

Regional District of Okanagan-Similkameen

SCHEDULE OF MEETINGS

THURSDAY, MAY 5, 2016

RDOS BOARDROOM

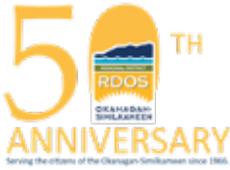
9:30 am	-	11:30 am	Penticton Regional Hospital Tour
12:00 noon	-	12:30 pm	Lunch
12:30 pm	-	3:00 p.m.	RDOS Board

"Mark Pendergraft"

Mark Pendergraft
RDOS Board Chair

Advance Notice of Meetings:

May 19	RDOS/OSRHD Board/Committee Meetings
June 2	RDOS Board/Committee Meetings
June 16	RDOS/OSRHD Board/Committee Meetings
July 7	RDOS Board/Committee Meetings
July 21	RDOS/OSRHD Board/Committee Meetings
August 4	RDOS Board/Committee Meetings



REGIONAL DISTRICT OF OKANAGAN-SIMILKAMEEN

BOARD of DIRECTORS MEETING

Thursday, May 5, 2016

12:30 pm

REGULAR AGENDA

A. APPROVAL OF AGENDA

RECOMMENDATION 1 (Unweighted Corporate Vote – Simple Majority)

THAT the Agenda for the RDOS Board Meeting of May 5, 2016 be adopted.

1. Consent Agenda – Development Services

a. DVP Application, M. & S. Greig, 13829 81st Street, Electoral Area “A”

i. Permit

THAT the Board of Directors approve Development Variance Permit No. A2016.010–DVP.

RECOMMENDATION 2 (Unweighted Rural Vote – Simple Majority)

THAT the Consent Agenda – Development Services be adopted.

B. DELEGATIONS

1. Dennis Tottenham, Executive Director, Canadian Mental Health Association (CMHA) – South Okanagan Similkameen

Mr. Tottenham will address the Board to discuss CMHA services and the importance of mental health.

C. FINANCE

1. 2015 Audited Financial Statements

a. Financial Statements

RECOMMENDATION 3 (Unweighted Corporate Vote – Simple Majority)

THAT the 2015 Audited Financial Statements of the Regional District Okanagan Similkameen as of December 31, 2015 be received; and,

THAT the Board of Directors adopts all reported 2015 transactions as amendments to the 2015 Final Budget.

D. PUBLIC WORKS - ENGINEERING SERVICES**1. Twin Lakes update – for information**

To inform the Board of Directors of the history and status of the Twin Lakes Golf Resort (TLGR) development and subdivision applications.

E. OFFICE OF THE CAO**1. Naramata Water Advisory Commission Resignation**

RECOMMENDATION 4 (Unweighted Corporate Vote – Simple Majority)

THAT the Board of Directors accept the resignation of Peter Lighthall and rescind Mr. Lighthall's appointment as a member of the Naramata Water Advisory Committee; and further,

THAT a letter be forwarded to Mr. Lighthall thanking him for his contribution to the Naramata Water Advisory Committee.

F. CAO REPORTS**1. Verbal Update**

G. OTHER BUSINESS**1. Chair's Report**

2. Directors Motions

3. Board Members Verbal Update

H. ADJOURNMENT

ADMINISTRATIVE REPORT

TO: Board of Directors
FROM: B. Newell, Chief Administrative Officer
DATE: May 5, 2016
RE: Development Variance Permit Application — Electoral Area “A”



Administrative Recommendation:

THAT the Board of Directors approve Development Variance Permit No. A2016.010–DVP.

Purpose: To allow for the construction of a singled detached dwelling.

Owners: Upper Lonsdale Holdings Ltd. Agent: Michael and Sharon Greig Folio: A-05995.005

Civic: 13829 81st Street Legal: Lot 1, Plan EPP42021, District Lot 2450s, SDYD

OCP: Low Density Residential (LR) Zone: Residential Single Family One Zone (RS1)

Requested Variance: to vary the minimum front parcel line setback from 7.5 metres to 1.0 metres.

Proposed Development:

This application proposes a variance to the provisions of Electoral Area “A” Zoning Bylaw No. 2451, 2008, in order to allow for the construction of a single detached dwelling. Specifically, it is proposed to reduce the minimum front parcel line setback from 7.5 metres to 1.0 metre.

In support of the application the applicant has stated “we are seeking the variance in order to meet SPEA requirements, as the property is a small lot fronting Osoyoos Lake and entirely within the SPEA.”

Site Context:

Approximately 501.6 m² in area, the subject property is situated on the east side of 81st Street on the shore of Osoyoos Lake approximately 2.3 kilometres northwest of the Town of Osoyoos. There are no buildings or structures on the property.

The surrounding pattern of development is characterised by low density residential development.

Background:

Under the Electoral Area “A” Zoning Bylaw, the subject property is zoned Residential Single Family One Zone (RS1), wherein a single detached dwelling is a permitted use.

Under the Electoral Area “A” OCP Bylaw, Section 17.3.7 Variances to Protect the SPEA states “the Regional District encourages Development Variance Permit (DVP) applications for the relaxation of zoning (parcel line) setbacks on existing small lots in order to reduce impacts and preserve the SPEA.”

Under Schedule ‘C’ of the OCP Bylaw, the subject property has been identified as lands designated as a Watercourse Development Permit (WDP) area. A WDP application has been submitted for the proposal and is currently in process. A Riparian Area Regulation (RAR) Assessment Report, dated

December 10, 2015, prepared by Vitaly Ostroumov, R.P. Bio., of QEP Environmental Ltd., has determined a Streamside Protection and Enhancement Area (SPEA) setback of 15.0 metres.

On March 4, 2016, the Ministry of Transportation authorized the siting of the proposed singled detached dwelling no closer than 1.0 metres from the road right of way.

Public Process:

Adjacent property owners will have received notification of this application with written comments regarding the proposal being accepted until 12:00 noon on Thursday, April 28, 2016.

Analysis:

When assessing variance requests a number of factors are generally taken into account and these include the intent of zoning; the presence of any potential limiting physical features on the subject property; established streetscape characteristics; and whether the proposed development will have a detrimental impact upon the amenity of the area and/or adjoining uses.

Generally, development within a front setback is considered to represent poor streetscape design and is not supported by Administration. The OCP, however, encourages the relaxation of front setbacks if this will result in a greater protection of the riparian values associated with Osoyoos Lake. In this instance, the applicant's QEP has determined a 15.0 metres SPEA from Osoyoos Lake and the variance request, if approved, will minimize the impact of the new dwelling in this SPEA.

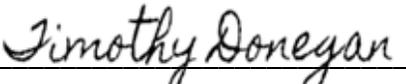
In addition, Administration recognises the historically small sizes of parcels created adjacent to the lake already limit the area available to construct a dwelling without intruding into prescribed setbacks; that development of dwellings within the front setback is not uncharacteristic of this street (NOTE: in 2013 the Board of Variance approved the adjacent dwelling at 13827 81st Street to be constructed within 0.8 metres of the front setback); and that the presence of existing landscaping (see photos at Attachment No. 1) on 81st Street should minimize the impact of a reduced setback on the streetscape.

In summary, Administration considers a 1.0 metre front setback to represent a very significant reduction, and one that would not normally be supported, but that due to the shallow depth of the parcel, this will provide the best protection of the riparian values associated with Osoyoos Lake.

Alternatives:

- .1 THAT the Board of Directors deny Development Variance Permit No. A2016.010-DVP; or
- .2 THAT the Board of Directors defers making a decision and directs that the proposal be considered by the Electoral Area "A" Advisory Planning Commission (APC).

Respectfully submitted:


T. Donegan, Planning Technician

Endorsed by:


C. Garrish, Planning Supervisor

Endorsed by:

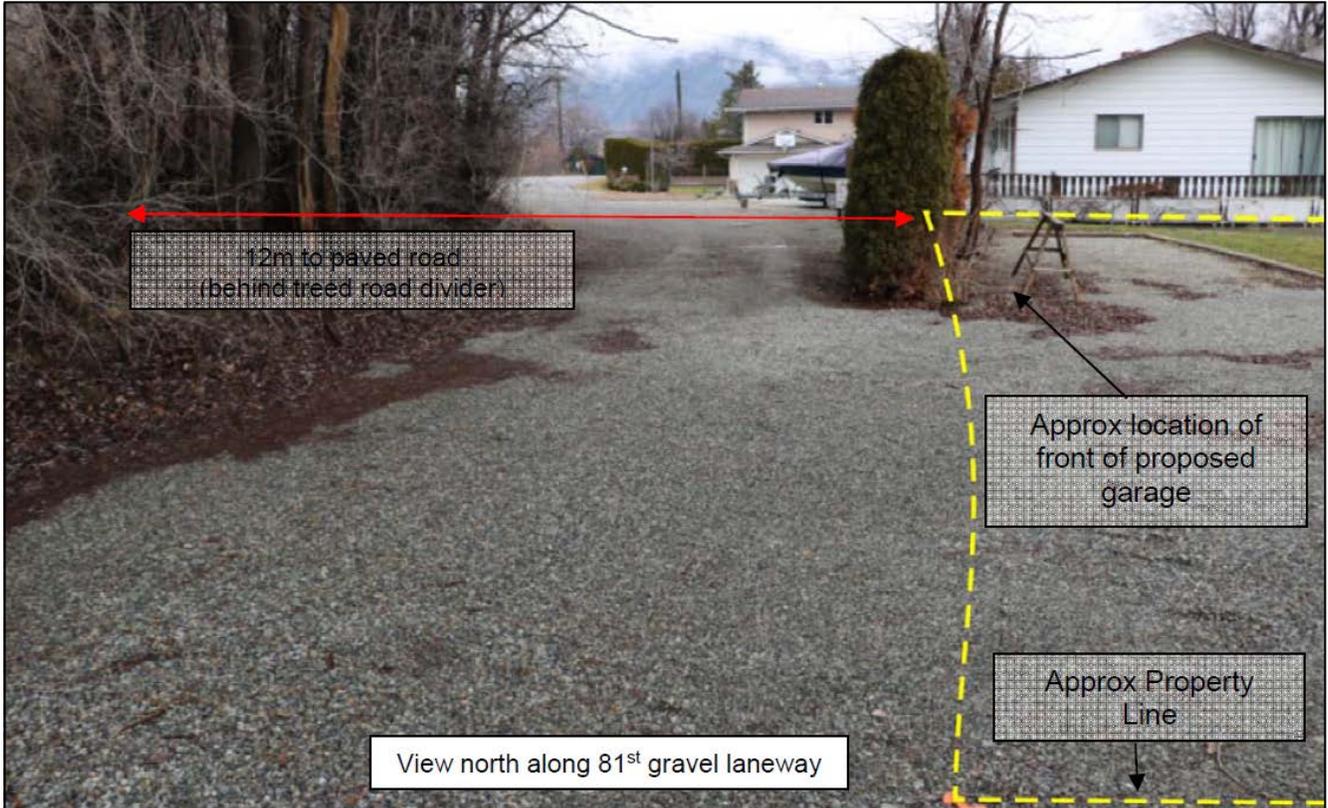

D. Butler, Dev. Services Manager

Attachments: No. 1 –Site Photos (Google Street View)
No. 2 – Applicant's Site Photos

Attachment No. 1 – Site Photos (Google Street View)



Attachment No. 2 – Applicant's Site Photos



Development Variance Permit

FILE NO.: A2016.010-DVP

Owner: Upper Lonsdale Holdings Ltd.
378 East Carisbrooke Road
North Vancouver, BC V7N-1N3

Agent: Michael and Sharon Greig
13829 - 81st Street
Osoyoos, BC V0H-1V2

GENERAL CONDITIONS

1. This Development Variance Permit is issued subject to compliance with all of the bylaws of the Regional District of Okanagan-Similkameen applicable thereto, except as specifically varied or supplemented by this Permit.
2. The land described shall be developed strictly in accordance with the terms and conditions and provisions of this Permit, and any plans and specifications attached to this Permit that shall form a part thereof.
3. Where there is a conflict between the text of the permit and permit drawings or figures, the drawings or figures shall govern the matter.
4. This Development Variance Permit is not a Building Permit.

