

DATE: April 26, 2024

TO: Chair and Members
Sewage Commission

FROM: James Warren
Chief Administrative Officer

FILE: 5330-20/SESP

Supported by James Warren
Chief Administrative Officer

J. Warren

RE: Sewer Extension South – Comox Valley Sewerage Service and CICC

Purpose

To present an assessment of the request received from the Electoral Areas Services Committee (EASC) to maintain Capital Improvement Cost Charges (CICC) at current rates for existing developed neighborhoods in the Sewer Extension South service area in advance of service extension to this area.

Recommendation from the Chief Administrative Officer:

THAT the Sewage Commission support the February 26, 2024 Electoral Areas Services Committee request to maintain applicable Capital Improvement Cost Charges for existing developed neighborhoods in the Sewer Extension South expansion area at the amounts currently set in Schedule A of Bylaw No. 3008 being the “Comox Valley Sewerage Service Capital Improvement Cost Charge Bylaw No. 3008, 2007”;

AND FURTHER THAT staff bring back proposed amendments to Bylaw No. 3008 being the “Comox Valley Sewerage Service Capital Improvement Cost Charge Bylaw No. 3008, 2007” to:

- Amend section 1 to clearly require parcel owners to pay the Capital Improvement Cost Charge rate in place at the time of connection.
- Include a new Schedule B listing the properties from which 2022 Capital Improvement Cost Charges are owing once the Sewer Extension South Project is completed to ensure Capital Improvement Cost Charges are eventually collected from these parcels.
- Set a time limit for Schedule B properties after which bylaw review is required to revisit the Schedule B property list.

AND FINALLY THAT staff be directed to report back with options for how to ensure that new lots and units created by subdivision or building permit in the Sewer

Extension South expansion area starting in August 2022 contribute towards growth related capital cost burden of the system.

Executive Summary

At their February 26, 2024 meeting the EASC passed the following motion, which was subsequently forwarded to the Sewage Commission in the letter attached as Appendix A:

THAT the Comox Valley Sewerage Commission be requested, during future amendments to Bylaw No. 3008 being the “Comox Valley Sewerage Service Capital Improvement Cost Charge Bylaw No. 3008, 2007,” that existing developed neighborhoods in the Sewer Extension South expansion area be considered “in-stream boundary extensions” with applicable Capital Improvement Cost Charges maintained at the amounts currently set in Schedule A of said bylaw.

Bylaw No. 3008 being the “Comox Valley Sewerage Service Capital Improvement Cost Charge Bylaw No. 3008, 2007” requires that every parcel brought into the service area owes the relevant CICC rate, and that the CICC must be paid prior to being connected to the Comox Valley Sewerage Service (CVSS).

In situations like the Sewer Extension South Project where ability to connect won't happen for years after the service area boundary extension, the bylaw isn't clear on whether the rate paid prior to connection should be the rate in place at boundary extension or in place at connection of the parcel to the system.

Because of the ambiguity of the bylaw language, and the payment towards the non-depreciated value of CVSS infrastructure in 2022 made by Electoral Area A, there is a strong case in support of the EASC request that the CICC owing from parcels that existed in August 2022 be maintained at the rate that was in place then.

Staff are looking for direction to report back with these proposed CICC bylaw amendments:

- Adjustment to section 1 of the bylaw to resolve the above noted ambiguity, clearly requiring parcel owners to pay the CICC rate in place at the time of connection.
- Amendment of the CVSS CICC bylaw to include a new Schedule B listing the properties from which 2022 CICC are owing once the Sewer Extension South Project is completed to ensure CICC are eventually collected from these parcels.
- Inclusion of a time limit for schedule B properties after which the bylaw is reviewed to revisit the schedule B property list.

As a result of this review, staff have identified another potential gap that should be resolved to ensure that new lots or units created by subdivision or building permit in the Electoral Area A portion of the CVSS since August 2022 are required to pay development cost charges (DCC) before connecting.

Prepared by:

Concurrence:

M. Rutten

Kris La Rose, P.Eng.
Senior Manager of
Water/Wastewater Services

Marc Rutten, P.Eng.
General Manager of
Engineering Services

Government and Community Interests Distribution (Upon Agenda Publication)

Electoral Areas Services Committee	✓
Sewer Extension South LWMP Addendum Joint Public and Technical Advisory Committee	✓

Attachments: Appendix A – Sewer Extension South Project Capital Improvement Cost Charges Letter

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File: 5330-20/SSEP

March 4, 2024

Sent via email only: ldennis@comoxvalleyrd.ca

Doug Hillian, Chair
Comox Valley Sewage Commission

Dear Chair:

Re: Sewer Extension South Project –Capital Improvement Cost Charges

We are writing in regards to the Sewer Extension South Project (Project) and to request the Sewage Commission's consideration of an important measure to ensure affordability for residents within the Project area.

As you are likely aware, Project cost remains a key concern for residents in service area. Even with a majority share of Project costs funded through grants and partner contributions, resident costs remain considerable. The latest parcel tax estimate for properties in the first phase is between \$1,200 and \$1,500 per year for a 25-year period. This amount includes Project financing for the share of community collection systems construction remaining after grant funding is applied, and Comox Valley Sewerage Service (CVSS) Capital Improvement Cost Charges (CICC) as in place upon service area expansion in 2022.

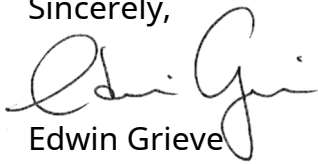
With a Comox Valley Sewer Service Development Cost Charge (DCC) review underway in 2024, updates to DCCs and subsequent updates to CICC rates are anticipated to result in a significant increase in rates from current levels. To mitigate the impact of these pending changes to CICC rates on residents in the Sewer Extension South service area, the February 2024 Electoral Areas Services Committee endorsed the following resolution:

THAT the Comox Valley Sewage Commission be requested, during future amendments to Bylaw No. 3008 being the "Comox Valley Sewerage Service Capital Improvement Cost Charge Bylaw No. 3008, 2007," that existing developed neighborhoods in the Sewer Extension South expansion area be considered "in-stream boundary extensions" with applicable Capital Improvement Cost Charges maintained at the amounts currently set in Schedule A of said bylaw.

There is local precedent for locking in CICC rates for service area boundary extension areas, whereby the Comox Valley Water Supply System Capital Improvement Cost Charge Bylaw No. 2350, 2001, includes a reduced rate for identified “in-stream boundary extensions”. When considering this precedent, the 2020 \$542,792 financial contribution from Electoral Area A towards the non-depreciated value of existing CVSS assets, and the expansion of the service area boundary approved in 2022 the Electoral Areas Services Committee is seeking confirmation of the application of the August 2022 CICC rates.

On behalf of the Committee, thank you for your consideration of this request and the ongoing collaboration in advancing the Sewer Extension South Project.

Sincerely,



Edwin Grieve

Chair

Electoral Areas Services Committee

cc: James Warren, Chief Administrative Officer
Jake Martens, General Manager of Corporate Services