



Governance & Services Committee

TO: Governance and Services Committee

FROM: Marilyn Rilkoff
Director of Financial Services

DATE: February 15, 2018

SUBJECT: Draft 1 – RDCO 2018 - 2022 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 2018 and upcoming projects and unusual expenses in 2019 - 2022. The Board may then provide further direction to staff for the revision of the Plan for the 2nd Budget meeting on March 8, 2018.

Executive Summary:

General Services average home tax decreases and increases for 2018:

| | | | |
|-----------------|----------|-----------|----------|
| City of Kelowna | Increase | \$2.74 | 1.546% |
| Peachland | Increase | \$0.19 | 0.090% |
| Lake Country | Decrease | (\$2.53) | (1.250%) |
| West Kelowna | Decrease | (\$0.06) | (0.029%) |
| C.O. West | Decrease | (\$31.86) | (5.069%) |
| C.O. East | Decrease | (\$1.53) | (0.322%) |

Local Service Areas are in addition to the above.

RECOMMENDATION:

THAT the Governance & Services Committee receive for information the 2018-2022 Financial Plan documentation;

AND FURTHER THAT staff be directed to bring forward any recommended amendments discussed today to the Governance & Services Committee budget meeting scheduled for March 8, 2018.

Respectfully Submitted:

Marilyn Rilkoff
Director of Financial Services

Approved for Committee Consideration

Brian Reardon, CAO

Please read the Summary Memo in Tab 1 of your binder first.

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 should still be reviewed.

General Information:

General Services Tax Increase / Decrease per Average Home (Tab 7):

The largest budget increases were in:

- 142 -- Regional Parks \$183k
- 110 -- Regional Planning \$91k
- 101 – OBWB \$30.4k
- 031 – 911 \$29.6k

Summary of Budgeted Transfers to Reserves or Capital:

Continued work on Asset Management and Renewal is in the work plan for 2018. 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 2018 the following total transfers are proposed in this budget.

| | 2018 |
|--------------------|-------------|
| Capital | 559,900 |
| Equipment | 1,292,317 |
| Facilities & Equip | 3,377,212 |
| Operating | 515,469 |
| Total | \$5,744,898 |

Increases to All 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.
- Collective Agreement Increase to Payroll 2%.
- Payroll Overhead: 0.25% for increases to benefit costs.
- Increases for utilities and insurance.

Administrative & Engineering Overhead Budgets – explained in Tab 13:

The following budgets are recovered via allocation to all other budgets. Overhead rates have all been decreased.

| | 2017 Rate | 2018 Rate | Difference |
|--|-----------|-----------|---------------|
| Engineering (may be added to Level 1 rate below for certain services (i.e. Sewer & Water)) | 4.1% | 3.4% | .7% Decrease |
| Administration Level 1 | 14.4% | 13.55% | .85% Decrease |
| Administration Level 2 | 9.6% | 9.03% | .57% Decrease |
| Administration Level 3 | 4.8% | 4.52% | .28% Decrease |

Engineering Overhead (applied only to certain budgets in addition to Administrative Overhead): Rate decrease from 4.1% to 3.4% (0.7%). The overall maximum rate with both combined rates is now 16.95% vs. 18.5% in 2018. Explanations and detail provided in Tab 13.

- **004 – Engineering** Page 1: Overall overhead recovery decreased by \$35k. Operating costs increased by 8.5k, and operating reserve transfer increased from \$8k to \$100k due to surplus (vacant department head position and postponing asset renewal project). The operating reserve is needed to smooth this rate in next year when the surplus will be smaller. Capital \$5k. Tab 13 Pages 12 & 13 shows recovery calculations.

Administrative Overhead: (Rate level varies for services – only one of the administration rates will apply to a service). Tab 13 Pages 6 - 11. Decrease in recovery rates as per above.

