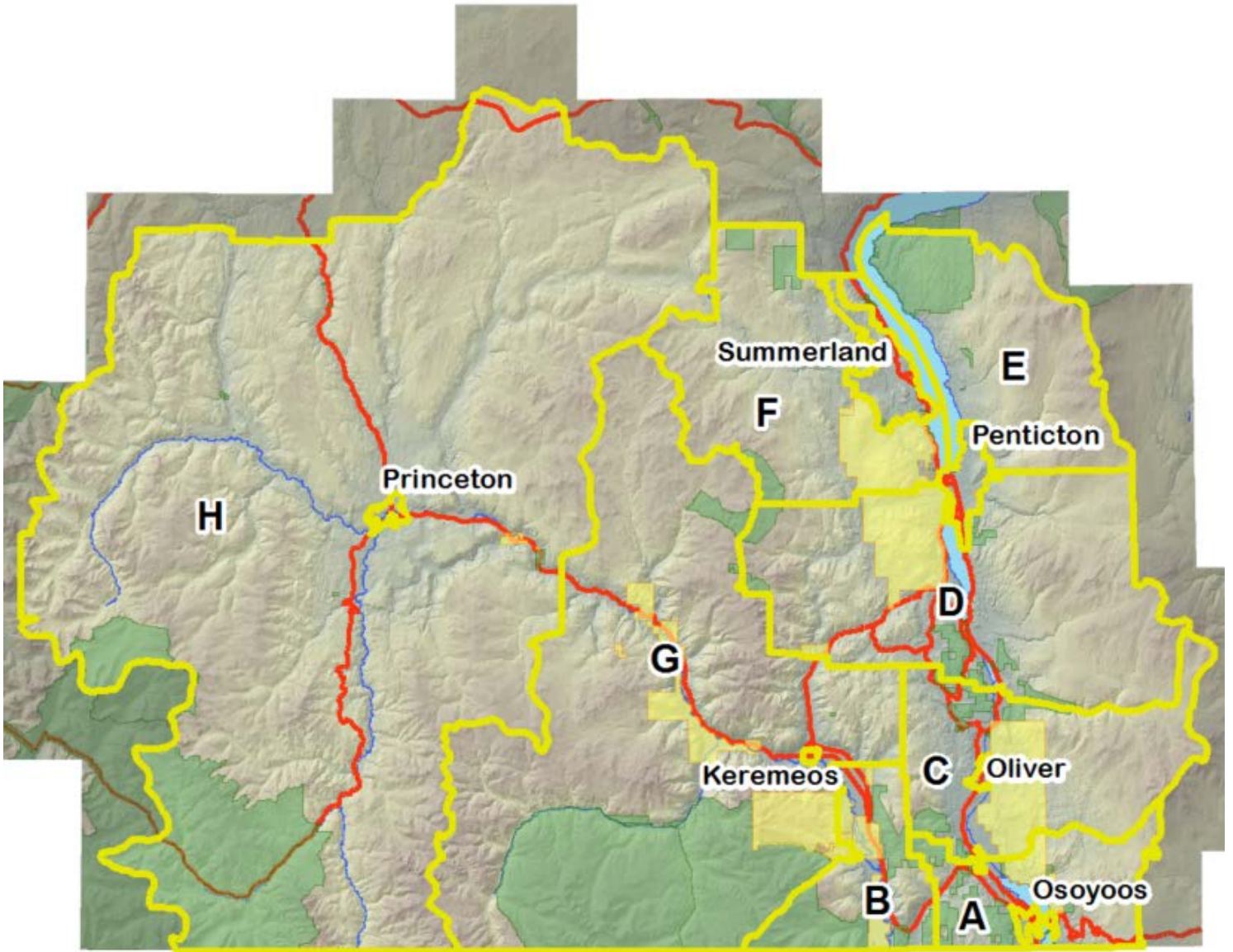


Strategic Plan 2015 – 2019

Regional District of Okanagan-Similkameen



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REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN

Strategic Plan
2015-2019

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TABLE OF CONTENTS

INTRODUCTION

STRATEGIC CONTEXT

STRATEGIC OVERVIEW

GOVERNANCE AND ACCOUNTABILITY

STRATEGIC PLANNING PROCESS

ECONOMIC OVERVIEW

KEY SUCCESS DRIVERS, GOALS

SUMMARY STATEMENT



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INTRODUCTION

The Regional District of Okanagan Similkameen in south-central B.C. is one of the most geographically diverse regions of British Columbia. It includes vineyards and orchards, lakes, mountain ranges, and high plateaus. Summers are hot and dry, and winters, while below freezing, are relatively mild. It's the driest part of British Columbia, and home to the only official desert in Canada.

Local Government

Municipalities were created in certain geographic areas to accomplish tasks and provide services that could be more adequately achieved by action of a group than by the action of an individual. A Regional District operates on the same principle, but goes further, to provide a forum for incorporated local governments in the region and electoral areas to come together to coordinate their actions for the benefit of their mutual constituents.

