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**MEETING TYPE:** Regular Council Meeting  
**MEETING DATE:** Tuesday, September 06, 2022  
**AUTHOR:** Kiel Wilkie, Utilities Manager  
**DEPARTMENT:** Utilities  
**ITEM TITLE:** Connection Fee Bylaw 1188  
**DESCRIPTION:** A Bylaw to Recuperate Infrastructure Expenditures

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## QUESTION

Does Council support a connection fee bylaw that provides the ability to recover costs for the advanced installation of infrastructure intended to provide water or sewer services for specific properties, by the benefiting properties, at the time of connection.

## OPTIONS

- A. THAT Connection Fee Bylaw 1188, 2022 be read a first, second, and third time;
- B. THAT Connection Fee Bylaw 1188, 2022 be read a first and second time with the following amendments:
- C. THAT Connection Fee Bylaw 1188, 2022 not be read and the file be closed

## EXECUTIVE SUMMARY

There are times when an improvement project is taking place (typically a roads project), and Council may wish to install other District services such as water and sewer at the same time. It is typically considered a community benefit to complete these improvements together as part of a larger project, eliminating the need to return at a later date to rip up the road and re-disturb the neighborhood.

The issue then becomes who pays for the new water and sewer benefiting a specific group of properties? In absence of conducting a Local Service Area process prior, the options are that the existing water or sewer users pay for the expansion of the system to the benefiting properties; or that a bylaw is implemented that recuperates the costs directly from the benefiting property owners.

The proposed Connection Fee Bylaw allows new water or sewer expenditures to be recuperated when a property connects. Council may choose to expend funds to install infrastructure strategically when it is in the community's best interest. Community interests include not having to rip up and repair the road more than needed, or pre-emptively servicing an area for various environmental, social, or economic reasons. An example of this is the newly installed sewer main and services to six commercial properties along Bottom Wood Lake Road. Council approved these works as part of the Bottom Wood Lake Road upgrades during the 2021 budget deliberations. The adjacent properties are considered an important area for future commercial development, and with the road improvements occurring, it was considered the best opportunity to install the sewer servicing.

A total of \$185,122 dollars was expended to extend sewer service to the six Bottom Wood Lake Road properties, and the intention at the time was to recuperate these costs through a latecomers agreement. Staff has conferred with legal counsel and it was determined that the best strategy for recuperating this cost was through a connection fee

bylaw. Therefore, in order to recuperate these costs it is recommended that a connection fee be imposed to these six properties as per schedule A of the attached bylaw.

The proposed Connection Fee Bylaw has been written in a manner that allows for Council to expend costs for water or sewer infrastructure expansion and recuperate the costs under the same bylaw through a bylaw amendment.

### **KEY INFORMATION**

The Connection Fee Bylaw provides a tool for recuperating costs when new infrastructure is installed at the community's expense.

### **DESIRED BENEFIT**

Without the connection fee bylaw, individual property owners or developers typically pay to install their own infrastructure. Where Council determines there is a community benefit (economic, social, or environmental), the infrastructure can be installed with the knowledge that there is a cost recovery mechanism at the time of connection.

### **STRATEGIC RELEVANCE AND COMMUNITY SUSTAINABILITY**

This bylaw allows water and sewer infrastructure expenditures to be made with the knowledge that some or all of the expense will be recuperated as the applicable properties connect to that infrastructure.

### **REQUIREMENTS**

Council may by way of bylaw impose fees and charges as per the community charter.

### **UNINTENDED OUTCOMES**

Properties may choose to not connect; creating the possibility of the community expenditure not being fully recuperated.

### **BACKGROUND/HISTORY**

For cost efficiency reasons, it is typically in the community's interest to complete below ground improvements when doing road rehabilitation projects. There are also scenarios where servicing an area that should be undertaken for various environmental, economic, or social reasons.

Such was the case with the Bottom Wood Lake Road project. During the design phase it was determined that installing sewer to unserved commercial properties near Beaver Lake Road would be best done as the road was being rebuilt. This would save tearing up the newly rebuilt road to install sewer services at a later date. The adjacent properties are also considered an important area for future commercial development, and with the road improvements occurring, it was considered the best opportunity to install sewer servicing.

