



**REPORT TO JUAN DE FUCA WATER DISTRIBUTION COMMISSION
MEETING OF TUESDAY, 3 MAY 2011**

SUBJECT Bylaw No. 3782 "Juan de Fuca Water Distribution Facilities Loan Authorization Bylaw No.1, 2011"

ISSUE

Funding of the 2011 five year capital program being undertaken by the Juan de Fuca Water Distribution Commission will require borrowing of \$13,000,000 for the purpose of acquiring, designing and constructing water distribution facilities.

BACKGROUND

Based on the capital plan (Attachment 1), the borrowing of up to \$13,000,000 will be required over the next five years to meet the cash requirements for the capital projects included in the 2011-five year capital plan projections approved by the Board on March 30, 2011.

Borrowing will occur annually to fund the projects approved by the Commission.

Under the Local Government Act, participating area approval is required for the approval of the loan authorization. There are two options available for obtaining participating area approval:

- a) Assent from the electors may be given by voting (Referendum); or
- b) Participating area approval of the electors may be given by the alternative approval process.

Assent from electors by voting (referendum) is very expensive. Participating area approval of the electors by the alternative approval method is less costly and its success is dependent if less than 10% of the eligible electors oppose to the adoption of the bylaw.

The Commission at its recent meeting of April 5th, 2011, agreed to accelerate its fire flow upgrade program to provide fire flows that will meet the Fire Underwriters Survey recommended levels for fire protection over the next 5-years (2012-2016) for an estimated capital cost of \$9,400,000. Cash needs for the accelerated fire flow upgrade program are not included in this proposed borrowing of \$13,000,000.

ALTERNATIVES

1. That the Juan de Fuca Water Distribution Commission recommend to the Board that Bylaw No. 3782, "Juan de Fuca Water Distribution Facilities Loan Authorization Bylaw No. 1, 2011" be introduced and read a first time, read a second time, read a third time and that the alternative approval process be used to obtain elector approval for the entire service area.
2. That the Juan de Fuca Water Distribution Commission recommend to the Board that Bylaw No. 3782, "Juan de Fuca Water Distribution Facilities Loan Authorization Bylaw No. 1, 2011" be introduced and read a first time, read a second time, read a third time and that the referendum process be used to obtain assent from the electors by voting.
3. That the Juan de Fuca Water Distribution Commission fund the capital works program from the limited operating cash flows if any, and defer the rest for an extended period of time.

FINANCIAL IMPLICATIONS

Alternative 1. Alternative approval process would be far less costly than alternative 2 and would take approximately three months to complete the process.

Alternative 2. Assent of the electors by referendum would cost approximately \$40,000 and would take approximately four to five months to complete the process which would delay the planned 2011 capital projects.

For both alternative 1 & 2, the debt servicing costs for 2011 borrowing as shown in Attachment 1, has been included in the 2011 operating budget.


Alternative 3. Involves using any revenues in excess of expenditures to fund the capital projects. Due to volume fluctuations in consumption, excess revenue may not be adequate or available to fund the capital works hence would require postponement of a significant portion of the capital works to approximately seven years. Alternative 3 is therefore not recommended.

SUMMARY


The approved 5-year capital works program is required to sustain the existing Juan de Fuca Water Distribution growth infrastructure. The most effective way of funding these projects is through the approval of a loan authorization bylaw in the amount of \$13,000,000. Alternative 1 is the recommended alternative. This borrowing however, does not include the required funding (\$9,400,000) related to the accelerated fire flow upgrade program that was approved by the commission at the April 5th, 2011 meeting.

RECOMMENDATION


That the Juan de Fuca Water Distribution Commission recommend to the CRD Board that Bylaw No. 3782, “Juan de Fuca Water Distribution Facilities Loan Authorization Bylaw No. 1, 2011” be introduced and read a first time, read a second time, read a third time and that the alternative approval process be used to obtain elector approval.




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per 

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Kelly Daniels, CAO
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Attachment

COMMENTS:

CAPITAL REGIONAL DISTRICT

BYLAW NO. 3782

A BYLAW TO AUTHORIZE THE BORROWING OF THIRTEEN MILLION DOLLARS (\$13,000,000) FOR THE PURPOSE OF ACQUIRING, DESIGNING AND CONSTRUCTING WATER DISTRIBUTION FACILITIES IN THE WESTERN COMMUNITIES OF THE JUAN DE FUCA DISTRIBUTION.

