Northwest Nanoose Residents Association

NNRA

Nanoose Bay Water Reservoir Improvement Project – Approval Process 08/07/24

The NNRA Board of Directors has gathered information on the RDN's proposed Nanoose Bay Water Reservoir Project, including attending an RDN information session where questions were asked and the answers were verified by Murray Walters, Manager of Water Services. The Board has decided to send the information obtained to the membership so that the residents affected are informed in order to make their own decision as to whether to oppose the proposed borrowing of nearly $1.2m to fund the project.

There are approximately 2600 residents that are involved (all residents that are serviced by the water system).

The RDN has decided an Alternative Approval Process (AAP) will be used to determine if the NBPWSA property owners support borrowing funds for this project.

If less than ten per cent of electors within the NBPWSA submit Elector Response Forms through the AAP, this will be considered adequate support from the property owners involved and the borrowing proposal will go to the RDN Board for approval before the project moves forward as designed. More information about the AAP will be added to this webpage in August.

If you are in favor you do not need to take any action, if you are opposed you need to submit the required form to the RDN prior to 4pm on September 16, 2024. The form is available on the RDN site at:
https://rdn.bc.ca/sites/default/files/inline-files/Elector%20Response%20Form_0.pdf

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Who can participate in the Alternative Approval

Participation in the Alternative Approval Process is only necessary if an eligible individual opposes the proposal. If an individual is in support of the proposal, no action is required.
An individual who is entitled to vote in general local elections, by-elections, or assent voting and can sign an elector response form during an Alternative Approval Process by virtue of living, or owning property, within the area defined for the Alternative Approval Process, which is the Nanoose Bay Peninsula Water Service Area.
Individuals must meet the following requirements to participate in the Alternative Approval Process:

- 18 years of age;
- Canadian citizen;
- Resident of British Columbia for at least six months;
- A resident *or* property owner in the area defined for the AAP (in this case, the Nanoose Bay Peninsula Water Service Area);
- Must not be disqualified under the *Local Government Act*, or any other **enactment from voting in an election, or be otherwise disqualified by law.**

Below you will find the information obtained, and you can also get information on the RDN website at:
https://www.getinvolved.rdn.ca/nanoose-bay-reservoir-aap

Water Reservoir Questions – July 16th Public Session
Answers Received from Murray Walters, Manager of Water Services
*(as interpreted by Rudi Widdershoven & **vetted by Murray Walters**)*

1) What are the consequences if the borrowing is not approved?

It could go to a referendum, has to be within 80 days of the AAP, which would cost $50-100k which is not realistic. The Arbutus reservoir needs to be done and would be done on its own via money from Savings and costs would be reflected in future property taxes. The Notch reservoir would have to wait and might be a referendum question during the 2026 elections and no doubt the costs will increase.

2) Why is there not more money in the reserves, especially when the life expectancy for a reservoir is known?

Good question, I have been here for 6 years and there was no renewal plan in place at that time. The good news is that we have a 20 year renewal plan in place now.

3) Why are the 2 projects tied together?

Purely to be efficient with human resources and costs.

4) Why is there a limit to the amount that the developer(s) contribute via DCCs?

The DCC Bylaw stipulated the percentage of the cost attributed to the developer. The numbers are approved by the Province when the bylaw is reviewed. A 50/50 split is considered normal for the addition of reservoir capacity to an existing water system to support development.

5) How many lots are expected to be added as part of the project?

Approximately 1600 residences are slated for the Lakes District development. A mix of single and multi-family.

6) What percentage of the water from the reservoirs will be used to service those lots when fully developed?

This is difficult to answer with a number as the water is shared amongst the entire water system. The new Notch reservoir capacity is required to meet fire storage requirements as the population increases, but it also greatly increases the amount of water that is available in case of emergencies/disasters and operational difficulties.

7) How much additional money will the RDN collect when those lots are hooked up?

The DCC charge is currently about $7,000 per lot/door will be collected as new developments come on stream. We are redoing the bylaw in 2024 to update the costs and content of the 20 year plan. RDN staff anticipate the new rate will be about $25,000. This will assist in offsetting the time frame for the loan to be paid off.

8) Will that revenue go into the reserves for water or into general revenues?

It will go into the DCCs' reserve account for water only.

