

**REPORT TO JUAN DE FUCA WATER DISTRIBUTION COMMISSION
MEETING OF TUESDAY, JUNE 4, 2019**

**SUBJECT PROPOSED FLORENCE LAKE IMPROVEMENT DISTRICT (FLID)
CONVERSION**

ISSUE

The Florence Lake Improvement District has requested that the Capital Regional District (CRD) take over their community water system, under the Juan de Fuca Water Distribution Service (JDFWDS).

BACKGROUND

The Florence Lake Improvement District (FLID) was established in 1975 to provide potable water to 17 single family properties on the west side of Florence Lake in the City of Langford. The water system was originally constructed in 1976 and receives water from a JDFWDS connection on Florence Lake Road across the lake. As part of the original agreement for water service between the former Greater Victoria Water District (GVWD) and FLID, there was a requirement for the water main and services to be installed to the satisfaction of the GVWD and provision for the GVWD to acquire all of the waterworks of FLID located within public right of ways. A copy of this agreement is included as Attachment 1.

FLID has requested that their water system be taken over by the CRD due to a number of reasons including:

- A need for individual metering (for sewer billing for the City of Langford).
- The ability of the aging residents to operate an improvement district.
- The connection availability due to the close proximity of a recently installed JDF water main on Savory Road.
- Improved firefighting capacity.

The petition letter from FLID is attached (Attachment 2). The FLID currently holds no debt or other liabilities associated with the system. Also, both the Province and Island Health are supportive of conversion of water improvement districts. As part of FLID's takeover request, CRD staff required an "engineering take over study" (Attachment 3) that included an assessment of the existing water system, an outline of the proposed works that would be required for a conversion of the water system, and an estimate of the costs for the design and construction of the proposed works.

The existing FLID water system components include:

- Connection (including meter) to the JDF water system on the east side of Florence Lake near the intersection of Florence Lake Road and Setchfield Avenue.
- A supply main conveying water from the east side of Florence Lake to the FLID distribution system, laid on the lake bottom.
- A distribution main along Savory Road within the road allowance.
- Water services to each of the properties within the FLID including meter boxes (no meters).

The engineering study indicates the proposed construction scope of work required to address any infrastructure/liability concerns for the CRD to take over the FLID water system is as follows:

- A 200 millimeter (mm) diameter water main connecting the JDF water main with the existing FLID distribution water main (approximately 80 meters in length on Savory Road).
- One new hydrant including a line valve on the distribution main.
- A 100mm diameter flush assembly at the north end of the distribution main.
- Install 15 water meters, replace two water meter boxes and lids, and two water meter box lids.
- Close the existing water service connection on the east side of Florence Lake, remove the meter box and cap/plug the supply main.
- Remove the existing water reservoir and booster pump station, and cap/plug the supply main.
- Leakage testing of the existing system.
- Cleaning (pigging) of the existing distribution main.

Refer to Attachment 4 for a figure showing the existing system and the proposed new connection.

The total estimated costs to take over the FLID system including engineering, construction, CRD administration and operations costs and a 25% contingency is \$300,000. It is proposed that FLID be responsible for the full costs. The CRD's recent discussions with the Province have indicated there could be some grant funding available that the CRD could apply for on behalf of the FLID, with a conversion commitment and CRD support.

For the CRD to take over the FLID water system, the CRD and FLID must start a service conversion process with the Province, which would be initiated by a petition. Then, with the CRD Board's approval, a new CRD service would be established over the existing FLID service area in order to finance the infrastructure improvements. The FLID would then be dissolved and the FLID assets would become CRD assets under the JDFWDS.

ALTERNATIVES

1. That the Juan de Fuca Water Distribution Commission recommends to the Capital Regional District Board that:
 - 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.
2. That the Juan de Fuca Water Distribution Commission recommends to the Capital Regional District Board that:
 - A. The report, *Florence Lake Improvement District (FLID) Conversion*, be received for information and that staff be directed not to commence a service conversion process with the Province and advise FLID accordingly.

IMPLICATIONS

Alternative 1

This alternative would start the conversion of the FLID to a CRD service at an estimated cost to FLID of \$300,000 for initial capital improvements. A conversion/loan authorization process to establish a service area and enable infrastructure financing, and to transfer the existing FLID infrastructure into the JDF system, would need to take place. Upon completion, a new service area would be established for the sole purpose of financing the construction and requisitioning the ratepayers to service the debt. The former FLID ratepayers would pay the full cost of administering the service until the debt was retired, then the CRD service would be dissolved.

JDFWD would take over the existing FLID infrastructure assets once the upgrades are completed. The infrastructure would be operated as part of the JDFWDS and the former FLID customers would be receiving a JDFWDS bill for water consumed. There may be grant opportunities that the CRD can apply for on FLID's behalf to lessen the cost burden. Also, the conversion would have no material impact on JDFWDS capacity.

Alternative 2

By receiving this report for information the FLID will continue to receive water from the existing connection and supply line under Florence Lake.

CONCLUSION

The Florence Lake Improvement District (FLID) is an improvement district located in the City of Langford that has requested the CRD/Juan de Fuca Water Distribution Service take over their water system. The estimated cost to FLID to be taken over is estimated at \$300,000 and requires a loan conversion/loan authorization process for service area establishment and financing.

RECOMMENDATIONS

1. That the Juan de Fuca Water Distribution Commission recommends to the Capital Regional District Board that:
 - 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.

Submitted by:	Joseph Marr, P.Eng, Manager, Water Distribution Engineering and Planning
Concurrence:	Ian Jesney, P.Eng, Senior Manager, Infrastructure Engineering
Concurrence:	Ted Robbins, B.Sc., C.Tech., General Manager, Integrated Water Services
Concurrence:	Kevin Lorette, Acting Chief Administrative Officer

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Attachments: 4

1. Florence Lake Improvement District and Greater Victoria Water District Agreement-1975
2. April 6, 2018 Petition Letter
3. Florence Lake Improvement District - Engineering/Takeover Study – February 1, 2019
4. Florence Lake Improvement District Water System Existing and Proposed Connections – May 22, 2019