

## Water and Sanitary Sewer South Hill 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 South Hill Water & Sanitary Sewer LAS process?**

A:

1. December 11, 2023, Council passed the first three readings of the LAS Establishment Bylaw and Loan Authorization Bylaw
2. December 11, 2023, Council issued notification of the proposed LAS and allowed for the opportunity to petition against the service.
3. December 14, 2023, first paper ad
4. December 21, 2023, second paper ad
5. January 10<sup>th</sup>, 2024 @ 6:00pm Open House at Manual Training Centre
6. January 22, 2024, Petition period ends.

Should the counter petition not be successful:

7. January / February 2024 Council may adopt the LAS Establishment Bylaw
8. Spring 2024 After approval from the Inspector of Municipalities, Council may adopt the Loan Authorization Bylaw
9. Detailed Engineering Design 2024
10. Tender and Construction 2025
11. Fall / Winter 2025, Council adopts Parcel Tax Assessment Roll Bylaw, and Parcel Tax Bylaw.
12. Fall / Winter 2025, Substantial Performance on the construction completion
13. July 2026, 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.

#### **Q: What does the cost estimate include?**

A: The cost estimate includes detailed design, infrastructure works, engineering, contingency, borrowing costs and land acquisition/ Right-of-Way costs to install water and sanitary sewer service to each lot along with water and sanitary sewer in 12<sup>th</sup> Ave S, 18<sup>th</sup> St S, 11<sup>th</sup> Ave S, and 19<sup>th</sup> St S. The City plans to Pave 12<sup>th</sup> Avenue south once water and sanitary sewer are installed.

**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 a Letter 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.

Property owners will have to pay the amortized amount over 30 years at an interest rate determined by the Municipal Finance Authority (MFA) at the time the funds are borrowed by the City.

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

A: Due to the nature of some of the lands within the LAS the fees will have to be amortized over the 30 years and cannot be commuted (paid at one time or as a lump sum).

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

A: The taxable area is the actual area of the properties as recorded at the Land Titles Office.

**Q: What is the estimated cost for my property?**

A: Please see the City's website on the LAS at [www.cranbrook.ca/southhill](http://www.cranbrook.ca/southhill) as it has a property locator, which can be used to determine the estimated annual cost to a property.

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

A: 6% was used to calculate the estimated cost. However, the final 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 City water, sanitary sewer or not. All properties in the LAS have been determined that they could connect and use the water or sewer in the future. If a property is not using City water or sanitary sewer the owner would not have to pay the City's user fees.

**Q: My property is already connected to City water and/or sewer, why am I part of this Local Area Service?**

A: All properties located in the LAS area have been determined to be able to benefit from the LAS. This may include being developed further or further subdivided given the lot sizes.

**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 statement.

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: The new assessed values will be released by BC Assessment in early 2024, what assessed values will be used for the LAS petition.**

A: The newest assessed values the City has on January 22, 2024, will be used by the City for recording petitions.

**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 would be responsible for paying the annual charge after the LAS is in place. During the sale of the property, lawyers/notaries request a tax information certificate that indicates the property has an annual LAS charge.

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

A: The operations of the water and sanitary sewer will be included in part of the City's overall water and sanitary sewer user fees.

**Q: What Road upgrades are included as part of the Local Area Service**

A: No road upgrades are included in the cost of the Local Area Service costs. The City will be paving 12<sup>th</sup> Avenue South upon the completion of the LAS water and sanitary sewer installation funded from the City's annual road program. If the LAS does not move forward 12<sup>th</sup> Avenue South will be paved at some time in the future as part of the City's annual road program.

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

A: An Open House has been scheduled on Wednesday January 10, 2024, at 6:00pm at the Manual Training Center (1212 2<sup>nd</sup> Street North).

**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/southhill>.

## **Additional Frequently Asked Questions**

**\*Updated on December 19, 2023**

### **Q: Why is the City moving forward with this.**

A: Nine owners petitioned the City for water and sewer services in March of 2016. Following on the first 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.

### **Q: Why did the cost increase so much between 2019 and 2023?**

A: Costs have increased over the past four years in several aspects. Firstly, the actual cost have significantly increased for this type of capital works. For example 8” water main went from \$300 per metre in 2019 to over \$500 per metre in 2023. Given the 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 these have been added to the 2023 costs.

### **Q: Is this a standard way for new infrastructure to be brought into undeveloped areas? Why wouldn't it be paid for by all taxpayers.**

A: It is standard practice for developers or the owners in an area to pay to install new infrastructure. Local Area Services have been used many times in past in the City of Cranbrook to service areas. Area where Local Area Service have been used include but not limited to Slaterville, Wattsville, Panorama, Shadow Mountain.

### **Q: Why is the infrastructure being designed to service future development rather than just the existing homes?**

A: 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 is paying 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.

### **Q: What is the City's opinion on the costs not being affordable to property owners?**

A: The costs are based on the actual costs of servicing the property and borrowing fees. If owners are against the Local Area Service and its proposed costs they must provide a petition to the City that they are against the Local Area Service.