



**REPORT TO ELECTORAL AREA SERVICES COMMITTEE
MEETING OF WEDNESDAY 04 NOVEMBER 2009**

SUBJECT **COMMUNITY WORKS FUND – SALT SPRING ISLAND WATER PROJECTS**

PURPOSE

To present recommendations for the allocation of funds reserved for the Salt Spring Island Electoral Area from the 2009 and 2010 Community Works Fund (CWF) Federal Gas Tax Rebate program.

BACKGROUND

A CWF was established to support the achievement of local priorities that are consistent with the desired outcomes of greenhouse gas emission reduction, cleaner air and cleaner water. The Capital Regional District (CRD) has been allocated funds for the electoral areas, including SSI through the Union of BC Municipalities (UBCM).

At the request of Salt Spring Island Electoral Area Director, Garth Hendren, the allocation of CWF funding has been proposed for three local service drinking water infrastructure projects and a strategic plan. Each of the infrastructure projects has experienced a large shortfall in funding required to complete immediately necessary infrastructure improvements. The strategic plan for water and sewer services relates to the entire electoral area, for which no related service exists to recover costs.

The projects are summarized as follows:

1. **Beddis Water Service Area – Completion and Commissioning of Water Treatment Plant**

Construction of a new water treatment plant for the Beddis water service area was initiated as part of a larger infrastructure upgrade project in 2005. The project was funded by a provincial infrastructure grant and public approval to borrow through the Municipal Finance Authority. The full grant and approved borrowing amounts have been expended, as well as all funds held in reserve for the service area. Construction of the treatment plant and distribution works remain incomplete. The bare cost and minimum funding shortfall to complete and commission the treatment plant is estimated at approximately \$182,000 (exclusive of contingency), or \$1,320 per taxable folio. It is proposed that CWF funding of \$80,000 and \$62,000 be provided for this project from 2009 and 2010 allocations, respectively, for a total of \$142,000. The estimated minimum net shortfall of \$40,000, or \$290 per taxable folio, would be raised from the service area through taxes or fees. The additional cost to complete distribution works included in the original project scope is roughly estimated at \$260,000. Lower cost alternatives to the original project plan for this work will be considered.

2. **Fulford Water Service Area – Water Service Interconnections and Customer Metering**

Like Beddis, the Fulford water service area undertook a project in 2005 to construct a new water treatment plant, as well as improvements to the distribution system. The Fulford water treatment plant is complete and operating; however, incomplete work on the distribution system prevent the delivery of treated water to a portion of the service area and, although water metering components have been purchased, they have not been installed, leaving most of the service connections unmetered. As with Beddis, the original Fulford grant authorized borrowing and reserve funds are fully spent, leaving an estimated \$105,000 minimum funding shortfall (\$1,039 per taxable folio) to complete 16 water service connections to the new watermain on Sunnyside

Drive, complete water and sewer interconnections to the Fulford Elementary School and install water meters on all unmetered service connections. It is proposed that CWF funding of \$30,000 and \$45,000 be provided for this project from 2009 and 2010 allocations, respectively, for a total of \$75,000. The estimated minimum net shortfall of \$30,000, or \$297 per taxable folio, would be raised from the service area through taxes or fees.

3. Cedars of Tuam Water Service Area – Access and Reliability Improvements to Existing Well System

The Cedars of Tuam water service area is served by a marginal well in an easement on private property adjacent to the service area, which has poor access for operation and maintenance. To date, efforts to secure a cost-effective alternative water source have proven unsuccessful.

Staff and the local service committee have considered two alternatives for use of the available project funds of approximately \$65,000. One alternative is to develop and test a well in a proposed easement on nearby property owned by the Gulf Islands School District, at an estimated cost in the range of \$50,000. Should the well prove viable, the unfunded cost to connect the well to the service area would likely be in the range of \$100,000 to \$300,000 (\$6,250 to \$18,750 per taxable folio), suggesting this approach is not currently feasible. A second alternative is to install remote monitoring at the existing well site, install a filter to protect the chlorinator and supply meter from silt, and improve access to the well site for the purposes of operation, maintenance and delivery of bulk water as required. The estimated cost of this alternative is roughly \$100,000, leaving a funding shortfall of \$35,000 (\$2,190 per taxable folio). It is proposed that CWF funding of \$30,400 be provided from the 2009 allocation for remote monitoring, improved filtration and improved access to the existing Cedars of Tuam well system. The estimated minimum net shortfall of \$4,600, or \$288 per taxable folio, would be raised from the service area through taxes or fees.

4. Salt Spring Island Electoral Area – Strategic Plan for Water and Sewer Services

To date, planning for the provision of water and sewer service on Salt Spring Island has been conducted at the scale of individual service areas. No CRD service exists for the purpose of funding planning or management outside local service areas. As a result, the process of conversion of improvement districts to CRD services has occurred on an ad-hoc basis. Staff levels for planning and administration of water and sewer services on Salt Spring Island are insufficient to properly accommodate the growing number of requests by improvement districts to investigate conversion to services of the CRD. Existing service areas are not sufficiently large to individually fund long-term capital planning and infrastructure renewal.

For these reasons, staff have recognized the need to develop a strategic plan for water and sewer services. Based on similar projects recently undertaken by other regional districts, the development of a strategic plan for the Salt Spring Island Electoral Area could be completed at a cost of roughly \$90,000 (\$16 per taxable folio). This project has been included as an objective of the 2010 business plan for the Operations and Local Services Division. However, no funding source exists for this project. It is proposed that CWF funding of \$90,000 be provided from the 2009 allocation to fully fund the development of a strategic plan for water and sewer services in the Salt Spring Island Electoral Area.