WHEREAS:

- A. Under Bylaw No. 2537. "Water Supply Local Service Area Establishment Bylaw No. 1, 1997", and as amended by subsequent bylaws, the Board of the Regional District established a local service for the purpose of supplying water in the Regional District;
- B. The Board of the Capital Regional District may, by bylaw, borrow money for capital purposes in designing and constructing water works facilities in the Regional District;
- C. The estimated cost of acquiring land, designing and constructing the water works facilities including expenses incidental thereto, is the sum of Thirteen Million Dollars (\$13,000,000) which is the amount of debt intended to be authorized by this bylaw;
- D. The Board of the Capital Regional District has by resolution passed by at least 2/3 of the votes cast, permitted assent of the electors to be given in the entire proposed service area pursuant to section 801 of the *Local Government Act*;
- E. The approval of the Inspector of Municipalities is required under section 819 of the *Local Government Act*;
- F. Pursuant to Section 801.3 of the *Local Government Act*, participating area approval for the entire service area shall be obtained by alternative approval process.
- G. It is proposed that the financing of the said facilities is to be undertaken by the Municipal Finance Authority of British Columbia pursuant to proposed agreements between that Authority and the Capital Regional District;

NOW THEREFORE the Board of the Capital Regional District in open meeting assembled, enacts as follows:

1. The Board is hereby empowered and authorized to undertake and carry out or cause to be carried out the acquisition of land, planning, study, design and construction of buildings, plant, mains, dams, and other water works facilities and equipment herein before described and to do all things necessary in connection therewith and without limiting the generality of the foregoing:

- a) to borrow upon the credit of the Regional District a sum not exceeding Thirteen Million (\$13,000,000);
 - b) to acquire all such real property, easements, rights-of-way, leases, licenses, rights or authorities as may be requisite or desirable for or in connection with the acquisition of land, planning, study, design and construction to add, replace, upgrade water works facilities and all related ancillary works, studies and equipment deemed necessary by the Board.
2. The maximum term for which debentures may be issued to secure the debt intended to be created by this bylaw is 15 years.
3. This Bylaw may be cited as "Juan de Fuca Water Distribution Facilities Loan Authorization Bylaw No. 1, 2011".

READ A FIRST TIME THIS	th	day of	2011
READ A SECOND TIME THIS	th	day of	2011
READ A THIRD TIME THIS	th	day of	2011
THIRD READING RESCINDED AND REREAD THIS	rd	day of	2011
APPROVED BY THE INSPECTOR OF MUNICIPALITIES THIS		day of	2011
RECEIVED PARTICIPATING AREA APPROVAL UNDER SECTION 801.3 OF THE LOCAL GOVERNMENT ACT THIS	th	day of	2011
ADOPTED THIS	th	day of	2011

