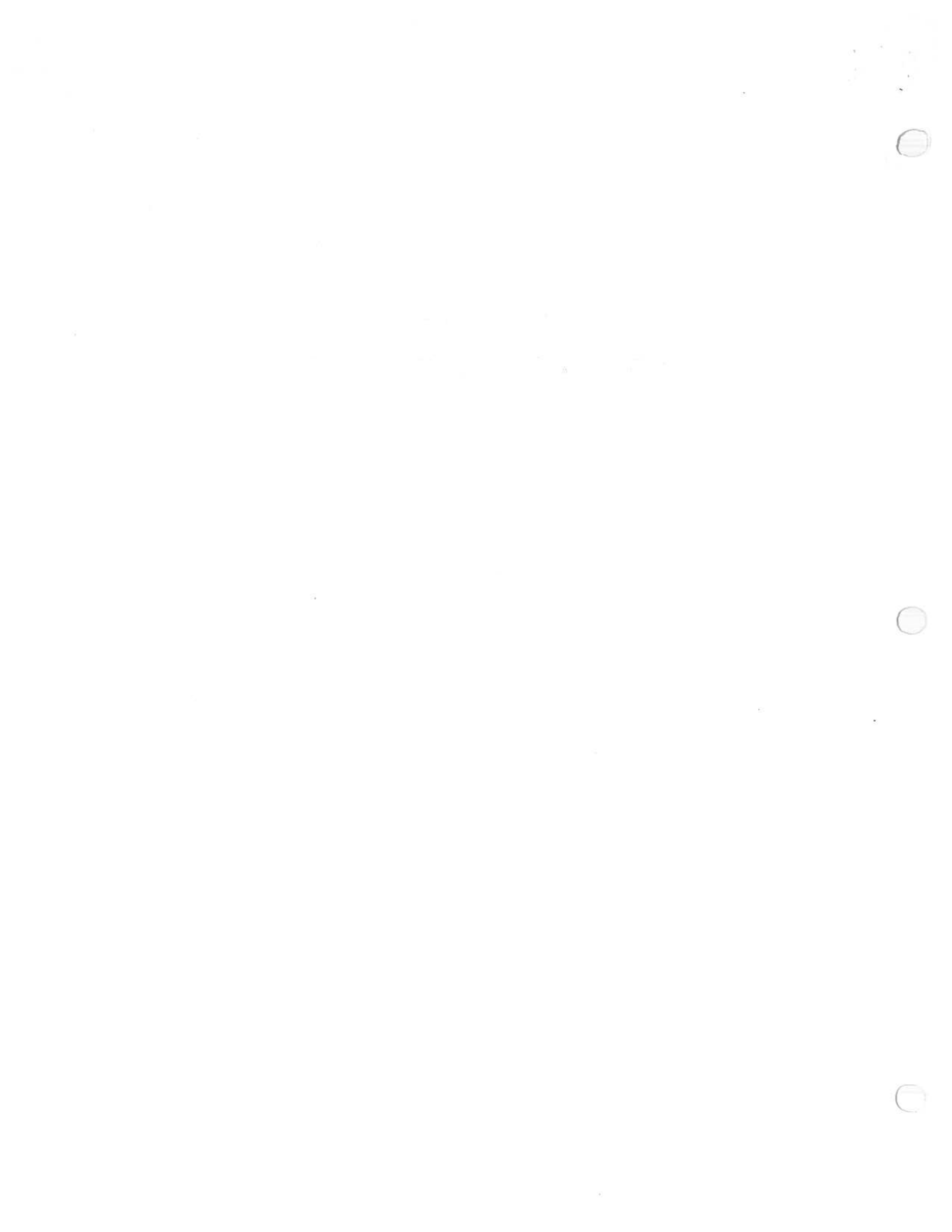


# Lake Country Incorporation Study

*Prepared for:*  
The Lake Country Restructure Committee

*Prepared by:*  
Sussex Consultants Ltd.

October 1994



# **Table of Contents**

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Chapter 1: Introduction	
1.1 Purpose	1
1.2 Study Process	2
1.3 Major Assumptions	4
1.4 Sanitary Sewers	5
1.5 Community Growth	5
1.6 Report Structure	6
Chapter 2: Community Issues	
2.1 Transition	7
2.2 Services and Facilities	9
2.3 Finances and Taxes	11
2.4 Other Issues	12
Chapter 3: Current Situation	
3.1 Population and Housing	19
3.2 Tax Base	20
3.3 Political Structure	21
3.4 Local Services	22
3.5 Property Taxes	24
Chapter 4: Provincial Assistance	
4.1 Introduction	29
4.2 Population Grant	29
4.3 Road Maintenance Assistance	29
4.4 Road Improvement Assistance	30
4.5 Rural Tax Rebate	30
4.6 Policing Assistance	31
4.7 Transfer of Land	31
Chapter 5: Capital Financing	
5.1 Introduction	33
5.2 Start-Up Infrastructure	33
5.3 On-Going Capital	34
5.4 Total Capital Spending	35
5.5 Incorporation Capital Fund	35



## **List of Tables**

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Table 1.1: Restructure Study Steering Committee	2
Table 2.1: Who Can Vote in Municipal Elections	13
Table 2.2: Rossland's Municipal Constitution Bylaw	16
Table 3.1: Regional District Board	21
Table 3.1: Lake Country Services Now	23
Table 3.2: Total Taxes From Lake Country Properties	24
Table 3.3: 1994 Taxes on Lake Country Homes	26
Table 3.4: 1994 Taxes on Winfield Business Property	26
Table 3.5: 1994 Taxes on Farm Property	27
Table 3.6: Average Winfield Home Taxes, 1991-1994	28
Table 4.1: Provincial Grant Based on Road Lengths	30
Table 4.2: Road Improvements Eligible for 75% Provincial Funding	31
Table 5.2: Total Capital Spending Over 10 Years	35
Table 5.3: Incorporation Capital Fund	36
Table 6.1: Community Parks Transferred to a Municipality	41
Table 6.2: Regional District Requisitions	43
Table 7.1: Municipal Tax Base	46
Table 7.2: Annual Municipal Revenues	47
Table 7.3: Annual Municipal Expenses	50
Table 7.4: Tax Impacts of Incorporation on Homes	56
Table 7.5: Tax Impacts of Incorporation on Winfield Businesses	56
Table 7.6: Tax Impacts of Incorporation on Farms	57
Table 7.7: Tax Impact of Different Annual Spending	58
Table 7.8: Tax Impact of Different Capital Spending	59
Table 7.9: Tax Impact of Lower Road Grants	59
Table 8.1: Property Tax Impacts on Winfield Homes	62
Table 8.2: Property Tax Impacts on Okanagan Centre Homes	62
Table 8.3: Property Tax Impacts on Oyama Homes	63
Table 8.4: Property Tax Impacts on Carrs Landing Homes	63
Table 8.5: Main Advantages and Disadvantages of Restructuring	66
Table 8.6: Summary of Major Changes (Non-Financial)	67
Table 8.7: Summary of Financial Changes	68
Table 8.8: Framework for Considering Incorporation	69



## Chapter 1

# Introduction

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### 1.1 Purpose

This study examines the consequences of municipal incorporation for Lake Country, a community in the Okanagan region of British Columbia. The potential impacts of municipal status are described in terms of local government finances and property taxes.

In a strict legal sense, the area is a rural status community because it is not an incorporated municipality. However, the term rural is too ambiguous here, because a rural lifestyle need not be affected at all by municipal status. Many municipalities are rural in nature, such as Metchosin (outside Victoria) or Spallumcheen (just north of Vernon); and many unincorporated areas are urban in nature, with housing densities not much different from surrounding cities.

To avoid the ambiguity associated with the word "rural", this report uses the terms *current status* and *current system* to describe the present unincorporated state of local governance.

This study presents technical information about incorporation so that residents can make an informed choice on the issue of incorporation. *Incorporation cannot proceed without the assent of the electorate.* A decision to study the matter is not the same as a decision to create a municipality.

This study does not recommend for or against restructuring the local government. The residents will decide the matter through a referendum, if the matter proceeds that far. Any decision about municipal status can only be made after substantial public discussion and a referendum.

The matter of municipal status was examined in a 1990-91 study. A referendum to form a municipality was defeated on June 8, 1991. Since then the community has continued to grow and develop, property values continue to escalate, and taxes continue to rise, and these factors have prompted a new study of municipal incorporation.

## 1.2 Study Process

The study was conducted by Sussex Consultants Ltd. and was financed by a grant from the provincial Ministry of Municipal Affairs and Housing as part of its Restructure Assistance Programme. Ms. Elizabeth Brennan of the Ministry's Local Government Structure Branch served as the provincial liaison. Technical information and assistance was provided by the Central Okanagan regional District.

The study was managed by a local steering committee. The members of the committee represent a diverse range of interests in the community. Table 1.1 lists the members.

**Table 1.1: Restructure Study Steering Committee**

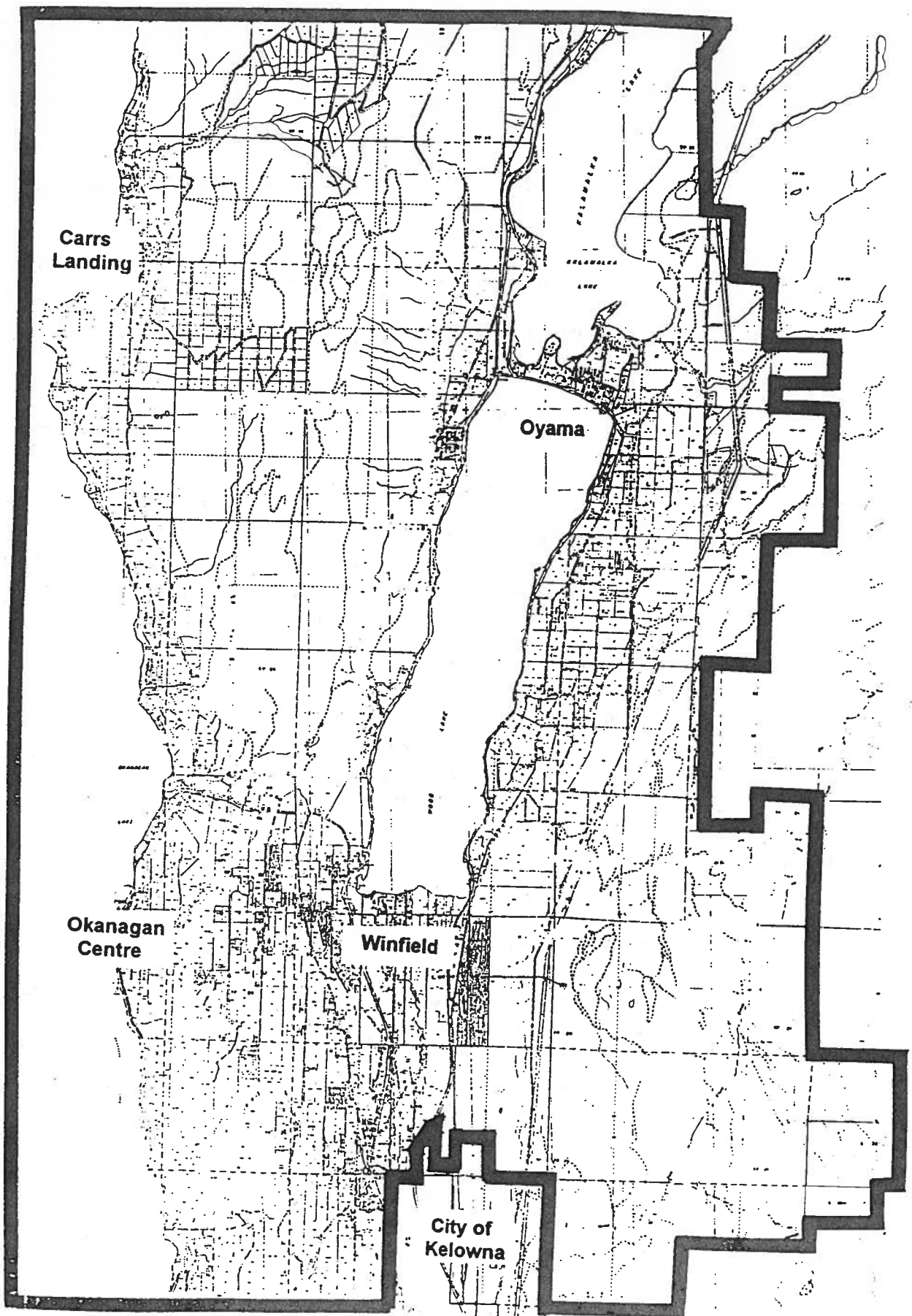
Chair:	• Tom Witty
Members:	• Jane Arnold
	• James Baker
	• Dennis Baxendale
	• Ed Culley
	• Peter Downward
	• Peter Greer
	• Ken Guido
	• Nigel Hughes
	• Casper Keuker
	• Harvey Leamont
	• Jayson McCarthy
	• Peter Short
	• George Snowdon
	• Steve Stairs
	• Arie Walraven
	• Mick Wentworth
Ex Officio:	• Bob McCoubrey, CORD Area A Director

The following map shows the study area – most of the privately owned land in Elextoral Area A – as selected by the committee. The Minister of Municipal Affairs has the final say in the boundary if a referendum is held.

One of the first tasks of a restructure study is to identify how the current system works (that is, before incorporation):

- What services are provided under the current status?
- Who provides these services?
- How much do they cost, and who pays for them?
- How do residents influence decisions about local services?





**Proposed Municipal Boundary**

The second major task is to identify what would happen if incorporation proceeds:

- How would local services change?
- What might the municipal budget look like?
- What level of property taxes would be needed to finance the municipal services, and how do these compare to the current taxes?

A major question to be answered is whether restructuring would produce higher or lower property taxes.

The study findings will be broadly distributed in the community so that adequate public debate and discussion can proceed with the benefit of technical information.

This study measures potential impacts, before any special provisions or conditions are enacted to correct for, or remove, any unwanted impacts. In this sense it measures "unmanaged" impacts. It is possible that this study identifies impacts of restructuring that some residents will find unacceptable. There may be specific conditions or problems that would have to be corrected before residents would find restructuring an acceptable option, and it is possible that no correction can be obtained.

It is up to the study committee to identify such issues, both through its own technical knowledge of the impacts and through comments voiced by residents at public meetings. The committee should inform the province of any such potential impediments and, through discussions with the province, determine whether there are mechanisms available to resolve these impediments.

### **1.3 Major Assumptions**

A report such as this contains many assumptions. They are noted where they occur throughout this document. Several of the most important are as follows.

- Incorporation is assumed to occur on January 1, 1995, but all the financial impacts are stated in terms of 1994 taxes and costs. This allows use of the most recent regional district budgets and taxes as a starting point for the financial calculations.
- All the impacts are based on 1994 property assessments.
- All taxes and costs projected for future years are stated in constant 1994 values. Inflation would increase almost all of the figures referenced in this study, both for municipal status and for the current unincorporated status. Inflation would affect both equally.
- Various amounts have been assumed for the provincial grants usually given as part of restructuring. The financial impacts shown in this report should be revised if the eventual grant offer differs from the assumed amounts.

- There would be various shifts in services from the province and the regional district. If incorporation proceeds, these would have to be discussed and negotiated between the relevant parties. This study makes assumptions about some of these arrangements; the actual discussions could result in service arrangements different from those assumed here.
- The municipal services as projected in this study are based on current local service patterns and facilities as much as possible. If incorporation proceeds, municipal council might well decide to undertake programs and facility improvements not foreseen in this study. After all, control over local services is a central reason for incorporation. *Because a locally elected municipal council chooses its own priorities, the budget and service choices assumed here might not materialize.*

## 1.4 Sanitary Sewers

Incorporation would not affect the need for a community sewer system. If sewers are needed, they are needed for health and environment reasons and not because the form of local government changes. The question of sewerage should not be linked directly to the matter of municipal status, and the costs of sewers are not examined here. Municipal status need not affect the costs of sewers at all.

Note that a municipality does not have to be created in order to obtain a community sewer system. Under the current form of local government, sewers could be installed by the regional district. The regional district would then recover the costs of the system from the users and benefiting properties in much the same way a municipality would.

## 1.5 Community Growth

The provincial short-term assistance grants would be received during the first few years and not all at once. Because of this, it is more accurate and complete to examine the impacts over time rather than examine an early year in isolation, when the municipal finances might be skewed by short term grants or expenses. In order to do this it is necessary to make an assumption about the amount of growth that would occur each year during this longer examination period.

For purposes here, the population during the ten year study period is assumed to remain almost constant. Holding the population more or less constant allows the impacts of restructuring to be isolated from the impacts of community growth. This is important here because the purpose of this study is to examine the implications of restructuring, not the impacts of growth.

## 1.6 Report Structure

The study is organized into the following chapters.

- Chapter 2 identifies and answers many of the important questions residents have about municipal status and the act of incorporation.
- Chapter 3 describes the current local government system in the area, including who provides services and how much people pay for the services. The chapter presents a quick demographic and financial overview of the area to help put the community into a broader perspective.
- Chapter 4 describes the short term assistance the province would provide if incorporation proceeds.
- Chapter 5 deals with the capital infrastructure projected for a new municipality and how the short term assistance could be used to help finance the capital works.
- Chapter 6 outlines how the regional district services would be affected by incorporation.
- Chapter 7 develops annual budgets and tax needs for the new municipality over a ten year period. It also examines the impacts of altered assumptions in the form of "what if" questions.
- Chapter 8 presents a summary of impacts and how incorporation would affect various community issues. It also gives a synopsis of the advantages and disadvantages of municipal status.

## Chapter 2

# Community Issues

---

This chapter discusses municipal status in terms of various community issues. The issues have been grouped into four categories as follows:

- Transition to municipal status
- Local services and municipal facilities
- Finances and property taxes
- Other issues

### 2.1 Transition

- *What would happen to the fire departments?*

The Carrs Landing fire department and its assets (equipment, land, and buildings) would be transferred from the regional district to the municipality. The Oyama and Winfield departments and their assets would be transferred from the two improvement districts to the municipality, and the improvement districts would be dissolved. It would then be up to municipal council (rather than the CORD board and the improvement district trustees) to set policies for fire protection. There is no reason to assume that the nature of fire protection would be much different as a municipality than as an unincorporated community, except that there would be one unified department rather than three. For example, municipal status does not require a professional fire fighting staff; the current volunteer system is common in municipalities.

It is expected that there would be a fire protection advisory board to assist municipal council with fire department policies. This would help ensure the expertise and influence of the current fire boards would not be lost.

- *What bylaws would the new municipality inherit?*

The most important regional district bylaws that would be inherited by the municipality are the zoning bylaw (which regulates land uses), the building bylaw (which regulates construction), and the subdivision standards control bylaw. The new Official Community Plan would be inherited if the CORD board adopts the bylaw before incorporation; if incorporation occurs *before* adoption by the board, the board loses its authority to pass the bylaw, and municipal council gets the authority. Bylaws adopted by the board would remain in effect until changed by municipal council. The municipality would

also inherit the CORD noise abatement bylaw and the unsightly premises bylaw that are currently in place.

• *How could the transition to municipal status be smoothed?*

There are numerous ways to smooth the transition. Some delay the shift of certain services for a year or two; others ensure participation by current groups even after services are shifted to the municipal authority.

