

# ADMINISTRATIVE REPORT



**TO:** Board of Directors  
**FROM:** J. Zaffino, Chief Administrative Officer  
**DATE:** February 8, 2024  
**RE:** Petition to enter the Naramata Water System Local Service Area – Electoral Area “E” (E2021.005-SAP/.007-SAP)

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## Administrative Recommendation:

### THAT the following amendment bylaws be denied:

- **Naramata Water System Local Service Establishment Amendment Bylaw No. 2939, 2024;**
  - **Naramata Water System Development Cost Charge Amendment Bylaw No. 1804.09, 2024;**
  - **Naramata Water System Local Service Establishment Amendment Bylaw No. 2958, 2024; and**
  - **Naramata Water System Development Cost Charge Amendment Bylaw No. 1804.11, 2024.**
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Purpose: To extend the Naramata Water System Service Area to the subject property

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)

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## Purpose:

The applicant has submitted a petition request to the Regional District that seeks to include the whole of 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 remainder of the subject properties.

In support of this petition request, the applicant has stated that they are seeking the water service in order as “all three of [the existing] wells are being used: one well is used to water our 5 acre vineyard...another well services a new house...the third well is being held for a future vineyard...We are in need of more water now. The options is to drill additional wells or re-enter into the NWSSA which we were told in 2015 would always be an option for us...”

## 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:

- 4600 North Naramata Road is approximately 20.2 ha in area and is comprised of vacant land;
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- 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
  - 4800 North Naramata Road is approximately 20.6 ha in area and is comprised of a single detached dwelling.

The surrounding pattern of development is generally characterised by vacant large-lot parcels (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 (3) parcels have been classified as “Residential” (Class 01) by BC Assessment.

RGS Bylaw:

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.”

Official Community Plan (OCP) Bylaw:

Under the Electoral Area “E” Official Community Plan (OCP) the property is currently designated as Resource Area (RA), an objective of which is “to maintain the rural character” of such lands, and which 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 a Watercourse Development Permit (WDP) Areas.

Zoning Bylaw:

The 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 for parcels greater than 16.0 ha in area.

Subdivision Servicing Bylaw:

While the Regional District’s Subdivision Servicing Bylaw requires that new parcels being created by subdivision must be provided with sufficient quantities of potable water and for parcels over 1.0 ha in area this can be in the form of a private water source, the bylaw also cautions that “compliance ... does not warrant or guarantee the continuing quality or quantity of water on a parcel over time.”

Board Consideration:

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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 of 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).

At its meeting of May 18, 2023, the Board of Directors referred the petitions to the Naramata Water Advisory Committee (NWAC).

#### 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 \$8-10 million 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 led to the dissolution of the former irrigation district).

#### Naramata Water Advisory Committee

At its meeting of July 5, 2023, the Naramata Water Advisory Committee (NWAC) resolved to recommend to the RDOS Board that the subject petitions be denied.

#### “Letter of Agreement”:

In 2016, the petitioner and the Regional District entered into a “Naramata Water System Service Area Letter of Agreement” (see Attachment No. 4), in which the petitioner indicated that they did “not wish to be in the NWSSA at the present time ...”

However, to give affect to such an “Agreement” the Board would have had to formally approve an amendment to the water service area establishment bylaw to remove the affected property. While such an amendment was never undertaken, the boundary of the Naramata Water System Service Area was improperly adjusted at this time (2016) to reflect the terms of this informal “Agreement”.

Consequently, various administrative reports prepared for Board and NWAC consideration in relation to the petition requests have contained incorrect information.

For instance, while previous administrative reports have suggested that the subject parcels were not in the service area, it is now known that an approximately 4.0 ha area of land located where the parcels adjoin North Naramata Road *are* within the service area.

Regarding this situation, it is Administration’s understanding that the Regional District is not obligated to provide the following:

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- water service outside of the service area boundary, including lands located on parcels that are partly within a service area; and
  - a service in all or part of an electoral area upon receipt of a petition from an owner of land if the Board has concerns about the request.