During 2021 budget deliberation Council approved \$180,000 dollars for these works, anticipating costs could be recuperated through a latecomers agreement. When analyzing the logistics of having the District act as the beneficiary of a latecomers agreement, it became clear this may not be the best method for cost recovery. After discussion with legal counsel, it was determined that a connection fee bylaw was the best avenue for cost recovery.

The latecomer provisions in the Local Government Act are designed for circumstances when an owner / developer is required by a local government to construct excess or extended services as a requirement of subdivision or development and, thus, being required to front end the cost of the works. In the current circumstances, the District has initiated the process, installed the works itself and has front ended the associated costs. As a result, there is no opportunity for a latecomer agreement with an owner / developer and the bylaw process to impose a fee or charge is the preferred cost recovery mechanism.

## **DISCUSSION/ANALYSIS**

New infrastructure is typically paid for by the benefiting party. In some scenarios Council may determine it is in the community's best interest to install infrastructure in advance of the benefiting party being ready to pay. The Connection Fee Bylaw allows for Council to expend these funds and have a method to recuperate the expenses paid.

In the example of the Bottom Wood Lake Rd project, the final cost of installing the sewer main with service connections was \$185,122 and the proposed bylaw would allow for \$30,854 to be collected per property at the time of connection. There is also a method contained within the proposed bylaw for determining each property's proportional cost should that property subdivide or develop into a lot that is not a standard single-family dwelling.

## **APPLICABLE LEGISLATION AND POLICIES**

Part 7, Division 2, Section 194 of the Community Charter states the following in relation to municipal fees:

### **Municipal fees**

- (1) A council may, by bylaw, impose a fee payable in respect of
  - (a) all or part of a service of the municipality,
  - (b) the use of municipal property, or
  - (c) the exercise of authority to regulate, prohibit or impose requirements.
- (2) Without limiting subsection (1), a bylaw under this section may do one or more of the following:
  - (a) apply outside the municipality, if the bylaw is in relation to an authority that may be exercised outside the municipality;
  - (b) base the fee on any factor specified in the bylaw and, in addition to the authority under section 12 (1) [variation authority], establish different rates or levels of fees in relation to different factors;
  - (c) establish fees for obtaining copies of records that are available for public inspection;
  - (d) establish terms and conditions for payment of a fee, including discounts, interest and penalties;
  - (e) provide for the refund of a fee.
- (3) As exceptions but subject to subsection (3.1), a council may not impose a fee under this section
  - (a) in relation to Part 3 [Electors and Elections] or 4 [Assent Voting] of the Local Government Act, or
  - (b) in relation to any other matter for which this or another Act specifically authorizes the imposition of a fee.
- (3.1) A council may impose a fee referred to in section 59 (3) [fees for providing disclosure records] of the Local Elections Campaign Financing Act under either that section or this section.
- (4) A municipality must make available to the public, on request, a report respecting how a fee imposed under this section was determined.
- (5) A municipality may not impose a highway toll unless specifically provided by a Provincial or federal enactment.

## **IMPACT ON INFRASTRUCTURE OR MUNICIPAL SERVICES**

Each time the infrastructure system is expanded it is important to analyze any impacts the expansion may have. It was determined that the 6 properties if connected would have little impact on the sanitary system as a whole.

#### **IMPACT ON STAFF CAPACITY AND FINANCIAL RESOURCES**

It is important to analyze the financial capacity to front end infrastructure costs, with the understanding that full funding may never be recovered. There is a risk with larger projects that if the needed funds are not fully recovered it can have long-term financial impacts on the community.

#### **COMMENTS FROM EXTERNAL AGENCIES, COMMITTEES AND STAKEHOLDERS**

N/A

#### **CONSULTATION AND COMMUNICATION**

This is a cost recovery tool for Council's consideration, thus a consultation and communications initiative was not initiated.

#### **ANALYSIS OF OPTIONS FOR CONSIDERATION**

Option 1 – endorses the new bylaw as it stands and the bylaw will be subsequently brought back to Council for adoption.

