

Late Item (KK)

**Courtney E. Kirk**

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**From:** Diane Skelly  
**Sent:** Wednesday, February 12, 2020 2:24 PM  
**To:** Courtney E. Kirk  
**Cc:** Kevin O'Neill  
**Subject:** Fw: You email requests  
**Attachments:** Presentation to Government - Feb 15 2015.pdf; HWD Letter to Gov't (Ken presentation).pdf

Dear CAO Kirk and CCRD Directors,

Prior to becoming a trustee I took a great interest in the Point of Entry (POE) pilot project as well as other issues facing the Hagensborg Water District.

I am forwarding an email that was received from former HWD CAO Rosemary Smart which included a PowerPoint presentation at a HWD public meeting that had also gone to government. Please note slide #3 Meeting Purpose, #13 Cost of Implementation Cont: Fire Protection Infrastructure Costs, and slide #16 Cost of Implementation Cont: Loan Payback Example.

Following this public presentation a letter dated April 1, 2016 was sent to government by the board at the time which included some members of the current Hagensborg Water Preservation/Ratepayers Group. I have attached a copy of this letter. Rosemary's email below shows where the letter was sent.

*As you will see, historically all boards have come to the same conclusion that upgrading our system is a burden this small community cannot afford, and for years trustees have tried to lobby for government policy change without success.*

Previous HWD trustees also engaged the services of the Williams Lake Chamber of Commerce Scot Durward (2016) to do a report on the District's financial challenges and government policy denying improvement districts funding. The link to his final thesis is attached. Page 6 suggests the estimated cost for the District to upgrade would be 3.5 million. [https://dspace.library.uvic.ca/bitstream/handle/1828/8613/Durward\\_Scot\\_MPA\\_2017.pdf?sequence=1&isAllowed=y](https://dspace.library.uvic.ca/bitstream/handle/1828/8613/Durward_Scot_MPA_2017.pdf?sequence=1&isAllowed=y)

## Analysis of the Government's Policy Restricting Improvement Districts Access to Water and Sewer Infrastructure Grant Funding - DSPACE

[III] Executive Summary Introduction On May 27, 2016, a group of organizations with an interest in the Government of British Columbia's policy to restrict improvement districts from accessing sewer and water

[dspace.library.uvic.ca](https://dspace.library.uvic.ca)

As the holder of the HWD New Directions Research portfolio I have looked at treatment options among other issues. Here is the link to the portfolio Terms of Reference - [https://www.hwwdistrict.ca/docs/hwd\\_portfolio\\_new\\_directions-final.pdf?LanguageID=EN-US](https://www.hwwdistrict.ca/docs/hwd_portfolio_new_directions-final.pdf?LanguageID=EN-US) As part of this

portfolio I have stayed in contact with HomePlus Grant Robertson as he was the supplier of the POE units and is very familiar with the needs of our water district. He has also worked with other improvement districts providing treatment options. I recently corresponded with Grant Robertson informing him of our success with the current grant. His comment was, "Wow, that is a very big decision indeed. That should be enough money to replace all of the piping and build a treatment plant though."

Even if the above two references to costs are not sufficient to fully cover an upgraded system, \$3.8 million dollars is a tremendous start, and that much less for our ratepayers to shoulder.

One final note. Below is a comment from the HWD 2017 AGM from trustee Mark Nelson. Also on the board at this time was Trustee Jeremy Baillie, Chris Matthews, Donald Mikkelson and Kevin O'Neill. I suggest this comment is an indicator that the current required level of support for conversion may have been achieved.

May 25, 2017 AGM Minutes:

"A member of the public stated that he feels it is very unlikely that the District will become eligible for provincial government funding for infrastructure projects, and enquired as to what proportion of rate payers would be sufficient to prompt the Board of Trustees to undertake a study of Conversion to a Central Coast Regional District service.

Trustee Nelson suggested that support for such a request from 40% of rate payers would likely be sufficient.

**2017-07-AGM**

**Dianne Tuck/Ralph Gunderson that the Hagensborg Waterworks District consider applying for funding in the amount of \$5,000 from the Province, to undertake a study of Conversion of the Hagensborg Waterworks District to a Central Coast Regional District Service. "**

Thank you for your time. I hope the information provided above will be of some assistance and if necessary be added as a late submission to your agenda for tomorrow's meeting. ✱

Diane Skelly  
HWD Trustee/CAO

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**From:** Hagensborg Waterworks & Fire Protection District <hwwdistrict@gmail.com>  
**Sent:** October 20, 2016 9:38 PM  
**To:** Diane Skelly  
**Cc:** Chris Matthews <chris@hwwdistrict.ca>  
**Subject:** Re: You email requests

Sorry - I forgot to attach presentation. Here it is in pdf format.

Regards,  
Rosemary

**Hagensborg Waterworks District**  
Ph: 250-982-2777

On Thu, Oct 20, 2016 at 9:27 PM, Hagensborg Waterworks & Fire Protection District <[hwwdistrict@gmail.com](mailto:hwwdistrict@gmail.com)> wrote:  
Answers inserted below.

RS

### **Hagensborg Waterworks District**

Ph: [250-982-2777](tel:250-982-2777)

On Tue, Oct 18, 2016 at 11:27 AM, Diane Skelly <[dskelly@hwwdistrict.com](mailto:dskelly@hwwdistrict.com)> wrote:

Thanks Rosemary. I just see 2 pages for the June 25, 2009 AGM. Is that all?

