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**REPORT TO ELECTORAL AREA SERVICES COMMITTEE  
MEETING OF WEDNESDAY, 6 MAY 2009**

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**SUBJECT**      **Petition from Gossip Island Residents to Establish a Service and to Provide Capital Financing for the Supply of Electric Power Cabling to Gossip Island**

**PURPOSE**

The purpose of this report is to request Board approval to establish a service based on a Petition received from Gossip Island residents. The following bylaws are required to establish the service and supply the capital financing required to fund the project:

- Establishment Bylaw No. 3578 cited as "Gossip Island Power Supply Service Establishment Bylaw No. 1, 2008"
- Bylaw No. 3579 cited as "Gossip Island Electric Power Supply Service Loan Authorization Bylaw No. 1, 2008".

**BACKGROUND**

Several months ago a representative from the Gossip Island Electrification Society approached the Capital Regional District (CRD) with a view to obtaining capital financing of \$770,000 to replace the electric cables connecting Gossip Island to Galiano Island.

The existing cables have apparently been in place for 26 years and the residents were advised that the cables have a lifespan of around 25 years. The original cables were paid for by the residents of Gossip Island who are connected to the Gossip Island electrical distribution system which is managed by the Gossip Island Electrical Society. The society has been discussing the replacement of the cables with their members at their annual general meetings for the last three years.

The society has been seeking a method for obtaining approval of the residents to raise capital in order to finance replacement of the existing cables. Discussions have been on-going between the Gossip Island Electrification Society and B.C. Hydro regarding a replacement contract. The intent of contracting with B.C. Hydro to replace the cables is because B.C. Hydro has agreed to assume responsibility for the on-going maintenance of the cables if they do the installation. The society chose to circulate a Petition in order to seek approval of the electors to establish a service at the CRD for the purpose of borrowing sufficient funds to pay for the replacement cables. Only the properties agreeing to participate in the service have signed the petition and will form the local service area. The CRD Corporate Secretary has reviewed the Petition and a Certificate of Sufficiency is attached.

There are 67 taxable properties on Gossip Island and 56 of the properties have petitioned to belong to the service. A parcel tax was deemed the most suitable method of recovery. A draft five year budget estimates that if \$770,000 is borrowed with a 15 year term, the maximum requisition would be \$85,310 and the estimated parcel tax would be \$1,523. A copy of a provisional five year budget is attached.

**ALTERNATIVES**

1. That the Board accept the Petition from Gossip Island Residents as sufficient to establish a service to provide capital financing and that:

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- (a) Bylaw No. 3578, "Gossip Island Electric Power Supply Service Establishment Bylaw No. 1, 2009" be introduced and read a first time, read a second time and read a third time;
  - (b) That Bylaw No. 3579, "Gossip Island Electric Power Supply Service Loan Authorization Bylaw No. 1, 2009" be introduced and read a first time, read a second time and read a third time.
2. That the Board decline the request to establish a service and provide capital financing.

**FINANCIAL IMPLICATIONS**

The 56 taxable properties will each bear a parcel tax of approximately \$1,523 per year. The provisional budget assumes the full MFA borrowing in the fall of 2009. If the works proceed during 2009, the Five Year Financial Plan will be amended to add a budget for this service.

**SUMMARY/CONCLUSIONS**

The residents of Gossip Island have petitioned the CRD in order to establish a service that will allow for the borrowing of \$770,000 to replace electrical cables between Gossip Island and Galiano Island. The petition has been certified as sufficient to meet the requirements of the Local Government Act. If the Board accepts the Petition, the next step is to establish a service for the purpose of borrowing sufficient funds to pay for the replacement cables.

**RECOMMENDATIONS**

That the Board accept the Petition from Gossip Island Residents as sufficient to establish a service to provide capital financing and that:

- (a) Bylaw No. 3578, "Gossip Island Electric Power Supply Service Establishment Bylaw No. 1, 2009" be introduced and read a first time, read a second time and read a third time;
- (b) That Bylaw No. 3579, "Gossip Island Electric Power Supply Service Loan Authorization Bylaw No. 1, 2009" be introduced and read a first time, read a second time and read a third time.

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**COMMENTS**

Attachments: 5