

Approval date: September 3, 2019

Resolution No. 394/2019

**Subject: Adjacent Property Owner Contribution Local Area Service Bylaw Policy**

## Goal

To provide guidance to staff on how to address funding amounts from benefitting properties through the Local Area Service Bylaw process for the different categories of infrastructure construction.

## Scope

This Policy sets out:

- The percentage of owners share to be charged to benefitting property owners for improvements such as: Water, Sanitary, Storm, Roads and Lanes, Curb, Gutter and Sidewalk, Street Lighting, Electrical Distribution, Landscaping and Street Furniture;
- The interest rate to be charged for Local Area Service Bylaws; and
- How annual bylaw administration costs vs. annual revenues received will be considered when determining if a Local Area Service Bylaw should be implemented.

As each project progresses through the design phase, this Council Policy will be used as a guideline to determine if and how to bring a Local Area Service Bylaw to Council for their consideration in advance of tendering the work.

## Policy

### Percentage of Owner Share

Part 7, Division 5 - Local Service Taxes, of the *Community Charter* [SBC 2003] Chapter 26 sets out the mechanism by which a municipal government may establish a Local Service Tax for the provision of services that a Council considers to provide a particular benefit to a part of the municipality and are to be paid for in whole or in part by a local service tax. The municipality must adopt a bylaw that describes the service, defines the boundaries of the service and identifies the method of cost recovery and the portion of the costs for the service that are to be recovered as a Local Service Tax.

The City of Penticton had two bylaws in place: Bylaw 2525, August 26, 1968 and Bylaw 2810, August 9, 1971 that set out the percentage of the works to be charged as owners share. As part of the adoption of this Council Policy these two bylaws have been repealed and the City will use this Council Policy to guide decisions on the percentage of the works to be charged as owners share and the interest rate to be used. Project specific bylaws will be used to address the other requirements of the *Community Charter*.

This Council Policy only applies to construction that is to take place in an existing built up area. This Council Policy is not to be used for the construction of infrastructure that is part of the development of raw land, that process is governed by Subdivision and Development Bylaw 2004-81.

In setting the percentage of the works to be charged as owners share in this Council Policy City staff considered: City of Penticton Bylaw 2525 and Bylaw 2810; other percentages charged as owners share from five historic Special Area Bylaws; and a review of how sixteen other municipalities address the percentage charged as owners share.

City staff also considered the impact of the percentage charged as owners share: on adjacent owners; if the infrastructure being upgraded benefits those beyond the immediate are; the likelihood of the project proceeding; and the type of service being proposed replacement, upgrade or new.

Table 1 shows the suggested percentages as owner's share to be used when drafting Local Service Area Bylaws. Any costs that are not the owners share will be funded by the City and are subject to budget approval.

<b>Table 1</b>		
<b>Infrastructure Item</b>	<b>% as Owners Share of Design, Supply and Install Cost</b>	<b>Comments</b>
<b>WATER</b> (Includes all aspects of the Water System including but not limited to: Mains, Appurtenances, Treatment, Pumping and Storage)		
Water replacement of existing	0%	Funded through water rates.
Water new 150mm dia in a residential OCP or zoned area	100%	Providing a new service, water to the area, adjacent owners should pay 100% of a 150mm dia residential water main.
Water new greater than 150mm dia in a residential OCP or zoned area	100% of the cost of a 150mm water main	Providing a new service, water to the area, adjacent owners should pay 100% of a 150mm dia residential water main. Any oversizing funded from the Water Utility.
Water new 200mm dia in a non-residential OCP or zoned area	100%	Providing a new service, water to the area, adjacent owners should pay 100% of a 200mm dia non-residential water main.
Water new greater than 200mm dia in a non-residential a OCP or zoned area	100% of the cost of a 200mm water main	Providing a new service, water to the area, adjacent owners should pay 100% of a 200mm dia non-residential water main. Any oversizing funded from the Water Utility.



