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50 Years  
1967-2017

November 16, 2017

File No.: 5500-20-FW-01

Dear Property Owner,

**Re: Sanitary Sewer Servicing near Mallard Place, Remora Place, and Dolphin Drive**

The Regional District of Nanaimo (RDN) has received inquiries about extending sanitary sewer servicing to the Mallard Place neighbourhood of Nanoose Bay. Several property owners have indicated they would like to connect to the municipal sewer system. An expansion of the Fairwinds Sanitary Sewer Service Area would be required, along with construction of new sewer mains and manholes. The cost of expanding the sewer service and installing the sewer works would be entirely paid for by the property owners who benefit from the service.

This information letter is being mailed to each property owner on Mallard Place, Remora Place, and adjacent properties along Dolphin Drive who may be interested in participating in a group sewer system expansion project.

The properties included in the proposed sewer service expansion area are shown on the attached plan for your reference. This area was identified based on the topography of the land which naturally slopes towards the existing sewer system. There is no obligation to connect to sewer or pay for the service expansion unless more than 50% of the property owners, representing at least 50% of the property values in the service area, agree (in writing) to proceed. If the project does not receive enough support, it will not be advanced.

The first, and most important step in this project, is early public engagement to determine if there is genuine support for the project within the proposed service area.

**A public meeting will be held on November 30, 2017 from 6:30pm to 7:30pm at Fairwinds Centre, 3455 Fairwinds Drive, Nanoose Bay.**

The public meeting is an opportunity for property owners to seek answers to their questions, meet neighbours, and meet RDN project staff. Whether you are able to attend the meeting or not, we would like to receive your questions and comments by e-mail at [rcu@rdn.bc.ca](mailto:rcu@rdn.bc.ca).

Preliminary 'ball park' cost estimates have been prepared, based on other systems' costs, for the purpose of early discussion with property owners. The cost estimates are provided in the attached "Questions and Answers" document.

RDN staff would like to gauge the level of support for the project before moving ahead with any work. After the public meeting on November 30, 2017, another letter will be mailed to owners within the proposed sewer service expansion area asking them to respond with an indication of their interest. A question will be posed on the letter asking owners if they would be willing to spend \$35,000 - \$40,000 per property on sanitary sewer servicing, in principle. Owners will be asked to return their letter (one response per property) individually by mail, e-mail, or telephone response. This letter is not a

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legally binding agreement. However, if more than 50% of the property owners return a positive expression of interest, the RDN may proceed with design of the sewer system expansion.

Obtaining an engineering design is the only way to provide property owners with more exact costs about the project. Should the project move ahead to the formal Petitioning stage, the maximum project cost will be documented on a formal petition, along with the financial arrangements for cost recovery. By signing a formal petition, property owners would be agreeing to pay for an equal share of the project costs, up to the maximum amount specified on the petition.

If authorized, the engineering design costs would initially be paid for by Electoral Area "E" Community Works Funds. However, if the project proceeds to construction, the design costs would be paid back by the project participants.

To keep everyone up to date on the project considerations, the RDN has developed a webpage at [www.mallardsewer.ca](http://www.mallardsewer.ca) as a central place for information as the approval process either moves forward or not.

We hope this letter and the enclosed information pages provide you with enough information to understand the scope of the proposed sanitary service area expansion, and we look forward to meeting with you at the upcoming public information meeting. If you have any questions please do not hesitate to contact Deb Churko or myself at 250-390-6560.

