Okanagan Falls Incorporation Study Committee
November 27, 2024

AGENDA

TIME & PLACE: Wednesday, November 27, 2024
6:00 pm – 8:30 pm
Okanagan Falls Community Centre
1141 Cedar Street, Okanagan Falls

PURPOSE: From 6:00 pm to 8:30 pm on Wednesday, November 27, 2024, the Okanagan Falls Incorporation Study Committee will hold a meeting to review and consider the *Okanagan Falls Incorporation Study Draft Report*, the matter of a referendum, as well as provide any associated guidance to the Ministry of Housing and Municipal Affairs. Members of the public in attendance will be invited to ask questions and provide comments on agenda items towards the end of the meeting.

AGENDA:

1. Call to Order – 6:00 pm

   – Chair Wilson will call the meeting to order and ask for the agenda to be adopted

2. Introductions

   – Chair Wilson will ask Committee members, the consultants, RDOS staff and the Ministry of Municipal Affairs representatives to introduce themselves

3. Committee Meeting Minutes

   – The Committee will be asked to adopt the May 28, 2024, Committee Meeting Minutes (see attached)

4. Study Purpose and Process

   – The consultants will briefly review, as they do at every Committee meeting, the purpose of and process for the Incorporation Study

5. Okanagan Falls Incorporation Study Draft Report

- The consultants will present an overview of the *Draft Report*, including the Study's Engagement Phase
- The Committee will receive, provide feedback, and consider endorsement of the *Okanagan Falls Incorporation Study Draft Report*

- *Note that while the details have already been shared with the Committee, the formal signed version of the Provincial Offer (Appendix VI of the Draft Report) from the Minister of Housing and Municipal Affairs will be distributed to the Committee and posted once received*

6. Letters Patent

- Representatives from the Ministry of Housing and Municipal Affairs will introduce and speak to the matter of Letters Patent

7. Recommendation on Incorporation Referendum

- The Committee is expected to make a recommendation to the RDOS Board of Directors on the need for a referendum

    > if the Committee feels that based on the feedback received from the community there is sufficient interest in incorporation, the Committee may wish to recommend that a referendum be held

    > if the Committee concludes that support for incorporation is minimal or non-existent, the Committee could choose to recommend against holding a referendum

8. Municipal Classification and Council Size — Provincial Guidance

- Depending on the Committee's recommendation regarding a referendum, the consultants will re-introduce two issues (previously highlighted in the *Implementation Overview Issues Sheet*) on which the Ministry is seeking Committee input:

    > the class of municipality (District or Town) that would be assigned to Okanagan Falls should electors vote for incorporation

    > the size of the Council (5 or 7 members)

9. Next Steps

- The consultants and Ministry will outline next steps based on the Committee's recommendation

10. Questions and Comments from Public in Attendance – 8:00 pm (20 mins)

    – Individuals who wish to ask questions or provide comments will be asked to identify themselves and indicate if they live in the Incorporation Study area

11. Concluding Remarks

    – Chair Wilson will invite members of the Committee to provide comments; Chair Wilson will make closing remarks to end the meeting

12. Adjourn — 8:30 pm

ATTACHMENTS: The following documents are included in the agenda package for review:

- May 28, 2024, Committee Meeting Minutes
- *Okanagan Falls Incorporation Study Draft Report*
- Okanagan Falls Incorporation Study Appendices (I through XIII)

Okanagan Falls Incorporation Study Committee
Committee Meeting
May 28, 2024

MINUTES

MEMBERS PRESENT:	Debbie Rose	Eugene Dettling
	Judy Garner	Kelvin Hall
	Randy Ludwar	Eleanor Walker
	Marcel Olsthoorn	Rick Wilson
MEMBERS ABSENT:	Kea Adachi	Ian Bowen
EX-OFFICIO MEMBERS PRESENT:	Electoral Area "D" Director Matt Taylor	
	Alternate Director James D'Andrea	
OTHERS PRESENT:	Allan Neilson, Neilson Strategies Inc.	
	Sherry Hurst, Leftside Partners Inc.	
	Natasha Horsman, Horsman Strategies	
	Simon Rasmussen, Senior Planning Analyst	
	Patrick Thompson, Director, Governance Structure	
STAFF PRESENT;	Jim Zaffino, Chief Administrative Officer	
	Danny Francisco, Senior Manager of Information Services	
	Marc Aucoin, Coordinator, Legislative Services	

The meeting was called to order at 6:03 pm by Rick Wilson, Chair

A. INTRODUCTIONS

B. APPROVAL OF MINUTES

MOVED AND SECONDED
THAT the Minutes for the Okanagan Falls Incorporation Study Committee Meeting of April 16, 2024 be adopted. – **CARRIED**

C. STUDY PURPOSE and PROCESS
The consultants reviewed with the Committee the purpose and process for the Incorporation Study.

D. LETTER FROM ROLLING HILLS WATER DISTRICT

MOVED AND SECONDED

DRAFT

THAT the letter dated May 27, 2024 from Rolling Hills Water District (attached) regarding their willingness to remain in the incorporation boundary be received and filed. **– CARRIED**

E. LOCAL ROADS SERVICE SHEET

The Local Roads Service Sheet was presented and reviewed by the committee with updated information received from the Ministry of Transportation and Infrastructure. The consultants noted that there was a shortfall of approximately $2.275 million between the projected amount in Urban Systems' roads assessment and the Ministry's provided assessment. Consultants presented options to send a letter to the Ministry of Transportation and Infrastructure seeking clarification and increasing the previously presented annual roads reserve contribution. Discussion included but was not limited to:

a. Question asked whether the Ministry's assessment includes works identified for completion in 2024.

i. The works identified to be completed in 2024 will go forward regardless of whether or not incorporation happens.

b. Question asked regarding the tax impact of increasing annual roads reserve contribution from $75,000 to $150,000.

i. On an average $500,000 assessed value property it would be an additional $41.67 annually.

c. Question asked regarding whether the highway through Okanagan Falls will remain the responsibility of the Ministry of Transportation and Infrastructure if incorporation moves forward.

i. Yes, the highway will be the Ministry's responsibility regardless of incorporation.

d. Question asked whether the Roads Service Sheet should be endorsed now or after clarification is received from the Ministry of Transportation and Infrastructure.

i. It would be best to wait for clarification and then have Chair Wilson call a brief meeting ahead of the public engagement phase to review the response and endorse the Roads Service Sheet.

MOVED AND SECONDED
THAT the Committee send a letter to the Ministry of Transportation and Infrastructure seeking clarification of the discrepancies between their roads assessment and the one completed by Urban Systems. **– CARRIED**

F. TAX COMPARISON – RDOS and MUNICIPAL SCENARIOS

Consultants reviewed updated 2024 comparison figures for the two local government scenarios with the Committee.

G. PROVINCIAL OFFER OF ASSISTANCE

Simon Rasmussen, Senior Planning Analyst with the Ministry of Municipal Affairs, presented the Provincial Offer of Assistance to Committee. It was noted that the formal letter from the Minister with the Offer is expected to be received shortly and will be distributed and posted online once it is received. Discussion included but was not limited to:

a. Question asked whether information in the Offer has been included in the proposed budget.

i. Yes, the information has been incorporated in the budget.

DRAFT

b. Question asked whether the dollar amounts in the Offer are over five or seven years and if any of the amounts are annual.

i. Different components of the offer are spread over different periods. Most of the dollar amounts are one-time, other than the Small Communities Grants (annual) and the five years of continued road maintenance.

c. Question asked whether the roads assessment includes storm drainage maintenance or upgrades.

i. This is a question that should be included in the letter to the Ministry of Transportation and Infrastructure.

d. Question asked regarding whether residents will get credit for traffic fine revenue when policing costs increase.

i. The Ministry of Municipal Affairs will follow up and inform the Committee.

MOVED AND SECONDED
THAT the Committee endorse the Provincial Offer of Assistance as presented by the Ministry of Municipal Affairs. **– CARRIED**

H. SEVEN-YEAR BUDGET

Consultants presented the Seven-Year Budget for a potential Okanagan Falls municipality and a series of sample property tax notices. Discussion included but was not limited to:

a. Question asked whether there are any users outside of the proposed incorporation area being served by sewer or water.

i. Water service provided to Provincial Park is the only user outside of service area.

b. Question asked regarding why the Sewer capital reserves were so low.

i. Recent and current upgrade work is exhausting current reserves. A future council may choose to raise rates in order to rebuild reserves. Future development cost charges would also feed into reserves.

c. Question regarding future development's impact on sewer and water infrastructure.

i. Development cost charges can be used for future upgrades, and any upgrades required specifically for a new development would be paid for by the developer.

MOVED AND SECONDED
THAT the Committee endorse the Seven-Year Budget for a potential Okanagan Falls municipality as presented by the consultants. **– CARRIED**

I. IMPLEMENTATION OVERVIEW

Consultants presented the Implementation Overview document to Committee.

MOVED AND SECONDED
THAT the Committee endorse the Implementation Overview as presented by the consultants. **– CARRIED**

J. COMMUNICATIONS AND ENGAGEMENT

Consultants presented the Engagement Phase of the study and upcoming engagement activities to the Committee. Discussion included but was not limited to:

DRAFT

a. A question was asked regarding the best way to find Committee volunteers to attend various engagement activities, including Music in the Park and Canada Day.

i. Consultants will circulate an email to the Committee with the proposed schedule, and noted that at least two members would be required to attend for a booth to be booked.

ii. Consultants also noted that all Committee members who volunteer to staff an information booth would meet with a consultant before hand in order to be prepared to speak to the public about the provided poster boards and information handouts.

K. QUESTIONS AND COMMENTS FROM THE PUBLIC IN ATTENDANCE

Members of the Public that were in attendance in person and online were given the opportunity to identify themselves and indicate if they lived in the study area before asking questions. Questions and discussion included but were not limited to:

a. *Question asked about why Canada Day was chosen as one of the dates for an information booth.*
    i. *There are two events scheduled for July 1 in Okanagan Falls – a shorter one oriented for children and families and a longer one (Music in the Park) which is much longer. The Music in the Park event was selected as it provides more opportunity for community engagement.*
b. *Question asked regarding an approximately 7 km road distance discrepancy between the Ministry of Transportation and Infrastructure's roads assessment and the one completed by Urban Systems.*
    i. *The Committee's letter to the Ministry will include a request for clarification about the discrepancy in the lengths of roads assessed.*
c. *Question asked whether or not there is a minimum number of voters required in a referendum to make the result valid.*
    i. *While there is no minimum number required, a low voter turnout would prompt questions from the Ministry regarding community engagement and the number of votes would be taken into account when making their decision whether or not to approve incorporation.*
d. *Question asked whether the final say on incorporation belongs to residents or government.*
    i. *The Ministry will make the final decision and is in place to act as a safeguard in the event of extreme situations (low voter turnout, etc.) but they will be guided by the local population.*
    ii. *B.C. is one of the only provinces in Canada that has committed to listening to local populations on incorporation.*

L. NEXT MEETING

The next Committee meeting will be scheduled for after the Engagement phase has concluded.

M. ADJOURNMENT

MOVED and SECONDED
That the meeting adjourn at 7:50 pm. **-CARRIED**

DRAFT

May 27, 2024

Chair

Okanagan Falls Incorporation Committee

Okanagan Falls, British Columbia

[redacted]

Dear Chairman Wilson,

Further to our meeting of May 10, 2024, the owners of the Rolling Hills Waterworks District ("Rolling Hills") would like to thank you and Vice Chair Adachi, the consultants and representatives of the Provincial and RDOS governments (copied on this letter) for taking the time to discuss the concerns of Rolling Hills should Okanagan Falls be incorporated.

As you know, Rolling Hills is very concerned that should incorporation of Okanagan Falls occur, Rolling Hills may be connected to other existing water systems in Okanagan Falls. Rolling Hills has been operating under its own letters patent from the provincial government since the early 1980's. The water quality is excellent and Rolling Hills has not had a boil water advisory in decades. The owners of Rolling Hills are unanimous in their opposition to linking Rolling Hills with other water systems at this time. The possibility of contamination from another system is something that Rolling Hills is not willing to risk. As a result of this concern, Rolling Hills was seeking to be taken out of the Okanagan Falls boundary so that it would not be negatively affected by incorporation.

We now understand from our discussion that it is possible to protect Rolling Hills as a water system by having it declared to be an independent water system in the letters patent granted by the Province for Okanagan Falls. We were further advised at our meeting that should Rolling Hills be declared an independent water system, that would ensure that no other water system could be joined or connected to Rolling Hills without the express consent of Rolling Hills.

