Administration Services

The Administration Services Sheet was developed for presentation to the Okanagan Falls Incorporation Study Committee at its meeting on April 16, 2024. The sheet was prepared using information available at the time of writing. Changes will be made if new information becomes available.

Information presented on the Okanagan Falls Incorporation scenario is based on the following assumptions:

> *That an Okanagan Falls municipality would provide its own administration, projects funding and grants-in-aid service*

> *the Municipality would continue to contribute to regional administration services provided to all jurisdictions*

> *that Okanagan Falls municipal Council would be comprised of four (4) Councillors and one (1) Mayor*

> *that Okanagan Falls administration would employ six (6) staff, and would lease or purchase space to accommodate staff*

THE PRESENT

➤ What service is provided?

General administration services consist of a variety of functions that support the elected officials of the RDOS and their work, as well as the overall management of the organization, including the following services:

- Corporate Facilities
- Finance
- General Government
- Human Resources
- Legislative Services
- Information Services
- Electoral Area Administration
- Grants in Aid, and
- Rural Projects

Together these services include all the functions that support the Board and Committee meetings, elections and referenda, finance, human resources, information systems, communications, as well as property, record and risk management.

The RDOS allocates a portion of the administration costs to each service or function, in accordance with the *Local Government Act*. The RDOS Board has a policy regarding how to best allocate those costs.

Over the course of the Incorporation Study, all administration costs allocated to the individual services and paid by property owners were removed from the service cost calculations in the individual Service Sheets. These costs are brought together here and accounted for in this *Administration Services Sheet*. This approach has been taken to allow for a more direct comparison of the administration costs under the Incorporation (municipal) scenario and the RDOS scenario.

An additional administration function provided to electoral areas is the collection of local property taxes. In British Columbia, all property taxes levied in electoral areas are collected by the Surveyor of Taxes, a provincial government office. The cost of the service is added by the Province to the tax notices sent to property owners.[1]

[1] The RDOS is pursuing taxation authority in 2024 through an Order in Council to provide this service themselves.

➤ Who makes decisions?

Decisions regarding general government and administrative services are made by the RDOS Board of Directors. Some services apply to all electoral areas and member municipalities, in which cases decisions regarding policies and spending are made by the full Board. Decisions on other services that apply only to electoral areas (such as electoral areas administration), are made by the Board members representing the participating areas (i.e., electoral area representatives).

Figure 1: Service Decision-making

SERVICE	DECISION-MAKERS
General Government	Decisions made by the entire RDOS Board because the service is provided to all jurisdictions
Electoral Area Administration	Operating decisions made by the participating jurisdictions (all Electoral Area Directors)
Area "D" Rural Projects	Decisions made by the entire RDOS Board, on the advice of the Area "D" Director, because the service is provided to one electoral area only
Area "D" Grants in Aid	Decisions made by the entire RDOS Board, on the advice of the Area "D" Director, because the service is provided to one electoral area only

➤ Who delivers the services?

General government and administration services are delivered primarily by RDOS staff under the direction of the Chief Administrative Officer (CAO). The RDOS CAO is supported by a senior management team comprised of nine positions: Managers of Legislative Services, Human Resources, Finance, Information Services, Engineering, Operations, Community Services, Planning and Building & Bylaw Enforcement. A tenth senior management position — Manager of Protective Services — is planned for 2024. The senior management team oversees a total complement of approximately 100 full- and part-time staff.

The departments that are involved in administration of general government, electoral area administration and rural projects services for all RDOS electoral areas total an estimated 33.0 FTE. It is estimated that services provided directly to Area "D" equate to 4.42 FTE for the total complement.

➤ What is spent on the service?

The total amount spent on general government and administration can be broken into:

- the 2023 budgeted cost for RDOS general government
- the 2023 budgeted cost of electoral area administration services
- the 2023 budgeted cost for services unaccounted for through other services, such as grants in aid and rural projects in Area "D"
- a total of the administration allocation recovered from services provided to Okanagan Falls
- the Surveyor of Taxes fee for collecting the regional district's taxes

Total budgeted costs for 2023 are shown in Figure 2. The amounts in the figure represent the total cost of and requisition for these services, and not just the portion contributed by Okanagan Falls.

