City of Kelowna

MEMORANDUM

DATE: March 7, 2007
FILE: 0113-01

TO: City Manager

FROM: Boundary Extension Review Team

RE: Westside Governance – Financial Impact Analysis on Kelowna Taxpayers

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RECOMMENDATION:

THAT Council receive the attached report from Robert Prosser & Associates Inc. regarding the financial impact on Kelowna taxpayers of an amalgamated Kelowna and Westside Governance Study Area;

AND THAT Council accept the report's findings as confirmation that a boundary extension will not adversely impact Kelowna taxpayers.

BACKGROUND:

In early February 2007, Bob Prosser was engaged to complete a due diligence review of the financial implications of a City of Kelowna boundary extension to include the Westside Governance Study Area relative to the Provincial Offer of Restructure Assistance. Mr. Prosser's analysis incorporated a parallel process to that undertaken by the Westside Governance Committee (WGC) consultants in building a financial model for revenue and expenditure projections. The data and findings were then compared to the WGC consultants' work to verify consistency and completeness in the assessment of impacts and conclusion.

In summary, the findings are highlighted by the following:

- Boundary extension should have little to no financial impact on Kelowna taxpayers.

- Provincial restructuring assistance and phasing in tax increases on the Westside will provide substantial funding to establish uniformity in service levels and build reserves.

- Substantial differences exist in per capita spending at the program level.

- Major initiatives and capital commitments are either underway or planned for the Westside. The related costs have been accounted for in the financial impact assessment.

On January 22, 2007 and further revised on March 5, 2007, believing one government to be in the best long term interest of the region, Kelowna City Council gave support in principle to an extension of the City's boundaries to include Westside, if Westside residents choose to join the City. This resolution was subject to:

- confirmation that a boundary extension will not adversely impact Kelowna taxpayers;
- the results of a consultation process with Kelowna citizens.

The above recommendation removes the first “subject to” clause and activates the full communications plan component in preparation for Council review of the public consultation results at a special meeting on April 10, 2007.

Additional detail and an update on the communications plan will be presented at the Monday, March 12, 2007 Council meeting.

We would like to acknowledge the efforts of Mr. Prosser in completing his very thorough analysis within an excessively demanding timeline given the challenges in accessing data and key contacts essential to development of his conclusions.

Paul Macklem
Director of Financial Services
On behalf of the Boundary Extension Review Team:

Rick Baker, Director of Corporate Development
David Shipclark, Director of Corporate Services
John Vos, Director of Works & Utilities
Karen Cairns, Communications Manager

Robert Prosser &

WESTSIDE GOVERNANCE
Amalgamation with City of Kelowna

Our analysis indicates that boundary extension would have little to no financial impact on existing Kelowna taxpayers.

March 2007

Report Highlights

Westside amalgamation with City of Kelowna

The financial impact on Kelowna taxpayers would be minimal

Purpose of the Analysis

The overall objective of this analysis was to determine the estimated financial impact of the amalgamation option on Kelowna taxpayers.

What We Concluded

- Boundary extension should have little to no financial impact on Kelowna taxpayers.
- Provincial restructuring assistance and phasing in tax increases on the Westside will provide substantial funding to establish uniformity in service levels and build reserves.
- Substantial differences exist in per capita spending at the program level.
- Major initiatives and capital commitments are either underway or planned for the Westside. The related costs have been accounted for in our financial impact assessment.

What We Found

The impact of boundary extension on a single family home with an assessed property valued of $309,000 would be $14. The impact on the “average” single family home in Kelowna (i.e. a home with an assessed property value of $348,000) would be $16.

The RDCO treats any prior year surplus as a revenue source for the applicable program(s) in the following year. This can result in year-to-year fluctuations in tax rates at the program level. This policy, if applied under boundary extension, would result in no tax increase on a single family home in Kelowna.

The provincial restructuring assistance, the Community Works Fund, implementation of natural gas franchise fees on the Westside, and phase-in of tax increases in the Westside Governance Study Area (WGSA) would generate approximately $29.2 million in additional revenue. This additional revenue, or a portion of it, could be used to establish service level uniformity and build WGSA reserves.

