



# Regional District of Central Kootenay **2024 Water & Wastewater System Acquisition Plan**

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## Background, Purpose and Objectives

### Background

In 2010, the Regional District adopted a Regional Water Management Plan that placed an emphasis on acquisition of water and wastewater systems that expressed a desire to be converted to a Regional District service. The 2010 plan has been replaced with a new 2024 Water Management Plan and this Water & Wastewater System Acquisition Plan.

In 2011 and 2012 the Regional District acquired 9 water systems, expanding total ownership to 19 water systems and one drainage system. The rapid expansion and resulting regulatory, operational and upgrade needs placed a significant demand on staff. To accommodate these new systems' needs and to provide a high level of service without compromise for existing services, the Regional District suspended intake of new water and waste water system applications in August 2011.

The Regional District has devised this Plan in anticipation of accepting new applications beginning in 2024.

### Plan Purpose

The purpose of the Water & Wastewater System Acquisition Plan is to provide a guidance document for water and wastewater systems acquisition. Rather than simply assessing a system's potential needs and potential benefits to users in becoming a Regional District service, the potential acquisition needs to be reviewed in terms of a business case for service establishment. The business case should consider the following:

- 💧 Potential community and user benefits
- 💧 Evaluation and prioritization of acquisitions
- 💧 Potential Regional District and staffing impact
- 💧 Manageable growth
- 💧 Water and wastewater systems sustainability
- 💧 Potential costs to users

This document provides a plan for manageable and sustainable water and wastewater system acquisition.

### Water and Wastewater System Needs

There are hundreds of small water systems servicing the public in the Kootenays. Most water systems in the past few decades have had or continue to have the following concerns:

- 💧 Water quality issues
- 💧 Regulatory changes and compliance
- 💧 Need for certified operators
- 💧 Aging volunteers & volunteer fatigue
- 💧 Aging infrastructure
- 💧 Inadequate cost recovery
- 💧 Backlogged preventative maintenance
- 💧 Depleted financial reserves for upgrades or asset renewal
- 💧 Lack of access to grants
- 💧 Lack of land ownership
- 💧 Liability for volunteers and liability insurance

## Potential Benefits of Becoming a Regional District Water Service

The Regional District can offer long term solutions to many of the challenges faced by owners of small water systems in the region. The specific circumstances that each water system operates within are different; however, certain potential benefits are commonly experienced by many communities. The following outlines these potential benefits:

- 💧 The Regional District has completed many successful capital infrastructure projects, including water quality upgrades, supply upgrades, storage reservoirs, water metering and linear infrastructure replacement.
- 💧 The Regional District has a governance model that emphasises public representation.
- 💧 The Regional District strives for sustainable service delivery and has maintained Water asset management plans for more than 10 years.
- 💧 Regional District systems are eligible to apply for infrastructure grant funding from senior levels of government. Most of these grants are not available to community- or privately-owned systems.
- 💧 The Regional District has access to lending institutions that are not otherwise available to small water systems.
- 💧 The Regional District employs several staff to ensure systems are operating in compliance with safe drinking water legislation. Currently, 8 trained and certified operators are on staff and another 3 are under contract.
- 💧 The Regional District maintains service trucks, tools and a stock of materials to perform routine operational and maintenance duties.
- 💧 The Regional District assumes the liability for the water system, eliminating the risk carried by volunteer commissions and/or operators.
- 💧 The Regional District performs all administrative functions including:
  - securing licenses and permits;
  - insuring equipment and buildings;
  - paying utility bills and other fees for service;
  - reporting on sampling results; and,
  - creating budgets as well as issuing and collecting water user fees.
- 💧 The Regional District liaises with the Interior Health and other Provincial agencies to ensure current legislative requirements are being met.
- 💧 The Regional District is a public entity that can only terminate a service under exceptional circumstances. This ensures a stable and accountable governance structure.
- 💧 The Regional District provides 24/7 emergency support to all systems.
- 💧 Remote monitoring, control, alarming and data historian through central SCADA (Supervisory Control and Data Acquisition) system.

## Water and Wastewater System Acquisition Initiative Objectives

The objectives of the water and wastewater system acquisition initiative are:

- 💧 Provision of safe and reliable potable water for our public
- 💧 Good governance and public representation
- 💧 Sustainable service delivery
- 💧 Drinking water conservation
- 💧 Securing and protection of our water resources
- 💧 Food security
- 💧 Support for affordable housing, agriculture, industry, institutions and business

- 💧 Manageable expansion
- 💧 Provision of support and collaboration with other area water and wastewater systems
- 💧 Support toward achieving Provincial Drinking Water Treatment Objectives
- 💧 Support toward achieving implementation of Recommendation 12 of the Provincial Health Officer's Drinking Water Report *Clean, Safe, and Reliable Drinking Water; An Update on Drinking Water Protection in BC 2017/2018 – 2021/2022*

## Eligibility and Selection

### Eligibility

Any water and wastewater system located within the Regional District of Central Kootenay boundaries can submit an expression of interest to become a Regional District service.

