

DATE: August 4, 2017

FILE: 5610-05

TO: Chair and Directors
Electoral Areas Services Committee

FROM: Ann MacDonald
Acting Chief Administrative Officer

RE: Water Servicing and Connection Exemptions at the Time of Subdivision Policy

Purpose

To implement a policy requiring newly subdivided parcels to stay within their respective Water Local Service Area (WLSA) but not require connection to the water system.

Policy Analysis

Bylaw No. 1783 being the “Water Local Service Establishment Bylaw 1995” establishes the service and sets the boundaries for the Comox Valley Water System (CVWS) WLSA’s.

Bylaw No. 126 being the “Royston Water Service Establishment Bylaw No.126, 2010” establishes the service and sets the boundaries for the Royston WLSA.

Executive Summary

The Comox Valley Regional District (CVRD) owns and operates multiple WLSA’s. There are six WLSA’s that are supplied water from the CVWS and the Royston WLSA that is supplied water from the Village of Cumberland.

When a subdivision occurs within any of the above WLSA’s, the property owner is required to pay the following in respect to water servicing:

- Development Cost Charges (DCCs), or in the case for the Royston WLSA, Capital Expenditure Charges (CEC’s) for each new parcel created, to support a portion of future capital costs associated with expansions or alterations of water facilities due to development and growth
- Fees and charges to connect to the existing system, including all costs associated with extension of the water main, if required.

For any property that is being subdivided within a WLSA that is remote from the existing water main the owner is required to pay all costs associated with extending the water main. Historically, some property owners applying for a subdivision located within the WLSA, but remote from the existing water system, have chosen to obtain water via the installation of wells due to the high cost of extending the water main to service the newly created lots. In this case, the property owner was required to apply for exclusion of the newly created parcels from the WLSA.

The purpose of excluding parcels from the WLSA, was if in the future a water service became available and the property owners wished to connect, owners would have to apply to join the WLSA, and hence a trigger was in place for the collection of DCCs/CECs at such time. However this approach has led to small un-serviced areas within the greater WLSA’s being created, which is not ideal from an operational and future servicing perspective.

In 2016, the Black Creek-Oyster Bay (BCOB) Services Committee passed a policy that requires all new subdivisions within the BCOB WLSA to remain within the service area. However, should financial hardship to connect to the system and an alternate water source be demonstrated, property owners could choose to service the newly created lots via an alternate source. Under this policy, applicants are still required to pay DCCs but do not have to connect to the system and pay the associated connection fees and charges.

To maintain consistency and uniformity across the regional district, a similar policy is proposed for the CVWS WLSA's and the Royston WLSA. Appendix A and B are the draft policies for the CVWS WLSA and Royston WLSA establishing that should the applicant demonstrate the following:

- That the cost of a physical connection is a financial hardship, and
- That an alternate water source exists.

The applicant will not be required to connect to the water system but will be required stay within the WLSA, pay DCCs/CECs and complete a Memorandum of Agreement stating that they understand the DCCs/CECs are for potential future water services. The proposed policies will apply to all subdivisions that occur within their respective WLSA. Applicants will not be required to pay parcel taxes until such time that a connection is made or the parcel abuts a highway, statutory right of way or easement upon or under which there is a watermain with sufficient capacity to service the parcel.

Recommendations from the Acting Chief Administrative Officer:

1. THAT the Comox Valley Water System Water Local Service Areas-water servicing and connection exemptions at the time of subdivision policy, attached as Appendix A to this staff report, be implemented;
2. THAT the Royston Water Local Service Area-water servicing and connection exemptions at the time of subdivision policy, attached as Appendix B to this staff report, be implemented.

Respectfully:

A. MacDonald

Ann MacDonald
Acting Chief Administrative Officer

Background/Current Situation

Comox Valley Water System WLSA's

The CVWS supplies bulk water to five WLSA's that are owned and operated by the CVRD. These WLSA's include the Comox Valley WLSA, Marsden/Camco WLSA, Arden WLSA, Greaves Crescent WLSA and England Road WLSA. In addition the Sandwick WLSA is in the process of being connected to the CVWS.

Imposed in each of the six WLSA's is the "Regional District of Comox-Strathcona Water Supply Development Cost Charges Bylaw 2001" and the "Comox Valley Water Systems Regulations, Fees and Charges Bylaw 2006". The DCC bylaw requires every person who develops land within the water service area to pay a charge per each and every new lot created as part of the proposed subdivision. DCCs provide funds to assist the CVRD with capital costs of upgrades to the water facilities that either directly or indirectly service development.

Royston WLSA

The Royston WLSA is owned and operated by the CVRD and supplies approximately 2,600 residents with potable water. Source water for the system is provided via a transmission main from the Village of Cumberland.

The water system was converted to a CVRD WLSA in 2009, and at such time the CVRD adopted the “Capital Expenditure Charge Subdivision Bylaw, 2003”. The capital expenditure charge bylaw requires every person who develops land within the water service area to pay \$4,000 per each and every new lot created as part of a proposed subdivision. CECs provide funds to assist the CVRD with capital costs of upgrades to the water facilities that either directly or indirectly service development. At the time of conversion the “Royston Water Service Regulation, Fees and Charges Bylaw, 2010” was also adopted outlining the fees and charges associated with connecting to the system.

