



# Annexation Impact Study Phase 2

for the  
Regional District of  
North Okanagan

**Final Report  
April 2014**

**Regional District of North Okanagan**

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## Table of Contents

1.0	Introduction .....	1
1.1	Background .....	1
1.2	Report Objectives .....	3
1.3	Report Structure .....	4
2.0	Current Context .....	5
2.1	Regional District of North Okanagan .....	5
2.2	Study Area .....	6
2.3	Representation and Voting Structure .....	6
2.4	Regional Districts - Services and Governance .....	8
2.5	Annexation Legislation and Policy .....	8
2.6	Current Annexation Pressures .....	9
3.0	Service Delivery .....	12
3.1	Current Services .....	12
3.2	Services and Annexation .....	14
4.0	Financial .....	15
4.1	Financial Context .....	15
4.2	Service and Magnitude of Financial Impact .....	16
4.3	Tax Impacts for Residents in Electoral Areas .....	17
4.4	Tax comparison between municipal and electoral area properties .....	19
4.5	Cost of Boundary Extension for Municipalities .....	19
5.0	Land Use .....	21
5.1	Land Use Planning .....	21
5.2	Regional Growth Strategy .....	21
5.3	Fringe Area Planning .....	24
5.4	Agricultural Land Reserve .....	25
5.5	“Ultimate” Municipal Boundaries .....	26
6.0	Community and Social Fabric .....	28
6.1	Defining Community .....	28
6.1.1	Improvement District .....	29
6.1.2	Community Facility or Amenity .....	29
6.1.3	Fire Department .....	30
6.1.4	Community Organizations .....	30
6.2	Social Neighbourhood .....	31
6.3	Analysis .....	32
7.0	Case Studies .....	33
7.1	tekmar Control Systems .....	33
7.2	BX/Swan Lake Fire Service .....	34
7.3	Street Lighting Local Service Areas .....	35
7.4	Silver Star .....	36
7.5	Okanagan Landing .....	36
7.6	Swan Lake Corridor .....	37

8.0	Tools.....	39
8.1	Fringe Area Policy .....	40
8.2	Regional Growth Strategy Implementation Agreement.....	41
8.3	Vulnerability Index .....	41
8.4	Reducing Vulnerability.....	43
	8.4.1 Extra-Territorial Services.....	43
	8.4.2 Sub-Regional Services.....	44
8.5	Decision Support Framework for Annexations .....	44
8.6	Boundary Extension Protocol .....	48
9.0	Summary .....	51
9.1	Overview of Annexation Impacts.....	51
9.2	Recommended Actions and Next Steps .....	52

## Figures

Figure 1.1: Roles and Decision-making Power of Key Organizations in the Annexation Process .....	3
Figure 2.1: Regional District of North Okanagan Overview Map .....	5
Figure 2.2: City of Vernon Annexations into Electoral Area "B" and "C" .....	10
Figure 3.1: Potential Impact of Annexation .....	14
Figure 4.1: Regional District of North Okanagan Electoral Area Property Tax Levies .....	17
Figure 5.1: Relationship between Community Planning Documents .....	22
Figure 5.2: Area Designations in Regional District of North Okanagan's Regional Growth Strategy.....	27
Figure 5.3: City of Vernon Proposed Boundary- 1981 and 2008.....	27

## Tables

Table 2.1: Current Regional District of North Okanagan Population and Representation .....	7
Table 2.2: Annexation of Electoral Area "B" and "C" Lands into the City of Vernon (2004 – 2013) .....	9
Table 3.1: Services by Delivery Arrangement.....	13
Table 4.2 Selected City of Vernon Annexation Applications.....	20
Table 6.1: Unincorporated Communities in the RDNO .....	31
Table 6.2: Blockwatch Neighbourhood in the RDNO.....	32
Table 7.1: Tekmar Financial Analysis .....	34
Table 7.2: BX/Swan Lake Fire Protection Tax Levy on an average residential property (1992-2012).....	34
Table 7.3: Street Lighting (Local Service Area #17) .....	35
Table 7.4: Street Lighting (Local Service Area #18) .....	35
Table 7.5 Okanagan Landing Tax Levies Inside and Outside a Municipality .....	37
Table 8.1 Annexation Application Summary .....	46
Table 8.2: Decision Support Framework for Annexation Application Referrals.....	47

## Appendices

- Appendix A: Interview and Research Contacts
- Appendix B: Role and Impact of Annexation on Different Jurisdictions
- Appendix C: City of Vernon Proposed Ultimate Boundary
- Appendix D: Services
- Appendix E: Inventory of Services
- Appendix F: Financial Requisitions by Electoral Area (2012)
- Appendix G: Changes in Assessment, Folios and Levies (1992-2012)
- Appendix H: Comparison of Tax Levies in Municipalities and Neighbouring Electoral Areas
- Appendix I: Municipal Boundaries, Land Use and the Regional Growth Strategy
- Appendix J: Municipal and Regional District Policies
- Appendix K: RDNO Staff Report regarding Annexation Application in Electoral Area “B”
- Appendix L: ALC response to Annexation Application, 6231 Silver Star Road
- Appendix M: Presentation to RDNO Board, March 2014

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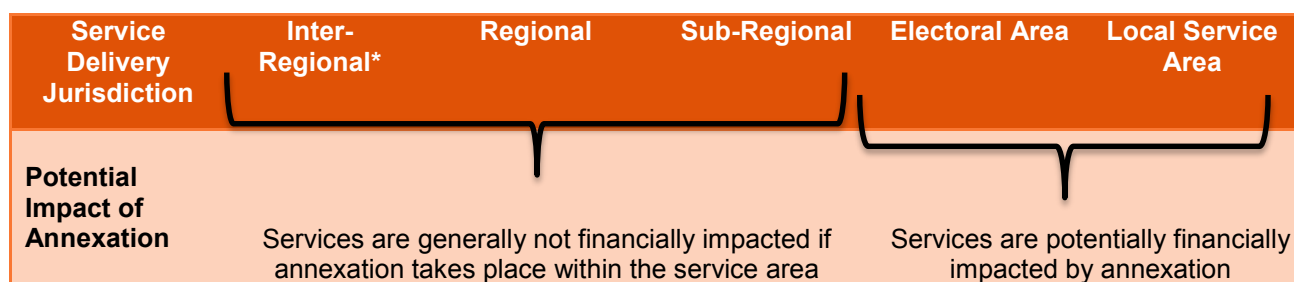
## Executive Summary

This report studied the potential impact of annexation in the Regional District of North Okanagan (RDNO) by reviewing data and case studies, identifying areas of concern, and presenting potential strategies to consider in future work. The study examined and provided mitigation strategies for the potential impact of annexation on service delivery, financial, land use, and community in electoral areas. Within the RDNO, the study area was the northeast (BX/Swan Lake) and west (the Commonage) of the City of Vernon, west Enderby, and northwest Lumby.

The study first reviewed the findings from Phase One of this study completed in early 2012. The central finding of that phase was that large annexations were not currently a concern in the RDNO, but smaller property-by-property annexations were occurring without the level of scrutiny that a large boundary restructure would require from the stakeholders. The study then provided the current context of the regional district, including roles and responsibilities, voting structure and annexation pressures.

A key concern was the impact of annexation on the long-term sustainability of services in electoral areas. A review of service delivery found that the majority of services in the rural areas are regional or sub-regional in nature, and thus are not significantly financially impacted by annexation. Electoral area and local service area services may be financially impacted by annexation; however, the magnitude of the impact is relatively small within the context of overall regional district services. This potential impact is demonstrated in Figure ES-1. The provincial government will institute mitigation measures if an annexation has significant impact on a regional district service, but does not consider the cumulative effect of multiple small annexations.

Figure ES-1: Potential Impact of Annexation



A detailed review was conducted examining the financial impact of annexation. This review examined historical and current tax impacts for residents in electoral areas, tax comparison between municipal and electoral area properties, and the financial impact of boundary extensions on municipalities. Concern was raised that taxes had increased for electoral area residents due to assessment loss from annexation and that the financial sustainability of electoral area services were at risk. An analysis of the financial data found that between 1992 and 2012 the changes in the RDNO electoral areas have been as followed:

- Significant increase in assessment values;
- Significant increase in the number of folios;
- Increases in levies for each service; and,
- Corresponding service level enhancements (policing, capital requirements for fire protection, provincial and federal regulation for water quality, as specific examples).

The study found that it was difficult to speculate on the level of impact each contributing factor had on the increasing electoral area tax levies. It appeared there had been no large shifts in tax rates within electoral

areas due to annexation alone - though tax levies have increased dramatically, these costs have been made up for in substantial growth of assessment. Still, a review of the impact on services found that there was potential financial impact from annexation on specific (i.e. local) services.

The impact of annexation on land use was studied with regard to the coordination of land use planning, especially in the fringe areas, the impact on land in the Agricultural Land Reserve, and municipal boundaries and land use. The study found that land use planning is generally not coordinated between the Regional District and member municipalities, but there is potential for greater harmonization of land use across boundaries with the new Regional Growth Strategy (RGS). There are also prospective strategies to increase coordination of land use planning between the rural and urban areas through multi-party advisory committees or a fringe area planning policy.

The study of land use continued, exploring the concern of loss of Agricultural Land Reserve (ALR) with the inclusion of protected land into a municipal jurisdiction. Property in the Agricultural Land Reserve is protected by provincial legislation irrespective of municipal boundaries, although the pressure to develop when access to municipal services (especially sanitary sewer) are provided was acknowledged. One suggestion was to formalize the review by the Agricultural Land Commission for any proposed annexation involving ALR land within some form of agreement between the Regional District and its elected representatives. Finally, this section reviewed municipal boundaries, including proposed ultimate boundaries, and their relationship to future land use and the RGS growth areas and rural protection areas.

The next section examined the potential impact of annexation on the community and social neighbourhood of an area. The concern was raised that annexations were fragmenting communities and the social fabric of an area. To assess the impact the concept of community, particularly in an unincorporated area, a definition and criteria were developed. A community within an electoral area was identified as a geographic area where residents share involvement in a majority of the following features: improvement districts, community facility or amenity, fire department, or community organization. It was found that though there are a number of stand-alone communities in the RDNO that meet this definition, none of them are currently near municipal boundaries and thus vulnerable to annexation.

On a more detailed scaled, the study examined the role of social neighbourhoods. The RDNO's 2003 policy on Municipal Annexation indicates that the Regional District will generally only support the annexation of blocks of properties to "preserve established social neighbourhood identities." After considering the current listing of social neighbourhoods in the policy, as well as those suggested from stakeholders and the Block Watch program, the study recommends that Regional District's policy on annexation be further developed. This could include the addition of maps of social neighbourhoods to increase the effectiveness of this policy for the Regional District to respond to annexation referrals or negotiate a protocol agreement.

In order to identify how the study of services, finance, land use and community relate to the specific situation in the RDNO, case studies were undertaken. These case studies explored both past and potential annexations and the impact of annexation on different areas.

The outcome of the study is a series of analysis and decision support tools that should be considered for further development and refinement as part of Phase 3 of this study. These tools are detailed below.

- 1. Fringe Area Planning** – A policy and process to improve land use coordination between neighbouring jurisdictions by referring Official Community Plan amendments, re-zonings, and development permits on the municipal/electoral area boundary to the neighbouring jurisdiction.

This policy could provide a process of shared input on land use decisions on both sides of municipal boundaries. The policy would improve and formalize areas of collaboration through referrals between member municipalities and the Regional District on issues such as re-zoning and subdivision



applications, OCP bylaw and amendments, annexation applications, and regionally significant developments.

2. **Regional Growth Strategy Implementation Agreement** – An inter-jurisdictional or inter-government agency commitment to Regional Growth Strategy implementation.

There are only a few examples of regional districts choosing to pursue Implementation Agreements, in part because the final agreement requires the approval of Provincial cabinet, which is an onerous process. Similar benefits may be found in signing Memorandum of Understandings or an agreement on work plans to ensure participating parties are communicating, identifying common priorities and agreeing to clear processes.

3. **Annexation Protocol** – An agreement between the Regional District and participating municipalities to improve the annexation process by defining roles, process, and information exchange and communication between all signatories.

An Annexation Protocol could improve the annexation process for all parties and achieve a higher level of involvement in the annexation process. The protocol recognizes the importance of effective relationships and clear and consistent communication between the parties throughout the annexation process. The study provides an overview of components of a protocol, including purpose, participating parties, guiding principles and shared objectives, and protocol provisions. There are a number of different approaches to consider in protocol provisions, including communication, finance (including cumulative impacts), land use, decision making process, non-annexation areas, planning for boundary expansion, and required amendments to current policies. The role of this protocol would be an agreement between participating parties regarding the annexation process and may include specific agreements and commitments regarding boundaries or areas for consideration of annexation.

4. **Annexation Decision Support Tool** – A decision support tool can be used by the Regional District to assess annexation application referrals. These questions relate to services, finance, land use, and community.

The Decision Support Tool was developed in two parts. The first part is to provide a summary of factual information regarding an annexation proposal. This would include information on current number of properties, assessment, services, land use and community components. The second part of the tool is an evaluation of impacts and risk of an annexation on the objectives and services of the Regional District. This tool can be applied in tandem with the Vulnerability Index that is described below.

The evaluation tool is provided in Figure ES-2. It provides potential risks the Regional District should be reviewing to determine the level of impact an annexation may have on the Regional District, and assist the Regional District in its decision to support or oppose an annexation request referral. By reviewing the potential service delivery, financial, land use, and community impacts, the Regional District can provide an informed, measured response to a municipality's referral. The level of impact refers to the impact on the regional district's ability to plan and govern for services, finance, land use and community.

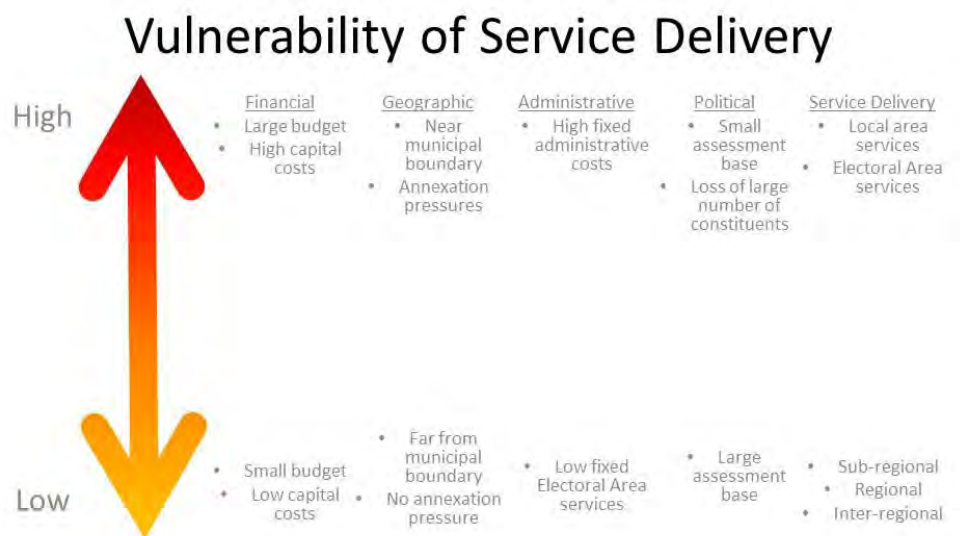
*Figure ES-2: Decision Support Framework for Annexation Application Referrals*

Theme	Potential Risk	Low Risk	High Risk	Recommended Strategy/Comment
<b>Service Delivery</b>	Sustainability of regional district services (by individual service)	Overall low vulnerability according to the Vulnerability Index	Overall high vulnerability according to the Vulnerability Index	Provincial mitigation measures apply if loss is 5-10% of service area assessment, but does not consider cumulative impact
	Geographically and politically vulnerability of services	Large service area with high assessment and number of folios	Small service area with low assessment and number of folios	Explore opportunities to combine service areas where appropriate
<b>Financial</b>	Financial vulnerability of the service	Inexpensive service with low capital costs (i.e. street lighting)	Expensive service with high capital costs (i.e. fire protection)	Explore alternative service arrangements for high risk services  Ensure that life-cycle and asset rehabilitation costs are factored into capital cost review of services
	Cost increases for remaining electoral area residents related to services	Little to no increase in cost	Large increase in cost	Provide information to the provincial government as part of the referral process
<b>Land use</b>	Loss of Agricultural Land Reserve land	Applicant does not intend to request removal from ALR	Applicant intends to request removal from ALR and has support of municipality	Include additional agreement in protocol to protect agricultural land
	Loss of rural protection land	Applicant and municipality does not intend to apply for new RGS designation	Applicant and municipality does intend to apply for new RGS designation	Firm commitment to the RGS by all signatories, with appropriate strategies to uphold the designations
<b>Community</b>	Fragmentation of community	Not a recognized community/social neighbourhood or annexation of entire community/social neighbourhood	Application for small number of properties or component of a community/social neighbourhood	Identification and delineation of social neighbourhoods within electoral areas

**Vulnerability Index** – The vulnerability index is a tool to evaluate the financial, operational, administrative and political vulnerability of services and their delivery method in light of annexation activity. A tool to evaluate the vulnerability of services provided by the Regional District to the impact of annexation.

The characteristics of services were mapped according to low or high vulnerability, as seen in Figure ES-3. Two strategies to reduce vulnerability of service delivery were provided. The first was the provision of extra-territorial services, that is, providing services outside a boundary. The second approach, already employed in the Regional District of North Okanagan, was the delivery of services on a sub-regional basis.

Figure ES-3: Vulnerability of Service Delivery



This study provides an overview of the regional district context and reviews the potential impacts of annexation on services, finance, land use and community through analysis and case studies. It then provides evaluation and process tools to assist the Regional District in responding to annexation application referrals and to improve the annexation process for all parties involved. The information provided within these tools provides a strong foundation for Phase Three of this project, the development, and further refinement of the preferred tools to assist the Regional District in addressing the impacts of annexations.

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# 1.0 Introduction

The Regional District of North Okanagan (RDNO) is interested in further analysis of the potential impact of municipal annexation on electoral areas in the regional district. This includes a detailed financial analysis, review of sustainability of services within the electoral areas, as well as a discussion on the impact on the qualitative aspects of community.

In June 2011, the RDNO commissioned Urban Systems Ltd. to undertake Phase One of this study of annexation. A final report was produced and presented to the Electoral Area Advisory Committee in February 3, 2012. Based on the results of that study, the Electoral Area Directors decided to continue with a more in-depth analysis of the impact of annexation.

This report builds on past work, and provides additional level of detail as well as providing examples that can be used as the RDNO moves towards creating a new protocol on boundary extensions to coordinate with its municipal partners. A list of all interviews conducted for these phases is provided in Appendix A.

The scope of the study area is the whole Regional District of North Okanagan, though only a small number of locations are currently facing annexation pressures. Most notably, the areas north (Swan Lake), east (BX), and west (Commonage) of the City of Vernon face ongoing annexation applications. Other areas of interest are adjacent to the Village of Lumby and west of the Village of Enderby.

This report will provide foundational information that can inform Phase 3 of this study. Two potential strategies that are identified are a fringe area planning policy, with joint planning involvement of the affected electoral areas and municipalities, and an annexation protocol to improve the decision making process and outcome for all parties involved in municipal boundary changes.

## 1.1 Background

The first phase of the study was completed in early 2012. This initial phase provided an introduction to the topic and reviewed historical annexations, regional district services, local government planning documents, and provincial policy documents. More specifically, the report provided:

- A Review of the study area (population, boundaries, political representation, services, land use planning);
- The History and policy review of annexation within the study area;
- Provincial, regional and municipal annexation legislation and policies; and
- A Jurisdictional review of annexation policies and processes across Canada.

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 appear to receive the level of scrutiny that a large boundary restructure would require 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 1,000 cuts” which was the original concern raised by the RDNO Electoral Area Directors, and outlined in the original phase 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 to 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.

The second theme addressed was land use planning. This came from a concern that annexation leads to greater urban sprawl and 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 (ALC). 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 potentially cause additional conflicts along the urban-rural fringe area.

The final land use issue was environmental protection. This related to real and perceived pressure on environmentally sensitive land to be developed for residential or commercial purposes upon annexation. It also related to the introduction of services, particularly sanitary sewer, in order to protect the environment. The main driver of some of the annexations that have taken place within the study area is the delivery of sewer to areas where septic systems are failing and raising environmental concerns. The annexation of Okanagan Landing is one example of this situation. Annexation applications continue to be made asking primarily to be connected to the City of Vernon sewer system. 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.

The concluding 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 for the electoral areas of a regional district.

From these key issues, an *Issues and Services Matrix* was developed as a framework to demonstrate and evaluate the potential impact of annexation on the delivery of services and other issues of concern that arose 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 multiple 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 were not supported by the Agricultural Land Commission, due to the potential of exacerbating urban-rural fringe area conflicts. Many applications, if approved, would also mean a financial loss for the municipality because of the increases in road maintenance and other servicing costs. Despite the concerns expressed, all applications identified as case studies were approved by the Ministry of Community, Sport and Cultural Development, as they met their statutory and regulatory conditions for small boundary extensions. These issues are summarized in Appendix B.

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.

**Figure 1.1: Roles and Decision-making Power of Key Organizations in the Annexation Process**

	Governance	Land Use	Servicing	Finance
Regional District		○	○	○
Municipality	○	○	○	○
Ministry of Community, Sport and Cultural Development	○		○	○
Agricultural Land Commission		○		

With extensive work defining the problem and analysing the issues, recommendations were made that there was a need for greater integration of the issues when decision were being made regarding annexation applications. This recommendation applied to all parties involved in the annexation process.

## 1.2 Report Objectives

The purpose of this report is to answer the following questions:

- How are services provided in the RDNO, and how does annexation impact services in electoral areas?
- How does annexation impact taxation and the ability to finance services?
- How does annexation impact land use?
- How does annexation impact communities?
- How are services vulnerable to annexation? What strategies are there to reduce vulnerability?

The answers to the above questions will help inform the development of a potential protocol agreement on annexation to be developed with member municipalities.

## 1.3 Report Structure

This report is organized into the following main sections:

**Section 1** provides an introduction to the report, report structure, and background on the first phase of the project.

**Section 2** provides the context in the North Okanagan Regional District. This includes a map, table of political representation, role of the Regional District in service delivery, voting structure, and current annexation pressures within the study area.

**Section 3** reviews services, including a listing of services provided in the RDNO and consideration of how annexation impacts services in the electoral areas.

**Section 4** provides a financial analysis, asking the question “How does annexation impact taxation and the ability to finance services?” This speaks to the concern that taxes have increased for electoral area residents due to property assessment loss from annexation.

**Section 5** reviews the issues related to land use and explores the impact of annexation. Land use issues include density of development, land in the Agricultural Land Reserve, fringe area planning and the Regional Growth Strategy.

**Section 6** explores how annexation impacts communities. To explore this topic a definition of community is developed and evaluated against RDNO policy and current neighbourhoods in the study area.

**Section 7** presents case studies to provide examples of the potential impact of annexation, based on the issues of services, finance, land use and community.

**Section 8** presents potential tools and approaches the Regional District could apply to improvement the annexation process. These tools are Fringe Area Planning, Regional Growth Strategy Implementation Agreement, Annexation Protocol, Annexation Decision Support Tool, and Vulnerability Index.

**Section 9** reviews the findings of the research and provides a conclusion to the report.

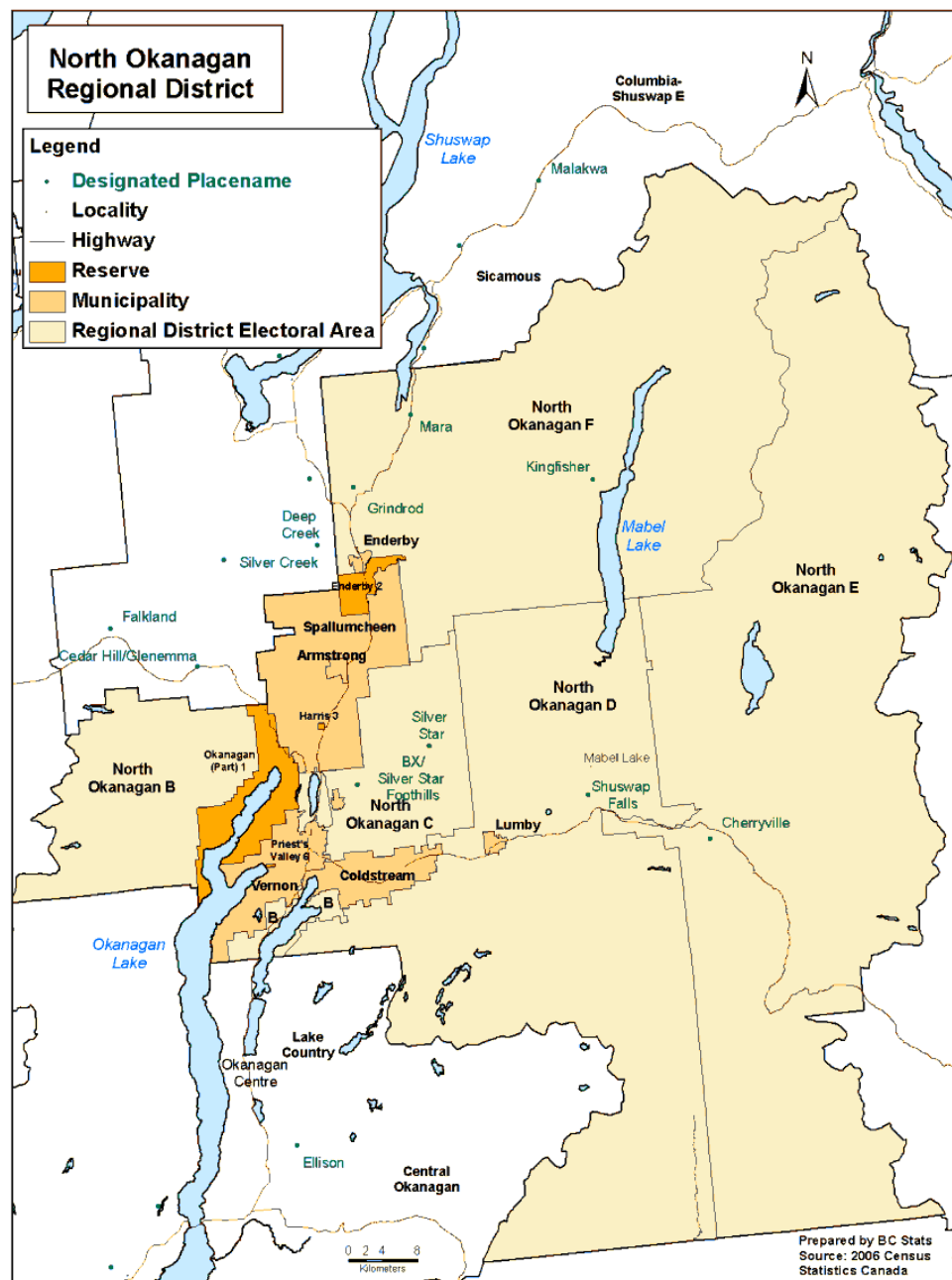
**The appendices** offer background information on services and participating jurisdictions, financial requisition of services, interviews and research, and applicable annexation and land use policies.

## 2.0 Current Context

### 2.1 Regional District of North Okanagan

The RDNO 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: Regional District of North Okanagan Overview Map



## 2.2 Study Area

For the purpose of this project, the study area consists of:

- City of Vernon and District of Coldstream and surrounding Electoral Areas “B” and “C”;
- Village of Lumby and surrounding Electoral Area “D”;
- City of Enderby and surrounding Electoral Area “F”; and,
- Township of Spallumcheen and surrounding Electoral Areas “B”, “C” and “F”.

## 2.3 Representation and Voting Structure

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 with a maximum voting strength of five for each director.



**Table 2.1: Current Regional District of North Okanagan Population and Representation**

<b>Regional District of North Okanagan 2013 BOARD OF DIRECTORS (incorporated November 9, 1965) Voting Unit: 2,500 population</b>				
	Elected/Appointed Director	Population 2011 Census <sup>1</sup>	Number of Directors	Voting Strength
			(voting strength/5)	(population/voting unit)
<b>CITIES</b>				
<b>Armstrong</b>	Shirley Fowler	4,815	1	2
<b>Enderby</b>	Howie Cyr	2,932	1	2
<b>Vernon</b>	Rob Sawatzky Juliette Cunningham; Catherine Lord Mary-Jo O'Keefe	38,158 <sup>2</sup>	4	16
<b>DISTRICT</b>				
<b>Coldstream</b>	Doug Dirk	10,314	1	5
<b>TOWNSHIP</b>				
<b>Spallumcheen</b>	Janice Brown	5,055	1	3
<b>VILLAGE</b>				
<b>Lumby</b>	Kevin Acton	1,731	1	1
<b>ELECTORAL AREAS</b>				
<b>B</b>	Bob Fleming	6,248 <sup>3</sup>	1	3
<b>C</b>	Michael Macnabb	3,864	1	2
<b>D</b>	Rick Fairbairn	2,848	1	2
<b>E</b>	Eugene Foisy	939	1	1
<b>F</b>	Jackie Pearase	4,333 <sup>4</sup>	1	2
<b>TOTALS</b>		<b>81,237</b>	<b>14</b>	<b>39</b>

**Source:** Ministry of Community, Sport and Cultural Development (2013) and Regional District of North Okanagan website (2013)

The City of Vernon recently increased its representation by one Director due to its increase in population identified in the 2011 Census. With four of 14 Directors and 16 of 39 voting strength, the City of Vernon has a strong voting position at the Regional Board table.

<sup>1</sup> Including subsequent population changes certified by the Minister.

<sup>2</sup> Population includes boundary extension to December 31, 2011.

<sup>3</sup> Population includes people residing on Indian Reserves.

<sup>4</sup> Population includes people residing on Indian Reserves.

## 2.4 Regional Districts - Services and Governance

Regional districts serve three key purposes:

- They act as the regional government, providing key services and decision making for the entire region;
- They provide a political and administrative function for joint/inter-local government service delivery, and;
- They act as local governments for electoral areas.<sup>5</sup>

Regional districts are only mandated to execute a very small number of functions. They act on behalf of municipalities in interactions with the Municipal Finance Authority, they must prepare comprehensive solid waste management plans, undertake emergency planning, and provide administration for the rural areas. Apart from these required functions, regional districts are free to undertake a wide range of voluntary services that meet the needs and interests of their residents. These services often include community planning and land use regulation, building regulation and inspection, nuisance regulation, and street lighting. This flexibility in providing only requested services allows electoral area residents to only pay for those services provided in the electoral area they reside. Still, this also binds the regional district because each individual service must have its own fund that cannot be shared or moved between services.

To enact a new service a regional district Board of Directors must pass a service establishing bylaw. This is done through an unweighted corporate vote, that is, every Director votes and receives one vote. Once a service is in place and a decision related to the administration and operation of the service has been decided through a vote, only the Directors representing jurisdictions that participate in the service in questions are entitled to vote. These votes are weighted, and therefore each participating Director receives a number of votes proportional to the size of population he or she represents.<sup>6</sup>

## 2.5 Annexation Legislation and Policy

Phase One of this study provided an in-depth review of provincial, regional, and municipal annexation legislation and policy. Below is a summary of this information.

At a provincial level, the *Local Government Act* outlines the legislative requirements for municipal boundary extensions. The *Municipal Boundary Extension Policies Guide* outlines the boundary extension process and Ministry of Community, Sport and Cultural Development's principles for approaching municipal boundary extensions. The *Municipal Boundary Extension Process Guide* identifies the steps for submitting a municipal boundary extension application for provincial approval.

The RDNO's *Municipal Annexation Policy LU047* establishes policies and procedures for their consideration of municipal annexation referrals. The Regional District requests that annexation applications are for larger blocks of land/properties rather than individual properties, have completed sufficient public consultation opportunities, supplied information on financial and servicing impacts, and are consistent with the Official Community Plan.

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<sup>5</sup> *Enhancing the Tools for Problem Solving in Regions*, Regional District Taskforce, Final Report, 2010.  
<http://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Governance/RDTF%20Final%20Report.pdf>

<sup>6</sup> *Introduction to Regional Districts: Communities in Partnership*. Union of British Columbia Municipalities, 2005.  
<http://www.fvrd.bc.ca/Documents/Regional%20District%20Toolkit%20-%20Booklet%20-%20Intro%20to%20RD's.pdf>

The RDNO's Regional Growth Strategy, approved in September 2011, includes reference to annexations in relation to land use. One policy (UC-1.2.9) outlines the agreement that local and regional government will respect the Rural Protection Boundary and Rural Protection Area when reviewing relevant annexation proposals.<sup>7</sup>

The City of Vernon has an *Annexation Procedure Flowchart* to outline the City's procedure in considering annexation applications. In their 2008 *Official Community Plan*, Section 21, Annexation, provides a process for consideration of annexation applications, a reference to a map of an ultimate municipal boundary for the City, and a proposal to undertake a "study to determine the phased amalgamation of appropriate lands". A map of the proposed ultimate boundary is provided in Appendix D.

## 2.6 Current Annexation Pressures

There have been numerous annexations occurring within the Regional District of North Okanagan in the last 10 years. There are also current annexation applications with the Ministry of Community, Sport and Cultural Development, waiting for a final decision. It is expected that there will be continued annexation pressures in the future. Below is an overview of the level of annexation pressure for each municipality and the surrounding rural areas in the RDNO.

**Vernon** - Numerous annexations have taken place in recent years on Vernon's eastern boundary, along Silver Star Rd, and the northeastern boundary, into Electoral Areas "B" and "C". In addition, a number of applications in this area are currently pending with the Ministry of Community, Sport and Cultural Development. While the City appears to have land available to meet future needs, it continues to be faced with annexation requests, many to provide sewer services to properties located in the surrounding rural areas.

The City of Vernon has annexed approximately 1,950 hectares (4,825 acres) of Electoral Area "B" and "C" between 2004 and 2013 without a comprehensive boundary review. The total loss of private lands for the two electoral areas over the past 10 years are summarized in the table below.

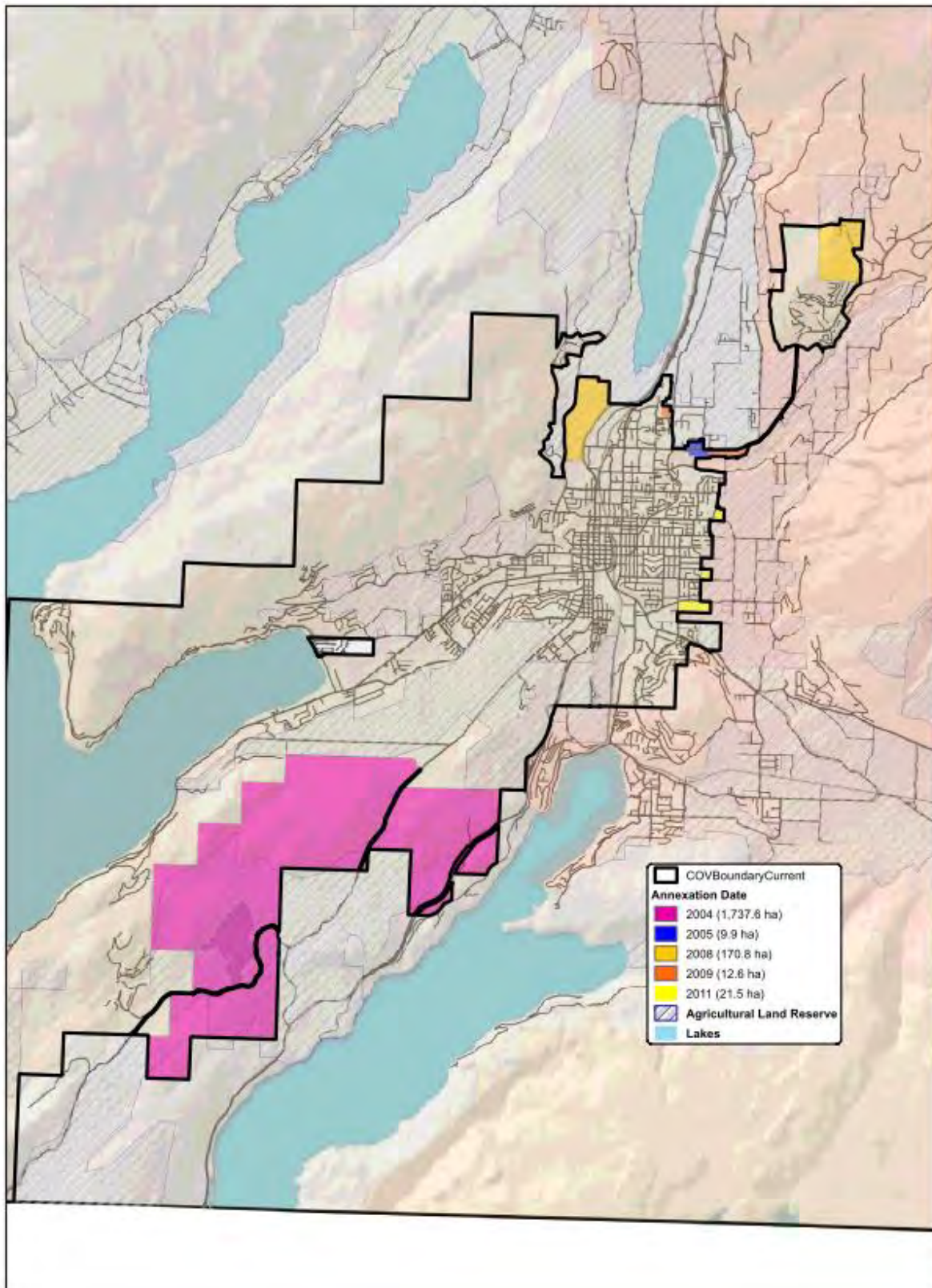
**Table 2.2: Annexation of Electoral Area "B" and "C" Lands into the City of Vernon (2004 – 2013)**

	Private Land Area (2004)	Private Land Area (2013)	Area Annexed (2004-13)	Approximate change (area lost)
Electoral Area "B"	9,905 ha	8,075 ha	1,830 ha	-18.40%
Electoral Area "C"	5,281 ha	5,128 ha	123 ha	-2.30%
TOTAL	15,186 ha	13,203 ha	1,953 ha	-12.86%

Figure 2.2 shows the areas of Electoral Area "B" and "C" annexed by the City of Vernon in recent years. Concerns have been expressed by the Electoral Area Directors regarding the impact that the loss of these annexed lands is having on the financial sustainability of unincorporated service provision, the identity and fabric of their communities, the loss of productive agricultural lands, shifts in political representation and loss of control of land use decisions, especially regarding suburban sprawl within fringe areas.

<sup>7</sup> Regional Growth Strategy, 2011, Pg. 13.

Figure 2.2: City of Vernon Annexations into Electoral Area “B” and “C”



**Coldstream** - The District has not had any annexation pressures in recent years.

**Enderby** - The City has very limited annexation potential to the north, east and south due to geographic and land restrictions, including the Agricultural Land Reserve and the neighbouring Splatshin First Nation. Land in Electoral Area "F" to the west of Enderby has been identified as a future growth area and several annexation applications have been received by the City for this area.

**Lumby** - The Village has been exploring the construction of a Silver Star Connector Road within Electoral Area "D". To complete this project, the corridor may have to be annexed by the Village. Other discussions have taken place regarding the annexation of Electoral Area "D" industrial lands, including property owned by Tolko. There are geographic limitations to any other annexations, unless infrastructure is built on the hillside for residential development.

**Armstrong** – The City is completely surrounded by Spallumcheen and therefore does not have an opportunity to expand its boundary into an electoral area.

**Spallumcheen** - The Township has identified sufficient development lands for a minimum of 50 years, so it does not face potential annexation pressures. In the long term, there may be pressures on the southern boundary with Electoral Area "C" if water and sewer infrastructure is provided.



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## 3.0 Service Delivery

A major concern that arose through the interview and inquiry process in both Phase One and Two of this study has been the impact annexation has on services provided by the Regional District in electoral areas. This section reviews the current services that are provided in the study area, with detailed information provided on those services provided by the Regional District.

### **SECTION SUMMARY**

<i>Key question:</i>	How are services provided in the RDNO, and how does annexation impact services in electoral areas?
<i>Why it is important:</i>	Concern regarding the long-term sustainability of electoral area services given potential annexations.
<i>Findings:</i>	The majority of services in the rural areas are regional or sub-regional in nature, and thus are not significantly impacted by annexations. Electoral area and local service area services may be financially impacted by annexation; however, the magnitude of the impact is relatively small within the context of the overall number of regional district services. Some essential services, such as fire protection, are potentially vulnerable, and may be impacted by annexation activity.
<i>Analysis:</i>	Identified services and jurisdictions; categorized and identified risk of financial impact of annexation.

### 3.1 Current Services

Within the Regional District of North Okanagan, there are a number of service delivery arrangements.

They are services provided in the following manner:

- Provincial – Provided by the provincial government in electoral areas across the province
- Inter-regional – Participation of two or more regional districts
- Regional – Participation of all RDNO municipalities and electoral areas
- Sub-regional – Participation of at least two jurisdictions, one being a municipality and one an electoral area
- Electoral Area – Participation of one or more electoral areas (no municipal partners)
- Local Service Area – Service provided to a portion of an electoral area

Table 3.1 provides a listing of all services by category of delivery. For each of these categories, a detailed list of services and their participating jurisdictions is provided in Appendix E to this report. Overall, the Regional District provides 72 services.