As noted earlier, all electoral area residents pay a fee to the office of the Surveyor of Taxes to cover the cost of collecting regional district taxes on behalf of the Province. The Surveyor imposes a fee on taxpayers of $5.25 for each $100 in property taxes levied by regional districts and improvement districts. This fee covers the cost of administration, enforcement and bad debts. The amount shown in Figure 2 represents the 5.25% charge on the tax requisition that relates to all taxes collected from the electoral areas for all RDOS services. The amount that relates to the study area specifically is estimated at $93,000.

Figure 2: Service Operating Costs (2023)

SERVICE	COST[1]	TAX REQ
General Government	$2,062,587	$1,512,546
EA Administration	$2,913,953	$2,496,099
Area "D" Rural Projects	$71,322	$32,672
Area "D" Grants In Aid	$17,000	$7,000
Corporate Facilities	$422,520	$0
Finance	$173,910	$0
Human Resources	$204,818	$0
Legislative Services	$530,207	$0
Information Services	$1,123,630	$0
Surveyor of Taxes	$898,431	$898,431
Administration Allocation	$729,386	$729,386
Total	**$9,147,764**	**$5,676,134**

[1] *Cost and tax requisition figures are from RDOS 2023 budget for entire service area (not just OK Falls or Area D).*

➤ How are the costs recovered?

As noted earlier, Corporate Facilities, Finance, Human Resources, Legislative Services and Information Services are recovered as administrative overhead based on Board policy.[2] There is a combined standard administration overhead charge, as well as a base rate that reflects the level of administrative services required for the service. Capital projects are also charged administrative overhead.

The result is that several of these services are not paid directly through tax requisition, but instead are recovered from the individual services. Amounts that are recovered from individual services already referenced in other *Service Sheets*, are not included here.[3]

General government, electoral area administration, rural projects and grant in aid services are recovered in part through property taxes on the basis of converted assessment, including land and improvements. Other revenue sources for general government and electoral area administration include small portion of grants in lieu of taxes, provincial grants, interest income and miscellaneous revenue.

Reserve accounts are created for most services in order to set aside funds for future expenditures. All reserve funds associated with general government and administration are shown in Figure 3.

Figure 3: Service Reserves (2022)

SERVICE/RESERVE	TOTAL[1]
General Gov't Feasibility Fund	$99,715
General Government Capital	$316,050
General Gov't - Economic Development	$15,816
General Gov't - Carbon Neutral Initiative	$127,863
Rural Area Feasibility Fund	$819
Information Systems Renewal	$88,948
GIS	$49,456
General Gov't Operating	$426,506
Electoral Area D - Rural Proj Operating	$463
Grants in Aid Area D Operating	$34,138
Comm Gas Tax Area D	$897,066
Total	$2,056,840

[1] *Reserve totals are as at the end of 2022*

The Surveyor of Taxes charges a fee of 5.25% calculated on the total Regional District taxes levied to each property. The amount therefore varies per property, based on services received and the assessed value. This amount is shown in this *Sheet*, but has not

[2] The RDOS Board has an Administrative Overhead Policy, last amended in August 2022.

[3] The only services where administration allocation is included in *Service Sheets* is the refuse disposal (landfill) and garbage collection services, as well as the water and sewer services because these services are recovered from user fees, not from taxes, and therefore complicate the identification and calculation of the amount associated with the administration portion.

been included in the RDOS rates referenced in other individual *Service Sheets* to avoid double counting.

➢ What is the cost to a typical residence?

Figure 4 provides the cost to a typical Okanagan Falls residence valued at $500,000 for general administration services. The 2023 property tax impact of administration services provided by RDOS to Okanagan Falls is approximately $410,000, which translates into $197 on a home assessed at $500,000.

