
CITY OF KELOWNA

MEMORANDUM

Date: May 21, 2003
File No.: 5340-09-32
To: City Manager
From: Director of Works and Utilities
Subject: North End Sanitary Sewer Extension

RECOMMENDATION:

THAT Council authorize staff to proceed with construction of a sanitary sewer system to service the Northern Industrial Area of the City at a budgeted cost of \$2 Million;

AND THAT staff bring back recommendations for service area fees for properties in the area to connect to the new system and amendments to the 20 Year Servicing Plan to incorporate this area in the plan;

AND THAT Council approve the draft agreement between McIntosh Properties Ltd. as attached for the provision of sanitary sewer to the former Hiram Walker properties.

AND THAT Council authorize single source award of engineering consulting services to install the required system to Stantec Consulting Ltd for a fee of \$161,440 plus GST.

AND THAT the 2003 Financial Plan be amended to incorporate this project.

DISCUSSION:

The City of Kelowna's Wastewater Master Plan calls for the extension of sanitary sewer to service the northern industrial area and First Nations lands located at the City's northern end and east of Hwy 97. The sanitary sewer trunk servicing the Hwy 97 corridor, commonly known as the College trunk, was oversized during its construction to accommodate servicing this area. Presently sanitary sewer service extends to the Kelowna International Airport and can be extended up the railroad right of way to service these lands.

Servicing options for the lands in this area were considered as part of the failed Western Star relocation project in 1999 and 2000. The proposed system will ultimately be sized to service all the lands indicated on the attached plan which includes existing industrial lands, former Western Star properties, and First Nations Lands. It will also provide service to airport lands that are presently on septic systems. The system consists of a lift station and forcemain that discharges to a gravity sewer system just north of the airport. Initially the system takes advantage of existing sanitary infrastructure at the airport and is expandable as growth in demand occurs. The estimated cost to install the first phase of the system is \$2 M including land, engineering

and construction costs. The project includes the cost of the lift station, 3100 meters of forcemain and 3600 meters of gravity trunk sewer. It does not include local sanitary mains to service individual properties.

The City was approached by McIntosh Properties Ltd to accelerate the construction of this infrastructure in order to encourage new economic activity in this area. The attached agreement was negotiated with them for their share of the capacity of the new system. The fees are consistent with other servicing strategies for existing areas of the city where the benefiting properties will pay the full capital cost of the infrastructure needed to service them. It should also be noted that some of the former Hiram Walker lands were preserviced with local sanitary sewer mains. Initial discussions have also been held with First Nations representatives to service lands in the Duck Lake area which would be seen to provide environmental benefits to the lake.

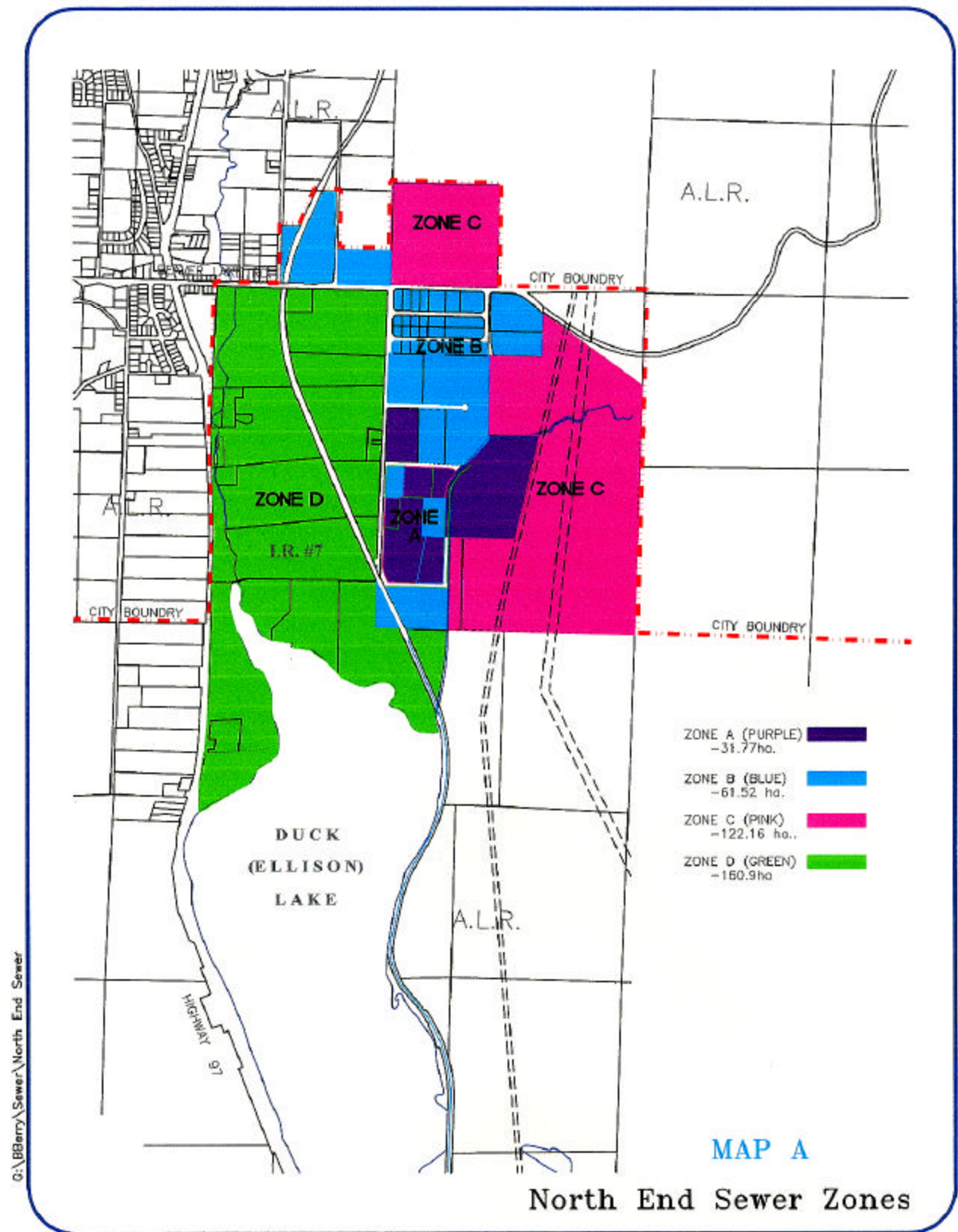
There is a need to implement this project very quickly to allow the new business to start up by the end of 2003. Stantec Consulting Ltd has been involved in evaluating sanitary sewer options for the City since the Western Star project and continued to assist the City in right of way acquisition and project cost options. To allow for timely tendering of the project to allow construction to start in July it is recommended that a single source assignment be awarded to Stantec for \$161,440. The fees are consistent with fees charged on other city projects and Stantec has provided a high level of service on many projects in the past few years.

