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# LOCAL AREA SERVICE

## Water and Sanitary Sewer South Hill Local Area Service

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## **Why is the City proposing a LAS**

- ▶ **Nine owners petitioned the City for water and sewer services in March of 2016.**
- ▶ **Following the 2016 petition City staff issued an informal Local Area Service Survey in 2019 to gauge the interest of the area if they had to pay for water and sewer services.**
- ▶ **That survey received “yes” results from 9 properties and “no” from 5.**



## **WHAT IS A LOCAL AREA SERVICE?**

- ▶ **It is a tool provided by the province to address matters such as this.**
- ▶ **Municipal service designed to benefit a particular area of the City.**
- ▶ **Is paid for by the property owners of area by a local service parcel tax.**
- ▶ **The tax in this case is based on the taxable area of the parcels.**
- ▶ **This tax must be paid annually over a period of 30 years.**



## **Proposed Petition Against – Council Initiative**

- ▶ **Section 213 of the Community Charter**
- ▶ **Owners can petition the City NOT to complete the project.**
- ▶ **Petition against to stop project requires more than 50% of parcels and 50% of assessed value to respond to petition to stop the project from moving forward.**
- ▶ **The assessed value is the total value of the 2024 assessment as of July 1, 2023 as determined by BC Assessment**



## **Why is this Proposed Petition Against**

- ▶ **City Council had the option to petition against or for**
- ▶ **The 2019 survey had more positive responses than negative. Recognizing not all properties responded.**
- ▶ **Utilizing the Shadow Mountain LAS as template allowed this process to proceed quicker**
- ▶ **There is no “right or wrong” they are both a democratic processes allowed under the Community Charter**

# Petition



- ▶ **Owners (according to the latest revised assessment roll) should have received in the mail a detailed petition package with the following information**
  - ▶ Describes the service in general terms
  - ▶ Define the boundaries of the local service area
  - ▶ Provide an estimate of the costs of the service
  - ▶ Indicate the proposed methods of cost recovery for the service
  - ▶ The total amount proposed to be borrowed under the bylaw
  - ▶ The maximum term of the loan
  - ▶ The portion of those costs that are to be recovered by a local service tax.
  - ▶ Indicate what portion of the costs will be recovered by a general municipal property tax, if applicable
  - ▶ Include a statement that the council may proceed with establishing the service unless a petition against the service is presented within 30 days after notice has been given
- ▶ **If in support, nothing required**
- ▶ **If against must submit petition**



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## Submitting Petition

- ▶ **Original signed petition must be returned and in the possession of the City's Corporate Officer before the deadline. Not postmarked.**
- ▶ **Follow the instructions on the petition.**
- ▶ **More than 50% of the owners of the parcel must sign the petition to be valid.**
- ▶ **Corporations and businesses must be signed by a director.**
- ▶ **Persons not eligible to sign must not sign petition i.e. tenants**
- ▶ **Petition must include petitioner's full name, signature, address, and legal address of property in the proposed LAS.**



## **LAS Parcel Tax**

- ▶ **If successful, each property would be assessed a parcel tax in the LAS Area**
- ▶ **Parcel tax would start year after completion of the works**
- ▶ **Parcel tax will be based on actual costs and interest rate obtained**
- ▶ **The parcel tax would repaid over 30 years**





# Water and Sanitary Sewer South Hill LAS Project

- ▶ **Would be to construct water and sanitary sewers and provide services to each lot in the service area, which includes, but not limited to:**
  - ▶ **1,060m of sanitary sewer main**
  - ▶ **1,422m of water main**
  - ▶ **27 water and sewer services**
  - ▶ **7 fire hydrants**
- ▶ **All infrastructure installed as part of LAS to be owned and operated by the City of Cranbrook.**
- ▶ **Oversizing of watermain to accommodate addition growth to be funded the City.**