Based on those representations and the understanding that Rolling Hills will be declared an independent water system in the new town of Okanagan Falls should it be incorporated; Rolling Hills agrees to remain in the incorporation boundary. We further understand that Rolling Hills will be given the opportunity to review draft letters patent well in advance of any incorporation date to ensure that the interests of Rolling Hills are protected.

We also understand that should a "Water Commission" or "Water Council" be set up upon incorporation that a member of Rolling Hills would be selected to serve on that body.

We would appreciate confirmation of our understanding. Should you have any questions or need more information, please do not hesitate to ask.

Thank you again for your time and consideration.

Respectfully yours,

Rolling Hills Water District

Phil Soo

Secretary

cc. Vice Chair Kea Adaci [redacted]

cc. Allan Neilson aneilson@neilsonstrategies.ca

cc. Sherry Hurst shurst@leftside.ca

cc. Simon Rasmussen simon.rasmussen@gov.bc.ca

cc. Christy Malden cmalden@rdos.bc.ca

OKANAGAN FALLS INCORPORATION STUDY
DRAFT REPORT

Neilson Strategies Inc.
106-460 Doyle Avenue, Kelowna, BC, V1Y 0C2
neilsonstrategies.ca

November 2024

TABLE OF CONTENTS

1. INTRODUCTION 1

Incorporation Study Committee 1
Incorporation Study Process and Timeline 3
Incorporation Study Report 6

2. THE OPTIONS 8

Electoral Area "D" Option 8
Incorporation Option 9

3. IMPLICATIONS OF CHANGE 13

Service Sheets 13
Issue Sheets 16

4. MULTI-YEAR BUDGET 20

Revenues 21
Expenses 25
Utility Budget 26
Capital Reserves 26

5. PROPERTY TAX IMPACTS 30

Residential Properties 31
Farm Properties 33
Business Properties 35

6. COMMUNITY ENGAGEMENT 37

Community Engagement Process 37

7. COMMITTEE RECOMMENDATION 41

APPENDICES

Appendix I	Terms of Reference
Appendix II	Service Sheets
Appendix III	Issue Sheets
Appendix IV	Impact Briefs
Appendix V	Multi-Year Budget

Okanagan Falls Incorporation Study

DRAFT REPORT

NEILSON STRATEGIES

leftside partners inc.

Appendix VI	Provincial Offer of Restructure Assistance
Appendix VII	Sample Property Tax Notices
Appendix VIII	Tax Impact Estimator
Appendix IX	Communication and Community Engagement Summary
Appendix X	Community Mail-Outs (2)
Appendix XI	Information Meeting Poster Boards
Appendix XII	Information Meeting Presentation
Appendix XIII	Incorporation Study Committee Meeting Agendas and Minutes

CHAPTER 1
INTRODUCTION

Over a 15-month period beginning in September of 2023, the Okanagan Falls Incorporation Study Committee undertook the *Okanagan Falls Incorporation Study* (the *Incorporation Study*). The purpose of the *Incorporation Study* was to examine, understand and communicate the implications of incorporation to the residents of Okanagan Falls. More specifically, the *Incorporation Study* set out to help residents understand what a decision by local electors to create a new municipality would mean in terms of:

- local service provision
- governance for the community, including decision-making for local services
- the cost of providing services, and the revenues available to fund the costs
- property taxes

The *Incorporation Study* followed, and was informed by the *Electoral Area "D" Service and Boundary Configuration Study* completed in 2022. Based on the recommendations put forward from that project, the Regional District of Okanagan-Similkameen (RDOS) Board of Directors asked the Minister of Municipal Affairs (now the Minister of Housing and Municipal Affairs) for funding to support an *Incorporation Study* to examine the potential creation of a new Okanagan Falls Municipality. On March 23, 2023, the Minister confirmed support for RDOS to undertake an *Incorporation Study*, including an estimate of financial impacts, a full community discussion, and an independent road assessment of provincial roads. Terms of Reference for the *Incorporation Study* was approved by the Ministry of Municipal Affairs (Ministry) and adopted by the RDOS Board on April 6, 2023 (Appendix I).

INCORPORATION STUDY COMMITTEE

The first step in the I*ncorporation* Study process was the recruitment and establishment of an Okanagan Falls Incorporation Study Committee (Committee). The RDOS advertised the Committee and sought interest from community members through an application process. The Committee was established by the RDOS Board of Directors, and the Committee members were appointed on July 6, 2023 to conduct the *Incorporation Study*.

The Committee consisted of the following ten residents:

- Rick Wilson, Chair
- Kea Adachi, Vice-Chair
- Ian Bowen
- Eugene Dettling
- Judy Garner
- Kelvin Hall

- Randy Ludwar
- Marcel Olsthoorn
- Debbie Rose
- Eleanor Walker

Rick Wilson was elected Chair of the Committee by the full membership, and Kea Adachi was elected as the Vice-Chair at the Committee's first meeting. The Electoral Area "D" Director was appointed to the Committee in an *ex officio*, non-voting capacity.

The Committee was responsible for overseeing and directing all stages of the *Incorporation Study*, including the technical analysis of the options, and the communication of findings to residents. The Committee was also tasked with making a recommendation to the RDOS Board of Directors on the need for an incorporation referendum. If the Committee determined, based on community feedback, that there was sufficient interest in incorporation, the Committee was to recommend that a referendum be held. Alternatively, if the Committee found that support for incorporation were minimal or non-existent, the Committee could choose to recommend against holding a referendum. Incorporation, it should be emphasized, could only proceed if voters in Okanagan Falls chose the option in a referendum. If voters rejected the option, or if no referendum were held, incorporation would not proceed.

In all of its work, the Committee was expected to serve as an objective fact-finding and oversight body, charged with providing information to the community in a neutral and balanced fashion. The Committee was not struck, and did not act, to recommend any particular option to the community, or to convince residents to choose any particular outcome. The Committee was created, instead, to give residents the information required to make their own informed decisions on incorporation.

Consultants to the Committee

The Committee was assisted throughout the *Incorporation Study* by a team of local government consultants.[1] The consultants were responsible for conducting the technical analysis, designing the community engagement strategy and, in collaboration with the Committee, engaging residents on the *Incorporation Study* findings. The consultants reported to the Committee and supported the Committee throughout the entire process.

The bulk of the funding for the consultants was provided by the Ministry; additional funds were provided by the RDOS.

[1] The technical consulting team consisted of Neilson Strategies Inc. and Leftside Partners Inc. Horsman Strategies was the communications consultant throughout the study and Urban Systems Ltd. provided advice on local roads to the Committee.

STUDY PROCESS AND TIMELINE

Process

The *Incorporation Study* followed a seven-stage process that began in the fall of 2023.

- *Stage 1: Inaugural Committee Meeting* — The Committee held its inaugural meeting, "Committee Boot Camp", with the consultants in September 2023, at the Okanagan Falls Community Centre. The meeting had initially intended to be broken into two separate sessions – a Committee orientation session and a separate communications workshop – but the initial orientation session planned for August 22 was delayed due to wildfires in the area. The Boot Camp and communications workshop were therefore combined at the one meeting. The Boot Camp was intended to help Committee members understand the incorporation study process, the roles and responsibilities of the key parties to the process (including the Committee itself), some of the basics of BC's local government system, important Indigenous considerations, policies of the RDOS to guide the Committee in its work, and a range of other topics. The communications workshop portion of the meeting outlined the communications and public engagement expectations, the engagement program, and the role of the Committee in engaging the community.

  At the meeting, the consultants reviewed:

  - the purpose of the *Incorporation Study,* and the *Incorporation Study Terms of Reference*
  - the roles and responsibilities of the parties involved, including the Committee, the RDOS Board and staff, the Ministry of Municipal Affairs and the consulting team, including presentations by representatives from the Ministry of Municipal Affairs and RDOS on:
    - Local governments and the Provincial context
    - Indigenous Considerations
    - RDOS policies, including Code of Ethics; Conflict of Interest, Harassment, Bullying and Discrimination; Decision-Making Guidelines Policy; as well as the *RDOS Procedure Bylaw (Bylaw No. 3009, 2023)* and the *Freedom of Information and Protection of Privacy Act*
  - the *Incorporation Study* process and timeline, as outlined in the proposal, along with the deliverables to expect
  - an overview of the Incorporation Process and Regional District Governance
  - overall communication objectives, guiding principles, as well as the role of the Committee in the engagement process

  Immediately following the Boot Camp and communications workshop the Committee convened its first Committee Meeting, which was open to the public. The primary purpose of the meeting was to elect the Chair and Vice

Chair of the Committee. As noted above, the Committee elected Rick Wilson to be the Chair, and Kea Adachi to be the Vice Chair.

- *Stage 2: Technical Analysis* — The technical analysis of the Incorporation Option and the default Electoral Area "D" Option was the focus of stage two, the lengthiest and most detailed stage of the *Incorporation Study*. The consultants prepared information on governance, service delivery, and service funding in the incorporation study area. This information was prepared through updates to the *Fact Sheets* completed under the *Services and Boundary Configuration Study* (renamed *Service Sheets*) that were also adapted to reflect the different geography (Okanagan Falls vs. all of Area "D") and assessment base. The *Service Sheets* also included the service impacts that could be expected under incorporation, including estimates of the costs and tax impacts of each service under the existing (Electoral Area "D" Option) and incorporation scenario. One *Service Sheet* was produced for each category of local, sub-regional and regional services currently provided to the community by the RDOS. *Service Sheets* also outlined local services provided by regional agencies (e.g., Okanagan Regional Library), or provincial ministries (e.g., Ministry of Transportation and Infrastructure, Ministry of Public Safety and Solicitor General), and by other service agencies (e.g., Rolling Hills Improvement District). All *Service Sheets* were public documents, presented at open Committee meetings and posted online on the Regional Connections project webpage for download. The *Service Sheets* are included in *Appendix II.*

  Separate *Issue Sheets* were developed to identify and describe the implications of incorporation for the local governing body (i.e., the make-up, role and authority of a municipal council), implications for agricultural lands, and issues related to how incorporation decisions are made and implemented. All *Issue Sheets* were also public documents, and posted on the project website. They are included in *Appendix III*. *Impact Briefs* – shorter public-facing handouts highlighting key differences between the two options – were prepared focusing on representation and service levels *(Appendix IV).*

- *Stage 3: Multi-Year Budget and Tax Notices* — The information from the various *Service Sheets* was brought together in stage three to create a *Multi-Year Budget* for a new Okanagan Falls Municipality (*Appendix V*). The budget included information from the provincial government's *Offer of Restructure Assistance*, which was initially presented to the Committee by Simon Rasmussen, Senior Planning Analyst at the Ministry of Municipal Affairs, and Patrick Thompson, Director of Governance Structures, at the May 28, 2024 Committee meeting,[2] and later confirmed in writing in a letter delivered to the Committee on _____ *(Appendix VI).*

[2] The Ministry of Transportation and Transit (MoTT) component of the Provincial Offer was amended after some additional review work, which together with the fall provincial election, delayed issuance of the final Provincial Offer Letter.

Sample property tax notices for several residential (Class 1) properties, in addition to a business (Class 6), light industrial (Class 5), and farm (Class 9) property in Okanagan Falls (*Appendix VII)* were produced for the Committee based on the *Multi-Year Budget*. The notices compared the total projected property taxes under the Incorporation Option against the projected taxes under the Electoral Area "D" Option. The *Multi-Year Budget* and accompanying property tax notices, it was advised, were constructed to project the financial and tax changes that would be expected to occur simply as a result of the decision to incorporate. The budget and tax notices did not anticipate or include the impacts of potential future decisions taken by a new municipal council, with the exception of the use of some of the transition funding to build capital reserves and some capital spending on equipment and facilities to establish the new municipality's public works service. At this stage a *Tax Impact Estimator* tool was also prepared and posted on the Regional Connections website. The tool enabled residents to enter their residential assessment value and get an estimate of the difference between the property tax required under the Incorporation Option vs Electoral Area "D" Option. A copy of the estimator is provided in *Appendix VIII*.

- *Stage 4: Refine Community Engagement Strategy* — While some forms of communication were ongoing throughout the study, such as the website, social media, newspaper advertisements and editorials, and Committee meetings, the *Communications and Community Engagement Strategy* was developed and refined with a Sub-committee of the Committee, and endorsed by the full Committee to guide the more focused engagement efforts that began after the completion of the technical analysis in May 2024.

- *Stage 5: Community Engagement* — The results of the Committee's analysis were presented to the community in stage five. This stage involved implementing the tools identified in the finalized *Communications and Community Engagement Strategy*, including a wide range of events and materials including the website, open houses, a moderated discussion panel, small group meetings, booth at community events, two community mailouts, and two videos. A summary of the community engagement is referenced in Chapter 6 of this report and included in *Appendix IX*. The materials used in the various engagement activities are included in Appendices X through XIII.