Option 2 – endorses the bylaw but allows Council to make recommended changes prior to being brought back to Council for adoption.

Option 3 – Council elects to not adopt a connection fee bylaw.

This option could make it challenging in the future in that the District would need to carefully consider the installation of water and sewer infrastructure where cost recovery is needed, and a Local Service area does not exist. We would most likely look to conduct a Local Service Area before construction begins, which has its own challenges, or look to incorporate into a DCC bylaw. Both options can be extremely time consuming and challenging processes. The other option would be to expend the costs in these scenarios, with the understanding that they will be paid for by the existing water and sewer user groups.

Respectfully Submitted,  
**Kiel Wilkie, Utilities Manager**

#### **This report has been prepared in collaboration with: *(author to list names and titles of collaborators)***

Ryan Niddery, Engineering Technician
Reyna Seabrook, Director of Corporate Services (Bylaw preparation)

#### **This report has been prepared on consultation with the following:**

*(author to request inclusion of initials to show concurrence)*

Trevor James, Chief Financial Officer, Acting CAO	TJ
Greg Buchholz, Director of Infrastructure	GB
Reyna Seabrook, Director of Corporate Services	RS

#### **Attachments**

A.	Connection Fee Bylaw 1188, 2022
B.	Sewer Capital Request_ Bottom Wood Lake Road Sewermain - 2021
C.	Bottom Wood Lake Road Sanitary Sewer Costing

## DISTRICT OF LAKE COUNTRY

### BYLAW 1188, 2022

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#### A BYLAW TO ESTABLISH UTILITIES CONNECTION CHARGES

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The Council of the District of Lake Country, in open meeting assembled, enacts as follows:

#### 1. INTERPRETATION

- 1.1. Any enactment referred to herein is a reference to an enactment of British Columbia and regulations thereto, as amended, revised, consolidated or replaced from time to time and any Bylaw referred to herein is a reference to an enactment of the Council of the District of Lake Country, as amended, revised, consolidated or replaced from time to time.
- 1.2. Unless otherwise defined in this bylaw, a word or expression used in this bylaw has the meaning assigned to it in the Local Government Act, Interpretation Act, Community Charter, Transportation Act or Land Title Act or any of successor legislation.
- 1.3. The headings contained in this bylaw are for convenience only and are not to be construed as defining or in any way limiting the scope or the intent of the provisions of this bylaw.
- 1.4. Schedule A through B is attached to and form part of this bylaw and is enforceable in the same manner as this bylaw.

#### 2. PURPOSE

- 2.1. The purpose of this bylaw is to impose charges in respect of the installation by the District, or its agent, for that purpose of water or sewer service, to permit the owners of real property in the area to which the bylaw applies to connect to and use the services of the District.

#### 3. DEFINITIONS

In this bylaw:

**“Customer”** means the type of classification as determined by the **Director**, and includes any person who is:

- (a) the owner or owner’s agent, of any parcel to which a **Service Connection** is supplied from the **District**;
- (b) any person who is the occupier of any such parcel identified in (a) above in this definition; or
- (c) any person who is a user of a **Service Connection** to any parcel or by any service from the **District**.

**“Connection Area”** means a specific area of properties benefiting from prior infrastructure works undertaken by the **District**.

**“Connection Charge”** means a fee charged at the time of connection in an effort to recuperate cost expended by the **District** in construction of infrastructure.

**“Director”** means the **District’s** director responsible for the **Water System or Sanitary Sewer System** and related infrastructure, or their designate.

**“District”** means the organization of the District of Lake Country or the area within the municipal boundaries of the District of Lake Country, as the context may require.

**“Sanitary Sewer System”** means any sewerage works, facilities, installations and appurtenances thereto owned by the **District**.

**“Service Connection”** means a pipe that connects to the **Sanitary Sewer System** or **Waterworks System**.

**“Single Family Equivalency (SFE)”** means the equivalency unit used to calculate connection charges for buildings, properties of various land use designations or zoning categories, equivalent to a single dwelling unit by means of the table shown in Schedule 1.

**“Waterworks System”** means the entire water system of the **District**, including without limitation, the distribution system and the intake, reservoirs, and any water treatment facilities.

