
CITY OF KELOWNA

MEMORANDUM

Date: March 16, 2005
File No.: Sewer Service Connection Areas
To: City Manager
From: Wastewater Manager
Subject: Adjust the Sewer Service Connection Charge bylaw amount for Okaview

RECOMMENDATION :

THAT Schedule 3 of the Sewer Service Connection Charge bylaw No. 8469 be amended to change the Okaview connection charge amount from \$10,900 to \$17,200 per Single Family Equivalent unit.

BACKGROUND :

The Sewer Service Connection charges are intended to equalize the connection charge for property owners and Developers in a common "catchment" area of a proposed new sewer system. The charges have been quite beneficial in equalizing fees for customers and have provided advance funding, in many cases, which assisted in the costs for the remaining unsewered properties and therefore the success of a Local Area Service project.

The Okaview Service Connection Area originally consisted of 672 properties in one area. After the fire of 2003, Utility staff attempted to assist the owners of the burned homes by providing a new sewer system rather than have the owners pay to replace their septic fields. Owners with their homes still standing in the same area, raised objections to being included in a sewer installation project, at full cost, when they were in no immediate need for sewer. The result was that the Local Area Service was established with 252 properties, to service the majority of the burned homes. City Council had lobbied the Province successfully, and obtained Canada/BC Infrastructure funding to assist the owners participating in the Local Area Service project.

The result of servicing the middle portion of the entire Okaview Sewer Service Area is that there are now 465.9 SFE's in fragmented neighbourhoods that still require servicing (see attached map). The options available are to leave all the remaining properties in a single area, or to make each area an individual Sewer Service Area. The advantage to leaving the area as a whole, is that everyone will equally benefit from any development that occurs in the area and pay approximately the same amount for sewer service. One disadvantage, and what will probably lead to complaints from some owners, is that certain neighbourhoods would be cheaper to service individually than as part of a combined area. Another concern about leaving the Service Area as one large area is that the construction cost of the entire Okaview sewer system is now estimated at \$8,023,023 and that may be the cause for some difficulty in obtaining a Grant for the entire area due to the magnitude of the costs.

An alternative to retaining the Sewer Service Area as a single area, is breaking up the neighbourhoods into individual Service Areas. This would have the advantage of making it much simpler and faster to proceed with sewer installation projects in certain neighbourhoods. A couple of neighbourhoods in the area have expressed an interest in attempting to initiate a Local Area Service project right away, however these happen to be the areas that are the least cost. If carried out on their own, and if these neighbourhoods were removed from the overall area, that would leave the remainder of the areas with yet higher costs. Although the neighbourhood size projects would result in a better likelihood of obtaining grants, we would have to prioritize each neighbourhood and then the last one may have to wait a very long time before they obtain a Grant. A further disadvantage is that there are some neighbourhoods with properties that are likely to develop and thereby reduce the costs for the participating property owners, and if the neighbourhoods are separated, some of them will see a benefit from development and others would not.

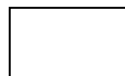
There is a significant increase in costs of the Sewer Service Connection charges for the Okaview area. This can be attributed to several factors:

- The Connection charge has not been adjusted for several years and construction costs have universally increased across B.C.
- When the bids were received for construction of the Okaview Sewer project in 2004, it was determined that costs of installing sewer in that area were substantially more expensive than many other areas of the City.
- The pocket of homes that was serviced in 2004 was a relatively inexpensive area of construction, as compared to some of the remaining neighbourhoods, and this leaves the balance of the costs higher for those properties remaining.

