



STAFF REPORT TO COUNCIL PUBLIC WORKS

1100 Patricia Boulevard, Prince George, B.C., V2L 3V9

DATE: March 6 2014

TO: MAYOR AND COUNCIL

FROM: GINA LAYTE LISTON, ASSOCIATE DIRECTOR OF PUBLIC WORKS

SUBJECT: Hart Highlands Sanitary Sewer Local Area Service (LAS) Phase 2

ATTACHMENT(S): Map of the Ridgeview and Killarney-Sussex-Wildwood local service areas
Expression of Interest from Ridgeview Residents

RECOMMENDATION(S):

- 1. THAT Council authorize staff to facilitate a formal petition for the Ridgeview Sanitary Sewer LAS.**

PURPOSE:

Residents from the Ridgeview area have requested that the local area service (LAS) in their area proceed separately from the rest of the second phase of the Hart Highlands Sanitary Sewer LAS. This report provides an update regarding this recent development and outlines Administration's planned next steps.

BACKGROUND:

The second phase of the Hart Highlands Sanitary Sewer LAS was initiated at the request of homeowners who were concerned about their aging septic systems. Like most municipalities in the Province, the City does not contribute to the installation of sanitary sewers in residential areas, and these types of projects are undertaken as local area service (LAS) agreements. Local area services are improvement projects that benefit a particular area, and are paid for by the benefiting property owners.

In February 2014, City Staff met with Phase 2 homeowners to discuss what an LAS for sanitary sewers would involve. This meeting included homeowners from two areas: Ridgeview, and Killarney-Sussex-Wildwood. The 19 residential properties on Ridgeview Drive are separated geographically from the 80 properties in the Killarney-Sussex-Wildwood area, as shown on the attached map. From an engineering standpoint it would be possible to service either area independently, and at the February 2014 meeting the projects were presented as two separate local area service projects. Residents were told that either LAS could proceed even if the other did not.

Homeowners were surveyed to gauge support for a sanitary sewer LAS. A majority of homeowners in both groups indicated support for the project. Staff proceeded to prepare preliminary designs and cost estimates.

In February, 2015 residents from Ridgeview Drive submitted an expression of interest that an LAS for sanitary sewers proceed in 2015 and that their street be done as a separate LAS. The expression of interest (attached) was signed by 16 of the 19 involved households in that area, stating that they:

1. want to maintain a 2015 construction date for the LAS project;
2. want to proceed with the LAS project independent of the other streets, as originally proposed;
3. understand that this request to proceed with the project is not subject to any grant funding;
4. understand that the CoPG estimating process must include maximum possible allowances;
5. understand that an LAS vote is needed in short order to advance this project, this year.

Administration believes that these requests are achievable for this area.

There may be opportunities to reduce the cost of the sanitary sewer LAS project by completing necessary upgrades to existing infrastructure at the same time. In order to incorporate these proposed upgrades, additional design work will be required and the scope of construction will be broader than originally planned.

As a result, it would not be feasible for the entire Phase 2 area to be constructed this year. Dividing Phase 2 into two smaller groups will be more manageable, and a 2015 construction date is possible for the smaller Ridgeview area if done separately.

In light of the request from the Ridgeview residents, staff will now work with the two groups separately. The two independent projects will be known as the Ridgeview Sanitary Sewer LAS and the Killarney-Sussex-Wildwood Sanitary Sewer LAS.

On February 27th, 2015, staff met with a group of five residents (two from Ridgeview and three from Killarney-Sussex-Wildwood) who have advocated for sanitary sewers in their neighbourhoods. At this meeting, staff explained that the two groups will move forward separately and outlined the next steps for each group.

Letters were sent to homeowners on February 27th, 2015 explaining that the two LAS projects will be considered separately and inviting each group to a neighbourhood meeting to discuss the next steps. The Ridgeview group will meet on March 10th, and the Killarney-Sussex-Wildwood group will meet on March 12th. Homeowners in the Killarney-Sussex-Wildwood group were asked to complete a short survey about their priorities and whether they wish to be a member of the joint City/neighbourhood working group.

POLICY / REGULATORY ANALYSIS:

Division 5 of Part 7 of the *Community Charter* gives municipalities the authority to provide a local area service within part of the municipality. It sets out the legal framework for the establishment of a local service area and for any borrowing in relation to a local area service.