# Water and Sanitary Sewer South Hill LAS Boundary



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Proposed LAS Boundary



# LAS Project Cost Estimate

- ▶ **Estimate \$4,572 million**
  - ▶ **\$4.155 million LAS**
    - ▶ **1% is borrowing costs additional to the interest**
    - ▶ **40% contingency**
    - ▶ **12% engineering costs**
  - ▶ **\$200,000 water oversizing to be paid by City**
  - ▶ **\$217,000 representing the 5% City contribution**
- ▶ **Does not include \$781,000 of City cost to rebuild road.**
- ▶ **Up to date the City has used significant time and funding to determine how this could be best undertaken for the area. Not included in the costs above. (preliminary engineering, geotechnical drilling, surveys, legal review, etc.)**



## **Benefit of the LAS**

- ▶ **Reliable connection to the City operated water and sewer systems**
- ▶ **Fixes price of works now and not delay for future increases**
- ▶ **LAS costs are known up to maximum in the bylaw**



## **What if the LAS does not move forward**

- ▶ **This process ends**
- ▶ **Status of servicing of property remains the same**
- ▶ **12<sup>th</sup> Avenue will be paved as part of the Capital Works Program**



## What are the alternatives?

- ▶ **The properties owners could petition the City official for a new LAS process in the future**
- ▶ **A property owner / developer could extend services at their cost.**
  - ▶ **Future connections may need to pay latecomers and/or connection fees to the property owner / developer that installed the services**



## Next Steps

- ▶ **Property owners against submit petition to City Corporate Officer**
- ▶ **If petition against successful it stops project – Council cannot move forward**
- ▶ **If petition is unsuccessful- bylaws may be adopted by Council**
  - ▶ **Works installed 2025**
  - ▶ **Parcel tax would be annual starting in 2026**

# FAQ

- ▶ **Why did the cost increase so much between 2019 and 2023?**
  - ▶ **Costs have increased over the past four years due to several aspects.**
    - ▶ **Construction costs have increased. For example, 8” water main went from \$300 per metre in 2019 to over \$500 per metre in 2023.**
    - ▶ **Substantial costs added for rock removal and insulation due to the bedrock found during investigation by the City.**
    - ▶ **Effects of the pandemic.**
    - ▶ **High inflation rates and variability in tender submissions the contingency for the project was also increased from 20% to 40%.**
    - ▶ **The 2019 cost did not include borrowing costs and interest - these have been added to the 2023 costs**
  - ▶ **Borrowing costs due to interest are significant. Similar to borrowing to buying a house or property**
    - ▶ **i.e. \$500,000 home, 20% down payment borrowing \$400,000 over 25% years with monthly payments at 6% interest equates to a total home price of \$867,700 if all costs summed**



# FAQ



- ▶ **How have services like this been funded in other locations in the City?**
  - ▶ **It is standard practice for developers or owners to pay to install new infrastructure.**
  - ▶ **Local Area Services have been used many times in past in the City of Cranbrook to service areas.**
  - ▶ **Areas where Local Area Service have been used include but not limited to Slaterville, Wattsville, Panorama, Shadow Mountain, Ridgeview Road.**

# FAQ



- ▶ **Why is the infrastructure being designed to service future development rather than just the existing homes?**
  - ▶ **The servicing costs being proposed to the owners in the Water and Sewer South Hill Local Area Service area was designed to minimum standards to provide the services.**
  - ▶ **However, the City would pay to install a larger watermain for future development.**
  - ▶ **This larger watermain sizing is NOT included in the proposed costs to the owners and will NOT be funded by the owners.**

# FAQ



## ▶ Does the LAS fee increase over time or is it a fixed rate?

- ▶ The fee could fluctuate over time due to changes in interest rates or dedication of road and/or park land in the LAS area.
  - ▶ The interest rate is locked in for a 10 year term than 5,5,5,and 5 until the debt is paid off.
  - ▶ Dedication of road and/or park land decreases the total taxable area and would increase the cost per taxable area to each property.