**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 parcels, as well as the designation of the parcels as Resource Area and their location outside of the designated growth areas, Administration is not supportive of the subject petition requests for the reasons further described below.

Service Area Considerations:

The Naramata Water System does not have adequate funding to complete the required system upgrades to serve the subject properties in the near future and even if such funding were to become available other parts of the water system have been identified as higher priorities.

It is Administration's understanding that, once included within a water service area, a parcel is generally 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 difficult to enforce.

Land Use Policy Considerations:

Expansion of the water service area is premature in the context of the on-going reviews of the South Okanagan Regional Growth Strategy and Electoral Area "E" OCP and the pending establishment of a growth boundary for Naramata.

Further, the 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).

Monies spent extending an existing water system into a 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 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.

Alternatives:

Conversely, other options are available, including:

1. those parts of the subject parcels in the service area be removed;

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2. the remainder of the parcels be included within the service area, subject to conditions limiting use and density; or
  3. the remainder of the parcels be included within the service without any conditions.

Recognizing that the intent of the 2016 “Letter of Agreement” was to adjust the service area boundaries to reflect the new parcel boundaries, the option of removing those parts of the subject parcels from the service area may be available to the Board.

It is Administration’s understanding that a parcel of land can be removed from a service area with approval of the Inspector of Municipalities and the Director of the applicable Electoral Area.

It is unknown, however, if the Inspector would be supportive of this option and further investigations would be required to determine if this is something the Inspector would be prepared to consider.

With regard to the second and third alternative options, these would resolve the current situation in which the parcels are only partially within the service area and would also benefit the property owner(s) as they would no longer have to rely on well water or water trucked in to a cistern to meet their needs.

As the water system is not seen to be capable of providing full service (i.e. domestic and irrigation) or fire flow in whole or in part to the remainder of the parcels, a reduced service would have to be considered. This would require the implementation of a number of restrictions, including:

- installation of an undersized water meter on the service connection to the water system in order to limit and/or monitor usage;
- formally limiting usage to domestic *only* and to a maximum density of one (1) principal dwelling and one (1) accessory dwelling on each property:
  - this would need to be in the form of a “down zoning” of the property (i.e. site specific zoning) or some other form of statutory tool (i.e. restrictive covenant).
- requiring the installation of the following in relation to dwelling units:
  - low flow fixtures in all dwelling units; and
  - a booster station (including an air gap or equivalent) in order to provide water to dwelling units at higher elevation and to be at the property owner’s expense and responsibility.
- prohibiting the filling of swimming pools with water from the Regional District’s system (i.e. the property owner would be responsible for trucking in water to fill any pool).

Administration considers the imposition of such restrictions to be undesirable and a strong indicator that extension of the water service to the remainder of the subject parcels is premature at this time.

Administration is also aware that enforcement against the unauthorized use of water has proven challenging in the past, even where meters have been installed to monitor usage, and similar challenges should be anticipated if the water service is maintained or expanded on the subject parcels.

Currently, the Regional District does not have adequate funding to complete the required system upgrades to serve the subject properties in the near future and this will be dependent upon increased taxation and grant funding opportunities.

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While it is understood that the property owner *may* have verbally discussed a possible contribution to the Regional District that could be applied to the Capital Reserve for future water main work in the Naramata water system, this amount has not been confirmed.

In light of the required upgrades needed to this part of the water system (\$8-10 million), any contribution would *likely* be inadequate to undertake meaningful improvements to the “north end” of the water system meaning the Regional District would remain dependent on taxation or grant funding for such works.

**Summary:**

In this instance, the Naramata Water System cannot support the domestic and irrigation purposes requested on the subject property without major infrastructure upgrades. As well, the proposal does not align with the OCP and RGS vision for Resource Area (RA) designated lands to remain as large, rural and un-serviced parcels.

