



# Regional Board Report

## Request for Decision

*Approved for Board Consideration*

A handwritten signature in black ink that reads "Brian Reardon".

*Brian Reardon, CAO*

**To:** Regional Board  
**From:** Lyle Smith, Director of Financial Services  
**Date:** March 3, 2022  
**Subject:** Draft 2022 – 2026 Financial Plan

**Voting Entitlement:** *All Directors – Unweighted Corporate Vote – Simple Majority – LGA 208*

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**Purpose:** To present the Regional District of Central Okanagan's (RDCO) draft 2022 – 2026 Financial Plan for review and approval.

### **Executive Summary:**

The RDCO's draft 2022 – 2026 Financial Plan presents an overall increase to revenue and expenditures in 2022 of \$1.64 million or 2.86%. The 2022 General Property Tax increase is \$0.9 million or 4.4% and is further broken down by funding partner in Appendix D. This appendix also presents a year-over-year view of the cost per average house, specific to each funding partner.

The Capital Plan portion of the Financial Plan has a \$2.42 million or 12.51% decrease. This is reflected in a similar reduction in required reserve funding. There is also a shift in the proportion of capital funded by reserves as debt and grant funding increase. Even so, 91.3% of the capital plan is supported by reserves in 2022.

Overall reserve levels are decreasing in the 2022 year of the draft Financial Plan for both Operating and Capital reserves. Still, they are generally trending upward, as illustrated in the individual cost centre budgets in Appendix I. Both Operating and Capital Reserves will be reviewed by staff in 2022 for the 2023 – 2027 Financial Plan to ensure financial sustainability and support of future capital plans.

The RDCO draft Financial Plan reflects the Board's and community priorities to focus on Indigenous relations, communications, and education and enhance the RDCO's regional and community parks. In addition, resourcing has been incorporated to support growing pressure on the RDCO's Regional Planning and Regional Rescue services due to a growing need to respond to atmospheric events such as wildfires.

### **Recommendation(s):**

**THAT** the Regional Board receive for information the draft 2022 – 2026 Financial Plan;

**AND THAT** any recommended amendments be incorporated into the draft 2022 – 2026 Financial Plan and brought to the Regional Board meeting on March 17, 2022.

Respectfully Submitted:



Lyle Smith, Director of Financial Services

Attachment(s):

1. APPENDIX A – FINANCIAL PLAN SUMMARY
2. APPENDIX B – FINANCIAL PLAN SUMMARY BY DEPARTMENT
3. APPENDIX C – ASSESSMENT GRAPH
4. APPENDIX D – PROPERTY TAX SUMMARY BY FUNDING PARTNER
5. APPENDIX E – FUNDING SUMMARY BY FUNDING PARTNER
6. APPENDIX F – PROPOSED STAFFING RESOURCING
7. APPENDIX G – CAPITAL PLAN SUMMARY
8. APPENDIX H – YEAR-OVER-YEAR MATERIAL BUDGET CHANGES
9. APPENDIX I – COST CENTRE FINANCIAL PLANS
10. APPENDIX J – FINANCIAL PLANNING GUIDELINES REPORT

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### **Strategic Plan Alignment:**

Priorities: Sustainable Communities, Economic Development

Values: Regional Perspective, Transparency

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### **Background:**

Annually, the RDCO must develop a five-year financial plan inclusive of funding and expenditures for both operating and capital budgets. The financial plan is developed in alignment with legislation and, upon approval, provides authority for the operations of the RDCO. Final budget approval is required before March 31 of each year.

A draft budget is developed to allow service participants and local ratepayers to comment on and make recommendations to programming, funding requirements, and initiatives. Additionally, the draft budget incorporates previously approved budget amounts required to continue capital projects and operating initiatives that either overlap or start at the beginning of the calendar year.

