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File No.: 5600-30-SWS/01

Dear Saltair Water System Customer:

**Re: CVRD Saltair Water System Upgrades and Elector Approval for Borrowing, Alternate Approval Process (AAP)**

Further to the October 13, 2020 letter advising Saltair Water System customers of borrowing costs to fund the provincially mandated water filtration treatment upgrades to the system, this letter provides background information on the required upgrades and outlines the approval process required for the Cowichan Valley Regional District (CVRD) to adopt a bylaw that authorizes borrowing the funds for the necessary upgrades.

In 2015 the operating permit for Saltair Water System was amended to include a deadline of January 31, 2018 to meet Provincially mandated Surface Water Treatment Objectives, namely the addition of a filtration system to the water treatment process. The addition of a filtration system is very costly, therefore staff worked to explore options to determine the most cost-effective solution for meeting compliance with the objectives including: writing grant applications for funding, exploring an interconnection with the Town of Ladysmith, investigations for groundwater sources and studying various filtration technologies. Due to lengthy processes associated with grant funding announcements, tenure applications for groundwater exploration and the large capital investment, the January 31, 2018 deadline was not met. In 2020 Island Health issued a Contravention Order to the CVRD for failing to meet the terms and conditions of the operating plan namely the addition of a filtration system. In response to the Contravention Order, the CVRD agreed to meet a stringent timeline to meet compliance with the Saltair Surface Water Treatment Objectives.

To meet compliance, an upgrade is needed to the treatment works to add filtration of the water to remove potential pathogens. This upgrade is estimated to cost up to \$3.7 million.

To better inform customers about the upgrades, costs and approval process for borrowing, two public meetings were recently held for Saltair Water System customers. For those customers that did not attend the virtual or in-person meeting, the virtual meeting was recorded and the PowerPoint presentation and commentary can be viewed on the CVRD website at the following link: <https://www.cvrld.ca/2706/Saltair-Water-System>

Borrowing of the funds is through a long-term loan from the Municipal Finance Authority. Financing over 20 years will result in an increase of approximately \$270 per year per parcel. Under the *Local Government Act* elector approval is required to authorize the CVRD to proceed with the long-term borrowing to fund the upgrade project. Since borrowing of the funds is done after completion of the project, the CVRD will only borrow for the actual cost of construction. The \$3.7 million is the maximum amount that can be borrowed, however, the actual amount may be less.

The method for gaining elector approval for adoption of the borrowing bylaw will be through an AAP. The AAP allows eligible electors within the Saltair Water System Service Area to indicate they are borrowing up to \$3.7 million to carry out the necessary upgrades to the system. An AAP was chosen as the preferred method to gain elector approval as there is no physical contact between people during the Covid-19 pandemic. The other two methods of gaining elector approval are assent (referendum) or by petition and both methods involve physical contact as part of the process. For the AAP, action is only required if you are **against** the CVRD adopting with the long-term borrowing bylaw to cover the costs for the upgrade project. If you are in **favour** of the borrowing bylaw, no action is required.

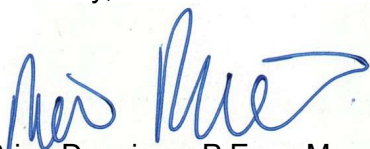
Please visit the CVRD website at <https://www.cvrld.ca/772/Voter-Approval> for more information on the AAP or to obtain an elector response form. If 10% or more of eligible electors sign and submit an elector response form in opposition to the borrowing, the CVRD Board can not proceed to adopt the borrowing bylaw. Elector Response Forms must be returned to the CVRD by **4:30 p.m., Wednesday, February 10, 2021**.

Should the AAP fail the CVRD may then proceed with a referendum on the same question or Island Health Authority may issue a separate Contravention Order under the *Drinking Water Protection Act* that will give the CVRD Board the authority to forgo obtaining elector approval and proceed with the long-term borrowing. This specific Contravention Order has not yet been issued by Island Health, therefore, the CVRD must proceed with the elector approval process to comply with the *Local Government Act*.

The status of the latest grant funding application is expected by late 2020 or early 2021. Although we remain hopeful for grant funding, the water treatment upgrades can no longer be delayed and the CVRD must proceed with the approval process.

If you have any questions or would like clarification on any of the above please do not hesitate to contact the undersigned at 250.746.2530 or by email at [Brian.Dennison@cvrd.bc.ca](mailto:Brian.Dennison@cvrd.bc.ca)

Sincerely,



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