- A system of area representation could be established whereby each area is guaranteed a seat (or seats) on the municipal council, with other councillors and the mayor being elected at large. There is some flexibility in how this could be set up.
- A fire advisory commission could be created using officials of the existing fire departments to assist council on matters of fire protection policies and practices.
- The three water improvement districts (WOCID, Oyama, and Wood Lake) could remain in force for a year or two after incorporation, keeping their board of trustees and separate taxes for the transition period.
- After a transition period, three specified areas could be created for the water improvement districts. Water service in each area would be self-financing, just as it is now. This is a normal occurrence in municipalities.
- To preserve continuity of water service, there could be a water advisory commission to assist council on matters dealing with the two water improvement districts. The commission might run for several years.
- The private water systems (such as the Alto Utility system) could remain private, with users seeing no change in costs or service level due to incorporation. At some future point, if both parties agree, the service could become a municipal service.
- Responsibility for road maintenance would not be shifted to the new municipality until May 1996, when the current provincial contract expires.

• *What would happen to existing organizations such as advisory committees?*

The continuation of these bodies (such as the Advisory Planning Commission) could be spelled out in the letters patent that create the municipality. However, such binding preconditions should be short term – say, 3-5 years – since long term commitments would unduly restrict the normal authority given to municipal councils. At the end of this period it would be up to council to decide which advisory committees should continue. Many municipalities prefer to have such community committees. In particular, advisory planning commissions are popular.

• *What would happen to the water improvement districts and utilities?*

While the details are now under review, the improvement districts would be dissolved after a transition period, with an optional water advisory commission established to assist council in making decisions about community water

systems. It is possible to create three specified service areas for water in the municipality, each one conforming to the existing boundaries of the improvement districts; the taxes and charges in each area would be virtually the same as if they were still improvement districts. The reserves of the improvements districts can be protected for the benefit of just those properties that paid into each system. This would ensure taxpayers who didn't pay water taxes do not directly benefit from the taxes paid by the water users. Private utilities and individual wells would remain private; incorporation would have no immediate effect on them at all. However, it is possible that they could become municipal services over time, if both parties - the municipality and the utility owner - agree.

- *What would happen to Crown land plans for forestry?*

Crown forestry plans lie outside the control of municipalities and regional districts, and so these plans would not be directly affected by incorporation. Indirectly, however, the stronger political voice of a municipality (compared to the regional district board) could produce greater local influence over these plans, but this is not guaranteed to produce meaningful changes.

## 2.2 Services and Facilities

- *Will the study identify which services would become a municipal responsibility?*

Yes. This is outlined in Chapters 6 and 7.

- *What would happen to regional district services?*

Some would remain regional district services and others would become municipal services. This is outlined in Chapter 6.

- *What would happen to the garbage dump?*

The planning of landfills is a responsibility of regional districts and would not be significantly affected by municipal incorporation. All regional districts must have adopted a provincially approved waste management plan by December 31, 1995.

- *Will the study identify engineering work and other infrastructure costs needed for a new municipality (particularly road improvements)?*

Yes. Chapter 5 presents a set of budgets for road improvements and other municipal facilities over a ten year period. However, municipal council would ultimately set these spending levels and successive council could choose to spend more, or less, than projected in this study.

- *What would happen to RCMP service levels and costs?*

In BC, municipalities with populations over 5000 (according to a federal census) are responsible for their police services. They can enter into a contract with the RCMP for this service; under the contract terms, the municipality pays 70% of the officer costs and must provide its own civilian staff and police

premises. It is assumed that an RCMP contract would be used, since this is the choice of most municipalities.

The first federal census to identify Lake Country's population to be over 5000 would be in 1996, with the results available in 1997. However, the province has offered to absorb 100% of the RCMP costs for 2000, 67% for 2001, and 33% for 2002. The full municipal share would not be incurred until 2003.

The province, the RCMP, and the municipality would jointly determine the staffing levels. It is clear that there would be an increase in the number of officers for Lake Country. Under the current system there are only a few officers to serve all of Winfield, Okanagan Centre, Carrs Landing, Westbank, and Lakeview Heights. A municipal contract would likely see 8-10 officers for a Lake Country municipality alone.

• *Can there be different levels of participation in municipal services?*

Yes, but to a limited degree. All residents share equally in most municipal services, since most municipal services are not limited to specific locations. Some services – such as water – are commonly provided to limited areas and thus taxes in these areas can be different than taxes in areas outside the water system, and to this extent there is a different level of participation. There can also be different political areas by establishing neighbourhood representation on council – commonly called a ward system. The population of Lake Country may be too small to warrant a neighbourhood system in practical terms, but it is an option.

• *How many staff would the municipality need?*

This depends on how much the municipality uses contracts for services as opposed to hiring its own staff. The basic inside staff would be 7-9 full time administration employees – an administrator, a treasurer, and assistants and clerks. However, some of their costs would be covered by water taxes, using the same water rates that are now in effect.

• *Which municipal services could be contracted out, and which could not be?*

Council can delegate various tasks to be performed as contracted services rather than use municipal staff. However, decision authority cannot be contracted out. This means the regional district can be engaged to prepare community plans or zoning regulations but approval in the form of bylaw enactment can only be done by municipal council. Tax collection must remain a municipal responsibility (although the preparation and mailing of tax notices can be contracted out, and often is). The most likely candidates for contracted services include:

- Community planning (possibly contracted to the regional district)
- Building inspection (possibly contracted to the regional district)
- Animal control (regional district or local individual)
- Mosquito control (private contractor)
- Road maintenance (private contractor, such as the province now uses)
- Water system maintenance (local individuals or contractors)



## 2.3 Finances and Taxes

- *How would growth affect the financial projections?*

Chapter 7 examines several "what if ..." questions, including the matter of how community growth might affect the tax projections.

- *Will the study identify the tax base that would be available to a municipality for use in financing municipal services?*

Yes (see Chapter 7).

- *Will the study present full municipal budget and tax projections?*

Yes (see Chapter 7)

- *Will the assumptions underlying the study's financial projections be clearly identified?*

Yes. Some of the major assumptions were identified at the end of Chapter 1, and various specific assumptions are noted throughout the text.

- *Will the study identify the municipality's costs of insurance and its risk exposure?*

Chapter 7 shows the cost of the municipality's insurance policies. The municipality's risk liability depends on interpretation of case law and this lies beyond the scope of the incorporation study. Virtually all of the 151 municipalities in BC obtain their insurance through the Municipal Insurance Association of the Union of BC Municipalities. Coverage includes a standard array of liability protection and the municipalities generally appear satisfied with this liability coverage.

- *Will the study identify the provincial assistance available to a new municipality?*

Yes. The province's written offers of assistance is presented in Chapter 4.

- *Would there be just one tax rate throughout the municipality?*

Yes, with the exception of water taxes and user fees (which vary from place to place) and possibly the transit tax.

- *Would new debts be needed to finance municipal infrastructure?*  
(to be determined)

- *What taxes would be freed up (that is, redirected from existing taxing agencies) for municipal use?*

The provincial rural tax (\$1.25 per \$1000 assessment) would disappear, and the regional district taxes would reduce as services shift to the municipality. In their place there would be a municipal tax. Chapter 7 shows the net effect of this shift in terms of the taxes on typical Lake Country properties.

## 2.4 Other Issues

- *How many councillors would there be, and who sets their pay?*

There would be a total of seven on municipal council – a mayor and six councillors. Council determines its own pay (see *general government* costs in Chapter 7 for the budget projections for council).

- *Would municipal status affect the ability to control or encourage growth?*

A municipality has more direct authority over the array of services needed to control and direct growth. For example, municipal council makes decisions about local roads, larger water systems, subdivision rules, acceptable land uses, densities, fire service levels, and capital financing of local services. In an unincorporated community this authority is spread over various decision bodies such as the province, the regional district, and improvement districts. Incorporation would not create any new tools to manage growth, but it concentrates them into a single elected body, and to this extent it provides more comprehensive and cohesive local control and influence over community development.

- *Who can vote in a referendum and in municipal elections?*

Table 2.1 outlines who can vote.

- *What is a "resident" in terms of voting rules?*

The Municipal Act defines voter eligibility. The rules for a referendum on restructuring are essentially the same rules as apply now for regional district elections and for municipal elections (see Table 2.1). The term *resident*, as used in the eligibility rules, is defined in s.53 of the Act, as follows.

(1) The following rules apply to determine the area in which a person is a resident:

- (a) a person is a resident of the area where the person lives and to which, whenever absent, the person intends to return;
- (b) a person may be the resident of only one area at a time for purposes of this Part;
- (c) a person does not change the area in which the person is a resident until the person has a new area in which the person is a resident;
- (d) a person does not cease being a resident of an area by leaving the area for temporary purposes only.

(2) As an exception to subsection (1), if a person establishes for the purposes of attending an educational institution a new area in which the person is a resident that is away from the usual area in which the person is a resident, the person may choose for purposes of this Part either the usual area or the new area as the area in which the person is a resident.

- *Would there be separate incorporation votes for individual sub-areas of the overall study area?*

This is unlikely, but the final answer is up to the Minister of Municipal Affairs.

**Table 2.1: Who Can Vote in Municipal Elections or Restructure Referendums**

**Section 51: Resident electors**

- (1) In order to be registered as a resident elector of a jurisdiction, a person must meet all the following requirements on the day of registration:
  - (a) the person must be an individual who is, or who will be on the next general voting day for the jurisdiction, age 18 or older;
  - (b) the person must be a Canadian citizen;
  - (c) the person must have been a resident of British Columbia, as determined in accordance with section 53, for at least 6 months immediately before that day;
  - (d) the person must have been a resident of the jurisdiction, as determined in accordance with section 53, for at least 30 days immediately before that day;
  - (e) the person must not be disqualified by this Act or any other enactment from voting in an election or be otherwise disqualified by law.
- (2) If a municipality is incorporated or the boundaries of a jurisdiction are extended, a person is deemed to have satisfied the requirement of subsection (1)(d) if, for at least 30 days before the person applies for registration as an elector, the person has been a resident, as determined in accordance with section 53, of the area that becomes the municipality or is included in the jurisdiction.

**Section 52: Property electors**

- (1) In order to be registered as a non-resident property elector of a jurisdiction, a person must meet all the following requirements on the day of registration:
  - (a) the person must not be entitled to register as a resident elector of the jurisdiction;
  - (b) the person must be an individual who is, or who will be on the next general voting day for the jurisdiction, age 18 or older;
  - (c) the person must be a Canadian citizen;
  - (d) the person must have been a resident of British Columbia, as determined in accordance with section 53, for at least 6 months immediately before that day;
  - (e) the person must have been a registered owner of real property in the jurisdiction for at least 30 days immediately before that day;
  - (f) the person must not be disqualified by this Act or any other enactment from voting in an election or be otherwise disqualified by law;
- (2) A person may only register as a property elector in relation to one parcel of real property in a jurisdiction.
- (3) If a municipality is incorporated or the boundaries of a jurisdiction are extended, a person is deemed to have satisfied the requirement of subsection (1)(e) if, for at least 30 days before the person applies for registration as a non-resident property elector, the person has been a registered owner of property within the area that becomes the municipality or is included in the jurisdiction.
- (4) For the purposes of this section, the registered owner of real property means whichever of the following is applicable:
  - (a) the owner of a registered estate in fee simple of the property, unless another person holds an interest in the property referred to in paragraphs (b) to (d);
  - (b) the holder of the last registered agreement for sale, unless another person holds an interest in the property referred to in paragraph (c) or (d);
  - (c) the tenant for life under a registered life interest in the property, unless another person holds an interest in the property referred to in paragraph (d);
  - (d) the holder of a registered lease of the property for a term of at least 99 years.
- (5) If there is more than one individual who is the registered owner of real property, either as joint tenants or tenants in common, only one of those individuals may register as a non-resident property elector under this section in relation to the real property.

- *Will the study present a cost-benefit analysis of incorporation?*

No. The purpose of the study is to present an independent look at the impacts of incorporation so that residents can decide for themselves whether the benefits outweigh the costs, or vice versa. Chapter 8 shows a table of advantages and disadvantages, but the report does not weigh one against the other and does not recommend whether incorporation would, on balance, be good or bad. Each resident must decide which factors matter the most.

- *Could the watershed be better protected in a municipality?*

To some degree, yes. Municipalities have much greater powers to regulate and control tree cutting on private lands than do regional districts. Neither bodies can regulate activities on Crown land, since the province is not bound by local government rules. However, the influence of a municipality is generally greater than the influence of a regional district. In addition, municipalities can react more quickly than regional districts, and devote resources faster, to adopt policies and initiate services that affect watershed protection.

- *Would Lake Country continue to be part of the regional district system?*

Yes. The municipality would continue to have one director on the CORD board. This director would be a member of council, selected by council, rather than elected separately by voters as is done under the current system. The regional district role in Lake Country services and policies would be reduced as responsibility for certain services shifts to the municipality. The CORD board would no longer vote on various local matters, including land use, zoning and building regulations.

- *How many different types of municipalities are there, and what type would Lake Country be?*

There are four types of municipalities in BC. The Lake Country would be a district municipality because of its area and density: The four types are as follows.

- Village (less than 2500 residents; a mayor and 4 councillors)
- Town (2501-5000 residents; a mayor and 4 councillors)
- City (over 5000 residents; a mayor and 6 councillors if 50,000 or fewer residents; a mayor and 8 councillors if over 50,000 residents)
- District municipality (over 800 hectares, with an average population density of under 5 persons per hectare; a mayor and 6 councillors if 50,000 or fewer residents; a mayor and 8 councillors if over 50,000 residents)

- *Is there a way to increase citizen control over decisions made by the municipal council?*

Quite possibly. The City of Rossland has a constitution bylaw that basically commits council to hold a vote on relevant municipal matters. A referendum must be held on a proposed bylaw if 20% of the electors petition for such a vote; a bylaw must be introduced by council if 20% of the electors petition for such a bylaw. It greatly expands the democratic nature of local decisions.

As at this writing there have been six such referenda in Rossland:

- Three dealt with increasing council remuneration; all failed.
- One proposed a \$100 parcel tax for future water system improvements; it passed.
- One proposed to raise the citizen initiative requirement from 20% to 33%; it failed.
- One dealt with expanding the city boundaries to include a much larger area; it passed.

Rossland seems very satisfied with the process. In essence, the bylaw enables citizens to exercise control of decisions that affect their community. Residents can force council to obtain the views of the community for important bylaws. Lake Country residents should seriously consider the Rossland bylaw if the matter of municipal incorporation proceeds to a vote.

Table 2.2 starting on the following page shows the entire bylaw.

**Table 2.2: Rossland's Municipal Constitution Bylaw**

**THE CORPORATION OF THE CITY OF ROSSLAND BYLAW #1728**

**A BYLAW TO REGULATE THE USE OF REFERENDA AND ELECTOR INITIATIVES IN LOCAL GOVERNMENT MATTERS**

WHEREAS Section 203 of the Municipal Act (RSBC Chapter 290) authorizes the Council of the City of Rossland to provide for a referendum to obtain the electors opinion on a question that affects the municipality and with which the Council has power to deal,

NOW THEREFORE, the Council of the City of Rossland, in open meeting assembled, hereby ENACTS AS FOLLOWS:

**SHORT TITLE**

1. (1) This Bylaw may be cited as the "CONSTITUTION BYLAW"

**PART I - DEFINITIONS**

2. (1) ELECTOR means a person whose name is entered on the most recent municipal list of electors of the City of Rossland.
- (2) EXTRA-MUNICIPAL MATTER means any matter where the Council has an obligation to act but where Council does not have discretionary powers.
- (3) MUNICIPAL MATTER means any matter with which the Council has power to deal at the Council's discretion.

**PART II - PETITIONS**

3. (1) Where a petition is provided for in this Bylaw, such petition shall be in a form prescribed by the City and shall contain all the information specified in this Part.
4. (1) Every elector endorsing a petition shall be identified by:
  - (a) the elector's surname, and
  - (b) the elector's given name and initial(s), and
  - (c) the elector's street address, and
  - (d) the elector's signature.
5. (1) A petition calling for a referendum on a Bylaw shall prominently display a statement that the purpose of the petition is to call for a referendum on a Bylaw and shall be identified by:
  - (a) the number and short title of the Bylaw, and
  - (b) a brief description of the purpose of the Bylaw.
- (2) A petition calling for an elector initiative shall prominently display a statement that the purpose of the petition is to call on Council to initiate a Bylaw and shall provide a brief description of the proposed Bylaw.
6. (1) A petition shall be deemed valid, if
  - (a) it is submitted in the form prescribed by the City and
  - (b) it contains all the information required by section 4 of this Bylaw, and
  - (c) it is signed by not less than twenty percent (20%) of the electors recorded on the current list of electors of the City, and
  - (d) for the purpose of a referendum, it has been submitted to the Clerk prior to the published deadline for the referendum petition.
- (2) The decision of the Clerk on a question of the validity of a petition or any part thereof shall be final.

**PART III - REFERENDA**

7. (1) Subject to the procedures established in this Part, electors shall have the right to petition Council to submit any Bylaw and any amendment to a Bylaw to a referendum prior to final adoption.

... Continued

Table 2.2 continued ...

8. (1) Final adoption of a Bylaw shall not be considered by Council until a thirty (30) day period has elapsed following the publication of a notice pursuant to this section.
- (2) Immediately following third reading of a Bylaw, the Clerk shall cause a notice to be published in a locally circulated newspaper stating:
  - (a) the short title and number of the Bylaw, and
  - (b) a brief description of the purpose of the Bylaw, and
  - (c) the date by which a petition calling for a referendum on the Bylaw must be submitted, and
  - (d) the number of electors required for a valid petition.
9. (1) Where the Clerk receives a valid petition calling for a referendum on a Bylaw, Council shall, within thirty (30) days, set a date for the referendum, provided that the referendum shall not be held later than one year following third reading of the Bylaw.
- (2) Where the referendum period has expired and the Clerk has not received a valid petition calling for a referendum, Council may proceed with the final adoption of the Bylaw.

#### PART IV - ELECTOR INITIATIVES

10. (1) Subject to the procedures established in this Part, electors shall have the right to petition Council to initiate a Bylaw or an amendment to a Bylaw on any municipal matter.
11. (1) Where the Clerk receives a valid petition for an elector initiative, the Clerk shall present such petition to the Council at the next regular meeting of Council.
- (2) Council shall, on receipt of an elector initiative petition, cause a Bylaw to be prepared for the purpose of implementing the initiative and such Bylaw shall be introduced and presented for first reading not later than one year following receipt of the petition by Council.

#### PART V - VOTING PROCEDURES

12. (1) The voting procedures and proceedings for a referendum required under the terms of this Bylaw shall be pursuant to the provisions of the Municipal Act.
13. (1) A majority vote in a referendum on a Bylaw dealing in a municipal matter shall be binding on Council.
- (2) Where a majority of voters participating in a referendum vote in support of a Bylaw, Council shall finally adopt such Bylaw at the first regular meeting following the vote.
- (3) Where a majority of voters participating in a referendum vote in opposition to a Bylaw, Council shall withdraw such Bylaw at the first regular meeting following the vote.
14. (1) A majority vote in a referendum on a Bylaw dealing in an extra-municipal matter shall not be binding on Council.