The draft financial plan will be subject to changes due to final year-end adjustments, revised assessment information, and any other amendments from the Board before final approval. It should also be noted that the Central Okanagan Regional Hospital District (CORHD) executes its respective financial planning processes concurrently with the RDCO.

Financial Planning Guidelines were presented to the Board and approved in December 2021. The guidelines support financial management strategies related to revenue, reserves and a structurally

balanced budget. The guidelines directed staff to maintain core service levels, support corporate initiatives, and factor in adjustments for inflation and market cost escalations while minimizing financial impacts. Refer to Appendix J for the Financial Planning Guidelines report.

## **2022 Financial Plan Overview**

The Financial Plan has been developed based on resources required to deliver core services, the impact of new initiatives, proposed capital programs, current economic conditions and other cost pressures such as inflation and contractual agreements. The Plan includes operating and capital budgets in addition to changes in reserve funds.

Various pressures influence both the total budget and cost apportionment to participants. Drivers such as inflation and interest rate changes directly and sometimes significantly impact the overall budget. Other impacts, including benefit rates, materials and supplies, and utilities such as electricity, natural gas and fuel, also influence the cost of service delivery. In addition, the majority of services are cost apportioned on an assessment basis. Historical growth trends have been positive on an aggregate regional basis but difficult to forecast on a participant basis.

Service level drivers are a product of community needs, Board priorities, and regulatory requirements. Prioritized initiatives to support these demands are highlighted in the resulting financial plan. The RDCO is an essential service provider, and nearly all operations continue throughout the pandemic, including the implementation of incremental health order measures addressing health and safety.

Major initiatives affecting the organization across multiple services are addressed through service planning to coordinate an organizational response. This year, the results have focused on Truth and Reconciliation and Indigenous Relations, Regional Parks, and response and mitigation of wildfires through Regional Planning and Regional Rescue.

In 2021, the RDCO Board approved establishing an Indigenous Reconciliation and Engagement function within the Corporate Communications Department. This initiative includes hiring an Indigenous Advisor focusing on communication and education and building relationships. The draft Financial Plan incorporates these activities and the resources required to support this important work.

Regional Parks continue to be a focus as approximately 44% of the capital plan is dedicated to regional and community parks. Staff are engaged in negotiations to acquire significant pieces of land to add to the RDCO park inventory. Many projects are underway to improve and enhance existing assets for use by the region.

Pressures on resourcing Regional Planning and Regional Rescue have been steadily compounding over several years while the size and complexity of these operations continue to grow. The 2022 Financial Plan has incorporated resource requirements both from an RDCO perspective and the City of Kelowna as lead on Emergency Operations Centre resourcing to meet the expected service levels. Implications are detailed later in the report and appendices.

## **Regional Trends and Observations**

National and local indicators, including unemployment and inflation, show signs of economic recovery as communities continue to adapt and respond to COVID-19 Provincial Health Authority Protocols. In BC, the cost of food and groceries is up 5%, while the cost of shelter also increased for both homeowners (+7.0%) and renters (+4.2%) year over year. While the cost of electricity increased 1.5%, both piped gas and fuel and oil rose sharply at 18.7% and 37.8%, respectively<sup>1</sup>.

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<sup>1</sup> Data source: [www2.gov.bc.ca/assets/gov/data/statistics/economy/cpi/cpidata.pdf](http://www2.gov.bc.ca/assets/gov/data/statistics/economy/cpi/cpidata.pdf)

As of January 2022, the unemployment rate in Kelowna was 6.9%, significantly lower than pandemic highs of 9.5%. Compared with the provincial and national rates of 5.1% and 6.5% in January 2022, labour shortages and challenges impact all sectors.

The construction sector continues to impact the local economy. The number of building permits is up 95.2% year over year, with a value of \$1.61 billion in 2021<sup>2</sup>. A lagging indicator to permits, housing starts were 30% higher in December 2021 than November 2021. The three-month average for housing starts has risen steadily since the beginning of the pandemic and is now surpassing pre-pandemic highs<sup>3</sup>.

