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August 20, 2020

File: 5220-20

## INFORMATION LETTER TO PROPERTY OWNERS IN THE SEWER SERVICE AREA

Dear Property Owner:

**RE: MAGIC LAKE ESTATES WASTEWATER RENEWAL PROJECT UPDATE AND LUMP SUM PREPAYMENT OPTION**

Please be informed that Phase 1 of the wastewater renewal project is proceeding well. You may recall that the Capital Regional District (CRD) held a referendum on November 23, 2019 to borrow \$6 million to complete sewer, pump station and treatment plant upgrades. For more information on the scope of work please go to [www.crd.bc.ca/magiclake-sewer](http://www.crd.bc.ca/magiclake-sewer).

The referendum was successful and the CRD has proceeded to retain Stantec Consulting to complete the design of about 3km of sewer replacement which should be complete this fall and construction could commence over the winter and next spring, 2021. In addition, the CRD with the approval of your local Committee, has submitted an application to the Investing in Canada Program for \$5.65 million that, if successful, would enable the completion of most of the Phase 2 and 3 work as well.

During the referendum, residents were informed that property owners could choose to pay a one-time lump sum cost for their share of the capital cost rather than paying debt-servicing costs over the 30-year amortization period. This letter is to advise you of the process for making the one-time payment. On the reverse side of this letter is a more detailed outline of the process, but the key thing to note is that, if you choose to make the one-time payment, your lump sum amount must be received at the CRD office in Victoria (see the address on the back) prior to 4:00 p.m., November 27, 2020.

Meanwhile, should you have any questions please visit the website above or call CRD Finance at 250-360-3033.

Yours truly,

Malcolm Cowley, P.Eng.  
Manager, Wastewater Engineering and Planning  
Integrated Water Services

The amount of the lump-sum payment is calculated as follows:

Total cost of the capital project to be paid by all parcel owners:	\$6,000,000
Less principal amount levied in the 2020 parcel taxes:	<u>- \$110,000</u>
Net principal amount to be paid:	\$5,890,000

Total number of parcel owners in the Magic Lake Estates Service Area: 714

Lump Sum Cost per parcel = \$5,890,000 divided by 714 = **\$8249.30**

The process for receiving the one-time lump sum payment will generally follow the Local Government Act for referendums as outlined below:

General Outline of Lump Sum Payment Process	Time Frame
1. Send notification letter to all 714 parcel owners using the addresses received from the Province for sending out annual parcel tax notifications (ie. this letter).	August 20, 2020
2. Post information on CRD website (ie. this letter).	August 20, 2020
3. Introduction, three readings and adoption by the CRD Board of a parcel tax Bylaw that enables the one-time lump sum payment	September 9, 2020
4. Include a note in the 3 <sup>rd</sup> quarter utility bill reminding recipients of the upcoming one-time lump sum payment.	Early October, 2020
5. Publish first Notice in Newspaper advising of Bylaw and Pre-payment Option	First week of November 2020
6. Publish second Notice in Newspaper	Second week of November 2020
7. <b>Deadline Date</b> for receiving the one-time lump sum payment.	<b>November 27, 2020</b>

There is no opportunity to make the one-time lump sum payment after November 27, 2020. All parcel owners who do not make the one-time lump sum payment will then be repaying the loan with debt-servicing costs over a 30-year amortization period.

As published at the April 27, 2019 open house and during the 2019 referendum, the estimated additional annual parcel tax amounts to pay off the \$6million loan over 30 years is estimated to be \$496/year. This amount was based on the total of 713 parcels (one more has been added since that time) assuming an interest rate of 3.5% for the first 10 years of the loan and 5% on the remaining 20 years. Parcel taxes can vary over the years depending if there are changes to the number of parcels and interest rates. Currently, interest rates are much lower than originally assumed so the parcel taxes should be lower for the first 10 years. The actual amount can be confirmed once the loan is locked in.

Payment must be sent to: CRD Accounts Receivable  
625 Fisgard Street  
PO Box 1000  
Victoria BC V8W 2S6

**Form of Payment must be either bank draft or certified cheque.**

Please reference your name and tax folio number on your form of payment.