

RDN REPORT		
CAO APPROVAL		
EAP		
COW		
JUL 03 2014		
RHD		
BOARD		

# MEMORANDUM

**TO:** Randy Alexander  
General Manager, Regional and Community Utilities

**DATE:** June 30, 2014

**FROM:** Mike Donnelly  
Manager of Water & Utility Services

**FILE:** 5500-22-NBP-01

**SUBJECT:** Nanoose Bay Peninsula Water Service Area Capital Improvements Referendum

## PURPOSE

To bring forward a bylaw and referendum question for Nanoose Bay Peninsula Water Service Area capital improvements.

## BACKGROUND

The Nanoose Bay Peninsula Water Service Area (NBPWSA) currently serves 2,068 residential and commercial properties with a population of approximately 5,000 people. Water is supplied via ground and surface water sources which is treated, stored and distributed to users for drinking water and fire protection. The physical infrastructure required to provide water to service area customers is significant requiring constant upgrades to ensure the smooth operation of the system.

In order to ensure the infrastructure continues to meet the expectations of the public and to ensure the safe and efficient operation of the system it is important to identify and plan for necessary upgrades and capital improvements. The 2008 "Nanoose Peninsula Water System Capital Planning Study" identified the projects required to ensure that goal is met. This report has been used as a guide in capital planning since 2009 and continues to be a source of capital planning for the NBPWSA. In addition, this document has been useful in the development of NBPWSA Development Cost Charge Bylaw which is currently in draft form.

The outcome of both the 2008 capital planning study and the draft DCC bylaw is the identification of long term upgrades and capital improvements necessary in the NBPWSA system. The projects identified in these documents span from the present to 2032. All of the projects either represent upgrades to existing infrastructure and or infrastructure required for future growth. Those projects associated with growth will be the responsibility of future development where the benefit is directly attributable. Existing residents will only share in the cost of projects that are of a direct benefit to the existing system.

The total proposed borrowing includes projects up to and including 2019 where existing residents and future development both benefit. Projects that are not included are those that are required as part of future development only. Those projects must be completed as part of the development triggering the new infrastructure. The development cost charge calculations to date indicate a 79% / 21% split between existing and future users for the proposed projects.

A public information meeting will be held in October in Nanoose to provide more detailed information on the projects, their costs and implications of the borrowing bylaw on parcel taxes.

In order to gain the assent of the electors for borrowing, a referendum question will be presented at the November 15, 2014 local government elections. The proposed question is as follows;

*Are you in favour of the Regional District of Nanaimo adopting Bylaw No. 1714 to authorize the borrowing of up to \$2.6 million to provide the necessary funds to meet the Nanoose Bay Peninsula Water Service Area capital improvement and upgrades requirements up to and including 2019?*

Before the Regional District may hold a referendum for Bylaw No. 1714, it must publish notification of the voting opportunities to be provided, as well as the purpose of the bylaw which is the subject of the vote. The *Local Government Act* requires that such notices include the full text of the bylaw unless the local government has approved the use of a synopsis. The Board is being asked to approve the synopsis of Bylaw No. 1714 for the publication of notices associated with the referendum as follows:

*Bylaw No. 1714 - "Nanoose Bay Peninsula Water Service Area Capital Improvements Loan Authorization Bylaw No. 1714, 2014"– The general intent of this bylaw is to authorize the Regional District of Nanaimo to borrow upon the credit of the Regional District a sum not exceeding Two Million Six Hundred Thousand Dollars (\$2,600,000) to provide the necessary funds to meet the Nanoose Bay Peninsula Water Service Area capital improvement and upgrades requirements up to and including 2019. The maximum term for which debentures may be issued to secure the debt created by this bylaw is 20 years.*

#### **ALTERNATIVES**

1. Approve the referendum question and bylaw synopsis and give three readings to the proposed borrowing bylaw.
2. Do not approve the question, bylaw synopsis or Bylaw and provide alternate direction to staff.

#### **FINANCIAL IMPLICATIONS**

Option 1 allows for borrowing up to \$2,600,000 allowing the necessary projects to be completed by 2019. As noted, the projects that have been identified show benefits to both existing and future residents with an apportionment of costs of 79% and 21% respectively. With development largely at a standstill in the Nanoose Peninsula at this time the borrowing will be used to ensure the projects are built as required with the funding coming from future development in the form of development cost charge revenues.

Borrowing \$2.6 million over 20 years at 5% results in an annual repayment of \$191,000 for the service area. This results in an \$87 annual parcel tax impact.

Option 2 would result in no new funding for these future capital works. This would significantly impact the rate at which projects would be completed. Parcel tax increases of a significant nature would be necessary as those and operating revenues would be the only funding source.

