



**District of Lantzville**  
**PHASE III SANITARY SEWER COLLECTION SYSTEM PROJECT**  
**JANUARY 2020 QUESTIONS & ANSWERS (Q&A)**

The Phase III Sanitary Sewer Collection System (SSCS) Local Area Service Establishment and Loan Authorization Bylaws as amended are currently subject to a Petition Against process with a closing date of February 3, 2020. In addition to the information previously distributed (view on the District website), this updated Q&A is to respond to questions about the project. In 2017, the District of Lantzville Council adopted bylaws to establish a local area service and borrow funds to provide sewer to the Phase III area of Lantzville, based on estimated costs. After negotiating right of way agreements, completing design drawings and tendering the construction, the overall estimated project budget is higher than estimated and authorized through the 2017 bylaws, necessitating bylaw amendments for the Phase III Sanitary Sewer Collection System project to proceed. For regular information updates, visit [www.lantzville.ca](http://www.lantzville.ca) or call the Municipal Hall (250.933.8082) with your questions.

**Q1: *Why is the District of Lantzville proposing undertaking the Phase III Sanitary Sewer Collection System (SSCS) project at this time?***

**A1:** In March 2017, the District was fortunate to receive a Small Communities Fund grant worth up to \$4,373,332 towards the now \$8.65 million Phase III SSCS project. The grant is subject to project completion by March 31, 2021 and the District funding (through a Sewer Parcel Tax on benefitting properties) the remaining total project cost (up to \$4,300,000). The grant is available now to fund part of the project. If the project does not proceed, the grant funds must be returned.

**Q2: *What is the advantage to hooking up to sewers?***

**A2:** Advantages to hooking up to municipal sewer system includes:

- More useable yard area
- No risk of contamination due to failures
- No septic system replacement costs  
*(estimated at \$20,000 to \$50,000 subject to location, size, space, soil conditions, etc.)*
- Reduced maintenance responsibility
- Peace of mind
- Improved environmental conditions

**Q3: *In the event that this petition against is successful, does it only impact the increase or the whole project?***

**A3:** If the petition against is successful, the project cannot proceed.

**Q4: *Why was there an increase in the estimated project cost from 2017 to 2019, necessitating bylaw amendments and a second petition against process?***

**A4:** The original process was based on Class D estimates from 2016, and costs could not be refined further until the 2017 Petition Against process completed/bylaws were adopted, then detailed designs were completed (after the rights of way/route were finalized) and the work was tendered. The tenders were issued as soon as possible for the work and closed in late November 2019, but could not be awarded as the amount was higher than authorized in the 2017 bylaws. The award of contracts has not taken place so the District cannot give out specific information regarding the tender results. The Contractors have extended their tender quotes until the Petition Against closes, therefore the tender quotes are still active and cannot be released to the public. The scope of the project has not changed; the increase in costs are due to increased costs in the construction and materials.

**Q5: *How much was the increase in the estimated project cost?***

**A5:** The 2016 project cost estimate increased from \$6,880,000 to \$8,650,000 (by \$1.77 million). After subtracting the grant funding, there is a maximum of \$4,300,000 project cost for the District to borrow and recover from the Phase III property owners. This increased the total maximum principal cost per parcel from \$8,165 to \$14,007 if paid as a one-time charge. If paid as an annual Parcel Tax, the estimated \$590 for a 20-year term, increased by \$67 annually to \$657, for a 30-year term. NOTE: As the \$1.77 million increase is for the worst-case scenario that includes contingencies, the exact amount on how much the original estimate will be exceeded, and the total amount payable by property owners, is unknown until the project is completed. However, it is known that the project cost will not exceed the costs identified and authorized through the current bylaw amendments and Petition Against process (\$14,007 maximum principal cost per parcel).

**Q6: *Why is there an interest charge and will it be fixed over the term?***

**A6:** The District of Lantzville will be borrowing funds from the *Municipal Finance Authority* to pay for the debt (maximum \$4,300,000) incurred on the project and to be recovered from the property owners through a Parcel Tax. As such, we are required to charge interest on the payment plan (Parcel Tax) because the payments are being made over 30 years and there is a cost to borrow money. Interest charges through the MFA are below regular market borrowing rates and are subject to re-financing every 10 years.

