



Agenda No: 6.2
Mtg. Date: Nov 8/12

Governance & Services Committee

TO: Governance & Services Committee
FROM: Marilyn Rilkoﬀ
Director of Finance & Administrative Services
DATE: October 30, 2012
SUBJECT: 2013 – 2017 Financial Plan Request Items for Discussion

RECOMMENDATION:

THAT the update on the 2013-2017 Financial Plan Request Items be received for information.

Purpose: To update the Committee/Board that to date, senior staff has raised the following list of items for consideration in the 2013 - 2017 Financial Plan.

Implications of Recommendation:

Financial: Impact to the 2013 – 2017 Financial Plan

Background:

The RDCO does not calculate budget impacts at this time as the surplus or deficit for each service will affect the tax rate, and this information is not yet known. Changes in annual assessed values can cause tax shifts between participant areas and these values will not be available until the end of December. The following information is provided to the Committee for background purposes in preparation for the February 14th budget meeting. The impacts of these items will be shown at that time.

General Impacts to consider:

Salaries: Collective Agreement increase 1.6% (\$100k).

Utilities: estimate 3 – 5 % increase (\$30k).

General: Staff have been examining service delivery processes in various areas and making changes as necessary.

District of West Kelowna Participation and Withdrawal in/from Various Services:

A report was brought to DWK Council on October 23rd and we are anticipating a letter to the Regional Board imminently to:

- ❖ review terms of DWK's participation in 120 -- Economic Development and 110 -- Regional Planning
- ❖ Initiate discussions aimed at facilitating DWK's withdrawal from 050 --Transportation Demand Management, 116 -- Noxious Weed Control, 115 --Noxious Insect Control, and 102 -- Air Quality Control services.

DWK is requesting consideration prior to the adoption of the 2013 Financial Plan.

Impacts of Service Reviews Approved in 2012 still to be determined:

- ❖ Regional Rescue (in progress)
- ❖ Dog Control (in progress – costs expected to increase in the short term)
- ❖ Fringe Area Planning cost allocation (waiting feedback from member municipalities)
- ❖ Information Systems

Significant Expenditure Items:

Parks:

121 - Ellison Heritage School Centre Capital: Rear Doors & Staircase Railing Replacement \$6,000.

- Lift Upgrade Deferred from 2012 to 2014 \$10,000
- Roof Replacement deferred from 2013 to 2015 \$30,900

126 – Killiney Community Hall Capital: 2012 Carryover \$11,330 for replacement of oil furnace with air source heat pump. Upgrade Library Annex Building \$5,150. Acquire new tables for hall \$2,060.

142 -- Regional Parks:

General Revenue Fund Budget (Revenue / Expenses)

- Approximately \$6.6 million of spending regarding the Regional Parks Land Acquisition plan has been delayed, and 2013 debt costs will be significantly less than the \$2,178,166 that was budgeted in the 2012 financial plan. These funds can be used to directly reduce the amount required to be financed over 5 years. There will be adjustments to debt amounts, reserve funding, and temporary borrowing interest budgeted in the 2012 – 2017 Financial Plan.

General Capital Fund Budget (Revenue / Expenses)

Development Projects: The total for Development Projects is \$541,753, broken down below. Many projects and associated funding will be carried forward from 2012. New projects for 2013 are estimated at \$231,753.

Carryovers from 2012:

- Mission Creek Cottonwoods Bridge Upgrade (Mindy Tran Memorial location) (Carryover from 2012 budget – est. \$120,000)

- Regional Parks Trails To Health Project in partnership with \$200,000 grant funding received from the Province of BC's Community Recreation Fund (est. \$50,000)
- Gellatly Nut Farm Regional Park – Heritage Building Restoration (\$50,000)
- Okanagan Center Regional Park – North Pier Reconstruction – RDCO staff submitted an application to the Government of Canada's Community Infrastructure Improvement Fund program in Q2 of 2012 – funding request of \$150,000 (est. \$30,000)

New Projects for 2013:

- Regional Active Transportation Plan – Regionally Significant Gas Tax Funding (est. \$71,753) Project implementation at (1) Gellatly Nut Farm Regional Park, (2) Kalamoier Regional Park and, (3) Goats Peak Connector Path
- Trepanier Creek Greenway Post 2012 Forest Fire Rehabilitation and Park Asset Replacement (est. \$50,000)
- Mission Creek Picnic Area Landscaping – Leckie Road Entrance (est. \$50,000)
- Mission Creek Regional Park – Springfield Road Playground Landscaping (est. \$10,000)
- Mission Creek Regional Park – Spawning Channel Bear Management Fencing (est. \$10,000)
- Mission Creek Regional Park – Playground Washroom Sanitary Sewer Tank Replacement (est. \$10,000)
- Kaloya Regional Park – Pumphouse Power Supply Upgrade (est. \$20,000)
- Regional Parks Operations Public Works Facility Construction (West Kelowna) (est. \$50,000)
- Strategic Wildfire Prevention Initiative – Park Wildfire Operational Treatments supported by UBCM grant funding (est. \$20,000)

Capital:

- Regional Park Land Acquisition Project carryover from 2012 (5 year debt & reserves) \$6.6 million.

Transfer from Non Government Organizations to Complete Capital Improvement Partnership Projects \$245,000:

- Mission Creek Greenway Grasslands Trail Viewpoint Kiosk (\$60,000) – 2012 carryover
- Mission Creek Greenway Phase 3 (a) Greenway Trail Development (\$150,000)
- Mission Creek Greenway Phases 1 & 2 Interpretation Panel Upgrades (\$20,000) – 2012 carryover
- Gellatly Nut Farm Infrastructure Upgrades (\$15,000) – 2012 carryover

143 -- Westside Parks Capital: Westshore Community Park Phase 2 Soccer Field Goal Area Fencing \$8,000, Westshore Community Park Water System Upgrades \$7,000, Fintry Lake Access Park Upgrades \$5,000.

144 – Eastside Parks Capital: Joe Rich Community Hall – In partnership with a Province of BC \$224,000 Community Recreation Program Grant, Sport Box upgrades will include resurfacing of the sport box and board replacements for 4 season use for a total project value of \$280,000 (\$56,000 RDCO share).

Policing Services

- ❖ 031 – 911: Examining current service delivery model & alternative models.

Environmental Services:

❖ Water Systems:

○ Capital:

- 301 – Killiney Beach: Capital: Roof Replacements (Udell, Hope Creek & Winchester \$15,000, Pumphouse improvements (pumps & motors) \$35,000, Removal of 3 Pressure Reducing Valves and Upgrade of one \$35,000, Udell Reservoir landscaping and Security Fencing \$20,000, Road upgrades to Hope Creek \$5,000, New pumps for Killarney & Udell \$5,000 (from Reserves).
- 303 – Falcon Ridge: Capital Carry forward \$30,000 for completion of well improvements and assessment of creek bank stability by consultant (Grants & Reserves).
- 305 – Sunset Ranch: Capital Carry forward: \$16,000 for well head protection, \$10,450 for reservoir access road improvements, \$10,000 to refurbish well pump and conduct video inspection and cleaning of well (from Reserves).
- 307 – Westshore: Capital Carry forward: \$85,000 for distribution system improvements (2012 works delayed to coincide with Westshore Park Project (Grants & Reserves). New Capital: Replace 1 Pressure Reducing Valve \$30,000, Road upgrades to upper reservoir \$10,000 (from reserves).

- ❖ **Hauling and loading of solid waste at the Westside Residential Waste Disposal and Recycling Centre and hauling of biosolids from the Westside Waste Water Treatment Plant** are currently contracted out. The contracts end in 2012 and options are being explored. A business case will be presented to the Board shortly.

❖ 401 – Westside Sewer System - Treatment Plant:

Operating:

○ 1 FTE addition:

- .5 FTE for plumber / assistant treatment plant operator (to help cover staff vacations, reduce contractor costs and assist in flow monitoring maintenance and odour logger maintenance).
- .5 FTE for meter maintenance / water system plumbing / sewer system plumbing (proportionally split between all water systems and collection systems). Responsible for water meter maintenance, vacation coverage, and reduction of contractor costs.

