



Number: 600-03-09
REGIONAL DISTRICT OF CENTRAL KOOTENAY
Policy Manual

Chapter: Environmental Services

Section: Utility Services

Subject: Water and Wastewater System Acquisition Policy

Board Resolution: 455/24

Established Date: Aug 15, 2024

Revised

Date:

POLICY:

PURPOSE:

The purpose of this policy is to guide the acquisition of existing water and wastewater systems within the boundaries of the Regional District of Central Kootenay (RDCK) that are not currently owned/operated by the RDCK, but are seeking transition to RDCK ownership and operation.

This policy aligns with the Water & Wastewater System Acquisition Plan to ensure evaluation and acquisitions are conducted based on a comprehensive business case for service establishment, considering community benefits, regional impact, and sustainable growth, with a detailed assessment of 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

Under the Local Government Act, Regional District services, including water and wastewater services, are required to be fully financially independent. Each utility is operated as a discrete service and all costs incurred by a water or wastewater service has to be fully paid-for by the benefiting users, with the exception of funds from grants, if available. As a local government, the RDCK's mandate is to provide reliable, cost-effective services to the public that meet applicable federal and/or provincial legislation, RDCK standards, industry standards, and engineering best practice.

SCOPE:

This policy applies to all "Requesting Utilities" located within the boundaries of the RDCK that express an interest in becoming an RDCK service. The RDCK does not seek out systems to acquire – this is an applicant initiated process.



DEFINITIONS:

Asset Management: The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner.

Asset Management Plan: A detailed strategic plan that outlines the maintenance, renewal, replacement, and upgrade of infrastructure over a specified period, typically 25 to 100 years, it also includes the costs, level of service and risk considerations to ensure sustainable service delivery.

Business Plan: A business plan is a formal written document containing the goals of a business, the methods for attaining those goals, and the time-frame for the achievement of the goals.

Consultant System Assessment: An evaluation conducted by an external consultant to assess the condition, regulatory compliance, and upgrade needs of a water or wastewater system.

Evaluation Matrix: A tool used to assess and prioritize potential system acquisitions based on user benefits, service delivery considerations, and financial implications.

Expression of Interest (EOI): A formal submission by a water or wastewater system indicating a desire to become a RDCK service. The EOI form is a living document that may be updated by staff from time to time and as required.

Financial Plan: A detailed budget outlining the expected revenues, expenses, and funding requirements for the new service over a specified period, typically five years.

Infrastructure Replacement Timeline: A schedule that outlines when specific infrastructure components need to be replaced or upgraded to maintain service levels and regulatory compliance.

Requesting Utility: The Utility providing water or wastewater services making an application to be acquired by the RDCK. This may be an Improvement District, strata corporation or other form of ownership/governance.

System Transfer Agreement: A legal agreement between the RDCK and the service representatives to transfer ownership and responsibility of the system to the RDCK.

Water and Wastewater Systems Acquisition Plan – A Board approved written document that provides a detailed description of the acquisition process, information and data requirements, business and financial considerations, for a Requesting Utility to become a RDCK Service.

POLICY:

The RDCK Water and Wastewater System Acquisition Policy outlines the procedures and criteria for the acquisition of water and wastewater systems within the RDCK boundaries. This policy is designed to ensure that acquisitions are conducted in a manner that maximizes community benefits, ensures sustainable service delivery, aligns with RDCK's strategic goals and aligns with organizational capacity including staffing and workloads. The policy encompasses eligibility requirements, service levels, financial requirements and expectations, evaluation and prioritization criteria, public consultation processes, system assessment guidelines, approval procedures, and system transfer protocols. The policy aims to provide a transparent and traceable decision making framework, and an equitable and systematic approach to integrating new systems into the RDCK; ensuring that all acquisitions support the long-term sustainability and resilience of RDCK owned water and wastewater services in the region.

The following outlines the general process, steps, requirements, dependencies and milestones for a requesting utility to become a RDCK service:



Eligibility and Expression of Interest:

- **Eligibility:** Any water or wastewater system within RDCK boundaries can submit an Expression of Interest (EOI) to become a regional service.
- **Expression of Interest Submission:** EOIs must be submitted using the form provided in Appendix A of the Acquisition Plan. EOIs can be submitted at any time, but submissions may be considered the following year.
- **Public Meeting:** A public meeting will be held during the EOI submission period to share information on the process, expectations, and standards for becoming a RDCK service.

Service Levels and Financial Expectations:

- **Financial Independence:** New services must be financially independent, with all costs borne by benefiting users unless grant funding is available.
- **Service Levels:** New acquisitions must ultimately meet RDCK standards. Plans must be implemented to address water quality, public health, safety, and environmental regulatory compliance.
- **Asset Management Plans:** Plans must identify required infrastructure replacement or upgrade timelines, estimated capital costs, and annual contributions to reserves.
- **Funding and Approval:** Service establishment bylaws, parcel tax bylaws, and borrowing bylaws (if required) must accommodate adequate funding levels for maintenance, upgrades, and replacements. Elector Approval must be obtained before service creation.

System Assessment:

- **Consultant Assessment:** A consultant will conduct a comprehensive system assessment, including a 25-year and 100-year asset management plan, and a 10-year upgrade plan with budgetary cost estimates. The scope of work for the assessment is provided in Appendix B of the Water and Wastewater Systems Acquisition Plan.

Evaluation and Prioritization:

- **Evaluation Criteria:** Systems will be evaluated by RDCK staff based on criteria established in the Plan.
Selection and Timing: Selection will consider the potential service area, user benefit, financial considerations, and manageable growth. The RDCK will acquire only one or two Requesting Utilities per year. The acquisition process is expected to take 1.5 – 2.5 years.

Public Consultation:

- **Communication Lead:** Interested systems must assign an authorized individual as their communications lead to liaise with the RDCK and provide information to their community.
- **Public Meetings:** Public meeting will be held to provide detailed information on the acquisition process, system assessment findings, financial implications, and public approval process.

Approval Process:

- **Water Services Committee Review:** The Water Services Committee will review recommended systems for formal application and make recommendations to the Board.
- **Board Decision:** The RDCK Board of Directors will decide whether to proceed, pause, or terminate the acquisition process based on staff recommendations, public consultation results, and detailed reporting, including draft service establishment bylaws and financial plans.



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- **Formal Application and Bylaws:** If approved, staff will prepare the necessary bylaws (service establishment, parcel tax, regulatory) and a preliminary five-year financial plan for Board consideration.

Elector Approval:

- **Approval Methods:** Elector Approval can be obtained through an assent vote (referendum) or Electoral Area Consent (petition), as governed by the Local Government Act and Community Charter.
- **Approval Costs:** The cost of the Elector Approval process will be covered by the RDCK but ultimately passed on to the benefiting service if acquisition is approved.

System Transfer:

- **Transfer Agreement:** An asset transfer agreement will be executed between the RDCK and authorized service representatives.
- **Final Transfer Activities:** Administrative, operational, and regulatory compliance procedures will be established before the final transfer. This includes setting up financial and billing systems, GIS mapping, drafting operation and maintenance procedures, scheduling maintenance activities, ensuring regulatory compliance, and establishing or transferring statutory right of ways.
- **Board Adoption of Rates:** The Board will adopt system rates as part of the annual Utilities Fees and Charges Bylaw update.

RELATED LEGISLATION:

- Drinking Water Protection Act
 - Water Sustainability Act
 - Utilities Commission Act
 - Local Government Act
 - Community Charter
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