



**STAFF REPORT TO LYALL HARBOUR/BOOT COVE WATER LOCAL SERVICE COMMITTEE
MEETING OF THURSDAY, 03 JULY 2008**

SUBJECT **PROJECT APPROVAL FOR CAPITAL WORKS INCLUDING WATER PLANT UPGRADE,
STORAGE RESERVOIR AND WATER METERING**

PURPOSE

To provide the Lyall Harbour/Boot Cove Water Local Service committee with details and costs for the proposed capital project to upgrade the Lyall Harbour water system, for which the Capital Regional District (CRD) has received notice of an infrastructure grant under the Municipal Rural Infrastructure Fund (MRIF), and to obtain direction from the committee on how it would like to proceed to poll the electors for authority for the CRD Board to borrow the necessary funds.

BACKGROUND

The CRD has been successful in its application under the MRIF program for an infrastructure grant for a project which includes the following:

1. New DAF water treatment plant.
2. New storage reservoir to be mounted at the existing reservoir site.
3. Meters for each parcel.
4. Residuals management system.

Project Funding

The grant will pay two-thirds of the eligible costs expended on the project to a maximum of \$852,800 based on the total eligible costs for the project of \$1,279,200. The committee should note that no direct costs of CRD staff have in the past been considered eligible for recovery from the grant. As was indicated in the staff report to committee in January of 2007 respecting the original application, project management costs of \$50,000 needed to be provided in addition to the project commitment. These funds may be borrowed or provided through the annual operating budget.

Borrowing for design and construction of the works, as they progress, is arranged by finance staff twice per year through the Municipal Finance Authority. Finance staff will work with the project manager to ensure there are sufficient funds available to meet the anticipated expenditures for the upcoming construction period. Staff will present to the committee a five year capital plan as part of the annual operating budget. A background document setting out the borrowing and administration costs for the project by year will be developed for the committee in support of the five year plan.

Authorization to Borrow

The committee will be seeking approval of the electors to authorize the CRD Board to borrow the Lyall Harbour share of the project. Typically the CRD would borrow over 15 years for the project.

Approval of Electors

The *Local Government Act* provides three methods to obtain authority for borrowing including petition by property owners, alternate approval and approval of electors through referendum. Alternate approval and

referendum methods are both initiated by the CRD Board. The borrowing bylaw is given three readings, to initiate the process. Under the alternate approval process, the Board will advertise its intentions to borrow the funds and invite electors to formally submit their opposition. If after a fixed period of time, minimum 30 days, 10% of the electors of the area oppose the borrowing, the approval is defeated. For a referendum, the bylaw process is the same as for the alternate approval process, however the CRD will retain a returning officer to host a referendum, including advanced polls, all on Saturna Island. A majority of the electors voting yes or no at the referendum will determine the success or failure of the question. For both the referendum and alternate approval processes, *elector* is defined in government legislation as follows:

- Canadian Citizen
- Resident of BC for the past six months
- Resident of Lyall Harbour water area for the past 30 days
- 18 years of age or older
- A non resident property owner may apply to vote

The petition process is quite different. The petition is a document, typically prepared by CRD staff, which is circulated to property owners (not electors), by the Lyall Harbour/Boot Cove Water Local Service committee. A signature by the owner of a property or properties constitutes a valid petition. If a majority of property owners in the Lyall Harbour water area agree to the borrowing, the CRD Board is notified. The Board will certify the petition as being sufficient and will pass the necessary bylaws and submit to the province for approval. An *owner* for this exercise is the person or persons registered on title for the parcel or parcels. Note that an owner of multiple parcels is considered by this process as only one owner.

The committee will need to advise staff which method they wish to proceed with. If by referendum, there is some cost savings to be realized if the question can be asked in concert with the upcoming election for the Regional Director in November. If the committee wishes to move forward for this date, the borrowing bylaw needs to be forwarded to the Board from the committee by mid August. The committee in the past has suggested that property owners should make decisions respecting funding. If this is the case the Petition process would be a more suitable choice for the committee.

Public Process

The committee will need to plan for a process to convey information about the project and costs to the water area owners and residents. Staff would suggest an open house format which provides for much information to be conveyed as information panels, and provides an opportunity for questions to be fielded by staff in small groups. There is also an opportunity for residents to write down their concerns and questions for review by the committee and staff after the event. Typically the open house is followed by an information letter or letters which address questions raised at the event and provides further details on how they will be polled. The event could be staged in concert with the annual general meeting or held separately to allow the event more exposure without the same time constraints.

Items to be covered off as part of the public process include:

- scope of the project
- details of the project components
- rationale for the project as outlined
- benefits to Lyall Harbour
- capital costs, annual borrowing costs, resulting parcel tax rates
- operating cost implication of new plant
- means to obtain voter assent
- schedule

The committee will need to agree on this process and develop a schedule for the program.

CONCLUSIONS

The Lyll Harbour/Boot Cove Water Local Service committee, through the CRD, has received an infrastructure grant under the Federal Provincial MRIF offering to pay up to two-thirds of eligible expenditures for a project to provide significant upgrading to the water system. To fund the water area's share of the costs, the committee will need to seek the approval of the water area for the CRD to borrow the necessary funds. The committee will need to identify for staff the proposed method to gain the assent of the electors and to agree to a schedule and general program for conveying information to the public.

ALTERNATIVES

1. That the Lyll Harbour/Boot Cove Water Local Service committee agree to petition the water area property owners to obtain support for a borrowing for the water district's share of the capital costs for the proposed upgrade program and provide staff with a tentative date for an open house for the project.
2. That the Lyll Harbour/Boot Cove Water Local Service committee direct staff to prepare the borrowing bylaw for consideration in August to be then forwarded to the Board for the September meeting with a request for the Board to include the question as a referendum to be held in concert with the November municipal elections.
3. That the Lyll Harbour/Boot Cove Water Local Service committee direct staff to prepare the borrowing bylaw for consideration in August to be then forwarded to the Board with a request for the Board to host an alternative approval process by a specified date.

FINANCIAL IMPLICATIONS

The cost to obtain the assent of the electors will be a cost to Lyll Harbour / Boot Cove water local service area. The magnitude of the cost is somewhat dependent on the method chosen to obtain approval however there will be costs for CRD staff to prepare petition documents, bylaws, presentation panels and newsletters as applicable. These costs, typically in the range of \$5,000, can be provided from the reserve fund in which there was \$13, 943 at the end of 2007.

RECOMMENDATION

That the Lyll Harbour/Boot Cove Water Local Service committee:

1. agree to petition the water area property owners to obtain support for a borrowing for the water district's share of the capital costs for the proposed upgrade program;
2. provide staff with a tentative date for an open house for the project; and
3. provide for an expenditure of \$5,000 for the process, funded from the reserve fund.



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