**Table 3.1: Services by Delivery Arrangement**

Provincial	Inter-regional	Regional	Sub-regional	Electoral Area	Local Service Area
Health/hospitals	Okanagan Basin Water Board	General government	Transit- UBCO	Fire Protection - BX / Swan Lake	Fire Protection - Okanagan Landing
Rural roads and highways	Okanagan Regional Library	Regional Planning	Transit- Regional	Street Lights - Neighbourhoods	Silver Star Administration
Ambulance	Sterile Insect Release (SIR) Program	Search and Rescue*	Okanagan Film Commission*	Street Lights - Critical Intersection/Mailboxes	BX Villa Walkway*
Policing (rural RCMP)		Victims Assistance Program	Building Inspection	Transit - Areas "B" and "C" <sup>2</sup>	Drainage - Silver Star
Schools		Solid Waste	Animal Control- Areas 1 & 2	Electoral Area Administration	Fire Protection - Silver Star
BC Assessment		Emergency Telephone (911)	Septage	Planning - Electoral Area <sup>3</sup>	Silver Star Transfer Station
Municipal Finance Authority		Hospitals- Contribution to capital	Greater Vernon Parks, Recreation and Culture	Emergency Planning	Street Lights - Silver Star
			Multi-Use Facility	Noxious Weeds	Street Lights - Ridge Subdivision
			Community Theatre (Performing Arts Centre)*	Safe Communities	Silver Star Water
			Greater Vernon Water Utility	Discretionary Grants	Vance Creek Reservoir
			Queen's Committee <sup>1</sup>	Fire Training Centre <sup>4</sup>	Street Lights - Lumby Rural
			St. John's Ambulance*	Local Parks	Whitevale Water
			Noxious Insects	Soil Deposit and Removal	Kingfisher School*
			Okanagan Symphony*		Fire Protection - Grandview Bench
			Fortune Parks*		Mabel Lake Sewer
			Animal Control - Enderby*		Street Lights - Grindrod
			Cemetery - Enderby and Area "F" (Fortune)*		Mabel Lake Water
			Fire Protection - Lumby		Grindrod Water
			White Valley Parks, Recreation and Culture		Gunter Ellison Water
			Lumby Community Centre*		
			Planning - Silver Star Planning Matters		
			Fire Dispatch		

\* Grant- Monies are provided to a third party to provide a service

<sup>1</sup> Grant- May roll into Arts, Youth and Culture

<sup>2</sup> HandyDART

<sup>3</sup> Includes contract services to Armstrong, Enderby, Lumby and Spallumcheen

<sup>4</sup> Intermunicipal Service Agreement

An inventory of services, including maps of service areas, requisitions and descriptions are provided in Appendix F.

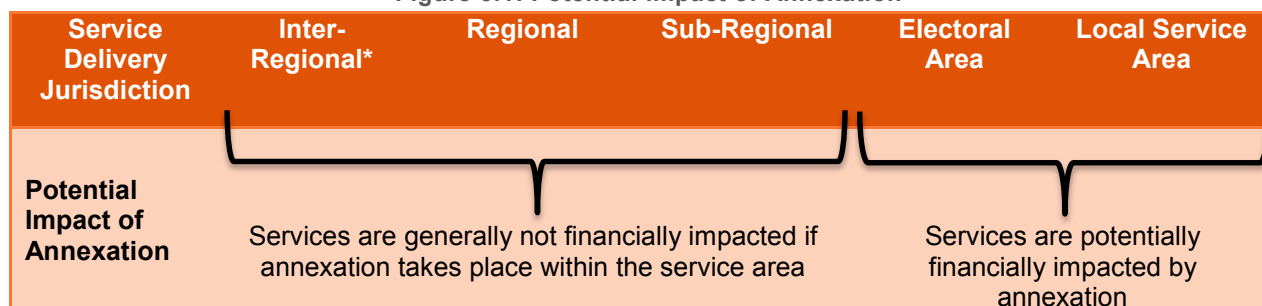
### 3.2 Services and Annexation

A majority of the services provided in electoral areas are not financially impacted by annexation, though there may be other impacts on the delivery of the service. For example, road maintenance and policing (through a contract with the RCMP) in electoral areas are provided by the provincial government. When an annexation occurs those functions shift to the municipality. Still, these services changes do not impact the Regional District and their service delivery capacity when an annexation occurs.

As well, inter-regional, regional and sub-regional services are not financially affected by annexation when the annexation occurs within their service area. For inter-regional services, these services are not affected by annexations as they are funded and delivered through multiple regional districts and their member municipalities and electoral areas. Regional and sub-regional services are generally not affected if the annexation occurs within the service area, as the services continue to be funded and delivered to the same population.

The potential impact of annexation is visually represented in Figure 3.1.

Figure 3.1: Potential Impact of Annexation



Services provided on an electoral area or local service area basis may be financially impacted by the annexation of properties. For those services, particularly due to the financial requirements of regional districts, a loss of property and its accompanying assessment can have an impact on the long term sustainability of this service.

As noted in the Phase One report, the provincial government recognizes that there may be significant impact on a regional district service when a boundary extension is approved. In reviewing a boundary extension application, the Ministry of Community, Sport and Cultural Development considers if the assessment in the municipal boundary extension area ranges from five to ten percent (5-10%) or more, and secondly, 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. If a significant financial impact is identified, the Ministry of Community, Sport and Cultural Development may determine the appropriate mitigation measures. Still, the measures put in place by the Ministry do not recognize the impact of small cumulative annexations that have been approved over time.

#### \* Regional Library Service - Provincial Funding

For regional libraries, the provincial government provides a grant on a per capita basis. For rural regional districts, this grant is \$4.10/person living in rural areas and \$2.20/person living in municipal areas of the regional district.

With this funding approach, there is a small impact on the provincial grant to the Okanagan Regional Library when properties and their residents are annexed into a municipality.

Source: Ministry of Education- Library and Literacy Branch

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## 4.0 Financial

This section studies the financial impact annexation has had on RDNO as an organization and on residents in the electoral areas. This analysis is closely related to the services provided in electoral areas and the sustainability of those services.

To explore the financial impact of annexation over a 20 year period (1992 to 2012), an initial review of the service area data was used to determine the overall changes in the number of folios, tax rates and levies for each of the service area. This analysis was used to identify the changes in the level of taxation and impact on an average residential property in each service area, as well as on the whole RDNO as an organization.<sup>8</sup>

### **SECTION SUMMARY**

<i>Key question:</i>	How does annexation impact taxation and the ability to finance services?
<i>Why it is important:</i>	Concern that taxes have increased for electoral area residents due to assessment loss from annexation; concern for the financial sustainability of electoral area services.
<i>Findings:</i>	It is difficult to speculate on the level of effect each contributing factor has had on the increasing electoral area tax levy. It appears there have been no significant shifts in rates within electoral areas due to annexation alone - though tax levies have increased dramatically, these costs have been made up for in growth; there has been potential financial impact from annexation on specific services (i.e. BX-Swan Lake Fire and implications of tekmar).
<i>Analysis:</i>	Review of RDNO and Surveyor of Taxes requisition data (1992-2012)

### 4.1 Financial Context

Regional district electoral areas and member municipalities raise funds (taxes and fees) for each established service based on the property assessment within their boundaries. Regional districts are made up of different components of municipal and electoral area assessment depending on the population, geography and size.

Property taxation is based upon the tax calculated on the assessed value of properties (i.e. ad valorem). Property assessment is conducted and compiled by the BC Assessment Authority, in which each property is assigned a particular class (i.e. residential, business, agriculture, etc.) and an assessed value is placed on both its land and improvements. In rural areas, the provincial government is responsible for levying and collecting property taxes for services provided by provincial and local governments and associated agencies (e.g. Municipal Finance Authority). Each year, the Regional District identifies the cost for each service they provide and creates a requisition to collect taxes from the area benefiting from each

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<sup>8</sup> Data Sources: Regional District of North Okanagan Finance Department for service and requisition data on a cost centre basis, 1996-2012. Real Property Taxation Division, Ministry of Finance, Province of BC, for actual Property Taxation Reports including net taxable assessments, tax rates and levies for all Regional District service area functions, including the 5.25% administration fee. Detailed data was provided in 5 year increments from 1992 to 2012 fiscal years.

particular service. Once collected by the provincial government, the funds are remitted to the Regional District. Regional Districts have greater restrictions on their revenue than municipalities as the amount collected for each service must only be used on that particular service.

Figure 4.1 demonstrates the percentage of electoral area assessment out of total regional district assessment in Regional District of North Okanagan and similar regional districts. This is then contrasted with more urban regional districts that have very little assessment within their electoral areas.

**Table 4.1: Percentage of Electoral Area Assessment of Total Regional District Assessment**

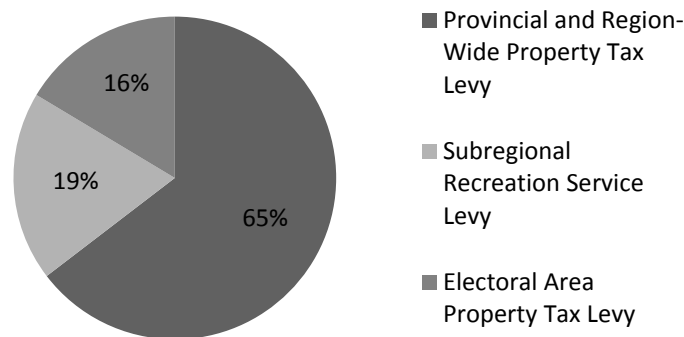
<b>Percentage of Electoral Area (EA) Assessment of Total Regional District (RD) Assessment 2011 General Hospital Purposes</b>			
<b>Regional District (RD)</b>	<b>Total RD Assessment</b>	<b>Total EA Assessment</b>	<b>% of Total</b>
Cariboo	7,290,024,391	5,070,940,966	69.56%
Central Kootenay	9,067,640,351	5,260,566,000	58.01%
Peace River	9,886,680,766	5,212,452,000	52.72%
Columbia Shuswap	10,793,605,052	5,787,277,000	51.76%
Nanaimo	25,771,655,350	8,176,692,000	31.70%
Okanagan Similkameen	14,702,040,523	4,427,460,000	30.11%
<b>North Okanagan</b>	<b>13,812,649,441</b>	<b>3,168,261,000</b>	<b>22.94%</b>
Fraser Fort George	9,726,826,913	2,178,545,913	22.40%
Thompson Nicola	18,769,357,172	3,771,975,000	20.19%
<u>Urban Regional Districts</u>			
Capital	81,312,543,523	7,433,292,000	9.15%
Central Okanagan	35,769,512,700	1,776,431,000	4.96%
Metro (GVRD)	538,263,733,579	4,691,757,784	0.87%
<b>Average Electoral Area Assessment</b>			<b>31.20%</b>

## 4.2 Service and Magnitude of Financial Impact

As demonstrated in Section 3.2, only a small number of services are potentially impacted by annexation. From a financial perspective, these services make up a relatively small proportion of the total tax levy on a property. In fact, approximately 64.6% of an average tax levy on a property in an electoral area in the Regional District of North Okanagan is for region-wide and provincial levies. Of the total levy, 35.4% from each folio is for electoral area services, of which approximately half of the levy is directed to sub-regional recreation.<sup>9</sup> As a result, 19% of the total property tax levy in an electoral area in the RDNO is for electoral area and local area service levies.

<sup>9</sup> Calculated based on all electoral areas in the RDNO between 1992 and 2012. This calculation does not account of more recent changes, such as the restructuring of the Greater Vernon Parks and Recreation Commission and the transfer of local parks to the individual electoral areas.

**Figure 4.1: Regional District of North Okanagan Electoral Area Property Tax Levies**



To gain a better understanding of the characteristics of electoral area and local service area services, a detailed financial analysis was completed. This involved reviewing services and their requisitions within each electoral area, which illustrates the magnitude of the tax levy of each service in relation to the total tax levy on properties within the electoral area.

For this analysis the requisitions of services that are delivered in more than one electoral area are allocated based on the percentage of assessment of the participating electoral areas. This calculation is an approximate number as it does not account for the makeup of property classes and the corresponding tax rates that are charged.

This analysis, presented in Appendix G, found that the most significant levy for a single service in the electoral areas was for fire protection. In Electoral Area “B”, fire protection makes up 12% of the total electoral area levy. In Electoral Area “C”, Silver Star Fire Protection and BX/Swan Lake Fire Protection both require significant levies. In Electoral Area “D”, Lumby Fire Protection makes up 22% of the total levy. The remaining levies in each electoral area are for a variety of smaller services, including street lighting and animal control.

### 4.3 Tax Impacts for Residents in Electoral Areas

Concerns have been raised that residents in electoral areas have faced tax increases as a result of annexations. It is supposed that with properties and their assessment being removed from the electoral area through annexation, residents remaining in the electoral areas are facing increases in the tax levy to continue to pay for the same levels of service.

To assess the potential impact of annexation on electoral area residential property tax payers, an analysis was completed comparing tax information from 1992 to 2012. In Appendix H, tables for each electoral area illustrates the changes over 20 years in total assessed value, total folios, general government administration tax levy, and local services that make up more than 1% of the Electoral Area levy.

An analysis of these tables reveals that the level of development within the rural areas of the Regional District of North Okanagan has been significant. Between 1992 and 2012 the changes have been as follows:

- Significant increase in assessment values;
- Significant increase in the number of folios;
- Increases in levies for each service; and
- Service level enhancements (policing, capital requirements for fire protection, provincial and federal regulation for water quality, as specific examples).

The increase in the assessment values, as was seen across many areas of the province during this time, has been astounding. There was a 683% increase in total residential assessment across all electoral areas in the RDNO. In individual electoral areas this has ranged from a 557% increase in total assessment in Electoral Area “E” to an 812% increase in total assessment in Electoral Area “F”.

The number of folios in each electoral area has not been as dramatic, and also had the impact of requiring additional services to meet the needs of new properties. Across electoral areas in the RDNO, total residential folios have increased by 71% between 1992 and 2012. This is a range of total folio increases in Electoral Area “E” of 52% and Electoral Area “C” of 99%.

Along with significant increases in the assessment and number of folios, service levies have increased. The Provincial Rural levy has increased by 142% over the 20 years. The levies for services that make up more than 1% of the Electoral Area levy in the RDNO have increased between 179% and 532%. These increases are especially evident for services with high capital costs, such as fire protection. Local Area Fire Protection services in the RDNO have increased by between 185% and 420%.

The changes in levies are a cumulative result of the Consumer Price Index (CPI) increase<sup>10</sup> changes in service levels, major capital requirements (particularly in the fire service areas), as well as changes in the boundaries of the service areas involved.

The significant level of growth in past years has allowed electoral areas in the RDNO and the services provided in the area to be more resilient. As growth has slowed between 2008 and 2013, and is expected to continue at a much slower rate, this will no longer be the case. Growth is expected to continue at the rate of the Consumer Price Index.

It is expected that in the future a more moderate level of growth and relatively modest increases in assessment value will be coupled with continually increasing service costs in the RDNO. These two components – increasing costs and modest growth – will have an impact on the residents’ property tax levels within electoral areas. When both the number of properties and their corresponding assessment values are increasing, any increases to service costs are generally absorbed by new growth. When new assessment increases (both units and values) are more modest, any significant service cost increases result in corresponding property tax rate increases. The impacts are further compounded as more annexations are approved and properties are removed from the electoral area and the assessment base is eroded. In these instances, electoral areas would be facing a decrease in number of properties and total property assessment value without the corresponding service cost decreases, resulting in potential tax rate increases for electoral area services to meet service costs.

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<sup>10</sup> Consumer Price Index has increased 44.76% between 1992 and 2012. This is an average of 2.2% per year.

## 4.4 Tax comparison between municipal and electoral area properties

Concerns were raised regarding the taxation impact on property owners who had been annexed into a municipality. To assess this impact, a comparison of the 2012 taxation levels of three geographic areas within the study area was undertaken, as follows:

- Hypothetical rural tax rates for Okanagan Landing (Electoral Area “A”), compared with the City of Vernon and Electoral Area “C”;
- Electoral Area “D” and the Village of Lumby; and,
- Electoral Area “F” and City of Enderby.

The results are described below, with a full detailed analysis found in Appendix I.

The first assessment compared a hypothetical rural tax calculation for Okanagan Landing (Electoral Area “A”) compared with City of Vernon. Electoral Area “C” was also included for comparative purposes. The table reveals that in 2012 tax levies are about 18% higher in the City of Vernon than Electoral Area “C” and 21% higher than Okanagan Landing (Electoral Area “A”) if it had hypothetically stayed as part of an unincorporated area. Before the annexation of Okanagan Landing, the boundary extension study, completed by Sussex Consulting, estimated that Electoral Area “A” residents would face an 18% increase in property taxes if they were brought into the City.

The second assessment compares the tax rates and levies for Electoral Area “D” and the Village of Lumby. The comparison finds a 38% difference in tax levies for residential properties in the rural area of Electoral Area “D” and the Village of Lumby. This differentiation is tempered somewhat because Electoral Area “D” receives fire protection service from Lumby through a sub-regional service.

The final assessment compares the tax rates and levies for Electoral Area “F” and the City of Enderby. Residential properties in the City of Enderby pay an 18% higher total tax levy than those living in Electoral Area “F”.

## 4.5 Cost of Boundary Extension for Municipalities

The costs associated with an extension of municipal boundaries can be significant, with major costs often assumed to service existing rural roads within the extension area. This is in addition to direct infrastructure service costs that may be related to the extension area to provide new water, sewer and other local services. In addition to these direct costs, it is a common recognition in local government circles that residential development does not pay its way in relation to the total cost of services received by a residential property.

This assertion is reinforced by a review of select case studies completed for the Phase One report that found that the City of Vernon was annexing properties that for the most part resulted in an annual municipal finance shortfall of between \$700 and \$8,000. Of the six annexation applications reviewed, half resulted in a shortfall for the City.

**Table 4.2 Selected City of Vernon Annexation Applications**

<b>Case Study #</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Property Location</b>	<b>Silver Star/ BX Rd</b>	<b>5770 Pleasant Valley Rd</b>	<b>Hitchcock Rd</b>	<b>(Heritage View Estates Inc); 975- 25th Ave</b>	<b>811-39th Ave</b>	<b>1907-15th St, 1094 and 1102 Pottery Rd</b>
<b>File</b>	3370-20-13	3370-20-11	3370-20-05/ 3370-22-11	ANX00008 3370-20-16	ANX00007 3370-20-15	ANX00009 3370-20-17
<b>Year</b>	2006/2007	2006/2007	2007/2008	2008	2008	2009
<b>Number of properties</b>	15	2	10	1	1	3
<b>Annual municipal financial impact: excess or (shortfall)</b>	\$20,628	Not specified**	(\$8,099)	(\$710)	(\$1,330)	\$1,400
<b>Ministry response</b>	Approved	Approved	Approved	Approved	Approved	Approved

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

A recent study undertaken by the City of Fort St John indicated that residential properties were in fact only covering about 60% of the directly related service cost for a residential property, with the balance of the cost paid by business, industrial and utility properties located within the City's boundary. This is why local governments have a variable tax rate system which usually charges business tax rates at a ratio of more than 2 to 1 and industrial and utility properties at a significantly higher rate.

It is important to recognize that the financial analysis represents only a "snapshot in time" with respect to the services required at the time, requisition need by the Regional District, and the assessed values of the properties within each service boundary.

## 5.0 Land Use

Land use is a key area of concern in relation to annexation of property by municipalities. There is dissatisfaction regarding the lack of coordination between electoral area planning and municipal planning when approving new development on the boundaries of municipalities and electoral areas. This includes reservations regarding urban sprawl and fringe area planning, and the removal of land from the Agricultural Land Reserve. This section reviews these concerns and presents the role of the Regional Growth Strategy in increasing coordination in land use planning.

### **SECTION SUMMARY**

<i>Key question:</i>	How does annexation impact land use?
<i>Why it is important:</i>	Concerns regarding development and sprawl, lack of coordinated planning in fringe areas, and loss of Agricultural Land Reserve (ALR) land.
<i>Findings:</i>	Land use planning is generally not coordinated between the regional district and municipalities, but there is potential with Regional Growth Strategy (RGS); confirmation of ALR legislation, regulations and approach; suggest fringe area planning policy and greater linkages to the RGS.
<i>Analysis:</i>	Review of documents; Relationship between planning documents, ALR, RGS, Thompson Nicola Regional District (TNRD) Fringe Area Planning.

### 5.1 Land Use Planning

In Phase One of the Annexation Impact Study, it was found there was a general lack of coordination between municipalities and electoral areas on land use planning, in relation to the review and approval of annexation applications. There are two strategies that could improve land use planning coordination between municipalities and electoral areas in the Regional District of North Okanagan. The first is the implementation and adherence to the new Regional Growth Strategy, including the land use maps and Rural Protection Boundary. The second is the consideration of a Fringe Area Policy.

Electoral Area Directors and others interviewed for this project raised concern over the lack of integrated land use planning for properties that are annexed into municipalities and properties in the electoral areas on the boundaries of municipalities. Often these fringe areas are developed with low density single residential developments, also referred to as urban sprawl. Phase One of the study found that some annexations were a precursor to further development, in part because municipal servicing of sewer and water allowed a greater density of development to occur.

### 5.2 Regional Growth Strategy

Since Phase One of this project was initiated, the Regional District of North Okanagan has approved a Regional Growth Strategy (RGS) for the area in September 2011. According to the Provincial government, Regional Growth Strategies are an instrument to achieve an “integrated and complementary land use planning frameworks for fringe areas.”<sup>11</sup>

<sup>11</sup> *Progress Report for the Union of British Columbia Municipalities*, Regional District Task Force. 2009, pg. 17.

Regional Growth Strategies provide an overall coordinated planning direction for regional districts. 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 that is consistent with the RGS. Figure 5.1 illustrates the relationship between the plans and the requirement a regional context statement or consistency with the RGS.

**Figure 5.1: Relationship between Community Planning Documents**



The Regional Growth Strategy for the RDNO outlines two important goals of land use planning: *Focus development into Growth Areas* and *Protect Rural Lands*. These goals are applied by mapping areas of the region designated for growth and rural protection. Appendix J provides maps of the RGS's growth areas and rural protection areas and compares these to the land use designation provided in municipal OCPs.

### **Regional Growth Strategy: Urban Containment and Rural Protection**

- UC-1: Focus Development *into Growth Areas*
- UC-1.1: *The communities of the North Okanagan agree to work as partners and individually to designate Areas designated as Growth Areas are to be fully serviced with community water and sewer systems and can accommodate a broad range of urban land uses at urban densities. (pg 1/2)*
- UC-2: Protect Rural Lands
- UC-2.1: The communities of the North Okanagan agree to work as partners and individually to designate Rural Protection Boundaries, consistent with the Regional Growth Strategy, within Official Community Plans for the propose of protecting lands within the Rural Protection Area. Lands designated as Rural Protection Areas are intended to accommodate low density development on larger (1 hectare and greater) parcels of land that are not serviced with both community water and sewer systems. (pg 14)

The goal to focus development into growth areas is acknowledged as specifically connected to the urban services that need to be provided in those areas. That is, for growth and urban development to occur, community water and sewer systems must be in place. These services may be provided by a municipality or regional district. Currently, the City of Vernon has a policy in place that the City will not provide services outside of its boundaries. A copy of this policy is provided in Appendix K.



In contrast, the Rural Protection Area is intended for low density development that is generally not serviced. The Rural Protection Area and Rural Protection Boundaries are a strategy to protect rural lands and is the “line” that divides lands that have access to water and sewer infrastructure and lands that must rely on local water and septic solutions. This designation is identified regardless of whether the property is within a municipal boundary or in the electoral area. Part of the implementation of the land designation is having individual municipalities designate Rural Protection Boundaries, consistent with the RGS, within their OCPs. There is also a commitment made by each of the RGS signatories to discourage the provision of, or expansion of, community water and/or sewer service to the Rural Protection Area unless for health or environmental reasons, and only where services will not result in additional development.

Though rural protection areas are identified under the RGS, there are still concerns that designations could be reviewed and changed through a minor amendment to the RGS. Criterion for a minor amendment of the RGS 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). Similar to concern raised about cumulative small annexations, it is important that any re-designation of property within the Rural Protection Area is considered based on potential cumulative impact.

The RGS will be an important tool for reference during the annexation process, as it represents the commitment the participating parties have made to land use designations, irrespective of municipal boundaries. In order to ensure full implementation of the RGS, municipal OCP’s should be amended to include the respective rural protection boundaries, with policies for discouraging the expansion of community water and/or sewer service, except under extraordinary circumstances (e.g. environmental protection).

These designations, if fully implemented and committed to, present a consistent regional land use planning approach, regardless of municipal boundaries and any potential annexations. This consistency should also provide certainty to the land owners and local governments that a property will develop according to its designation whether it is within or outside a municipal boundary. This allows all parties in an annexation process to respond to the same circumstances.

Figure 5.2 provides the area designations of the Regional District of North Okanagan as outlined in the Regional Growth Strategy.

### Implementation Agreements

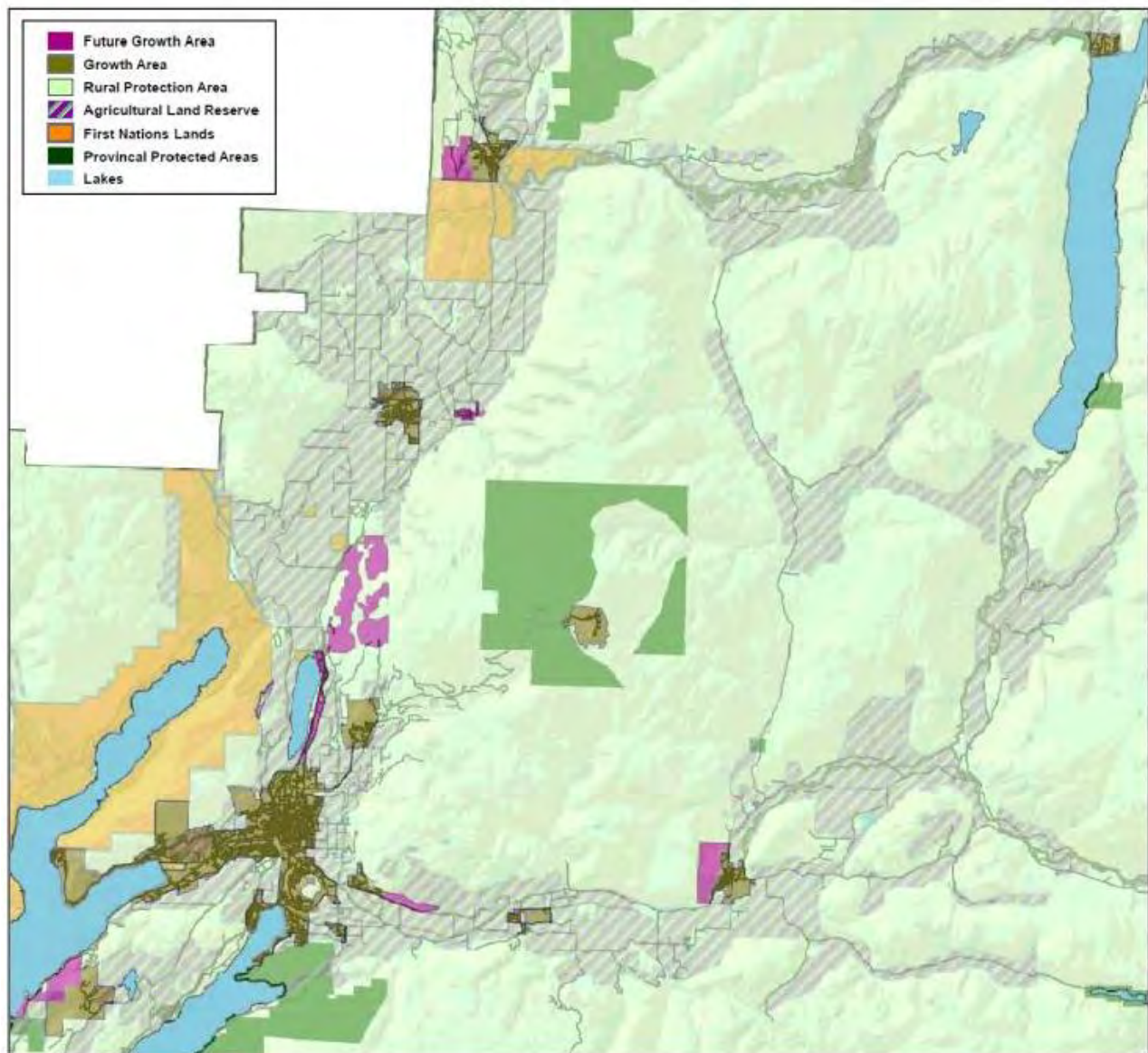
To further formalize the implementation of the Regional Growth Strategy, some regional districts have chosen to develop and sign Implementation Agreements. There are early examples of the use of Implementation Agreements when the Regional Growth Strategy legislation was adopted in 1995. This included the Greater Vancouver Regional District (now Metro Vancouver) signing an Implementation Agreement with the Agricultural Land Commission. As well, the Nanaimo Regional District signed Implementation Agreements with member municipalities on Urban Containment Boundary/Fringe Area Management, and with Ministry of Transportation and Infrastructure in relation to the In-Island Highway.

A more recent example of the use of Implementation Agreements is the Comox Valley Regional District. After their RGS was adopted in early 2011, the Regional District and Ministry of Transportation and Infrastructure began working towards developing an agreement to improve collaboration. This process turned towards some form of cooperation agreement.

One of the possible reasons Implementation Agreements have not been used by more Regional Districts is that an Implementation Agreement must be approved by the provincial cabinet. This provincial political level of approval is more onerous, but can have more strength than other types of agreements.

Further information on Implementation Agreements is provided in Section # (Tools).

Figure 5.2: Area Designations in Regional District of North Okanagan's Regional Growth Strategy.<sup>12</sup>



### 5.3 Fringe Area Planning

A potential strategy to coordinate planning on the boundaries of municipalities is a fringe area policy. This is an approach that formalizes the relationship between a municipality (or municipalities) and the regional district electoral area to provide a forum for discussion and referral regarding land use proposals, for example re-zonings, in the area just outside the municipal boundary. There are three examples of approaches – the Technical Advisory Committee, the Regional Growth Strategy Support Team, and a more specific Fringe Area Policy.

<sup>12</sup> North Okanagan Regional District, Regional Growth Strategy, 2011, Pg. 17.

In the early days of regional districts within the province, planning and subdivision of land within the rural area was subject to consideration of a legislated Technical Advisory Committee. This committee was comprised of Regional Planning staff, representatives from the member municipal jurisdictions, and Provincial Ministries of Transportation, Environment and Health. The committee was tasked with providing technical advice on any proposed subdivision of land within the Electoral Areas of the region. Prior to being eliminated by changes to Provincial regional planning legislation in the early 1980s, this committee provided broad technical advice to the Board prior to the formal approval of an application was considered by the approving authority. The representation of staff from both the regional district and the member municipalities would provide integration and continuity in land use planning across municipal and electoral area boundaries.

More recently, the RDNO has developed a similar working group. During the development of the RGS, senior planners from each participating local government were part of an advisory committee – the Regional Growth Strategy Support Team – to review policies and discuss approaches laid out in the Plan. This group is currently tasked with reviewing regionally significant projects, as they apply to the RGS.

Fringe area planning has also been addressed through regional policy initiatives. The Thompson-Nicola Regional District (TNRD) has had a fringe area policy in place since 1984. The policy aims to limit urban sprawl, reduce fragmentation of land, direct industrial/commercial development, minimize land use conflicts and the preservation of agricultural land. A central tenet of the policy is that the TNRD refers applications on rezoning, development permits and amendments to official community plans within the designated fringe area (2 to 5 kilometres of the municipal boundary) to the urban municipality for consideration and comment. Though the TNRD is not bound by the municipalities' comments, they are considered as part of the decision making process. A discussion paper, including the original policy and updated maps, is provided in Appendix K.

## 5.4 Agricultural Land Reserve

As discussed in Phase One of the study, a key concern of the Electoral Area Directors was the potential development of land within the Agricultural Land Reserve once the property was annexed into a municipality. 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 municipal boundaries, the land is protected from development. The land owner must apply to the Agricultural Land Commission to exclude land from the ALR, to subdivide land, or to develop it for non-farm use. In this process, property owners are generally required to seek the support of the local government for their application for all applications within the ALR.

As noted, property within the Agricultural Land Reserve is protected by provincial legislation, regardless of its location within or outside of municipal boundaries. Still, there are other factors that may influence the development of this land. The Agricultural Land Commission, in its referral response on some annexation applications from properties within the RDNO noted this concern (see Appendix L). When a property is annexed into a municipality and has access to municipal services, particularly water and sewer, there is a much greater opportunity to develop the property to a higher density. As well, there is a financial incentive for a municipality to have the property change from a farm class to a residential or commercial property class, as there are significantly higher taxes from the latter classed properties.

The role of the Agricultural Land Reserve and strategies to increase the protection of it as part of a protocol is discussed in Section 9.

## 5.5 “Ultimate” Municipal Boundaries

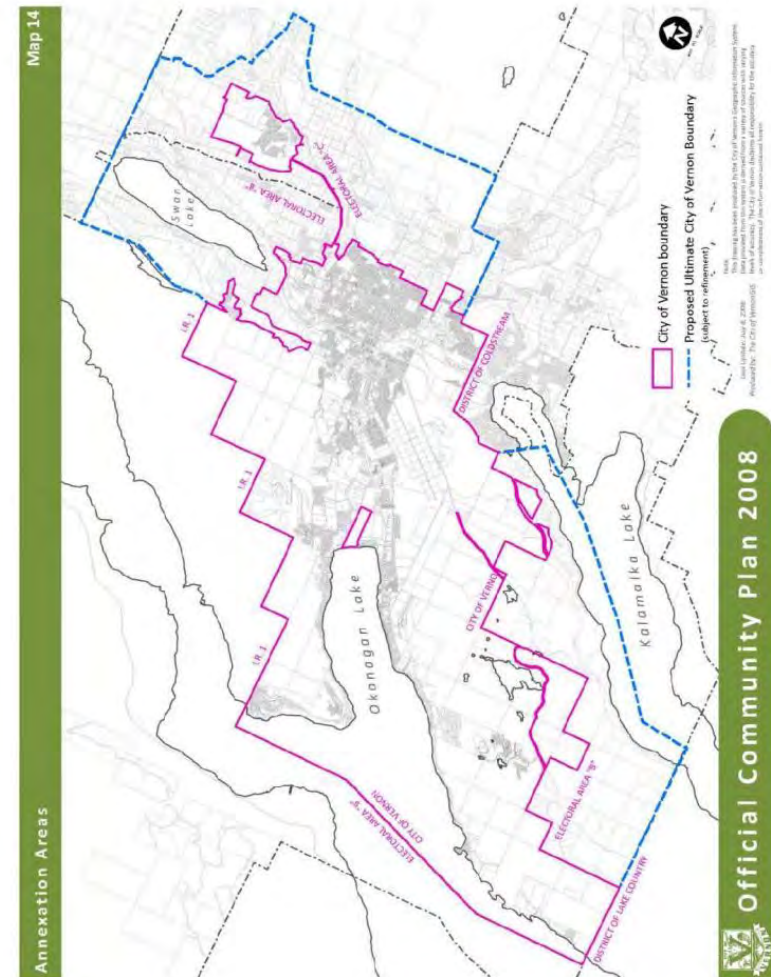
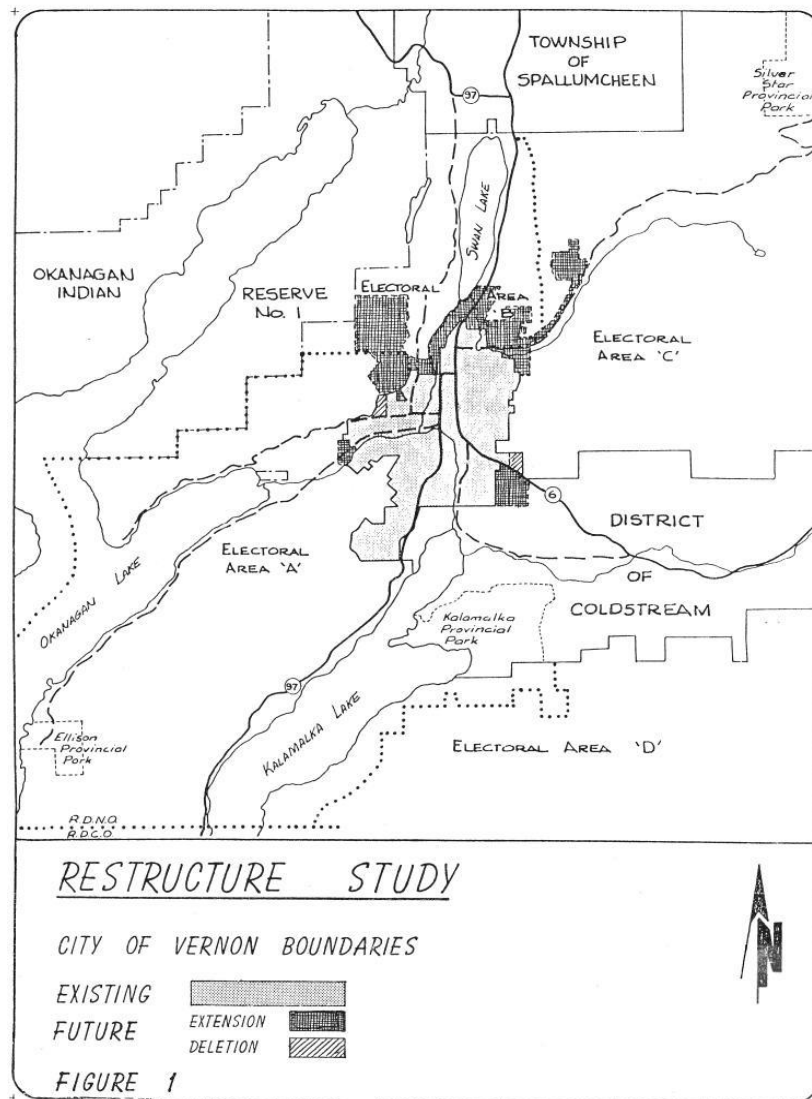
Along with the policies around municipal boundaries and annexations, there have been a number of studies undertaken within the RDNO. These include studies of individual areas that municipalities were considering annexing, as well as larger restructure studies. Only the City of Vernon had identified an ultimate municipal boundary which they would like to achieve.

Over the last 30 years the City of Vernon has undertaken many restructure studies to identify municipal boundaries that meet their needs. These restructure studies have not indicated a significant expansion of their boundaries, and many aligned with the regional services that were being implemented at the time. More recently, the current OCP from 2008 has identified the City’s ultimate boundary. In Figure 5.3, this boundary is compared and contrasted to a study completed in 1981.

The comparison between the 1981 study and the 2008 ultimate boundary shows a very substantial increase in the size of the ultimate boundary. This includes the land to the north east of the City, including all of Swan Lake up to the border of Spallumcheen, and south of the City to include the Commonage. The ultimate boundary laid out in the OCP brings in substantial land, even though the City of Vernon has sufficient land to accommodate growth for 20 years.



Figure 5.3: City of Vernon Proposed Boundary- 1981 and 2008.



City of Vernon OCP 2008

Annexation | page 114

Source: Restructure Study of the City of Vernon, District of Coldstream and Electoral Area 'A', 'B' and 'C', October 1981, pg 2-3.  
City of Vernon, Official Community Plan, 2008, pg 114.

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## 6.0 Community and Social Fabric

One of the drivers for undertaking research on the impact of annexations from an electoral area perspective is the perception of the impact annexation has on the community and social fabric of an area. This emphasis on the impact on community has been recognized in previous research and public consultation.

There is a strong interest in defining community and social neighbourhoods. These definitions and location identification has been undertaken previously in annexation policies. The idea of annexing a whole community has also been noted in the justification of including all of Okanagan Landing when expanding Vernon's boundary in 1993.

### **SECTION SUMMARY**

<i>Key question:</i>	How does annexation impact communities and social neighbourhoods?
<i>Why it is important:</i>	Concern about communities becoming fragmented with annexations and potential loss of community identity
<i>Findings:</i>	Areas under pressure from annexation are not necessarily stand-alone (or self-identified) communities
<i>Analysis:</i>	Definition of community, review of annexation pressure and review of annexation policies

### 6.1 Defining Community

One of the important concepts in the review of annexation is the potential impact that annexation has on the nature of "community". This requires a definition and the delineation of communities, and then an evaluation of how a boundary change may affect life in that community.

While most think of community in relation to urban development and incorporated municipalities, there can be a strong sense of community within a rural context. The definition of community in a rural context is more subtle, but does not decrease the importance that community has on the lives, happiness and success of its residents.

These characteristics can apply to communities in rural and fringe areas on the edge of municipalities. Once the criteria is established and applied, the identification of defined communities can be used for future annexation proposals to identify area for annexation that are acceptable to the Regional District.

Community in a rural context can be defined based on four key criteria. These criteria were developed from past experience in rural communities, the work of the Regional District of Nanaimo,<sup>13</sup> and interviews and discussions with Electoral Area Directors undertaken for this project. A community within an electoral area is identified as a geographic area where residents share involvement in a majority of the following four key features:

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<sup>13</sup> Regional District of Nanaimo, *Rural Village Centre Study*, 2013. <http://rdn.bc.ca/cms.asp?wpID=2736>



- Improvement District
- Community facility or amenity (public or private)
- Fire Department
- Community organization

### 6.1.1 *IMPROVEMENT DISTRICT*

An improvement district can be a key component of a community by providing services and local elected representation. An improvement district is a level of local government developed to provide services outside of municipalities. They may provide specific services such as water,<sup>14</sup> fire protection, street lighting, dyking, drainage, garbage collection or parks. They do not provide general services such as governance and land use planning. They can range in size from a small subdivision to large communities, and are usually located in rural areas of the province. Improvement districts can no longer be incorporated, instead local services can be provided by a local service area enacted by the municipality or regional district.

Improvement districts demonstrate a community's need and desire for services, show a level of density to allow the delivery of those services, and provide a structure that formalizes community leadership. Improvement districts are governed by a board of elected trustees, providing an opportunity for leadership development. If a community incorporates, it is often members of the improvement district board who choose to run for municipal council.

Neighbourhoods and communities are often named after the improvement or irrigation district, such as Black Mountain and Glenmore-Ellison in Kelowna. Many improvement districts over the years have either incorporated as municipalities or transferred the services they provide to municipal or regional districts. Improvement districts may continue to exist as a separate government entity within an incorporated municipality.

### 6.1.2 *COMMUNITY FACILITY OR AMENITY*

Another important component of community are community facilities, which are publically owned, and amenities, which may be public or private. These buildings provide central gathering places for the community.<sup>15</sup> In addition to a gathering place, public facilities also provide the opportunity for elected representation. These facilities and amenities can include:

- Community Centre,
- Recreation Centre,
- Community Hall,
- Library,
- School,
- Store, or
- Coffee shop or restaurant.

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<sup>14</sup> Irrigation districts were enacted to provide water to areas outside of municipalities, most often for agricultural land. Irrigation districts no longer exist, as the improvement district program was enacted to provide a larger range of services to rural residents.

<sup>15</sup> The Regional District of Nanaimo, in their inventory of rural village centres, identified community amenities in two categories. The first category was Parks and Recreation, which included public owned land available for recreational purposes. The second category, Community Gathering Spaces, included schools, community halls or privately owned space for community function and events.