Infrastructure Item	% as Owners Share of Design, Supply and Install Cost	Comments
<b>SANITARY</b> (Includes all aspects of the Sanitary System including but not limited to: Mains, Appurtenances, Treatment and Pumping)		
Sanitary Sewer replacement of existing	0%	Funded through sanitary sewer rates.
Sanitary Sewer new 200mm dia in a residential OCP or zoned area	100%	Providing a new service, sanitary sewer to the area, adjacent owners should pay 100% of a 200mm dia residential sanitary sewer main.
Sanitary Sewer new greater than 200mm dia in a residential OCP or zoned area	100% of the cost of a 200mm sanitary sewer main	Providing a new service, sanitary sewer to the area, adjacent owners should pay 100% of a 200mm dia residential sanitary sewer main. Any oversizing funded from the Sanitary Sewer Utility.
Sanitary Sewer new 250mm dia in a non- residential OCP or zoned area	100%	Providing a new service, sanitary sewer to the area, adjacent owners should pay 100% of a 250mm dia non-residential sanitary sewer main.
Sanitary Sewer new greater than 250mm dia in a non- residential OCP or zoned area	100% of the cost of a 250mm sanitary sewer main	Providing a new service, sanitary sewer to the area, adjacent owners should pay 100% of a 250mm dia non-residential sanitary sewer main. Any oversizing funded from the Sanitary Sewer Utility.

Infrastructure Item	% as Owners Share of Design, Supply and Install Cost	Comments
<b>STORM</b> (Includes all aspects of the Storm Water System including but not limited to: Mains, Appurtenances, Treatment, Storage, Pumping and Attenuation)		
Storm Sewer replacement of existing	0%	Funded through storm sewer rates.
Storm Sewer new 250mm dia any OCP or zoned area	100%	Providing a new service, storm sewer to the area, adjacent owners should pay 100% of a 250mm dia storm sewer main.
Storm Sewer new greater than 250mm dia in any OCP or zoned area	100% of the cost of a 250mm storm sewer	Providing a new service, storm sewer to the area, adjacent owners should pay 100% of a 250mm dia storm sewer main. Any oversizing funded from the Storm Sewer Utility.

Infrastructure Item	% as Owners Share of Design, Supply and Install Cost	Comments
<b>ROADS and LANES</b> (Includes all aspects of the Road System including but not limited to: Lanes, Medians, Bike Lanes, Bike Facilities, Retaining Walls, Street Furniture, Signs, Line Painting and Transit Facilities)		
Road replacement of existing in the downtown commercial or urban center OCP or zoned areas	0%	Funded from General Revenue, consistent with past Downtown projects.
Road replacement of existing in industrial and commercial OCP or zoned areas	0%	To be funded from General Revenue, consistent with the approach taken in the Downtown.
Replacement of an Urban Collector Residential Road	0%	This type of roadway runs thru a residential area and provides access to areas beyond. The roadway provides a benefit to a much wider range of users and the adjacent property owner should not contribute to its replacement.
Road replacement of existing in all other areas	25%	Other areas are a lower priority and there should be an adjacent owner contribution. The City will work with those that want to contribute.
Road upgrade from gravel to paved roads	50%	Consistent with past Penticton Industrial Development Area projects.
Lane replacement of existing	100%	Lanes are a low priority and will only be replaced with a 100% adjacent owner contribution.
Lane upgrade from gravel to paved lanes	100%	Lanes are a low priority and will only be upgraded with a 100% adjacent owner contribution.

Infrastructure Item	% as Owners Share of Design, Supply and Install Cost	Comments
<b>CURB GUTTER AND SIDEWALK</b> (Includes all aspects of the Curb, Gutter and Sidewalk System including but not limited to: Curbs, Sidewalks, Trails, Paths, Stairs, Retaining Walls, Street Furniture and Signs)		
Curb gutter and or sidewalk replacement of existing in the downtown commercial or urban center OCP or zoned areas	25%	Adjacent owner contribution consistent with past Downtown projects.
Curb gutter and or sidewalk replacement of existing in the industrial and commercial OCP or zoned areas	25%	Consistent with the approach taken in the Downtown.