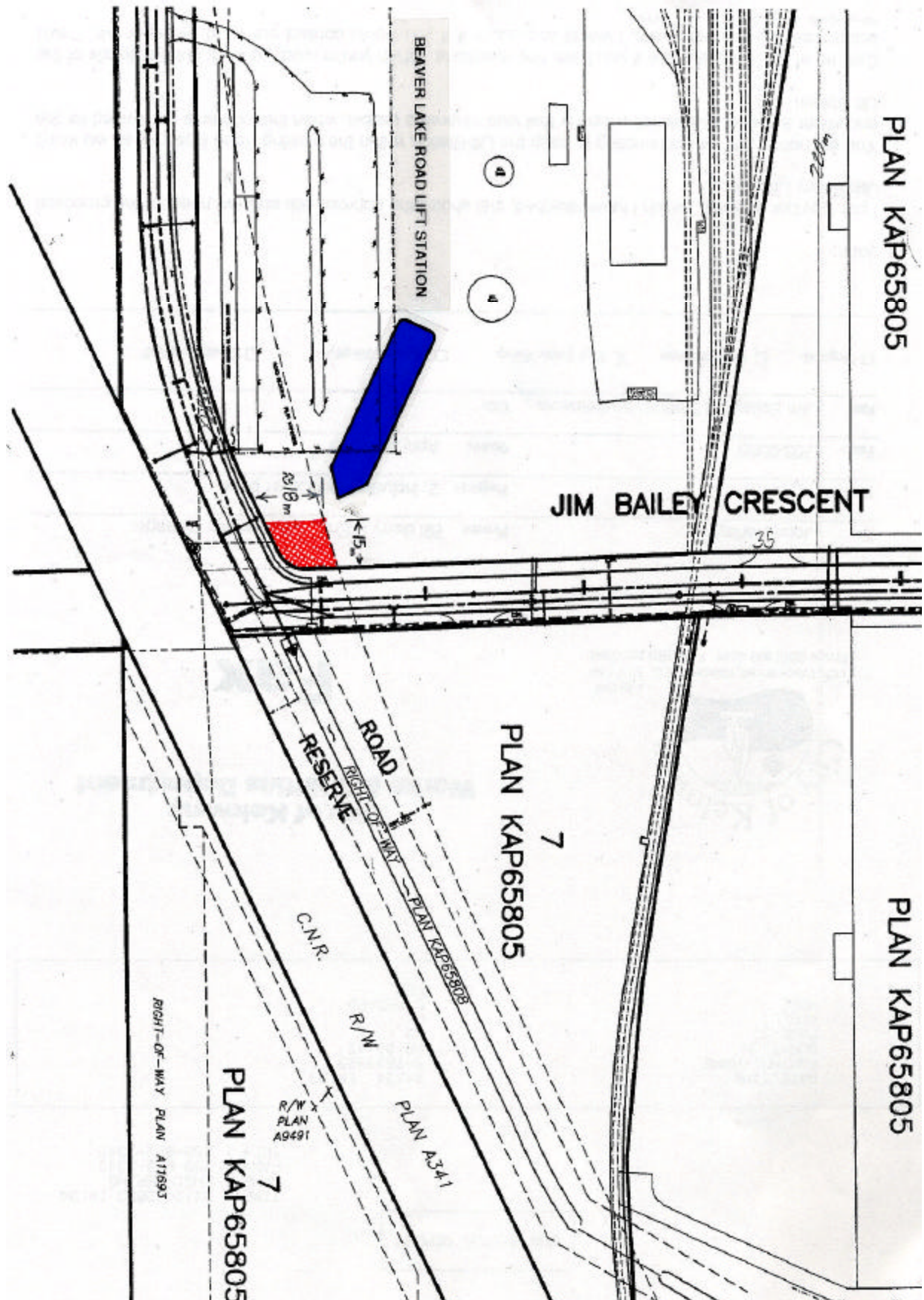
Should Council approve proceeding with this project, staff will bring forward a budget amendment in order to incorporate this project into the 2003 Budget. In addition to fees collected from McIntosh Properties, the costs of the project will be covered from Wastewater Utility reserves and surpluses. These will be repaid as additional properties connect to the system.

