



## Regional District of North Okanagan

# Annexation Impact Study Phase 1 Final Report



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*1203.0012.01 / January 2012*

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#### ACRONYMS

|          |   |
|----------|---|
| ALC      | Agricultural Land Commission                          |
| ALR      | Agricultural Land Reserve                             |
| Ministry | Ministry of Community, Sport and Cultural Development |
| OCP      | Official Community Plan                               |
| RGS      | Regional Growth Strategy                              |
| RDNO     | Regional District of North Okanagan                   |



## EXECUTIVE SUMMARY

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The study was initiated by the Regional District of North Okanagan (RDNO) Electoral Area Directors to examine the impact of annexation on unincorporated areas in the District. Urban Systems Ltd. was commissioned by the RDNO in May 2011 to undertake the first phase of this three part study.

This report provides an overview of the issues, beginning with a review of the study area, including population, local government boundaries, political representation, services and land use planning and regulation. Specific attention is given to four key geographic areas identified for high potential of future annexation activity, each with specific drivers and concerns. These areas and their associated drivers are: the Commonage area to the southeast of Vernon (future development area, environmental protection, fire service delivery), the BX area to the northeast of Vernon (future development area, sewer service delivery), West Enderby (future development area) and Northwest Lumby (future development area).

The next section of the report focuses on the history and policies of annexation and specifically on annexation activity within the RDNO over the past two decades. This examination finds that, apart from the annexation of Okanagan Landing and Predator Ridge, a majority of the annexation activity has been small, one or two small-lot annexations within the BX-Swan Lake area, into the City of Vernon. The report includes a map which provides a visual representation of recent annexation activity in the study area.

In addition, a review of provincial, regional, and municipal annexation legislation and policies is undertaken. These include the *Local Government Act*, Regional Growth Strategy, Official Community Plans, and local policies and procedures. Though this review finds some similarities, there are striking differences in policy and expectations between the stakeholders.

A jurisdictional review of annexation procedure in Canada is then undertaken to provide a broader understanding of annexation policies and processes. This review found that due to the nature of the regional district system in BC, annexation of unincorporated land is, for the most part, unique in Canada. Some commonalities found between other jurisdictions include the existence of negotiations between two "equal" municipal jurisdictions, as well as more extensive public consultation including public hearings. In general, annexation in provinces other than BC included a greater level of provincial government involvement in the process.

The annexation history revealed a number of interesting and concerning findings. Though initially the RDNO Electoral Area Directors indicated their concerns regarding large annexations such as the 1993 annexation of Okanagan Landing, the review of recent annexations found that small, incremental annexations have become more prevalent and applicable to the concerns raised. These small annexations



do not seem to face the level of scrutiny that a large boundary restructure would face from the stakeholders (municipal, provincial, regional district, and residents). As well, though the Provincial government has policy in place to provide mitigation measures for annexations, this measure is not triggered by the smaller, more incremental annexations that have been occurring in recent years. It is this “death by 1000 cuts” which was the original concern raised by the RDNO electoral area directors, and outlined in this Phase One of the research.

The review of history, interviews, policies, and literature, reveals issues related to four key themes: land use, servicing, governance, and financial/other considerations. The financial issues include the financial sustainability of regional district services. There are potential mitigation measures that can be implemented to compensate the regional district if more than 5-10% of the service area is annexed or a similar amount of revenue would be lost. Still, these measures are time limited (usually five years) and the mitigation would not be triggered by the small annexations that may be slowly reducing the number of properties participating in a regional district service. The other financial impact is tax rates, based on the differing tax rates and structure for rural and incorporated areas. The tax rates may be held at the rural rate for the newly annexed residents for a period of time, which has an effect on both those property owners and the municipality as a whole. This issue also includes the social and cultural impacts which were raised by the elected officials through a series of interviews. There is a concern that the annexations may disrupt the cohesive nature of existing neighbourhoods and communities. This is a challenging issue to quantify and was outside the scope of this phase of the project; more research will need to be undertaken in the potential next phases of the research.

The second theme addressed in the issues was land use planning. This came from a concern that annexation leads to urban sprawl and greater densification in an otherwise rural area. It was found that some annexation is a precursor to further development, while others occurred where there was already some existing development in place. For example, the annexation of part of the Commonage occurred before the development of Predator Ridge, while the Okanagan Landing area was annexed into the City of Vernon when there was already a population of over 5,000 people living in the area. The recent approval of a new Regional Growth Strategy (RGS) for the Regional District of North Okanagan attempts to bring consistency to land use planning at a regional scale, regardless of municipal and electoral area boundaries. The ‘Rural Protection Boundary’ in the RGS is particularly applicable to this discussion, and should be referenced in any future annexation applications.

The other concern regarding land use was the protection of agricultural land. Land that is within the Agricultural Land Reserve (ALR) is governed by the provincial Agricultural Land Commission. Regardless of municipal boundaries, non-farm use is restricted on ALR land, and an application to the ALC with the support of the local government is required to pursue non-farm use, exclusion, or subdivision. Although municipal boundaries do not technically impact ALR decisions, staff from the Commission have expressed



concerns that municipal annexations add to the pressure of expanding the urban boundary and potential cause additional conflicts along the urban-rural fringe area.

The final land use issue was environmental protection. This related to real and perceived pressures to develop environmentally sensitive areas as part of an annexation, as well as servicing to protect the environment. Some annexations have taken place with the main driver being the delivery of sewer to areas where septic systems are failing raising environmental concerns. Annexation applications continue to be made asking primarily to be connected to the City of Vernon sewer system. Indeed, the City aligns sewer servicing with annexation by policy, and does not allow one without the other. Servicing, particularly the delivery of urban level services of water and sewer, is a very important issue in the annexation discussion. This issue was most often raised in relation to the annexation of Okanagan Landing, as there continues to be differing interpretations of commitments made before the area joined the City of Vernon.

The final issue is that of governance, particularly related to political representation. With annexations, population is moved from unincorporated areas to the municipality, potentially changing the strength and number of representatives both municipally and at the regional district level.

From these key issues, an *Issues and Services Matrix* was developed as a frame work to demonstrate and evaluate the potential impact of annexation on the delivery of services and other issues of concern raised through the research process. A number of case studies, selected from recent annexation applications to the City of Vernon, were then analyzed. This review found that a majority of recent annexation applications were small in nature (one or two lot annexations), some that had applied multiples times for annexation in the past. In many cases, the Regional District of North Okanagan did not support the annexation. The annexation of properties that were located in the Agricultural Land Reserve was not supported by the Agricultural Land Commission, due to the potential of exacerbating urban-rural fringe area conflicts. Many applications, if approved, would mean a financial loss for the municipality because of the increase in road maintenance costs. Despite these concerns expressed, all applications identified as case studies were approved by the Ministry of Community, Sport and Cultural Development, as it met their statutory and regulatory conditions for small boundary extensions.

The central outcome of this research was problem definition – that is, are small, lot by lot, annexations being approved, contrary to local and provincial policy? The culmination of the research found a potential lack of integration of these issues for all parties involved in the overall annexation decision making process. This was identified as being in part because of the process and the differing powers of the participants, including the municipality, regional district, Agricultural Land Commission and Provincial government. As well, there is a lack of integration of the issues – finance, land use, servicing and



governance – in the annexation approval process by the key organizations of the municipality, regional district, Provincial government and Provincial agencies.

This research provides an introduction to the topic, which could be expanded through Phase Two of the study. Additional research would include an in-depth study of the 1993 annexation of Okanagan Landing, a detailed financial, service, and social impact of cumulative annexations in the RDNO over the last 10 years, and the establishment of a potential framework agreement for considering future annexation applications in the regional district. Phase Three would involve working with all affected parties to negotiate and ratify the framework, and prepare a joint protocol agreement and implementation strategy as appropriate.



# 1.0 Introduction

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## 1.1 Background and Study Purpose

The Regional District of North Okanagan (RDNO) is interested in the potential impact of municipal annexation on electoral areas in the regional district. The impetus for this study is the effect of historical municipal annexations that have taken place, and concerns by the electoral area directors on the long-term sustainability of services to the communities of the electoral areas, as well as loss of community identity. The overall focus of this study is on the effect of incremental annexation of small areas or groups of properties, not the effect of large scale restructure of municipal boundaries. It is those small annexations that the Electoral Area Directors are interested in how they, over time and cumulatively, affect the ability of the Regional District to provide services, as well as affecting the sense of community.

In June 2011, the RDNO commissioned Urban Systems Ltd. to undertake phase one of a three-phase study. Phase one represents a review of historical annexations, regional district services, local government planning documents and the Provincial policy context, in order to document issues related to electoral area service delivery and whether they still exist in today's context. If the RDNO elects to proceed further, phase two would explore in-depth the financial, social and other impacts to service delivery and community fabric in the electoral areas, and provide recommendations for consideration by the Regional Board, its member communities, and the Province of British Columbia. Phase three would involve the development of an implementation strategy and the establishment of a framework agreement by which future annexation decisions would be made in the North Okanagan.

In British Columbia, municipalities and regional districts are created and operate under the *Local Government Act* and *Community Charter*. Under this legislation, a boundary extension, or municipal annexation, involves transferring a defined area of local government jurisdiction from an unincorporated area in a regional district to a municipality. The municipality then takes responsibility for most local services, governance, local roads, subdivision approval and property tax collection. Some other responsibilities do not change, including provincial responsibility for Crown land, the levying of school property taxes, Regional Hospital taxes, and other regional district-wide services. The process of boundary extensions is governed by section 20 of the *Local Government Act*, which is detailed further in this document. Any annexation requests must have municipal electors' support in order for the Ministry of Community, Sport, and Cultural Development (the Ministry) to recommend the boundary extension.

The topic continues to be of relevance as the RDNO faces ongoing development pressures and there is indication of further plans for municipal annexations. Though there has been previous research on municipal annexation, studying the activity from an electoral area perspective is unique. As a result, there



is a high level of interest from other jurisdictions, both from other regional districts and the Provincial government.

## 1.2 Report Structure

Due to the size of the research and complexity of the topic, this Phase One report has been divided into a number of topic areas. The initial topic area examines the existing situation in the Regional District of North Okanagan in relation to political representation, service delivery, and taxation. The second topic area is a review of annexation activities and policies at the municipal, regional and provincial level. Finally, this information is organized into an Issues and Services Matrix to create a “base case” template for future analysis of scenarios.

This report is organized into the following main sections:

Section 1 provides an introduction to the report.

Section 2 provides an overview of the current situation in the RDNO, including population, municipal and electoral area boundaries, and political representation. Focusing on four key geographic areas, the report then reviews service delivery, land use planning and regulation, and property taxes and fees.

Section 3 reviews the history of annexation activity in the RDNO. It then provides provincial legislation and policy, current municipal and regional district policies, and a jurisdictional review of annexation policy across Canada.

Section 4 provides an analysis of the annexation process and issues raised through the study. An *Issues and Services Matrix* is developed to evaluate the impact of annexation on different stakeholders. The report presents case studies of recent annexation applications in the City of Vernon area. Finally, a number of conclusions are offered for consideration by the RDNO and its members.

The appendices offer background information on annexation policies and the jurisdictional review.

## 2.0 Overview of Current Situation

This section provides an introduction to the current situation in the Regional District of North Okanagan. After reviewing regional district-wide information on population, representation and service delivery, the report focuses on four key geographic areas identified by the Regional District for specific examination.

### 2.1 RDNO Population and Representation

The RDNO currently consists of six member municipalities (City of Vernon, Township of Spallumcheen, District of Coldstream, Village of Lumby, City of Enderby, and City of Armstrong) and five electoral areas (B, C, D, E and F) as illustrated in *Figure 2.1*.

Figure 2.1 – RDNO Overview Map



*Figure 2.2* illustrates the names of directors, population data, and voting strength for each member jurisdiction of the RDNO. The number of directors and their voting strength is based on the population

data that includes people residing on Indian Reserves. Voting strength is based on a voting population unit of 2,500, and each member jurisdiction has one director for every 10,000 people, with a maximum voting strength of five for each director.

Figure 2.2 – Current RDNO Population and Representation

| Regional District of North Okanagan<br>2012 BOARD OF DIRECTORS<br>(incorporated November 9, 1965)<br>Voting Unit: 2,500 population |  |                              |                        |                              |
|--|--|------------------------------|------------------------|------------------------------|
|  | Elected/Appointed Director                               | Population<br>2006<br>Census | Number of<br>Directors | Voting Strength              |
|  |  |                              | (voting<br>strength/5) | (population/<br>voting unit) |
| Cities:  |  |                              |                        |                              |
| Armstrong  | Shirley Fowler   | 4,241                        | 1                      | 2                            |
| Enderby  | Howie Cyr  | 2,828                        | 1                      | 2                            |
| Vernon   | Patrick Nicol (Chair); Rob Sawatzky; Juliette Cunningham | 35,944                       | 3                      | 15                           |
| Districts:   |  |                              |                        |                              |
| Coldstream   | Doug Dirk  | 9,471                        | 1                      | 4                            |
| Spallumcheen   | Janice Brown   | 4,960                        | 1                      | 2                            |
| Village:   |  |                              |                        |                              |
| Lumby  | Kevin Acton  | 1,634                        | 1                      | 1                            |
| Electoral Areas:   |  |                              |                        |                              |
| B  | Bob Fleming  | 6,061                        | 1                      | 3                            |
| C  | Michael Macnabb  | 3,947                        | 1                      | 2                            |
| D  | Rick Fairbairn   | 2,837                        | 1                      | 2                            |
| E  | Eugene Foisy   | 934                          | 1                      | 1                            |
| F  | Jackie Pearase   | 4,444                        | 1                      | 2                            |
| Totals:  |  | 77,301                       | 13                     | 36                           |

Source: Ministry of Community, Sport and Cultural Development / Regional District of North Okanagan

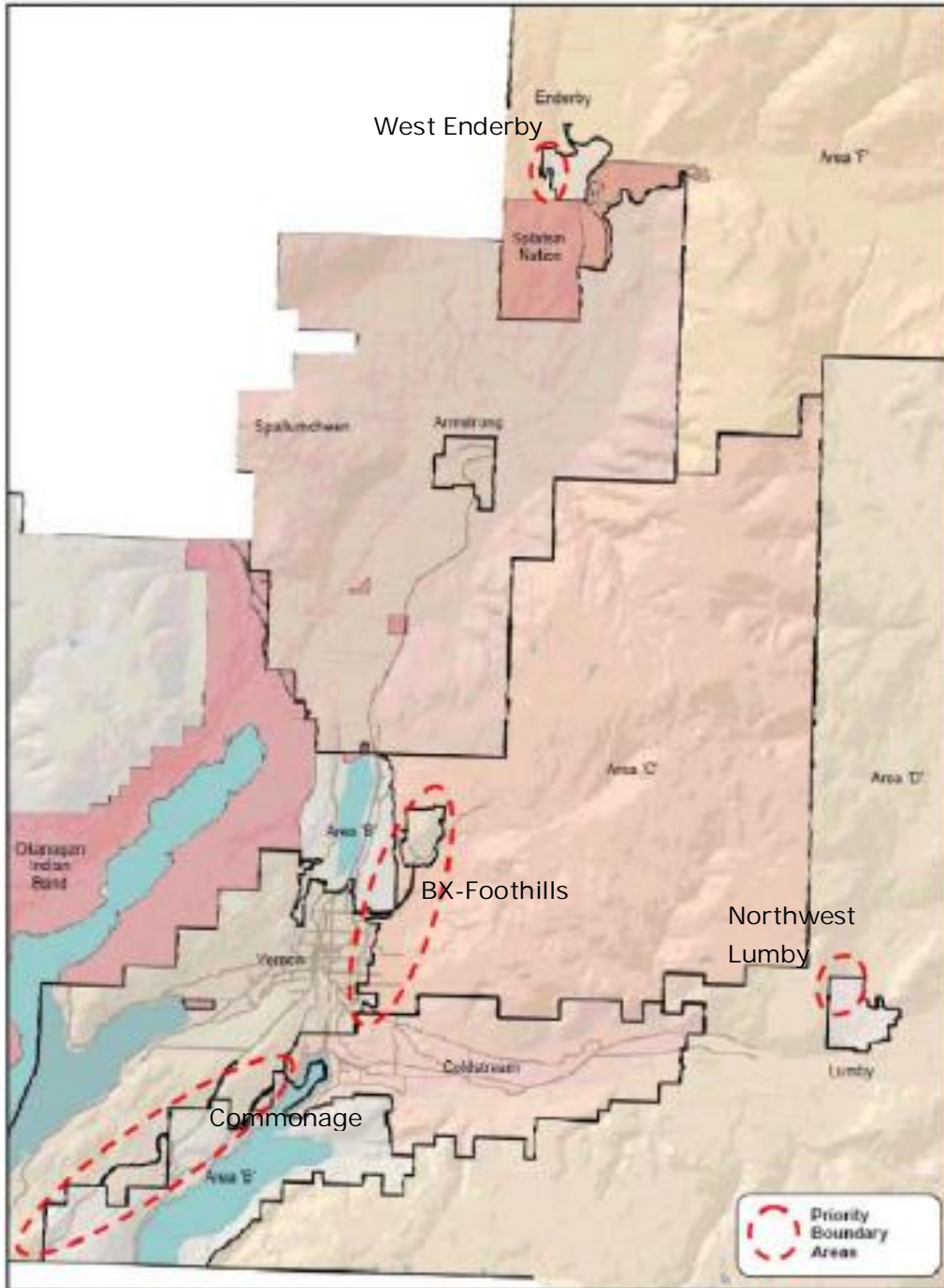
## 2.2 Key Areas

The RDNO has identified four key priority geographic areas in the Regional District as potential future annexation areas. These four priority areas are:

- Commonage (to the southeast of the City of Vernon);
- BX/Foothills (to the northeast of the City of Vernon);
- West Enderby; and,
- Northwest Lumby.