Denial of the proposed amendment bylaws will result in the status quo in which a small part of each of the properties remains within the water service area adjacent the boundary with North Naramata Road. The Regional District is prepared to provide water service to these parts of the subject properties for uses permitted by the applicable zoning.

**Alternatives:**

1. That options be brought forward for those parts of Lots 1, 2 & 3, Plan EPP65786, District Lot 211, SDYD, & DL 3314, in the Naramata Water System Local Service Area to be removed from the service area.
2. THAT the following amendment bylaws be read a first time:
  - a) Naramata Water System Local Service Establishment Amendment Bylaw No. 2939, 2024;
  - b) Naramata Water System Development Cost Charge Amendment Bylaw No. 1804.09, 2024;
  - c) Naramata Water System Local Service Establishment Amendment Bylaw No. 2958, 2024;
  - d) Naramata Water System Development Cost Charge Amendment Bylaw No. 1804.11, 2024;and

THAT prior to second reading, the property owner be required to enter into a Development Agreement with the Regional District regarding infrastructure upgrades, phasing, maintenance rights-of-way and tools for restricting density and use.

3. THAT the following amendment bylaws be read a first, second and third time:
  - a) Naramata Water System Local Service Establishment Amendment Bylaw No. 2939, 2024;
  - b) Naramata Water System Development Cost Charge Amendment Bylaw No. 1804.09, 2024;
  - c) Naramata Water System Local Service Establishment Amendment Bylaw No. 2958, 2024;
  - d) Naramata Water System Development Cost Charge Amendment Bylaw No. 1804.11, 2024.