- *Stage 6: Report on the Incorporation Study* — At the conclusion of the engagement period, the consultants assembled the *Service Sheets*, *Issue Sheets*, *Multi-Year Budget*, prepared a summary of the Communication and Community Engagement process, compiled engagement materials and all other information pieces developed over the course of the *Incorporation Study* to produce this *Okanagan Falls Incorporation Study Report*. A draft of

the *Study Report* was shared with the Ministry and the RDOS prior to being presented to the Committee at its final meeting.

- *Stage 7: Recommendation* — The final stage of the *Incorporation Study* involved the presentation of the *Study Report* and the Committee's recommendation on the matter of a referendum to the RDOS Board of Directors.

First Nations

The community of Okanagan Falls is within the unceded territory of the Syilx Nation. 21 First Nations have traditional territory in the Incorporation Study Area. A portion of the Incorporation Study Area was formerly Osoyoos Indian Band reserve lands prior to 1913.

The province has engaged with the broader Indigenous communities and is working with the Osoyoos Indian Band to develop a framework for government-to-government engagement to better understand impacts resulting from the potential municipal incorporation.

The Indigenous communities and the province are also jointly exploring opportunities for strengthening cooperation and collaboration between local governments and Indigenous communities.

Timeline

The *Incorporation Study* began in September 2023, and was initially proposed to extend to spring 2025, with the engagement phase extending from summer to the end of 2024. The Committee and the Electoral Area "D" Director requested that the timeline be compressed in recognition of the time the community had been awaiting resolution of the incorporation issue, and to allow for a referendum, if recommended, to be scheduled for the spring of 2025. The timeline was therefore adjusted, with community engagement concluding in October, and the *Study Report* presented to the Committee at the end of November.

The Committee's November 27, 2024, meeting is intended to be the final meeting of the Committee. At that event the Committee will be expected to receive this draft *Study Report* and consider the matter of an incorporation referendum.

INCORPORATION STUDY REPORT

This *Study Report* presents the findings of the *Incorporation Study* and the work of the Committee. The remainder of the document (not including this chapter) is divided into the following six chapters:

- *Chapter 2: The Options* — Chapter 2 outlines the two options under consideration – the current situation of Okanagan Falls as an unincorporated community within Electoral Area "D", and the Okanagan Falls Municipality (Incorporation) Option.

- *Chapter 3: Implications of Change* — Chapter 3 introduces the *Service Sheets* and *Issue Sheets* that were produced by the Committee to examine what a decision to incorporate would mean for residents in terms of service provision, local governance, local government finances, property taxes and other matters, and touches on some of the key impacts and differences between the options that were communicated to residents.

- *Chapter 4: Multi-Year Budget* — Chapter 4 presents the *Multi-Year Budget* developed for a new Okanagan Falls Municipality. The chapter outlines the assumptions on which the budget is based, reviews the *Provincial Offer of Restructure Assistance* that informs the budget, and reports the impacts.

- *Chapter 5: Property Tax Impacts* — The projected property tax implications for residents associated with incorporation are presented in Chapter 5.

- *Chapter 6: Communication and Community Engagement* — The Committee's communication and community engagement efforts are presented in Chapter 6. The chapter reviews highlights of the *Strategy*, including the engagement methods chosen and materials produced.

- *Chapter 7: Recommendation* — The Committee's recommendation on an incorporation referendum is provided.

This report presents the work of the Committee on, and constitutes the written record of, the *Incorporation Study*. The key written materials developed for the *Incorporation Study* are attached to the report in 13 separate appendices, all of which are referred to and relied on in the body of the document.

CHAPTER 2
THE OPTIONS

This chapter outlines two options that are examined in the *Incorporation Study* — the existing, unincorporated state of Okanagan Falls as a community within Electoral Area "D", and the Incorporation Option.

ELECTORAL AREA "D" OPTION

The Area "D" Option is the default, or the current situation, where Okanagan Falls is, and would remain as, an unincorporated community within Electoral Area "D". If a referendum does not proceed, or if one does proceed and incorporation is not supported by a majority of those who cast ballots, then Okanagan Falls would not incorporate, and would remain as it is today.

Local Service Provision

Under the Area "D" Option, the provision of local services would remain the same as it is in Okanagan Falls today. The RDOS, as the community's local government, would continue to be the primary local service provider, responsible for providing most local government services, including planning and building inspection, utilities, fire suppression, bylaw enforcement, parks and recreation, and others. Some of the RDOS services are provided only to Okanagan Falls, or even a portion of Okanagan Falls, such as water, sewer and street lighting. Other services are provided throughout all of Area "D", and often to other electoral areas, or even the entire regional district. Regional districts have the authority to provide a broad range of services, and the menu of services varies by regional district, and can be different within each electoral area or community.

The province is currently responsible for providing certain local services in Okanagan Falls, including local roads, subdivision approval, tax collection and police. Under the Electoral Area "D" Option, the provincial government would continue to be responsible for these services. The province, through the Ministry of Transportation and Infrastructure (now Ministry of Transportation and Transit or MoTT), would continue to manage the local road network and set road maintenance standards. Decisions on these provincial services are made by provincial ministries based in Victoria. Because these services are provided through the province, and delivered to broad regions with considerable economies of scale, local residents have limited input into and ability to influence the province's decision-making process for these services, even where they are willing to pay for higher levels of service. Taxes are charged by the province to help fund service costs.

Governance

At its first meeting, held on September 11, 2023, the Committee received a *Regional District Governance Issue Sheet* that provided an overview of the purpose of regional districts, as well as regional district governance, service provision and finance. The

overview highlighted the fact that decisions related to the RDOS local services are made by the RDOS Board of Directors. Okanagan Falls is represented on the Board by one Director — the Electoral Area "D" Director — who is elected by and accountable to voters throughout the whole of the Electoral Area. In total, the Board has 20 Directors, 19 of whom are in place to represent other parts of the Regional District. The Board makes decisions regarding services and budgets on behalf of the electoral areas and the unincorporated areas and communities such as Okanagan Falls that lie within the electoral area boundaries.

Under this option the RDOS Board of Directors would continue to be the governing body for the community. The Board would make all decisions for RDOS services in which Area "D" participated, including decisions on planning polices and approvals, parks and recreation priorities, and other matters. The Electoral Area "D" Director would participate in all votes related to Area "D" services, but so too would Directors from other jurisdictions, as they do today. The total number of other Directors involved would depend on the service in question and the type of decision. In some instances, the entire Board would vote. In all instances, at least one other Director from a different jurisdiction would vote.

Property Taxes

Under this option, property taxes charged in Okanagan Falls would be essentially the same as those charged today in the community as part of Electoral Area "D". Each service, in a regional district, is accounted for separately, and costs are recovered from those who benefit from the service. Area "D" residents therefore only pay for the local government services that they receive. Property taxes are requisitioned by the Regional District to pay the cost of providing services to Okanagan Falls. Taxes are collected from residents by the provincial government on behalf of the region.

INCORPORATION OPTION

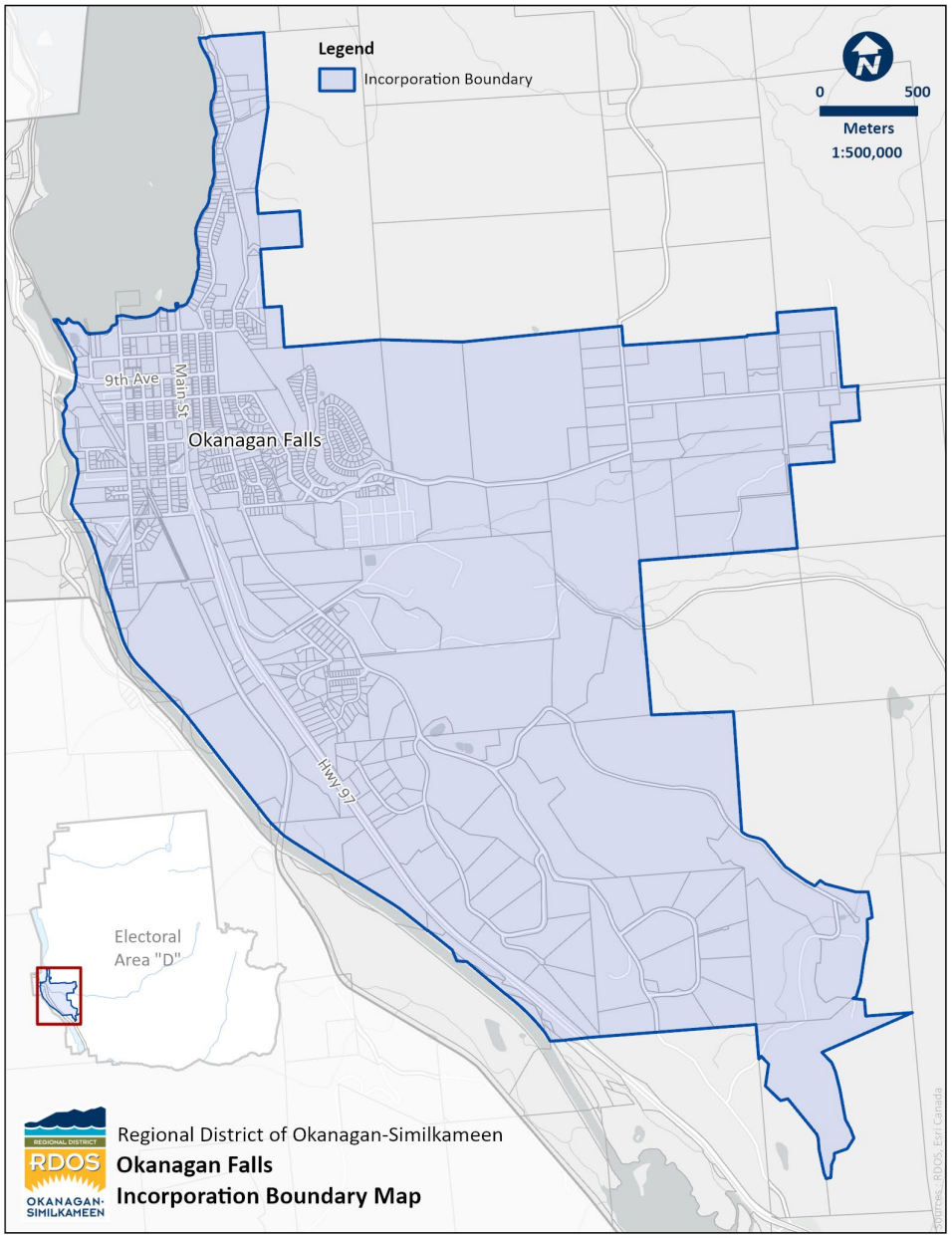
The Incorporation Option would involve the creation of a new Okanagan Falls Municipality. Subsequent chapters examine elements of this option in greater detail, identify underlying assumptions made by the Committee, and set out what a decision by local electors to create a new municipality would mean in terms of:

- local service provision
- governance for the community, including decision-making for local services
- the cost of providing services, and the revenues available to fund the costs
- property taxes

Municipal Boundary

The proposed municipal boundary — also referred to as the Incorporation Study Area — was selected by the Ministry of Municipal Affairs prior to the beginning of the *Incorporation Study*, based in part on the analysis conducted as part of the *Service and Boundary Configuration Study* in 2022. The Incorporation Study Area is shown below in Figure 2.1.

Figure 2.1
Incorporation Study Area Boundary



Local Service Provision

The Okanagan Falls Municipality would become the local government for the community under the Incorporation Option. The Municipality would be the primary local service provider, responsible for providing most local services to residents, including all utilities, parks and recreation, land use planning and building inspection, bylaw enforcement, fire suppression, local roads, subdivision approval and others.

The Municipality would be a member municipality of the RDOS, along with Penticton, Summerland, Osoyoos, Oliver, Keremeos and Princeton. Post-incorporation, some of the regional district services currently provided to Okanagan Falls would continue to be provided by the RDOS. In certain cases — Solid Waste Management Planning and RDOS General Government are examples — continued provision would be required by law. In other cases — E911 Call Response, Emergency Preparation, mosquito control and regional transit, for instance — continued reliance on the RDOS would make financial sense.

The provincial government would no longer be responsible for providing local road services after incorporation. Ownership of local roads, and responsibility for the planning, maintenance and upgrading of those roads would be transferred to the Municipality. The province would, however, continue to be responsible for and make decisions related to provincial highways, including Highway 97 that runs through the middle of Okanagan Falls. The province would also retain responsibility for providing local police service. If the Municipality's population, as recorded by the Census, were to exceed 5,000 (from its current population of approximately 2,760), responsibility for the police service would shift to the Municipality.