Each area faces different pressures for future annexation including development potential, delivery of utility services and protection of the environment. These areas are identified in Figure 2.3 and described in further detail below.

Figure 2.3 – Key Areas for potential annexation



### 2.2.1 Commonage

The Commonage is a grassland area south of Vernon. It is an environmentally sensitive area with rolling hills. A majority of the area was incorporated into the City of Vernon in 1996, with the development of Predator Ridge and the westerly portion of the Commonage area towards Okanagan Lake. The unincorporated area in Electoral Area 'B' faces continued development pressure as the land is very valuable due to its proximity to Vernon and Coldstream, and its view of Kalamalka Lake.

There is ongoing discussion regarding the provision of utility services to the remaining parcels in the Commonage. The area has relatively shallow soil and steep hills that makes individual septic systems challenging, thus there is an interest in municipal sewer. There is also pressure to bring domestic water service to the area, as past annexation in the area brought only spray irrigation water for agriculture. Finally, fire protection is an important consideration as the 92 properties in the area have no fire protection service at this time.

The City of Vernon's OCP recognizes the agricultural value of the Commonage, stating:

*Attention must also be paid to the rural urban interface, to ensure that the residential subdivision pattern does not encroach into or serve to fragment ALR lands, particularly on the City's eastern boundary.<sup>1</sup>*

All of the Commonage area in Electoral Area 'B' is identified as a Rural Protection Area in the Regional Growth Strategy (RGS). This aligns with concerns with protecting this environmentally sensitive area.

### 2.2.2 BX/Foothills

The BX/Foothills area is located north and east of Vernon. It is facing strong development pressure as owners want to be able to develop to an urban standard. However, the majority of the lands within the study area are currently within the Agricultural Land Reserve as well as being designated as Rural Protection Area in the Regional Growth Strategy. Much of the remaining lands consist of pockets of residential development which were created several decades ago on septic systems, and are now faced with the potential of failing septic fields. Although the RGS discourages the provision of community sewer in Rural Protection Areas such as the Foothills area, it does recognize and support urban level servicing for existing parcels, for protection of the environment.

A review of the City's OCP growth projections indicates that the land base within the current municipal boundaries is more than adequate to support future growth within the planning horizon.

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<sup>1</sup> City of Vernon Official Community Plan, 2008, p. 112.

### 2.2.3 Enderby

There is some annexation potential for the area west of Enderby, and it has been identified as a future growth area in the RGS. Although it has been identified for growth, given the historical growth projection in the City, this potential development is likely beyond the 20 year horizon of the RGS. According to the *Population and Housing Trends and Projections 2008-2031*, Enderby is expected to grow at a rate of 1.46% per year until 2031, and has sufficient residentially zoned or designated land within its current boundary to meet this demand. Still, there is pressure for new development outside the City boundaries.

### 2.2.4 Lumby

Part of Electoral Area 'E' lying northwest of Lumby has been identified as a Future Growth Area in the RGS and has the potential for future annexation. There is some development pressure on this area because it is the only area with potential for development adjacent to Lumby's current boundaries, as other surrounding areas are in the Agricultural Land Reserve. The current growth rate is .82% annually, and there is sufficient zoned and designated land within the Villages current boundaries for projected growth until at least 2031.<sup>2</sup>

## 2.3 Service Delivery

This section outlines services provided by the Regional District, other agencies, and a general description of land use planning and regulation. The Regional District provides many important services on a region-wide or sub-regional basis as outlined below. A more detailed examination of services in relation to key areas of concern for annexation is provided subsequently.

The Regional District provides the following services:

- Administration;
- Building inspection;
- Bylaw enforcement;
- Community and infrastructure services;
- Development services;
- Engineering, including water and sewer, regional solid waste and recycling, regional transit, noxious weeds and insects, drainage and street lights;
- Financial services;
- Greater Vernon Water Utility (sub-regional service);
- Parks and Recreation (sub-regional service);
- Protective Services;
- Salvage logging;
- Victims' Assistance; and

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<sup>2</sup> Population and Housing Trend Projection 2008-2031, 2010.



- West Nile Virus.<sup>3</sup>

Many services in the RDNO are provided by other agencies, including the following:

- Regional Hospital District;
- Okanagan Regional Library;
- Vernon Regional Transit;
- Municipal Finance Authority;
- BC Assessment Authority;
- Okanagan Basin Water Board;
- Sterile Insect Release Program;
- RCMP through Provincial contract; and,
- Provincial rural tax that funds a portion of rural roads.

### 2.3.1 Key Services

This section of the report provides a more detailed review of current service delivery and potential impacts related to various local government structure changes.

Water is an important local government service. Rural areas usually depend on wells and other private sources of water. Currently, water is supplied to the City of Vernon and surrounding electoral areas through the Greater Vernon Water Utility. This service is supplied on a sub-regional basis serving approximately 50,000 customers in Vernon, Coldstream, Electoral Area 'B' and 'C', and a small number of residents in Electoral Area 'D' and Spallumcheen (source: Greater Vernon Water Utility website). This service arrangement provides both domestic and agricultural water supply (the latter makes up 60% of total summer consumption) to areas both within and outside municipal boundaries.

Sewer is an urban level service, with rural areas relying on individual septic systems. In the RDNO, sewer utility services are provided by each municipal jurisdiction, coupled with policies that usually limit the service to areas within municipal boundaries. An exception to this is a contractual arrangement between the City of Vernon and the District of Coldstream that allows for sewage collection from a defined area of the westerly portion of Coldstream to be discharged into the City's system for treatment and disposal.

Fire Protection is delivered through various fire departments throughout the region, funded as local area services. The City of Vernon provides fire protection through a professional force in the central Vernon service area, while there is a volunteer force in the Okanagan Landing service area and the BX-Swan Lake area. All other fire protection in the region is delivered through volunteer forces.

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<sup>3</sup> Regional District of North Okanagan website.

Police protective services are provided on contract by the RCMP. Under the current police financing model, communities provide varying contributions towards policing costs, depending on their size and method of delivery:

- For electoral areas and municipalities with a population of less than 5,000, policing is provided by the Province through a contract with the RCMP. The current provincial police tax covers less than 50 percent of the total annual Provincial cost to police these areas.
- For municipalities with a population over 5,000, policing is usually provided by municipal (contracted) RCMP forces. For communities with populations of between 5,000 and 15,000, the municipality is responsible for 70 percent of total policing costs, plus facilities and support service staff costs.
- For communities with populations over 15,000, the municipality is responsible for 90 percent of total policing costs, plus facilities and support service staff costs.
- A final service delivery option is by an independent municipal police force, which is utilized by 11 municipalities within the Province (none within the RDNO). In this case, the local jurisdiction is responsible for 100 percent of total policing costs.

Land use planning is carried out on a municipal and regional basis. Municipalities have Official Community Plans (OCPs) and zoning bylaws to regulate land development. All of the Electoral Areas in the RDNO have OCPs which help define the character of each area, as well as zoning bylaws. On a regional basis, the Regional Growth Strategy aims to provide regional consistency to land designation and help with continuity of planning across jurisdictions.

Subdivision approval, an important part of land development, is provided by the Provincial Ministry of Transportation and Infrastructure in unincorporated areas, and by the locally appointed Approving Officer within each of the corresponding municipalities.

### General description of land use planning and regulations

The Regional District provides regional planning, most notably with the recent approval of the Regional Growth Strategy. The Regional District also provides community land use planning for all of the unincorporated Electoral Areas and the member municipalities of Armstrong, Enderby, Spallumcheen and Lumby. This planning service includes the creation of Official Community Plans and subsequent zoning and bylaws.

Planning functions include:

- Regional planning;
- Community planning;
- Sustainability;
- Zoning;
- Mapping; and,
- Riparian Area Regulations.

Roads, other than provincial highways, are the responsibility of municipalities within their boundaries and the Provincial government in the unincorporated areas. This includes the responsibility for maintenance, snow clearing and street cleaning.

Street lighting is provided through local service areas in the regional district and is a general service within a municipality.



### 2.3.2 Service delivery arrangements

On local, sub-regional, and regional matters, there are a number of governmental bodies involved in service delivery. Figure 2.3 provides an overview of services provided in the key areas of the RDNO that are the focus of this study. As part of a more in-depth evaluation of an annexation, it would be important to identify how the delivery of these services would change if the area was annexed by the neighbouring municipality.

Figure 2.3 – Overview of Current Service Delivery

| Service                       | Commonage   | BX/Foothills                                      | West Enderby                                      | NW Lumby  |
|-------------------------------|---|---|---|---|
| Roads                         | Provincial  | Provincial  | Provincial  | Provincial  |
| Policing                      | Provincial  | Provincial  | Provincial  | Provincial  |
| Property Tax Collection       | Regional District                                 | Regional District                                 | Regional District                                 | Regional District                                 |
| Schools                       | School District 22                                | School District 22                                | School District 22                                | School District 22                                |
| Hospitals                     | Regional Hospital Board                           | Regional Hospital Board                           | Regional Hospital Board                           | Regional Hospital Board                           |
| Planning and Development      | Regional District                                 | Regional District                                 | Regional District                                 | Regional District                                 |
| Bylaw Enforcement             | Regional District                                 | Regional District                                 | Regional District                                 | Regional District                                 |
| Building inspection           | Regional District                                 | Regional District                                 | Regional District                                 | Regional District                                 |
| Emergency Planning            | North Okanagan Emergency Management Program       | North Okanagan Emergency Management Program       | North Okanagan Emergency Management Program       | North Okanagan Emergency Management Program       |
| Rescue Services               | Regional District grant to independent contractor | Regional District grant to independent contractor | Regional District grant to independent contractor | Regional District grant to independent contractor |
| Transit                       | No service  | No service  | No service  | No service  |
| Fire Protection               | No fire protection                                | BX/Swan Lake Fire Department                      | Enderby and District Fire Protection              | Lumby and District Fire Protection                |
| Water, Sewer, Street Lighting | No service  | Local Services                                    | No service  | No service  |
| Solid Waste Management        | Regional solid waste                              | Regional solid waste                              | Regional solid waste                              | Regional solid waste                              |
| Parks and Recreation          | Greater Vernon Parks and Recreation - RD          | Greater Vernon Parks and Recreation - RD          | Enderby and District Recreation Services          | White Valley Parks and Recreation – RD Service    |
| Libraries                     | Okanagan Regional Library                         | Okanagan Regional Library                         | Okanagan Regional Library                         | Okanagan Regional Library                         |

## 2.4 *Property taxes and other fees*

Property taxes and fees are the central means which municipalities and the regional district have to raise revenue. These rates are set to generate the tax revenue needed for costs not covered by other revenue sources. Figure 2.4 provides a general overview of current tax rates in the municipalities and electoral areas in the RDNO.

Tax rates differ between individual municipalities and the electoral areas. Throughout the RDNO, regional district tax rates change as they are dependent on the amount of each jurisdiction's participation in the various services that are provided by the regional district. A requisition is set for services within each Electoral Area as well as specified areas within each EA as it pertains to an established service (i.e. there is no general taxation).

Municipalities collect all property taxes, remitting revenue to the appropriate organizations, including the regional district. The provincial government is responsible for collecting property taxes in the electoral areas, remitting appropriate revenue to the regional districts. The provincial government adds a 5.25% levy to cover their administration costs for collecting rural taxes. Rates are levied on the assessed value of the property and differ based on the different property classes.

Since each area has different levies applied depending on the service provided, the tax rate table as shown can be somewhat confusing. Ideally, the use of representative sample tax notices are a very effective way to illustrate the direct application of these tax rates on municipal and electoral area residents. Though not available for Phase One of the project, it is anticipated that as part of future phases of this study, sample property tax notices will be provided for the following areas:

- City of Vernon, BX area and Commonage area;
- Town of Enderby and Electoral Area; and,
- Village of Lumby and Electoral Area.

Figure 2.4 – 2011 Tax Rates (per \$1,000 of assessed value)

|                         | Class 1:<br>Residential | Class 2:<br>Utilities | Class 4:<br>Major<br>Industry | Class 5:<br>Light<br>Industry | Class 6:<br>Business | Class 7:<br>Managed<br>Forest | Class 8:<br>Recreation<br>Non-Profit | Class<br>9:<br>Farm |
|-------------------------|-------------------------|-----------------------|-------------------------------|-------------------------------|----------------------|-------------------------------|--------------------------------------|---------------------|
| <b>Vernon</b>           |                         |                       |                               |                               |                      |                               |                                      |                     |
| Gen. Municipal          | 2.88                    | 39.29                 | 8.63                          | 8.63                          | 7.68                 | 0.83                          | 3.92                                 | 0.76                |
| Reg. District*          | 1.87                    | 6.56                  | 6.38                          | 6.38                          | 4.60                 | 5.63                          | 1.88                                 | 1.88                |
| <b>Enderby</b>          |                         |                       |                               |                               |                      |                               |                                      |                     |
| Gen. Municipal          | 3.20                    | 19.05                 | 0                             | 8.51                          | 7.21                 | 0                             | 0.23                                 | 2.98                |
| Reg. District*          | 0.78                    | 2.72                  | 0                             | 2.65                          | 1091                 | 0                             | 0.78                                 | 0.78                |
| Police tax**            | 0.30                    | 1.06                  | 1.03                          | 1.03                          | 0.74                 | 0.91                          | 0.30                                 | 0.30                |
| <b>Lumby</b>            |                         |                       |                               |                               |                      |                               |                                      |                     |
| Gen. Municipal          | 3.07                    | 38.65                 | 16.31                         | 11.49                         | 5.76                 | 0                             | 3.28                                 | 4.20                |
| Reg. District*          | 3.30                    | 11.57                 | 11.24                         | 11.24                         | 8.10                 | 0                             | 3.31                                 | 3.31                |
| Police tax**            | 0.29                    | 0.00                  | 0.98                          | 0.98                          | 0.70                 | 0.86                          | 0.29                                 | 0.29                |
| <b>Electoral Areas</b>  |                         |                       |                               |                               |                      |                               |                                      |                     |
| Provincial Rural        | 0.52                    | 3.95                  | 4.84                          | 2.87                          | 2.87                 | 0.46                          | 0.88                                 | 0.51                |
| Reg. District***        | 3.87                    | 13.55                 | 13.16                         | 13.16                         | 9.48                 | 11.61                         | 3.87                                 | 3.87                |
| Police Tax, Area<br>B** | 0.12                    | 0.40                  | 0.40                          | 0.40                          | 0.29                 | 0.35                          | 0.12                                 | 0.12                |
| Police Tax, Area<br>C** | 0.12                    | 0.40                  | 0.39                          | 0.39                          | 0.28                 | 0.34                          | 0.11                                 | 0.11                |
| Police Tax, Area<br>D** | 0.19                    | 0.66                  | 0.64                          | 0.64                          | 0.46                 | 0.57                          | 0.19                                 | 0.19                |
| Police Tax, Area<br>F** | 0.13                    | 0.45                  | 0.44                          | 0.44                          | 0.31                 | 0.39                          | 0.13                                 | 0.13                |

\*Includes taxes for participation in both region-wide services and local area services

\*\*A separate Police Tax levy is additional to the stated municipal and provincial rural rates for municipalities under 5,000 population and electoral areas.