Community halls or recreation facilities are meeting places that host an assortment of community events (private and public), including dances, harvest dinners and craft fairs. They provide space for group activities, social support, and public information. The public facilities are maintained by a local association of volunteers with a board, providing another opportunity for residents to develop their skills and experience around governance.<sup>16</sup> These physical spaces bring community together both in the fundraising to construct and operate the space, as well as building and maintaining the structure with volunteers.

The community gathering place may also be a private business, such as a store, coffee shop or restaurant. These are places for members of the community to meet and interact, as well as share public information.

### 6.1.3 *FIRE DEPARTMENT*

In many communities, particularly rural areas, a fire hall with a volunteer fire department is a defining feature and community space for members. Fire Departments provide a service to the community and are also an important place to develop community leadership. A fire department is a strong group of community members that work together providing an important service that people are very loyal to. Volunteer members spend a significant amount of time training, with additional time for responding to calls and providing community services. The fire chief often achieves very strong standing in the community as a leader.

The concept of fire departments as a key criterion of a community is evident because fire departments are not only service providers, but also a social group and space. The fire department often undertakes fundraising and food drives, as well as other community outreach.

Within the Regional District of North Okanagan there are key examples of the important role the fire department plays in the community. In the annexation of Okanagan Landing, special consideration was given to the continuation of the volunteer fire department that operates in the area. This organization of the fire department continues to be an issue, which demonstrated the important role the fire department plays in the identification of community.

The second fire department of concern is that of BX-Swan Lake. The annexations of properties on the north end of Vernon, the BX-Swan Lake Fire Department is a key part of the community, but is also facing logistical and potential financial challenges in providing a service, as outlined in the case study (Section 7.2) of this report.

### 6.1.4 *COMMUNITY ORGANIZATIONS*

The final component of a community is the existence of location-based community organizations. These organizations bring volunteers in the community together to provide a service in a particular location. This includes Community Association and BlockWatch programs. In the Regional District of North Okanagan there are numerous organizations, including the Mara, Grindrod, BX/Swan Lake and Kingfisher Community Associations. Based on the criteria and discussion with Electoral Area Directors, a number of communities throughout the Regional District of North Okanagan were identified.

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<sup>16</sup> This reflects the theory of Mary Parker Follett, a pioneer of community centres, who saw the spaces as part of community development and democracy, as individuals organize themselves into neighbourhood groups and attend to each other's needs, desires and aspirations.

*Table 6.1: Unincorporated Communities in the RDNO*

Electoral Area	Neighbourhood
Area "B"	Cousin Bay
	Commonage
Area "C"	BX Villa
	Tillicum and Dixon
Area "D"	Lumby West
	Whitevale Rd
Area "F"	Kingfisher
	Ashton Creek
	Twin Lakes
	Grindrod
	Mara
	Grandview Bench

*Figure 6.1: Excerpt from Regional District of North Okanagan Policy No. LU047*

"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:

- BX Villa
- The BX
- MacDonald Road area
- Tillicum
- Dixon Dam
- Hartnell Road area
- McLennan Road area
- West Swan Lake
- PV Road Commercial Properties to the Stickle Road area
- Swan Lake Commercial District
- Birnie Road area
- North Commonage"

## 6.2 Social Neighbourhood

A component of a community is that of the social neighbourhood. This importance of this concept is identified in the RDNO's policy on annexation. An excerpt of this policy is provided in Figure 6.1. This policy was developed in 2003 in response to the rapid growth and many annexation applications that were taking place at that time in the RDNO.

In order to implement this policy it is necessary to define the concept. A social neighbourhood is related to the definition of community with community gathering spaces and community associations. Members of

the Electoral Area Advisory Committee identified the role of Block Watch and other community associations as examples of areas that could be recognized as a social neighbourhood. Table 6.2 provides a list of all Block Watch neighbourhoods in the RDNO.

*Table 6.2: Block Watch Neighbourhood in the RDNO*

Electoral Area	Neighbourhood	Number of properties
Area "B"	BX/Swan Lake- Herry Rd/Horbrood Rd	27
Area "C"	Pottery Rd, Mountview Rd, East Vernon	35
	Cunningham Rd, McDonald Rd, Spalding Rd	27
	BX/Silver Star- Hartnell Rd	40
	Dixon Dam Rd	10
	Keddlestone Rd	78
Area "D"	Rural Lumby-Whitevale Rd	25
Area "F"	Rural Enderby- Mara	65
	Grindrod	17
	Anderson Rd	6
	Grandview Bench/Hamley Rd	29
	Deep Creek Rd	27
	Rosoman Rd/Watershed Rd	16

## 6.3 Analysis

This study reveals a number of components of community: improvement districts, community facility or amenity, fire department and community organizations. As well, there are more abstract components of a community, that of shared values, history, lifestyle and landscape, that are harder to define. Social neighbourhoods are a smaller component of community.

When exploring the potential impact of annexation on communities, it is important to identify and define the boundaries of that community or social neighbourhoods. Using the definition above and evaluating the criteria, it was found that there a number of communities throughout the RDNO. When examined in relation to annexation pressures, there are only a small number of stand-alone communities that may be impacted by annexation. Still, it is important to note that the RDNO has identified through policy that it will generally only support annexation applications for blocks of properties that are "consistent with established social neighbourhoods."<sup>17</sup> To enhance this policy it would be advantageous for the Regional District to define the boundaries though detailed mapping of these neighbourhoods based on social and service areas.

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<sup>17</sup> Regional District of North Okanagan, Policy No. LU047, 2003.

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## 7.0 Case Studies

This section provides case studies from examples in the Regional District of North Okanagan to explore and demonstrate the issues and impacts of annexation on servicing, finance, and land use. By reviewing these case studies, we are able to further clarify where the areas of concern are and where the concerns are benign. These findings will allow the Electoral Areas to prioritize and focus the efforts in annexations.

Case studies were completed on the following issues or areas:

- tekmar Control Systems
- BX/Swan Lake Fire Protection Area;
- Street Lighting Local Service Areas;
- Silver Star Local Service Areas;
- Okanagan Landing; and,
- Swan Lake Corridor.

### **SECTION SUMMARY**

<i>Key question:</i>	What are examples of potential impact of annexation?
<i>Why it is important:</i>	Assess study findings based on circumstances in the RDNO.
<i>Findings:</i>	<p>Identified service, finance, land use and community components of case studies:</p> <ul style="list-style-type: none"><li>• Tekmar- Potential financial impact on Regional District services, but servicing limitations would not have enabled this development to occur in an electoral area</li><li>• Street lighting- Small potential impact if annexation occurs within the service area</li><li>• Silver star- Functions as a “community” based on the suite of services provided as well as its “identity” around an amenity</li><li>• BX-Swan Lake Fire- High potential impact on financial and logistics in annexation occurs; service has high capital costs</li><li>• Okanagan Landing- Annexed residents have faced increases in property taxes along with an increase in services</li><li>• Swan Lake Corridor- Consideration of the potential erosion of the tax base due to small, incremental annexations (“death by 1,000 cuts”)</li></ul>
<i>Analysis:</i>	Analyze case studies that have been identified as areas of concern.

### 7.1 tekmar Control Systems

One of the most prominent annexations mentioned in interviews and in a review of the history of the Regional District, was the annexation of tekmar Control Systems into the City of Vernon. tekmar is assessed as a light industrial property and therefore charged a higher tax rate than other property classes. This raises a significant amount of property tax revenue, and therefore its annexation has had a financial impact on the Regional District, not through a loss of revenue, but rather as lost opportunity for funding. tekmar Control Systems Ltd., located at 5100 Silver Star Road was annexed into the City of

Vernon in 2003, upon application of the property owner. The original building permit was issued by the RDNO in 2002, while the application for inclusion within the City's boundary was in progress, to allow the development to proceed.

*Table 7.1: Tekmar Financial Analysis*

	2002	2003	2012
<b>Jurisdiction</b>	<b>Electoral Area "C"</b>	<b>City of Vernon</b>	<b>City of Vernon</b>
Assessment (land)		\$1,235,000	\$2,479,000
Assessment (improvements)	\$0	\$1,068,000	\$4,523,000
Revenue to BX-Swan Lake Fire Protection <sup>18</sup>		\$4,013 (Hypothetical)	\$13,476 (Hypothetical) <sup>19</sup>

In addition to the Fire Service area, the value of the tekmar folio would also have reduced other general Regional District service costs by an additional \$15 for an average residential property in 2012. Therefore, if the annexation of the tekmar property has not taken place, there may have been a small reduction in residential tax rates and a reduction in the total tax levy of about 1.2% on an average residential unit in Area C.

Though there is a potential impact on the financial situation of individual services and tax payers, this assumption is cautioned because due to the size of the development and sewer servicing requirements, it is unlikely that this light industrial development could have occurred outside of the City's boundaries. This is because the City of Vernon has a policy in place not allowing any servicing outside of the municipal boundary.

## 7.2 BX/Swan Lake Fire Service

One of the services specific identified as an area of concern by the Electoral Area Directors was the BX/Swan Lake Fire Protection Area. This service area is north of the City of Vernon boundary and has lost a number of properties due to annexation. Concern was expressed regarding the financial sustainability of the services, as well as the logistics of providing emergency services in areas with unusual boundaries. Both concerns were analyzed in greater depth.

Fire service is expensive to provide. As seen in Table 7.2, residents within the BX/Swan Lake Fire Protection Service Area saw a large increase in the tax levy for this service between 1992 and 2012.

*Table 7.2: BX/Swan Lake Fire Protection Tax Levy on an average residential property (1992-2012)*

	1992	2012	Increase
Tax levy on an average residential property	\$58.96	\$191.25	224%

<sup>18</sup> Only charged on improvements.

<sup>19</sup> This would have reduced the level of taxation by \$5.26 on residential improvements valued at \$218,250, the current average improvements value for a residential property in the service area.

Capital expenditures for new equipment can play a significant role in the increase in the service area costs. For example, over the 20 year period 1992 to 2012, the BX/Swan Lake Fire Protection area purchased new major equipment at a total cost of \$1,213,000. If long term debenture debt had been used for financing, this would have necessitated an increase in debt servicing costs of \$97,874 in 2012. To offset the use of financing, the service area contributes a total of \$100,000 to a capital reserve fund on an annual basis. This represents about 20% of the total requisition, or about 0.1778 or \$38.79 per annum, on an average single family residential unit. In 2014, the BX Fire Hall was identified as requiring significant upgrades, at an estimated capital cost of approximately \$1.5 million.

Along with the financial challenges of providing a service to an area that is being reduced due to boundary extensions, there are also particular service delivery challenges for those providing emergency services in those circumstances. As a service area faces more unusual boundaries due to single or small property annexations, the BX/Swan Lake Fire Department must identify which properties are within the boundary and which are out. Included in this potential confusion is Silver Star Road, which is within the City's boundary while properties on either side are not. This situation requires strong mutual aid agreements to ensure the safety and security of all properties within and near the service boundary.

### 7.3 Street Lighting Local Service Areas

Though a very small financial component of the services provided by regional districts, a financial analysis was undertaken of Street Lighting Local Service Areas to study the past and potential impacts of annexation on the financial sustainability of the service. An analysis of two Street Lighting Local Service Areas (LSA) confirmed that these areas have been very stable in the number of service participants over time. Table 7.3 and 7.4 demonstrated the changes that have occurred for Local Service Area #17 and #18.

Service costs during this period have risen from about \$24.79 per residential unit to \$31.88 in Local Service Area #17 and from \$24.03 to a total of \$39.07 in Local Service Area #18, slightly above the Consumer Price Index (CPI) increase during the period. Our further review has indicated if either of these service areas lost up to 50% of the participants, service costs to the remaining participants would be impacted less than \$20.00 per year or less than 1% of the folios total tax levy. A larger street lighting service area is currently paying about \$3 per annum for an average home and would be affected even less than the two smaller areas in the event of annexation of some properties.

*Table 7.3: Street Lighting (Local Service Area #17)*

	1997	2012	Change
<b>Number of residential units</b>	373	374	+1
<b>Service levy</b>	\$24.79	\$31.88	28.6%
<b>CPI</b>			+33%
<b>Impact of loss of 50% of participants</b>			Average increase of \$16 per residential folio

*Table 7.4: Street Lighting (Local Service Area #18)*

	1997	2012	Change
<b>Number of residential units</b>	115	115	Nil
<b>Service levy</b>	\$24.03	\$39.07	62.6%
<b>CPI</b>			+33%
<b>Impact of loss of 50% of participants</b>			Average increase of \$19 per residential folio



## 7.4 Silver Star

Silver Star is a ski resort area which is service by a number of concurrent Local Services Areas providing local services to the residents and businesses at the resort location near the summit of Aberdeen Mountain. As the area is somewhat isolated from the developed areas of the region and about 20 km from the City of Vernon boundary, it is considered extremely unlikely that any potential annexation of electoral area lands into a municipality will have any effect on the local service areas providing services to the Silver Star resort area. Overall, Silver Star functions as a “community” based on the suite of services provided as well as its “identity” around the amenity of the ski hill.

## 7.5 Okanagan Landing

From the beginning one of the drivers of this study has been the 1993 annexation of Okanagan Landing by the City of Vernon. Through interviews in Phase One and Two of this study a number of issues in relation to this annexation were identified, including fire service, water and sewer service, the annexation process, as well as the financial impact on residents. In order to study the latter concern, an analysis of tax levies within the City of Vernon jurisdiction and RDNO jurisdiction was completed.

Before its annexation into the City, an average single family residential folio in the Okanagan Landing area in 1992 was assessed at a value of \$106,000. This included an average land value of \$45,640 and improvements valued at \$60,360. The tax levy in 1992, for all purposes including school, hospital and miscellaneous charges, was estimated at \$1,519 before application of the Provincial Home Owners Grant.<sup>20</sup>

Twenty years later, this review of assessment and tax levels can be completed for a sample property within the Okanagan Landing area as if it has not be annexed, to a comparable property within the City of Vernon. If Electoral Area “A” had remained and not been annexed into the City, by 2012 a sample residential dwelling, assessed at \$325,000, including land assessed at \$155,000 and \$170,000 in taxable improvements, would have generated an estimated total tax levy of \$1,761. In 2012, the same property with the City would pay a total tax levy of about \$2,115 in property taxes.

The difference in property taxation between a sample property within an electoral area and the City of Vernon represents a difference of 20% in gross taxation between the two jurisdictions. For comparison purposes, it is noted that Sussex Restructure study (1992) estimated that the annexation would produce an increase in tax levy of approximately \$326 in 1992. Therefore, the rural area tax rates would be about 18.6% lower than a similar property within the city at that time.

It is noted that some of the higher costs relate to new and expanded services provided by the city, particularly sewer in the higher density area at the head of Okanagan Lake and domestic water services. Though sewer service is available to almost all of Okanagan Landing, some properties have still not connected into the service due to the cost of connecting to the trunk line. Overall, residents living in the Okanagan Landing area do not appear to have been faced with extraordinary tax increases by virtue of their properties being annexed into the City of Vernon.

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<sup>20</sup> Greater Vernon Restructure Study, July, 1991 - Sussex Consultants Ltd.

*Table 7.5 Okanagan Landing Tax Levies Inside and Outside a Municipality*

<b>Jurisdiction</b>	<b>1992<sup>21</sup> Electoral Area "A"</b>	<b>2012 Hypothetical- if not annexed</b>	<b>2012 City of Vernon</b>	<b>Change Annexation</b>
<b>Average total assessment</b>	\$106,000	\$325,000	\$325,000	306%
<b>Average land value</b>	\$45,640	\$155,000	\$155,000	340%
<b>Average improvement value</b>	\$60,360	\$170,000	\$170,000	282%
<b>Average levy (before homeowner's grant)</b>	\$1,519	\$1,761	\$2,115	20% difference between hypothetical and current

There are ongoing issues surrounding the annexation of Okanagan Landing in regards to fire protection. When the area was annexation a special arrangement was made to continue with the Okanagan Landing Volunteer Fire Department, in conjunction with the professional City of Vernon Fire Department. In January 2013, the City of Vernon ended the service contract with the Okanagan Landing Volunteer Firefighters Association. Volunteers continue to work out of the Okanagan Landing Fire Hall, but are now under the command structure based out of the downtown Vernon hall. This ongoing issue demonstrates the strength of the fire department as an important component of community.

## 7.6 Swan Lake Corridor

The Swan Lake Corridor, particularly the east side of Swan Lake, has been the subject of numerous studies and speculation of annexation due to the industrial development that has occurred in the area. In the Regional Growth Strategy it is identified as a growth area-identified growth area, as seen in Figure 7.1.

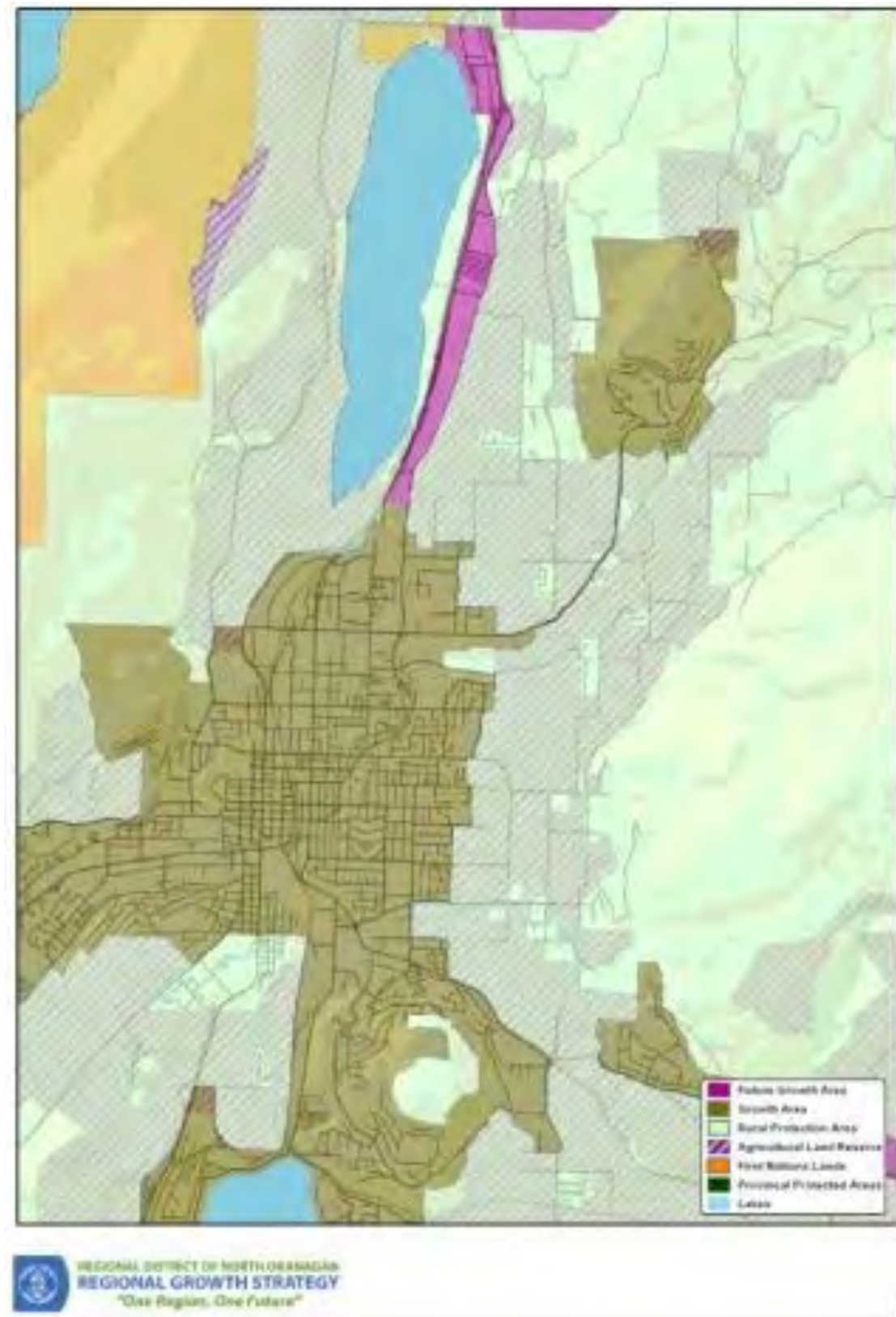
Past studies that have examined the potential of annexing this area by the City of Vernon have identified that an annexation is not feasible because of the excessive cost to the City, particularly the cost of roads. Still, there is an important need to provide services to this area, especially sanitary sewer, to protect the environment of Swan Lake. There is a need for environmental protection of the lake, as well as the need to protect ALR land from development pressures.

If this area was annexed, it raises serious concerns about the sustainability of services in this area, in particular the sustainability of BX/Swan Lake Fire Protection service.

Though this area is not expected to be annexed by the City of Vernon due to the high cost of taking over the roads, the City still faces the reality of being downstream from a potentially challenging environmental issue and the need to protect Swan Lake. Therefore, this area may be a suitable candidate for the City to provide services beyond the boundary. This would allow the City to protect Swan Lake by providing sanitary sewer, but avoid other onerous costs. This would require further study by the City of Vernon and the Regional District, to review the potential impacts (financial and otherwise).

<sup>21</sup> Greater Vernon Restructure Study, July, 1991 - Sussex Consultants Ltd.

Figure 7.1 - Swan Lake Corridor



## 8.0 Tools

### **SECTION SUMMARY**

<i>Key questions:</i>	<p>What tools and strategies should the Regional District consider to increase the resiliency of electoral area and local services, coordinate land use planning, and respond to annexation applications?</p> <p>Specifically, how are services and their delivery methods vulnerable to annexation and what strategies are there to reduce vulnerability? What questions should be asked when an annexation application referral is received? What considerations should be included in creating a annexation protocol?</p>
<i>Why it is important:</i>	<p>This section applies the knowledge gained through the study and explores tools that the Regional District can use in relation to service delivery, land use and annexations.</p>
<i>Findings:</i>	<p>There are five planning and decision support tools to be considered for further development and refinement in Phase 3 of the study. These are:</p> <ol style="list-style-type: none"><li>1. Fringe Area Planning;</li><li>2. Regional Growth Strategy Implementation Agreement;</li><li>3. Annexation Protocol;</li><li>4. Decision Support Tool for Annexation, and,</li><li>5. Vulnerability Index</li></ol> <p>These tools and strategies can be use individually, complementary or integrated together. Further development of any of these tools could take place in Phase 3 of this project. The level of effort of further development and implementation should correspond to the priorities and chosen outcomes of the Regional District.</p>
<i>Analysis:</i>	<p>Interviews and research.</p>

Based on the findings of the Phase One report and further analysis of the issues and case studies in the RDNO, there are a range of tools for the Regional District to consider to increase the resiliency of electoral area and local services, increase coordination of land use on both sides of the municipal/electoral area boundary, and respond to annexation requests.

These tools are presented to consider further development and refinement as part of Phase Three of this project. Briefly, the five planning and decision support tools are:

- **Fringe Area Planning** – A policy and process to improve land use coordination between neighbouring jurisdictions by referring Official Community Plan amendments, re-zonings, and development permits on the municipal/electoral area boundary to the neighbouring jurisdiction.
- **Regional Growth Strategy Implementation Agreement** – An inter-jurisdictional or inter-governmental/agency commitment to Regional Growth Strategy implementation.

- **Annexation Protocol** – An agreement between the Regional District and participating municipalities to improve the annexation process by defining roles, process, and information exchange and communication between all signatories.
- **Annexation Decision Support Tool** – A tool to provide questions the Regional District should review when considering an annexation application referral. These questions relate to services, finance, land use, and community.
- **Vulnerability Index** – A tool to evaluate the vulnerability of services provided by the Regional District to the impact of annexation. Vulnerability can be categorized as financial, operational, administrative and political.

The creation and implementation of all of these tools facilitate building relationships with member municipalities and other agencies, improve communication between governments, and allow the Regional District to effectively identify and communicate its interests to others. It is also important to recognize that the development and ongoing application of these tools have a financial and staff cost, and therefore must be considered within the restraints of staff time and funding available (currently and in the future) and appropriate level of effort required for the issue at hand.

## 8.1 Fringe Area Policy

A Fringe Area Policy is a potential strategy to improve land use coordination between neighbouring jurisdictions. It would be especially applicable in this situation as one of the concerns raised by the stakeholders was the lack of land use coordination during and after the annexation process. Electoral area directors voiced their concern regarding urban and rural sprawl occurring on the boundaries of established municipalities.

As discussed in Section 5, the Thompson-Nicola Regional District (TNRD) has had a Fringe Area Policy in place since 1984. The policy aims to limit urban sprawl, reduce fragmentation of land, direct industrial/commercial development, minimize land use conflicts, and preserve of agricultural land. A central tenet of the policy is that the TNRD refers applications on re-zonings, development permits and amendments to official community plans within the designated fringe area (2-5 km of the municipal boundary) to the urban municipality for consideration and comment. Though the TNRD is not bound by the municipalities' comments, they are considered as part of the decision making process.

The TNRD recently undertook a process to update to the policy. The drivers for this update included concerns regarding communication, timing of referrals, and the interest in a more rigorous analysis when municipal boundary extensions were contemplated or undertaken. One key change that is being proposed is that land use and developments on both side of the municipal boundary be referred to the other local government for comment. Previously only properties in the electoral area were referred to the municipality, not vice-versa.

The creation and implementation of the Fringe Area Policy in the RDNO would improve and formalize some of the current areas of collaboration that are already occurring between municipalities and the regional district. This includes the referral of:

- Some rezoning application and subdivision applications along municipal boundaries;
- OCP bylaws and amendments that are near municipal boundaries;
- Annexation applications; and
- Regionally significant developments.

Any fringe area policy would build on the agreements and support provided in the Regional Growth Strategy by its signatories.

## 8.2 Regional Growth Strategy Implementation Agreement

The Regional District of North Okanagan adopted their Regional Growth Strategy in 2011. As discussed in Section 5, the document provides goals, objectives and land use designations for the regional district. Though the RGS is an agreement between the regional district and member municipalities, the *Local Government Act* recognizes that a regional district cannot implement an RGS on its own and requires the cooperation and assistance of municipalities, the provincial government and other organizations.

One implementation approach permitted by the *Local Government Act* is the development of an Implementation Agreement. That is a “partnership agreement between a regional district and other levels of government, their agencies or other bodies which spells out the details of how certain aspects of a regional growth strategy will be carried out.”<sup>22</sup>

Only a limited number of regional districts have chosen to develop implementation agreements. These regional districts include the Greater Vancouver Regional District and the Regional District of Nanaimo (RDN). The implementation agreement in the RDN was developed to address specific key regional policies that needed cooperation, including the implementation of the In-Island Highway with the Ministry of Transportation and Infrastructure.

The Comox Valley Regional District (CVRD) completed a Regional Growth Strategy in 2011. In the following year, the Regional District initiated an Implementation Agreement for ‘Intergovernmental Growth Management.’ They also began the development of implementation agreements with the Ministry of Transportation and Infrastructure and the K’omoks First Nation. After initiating these agreements, the end goal has changed as the CVRD is now pursuing Memorandums of Understanding that are still under development.

As demonstrated, there are limited examples of current application of Implementation Agreements. In part this may be because Implementation Agreements require the approval of the provincial cabinet. This process can be long and onerous, but also provides more strength to the final agreement. Alternatively, a Regional District may decide to pursue a similar agreement through a Memorandum of Understanding or Work Plan with member municipalities or external agencies. These are more informal arrangements to collaborate or work together towards mutual interests.

Implementation Agreements and other agreements are tools that can help build relationships and have partners work together to coordinate the implementation of the Regional Growth Strategy. An Implementation Agreement can be used to agree how to coordinate context statements and development proposals, specifically RGS amendments, and how to communicate effectively.

## 8.3 Vulnerability Index

Another tool to consider for further development and implementation is a Vulnerability Index. This tool evaluates the resiliency and sustainability of services delivered by the Regional District. It can be used to evaluate the level of impact a service may face in regards to future annexations. Therefore, it is a tool to be used in anticipation of future annexation proposals, and gives the Regional District the ability to

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<sup>22</sup> Regional District of Nanaimo. <http://www.rdn.bc.ca/cms.asp?wpID=1534>

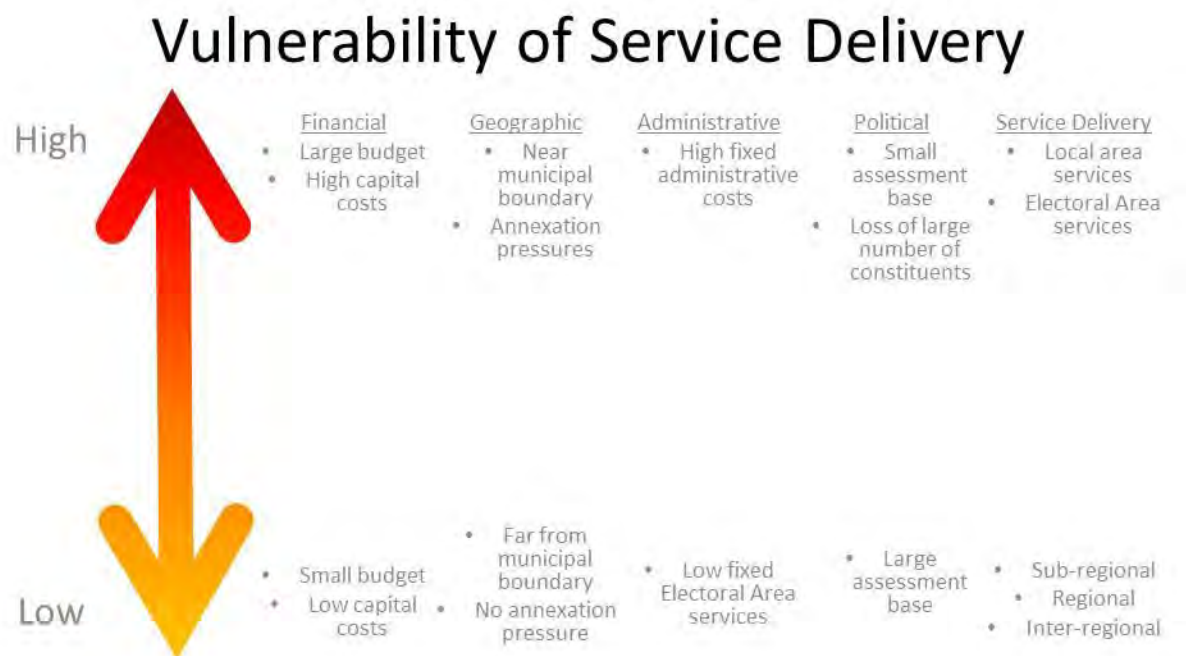
identify services at risk and implement changes to increase their resiliency. It is recommended that this tool be considered for further development and refinement in Phase 3. It can then be applied as a pre-emptive analysis of the resiliency of services in electoral areas, as well as an analysis tool for the review of annexation application referrals.

Local services can be provided by a range of government: the regional district, a municipality or an improvement district, and through different delivery methods. Overtime, delivery methods and the agency that delivers that service may change. There is concern that due to annexation, some services provided by the Regional District are not sustainable. The sustainability of a service in its current delivery method does not only relate to the financial sustainability. The vulnerability of a service can be examined by analyzing the following components:

- Financial;
- Geographic;
- Administrative; and
- Political.

Figure 8.1 provides a visual graphic of the high and low risk components of this vulnerability related to the annexation of property within an electoral area.

Figure 8.1: Vulnerability of Service Delivery



The financial vulnerability of a service and its delivery method relates to the short term and long term ability to raise funds and have the financial means necessary to provide the service. As noted in the case study of BX/Swan Lake Fire Protection, this is particularly important for services that require large capital outlays to continue to provide the service.

The geographic vulnerability of a service and its delivery method relates to the logistics of delivering a service with unusual boundaries that may be caused by small annexations. Again, BX/Swan Lake Fire



Protection provides an acute example of this challenge as the fire department must be aware in an emergency situation which properties are within their service boundary and which properties are not.

The administrative vulnerability of a service and its delivery method relates to the administrative burden of providing a service that may not change with the number of properties that participate in the service. For example, a service may be required to be audited regardless of the number of properties. Therefore, the cost of the audit will stay relatively consistent regardless if it is 500 properties or 50 properties within a service area. Another example of this is statutory requirements that apply to services, such as water quality requirements, regardless of the number of properties participating in the service.

Finally, the political vulnerability of a service and its delivery method relates to the political support for a service. There are two components to this, one, the development of a large geographic area, but lack of sufficient assessment to support the service. The second is the electoral area becoming significantly smaller through annexations to the point where the director has a small number of constituents.

## 8.4 Reducing Vulnerability

Once potentially vulnerable services and their delivery methods have been identified, there are some strategies to consider reducing the vulnerability. Two approaches outlined below are the provision of extra-territorial services and sub-regional services.

### 8.4.1 *EXTRA-TERRITORIAL SERVICES*

Section 13 of the Charter allows a municipality to provide a service in an area outside the municipality. The municipal powers, duties and functions in relation to the service in question can then be exercised in the Section 13 area, subject to any terms and conditions imposed by the regional district (or other municipality) with jurisdiction in the Section 13 area.

The actual form of the establishment of the Section 13 area (ie map, list of properties) is not stated but would have to be a part of the consent of the regional district or other municipality to the provision of the service. Furthermore, Section 194 of the Charter contains the authority to impose the necessary fees on the properties outside the municipality. Section 258 of the Charter then sets out the authority to collect fees from Section 194 as property taxes.

The strategy of providing extra-territorial services allows for services to be provided to areas that may not support a separate service. As well, services can be provided to areas that are not suitable for annexation into a municipality.

#### ***Example - Town of Osoyoos***

Current policy in many jurisdictions does not allow for provision of utility services beyond the boundaries of the owner jurisdiction, with the rationale that an area wishing to receive urban services should be included within municipal boundaries and be required to pay for all local services, not the “cherry picking” a few desired services. This is particularly true in fringe areas, immediately adjacent to a core community, with the perception at least, that the fringe areas are benefiting from the services provided by the core community without payment for said services, for example, recreation and police services.

Notwithstanding these policies, there are occasions when it may be beneficial to the core community to provide the service to areas beyond its boundary when it may address health, safety



issues and environmental concerns. An example of such an extra-territorial service is the Town of Osoyoos which entered into an agreement to provide sewer utility services to a proposed development located on Osoyoos Lake. In this case, the Town proposed to provide services to existing residential developments located immediately adjacent to the lake. The property was serviced by a septic tank that was creating environmental concerns to residents of the area and users of the lake for recreational activities. In this case, it was considered to be in the best interest of the broader community that the sewer service be provided to eliminate current problems and provide longer-term environmental protection to Osoyoos Lake. This was for the health and safety of the residents and users of the Lake, which was considered a valuable community and tourism asset for the wider region.

A specific concern addressed during the process was the potential development pressure that may come to bear on ALR lands which were adjacent to the utility corridor. This was a major consideration of the Agricultural Land Commission. The issue was addressed by tightly restricting the local service area to receive the service and the design capacity of the system, which was limited to the specific development and current properties located immediately adjacent to the lake.

#### 8.4.2 *SUB-REGIONAL SERVICES*

In the Regional District of North Okanagan there are currently 22 sub-regional services. These are services that involve the participation of at least two jurisdictions, one being a municipality and one an electoral area. This arrangement allows for services to be delivered over a wider area, reduces the redundancy and duplications of neighbouring jurisdictions providing separate services, and strengthens the sustainability services as the services are not impacted by annexations that take place within their service area.

In the Regional District a number of important services are delivered on a sub-regional basis. This includes 'Greater Vernon Parks, Recreation and Culture', 'Greater Vernon Water Utility', septage, and building inspection. There is also the sub-regional service of fire protection for Lumby and the surrounding area.

### 8.5 Decision Support Framework for Annexations

In the annexation process, the Regional District is responsible for evaluating and responding to an annexation referral put forward by municipality. This analysis can be very challenging based on the limited staff time available to undertake in-depth or long term analysis of the impacts of a specific annexation. A tool to streamline this response and ensure the Regional District is able to effectively communicate its interests and response is recommended. One strategy is a decision support tool to be developed to assess annexation application referrals.

A draft tool was developed based on the research and analysis completed, including the vulnerability factors. In addition to responding to annexation application referrals, the Regional District can use this information to pre-emptively identify services, land use, or communities at risk to the effects of annexation.

A draft tool was developed in two parts. The first part is to provide a summary of factual information regarding an annexation proposal. The second part of the tool is an evaluation of impacts and risk of an annexation on the objectives and services of the Regional District. This tool can be applied in tandem with the Vulnerability Index.

To ensure all parties involved are working with the same basic information, Table 8.1 outlines a summary sheet that could be used to identify key attributes regarding an annexation application. This could include information on current number of properties, assessment, services, land use and community components. By reviewing this basic information, the Regional District ensures that it has a clear understanding of the annexation request before undertaking any evaluation.

*Table 8.1 Draft Annexation Application Summary*

File #:						
Address:						
Initiating municipality:						
Electoral Area:						
Date of Application:						
Past annexation application	Yes No Date(s)					
Deadline for referral:						
Number of properties:						
Property assessment	<u>Class</u>	<u>Value</u>				
Services	<u>Service</u>	<u>Delivery method</u> Inter-regional Regional Sub-regional Electoral area Local area				
Financial considerations to Service Delivery	<u>Service</u>	<u>Total requisition</u> (debt/op- erational costs)	Percentage of service's total taxable assessment within the annexation area	Estimated dollar amount of the requisition that can be attributed to the annexation area	Estimated increase in the residential tax rate required to recover the financial amount for the identified electoral area services, assuming no change to the requisitions	Potential of reducing the amount of requisition as a result of the reduction in the service area
Agricultural Land Reserve (ALR) designation	Yes No					
Regional Growth Strategy (RGS) designation	Future Growth Area Growth Area Rural Protection Area					
Within municipal ultimate boundary	Yes No n/a					
Recognized community/social neighbourhood						

Once the Regional District has all the pertinent information regarding an annexation application, it is able to undertake a thorough evaluation of the potential impact this application may have on the Regional District and its services. This evaluation assesses the impact on the corporate entity of the regional district and its ability to govern and deliver services. Table 8.2 provides outlines the potential risks the RDNO should consider when reviewing an annexation application referral.

*Table 8.2: Decision Support Framework for Annexation Application Referrals*

Theme	Potential Risk	Low Risk	High Risk	Recommended Strategy/Comment
<b>Service Delivery</b>	Sustainability of regional district services (by individual service)	Overall low vulnerability according to the Vulnerability Index	Overall high vulnerability according to the Vulnerability Index	Provincial mitigation measures apply if loss is 5-10% of service area assessment, but does not consider cumulative impact
	Geographically and politically vulnerability of services	Large service area with high assessment and number of folios	Small service area with low assessment and number of folios	Explore opportunities to combine service areas where appropriate
<b>Financial</b>	Financial vulnerability of the service	Inexpensive service with low capital costs (i.e. street lighting)	Expensive service with high capital costs (i.e. fire protection)	Explore alternative service arrangements for high risk services
	Cost increases for remaining electoral area residents related to services	Little to no increase in cost	Large increase in cost	Provide information to the provincial government as part of the referral process
<b>Land use</b>	Loss of Agricultural Land Reserve land	Applicant does not intend to request removal from ALR	Applicant intends to request removal from ALR and has support of municipality	Include additional agreement in protocol to protect agricultural land
	Loss of rural protection land	Applicant and municipality does not intend to apply for new RGS designation	Applicant and municipality does intend to apply for new RGS designation	Firm commitment to the RGS by all signatories, with appropriate strategies to uphold the designations
<b>Community</b>	Fragmentation of community	Not a recognized community/social neighbourhood or annexation of entire community/social neighbourhood	Application for small number of properties or component of a community/social neighbourhood	Identification and delineation of social neighbourhoods within electoral areas

With respect to the financial consideration of service delivery, according to the Ministry of Community, Sport and Cultural Development, the information they require from the regional district in a boundary extension application includes the following:

- Total taxable assessment within the boundary extension area;
- List of the specific current services that would be impacted by the boundary extension, with the current total requisitions for each of those services and comments about the nature of the expenditure for the service (for example, debt versus operational costs);
- Percentage of taxable assessment within the area compared with the total within the identified service areas;
- Estimated dollar amount of the requisition for each service identified that can be attributed to the boundary extension area;
- Estimate of the increase in the residential tax rate that would be required to recover the financial amount for the identified electoral area services, assuming no change to the requisitions; and,
- The potential of reducing the amount of requisition as a result of the reduction in the service area.

*Source: Municipal Boundary Extension Process Guide, Ministry of Community, Sport and Cultural Development, 2010.*

Since the Ministry does not generally consider the cumulative effects of annexations, small annexation effects would be insignificant if assessed independently (i.e. on a case by case basis).

In addition to potential risks that come with an annexation, there are also some potential opportunities and benefits. The most recognized is the environmental protection that comes with servicing a new area where there has been, or potential for, septic failures that could lead to contamination of a water source. Though, as discussed earlier this situation may also be appropriate for extra-territorial service delivery.

As noted in the introduction, the creation and implementation of each of these tools would require financial and staff resources. This decision support tool, particularly Part 2, would require significant coordination across department and considerable staff resources within a limited referral response period. Therefore, when considering any further development of this tool in Phase 3, it is essential that the most important priorities in relation to any annexation be identified to streamline the tool and allow it to be applied within a short timeline.

## 8.6 Boundary Extension Protocol

A central tool that should be considered for the future Phase Three component of this study is the development of a boundary extension protocol. This protocol is a tool that the Regional District can use to improve the annexation process and achieve a higher level of involvement in the annexation process. The role of a protocol is an agreement between participating parties regarding the annexation process and may include specific agreements and commitments regarding boundaries or areas for consideration of annexation.

The following sections identify components that should be considered in the development of a protocol.

### ***Protocol Drivers***

This section would not be formally part of a protocol, but could be referenced throughout its development of the agreement. The drivers would identify issues that each party was concerned about, and could include:

1. Being treated fairly
2. Respect from other party and their positions
3. Having access to all information in a timely manner
4. Being present at all key communications with third parties
5. Broad evaluation of annexation proposals
6. Mitigation measures are appropriate

### ***Purpose***

There is a need to define the purpose of the protocol agreement to ensure all parties are working towards the same outcome.

