CAPITAL REGIONAL DISTRICT

REPORT TO ELECTORAL AREA SERVICES COMMITTEE
MEETING OF WEDNESDAY, 05 DECEMBER 2007

SUBJECT **WILDERNESS MOUNTAIN WATER SYSTEM**

PURPOSE

To inform the Electoral Area Services committee of correspondence received by the Capital Regional District (CRD) Board Chair challenging the conversion of the Wilderness Mountain Water Corporation to a CRD Local Service.

BACKGROUND

Over the past several months, property owners within the Wilderness Mountain Water System have considered a petition to request the CRD Board to initiate the transfer of a private community water system to the CRD and for the CRD to make improvements to the system with the assistance of an infrastructure grant received for this purpose from the Province of BC. The CRD Board Secretary has reviewed all petition documents to verify owners and has confirmed the petition sufficient as defined in the *Local Government Act.* The next step in the process would be for the CRD Board to give three readings to two bylaws; one to establish the service and one to authorize the CRD to borrow the funds for system upgrades and submit the bylaws to the province for review.

Over the course of the community's deliberations regarding conversion of the watery system, extension of the regional water supply has been put forward by some property owners as the preferred option over upgrading the existing stand-alone system.

DISCUSSION

On 01 November 2007 correspondence was received by the Board Chair from a solicitor representing property owners within the water system. The correspondence requests that the CRD Board decline the conversion of the water system on the basis that the water system is outside the Regional Urban Containment and Servicing Policy Area boundary as stated in the Regional Growth Strategy (RGS). The solicitor questions the timing of acquisition and upgrading of a water system immediately in advance of a scheduled review of the RGS that will consider future service extension in this area.

The CRD solicitor has reviewed the correspondence and has confirmed that the conversion of the Wilderness Mountain Water Corporation to a CRD service is not inconsistent with the RGS as currently drafted.

Furthermore, the potential for future extension of regional water to this area has been considered at length by the Wilderness Mountain water committee, with input from CRD engineers, regional planning staff, the regional director and the current owner of the utility. The piped water option presents a number of challenges including: project timing with respect to the March 2010 deadline for grant funding, higher capital costs and, in the case that capital costs could be shared with a developer, a requirement for bylaws comprising the RGS to be reviewed and modified, all of which are outlined in a newsletter sent to residents on September 28, 2007, and attached as Appendix A.

FINANCIAL IMPLICATIONS

There are no direct financial implications associated with the report.

INTERDEPARTMENTAL IMPLICATIONS

The RGS servicing policy is aimed at limiting service extensions beyond the urban containment boundary as a means to control sprawl development. The servicing provision of the RGS states: "the CRD and member municipalities agree not to further extend urban sewer and water services, or increase servicing capacity to encourage growth beyond designated official community plan limits at the date of adoption of the Regional Growth Strategy bylaw, outside of the Regional Urban Containment and Servicing (RUCS) Policy Area, generally described on Map #3, except to address pressing public health and environmental issues, to provide fire suppression or to service agriculture."

The conversion of the Wilderness Mountain water system to a stand-alone CRD local service is consistent with the servicing policy as presented above. The extension of regional water service to the Wilderness Mountain community would be inconsistent with the servicing policy as the community is outside the RUCS Policy Area.

ALTERNATIVES

1. That the Electoral Area Services committee forward a recommendation to the CRD Board to proceed with the establishing and loan authorization bylaws associated with the conversion of the Wilderness Mountain water system to a CRD service.

2. That the Electoral Area Services committee recommend to the CRD Board that the conversion of the Wilderness Mountain water system to a CRD service be postponed pending review of the RGS scheduled in 2008.

SUMMARY/CONCLUSIONS

The CRD Board Chair has received correspondence requesting the Board to decline the recent petition for conversion of the Wilderness Mountain water system. The CRD solicitor has confirmed that the conversion of the water system is not inconsistent with the RGS. Furthermore, the alternative to pipe regional water to the community remains an elusive option for a number of reasons including project timing with respect to the March 2010 deadline for grant funding, higher capital costs and, in the case that capital costs could be shared with a developer, a requirement for bylaws comprising the regional growth strategy to be reviewed and modified.

RECOMMENDATION

That the Electoral Area Services committee forward a recommendation that: The Capital Regional District (CRD) Board proceed with the establishing and loan authorization bylaws associated with the conversion of the Wilderness Mountain water system to a CRD service.