Historically, some systems also became Regional District service by Provincial Order. The Regional District does not pursue any system acquisition unless the system seeks to become a Regional District service or is required to by Provincial Order.

### Service Levels and Financial Expectations for New Water and Wastewater Services

Regional District services, including water and wastewater services, are required to be financially independent. All costs incurred by a water or wastewater service has to be paid for by the benefiting users with exception of situations where grant money is available.

Any new Regional District water and wastewater services will be required to be maintained to the same general service levels as existing Regional District services. If a newly acquired service does not meet water quality, public health, safety or environmental regulatory requirements, a plan must be implemented by the Regional District to bring the service into compliance.

Asset management plans will be implemented for all new Regional District water and wastewater services that identify required infrastructure replacement or upgrade timelines, estimated capital costs, and annual required contribution to reserves to fund the required replacements or upgrades.

Service establishment bylaws, parcel tax bylaws and borrowing bylaws (if required) for new water and wastewater services shall accommodate adequate funding levels for necessary maintenance, upgrades and replacements. These Bylaws shall receive Elector Approval for the estimated required funding levels before creation of the new Regional District service. Elector Approval might be acquired through Assent Voting (formally referendum), Alternative Approval Process, or Petition of the potential service area. The Elector Approval process is governed by the Local Government Act and Community Charter.

### Manageable and Sustainable Growth

The Regional District strives to provide quality service delivery to all our users, and manageable and sustainable growth is an important consideration when determining what systems might be selected to become new Regional District services and when.

Selection and prioritization will be based upon an evaluation of:

- 💧 Potential service area and user benefit and need
- 💧 Regional District service delivery considerations
- 💧 Financial considerations

Becoming a Regional District service could provide a lot of benefit to users in a system with complex needs, but these complex needs could place a significant demand on Regional District resources and are likely to result in significant cost increases to the users. The potential impact on staff and equipment needs will need to be reviewed and mitigated, and the potential new users will need to be willing to pay the associated costs.

### Selection Prioritization

Systems will be prioritized based on evaluation ranking. It is anticipated that on average only one or two systems will be acquired per year, depending on system needs, the impact to Regional District resources and the timing of any staffing and equipment increases.

### Public Consultation

An important component of the acquisition process will be public consultation and effective information sharing. Interested water and wastewater systems will need to assign an authorized individual(s) to be their communications lead. It is anticipated that the Regional District will be in regular contact with this individual(s) throughout the acquisition process and their role will be to liaise with their community as required and provide information and advice to the Regional District.

Depending on the acquisition complexity, it is anticipated that the Regional District will host a minimum of two public meetings as part of the process of becoming a Regional District service. One meeting will be early on, during the System Expression of Interest period, to provide general information on process, expectations and standards for becoming a Regional District service.

Another meeting will be held during the Elector Approval process to provide more detailed information on Elector Approval process, systems assessment findings, upgrade needs, service levels, financial position and potential rates.

Information packages will also be made available to interested communities, as required.

The Regional District has Drainage, Water and Wastewater System Community Advisory Committees (CAC) for many of the Regional District services. The role of these CAC members are to facilitate communications between service area water users and the Regional District. If there is a community desire, and upon recommendation by the Electoral Area Director and Regional District Board approval, CACs can be established for newly acquired systems.