Connection to Water System at Time of Subdivision

When property owners choose to subdivide their land, they are responsible for paying DCCs/CECs for each new lot created and fees and charges to connect to the water system. However, if there is not an existing watermain passing by or near the property, the owner is responsible for all costs associated with extension of the water system to the property. Depending on the proximity to the closest water main and on the type and diameter of piping required this can be costly for some subdivisions.

Historically, property owners applying for a subdivision located within a WLSA, but remote from the existing water system, may choose instead to obtain water via the installation of wells. Due to minimal triggers in place for the collection of DCCs/CECs, properties have been required to apply for exclusion of the newly created parcels from the WLSA. By excluding parcels from the WLSA, if in the future a water service became available and the property owners wished to connect, by applying to join the WLSA a trigger was set in place for the collection of DCCs/CECs. However in some cases this approach has led to small un-serviced areas within the greater WLSA being created, which is not ideal from an operational and future servicing perspective.

Proposed New Policy

In 2016, a policy was established for the BCOB WLSA, which requires applicants to remain within the service area by paying DCCs for each new parcel created but that does not require connection to the water system. The applicant must be able to demonstrate that the cost of a physical connection to the water system is a financial hardship and that an alternate water source exists. In addition the applicant must sign a Memorandum of Agreement stating that they understand that the payment of DCCs is for a potential future water source. The applicant will not be required to pay parcel taxes until such time that a connection is made or the parcel abuts a highway, statutory right of way or easement upon or under which there is a watermain with sufficient capacity to service the parcel.

In the development of the policy for the BCOB WLSA, the CVRD obtained legal counsel from Stewart McDannold Stuart, local government lawyers, to identify any potential risk and exposure to the CVRD in regards to charging DCCs for water without providing the service connection.

To maintain consistency and uniformity among the CVRD’s water systems similar policies are proposed for the CVWS WLSA’s and the Royston WLSA. The CVWS WLSA’s Water Servicing and Connection Exemptions at the Time of Subdivision Policy, attached as Appendix A, and the Royston WLSA Water Servicing and Connection Exemptions at the Time of Subdivision Policy, attached as Appendix B, require any new subdivision within its respective WLSA to pay

DCCs/CECs at the time of subdivision but does not require the property to connect to the water system should an alternate water source and financial hardship be demonstrated.

The policy will allow for properties to connect to the water system in the future without having to apply to be included back into the service area. Should a watermain become accessible in the future the applicant will only be required to pay the associated connection fees.

Any alternate water source that property owners install to service individual lots will fall under the jurisdiction of the Ministry of Transportation and Infrastructure (MoTI) and Island Health. For any proposed subdivision MoTI requires proof of water quality and quantity. Prior to subdivision approval, the applicant will be required to submit a well pump test and water quality report to MoTI. Should the on-site water not meet all of the *Canadian Drinking Water Guidelines*, MoTI will require the applicant to submit a mitigation report addressing water quality concerns and establishing treatment objectives to be laid out by a covenant placed on the title of each new property.

Options

The Electoral Areas Services Committee has the following options:

1. Adopt both the Comox Valley Water System Water Local Service Areas - Water Servicing and Connection Exemptions at the Time of Subdivision Policy and the Royston Water Local Service Area - Water Servicing and Connection Exemptions Policy.
2. Adopt the Comox Valley Water System Water Local Service Areas - Water Servicing and Connection Exemptions at the Time of Subdivision Policy only.
3. Adopt the Royston Water Local Service Area - Water Servicing and Connection Exemptions Policy only.
4. To not adopt the policies at this time.

The proposed policies allow applicants to remain within their respective WLSA while ensuring that the burden added to the system by new development is accounted for by the collection of DCCs or CECs at the time of subdivision. To maintain consistency between the CVRD's various WLSA's and to provide an equitable means to ensure properties remain within the service area, only option No.1 above is recommended.

Financial Factors

The collection of DCCs or CECs is for the purpose of providing funds to assist the CVRD to pay the capital cost of providing, altering or expanding water facilities to service directly or indirectly development in respect of which the charges are imposed. Collecting funds at the time of subdivision ensures that connection at a later date does not result in an increased burden to the system with no DCCs/CECs being collected.

Legal Factors

As part of the policy, a Memorandum of Agreement must be signed between the owner or the owner's agent and the CVRD highlighting that the applicant understands the payment of DCCs/CECs is for a potential future water service.

Regional Growth Strategy Implications

There are no sustainability implications generated by this report.

Intergovernmental Factors

The CVRD owns and operates the six CVWS WLSA's and the Royston WLSA, alternate water sources for newly created lots will require approval from MoTI and Island Health prior to subdivision approval.

Interdepartmental Involvement

The Engineering Services Branch is leading this work with support from Planning and Legislative Services.

Citizen/Public Relations

Applicants will be informed of the change in policy, as part of the planning referral process.