The aggregate proposed CWF funding for these projects is \$230,400 from the 2009 allocation and \$107,000 from the 2010 allocation, or \$337,400 in total. These projects are consistent with the criteria for CWF funding under the *Water and Wastewater* and *Capacity Building* categories.

ALTERNATIVES

1. That the Electoral Area Services Committee recommend to the CRD Board that funding from the Salt Spring Island Electoral Area Community Works Fund be allocated as follows:
 - Beddis water service area: \$142,000 for completion and commissioning of a new water treatment plant.
 - Fulford water service area: \$75,000 for water service interconnections and customer metering.
 - Cedars of Tuam water service area: \$3,400 for improvements to access and reliability of the existing well system.
 - Salt Spring Island Electoral Area: \$90,000 for the development of a strategic plan for water and sewer services.
2. That the Electoral Area Services Committee not recommend that the CRD Board approve funding for the proposed projects from the Salt Spring Island Electoral Area Community Works Fund.

FINANCIAL IMPLICATIONS

1. For 2009, a total grant of \$342,124 is available for use in the Salt Spring Island Electoral Area under the CWF (Gas Tax Agreement). A further grant of \$338,134 is available in each of the next four years, for a total of \$1,696,201. It is proposed to allocate a portion of the available 2009 and 2010 funding to the above projects. The proposed total allocation of \$337,400 represents roughly half of the total available allocation in 2009 and 2010 combined, leaving a similar amount available for other initiatives. A summary of the status of CWF allocations for the CRD electoral areas is provided in Attachment 1.

The proposed distribution of funding among the three water service areas results in a roughly equal estimated minimum net shortfall in the range of \$300 per taxable folio after CWF funding. The shortfall will be recovered through taxes or fees in each service area.

2. If the CRD Board does not support the proposed allocation of CWF funds, the project funding shortfalls will be recovered through taxes and fees in each service area subject to committee approval. The tax and fee increases would likely pose financial hardship on many service area residents.

SUMMARY

At the request of the Salt Spring Island Electoral Area Director, CWF (Gas Tax) funding for four projects relating to water infrastructure has been considered by staff. The proposed funding meets eligibility requirements and provides needed financial assistance.

RECOMMENDATION

That the Electoral Area Services Committee recommend to the Capital Regional District Board that funding from the Salt Spring Island Electoral Area Community Works Fund be allocated as follows:

- Beddis water service area: \$142,000 for completion and commissioning of a new water treatment plant.
- Fulford water service area: \$75,000 for water service interconnections and customer metering.
- Cedars of Tuam water service area: \$3,400 for improvements to access and reliability of the existing well system.
- Salt Spring Island Electoral Area: \$90,000 for the development of a strategic plan for water and sewer services.



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COMMENTS

CS/TR:ls
Attachment: 1

Capital Regional District
Community Works Funds

	JdF	SSI	SGI	Total
Grant received 05/06	49,572	108,609	51,938	210,119
Grant received 06/07	49,537	108,534	51,902	209,973
2006 Interest earned	2,757	5,780	2,712	11,249
Total for year 2006	101,866	222,923	106,552	431,341
Grant received 06/07	33,269	71,864	34,805	139,938
Grant received in 2007	34,624	68,785	36,344	139,753
Use of funds:				
St. Mary's Lake Compressor		-25,000		-25,000
Ganges Transportation Study		-24,988		-24,988
2007 Interest earned	5,156	11,321	5,394	21,871
Total for year 2007	73,050	101,982	76,543	251,574
Balance as at Dec. 31, 2007	174,916	324,905	183,095	682,915
Grant received 2008	43,362	86,143	45,515	175,020
Grant received 2008	43,362	86,143	45,515	175,020
2008 Interest earned	5,108	9,350	5,349	19,807
Use of funds:				
Composting Pilot		-30,000		-30,000
Pathways Project		-50,000		-50,000
Committed Projects*		-425,000	-265,700	-690,700
Total for year 2008	91,832	-323,364	-169,321	-400,853
Balance as at Dec. 31, 2008	266,748	1,541	13,774	282,062
Grant received in 2009 to Sep. 29	83,358	176,154	92,845	352,357
Grant expected in Nov. 2009	91,195	165,970	88,690	345,855
2009 Interest earned to Sep 29	1,429	2,302	112	3,842
Uncommitted balance at Sep 29, 2009**	442,730	345,967	195,421	984,116
Committed Use of funds 2009				
Beddis Water		-80,000		-80,000
Fulford		-30,000		-30,000
Cedars of Tuam		-30,400		-30,400
Strategic plan for water and sewer		-90,000		-90,000
Total committed funds 2009	0	-230,400	0	-230,400
Uncommitted balance at Oct. 2009	442,730	115,567	195,421	753,716
Grant expected in 2010	172,517	338,134	179,418	690,069
Committed Use of funds 2010				
Beddis Water		-62,000		
Fulford		-45,000		
Total committed funds 2010	172,517	231,134	179,418	690,069
Uncommitted balance at Dec. 2010	615,247	346,701	374,839	1,443,786
Grant expected in 2011	172,517	338,134	179,418	690,069
Grant expected in 2012	172,517	338,134	179,418	690,069
Grant expected in 2013	172,517	338,134	179,418	690,069
Total uncommitted & expected	1,132,799	1,361,103	913,093	3,513,994

* Salt Spring Island is committed to the Pathways Project and Southern Gulf Islands is committed to metering equipment as approved by the Board.

Note: Interest will be earned on all amounts on hand at the going rate.