



**REGIONAL DISTRICT  
of  
NORTH OKANAGAN**

# REPORT

File No.: 3900.2778

---

**TO:** Board of Directors  
**FROM:** Corporate Services  
**DATE:** April 28, 2018  
**SUBJECT:** Vernon Search and Rescue - Service Establishment and Loan Authorization Bylaws

---

## **RECOMMENDATION 1:**

That staff be directed to forward the report entitled 'Vernon Search and Rescue – Service Establishment and Loan Authorization Bylaws' dated April 28, 2018 to member municipalities and the Electoral Area Directors for information.

## **RECOMMENDATION 2:**

That, following receipt of comments from member municipalities and the Electoral Area Directors, staff be directed to undertake an alternative approval process of the entire proposed service area being the City of Armstrong, District of Coldstream, City of Enderby, Village of Lumby, Township of Spallumcheen, City of Vernon and Electoral Areas "B", "C", "D", "E" and "F" of the Regional District of North Okanagan pursuant to section 342(4) of the *Local Government Act* to determine the opinion of the electors with regard to adopting the following bylaws:

1. *Vernon Search and Rescue Service Establishment Bylaw No. 2778, 2018*; and
2. *Vernon Search and Rescue Service Loan Authorization Bylaw No. 2779, 2018*

to establish a service and adopt a loan authorization bylaw of up to \$3.5 million dollars to facilitate the cost of buying real property and constructing a building to serve the Vernon Search and Rescue Service within the Regional District of North Okanagan.

## **RECOMMENDATION 3:**

That *Vernon Search and Rescue Service Establishment Bylaw No. 2778, 2018* be given First, Second and Third Readings and forwarded to the Inspector of Municipalities for approval.

## **RECOMMENDATION 4:**

That *Vernon Search and Rescue Service Loan Authorization Bylaw No. 2779, 2018* be given First, Second and Third Readings and forwarded to the Inspector of Municipalities for approval.

---

## **SUMMARY:**

Both the Service Establishment Bylaw and the Loan Authorization Bylaw required to establish a service and authorize the borrowing of up to \$3.5 million would require Approval of the Electors, through either referendum or an Alternative Approval Process (AAP), and approval of the Inspector of Municipalities prior to adoption.

Staff recommend that the Board:

1. pursue obtaining the approval of the electors through an AAP process versus assent voting (referendum) for the reasons noted in this report; and
2. resolve (by a 2/3 vote) that participating area approval be obtained for the entire proposed service area as provided by Section 342(4) of the *Local Government Act*.

**BACKGROUND:**

At the Board of Directors meeting held on March 28, 2018 the Board received a delegation from Vernon Search and Rescue requesting that the Regional District consider conducting an Alternative Approval Process to request funding of \$3.5 million to facilitate a property purchase (estimated \$1.0 million) and building costs (estimated \$2.5 million) to accommodate current and future space needs for the Vernon Search and Rescue Society.

At the Board of Directors meeting held on April 18, 2018 the following resolution was passed:

*That staff be directed to draft Service Establishment and Loan Authorization Bylaws with regard to borrowing \$3.5 million to facilitate a property purchase (estimated \$1.0 million) and building costs (estimated \$2.5 million) to establish a Vernon Search and Rescue Service for the entire Regional District and report back on alternatives to seek electoral consent.*

In 1994, the current building that houses the Vernon Search and Rescue (VSAR) at 9848 Aberdeen Road was constructed. VSAR currently operates out of the building on the RDNO lands with no agreement in place. VSAR expanded the building in 2004 to accommodate manpower, equipment and operations as the group continued to grow. In 2017 VSAR approached the RDNO to inquire about expanding on their current location, which would have required the acquisition of adjacent lands. Following an environmental assessment on the proposed lands adjacent to the current VSAR building, it was determined the expansion could not happen due to environmental sensitivities of the wetlands (spade foot toad). At that time, VSAR and the RDNO began discussions on the feasibility of relocating the VSAR to alternate RDNO owned properties. Due to the nature of the service that VSAR provides to the residents of the North Okanagan, the VSAR has advised that a preferable location would be adjacent to a major thoroughfare in the Greater Vernon vicinity to allow volunteer members to respond to calls in a timely manner. The VSAR estimates that it would require up to \$1.0 million for property purchase and up to \$2.5 million for the building construction/modification. The property and building would be owned by the RDNO and leased back to the VSAR at a nominal cost.

