



Agenda No: 7.6

Mtg. Date: Oct 26, 2015

Regional Board Report

TO: Regional Board
FROM: Marilyn Rilkoff
Director of Finance & Administrative Services
DATE: October 19, 2015
SUBJECT: 2016 – 2020 Financial Plan Request Items for Preliminary Discussion

Purpose: To provide a preview to the Board of items and estimates that senior staff has identified to date, for possible inclusion in the 2016 - 2020 Financial Plan. This provides the Board with the opportunity for discussion on any items of interest or concern, and to provide staff with any additional preliminary direction for the preparation of the first draft of the Financial Plan.

Executive Summary:

Impact to the 2016 – 2020 Financial Plan:

This report is for the Board's preliminary input prior to the detailed budget calculations. It is for discussion purposes, and to provide staff with further direction if required. Staff is not able to calculate budget impacts at this time as some key information is not yet available to perform the detailed calculations. The first draft of the Financial Plan with tax impacts to each area will be presented February 25th for Board discussion and public input.

RECOMMENDATION:

THAT the update on the 2016-2020 Financial Plan Request Items be received for information.

Respectfully Submitted:


M. Rilkoff
Director of Financial Services

Approved for Board's Consideration


Brian Reardon, CAO

Background:

The RDCO staff identifies known budget items. Budget impacts are not calculated at this time as information to perform detailed calculations and analysis is not yet available:

- ❖ The surplus or deficit for each service will affect the tax rate, and this information is not yet known until year end is complete.
- ❖ The calculations for tax rates by area are complex as it depends on the combination of services being provided in each area.
- ❖ Changes in annual assessed values are not known, and because growth and market factors vary in each area, some shifts of costs occur between areas for services.
- ❖ Reserve and Capital Transfer amounts are reassessed and updated each year by staff and affect tax rates. Recommendations are based on long term capital needs based on the revised longer term capital plans.

The following information is provided to the Committee for background purposes in preparation for the February 25th budget meeting. The impacts of these items will be shown at that time. Detailed budget presentation, discussion and public input will take place at that time.

General Impacts to consider:

Salaries: Collective Agreement increases 1.5% (\$89k)

Utilities: estimate 3 – 5 % increase (\$40k)

Impacts of Service Reviews 2014 & 2015 still to be determined:

- ❖ 030 - Regional Rescue – dispatch (in progress).
- ❖ 111 - Fringe Area Planning cost allocation.
- ❖ 040 - Crime Stoppers
- ❖ 041 - Victims Services
- ❖ 042 - Crime Prevention & Alarm Control
- ❖ 019, 021, 022, 023, 024 -- Fire Services & Electoral Area Fire Prevention
- ❖ 043 - Business Licenses
- ❖ 044 - Building Inspection
- ❖ 095 - Solid Waste Collection
- ❖ 105 - Noise Abatement
- ❖ 106 - Untidy Premises
- ❖ 171 - Okanagan Regional Library

2016 Service Reviews planned

- ❖ 091 - Effluent/Water Disposal Site
- ❖ 094 - Solid Waste Management & Recycling Program
- ❖ 102 - Regional Air Quality
- ❖ 047 - Mosquito Control
- ❖ 118 - Starling Control

Staffing: Budgeted FTE's (full time equivalents) estimated for 2015 = 113.05

FTE's Budgeted for 2015	113.05
Plus proposed increases	+ 3.95
Estimated FTE's for 2015	117.00

Breakdown of increase:

Engineering (1 FTE – 1 year term, return to work transition)	1.00
Waste Management (Term Position – Labourer)	.41
Community Services (slight reallocation)	.06
Regional Parks (2.2), Westside Community Parks (.14), Eastside Community Parks (.14) <i>All subject to further review and approvals based on determination of Board Strategic Priorities.</i>	2.48

Significant Expenditure Items:

It is important to note that most capital items listed in this memo will be funded through reserves, grants, or occasionally financing. By having prepared for these expenditures in advance in the past, through these reserve and capital transfers, the tax rate impact is evened out over several years. In many cases, the capital expenditures listed below will not increase the tax rate.