The $14 increase in property taxes takes into account major initiatives and capital commitments on the Westside, including additional full-time fire fighters and debt payments related to a new Fire Hall, Mt. Boucherie Multiplex Arena expansion, a new RCMP building, and purchase of the Westbank Elementary School site.

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Chapter 1 – Introduction and Background

Background

We were engaged by the City of Kelowna to examine the financial implications on Kelowna taxpayers, of a boundary extension encompassing the defined Westside Governance Study Area (WGSA).

Study Scope & Objectives

The primary objective of this engagement was to provide reasonable assurance to City Council that boundary extension will not have an adverse financial impact on existing City of Kelowna taxpayers.

Methodology

The examination included:

- A review of all relevant Fact Sheets prepared by consultants engaged by the Westside Governance Committee;
- Identification of relevant transfer services and related costs through a comprehensive review of Financial Plans and financial statements for both the City of Kelowna and the Regional District of Central Okanagan.
- Detailed analysis of supporting documents (e.g. spreadsheets) to conclude on the reasonableness of financial figures presented in the Fact Sheets and the key assumptions underlying revenue and expenditure projections;
- Frequent consultation with relevant parties for clarification on relevant matters;
- Development of a computerized sensitivity model to facilitate analysis of the financial implications of amalgamation;
- Development of a phase-in plan to moderate expected tax increases, achieve uniformity in tax rates and service levels, and strengthen capital reserves.

Key assumptions

We used the following assumptions in our analysis:

- All services transferred to the City would be funded on a municipal-wide basis with the exception of water supply, treatment and distribution; and sewage collection and treatment.
- The special tax rate that exists in the City of Kelowna for farm residences and improvements would not apply to Westside farms that enter the City.
- Tax increases resulting from a change in governance would be phased in over a period not shorter than five years and not longer than ten years.

- The Province would continue to police the Westside area with the RCMP Provincial Force until December 2012. The Province estimates the value of this assistance at approximately $12.5 million.
- The Ministry of Transportation would continue to provide road maintenance services, at current levels, until December 2012. The Province estimates the value of this assistance at approximately $4.8 million.
- Services to be transferred include those outlined in the "Key Assumptions" table on the Westside Governance Website.
- For comparative purposes in our analysis, we used $309,000 as the taxable value for a single family dwelling – i.e. the same value used in the Westside Governance Committee Fact Sheets.

Acknowledgements

We want to extend a special thanks to those who accommodated our requests for information, documentation and clarification. Their assistance was critical to gaining an understanding of services and related costs and tax requisitions that would transfer under boundary extension. In particular, we want to thank:

- Mr. Peter Adams, Semmens and Adams; Mr. Allan Neilson-Welch, Neilson-Welch Consulting; and Ms. Catherine Tait, Catherine Tait Consulting – Consultants for the Westside Governance Committee;
- Mr. Paul Macklem, Director of Financial Services, City of Kelowna;
- Mr. John Vos, Director of Works & Utilities, City of Kelowna;
- Mr. Keith Grayston, Financial Planning Manager, City of Kelowna; and
- Mr. Harold Reay, Director of Finance, RDCO.

Chapter 2 – The Financial Impact on Kelowna Taxpayers will be Minimal

We verified the accuracy of financial impact estimates published in the Westside Governance Committee's Fact Sheets.

We verified the accuracy of the 2005 estimates published in the Fact Sheets posted on the Westside Governance Committee website.

We used Financial Plans, financial statements, supporting documents, and spreadsheets received from the City and the RDCO to calculate the financial impact of boundary extension in 2006 dollars. Our results are consistent with the 2006 figures published by the Westside Governance Committee.

The impact of boundary extension on Kelowna residents would be approximately $14, based on a home with a taxable value of $309,000.