#### PART VI - AMENDMENTS

15. (1) Notwithstanding the provisions of Part II of this Bylaw, Council shall submit any amendment to this Bylaw to a referendum without requirement of a petition.

#### PART VII - PRECEDENT, SEVERABILITY & ENACTMENT

16. (1) Where the Municipal Act imposes on Council an obligation to act, or directs Council to act in a specified manner, or prohibits Council to act, the provisions of the Municipal Act shall take precedent over the provisions of this Bylaw.
- (2) Where the Municipal Act grants Council discretionary powers, the provisions of this Bylaw shall apply.
17. (1) If any section, subsection, sentence, clause or phrase of this Bylaw is for any reason held to be invalid by the decision of any court of competent jurisdiction, the invalid portion shall be severed and the decision that it is invalid shall not affect the validity of the remainder.
18. (1) This Bylaw shall come into full force and effect on June 1, 1991.





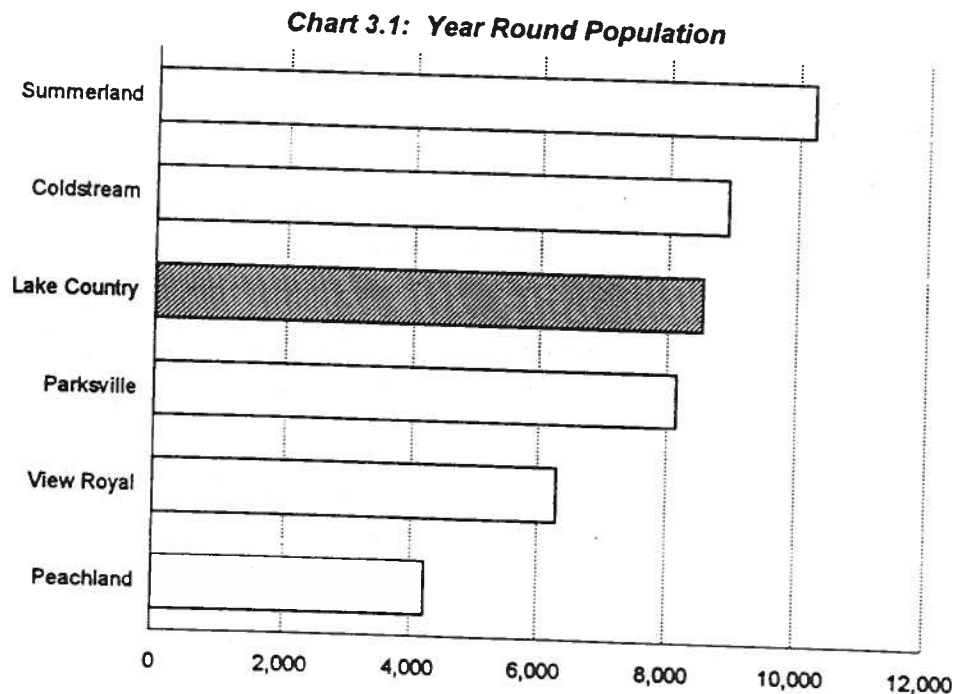
## Chapter 3

# Current Situation

This chapter gives an overview of the Lake Country community and how it compares to some communities that are already municipalities.

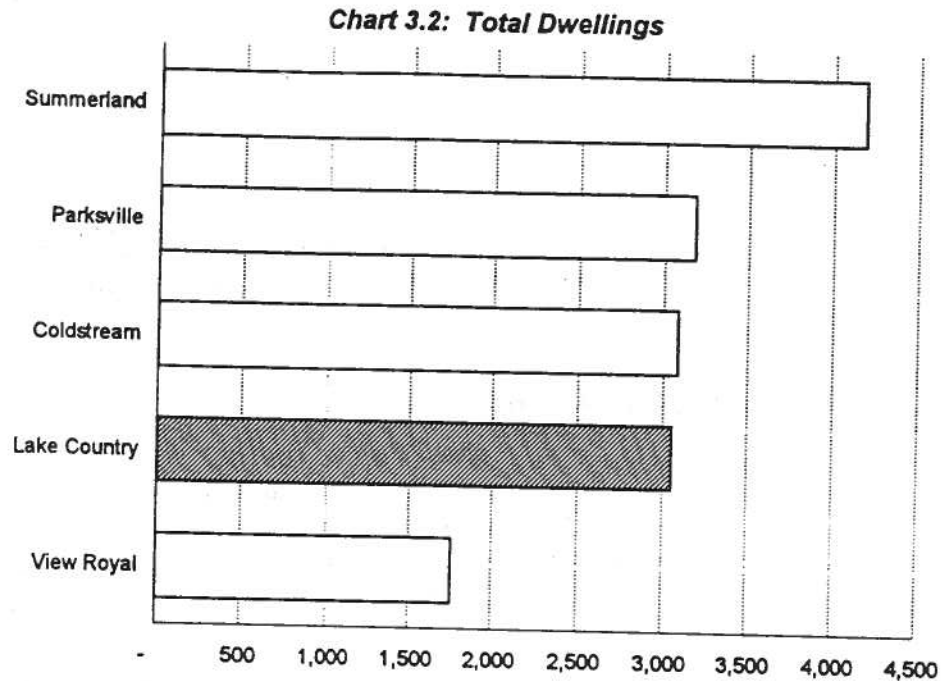
### 3.1 Population and Housing

Based on 1991 census data and building permit records since the census, it is estimated that the current year round population of Electoral Area A is approximately 8,550 in about 3,050 dwellings. Chart 3.1 shows how Lake Country's year round population compares to some municipalities.



In terms of providing municipal-type services, the total number of dwellings in Lake Country - 3050 homes - can serve as a useful measure when looking for

"comparable" municipalities. Chart 3.2 shows the total dwellings in selected municipalities.



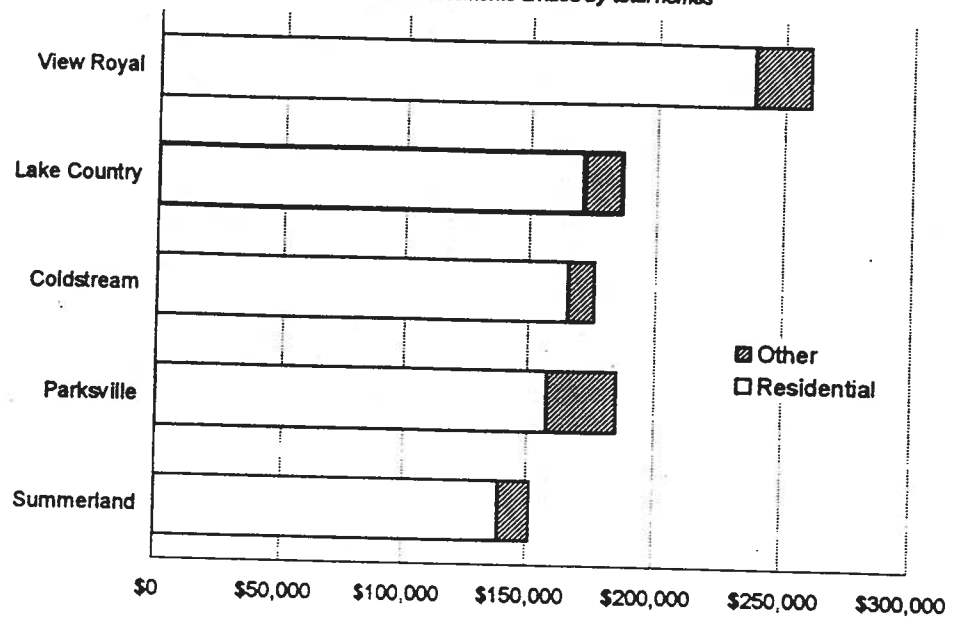
### 3.2 Tax Base

Communities finance many of their local services through property taxes. Generally (but not always), the richer the tax base, the more affordable the services. Compared to existing municipalities, does Lake Country have a lower or higher average tax base? Is its reliance on residential properties unusual for municipalities? As shown in the following chart, the area has a good tax base and its reliance on residential properties is quite common.

A comparative measure of the tax base is the total community assessments divided by the total dwellings. Because it includes business and industry properties as well as residential, this figure is not quite the same as the average home assessment, but it does allow comparison with existing municipalities.

Chart 3.3 shows that the community's tax base is not unusual.

**Chart 3.3: Average Tax Base**  
 Total 1994 assessments divided by total dwellings  
 Total assessments divided by total homes



### 3.3 Political Structure

There are various levels of political bodies in Lake Country. The most predominant is the Central Okanagan Regional District (CORD).

**Table 3.1: Regional District Board**

	No. of Directors on CORD Board	Voting Strength on Money Matters*
Municipalities: Kelowna	4	20
Peachland	1	1
Electoral Areas: "A" (Lake Country)	1	2
"G"	1	2
"H"	1	4
"I"	1	1
<b>Totals</b>	<b>9</b>	<b>30</b>

*NB: A member's money votes are based on 1 vote per 4,000 residents*

Regional districts deliver two main types of services:

- Services and functions provided to all members equally, with costs shared in proportion to each member's taxable assessments; and,
- Services and functions provided to limited areas, with costs paid for only by properties within each service area.

Annual budgets for regional district services are approved by the whole board. One of the most important services in Lake Country – zoning and land use regulation – is set by regional district bylaws. Kelowna has four votes on these bylaws, compared to Area A's single vote.

Members of the electoral areas can petition the board to institute new services, or the board can initiate new services; in either case a referendum is usually required for a new service. Regional district authority includes many local services and functions but does not include roads, highways, or policing.

There are five main improvement districts in the area. These are junior forms of local government with limited authority for services. Trustees are elected to govern each district but all their bylaws require provincial approval. Three provide water and two provide fire protection:

- Water:
  - Winfield and Okanagan Centre Irrigation District
  - Oyama Irrigation District
  - Wood Lake Improvement District
- Fire protection:
  - Winfield Fire Protection District
  - Oyama Fire Protection District

There are a number of private water utilities, but these would not be affected by incorporation unless both parties agree to make them municipal utilities.

### **3.4 Local Services**

The predominant provider of local services in Lake Country is the Central Okanagan Regional District (CORD). Some of these services are shared among all CORD members, and others – such as the Winfield recreation centre – are financed by CORD taxes levied on Lake Country properties alone. Some, but not all, CORD service responsibilities would shift to a Lake Country municipality, and the CORD taxes would fall as a result. The costs would become a municipal responsibility rather than a CORD responsibility. The province's 5.25% tax collection fee would cease, since a municipality is its own tax collector.

The province is responsible for various services, but not all would be affected by municipal incorporation. Tax collection, subdivision control, and road maintenance would be shifted from the province to the municipality. The provincial rural tax – used to finance road maintenance and policing – would cease and be replaced by a municipal tax.

The following table gives an overview of local services and their funding sources.

**Table 3.1: Lake Country Services Now**

	Who Decides	Who Pays	How Is It Paid
<b>General Services</b>			
• Reg. dist. board + administration (CORD)	• Regional district board	• All properties in CORD	• Regional district tax
• Electoral area administration	• Regional district board	• Electoral area properties	• Regional district tax
• Grants in aid	• Regional district board	• Electoral area properties	• Regional district tax
• Bldg inspections + permits	• Regional district board	• Peachland + Electoral areas	• Fees, taxes, contracts
• Local planning work + reports	• Regional district board	• Electoral area properties	• Regional district tax
• Zoning - Winfield + OK Ctre	• Kelowna + 4 electoral areas	• Mainly electoral areas	• Regional district tax
• Zoning - Oyama + Carrs Lndg	• 4 electoral areas	• Mainly electoral areas	• Regional district tax
• Economic development	• Regional district board	• All properties in CORD	• Regional district tax
• 911 emergency phone	• Regional district board	• All properties in CORD	• Regional district tax
• Dog control	• Regional district board	• All properties in CORD	• Regional district tax
• Fire: Carrs Landing	• Regional district board	• Carrs Landing alone	• CORD tax or contract
• Fire: Winfield + Okan. Centre	• Regional district board	• Winfield + Okanagan Centre	• Regional district tax
• Fire: Oyama	• Improvement district trustees	• Oyama properties	• Improvmnt district tax
• Eastside parks	• Improvement district trustees	• Electoral areas A + I	• Improvmnt district tax
• Mosquito control	• Regional district board	• All properties in CORD	• Regional district tax
• Library	• Regional district board	• Multiple regional districts	• CORD tax or contract
• Lake Country shared use bldg	• Regional library board	• Electoral area A properties	• Library district tax
• Regional parks	• Regional district board	• All properties in CORD	• Regional district tax
• Winfield rec'n centre	• Regional district board	• Electoral area A properties	• Regional district tax
• Transit	• Regional district board	• Winfield core area	• Regional district tax
• Collection of property taxes	• Regional district board	• All rural areas	• Fees + reg. district tax
• Provincial parks	• Provincial Ministry of Finance	• Entire province	• 5.25% tax markup
• Subdivision approval	• Provincial Ministry of Tourism	• Applicants, gen taxpayers	• Gen. provincial taxes
• Bylaw enforcement	• Prov Min of Trans + Hwys	• Electoral area properties	• Fees + general taxes
• Okanagan Basis Water Board	• RCMP + regional district	• Electoral area properties	• Rural tax + reg dist tax
	• Multiple regional district boards	• Multiple regional districts	• Regional district taxes
<b>Physical Services</b>			
• Local road mtce + capital	• Provincial Min of Trans + Hwys	• All rural properties in BC	• Provincial rural tax
• Highway mainten. + capital	• Provincial Min of Trans + Hwys	• General provincial taxpayers	• Various taxes
• Community sewage collection	• None	• None	• None
• Sewage disposal	• Individuals (septic tanks)	• Individuals	• Own costs
• Drainage - roadways only	• Prov Min of Trans + Hwys	• Rural area properties	• Provincial rural tax
• Kelowna landfill	• Regional district board	• Electoral areas A + I	• Provincial rural tax
• Garbage disposal + recycling	• Regional district board	• All properties in CORD	• CORD taxes
• Garbage collection	• Regional district board	• All properties in Area A	• CORD parcel tax
• Street lighting	• Regional district board	• Only areas with lights	• Parcel tax + user fee
• Water systems	• Winfield + OK Ctr Irrig. District; Oyama Impr. District; Wood Lake Irrigation District	• Properties in each water district	• CORD tax
	• Various private utilities	• Utility members	• Water taxes + tolls
	• Individual water users	• Individuals	• Utility bills
			• Own costs
<b>Other Services</b>			
• Water quality monitoring	• Min. of Environ. + Min. of Health	• Gen provincial taxpayers	• Various taxes
• Police (RCMP)	• RCMP + Min of Attorney General	• Electoral area properties	• Provincial rural tax
• Ambulance	• Provincial Ministry of Health	• Users + general taxpayers	• User fees, gen taxes
• Schools	• Local school board	• Local + provincial taxpayers	• Local + general taxes
• Hospitals	• Regional Hospital Board	• Local + provincial taxpayers	• Local + general taxes
• Welfare	• Federal + Provincial gov'ts	• Federal + prov taxpayers	• General taxes
• Postal service	• Federal government	• Users + general taxpayers	• Postage, general taxes
• Property assessment system	• BC Assmnt Authority	• All properties in BC	• Assmnt Authority tax

### 3.5 Property Taxes

School and hospital taxes account for half of the taxes in Lake Country, but they would not be affected by municipal incorporation. The taxes affected would be regional district taxes and improvement district taxes (which would fall as services shift to a municipality) and the provincial rural tax (which would cease); a municipal tax would start after incorporation.

The following table shows what has happened to taxes in Area A over the last four years. *The 1991 taxes have been restated in today's dollars to make the comparison fair.*

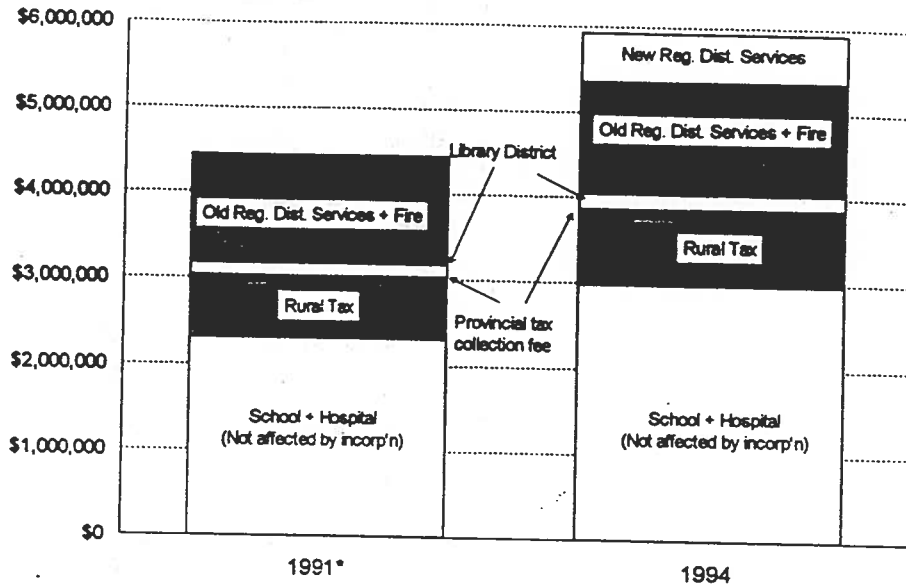
**Table 3.2: Total Taxes From Lake Country Properties**

*Stated in today's dollars; excludes water charges + street lighting*

	1991*	1994	4-Year Rise
C.O.R.D. - New services since 1991			
Lake Country shared facility	\$0	\$151,166	\$151,166
Beasley community park	\$0	\$69,510	\$69,510
Waste mgmnt parcel tax	\$0	\$163,970	\$163,970
CORD transit (Area A)	\$0	\$175,263	\$175,263
<b>Total new CORD services since 1991</b>	<b>\$0</b>	<b>\$559,909</b>	<b>\$559,909</b>
C.O.R.D. services: In place in 1991	\$1,050,988	\$1,065,605	\$14,617
Fire protection (imp districts + CORD)	\$225,652	\$249,863	\$24,211
Library district	\$134,704	\$172,379	\$37,675
<b>Total subject to tax collection fee</b>	<b>\$1,411,344</b>	<b>\$2,047,756</b>	<b>\$636,412</b>
Provincial tax collection fee	\$74,096	\$107,507	\$33,411
Provincial rural tax	\$645,896	\$784,067	\$138,171
<b>(A) Subtotal of above local services</b>	<b>\$2,131,336</b>	<b>\$2,939,330</b>	<b>\$807,994</b>
			<i>Rise of 38%</i>
<b>(B) School, hospital, others</b>	<b>\$2,312,703</b>	<b>\$2,977,068</b>	<b>\$664,365</b>
			<i>Rise of 29%</i>
<b>Total Property Taxes (A+B)</b>	<b>\$4,444,039</b>	<b>\$5,916,398</b>	<b>\$1,472,359</b>
<b>(excluding water and street lights)</b>			<i>Rise of 33%</i>

\* Raised to 1994 dollars

**Chart 3.4: Changes in Total Taxes, 1991-1994**  
 Stated in today's dollars; excludes water charges



\* Raised to 1994 dollars

The following tables shows 1994 taxes on typical properties in Lake Country.

