

Bowser Village Centre Sewer Service

Information Newsletter No.2 – July 2017

Introduction

The Regional District of Nanaimo (RDN) is undertaking a process to establish a new sewer service area for the Bowser Village Centre. In 2013, the Rural Village Centre Study identified Bowser as one of the Rural Village Centres, providing the potential to evolve into a compact, complete community. Sewer servicing has been identified as a key component to achieving this vision.

In early 2017, the Bowser Village Wastewater project was awarded a Clean Water and Wastewater Fund Grant of approximately \$7.6 million, representing 83% in senior government funding up to a project cost of \$9.15 million (costs above that would be funded entirely by local property owners and developers).

Even with the grant, borrowing will still be required to fund up to the remaining costs to complete the project.

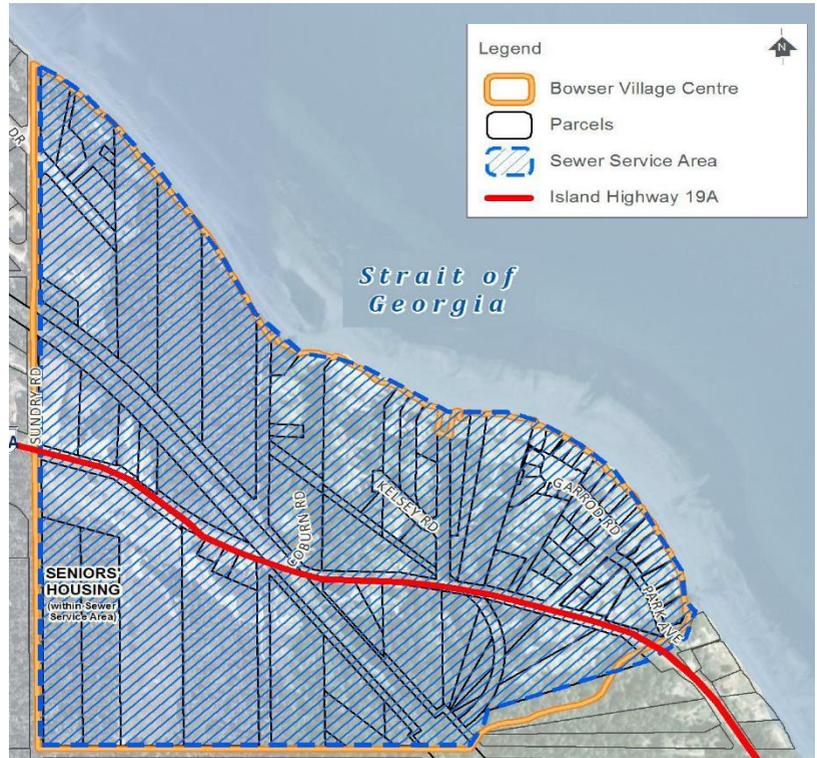


Figure 1.0 - Bowser Village Centre Sewer Service Area

Project Components

The sewer system can be broken into three major components – Collection System, Wastewater Treatment Plant (WWTP), and Effluent Disposal.

- WWTP capacity is based on a 20-year design population of approximately 625 people.
- Using an average of 2.1 people per household, it is estimated that Phase 1 of the proposed treatment plant could support approximately 300 equivalent single-detached residential units.
- There are currently 99 tax-paying parcels within the proposed sewer service area.

Proposed Bowser Sewer System

Through the review and analysis of several sewer collection system designs it was determined that the best approach to deliver sewer services in a developer funded model would be to build a sewer system that covered the entire Bowser Village Centre. The final sewer system design provides sewer service to all 99 privately owned parcels in the Bowser Village Centre (see Table 1.0 below).

Table 1.0 – Proposed Bowser Sewer System Costs

Project Components	Estimated Project Costs*
Wastewater Treatment Plant (WWTP)	\$ 4,262,962
Collection System	\$ 3,877,154
Marine Outfall	\$ 2,541,395
Total Cost	\$10,681,511

* It should be noted that due to the high development activity in the region the current costs of construction may change.