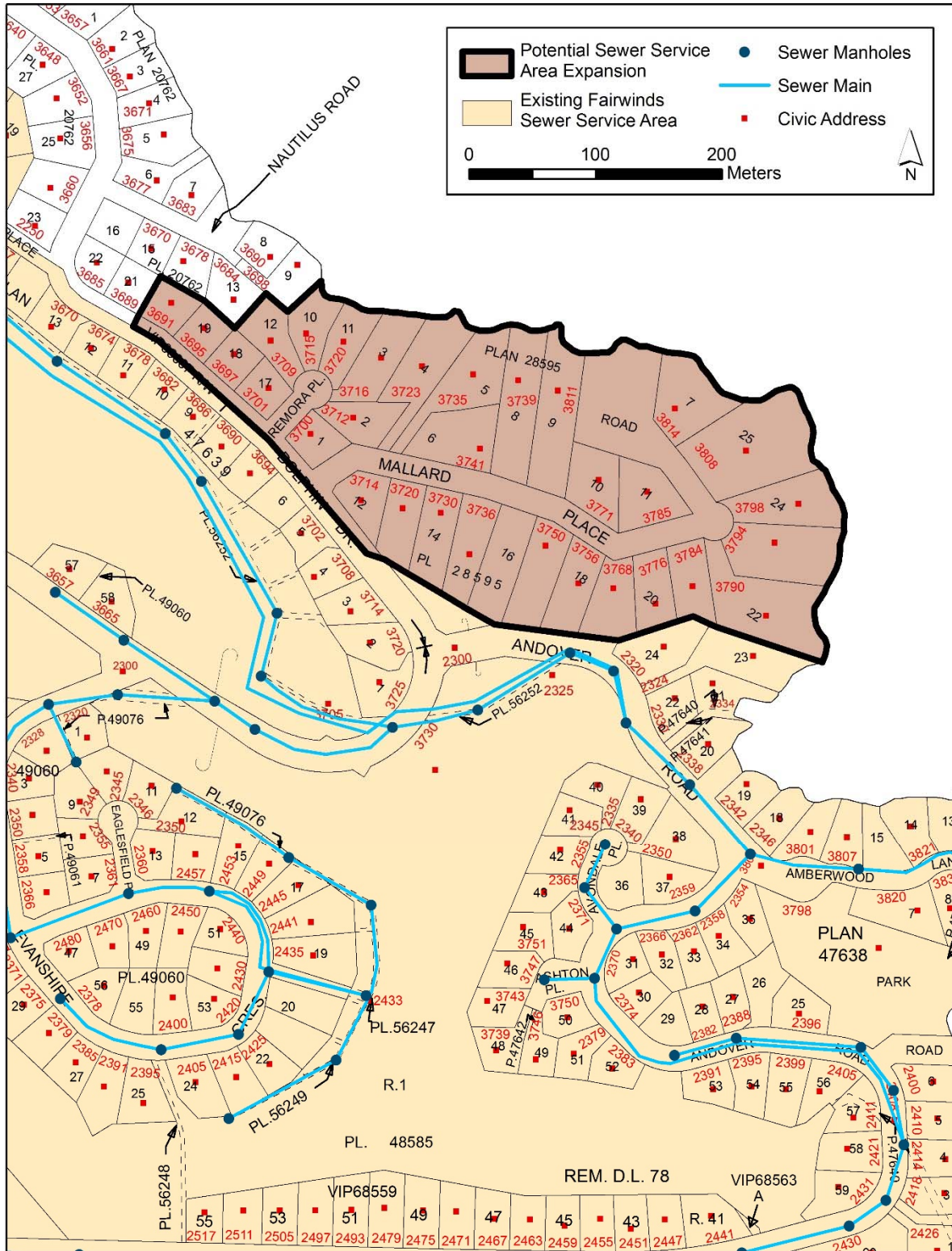
Yours truly,



Gerald St. Pierre  
Acting Manager, Water Services

enc: 1) Plan of Potential Sewer Service Area Expansion  
2) Questions and Answers Sheet

cc: Sean DePol, Director, Water and Wastewater Services  
Randy Alexander, General Manager, Regional & Community Utilities  
Bob Rogers, Director, RDN Electoral Area 'E'  
Jacquie Hill, Manager, Administrative Services



# QUESTIONS AND ANSWERS

*This Information is being provided to property owners in the proposed sanitary sewer service area expansion to help answer typical questions encountered in past service area expansions in the Regional District. These and any other questions will be discussed at the upcoming public meeting noted in the attached letter.*

- **Mallard Place**
- **Remora Place**
- **Dolphin Drive**

## SEWER SERVICE EXTENSION PROCESS:

### (1) **What is a petition?**

A petition is the formal means of getting written support from property owners to extend the existing Fairwinds Sewer Service Area, and to approve the means of funding the construction of the works. As with other infrastructure projects, the RDN is able to borrow the funds required from the Municipal Finance Authority, and pay it back through tax requisition from the Mallard-Remora-Dolphin Drive area property owners engaged in this project.

### (2) **How does a petition pass/fail?**

The petitioning process succeeds if at least 50% of the property owners petitioned return a valid signed petition, and the value of the valid petitions makes up at least 50% of the assessed value of the properties being petitioned. Without this approval the RDN cannot undertake the construction of the works.

