

DATE: December 5, 2025

TO: Chair and Members
Comox Valley Water Committee

FROM: James Warren
Chief Administrative Officer

FILE: 5330-20

Supported by James Warren
Chief Administrative Officer

J. Warren

RE: Water Extension South Project - Legislative Requirements

Purpose

To introduce the legislative process and components to advance the Water Extension South Project.

Recommendation from the Chief Administrative Officer:

THAT Bylaw No. 897 being "Water Extension South Connection Service Establishment Bylaw No. 897" and Bylaw No. 898 being "Water Extension South Connection Service Loan Authorization Bylaw No. 898" be introduced and read three times;

AND FURTHER THAT participating area approval be sought by way of consent on behalf of the municipal participating area in accordance with Section 346 of the *Local Government Act*;

AND FINALLY THAT prior to submission of the bylaw to the Inspector of Municipalities for approval, written consent to the adoption of the bylaws be sought from Council for the City of Courtenay.

Executive Summary

- The [Water Extension South Project](#) (WSEP) is a major infrastructure initiative that will see the installation of a water transmission line and related infrastructure to service the City of Courtenay, the Royston Water Local Service Area (WLSA) and K'ómoks First Nation South Lands, with water from the Comox Valley Water System (CVWS).
- The project originated with the signing of the Mutual Benefit Agreement (MBA) between the Comox Valley Regional District (CVRD) and K'ómoks First Nation for the Comox Valley Water Treatment Project and included a commitment to extend bulk water services to K'ómoks First Nation South Lands. Amongst the other terms, the MBA provides that the capital costs of

the WSEP are to be born by the benefiting jurisdictions and service areas and not by CVWS which will ultimately own and operate the infrastructure.

- The CVRD was successful in attracting \$7.4 million of grant funding for the WSEP and in 2019 the City of Courtenay was brought on as the third project partner to share the project costs with the other partners.
- Preliminary design drawings and costs estimates have been developed for the project, and the overall scope and budget of the project has been supported by all parties. The draft cost apportionment for the project is still under review by the project partners and is detailed in the table below:

	K'ómoks First Nation	Royston WLSA	City of Courtenay
Estimated cost to construct infrastructure	\$7,850,000	\$2,350,000	\$4,420,000
10% Additional Funds to provide flexibility to change	\$785,000	\$235,000	\$442,000
Funds already contributed to project (2019-2024)	- \$56,303	- \$52,604	- \$58,908
Total Funding Required	\$8,578,697	\$2,532,396	\$4,803,092

- On November 19, 2025 Council for the City of Courtenay publicly affirmed its commitment to participate in the CVRD Water South Extension Project, recognizing the strategic importance of regional collaboration in securing long-term water service capacity for the southern growth areas of the City; and, directed staff to continue working with the CVRD and other stakeholders to advance the project planning, funding strategy, and implementation framework.
- Funding from the Royston WLSA is planned to be secured through short-term borrowing, the contribution from K'ómoks First Nation is being finalized through a contribution agreement and the City of Courtenay has advised of their desire to finance their contribution through long-term borrowing.
- As provincial legislation does not permit local governments to undertake borrowing for infrastructure they will not own, staff have identified an

approach through the Regional District's servicing and financing framework to address this barrier.

- Proposed is a new CVRD service established with one participating area, that being the City of Courtenay, for the purpose of constructing the new transmission infrastructure that will be owned and operated by the CVWS. The establishment of the new service would be combined with a loan authorization bylaw to undertake the long-term borrowing needed to finance the City's contribution. The service would requisition funding annually from the City of Courtenay to service the debt and would eventually be repealed once the infrastructure is constructed and the debt is retired (20 years).
- As the cost apportionment for the project is still under review and is subject to change before being finalized, an upper limit of borrowing has been selected to provide buffer on the total funding required by City of Courtenay, to ensure it is sufficient
- The *Local Government Act* requires that service establishment bylaws and loan authorization bylaws must, for the purposes of obtaining participating area approval, be dealt with as if they were one bylaw. Further, if the proposed participating area is all of a municipality, the council may give participating area approval by consenting on behalf of the electors to adoption of the service establishment and loan authorization bylaws. Alternatively, the City could conduct an alternative approval process or undertake an assent vote.
- The consent method is supported given the nature of the project and the relatively tight project timeline that exists due to the grant funding deadline of reaching substantial completion of the project by March 2028 and the end of the 2022-2026 term of office. As proposed, the legislative process would be as follows:
 1. December, 2025: Water Committee consideration of servicing framework and CVRD Board consideration of bylaw readings.
 2. January/February, 2026: City of Courtenay Council consideration of bylaw approval/consent
 3. March, 2026: Approval of bylaw by provincial Inspector
 4. April, 2026: CVRD Board consideration of adoption of service establishment and loan authorization bylaws
 5. May/June, 2026: Challenge period and certificate of approval issued by province for loan authorization bylaw

- 6. July, 2026: CVRD Board consideration of readings of security issuing bylaw to secure long-term debt.
- Following the above legislative process the estimated project timeline is:
 - Fall 2026: Procurement for construction contractors
 - 2027: Construction
 - 2028: Project completion
- Attached as Appendix A and B to this report are the draft service establishment and loan authorization bylaws. The service establishment bylaw provides for the legislated requirements (e.g. purpose, service participants, maximum requisition and method of cost recovery) but does not include further optional elements such as apportionment, delegation, and alternative service reviews provisions given its narrow scope and temporary nature. The loan authorization bylaw provides for the purpose of the borrowing, the maximum authorized borrowing amount aligned with the project cost apportionment and maximum repayment term (based on feedback from City staff) and the service to which it relates.
- As the CVRD Board holds the legislative authority to give readings to bylaws, staff are recommending that the Water Committee endorse a recommendation to the Board to give the necessary readings to the bylaws and seek approval from the City of Courtenay and the provincial Inspector of Municipalities.