- **002 – Administration/Corporate Services** Page 121: Decrease to overhead recovery of \$6.7k. While overall budget increase of \$57k includes increases to payroll and contract services, there are increases to revenue and surplus for rental income and grants. Continue to build reserves. Capital \$72k.
- **003 – Finance** Page 92: Minor increase to recovery amount of \$3.2k. Overall \$43k increase to budget with some offsetting increases to revenue. Small transfer of surplus to create operating reserve to assist with future overhead rate smoothing. Capital \$39k.
- **005 – Human Resources** Page 123: Decrease to overhead recovery of \$1.9k. Small overall increase to operating expenses. Offset by surplus. Set aside \$15k of additional surplus into operating reserve to smooth future overhead recovery amount.
- **006 – Information Systems** Page 125: Recovery amount decreased by \$17k. Overall budget increase of \$6.8k. Additional operating costs offset by additional revenue and surplus carry forward. Transfer of surplus funds to Operating Reserve to help with future rate smoothing reduced by \$5k. Decreased transfers to reserves \$5k. Capital \$272k.

Staffing -- Tab 10:

The overall proposal is a net increase in FTE's of 2.867. (From 116.641 in 2017 to 119.508 in 2018). The primary cost centres affected with changes are:

- Parks adding 1.1 FTE
- 002 - Administration adding 0.35 for Janitorial Staff
- 041 – Victim Services adding .42 FTE
- 110/111 – Planning adding .2 FTE
- Fire .092 FTE for full year in 2018 (position filled part way through 2017)
- .205 FTE for adjustments, reductions, and shifts of staff between other cost centres as well.

Capital Projects:

Capital projects and their funding sources are listed in the Capital Fund Budgets for each function. For summaries by function, of capital project totals, see Tab 6, pages 9, 11, and 13.

| | |
|------------------|---------------------|
| General Capital: | \$ 7,279,210 |
| Water Capital: | \$ 2,729,441 |
| Sewer Capital: | <u>\$ 4,080,026</u> |
| Total Capital | \$14,088,677 |

Major Capital items over \$150,000 are:

- 301 – Killiney Beach Water – Distribution System, Improvements, Equipment \$1.3m funded by grant, reserves, and Community Works Funds Gas Tax money (CWF). Tab 8 – Page 11. Note - \$3.5m for 2020 coming.
- 303 – Falcon Ridge Water –Reservoir & Water Treatment \$866.7k funded by CWF grants and reserves. Tab 8 – Page 13.
- 307 – Westshore Water System – Reservoir, Disinfection and equipment \$436.7k – funded by reserves. Tab 8 – Page 19. Note - \$3.7m for 2020 coming.
- 401– Westside Wastewater Treatment Plant - \$4m. \$3.4m Outfall Project –funded with DCC's. Equipment and Improvements funded by reserves. Tab 8 -- Page 23.
- 023 – North Westside Fire Department – Truck, Equipment, Hall Improvements \$302k. Tab 8 – Page 51.
- 030 – Regional Rescue – Truck, Equipment, EOC Equipment \$478k. Tab 8 – Page 59.
- 142 – Regional Parks – Development, Land & Equipment \$4.27 million, funded by reserves, grants, RSP Gas Tax funding, Disaster Funding Assistance/Insurance & donations. Tab 8, Page 84.
- 143 – Westside Parks – Improvements & Development \$778.8k funded by reserves, Disaster Funding Assistance/Insurance and CWF. Tab 8, Page 88.
- 006 – Information Systems – Servers, Infrastructure & Network & Equipment \$272k funded with reserves. Tab 8, Page 125.

Operating Reserves:

In 2018, staff are proposing setting aside a total of \$515,469 into individual operating reserves for some functions with 2017 surpluses, for future rate stabilization and contingency. The amounts and reasoning are in Schedule A.