- Section 212 outlines the requirements for a petition for a local area service. In order to be certified as sufficient and valid, the petition must be signed by the owners of at least 50% of the parcels in the proposed LAS. These parcels must represent at least 50% of the total assessed value of land and improvements that would be subject to the local service tax.
- Section 216 provides authority for a municipality to levy a parcel tax to recover all of the costs of a service provided within a local service area.
- Section 217 of the *Community Charter* states that "If all of the costs of borrowing for the purposes of a local area service are to be recovered by a local service tax, the loan authorization bylaw does not require the approval of the electors under section 180 [elector approval required for some loan authorization bylaws], but it may only be adopted if the borrowing has been proposed by petition in accordance with section 212."

FINANCIAL CONSIDERATIONS:

If the Ridgeview Sanitary Sewer LAS is completed separately and constructed by City crews, the overall cost of installing a sanitary sewer is estimated to be approximately \$560,000. Per household, this estimate is higher than actual costs from the first phase of the Hart Highlands Sanitary Sewer LAS due to several factors: a greater distance of sewer main is required per lot; the existing landscaping is more extensive and costly to restore after construction; the presence of underground, rather than overhead, servicing for cable, telephone and hydro; and sharper bends in the road, which necessitates more manholes and limits the flexibility of the design. This estimate includes a 15% contingency, which is standard for a project at this stage of design.

Staff is looking at upgrading existing infrastructure at the same time as the sanitary sewer installation. This would reduce the cost to residents splitting some costs (e.g. geotechnical investigation, road and boulevard restoration work) between two projects. These cost savings have not yet been fully calculated, but it is expected that they will bring the cost per household closer to those incurred in Phase 1.

It is important to note that the Ridgeview residents have informally stated that they would like to proceed based on the \$29,000 per lot estimated at the February 10th, 2015 neighbourhood meeting. This will be confirmed at the neighbourhood meeting on March 10th.

The total cost of the sanitary sewer project will be divided among the benefiting parcels, and property owners will repay the costs through a parcel tax levy. The improvements under the LAS will be amortized over a twenty year period with interest. Individual property owners will have the option to repay the remainder of their debt in its entirety.

The Deputy Financial Officer has advised that the estimated \$560,000 for the Ridgeview Sanitary Sewer LAS is a manageable cost that the City can interim finance and would not need to borrow the funds from the Municipal Finance Authority. The City would fund these costs from internal reserves and the repayment from the property owners will replenish the reserves.

After construction is completed and actual costs from the Ridgeview Sanitary Sewer LAS are known, staff will be able to provide more refined estimated costs to the Killarney-Sussex-Wildwood property owners for the extension of the sewer in their area, assuming construction methods and project delivery are similar.

NEXT STEPS:

Staff plans to work separately with the Ridgeview Sanitary Sewer LAS and the Killarney-Sussex-Wildwood Sanitary Sewer LAS.

Should Council approve, a formal petition process will proceed with the Ridgeview area. Upon successful support of the Ridgeview LAS from the property owners, an LAS bylaw would be prepared and the project would proceed.

Staff will begin to meet with the Killarney-Sussex-Wildwood working group to consider the process and timelines with the objective of installing a sanitary sewer in their area in 2016 should they wish to proceed.

Staff will work with both groups to minimize costs to residents by timing these projects to coincide with upgrades and maintenance to existing infrastructure.

SUMMARY AND CONCLUSION:

To accommodate the varying preferences of the property owners, staff will proceed with the next phase of the Hart Highlands Sanitary Sewer LAS by working separately with two independent groups: the Ridgeview Sanitary Sewer LAS, and the Killarney-Sussex-Wildwood Sanitary Sewer LAS. If property owners successfully petition for a local area service (LAS), then the Ridgeview project would proceed to construction in 2015, and the Killarney-Sussex-Wildwood project would be planned for 2016. A working group will be established with the property owners of the Killarney-Sussex-Wildwood area to work together on meeting the neighbourhood's priorities, and will report back to their neighbourhood prior to the formal petition.

Administration is requesting authorization to facilitate a formal petition for the Ridgeview Sanitary Sewer LAS.

Respectfully submitted:



Gina Layte Liston
Associate Director of Public Works

Report prepared by:
Hayley Sedola, EIT
Project Manager, Hart Highlands LAS
Engineering Services

To: Mayor and Council