In Table 3.3, four columns are needed for homes because there are four different sets of taxes, due to different fire protection taxes and transit taxes in the area. Note that the average home property assessment in Carrs Landing is higher than the average in the other areas. Note also that actual *market values* are probably higher than assessed values (taxes are based on *assessed values*).

**Table 3.3: 1994 Taxes on Lake Country Homes**

<i>Typical 1994 Assessment =</i>	Winfield \$150,000	Okan. Ctre \$150,000	Oyama \$150,000	Carrs Landing \$240,000
CORD land + bldg tax	\$194	\$194	\$194	\$310
CORD tax on bldg only	\$93	\$93	\$93	\$116
CORD tax on land only	\$8	\$8	\$8	\$15
CORD transit	\$95	\$0	\$0	\$0
CORD waste mgmnt	\$38	\$38	\$38	\$38
CORD Winfield senior ctre	\$18	\$18	\$18	\$22
Fire (CORD or imp. dist)	\$50	\$50	\$109	\$138
Library district	\$41	\$41	\$41	\$66
Provincial tax collection*	\$28	\$23	\$26	\$37
Provincial tax ("Rural tax")	\$188	\$188	\$188	\$300
Municipal tax	\$0	\$0	\$0	\$0
School, hosp, others	\$709	\$709	\$709	\$1,135
Gross Property Tax	\$1,462	\$1,362	\$1,424	\$2,177
Garbage collection fee	\$40	\$40	\$40	\$40
Gross Taxes + Fees	\$1,502	\$1,402	\$1,464	\$2,217
<b>Owner Under 65 Years</b>				
Gross taxes + fees	\$1,502	\$1,402	\$1,464	\$2,217
Less: Home owner grant	-\$470	-\$470	-\$470	-\$470
Net tax and fees	\$1,032	\$932	\$994	\$1,747
<b>Owner 65 or Older</b>				
Gross taxes + fees	\$1,502	\$1,402	\$1,464	\$2,217
Less: Home owner grant	-\$745	-\$745	-\$745	-\$745
Net tax and fees	\$757	\$657	\$719	\$1,472

<sup>^</sup> Applies only outside municipalities Excludes water costs and street lights

**Table 3.4: 1994 Taxes on Winfield Business Property**

<i>Typical 1994 Assessment =</i>	\$250,000	\$500,000	\$750,000
CORD land + bldg tax	\$790	\$1,581	\$2,371
CORD tax on bldg only	\$357	\$713	\$1,070
CORD tax on land only	\$33	\$67	\$100
CORD transit	\$389	\$779	\$1,168
CORD waste mgmnt	\$38	\$38	\$38
CORD Winfield senior ctre	\$67	\$134	\$202
Fire (CORD or imp. dist)	\$206	\$411	\$617
Library district	\$169	\$339	\$508
Provincial tax collection*	\$108	\$213	\$319
Provincial tax ("Rural tax")	\$1,000	\$2,000	\$3,000
Municipal tax - general	\$0	\$0	\$0
School, hosp, others	\$2,815	\$5,629	\$8,444
Gross Property Tax	\$5,972	\$11,904	\$17,837

<sup>^</sup> Applies only outside municipalities Excludes water costs and street lights



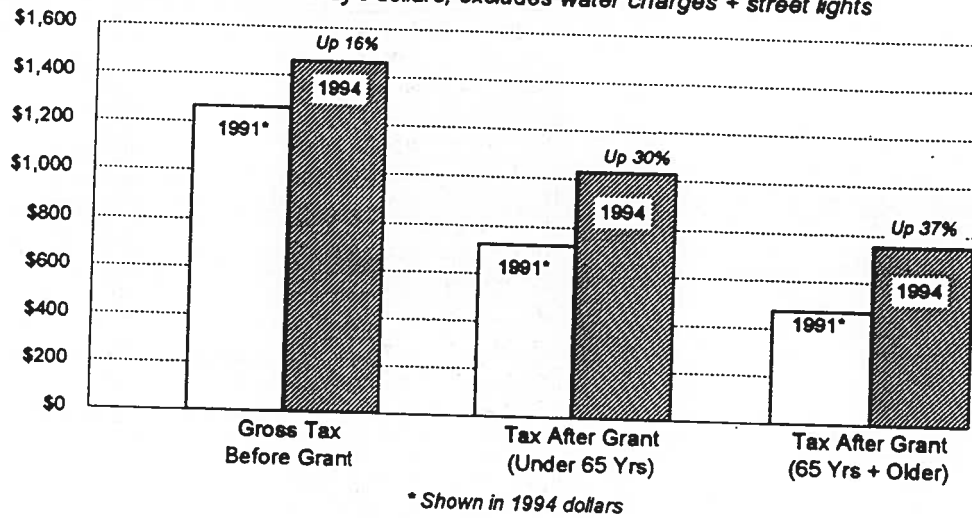
**Table 3.5: 1994 Taxes on Farm Property**

Typical 1994 Assessment =	Winfield Farm with a House \$100,000	Oyama Farm with a House \$100,000	Vacant Winfield Farm \$15,000
CORD land + bldg tax	\$119	\$119	\$10
CORD tax on bldg only	\$99	\$99	\$0
CORD tax on land only	\$1	\$1	\$1
CORD transit	\$59	\$0	\$5
CORD waste mgmnt	\$38	\$38	\$0
CORD Winfield senior ctre	\$19	\$19	\$0
Fire (CORD or imp. dist)	\$31	\$67	\$3
Library district	\$26	\$26	\$2
Provincial tax collection*	\$21	\$19	\$3
Provincial tax ("Rural tax")	\$8	\$8	\$8
Municipal tax - general	\$0	\$0	\$0
School, hosp, others	\$457	\$509	\$107
Gross Property Taxes	\$878	\$905	\$139
Garbage collection fee	\$40	\$40	\$0
Gross Taxes + Fees	\$918	\$945	\$139
<b>Owner Under 65 Years</b>			
Gross taxes + fees	\$918	\$945	<i>Not eligible for grant</i>
Less: Home owner grant	-\$470	-\$470	
Net tax and fees	\$448	\$475	
<b>Owner 65 or Older</b>			
Gross taxes + fees	\$918	\$945	<i>Not eligible for grant</i>
Less: Home owner grant	-\$745	-\$745	
Net tax and fees	\$173	\$200	

*^ Applies only outside municipalities Excludes water costs and street lights*

Since 1991, the gross taxes on an average Winfield home have risen faster than the inflation rate. The rise has been even greater for owners who get the home owner grant - 30% for owner-residents under 65 years old, and 37% for those 65 or older - as shown in the following table and chart. Much of the rise is due to new services rather than to increases in the costs of older services.

**Chart 3.5: Average Winfield Home Taxes, 1991-1994**  
 Stated in today's dollars; excludes water charges + street lights



**Table 3.6: Average Winfield Home Taxes, 1991-1994**  
 Stated in today's dollars; excludes water charges + street lights

Average home assessment* =	1991*	1994	Change
	\$109,000	\$150,000	\$41,000
<b>(A) Owner Not Eligible for Grant</b>			
C.O.R.D. general - Land + bldg tax	\$111	\$194	\$83
C.O.R.D. general - Bldg only tax	\$162	\$93	-\$69
C.O.R.D. general - Land only tax	\$4	\$8	\$4
C.O.R.D. transit tax	\$0	\$95	\$95
C.O.R.D. arena + seniors ctr tax	\$17	\$15	-\$2
Waste mgmnt parcel tax	\$0	\$38	\$38
Winfield fire protection tax	\$54	\$50	-\$4
Library district tax	\$39	\$42	\$3
Taxes subject to collection fee	\$387	\$535	\$148
5.25% Provincial tax collection fee	\$20	\$28	\$8
Provincial rural tax	\$191	\$188	-\$3
School, hospital, others	\$666	\$709	\$43
Gross Property Tax	\$1,264	\$1,460	\$196
C.O.R.D. Garbage collection fee	\$0	\$40	\$40
Gross Taxes and Fees	\$1,264	\$1,500	\$236
			Up 16%
<b>(B) Owner Under 65 Years Old</b>			
Gross taxes + fees	\$1,264	\$1,500	\$236
Less: Home owner grant	-\$470	-\$470	\$0
Less: Supplemental grant	-\$69	\$0	\$69
Net tax after grant	\$725	\$1,030	\$305
			Up 30%
<b>(C) Owner 65 or Older</b>			
Gross taxes + fees	\$1,264	\$1,500	\$236
Less: Home owner grant	-\$788	-\$745	\$43
Less: Supplemental grant	\$0	\$0	\$0
Net tax after grant	\$476	\$755	\$279

\* Stated in 1994 dollars; excludes water and street light costs

## Chapter 4

# Provincial Assistance

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### 4.1 Introduction

The province provides a series of short term grants and other forms of assistance if Lake Country incorporates as a municipality. The key elements of this assistance are described in this chapter. The short-term grants affect the tax projections developed later in the report.

### 4.2 Population Grant

The province would give a population based grant of \$2,137,500, paid in three installments. The amount is based on \$250 for every permanent resident (8550 people). Use of this grant is unrestricted – that is, the municipality can use it as it sees fit.

### 4.3 Road Maintenance Assistance

The province has offered three types of assistance related to roads that would become a municipal responsibility.

#### *Grant Based on Road Lengths*

The province would pay a "maintenance grant" based on the length of roads in the study area. The Ministry of Transportation and Highways has identified the lengths of local roads that would become a municipal responsibility as a result of restructuring. The grant is based on an annual sum each year for five years, except that it is not paid for the period when the province's contractor provides road maintenance under the existing contract (see next paragraph). The lump sum payment for all the applicable years would be made at the end of the first year of restructure. Use of this grant is unrestricted. The payment based on future years (i.e., years 2-5) will be discounted at a nominal interest rate. The amounts are as follows.

**Table 4.1: Provincial Grant Based on Road Lengths**

"Lane Km"	Effective Length of 2-Lane Road	Annual Amount	Discounted Lump Sum
346 km	173.0 km	\$608,500	\$1,970,000

#### ***Provincial Contractor***

The provincial contractor would continue to maintain all roads in the municipality, at no cost to the municipality, until the new contract expires. The current contract runs until May 8, 1996. This means the discounted road maintenance grant (see Table 4.1 above) would be paid for 8 months of 1996 (May-December) and all of 1997, 1998, and 1999.

#### ***Arterial Classification***

The province would give arterial classification to Highway 97, which means the province, not the municipality, would be responsible for it. The province would also give secondary classification to Beaver Lake road, which means the province will share 40% of its maintenance costs (after the current contract expires) and 50% of its improvement costs. These are long term designations, not temporary ones.

### **4.4 Road Improvement Assistance**

The province has also identified a number of road improvements that it feels should be planned for and that it would face if restructuring does not proceed. These improvements and their estimated costs are detailed in Table 4.2. The municipality would be eligible for 75% provincial funding for these. *Note that being eligible does not guarantee 75% assistance.*

It would be up to municipal council – not the province – to decide when and if the projects should be undertaken. It is reasonable to expect that council would commit to the projects only after the province had committed to its share of funding. The eligibility period under this provincial assistance program is eight years, so council would not have to make quick or hurried decisions about each project.

### **4.5 Rural Tax Rebate**

The province may also rebate a portion of the preceding year's rural tax to the municipality. This portion can be 50% or 100% of the previous year's rural tax (net of any uncollected amounts), depending on when in the year the restructuring takes place. The province has in fact made this rebate in all of the latest restructures, and so a 50% rebate is assumed here.

The 50% rebate is estimated at a net figure of \$350,000.

**Table 4.2: Road Improvements Eligible for 75% Provincial Funding**

Road Name	Works Limit	Works Description	Estimated Cost
• Camp Rd	• Km 0 to km 0.70	• Reconstruct + pave	• \$300,000
• Okanagan Ctre Rd	• Km 0 to km 1.0 and km 3.35 to km 4.00	• Reconstruct + pave	• \$300,000
• Commonage Rd	• Km 0 to km 2.69	• Reconstruct + pave	• \$300,000
• Barkley Rd	• Km 2.74 to km 4.74	• Reconstruct + pave	• \$300,000
• Old Mission Rd	• Km 3.82 to 5.37	• Reconstruct + pave	• \$250,000
• Oyama Rd	• Km 3.06 to 6.59	• Reconstruct + pave	• \$400,000
Total .....			\$1,850,000

#### 4.6 Policing Assistance

The province has offered to phase in the municipality's share of police costs. The municipality would become responsible for its own policing in April 1997, when the federal census reveals its population to be over 5000. However, the province would absorb 100% of the municipality's RCMP contract costs for 2000-2001, 67% for 2001-2002, and 33% for 2002-2003. After that the municipality must pay its full normal share.

#### 4.7 Transfer of Land

The province often transfers Crown land to municipalities for specific municipally-related purposes, such as parks, works yards, municipal offices, and so on. This is especially true for new municipalities. There are several potential parcels in this category for Lake Country, and it is expected that several will be turned over to the municipality.



## Chapter 5

# Capital Financing

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### 5.1 Introduction

The community would face a number of capital costs associated with taking on the expanded responsibilities of municipal status. This chapter outlines what these costs could be and how they might be financed.

Note, however, that decisions about municipal spending would rest solely with the elected municipal council. The figures discussed here are reasonable for purposes of this report but they are of course not binding or definitive.

### 5.2 Start-Up Infrastructure

The new municipality would face a number of initial infrastructure requirements, plus a variety of annual ongoing capital projects typically faced by all municipalities. Not all the capital spending would be required in the first year.

Municipal council would make the final decisions on the amount and the timing of start-up capital projects, but in this study they are assumed to be as follows.

#### *Municipal Offices*

While the municipal offices could be in rented space, it is more likely that a municipally owned facility would be established. A budget of \$600,000 is assumed for the building, furnishings, equipment, and site preparation. The structure need not be extravagant. For example, it could consist of prefabricated components, just as two new municipalities -- the Town of View Royal and the District of Langford -- have chosen. Langford (population of 15,000) spent under \$350,000 for its offices.

#### *Public Works*

The municipality could contract out its road maintenance rather than use municipal crews and equipment. In fact, all municipalities use private contractors to some extent, although very few rely on them exclusively. This report assumes a small municipal department is established after the provincial contract expires. At

that time funds would have to be spent for equipment purchases (or leases) and for a works yard and garage. It is again assumed that Crown land would be obtained for this at no charge. The budget used here for the equipment, building, tools, and site improvements is \$900,000.

### *Roads and Drainage*

It has been assumed the municipality would take advantage of the 8-year, 75% eligibility for the road improvements identified by the province, and elect to undertake the full scope of the identified works during the first eight years. As discussed in the preceding chapter, the 25% municipal share (\$???,000) is spread evenly across the first eight years at \$??,700 per year.

Few unincorporated communities have proper storm drainage systems. It is reasonable to expect that council would choose to undertake a number of drainage system improvements in conjunction with the road improvements just discussed. No drainage system plans have been prepared, but an allowance of \$200,000 over the first eight years has been made here.

### *Police Building*

The municipality would be responsible for its policing starting in 1997, but the provincial offer of assistance will delay the cost impact of this. It is likely that the municipality would be required to provide a police building if it chooses to enter into a contract with the RCMP. A budget allowance of \$1,200,000 has been made for this building's cost, in 1998. Some rent revenue would be received from the senior governments since they would want to base some of their officers there.

### *Miscellaneous*

There would undoubtedly be a number of sundry other capital items during the course of establishing the new municipality. For purposes here an annual allowance of \$20,000 has been assumed for years 2-8, for a total of \$140,000.

## **5.3 On-Going Capital**

In addition to the short term road improvements identified by the province, there would undoubtedly be other repairs and improvements to roads and storm drainage over time. For purposes here these are projected at \$100,000 per year (except in the first year, when it is set at zero), for a total of \$900,000 over the first 10 years.

Spending on miscellaneous and sundry items such as office equipment, furnishings, minor fire and recreation equipment, and special projects is projected to start at \$80,000 in the first year and rise to about \$120,000 per year on a permanent basis after that.



After the early transition period (when the short term grants might help pay for them), this total of \$220,000 per year would be funded using each year's tax dollars.

## 5.4 Total Capital Spending

Table 5.2 shows the total capital spending over ten years that the capital fund must finance. As always, these are stated in terms of constant 1994 dollars; inflation would raise them.

**Table 5.2: Total Capital Spending Over 10 Years**  
(in constant 1994 dollars)

(A) Short term projects	
Municipal hall	\$600,000
PW yard, equip, etc	\$900,000
25% mun. share of roads	\$200,000
Other roads + drainage	\$200,000
Police building	\$1,200,000
Miscellaneous	\$140,000
(B) On-going spending	
Roads - unshared	\$900,000
Miscellaneous	\$1,160,000
<b>Total over 10 years</b>	<b>\$5,300,000</b>

## 5.5 Incorporation Capital Fund

The municipality would no doubt develop a financial plan to make use of the short-term assistance grants from the province to help finance the expanded infrastructure. Such a plan is assumed here. The plan developed in this analysis may not be the plan chosen by council, but it is a reasonable one. It balances off the timing of grants and capital expenditures to smooth any changes that might occur in taxes as a result of financing the infrastructure.

The plan operates over a ten year period, with the tenth year being "normal" from a capital perspective -- that is, the capital spending in the tenth year (which in this case would be the year 2004) would also apply to later years. This restructure capital fund has been designed to minimize tax changes from year to year during the first ten years.

Table 5.3 shows the mechanics of the restructure capital fund. Money going into the fund consists of the short-term assistance grants (per capita grants and road maintenance grant), "normal" tax dollars earmarked for general revenue fund capital spending every year, and special transfers from the general fund when circumstances allow from year to year.

**Table 5.3: Incorporation Capital Fund**  
(in 000s of constant 1994 dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
STARTING BALANCE	\$0	\$2,941	\$2,888	\$3,798	\$4,104	\$3,254	\$3,432	\$3,406	\$3,170	\$2,972
ADDITIONS TO FUND:										
Start-up grant: road mtce	\$1,966	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Start-up grant: per capita	\$855	\$641	\$641	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Start-up: Rural tax rebate	\$350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual transfer from taxes	\$514	\$356	\$395	\$395	\$455	\$303	\$220	\$220	\$220	\$220
Interest earned in fund	\$18	\$172	\$197	\$233	\$218	\$198	\$202	\$195	\$182	\$170
New long term debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SPENDING FROM FUND:										
(A) Short term projects										
Municipal hall	-\$600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PW yard, equip, etc	\$0	-\$900	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25% mun. share of roads	-\$58	-\$58	-\$58	-\$58	-\$58	-\$58	-\$58	-\$58	\$0	\$0
Other roads + drainage	-\$25	-\$25	-\$25	-\$25	-\$25	-\$25	-\$25	-\$25	\$0	\$0
Police building	\$0	\$0	\$0	\$0	-\$1,200	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$0	-\$20	-\$20	-\$20	-\$20	-\$20	-\$20	-\$20	\$0	\$0
(B) On-going spending										
Roads - unshared	\$0	-\$100	-\$100	-\$100	-\$100	-\$100	-\$100	-\$100	-\$100	-\$100
Miscellaneous	-\$80	-\$120	-\$120	-\$120	-\$120	-\$120	-\$120	-\$120	-\$120	-\$120
Transfer to reduce taxes	\$0	\$0	\$0	\$0	\$0	\$0	-\$124	-\$329	-\$379	-\$377
CLOSING BALANCE	\$2,941	\$2,888	\$3,798	\$4,104	\$3,254	\$3,432	\$3,406	\$3,170	\$2,972	\$2,765

Note that by the end of the transition period, the fund would be able to transfer \$377,000 each year to reduce general taxes.

