

ADMINISTRATIVE REPORT



TO: Planning & Development Committee

FROM: B. Newell, Chief Administrative Officer

DATE: December 2, 2021

RE: Zoning Review – Faulder Water System Service Area (Area “F”, F2021.011-ZONE)

Administrative Recommendation:

THAT the following amendment bylaws related to protecting residents on the Faulder Water System and those who have wells on the Meadow Valley Aquifer be brought forward for consideration of first reading:

- Electoral Area “F” Official Community Plan Amendment Bylaw No. 2790.03, 2021;
- Electoral Area “F” Zoning Amendment Bylaw No. 2461.19, 2021.

THAT Subdivision Servicing Amendment Bylaw No. 2000.17, 2021, be brought forward for consideration of first reading.

Purpose:

To strengthen the policies and regulations governing subdivision and use of properties in the Faulder Water System Service Area and Meadow Valley Aquifer.

Background:

The Faulder Community relies on groundwater from the Meadow Valley Aquifer for their drinking water supply and, in 2015, a new community well was drilled into the Meadow Valley Aquifer to replace the existing well that supplied domestic water to an estimated 215 residents.

Water levels in the aquifer are again depleting and further studies are required to determine how growth in the area will affect the greater Meadow Valley Aquifer. The aquifer seems to be subject to irregular recharge rates.

A 1996 review of the Faulder water system completed by Stantec concluded that “the water system was designed to supply a maximum of 80 lots ... [and that] prior to exceeding the original 80 lots, we would recommend a review of the actual demands be completed.”

Due to extreme drought conditions in 2008, the Faulder water system depleted and water was trucked into the community to assist to alleviate the load. In 2015, the new deeper well was drilled necessitating new water quantity studies to provide a foundation for forecasting capacity.

When the Area “F” OCP Bylaw was reviewed between 2016-18, this situation was captured in a number of statements and policies that speak to water supply and quality uncertainties in the Faulder community.

Since 2014, the Regional District has received a number of rezoning proposals to facilitate the subdivision of properties within the broader Meadow Valley Aquifer and, since 2020, a number of

development proposals involving properties within or immediately adjacent the Faulder Community Water Service Area. For reference purposes, the location of these properties is shown at Attachment No. 2.

Board Consideration and Public Process:

August 19, 2021 - the Planning and Development (P&D) Committee recommended to “commence a review of the Area “F” Official Community Plan and Zoning Bylaw for the purposes of protecting the aquifer which serves the Faulder Water System and those who have wells on the Meadow Valley Aquifer.”

August 19, 2021 - the OCP and Zoning Amendment Bylaws were referred to the agencies listed at Attachment No. 1 in order that comment could be provided by that agency on its interest with regard to the proposed bylaw changes.

October 13, 2021 - an electronic Public Information Meeting (PIM) regarding the proposed amendments contained in Bylaw Nos. 2790.03 and 2461.19 were presented. 14 members of the public attended and received comments are included as an attachment to this report.

October 25, 2021, the Area “F” Advisory Planning Commission recommended that the proposed amendments contained in Bylaw Nos. 2790.03 and 2461.19 be supported, subject to “agriculture” being retained as a permitted use within the boundaries of the Faulder Water Service Area.

All comments received to date in relation to the OCP and Zoning Amendment Bylaws are included with this report.

Analysis:

In order to support the long-term sustainability of the Faulder Community Water System, a number of amendments to the Area “F” OCP and Zoning Bylaws, as well as a supporting amendment to the Subdivision Servicing Bylaw may be beneficial, each of which are discussed under sub-sections 1-3 (see below).

In addition, a number of current and proposed projects related to supporting the water system are outlined under sub-sections 4-6 (see below).

.1 Growth Management Policies (OCP Amendments):

While there are a number of background statements within the Area “F” OCP that speak to concerns regarding the availability of water in the Faulder area, the current policy statements within the Plan do not accurately reflect these.

For instance, the only policy that speaks directly to the Faulder Community Water Service Area is one that “discourages subdivision of properties in order to maintain the rural character of the [Faulder] area” [emphasis added]. “Rural character” is an imprecise term that could relate to any number of characteristics, with water being only one of many potential considerations.

To address this, a number of new policies are being proposed, including:

The Regional District:

- *Does not support the subdivision of parcels within the Faulder Community Water System Local Service Area;*
- *Does not support the expansion of the Faulder Community Water System Local Service Area; and,*
- *Discourages the rezoning of parcels in order to facilitate subdivision, particularly within the Meadow Valley Aquifer, in order to maintain the rural character of the area and preserve existing water resources.*

These policies more accurately reflect concerns regarding increased density and new development accessing available water in the Faulder and broader Meadow Valley areas until further studies can be completed.

