

# Lyall Harbour-Boot Cove

## Water System Petition

### Frequently Asked Questions

Capital Regional District | July 2025

### What capital improvement projects are proposed for the Lyall Harbour – Boot Cove Water System that are triggering this petition?

Capital Project Title	Scope
Air Valve Replacement Phase 2	Replace aging air valves that are a safety concern
Standpipe and Valve Replacement	Replace the standpipe valves at 119 and 155 East Point Road that are seized and inoperable
Auto flush Installation	Install 3 auto flushes within the water distribution system to maintain distribution quality
Raw Water Turbidity Meter	Supply and install a new turbidity meter in the raw water line to aid in operation of the WTP
Install Larger Supply Line to Tank	Construct a larger supply line to the tank to improve system reliability and operation
Dam Improvements and Regulatory Requirements	Dam Safety Review (DSR) update and Money Lake Dam safety improvements based on the results of the DSR report
New Ground Water Well Assessment	Groundwater quantity and quality testing for feasibility to incorporate into the water system
Storage Tank condition assessment and repair details	Assess leaks in storage tank and develop a repair detail
Dam Break Analysis	Conduct a dam break analysis per recommendations of the 2022 Dam Safety Review
<b>Total Cost</b>	<b>\$2,000,0000</b>

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#### Why are these projects necessary?

Ongoing investments in water infrastructure are crucial for the resilience, reliability and sustainability of a water system and are necessary to provide safe, clean drinking water. The proposed projects are required to support the ongoing delivery of the water service and deferring these projects will increase the risk of service disruptions and result in costly emergency repairs and operational costs.

Several of these projects have been identified as critical upgrades since 2019 but have not been accomplished due to lack of funding.

Money Lake Dam is a regulated dam under the Water Sustainability Act and Dam Safety Regulation and as such, the water service has a legislated obligation to undertake Dam Safety Reviews (DSR) and develop a plan to address any defects identified in a DSR. All of the dam safety improvement projects proposed in the petition were identified in prior DSR audits (but have not been completed) and are deemed important investments for ongoing water security and public safety.

Additionally, the ground water well assessment project is proposed to further analyze the feasibility of adding a nearby well water source to the water supply and the remaining infrastructure improvements listed are proposed to address known infrastructure deficiencies in the water system.

#### What is the estimated budget for the projects?

The combined budget for all projects is \$2,000,000 (as per table above). This budget is intended to fund the planning, design and construction of the work, inclusive of materials and labour. The budgets for each project are based on a previously procured engineering estimate that includes a price escalation for time and contingency.

#### How will the projects be funded?

The projects will be funded by long-term debt financing.

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#### Will there be a cost to property owners driven by the proposed debt?

Yes - the cost of servicing the debt for the proposed water improvement projects will be an additional annual fee on top of your current water fees and property taxes.

The annual debt cost per property is estimated at approximately \$838 per year for the next 25 years. This is an estimate based on the current interest rate of 4.74% and the recommended 25-year amortization period for the full \$2,000,000 debt. The actual annual cost to users may vary depending on the interest rate at the time of borrowing and the amortization period. If less than the projected budget is borrowed, the annual cost to homeowners will be reduced.

#### When will the borrowing occur and how will it look on my property tax notice?

The debt payment schedule will result in an incremental increase in property taxes. The full cost will be reflected on property tax notices in a phased-in manner over a few years based on the funding requirements of the project delivery schedule, therefore, the increase may not be fully realized in a single year. The actual borrowing cost can only be determined when an interest rate and the amount of debt that is required is confirmed. The maximum debt permitted by the petition will be \$2,000,000.

#### How will an amortization term be chosen?

The CRD will consider multiple guidelines with respect to selecting an amortization term, including estimated useful life of the infrastructure, the impact of the annual debt payment requirement, the total cost of borrowing over the debt term and the interest rate risk. A longer amortization term will minimize the annual debt payments, but results in higher total cost of borrowing and higher interest rate risk exposure with uncertainty for future refinancing rates. A 25-year term is recommended to minimize the annual debt payments requirement for ratepayers.

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#### What is the process for obtaining approval for debt financing?

The approval of debt financing involves obtaining elector approval which can be attained through a petition process. In order for the CRD to borrow funds, the petition form prepared by the CRD must be signed by the majority of property owners for each land parcel indicating their support for the proposal. **For the petition to be successful, the owners of at least 50% of the properties must consent and those properties must represent at least 50% of the net taxable value in the service area.**

Petitions that are not returned will be counted in the negative. It is important to note that the borrowing and taxation will apply to **all** properties in the service area and not just the property owners who voted yes.

#### Is there any grant funding available?

Yes – the CRD received monies from the Community Works Fund (CWF) grant to fund the dam safety review project. Currently, there is some CWF funding remaining, however it is insufficient to carry out the extent of the remaining dam safety project. Additional grant funding for the dam safety project is not anticipated. CRD staff will continue pursuing grant opportunities if any become available. An approved loan authorization bylaw could increase the grant success, since grant programs often require cost sharing by demonstrating the local share is committed and secured. The required actual borrowing amount will be reduced if a future grant is awarded.

#### What are the alternatives to the petition process?

The alternatives to a petition process include the Alternative Approval Process (AAP) or a referendum. A petition is only open to property owners, whereas an AAP or referendum are open to all eligible electors which includes both tenants and property owners in the service area. The petition process is recommended over an AAP or referendum as the petition process is quicker, more straightforward, more cost effective when there is a smaller number of properties and provides a clearer indication of support from property owners.

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#### If the petition is successful, when will the projects begin?

Projects are anticipated to begin as soon as funding is available. Projects are expected to be initiated in 2026 and completed by 2028.

#### What is the timeline for the petition process?

The petition will be open to homeowners from **August 1 to October 1, 2025**.

#### What is the debt borrowing process?

Once elector approval is obtained and the Loan Authorization Bylaw adopted, as per legislation, long-term debt must be arranged through the Municipal Finance Authority (MFA). MFA will set a fixed interest rate for an initial term (generally 10 years) and subsequent refinancing terms until the payments are completed. The Loan Authorization Bylaw will define the maximum debt term; however, the length of the initial fixed term and the subsequent refinancing terms are at the sole discretion of the MFA.

#### How will the petition debt be collected from the property owners?

Over the term of the debt, the annual repayment of the debt including principal and interest payments will be collected through annual property taxes on all taxable folios within the Lyall Harbour – Boot Cove Water Service Area. The Province collects taxes for the services provided on behalf of Capital Regional District. Property owners have access to tax programs administered by the Province if all criteria are met for eligibilities, such as the Home Owner Grant and Property Tax Deferment Program. Additional details for the property taxes in rural areas can be found at the province website: <https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/rural-area>