Figure 4 also shows the Surveyor of Taxes fee that is calculated on the total amount of regional district taxes collected from unincorporated areas (for all services, not just administration). User fees, such as those paid for water and sewer services, are not collected by the Province, and thus are not subject to the added fee. Similarly, no fee is added onto taxes that are collected and retained by the Province (provincial rural rate, police tax).

Figure 4: Cost Impact on a Typical Residence (2023)

SERVICE	RES RATE	OWING[1]
General Government	0.0407	$20.36
EA Administration	0.2282	$114.10
Area "D" Rural Projects	0.0158	$7.91
Area "D" Grants In Aid	0.0034	$1.69
Service Administration (all of OK Falls)	0.1053	$52.64
Service Administration (subset of OK Falls)	0.0011	$0.57
Surveyor of Taxes*	n/a	$42.31
	Total	**$239.58**

[1] *Impact is calculated on a home assessed at $500,000.*

INCORPORATION

➢ What impact would incorporation have on these services?

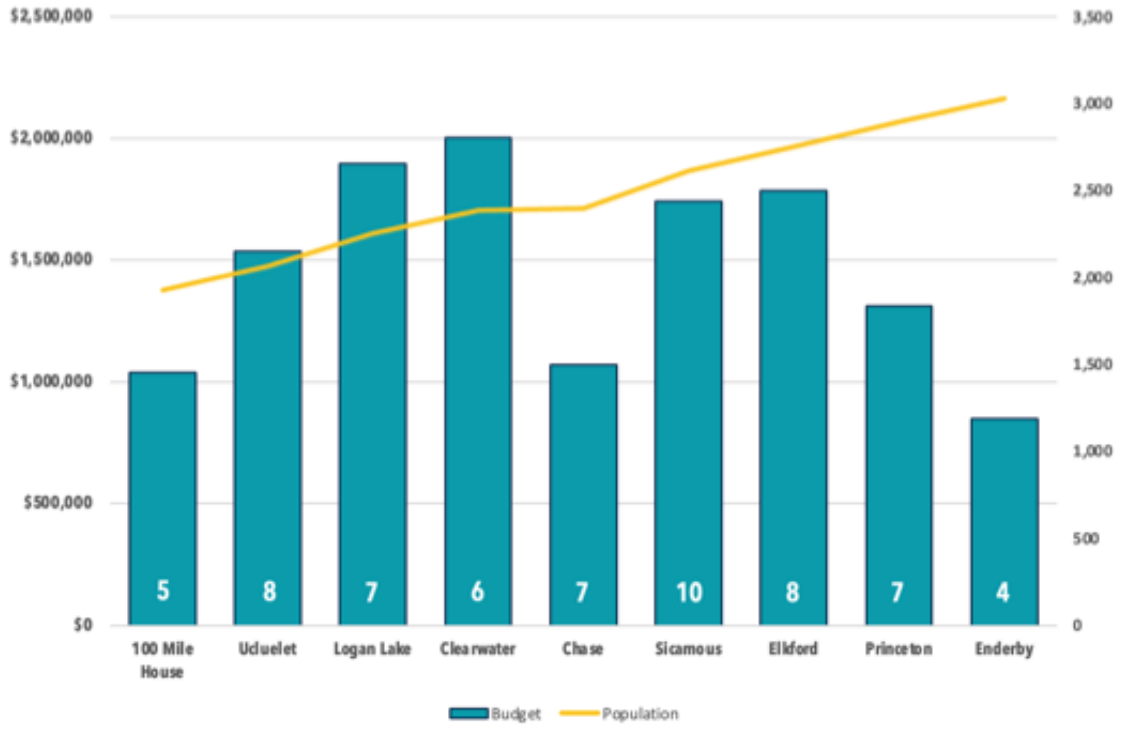
A newly incorporated municipality would establish its own administration to manage the municipal services, and support Council. Residents would no longer pay into the RDOS electoral area administration function.