Using the "revised adopted 2006 budget" figures from the City's 2007 Financial Plan and the "2006 property class multiples", and assuming debt payments on the new Mission Aquatic Centre commence in 2008, we estimate the general municipal tax levy on a residential property valued at $309,000[1] for tax purposes (including land and improvements) would be $1,323. This will increase to $1,338 in 2009 to reflect the full impact of debt repayment on the Mission Aquatic Centre.

Once uniform tax rates take effect in 2013 and the expanded City takes over full responsibility for all WGSA services (including policing, roads and storm water management), the same property would have a municipal tax levy of $1,352 – i.e. an increase of $14. The average single family home in Kelowna (i.e. assessed value of $348,000) would see a tax increase of $16.

We estimate the general municipal tax levy on a property in the Business/Other class valued at $650,000 would be $7,392 in 2013 – i.e. an increase of $75 due to boundary extension.

The RDCO includes prior year surpluses as a revenue source in subsequent years, resulting in year-to-year fluctuations in tax rates at the program level. The surpluses are credited to the specific programs where they originated.

> It is our understanding that the City of Kelowna allocates any year-end surpluses to either operating or capital reserves – i.e. the City does not treat prior year surpluses as a defined revenue source for the applicable programs in the subsequent year. For this reason, we did not include prior year surpluses in our financial impact analysis. Had we done so, the results would have shown no financial impact of boundary extension on Kelowna taxpayers when the City assumes responsibility for all services in 2013.

[1] This is the assessed value used by the Westside Governance Committee in their financial impact assessment.

Table 1: Tax Impact of Boundary Extension on Kelowna Residential Property (assessed value of $309,000)

	2008	2009	2010	2011	2012	2013
Tax Rate	**$4.2804**	**$4.3299**	**$4.3299**	**$4.3299**	**$4.3299**	**$4.3739**
ASSESSED VALUE	$309,000	$309,000	$309,000	$309,000	$309,000	$309,000
Municipal						
General Tax Levy[2]	$1,323	$1,338	$1,338	$1,338	$1,338	$1,352[3]
School						
General Tax Levy	$818	$818	$818	$818	$818	$818
Homeowner Grant	-$570	-$570	-$570	-$570	-$570	-$570
Other Taxing Jurisdictions						
Regional District Levy - includes Sterile Insect Levy	$127	$127	$127	$127	$127	$127
Hospital Tax Levy	$107	$107	$107	$107	$107	$107
BC Assessment	$25	$25	$25	$25	$25	$25
Total Tax Levy	**$1,830**	**$1,845**	**$1,845**	**$1,845**	**$1,845**	**$1,859**

Table 2: Tax Impact of Boundary Extension on Kelowna Residential Property (assessed value of $348,000)

	2008	2009	2010	2011	2012	2013
Tax Rate	**$4.2804**	**$4.3299**	**$4.3299**	**$4.3299**	**$4.3299**	**$4.3739**
ASSESSED VALUE	$348,000	$348,000	$348,000	$348,000	$348,000	$348,000
Municipal						
General Tax Levy	$1,490	$1,506	$1,506	$1,506	$1,506	$1,522
School						
General Tax Levy	$921	$921	$921	$921	$921	$921
Homeowner Grant	-$570	-$570	-$570	-$570	-$570	-$570
Other Taxing Jurisdictions						
Regional District Levy - includes Sterile Insect Levy	$144	$144	$144	$144	$144	$144
Hospital Tax Levy	$121	$121	$121	$121	$121	$121
BC Assessment	$28	$28	$28	$28	$28	$28
Total Tax Levy	**$2,133**	**$2,150**	**$2,150**	**$2,150**	**$2,150**	**$2,166**

[2] Includes annual debt payments on the Mission Aquatic Centre of $1.876 million in 2008 and $2.761 million in subsequent years.
[3] Increase over 2012 reflects transfer of full responsibility for policing, roads and storm water management.

