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## REPORT TO PLANNING AND PROTECTIVE SERVICES COMMITTEE MEETING OF WEDNESDAY, JULY 21, 2021

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**SUBJECT**     **Regional Growth Strategy Consistency – Seagirt Improvement District Takeover**

### **ISSUE SUMMARY**

To consider whether the proposed service conversion process for the Capital Regional District (CRD) to takeover the Seagirt Improvement District community water system under the Juan de Fuca Water Distribution Service (JDFWDS) is consistent with the Regional Growth Strategy (RGS).

### **BACKGROUND**

Section 445 of the *Local Government Act* requires that all bylaws adopted, and services enacted, by a regional district be consistent with its RGS. The Capital Regional District (CRD) Board adopted Bylaw No. 4017, “Capital Regional District Regional Growth Strategy Bylaw No.1, 2016” in 2018.

The Seagirt Improvement District (SID) was established in 1961 to provide potable drinking water to properties on, and adjacent to, Seagirt Road located in East Sooke. There are approximately 85 properties within the SID service area. The SID water system is currently connected to the JDFWDS through a bulk meter connection.

The lands within the SID are designated as Rural/Rural Residential Policy Area and Capital Green Lands Policy Area (Seagirt Ponds Park) in the RGS. The 2018 East Sooke Official Community Plan (OCP) reports 83 properties connected to the SID water supply and 6 unconnected lots. Two additional lots have connected to the water supply since 2018, and four remain unconnected. The OCP does not anticipate changes to the scale and density of the dwelling unit types for the Seagirt area.

SID Trustees voted in favour of the CRD taking over the water service. A condition of conversion is to undertake infrastructure improvements, including the replacement of the water main, hydrants and other ancillary improvements. The SID ratepayers will be responsible for the improvement costs. The CRD would be eligible to apply for Municipal Financing Authority (MFA) financing at a cost considerably less than the SID would incur by borrowing from a bank or credit union. By agreeing to dissolve the SID and have CRD takeover and install the new waterline financed by MFA the borrowing costs of each ratepayer will be added to the property tax bill of each property such that the users of the system are paying for the upgraded infrastructure.

On July 6, 2021, the Juan de Fuca Water Distribution Commission recommended that the CRD Board commence a service conversion process with the Province to convert the SID to a CRD service and establish a new service for the purpose of CRD financing the infrastructure improvements required as a condition of conversion. The Commission also recommended that the CRD Board direct staff to apply for any available infrastructure grants. See Appendix A for the staff report and attachments that provide additional information about the proposed SID conversion.

## **ALTERNATIVES**

### *Alternative 1*

The Planning and Protective Services Committee recommends to the Capital Regional District Board:

That the Proposed Seagirt Improvement District Conversion staff report and attachments to the July 6, 2021 Juan de Fuca Water Distribution Commission be reviewed as it relates to Bylaw No. 4017, “Capital Regional District Regional Growth Strategy Bylaw No.1, 2016” and be deemed consistent with the 2018 Regional Growth Strategy Bylaw No. 4017.

### *Alternative 2*

The Planning and Protective Services Committee recommends to the Capital Regional District Board:

That the Proposed Seagirt Improvement District Conversion staff report and attachments to the July 6, 2021 Juan de Fuca Water Distribution Commission be reviewed as it relates to Bylaw No. 4017, “Capital Regional District Regional Growth Strategy Bylaw No.1, 2016” and be deemed not consistent with the 2018 Regional Growth Strategy Bylaw No. 4017.

### *Alternative 3*

That the Regional Growth Strategy Consistency – Seagirt Improvement District Takeover report be referred back to staff for additional information based on Planning and Protective Services Committee direction.

## **IMPLICATIONS**

### *Regional Growth Strategy Implications*

The proposed improvement district takeover is related to water servicing infrastructure, addressed by RGS Objective 2.2: manage regional infrastructure services sustainably. For SID, four policy criteria must be considered for RGS consistency:

- 1) Policy 2.2(1): The water service extension must consider costs and cost recovery implications, with costs being borne by new users.
- 2) Policy 2.2(2)(b): The water service area must be located within the Water Service Area as shown in RGS Map 5.
- 3) Policy 2.2(2)(b): The water service extension must not allow the total development of existing and new units in East Sooke and Otter Point to exceed 3,384 units.
- 4) Policy 2.2(2)(b): The OCP must identify the population to be serviced and how growth in water demand will be addressed.

No other RGS policy areas are applicable.

Integrated Water Services staff have worked with Colquitz Engineering to develop a takeover study that fully outlines the scope of work and costs to update the water system. The SID Trustees put together four cost recovery mechanisms for the service improvements for residents to vote on. Residents supported the option whereby such costs are borne by existing and new users through property taxes via the CRD taking over the service and financing the project through the MFA. The use of other infrastructure grants to cover the improvement costs would reduce the amount that existing and new users would pay.

The SID is located within the Rural/Rural Residential Policy Area and Capital Green Lands Policy Area of the RGS, and is designated as being within the Water Service Area as shown in RGS Map 5. Appendix B provides a map showing the SID location in the context of RGS Map 5. The SID water system is acknowledged in the East Sooke OCP, Part 3-355. The OCP identifies that 89 units are to be serviced, with 83 existing units and six parcels currently not connected. The analysis undertaken for the takeover of the water system identifies the population to be serviced and costs associated with the provision of the service. No additional unit growth is anticipated, nor is water demand expected to increase.

*Service Delivery Implications*

The SID water supply takeover will address aging infrastructure and leak issues along Seagirt in East Sooke. The takeover and proposed upgrade will bring the infrastructure up to current fire and water supply standards.

*Intergovernmental Implications*

Both the Province and Island Health are supportive of the conversion of water improvement districts to regional district services.

*Financial Implications*

A determination of consistency would allow the CRD to establish a new service for the purpose of financing infrastructure improvements and seek MFA financing and other eligible infrastructure grants.

**CONCLUSION**

All bylaws and services adopted by the CRD must be consistent with its RGS. The RGS identifies four applicable policy criteria for the SID water supply area in East Sooke. The conversion of the SID to a CRD water service area meets all criteria. A determination of consistency allows for the takeover to proceed and for the creation of a new service to finance the infrastructure improvements.

**RECOMMENDATION**

The Planning and Protective Services Committee recommends to the Capital Regional District Board:

That the Proposed Seagirt Improvement District Conversion staff report and attachments to the July 6, 2021 Juan de Fuca Water Distribution Commission be reviewed as it relates to Bylaw No. 4017, “Capital Regional District Regional Growth Strategy Bylaw No.1, 2016” and be deemed consistent with the 2018 Regional Growth Strategy Bylaw No. 4017.

Submitted by:	Emily Sinclair, MCIP, RPP, Senior Manager, Regional & Strategic Planning
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., General Manager, Integrated Water Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

**ATTACHMENTS**

- Appendix A: July 6, 2021 Report to the Juan de Fuca Water Distribution Commission: Proposed Seagirt Improvement District Conversion
- Appendix B: Map of RGS and Proposed Seagirt Improvement District Conversion