



**REGULAR MEETING OF COUNCIL
Tuesday, March 17, 2020 @ 3:30 PM
George Fraser Room, Ucluelet Community Centre,
500 Matterson Drive, Ucluelet**

LATE AGENDA

	Page
1. LATE ITEMS	
1.1. Water Treatment Loan Authorization Joseph Rotenberg, Manager of Corporate Services • Add L-2 Bylaw 1266 Water Treatment Loan Authorization as Report Item 14.2. L-2 Report - Bylaw 1266 Water Treatment Loan Authorization	3 - 18
1.2. Council Meeting Scheduling (Verbal Report) Joseph Rotenberg, Manager of Corporate Services • Add R-5 Council Meeting Scheduling as Item 13.5.	



STAFF REPORT TO COUNCIL

Council Meeting: March 17, 2020
500 Matterson Drive, Ucluelet, BC V0R 3A0

FROM: JOSEPH ROTENBERG, MANAGER OF CORPORATE SERVICES

FILE NO: 3900-25 BYLAW 1268

SUBJECT: LOAN AUTHORIZATION BYLAW NO. 1268, 2020

REPORT NO: 20-24

ATTACHMENT(S): APPENDIX A: JANUARY 23, 2020 SPECIAL BUDGET MEETING MINUTES EXCERPTS
APPENDIX B: FEBRUARY 20, 2020 SPECIAL BUDGET MEETING MINUTES EXCERPTS
APPENDIX C: LIABILITY SERVICING LIMIT CERTIFICATE
APPENDIX D: BYLAW NO. 1268, 2020

RECOMMENDATION(S):

1. **THAT** District of Ucluelet Loan Authorization Bylaw No. 1268, 2020 be given first reading.
2. **THAT** District of Ucluelet Loan Authorization Bylaw No. 1268, 2020 be given second reading.
3. **THAT** District of Ucluelet Loan Authorization Bylaw No. 1268, 2020 be given third reading and referred to the Inspector of Municipalities for approval.

PURPOSE OUTCOME:

The purpose of this report is to introduce District of Ucluelet Loan Authorization Bylaw No. 1268, 2020 (the "Bylaw") for Council consideration.

BACKGROUND:

Water Master Plan - 2017

The District of Ucluelet Water Master Plan identified three long-term water supply sources:

1. Mercantile Creek;
2. Lost Shoe Creek Aquifer Wellfield; and
3. Kennedy Lake.

The Water Master Plan identifies Kennedy Lake as the preferred long-term water source since it would meet or exceed long term regional water demands. Staff therefore recommend that it be brought back for funding consideration at a suitable point in the future.

Given the current rate of development, the Lost Shoe Creek and Mercantile Creek water sources are forecast to meet the water demands for the District of Ucluelet, Yuułuʔiłʔatḥ, and some areas in Area C for the next 20 years, provided improvements and increase water storage capacity occur.

District of Ucluelet – Water Treatment Upgrades (the "Project")

At the January 23, 2020, Special Budget Meeting, Staff described the Project (See Appendix A). The Project overall cost is \$9,600,000 and it includes:

- Improvement to the Lost Shoe Creek Wellfield to include filtration for manganese removal, to meet the new maximum allowable concentration set in the Guidelines for Canadian Drinking Water (Health Canada, 2019) and additional disinfection measures required for Groundwater at Risk of Containing Pathogens;
- Improvements to the Mercantile Creek water source to include filtration which will bring the source into compliance with Island Health's treatment requirements; and
- The construction of a third reservoir located near the existing Highway Reservoir to increase storage capacity.

Project funding options were discussed, and Staff recommended the following funding approach:

Funding Source	Investing In Canada Infrastructure Program Grant Funding	Long-Term Capital Borrowing
Amount	\$7,039,680	\$2,560,320
Percentage	73.33%	26.67%

At the February 20, 2020, Special Budget Meeting Council passed the following motion:

It was moved by Councillor Cole and seconded by Councillor McEwen

1. *THAT staff submit an application for grant funding for the Ucluelet Water Capacity and Filtration Improvements Project through the ICIP - Green Infrastructure: Environmental Quality Sub-stream; and*
2. *THAT Council Supports the project and commits to its share up to \$2,600,000 of the project.*

On February 26, 2020, Staff applied to Investing in Canada Infrastructure Program (ICIP), for \$7,039,680 in funding, the maximum funding amount allowed for this Project.

In response, ICIP Staff requested that the District provide satisfactory evidence that the District has secured funds for its share of the project; \$2,560,320. ICIP Staff consider the following to be sufficient evidence:

- A loan authorization bylaw (Appendix D) that has received three readings; and
- A Liability Servicing Limit Certificate (Appendix C).

DISCUSSION:

The Loan

Staff is proposing that a loan authorization bylaw be prepared for \$2,560,320 over a 30 year term. This is based on 26.67% of a \$9,600,000 budget assuming no contributions from other users of the system. Even though a bylaw is prepared for a specified amount, the full amount does not have to be borrowed. As the District gets closer to borrowing the funds and wishes to increase or decrease the borrowing amount, the bylaw can be amended by rescinding third reading and rereading as amended.

The Bylaw

The *Community Charter* requires that a loan authorization bylaw be adopted for this kind of debt. The Bylaw must include the purpose of the borrowing, maximum amount to be borrowed and the maximum duration of the borrowing. The term of the loan may not exceed 30 years and the loan must be obtained within five years of the Bylaws adoption.

The Borrowing Process

The steps in long-term capital borrowing process are as follows:

1. Loan authorization bylaw drafted and council gives it three readings (this meeting)
2. Municipal council provide consent (if applicable)
3. Provincial review and statutory approval by the Inspector of Municipalities (6-8 weeks)
4. Approval of the electors (if applicable, 8-11 weeks)
5. Adoption of the bylaw by the council
6. Challenge period (1 month)
7. Provincial review and certificate of approval by the Inspector of Municipalities (2-4 weeks)
8. Municipal council passes security issuing resolution and agreement (municipal borrowing only)
9. Regional district drafts security issuing bylaw and board gives it three readings and adoption (if applicable)
10. Challenge period for security issuing bylaw (if applicable, 10 days)
11. Provincial review of the security issuing bylaw and certificate of approval by the Inspector of Municipalities (if applicable, 2-4 weeks)
12. Security issuing by the Municipal Finance Authority

Provincial Approval and Approval of the Electors

Section 179 of the *Community Charter* requires that loans of this kind be approved by the Inspector of Municipalities and electors prior to adoption.

Approval by the electors must be acquired after third reading and may be acquired by assent of the electors (referendum) or alternative approval process ("AAP"). At this time, it is not necessary to determine which approval method to use. A staff report that further outlines these processes and seeks Council direction will be presented at a later date.

TIME REQUIREMENTS – STAFF & ELECTED OFFICIALS:

Nominal Staff time will be required to submit the Bylaw for provincial approval. Obtaining electoral approval through an AAP or referendum process will require significant Staff time.

FINANCIAL IMPACTS:

Financing

Staff is proposing that a long-term loan of up to \$2,560,320 be obtained over a 30 year term to complete the project. At an approximate interest rate of 2.52% this will result in an annual estimated debt payment of \$122,838. This is well under the District's annual liability servicing limit (Appendix C). The annual payment has been built into our draft financial plan. An estimate of \$10,000 has also been added to the 2020 budget in order to cover the costs of the AAP or Referendum.

Operating Costs

Operations of the improved water systems will not require additional staffing, but Staff training will be required. There will be significant costs associated with replacing the systems filters from time to time and maintaining the reservoir. These costs will be determined upon project completion and will be incorporated in the District's asset management system.



DISTRICT OF UCLUELET

Slides and Minute Excerpts from the January 23, 2020 Special Council Budget Meeting

11.6. Public Works Projects - Water and Sewer (Verbal Report)

Warren Cannon, Manager of Public Works

Warren Cannon, Manager of Public Works, spoke about the Public Works Water and Sewer projects, noting the following projects for 2020:

- Matterson Reservoir Upgrades
- Well Upgrade • SCADA Water & Sewer
- Bay Street Duplex Elimination
- Sewer Master Plan/Storm

Mr. Cannon also spoke about the Water Filtration Projects which would be partially funded through Provincial and Federal CWWF grant, for which staff is currently in the process of applying.

- Water Filtration Project includes:
 - Filtration at Bay Street treatment plan and Well Field.
 - 3rd Reservoir.

Council noted the following:

- They would like to see an accelerated installation of SCADA software systems and associated reporting functions to be fully functional.
- They would like to see water filtration system expedited.

Public Works - Water

Core Services:	
<ul style="list-style-type: none"> Purveyors of Water Testing / Monitoring Provincial Reporting Data Collection 24 hour emergency response 	<ul style="list-style-type: none"> Infrastructure repairs Facility Maintenance / pump repairs Connections / Metering Emergency Planning Flushing

WATER	2020	2019
Water Admin	\$199,467	\$89,909
Distribution	\$651,034*	\$602,753
Treatment	\$63,262	\$40,555
Fleet	\$10,000	\$0
Projects – non capital	\$10,000	\$10,000
TOTALS	\$933,763	\$743,217
	(7% increase from 2019)	

* \$140k in distribution is carry over from 2019 already collected. The actual increase required overall is \$50,546 (7%).

- New Director position.
- Wage and benefits allocation changes.



Public Works - Sewer

Core Services:

- | | |
|--|---|
| <ul style="list-style-type: none"> • Testing / Monitoring • Maintenance / Repairs • Connections • 24 hour emergency response • Emergency Planning | <ul style="list-style-type: none"> • Federal / Provincial reporting • Facility maintenance • Pump repairs • Treatment |
|--|---|

SEWER	2020	2019
Sewer Admin	\$176,837	\$128,071
Sewer Collection	\$10,040	\$9,786
Sewer Distribution	\$241,389	\$207,890
Treatment	\$94,082	\$79,933
Fleet	\$14,500	\$0
Projects – non capital	\$90,000*	\$90,000
TOTALS	\$626,848	\$515,680
	(7% increase from 2019)	

- *\$77,826k of projects is carry over from 2019 already collected. The actual increase required overall is \$33,342 (7%).
- New Director position.
- New accounting software allocated wage and benefits.



Public Works – 2020 Projects

WATER PROJECTS	BUDGET	COMMENTS
Matterson Reservoir Upgrade	\$30,000	Valving system control component remaining.
Well upgrade	\$120,000	Well #4 VFD install early 2020/ Well #1 VFD
SCADA Water	\$55,000	LSCA Controls (Gas Tax) carry over
New Water Filtration System*	\$8M	Funded by grant, DCC funds and user fees Next slides outline proposed project
* NEW FUNDED ITEMS	\$8M	

SEWER AND STORM PROJECTS	BUDGET	COMMENTS
Bay Street Duplex Elimination	\$530,000	Station elimination, aux power, pathway access bay to marine
Sewer Master Plan /Storm	\$90,000	Initiated 2019 carry over
Lagoon	\$25,000	Complete in March 2020
SCADA sewer	\$35,000	Carry Over
* NEW FUNDED ITEMS	\$0	



Water Projects Implementation Timeline

Water Filtration Project includes:

1. Filtration at Bay Street treatment plan (2021-2022)
2. Filtration at Well Field (2023-2024)
3. 3rd Reservoir (2025)

Benefits

- All projects result in increased capacity.
- Water quality improvements to meet/exceed new Health guidelines.
- Fire system capacity improved.

Funding

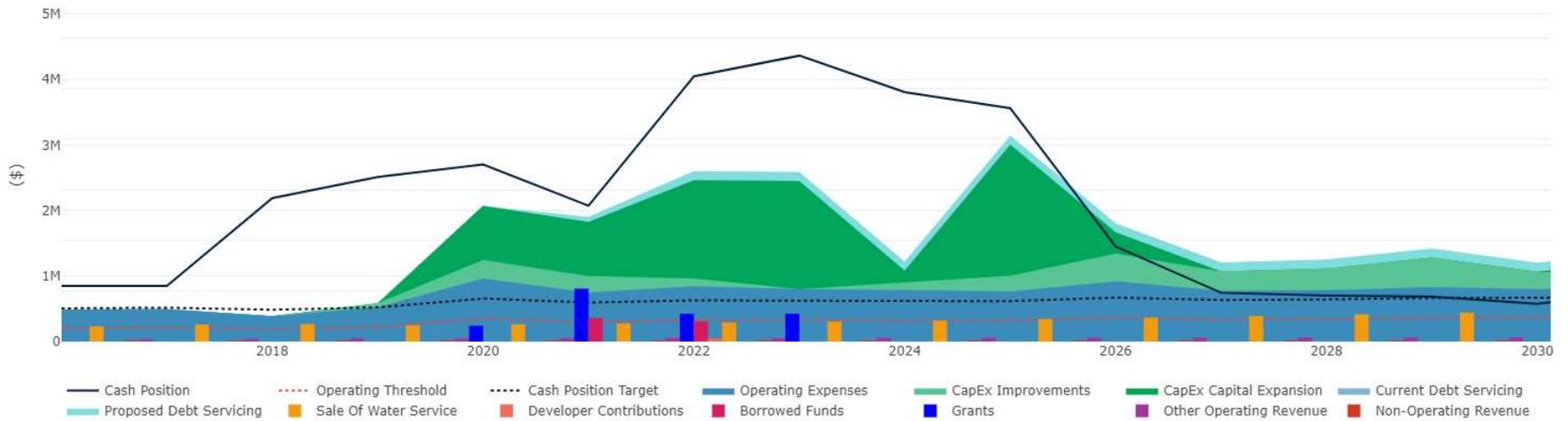
- Prov/Fed CWWF grant application deadline February 26, 2020.
 - Total estimated project cost \$8M, \$6M grant and \$2M loan.
 - Costs including loan payment require 4.5% increase each year for 5 years.
 - Typical homeowner water bill will increase annually from \$300 to \$374 in 2024.
- Application requires Council resolution.



Water Worth Analysis

Rates can be decreased with DCCs from growth increases.

LFM - Base Scenario





DISTRICT OF UCLUELET

Minutes Excerpts and Slides from the February 20, 2020 Special Budget Meeting

Water Capacity and Filtration Mark Boysen,

Chief Administrative Officer, presented a slide titled Water Capacity and Filtration Improvements. It addressed the following: Water Filtration Project includes:

- Filtration at Bay Street treatment plan (2021-2022),
- Filtration at Well Field (2023-2024), and
- 3rd Reservoir (2025).

Funding option include:

- Prov/Fed CWWF grant application deadline February 26, 2020.
- Total estimated project cost \$9.6M, \$7M grant and \$2.6M loan or other fund use.
- Costs including loan payment require 4.5% increase in water rates each year for 5 years.
- Typical homeowner water bill will increase annually from \$300 to \$374 in 2024.

It was moved by Councillor Cole and seconded by Councillor McEwen

1. *THAT staff submit an application for grant funding for the Ucluelet Water Capacity and Filtration Improvements Project through the ICIP - Green Infrastructure: Environmental Quality Sub-stream; and*
2. *THAT Council Supports the project and commits to its share up to \$2,600,000 of the project.*

CARRIED.

Water Capacity and Filtration Improvements

Water Filtration Project includes:

1. Filtration at Bay Street treatment plan (2021-2022)
2. Filtration at Well Field (2023-2024)
3. 3rd Reservoir (2025)

Funding

- Prov/Fed CWWF grant application deadline February 26, 2020.
- Total estimated project cost \$9.6M, \$7M grant and \$2.6M loan or other fund use.
- Costs including loan payment require 4.5% increase each year for 5 years.
- Typical homeowner water bill will increase annually from \$300 to \$374 in 2024.

Council Motions required for February 26th Grant Application.



Summary of Council Motion Requests for Today

1. February 26th Water Filtration Grant Application.

THAT staff submit an application for grant funding for the Ucluelet Water Capacity and Filtration Improvements Project through the *ICIP – Green Infrastructure: Environmental Quality Sub-stream*; and

THAT Council supports the project and commits to its share up to \$2,600,000 of the project.

2. Cedar Road Parking Hub

THAT Council allocates \$150,000 of Gas Tax funds to implement improvements to Cedar Road Parking Hub.



LIABILITY SERVICING LIMIT CERTIFICATE

The District of Ucluelet (the "Municipality")
 In relation to LOAN AUTHORIZATION BYLAW NO. 1268, 2020

The undersigned Financial Officer assigned responsibility for financial administration under section 149 of the Community Charter, SBC 2003, Chapter 26 (the "Charter") or Auditor appointed for the Municipality under section 169 of the Charter hereby certifies as follows:

Calculation revenue for the previous year <i>(section 4 & 5, BC Reg 254/2004)</i>	<u>\$6,121,970.00</u> a
Liability Servicing Limit (a x 25%) <i>(section 2, BC Reg 254/2004)</i>	<u>\$1,530,492.50</u> b
Annual Servicing cost for previous year	<u>\$158,751.00</u> c

Plus: New liabilities incurred, other than current request

Liability Type and reference	Annual servicing cost	
_____	_____	d
_____	_____	e
_____	_____	f
_____	_____	g
_____	_____	h
_____	_____	i
_____	_____	j
_____	_____	k
_____	_____	l
Total of lines d through l		<u>\$0.00</u> m

Less: Liabilities which have matured

Liability type and reference	Annual servicing cost	
_____	_____	n
_____	_____	o
_____	_____	p
_____	_____	q
_____	_____	r
Total of lines n through r		<u>\$0.00</u> s

Amount of new liability <i>(section 3, BC Reg 254/2004)</i>	<u>\$2,560,320.00</u> t
Annual servicing cost of new liability <i>(section 3, BC Reg 254/2004)</i>	<u>\$122,838.00</u> u
Total liability servicing cost including current request (lines c+m-s+u)	<u>\$281,589.00</u> v

which is less than the annual liability servicing limit stated on line b.

OR

which exceeds the annual liability servicing limit stated on line b, and the undersigned hereby requests approval of the Inspector of Municipalities under section 174 of the Charter to exceed the limit established under the section.

In accordance with section 179(5) or section 175(1)(b) of the Charter, as applicable, the debt to be contracted under the loan authorization bylaw, or other liability for which certification is being made, referred to above will not exceed the lesser of 30 years and the reasonable life expectancy of the capital asset, activity, work or service, or the remaining term of the applicable agreement, as the case may be, for which the debt is to be contracted.

The undersigned Financial Officer or Auditor also hereby authorizes Legal Counsel of the Municipal Finance Authority of British Columbia to rely on this Certificate in giving any opinion in connection with any borrowing by the Municipal Finance Authority of British Columbia ("MFA") and the issuance of bonds, debentures, and other securities by the MFA in respect of the loan authorization bylaw, or other liability for which certification is being made, referred to above.

DATED this 16 day of March, 2020

Donna Monteith OR
 Chief Financial Officer

 Auditor

Donna Monteith
 (Please print full name)

 (Please print full name & company)

DISTRICT OF UCLUELET**Bylaw No. 1268, 2020**

A bylaw to authorize the borrowing of the estimated cost required for water capacity and filtration improvements.

WHEREAS it is deemed desirable to construct improvements to the District of Ucluelet water treatment system including a reservoir and additional filtration systems;

AND WHEREAS the estimated costs of these improvements including expenses incidental to the projects is the sum of \$9,600,000 for which the sum of \$2,560,320 is the amount of debt intended to be borrowed by this bylaw;

NOW THEREFORE the Council of the District of Ucluelet, in open meeting assembled, enacts as follows:

1. The Council is hereby empowered and authorized to undertake and carry out or cause to be carried improvements to the water treatment system in accordance with general plans on file in the municipal office and to do all things necessary in connection therewith and without limiting the generality of the foregoing:
 - a. To borrow upon the credit of the Municipality a sum not exceeding \$2,560,320.
2. The maximum term for which debentures may be issued to secure the debt created by this bylaw is 30 years.
3. This bylaw may be cited for all purposes as the "District of Ucluelet Loan Authorization Bylaw No. 1268, 2020."

READ A FIRST TIME this day of , 2020.

READ A SECOND TIME this day of , 2020.

READ A THIRD TIME this day of , 2020.

RECEIVED THE APPROVAL OF THE INSPECTOR OF MUNICIPALITIES this....., day of , 2020.

PUBLIC NOTICE given in the , 2020 and , 2020 issues of *The Westerly News*

RECEIVED APPROVAL OF THE ELECTORS OF THE DISTRICT OF UCLUELET this day of , 2020.

ADOPTED this day of , 2020.

CERTIFIED A TRUE AND CORRECT COPY of the “District of Ucluelet Loan Authorization Bylaw No. 1268, 2020.”

Mayco Noël
Mayor

Mark Boysen
Corporate Officer

THE CORPORATE SEAL of the District of Ucluelet was hereto affixed in the presence of:

Mark Boysen
Corporate Officer