

**REPORT TO CAPITAL REGIONAL DISTRICT BOARD
MEETING OF WEDNESDAY, DECEMBER 9, 2020**

SUBJECT **Bylaws No. 4393, 4394: Florence Lake Improvement District Conversion to CRD Service**

ISSUE SUMMARY

A local debt service and loan authorization is required to fund upgrades and remediation of the Florence Lake Improvement District's former water system.

BACKGROUND

Incorporation of the area serviced by the Florence Lake Improvement District ("FLID"), a collection of 17 properties on Savory Road in Langford, BC, into the Juan De Fuca Water Distribution System requires significant upgrades and remediation work to service the area currently serviced by FLID.

On June 12, 2019, the CRD Board adopted the following recommendation of the Juan de Fuca Water Distribution Commission:

- A. Staff be directed to commence a service conversion process with the Province to convert the Florence Lake Improvement District (FLID) to a Capital Regional District (CRD) service which, when concluded, would result in incorporating the FLID water infrastructure into the Juan de Fuca Water Distribution Service; and establishing a new service for the purpose of CRD financing of the infrastructure improvements required as a condition of conversion, and dissolving the FLID; and*
- B. Apply for any available conversion or infrastructure grants on FLID's behalf*

At the direction of the Province, the residents of FLID ran a petition process which was successful and supported by the residents, the Province, and CRD's Integrated Water Services Department; however, as the improvement district is located within the municipal boundaries of Langford, the Province and the *Local Government Act* require CRD to commence an alternative approval process for establishment of the debt service or alternatively, run a referendum.

The Province has drafted an order-in-council to wind-up FLID and transfer its assets and liabilities to the CRD. CRD is unable to accept FLID's assets and liabilities without a debt service to pay for the upgrades necessary to tie-in the FLID service area with the existing JDF water system and remediate the system. The estimated costs of this work are \$300,000, to be borrowed under the to-be-created FLID debt service.

ALTERNATIVES

Alternative 1

That:

1. Bylaw No. 4393, Florence Lake Water System Local Service Establishment Bylaw No. 1, 2020, be introduced and read a first, second, and third time;

2. Elector approval for Bylaw No. 4393 be obtained via alternative approval process, and if successful, referred to the Inspector of Municipalities for approval;
3. Bylaw No. 4394, Florence Lake Water System Local Service Loan Authorization Bylaw No. 1, 2020, be introduced and read a first, second, and third time; and
4. Elector approval for Bylaw No. 4394 be obtained via alternative approval process, and if successful, referred to the Inspector of Municipalities for approval.

Alternative 2

That Bylaws No. 4393 and 4394 be referred back to staff for additional information.

IMPLICATIONS

Governance Implications

CRD will need to conduct an elector approval process to create the debt service and borrow for the water service establishment and remediation. The Province is unable to issue an order-in-council or other regulation allowing CRD to rely on the petition to satisfy the elector approval requirement, due to a legislative impediment in the *Local Government Act* relating to the wind-up of improvement districts. Langford council is unable to consent on behalf to the creation of the service, as the taxable service area is only a sub-set of its municipal boundaries, rather than the entire municipality.

City of Langford staff have been in discussions with CRD and the Province. A sample parcel tax bylaw has been drafted by CRD for the City of Langford, pursuant to the requirements of the *Community Charter*. CRD and City of Langford staff are in agreement with CRD taking on the debt service, it relates directly to the JDF Water Distribution system and JDF Water Distribution Commission.

Financial Implications

In the event that CRD does not proceed by Alternative Approval Process (“AAP”) or referendum, there is no way to service the properties.

A small AAP for the local service area would have a minor impact on staff time and is likely to cost less than \$5,000; a referendum would cost more and require significantly more staff resources. An AAP is recommended.

The petition and community consultations conducted between FLID and IWS indicated the residents wished to pay the debt service by way of parcel tax, rather than fee and charge or requisition, with an option to make a lump-sum payment prior to the service commencing. The amount per parcel is estimated at \$17,647 per property, plus interest, over 15 years. A parcel tax would be collected by the City of Langford, pursuant to the requirements under the *Community Charter*.

Alignment with Service Delivery and Strategies

The Provincial direction relating to improvement districts for these organizations to eventually form part of a regional district or municipality. The acceptance of the Florence Lake Improvement District and the eventual creation of a service for its inclusion into the JDF water distribution network, was previously adopted by the Juan de Fuca Water Distribution Commission on June 4,

2019 and the CRD Board on June 12, 2019.

CONCLUSION

In order to allow the Province and FLID to convert to a regional district service, CRD must create the local debt service and loan authorization. Elector approval can only be obtained by AAP or referendum due to legislative impediment. An AAP is recommended.

RECOMMENDATION

That:

1. Bylaw No. 4393, Florence Lake Water System Local Service Establishment Bylaw No. 1, 2020, be introduced and read a first, second, and third time;
2. Elector approval for Bylaw No. 4393 be obtained via alternative approval process, and if successful, referred to the Inspector of Municipalities for approval;
3. Bylaw No. 4394, Florence Lake Water System Local Service Loan Authorization Bylaw No. 1, 2020, be introduced and read a first, second, and third time; and
4. Elector approval for Bylaw No. 4394 be obtained via alternative approval process, and if successful, referred to the Inspector of Municipalities for approval.

Submitted by:	Steve Carey, Manager, Legal Services, Corporate Services
Submitted by:	Ted Robbins, B. Sc., C. Tech., General Manager, Integrated Water Services
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENTS

- Appendix A: Bylaw No. 4393, Florence Lake Water System Local Service Establishment Bylaw No. 1, 2020
- Appendix B: Bylaw No. 4394, Florence Lake Water System Local Service Loan Authorization Bylaw No. 1, 2020