Prepared by:

Concurrence:

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Attachments: Appendix A – “Draft policy- Comox Valley water system water local service areas- water servicing and connection exemptions at the time of subdivision”

Appendix B – “Draft policy- Royston water local service area- water servicing and connection exemptions at the time of subdivision”

Subject: Comox Valley Water System Water Local Service Areas – Water Servicing and Connection Exemptions at the Time of Subdivision	
Category: Engineering Services (Water)	Policy Reference: XXXX-00

PREAMBLE

Given that the Comox Valley Regional District (CVRD) Board:

- Has established Water Local Service Areas for the supply of bulk water as part of the Comox Valley Water System by way of Bylaw No.1783 being the “Water Local Service Establishment Bylaw 1995”
- Has adopted a “Regional District of Comox-Strathcona Water Supply Development Cost Charges Bylaw 2001” for the Comox Valley Water System Water Local Service Areas (“the Local Service Areas”) that imposes charges on persons developing land within the Local Service Areas”;
- Wishes to find an equitable means of ensuring properties that are currently within the Local Service Areas remain in the Local Service Areas upon development and subdivision of land within the Local Service Areas; and
- Wishes to establish a policy relating to Development Cost Charges and the subdivision of parcels within the Local Service Areas.

POLICY

THAT any subdivision within the Comox Valley Water System Water Local Service Area must pay Development Cost Charges at the time of subdivision, however should the applicant demonstrate that the cost of a physical connection is a financial hardship and an alternate water source exists the applicant may stay within the Local Service Area and not connect to the water system. The applicant will be required to pay Development Cost Charges and complete the attached Memorandum of Agreement stating that they understand that the Development Cost Charges are for future water services should they be required by or become readily available to the applicant in the future.

PROCEDURE

Applications for exemptions to connect to this water system shall be forwarded to the General Manager of Engineering Services or a designated CVRD officer for consideration. Prior to CVRD support of the subdivision application the applicant must pay the associated Development Cost Charges and sign the attached Memorandum of Agreement (Schedule ‘A’) as part of this policy.

Approval History

Adopted by (position name or body ie: EMT)	MM, DD, YYYY
Amended:	

SCHEDULE 'A'

Memorandum of Agreement

I, _____, of _____,
being the owner (or duly authorized agent of the owner) of the lands and premises described as follows (legal description and street address):

hereby agree to pay, in full, the Development Cost Charges for each new parcel created by the proposed new subdivision and by paying these charges understand that these Development Cost Charges are for future water services should they be requested at a later date. Should a request for service as part of a Comox Valley Water System Water Local Service Area be received at a future date, all regulations, fees and charges (excluding Development Cost Charges), terms and conditions set out and imposed by the Comox Valley Regional District as amended from time to time will be applicable.

Date

Signature of Owner/ Agent

Date

Corporate Legislative Officer

Subject: Royston Water Local Service Area – Water Servicing and Connection Exemptions at the Time of Subdivision

Category: Engineering Services (Water)

Policy Reference: XXXX-00

PREAMBLE

Given that the Comox Valley Regional District (CVRD) Board:

- Has adopted a “Capital Expenditure Charge Subdivision Bylaw, 2003” for the Royston Water Local Service Area (“the Service Area”) that imposes charges on persons developing land within the Service Area”;
- Wishes to find an equitable means of ensuring properties that are currently within the Service Area remain in the Service Area upon development and subdivision of land within the Service Area; and
- Wishes to establish a policy relating to Capital Expenditure Charges and the subdivision of parcels within the Service Area.

POLICY

THAT any subdivision within the Service Area must pay Capital Expenditure Charges at the time of subdivision, however should the applicant demonstrate that the cost of a physical connection is a financial hardship and an alternate water source exists the applicant may stay within the Service Area and not connect to the water system. The applicant will be required to pay Capital Expenditure Charges and complete the attached Memorandum of Agreement stating that they understand that the Capital Expenditure Charges are for future water services should they be required by or become readily available to the applicant in the future.

PROCEDURE

Applications for exemptions to connect to this water system shall be forwarded to the General Manager of Engineering Services or a designated CVRD officer for consideration. Prior to CVRD support of the subdivision application the applicant must pay the associated Capital Expenditure Charges and sign the attached Memorandum of Agreement (Schedule ‘A’) as part of this policy.

Approval History

Adopted by (position name or body ie: EMT)	MM DD, YYYY
Amended:	

SCHEDULE 'A'

Memorandum of Agreement

I, _____, of _____,
being the owner (or duly authorized agent of the owner) of the lands and premises described as follows (legal description and street address):

hereby agree to pay, in full, the Capital Expenditure Charges for each new parcel created by the proposed new subdivision and by paying these charges understand that these Capital Expenditure Charges are for future water services should they be requested at a later date. Should a request for service as part of the Royston Water Local Service Area be received at a future date, all regulations, fees and charges (excluding Capital Expenditure Charges), terms and conditions set out and imposed by the Comox Valley Regional District as amended from time to time will be applicable.

Date

Signature of Owner/ Agent

Date

Corporate Legislative Officer