



SUNSHINE COAST REGIONAL DISTRICT



**SPECIAL BOARD MEETING TO BE HELD
IN THE BOARDROOM OF THE SUNSHINE COAST
REGIONAL DISTRICT OFFICES AT 1975 FIELD ROAD, SECHLT, B.C.**

TUESDAY FEBRUARY 20, 2024

AGENDA

CALL TO ORDER 9:30 a.m.

AGENDA

1. Adoption of agenda

BUSINESS ARISING FROM MINUTES AND UNFINISHED BUSINESS

2. Reconsideration of motion – Pursuant to Section 217 of the *Local Government Act*, Chair Lee has exercised his right of reconsideration of Motion 039/24, Recommendation No. 17 of the February 8, 2024 Regular Board meeting as follows:

Recommendation No.17 *Regional Water Service [370]-2024 R2 Budget Proposal*

THAT the following budget proposal be deferred until 2025:

- Budget Proposal 2 – Langdale Well Field Construction, \$22,750,000 funded predominately by Long-Term Debt and supported by Canada Community – Building Fund - Community Works Funds and Growing Communities Funds and other potential contributions.

(Voting – All Directors – 1vote each)

REPORTS

3. Reconsideration of Langdale Well Field Development Project – Financial and Legislative Implications – Corporate Officer (subject to reconsideration of Motion 039/24, recommendation No. 17) Annex A
pp 2-10

(Voting – All Directors – weighted vote: A-2, B-2, D-2, E-2, F-2, DoS-6, ToG-3, sNGD-1)

COMMUNICATIONS

MOTIONS

NEW BUSINESS

IN CAMERA

ADJOURNMENT

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Special Board Meeting – February 20, 2024

AUTHOR: Sherry Reid, Corporate Officer

SUBJECT: RECONSIDERATION OF LANGDALE WELL FIELD DEVELOPMENT PROJECT –
FINANCIAL AND LEGISLATIVE IMPLICATIONS

RECOMMENDATION

THAT the report titled Reconsideration of Langdale Well Field Development Project – Financial and Legislative Implications be received for information;

AND THAT subject to reconsideration of Motion 039/24, Recommendation No. 17 of the February 8, 2024 Regular Board meeting, the report in Attachment A be reconsidered for Board decision.

BACKGROUND

A special Board meeting has been convened in order to exercise the Board Chair's right of reconsideration in accordance with Section 217 of the *Local Government Act*. Specifically, that the decision to defer the Langdale Well Field construction project until 2025 be reconsidered.

DISCUSSION

Should the Board reconsider the decision to defer the Langdale Well Field construction and instead resolve to approve the project as part of the 2024 Financial Plan, reconsideration of the Report in Attachment A will be required.

The report in Attachment A was previously received at the February 5, 2024 Finance Committee meeting (Round 2 Budget). The report outlines the financial and legislative implications of proceeding with the Langdale Well Field construction in 2024.

STRATEGIC PLAN AND RELATED POLICIES

CONCLUSION

Staff recommend reconsideration of the attached report, including the recommendations, as was provided at the February 5 Finance Committee meeting.

Attachment A: Langdale Well Field Development Project – Financial and Legislative Implications

Reviewed by:			
Manager		Finance	
GM		Legislative	
CAO		Other	

ATTACHMENT A

SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT

TO: Finance Committee (Round 2 Budget) – February 5, 2024

AUTHOR: Tina Perreault, General Manager, Corporate Services / Chief Financial Officer
Sherry Reid, Corporate Officer

SUBJECT: **LANGDALE WELLFIELD DEVELOPMENT PROJECT – FINANCIAL AND LEGISLATIVE IMPLICATIONS**

RECOMMENDATION(S)

- (1) **THAT the report titled Langdale Wellfield Development Project – Financial and Legislative Implications be received for information;**
 - (2) **AND THAT pending project and 2024-2028 Financial Plan approval, an electoral approval process by Alternative Approval Process (AAP) to authorize long-term borrowing to fund the Langdale Well Field project be initiated in 2024;**
 - (3) **AND FURTHER THAT the Sunshine Coast Regional District (SCRD) reach out to the District of Sechelt and shíshálh Nation Government District to explore the potential of a funding partnering utilizing Community Works Funds and Growing Communities Funds toward the Langdale Wellfield Construction project.**
-

BACKGROUND

At the December 14, 2023 Board Meeting the following resolution was adopted related to the following 2024 Round 1 Budget Proposal:

376/23 **Recommendation No. 35** Regional Water Services [370] - 2024 R1 Budget Proposal

THAT the following budget proposal be referred to the 2024 Round 2 Budget pending receipt of the Langdale Well Field Development - project update (Groundwater Investigation Round 2 Phase 3) to be presented at the January 11, 2024 Committee of the Whole Meeting:

- Budget Proposal 2 – Langdale Well Field Construction, \$17,500,000.