### ***Participating Parties***

Based on past annexation activity and future annexation pressures, the potential participating parties include the City of Vernon, City of Enderby, Village of Lumby and the Regional District of North Okanagan. The Ministry of Community, Sport and Cultural Development will not be a signatory, but there may be separate Memorandum of Understandings signed with the Ministry and the Agricultural Land Commission in order to recognize the role of the Protocol in the decision making process.

### ***Guiding Principles and Shared Objectives***

A protocol should include guiding principles and share objectives to form the foundation from which to work from. Guiding principles may include transparency, communications, and fair process, among others.

### ***Protocol Provisions***

There are a number of different approaches to the protocol to be considered. Components of the protocol may include:

#### Communication

- Sharing of information- both content and schedule

#### Finance

- Consideration for the Ministry of Community, Sport and Cultural Development service impact policies
- Consideration of cumulative impacts of ongoing annexations

#### Land Use

- Fringe area planning
- Agricultural Land Reserve consideration
- Regional Growth Strategy- rural protection boundary

#### Decision making process on annexation applications

- How will decisions be made?
- What factors will be considered?
- How will municipalities include RDNO in the process?
- Are there areas in which RDNO would like closer scrutiny of an application?

#### Non-annexation areas?

- Is it possible to identify areas that the parties agree are not appropriate for annexation?

#### Planning for boundary expansion

- Is there agreement among parties regarding ultimate boundaries or specific neighbourhoods or communities where annexation is appropriate?

Required amendments to current policies

- Are there amendments or updates to current municipal or Regional District policy which need to be implemented to align with a new protocol?

***Agreement***

A boundary extension protocol that is signed by key member municipalities and the Regional District would bring clear expectation and certainty to the annexation process for all participating parties- municipalities, the regional district and property owners. Though the resulting protocol would be helpful, the process of co-creating the protocol would improve communication and the overall relationship between participating parties.

## 9.0 Summary

This report studied the potential impact of annexation in the Regional District of North Okanagan, examined historical and current data and case studies, identified areas of concern, and presented potential strategies to consider in future phases of project. The study examined and provided mitigation strategies for the potential impact of annexation on service delivery, financial, land use, and community in electoral areas. Within the RDNO, the study area was the southeast and northeast of the City of Vernon, west Enderby, and northwest Lumby.

The study provided an in-depth analysis of services, finance, land use, and community. A review of services included considering the long-term sustainability of services in the electoral areas, and opportunities to increase their resiliency. The financial review examined the financial impact of annexation on electoral area residents, including the historical and current property tax impacts when properties and their associated assessment value are no longer part of the electoral area.

The impact of annexation on land use was studied with regard to the coordination of land use planning, especially in the fringe areas, the impact on land in the Agricultural Land Reserve, and municipal boundaries and land use. The study found that land use planning is generally not coordinated between the Regional District and member municipalities, but there is potential for greater harmonization of land use across boundaries with the new Regional Growth Strategy (RGS).

Another important component of the study was to examine the potential impact of annexation on the community and social neighbourhood of an area. This involved defining and providing criteria to identify a community, and differentiating a community from a social neighbourhood. A collection of case studies was presented to explore the application of service, finance, land use and community impacts of annexation on specific examples in the RDNO.

### 9.1 Overview of Annexation Impacts

As noted in this report and the previous Phase One study, it is often challenging to quantify the impacts of annexation on electoral areas, due to the small, but numerous, annexation applications taking place. While each individual annexation may not trigger mitigation measures as outlined by the Province, the cumulative impacts of each annexation have been shown to have longer lasting impacts (financially, administratively, and socially).

The study indicates that services that are provided at the provincial, inter-regional, regional and sub-regional level would not be financially impacted at the Electoral Area level due to future annexation activity, given that the contributions towards the RDNO requisition would simply be transferred from one jurisdiction to another. Services at the electoral area level, however, have been and will continue to be affected by annexation activities, potentially to a point where the service becomes no longer viable. Examples of potentially vulnerable services include:

- BX / Swan Lake Fire Protection
- Transit – Electoral Area “B” and “C”
- Electoral Area Administration
- Electoral Area Planning

Additional research and analysis into the potential impacts to electoral area services should be undertaken, utilizing some of the tools introduced in this report.



Services provided at the local level are generally localized to specific neighbourhoods (e.g. Silver Star, Swan Lake, Mabel Lake, Grindrod) and as such provide some level of “containment” within each community. Any attempts to annex portions of these area would likely face resistance from the respective neighbourhood, and would generally require an “all or nothing” approach (e.g. incorporation or annexation of all of the neighbourhood rather than just a portion of it).

One neighbourhood in particular – the Swan Lake corridor – has been the subject of a previous annexation study. While annexation did not proceed at the time, this area should be of particular interest to the RDNO given its significant financial contribution towards Electoral Area “C” services. If future services are required within this area, especially sanitary sewer, consideration should be given towards finding a unique solution, similar to the Osoyoos case study (protection of sanitary sewer without annexation in order to protect environmentally sensitive areas).

## 9.2 Recommended Actions and Next Steps

A series of analysis and decision support tools have been developed based on the findings of the study. It is recommended that these tools be considered for further development and refinement in Phase 3 of the study. The five planning and decision support tools are:

**Fringe Area Planning** – A policy and process to improve land use coordination between neighbouring jurisdictions by referring Official Community Plan amendments, re-zonings, and development permits on the municipal/electoral area boundary to the neighbouring jurisdiction. This Policy provides a process of shared input on land use decisions on both sides of municipal boundaries. The policy would improve and formalize areas of collaboration through referrals between member municipalities and the Regional District on issues such as re-zoning and subdivision applications, OCP bylaw and amendments, annexation applications, and regionally significant developments.

**Regional Growth Strategy Implementation Agreement** – An inter-jurisdictional or inter-governmental/agency commitment to Regional Growth Strategy implementation. While there are few examples of regional districts choosing to pursue Implementation Agreements, there is similar benefit found in signing Memorandum of Understandings or an agreement on work plans to ensure participating parties are communicating, identifying common priorities and agreeing to clear processes.

**Annexation Protocol** – An agreement between the Regional District and participating municipalities to improve the annexation process by defining roles, process, and information exchange and communication between all signatories. This protocol would improve the annexation process for all parties and achieve a higher level of involvement in the annexation process. The protocol recognizes the importance of effective relationships and clear and consistent communication between the parties throughout the annexation process. The study provides an overview of components of a protocol, including protocol drivers, purpose, participating parties, guiding principles and shared objectives, and protocol provisions. There are a number of different approaches to consider in protocol provisions, including communication, finance (including cumulative impacts), land use, decision making process, non-annexation areas, planning for boundary expansion, and required amendments to current policies. The role of this protocol would be an agreement between participating parties regarding the annexation process and may include specific agreements and commitments regarding boundaries or areas for consideration of annexation.

**Annexation Decision Support Tool** – A tool to provide questions the Regional District should review when considering an annexation application referral. A decision support tool was developed in two parts. The first part is to provide a summary of factual information regarding an annexation proposal. This would include information on current number of properties, assessment, services, land use and community components. The second part of the tool is an evaluation of impacts and risk of an annexation on the objectives and services of the Regional District. This tool can be applied in tandem with the Vulnerability Index.

**Vulnerability Index** – The vulnerability index can be used to assess the financial, operational, administrative and political vulnerability of services and their delivery method in electoral areas in light of annexation activity.

These tools can be developed and applied individually, in coordination with each other, or integrated tools to both anticipate the potential impacts of annexation, and there ameliorate some of the effects, as well as to create an effective annexation application process in which all parties are able to participate productively. Still, it is essential that any further development of these tools be considered within the financial and staff time restraints in the refinement and ultimate implementation of these tools over the short and longer term.

This study provides an overview of the regional district context and reviews the potential impacts of annexation on services, finance, land use and community through analysis and case studies. It then provides evaluation and process tools to assist the Regional District in responding to annexation application referrals and to improve the annexation process for all parties involved. The information provided within these tools provides a strong foundation for Phase Three of this project.

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# APPENDICES

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## Appendix A: Interview and Research Contacts

The following individuals were interviewed in preparation of the Phase One and Two reports.

### Regional District of North Okanagan – current

- Electoral Area Advisory Committee (EAAC) Members
- Trafford Hall, Chief Administrative Officer, RDNO
- Anthony Kittel, Regional Growth Strategy Coordinator, RDNO
- Rob Smailes, General Manager, Planning and Building, RDNO
- Leah Mellott, General Manager, Electoral Area Administration, RDNO
- David Sewell, General Manager, Finance
- Jeremy Sundin, Assistant Controller, Finance

### Regional District of North Okanagan – former

- Barry Gagnon, former Chief Administrative Officer, RDNO
- Peter Mackiewicz, former Chief Administrative Officer, RDNO
- Peter Tassie, former Director of Planning, RDNO
- Alan Hill, former Electoral Area “A” Director, RDNO

### Ministry of Community, Sport and Cultural Development Staff

- Linda Galeazzi, Acting Director, Local Government Structure Branch
- Gary Paget, Executive Director, Structure and Governance
- Derek Trimmer, Director of Regional Initiatives
- Karen Lynch, Senior Policy Analyst, Local Govt Structure Branch
- Marijke Edmonson, Director, Local Government Structure Branch
- Brent Meuller, Manager, Growth Strategies, Vancouver Island, Intergovernmental Relations and Planning Branch

### Other Provincial Ministry staff

- Art Chambers, Director, Real Property Taxation, Ministry of Finance

### Others

- Dale Rintoul, City Planner, City of Vernon
- Shirley Blatchford, Property Owner and resident OK Landing area, City of Vernon



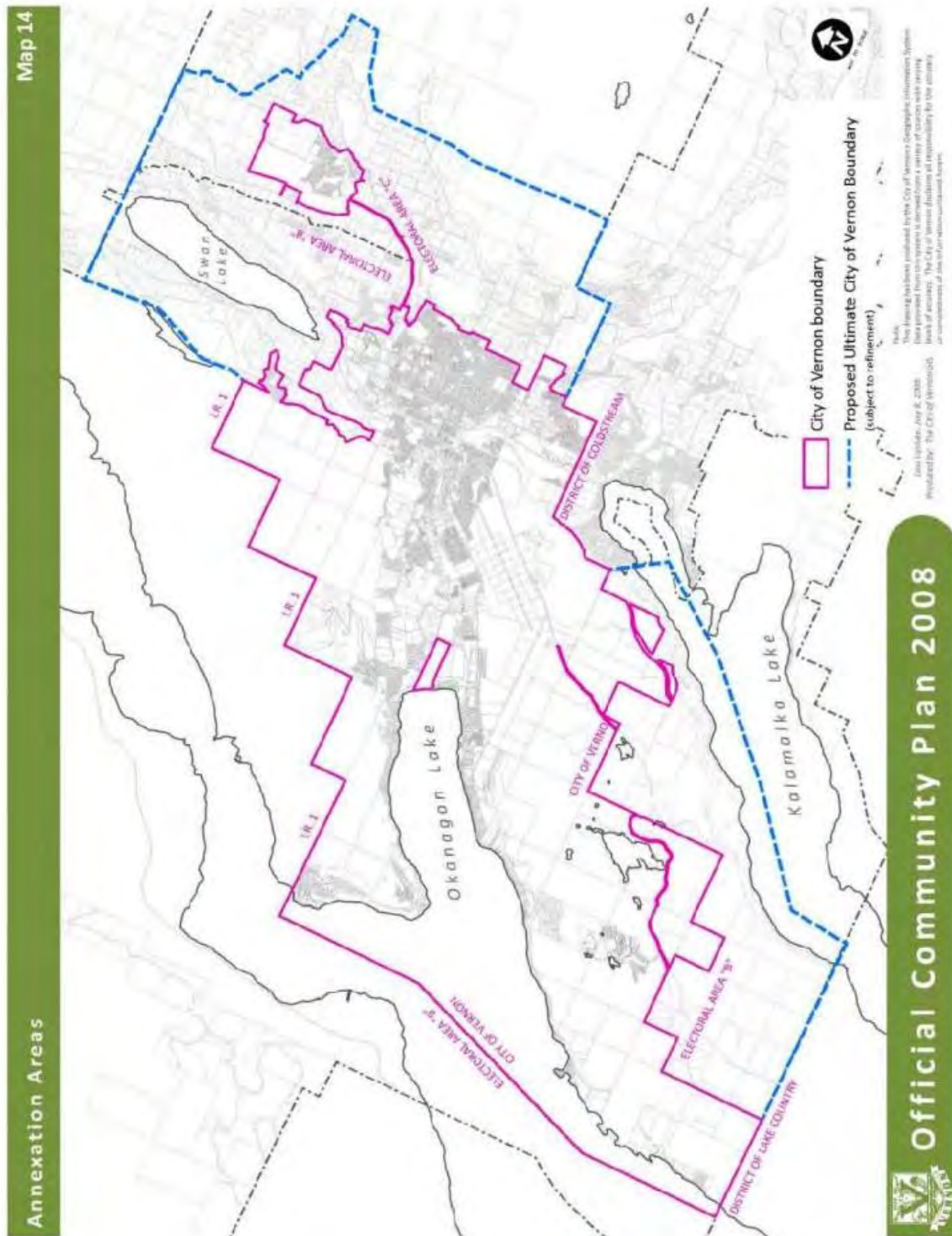
Appendix B: Role and Impact of Annexation on Different Jurisdictions

ISSUE:	IMPACT OF ANNEXATION ON:			
	Regional District / Electoral Areas	Municipality	Residents	Provincial 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, but additional pressure for development due to service capability)
Servicing				
Water	No change if in the Greater Vernon Water (GVW) area	No change in GVW area; Addition to the service area	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





## Appendix C: City of Vernon Proposed Ultimate Boundary





## Appendix D: Services

There are numerous services provided to RDNO electoral areas. This appendix provides a list of these services, categorized by area of delivery, as of September 2013. The tables identify the participating jurisdictions. These services fall into seven main categories:

- Provincial government;
- Inter-Regionally;
- Regional District;
- Municipality;
- Sub-regional;
- Electoral Area; and,
- Local Service Area.

**Legend:**

CoV:	City of Vernon
DoC:	District of Coldstream
CoE:	City of Enderby
CoA:	City of Armstrong
DoS:	District of Spallumcheen
VoL:	Village of Lumby

Service functions and participants are summarized below.

### ***Provincial Services:***

The provincial government provides a number of services that are enjoyed in the electoral areas. These include health care through the Interior Health Authority and ambulance service through the BC Ambulance Service. The provincial government is also responsible for the building and maintaining of roads in electoral areas and policing is provided through a contract with the RCMP.

### ***Inter-regional Services: Participation of two or more regional districts***

Within the Regional District of North Okanagan there are a few inter-regional services. These are external entities that deliver services across a number of Regional jurisdictions. Currently, these entities are the Okanagan Basin Water Board, Okanagan Regional Library, and the Sterile Insect Release Program.

Cost Centre	Service	CoV	DoC	CoE	CoA	DoS	VoL	Area B	Area C	Area D	Area E	Area F
390	Okanagan Basin Water Board	•	•	•	•	•	•	•	•	•	•	•
420	Okanagan Regional Library	•	•	•	•	•	•	•	•	•	•	•
421	Okanagan Regional Library – Debt Financing	•	•	•	•	•	•	•	•	•	•	•
810	Sterile Insect Release Program	•	•	•	•	•	•	•	•	•	•	•

### ***Regional Services: Participation of all RDNO municipalities and electoral areas***

There are a large number of services that the RDNO provides to the whole regional district, including member municipalities and electoral areas. These services are:

- General government;
- Regional Planning;
- Emergency programs; and
- Solid waste.

Waste management planning occurs on a regional basis, as mandated by the *Environmental Management Act*.

Cost Centre	Service	CoV	DoC	CoE	CoA	DoS	VoL	Area B	Area C	Area D	Area E	Area F
010	General Government	•	•	•	•	•	•	•	•	•	•	•
031	Planning - Regional	•	•	•	•	•	•	•	•	•	•	•
051	Search and Rescue*	•	•	•	•	•	•	•	•	•	•	•
440	Victims Assistance Program	•	•	•	•	•	•	•	•	•	•	•
670	Solid Waste	•	•	•	•	•	•	•	•	•	•	•
911	Emergency Telephone	•	•	•	•	•	•	•	•	•	•	•

\*Grant- Monies are provided to a 3<sup>rd</sup> party to provide a service.

***Sub-regional Services: Participation of at least two jurisdictions, one being a municipality and one an electoral area***

Sub-regional services are those services that have the participation of at least two jurisdictions within the RDNO, one being a municipality and one being an electoral area. Sub-regional services are summarized below.

Cost Centre	Service	CoV	DoC	CoE	CoA	DoS	VoL	Area B	Area C	Area D	Area E	Area F
872	Transit - UBCO	•	•	•	•	•	•	•	•	•		•
871	Transit - Regional	•	•	•	•	•	•	•		•		•
400	Okanagan Film Commission*	•	•		•							
040	Building Inspection			•	•	•	•	•	•	•	•	•
150	Animal Control - Areas 1 & 2	•	•				•	•	•	•		
715	Septage	•	•			•		•	•	•	•	•
060	Greater Vernon Parks, Recreation and Culture	•	•					•	•			
062	Multi-Use Facility	•	•					•	•			
065	Community Theatre (Performing Arts Centre)*	•	•					•	•			
372	Greater Vernon Water Utility	•	•					•	•			
480	Queen's Committee <sup>1</sup>	•	•					•	•			
620	St. John's Ambulance*	•	•					•	•	•	•	
330	Noxious Insects	•	•					•	•	•	•	•
430	Okanagan Symphony*	•	•					•	•	•		•
090	Fortune Parks*			•								•
154	Animal Control - Enderby*			•								•
200	Cemetery - Enderby and Area "F" (Fortune)*			•								•
243	Fire Protection - Lumby						•			•		
070	White Valley Parks, Recreation and Culture						•			•	•	
320	Lumby Community Centre*						•			•	•	
030	Planning - Silver Star Planning Matters	•				•		•	•	•	•	•
913	Fire Dispatch		•	•	•	•	•	•	•	•		•

\* Grant- Monies are provided to a 3<sup>rd</sup> party to provide a service

<sup>1</sup> Grant- May roll into Arts, Youth and Culture

***Electoral Area Services (All Areas): Participation of at least two electoral areas (no municipal partners)***

Electoral area services are those services that are provided by the RDNO solely to rural areas, functioning in effect as the local government for these areas. Electoral area services that are provided to the full electoral areas are summarized below.

Cost Centre	Service	CoV	DoC	CoE	CoA	DoS	VoL	Area B	Area C	Area D	Area E	Area F
241	Fire Protection - BX / Swan Lake							•	•			
751	Street Lights - Neighbourhoods							•	•			
752	Street Lights - Critical Intersection/Mailboxes							•	•			
870	Transit - Areas "B" and "C" <sup>2</sup>							•	•			
021	Electoral Area Administration							•	•	•	•	•
030	Planning - Electoral Area <sup>3</sup>							•	•	•	•	•
050	Emergency Planning							•	•	•	•	•
360	Noxious Weeds							•	•	•	•	•
442	Safe Communities							•	•	•	•	•
710	Discretionary Grants							•	•	•	•	•
249	Fire Training Centre <sup>4</sup>							•	•	•		•

<sup>2</sup> Handi-dart

<sup>3</sup> Contract to A.E.L.S.

<sup>4</sup> Intermunicipal Service Agreement

**Local Service Areas:** Service provided to a portion of an electoral area

Local Service Area services are those provided to a portion of an electoral area.

Cost Centre	Service	CoV	DoC	CoE	CoA	DoS	VoL	Area B	Area C	Area D	Area E	Area F
248	Fire Protection - Okanagan Landing							•				
015	Silver Star Administration								•			
162	BX Villa Walkway*								•			
232	Drainage - Silver Star								•			
245	Fire Protection - Silver Star								•			
679	Silver Star Transfer Station								•			
757	Street Lights - Silver Star								•			
758	Street Lights - Ridge Subdivision								•			
950	Silver Star Water								•			
951	Vance Creek Reservoir								•			
755	Street Lights - Lumby Rural									•		
957	Whitevale Water									•		
091	Kingfisher School*											•
247	Fire Protection - Grandview Bench											•
722	Mabel Lake Sewer											•
756	Street Lights - Grindrod											•
952	Mabel Lake Water											•
955	Grindrod Water											•
958	Gunter Ellison Water											•

\*Grant- Monies are provided to a 3<sup>rd</sup> party to provide a service.



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## Appendix E: Inventory of Services

This section provides an inventory of local services provided by the Regional District of North Okanagan. These are reviewed based on types of service, including the service, service areas and 2012 requisition.

### **Administration**

#### **Silver Star Administration**

2012 Requisition: \$16,616.58

### **Animal Control**

The Regional District of North Okanagan provides dog control in the City of Vernon, District of Coldstream, Village of Lumby, Electoral Areas "B" and "C" and part of Electoral Area "D". The bylaw is intended to help improve dog owner responsibility and accountability. Responsible dog owners make sure their pets are properly cared for, well-socialized, trained and do not pose a threat to humans or other animals.

#### **Fortune Animal Control**

2012 Requisition: \$6,553.69

#### **Vernon/White Val Animal**

2012 Requisition: \$6,045.61

### **Fire Protection**

#### **Okanagan Landing Fire**

2012 Requisition: \$22,626.93

#### **BX/Swan Lake Fire Protection**

2012 Requisition: \$507,724.78

#### **Twin/Lks/Grndvw Fire**

2012 Requisition: \$62,460.12

#### **Lumby Fire Protection**

2012 Requisition: \$215,807.19

#### **Silver Star Fire Protection**

2012 Requisition: \$305,521.59



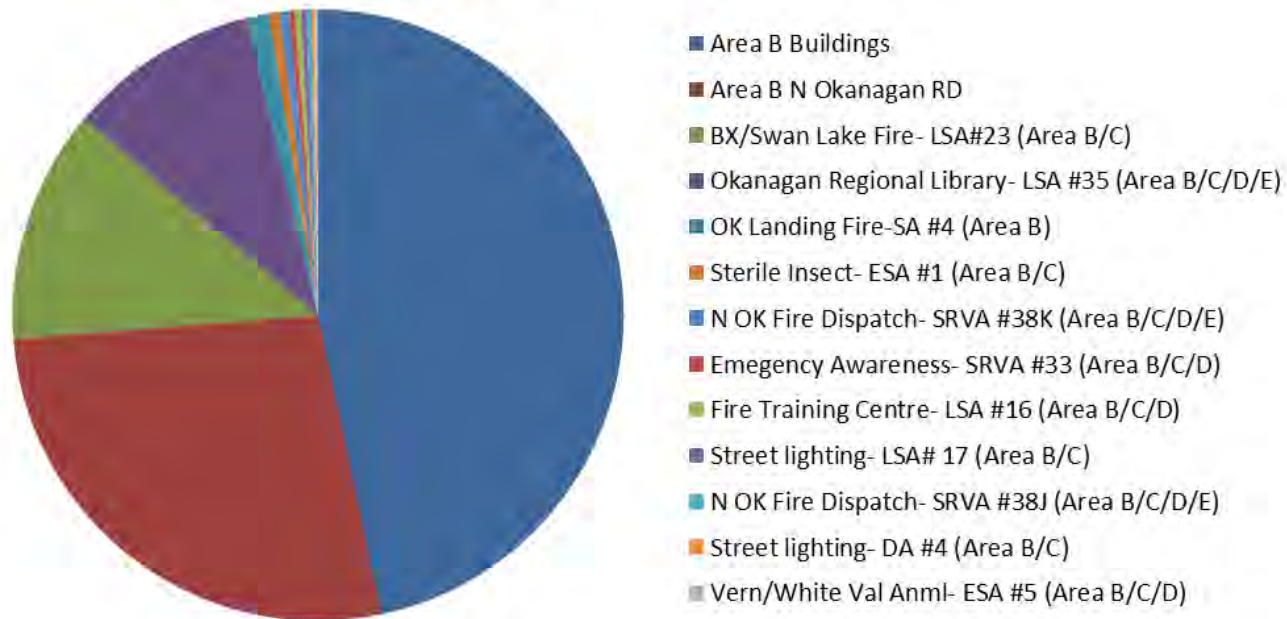
## Appendix F: Financial Requisitions by Electoral Area (2012)

### Electoral Area “B” – Electoral Area and Local Service Area Services\*

Service	Tax rate (Res)	Assessment	Total Levy	Levy- Area B	% of Area B Levy	Total Folio
Area B Buildings	1.7143	440,936,309.00	877,534.34	877,534.34	46.66%	2,494
Area B N Okanagan RD	0.5646	788,400,342.00	509,356.08	509,356.08	27.08%	2,855
BX/Swan Lake Fire- LSA#23 (Area B/C)	0.8763	527,543,309.00	507,724.78	232,296.50	12.35%	2,367
Okanagan Regional Library- LSA #35 (Area B/C/D/E)	0.2245	2,194,753,114.00	532,537.31	190,201.19	10.11%	7,951
OK Landing Fire-SA #4 (Area B)	0.6170	36,455,300.00	22,626.93	22,626.93	1.20%	331
Sterile Insect- ESA #1 (Area B/C)	0.0477	452,256,343.00	23,542.86	10,771.43	0.57%	2,876
N OK Fire Dispatch- SRVA #38K (Area B/C/D/E)	0.0535	466,841,448.00	25,887.73	9,246.07	0.49%	2,091
Emergency Awareness- SRVA #33 (Area B/C/D)	0.0596	244,007,280.00	15,653.93	5,890.68	0.31%	914
Fire Training Centre- LSA #16 (Area B/C/D)	0.0089	1,586,647,116.00	15,392.06	5,792.14	0.31%	5,180
Street lighting- LSA# 17 (Area B/C)	0.0911	131,078,766.00	11,974.41	5,478.59	0.29%	987
N OK Fire Dispatch- SRVA #38J (Area B/C/D/E)	0.0535	220,456,909.00	14,480.50	5,171.86	0.28%	1,063
Street lighting- DA #4 (Area B/C)	0.0083	954,641,910.00	8,704.26	3,982.41	0.21%	2,703
Vern/White Val Anml- ESA #5 (Area B/C/D)	0.0194	285,487,781.00	6,045.61	2,275.00	0.12%	1,224
<b>Total</b>			<b>2,571,460.80</b>	<b>1,880,623.22</b>	<b>100.00%</b>	
<b>Notes: Levy information from Ministry of Finance with their addition of 5.25%; Does not include parcel taxes</b>						

\*Note: “Area B Buildings” refers to a levy on the assessed value of improvements only in Area “B” to fund general operating and administrative functions.

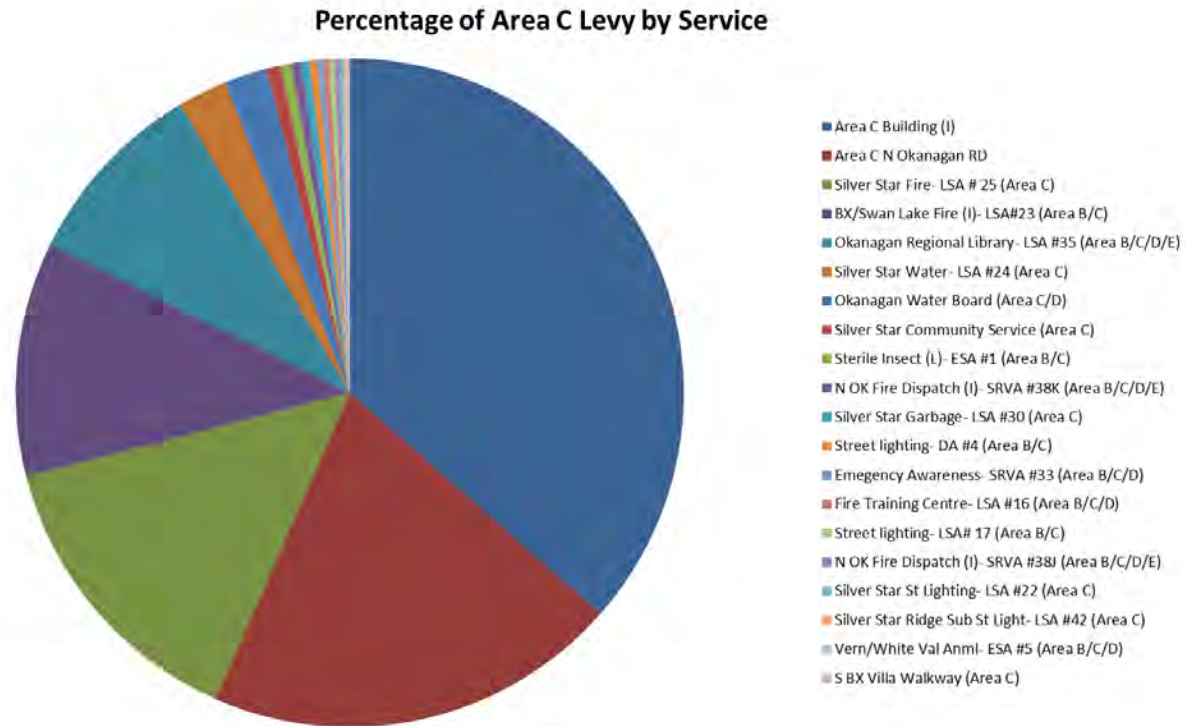
## Percentage of Area B Levy by Service



Regional District of North Okanagan  
Annexation Impact Study Phase 2

**Electoral Area “C” – Electoral Area and Local Service Area Services**

Service	Tax rate (Res)	Assessment	Total Levy	Levy- Area C	% of Area C Levy	Total Folios
Area C Building (I)	1.7092	485,411,248.00	889,108.29	889,108.29	36.49%	2,142
Area C N Okanagan RD	0.4942	934,786,991.00	489,600.97	489,600.97	20.09%	2,618
Silver Star Fire- LSA # 25 (Area C)	0.9302	341,153,600.00	350,521.59	350,521.59	14.39%	1,013
BX/Swan Lake Fire (I)- LSA#23 (Area B/C)	0.8763	527,543,309.00	507,724.78	275,428.28	11.30%	2,367
Okanagan Regional Library- LSA #35 (Area B/C/D/E)	0.2245	2,194,753,114.00	532,537.31	225,516.89	9.26%	7,951
Silver Star Water- LSA #24 (Area C)	0.2949	176,902,452.00	57,924.07	57,924.07	2.38%	1,008
Okanagan Water Board (Area C/D)	0.0507	948,861,065.00	50,586.43	50,586.43	2.08%	2,699
Silver Star Community Service (Area C)	0.0441	341,149,300.00	16,616.58	16,616.58	0.68%	1,012
Sterile Insect (L)- ESA #1 (Area B/C)	0.0477	452,256,343.00	23,542.86	12,771.43	0.52%	2,876
N OK Fire Dispatch (I)- SRVA #38K (Area B/C/D/E)	0.0535	466,841,448.00	25,887.73	10,962.84	0.45%	2,091
Silver Star Garbage- LSA #30 (Area C)	0.0696	138,652,452.00	10,532.76	10,532.76	0.43%	847
Street lighting- DA #4 (Area B/C)	0.0083	954,641,910.00	8,704.26	8,704.26	0.36%	2,703
Emergency Awareness- SRVA #33 (Area B/C/D)	0.0596	244,007,280.00	15,653.93	6,984.43	0.29%	914
Fire Training Centre- LSA #16 (Area B/C/D)	0.0089	1,586,647,116.00	15,392.06	6,867.59	0.28%	5,180
Street lighting- LSA# 17 (Area B/C)	0.0911	131,078,766.00	11,974.41	6,495.82	0.27%	987
N OK Fire Dispatch (I)- SRVA #38J (Area B/C/D/E)	0.0535	220,456,909.00	14,480.50	6,132.15	0.25%	1,063
Silver Star St Lighting- LSA #22 (Area C)	0.0367	123,267,100.00	4,523.93	4,523.93	0.19%	271
Silver Star Ridge Sub St Light- LSA #42 (Area C)	0.0881	31,809,500.00	2,953.19	2,953.19	0.12%	104
Vern/White Val Anml- ESA #5 (Area B/C/D)	0.0194	285,487,781.00	6,045.61	2,697.42	0.11%	1,224
S BX Villa Walkway (Area C)	0.0750	21,982,700.00	1,652.17	1,652.17	0.07%	69
<b>Total</b>			<b>3,035,963.43</b>	<b>2,436,581.09</b>	<b>100.00%</b>	
<b>Notes: Levy information from Ministry of Finance with their addition of 5.25%; Does not include parcel taxes</b>						



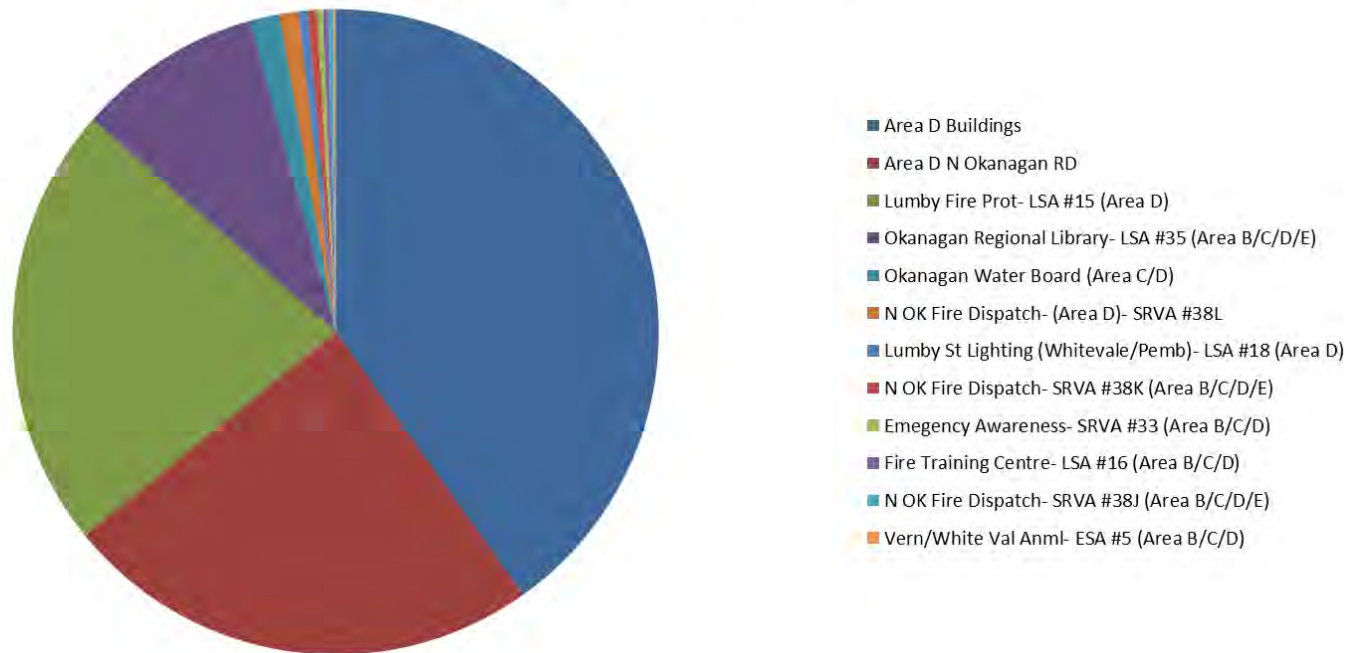
Regional District of North Okanagan  
Annexation Impact Study Phase 2

**Electoral Area “D” – Electoral Area and Local Service Area Services**

Service	Tax rate (Res)	Assessment	Total Levy	Levy- Area D	% of Area D Levy	Total Folios
Area D Buildings	1.8070	198,889,085.00	388,689.50	388,689.50	40.14%	1,166
Area D N Okanagan RD	0.5750	371,913,225.00	232,530.68	232,530.68	24.01%	1,758
Lumby Fire Prot- LSA #15 (Area D)	1.2475	162,449,085.00	215,807.19	215,807.19	22.29%	922
Okanagan Regional Library- LSA #35 (Area B/C/D/E)	0.2245	2,194,753,114.00	532,537.31	89,723.88	9.27%	7,951
Okanagan Water Board (Area C/D)	0.0507	948,861,065.00	50,586.43	14,397.92	1.49%	2,699
N OK Fire Dispatch- (Area D)- SRVA #38L	0.0538	160,935,085.00	9,225.33	9,225.33	0.95%	915
Lumby St Lighting (Whitevale/Pemb)- LSA #18 (Area D)	0.1616	27,895,500.00	4,535.19	4,535.19	0.47%	118
N OK Fire Dispatch- SRVA #38K (Area B/C/D/E)	0.0535	466,841,448.00	25,887.73	4,361.66	0.45%	2,091
Emergency Awareness- SRVA #33 (Area B/C/D)	0.0596	244,007,280.00	15,653.93	2,778.82	0.29%	914
Fire Training Centre- LSA #16 (Area B/C/D)	0.0089	1,586,647,116.00	15,392.06	2,732.33	0.28%	5,180
N OK Fire Dispatch- SRVA #38J (Area B/C/D/E)	0.0535	220,456,909.00	14,480.50	2,439.73	0.25%	1,063
Vern/White Val Anml- ESA #5 (Area B/C/D)	0.0194	285,487,781.00	6,045.61	1,073.19	0.11%	1,224
<b>Total</b>			<b>1,511,371.46</b>	<b>968,295.42</b>	<b>100.00%</b>	
<b>Notes: Levy information from Ministry of Finance with their addition of 5.25%; Does not include parcel taxes</b>						



**Percentage of Area D Levy by Service**

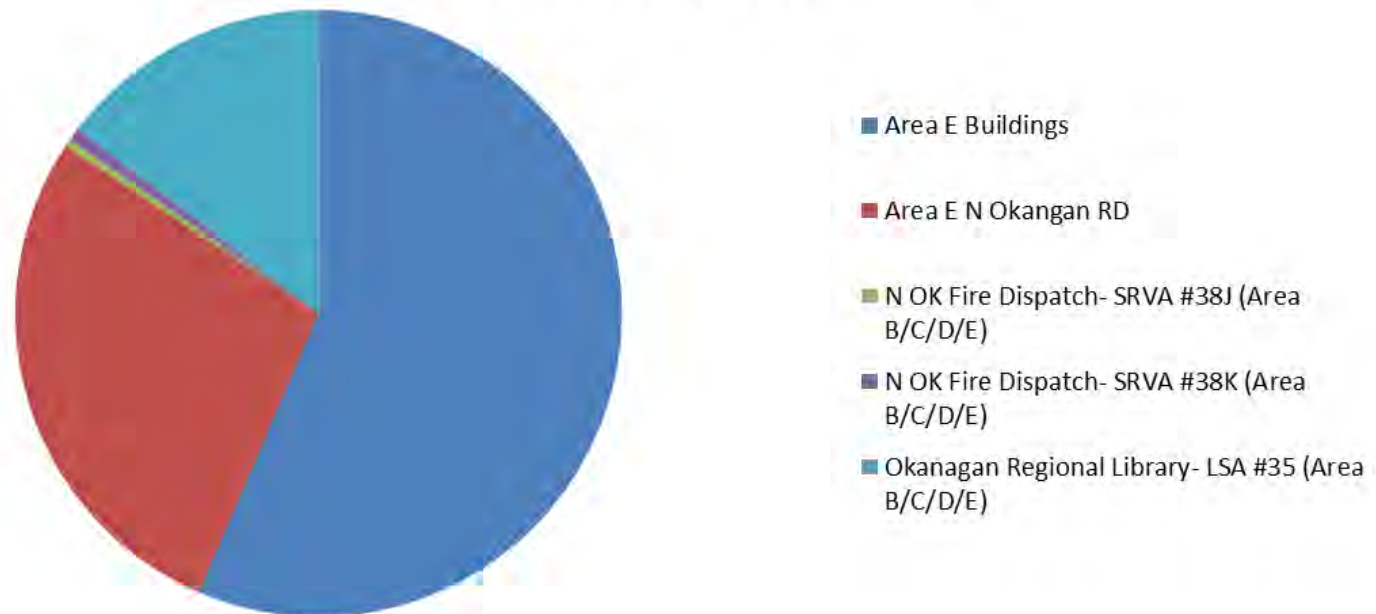


### Electoral Area “E” – Electoral Area and Local Service Area Services

Service	Tax rate (Res)	Assessment	Total Levy	Levy- Area E	% of Area E Levy	Total Folios
Area E Buildings	1.8040	55,249,578.00	104,904.24	104,904.24	56.45%	435
Area E N Okangan RD	0.4449	112,312,566.00	51,771.46	51,771.46	27.86%	736
N OK Fire Dispatch- SRVA #38J (Area B/C/D/E)	0.0535	220,456,909.00	14,480.50	736.76	0.40%	1,063
N OK Fire Dispatch- SRVA #38K (Area B/C/D/E)	0.0535	466,841,448.00	25,887.73	1,317.16	0.71%	2,091
Okanagan Regional Library- LSA #35 (Area B/C/D/E)	0.2245	2,194,753,114.00	532,537.31	27,095.35	14.58%	7,951
<b>Total</b>			<b>729,581.24</b>	<b>185,824.97</b>	<b>100.00%</b>	

**Notes:** Levy information from Ministry of Finance with their addition of 5.25%; Does not include parcel taxes

### Percentage of Area E Levy by Service

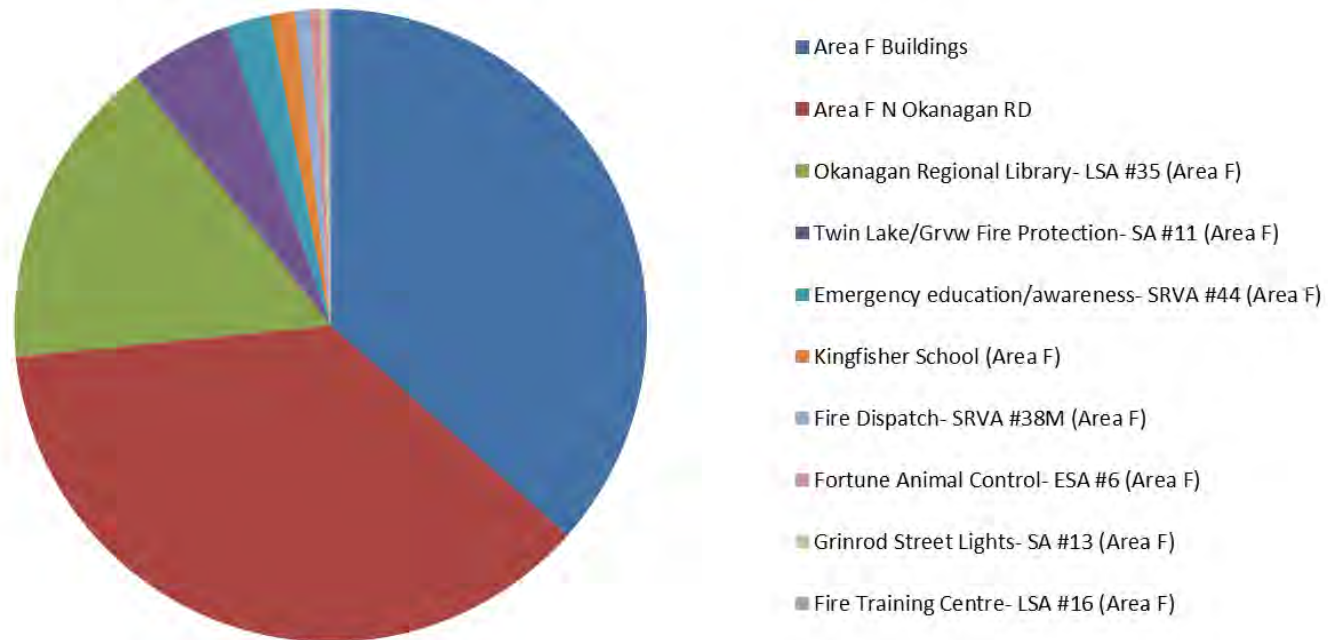


Regional District of North Okanagan  
Annexation Impact Study Phase 2

**Electoral Area “F” – Electoral Area and Local Service Area Services**

Service	Tax rate (Res)	Assessment	Total Levy	Levy- Area F	% of Area E Levy	Total Folios
Area F Buildings	1.1951	253,143,217.00	438,151.84	438,151.84	36.53%	2,273
Area F N Okanagan RD	0.5184	825,420,317.00	442,441.46	442,441.46	36.89%	3,104
Okanagan Regional Library- LSA #35 (Area F)	0.2248	825,420,317.00	191,861.04	191,861.04	16.00%	3,103
Twin Lake/Grvw Fire Protection- SA #11 (Area F)	1.4408	42,659,400.00	62,460.12	62,460.12	5.21%	242
Emergency education/awareness- SRVA #44 (Area F)	0.0593	450,646,753.00	27,368.91	27,368.91	2.28%	1,420
Kingfisher School (Area F)	0.0652	230,318,911.00	15,161.50	15,161.50	1.26%	751
Fire Dispatch- SRVA #38M (Area F)	0.0532	164,656,200.00	9,173.00	9,173.00	0.76%	970
Fortune Animal Control- ESA #6 (Area F)	0.0166	377,987,877.00	6,553.39	6,553.39	0.55%	1,683
Grinrod Street Lights- SA #13 (Area F)	0.1809	14,687,200.00	3,337.22	3,337.22	0.28%	81
Fire Training Centre- LSA #16 (Area F)	0.0095	278,451,093.00	2,798.81	2,798.81	0.23%	1,317
<b>Total</b>			<b>1,199,307.29</b>	<b>1,199,307.29</b>	<b>100.00%</b>	
<b>Notes: Levy information from Ministry of Finance with their addition of 5.25%; Does not include parcel taxes</b>						

**Percentage of Area F Levy by Service**



## Appendix G: Changes in Assessment, Folios and Levies (1992-2012)

*Table 1.1: Regional District Assessment, Folio and Tax Levy Comparison - 1992 to 2012*

Regional District – EA's only	Residential units & values only			
Topic	1992	2002	2012	Increase
Assessment (total residential)	366,371,720	931,742,950	2,868,487,778	682.9%
Folios (total residential only)	5,297	7,675	9,058	71.0%
Average Residential Unit	69,165	121,400	316,680	357.9%
Provincial Rural levy	626,906	966,145.49	1,520,298	142.5%
Provincial Policing levy	n/a	n/a	321,948	New 2006 + 51.4%

*Table 1.2: Electoral Area “B” Assessment, Folio and Tax Levy Comparison - 1992 to 2012*

Area B				
Topic	1992 <sup>23</sup>	2002	2012	Increase
Assessment (total)	100,261,700	233,973,000	720,680,235	618.8%
Folios (total)	1,600 est	2,107	2,560	60.0%
RD buildings only (levy)	328,271	457,367	692,214	110.9%
N Okanagan RD (levy)	152,017	170,005	406,896	167.7%
BX/Swan Lake Fire (B & C)	152,977	192,251	436,443	185.3%

*Table 1.3: Electoral Area “C” Assessment, Folio and Tax Levy Comparison - 1992 to 2012*

Area C				
Topic	1992	2002	2012	Increase
Assessment (total)	112,096,650	281,767,500	894,728,900	698.2%
Folios (total)	1,183	1,813	2,354	99.0%
Buildings (levy)	219,883	536,238	794,636	261.4%
N Okanagan RD (levy)	69,903	171,271	442,175	532.6%
BX/Swan Lake Fire (B & C)	152,977	192,251	436,443	185.3%

<sup>23</sup> Note: 1992 values exclude the Okanagan Landing that was annexed by the City of Vernon in 1993.

