

CRD Water Connection Project Questions and Answers

Why does the KLWD have to find an alternative water source?

- To comply with the Ministry of Health Drinking Water Treatment Objectives (Microbiological), specifically VIHA's Drinking Water Treatment for Surface Water Supplies Policy # 3.3.

What doesn't KLWD build a treatment plant?

- In January 2013 two Open Houses were held for property owners to voice their opinions on how they would like to see the District proceed to meeting the new water standards, either by the construction of a treatment plant (lake source) or connection to the Capital Regional District (CRD) Juan de Fuca water distribution system - both involve major infrastructure projects. At both meetings, the attendees clearly indicated their support for connecting to CRD water.

Why has nothing happened until now?

- Following the Open Houses held in January of 2013 the KLWD began discussions with the CRD and Juan de Fuca Water Commission regarding the future proposed connection. In December 2014, KLWD received word from the Regional Director JDF that there may be a possibility that CRD Water could apply for an infrastructure grant through the Building Canada Fund. In January 2015 the Regional Director JDF confirmed that they would be applying for the infrastructure grant and that the application would go to the JDF Water Commission, and Electoral Area Services, and finally the CRD Board for approval. The grant application was submitted in February 2015. The application was unsuccessful, and the application was re-submitted for Round 2 in April 2016. In March 2017 the KLWD received news that the grant application under the Building Canada Fund (Round 2) was unsuccessful, as well as a separate application under the Clean Water and Wastewater Fund. Both applications submitted on our behalf by the CRD. Current government policy does not allow improvement districts to access grant funding unless it is through a regional district or municipality. As a result, improvement districts cannot access federal or provincial funding and must rely on taxation or borrowing to secure any capital funding. At this point the KLWD instructed WSP engineers to update the project costs. This was finalized at the end of March 2018 and the AAP process was started in May 2018 following consultation with the Ministry.

How is the KLWD planning to pay for the project?

- The KLWD will secure a term construction loan from Royal Bank of Canada at prime plus 0 followed by a 10 year fixed interest term loan amortized over 25 years. The term loan rate will be known when the project is complete. For reasons of providing repayment cost estimates, a figure of 5.5% has been used.

How much is the project going to cost?

- The KLWD is requesting to borrow \$2M, which should be the maximum cost of the project.

Why did KLWD choose to use the Alternative Approval Process (AAP)?

- The other option was to hold a referendum which would cost more to administer and take longer to completed. With the high construction demand in the region at this time, the costs of construction for any project have been significantly increasing over the short term. We had been able to get a very reasonable firm quote for our project but it was only valid until early June. Any delay beyond this would see the contractors taking on other work in the meantime and when they were again available the costs would be higher. The ministry recommended we use the AAP first for these reasons.