Housing affordability continues to be a challenge in the region, with the benchmark value of a single-family home increasing from \$711,00 in December 2020 to \$933,000 or 31.22% in December 2021<sup>4</sup>. Appendix C presents the increase in Net Taxable Value of assessment by funding partner. Assessment values are likely to increase along with taxable folios as construction activity continues throughout 2022. While an increase in property tax folios does not impact cost apportionment, requisition recovery will be distributed over more households in municipalities and electoral areas.

Population growth continues to drive the regional economy, the need for infrastructure investments, and an increase in service delivery. Since 2011, the population of the RDCO has increased 24.94% from 2011-2020, or 2.6% in the last year<sup>5</sup>. The population growth in the region continues to outpace Metro Vancouver and the Province as a whole.

### Budget Overview

The 2022 RDCO financial plan includes operating revenues and expenditures of \$59.22 million, an increase of \$1.68 million or 2.92% compared to the 2021 plan, as summarized in the table below.

*Table 1: Summary of RDCO Operating Budget*

Expenditure Type	2022 Financial	2021 Financial	\$ Change	% Change
	Plan \$	Plan \$		
Operations	38,300,117	35,923,088	2,377,029	6.62%
Debt Servicing	13,250,452	13,093,965	156,487	1.20%
Capital Funding	187,050	240,000	(52,950)	-22.06%
Transfers to Reserves	7,450,996	8,287,346	(836,350)	-10.09%
<b>Total</b>	<b>59,188,615</b>	<b>57,544,399</b>	<b>1,644,216</b>	<b>2.86%</b>

The total increase of \$1.64 million or 2.86% is due primarily to increases in operating expenditures and debt servicing funding, partially offset by reduced transfers to reserves. The detailed budgets by service are included in Appendix I, and significant changes in service budgets are highlighted in Appendix H.

Of the \$2.38 million or 6.62% increase in Operations, approximately \$0.96 million is from salaries and benefits. Appendix F summarizes the change in Full-Time Equivalents (FTE's) and the investment in term positions.

<sup>2</sup> Data source: Central Okanagan Economic Development Commission

<sup>3</sup> Data source: Canada Mortgage and Housing Corporation

<sup>4</sup> Data source: Ministry of Finance – Property Taxation

<sup>5</sup> Data source: <https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/population-estimates>

An additional \$0.91 million is due to Contract Service costs in various cost centres.

### Operating Revenue

Sources of funding vary by service, including the sale of services (including various fees), property tax (including parcel taxes) charged to member municipalities and electoral areas, recovery from other departments, reserve transfers, grants, and other revenue. The following table outlines the year-over-year change in revenue by source.

*Table 2 – Operating Budget Funding*

Sources of Revenue	2022 Financial Plan \$	2021 Financial Plan \$	\$ Change	% Change
Sale of services	15,788,180	14,658,549	1,129,631	7.71%
Property Tax	24,644,598	23,565,291	1,079,307	4.58%
Municipal Debt	12,546,378	12,496,470	49,908	0.40%
Rentals and other revenue	264,300	268,791	(4,491)	-1.67%
Grants	2,181,245	1,422,539	758,706	53.33%
Surplus	155,753	3,353,013	(3,197,260)	-95.35%
Transfer from reserve	3,608,161	1,779,746	1,828,415	102.73%
<b>Total</b>	<b>59,188,615</b>	<b>57,544,399</b>	<b>1,644,216</b>	<b>2.86%</b>

Sales of services contributed \$1.13 million to the \$1.68 million or 2.92% increase in Total Revenue in part through:

- \$292K in Service Fees from Waste Reduction
- \$368K in Service Fees from the Westside Treatment Plant and Lift Stations
- \$88K in Building Permits

Municipal debt is a flow-through expense that the RDCO pays on behalf of its municipal partners to the Municipal Finance Authority. This funding and payment mechanism is legislatively required for all local governments.