**Q7: *When do I have to decide if I'm paying the capital cost up front, or choosing the 30-year parcel tax?***

**A7:** After the construction is completed and the final cost of the project is known (will not be higher than shown in the Notice), it will be communicated to Phase III property owners and they will have the option to either pay their portion of the capital cost up front, or be part of the 30-year payment plan (annual parcel tax). If the payment plan option is chosen, residents can choose to pay off their remaining balance at any point during the 30 years, but it must be a complete payout. NOTE: Parcel tax (payment plan) would commence approximately one year after project completion.

**Q8: *What other options are there for the project, besides increased cost to homeowners or not proceeding? E.g., a) change boundaries, b) re-tender, c) funding from other reserves, d) reapply for Small Communities Fund Grant today, etc.***

**A8:** There are no other options. a) If you decrease the area you decrease the number of residences that will connect thus driving up the cost for those that can connect. Also, the grant funding is based on the area shown on the Phase III Boundary map. b) The two contracts that closed in late November 2019, were tendered through a competitive process, posted on Bid BC, with six firms responding. Tendering in the Spring would likely result in higher bids, which is why it was important for the District to proceed to issue the Petition Against forms quickly in December 2019 to complete the process before the contractors' quotes expired. c) Funds in other specific reserves have been built up from taxes paid from the entire District, not just the folks within the Phase III Local Service Area. Also, the reserve funds have bylaws that restrict the funds so they can only be used for that purpose. d) The amount that was awarded through the grant application is the maximum amount the District can receive from the Province due to funds from that grant being fully allocated in 2017.

**Q9: *Did negotiating rights of way for pipes to run through the back yard of some properties add unnecessary costs?***

**A9:** No, back yard pipes provide for gravity sewers to be installed. The only alternative was to place the mainline along the street frontage deeper. Once the trench goes more than 3 meters deep the costs more than double and, in some areas, it was just not an option. Another option would have been to have pumped service connections from those properties; however, one of the conditions of the grant award was to have environmentally-friendly infrastructure included in the project. By not installing pump systems where there could be a backyard gravity sewer line, it made the application for the grant environmentally-friendly and the grant was awarded on those conditions. The total cost to negotiate the approximate 37 rights of way agreements was \$38,053 for consulting and legal fees.

**Q10: *What happens if there is development within the Phase III area?***

**A10:** With regard to potential development, i.e. subdivision, any new development in the Phase III LAS area would be subject to the LAS costs. There is no option for a developer to pay prior to development approval. If a development occurs within the LAS, the funds will be charged and paid on the capital of the loan which, in turn, will shorten the amortization.

**Q11: *Why weren't we notified earlier of the additional costs?***

**A11:** As soon as the results of the tenders were known (November 29, 2019), staff consulted with the Province and a report was on the next Council agenda (December 9, 2019) to give the Service Establishment Bylaw and Loan Authorization Bylaw Amendments first three readings, bylaws were sent to the Province for approval (received December 18, 2019), the Notice of Intent with Petition Against form was mailed to property owners (December 20, 2019) and the statutory notices were published asap (December 26, 2019 and January 2, 2020) with the Petition Against closing date of February 3, 2020. The timing around the holidays was unfortunate; however, there are legislated timelines set out by the Province on petitions against and contractors have given a limited period of time they will hold the pricing. We did not anticipate this increase in costs, therefore, could not communicate it prior to knowing. The annual costs for the LAS have gone up by \$67; instead of paying \$590, the Parcel Tax will now be \$657. We acknowledge that it will, however, be for a 30-year term.

**Q12: *Are the property owners in Phase III paying for the Sebastion Road project?***

**A12:** Sebastion Road is within the Phase III boundary; however, the Sebastion Road improvement project is a separate project with a separate budget and funding sources. The Sebastion Road improvement project will replace culverts, asphalt, remove trees (if necessary), install parking stalls, install curb, and some storm drainage to accommodate the road runoff. The Phase III sewer project along Sebastion Road will only fund the installation of one culvert, a pump station, gravity sewer main, pressure sewer main, trench restoration, and the removal of trees (if necessary).

**Q13: *What will happen after the Petition Against deadline at 4:00 pm on February 3, 2020?***

A13: If the Petition Against fails, there are several steps (consideration by Council, bylaw adoption, 30-day period, approval by the Province, and then consideration by Council of awarding tender contracts) before work could begin (potentially in April 2020). If the Petition Against passes, there will be a report to Council, provided to the Province and the grant funds will be returned to the Province.

**Q14: *When will owners of property within the Phase III SCS Local Service Area be able to connect to sewer if it is approved?***

A14: The connection date is estimated to be in 2021. Many steps in this complex project still need to occur before connection would be possible, e.g., bylaw adoption, Provincial approval, awarding contracts, interim borrowing, construction, parcel tax roll, etc.

