
CITY OF KELOWNA

MEMORANDUM

Date: October 16, 2002
File No.: 5340-09-20
To: City Manager
From: Wastewater Manager
Subject: North Rutland Sewer Specified Area No. 20.

RECOMMENDATION:

THAT Council direct the Wastewater Manager to advise and involve property owners that will be affected by the proposed North Rutland Sewer Project, and to prepare and present the required documents that will allow Council to initiate a bylaw to create a Sewer Specified Area project for the properties generally indicated on the attached map,

AND THAT Council approve of the amended cash commutation charge of \$6,940 per EDU for Sewer Specified Area No. 21A.

BACKGROUND:

In 1999, 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, with the Fitzpatrick area (Sewer Service Area 20) being the second priority. Grant applications for these entire areas had been made in previous years but it was believed that the financial magnitude of the applications (in excess of \$10 Million) was one of the primary reasons that the Province did not award a Grant. Council agreed that we might have better success in obtaining funds if we broke our applications into affordable projects.

In 2000 the City was awarded a 50% Provincial Local Government Grant (\$1.77 Million) to extend a Sewer system to the McKenzie bench area. The project was completed in the fall of 2002. In February of 2001 Council prioritized and requested staff to submit Grant applications for the new Canada / B.C. Infrastructure Grant program, and the two top priority applications were Sewer Specified Areas No. 20A and 21B, which are problematic pockets within the overall Service Areas. In May of 2002, the City was awarded Grants for both projects, totaling \$4.6 Million in Canada / B.C. Infrastructure funds. Staff has been calculating cost estimates for the project(s) and investigated different options to apportion the costs and to service as many properties as possible within this project.

The proposed Specified Area will actually merge two existing Sewer Service Areas, namely Area No.20 (Fitzpatrick) and Area No. 21 (McCurdy). These each have a uniform charge for sewer connections, which is presently \$11,000 per Equivalent Dwelling Unit (EDU) in Area 20 and \$7,100 per EDU in Area 21. Neither of the Service Area charges included the interim

financing charges that are applicable to the construction of the sewer. The proposed merger of the Service Areas, after the interim financing charges have been added and Grants have been deducted from the project cost, will result in a lower charge for sewer service for all owners in both areas. The estimated cash commutation (lump-sum payment) cost for all participants in this project is estimated at \$6,940 per EDU. If the Owners wish to pay for the project costs over time, rather than a lump-sum payment, their payment is estimated to be \$777/year for 20 years.

A project of this magnitude is certain to have issues that will be a concern to some of the affected property owners. Some of the items specifically related to this project are:

- The Grants that were applied for, and subsequently awarded, were originally for selected “pocket” areas in each Service Area, and now the same funds will be used for the entire Service Area. The cost of sewer installation is less than it was previously for all owners, however, since the project will combine two areas and be done as a single Spec Area, the reduction in costs due to the Grants is greater in Area 20 than in Area 21.
- In previous Spec Area projects, owners have been required to connect to the new sewer system within 1 year of project completion, and this will be the case in this Spec Area as well. Some of the properties in the proposed Spec Area presently have a sewer service connection to their property line, but have not connected yet. If the project proceeds, these owners will be required to connect when they have not been forced to in the past.
- There is a large mobile home park north of McCurdy Road, which has a substantial number of units, and although the per-EDU amount is lower for mobile homes (0.7 of an EDU) the total amount for the park is substantial. We propose to apportion the Spec Area costs for the Mobile Home Park by utilizing a user fee, and have each pad user pay their EDU apportionment. In addition to the Spec Area charges, the owner(s) of the park would have to install their own on-site mains and services, which will also be a fairly significant cost.