*Table 1.4: Electoral Area “D” Assessment, Folio and Tax Levy Comparison - 1992 to 2012*

Area D				
Topic	1992	2002	2012	Change
Assessment (total)	50,293,450	124,644,200	348,742,975	593.4%
Folios (total)	834	1,169	1,304	56.4%
Buildings (levy)	100,994	168,574	346,179	242.8%
N Okanagan RD (levy)	25,775	62,260	200,541	678.0%
Lumby Fire Protection	46,352	89,008	196,560	324.1%

*Table 1.5: Electoral Area “E” Assessment, Folio and Tax Levy Comparison - 1992 to 2012*

Area E				
Topic	1992	2002	2012	Change
Assessment (total)	16,348,000	39,163,600	107,506,800	557.6%
Folios (total)	341	452	517	51.6%
Buildings (levy)	24,537	45,992	96,287	292.4%
N Okanagan RD (levy)	8,373	18,642	47,830	471.2%

*Table 1.6: Electoral Area F Assessment, Folio and Tax Levy Comparison - 1992 to 2012*

Area F				
Topic	1992	2002	2012	Change
Assessment (total)	87,371,925	252,194,650	796,828,868	812.0%
Folios (total)	1,339	2,134	2,594	93.7%
Buildings (levy)	147,308	185,564	411,995	179.7%
N Okanagan RD (levy)	38,557	142,011	413,076	871.3%
Twin Lake/GRVW Fire Protection	11,721	21,346	60,977	420.2%
Emergency education	n/a	n/a	25,913	new
Kingfisher School	n/a	n/a	14,720	new

## Appendix H: Comparison of tax levies in municipalities and neighbouring electoral areas

### 9.2.1 OKANAGAN LANDING, CITY OF VERNON AND ELECTORAL AREA "C" – 1992 AND 2012

Year	2012		2012		2012	
Jurisdiction	Okanagan Landing (Electoral Area "A")		Electoral Area "C"		City of Vernon	
Description	Hypothetically Rural (i.e. remained unincorporated)		Average Value		Average Value	
Assessed Values	Land - \$155,000 Improvements - \$170,000 Total - \$325,000		Land - \$155,000 Improvements - \$170,000 Total - \$325,000		Land - \$155,000 Improvements - \$170,000 Total - \$325,000	
Service	Tax Rate	Tax Levy	Tax Rate	Tax Levy	Tax Rate	Tax Levy
School	2.1985	\$714.51	2.1985	\$714.51	2.1985	\$714.51
Hospital	0.2452	\$79.69	0.2452	\$79.69	0.2446	\$79.50
BC Assessment	0.0599	\$19.47	0.0599	\$19.47	0.0599	\$19.47
MFA	0.0002	\$0.07	0.0002	\$0.07	0.0002	\$0.07
<b>Subtotal Common</b>	<b>2.5038</b>	<b>\$813.74</b>	<b>2.5038</b>	<b>\$813.74</b>	<b>2.5032</b>	<b>\$813.54</b>
Provincial Rural Rate	0.5300	\$172.25	0.5300	\$172.25	n/a	\$0
Rural Area Police	0.1179	\$38.32	0.1179	\$38.32	n/a	\$0
Okanagan Basin Water Board	0.0507	\$16.48	0.0507	\$16.48	Included	\$0
Regional Library	0.2245	\$72.96	0.2245	\$72.96	0.1759	\$57.15
NORD 1 (improvements)	1.7143	\$291.43	1.7092	\$290.56	0.0514	\$7.97
Parks & Rec (improvements)	Included	\$0	Included	\$0	1.6323	\$277.49
NORD 3 (land & improvements)	0.5646	\$183.50	0.4942	\$160.62	0.2058	\$66.89
Fire Protection (improvements)	0.6170	\$104.89	0.8763	\$148.97	0.0091	\$1.55
Fire Training Centre	0.0089	\$2.89	0.0089	\$2.89	Included	\$0
Fire Dispatch (improvements)	0.0535	\$9.10	0.0535	\$9.10	Included	\$0
Sterile Insect Release (land)	0.0477	\$7.39	0.0477	\$7.39	Included	\$0
Street Lighting	0.0083	\$2.70	0.0994	\$32.31	Included	\$0
<b>Total Rural Area Rates</b>	<b>3.9374</b>	<b>\$901.90</b>	<b>3.9374</b>	<b>\$951.84</b>	<b>2.0745</b>	<b>\$411.04</b>
<b>Parcel Tax - Septage</b>		<b>\$45.53</b>		<b>\$45.53</b>		<b>\$0</b>
<b>General Municipal Tax</b>	n/a	<b>\$0</b>	n/a	<b>\$0</b>	<b>2.8156</b>	<b>\$915.07</b>
<b>Total Taxes and Levies</b>		<b>\$1,761.17</b>		<b>\$1,811.11</b>		<b>\$2,139.65</b>

9.2.2 VILLAGE OF LUMBY & ELECTORAL AREA 'D' (2012)

Jurisdiction	Electoral Area 'D' Lumby Rural		Village of Lumby	
<b>Assessed Value</b>	Average Residential Folio Land \$120,542/Imp. \$146,914 <b>Total - \$267,456</b> Sample \$85,000/\$150,000 <b>Taxable Value used = \$235,000</b>		Average Residential Folio Land – 75,522 Imp – 157,703 <b>Total \$233,225</b> Sample \$85,000/\$150,000 <b>Taxable Value used = \$235,000</b>	
<b>Service</b>	<b>Tax Rate</b>	<b>Tax Levy</b>	<b>Tax Rate</b>	<b>Tax Levy</b>
School	2.1985	\$ 516.65	2.1985	\$ 516.65
Hospital	0.2452	\$57.62	0.2848	\$66.93
BC Assessment	0.0599	\$14.08	0.0599	\$14.08
MFA	0.0002	\$0.05	0.0002	\$0.05
<b>Sub-total Common</b>	<b>2.5038</b>	<b>\$588.39</b>	<b>2.5434</b>	<b>\$597.70</b>
Provincial Rural Rate	0.5300	\$124.55	n/a	\$0
Rural Area Police	0.1905	\$44.77	n/a	\$0
OBWB	0.0507	\$11.91	Included	\$0
Regional Library	0.2245	\$52.76	0.2534	\$59.55
RDNO (land)	0.5750	\$48.88	1.0100	\$85.85
RDNO (improvements)	1.8070	\$271.05	2.7501	\$412.51
Fire Protection (improvements)	1.2475	\$187.13	Included	\$0
Fire Training Centre	0.0089	\$2.09	Included	\$0
Fire Dispatch (improvements)	0.0535	\$8.03	Included	\$0
Sterile Insect Release (land)	0.0477	\$4.05	Included	\$0
Street Lighting	0.1616	\$37.98	Included	\$0
<b>Total Rural Area Rates</b>	<b>4.8969</b>	<b>\$793.19</b>	<b>4.0135</b>	<b>\$557.91</b>
<b>Parcel Tax – Septage</b>	<b>n/a</b>	<b>\$0</b>	<b>n/a</b>	<b>\$0</b>
<b>General Municipal Tax</b>	<b>n/a</b>	<b>\$0</b>	<b>3.1157</b>	<b>\$732.19</b>
<b>Municipal Debt</b>	<b>n/a</b>	<b>\$0</b>	<b>.0958</b>	<b>\$22.51</b>
<b>Total Levy</b>		<b>\$ 1,381.58</b>		<b>\$1,910.32</b>

9.2.3 CITY OF ENDERBY & ELECTORAL AREA "F" (2012)

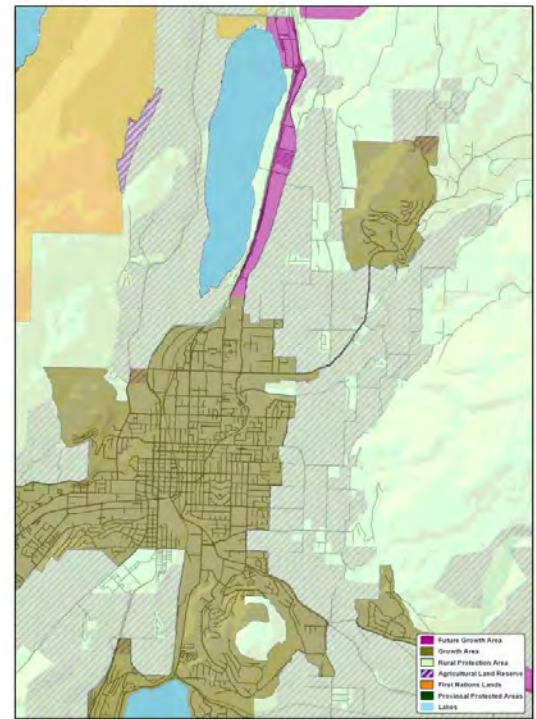
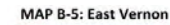
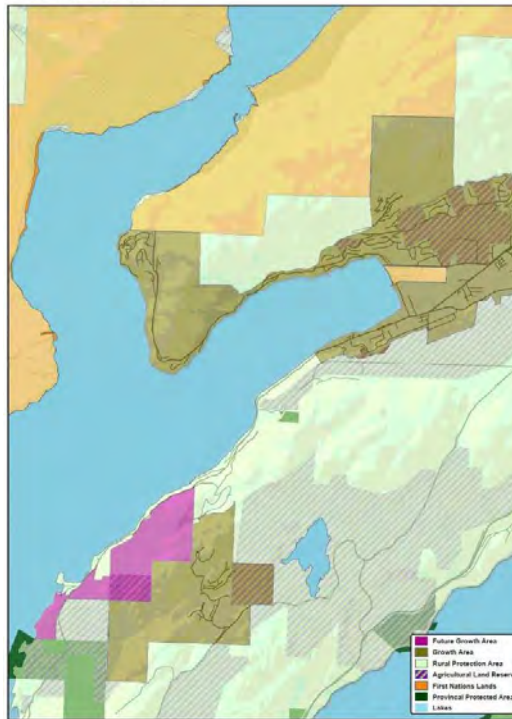
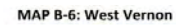
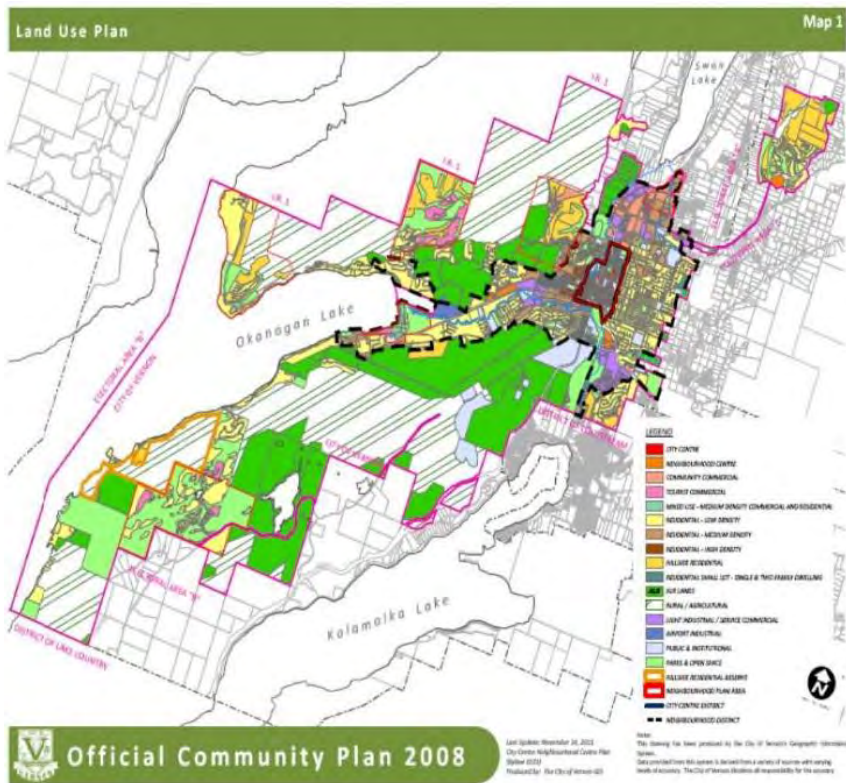
Jurisdiction	Electoral Area "F" Enderby Rural		City of Enderby	
Assessed Value	Average Residential Folio Land \$174,379/Imp. \$134,021 <b>Total - \$308,400</b> Sample \$100,000/\$125,000 <b>Taxable Value used = \$225,000</b>		Average Residential Folio Land – 94,319 / Imp – 129,081 <b>Total \$223,400</b> Sample \$100,000/\$125,000 <b>Taxable Value used = \$225,000</b>	
Service	Tax Rate	Tax Levy	Tax Rate	Tax Levy
School	2.3098	\$519.71	2.3098	\$519.71
Hospital	0.2449	\$55.10	0.2449	\$55.10
BC Assessment	0.0599	\$13.48	0.0599	\$13.48
MFA	0.0002	\$0.05	0.0002	\$0.05
<b>Sub-total Common</b>	<b>2.6148</b>	<b>\$588.33</b>	<b>2.6148</b>	<b>\$588.33</b>
Prov Rural Rate	0.5300	\$119.25	n/a	\$0
Rural Area Police	0.1179	\$26.53	n/a	\$0
OBWB	0.0507	\$11.41	Included	\$0
Regional Library	0.2248	\$50.58	0.2586	\$58.19
RDNO (land & improvements)	0.5184	\$116.64	0.8816	\$198.36
RDNO (improvements)	1.1951	\$149.39	n/a	\$0
Fire Protection Service	1.4400	\$324.00	Included	\$0
Fire Training Centre	0.0089	\$2.00	Included	\$0
Fire Dispatch (improvements)	0.0535	\$6.69	Included	\$0
Sterile Insect (land)	0.0477	\$4.77	Included	\$0
Street Lighting	0.0083	\$1.87	Included	\$0
<b>Total Rates &amp; Levies</b>	<b>4.1953</b>	<b>\$813.12</b>	<b>1.1402</b>	<b>\$256.55</b>
<b>Parcel Tax –Septage</b>	<b>n/a</b>	<b>\$0</b>	<b>n/a</b>	<b>-</b>
<b>General Municipal Tax</b>	<b>n/a</b>	<b>\$0</b>	<b>3.4001</b>	<b>\$765.02</b>
<b>Total Levy</b>		<b>\$1,401.45</b>		<b>\$ 1,609.90</b>





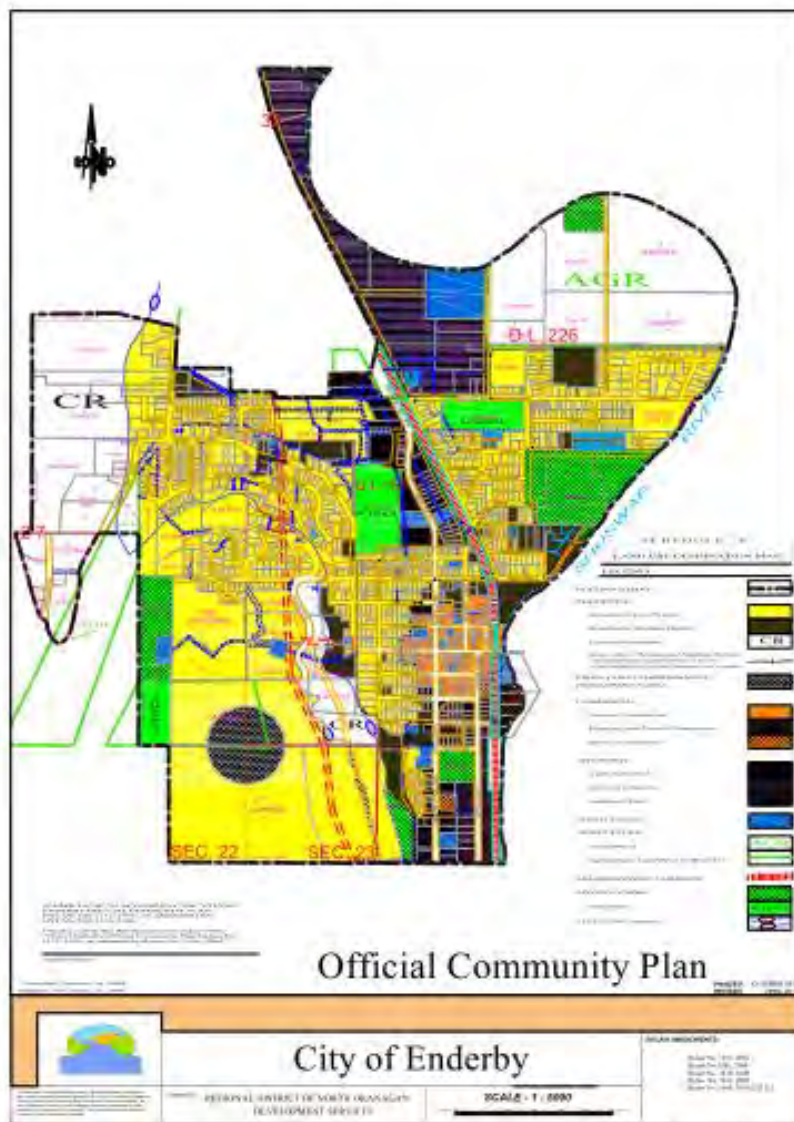
## Appendix I: Municipal Boundaries, Land Use and the Regional Growth Strategy

## City of Vernon

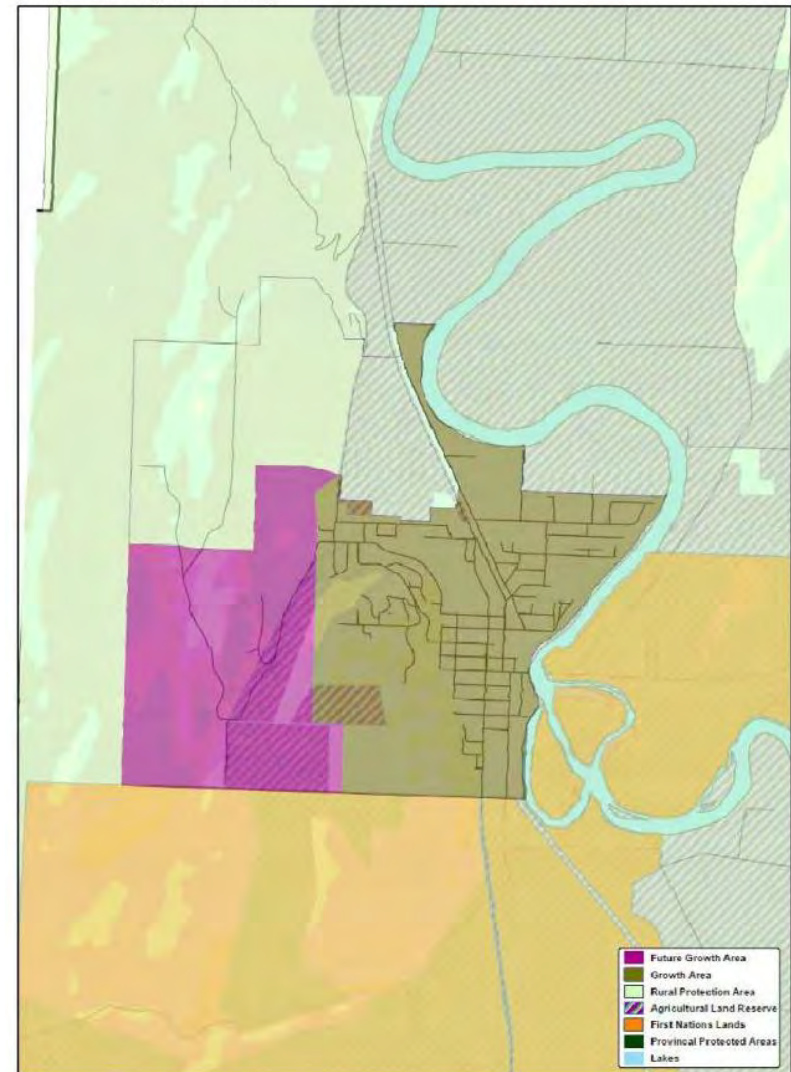


Source: *Restructure Study of the City of Vernon, District of Coldstream and Electoral Area 'A', 'B' and 'C', October 1981, pg 2-3.*  
*City of Vernon, Official Community Plan, 2008, pg 114.*

## City of Enderby

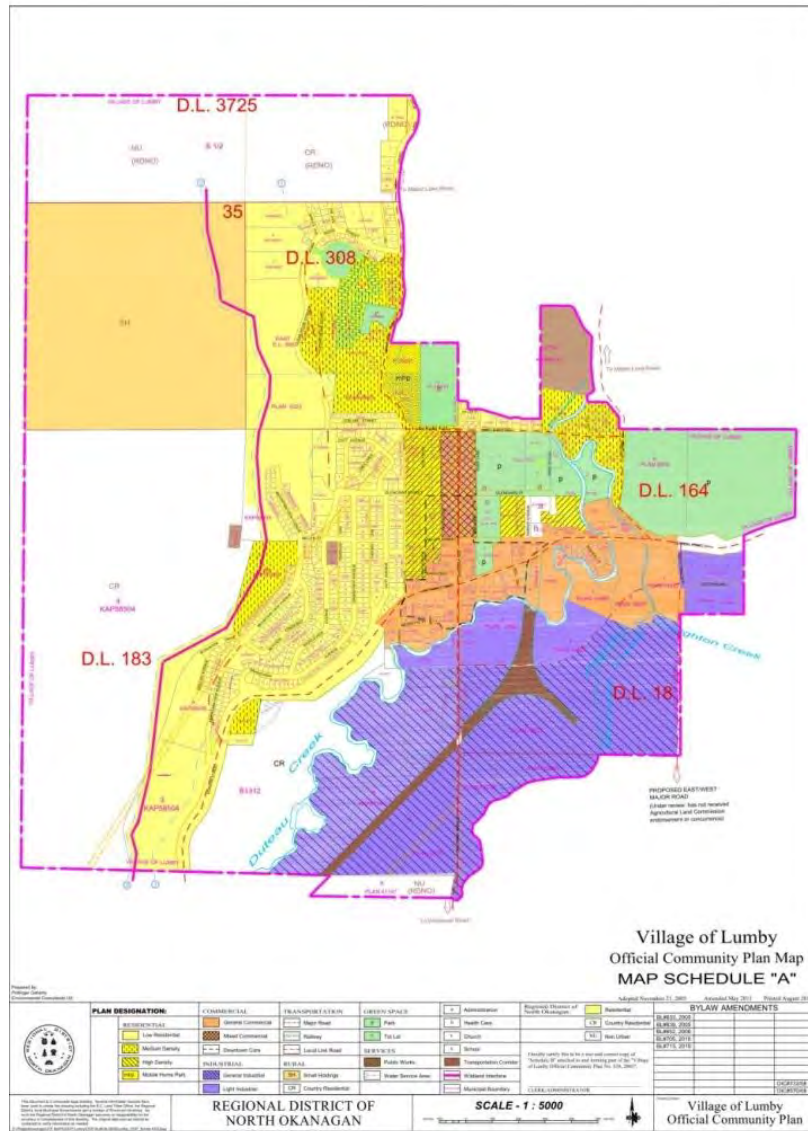


MAP B-2: City of Enderby

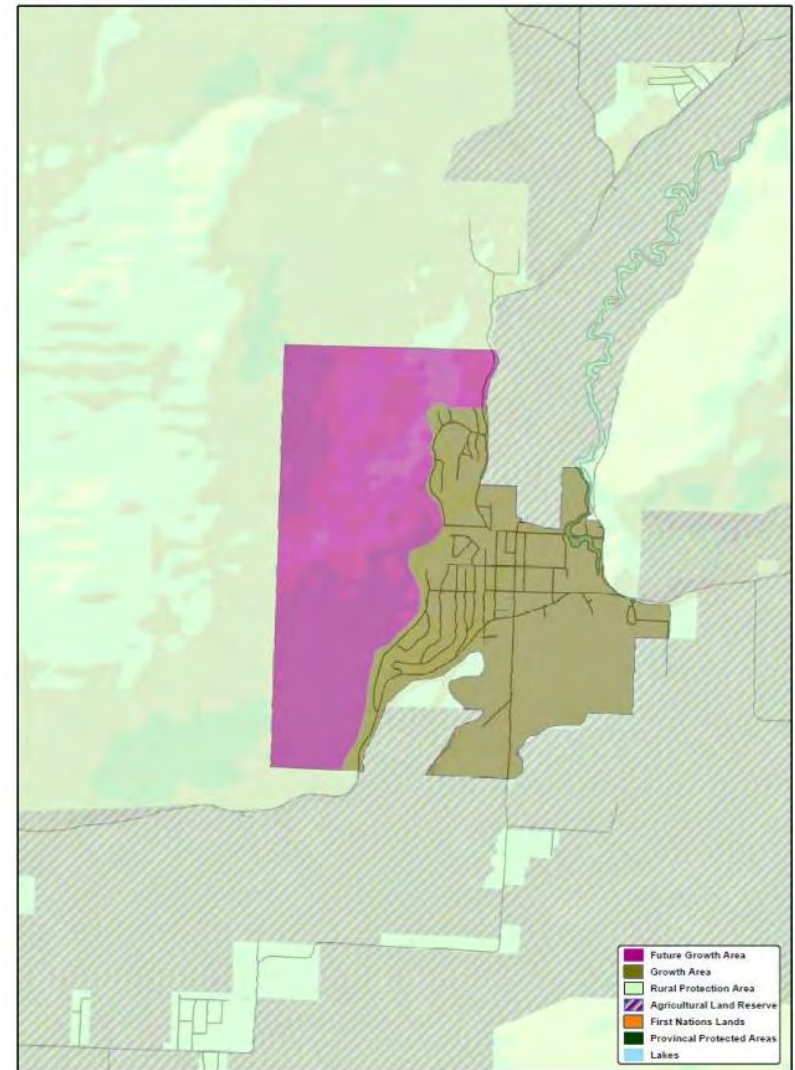




# Village of Lumby



### MAP B-8: Village of Lumby





## Appendix J: Municipal and Regional District Policies

1. City of Vernon Services Beyond City Boundaries Policy
2. Regional District of North Okanagan Annexation Policy
3. Thompson-Nicola Regional District Fringe Area Policy





**THE CORPORATION OF THE CITY OF VERNON**  
3400 – 30<sup>th</sup> Street, Vernon, B.C. V1T 5E6  
Telephone: (250) 545-1361 FAX: (250) 545-4048  
website: www.vernon.ca

## Corporate Policy Manual

Section:		
Sub-Section:		
Title:	Services Beyond City Boundaries	

### RELATED POLICIES

Number	Title

### APPROVALS

POLICY APPROVAL:	AMENDMENT APPROVAL:	AMENDMENT APPROVAL:	SECTION AMENDED
Approved by:  "Sean Harvey"	Amendment Approved by:  "Sean Harvey"	Amendment Approved by:  "Sean Harvey"	Sections (4), (9) and addition of Schedule "A".
Mayor:  Date:  November 6, 2000	Mayor:  Date:  April 26, 2004	Mayor:  Date:  March 14, 2005	Council voted not to allow connections to City sewer outside of City boundaries.

<http://citynet/docs/Policies/PDE and Land Policies/Services Beyond City Boundaries.doc>

Attachment 1 77



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## **POLICY**

This policy is required to provide services to lands beyond current City limits at no added cost to City taxpayers, and to ensure that the works beyond City limits meet current standards in order that upgrades will not be required once the area is annexed in to the City.

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## **DEFINITIONS**

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## **PROCEDURES**

Council, at its March 14, 2005 Regular Open Meeting, adopted the following resolution:

"THAT Council not allow connections to City sewer outside of City boundaries."

CARRIED, with the Mayor and Councillor Cochrane opposed.



## 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	
Supersedes	GG008, GG009, GG010, GG021; GR001, GR002	Prepared by	Development Services

POLICY STATEMENT	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  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,  the Regional District also recognizes that there may arise special circumstances where a resolution may be necessary before this information is available.</li> </ol>	

G:\0100-0699 ADMINISTRATION\0340 Circulars, Directives, Orders, Manuals, Policies\0340.50 Policies and Procedures\50.01 Board Policy Manual\Land Use (LU)\Adopted\047 MUNICIPAL ANNEXATIONS.doc  
02/26/08



## 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

POLICY STATEMENT	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

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	
Supersedes	GG008, GG009, GG010, GG021; GR001, GR002	Prepared by	Development Services

POLICY STATEMENT	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'.

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## **THOMPSON-NICOLA REGIONAL DISTRICT FRINGE AREA POLICY**



Thompson-Nicola Regional District  
300-465 Victoria Street  
Kamloops, BC V2C 2A9  
Telephone: 1-250-377-8673  
Toll Free in BC: 1-877-377-8673  
Facsimile: 1-250-372-5048  
Email: [admin@tnrd.ca](mailto:admin@tnrd.ca)

## **1.0 INTRODUCTION**

### **History**

On January 18<sup>th</sup> of 1980 the Regional District established a Planning Committee tasked with the priority to create "fringe areas" around the incorporated municipalities within the Regional District. Preliminary discussions were held with the City of Kamloops but, due to the imminent establishment of fringe areas around all municipalities, it was decided that a basic philosophy and common approach should be adopted for all fringe areas in the TNRD. This would ensure that the policies governing fringe areas are applied uniformly; however, the variety of conditions that exist adjacent to municipalities made it necessary that any set of policies be flexible and responsive to local needs.

### **Process**

Discussions set the basis of preliminary potential policies. Following consideration and revision by the Planning Committee in July of 1980, a second draft was prepared, refined, and endorsed by the Planning Committee. These policies were then circulated to all municipalities, Electoral Area Directors, Advisory Planning Commissions, and government agencies in a paper entitled "Fringe Areas: A Discussion Paper."

A series of meetings were held between the Planning Committee and various municipal Councils and Electoral Area Directors through the summer of 1980. Councils and Directors indicated their concerns and suggested revisions to specific policies based on local conditions and perceptions. Other municipalities noted their concerns and provided input in writing. The input of the Advisory Planning Commissions and various government agencies were collected through minutes of meetings, correspondence, and via the Technical Planning Committee. Thus the second draft received wide circulation with comments and concerns incorporated into this policy document.

These maps and policies were reviewed in detail and updated in 2012 based upon current planning issues, meetings with all member municipalities, and legislation changes. The three new municipalities in the TNRD were also formally added.

These policies do not represent a *final* statement on land use within municipal fringe areas; rather, they should be regarded as steps towards the possible preparation of OCPs for some fringe areas and other subsequent planning undertakings. These plans would outline more specific land uses by geography and local thereby enhancing the flexibility of fringe area policies and consideration of local residents' desires and needs.





## 2.0 FUNCTIONS OF A FRINGE AREA

Land on the periphery of urban municipalities is often subject to intense development pressure due to the proximity of the urban centre, the availability of relatively inexpensive, undeveloped land, and the opportunity for a rural lifestyle. As such, it is also an area in which urban-rural land use conflicts have the greatest probability of occurring.

Canadian geographer L.H. Russwurm studied the urban fringe and its problems in his book, "The Surroundings of Our Cities." He describes areas of concern and identifies the "functions" of a fringe area and suggests actions to reduce conflict as summarized below.

### 2.1 Limit Urban Sprawl

As the populations of urban municipalities increase, subdivision and residential development take place on the periphery of the urban centres where land is often less expensive. This effect is most pronounced in municipalities that are fully developed within existing boundaries and are seeking land for expansion. Municipalities with ample land for development within their boundaries are subject to reduced peripheral development pressures. Those pressures that do exist are usually from developers seeking larger lots but reduced taxes.



Source: Google Images

Due to the mountainous topography of the Thompson-Nicola Regional District, these peripheral development pressures are particularly intense along the valley bottoms and the transportation routes located there, giving rise to linear or "ribbon" development.

A fringe area should restrict residential development, thereby directing it either within the corporate limits of the urban municipality (where there is sufficient land to do so and where the development will likely receive a higher level of services than in the rural area); or away from the urban area in an unincorporated centre of rural residential development (located well beyond the fringe area). Only where it can be demonstrated that residential use within the fringe area is of mutual benefit to the Regional District and the municipality, should consideration be given to such use.





## **2.2 Reduce Fragmentation of Land**

Rural residential development increases the likelihood of fragmentation of land where many small developers subdivide land without an overall plan for the future development of the area. The problems created by such fragmentation are of particular concern where they occur in the urban fringe area. Should a municipality opt to annex land in the future, due to lack of developable land within its corporate limits, this fragmentation will make the assembly of land for a comprehensive development and the servicing of land to urban standards more difficult. Therefore, it is imperative that the municipality, which may some day be faced with annexation and servicing on those properties, have an opportunity to voice its concerns regarding proposed development in order to reduce any potential problems.

Fragmentation of land also has a negative effect on the agricultural sector. The subdivision of land into smaller parcels makes it more difficult for a farming operation to expand. Instead of one or two parcels, the farmer or rancher is faced with acquiring more small parcels. These smaller parcels are often more expensive than larger unsubdividable blocks of land.

By restricting residential development, the problems of fragmentation are further reduced while the potential for future urban development and servicing or agricultural expansion are increased, although it should be noted that only portions of the fringe area are likely to be converted to continuous urban development in the future.

## **2.3 Direct Industrial/Commercial Development**

Industrial and commercial development often seek the advantages offered by a location on the immediate periphery of an urban municipality. This creates a demand for service (housing, schools and transportation) within the urban municipality without the corresponding benefit of increased tax revenues. At the same time, commercial uses locating on highways leading into municipalities may develop into "gasoline alleys" and industrial uses may be undesirable due to noise, dust, odors, or other forms of pollution.

Therefore, industrial/commercial development should be restricted in the fringe area, directing it to locate either within the corporate limits of the urban municipality or on lands totally removed. It is likely that industrial/commercial development would seek an urban location due to the advantages of increased services and proximity to both markets and labor force. However, consideration may be given to development within fringe areas of those uses having specific locational requirements, such as a sand-and-gravel pit which must locate where there is a deposit of aggregates and seeks a location close to a municipality in order to reduce transportation costs. Similarly, where there is insufficient industrial/commercial land within a municipality, consideration may be given to development that is of mutual benefit to both the municipality and the Regional District.



#### 2.4 Minimize Land Use Conflicts

Development of an urban nature, whether it is residential, commercial or industrial, is often the cause of conflicts with existing resource based land uses (either agricultural or forestry) located in the fringe area. Among the problems cited in relation to agriculture are the uncertainty of the future of adjacent parcels which may result in a more passive use of agricultural land; the effect of raising the price of agricultural land making it more difficult for existing operations to expand; and direct conflicts with livestock movement, stock harassment by people or pets, damage to fencing especially by off road recreationists, and weed control.



Source: Picture BC

Another common conflict is that of noxious uses (either industrial or intensive agricultural) locating within the fringe area immediately adjacent to residential areas in the urban municipality. While it is agreed that such uses should not be located immediately adjacent to residential uses, the proper controls many of the noxious effects may be minimized and consideration may be given to these uses locating elsewhere within the fringe area. However, by directing these uses to locate in areas totally removed from the fringe area, these conflicts can be further reduced.

#### 2.5 Preservation of Agricultural Land

In addition to the conflicts described above, the loss of productive agricultural land to irreversible urban development in the fringe area is often a problem. While this is less of a problem in British Columbia than other jurisdictions (due to the Agricultural Land Reserve), consideration should be given to the preservation of the agricultural land base.

As noted above, development pressures are often most intense within the fringe area. Therefore, any set of fringe area policies should be directed towards the preservation of productive agricultural land by reinforcing the policies of the BC Agricultural Land Commission.



### **3.0 FRINGE AREAS POLICY**

The following policies shall form the basis for land use decisions within the fringe area of municipalities in the Thompson-Nicola Regional District. They represent a response to the "functions" of a fringe area described in the preceding section and to the comments expressed by various municipalities, government agencies, and advisory groups during the summer of 1980 and as updated in 2012. While it is recommended that these policies be applied uniformly throughout the Regional District, some minor modifications have been made to meet specific local conditions.

- 1. The Board shall refer applications for amendments to Official Community Plans rezonings, development permits, and multi-lot subdivisions in the fringe area, as defined in Policy 6, to the given municipality for its consideration and comment.**

To provide a municipality the opportunity to comment on planning matters within their fringe area, any application for OCP amendment; rezoning, development permit or multi-lot subdivision will be forwarded to the municipality at the same time as it is circulated to the Advisory Planning Commission and relevant provincial government agencies.

- 2. When an application is referred to a municipality, the Board of Directors shall consider the response but shall not be bound by a municipality's recommendation.**

This policy recognizes the fact that, while the municipality has an inherent interest in and will comment on applications and development in its fringe area, it is the Regional District that takes ultimate responsibility for land use decisions under its jurisdiction. The comments of the municipality will be submitted to the Board of Directors for their consideration in the same manner and with the same expediency as comments from the local Advisory Planning Commission and the relevant Provincial government agencies.