Governance

The governing body for the Okanagan Falls Municipality would be the Municipal Council. Based on the land area and the population density of the Incorporation Area, unless otherwise requested, Okanagan Falls would be incorporated as a District municipality. District municipalities have a default size, as per the *Community Charter*, of one Mayor and six Councillors. However, given that municipalities can, by bylaw (or through letters patent), adjust their Council size, it was assumed that Council would be comprised of one Mayor and four Councillors.[3] A five-member Council is consistent with legislated requirements for a Town of less than 5,000 population. Each of the five members would be elected at-large by voters to represent the community as a whole. Council would be responsible for making all major decisions, including those related to:

- existing services for which the Municipality would be responsible (including local roads)
- the establishment of new services
- the review and approval of major development applications and the development of land use planning policies
- the passing of the Municipality's annual operating and capital budgets
- the setting of tax rates for all classes of property

[3] A reduced size of Council was endorsed by the Committee, consistent with the *Local Government Act* guidance for a Town municipality (population between 2,500 and 5,000), rather than a District municipality which, based on land area and population density, would be the default for Okanagan Falls. Recognizing that the size of Council can be changed by bylaw or in Letters Patent as per Section 118 of the *Community Charter*, the smaller Council size was endorsed by the Incorporation Study Committee as appropriate for the size and population of the community.

The RDOS Board of Directors would make decisions on regional district services provided to the Municipality. The Municipality would be represented on the Board by one Municipal Director who would be appointed to the position by Council. The Director would vote along with Directors from other RDOS local jurisdictions on services received by the Municipality, as well as on Regional District corporate and financial matters (e.g. establishment of a new service, adoption of the annual budgets).

Policing decisions would rest largely with the Province and the RCMP. If the population of the Municipality were to reach a Census-recorded population of 5,000, it would then assume responsibility for the service. At that point, the Municipal Council would be able to make some decisions and influence others. The decision to contract with the RCMP, for example, would fall to Council, as would the decision to build (or not build) a local detachment. Decisions related to policing priorities and authorized strength, by contrast, would be made by the Province and RCMP with some input from Council.

Property Taxes

A decision to incorporate would give the Okanagan Falls community, through its locally elected Council, greater control over local services, including local roads, planning policies, development approvals, parks and recreation services, and others. Along with greater control, however, would come slightly higher property taxes.

The Committee developed a number of sample property tax notices to show the estimated tax impact of incorporation for residents and businesses. The property tax implications presented in these notices are addressed in a later chapter of this report.

CHAPTER 3
IMPLICATIONS OF CHANGE

The *Incorporation Study* set out to determine and help residents understand what a decision by local electors to create a new Municipality would mean in terms of:

- local service provision
- governance for the community, including decision-making for local services
- the cost of providing services, and the revenues available to fund the costs
- property taxes
- other matters

These implications were identified and examined in detail in the various *Service Sheets* and *Issue Sheets* all of which were reviewed by the Committee and presented to the community. Both types of sheets are outlined in this chapter of the report.

SERVICE SHEETS

The service provision, service governance, service finance and property tax implications associated with the incorporation of Okanagan Falls were examined by the Committee on a service-by-service basis. Over the course of the *Incorporation Study*, the Committee reviewed 42 local services provided to Okanagan Falls residents by the RDOS, provincial government, regional agencies and others. Services were grouped together into different service categories; a separate *Service Sheet* was prepared for each category.

Figure 3.1 lists the set of *Service Sheets*, the meeting dates on which the *Sheets* were endorsed by the Committee, and the individual services addressed in each *Sheet.* The majority of the *Service Sheets* were endorsed at Committee meeting dates. The *Roads Sheet* endorsement date was delayed because the *Sheet* was endorsed at the Committee meeting on April 16, subject to the details of the Provincial Offer. The (then) MoTI portion of the Provincial Offer was subsequently amended, resulting in the delayed August 1 endorsement date.

Each *Service Sheet* was written using a common template that began with a listing of the assumptions on which the information in the *Sheet* was based. Each *Service Sheet* then presented the following information on the services featured in the *Sheet*:

- The Present
  - What service is provided?
  - Who makes decisions?
  - Who delivers the service?
  - What is spent by the RDOS on the service?
  - How are the costs recovered?
  - What is the cost to a typical residence?

Figure 3.1
Service Sheets and Services

SERVICE SHEET	SERVICE	DATE ENDORSED
LIBRARY	Okanagan Regional Library	November 21, 2023
EMERGENCY SERVICES	Emergency Planning	November 21, 2023
	911 Emergency Call System	
	Fire Protection	
	Victim Assistance Contribution	
PLANNING & BUILDING	Electoral Area Planning	November 21, 2023
	Subdivision Servicing/Development Infrastructure	
	Regional Growth Strategy	
	Building Inspection	
	Heritage Conservation	
BYLAW ENFORCEMENT	Bylaw Enforcement	November 21, 2023
	Noise Control	
	Untidy/Unsightly Premises	
	Animal Control	
ENVIRONMENTAL SERVICES	Nuisance (Starling) Control	November 21, 2023
	Mosquito Control	
	Invasive Species	
	Okanagan Kootenay Sterile Insect Release	
	Destruction of Pests (weeds and insects)	
	Environmental Conservation	
SOLID WASTE AND RECYCLIING	Curbside Recycling/Garbage OK Falls	February 5, 2024
	Illegal Dumping	
	Solid Waste Management	
	Refuse Disposal/Landfill Operations	
PARKS & RECREATION	Regional Parks and Trails	February 5, 2024
	Ok Falls Parks, Recreation and Facilities	
	Ok Falls Cemetery	
TRANSPORTATION	Regional Transit	February 5, 2024
	South Okanagan Transit (Regional Transit)	
ECONOMIC DEVELOPMENT	Area D Economic Development	April 16, 2024
	Regional Economic Development (Ok Film)	
SEWER & UTILITIES	Okanagan Falls Sewer	April 16, 2024
	Septage Disposal	
	OK Falls Street Lights	
WATER	Sun Valley Water System	April 16, 2024
	OK Falls Water	
	Rolling Hills Irrigation District	
	Okanagan Basin Water Board	
ADMINISTRATION	Electoral Area Government Administration	April 16, 2024
	General Govenrment Regional Administration	
	Grants in Aid	
	Rural Projects (Area D)	
POLICING	Policing	April 16, 2024
ROADS	Roads	August 1, 2024

- Incorporation
  - What impact would incorporation have on these services?
  - How would decision-making change?
  - How would incorporation impact service delivery?
  - How would service costs change?

- Summary of Tax Impacts

All *Service Sheets* are presented in *Appendix II*.

Throughout the technical analysis stage of the *Incorporation Study*, and as the Committee met to review and endorse each of the *Service Sheets*, the consultants provided an updated table of the property tax impacts of each of the services contained in the endorsed *Service Sheets*. At the conclusion of the analysis, when all the services had been completed, the information was updated with 2024 data to provide more current values. The updated table was provided to the Committee. The table, shown in Figure 3.2 (broken into two parts due to the length of the chart), was a helpful resource and precursor to the sample tax notices (see Chapter 5).

Figure 3.2
Tax Rates and Impact Comparison

	2024				
LOCAL SERVICE	RDOS[1]	RDOS[1]	MUNICIPAL[1]	MUNICIPAL[1]	CHANGE
Library (ORL)	0.1020	$51.02	0.1175	$58.73	$7.71
Destruction of Pests	0.0004	$0.21	0.0004	$0.21	-
Mosquito Control	0.0047	$2.35	0.0047	$2.35	-
Invasive Species	0.0023	$1.13	0.0023	$1.13	-
Enviro. Conservation	0.0141	$7.04	0.0141	$7.04	-
Nuisance Starling	0.0007	$0.33	0.0007	$0.33	-
OKSIR[2]	0.0311	$7.79	0.0311	$7.79	-
Planning & Subdivision	0.1194	$59.71	0.1740	$87.01	$27.30
Regional Growth Strategy	0.0015	$0.73	0.0015	$0.73	-
Building Inspection	0.0233	$11.64	0.0286	$14.30	$2.66
Subdivision Servicing	0.0084	$4.21	0.0000	$0.00	-$4.21
Animal Control	0.0169	$8.47	0.0169	$8.47	-
Bylaw Enforcement	0.0240	$12.00	0.0485	$24.25	$12.25
Business Licensing		n/a	0.0000	$0.00	-
OK Falls Fire	0.2648	$132.40	0.2895	$144.76	$12.36
Emergency Planning	0.0185	$9.25	0.0185	$9.25	-
911 Call System[2]	0.0562	$14.05	0.0562	$14.05	-
Victim Services	0.0016	$0.81	0.0016	$0.81	-
Regional Transit	0.0050	$2.48	0.0050	$2.48	-
Area D Transit	0.0719	$35.95	0.0719	$35.95	-
Regional Economic Development (Film)	0.0010	$0.51	0.0010	$0.51	-
Economic Development	0.0797	$39.86	0.1222	$61.10	$21.24

Figure 3.2
Tax Rates and Impact Comparison (continued)

Garbage/Recycling		$135.00		$135.00	-
Waste Management	0.0044	$2.19	0.0044	$2.19	-
Illegal Dumping	0.0010	$0.52	0.0010	$0.52	-
Refuse Disposal	n/a		n/a		-
Regional Parks & Trails	0.0101	$5.04	0.0101	$5.04	-
OK Falls Parks and Recreation	0.4370	$218.50	0.4370	$218.50	-
Ok Falls Cemetery*	0.0751	$37.57	0.0616	$30.80	-$6.77
OBWB	0.0226	$11.32	0.0226	$11.32	-
Septage	0.0000	$0.00	0.0000	$0.00	-
OK Falls Street Lights*	n/a	$30.00	0.0278	$13.88	-$16.12
General Government	0.0494	$24.68	0.0494	$24.68	-
EA Administration	0.2101	$105.04	0.5406	$270.32	$165.28
Rural Projects	0.0109	$5.46	0.0109	$5.46	-
Grants In Aid	0.0034	$1.68	0.0034	$1.68	-
Service Administration (RDOS services)	0.0846	$42.32	0.0145	$7.24	-$35.08
Service Administration (subset of OK Falls)*	0.0022	$1.09	0.0000	$0.00	-$1.09
Roads	0.3600	$180.00	0.6522	$326.10	$146.10
PROVINCIAL					
Police Tax	0.0962	$48.10	0.1062	$53.10	$5.00
Surveyor of Taxes	0.0932	$46.58	0.0000	$0.00	-$46.58
Total		**$1,297.01**		**$1,587.05**	**$290.04**
LOCAL AREA SERVICE (USER FEES)					
OK Falls Water*		$802.21		$802.21	$0.00
Sun Valley Water*		$1,826.00		$1,826.00	$0.00
Rolling Hills*		$2,090.00		$2,090.00	$0.00
Ok Falls Sewer*		$1,018.00		$1,018.00	$0.00

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

[2] *Taxes are levied on improvements or land only ($250,000 in assessed value)*

** Applies to a subset or service area within Okanagan Falls*

ISSUE SHEETS

Most of the implications associated with a decision to incorporate are identified in the *Service Sheets*, and included in the *Multi-Year Budget* and property tax notices. Some impacts or issues did not relate specifically to services, and warranted special attention and explanation. To address these issues, the Committee produced a set of *Issue Sheets*.

