

ADMINISTRATIVE REPORT



TO: Board of Directors
FROM: B. Newell, Chief Administrative Officer
DATE: May 18, 2023
RE: Petition to enter the Naramata Water System Local Service Area – Electoral Area “E”

Administrative Recommendation:

THAT the following amendment bylaws be denied:

- **Naramata Water System Local Service Establishment Amendment Bylaw No. 2939, 2023;**
 - **Naramata Water System Development Cost Charge Amendment Bylaw No. 1804.09, 2023;**
 - **Naramata Water System Local Service Establishment Amendment Bylaw No. 2958, 2023; and**
 - **Naramata Water System Development Cost Charge Amendment Bylaw No. 1804.11, 2023.**
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Purpose: To extend the Naramata Water System Service Area to the subject properties

Legal: Lots 1, 2 & 3, Plan EPP65786, District Lot 211, SDYD, & DL 3314

Folio: E-07146.002/.004/.006

Civic: 4800, 4700 & 4600 North Naramata Road

OCP: Resource Area (RA)

Zone: Resource Area (RA)

Purpose:

The applicant has submitted a petition request to the Regional District that seeks to include the properties at 4800, 4700 & 4600 North Naramata Road (being Lots 1, 2, & 3, Plan EPP65786, District Lot 211, SDYD, & DL 3314) in the Naramata Water System Local Service Area.

In order to facilitate this, it is being proposed to amend Schedule ‘A’ of the Naramata Water System Local Service Establishment Amendment Bylaw No. 1620, 1995, and the Naramata Water System Development Cost Charge Bylaw No. 1804, 1997, to include the subject properties.

In support of this petition request, the applicant has stated that they are seeking the water service in order to irrigate “5 to 8 acres of vines.”

Site Context:

All three properties are situated on the east side of North Naramata Road and are bisected by the Kettle Valley Rail Trail near their eastern boundaries and can be described as follows:

- 4800 North Naramata Road is approximately 20.6 ha in area and is comprised of a single detached dwelling;
- 4700 North Naramata Road is approximately 20.4 ha in area and is comprised of a single detached dwelling and an accessory building with 1.7 ha developed to agriculture (e.g. grapes); and

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- 4600 North Naramata Road is approximately 20.2 ha in area and is comprised of vacant land.

The surrounding pattern of development is generally characterised by vacant large-lot parcel (e.g. greater than 20 ha) to the north and east, and rural-residential parcels to the east as well as agricultural operation (in the ALR) west of Naramata Road.

Background:

The current boundaries of the subject properties were created by a Plan of Subdivision deposited with the Land Titles Office in Kamloops on June 28, 2017.

Available Regional District records indicate that a building permit was issued for a single detached dwelling (2020) on 4800 North Naramata Road and that all three properties have been classified as “Residential” (Class 01) by BC Assessment.

Land Use Bylaws:

Under the Regional Growth Strategy (RGS) Bylaw No. 2770, 2017, the subject properties are not within a currently designated growth area. The RGS Bylaw speaks to supporting “efficient, effective and affordable infrastructure services ...” and, as an objective, to “direct development to areas with publically operated services and infrastructure.”

Under the Electoral Area “E” Naramata Official Community Plan (OCP) Bylaw No. 2458, 2008, the subject property is currently designated as Resource Area (RA), an objective of which is “to maintain the rural character” of such lands, and this is supported by a policy “that these areas will remain rural with limited community services and infrastructure.”

The properties are further designated as being within an Environmentally Sensitive Development Permit (ESDP) Area due to the presence of “Very High” and “High” environmental values. A portion of the properties have also been designated as comprising Watercourse Development Permit (WDP) Areas.

Under Okanagan Valley Zoning Bylaw No. 2800, 2022, the subject properties are currently zoned Resource Area (RA), which establishes a minimum parcel size for subdivision of 20.0 ha, and limits residential density to one (1) principal dwelling unit per parcel and up to four (4) accessory dwellings.

Board Consideration:

At its meeting of September 23, 2021, Regional District Board resolved to defer the petition for the properties at 4700 & 4800 North Naramata Road to the Electoral Area “E” Advisory Planning Commission (APC) and Naramata Water Advisory Commission (NWAC).

At its meeting March 17, 2022, the Board resolved to defer the petition for the property at 4600 North Naramata Road to the Electoral Area “E” APC and NWAC.