- .33 FTE (co-op student) for monitoring of waste from wineries, businesses, etc., as well as education of same. The WRWWTP Stakeholder Committee has requested a stronger emphasis on controlling the quality of wastewater discharge from businesses. This will include an educational component.

Capital:

- Engineering to increase outfall capacity \$30,000
- Outlet orifices to existing lake outfall pipe \$35,000

- Landscaping improvements \$50,000
 - Install C3 water filtration system to decrease the need for potable water in the process \$25,000
 - Bioreactor rebuild \$25,000
 - General odour control improvements \$20,000
 - Headwork pumps (TWAS and FPS): \$30,000
 - Equalization tank cover \$100,000
 - Security system / emergency alarm system \$25,000
 - Share cost of tractor with Waste Reduction for hauling Biosolids \$25,000
- ❖ 470 – Westside Sewer System – RDCO Lift Stations / Collector System:
- Capital: Replace Casa Loma pumps \$90,000, Install carbon filter inserts into odorous manholes \$20,000 (from Reserves), carry forward \$35,000 re: East Trunk Upgrade Project from 2012.
- ❖ 091 -- Septage Facility: Regionally Significant Gas Tax Funding has been approved: \$780,000 for upgrades, \$317,969 for centrifuge.
- ❖ 094 -- Solid Waste Management: Permanent reduction in FTEs of 0.45 in 2012. Clerical staff in Environmental Services was reduced from 1.6 to 1.15 (approximate savings \$20,000)
- ❖ 096 -- Recycling: In 3rd quarter of 2012 there has been an unexpected 45% downturn in market prices for recyclable material (paper and cardboard in particular) which has affected revenues. Global demand has weakened and there is oversupply. This is expected to continue into 2013, however, it is currently too early to predict a reasonable average value for 2013. The initial draft of the budget will be calculated on a projected worst case scenario that can hopefully be improved upon as more information is gathered and before the final budget is approved. Revenues could be \$400,000 less in 2013, increasing invoicing to municipalities. In 2011, we received \$375,000 more in revenue from recyclables than expected and in 2010 we received \$260,000 more than expected, which translated into major reductions in the amount member municipalities were actually charged relative to the budget projections. As a result, it was recommended to member municipal staff several times over the last three years to reserve a portion of the amount that went unrequisioned for a time when the market takes another unexpected downturn.

Development Services:

Regional Planning & Electoral Area Planning:

- ❖ 110 -- Regional Planning:
 - No increase to budget anticipated. Regional Growth Strategy Project (including Aggregate Supply and Update) carry forward. Foreshore Structures Bylaw Project carry forward (\$40,000).
 - 2014: Reduction of 1 FTE upon completion of RGS project.
- ❖ 111 -- Electoral Area Planning:
 - Fringe Area Planning formula still needs to be determined. Note: municipalities opting out of Fringe Area Planning would have an impact on other participants. No budget increase expected. Ellison OCP, Rural Westside OCP and JRRLUB

Updates are key projects for 2013. Capital: New vehicle purchase (from reserves \$32,000).

Fire Services:

- ❖ 022 -- Joe Rich VFD: Capital: Carry forward any unspent capital budget from 2012 (\$20,000 for Cisterns, and for invoice timing re: trucks).
- ❖ 023 -- North Westside VFR: 2012 Capital Carryover to 2013: \$30,900 Boathouse (estimate to be revised), \$43,250 Hall Renovation, \$10,000 SCBA, \$19,000 Turnout Gear.
 - Received requests not in 20 year equipment plan: for \$20,000 SPU Trailer, \$15,000 SCBA Air packs.
- ❖ 024 -- Wilson's Landing VFD: Capital: Mini Pumper replacement \$150,000 (from Reserves) to be carried forward from 2012. \$10,000 Forestry Skid unit. For 2013 – 2017 \$10,000 per year for SCBA unit upgrades to meet NFPA and Work Safe BC Guidelines (all from reserves).
- ❖ 030 -- Regional Rescue: Capital: 8 EOC laptops require replacement (\$16 - \$20k). Awaiting outcome of Service Review Study to determine budget effects.

