



## INFORMATION ONLY

To: Mayor & Members of Council

Title: City Engineer – Canoe Sanitary Extension – Local Area Service Request

Date: September 9, 2024

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Information Only

### **Background:**

The City has received several enquiries regarding the extension of sanitary sewer in the south east section of Canoe, from the current termination point in front of North Canoe School to the south east corner of Highway Commercial lots abutting 60 Ave NE (Refer to Figure 1 – Canoe Sanitary Extension). The extension is required for any development in the Urban Containment area and the cost of extending sanitary sewer was frequently cited as a reason development was not occurring on the highway commercial properties east of the Trans Canada Highway.

Extensions of mains are generally completed by developers and triggered by the Subdivision and Development Servicing Bylaw; otherwise, general taxpayer dollars are being used to subsidize development or business costs. The *Community Charter* contains a provision for a Local Area Service (LAS) whereby the City constructs the infrastructure and the benefiting properties pay back the infrastructure over a set amount of time via a LAS tax, which can help to bridge gaps where important infrastructure is determined to be too expensive for one parcel to bear upfront.

Due to the numerous informal requests from a variety of property owners and the unknown feasibility of extending the sewer via gravity (staff were not supportive of constructing a City owned pump station for a small number of parcels), the City completed a detailed design of the work in early 2021. The sanitary extension proved feasible via gravity and was estimated at approximately \$524,444.75 in a March 2021 estimate (this would equate to approximately \$650,000 inflated to 2024 dollars).

LAS's have significant legislation regarding how they are initiated, how they are approved and how the costs are apportioned to each benefiting parcel. Specific to the Canoe properties, there are several complicating factors which include right-of-way requirements, parcels outside of the Urban Containment Boundary requesting access, undevelopable parcels or agricultural properties fronting the extension and complex parcels. LAS's can be initiated by the City or by the benefiting parcels via a petition.

An informal petition was received by the City of Salmon Arm in January 2024. Six parcels signed the petition of which two parcels are outside of the urban area anticipated to be serviced; however these parcels may still be able to be included pending professional advice. The four parcels represent the vast majority of benefiting land area east of the Trans Canada Highway.

Approximately 11 parcels front the anticipated extension; however, several of the parcels in question may be excluded due to various reasons pending professional advice. The petition is not considered a valid petition pursuant to Section 212 of the *Community Charter*. To be considered a valid petition, the petition must contain a description of the service, a definition of the boundaries, the estimated cost of the service, all relative information if the funds are to be borrowed and the financial implication thereto and the proposed cost recovery (i.e. tax impact) to the residents defined within the boundaries of the Local Area Service and any other future costs.

With the level of support indicated by the informal petition along with the environmental benefits (decommissioning of septic systems adjacent to Canoe Creek) and economic benefits (expediting development opportunities) of extending the sanitary sewer, staff see the value of the initiative; however note the following:

- Staff capacity is stretched with priority projects; this project is not currently within our priority list and will require redirecting resources.
- There is a limit on City borrowing capacity and it is anticipated that priority projects may encompass the majority of that borrowing capacity in the near future.

Council has several options for next steps:

**1. Reject request and encourage residents to seek their own resolution:**

Council may reject the request for any reason; however, the benefiting properties can continue the process towards the Canoe Sanitary Extension via the following options:

- o Hire an agent to complete design and contract administration services through a shared funding agreement with the interested parties and move forward with the extension under a Highway Use Agreement. The City would be an approval agent for the design (MoTI approval also required) and assume the works upon completion, but would not be financially involved.
- o Continue the process of a LAS by hiring an agent to prepare a formal petition pursuant to Section 212 of the *Community Charter*. Staff resourcing would still be required with this option as external parties would not be able to determine the source of City funding and loan details, etc. Staff would require funding for professional review due to the complexity of the LAS. It is anticipated that professional costs could be absorbed into existing budgets and tracked for allocation purposes to any future LAS; however, these funds may not be recoverable if the petition fails.

**2. Proceed with investigation and formal petition of LAS (internal resources)**

Staff would be required to complete background work to help petitioners prepare a formal petition pursuant to Section 212 of the *Community Charter*. The LAS would then be tested for electoral approval through one of three processes (Petition in favour, Petition Against or Alternative Approval Process). More details of these processes would be discussed in a future memo to Council once the appropriate background work had been completed. Staff would require funding for professional advice due to the complexity of the LAS. It is anticipated that these costs could be absorbed into existing budgets and tracked for allocation purposes to any future LAS; however, these funds may not be recoverable if the petition fails. Staff do not recommend this option as it will require priority projects to be delayed.

**3. Proceed with investigation and formal petition of LAS (external resources)**

Council would authorize staff to hire external resources to complete background work and professional review to facilitate the petitioners in creating a formal petition pursuant to Section 212 of the *Community Charter*. The LAS would then be tested for electoral approval as above. Staff would propose a budget of \$25,000 to be put forward in the 2025 budget to hire a consultant. Any expended funds would be tracked for allocation purposes to any future LAS; however, these funds may not be recoverable if the petition fails.

Staff recommend proceeding with Option 3 should Council wish to move forward with the LAS request as it will likely result in the lowest staff effort while still resulting in the desired product.

**Legislative authority / plans / reports:**

	Official Community Plan		Master Plan
X	Community Charter		Other
	Bylaw/Policy		Corporate Strategic Plan
	Zoning Bylaw		2024-2028 Financial Plan
			Long Term Financial Plan

Local Service Taxes are addressed in sections 210 through to 219 of the *Community Charter*.

