

POLICY**WATER UTILITY ACQUISITION****W-4****Preamble**

This policy aims to reduce risks and maximize benefits for water users when evaluating requests for the CSRD to acquire existing or proposed water utilities.

To minimize risk, this policy is intended to ensure that:

- (a) the CSRD fully understands the candidate water system's condition before acquiring it.
- (b) the CSRD has the financial, organizational and technological resources to own and operate additional water systems.
- (c) the candidate water system will be financially viable over the long term under CSRD ownership.

To maximize benefit, this policy is intended to ensure that:

- (a) CSRD ownership yields significant improvements in the quality and reliability of water service.
- (b) economies of scope and scale are realized to reduce costs and improve affordability of user rates.
- (c) water users are fairly represented within the governance system.

Policy**1. Initiating the Acquisition Process**

- (a) The CSRD will entertain requests to assume ownership of existing water systems from:
 - (i) water users; or
 - (ii) water system owners provided that the Electoral Area Director concludes that there is sufficient local support for the potential acquisition, which is often provided by an informal petition signed by area residents requesting that the Columbia Shuswap Regional District investigate the feasibility of acquiring a water system. If water users approach the CSRD directly to request acquisition, the CSRD will consult with the water system owner to obtain the owner's consent prior to initiating the acquisition process.
- (b) Alternatively, the CSRD may choose to initiate a water system acquisition process itself if the owner of the water system agrees, and such an acquisition would:

- (i) result in measurable improvements to water service provision (i.e., water quality and reliability, as well as compliance with the Drinking Water Protection Act and the CSRD's Subdivision Servicing Bylaw);
- (ii) likely to be supported by the water users of that system;
- (iii) enable the CSRD to realize economies of scope or scale, which would result in cost savings relative to the water systems meeting the same standards on their own; and
- (iv) support broader CSRD objectives.

2. Pre-requisites for Acquisition of Existing Water Systems

To be considered for acquisition and existing system must:

- a) have a minimum of 50 users connected;
- b) have a completed assessment that identifies any upgrades required to comply with CSRD and Provincial standards together with a financial plan to address such upgrades; and,
- c) be financially viable to operate and maintain over the long term (including **funding for the necessary CSRD internal resources needed** to manage and administer the system).

3. Pre-requisites for Acquisition of New Water Systems

The acquisition of a new water system may be considered provided that the system:

- a) will have a minimum of 75 active connections;
- b) is constructed in accordance with CSRD standards;
- c) is located in a geographic area that is easily accessible for operations and maintenance;
- d) is financially viable to operate and maintain over the long term (including **funding for the necessary CSRD internal resources needed** to manage and administer the system);
- e) will be operated and maintained by the developer for a minimum of one year.

4. Prioritization of Water System Acquisitions

The CSRD's Prioritization Tool (Appendix A) will be used to evaluate water system acquisition applications. The tool will be used to evaluate the existing acquisition applications received prior to 2025 and any new applications received beyond. Results of the prioritization evaluation process will be shared with applicants to advise whether an

application meets the threshold to accept into the CSRD acquisition process. The processing of applications accepted into the acquisition process will be dictated by staff resourcing, contractor resources and annual work planning.

The elements of the prioritization tool, used to review and process acquisition applications, include the following:

- a) Existing systems that pose significant health risks to users.
- b) Existing systems that prove to be financially viable.
- c) New systems that benefit the CSRD in terms of addressing existing health issues.
- d) New systems that provide economies of scale, that are beneficial to other systems.
- e) Number of residents benefiting from the service.

The CSRD will ensure its existing systems meet all regulatory requirements over the acquisition of any existing or new water systems.

5. Public Assent Process for Acquiring Existing Systems

The CSRD will assume ownership of an existing water system only upon a successful public assent process. A public assent process should be completed before the end of August (in order to enable appropriate coding by the BC Assessment Authority) to ensure that a CSRD takeover is possible for the following year.

6. Comprehensive Assessment of Existing Systems

- (a) The CSRD will not acquire a water system until a comprehensive assessment has been carried out by qualified professionals consistent with the requirements established by the CSRD in its Terms of Reference for Water System Assessments (Appendix B).
- (b) Upon receiving an expression of interest, the Electoral Area Director will request from the CSRD Board, access to a Feasibility Study Fund. If approved, these funds will be used to engage an engineering firm to examine the history, legal status, and condition of the water system. If the water system is ultimately taken over by the CSRD, this amount is to be repaid by the new function in its first fiscal year.
- (c) The CSRD will not accept connections to an existing CSRD water system until a comprehensive engineering assessment of the existing infrastructure as well as the engineering works necessary to connect the property(s) to the CSRD water system has been carried out by qualified professionals. The cost of an engineering assessment will be paid in advance by the existing owner(s) who are requesting to connect to the CSRD water system.

7. Payment for Water Systems

- (a) It is the policy of the CSRD to pay no more than a consideration of \$1.00 for the acquisition of any water system.
- (b) In extenuating circumstances, the Board may waive this requirement.

