



The Best Place on Earth

OCT 21 2009

OCT - 6 2009

Ref: 133859

Mr. David McDowell, Chair
Board of Trustees
Union Bay Improvement District
PO Box 70
Union Bay, BC V0R 3B0

Dear Chair McDowell:

Thank you for meeting with me on September 16, 2009, to discuss your concerns about matters relating to the Kensington Island Properties (KIP) proposal, including water supply and distribution, and a proposed boundary extension to encompass all of the KIP lands. I also appreciate that you require assistance with two administrative matters relating to the site at 5539 South Island Highway and the fire hall.

I appreciate your frustration with the delay in the approval process for the KIP proposal. As noted in our discussion, the Comox Valley Regional District (CVRD) has the responsibility for managing land use and development on private lands and for implementing bylaws, including Official Community Plans (OCPs) and zoning. In exercising this land use function, the CVRD must be satisfied that adequate infrastructure provisions are secured before giving development approvals. At the same time, an opportunity exists through this development to further the objectives of the regional water supply plan for the Comox Valley and the development of a regional water system, both of which are of strategic provincial interest.

The Union Bay Improvement District (UBID) has an important distribution function that must be respected. An approach to meeting both the UBID water distribution and CVRD regional supply interests has been recommended by Ministry of Community and Rural Development (Ministry) staff. This approach would ultimately result in an extension of the UBID boundaries, retention of the UBID water distribution function, and the transfer of the UBID water supply responsibility and water licenses for Langley Lake to the CVRD.

I recognize that the CVRD may have some uncertainties about the infrastructure questions associated with the OCP and zoning amendment applications. To facilitate matters, I have directed Ministry staff to provide assistance with these questions. I have also directed Ministry

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Mr. David McDowell, Chair
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staff to assist by facilitating discussions between the CVRD and the UBID, related to the water supply asset and the implementation of the proposed approach for incorporating it into the regional water supply. With regard to the requested boundary extension application, as you observed during our meeting, granting the extension is premature at this time; however, it will be addressed as part of the latter approach, which I trust will be handled expeditiously. With respect to municipal incorporation, we agreed that this is a matter that should not be considered until the final KIP proposal is made and the Regional Growth Strategy is complete.

With regard to the former school site and the Crown grant still registered, Ministry staff have been working with the Ministry of Education on this matter. It is my understanding that there are no outstanding concerns regarding the proposed removal of the Crown grant and that this matter will be resolved. I have instructed Ministry staff to update me on the proposed time frame for this, and will also have them report back to you with this information. With regard to the covenant registered by the Ministry of Health Services against your fire hall site, I have instructed Ministry staff to follow up on this matter as well.

I trust this assures you that the Ministry is responding to your concerns and is doing everything it can to provide the needed assurances for the CVRD to move forward in its consideration of the bylaws for the proposed KIP development. If you have any questions about these matters, please contact Ms. Laura Tate, Manager, Growth Strategies (Vancouver Island), by telephone at: 250 356-5137, or by email at: Laura.Tate@gov.bc.ca.

Sincerely,

**ORIGINAL
SIGNED BY**

Bill Bennett
Minister

pc: Ms. Debra Oakman
Chief Administrative Officer
Comox Valley Regional District

✓ Ms. Laura Tate
Manager
Growth Strategies (Vancouver Island)
Intergovernmental Relations and Planning Division
Local Government Department



The Best Place on Earth

September 9, 2007

Ref:124254

Mr. David Godfrey, Chair
Board of Trustees
Union Bay Improvement District
Union Bay BC VOR 3B0

Dear Mr. Godfrey:

Thank you for your letter of September 6, 2007, regarding the regional water supply system and the relationship of the Union Bay Improvement District (UBID), the Comox Strathcona Regional District (CSRD) with the Kensington Islands Property development.

I am pleased to provide answers to your questions, but first, let me provide some context. The Honourable Ida Chong's letter of July 14, 2007, announcing the split of the Comox Strathcona Regional District into two regions made the commitment to create a regional water system. The Ministry sees the opportunity with the Kensington development to create an important cornerstone in a regional system which, while primarily focused on Comox Lake, will ultimately connect all community water systems in the Comox Valley into one integrated, low cost and high quality and reliable regional water system. Existing water distributors would continue to manage the distribution of water. It is important to have that bit of context before answering your questions.

Since our meeting in July, there have been continuous discussions between UBID, the CSRD. Ministry staff have actively worked with the parties over that time period and assisted the parties to come in an agreement. My letter of August 27, signed by Gary Paget acting on my behalf, lays out a scheme whereby the proposal can proceed while providing assurances to UBID and the CSRD that their respective interests will be protected. As in any agreement between parties there needs to be give and take and a balancing of interests in order to move forward. Let me now return to each of your five questions.

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Ministry of
Community Services

Assistant Deputy Minister
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1. Transfer of Water Licences

The upgraded Langley system that will be provided by the developer will be owned and operated by the new Comox Valley Regional District and will become a key building block in a regional water system. In order to provide the regional district with security to assume water supply it is important that the licences be transferred to the regional district. In order to protect your interests this would not happen until the supply works are completed and UBID's boundaries are extended to enclose all of the Kensington lands consistent with UBID's role as the exclusive water distributor.

2. Other Water Suppliers

The objective of the Province shared by the regional board is to develop an integrated regional water system joining each of the communities in the Valley. This system will start with the existing water supply focussed on Comox Lake and will add Langley Lake. We anticipate as other water suppliers will be added as we move forward.