UNDERSTANDING:

Upon conclusion of the public session our understanding was, in addition to the above:

a) That the Arbutus reservoir needs to be replaced regardless;
b) The new Notch reservoir is needed for the remainder of the development (1600+/- homes) that will be built under the Phased Development Agreement with the Fairwinds developers. The DCC bylaw sets their share of the associated costs to 49%;
c) That the RDN will be borrowing the $1.2m internally from the Nanoose Bay Bulk Water Supply Service Reserve, and as new lots come on additional DCCs will be put towards the loan which would shorten the term of the loan. Note that the properties in the Nanoose Bay Peninsula Water Service Area are the same properties in the Nanoose Bulk Water Service Area, so you are essentially paying yourselves interest.
d) That the 49% portion to be paid for by the developers, for the Notch reservoir is covered by the DCC Reserve Fund. The DCC reserve fund does not currently have enough funds to pay that amount, so the difference is also being borrowed. As DCC's are collected the loan is paid off and the DCC Reserve Fund continues to grow to pay for other infrastructure required to support development.

ADDITIONAL COMMENTS / QUESTIONS since the July 16th session:

A) The letter to the residents in the water service area included the following table:

Summary of Anticipated Project Funding:

Nanoose Bay Operating Budget	$24,772
Nanoose Bay Water Reserve Funds	$393,559
Development Cost Charge (DCC) Funds	$862,923
Long Term Borrowing	$1,197,795
Nanoose Reservoir Project Budget:	$2,479,049

A) Upon digging up and reviewing the Staff Report for Nanoose Bay Peninsular Water Service Area Reservoir Improvement Project – Alternative Approval Process dated May 14, 2024 the following was discovered on the 3rd page of the report:

". . . Additionally, $862,923 of currently unfunded DCCs is anticipated to be funded by borrowing temporarily from the Nanoose Bay Bulk Water Supply Service Reserve and the principal component of this debt repaid upon receipt of DCCs. Interest earned by the lending Reserve while the funds are redirected is expected to be recovered through taxation costing approximately $10 per parcel each year for the 5 year short term borrowing, assuming interest rate of 5.55% and depending on when the DCCs come available to repay the loan."

B) Therefore the table in the letter to the residents is misleading as it states "Development Cost Charge (DCC) Funds $862,923", it does not state FUTURE Development Cost Charge (DCC) Funds;

In effect the residents are borrowing $862,923 in addition to the $1.2m and are additionally responsible for the interest of approximately $10 per parcel via taxation. Additionally $862,923 x 5.55% divided by 2600 households = $18.42 per parcel.

C) Therefore the conclusion is that there have been no DCCs collected to date and that the residents are building the reservoir in advance of development. Why?

   a. The development that we are seeing starting in 2024 is the first significant development in the Lakes District, they were held back for years while waiting for the ERWS Bulk Water to be available. If no lots are developed, no DCC's are collected.

D) Why are there no current monies in DCC Fund? See previous answer

E) Were there no DCCs collected for the existing development? See previous answer

Follow up Question and Answer:
With regards to D, E & F were there not DCCs collected for the residences that have already been built in Fairwinds? And if so what happened to that money rather than being in the DCCs fund for water? If not why not?

"There was an older Nanoose Bulk Water DCC bylaw that came into force in 1997 (and was repealed in 2014) that collected funds for the Arrowsmith Water Service and later the Englishman River Water Service.

To the best of my knowledge, the existing water infrastructure local to the Fairwinds development was constructed entirely by the developer prior to the houses being built."

F) Please supply a copy of the Phased Development Agreement entered into with the original Fairwinds developers? It can be found on the RDN Website here: https://www.rdn.bc.ca/fairwinds-development

G) The BC Development Finance Choices Guide by the Ministry of Municipal Affairs states on Page 10 states "Note that certain tools can fit into one or more category depending on how the tools are used. For example, latecomer charges and development works agreements, normally used as developer-build agreements, can be used as cost recovery tools to recover the cost of works that are financed directly by local governments. DCCs are used by governments as a cost recovery mechanism, but DCC reserves are used as a source of capital for future expenditures." and on Page 14 under Local Improvements it states "Local improvements are designed to assist municipalities in adding services to established areas. Local improvements are not the best tool, and were never intended to be used, to provide growth-related infrastructure to new developments." Therefore why are we funding 'growth-related infrastructure to new developments"? This is not a "new development" , it is a continuation of a development that was started in the 1980's

H) Please supply a copy of the request that was submitted to Province for approval for the AAP? I don't have that at hand, I will ask RDN Legislative Services for a copy.

Non-related Question:

A different question, though still water - we have gone to Stage 4 restrictions (believe due to the Province's license control on the dam) why is Parksville still on Stage 3 when they are affected by the dam as well?

"The province requires us to be on Stage 3, like Parksville. But as the east coast of the island is at Level 4 on the 5 level drought scale, we feel it is responsible to move to maximum water conservation levels. This is the only tool we have to maximize the groundwater that is available to creeks, rivers, and streams where the aquatic ecosystems are completely reliant on groundwater moving from aquifers to survive the drought. We have lots of water to support essential human consumption for health, hygiene and fire protection, but we need to share what is left over."

End