



THE CORPORATION OF THE
DISTRICT OF SUMMERLAND
REQUEST FOR DECISION

DATE: April 9, 2024
TO: Graham Statt, Chief Administrative Officer
FROM: Kendra Kinsley, Corporate Officer
SUBJECT: Deer Ridge Sewer Expansion – Local Service Area

FILE: 4200-01

STAFF RECOMMENDATION:

That Council pass the following resolution(s):

1. ***THAT Local Area Service Establishment (Deer Ridge Sewer) Bylaw No. 2024-020 be read a first, second, and third time.***
2. ***THAT Loan Authorization (Deer Ridge Sewer) Bylaw No. 2024-021 be read a first, second, and third time.***
3. ***THAT Staff be directed to submit the District of Summerland Local Area Service Establishment (Deer Ridge Sewer) Bylaw No. 2024-020 and the District of Summerland Loan Authorization (Deer Ridge Sewer) Bylaw No. 2024-021 to the Province, publish the required advertising and issue notification to the property owners within the proposed Local Area Service for establishment of the local area service on Council Initiative - Subject to Petition Against for both the establishment of the Local Area Service and to authorize borrowing.***

STRATEGIC PRIORITY:

To Protect and Enhance Core Infrastructure and Essential Services

CULTURAL IMPACT STATEMENT:

N/A

PURPOSE:

To consider the first three readings of Local Area Service Establishment (Deer Ridge Sewer) Bylaw No. 2024-020 and Loan Authorization (Deer Ridge Sewer) Bylaw No. 2024-021 to proceed with the process of establishing a Local Service Area as outlined in the *Community Charter*.

DISCUSSION:

Establishing a Local Area Service (LAS) and Loan Authorization Bylaw:

A municipality has the authority to provide services such as water and sewer or business improvement to specific areas within its community. These local area services are paid for in whole or in part by local property owners in that area through local service taxes. Each local area service must be established by bylaw to authorize imposing a type of property tax for the service within the local area.

The District has identified a Local Area Service (LAS) for the Deer Ridge Sewer Area, which currently includes 112 properties, to bring municipal sanitary sewer services to the subject area. To do so, Council can initiate the establishment of a local area service by providing an opportunity for a petition against the proposed service, which means that the bylaw cannot be adopted if at least 50 percent of owners representing at least 50 percent of the assessed value of land and improvements that would be subject to the local tax sign a petition opposing the local area service. Council provided the authorization to begin the process at its July 18, 2023 Regular (afternoon) Council Meeting. The next steps in the process include providing the first three readings to the Local Area Service Establishment Bylaw, giving notice of the petition against, and by the Corporate Officer mailing the Council Initiative - Petition Against Package to all the parcels/property owners identified in the Local Area Service. The period for the petition against must be open for 30 days following the second publication of the required notice.

Council may only adopt the local area service bylaw if the service and its cost recovery methods have been approved by the taxpayers or electors within the service area. This approval will occur if an insufficient number of property owners petition against the proposed service.

Additionally, the District will require long-term borrowing to fund a portion of the project. A Loan Authorization Bylaw has been prepared to authorize the District to borrow the necessary funds of up to \$2,225,000 to complete the project. The funds will be recovered by a parcel tax on the participating parcels in the area, over a 20-year amortization period. It is anticipated that the costs will be \$19,866.07 per parcel. The estimated cost to property owners in the Local Area Service will be approximately \$1,613.93 per year. An owner of a parcel within the Local Area Service may elect to pay their portion of the Local Area Service Charge levied for their parcel in the form of a one-time cash payment.

Project:

The Deer Ridge Sewer Project includes a gravity sewer from Deer Ridge along the Eco-Village frontage, down the flume trail right-of-way to Taylor Place, connecting to the existing sewer along Cartwright Avenue. The project is anticipated to be tendered in summer 2024, with construction initiating in the fall of 2024 and being completed in 2025.

The estimated costs for this project have increased since being introduced to Council in July 2023 due to a variety of reasons, including:

- Anticipated material price and labour increases for work in late 2024 and 2025
- Additional rock work required following geotechnical investigations, and
- Increased pipe sizing to ensure pipe capacity at full build out following the announcement of new provincial legislation (Bill 44).

BACKGROUND:

At its July 18, 2023, Regular (Afternoon) Meeting of Council, Council resolved the following:

“THAT Staff be directed to proceed with detailed design of Option 1 in the July 18, 2023 Deer Ridge Sewer Extension Options Report from the Director of Works & Infrastructure;

AND THAT Staff be directed to initiate the Council Initiated Local Area Service process for Option 1 of the Deer Ridge Sewer Extension in accordance with Community Charter S. 213.”

LEGISLATION and POLICY:

- *Community Charter* s. 179 Loan Authorization Bylaw for Long Term Borrowing
- *Community Charter* Division 5 – Local Service Taxes

FINANCIAL IMPLICATIONS:

The project is proposed to be a Council Initiated Local Area Service (as per the Community Charter, S. 213), with all proposed and existing properties utilizing the sewer contributing equally. The total project cost is estimated at \$5,464,000 with total borrowing being no more than \$2,225,000 or \$19,866.07 per parcel. Borrowing is to be recovered by a parcel tax based on a 20-year amortization period. Until the Municipal Finance Authority (MFA) goes to market, the actual interest rate can only be estimated. As such, the interest rate used in estimating annual loan repayments was 4.66% (based on MFA’s 20-year indicative rate as of March 29, 2024). The estimated cost to property owners in the Local Area Service will be approximately \$1,613.93 per year. An owner of a parcel within the Local Area Service may elect to pay their portion of the Local Area Service charge levied for their parcel in the form of a one-time cash payment of \$19,866.07.



Additionally, the project has received an upfront lumpsum payment of \$1,469,793 from a private developer to contribute the pro-rata servicing costs of a large portion of the Upper Development area. This payment reduces the overall upfront construction costs of this project to the District.

The remainder of the project, \$1,769,207, is attributed to the future Eco-Village development areas that will benefit from the proposed sewer expansion project. This amount is to be funded through the Growing Communities Fund and the District will also look at possible latecomer agreements with potential developers.

SUPPORTING DOCUMENTS:

1. Local Area Service Bylaw No. 2024-020
2. Loan Authorization Bylaw No. 2024-021
3. [July 18, 2023 – Report to Council](#)

CONCLUSION:

Staff recommend that Local Area Service Establishment Bylaw No. 2024-020 and Loan Authorization Bylaw No. 2024-021 be given its first three readings and that Council proceed with the process of establishing a Local Service Area to bring sanitary sewer to the Deer Ridge Area as outlined in the *Community Charter*.

OPTIONS:

1. **THAT the report titled “Deer Ridge Sewer Expansion – Local Area Service” from the Corporate Officer, dated April 9, 2024, be received for information.**
2. Move the motion as recommended by staff.
3. Refer to staff for other options.

Respectfully submitted,

Endorsed by,



Kendra Kinsley
Corporate Officer



Graham Statt
Chief Administrative Officer

Presentation: Yes No