To determine the size and scope of the administrative staffing complement, it is useful to take into account the number of services that the municipality would be overseeing, and to consider the practices in other similar-sized municipalities. There are several services that have been identified through a series of *Service Sheets* that are assumed to be transferred to a new municipality. These services (in addition to administration) are reiterated below as context for the administration complement that would be needed to oversee that combination of staff and services:

- Planning
- Economic Development
- Parks
- Recreation
- Building Inspection
- Bylaw Enforcement
- Roads
- Water (OK Falls, Sun Valley and Rolling Hills)
- Sewer
- Fire Protection
- Street lights
- Cemetery

Figure 5 provides a sample of some similar sized municipalities (with populations just under 2,000 to 3,000), including staffing positions and administration budget, as reported in the respective 2023 financial plan for each jurisdiction. The yellow line and secondary axis on the right side of the graph shows the population of each municipality; the columns represent the total administration or general government budget, and the white numbers at the bottom of each bar reference the number of employee positions in the general government/administration department, which typically includes the CAO, corporate services, human resources, finance and administration support. Note that each municipality oversees a different complement and complexity of services, and is dealing with different circumstances, which can affect the number of staff, and the size of the budget. All but one of the municipalities examined have administration budgets in excess of $1.0 million (the average is close to $1.46 million); the number of administration staff ranges from 5 to 10 FTE.

Figure 5: Comparative Administration Budget Figures from BC Municipalities with Similar Populations



Based on the scope of services, and size of municipality, and given the consideration of similar sized jurisdictions, the administration of this range of services for an Okanagan Falls municipality is assumed to require a total of 6.0 FTE including:

- Chief Administrative Officer (CAO)
- Finance (Chief Financial Officer)
- Accounting clerk
- Corporate officer
- Administration assistants/recording secretary/reception (2)

Once incorporated, residents would continue to contribute to the RDOS General Government costs shared among all the RDOS municipalities and electoral areas, but would no longer contribute to electoral area administration, RDOS Area "D" grants in aid or RDOS Area "D" rural projects. The same types of grants and projects could be funded through the new municipality, as desired by Council. Municipal residents would contribute to the costs of the Okanagan Falls municipal administration, which would support a council of 5 members[4], rather than the shared cost of the Area "D" electoral area director.

➤ How would decision-making change?

Decisions regarding administrative services would be made by the municipal Council of an Okanagan Falls municipality. A municipal Council member would represent the municipality as a municipal Director on the RDOS Board to participate in discussions and decisions regarding regional services in which the

[4] A municipal council of 5 members has been assumed, with council stipends estimated at $12,500 for councillors, and $24,000 for the Mayor.

municipality participated. Changes in the authority for the administrative services is referenced in Figure 6.

Figure 6: Changes in Authority due to Incorporation

SERVICE	BEFORE INCORPORATION (CURRENT)	AFTER INCORP
General Gov't	RDOS	RDOS
EA Admin.	RDOS	Municipality
Rural Projects	RDOS	Municipality
Grants In Aid	RDOS	Municipality

➢ How would incorporation impact service delivery?

If Okanagan Falls were to be incorporated, service delivery of administration would shift from the RDOS to the new municipality. The municipality would have its own administration to undertake statutory requirements, support Council priorities and manage municipal staff. The *Community Charter* requires that the responsibilities of corporate administration and financial administration be assigned to one or more of the municipal officers (they can be assigned to the same person).

A municipal hall would be needed, both for the purposes of hosting Council meetings, as well as to provide office space for municipal staff. It is assumed that the municipal hall would be located within the Okanagan Falls incorporation study area. Office requirements, it is anticipated, could be met through a combination of municipally-owned assets, such as the RDOS Community Services Office (former OFID office), and leased or purchased commercial space. Community spaces within Okanagan Falls such as the Okanagan Falls Gym or Recreation Centre Activity Room, or the Okanagan Falls Seniors Centre could be used to accommodate Council meetings until a more permanent Council chambers could be secured. An amount to account for either leasing space or paying a mortgage has been included in the administration budget.

➢ How would service costs change?