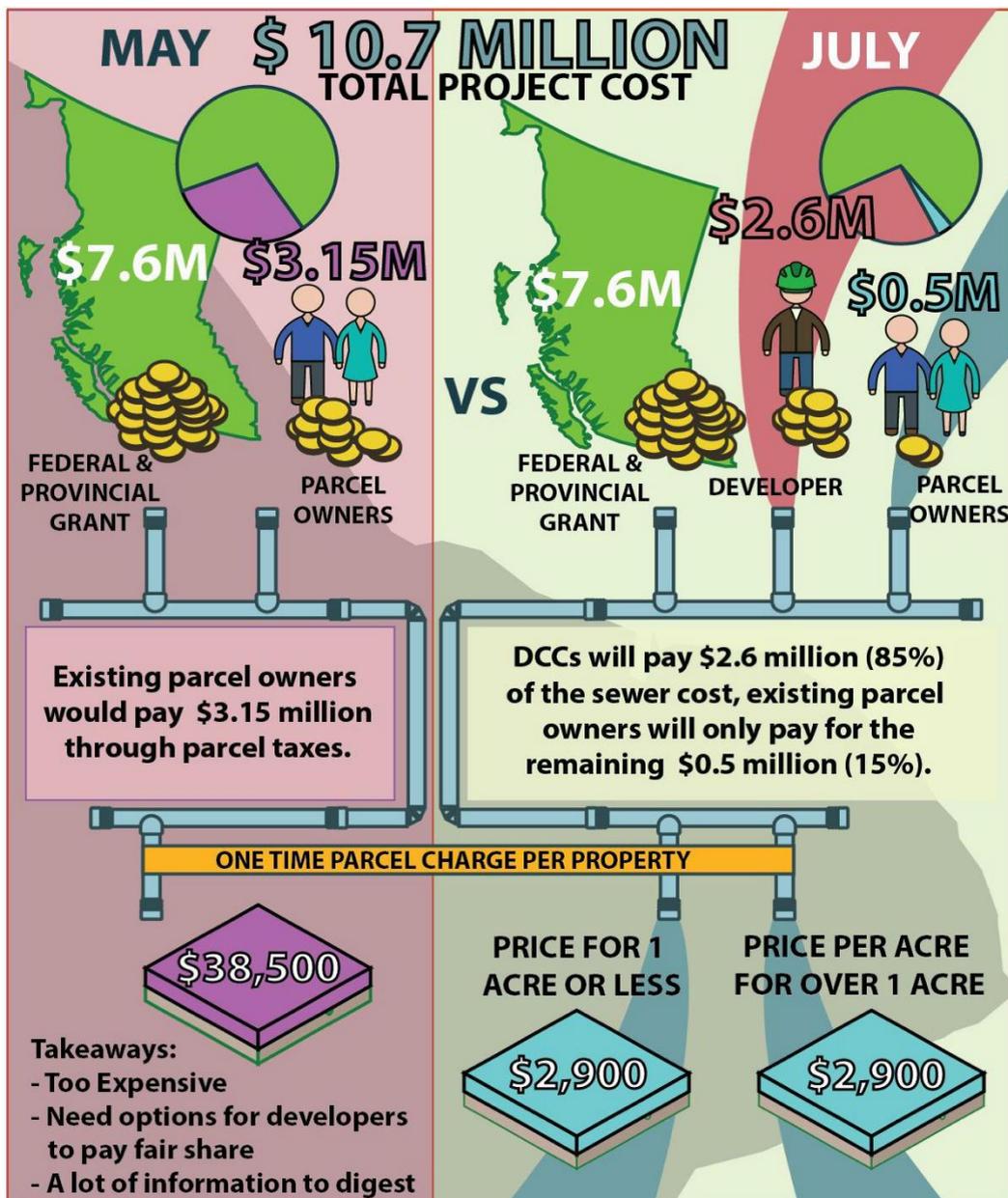
Outcomes from Information Meetings #1 and #2

On May 29th, 2017 the RDN and Urban Systems Ltd. presented preliminary designs and costs for the sewer system. In this meeting a wide range of feedback was provided, including:

- More work was required to review other project financing approaches, such as developer contributions, development cost charges (DCCs), front-ender agreements;
- The information presented needed to be simplified (i.e. there were a lot of numbers to digest); and
- Of those who attended and filled out the survey 62% of Bowser Village Centre residents supported this initiative with the costs presented at the time.
- A key outcome of the first meeting was adapting the cost recovery approach to focus more on future development and collecting DCCs from potential developers through a front-ender agreement to recover the majority (85%) of costs not covered by the \$7.6 million dollar grant.

A second information meeting was held on June 26th, 2017 to provide an update to residents on the progress of the Bowser Village Centre Sewer Project and provide an opportunity for residents to ask more detailed questions. During this meeting the final sewer system design was presented along with the new DCC cost recovery approach.

What Has Changed From the May 29th, 2017 Meeting



Cost Recovery

The RDN will look to recover the majority of costs not covered by the grant through **DCCs**. Through this approach potential developers will enter into a front-end agreement with the RDN and **'pre-buy' development units**, which will allow future development to pay for a large portion of the sewer system in advance. The remaining costs not covered by DCCs or the grant will be significantly reduced and paid for by existing parcel owners.

Development Cost Charge (DCC) Approach

DCCs pay for the costs of developing and upgrading community infrastructure to meet the needs of growth.