### (3) **Has the RDN experienced successes or failures at the petitioning stage in other projects?**

Yes. In recent years, the RDN has offered to bring sanitary sewer servicing to other neighbourhoods that are adjacent to existing sewer infrastructure. The results have been mixed. In each case the property owners were advised of the costs and process to obtain sewer servicing, with the costs being specific to each area/project. Some have failed to proceed due to lack of petition support. Other sewer projects have been completed with the required level of support, and the property owners have successfully connected their properties to the RDN sewer system.

### (4) **What is the whole process: public meeting/petition/board approvals, etc?**

A public information meeting will be held on November 30, 2017 to answer your questions. A subsequent letter would then be mailed to gauge the property owners' expression of interest in the project. If roughly half of the property owners respond in support of the project, the RDN may proceed with survey and design. Once the design is complete and costs are better defined, RDN staff would prepare the formal petitions for mailing. The expression of interest and the formal petitions can only be completed by the property owners, they can not be completed by tenants. A few weeks' time is allowed for review/return of the petition. Once the specified petitioning



deadline has been met, the petitions are tallied and the results are presented to the RDN Board of Directors (the “Board”). A report is prepared for the Board indicating the level of support, along with a recommendation to proceed, or not. If the recommendation is to proceed, and the Board approves it, then an establishing bylaw and borrowing bylaw are prepared. Once the Board has given 3 readings to the bylaws, they would be sent to the Inspector of Municipalities (IOM) in Victoria for senior government review/approval. If the IOM approves, the Board can then give a 4<sup>th</sup> and final reading to the bylaws and formally adopt them. Once the bylaws are adopted, the RDN can tender the construction project. Assuming the tender responses are within the budget, the project can be awarded and construction of the sewer works can commence.

**(5) Do I still pay if I don’t want sewer and the petition passes?**

Yes. If the majority of the property owners within the proposed service area agree to the construction by signing the petition, then all of the property owners within the proposed service area would pay for the cost of sewer installation.

**(6) Do I have to connect to the new sewer main?**

No. Property owners are not required by the RDN to connect to the new sewer in a specified time frame. It is recognized that some property owners have recently invested in, or upgraded, their septic tank and septic field disposal systems. The provincial Island Health Authority is the only agency that could require a property owner to connect to the sewer. However, as per Question (5) above, all property owners within the successfully petitioned sewer service area will pay for an equal share of the construction cost whether they connect to the sewer or not.

## **PROJECT COSTS:**

**(7) What is the estimated cost per property for the proposed sewer project?**

The preliminary cost estimate for the installation of the sanitary sewer expansion is approximately \$35,000 to \$40,000 per property. This includes the Fairwinds Sewer Capital Charge, per Bylaw No. 765, of \$8,250 per property. This cost does not include each property owner’s own costs to decommission his/her septic tank, install a grinder pump, and construct a sewer line from the house to the road. Further, a building permit and sewer connection fee are payable at the time the owner actually connects to the sewer system. The building permit costs approximately \$650 and includes the sewer connection fee of \$300. If further design is completed, these estimates may change.

**(8) Are there contingencies built into the cost?**

Yes. There is 15% contingency built into the estimate.

**(9) Can we get a grant for this project?**

If enough letters of support are received, the Community Works Funds allocated to Electoral Area ‘E’ would initially be used to pay for the design of the project. If the project proceeds to construction, the design costs would be paid back by the project participants. Currently, there are no grants available for construction. If grants became available and this project was eligible, an application would be made.

**(10) What happens if the project is finished and it comes in under budget?**

If the project costs come in under budget, then the cost to each owner will be less. Each property owner will pay an equal share of the actual costs to complete the project, and will not exceed the amount specified on the petition.

**(11) What happens if the final construction cost is higher than what was estimated?**

The engineering design is the basis of the project cost estimate, which is calculated using local, recent, actual construction prices. When the project is tendered to the public, competitive bids are received, and it is rare that they all come in above the project cost estimate (the project budget). However, if the construction costs come in higher than what was written on the petition, then the RDN must go back to the participating residents to get approval again (or not) before work proceeds.

