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## CITY OF KELOWNA

# MEMORANDUM

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**Date:** March 29, 2001  
**File No.:** 5340-09-21A  
**To:** City Manager  
**From:** Wastewater Manager  
**Subject:** McKenzie Bench Sewer Specified Area No.21A.

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### **RECOMMENDATION :**

THAT the City of Kelowna initiate a Sewer Specified Area project pursuant to Section 646 of the Local Government Act, for the area shown on the attached map, which indicates the proposed service area;

AND THAT Council direct staff to take the necessary steps of advising and involving the affected property owners as required by the Local Government Act;

AND FURTHER THAT Council authorize the payment of up to \$130,000 from Service Area Reserve Account No. 995-73\*-FU580-R881 to assist in the costs of the McKenzie Bench Specified Area project, and if funds are not available when required, that funds from the Sewer Utility Reserve be used and repaid from Service Area No. 21 as they are collected.

### **BACKGROUND :**

While the City was determining priorities for the 1994 Federal/Provincial Infrastructure Grant program, Council adopted a priority list for the areas to be sewered in the future. The area served by the McCurdy trunk, known as Area 21, was deemed as the top priority and was submitted for consideration of a Grant. After several years had passed and a Grant was not obtained, it was believed that the financial magnitude of the application (in excess of \$10 Million) was one of the primary reasons that the Province did not award a Grant. In 1999 the Sewer Service Area charge was implemented which created the opportunity for new Developments to install a trunk sewer both in McCurdy Road, and in Rutland Road. With the sewer installed this far into the Service Area, the opportunity was available to create a smaller Specified Area to reach the most problematic neighbourhood in the area, which is the McKenzie Bench.

In January of 2000 the City applied for a Provincial Local Government Grant for the proposed McKenzie Bench Specified Area. The Province announced, in June or 2000, that they had awarded the City of Kelowna a \$1.77 Million Grant for the McKenzie Bench Sewer project. City staff then prepared the Terms of Reference for the project and invited Engineering proposals from Consultants. The successful Consultant commenced the pre-design work in the fall of 2000, and submitted the pre-design report to the City in February 2001.

An information meeting was recently hosted on March 28<sup>th</sup> and all affected property owners were invited to attend. The meeting allowed staff the opportunity to present the findings of the pre-design and outline the potential costs of proceeding with the project. Approximately 175

people attended the meeting. There are 272 single family, 1 rural, 1 Five-plex, and 11 duplex properties in the proposed boundaries of the Specified Area.

This Specified Area lies within Sewer Service Area No.21, in which a uniform charge for sewer connections has been established. That charge is presently \$6,700 per Equivalent Dwelling Unit (EDU).

The estimated cost of installing a sewer system in the McKenzie Bench Specified Area is \$3.9 Million, and is reduced by the \$1.77 Million Grant from the Province. The cost sharing formula is proposed to distribute the project cost between all the benefiting properties on an EDU basis. Using this approach, single family homes are deemed as 1 EDU and multi-family buildings are assessed 0.7 EDU's per unit. Based on the Service Area charge the one-time payment (cash commutation) is proposed to be \$7,100 per parcel, and if the owner chooses to pay over a 20-year period, the estimated annual payment is \$756. Because the anticipated net cost of construction of the sewers in this Spec Area, even after the Grant has been deducted from the project cost, is greater than the proposed Sewer Service Area charge, a transfer of funds (estimated at \$129,825) is required from the Service Area to equalize the costs. If the funds are not available from the Service Area at the completion of the project, then we propose to borrow the funds from the Utility Reserve, and repay these funds to the Utility as they are collected from new customers connecting to sewer in the Service Area.

After the bylaw has been given initial consideration, all the property owners will be sent a letter notifying them of the proposed local improvement, the terms of payment and of the opportunity to submit a counter-petition to oppose the project. In addition, an advertisement in the newspaper will be posted, and another meeting will be hosted. If the majority of the property owners are in favour of the project, and do not submit counter-petitions, we anticipate proceeding with the Design and Tendering to allow Construction to start this summer.

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W.J. Berry, P.Eng.  
Wastewater Manager

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John Vos  
Director of Works & Utilities

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