#### **STRATEGIC PLAN IMPLICATIONS**

The fair and equitable provision of service levels to residents based on benefit is a Board value noted in the Strategic Plan. The costs for capital improvements and upgrades are shared between existing and future residents and will equitably represent a benefit to the residents.

## CONCLUSIONS

The Nanoose Bay Peninsula Water Service Area requires a number of capital improvements and upgrades over the next 5 years. Funding required for these upgrades totals \$2,600,000. The assent of the electors is required for borrowing to proceed therefore it is recommended that the associated referendum question be included as part of the November 15, 2014 local government elections, and that the Board approve the bylaw synopsis as presented.

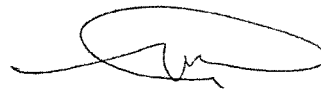
## RECOMMENDATIONS

1. That the "Nanoose Bay Peninsula Water Service Area Capital Improvements Loan Authorization Bylaw No. 1714, 2014" be introduced and read three times and be forwarded to the Inspector of Municipalities for approval.
2. That the Regional District proceed to referendum on November 15, 2014 to obtain the assent of the electors of the Nanoose Bay Peninsula Water Service Area for borrowing \$2,600,000 in support of the 2015 to 2019 Capital Improvements and Upgrades, and, that the question be as follows:

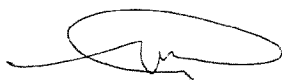
*Are you in favour of the Regional District of Nanaimo adopting Bylaw No. 1714 to authorize the borrowing of up to \$2.6 million to provide the necessary funds to meet the Nanoose Bay Peninsula Water Service Area capital improvement and upgrades requirements up to and including 2019?*

3. That the Board approve the synopsis of Bylaw No. 1714 for the publication of notices associated with the referendum as follows:

*Bylaw No. 1714 - "Nanoose Bay Peninsula Water Service Area Capital Improvements Loan Authorization Bylaw No. 1714, 2014"- The general intent of this bylaw is to authorize the Regional District of Nanaimo to borrow upon the credit of the Regional District a sum not exceeding Two Million Six Hundred Thousand Dollars (\$2,600,000) to provide the necessary funds to meet the Nanoose Bay Peninsula Water Service Area capital improvement and upgrades requirements up to and including 2019. The maximum term for which debentures may be issued to secure the debt created by this bylaw is 20 years.*



Report Writer Concurrence



9/ General Manager Concurrence



ACAO Concurrence

**REGIONAL DISTRICT OF NANAIMO**

**BYLAW NO. 1714**

**A BYLAW TO AUTHORIZE THE BORROWING OF  
TWO MILLION SIX HUNDRED THOUSAND DOLLARS (\$2,600,000)  
FOR THE NANOOSE BAY PENINSULA WATER SERVICE AREA**

WHEREAS the Board of the Regional District of Nanaimo (the "Regional District") established the Nanoose Bay Peninsula Water Service Area pursuant to Bylaw No. 867.01, cited as "Nanoose Bay Peninsula Water Service Area Amalgamation Amendment Bylaw No. 867.01, 2005" for the purpose of operating works and facilities for the supply, storage, distribution and treatment of water in a portion of Electoral Area 'E';

AND WHEREAS the Board wishes to undertake and carry out capital improvement and upgrades requirements to the water supply and distribution system (the "Works");

AND WHEREAS the estimated cost of the Works, including expenses incidental thereto, is the sum of Two Million Six Hundred Thousand Dollars (\$2,600,000);

AND WHEREAS that the financing is to be undertaken by the Municipal Finance Authority of British Columbia pursuant to proposed agreements between the Authority and the Regional District;

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

1. This bylaw may be cited for all purposes as the "Nanoose Bay Peninsula Water Service Area Capital Improvements Loan Authorization Bylaw No. 1714, 2014".
2. The Board is hereby empowered and authorized to undertake and carry out or cause to be carried out the capital improvement and upgrades requirements to the water supply and distribution system and without limiting the generality of the foregoing:
  - (a) to borrow upon the credit of the Regional District a sum not exceeding Two Million Six Hundred Thousand Dollars (\$2,600,000).
3. The maximum term for which debentures may be issued to secure the debt created by this bylaw is 20 years.
4. The borrowing authorized relates to the Nanoose Bay Peninsula Water Service Area pursuant to Bylaw No. 867.01, cited as "Nanoose Bay Peninsula Water Service Area Amalgamation Amendment Bylaw No. 867.01, 2005".

Introduced and read three times this day of , 2014.

Approved by the Inspector of Municipalities this day of , 2014.

Received the assent of the electors under section 801.2 of the *Local Government Act* this day of , 2014.

Adopted this day of , 2014.

---

CHAIRPERSON

---

CORPORATE OFFICER