Consideration of these petitions by the APC and NWAC was delayed pending the completion of water modelling (discussed below).

Water Modelling:

The purpose of completing a water model for the subject properties was to determine infrastructure upgrades required for connection to the Naramata Water System (e.g. pump stations and reservoirs) as well as phasing and infrastructure costs.

In this instance, the water modelling indicated that the water system is deficient at this location due to a majority of the water mains being undersized and beyond their operational life span. A new water reservoir is also required in order to ensure that water is provided for at an acceptable standard, including for fire protection.

Overall, the estimated cost of these upgrades is estimated at between **\$8,000,000 to \$10,000,000** which far exceeds available reserves or funding options. By comparison, the capital costs required to upgrade the Okanagan Falls water system in 2021 were estimated at \$4.6 million (and lead to the dissolution of the former irrigation district).

Analysis:

In light of the *substantial* cost now known to be required to upgrade the Naramata Water System in order to provide service to the subject properties, Administration does not consider it worthwhile to forward these petition requests to the Electoral Area “E” APC or NWAC for their review and is recommending that the Board reconsider this direction.

Service Area Considerations:

While the Regional District does not have adequate funding to complete the required system upgrades to serve the subject properties in the near future, even if such funding were to become available other parts of the water system have been identified as higher priorities.

Once included within a water service area, a parcel is entitled to the full-range of service provided to other parcels, and while limiting the service and applying alternate rates were explored, the restrictions were deemed impractical and potentially unenforceable.

Land Use Policy Considerations:

Administration maintains its position that expansion of the water service area is premature in the context of the on-going reviews of the South Okanagan RGS Bylaw and Electoral Area “E” OCP Bylaw and the pending establishment of a growth boundary for Naramata.

Further, the current petition and substantial cost of providing service to a large-lot rural area generally associated with extensive land uses such as forestry and grazing underscores why the RGS seeks to direct development to areas where the efficient use of existing public infrastructure can occur.

For similar reasons, this is why the Electoral Area “E” OCP seeks to retain lands designated as Resource Area (RA) as rural and un-serviced; “urban-type services can become unaffordable when they are provided in low density rural areas” as there are simply not enough rate-payers to support the service and related infrastructure in a sustainable, long-term manner (Asset Management BC).

Money spent extending an existing water system into a low density rural area with limited capacity for further development also occurs at the expense of other priority areas, such as those identified in the RGS (e.g. Primary and Rural Growth Areas).

While the applicant has indicated that water is required for agricultural purposes, other options are seen to be available to the applicant including a private water source (e.g. well or surface water), which is not uncommon for agricultural irrigation in the South Okanagan.

Alternative:

Conversely, the option to proceed with the service area extension is available to the Board, however, should the Board wish to proceed with this option it is strongly recommended that the applicant be required to enter into a Development Agreement with the Regional District in order to establish capital infrastructure upgrades, phasing, financial contributions and maintenance right-of-ways.

These upgrades would benefit other properties — albeit at substantial cost — and would likely result in 2.5 kilometers of water mains being upgraded, a new water reservoir being constructed (which would also improve fire protection) and the water system in the “north end” of Naramata being brought up to an acceptable standard.

As it is not known what the share of costs between the applicant and existing rate payers would be to undertake this option, it is recommended that additional readings of the amendment bylaws be deferred until this is resolved.

Summary:

In summary, the Board is not obliged to provide a service upon receipt of a petition from a property owner if the Board has concerns about the request.

In this instance, the Naramata Water System cannot support the domestic and irrigation purposes requested on the subject property without major infrastructure upgrades at the petitioner’s cost.

As well, the proposal does not align with the RGS and OCPs vision for Resource Area lands to remain as large, rural, un-serviced parcels. For these reasons, it is recommended that the petition requests be denied.

Alternative:

1. THAT the following amendment bylaws be read a first time:

- Naramata Water System Local Service Establishment Amendment Bylaw No. 2939, 2023;
 - Naramata Water System Development Cost Charge Amendment Bylaw No. 1804.09, 2023;
 - Naramata Water System Local Service Establishment Amendment Bylaw No. 2958, 2023;
 - Naramata Water System Development Cost Charge Amendment Bylaw No. 1804.11, 2023;
- and

THAT prior to second reading, the property owner enter into a Development Agreement with the Regional District regarding capital infrastructure upgrades, phasing, financial contributions and maintenance right-of-ways.

