

DATE: November 15, 2017**FILE:** 3900-02**TO:** Chair and Directors
Electoral Areas Services CommitteeSupported by Marc Rutten, P.Eng
Acting Chief Administrative Officer**FROM:** Marc Rutten, P.Eng.
Acting Chief Administrative Officer**M. Rutten****RE: King Coho Wastewater Service Petition Results**

Purpose

To update the Electoral Areas Services Committee (EASC) on the results of the King Coho petition process and request approval to present the King Coho service establishment bylaw to the Comox Valley Regional District (CVRD) Board for consideration.

Recommendations from the Chief Administrative Officer:

THAT the Corporate Legislative Officer has certified that a sufficient and valid number of petitions has been received for the establishment of the King Coho Wastewater Service;

AND FURTHER THAT the King Coho Wastewater Service Establishment Bylaw No. 495, 2017 be referred to the Comox Valley Regional District Board for three readings;

AND FURTHER THAT upon three readings by the Comox Valley Regional District Board, a copy of the King Coho Wastewater Service Establishment Bylaw No. 495, 2017 be sent to the Inspector of Municipalities for approval;

AND FURTHER THAT the 2018-2022 financial plan commit \$50,000 of Electoral Area B Community Works Funds towards the required capital upgrades to the wastewater treatment infrastructure for the King Coho Wastewater Service;

AND FURTHER THAT, subject to the establishment of the King Coho Wastewater Service, the Comox Valley Regional District enter into a short term financing agreement in an amount up to \$100,000 with the Municipal Finance Authority under section 175(1) of the Community Charter for the required capital upgrades to the wastewater treatment infrastructure for the King Coho Wastewater Service;

AND FINALLY THAT this financing be repaid within five years of entering into the agreement.

Executive Summary

- The King Coho wastewater treatment plant (WWTP) is a domestic sewage treatment facility servicing three freehold strata corporations with a combined total of 37 units.
- The WWTP operates under a provincial waste management permit for the on-site treatment and marine discharge of wastewater.
- In 2015, the CVRD was approached by the managing strata to evaluate the feasibility of transferring ownership, operation and management of the system to the CVRD.

- A condition assessment was completed in 2017 which found that the system is not functioning efficiently and is out of compliance with several conditions of its operating permit.
- The costs for providing the necessary capital upgrades, along with estimated annual operating expenses for a King Coho wastewater service were presented to strata unit owners.
- Understanding these costs, owners petitioned the CVRD Board to create a new wastewater service to provide sewage conveyance, treatment and disposal to the King Coho strata developments.
- 89% of properties within the proposed service area submitted petitions, representing 94% of the net taxable value of land and improvements.
- Based on the results of the petition process, staff are recommending support for the establishment of a new King Coho Wastewater Service.

Prepared by:

Concurrence:

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Stakeholder Distribution (Upon Agenda Publication)

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|----------------|---|
| Strata VIS6599 | ✓ |
| Strata VIS4843 | ✓ |
| Strata EPS828 | ✓ |

Background/Current Situation

The King Coho WWTP is a domestic sewage treatment facility servicing three freehold condominium strata corporations located near the Little River ferry terminal. There are a total of 37 units connected to the system including 13 strata lots in Strata VIS6599, 17 strata lots in Strata VIS4843, and 7 strata lots in Strata EPS828. The WWTP operates under provincial waste management permit PE-13155 issued in February 1998 for the on-site treatment and marine discharge of wastewater.

Strata VIS6599 is responsible for the ongoing operations and maintenance of the sewage treatment system providing service to Strata VIS4843 and Strata EPS828. Governance and cost recovery obligations for each respective strata are covered through a waste management agreement.

In May 2015 the CVRD received a letter from Strata VIS6599 requesting the CVRD explore the option of taking over ownership, operation and management of the King Coho WWTP. Staff recommended that the CVRD conduct a condition assessment study of the system to evaluate the feasibility of transferring ownership and management to the CVRD.

A condition assessment, completed by McElhanney Consulting Services Ltd. (MCSL) in February 2017, found that the King Coho WWTP is not functioning efficiently and is out of compliance with several conditions of its operating permit. The cost of providing the necessary upgrades to bring the system back within permit parameters is estimated to be \$129,500 (\$3,500 per unit).