Recommended Use of Operating Reserves in 2018:

Budgets have been presented with the proposed use of \$163,312 of Operating Reserves established in prior years. The benefit is to smooth rate increases between years by reducing impacts on requisitions and rates in 2018. The amounts utilized in the draft of the budget are listed below:

| | | |
|----------------------------|---------------------------------------|----------------|
| 019 – EA Fire Prevention | \$7,000 | Tab 8 Page 43 |
| 020 – Lakeshore Road Fire | \$1,545 | Tab 8 Page 45 |
| 028 – June Springs Fire | \$9 | Tab 8 Page 55 |
| 110 – Regional Planning | \$32,470 | Tab 8 Page 66 |
| 031 – 911 Emergency Number | \$71,350 as per agreement by partners | Tab 8 Page 70 |
| 007 – Electoral Areas | \$21,000 – Election | Tab 8 Page 127 |
| 009 – EA East | \$2,588 | Tab 8 Page 131 |
| 046 – Dog Control | \$27,350 | Tab 8 Page 141 |

Use of Community Works Gas Tax Funds (CWF):

A list of CWF projects for the Electoral Areas is included in Tab 9.

- Some projects have been approved in prior years and are carried over and reflected in the 2018 budget - \$575,006.
- Staff has proposed some additional projects totaling \$197,000 for usage of CWF for the Electoral Areas in the budget.
- A staff report will be brought forward at the March 26th 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 26th 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 be provided for the next meeting on March 8th for inclusion in Tab 9.

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

For regional services, where all partners are involved, on an average \$687,000 RDCO home, every \$50,000 added or deleted, the change to the tax rate would be between \$0.0008 to \$0.0009, and \$0.55 to \$0.62 per home. For other services with different combinations of partners, specific calculations would be required.

Largest Tax Rate or Service Impacts

Look at Tab 7, 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 8 are noted to the right so you can refer to those pages for further explanation of the increases or decreases.

2018 Budget and 5 Year Financial Plan (Tab 8):

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

Engineering Services – Public Works:

047 – Mosquito Control Pages 3 -- 4: Decrease to requisition \$4.6k.

091 – Effluent / Water Disposal Pages 7– 8.: No tax requisition. Transfer \$50k to Capital Reserves and \$43.9k to Operating for flexibility.

199 – Fleet Pool Capital Pages 9-10: Capital \$117k.

301 – 310 Water Systems Pages 11 – 22: No impact to tax rates or service contracts. Funded by user fees only. Rates were increased in 2016. Funds are being transferred to capital reserves. Capital Projects totals as below. Items of note:

- 301 – Killiney Beach Water System – 2018: \$1.2m in Capital, 2020 \$3.5m.
- 303 – Falcon Ridge Water System -- \$866.7 in Capital
- 305 – Sunset Ranch Water System – \$80k in Capital
- 306 -- Trepanier Water System – 2017 deficit carried forward reduces transfer to reserves.
- 307 – Westshores Water System – 2018: \$437k in Capital, 2020: \$3.7m.
- 310 – Fintry Shalal Water System – In 2017 MOTI was acquiring 8 properties within the system. Since there is no tax chargeable on crown land, this would have meant that the remaining 25 years of outstanding debt payments for each lot would have transferred to the other lots in the service area. Staff met with MOTI, and MOTI agreed to pay a lump sum equal to the equivalent parcel taxes until 2022 and then the principal payout amount for each lot, as the debt can be paid down and refinanced in 2022 for a total of \$149k. As a result, parcel taxes should remain approximately the same for the other residents rather than increasing by over \$20 per lot annually for the remaining 25 years. Capital \$48.5k.

401 to 472 -- Wastewater Treatment Plant & Collector Systems Pages 23-32:

- Budget has been taken to Stakeholder Committee Feb. 14th and is supported.
- Change in 3 year average for flow splitting caused shift from CWK and WFN to Peachland.
- Operating Reserve transfers of \$55k supported by the WRWTPSS Committee
- Totals: CWK: \$13.02k decrease, Peachland \$42.9k increase, WFN \$6.8k decrease.

401 Wastewater Treatment Plant Pages 23-24: Net change to recovery from partners - \$11k increase.

- Operating cost increase \$72.6k primarily related to increases for payroll, biosolids hauling & management, contract services, electrical repairs and maintenance and various smaller increases and decreases in expenses.
- Overhead rates decreased. Reductions of \$33.7k.
- Operating Reserve transfer \$20k (emergencies and seeking permanent biosolids solution).
- Stage 3 upgrade short term financing complete. Equivalent of debt payment now redirected to reserves to meet 35% asset renewal level as planned.
- Capital Projects of \$4m.