## Chapter 6

# Regional District

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### 6.1 Introduction

The Central Okanagan Regional District (CORD) provides a number of local services in Lake Country. Incorporation would require that some CORD service responsibilities shift to the new municipality. For other CORD services, the municipality would continue to participate just as under the current system. For still others, the municipality could choose to contract with the CORD (or someone else) for a continuation of the current services.

Note that the community would still have one director on the CORD board, just as it does now. However, municipal status would bring three significant changes in the CORD's role in Lake Country:

- The CORD director would be a member of the municipal council, selected by the council rather than by a separate, direct election by voters.
- The regional board would have a much smaller role in services in Lake Country because the municipal council would have authority for some important functions that now rest with the CORD.
- The regional board would have no votes on Lake Country's zoning and community development bylaws, regulations, and policies.

### 6.2 Functions That Would Not Change

All members of the regional district – municipalities as well as electoral areas – participate in certain CORD functions and services, and incorporation would not affect the tax levies for these.

- Regional District board and general administration
- Regional grants in aid
- Regional rescue service
- 911 Emergency telephone service
- Crime Stoppers program
- Victims and witness assistance program

- Regional Hospital

- O.P.A.

- Solid waste management

- Sewer System

- ...

- Mosquito control
- Septic tank effluent disposal
- Solid waste management: In keeping with the requirement that regional districts develop and administer regional solid waste management plans, this should remain a CORD function. In 1994, 56% of the \$38 parcel tax goes to operate the landfills for the electoral areas, and this amount (\$21 per parcel) is used in the projected CORD requisition for the municipality.
- Okanagan Basin Water Board
- Regional parks
- Transit: Area A transit should be provided under a contract with BC Transit Authority, just as it is through the regional district now. It is assumed the municipality would offer this as a specified area service, with the taxes needed to pay for it coming from the same limited area as at present. The transit tax would thus have no bearing on incorporation impacts. Note that the 1994 budget is artificially high, as it includes costs incurred in prior years; future costs will not be as high as the 1994 level.
- Noxious insect control: It makes sense for Lake Country to remain part of this regional district service so it can be provided on a coordinated and cohesive basis. For purposes of this incorporation study, the 1994 tax requisition of \$1,500 is assumed for both the current system and the municipal case.
- Weed control: It is assumed that the municipality would continue to participate in this regional service. The board's approval would be required to cease participation. For purposes of this incorporation study, the 1994 tax requisition of \$3,200 is assumed for both the current system and the municipal case.
- Sterile insect release program: As with weed control, the board's approval would be required to cease participation, and it is assumed that Lake Country would want to continue participating. For purposes of this incorporation study, the 1994 tax requisition of \$32,500 is assumed for both the current system and the municipal case.
- Economic development commission: Same as weed control; the 1994 tax requisition of \$10,300 is used for the municipal case.

The municipality would receive an annual tax requisition from the CORD for these, just as the community does now. However, the provincial 5.25% tax collection fee would not be added under municipal status because the province would no longer be the tax collector (the municipality is the tax collector within its boundaries).

### 6.3 Functions That Would Change

Responsibility for some CORD services would shift to the new municipality. The municipality could choose to contract with the CORD (or other parties) for some of these. These services are discussed below in two categories:

- Those that are inappropriate or ineligible for contract status; and,
- Those that are often contracted out by municipalities, frequently to regional districts. Contract costs show up as direct municipal costs rather than as tax requisitions from another body.

#### *Poor Candidates for Contract Status*

- The CORD requisition for elections and electoral area administration would cease. The CORD director would be a member of council and no separate election is necessary.
- Area A grants in Aid: If incorporation proceeds, municipal council would determine what grants to make to community groups, organizations, and events. In 1994 Area A paid taxes of \$14,800 for these CORD grants, and this amount has been assumed under municipal status in order to make a fair comparison of tax impacts.
- Carrs Landing fire department: This would be transferred to the municipality
- Street lighting: There are several street light areas funded by local area taxes. Responsibility for these would shift to the municipality. It is common in municipalities to have separate self-financing street lighting areas, and this is assumed in this case. The local tax areas are:
  - Kel-Win
  - Clearwater
  - Del-Dor Mayrus Road
  - Pollard Road
  - Highway 97 - Winfield
  - Harmon Road
  - Glenmore Road
  - Chase Road
- Litter control: Council would probably choose to have this become a normal part of the municipal road maintenance function.
- Noise abatement: Bylaws controlling noise would become a municipal council responsibility.
- Unsightly premises: This bylaw would become a municipal council responsibility.
- Emergency plan preparation: Council could choose to undertake this planning on its own rather than as a member of the regional district.

### *Better Candidates for Contract Status*

- **Building inspection:** As with technical planning work, many municipalities contract out the building inspection service rather than use their own staff. The regional district provides this service on a contract basis for Peachland. It is reasonable to assume that a Lake Country municipality might choose to do the same. The contract costs are based on a number of variables, such as the number of building permits issued. In 1994 no taxes are needed for this service because of a surplus from prior years. To make a fair comparison, a zero tax is also assumed under municipal status. For at least the first year this should be contracted to the regional district to help smooth the transition to municipal status.
- **Dog control** could be contracted to CORD or to a local individual alone. While a new municipality might be able to obtain this service cheaper than under the CORD system, the savings are unlikely to be significant, and so the 1994 tax levy of \$7,700 is used for this service after incorporation. To ease the transition to municipal status, the CORD contract system should be used for at least the first year after incorporation.
- **Planning:** Under the current system the electoral areas pay for this CORD service in proportion to their property assessments; in 1994 Area A paid \$136,000 in CORD taxes for this service, including a \$19,000 administration charge from CORD. The gross costs are actually higher, but revenue from subdivision and rezoning application fees reduce the reliance on taxes. In municipalities, only municipal council can adopt bylaws and enact regulations, but there is a choice as to how the technical planning work is done. Many municipalities choose to contract such work out to their regional districts or to consultants or to both. A service contract would have to be negotiated with CORD and the amount is difficult to predict. For purposes here, however, it is reasonable to assume that a new municipality would be unlikely to obtain 1994's level of work for much less than the \$136,000 in taxes that it paid as an electoral area. This assumption provides a consistent basis for tax impact comparison. The total cost of planning services would be closer to \$161,000, with \$25,000 in application fees reducing the tax need to \$136,000. For the first several years – and certainly for the first full year at least – a CORD contract should be used to help ease the transition to full municipal status with as much consistency as possible.
- **Garbage collection:** Council has the option of contracting this out to the regional district or to some other party, or using municipal crews directly. The regional district's cost works out to about \$46 per home (plus another \$6 in CORD administration overhead charges). The municipal cost here is projected at \$46 per home after the first year. For the first year it is assumed that CORD would continue to provide this services to ease the transition to municipal status.
- **Recycling:** As with garbage collection, the municipality could contracted this service out. Again, the municipality's cost for this service

is projected on the basis of the regional district's cost of \$9.50 per home (excluding CORD's \$1.30 administration overhead charge), after the first year. As with garbage collection, CORD is assumed to provide this service for the first year.

- Lake Country shared use facility: This function would be transferred to the new municipality.
- Winfield recreation centre: This facility would be transferred to the new municipality, which would then be responsible for its operation and debt payment. Council could choose to contract the operation out to the regional district or to some other party, or operate it with municipal staff.
- Winfield recreation fields: These would be transferred to the new municipality. Council would have the same contract options as for the recreation centre just discussed.
- A.C. Beasley park: This function would be transferred to the new municipality. Council would have the same contract options as for the recreation centre. There are numerous community parks (see below), but this park is currently a separate CORD tax function.
- Eastside community parks: These parks would be transferred to the municipality; council would have the same contract options as for the recreation centre. The parks are listed in the following table. Note that the 1994 CORD budget for these parks includes considerable spending on improvements (as opposed to maintenance costs), since a number of the parks have been dedicated but not developed.

*Handwritten note:*  
 1. Hold CORD  
 2. State Provincial Commission

**Table 6.1: Community Parks Transferred to a Municipality**

Description	Location	Area
McCarthy	Bottom Wood Lake Rd	Winfield
Pretty	Pretty Rd	Winfield
Cemetery	Cemetery Rd	Winfield
Swatwell Park	Bottom Wood Lake Rd	Winfield
A.C. Beasley	Woodsdale Rd	Winfield
Clearwater	Lodge Rd	Winfield
Lang	Lang Rd	Winfield
Camp	Camp Rd	Winfield
Hallam	Hallam Rd	Winfield
New park	Camp Rd	Winfield
New park	Carrs Landing Rd	Winfield
Okanagan Centre	Lakeside Ave	Okanagan Centre
Pioneer	Trask Rd	Oyama
Oyama	Trask Rd	Oyama
Coral Beach	Coral Beach Rd	Coral Beach
Coral Beach tennis courts	Coral Beach Rd	Coral Beach
Carrs Landing #1	Carrs Landing Rd	Carrs Landing
Carrs Landing #2	Carrs Landing Rd	Carrs Landing
Commonage	Commonage Rd	Carrs Landing
Switchback	Carrs Landing Rd	Carrs Landing
Terrace View	Terrace View Cr.	Carrs Landing

## 6.4 Summary

Table 6.2 shows the regional district requisitions assumed in this study. Note that contracted services are not requisitions after incorporation; their costs show up directly in the municipal budget instead.

To smooth the transition to municipal status, it is recommended that the following services be provided by the regional district, for at least the first year, on a contract basis following incorporation.

- Building inspection
- Dog control
- Planning + zoning
- Garbage collection
- Parks maintenance
- Recreation building operations and maintenance
- Garbage collection
- Recycling



**Table 6.2: Regional District Requisitions**

	Current Status			Municipal Status
	CORD Requis'n	Provincial Tax Collection Fee*	Total Tax	
(A) Tax on land + buildings:				
Regional board	\$12,295	\$645	\$12,940	\$12,295
Administration	\$18,118	\$951	\$19,069	\$18,118
Electoral area gen. gov't	\$4,630	\$243	\$4,873	-
Building inspection	\$0	\$0	\$0	-
Regional grants in aid	\$2,307	\$121	\$2,428	\$2,307
Area A grants in aid	\$14,848	\$780	\$15,628	-
Regional rescue service	\$4,567	\$240	\$4,807	\$4,567
911 Telephone	\$38,351	\$2,013	\$40,364	\$38,351
Emergency plan	\$7,523	\$395	\$7,918	\$7,523
Dog control	\$7,659	\$402	\$8,061	-
Crime stoppers	\$3,654	\$192	\$3,846	\$3,654
Victims assistance	\$2,103	\$110	\$2,213	\$2,103
Septic disposal site	\$2,384	\$125	\$2,509	\$2,384
OK Basin Water Board	\$86,320	\$4,532	\$90,852	\$86,320
Planning	\$136,091	\$7,145	\$143,236	-
Noxious insect control	\$1,500	\$79	\$1,579	\$1,500
Weed control	\$3,161	\$166	\$3,327	\$3,161
Ec. Devel. Commission	\$10,260	\$539	\$10,799	\$10,260
Lake Country shared facility	\$151,166	\$7,936	\$159,102	-
Beasley community park	\$69,510	\$3,649	\$73,159	-
Regional parks	\$66,935	\$3,514	\$70,449	\$66,935
Eastside community parks	\$160,678	\$8,436	\$169,114	-
(A) Total land + bldg tax .....	\$804,060	\$42,213	\$846,273	\$259,478
(B) Building tax:				
Kelowna landfill	\$20,016	\$1,051	\$21,067	\$20,016
Noise abatement	\$71	\$4	\$75	-
Unightly premises	\$634	\$33	\$667	-
Winfield rec centre	\$318,060	\$16,698	\$334,758	-
Winfield rec fields	\$39,589	\$2,078	\$41,667	-
(B) Total bldg tax .....	\$378,370	\$19,864	\$398,234	\$20,016
(C) Land tax: Insect control	\$32,457	\$1,704	\$34,161	\$32,457
Assessed value taxes (A+B+C)	\$1,214,887	\$63,781	\$1,278,668	\$311,951
(D) Waste mgmnt parcel tax	\$163,970	\$8,608	\$172,578	\$91,823
Total, all of "A" (A+B+C+D)	\$1,378,857	\$72,389	\$1,451,246	\$403,774
Major Service Areas:				
Area A transit	\$175,263	\$9,201	\$184,464	\$175,263
Winfield seniors centre	\$71,394	\$3,748	\$75,142	\$0
Carrs Landing fire	\$41,222	\$2,164	\$43,386	\$0

\* Provincial tax collection fee doesn't apply in a municipality  
 - There is no regional district requisition for this (it may be in the municipal budget instead)



## Chapter 7

# Budgets and Taxes

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### 7.1 Introduction

This chapter projects the annual budgets and property taxes for a new Lake Country municipality.

The annual municipal revenues and expenses are projected and then the required tax revenues are translated into taxes on typical homes. Since spending in the early years is affected by short term grants, the tax impacts are stated using a "normal" year, after all the grants have been received and the short term capital work has been undertaken. *Taxes would be lower in the early years.*

Since the projections are based on a number of assumptions, the chapter ends with an examination of altered assumptions – a series of "what if" questions.

The municipal spending presented here is a projection only; the actual service costs and taxes would be chosen by a locally elected municipal council.

Nonetheless, the projections have a basis in fact, in two senses:

- Some of the costs are already known because incorporation would not change the nature of the service. For example, the fire department operations would not be affected by municipal status, so the "current system" costs can be applied to the municipal case. Almost all municipalities in BC use an insurance program offered through the Union of BC Municipalities' Municipal Insurance Association, in which a formula based on population is used to determine premiums; no speculation is needed for this cost.
- The detailed spending patterns in "comparable" municipalities were examined to help refine the projections for Lake Country. The experiences in other communities – after adjusting for differences in population, road length, and number of homes – provide an indication as to what might be expected in the case at hand. The municipalities examined for the Lake Country case include Coldstream, Summerland, Parksville and View Royal.

*Note that water fees and taxes need not be affected at all by incorporation.*

## 7.2 Municipal Revenues

Table 7.2 on the next page shows the projected revenues for the new municipality. Note that the total revenues match the total expenses each year. Municipalities are not allowed to run deficits.

### *Municipal Property Taxes*

Municipal taxes are the amounts necessary to balance total municipal expenses and total municipal revenues. The tax rates are calculated using the total taxes required and the tax base. The eventual, "normal" tax rates are reached by the ninth year and remain there after that; the early year tax rates would be lower. In this report, the "normal" tax rates are used as the measure of incorporation taxes, which means the tax impacts presented would be reached gradually over the first few years and not all at once.

A municipal council is free to set its own tax rate multiples and thereby shift taxes to or from each property type as desired. The provincial multiples are used in this report. These provincial multiples use a business property tax rate 2.45 times the residential rate. It is also assumed that the council would keep the tax rate on farm land the same as the current rural tax on farm land – \$.50 per \$1000 assessment.

Table 7.1 shows the property assessments that would form the municipal tax base.

**Table 7.1: Municipal Tax Base**

Property Class	Taxable Assessment
Residential property	\$509,240,000
Utilities	\$5,878,000
Unmanaged forest	\$0
Light industry	\$2,159,000
Business + other	\$28,017,000
Rec'n + non-profit	\$1,075,000
Farm land	\$8,541,000
Total	\$554,910,000

### *1% Utility Tax and 3% Gas Franchise*

Under section 407 of the Municipal Act, municipalities collect 1% of the local telephone, electricity, gas, and cable TV sales. Most also collect a franchise fee of 3% of the natural gas sales within the municipality, and this is assumed for Lake Country. Note that for 1995 there would be no revenue from this source, as the Municipal Act says that utility companies pay this tax on the basis of the preceding year's local consumption of their services. In 1995 there would have been no preceding year consumption in the municipality because incorporation would have just occurred, and so zero revenue is used for 1995.

**Table 7.2: Annual Municipal Revenues**  
(in 000s of constant 1994 dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Tax for munic. purposes	\$2,013	\$2,214	\$2,434	\$2,434	\$2,434	\$2,434	\$2,434	\$2,433	\$2,434	\$2,436
1% Utility tax + 3% gas	\$0	\$86	\$86	\$86	\$86	\$86	\$86	\$86	\$86	\$86
Grants in lieu of taxes	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Prov. Rev Sharing grant	\$412	\$412	\$412	\$412	\$412	\$412	\$412	\$412	\$412	\$412
Services to other gov'ts	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
Business + other licences	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20
Permits (bldg, etc) + fees	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120
Subdivision + zoning fees	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25
Kelowna rec ctr payment	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55
Garbage collection fees	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$124
Rec facilities revenue (net)	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88
Police bldg rent income	\$0	\$0	\$0	\$0	\$60	\$60	\$60	\$60	\$60	\$60
Other property rentals	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8
Tax penalties + interest	\$20	\$22	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24
Interest on bank account	\$30	\$33	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$37
Miscellaneous revenues	\$45	\$45	\$45	\$45	\$45	\$45	\$45	\$45	\$45	\$45
Transfer from incorp. fund	\$0	\$0	\$0	\$0	\$0	\$0	\$124	\$329	\$379	\$377
(A) Rev. for Municipal Use	\$2,973	\$3,265	\$3,491	\$3,491	\$3,551	\$3,551	\$3,675	\$3,879	\$3,930	\$3,930
(B) Tax for Regional Dist.	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$404
(C) Tax for school + others	\$1,030	\$1,030	\$1,030	\$1,030	\$1,030	\$1,030	\$1,030	\$1,030	\$1,030	\$1,030
Total Revenues (A+B+C)	\$4,407	\$4,699	\$4,925	\$4,925	\$4,985	\$4,985	\$5,109	\$5,313	\$5,364	\$5,364

### *Grants in Lieu of Taxes*

Grants in lieu of taxes from senior governments and their agencies are projected at about \$10,000 per year.

### *Provincial Revenue Sharing Grant*

The province's formula for the ongoing Revenue Sharing Act grant would produce a basic grant of about \$70,000 and a population based grant of \$342,000 (projected at \$40 per permanent resident), for a total of \$412,000 per year. Note that this is an on-going grant and not a short term assistance grant.

### *Business Licences*

Virtually all BC municipalities require business licences as a way to regulate and control the types of business. There are also other licences such as municipal plates for commercial vehicles. There are numerous businesses in the proposed municipal area, and a relatively low licence fee schedule could produce about \$20,000 per year.

### *Building Permits and Fees*

These revenues are projected based on the 1993-94 level of building activity. Note that this revenue is roughly offset by building inspection fees, so it is not "net" revenue. In 1994, CORD does not need taxes to pay for its building inspection service due to revenues from permits and past surpluses. If the rate of new building falls, both costs and revenues would fall.

### ***Subdivision and Zoning Fees***

There would be revenue from rezoning and subdivision applications. These help reduce the need for taxes to pay for planning services.

### ***Kelowna Recreation Payments***

The annual \$55,000 payment made by Kelowna towards the Winfield recreation centre would continue after incorporation. Under the current system it is made to CORD, but this would shift when the facility is transferred to the new municipality.