Figure 3.3 lists the *Issue Sheets*, gives the meeting dates on which the documents were received by the Committee, and describes the issues addressed. *Issue Sheets* are included in *Appendix III.*

Figure 3.3
Issue Sheets and Issues

ISSUE SHEET	NATURE OF ISSUE	DATE ENDORSED
REGIONAL DISTRICT GOVERNANCE	Governance, put simply, is about who makes decisions for the community. Each of the two scenarios being considered in the *Incorporation Study* has its own governance model that assigns different roles to different players. It is important for the community to clearly understand each model and the differences between them. To that end, the *Regional District Governance Issue Sheet* was prepared.	Presented September 11, 2024 (prior to Committee inaugural meeting)
AGRICULTURAL PROPERTY IMPACTS	Due to the number of agricultural properties and properties in the Agricultural Land Reserve within the Incorporation Study Area, an *Agricultural Property Impacts Issue Sheet* was prepared to clarify what incorporation would mean for agricultural properties in terms of: – property tax exemptions for agricultural lands and improvements – the process and requirements used by the – Agricultural Land Commission (ALC) to review applications dealing with removal of land from the ALR, and for development on ALR land – local government services	February 5, 2024
DEMOGRAPHIC PROFILE	A *Sheet* was created using graphs and charts to highlight some of the demographics of and assessment information for Okanagan Falls. The *Sheet* also provides some context to how the population compares to other municipalities in the province.	February 5, 2024
IMPLEMENTATION OVERVIEW	The *Implementation Overview Sheet* provides information on what the next steps are after the conclusion of the *Incorporation Study*. Topics referenced include: – who decides if there is a referendum – what happens in a referendum – who would (and who would not) be eligible to vote in a referendum – mail-in ballots – what would happen in the event of a majority "no" vote in a referendum – what would happen in the event of a majority "yes" vote in a referendum – who has input into the Letters Patent Information regarding governance, Council size and municipal classification is also referenced in this *Sheet*.	May 28, 2024

In addition to the detailed *Sheets* provided to the Committee, two *Impact Briefs* were prepared as handouts at the open house meetings to highlight the impacts of incorporation on services and on representation in small, digestible pieces for residents. The following two tables, Figures 3.4 and 3.5 are from the *Impact Briefs*. The *Impact Briefs* are included in *Appendix IV.*

Figure 3.4
Service Impact Brief Highlights

	RDOS ELECTORAL AREA "D"	NEW MUNICIPALITY
How are new services added or existing services modified?	The decision to establish a new local service in Area "D" is made by the full 20-person RDOS Board. In most instances, approval by the taxpayers affected by the service (i.e. referendum) is also required. Decisions on the budget, operation and administration of most services, including those provided only to Area "D", are also made by the full 20-person RDOS Board. Operational and administrative decisions for sub-regional services are made only by the directors who represent the participating jurisdictions.	The local Council would make decisions about new services or changes to existing services provided by the municipality The local Council could also decide whether the municipality would participate in regional services.
How is the Province involved?	The provincial government has authority to deliver and make decisions regarding roads, policing, and subdivision approval in Electoral Area "D." The Province also collects taxes in electoral areas.	The municipality would have authority over local roads (not the provincial highway) and subdivision approval and would be responsible for collecting taxes. The Province would still make decisions concerning local policing.
How are budgets set and managed?	Budgets are set through the financial plan that covers the entire regional district. Costs are recovered primarily through taxes paid by those who benefit from each service, so fees can be different from one electoral area to another and even within an electoral area, reflecting the unique services received.	Budgets are set through the municipality's financial plan. Municipalities can allocate money from their "general revenues" to support different services or initiatives and have more financial flexibility to respond to local needs and demands.

Figure 3.5
Representation Impact Brief Highlights

	RDOS ELECTORAL AREA "D"	NEW MUNICIPALITY
Who would be elected?	One (1) Electoral Area "D" Director is elected to represent Okanagan Falls and the rest of Area "D" on the RDOS Board.	A Council would be elected to make decisions for Okanagan Falls, consisting of a mayor and 4 councillors.
Who makes decisions on behalf of Okanagan Falls?	There are 20 Regional Directors on the RDOS Board and the Area "D" Director shares decision-making authority over local matters with elected officials from other parts of the region.	The locally elected Council would be responsible for making decisions over local government services. Some regional and sub-regional services would continue to be provided by the RDOS. One Council member would participate as a Municipal Director on the expanded (21 member) RDOS Board.
What services are provided by the Regional District (RDOS)?	The RDOS is responsible for providing Okanagan Falls and all of Area "D" with local government services (aside from those provided by the Province). Local services are generally established by bylaw, and approved by the participants that receive (and pay for) the service.	The RDOS would no longer provide local government services to Okanagan Falls such as sewer, water, planning and building inspection. The RDOS would continue to provide regional services such as mosquito control and 911 call system, as well as sub-regional services such as environmental conservation and Area "D" transit in which the new municipality would remain as a participant, although the municipality would have the authority to withdraw.
How is the Province involved?	The provincial government has authority over decision-making for roads, policing, and subdivision approval in Electoral Area "D."	The municipality would have authority over (and ownership of) roads, as well as the responsibility for subdivision approval. The Province would still make decisions concerning local policing.
How are budgets set and managed?	Budgets are set through the financial plan that covers the entire regional district. Costs are recovered by billing those who benefit from each service. Each service is funded separately — the expense of providing each service must be covered by the revenue generated for that same service. Area "D" residents only pay for the RDOS services they receive.	Budgets are set through the municipality's financial plan. Municipalities use a single municipal property tax rate to fund a variety of local services. Municipalities can allocate money from their "general revenues" to support different services or initiatives (without having to approve or establish individual service bylaws) and have more flexibility to respond to local priorities.

CHAPTER 4
MULTI-YEAR BUDGET

The development of a *Multi-Year Budget* is the process through which all current and known-future costs identified in the *Service Sheets* are combined with all restructure assistance offered by the provincial government to determine the property tax revenues the new Municipality would need to collect each year to remain financially viable. The process is designed to confirm the financial feasibility of the Incorporation Option. The process also provides the information needed to create sample property tax notices, with estimated tax impacts, that homeowners could expect to receive in a new Municipality.

This chapter outlines the *Multi-Year Budget* developed by the Committee. The seven-year budget, presented in *Appendix V*, includes four main components:

- Revenues
- Expenses
- Utilities Budget
- Capital Reserves

Each section in this chapter highlights key information and assumptions used by the Committee in building that portion of the *Budget*.

Some key points that apply to all budget components include:

- *Time Period* — The *Multi-Year Budget* shows the municipal expenses and revenues identified by the Committee in the *Service Sheets*, extended over a seven-year period, beginning in 2025.

- *2024 Data* — All of the cost, revenue, assessment and other data used in developing the *Service Sheets*, sample property tax notices and Multi-Year Budget reflect and rely upon 2024 data.

- *Municipal Only* — The *Multi-Year Budget* only shows municipal expenses and revenues. The costs of the services provided by the RDOS and the provincial government to the new Municipality are not included in the *Multi-Year Budget* (such costs would not be included in any municipal budget). Tax charges to pay for these other services, however, appear on the sample tax notes (see Chapter 5) and would appear on annual municipal tax notices sent to property owners.

- *Inflation* — Costs and revenues in the *Multi-Year Budget* are not adjusted for inflation over the budget period. Any increases in the numbers are related primarily to increased capital contributions for capital reserves or planned

projects, all of which were addressed and endorsed by the Committee in the individual *Service Sheets*.

REVENUES

A projected revenues spreadsheet is included with the *Multi-Year Budget* in *Appendix V*. The spreadsheet projects all revenues, from all known sources, for a future seven-year period, beginning in 2025. Sources include:

- local service and parcel taxes
- user fees
- 1% Utility Tax and franchise agreement revenues (estimated)
- existing sale of service and agreement revenues
- unconditional grant revenues (estimated) from Small Communities Grant and Community Works Fund
- contributions from investment income (estimated)

Combined revenues from these sources total $1,452,351 in 2025 and 2026, not including the Provincial Offer of Assistance. Subsequent year totals increase slightly to reflect the small known changes to individual revenue items, such as increases to the Community Works Fund.

Provincial Offer of Restructure Assistance

Also included as revenue in the Revenue Spreadsheet of the *Multi-Year Budget* is the Provincial Offer/Transition Assistance. Representatives from the Ministry of Municipal Affairs, on behalf of the provincial government, presented a *Provincial Offer of Restructure Assistance* to the Committee at the meeting on May 28, 2024. Staff from MoTI subsequently added to the terms in the *Provincial Offer* related to local roads assistance. An updated letter, including the adjustments from MoTI (now MoTT), was encompassed in the formal *Provincial Offer of Restructure Assistance* which is attached to the report as *Appendix VI*.

Figure 4.1 outlines the *Offer* and its key components. It is important to note that the *Offer* is conditional on a decision to incorporate. The *Offer* does not apply to the Electoral Area "D" Option. It is worth highlighting that not all the items outlined in the offer are funds granted to the new Municipality. Some of the funds identified in the *Offer* support the RDOS in facilitating the transition and supporting the remainder of Area "D".

Figure 4.1
Provincial Offer of Restructure Assistance

COMPONENT	DETAILS	COMMENTS
Per Capita Grant	✓ $275 per person, for estimated total of $623,150[4] ✓ intended for discretionary spending (as determined by inaugural Municipal Council)	✓ based on an estimated population of 2,266 ✓ would be updated based on the population at time of incorporation
Small Communities Grant	✓ Up to $400,000 in year of incorporation, depending on when incorporation happens (pro-rated based on date of incorporation for initial year)	✓ full Small Communities Grant of $400,000 per year, following incorporation ✓ assumed early spring incorporation
Incorporation Referendum	✓ estimated at $30,000	✓ province to pay; RDOS to administer
Inaugural Election	✓ estimated at $30,000	✓ province to pay; RDOS to administer
Interim Administration	✓ estimated up to $180,000 to manage start-up and establish ongoing administration for Municipality	
Community Planning Grant	✓ $150,000 to assist in transfer of planning services from RDOS to Municipality	✓ Could be used to update OCP, zoning, Housing Needs Report
Service Transition Grant	✓ $125,000 to RDOS	✓ Assists RDOS in the transfer of services to the municipality ✓ Used to stabilize costs for the remainder of Area "D" that may otherwise be impacted

[4] The total is based on the 2021 Census population of 2,266 for the "Okanagan Falls Designated Place" which is considerably smaller than the Incorporation Study Area. The resulting population is therefore lower than the 2,760 estimated as the population for the Incorporation Study Area as part of this *Incorporation Study*. If incorporation is chosen, the transitional grant will be based on the actual municipal population at the time of incorporation based on a census conducted by the Interim Corporate Officer.

COMPONENT	DETAILS	COMMENTS
Improvement District Conversion	✓ $5,000	✓ To assist in the conversion of Rolling Hills improvement district to a municipal service
First Nations	✓ $150,000 for joint First Nations-Local Government initiatives	✓ initiatives could include relationship building forums, cultural revitalization projects, protocol agreements
Road Operations	✓ MoTT to provide and pay for ongoing maintenance and operations of local roads for five years	✓ estimated value of $1,420,000 ✓ Committee has assumed that Municipality would tax for service, and put funds in roads reserve
Road Resurfacing	✓ additional estimated $2,975,000 in road resurfacing projects during first five years	✓ represents resurfacing of 8.274 km of hard surface roads ✓ replacement of 4 drywells ✓ cracksealing of an additional 1.75 km of roads
Rural Tax Rebate	✓ estimated at up to $446,119	✓ amount based on incorporation before June 30 ✓ would be half if incorporation occurred after June 30

**yellow highlighting denotes funding that does not impact or accrue to the Municipality*

The revenues spreadsheet itemizes the cash components of the *Provincial Offer of Restructure Assistance.* The majority of the total amount of $1,876,300[5] is listed as received in Year 1 (2025), with the notable exception of the First Nations Collaboration grant which is assumed to be spread across each of the first three years ($50,000 per year).

Part of the transition assistance is the in-kind contribution from MoTT for road maintenance over a five-year period. MoTT's contribution is not shown explicitly, but the capital budget does show the full operational and capital costs of providing road

5 The budgeted transition amount does not exactly align with the Provincial Transition Offer, which references a maximum amount of funding ($1,954,269), depending on the date incorporation. The budget was prepared prior to the finalized Offer, and assumes an early spring incorporation date.

service in each of the first five years being contributed to the roads reserve fund (see Capital Reserves below).

Municipal Property Taxes

The revenues spreadsheet presents the total revenues from other sources — $1,452,351 — against the projected expenses — $3,715,101 — to determine the amount required to be raised in municipal property value taxes each year — which varies, but is close to $2,255,750 each year throughout the budget period. Ultimately a consistent tax rate throughout the entire budget period was selected and endorsed by the Committee that raises $2,452,750.

Key points regarding the municipal property taxes in the budget include:

- *Tax Rates* — The property tax revenues shown in the *Multi-Year Budget* identify the funding necessary to recover the full cost of the services, net of revenues from other sources. The tax requisition and associated tax rates are not reduced as a result of the provincial transition assistance. The amount required to operate a roads service in the first five-year period when the roads are still maintained by the MoTT, is recovered throughout the seven-year period through taxes. Although these funds are not required to fund the service in the first five years, the municipality will need funds to build reserves and acquire equipment and associated public works facilities (see capital works assumptions below) to provide the service after year five. A stable property tax rate is therefore assumed over the entire seven-year period in order to establish the municipal services, create reserves and acquire the necessary facilities and equipment.