Larisa Hutcheson, PEng
Senior Manager, Operations and Local Services

Dwayne Kalynchuk, PEng
General Manager, Environmental Services
Concurrence

Kelly Daniels
CAO Concurrence

LH:ls
Attachment: 1

APPENDIX A

September 28, 2007

To the residents of Wilderness Mountain Water System

The Petition

The committee has now received petitions from a majority of property owners and has forwarded the documents to the Capital Regional District (CRD) Board to request the Board to initiate the transfer of the water system to CRD and for the CRD to make improvements to the system with assistance of an infrastructure grant from the Province of BC. The committee would like to take the opportunity to update the community on the next steps in the process and share in research undertaken on bringing piped water from the Regional Water system as an option to the present CRD proposal. The committee would like to thank all owners and residents for their interest in their water system.

What happens next?

CRD staff have received the petitions from the committee. The CRD Board Secretary will review all petition documents, verify owners and confirm the petition is "sufficient" as defined in the *Local Government Act.*

The CRD Board, at its meeting in November is expected to give three readings to two bylaws; one to establish the service and one to authorize the CRD to borrow the funds and submit to the province for review.

Wilderness Mountain Water Commission

Once received back from the province, likely early 2008, the two bylaws will be adopted. A commission bylaw will then be passed establishing the new Wilderness Mountain Water Service Commission. The commission will undertake general administration of the water system through the CRD Board and will host an annual general meeting at which time new the committee will be elected. The new commission will elect a chair at their first meeting. All meetings are open to public. All minutes to the meetings will be available upon request and would be available on the CRD website when adopted. The new commission will oversee expenditure of funds, CRD staff will be responsible for operations and improvements to the system and the CRD Board reserves the final say on recommendations coming forward from the commission.

Piped Water Option

Some committee members received calls from residents interested in having the committee again explore the option to bring piped water to the subdivision in lieu of a CRD treatment plant, thereby saving funds primarily through reduced long term

operating costs. The committee was able to revisit a piped water option with input from CRD engineers, CRD regional planning staff, the CRD Regional Director and the current owner of the utility.

Piped water, in lieu of water treatment has significant challenges, specifically capital cost, regional growth strategy compliance and project timing. CRD engineers presented two possible options for water main extensions, as per the attached drawing. Both paint Mt. Matheson as being considerably distant, horizontally and vertically from the various CRD regional water mains. One option is to extend the main system from the Coopers Cove area in Sooke. A very long distance, this option is not conceivable without the main first being extended the 4 to 5 km from Sooke to the Grouse Nest as has been contemplated by the developer in the past and currently. CRD engineers have estimated an extension from Grouse Nest to Mt. Matheson would cost some 1.9 million dollars and require a significant water booster station. The line would stretch only 2.6km or about 1/3 of the required distance to the present end of the CRD system in Sooke. The pump station, main and valving would be to current CRD Water department standards and the standards set out by the province for its infrastructure programs.

The regional growth strategy bylaw was intended to avoid development pressures along the length of a new water main corridor installed to service a remote community such as Grouse Nest or a developer on Mt. Matheson by limiting approvals of such extensions in the first instance. The regional planner suggested to the committee that the Grouse Nest project would face this issue as part of their application for water as would any developer on the mountain including Wilderness Mountain. While the existing water area might make a credible case that the extension is not warranted for development, but rather to address water quality issues, partnering with a developer to offset costs would quickly change the appearance of the application and regional growth considerations .

As with the treatment option proposed by CRD staff, extending water to Mt. Matheson will be a fight against time. To qualify for grant funding the works must be completed and invoiced by March 31, 2010. This type of project, like water treatment, will easily consume two years for route selection, acquisition of rights of way, acquisition of equipment and pipe, tendering the work and finally installation. As a consequence a decision to proceed in this direction would need to be made within a few months into the new year.

