

## Capital Cost Recovery for Water Servicing in the Country Residential Area and Expanded Service Area

Date of Approval: 01/22/02; 03/08/2011; 06/12/2012      Resolution No.: 32/2002; 156/2011; 390/2012

Lead Role: Chief Commissioner

Replaces: N/A

Last Review Date: June 12, 2012

Next Review Date: 06/2015

Administrative Responsibility: Utilities

### Policy Statement

Strathcona County will recover capital cost requirements for water transmission expansion to service the Country Residential Area and Expanded Service Area.

**SPECIAL NOTE:** This policy does not apply to existing Country Residential property owners within the Country Residential Policy Area. Existing Country Residential property owner within the Country Residential Policy Area applications for Water Distribution Systems will be in accordance with the local improvement process contained within the Municipal Government Act RSA 2000, c. M-26.

### Definitions

Best Efforts	In relation to the performance of an obligation, efforts that are sensible and practical and involve the exercise of reasoned and sound judgment, having regard to all relevant circumstances.
Contribution In Aid Of Construction (CIAC)	A financial contribution from the customer and/or developer towards the capital investment in the water transmission system.
Country Residential (RC)	Country Residential is a district designated in the Municipal Development Plan Bylaw 1-2007 as amended or replaced from time to time.
Country Residential Policy Area	This is an area as defined per Schedule "A."
Engineering Master Plan (EMP)	A plan approved by Council that guides the provision of water services to RC parcels in the Country Residential area and Expanded Service Area.
Engineering Servicing Standards (ESS)	Engineering Servicing Standards (ESS) is approved by Council from time to time and provides infrastructure sizing requirements.
Expanded Service Area	This is an area as defined per Schedule "A."
Fees & Charges Bylaw	Strathcona County Bylaw 63-2011: Fees and Charges as amended or replaced from time to time.

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Net Book Value	The net value of an asset which is equal to its original cost minus depreciation and amortization.
On-Site Servicing	This is a 25mm water service line connected to a meter vault located at the property line and extended on the property to a cistern. Additional requirements are contained in the ESS.
Over-sizing	Capital investment made by a developer and/or customer that exceeds their individual development needs but meets the specifications outlined in the EMP.
Water Distribution System	Water piping servicing a RC subdivision.
Water Transmission System	The water network system consisting of pipe greater than 150mm in diameter.

## Guidelines

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Strathcona County has the exclusive right to provide water servicing in the Country Residential area and the Expanded Service Area. Strathcona County requires all new RC subdivisions to connect to the Water Transmission System with the exception of first parcels out and parcels equivalent or greater than 2.02ha (five acres) in size:

- a) Strathcona County may construct or extend the water transmission system where there is a sound, prudent business plan.
- b) Developers and/or customers connecting to an existing water transmission system, whether financed by the County or another developer and/or customer, will be required to provide a CIAC towards the water transmission system. The CIAC fee is the rate set in the County's Fee & Charges Bylaw.
- c) The water transmission system is constructed in accordance with the requirements of ESS and EMP as approved from time to time to meet projected long-term system needs. Developers and/or customers are required to construct the water distribution system at their own non-refundable expense. When a developer and/or customer extends a water distribution system through property he does not own, he may negotiate a financial commitment with a property owner to service a property owner's property with water service. When this happens, the developer and/or customer is responsible for all water servicing costs and infrastructure. Ownership of the water distribution system is turned over to Strathcona County upon completion pursuant to the development agreement process.
- d) Where Strathcona County deems the water transmission system extension to be a high risk business plan, a developer and/or customer can construct a water transmission system to service their development in accordance with the ESS and EMP.
- e) Over-sizing of the water transmission system will initially be at the developer's and/or customer's cost. Note: the extension of a water transmission system will not negate the developer's and/or customer's obligations towards prior developer over-sizing financial contributions. Strathcona County will impose a financial requirement to pay a CIAC towards initial developer and/or customer over-sizing if applicable. Initial transmission line construction (in whole or in part) by a developer and/or customer will be recovered by CIAC from subsequent developers and/or customers. The principle of "first in time / first in right" will be applicable for cost recovery investments.
- f) Strathcona County will reimburse developers and/or customers based on first-in-time, first-in-right on financial investments made towards the water transmission system. Note: The extension of a

water transmission system will not negate the developer's and/or customer's obligations towards prior developer and/or customer's over-sizing financial contributions. Strathcona County will impose financial requirement to pay a CIAC towards initial developers and/or customer's over-sizing if applicable. Subsequent developers and/or customers cannot expect to have their extensions financed from CIAC when there is still an outstanding net book value on the first stage of over-sizing of a water transmission line.

- g) Recovery of financial investments in water transmission system over-sizing will be in accordance with the EMP. Financial CIAC towards over-sizing water transmission systems on a per lot basis will be set annually in the Fees & Charges Bylaw.
- h) When a developer and/or customer has over-sized a water transmission system, the County will use their best efforts to recover the developer's and/or customer's investment.
- i) Investments made by developers and/or customers in over-sizing water transmission systems in accordance with the EMP will accrue a simple interest of prime plus 1.0% for a term of five years from substantial completion certificate date at which time the investment value will be capped.
- j) Strathcona County will reimburse developers and/or customers once annually for connections made to a developer and/or customer - financed over-sized water transmission system. Reimbursement for connections made will be made on a per lot basis and as set forth in the Fees & Charges Bylaw.
- k) Developers and/or customers must specify on-site servicing requirements in lot purchase agreements.
- l) The developer and/or customer CIAC is paid to the County on or before the plan of subdivision registration at the Land Titles Office.
- m) The developer and/or customer will be required to pay, at his expense, all costs of the water distribution system up to and including 150mm diameter piping. Over-sizing requirements will be recovered by the developer and/or customer pursuant to terms as incorporated in development agreements.

Schedule "A"

