

DATE: November 12, 2020

FILE: 5600-20/Denman Island

TO: Chair and Directors
Electoral Areas Services Committee

Supported by James Warren
for Russell Dyson, Chief
Administrative Officer

FROM: Russell Dyson
Chief Administrative Officer

J. Warren

RE: Denman Island Water Local Service Area – 2021 Water Services Agreement

Purpose

To provide the proposed 2021 water services agreement with the Graham Lake Improvement District (GLID) for the Denman Island Water Local Service Area (DIWLSA).

Recommendation from the Chief Administrative Officer

THAT the 2021 water services agreement between the Comox Valley Regional District and the Graham Lake Improvement District, attached as Appendix A to the staff report dated November 12, 2020 be approved;

AND FURTHER THAT the Chair and Corporate Officer be authorized to execute the agreement.

Executive Summary

In 2017, Comox Valley Regional District (CVRD) staff and GLID Trustees drafted a revised water service agreement that changed the billing relationship between GLID and the CVRD. The purpose of the updated agreement was to help improve operational challenges for the CVRD in managing a small island water system.

DIWLSA has now been operating under the water service agreement for three years and both GLID and CVRD are in agreement to continue operating in the same manner for 2021. A few minor changes have been made to the updated agreement for 2021, attached as Appendix A, but otherwise the agreement remains largely unchanged.

The water service agreement is as follows:

- GLID manages day-to-day operations of DIWLSA to help improve CVRD operations challenges and to significantly reduce CVRD overhead.
- The CVRD charges DIWLSA users using the same flat rate structure applied to GLID users, and pays to GLID the revenue collected from DIWLSA users per the above.
- The CVRD invoices GLID at the end of the year for overhead costs still incurred with the GLID operation of the DIWLSA system.

The updated agreement is only for a one year term whilst GLID and the CVRD continue to assess options for sustainable long term management of the water service in the area. The conversion study has largely been finalized but the process is on hold until results of the grant application for new GLID treatment infrastructure are announced.

Prepared by:

Concurrence:

Concurrence:

Z. Berkey

K. La Rose

M. Rutten

Zoe Berkey, EIT
Engineering Analyst

Kris La Rose, P.Eng
Senior Manager of
Water/Wastewater Services

Marc Rutten, P.Eng
General Manager of
Engineering Services

Stakeholder Distribution (Upon Agenda Publication)

Graham Lake Improvement District	✓
----------------------------------	---

Attachments: Appendix A – “2021 Water Services Agreement”

**Comox Valley Regional District / Graham Lake Improvement District
2021 WATER SERVICES AGREEMENT**

THIS AGREEMENT made as of the 1st day of January, 2021

BETWEEN:

COMOX VALLEY REGIONAL DISTRICT

770 Harmston Avenue
Courtenay, BC V9N 0G8

(hereinafter called "CVRD")
OF THE FIRST PART

AND:

GRAHAM LAKE IMPROVEMENT DISTRICT

3567 East Road
Denman Island, BC V0R 1T0

(hereinafter called "GLID")
OF THE SECOND PART

WHEREAS:

- A. The GLID provides treatment and delivery services of water, accessed from Graham Lake under CVRD's Conditional Water License 124755 ("Water License"), to the Denman Island Water Local Service Area ("DIWLSA").
- B. It is agreed by both parties that an agreement is required to set the terms and conditions which regulate the supply and sale of water services provided by the GLID to the CVRD.
- C. It is agreed by both parties that an agreement is required to set the terms and conditions which regulate the operation and maintenance of the DIWLSA by the GLID on the CVRD's behalf.
- D. The CVRD and the GLID have discussed the joining of the GLID and the DIWLSA into a single water system, but no agreement has been reached on such an arrangement.
- E. The Trustees of the GLID pursuant to resolution dated September 25, 2020 have approved and consented to the terms and conditions hereinafter set out; and
- F. The Board of the CVRD has agreed to enter into this agreement with the GLID for the provision of water services to the DIWLSA and operation of the distribution system by resolution dated _____, 20____.