The basis of property taxation for incorporated local governments follows the Redistribution Principle, whereby the municipality taxes property and creates services which property owners might not individually subscribe to and redistribute it for the benefit of all. The Regional District form of government moves much closer to the Direct Benefit Principle of taxation, whereby we create service areas through establishment bylaws and only those directly benefiting from the service pay for it.

Mandate and Authority

Section 2 of the Local Government Act (LGA) of British Columbia provides that regional districts are an independent, responsible and accountable order of government within their jurisdiction. The purposes of a regional district include:

- (a) providing good government for its community,
- (b) providing the services and other things that the board considers are necessary or desirable for all or part of its community,
- (c) providing for stewardship of the public assets of its community, and
- (d) fostering the current and future economic, social and environmental well-being of its community.

While the Local Government Act and the Community Charter are the foundation of enabling legislation for Regional Districts, we also draw authority from, or are affected by, many other pieces of Provincial legislation.



Letters Patent

The Regional District of Okanagan Similkameen is a corporation officially established on March 4th, 1966 by Letters Patent issued by the Executive Council pursuant to Section 766 of the Municipal Act of British Columbia. As a creation of the Province, the Regional District relies on Provincial Legislation to provide the authority necessary for it to fulfil its mandate of providing services to the citizens within its corporate boundaries.

The Regional District is led by a Board of Directors of eighteen members, eight rural and ten urban. Based on population, the eight rural electoral areas each have one elected director and of the six municipal members, Penticton appoints 4 Directors, Summerland appoints two Directors and Osoyoos, Oliver, Keremeos and Princeton appoint one each. The rural Directors are elected to a four-year term while the urban members are appointed by their councils annually. The Act also provides that the authority and power to govern the municipality is vested in Board as a whole.

In this volatile economic time, the Strategic Plan describes a vision and a balanced strategy to ensure we offer competitive and sustainable services that are focused on meeting the current and future needs of our citizens, customers and stakeholders, and making the South Okanagan and Similkameen Valley's a great place to live, work and play. To achieve success and the realization of the strategy, the Regional District relies on their dedicated employees who will work in collaboration with a range of diverse stakeholders.

STRATEGIC CONTEXT

The Regional District of Okanagan Similkameen makes significant and lasting contributions to the quality of life for their citizens. However, this can only be realized by offering competitive, effective and innovative services to those within our service area, to those that want to do business within our geographic boundaries, to those travelling through and to those other incorporated municipalities within our boundaries and who have representation on our Board of Directors.

The business environment in which we operate offers significant strengths. The geographic location and our climate are huge attractions. To further our advantage, our strong management team and a highly functional group of elected officials, all who keep the interests of the Region at the forefront and who are always looking for partnerships and economies of scale, lead the way.

Our efforts to build a stable, business-friendly environment face a number of challenges that have been identified and will be addressed in the coming years. The most pressing challenge is the economy, yet we have some huge projects on the horizon. The Provincial Corrections Facility announced for Gallagher lake, the Penticton Regional Hospital expansion and the eventual redevelopment of the Okanagan Falls Weyerhaeuser Plant Site are only a few. There will be hundreds of millions of dollars of investment in this region over the next few years and it is our responsibility to be ready for it. We have some challenges, as well. The economy remains flat requiring us to continually rely on grants for our major projects. Nothing that can't be managed; but challenges none-the-less.

STRATEGIC OVERVIEW

Vision

Our Vision is a description of our preferred future. The Board of Directors, Chief Administrative Officer and their senior administration came together early in 2009 to look twenty years into the future and define what the Regional District of Okanagan Similkameen should be. Although reviewed annually, it forms a target to which all other plans are defined. It takes into account our rich history, our diverse culture and our unique position in the beautiful Okanagan and Similkameen Valley's. We know where we are, where we want to go and we'll chart a course to get there.

We envision the Regional District of Okanagan-Similkameen as a steward of our environment, sustaining a diverse and livable region that offers a high quality of life through good governance.

Mission

The Mission Statement defines why the corporation exists and brings a clarity of purpose as to how we will achieve our vision. The Mission Statement helps us define how our human and financial resources will be applied.

To initiate and implement policies which preserve and enhance the quality of life and serve the broader public interest in an effective, equitable, environmental and fiscally responsible manner.

Values

The Regional District of Okanagan Similkameen Values are intrinsic beliefs that all members of our organization are expected to use, live by and demonstrate on a daily basis while executing their work responsibilities. The Values help define who we are and what we stand for and must be owned to the extent that each member of the organization is willing to hold themselves and others accountable to them.

Honesty, Integrity, Ethical and Respectful Behaviour

We are honest, ethical, and fair in all of our activities. We use consistent sound judgement and strive to build trust in our working relationships. We treat each other and our citizens with respect and dignity, appreciating individual differences and cultural diversity.