#### 4. **APPLICATION**

- 4.1. A **Customer** must make an application to the **District** to connect to the **Waterworks System** or **Sanitary Sewer System** and pay all related fees prior to connection.

#### 5. **CONNECTION CHARGE**

- 5.1. All **Customers** of real property located within a **Connection Area** identified in the Schedules attached hereto, shall pay, in addition to fees set out in other **District** bylaws, the associated **Connection Charge** identified for that **Connection Area** for each parcel to be serviced.
- 5.2. Where, prior to connecting to **District** services, a parcel is subdivided or developed in a **Connection Area**, a **SFE** will be calculated as per the **Single Family Equivalency** Calculation shown in the Schedules attached hereto, and each calculated **SFE** will be subject to one (1) **Connection Charge**.

#### 6. **TERMS OF CONNECTION**

- 6.1. All **Service Connections** must be completed in accordance with the **District’s** Water Regulation and Rates Bylaw, Sanitary Sewer Regulation and Rates Bylaw, and Subdivision and Development Servicing Bylaw, and amendments thereto, or as otherwise approved by the **Director** in writing. In the case of any conflict in such requirements, the **Director** shall determine which requirements are applicable.
- 6.2. A **Customer** located within the **Connection Areas** as shown in the Schedules attached hereto, shall not connect unless written approval from both the **District’s** Building Inspector and the **Director** is first received in writing and all applicable fees are paid in full.

#### 7. **PENALTIES**

- 7.1. No person shall do any act or suffer or permit any act or thing to be done in contravention of this bylaw.
- 7.2. Any person who violates a provision of this bylaw or who suffers or permits any act or thing to be done in contravention or in violation of any of the provisions of this bylaw or who neglects to do or refrains from doing anything required to be done by any of the provisions of this bylaw, commits an offence and is liable on summary conviction to a penalty not exceeding Fifty Thousand Dollars (\$50,000.00) plus the cost of prosecution.
- 7.3. Each day that the violation continues to exist shall constitute a separate offence.

**8. SEVERABILITY**

- 8.1. If any provision of this bylaw is held to be invalid by a court of competent jurisdiction, the provision may be severed from the bylaw and such invalidity shall not affect the validity of the remaining portions of this bylaw.

**9. EFFECTIVE DATE**

- 9.1. This bylaw shall come into full force and effect on the date of adoption.

**10. CITATION**

- 10.1. This bylaw may cited as "Connection Fee Bylaw 1188"

READ A FIRST TIME this \_\_\_\_ day of MONTH, YEAR.

READ A SECOND TIME this \_\_\_\_ day of MONTH, YEAR.

READ A THIRD TIME this \_\_\_\_ day of MONTH, YEAR.

ADOPTED this this \_\_\_\_ day of \_\_\_\_\_, YEAR.

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Mayor

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Corporate Officer

**Schedule A****Single Family Equivalency Calculation**

**Single Family Equivalency's** (SFE) are calculated for a building or parcel. Any building or land resulting in less than one SFE will be rounded up to one SFE. Calculations that result in greater than one SFE will be calculated to two decimal points, using standard algebraic rounding.

Category	SFE
Residential <sup>1</sup>	1.0
Multifamily Residential	0.65 per unit
Commercial, Industrial, Public and Institutional	1 SFE per 297.63m <sup>2</sup> of floor area.

1- Equivalent to one single family lot parcel, including a registered secondary or accessory suite.



### Schedule B

1. Properties identified on the map below outlined in dark blue and shaded in light blue shall be considered part of the **Connection Area** – Bottom Wood Lake Road and Beaver Lake Road.
2. Properties identified to be within the **Connection Area** shall be responsible for paying a Sewer **Connection Charge** of Thirty Thousand Eight Hundred Fifty-Four dollars (\$30,854) per parcel or calculated **Single Family Equivalency**.
3. The **Connection Area** – Bottom Wood Lake Road and Beaver Lake Road and the associated **Connection Charge** shall expire effective December 31, 2042.