Other supporting policies related to an aquifer study (discussed further at sub-section 5 below) and the decommissioning of wells are proposed while it is proposed to delete a reference to groundwater licence by the RDOS as this is seen to now be redundant.

.2 Growth Management Regulations (Zoning Bylaw Amendments):

Despite a belief that the Faulder Water System is at or near capacity, the zoning that currently applies to the Faulder community contemplates the potential subdivision of a number of parcels and also allows for uses and density that may be inconsistent with these water concerns (i.e. allowing agriculture and accessory dwellings).

To address this and to support the proposed new OCP policy statements (see above), it is being proposed to introduce a new zone to be applied to all parcels within the boundaries of the Faulder Community Water System.

The purpose of this new zone — the Faulder Small Holdings (SH7) Zone — is two-fold; to restrict further density (i.e. subdivision, accessory dwellings & suites) and water-intensive uses (i.e. agriculture) and is patterned after the zoning applied to the West Bench, which has its own unique zone reflecting the geotechnical hazards of the area.

i) Density – Subdivision

At present, there are 16 parcels within the boundaries of the Faulder Water System that comprise a parcel size that is capable of being subdivided under the Small Holdings Three (SH3) Zone (i.e. they are greater than 2.0 ha in area).

While it is recognized that this calculation presumes perfect site efficiency can be achieved, local constraints such as topography, access and existing lot layout likely preclude a number of these parcels from being subdivided.

Nevertheless, given the potential for additional parcels to be created and the capacity constraints of the water system, it is being proposed that the SH7 Zone apply a minimum parcel size for subdivision of 5.0 ha (i.e. a parcel would need to be greater than 10.0 ha in area to be

subdivided). The largest parcel currently within the boundaries of the water system is approximately 8.9 ha.

ii) Density – Accessory Dwellings & Suites

The current zoning that applies to parcels within the Faulder Community Water System allows for accessory dwellings on parcels greater than 1.0 ha in area and secondary suites on all parcels, regardless of size, provided the suite is connected to the same sewer system as the principal dwelling.

It is noted that over 70% of parcels (i.e. 57 of 81) within the water system are less than 1.0 ha in area and are, therefore, not currently permitted to have an accessory dwelling. It is currently unknown how many accessory dwellings or secondary suites may already exist within the water system area.

While it is recognized that accessory dwellings and suites *may* have lower consumption levels than a principal dwelling due to a smaller allowable floor area, the development of these units does introduce additional demand on the water system.

Accordingly, it is being proposed that the allowance for accessory dwellings and secondary suites be removed. A restriction on accessory dwellings would only affect a minority of parcels.

iii) Uses – Agriculture

It is known that agricultural uses within the Electoral Areas require access to significant amounts of water. For instance, when water metering was introduced to the West Bench community in 2015 (see below), it was found that 65% of annual demand was a result of irrigation and agricultural uses.

While the current zoning that applies to parcels within the Faulder Community Water System area allows for “agriculture” as a permitted use, no parcel is currently classified as “farm” by BC Assessment.

To prevent the introduction of a potentially high-demand use within the water system, it is being proposed that “agriculture” be excluded as a permitted use in the SH7 Zone.

Under the zoning bylaw, parcels within the water system would still be entitled to maintain a limited number of livestock (i.e. horses, poultry, rabbits, etc.) and honeybees on their parcels with the overall number of animals based on parcel size.

.3 Community Water System vs On-site Well (Subdivision Bylaw Amendment):

At present, a conflict exists between the Subdivision Servicing Bylaw and the Water Use Regulation Bylaw as they relate to servicing requirements for parcels within a Regional District owned and administered water system.

Specifically, the Subdivision Servicing Bylaw states that a new parcel greater than 0.5 ha in area that is to be created within a Regional District owned and administered water system can be serviced by a private water source (i.e. well).

Whereas, the Water Use Regulation Bylaw requires that all new parcels — regardless of the proposed land area — to be created within a Regional District owned and administered water system *must* be connected to that system.

This conflict recently came to the forefront as a result of a subdivision application within the Faulder water system and, in order to resolve this, Administration is recommending that the Subdivision Servicing Bylaw be amended to require all new parcels to be created by subdivision within a Regional District owned and administered water system connect to that system.

NOTE: this issue is not specific to the Faulder Community Water System and affects all the systems owned and operated by the Regional District (i.e. Gallagher Lake, Naramata, Olalla, Sun Valley, West Bench, Willowbrook and Missezula Lake).

.4 Water Meters (Proposed Project):

Water metering has well established benefits, both for improving the financial and asset management performance of a water service and for reducing community demand.

For instance, water metering is a prerequisite to introducing volume-based pricing, which has been shown to affect demand and is considered more equitable as those who place the most demand on a water system pay accordingly.