**Q15: *Once sewer becomes available, how long do owners of property within the Phase III SCS Local Service Area have to connect?***

A15: All properties with improvements (buildings) within the Phase III Local Service Area must be connected within one year after completion of the Phase III sewer line construction.

**Q16: *What is the timing for Phase III sewer line construction work to begin?***

A16: The District anticipates starting the Phase III sewer line construction potentially in April 2020; however, this is subject to the timing of other steps that must occur first, e.g. receiving approval from the Province for the borrowing bylaw, and awarding of the construction contract.

**Q17: *Will there be a schedule of roads available showing when the work will be conducted?***

A17: It would be challenging to provide a specific roads schedule but there will be more information available after the contracts are awarded. Some roads will be worked on concurrently. The engineering inspector will contact each property to ensure we place the connection at the property line nearest to the septic tank/connection to the building. Also, notifications will be posted and delivered to residents prior to work proceeding on their street.

**Q18: *What is included in the Sewer Parcel Tax (not to exceed \$14,007 up front or estimated at \$657 annually over thirty years, subject to borrowing and interest costs)? Is this just to tie into the system or does this cover the cost for us to dig and run the line from our home?***

A18: The grant and the Sewer Parcel Tax will cover the District's construction cost to bring the sewer line and connection points to the property line of properties located within the Phase III SCS Local Service Area. The cost of digging and running the line from your home or business to the property line/connection point is the responsibility of the property owner.

**Q19: *Do you have a plan that would show where the sewer line is going to go in relation to my property located within the Phase III Local Service Area?***

A19: A preliminary plan is available on the District's website. The District will consult with the property owner about the most convenient location for the sewer connection at your property line. The map with the Petition Against is for the purpose of showing the LAS Boundaries and is not a detailed design showing the location of the pipes. If you have questions regarding the location before the engineering inspector contacts you to consult about the most convenient location for the sewer connection at your property line, please contact District staff (250.933.2250 or [fspears@lantzville.ca](mailto:fspears@lantzville.ca)) who can refer to the detailed design plan, which is too large to post on our website.

**Q20: *Is it a mandatory that I connect to the utility service installed under the LAS?***

A20: Yes, you must connect your property within one year of completion of the Phase III construction. The only exception would be for bare land, where connection would be delayed until an improvement is constructed.

**Q21: *Will property owners have to pay the Sewer Parcel Tax if they petition against the project?***

A21: If the Petition Against fails, yes.

**Q22: *My property is vacant, do I still pay the Sewer Parcel Tax?***

A22: Yes.

**Q23: *Are there any additional costs to each Phase III property owner to tie into the new sewer system, other than the Sewer Parcel Tax (not to exceed \$14,007 if paid up front or estimated at \$657 annually over thirty years, subject to borrowing and interest costs)?***

A23: Yes. There are operational one-time costs and ongoing costs, currently projected as follows:

Description	One-time Cost	Ongoing Cost	Paid by Property Owner To	When Payment Required
RDN Southern Community Sewer Service Capital Charge ( <i>per Bylaw No. 1257</i> )	\$966 (2020 rate) OR \$995 (2021 rate)	nil	Regional District of Nanaimo (RDN)	Earliest of either, at time of Building Permit Sewer Connection application, or within one year following completion ( <i>eta 2020/2021</i> ) of Phase III construction.
Construction of sewer line from house to property line to connect to Phase III sewer line	Unknown. <i>Subject to location of house, length of sewer pipe, depth of sewer line, soil condition and amount of excavation. Obtain a cost estimate from a contractor.</i>	nil	A Contractor selected by the property owner to construct the sewer line on your property	When property connecting to Phase III, i.e. within one year after Phase III construction completion ( <i>eta 2020/2021</i> )
RDN Building Permit & Inspection of Sewer Connection Works Cost (includes title search fee) (District of Lantzville effective Oct 1 2020)	\$265 ( <i>until Sept 30 2020; District of Lantzville to set rates effective Oct 1 2020</i> )	nil	Regional District of Nanaimo (District of Lantzville effective Oct 1 2020)	At time of Building Permit Sewer Connection application. Property owner/ contractor to schedule septic tank decommissioning and call for sewer connection works inspection at least two business days prior to proposed inspection time.
Decommission Septic Tank <i>Septic tank must be pumped out prior to sewer connection/ RDN inspection. After which the property owner may choose to remove the tank, leave the tank in the ground and fill it with sand OR repurpose, e.g., clean it and use it as a cistern for irrigation.</i>	Estimated average cost \$300 (cost may be similar to your current cost to pump out tank). <i>Subject to location, condition and size of septic tank. Obtain a cost estimate from a contractor and ask about any additional cost if you wish to remove or repurpose tank.</i>	nil	A Contractor selected by the property owner to pump out the tank.	Contractor payment amount and schedule will be per the terms of your contract with your Contractor. Property owner/ contractor to schedule pumping out of septic tank (decommission) and call for inspection at least two business days prior to proposed inspection time.
Utility Billing – sewer user fee ( <i>funds the operation and maintenance of the sewage collection/ treatment system</i> )	nil	Minimum quarterly sewer base rate ( <i>per consolidated Sewer Rates &amp; Regulations Bylaw No. 66, 2007, subject to amendment</i> ). <i>Current projected quarterly 2020 rate is \$123, subject to Bylaw adoption.</i>	District of Lantzville	Billed Quarterly – to each property owner after connected to the system. Your sewer user fee is based on water consumption; however, it is subject to a minimum quarterly base rate. High water use = higher sewer fee. This charge will appear on your utility invoice, once connected to the system.