An additional consideration for Council, is to determine how to deal with the existing McKenzie Bench Spec Area (Spec Area 21A) owners. This Spec Area was proposed to those owners for the amount of \$7,100, an amount that was equal to the Sewer Service Area connection charge. Although the owners consented to the project based on this amount, some may feel that they shouldn't pay more than the remainder of the area, particularly when we are just proposing to initiate that sewer project at a lesser cost. We are about to send out the notices allowing the people in Spec Area 21A to cash commute, and have an opportunity to lower their amount to be the same as the proposed new Spec Area amount of \$6,940 per EDU. There is a risk involved in this. If the proposed new Spec Area does not proceed, we will have lowered the Spec Area charge for 21A by essentially combining that area as part of the proposed large North Rutland Spec Area, but not have the same amount of properties to allocate the costs. The Utility would be at risk of losing approximately \$59,000. Because the premise of the Sewer Service Area charges is to equalize the costs of installing sewer to all properties in the same common area, it seems appropriate to allow the Spec Area 21A participants to pay the same amount as we expect the remaining properties in North Rutland to pay. Therefore, staff is recommending that Council amend the cash commutation price for the existing McKenzie bench Spec Area to \$6,940. The \$6,940 figure was calculated with the assumption that Spec Area 21A is assigned the same cost as the remaining properties.

Wastewater Utility staff will host several information meetings in the immediate future, and all affected property owners will be invited to attend. In the next few days, all the affected property owners will be sent a letter notifying them of our intent to initiate the proposed Sewer project, and invite them to either one of two scheduled Public Meetings. At these Open House meetings staff will outline the process and timelines that we intend to follow, and explain the terms of payment. Following these meetings, staff will prepare a report and a draft bylaw for Council's consideration to give initial readings to the bylaw and then start the formal Spec Area process. There are approximately 2160 Equivalent Dwelling Units (EDU's) in the proposed boundaries of the Specified Area, and the total cost of the project is estimated at approximately \$15,950,000.

