



December 6, 2024

Reference: HMA 71781

Reference: MUNI 274760

Rick Wilson, Chair
Okanagan Falls Incorporation Study Committee
Email: rewinder2@yahoo.com

Dear Rick Wilson:

I am pleased to communicate a conditional commitment of an offer of restructuring assistance (offer) to the Okanagan Falls Incorporation Study Committee (Committee) that was made prior to the recent provincial election. As you know, the commitment is dependent on a vote outcome in favour of incorporation and final approval by Cabinet for incorporation upon the recommendation of the Minister of Housing and Municipal Affairs.

I understand that public engagement is now taking place to inform residents of the benefits and trade-offs of potentially incorporating a new municipality for the community of Okanagan Falls. It is my view that it is important to provide the provincial conditional commitment of restructuring assistance so that the community will be aware of the transitional funding available to assist in moving from rural governance as part of an electoral area to a municipality.

Provincial Restructure Assistance

The Ministry of Housing and Municipal Affairs, the Ministry of Finance, and the Ministry of Transportation and Transit would contribute to the total amount of provincial assistance, as outlined below and further described in "Appendix A."

Table 1: Conditional Provincial Assistance Offer Estimated Value

| | TOTAL |
|---|------------------------------|
| Ministry of Housing and Municipal Affairs <ul style="list-style-type: none">- Restructure implementation and assistance grants | \$1,633,150 |
| Ministry of Finance <ul style="list-style-type: none">- Rural tax rebate (up to 100 per cent) | Up to a maximum of \$446,119 |
| Ministry of Transportation and Transit <ul style="list-style-type: none">- Five years of continued road maintenance (approx. \$284,000/year, totalling \$1.42M)- Road resurfacing (approx. \$2.975M) | Approx. \$4,395,000 |
| TOTAL PROVINCIAL ASSISTANCE | Approx. \$6,474,269 |

Eligibility for Other Grants and Programs

In addition, once established, the new municipality would be eligible for ongoing supports in the form of annual grants and transfers, such as the Small Communities Grant and the Canada Community Building Fund, and the ability to apply for various infrastructure programs.

The annual Small Communities Grant assists municipalities in providing core services; the amount considers population, base amount, and assessment values. If established, the municipality would be eligible to sign the Gas Tax Community Works Fund Agreement, which is based on a per capita formula with \$50,000 base funding. The municipality would also be eligible to apply to the Investing in Canada Infrastructure grant program streams, cost-shared by the Government of Canada, the Province of British Columbia, local governments, and other partners.

Public Process, Timing, and Vote

With the offer in place and public engagement underway, the Committee will soon consider whether to recommend proceeding with a vote on incorporation to the Regional District of Okanagan-Similkameen (RDOS) Board. I expect the Committee and the RDOS Board will determine if municipal incorporation is of enough interest and importance to the community that electors should have an opportunity to vote on incorporation.

If you have any questions about the offer, please contact Simon Rasmussen, Senior Planning Analyst, Governance and Structure, by telephone at 778 698-3262 or by email at simon.rasmussen@gov.bc.ca.

Sincerely,



Ravi Kahlon
Minister of Municipal Affairs and Housing

CC: Donegal Wilson, MLA, Boundary-Similkameen
Teri Collins, Deputy Minister, Ministry of Housing and Municipal Affairs
Tara Faganello, Assistant Deputy Minister, Local Government Division
Mark Pendergraft, Chair, Regional District of Okanagan-Similkameen
Andrew Avis, Executive Director, Tax Policy, Ministry of Finance
Katherine St Denis, Acting Executive Director, Indigenous, Core Policing and
Contract Management, Ministry of Public Safety and Solicitor General
Matt Taylor, Director, Electoral Area 'D', Regional District of Okanagan-Similkameen
Jim Zaffino, Chief Administrative Officer, Regional District of Okanagan-Similkameen
Ryan Evanoff, Senior Manager, Development Services, Ministry of
Transportation and Transit
Erik Lachmuth, District Manager, Transportation, Okanagan Shuswap District,
Ministry of Transportation and Transit
Simon Rasmussen, Senior Planning Analyst, Governance and Structure Branch
Allan Neilson, Local Government Consultant, Neilson Strategies