APPLICABILITY

5. This Development Variance Permit is substantially in accordance with Schedules 'A', 'B', and 'C', and applies to and only to those lands within the Regional District described below, and any and all buildings, structures and other development thereon:

Legal Description: Lot 1, Plan EPP42021, District Lot 2450s, SDYD

Civic Address: 13829 81st Street

Parcel Identifier (PID): 029-324-661 Folio: A-05995.005

CONDITIONS OF DEVELOPMENT

6. The land specified in Section 5 may be developed in accordance with the following variances to the Electoral Area "A" Zoning Bylaw No. 2451, 2008, in the Regional District of Okanagan-Similkameen:
 - a) The minimum front parcel line setback for a principal building or structure, as prescribed at Section 11.1.6(a)(i), is varied :

- i) from: 7.5 metres
to: 1.0 metres, as measured from the outermost projection and as shown on Schedule 'B'.

7. **COVENANT REQUIREMENTS**

- a) Not Applicable

8. **SECURITY REQUIREMENTS**

- a) Not applicable

9. **EXPIRY OF PERMIT**

The development shall be carried out according to the following schedule:

- (a) In accordance with Section 504 of the *Local Government Act* and subject to the terms of the permit, if the holder of this permit does not substantially start any construction with respect to which the permit was issued within two (2) years after the date it was issued, the permit lapses.
- (b) Lapsed permits cannot be renewed; however, an application for a new development permit can be submitted.

Authorising resolution passed by the Regional Board on _____, 2016.

B. Newell, Chief Administrative Officer

Regional District of Okanagan-Similkameen

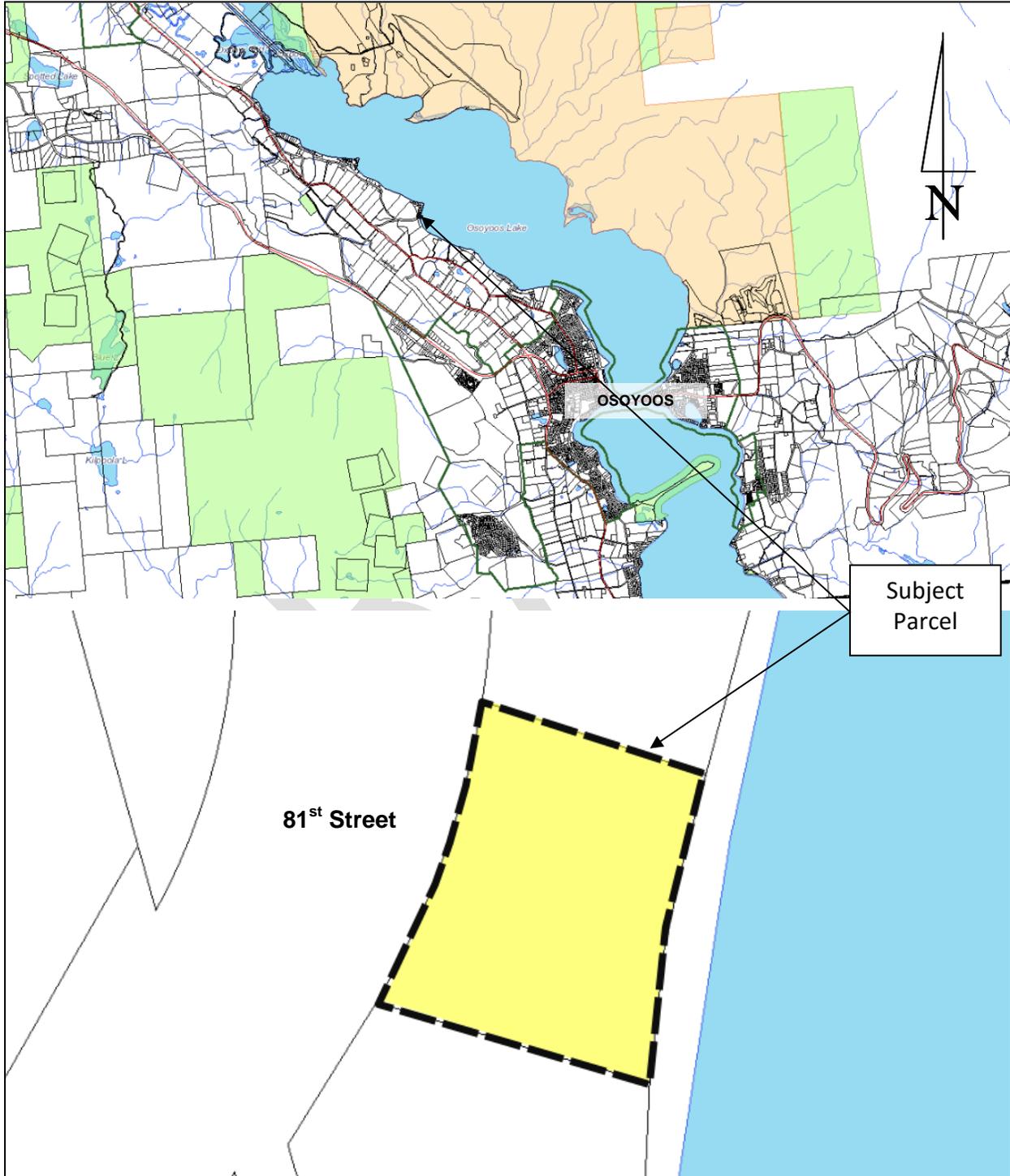
101 Martin St, Penticton, BC V2A 5J9
Tel: (250) 492-0237 Fax (250) 492-0063



Development Variance Permit

File No. A2016.010-DVP

Schedule 'A'



Regional District of Okanagan-Similkameen

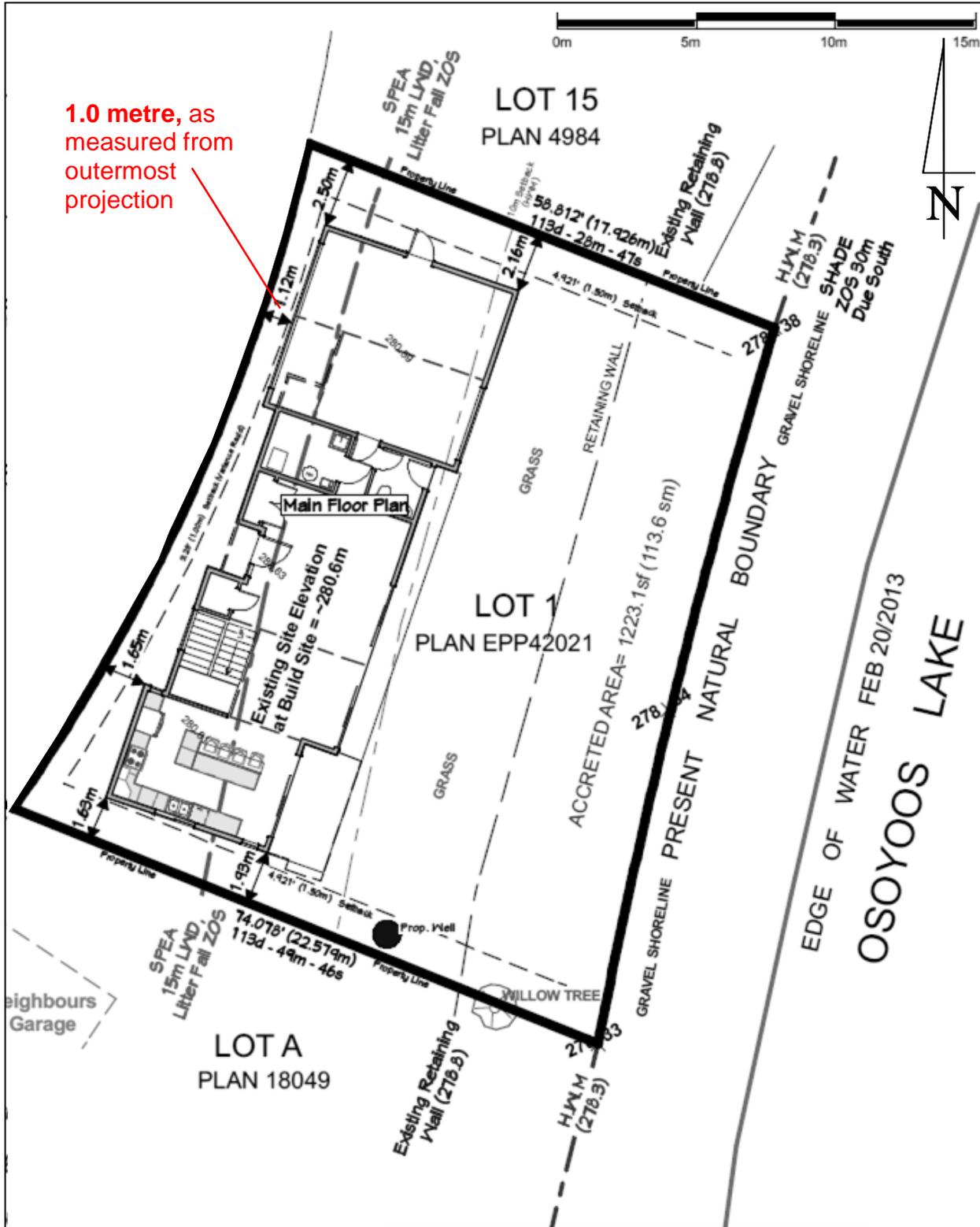
101 Martin St, Penticton, BC V2A 5J9
Tel: (250) 492-0237 Fax (250) 492-0063



Development Variance Permit

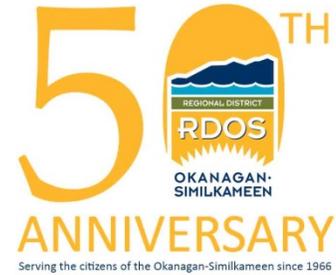
File No. A2016.010-DVP

Schedule 'B'



ADMINISTRATIVE REPORT

TO: Board of Directors
FROM: B. Newell, Chief Administrative Officer
DATE: May 5, 2016
RE: 2015 Audited Financial Statements



Administrative Recommendation:

THAT the 2015 Audited Financial Statements of the Regional District Okanagan Similkameen as of December 31, 2015 be received

AND THAT the RDOS Board adopts all reported 2015 transactions as amendments to the 2015 Final Budget

Business Plan Objective:

Objective 1.1.1: By providing the Board with accurate, timely financial information.

Analysis:

Please note that the attached 2015 Financial Statements are not on letterhead or signed by the auditors or RDOS representatives. Canadian Audit Standards requires the auditors to keep the audit file open until the Board has received and taken ownership of the financial statements. Ownership transfers with the passing of the above noted resolution. The attached document is the proposed final 2015 Financial Statements and once accepted by the Board, the document will include the appropriate letterhead and signatures of the auditors and RDOS representatives.

The 2015 financial statements reflect some new PSAS reporting requirements as outlined below.

The Regional District adopted Public Sector Accounting Standard PS 3260 Liability for Contaminated Sites beginning this fiscal year. The adoption of the policy has no financial impact on the consolidated financial statements. The purpose of PSAS 3260 is to have entities inventory all sites under their control and consider any sites that may be contaminated so that any future liability that may be related to those sites can be disclosed. No sites of concern have been identified.