- *Farm Class Property Taxes* — Properties with residential dwellings on land classified as farm class are currently exempt from paying the provincial rural tax on the value of their residence. After incorporation, the dwelling is not exempt from the municipal property tax. To minimize the impact of this change, in accordance with the *Community Charter* (Section 222) the dwellings receive an exemption from municipal taxes, and the exemption is reduced by 20% each year. The exemption is therefore 100% in year one, until year six when there is no exemption. The reduced revenues for the municipality as a result of this phased exemption, are accounted for in the budget (shown as Farm Residence Transition), and offset using some of the provincial transition funds, rather than impacting the property tax rates for properties that do not receive any exemptions.

Operating Reserves

- *Operating Reserve* — The Committee assumed that a portion of existing RDOS operating reserves in which Okanagan Falls is a participant (and would no longer be a participant) would flow to the new Municipality and be placed in dedicated reserves. For each operating reserve, a portion of the reserve,

estimated at the end of 2024, is allocated to the new Municipality based on the proportion of converted assessment. The estimates were based on the estimated reserve amounts at the end 2024. The resulting transfers total $299,229 for the general municipal fund, which represents 7.7% of the Municipality's annual operating expenses (or 8.1% net of capital reserve contributions). The water operating reserve is shown separately in the Utility budgets.

- The municipal operating and capital reserves, it is assumed, would be invested with the Municipal Finance Authority's short-term investment funds. Interest in both operating and capital reserves accrues to the individual reserve account at an annual interest rate of 4.5%.

EXPENSES

An expenses spreadsheet, also presented in *Appendix V*, projects expenses throughout the seven-year period at $3,715,101, with some additional transition costs in the first three years that are funded through the *Provincial Offer*. Included in this figure are all the operational costs, itemized in the various *Service Sheets*, that the new Municipality would incur to provide municipal services.

Figure 4.2
Estimated Municipal FTE

DEPARTMENT	FTE
Administration	5.9
Planning, Building and Ec. Dev.	3.55
Parks and Recreation	3.78
Engineering and Public Works	11.4
Fire	1
Total	**25.63**

Some of the operational budget highlights include:

- Operating expenses are based upon the detailed assumptions included within the *Service Sheets* that were endorsed by the Committee. Where the services were assumed to be provided by Municipal staff, full-time equivalent (FTE) staffing levels were estimated, and are accounted for in the operating budget. The overall Municipal FTE budgeted for in the *Service Sheets* is close to 25 FTE as noted in Figure 4.2.

- *Municipal Hall* — it is assumed that in the short term, the former Okanagan Falls Irrigation District building can be used to house some staff, but given the full staff complement outlined in the individual *Service Sheets* of approximately 25 FTE, additional space will be needed.[6] A budget of $50,000

[6] Note that not all staff work indoors, and not all require dedicated office space. Staffing includes public works, sewer and water operators, fire chief, recreation workers, among others.

per year is included in the Administration operating budget for a lease or mortgage of additional office space.

UTILITY BUDGET

The budget for the utilities — Okanagan Falls Water, Okanagan Falls Sewer, Sun Valley Water and Rolling Hills Water — are shown separately because these services are not provided to the entire municipality. The revenues and expenses are therefore budgeted and recovered separately, so that those who benefit from the service are the ones that pay into the service. The services would continue to be funded separately, if Incorporation were to occur. The revenues, expenses, operating reserves and capital contributions for these services are based on the current budgets for these services as part of RDOS (or as part of the Rolling Hills Improvement District).

CAPITAL RESERVES

The final page of the Multi-Year Budget provides details of the Capital Reserves. The Committee established eight reserves for the new Municipality. In all cases except Roads, monies exist in similar reserves today with the RDOS. As with the operating reserves, where Area "D" participates in an RDOS service that has an existing capital reserve, a portion of that reserve would be transferred to an Okanagan Falls Municipality in the event of an incorporation. In some cases all, and in other cases a portion, of these monies would be transferred to the Municipality's reserves. Figure 4.3 references the estimated amounts to be transferred to the respective reserves, based on estimated 2024 end of year totals. The following provides some additional detail about each reserve.

Figure 4.3
Capital Reserve Estimates

Capital Accounts	
OK Falls Fire	$1,082,089
OK Falls Water	$0
Sun Valley Water	$29,113
Rolling Hills Water	$75,000
OK Falls Sewer	$60,488
Parks & Recreation	$346,220
Parkland Acquisition	$3,681
Community Works Fund (gas tax)	$41,418
Building Inspection	$88,731
Total	**$1,726,740**

- *Municipal Equipment Reserve* — As part of the transition, the Municipality would receive a portion of the existing RDOS building inspection service equipment reserve fund. The amount from this fund is assumed to be used as the base to create a Municipal Equipment Reserve fund. The Provincial transition assistance amount would also be allocated to this reserve to help acquire the equipment needed to establish the new Municipality, and in particular the roads and public works equipment.

- *Fire Protection Reserve* — This reserve holds the total RDOS reserve amounts in place today for the Okanagan Falls fire protection service, with consistent capital contributions throughout the seven-year budget. Although the current service area extends beyond the proposed municipal borders, the Committee assumes the Municipality would be responsible for the service, and would continue to service the broader service area through a contract with RDOS.

- *Water Reserve* — This reserve holds the total RDOS reserve amounts in place today for the Okanagan Falls and Sun Valley water systems, as well as the Rolling Hills water system which would also become a municipally-owned and operated water system. Future contributions (from users) are assumed to follow the same schedule in the existing RDOS 10-year reserve contribution plan for the systems, and the current level of capital reserve contributions from Rolling Hills. The three separate water system capital reserve accounts have been consolidated for reporting purposes in the capital budget, but it is assumed the three funds would be kept separate for accounting purposes, to ensure the water users for each system pay for the local service provided.

- *Sewer Reserve* — This reserve holds the total RDOS reserve amounts in place today for the Okanagan Falls sewer system, and assumes the future contributions (from users) would follow the schedule in the existing RDOS 10-year reserve contribution plan for the system. Even though the capital expenditure or development cost charge (DCC) reserves must be used only for specific growth-related projects, the sewer DCC account is included with the sewer capital budget for simplicity. Increases to DCC accounts due to development over the seven-year period have not been estimated and added to the reserves, although it is acknowledged that development will generate some additional capital funding. It is worth noting that the sewer capital contributions planned in the RDOS budget are not sufficient to keep pace with the magnitude of the capital projects currently planned, so additional funding sources would need to be identified to support the capital projects identified for the service (under both the Electoral Area "D" and Incorporation Option).

- *Roads Reserve* — During the first five years of the new Municipality, the MoTT would continue to provide and pay for the local road service.[7] The Committee assumed that the Municipality would tax to raise the funds that it would require, were it not for the Ministry's commitment, to pay the Municipality's estimated local roads annual cost. The funds raised, the Committee assumed, would be placed in a roads reserve for future road needs.

[7] The Ministry's payment is outlined later in the chapter under the *Provincial Offer of Restructure Assistance*.

- *Parks and Recreation Reserve* — The full capital reserves from the existing Area "D" Parks and Recreation Service are assumed to be transferred to the Municipality, recognizing that the Committee assumed that the service would continue to be provided to the entirety of Area "D" but would be provided by the Municipality. [8]

- *Parkland Acquisition Reserve* — A portion of the existing Area "D" parkland acquisition reserves would be transferred to the Municipality. The existing Area "D" parkland acquisition fund was depleted from recent acquisitions, so the resulting reserve is minimal, and no additional contributions are assumed throughout the seven-year budget.

- *Community Works Fund* — this reserve fund is to hold the Community Works Fund (Gas Tax) grant funding, including a portion of the current CWF reserves for Area "D" that would be allocated to the new Municipality. These funds are assumed to be spent on eligible capital items, including infrastructure.

Capital Plan

In addition to establishing capital reserves consistent with the existing accounts, the Committee made some assumptions regarding capital spending. In general the capital programs already identified through RDOS or MoTT services have been assumed to continue, as any alternate decisions would be up to the Municipal Council. However, there are three service areas with significant capital expenses anticipated that are reflected in the capital budget. Capital spending anticipated through current RDOS programs, or as noted below, is shown in the Capital Reserves spreadsheet.

- The OK Falls Water system is planned in the RDOS 2024 budget for $9.6 million in capital upgrades between 2024 and 2028. The capital projects involve a variety of funding sources, including $4 million in borrowing and $3.1 million in grants. Many of these costs would remain after any Incorporation, and much of the dedicated capital reserves would be depleted. Accordingly, the Committee endorsed including an allowance for borrowing costs in the water operating budget, even though it was not part of the RDOS budget for 2024 (used as the basis for the costs), in recognition of the borrowing that will need to occur. It was emphasized that the increases shown in the municipal budget are not a result of incorporation, and would occur in both an incorporation and status quo scenario. Increases to OK Falls water system users do not impact the users of other municipal water systems (Sun Valley and Rolling Hills).

[8] Even though the fire and recreation services are provided to service areas that extend beyond the municipal boundaries, the reserves, which will benefit the entire service area, are assumed to be transferred to the Municipality as the service provider. If service boundaries were to change, it would affect the amount of reserves allocated to the Municipality.

- It is estimated that establishing a public works department, and acquiring the equipment and facilities to support the municipality in providing roads maintenance, will range between $2 and $3 million.[9] The capital budget includes a total of $3,000,000 in spending to support the establishment of the public works/roads equipment and facilities. The costs were recovered from transition funds (Municipal Equipment Reserve) as well as the Roads reserve.

- The third major capital expense is the work associated with upgrading the road network once the roads are no longer maintained by MoTT. The Committee-endorsed budget assumes that the full municipal tax rate is recovered from the time of incorporation (with 0% increases over the seven years) to establish roads reserves that can be used to help fund capital works needed to support this function. Crack-sealing projects identified by the *Road Investment Review* prepared by Urban Systems that were not funded by MoTT in the Provincial Offer, and a capital works program to address the "fair" roads estimated as necessary for upgrades are included in year seven of the capital budget to demonstrate the impact this scale of capital works will have on reserves. Funds are drawn from both the Roads Reserve and the Community Works Fund (gas tax) to account for those improvements.

[9] The estimate includes acquisition of equipment and a salt/sand shed, including dump trucks equipped with snowplows and sand/salt spreaders, a flat deck truck, a pick-up truck, a backhoe, and other equipment (plate compactor, air compressor, chain saws, leaf blowers, power and hand tools). Some equipment that is only needed on occasion is assumed to be contracted out due to the size and scale of the municipality (e.g. crack sealer, mowers).

CHAPTER 5
PROPERTY TAX IMPACTS

Property owners in Okanagan Falls are — understandably — interested in knowing what a decision to incorporate would mean in terms of local property taxes. To provide this understanding, the Committee produced eight different sample property tax notices for hypothetical residential, farm, business and industrial properties at different assessment values, and in different areas of the community. These notices, all of which are presented in *Appendix VII*, are explained in this chapter of the report.

Figure 5.1 identifies the hypothetical properties for which the Committee produced sample property tax notices.

Figure 5.1
Residential Properties

PROPERTY CLASS	2024 ASSESSED VALUE	UTILITIES
Residential (Mobile Home)	$150,000 (land & improvements)	Okanagan Falls sewer and water
Residential (Townhouse)	$385,000 (land & improvements)	Okanagan Falls sewer and water
Residential (Single-family)	$500,000 (land & improvements)	Okanagan Falls sewer and water
Residential (Single-family)	$800,000 (land & improvements)	Sun Valley water (no sewer)
Residential (Single-family)	$2,200,000	Okanagan Falls sewer and water
Farm and Residential (Single-family)	$650,000	Rolling Hills water (no sewer)
Business	$1,010,000	Okanagan Falls water and sewer
Light Industrial	$4,010,000	Okanagan Falls water and sewer

To calculate property tax rates for different classes of property, the Committee assumed the property tax ratios applied by the provincial government in unincorporated areas for regional district (local government) services.[10]

[10] The Committee recognized that the new Municipality would have the authority to select other ratios.

All sample tax notices projected the property taxes owing under the default Electoral Area "D" Option and the Incorporation Option, based on the same services, and same service levels. The tax amounts identified under the default option reflect the costs incurred by the RDOS and Province today to provide local services to Okanagan Falls.

For the Incorporation Option, the taxes identified take into account:

- the costs, outlined in the various *Service Sheets* and *Multi-Year Budget*, that would be incurred by the Municipality to provide all municipal services
- the costs of all staff and equipment required by the Municipality (also captured in the *Service Sheets* and *Multi-Year Budget)*
- the cost to lease additional space for a municipal hall and to establish a public works department
- the provincial Police Tax that would be charged at a higher rate than at present
- payments made to the RDOS for services in which the Municipality participates
- the *Provincial Offer of Restructure Assistance*, including the transition assistance payments (i.e., cash contributions) and the in-kind contributions
- the funding necessary to create the capital reserves identified in the *Multi-Year Budget*

Each sample tax notice also separated the assessed value into a land value and an improvement (building) value. This was necessary because two of the taxes levied on properties, applied to just the land (Okanagan Kootenay Sterile Inspect Release) or just the improvements (E-911 services).