### ***Garbage Collection Fees***

The current fee of \$40 per home is assumed to apply under municipal status too. Under the current system, about 25% of CORD's \$38 parcel tax goes to pay for tipping fees at the dump. In the municipality it is assumed that there would be no parcel tax for this; instead, a general tax based on assessed values would be used.

### ***Recreation Revenues***

The revenues from the various Lake Country recreation buildings and parks are projected at the same level as included in the 1994 CORD budgets.

### ***Police Building Rent***

It is reasonable to assume that the province and the federal governments would want to locate some of their officers in the assumed new municipal police building. This revenue represents their share of building space.

### ***Other Property Rentals***

The new municipality would earn some revenues from the rental of other municipal properties and facilities.

### ***Tax Penalties and Interest***

Revenues in the form of penalties and interest on overdue taxes are linked to the total tax revenues.

### ***Interest on Bank Account***

As with the preceding item, revenues from this source are linked directly to the total tax revenues.

### ***Interest on Investments***

No investment interest has been projected because the new municipality is assumed to put all of its short-term grants into the capital fund and thus there would be no investments to earn interest outside of the capital fund.

### *Miscellaneous Revenue*

There would be numerous revenues from diverse sources such as fire service revenues, special public works services, occasional small grants, fines, sale of bylaws, and assorted other items. Based on experiences in comparable municipalities, these revenue are projected at \$45,000 per year.

### *Transfers from the Incorporation Fund*

In some of the early years the smoothed tax rate schedule produces too much or too little revenues. If there is a surplus, funds are put into the incorporation capital fund described in Chapter 5. If there is a shortfall, funds are transferred from the fund to make total revenues match total spending in the general fund. The incorporation capital fund is not allowed to fall below zero. By the end of the transition period, a long term annuity is assumed to generate revenue at a constant amount. This ensures the residual benefits of the early assistance grants are spread over a longer period than just the first few years.

### *Collection for Other Governments*

The new municipality would be the tax collector for other agencies that rely on property taxes – the school district, the hospital district, the BC Assessment Authority, and the Municipal Finance Authority. These collections appear equally on both the revenue side and spending side of the municipal budget.

- Collection for the Central Okanagan Regional District: This requisition from CORD was discussed in detail in Chapter 6 earlier.
- Collection for school, hospital, Municipal Finance Authority, and BC Assessment Authority purposes: The 1994 tax rates have been used to project future collections for these other governments. Note that none of these is affected by restructuring.

## **7.3 Municipal Spending**

This section outlines the projected municipal expenditures on an annual basis over the ten-year study period. Table 7.3 on the next page shows the budget details (as always, stated in terms of constant 1994 dollar values).

Some of the budget items projected for the new municipality are based on the level of service currently provided by the regional district, and no speculation is needed about these costs because they have already been identified in the regional district budget. Many other expenses have been projected using an analysis of budgets in municipalities such as Coldstream, Summerland, Parksville and View Royal. While there are no perfect matches to use when developing the projections – that is, no municipality is exactly the same as the study area – there is enough commonality among these communities to allow the development of reasonable projections for purposes here.

**Table 7.3: Annual Municipal Expenses (\$000s of Constant 1994 Dollars)**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Mun. council (incl expenses)	\$64	\$64	\$64	\$64	\$64	\$64	\$64	\$64	\$64	\$64
Admin + finance wages	\$310	\$310	\$413	\$413	\$413	\$413	\$413	\$413	\$413	\$413
Liability + property insurance	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41
Mun hall mtce + utilities	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35
Legal, audit, other profess.	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30
Community grants	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15
Equipment + computers	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15
Supplies, training, misc	\$28	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$37
Water admin cost recovery	\$0	\$0	-\$183	-\$183	-\$183	-\$183	-\$183	-\$183	-\$183	-\$183
<b>Total General Gov't</b>	<b>\$538</b>	<b>\$547</b>	<b>\$467</b>	<b>\$467</b>	<b>\$467</b>	<b>\$467</b>	<b>\$467</b>	<b>\$467</b>	<b>\$467</b>	<b>\$467</b>
RCMP	\$0	\$0	\$0	\$0	\$0	\$152	\$359	\$563	\$614	\$614
Fire – equip + halls	\$67	\$67	\$67	\$67	\$67	\$67	\$67	\$67	\$67	\$67
Fire – wages + volunteers	\$131	\$131	\$131	\$131	\$131	\$131	\$131	\$131	\$131	\$131
Fire – debt, misc	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19	\$19
Bldg inspect'n, permits	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Bylaw enforcement	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35
Animal ctrl + emerg. plan	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9
<b>Total Protective</b>	<b>\$361</b>	<b>\$361</b>	<b>\$361</b>	<b>\$361</b>	<b>\$361</b>	<b>\$513</b>	<b>\$720</b>	<b>\$924</b>	<b>\$975</b>	<b>\$975</b>
Admin + engineering	\$103	\$207	\$207	\$207	\$207	\$207	\$207	\$207	\$207	\$207
Road mtce, snow + ice	\$0	\$242	\$448	\$448	\$448	\$448	\$448	\$448	\$448	\$448
Storm drainage	\$34	\$68	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90
Traffic control + parking	\$0	\$38	\$56	\$56	\$56	\$56	\$56	\$56	\$56	\$56
Equipment mtce	\$0	\$35	\$52	\$52	\$52	\$52	\$52	\$52	\$52	\$52
Street lights	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1
Works yard + shop	\$0	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25
<b>Total Transport</b>	<b>\$138</b>	<b>\$616</b>	<b>\$879</b>	<b>\$879</b>	<b>\$879</b>	<b>\$879</b>	<b>\$879</b>	<b>\$879</b>	<b>\$879</b>	<b>\$879</b>
Land use planning	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161
Community promotion	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2
<b>Total Community Devel.</b>	<b>\$163</b>	<b>\$163</b>	<b>\$163</b>	<b>\$163</b>	<b>\$163</b>	<b>\$163</b>	<b>\$163</b>	<b>\$163</b>	<b>\$163</b>	<b>\$163</b>
Public health + cemetery	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
Garbage collection	\$163	\$146	\$146	\$146	\$146	\$146	\$146	\$146	\$146	\$146
Recycling	\$33	\$29	\$29	\$29	\$29	\$29	\$29	\$29	\$29	\$29
<b>Total Environment Health</b>	<b>\$199</b>	<b>\$178</b>	<b>\$178</b>	<b>\$178</b>	<b>\$178</b>	<b>\$178</b>	<b>\$178</b>	<b>\$178</b>	<b>\$178</b>	<b>\$178</b>
Recreation administration	\$0	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60
Lake Country shared facility	\$151	\$143	\$143	\$143	\$143	\$143	\$143	\$143	\$143	\$143
Winfield rec'n centre + fields	\$478	\$432	\$432	\$432	\$432	\$432	\$432	\$432	\$432	\$432
Winfield seniors centre	\$65	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60
Community parks	\$255	\$234	\$234	\$234	\$234	\$234	\$234	\$234	\$234	\$234
<b>Total Rec'n and Culture</b>	<b>\$949</b>	<b>\$929</b>	<b>\$929</b>	<b>\$929</b>	<b>\$929</b>	<b>\$929</b>	<b>\$929</b>	<b>\$929</b>	<b>\$929</b>	<b>\$929</b>
Capital fund: On-going items	\$80	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220
Capital fund: Stability tsfrs	\$434	\$136	\$175	\$175	\$235	\$83	\$0	\$0	\$0	\$0
<b>Total transfer to capital fund</b>	<b>\$514</b>	<b>\$356</b>	<b>\$395</b>	<b>\$395</b>	<b>\$455</b>	<b>\$303</b>	<b>\$220</b>	<b>\$220</b>	<b>\$220</b>	<b>\$220</b>
Transfers to reserves	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75
New long term debt paymt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bank interest charges	\$36	\$40	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44
<b>Total Fiscal Services</b>	<b>\$625</b>	<b>\$471</b>	<b>\$514</b>	<b>\$514</b>	<b>\$574</b>	<b>\$422</b>	<b>\$339</b>	<b>\$339</b>	<b>\$339</b>	<b>\$339</b>
(A) Municipal Costs (above)	\$2,973	\$3,265	\$3,491	\$3,491	\$3,551	\$3,551	\$3,675	\$3,879	\$3,930	\$3,930
(B) Tax for Regional Dist.	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$404	\$404
(C) Tax for school + others	\$1,030	\$1,030	\$1,030	\$1,030	\$1,030	\$1,030	\$1,030	\$1,030	\$1,030	\$1,030
<b>Total Expenses (A+B+C)</b>	<b>\$4,407</b>	<b>\$4,699</b>	<b>\$4,925</b>	<b>\$4,925</b>	<b>\$4,985</b>	<b>\$4,985</b>	<b>\$5,109</b>	<b>\$5,313</b>	<b>\$5,364</b>	<b>\$5,364</b>



### *General Government*

*Legislative expenses* include remuneration for the mayor, council members and their disbursements. The Municipal Act stipulates that a district municipality – which Lake Country would be – is to have 6 councillors and a mayor. Total legislative costs are projected at \$62,000, including conventions and travel for council members. Based on experiences elsewhere, the mayor would receive remuneration of \$10,000-\$13,000; each councillor would be paid \$5,000-\$8,000. Council itself would set these figures.

*Administration staff costs* (including benefits) are projected at about \$400,000, which would cover an administrator, a treasurer, and 5-7 permanent office support staff, for a total of 7-9 administration staff. The budget allowance would also cover temporary help as needed.

*Insurance costs* are based on the rates established by the Municipal Insurance Association, plus an extra amount for property insurance. It is assumed that a *municipal hall* would be operated and maintained at a cost of about \$35,000 per year. Alternatively, this could be viewed as rent for suitable premises if the municipality does not have its own building and site.

*Professional fees* are projected at \$30,000. *Community grants* to organizations and charities are projected at the CORD 1994 grant level of \$14,800 for Electoral Area A. *Equipment and computer contracts* are budgeted at \$15,000 per year. *Office supplies and miscellaneous expenses* are projected to reach \$27,000.

Some of these administration costs would likely be a bit lower in the first year as the municipal administration establishes itself. However, recent new incorporations suggest that the full cost levels are reached very soon after incorporation, so by the second year the full "normal" cost is assumed.

Not all the administration costs need general tax dollars. Many municipalities charge their water, sewer and other utility systems an *administration fee* to recover part of the general administration costs that would otherwise be financed by general property taxpayers alone. This recovery shifts some of the cost onto the utilities themselves and represents a fairer way of viewing the true utility costs. The financial statements and budgets from the three water improvement districts – the Winfield and Okanagan Centre Irrigation District, the Oyama Irrigation District, and the Wood Lake Improvement District – indicate that the combined administration costs for the three water systems is about \$200,000. The 1994 fee structure of each district raises enough funds to pay for these. However, after incorporation these administration costs would show up as part of the general operating budget of the municipality instead. If the 1994 fee structure of each water district is held constant after incorporation, a total of \$180,000 could be used to offset the general administration costs. It is assumed that the water districts would not be dissolved until the end of the second year, so this revenue would not start until the third year. Water fees would not be affected.

### *Police Services*

The municipality would ordinarily become responsible for its policing in 1997, but the province has offered to delay this until March 31, 2000. It is assumed the new municipality would, like most BC municipalities, sign a contract with the RCMP for this service. A ratio of 1 officer per 1000 residents would mean 8-9 municipal officers. Under the contract, the municipal share of the officer cost would be 70%. Civilian staff would be the responsibility of the municipality alone. The province has offered to phase in the municipal share: the province would pay 67% for 2000-2001 and 33% of the normal municipal share in 2001-2002. The municipality would not pay a full share until 2003.

In addition to the contract and civilian wage costs, the projected budget allowance also covers the maintenance of the assumed new police building. The municipality would receive some rent from officers assigned to provincial and federal duties.

### *Fire Protection*

Incorporation would not bring about the need for professional fire fighters in Lake Country; the existing reliance on volunteers could continue, as it does in many other municipalities. There would, however, be a need for extra wage costs for a chief to ensure coordination of the three departments, as well as extra funds to standardize small equipment and to standardize volunteer remuneration. Most of the administration costs in each fire department's budget would fall, since the general administration costs already discussed would include these functions.

The projected municipal spending on fire protection is based on the budgets of the three fire departments excluding their administration costs but including extra costs for standardization and coordination. Note that the projections exclude some capital spending and transfers to reserve funds.

### *Other Protection*

As discussed in Chapter 6, the *building inspection* service could be contracted out to either the CORD or to a private contractor. The estimated cost of providing this service is \$100,000; this will vary with building activity. However, there would also be revenues from building permits to reduce the need for taxes. *Bylaw enforcement* costs, based on experiences elsewhere, are projected at \$35,000 per year. *Dog control* costs for the municipality are projected at the amount paid to CORD by Area A in 1994 cost, less the CORD administration charge of \$1,700; the contract could be with a private party instead. A minor amount is included for emergency plan preparation.

### *Road Transport*

There are about 174 km of roads in the study area that would become a municipal responsibility as a result of incorporation. These roads are now maintained by the province's contractor. The province would have its contractor maintain the roads at no cost to the municipality until the end of the new contract on May 8, 1996.

Note that Highway 97 would remain a provincial responsibility rather than a municipal one.

It is assumed here that the municipality would follow the example of most BC municipalities and run its own public works department; contractors would still be used, but for a limited number of projects and tasks. Note, however, that council could choose to contract all of this service out, just as the province has done for the last several years. Because almost no municipalities have elected to do this on a permanent basis, it is wiser to assume a Lake Country council would choose to run its own department too. The advantages of a municipal department include the flexibility to shift staff and equipment resources as needed, such as from road repair to water repair, whereas a private contract is less flexible. Many people believe a contract system would be less costly than a municipal department, although others argue the lower cost is the result of a lower service standard and not the result of a more efficient operation.

The costs projected here are based on the spending patterns in other municipalities after adjusting for differences in road lengths. *Administration and engineering* costs would be incurred right away, since the municipality would have to develop prioritized plans for road improvements as well as road maintenance. The costs of *maintaining streets and roads* (including street cleaning and snow removal) are projected at about \$2,500 per km of road, although some will cost more and others less than this average. Little effort is now paid to drainage improvements; municipal status will mean a greater focus on identifying and correcting storm drainage problems. The municipality would undoubtedly have to operate its own public works yard and modest garage for its equipment; it is expected that Crown land would be granted for this purpose, but there would still be an ongoing operations cost. In total, the projected road transport budget is almost \$780,000 per year, which works out to \$5,120 per kilometer. This compares to net costs of \$5,290 in Summerland, \$5,300 in Coldstream, and \$5,900 in View Royal.

*Note:* In 1996, not all of these costs would be faced by the new municipality because the province has offered to have its contractor maintain the roads at no cost to the municipality until May 1996.

### *Community Planning*

It is assumed the municipality would either contract out its *technical planning function* or establish its own planning department for about the same tax amount as the community paid in CORD taxes in 1994 – about \$136,000. The total cost would be about \$161,000, but revenues from subdivision and rezoning applications would reduce the tax need to \$136,000 (just as happens now). This excludes any work funded by provincial planning grants. For the first year, however, the municipality should use CORD for its planning to ensure continuity and help create a smooth transition. It is assumed that the municipality would, like many others, spend a modest amount of money each year on various community promotion programs.

### *Environmental Health*

A minor amount is budgeted for *public health services and cemetery*.

It is assumed that residential *garbage collection* would be contracted out at approximately the same average cost per home as the regional district pays now under its contract (about \$47 per home). For the first year, however, it is assumed that the contract is with CORD, at a price that, as in 1994, includes CORD's 12% administration overhead charge. The first year would thus cost more than the second and later years.

Recycling costs are projected at CORD's 1994 average cost (about \$9.50 per home). Again, the first year's service is assumed to be provided under a contract with CORD, so the year's cost includes CORD's 12% administration charge.

### *Recreation*

It is assumed that the new municipality would, for the first year, contract with the regional district for the maintenance of *east side parks* at the same rate as was paid in 1994 (\$161,000); after that it is assumed the municipality could arrange the maintenance on its own at essentially the same cost, but without CORD's \$17,000 administration charge. The costs for Beasley Park are included in the eastside parks projections. The same principle is used for the Lake Country shared use facility, the Winfield recreation centre, and the Winfield recreation fields. The cost of the Winfield seniors centre is projected at the 1994 CORD cost. It is assumed that funding for the Winfield seniors centre would come from all taxpayers in the municipality, not just those who live in the current taxing area. There are recreation revenues to help pay for these recreation facilities.

After the first year the cost of running each facility would fall because the CORD administration overhead charges would no longer apply. However, it is likely that the municipality would engage its own recreation director to manage all the facilities and parks, and so a recreation administration cost is shown starting in year 2. This cost includes wages, supplies, and incidental costs for this service.

### *Fiscal Services*

Every year, tax dollars would be used to help pay for specific *on-going capital projects* (see Chapter 5); the allowance here is \$220,000 per year, as discussed earlier in Chapter 5. The smoothed tax rates used in this study would produce too much tax revenues in some early years, and when this occurs the excess is transferred to the capital fund in the form of a *tax stability transfer*.

*Transfers to reserves* are a normal part of municipal spending. An annual allowance of \$75,000 is used for the projections here. Use of reserves helps minimize the need for debt financing of equipment and other capital items that must be replaced due to aging.

*Bank interest charges*, and interest on operating loans prior to tax payment time, are projected on the basis of total municipal operating costs; the higher the costs, the greater the short-term operating loan interest.

### ***Collections for Other Governments***

These amounts are the annual tax requisitions collected for the various other bodies that levy property taxes. The amounts collected from the local taxpayers for these taxing bodies are the same on both the revenue and expense sides.

### ***Summary of Spending***

For costs that must be projected for the municipality because they do not exist under the current system, the projected spending for a Lake Country municipality is consistent with the experiences in some other municipalities. The main items in this category are:

- General administration: The projected cost is higher than average on a per capita basis but a bit below average on a per dwelling basis:
  - Lake Country projection: \$54 per person
  - Coldstream \$52 per person
  - View Royal \$56 per person
  - Summerland \$74 per person
- Road maintenance: After adjusting for street light differences, the Lake Country cost per km is close to the costs in the other municipalities:
  - Lake Country projection: \$5,120 per km
  - Coldstream \$5,300 per km
  - View Royal \$5,900 per km
  - Summerland \$5,290 per km
- Capital spending: The 10-year average for Lake Country is higher than the 1994 figures for the other towns. This is mainly because substantial capital spending would take place on roads and infrastructure using short term grants rather than using on-going tax dollars.
  - Lake Country "normal" spending after yr 8 \$26 per person
  - Lake Country 10-yr average spending \$62 per person
  - Coldstream (1994) \$20 per person
  - View Royal (1994) \$19 per person
  - Summerland (1994) \$24 per person

## **7.4 Tax Impacts**

The total tax revenues needed to balance the books and the total assessment base can be combined to determine the tax rates each year. These tax rates can then be applied to sample properties to determine the impacts of incorporation.

Table 7.4 shows the general taxes for a "normal" year operation of the municipality – that is, after many of the start-up capital projects have been completed and all the assistance grants have been received. The tax rates are lower

in the early years, before the municipality has attained its "normal" financial status. As can be seen in the table, incorporation of a new municipality is projected to bring about a tax increase compared to the current system. The higher the assessment, the greater the tax impact. *This tax increase would occur gradually over the first three years and not all at once.*

The tables below shows the "before and after" impacts for homes in Lake Country. Note that the same basic municipal tax rate would be charged everywhere in the municipality. The only special area taxes would be for transit, water, and street lights.