NOW THEREFORE IN CONSIDERATION of the mutual covenants and agreements contained herein the parties hereby covenant and agree each with the other as follows:

1.0 Definitions

1.1 In this agreement:

- a. "GLID" means the Graham Lake Improvement District
- b. "CVRD" means the Comox Valley Regional District
- c. "DIWLSA" means the Denman Island Water Local Service Area as outlined on the plan attached to this agreement as Schedule 'A'

- d. "Year" means any twelve (12) month period during the agreement commencing on January 1 and ending on December 31

2.0 Supply and Quality of Water

- 2.1 The GLID shall during the 2021 Year provide the CVRD water from Graham Lake, diverted under CVRD's Conditional Water License 124755, for use at the DIWLSA so that the CVRD may serve the DIWLSA in accordance with this agreement.
- 2.2 The GLID will treat such water and provide CVRD's treated water to the DIWLSA, in a manner that meets all of the requirements of the BC Drinking Water Protection Act in relation to water quality monitoring, as displayed from time to time on the Vancouver Island Health Authority web site. The GLID shall not be liable for any degradation of the quality of water supplied for DIWLSA use that occurs after it leaves the GLID.
- 2.3 The GLID will provide periodic results of the water quality monitoring, at the end of the water main within DIWLSA, to the CVRD accessible through the VIHA public web site.
- 2.4 The GLID will provide, at the request of the CVRD, available water quality results within 3 working days to the CVRD.

3.0 CVRD Covenants

- 3.1 The CVRD agrees that all construction of the DIWLSA will be in accordance with good engineering practices and in accordance with all applicable federal and provincial regulations.
- 3.2 The CVRD shall use all water received under this agreement for domestic purposes only for DIWLSA resident users within DIWLSA, and for no other purpose. The CVRD will ensure, to the extent that it reasonably can, that water received under this agreement is used by resident users only within the DIWLSA, in a reasonable and un-wasteful manner consistent with the GLID's policy on normal water usage. CVRD and GLID hereby acknowledge that the issues of water supply for bulk water sales for the provision of water to entities outside of DIWLSA, and how best to address them, require additional discussion between them. It is the parties intention that once the parties decide on the appropriate way to deal with these matters, such decisions will be reflected in an Addendum that will be added to this agreement
- 3.3 The CVRD agrees that it will be solely responsible for the capital costs of constructing improvements to or repairing the DIWLSA system for the purpose of maintaining appropriate sampling, dechlorination, pressure and flow to the DIWLSA. The CVRD will expeditiously undertake, or arrange to provide, repairs to any portion of the DIWLSA system whenever it is advised by the GLID that such repairs are required, or when the CVRD learns in any other way of the need for such repairs.
- 3.4 The CVRD agrees to indemnify and save harmless the GLID and GLID employed operators from any and all causes of action or claims for any loss caused by a "shut off" of the water supply. Furthermore the GLID is not liable for interruptions in service or supply.
- 3.5 The CVRD agrees that it will remit to GLID the total anticipated revenue to be received from DIWLSA properties within one month of GLID invoice date.
- 3.6 The CVRD will provide an invoice to GLID by the end of October each year for all overhead costs related to the DIWLSA for an amount not to exceed \$1,000 per year.
- 3.7 The CVRD will provide to the GLID, and keep current, the contact information of users of the DIWLSA which is required by the GLID to communicate with such users in accordance with this agreement.

4.0 GLID Covenants

- 4.1 The GLID shall treat and deliver CVRD's water to the DIWLSA in accordance with good engineering practices subject to the limitations of this agreement.
- 4.2 If, by any reason, the GLID experiences a reduction in water quality of the supplied water, the CVRD is to be notified of such reduction as soon as reasonably possible.
- 4.3 The GLID will remedy such interruptions as expeditiously as reasonably possible. The GLID agrees to notify the CVRD and DIWLSA residents of any material interruption in service and/or water quality concern, and provide the expected time for return to service when foreseeable.
- 4.4 The GLID agrees to manage operation of the DIWLSA system on CVRD's behalf, in accordance with good engineering practices with all applicable federal and provincial regulations, including:
 - water quality sampling
 - meter reading as required for leak detection or other operational purposes
 - communications relating to water quantity, quality and conservation
 - operation and maintenance of the sample kiosk and flushing and de-chlorination chamber,
 - responding to complaints regarding water quality/availability (and forwarding complaints regarding leaks to the CVRD)
 - responding to and repairing leaks, main breaks and other necessary repairs, at CVRD expense.
- 4.5 The GLID shall communicate water use restrictions to the users of the DIWLSA, whose current contact information has been provided by the CVRD, to match those imposed by GLID for its users.
- 4.6 The GLID agrees to provide information and notice of the upcoming year's annual water rate schedule effective January 1st of each year for the DIWLSA by September 30 of the preceding year. GLID agrees to provide the CVRD, via the GLID web site, with a 5 year capital works plan for projects that are required for the continued supply of water to the CVRD, with estimates of projected water rate implications when known. The GLID agrees to strive for a longer term water rate schedule.
- 4.7 The GLID agrees to provide information regarding its reserve fund balance and planned reserve fund expenditures by May 15th each year when known.
- 4.8 The GLID will reimburse the CVRD for overhead costs referred to in section 3.6 before the end of October each year.