\*\*\*Includes taxes for participation in region-wide services, services for electoral areas only (e.g. general administration, civic addressing, building inspection, elections, emergency planning, parks). Other local area service areas (e.g. fire protection, street lighting, water, sewer) are in addition to the sample rates shown.

Note: Tax rates for fire protection vary throughout the Regional District, including within the City of Vernon boundaries. For example, the residential tax rate for fire protection in Okanagan Landing at 0.7688, in BX-Swan Lake it is 0.7919, and in Silver Star it is 0.2727.

## 3.0 Annexation Activity and Policies

### 3.1 History of annexation activity

In recent years there have been several major and many minor annexations in the RDNO, most of which have taken place around the City of Vernon. A brief overview of select historical annexations into the City of Vernon, as well as Enderby and Lumby is provided below.

#### 3.1.1 Okanagan Landing (1993)

One of the City of Vernon's most substantial boundary extensions took place in 1993 with the annexation of Okanagan Landing, southwest of the City. Formerly part of Electoral Area 'A' of the Regional District, the Okanagan Landing area had a population of approximately 5,000 people in 1990. With sufficient population to potentially form a municipality, one of the drivers for incorporation was to protect the water quality of Okanagan Lake by providing access to municipal water and sewer infrastructure to the residents. The residents voted in a two-part ballot with respect to incorporation, choosing to incorporate as part of the City of Vernon.

On April 3, 1993, Okanagan Landing residents voted in a Restructuring Referendum [with approximately 60% voter turnout]. In a two-part ballot, 81.6% of respondents voted in favour of local government structure change. When given the option of incorporating as a new municipality or joining the City of Vernon, 58.3% voted for "Inclusion of Okanagan Landing within the City of Vernon".

Source: *Greater Vernon Services Committee, 1993.*

Due to the nature of this annexation, specific measures were taken in its implementation. These measures were:

- Establishment of the Okanagan Landing Advisory Planning Commission, to advise on planning issues in the area and was to remain in place until 2003;
- Transfer of a number of regional district local services, including drainage, water, street lighting and sewer;
- Creation of the 'Okanagan Landing Fire Protection Specified Area,' which allowed the continuance of the volunteer fire department that continues to operate concurrent to the Vernon professional fire department<sup>4</sup>; and
- Creation of the 'Okanagan Landing Taxation Specified Area' which implemented an agreement to levy taxes on the newly annexed property at a rate no higher than the provincial rural rate until 2002 (10 year phase-in) or until a property was approved for subdivision or strata, whichever

<sup>4</sup> Some of the area annexed had previously been part of the BX-Swan Lake Fire Protection area in the Regional District. This area became part of the 'Vernon Fire Protection Specified Area.'



was earlier. In addition, the farm class improvements exemption was eliminated over a 6 year phase in period (City of Vernon letters patent, 1993).

Though not included in the letters patent, a significant influence on the annexation process was the City of Vernon's commitment to provide sewer to the area. Since annexation, there have been disagreements as to what that promise entailed, particularly related to who was responsible for different costs and the timeline of implementation.

A 1993 letter to Okanagan Landing/Bella Vista Citizens Group from Vernon Mayor Wayne McGrath clarifies various issues related to possible amalgamation. The first commitment noted in the letter is that: "The City will provide existing Landing residents with access to trunk sewer lines, force mains, life stations, sewage treatment plan and effluent disposal at no cost. Existing residents will be required to pay, through a specified area tax, for the cost of collector lines that may be required to connect to trunk mains."

Source: *Wayne McGrath, Letter to Okanagan Landing/Bella Vista Citizens Group, March 29, 1993*

Patrick Lett was part of the original group that brought Okanagan Landing into the City. At a 2008 Council meeting he stated that the Okanagan Landing residents were advised that if they joined the City they would get a 10 year moratorium on taxes, as well as improvement in services, sewer, road widening, and street lights. This included the City advising the residents that grant money from the Province of BC could be accessed to rebuild Tronson and Eastside Roads. He felt there was a misunderstanding regarding original 'deal,' and although "nothing in writing but a deal is a deal."

Source: *Public consultation on Vernon's 2009-2013 Financial Plan*

In an interview with former Electoral Area "A" Director Alan Hill, he noted that the annexation of the Okanagan Landing area was a less than satisfactory experience, with a significant increase in the level of taxation without a corresponding increase in services. He also referred to the commitments by the City that were not met (copy of a letter from the City of Vernon dated March 29, 1993 attached as Appendix A). According to Hill, benefits to the Landing area have been limited to improved road maintenance and the availability of a domestic water supply to some residents. He noted it was some 12 years after the annexation before anything of benefit to the residents was received, with still no street lighting in many areas and limited improvement in access to the lake. While sewer service connections have been made available in the area, due to the excessive cost, many residents adjacent to the lake are still not connected and therefore limited improvement in the protection of the environment, which was a major consideration of the annexation proposal.

The annexation of Okanagan Landing was often referred to during preliminary interviews with current and former elected officials and staff. There continues to be outstanding issues and misunderstandings from this boundary extension. The issues are particularly related to the provision of sewer services. This

issue and others could be explored further in Phase Two if the RDNO continues to move forward on this research.

### 3.1.2 Anderson Rd subdivision/commercial area (1994)

The next boundary extension in Vernon occurred north of the City with the annexation of the Anderson subdivision and commercial area. The letters patent in this annexation created the 'Anderson Subdivision Local Service Area' for the purpose of fire protection, removing the residents from the 'BX-Swan Lake Fire Protection and Control Service Area' under the Regional District.

### 3.1.3 Commonage (1996)

A portion of the Commonage south of the City of Vernon was annexed into the City in 1996, bringing in the area that would later be developed as Predator Ridge. This annexation was prompted by a need for additional agricultural lands for spray irrigation disposal of effluent (although this could have been addressed through a joint agreement) and to address development pressure for a new major golf course. The annexed area included the MacKay Treated Effluent Reservoir.

### 3.1.4 Blue Jay/BX (1998)

The boundary extension north of the City brought Blue Jay and a portion of BX area (Electoral Area C) within city limit, in response to servicing around sewer. The letters patent for this annexation established the "Blue Jay Sewer Local Service Area" and had the purpose of "recovery of cost of debt associated with this local service area," but was for all other purposes part of the overall municipal sewer utility. The area was excluded from the Regional District's "BX-Swan Lake Fire Protection and Control Service Area," but a contract was established to have the Regional District to provide fire protection to this area of the City to the previous standard of service.

### 3.1.5 Enderby and Lumby

The City of Enderby and the Village of Lumby both enjoy a good working relationship with the RDNO and the Electoral Area Directors in the neighbouring areas. The Village of Lumby has had two minor annexations in recent years to address commonly owned industrial land that was located in the two jurisdictions and to provide sewer services to a potential development property to the north of the Village boundary. There has also been one recent annexation south of Enderby. Overall, demand for development and further expansion of boundaries of both municipalities is very low at this time.

### 3.1.6 Regional District of North Okanagan

In 2008 the Regional District of North Okanagan undertook a survey of all electoral areas residents in regard to governance and incorporation. This survey was in response to comments and concerns from residents as part of a valley-wide review. The results of the survey were non-binding and for information only.

The questionnaire involved two questions, asking residents if they favoured incorporation, and if so, would they prefer to join an existing municipality or create a new one. The questionnaire also included a detailed information sheet that covered the governance and service delivery options for unincorporated and incorporated areas.

The results of the questionnaire found that 80% of respondents were not in favour of incorporating, though if incorporation was to occur 49% of respondents would be in favour of joining an existing municipality and 51% would be in favour of creating a new municipality.

The results of this survey should be considered within the context of a large regional district, with electoral areas that include a variety of rural to very rural and remote populations. A number of the respondents indicated in their comments that not enough information was provided, presumptions were made in the questions, and questioned whether the questionnaire could generate useful information when there were five diverse electoral areas spread out over a large geographic area.

### *3.2 Maps of recent annexation activity*

The following figures provide a visual demonstration of a number of small, incremental annexations that have been approved within the study area in the last seven years. More information on some of these annexation applications and approvals is provided in Section 4.5 – Case Studies.

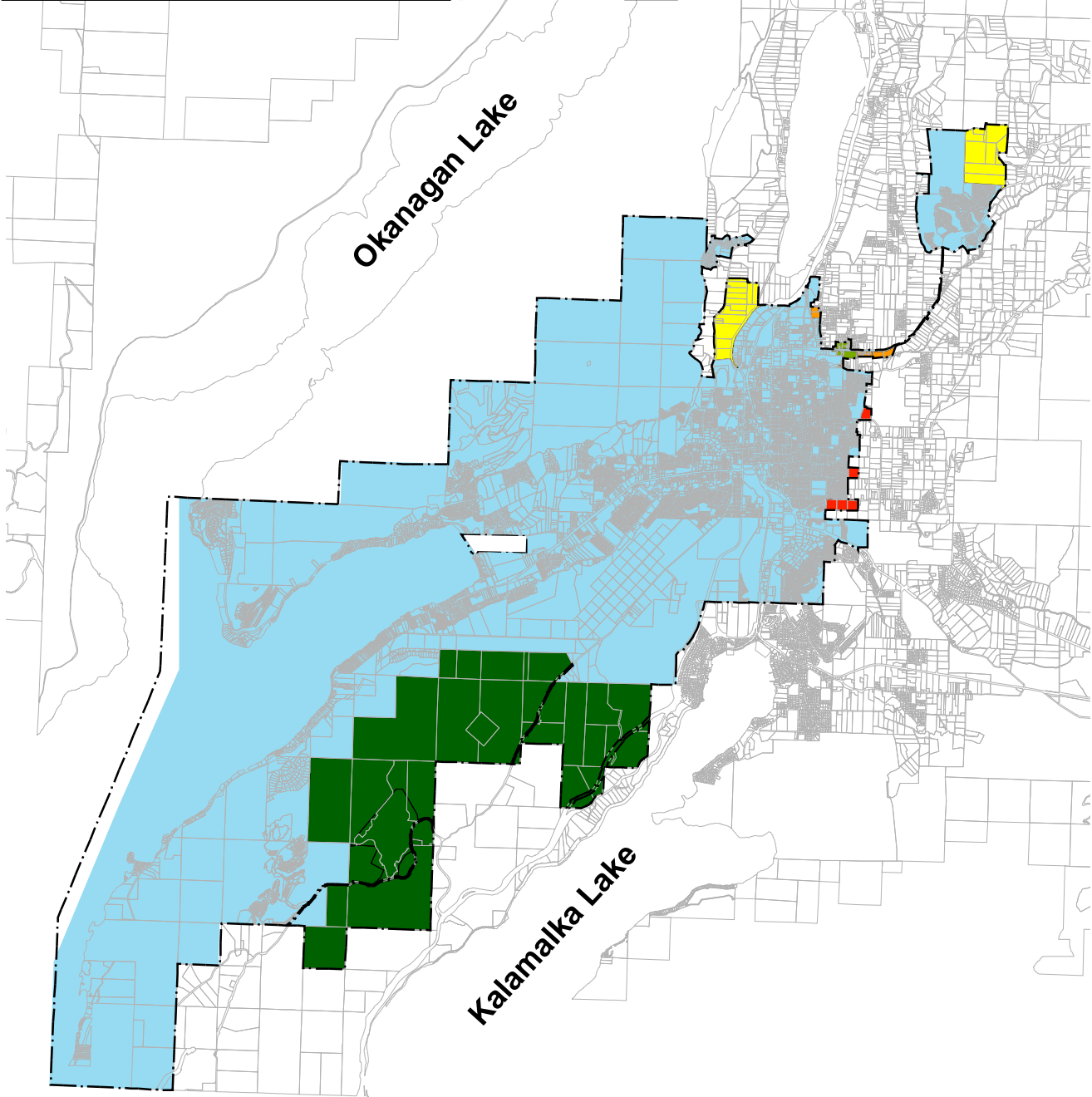
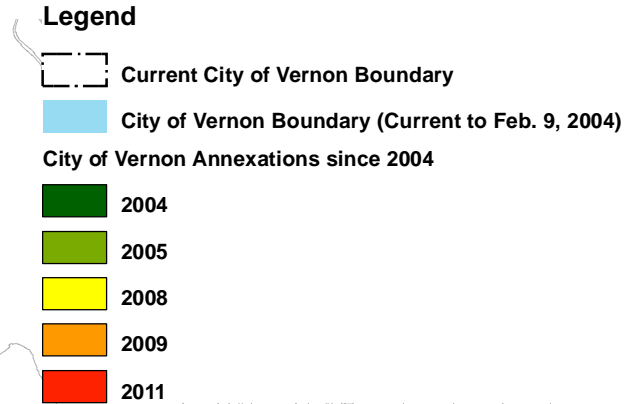
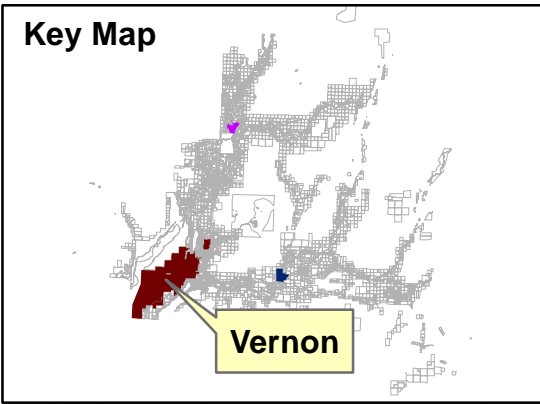
# ANNEXATION STUDY



2012-01-18  
DATA SOURCE: REGIONAL DISTRICT OF NORTH OKANAGAN

REGIONAL DISTRICT OF NORTH OKANAGAN

0 1,000  
Meters



# CITY OF VERNON

FIGURE

1

THE ACCURACY & COMPLETENESS OF INFORMATION SHOWN ON THIS DRAWING IS NOT GUARANTEED. IT WILL BE THE RESPONSIBILITY OF THE USER OF THE INFORMATION SHOWN ON THIS DRAWING TO LOCATE & ESTABLISH THE PRECISE LOCATION OF ALL EXISTING INFORMATION WHETHER SHOWN OR NOT.