**Table 7.4: Impacts on Homes – Tax per \$100,000 Assessment**  
Changes between the current system's 1994 taxes and the municipal status taxes

	Winfield Per \$100,000 Asmnt			Okanagan Centre Per \$100,000 Asmnt		
	Current Status	New Munic.	Change	Current Status	New Munic.	Change
	CORD land + bldg tax	\$129	\$42	-\$87	\$129	\$42
CORD tax on bldg only	\$64	\$3	-\$61	\$64	\$3	-\$61
CORD tax on land only	\$5	\$5	\$0	\$5	\$5	\$0
CORD transit	\$64	\$64	\$0	\$0	\$0	\$0
CORD waste mgmnt	\$38	\$21	-\$17	\$38	\$21	-\$17
CORD Winfield senior ctre	\$12	\$0	-\$12	\$12	\$0	-\$12
Fire (CORD or imp. dist)	\$34	\$0	-\$34	\$34	\$0	-\$34
Library district	\$28	\$28	\$0	\$28	\$28	\$0
Provincial tax collection*	\$20	\$0	-\$20	\$16	\$0	-\$16
Provincial tax ("Rural tax")	\$125	\$0	-\$125	\$125	\$0	-\$125
Municipal tax - general	\$0	\$401	\$401	\$0	\$401	\$401
School, hosp, others	\$473	\$473	\$0	\$473	\$473	\$0
Gross Property Tax	\$992	\$1,037	\$45	\$924	\$973	\$49
Garbage collection fee	\$40	\$40	\$0	\$40	\$40	\$0
Gross Taxes + Fees	\$1,032	\$1,077	\$45	\$964	\$1,013	\$49

	Oyama Per \$100,000 Asmnt			Carrs Landing Per \$100,000 Asmnt		
	Current Status	New Munic.	Change	Current Status	New Munic.	Change
	CORD land + bldg tax	\$129	\$42	-\$87	\$129	\$42
CORD tax on bldg only	\$64	\$3	-\$61	\$64	\$3	-\$61
CORD tax on land only	\$5	\$5	\$0	\$5	\$5	\$0
CORD transit	\$0	\$0	\$0	\$0	\$0	\$0
CORD waste mgmnt	\$38	\$21	-\$17	\$38	\$21	-\$17
CORD Winfield senior ctre	\$12	\$0	-\$12	\$12	\$0	-\$12
Fire (CORD or imp. dist)	\$73	\$0	-\$73	\$57	\$0	-\$57
Library district	\$28	\$28	\$0	\$28	\$28	\$0
Provincial tax collection*	\$18	\$0	-\$18	\$17	\$0	-\$17
Provincial tax ("Rural tax")	\$125	\$0	-\$125	\$125	\$0	-\$125
Municipal tax - general	\$0	\$401	\$401	\$0	\$401	\$401
School, hosp, others	\$473	\$473	\$0	\$473	\$473	\$0
Gross Property Tax	\$965	\$973	\$8	\$948	\$973	\$25
Garbage collection fee	\$40	\$40	\$0	\$40	\$40	\$0
Gross Taxes + Fees	\$1,005	\$1,013	\$8	\$988	\$1,013	\$25

\* Tax collection fee does not apply in a municipality  
Excludes water costs and street light costs, which would not be affected by incorporation

**Table 7.5: Tax Impacts of Incorporation on Winfield Businesses**  
 Changes between the current system's 1994 taxes and the municipal status taxes

1994 Assessed Value =	\$250,000			\$500,000			\$750,000		
	Current Status	New Munic.	Change	Current Status	New Munic.	Change	Current Status	New Munic.	Change
CORD land + bldg tax	\$790	\$255	-\$535	\$1,581	\$510	-\$1,071	\$2,371	\$766	-\$1,605
CORD tax on bldg only	\$357	\$19	-\$338	\$713	\$38	-\$675	\$1,070	\$57	-\$1,013
CORD tax on land only	\$33	\$33	\$0	\$67	\$67	\$0	\$100	\$100	\$0
CORD transit	\$389	\$389	\$0	\$779	\$779	\$0	\$1,168	\$1,168	\$0
CORD waste mgmnt	\$38	\$21	-\$17	\$38	\$21	-\$17	\$38	\$21	-\$17
CORD Winfield senior centre	\$67	\$0	-\$67	\$134	\$0	-\$134	\$202	\$0	-\$202
Fire (CORD or imp. dist)	\$206	\$0	-\$206	\$411	\$0	-\$411	\$617	\$0	-\$617
Library district	\$169	\$169	\$0	\$339	\$339	\$0	\$508	\$508	\$0
Provincial tax collection*	\$108	\$0	-\$108	\$213	\$0	-\$213	\$319	\$0	-\$319
Provincial tax ("Rural tax")	\$1,000	\$0	-\$1,000	\$2,000	\$0	-\$2,000	\$3,000	\$0	-\$3,000
Municipal tax - general	\$0	\$2,453	\$2,453	\$0	\$4,906	\$4,906	\$0	\$7,359	\$7,359
School, hosp, others	\$2,837	\$2,837	\$0	\$5,629	\$5,629	\$0	\$8,444	\$8,444	\$0
Gross Property Taxes	\$5,994	\$6,176	(\$182)	\$11,904	\$12,289	(\$385)	\$17,837	\$18,423	(\$586)

\* Tax collection fee does not apply in a municipality  
 Excludes water costs and street light costs, which would not be affected by incorporation

**Table 7.6: Tax Impacts of Incorporation on Farms**  
 Changes between the current system's 1994 taxes and the municipal status taxes

1994 Assessed Value =	Winfield Farm with Home \$65,000			Oyama Farm with Home \$65,000			Vacant Winfield Farm \$15,000		
	Current Status	New Munic.	Change	Current Status	New Munic.	Change	Current Status	New Munic.	Change
CORD land + bldg tax	\$74	\$24	-\$50	\$74	\$24	-\$50	\$10	\$3	-\$7
CORD tax on bldg only	\$58	\$3	-\$55	\$58	\$3	-\$55	\$0	\$0	\$0
CORD tax on land only	\$1	\$1	\$0	\$1	\$1	\$0	\$1	\$1	\$0
CORD transit	\$37	\$37	\$0	\$0	\$0	\$0	\$5	\$5	\$0
CORD waste mgmnt	\$38	\$21	-\$17	\$38	\$21	-\$17	\$0	\$0	\$0
CORD Winfield senior centre	\$11	\$0	-\$11	\$11	\$0	-\$11	\$0	\$0	\$0
Fire (CORD or imp. dist)	\$19	\$0	-\$19	\$42	\$0	-\$42	\$3	\$0	-\$3
Library district	\$16	\$16	\$0	\$16	\$16	\$0	\$2	\$2	\$0
Provincial tax collection*	\$13	\$0	-\$13	\$13	\$0	-\$13	\$1	\$0	-\$1
Provincial tax ("Rural tax")	\$8	\$0	-\$8	\$8	\$0	-\$8	\$8	\$0	-\$8
Municipal tax - general	\$0	\$208	\$208	\$0	\$208	\$208	\$0	\$8	\$8
School, hosp, others	\$291	\$291	\$0	\$343	\$343	\$0	\$107	\$107	\$0
Gross Property Taxes	\$566	\$601	\$35	\$604	\$616	\$12	\$137	\$126	-\$11
Garbage collection fee	\$40	\$40	\$0	\$40	\$40	\$0	\$0	\$0	\$0
Gross Taxes + Fees	\$606	\$641	(\$35)	\$644	\$656	(\$12)	\$137	\$126	(\$11)

\* Tax collection fee does not apply in a municipality  
 Excludes water costs and street light costs, which would not be affected by incorporation

## 7.5 What If ... ?

The preceding tax impacts are based on a number of projections and assumptions about what a municipal council would choose in terms of spending levels and service improvements. Several uncertainties and assumptions are worth testing.

### *Different Municipal Spending Levels*

It is difficult to predict what a future, unknown municipal council might choose in the way of service priorities and service levels, especially in a new municipality. It is entirely possible that a municipal council could be more lavish than assumed in this report, just as it is possible that a municipal council could be more frugal than projected here. While the service levels assumed in this report are reasonable and supportable, it must be noted that they are only projections, not predictions, and they are not binding on any future municipal council.

The annual costs of municipal services (ignoring collections for other governments) are projected to be about \$3.9 million. If this projection is out by 10%, then municipal taxes must be raised or lowered by almost \$390,000.

This change in municipal tax revenues would translate into a *tax rate* change of \$0.52 per \$1000 assessed value. The tax rate would have to rise \$0.64 per \$1000 assessment to generate an extra \$390,000, and fall \$0.64 to save \$390,000. This would add \$64 to the tax jump presented in the basic analyses, or reduce the jump by \$64 if municipal council chooses a lower spending level than projected here.

The most likely reasons for lower spending than projected include these possibilities:

- Contracted road maintenance
- Contracted planning services
- Reduced capital spending on road improvements

However, based on the experiences in other municipalities, it seems unlikely that such cost reductions could be attained without a particularly motivated and cost conscious municipal council.

**Table 7.7: Tax Impact of Different Annual Spending Per \$1000,000 Asmnt**

\$100,000 Assessed Home in ...	Winfield	Okan Centre	Oyama	Carrs Landing
<b>10% Higher Spending</b>				
Tax increase in basic analysis	\$45	\$49	\$ 8	\$25
Extra due to higher spending	\$64	\$64	\$64	\$64
Revised tax INCREASE	\$109	\$113	\$72	\$89
<b>10% Lower Spending</b>				
Tax increase in basic analysis	\$45	\$49	\$ 8	\$25
Savings due to lower spending	\$64	\$64	\$64	\$64
Revised tax SAVINGS	\$19	\$15	\$56	\$39



### *Different Capital Spending*

What would happen if the municipality spends \$1 million more, or less, on start-up infrastructure than was assumed in the basic analysis? Table 7.6 shows the impacts of this higher or lower capital spending. The impacts are less than the impacts of altered *annual* spending (just discussed) because this test changes only one year's spending, as opposed to a 10% change in the annual spending every year.

**Table 7.8: Tax Impact of Different Capital Spending**

\$100,000 Assessed Home in ...	Winfield	Okan Centre	Oyama	Carrs Landing
<b>Extra \$1 Million in 1996</b>				
Tax increase in basic analysis	\$45	\$49	\$ 8	\$25
Extra due to extra \$1 million	\$12	\$12	\$12	\$12
Revised tax increase	\$57	\$61	\$20	\$37
<b>\$1 Million Less in 1996</b>				
Tax increase in basic analysis	\$45	\$49	\$ 8	\$25
Savings due to lower spending	\$12	\$12	\$12	\$12
Revised tax increase	\$33	\$37	-\$ 4	\$13

### *Lower Road Grants*

There is no guarantee that the municipality would receive the full 75% provincial funding for the eligible road improvements identified by the Ministry of Transportation and Highways. Only council can make the decision to improve the roads, and it is reasonable to assume that council would not proceed with the work unless it has a commitment of 75% funding from the province.

However, it may turn out that less than 75% funding is available from the province. In this case the municipality would bear more of the cost than assumed in the basic analysis, which would mean new debts and higher taxes

The following table shows the impacts if only 25% and 50% funding is obtained from the province.

**Table 7.9: Tax Impact of Lower Road Grants**

\$100,000 Assessed Home in ...	Winfield	Okan Centre	Oyama	Carrs Landing
<b>50% Provincial Funding</b>				
Tax increase in basic analysis	\$45	\$49	\$ 8	\$25
Extra due to higher spending	\$ 9	\$ 9	\$ 9	\$ 9
Revised tax increase	\$54	\$58	\$17	\$34
<b>25% Provincial Funding</b>				
Tax increase in basic analysis	\$45	\$49	\$ 8	\$25
Extra due to higher spending	\$ 9	\$ 9	\$ 9	\$ 9
Revised tax increase	\$36	\$40	-\$ 1	\$16

### ***Rapid Population Growth***

There is no basis to suggest that rapid growth would produce municipal tax projections much different than the "snapshot", low-growth analysis used for the basic analysis. This is because the only significant cost threshold directly related to population – policing costs – requires a permanent, year-round population over 5000 in a municipality. Given that Lake Country's population is already well over this threshold, added population will not hasten the cost.

In general terms – that is, aside from the specific policing question – there is no rule that community growth produces higher or lower taxes. Each case must be evaluated entirely on its own merits. For example, growth means a bigger tax base but it might also require an expansion of physical services such as water or roads, and these extra costs could offset the extra tax base.

The tax changes brought about by growth depend on many factors, one of which is how municipal council manages growth. Management here refers to how well planned the growth is, whether the capacities of services have been properly expanded, what cost recovery tools have been chosen by council, and so on. Community growth could mean higher or lower taxes under either form of local government. While the controls available for taxes are greater under municipal status (for example, the rural tax rate under the current system is completely unrelated to local service costs), this greater local control by itself does not guarantee lower taxes.

## Chapter 8

# ***Summary and Conclusions***

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### **8.1 What Has Been Examined**

This study has looked at the impacts of creating a municipality in the Lake Country region of the Okanagan Valley. There is of course the option of remaining under the current system. *Residents of the area are not required to change their form of local government.* A decision not to incorporate means the continuation as an unincorporated area of the Central Okanagan Regional District, with a number of improvement districts for fire and water services. Either way, however, there will be continued pressure for growth and development in the community.

The essential questions facing the residents, then, are these:

*What form of local government will best protect what I like about my community and attain what I want it to be, and what will this cost?*

To some residents, a change to the current system is not warranted; to others, municipal status will offer more advantages.

There is increasing interest in protecting the quality of lake water, prompted by the lakes' role as the community's focal points as well as by the increasing property values that are related to the amenity value of the lakes. Increased local control over land uses is one way to enhance the residents' influence over lake water quality.

### **8.2 Tax Impacts on Homes**

Property taxes in the first few years after incorporation would not truly reflect the long-term financial picture. Short-term provincial grants and the phase-in of responsibility for local services mean that tax rates in the first few years would not be the same as the eventual, 'normal' rate. Residents should base their decision on the normal, long-term rate and not on the short-term, temporary rate.

The tax impacts of a restructure option are stated as the difference between its future projected taxes and the 1994 current situation taxes. This is somewhat unfair because it ignores tax increases that will happen under the current system

but that are too hard to project with confidence. For example, the province sets the rural tax rate and no local area has any significant influence on this rate. Rather than speculate about future taxes under the current system, the actual 1994 rates are used here in each "before and after" comparison.

It is projected that municipal status would mean higher taxes than the current system. The following table shows the tax projections for the local government options. *Note again that the municipal status taxes refer to "normal" year taxes, after the first few transitional years when taxes would be artificially low. All figures are stated in constant 1994 dollar values; inflation will raise them.*

**Table 8.1: Property Tax Impacts on Winfield Homes**

1994 Assessed Value =	\$50,000	\$75,000	\$100,000	\$125,000	\$150,000	\$175,000	\$200,000	\$225,000	\$250,000
<b>No Home Owner Grant</b>									
Municipal status gross tax	\$569	\$822	\$1,076	\$1,329	\$1,583	\$1,837	\$2,090	\$2,344	\$2,597
Current system net tax	\$554	\$792	\$1,030	\$1,268	\$1,505	\$1,743	\$1,980	\$2,218	\$2,455
Rise due to incorporation	\$15	\$30	\$46	\$61	\$78	\$94	\$110	\$126	\$142
<b>Owner Under 65</b>									
Municipal status net tax	\$390	\$390	\$606	\$859	\$1,113	\$1,367	\$1,620	\$1,874	\$2,127
Current system net tax	\$390	\$390	\$560	\$798	\$1,035	\$1,273	\$1,510	\$1,748	\$1,985
Rise due to incorporation	\$0	\$0	\$46	\$61	\$78	\$94	\$110	\$126	\$142
<b>Owner 65 or Older</b>									
Municipal status net tax	\$140	\$140	\$331	\$584	\$838	\$1,092	\$1,345	\$1,599	\$1,852
Current system net tax	\$140	\$140	\$285	\$523	\$760	\$998	\$1,235	\$1,473	\$1,710
Rise due to incorporation	\$0	\$0	\$46	\$61	\$78	\$94	\$110	\$126	\$142

*Excludes water charges and street light taxes, which would not be affected by incorporation; some numbers are rounded slightly*

**Table 8.2: Property Tax Impacts on Okanagan Centre Homes**

1994 Assessed Value =	\$50,000	\$75,000	\$100,000	\$125,000	\$150,000	\$175,000	\$200,000	\$225,000	\$250,000
<b>No Home Owner Grant</b>									
Municipal status gross tax	\$537	\$774	\$1,012	\$1,250	\$1,488	\$1,725	\$1,963	\$2,201	\$2,439
Current system net tax	\$521	\$742	\$963	\$1,184	\$1,404	\$1,625	\$1,847	\$2,068	\$2,288
Rise due to incorporation	\$16	\$32	\$49	\$66	\$84	\$100	\$116	\$133	\$151
<b>Owner Under 65</b>									
Municipal status net tax	\$390	\$390	\$542	\$780	\$1,018	\$1,255	\$1,493	\$1,731	\$1,969
Current system net tax	\$390	\$390	\$493	\$714	\$934	\$1,175	\$1,377	\$1,598	\$1,818
Rise due to incorporation	\$0	\$0	\$49	\$66	\$84	\$2,430	\$116	\$133	\$151
<b>Owner 65 or Older</b>									
Municipal status net tax	\$140	\$140	\$267	\$505	\$743	\$980	\$1,218	\$1,456	\$1,694
Current system net tax	\$140	\$140	\$218	\$439	\$659	\$880	\$1,102	\$1,323	\$1,543
Rise due to incorporation	\$0	\$0	\$49	\$66	\$84	\$100	\$116	\$133	\$151

*Excludes water charges and street light taxes, which would not be affected by incorporation; some numbers are rounded slightly*

**Table 8.3: Property Tax Impacts on Oyama Homes**

1994 Assessed Value =	\$50,000	\$75,000	\$100,000	\$125,000	\$150,000	\$175,000	\$200,000	\$225,000	\$250,000
<b>No Home Owner Grant</b>									
Municipal status gross tax	\$537	\$774	\$1,012	\$1,250	\$1,488	\$1,725	\$1,963	\$2,201	\$2,439
Current system net tax	\$541	\$773	\$1,004	\$1,236	\$1,466	\$1,697	\$1,929	\$2,160	\$2,390
Rise due to incorporation	-\$4	\$1	\$8	\$14	\$22	\$28	\$34	\$41	\$49
<b>Owner Under 65</b>									
Municipal status net tax	\$390	\$390	\$542	\$780	\$1,018	\$1,255	\$1,493	\$1,731	\$1,969
Current system net tax	\$390	\$390	\$534	\$766	\$996	\$1,227	\$1,459	\$1,690	\$1,920
Rise due to incorporation	\$0	\$0	\$8	\$14	\$22	\$28	\$34	\$41	\$49
<b>Owner 65 or Older</b>									
Municipal status net tax	\$140	\$140	\$267	\$505	\$743	\$980	\$1,218	\$1,456	\$1,694
Current system net tax	\$140	\$140	\$259	\$491	\$721	\$952	\$1,184	\$1,415	\$1,645
Rise due to incorporation	\$0	\$0	\$8	\$14	\$22	\$28	\$34	\$41	\$49