Attachment: Appendix A - Detailed Restructure Assistance Offer

Appendix A: Detailed Restructure Assistance Offer

Further information on the overall provincial assistance Offer is described below:

1. Municipal Restructure Assistance:

- Per Capita Grant (\$275 per capita grant – \$623,150 total). Per capita amount will be granted pursuant to the *Local Government Grants Act* and Regulation. The amount is based on historic, population, and community factors.
 - This amount is for discretionary spending and may be best used to off-set immediate costs, establish a reserve fund, or consider developing governance tools, such as a Code of Conduct.
 - The exact amount of the grant will be further refined based on a final population count (based on a census conducted by the Interim Corporate Officer).
- Small Communities Grant (up to a maximum of \$400,000 in the year of incorporation)
 - Municipalities with a population under 18,000 receive a grant based on a formula that accounts for population and property assessments. **This amount will be pro-rated based on the date of incorporation.**
 - The year after incorporation and each year following, a municipality would be entitled to a full Small Communities Grant under the Local Government Grants Regulation. This amount is not a part of the Offer.

2. Pre-Incorporation Grants:

- Inaugural Election (estimated at \$30,000, assuming the RDOS administers the election).
- Interim Corporate Officer (estimated at up to \$150,000) to manage the start-up and establish ongoing administration for the new municipality.

3. Post-Transition Grants

- Planning Grant (\$150,000)
 - Provided to the new municipality to assist in the transfer of planning services from the regional district to the new municipality.
- Service Transition Grant (\$125,000)
 - Provided to the RDOS to assist in the transfer of services from the regional district to the new municipality and to stabilize the increased costs for the remaining electoral area.
- Improvement District Conversion (\$5,000)
 - Provided to the new municipality to convert Rolling Hills Waterworks District to a service of the new municipality. This must occur within four years of municipal incorporation.
 - The improvement district would continue as a local area service, which ensures that fundamental changes can only be made with the consent of property owners within the service area.

4. First Nations-Local Government Collaboration

- Initial Collaboration Grant (\$150,000)
 - Funding for joint First Nations-Local Government initiatives. Initiatives could include but are not limited to relationship building forums, cultural revitalization projects in many different forms, and protocol agreements.

5. Ministry of Transportation Operations

- The Ministry of Transportation and Transit (TT) will retain jurisdiction of Highway 97, as an arterial highway, through the municipal area.
- TT will provide five years of continued road maintenance service beginning at the time of incorporation, at a cost of approximately \$284,000 per year.
- TT will provide ad-hoc development services and operational advice as required to assist with the transition of outstanding applications.

6. Ministry of Transportation Road Resurfacing

- TT will provide an estimated \$2.975 million in road resurfacing within the first five years of incorporation.

7. Ministry of Finance

- Estimated Rural Tax Rebate (up to a maximum of \$446,119)
 - The exact amount of the grant will be based on actual year preceding the vote on incorporation rural taxes levied under the *Taxation (Rural Area) Act*.
 - The *Local Government Act* provides that the Minister of Finance may pay a new municipality 50 percent of the province's revenue under the *Taxation (Rural Area) Act* for the current year if it incorporates after June 30.
 - If incorporation takes place prior to June 30, then 100 percent of the revenue may be payable to the municipality. New municipalities are also subject to receive any taxes in arrears. Any outstanding taxes will also be deducted from this final rural tax rebate.

8. Ministry of Public Safety and Solicitor General

- Under the *Police Act*, the provincial government provides policing and law enforcement to rural/unincorporated areas and municipalities with populations under 5,000, while municipalities with more residents provide, and bear the costs of, policing and law enforcement within their boundaries. There is no compensation for changes in the Police Tax, as the amount is minimal.