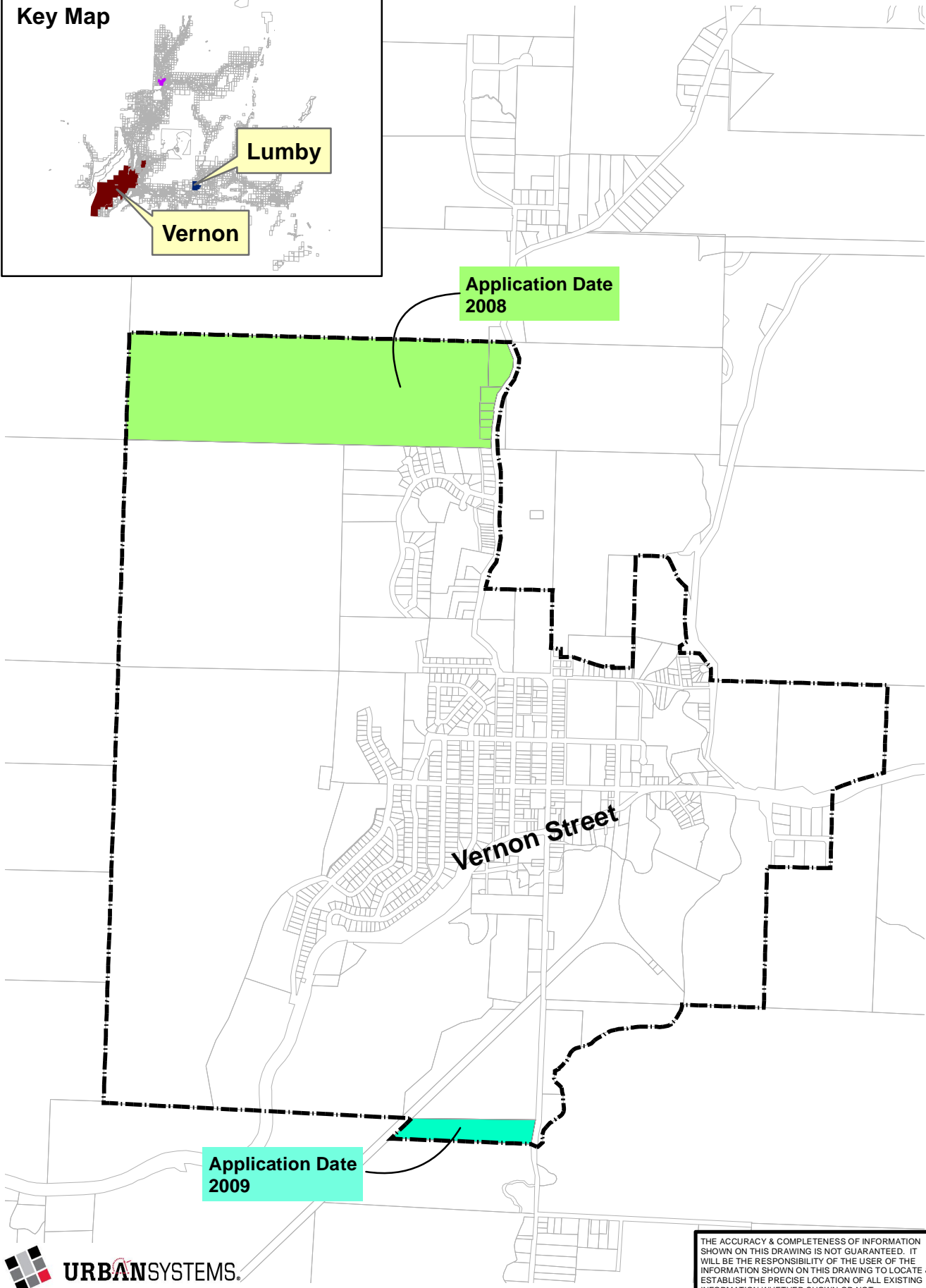
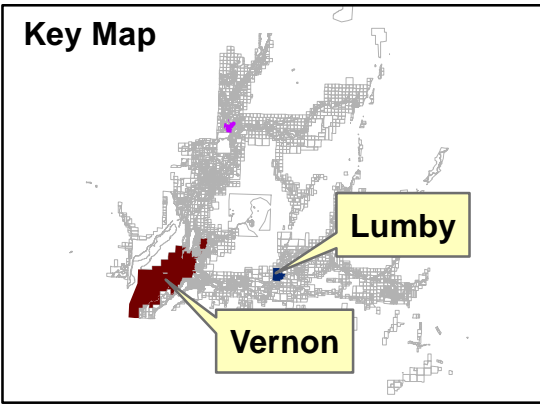
# ANNEXATION STUDY



2012-01-18  
DATA SOURCE: REGIONAL DISTRICT OF NORTH OKANAGAN

REGIONAL DISTRICT OF NORTH OKANAGAN

0 200  
Meters



# VILLAGE OF LUMBY

FIGURE

2

THE ACCURACY & COMPLETENESS OF INFORMATION SHOWN ON THIS DRAWING IS NOT GUARANTEED. IT WILL BE THE RESPONSIBILITY OF THE USER OF THE INFORMATION SHOWN ON THIS DRAWING TO LOCATE & ESTABLISH THE PRECISE LOCATION OF ALL EXISTING INFORMATION WHETHER SHOWN OR NOT.

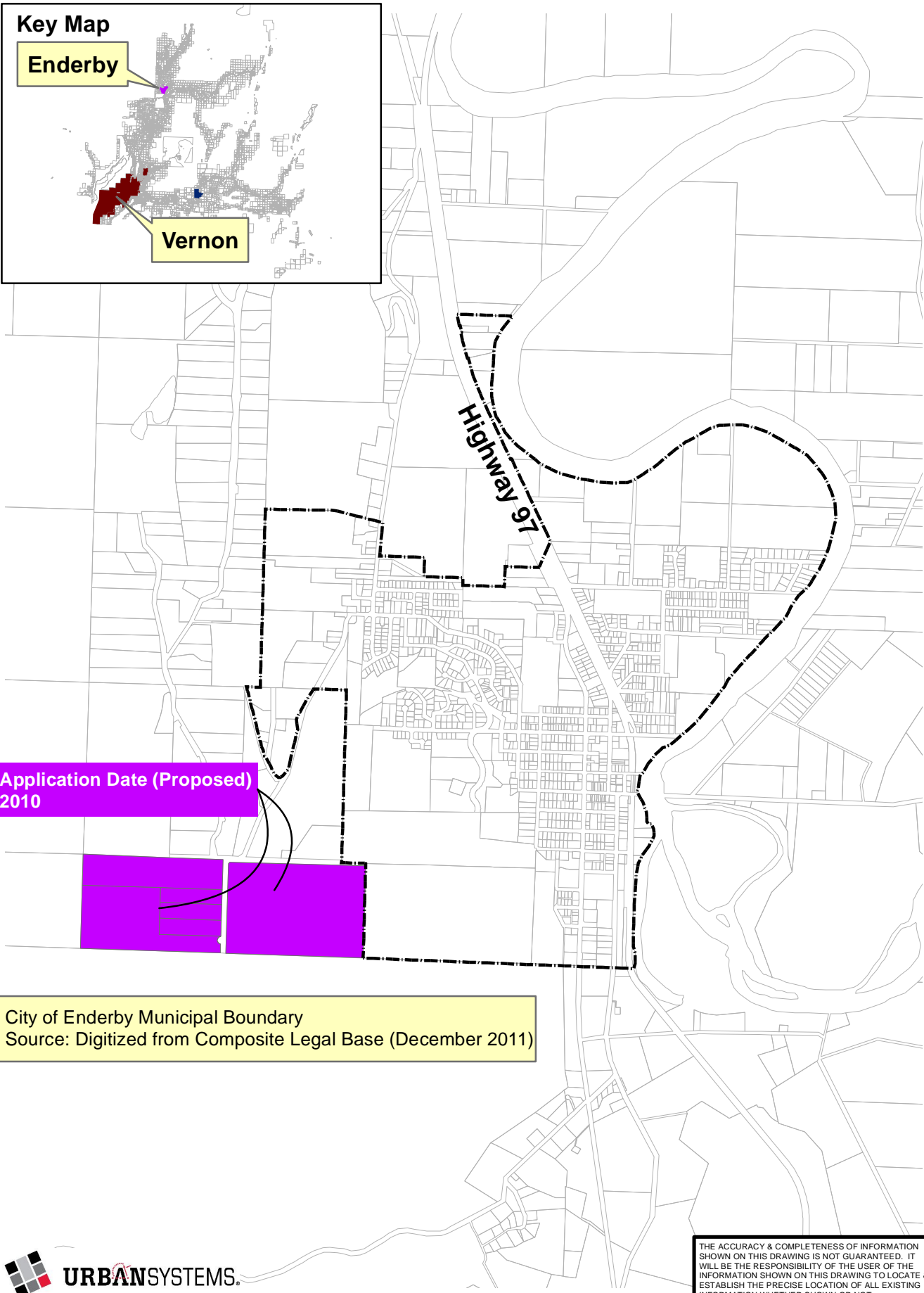
# ANNEXATION STUDY



2012-01-18  
DATA SOURCE: REGIONAL DISTRICT OF NORTH OKANAGAN

REGIONAL DISTRICT OF NORTH OKANAGAN

0 200  
Meters



## Key Map

Enderby

Vernon

Application Date (Proposed)  
2010

City of Enderby Municipal Boundary  
Source: Digitized from Composite Legal Base (December 2011)

# CITY OF ENDERBY

FIGURE

3

THE ACCURACY & COMPLETENESS OF INFORMATION SHOWN ON THIS DRAWING IS NOT GUARANTEED. IT WILL BE THE RESPONSIBILITY OF THE USER OF THE INFORMATION SHOWN ON THIS DRAWING TO LOCATE & ESTABLISH THE PRECISE LOCATION OF ALL EXISTING INFORMATION WHETHER SHOWN OR NOT.

### 3.3 *Provincial, regional, and municipal annexation legislation and policies*

This section provides a review of Provincial legislation and procedures that governs the annexation process. It then provides regional and municipal annexation policies in the RDNO included in the Regional Growth Strategy (RGS), Official Community Plans (OCPs) and policies. This information focuses on four geographic areas, the regional district as a whole, Vernon and Rural Vernon (Electoral Area B and C), Enderby and neighbouring Electoral Area F, and Lumby and Electoral Area D.

#### 3.3.1 Provincial legislation and policy

The *Local Government Act* outlines the legislative requirements for municipal boundary extensions. The Ministry of Community, Sports and Cultural Development has also created handbooks to assist municipalities and land owners in the process. Within the Provincial government, the Local Government Structure Branch provides assistance and advice related to research, legislation and grant funding.

The *Local Government Act* governs the process and requirements for granting boundary extensions. Section 20 of the Act requires the approval of the electors of the proposed annexed land before the extension is granted. Once approved by the Lieutenant Governor in Council (Cabinet), the Letters Patent for the municipality is updated to represent the new boundaries. In 2008 the *Local Government Act* was amended to modernize and clarify sections related to local government restructures, including boundary extension. With this revision, the contents of Letter Patent became much more prescribed.

The *Municipal Boundary Extension Policies Guide* outlines the boundary extension process and the principles that influence the Ministry's approach to municipal boundary extensions. These principles are:

- Municipal leadership;
- Inter-jurisdictional collaboration;
- Consultation with, and consent of, those affected;
- Consistency with community sustainability objectives; and,
- Provincial approval.<sup>5</sup>

The Guide describes the roles and responsibilities of the Ministry, municipality and regional district in a boundary extension process. Municipalities are also responsible for consulting with local First Nations, which the Province provides direction for in the *Interim Guide to Engagement with First Nations on Local Government Statutory Approvals*.<sup>6</sup>

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<sup>5</sup> Municipal Boundary Extension Policies Guide, 2010, pg. 2.

<sup>6</sup> [www.cd.gov.bc.ca/lgd/library/First\\_Nations\\_Engagement\\_Guide.pdf](http://www.cd.gov.bc.ca/lgd/library/First_Nations_Engagement_Guide.pdf)



### Roles and Responsibilities in an Annexation Application

- The **Ministry** is responsible for establishing policies and processing the boundary extension requests submitted by municipalities.
- The **municipality** is responsible for taking the lead role in developing a municipal boundary extension proposal.
- The **regional district** is encouraged to actively participate in the review and implementation of municipal boundary extensions.

Source: *Municipal Boundary Extension Policies Guide (2010)*

The other Ministry document is the *Municipal Boundary Extension Process Guide (2010)*. The Guide outlines the steps for submitting a municipal boundary extension for provincial approval. The Guide provides extensive information on consulting with the regional district on all servicing and other potential issues, and emphasizes that the regional district should be involved early in the process. Once the boundary extension proposal is complete, the municipality must refer the proposal to the regional district. The regional district is responsible for determining the impact on existing services and the details of transferring services should the municipal boundary extension be approved.

### Boundary Extension Process

1. Proposal Development and Referrals
2. Proposal Submission
3. Ministry Review
4. Electoral Approval
5. Provincial Approval
6. Implementation

The Provincial government recognizes that there may be significant impact on a regional district when a boundary extension is approved. If there is a potential financial or service impact identified by the regional district, this information should be provided by the regional district to the municipality, including taxable assessment, current services (and requisitions), and the potential financial effect on services. The Provincial government then determines the significance of the impact with two tests. Firstly, the Province considers if the assessments in the municipal boundary extension area range from five to ten per cent or more of the service area. Secondly, the Ministry examines the actual amount of property taxation revenue involved in relation to the requisition for the service and the financial impact on the remainder of the service area. Each service of the regional district is evaluated individually. If significant financial impact is found, the Provincial government can determine appropriate mitigation measures including debt contributions, contractual arrangements, governance structure and consideration of a phased-in approach.

#### District of Clearwater Mitigation Measures

When the District of Clearwater incorporated in 2007, mitigation measures were put in place to compensate the Thompson-Nicola Regional District. These included:

- Contract for the Regional District to provide services for 1-2 years to ensure a smooth transition; and,
- Creation of an ongoing financial arrangement where the municipality pays the Regional District for services at Vavenby.

Source: *Regional District Taskforce Progress Report, 2009, pg. 29.*

#### Town of Qualicum Beach Mitigation Measures

In 2004, a boundary extension was granted to Qualicum Beach to encompass Chartwell subdivision and the Town's aquifer. This boundary extension had a significant financial effect on the Regional District of Nanaimo's French Creek Water Service, and thus mitigation measures were instituted. The Town was required to pay the regional district an annual contribution for 5 years for the benefit of that portion of the water local service area remaining outside the municipal boundary. The amount ranged from \$60,000 in 2005 decreasing to \$28,000 in 2009.

Source: *Town of Qualicum Beach Supplementary Letters Patent, 2004.*

### 3.3.2 Regional District of North Okanagan (RDNO)

#### Policy

The RDNO's 2003 *Municipal Annexation Policy LU047* was "to establish policies and procedures for the consideration of municipal annexation referrals" that augmented Provincial policies. The policy established that the Regional District would generally only consider annexation applications that were as follows:

- Larger blocks of land or several properties rather than individual properties;
- Provided sufficient public consultation opportunities to affected residents;
- Supplied information on financial and servicing impacts on local services delivered by the Regional District; and
- Consistent with the Official Community Plan, and if not, the Regional District will consider an amendment.

The policy provides specific reference to City of Vernon annexation proposals. The policy outlines that the Regional District will generally only support:

- Block annexations that are consistent with established social neighbourhoods, which they identify by name, or
- Annexations follow logical servicing boundaries established by a servicing study or are within an 'Urban Containment Boundary' as defined by the OCP.

The policy also states the Regional District will not support annexation requests that are solely for servicing. The complete policy is provided in Appendix B.

## Regional Growth Strategy

The RDNO approved a new Regional Growth Strategy (RGS) on September 21, 2011. This document will guide the growth and development within the six municipalities and five electoral areas based on a planning horizon of 20 years. It refers to annexation in relation to land use and Provincial policy.

The Regional Growth Strategy speaks to the issue of boundary extensions/annexations in relation to land use planning. The RGS includes goals and policies around urban containment and rural protection (UC-1 Focus Development into Growth Areas). The section includes specific mention of the role of annexation, stating that:

*Local and regional government will respect the Rural Protection Boundary and Rural Protection Area when reviewing relevant proposals, including: annexations, Official Community Plan amendments and reviews, bylaw development, permit review and applications for large developments.<sup>7</sup>*

The RGS provides a framework for regional planning within the RDNO. The Plan aims to provide continuity in land use planning regardless of boundaries. This should assist with providing consistency for land owners and elected official when considering annexations, as the local government parties have agreed to land use planning designations inside and outside municipal boundaries.

Within the RGS, the Regional District identified that it would like the Provincial government to consult with municipalities and regional districts to review and update its boundary expansion policies to “ensure the process is equitable, transparent and inclusive.”<sup>8</sup>

In response, the Ministry encourages inter-jurisdictional collaboration, recommending:

*There is potential scope to advise that the local governments that sign-on to the RDNO RGS to jointly establish a protocol or process for the development of boundary extension proposals before they are submitted to the Ministry. As adherents to a voluntary set of policies, the local governments could themselves ensure equitable, transparent and inclusive processes.*

### 3.3.3 City of Vernon and Rural Vernon (Electoral Area B & C)

A review of the City of Vernon and Rural Vernon's OCPs finds agreement in policy that annexations should take place as part of a larger restructure of the boundary rather than a piece by piece, property by property approach, and have the support of property owners.

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<sup>7</sup> Regional Growth Strategy, 2011, pg 13; emphasis added.

<sup>8</sup> Regional Growth Strategy, 2011, GS-1.9, pg. 37.

## City of Vernon

### Annexation Policy

The City of Vernon provides an *Annexation Procedure Flowchart*, which outlines the procedure the City follows when considering annexation applications. In this process, annexations are intended to be considered once a year with staff commencing a review and analysis process on March 1st to prepare a preliminary report to Council. The flowchart of this procedure can be found in Appendix C.

### Official Community Plan

Vernon's 2008 *Official Community Plan* outlines the procedure for which the consideration of annexations should take place. The OCP also provides a map of a proposed ultimate City of Vernon boundary, subject to further refinement. The approach of identifying a long term boundary and annexation plan was chosen in an attempt to avoid "a 'property by property' approach [that] is time consuming for all parties, and tends to reflect individual property interests as opposed to the city's long term plans for planning, development and infrastructure phasing" (pg. 112). The section also proposes future study of possible phased amalgamation of appropriate land, if the City does not receive direction from the Provincial government. The full annexation policy can be found in Appendix D.