Bylaw 1801, being the North Okanagan Search and Rescue Service Establishment Bylaw was adopted on August 5, 2003. This bylaw was established in 2003 to facilitate an annual grant to the VSAR to assist with the payment of annual building operating costs. Bylaw 1801 specifically provides that no borrowing shall be incurred for the purposes of this service. It is not proposed that there would be any change to Bylaw 1801 and that the North Okanagan Search and Rescue Service under Bylaw 1801 would continue to provide an annual grant to assist VSAR with annual operating costs.

The following steps are required prior to proceeding with an AAP:

- The Board must give three readings to the bylaws (service establishment and loan authorization); and
- Approval by the Inspector of Municipalities must be provided.

Once the Inspector has provided approval for the service establishment and loan authorization bylaws, the Regional District would then be in a position to proceed to:

- Prepare the elector response form
- Determine the deadline to receive elector responses (must be at least 30 days from publication of the second notice of AAP)
- Prepare estimate of electors
- Liaise with VSAR and member jurisdictions on a communications plan for the AAP

If the AAP process proceeds and receives more than 10% of eligible voters responding against adoption of the service establishment and loan authorization bylaws, the Board would then have the option of seeking approval of the electors through an assent vote (referendum). If the Board chose to go to an assent vote it would have to be scheduled within 80 days of the deadline day of the AAP.

### **RATIONALE TO SUPPORT THE ALTERNATIVE APPROVAL PROCESS (AAP):**

The Board must weigh the various considerations associated with any proposal and determine whether or not an AAP or assent voting opportunity (referendum) would be the best process to undertake in seeking elector approval by gauging the public interest and support for the matter. The nature of the service provided by VSAR and early indications from the public would indicate that this matter would not be contentious and that residents would generally support the proposal.

Benefits to using the AAP process include:

1. **Cost savings:** advertising, ballots, voting location rental costs, wages associated with advance and general voting opportunities.
2. **Convenience:** electors have a minimum 30 day window to submit elector response forms opposing adoption of the bylaws versus a two day established/facilitated voting process required through assent voting.
3. **Time:** an AAP process can be conducted within a much shorter time frame allowing the project to proceed if it receives assent of the electors. The VSAR have requested that the process be advanced as quickly as possible as they wish to move ahead with a property purchase which cannot proceed unless the Service Establishment and Loan Authorization bylaws have been adopted.
4. **Relative Tax Impact:** the annual debt payment on borrowing \$3.5 million over a period of 20 years is estimated to be 1.2 cents per \$1000 of taxable assessment. The limit for an AAP under Section 345(1)(a) of the Local Government Act is 50 cents per \$1000 in this instance.

### **FINANCIAL CONSIDERATIONS:**

The bylaws propose borrowing up to \$3.5 million for a period of up to 20 years. The annual debt payment will be dependent upon the market rates at the time of issuing the debt, which generally occurs once the project is complete.

The current market rate at the time of writing this report is 3.02%. The two most recent MFA debt issues in the spring of 2018 and the fall of 2017 were both at a rate of 3.15%.

The following analysis uses a rate of 3.25% to calculate the tax split among jurisdictions and the impact on the average residential property. At 3.25% the annual debt payment is approximately \$244,000.

A sensitivity analysis below shows the impact on the annual debt payment with varying interest rates. The annual debt payment changes by \$8,750 for every 0.25% change in the interest rate.

Interest Rate	Annual Debt Payment
3.00%	\$235,250
3.25%	\$244,000
3.50%	\$252,750

Based upon 2018 converted land and improvements as the basis for apportionment, the expected allocation of the annualized cost of borrowing \$3.5 million over 20 years at an estimated interest rate of 3.25% is presented in the table below.

