \$173k.
- Transfer \$20k of the surplus to Operating Reserve for emergency repairs, studies, etc.
- Capital Projects of \$2m total.

470 – RDCO Lift Stations/Collector Systems Pages 55-56: \$24.6k increase to partners/participants.

(WK - \$13k, WFN - \$11.4k)

- Shift in costs due to 5 year flow split average 1.2% from West Kelowna to WFN.
- Operating Cost increase \$13k primarily for Repairs & Maintenance.
- Imperative to increase reserve transfer by \$32.4k from 45% to 55% level.

- Capital Projects \$2.56m in 2021 with \$5.7m 2023 – 2025 including 2 lift stations.
 - Note: Class D estimates for projects. More information required from Engineering and Design studies. These are capacity projects and would therefore qualify for DCC funding, however there are currently insufficient DCC reserves for these newly identified projects, and \$4.4m in financing would be required if grants could not be obtained.

471 – WFN Lift Stations/Collector Systems Pages 57-58: Decrease \$7.9k for siphon flushing.

472 - Peachland Lift Stations/Collector Systems Pages 59-60: Decrease \$7.3k for Peachland. Operations decrease \$9.3k for odor control and contract services. \$4.3k increase annual reserve transfer level from 45% to 55%.

Engineering Services -- Solid Waste Management:

Note: SWM is one service and the following cost centres are separated out for cost tracking purposes for sub-programs. The Electoral Area Parcel Tax will decrease from \$48.77 to \$41.36.

092 – SWM: Westside Waste Disposal & Recycling Centre Pages 63-64: No overall increase, just minor share shifts between Continue to transfer \$22k to Landfill for Closure Reserve (see below). Larger 2020 surplus – Transfer \$90k to Operating Reserve and use \$45k for Trailer repairs. Increase transfer to Capital Reserves by \$26k for revised capital estimates for transfer station improvements and trailers of \$300k. Capital \$11.3k

093 – SWM: Westside Landfill Closure Pages 65-66: Based on updated Landfill Closure Plan, it was previously determined that closure reserves are likely too low. Continue to transfer \$22k to reserves. The affected participants are being billed via cost centre 092 above and the amount is transferred into the landfill closure reserve.

094 – SWM: Waste Reduction & Recycling Program Pages 67-68: \$73.8k increase in estimated cost to partners - Kelowna (\$52.7k), Peachland (\$2.2k), Lake Country (\$5.3k), West Kelowna (\$13.5k), EA's (4k decrease re: 2020 surplus). Increased operating costs \$50k primarily due to Waste Composition Study \$35k and Education Programs \$15k. Note: partners are only invoiced for actual costs during the year. If projects are deferred, partners are not invoiced. In 2020, actual costs invoiced were \$400k less than budget due to COVID. Some programs could not be done. No Capital.

095 – SWM: Solid Waste Collection (Electoral Areas) Pages 69-70: Decrease to SWM Parcel Tax for EA's by \$20.4k for contract services. Continue reserve transfers. \$15k to Capital Reserves and \$90k of surplus to Operating Reserves. Capital \$216k. Carry forward \$20.3k of previously approved CWF for Transfer Station Improvements, and requesting the use of additional \$179.6k

Engineering Services – Fire Services:

Staff has updated 20 year capital plans for the four fire departments with upward revised cost estimates for apparatus and fire hall improvements. In most cases, increases to reserve transfers are being recommended and resulting in tax requisition increases.

With Fire Services, it is possible that future out of area wildfire responses could enable additional transfers to reserves, as was the case in 2018 and some past years. However, this should not be relied on, as in 2019, there were almost no responses, and no additional reserve transfers.

019 – Electoral Area Fire Prevention Pages 71-72: Tax requisition increase \$16k, or \$4.91 per average home. Increases: Payroll \$8.1k, Vehicle Operations \$2k, Fire Prevention \$5k, Office Supplies \$1k. Building reserves for future truck replacement \$7k.

020 – Lakeshore Road Fire Protection Pages 73-74: Tax requisition increase \$1.2k for contract firefighting.

021 – Ellison Fire Department Pages 75-76: Requisition increase of \$1.6k. Due to growth, the average home will see a \$5.70 decrease. Transfer \$50k of surplus to operating reserve for eventual loss of \$44.5k in revenue from contract with City of Kelowna for Country Rhodes service area. They will take on service at some point in the future themselves. The transfer to capital reserves increases from \$115k to \$146.5k. Cost estimates for 20 year major capital needs are \$1.785m. In order to build capital reserves for these apparatus and eliminate the need for debt financing, reserve transfers and tax requisitions will need to increase by \$15k annually from 2022 - 2023 in addition to any operating increases to raise additional funds now required in the next 4 years. COVID Restart Grant \$5k. 2021 Capital Projects \$213k.