### Rural Vernon (Electoral Area B & C)

Electoral Area B & C, identifying itself as Rural Vernon, undertook a joint OCP in 2003, and last amended it in 2007. The Rural Vernon OCP includes policies to respond to an annexation request. The OCP specifically refers to the City of Vernon noting that neither Coldstream, Spallumcheen, nor Lake Country (directly to the south of the RDNO) had demonstrated any interest in boundary changes at that time. The Plan outlines three important aspects when considering an annexation:

- Property owners in the proposed annexation area be able to give input on the proposal;
- The annexation must receive provincial approval and the Ministry must be satisfied that property owners support the initiative; and
- Annexations are only considered in a block and generally not lot-by-lot.

The OCP specifically mentions the experience of the annexation of Okanagan Landing and what can be learned from it in terms of large boundary extensions that encompass a whole identifiable community (arguing this ensures existing social and cultural structures stay intact) versus a piece-meal lot-by-lot annexation. The OCP goes on to note that policies are being developed to facilitate the annexation of larger community-based blocks of land into the City of Vernon rather than small blocks or individual properties. This approach is mirrored in the City of Vernon's OCP policy on annexation.

### 3.3.4 City of Enderby and Electoral Area F

The Electoral Area and City have a good working relationship and there is a general agreement on future boundary extension plans.

## City of Enderby

The City of Enderby explicitly addressed the issue of boundary adjustment in their OCP (1995; last amended in 2010). In the OCP's *Boundary Adjustment* section, the Council's objective regarding boundary adjustments is to "accommodate the projected rate of growth and development of 4% or less over the term of this Plan within current municipal boundaries" (pg. 18). The Plan's *Boundary Adjustment Policies* states that Council will maintain the City's current municipal boundaries for the term of the OCP, though with the caveats of high growth (over 4%), shortage of readily developable land within the city limits, or to include new lands adjacent to the Shuswap River formed by the process of accretion (pg. 18). According to the RDNO's *Population, Employment and Housing Forecast 2008-2031*, Enderby is expected to grow at a moderate rate of 1.46% per year until 2031.

The OCP identifies that "premature extension of the City boundaries and services would be wasteful and costly in social, economic and environmental terms." The Plan does recognize longer term expansion options, calling for land west of the City within Electoral Area F to be "maintained in a manner that does not interfere with the future expansion and development of the City" (pg. 18).

The City's *Boundary Adjustment Policies* can be found in Appendix E.

## Electoral Area F

The Electoral Area F OCP (2005; last amended 2010) contains a section on fringe area planning to specifically provide longer term planning for the Greater Enderby area. This policy builds on the *Enderby West Comprehensive Development Plan* completed in 1994. The potential of future boundary extensions for the City of Enderby are directly acknowledged in the OCP, identifying property adjacent and to the west of the City. To enable future annexation and urban development options, these properties are designated as Country Residential and larger zones.

### 3.3.5 Village of Lumby and Electoral Area D

The Village of Lumby completed an OCP in 2005 (last amended in 2007). Its neighbouring Electoral Area D completed an OCP in 2007 with Electoral Area E. Neither of these documents mention the issue of annexation.

### 3.4 *Jurisdictional Review*

This section provides a review of annexation policies and procedures across Canada. General information was obtained from the Intergovernmental Committee on Urban and Regional Research (ICURR), with critical commentary provided by John Meligrana, a professor at Queen's University's School of Urban and Rural Planning, who has studied the phenomena in-depth.<sup>9</sup>

BC has a unique system of local government with municipalities and regional districts. The unincorporated areas are represented by Electoral Area Directors on the Regional District Board, but do not have their own form of local government. Annexations in BC occur when municipalities extend their boundaries and acquire additional land from an unincorporated area. In other provinces across Canada annexation, for the most part, refers to municipalities acquiring additional land from bordering municipalities, such as the rural county.

In Canada, boundary annexations were popular in the immediate post war years, but widespread use has diminished greatly, especially in Ontario.<sup>10</sup> Still, Alberta and BC continued to use annexation frequently until the 1980s. John Meligrana argues that these provinces have chronic boundary issues and are "stuck" at that stage of local government restructure.

Across Canada there are varying processes and policies that provincial governments have implemented in respect to municipal annexations. One commonality across the jurisdictions is that a vast majority of annexations are now a locally initiated, voluntary and consensual process that is not forced by senior government. To that extent, the provincial governments generally puts the onus on the municipality to initiate a boundary extension, and grants and other incentives are no longer available to municipalities who want to undertake boundary extensions.

Appendix F provides a summary of annexation policies and procedures across the country. The table provides information on the types of municipalities, annexation process, mitigation options, final decision and provincial incentives for annexation. More detailed information on evaluation criteria and mitigation measures is provided below.

#### Evaluation criteria for annexation applications

In Alberta, the *Municipal Government Board* will consider the criteria on annexation, as well as public opinion, when preparing a written report providing recommendations to the Minister on an annexation

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<sup>9</sup> Intergovernmental Committee on Urban and Regional Research (ICURR). *Municipal Annexation Processes in Canadian Provinces*. October 2008.

<sup>10</sup> Meligrana, John (2000) "Toward a process model of local government restructuring: Evidence from Canada" *Canadian Journal of Regional Science* Vol XXIII (3), pages 509-530.

request.<sup>11</sup> Alberta's annexation principles requires annexation applications to be evaluated based on municipal growth projections, availability of land within current boundaries, development densities, and the logical extension of growth patterns for the affected municipalities. Annexation applications must also "illustrate a cost effective, efficient and coordinated approach to the administration of services".<sup>12</sup> This approach looks at both participating municipalities to ensure a logical delivery of services within the corresponding boundaries.

In Nova Scotia, the *Utility and Review Board* reviews an application to ensure it is in the best interest of the inhabitants of the area, taking into account the financial and social implications of the annexation.

## Mitigation

When focusing on the potential ramifications of an annexation on the electoral area, BC has identified possible mitigation measures, as discussed in the provincial annexation policy section. Alberta, Nova Scotia and Quebec also have standard practices to compensate the original government of the area that is being annexed.

In Alberta, the standard agreement includes the equivalent five to ten years of taxation revenue from the annexed area as compensation for the municipality from which the land is being annexed. In some cases, municipalities may be required to provide compensation for recently constructed infrastructure built in the annexed area or take over a bond from the bordering municipality (ICURR, 2008). As well, special tax arrangements can be made for land owners, especially for owners of agricultural property.

In Nova Scotia, the *Utility and Review Board* is responsible for approving an annexation request. In their decision they may order compensating grants for a period of up to five year from a benefiting municipality to a municipality that loses assessment as a result of an annexation.

In Quebec, there is a distribution of liabilities and assets between the participating municipalities.

## Challenges of Annexation

John Meligrana has examined local government restructuring across Canada, comparing different types of restructuring, including annexation, amalgamation and government reform. He argues that "annexation occurs at the expense of rural areas that are not yet politically organized".<sup>13</sup> This "fringe development," he argues, "present planning challenges and raises questions of equity and efficiency in distributing the costs and benefits of municipal services to developments beyond municipal boundaries" (ibid.). He cites both BC and New Brunswick as examples of this issue.

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<sup>11</sup> These reports are available to the public at:  
[http://www.municipalaffairs.alberta.ca/abc\\_MGB\\_annexations.cfm](http://www.municipalaffairs.alberta.ca/abc_MGB_annexations.cfm)

<sup>12</sup> Province of Alberta, MDB 123/06, pg. 1.

<sup>13</sup> Meligrana, 2000, pg. 522.



Meligrana identifies some of the challenges of annexation as follows:

1. Annexation can influence the number of unincorporated places. As well, substantial annexation may prevent the incorporation of adjoining communities.
2. Substantial enlargement may enhance the relative regional power of the annexing municipality.
3. Several annexations in a given region may reflect a need for regional coordinating body.
4. Initiators are usually local stakeholders, including property owners or municipal governments, and that, "Provincial legislation contains few, if any, specific guidelines regarding the amount, type or planning purposes for annexing lands to municipal government".<sup>14</sup>

Maligrana argues that because of local initiation and lack of provincial direction, annexations are applied in an *ad hoc* manner over time and do not necessarily lead to the "efficient" boundaries. He cites the irregular boundaries of Nanaimo and Edmonton that have come from a series of annexation applications.

## Conclusion

This section provided a jurisdictional review of annexation policies and processes across Canada, as well as an academic study of the activity. Though the British Columbia system of local government with regional districts is different from other provinces, there are still lessons to be learned from reviewing other jurisdictions. In many other provinces, the annexation process involved extensive negotiation and public consultation beyond the referral and assent process followed in British Columbia. As well, in other provinces there is more provincial government involvement in the process. Still, like in British Columbia, a majority of jurisdictions have annexation processes that are initiated by residents and local governments and require the approval of residents in the affected area for the annexation to be approved.

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<sup>14</sup> Meligrana, 2000, pg. 522.

## 4.0 ANALYSIS

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This section presents the findings of our analysis including problem identification, and key issues and concerns related to the annexation process. A central concern, and one of the impetuses for this study, was the role of referrals and consultation with the Regional District during the annexation process. Key issues related to finance, land use planning, servicing and governance are reviewed. These issues are then organized into an *Issues and Services Matrix*, which identifies the role and impact of annexation on different stakeholders. Finally, six case studies of selected annexation applications from recent years are reviewed and analyzed.

One of the key outcomes of this phase of research was problem definition – put another way, “is there really a problem with annexation in the North Okanagan?”. Our research found that the central concern and issues in recent years were due to small annexations along the urban fringe, where there appears to be less rigor and consultation in the annexation process. A review of the history and accompanying map demonstrates that many small annexations have taken place, particularly in the last five years. Over time, those small annexations add up to a substantial change in boundaries between the city and electoral area. Many of the interviewees raised concerns regarding the Okanagan Landing boundary extension and restructure, and though there are many lessons to be learned from that process, the smaller annexations appear to be more relevant to the future of the Regional District.

### 4.1 Annexation Process

The annexation process in the RDNO is governed by Provincial legislation and a number of policy documents.

At a Provincial level, the *Local Government Act* governs the annexation process. The reference manuals created by the Ministry outlines the process, including required referrals from the municipality to the Regional District, First Nations, and Agricultural Land Commission, if applicable. According to Ministry officials, an annexation will not move forward if it does not include a referral to the Regional District. It is the Regional District’s responsibility to provide information on the social and financial impacts of the annexation. Once an application is complete, it is reviewed by staff and a recommendation is made to the Minister. Annexation applications require provincial cabinet approval to be implemented.

The municipality must follow provincial procedure when applying for a boundary extension. In addition, the City of Vernon has created a flow chart and policy in the OCP to guide staff and elected officials in processing annexation applications (see Appendix C). The flow chart indicates that planning staff will review annexation applications and provide preliminary reports to Council on March 1<sup>st</sup> of each year. The procedure also outlines that public input will be received through a counter petition process. The policy, part of the City of Vernon OCP 2008, provides a proposed ultimate boundary for the City to guide

consideration of annexation applications. The section notes concerns over small annexation and for annexations that facilitate residential development outside of the city and neighbourhood centres, specifically noting that “residential intensification shall not be encouraged at the periphery of the city.” Simultaneously, the City has a policy to continue to move towards the ultimate boundary, “by responding to requests for annexation from properties that fall within the specified area.”<sup>15</sup>

The remaining policy notes that the City intends to undertake to study to ratify the ultimate municipal boundaries for Vernon. This study will include a review of the costs of servicing new land, evaluation of potential new land uses, consideration of rural-urban interface and protection of agricultural land, identification of expansion phases, and consultation with stakeholders.

The Regional District of North Okanagan also has a Municipal Annexation Policy (Policy LU047, 2003). This policy outlines that the RDNO will generally only consider annexation requests that are larger blocks of land, specifying established social neighbourhoods that it believes should be preserved through large block annexations. The RDNO supports consultation completed through petition or referendum, and does not support counter petition procedures. The policy also states that municipality should provide information on financial and servicing impacts on the Electoral Area local services, as part of an annexation application.

A review of the Provincial, Regional District and City of Vernon policies reveals a number of conflicts. This includes a disagreement between the Regional District and the City of Vernon over public consultation techniques, and a misunderstanding as to who should provide financial and servicing impact information. According to provincial procedure, the Regional District is responsible for providing the financial and servicing impact information as part of their referral response. As well, though there is agreement in preferring to support large lot annexations, the City of Vernon’s policy also indicates support for applications that move the City towards the proposed ultimate boundary.

## 4.2 Issues

The extensive review of materials and interviews with Electoral Area Directors, local government staff and Provincial staff revealed a number of issues throughout the annexation process and subsequent impacts. These issues relate to finance and other considerations, land use, servicing, and governance and are outlined in the following section.

### 4.2.1 Financial and other

#### Financial sustainability of Regional District services

One of the central drivers for this study relates to the sustainability of services provided by the Regional District in the face of ongoing annexation activity. This is of particular concern because of the financial

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<sup>15</sup> City of Vernon, Official Community Plan, p. 113.

arrangements regional districts must follow in providing services. In practice, each service the regional district delivers is on an individual cost recovery formula. This requires that each service be separately defined in the budget and the operating accounts of the regional district (Separate Fund Accounting basis). This system allows residents to “pay for what they get,” but also limits the financial flexibility of the regional district when residents are removed from a service area because of annexation.

The Ministry recognizes that annexation may have an effect on the financial situation of services. During the annexation application process the regional district is responsible for identifying the services currently provided in the extension area and the financial impact on those services if the boundary extension is approved. For example, the Ministry asks, “Can the service be continued for the remainder of the service area with a reduction in operating costs with minimal financial impact?” The Ministry recognizes that mitigation measures such as financial compensation may be appropriate. However, each annexation is reviewed as a single application, prompting concerns with respect to the potential cumulative effects of multiple small annexations.

### Tax rates

Depending on the nature and structure of services provided, there may be significant differences between the rural and municipal tax rates, which directly impacts the annexed residents and businesses. This may lead to special agreements to maintain current rural tax rates for newly annexed residents or provide a phased-in tax rate; both of these approaches were utilized in the annexation of Okanagan Landing. This approach has a financial effect on both the residents of the annexed area and the municipality as a whole.

### Social/Cultural

Concerns were raised regarding the continuity of community identity and social cohesion as a result of ongoing boundary extensions. Rural Vernon’s OCP raised the issue of social and cultural identity, noting preference for the annexation of a block of properties that incorporated a complete community, rather than piece-meal annexations that break up the fabric of a community identity. RDNO identifies social communities in the Municipal Annexation Policy LU047. In order to preserve established social neighbourhood identities for the long term, the Regional District will generally only support block annexations that are consistent with the 12 social neighbourhoods they identify on or near the City of Vernon boundaries.

## 4.2.2 Land use

### Land use planning

Another motivation for this study was concerns related to land use planning in relation to annexation. In this discussion, some residents and elected officials identified boundary extensions as being responsible for rural sprawl in the fringe areas. Fringe area refers to the area immediately outside of, or boundary edge area of a municipality.

In the past (before the Regional Growth Strategies were implemented across the Province), a lack of fringe area planning often resulted in conflict between neighbours and poor land use planning. Conflict could spill over to shared involvement (services) and Provincial involvement (boundary extensions).<sup>16</sup> According to the Provincial government, Regional Growth Strategies are another instrument to achieve an “integrated and complementary land use planning frameworks for fringe areas.”<sup>17</sup>

Regional Growth Strategies (RGS) provide an overall planning direction for Regional Districts within the Province. With the support of each member municipality and electoral area, the RGS should provide continuity of planning direction regardless of municipal boundaries, as individual municipal OCP’s must contain a Regional Context Statement. For example, areas that have been identified as rural protection areas are protected under the RGS. Still, there are concerns that these identified areas could be reviewed and designations changed through a minor amendment to the RGS. Criterion for a minor amendment includes, “where a land use or development proposal is inconsistent with the Regional Growth Strategy and, in the opinion of the Board of Directors is not of regional significance in terms of scale, impacts or precedence” (pg. 44).

### Agricultural land

With agriculture planning playing an important socio-economic role in the RDNO, a number of individuals interviewed for this study were concerned about the loss of farm land with annexations into city boundaries. In BC, agricultural land in the Agricultural Land Reserve (ALR) is regulated, in part, by the Agricultural Land Commission. This means that regardless of the land’s location within or outside of city boundaries, the land is protected from development. The land owner must apply to the Agricultural Land Commission to take the land out of the ALR if they want to develop it for non-farm use. In this process, property owners may seek the support of the local government for their application for non-farm use.

