

# Local Area Services –Asset Management Issues

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# Local Area Services – General Principles

- Definition of a local area service
  - A municipal service that Council considers provides a particular benefit to part of the municipality
- Cost recovery for a local area service
  - The costs are to be paid for in whole or in part by a local service tax, which is a property value tax or parcel tax, imposed only within the local service area
  - The costs may also be recovered through any other source of municipal revenue (e.g., fees and charges)



Strategic Framework For:

SUSTAINABLE SERVICE DELIVERY (WATER)

CDP TASK#3 WATER SERVICE DELIVERY & GOVERNANCE

HOW TO PROVIDE THIS SERVICE?

Identify Key Responsibility Strategy of Next Steps:



## ASSESS

- 1 Compile /Background Information - All Systems - Supply / Source, Infra Particulars, Rates into a Register
- 2 Create a Visual Dataset & Timeline (GIS)
- 3 Forecast Asset Renewal Costs / Timing for:
 

● Stardel	● Eagle Rock
● Mountain View	● Larkin
● Silver Star	● Lansdowne
● Hankey	● Canyon
● Round Prairie	● Stepney
● P.V.	
- 4 Brief Compliance / Capacity Assessments
- 5 Gap & System Assessment
- 6 Workshop with Staff

## PLAN

- 1 Eagle Rock Test Well
- 2 Strategy to Convey
- 3 Strategy for Ensuring Long-Term Affordability
 

● Eagle Rock	● Stepney
● Larkin	● Stardel
● Lansdowne	● Mountain View
● Canyon	
- 4 Update 2008 Water Supply Strategy & SE Strategy
- 5 Revenue Plan
- 6 Review / Meet with Armstrong & I.D.'s
- 7 Revise / Update Strategy
- 8 Community Engagement

## IMPLEMENT

- 1 Drill Well (Unfunded)
- 2 Draft Water Use & Regulations Bylaw
- 3 Update MOU / Agreement with Armstrong
- 4 Develop Quasi-Governance Model + Financial Impacts
- 5 Pipeline to South / Hankey (unfunded)
- 6 Apply for Grants



INFORMED  
DECISION-MAKING,  
COST, SERVICE, RISK

KNOW YOUR  
ASSETS  
SYSTEM

ENSURE  
RELIABILITY

SAFE GUARD  
PUBLIC  
HEALTH



- Requirements for establishing a local area service
  - Petition
    - Municipality must receive a petition proposing the local area service and its cost recovery methods from the owners of parcels that would be subject to the local service tax for the service
    - Must:
      - Describe the service
      - Define the boundaries of the local area service
      - Provide an estimate of the costs of the service
      - Address borrowing, if proposed
      - Identify the methods of cost recovery, including the form of local service tax and the proportion of the costs to be recovered by the tax
      - Include any other information that Council requires

- Requirements for establishing a local area service (cont'd)
  - Council Initiative
    - Municipality must propose the local area service and its cost recovery methods by Council initiative, subject to a counter-petition process or assent of the electors in the proposed local service area
    - Notice of intention to establish service must include same information as a petition

- Requirements for establishing a local area service (cont'd)
  - Bylaw
    - After a valid petition or Council initiative process, Council must adopt a bylaw to establish the local area service
    - Must:
      - Describe the service
      - Define the boundaries of the local service area
      - Identify the methods of cost recovery, including the form of local service tax and the portion of the costs of the service to be recovered by the tax

# Local Area Services – Duty to Provide the Service?



- *Re Cam-Ker Developments Ltd. and District of Abbotsford*
  - In this case from 1974, the BC Court of Appeal held, in the context of a water specified area bylaw, that “in that [the bylaw’s] stated objective and undertaking is to serve a specified area, it is implicit in the by-law that the municipality has a self-imposed obligation or duty to connect up and provide water to each and every inhabitant who is lawfully there.”

- As specified areas are the precursor to local area services, in the right circumstances, a court today could conclude that a municipality has a duty to provide a local area service to the inhabitants of a local service area
- In the context of Asset Management, this duty to provide a local area service could be extended a duty to renew the service when it has reached the end of its useful life

# Local Area Services – Establishing Services with Asset Management in Mind

# The Starting Point

- By definition, a local area service is for the particular benefit of a portion of the municipality
- As such, the costs of the service are borne by the properties located within the local service area
- In the context of Asset Management, one of the first questions that must be answered is: Who is responsible for the costs of renewing the service when it has reached the end of its life?
  - The municipality as a whole?
  - The properties located within the local service area?

# Renewal Costs to be Borne by the Municipality as a Whole

- Straight forward planning process
  - Determine the costs of renewal
  - Determine how to generate the revenues for those costs
    - Taxes (e.g., Property Value Taxes)?
    - Fees and Charges?
    - A Combination of the Above?

# Renewal Costs to be Borne by the Local Service Area



- Multi-step planning process, including consideration of
  - Description of the Service
  - Estimate of the Costs of the Service
  - Proposed Methods of Cost Recover
  - Other Petition/Council Initiative Requirements

- **Description of the Service**

- The service should be defined broadly so as to include not only the construction of the original service infrastructure, but also the ongoing operation, maintenance, repair, and renewal of the infrastructure
- This ensures that there is no question that the cost of renewal is to be part of the costs of the service borne by the properties in the local service area

- Estimate of the Costs of the Service

- The estimate of the costs of the service should not only include the costs of the construction of the original service infrastructure, but also include an estimate of the operation, maintenance, repair, and renewal of the infrastructure
- Where possible, the estimate of the costs should be broken down to reflect the costs that are to be recovered by local service taxes and those to be recovered by fees and charges

- Proposed Methods of Cost Recovery
  - Consider which costs should be recovered by local service taxes and which costs should be recovered by fees and charges
    - Original capital costs and renewal capital costs to be recovered by local service taxes
    - Operation, maintenance and repair costs to be recovered by fees and charges
  - Recommend separate local service taxes for original capital costs and for renewal capital costs, with different amortization periods
    - Local service taxes for renewal capital costs held in reserve fund

- **Other Petition/Council Initiative Requirements**
  - Should expressly require an acknowledgment and agreement that renewal costs are to be borne solely by properties in local service area

Questions?