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## SERVICING CAPACITY ALLOCATION POLICY

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### 1. PURPOSE

This policy provides guidance and methodology on how the Municipality will manage the allocation of water and sanitary servicing capacity to development proposals. Capacity Allocations and Provisional Capacity Allocations are made for the purpose of reserving available water and/or sanitary capacity for the sole use of the assignee for the duration of their assignment.

### 2. SCOPE

This policy applies to all employees involved in development applications and infrastructure servicing.

### 3. DEFINITIONS

**"Application"** means an application for a Building Permit including sufficient information that it has been accepted by the Municipality for detailed review and for which written confirmation of completeness has been issued to the applicant, including a file reference number.

**"Capacity"** means a portion of a water or sanitary system, expressed numerically.

**"Development Works Agreement"** means an agreement under *Local Government Act s.570*.

**"Director of Engineering"** or "DoE" means the Municipality's employee in that position, or an employee acting in that capacity.

**"PLA" [Preliminary Layout Assessment]"** means a letter signed by the Approving Officer outlining the conditions and actions necessary to gain final approval of a subdivision, along with an expiry deadline. For clarity, a reference to a PLA also includes reference to a Phased Subdivision Review.

**"Reserve Capacity"** means the amount of residual capacity in a system available for development applications subject to this policy.

**"Subdivision Construction Approval"** means the written approval by the Municipality of stamped construction drawings for roads and infrastructure as specified within and meeting in full, an issued PLA.

**“Subdivision Final Approval”** means the date that a subdivision is deemed complete by virtue of all PLA conditions having been satisfied and signed by the Approving Officer for subsequent Land Title Office registration.

**“System”** means any water or sanitary system, or any sub-system thereof.

**“Works & Services Agreement”** means an agreement under *Local Government Act* s.509(2).

#### 4. APPLICATION & EXEMPTIONS

4.1. This policy applies to:

- a) Building Permit applications
- b) Subdivision applications

4.2. Other development application types not directly subject to this policy will be processed on the assumption that this policy will apply at the time of any building permit or subdivision associated with the development, and this shall be communicated to the applicant accordingly.

4.3. The grant of any other application type, or issuance of a permit other than a building permit does not create an entitlement for access to servicing nor a guarantee that servicing capacity will be available subsequently.

4.4. Nothing in this policy shall compel the Director of Engineering (DOE) to authorize a service connection.

4.5. Notwithstanding 4.1 above, the following types of development application are exempted from this policy:

- a) Subdivision lot line adjustments that do not result in increased density for any parcel;
- b) Creation of rights-of-way, road or park dedications;
- c) Additions or exterior or interior renovations to existing dwellings that, in the opinion of the DOE, do not materially increase the load on a System;
- d) Addition or exterior or interior renovations to any non-residential buildings that, in the opinion of the DOE, do not materially increase the load on a System;
- e) Changes of occupancy classification of a building that, in the opinion of the DOE, do not materially increase the load on a System.
- f) Developments not proposed to be connected to a System.

## 5. DETERMINATION OF RESERVE CAPACITY

- 5.1. Nothing in this policy prevents the DOE from dividing at their discretion any System into sub-systems and identifying Reserve Capacity associated with each sub-system available for possible allocation.
- 5.2. The DOE is responsible for identifying the Reserve Capacity in each System available and establishing the Reserve Capacity to be allocated in accordance with this policy. Such Reserve Capacity may still require conveyancing system (pipe) upgrades to be accessed.
- 5.3. In identifying the amount of Reserve Capacity in a System and establishing the Reserve Capacity to be allocated in accordance with this policy, the DOE shall use conservative estimates so as to ensure no adverse effect on existing users of the System.
- 5.4. In identifying the amount of Reserve Capacity in a System and establishing the Reserve Capacity to be allocated in accordance with this policy, the DOE shall apply the methodology set out in section 6.1 of this policy.
- 5.5. The DOE is also responsible for converting the amount of Reserve Capacity into Population Equivalents (PEs) and Equivalent Residential Units (ERUs) for the purposes of administering this policy.
- 5.6. In converting Reserve Capacity into PEs and ERUs, the DOE will take into account the most recent versions of the following references:
  - a) BC Sewerage System Regulation, Standard Practice Manual. BC Ministry of Health.
  - b) Wastewater Engineering: Treatment and Resource Recovery. Metcalf & Eddy.
  - c) other industry standard references acceptable to, and approved at the sole discretion of, the DOE.

## 6. CAPACITY STATES

- 6.1. Reserve Capacity shall be identified using the following method (all as converted into PEs or ERUs):
  1. The design capacity of the System *minus*
  2. The load from existing connections of all use types to the System *minus*
  3. The load from future connections represented in all approved development not yet connected to the System for which capacity has been allocated or provisionally allocated.
- 6.2. The System shall be assigned a System State based on the following:

<b>System State</b>	<b>Definition</b>
Available Capacity	Reserve Capacity is >20% of Design Capacity
Limited Capacity	Reserve Capacity is >0% of Design Capacity but ≤20% of Design Capacity
Fully Subscribed	Reserve Capacity is ≤0% of Design Capacity

6.3. For certainty, a System may transition directly from a state of Available Capacity to Fully Subscribed without first being deemed to be within Limited Capacity.

