
CITY OF KELOWNA

MEMORANDUM

Date: March 6, 2002
File No.: 5340-20
To: City Manager
From: Wastewater Manager
Subject: New rules governing expanding or adding properties to Specified Areas

RECOMMENDATION :

That Council adopt a Policy that governs the expansion or addition of properties to Specified Areas, as attached;

AND THAT Sewer Specified Area No. 17 boundary be amended to exclude lots 2, 7, 8, 11, 12, 13, 14 and 15, Plan KAP 68542, as shown on the boundary amendment map labeled Spec Area 17 Bylaw amendment no. 7, Schedule A.

BACKGROUND :

Before the City was amalgamated with the outlying areas in the early 70's, the majority of the built-up City was serviced by a Sewer system. When some areas began to experience septic system problems, the solution was to extend sewers from the "old" Kelowna system. The problem was that the "old" Kelowna mains were already paid for by the residents of Kelowna, and that those same residents should not have to pay any more to extend sewers into the newly acquired (amalgamated) areas of the City. It was determined that new areas would pay for their own sewer extensions so not to add a financial burden on existing customers. The Municipal Act (now the Local Government Act) did not allow Specified Areas in the early years, and the City was given special permission to do so. Spec Areas later became an accepted method to apportion the costs of improvements over the area that is benefiting, and it was an appropriate method to proceed with Sewer extensions.

At the outset of most Spec Area projects, many of the Property Owners are concerned that they will pay the costs of bringing a Sewer system into their area, vacant or undeveloped property will become developable, and that a future Developer may not have to pay their appropriate share of the costs. The two principal issues of concern have been:

- 1.) Properties inside the proposed Spec Area that are large and vacant at the time of the creation of the Spec Area would have sewer mains extended past the property, and gain the ability to develop, with the Owner only paying the equivalent of a home.
- 2.) Parcels that lie outside of the established Spec Area boundary become developable when sewer mains are extended close to the property, and the Developer obtains the service at the expense of the Owners in the area.

The City attempted to address these issues by committing to the Spec Area participants that if a Developer used the sewer mains that were paid for by property owners in the Spec Area, that the Developer would be required to pay a share of the Spec Area in accordance with the following generalized rules:

- 1.) Properties that are within the Spec Area, and developable, will participate in the Spec Area costs based on their current development (i.e. if there is 1 house on a large parcel, the Owner will only pay the fees applicable to 1 house). If the property is redeveloped and subdivided at a later date, all the newly created lots will be included in the Spec Area, and pay the same Spec Area fees that the other participants will pay. This decreases the amount owing for all the Spec Area participants that have not cash commuted their fees (made a lump-sum payment).
- 2.) The City has required Developers who extended mains from a Spec area to their development to join the Spec Area, and pay the same Spec Area fees that the other participants will pay. In addition to paying the Spec Area fees, the Developer pays all the costs of the extension, as well as the cost of the local mains and services in the Development.

The City has worked within these general rules for more than 25 years, but has not had an established policy on exactly how the Spec Areas will be expanded. Last year, when the Steele Road subdivision was processed, all the newly created lots were added to Spec Area 17 by means of a bylaw amendment. The representative of the Developer questioned the new lots being added to the Spec Area because that would cause them to pay a share of the sewer mains & services for all the other Spec Area 17 participants. The Developer would then have to pay 100% of the costs of their own mains & services. The Developers representative also raised the question why the Steele Road subdivision was being added to Spec Area 17 but Developments that were further upstream would not be required to join the Spec Area. Staff agreed to review our rules and see if we could establish specific criteria on when and how Spec Areas would be expanded.

Our goal in reviewing the options available in establishing Spec Area expansion rules were generally as follows:

- 1) Provide the Property Owners, that are paying their Spec Area charges on an annual basis, with appropriate compensation if a Developer uses the mains that The Spec Area participants paid to install.
- 2) Establish charges for utilizing the services provided through a Spec Area, representing the benefit gained from the Spec Area construction.
- 3) Develop rules that are relatively simple and applicable in most cases.

After considering several options, a Policy has been developed and is attached hereto for Council's consideration. We believe this policy will allow City staff, Developers and Spec Area participants to better understand how and when developing properties will participate in Spec Areas.

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

John Vos
Director of Works & Utilities

cc Deputy Director of Finance
Financial Planning & Systems Manager



COUNCIL POLICY MANUAL

POLICY: 304
PAGE: 1 of 1
APPROVAL DATE: @
RESOLUTION #: @
REPLACING #: (New)
DATE OF LAST REVIEW: March 2002

SUBJECT: Expanding or adding properties to Specified Areas.

Specified Areas are used to allocate the costs of certain improvements to the Owners of the properties that may benefit from the improvement. Once the Specified Area improvements have been constructed, there is the potential that the improvements will make a property developable, or developable at a density that may not have been possible without the improvement. This policy establishes the terms and conditions for a financial contribution from properties developing adjacent to Specified Areas.

When a property is abutting, or partially included within, the boundaries of a Specified Area established by bylaw and the Owner wishes to utilize the benefit of the improvements carried out within the Specified Area, the following applies:

- If a single parcel or lot is located immediately adjacent to or outside of an existing Specified Area, and only requires a utility service line (as defined by the Works & Utilities Department), then that parcel or lot will be required to join the Specified Area as a condition of the City allowing the connection. Once added, the lot or parcel will be subject to all the fees and charges of the Specified Area.
- If any part of a property being subdivided or developed falls within a Specified Area boundary, the Specified Area boundary shall be amended to include the entire property, including any and all parcels or lots created through subdivision of the original property. Once added to the Specified Area, those lots or parcels will be subject to the fees and charges of the Specified Area, and if the Specified Area bylaw allows cash commutation of the fees, the Specified Area fees must be cash commuted as a condition of the Subdivision or Development.
- If a parcel or lots are located immediately adjacent to or outside of an existing Specified Area (and are fully outside the Specified Area boundaries) and require a Utility main extension (such as a Sewer or Water main), then the parcel or lots will not be required to join the adjacent Specified Area, and will not be subject to the aforementioned Specified Area charges.

REASON FOR POLICY: To establish consistent rules on how to address Developments that occur adjacent to the boundaries of Specified Areas.

LEGISLATIVE AUTHORITY: The Local Government Act

PROCEDURE FOR IMPLEMENTATION: As outlined in the Policy