## System Acquisition Timing and Process

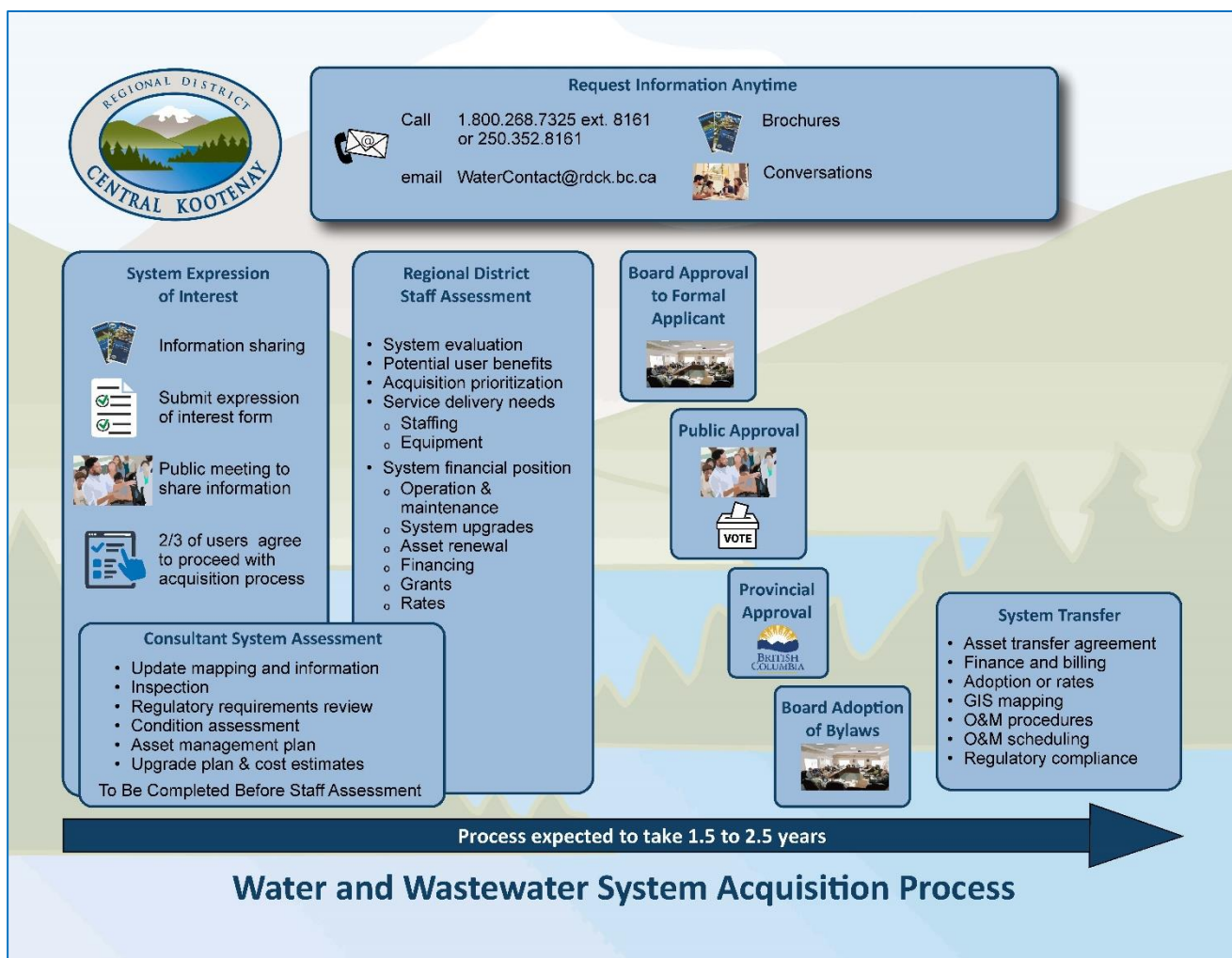
### System Acquisition Timing

The system acquisition process is expected to take one-and-a-half to two-and-a-half years for a system ranking high in priority. Since the Regional District may only acquire one or two systems per year, other systems will be placed on a waiting list and subject to prioritization against any new expression of interest systems.

Ideally the system transfer dates would occur January 1<sup>st</sup> each year in order to better accommodate transfer of finances and billing to the Regional District.

### System Acquisition Process Diagram

The following provides a diagram of the system acquisition process of critical approvals:





## System Expression of Interest

### Expression of Interest Submission

The Regional District will have information available in print or online regarding process, considerations and potential benefits of becoming a Regional District service.

Expressions of Interest may be submitted by interested systems at anytime; however, any expressions of interests received in the later half of a year will likely not be considered for formal application until the following year.

Expressions of Interests shall be submitted by person(s) authorized by their service to represent their service. Informal stakeholder conversations may be held to clarify the process, as required. Expressions of Interests shall be submitted on the form provided by the Regional District. An example Expression of Interest Form is provided in Appendix A. This Expression of Interest Form may be updated by staff as required.

### Public Meeting

A formal public meeting should be held during the expression of interest submission period to share information on potentially becoming a Regional District service. The meeting timing would be determined in conjunction with the service representatives.

### 2/3 Public Agreement to Be Considered a Formal Applicant

Before being considered and approved by the Regional District Board to become a formal applicant system, the system must demonstrate that at least 2/3 of their users and/or property owners are in favour of proceeding with a formal application. This shall be achieved through Regional District approved methods that demonstrate fair, transparent and equal representation of both parties. This is not considered a formal Elector Approval in accordance with the Local Government Act and Community Charter but is intended only to ensure the large majority of users wish to proceed with the process of potentially becoming a Regional District service.