The committee considered other routes to the top of the mountain; however each poses similar and new challenges and similar costs. While some routes might be less horizontal distance, all contain the need for construction of mains and a pumping station to CRD standards and those not in public road allowance will also require access road construction, acquisition of rights of way or land and construction over steep terrain

Piped Water Costs

Assuming that if the total cost was borne by Mt. Matheson and assuming the grant could be applied not to treatment but to a piped water option (this is a provincial decision, not CRD) then the net cost to Wilderness Mountain would be in the order of $1,473,000 resulting in annual costs for debt servicing of $162,000/yr or about $2,000/household/year. (See rough calculations below). Although less expensive to operate than the water system with water treatment there will still be an ongoing operating cost to clean mains, read meters, maintain water storage tanks and hydrants, pay electricity and manpower and provide for future upgrades. Conservatively estimated at $30,000 per year, this translates to a further $462 per user per year. Please note that if the province elected not to support this initiative, the full borrowing cost of the $1.9 million dollars would be a cost to Mt. Matheson with annual debt servicing and operating costs rising above $3,000 per year.

Reducing the Cost of the CRD Treatment Option

The primary issue with the CRD option for a treatment plant is one of cost, especially for operations. Committee was advised that these costs might be reduced in future if the community is accepting of allowing other users or existing settlements to access Wilderness Mountain treated water as is common practice with other CRD services. Under such a scenario, the commission, in exchange for extending the boundaries of the water service area, would typically require the community requesting service to pay the costs of the water system extension and or treatment works. Extending the boundaries of the service area then permits the new area to also share in the cost of operations and the existing debt for the Wilderness Mountain water service area.

CRD Treatment Project Timing

As with a piped water option, time is a factor with the proposed CRD project. The time to fully evaluate the water quality, identify the most suitable water treatment technology, purchase water plant components and construct a facility to house those components, is estimated to take up to two years. As the project must be complete and invoiced to the province by 31 March 2010, the CRD will need to initiate the project by early spring 2008 or risk losing grant funds.

The committee was also able to discuss how the community might reduce their long term operating and debt servicing costs with the CRD proposal. Committee was advised by staff there are a number of significant challenges to each option.

Conclusions

In advance of submitting the Petition to the CRD, the committee looked again at the concept of bringing piped water to Mt. Matheson as an alternate option to CRD installing a water treatment plant for the community. The primary reason the treatment plant option is not favoured is one of cost. The committee has again concluded that piped

water remains an elusive option. Review of the bylaw comprising the regional development strategy appear to be required to allow the community to form partnerships with developers to cost share the capital expenditures. Without developer support to share capital costs, costs to property owners for this work remain higher than those proposed by the CRD treatment option. On this basis the committee concludes there is little basis to look at other alternatives to water treatment at this time. If the community wishes to reduce their own costs for water treatment it needs to be open to offers from the surrounding community looking to solve their own water shortages. As members of the community have suggested, those in the Seedtree area have had considerable problems with water supply. Extending water from Wilderness Mountain to these areas offers both an interim solution to address water quantity and quality problems in those areas and establishes an interconnection which in future might again be extended to connect to the CRD system while in the short term reduces costs to owners and users in the Wilderness Mountain water area.

