

**REPORT TO SAANICH PENINSULA WASTEWATER COMMISSION
MEETING OF THURSDAY, OCTOBER 15, 2020**

SUBJECT **Bylaw No. 4372, Transfer of Funds from Development Cost Charges Reserve to Related Capital Reserve**

ISSUE SUMMARY

A bylaw is required to transfer funds from the Saanich Peninsula Wastewater Development Cost Charge (DCC) reserve to its related capital reserve fund.

BACKGROUND

The Capital Regional District (CRD) established a combined water and wastewater development cost charges program with the intent of funding growth and capacity related improvements to the CRD Saanich Peninsula water and wastewater systems, initially under, now-repealed, *Bylaw No. 2569, Capital Regional District Sewage Facilities Development Cost Charge Bylaw No 1, 1998* and its current successor, *Bylaw No. 3208, Saanich Peninsula Water and Wastewater Development Cost Charges Bylaw No. 1, 2004*.

The current Saanich Peninsula Wastewater (SPWW) system was constructed in 1999 and included spare capacity to accommodate future growth. The justification for establishment of the wastewater DCC program was to collect funds from development to pay for the additional capacity and capital cost that was built into the SPWW system. The total value of the additional capacity and capital cost is \$9.205 million.

In July 2018, the Saanich Peninsula Wastewater Commission received a DCC Program Review Report prepared by Kerr Wood Leidal Associates (KWL) which applied updated growth projections to 2037. The result of the report was a DCC rate update, and a DCC capital program covering 2018 to 2037. This capital program totals \$0.73 million and includes a strategic plan update in 2019, a replacement of the Turgoose Pump Station in 2019, and a subsequent DCC update in 2023. KWL recommended that remaining funds left over in the DCC reserve fund be transferred into the SPWW capital reserve fund to pay for the additional capacity and capital cost built into the system.

The SPWWC service has completed its strategic plan update and is finalizing the Turgoose Pump Station replacement project. Combined, these project make up \$0.68 million of the DCC eligible project to 2037. The DCC reserve fund opening balance in 2020 is \$1.5 million. The only project left in the DCC capital program is the DCC update in 2023 estimated at \$50,000. Following the recommendations in the 2018 DCC program review and, consistent with the objective of the DCC initiation, the attached DCC's transfer bylaw (Appendix A) will establish the authority to transfer funds and requires approval by the Inspector of Municipalities.

IMPLICATIONS

Financial Implications

As detailed in the fund continuity schedule below, staff recommend an initial transfer of \$1.7 million to be completed in 2020. Until such time as the capital cost of the additional capacity is covered by DCC fund transfers to capital reserve, staff will put forward additional bylaws to transfer funds as the DCC capital program allows. Without the recommended transfer, the service would have to borrow funds to maintain current capital project spending.

Figure 1: Development Cost Charges Reserve Continuity

DCC Portion Fund: 1012 Fund Center: 101356	Estimate	Budget				
	2020	2021	2022	2023	2024	2025
Beginning Balance	1,534,961	35,004	205,004	375,004	545,004	65,004
Planned Capital Expenditure (Based on Capital Plan)	-	-	-	-	(50,000)	-
Transfer OUT - To Capital Reserve	(1,700,000)	-	-	-	(600,000)	(200,000)
Transfer IN - DCC Funding	170,000	170,000	170,000	170,000	170,000	170,000
Interest Income	30,043	-	-	-	-	-
Ending Balance \$	35,004	205,004	375,004	545,004	65,004	35,004

RECOMMENDATION

That the Saanich Peninsula Wastewater Commission recommends to the Capital Regional District Board:

1. That Bylaw No. 4372 cited as “Saanich Peninsula Water and Wastewater Development Cost Charges Transfer to Capital Reserve Bylaw No. 1, 2020” be introduced and read a first, second, and a third time.
2. That Bylaw No. 4372 be referred to the Inspector of Municipalities for review as required by the *Local Government Act* and *Community Charter*.

Submitted by:	Ted Robbins, B. Sc., C. Tech., General Manager, Integrated Water Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT

Appendix A: Bylaw No. 4372

CAPITAL REGIONAL DISTRICT

Appendix A to Oct.
2020 staff report.

BYLAW NO. 4372

**A BYLAW TO AUTHORIZE FUND TRANSFERS FROM SAANICH PENINSULA WASTEWATER
DEVELOPMENT COST CHARGE RESERVE TO THE SAANICH PENINSULA WASTEWATER
CAPITAL RESERVE**

WHEREAS:

- A. By Supplementary Letters Patent, Division VII dated December 28, 1967, the Capital Regional District was granted the function of acquisition, design, construction, operation, maintenance, renewal and administration of trunk sewers and sewage disposal facilities within all member municipalities of the Regional District, except the then electoral areas of Sooke and Outer Gulf Islands;
- B. Under Bylaw No. 2569, Capital Regional District Sewage Facilities Development Cost Charge Bylaw No 1, 1998, and its successor Bylaw No. 3208, Saanich Peninsula Water and Wastewater Development Cost Charges Bylaw No. 1, 2004, the Regional District imposed development cost charges for the Saanich Peninsula Wastewater System, and under Bylaw No. 2760, Saanich Peninsula Wastewater System Capital Reserve Fund Bylaw No. 1, 2000, established a capital reserve fund to hold the development cost charge monies for wastewater system upgrades and other related capital expenses;
- C. Pursuant to sections 377 and 559 of the *Local Government Act* and section 189 of the *Community Charter*, the Regional District desires to transfer monies to the capital reserve fund.

NOW THEREFORE, the Board of the Capital Regional District enacts as follows:

- One million seven hundred thousand dollars (\$1.7 million) shall be transferred from the Saanich Peninsula Wastewater System Development Cost Charge reserve fund established by Saanich Peninsula Water and Wastewater Development Cost Charges Bylaw No. 1, 2004 (Bylaw No. 3208) to the Saanich Peninsula Wastewater System Capital reserve fund established by Saanich Peninsula Wastewater System Capital Reserve Fund Bylaw No. 1, 2000 (Bylaw No. 2760);
- This bylaw may be cited as the "Saanich Peninsula Water and Wastewater Development Cost Charges Transfer to Capital Reserve Bylaw No. 1, 2020".

READ A FIRST TIME THIS	—	day of	2020
READ A SECOND TIME THIS	—	day of	2020
READ A THIRD TIME THIS	—	day of	2020
APPROVED BY THE INSPECTOR OF MUNICIPALITIES THIS	—	day of	2020
ADOPTED THIS	—	day of	2020

CHAIR_____
CORPORATE OFFICER