Respectfully submitted:

Fiona Titley

Fiona Titley, Planner II

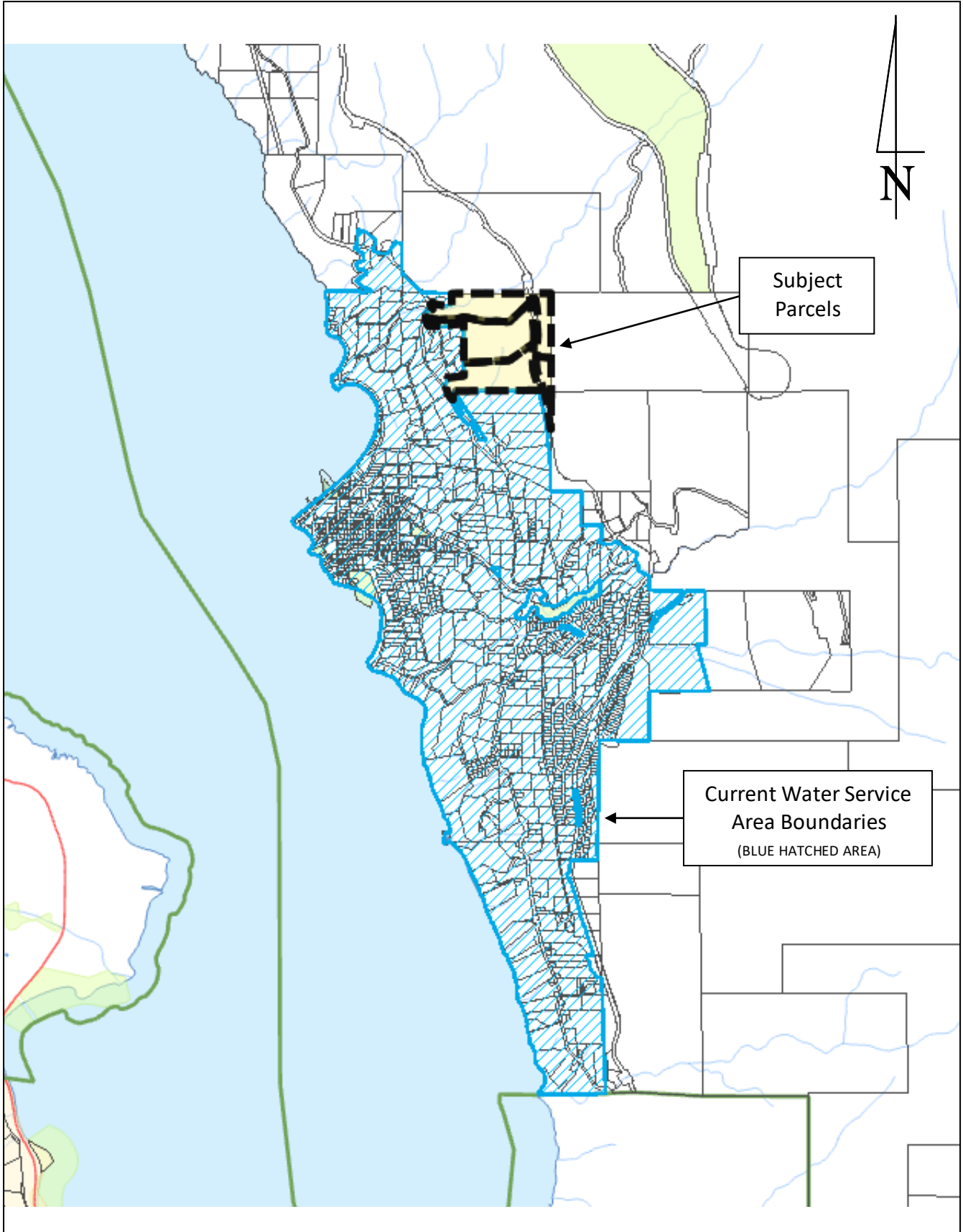
Endorsed By:

C. Garrish, Planning Manager

Attachments: No. 1 – Water Service Area

No. 2 – Aerial Photo

Attachment No. 1 – Water Service Area



Attachment No. 2 – Aerial Photo