The Regional District adopted Public Sector Accounting Standard PS 3270 Solid Waste Landfill Closure and Post-Closure Liability beginning this fiscal year. The policy is applied retrospectively and the comparative figures have been restated with a prior period adjustment to reflect the change in accounting policy. Note 14 of the financial statements includes information on the landfill closure and post-closure liabilities for the various landfills operating within the Regional District. The information provides insight into the expected closure and post closure liability for each site and shows the related reserve balances for each site to meet those estimated future liabilities.

The Regional District also adopted Public Sector Accounting Standard PS 3060 Government

Partnerships for its investment in the Lower Similkameen Community Forest Limited Partnership and PS3070 Investment in Government Business Enterprises with regard to our long term investment in the Vermillion Forks Community Forest Corporation. The purpose of these standards is to have the percentage ownership in each of the long term investments retained earnings reflected within the Regional District's financial statements. Note 7 provides further information on these long term investments.

The 2015 Financial Statements for the RDOS are presented with an unqualified audit opinion. This means that in the opinion of our auditors, our financial statements represent fairly, in all material respects, the financial position of the RDOS in accordance with GAAP (Generally Accepted Accounting Principles) and PSAS (Public Sector Accounting Standards).

Respectfully submitted:

"Sandy Croteau"

S. Croteau, Finance Manager

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Index to Consolidated Financial Statements

December 31, 2015

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Regional District of Okanagan Similkameen (the Regional District) are the responsibility of management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

A summary of the significant accounting policies are described in Note 1 of the consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Regional District's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the approval of the consolidated financial statements.

The consolidated financial statements have been audited by White Kennedy LLP, independent external auditors appointed by the Regional District. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Regional District's consolidated financial statements.

Chief Administrative Officer _____

Manager of Finance _____

INDEPENDENT AUDITOR'S REPORT

To the Chairman and Directors of the Regional District of Okanagan Similkameen

We have audited the accompanying consolidated financial statements of the Regional District of Okanagan Similkameen, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, net financial liabilities, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Regional District of Okanagan Similkameen as at December 31, 2015, and the results of its operations, its net financial liabilities and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

CHARTERED PROFESSIONAL ACCOUNTANTS

Penticton, British Columbia
May 5, 2016

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Consolidated Statement of Financial Position

December 31, 2015, With Comparative Figures for 2014

	2015	2014 restated
	\$	\$
FINANCIAL ASSETS		
Cash (Note 2)	1,333,023	298,302
Short term investments (Note 3)	25,135,662	26,127,528
Accounts receivable (Note 4)	3,750,833	3,393,790
Municipal Finance Authority deposits (Note 5)	7,434,470	7,685,266
Municipal financing (Note 6)	77,211,248	85,277,264
Long term investments (Note 7)	111,021	226,316
	<u>114,976,257</u>	<u>123,008,466</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	3,028,836	4,195,582
Deferred revenue (Note 9)	173,977	490,979
Deposits	1,405,183	1,254,599
Gas Tax deferred revenue (Note 10)	4,207,585	3,710,301
Restricted deferred revenue (Note 11)	1,204,125	1,337,138
Municipal Finance Authority debt reserve (Note 5)	7,434,470	7,685,266
Municipal Finance Authority leases (Note 12)	8,067	68,969
Long term debt (Note 13) (Schedule 3)	94,685,223	102,463,791
Landfill closure and post-closure liability (Note 14)	7,750,353	6,386,654
	<u>119,897,819</u>	<u>127,593,279</u>
NET FINANCIAL ASSETS	<u>(4,921,562)</u>	<u>(4,584,813)</u>
NON-FINANCIAL ASSETS		
Prepaid items	175,769	16,784
Tangible capital assets (Note 15)	69,972,148	69,186,450
	<u>70,147,917</u>	<u>69,203,234</u>
ACCUMULATED SURPLUS	<u>65,226,355</u>	<u>64,618,421</u>
REPRESENTED BY:		
Unrestricted deficit	(8,840,337)	(8,017,362)
Restricted surplus (Schedule 1)	17,151,184	15,924,416
Equity in tangible capital assets (Note 16)	56,915,508	56,711,367
	<u>65,226,355</u>	<u>64,618,421</u>

PENSION LIABILITY (Note 17)

CONTINGENT LIABILITY (Note 18)

SUBSEQUENT EVENTS (Note 19)

PRIOR PERIOD ADJUSTMENT (Note 20)

Approved on behalf of the board:

See the accompanying notes to consolidated financial statements

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Consolidated Statement of Operations

Year Ended December 31, 2015, With Comparative Figures for 2014

	2015 Budget	2015	2014 Restated
	\$	\$	\$
REVENUES			
Tax requisition	14,435,209	14,372,972	14,106,923
Sales of goods and services	10,833,488	11,141,723	10,380,706
Grant revenue	4,557,859	2,269,890	4,005,924
Investment income	32,500	351,993	618,332
Administrative and recoveries	594,306	186,186	540,016
Development cost charges	-	169,000	320,000
Grants in lieu of taxes	37,995	102,516	93,871
Income from enterprises	-	5,241	129,187
	<u>30,491,357</u>	<u>28,599,521</u>	<u>30,194,959</u>
EXPENSES			
Solid Waste & Recycling	6,166,418	6,444,507	5,502,126
Rural Services	8,315,316	5,350,412	4,992,868
Recreation Services	4,777,311	4,291,761	3,997,284
Regional Services	6,516,668	4,277,588	4,105,010
Engineering Services	7,878,949	3,011,219	2,959,638
Amortization	-	2,189,126	1,997,308
Emergency Services	2,200,496	1,768,800	1,801,794
	<u>35,855,158</u>	<u>27,333,413</u>	<u>25,356,028</u>
EXCESS (DEFICIENCY)	(5,363,801)	1,266,108	4,838,931
Gain (loss) on disposal of assets	-	(658,174)	8,600
EXCESS (DEFICIENCY) FOR THE YEAR	(5,363,801)	607,934	4,847,531
ACCUMULATED SURPLUS, beginning of year (Note 20)	-	64,618,421	59,770,890
ACCUMULATED SURPLUS, end of year	(5,363,801)	65,226,355	64,618,421

See the accompanying notes to consolidated financial statements

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Consolidated Statement of Net Financial Liabilities

Year Ended December 31, 2015, With Comparative Figures for 2014

	2015 Budget	2015	2014 Restated
	\$	\$	\$
EXCESS (DEFICIENCY) FOR THE YEAR	(5,363,801)	607,934	4,847,531
Acquisition of tangible capital assets	-	(3,636,723)	(6,415,503)
Amortization of tangible capital assets	-	2,189,126	1,997,308
Proceeds on disposal of tangible capital assets	-	3,726	186,738
Loss (gain) on disposal of tangible capital assets	-	658,174	(8,600)
	-	(785,697)	(4,240,057)
Use (acquisition) of prepaid items	-	(158,986)	153,694
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(5,363,801)	(336,749)	761,168
NET FINANCIAL LIABILITIES, BEGINNING OF YEAR	-	(4,584,813)	(5,345,981)
NET FINANCIAL LIABILITIES, END OF YEAR	(5,363,801)	(4,921,562)	(4,584,813)

See the accompanying notes to consolidated financial statements

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Consolidated Statement of Cash Flows

Year Ended December 31, 2015, With Comparative Figures for 2014

	2015	2014 restated
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess for the year	607,934	4,847,531
Non-cash items within excess for the year:		
Amortization of tangible capital assets	2,189,126	1,997,308
Loss (gain) on disposal of tangible capital assets	658,174	(8,600)
	3,455,234	6,836,239
Non-cash changes to operations:		
Accounts receivable	(357,042)	2,822,049
Accounts payable and accrued liabilities	(1,166,746)	849,619
Deferred revenue	(317,002)	149,287
Deposits	150,584	(254,706)
Gas Tax deferred revenue	497,284	224,518
Restricted deferred revenue	(133,013)	(469,448)
Landfill closure & post-closure liability	1,363,699	729,338
Prepaid items	(158,986)	153,694
	3,334,012	11,040,590
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(3,636,723)	(6,415,503)
Proceeds on disposal of tangible capital assets	3,726	186,738
	(3,632,997)	(6,228,765)
CASH FLOWS FROM FINANCING ACTIVITIES		
Municipal Finance Authority leases	(60,903)	(65,409)
Municipal Finance Authority debt reserve	(250,796)	305,007
Proceeds of borrowing from Municipal Finance Authority	3,896,000	10,566,500
Repayment of long term debt	(9,373,121)	(15,865,696)
Reduction of debt by actuary	(2,301,448)	(2,008,808)
	(8,090,268)	(7,068,406)
CASH FLOWS FROM INVESTING ACTIVITIES		
Short term investments	991,866	(6,520,270)
Municipal Finance Authority deposits	250,796	(305,007)
Municipal financing	8,066,017	7,836,585
Long term investments	115,295	273,190
	9,423,974	1,284,498
NET INCREASE IN CASH	1,034,721	(972,083)
CASH, beginning of year	298,302	1,270,385
CASH, end of year	1,333,023	298,302

See the accompanying notes to consolidated financial statements

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

General

The Regional District of Okanagan Similkameen (Regional District) was incorporated in 1966 under the Local Government Act (formerly Municipal Act), a statute of the Province of British Columbia. The principal activities of the Regional District are the provision of local government services to the residents of the Regional District, which include administrative, emergency, solid waste management, water, sewer, electrical, and recreational services.

1. Summary of Significant Accounting Policies

BASIS OF ACCOUNTING

The consolidated financial statements of the Regional District are prepared by management in accordance accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. Accrual basis accounting is used.

BASIS OF CONSOLIDATION

The Regional District is comprised of all organizations, committees, and boards accountable to the Regional District for their financial affairs, and which are owned or controlled by the Regional District. The consolidated financial statements include all funds of the Regional District, its wholly-owned subsidiaries, and the Regional District portion of business enterprises earnings. Subsidiaries include Oliver Parks and Recreation and the Sun Bowl Arena. All inter-fund balances have been eliminated on consolidation.

BUDGET FIGURES

The budget figures are from the Bylaw 2686, 2015, that was adopted March 5, 2015. Subsequent amendments have been approved by the Board through bylaw to reflect changes to the budget.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of cash and highly liquid investments that are redeemable on demand, and have initial maturities of less than three months. Cash and cash equivalents are recorded at cost, which approximates market value.

CHANGES IN AND NEWLY ADOPTED ACCOUNTING POLICIES

The Regional District adopted Public Sector Accounting Standard PS 3260 Liability for Contaminated Sites beginning this fiscal year. The adoption of the policy has no financial impact on the consolidated financial statements.

The Regional District adopted Public Sector Accounting Standard PS 3270 Solid Waste Landfill Closure and Post-Closure Liability beginning this fiscal year. The policy is applied retrospectively and the comparative figures have been restated with a prior period adjustment to reflect the change in accounting policy.

DEBT CHARGES

Debt principal repayments are not included in the consolidated statement of operations pursuant to PSAB accounting disclosure requirements. Interest expense is recorded on an accrual basis and is expensed in the current year consolidated statement of operations.

DEFERRED REVENUE

Funding and grants received for specific projects are initially recorded as deferred revenue. The funding and grants are recorded as revenue when the related project costs are incurred.

(continued...)

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

1. Summary of Significant Accounting Policies (Continued)

DEPOSITS

Deposits are comprised of funds received from customers as performance securities, holdbacks held for construction contracts, amounts from third parties being held in trust, restricted donations, and allocations of funds for special purposes not established through bylaw. Deposits bear interest that is distributed annually on a proportional basis.