Accountability

We take responsibility for our actions by embracing common goals through teamwork and collaborative decision-making while putting the interest of the community first. We dedicate ourselves to maintaining professionalism in our work using guidelines and standards that enable us all to be answerable for our choices and achieve results stated in our organization's goals and objectives.

Leadership/Transparency

We value “leadership with integrity” in support of our Vision and our committed to open, accessible and transparent local government.

Consistent Focus on the Customer Experience

We commit to provide courteous, responsive, high-quality service by fostering a respectful, positive and welcoming environment for our customers. We provide consistency through sound business practices and professional standards.

Environmental Responsibility

We believe that a healthy environment promotes healthy living in our communities. We have a responsibility to maintain, enhance and protect the environment through the consideration of environmental, fiscal and social impacts in our decision-making process.

GOVERNANCE & ACCOUNTABILITY

Regional governments perform important work and deal with important issues that affect the very lives of those who depend on us for service. They also rely on the Board to set a strategic direction for the Region and to do what’s right to make their future sustainable through a responsive and accountable organization. The governance and accountability processes of the Regional District of Okanagan Similkameen are structured to promote the purposes and business of the Regional District as set forth in our enabling legislation.

The Local Government Act establishes that the governing body of a Regional District is the Board¹, that it is a continuing body, and that the powers, duties and functions of the Regional District are only exercised by the Board.² This legislated role is, by necessity, fairly vague.

The governance role for every board member is identified in the Community Charter:³ It requires members to consider the well-being and interests of the District as a whole; to contribute to the development and evaluation of the policies and programs of the District respecting its services and other activities; and defines the responsibility of every member to participate in Board meetings, committee meetings and meetings of other bodies to which the member is appointed;