## **PROJECT CONSTRUCTION:**

**(12) Where would the sewer system be constructed?**

The sewer system would be constructed on Mallard Place, Remora Place and along Dolphin Drive from Mallard Place to 3691 Dolphin Drive. This area was identified based on the topography of the land which naturally slopes towards the existing sewer system.

**(13) Can the residents carry out the project themselves?**

Yes. The residents can carry out the project themselves. In this case the residents would be acting as a “Developer”. As a Developer, the group would be required to have the engineering design carried out by a registered professional engineer to RDN standards, be responsible for obtaining construction quotes for the project, financing the project, providing professional oversight of the project, and providing a one-year maintenance bond for the works. On completion, the sewer works would be turned over to the RDN through a legal Transfer Agreement.

**(14) Can a Latecomers Agreement be considered?**

Latecomer agreements can only be established for Developers, and only for over-sized installations. As the project is being proposed as a Regional District project, it would not be eligible for a latecomer agreement. Further, the proposed works are not being over-sized for future use.

**(15) What are some of the risks and how has the RDN planned to mitigate them?**

There are unknown factors in every construction project. RDN experience with other similar projects has led to a number of checks and balances in the planning stages of each project. We intend to contract out the survey and drafting work so the project is designed by a registered engineering professional. We would publicly tender the construction portion of the project, so the lowest price is achieved. We have factored a contingency amount into the budget for things like dewatering, rock-breaking equipment, and delays from inclement weather.

## **FINANCIAL ARRANGEMENTS:**

**(16) Why do we have to pay for the sewer construction costs, doesn't the RDN have the money?**

The RDN does not have a general expense account for construction of sewer services. In Regional District electoral areas, the cost of a sewer service area expansion is paid for directly by the benefitting service area participants only. The RDN does not charge the existing Fairwinds Sewer Service Area owners the costs to install sewer mains in new areas.

**(17) How is the project financed?**

The RDN is able to borrow the construction funds through the Municipal Finance Authority (MFA) at the current market rates available at the time of borrowing. The rate used for estimating costs in this project was 5%, but it may be lower or higher depending on whether long term borrowing rates change before the actual borrowing is completed. The rate will be fixed for 10 years at a time, although the borrowing will likely be amortized over 20 years. The rate for the second 10 year period is set when the debt is renewed at the end of the first 10 years. Recent borrowing from the MFA for another project was at 3.15%.

**(18) How do property owners pay their share of the construction project?**

The RDN will provide property owners with two options for payment. Payment would be either added to each property owner's annual parcel taxes as a new parcel tax, or property owners could pay their share up front before borrowing is done. This is referred to as a "lump sum" payment, which is calculated once the project construction is complete and all costs are accounted for. Either way, no costs are payable by the property owner until the construction of the project is entirely complete.

**(19) Can you explain the Capital Charge of \$8,250?**

As defined by Bylaw 765 (1989), there is a one-time **Capital Charge** of \$8,250 per property. This charge is payable by each property owner joining the existing Fairwinds Sewer Service Area in order to pay their share of the downstream sewer infrastructure already in place.

**(20) Will my taxes go up?**

Yes. There would be a new parcel tax as noted in Question (18) above for repayment of the construction portion of the project. Also, there is another parcel tax (already in place for existing sewer system customers), which would be charged to all properties included in the proposed service area. This parcel tax is used to pay for the daily operation and maintenance, and capital replacement costs of the existing sewer system. In 2017, the property tax for Fairwinds Sewer was \$731.05 per property.

**(21) Can we defer our parcel taxes?**

Yes. There are a number of property tax deferral programs available through the Province of British Columbia, including ones for persons over 55 and for persons with disabilities. More information about the provincial Property Tax Deferral Program is available on the web at <https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/defer-taxes> or through a Service BC Office. Annual RDN user fees cannot be deferred (see next question).

**(22) Are there other costs once the service is established?**

Yes. There is an annual Sewer User fee for all properties connected to the sanitary sewer system. The 2017 user fee for Fairwinds Sanitary Sewer System was a flat rate of \$77.00. This sewer user fee would appear on each owners' RDN Utility Invoice, along with water, garbage, and recycling charges around June of each year.

## ***FURTHER QUESTIONS OR COMMENTS?***

Please e-mail [rcu@rdn.bc.ca](mailto:rcu@rdn.bc.ca) or visit [www.mallardsewer.ca](http://www.mallardsewer.ca)

***THANK YOU!***