470 – RDCO Lift Stations/Collector Systems Pages 27-28: Net increase to partners of \$10.4k -- increases to CWK - \$7.8k and WFN \$2.7k. Changes in surplus and use of operating reserve. \$6.7k budget increase. Capital Projects \$63k.

471 – WFN Lift Stations/Collector Systems Pages 29-30: Minor increase. Change to surplus carry forward and overhead reduction results in \$10k decrease for WFN.

472 - Peachland Lift Stations/Collector Systems Pages 31-32: Minor increase. Reduction to surplus carry forward results in \$11.7k increase to Peachland.

Engineering Services -- Solid Waste Management:

092 – SWM: Westside Waste Disposal & Recycling Centre Pages 35 - 36: \$15.4k decrease to partners – Peachland (\$2.8k), CWK (\$8.6k), EA's (\$3k), WFN (\$.9k). Transfer \$44.5k of surplus to operating reserve when necessary to deal with stockpiled drywall and increase transfer to facilities reserve \$20k as planned. Operating costs increase \$118k mostly due to increased tipping fees at landfill. Increased tipping fee revenues from transfer station and a portion of the 2017 surplus have offset the increased costs.

094 – SWM: Waste Reduction & Recycling Program Pages 39 – 40: \$58.5k decrease in estimated cost to partners due to increased budgeted revenue - Kelowna (\$38.3k), Peachland (\$1.6k), Lake Country (\$3.9k), West Kelowna (\$9.8k), EA's (4.9k).

095 – SWM: Solid Waste Collection (Electoral Areas) Pages 41 – 42: Fees and surplus cover costs. Transfer all of surplus to operating reserve \$69.8k to possibly continue to eliminate or reduce the need for future EA parcel tax for this portion of the SWM service. Capital \$43k.

Engineering Services – Fire Services:

019 – Electoral Area Fire Prevention Pages 43 – 44: Tax requisition increase \$8.8k due to no surplus carryforward and slight budget increase. Use \$7k operating reserve to reduce tax impact.

020 – Lakeshore Road Fire Protection Pages 45-46: Tax requisition increase \$1.3k – due to small prior year deficit and increased contract costs. Impact on average home is \$15.50 increase (only about 54 properties). Use \$1.5k operating reserve to reduce tax impact.

021 – Ellison Fire Department Pages 47 – 48: Requisition increase of \$5k, however due to growth, the average home will see a \$2.36 decrease. Transfer \$45k to operating reserve to prepare for eventual loss of \$45k in revenue from contract with City of Kelowna for Country Rhodes service area. They will take on service eventually themselves. Ellison FD responded to several wildfires in 2017 and was reimbursed \$85.8k for trucks and firefighter costs. As per Board policy, any residual will be transferred to reserves. Total capital reserve transfer is \$165k. Continuing to build capital reserves for upcoming capital of \$1.45m for apparatus to eliminate need for future financing. 2018 Capital Projects \$106k.

022 – Joe Rich Fire Department Pages 49 – 50: Tax requisition increase \$35.8k. This has a significant tax impact per average home of \$73.18. In 2015 fire caused a deficit of \$26k and a budget amendment was required that year to mitigate that deficit by reducing the originally budgeted transfers to reserves. In 2017, with the Philpott wildfire, there was another deficit of \$18k. It is imperative to keep up with planned reserve transfers to reduce debt. There are two firehalls that need to be staffed, equipped and maintained, and the assessment tax base is low. It is strongly recommended that reserve levels continue to be increased at the recommended levels in prior financial plans. Trucks totaling \$1.42 million are scheduled to be replaced between 2021 – 2029. As mentioned each year, even at these levels, it is forecast that further relatively gradual tax increases and financing will be required. Another requirement is that the Hall must now pay its \$6k share of operating costs for provision of water to Hall 101 to IHA standards (the Community Hall and Ice Rink pay the other shares). Capital Projects \$146k.