¹ *Local Government Act, RSBC 1996, Chapter 323, S. 176*

² *Local Government Act, RSBC 1996, Chapter 323, S. 174*

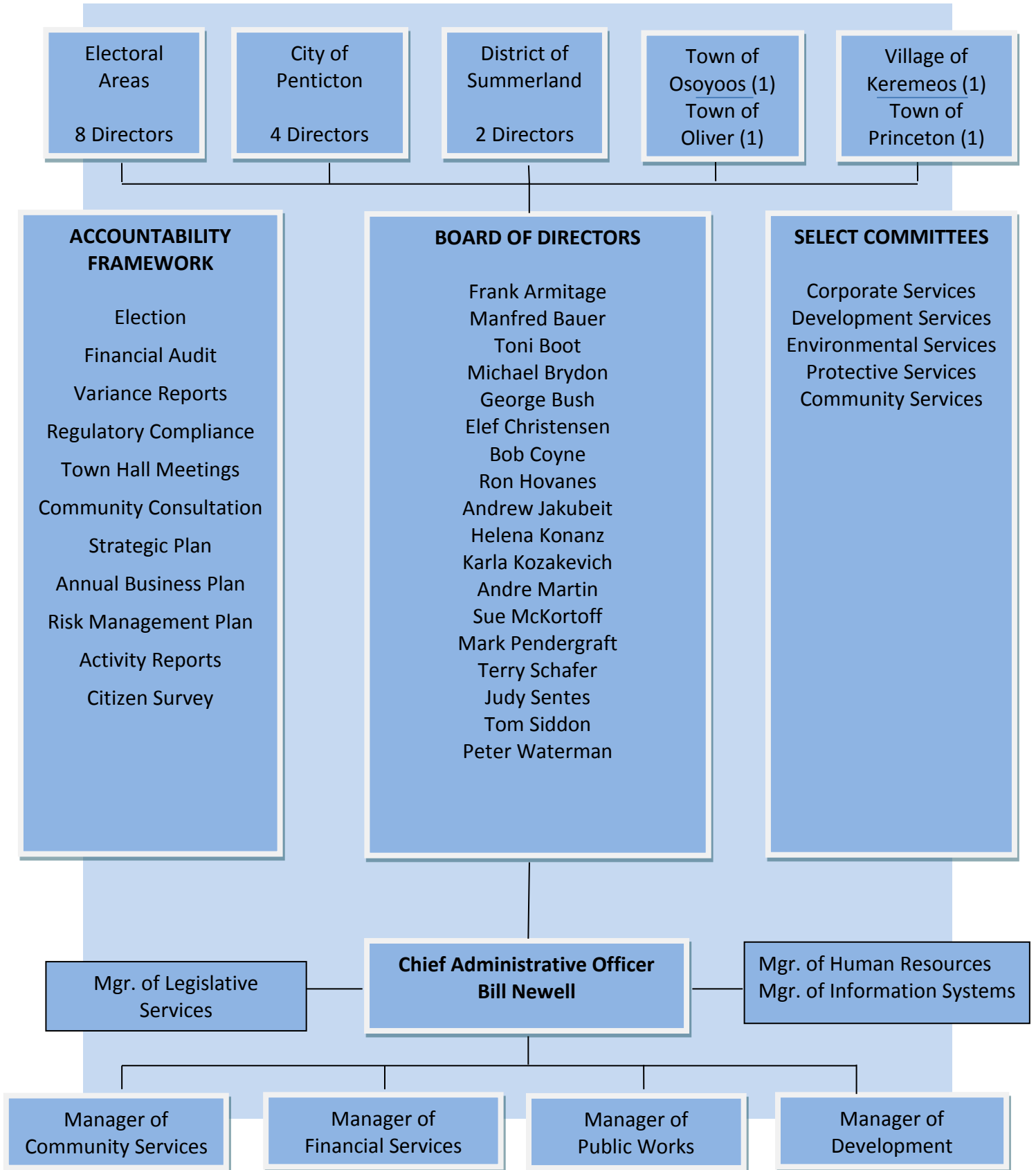
³ *Community Charter s.115*

The Board of Directors takes their oversight responsibilities seriously. Among other activities, the Board has committed to the following practices:

- i. to adopt a strategic plan for the corporation and regularly monitor progress towards the achievement of that plan, updating the plan when appropriate;
- ii. to understand the principal risks which the corporation faces and ensure the corporation is adequately protected against those risks;
- iii. to appoint a CAO and qualified officers to direct the business of the corporation, ensure training is available for current and prospective senior management, regularly assess the performance of senior management and provide for succession;
- iv. to ensure there are processes in place to allow the corporation to communicate effectively with and receive feedback from its stakeholders; and
- v. to ensure there are effective internal controls and financial reporting systems to ensure the corporation's finances are protected and the corporation's financial reports may be relied upon with confidence as to their integrity and accuracy.

Accountability in an organization as diverse as the Regional District of Okanagan Similkameen relies on many different tools and processes to provide the Board the information they need to fulfill their oversight responsibilities and to hold their administration accountable for the implementation of the Boards policies and programs. The primary components of the Accountability Framework are identified below in model format.

GOVERNANCE & ACCOUNTABILITY FRAMEWORK



STRATEGIC PLANNING PROCESS

Purpose of Planning

Strategic Planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it. It's all about managing change in an informed manner. Local Governments provide critical services to their citizens and evidence shows they work. Success is too important to leave to chance. The Regional District needs to be very focussed on how they're going to achieve their vision so they can use their human and financial resources wisely.

To meet their social, economic, operational, and environmental obligations in the face of changing conditions, the Regional District of Okanagan Similkameen is always looking to transform their business models, facilities, and operational responsibilities. Generally, local government, like other industries, is challenged when sudden or unexpected changes occur in the marketplace. The economic adjustment of 2008 had a significant impact on our region and, while stable, the Okanagan Similkameen is in a very slow recovery. We take our demographics and the requirement for fiscal responsibility into account when planning for the future.

The Board of Directors of the Regional District of Okanagan has a well-developed Strategic Planning Cycle and Process and have set out the framework identified below.

The Planning Cycle

The Regional District of Okanagan Similkameen Board of Directors was formed in December 2014. Quickly out of the gate, the Board was presented with a strategic planning cycle that clearly sets out their interest and commitment to strategic planning and how they intend to keep the Plan current and organized.

Phase I – Preparation and Gathering Input (July)

- Staff will engage with key clients, service providers or other stakeholders to gather intelligence and comment on data sets such as the S.W.O.T. analysis, Guiding Principles, adherence to Core Values, industry trends, etc.
- They will conduct a literature review, market assessment and business development review to look at trends or information that will keep the planning process rigorous. Department managers will engage their staff at this time for input to the planning process.
- Every second year (evens), the Regional District will conduct a citizen survey.
- Review and issue Budget Guidelines

Phase II – Planning (August – October)

- Senior Management Team Meets to discuss:
 - Guiding Principles
 - Key Success Drivers
 - Strategic Goals
 - Corporate SWOT Analysis
 - Corporate Assumptions
 - Corporate Objectives & Metrics

- CAO engages the Board to obtain input and validate changes
- With direction from the Board, the CAO commences review of Business Plans and Budgets
- Develop Performance Metrics
- Senior Management Review of all Completed Work

Phase III – Approval (November - January)

