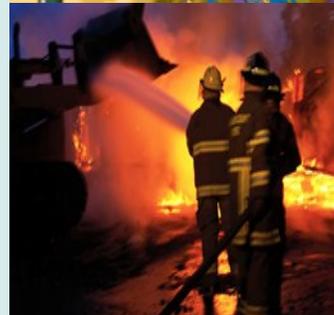




DISTRICT OF LANTZVILLE Community Update

October 2014 SPECIAL EDITION: Lantzville/Nanaimo Water Agreement



For years, our community has been pursuing an alternate water source to supplement our water supply. The Water Agreement between the District of Lantzville and the City of Nanaimo, approved by Lantzville Council on September 8, 2014, provides our community with an opportunity to benefit from a safe, secure and reliable source of water for years to come.

History

Since Lantzville incorporated in 2003, Councils have been actively investigating opportunities to improve the community's existing water supply. While a number of options were contemplated over the years, Council concluded that entering into an agreement with our neighbouring jurisdiction, the City of Nanaimo, for a supplemental water supply was the most viable option for this community. With the signing of the Memorandum of Understanding (MOU) between the City of Nanaimo and the District of Lantzville on October 17, 2005, both parties began working together to define the full list of conditions that would be captured in a formal agreement. Negotiations between the two jurisdictions were ongoing for years and while previous conditions changed, were amended, and/or deleted over time, Council is pleased with the final agreement that was approved on September 8, 2014.

Our Water System

Currently our aquifer (through 4 deep ground water wells) provides community water to 882 homes and businesses. The wells pump directly to the Ware Road Reservoir where it is treated. The water distribution system is divided into two pressure zones—the upper and lower. Of the 882 connections being supplied community water by the District, 654 are located in lower Lantzville and the remaining 228 are located in upper Lantzville. District engineering reports have cautioned that the District's aquifer may not be recharging at a satisfactory rate and, therefore, unless property owners/developers have been able to confirm their own water source (e.g., private wells meeting the District of Lantzville engineering standards) Lantzville Council, by policy, has not permitted additional connections to the community water system for many years.

Agreement Conditions

The signed agreement dated September 8, 2014 identifies conditions related to the following:

- Fees
- Quantity & quality
- Water conservation & restrictions
- Maintenance & repair responsibilities
- Water to be supplied to upper Lantzville
- Northwind/Southwind area properties could be connected
- Connections for new development are limited to 50 per year and in upper Lantzville only
- Cost sharing for other services
- Engineering studies
- Construction costs
- Lantzville representative on the City's Water Supply Advisory Committee
- Lantzville to support Nanaimo in its efforts to secure future water supply funding



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Questions? Please read this newsletter, attend the Public Information Meeting at Costin Hall on Wednesday, October 15, 2014, 5:00 pm – 7:00 pm (presentation at 5:00 pm) or call the District Office (250.390.4006) to speak with Twyla Graff, Chief Administrative Officer.

THE FACTS—Lantzville/Nanaimo Water Agreement...

Agreement Conditions

FEES – Schedule 'B' of this agreement identifies the connection fees payable, e.g., \$5,912.26 per dwelling unit. Lantzville is also responsible for paying Nanaimo for all water supplied under this agreement.

QUANTITY & QUALITY – The City of Nanaimo will make available sufficient volumes of water to allow Lantzville to supply those premises connected in accordance with this agreement. It also notes Nanaimo's responsibility to make all reasonable efforts to ensure that the water supplied meets the *Canadian Drinking*

Water Quality Guidelines. Once Lantzville receives the water at the connection point, Lantzville assumes responsibility for the water and is the sole water provider.

RESTRICTIONS ON WATER PROVISION

This agreement requires that fees paid by consumers for water in Lantzville should not be lower than the fees paid by consumers in Nanaimo. Currently the quarterly fees charged by the District to its Lantzville consumers are approx. \$18 less than consumption fees charged by the City of Nanaimo.

An increase in water user fees will likely be contemplated by Council; however, not until such time as the District connects to the City of Nanaimo's water system. In addition, Lantzville is prohibited from:

- selling or supplying water outside of our municipal boundaries; and
- supplying water for major agriculture production or golf course uses.

The *connection fee* of \$5,912.26 is a one-time connection fee charged per dwelling unit, subject to an annual adjustment equal to the consumer price index. It represents the costs associated with the various infrastructure works the City of Nanaimo has constructed for supplying water to its own citizens and to which residents of the City of Nanaimo have contributed to financially over the years. After 5 years, with said 5 years commencing on the "*Commencement Date*", the connection fee will change and will equal the City of Nanaimo's water supply Development Cost Charges.

Questions & Answers

On the following pages are answers to some commonly asked questions about the Lantzville/Nanaimo Water Agreement.

