Making a difference...together

REPORT TO PORT RENFREW UTILITY SERVICES COMMITTEE
MEETING OF MONDAY, JUNE 22, 2015

SUBJECT **PROPOSED WATER INFRASTRUCTURE IMPROVEMENT FUNDING OPTIONS**

ISSUE

The Capital Regional District (CRD) staff have recently completed an assessment of the capacity and reliability of both the water and sewer services for Port Renfrew. Both systems were determined to be at theoretical capacity. There has been potential increases in serving demand from both within and outside of service areas due to pending development opportunities and Port Renfrew is reviewing funding of infrastructure improvements to support population growth.

BACKGROUND

The Port Renfrew water system originated as a community system to service a logging camp at the site known as Beach Camp. The water system ownership was transferred to the CRD in 1989 resulting in the establishment of Water Service Area #1. In 2006, water service was extended to the Snuggery Cove area and Water Service Area #2 was established. The sewer system services the Beach Camp area and was commissioned in the 1960's. The CRD created a sewer service in 1989 named Port Renfrew Sewer Service Area #1.

The water system comprises of a well, treatment plant, supply pipe, storage tank and distribution piping. The water system has serviced the community well for decades. The sewer system consists of a collection system and extended aeration treatment plant and marine discharge. In recent years, several proposed developments have been promoted and the developers have made requests for service from both the water and sewer services (primarily water).

The development community desires to obtain additional water from the Port Renfrew water system and in doing so is offering to provide financial contribution to make water system improvements. Several developments have been identified including (source MSR PowerPoint of Oct, 2014):

Potential Development within the water service areas:

- Port Renfrew RV Resort, located in Snuggery Cove (Powder Main Road/Parkinson Road) – proposed development of 55 recreational vehicle sites and loft buildings and future subdivision on Powder Main Road.

- Godman Road subdivision – a pending strata subdivision of one lot (civic # 6649 Godman Road) into a total of six lots for a net increase of five lots.

- Other subdivision potential due to current land use within the existing service area.

Potential Development outside of the service areas:

- Port Renfrew Property Management Ltd. (Wealthterra) – lands south of Parkinson Road currently outside of the water and sewer service areas. The developers plans are for a 42 lot strata subdivision and four or five lot subdivision fronting Parkinson Road. Plans are to phase the development.

- Pacific Gateway Marina – two water connections

- TPP Little Renfrew – completion of water improvements

- General development potential of lands south of Parkinson Road.

The CRD staff completed a cursory capacity and reliability review of the water and sewer systems and the results indicated that (refer to separate staff report for details) both the water and sewer systems have reached their theoretical capacities and there are reliability concerns with the existing infrastructure. Improvements to both systems are required to be completed if demand for services is increased.

The current requests or demands for servicing are primarily related to water service and only one sewer service connection is requested by Wealthterra as a timing issue. The developers intend to construct, own and operate private independent sewer systems, therefore the primary focus relates to the Port Renfrew water service.

The current capacity of the water system is measured as 249 single family equivalents(SFE's) and without system improvements the service will be limited to this amount.

The CRD has identified conceptual short-term upgrades to increase water capacity at an estimated cost of $465,000 which includes construction, contingency, engineering and administration cost but exclude land acquisition costs. These upgrades are premised on achieving a maximum production rate of 7.3 l/s which is the current capacity of the recently installed hydrogen sulfide scrubber or a total SFE count of 434 (including the existing 249 SFE's). Short-term upgrades could therefore provide up to 185 additional SFE's.

Conceptual short-term upgrades identified include new distribution pumps and associated works at the existing water treatment plant, a new well pump, and additional storage capacity and controls.

Short-term upgrades may be completed to increase capacity, but could have limited benefit or feasibility due to the existing building site and infrastructure which may be at or near the end of its design life and do not consider renewal of the distribution system.

The CRD has also identified conceptual long-term upgrades to increase the water capacity at an estimated cost of $3.75 Million which includes construction, contingency, engineering and administration cost but exclude land acquisition costs. Long-term upgrades identified are generally consistent with the 2009 MOU between the CRD and Three Point Properties and are premised on achieving a flow rate of 9.0 l/s(expandable to 17.3 l/s) or a total SFE count of 536 expandable to 1030 (including the existing 249 SFE's). Long-term upgrades could therefore provide up to 287 additional SFE's(expandable to 785 SFE's). To determine an order of

magnitude charge per SFE for the long term upgrades, the total estimated cost of $3.75 million divided by 287 SFE's provides a figure of $13,000 per new SFE. If a Development Cost Charge (DCC) is desired to fund long term upgrades, the actual charge per SFE may be less due to a number of reasons including a required municipal assist factor, determination of 'additional capacity', and potential capital contribution requirements from existing users as determined by a DCC study and the inspector of municipalities.

Conceptual long-term improvements include a new well pump(using a new well), a new supply line from the well, a new water treatment plant, new relocated storage tank, new booster station, a pressure reducing station and additional water main.

During the winter of 2014 / 2015 several meetings occurred between the CRD Electoral Area Director, the Chair of the PRUSC, developers, consultants, agents, and the CRD staff. Indications are that the development community generally is willing to contribute financially to allow infrastructure improvements that will increase capacity in the water system. The development community desires water service immediately.

There are two opportunities to facilitate this demand 1. complete developer funded, short-term improvements, on a 'component by component' basis, and/or; 2. implement long-term funding to impose charges on development to fund the infrastructure associated with growth.