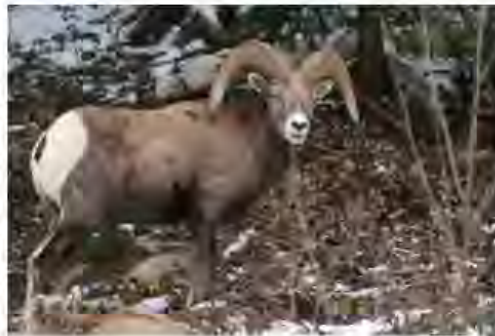
3. **Agriculture, grazing, and forestry shall be encouraged in the fringe area. The vulnerability of wildlife habitat in the fringe area shall be recognized and considered. Consideration shall also be given to extractive, resource-based industries that may locate in the fringe area subject to specific location requirements.**

This policy emphasis is *resource-based land uses* that are compatible with the functions of a fringe area. The policy highlights the need for flexibility with regard to extractive industries whose location may be dictated by the concentration of a specific resource; for example: sand and gravel industries serving the construction industry must locate where there are suitable aggregate deposits and where transportation costs can be minimized. However, industries that are not bound by the location of a specific resource, such as a truck depot or sawmill, are discouraged from locating in the fringe area.

4. **Rural residential development shall be discouraged in the fringe area; instead, residential development shall be encouraged to locate within the boundaries of municipalities or within existing areas of rural residential development outside the fringe area.**

The emphasis of this policy is to direct residential development away from the fringe area. This may be achieved by restricting further subdivision of land for residential purposes in the fringe area, thereby limiting redevelopment to existing subdivided parcels.

Consideration may be given to applications for rural residential subdivision and development where it can be clearly demonstrated that the land is unsuitable for alternative resource-based uses and where it can be serviced in such a manner that it will not preclude the eventual extension of municipal boundaries to include the subject land. In this regard, the developer should provide a "conceptual plan" indicating lot layout, density, and servicing acceptable to the municipality, all in the view to enable potential future municipal expansion.



Source: Picture BC



- 5. Industrial and commercial development, excepting those extractive resource-based industries requiring access to a specific resource or those industrial and commercial developments acceptable to both the Regional District and municipality, shall be discouraged in the fringe area.**

The emphasis of this policy is to discourage commercial and industrial operations from locating in the fringe area. These uses are typically better served within the boundaries of incorporated municipalities where there is access to the labour force, community services, and markets. Developing within a municipality in no way reduces the benefit gained by the Regional District as a whole; nevertheless, this policy allows flexibility for the location of resource industries in accordance with Policy 3 and consideration of industries acceptable to both the Regional District and the municipality. Some opportunities for live/work rural residential uses may be considered where property owners support increased intensity of home-based business use. This protects the municipality from encroachment by undesirable uses while offering flexibility to allow acceptable industrial and commercial development.

- 6. Fringe areas for municipalities in the Thompson-Nicola Regional District shall be in accordance with the maps appended hereto.**

The lands designated on the attached maps are based on the general criteria that fringe areas shall extend for a distance of 5 km from the boundaries of a municipality having a population of more than 10,000 and 2 km from the boundaries of a municipality having a population of less than 10,000. The reason that more populous centres require a larger fringe area is that they are subject to greater peripheral development pressures. In preparing the specific fringe area maps, this general criterion has been interpreted to follow legally surveyed boundaries and reduce discontinuities (excepting where the fringe area boundary abuts an Indian Reserve or existing body of water).

Presently the City of Kamloops is the only municipality requiring the 5 km fringe area. A fringe exceeding 5 km would preclude further development in the unincorporated areas of Cherry Creek, Monte Creek and Vinsulla; whereas, less than 5 km is too small to achieve the functions of a fringe. Other municipalities are based on a 2 km fringe area, noting:

- a) Ashcroft-Cache Creek fringe areas overlap one another;
- b) Cache Creek fringe area extends to the northwest to abut Indian Reserve lands;
- c) Chase fringe area has been extended along the Trans-Canada Highway to the northeast and southwest to abut Indian Reserves in those areas; and
- d) Logan Lake fringe area applies the former Townsite Reserve boundary, except where less than 2 km from the existing boundary, then a 2 km distance is used.



7. **The fringe areas as designated herein shall shift when a municipality extends its boundaries or at such time as a review is deemed advisable by the Board of Directors.**

This policy enables the updating of fringe area boundaries in accordance with municipal boundary extensions. In addition, the periodic review of all policies contained in this document may become necessary, due to unforeseen development pressures, at the discretion of the Board of Directors.

8. **In the case of significant or major development applications such as rezoning or multi-lot subdivisions along the municipal side of a jurisdictional boundary and if/when municipal boundary extensions are contemplated, the given municipality shall refer the development to the Thompson-Nicola Regional District Board of Directors for comment prior to consideration.**

This policy enables better long range planning *both ways across jurisdictional boundaries*. Similar to the Regional District referral under previous policy, this referral is of a non-binding nature and in no way fetters or binds the decision of the local government authority. It seeks to improve long range decision making and cross-boundary planning.

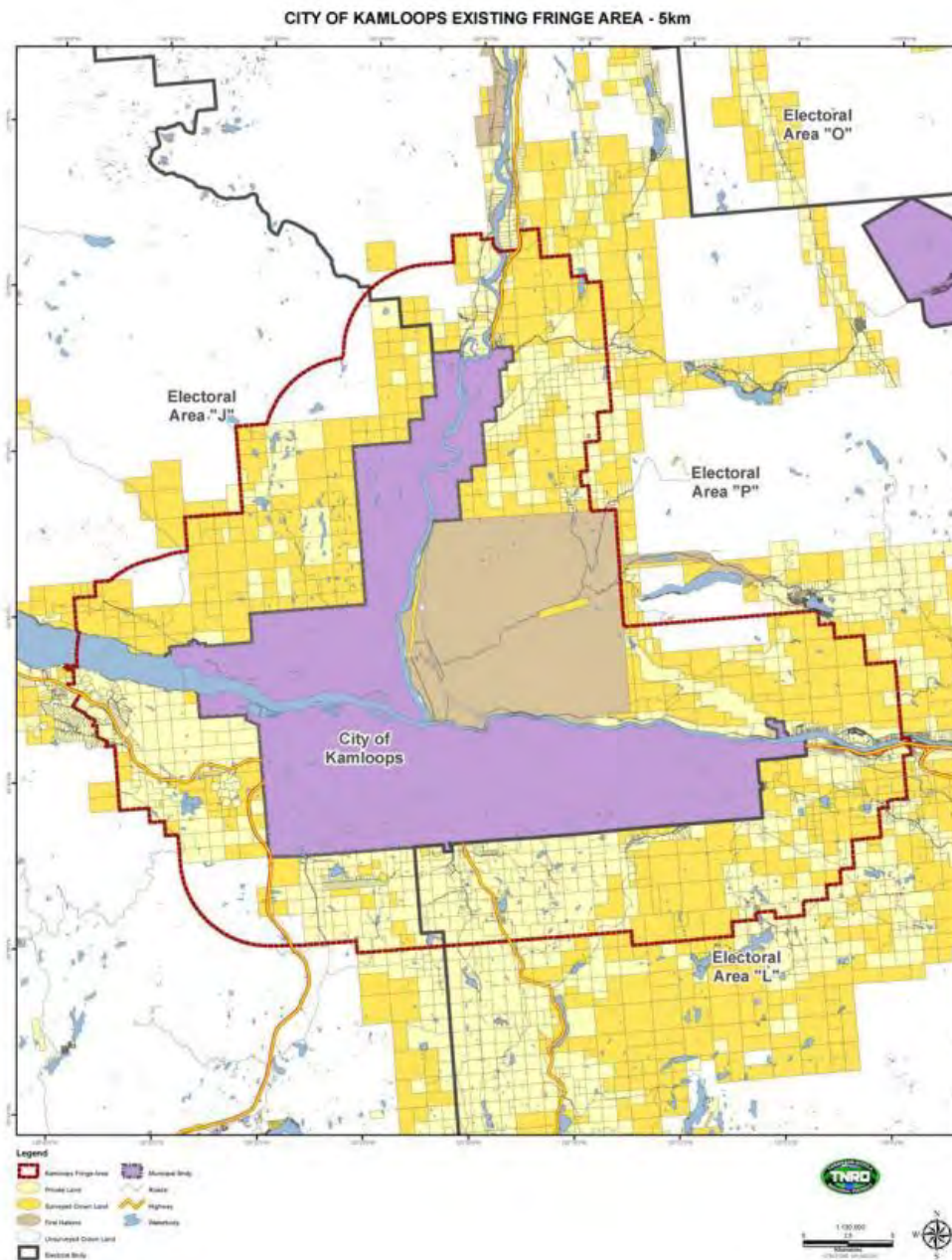
"Major development" means applications or initiatives that may impact any or all of the following:

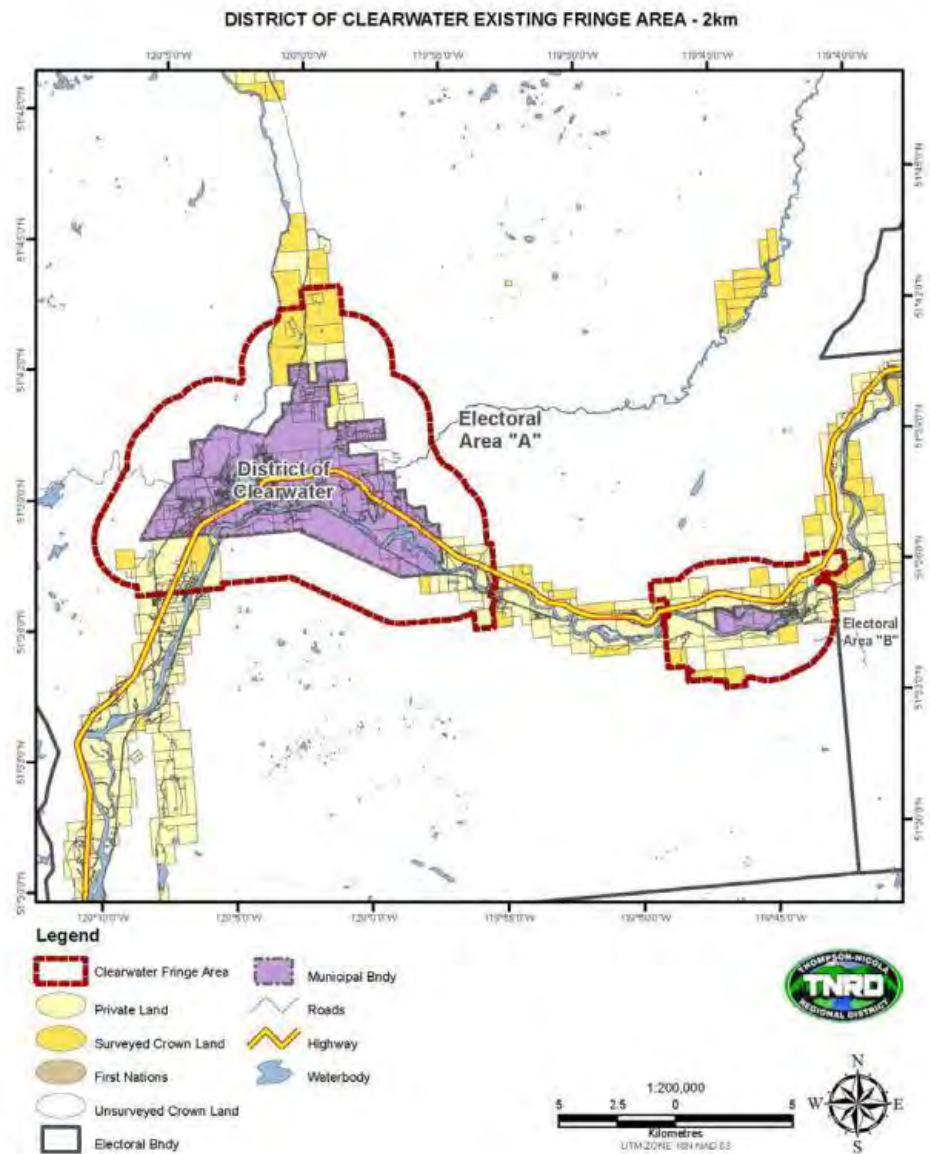
- a) transportation impacts such as road configuration, emergency access, collector routes, etc.;
- b) financial impacts, most especially in the case of municipal boundary extensions; or
- c) those that can reasonably be expected to impact utility service areas, jurisdictional boundaries, downstream environment quality, and future development patterns.

Acknowledging concern that this may increase application processing times, processing of the given file by the municipality will continue concurrent as it is referred to the Regional District Board. For this reason it is important that referral occurs as early in the process as possible and prior to bylaw readings and to PLA issuance in the case of subdivision.

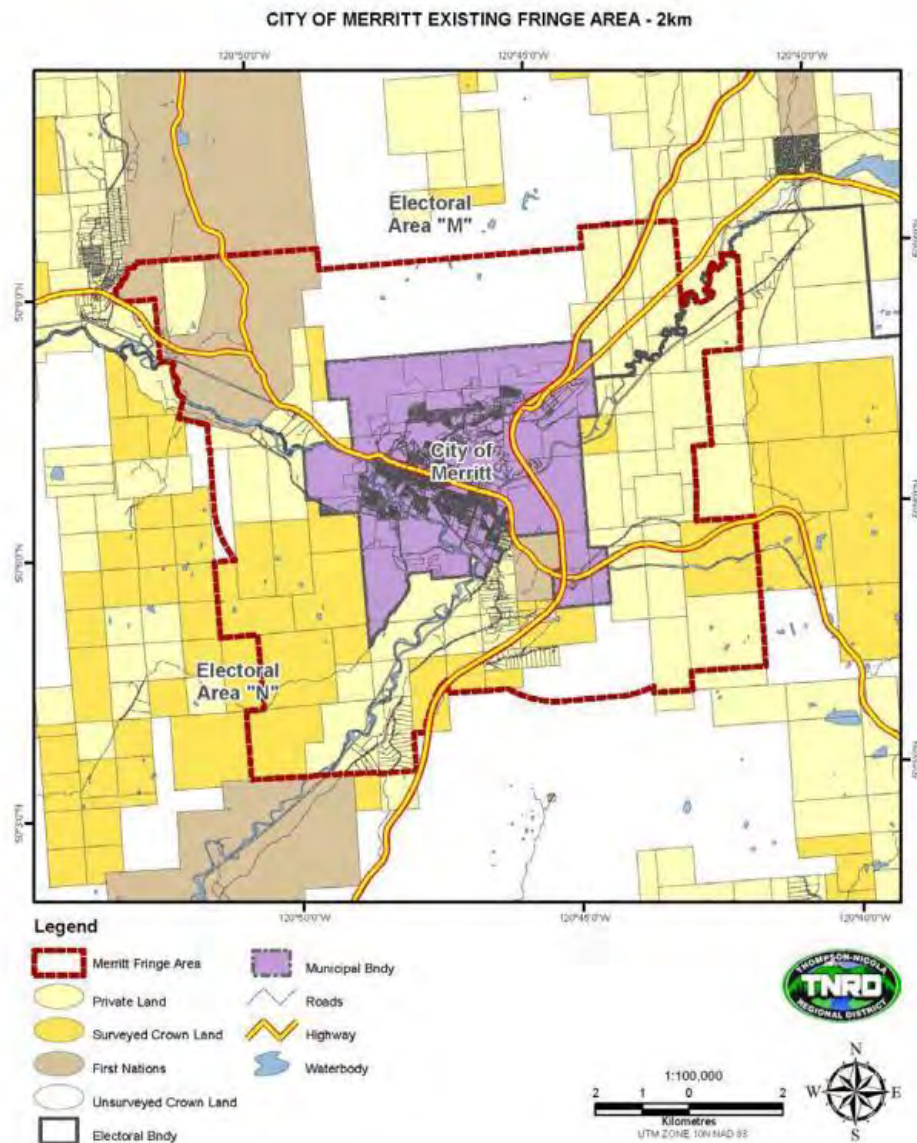


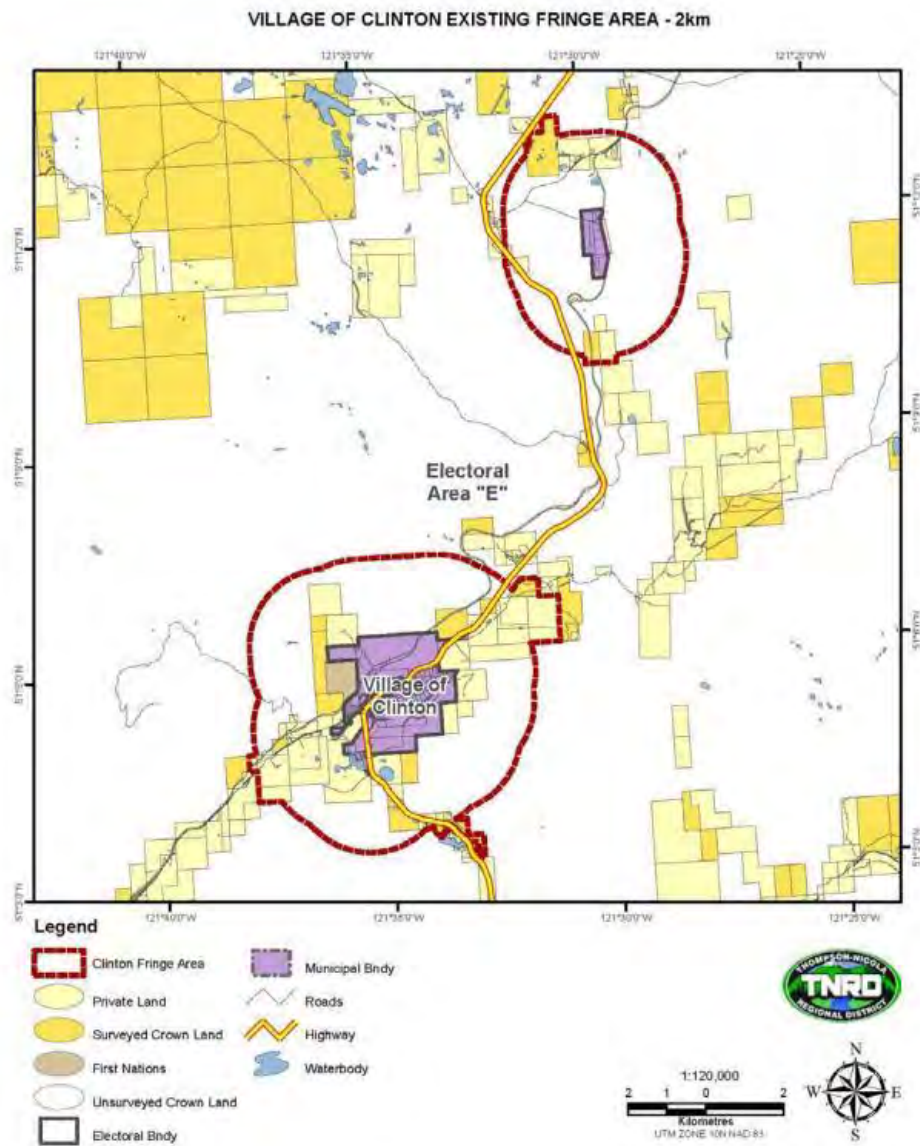


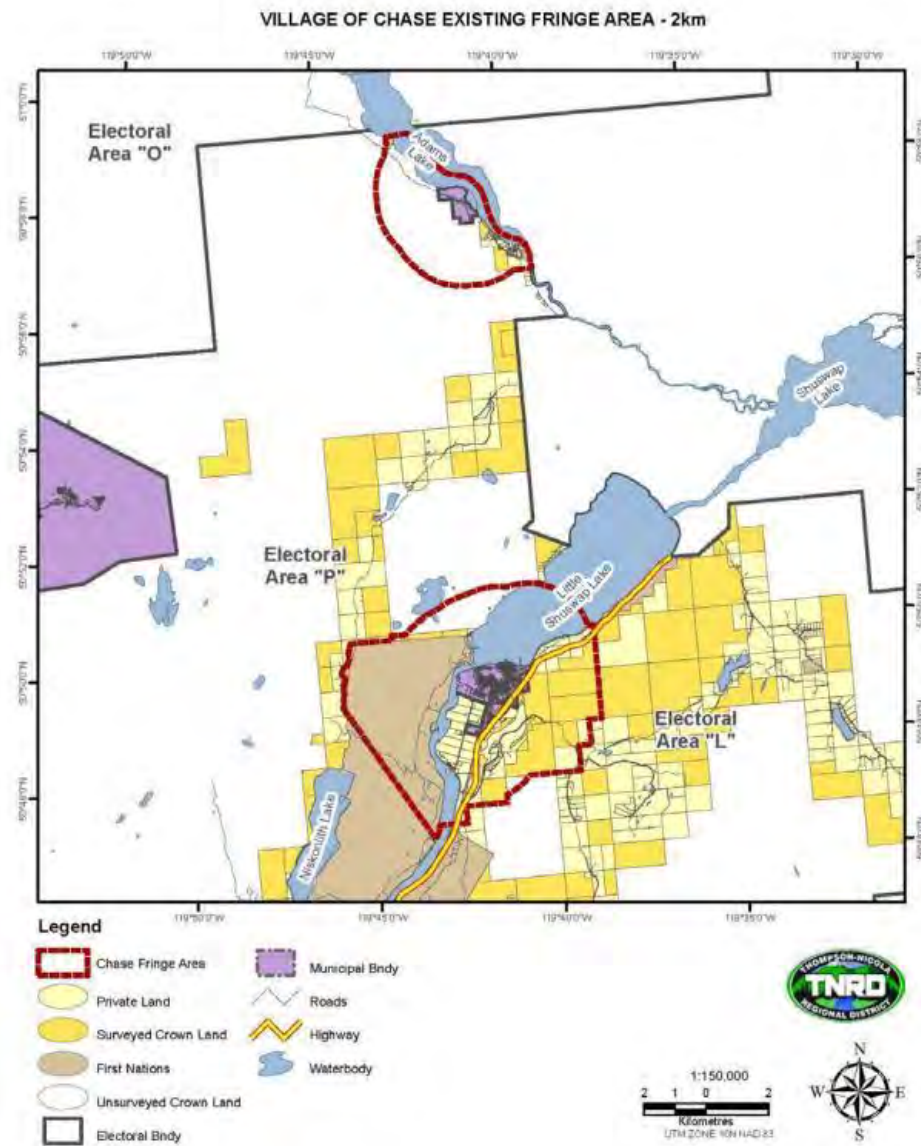




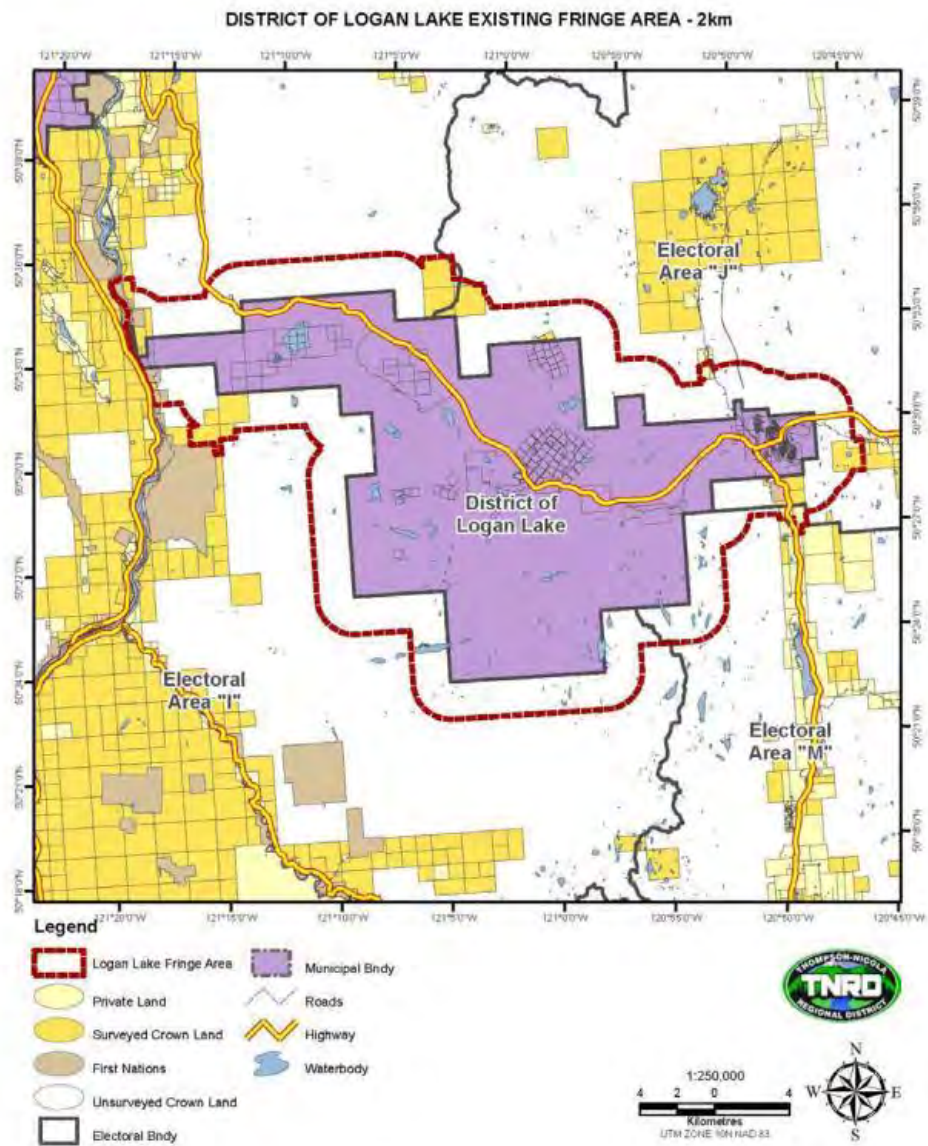


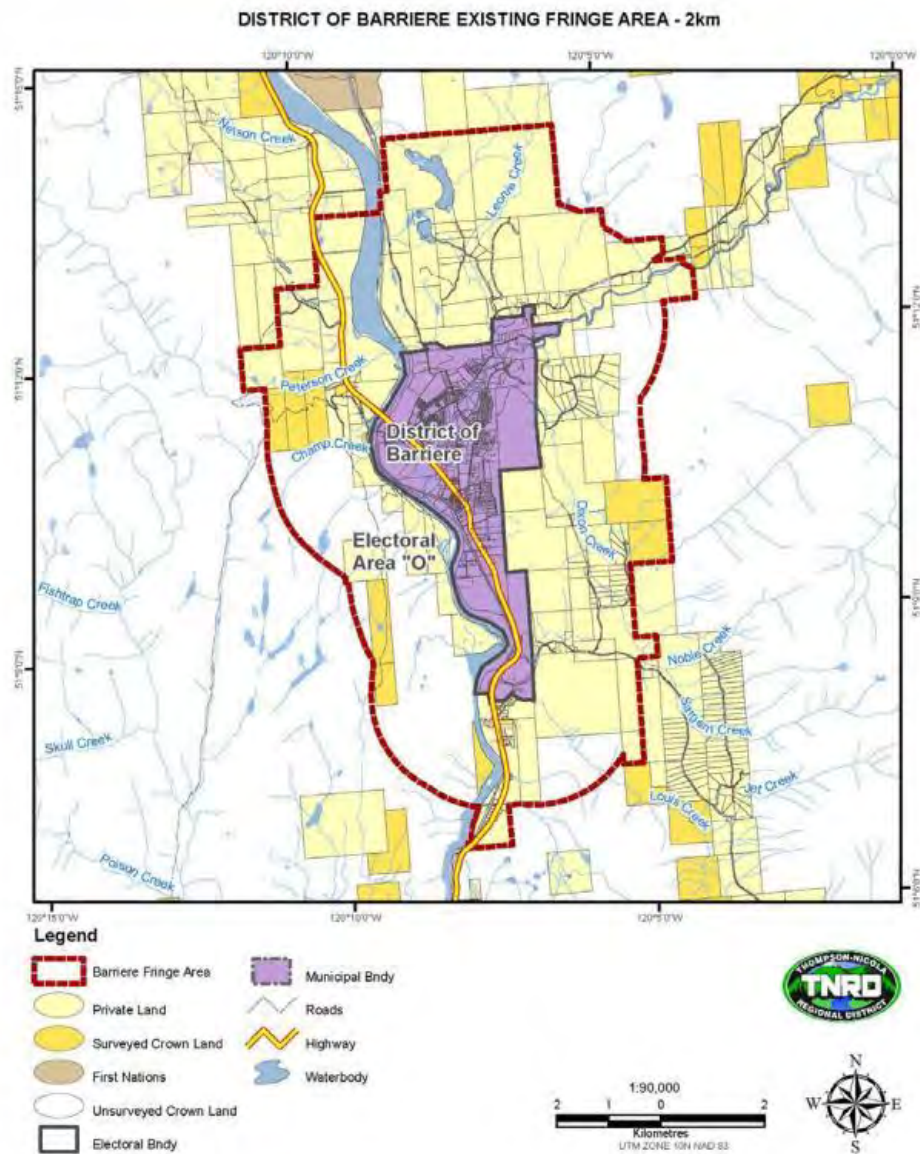


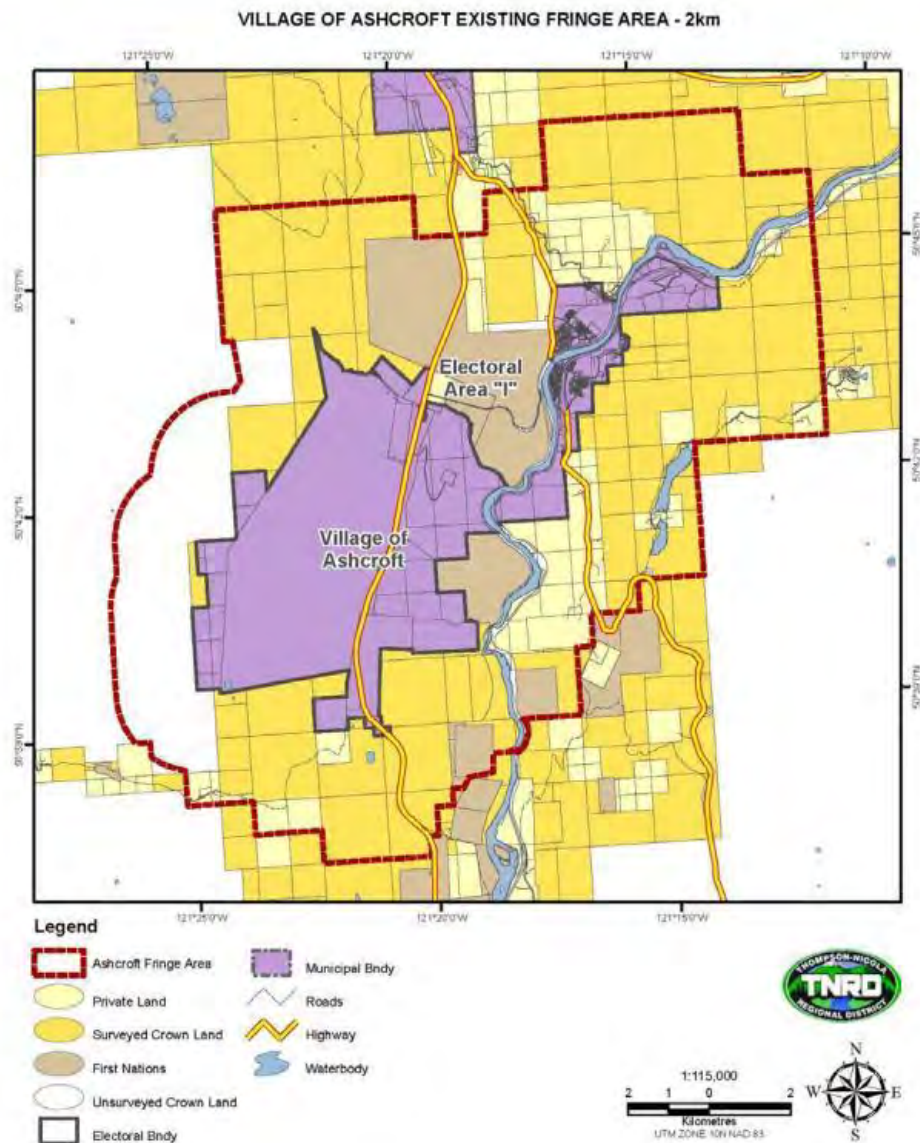




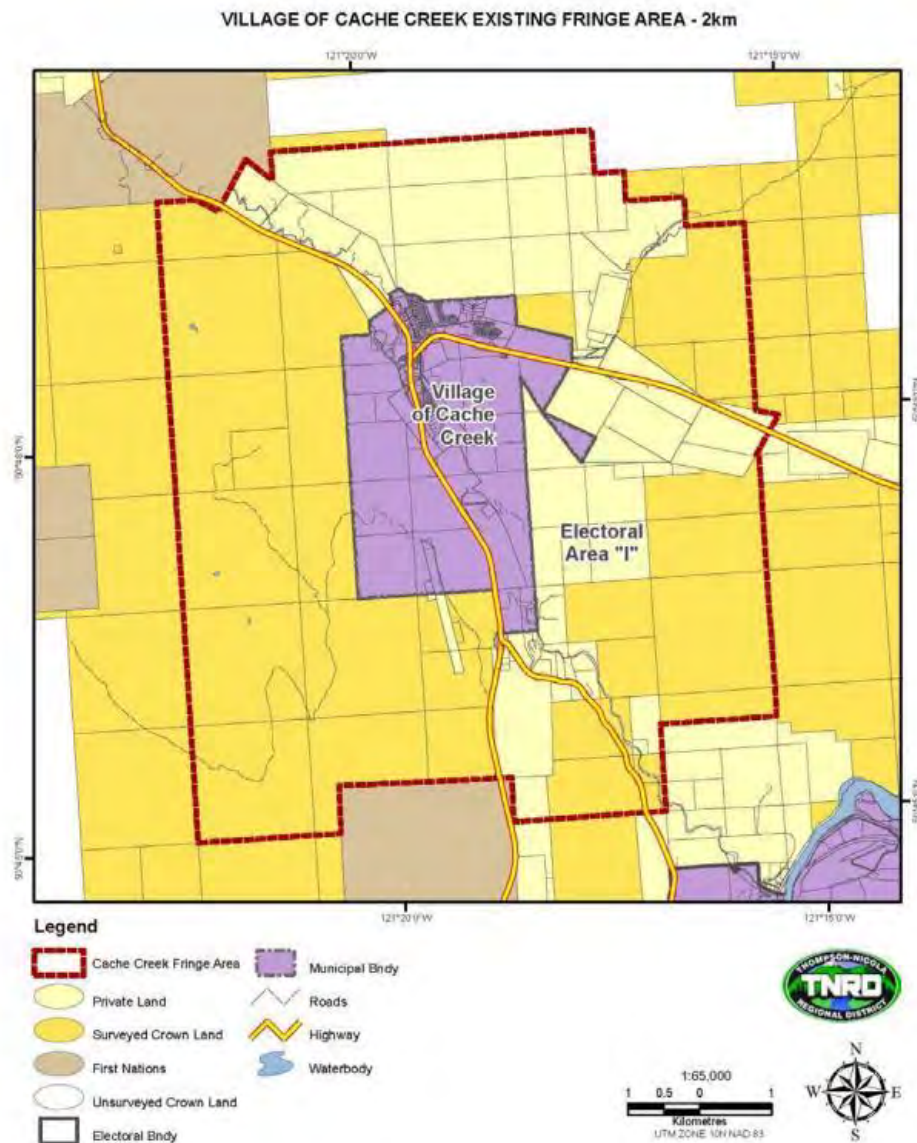


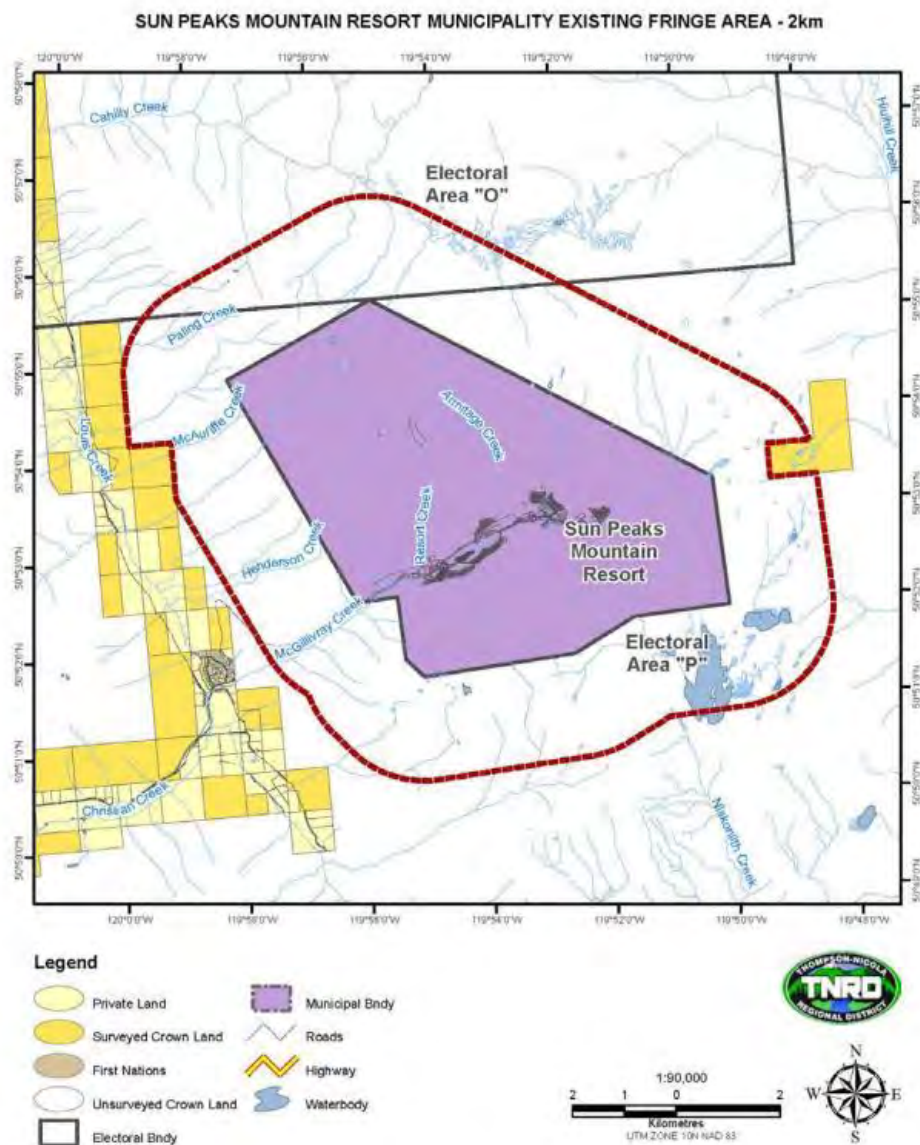




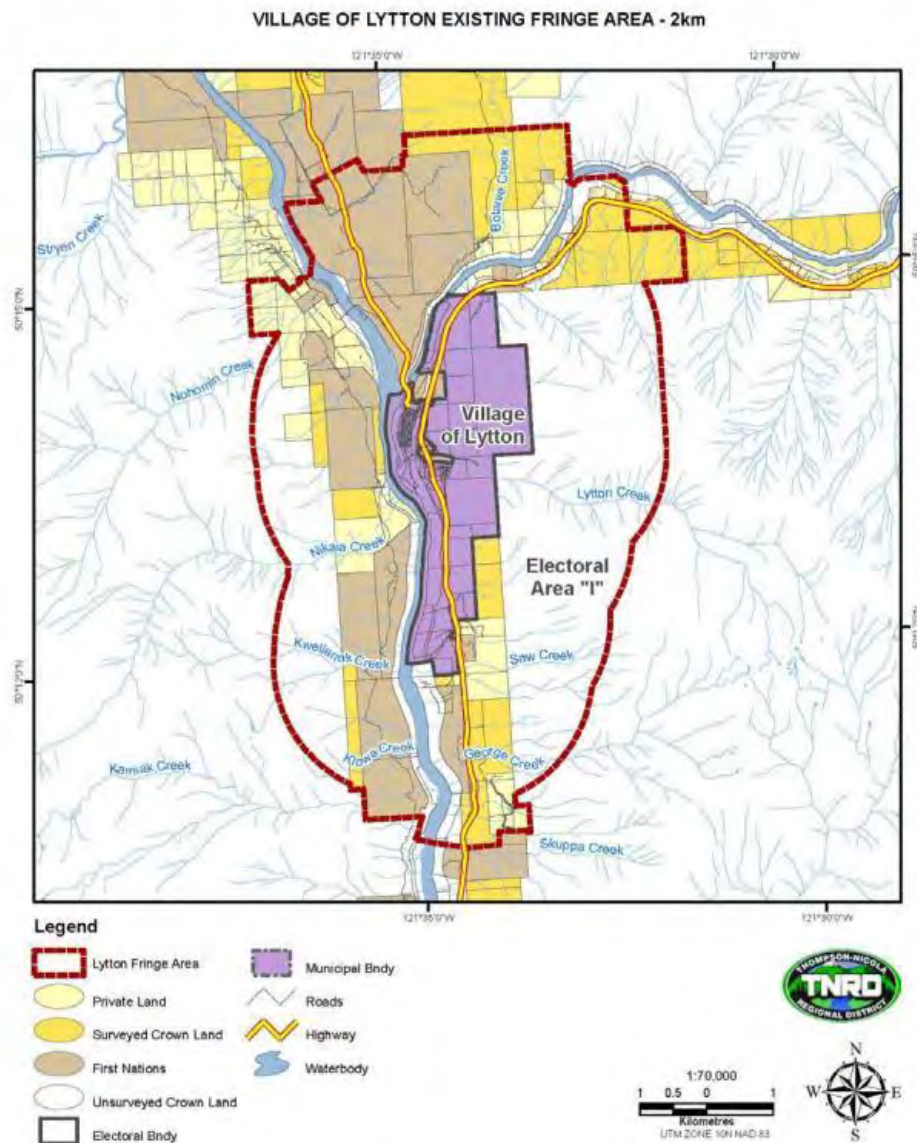












## Appendix K: RDNO Staff Report regarding Annexation Application in Electoral Area “B”





**REGIONAL DISTRICT  
of  
NORTH OKANAGAN**

# REPORT

File No.: 13-0378-B-REF

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**TO: Electoral Area Advisory Committee**  
**FROM: Planning Department**  
**DATE: October 22, 2013**  
**SUBJECT: Annexation Application Referral from the City of Vernon**

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## **RECOMMENDATION:**

That it be recommended that the Board of Directors not support the annexation applications for the properties located at:

1. Lot 2, Plan 9046, Sec. 11, Twp. 8, O.D.Y.D., Except Plan 17810;
2. Lot 1, Plan 4127, Sec. 11, Twp. 8, O.D.Y.D., Except Plans 18251 and 27002;
3. Lot 1, Plan 5473, Sec. 11, Twp. 8, O.D.Y.D.;
4. Lot 2, Plan 4127, Sec. 11, Twp. 8, O.D.Y.D., Except Parcel A (DD 135367F and Plan 86367) and Plan 5473;
5. Lot 1, Plan 31211, Sec. 11, Twp. 8, O.D.Y.D.;
6. Lot A, Plan KAP70189, Sec. 11, Twp. 8, O.D.Y.D.;
7. Lot B, Plan KAP70189, Sec. 11, Twp. 8, O.D.Y.D.;
8. Lot 1, Plan 17810, Sec. 11, Twp. 8, O.D.Y.D.;
9. Lot 1, Plan 27002, Sec. 11, Twp. 8, O.D.Y.D.;
10. Lot 1, Plan 18251, Sec. 11, Twp. 8, O.D.Y.D.;
11. Lot A, Plan EPP21497, Sec. 11, Twp. 8, O.D.Y.D.;
12. Lot 2, Plan 1362, Sec.13, Twp. 8, O.D.Y.D.; and
13. Lot 3, Plan 1362, Sec.13, Twp. 8, O.D.Y.D.