Anticipated annual operations and maintenance costs were also provided in the MCSL report. Engineering Services staff completed further work to refine these costs based on the operating

expenses of similar CVRD services. The estimated annual operating expenses for a King Coho wastewater service, including a contribution to capital works reserves, are \$49,364 (\$1,334 per unit).

A public meeting was held on August 24, 2017 to present the findings of the MCSL report and gauge interest in converting to a CVRD service. There was support at the public meeting for moving forward with a petition process to determine elector consent for service establishment.

Petition process

CVRD staff assisted in preparing the petition documents along with background materials to provide information on converting to a CVRD service. The petition packages were distributed by both mail and email where available. The deadline to submit completed petition documents was November 10th, 2017.

In total 33 King Coho strata unit owners submitted petitions requesting a new CVRD King Coho Wastewater Service be established. These petitions represent 89% of properties within the proposed service area, and 94% of the net taxable value of land and improvements.

The Corporate Legislative Officer has certified that a sufficient and valid number of petitions, as required under Section 337 of the *Local Government Act (RSBC, 2015, c. 1) (LGA)*, has been received for the establishment of the King Coho Wastewater Service.

Next steps

The following next steps will be required to establish a new King Coho Wastewater Service.

- CVRD Board vote to proceed with new service with three readings of the King Coho Wastewater Service Establishment Bylaw No. 495
- Approval of Bylaw No. 495 by the Inspector of Municipalities
- Finalization of the required transfer agreements and Statutory Rights-of-Way
- Successful transfer of provincial permit PE-13155 to the CVRD
- Adoption of Bylaw No. 495 by the CVRD Board
- Approval of the 2018-2022 financial plan for the King Coho Wastewater Service

Policy Analysis

Section 337 of the *LGA* provides the legislative requirements for assent by way of petition when establishing a new service.

Bylaw No. 2422, being the “Regional District of Comox-Strathcona Liquid Waste Management Planning Service Bylaw No. 2422, 2002” provides planning services to the rural areas with regards to liquid waste management.

Options

There are two options for proceeding:

1. Support the establishment of a new King Coho Wastewater Service.
2. Do not support the establishment of a new King Coho Wastewater Service.

Given the strong support for service establishment by King Coho residents and the potential for improved environmental performance through required system upgrades, staff are recommending option one.

Financial Factors

If a CVRD wastewater service is established, King Coho residents will be required to pay a proportionate share of the capital costs necessary to bring the system back within permit compliance.

Given the timing of service establishment the CVRD will be unable to establish a parcel tax for 2018 to collect capital upgrade costs. In order to proceed with service establishment in 2018, the one-time capital upgrade charge will be borrowed by the CVRD, through a short term financing agreement with the Municipal Finance Authority, and repaid by way of a parcel tax in 2019, including any debt servicing costs incurred during this time.

A total maximum annual requisition limit of \$205,000 or \$12.66 per \$1,000 of net taxable value of land and improvements was set for the service. This amount includes both the one time capital upgrade costs, including debt servicing, and anticipated annual operations and maintenance costs. Once system upgrades are complete, the King Coho service establishment bylaw will be amended to reduce the maximum requisition limit to cover ongoing operations and maintenance.

A financial plan will be developed for the 2018-2022 fiscal cycle. Asset management planning will form an integral part of the service's long term fiscal management to ensure sustainable service delivery.

Staff are recommending that annual operating costs be collected through a fees and charges bylaw for 2018 with the opportunity to convert this charge to an annual parcel tax starting in 2019.

Staff are also recommending that \$50,000 in Electoral Area B Community Works Funds (CWF) be used towards the required capital upgrades. Based on current capital estimates, the use of CWF will reduce the cost per unit from \$3,500 to \$2,149 not including required debt servicing costs, a savings of approximately \$1,351 per unit. Required short term financing would also be reduced based on this commitment.

Legal Factors

In the past, disputes among the participating strata occurred concerning annual operating fees that involved some legal action. It is understood that no outstanding disputes or legal issues currently exist regarding the King Coho WWTP.