EMPLOYEE FUTURE BENEFITS

The Regional District and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer defined benefit pension plan, the Regional District's contributions are expensed as incurred.

FINANCIAL INSTRUMENTS

The Regional District's financial instruments consist of cash, short term investments, accounts receivable, long term investments, accounts payable and accrued liabilities, deposits, deferred revenue, long term debt, and MFA leases. Unless otherwise noted, it is management's opinion that the Regional District is not exposed to significant interest, liquidity, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

LEASES

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are expensed in the consolidated statement of operations as incurred.

LONG TERM INVESTMENTS

Long term investments are comprised of Government Business Partnerships and Government Business Enterprises. Long term investments are accounted for using the modified equity basis, under which the accounting policies are not adjusted to conform to those of the Regional District. A proportionate amount of the earnings are reported as income from enterprises, with a corresponding decrease to the investment.

MANAGEMENT ESTIMATES

The preparation of financial consolidated statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations.

(continued...)

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

1. Summary of Significant Accounting Policies (Continued)

PREPAID ITEMS

The Regional District has various prepaid expenses. Included within prepaids are inventory items purchased for resale to the public. The inventory items are valued at the lower of cost or market value, with cost being determined on an average basis. The inventory items are not significant to disclose separately.

RESTRICTED DEFERRED REVENUE

Restricted deferred revenue is comprised of Federal Gas Tax funding, and levied and unused Development Cost Charges. These funds are recorded as restricted deferred revenue and recognized as revenue in the year when they are used for eligible expenditures, as approved through bylaw.

RESTRICTED SURPLUS

Restricted surplus represents funds set aside for future expenditures in operations and property and equipment purchases. Schedule 1 of these consolidated financial statements provides details of the various funds.

REVENUE RECOGNITION

All revenue is recognized on an accrual basis.

Revenue from tax requisitions are recognized when received from the Province and member municipalities. Revenue from grants in lieu of taxes are recognized when received.

Revenue derived from the sale of goods or services is recognized when the good or service is rendered. Revenue derived from the provision of utility services is recognized when earned and billed, either quarterly, bi-annually, or annually depending on the service area and the service provided.

Grant revenue is recognized when funding is received, or becomes receivable.

Revenues from investment income are recognized as earned, on an accrual basis.

Revenues from development cost charges are recognized when the related expenditure is recognized.

SHORT TERM INVESTMENTS

Short term investments consist of short term deposits with initial maturity of less than one year, and a Municipal Finance Authority of British Columbia portfolio of short term bonds and money market instruments. Because of the short term maturity of these investments, the carrying amount approximates the fair value. Investment income is allocated to the segment from which it was earned.

SICK LEAVE

The Regional District accrues 1.5% of budgeted exempt staff salaries per annum in a fund for short term illness that extends beyond five days, and is less than six months. Exempt staff are eligible for long term disability after six months of illness. Sick leave for union staff is accrued as per the collective agreement and expensed as paid.

(continued...)

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

1. Summary of Significant Accounting Policies (Continued)

TANGIBLE CAPITAL ASSETS

Tangible capital assets are stated at cost less accumulated amortization. Cost includes all amounts directly attributable to the acquisition, construction, development, or betterment of the asset. Assets purchased or constructed, and work in progress, are reported as additions and are classified according to their functional use. Work in progress additions are not amortized until the addition is complete and the asset ready for use.

Contributed tangible capital assets are recorded as additions at the fair market value at the time of their contribution.

The cost of an asset less any residual value is amortized over the estimated economic useful life on a straight-line basis at the following rates:

ASSET TYPE	DEPRECIABLE LIFE IN YEARS
Land improvements	5 - 20
Building structures	40 - 75
Building improvements	
Exterior envelope	30 - 40
HVAC systems	10 - 12
Roof	10 - 20
Electrical/plumbing/fire suppression	15 - 20
Site works - asphalt, water and sewer lines	10 - 50
Machinery and equipment	
Furniture and equipment	5 - 20
Emergency	5 - 10
Emergency operations centre	5 - 10
Other	5 - 20
Vehicles	
Fleet	5 - 10
Fire trucks	10 - 20
Other	5 - 10
IT infrastructure	
Hardware	3 - 5
Software	5 - 10
Telephone	7 - 10
Utilities infrastructure	
Water	10 - 75
Sewer	10 - 75
Drainage	10 - 75

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

2. Cash

The Regional District has a line of credit with First West Credit Union in the amount of \$2,000,000, bearing interest at prime rate, currently 2.70%, which is due on demand, and secured by a general security agreement. At year end, the line of credit was unutilized.

3. Short term investments

The Regional District invests in short term bonds and money market funds through the Municipal Finance Authority of British Columbia. The income from these investments is received in the form of interest, dividends, and realized capital gains. Investments are disclosed at fair market value. The details of the short term investments at the year end are as follows:

	2015	2014
	\$	\$
Operations	24,388,505	25,368,395
Oliver Parks and Recreation	716,416	720,294
Kaleden Recreation	30,741	38,839
	25,135,662	26,127,528

4. Accounts receivable

	2015	2014
	\$	\$
Regional and local government	1,489,389	1,476,609
Combined Federal/Provincial	1,038,624	575,565
Trade receivables	948,909	1,132,561
Government of Canada	179,030	174,887
Province of British Columbia	94,881	34,168
	3,750,833	3,393,790

5. Municipal Finance Authority deposits

The Regional District issues its debt instruments to local municipalities with financing obtained from the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a debt reserve fund.

The Regional District also executes demand notes in connection with each debenture, whereby the Regional District may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature. The details of the cash deposits and demand notes at the year end are as follows:

	Demand Notes	Cash Deposits	2015	2014
	\$	\$	\$	\$
Municipal general	2,582,846	830,128	3,412,974	3,392,250
Municipal water	1,290,142	533,205	1,823,347	1,882,244
Municipal sewer	1,055,277	522,606	1,577,883	1,727,814
Regional District general	187,996	88,275	276,271	274,067
Regional District water	104,786	54,717	159,503	225,836
Regional District sewer	126,985	57,507	184,492	183,055
Totals	5,348,032	2,086,438	7,434,470	7,685,266

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

6. Municipal financing

The Regional District issues debt instruments to various local municipalities in the form of demand notes with financing obtained from the Municipal Finance Authority. See Schedule 3 accompanying the consolidated financial statements for details of the various debt issues of the member municipalities.

	2015	2014
	\$	\$
City of Penticton	48,914,776	54,718,867
District of Summerland	23,002,833	24,832,579
Town of Oliver	4,130,633	4,450,027
Town of Osoyoos	974,252	1,054,276
Village of Keremeos	188,754	221,515
	77,211,248	85,277,264

7. Long term investments

Long term investments consist of Government Business Enterprises and Government Business Partnerships as follows:

	Interest	Net assets		Share of income	
		2015	2014	2015	2014
	%	\$	\$	\$	\$
Vermillion Forks Community Forest Corporation	33.333	72,197	192,726	-	140,721
Lower Similkameen Community Forest LP	49.996	38,824	33,583	5,241	(11,533)
		111,021	226,309	5,241	129,188

Vermillion Forks Community Forest Corporation Balance Sheet as at December 31

	2014	2013
	\$	\$
Total assets	626,790	1,397,134
Total liabilities	48,583	33,958
Share capital	30	30
Retained earnings	578,177	1,363,146
Total liabilities and shareholder equity	626,790	1,397,134

Statement of Earnings for the year ended December 31

	2014	2013
	\$	\$
Total sales	1,716,048	5,666,227
Total cost of sales	1,244,138	4,311,237
Gross profit	471,910	1,354,990
Expenses	73,898	65,625
Net earnings before other income	398,012	1,289,365
Other income	24,150	-
Net earnings	422,162	1,289,365
Retained earnings, beginning of year	1,363,146	778,781
Dividends on common shares	(1,207,131)	(705,000)
Retained earnings, end of year	578,177	1,363,146

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

7. Long term investments (Continued)

The Regional District is a shareholder of Vermillion Forks Community Forest Corporation (Corporation) along with the Upper Similkameen Indian Band, and the Town of Princeton that manages a community forest project in the Princeton area. The project includes silviculture, planting, and harvesting of specified forest areas operated under license. The financial statements of the Corporation are audited by another firm of Chartered Professional Accountants, the results of which were not available at the financial statement report date of the Regional District.

Lower Similkameen Community Forest Limited Partnership Balance Sheet as at December 31

	<u>2015</u>	<u>2014</u>
	\$	\$
Current assets	253,081	338,063
Capital assets	42,104	45,111
Total assets	295,185	383,174
Current liabilities	36,987	63,336
Other liabilities	191,295	259,419
Total liabilities	228,282	322,755
Partners' capital	66,903	60,419
Total liabilities and partners' capital	295,185	383,174

Statement of Loss for the year ended December 31

	<u>2015</u>	<u>2014</u>
	\$	\$
Total revenue	119,338	175,428
Total cost of sales	73,812	155,160
Gross profit	45,526	20,268
Expenses	35,037	43,334
Net earnings (loss)	10,489	(23,066)

Partners' Capital for the year ended December 31

	<u>2015</u>	<u>2014</u>
	\$	\$
RDOS Area B & G balance, beginning of year	33,583	45,116
Share of earnings (loss)	5,241	(11,533)
RDOS Area B & G balance, end of year	38,824	33,583

The Regional District is a partner in the Lower Similkameen Community Forests Limited Partnership (Partnership) along with The Corporation of the Village of Keremeos, the Lower Similkameen Indian Band Business Trust, and Lower Similkameen Community Forests Ltd. The partnership manages a community forest project in the Ashnola watershed. The project includes silviculture, planting, and harvesting of specified forest areas operated under license. The financial statements of the partnership are compiled by another firm of Chartered Professional Accountants.

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

8. Accounts payable and accrued liabilities

	<u>2015</u>	<u>2014</u>
	\$	\$
Trade payables	2,637,214	3,582,237
Wages payable	370,719	576,845
Remittances payable	20,903	36,500
	<u>3,028,836</u>	<u>4,195,582</u>

9. Deferred revenue

Deferred revenue is comprised of grants and funding received by the Regional District for designated projects to be completed in the subsequent period.

10. Gas Tax deferred revenue

Federal Gas Tax Agreement

Federal Gas Tax funds are received from the Government of Canada. The use of the funds is established by an agreement between the Regional District and the Union of British Columbia Municipalities.

Federal Gas Tax funds may be used towards eligible projects as specified in the funding agreement, and are otherwise restricted in their use.

	Opening Balance	Funding Receipts	Interest Allocation	Expenses	Closing Balance
	\$	\$	\$	\$	\$
Area A	248,764	91,927	5,649	(53,147)	293,193
Area B	318,078	55,389	6,056	(116,532)	262,991
Area C	869,538	168,744	19,540	(52,571)	1,005,251
Area D	883,193	277,773	18,907	(294,278)	885,595
Area E	335,958	89,595	8,020	-	433,573
Area F	286,117	102,033	6,997	(10,000)	385,147
Area G	508,171	112,431	11,436	(42,979)	589,059
Area H	260,482	85,902	6,392	-	352,776
Total 2015	<u>3,710,301</u>	<u>983,794</u>	<u>82,997</u>	<u>(569,507)</u>	<u>4,207,585</u>
Total 2014	<u>3,485,783</u>	<u>983,794</u>	<u>88,841</u>	<u>(848,117)</u>	<u>3,710,301</u>

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

11. Restricted deferred revenue

Restricted deferred revenues are funds established and collected through bylaws, and are designated for improvements to the parks, water, and sewer systems of the Regional District, and are otherwise restricted in their use.

	Opening	Receipts	Interest	Transfers	Closing
	\$	\$	\$	\$	\$
Area A Parkland Acquisition	5,771	-	121	-	5,892
Area C Parkland Acquisition	38,349	-	808	-	39,157
Area E Parkland Acquisition	430,050	-	9,059	-	439,109
Area F Parkland Acquisition	16,868	-	355	-	17,223
Area H Parkland Acquisition	109,268	-	2,302	-	111,570
Faulder Water System DCC	7,070	-	149	-	7,219
OK Falls Sewer DCC	326,413	9,500	5,196	(169,000)	172,109
Olalla Water CEC	5,168	-	109	-	5,277
Naramata Water:					
Naramata Water DCC	13,207	-	279	-	13,486
Lower Zone Capital	97,096	-	2,045	-	99,141
Upper Zone Capital	287,878	-	6,064	-	293,942
	1,337,138	9,500	26,487	(169,000)	1,204,125

12. Municipal Finance Authority leases

The Regional District has a capital lease with the Municipal Finance Authority to finance an equipment purchase. The remaining lease payable of \$8,067 will be repaid in 2016.

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

13. Long Term Debt

The Regional District obtains and issues debt instruments through financing from the Municipal Finance Authority and the Minister of Finance. The financing is obtained on behalf of the various local municipalities, as well as the Regional District, for general, water, and sewer operations and capital projects.

Financing is secured by deposits and claims against specific property. The maturity dates and interest rates of the long term debt vary and depend on the date of issue of the debt instrument. Long term debt is comprised of numerous issues that generally mature in 20 years. See Debenture Debt Schedule 3 for details of the maturity dates and interest rates of the individual issues.

	<u>2015</u>	<u>2014</u>
	\$	\$
Municipal Finance Authority - long term	92,685,223	99,632,944
Municipal Finance Authority - short term	2,000,000	2,800,000
Minister of Finance	-	30,847
Total long term debt	94,685,223	102,463,791
Less Regional District portion	17,473,975	17,186,527
Total Municipal portion	77,211,248	85,277,264

The following principal amounts are payable over the next 5 years:

2016	6,437,457
2017	6,353,900
2018	5,111,614
2019	4,161,069
2020	4,073,198
Thereafter	68,547,985
Total long term debt	94,685,223

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

14. Landfill Closure and Post-Closure Liability

The Environmental Management Act of B.C. and the Ministry of Environment of B.C. set out the landfill criteria to properly close and maintain all active and inactive landfill sites. Under the guidelines, there is a requirement for closure and post-closure care of solid waste landfill sites. Provisions are therefore made over the estimated remaining life of the landfill sites based on usage. The Regional District operates four landfills within its boundaries, Campbell Mountain, Keremeos, OK Falls, and Oliver, and is responsible for the costs of their closure and post-closure activities. Closure and post-closure costs are funded from tipping fees.

Closure activities include covering, grading and surface water management. Post-closure activities include leachate and environmental monitoring, maintenance, and reporting. Post-closure activities begin once the entire landfill site no longer accepts waste, and continues on for a period of twenty-five years. As the date of the site closures are unknown, management estimates the liability to begin after the closure of the current active phase, assuming another phase will not be opened. In the event another phase is opened, the start date for the liability will be adjusted to begin upon closure of the newly opened phase.

The Regional District has estimated the costs associated with these closure activities based on engineering studies required by the Ministry of Environment. Annual assessments are done for the landfills, with full landfill life cycle cost assessments done every 5 years. The next full landfill cycle cost assessment report is due in 2016.

In 2015, estimated expenses were calculated as the present value of future cash flows associated with landfill closure and post-closure costs, discounted using Municipal Finance Authority borrowing rate (2.75%) and the current Consumer Price Index (1.10%). The annual provision is reported as an Operating Fund expense and the accumulated provision is reported as a liability in the consolidated statement of financial position. Reserve funds totalling \$6,572,683 (2014 - \$6,437,561) have been established to provide for these liabilities.

	CMLF	OK Falls	Oliver	Keremeos	Total
Estimated remaining life (Years)	17	10	35	-	
Cumulative capacity used (MT)	983,800	48,152	190,000	25,000	
Total estimated capacity (MT)	1,861,000	100,000	490,034	25,000	
Usage (%)	53 %	48 %	39 %	100 %	
Estimated total closure expenditure	9,788,359	859,654	3,323,299	873,352	14,844,664
Current year accrued liability for landfill closure & post-closure	5,174,524	413,940	1,288,537	873,352	7,750,353
Less prior year accrued liability for landfill closure & post-closure	4,346,797	336,723	927,065	776,069	6,386,654
Current year landfill closure and post-closure expense	827,727	77,217	361,472	97,283	1,363,699
Prior year landfill closure and post-closure expense	489,459	43,862	155,661	40,356	729,338
Reserve balance to December 31, 2015	5,732,967	19,185	820,118	413	6,572,683

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

15. Tangible capital assets

	Land	Buildings	Utilities infrastructure	Machinery & equipment	IT infra- structure	Vehicles	2015 \$	2014 \$
COST:								
BALANCE, BEGINNING OF YEAR	24,321,205	7,267,728	42,153,457	5,369,144	852,978	5,234,834	85,199,346	75,599,287
Work in progress, opening	-	-	1,459,994	-	-	-	1,459,994	4,948,519
Work in progress, additions	-	-	2,018,442	-	-	-	2,018,442	1,206,183
Work in progress, disposals	-	-	(904,108)	-	-	-	(904,108)	(4,694,708)
Acquisition of tangible capital assets	1,392,755	145,000	710,617	83,295	87,657	103,065	2,522,389	9,904,028
Disposals	-	(531,638)	(450,959)	-	(42,911)	(16,000)	(1,041,508)	(303,969)
BALANCE, END OF YEAR	<u>25,713,960</u>	<u>6,881,090</u>	<u>44,987,443</u>	<u>5,452,439</u>	<u>897,724</u>	<u>5,321,899</u>	<u>89,254,555</u>	<u>86,659,340</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	840,489	2,340,049	7,088,625	3,113,578	584,900	3,505,249	17,472,890	15,601,413
Annual amortization	181,702	215,526	1,092,740	286,874	114,223	298,061	2,189,126	1,997,308
Amortization adjustments	-	(129,149)	(206,225)	-	(38,279)	(5,956)	(379,609)	(125,831)
BALANCE, END OF YEAR	<u>1,022,191</u>	<u>2,426,426</u>	<u>7,975,140</u>	<u>3,400,452</u>	<u>660,844</u>	<u>3,797,354</u>	<u>19,282,407</u>	<u>17,472,890</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>24,691,769</u>	<u>4,454,664</u>	<u>37,012,303</u>	<u>2,051,987</u>	<u>236,880</u>	<u>1,524,545</u>	<u>69,972,148</u>	<u>69,186,450</u>

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

16. Equity in tangible capital assets

Equity in tangible capital assets represents the net book value of the total tangible capital assets less any long term debt assumed to acquire those assets along with any actuarial adjustments.

	2015	2014
	\$	\$
Net book value of tangible capital assets, end of year	69,972,148	69,186,450
Less Regional District debenture debt:		
Sewer capital	(4,638,808)	(4,800,000)
Water capital	(3,897,053)	(2,120,705)
General capital	(2,512,713)	(2,685,409)
Less Regional District short-term borrowing	(2,000,000)	(2,800,000)
Less MFA leases payable	(8,066)	(68,969)
Equity in tangible capital assets, end of year	56,915,508	56,711,367

17. Pension liability

The Regional District of Okanagan Similkameen and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2014, the Plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of Plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as of December 31, 2012, indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2015, with results available in 2016.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

The Regional District of Okanagan-Similkameen paid \$419,658 (2014 - \$357,215) for employer contributions to the Plan in fiscal 2015.

18. Contingent liability

During the year, a property was identified on the Westbench of Penticton, Area F, as being a former landfill site. The landfill site operated from 1962 to 1983, and was acquired when the Regional District amalgamated the Westbench Irrigation District in 2011. The closure and post closure care period of 25 years is complete. An environmental assessment is being done to determine if any potential liability exists. The likelihood and estimate of liability, if any, are not determinable or measurable at this time.

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

19. Subsequent events

Subsequent to the year end the Regional District finalized a settlement for the encroachment of the Oliver landfill on private property. The settlement resulted in the transfer of the private property to the Regional District and payment of compensation to the landowner.

20. Prior period adjustment

The Regional District has restated its prior year consolidated statement of financial position, consolidated statement of operations, consolidated statement of changes in net financial liabilities, and the consolidated statement of cash flows to include adjustments that record the estimated liability for the Landfill Closure and Post-Closure costs, and the investment in Government Enterprises.

Disclosure for Landfill Closure and Post-Closure liability are required as per PS 3270 of the Public Sector Accounting Board standards. Disclosure for the investments in Government Partnerships and Government Business Enterprises are required as per PS 3060 and PS 3070 of the Public Sector Accounting Board standards. The effect of the changes are disclosed below.

	2014
	\$
Consolidated Statement of Financial Position	
Accumulated surplus, as previously reported	70,778,759
Add: long term investments	226,316
Deduct: landfill closure and post closure liability	<u>(6,386,654)</u>
Accumulated surplus, restated	<u>64,618,421</u>
Adjustments to accumulated surplus represented by:	
Unrestricted deficit, as previously reported	(1,857,024)
Increase: in unrestricted deficit	<u>(6,160,338)</u>
Unrestricted deficit, restated	<u>(8,017,362)</u>
Consolidated Statement of Operations	
Excess for the year, as previously reported	5,850,059
Decrease: investment income	(402,377)
Increase: income from enterprises	129,187
Increase: solid waste & recycling expense	<u>(729,338)</u>
Excess for the year, restated	<u>4,847,531</u>
Accumulated surplus, beginning of year as previously reported	64,928,700
Decrease: accumulated surplus	<u>(5,157,810)</u>
Accumulated surplus, beginning of year restated	<u>59,770,890</u>
Consolidated Statement of Change in Net Financial Liabilities	
Net financial assets, end of year as previously reported	1,575,525
Decrease: excess (deficiency) for the year	(1,002,528)
Decrease: net financial assets (liabilities), beginning of year	<u>(5,157,810)</u>
Net financial assets (liabilities), end of year restated	<u>(4,584,813)</u>
Consolidated Statement of Cash Flows	
Cash, end of year as previously reported	298,302
Decrease: excess (deficiency) for the year	(1,002,528)
Increase: landfill closure and post closure liability	729,338
Increase: long term investments	<u>273,190</u>
Cash, end of year restated	<u>298,302</u>

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

21. Oliver Parks & Recreation Society

The Regional District has a management agreement with the Oliver Parks & Recreation Society. The Regional District Okanagan-Similkameen exercises significant influence over the Oliver Parks & Recreation Society via an agreement to provide funding for operations. The management agreement stipulates that written approval be provided prior to any facility improvements, and that any such improvements become the property of the Regional District. The recreational facilities managed by the Society are recorded as assets of the Regional District. The operations of Oliver Parks and Recreation are wholly consolidated by the Regional District.

A new management agreement was signed December 1, 2015, and the existing parties will continue to operate under the new agreement for a 5 year term.

The Oliver Parks and Recreation Society financial statements are audited by another firm of Chartered Professional Accountants.

22. Sun Bowl Arena

The Regional District, along with the Corporation of the Town of Osoyoos (the Town), jointly appoints members to a recreation commission having responsibility for the management of the Sun Bowl Arena. The Town provides management services under a contract that allows for the supervision and operation of the Sun Bowl Arena. The operations of Sun Bowl Arena are wholly consolidated by the Regional District.

23. Budget reconciliation

	<u>Budget</u>
	\$
Deficiency for the year	(5,363,801)
Budget items not included for PSAB disclosure:	
Prior year surpluses	1,436,165
Transfers to reserves	2,926,348
Transfers from reserves	(1,235,712)
Debenture proceeds	<u>2,237,000</u>
Balanced budget under PSAB disclosure	<u>-</u>

24. Comparative figures

Comparative figures for the consolidated statement of operations have been changed to conform to the current year presentation.

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

25. Segmented Information

The Regional District provides a wide range of services to eight services areas (Areas A - H) located in the South Okanagan and Similkameen Valleys. The various services provided are organized and reported by departments. The segment information in Schedule 2 groups the various services provided by the Regional District which are broken down as follows:

Regional Services are comprised of a number of different services including general government services providing administrative and finance functions, municipal fiscal services which provide MFA financing, the 911 emergency system, solid waste management, regional growth strategy, air quality, regional trails, noxious weed control, the Sterile Insect Release program, and the Okanagan Basin Water Board.

Rural Services are comprised of electoral area services including administration, planning, projects and grants, and economic development. Rural services include the development services of Geographic Information Services, building inspection, sub-division services, bylaw enforcement, and animal and pest control.

Emergency Services are comprised of emergency planning and fire protection services. Fire protection is provided by seven volunteer departments located in Keremeos, Okanagan Falls, Coalmont and Tulameen, Willowbrook, Kaleden, Naramata, and Anarchist Mountain. The Regional District also provides fire protection for West Bench and rural Princeton areas.

Solid Waste and Recycling Services are comprised of the garbage collection, recycling, and landfill operations for the various areas. Landfills within the Regional District are located in Oliver, Keremeos, Okanagan Falls, and Penticton.

Engineering Services are comprised of sewer systems, water systems, and electrical systems operations. Sewer systems are located in Okanagan Falls, Osoyoos, and Gallagher Lake. Water systems are located at Apex, Faulder, Naramata, Olalla, West Bench, and Gallagher Lake. Electrical systems are located at Missezula Lake, Anarchist Mountain, West Bench and Husula, Heritage Hills, and Naramata (street lights). Engineering services also include wastewater management planning, transit, and cemetery operations.

Recreation Services are comprised of arena facilities, swimming pools, halls and centres, parks, and museum operations. Recreation services also include the recreation and heritage commissions. Arenas are located in Princeton, Keremeos, Osoyoos, and Oliver. Pools are maintained in Keremeos and Oliver. Halls, centres, and parks are located throughout the Regional District area.

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Restricted surplus - Reserves for Future Expenditures

Year Ended December 31, 2015, With Comparative Figures for 2014

Schedule 1

The restricted surplus is an appropriation of surplus for specific future expenditures.

	Opening balance	Contributions	Return on investment	Transfers	Closing balance
	\$	\$	\$	\$	\$
Arena - Osoyoos & Area A	37,961	25,000	1,127	(8,990)	55,098
Building Inspection	191,715	21,000	4,260	-	216,975
Building Inspection Equipment	1,017	-	21	-	1,038
Emergency System 911	156,978	10,000	3,412	-	170,390
Fire Protection:					
Anarchist Mtn. Building	2,945	10,000	167	-	13,112
Anarchist Mtn. Equipment	21,994	4,000	506	-	26,500
Area B, G & Keremeos	34,748	52,366	1,061	(21,141)	67,034
Kaleden	351,255	73,000	8,168	-	432,423
Keremeos Building	37,582	10,000	897	-	48,479
Naramata	59,468	-	1,253	-	60,721
OK Falls Building	162,069	5,000	3,466	-	170,535
OK Falls Equipment	435,979	60,000	9,816	-	505,795
Tulameen	85,193	14,000	1,942	-	101,135
Willowbrook	3,947	-	83	-	4,030
General Gov't Capital	208,294	24,000	4,640	-	236,934
General Gov't Carbon Neutral	19,518	10,000	517	-	30,035
General Gov't Economic Dev't	13,989	-	294	-	14,283
GIS Fund	75,611	-	1,593	-	77,204
Info Systems Renewal	80,896	-	1,704	-	82,600
Keremeos:					
Pool	109,896	15,000	2,315	-	127,211
Recreation Facility	283,384	11,941	5,969	-	301,294
Mosquito Control	4,578	-	97	-	4,675
Naramata:					
Library	146,396	16,757	3,120	(13,347)	152,926
Recreation - Capital	174,668	5,000	3,732	-	183,400
Recreation - Tractor	20,183	-	425	-	20,608
Naramata Cemetery	7,974	-	168	-	8,142
Naramata Street Lights	23,047	-	486	-	23,533
Naramata Water:					
Emergency Works	294,771	100,150	7,264	-	402,185
Dualling Reserve	1,397,951	100,000	30,501	-	1,528,452
Vehicle Replacement	158,678	11,941	3,468	-	174,087
Sub-total (to next page)	4,602,685	579,155	102,472	(43,478)	5,240,834

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Restricted surplus - Reserves for Future Expenditures

Year Ended December 31, 2015, With Comparative Figures for 2014

Schedule 1

The restricted surplus is an appropriation of surplus for specific future expenditures.

	Opening balance	Contributions	Return on investment	Transfers	Closing balance
	\$	\$	\$	\$	\$
Sub-total (from last page)	4,602,685	579,155	102,472	(43,478)	5,240,834
OK Falls Parks Acquisition	76,679	-	1,616	-	78,295
OK Falls Sewage Disposal	16,552	-	349	-	16,901
OK Falls Sewer Capital	153,279	-	3,229	-	156,508
Olalla Water System	167,424	-	3,527	-	170,951
Oliver & Area C:					
Arena	3,814	-	-	-	3,814
Recreation Hall	117,730	-	-	-	117,730
Park	275,601	-	-	(158,999)	116,602
Pool	253,525	-	-	(35,000)	218,525
Programs	48,005	-	-	(30,000)	18,005
Oliver P&R Services	-	150,586	17,740	-	168,326
Osoyoos Museum	94,747	48,846	2,510	-	146,103
Parks - Area D	69,917	-	1,472	-	71,389
Parks - Area F	941	-	20	-	961
Recreation Commissions:					
OK Falls	84,064	-	1,771	-	85,835
Cawston	12,365	-	261	-	12,626
Kaleden	14,204	-	940	(498)	14,646
Refuse Disposal:					
Area H	20,531	-	432	-	20,963
Keremeos	405	-	8	-	413
Campbell Mtn - Closure	5,614,536	-	118,431	-	5,732,967
Campbell Mtn - Capital	577,689	530,000	17,751	-	1,125,440
Campbell Mtn - E. I.	1,012,086	330,000	24,796	-	1,366,882
Liquid Waste Handling	34,067	-	718	-	34,785
Okanagan Falls	18,789	-	396	-	19,185
Oliver	803,832	25,000	16,926	(25,640)	820,118
Regional Parks Capital	150,378	52,804	3,492	(22,072)	184,602
Rural Area Feasibility	71,510	-	1,506	-	73,016
Shinish Creek Diversion	50,235	-	1,058	-	51,293
VFCFC Area H Capital	513,714	120,536	11,641	(93,918)	551,973
West Bench Irrigation District	1,065,112	140,000	16,641	(690,257)	531,496
Totals	15,924,416	1,976,927	349,703	(1,099,862)	17,151,184

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Consolidated Revenues and Expenditures by Object

Year Ended December 31, 2015, With Comparative Figures for 2014

Schedule 2

	Regional Services	Rural Services	Emergency Services	Solid Waste & Recycling	Engineering Services	Recreation Services	2015 Budget	2015	2014 Restated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE									
Tax requisition	4,021,459	3,633,938	1,970,976	523,495	876,630	3,346,474	14,435,209	14,372,972	14,106,923
Sale of goods and services	220,929	884,525	40,532	5,785,993	3,309,951	899,793	10,833,488	11,141,723	10,380,706
Grants	160,723	1,153,458	44,382	-	852,355	58,972	4,557,859	2,269,890	4,005,924
Investment income	32,479	25,691	(12,529)	196,365	71,504	38,483	32,500	351,993	618,332
Administrative & recoveries	5,746	78,170	16,383	-	10,388	75,499	594,306	186,186	540,016
Development cost charges	-	-	-	-	169,000	-	-	169,000	320,000
Grant in lieu of taxes	51,031	26,967	5,808	3,036	33	15,641	37,995	102,516	93,871
Income from enterprises	-	5,241	-	-	-	-	-	5,241	129,187
	4,492,367	5,807,990	2,065,552	6,508,889	5,289,861	4,434,862	30,491,357	28,599,521	30,194,959
EXPENSES									
Wages and benefits	1,211,417	2,946,548	573,434	727,229	1,031,799	857,153	7,291,557	7,347,580	6,991,128
Contracted services	516,511	411,109	585,185	3,422,370	93,084	472,466	5,952,364	5,500,725	4,824,899
Maintenance and equipment	304,023	59,280	292,310	2,024,326	951,957	1,985,799	11,146,431	5,617,695	4,683,751
Requisitions to other boards	1,609,666	803,119	-	-	-	-	2,414,701	2,412,785	2,405,456
Amortization expense	159,840	10,876	342,310	81,417	1,194,483	400,200	-	2,189,126	1,997,308
Materials and supplies	299,296	348,178	126,800	84,714	132,741	131,377	1,460,293	1,123,106	1,231,636
Grants	102,853	578,079	8,960	1,500	10,533	205,624	3,097,496	907,549	747,970
Interest expense	43,608	-	23,105	-	366,066	215,831	2,074,062	648,610	698,009
Utilities and telephone	72,636	29,113	60,789	35,945	305,863	151,235	692,514	655,581	695,849
Purchased services	101,584	125,538	13,601	99,982	58,325	144,597	681,781	543,627	689,431
Insurance	15,994	49,448	84,616	44,543	60,851	109,208	350,421	364,660	367,343
Administration charges	-	-	-	3,898	-	18,471	693,538	22,369	23,248
	4,437,428	5,361,288	2,111,110	6,525,924	4,205,702	4,691,961	35,855,158	27,333,413	25,356,028
EXCESS (DEFICIENCY)	54,939	446,702	(45,558)	(17,035)	1,084,159	(257,099)	(5,363,801)	1,266,108	4,838,931
Gain (loss) on disposal of assets	(4,174)	(219,702)	(6,778)	-	(25,031)	(402,489)	-	(658,174)	8,600
EXCESS (DEFICIENCY) FOR THE YEAR	50,765	227,000	(52,336)	(17,035)	1,059,128	(659,588)	(5,363,801)	607,934	4,847,531

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Debenture Debt Schedule

Year Ended December 31, 2015, With Comparative Figures for 2014

Schedule 3

	Issue #	Matures	Rate	2015	2014
				\$	\$
Municipal financing					
Oliver	85	2024	4.98 %	293,398	318,739
	95	2025	4.17 %	97,150	104,930
	104	2028	5.15 %	1,555,685	1,645,652
	111	2025	3.73 %	1,799,601	1,949,061
	121	2022	3.90 %	384,799	431,645
				4,130,633	4,450,027
Penticton	61	2015	8.00 %	-	229,264
	63	2016	7.75 %	91,706	179,045
	72	2020	6.45 %	857,683	1,007,709
	73	2020	6.36 %	514,610	604,625
	81	2024	4.86 %	192,493	209,119
	85	2024	4.98 %	1,497,169	1,626,481
	93	2025	5.10 %	742,659	807,151
	95	2025	4.17 %	581,894	628,496
	99	2026	4.43 %	6,101,245	6,536,247
	102	2017	4.82 %	3,488,076	5,132,154
	102	2027	4.82 %	966,798	1,028,666
	103	2028	4.65 %	2,204,284	2,331,759
	104	2018	5.15 %	3,934,651	5,146,632
	104	2028	5.15 %	11,778,226	12,459,367
	105	2019	4.90 %	136,229	167,076
106	2029	4.13 %	8,794,618	9,256,919	
110	2030	4.50 %	6,533,430	6,847,167	
116	2031	4.20 %	499,005	520,990	
				48,914,776	54,718,867
Summerland	64	2016	7.42 %	76,421	149,204
	69	2023	5.55 %	4,127,227	4,538,856
	71	2019	5.99 %	562,217	687,895
	75	2021	5.69 %	407,287	464,313
	95	2025	4.17 %	4,058,335	4,383,356
	97	2026	4.66 %	5,156,890	5,524,561
	102	2027	4.82 %	4,143,421	4,408,569
	106	2029	4.13 %	155,451	163,622
	110	2030	4.50 %	1,636,221	1,714,793
	116	2031	4.20 %	2,679,363	2,797,410
				23,002,833	24,832,579
Keremeos	61	2015	8.00 %	-	19,105
	63	2016	7.75 %	7,734	15,099
	106	2034	4.13 %	181,020	187,311
				188,754	221,515
Sub-total carried forward				76,236,996	84,222,988

REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Debenture Debt Schedule

Year Ended December 31, 2015, With Comparative Figures for 2014

Schedule 3

	Issue #	Matures	Rate	2015	2014
				\$	\$
Municipal financing					
Sub-total carried forward				76,236,996	84,222,988
Osoyoos	59	2019	9.52 %	45,035	54,986
	74	2021	5.93 %	58,882	67,126
	80	2023	4.78 %	441,868	485,938
	112	2030	3.73 %	160,895	168,622
	126	2033	3.85 %	267,572	277,604
				974,252	1,054,276
Total Municipal financing				77,211,248	85,277,264
Regional District financing					
General capital					
Naramata Fire Department	MoF	2015	-	-	30,847
Missezula Lake Electrification	64	2021	7.42 %	43,052	49,080
Okanagan Falls Recreation	97	2016	4.66 %	29,637	58,135
Keremeos Fire Department	99	2021	4.43 %	115,985	132,799
Osoyoos Museum	121	2032	2.90 %	1,094,468	1,138,876
Okanagan Falls Parkland	124	2033	3.15 %	1,229,571	1,275,672
Total				2,512,713	2,685,409
General operating					
Anarchist Mountain Fire Department	95	2025	4.17 %	176,060	190,160
Venables Auditorium	127	2034	3.30 %	3,575,747	3,700,000
Northwest Sewer	130	2034	3.00 %	673,594	697,000
Total				4,425,401	4,587,160
Sewer capital					
OK Falls WWTP	127	2034	8.00 %	4,638,808	4,800,000
Water capital					
Olalla	72	2015	6.45 %	-	17,601
Naramata	99	2031	4.43 %	1,693,162	1,767,759
West Bench Irrigation District	121	2023	2.90 %	240,725	265,845
Apex Circle	127	2034	3.30 %	67,166	69,500
West Bench Water System	131	2035	2.20 %	1,896,000	-
Total				3,897,053	2,120,705
Water operating					
Naramata	85	2015	4.98 %	-	193,253
Short term borrowing					
West Bench Water Supply	BL 2609	2015	1.70 %	2,000,000	2,800,000
Total Consolidated Debenture Debt				94,685,223	102,463,791

ADMINISTRATIVE REPORT

TO: Planning & Development Committee
FROM: B. Newell, Chief Administrative Officer
DATE: May 5, 2016
RE: Twin Lakes Development - for information only



Purpose:

To inform the Board of Directors of the history and status of the Twin Lakes Golf Resort (TLGR) development and subdivision applications.

Reference:

RDOS Subdivision Servicing bylaw No. 2000, 2002, Section 3.2.1
Electoral Area 'D' Kaleden-Apex Southwest Sector Zoning Bylaw No. 2457, 2008
Electoral Area 'D' Kaleden-Apex Southwest Sector OCP Bylaw No. 2456, 2008
Electoral Area "D-1" *draft* OCP Bylaw No. 2683, 2016

Site Context:

The TLGR currently owns two parcels of land in the Twin Lakes area with development proposed on both. The parcels are located to the south adjacent to Highway 3a and north of Nipit Lake.

One parcel (Lot 2), is approximately 41.4 ha in size and is legally described as Lot 2, Plan 26332, District Lot 228S, 2169, Except Plan H15455, SDYD. This parcel is currently vacant and consists of rolling hills, steep rocky outcrops grasslands and treed areas.

The second parcel (Lot A) is approximately 66 ha in size and is principally used as a golf course and clubhouse and is legally described as Lot A, Plan KAP46761, District Lot 228S 2169 4098S, Except Plan KAP53180, SDYD. The majority of this parcel is also within the Agricultural Land Reserve (ALR). There is also a seasonal RV Park Campground on this parcel.

Surrounding properties are a mixed land use of RA, LH, RS1, RS2 and C1. The properties surrounding Nipit Lake are a mix of residential zonings.

Background: Land Use

Under the Electoral Area 'D' Kaleden-Apex Southwest Sector Zoning Bylaw No. 2457, 2008, the two properties are subject to a number of different zonings.

Currently zoning on Lot 2 consists of Resource Area (RA), Residential Single Family One (RS1) and Residential Multiple Family (RM1).

Current zoning for Lot A consists of Resource Area (RA), Agriculture Three (AG3), Residential Single Family One (RS1), Residential Multiple Family (RM1), General Commercial (C1), Parks and Recreation (PR).

June 15, 1995 — Amendment Bylaw No. 1550 is adopted and amends the zoning on Lot 2, (adjacent to the Twin Lakes Golf Course) to allow for the development of approximately 258 units.

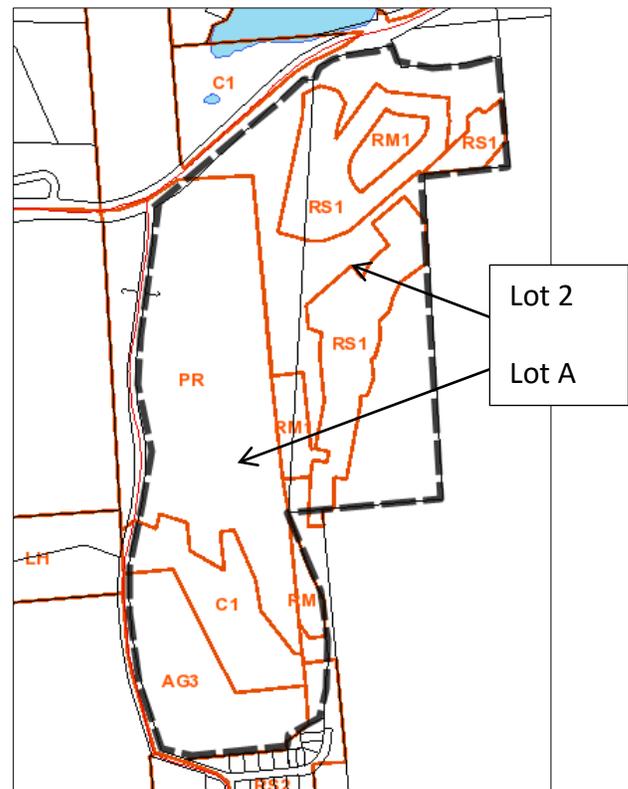
The majority of golf course, Lot A is in ALR. The ALC approved a development site plan on March 11, 2008 that permitted up to 142 units. The site plan submitted to the ALC generally reflects what is currently zoned as 'C1' – General Commercial and showed mostly multi-family dwellings.

A land use amendment application for Lot A was received in Dec. 2007 to rezone from the C1 zone to a site specific Tourist Commercial zone to construct a four season resort, cottages, condos/hotel, townhouses, recreation centre and an expansion to the RV park and clubhouse. The application was returned in 2009 for incomplete information.

The RGS, adopted in 2010, designated Twin Lakes as a Rural Growth Area generally based on the existing zoning in place at the time.

The D-1 OCP review and update process, currently underway, included several discussions with the current developer. There was a verbal understanding that any new development would be concentrated in the area of the C1 zone on Lot A and that area would be outlined as the Rural Growth Area. The RS1 and RM1 zones would be removed from the Lot 2 hillside at the same time that a new zoning application is made to reflect this change. There has been some disagreement about the size of the Growth Area and the number of overall potential units; however, expanding the rural growth area over the ALR was not acceptable by the ALC at this time. The Growth Area has been proposed to include approximately 10 ha of land outside the ALR and not on Crown Land.

There was also an understanding that any new development on Lot A would be phased in over time with the first phase having 50 units and water usage monitored for 10 years before any additional development could be constructed to ensure a sustainable water supply for all users in the Twin Lakes area. The Twin Lakes section of the draft OCP contains a number of objectives and policies that strengthen this preferred direction.



Background: Subdivision

March 4, 2008 — an application to subdivide the TLGR lands for Phase 1 proposing 33 single family strata units and 18 multi-family strata units for a total of 51 units was received by the Regional District from the Ministry of Transportation and Infrastructure (MoTI). The overall TLGR development proposal is comprised of a bare land strata with a total of 136 single detached dwellings units and 72 multi-family dwelling units over a 64 hectare parcel.

In order to meet infrastructure servicing requirements for overall subdivision, the TLGR developer is proposing to create community water and sewer systems that will subsequently be turned over to the Regional District to own and operate. This proposed community infrastructure would be designed to provide water and sewer to the proposed development; as well as potentially servicing the existing residences which surround Twin Lakes (which is a policy objective of the OCP).

July 26 2011 — the Provincial Approving Officer gave the subdivision application a non-approval under the Land Title Act, Section 85 because in his opinion the proposal was not within the “public interest” due to concerns with risk of not having sustainable water for the proposed bare land strata development, and even existing the Twin Lake area properties without the development proceeding.

September 20, 2012 — the TLGR group applied for a Development Variance Permit (DVP) requesting a reduction of the Water Supply, Design Parameters under the Regional District’s Subdivision Servicing Bylaw No, 2000, 2002. The requested DVP would reduce Maximum Daily Domestic Flow of 8,000 litres per single family unit per day to 1,900 litres per single family unit per day.

The Regional District Board deferred the DVP until such time a new hydrogeological report (Golder Report) was to be completed by the TLGR developer.

July 10, 2014 — the draft Golder Report was delivered to the Regional District. The science of hydrology in the report will be reviewed by the Ministry of Forest Lands and Natural Resource Operations (MFLNRO). The water use of the proposed development and existing water users in the Twin Lakes area was reviewed by Staff.

February 03, 2015 — MFLNRO completed its review and comments are returned to the TLGR developer.

February 13, 2015 — the Regional District responds with comments on the proposed water use to the TLGR developer.

January 26, 2016 — the revised draft Golder Report is distributed to the Regional District and the Provincial Approving Officer. The revised report has been reviewed by MFLNRO and the Regional District commissioned a secondary review of the proposed water use by Western Water Associates Ltd.

Analysis:

Land Use:

Growth capacity for Twin lakes area is constrained by groundwater supply and significance of groundwater capacity. While zoning has been in place for a proposed 200-plus unit development on a

bluff above the golf course since 1992, both the market and groundwater supply have not enabled the development to proceed.

A proposed revision to the preliminary concept may remove the residential land use designations from the bluff to the Twin Lakes Golf Course commercial area where the clubhouse and RV park are currently located. The proposed development concept features clustered townhouses on a relatively small footprint. Any new formal application will remain subject to sustainable groundwater and capacity issues.

Several meetings have taken place with the developer throughout the OCP review process and there has been general agreement to the 'big picture' strategy of removing the hillside development to a clustered village type of development centered around the club house.

What Land Use provisions are needed to move the conceptual development forward?

- A land use amendment (OCP and Zoning) prepared by the Developer must be submitted to the Regional District removing the residential designations from the hillside to the area within the rural growth area. Included in the land use amendment would need to be a site specific servicing bylaw amendment that reduces the flows for the proposed type of development.
- The Regional District should seek legal assurance that the first phase of the development would be limited to 50 units with expansion conditional on availability of sustainable water. This could be done through a 'no build' type of covenant on all but Phase one of the property. The covenant would need to include methodology and agreement on how monitoring and assessment will be established and how to assess availability for future development. The covenant would include the right for the Regional Board to remove further development rights if groundwater becomes too limited for servicing new development.
- The Regional District should consider imposing Form and Character conditions on the development permit at time of rezoning to address items such as landscaping, irrigation plans, and aquifer protection.

Subdivision:

The 2008 subdivision application for TLGR, Phase One, was halted in 2011 by the Provincial Approving Officer's concern the over water sustainability for the Twin Lakes. The Provincial Approving Officer also stated that if water availability and sustainability can be proven then the development may proceed with subdivision application. Since then the TLGR developer has been diligent in conducting a new Hydrogeological Assessment for the Twin Lakes area by Golder Associates.

The TLGR developer has also been reviewing water demands for the development proposal. The developer's September 20, 2012 DVP application proposes to reduce the Maximum Daily Domestic Flow demand to 1,900 litres per single family unit per day. The water demand for the DVP has now been unofficially revised to an Average Daily Demand of 2,200 litres; which calculates to be a Maximum Daily Domestic Flow demand of 5,500 litres per single family unit per day.

What Subdivision provisions are needed to move the conceptual development forward?

- The TLGR developer will need to revise the subdivision application through MoTI to reflect the proposed changes to the development. A revised site plan will have to be completed on how the conceptual development will be established over time.

-
- A new review of the conceptual development will be needed as part of the standard subdivision review process. Conditions for subdivision will be revised for the TLGR developer.
 - The deferred DVP will need to be brought forward to the Regional Board once the Golder Report is accepted by the Provincial Approving Officer and the Regional District. The DVP will require a thorough review of the conceptual development details to draft conditions needed to support the DVP.
 - TLGR will need to apply for a water license for both their existing use on the Golf Course and for their new use for the residential development.

Respectfully submitted:

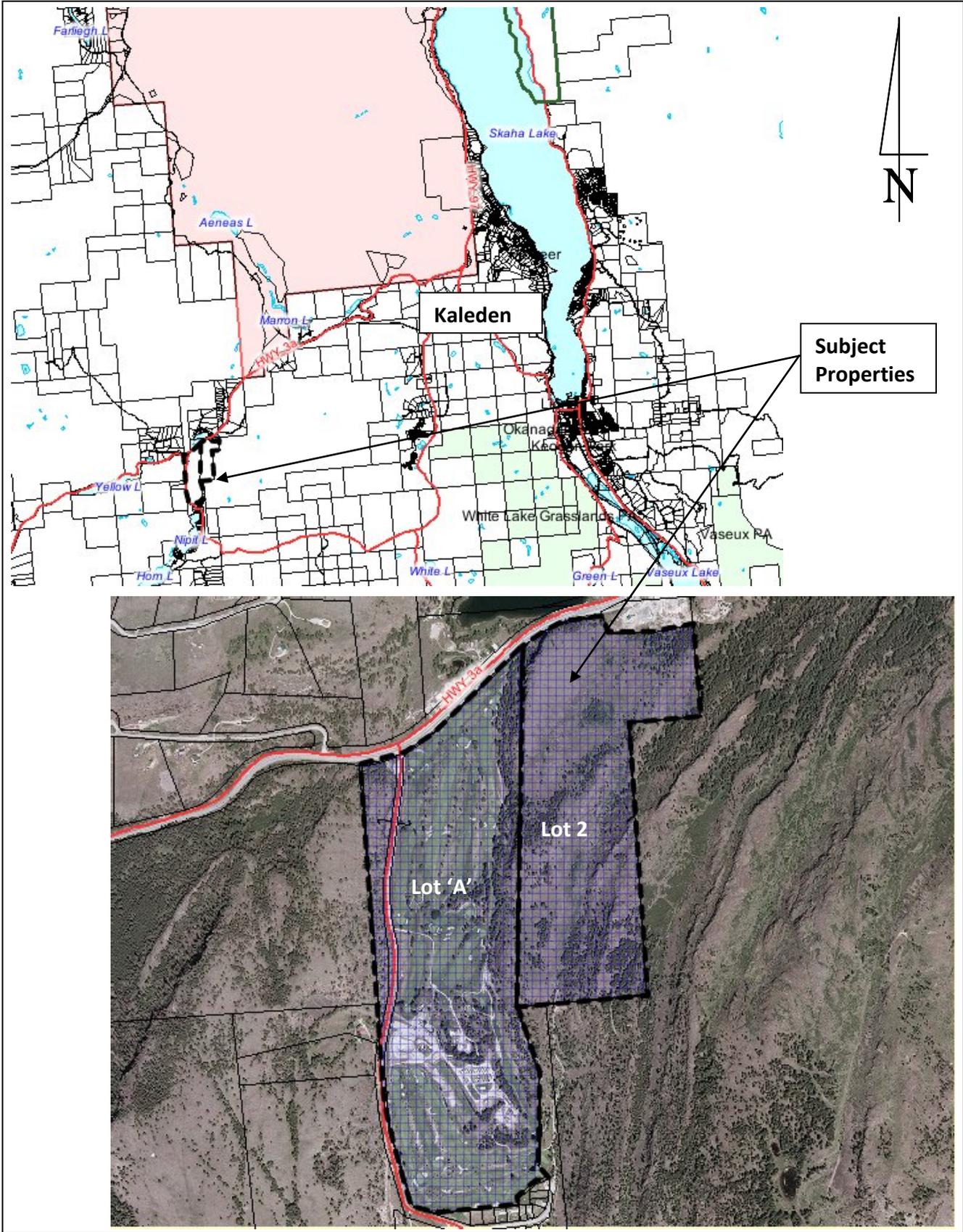
Stephen Juch

S. Juch, Subdivision Supervisor

Attachment No. 1 – Context Maps

Attachment No. 2 – TLGR Development Site Plan (2008)

Attachment No. 1 — Context Maps

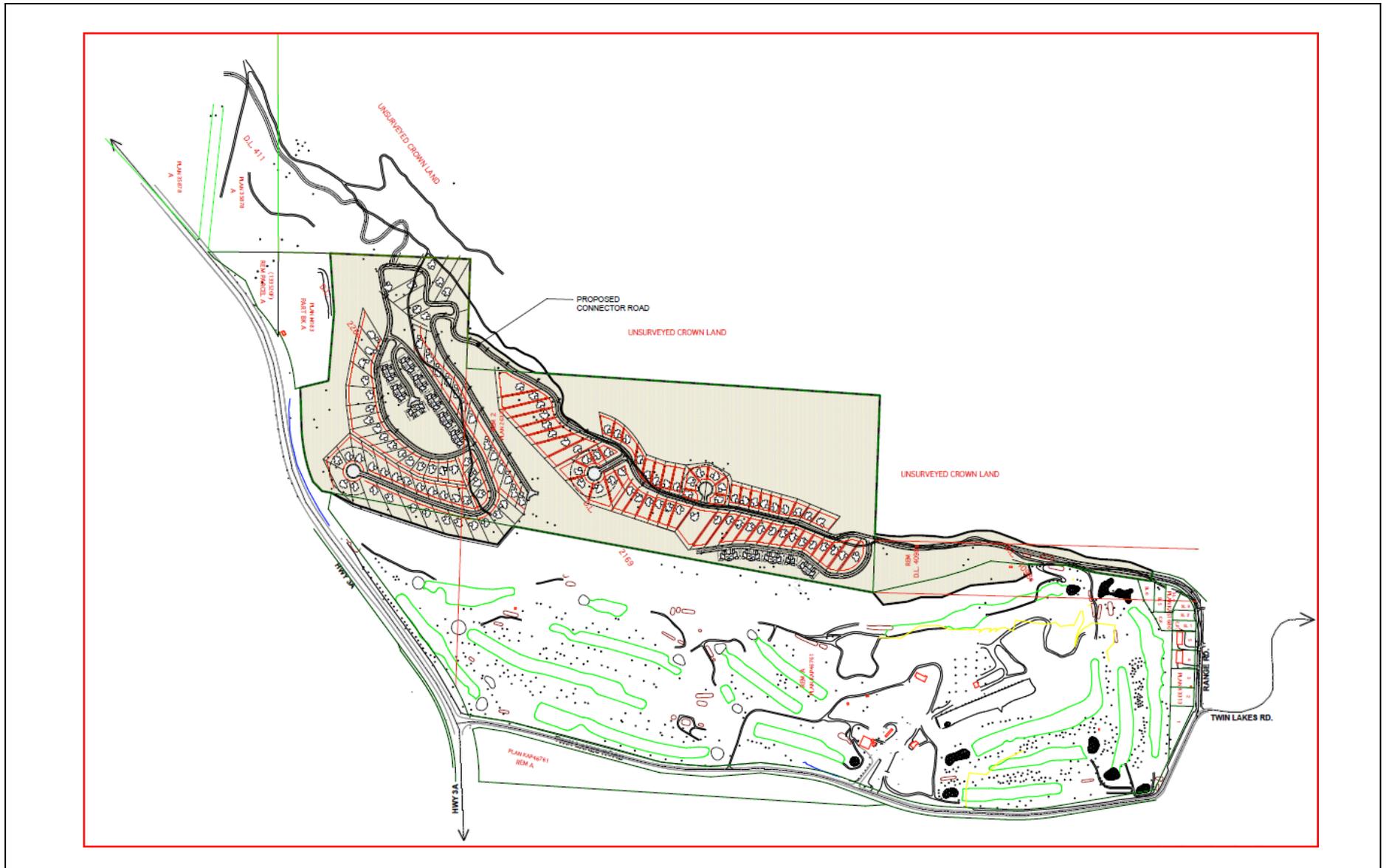


File Path: <https://portal.rdos.bc.ca/departments/officeofthecao/BoardReports/2016/2016-05-05/BoardReports/D1 Twin Lakes Update.docx>

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File No: Sub-D08-

Attachment No. 2 — TLGR Development Over-All Site Plan (2008)



ADMINISTRATIVE REPORT

TO: Board of Directors
FROM: B. Newell, Chief Administrative Officer
DATE: May 5, 2016
RE: Naramata Water Advisory Commission



Administrative Recommendation:

THAT the Board of Directors accept the resignation of Peter Lighthall and rescind Mr. Lighthall's appointment as a member of the Naramata Water Advisory Committee; and further,

THAT a letter be forwarded to Mr. Lighthall thanking him for his contribution to the Naramata Water Advisory Committee.

Reference:

Naramata Water Advisory Committee Bylaw No. 1969 – a bylaw to create the committee and establish the role of the committee members.

Analysis:

On April 27, 2016, the Director for Area "E" advised administration that Mr. Lighthall had tendered his resignation as a member of the Naramata Water Advisory Committee (NWAC) the previous day.

As the Board appoints members to NWAC, a resolution is required to rescind the appointment.

Volunteers are critical to the success of the Regional District and the Board wishes to acknowledge the significant contribution provided by each of these civic-minded individuals.

Mr. Lighthall is to be commended for his long service on the Naramata Water Advisory Committee and to the citizens of Electoral Area "E".

Respectfully submitted:

"Christy Malden"

C. Malden, Manager of Legislative Services