Council signed this agreement with the City of Nanaimo before formally consulting the residents of Lantzville. Why?

Years of negotiations have now concluded with the execution of this agreement between the District of Lantzville and the City of Nanaimo for a supplemental water supply. To quote Council, "the District, by signing this agreement with the City of Nanaimo, has created an **opportunity** but not an obligation for the community of Lantzville to connect to a supplemental water supply" either now or at some point in the future. Residents of our community are now in a position to enjoy a safe, secure and reliable source of water which is essential for a healthy community.

Now that this agreement has been executed, when will Lantzville receive water?

Council has yet to determine when this will occur and Council will likely not consider the timing of connecting to the City of Nanaimo water system until the District's next Financial Planning process which begins in January, 2015.

Is the District required to pay monies to the City of Nanaimo as a result of signing this agreement?

No. Lantzville has no financial liability to Nanaimo under this agreement until the Commencement Date.

NOTE: "*Commencement Date*" means the date upon which Lantzville certifies the construction of the Lantzville Water System as completed to Lantzville's satisfaction, and notifies Nanaimo with a copy of a Lantzville Council resolution that the Lantzville Water System is ready to accept the water.

What is the cost to construct the required infrastructure when Lantzville moves forward with connecting to the City of Nanaimo water system and who will fund the cost of this infrastructure?

The District's engineers have estimated that the cost to construct the necessary works to facilitate a connection between Lantzville and Nanaimo at the location of Lantzville and Dover Roads, is \$800,000. It is anticipated that the construction costs associated with this connection will be funded by the District's Community Works Fund (gas tax monies).

Why was upper Lantzville selected to receive water vs. lower Lantzville?

Originally, lower Lantzville was the area being considered to receive water via agreement with the City of Nanaimo and the District of Lantzville. However, in 2012 the District was advised of the City of Nanaimo's own concerns about their future water supply needs. In the fall of 2012, the District of Lantzville approached the City of Nanaimo with the concept of connecting upper Lantzville which has 228 connections vs. 651 connections in lower Lantzville, thus reducing the amount of supplemental water required from Nanaimo.

Why are properties in the Northwind/Southwind area part of this agreement?

Some private wells in this area have unacceptable water quality. Given the importance of addressing the potential health risks associated with consuming/using contaminated water, these properties were included in this agreement.

...your supplementary water supply

WATER CONSERVATION MEASURES

This agreement includes the principle that Lantzville water conservation measures should meet or exceed those in place in the City of Nanaimo. As Lantzville's current water conservation measures exceed those restrictions imposed on residents in the City of Nanaimo, we don't anticipate any changes at this time.



MAINTENANCE & REPAIR RESPONSIBILITIES

Lantzville is responsible for all water system maintenance and repair costs within our municipal boundaries.

NORTHWIND/SOUTHWIND

It may be a few years before the District is in a position to provide water to this area, mainly due to lack of infrastructure but it is also subject to when Council elects to move forward with connecting to the City of Nanaimo water service. When the District decides to move forward with community water in this neighbourhood, each property owner residing in the service area (Northwind/Southwind) will be subject to:

- paying the connection fee of \$5,912.26 per property (one-time cost). **NOTE:** \$5,912.26 is subject to CPI increase per annum;

- cost-sharing of the infrastructure works needed to bring water to the neighbourhood through a Local Area Service;
- supplying community water in this area will be subject to Local Area Service on Council Initiative (LAS) - subject to Petition Against, meaning the owners of those properties defined in the LAS area will have an opportunity to sign a petition if they oppose this service; and
- the Petition outcome will determine if the LAS proceeds at that time.

When will the City of Nanaimo make water available to Lantzville on a community-wide basis?

While this can only be answered by representatives of the City of Nanaimo, we believe that once the City of Nanaimo resolves its concerns about their own future water supply, it may consider removing the conditions imposed by this agreement that restricts the location and number of connections available to Lantzville.

Who is required to pay the fee of \$5,912.26 when connecting to the system?

If you currently receive community water from the District, you **will not** be required to pay the fee of \$5,912.26. Over time, the connection fee for those 228 properties in upper Lantzville connected to the community water system may be paid for by a combination of new connections and/or development. In the short term, while development monies accumulate, the District has funds available to borrow internally if the District were in a position to have to make the payment to the City of Nanaimo.

Northwind/Southwind - properties in the Northwind/Southwind area who connect to the community water system, once available, will be required to pay the connection fee.

New Development - connections resulting from new development are also required to pay the connection fee.

NOTE: Northwind/Southwind and new development will be subject to infrastructure costs in addition to the connection fee. Infrastructure costs are yet to be determined.

How will the 50 connections in upper Lantzville relating to new development be allocated?