In addition to the detailed tax notices shared with the Committee, four simplified notices were provided for engagement purposes, and are included here. Figure 5.2 provides the summarized tax notice for a residential property valued at $500,000 that is within the Okanagan Falls water and sewer service boundaries. Figure 5.4 is a residential property not on sewer and water services, valued at $1.2 million.

RESIDENTIAL PROPERTIES

The summarized tax notice included in Figure 5.2 was presented to residents in the Mail-out, delivered to every residence in July 2024, and available on the Regional Connections website, and as handouts during public events. The $500,000 figure may seem low, given some of the property values in Okanagan Falls, but was close to the average value of homes in Okanagan Falls, when all property types (i.e. not just single-family) were included. The $500,000 property value was used in the *Service Sheets* as well as public engagement materials due to the ease for residents to compare, given the rounded value, to the value of their own properties.

Figure 5.2
Residential Property in Okanagan Falls
2024 Assessed Value of $500,000
Okanagan Falls Sewer and Water Services

SERVICE/TAX CATEGORY	OPTION 1: INCORPORATION			OPTION 2: RDOS ELECTORAL AREA "D"		
	Tax Rate	Assessment	TOTAL OWING	Tax Rate	Assessment	TOTAL OWING
SCHOOL, HOSPITAL, BC ASSESSMENT & MFA						
School Tax	1.5521	$500,000	$ 776.05	1.5521	$500,000	$ 776.05
Hospital District Tax	0.1836	$500,000	$ 91.81	0.1836	$500,000	$ 91.81
BC Assessment	0.0347	$500,000	$ 17.35	0.0347	$500,000	$ 17.35
Municipal Finance Authority	0.0002	$500,000	$ 0.10	0.0002	$500,000	$ 0.10
SUBTOTAL			**$ 885.31**			**$ 885.31**
LOCAL GOVERNMENT SERVICES						
Municipal Tax	2.3979	$500,000	$ 1,198.94	n/a	n/a	n/a
RDOS & Okanagan Regional Library Taxes	0.3563	$500,000	$ 178.14	1.6710	$500,000	$ 835.49
Parcel Tax + Improvement/Land Only Taxes			$ 23.09			$ 53.09
USER FEES						
Recycling & Garbage Collection			$ 135.00			$ 135.00
Water - OK Falls			$755.12			$ 755.12
Sewer - OK Falls			$ 1,018.00			$ 1,018.00
LOCAL GOVERNMENT TAX + USER FEE SUBTOTAL			**$ 3,308.30**			**$ 2,796.70**
PROVINCIAL TAXES						
Provincial Rural Tax	n/a	n/a	n/a	0.3600	$500,000	$ 180.00
Police Tax	0.1062	$ 500,000	$ 53.10	0.0962	$500,000	$ 48.10
Surveyor of Taxes	n/a	n/a	n/a			$ 46.65
PROVINCIAL SUBTOTAL			**$ 53.10**			**$ 274.75**
TOTAL			**$ 4,246.71**			**$ 3,956.76**
HOME OWNER GRANT	**REGULAR ($770)**		**$ 3,476.71**	**REGULAR ($770)**		**$ 3,186.76**
HOME OWNER GRANT	**ADDITIONAL GRANT ($1,045)**		**$ 3,201.71**	**ADDITIONAL GRANT ($1,045)**		**$ 2,911.76**
TOTAL IMPACT: Option 1 total (Incorporation) MINUS Option 2 total (RDOS) = $289.94						
COST IMPACT OF INCORPORATION $289.94						

In addition to the sample residential tax notices, as part of the engagement process a *Tax Impact Estimator* was created and posted on the Regional Connections website. The Estimator allowed residents to input their own residential assessed value, and have the estimate of impact between the two options. Because of the level of detail to be accurate (for instance the split between the land value and building value), the result was not exact, but it was a very close estimate of the impacts. The estimator could be used on the website (Figure 5.3), or a locked excel version downloaded. A copy is included in *Appendix VIII*.

Figure 5.3
Tax Impact Estimator

INCORPORATION TAX IMPACT ESTIMATOR

Residential properties only, within the Study Boundary

IMPACT = Option 1 (Incorporation) Taxes MINUS Option 2 (RDOS Area "D") Taxes

Enter your residential assessed value (check your tax notice or look-up at *bcassessment.ca*)	**$800,000**
TAX IMPACT OF INCORPORATION For properties **NOT WITHIN** the OK Falls Water Service Area (includes residential properties in Sun Valley and Rolling Hills)	**$577**
TAX IMPACT OF INCORPORATION For properties **WITHIN** the OK Falls Water Service Area	**$481**

PLEASE NOTE:
The TAX IMPACT amount is an estimate of the **difference** between local government taxes and user fees that would be paid under Option 1 (Incorporation) and Option 2 (Remain Part of RDOS Electoral Area "D"), and only applies to properties with residential assessment (Class 1) that are located within the Okanagan Falls Incorporation Study Area. The resulting figure is not exact, but provides a close estimate of the impacts based on the assumptions included in the Okanagan Falls Incorporation Study analysis.

Figure 5.4
Residential Property in Okanagan Falls
2024 Assessed Value of $1,200,000
(no water service)

SERVICE/TAX CATEGORY	OPTION 1: INCORPORATION			OPTION 2: RDOS ELECTORAL AREA "D"		
	Tax Rate	Assessment	TOTAL OWING	Tax Rate	Assessment	TOTAL OWING
SCHOOL, HOSPITAL, BC ASSESSMENT & MFA						
School Tax	1.5521	$1,200,000	$1,862.52	1.5521	$1,200,000	$1,862.52
Hospital District Tax	0.1836	$1,200,000	$220.34	0.1836	$1,200,000	$220.34
BC Assessment	0.0347	$1,200,000	$41.64	0.0347	$1,200,000	$41.64
Municipal Finance Authority	0.0002	$1,200,000	$0.24	0.0002	$1,200,000	$0.24
SUBTOTAL			**$2,124.74**			**$2,124.74**
LOCAL GOVERNMENT SERVICES						
TAXES						
Municipal Tax	2.3979	$1,200,000	$2,877.46	n/a	n/a	n/a
RDOS & Okanagan Regional Library	0.3563	$1,200,000	$427.54	1.5937	$1,200,000	$1,912.39
Parcel Tax + improvement/land only taxes			$54.92			$54.92
USER FEES						
Recycling & Garbage Collection			$135.00			$135.00
LOCAL GOVERNMENT TAX + USER FEE SUBTOTAL			**$3,494.92**			**$2,102.31**
PROVINCIAL TAXES						
Provincial Rural Tax	n/a	n/a	n/a	0.36	$1,200,000	$432.00
Police Tax	0.1062	$1,200,000	$127.44	0.0962	$1,200,000	$115.44
Surveyor of Taxes						$103.28
PROVINCIAL SUBTOTAL			**$127.44**			**$650.72**
TOTAL TAXES			**$5,747.11**			**$4,877.77**
HOME OWNER GRANT	**REGULAR ($770)**		**$4,977.11**	**REGULAR ($770)**		**$4,107.77**
HOME OWNER GRANT	**ADDITIONAL GRANT ($1,045)**		**$4,702.11**	**ADDITIONAL GRANT ($1,045)**		**$3,832.77**
TOTAL IMPACT: Option 1 total (Incorporation) MINUS Option 2 total (RDOS) = $869.33						
COST IMPACT OF INCORPORATION $869.33						

FARM PROPERTIES

Because there are many properties in the Incorporation Study Area that are within the Agricultural Land Reserve, and due to the added impacts of Incorporation on properties that are assessed as Farm Class (Class 9) (see *Incorporation Impacts on Agricultural Properties* in *Appendix III*), a summarized tax notice was prepared for a sample farm property. The farm property tax notice is shown on the following page in Figure 5.5. In addition to the tax notice, an accompanying chart was included to show the impact of the legislated municipal tax exemption for farm properties to help with the transition to paying tax on the farm residence.[11] The exemption chart is shown in Figure 5.6. With the exemption, in the first three years the sample farm property would pay less than it would prior to Incorporation.

11 Residences on farm class (Class 9) properties located within unincorporated areas receive an exemption from paying the Provincial Rural Tax on the value of the farm residence. Farm class properties within municipalities do not have any exemption from municipal taxes on the value of the residence.

Figure 5.5
Farm Property in Okanagan Falls
2024 Assessed Value of $1,200,000
(no water service)

SERVICE/TAX CATEGORY	OPTION 1: INCORPORATION							OPTION 2: RDOS ELECTORAL AREA "D"						
	Farm Tax Rate	Farm Assessm't	Farm Tax	Residential Rate	Residential Assessm't	Residential Tax	TOTAL OWING	Farm Tax Rate	Farm Assessm't	Farm Tax	Residential Rate	Residential Assessm't	Residential Tax	TOTAL OWING
SCHOOL, HOSPITAL, BC ASSESSMENT & MFA														
School Tax	7.1500	$20,000	$143.00	1.5521	$600,000	$931.26	$1,074.26	7.1500	$20,000	$143.00	1.5521	$600,000	$931.26	$1,074.26
(School Tax Farm Credit)			($71.50)				($71.50)			(71.50)				(71.50)
Hospital District Tax	0.18362	$20,000	$3.67	0.18362	$600,000	$110.17	$113.84	0.18362	$20,000	$3.67	0.18362	$600,000	$110.17	$113.84
BC Assessment	0.0347	$20,000	$0.69	0.0347	$600,000	$20.82	$21.51	0.0347	$20,000	$0.69	0.0347	$600,000	$20.82	$21.51
Municipal Finance Authority	0.0002	$20,000	$0.00	0.0002	$600,000	$0.12	$0.12	0.0002	$20,000	$0.00	0.0002	$600,000	$0.12	$0.12
SUBTOTAL			**$75.87**			**$1,062.37**	**$1,138.24**						**$1,062.37**	**$1,138.24**
LOCAL GOVERNMENT SERVICES														
TAXES														
Municipal Tax	2.3979	$40,000	$95.92	2.3979	$600,000	$1,438.73	$1,534.65	n/a	n/a	**n/a**	n/a	n/a	**n/a**	n/a
RDOS & Okanagan Regional Library	0.3563	$20,000	$7.13	0.3563	$600,000	$213.77	$220.90	1.59	$20,000	**$31.87**	1.5937	$600,000	**$956.19**	$988.07
Parcel Tax + improvement/land only taxes			$0.62			$33.72	$34.35			**$0.62**			**$33.72**	$34.35
USER FEES														
Recycling & Garbage Collection						$135.00	$135.00							$135.00
Water - Rolling Hills						$2,090.00	$2,090.00							$2,090.00
LOCAL GOV'T TAX + USER FEE SUBTOTAL			**$103.66**			**$3,911.23**	**$4,014.89**			**$32.50**			**$989.92**	**$3,247.41**
PROVINCIAL TAXES														
Provincial Rural Tax (residence exempt)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.5700	$40,000	$22.80	0.3600	$0	$0.00	$22.80
Police Tax	0.1062	$20,000	$2.12	0.1062	$600,000	$63.72	$65.84	0.0962	$20,000	$1.92	0.0962	$600,000	$57.72	$59.64
Surveyor of Taxes	n/a	n/a	n/a	n/a	n/a	n/a	n/a							$53.68
PROVINCIAL SUBTOTAL			**$2.12**			**$63.72**	**$65.84**			**$24.72**			**$57.72**	**$136.12**
TOTAL TAXES							**$5,218.98**							**$4,521.78**
HOME OWNER GRANT	**REGULAR ($770)**						**$4,448.98**	**REGULAR ($770)**						**$3,751.78**
HOME OWNER GRANT	**ADDITIONAL GRANT ($1,045)**						**$4,173.98**	**ADDITIONAL GRANT ($1,045)**						**$3,476.78**
TOTAL IMPACT: Option 1 total (Incorporation) MINUS Option 2 total (RDOS) = $697.20														
COST IMPACT OF INCORPORATION $697.20 (NOT INCLUDING FARM TRANSIITION ASSISTANCE — SEE BELOW)														