CHAIR

CORPORATE OFFICER

CAPITAL REGION WATER SUPPLY		ATTACHMENT-1					
2011 - 5 YEAR CAPITAL BUDGET - DISTRIBUTION SYSTEM							
(\$'000 - 2010 DOLLARS)							
	2011 including 2010 carry over	2012	2013	2014	2015	5 yr Total including carry- over	
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	
Distribution System Replacement and Upgrading							
Duke Road - 633m of 200mm pipe	325	2,200	2,200	2,200	2,200	8,800	
Helmcken Road - 148m of 200mm pipe	80					80	
Maple Avenue - 870m of 200mm pipe	440					440	
Hockering Road - 164m of 150mm pipe	70					70	
Marlene Drive - 220m of 200mm pipe	110					110	
Glen Lake Road - 910m of 200mm pipe	440					440	
Glennan Road - 92m of 200mm pipe	55					55	
Selmar Road - 38m of 150mm pipe	25					25	
Klahanie Drive - 540m of 250mm pipe	330					330	
Treanor Road - 80m of 250mm pipe	60					60	
Bellamy Road - 25m of 250mm pipe	20					20	
Island Hwy - 250m - 300mm pipe	250					250	
Accelerated fire protection upgrading							
Webb Place - 165m of 150mm dia	70	600	600	600	600	2,400	
Dickerson Place - 162m of 150mm dia	70					70	
Bidwell Place - 152m of 150mm dia	70					70	
Carol Ann Place - 171m of 150mm dia	70					70	
Heaslip Place - 165m of 200/150mm dia	75					75	
Merle Place - 143m of 150mm dia	60					60	
Fulton Road - 180m of 300mm pipe	170					170	
Other Distribution System Improvements							
Comprehensive Condition Assessment of Pump Stations	75					75	
New System for Bulk Water Stations	60	60	60			180	
Former No.6 Water Main - 2,200m of 600m Pipe	100	1,200	1,000			2,300	
Hydraulic Model Update - Phase 2	50					50	
New PRV intersection of Players Dr & Bear Mtn Pkwy	40					40	
Replace Walfred Pump Station	1,000					1,000	
Bilston Creek (Metchosin Rd) - Replace Pipe Bridge	55					55	
Back-up Power to Critical Facilities	40	40				80	
Decommission Whisperwind Reservoir/Amgask PCS	140					140	
Helgesen Reservoir - Piping to Improve Water Quality	165					165	
Expand 143m Zone - Revise PRV location	30					30	
SCADA for Victoria General Hospital PRV	20					20	
SCADA Radio Tower for Silver Spray	60					60	
Kirby Reservoir - Decommission	80					80	
Meter Register Replacement	61	61	61	61	61	305	
Meter Replacement Study	145					145	
Meter Replacement		285	285	285	285	1,140	
Pump Station Replacement or Rehabilitation		500	500	500	500	2,000	
Trevane Pump Station Replacement	350					350	
Thetis Crescent - Double Check Valve & Chamber	20					20	
Hydrant Replacement, Upgrades and Additions	70	70	70	70	70	350	
Meters/Meter Vaults Replacement, Upgrades and Additions	130	130	130	130	130	650	
Upgrade Distribution System Components and Security	40	40	40	40	40	200	
Improve Distribution Reservoir Circulation	50	50	50	50	50	250	
Scada/Flow Meters for Lead PRVs	40	40	40	40	40	200	
Flow Meters for Existing Pump Stations	30	30	30	30	30	150	
Distribution System Improvements	100	100	100	100	100	500	
Total- excluding Vehicle & Eqpt replacement ERF	\$ 5,741	\$ 5,406	\$ 5,166	\$ 4,106	\$ 4,106	\$ 24,525	
JDF Water Distribution's share of Combined Projects							
Transfer SCADA Sites to Wireless Communication	20					20	
SCADA Alarm Management Software	18					18	
Improving HVAC at 479 Island Highway	28					28	
- Utility Billing bill pay website upgrade	4					4	
- Water Website Navigation Redesign	3					3	
- GeoLinx Phase II	4					4	
- SCADA Performance Server	13					13	
- SCADA Data management software OSI PI SCADA	13					13	
SCADA Hardware Upgrading and Replacement	33	18	18	18	18	103	
Office Equipment, Upgrades and Replacement	14	14	14	14	14	68	
Waterworks Utility Equipment Replacement	13	13	13	13	13	63	
Computer Upgrades	62	63	63	63	63	312	
Sprinkler Upgrades to Buildings at 479 Island Highway	40					40	
Total Combined projects	\$ 262	\$ 106	\$ 106	\$ 106	\$ 106	\$ 686	
Grand total excluding projects funded by Equipment Replacement Fund	\$ 6,003	\$ 5,512	\$ 5,272	\$ 4,212	\$ 4,212	\$ 25,211	
Average funds available from water revenue to transfer to capital	\$ (3,100)	\$ (2,100)	\$ (2,100)	\$ (2,100)	\$ (2,100)	\$ (11,500)	
Projected cash flow requirements	\$ 2,903	\$ 3,412	\$ 3,172	\$ 2,112	\$ 2,112	\$ 13,711	
PROJECTED BORROWING FROM MFA	\$3 mill	\$3 mill	\$3 mill	\$2 mill	\$2 mill	\$13 mill	