

Maliview Wastewater Treatment Plant Upgrade

FAQ - Financials



Capital Regional District | REVISED July 15, 2025

Some frequently asked **financial** questions regarding the Maliview Wastewater Treatment Plant are noted below.

The Capital Regional District (CRD) is making progress with upgrades to the Maliview Wastewater treatment plant to meet provincial and federal regulations while ensuring environmental protection. Before construction begins, local ratepayers will need to approve borrowing to secure funds for the project.

The treatment plant upgrade project with a total estimated budget of \$ 4,948,040 includes three sub-projects as identified in the Capital Plan with an estimated project budget breakdown as below:

- Wastewater Treatment Plan Upgrade (21-03) - \$4,368,040
- Collections System Renewal (22-02) - \$460,000
- Inflow and Infiltration Program (23-02) - \$120,000

How will the project be funded and how much debt borrowing is required?

The treatment plant upgrade project (\$4,948,040) will be funded by grants, debt and service's own reserve fund. The total required borrowing is \$2,510,000. The summary for funding sources is outlined in the table below:

Projects	Funding Sources			
	Grant	Debt	Reserve	Total
• 21-03 Wastewater Treatment Plant Upgrade:				
Phase 1 – Study & Design (Completed)	\$343,620 *	\$0	\$38,420	\$382,040
Phase 2 - Construction	\$1,989,000**	1,950,000	\$47,000	\$3,986,000
Total 21-03	\$2,332,620	1,950,000	\$85,420	\$4,368,040
• 22-02 Collections System Renewal	\$0	\$460,000	\$0	\$460,000
• 23-02 Inflow and Infiltration Program	\$0	\$100,000	\$20,000	\$0
Total	\$2,332,620	\$2,510,000	\$105,420	\$4,948,040

*Community Works Fund (CWF)

**Rural and Northern Communities Infrastructure (RNC)

What is the total grant amount approved?

With two grant programs, the total grants currently approved is \$2,332,620 and 48% of the total project budget.

- Canada Community Building Fund (CCBF) – Community Works Fund (CWF): with SSI Director's support, \$343,620 has been awarded towards the study & design phase of the project 21-03.
- Investing in Canada Infrastructure Program (ICIP)– Rural and Northern Communities Infrastructure (RNC): \$1,989,000 has been awarded towards the construction phase of the project 21-03.

How will the debt be approved?

Once the projects approved in the Five-Year Capital Plan through Financial Plan Bylaw by the CRD Board, the electors' approval for the debt is still required by petition, alternative approval process or referendum. The petition process is the most cost-effective method for obtaining approval and is the only method which limits participation to property owners only. Through the petition process, 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. If the petition is not successful, an alternative approval process will be initiated at further cost to the Maliview Service ratepayers.

What is the debt borrowing process?

Once the electors' approval obtained and the Loan Authorization Bylaw adopted, long-term debt must be arranged through the Municipal Finance Authority (MFA) which offers a maximum lending term of 30 years. MFA will set a fixed interest rate for an initial term, generally 10 years, and subsequently refinance the loan for refinancing interest rate, typically in five-year increments. 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 debt cost be collected from the ratepayers?

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 each taxable folio in the Maliview Sewer 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 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>

What is the cost to each property owner?

The actual cost of borrowing will be dependent on the loan amount, actual interest rates at the time of borrowing and refinancing, and the amortization term selected. CRD staff consider multiple guidelines with respect to amortization term, including estimated useful life of the infrastructure, the impact of the annual debt payment requirement, the total cost of borrowing over 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 30-year term is recommended to minimize the annual debt payments requirement for ratepayers.

For analytical purposes only, using the indicative interest rate of 4.74% published by MFA at the time of this report and the recommended maximum 30-year amortization period, the simulated annual debt cost per taxable folio is approximately \$1,779. The actual borrowing cost can only be determined with the interest rate at the time of debt issuing and refinancing intervals, which will be different than the estimation of \$1,779 if the actual interest rates differ from the indicative rate of 4.74%.

When will the borrowing occur and what will it look like on our property tax?

There are only two regular long-term debt issuances annually by MFA in Spring and Fall. To provide timely access for interim financing for the project cashflow, the short-term borrowing will be authorized through Temporary Borrowing Bylaw under the terms specified in the adopted Loan Authorization Bylaw. Associated financing costs for temporary borrowing will be monthly variable interest-only payment. Converting temporary borrowings to long-term debt issuances will be phased in throughout the project with the last issue near or at the project completion when the total borrowing amount is finalized. Due to no principal payment is required for the short-term borrowing and in the borrowing year of the long-term debt, the staggered debt payment schedule will allow the full cost to be reflected on property tax notices in a phased in manner over a few years.

Contact Information

For more information on the project, visit:

www.crd.ca/maliview

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