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**Respectfully submitted:**



C. Garrish, Senior Manager of Planning

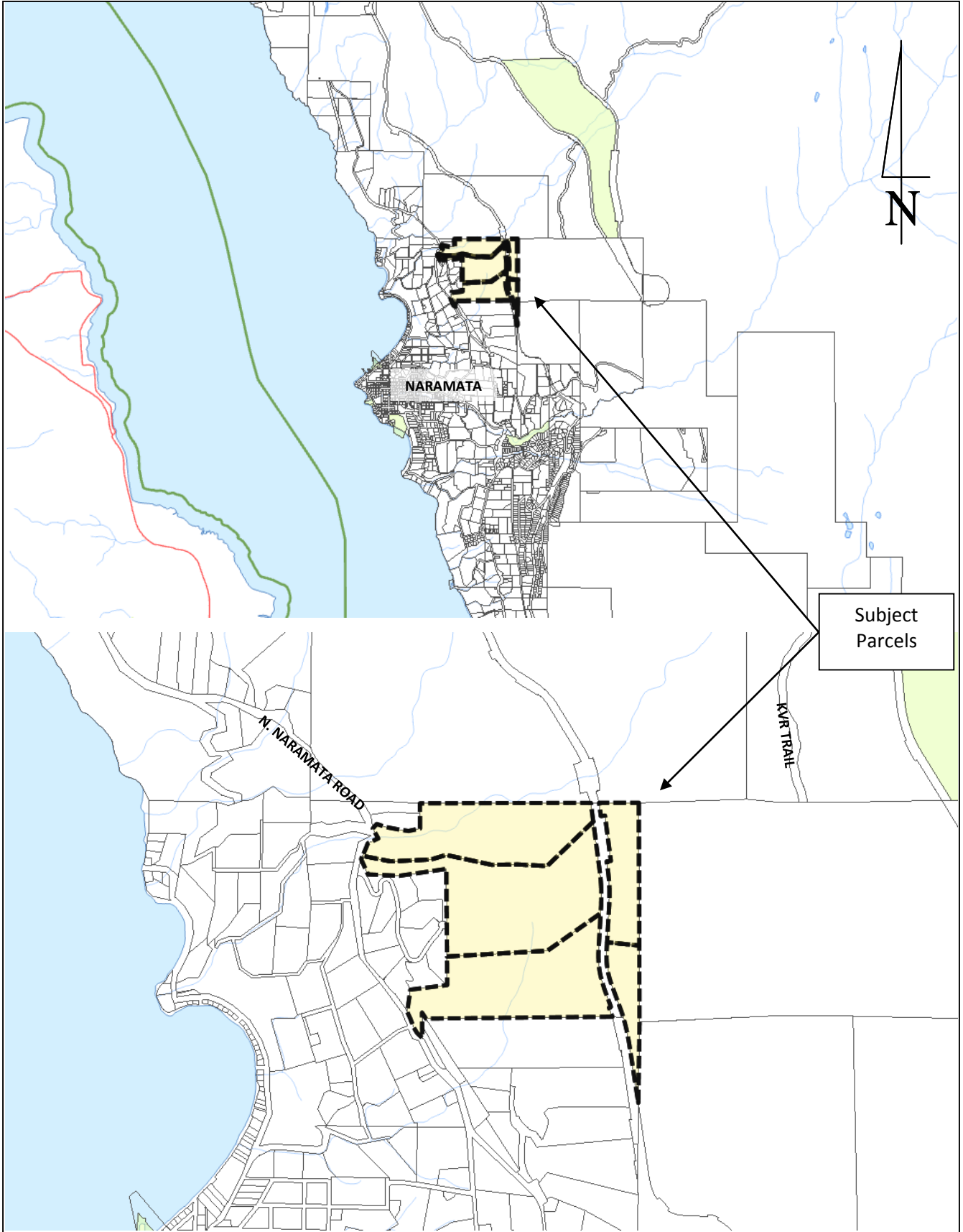
Attachments: No. 1 – Context Maps

