

**MINUTES OF  
LUND WATERWORKS DISTRICT'S  
OPEN HOUSE  
SATURDAY, AUGUST 20<sup>TH</sup>, 2022**

IN ATTENDANCE: Tom Day, Kathy Day, Courtney Robertson, Harold Robertson, Shelley Cherry, Paul Mercs, Jason Lennox, Kim Gray, Evan Gray, Matt Beardmore, Mike Burge, Steve Suche, Laurie Chambers, Cheryl Walden, Dean Bogert, Gerry Elsworth, Lindsay Doubt, Ted Winegarden, Joanie Winegarden, Paul Shore, Ed Levy, Jennifer White, Paula Rose, Frances Ladret, Bruce Harrison, Roger Hilton

Meeting commenced at 10:02 A.M.

Tom Day introduced himself as the Appointed Receiver, Kathy Day as a Local Government Finance Consultant, Harold Robertson as the past Chair for the Lund Waterworks District (LWD), Courtney Robertson as the Water Operator and Shelley Cherry as the Administrator for the Waterworks District. Tom stated this meeting was to provide a quick rundown of the proposed options for the Waterworks District to take and asked that a questionnaire be completed by the landowners at the end. Poster Boards were provided with the information being presented.

Tom explained how the Lund Waterworks Districts' Board of Trustees strategically retired to force the ministry to take over and eventually be transferred to the qathet Regional District (qRD) to assume control over.

***Lund Waterworks District Budget 2022***

REVENUE	2022 Budget	2021 Actual	2020 Actual	2019 Actual
<i>User Fees</i>				
<i>Basic User Fees</i>	\$ 95,850	\$ 94,400	\$ 96,600	\$ 95,400
<i>Discounts Taken</i>	(3,150)	(4,200)	(3,350)	(4,425)
<i>Over Usage Fees</i>	18,000	17,269	25,480	28,602
<i>Connection Fees</i>	400	400	600	0
<i>Bulk Water Sales</i>	0	0	0	1,465
<i>Misc Revenue</i>	0	613	0	0
	<u>111,100</u>	<u>108,482</u>	<u>119,330</u>	<u>121,042</u>
<i>Interest</i>				
	25	37	21	0
<i>Transfer from Reserves</i>				
	0	0	0	0
<b>TOTAL REVENUE</b>	<u>\$ 111,125</u>	<u>\$ 108,519</u>	<u>\$ 119,351</u>	<u>\$ 121,042</u>
<b>EXPENDITURE</b>				
<i>Administration Salaries and Wages</i>	\$ 33,100	\$ 7,700	\$ 8,090	\$ 9,698
<i>Office and Utilities</i>	5,290	4,372	3,849	2,055
<i>Audit and Legal</i>	3,400	3,320	3,215	3,415
<i>Insurance</i>	6,750	6,074	5,320	5,169
<i>Other</i>	475	475	475	475
	<u>49,015</u>	<u>21,941</u>	<u>20,949</u>	<u>20,812</u>
<i>Operations</i>				
<i>Salaries and Wages</i>	38,000	37,833	37,693	36,683
<i>Repairs and Maintenance</i>	19,903	7,757	59,151	2,702
<i>Hydrant Repairs and Maint</i>	9,730	-	300	-

<i>Supplies</i>	11,085	13,751	10,264	10,259
<i>Utilities</i>	5,850	5,330	5,516	5,800
<i>Other</i>	200	-	200	220
	84,768	64,671	113,124	55,664
<i>Capital Expenditures</i>	-	39,878	10,220	668
<i>Capital Acquisitions</i>	-	39,878	10,220	668
	133,783	126,490	144,293	77,144
<b>TOTAL EXPENDITURE</b>				
<b>SURPLUS (DEFICIT) FOR YEAR</b>	<b>(22,658)</b>	<b>(17,971)</b>	<b>(24,942)</b>	<b>43,898</b>
<i>Accumulated Surplus, Opening Balance Operating Fund</i>	21,459	44,467	70,689	31,791
<i>Capital Expenditure Charge Fund</i>	-	-	3,741	3,741
<i>Dams Safety Review Fund</i>	30,058	25,021	20,000	15,000
	51,517	69,488	94,430	50,532
<i>Surplus (Deficit) for year</i>	(22,658)	(17,971)	(24,942)	43,898
<i>Transfer (to) from operations</i>	-	-	(3,741)	-
<i>Accumulated Surplus, Closing Balance</i>	\$ 28,859	\$ 51,517	\$ 69,488	\$ 94,430

He expressed how the Improvement District is in very ill health, financially and structurally. The LWD has been running a financial deficit for the past 3 years. The LWD is required to have an infrastructure replacement fund but we have never been in a financial position to meet this requirement. There is no doubt that something needs to happen. Tom expressed he is not here to give good news but to address the real situation.