On January 11, 2024 the Committee approved recommendations as follows – to be adopted at the January 25, 2024 Board Meeting;

Recommendation No. 4 *Results Groundwater Investigation Phase 3 –
Round 2 – Langdale Wellfield Development*

The Committee of the Whole recommended that the report titled Results Groundwater Investigation Phase 3 – Round 2 – Langdale Wellfield Development be received for information;

AND THAT the SCRD proceed with the final design and engineering to support construction of the Langdale Wellfield.

Recommendation No. 5 *Results Groundwater Investigation Phase 3 –
Round 2 – Langdale Wellfield Development*

The Committee of the Whole recommended that the 2024 Budget Proposal for the Langdale Wellfield Development be amended to reflect the revised project costs and proposed funding sources.

Recommendation No. 6 *Results Groundwater Investigation Phase 3 –
Round 2 – Langdale Wellfield Development*

The Committee of the Whole recommended that staff provide a report as part of the 2024 Round 2 deliberations on the financial and electoral process implications of long-term borrowing in support of the construction phase of the Langdale Wellfield Development project.

The purpose of this report is to provide the financial and legislative implications of proceeding with the Langdale Wellfield project in support of decision-making for the 2024 Budget Proposal.

DISCUSSION

The delegation and report presented at the January 25, 2024 Committee of the Whole provided more details on the Langdale Wellfield Development project. It also provided a revised cost estimate of up to \$23.37 million, up from \$17.1 million presented at the 2024 Round 1 Budget deliberations. Considering the approved remaining project budget of \$627,600, the total project budget for the construction phase would be \$22.75 million.

Due to existing funding constraints of the service, all or a portion of the project would require the SCRD to use long-term borrowing as the main source of funding and staff will continue to explore grant opportunities for this project.

Legislative Process Considerations:

Long-term borrowing by local governments cannot be undertaken unless certain legislative requirements are met, including approval of the electors in the service area as well as approval by the Inspector of Municipalities.

The two primary ways local governments obtain approval of the electors is either through assent voting (formerly known as referendum) or by first “testing the waters” through an alternative approval process (AAP). The decision whether to first seek approval of the electors through an AAP or to proceed directly to an assent vote may be influenced by factors such as cost, timelines, or public perception of an issue. In *Assent Voting: Processes and Considerations for Local Governments in British Columbia*, published by the Ministry of Municipal Affairs and Housing, the following is offered as a guideline:

“If an issue is controversial, requires a significant contribution of taxpayers’ dollars, or is significant in scale or impact on the community, local governments may decide to proceed straight to assent voting. However, if the public has been actively engaged and there are reasonable indications that citizens are in favour, the proposal may lend itself better to an AAP. In this case, an AAP can be an effective time and cost saving tool to obtain approval of the electors.”

Options and analysis for two proposed elector approval processes are provided below for the Committee’s consideration.

Option 1: Conduct an AAP (recommended option)

An AAP would be the most time and cost-effective manner to obtain elector approval required to authorize long-term borrowing. The AAP process is a form of approval that allows electors to indicate whether they are against moving forward with the adoption of the bylaw to authorize the long-term borrowing needed to construct the Langdale Well Field. Eligible electors may register their opposition to the borrowing by signing and submitting response forms during the AAP. For elector approval to be obtained, response forms would need to be received by less than 10% of eligible electors in the entire water supply and distribution area.

If 10% or more of eligible electors sign and submit response forms, adoption of the loan authorization bylaw may not proceed and the Board has two choices:

1. Proceed to an assent vote within 80 days. Should the Board wish to move directly to an assent vote following a failed AAP, the decision will need to be made prior to commencing the AAP since the required preparation for a region-wide assent vote is significant and the work will therefore need to be started in advance of knowing the AAP outcome.
2. Put the matter on hold to consider other alternatives. This might include bringing the matter back for elector approval via a second AAP or going straight to an assent vote at a later date.