Jurisdiction	Assessment	Apportionment	Tax Requisition
ARMSTRONG	90,438,697	4.51%	\$ 11,013
ENDERBY	47,051,386	2.35%	5,730
VERNON	1,066,783,775	53.24%	129,904
COLDSTREAM	266,697,990	13.31%	32,476
SPALLUMCHEEN	110,918,496	5.54%	13,507
LUMBY	3,131,545	1.65%	4,034
ELECTORAL AREA B	110,876,243	5.54%	13,502
ELECTORAL AREA C	116,639,466	5.82%	14,203
ELECTORAL AREA D	51,506,743	2.57%	6,272
ELECTORAL AREA E	15,503,105	0.77%	1,888
ELECTORAL AREA F	94,207,346	4.70%	11,472
	<b>2,003,754,792</b>	<b>100.00%</b>	<b>\$ 244,000</b>

The implied residential tax rate required to fund the annual debt payment is 1.2 cents per \$1000 of taxable assessment. For the average residential property assessed at approximately \$400,000 in the North Okanagan this equates to slightly less than \$5 per year.

Submitted by:



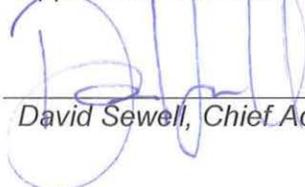
Paddy Juniper, Corporate Officer

Reviewed and Endorsed by:



Stephen Banmen, General Manager Finance

Approved for inclusion:



David Sewell, Chief Administrative Officer

Attachments:

1. North Okanagan Search and Rescue Funding Service Establishment Bylaw No. 1801, 2002
2. DRAFT Vernon Search and Rescue Service Establishment Bylaw No. 2778, 2018
3. DRAFT Vernon Search and Rescue Service Loan Authorization Bylaw No. 2779, 2018

# REGIONAL DISTRICT OF NORTH OKANAGAN

## BYLAW NO. 1801

A Bylaw to establish a Search and Rescue function throughout the Regional District of North Okanagan for the purpose of contributing to the cost of providing a Search and Rescue Program operated by the Vernon Search and Rescue Group Society

---

**WHEREAS** Section 800 [*Establishing bylaws required for most services*] of the *Local Government Act*, R.S.B.C., 1996, Chapter 323, as amended, and Regulations passed pursuant thereto, provides for the adoption of a bylaw to establish a new Regional District service;

**AND WHEREAS** Section 796(3) [*General authority for services*] of the *Local Government Act* provides that a regional district service may be operated directly by the regional district or through another public authority, person or organization;

**AND WHEREAS** the Board of the Regional District of North Okanagan deems it desirable to establish a function for the purpose of contributing to the cost of providing a Search and Rescue Program that is operated by the "Vernon Search and Rescue Group Society";

**AND WHEREAS** the Board has received consent on behalf of the electors in accordance with Section 801.4 [*Consent on behalf of municipal electors*] of the *Local Government Act*; from the City of Enderby, City of Armstrong, Township of Spallumcheen, City of Vernon, District of Coldstream, and the Village of Lumby;

**AND WHEREAS** the Board has received approval of the electors in accordance with Section 801.3 [*Approval of electors by counter petition opportunity*] of the *Local Government Act*; from Electoral Areas "B", "C", "D", "E" and "F" respectively;

**AND WHEREAS** pursuant to the provisions of Section 172.4(3) [*Notice of counter petition opportunity*] of the *Local Government Act*; a fair estimate of the total number of electors of the area that the counter petition applies is 12,139 of which 5% (607) is required to petition against the matter in order to prevent the Regional District from proceeding without assent of the electors;

**NOW THEREFORE**, the Board of the Regional District of North Okanagan, in open meeting assembled, hereby ENACTS AS FOLLOWS:

### CITATION

1. This Bylaw may be cited for all purposes as the "***North Okanagan Search and Rescue Funding Service Establishment Bylaw No. 1801, 2002***".

### ESTABLISHMENT

2. The Board of the Regional District of North Okanagan hereby establishes the function known as the "***North Okanagan Search and Rescue Funding Service***". This function is established for the purpose of contributing to the cost of providing a Search and Rescue Program to all areas within the North Okanagan Regional District.

### SERVICE AREA

3. The service area boundaries for the Search and Rescue Service shall encompass, and include all lands within Electoral Areas "B", "C", "D", "E", and "F"; the City of Enderby, the City of Armstrong, the Township of Spallumcheen, the City of Vernon, the District of Coldstream and the Village of Lumby; with such service area to be known as the "***North Okanagan Search and Rescue Service Area***".

