

## For the Record

### A statement from the District of Sechelt regarding the Seawatch subdivision

The search for a solution to the problems at Seawatch can and should continue, but the District of Sechelt can only do that within the proper bounds of responsible government. The Seawatch subdivision was designed, built, marketed, and sold by a private company. The District of Sechelt cannot accept the argument that when a private sector venture falters, the cost should be borne by the Sechelt taxpayers.

We hope the following will set the record straight on some fundamental points regarding the Seawatch subdivision.

The Seawatch subdivision was built by a private developer, Concordia Seawatch Ltd. Concordia purchased the property in 2004, as part of a larger site that was in foreclosure proceedings. Under District of Sechelt planning and development bylaws, the site could not be developed without a geotechnical report from a qualified professional addressing (among other things) the issues of soil and slope stability. The District of Sechelt required, and relied on, such reports in accordance with the *Community Charter* and the *Local Government Act*.

As with any subdivision development, Concordia was required to construct all of the roads and pipes and then transfer them to the District once completed. Concordia hired a geotechnical engineer, who provided a series of reports. As the development work proceeded, Concordia also hired additional engineers to design and supervise different aspects of the development. When the development was complete, these engineers signed letters of assurance, certifying that the development had been properly constructed. The District of Sechelt relied on the accuracy of these reports.

Following completion of the roads, water and sewer lines, Concordia began to construct and market houses on the lots. The subdivision includes a total of 28 lots, of which Concordia sold 13. Concordia continues to own the remaining 15 lots: one has a completed house and 14 are vacant.

In 2006, Concordia was required to register a restrictive covenant against title to all of the subdivided lots. The restrictive covenant also attached a report dated April 28, 2006 from Concordia's geotechnical engineer. This report described the geotechnical attributes of the land, documented the sinkholes which had developed up to that time at the site, and set out how the infrastructure and building foundations should be designed. The restrictive covenant remains registered on title, and as a charge registered under the *Land Title Act*, the restrictive covenant was available to each purchaser of a lot in the subdivision. This means each property owner should have been aware of the geotechnical attributes of the land.

In June 2012, a sinkhole appeared on Seawatch Lane. In February 2015, another large sinkhole damaged one of the residences, to the point where the owners could no longer continue to live there. At approximately the same time, Gale Avenue North was also undermined. There was further deterioration in the condition of Gale Avenue North in early 2018, and part of the road has been closed to vehicle traffic. In September 2018, another sinkhole appeared on one of the remaining undeveloped lots owned by Concordia.



Following the appearance of the large sinkhole in February 2015, the affected owners commenced legal action. Five other Seawatch owners commenced additional legal actions subsequently, but some of these have been discontinued. Currently, two owners have ongoing litigation. The District of Sechelt is just one of the defendants in this litigation. The other parties include;

- Concordia,
- engineering firms,
- Concordia's contractor,
- the home warranty provider, and
- real estate agents.

A trial is set for March 23, 2020. Sechelt staff and Council have a responsibility to respect the current legal proceedings and cannot comment on these matters.

Since 2012, costs to the District of Sechelt are more than \$500,000 in engineering and contracting services (not including staff time) on the Seawatch subdivision. The District of Sechelt has conducted road repairs, filled holes, and retained independent consulting engineers to monitor the situation and to investigate the geotechnical issues relating to the subdivision. All of the engineering reports have been provided to the Seawatch residents, and many have also been posted on the District of Sechelt web site.

The District of Sechelt has very limited powers to require property owners to leave their own homes, particularly in the case of properties for which there have been no reports of physical damage. In the circumstances, the District of Sechelt believes that its best course of action is to give the owners any engineering information and warnings which it is able to pass on.

In July of 2015, the District of Sechelt held a meeting with the Seawatch residents to discuss the findings of the hired experts. At that time, the residents were given the following information:

- Of all the options the most comprehensive solution would involve a combination of site dewatering, partial infrastructure replacement, and repairs to the existing roads. A site dewatering program would involve drilling several wells at different locations in the subdivision, and operating pumps on a continuous basis to remove groundwater.
- The total cost of these measures, would be in the order of \$10,000,000 (2015 dollars). However, there was no guarantee that these measures would work, so that even an expenditure of this magnitude might not produce a stable, long-term solution.
- The District of Sechelt does not have \$10,000,000 available to spend while attempting to recover the costs from the responsible parties. To borrow the money would require the assent of all the residents through a District-wide referendum or through an Alternative Approval Process. The principle and interest payments on a \$10 million debt would be about \$700,000 per year for 20 years. This would require an immediate 8.5% property tax increase.



The District of Sechelt informed the residents that it would not undertake the kind of repair and reconstruction program described above. Both representatives of the District of Sechelt and residents in the subdivision have contacted the Provincial Government on more than one occasion, and been advised that the Provincial Government will not assist as the situation does not qualify under the emergency response program.

The District of Sechelt will continue to hire professional engineers to monitor the roads and make those reports available directly to the Seawatch residents and, through the website, to the general public. The District of Sechelt will continue to act in the best interests of the municipality.