Timeline

Overall, the estimated timeline to conduct the AAP will be four months. The following steps are required:

- Communications (Q1/Q2 2024)
 - Begin following budget adoption and continue throughout the process

- Draft Loan Authorization bylaw (end of Q1 2024)
 - Bylaw must receive 3 readings and be approved by the Inspector of Municipalities prior to commencing AAP (allow 8-10 weeks for Inspector approval)
- Prepare for and initiate AAP (Q1/Q2 2024)
 - Order and prepare voters lists, calculate eligible electors
 - Develop response forms and AAP information package
 - Report to Board to authorize AAP process
 - Draft statutory advertising (run for two consecutive weeks)
 - Manage communications - website updates, respond to public inquiries
- Public response period (Q2/early Q3 2024)
 - A 30-day response period is required by legislation
- Receive and register elector responses, determine final results
- If elector approval obtained - bylaw adoption and submission to Province (early Q3 2024)
- If elector approval not obtained – bylaw cannot be adopted without proceeding directly to an assent vote within 80 days.

Option 2: Conduct an Assent Vote

An assent vote for elector approval must be held according to the legislative requirements for Assent Voting in the *Local Government Act*. The requirements and preparation for conducting an assent vote is strictly regulated and essentially the same as holding a general election. Given the regional scope of the water service, votes will be held in all SCRD rural areas (A, B, D, E, and F) as well as in the District of Sechelt. The time and cost of holding an assent vote will be significant given its regional scale.

Timeline

The estimated timeline to conduct the assent vote will be eight to nine months. The following steps are required (dates may vary subject to the Board's decision to proceed directly to an assent vote or to follow an AAP):

- Communications (Q1/Q2/Q3 2024)
 - Begin early and continue throughout the process

- Draft bylaw (Q1 2024)
 - Bylaw must receive 3 readings and be approved by the Inspector of Municipalities prior to commencing AAP (allow 8-10 weeks for Inspector approval)
- Prepare for and initiate Assent Vote (Q1/Q2/Q3 2024)
 - Order and prepare voters lists
 - Book voting locations
 - Prepare election forms, voter lists, voting supplies, ballot distribution forms
 - Draft statutory advertising (notice of other voting, scrutineers)
 - Recruit and train election officials
 - Order election supplies – ballots, ballot boxes
 - Prepare mail ballot packages
 - Manage communications - website updates, respond to public inquiries
- Required and second advance voting (late Q3 2024)
- General voting day – count ballots/determine final results (late Q3...September 21, 2024)
- If elector approval obtained - bylaw adoption and submission to Province (early Q4 2024)
- If elector approval not obtained – bylaw cannot be adopted.

Financial Implications

An analysis of the financial implications of supporting the legislative process to approve the project and the capital construction has been provided.

AAP

The amount of staff time required for an AAP will depend on the level of elector response. Although the public has expressed a high degree of support and interest in developing additional water supply projects, it is difficult to predict the level of elector response. This is one of the main drivers for proceeding via AAP as it provides a cost-effective, efficient means to “test the waters” for community support.

The estimated costs for an AAP are as follows:

Legal (contingency)	\$ 500
Statutory Advertising	1,500
Meetings & Supplies	500
Staff Time*	<u>9,500</u>
Total	\$12,000

** Staff time will be dependent on the amount of public interest generated. The costs would be borne by the service and additional funding is not being recommended at this time.*

Assent Vote

The time and cost required to hold an assent vote will be significant given its regional scale. The estimated costs for a region-wide assent vote are as follows:

Legal (contingency)	\$ 1,000
Statutory Advertising	7,500
Materials, Supplies	2,000
Election Officials (approximately 65)	40,000
Voting Station Rentals (8 venues)	4,000
Staff Time	<u>50,000</u>
Total	\$104,500

If an assent vote is approved, additional funding and resources will be required as part of the 2024 Budget. This has not been considered and a subsequent motion will be needed.

Langdale Wellfield Construction

Potential funding sources for the construction phase include reserves, parcel tax, Community Works Funds or the Growing Communities Funds, future grants, and a long-term loan. There are not sufficient reserves to fund this project and staff will continue to explore grant opportunities for this project.

Included in today's agenda is a report on the recommended use of Community Works Funds and Growing Communities Funds. In this report, it is recommended that \$2,500,000 from Community Works Funds and \$2,312,951 in Growing Communities Funds be allocated to the Langdale Well Field Project. The information below illustrates the expected cost of long-term borrowing proceeding the Langdale Well Field Project and after incorporating the debt (based on MFA indicative rates) at various levels of debt.

As the SCRD has taken on multiple long-term debt issues over the past 5 years, it currently pays the following for existing approved debenture debt (does not include short term debt for equipment financing):

Existing Approved Debenture Debt

Debt Servicing Costs	Estimated Parcel Tax
\$869,912	\$73.74

If the SCRD borrowed the full amount for the construction of the Langdale Well project, the estimated impact would be as follows:

\$22.75M Borrowing

Term	Debt Servicing Costs	Parcel Tax Increase	Total Cost of Borrowing
20 Year	\$1,736,744	\$149	\$34,734,880
25 Year	\$1,517,387	\$130	\$37,934,680
30 Year	\$1,375,061	\$118	\$41,251,839

If the SCRD allocated a portion of the Community Works Funds and Growing Communities Funds to reduce the borrowing, the estimated impact would be as follows:

\$17,937,049 Borrowing (Use CWF & GCF)

Term	Debt Servicing Costs	Parcel Tax Increase	Total Cost of Borrowing
20 Year	\$1,369,321	\$117	\$27,386,429
25 Year	\$1,196,371	\$102	\$29,909,284
30 Year	\$1,084,156	\$93	\$32,524,671

This option significantly reduces the cost of borrowing over the term of the debt, reduces the impact to the rate payers, meets the objectives of the funds and allocates funding that has remained dormant for several years.

By using funding that was apportioned by the Province based on the electoral areas, this significantly benefits the District of Sechelt and shíshálh Nation Government District. Therefore, it is recommended that the SCRD approach the District of Sechelt and shíshálh Nation Government District on options to allocate a portion of their Community Works Funds and Growing Communities Funds toward the Langdale Well Field Construction project.

The Budget Proposal for the Langdale Wellfield has been updated to reflect the funding options provided in subsequent reports.

Organizational and Intergovernmental Implications

If an AAP was the chosen path forward, this would add additional workload to legislative (including communications), finance and the infrastructure services divisions. This has partially been considered for many of the 2024 Budget Proposals for these services.

As the SCRD has multiple AAP processes planned to occur in 2024, Legislative Services has streamlined the process to initiate them concurrently to reduce the public burden and create efficiencies.

Communications Strategy

In addition to the communication outlined in the prior staff reports on this project and well in advance of initiating an elector approval process, staff recommend developing and undertaking a comprehensive communication plan to ensure the community is informed about ongoing and new water supply projects. This may include:

- Updates on the results of the projects and 2024 budget proposals associated with water supply.
- Progress updates on the Langdale Wellfield testing.

STRATEGIC PLAN AND RELATED POLICIES

This project is directly related to the Service Delivery Focus Area of *Water Stewardship* in the Boards 2023-2027 Strategic Plan. It fits within the strategic action of *continuing to explore, enhance and develop ground water and surface water sources*.

CONCLUSION

The Langdale Wellfield Development project is a critical step towards addressing the water supply needs of the community and aligns with the SCRD's strategic focus of Water Stewardship.

The recommended option of utilizing an Alternative Approval Process (AAP) reflects a balanced approach to meet legislative requirements while considering public opinion and fiscal responsibility. The AAP, being cost-effective and time-efficient, will serve as a preliminary gauge of public support.

The increase in project cost to \$23.37 million and revised budget proposal of \$22.75, while significant, has options for funding strategies that include long-term borrowing, the use of Community Works and Growing Communities Funds, and potential grants. By incorporating Community Works and Growing Communities Funds, the SCRD can significantly reduce the borrowing amount and lessen the financial burden on rate-payers. The proposed parcel tax increases, while notable, are a necessary trade-off for the long-term sustainability and reliability of the water supply.

Reviewed by:			
Manager		Finance	
GM		Legislative	
CAO	X – D. McKinley	Other	