



# Corporate Report

NO: R204

COUNCIL DATE: October 20, 2008

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## REGULAR COUNCIL

TO: Mayor & Council DATE: October 16, 2008  
FROM: General Manager, Engineering FILE: 5600-80  
SUBJECT: Private Water Mains in Sunnyside Estates Strata Complex

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## RECOMMENDATION

The Engineering Department recommends:

1. That Council receive this report as information; and
2. That the City take no further action in relation to considering the take-over of private water systems in strata complexes.

## INTENT

At its Regular meeting of September 8, 2008, Council considered Corporate Report No. R167 (copy attached as Appendix I), regarding a request from Sunnyside Estates' strata complex that the City install individual water meters on each strata unit in the complex. Council adopted the recommendations of the report, which included a recommendation that the City not install water meters on the individual units in the strata complex since they are served by a private water main system. Subsequent to adopting the recommendation of the Corporate Report, Council requested that staff explore the possibility of the City taking ownership of the private water mains within the Sunnyside Estates strata complex by way of establishing a statutory right-of-way over the water mains with a view to this approach, then allowing for water meters to be installed on individual strata units.

## BACKGROUND

The Sunnyside Estates Strata at 2303 Cranley Drive is a bareland strata, which contains 122 mobile home dwelling units. Of these, 22 units receive water service directly from a City water main (see map attached to Corporate Report No. R167, 2008). In 2005, the Sunnyside Estates strata council granted permission for these 22 strata units to be individually metered under the City's Voluntary Metering Program, since these 22 strata units fronted a City water main located within a public water main right-of-way. The remaining 100 dwelling

units obtain water service from a private system of water mains on the site. This private system of water mains is owned and maintained by the strata owners.

## **DISCUSSION**

City records indicate there are approximately 200 residential strata complexes in the City with private water systems that are not metered.

Taking ownership of Sunnyside Estates' water system would set a precedent for other strata Councils to request that the City take ownership of their water systems as well. These requests would undoubtedly expand to the private sanitary sewer systems and possibly the private roadway infrastructure.

When developers apply for strata-type development, their initial capital cost per dwelling unit for engineering infrastructure (water, sewer, drainage and roads) to develop the strata complex is less than that of a typical fee simple lot subdivision. This is mainly due to a lower standard of engineering infrastructure that is installed on private property than the municipality requires to be installed in public streets and rights-of-way. Public infrastructure is designed and installed to very exacting standards to ensure maximum reliability and to reduce full life cycle costs. Strata underground utilities are built to the standards stipulated in B.C. Plumbing Code. This provides for a wide range of products, materials and installation methods that may not have the same life span and higher life cycle costs in comparison to public infrastructure (i.e., higher maintenance costs). Developers, who are profit motivated, are usually more interested in reducing front-end capital costs and not in reducing life cycle costs if it means additional capital investment during the development phase. Once a strata development is completed and the units are sold, the developer has no further interest in the development. The strata council and the strata owners become responsible for the maintenance and ultimate replacement of the engineering infrastructure including the water systems within the strata.

Water infrastructure in a typical fee simple subdivision is designed, built, inspected and certified as to meeting City standards prior to City assuming ownership.

Since the City does not assume ownership of strata water systems, the oversight of the design, installation, inspection and certification of such systems is not done to the same level of rigor as a typical City system. Private water systems are not of the same quality or reliability as the public water system. If the City were to take over such systems, it would be exposed to the potential for incurring significant expense in either upgrading such systems or in the ongoing maintenance of the systems.

The cost to fully upgrade Sunnyside Estates' water system to a public standard is estimated to be \$500,000. Due to the unknown condition of the water system, it is likely that the City would be required to replace the water system within the strata within the next 20 years. If the City were to assume ownership of private water systems in all strata complexes in the City, it is estimated that upgrading costs would amount to a minimum of \$50 million but more likely in the order of \$100 million.

Due to the concentrated form of strata development (i.e., reduced setbacks between buildings), the potential for property damage from water main breaks is higher and maintenance work much more difficult and costly to complete.

Staff holds the view that the City should not take over ownership of private water systems for reasons related to liability and significant maintenance and replacement costs that will accrue to the City with such systems.

### **Other Action**

Staff has been in contact with representatives of the Sunnyside Estates' Strata and has learned that the strata council is exploring other options to resolve this issue regarding metered and non-metered dwelling units. They are considering hiring a consultant to evaluate the benefits and drawbacks of eliminating one water main connection to the strata, which will make it easier and less expensive to install a master meter for the site. If a master meter is installed, the City charges for water usage for the development will move from the current flat rate per dwelling unit to the metered rate, which will alleviate most of the concerns of the strata owners. City staff has offered to help the strata council in their review process.

### **CONCLUSION**

Based on the above discussion, it is recommended that the City take no further action in relation to considering the take-over of private water systems in strata complexes.

Vincent Lalonde, P.Eng.  
General Manager, Engineering

VL/KZ/KL:brb:kd

Appendix I: Corporate Report No. R167