In annexation application referrals, the Agricultural Land Commission has indicated their concerns regarding protection of agricultural land and annexations. This included concern that “including into the City will result in speculation and purchase of adjoining ALR land for non-farm uses. It is the Commission’s experience that even though significant ALR areas exist within the City of Vernon boundaries, incremental, edge annexations are perceived as the precursor to urbanization”.<sup>18</sup>

Within the RGS there is a commitment from all member jurisdictions to work together, through OCPs, to discourage the removal or subdivision of ALR lands.

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<sup>16</sup> Regional District Taskforce Progress Report, pg. 17.

<sup>17</sup> Regional District Task Force Progress Report, pg. 17.

<sup>18</sup> Annexation application for 975-25<sup>th</sup> Ave. Referral response from Agricultural Land Commission, June 18, 2008.

## Environmental Protection

There is concern that environmentally sensitive land is not sufficiently protected if annexed into a municipality. This issue was especially emphasized in relation to the Commonage land in Electoral Area 'B'.

With the approval of the RGS there is an agreement among participants to "designate and protect significant open spaces and environmentally sensitive areas in Official Community Plans and through other planning mechanisms" (RGS, ENV-2.10, p. 26). The Commonage area in Electoral Area 'C' is currently designated as a Rural Protection Area. This designation would not automatically change if the boundaries of the City of Vernon enveloped it.

There is also a relationship between urban servicing and environmental protection. On one hand urban level services is seen as part of increased density and further development. On the other hand, one of the drivers of annexation is providing city servicing to properties that may be facing significant water or sewer challenges. For example, in areas where septic systems are failing and there is a threat to the water supply, an annexation may be approved to allow the municipality to provide sewer services. This was one of the contributing factors to the annexation of Okanagan Landing.

### 4.2.3 Servicing

One of the key motivations for property owners to join a municipality is to access city servicing, including municipal water and sewer. The want and need for sewer is particularly important for environmental protection, especially to address the issue of potential septic system failures. In some cases, residents are not actually interested in joining the municipality, but request annexation because, for instance, the City of Vernon by policy will not provide sewer servicing outside of its boundary. At the same time, RDNO policy states that in general the Regional District will not support annexation applications that are purely to obtain city servicing.

The issue of servicing is inter-related with land use. For effective and efficient delivery of urban servicing, including water and sewer, there must be a sufficient density of development; however, once urban services have been delivered to an area further density is possible.

The RGS created the designation of rural protection areas and a rural protection boundary. Rural protection areas are those "that will not have access to water and sewer infrastructure, consist of large lot sizes and are associated with rural uses".<sup>19</sup> The Rural Protection Boundary is the "line that divides

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<sup>19</sup> Regional District of North Okanagan, Regional Growth Strategy, 2011, pg. 16.

lands that have access to water and sewer infrastructure and lands that must rely on local water and septic solutions”.<sup>20</sup>

Furthermore, the RGS states that the provision or expansion of community water and/or sewer services to the Rural Protection Area should be discouraged, unless there are health or environmental motivations, and the provision of services does not result in additional development.<sup>21</sup>

#### 4.2.4 Governance

Any annexation affects the population levels of both the municipality (which gains new residents), and the electoral area (which a number of residents are removed). Depending on the extent of the population difference, this may change the balance of power on the regional district board and the opportunity for future representation of rural communities and issues within the regional district. For example, the annexation of Okanagan Landing meant the dissolution of Electoral Area 'A' and an increase to the strength and number of representatives for the City of Vernon on the RDNO Board. Future large-scale annexations of populous areas, such as the BX neighbourhood, could lead to additional changes to the makeup of the Regional Board.

### 4.3 *Issues and Services Matrix*

The creation of an issues and services matrix provides a framework to demonstrate and evaluate the potential impact of annexation on the delivery of services and other issues of concern raised through the research process. For instance, in some areas there is little or no impact on service provision, while others are impacted to the extent of threats to continued financial sustainability. While some analysis, such as tax rates are quantitative, others like social and cultural impacts of the annexation are more qualitative in nature.

By examining the impact of annexation on the regional district, municipality, residents and Provincial government, a clearer picture is drawn on benefits and challenges of an annexation. From this, one can ask “Does the annexation make sense for all involved?” If there are concerns raised during this examination there is an opportunity to choose to not continue with the annexation process or to identify mitigation or compensation measures to alleviate hardship that results from an annexation.

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<sup>20</sup> Regional District of North Okanagan, Regional Growth Strategy, 2011, pg. 17.

<sup>21</sup> Regional District of North Okanagan, Regional Growth Strategy, 2011, UC-2.4.



| Issues                                       | Role and impact of annexation on...   |  |   |  |
|--|---|--|---|--|
|  | Regional District/<br>Electoral Areas   | Municipality   | Residents   | Provincial<br>government                                   |
| Financial and other                          |   |  |   |  |
| Sustainability of services                   | Depends on the service, <ul style="list-style-type: none"> <li>• % of participants,</li> <li>• assessment base, and</li> <li>• level of debenture debt</li> </ul> | Addition to an existing service  | Potential for more urban services   | Elimination of responsibility for police service and roads |
| Tax rates                                    | Loss of tax dollars for service   | Gain of tax dollars  | Increase in tax rates   | Reduced tax revenue  |
| Community identity                           | Cumulative impact of a number of annexations may significantly change the complexion of the community   | Add area to be serviced with no likely social/cultural impact on municipality                    | Potential loss or reduction in community ID as part of larger entity  | n/a  |
| Land use                                     |   |  |   |  |
| Land use planning                            | Loss of direct responsibility for planning, RGS still applies   | Gain of direct responsibility for planning, RGS still applies                                    | Guided by municipal OCP and Development guidelines  | n/a  |
| Development (rate and density)               | Depends on RGS/OCP  | Accelerated and subject to RGS/OCP   | Opportunities for Urban level services and development options  | n/a  |
| Environmental Protection                     | Depends on RGS/OCP  | Depends on RGS/OCP   | Depends on RGS/OCP  | n/a  |
| Preservation of agricultural land in the ALR | Agricultural Land Commission (no change)  | Agricultural Land Commission (no change, but increased pressure and opportunity for development) | Agricultural Land Commission (no change, but additional pressure for development due to service capability) | Agricultural Land Commission (no change)                   |
| Servicing                                    |   |  |   |  |
| Water  | No change in GVWD   | No change in GVWD  | No change likely  | n/a  |
| Sewer  | n/a   | Addition to service area   | New service availability  | n/a  |
| Fire   | Shift in area of service, but cumulative effect of a number of annexations may negatively impact on available revenue   | Addition to service area may increase costs, but offset by new tax revenue from new residents    | Change ins service provision and likely a higher level of service with professional force                   | n/a  |
| Police                                       | No impact on RD   | Increase in number and area serviced   | Slight change in level of taxation  | Reduced responsibility                                     |
| Governance                                   |   |  |   |  |
| Political representation                     | May result in a loss in the number of elected representatives from area   | May increase representation and change balance at RD Board Table                                 | Change in area of representation  | n/a  |



## 4.4 Case Studies

This section presents a number of case studies based on a review of recent annexation applications to the City of Vernon. These selected applications were provided by the RDNO based on publicly available information. Each case study included a City of Vernon staff report, map of the property, referral responses from applicable agencies, and financial impact analysis. The reports were reviewed in detail to identify and clarify issues brought up in other research, as well as to assess the use of annexations policies in the jurisdiction. A summary of the case study highlights is provided in the following table.

### 4.4.1 Selected Case Studies

Figure 4.2 Selected Case Studies

| Case Study #   | 1                     | 2                             | 3                         | 4  | 5                      | 6   |
|--|-----------------------|-------------------------------|---------------------------|--|------------------------|---|
| Property Location  | Silver Star/<br>BX Rd | 5770<br>Pleasant<br>Valley Rd | Hitchcock Rd              | (Heritage<br>View<br>Estates<br>Inc); 975-<br>25th Ave | 811-39th<br>Ave        | 1907-15th<br>St, 1094<br>and 1102<br>Pottery Rd |
| File   | 3370-20-13            | 3370-20-11                    | 3370-20-05/<br>3370-22-11 | ANX00008<br>3370-20-16                                 | ANX00007<br>3370-20-15 | ANX00009<br>3370-20-17                          |
| Year   | 2006/2007             | 2006/2007                     | 2007/2008                 | 2008   | 2008                   | 2009  |
| Number of properties                                     | 15                    | 2                             | 10                        | 1  | 1                      | 3   |
| Response from RD   | No response*          | Not supported                 | No response               | Not supported  | Not supported          | Not supported                                   |
| ALR  | No                    | No                            | No                        | Yes  | Yes                    | Yes   |
| Response from ALC  | n/a                   | n/a                           | n/a                       | Not supported  | Not supported          | Not supported                                   |
| Annual municipal financial impact: excess or (shortfall) | \$20,628              | Not specified**               | (\$8,099)                 | (\$710)  | (\$1,330)              | \$1,400   |
| Past annexation applications                             | 2006                  | 2004                          | n/a                       | 1990   | 1990, 2004             | n/a   |
| Ministry response  | Approved              | Approved                      | Approved                  | Approved   | Approved               | Approved  |

\* Previously, RDNO staff and Electoral Area 'C' APC stated they did not support the annexation application.

\*\* Estimated \$4,200 annual maintenance cost for portion of Pleasant Valley Rd.



#### 4.4.2 Case Study Findings

Based on the above summary of recent annexation applications to the City of Vernon, a number of common themes are revealed, as follows:

- Multiple annexation attempts;
- Indication of intent for development, including intent to apply to remove land from the ALR and/or obtain OCP/zoning re-designation;
- Applications are not supported by the Regional District of North Okanagan;
- Financial cost or benefit to the City, with a majority of recent annexations being a financial cost to the municipality; and,
- Property is located within the ultimate city boundary in Vernon's 2001 OCP "Plan Vernon" or City of Vernon's OCP 2008.

None of the case study applications were supported by the Regional District, where commented upon. Applications for lands within the ALR were not supported by the Agricultural Land Commission, due to potential pressures for ALR exclusions within the urban fringe area. Furthermore, a number of the applications identified financial deficits to the municipality, putting into question the motivation for the annexation. Despite a number of these issues and objections from the RDNO and ALC, all off the applications identified in the case studies (some after repeated attempts) were approved by the Ministry, as they met the technical requirements for minor boundary extensions. These themes raise questions with respect to the value and impact of the referral process, and the Ministry's consideration of the integration of issues (finance, land use, servicing and governance) as part of the boundary extension approval process.



## 5.0 CONCLUSION

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Urban Systems Ltd. was commissioned to explore the cumulative impact of recent annexation activity on electoral areas in the Regional District of North Okanagan. This report is the result of the first phase of the study, which provides an overview of the history, current situation and issues involved with respect to the subject.

This report provided an overview of the existing situation in the RDNO, including population, municipal and electoral area boundaries, political representation, services, and land use planning and regulation. The report focuses on the four key areas identified for further study, namely the Commonage and BX-Foothills neighbourhoods adjacent to the City of Vernon, as well as west Enderby and northwest Lumby.

A review of annexation policies and procedures outlined in Provincial legislation and best practices was undertaken. In addition, a review of local government community planning documents including the Regional Growth Strategy and Official Community Plans, as well as regional and municipal policies was undertaken. There were a number of similarities found in the policies, such as the preference to support annexations of large blocks of land, as well as to consider land use, servicing and finance during the application process. In practice, however, these similarities in local and regional policy do not appear to be followed through in the decision making process, as recent annexations were approved by the Ministry that appear to be in contravention of these policies. To bring greater cooperation and agreement in the annexation process, the Ministry has suggested the participating local governments (RDNO and municipalities) establish a joint protocol or process for the development of boundary extension proposals before they are submitted to the Ministry. By doing so, the parties involved could achieve greater agreement within a more equitable, transparent and inclusive process.

A review of recent annexation activity was completed as part of this phase of the project. This research found that the majority of annexations were taking place around the urban fringe areas of the City of Vernon, and that these annexations were small boundary extensions. The results of these applications raise some concerns regarding Regional District input in the process. One of the key areas of input that Regional Districts have in the annexation process is to identify the effect that annexation will have on the financial and services. With small annexations, this effect is not seen immediately, but instead becomes part of the cumulative effects related to multiple annexations. As well, these small annexations do not seem to receive the same level of scrutiny by the Ministry because they are only a few contiguous lots, rather than a larger area. Finally, the case studies revealed that in many cases the approved annexations did not follow the OCPs or applicable municipal and RD annexation policies.

Based on research and interviews with former and current RDNO elected officials and staff, as well as Provincial staff, a list of key issues was created. These issues focused on finance and other issues, land use planning, servicing, and governance. Once identified, a matrix was created that could be applied to evaluate the impact of annexation on key participants in the process: the municipality, regional district and residents of the affected area.

A number of case studies explored recent annexation activity within the urban fringe area, and identified an apparent lack of integration of the key drivers – land use, finance, servicing, and governance – for consideration in the annexation approval process. In reviewing the case studies as presented, the process generally included four key players: the municipality, the regional district, the Provincial government and, in the case of land in the Agricultural Land Reserve, the Agricultural Land Commission. The case study review reinforced the different roles and influences that these players have in the annexation process. In particular, there is different influence in relation to the themes of governance, land use, servicing and finance. Figure 4.3 demonstrates the areas of influences each organization holds.

Figure 4.3 Roles and Decision-making Power of Key Organizations in the Annexation Process

|                              | Governance | Land Use | Servicing | Finance |
|------------------------------|------------|----------|-----------|---------|
| Regional District            |            | ○        | ○         | ○       |
| Municipality                 | ○          | ○        | ○         | ○       |
| Ministry                     | ○          |          | ○         | ○       |
| Agricultural Land Commission |            | ○        |           |         |

The review of key organizations and their roles reveals that there may be a lack of integration with the four different themes of governance, land use, servicing and finance. There is a need for a broader consideration of these themes as a whole in the annexation process by all key organizations. Specifically, it would be beneficial if the Regional District were more involved with governance aspects, and if the Ministry were more considerate with respect to potential land use impacts.

Some of the case studies highlighted this apparent disconnect between land use and governance, especially as it applied to agricultural land. The Agricultural Land Commission, in response to one annexation application, provided an option that would provide more integration of the issues, “recommend[ing] that an annexation decision await the outcome of an exclusion application.”<sup>22</sup> This

<sup>22</sup> Annexation application for 975-25<sup>th</sup> Ave. Agricultural Land Commission. Referral response, June 18, 2008.



application was subsequently approved by the Ministry of Community, Sport and Cultural Development. Perhaps with a joint protocol framework, a broader and more comprehensive assessment of boundary extensions could be undertaken in the future.

The RDNO Annexation Impact Study is proposed to be undertaken in three phases. This first phase report provides an introduction to annexation policy and procedures and the issues involved from the RDNO. If the committee decides to pursue further research on this topic, phase two would provide a detailed evaluation of the cumulative effects of annexation on unincorporated areas in the RDNO. This research would include the following:

- A more detailed evaluation of the financial, land use, service delivery and social impacts and outcomes of the 1993 Okanagan Landing annexation of Electoral Area "A" into the City of Vernon;
- An overall financial accounting of cumulative annexation applications over the last 10 years for affected Electoral Areas, focusing on the key priority boundary areas;
- A analysis framework to identify the cumulative effects of annexation on Electoral Area priority boundary areas, including:
  - Economic and taxation impacts;
  - Land use impacts;
  - Service levels and infrastructure cost;
  - Social and community fabric and identity;
  - Agricultural Land Reserve loss; and
  - Governance.

An area of interest which was not specifically identified in the original terms of reference for detailed review is the Foothills area. Similar to the Okanagan Landing area, a more detailed analysis of the Foothills area could be explored in Phase Two of this initiative.

The final phase of the project would incorporate the analysis developed in phase two with the proposed joint protocol framework proposed by the Ministry. It would involve negotiation and agreement with the affected municipalities, regional district, provincial agencies, and the Ministry of Community, Sport and Cultural Development.

The consultants acknowledge and thank those who provided information and agreed to be interviewed for this project. The report is not meant to cast a shadow on those involved in boundary extension approvals, but merely to provide an overview of the current process and identify and potential issues and gaps which could be addressed through further analysis and a protocol agreement for future annexations.