*Excludes water charges and street light taxes, which would not be affected by incorporation; some numbers are rounded slightly*

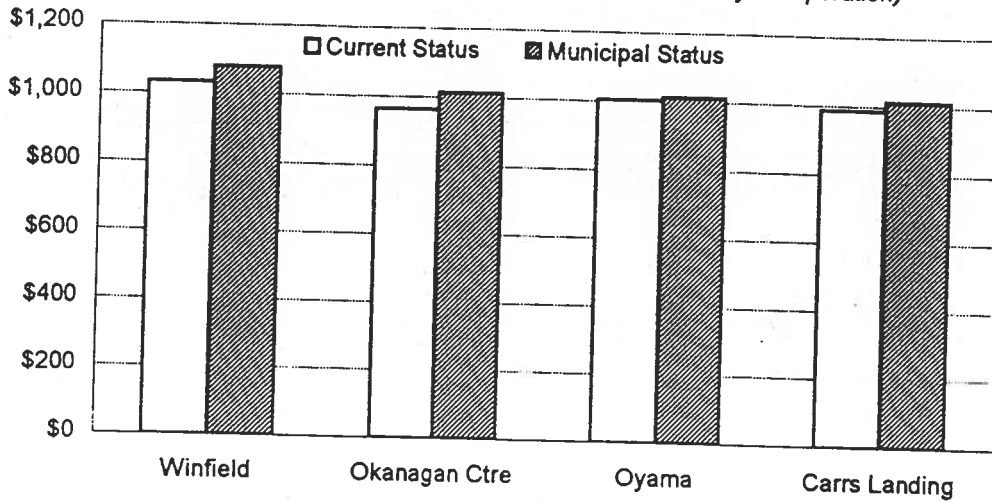
**Table 8.4: Property Tax Impacts on Carrs Landing Homes**

1994 Assessed Value =	\$50,000	\$75,000	\$100,000	\$125,000	\$150,000	\$175,000	\$200,000	\$225,000	\$250,000
<b>No Home Owner Grant</b>									
Municipal status gross tax	\$537	\$774	\$1,012	\$1,250	\$1,488	\$1,725	\$1,963	\$2,201	\$2,439
Current system net tax	\$534	\$761	\$988	\$1,216	\$1,442	\$1,669	\$1,897	\$2,124	\$2,350
Rise due to incorporation	\$3	\$13	\$24	\$34	\$46	\$56	\$66	\$77	\$89
<b>Owner Under 65</b>									
Municipal status net tax	\$390	\$390	\$542	\$780	\$1,018	\$1,255	\$1,493	\$1,731	\$1,969
Current system net tax	\$390	\$390	\$518	\$746	\$972	\$1,199	\$1,427	\$1,654	\$1,880
Rise due to incorporation	\$0	\$0	\$24	\$34	\$46	\$56	\$66	\$77	\$89
<b>Owner 65 or Older</b>									
Municipal status net tax	\$140	\$140	\$267	\$505	\$743	\$980	\$1,218	\$1,456	\$1,694
Current system net tax	\$140	\$140	\$243	\$471	\$697	\$924	\$1,152	\$1,379	\$1,605
Rise due to incorporation	\$0	\$0	\$24	\$34	\$46	\$56	\$66	\$77	\$89

*Excludes water charges and street light taxes, which would not be affected by incorporation; some numbers are rounded slightly*

The following chart show the increase in taxes for an average home in each of the four different tax areas.

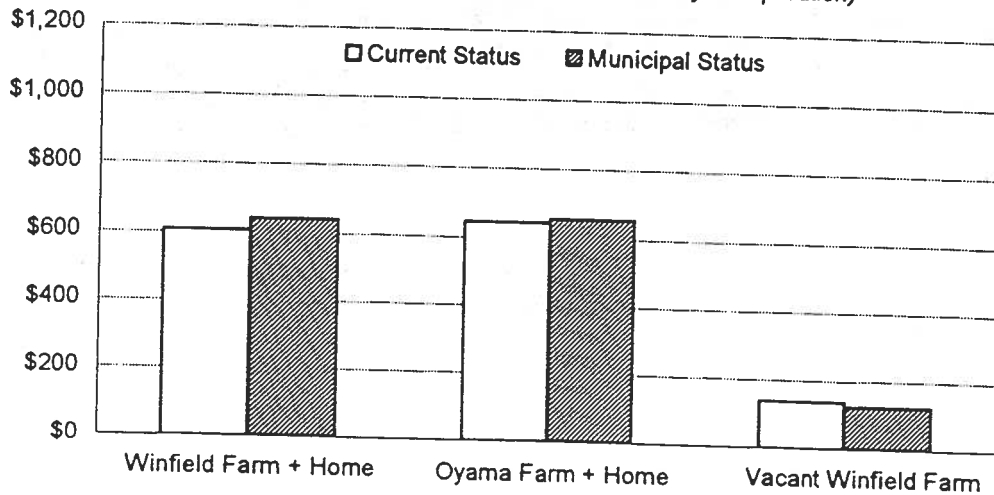
**Chart 8.1: Taxes Per \$100,000 Assessment**  
*Excludes water and street light charges (not affected by incorporation)*



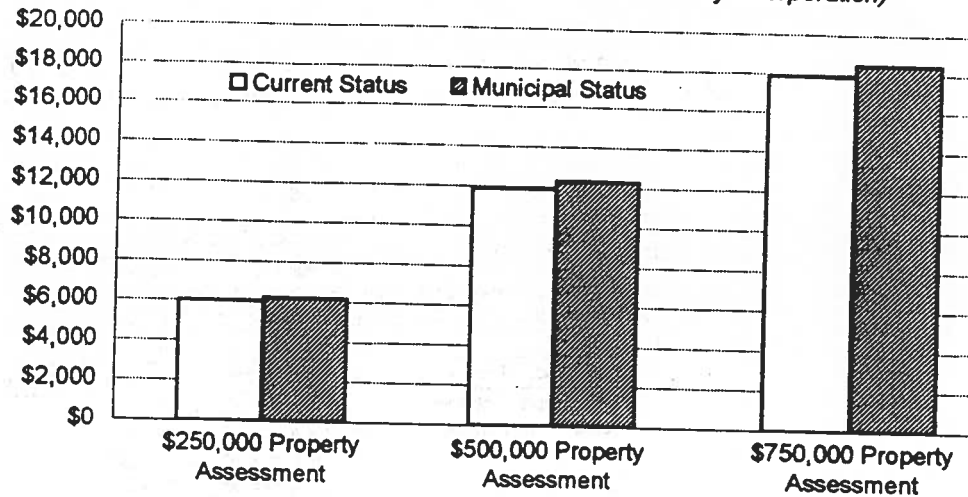
### 8.3 Tax Impacts on Other Properties

The following charts show the tax impacts of incorporation on other types of properties.

**Chart 8.2: Taxes on Farm Properties**  
*Excludes water and street light charges (not affected by incorporation)*



**Chart 8.3: Taxes on Winfield Businesses**  
*Excludes water and street light charges (not affected by incorporation)*



## 8.4 Improvement Districts

The two fire improvement districts – Winfield and Oyama – would be dissolved soon after incorporation proceeds, with the assets and liabilities transferred to the municipality. It is recommended that a fire advisory commission be created, with representatives of the three departments; the commission would advise council on matters involving how the fire service can be delivered. This would help ensure that the expertise and experience of the existing individuals is not lost, as well as ensure that each area has some influence on decisions about fire protection for the municipality as a whole.

The three water improvement districts – Winfield-Okanagan Centre, Oyama, and Wood Lake – would be dissolved too, but this need not take place as quickly as for the fire districts. Each water area could maintain its own fee structure, operated as a specified area within the municipality. Many municipalities use such specified areas on a permanent basis. The reserves and debts of each area could be protected for each area by creating municipal funds that can be used only for the benefit of the area that created the reserve in the first place. As with fire protection, the creation of a water advisory commission to assist council on water matters would help ensure continuity of service and help protect the influence of individual areas on municipal-wide decisions.

Each private utility would remain private until both parties – the utility and the municipality – agree that it should become a specified area of the municipality.

## 8.5 Balance Sheet

The changes brought about by incorporation will be valued differently by different people. A change meaningful to one person might be minor to another.

**Table 8.5: Main Advantages and Disadvantages of Restructuring**

	<i>Advantages</i>	<i>Disadvantages</i>
Shifting of authority for zoning and land use policies	Municipal council will be predominantly "local" and thus will better reflect the views of Lake Country residents	
Integration of services	Improved integration of services	Greater local share of costs
Different representation on regional district board	Enhanced opportunity for director to obtain views of Lake Country residents (municipal meetings are better attended)	
Concentration of decision authority	Enhanced ability to coordinate local policies; residents have improved access to information and decision makers	Enhanced opportunity to make unpopular service or policy decisions
Budget responsibility	Improved local control of taxes and services	Extra local share of costs; property tax increases
Property taxes		Tax increases for homeowners
Environmental protection	Municipalities have extra tree protection powers that the regional district does not have; greater influence on watershed land use decisions	
Public involvement in local decisions	Greater public involvement in municipal process than in current system	
Police protection	Significant increase in officers assigned to Lake Country	Increase in local share of costs for policing
Road standards and costs	More responsive to local concerns; good opportunity to contract out service	Extra local share of costs



**Table 8.6: Summary of Major Changes (Non-Financial)**

	Current System	Municipal Status
<b>REPRESENTATION</b>		
Municipal council	None	Council size: 7 (a ward system is planned)
Central Okanagan Regional District (CORD board has 9 directors)	Area A has 1 director on CORD board; director is separately elected	Munic. would have 1 director on CORD board (a municipal councillor)
Advisory Planning Commission	Optional - appointed by Area A Director	Optional - up to council
Water improvement district trustees	3 sets of trustees (WOCID, Oyama, Wood Lake)	None - 3 municipal systems with standing committees to assist council
Fire improvement district trustees	2 sets of trustees (Winfield and Oyama)	None - 1 standing committee (including Carrs Landing)
<b>AUTHORITY FOR COMMUNITY DEVELOPMENT</b>		
Zoning bylaws + land use rules	Regional district board	Municipal council
Subdivision control	CORD and Province	Municipal council
Road standards	Province of BC	Municipal council
Building permits and inspection	Regional district staff	Choice: Municipal staff or a contract with CORD or with individual(s)
<b>AUTHORITY FOR PHYSICAL SERVICES</b>		
Local roads	Province (via private contractor)	Municipality (after provincial contract expires)
Road maintenance staff	Private contractor	Choice: munic. staff, or contracts, or combination
Water systems	3 improvement districts and several private utilities	3 municipal systems and several private utilities
Garbage collection	Private contractor	Choice: munic. staff, or contracts, or combination
Garbage disposal	Regional district	Regional district
Storm drainage	Province (on road allowances only)	Municipality
Sanitary sewer collection	No community system now; if one is installed, CORD is eligible for grants	No community system now; if one is installed, municipality is eligible for grants
Sewage treatment + disposal	No community system now; if one is installed, CORD is eligible for grants	No community system now; if one is installed, municipality is eligible for grants
Street lights	CORD and Province	Municipality and Province
<b>AUTHORITY FOR OTHER SERVICES</b>		
Tax collection	Province	Municipality
Nuisance bylaws	CORD (limited)	Municipal authority
Fire department	2 imp. districts + 1 CORD dept	Municipal department
Police	Provincial contract with RCMP	Municipal force (probably RCMP)

**Table 8.7: Summary of Financial Changes**  
(in constant 1994 dollars; inflation will raise these figures)

	CURRENT SYSTEM	MUNICIPAL STATUS
<b>PROCEDURES</b>		
Who sets budgets for municipal-type services	Various, but mainly province, regional district (CORD), and improvement districts	Municipal council
Who sets the tax rates for municipal-type services	CORD, province, and imp. districts	Municipal council
Who decides the balance between residential and commercial taxes	Mainly the Province of BC	Municipal council (for munic. tax only)
Opportunity to shift tax balance	Poor (all residential)	Poor (all residential)
Who collects property taxes	Province	Municipality
Are long-term debts possible?	Yes, through CORD and imp. districts	Yes
Can new debts be incurred without public knowledge?	No – Proposed borrowing must be advertised, and bylaws must be passed publicly by CORD	No – Proposed borrowing must be advertised, and bylaws must be passed publicly by council
Can new debts be incurred without a referendum?	Yes, for sewer, water, or drainage, if no objections are filed after advertising	Yes, for sewer, water, or drainage, if no objections are filed after advertising
Is the home owner grant affected?	Max. grant = \$470 (under 65) or \$745 (65 and over); water taxes cannot be included in grant calculations	Yes – maximum grants stay the same, but water taxes can be included in grant
<b>PROVINCIAL GRANTS</b>		
Ongoing provincial grant for Area A alone?	None – CORD receives a flat \$110,000 in total for all areas combined	\$412,000 (based on 1994 population of 8,550)
Are grants possible for sewage facilities?	Yes, through CORD	Yes
Are grants possible for community water system improvements?	No, not for improvement districts	Yes
Short-term grant based on-year round population	None	\$2,137,500
Short-term road mtce grant	None	\$1,966,000
Estimated cost of road improvements eligible for 75% provincial funding	None	\$1,850,000
Rebate of rural tax	None	\$0 or \$350,000 or \$700,000
Land use planning grants	Occasional	Frequent
<b>PROPERTY TAXES* (taxes vary directly with assessed value)</b>		
\$100,000 assessed home in ...		
• Winfield	• \$1,032	• \$1,077 ... Rise of \$45
• Okanagan Centre	• \$ 964	• \$1,013 ... Rise of \$49
• Oyama	• \$1,005	• \$1,013 ... Rise of \$8
• Carrs Landing	• \$ 988	• \$1,013 ... Rise of \$25
Business assessed at \$500,000	• \$11,904	• \$12,289 ... Rise of \$385 (3%)
Farm		
• Winfield farm with a home	• \$606	• \$641 ... Rise of \$35
• Oyama farm with a home	• \$644	• \$656 ... Rise of \$12
• Winfield farm without a home	• \$137	• \$126 ... Fall of \$11

\* Municipal taxes refers to taxes in years after all short term grants have been received and used as necessary

An expanded commentary on the changes that would take place under municipal status is presented in the following multi-page table.

**Table 8.8: Framework for Considering Incorporation**

**1. Administrative Efficiency**

<i>Current System</i>	<i>Question</i>	<i>Municipal Status</i>
There is staff at CORD and at province; extra staff will be needed to serve expanded population	Will additional local administrative staff be required?	Yes
Expansion decisions are made by various bodies	Will new or expanded administrative facilities be required?	Yes - Municipal offices (could be rented space)
There is awkward access to administrators (scattered office locations)	Will citizen access to administrators improve?	Yes -- There will be fewer levels and locations
Records and information are scattered	Will access to information improve?	Yes
Limited economies of scale	Will there be some economies of scale?	Limited
Scattered administration means some diseconomies	Will there be some diseconomies of scale (that is, will there be significant jumps in local share of service costs)?	Yes -- mainly roads + administration
There is some duplication of administration effort now	Will administrative duplication be reduced?	Somewhat

**2. Community Impacts**

<i>Current System</i>	<i>Question</i>	<i>Municipal Status</i>
Awkward coordination of development costs and services	Can development costs be minimized by incorporation?	Possibly, due to centralized planning
Access to services is not consistent under the current system	Will residents' access to community services be affected?	Yes -- better access to road maintenance, land use planning, and other decisions
Various agencies must respond to proposals for business developments	Will economic development be affected by incorporation?	Probably not

*continued .....*

Table continued .....

### 3. Financial

<i>Current System</i>	<i>Question</i>	<i>Municipal Status</i>
Some taxes are set locally, but most are not	Will property taxes be affected?	Yes – Tax rise
Province decides how to shift most taxes between residential and other properties	Will the ability to shift taxes change?	Yes – Local council decides how to shift municipal tax (but limited opportunities because most of the tax base is residential); school and hospital taxes not affected
Future tax risks are unclear, because province sets many of the taxes on the east side	Will future financial risks be greater because of incorporation?	Unclear – Greater local discretion in financial decisions
Taxes include few long-term debts	Will incorporation by itself require new debts?	Probably not, based on assumptions made here
Lake Country would be eligible for provincial sewer and water grants now, through the regional district	Will sewer and water grant eligibility be affected?	Marginally better chance than with current system
There are limited ways to recover service costs under current system	Will options for the recovery of costs change?	More options than at present
The province offers a limited annual grant to the CORD as a whole	Would annual grants for Lake Country rise?	Yes, it would get a separate grant as a municipality
Lake Country properties pay a small share of RCMP costs in their provincial rural tax rate (rate also includes road maintenance costs)	Will local share of RCMP costs change?	Yes – costs will rise (but so will the level of service)

### 4. Representation

<i>Current System</i>	<i>Question</i>	<i>Municipal Status</i>
Elected representation is limited: 1 CORD director (out of 9 on board)	Will elected representation increase or decrease?	Increase – Mayor and 6 councillors (including 1 CORD director)
There is limited competition and disharmony now	Will inter-jurisdictional competition change?	Reduce on some matters; not clear on others
The political structure in unorganized areas is often not understood or noticed	Will residents notice any change in political structure?	Yes – Mayor and council are much more visible than CORD or improvement districts

continued .....

Table continued .....

### 5. Authority and Responsibility

<i>Current System</i>	<i>Question</i>	<i>Municipal Status</i>
Lake Country residents have limited control over their services now	Will residents' control over service levels be affected?	Yes – Municipal council would make many decisions now made by CORD, province, and imp. district trustees
Many tax and financial decisions are made outside the community	Will residents' control over taxes and finances be affected?	Yes – Local control improves (but a tax rise is still projected)
Link between growth decisions and financial responsibility often weak in unincorporated areas	Will each jurisdiction bear financial responsibility for its growth decisions?	Yes, for most of growth decisions
Various bodies are involved in service delivery in Lake Country	Will effective planning require more or less harmony between jurisdictions?	Less harmony than is now required, since there would be fewer bodies

### 6. Environmental

<i>Current System</i>	<i>Question</i>	<i>Municipal Status</i>
Various bodies make decisions that influence water supply protection	Will local influence on the protection of the lake be improved?	Yes – More unified authority than at present
Difficult to coordinate decisions about road improvements, development areas, employment locations, and others	Will transit and car travel be affected?	Probably not
Zoning and subdivision rules are main tools for controlling community development; CORD now has zoning authority NOTE: ALR rules are not affected by restructure	Will the ability to protect open space and farm land be affected?	Possibly, due to greater local involvement in zoning matters, but direction of opinion is not predictable.

### 7. Services

<i>Current System</i>	<i>Question</i>	<i>Municipal Status</i>
Various bodies now make decisions about Lake Country services	Will services be easier or harder to change?	Easier than at present
Growth will require expansion of some services; many municipal-type services are already provided in some form	Will additional, new services be required as a result of incorporation?	No new services required by law, but more services shift to a local body (costs shift too)
Some service standards are below the levels found in other municipalities	Are some service quality changes unavoidable as a result of restructuring?	Yes – roads and drainage decisions are more local

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