- DCCs will be paid by developers on a per unit basis for access to the excess capacity in the sewer system required to support their new developments.
- DCCs will pay for 85% of the remaining money to develop the sewer after the \$7.6 million dollar grant is applied.
- Existing parcel owners will be required to pay for the remaining 15% a total of about \$0.5 million.
- The proposed rate for a residential DCC is \$14,888 per unit.

Cost Breakdown

Cost (a) - Proposed Parcel Taxes

The total amount of money to construct the sewer system not covered by the grant or DCCs will need to be recovered through a parcel tax. Existing parcel owners will be required to pay for the remaining 15% of costs after the DCCs and \$7.6 million dollar grant are applied; a total of approximately \$0.5 million. This money will be recovered from current parcel owners in two ways based on the area (m²) of each parcel.

1. Parcels **one acre or less** will be charged a flat fee of **\$2,900** (74 parcels)
2. Parcels **greater than one acre** will pay on a per metre (m²) basis at a rate of **\$0.717 per m² or \$2,900 per acre** (25 parcels).

Combined these two charges will generate approximately \$0.5 million from current parcel owners. Parcel taxes will be charged on both developed and vacant land where sewer services are provided. **Table 2.0** shows the parcel tax impact on residents and developers.

Table 2.0 - Parcel Tax – One Time Charge vs. Annual

Parcel Size		Proposed Tax One Time Charge	Proposed Tax Financed over 20 years (20 year @ 4%)
One Acre or Less		\$2,900	\$224 per year
Parcels Greater than One Acre	1.00 acres	\$2,900	\$224 per year
	2.00 acres	\$5,800	\$448 per year
	5.00 acres	\$14,500	\$1,120 per year
	10.00 acres	\$29,000	\$2,240 per year
	Largest	\$34,488	\$2,663 per year

Cost (b) - Operations and Maintenance

Operations and maintenance (O+M) costs are required to pay for the ongoing operation of the wastewater treatment plant, pumps and collection systems, as well as replacing parts of the system as they age. O+M costs are not included in the project costs presented. O+M costs will be split between a parcel tax (33%), to be paid by all parcels, and a user fee (66%) charged as a separate fee on all properties and units receiving sewer services; vacant properties will not pay the O+M user fee.

Total annual O+M costs are currently estimated at \$150,000 per year. However, first year O+M user costs for the new plant will be lower, with total O+M costs equalling approximately \$120,000. With 99 parcels covering 90 connections this works out to approximately **\$1,280 per parcel for the first year**.

As new development occurs, O+M costs will be spread out amongst a larger number of properties and will likely decrease as shown in **Table 3.0** below.

Table 3.0 – Operation and Maintenance Costs Years 1 & 2

Year	Total Annual Cost (est.)	Estimated O+M Costs Per Unit
Year 1 (2019) (Current Units)	\$120,000	\$1,280
Year 2 (2020) (+ 30 units)	\$150,000	\$1,220
Year 2 (2020) (+ 60 units)	\$150,000	\$980
Year 2 (2020) (+ 90 units)	\$150,000	\$820

Cost (c) - On-site Costs

A number of individual properties will require on-site pumps due to topography and design restrictions. The pumps will be paid for by the RDN, but property owners will be required to pay for their installation and to tie into sewer mains at the property lines, as well as ongoing maintenance.

Total on-site installation costs will vary widely depending on the location of the building on a property and the topography of the parcel receiving the services. The typical one-time cost of the on-site pump installation for a single-family residence ranges from \$1,000 to \$5,000.

Once the treatment plant is in operation, parcels with existing buildings will be required to hook up within one year.

Summary of Costs (a + b + c)

In total every parcel owner(s) will be required to pay the proposed parcel tax (either one-time or financed over 20 years), annual O+M user fees and the costs of installing and operating on-site pumps.

Table 4.0 – Summary of Costs

Summary of Costs	
Parcel Tax (One-time or Financed over 20 years)	(a)
Operations and Maintenance Costs	(b)
On-site Pump Installation	(c)
Total Cost to Parcel Owner	= (a) + (b) + (c)

For more information about the applicable sewer taxes and costs for your property please contact RDN staff directly at (250) 390-4111 ext. 6521.

Approval Process

The RDN has selected the petition process to establish the proposed sewer service. In order for the petition to be valid, it must be signed and submitted by the **owners of at least 50% of the parcels** to be charged, and the persons signing must be the owners of parcels that represent **at least 50% of the net taxable value of all land and improvements** within the proposed service area.

- Property owners get one vote for each property they own.
- If a property is jointly owned, the majority of owners must agree to sign the petition for their one vote to be valid.
- For strata properties every unit gets a single vote.

Over the next several weeks, RDN staff and consultants will be working closely with property owners to review their input and facilitate the petition process.

Please submit your Bowser Village Sewer Servicing Area Petition by 4:30 pm on Friday, August 11th, 2017

For More Information ...

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