Provincial permit PE-13155 for the marine discharge of effluent from the King Coho WWTP, may be transferred to the CVRD through an express transaction process under the *Environmental Management Act*. Ministry of Environment staff have advised that the target for processing applications through this process is four to eight weeks.

CVRD staff will work to draft required agreements for the transfer of capital assets. It is recommended that blanket Statutory Rights-of-Way be registered over all parcels containing sewage infrastructure.

Regional Growth Strategy Implications

This project will be developed to align with the goals and objectives of the Comox Valley Regional Growth Strategy to “provide affordable, effective and efficient services and infrastructure that conserves land, water and energy resources.”

Intergovernmental Factors

Staff will continue to work with Ministry of Municipal Affairs and Housing and Ministry of Environment staff as applicable throughout the service establishment process.

Interdepartmental Involvement

Engineering Services staff have been working on this project in coordination with Legislative and Financial Services staff.

Citizen/Public Relations

A public meeting was held on August 24, 2017 to present the findings of the MCSL report and gauge interest in converting to a CVRD service. Approximately 18 residents attended this meeting.

A petition process was completed which provides elector consent in moving forward with a new wastewater service at King Coho. CVRD staff will continue engage with representatives from King Coho in working towards service establishment.

Attachments: Appendix A – “King Coho Wastewater Service Establishment Bylaw No. 495, 2017”

COMOX VALLEY REGIONAL DISTRICT

BYLAW NO. 495

A bylaw to establish the King Coho Wastewater Service for the purpose of sewage conveyance, treatment and disposal.

WHEREAS under section 332 of the *Local Government Act* (RSBC, 2015, c. 1) a regional district may operate any service the board considers necessary or desirable for all or part of the regional district;

AND WHEREAS the board of the Comox Valley Regional District wishes to establish a service to provide sewage conveyance, treatment and disposal to the King Coho strata developments;

AND WHEREAS the approval of the inspector of municipalities has been obtained under section 342 of the *Local Government Act* (RSBC, 2015, c. 1); and

AND WHEREAS the approval for the participating areas was obtained by petition under section 347 of the *Local Government Act* (RSBC, 2015, c. 1);

NOW THEREFORE the board of the Comox Valley Regional District in open meeting assembled enacts as follows:

Service

1. (1) The service established by this bylaw is to provide sewage conveyance, treatment and disposal to the King Coho strata developments.
- (2) The service shall be known as the King Coho Wastewater Service (the ‘service’).

Boundaries

2. The boundaries of the service shall be that portion of Electoral Area ‘B’ (Lazo North) as identified in schedule ‘A’ attached to and forming part of this bylaw.

Participating areas

3. Electoral Area ‘B’ (Lazo North) includes the participating area in the service.

Cost recovery

4. As provided in section 378 of the *Local Government Act* (RSBC, 2015, c. 1), the annual cost for this service shall be recovered by one or more of the following:
 - (a) property value taxes;
 - (b) parcel taxes;
 - (c) fees and charges imposed under section 397 of the *Local Government Act* (RSBC, 2015, c. 1);
 - (d) revenues raised by other means authorized by the *Local Government Act* (RSBC, 2015, c. 1) or another Act; and
 - (e) revenues received by way of agreement, enterprises, gift, grant or otherwise,

Maximum requisition

5. In accordance with section 339(1)(e) of the *Local Government Act* (RSBC, 2015, c. 1), the maximum amount that may be requisitioned annually for the cost of the service is the greater of \$205,000 or \$12.66 per \$1,000 applied to the net taxable value of land and improvements for regional hospital district purposes.

Citation

This Bylaw No. 495 may be cited as "King Coho Wastewater Service Establishment Bylaw No. 495, 2017".

Read a first and second time this day of 2017.

Read a third time this day of 2017.

I hereby certify the foregoing to be a true and correct copy of Bylaw No. 495 being "King Coho Wastewater Service Establishment Bylaw No. 495, 2017" as read a third time by the board of the Comox Valley Regional District on the day of 2017.

Corporate Legislative Officer

Participating area approval
obtained this day of 2017.

Approved by the
Inspector of Municipalities this day of 2017.

Adopted this day of 2017.