A Facilities Condition Assessment is taking place organization wide. The results are not yet available and it is anticipated that there will be further capital recommendations upon completion.

The following information is the anticipated operating and capital project changes to each cost centre.

Parks:

121 – Ellison Heritage School Community Center:

- ❖ Carried over from 2015 budget Building Renovations \$35k, Phase 1 Infrastructure Assessment & Lifecycle Plan \$5k
- ❖ Roof Replacement \$50.7k, Building Entrance stair replacement \$50.8k

123 – Joe Rich Community Center:

- ❖ Kitchen Renovation \$50.7k, Potable Water System Upgrade \$5.1k.

142 -- Regional Parks:

- ❖ Operating Budget: Estimated net increase is \$240,677 (see Exhibit A) includes:
 - All operating projects
 - Additional 2.2 FTE's, - *subject to further review and approvals based on determination of Board Strategic Priorities* - including Parks Planning &

Development Technologist \$61.8k (Targeted Start Date – April 4, 2016)
and Parks Planning & Development Student Intern \$72.8k (Targeted Start Date – Jan 11, 2016)

- ❖ Capital Development Projects: The total for Capital Development Projects is estimated to be approximately \$4,412,056 broken down in Exhibit B (\$3,686,331) in carryovers from 2015 and \$725,725 in new projects). Funding is from Donations, Grants, Gas Tax Funds, Reserves, and Transfers from General Revenue.
- ❖ Capital Equipment Projects: \$203k in new Equipment (detailed in Exhibit B).

143 -- Westside Parks

General Revenue Fund - New Operations Projects

Subject to further review and approvals based on determination of Board Strategic Priorities:

- ❖ Add .07 FTE for full-time Parks Planning & Development Technologist \$5.8k (Targeted Start Date – April 4, 2016)
- ❖ Add .07 FTE for Parks Planning & Development Student Intern \$2.9k (Targeted Start Date – Jan 11, 2016)

Capital Projects – funded by Electoral Area Central Okanagan West Gas Tax Funds, transfers to capital and reserves.

- ❖ Fintry Community Parks - Park Infrastructure Installation (table, swim float boat launch area markers, etc.) (Carry Forward from 2015) \$15.2k
- ❖ Killiney Beach Park - Park Improvements (swim float, picnic table dog swim beach trial area, etc.) (Carry Forward from 2015) \$15.2k
- ❖ Westshore Estates Community Park - Park Improvements (Gazebo/Band Shelter, Landscaping of Natural Area, etc.) \$76.1k
- ❖ Killiney Beach Park - Access Road Improvements \$76.2k
- ❖ Wilson's Landing - Proposed Community Boat Launch \$60.9k
- ❖ Star Park - Trail Connection to Trepanier Creek Regional Park \$30.5k

144 -- Eastside Parks

Subject to further review and approvals based on determination of Board Strategic Priorities:

- ❖ Add .07 FTE for full-time Parks Planning & Development Technologist \$5.8k (Targeted Start Date – April 4, 2016)
- ❖ Add .07 FTE for Parks Planning & Development Student Intern \$2.9k (Targeted Start Date – Jan 11, 2016)

Capital Projects – funded by Electoral Area Central Okanagan East Gas Tax Funds, transfers to capital and reserves.

- ❖ Ellison Community Parks – Playground Replacement \$76.2k
- ❖ Sunset Ranch Community Park Development \$152.3k
- ❖ Joe Rich Community Irrigation System Retrofit \$10.2k

Community Services:

Environmental Services:

- ❖ Vehicle Operations
 - ❖ Review replacement and option for Service Truck \$150k (capital reserves, 5 year financing for approx. \$70k, sale of old vehicle \$20k)
- ❖ Water Systems:
 - ❖ Operating: Implementation of proposed new fee bylaws. Increased transfers to reserves.
 - ❖ Capital:
 - ❖ 301 – Killiney Beach: Capital \$2.8M Distribution System Improvement includes Grant Funding
 - ❖ 303 – Falcon Ridge: Capital carry all unused \$'s forward from 2015 – additional \$93k Gas Tax Funding pending board approval, new reservoir construction in 2017 \$530k
 - ❖ 307 – Westshore: Capital: \$800k for Distribution System Improvement, using reserves
- ❖ 401 – Westside Sewer System - Treatment Plant:
 - ❖ Capital: Carry over from 2015 Outfall \$264k, Pumps \$177.3k, HVAC \$79k, Security System \$37.1k, Engineering \$111k, Odor Control \$10.6k and Bioreactor \$27k
 - ❖ Capital: Additional \$50k for HVAC
- ❖ 470 – Westside Sewer System – RDCO Lift Stations / Collector System:
 - ❖ Capital: \$125k two new Pumps for Casa Loma Pump Station – phase 2 of pump replacement project
- ❖ 047 – Mosquito Control
 - ❖ A RFP will be issued in late 2015, costs are not expected to change significantly from the current costs
- ❖ 094 – Solid Waste Management
 - ❖ Operating: 0.7 FTE (Term) This is for the furniture deconstruction position, no impact to budget
- ❖ 095 – Solid Waste Collection
 - ❖ Capital: \$25k Garbage Carts

Regional Planning & Electoral Area Planning:

- ❖ 110 Regional Planning:
 - ❖ Carry-over for RGS Implementation/5-Year Action Plan \$40k
- ❖ 111 -- Electoral Area Planning:
 - ❖ New Planning Services Agreements take effect on January 1, 2016. Of note: 4 member municipalities paid for full participation in Electoral Area Planning in

2015. This arrangement will change to partial participation over the next 5 years with a substantial reduction to the amount requisitioned from each municipality for each of the 5 years. This will result in a significant tax increase to Electoral Area residents in 2016. This has been conveyed to the Board during preparation and endorsement of the Planning Services Agreements:

	2015	2016 Estimate
Kelowna	299,256	151,334
Peachland	11,994	2,744
Lake Country	27,141	4,082
West Kelowna	68,083	33,578
EA COW*	8,544	177,538
EA COE*	7,680	53,422
Total	422,698	422,698

*Note: 3,390 Parcels in EA COW, 2,921 Unfringed.
1,879 Parcels in EA COE 2 Unfringed.

- ❖ Review and update of the Rural Westside OCP: Estimated cost of \$30,000 - \$40,000
- ❖ Legal: Increase budget beyond current \$30,000. Estimate to be determined.
- ❖ Capital: Vehicle purchase (use Equip. Replacement Reserves) \$30k

Fire Services:

- ❖ 030 -- Regional Rescue:
 - ❖ Capital: 2018 Hazmat Truck \$600k – Reserves being set aside.
- ❖ 019 Electoral Area Fire Prevention Program
 - ❖ If new legislation comes into effect regarding the BC Fire Services, the requirement would include inspections of all public buildings and would require further staffing resources.
- ❖ 022 Joe Rich Volunteer Fire Department
 - ❖ Capital: \$470k Cisterns carry over from 2015
- ❖ 023 North Westside Volunteer Fire Department
 - ❖ Capital: \$175k Replacement Rescue Truck

Inspections:

- ❖ 044 -- Building Inspection & General Bylaw Enforcement:
 - ❖ Capital: 30k replacement Vehicle
- ❖ 046 -- Dog Control:
 - ❖ A decrease in legal expenses is expected, and revenues in 2015 higher than budgeted
 - ❖ Continue to target unlicensed dog owners. 20,000+ licensed dogs in 2015, there is projected to be 30,000+ dogs in the Central Okanagan
 - ❖ Capital:
 - ❖ 2016: Purchase of a replacement Vehicle \$37k, Software Upgrades \$8k

Administrative Budgets Information:

- ❖ **002 – Administration:**
 - ❖ Capital: Carry over from 2015 \$13k reupholster Board Room Chairs, \$27k Signage, \$7k Shop Door
 - ❖ Capital: 25.4k Administration Building improvements

- ❖ **003 -- Finance:**
 - ❖ Capital (paid from reserves – no tax impact):
 - \$19.5k Vadim Software E-3 Upgrade
 - \$12k Scanner Replacement

- ❖ **004 – Engineering:**
 - ❖ Review asset management plans for water and wastewater in 2017 \$25k
 - ❖ 1 FTE (1 year term position): .5 For engineering staff coverage for staff returning to work, and direct charging of .5 to coordinate the Killiney and Westshores construction projects.

- ❖ **006 -- Information Systems (capital items outside of ordinary workstation and software cycle replacement) – funded by transfers to capital and reserves:**
 - ❖ 2016: Network Refresh \$32k, Equipment \$18.5k, Software \$17.5k
 - ❖ 2017: Server Refresh \$109k, Equipment \$18.9k, Software \$17.8k.
 - ❖ 2018: Storage Area Network (SAN) \$95k, Equipment \$19.3k, Software \$18.2k
 - ❖ 2019: Equipment \$19.7k, Software License Refresh \$41.2k
 - ❖ 2020: Network Refresh \$32k, Equipment 20k, Software \$18.6k

101 – OBWB:

- ❖ The requisition is going up by \$15k.

171 – Okanagan Regional Library:

- ❖ The method used by ORL for calculating population used in the proration of the requisition is expected to be adjusted, resulting in an estimated reduction to the electoral areas of \$20k or slightly more.

Board:

001 – Regional District Board

- ❖ **Capital:**
 - ❖ 2016: Carry over from 2015 - Website Improvements \$51.5k
 - ❖ 2017: Replace Audio Visual Equipment \$10k
 - ❖ 2018: Update date E-Agenda Software and Tablets \$30k
 - ❖ 2020: Website Refresh \$51.5k

Board Items?

Are there any other items the Board would like to include or discuss prior to the calculation of the budget?

To Estimate Impact on Regional Tax Services:

Because there are so many service areas and combinations of services, there is no one tax rate for an area. Some services are paid for via service agreements. The entire draft budget and impacts will be calculated between now and February 25th.

To get an idea of the impact of an item for regional services only (where all members participate), the following increases in requisitions for a service would produce the following impacts based on 2015 assessments (Note: if the items are funded through reserves, there is no impact to the requisition unless the amount transferred to reserves increases in the operating budget):

\$100,000 increase: .0027 / \$1000 of assessment or \$1.28 on a \$474,000 home.

\$500,000 increase: .0135 / \$1000 of assessment or \$6.40 on a \$474,000 home.

\$1,000,000 increase: .0270 / \$1000 of assessment or \$12.80 on \$474,000 home.

Regional Hospital District:

- ❖ IHA regular capital budget requests typically total \$2.5m.

Conclusion:

This background is being provided for information only. Full reporting will be completed through the budgeting process, beginning with the preliminary budget presentation February 25.

142 – Regional Parks Operating Detail

EXHIBIT A

General Revenue Fund Budget (Operational Expenses)

Estimated

Estimated net increase to last year's operating budget based on Information below:

\$240,677

2015 operating project carryovers \$142,100
+ 2016 projects \$309,625
+ FTE Increase \$128,177
- Parks' estimated reduction re: 2015 operating projects budgeted last year \$339,225
= net change to operating budget \$240,677

Operations Project Carryovers from 2015 (\$142,100)

❖ Woodhaven Nature Conservancy Regional Park Management Plan (Carry Forward from 2015)	\$40,600
❖ Goats Peak Regional Park Management Plan (Carry Forward from 2015)	\$50,750
❖ Black Mountain / Sntsk'il'nten Regional Park Regional Park Management Plan (Carry Forward from 2015)	\$50,750

New Operations Projects costs for 2016 (\$309,625)

❖ Mission Creek Park Management Plan	\$75,000
❖ Coldham Park Management Statement	\$2,000
❖ Glen Canyon Park Management Statement	\$2,000
❖ Stephens Coyote Park Management Plan	\$2,000
❖ Regional Parks First Nations Cultural Recognition Plan	\$15,000
❖ Volunteers in Parks Program Development & Volunteer Recognition Events	\$20,000
❖ Official Regional Parks Plan Update	\$5,000
❖ Park Visitor Use Analytics Project (User Counts, Satisfaction Survey, etc.)	\$15,000
❖ Park Social Media Outreach Program / iParks Navigator App	\$35,000
❖ Parks Computerized Maintenance Management System (CMMS) / Service Request Software	\$15,000
❖ Mission Creek Greenway Bike Share Project	\$7,500
❖ Glen Canyon Regional Park Geotechnical Hazard Assessment	\$20,000
❖ Parks Vehicle Fleet GPS Management System	\$15,000
❖ Regional Parkland Crown Land Lease/License Renewals	\$5,000
❖ Regional Parks Trails & Infrastructure Development Master Plan	\$76,125

Proposed FTE costs (2.2 FTE's) – estimated cost (\$128,177)

• .58 full-time Planning & Development Technologist (Apr 2016)	\$46,377
• .58 full-time Planning & Development Intern (Jan 2016)	\$23,200
• .50 seasonal Park Events Coordinator	\$32,000
• .27 student Park Interpreter – Special Events	\$12,500
• .27 student Operations – Capital Assets	\$14,100

142 -- Regional Parks Capital Detail:

EXHIBIT B

General Capital Fund Budget (Capital Expenses) Estimated

Capital Project Carryovers from 2015 (\$3,686,331)

❖ Goats Peak Regional Park Acquisition (Gate, Fencing, Trail and Entrance Improvements)	\$31,600
❖ Regional Active Transportation Plan - Goats Peak Regional Park Connector Trail Improvements	\$71,753
❖ FoMC Mission Creek Phase 3a Trail Project	\$10,150
❖ FoMC Mission Creek Greenway Interpretive Panel Upgrades	\$15,225
❖ Regional Parks Trails to Health Trail Upgrade	\$30,450
❖ KLO Creek Trail Infrastructure Design	\$5,075
❖ Glen Canyon Parking Lot Design (Brown Road Trailhead)	\$5,075
❖ Goats Peak Regional Park Habitat Restoration	\$117,003
❖ Regional Park Land Acquisition (approved as part of the 2015-2019 Financial Plan for 2016)	\$3,400,000

New Capital Projects for 2016 (\$725,725)

❖ Johns Family Nature Conservancy/Lebanon Creek Regional Park Trail Project - Phase 2	\$101,500
❖ Mission Creek Bridge Replacements (2- Spawning Channel Vehicle and Pedestrian)	\$60,900
❖ Mission Creek Greenway - Lakeshore Road Improvements	\$25,375
❖ Kalamoior Regional Park Improvements (Canoe Kayak Launch/Swim Float)	\$71,050
❖ Black Mountain / Sntsk'il'ntən Regional Park - Park Fencing	\$126,875
❖ Kaloya Regional Park - Playground Replacement	\$60,900
❖ Interpretation and Wayfinding (Various Regional Parks)	\$50,750
❖ KLO Creek Trail improvements	\$20,300
❖ Glen Canyon - Parking and Trailhead	\$25,375
❖ Traders Cove - Park Improvements	\$50,750
❖ Gellatly Nut Farm - 1945 Cabin Restoration	\$30,450
❖ Bertram Creek - Playground Upgrade	\$60,900
❖ Regional Parks "Trails To Health" - Trail Upgrade Project	\$40,600

General Capital Equipment Fund Budget (\$203,000)

❖ Vehicle Replacement (EECO Truck)	\$40,600
❖ Vehicle Replacement (Operations Trucks)	\$65,975
❖ Parks Infrastructure Equipment	\$35,525
❖ Vehicle Replacement (Operations 1 Ton Truck)	\$60,900