Complete Short-Term Improvements

In 2013, a developer successfully offered and completed improvements to the water system intended to increase the system's capacity. In a similar manner, the CRD and developers could negotiate to have the developer complete water system improvements under agreement in order to increase the water system capacity on a 'component by component' basis.

Such improvements could be completed as individual projects, funded by developers, with a tangible result of increased water system capacity. Once completed then an equivalent amount of Single Family Equivalents could be approved for service.

Implement Long-Term Development Cost Charge

Typical legislative options to impose charges on development to fund the infrastructure associated with growth include development cost charges (DCC), local improvements, specified areas, user fees and charges, short-term borrowing, long-term borrowing, latecomer charges, development works agreements, DCC credits and rebates, density bonusing, comprehensive development agreements, private-public partnerships, public-public partnerships (source: Development Finance Choices Guide, Province of BC).

The recommended option for Port Renfrew would be to create a Water Development Cost Charge Bylaw, whereby proposed development would be charged for water system improvements. The creation of a bylaw would require a DCC study to determine the work required. The costs and related increase in capacity would be equated to a monetary amount and charged at the time of typically subdivision, building permit stage or at time of making application for water service. The CRD currently administers two DCC bylaws in the Juan de Fuca Water Distribution and Saanich Peninsula water service areas.

The typical process to create a DCC bylaw may include the following:

1. Seek approval from the Port Renfrew Utilities Service Committee – The PRUSC would direct the CRD staff to create a DCC Bylaw.
2. CRD staff would draft a bylaw and prepare a development cost charge report. Assistance would be sought from legal and technical consultants.
3. Present the draft bylaw to PRUSC – once a draft bylaw is prepared it would be delivered to the PRUSC for adoption of a motion to recommend to the Electoral Areas Services Committee and in turn they would recommend to the CRD Board to give one, two and three readings for the bylaw.
4. Inspector of Municipalities - Once the CRD Board completes the readings then the pending bylaw would be forwarded to the Inspector of Municipalities for approval.
5. CRD Board – should the Inspector approve the bylaw then the CRD Board would give consideration for the final reading and adoption of the DCC Bylaw.

Between the technical work and the drafting of the bylaw and approval process the process can take between three and six months. The estimated cost of such a bylaw would be $15,000 which would include the effort of the CRD staff and proposed consultants to complete the engineering review and draft bylaw and legal advice. The funding could be obtained from the Port Renfrew Water Service Capital Reserve Fund, or could be requested from the development community.

ALTERNATIVES

Alternative 1

That the Port Renfrew Utility Services Committee:

1. Direct staff to continue to discuss development plans and potential developer funded water system upgrades on a component by component basis and report back to the committee for decisions as required; and

2. Direct staff to create a Water Development Cost Charge Bylaw with funding from the Port Renfrew Water Capital Reserve fund in the amount of up to $15,000 and report back to the committee with a DCC report and draft bylaw.

Alternative 2

That the Port Renfrew Utility Services Committee direct the CRD staff to create a Development Cost Charge Bylaw and request funding from interested developers in the amount of up to $15,000.

Alternative 3

That the Port Renfrew Utility Services Committee receive this report for information.

IMPLICATIONS

Alternative 1 – By creating a DCC bylaw, the water service will be able to impose charges on development to fund the water service infrastructure associated with growth. The bylaw itself will

need to be administered by the CRD staff and by collecting charges, the utility would be in a position to fund, and construct water system improvements and allow for the community to develop and increase capacity of the water system. Funding would come from the Port Renfrew Water Capital Reserve fund which as of December 2014 had a balance is $104,359.

Alternative 2 – By creating a DCC bylaw, the water service will be able to impose charges on development to fund the water service infrastructure associated with growth. The bylaw itself will need to be administered by the CRD staff and by collecting charges, the utility would be in a position to fund, and construct water system improvements and allow for the community to develop and increase capacity of the water system. Requesting the funding from developers will not impact the Port Renfrew Water Capital Reserve fund, but is contingent on the developers offering to fund the creation of a DCC bylaw.

Alternative 3 – By receiving this report for information, the PRUSC would not resolve the issue of increasing capacity to meet the demand of the developers. The PRUSC would need to eventually address capacity issues as development within the service area occurs, otherwise increasing demand will likely impact service levels.

CONCLUSION

The Port Renfrew water system is at its theoretical capacity and there are reliability concerns with the existing infrastructure. Any development within the Port Renfrew water service area should require improvements to the water and sewer systems.

Developers are currently offering short-term upgrades similar to the Baird Road development to increase capacity to facilitate development but a long-term strategy should be imposed to provide a means to accept contributions to upgrade the systems. A DCC study and associated bylaw is an option to impose charges on development to fund the infrastructure associated with growth.

RECOMMENDATION

That the Port Renfrew Utility Services Committee:

1. Direct staff to continue to discuss development plans and potential developer funded water system upgrades on a component by component basis and report back to the committee for decisions as required; and

2. Direct staff to create a Water Development Cost Charge Bylaw with funding from the Port Renfrew Water Capital Reserve fund in the amount of up to $15,000 and report back to the committee with a DCC report and draft bylaw.

Scott Mason, B.Sc., P.Eng.
Manager, Water Engineering and Planning

Peter Sparanese, P.Eng.
Senior Manager, Infrastructure Engineering and Operations
Concurrence

Ted Robbins, B.Sc., C. Tech
General Manager, Integrated Water Services
Concurrence

JM/SM:ls