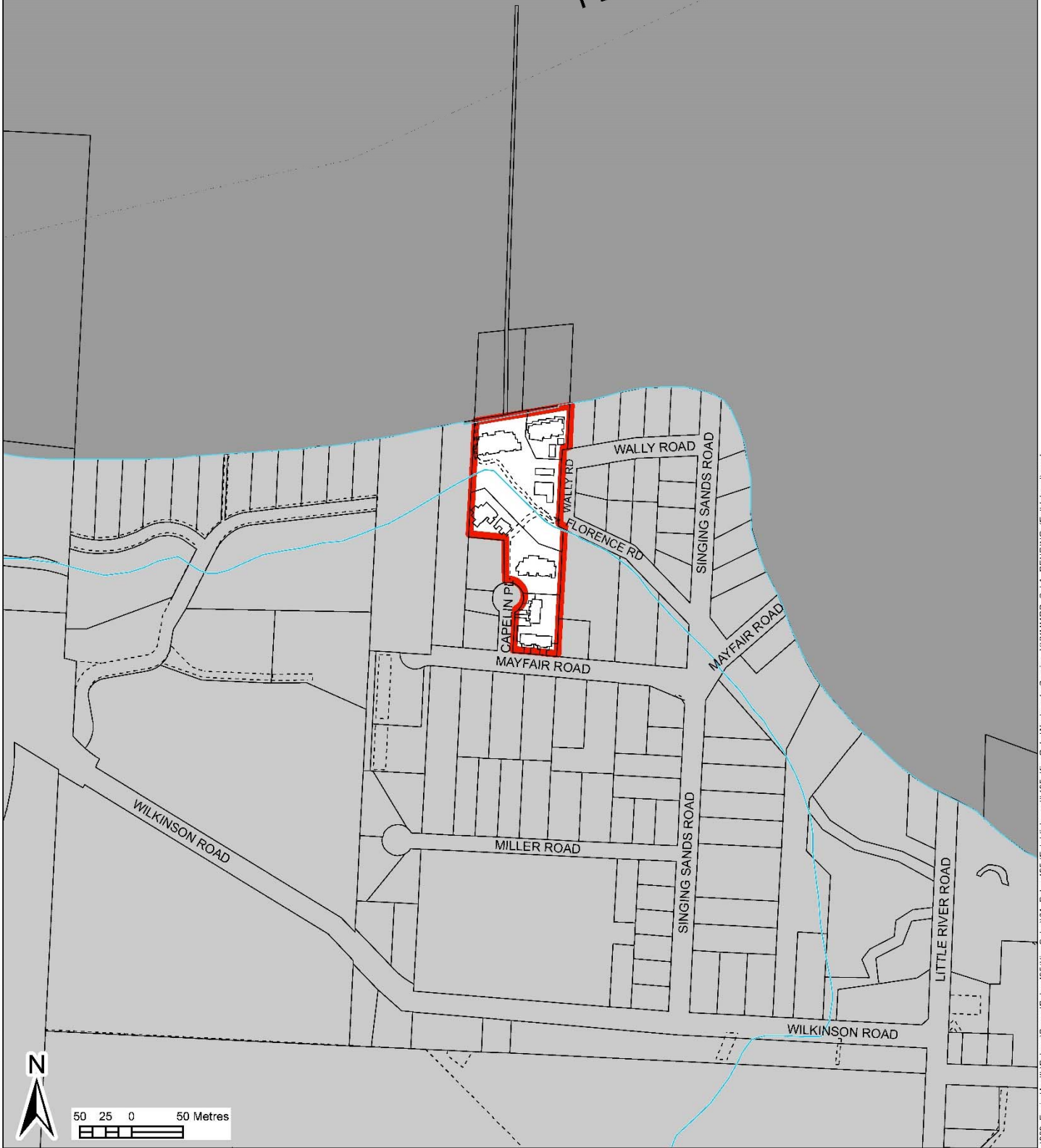
Chair

Corporate Legislative Officer

I hereby certify the foregoing to be a true and correct copy of Bylaw No. 495 being "King Coho Wastewater Service Establishment Bylaw No. 495, 2017" as adopted by the board of the Comox Valley Regional District on the day of 2017.

Corporate Legislative Officer

FERRY ROUTE



Schedule "A"
"King Coho Wastewater Service Establishment Bylaw No. 495, 2017"