

May 10, 2022

Chair and Directors
qathet Regional District
#202 - 4675 Marine Avenue
Powell River, BC V8A 2L2

Dear Madams and Sirs:

Re: Lund Water System

First, allow me to introduce myself: My name is Tom Day, and the Province appointed me Receiver of the Lund Waterworks District (LWD) on February 23, 2022. I worked in Local Government for over 30 years, serving as Chief Administrative Officer for 25 years. I have an extensive background in the provision of infrastructure, and in operating municipal utilities.

My earliest work in service to LWD was to assess the status of the system and its ability to operate as a self-funding utility. I quickly came to realize the extensive risk that existed with both the very real potential for complete system failure due to aged storage infrastructure, and the inadequate treatment process that does not meet drinking water standards.

The risk to those connected to the water system is obvious, but perhaps less obvious are the risks to the greater qathet community. Failure of the system will:

- Trigger a local government emergency as people look to obtain, store, and utilize drinking and household water;
- Eliminate the most abundant water source for fire protection at the north end of qathet region;
- Close/impact businesses that are relied upon and enjoyed by all;
- Impact/close the community centre;
- Impact the Sewer Treatment Plant;
- Impact Lund Harbour services;
- Impact property values.

The required solution is to renew and upgrade infrastructure. The qathet Board recognized this in 2019 and submitted an Infrastructure Grant application to resolve the potential emergency. Unfortunately, the application was unsuccessful, so the Board submitted a second application early this year.

I have been working closely with your Chief Administrative Officer and your Manager of Asset Management and Strategic Initiatives to improve qathet's chances of a successful Infrastructure Grant application. Together we have been in contact with Ministry of Municipal Affairs staff, and we have examined alternate solutions to answer the Province's questions for a more detailed and prioritized Infrastructure Grant application.

Our joint recommendation is to focus the infrastructure work: First, to replace the primary storage facilities and establish a treatment process that meets the required standards; Second, to address the distribution shortfalls including those required for fire protection and resource conservation; Third, to detail engineering requirements to best ascertain the long-term adequacies of the dams on Lund and Thulin Lakes.

In order to develop more accurate construction costs, ensure the infrastructure upgrade proposal is cost effective, and align qathet's Infrastructure Grant application with the three-stage focus, we believe it best to use a team of two consultants experienced in the issues at hand: one from the engineering side and one from the construction side. I have sought out and obtained a proposal from an experienced team familiar with the Lund system and the construction of water infrastructure.

A second joint recommendation is to re-focus the existing Lund Planning Grant and to submit a second Lund Planning Grant application to achieve this work. This will enable qathet to answer questions from the Ministry of Municipal Affairs and will improve the chances of the Infrastructure Grant being approved.

Additionally, for the Board's information, The Lund Waterworks District held its Annual General Meeting on Saturday, April 30th. I reported to those in attendance these recommendation as to how best to proceed. All in attendance supported the approach. Additionally, I note that past Board Chair, Harold Robertson, has supported this approach and direction from the outset of my tenure.

Finally, I wish to inform that in the second half of this year I will be focussing my efforts at achieving a sustainable budget for the Lund Waterworks District through a realistic and equitable revenue strategy. Once in place, this should make the eventual transference of the utility as a self-funding qathet Regional District service financially viable.

Thank you.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Tom Day', written in a cursive style.

Tom Day, Receiver
Lund Waterworks District