- 4. The Regional District is authorized to provide funding for the purpose of contributing to the cost of providing a Search and Rescue Program operated by the Vernon Search and Rescue Group Society within the said service area.

**PARTICIPATING AREAS**

- 5. The participating areas for this service are Electoral Areas "B", "C", "D", "E", and "F"; the City of Enderby, the City of Armstrong, the Township of Spallumcheen, the City of Vernon, the District of Coldstream and the Village of Lumby.

**COST RECOVERY**

- 6. The annual operating costs shall be recovered from the said service area by the requisition of money under Sections 805 [*Requisition of funds from municipalities*] and 806 [*Requisition of funds for electoral areas*] of the *Local Government Act* to be collected by a property value tax to be levied and collected under Sections 805.1 [*Collection in municipalities*] and 806.1 [*Collection in electoral areas*] of the said *Act*.
- 7. The annual net costs for operating this service shall be apportioned amongst the participating municipalities and electoral areas on the basis of the converted land and improvements for hospital purposes in the participating areas.
- 8. No borrowing shall be incurred for the purposes of this service.

**MAXIMUM REQUISITION**

- 9. The maximum amount that may be requisitioned for annual operating charges shall under Section 803 (1) (a) [*Options for cost recovery*] of the *Local Government Act* not exceed a levy of \$20,000 Dollars or (\$0.0043) per One Thousand Dollars (\$1,000.00) on the net taxable value of land and improvements included in the service area, whichever is greater.

**WITHDRAWAL**

- 10. A participant may withdraw from the function by giving notice in writing to the Board prior to September 1<sup>st</sup> of the preceding year.

**Read a FIRST, SECOND and THIRD time**

this 13th day of November, 2002

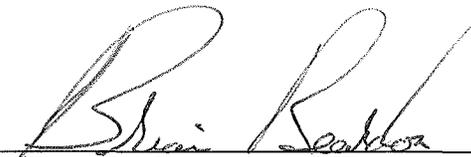
**Received the APPROVAL of the INSPECTOR of MUNICIPALITIES**

this 28th day of May, 2003

**Reconsidered, Finally Passed and ADOPTED**

this 5th day of August, 2003

  
 \_\_\_\_\_  
 Chair

  
 \_\_\_\_\_  
 Corporate Officer

# REGIONAL DISTRICT OF NORTH OKANAGAN

## BYLAW No. 2778

A bylaw to establish a service for the purpose of facilitating the cost of buying real property and constructing a building to serve the Vernon Search and Rescue Service within the Regional District of North Okanagan

---

**WHEREAS** the *Local Government Act (Act)* provides that the Board of the Regional District of North Okanagan may, by bylaw, establish and operate any service that the Board considers necessary or desirable for all or part of the regional district;

**AND WHEREAS** the Regional District of North Okanagan wishes to acquire real property and facilitate the construction and/or modification of a building to service the Vernon Search and Rescue Service within the Regional District of North Okanagan;

**AND WHEREAS** the Board has, by resolution, determined that participating area approval is to be obtained for the entire service area and the approval process shall be by Alternative Approval Process in accordance with subsections 342(2)(b), 342(4) and 345(1)(a) of the *Act*;

**AND WHEREAS** pursuant to Section 348(1) of the *Local Government Act*, if money is to be borrowed for the start of the service, the establishing bylaw and the loan authorization bylaw [*Vernon Search and Rescue Service Loan Authorization Bylaw No. 2779, 2018*] must, for the purpose of obtaining participating area approval, be dealt with as if they were one bylaw;

**NOW THEREFORE**, the Board of the Regional District of North Okanagan, in open meeting assembled hereby, ENACTS AS FOLLOWS:

### CITATION

1. This Bylaw may be cited as the “***Vernon Search and Rescue Service Establishment Bylaw No. 2778, 2018***”.

### ESTABLISHMENT AND DESCRIPTION OF SERVICE

2. The Regional District is authorized to undertake and carry out, or cause to be carried out, the purchase of real property and construction and/or modification of a building to service the Vernon Search and Rescue Service within the Regional District of North Okanagan.