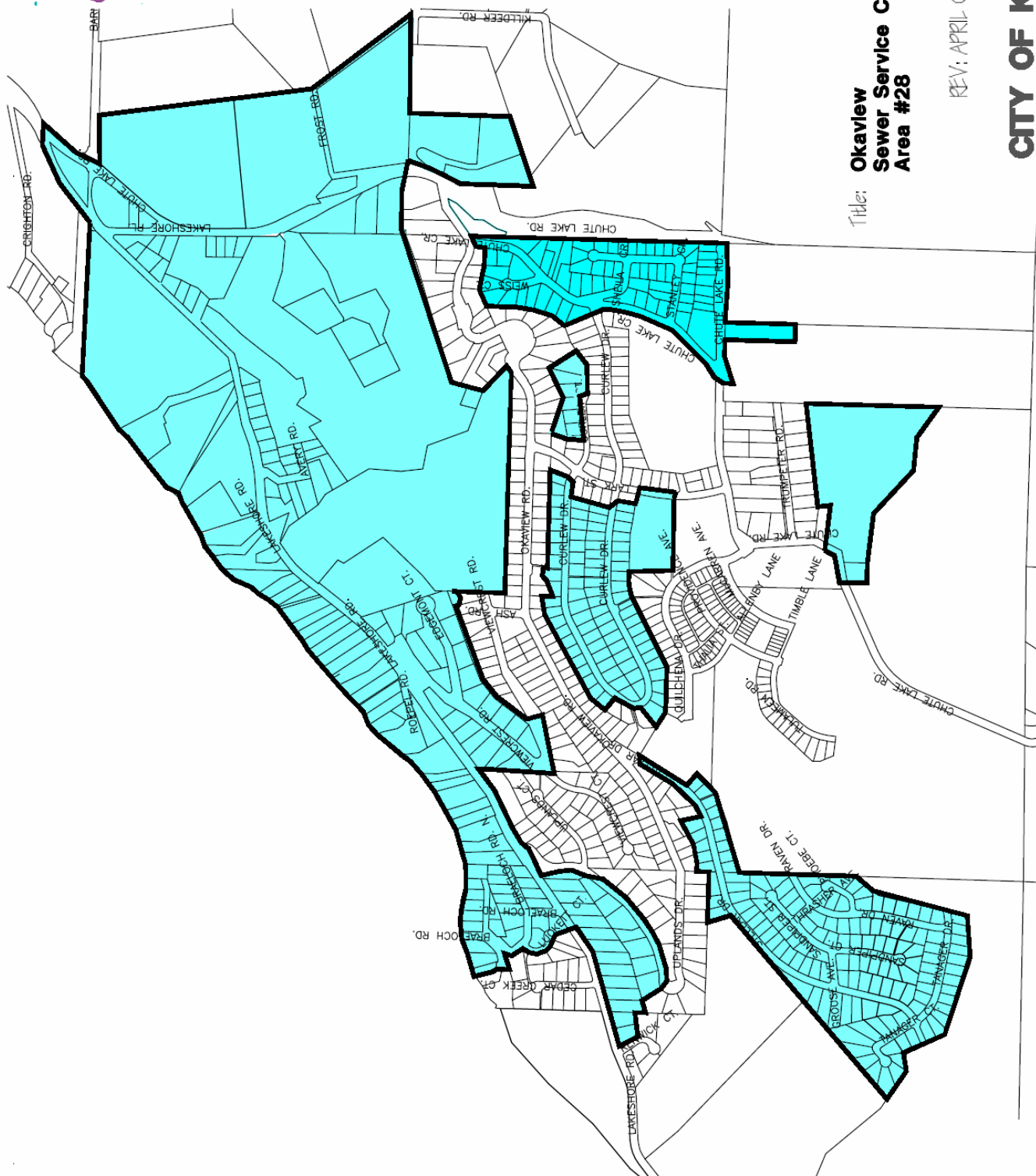
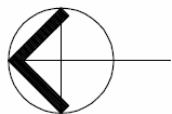
If the new Sewer Service Connection charge amount is adopted for the Okaview area, we can still allow neighbourhoods to proceed with a sewer installation project in advance of the whole area, however their Local Area Service costs would be based on the Connection charge plus interim financing costs to equalize the costs throughout the entire area.

In addition to amending the costs for the area, consideration was given to adding a couple of properties to the connection area. These properties were previously forested and believed to many years away from development, and therefore not included in the original Service Area boundary. The fire of 2003 changed the character of these properties and, from inquiries to our Development Division, we believe the owners of these properties are considering development in the near future. The Development Engineering Division has indicated they have offered preliminary approval to the developers of these lands and they recommend that the properties not be added to the Service Area at this time. To ensure that Development would only proceed with a benefit provided to the area, the Development Division is requiring the sewer be routed in the routing that will also serve the existing homes.

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



Approved for inclusion:
John Vos
Director of Works & Utilities



Title: **Okaview Sewer Service Connection Area #28**

REV: APRIL 05/04

**CITY OF KELOWNA
WORKS AND UTILITIES**