Grants increased \$0.76 million or 53.74% in part due to:

- \$150K FireSmart grant application for Electoral Area Fire Protection
- \$265K increase in grants for Regional Planning due to a \$371K grant for the Development Approvals Strategy
- \$100K grant for Forest Health in Regional Parks

Surplus decreased significantly by \$3.2 million due to a financial management strategy of shifting away from carrying forward year-end surplus amounts as revenue and transferring those amounts to Operating Reserves to mitigate future cost pressures and potential tax increases.

In turn, transfers from reserves increased by \$1.83 million, which is somewhat misleading. The \$1.83 million increase is a net of a \$2.45 million increase in transfers from Operating Reserves and a decrease in transfers from all other reserves of \$0.62 million. This decrease is primarily due to a reduction of \$0.57 million in transfers from the COVID-19 reserve as this funding winds down.

## Requisition

Revenue raised through requisition (excluding Property Tax) totals an estimated \$23.76 million (excluding municipal debt), an increase of 4.74% from 2021. Electoral area requisition accounts for \$3.38 million or 14.2% of the \$23.76 million RDCO total requisition. The impact to each municipality and electoral area will vary depending on the sub-regional and local services they participate in, in addition to changes in cost apportionment, inclusive of assessment and population growth. Table 3 summarizes the change in requisition from 2021 categorized by regional, sub-regional, and electoral areas.

*Table 3 – Requisition by Service Category*

Description	2022 Requisition	2021 Requisition	\$ Change	% Change	% of Total Change
Regional	19,588,731	18,748,025	840,706	4.48%	3.70%
Sub Regional	818,767	768,701	50,066	6.51%	0.22%
Electoral Areas	3,377,582	3,191,313	186,269	5.84%	0.82%
<b>Total</b>	<b>23,785,080</b>	<b>22,708,039</b>	<b>1,077,041</b>	<b>4.74%</b>	<b>4.74%</b>

Some of the highlights of primary drivers for requisition increases by service category are listed below:

- Regional:
  - Regional Rescue increased \$266K due to additional Search and Rescue training and increased admin support via a portion of a new Emergency Manager, Financial Analyst and Emergency Support Services support person.
  - Regional Parks increased \$241K due to increased cleaning contracts, hazard tree removal and forced growth (wages, utilities, overhead etc.)
  - Regional Planning increased \$164K due to increased wages and benefits related to portions of Planning and Development Manager and Development Services Clerk and decreased surplus revenue.
  - Board Administration increased \$98K due to lower surplus revenue
- Subregional: Increased \$42K due to escalating Air Quality and Mosquito Control contract costs.
- Electoral Areas: For additional details, see Appendix E

The Board also approved changing insurance providers in 2021, which resulted in the RDCO saving over \$200,000 annually, equating to almost 1% in tax requisition.

Appendix A (Financial Plan Breakdown by Category and Cost Centre) presents a high-level summary of the total 2022 budget, including gross expenditures and revenue sources, in addition to the 2021 budget for comparison. The impact to member municipalities and electoral areas, including change in requisition, tax rate and cost per average house, is estimated in Appendix D (Tax Requisition Summary).

## Capital Budget

The 2022 - 2026 Capital Plan is shown in Appendix G. The cost centre's detailed capital plans are included in Appendix I. Capital budgets are developed through the service planning and budget processes and consider:

- status of projects already in progress
- condition of existing assets and infrastructure
- regulatory, environmental, risk, and health and safety factors
- new or renewal projects prioritized by the commissions, committees, or local service areas.

The proposed 2022 capital plan is \$16.93 million, a decrease of \$2.42 million or 12.51% from 2021. The change in investment is primarily driven by a significant reduction in Parks capital projects. Table 4 summarizes the capital plan by service area.