John Vos

Attachment

cc. Director of Finance
Wastewater Manager





THIS AGREEMENT is made on _____ day of _____, 2003.

BETWEEN:

City of Kelowna
1435 Water Street
Kelowna, B.C. V1Y 1J4
(the "City")

OF THE FIRST PART

AND:

McIntosh Properties Ltd.
201-1980 Cooper Road
Kelowna, B.C. V1Y 9G8
(the "Owner")

OF THE SECOND PART

WHEREAS:

- A. The Owner owns certain properties located in the north end of Kelowna identified as Zone A (the "Properties") on the attached Map A - North End Sewer Zones, which are presently not serviced by sanitary sewer;
- B. The City's Wastewater Master Plan calls for the eventual extension of sanitary sewer to the area where the Properties are located;
- C. The City and Owner wish to see economic expansion and major employment created through the redevelopment of the Properties, and to that end entered into a Memorandum of Understanding dated April 8th, 2003 which contemplated early completion of the extension of sanitary sewer to the Properties;
- D. The Owner has provided written verification to the City that it has secured certain redevelopment opportunities for the Properties, and has requested that the City proceed to construct the extension of sanitary sewer service to the Properties early, so as to provide service on or about November 2003;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein, the parties agree as follows:

- 1. The Owner agrees to share the cost (including all hard and soft construction costs, and all land, consulting, engineering, financing, legal and related costs integral to the project; collectively the "Cost") with the City, of constructing the necessary infrastructure to extend sanitary sewer service to the Properties at this time, and ahead of the schedule contemplated in the City's Wastewater Master Plan. The Cost is estimated to be \$2,000,000.00.
- 2. The Owner shall, upon execution of this agreement, provide the City with a Letter of Credit in the amount of \$630,359.00.
- 3. The City shall proceed with construction, and upon completion, the City shall invoice the Owner for the share of the Cost owing from the Owner to the City based on the ratio of \$630,359.00 over \$2,000,000.00, where the former amount represents the portion to be paid by the Owner and the latter amount represents the estimated total Cost. The amount invoiced shall be higher or lower dependent on actual costs.

4. Once invoiced, the Owner shall have 30 days to pay its proportionate share of the Cost to the City. The City shall return the Letter of Credit upon receipt of payment.
5. The Owner acknowledges and agrees that the infrastructure to be constructed at this time will be designed to handle a maximum sewage flow from the Properties of One Million Litres per day. If and when flows exceed this value, the cost of further extension or increase in capacity of the sanitary sewer system infrastructure shall be borne by the parcels creating the increased flow, which may include the Properties. The cost of any such extension or increase in capacity shall be incremental and in addition to the Cost outlined in this agreement. Notwithstanding the foregoing, the City shall not be obliged to further extend or increase the capacity of the sanitary sewer system infrastructure to the area.
6. All standard City sewer operating user fees shall apply to the Properties. The Owner shall make any purchasers or tenants of the Properties, or any portion thereof, aware of that fact.
7. The Owner shall provide all reasonable efforts to assist the City in achieving the necessary rights of way for the construction at this time, as well as in relation to any future extension or increase in capacity of the system. The Owner acknowledges that such rights of way may include provision for construction of a major water line within the rights of way.
8. The Owner has agreed to provide land to the City, for the purpose of locating the required sanitary sewer lift station, as identified in the attached Drawing - Beaver Lake Road Lift Station site.
9. The Owner shall be responsible for the costs of extending any local sanitary sewer mains to buildings on the Properties, and for the costs of connecting such mains to the City's infrastructure, including the noted lift station.
10. Should considerable sanitary sewer expansion occur within a ten year period that results in the City's sewer utility recovering its investment in this project, and which results in an overall unit cost reduction for the Properties and any additional parcels subsequently serviced in the area, the parties agree to review and agree on a workable prorata credit formula which will be deducted from the original amount invoiced and applied to other parcels owned by the Owner that connect to the City's sanitary sewer system in the overall area identified in Map A.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date written above:

City of Kelowna

Mayor

City Clerk

McIntosh Properties Ltd.

Authorized Signatory

Authorized Signatory