## 7. RESERVE CAPACITY AVAILABILITY

7.1. The allocation regime for Reserve Capacity shall be determined by the DOE according to the assigned System State existing at the time of allocation, and shall be as follows:

<b>System State</b>	<b>Allocation Regime</b>
Available Capacity	Capacity Allocation (CA) at time of approval of [building permit] Application.  Provisional Capacity Allocation (PCA) at time of Subdivision Construction Approval (or Works & Services agreement).
Limited Capacity	PCA at time of [building permit] Application as per s.8 below  PCA at time of Subdivision Construction Approval (or Works & Services Agreement) only where it includes construction of a system upgrade creating Capacity equal to, or greater than, the Capacity deficit created by the proposed development, subject to a Works & Services agreement or other legal instrument as appropriate.  CA at time of approval of [building permit] Application
Fully Subscribed	CA at time of approval of [building permit] Application only where it already has a PCA  No PCA except where Application or Subdivision Construction Approval (or Works & Services Agreement) includes a Capacity upgrade equal to, or greater than,

	the Capacity deficit created by the proposed development, subject to a Works & Services agreement or other legal instrument as appropriate.
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**8. PCA (Provisional Capacity Allocation)**

- 8.1. An Application that includes a System Capacity upgrade greater than, or equal to, the Capacity deficit created by the proposed development shall be eligible for PCA regardless of the System state.
- 8.2. When a system enters, or is in, a state of "Available Capacity" PCAs may be assigned to subdivision applications with an extant PLA at the time of either:
  - a) The signing of a Works & Services Agreement;
  - b) The issuance of Subdivision Construction Approval.
- 8.3. When a system enters, or is in, a state of "Limited Capacity", PCAs may be assigned as per s.8.2 but only where the PLA was issued while the system was in a state of "Available Capacity".
- 8.4. A PLA may be eligible for PCA regardless of the System state at the time of Subdivision Construction Approval (or Works & Services Agreement) where such construction works include a System upgrade creating Capacity greater than, or equal to, the Capacity deficit created by the proposed development.
- 8.5. A PCA under ss.8.2, 8.3 & 8.4 shall endure until the earlier of:
  - a) Issuance of a building permit;
  - b) Two years following assignment unless otherwise specified;
  - c) The expiry of the PLA.
- 8.6. Where a PLA benefits from a PCA at the time of Subdivision Final Approval, such PCA shall be reassigned at the time of Subdivision Final Approval and for the purposes of 8.5(b) above shall be considered to have been assigned on the date Subdivision Final Approval was granted.
- 8.7. In the event that a building permit is issued for development requiring less capacity than the PCA assigned under 8.2 above, that part of the PCA represented by the building permit shall be converted into a CA and the balance of PCA shall endure under the same terms as 8.5 above.
- 8.8. A PCA under 8.2 above may be partial, and in the case of multi-phase development, will normally only be made for the then current phase. A subdivision approval subject to a Land Title Act s.219 covenant in which Subdivision Construction Approval (or bonding associated with a Works & Services Agreement) is deferred is not eligible for a PCA.

- 8.9. In considering an application to renew or extend a subdivision PLA, the availability of Capacity will be reassessed, and the renewal, extension or subsequent consideration of PCA will be subject to the allocation regime corresponding to the System State at the time the renewal or extension application is registered.
- 8.10. A subdivision PLA is not eligible to receive a PCA where either a Works & Services Agreement or a Subdivision Construction Approval is not necessary or where the value of such works is less than \$50,000.
- 8.11. The DOE may decline to assign PCA to a subdivision under s.8.2 above, if in the opinion of the DOE, there are sufficient zoned sites within the System that are undeveloped or underdeveloped, such that remaining capacity must be retained for potential building permit Applications.
- 8.12. Lots newly created by subdivision where PCA is not assigned as per this section shall be treated as vacant sites as per 9.1(a).
- 8.13. Lots created by subdivision where PCA is assigned shall be treated as vacant sites as per 9.1(a) once such PCA expires as per 8.5(b)
- 8.14. When a System enters, or is in, a state of "Limited Capacity", PCAs shall be assigned to building permit Applications on the basis of the time at which they were received by the Municipality.
- 8.15. No PCAs will be assigned where a System is in a state of "Fully Subscribed".
- 8.16. A PCA for an Application may be made by the DOE at any time. A PCA is a necessary precursor to a CA in "Limited Capacity" Systems. Applications not benefitting from PCAs at the time that they reach the final approval stage may either be denied or held in abeyance until such time as Reserve Capacity for a PCA becomes available and the PCA is converted to a CA.
- 8.17. A PCA for an Application remaining assigned at the time that an Application reaches the approval stage shall be converted into a Capacity Allocation as per Section 9 below.
- 8.18. The System State shall be reassessed as PCAs are assigned.
- 8.19. When a System enters or is within a state of "Fully Subscribed", no further PCAs will be assigned.
- 8.20. For certainty:
  - a) Where a PCA made to an Application would change a System State from "Limited Capacity" to "Fully Subscribed", then no PCA shall be assigned for that Application beyond the amount that causes the system state to change to "Fully Subscribed".
- 8.21. A PCA temporarily reserves that capacity for the land to which it is allocated, and shall be unavailable for any other purposes for the duration of the time for which it is

allocated. Extant PCA shall be converted into a CA at the time of approval of a building permit Application.