Table 3: Tax Impact of Boundary Extension on Kelowna Business

	2008	2009	2010	2011	2012	2013
ASSESSED VALUE (Land - $200,000; Improvements - $450,000)	$650,000	$650,000	$650,000	$650,000	$650,000	$650,000
General Tax Levy Rate	**$11.1286**	**$11.2573**	**$11.2573**	**$11.2573**	**$11.2573**	**$11.3717**
Municipal						
General Tax Levy	$7,234	$7,317	$7,317	$7,317	$7,317	$7,392
School						
General Tax Levy	$1,720	$1,720	$1,720	$1,720	$1,720	$1,720
Other Taxing Jurisdictions						
Regional District Levy - includes Sterile Insect Levy	$633	$633	$633	$633	$633	$633
Hospital Tax Levy	$552	$552	$552	$552	$552	$552
BC Assessment	$172	$172	$172	$172	$172	$172
Total Tax Levy	**$10,311**	**$10,394**	**$10,394**	**$10,394**	**$10,394**	**$10,469**

A five-year phase-in period would reduce the impact of boundary extension on WGSA taxpayers.

WGSA transfer costs (excluding police, roads and storm water management) estimated at $12.5 million equate to a residential tax rate of 3.7871. When all transfer costs are accounted for in 2013 (including policing, roads and storm water management), the effective uniform residential tax rate will be 4.3739 (in 2006 dollars). Graduated increases commencing in 2009 and continuing to 2013, would reduce the impact of boundary extension on WGSA taxpayers.

Table 4: Phase-In Tax Impact on WGSA Residential Property

	2008	2009	2010	2011	2012	2013
ASSESSED VALUE	$309,000	$309,000	$309,000	$309,000	$309,000	$309,000
General Tax Levy Rate	**$3.7871**	**$3.8978**	**$4.0117**	**$4.1290**	**$4.2497**	**$4.3739**
Municipal						
General Tax Levy	$1,170	$1,204	$1,240	$1,276	$1,313	$1,352
School						
General Tax Levy	$818	$818	$818	$818	$818	$818
Homeowner Grant	-$570	-$570	-$570	-$570	-$570	-$570

	2008	2009	2010	2011	2012	2013
Other Taxing Jurisidictions						
Regional District Levy - includes Sterile Insect Levy	$127	$127	$127	$127	$127	$127
Hospital Tax Levy	$107	$107	$107	$107	$107	$107
BC Assessment	$25	$25	$25	$25	$25	$25
Total Tax Levy	**$1,678**	**$1,712**	**$1,747**	**$1,783**	**$1,821**	**$1,859**

The Province has agreed to provide substantial restructuring assistance to the City.

The Province has agreed to provide financial assistance to facilitate boundary extension. This assistance includes:

- Annual restructure assistance per capita grants totalling $7.125 million ($1.425 million per year over a five year period);
- A one-time payment based on 50% the Province's 2007 revenues from the Westside area under the Taxation (Rural Area) Act, estimated at $1.55 million.
- A one-time grant estimated at $100,000 to cover the cost of both the restructure vote on the Westside area, and the first election of councillors from the Westside area to City Council.
- A one-time grant estimated at $100,000 to support the transition of administration for the newly restructured municipality.
- A grant of $300,000 spread out over 3 years, to enable the Council to develop and implement its comprehensive planning priorities for the restructured municipality.

We have accounted for the financial assistance outlined above, in our financial impact assessment.

Although not included in our financial impact assessment, we note that when dissolution of the two improvement districts on the Westside (i.e. Westbank Irrigation District and Lakeview Irrigation District) takes place within five years, the Province will provide a $20,000 grant to assist with the administrative costs of the service transfer.

The Provincial assistance will help to establish service level uniformity and build reserves.

During the 5-year transition period, the provincial transition assistance, the Community Works Fund, implementation of natural gas franchise fees, and phase-in of the WGSA tax rate increases will generate approximately $29.2 million in additional revenue that could be used to establish service level uniformity and build WGSA reserves.

The following table shows how we arrived at this estimate.