**Q24: Why am I paying a Capital Charge to the Regional District of Nanaimo?**

A24: As with prior phases of the Lantzville sanitary sewer collection system, the waste collected in the Phase III sewer will be conveyed, treated and disposed of through facilities constructed, owned and operated by the RDN for the Southern Community Sewer Service. The District of Lantzville does not own/operate a sanitary sewer treatment plant.

**Q25: If we choose the 30-year payment option for the Sewer Parcel Tax, is that amount deferrable or would we have to pay it each year like the garbage and recycling user fee?**

A25: For BC homeowners who qualify for the Provincial Property Tax Deferment Program for their principal residence, the Sewer Parcel Tax for their principal residence can be deferred. However, like the garbage and recycling fee, the quarterly Sewer User Fee is not deferrable (current projected quarterly 2020 fee is based on water consumption and is subject to a minimum charge of \$123 per quarter).

**Q26: How do the costs for Phase III property owners compare to Phase I and II?**

A26: Here is a table comparing *initial cost information estimates* provided at the start of Phase I and II and current information for Phase III:

<b>COSTS PAYABLE BY PROPERTY OWNER</b>	<b>Phase I (2007)</b>	<b>Phase II (2009)</b>	<b>Phase III (2020)</b>
Estimated Parcel Tax, per year for 20 years	\$497	\$573	-
Estimated Parcel Tax, per year for 30 years	-	-	\$657
<b>One-time costs:</b>			
Contractor charge to install line from your house to property line connection point	<i>Cannot be estimated by the District – have a contractor provide a ballpark estimate until detailed design is available. Cost subject to location of house on each individual property, length of sewer pipe required, depth of the sewer line, soil conditions and amount of excavation required to facilitate the connection.</i>		
RDN Capital Charge	\$658	\$698	\$966 (if in 2020) OR \$995 (if in 2021)
Estimated Contractor charge to Decommission Septic Tank	\$300	\$300	\$300
	<i>Estimate previously used – confirm with your contractor</i>		
District Sewer Connection Fee	\$1,000 <i>(\$1,000 refunded subject to early connection)</i>	\$1,500 <i>(\$1,000 refunded subject to early connection)</i>	\$0
RDN Building Permit (BP) - Sewer Connection & Inspection Cost (District of Lantzville BP eff. Oct 1 <sup>st</sup> )	\$100 <i>(if paid/connected within one year of Phase I completion, OR \$250)</i>	\$100 <i>(if paid/connected within one year of Phase II completion, OR \$250)</i>	\$265 <i>(until Sept 30 2020; District of Lantzville to set rates eff. Oct 1 2020)</i>
<b>Estimated one-time costs total</b> <i>(excluding installation of line from house to connection at property line)</i>	<b>\$1,058</b>	<b>\$1,598</b>	<b>\$1,531</b>
<b>Additional one-time estimated cost for pump for properties unable to accommodate a gravity feed line</b> Estimated Contractor charge	\$5,000 (32 properties)	\$5,000 (20 properties)	\$5,000 (estimate) (33 properties)
<b>On-going costs after connection: Sewer User Fee added to Utility Invoice (minimum) per Quarter</b> <i>(rates established by District Bylaw &amp; subject to change)</i>	All Phases: Projected Quarterly Base Rate for 2020 is \$123 (Subject to Bylaw Adoption)		

**Q27: Is the removal of our existing septic tank required? If so, will the cost of existing septic tank removal be covered by the \$14,007?**

A27: No, but it must be pumped out and decommissioned or repurposed. The property owner is responsible for the cost to pump, decommission and repurpose or remove the tank, as they so choose.

