



## STAFF REPORT TO COUNCIL ENGINEERING AND PUBLIC WORKS

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

**DATE:** September 25 2015

**TO:** MAYOR AND COUNCIL

**FROM:** DAVE DYER, GENERAL MANAGER, ENGINEERING AND PUBLIC WORKS

**SUBJECT:** Killarney-Sussex-Wildwood Sanitary Sewer Local Area Service (LAS)

**ATTACHMENT(S):** Map of the Killarney-Sussex-Wildwood proposed local service area

### RECOMMENDATION(S):

1. THAT Council authorize staff to facilitate a formal petition for the Killarney-Sussex-Wildwood Sanitary Sewer LAS.

### PURPOSE:

This report outlines the terms of the proposed Killarney-Sussex-Wildwood Sanitary Sewer Local Area Service (LAS), and requests authorization to move forward with a formal petition.

### BACKGROUND:

The Killarney-Sussex-Wildwood Sanitary Sewer LAS project 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.

The proposed local service area includes eighty parcels on Killarney Drive, Wildwood Crescent, Sussex Lane, Sussex Place, and Calvin Lane, as shown on the attached map.

Earlier this year, the City surveyed residents in the neighbourhood about their priorities for this project, and a joint City-Resident working group was formed to address these goals. The majority of survey respondents indicated that connecting to the City sewer system at a minimum possible cost was very important to them. In order to complete the project in the most cost effective manner, construction will need to be done using City forces, and there is a possibility that work may extend into 2017. The joint City-Resident working group believes that this option best meets the neighbourhood's goal of keeping the project as affordable as possible.

There are plans to perform upgrades to the existing water network at the same time as the sanitary sewer installation. This will reduce the expense to homeowners by splitting some costs (such as the geotechnical investigation, and road and boulevard restoration work) between the two projects.

### 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 of the *Community Charter* 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 of the *Community Charter* 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:**

The estimated cost for the Killarney-Sussex-Wildwood Sanitary Sewer LAS is \$1,944,000. This amount represents the highest probable project cost (based on construction by City crews), and includes a 20% contingency to account for circumstances such as bad weather or difficult soil conditions. If the actual project expenses are lower, then any savings will be reflected in the amount paid by homeowners. The total cost of the sanitary sewer project will be divided equally among the benefiting parcels, and charges will be applied through a parcel tax levy. The highest probable cost per lot is \$24,300 plus interest.

The improvements under the LAS will be amortized over a twenty year period with interest. Individually, homeowners will also have the option to repay the remainder of their debt in its entirety at any point during the twenty year repayment period. LAS charges will be applied the year after all construction is completed, so if the project is not completed until 2017, then LAS charges will be applied to homeowners beginning 2018.

The City will borrow funds from the Municipal Finance Authority (MFA) to fund the project. Repayment from the property owners will cover repayment of the MFA loan.

#### **NEXT STEPS:**

Should Council approve, a formal petition process will proceed for the Killarney-Sussex-Wildwood LAS. An information package will be sent to homeowners in early October, and a pre-petition information session will be held on October 27<sup>th</sup>. The formal petition will be distributed at the start of November. If the petition is successful, the necessary bylaws will be brought forward for Council approval and construction will proceed next year.

#### **SUMMARY AND CONCLUSION:**

Administration is requesting authorization to facilitate a formal petition for the Killarney-Sussex-Wildwood Sanitary Sewer LAS. If property owners successfully petition for a local area service (LAS), then the project will be constructed by City forces in 2016, with a possibility of work extending into 2017. The highest probable cost for the project is \$1,944,000. The benefitting homeowners will repay the project cost through a parcel tax over a twenty year period.

**Respectfully submitted:**



\_\_\_\_\_  
Dave Dyer, P.Eng  
General Manager of Engineering and Public Works



\_\_\_\_\_  
Report prepared by Hayley Sedola, EIT  
Engineering Assistant, Engineering Services

**To: Mayor and Council**