3. Assets to that will be transferred.

The Supplementary letters patent will be amended once the water supply system is developed. The Letters Patent will lay out the assets that will be retained for UBID and those that will be transferred to the CSRD. Most importantly, it will indicate that the water licences associated with the supply works will be transferred to CSRD but also assets of importance to you like the land around the Lake and all water distribution assets will be retained by UBID. I give you my commitment that all of the details of these transfers will be worked out through staff discussions between UBID, CSRD and Ministry staff and codified in Letters patent, drafts of which will be reviewed by all parties.

4. Regional Water Supply in the Absence of the Kensington Development

The Province's commitment to a regional water supply commitment is a critical component of its vision for the future of the Comox Valley. While the Kensington Development provides a significant opportunity to acquire a critical cornerstone in that system we will pursue that vision regardless of the fate of the Kensington development.

5. Kensington

I appreciate your interest in seeing all of the details of a regional water supply system. It is critical that we have a comprehensive plan for moving forward but we cannot lose the

Mr. David Godfrey
Chair
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opportunity to acquire a critical component of that system through the development approval process. The residents of UBID will benefit from this upgraded infrastructure and will be given an opportunity to participate on future planning of the system by having a formal role in the governing the planning and development of the regional water system.

In conclusion, we have been facilitating discussions of these issues over the past few months and will continue to work with you as we implement this proposal. We appreciate UBID's willingness to be a partner in the water supply for the proposed development since that is essential for the CSRD to proceed to adoption of the land use bylaws. We are at a critical point in the realization of this opportunity for the Union Bay community and the Comox Valley. All parties recognize the many benefits which will accrue to all parties, in particular substantial benefits, and future cost-savings, to the existing water users of the UBID system. If you wish to discuss this further please do not hesitate to call me.

Yours truly,

*Original signed by Dale Wall
September 12, 2007*

Dale Wall
Assistant Deputy Minister

pc: Honourable Stanley Hagen, Ministry of Tourism, Sport and the Arts
Honourable Ida Chong, Ministry of Community Services
Her Worship Starr Winchester, Chair, Comox Strathcona Regional District



BRITISH
COLUMBIA

The Best Place on Earth

August 27, 2007

Ref: 124154

Mr. Bob Long
Chief Administrative Officer
Comox Strathcona Regional District
600 Comox Road
Courtenay, BC V9N 3P6

Dear Mr. Long:

I am writing to provide clarification of the Ministry of Community Services' (Ministry) role with respect to the following:

1. The potential transfer of the existing water license held by the Union Bay Improvement District (UBID) to the Comox Strathcona Regional District (CSRD), to be managed as part of a comprehensive regional water supply system for the Comox Valley; and
2. The potential expansion of the UBID boundaries to include that part of the Kensington properties that is not presently within the UBID boundary.

I can confirm the following:

1. Both of the potential changes would require amendments to the letters patent of the UBID.
2. Any amendments to the letters patent of an improvement district are made by Cabinet (Order-In-Council) under authorities in the *Local Government Act*.
3. The boundary change would require an amendment to the legal description of the UBID's boundaries, in the letters patent.

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4. The transfer of the water license would be effected by letters patent amendments which will delete water supply as an "object" of the UBID, retain their role in water distribution, and transfer the water supply assets to the CSRD in conjunction with the change in object.
5. It would be possible (and it would seem to make sense based on the agreement) to do the transfer of the water licenses concurrently with the boundary change (i.e., in the same letters patent amendment).
6. The water supply assets include the water licences, but also will include other assets associated with water supply.

The Ministry understands that the CSRD and the UBID have approved an agreement-in-principle that is based on the above. Further, the agreement between the CSRD and Kensington Island Properties (Kensington) will provide for the water supply improvements to be built at the developer's cost and transferred to the CSRD also based on the above. Note, there will have to be discussions between the CSRD, and the UBID as to which assets properly are part of the supply system as opposed to the distribution system.

The Ministry can give the following undertakings to ensure that both the CSRD and the UBID are comfortable with the Ministry role in implementing the changes that are contemplated by the potential agreement between the CSRD and the UBID. As you will appreciate, these undertakings are necessarily conditioned by the Minister of Community Services (Minister) and Cabinet consideration, but with that said, the Ministry role is as follows:

1. The Ministry will prepare and advance amendments to the UBID letters patent for consideration by the Minister and Cabinet. Based on our understanding of the intent of the agreement between the CSRD and the UBID, the letters patent amendments will deal with both the change in objects and the extension of the UBID boundaries concurrently.
2. The Ministry will provide drafts of letters patent to both the CSRD and the UBID for review and comment.
3. It is our expectation that the earliest time that the letters patent amendments would be advanced is Spring 2008, dependent largely on the progress of the water supply works to be undertaken by Kensington.

Mr. Bob Long
Chief Administrative Officer
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I trust that this provides you with the assurances that are needed for the CSRD to move forward to consider adoption of the bylaws for the proposed Kensington development.

Yours truly,

*Signed August 27, 2007 by Gary Paget (on behalf of Dale Wall)
Faxed and Mailed August 28, 2007*

Dale Wall
Assistant Deputy Minister

pc: Mr. David Godfrey
Chair
Union Bay Improvement District

Mr. Brian McMahon
Kensington Island Properties

ADM:diary copy Branch:file copy Branch:diary copy
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