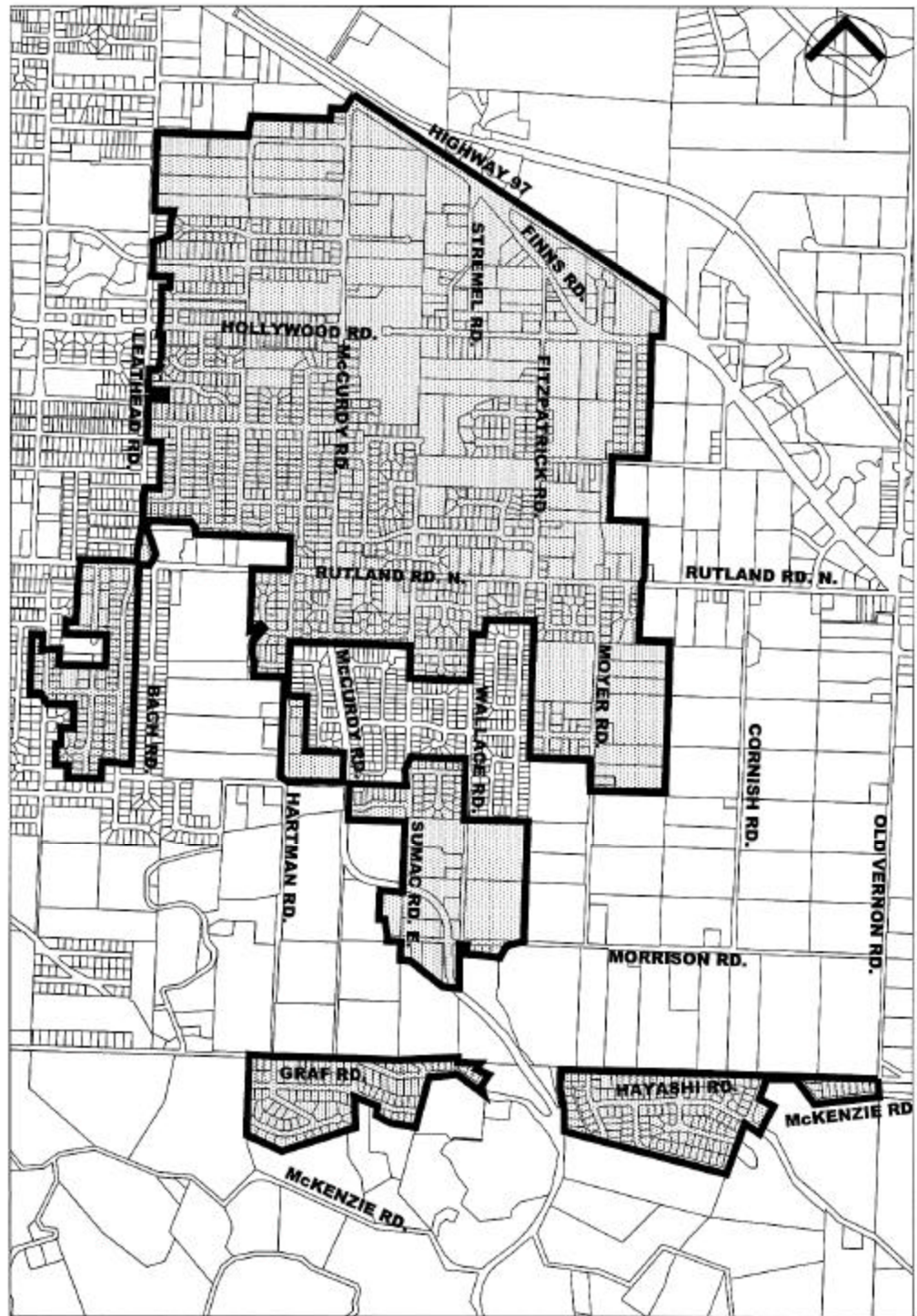
W.J. Berry, P.Eng.
Wastewater Manager

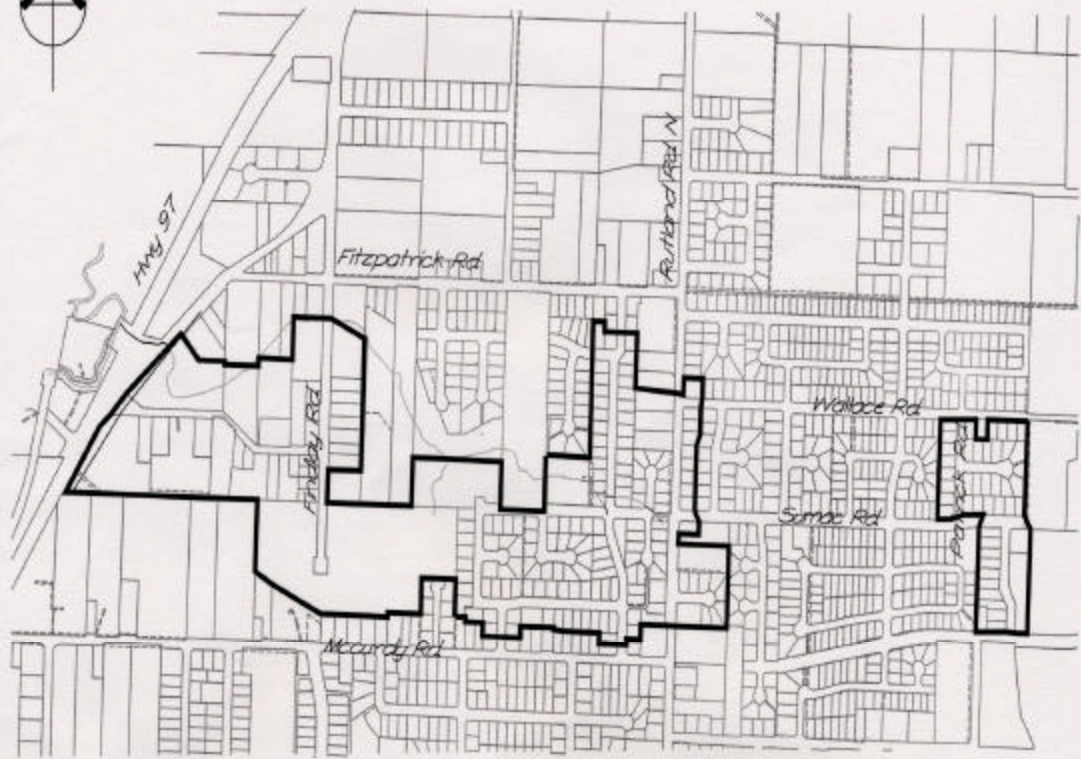
John Vos
Director of Works & Utilities


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PROPOSED RUTLAND SEWER SPECIFIED AREA #20