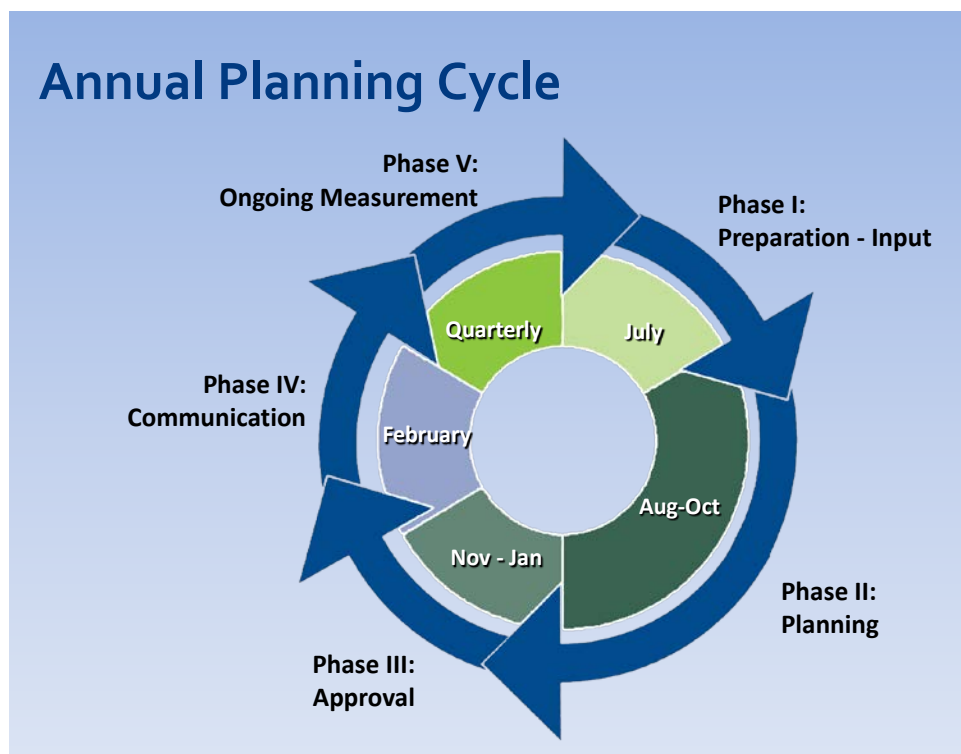
- Budget discussions commence
- The CAO presents the revised plan to a Board Meeting and obtains approval of the Corporate Business Plan.
- The Five-Year Financial Plan is submitted for discussion.

Phase IV – Communication & Accountability (February)

- Material provided to Member Municipalities and External Stakeholders
- Individual performance metrics are established for the next year
- Adoption of the Budget/ Adjustments to Business Plan

Phase V – Ongoing Measurement

- Quarterly reports to the Board, which would typically include:
 - Dashboard update on Corporate Objectives
 - Narrative on Business Unit financial and business plan performance
- There will be other reporting as required throughout the year



Integrated Planning Framework

As a part of the planning framework, but collateral to the Strategic Plan, there are a number of documents that the Regional District of Okanagan Similkameen uses to achieve their mission.

Strategic Plan

The strategic plan establishes the overall direction for the Regional District. The plan is premised on rigorous environmental scanning processes and examines the local market and broader catchment area. The strategic plan sets out our targets for community sustainability and what the Board wants to accomplish during their term of office.

Annual Business Plan

To complement the Strategic Plan, each year the Regional District of Okanagan Similkameen develops a business plan which describes the Corporate Objectives identified for the year in pursuit of the strategic goals under each Key Success Driver. The Corporation measures success against the corporate objectives, in alignment with moving towards achievement of the strategic goals.

Risk Assessment

The Regional District of Okanagan Similkameen has developed an enterprise risk management (ERM) strategy to identify key strategic & organizational risks and remove uncertainties that may affect our ability to achieve our strategic plan. The Strategy will be applicable to all areas including, but not limited to, capital projects, health and safety, financial, reputational, operational and human resources. Each risk element is analyzed in terms of probability and impact, is weighted and then mitigation measures are developed for the more significant risks.

Financial Management Plan/Policy

Regional Districts in British Columbia are mandated to adopt a five-year rolling financial plan by March 31st of each year. The Regional District offers 138 Services and presents the Board of Directors a separate plan for each service. We offer 12 Regional Services that apply to all 14 jurisdictions within the Regional District, being 8 rural and 6 municipal. We also offer several sub-regional programs and a mix of local or group services.

Corporate and Individual Performance Plans

Once the annual Business Plan is adopted by the Board, specific actions are assigned to members of administration.