8. Transfer of All Financial Assets at Conversion

- (a) The transfer of a water system to CSRD ownership will be conditional on the transfer to the CSRD of all the financial assets related to the water system including all pertinent reserve and trust funds, performance reserve funds in place as a requirement of the Comptroller of Water Rights, bonds or other securities, as well as any pre-servicing or other prepaid commitments.
- (b) In extenuating circumstances, the Board may waive this requirement.

9. Timing

The CSRD will work with relevant regulatory agencies to promote the timely completion of required assessment and regulatory processes related to the acquisition of water systems by the CSRD.

10. Transfer of Systems and Legal Risk

The CSRD will not acquire or assume responsibility for a water system if the CSRD determines there is undue legal risk associated with doing so.

11. Transfer of Systems without Valid Permits or Licenses

The CSRD will not acquire or assume responsibility for a water system if the CSRD determines that there is substantial risk that it will not be able to obtain valid permits for the construction or operation of the system or valid licenses (e.g., water licenses).

12. Constructed Works Protected by Rights-of-Way, Easements, Lease or Fee Simple Ownership

The CSRD will not assume ownership or responsibility for a water system where major facilities, mains and other constructed works are not located within registered rights-of-way or easements held by the owner of the system or within legal parcels owned or leased by the owner unless the CSRD deems that it, rather than the existing owner, is in a better position to acquire the required rights-of-way, easements or parcels.

13. Service Delivery

All activities related to the management, operation and maintenance of CSRD water systems will be carried out by CSRD staff, its contractors and/or private sector partners.

14. Servicing Standards for New Systems

As a condition of acquisition and in accordance with the CSR D's Subdivision Servicing Bylaw, the CSR D may engage a third party (chosen by the CSR D) to review any document, report, or analysis related to the water system that the developer has submitted to the CSR D. The developer will be responsible for the full cost of any required third-party review.

15. Water Meter Installation

- (a) the CSR D will require developers to install water meters (at no cost to the CSR D) in all new developments that will be acquired by the CSR D, including single-family residential developments, as a condition of subdivision or building permit issuance as per the CSR D's Subdivision Servicing Bylaw.
- (b) For existing water systems that will be acquired by the CSR D, the CSR D may install water meters after the system is acquired. Costs (net of grants) for meter installation will be wholly funded by water users of that system.

16. Existing Committees/Governance Structures

- (a) The CSR D will not delegate any decision-making authority related to water service provision to a commission, committee or any similar body.
- (b) Upon the acquisition of an existing water system, the CSR D will establish a Local Transition Advisory Committee that will function for one year after acquisition by the CSR D.

17. Costs of Conversions

The cost of all studies to assess the feasibility of converting ownership of a water system from an improvement district, water users' community, private utility, strata or any other governance model to the CSR D will be financed by the CSR D from a Feasibility Study Fund established for such a purpose. Where the conversion is successful, the Regional District will recover its costs from Provincial grant programs and from the regional water service area established as a result of the conversion. Where the conversion is not successful, the costs of the assessment will be borne by the CSR D (net of grants).

18. Shared-Interest Developments

- (a) The CSR D does not support the provision of domestic water services by shared-interest developments.
- (b) The CSR D will not consider acquiring any water system owned by a shared-interest development. The shared-interest development must be converted to bare land strata or fee simple status prior to the CSR D considering acquisition.

19. Consistency with other CSR D Regulations and Policies

Official Community Plans and Zoning Regulations will guide CSR D financial planning, land

use planning regulations and policies where they exist, with CSRD service delivery objectives.

20. Monitoring and Evaluating Water System Improvements

- (a) The CSRD will monitor and evaluate the impact of its acquisition policies and practices in terms of the following:
 - (i) improvements to the reliability, safety, and quality of water provided;
 - (ii) improvements to water service delivery;
 - (i) effectiveness of the CSRD's overall strategy for acquiring water systems; and
 - (ii) effectiveness of the acquisition process.
- (b) The CSRD will review its policies and practices every five years and will make any necessary changes to ensure that water system improvements are occurring and that the provision of water services is of the highest quality.

21. Coordination with Provincial Ministries

The CSRD will work closely with relevant Provincial Ministries and agencies to improve water service provision in the unincorporated areas of the CSRD. The CSRD will periodically review these agreements and, if required, may negotiate a Memoranda of Understanding to better support improvements to water service provision in the CSRD's unincorporated areas.

22. Tangible Capital Assets and Infrastructure Renewal

- (a) Developers must provide information on all assets in a form acceptable to the CSRD for all new water system infrastructure they construct/install. This information will be provided to the CSRD as a condition of acquisition at no cost to the CSRD.
- (b) For existing water systems, collecting information on the system's tangible capital assets will be part of the required comprehensive assessment (see Policy 6).
- (c) As a condition of the acquisition of a new system, the CSRD will require the developer to provide 10% of the value of the water system's tangible capital assets to the CSRD or \$50,000 (whichever is greater). This amount will be deposited into a reserve fund for long-term capital replacement.

23. Existing Properties Connecting to a CSRD Water System

Existing properties applying to connect to a CSRD water system shall pay a contribution into the respective water system's Capital Reserve Fund for future capital infrastructure at a rate of ten (10) times the current parcel tax of the respective water system, based on the number of residences and/or businesses on the property, in addition to the established connection fee.