To provide a similar level of service to that which is currently provided by the RDOS, it is assumed that the municipality would employ six (6) administration team members.

The municipal administration costs would be recovered through general taxes paid by the entire municipal tax base. Municipal administration costs are not assigned to each specific service in the same way as costs are allocated within the regional district.[5] To help compare the two approaches, the administration allocation applied to each of the RDOS services has been removed from the individual services, and added to this *Administration Service Sheet*. After incorporation, residents would no longer contribute to the administration costs associated with services that are transferred to the municipality; municipal taxpayers would, however, continue to pay towards the administration costs associated with individual services that continue to be provided to the through the RDOS, such as emergency planning, regional growth strategy, waste management, etc.

Municipal taxpayers would contribute to the costs of having a municipal Council. Based on the compensation provided by other municipalities, it is assumed that the remuneration for Okanagan Falls' Council would be $12,500 for each councillor, and $24,000 for the Mayor. The closest and perhaps most relevant comparable is Princeton, which has a population of 2,894 (2021 Census), and is located within the RDOS. In 2022 Princeton's councillors received $12,451 and the Mayor received $24,902 before expenses.

To help offset municipal administrative costs, a new municipality would receive an annual provincial Small Community Grant from the Province (just as regional

[5] The exception is for utilities which may include an allocation that represents a portion of administration costs.

districts receive a grant for administration costs). This amount has been estimated by the Province to be $400,000. The new municipality would also have access to a few different funds that are not available to regional districts, including a 1% utility tax and an operating agreement/franchise fee for natural gas distribution lines. These amounts can range quite substantially based on revenues earned by Fortis, as well as the existence of utilities in each municipality. In 2023 Princeton received more than $180,000 combined Fortis fee and utility taxes. Osoyoos received more than $200,000 combined. A more conservative estimate of $140,000 has been assumed in the administration budget, based on figures from other similar-sized municipalities.

Finally, as a municipality, residents would no longer pay the provincial Surveyor of Taxes; instead the municipality would be responsible for issuing tax notices and collecting taxes and remitting any amounts to the appropriate authorities (RDOS, Province, etc.). As noted earlier in this *Service Sheet*, in 2023 residents of the study area contributed approximately $93,000 to the Surveyor of Taxes for that service.

In addition to the operational costs, the newly incorporated municipality would receive a proportion of the RDOS reserves established for the services that Okanagan Falls residents contribute toward, but that as an incorporated community would no longer receive. The proportion would be based on the proportion of tax base represented by the Incorporation Study Area. As an example, based on the Area D Gas Tax (Community Works Fund) reserve amount at the end of 2022, the Okanagan Falls municipality would receive close to half that amount, or approximately $452,000.

An overview budget for administration services at a new Okanagan Falls municipality is shown in Figure 7.

Figure 7: Municipal Administration Operating Budget

ADMINISTRATION OPERATING BUDGET	
Expenses	
Council Remuneration	$74,000
Council Expenses	$25,000
Staff Salaries, Wages & Benefits	$700,000
Municipal Hall Lease/Mortgage	$50,000
Operating Expenses	$244,000
Total	**$1,093,000**
Revenues	
Small Communities Grant	-$400,000
1% Utility Tax + Franchise Fee	-$140,000
Total	**$553,000**

SUMMARY OF TAX IMPACTS

Figure 8 presents the tax impact of the two scenarios – the current situation (RDOS) and incorporation (MUNICIPAL).

Figure 8: Tax Comparison of Regional District and Incorporation Scenarios

SERVICE	RDOS[1]	MUNICIPAL[1]
General Government	$20.36	$20.36
EA Administration	$114.10	$265.64
Rural Projects	$7.91	$7.91
Grants In Aid	$1.69	$1.69
Service Administration	$52.64	$7.02
Service Admin. (subset of OK Falls)	$0.57	$0.00
Surveyor of Taxes	$44.91	$0.00
TOTAL	**$242.18**	**$302.62**

[1] *Impact is calculated on a home assessed at $500,000.*