5.0 The Right of Entry for Inspection

- 5.1 The GLID may at all reasonable times inspect all accessible portions of the DIWLSA water system.

6.0 Payments

- 6.1 The CVRD will remit to GLID and in turn the GLID will remit to the CVRD the amounts as detailed in Appendix A.
- 6.2 Payments to both parties shall be paid within 30 days of receipt of invoices.

7.0 Assignment

7.1 No party to this agreement may assign its interest in this agreement without the consent of the other party first in writing.

8.0 Miscellaneous

8.1 This Agreement shall come into force as of January 1, 2021, and shall terminate on the 31st day of December 2021, unless the Parties mutually agree to an earlier termination date. This Agreement may be renewable in one year increments by mutual agreement of the Parties.

8.2 This agreement shall supersede the previous agreement made as of the 1st day of January, 2020.

8.3 This agreement constitutes the entire agreement between the parties and there are no representations or warranties, express or implied, statutory or otherwise, and no agreement collateral to this agreement other than as expressly set forth or referred to in this agreement.

8.4 Nothing contained or implied herein shall prejudice or affect the rights and powers of the CVRD and the GLID in the exercise of their respective functions under any public or private statutes, bylaws, orders and regulations, all of which may be fully and effectively exercised as if this agreement had not been executed and delivered by the parties and the interpretation of this agreement shall be subject to and consistent with statutory restrictions imposed on the CVRD and the GLID under the *Local Government Act* or the *Community Charter* as the case may be.

8.5 An expression of time expressed as a period of days in this agreement shall mean calendar days.

8.6 Nothing in this agreement shall be interpreted as creating an agency, partnership or joint ventureship between the CVRD and the GLID.

8.7 The headings in this agreement are inserted for convenience and reference only and in no way define, limit or enlarge the scope or meaning of this agreement or any provision of it.

8.8 This agreement shall ensure to the benefit of and be binding upon the parties hereto and their respective heirs, administrators, successors and assigns.

IN WITNESS WHEREOF the parties hereto have set their hands as of the day and year first above written.

COMOX VALLEY REGIONAL DISTRICT

Chair

Corporate Legislative Officer

GRAHAM LAKE IMPROVEMENT DISTRICT

Chair

Officer

Appendix A

1. Properties not using any water within the Year will be charged \$500 each.
2. Properties in DIWLSA using any water within the Year will be charged \$500 plus an additional \$900 each (i.e. a total of \$1,400 per property).
3. There will be no pro-rating of water usage charges. Properties that start using water at any point in the year will incur the total charge of \$1,400 per property (\$500 plus the additional \$900 charge).
4. The GLID will invoice CVRD for each year's revenues in January, based on CVRD advising the GLID by December 1 of the prior year, which property owners intend to use or not use water for the year. The GLID will assume that the same number of property owners intend to use the water as used it in the prior year, if it does not hear otherwise from the CVRD by December 1 of the prior year, provided that the GLID has the right at any time to invoice for additional owners that it has learned have started using the water.
5. The CVRD will remit payment to GLID in anticipation of the revenue from DIWLSA users within one month of receiving the invoice from GLID
6. The CVRD will bill DIWLSA users in May.
7. GLID will reimburse the CVRD for overhead costs for the DIWLSA by the end of November each year, in an amount not to exceed \$1,000.

Schedule "A"