### **Grant Project**

### **Cost Evolution**

<i>DATE</i>	<i>ESTIMATE CLASS</i>	<i>TOTAL ESTIMATE</i>	<i>LOCAL SHARE</i>
<i>Nov. 2018</i>	<i>Class D</i>	<i>\$17,100,000</i>	<i>0%</i>
<i>March 2022</i>	<i>Class D??</i>	<i>\$24,216,200</i>	<i>27%</i>
<i>July 2022</i>	<i>Class C</i>	<i>A. \$26,609,900</i>	<i>27%</i>
		<i>B. \$29,299,400</i>	<i>27%</i>
<i>July 2022</i>	<i>Class C</i>	<i>Phase 1 A. \$11,171,520</i>	<i>27%</i>
		<i>B. \$15,024,380</i>	<i>27%</i>

In November, 2018, the qRD applied for a grant to upgrade the LWD system. The Grant Application for approximately \$17 million, thought to be a sure thing. However, the application was declined.

In March, 2022, with the urging of the Ministry, the qRD applied for another grant, on behalf of the LWD, for approximately \$24,200,000. qRD used the previous Engineering study from 2018 adding inflation and increased contingency. Another study was done for the accuracy of the numbers. qRD obtained a grant in the amount of \$30,000

to hire a team of both an engineer and constructor. The same team was chosen that was utilized by Tofino for a similar study. It was agreed that a Class "C" estimate would be more accurate. At this time, prices are changing/increasing within a month. Two locations for treatment were considered. Where it is now, which we are technically trespassing and don't own, is one option and the second would be between the Gazebo and Thulin Lake, which LWD already owns. The new study pushed the numbers to \$26.6 Million at the old location and \$29.3 million for the new location. We submitted for the new location as it is already owned by the LWD. The Ministry felt these numbers were excessive for the 124 lots that could be serviced. They suggested that we approach the upgrades by phasing.

A question was asked if we had ever done a percolation study for drilling a well instead of Lake water. Harry informed those present that a study had been done but the main concern was the excessive cost and there was no guarantee that the well would not dry up within the next ten years. The Trustees at the time did not believe it was a feasible option with the cost and risk involved.

It is agreed that the most important upgrade should be to storage and treatment. Tom talked how our Larson Tank had failed and we believe the main storage tanks are not far behind. Without the main storage tanks, there is no water for the community. A study has suggested it would cost approximately \$11 Million to upgrade where we currently are and approximately \$15 Million to upgrade the Main Tanks to LWD's currently owned land.

### ***Infrastructure Improvements***

#### *Phase 1*

***VOLUME***

<i>Present: Average Day Demand</i>	<i>275 cubic meters</i>
<i>Present: Maximum day demand (Leak)</i>	<i>465 cubic meters</i>
<i>Proposed: 2 lines @350 cubic meters each</i>	<i>700 cubic meters</i>

***TREATMENT***

*Present: Only injection of sodium hypochlorite*

*Proposed: Meet 4-3-2-1-0 Drinking Water Objectives*

*4 refers to the inactivation of viruses*

*3 refers to the removal or inactivation of parasites*

*2 refers to two treatment processes for all surface water or unprotected groundwater 1 refers to maintaining a turbidity of less than 1 NTU.*

*0 refers to indicators of bacterial contamination either Fecal Coliform or E. Coli bacteria*

***STORAGE (CUBIC METERS)***

	<i>Primary</i>	<i>Alannah</i>	<i>Boars Nest</i>	<i>Total</i>
<i>Present</i>	<i>82</i>	<i>70</i>	<i>23</i>	<i>175</i>
<i>Proposed</i>	<i>430</i>	<i>70 (connected)</i>	<i>23</i>	<i>523</i>

***FIRE PROTECTION***

*Replace all hydrants and install fire booster pump in Larson Road pumping station.*

Phase 1 improvements propose an increased capacity to 700 cubic meters daily. This will allow room for growth and alleviate concerns should there be a fire or other high water demand issues. Our current storage at the main tanks is 82 cubic meters with another 70 cubic meters on Alannah Road and an additional 23 cubic meters on Boars' Nest Road. The main tanks will increase to 430 cubic meters and can connect directly to Alannah Road. Overall holding capacity will be increased from a total of 175 cubic meters to 523 cubic meters.

A question was asked if the annual spring flooding on Finn Bay Road would be addressed in these upgrades. Courtney advised that the flooding was a beaver issue and is coordinating with highways to clear the culverts. Courtney specified that this flooding is an issue that can be controlled in the future.

Harry spoke of the fact that if Hydro currently goes out, we have 1 generator for backup to the smallest pump only. That a proper back up generator would also be part of phase 1 costs.

Tom also spoke of our currently treatment being chlorine only. He briefly explained the risk of THM's. Tom elaborated how we would follow the 4-3-2-1-0 Drinking Water Objectives. He then added that within the phase 1 costs, we would also be upgrading to all new fire hydrants.

A question was asked if an analysis was done for the best treatment option and if done in phases, would the qRD take over the system. Tom suggested that if phased, it is likely qRD will take over as the Receiver until completed. Tom explained that an engineering analysis indicated the options with the lowest combined cost had the higher operating costs. There were 4 treatment systems looked at. Tom prefers the slow sand filtration system. It has a large footprint but offers the cheapest administration costs. Tom clarified that whatever method is chose, it must consider the overall cost to the community. A detailed Engineering Study is available on the qathet website.

### ***Debenture Variances***

<i>CURRENT INTEREST RATE OF MUNICIPAL FINANCE AUTHORITY</i>	<i>4.05%</i>
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<i>LOCAL PORTION OF THE PROJECT</i>	<i>\$4,047,072</i>
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*DEBENTURE ESTIMATED AT A 6% INTEREST RATE*

*20 Year Amortization*

<i>o Flat Parcel Tax Rate</i>	<i>\$ 3,235.93</i>
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<i>o Total Amount Repaid</i>	<i>\$ 8,025,112</i>
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*30 Year Amortization*

<i>o Flat Parcel Tax Rate</i>	<i>\$ 2,701.67</i>
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<i>o Total Amount Repaid</i>	<i>\$10,050,213</i>
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*DEBENTURE ESTIMATED AT A 5% INTEREST RATE*

*20 Year Amortization*

<i>o Flat Parcel Tax Rate</i>	<i>\$ 2,909.56</i>
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<i>o Total Amount Repaid</i>	<i>\$ 7,215,697</i>
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*30 Year Amortization*

<i>o Flat Parcel Tax Rate</i>	\$ 2,375.29
<i>o Total Amount Repaid</i>	\$ 8,836,091

This chart explains the proposed costs. Assumptions were made on a guaranteed 10-year term, if receiving a \$15 Million grant. Figures have been provided for the interest rate of 5% and 6% as well as an overall amortization of 20 years or 30 years. This chart expresses the significant cost that 1% can make and the increased costs with increased amortization.

### ***Taxation Options***

*All values based on a 30-year debenture at a 5% interest rate*

• ***FLAT PARCEL TAX***

- *Every parcel pays the same \$ amount*
- *\$2,375.29 per year for 30 years*
- *124 Properties*

• ***VARIABLE PARCEL TAX***

- *Parcel Class determined by BC Assessment Authority*
- *BC Provincial Government Tax Multiples applied*
- *Every Parcel in the same property class pays the same amount*
- *Residential \$2,041.14/year for 30 years*
- *107 Properties*
- *Business \$5,000.79/year for 30 years*
- *14 Properties*
- *Recreation \$2,041.14/year for 30 years*
- *3 Properties*

• ***ASSESSED VALUE TAXATION***

- *Each Parcel pays based on its Taxable Assessed Value*
- *BC Provincial Government Tax Multiples applied*
- *Residential Tax Rate \$3.51352/1,000 of assessment*
- *Average residential assessment \$632,058 • Average residential tax \$2,220.75*
- *Residential tax range:*
- *Lowest \$ 527.03*
- *Highest \$ 6,767.04*
- *Business Tax Rate \$8.60812/1,000 of assessment*
- *Lowest \$ 55.09*
- *Highest \$ 9,933.77*

- 57 Properties above Residential Average
- 67 Properties below Residential Average

We have considered three options for a parcel tax. Assumptions were made over a 30 year amortization at the rate of 5%.

Flat rate parcel tax: Every parcel will pay the same.

Variable Parcel Tax: Parcel class will be determined by BC Assessment Authority. Each class will have a set rate. Classes will be residential, commercial or recreational.

Assessed Value Taxation: the rate will be set and then based on your overall assessed value. The same process as your property taxes.

Tom then invited all that were in attendance to see either Shelley or Kathy to determine the proposed amounts for their individual properties.

A chart was provided to compare other similar Improvement District overall water costs.

### ***Nearby Water Improvement Districts***

*COMPARISON OF WATER COSTS PER DISTRICT  
ESTIMATED - BASED ON 450. CUBIC METERS PER YEAR (99,000 IG)*

<i>District</i>	<i>Annual Toll</i>	<i>Metered Costs</i>	<i>Parcel Tax</i>	<i>Fire</i>	<i>Other</i>	<i>Total</i>
<i>MYRTLE POND - RESIDENTIAL</i>		<i>2,148.14</i>				<i>2,148.14</i>
<i>COMMERCIAL</i>		<i>4,582.50</i>				<i>4,582.50</i>
<i>GILLIES BAY - TEXADA ISL</i>	<i>450.00</i>		<i>550.00</i>		<i>68.00</i>	<i>1,068.00</i>
<i>- COMMERCIAL</i>	<i>450.00</i>	<i>625.00</i>	<i>550.00</i>		<i>68.00</i>	<i>1,693.00</i>
<i>VAN ANDA - TEXADA ISL - RES</i>	<i>650.00</i>		<i>500.00 *</i>			<i>1,150.00</i>
<i>- COMMERCIAL</i>	<i>1,200.00</i>		<i>1,500.00 **</i>			<i>2,700.00</i>
<i>BREW BAY - RESIDENTIAL</i>	<i>400.00</i>					<i>400.00</i>
<i>- COMMERCIAL</i>	<i>1,600.00</i>					<i>1,600.00</i>
<i>FANNY BAY</i>	<i>520.00</i>	<i>453.60</i>	<i>318.00</i>			<i>1,291.60</i>
<i>CHERRY CREEK</i>	<i>492.00</i>	<i>40.00</i>	<i>407.00</i>			<i>939.00</i>
<i>DEEP BAY</i>	<i>180.00</i>	<i>285.00</i>	<i>243.00</i>	<i>317.00</i>	<i>225.00</i>	<i>1,255.88</i>
<i>BOWSER</i>	<i>216.00</i>	<i>435.00</i>	<i>290.00</i>			<i>941.00</i>
<i>SKANA WATER SYSTEMMAINE</i>	<i>1,073.02</i>		<i>346.03</i>			<i>1,419.05</i>
<i>LYALL HARBOUR-SATURNA</i>	<i>684.78</i>		<i>801.98</i>			<i>1,486.76</i>
<i>STICKS ALLISON-GALIANO</i>	<i>1,744.56</i>	<i>50.00</i>	<i>138.49</i>			<i>1,933.05</i>
<i>CEDARS OF TUAMSALTSRING</i>	<i>1,941.18</i>					<i>1,941.18</i>
<i>BEDDIS-SALTSRING</i>	<i>900.46</i>		<i>575.88</i>			<i>1,476.34</i>
<i>CEDAR LANE - SALTSRING</i>	<i>1,345.35</i>		<i>426.69</i>			<i>1,772.04</i>
<i>HIGHLAND &amp; FERNWOOD</i>	<i>1,182.53</i>		<i>237.05</i>			<i>1,419.58</i>

FULFORD	1,480.40		490.13			1,970.53
SURFSIDE PARK	1,394.22		231.55			1,625.77

It was suggested that the LWD should clean up and establish the easements and right of ways that are required. Tom felt that this was not as important as storage and treatment however, he also acknowledged that this is needed down the road. Courtney added that there are not many areas of concern with this matter and she too does not consider it to be the immediate priority.

Tom expressed that if these concerns are not addressed and changed, Lund will likely be under a permanent “Boil Water” advisory. Our THM’s are often triple the max allowable by Vancouver Coastal Health. We continue to test quarterly, as required, and they are regularly higher than acceptable levels.

Lund Waterworks District is planning on hosting another open house in October or November to update and discuss the community input and when parcel taxes will come into effect. They may be implemented next year but at a smaller amount until all factors are in place. A public consent process will be required for the rate payers of Lund (approx. 124 parcels), for the project to continue. This will be held once the grant is approved.

It was suggested that LWD assist landowner’s in having individual wells drilled to reduce the required community usage and perhaps save overall costs. Tom appreciated the idea and acknowledged it could be another consideration

Tom encouraged all Lund Landowners to go onto the qathet Regional District website and stated all this information and the Lund Landowner’s questionnaire should be available, on this website, within a week or two. He also reminded the public that the Engineers’ report is also available on this website as well.

## Engineering and Other qathet Details

<https://www.qathet.ca/2022/08/09/lund-waterworks-district-open-house/>

The screenshot shows the qathet Regional District website. The main content area features a news article titled "Lund Waterworks District Open House – August 20, 2022 at 10 am". The article text states: "The Lund Waterworks District will be hosting a public open house for Lund Water ratepayers on August 20, 2022 at 10:00 am. The purpose of this meeting is to discuss the Lund Waterworks District and qathet Regional District's grant application to the Investing in Canada Infrastructure Program – British Columbia – Green Infrastructure – Environmental Quality. The Open House will also exchange information regarding construction, costs, project phasing, and taxation and borrowing options. To view the Lund Waterworks District Open House event details, please click here." Below this, it mentions that the qathet Regional District and Lund Waterworks District recently completed an engineering assessment of the Lund Waterworks District system's infrastructure. A red button at the bottom of the article reads "Click here to view the Engineering Assessment of the Lund Water System".



The Open House meeting concluded at 11:07