Table 4 – Capital Plan by Service Type

Department	2022 Capital Plan \$	2021 Capital Plan \$	\$ Change	% Change
Administration	717,000	649,223	67,777	10.44%
Bylaw Services	212,745	102,400	110,345	107.76%
Economic Development Services		13,150	- 13,150	-100.00%
Engineering Services	11,500	70,900	- 59,400	-83.78%
Fire and Protective Services	2,098,862	1,625,872	472,990	29.09%
Fleet	56,650	72,836	- 16,186	-22.22%
Inspection Services	105,263		105,263	
Parks	7,470,457	11,146,307	- 3,675,850	-32.98%
Planning Services		13,680	- 13,680	-100.00%
Policing Liason Services	71,320	22,890	48,430	211.58%
Sewer Systems	4,094,973	4,575,160	- 480,188	-10.50%
Solid Waste Management	428,323	227,356	200,967	88.39%
Water Systems	1,659,508	826,293	833,215	100.84%
<b>Total</b>	<b>\$ 16,926,599</b>	<b>\$ 19,346,067</b>	<b>-\$ 2,419,468</b>	<b>-12.51%</b>

Capital plan highlights include:

- Admin
  - \$285K IT - Server refresh, which anticipates a 20% price increase due to a global shortage. This project includes Servers, Storage, OS, and VM ware licensing.
  - \$250K - Building renovation project for the KLO Admin building that provides for paving, LED lighting and general renovations.
- Fire
  - \$602K - Replacement pumper/tender with a wildland/interface engine. The pumper/tender will be retained and serve as a tender.
  - \$561K - New wildland/interface engine
  - \$352K - Replacement of the existing MR1 used by the City of Kelowna for marine rescues
  - \$100K – New truck to pull hazmat trailer purchased in 2021
- Parks
  - Approximately half the park’s capital budget is related to land acquisition. Two purchases are currently in process, but details relating to ongoing negotiations cannot be disclosed publicly.
  - \$723K - Black Mountain/Sntsk’il’nten park development
  - \$304K – Phase 1 of the Woodhaven Nature Conservancy project
  - \$268K – Mission Creek east end washroom and a picnic shelter
  - \$222K – Various projects at Westside Community Parks, including trails, access and a pickleball court
  - \$206K - Hardy Falls Park entrance improvement project
  - \$206K – Scenic Canyon cabin removal and trail improvements
- Sewer
  - \$2.89 million – East Trunk land and Lift Station including engineering and design



- Water Treatment Plant
  - \$450K for Blowers
  - \$180K for HVAC– Carry Forward project for 1 Admin and 1 Tunnel
  - \$156K for various facility renewals as needed
  - \$140K for various projects – (Lab equipment, odour control, design costs)
  - \$110K for Bioreactors
  - \$105K for Vehicles
  - \$52K for Security and Fire Risk Assessment
- Water
  - \$570K - Killiney Beach Water System for an intake extension and distribution system
  - \$870K – Westshore Water system intake extension and PRV distribution system

Capital projects are substantially all funded through transfers from reserves. Grant funding can significantly impact the implementation and timing of the plan. Results will be communicated throughout the year.

### Capital Funding

The funding profile in 2022 has a slightly increased proportion from grants, moving from 2.79% to 3.94%. The higher ratio in 2022 allows for reduced transfers from reserves and operating funds. 2022 sees increases in debt proceeds and donations as well. The 2022 planned grant revenue, debt proceeds, donations, third-party contributions and other sources account for less than 10% of all capital funding. Transfers from reserves fund the remainder of the capital plan. The funding profile for 2022 shows a firm reliance on reserves for capital investment despite the decreased year-over-year ratio.