8.22. A PCA may be subject to, conditional upon, associated with, or otherwise governed by:

- a) A Works & Services agreement;
- b) Subdivision Construction Approval;
- c) A Land Title Act section 219 covenant;
- d) A Development Works Agreement;
- e) A Phased Development Agreement;
- f) A building permit.

## 9. CA (Capacity Allocation)

9.1. For certainty:

- a) Any vacant site for which a written CA or PCA does not exist, shall be considered to have no System capacity allocated.
- b) Any non-vacant site for which the DOE has not issued a written CA or a PCA shall be deemed to have a CA for its current use, unless such use is unlawful and not subject to the authority provided by *Local Government Act* s.528 or s.529, in which case it shall be considered to have no CA.
- c) Any non-vacant site for which a written CA or PCA does not exist, shall be considered to have a CA not exceeding that associated with the current use, regardless of any other uses or additional density that may be permitted by the site's zoning.

9.2. In considering allocating Capacity or Provisional Capacity, the DOE may require any of the following information to be provided at the applicant's expense:

### **Sanitary**

- a) Building type or nature of the use;
- b) the base sewage flow;
- c) the peak sewage flow;
- d) the equivalent population;
- e) the contributory area for inflow and infiltration (I&I) calculations;
- f) any other information that the DOE deems necessary to facilitate an accurate assessment of the impact of the development on the Municipality's sanitary system.

## **Water**

- g) Building type or nature of the use;
  - h) Average Day Demand (ADD);
  - i) Maximum Day Demand (MDD);
  - j) Peak Hour Demand (PHD);
  - k) Required Fire Flow (RFF);
  - l) any other information that the DOE deems necessary to facilitate and accurate assessment of the impact of the development on the Municipality's water system.
- 9.3. If Capacity is available it may be allocated by the DOE in accordance with the allocation regime corresponding to the System State at the time of Building Permit issuance.
- 9.4. In allocating Capacity, the DOE shall:
- a) Confirm in writing the amount and type of development for which Capacity is allocated and the amount of Capacity allocated, and may also do any of the following:
  - b) Specify a deadline after which the Capacity shall no longer be considered allocated;
  - c) Specify any conditions that must be fulfilled prior to accessing allocated Capacity, which may include carrying out conveyancing system upgrades;
  - d) Specify any conditions that may result in the revocation of allocated Capacity (such as failure to carry out conveyancing system upgrades within a specified time).
- 9.5. A written CA referred to in 9.4 above may form part of, or be contained within, a *Land Title Act* s.219 covenant, Phased Development Agreement, or a Building Permit.
- 9.6. A CA may be subject to, conditional upon, associated with, or otherwise governed by:
- a) A Works & Services agreement;
  - b) A Land Title Act section 219 covenant;
  - c) A Development Works Agreement
  - d) A Phased Development Agreement;
  - e) A building permit.
- 9.7. Adoption of a zoning amendment by Council shall not cause or compel the DOE to allocate Capacity accordingly.
- 9.8. Capacity allocated to a site shall be unavailable for any other purposes for the duration of the time for which it is allocated.

## 10. EXPIRY OF CAPACITY ALLOCATIONS (CA)

- 10.1. Any CA subject to expiry shall be added to the pool of available Reserve Capacity and, depending on the System state, may be reallocated in accordance this policy.
- 10.2. If Capacity is allocated in accordance with 9.4 b) above [building permit issuance] it shall expire when the building permit expires, is withdrawn, or cancelled;
- 10.3. In considering an application to renew or extend a building permit, the availability of Capacity will be reassessed and the renewal or extension will be subject to the allocation regime corresponding to the System State at the time the renewal or extension application is registered.

## 11. RESERVATION OF COUNCIL DISCRETION

- 11.1. For the allocation of water and sanitary servicing capacity to development proposals in circumstances not expressly contemplated in this Policy, the DOE may proceed on the basis of an application of the general principles under this Policy in the public interest or may refer the matter to Council for consideration.
- 11.2. Notwithstanding anything contained in this Policy, Council may provide that, in relation to any particular development proposal or class of development proposal, decisions as to the allocation of water and sanitary servicing capacity be made by the DOE on an alternate basis to this Policy
- 11.3. Section 11.2 above does not override or prejudice the DOE's ability to refuse a connection they deem inappropriate, as per s.14 of the Sewer Services Bylaw and s.3 of the Waterworks Bylaw.

## RELATED POLICIES & PROCEDURES

Subdivision Control Bylaw, Engineering Standards, Works and Services Bylaw, Sewer Services Bylaw, Waterworks Bylaw

## APPROVAL HISTORY

WRITTEN BY: Chris Osborne, Senior Manager, Planning and Environment	APPROVED BY: Council	DATE: May 20, 2026
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