**Q28: If we do not pay the up-front \$14,007 cost and choose the 30-year parcel tax payment, can this be paid off at any given time during the 30 years with no penalty?**

A28: Yes.

**Q29: Will disruption or damage to my property (paved or concrete driveways, fencing, trees, lawn, decks, and patios) during installation of sewer system be repaired or costs covered by the District of Lantzville?**

A29: Work conducted on your property will be by your contractor, within your control and any related damage or costs are the responsibility of the property owner and/or for you to claim from your contractor subject to the terms of your contract. The District is not responsible for costs on private property. The exception to this is if you are located on one of the properties across which the District has registered a right of way to run the Phase III sewer line (e.g., to reduce the need for a pump for some properties where a gravity feed line will not work). In this case, any damage caused by work conducted by the District will be repaired as per the right of way agreement.

**Q30: *Can the property owner use any contractor to connect their house to the municipal sewer line?***

**A30:** Yes. We recommend that you ensure that your contractor is fully knowledgeable of the Regional District of Nanaimo (RDN) specifications (listed below) associated with installing the sewer connection works on your property, as you/your contractor will be applying to the RDN (or District of Lantzville after Oct 1 2020) for a Building Permit-Sewer Connection, the RDN (or District of Lantzville after Oct 1 2020) will be inspecting the works, and, after passing inspection, your contractor will connect your line to the municipal sewer line.

**Regional District of Nanaimo Sewer Connection Specifications & Inspection Information**

- Pipe to be four (4) inches in diameter, PVC CAN/CAS – B181.2-m
- A trench with a minimum depth of 2 feet below grade
- Pipe laid with a minimum of 1/16 inch per foot fall (1.5% grade)
- Six (6) inches of bedding sand below & six (6) inches of cover over the pipe
- Clean out within 1 m. from discharge from house and every 15 m. of line length
- Pipe plugged and subjected to load test of 3 metres head pressure

Applicant must contact the RDN Building Department to request inspections at least 48 hours (two business days) prior to proposed inspection time. Sewer lines must be inspected prior to backfilling and the connection will be completed after inspection is approved. Property owner and/or contractor to schedule pumping out of septic tanks (decommission). All septic tanks must be pumped out at time of sewer connection/inspection. Obtain copy of 'final' approval from RDN (following pass of inspection).

NOTE: Should you require further clarification, please contact the RDN Building Inspection Department at 250.390.6530.

**Q31: *When will property within Phase III SSCS Local Service Area start being levied the Sewer Parcel Tax?***

**A31:** The Sewer Parcel Tax (based on actual construction cost, not to exceed \$14,007 up front or estimated at \$657 annually over thirty years, subject to borrowing and interest costs) will be levied as soon as possible after the Phase III SSCS construction is completed and the system is operational, estimated to be in 2021. Prior to levying the Sewer Parcel Tax, the District will inform property owners of the amount and of the opportunity to pay the cost up-front if they so choose.

**Q32: *When should I pay, and should I pay at once? (Sewer Parcel Tax)***

**A32:** At the end of the Phase III SSCS construction project, the actual cost attributed to each property will be determined (per Bylaw No. 143, as amended it must not exceed \$14,007) and added to the tax roll. Owners can either pay in full at once or choose to pay over 30 years as a sewer parcel tax added onto your annual property taxes. The decision lies with the property owner.

**Q33: *Can a property owner withdraw their Petition Against form after it was submitted to the District?***

**A33:** A property owner can write to the Director of Corporate Administration requesting that their name be removed from the Petition Against prior to the 4:00 pm February 3, 2020 Petition Against deadline. If this happens, their original Petition Against form will not be counted when the Director of Corporate Administration certifies the results. A property owner cannot request removal after the Petition Against deadline has passed.

**Q34: *Can the number of responses received while the Petition Against is underway be released to the public?***

**A34:** No. Releasing the information could alter the outcome of the Petition Against process, as property owners may base their decision on the number of response forms already submitted and whether the threshold has been met (Petition Against signed by more than 50% of property owners of properties within Phase III LSA representing more than 50% of the total assessed value). The appropriate time to release the number of responses is after the deadline for submissions has passed and when the Director of Corporate Administration has certified the results and provided the report to Council.

January 13, 2020