Table 5: Five-Year Financial Projections

	2008	2009	2010	2011	2012	Total
Provincial Rural Tax (50% of 2007 Revenues)	$1,550,000					$1,550,000
Municipal Restructure Assistance	$1,425,000	$1,425,000	$1,425,000	$1,425,000	$1,425,000	$7,125,000
Grant - Restructure Vote and First Election	$100,000					$100,000
Grant - Support transition of administration	$100,000					$100,000
Grant - To develop and implement planning priorities	$100,000	$100,000	$100,000			$300,000
Grant - For additional pre-defined transitional items	$100,000					$100,000
Total Transition Support	**$3,375,000**	**$1,525,000**	**$1,525,000**	**$1,425,000**	**$1,425,000**	**$9,275,000**
WGSA Tax Requisition	$15,778,187	$16,150,818	$16,534,909	$16,930,646	$17,338,367	$82,732,928
City of Kelowna Tax Requisition	$76,535,662	$77,420,662	$77,420,662	$77,420,662	$77,420,662	$386,218,310
Combined Tax Requisition in 2013						$0
Natural Gas Franchise Fee	$350,000	$350,000	$350,000	$350,000	$350,000	$1,750,000
Community Works Fund	$325,000	$400,000	$800,000			$1,525,000
Total Tax Requisition & Other Revenue	**$92,988,849**	**$94,321,480**	**$95,105,571**	**$94,701,308**	**$95,109,029**	**$472,226,238**
Total Revenue	**$96,363,849**	**$95,846,480**	**$96,630,571**	**$96,126,308**	**$96,534,029**	**$481,501,238**
Combined Operating Expenses	$89,071,311	$89,956,311	$89,956,311	$89,956,311	$89,956,311	$448,896,555
Police Services (new annual charge for five years)	$690,000	$690,000	$690,000	$690,000	$690,000	$3,450,000
Net Operating Expenses	**$89,761,311**	**$90,646,311**	**$90,646,311**	**$90,646,311**	**$90,646,311**	**$452,346,555**
Funds Available to Standardize Service Levels and Build WGSA Reserves	**$6,602,538**	**$5,200,169**	**$5,984,260**	**$5,479,997**	**$5,887,718**	**$29,154,683**

The Province will continue to provide policing on the Westside, through the RCMP Provincial Force, during the 5-year transition period.

Effective this year, the RDCO will be responsible for paying a portion of policing costs to the Province for policing services on the Westside. The Westside Governance Committee has estimated this cost to be $690,000. We have accounted for this cost in our financial impact assessment.

For the full five-year transition period, the Province has agreed to continue providing police services on the Westside, through the RCMP Provincial Force. The City would not have to take over responsibility until December 2012. After the transition period, the City would be responsible for 90% of the cost of police services for the Westside. Provincial government policy requires municipalities with populations greater than 15,000, to pay 90% of police services costs. Our financial impact assessment includes $3.5 million in policing costs starting in 2013.

The Province will continue to provide road maintenance services during the 5-year transition period.

The Ministry of Transportation has agreed to continue providing road maintenance through a private contractor, at current service levels, during the 5-year transition period.

The opportunity is also there for the City to take over this responsibility during the transition period. In this case, the Ministry of Transportation would provide a cash settlement based on the current annual maintenance cost. The Ministry of Transportation estimates this cost to be approximately $960,000.

For the purpose of our financial impact assessment, we have assumed that the City would not take over responsibility for road maintenance until December 2012. At that time, the cost to provide road maintenance is estimated to be $2.547 million (in 2006 dollars) – i.e. $1.397 million for Operations, Management & Planning and $1.15 million for Road Overlays and contribution to growth-related roads. This includes service level enhancements. We have accounted for this cost in our financial impact analysis, in 2013.

There is currently no RDCO or MOT budget for Storm Water Management.

Neither the RDCO nor the Ministry of Transportation (through road maintenance) have designated budgets for storm water management. The City currently spends approximately $2.373 million of tax dollars annually on storm water management (includes both operating and capital).

The Westside Governance Committee consultants included an initial allowance of $100,000 for storm water management in the WGSA in their financial projections.