023 – North Westside Fire Rescue Department Pages 51 – 52: Tax requisition increase of \$15k – will be absorbed by growth. There is an overall decrease in cost per average house of \$7.07. NWSR FD responded to several wildfires during 2017 and was reimbursed \$46k for trucks and firefighter costs. Additional funds transferred to reserves. Reserves are gradually increasing to fund \$1.627m in truck replacements from 2025 – 2033 and eliminate financing. Capital Projects \$302k.

024 – Wilson’s Landing Fire Department Pages 53 – 54: Requisition increase \$ 19.8k. While there is a requisition increase, the impact to an average house is a decrease of \$.41 due to growth. In 2016 there was a deficit of \$19k related to the Bear Creek fire. The 2017 transfer to capital reserve was not made to mitigate the tax requisition impact and needs to resume in 2018 at \$40k to fund future planned capital purchases. In future years, it is strongly recommended that reserves are continue to be increased by \$5k per year to help \$1.05m in truck replacements from 2032 – 2036 without financing. There was a surplus in 2017 due to reimbursement of \$22.7k for responses to the Philpott and Pine Point wildfires. Normally the full amount of the residual \$12.3k after costs would be transferred into reserves in addition to the regular amount, as per Board policy, however that is not recommended in this case because this would then cause an increase to the average home. Staff recommend transferring only an additional \$7.4k Capital \$57k.

028 – June Springs Fire Protection Pages 55-56: While the requisition increase is only \$2.8k, there is an impact to the average home of \$79.87 because there are only about 27 properties in this service. The increase is due to contracted fire service cost.

029 -- Brent Road Fire Protection Pages 57-58: Decrease to Requisition \$1k. Transfer full surplus of \$3.6k to Operating reserve.

030 – Regional Rescue Pages 59 - 61: Requisition increase \$11k. While the requisition change is only \$11k, due to assessment shifts, Kelowna sees a relatively larger increase of \$13.3. Increases to Fire Dispatch costs and Fire Admin \$40k. Decrease to COSAR \$25k re: 2017 amount for truck purchase. Transfer \$20k of surplus funds into an Operating Reserve for future rate mitigation and to have emergency contingency fund for EOC. Capital \$478k.

Community Services - Inspections:

044 – Building Inspection and Other Bylaw Enforcement Pages 64-65: No change to requisition for Bylaw Enforcement. This cost centre is effectively 2 services in one. Building Inspection portion of budget is tracked separately and is self-sustaining with no tax requisition. Majority of 2017 surplus belongs to Building Inspection and is being used to offset costs in 2018. Adding .5 FTE to keep up with additional workload from applications received. Set aside \$2k in operating reserves for Bylaw Enforcement for future tax rate mitigation.

Community Services - Planning:

110 – Regional Planning Pages 66-67: Tax requisition increase \$91k primarily due to increase in RGS Projects. Utilizing \$32.5k of operating reserve to reduce tax impact due to swing in amount of surplus carry forward (from \$67.8k to \$22.9k). UBCM Grant \$150k offsets LIDAR project contract costs of \$150k.

111 – Electoral Area Planning Pages 68-69: Tax requisition decrease of \$8k. Transfer \$23k of surplus to Operating Reserve to reduce tax impact for future upcoming projects. While operating costs came down \$65k in 2018, there was also a reduction in the surplus amount carried forward (from \$133.9k to \$78.8k).

Community Services - Policing:

031 – 911 Pages 70-71: Requisition increase of \$29.6k for RDCO's share of program. This includes an approximate increase of \$12.8k due to assessment shifts between RD's. The shift causes a 1.19% increase to the RDCO's share of \$1.07m of costs before the 2018 increase. Contract costs have increased, but as planned and agreed by participants. Operating reserve and surplus are being returned to partners as agreed, and used to smooth tax rate increases over the life of the contract and cover \$150k texting technology upgrade in 2018. Transfer of \$71k from operating reserve in 2018.

040 – Crime Stoppers Pages 72-73: Requisition increase \$5k. The average home will not see an increase due to growth.

041 – Victims Services Pages 74-75: Tax requisition increase only \$5k despite staffing addition of .42 FTE. The average home will not see an increase due to growth. Shift of \$31.7k from a deficit carried forward in 2017 to a surplus carried forward for 2018 helps to offset any increase. A one-time \$10.5k grant will also be awarded.