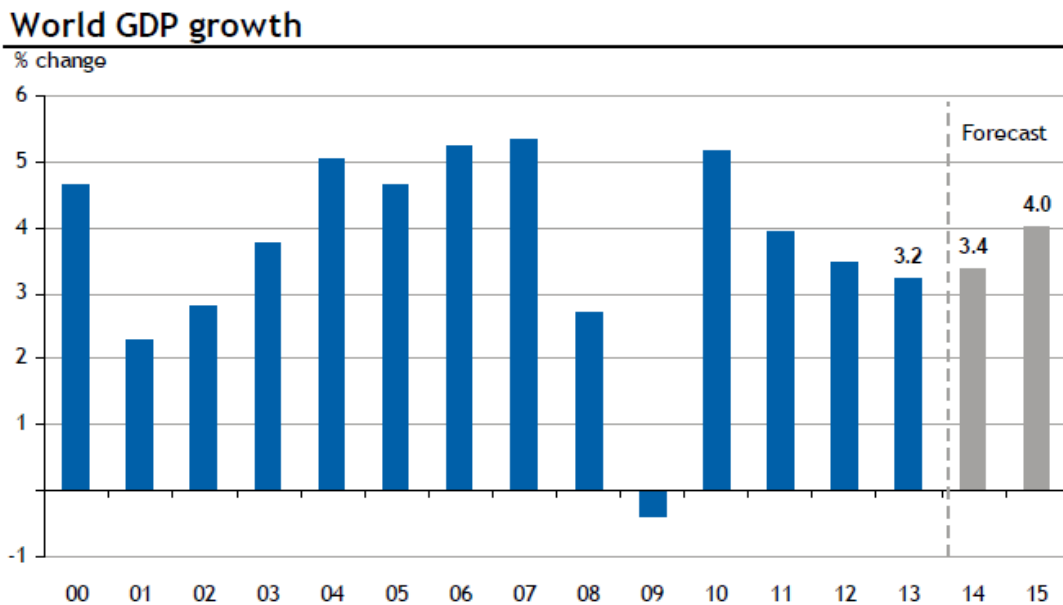
ECONOMIC OUTLOOK

Global View

After a slow and fragile recovery of the global economy the past few years, 2014 has provided signs of improved conditions. However, geo-political crises have complicated the outlook for the global economy with fighting in the Ukraine and Middle East, the significant reduction in the demand for oil, and the Ebola crisis effecting world travel are creating downside risks to the global economic outlook forecast. The reality is that the global economy still has yet to completely shake off the fallout from the crisis of 2008-2009.

Despite the volatility in the first half of 2014, the view still remains that U.S. growth will be driven by consumer spending and a modest increase in business investment. Trade activity is also expected to quicken though import growth is forecast to exceed the rise in export activity resulting in net exports trimming the annual growth rate. Favorable balance sheet conditions and improved confidence underpin forecasts for a strengthening in domestic demand. Housing market activity is also forecast to accelerate however given the slow start to the year, the sector’s contribution to the economy’s growth rate will be limited in 2014 with a much larger boost forecast for 2015. Forecasts expect the U.S. economy to grow by 2.2 percent in 2014 and 3.2 percent in 2015.

The Royal Bank of Canada (RBC) predicts overall, 2014’s growth rate is likely to be slightly higher (3.4 percent) than 2013’s subdued 3.2 percent pace with the key difference being that the hand-off to 2015 will be much stronger setting up for real GDP to expand by 4.0 percent.