### SERVICE AREA BOUNDARIES

3. The boundaries of the service area are the entire Regional District of North Okanagan.

### PARTICIPANTS

4. The participants to this service are:
  - City of Armstrong
  - District of Coldstream
  - City of Enderby

- Village of Lumby
- Township of Spallumcheen
- City of Vernon
- Electoral Area "B";
- Electoral Area "C";
- Electoral Area "D";
- Electoral Area "E";
- Electoral Area "F";

### **COST RECOVERY**

5. The annual cost of providing the service outlined in this Bylaw shall be recovered by one or more of the following:
  - a. requisition of money under sections 385 [*Requisition of funds from municipalities*] and 387 [*Requisition of funds from electoral areas*] of the Act to be collected by a property value tax to be levied on land and improvements for regional hospital district purposes and collected under sections 386 and 388 of the Act;
  - b. revenues received by way of agreement, enterprise, gift, grant or otherwise.
6. The maximum amount that may be requisitioned annually for the service shall not exceed three hundred thousand dollars (\$300,000) or \$0.02 per \$1,000 of the net taxable value of land and improvements included in the service area, whichever is greater.

### **COST APPORTIONMENT**

7. The annual cost of this service shall be apportioned amongst the participants on the basis of the value of land and improvements only for regional hospital district purposes in those areas.

<b>Read a First, Second and THIRD Time</b>	this	day of	, 2018
<b>Approved by the Inspector of Municipalities</b>	this	day of	, 2018
<b>Received elector approval by alternative approval process</b>	this	day of	, 2018
<b>ADOPTED</b>	this	day of	, 2018

---

Chair  
Bob Fleming

---

Corporate Officer  
Paddy Juniper

# REGIONAL DISTRICT OF NORTH OKANAGAN

## BYLAW No. 2779

A bylaw to authorize the borrowing of up to \$3,500,000 to facilitate the cost of buying real property and constructing a building to serve the Vernon Search and Rescue Service

---

**WHEREAS** this Bylaw relates to *Vernon Search and Rescue Service Establishment Bylaw No. 2778, 2018* to provide for establishment of the Vernon Search and Rescue Service within the Regional District of North Okanagan;

**AND WHEREAS** the Board has requested and the Regional District proposes to borrow a sum not exceeding three million five hundred thousand dollars (\$3,500,000) with repayment of a debt up to a twenty (20) year term, to facilitate the acquisition of real property and construction of a building to serve the Vernon Search and Rescue Service serving the whole of the Regional District of North Okanagan (Armstrong, Coldstream, Enderby, Lumby, Spallumcheen, Vernon, Electoral Areas "B", "C", "D", "E" and "F") (the Service Area);

**AND WHEREAS** the participating areas are the City of Armstrong, District of Coldstream, City of Enderby, Village of Lumby, Township of Spallumcheen, City of Vernon and Electoral Areas "B", "C", "D", "E" and "F" within the Regional District of North Okanagan;

**AND WHEREAS** the Board has, by resolution, provided that approval of the electors be given by alternative approval process within the entire Service Area;

**AND WHEREAS** pursuant to section 345 [*Approval by alternative approval process*] of the *Local Government Act* and section 86 of the *Community Charter* participating area approval has been obtained within the entire service area to borrow funds and establish the service for the purpose of acquiring land, and constructing a building to serve the Vernon Search and Rescue Service within the Regional District of North Okanagan;

**AND WHEREAS** the authority to borrow under this bylaw expires five years from the date on which this bylaw is adopted;

**NOW THEREFORE** the Board of the Regional District of North Okanagan, in open meeting assembled, hereby ENACTS AS FOLLOWS:

### CITATION

1. This Bylaw may be cited as "***Vernon Search and Rescue Loan Authorization Bylaw No. 2779, 2018***".

### LOAN AUTHORIZATION

2. The Regional District of North Okanagan is hereby empowered and authorized to undertake and carry out or cause to be carried out the acquisition of real property and construction or modification of a building to accommodate the Vernon Search and Rescue Service within the Regional District of North Okanagan and to do all things necessary in connection therewith and without limiting the generality of the foregoing:

