



VILLAGE OF BELCARRA

"Between Forest and Sea"

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Belcarra Potable Water Infrastructure Project **Questions & Answers**

1. How much was Belcarra's Infrastructure Grant?

The *Canada-BC Municipal Rural Infrastructure Fund* (MRIF) announcement on January 18th, 2008, was for \$4,035,266. This is the maximum amount Belcarra will receive towards its potable water project from the MRIF grant program.

2. How much was the 2006 initial project cost estimate?

The 2006 *Canada-British Columbia Municipal Rural Infrastructure* (MRIF) grant application based on *Dayton & Knight's* Pre-design Study, December 2006, estimated project costs at \$6,052,900, excluding GST. Using *Dayton & Knight's* 2006 estimate assumed 265 parcels:

\$6,052,900 (project estimate)

\$4,035,266 (MRIF grant)

\$2,017,634 (Belcarra's estimated one-third share of the capital cost)

This equated to \$2,017,634 / 265 parcels = \$7,613 per parcel (pure capital cost).

This amount did not include any interim financing costs. The 2006 estimate did not include the additional *Dayton & Knight* consultation, First Nations consultation, and additional archaeology consultation costs that were imposed on the municipality in 2008 as part of the MRIF final approval process.

As a federal condition of Belcarra's grant in January 2008, Belcarra was required to complete an *Environmental Assessment* to address requirements set by the *Department of Fisheries and Oceans*, *Vancouver Port Authority* and *Transport Canada*. In preparing the *Environmental Assessment*, additional works necessary to meet these requirements were identified.

3. How much is the 2008 revised project cost estimate?

The 2008 revised cost estimate is \$6,864,000.

In March 2008 *Dayton & Knight* updated the project cost estimate that; "the cost of construction increased between 5% and 15% per year from 2006 to 2008. The percentage is dependent on the type of construction. Building and mechanical construction has increased at higher rates than that of conventional municipal infrastructure, such as buried pipelines. The work to be completed for the Village involves both building and mechanical construction, such as the marine pipeline and valve chambers, and conventional municipal infrastructure. In addition to construction inflation the project scope has been revised based on additional information."

Using *Dayton & Knight's* 2008 revised estimate assumes 281 parcels:

\$6,864,000 (revised estimate)

\$4,035,266 (MRIF grant)

\$2,828,734 (revised Belcarra's estimated one-third share of the capital cost);

This equated to \$2,828,734 / 281 parcels = \$10,066 per parcel (pure capital cost). This amount does not include any interim financing costs.

4. What are interim financing costs?

Interim financing costs will be incurred due to the MRIF grant conditions which stipulate the municipality pay the project costs, then submit documentation and proof of payment to the Province for review. Belcarra will need to borrow funds from the *Municipal Finance Authority* (MFA), referred to as “short term” or “interim” borrowing, for cash flow to pay costs throughout the project as Belcarra does not have sufficient reserves to self-finance. Reimbursement submissions will be made periodically throughout the project. Belcarra will be reimbursed two-thirds of each submission, once the Province has approved the documentation. The interest charged by MFA on the borrowed funds is the interim financing costs.

In December 2008 when Bylaw 413 was prepared, the MFA interim borrowing interest rate was 4%; the 4% rate was used to estimate interim financing costs of \$192,192. Estimated interim financing costs must be added to the estimated capital costs to calculate the maximum amount which may be borrowed under a loan authorization bylaw.

5. How will the municipality pay for its share of the potable water infrastructure project?

As its share of the project costs, the municipality will have to borrow the money through the MFA. The *Community Charter* legislates that, in order to borrow the money for the project, Council must:

1. establish a local area service to provide municipal water. The required bylaw defines the properties which will benefit from, and may connect to, the municipal water system, identifies how the costs for the service will be recovered, i.e. parcel tax; and
2. adopt a loan authorization bylaw which sets the maximum amount of money that may be borrowed and the maximum term for the debt, which may not exceed 30 years.

The local area service establishment and loan authorization has been combined into Bylaw 413, 2008.

The assent of the electors is required before Council may adopt the bylaw. The assent of the electors is being sought after third reading of the bylaw. The notice and form of petition mailed November 30th, 2009, to property owners is for the assent of the elector process.

6. How was the \$3,020,926 amount in the loan authorization bylaw calculated?

The borrowing amount of \$3,020,926 (maximum amount which may be borrowed) in Bylaw 423 was based on the revised capital cost of \$2,828,734 plus \$192,192 as an estimated interim financing costs.

7. How was the parcel tax of \$903.18 calculated?

$\$3,020,926$ (maximum borrowing amount) \times 6% (long term borrowing interest rate) = \$282,703.54 (annual debt repayment based on a 25-year amortization) divided by 281 properties = \$903.18 per parcel per year. Please refer to the Council report dated December 6th, 2008, regarding *Water Local Area Service Establishment and Loan Authorization Bylaw No. 413* which is posted on the Belcarra website.

8. What was the interest rate used to estimate the costs?

MFA interest rates for short term and debenture borrowing fluctuate with the market rates. December 2008 MFA rates were 4% and 6%, respectively; for comparison purposes the November 2009 MFA rates were 1.25% and 4.13% respectively.

9. Is there a lump sum payment option?

Property owners will be notified by mail of the lump sum payment amount once all the invoices are paid, and the final project costs tabulated. Property owners, wishing to do so, will be able to make a lump sum payment before the Village incurs the long term borrowing.

10. Can the parcel tax be deferred through the BC Government program?

Yes, subject to the tax deferral criteria set by the province.

11. How will the project capital costs be controlled?

The 2006 estimates included a 25% contingency = \$1,087,000, to account for uncertainty within the scope of the project, timing and changes in design assumptions. The 2008 updated estimate reduced the contingency to 15%. Additionally, the estimates prepared were based on:

- a) significant consultation between Belcarra's project engineers and contractor's having experience in similar projects involving submerged waterlines; and
- b) knowledge of Belcarra's geology and terrain acquired during previous construction of Belcarra's fire protection waterlines.

Capital costs will be closely monitored as the project components are tendered and bids reviewed to ensure as much as possible, costs are kept within budget estimates. This may include re-evaluating or redefining some aspects of the project scope as we move through the tendering process.

12. How many homes are going to connect to the water system?

It would be speculative to attempt to determine how many properties will choose to connect to the system at this time, as we do not know the individual property circumstances or preferences. Once the municipal water system is available as an alternative, it is unlikely *Fraser Health Authority* will continue to accommodate shared systems that don't fully meet minimum health standards. It is likely *Fraser Health Authority* will require those properties to connect to the municipal water system under the *Drinking Water Protection Act* and its Regulations.

13. What are the expected operating costs?

Operating costs will be predicated on a number of factors including, but not limited to, the number of parcels connected to and using the system, the volume of water used from the GVWD system, the *District of North Vancouver's* conveyance charge to Belcarra, the administration of meter reading and billing, the annual costs for watermain flushing, and water sampling and testing. We expect minimal costs for operating and maintaining the system as it is new.

Dayton & Knight's 2006 information projected a 2007 annual water cost of \$227, based on a consumption of 40 cubic meters per month, assuming 265 connections. The information forecast rates to 2027 to permit a life cycle cost evaluation. The 2009 forecasted annual water cost was \$255.

Dayton & Knight's figures took into account the above noted factors and comparative figures from other GVWD member municipalities. This information, delivered to Belcarra properties via mail drop in February 2008, is available from the municipal office.

14. Why is January 4th, 2010, the deadline for submitting owners' petitions?

As soon as Belcarra received notification from *Tsleil-Waututh Nation* that Tsleil-Waututh interests would not require changes to our project design, we prepared the notices to property owners and mailed them Monday, November 30th.

The *Community Charter* legislation states "the notice to owners of parcels that would be subject to the local service tax must include a statement indicating that the council may proceed with establishing the service unless a petition against the service is presented within 30 days after notice has been given". The legislated 30-day period falls on Thursday, December 31st, 2009, a day on which the municipal office will be closed. The deadline must be extended to the next business day the municipal office is open, which is Monday, January 4th, 2010.

We need to take into account timelines required to prepare tender documents, conduct tender bid and contract awards in time for contractors to acquire equipment and materials in order to meet the 2010 fisheries construction window. Determining the optimum time to mail property owner notification and the petitions is always a challenge. Our optimum objective, if the council initiative is affirmed, is to tender, construct and complete the project before inflation and construction costs further impact the project.

15. What are the methods for gauging 'elector assent' for a local water service area?

The *Community Charter* provides for three different methods of obtaining the assent of the electors:

1. Property owner petition (s.212).

- used if the proposed local service area is small, or if the local service has been requested by property owners within the proposed service area;
- form of petition is prepared by the municipality for property owner signature;
- for Council to proceed with the project, the petition must be signed by the owners of at least 50% of the parcels that would be subject to the local area tax. In addition, persons signing must be the owners of parcels that in total represent at least 50% of the assess value of land and improvements that would be subject to the local service tax;
- where there are 2 or more owners of a parcel, the majority of owners must sign the petition for it to be valid (2 owners – both signatures required);
- Council sets the deadline date for receiving signed petitions;
- Property owners only in the local area service may sign petitions.

2. Council initiative – subject to petition against (s.213)

- used if Council wishes to take initiative in establishing the service rather than by the property owners, or if the area to be served is a larger portion of the municipality;
- notice of the Council initiative is advertised and sent to each of the property owners in the proposed local area service;
- form of petition is prepared by the municipality for property owner signature;
- for Council to not proceed with the project, the petition against must be signed by the owners of at least 50% of the parcels that would be subject to the local area tax. In addition, persons signing must be the owners of parcels that in total represent at least 50% of the assess value of land and improvements that would be subject to the local service tax;
- where there are 2 or more owners of a parcel, the majority of owners must sign the petition for it to be valid (2 owners – both signatures required);
- Council may proceed with establishing the service unless a sufficient petition against is presented within 30 days after notice has been given;
- Property owners only in the local area service may sign petitions.

3. Council initiative – subject to referendum (s.214)

- used if Council considers establishing the service on its initiative, or if the area to be served is very large, (a municipality in its entirety);
- referendum process is held per the *Local Government Act* (Other Voting s.161 to s.172), similar to a general election which takes 90 days to complete;
- for Council to proceed with the project, the majority of accepted ballots cast on voting day must be marked "yes";
- Voting may be done by any:
 - person residing in the local area service, who is age 18 or older; must be a Canadian citizen; is a BC resident 6 months immediately before voting day and a resident for 30 days prior; and
 - non-resident elector who is a registered owner of real property in the local area service for 30 days immediately before; who is age 18 or older; must be a Canadian citizen; is a BC resident 6 months immediately before voting day.

16. Why was 'Council Initiative – subject to petition against (s.213)' the method chosen for the elector assent process?

The *Community Question* vote conducted in 2005 "Are you in favour of the *Village of Belcarra* applying for provincial or federal infrastructure grants with the expectation of establishing and operating a municipal water system within all but the Cosy Cove, Twin Islands and Farrer Cove areas of the municipality? Yes or No" had received 69% 'yes' vote.

At the January 2008 public meeting which was held following the grant announcement, attended by approximately 80 residents, the residents clearly indicated they did not support the referendum method because anyone meeting the voting criteria could vote, irrespective of whether they were a property owner or not; residents who are property owners but not Canadian citizens would not be eligible to vote. It was expressed and supported at the meeting that the elector assent process should follow the council initiative process.

17. Is there an estimated timeline (start, finish) for the project?

Yes, approximately — We are targeting tendering the project in March to April 2010, construction during June to December 2010, with completion by March 2011. The engineering design work must first be completed as a prerequisite for applying for the necessary permits, tendering and project construction. The terms of the infrastructure grant initially required that the project be completed three (3) years after the funding announcement has been made. We have successfully obtained an extension for grant utilization to 2012.

18. When will the parcel tax appear on my property tax notice?

If the construction work is completed by early 2011, it is anticipated the parcel tax will be included on the 2012 property tax notice.

19. Will all neighbourhoods be hooked-up at the same time?

Yes — The intent is to physically connect neighbourhoods, including service connections for existing water mains in a lineal pattern based upon the project manager and contractor's construction methodology. Water delivery to the properties along the entire water distribution system is intended to occur at the same time due to disinfection and health certification requirements.

20. Would connection to GVWD water change our fire insurance rating?

No — except for a few homes not already within 300 meters of a fire hydrant, the fire component of your insurance will remain the same. Council's initiative to provide a *Fire Protection Water Distribution System* was completed in 2007.

21. Do I have to hook-up to the municipal water system?

No — If you are connected to a private well located on your property, you may continue to use that supply.

Yes — If you are connected to a well located on Public Land, you will be required to connect to the municipal water system. This is because after the municipal system is constructed, the municipality will not maintain the well for liability reasons.

22. What will I have to pay if I don't hook-up to the municipal water system?

Your property would be included in the local area service and be charged the parcel tax for the water project capital cost contribution.

23. Can I continue to use my well?

Yes — If you are on a private well located on your property, you may continue to use that supply. Municipal policy and standards will be adopted to protect against cross contamination or backflow from your well into the municipal water system and *vice versa*. Your property would be included in the local area service and be charged the parcel tax for the water project capital cost contribution. You would not incur water consumption charges.

24. Can I continue to use my well after I hook-up to the municipal water system?

Yes — If you are on a private well located on your property, you may continue to use that supply. Municipal policy and connection standards will be adopted to protect against cross contamination or backflow from your well into the municipal water system and *vice versa*.

25. If I am connected to a community water system, will I be able to continue to remain on the community system?

Once the municipal water system is available as an alternative it is unlikely *Fraser Health Authority* will be willing to accommodate shared systems that don't fully meet municipal standards. It is possible they will require connection to the municipal water system under the *Drinking Water Protection Act* and its Regulations.

26. Will I be allowed more than one (1) service connection to my property?

No — Only one (1) service connection for each property will be permitted.

27. Will my water connection be metered?

Yes — Each property connected to the municipal water system will have a water meter installed on the public land side of the service connection. Water meters will be used for billing purposes to recover costs of water purchase from the *District of North Vancouver* and to recover Belcarra's municipal water system operating costs. It is intended that the municipal water system be a self-sustaining utility.

28. Where will the water meters be located?

The water meters will be located on municipal land, at a location determined in consideration of construction requirements and the property owner's input.

29. How much will it cost to install the water line on my property to connect to the municipal water system?

The costs will vary per property, depending upon the property characteristics, length of piping, and any in-dwelling plumbing modifications. The costs for the connection located on private property to the municipal water system are the responsibility of the property owner.

30. Will bringing water into Belcarra increase the density in our community?

No — Density is determined by the *Village of Belcarra* Zoning Bylaw. The Zoning Bylaw requires a comprehensive process set-out in the legislation, and includes community impact considerations such as access, sewage disposal, fire protection, and livability, on which public consultation is sought. Presently, the sizes of the properties in the proposed local area service are of a higher density than what is presently permitted in the Zoning Bylaw. Therefore, bringing water into Belcarra, in itself, would not promote or permit density increases.