022 – Joe Rich Fire Department Pages 77-78: Tax requisition increase of \$7.4k. This has a tax impact per average home of \$10.35. It is imperative to keep up with planned reserve transfers to reduce the need for debt for capital. 2021 Transfer is \$130k as planned. There are two firehalls that need to be staffed, equipped and maintained, and the assessment tax base is low. It is strongly recommended that reserves continue to be increased at the recommended levels. Apparatus purchases/replacement estimates are \$2.145 million, and are scheduled to be replaced between 2022 – 2036. Net Operating increases of \$7.4k various line items. COVID Restart Grant \$4.5k. Capital Projects \$113k.

023 – North Westside Fire Rescue Department Pages 79-80: Tax requisition increase of \$18.7k. There is an increase in cost to the average house of \$1.72. Reserves must be built to fund significantly revised estimates of \$3.405m in truck replacements from 2024 – 2036 and eliminate financing. In 2020 the transfer to reserves was greatly reduced due to legal fees incurred. It is highly recommended that regular contribution levels resume, as well as planned annual increases of \$11k. There are also 2 halls and a boathouse which will need improvements over 20 years. COVID Restart Grant \$3.5k. Capital Projects \$137k.

024 – Wilson's Landing Fire Department Pages 81-82: Requisition increase \$4k. The impact to an average house is an increase of \$39.37. In addition to Operating increases of \$5k including payroll, safety supplies, building repairs & maintenance, and decrease for responses. It is strongly recommended that reserve transfers are increased by \$8k annually in future years. Truck replacement estimates are \$1.540m for 2031 – 2038. Hall improvements over 20 years will also be required. A portion of the increased 2020 surplus was used to increase the transfer to reserves back to required levels. (Reserve transfers were reduced below planned levels between 2017 to 2019 due larger tax increases due to Bear Creek fire deficit, and addition of Medical First Responder Service). COVID Restart Grant \$2.3k. Capital \$204k.

028 – June Springs Fire Protection Pages 83-84: Requisition increase of \$702 results in increase of \$23.89 per average home because there are only 27 properties in this service.

029 -- Brent Road Fire Protection Pages 85-86: No Requisition increase results in decrease of \$14.48 per average home because there are only 67 properties in this service.

030 – Regional Rescue Pages 87-89: Requisition increase \$200k. There is an increase of \$2.16 per average home. Due to Decreases to other revenues, increased expenses for radio repeater sites, fire dispatch, training, and misc. costs, offset by various decreases for contract services, repairs & maintenance, and misc. costs. Increased reserve transfers by \$50k to \$150k. Used \$60k of operating reserve to mitigate tax impact. Revised estimates for 20 year capital now at \$3.5m. Due to timeline changes for capital, in 2022, the use of \$80k of operating reserves will be required for a transfer to capital reserves. 2021 Capital \$479k.

Community Services - Inspections:

044 – Building Inspection and Other Bylaw Enforcement Pages 92-93: Essentially no Requisition increase for EA's for Bylaw Enforcement part of service. This cost centre is effectively 2 services in one. Building Inspection portion of budget is tracked separately and is currently self-sustaining with no tax requisition. There is a large surplus swing in the surplus carry forward due to higher building permit revenues in 2019. \$70 of Operating Reserve to be used. Operating costs have increased by \$50k for additional staff. Capital \$48k.

Community Services - Planning:

110 – Regional Planning Pages 94-95: Tax requisition increase \$32.3k, or \$0.34 per average home. Operating cost decrease \$225k mostly due to contract services and projects and other minor changes. Increase in Regional Growth Strategy (RGS) Projects of \$19.8k. Corresponding grant revenue of \$276.7k also reduced. Transfer \$8k to reserves. Capital \$7k.

111 – Electoral Area Planning Pages 96-97: Requisition increase \$23.5k. Increases as follows: Kelowna \$9,011, Peachland \$96, Lake Country \$182, West Kelowna \$1,729, CO West \$9,840, CO East \$2,672. Operating increase \$42k offset by increase in surplus. Capital \$7k.

Community Services - Policing:

031 – 911 Pages 98-99: Requisition increase of \$16k for RDCO's share of program. Impact to average home is a \$0.15 increase. Contract costs have increased by \$50k. Operating reserves are being used to cover the \$150k texting technology upgrade as planned, as well as surplus swing, for a total of \$190k. All reserves must be returned to / shared with current participants over the life of the partnership.

040 – Crime Stoppers Pages 100-101: Minimal requisition change. The average home will see a \$0.04 decrease. Transfer \$21.5k of 2020 surplus to Operating Reserve.

041 – Victims Services Pages 102-103: Minimal requisition change. Decrease to average home \$.04 due to growth. Transfer \$58k of 2020 surplus to Operating Reserve.

042 – Crime Prevention & Alarm Control Pages 104-105: Minor requisition change. Decrease of \$0.12 per average home due to growth. Transfer a portion of increased 2020 surplus (\$13k) to operating reserve.

Board:

001 – Regional Board Pages 106-107: Requisition increase \$11.6k. Impact on average house is \$0.08. Increases for payroll, contract services, & Budget amendment was done in January to commit COVID Restart funds for hosted Website update that has begun.

011 – Regional Grants in Aid Pages 108-109: Community Gardens is the only GIA included. The amounts are shown at 2018 contribution levels for participants.