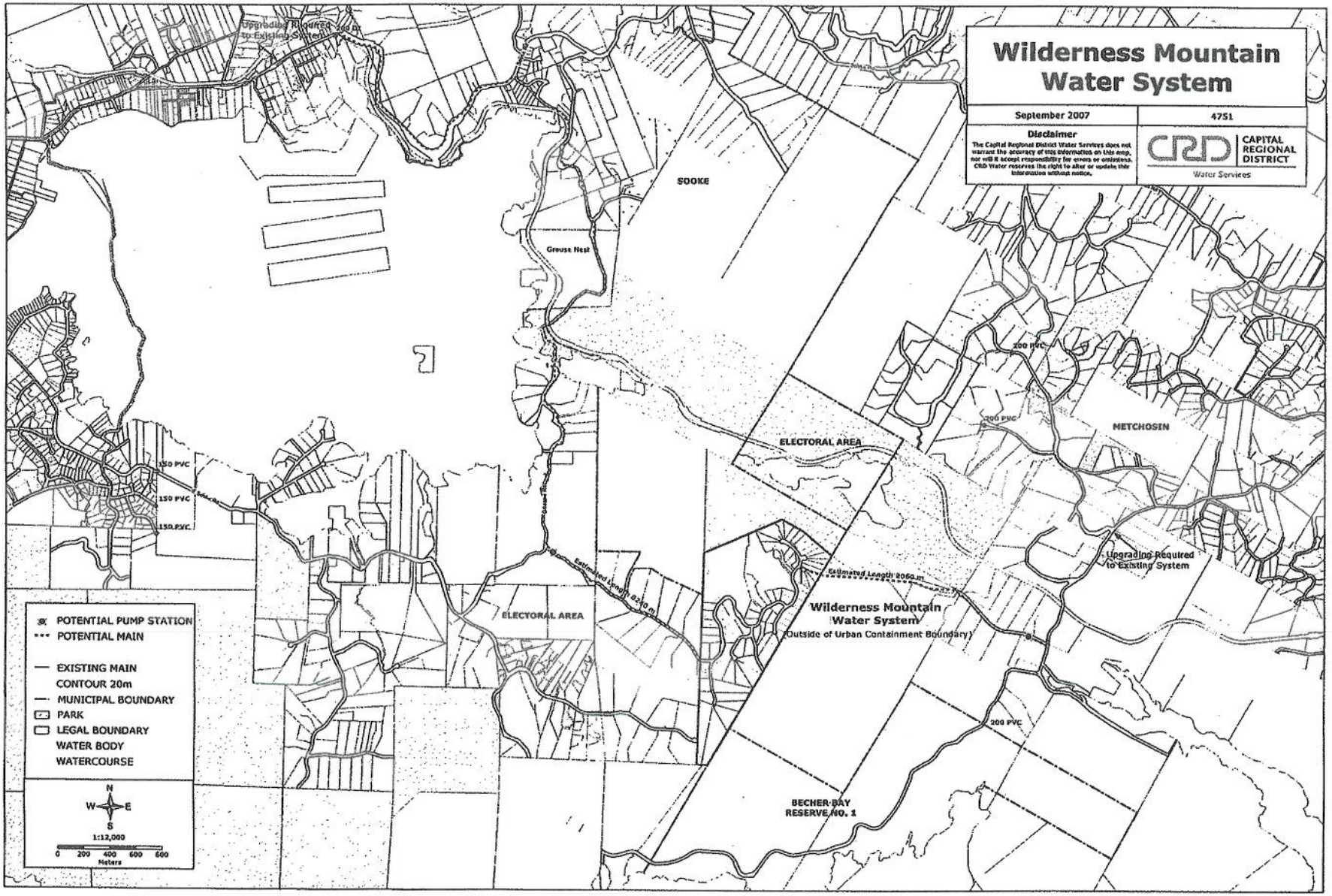
Rough Calculations for Piped costs:

CRD preliminary estimates if costs to build a pipeline system from either Grouse Nest location or Mt Matheson Lake Road location are approximately equal at $1, 900,000. CRD engineers have suggested the costs would double if the Grouse Nest project did not extend the CRD main to their location. Please note these are preliminary estimates only. Factors which could escalate the costs include route selection, rock, three phase power availability and the construction market.

GRANT APPLICABLE		GRANT NOT APPLICABLE	
Cost	$1,900,000	Cost	$1,900,000
Grant	$472,000	Grant	$0
Sub Total	1,428,000	Sub Total	1,900,000
Prelim costs	$45,000	Prelim costs	$45,000
6% 15 yrs	$1,473,000	6% 15 yrs	$1,945,000
Annual cost	$161,943	Annual cost	$213,835
divided by 82 land parcels/yr	$1,975	divided by 82 land parcels/yr	$2,608
Operating per year	$30,000	Operating per year	$30,000
Users/yr	$462	Users/yr	$462
Total cost per user per yr.	$2,437	**Total cost** per user per yr.	$3,079
Total cost per user per month	$203	**Total cost** per user per month	$256

Need more information?

Please contact any committee members for additional information.


Wilderness Mountain Water System
September 2007
4751
Disclaimer
The Capital Regional District Water Services does not warrant the accuracy of this information on this map, nor will it accept responsibility for errors or omissions. CRD Water reserves the right to alter or update this information without notice.
CAPITAL REGIONAL DISTRICT
Water Services
Upgrading Required to Existing System
SOOKE
Grouse Nest
ELECTORAL AREA
METCHOSIN
200 PVC
150 PVC
Estimated Length 2060 m
Estimated Length 3310 m
Wilderness Mountain Water System
Outside of Urban Containment Boundary
BECHER BAY RESERVE NO. 1
POTENTIAL PUMP STATION
POTENTIAL MAIN
EXISTING MAIN
CONTOUR 20m
MUNICIPAL BOUNDARY
PARK
LEGAL BOUNDARY
WATER BODY
WATERCOURSE
N
W
E
S
1:12,000
0 200 400 600 800
Meters