# FAQ



- ▶ **What about paying the whole amount up front?**
  - ▶ **Commutated payments are not allowable with this current proposed LAS format.**
  - ▶ **Due to variation in parcel sizes. Requiring all properties to pay upfront would make considerably high payments for the larger parcels.**

# FAQ

- ▶ **If the LAS moves forward will owners be obligated to tie-in or could they choose to stay on their private systems?**
  - ▶ **Owners are not obligated to connect unless City Council or the province mandates it in the future.**
  - ▶ **At this time owners would be able to stay on their private system if they choose, but they would still be required to pay the LAS parcel tax.**

# FAQ

- ▶ **If owners choose to tie-in, will there be additional costs to tie-in?**
  - ▶ **There is a minimal City fee of \$25 for the water turn**
  - ▶ **The cost of connecting the services from the property line to structure is at the cost of the property owner**

# FAQ



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- ▶ **Are owners responsible to remove their septic systems if they tie-in?**
  - ▶ **The owner will be responsible to decommission their septic tank and well at their cost.**

# FAQ

- ▶ **At what time will the interest rate be determined for the borrowing?**
  - ▶ **The interest rate is determined when the long term borrowing is initiated after construction completion.**



# FAQ

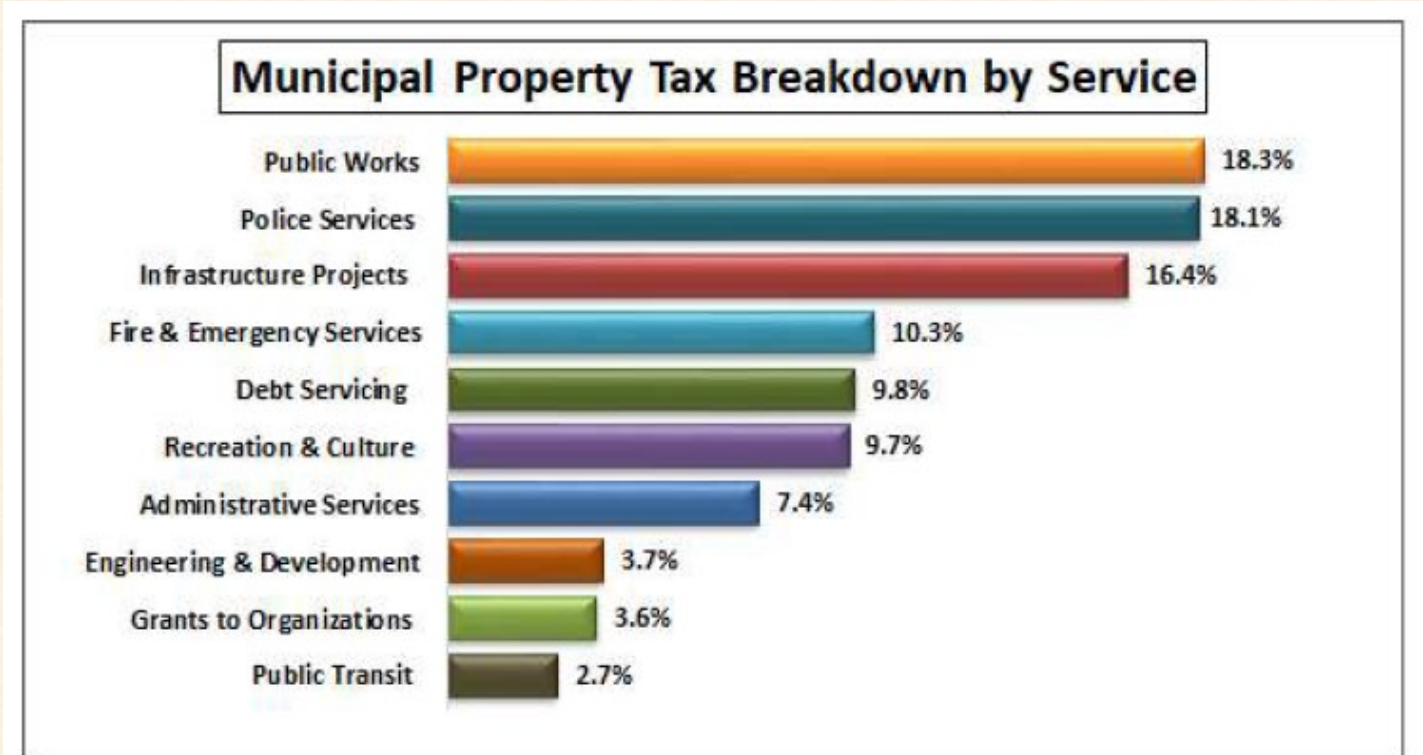
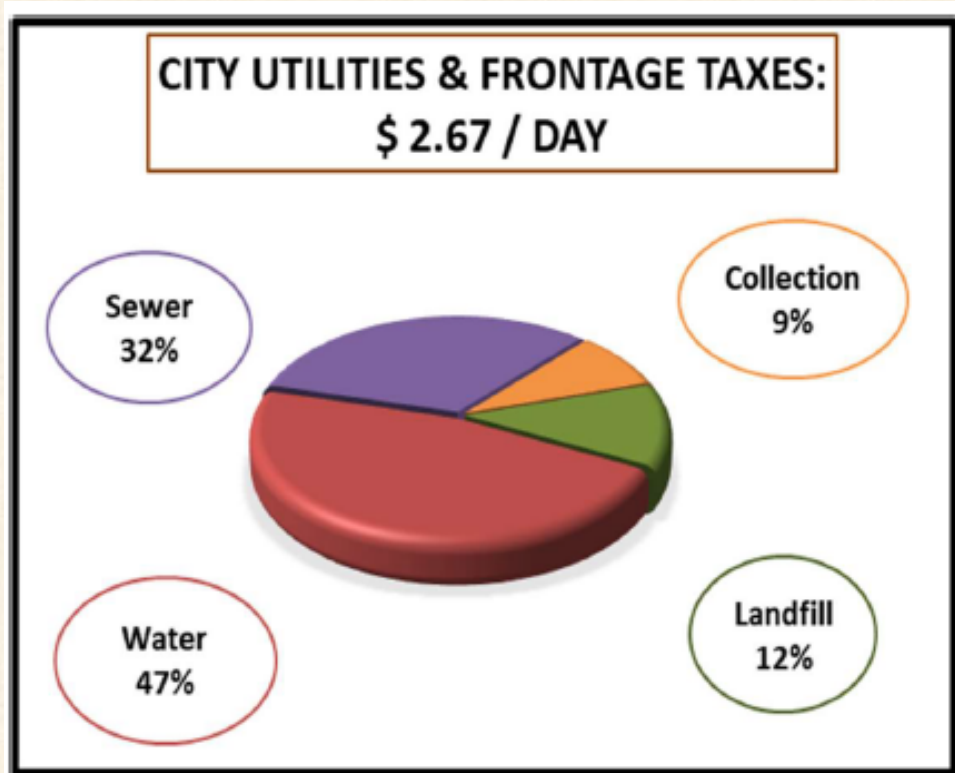
## ▶ Is this project double dipping with DCCs

### ▶ No

- ▶ The only DCC project in the area is the construction of the future 17<sup>th</sup> St S roadway
- ▶ The DCC project does not include water and sewer main
- ▶ 17<sup>th</sup> Street road is not proposed to be constructed with this LAS.

# FAQ

- ▶ Owners in the area have been paying taxes for years why is this not funded solely by the City?
  - ▶ Only water and sewer frontage tax goes to utilities, most properties have not been paying
  - ▶ The 5% paid by the City is equivalent to the amount that would have been paid in total frontage tax





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**Questions?**