## PROJECT

Project Name: Bottom Wood Lake Road Improvement (Nexus to Beaver Lake Road)  
 Short  
 Description: Installation of sewer main as part of roads improvement project  
 Department: Infrastructure Services – Wastewater

## COSTS

☒ Total Cost \$ 180,000

Funding: *Finance to fill out* ☐ Borrowing

☒ Reserves *Sewer capital reserve* ☐ User Fees

☐ Developer Contributions ☐ Grants

☐ Other:

## REQUIREMENT

☐ Master Plan: ☐ Capital Renewal or Required Replacement

☐ Strategic Priority ☐ Legislative change

☐ Safety Requirement ☒ Service Level Enhancement

☐ Related to another planned project for 2021 ☒ Development Driven

☐ Other:

## ANNUAL COSTS

☐ Annualized costs will be required – maintenance or operating  
 O/M cost are already accounted for in the existing operations budget.

☒ Renewal of the asset will be required – Expected Life: 50 Years

	2021	2022	2023	2024	2025
Labour	-	-	-	-	-
Contracted Services	-	-	-	-	-
Materials & Supplies	-	-	-	-	-
Renewal	3,600	3,600	3,600	3,600	3,600
Total	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600

## BACKGROUND & JUSTIFICATION



In 2021, the Engineering and Environmental Services department plans to continue improvements to Bottom Wood Lake Road from the Nexus to Beaver Lake Road. There are a handful of industrial properties at the south end of Bottom Wood Lake Road and it would be in the community's best interest to provide sewer service to these locations. As these properties connect, they would be required to pay late comer fees, and the District would be the beneficiary.

## TIMING

Was the project slated for 2021 during the previous 5 year financial plan?

☐ Yes

☒ No

If no, please explain:

Was not anticipated at the time of last years 5 year capital plan.

When is the expected start date and completion date of the project?

Completed by the end of 2021.

## COMMUNICATION & ENGAGEMENT

Does the community need to be informed?

☒ Yes

☐ No

Is there be an impact (positive or negative) to anyone or group(s) within the community?

☒ Yes

☐ No

Is community engagement and/or input required?

☐ Yes

☒ No

*If one or more questions is "yes", a communication and engagement plan is required.*

Will a consultant be completing the communication and engagement plan?

☐ Yes

☐ No

*If no, communications can assist with the completion of the plan.*

If a communication and engagement plan is required, what formats are being considered and has this been considered in requested cost amount?

This portion of the project's communications will fall under the communications plan as identified in the capital request from the Engineering and Environmental Services.

#### **IMPACT IF NOT APPROVED**

The industrial and commercial properties at the south end of Bottom Wood Lake Road will remain un-serviced.

Bottom Wood Lake Rd Improvements Phase 2  
Reference No.: RFP-2021-038  
Sanitary Sewer Costing