## **DISCUSSION:**

Regional District received a referral from the City of Vernon regarding an annexation application for the following eleven properties in Electoral Area "B" (hereby referred to as the "Electoral Area "B" subject properties"):

1. Lot 2, Plan 9046, Sec. 11, Twp. 8, O.D.Y.D., Except Plan 17810;
2. Lot 1, Plan 4127, Sec. 11, Twp. 8, O.D.Y.D., Except Plans 18251 and 27002;
3. Lot 1, Plan 5473, Sec. 11, Twp. 8, O.D.Y.D.;
4. Lot 2, Plan 4127, Sec. 11, Twp. 8, O.D.Y.D., Except Parcel A (DD 135367F and Plan 86367) and Plan 5473;
5. Lot 1, Plan 31211, Sec. 11, Twp. 8, O.D.Y.D.;
6. Lot A, Plan KAP70189, Sec. 11, Twp. 8, O.D.Y.D.;
7. Lot B, Plan KAP70189, Sec. 11, Twp. 8, O.D.Y.D.;
8. Lot 1, Plan 17810, Sec. 11, Twp. 8, O.D.Y.D.;
9. Lot 1, Plan 27002, Sec. 11, Twp. 8, O.D.Y.D.;
10. Lot 1, Plan 18251, Sec. 11, Twp. 8, O.D.Y.D.; and
11. Lot A, Plan EPP21497, Sec. 11, Twp. 8, O.D.Y.D.

The City of Vernon has also referred an annexation application to the Regional District for the following two properties in Electoral Area “C” that are within the Agricultural Land Reserve (ALR) (hereby known as the “Electoral Area “C” subject properties”):

1. Lot 2, Plan 1362, Sec.13, Twp. 8, O.D.Y.D.; and
2. Lot 3, Plan 1362, Sec.13, Twp. 8, O.D.Y.D.

The Electoral Area Annexation Impact Study, Phase II has been completed and while it has not yet been reviewed and approved by the Board, those findings have been used during the evaluation of these annexation application referrals. The application for Electoral Area “B” includes 11 properties that total 6.9 hectares (15.07 acres) and have an assessment value of \$6,138,800. The application for Electoral Area “C” includes 2 ALR properties that have an area of 7.15 ha (17.67 acres) and an assessment value of \$175,331. The two applicants have indicated that the purpose of requesting inclusion within the City is to develop these lands in the future.

### **BACKGROUND/HISTORY:**

The Regional District of North Okanagan Electoral Areas “B” and “C” have experienced significant annexation application activity over the last 20 years. Between 2004 and 2009, the City of Vernon was successful in annexing approximately 1,950 hectares (4,825 acres) of land, which has resulted in a 13% reduction in Electoral Area “B” and “C” private lands over that period. A large proportion of those annexed lands are within the ALR. **Appendix “A”** includes a map of successful annexations since 2004. These annexation applications were for one or a few properties and not part of a more comprehensive boundary review process.

Concerns have been expressed by the Electoral Area Directors regarding the impact that the loss of these annexed lands is having on the financial sustainability of unincorporated service provision, the identity and fabric of their communities, the loss of productive agricultural lands, shifts in political representation and loss of control of land use decisions, especially regarding suburban sprawl within fringe areas.

The Regional District commissioned Urban Systems to undertake the Electoral Area Annexation Impact Study and the initial findings of Phase I concluded that small, incremental annexations have become more prevalent over the last 10 years and that small annexations do not appear to receive the level of scrutiny that a large boundary restructure would require.

The City of Vernon has submitted seven annexation applications to the Ministry of Community, Sport and Cultural Development since September 2009, although the Ministry has yet to grant the City the authorization to advertise these applications. **Table 1** provides a summary of the annexation applications the City has submitted to the Province that have not been authorized to date.

**Table 1: City of Vernon Annexation Applications with the Province**

Applicant Name	Property Address	Electoral Area	Parcel Size (acres)	Date Application was Sent To Province
Avanti Investment Inc.	6162 Pleasant Valley Road	"B"	1.3	April 27, 2013
Ley Christensen	4403 Mutrie Road	"C"	0.41	September 27, 2011
Lawrence Montgomery; Joanne James	5902 Pleasant Valley Road	"B"	1.67	April 27, 2011
Dwight Cousins; Paul Cousins	7025 Herbert Road & 7110 Bates Road	"C"	6.66	April 27, 2011
Martin & Frances Vegt; James and Susan Gledhill	5241 & 5277 Silver Star Road	"B"	3.78	September 27, 2011
Tim & Maureen Caswell; Michelle Crawford	4815 Silver Star Road	"B"	0.34	September 27, 2011
Berk & Trish Shaw; Joanne Rempel; Vernon Congregation of the Church of God	5930 & 5932 Star Road; 5921 Silver Star Road	"C"	0.85	September 21, 2011 & June 12, 2012
Bryan Klein	5718 Barker Road	"C"	0.38	In process - condition of submittal was Regional District support; City of Vernon rescinded this requirement on Sept. 23, 2013.
TOTAL		"B" & "C"	15.39	

As a condition of submission to the Province, the City of Vernon required Regional District support for the annexation application for the Electoral Area "C" parcel at 5718 Barker Road. This annexation application was referred to the Regional District of North Okanagan Board of Directors. At its Regular Meeting of January 2, 2013, the Board passed the following resolution:

*"That the annexation application for Lot 3, Sec 12, Twp 8, O.D.Y.D., Plan KAP19676 and located at 5718 Barker Road, Electoral Area "C" not be supported; and further,*

*That a letter be sent to the City of Vernon providing consent, under Section 13 of the Community Charter, for the extension of municipal sanitary sewer service to Lot 3, Sec 12, Twp 8, O.D.Y.D., Plan KAP19676 and located at 5718 Barker Road, Electoral Area "C" for health and environmental reasons."*

City of Vernon Council removed the requirement for Regional District support on September 23, 2013 by adopting the following resolution:

*"AND FURTHER, that Council support the request from Bryan Klein that Council rescind the portion of their resolution passed on October 22, 2012 that required the support of the Regional District of North Okanagan as a condition of Council support of Bryan Klein's annexation application for Lot 3, Plan KAP19676, Sec.12, Twp. 8, O.D.Y.D.;*

*AND FURTHER, that Council direct the Bryan Klein annexation application for Lot 3, Plan KAP19676, Sec.12, Twp. 8, O.D.Y.D. be forwarded to the Province with a request that authorization to advertise be granted;*

*AND FURTHER, that staff be authorized to process the legal agreement and the sanitary sewer connection to the Klein property in accordance with Council's resolution of October 22, 2012."*

The City of Vernon is proceeding with submitting the annexation application for 5718 Barker Road to the Province for authorization without Regional District support.

## **PLANNING ANALYSIS:**

The City of Vernon Annexation Policy (attached to this report) states "*Applications will be reviewed in context with the Official Community Plan 2008*". The City of Vernon OCP (2008) acknowledges that a 'property by property' annexation '*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*'. The two annexation applications are a continuation of the practice of small annexations that "reflect individual property interests" as opposed to a more comprehensive examination of City of Vernon boundary adjustment.

The Electoral Area Annexation Impact Study, Phase II has also identified that small annexations with high assessment values can lead to a "high vulnerability" with regard to service provision, especially the BX/Swan Lake Fire Protection Service.

The RGS, approved in September 21, 2011, includes reference to annexations in relation to land use. Policy UC-1.2 includes the provision that local and regional government will respect the Rural Protection Boundary and Rural Protection Area when reviewing annexation proposals.

In regards to the subject annexation applications, the relevant Provincial, Regional District and City of Vernon policies has been summarized in **Appendix "B"**.

### *Electoral Area "B" Subject Properties:*

The first application represents 3 Commercial (C.1), 7 Residential (R.1) and 1 Commercial/Residential (C.1/R.1) zoned properties in Electoral Area "B" and adjacent to Silver Star Road and the eastern City boundary. A total area of 6.9 hectares (15.07 acres) is the subject of this application.

The applicant, Bjorn Edblad, has indicated that the primary purpose in applying for annexation on behalf of six of the eleven properties is to develop an adult-oriented bare land strata residential subdivision.

According to the annexation application, seven properties are in favour and four properties are opposed to the annexation (67%). The application includes the property on which Butcher Boys is sited and owner Tamray Enterprises Ltd is opposed to this application. The four properties owned by Tamray Enterprises Ltd. were recently consolidated to facilitate the expansion and redevelopment of the Butcher Boys grocery store. This consolidation has increased the number of properties in favour of annexation from 50% to 67%, which now conforms with the City's policy on annexation (51% of properties in favour). The British Columbia Assessment Authority (BCAA) has valued the subject properties at \$6,138,800.

These properties are included within a Regional Growth Strategy (RGS) Growth Area and can be developed to an urban standard (lot sizes below 1.0 ha when serviced with both water and sewer utilities). The City of Vernon has a policy that does not allow for the extension of services outside of municipal boundaries. Exceptions to this policy include providing sanitary services to the District of Coldstream, Indian Reserve #6 and several properties along Pottery Road.

*Electoral Area “C” Subject Properties:*

The second application represents 2 ALR parcels within Electoral Area “C” which are designated Agricultural and zoned Country Residential (C.R). These properties have an area of 7.15 ha (17.67 acres). The subject properties are located on the east side of Silver Star Road, south of the City of Vernon Foothills Neighbourhood to the north and are otherwise surrounded by Electoral Area “C” that are within the ALR, are zoned Country Residential (C.R.) and have an Agricultural designation. The BCAA has valued these two subject properties at \$175,331.

The applicant, Craig Broderick, has indicated that the primary purpose in applying for annexation of these two ALR parcels is for inclusion within the Foothills Neighbourhood Plan and consideration in other City of Vernon planning processes. According to the application, the subject properties will continue to be used for agriculture but have “the potential for road improvements, trail realignments and possible future development based on community need.”

*ALR Concerns:*

Phase I of the Electoral Area Annexation Study engaged in a review of recent City of Vernon annexation applications that were approved by the Province. In all cases where annexations were proposed for lands within the ALR, the Agricultural Land Commission (ALC) did not support these applications due to potential pressures for ALR exclusions within the urban fringe area.

The Electoral Area Annexation Impact Study: Phase II explored loss of ALR after annexation. Property in the ALR is protected by provincial legislation irrespective of municipal boundaries, although the Study acknowledged the pressure to develop increases when municipal services, especially sanitary sewer, are provided. The Study has identified that the annexation of ALR lands have a “high vulnerability” for:

- ALR exclusion;
- Future urban development within the Rural Protection Area; and
- Additional conflicts along the urban-rural fringe area.

City of Vernon Official Community Plan (OCP), Rural Vernon Electoral Area “B” and “C” OCP and the RGS discourage the removal of ALR lands for residential, commercial or industrial purposes. In addition, the City’s OCP Policy 12.2 states that the “*City will direct new growth away from ALR lands and Rural/Agricultural lands to infill areas and redevelopment areas.*” The two ALR parcels that are adjacent to the southern boundary of the Foothills Neighbourhood Plan area have been identified by the applicant for potential development once within the City, which is inconsistent with Regional District and City of Vernon OCP policies, the RGS policies and the Rural Protection Area designation.

*Community Need:*

The City of Vernon Housing Needs Assessment (CitySpaces Consulting, August 2013) has identified 9,168 approved residential units and an available pre-zoned residential land supply within City boundaries that can accommodate residential development, at 200 units a year, for over 45 years. The current City residential lands inventory does not include infill development potential in established



neighbourhoods or residential development potential planned for the City Centre. The conclusion of the Study was *“The housing situation is unique in Vernon compared to other communities of the same size, due to the fact that the available land for residential development far exceeds the anticipated demand. Land constraint is not an issue in Vernon.”*

The annexation applications that have been referred both provide the rationale of increasing the development potential of these properties, although the Assessment has concluded that community need for additional developable residential lands will not be necessary in the long term, even with the construction of 400 residential units per year.

The Electoral Area “B” and “C” OCP is not supportive of annexations that cannot “provide statistical information or other evidence that there is insufficient idle land in greater Vernon to meet the demand for urban-type uses.”

#### Fringe Area Management:

The RGS has several policies that provide guidance on promoting compact complete communities, including development designed to minimize adverse effects on agricultural lands and the Rural Protection Area, protecting the character of rural areas by discouraging incompatible land uses, and that local and regional governments discourage proposals that are inconsistent with the RGS, OCPs, Rural Protection Boundaries or Areas. Although the RGS and Rural Vernon Electoral Area “B” and “C” OCP do not specifically address fringe area management, both documents have policies regarding the protection of character of rural lands and encouraging compatible land uses.

The City’s OCP, as specified in policy 21.2, states that *“residential intensification shall not be encouraged at the periphery of the city”*, which is consistent with the RGS and the Electoral Area “B” and “C” OCP. Both annexations application may result in residential intensification at the City’s rural/urban fringe area.

#### Conclusions:

The annexation applications appear to be inconsistent with the City of Vernon OCP, Rural Vernon Electoral Area “B” and “C” OCP and Regional District Policy LU047.

### **FINANCIAL/BUDGETARY CONSIDERATIONS:**

#### BX/Swan lake Fire Protection Service Impacts:

All residents of Electoral Areas “B” and “C” contribute to regional, sub-regional and local services financially and the continued removal of properties from the Electoral Areas potentially reduces the financial sustainability of some of these services. A financial impact analysis of the annexation of the subject property has not been included within this report, although Urban Systems, through Phase II of the Electoral Area Annexation Impact Study, has identified the BX/Swan Lake Fire Protection Service as vulnerable to continued removal of properties through annexation.

The total assessment value of the properties that are subject to these two annexation applications is \$6,314,131. These properties are within the BX/Swan Lake Fire Protection Service and the impact to the service is summarized in **Table 2**.

**Table 2: BX/Swan Lake Fire Protection Service Financial Impacts - Annexation Applications**

	Assessment Value (\$)	Mill Rate per \$1,000	Total Contribution to BX/Swan Lake Fire
Service Area	\$530,351,333.00		\$532,355.39
<b>City of Vernon Annexation Applications</b>			
Residential	\$3,061,000.00	0.9102	\$2,786.12
Commercial	\$3,077,800.00	2.2300	\$6,863.49
Agricultural	\$175,331.00	0.9102	\$159.59
TOTAL	\$6,314,131.00		\$9,809.20
<b>% of contribution</b>			<b>1.8%</b>

Although these 13 properties that are the subject of 2013 annexation application represent 1.8% of the BX/Swan Lake Fire Protection Service financial contribution, the Regional District's primary concern is the cumulative impacts of incremental annexation on the sustainability of Electoral Area service provision.

#### Cumulative Impacts

The Province considers significant impact of an annexation proposal on Regional District services to range from five to ten per cent of the Electoral Area service area. Although the removal of 13 properties from Electoral Areas "B" and "C" would not meet this test, it must be noted that the City of Vernon has annexed approximately 1,950 hectares (4,825 acres) of Electoral Area "B" and "C" between 2004 and 2011 without a comprehensive boundary review. The total loss of private lands for Electoral Areas "B" and "C" over the last 10 years are summarized in **Table 2**.

**Table 2: Annexation of Electoral Area lands (2004-2011)**

	Private Land Area (2004)	Private Land Area (2013)	Area Annexed <sup>1</sup> (2004-2013)	Approximate Change
Electoral Area "B"	9,905 ha	8,075 ha	1,830 ha	-18.40%
Electoral Area "C"	5,281 ha	5,128 ha	123 ha	-2.30%
TOTAL	15,186 ha	13,203 ha	1,953 ha	-12.86%

The Province does not consider the cumulative service impacts of municipal boundary expansion through incremental "parcel by parcel" annexation activity<sup>2</sup>. The applications that are the subject of this referral or are currently with the Province would constitute a loss of an additional 19.4 hectares (48 acres) of Electoral Area lands from the local service area.

<sup>1</sup> The properties that have annexation applications submitted to the Province but are not authorized are not included.

<sup>2</sup> Personal communication, Ministry of Community, Sport and Cultural Development, Governance and Structure Branch, October 22, 2013.

## SUMMARY:

The annexation referral for 11 properties in Electoral Area "B" and 2 properties in Electoral Area "C" are not consistent with Regional District Policy LU047 and the Rural Vernon Electoral Area "B" and "C" Official Community Plan. The list of concerns includes:

- The inclusion of Agricultural Land Reserve properties into the City of Vernon with the purpose of urban development, which is not supported by the City of Vernon OCP, Electoral Area "B" and "C" OCP and Regional Growth Strategy;
- Continuing to expand the City boundary for the purpose of development when the City of Vernon Housing Needs Assessment has specified that the City has sufficient zoned and/or approved residential lands for 45 years (excluding City Centre densification and redevelopment opportunities);
- Requiring property owners not in favour of the application to be included within the City without adequate public consultation; and,
- Continuing a "parcel by parcel" approach to boundary expansion which has resulted in the annexation of 1,950 ha (4,825 acres) of Electoral Area lands since 2004 without a more comprehensive and rigorous Municipal Boundary Restructure Study.


---

Submitted by:

  
Anthony Kittel, Regional Growth Strategy Coordinator

**Approved For Inclusion:**

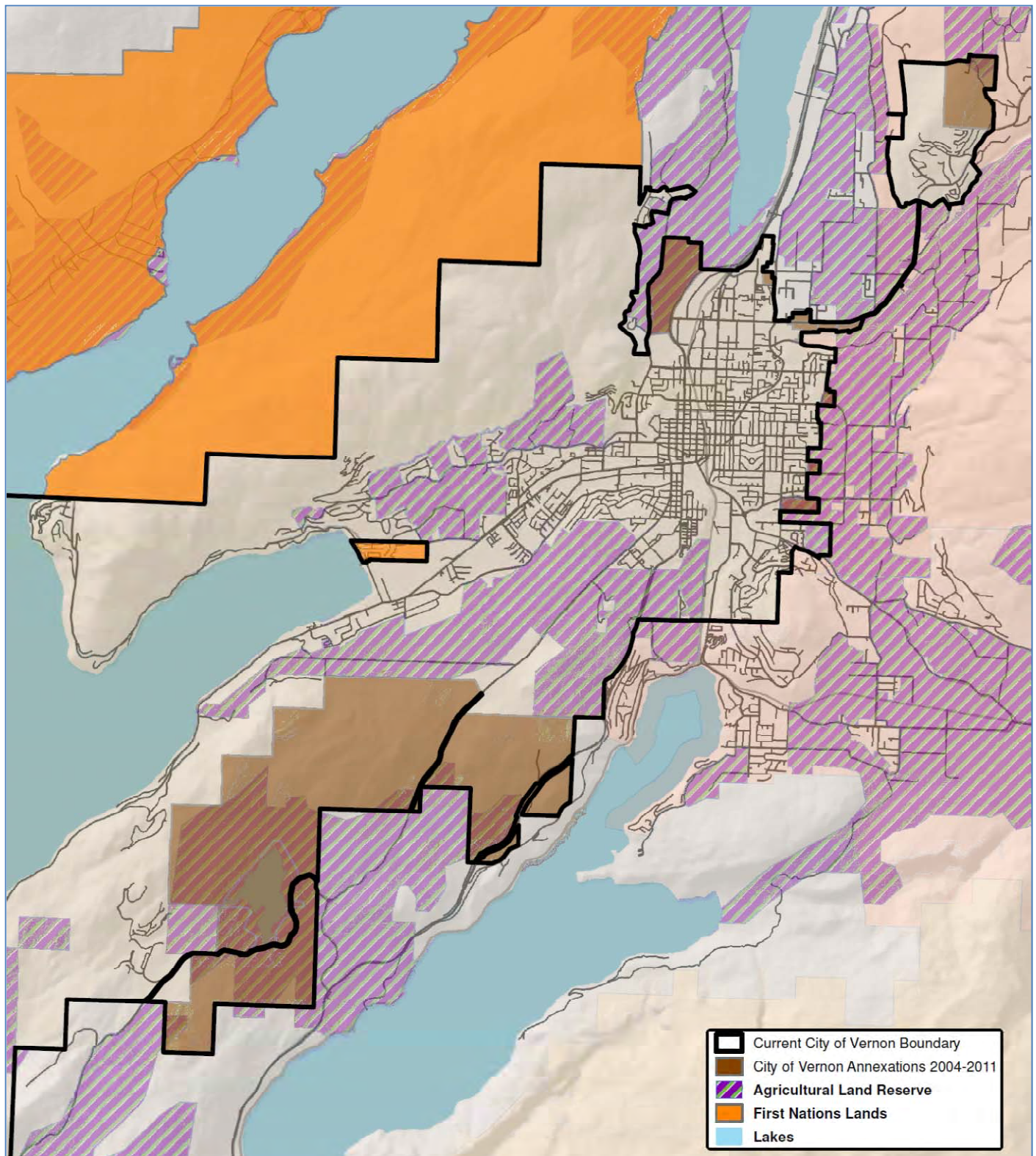
Endorsed by:

  
Rob Smailes, MCIP  
General Manager, Planning and Building

  
Trafford Hall, Administrator



**Appendix “A”: Map of City of Vernon Annexation Activity (2004-2011)**



## **Appendix “B” Relevant Policy**

### **PROVINCIAL LEGISLATIVE CONTEXT<sup>3</sup>**

The *Local Government Act* outlines the legislative requirements for municipal boundary extensions. The Ministry of Community, Sports and Cultural Development has created handbooks to assist municipalities and land owners in the process.

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.

The Guide describes the roles and responsibilities of the Ministry, municipality and regional district in a boundary extension process.

The Municipal Boundary Extension Process Guide (2010) outlines the steps for submitting a municipal boundary extension for provincial approval. The Guide provides extensive information on consulting with the regional district on 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.

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.

These tests are suited to block annexations or major municipal boundary restructures and not ‘parcel by parcel’ annexation proposals.

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<sup>3</sup> Draft Annexation Impact Study, Phase I, Urban Systems, 2011

## **EXISTING POLICY:**

### **REGIONAL DISTRICT POLICY NO. LU047:**

Municipal Annexation Policy No. LU047 established that the Regional District would generally support annexation applications that were consistent with the following criteria:

- Sufficient public consultation opportunities were provided to affected residents;
- Consistent with the Official Community Plan;
- Analysis of Electoral Area service impacts;
- Block annexations that are consistent with established social neighbourhoods; and/or,
- Follow logical servicing boundaries established by a servicing study or are within an 'Urban Containment Boundary' as defined by the OCP.

### **RURAL VERNON OFFICIAL COMMUNITY PLAN:**

The Rural Vernon Official Community Plan also provides the following Boundary Adjustment Area Policies.

1. *The Regional District recognizes the 'Ultimate Boundary' as defined by the City of Vernon which could potentially incorporate all the properties within the area of the "Rural Vernon Official Community Plan" into the City of Vernon and correspondingly, the Regional District also recognizes that other adjoining municipalities may likewise initiate an annexation proposal over land within Electoral Areas 'B' and 'C'.*
2. *Notwithstanding consideration of the 'Ultimate Boundary for the City of Vernon', the Regional District supports an 'Urban Containment Boundary' around the municipalities in greater Vernon as shown on Schedules 'B' and 'C' with the following policies:*
  - 2.1 *Urban-type uses and new land developments should be permitted on land within the 'Urban Containment Boundary' and with the exception of the Swan Lake Commercial District, these lands should be considered for development only after the subject lands have been annexed into a municipality.*
  - 2.2 *For the long-term, land outside the 'Urban Containment Boundary' within the Electoral Areas 'B' and 'C' should be designated either for Agricultural or as Rural Lands while recognizing the commercial, industrial and institutional policies as outlined in this Plan; and*
  - 2.3 *Notwithstanding this long-term planning policy, the Regional District will consider an amendment to this Plan and to the 'Urban Containment Boundary' where an applicant has provided statistical information or other evidence that there is insufficient idle land in greater Vernon to meet the demand for urban-type uses.*

### **CITY OF VERNON OFFICIAL COMMUNITY PLAN (2008):**

The City of Vernon Official Community Plan outlines the procedure for which the consideration of annexations should take place. The Official Community Plan also provides a map of a proposed ultimate City of Vernon boundary. The City of Vernon identified the issues associated with the subject annexation request within Section 21 of the OCP: "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" (pg. 112).*

Section 21 of the OCP also includes the following statement:

*"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."*

The City of Vernon is anticipated to begin a OCP Review in 2013 and, as a component of that planning effort, a Municipal Boundary Restructure Study may be undertaken as specified by the following OCP policy:

- 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."*

#### **REGIONAL GROWTH STRATEGY BYLAW NO. 2500, 2011:**

The Regional Growth Strategy Bylaw No. 2500, 2011 provides a regional policy framework that was the result of a partnership between all of the communities within the North Okanagan. Local land use decisions should be consistent with the policies of the Regional Growth Strategy.

The eleven Electoral Area "C" properties have a Regional Growth designation and the following RGS policies apply:

**UC-1.1:** *areas designated as Growth Areas are to be fully serviced with community water and sewer systems and can accommodate a broad range of urban land uses at urban densities.*

**UC-1.2:** *promote compact, complete community design.*

The two Electoral Area "C" subject properties are located within the designated Rural Protection Area and within the Agricultural Land Reserve and therefore should not be considered for 'urban levels' of development. The following Regional Growth Strategy policies are applicable:

**UC-1.2: (9)** *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;*

**UC-2.1:** *designate Rural Protection Boundaries, consistent with the Regional Growth Strategy, within Official Community Plans for the purpose of protecting lands within the Rural Protection Area. Lands designated as Rural Protection Areas are intended to accommodate low density development on larger (1 hectare and greater) parcels of land that are not serviced with both community water and sewer systems.*

**UC-2.4:** *discourage the provision of, or expansion of, community water and/or sewer service to the Rural Protection Area unless supported for health or environmental reasons or servicing current levels of development and only where such services do not result in additional development that will require further rural expansion of water and/or sewer infrastructure.*

**UC-2.7:** *protect the character of rural areas.*

**AG-2.1:** *through Official Community Plans, discourage the removal or subdivision of Agricultural Land Reserve (ALR) lands.*

**AG-2.4:** *the Agricultural Land Commission is encouraged to coordinate with the Regional District of North Okanagan and member municipalities to ensure consistency between the Regional Growth Strategy and Agricultural Land Commission decisions and policies.*

Although the Regional Growth Strategy does not directly address annexation proposals, it does provide policy direction on appropriate land uses and the provision of services within the Growth Area and Rural Protection Area.



## THE CORPORATION OF THE CITY OF VERNON

City File: 3370-20-27 (ANX00022)

October 2, 2013

Regional District of North Okanagan  
9848 Aberdeen Road  
Coldstream, BC  
V1B 2K9

Attention: Trafford Hall, CAO

Dear Sir:

**Re: Annexation application for the following eleven properties:**

1. Lot 2, Plan 9046, Sec.11, Tp.8, ODYD, Except Plan 17810
2. Lot 1, Plan 4127, Sec.11, Tp.8, ODYD, Except Plans 18251 and 27002
3. Lot 1, Plan 5473, Sec.11, Tp.8, ODYD
4. Lot 2, Plan 4127, Sec.11, Tp.8, ODYD, Except Parcel A (DD 135367F and Plan B6367) and Plan 5473
5. Lot 1, Plan 31211, Sec.11, Tp.8, ODYD
6. Lot A, Plan KAP70189, Sec.11, Tp.8, ODYD
7. Lot B, Plan KAP70189, Sec.11, Tp.8, ODYD
8. Lot 1, Plan 17810, Sec.11, Tp.8, ODYD
9. Lot 1, Plan 27002, Sec.11, Tp.8, ODYD
10. Lot 1, Plan 18251, Sec.11, Tp.8, ODYD
11. Lot A, Plan EPP21497, Sec.11 Tp.8, ODYD

The City of Vernon has received annexation applications from the owners of seven of the eleven properties described above and as illustrated on Attachment 1. In order to meet the provincial criteria for municipal boundary extensions, the proposed annexation area encompasses eleven properties and adjacent provincial roads fronting those properties.

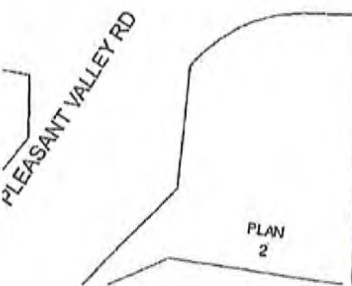
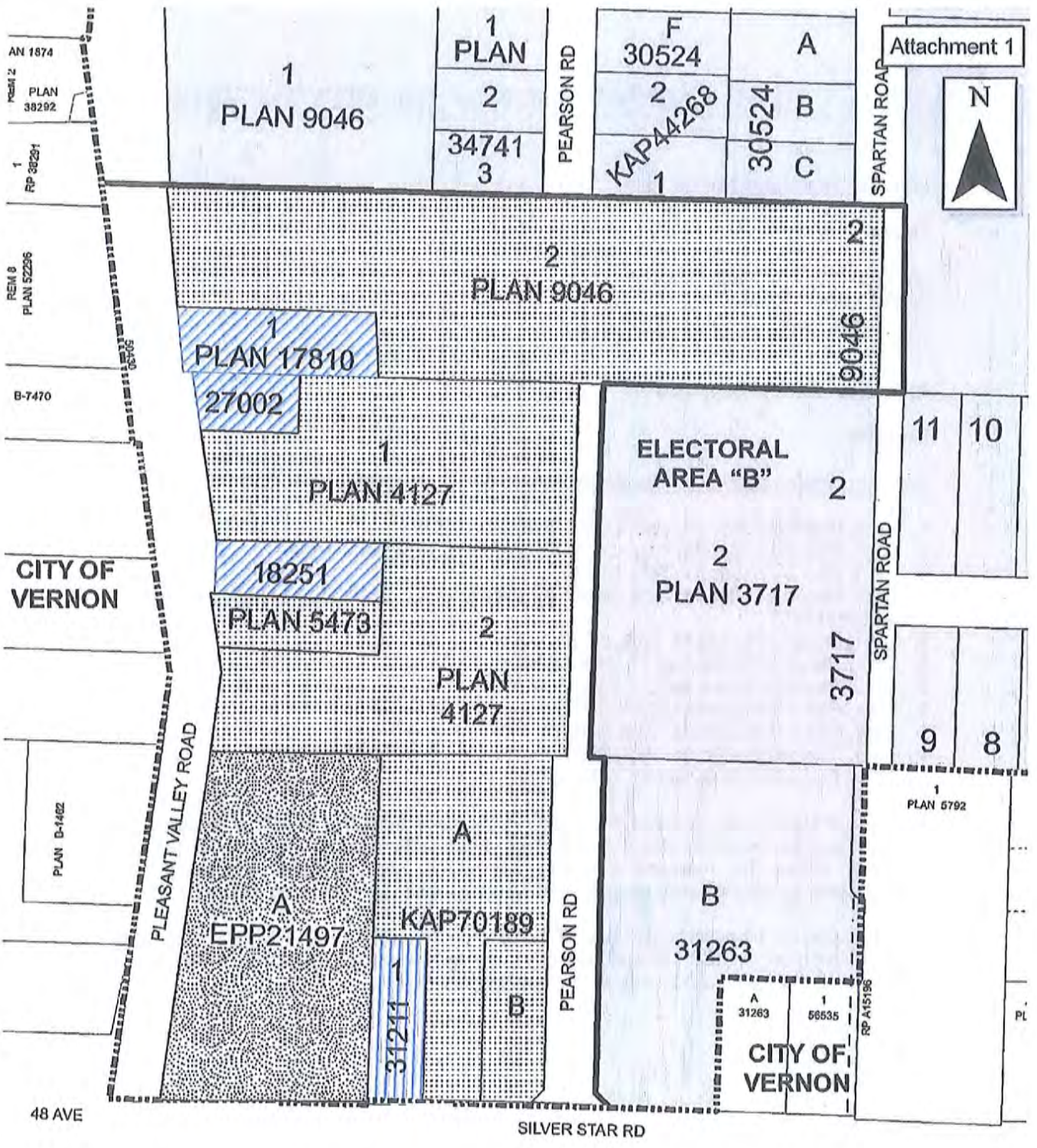
Please review the proposed annexation of the subject properties and provide your comments prior to November 8, 2013. Should you have any questions regarding this matter, please contact the undersigned at 250-550-3575 or [drintoul@vernon.ca](mailto:drintoul@vernon.ca).

Yours truly,

Dale Rintoul  
Approving Officer / City Planner

cc: Patti Bridal, Director, Corporate Services (email)  
Kim Flick, Director, Community Development (email)  
Rob Miles, Long Range Planner (email)





**Annexation Application (File: 3370-20-27)**

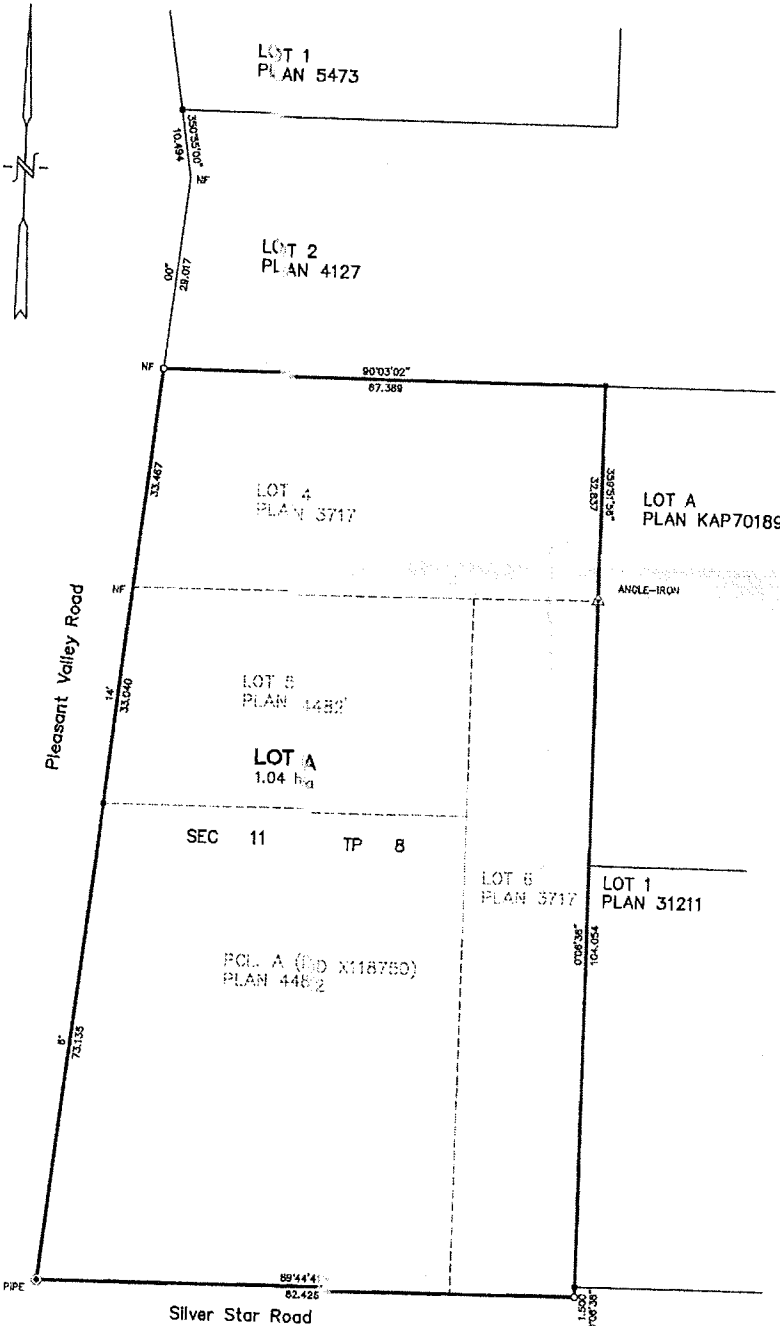
	Proposed Annexation Boundary (11 Subject Properties in Total)		Lands within RDNO
	Annexation Applications from Owners of 6 Properties		Lands within City of Vernon
	Not in Favour of Annexation		City of Vernon Boundary
	Annexation Application in Progress		
	4 Lots Consolidated - Not in Favour		

**REFERENCE PLAN OF CONSOLIDATION OF LOT 5  
& PCL. A (DD X118750) OF PLAN 4482; and  
LOTS 4 & 6 OF PLAN 3717; ALL OF SEC 11,  
TP 8, ODYD.**

**PLAN EPP21497**

Pursuant to Section 100(1)(b) of the Land Title Act  
B.C.G.S. No. 82L.024

SCALE 1:500 (All distances are in metres and decimals thereof)



**LEGEND**

BEARINGS ARE ASTRONOMICAL AND ARE DERIVED FROM PLAN 4482.

- DENOTES: STANDARD TYPE 5 IRON POST FOUND
- ⊙ DENOTES: NON-STANDARD POST FOUND
- DENOTES: STANDARD TYPE 5 IRON POST PLACED
- △ DENOTES: ANGLE IRON POST FOUND

THIS PLAN LIES WITHIN THE REGIONAL DISTRICT OF NORTH OKANAGAN.

THE FIELD SURVEY REPRESENTED BY THIS PLAN WAS COMPLETED BY  
JASON R. SHORTT, B.C.L.S. ON THE 12th DAY OF JUNE, 2012.

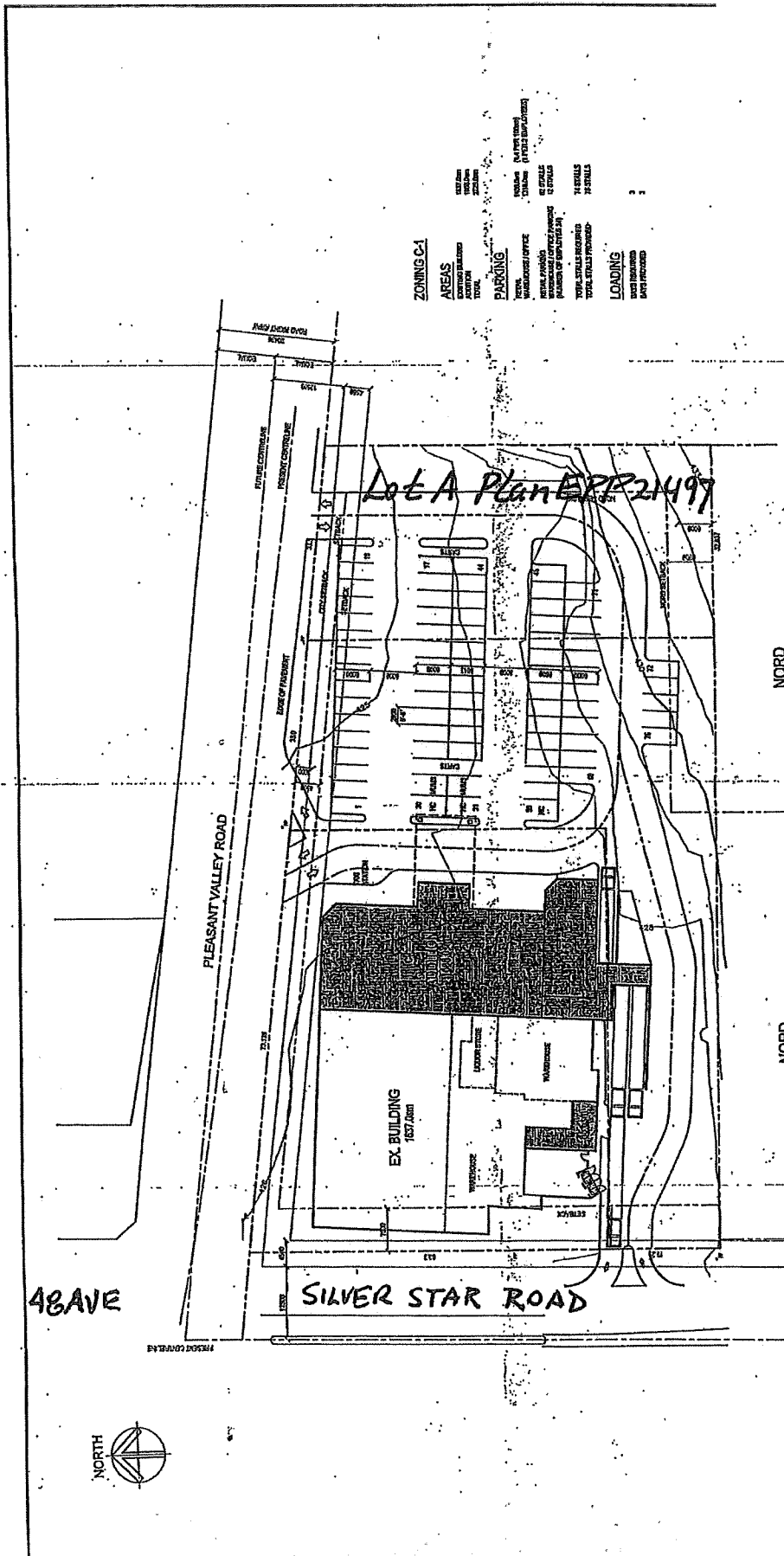
FOR # 137322 COMPLETED JUNE 13th, 2012.