A municipal council may, by bylaw, provide for services to only a portion of the municipality (i.e. a local service area). The tax levied within this area is referred to as a local service tax. A local service tax is a property value tax or parcel tax levied over a "sub-area" of a municipality.

A municipal council may establish a local area service to provide any type of service that will benefit a portion of the municipality. For example:

- Sewer service
- Water service
- Sidewalks for a neighbourhood
- Downtown revitalization
- Recreation facilities to serve a part of a large municipality

A local service must be established through bylaw with the approval of the municipal council. In addition, the bylaw must receive the approval of the property owners or electors within the proposed local service area. There are three methods that may be used by the municipality to obtain the approval of owners/electors:

- **Petition:** A successful petition must be signed by:
  - at least 50 percent of the owners of properties;
  - representing at least 50 percent of the assessed value of land and improvements that will be subject to the local service tax.
- **Council initiative:** An initiative of the municipal council would be successful, providing no more than the following petition against the proposed local service area within 30 days of a public notice of the initiative:

- less than 50 percent of the owners of properties;
- representing less than 50 percent of the assessed value of land and improvements that will be subject to the local service tax.
- **Assent voting:** Often known as a referendum; electors in the proposed local service area vote whether or not to provide the service.

A municipality may borrow money for capital works required by a local area service through a loan authorization bylaw. If all of the costs of borrowing for a local area service are to be recovered by a local service tax, the loan bylaw does not require the approval of the broader municipality. However, the loan bylaw does require the approval of the owners/electors within the local service area through petition, council initiative, or assent voting.

**Financial Considerations:**

**Alternatives & Implications:**

Alternatives are noted above and should Council wish to proceed, the resulting motions have been written below.

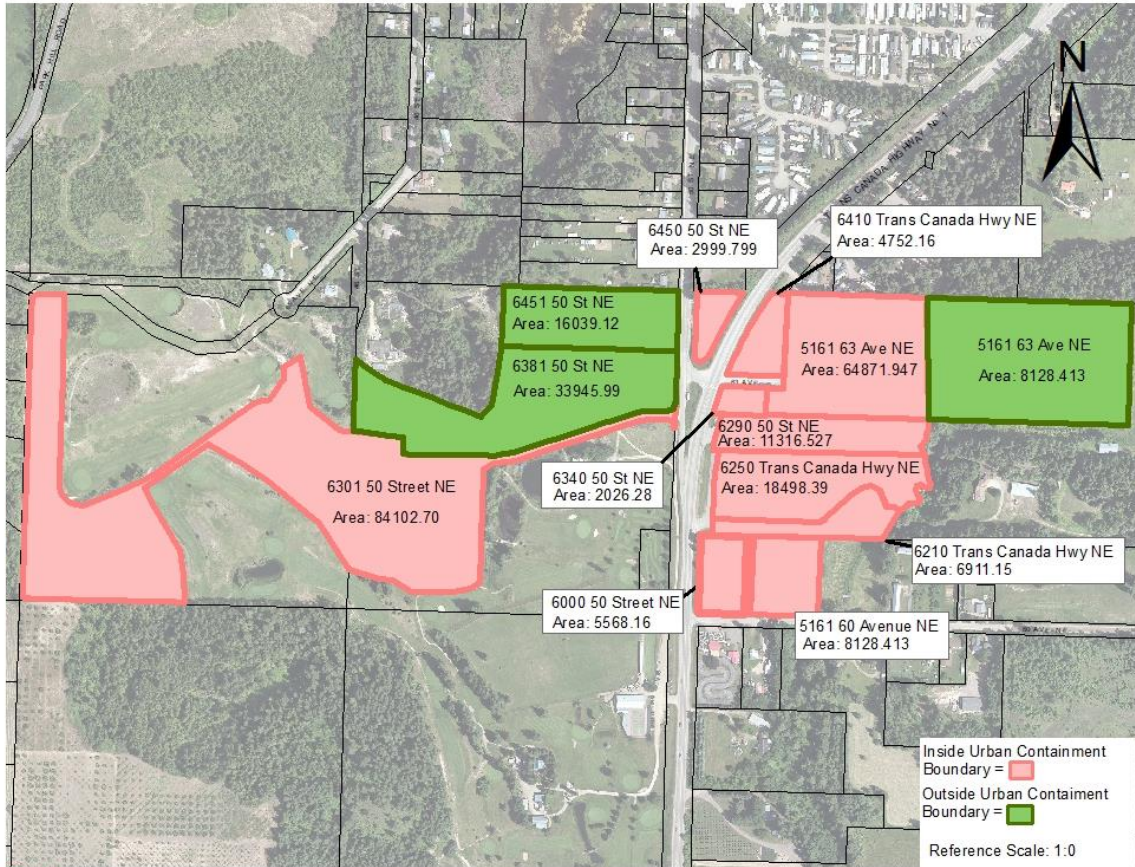
1. **Reject request in favour of a formal petition prepared by residents representative:**  
 THAT: Staff assist residents agent by preparing and providing relevant information as necessary for the resident's agent to prepare a petition pursuant to Section 212 of the *Community Charter*.
2. **Proceed with investigation and formal petition of LAS (internal resources)**  
 THAT: Council authorize staff to prepare a report detailing the background information and process to proceed with an assent process for a Local Area Service pursuant to Section 212 of the *Community Charter* for the Canoe Sanitary Extension.

**Communication:**

In the event of a Council decision, Staff will communicate next steps to the requestors.

Prepared by: City Engineer  
 Reviewed by: Chief Financial Officer  
 Approved by: Chief Administrative Officer

Attachments: Figure 1 – Service Area



Canoe Sanitary Extension - Local Service Area