Item	Description of Item	Unit	Contract Unit Rate		Total Contract Payable	To Date Quantity	To Date Payable	Sanitary Sewer %	Sanitary Sewer Costs			
0.00												
0.01	Mobilization/Demobilization, Temporary Utilities/Facilities, Site Identification	LS	\$	20,000.00	0.70	\$	14,000.00	0.35	\$	7,000.00	15%	1,050.00
0.02	Utility Locates, Survey Layout, and Project Record Documents	LS	\$	65,000.00	0.70	\$	45,500.00	0.53	\$	34,125.00	15%	5,118.75
0.03	Traffic Control, Environmental Protection, Site Safety	LS	\$	75,000.00	0.70	\$	52,500.00	0.70	\$	52,500.00	15%	7,875.00
0.04	Bonding & Insurance	LS	\$	17,000.00	0.70	\$	11,900.00	0.70	\$	11,900.00	15%	1,785.00
	Division 01 - General		Subtotal		\$	123,900.00		\$	105,525.00			15,828.75
4.00												
	Road Improvements											
4.01	Re-use Reclaimed Material for Road Sub-base, 335mm Depth	sq.m	\$	3.00	1523	\$	4,567.50	2106	\$	6,318.00	0%	0.00
4.02	DLC Select Granular Sub-base, 335mm Depth	sq.m	\$	15.00	3847	\$	57,697.50	2966	\$	44,482.50	30%	13,344.75
4.03	DLC Granular Base, 125mm Depth (Roadway)	sq.m	\$	9.00	5072	\$	45,643.50	5072	\$	45,643.50	30%	13,693.05
4.04	DLC Granular Base, 100mm Depth (MUP, Driveways)	sq.m	\$	9.00	0	\$	-	0	\$	-	0%	0.00
4.05	DLC Granular Base, 0.5m Width x 200mm Depth (Shouldering)	sq.m	\$	29.00	46	\$	1,319.50	46	\$	1,334.01	0%	0.00
4.06	Hot-Mix Asphalt Pavement, 100mm Depth (Bus Bay)	sq.m	\$	60.00	0	\$	-	0	\$	-	0%	0.00
4.07	Hot-Mix Asphalt Pavement, 75mm Depth (Roadway)	sq.m	\$	23.00	4442	\$	102,154.50	4442	\$	102,166.00	30%	30,649.80
4.08	Hot-Mix Asphalt Pavement, 50mm Depth (Pathway, Driveways)	sq.m	\$	28.00	0	\$	-	0	\$	-	0%	0.00
4.09	Hot-Mix Asphalt Pavement, 50mm Depth (Swale along Beaver Lake Rd)	sq.m	\$	45.00	81	\$	3,622.50	0	\$	-	0%	0.00
	Site Improvements											
	Division 32 - Road and Site Improvements		Subtotal		\$	235,782.00		\$	213,315.01			57,687.60
5.00												
	Sanitary Sewer											
5.11	200mm PVC DR35 sanitary sewer main (Install by Contractor, Pipe Supplied by Owner)	l.m	\$	180.00	298.5	\$	53,730.00	298.5	\$	53,730.00	100%	53,730.00
5.12	100mm PVC DR26 sanitary service pipe (Install by Contractor, Pipe Supplied by Owner)	l.m	\$	140.00	72.0	\$	10,080.00	72.0	\$	10,080.00	100%	10,080.00
5.13	Sanitary Service Connection, including wye and IC (Install by Contractor, PVC Components Supplied by Owner)	ea.	\$	390.00	6.0	\$	2,340.00	6.0	\$	2,340.00	100%	2,340.00
5.14	200mm Sanitary Tie-in to Existing Manhole	ea.	\$	3,200.00	1.0	\$	3,200.00	1.0	\$	3,200.00	100%	3,200.00
5.15	1050 Manholes, all depths	ea.	\$	5,500.00	3.0	\$	16,500.00	3.0	\$	16,500.00	100%	16,500.00
	Storm Sewer											
	Division 33 - Utilities		Subtotal		\$	322,082.50		\$	273,312.50			85,850.00
						Total Contract Payable		To Date Payable		To Date Payable		
Base Payable (0-8)						\$	832,355.50	\$	708,936.51	\$	159,366.35	
Optional (99)						\$	485,231.00	\$	432,183.00	\$	-	
CO/FA (X)						\$	140,925.97	\$	155,521.47	\$	-	
Subtotal Contract Payable						\$	1,458,512.47	\$	1,296,640.98	\$	159,366.35	
Engineering (10%) - Sanitary Sewer										\$	25,755.52	
Sanitary Sewer Cost										\$	185,121.87	

Engineering			Sanitary Cost
Design			
WSP - Sanitary Design - (Based on 10% of construction amount)	\$159,366.35	10%	\$15,936.64
Construction	Invoice Total		
WSP - 992860 March 2021	\$12,278.00	10%	\$1,227.80
WSP - 1002397 April 2021	\$2,592.86	10%	\$259.29
WSP - 1009969 May 15 2021	\$1,457.00	10%	\$145.70
WSP - 1034236 August 14 2021	\$44,574.77	10%	\$4,457.48
WSP - 1049228 October 16 2021	\$25,479.37	10%	\$2,547.94
WSP - 1057922 November 13 2021	\$9,206.85	10%	\$920.69
WSP - 1070293 December 11 2021	\$2,600.00	10%	\$260.00
	\$98,188.85		\$25,755.52
Total proposal amount	\$ 143,000.00		
2022 remaining	\$ 44,811.15		