## Consultant System Assessment

The interested system shall commission a consultant assessment of the service. A potential assessment scope of work is provided in Appendix B. The scope of work identified in the appendix may be modified by Regional District staff as required. The system assessment can primarily be a desktop exercise based on known information to limit potential costs; however, the consultant and Regional District staff will be required to conduct a system inspection as part of the assessment.

The system assessment shall include a basic 25 year and 100 year asset management plan and potential required annual contributions to reserves for replacement of existing assets. The system assessment shall also include a 10 year upgrade plan with potential upgrade cost estimates.

System assessment costs shall be borne by the applicant system. Regional District staff time will be covered by the Regional District but might be recovered or partially recovered from the applicant system, if ultimately converted to a Regional District service and if staff time required was significantly more than anticipated.



## Regional District Staff Assessment

Only a limited number of systems will be considered each year for formal application. The number of systems that might be considered and acquired will depend on the potential needs of the proposed new services and the ability for the Regional District to handle the application process and the operation of a future service. Staffing and equipment needs will be part of the system assessments in order to make the acquisition manageable and sustainable.

Staff will complete an Evaluation Matrix for each expression of interest respondent. The Evaluation Matrix provides a prioritization for system acquisition that considers:

- 💧 Potential User Benefit
- 💧 Potential Regional District Service Delivery Considerations
- 💧 Potential Financial Considerations

An example Evaluation Matrix is provided in Appendix C. These Evaluation Matrix criteria may be established and updated by staff as required. An interested system may receive a zero or negative rating for any evaluation items where information was not provided by the interested service or is not available.

The Evaluation Matrix scoring will generally be used to prioritize systems for acquisition but the ultimate decision on prioritization and timing may be based upon other none quantified beneficial factors. This could include but not be limited to:

- 💧 Available grant funding
- 💧 Urgency of system needs
- 💧 Provincial Orders
- 💧 Efficiencies associated with location and availability of resources

The timing of any staff increases needs to be considered in term of efficiencies. Increasing staff levels too quickly could lead to increased costs. Increasing staff levels too slowly could resulting in a back log of work and decreased levels of service. The Regional District may acquire more systems in some years with staff increase, or less with no staff increase. The Regional District will also need to consider work load impacts from other Water initiatives and projects.

As an example of efficiencies associated with location and available resources, a lower ranking system in terms of acquisition priority might be increased in priority if acquisition of that system also improves the operating efficiencies of a nearby higher ranking or existing system.

Staff will draft a preliminary five year financial plan (budget) for the system to estimate future rates.

## Required Approvals and Bylaws

### Water Services Committee Recommendations

The Water Services Committee will review the list of systems recommended for formal application, by staff, and make recommendation to Board as how it should proceed regarding proposed applicants.

## Board Direction Regarding Applicants

The Board will consider the recommendations of the Water Services Committee and provide staff direction regarding whether or not to proceed with the established process towards acquisition of a given system. The Board may proceed with, pause, or terminate the acquisition process of a given system based on the information provided by the applicant to date and the recommendations of the Water Services Committee.

If the Board decides to proceed with a proposed application staff will be directed to draft the necessary bylaws and reporting. Staff will prepare a comprehensive report for the Board's consideration that includes

1. A draft service establishment bylaw;
2. A draft parcel tax bylaw
3. A draft regulatory bylaw;
4. A preliminary five year financial plan (budget);
5. An Asset Transfer Agreement
6. A method of seeking Elector Approval (Elector Assent or Electoral Area Consent)

If the Board chooses to proceed with the adoption of the proposed water systems it will give three readings to the proposed bylaws, resolve a method of Elector Approval, and submit the bylaws and reporting to the Local Government Inspector for approval.

At the Boards direction, pending approval of the Inspector, staff would then proceed with an Assent Vote (Referendum) or by seeking Electoral Area Consent (Petition).

Circulation of the petition would be the responsibility of the applicant systems governing body.

## Elector Approval Or Electoral Area Consent for Service Establishment

Elector approval by assent vote is a referendum where 50%+1 of the eligible electors within the service area determine whether or not a proposed service area has elector approval. Eligible electors include both resident and non-resident property electors within the proposed service area. This is an important distinction because it includes renters and other electors.