Inspections:

- ❖ 044 -- Building Inspection & General Bylaw Enforcement: Service levels have been reduced since 2012 budget. Changes to budget will be made in accordance with the Building Inspection Report being presented.
- ❖ 046 -- Dog Control: Implementation plan related to dog control service review in progress. Capital: Telecommunications equipment \$13,000. Dog Pound Entrance Improvements \$8,000. Online License Applications \$15,000 already in previous Financial Plan for 2013. Carryover of \$20,000 for Kennel Irrigation from 2012 to 2013 for Kennel improvements. Don't anticipate revenue and tax requisition offsets until program changes are fully implemented.

Corporate Services:

- ❖ 083 -- Westside Transit: Peachland withdrawing from service April 2013. Service cost will be invoiced to Peachland up to that date.
- ❖ 084 -- Westside HandiDart: WFN have assumed this service.
- ❖ 085 -- Ellison Transit Services: Need to review service levels currently offered.

Board:

- ❖ 118 -- Starling Control: The bylaw providing funding of \$25,000 annually expires December 31, 2012. A presentation from the BC Grapegrowers Association will be made to the Board to determine if funding should continue.

Overhead Budgets (Administration & Engineering):

- ❖ 006 -- Information Systems:
 - Operating 2013: District of Lake Country continued participation in Regional GIS is uncertain.
 - Revisions to Capital 4 year Technology refresh cycle funded through reserves:
 - 2013 Server Refresh \$119,000 delayed to 2014.
 - 2013: Phone System Hardware refresh \$15,000
 - 2014: Phone System Hardware refresh \$15,000

- ❖ 002 -- Administration:
 - Capital: New building card access & alarm system estimated \$15,000 (old system is obsolete). Carpets continue to require replacement as soon as possible, pending decisions re: use of building (\$230,000 is in 2014 budget, but this should be done as soon as possible).

- ❖ 003 -- Finance:
 - Carry over 2012 Capital: Webserver \$25,000 and Intranet Server \$15,000, Synergize software \$15,000 and \$20,000 Budgeting Software (from reserves)
 - 2013: Vadim software upgrade \$26,000 & Server & Network Infrastructure \$91,000 (in previous 5 year plan, from reserves).

- ❖ 004 -- Engineering Services: (allocated only to Public Works, Water & Sewer). Recovery on capital project administration will be reduced. Large surplus being carried forward from 2012 (re: Capital project admin OH recovery).

Summary of Staffing Gaps / Changes Identified:

Potential new staff requirements:

- Environmental Services – WWTP Collection Systems & Water Systems (1 FTE):
 - .5 FTE for plumber / assistant treatment plant operator (to help cover staff vacations, reduce contractor costs and assist in flow monitoring maintenance and odor logger maintenance.
 - .5 FTE for meter maintenance / water system plumbing / sewer system plumbing (proportionally split between all water systems and collection systems). Responsible for water meter maintenance, vacation coverage, and reduction of contractor costs.
- Environmental Services – WWTP Collection Systems (.33 FTE co-op student) for monitoring of waste from wineries, businesses, etc., as well as education of same. The WRWWTP Stakeholder Committee has requested a stronger emphasis on controlling the quality of wastewater discharge from businesses. This will include an educational component.

Staff Reductions:

- Solid Waste Management Clerical Staff (.45 FTE)

Board Items?

Are there any other items the Board would like to include?

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. The entire draft budget and impacts will be calculated between now and February 14th.

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 2012 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: .0028 / \$1000 of assessment or \$1.39 on a \$490,000 home.

\$500,000 increase: .0141 / \$1000 of assessment or \$6.93 on a \$490,000 home.

\$1,000,000 increase: .0283 / \$1000 of assessment or \$13.86 on \$490,000 home.

Regional Hospital District:

- ❖ IHA budget requests not yet received.
- ❖ New Minor Equipment: Expecting \$900,000 based on typical annual requests.

Conclusion:

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

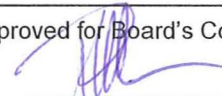
Submitted by:


M. Rilko
Director of Finance & Administrative Services

Considerations not applicable to this report:

Strategic Plan:
General:
Organizational:
Policy:

Approved for Board's Consideration



Paul Macklem, CAO