# APPENDIX A

Letter from the Mayor of Vernon re: Okanagan Landing annexation



## THE CORPORATION OF THE CITY OF VERNON

3400 - 30th Street, Vernon, British Columbia V1T 5E6  
City Hall Telephone (604) 545-1361 Fax (604) 545-7876  
City Yards Telephone (604) 549-6757 Fax (604) 545-3345



REPLY ATTENTION:

OUR FILE:

March 29, 1993

TO: THE OKANAGAN LANDING/BELLA VISTA CITIZENS GROUP

Dear Sirs:

In response to your recent letter, I am pleased to provide the following clarification regarding various issues as they relate to possible amalgamation of Okanagan Landing and the City of Vernon:

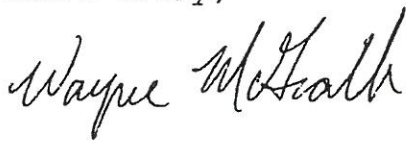
1. The City will provide existing Landing residents with access to trunk sewer lines, force mains, lift stations, sewage treatment plant and effluent disposal at no cost. Existing residents will be required to pay, through a specified area tax, for the cost of collector lines that may be required to connect to trunk mains.
2. Sewer services will be provided as far as Okanagan Lake in 1993. The majority of existing subdivisions would have sewer services installed in 1994, subject to the residents agreeing to specified areas as described above.
3. The City is currently amending its Waste Management Plan to provide expansion of the existing sewage treatment plant to service a population of 60,000. The Marshall Farm will be retained by the City for recreational purposes upon approval of the amended Waste Management Plan.
4. Under amalgamation, the provincial government has agreed to the City's proposal for a separate 10-year Advisory Planning Committee for the Landing to provide input into planning, servicing and environmental matters. Additionally, all Landing residents will have access to the public hearing process associated with a review of the Official Community Plan. Until this review is completed, the City will impose a moratorium on all new rezoning or subdivision applications.
5. The City is committed to provide City water to Landing customers upon request of the individual water utilities. Trunk water mains will be extended as far as Okanagan Lake in 1993. As water demand increases, it is the City's intention to convert the existing outfall line to a domestic water intake.



Page two

6. The provincial government will be responsible for all police costs in the Landing for 5 years. The Consultant's report states that this will include 4 additional R.C.M.P. officers to serve the current Okanagan Landing population.
7. Existing garbage collection will be maintained.
8. The present volunteer fire department will be maintained. Any possible future changes would only be considered if requested by the Landing community.
9. Roads in the Landing will be maintained to the current standards.
10. The condition of provincial grants for policing, road maintenance and upgrading, water, sewer, etc. will require that all money be spent only in the Okanagan Landing area.
11. All existing properties in the Landing would pay taxes at the lower of the rural tax rate or the City tax rate until the year 2002.

Yours truly,

A handwritten signature in cursive script that reads "Wayne McGrath". The signature is written in black ink and is positioned above the typed name.

Wayne McGrath,  
Mayor.





# APPENDIX B

Regional District of North Okanagan Annexation Policy (LU047)



# REGIONAL DISTRICT OF NORTH OKANAGAN

## POLICY NO. LU047

Page 1 of 3

|                   |   |                |                      |
|-------------------|---|----------------|----------------------|
| Title             | <b>Municipal Annexations</b>  |                |                      |
| Purpose of Policy | To establish policies and procedures for the consideration of municipal annexation referrals. |                |                      |
| Approved By       | Regional Board  | Effective Date | July 8, 2003         |
| Approved By       |   | Revised Date   |                      |
| Supercedes        | GG008, GG009, GG010, GG021; GR001, GR002  | Prepared by    | Development Services |

|  |  |
|--|--|
| <b>POLICY STATEMENT</b>  | This policy is subject to any specific provision of the Municipal Act, or other relevant legislation or Union Agreement. |
| <p>The Regional District recognizes that an adjoining municipality may initiate a process to annex land within an Electoral Area. The Regional District also recognizes that the Ministry of Community, Aboriginal and Women's Services has developed Policies that the Municipality and the Regional District should follow. However, the Regional District also considers that these Provincial Policies do not fully involve the Regional District and the residents in the Electoral Areas; therefore, the following policies have been enacted to augment these Provincial Policies</p> <p><u>General Annexation Policies</u></p> <ol style="list-style-type: none"> <li>1. The Regional District generally will only consider an annexation request that follows a larger block of land or several properties and will generally not consider an annexation request that includes an individual property or a small block of properties.</li> <li>2. The municipality must provide all current property owners and residents in a proposed annexation area an opportunity to register their approval or rejection of the proposed annexation; and<br/><br/>it is the policy of the Regional District that this consultation should be done by information sessions followed by a petition or referendum. The Regional District does not support the use of a counter-petition process as a means to determine public support for a proposed annexation.</li> <li>3. The Regional District may hold a public meeting on a proposed annexation prior to the Regional District providing any resolution on the proposed annexation.</li> <li>4. It is the policy of the Regional District that the results of the consultation with property owners and residents as well as the results of any petition or referendum should be made generally available prior to the Regional District providing any resolution on the proposed annexation; however,<br/><br/>the Regional District also recognizes that there may arise special circumstances where a resolution may be necessary before this information is available.</li> </ol> |  |



# REGIONAL DISTRICT OF NORTH OKANAGAN

## POLICY NO. LU047

Page 2 of 3

|                   |   |                |                      |
|-------------------|---|----------------|----------------------|
| Title             | <b>Municipal Annexations</b>  |                |                      |
| Purpose of Policy | To establish policies and procedures for the consideration of municipal annexation referrals. |                |                      |
| Approved By       |   | Effective Date |                      |
| Approved By       |   | Revised Date   |                      |
| Supercedes        | GG008, GG009, GG010, GG021; GR001, GR002  | Prepared by    | Development Services |

|  |  |
|--|--|
| <b>POLICY STATEMENT</b>  | This policy is subject to any specific provision of the Municipal Act, or other relevant legislation or Union Agreement. |
| <p>5. Any proposed annexation advanced by a municipality should include a proposal on any financial or servicing impacts on the provision of local services in the Electoral Area for consideration by the Regional District.</p> <p>6. Where a proposed annexation entails land development, the Regional District will only support an annexation that is consistent with the policies of the Regional District Official Community Plan and if not, the Regional District will consider an amendment to the Plan prior to providing comment on the annexation request with special consideration of buffers as may be appropriate with new developments adjacent to Agricultural or Rural Lands in the Electoral Areas.</p> <p><u>Annexation Policies Specific to City of Vernon Annexation Proposals</u></p> <p>7. It is understood that the annexation of land into the City of Vernon may be undertaken by blocks; however, to preserve established social neighbourhood identities for the long-term, the Regional District will generally only support block annexations that are consistent with established social neighbourhoods such as:</p> <ul style="list-style-type: none"> <li>• BX Villa</li> <li>• The BX</li> <li>• MacDonald Road area</li> <li>• Tillicum</li> <li>• Dixon Dam</li> <li>• Hartnell Road area</li> <li>• McLennan Road area</li> <li>• West Swan Lake</li> <li>• PV Road Commercial Properties to the Stickle Road area</li> <li>• Swan Lake Commercial District</li> <li>• Birnie Road area</li> <li>• North Commonage</li> </ul> |  |



# REGIONAL DISTRICT OF NORTH OKANAGAN

## POLICY NO. LU047

Page 3 of 3

|                          |   |                       |                      |
|--------------------------|---|-----------------------|----------------------|
| <b>Title</b>             | <b>Municipal Annexations</b>  |                       |                      |
| <b>Purpose of Policy</b> | To establish policies and procedures for the consideration of municipal annexation referrals. |                       |                      |
| <b>Approved By</b>       |   | <b>Effective Date</b> |                      |
| <b>Approved By</b>       |   | <b>Revised Date</b>   |                      |
| <b>Supercedes</b>        | GG008, GG009, GG010, GG021; GR001, GR002  | <b>Prepared by</b>    | Development Services |

|                         |   |
|-------------------------|---|
| <b>POLICY STATEMENT</b> | This policy is subject to any specific provision of the Municipal Act, or other relevant legislation or Union Agreement.  |
| 8.                      | Notwithstanding the policy to preserve established social neighbourhood identities, the Regional District will consider a block annexation that follows a logical servicing boundary that has been established through a servicing study or a block annexation within an 'Urban Containment Boundary' as defined in an Official Community Plan.                             |
| 9.                      | The Regional District will not recognize an annexation application or petition to the City of Vernon from an individual or developer who has agreed to annexation to facilitate a connection to the City of Vernon sewer system and that individual or developer does not currently wish to be annexed.   |
| 10.                     | When any comprehensive plan is being undertaken to consider the 'Ultimate Boundary of the City of Vernon' or if a full annexation proposal is being presented towards the 'Ultimate Boundary', it will be necessary to consider the provision of local services to the properties located on the east side of Kalamalka Lake which are not within this 'Ultimate Boundary'. |



# APPENDIX C

## City of Vernon Annexation Procedure Flowchart



# ANNEXATION APPLICATION PROCEDURE FLOWCHART

## START OF PROCESS

Applicant discusses the application with Planning staff prior to submission regarding compliance with provincial criteria and City policies.

City Clerk receives application submission including \$100 fee, provides applicant with receipt and information related to Council's annual review of annexation applications, provides Planning staff with copy of application and advises Province of application.

Counter Clerk processes \$100 application fee with receipt submitted to City Clerk.

March 1 each year, Planning staff commence review and analysis process then prepares a preliminary report to Council.

Planning staff present preliminary report to Council.

Council supports application being processed further.

City Clerk advises applicant and Planning staff of Council's decision.

Planning staff sends out referrals to OKIB, RDNO, ALC, MOTH, MoH, RCMP and City departments. Finance staff prepare Fiscal Impact Analysis based upon maintenance costs provided by Operation staff.

Planning staff prepares and presents report to Council with recommendation and includes all input from referral responses.

If supported by Council, the City Clerk forwards the Council resolution and Planning staff report to Province and advises RDNO that the application has been forwarded to the Province.

Province authorizes the public input and Counter Petition ad to be published by the City.

Cont'd

Council denies application.

City clerk advises applicant and staff of Council's decision.

**Annexation File Closed**

Council denies application.

City Clerk advises staff and applicant of Council decision.

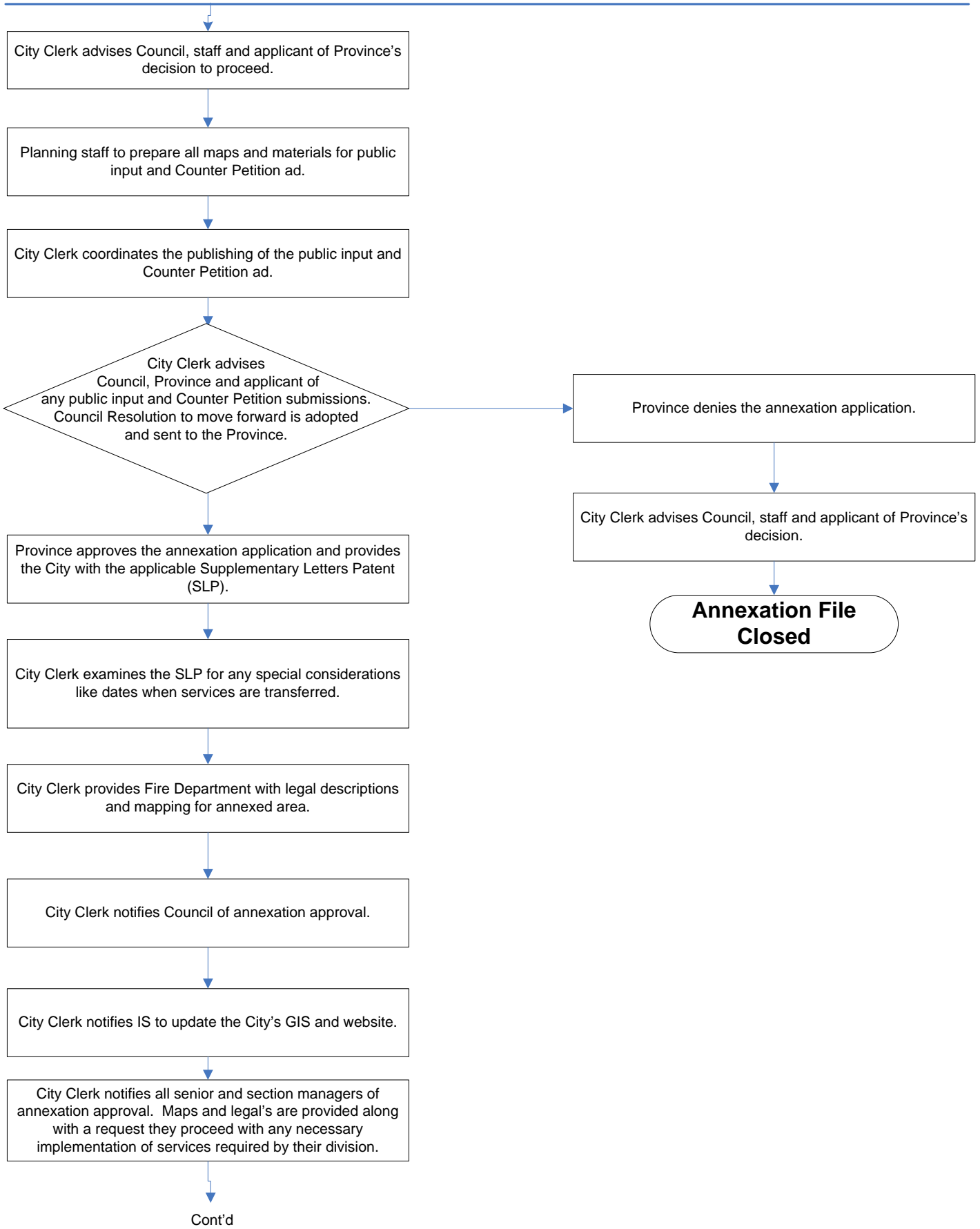
Province denies application to proceed further.

City Clerk advises Council, staff and applicant of Province's decision.