Source: International Monetary Fund, RBC Economics Research

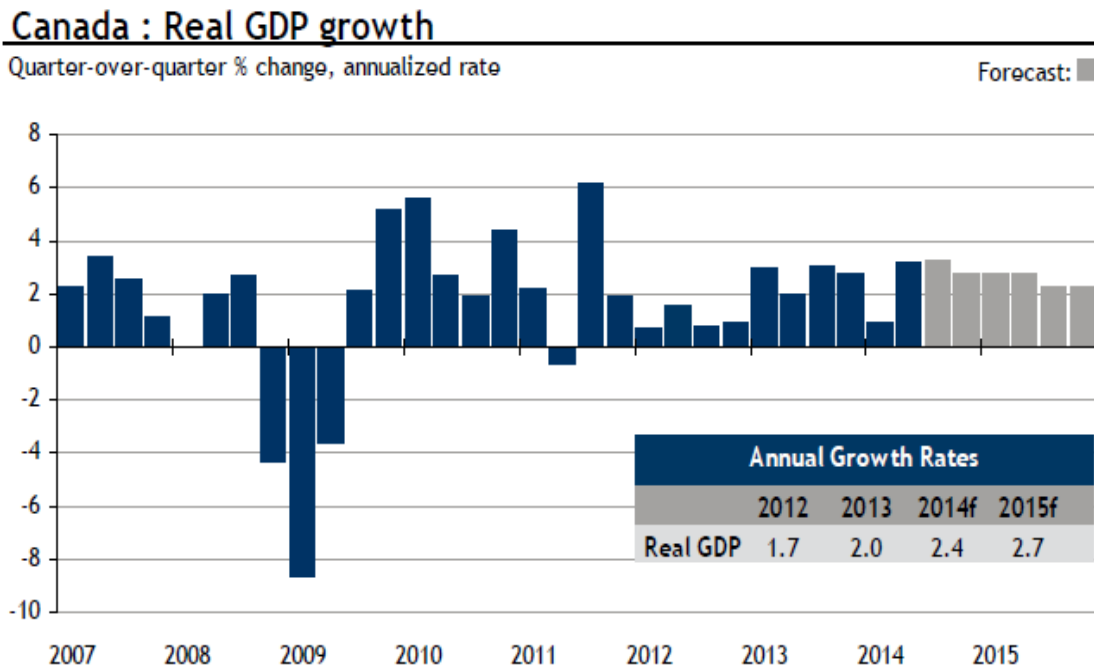
National

Canada’s economy has avoided slipping back into recession, and growth is expected to continue to strengthen, according to RBC, in 2015. Canada’s economy in early 2014 continued to be hampered by falling business investment, declining housing market activity and very soft consumer spending – all of which were hurt by unseasonably harsh winter weather. However, net trade still managed to prop up real GDP in the quarter resulting in an overall increase in GDP of 0.9 percent.

Similar to the U.S., Canada’s economy managed to recover in the second quarter with GDP expanding at a 3.1 percent pace as more seasonal weather temperatures fuelled a rebound in consumer and business activity. More importantly, Canada’s export sector saw a very sharp increase in demand that added 1.7 percentage points to Q2’s real GDP growth rate even after accounting for a jump in imports.

The long-awaited pick-up in demand for Canada’s exports potentially got underway in the second quarter of 2014. Following a period where gains were concentrated in energy exports, both non-natural resource goods and non-energy commodities posted sharp increases. Both of these sectors suffered larger declines during the recession and have taken much longer to recover than the energy sector, where exports are 26 percent higher than at the pre-recession peak.

RBC projects moderate growth in Canada with forecasts for GDP growth forecasts issued by RBC to be 2.4 percent in 2014, and 2.7 percent in 2015.



Source: Statistics Canada, RBC Economics Research

Provincial Economic Indicators⁴

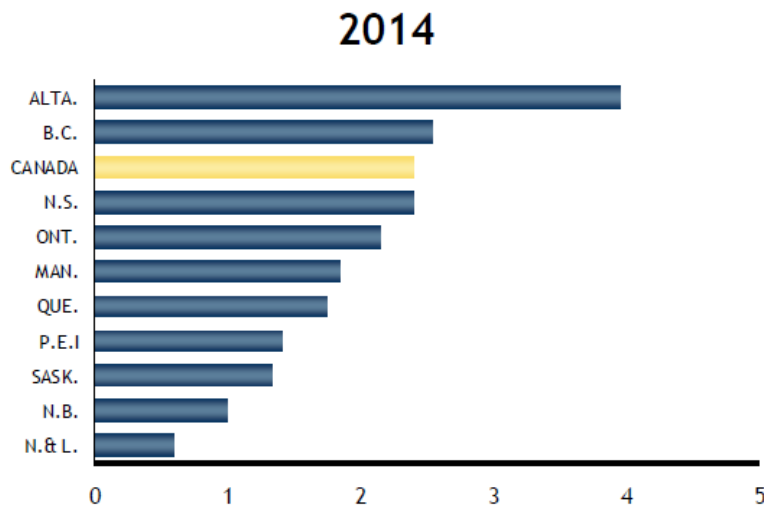
BC overcame some turbulence in early 2014, but is now moving to surpass last year. The Real GDP in BC will accelerate modestly to 2.1% in 2014 from 1.7% in 2013. The forecast is prejudiced by the provincial reliance on preliminary LNG work commencing in 2015. British Columbia can expect growth in the 2.8% range in 2015, just slightly above the national average of 2.7%. This growth should remain relatively stable for the 2016-18 period.

Our risks remain the European Debt Crisis, the U.S. political stalemate and slower growth in China. Should the Canadian dollar rise back to parity with the U.S. that will have a negative impact on the forecast, but the dollar is anticipated to remain comparatively low in 2015.

British Columbia's unemployment rate should remain below 7.0% in 2015, just slightly ahead of the national average. The consumer price index is expected to start increasing about 2% in 2015, which may have an impact on interest rates.

Real GDP growth

% change



Regional

The Regional District of Okanagan Similkameen is a unique and vibrant community of approximately 80,000 residents. It encompasses pristine wilderness and, as a result of its warm, dry climate, is one of the best tree fruit and grape producing eco-systems in Canada. It is characterized by six urban centres and eight electoral areas, including a large rural area with a small population base. The City of Penticton is the primary service centre of the region. The communities of Summerland, Oliver and Osoyoos are our other incorporated communities in the Okanagan Valley and Princeton and Keremeos in the Similkameen Valley. The Okanagan and Similkameen Rivers, along with our lakes, are the lifeline for the region.

Tourism, agriculture and viticulture, logging, forest products manufacturing, secondary manufacturing and information technology are foundations of the economy in the Regional District. Public sector wages and government transfer payments (pensions) remain as significant contributors.

