

Shadow Mountain Sanitary Sewer Construction Local Area Service

Frequently Asked Questions

Q: What is a Local Area Service (LAS)?

A: A LAS is a project delivery mechanism whereby the benefitting property owners through a local service parcel tax pay for municipal infrastructure. This process requires the property owners to approve the LAS through a democratic process set out in the *Community Charter*. Each benefitting property is responsible for its own shared cost, which is proportioned using the individual taxable area to the overall cost.

Q: What are the major steps and proposed timelines in the Shadow Mountain Sanitary Sewer Construction LAS process?

A:

1. September 20, 2022 Council passed the first three readings of the LAS Establishment Bylaw and Loan Authorization Bylaw
2. September 20, 2022 Council issued notification of the proposed LAS and allowed for the opportunity to petition against the service
3. October 18, 2022 @ 6:00pm virtual Open House (more information can be found at the City's website <https://cranbrook.ca/shadowmountain/>)
4. October 31, 2022 Petition period ends.

Should the counter petition not be successful:

5. November 2022 Council may adopt the LAS Establishment Bylaw
6. January 2023 After approval from the Inspector of Municipalities, Council may adopt the Loan Authorization Bylaw
7. January 2023 Issue invitation to tender for construction
8. Summer / Fall 2023, Council adopts Parcel Tax Assessment Roll Bylaw, Parcel Tax Bylaw, and Sanitary Sewer Rates Amendment Bylaw.
9. October 2023, Substantial Performance on the construction completion
10. July 2024, commence collection of parcel tax based on actual costs for LAS

Q: What if the Local Area Service has enough petitions and does not proceed?

A: The LAS will not proceed and the project will not occur in a manner lead by the City. Owners in the development will have to find another option for a long-term solution to remove and treat their sewage. The HOA / Strata(s) or developers will have to obtain new permits for the holding tanks.

Q: What does the cost estimate include?

A: The cost estimate includes infrastructure works, engineering, contingency, borrowing costs and land acquisition/ Right-of-Way costs.

Q: What happens if the construction bids are higher than the cost estimate?

A: The LAS Bylaw, which is based on the engineered cost estimate, limits the project expenditure. If the construction bids exceed the LAS bylaw, the project will either be re-petitioned with new costs, be cancelled or shortfall funded by utility funds as determined by City Council at that future time.

Q: How is the LAS paid for?

A: The benefitting property owners are responsible to pay the actual incurred costs to complete the LAS project. The City will mail letters to the benefitting property owners once the construction is complete and Parcel Tax Bylaw and Parcel Tax Roll Bylaws are adopted by City Council for the Local Area Service.

The City will borrow the money from the Municipal Finance Authority (MFA). Property owners will have to pay the amortized amount over 30 years at an interest rate determined by MFA. The debt issue will be broken out into five (5) terms: in years: 10, 5, 5, 5, and 5 (total 30). The interest rate will be reset at the beginning of each term.

Q: Can I pay the costs at once / commute the costs?

A: Due to the nature of some of the lands within the development with ownership of common lots and / or strata common property, the costs will have to be amortized over the 30 years and cannot be commuted costs (paid at one time or as a lump sum).

Q: What about the security that the original developer placed with the City?

A: The security paid by the developer is being used to fulfill requirements of the original development agreement and will not be used towards the LAS. The funds are being used towards the detailed design and acquisition of Property, Easements, Rights-of-Way, Licenses, Rights and Authorities as required for the sewer system connection back to the City.

Q: I paid the original developer extra money to go towards the sewer connection will that money be used towards my cost of the project?

A: The original developer is no longer involved with the development to the City's understanding and did not provide this money to the City, nor did they have an agreement with the City for this service. Therefore, this money will not be used towards the cost of the project.

Q: How does the City determine my properties taxable area and cost?

A: The taxable area is determined by adding the actual area of your property and adding any application percentage of interest in land of strata common property as Indicated on the strata's Form V and/or adding the percentage of land owned in any common lot access as indicated in the property's legal description as recorded at the Land Titles Office, as applicable.

Q: Why was this method of calculating the charges chosen after the initial public engagement earlier in 2022?

A: Upon receiving feedback from numerous owners in the proposed LAS area there was no preferred method selected by the owners. This method was chosen as it is based on the physical characteristic of land, as required by legislation. It also streamlines the calculations when further land is developed.

Q: What is the estimated cost for my property?

A: Please see the City's website for information on the LAS at www.cranbrook.ca/shadowmountain as it has a property locator, which can be used to determine the annual cost to a property.

Q: What interest rate was used in determining the estimated cost per property?

A: 4.5% was used to calculate the estimated cost. However, the final 1st term (10 years) rate will be determined by the rate secured when the construction is completed for the project and the long term funding is secured through the Municipal Finance Authority of British Columbia.

Q: What if my property does not have a house on it, do I need to pay this LAS?

A: Yes, all properties must pay the LAS costs, whether using the sanitary sewer or not. All properties in the LAS have been determined to have the ability to connect and use the sewer infrastructure in the future. If a property is not using the sewer the owner would not have to pay the City's user fees.

Q: What if I cannot afford to pay for the proposed LAS?

A: This LAS is amortized over 30 years and the annual charge will be included on the property tax notice. The LAS and the property taxes may be deferrable through the provincial Tax Deferment Program if you are eligible and qualify. For more information, please visit the Government of British Columbia web page on deferring your property taxes: <https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/defer-taxes>.

Q: What happens when the property is sold and the LAS taxation is in place?

A: When the property is sold and the LAS taxation is in place, the new owner will be responsible for paying the annual charge. During the sale of the property, lawyers/notaries request a tax information certificate that indicates the property is subject to an annual LAS charge.

Q: How will the operations of the LAS be funded?

A: The City plans on adopting a user fee bylaw specifically for all properties which connect to these sanitary sewer works to fund the operations, maintenance, replacement and other costs associated with these works. This system is being design to "stand alone" and not affect other taxpayers and sewer users of the City.

Q: What happens when a property / development connects to the sewer that installed, but not in Shadow Mountain?

A: City staff plan to bring forward for Council's consideration a connection fees bylaw, which require the owner to pay a connection fee similar lump sum value to the LAS. These fees collected will be placed into a reserve specifically for costs associated with the sewer works.

Q: Will the City be holding another open house for owners?

A: A virtual Open House has been scheduled on Tuesday October 18, 2022 at 6:00pm. For owners wishing to participate in the virtual Open House more information can be found at the City's website <https://cranbrook.ca/shadowmountain/>.

Q: Can I email or fax my petition to the City?

A: The original signed petition must be submitted to the City's Corporate Officer by the deadline, therefore, an email or faxed petition will not be accepted.

Q: Who can I contact if I have further questions about the LAS?

A: Contact the Engineering and Development Services Department by phone (250-489-0230) or email (comments@cranbrook.ca). Be sure to also visit the City's web page on the Local Area Service: <https://cranbrook.ca/shadowmountain/>.