*Table 5 – Capital Plan Funding Profile*

Funding Sources	2022 Capital Plan \$	% of Total Funding	2021 Capital Plan \$	% of Total Funding
Reserve Funding	15,453,632	91.30%	18,106,498	93.59%
Grants	666,917	3.94%	540,069	2.79%
Debenture Debt	520,000	3.07%	-	0.00%
Donations & 3rd Party	108,500	0.64%	-	0.00%
Operating	107,050	0.63%	240,000	1.24%
Proceeds of Sale	70,500	0.42%	459,500	2.38%
<b>Total</b>	<b>\$ 16,926,599</b>	<b>100.00%</b>	<b>\$ 19,346,067</b>	<b>100.00%</b>

Debt funding can be viewed as a financial management strategy and a service delivery tool. Using debt to fund appreciating assets can be used as a hedge against market appreciation and inflation provided the debt servicing costs, and foregone investment income is lower than the appreciation in the asset's market value. In addition, debt funding can provide the purchase of necessary capital equipment or projects needed to deliver a service today instead of waiting to have cash available. Debt servicing costs will always need to be considered in these scenarios.

In 2022, the RDCO is using 1.46% of revenue to service debt (\$0.68 million excluding municipal debt). This percentage is very low and indicates the RDCO is in a very healthy position in terms of debt servicing capacity if future needs arise.



Staff continue to be proactive in leveraging senior government funding, internal capacity to deliver projects and programs, and enabling business transformation by continuously improving operations through prioritized capital investment. See Appendix G for a capital budget overview.

### Reserves

Reserves reflect funding retained by the RDCO to fund future capital and operating activities. The RDCO manages over 100 individual capital reserve accounts and 45 operating reserve accounts. Reserve schedules are included in Appendix I by service where applicable.

The reserve schedules provide detailed information on the proposed activity for the next five years, aligning with operating budgets and capital expenditures. The schedules assist in evaluating transfers to reserves from the current operating budget and the impact of prior year surpluses and deficits. The following tables provide a summary of forecasted reserve activity:

*Table 6 – Estimated Operating Reserves Activity (in \$ millions)*

Reserve Activity	2022 Financial Plan \$	2021 Actual \$
Opening Reserve Balance	7.90	4.02
Transfers from Operating	0.37	4.51
Interest	0.06	0.03
Transfers Out	- 3.48	- 0.63
<b>Closing Reserve Balance</b>	<b>\$4.85</b>	<b>\$7.93</b>

The 2022 Financial Plan reflects a shift in the RDCO's financial planning strategy that follows the financial management guidelines approved by the Board in December 2021. This shift includes, wherever possible, year-end operating surplus amounts transferred to operating reserves. As 2022 is a transitional year, there are also many instances of the 2022 budget being funded with a similar transfer out of the operating reserve.

Over time this strategy will result in more funds being transferred into the operating reserves and less transferred out as staff become less dependent on using prior-year funding to fund current year expenses. This strategy of reducing reliance on prior-year surplus funding is best practice budgeting. It creates a structurally balanced budget that facilitates financial sustainability in the RDCO's budget and operations. Analysis will be completed in 2022 to identify the optimal operating reserve level by cost centre to assist in implementing this strategy.

*Table 7 – Estimated Capital Reserves Activity (in \$ millions)*

Reserve Activity	2022 Financial Plan \$	2021 Actual \$
Opening Reserve Balance	36.27	33.52
Transfers from Operating	7.08	11.51
Interest	0.27	0.28
Transfers Out	- 15.45	- 8.76
<b>Closing Reserve Balance</b>	<b>\$28.17</b>	<b>\$36.55</b>

Based on the capital plan, \$15.45 million will be transferred out of capital reserves in 2022. The primary drivers for the transfer out of Capital Reserves include:

- \$6.13 million for Regional Parks for land acquisition and various park upgrades
- \$2.57 million for RDCO lift stations relating to DCC projects
- \$1.07 million for the Wastewater Treatment Plant for a Bioreactor, facility renewal, HVAC system in the Admin building and new blowers as well as various equipment
- \$0.85K for the Westshore Water System for an intake extension/replacement and a Northern View Pressure Reducing Valve
- \$0.72K for an Ellison Fire vehicle replacement and various equipment including SCBA's, turnout gear and pagers and radios
- \$0.53K for Killiney Beach Water System for intake extension/replacement and various other equipment
- \$0.43K for Solid Waste Management for staff washrooms, scale house, northwest side station site and various equipment and improvements