Population growth in the Region remains flat at less than 1%, although there is anticipation that the proposed Corrections Facility in Gallagher Lake and the Penticton Regional Hospital Expansion Project will have a positive impact in the next few years.

The age demographic will continue to increase in the Okanagan/Similkameen, with 25% of our population being over the age of 65 by 2022. This will exceed that of the rest of the Province by a full 5%.

Facts And Figures

The Regional District of Okanagan Similkameen:

Area	2011 Population	2006 Population	% Change	Land Mass
Electoral Area A	1892	1921	-1.5	260 km ²
Electoral Area B	1140	1082	5.4	238 km ²
Electoral Area C	3473	3874	-10.4	447 km ²
Electoral Area D	5717	5913	-3.3	919 km ²
Electoral Area E	1844	2010	-8.3	492 km ²
Electoral Area F	2100	2011	4.4	569 km ²
Electoral Area G	2314	2308	.30	2122 km ²
Electoral Area H	1768	2105	-16.0	4808 km ²
Area	2011 Population	2006 Population	% Change	Land Mass
Town of Osoyoos	4845	4752	2	8.5 km ²
Town of Oliver	4824	4395	9.8	5.5 km ²

City of Penticton	32,877	31,909	3.0	42.1 km ²
District of Summerland	11280	10828	4.2	74 km ²
Village of Keremeos	1330	1289	3.2	2.09 km ²
Town of Princeton	2724	2780	-2.0	10.47 km ²
RDOS	80742	79475	1.6	10,414 km ²

Financial Operations

The Regional District of Okanagan Similkameen employs 65 people, has 138 Services and covers a diverse geographical and cultural landscape. Fiscal responsibility is important to our citizens and to the Board. The Regional District stands in a strong financial position and has taken action over the past three years to ensure we remain so.

KEY SUCCESS DRIVERS

2015 TO 2019 KEY SUCCESS DRIVERS

1. To Be a High Performing Organization
2. To Optimize the Customer Experience
3. To Build a Sustainable Community
4. To Provide Governance and Oversight in a Representative Democracy

Corporate Assumptions

1. External
 - That we value citizen input and citizen engagement is very important.
 - That technology will increasingly play a role in citizen engagement.
 - That by measuring staff and customer perception of service we can develop a plan to improve service.
 - That citizens are reluctant to pay higher taxes or fees for existing municipal services but may be willing to pay more for an improvement of some services.
 - That the Building Canada II infrastructure grants will be available in 2015.
 - That achieving corporate GHG targets will cost money.
 - That environmental impacts of decisions are important to citizens
 - That senior government expectations of local government and downloading will continue to increase
 - That regulatory requirements are likely to continue to increase
 - That public transit will become more of a priority with an aging demographic
 - That there will be new opportunities related to corrections facility and hospital construction

2. Internal

- That fiscal responsibility is one of the primary cost-driver for organizational decisions
- That Regional Hospital District tax requisitions will not impact RDOS budgeting
- That the Board wants to be an employer of choice
- That effective and fiscally responsibility should be balanced
- That new technologies will facilitate our business processes
- That more of our business will be conducted on-line
- That we must build relationships to prosper
- That government effectiveness is enhanced by good communication

Strategic Goals for Each Key Success Driver**1. To Be a High Performing Organization**

- By being an effective, fiscally responsible organization
- By being a healthy and safe organization.
- By cultivating an organizational climate where innovation, customer focus, responsiveness and employee effectiveness are valued.

2. To Optimize the Customer Experience

- By implementing a Customer Satisfaction Program
- By fostering dynamic and effective community relationships
- By elevating external communications
- By meeting public needs through the development and implementation of key services.

3. To Build a Sustainable Community

- By developing a socially sustainable community
- By developing an economically sustainable organization
- By developing an environmentally sustainable community

4. To Provide Governance & Oversight in a Representative Democracy

- By executing a well-defined strategic planning cycle.
- By encouraging all member municipalities, electoral areas and Indian Bands to work together.
- By promoting Board and Chair effectiveness
- By developing a responsive, transparent, effective organization.

SUMMARY STATEMENT

Perhaps the most important dynamic contributing to the successful execution of strategy within an organization involves creating and sustaining a state of mind which thrives on teamwork, challenge and continuing improvement.

It is our expectation that the values, principles and strategies outlined in this plan will give our Board, our employees and our stakeholders, a strong sense of common purpose, thereby allowing us the opportunity to play a positive and significant role in the continued development of the Okanagan and Similkameen Valley's.

We are committed to working effectively with all of our Members to improve the services and opportunities afforded to our citizens and all customers partnering with the Regional District of Okanagan Similkameen. Our Plan displays our intent to add value to our community and give attention to the business and community initiatives necessary, all of which will help us realize our potential and contribute to the fulfillment of our mandate.

We welcome any feedback on this Strategic Plan or any of its many components. This may be provided via our contact information below.

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