**Annexation File Closed**

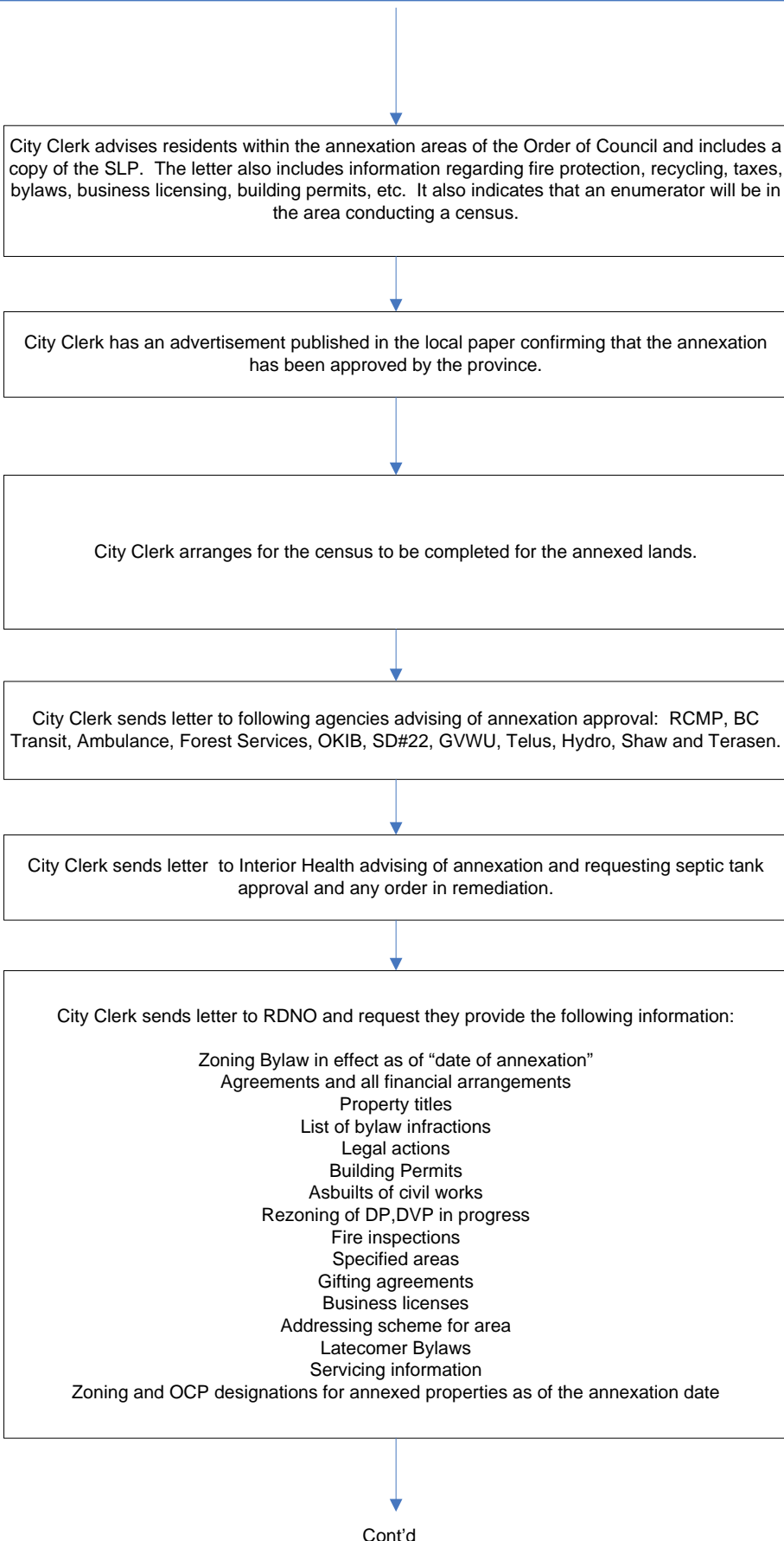


# ANNEXATION APPLICATION PROCEDURE FLOWCHART (CONT'D)





# ANNEXATION APPLICATION PROCEDURE FLOWCHART (CONT'D)

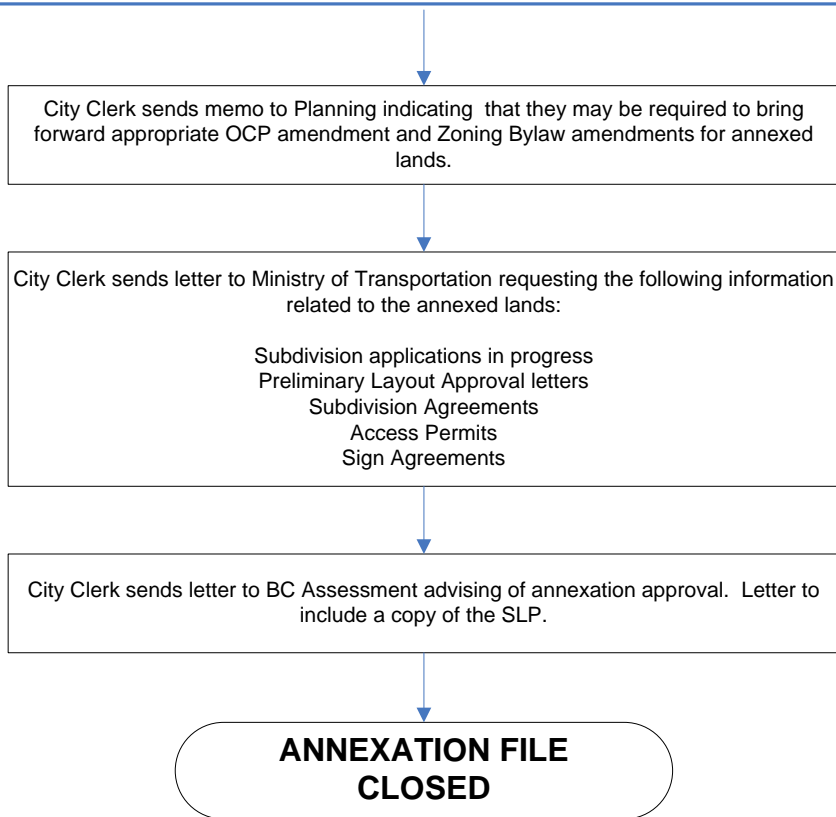






# ANNEXATION APPLICATION PROCEDURE FLOWCHART (CONT'D)

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# APPENDIX D

City of Vernon OCP- Annexation (2008)

## 21.0 Annexation

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### Goals

To provide a process for consideration of annexation applications.

To propose undertaking a study to determine the phased amalgamation of appropriate lands, in the absence of direction from the provincial government in this regard.

### Guiding Principles Met

- Protect and preserve green spaces and sensitive areas
- Ensure housing meets the needs of the whole community
- Create a culture of sustainability
- Protect agricultural land
- Create strong, compact and complete neighbourhoods
- Ensure development pays for itself

### Context

Map 14 proposes an ultimate municipal boundary for Vernon, prepared to provide general guidance in the consideration of annexation applications. In some locations the boundary is quite precise, such as along Kalamalka Lake or along the Okanagan Indian Band Reserve boundary. In other areas the potential boundary is very general and will need to be refined, such as on the hillsides east of the city. Map 14 is incorporated in the OCP simply to illustrate where the boundary could be over the long term. Specific land use designations cannot be assigned to lands outside the City's boundary and there is no intent to apply City land use policies to lands outside the existing City boundaries. The projected future boundary of the City would involve the phased annexation of parts of Electoral Areas B and C, based on the desires of residents to join the City.

While this has been and continues to be the City's approach to annexation, there are a number of issues associated with this that need to be examined. A "property by property" approach is time consuming for all parties, and tends to reflect individual property interests as opposed to the city's long term plans for planning, development and infrastructure phasing.

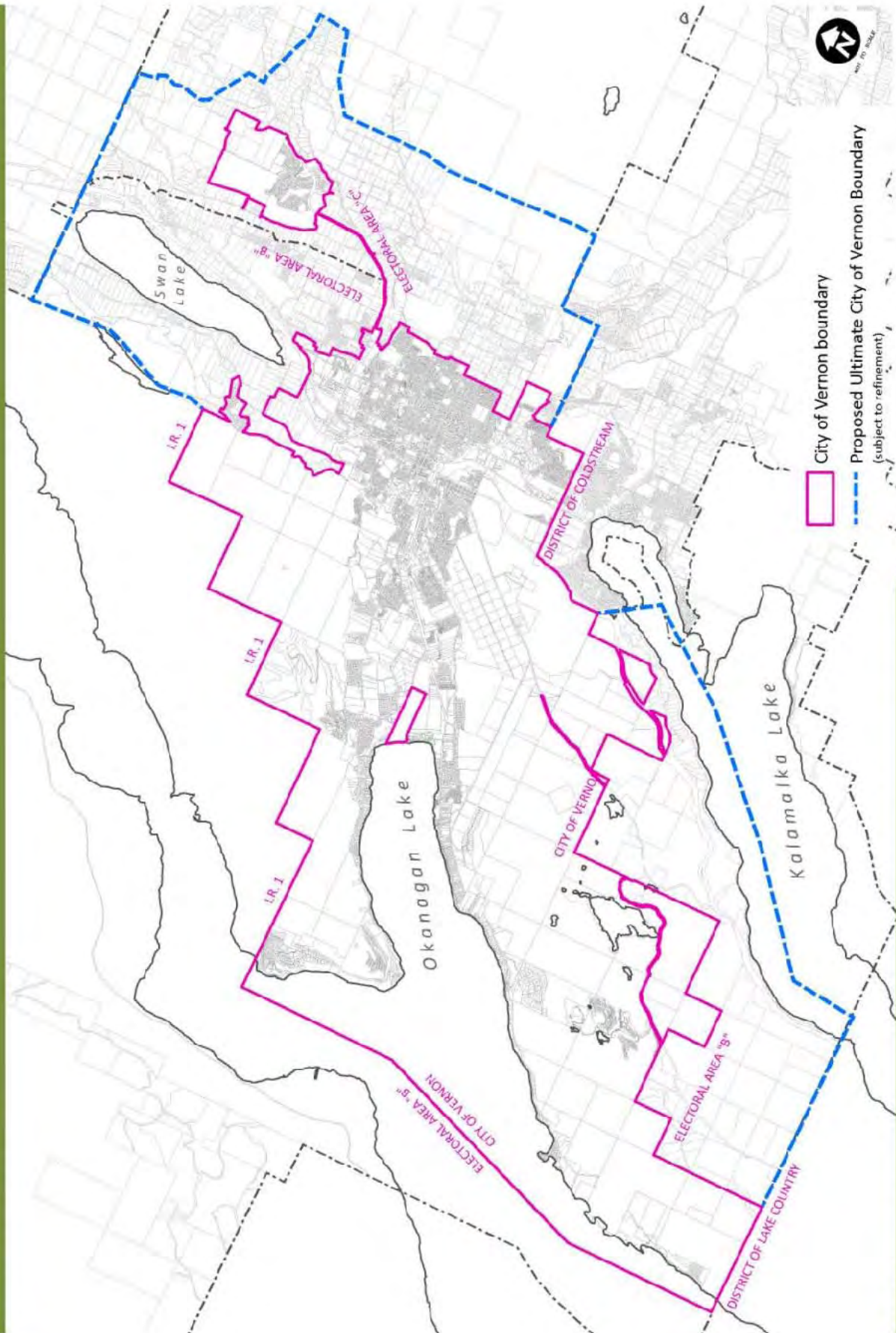
Further, there are concerns related to the trend towards annexation to facilitate residential densification. With the direction of the land use plan, allocations of increased density far from the City Centre and designated neighbourhood centres are contrary to the growth strategy embodied in this plan. Attention

must also be paid to the rural-urban interface, to ensure that the residential subdivision pattern does not encroach into or serve to fragment ALR lands, particularly on the city's eastern boundary.

In 2007 and 2008, the provincial government took preliminary steps at considering the governance structure of the area, including changes to the municipal boundaries, but no changes resulted from this. If no additional direction is provided by the province in this regard, a study should be undertaken in advance of the next OCP review to address these issues. That study should examine the relative cost and benefits of the extension of the municipal boundaries, and determine what those boundaries should ultimately be and the best way of pursuing it.

## Supporting Policies

- 21.1 Continue to move towards the establishment of the municipal boundaries as set out in Map 14, by responding to requests for annexation from properties that fall within the specified area.
- 21.2 In expanding the municipal boundaries, the City will work closely with residents to ensure that the rural character of an area is respected and considered in the evaluation of the annexation application. With respect to the growth strategy embodied in this plan, residential intensification shall not be encouraged at the periphery of the city.
- 21.3 In the absence of direction from the provincial government in a timely manner on the city's ultimate boundary, the City shall undertake a study on the ultimate municipal boundaries for Vernon, to include consideration of the following:
  - a. Costs of servicing new lands (and outstanding service provision to any previously-annexed lands, if applicable), phasing and fiscal impact assessment.
  - b. Evaluation of potential new land uses, with due consideration to the City's land use plan and growth strategy, as well as the results of the Regional Growth Strategy planning process.
  - c. Consideration of the rural-urban interface and policies to protect agricultural lands.
  - d. Identification of expansion phases, if appropriate, in order to include large areas within a single application.
  - e. Consultation with residents and property owners, affected jurisdictions and agencies.



Note:  
 This drawing has been produced by the City of Vernon's Geographic Information System.  
 Data provided from this system is derived from a variety of sources with varying  
 levels of accuracy. The City of Vernon disclaims all responsibility for the accuracy  
 or completeness of the information contained herein.

Last Update: July 4, 2008  
 Produced by: The City of Vernon GIS



# APPENDIX E

## Village of Enderby Boundary Adjustment Policies

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**SECTION 8 – BOUNDARY ADJUSTMENT****8.1 Discussion**

*Research and analysis has determined that there is enough land base within current City boundaries to accommodate a sustained growth rate of 4% for at least the five year term of this plan. The premature extension of City boundaries and services would be wasteful and costly in social, economic and environmental terms. The objectives and policies stated below maintain existing municipal boundaries for the term of this Plan. In addition, they call for land to the west of the City within Electoral Area “F” of the Regional District to be maintained in a manner that does not interfere with the future expansion and development of the City beyond the term of this Plan.*

**8.2 Boundary Adjustment Objective**

*Council has the following objective for Boundary Adjustment:*

- a. To accommodate the projected rate of growth and development of 4% or less over the term of this Plan within current municipal boundaries.*

**8.3 Boundary Adjustment Policies**

- a. Council will maintain the City’s current municipal boundaries for the term of this Plan.*
- b. Notwithstanding policy 8.3a., Council may contemplate and subsequently implement an extension of the City boundaries under the following circumstances.*
  - i. If the rate of growth is, or is projected to exceed, a rate of 4% per annum;*
  - ii. if Council is satisfied that there is a shortage of readily developable land within the City; and/or,*
  - iii. to include new lands adjacent to the Shuswap River formed by the process of accretion.*

- c.** *Council will cooperate with the Regional District in maintaining those lands to be west of current boundaries with rural uses, densities and configurations that do not encumber the future expansion and development of the City.*





# APPENDIX F

Jurisdictional Review of Annexation Processes across Canada

| Province                  | Local Government System  | Annexation process   | Mitigation options  | Final Decision  | Provincial incentives  |
|---------------------------|--|--|---|---|--|
| Alberta                   | Cities, towns, villages, summer villages, specialized municipalities, and municipal districts.   | Participating municipalities negotiate the annexation and then apply to the <i>Municipal Government Board</i> . If there is an agreement, the Board makes a recommendation to the Minister. If there are objections, a public hearing may be held before a final recommendation.   | The initiating (gaining) municipality may give the equivalent of 5 to 10 years of taxation revenue from the annexed area, with additional compensation for recently built infrastructure. | Lieutenant Governor in Council with recommendation from the Minister of Municipal Affairs and Housing | May provide grant to cover mediation.  |
| Manitoba                  | Cities, towns, villages, rural municipalities, and local government districts.   | Participating municipalities negotiate and must consult with the public. A report of the process and results is submitted to the <i>Board of Municipalities</i> . Public hearings may be held before a recommendation is made to the Minister.   |   | Lieutenant Governor in Council with recommendation from Minister                                      | Information resources  |
| Ontario                   | Cities, counties, district municipalities, regional municipalities, towns, townships, united counties, united townships, and villages. | Participating municipalities must come to an agreement and consult with the public before applying to the Minister. For annexation of area in an unorganized territory, the <i>Ontario Municipal Board</i> may approve the annexation upon application from a local municipality, Minister, or minimum of 25 residents from the area of application.   |   | Cabinet   | None   |
| Quebec                    | Urban municipalities and rural municipalities.   | The initiating municipality passes a bylaw to extend their boundaries, to which the affected municipality responds. A referendum is then held in the affected area, with an optional public hearing. Conflicts are heard by the <i>Commission municipale du Quebec</i> , with mediation to decide the distribution of assets and liabilities.  | Distribution of assets and liabilities.   | Minister  | Amalgamation is encouraged, but partial annexation is not.   |
| Newfoundland and Labrador | Cities, towns, and unincorporated municipalities.  | Initiated by the Minister, a committee made up of municipal and affected area residents is appointed to undertake a feasibility study and hold public hearings. The committee then makes a recommendation to the Minister. Annexations will only take place if there is public consent.  |   | Provincial Cabinet with recommendation from the Minister  | None   |
| New Brunswick             | Cities, towns, villages, and rural municipalities.   | A municipality sends a letter of interest to the Minister, who undertakes an initial assessment. If annexation is viable and the communities are supportive, the Minister conducts a feasibility determination. After measuring local support in the affected area, the Minister makes a recommendation.   |   | Provincial Cabinet with recommendation from the Minister  | No financial incentives, but annexations and the creation of rural communities is promoted through the program <i>Our Communities-Our Future</i> . |
| Nova Scotia               | Regional municipalities, towns, and rural municipalities.  | The applicant (Minister, municipality or electors in the potential annexed area) applies for a preliminary order and informs the affected municipalities and the Minister. A public hearing is held. The <i>Utility and Review Board</i> establishes proposed boundaries and studies to be undertaken. If results are favourable and there is public support, the Board orders the annexation. | Compensating grants for up to 5 years from a benefiting municipality to an affected municipality.   | Nova Scotia Utility and Review Board  | No financial incentives  |
| Prince Edward Island      | Cities, towns, and communities.  | For annexation into areas where no municipal government is provided, the initiating municipality informs the residents in the potential annexed area, adopts a resolution and applies to the Minister for annexation. The Minister directs the <i>Regulatory and Appeals Commission</i> to hold a public hearing. The Commission makes a recommendation.                                       |   | Cabinet with recommendation from the Minister and Regulatory and Appeals Commission                   | None   |

Source: *Intergovernmental Committee on Urban and Regional Research (ICURR), 2008*