042 – Crime Prevention & Alarm Control Pages 76-77: Minimal requisition increase. Transfer a portion of 2017 surplus (\$29.5k) to operating reserve.

Parks Services:

121 – Ellison Heritage School Community Centre Pages 78-79: Minor requisition increase of \$2k covered by growth. Shift \$21k from reserve transfer to building maintenance items for 2018. Resume capital reserve transfers in 2019. Capital \$116.7k.

123 – Joe Rich Community Hall Pages 80-81: Requisition increase \$4.3k. Causes increase of \$8.77 per average home. Additional costs for Joe Rich Hall water improvement system required by IHA. Reserves must continue to be built, and \$5k transfer is minimal amount. Capital Projects \$56.5k funded with previously approved Community Works Gas Tax Funds.

126 – Killiney Community Hall Pages 82-83: Effectively no increase. Revised contract shifts some capital costs to operating costs.

142 – Regional Parks Pages 84–87: Requisition increase \$183k. An increase of \$0.30 per average home. Increase is due primarily to reduction in surplus carry forward from year to year and increase to reserve contribution of \$60k as follows:

In prior years Board approved that \$.07 and \$.02 per \$1000 of assessment, were to be used to pay down land acquisition debt & the remainder was to be utilized for capital or transfers to capital facility reserves, rather than funding land acquisition specifically. The capital facilities reserve can still be used to purchase land. In 2017, by funding to a specific tax rate, the unintended consequence of the total funding of \$.09 resulted in large increases per average house due to market and growth increases. Staff instead recommended a 1.5% increase to represent a reasonable amount for growth, in reserve/debt funding over the prior year's total, and recommended that this approach also be taken in future years as well, and the Board agreed. Thus, the combination of debt and transfers to reserves in 1.5% or \$60k higher than 2017. This maintains the reserve transfer levels originally anticipated in past financial plans.

Capital \$4.3 million. Includes Flooding Disaster Recovery and Improvement Projects. It should be noted that at the end of 2017 for accounting reasons, assets had to be written off and a loss shown. Because these are insured or funding will be received through Disaster Financial Assistance, that revenue also had to be recognized in 2017 which added \$304k to the regular surplus. This amount is broken out in the 2018 budget. The related amount of \$304k is then transferred to capital to fund the 2018 capital project. This is an accounting recognition and timing item only.

143 – Westside Parks Pages 88-89: No requisition increase. Use of Community Works Funding of \$97.5k previously approved and carried forward, request use of \$185k more for capital projects. Capital projects \$779k. Includes Flooding Disaster Recovery and Improvement Projects. It should be noted that at the end of 2017 for accounting reasons, assets had to be written off and a loss shown. Because these are insured or funding will be received through Disaster Financial Assistance, that revenue also had to be recognized in 2017 which added \$179k to the regular surplus. This amount is broken out in the 2018 budget. The related amount of \$179k is then transferred to capital to fund the 2018 capital project. This is an accounting recognition and timing item only.

144 – Eastside Parks Pages 90-91: Minor Requisition increase \$9k. Increase to average home is \$4.80. Additional costs for Joe Rich Ice Rink's share of Joe Rich Hall water improvement system required by IHA. Reserves must continue to be built, and \$5k transfer is minimal amount. Use of Community Works Funding of \$31.3k previously approved and carried forward, request use of \$7k more for capital projects. Capital Projects \$39k.

Finance & Administration:

101 – OBWB Pages 103–104: Requisition increase \$30.4k due to shift between participating regional district partners due to assessment value increases in RDCO.

171 – Okanagan Regional Library Pages 111–112: While there is no change to the budget, changes in assessed values has caused a requisition shift from EA CO East to EA CO West of \$4k. (Note: This is function is only for the EA's. Municipalities contribute directly.)

Sewer Debt Financing Pages 117-118: Lakeview Trunk Debt was refinanced during 2016 and resulted in a surplus of \$5.5k that was passed back to West Kelowna and WFN in 2017. The total debt has resumed to the regular level of \$37,717 less the minor 2017 surplus in 2018.