No. 2 – Applicant’s Water Service Area Petition Request

No. 3 – Boundary Adjustment Proposal (2015)

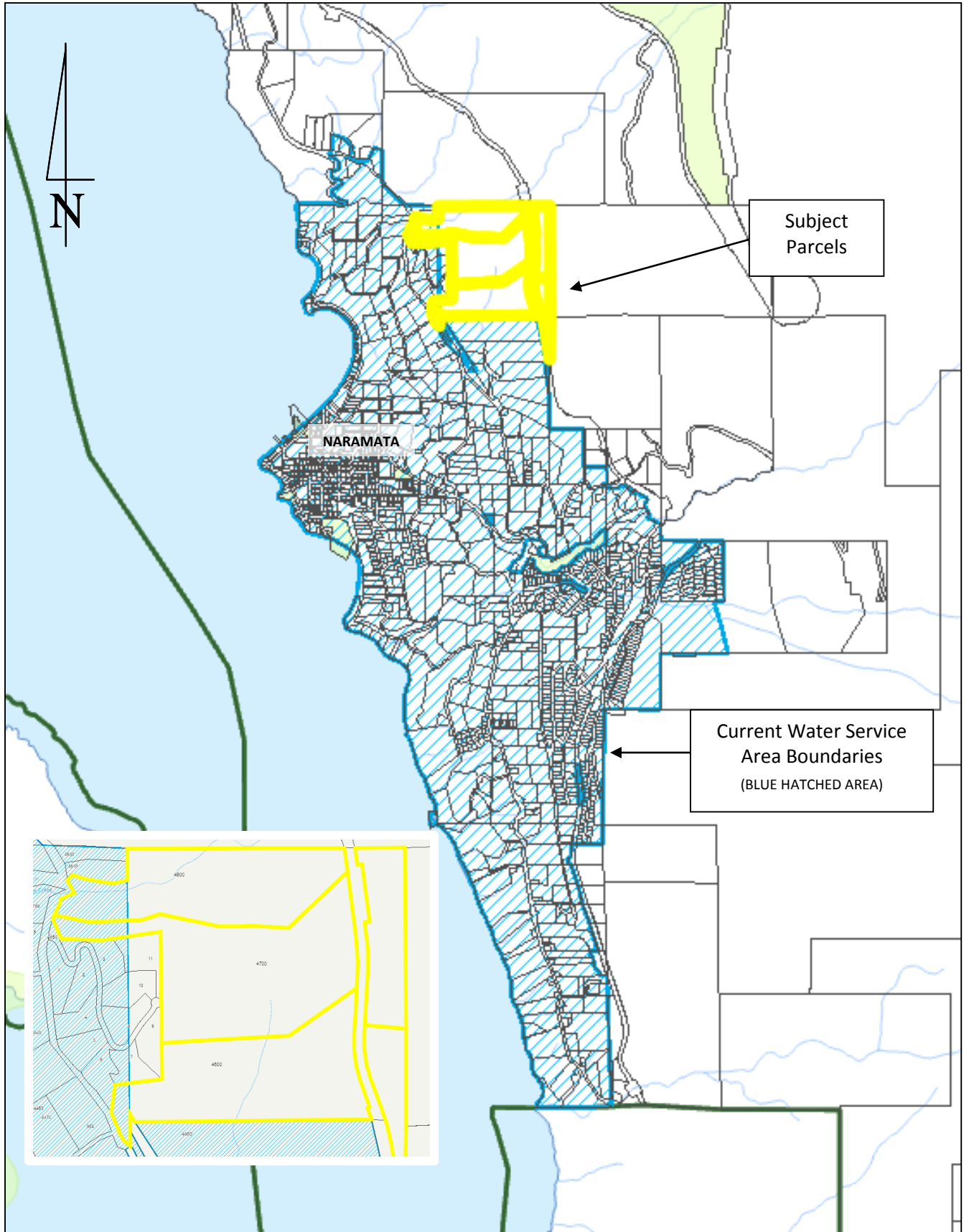
No. 4 – Naramata Water System Service Area Letter of Agreement (2016)