Prepared by:	Concurrence:	Concurrence:
<i>J. Martens</i>	<i>L. Wiwcharuk</i>	<i>M. Rutten</i>
Jake Martens General Manager of Corporate Services	Lucy Wiwcharuk Chief Financial Officer	Marc Rutten General Manager of Engineering Services

Government and Community Interests Distribution (Upon Agenda Publication)

City of Courtenay	✓
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Attachments: Appendix A – Draft Bylaw No 897 being “Water Extension South Connection Service Establishment Bylaw No. 897”
 Appendix B – Draft Bylaw No. 898 being “Water Extension South Connection Service Loan Authorization Bylaw No. 898”

COMOX VALLEY REGIONAL DISTRICT

BYLAW NO. 897

To establish a service to construct the infrastructure to extend the Comox Valley Water System towards the south to provide bulk water to the City of Courtenay.

WHEREAS under section 332 of the *Local Government Act (RSBC, 2015, C. 1)* a regional district may operate any service the Board considers necessary or desirable for all or part of the regional district;

AND WHEREAS the Comox Valley Regional District Board wishes to establish a service to construct the infrastructure to extend the Comox Valley Water System towards the south to provide bulk water to the City of Courtenay;

AND WHEREAS participating area approval has been obtained pursuant to section 346 of the *Local Government Act (RSBC, 2015, c. 1)* by consent on behalf of a municipal participating area;

AND WHEREAS the approval of the Inspector of Municipalities has been obtained under section 342 of the *Local Government Act (RSBC, 2015, c. 1)*;

NOW THEREFORE the Board of the Comox Valley Regional District in open meeting assembled enacts as follows:

Service

1. The service established by this bylaw is for the purpose of constructing the infrastructure to extend the Comox Valley Water System towards the south to provide bulk water to the City of Courtenay.
2. The service shall be known as the Water Extension South Connection Service (the "service").

Boundaries

3. The boundary of the Water Extension South Connection Service area is the entirety of the City of Courtenay.

Participating Areas

4. The City of Courtenay is the participating area in the service.

Cost Recovery

5. As provided in section 378 of the *Local Government Act* (RSBC, 2015, C. 1), the annual cost for this service shall be recovered by one or more of the following:
 - a. property value taxes;
 - b. revenues raised by other means authorized by the *Local Government Act* or another Act; and
 - c. revenues received by way of agreement, enterprises, gift, grant or otherwise.

Maximum Requisition

6. In accordance with section 339(1)(e) of the *Local Government Act* (RSBC, 2015, c.1), the maximum amount that may be requisitioned annually for the cost of the service is \$500,000 or an amount equal to that which could be raised by a property value tax rate of \$0.05072 per \$1,000 applied to the net taxable value of the land and improvements within the service area, whichever is greater.

Citation

7. This Bylaw No. 897 may be cited for all purposes as "Water Extension South Connection Service Establishment Bylaw No. 897".

Read a first and second time this	day of	202x
Read a third time this	day of	202x
Consented to by resolution		
By the City of Courtenay this	day of	202x
Approved by the		
Inspector of Municipalities this	day of	202x
Adopted this	day of	202x

Chair

Corporate Officer

I hereby certify the foregoing to be a true and correct copy of Bylaw No. 897 being "Water Extension South Connection Service Establishment Bylaw No. 897" as adopted by the Board of the Comox Valley Regional District on the x day of xxx 202x.

Corporate Officer

COMOX VALLEY REGIONAL DISTRICT

BYLAW NO. 898

A bylaw to authorize the borrowing of five million five hundred thousand dollars (\$5,500,000) for the purpose of funding the construction of the infrastructure to extend the Comox Valley Water System towards the south to provide bulk water to the City of Courtenay

WHEREAS the Water Extension South Connection Service was established by the adoption of Bylaw No. 897 being "Water Extension South Connection Service Establishment Bylaw No. 897";

AND WHEREAS the Board desires to borrow five million five hundred thousand dollars (\$5,500,000) for the purpose of funding the construction of the infrastructure to extend the Comox Valley Water System towards the south to provide bulk water to the City of Courtenay;

AND WHEREAS under section 406 of the *Local Government Act (RSBC, 2015, C. 1)* and section 179 of the *Community Charter*, the Board may, by loan authorization bylaw, borrow for capital purposes within its powers;

AND WHEREAS participating area approval is required under section 407(3)(c) of the *Local Government Act* and has been obtained by way of consent on behalf of the municipal participating area;

AND WHEREAS the approval of the Inspector of Municipalities has been obtained in accordance with the *Local Government Act* and the *Community Charter*;

AND WHEREAS the maximum term for which debentures may be issued to secure the debt created by this bylaw is 20 years;

NOW THEREFORE the Board of the Comox Valley Regional District in open meeting assembled enacts as follows:

Borrowing amount and purpose

1. The Board is hereby empowered and authorized to undertake and carry out or cause to be carried out the extension of the Comox Valley Water System towards the south to provide bulk water to the City of Courtenay and other partners and to do all things necessary in connection therewith, without limiting the generality of the foregoing:
 - a) to borrow upon the credit of the regional district, a sum not exceeding five million five hundred thousand dollars (\$5,500,000); and,
 - b) to acquire all such real and personal property, easements, rights-of-way, licenses, rights or authorities as may be requisite or desirable for or in