16 connections per year may be allocated to the Foothills development (Lone Tree Properties Ltd.); 6 connections may be allocated to Lantzville Projects Ltd. and the remaining 28 connections will be made available on a first-come-first-served basis, per Council Policy No. 3007-3.

The agreement requires the District to participate in cost-sharing for other services such as Economic Development, Port Theatre, and Drinking Water and Watershed Protection. Who are these fees payable to and what are the fees?

A condition of this agreement is that Lantzville participate in the other services listed above. Fees will be payable to the Regional District of Nanaimo (RDN) as shown below, in Table A.

Table A
Estimated Incremental Costs to District of Lantzville

Other Services Cost Shared	2014	Proposed	Incremental Cost
Southern Community Economic Development	\$ 0	\$38,175	\$38,175
Port Theatre (voluntary payment made in prior years)	\$9,000	\$11,980	\$2,980
Drinking Water Watershed Protection (Lantzville has participated in this RDN function since 2012)	\$7,700	\$7,700	\$ 0
TOTALS	\$16,700	\$57,855	\$41,155
Number of folios (properties taxed)			1,600
Estimated increase per folio			\$25.75

I recall that cost sharing for other services also included Tourism. Why is a financial commitment to Tourism not included in this agreement?

Lantzville has met its financial obligation relating to Tourism with a one-time contribution of \$200,000 to the City's Vancouver Island Conference Centre paid by Lantzville in 2008.

District of Lantzville Community Update — October 2014 SPECIAL EDITION

Lantzville/Nanaimo Water Agreement

Questions & Answers continued from page 3...

If I am not connected to the community water system nor will I be in receipt of a water connection, will I be required to contribute to the 'Other Services' noted in Table A on page 3?

Yes. The District of Lantzville has, on a voluntary basis since incorporation, contributed financially to the Port Theatre on an annual basis in the amount of \$9,000 per year funded from general taxation (with the exception of two years where contributions were \$3,000 and \$5,000 respectively). The District of Lantzville currently participates in the Drinking Water and Watershed Protection Program, funded by the District's water revenues.

The Economic Development function (established by bylaw through the RDN in 2012) will likely see Council considering Lantzville's participation beginning in 2015 and funded from general revenues. Again, referring to Table A on page 3, residents have already been contributing to these services, with the exception of Economic Development.

I currently have an adequately functioning well. Will I be required to connect to the community water system should this service become available?

No. However, depending on your property location you may be subject to paying a share of the capital costs relating to water infrastructure. E.g., if your property is in the Northwind/Southwind area and the Local Area Service is successful.

If Nanaimo upgrades their water system, will there be a financial impact to Lantzville?

No. The connection fee of \$5,912.26 has anticipated these costs.

This agreement is for a term of twenty years and, at Lantzville's option, there is the ability to extend for an additional twenty-year term. What happens at the end of twenty and/or forty years?

It would be Lantzville's intention that five years prior to the conclusion of this agreement, Council would consider the following:

- should Lantzville continue to purchase water from Nanaimo?
- has a new supplemental source of water become available?

Why was the District of Lantzville not required to conduct 'Assent Voting' (a.k.a. referendum) prior to Council entering into this agreement?

Under the *Municipal Liabilities Regulation* (BC Reg 254/2004), the District of Lantzville is exempt from obligations to seek the assent of the electors to enter into this agreement.

Will the District's Official Community Plan need to be reviewed in anticipation of future development?

No. The OCP adopted in 2005 anticipated some level of build out in the community subject to securing a supplemental supply of water. Further, the District has a Water Supply and Connection Policy that speaks to the procedures that will be applied for new connections.

Community Benefits

- Increased water supply capacity will allow us to meet future demands and provide redundancy
- Providing a supplemental water supply to the 228 community water users in upper Lantzville, may result in making available community water connections to residents in lower Lantzville
- Those on private wells experiencing quality and quantity issues now have an opportunity to access clean, safe, and reliable drinking water
- Increased water supply capacity will create an opportunity for Lantzville Council to investigate and provide (in the future) housing alternatives (e.g., secondary suites, seniors' facilities, etc.)
- Increased fire flows when responding to fires
- Residents may see a decrease in their private insurance costs as a result of a supplemental supply of water

District of Lantzville—Water Supply & Connection Policy No. 3007-3

Policy Purpose: To clarify Lantzville's current available water supply in addition to establishing a policy that will define the criteria in which Council will provide and/or accept the provision of additional water supply as well as consider requests for new water connections.

Excerpt from the Policy:

"The OCP further states "the District will continue to work with local residents, landowners, development applicants and neighbouring jurisdictions to develop additional water supply options". Per this policy the District entered into a Memorandum of Understanding with the City of Nanaimo wherein it establishes the framework (subject to certain conditions) to provide water supply from the City to the District."

Adopted by Council: November 6, 2006