Corporate Services:

007 – Electoral Areas Pages 127-128: Requisition decrease \$19.7k or \$6.23 per average home. Election year and costs increase, but using operating reserves of \$21k to reduce impact to requisition. Costs for EA Directors such as travel, will now be direct charged to each EA cost centre. Membership costs in UBCM, OMMA, FCM, SILGA which are all based on EA population, will be charged to each EA on that basis going forward. This is a fairer and more accurate way to allocate the costs. Capital \$76k for orthophotos.

008 – Central Okanagan West EA Pages 129-130: Requisition decrease \$7.9k, or \$5.22 per average home. \$20k grant and Service Review costs removed. As described in cc 007 above, Area Director costs and travel and various memberships have been transferred to reflect only the direct costs to the Electoral Area.

009 – Central Okanagan East EA Pages 131-132: Requisition increase \$18.3k or \$10.97 per average home. As described in cc 007 above, Area Director costs and travel and various memberships have been transferred to reflect only the direct costs to the Electoral Area. Travel costs of \$3.5k for FCM Conference have been excluded. Includes additional costs for Alternate Director.

050 – Transportation Demand Management Pages 133-134: Virtually no requisition increase.

085 – Ellison Transit Pages 135-136: No Requisition increase. Transfer \$11k to Operating Reserve. Service is under review for possible expansion.

102 – Air Quality Service Pages 137-138: Requisition increase \$3.8k. Minimal effect due to growth. \$.01 increase per average home.

117 – SIR Pages 139-140: While there is absolutely no change in requisition, there is a shift to Kelowna of \$8k from other areas due to property assessments.

Corporate Services – Bylaw Services:

046 – Dog Control Pages 141-142: Requisition increase \$13.8k. Large surplus carry forward reduction from \$287k to \$162k as expected. Return reserves transfers to normal levels as per financial plan (from \$180k to \$70k). Use 27.4k of operating reserves to reduce tax impact. Capital \$146k.

106 – Untidy Premises Pages 147-148: Small requisition increase \$.8k due to reduction of surplus carry forward.

115 – Enforcement of Noxious Insect Control Bylaws Pages 149-150: No requisition change. Transfer \$2.6k to Operating reserves.

116 – Noxious Weed Control Bylaw Enforcement Pages 151 – 152: Minor increase to requisition of \$1k. Transfer to capital reserve \$4.5k and Operating Reserve \$3k.

EDC:

120 – EDC Pages 153-154: Requisition increase of \$13k. Due to growth, result for average home is a decrease of \$0.09.

Board:

001 – Regional Board Pages 155 - 156: Requisition increase \$3.3k. Increased operating – Payroll for staff & Board \$11.3k, contract services \$15k, and decreases to Legal \$10k, Contingencies \$5k. Transfer \$21k of 2017 surplus carry forward to operating reserve. Capital \$62.5k. \$54k for Webcasting and A/V improvements.

011 – Regional Grants in Aid Pages 157 - 158: Community Gardens is the only GIA included. The amounts are shown at 2017 contribution levels for participants.

012 – Grants – EA CO West Pages 159 – 160: Requisition increase \$2k due to surplus change. Also reduced budget amount by \$1.5k to reduce impact on tax requisition.

013 – Grants – EA CO East Pages 161 – 162: Requisition decrease \$4.5k due to surplus change.

Direction Required for next Meeting:

Outstanding Issues:

- 011 – Confirm Regional Grants In Aid participation for Community Gardens.
- 012 & 013 – EA Grants in Aid elected not to participate in Starling Control in 2017. Is that still the case for 2018? Confirm budgeted GIA amounts are sufficient.
- Community Works Fund approvals for new projects Tab 9 report – March 26th.