It is our understanding that the lower level of spending on storm sewers is appropriate due to the fact that only a relatively small proportion of Westside roads have curb, gutter and a storm sewer system. The drainage system on most of the roads in Westside is consistent with MOT's rural standard – i.e. open ditches. These ditches are currently maintained by the Ministry of Transportation.

Per the Westside Governance Committee consultants, the situation will change as roads are upgraded. However, there will not likely be much change in the first 10 years after amalgamation because upgrading of roads and sewers will be financed through development levies as development continues on the Westside.

We used the Westside Governance Committee estimate of $100,000 in our financial impact assessment.

The WGSA does not have substantial reserves to transfer over to the City.

Per the December 31, 2006 un-audited financial statements, the RDCO has approximately $2.3 million in reserves related to programs that would transfer, in whole or in part, under boundary extension. The most significant ones relate to:

- Fire: $586,000 ($20.56 per capita)
- Transit: $100,000 ($3.51 per capita)
- Parks: $541,000 ($18.98 per capita)
- Recreation Facilities & Programs: $862,000 ($30.25 per capita)
- Building Inspection: $102,000 ($3.58 per capita)

The RDCO also had approximately $570,000 in Administrative reserves at December 31, 2006.

The specific amounts to be transferred under boundary expansion will depend on the status of the reserves at the time of incorporation and will have to be established through consultation and negotiation with the RDCO.

RDCO has outstanding debt obligations that would transfer under boundary extension.

The RDCO's 2006 Financial Plan included provision for substantial debt payments funded through tax requisitions.

- Fire: The 2006 budget for annual debt payment was $183,927. This will increase to $630,534 in 2008.
- Mt. Boucherie & Jim Lind Multiplex Arenas: The 2006 budget for annual debt payment was $247,574. This will increase to $559,574 in 2007 and then drop back to $247,574 in 2012.
- Parks: The 2006 budget for annual debt payment was $299,469. This is expected to increase to $487,368 in 2007 and then drop back to $212,349 in 2008 when debt on Gellatly Nut Farm ends.
- Land and Property Management: The 2006 budget for annual debt payment was $208,522. This is expected to drop back to $150,552 in 2007. This debt relates to the purchase of land for future civic purposes.

We have accounted for debt payments in our financial impact analysis.

Chapter 3 – Substantial Differences Exist in Per Capita Spending at the Program Level

The per capita transfer cost for Fire Protection services is substantially higher than the City's per capita cost.

As noted elsewhere in this report, the Westside Fire Department has recently increased the number of full-time fire fighters and is planning construction of a new Main Fire Hall. Transfer costs associated with fire protection services are estimated at $3.4 million. This cost takes into account the additional staffing and debt payments for a new Fire Hall.

The per capita transfer cost is $117.97. The City of Kelowna's 2006 tax requisition investment in fire protection services was equivalent to $85.30 per capita.

The per capita transfer cost for Police services is marginally higher than the City's per capita cost.

Transfer costs associated with Police services are estimated at $3.4 million. This cost is net of anticipated fine revenues, and is equivalent to $120.21 per capita.

For comparative purposes, the City of Kelowna's 2006 tax requisition investment in Police services (net of fine revenues) was equivalent to $117.93 per capita.

The per capita transfer cost for Transit Services is substantially higher than the City's per capita cost.

Transfer costs associated with Transit services are estimated at $1.2 million (Conventional Transit - $1.022 million; Custom Transit - $0.159). This is equivalent to $41.46 per capita.

For comparative purposes, the City of Kelowna's 2006 tax requisition investment in Transit services (net of revenues) was $18.53 per capita.

The per capita cost estimate for road maintenance is substantially lower than the City's per capita cost.

The estimated cost of providing road maintenance in the WGSA is $2,547,000. This is equivalent to $89.37 per capita and includes provision to increase service levels to that currently in place in the City of Kelowna.

For comparative purposes, the City of Kelowna's 2006 tax requisition investment in transportation services was equivalent to $145.86 per capita. This amount also includes taxpayer support on growth-related projects that are primarily funded though Development Cost Charges. Per the Westside Governance Committee consultants, annual expenditures are higher in the City in part because of the much greater volume of traffic and the need to provide traffic management infrastructure (e.g. operation and installation of traffic signals, bike lanes, etc.).