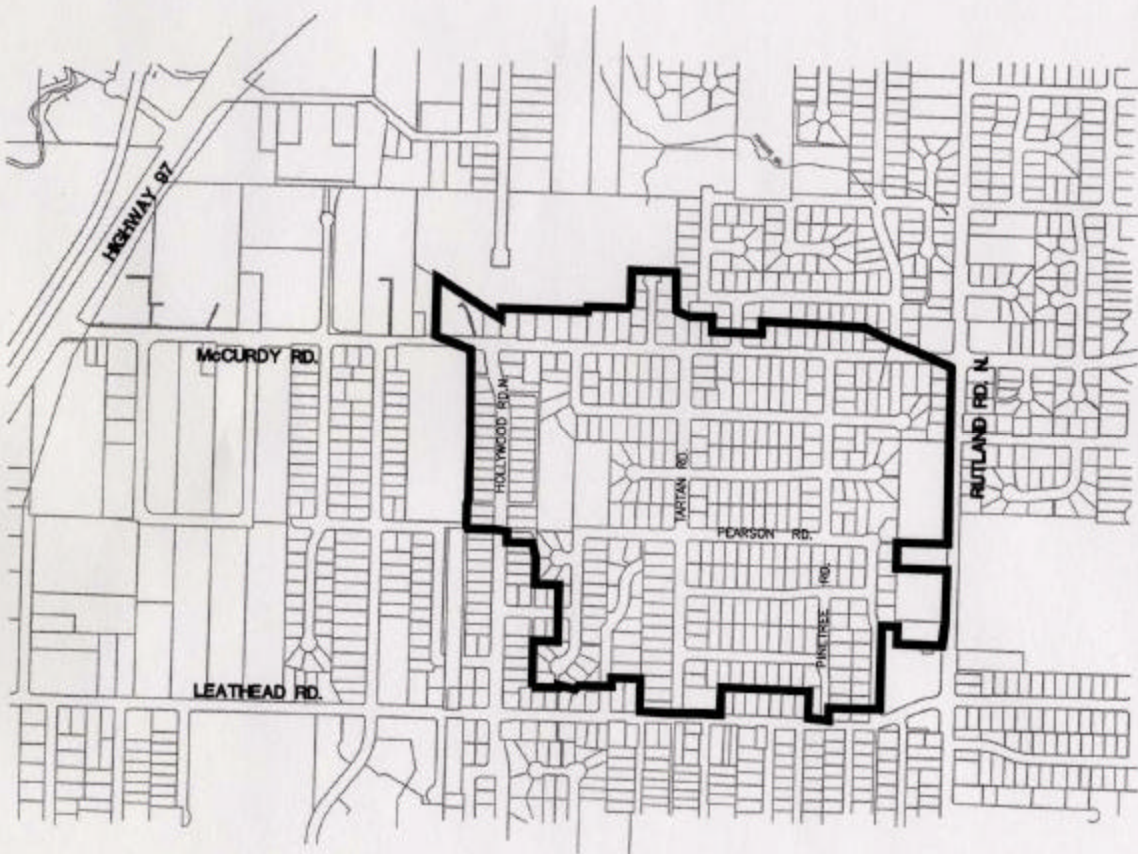





Proposed
Sewered Area 

**Proposed Sanitary
Sewer Area 20A**
CITY OF KELOWNA
WORKS AND UTILITIES

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Proposed Sewered Area 

H:/WU/DRAFTING/MISC/DWG/SSA21B

DRAWN GT	DATE FEB. 26/01	THE CITY OF KELOWNA ENGINEERING DEPARTMENT		DIVISION WORKS & UTILITIES	
DESIGN	SCALE	SEWER SPECIFIED AREA 21 B		DWG. NO.	REV. NO.
APPROVED	NTS				