Schedule A

RDCO 2018 Proposed Transfers to Operating Reserves and Reasoning \$515,469:

| |
|---|
| <ul style="list-style-type: none">• 004 – Engineering - \$100,000 - For future administrative overhead rate stabilization. 2017 surplus higher than usual because of vacant department head position. In 2018 we are able to drop overhead rates and still set this amount aside. Tab 8, Page 4. |
| <ul style="list-style-type: none">• 091 – Septage Facility - \$43,873 – For future rate stabilization. Tab 8, Page 7. |
| <ul style="list-style-type: none">• 401 – Westside Sewer System: Waste Water Treatment Plant - \$20,000 – Put a portion of surplus into reserve for future contract stabilization, and for future long term biosolids solution. Supported by WRWTPSS Committee. Tab 8, Page 23. |
| <ul style="list-style-type: none">• 092 – Westside Transfer Station \$44,500 – Set aside reserves for dealing with stockpiled drywall and for future cost increases for tipping fees. Tab 8, Page 35. |
| <ul style="list-style-type: none">• 095 – Solid Waste Collection (EA’s) - \$69,802 – Contribution for parcel tax in 2018 is nil. For future parcel tax stabilization as rates fluctuate. Tab 8, Page 41. |
| <ul style="list-style-type: none">• 021 – Ellison Volunteer Fire Department - \$45,000 – Transfer part of surplus to prepare for eventual loss of \$45k in revenue from City of Kelowna for Country Rhodes fire protection, and to mitigate rate impact. Tab 8, Page 47. |
| <ul style="list-style-type: none">• 029 – Brent Road Fire - \$3,641 – For future rate mitigation. Tab 8, Page 57. |
| <ul style="list-style-type: none">• 030 – Regional Rescue Service - \$20,000 – For rate mitigation and emergency contingency fund for EOC. Tab 8, Page 61. |
| <ul style="list-style-type: none">• 111 – Electoral Area Planning - \$23,333– For rate mitigation as project work fluctuates from year to year and there is the possibility of legal fees. Tab 8, Page 68. |
| <ul style="list-style-type: none">• 044 – Bylaw Enforcement- \$2,000 -- Set aside surplus related to Bylaw Enforcement for future rate stabilization. Tab 8, Page 64. |
| <ul style="list-style-type: none">• 042 – Crime Prevention - \$29,500 – For future rate stabilization. Tab 8, Page 76. |
| <ul style="list-style-type: none">• 003 – Finance - \$12,000 – For future administrative overhead rate stabilization. In 2018 we are able to lower the overhead rates and still set this amount aside. Tab 8, Page 95. |
| <ul style="list-style-type: none">• 027 – Ridgeview Fire - \$232 – To help pay down/reduce parcel tax in final year. Tab 8, Page 97. |
| <ul style="list-style-type: none">• 051 – Lakeshore Road Improvements - \$22 To help pay down/reduce parcel tax in final year. Tab 8, Page 101. |
| <ul style="list-style-type: none">• 002 – Administration - \$15,000 – For future administrative overhead rate stabilization or building capital. In 2018 we are able to lower the overhead rates and still set this amount aside. Tab 8, Page 121. |
| <ul style="list-style-type: none">• 005 – HR - \$15,000 - For future administrative overhead rate stabilization or capital. In 2018 we are able to lower the overhead rates and still set this amount aside. Tab 8, Page 123. |
| <ul style="list-style-type: none">• 006 – Information Services - \$30,000 – For future administrative overhead rate stabilization or capital. In 2018 we are able to lower the overhead rates and still set this amount aside. Tab 8, Page 125. |
| <ul style="list-style-type: none">• 008 – Electoral Area Westside - \$3,500 – For future rate stabilization. Tab 8, Page 129. |
| <ul style="list-style-type: none">• 085 – Ellison Transit - \$11,003 -- Set aside funds for rate transition for possible service expansion. Tab 8, Page 135. |
| <ul style="list-style-type: none">• 105 – Noise Abatement - \$463 – For rate mitigation. Tab 8, Page 145. |
| <ul style="list-style-type: none">• 115 – Insect Control \$2,600 – For rate mitigation. Tab 8, Page 149. |
| <ul style="list-style-type: none">• 116 – Weed Control \$3,000 – For rate mitigation. Tab 8, Page 151. |
| <ul style="list-style-type: none">• 001 – Board - \$21,000 – For future rate stabilization. Larger surplus than usual. Tab 8, page 155. |