Curb gutter and or sidewalk replacement of existing on an Urban Collector Residential Road	25%	Consistent with the approach taken in past Downtown projects.
Curb gutter and or sidewalk replacement of existing in all other areas	35%	Other areas are a lower priority and there should be an adjacent owner contribution. The City will work with those that want to contribute.
Curb gutter and or sidewalk new installation	50%	Consistent with past Penticton Industrial Development Area projects.

Infrastructure Item	% as Owners Share of Design, Supply and Install Cost	Comments
<b>STREET LIGHTING</b> (Includes all aspects of the Street Lighting System including but not limited to: Standard and Decorative Street Lights, Pedestals, Wire and Connection Boxes)		
Street lighting replacement	0%	Funded through General Revenue.
Street lighting upgrade to decorative in the downtown commercial or urban center OCP or zoned areas	25%	Adjacent owner contribution consistent with past Downtown projects.
Street lighting upgrade to decorative all other areas	100% of the cost difference between standard and decorative street lighting	Providing a new standard, decorative street lighting, to the area, adjacent owners should pay 100% of the cost of the difference between the cost of a decorative street light and a standard street light.
Street lighting new	100%	Providing a new service, street lighting, benefitting owners should pay 100% of the cost.

Infrastructure Item	% as Owners Share of Design, Supply and Install Cost	Comments
<b>ELECTRICAL DISTRIBUTION</b> (Includes all aspects of the Electrical Distribution System including but not limited to: Poles, Cross Arms, Insulators, Voltage Regulators, Wire, Conduit, Vaults, Pedestals, Plug Ins, and Transformers)		
Electrical distribution system replacement	0%	Funded through the Electrical Reserve
Electrical distribution new	100%	Providing a new service, electrical distribution, benefitting owners should pay 100% of the cost.

Infrastructure Item	% as Owners Share of Design, Supply and Install Cost	Comments
<b>LANDSCAPING and STREET FURNITURE</b> (Includes all aspects of the Landscaping System including but not limited to: Fill Material, Top Soil, Fertilizer, Tree Wells and Grates, Trees, Shrubs, Grasses and Flowers, Retaining Walls and Street Furniture)		
Landscaping replacement to same standard as existed prior to construction	0%	Funded through General Revenue.
Landscaping upgrade to a higher standard than existed prior to construction	80% of the cost difference between the higher standard and existing landscaping less the cost of any new tree installation	Adjacent property owner pays 80% toward the increased landscaping standard they are getting less any costs associated with adding trees to improve the tree canopy.
Landscaping new to Subdivision and Development Bylaw Standard	100%	Providing a new service, landscaping, benefitting owners should pay 100% of the cost.
Landscaping new to a standard higher than the Subdivision and Development Bylaw Standard	100% less the cost of any new tree installation	Adjacent property owner pays for the increased landscaping standard they are getting less any costs associated with adding trees to improve the tree canopy.

In situations where the OCP or zoning is different from one side of the street to the other the amount paid as owner share may also be different from each side of the street and will be consistent with the percentage amounts set out in Table 1.

### Interest Rate to Charge

When setting up a Local Area Service Bylaw the recommended interest rate used to determine the annual amount to charge benefitting properties shall be the Business Prime rate plus 0.5% unless there is an Interest Rate Policy in place in which case the interest rate in the Interest Rate Policy shall be used.

### Administration Costs vs Revenue

When considering if a Local Area Service Bylaw should move forward to the public process consideration will be given to the annual cost of administering the bylaw vs. the annual revenue received. A Local Area Service Bylaw should not move forward to the public process if there is not a suitable spread between the cost to administer and the revenue received.

### Previous revisions

Certified Correct



Angie Collison, Corporate Officer