012 – Grants – EA CO West Pages 110-111: Requisition increase \$2.5k or \$1.37 per average home, due a deficit related to additional costs for the School Liaison Officer Costs for 2020 and increasing costs for 2021.

013 – Grants – EA CO East Pages 112– 113: Minor requisition change decrease, \$0.18 per average house.

Corporate Services:

007 – Electoral Areas Pages 120-121: Requisition increase \$6.3 or \$1.72 per average house due to surplus swing. Increasing transfer to capital reserves gradually from \$25k to \$30k as Orthophotos are now being refreshed every 2 years at an estimated cost of \$82k. Reserve transfers will need to increase to at least \$41k in the future. Transfer \$13k of surplus to operating reserve for 2022 election costs.

008 – Central Okanagan West EA Pages 122-124: No increase. Transfer \$9k of surplus to Operating Reserve.

009 – Central Okanagan East EA Pages 124-125: No increase. Transfer \$9.7k to Operating Reserve.

050 – Transportation Demand Management (STPCO) Pages 126-127: Tax requisition reduced by \$3.7k to clear out operating reserve. Decrease of \$1.07 per average home. STPCO likely to be dissolved in 2021. Electoral Areas only.

085 – Ellison Transit Pages 128-129: Requisition increase of \$1.3k or \$2.75 per home. Reduced surplus and increased costs. Using \$1k of operating reserve to reduce tax impact.

102 – Air Quality Service Pages 130-131: Requisition increase \$3.6k. \$0.03 increase per average home.

117 – SIR Pages 132-133: \$13.8k decrease in requisition due to new cost sharing agreement. Decrease of \$0.42 per average home. Parcel Taxes decreased \$31.8k in total – EA West \$3.5k, EA East \$3k, Kelowna \$18.6k, Lake Country \$7.3k. West Kelowna \$.5k increase.

Finance & Administration:

101 – OBWB Pages 145–146: Requisition increase \$101k. OBWB budgeted funds for new hydrometric monitoring service for flood forecasting and response, partially offset by reductions in the Sewage Facilities and Milfoil Programs. The last significant tax increase was in 2011/12.

124 – Westside Recreation Pages 147-148: Minor requisition decrease \$1.81 per average home. Based on West Kelowna tax rates provided.

125 -- Johnson Bentley Memorial Aquatic Centre Pages 149-150: Requisition increase \$1.3k or \$4.38 per average home. Increase is based on West Kelowna tax rates provided.

171 – Okanagan Regional Library Pages 153–154: Requisition decrease \$2k results in \$1.22 decrease per average home. (Note: This is function is only for the EA's. Municipalities contribute directly.) Note: The ORL will be requesting assistance with MFA Financing in 2021 for the West Kelowna City Hall Location. A Service Establishment Bylaw will be required for this financing, similar to the Library Administration Building.

189 -- Fiscal – Member Municipal Debt Financing Pages 157-158: Reduction to debt payments of \$1.5m.

Direction Required for next Meeting:

Are there any other changes requested?

Outstanding Issues:

- 011 – Confirm Regional Grants In Aid participation for Community Gardens.
- 012 & 013 -- EA Grants in Aid: Confirm budgeted GIA amounts are sufficient for each area.
- 118 – Starling Control – confirm continued support.
- Community Works Fund approvals for new projects report coming March 29rd.

Schedule A

RDCO 2021 Proposed Transfers to Operating Reserves for future rate mitigation \$548,993 (See Tab 5). Any additional reasons are specified below:

• 005 – Human Resources - \$10,000 - Future administrative overhead rate stabilization. Page 118
• 007 – Electoral Areas - \$13,200 - For election year funding. Page 120
• 008 – Electoral Area Central Okanagan West - \$8,946 Page 122
• 009 – Electoral Area Central Okanagan East - \$9,766 Page 124
• 021 – Ellison Fire - \$50,000 - for rate mitigation when Kelowna takes over Country Rhodes area. Currently they pay \$44,000 annually to RDCO to provide service Page 75
• 027 – Ridgeview Fire (NWFR) - \$71 - reduce parcel tax in final year. Page 139
• 040 – Crime Stoppers - \$21,500 Page 100
• 041 – Victims Services \$48,000 Page 102
• 042 – Regional Crime Prevention - \$13,000 Page 104
• 044 – Building Inspection - \$3,250 Page 92
• 051 – Lakeshore Road Improvements - \$25 Page 143
• 092 – SWM: Westside Transfer Station - \$96,592 Page 63
• 095 – SWM: Solid Waste Collections (EA's) - \$90,000 Page 69
• 105 – Noise Abatement - \$552 Page 21
• 106 – Untidy Premises - \$200 Page 23
• 116 – Weed Control - \$6,000 Page 27
• 121 – Ellison Heritage Community Hall - \$9,891 Page 1
• 142 – Regional Parks - \$138,000 Page 7
• 401 – Sewer System – Westside Wastewater Treatment Plant - \$20,000 Page 51