Attachment No. 1 – Context Maps

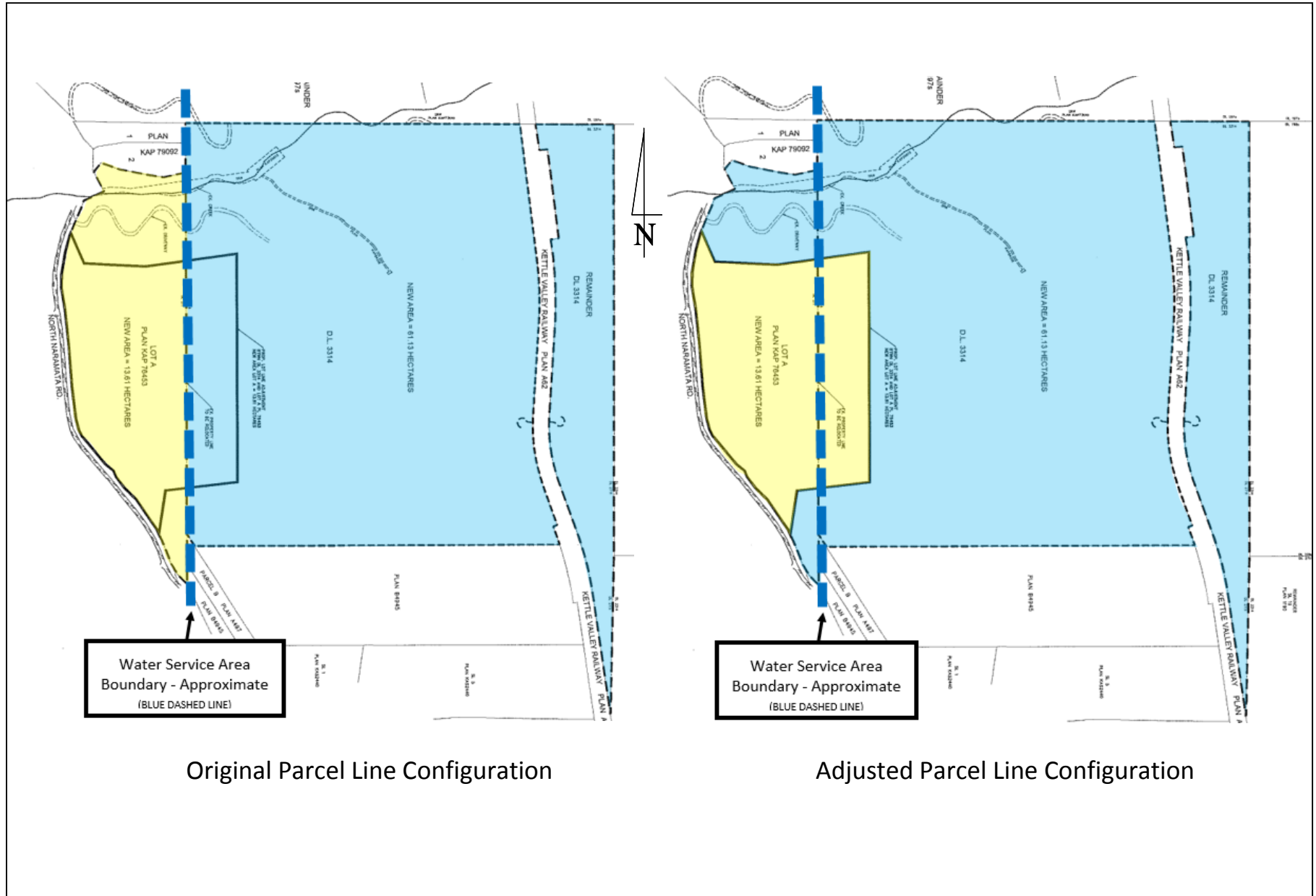




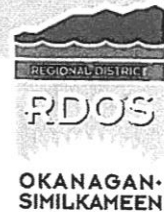
Attachment No. 2 – Current Water Service Area Boundaries



Attachment No. 3 – Boundary Adjustment Proposal (2015)



101 Martin Street, Penticton, British Columbia V2A 5J9  
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Toll Free: 877.610.3737  
Email: info@rdos.bc.ca



November 30, 2016

RDOS FILE: SUB E16-07146.001  
MOT FILE: 2016-00899

Warren Rylands  
c/o Ecora Engineering – Kelly Mercer  
543 Ellis Street  
Penticton, BC V2A 4M4

To Whom This May Concern:

**Naramata Water System Service Area Letter of Agreement**

This letter is to confirm our discussion on entering the Naramata Water System Service Area (NWSSA). The property at 4800 North Naramata Road is partially within the NWSSA as a result of a recent subdivision. There has been no formal petition to the Regional District to enter into the NWSSA. At the present time only a small portion of the property is within the NWSSA while the majority of land is outside of the area. The Regional District wishes to correct the service area, so that the NWSSA does not have the property partially within the boundary.

The Regional District is requesting a written confirmation that as the property owner at 4800 North Naramata Road, you do not wish to be in the NWSSA.

By signing this Letter of Agreement as provided herein, it is agreed upon by both parties that as the property owner at 4800 North Naramata Road, you do not wish to be in the NWSSA at the present time and that in the future you still have the option to reconsider to a petition into the NWSSA.

[https://portal.rdos.bc.ca/departments/follo/AreaE/E07146.001/Subdivision/MOT 2016-00899/20161130 LTR Ryland Naramata Water System Service Area.doc](https://portal.rdos.bc.ca/departments/follo/AreaE/E07146.001/Subdivision/MOT%202016-00899/20161130%20LTR%20Ryland%20Naramata%20Water%20System%20Service%20Area.doc)

[www.rdos.bc.ca](http://www.rdos.bc.ca)

Please contact me at (250) 490-4133 or our toll free number, 1-877-610-3737, local 4133 if you have any questions regarding this matter.

Kind regards,

Stephen Juch  
Subdivision Supervisor

SJ/dk

Dec 9th/2016  
Date Executed

Warren Rylands

Dec 9th/2016  
Date Executed

David Rylands

cc. Public Works Operations