Water meters can also assist in the detection of leaks and prioritization of upgrades to an existing system. By way of example, following the introduction of water meters to the West Bench community in 2015, the Regional District was able to determine that 25% of demand within the system was a result of leaks.

The installation of water meters in the West Bench also allowed the introduction of a new rate structure in 2017 comprising a base fee plus metered usage in order to better manager usage.

Metering also allowed for a determination to be made that approximately 65% of annual demand in the West Bench was a result of irrigation and agricultural uses.

At present, users of the Faulder Water System are charged a flat parcel tax (i.e. \$1,985.57 in 2019) that is unrelated to usage and charged regardless of whether a parcel is occupied/developed. This approach is unique amongst the Regional District’s water systems.

While the cost of introducing water meters is currently seen to be beyond the ability of the Faulder water system to bear, the Board supported an application to the “Investing in Canada Infrastructure Program” (ICIP) at the November 18, 2021 meeting to install meter vaults and meters on all service connections in Faulder.

.5 Meadow Valley Aquifer Study (Proposed Project):

Due to the concerns raised by residents in the broader Faulder community about the capacity of the Meadow Valley Aquifer to supply the water system, the Regional District is proposing to undertake a review of the aquifer in 2022.

The result of the study could lead to infrastructure upgrades required to supply the community in times of shortage (i.e. a “Capacity Assessment and Upgrade Plan”).

.6 Review of Taxation (Future Project):

In future, and at such time as water meters have been installed in Faulder, the Board could consider amendments to the Faulder Community Water System Local Service Establishment Bylaw in order to facilitate alternate billing options that would better support a metered system.

Alternatives:

1. THAT consideration of the Electoral Area "F" Official Community Plan Amendment Bylaw No. 2790.03, 2021, Zoning Amendment Bylaw No. 2461.19, 2021, and Subdivision Servicing Amendment Bylaw No. 2000.17, 2021, not be initiated.

Respectfully submitted:



C. Garrish, Planning Manager

Attachments: No. 1 – Agency Referral List

No. 2 – Development Proposals in Meadow Valley / Faulder Area (2014-present)

No. 3 – Representations

Attachment No. 1 – Agency Referral List

Referrals have been sent to the following agencies as highlighted with a , regarding Amendment Bylaw No. 2790.03 & 2461.19:

<input checked="" type="checkbox"/>	Agricultural Land Commission (ALC)	<input type="checkbox"/>	Fortis
<input checked="" type="checkbox"/>	Interior Health Authority (IHA)	<input type="checkbox"/>	City of Penticton
<input checked="" type="checkbox"/>	Ministry of Agriculture	<input checked="" type="checkbox"/>	District of Summerland
<input type="checkbox"/>	Ministry of Energy, Mines & Petroleum Resources	<input type="checkbox"/>	Town of Oliver
<input type="checkbox"/>	Ministry of Municipal Affairs & Housing	<input type="checkbox"/>	Town of Osoyoos
<input type="checkbox"/>	Ministry of Forest, Lands, Natural Resource Operations & Rural Development (Ecosystem Section)	<input type="checkbox"/>	Town of Princeton
<input type="checkbox"/>	Ministry of Forest, Lands, Natural Resource Operations & Rural Development (Archaeology Branch)	<input type="checkbox"/>	Village of Keremeos
<input type="checkbox"/>	Ministry of Jobs, Trade & Technology	<input type="checkbox"/>	Okanagan Nation Alliance (ONA)
<input type="checkbox"/>	Ministry of Transportation and Infrastructure	<input checked="" type="checkbox"/>	Penticton Indian Band (PIB)
<input type="checkbox"/>	Integrated Land Management Bureau	<input type="checkbox"/>	Osoyoos Indian Band (OIB)
<input type="checkbox"/>	BC Parks	<input type="checkbox"/>	Upper Similkameen Indian Band (USIB)
<input type="checkbox"/>	School District #53 (Areas A, B, C, D & G)	<input type="checkbox"/>	Lower Similkameen Indian Band (LSIB)
<input type="checkbox"/>	School District #58 (Area H)	<input type="checkbox"/>	Environment Canada
<input checked="" type="checkbox"/>	School District #67 (Areas D, E, F, I)	<input type="checkbox"/>	Fisheries and Oceans Canada
<input type="checkbox"/>	Central Okanagan Regional District	<input type="checkbox"/>	Canadian Wildlife Services
<input type="checkbox"/>	Kootenay Boundary Regional District	<input type="checkbox"/>	OK Falls Irrigation District
<input type="checkbox"/>	Thompson Nicola Regional District	<input type="checkbox"/>	Kaleden Irrigation District
<input type="checkbox"/>	Fraser Valley Regional District		

Attachment No. 2 – Development Proposals in Meadow Valley / Faulder Area (2014-present)