**RUSSELL N. SHORTT**  
British Columbia Land Surveyor  
2801 32nd Street, Vernon, B.C.  
Phone: 345-0511 Fax 345-2741  
F.B. 1205 p72 R.N. 05538ref

**BUTCHER BOYS**  
4803 PLEASANT VALLEY RD., VERNON B.C.

**t.rta**  
ANDERSTADT & SÖDERSTRÖM  
6, KAMM - STRÄTAN  
171 33, 171 34, 171 35  
TEL. 08-736 10 00  
FAX 08-736 10 01  
www.t.rta.se

P.264





## Attachment 1



Downtown Realty Ltd.  
4007 - 32nd Street,  
Vernon, B.C. V1T 5P2  
Tel: (250) 545-5371 Fax: (250) 542-3381  
Toll Free: 1-800-434-9122  
Email: dtr@royallepagevernon.com  
HST #R101476638

The City of Vernon  
3400 - 30<sup>th</sup> Street  
Vernon, BC  
V1T 5E6

February 27, 2013

Dear Mayor and Councillors

Re: Annexation applications for properties by Pleasant Valley Road and Silver Star Road

I, Bjorn Edblad of Royal LePage Downtown Realty, have been appointed Agent for 6 properties wishing to be annexed into the City of Vernon. These 6 applications are attached herewith. In addition there is a 7<sup>th</sup> application already in the process since earlier and where the property owner is representing herself.

The owner of 5300 Pleasant Valley Road, 0769716 BC Ltd (marked #1 on the attached plan), is spearheading this application as they wish to develop it into a residential subdivision with preference to an adult oriented bare land gated strata community. The attached \$100 application fee is therefore provided by this owner.

As you can see from the attached plan, there were a total of 11 properties considered which are marked #1 to #11 inclusive. It should be noted that property #8 currently consist of four legal titles but has one owner, Tamray Enterprises Ltd which is in the process of amalgamating these four into one new lot for the purpose of expanding the present Butcher Boys store. Property #7 as mentioned above has a separate application in process – title search attached. The 7 properties marked in green are in favor of annexation as per attached applications while the 4 properties in white are not in favor of annexation = 64% in favor. The land area in favor is 11.40 acres compared to a total area of 15.07 acres = 75% in favor.

Please call or email should you have any questions or concerns.

Bjorn Edblad  
Royal LePage Downtown Realty  
Phone: 250-308-7134  
Email: bedblad@shaw.ca



## Septage Tax Exclusion Area

- ☐ Septage Tax Not Included
- ☐ CADPARCELS\_COV
- ☐ CADPARCELS\_PDNO
- ☐ Lakes

City\_Address\_Labels

First Nations Reserves

## Regional Districts

Regional District of North Okanagan

Other Regional Districts

संज्ञा पद

—

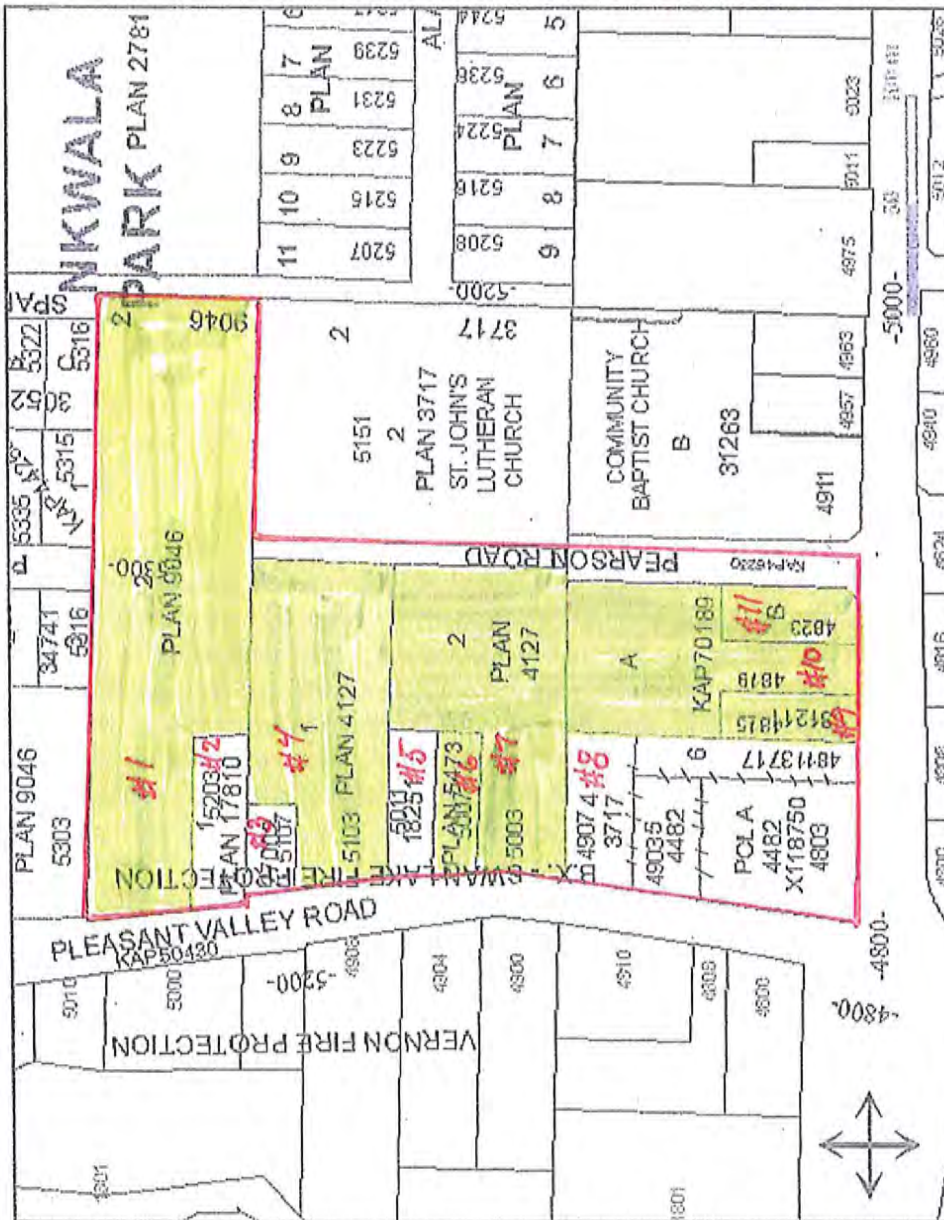
In-favour 7 = 64%

not in favour 4 36 2/3

Area interest =  $11.40\% = 75\%$

Free net interest = 367 = 24%

Total area 15.07 acre



Disclaimer: This map was compiled by RDNO, using data believed to be accurate; however, a margin of error is inherent in all maps. This product is distributed without warranties of any kind, either expressed or implied, but not limited to warranties of suitability of particular purpose or use.

Scale 1:3000

24 July 2012, 15:55

\* #8 is same owner & in the process of amalgamating into one lot (for redevelopment)





## THE CORPORATION OF THE CITY OF VERNON

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City File: 3370-20-28 (ANX00023)

October 2, 2013

Regional District of North Okanagan  
9848 Aberdeen Road  
Coldstream, BC  
V1B 2K9

**Attention: Trafford Hall, CAO**

Dear Sir:

**Re: Annexation application for Lots 2 & 3, Plan 1362, Sec.13, Tp.8, ODYD**

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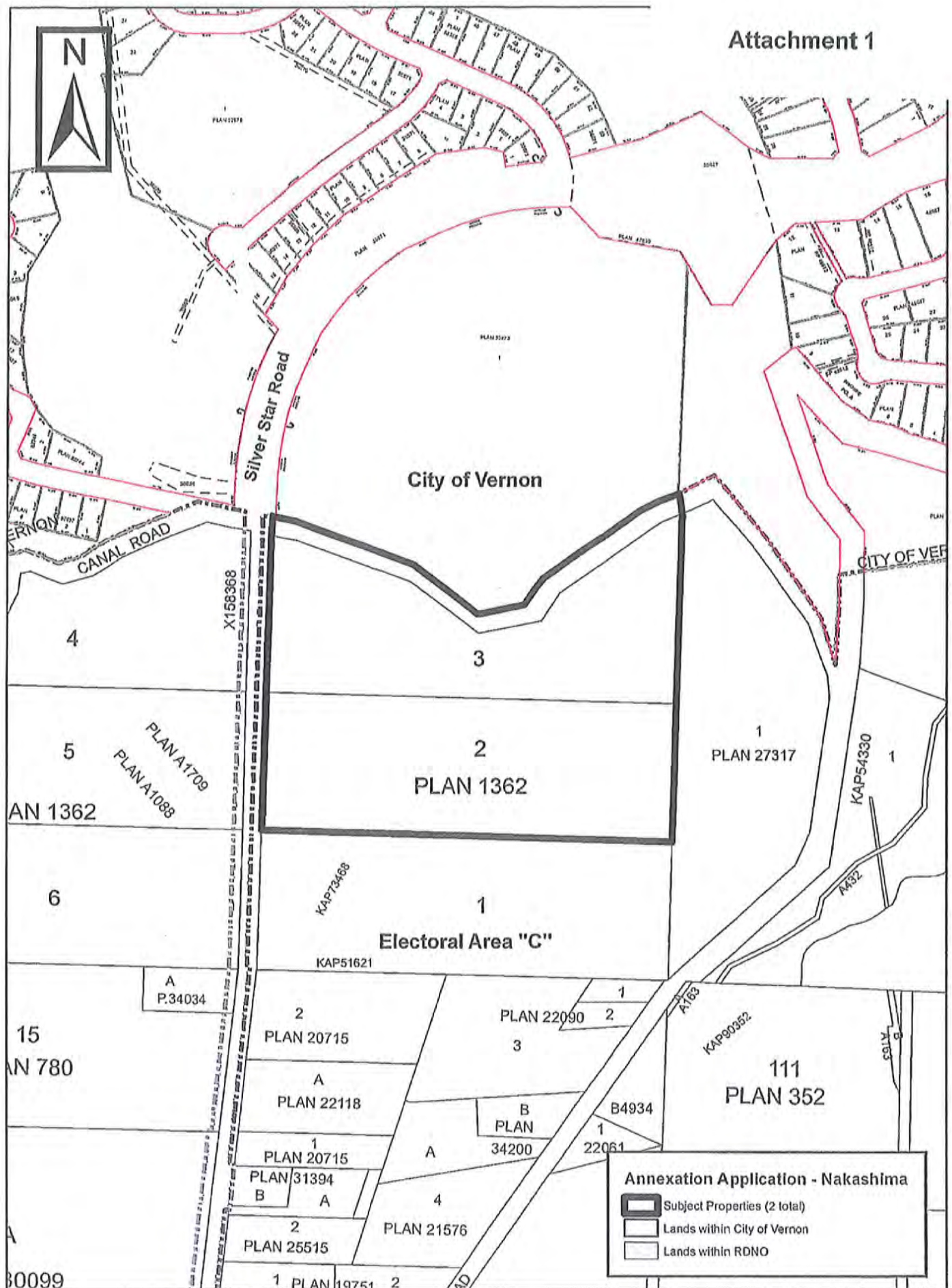
The City of Vernon has received annexation applications from the owners of the above described properties and shown on Attachment 1. Please review the applications and provide your comments prior to November 8, 2013.

Should you have any questions regarding this matter, please contact the undersigned at 250-550-3575 or [drintoul@vernon.ca](mailto:drintoul@vernon.ca).

Yours truly,

Dale Rintoul  
Approving Officer / City Planner

cc: Patti Bridal, Director, Corporate Services (email)  
Kim Flick, Director, Community Development (email)  
Rob Miles, Long Range Planner (email)







CORPORATION OF THE CITY OF VERNON  
3400 - 30<sup>th</sup> Street, Vernon, B.C., V1T 5E6  
ph: 250-545-1361  
fx: 250-545-5309  
Email: cdd@vernon.ca  
www.vernon.ca

## APPLICATION FOR ANNEXATION

DATE OF APPLICATION	March 15, 2013	CITY'S FILE NUMBER	
---------------------	----------------	--------------------	--

APPLICANT INFORMATION			
APPLICANT	NAME:	Craig Broderick - RE/MAX Commercial Solutions	PHONE: 250 503 3477
	ADDRESS:	5603-27th Street, Vernon, BC	FAX: 250 549 7007
	POSTAL CODE:	V1T 8Z5	E-MAIL: craig@globalwestcomm.ca
REGISTERED OWNER	NAME:	Foothills Developments Ltd.	PHONE:
	ADDRESS:	849 Fairweather Place, Vernon, BC	FAX:
	POSTAL CODE:	V1T 9B5	E-MAIL: fse@telus.net
REGISTERED OWNER	NAME:		PHONE:
	ADDRESS:		FAX:
	POSTAL CODE:		E-MAIL:

PROPERTY INFORMATION	
CIVIC ADDRESS	1. Silver Star Road (no address) 2. 6311 Silver Star Road
LEGAL DESCRIPTION	1. Lot 3, Sec. 13, Twp. 8 ODYD, Plan 1362 2. Lot 2, Sec. 13, Twp. 8 ODYD, Plan 1362
NUMBER OF PERSONS RESIDING ON THE SUBJECT PROPERTY	1. zero 2. 3
PROPOSED ZONING DESIGNATION	No change
PROPOSED OCP DESIGNATION	No change

DESCRIPTION OF PROPOSED DEVELOPMENT IF ANNEXED INTO CITY
No proposed development at this time - continued agricultural use. Owner would prefer to be within the City of Vernon so these lands can be considered as part of the Foothills Neighbourhood and associated planning processes. Subject properties offer potential for road improvements, trail realignments and possible future development based on community needs.

ENSURE ALL THE FOLLOWING ARE INCLUDED (AS APPLICABLE)			
APPLICATION CHECKLIST			
LOCATION PLAN OF SUBJECT AND SURROUNDING PROPERTIES (INCLUDING EXISTING USES)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	LOCATION PLAN OF SUBJECT PROPERTY IN REALATION TO THE CURRENT CITY BOUNDARIES	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
TITLE SEARCH (<30 DAYS OLD)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	PROPERTY ADJACENT TO RESIDENTIAL PROPERTIES	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
SCHEDULE "3" (APPOINTMENT OF AGENT)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	PROPERTY ADJACENT TO INDUSTRIAL PROPERTIES	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A
\$100.00 APPLICATION FEE PAID	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	PROPERTY AFFECTED BE AGRICULTURAL LAND RESERVE	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
DISCUSSED APPLICATION WITH PLANNING STAFF	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	PROPERTY ADJACENT TO RIPARIAN FEATURES	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A

Applicant Name: Craig Broderick  
(Please Print Clearly)

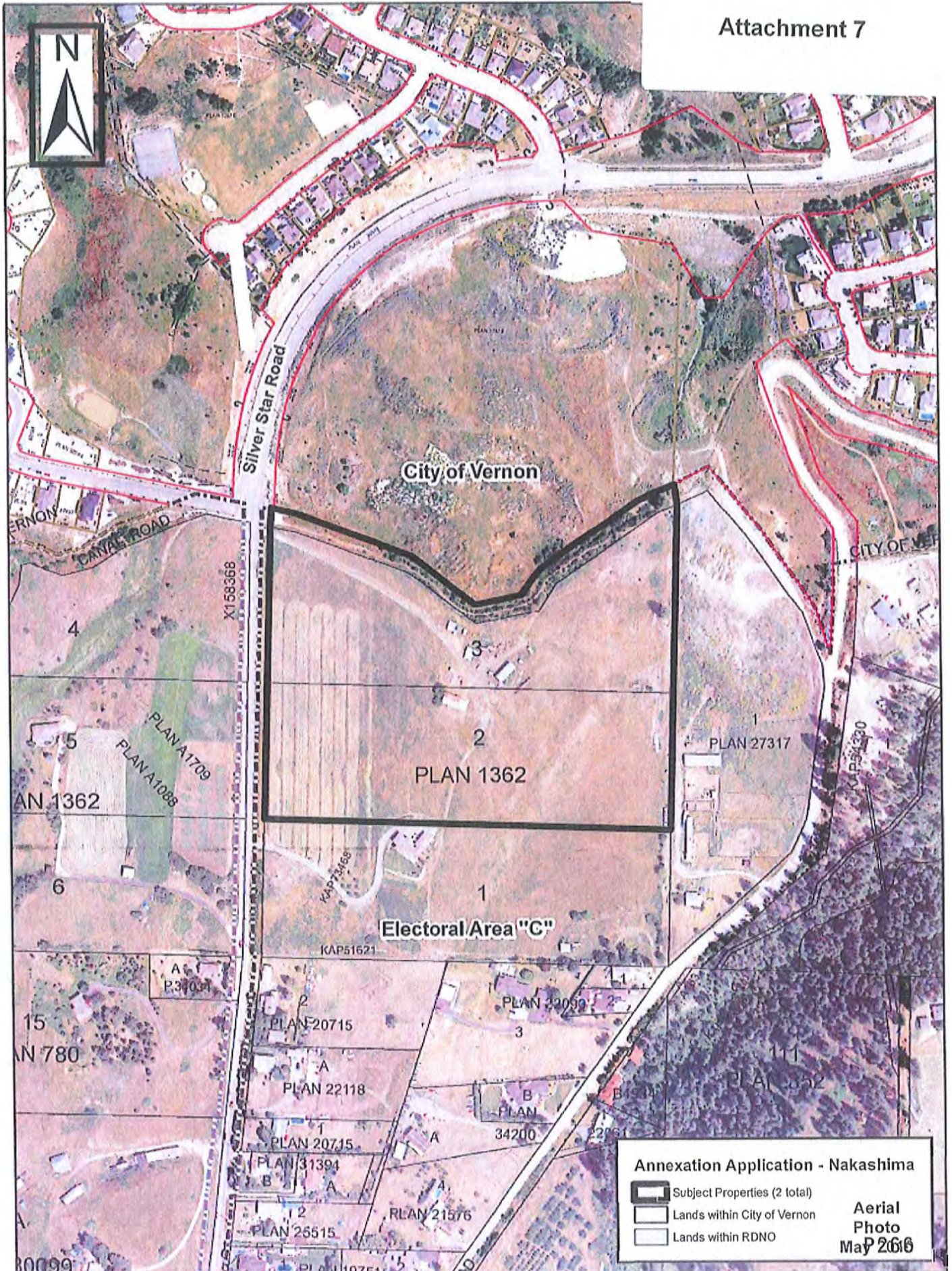
Applicant's Signature:

Comments	For Office Use
	DATE RECEIVED:
	RECEIVED BY:
	ROLL No:
	PROSPERO No.:

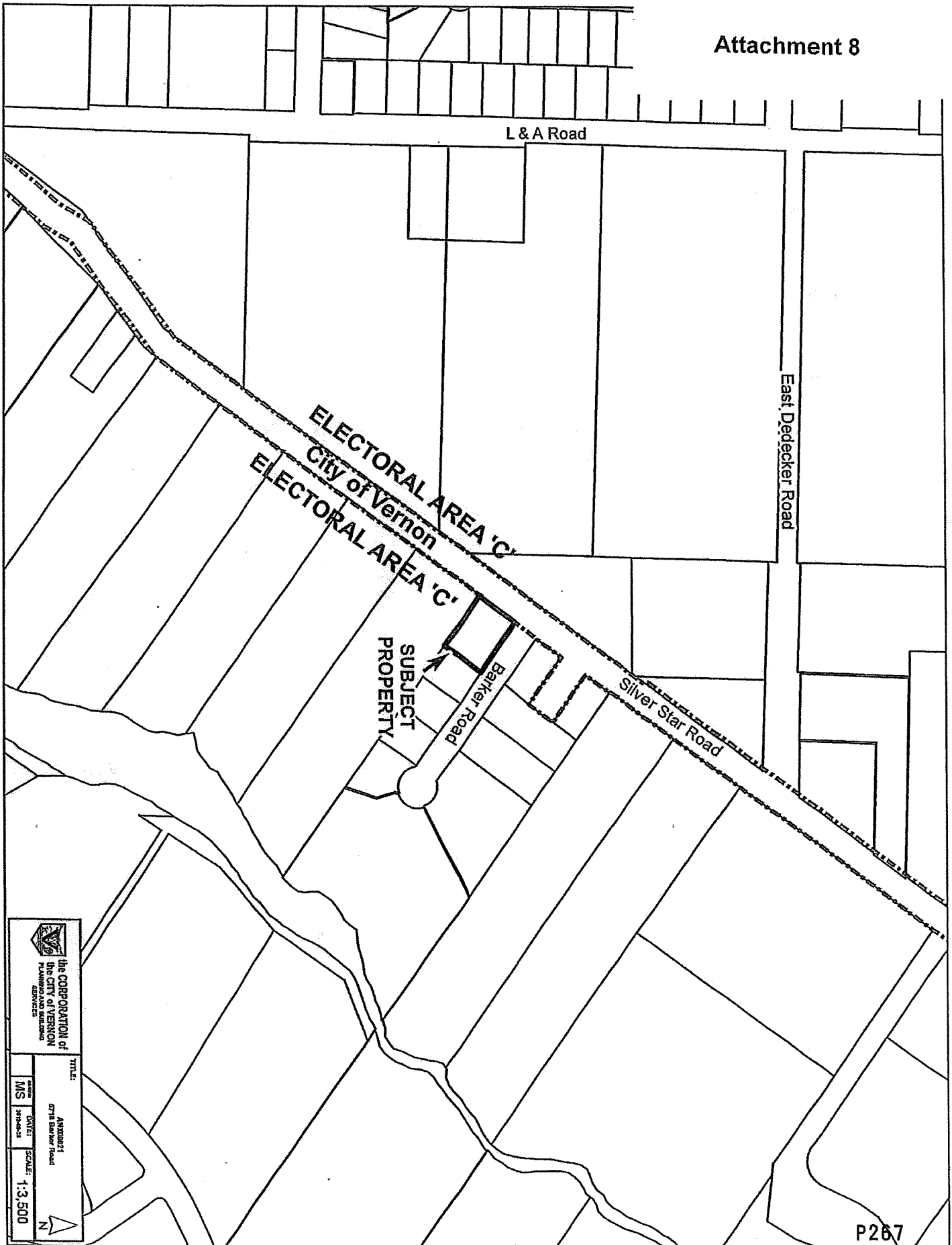
NOV-20-2009


Personal information contained on this form is collected under the Freedom of Information and Protection of Privacy Act and will be used only for the purposes of responding to your request.









 the CORPORATION of the CITY of VERNON PLANNING AND BUILDING DIVISION	
TITLE:	
APPROVED	DATE:
MS	1998-03
SCALE: 1:3,500	
N	

## Attachment 14

Dear Mr. Mayor Sawatzky and City Council

On Oct 22, 2012, Council passed a resolution supporting my application for annexation subject to the Regional District of North Okanagan Board also supporting it. I am asking to please reconsider your resolution and support my annexation without the subject of support from the Regional District.

Yours Truly,

Bryan Klein





## **POLICY**

Annexation applications will be reviewed on an annual basis, subject to the criteria identified below, to ensure that the intent of the Official Community Plan (OCP) 2008 is not eroded. An annual review will allow Council and staff to assess each annexation application in context with other proposed annexations and Official Community Plan amendments. In addition, this approach will enhance public awareness of proposed changes to the City's boundary.

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## **DEFINITIONS**

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## **PROCEDURES**

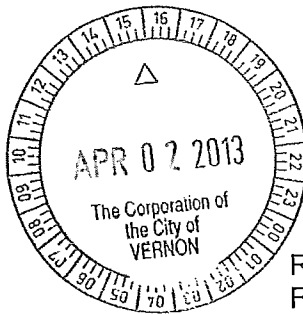
1. Applications for annexation applications will be processed annually. All applications received on or before March 01 will be considered during that calendar year.
2. Applications will be reviewed in context with the Official Community Plan 2008, proposed amendments to the Official Community Plan 2008, and the Government of British Columbia's *Municipal Boundary Extension Criteria, March 2010..*

## Appendix L: ALR Response to Annexation Application, 6231 Silver Star Road





March 25, 2013



**Agricultural Land Commission**  
133-4940 Canada Way  
Burnaby, British Columbia V5G 4K6  
Tel: 604 660-7000  
Fax: 604 660-7033  
www.alc.gov.bc.ca

Reply to the attention of Martin Collins  
File: 30987

Dale Rintoul, City Planner,  
City of Vernon  
3400 30<sup>th</sup> Street  
Vernon, B.C.  
V1T 5E6

Dear Sir

**Re: Boundary Extension Request for Lots 2 and 3, Plan 1362, Section 13, Twp. 8, ODYD  
(6231 Silver Star Road)**

Thank you for the referral date March 20, 2013 which requested the Agricultural Land Commission's comments about a proposal to annex the above noted properties into the City of Vernon, so they may be considered as part of the Foothills Neighbourhood and associated planning processes.

This is to advise that the annexation of Lots 2 and 3 into the City of Vernon is not supported for the following reasons;

- 1) the properties lie within the Agricultural Land Reserve (ALR) and the best available information indicates that the land has capability for agricultural uses.
- 2) no previous ALC applications (there are none) or City of Vernon discussions with the ALC reference the addition of these properties to the Foothills Neighbourhood, either through the Official Community Plan process, or in any other associated planning process.
- 3) adding these properties to a portion of the City (Foothills Neighbourhood) that does not currently encompass any ALR land might raise expectations of land use change, which may not be supported by the Agricultural Land Commission. Experience indicates that including arable ALR land into urban City areas does not increase the likelihood that the Commission will assent to subdivision, or non-farm uses on ALR land.

Thank you for the opportunity to comment. If you have any questions about the above, please contact this office.

Yours truly,

PROVINCIAL AGRICULTURAL LAND COMMISSION

A handwritten signature in black ink, appearing to read 'Martin Collins'.

Martin Collins, Regional Planner



## Appendix M: Presentation to Regional District of North Okanagan Board, March 2014





# Regional District of North Okanagan

## Electoral Area Annexation Impact Study



*Presentation to Regional Board – March 5, 2014  
Phase 2 Final Report*

**URBAN**  
systems

Dan Huang, MCIP, RPP  
Senior Planner / Principal  
Urban Systems Victoria

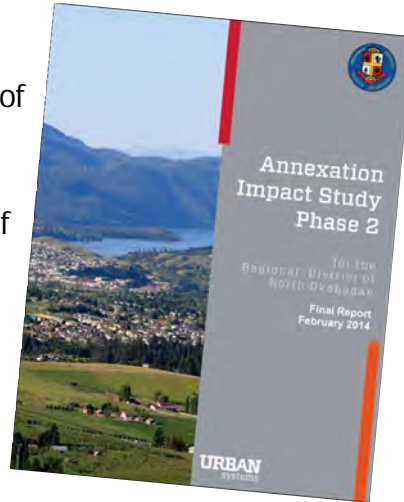
## Project Overview

- Urban Systems Ltd. commissioned by RDNO to undertake a (potentially) three phase project
- Examine the cumulative impact of annexation activity on electoral areas
- Establish framework for full cost accounting of financial impacts of annexation
- Recommend policy and regulatory changes to the annexation process
- First project of its kind - interest (and contribution) from other Regional Districts in the province

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## Study Area

- Electoral Area 'B'
  - Commonage area SW of City of Vernon
- Electoral Area 'C'
  - BX/Foothills area NE of City of Vernon
- Electoral Area 'F'
  - Area W of City of Enderby
- Electoral Area 'D'
  - Area NW of Village of Lumby



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## Key Roles of Regional Districts

- Act as regional government to provide key services and decision making for the entire region
- Provide political / administrative framework for joint inter-governmental service delivery
- Act as local governments to provide services for electoral areas

Regional Districts are not a second tier of local government, but all elected Directors (municipal and EA) are expected to put on their "regional hat" when making decisions on behalf of the entire region

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## Summary of Phase 1

- Submission of Phase 1 Final Report in early 2012
- Lack of integration within the four themes of governance, land use, servicing and finance
- Ministry approved annexations when not supported by RDNO and ALC
- It would be beneficial if the Regional District were more involved with governance aspects, and the Ministry more aware of potential land use impacts.

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

## Phase 2 Activities

- More detailed analysis building on Phase 1
- Research and identify the financial vulnerability of electoral area services
  - Detailed financial overview
  - Detailed service delivery overview
- Identify issues and alternative approaches that can be considered within a more collaborative framework
  - Community identity
  - Land Use Coordination
  - Protocol Agreement for communication / coordination with respect to potential annexation applications

## Phase 2 Report Structure

- Background Review – Context and History
- Review of services w/r/t impact of annexation
- Detailed financial analysis – “how does annexation impact taxation and the ability to finance services?”
- Land Use Issues – fringe area planning, ALR, RGS
- Impact of annexation on community
- Case studies – services, finance, land use, community
- Potential tools – Annexation Decision Support Tool, Vulnerability Index, Annexation Protocol Agreements

## Service Delivery Overview

- Analysis
  - Identified services and jurisdictions; categorized and identified risk of financial impact of annexation; examined the magnitude of tax levy of individual services as a percentage of the total tax levy by electoral areas
- Findings
  - The majority of services are *regional* or *sub-regional* in nature, and thus are not significantly impacted by annexations
  - Electoral area and local service area services are financially impacted by annexation; the magnitude of the impact is relatively small within the context of the overall RD services; however, the impact to the specific local service can be detrimental, especially if impacted incrementally over time

## Finance Overview

- Analysis
  - 1992-2012 financial analysis of services and requisition data within context of CPI and increases in folios and assessment
- Findings
  - There have been no significant shifts in rates within electoral areas due to annexation alone;
  - Though tax levies have increased dramatically, some of these costs have been made up for in growth;
  - There has been potential financial impact from annexation on specific services (i.e. tekmar and BX-Swan Lake Fire).

## Land Use

- Analysis
  - Review of documents; Planning framework, ALR, RGS, Thompson Nicola Regional District (TNRD) Fringe Area Planning
- Findings
  - Land use planning is generally not fully coordinated between the regional district and municipalities
  - Potential for coordination with local plans and agencies (e.g. Agricultural Land Commission) within Regional Growth Strategy (RGS); suggest fringe area planning policy and greater decision-making tools within the RGS



# Land Use

## Relationship between community planning documents



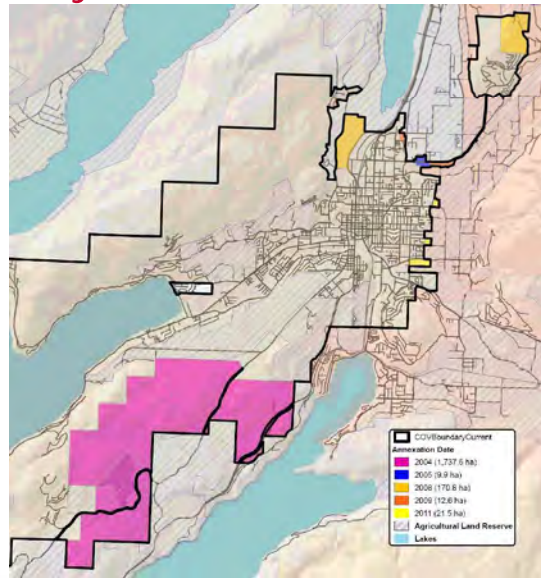
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## Land Use Decisions and Cost of Growth

- Numerous studies regarding the Cost of Community Services undertaken in the US, a small number in Canada (Smart Growth BC, Red Deer County)
- For every dollar of expenditures for residential development, approximately 60 to 90 cents of revenues
- Higher revenue ratios for multi-family than low-density residential (to a point)
- Community Plans now recognizing the impact of urban sprawl on infrastructure and other social costs – yet development along the “fringes” is still prevalent, which leads to continued pressures for annexation

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## City of Vernon Annexations (2004-2011)



	EA "B"	EA "C"	Total
Private Land Area (2004)	9,905 ha	5,281 ha	15,186 ha
Private Land Area (2011)	8,075 ha	5,281 ha	13,203 ha
Area Annexed (2004-2011)	1,830 ha	123 ha	1,953 ha
Approximate Change	-18.40%	-2.30%	-12.90%

**NOTE:** The properties that have annexation applications submitted to the City but not approved by the Province are not included (21 properties = 29.5 ha)

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## Community Identity

- Analysis
  - Definition of community, review of annexation pressure and review of annexation policies
- Local Services that contribute to community identity:
  - Improvement / Irrigation District
  - Community Facility
  - Volunteer Fire Department
  - Other key community amenity
- Findings
  - Areas under pressure from annexation are not necessarily impacting community identity, but specific services

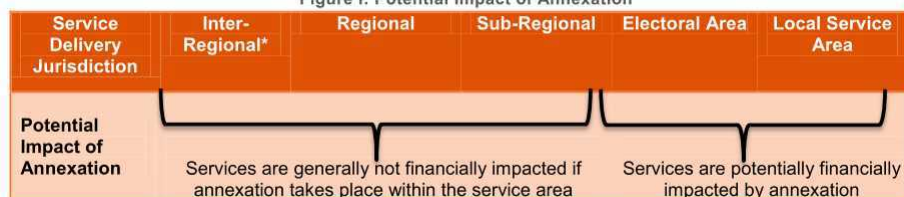
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## Summary of Findings

- In the RDNO, annexation has not had a significant financial impact on *overall* services, primarily due to the amount of regional and sub-regional services and the growth of folios/assessment in electoral areas
- Specific services, and those areas along the “urban fringe” are most susceptible to annexation, especially when significant assessment values are involved (e.g. Swan Lake corridor)
- Alternate service delivery models could be explored for services like sanitary sewer, and possibly fire protection (e.g. Section 13 provisions in the Community Charter)

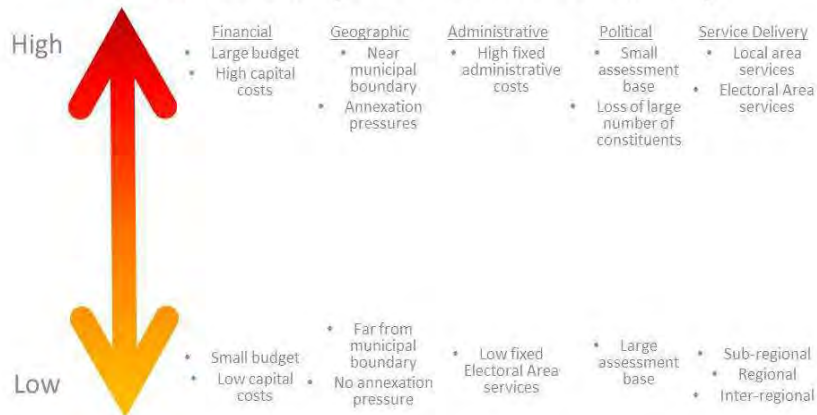
## Potential Impact of Annexation

Figure i: Potential Impact of Annexation



## Vulnerability Index

### Vulnerability of Service Delivery



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## Case Studies

- tekmar Control Systems
- BX / Swan Lake Fire Protection Area
- Swan Lake Corridor
- Street Lighting Local Service Area
- Silver Star Local Service Areas
- Okanagan Landing

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## Case Study - tekmar

- Annexed into City of Vernon in 2003 (sewer) – initial building permit applied to RDNO
- Hypothetically, would have provide ~\$4,000 in revenue to RDNO in 2003, and ~\$13,500 in 2012
- Would have resulted in a small reduction in the total tax levy (1.2% decrease) for residential unit in Area C

Table 7.1: Tekmar Financial Analysis

Jurisdiction	2002	2003	2012
	Electoral Area "C"	City of Vernon	City of Vernon
Assessment (land)		\$1,235,000	\$2,479,000
Assessment (improvements)	\$0	\$1,068,000	\$4,523,000
Revenue to BX-Swan Lake Fire Protection <sup>ix</sup>		\$4,013 (Hypothetical)	\$13,476 (Hypothetical) <sup>iv</sup>

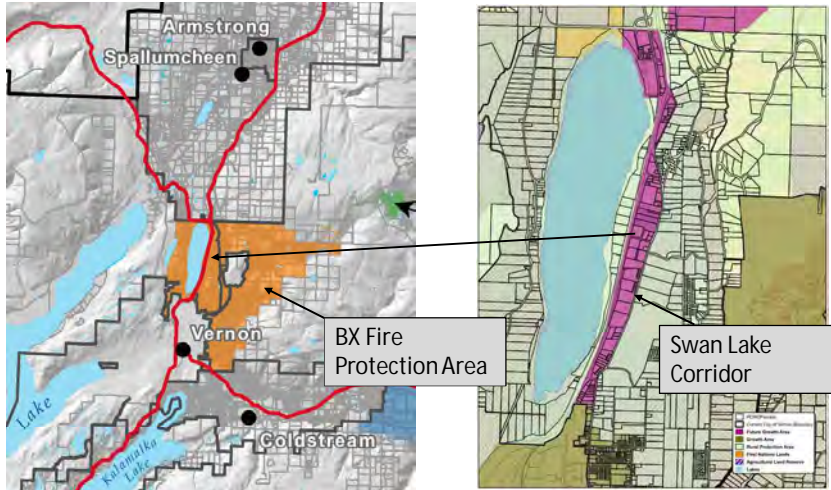
## Case Study – BX / Swan Lake Fire

- Expensive service to provide, has been impacted from previous annexations
- Significant increases in tax levy from 1992 to 2012
- Capital replacement makes up 20% of the total requisition, or about \$39/year per residential unit
- Fire Service is potentially vulnerable to changes in assessment base due to annexation

Table 7.2: BX/Swan Lake Fire Protection Tax Levy on an average residential property (1992-2012)

	1992	2012	Increase
Tax levy on an average residential property	\$58.96	\$191.25	224%

## Case Study – BX / Swan Lake Fire



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## Case Study – BX / Swan Lake Fire

	Assessment Value (\$)	Mill Rate per \$1,000	Total Contribution to BX/Swan Lake Fire (\$)	Total Contribution to BX/Swan Lake Fire (%)
Service Area	\$530,351,333		\$532,355.39	100%
Swan Lake (Electoral Area "B") Future Growth Area				
Commercial	\$37,559,000.00	2.23	\$83,756.57	15.73%
Industrial	\$20,320,100.00	3.09	\$62,789.11	11.79%
Residential	\$8,880,800.00	0.9102	\$8,083.30	1.52%
Rural	\$14,651,774.00	0.9102	\$13,336.04	2.51%
Agricultural	\$1,924,300.00	0.9102	\$1,751.50	0.33%
Total (\$)	\$83,335,974.00		\$169,716.53	31.88%

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## Swan Lake Corridor

- Identified growth area in RGS
- Previous boundary extension study by Vernon, not feasible due to high cost (esp. roads)
- Potential environmental issues due to septic impacts on lake
- Significant contributor to EA services (e.g. BX / Swan Lake Fire)
- Potential for sewer service outside boundaries for environmental protection



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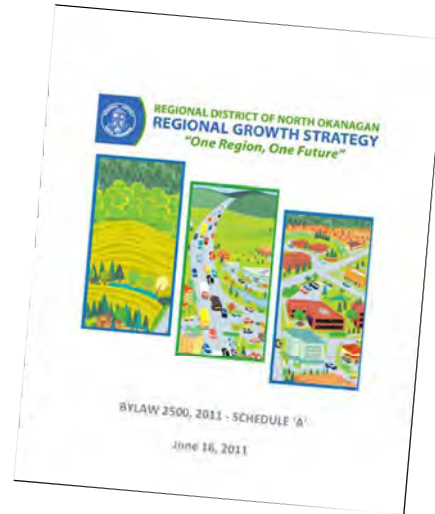
## Assessing Risk for Annexations

Theme	Potential Risk	Low Risk	High Risk	Recommended Strategy/Comment
Service Delivery	Sustainability of regional district services (by individual service)	Overall low vulnerability according to the Vulnerability Index	Overall high vulnerability according to the Vulnerability Index	Provincial mitigation measures apply if loss is 5-10% of service area assessment, but does not consider cumulative impact
	Geographically and politically vulnerability of services	Large service area with high assessment and number of folios	Small service area with low assessment and number of folios	Explore opportunities to combine service areas where appropriate
Financial	Financial vulnerability of the service	Inexpensive service with low capital costs (i.e. street lighting)	Expensive service with high capital costs (i.e. fire protection)	<ul style="list-style-type: none"> <li>Explore alternative service arrangements for high risk services</li> <li>Ensure that life-cycle and asset rehabilitation costs are factored into capital cost review of services</li> </ul>
	Cost increases for remaining electoral area residents related to services	Little to no increase in cost	Large increase in cost	Provide information to the provincial government as part of the referral process
Land use	Loss of Agricultural Land Reserve land	Applicant does not intend to request removal from ALR	Applicant intends to request removal from ALR and has support of municipality	Include additional agreement in protocol to protect agricultural land
	Loss of rural protection land	Applicant and municipality does not intend to apply for new RGS designation	Applicant and municipality does intend to apply for new RGS designation	Firm commitment to the RGS by all signatories, with appropriate strategies to uphold the designations
Community	Fragmentation of community	Not a recognized community/social neighbourhood or annexation of entire community/social neighbourhood	Application for small number of properties or component of a community/social neighbourhood	Identification and delineation of social neighbourhoods within electoral areas

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## Tools

- Fringe Area Planning
- RGS Implementation Agreement
- Annexation Protocol
- Annexation Decision Support Tool



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## Protocol Agreement

- Discussions with Ministry of Community Services
  - Ministry will not be a signatory of a protocol agreement, but will help facilitate discussions between the local government partners
- Establish key guiding principles and objectives
- Alignment with local (OCPs) and regional (RGS) plans
- Approach to protocol agreement could be greater defined in Phase 3 as appropriate

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## Boundary Extension Protocol – Sample Key Guiding Principles

- Being treated fairly
- Respect from other party and their positions
- Having access to all information in a timely manner
- Being present at all key communications with third parties
- Broad evaluation of annexation proposals
- Mitigation measures as appropriate

## Options for Phase 3

- Protocol Agreement
  - Incorporate guiding principles / Fringe Area Planning
  - Ministry will support but not be a signatory
- RGS Implementation Agreement
  - Incorporate guiding principles / Fringe Area Planning
  - More rigorous process - Ministry would be a signatory
- Regional Boundary Study
  - Detailed study to determine “ultimate boundary”
  - Decided through referendum

## Closing / Next Steps

- Electoral Areas within the RDNO have the subject of numerous annexation applications / re-applications, which have a detrimental impact on providing long-term, financially stable service delivery
- Although most services are robust due to their regional / sub-regional nature, specific services / neighbourhoods are more vulnerable than others, especially along the fringe areas and over time (i.e. death by a thousand cuts)
- Appropriate agreements (protocol / implementation) should be incorporated within the context of the Regional Growth Strategy, which allow for more detailed review, analysis, and a framework for analysing the vulnerability of services and community identity.

## Discussion / Questions?

