

Mayor and Council
City of Vernon
3400 30 St.
Vernon, BC V1T 5E6

May 17, 2023

Sewerage Facilities Assistance Grants Program and One-hectare Policy Review

Dear Mayor Cumming and Council,

The Okanagan Basin Water Board has recently been asked to provide clarity on the existing one-hectare policy that is an eligibility requirement to receive Sewerage Facilities Assistance grants (SFA). The SFA program currently pays 16% of the eligible project costs for local governments in the Okanagan to build sewer treatment plants, and to extend community sewer to neighborhoods. The program is supported through a pooled funding model, wherein property tax dollars from all Okanagan jurisdictions go to support as-needed upgrades in other jurisdictions. Since it was created in 1970, the program has paid more than \$70 million to Okanagan local governments for this purpose. Due to this pooled-funding model, all Okanagan jurisdictions must operate under the same rules and policies for OBWB sewerage infrastructure grants.

The one-hectare policy

The one-hectare policy is an eligibility requirement where local governments must have policies or bylaws in place to prohibit the creation of lots smaller than one hectare in size unless they are connected to a community sewer. The policy also outlines that a provincially approved Liquid Waste Management Plan (LWMP) may be used to waive the one-hectare policy.

Although the one-hectare policy is generally viewed as an OBWB policy by local governments in the Okanagan, it was introduced as provincial policy in 1995, and adopted by OBWB in 2000 to remain consistent with provincial granting policy. The formula for the OBWB SFA program requires the approval of the province according to the OBWB's Supplementary Letters Patent (SLP). Provincial infrastructure grants are also still contingent on adoption of the one-hectare policy by local governments.

The policy is not intended to regulate land use, only to avoid water pollution caused by unmaintained or failing septic systems in the absence of bylaws or policies to enforce maintenance. The OBWB recognizes the need to address the current housing crisis in all communities and is working to clarify the ways this can be done without compromising our shared progress on Okanagan water quality since 1970.

One-hectare policy review

As part of a broader SFA program review, OBWB has asked the province to provide increased clarity on the one-hectare policy and how it applies to our program. We have specifically requested the following:

1. B.C. Ministry of Municipal Affairs staff review the OBWB SFA Terms of Reference for consistency with current provincial policy, and provide feedback on how to update and strengthen the one-hectare policy as appropriate.
2. The Minister provide a letter (similar to past Ministerial letters on this subject to OBWB) providing guidance for the updated and consistent policy.
3. Provide the current written provincial one-hectare policy, including any background information and supporting references as a communication tool for local governments, homeowners and developers.
4. Elaborate on what is required for local governments to use the Liquid Waste Management Plan option where they wish to allow a variance to the one-hectare bylaw.
5. Following the OBWB SFA program review and the adoption of updated Terms of Reference by the Board, provide the equivalent “approval of the Inspector of Municipalities” as required by the SLP, in whatever form that takes today.

Once we have received the requested information, OBWB will communicate to Okanagan local governments any policy changes, options to create a LWMP, or other alternatives that might arise through the review.

Broader SFA program review

Beyond the one-hectare policy, the overall SFA program is also in the process of being reviewed. Since the SFA program first provided grants in 1977 Okanagan lakes have seen a significant improvement in water quality, especially reduced nitrogen and phosphorus and related milfoil growth and algae blooms. These changes support the economy, enhance the ecosystem, improve sources for drinking water and generally improve the quality of life in the valley.

The objectives of the program review are to:

- Review areas that remain eligible under the current program Terms of Reference
- Review one-hectare policy compliance throughout the Okanagan
- Review current provincial policy and regulations to ensure alignment
- Consider circumstances where variances may be justified for local governments
- Ensure policy is defensible and enforceable
- Consider technological advances to enhance water quality protection
- Consider other aspects of water infrastructure funding to enhance water quality protection

Local government participation in SFA program and in program review

The SFA program is ultimately a partnership between 11 municipalities and three regional districts in the Okanagan. All communities fund the program, and all communities benefit from the water quality improvements that the fund ultimately supports. It is critical that the program eligibility requirements are applied consistently to maximize the fairness and shared benefits of this funding model.

While the program review is being managed by OBWB staff, we are relying on an advisory committee including several relevant provincial ministries, Interior Health, and local government staff. We welcome further participation from all Okanagan local governments and would be happy to add new members to the Advisory Committee. Please email OBWB's Deputy Administrator James Littlely at james.littlely@obwb.ca to be added to the committee.

The final outcome of the program review will be a set of recommendations for the program going forward. Early feedback from the Advisory Committee relates to clarifying the one-hectare policy, reviewing the pre-1978 eligibility requirement, reviewing the 16% funding amount, and exploring options to expand the program to include storm sewer funding to address that significant source of water pollution, particularly with increased runoff due to climate change. As the review moves forward, we will consult with participating jurisdictions on proposed changes or recommendations before they are adopted by the OBWB. We welcome input from your council on any aspect of the program.

OBWB's mandate is to protect and enhance the quality of life in the Okanagan through sustainable water management. We look forward to hearing from your council and staff about ways we can continue to deliver on this for your community.

Sincerely,



Anna Warwick Sears
Executive Director