



STAFF REPORT TO COUNCIL ENGINEERING AND PUBLIC WORKS

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

DATE: December 4 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): Appendix A - Map of the Killarney-Sussex-Wildwood Proposed Local Service Area
Appendix B - Corporate Officer Certificate of Sufficiency

RECOMMENDATION:

1. THAT Council receive the Corporate Officer Certificate of Sufficiency dated November 30, 2015, attached to the Report as Appendix B.
2. THAT Council give first three readings to "Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service Bylaw No. 8721, 2015;" and
3. THAT Council give first three readings to "Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service Loan Authorization Bylaw No. 8722, 2015."

PURPOSE:

Residents from the Killarney-Sussex-Wildwood area have petitioned the City for a local area service (LAS) for the installation of a sanitary sewer in their neighbourhood, and the petition has been certified as sufficient in accordance with the *Community Charter*. The proposed LAS will provide City sanitary sewer connections to eighty properties on Killarney Drive, Sussex Lane, Sussex Place, Wildwood Crescent, and Calvin Lane, as shown on the map attached as Appendix A.

This report recommends that Council give first three readings to the "*Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service Bylaw No. 8721, 2015.*" This bylaw will establish the local area service, define the boundaries of the LAS, and impose local service taxes. It will also authorize expenditures required to install the sewer extension.

This report also recommends that Council give first three readings to the "*Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service Loan Authorization Bylaw No. 8722, 2015,*" which will authorize the borrowing of up to \$1,944,000 to finance the LAS project.

STRATEGIC PRIORITIES:

The Killarney-Sussex-Wildwood Sanitary Sewer LAS is in line with the City's commitment to citizen-centred service. This project was initiated at the request of homeowners.

Improvements to the area's existing roads and water infrastructure will be timed to coincide with the sanitary sewer installation. This meets the City's key corporate strategy of aligning all capital, operating and maintenance activities, and will also reduce the expense to homeowners by splitting some of the costs between the 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 211 and 212 of the *Community Charter* describe the requirements for establishing a local area service. In order to establish an LAS, the municipality must adopt a bylaw, and this may only be done if specific requirements are met.

One way of meeting these requirements is a petition for 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.

At City Council meeting held October 5, 2015, Council authorized staff to facilitate a formal petition process. The results of the petition process have been certified by the Corporate Officer as attached as Appendix B to this report. The results are sufficient to establish a LAS in accordance with the legislation.

The owners of 57 parcels who signed the petition in favour of the local area service for the sanitary sewer main extension are owners of parcels that in total represent 71% (\$13,907,900) 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:

Like most municipalities in the Province, the City does not contribute financially to the installation of new 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 estimated cost for the Killarney-Sussex-Wildwood Sanitary Sewer LAS is \$1,944,000, which amounts to \$24,300 per lot. This estimate 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.

The cost of the sanitary sewer LAS project will be divided equally among the benefiting parcels. Homeowners will not be responsible for costs beyond \$24,300 per lot plus interest, but if actual project expenses are lower, then any savings will be reflected in the amount paid by homeowners.

The cost of improvements under the LAS will be recovered over a twenty year period through a parcel tax levy on the benefiting properties. Individually, homeowners will have the option to repay the remainder of their debt in its entirety at any point during the twenty year repayment period.

As proposed in the petition for local area service, the City will borrow up to \$1,944,000 to fund the project. These funds will be borrowed from the Municipal Finance Authority (MFA), and repayment from the property owners will cover repayment of the MFA loan.

NEXT STEPS:

The “Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service Loan Authorization Bylaw No. 8722” will be submitted to the office of the Inspector of Municipalities for approval, before it and the “Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service Loan Authorization Bylaw No. 8722” are brought forward to Council for final readings.

SUMMARY AND CONCLUSION:

Residents from the Killarney-Sussex-Wildwood area have petitioned the City for a local area service (LAS) for the installation of a sanitary sewer in their neighbourhood, and the petition has been certified as sufficient in accordance with the *Community Charter*.

The estimated highest probable cost for this work is \$1,944,000. The actual cost of the sanitary sewer project will be divided equally among the eighty benefiting parcels, and costs will be recovered through a parcel tax levy on these parcels. The City will borrow funds from the Municipal Finance Authority (MFA) to fund the project, and repayment from the property owners will cover repayment of the MFA loan.

Administration is recommending that Council give first three readings to “Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service Loan Authorization Bylaw No. 8722, 2015”, and “Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service Loan Authorization Bylaw No. 8722, 2015.” These bylaws will establish the LAS, and authorize the borrowing of up to \$1,944,000 to finance the project.

Respectfully submitted:



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To: Mayor and Council

