



## Universal Water Meter Installations Project Loan Authorization Bylaw No. 718, 2018 Alternative Approval Process

### Frequently Asked Questions

The SCRCD is seeking approval of the electors to borrow up to \$5,956,111 over a 20 year term to fund Phase Three (Sechelt area) of the Universal Water Meter Installation Project.

#### **Q. Why does the SCRCD want to borrow money?**

- A. Water meters are a priority identified in the SCRCD's Comprehensive Regional Water Plan (CRWP). The purpose of the Loan Authorization Bylaw is to provide funding for Phase Three, which is the final phase of the universal water meter installations project and involves installing water meters in the Sechelt area. Meters have already been installed for SCRCD water customers in Egmont/Pender Harbour, Halfmoon Bay, Roberts Creek, Elphinstone and West Howe Sound between 2014 and 2018.

Grant applications for Phase Three of the Universal Water Meter Installation project were not successful and since the SCRCD is committed to completing the project, the Board decided to fund it through a loan with a 20 year term.

#### **Q. What are the benefits of long term borrowing vs short term borrowing?**

- A. A 20 year term would spread the funding requirements over the lifespan of the water meters and future system growth (more users) would contribute towards servicing the debt. This would reduce the overall burden on today's taxpayer.

Funding the project over a 20 year term is also consistent with the CRWP financial model. Current parcel tax rates which are used for capital funding and debt servicing have been set based on the assumptions made in the model, so a 20 year loan would not have an impact on future projected rate increases.

Financing over a five year term increases the short term financial risk to the SCRCD and would require a rate increase as current parcel tax revenues would not be sufficient to fund the increased debt costs and planned rehabilitation projects identified in the CRWP. A parcel tax increase of approximately 20% would be required to maintain adequate cash flow over the borrowing term without drawing on reserves.

Using short-term financing or a combination of short term and reserve funds would decrease financial flexibility for funding future water-related infrastructure projects.

A staff [report on funding options](#) was considered at the April 19, 2018 Infrastructure Services Committee meeting.

**Q. How much money does the regional district intend to borrow for this purpose, and what are the terms for borrowing?**

- A. The regional district intends to borrow up to \$5,956,111 to fund Phase Three of the Universal Water Meter Installation Project with repayment of the debt over a term not to exceed 20 years. The funds would be borrowed through the Municipal Finance Authority of BC which handles capital financing needs for local government.

Authorizing a \$5.9 million loan doesn't necessarily mean the full amount will be borrowed. The SCR D will continue to review grant opportunities and consider alternate funding sources that might become available.

**Q. How will this affect my taxes?**

- A. If the AAP is successful, debt payments would be made by allocating funds (an average of \$37.70 per parcel) from the existing parcel tax over the term of the borrowing. Current parcel tax rates which are used for capital funding and debt servicing have been based on assumptions made in the financial model developed with the CRWP. Debt financing this project over a 20 year term was included in the financial model, so this borrowing is not expected to increase the parcel tax rate.

The overall rate structure may vary from year to year depending on changes to capital plans and the availability of other sources of funding such as provincial and federal grants.

**Q. How will this project benefit the public?**

- A. Water metering will help the SCR D and water users improve their leak detection abilities and better understand water consumption. Many cities and regional districts across Canada have already made the move towards metering as it is widely recognized as an industry best practice. It is common for communities to realize a reduction in water consumption by 20% to 30%.

**Q. Is it true that we need to have meters in place to be eligible for future grants from the federal or provincial government?**

Different grants have different requirements and funding criteria; however metering demonstrates responsible management practices that are looked upon favourably by senior levels of government and therefore strengthen the SCR D's ability to obtain senior government grant funding.

**Q. What is an Alternative Approval Process?**

- A. An Alternative Approval Process (AAP) is a method of obtaining elector approval on local government bylaws. If 10% or more of electors oppose the long term borrowing, the loan authorization bylaw cannot be adopted without proceeding to an assent vote (referendum).

**Q. Why are you using an AAP instead of a referendum?**

- A. An AAP is less costly than a referendum and allows electors to submit responses over a period lasting at least 30 days.

## **Q. How does an AAP work?**

- A. The AAP is a process where a person only **submits a response form if they are opposed** to the proposed action, which in this case is to approve a 20 year loan to fund water meter installations. Response Forms are available to the public online and at various regional district offices. There is a minimum 30-day period to submit response forms.

If you support the SCRD using long term borrowing to fund Phase Three of the Universal Water Meter Installations Project, you do not have to take any further action. Approval of the electors is achieved if less than 10% of electors register objection to the borrowing.

## **Q. Can anyone participate in the process?**

- A. To participate in the AAP, a person must meet the qualifications to be registered as an elector (under the *Local Government Act*) and must reside or own property within the SCRD Water Supply and Distribution Service Area (Electoral Area A – Egmont/Pender Harbour, B- Halfmoon Bay, D- Roberts Creek, E- Elphinstone, F- West Howe Sound and the District of Sechelt). Qualifications include:
- eighteen years of age or older;
  - Canadian Citizen;
  - resident of British Columbia for at least the last six months;
  - resident of, OR registered owner of real property within, the service area for at least the last 30 days;
  - not disqualified by law from voting in local elections.

Only one non-resident property elector may sign an elector response form per property, regardless of how many people own the property. Property owned in whole or in part by a corporation does not qualify under the non-resident property elector provisions.

## **Q. Why does the SCRD need public approval to borrow the funds?**

- A. Provincial legislation requires that a local government must receive approval of the electors to use long term (more than five years) borrowing.

## **Q. What if the AAP fails?**

- A. Metering is a key priority in the SCRD's Comprehensive Regional Water Plan. If the AAP fails, the Board will consider options including whether to proceed to an assent vote (also known as a referendum) or to use alternate funding sources like short term borrowing or reserve funds.

## **Q. Can a response form be withdrawn after it is submitted?**

- A. Yes, response forms can be withdrawn **prior to the deadline of 4:30 p.m. on Tuesday, July 24, 2018**. Withdrawal requests must be in writing and contain sufficient information to identify the elector concerned. They must be signed by the person making the request for withdrawal and physically delivered to the Regional District office. Electronic copies cannot be accepted.

**Q. Will response forms submitted electronically be accepted?**

- A. No, only the original signed Elector Response form will be accepted. Forms can be hand delivered or mailed to the regional district and must be received before the deadline of 4:30 p.m. on Tuesday, July 24, 2018.

**Q. Who can I contact for more information?**

- A. More information on the AAP may be obtained by contacting Angie Legault, Senior Manager, Administration and Legislative Services/Corporate Officer at the SCRD office at 1975 Field Road or by telephone at 604-885-6825 or Sherry Reid, Deputy Corporate Officer at 604-885-6813.

The Notice of AAP, Information Package and the Elector Response Form can be found at: [www.scrd.ca/Alternative-Approval-Process](http://www.scrd.ca/Alternative-Approval-Process).

Information on the Phase Three of the Universal Water Meter Installation Project may be obtained from the Infrastructure Services Department at 604-885-6806 or online at <http://www.scrd.ca/Water-Metering>.