Figure 5.6
Farm Tax Exemption Chart

FARM PROPERTIES RECEIVE 5 YEARS OF TRANSITION ASSISTANCE AFTER INCORPORATION (REQUIRED BY LEGSILATION)	EXEMPTION	TOTAL OWING	TOTAL IMPACT (SAVINGS)	HOME OWNER ($770)	HOME OWNER ADDT'L ($1045)
TOTAL - YEAR 1 AFTER INCORPORATION	$1,438.73	$3,780.25	($741.53)	$3,010.25	$2,735.25
TOTAL - YEAR 2 AFTER INCORPORATION	$1,150.99	$4,067.99	($453.79)	$3,297.99	$3,022.99
TOTAL - YEAR 3 AFTER INCORPORATION	$863.24	$4,355.74	($166.04)	$3,585.74	$3,310.74
TOTAL - YEAR 4 AFTER INCORPORATION	$575.49	$4,643.48	$121.71	$3,873.48	$3,598.48
TOTAL - YEAR 5 AFTER INCORPORATION	$287.75	$4,931.23	$409.45	$4,161.23	$3,886.23
TOTAL - YEAR 6 AFTER INCORPORATION	$0.00	$5,218.98	$697.20	$4,448.98	$4,173.98

BUSINESS PROPERTIES

The Committee produced sample property tax notices for one business and one industrial property, both connected to Okanagan Falls water and sewer. The business property had an assumed 2024 assessed value of $1,010,000; the industrial a value of $4,060,000. A summarized version of the business property is included in Figure 5.6. Both the industrial and the business properties receive a $10,000 exemption off the building values.[12] The projected taxes owing on both properties take into account the same input identified for residential properties. It is interesting to note that for the business property, the Incorporation Option does not result in an increase in taxes. In the case of the business property, the two options are almost the same (the savings in the Incorporation Option is $4.09). The reason the business property did not exhibit the same increases in taxes as a residential property is because the Provincial Rural Tax levied by the Province does not rely upon the same tax ratios as the other RDOS services. Business (Class 6) properties are charged a tax rate that is 2.45 times that of the residential tax rate for regional district services. As noted previously, the *Incorporation Study* assumes the same tax ratios are applied to the municipal taxes. However, in the Electoral Area "D" Option properties are required to pay the Provincial Rural Tax as a contribution towards local roads and other provincial services. For businesses, that rural tax is 6.75 times the residential rural tax rate (i.e. the Provincial Rural Tax does not use the same tax ratios). Because businesses are no longer be required to pay the Provincial Rural Tax in the Incorporation Scenario, and because municipal taxes are being charged at a rate 2.45 times the residential rate (instead of 6.75), this reduces the impact of the Incorporation Scenario on business properties, despite some increases in the municipal tax rates.

[12] In accordance with the *Industrial and Business Property Exemption Regulation* of the *Community Charter*

The detailed versions of both tax notices are included in *Appendix VII*.

Figure 5.6
Business Property in Okanagan Falls
2024 Assessed Value of $1,010,000
(Okanagan Falls water and sewer service)

SERVICE/TAX CATEGORY	OPTION 1: INCORPORATION			OPTION 2: RDOS ELECTORAL AREA "D"		
	Business Tax Rate	Business Assessment	TOTAL OWING	Business Tax Rate	Business Assessment	TOTAL OWING
SCHOOL, HOSPITAL, BC ASSESSMENT & MFA						
School tax	3.3900	$1,000,000	$3,390.00	3.3900	$1,000,000	$3,390.00
Hospital District Tax	0.4499	$1,000,000	$449.87	0.4499	$1,000,000	$449.87
BC Assessment	0.0963	$1,000,000	$96.30	0.0963	$1,000,000	$96.30
Municipal Finance Authority	0.0005	$1,000,000	$0.50	0.0005	$1,000,000	$0.50
SUBTOTAL			**$3,936.67**			**$3,936.67**
LOCAL GOVERNMENT SERVICES						
TAXES						
Municipal Tax	5.8748	$1,000,000	$5,874.82	n/a	n/a	n/a
RDOS & Okanagan Regional Library	0.8729	$1,000,000	$872.90	4.0939	$1,000,000	$4,093.92
Parcel Tax + improvement/land only taxes			$110.08			$140.08
USER FEES						
Recycling & Garbage Collection			N/A			N/A
Water - OK Falls			$923.80			$923.80
Sewer - OK Falls			$1,834.00			$1,834.00
LOCAL GOVERNMENT TAX + USER FEE SUBTOTAL			**$9,615.60**			**$6,991.79**
PROVINCIAL TAXES						
Provincial Rural Tax	n/a	n/a	n/a	2.4300	$1,000,000	$2,430.00
Police Tax	0.2602	$1,000,000	$260.19	0.2358	$1,000,000	$235.80
Surveyor of Taxes	n/a	n/a	n/a			$222.28
PROVINCIAL SUBTOTAL			**$260.19**			**$2,888.08**
TOTAL TAXES			**$13,812.46**			**$13,816.54**
HOME OWNER GRANT			**N/A**			**N/A**
TOTAL IMPACT: Option 1 total (Incorporation) MINUS Option 2 total (RDOS) = ($4.09)						
COST IMPACT OF INCORPORATION ($4.09)						

CHAPTER 6
COMMUNITY ENGAGEMENT

The Committee was responsible for providing opportunities for residents of Okanagan Falls to review, scrutinize, and understand the Committee's analysis of the Incorporation Option. Robust community engagement would ensure that local electors were able to make an informed decision on incorporation.

This chapter of the report summarizes the Committee's engagement approach and outlines the engagement methods and materials.

COMMUNICATIONS AND COMMUNITY ENGAGEMENT PROCESS

At the outset of the *Incorporation Study*, the Committee participated in a communications workshop. At that time a Communications Vision was established to provide a foundation for all communications and engagement. The Communications Vision was:

> *To inform Okanagan Falls residents within the Incorporation Study Area in a clear and neutral way about how regional districts and municipalities are different, and how incorporation would be expected to affect Okanagan Falls in terms of local services, governance and property taxation. To distribute this information throughout the Incorporation Study timeline and in locations and at times that make sense to reach Area residents where they are at.*

Following the next Committee meeting, on November 21, 2023, a Communications Sub-Committee was created. The Sub-Committee was instrumental in reviewing and providing input on the Communication and Engagement Strategy, but also public engagement materials, including the household mailout(s), information sheets, and video scripts throughout the process. The Committee was particularly helpful in the reviewing the materials leading up to the summer and fall engagement.

The Incorporation Study's *Communications and Community Engagement Strategy* was endorsed by the full Committee at its meeting on April 16, 2024. The *Strategy* confirmed the methods for engagement to reach a range of segments of the community. The methods and timing are referenced in Figure 6.1.

Figure 6.1
Engagement Methods

Engagement Methods	Timeframe
Incorporation Study Committee Meetings All *Incorporation Study* Committee meetings were advertised, and community members were invited to attend. Participation for all meetings was available in-person as well as online/remotely. All meetings included time for attendees to ask questions of the Committee and consultants.	Throughout the duration of the *Study*
RDOS Regional Connections webpage The webpage was the primary location for posting: • *Incorporation Study* documents • Meeting dates, agendas and recordings, • Engagement materials (videos, mailouts, handouts) There was a place on the page where residents could submit questions and have them answered by members of the project team (with answers posted for others to read)	Throughout the duration of the *Study*
Videos Two (2) short explainer videos were produced, which respectively focused on: • The Incorporation Study process and timeframe • Incorporation Study findings and next steps Videos were available on the Regional Connections webpage	November 2023 & September 2024
E-Newsletters Nine (9) e-newsletters were sent to individuals who subscribed to receive updates on the project through the Regional Connections webpage.	Throughout the duration of the *Study*
RDOS social media RDOS' social media channels (Facebook, X, Youtube) were used roughly bi-weekly though the project timeframe to generate awareness about the *Incorporation Study* and share key details.	Throughout the duration of the *Study*
Monthly advertisements in *Skaha Matters* Monthly advertisements highlighted different aspects of the *Incorporation Study*	Throughout the duration of the *Study*
Monthly editorials in *Skaha Matters* Monthly editorials were submitted under the name of the Committee Chair highlighting different aspects of the *Incorporation S*tudy	Throughout the duration of the *Study*
Presentations to local clubs or associations • September 26, 2023: Residents' Association town hall • December 13, 2023: Okanagan Falls Community Partners meeting • May 10, 2024: Rolling Hills Improvement District meeting • June 12, 2024: Community Partners meeting • Oct. 16, 2024: RDOS Advisory Planning Commission • Oct. 16, 2024: RDOS Parks & Rec Committee • Nov. 4, 2024: Okanagan Falls Seniors Society	Throughout the duration of the *Study*

Engagement Methods	Timeframe
Hard Copy Information Binders Two (2) information binders that held all key documents from the *Incorporation Study* were available for viewing at both the Electoral Area Community Office and the Okanagan Falls Library.	July to November 2024
Posters Six (6) different posters were used to generate awareness about the *Incorporation Study* and were distributed around the community by Committee members.	Throughout the duration of the *Study*
Poster Boards Poster boards were created to share key information about the *Incorporation Study* and its findings and were used in multiple settings, such as information booths, public information meetings and community group meetings	Summer/Fall 2024
Information Booths An information booth was set up at the Music and Market in the Park event on July 1, July 14, and August 11.	Summer 2024
Public Information Meetings (Open Houses) Two (2) public information meetings were held on August 17 and September 11 with consultants and Committee members present, and featured an informal drop-in and discussion opportunity, followed by a presentation and Q&A session. The meetings were attended by roughly 55 people each. The open house presentation was posted on the Regional Connections webpage.	August 17, 2024 & Sept. 11, 2024
Incorporation Discussion Panel A discussion panel event was held on October 8 where residents could hear from other jurisdictions that have considered incorporation. The event was moderated by the consultants and was a combined virtual and in-person event. The panel included representatives from Blind Bay/Sorrento (which undertook an Incorporation study, and an incorporation vote in 2022 was defeated), Clearwater (incorporated in 2007), and West Kelowna (incorporated in 2007). The group provided a balanced discussion on the pros and cons of incorporation and responded to questions from the community. 105 people attended the event in person, and 49 participated remotely. A recording was available on the Regional Connections webpage.	October 8, 2024
Household Mailouts Two (2) mailouts were sent to all (1,350) households within the Incorporation Study Area: • Summary of what has been done to date, information about upcoming events • Summary of key findings of the *Incorporation Study* and next steps Mailouts were also available for download on the Regional Connections webpage.	July 2024 October 2024
Incorporation Impact Briefs Two (2) *Incorporation Impact Briefs* were distilled from the Preliminary Report to share information about four topics in small, digestible pieces for residents:	Summer 2024

Engagement Methods	Timeframe
• Service Impacts of Incorporation • Representation Impacts of Incorporation The briefs were available as handouts at Information Meetings, in the hard-copy Information Binders, and were posted on the Regional Connections webpage.	
Incorporation Service and Issue Sheets Numerous service and issue summaries were prepared for the to outline how incorporation would affect important aspects of community life. While the detailed Sheets were intended primarily for the Committee to understand and endorse, the Sheets were available on the website, and in the hard-copy information binders.	September 2023 – May 2024
Information Releases Information releases were issued by RDOS at significant milestones through the duration of the *Study*: • May 2023: Okanagan Falls Incorporation Study Call for Committee Members • July 2023: Okanagan Falls Incorporation Study Committee Members Appointed, Contract Awarded • September 2023: Okanagan Falls Incorporation Study Underway • July 2024: Community Invited to Events about the Okanagan Falls Incorporation Study At least three (3) of the news releases resulted in media coverage in local newspapers and two (2) resulted in interviews with the lead *Study* consultant.	*Throughout the duration of the Study*

At the completion of the engagement phase, a *Communications and Community Engagement Summary* was prepared including key messages, target audiences, engagement activities and summary of themes and feedback arising from the engagement. The summary is included as *Appendix IX*. In addition, the following engagement materials from the *Study* are included in the Appendices:

- Community Mailouts *(Appendix X)*
- Information Meeting Poster Boards *(Appendix XI)*
- Information Meeting presentation *(Appendix XII)*
- Impact Briefs *(Appendix XIII)*

CHAPTER 7
COMMITTEE RECOMMENDATION

The Okanagan Falls Incorporation Study Committee held its final meeting on Wednesday, November 27, 2024. At that meeting, the Committee received a draft version of the *Okanagan Falls Incorporation Study Report*, and considered the matter of an incorporation referendum.

Based on the discussion at the meeting, the Committee makes the following recommendation to the RDOS Board of Directors:

Insert Recommendation

APPENDICES

Okanagan Falls Incorporation Study

DRAFT REPORT

NEILSON STRATEGIES

leftside partners inc.