



GOVERNANCE & SERVICES COMMITTEE

TO: Board Directors, Department Heads and Managers
FROM: Marilyn Rilkoﬀ, Director of Financial Services
DATE: February 19, 2015
SUBJECT: Draft 2014 Budgets and Draft 5 Year Plans

Enclosed you will find a draft budget and 5 year plan package. This information is for discussion purposes on February 25th at the Governance and Services meeting.

Summary Draft General Tax Change Comparisons for an average home from 2014 to 2015 (dependent on service participation and assessment shifts) (Tab7 – Pages 4 - 9):

City of Kelowna	Decrease	(-\$3.57)	-2.29%
Peachland	Decrease	(-\$2.18)	-1.17%
Lake Country	Decrease	(-\$4.09)	-2.25%
West Kelowna	Decrease	(-\$4.04)	-2.34%
C.O. West	Increase	+\$1.78	0.30%
C.O. East	Increase	+\$24.20	4.53%

Note: The Budget does not yet reflect any municipal participation in Fringe Area Planning.

To see which individual budgets have affected your tax rate the most, view the Requisition pages for your area – Tab7 – Pages 11 – 17. To delve further, there are page numbers for Tab 8, where the individual service budgets reside, and you can go there, and check to see why the requisition when up or down for that service.

Tab 7 is likely the section Board Members will be most interested in, and is the best starting place if you are already familiar with the Regional District’s services.

The other sections in your budget binder:

RDCO:

- **Tab 4:** Strategic Plan and one page summary including 2015 High Level Initiatives (snapshot of the priorities, goals, initiatives and relationships).
- **Tab 5:** Department Plans with 2015 Initiatives that tie in to Strategic Plan

- Tab 8: Budget Sheets
 - ❖ Includes some “tips” on information included in this section at the end of the table of contents.
 - ❖ 2013 Budget vs. 2014 Budget Comparisons for each program. Budget notes are included at the bottom of each sheet to explain larger increases and decreases.
 - ❖ 2014 to 2018 Financial plan highlighting capital plans and reserve contributions and balances. Budget notes are included at the bottom of each sheet to explain larger increases and decreases.
- Tab 11: Program Plans for your reference if you need information about a service.

• **RHD (Tab 15): Hospital Budget.**

Regional Hospital Budget: 1.76% Increase - \$3.01 per average home. Total CORHD taxes \$173.89. See the detailed memo in your Agenda package.

**Background Information Reminder: BC Assessment Values–
Assessment Changes have effects on taxes:**

Assessed Values (Tab 7, page 2):

The BC Assessment Authority has provided information that shows that the average home within the RDCO that was assessed at \$474,000 in 2014 has increased by an average of 3.11% in market value, to \$489,000.

- ❖ However, each municipality’s and Electoral Area’s market change rate within the RDCO varied. See Tab 7, Page 2.

If a home increased or decreased by more than the average, the owner will pay more or less than the numbers estimated.

Home owners in the Central Okanagan will see changes due to market value in the range of -3.52% (CO West) up to +10% According to BCAA.

Concept 1: Tax Shifts due to Market Changes only between participant areas (see Tab 7, Page 2): Example: As a result of the percentage of market decrease in Central Okanagan West (-3.52%), some of the requisition was shifted to Central Okanagan East (whose market increase was 1.69) for shared Electoral Area services. The larger drop was again likely because of the recreational nature of the properties, and vacant land, which sellers are less inclined to hold on to during tougher economic times.

As an example, there is a shift of existing taxes causing a tax increase to one area, and decrease to the other. Let's say there is a service that only the 2 electoral areas participate in. The total requisition last year was \$1000, and remains the same this year.

	C.O. West	C.O. East
2014 Assessed Value	\$474,000	\$474,000
Requisition Split for \$1,000	\$500	\$500
2015 BCAA Market Value Reduction	-3.52%	+1.69%
2015 Assessed Value	\$457,000	\$482,000
Requisition Split for same \$1,000	\$487	\$513
Change	(-\$13)	+\$13

The same theory applies when municipalities have different market change rates, and participate in shared regional services.

Concept 2: Total Share of Assessments - Percentage Change In Assessments, by Area – Including Market Change AND Growth: This has caused some requisition shifts between shared services (typically regional services) as follows:

	2014	2015	Change
City of Kelowna	70.788%	70.796%	0.008%
Peachland	2.803%	2.838%	0.035%
Lake Country	6.413%	6.421%	0.008%
West Kelowna	15.942%	16.107%	0.165%
EA West	2.217%	2.021%	-0.196%
EA East	1.836%	1.817%	-0.019%
Total	100%	100%	

West Kelowna also had an anomaly because an adjustment was made to their values part way through the year.

Now, to go through the budget in more detail, another memo will be provided in your agenda package with the highlighted budget changes.

Respectfully Submitted,

Marilyn Rilkoff
Director of Financial Services