Regional District Electoral Area Directors may provide consent on behalf of their electors as participating area approval for a Regional District service or loan authorization bylaw if the board receives a sufficient petition. For a petition to be valid, it must be signed by owners of at least 50 percent of the parcels that would be liable to pay for the proposed service that represent at least 50 percent of the assessed value of land and improvements that would be in the proposed service area. This is an important distinction because it excludes renter and other electors who are not taxed for property. Eligible participants should all be subject to or participants in the governing body of the water system.

Both Assent Vote (Referendum) and Electoral Area Consent (Petition) require that Regional District Staff and existing water system governance participate in a concerted public engagement effort.

## System Transfer

An asset transfer agreement is required to be executed between the Regional District and authorized service representatives to officially transfer ownership of the system.

As part of the final system transfer, staff will need to develop or complete the following:

- 💧 Set up of financial and billing systems
- 💧 Set up GIS mapping
- 💧 Draft operation and maintenance procedures
- 💧 Schedule operation and maintenance activities
- 💧 Establish compliance with Regulatory requirements
- 💧 Establish Statutory Right of Ways where applicable

In addition, the Board will need to adopt system rates as part of the annual Utilities, Fees and Charges Bylaw update.

## Appendix A: Expression of Interest Form to Become a Regional District Water or Wastewater Service

Date:			
Name of system:			
Location of system:			
Number of Residential service connections:		Number of Commercial, Industrial, Institutional or Agricultural service connections:	
Describe system potential to service new users or to support new development			
Describe any water quality concerns:			
Describe any known capacity concerns:			
For water systems, describe fire fighting system:			
Describe treatment and pumping system and general age and condition:			
Describe distribution or collection system general condition, material type, pipe sizes and age:			
For water systems, describe water storage, general condition and age:			

Describe system infrastructure right of way or land concerns:	
Describe existing rates:	
Items to attach:	<p>Provide a recent annual financial statement include a balance of all accounts.</p> <p>Provide existing system mapping.</p> <p>Provide any relevant studies or reports.</p>

## Appendix B: Sample System Assessment Consultant Scope of Services

### Water Systems

Water system assessment consultant scope of work:

#### Background & System Inventory

- 1) Establish number of parcels and service connections in the service area.
- 2) Update system mapping, if required.
- 3) Review property ownership for system infrastructure and identify any right of way or ownership needs.

#### System Inspection

- 4) Conduct a system inspection with system representatives and Regional District staff.

#### Regulatory

- 5) Review existing system licences and permits.
- 6) Request information from Interior Health regarding historical water quality and regulatory compliance.

#### Condition Assessment

- 7) Provide an assessment of system condition.
- 8) Review system demand and capacity.
- 9) Review fire flow and storage.
- 10) Review source and treated water quality and treatment.
- 11) Identify any supply, water quality, public health, safety or environmental regulatory requirements.
- 12) Identify any environmental, source security, wildfire or climate change risks.

#### Asset Management Plan & Upgrade Plan

- 13) Provide a basic 25 year and 100 asset management plan that identifies system inventory and quantities, potential replacement timing and costs, and required annual contributions to reserves for asset renewal.
- 14) Establish existing and 20 year servicing levels.
- 15) Provide a 10 year system upgrade plan and budgetary cost estimates for regulatory compliance, required capacity and treatment improvements and asset renewal requirements.
- 16) Provide a statement of existing annual system revenue, expenditures, reserve balances and rates.

## Wastewater Systems

Wastewater system assessment consultant scope of work:

### Background & System Inventory

- 1) Establish number of parcels and service connections in the service area.
- 2) Update system mapping, if required.
- 3) Review property ownership for system infrastructure and identify any right of way or ownership needs.

### System Inspection

- 4) Conduct a system inspection with system representatives and Regional District staff.

### Regulatory

- 5) Review existing system licences, permits and authorizations.
- 6) Request information from Interior Health or the Ministry of Environment regarding historical water quality and regulatory compliance.

### Condition Assessment

- 7) Provide an assessment of system condition.
- 8) Review system potential flows and capacity.
- 9) Review treated water quality and treatment.
- 10) Identify any water quality, public health, safety or environmental regulatory requirements.

### Asset Management Plan & Upgrade Plan

- 11) Provide a basic 25 year and 100 asset management plan that identifies system inventory and quantities, potential replacement timing and costs, and required annual contributions to reserves for asset renewal.
- 12) Establish existing and 20 year servicing levels.
- 13) Provide a 10 year system upgrade plan and budgetary cost estimates for regulatory compliance, required capacity and treatment improvements and asset renewal requirements.
- 14) Provide a statement of existing annual system revenue, expenditures, reserve balances and rates.



**Appendix C: Sample Water and Wastewater System Evaluation Matrix**