The RDCO will review its level of reserves relative to the capacity for debt financing and current requisition levels within each service in the context of the capital plan. Organizationally, debt servicing capacity is considered very good and can support the capital plan as there is very little debt funding forecasted. Subject to a further cash flow analysis, there may be an opportunity to shift towards future investment funding from reserves.

### Overhead Rates

Finance policy 7.19 identifies three types of overhead rates to be charged out to cost centres:

1. Engineering
2. Administration
3. Capital.

The Engineering Overhead cost pool is solely comprised of the Engineering Administration cost centre.

The Administration cost pool includes:

1. Corporate Services
2. Communications
3. Finance
4. Human Resources
5. Information Technology

Capital Overhead is charged out at three levels on total capital costs. Overhead rates for 2022 are described in Table 11 below.

*Table 11 - Overhead Rates*

Overhead Rate Type	2022 Rate	2021 Rate	Change
Engineering	3.80%	3.80%	0.00%
Administration Level 1	17.35%	15.40%	1.95%
Administration Level 2	11.57%	10.27%	1.30%
Administration Level 3	5.78%	5.13%	0.65%
Capital Project - No external project manager	3.00%	3.00%	0.00%
Capital Project - External project manager	1.50%	1.50%	0.00%
Capital Asset Acquisition	0.25%	0.25%	0.00%

Table 12 identifies the year-over-year changes to the cost recovery amount in each Administration Overhead budget and explains the difference.

*Table 12 - Changes to Overhead Services*

Overhead Services	\$'s	%
<b>002 - Corporate Services and Administration</b> * Reduction in office rental revenue due to Community Policing moving out of the building * Increased wages and benefits to bring Records Mgt position to full-time and increase allocation for custodian, Corporate Executive Ass't, Corporate Officer and Director of Corporate Services * Moved Cashier position to Financial Services	129,295	12.89%
<b>003 - Financial Services</b> * Increase resulting from moving Cashier position from Corporate Services to Financial Services * Removed one-time costs associate with implementation and licencing for budget software * Removed budgeted transfer to Equipment Reserve as unnecessary	(3,467)	(0.38%)
<b>005 - Human Resources</b> * Forced growth in wages and benefits * Reduction in Surplus/Operating Reserve funding	33,734	9.24%
<b>006 - Information Services</b> * Increased wages and benefits for new Helpdesk position * Increased costs for ESRI agreement and GeoCortex annual maintenance	128,829	13.99%
<b>070 - Communications</b> * Operating costs for new truth and reconciliation initiatives and indigenous programs in anticipation of the new Indigenous Advisor * Wages and benefits for new Indigenous Advisor position	238,580	76.65%

An administrative overhead rate of 15% (or overhead base rate – whichever is higher) continues to be levied on any work provided by RDCO staff to external clients.

### Staffing Compliment

Appendix F presents the proposed staffing request for 2022. Multiple positions, such as the Indigenous Advisor and Records Management, have been previously approved in principle. There are also positions identified at the bottom of the table that are for a fixed duration and do not commit the RDCO to ongoing staffing cost.

### 2022 Significant Budget Changes

Appendix H highlights individual service budgets that have exceeded a materiality threshold of 3.4%<sup>6</sup> and \$10,000. All individual service budgets are presented in Appendix I.

<sup>6</sup> Annual Average Canadian CPI

**Considerations:**

## Organizational/External:

Financial impacts resulting from approval of the 2022 – 2026 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 2022 – 2026 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.

*Considerations not applicable:*

- Alternate Recommendation
-