The per capita cost estimate for recreation, parks & culture is substantially lower than the City's per capita cost.

Transfer costs associated with recreation, parks and culture services are estimated at $4.3 million. This is equivalent to $151.09 per capita.

For comparative purposes, the City of Kelowna's 2006 tax requisition investment in recreation, parks and culture was equivalent to $207.41 per capita. The higher level of taxation in Kelowna is explained, in part, by cultural facilities that are not currently provided by the RDCO on the Westside – e.g. Prospera Place, Kelowna Community Theatre, and Rotary Centre for the Arts.

The RDCO completed a Westside Parks & Recreation Master Plan in December 2000. The RDCO has been addressing, and continues to address, park deficiencies identified in the Plan. If boundary extension proceeds, additional work will be required to conclude on the status of parks on the Westside and future policy direction with regard to related standards.

Chapter 4 – Major Initiatives and Capital Commitments are Underway

New initiatives include additional full-time fire fighters, a new Fire Hall, and a new Ladder Truck.

The Westside Fire Protection District became part of the Regional District Effective January 1, 2006.

Major initiatives either underway or planned for the near future include:

- Construction of a new Fire Hall in 2008 at an estimated cost of $4.5 million. Per the RDCO 2006 Financial Plan, $4.2 million will be financed over a 20-year term. Debt repayment through general revenues is estimated at $393,043 per year. The new Fire Hall will replace the existing Main Fire Hall located on Old Okanagan Highway.
- Purchase of a rear mount 100 ft. platform Ladder Truck in 2007 at an estimate cost of $1.2 million. Per the RDCO 2006 Financial Plan, $715,000 will be financed over a 15-year term. Debt repayment through general revenues is estimated at $78,608 per year.
- $300,000 annual contributions to a capital reserve to fund future replacement of Apparatus. The reserve balance at December 31, 2006 was $586,445.
- Recruitment of additional full-time fire fighters. The Westside Fire Department added 9 full-time fire fighter positions in 2006, bringing the total number up to 16. Plans are underway to recruit an additional 8 full-time fire fighters in 2007, bringing the total to 24.

We have accounted for the incremental costs associated with these initiatives in our financial impact assessment.

Expansion of Mt. Boucherie Multiplex Arena

Phase II involves construction of a 1,520 seat multiplex arena (Royal LePage Place) at an estimated cost of $11 million. The new arena is expected to open in 2007. Annual debt payments of $559,574 have been included in our financial impact assessment.

Per the RDCO website, the Board has approved-in-principle, the Mount Boucherie Community Recreation Centre Phase III concept plan. Estimates dating back to late 2004, put construction costs of Phase III expansion in the $5.0 million to $8.0 million range. Programming requirements identified at that time included fitness area, wellness centre, teaching kitchen/food services court, multi-purpose rooms/studios, and multi-purpose gymnasium/hall. This project has not been included in the RDCO's 2006-2010 Five Year Program Budget Projects; nor have we accounted for it in our financial impact assessment.

New building for RCMP	Plans are underway to construct a new RCMP detachment building in the WGSA. The Region intends to borrow up to $8.26 million for this project. If Westside amalgamates with the City, most of the debt repayment, operating and maintenance costs associated with this facility will rest with the expanded City. We have accounted for these costs in our financial impact assessment.
Mission Aquatic Centre	Plans are underway to construct a new Aquatic Centre as a key component of Mission Recreation Park. The City anticipates having to borrow $29.5 million for this project, over a 20 year period. Annual debt repayment is estimated at $2.761 million ($1.876 million in 2008). We have accounted for these costs in our financial impact assessment.
Westbank Elementary School Site	The RDCO 2006 Financial Plan included provision to purchase the former Westbank Elementary School Site as a community/neighbourhood park, for $1.579 million. The purchase is to be financed through borrowing. We have accounted for the associated debt repayment in our financial impact assessment.