Yes

I have printed off the letter to Government regarding Ken's presentation. Can you have another look for it? The letter states there is an "attached presentation and the outline of the HWD's undertakings for compliance" so the HWD should have a copy.

I would like a copy of the presentation and the outline of the HWD's undertakings for compliance that were attached. Can you also let me know where copies of this letter dated April 1, 2016 was sent?

Attached is the latest version of the presentation. It was sent to

:

- The Honorable Petter Fassbender, Minister of Community, Sport and Cultural Development and Lia Robbins, Administrative Coordinator
- The Honorable Terry Lake, Minister of Health, Stephen Brown, Deputy Minister and Kirsty Morris, Constituency Assistant
- The Honorable Naomi Yamamoto, Minister of State for Emergency Preparedness, Under the Ministry of Transportation & Infrastructure, Emergency Management BC. Office of the Fire Commissioner
- The Honorable Minister Todd Stone, Ministry of Transportation & Infrastructure
- Dr. Paul Martiquet, Medical Health Officer
- Scot Durward, Policy Chair, Williams Lake & District Chamber of Commerce, MPA graduate student, School of Public Administration @ The University of Victoria

I would assume for the above letter to be sent in regards to Ken's presentation it would have been adopted at some point by the HWD prior to mailing. Can you direct me to the minutes adopting his presentation?

[LINK](#) to minutes. This was the last thing to be approved. Please see Minutes of December 2015 and January 2016 for other steps trustees reviewed.

Thanks and I'll get back to you today regarding the next meeting.

Diane Skelly

"We must free ourselves of the hope that the sea will ever rest.  
We must learn to sail in high winds."

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**From:** Hagensborg Waterworks & Fire Protection District <[hwwdistrict@gmail.com](mailto:hwwdistrict@gmail.com)>

**Sent:** October 17, 2016 7:50 PM

To: Diane Skelly  
Cc: Chris Matthews  
Subject: You email requests

Hi Dianne: I've compiled responses to all your email requests below to keep things together.

**RE: Your email request dated Oct 14 at 10:50 AM. *Request for minutes of Public meetings, and 2009 AGM minutes.***

We did not keep minutes of public meetings. The information I sent to you was gleaned from the draft stories we received from Caitlin Thompson for the Coast Mountain News.

Thank you for notifying me that the 2009 AGM minutes were not posted on the website. I have scanned them and they should be posted shortly. In the meantime, a copy is attached here.

**RE: Your email request dated Oct. 14 at 3:03 PM - *Request for a copy of Ken Dunsworth's presentation that was to go to Government inviting officials to a meeting in regards to the POE project.***

I do not know if I have a final copy of Ken's presentation. As it was never presented, it did not form part of the official permanent record for the District. Perhaps Ken can provide you with a copy.

***Copy of the letter to government instead of the presentation.*** Attached is a pdf copy. The hard copies that were mailed were signed.

***Has the government recently deemed us a low risk water district?*** As I understand it, the provincial government does not establish "risk". That is the responsibility of the Health Authority. Vancouver Coastal Health Authority deemed us as "high risk" as evidenced by Phil's email in the attached chain. However they decided to support our pilot project. Since then they have been great at allowing us time to save for purification as long as they see steps being taken to move in that direction. The savings plan approved by the Parcel Tax increase was a significant move by the community that provided the needed motivation for them to be patient. The installation of the Turbidity Meter, and the construction of the well for use during the turbidity events (the only time we have detectable bacteria in the water), have demonstrated that things are moving forward in meeting compliance to deliver potable water and they continue to be supportive.

**RE: Your email request dated Oct. 16 at 10:52 AM *Requesting a copy of the letter from Phil Muirhead after the AGM regarding some of Chris' comments.*** I have attached Phil's letter which includes responses in blue font to his thoughts, comments and questions. There was additional thoughts sent via email following that letter so I've attached the email chain as well, with Phil's permission.

**Hagensborg Waterworks District**

Ph: [250-982-2777](tel:250-982-2777)



**Hagensborg Waterworks District**

**Presentation to Government  
February 2016**

*Diane Skell y  
Attachment #1  
Email Feb. 12, 2020*

# Overview

- Overview
- Meeting purpose
- Introduction (Who is the Hagensborg Improvement District)
- Brief history HWD's development of compliance (see handout)
- Requirements for compliance: Water service and Fire Protection
- Impact on Infrastructure (Compliance):
  - ✓ Water: service lines, dam and intake and treatment
  - ✓ Fire: Truck, fire hall, equipment and Playbook
- Cost Implications: Compliance (Infrastructure), Operations (Maintenance) and Inflation
- Issue – no financial support from any level of government
- Risk scenario
- Conclusion/Recommendations

# Meeting Purpose

Without access to government grants and funding, the Hagensborg Improvement (Waterworks) District faces an unaffordable and unsustainable financial burden, as required under current government legislation and policies for compliance regarding water treatment and fire protection, which becomes staggering when combined with, increasing infrastructure and maintenance, costs. This is what we want to talk about today.

# Who is The Hagensborg Improvement (Waterworks) District

- The Hagensborg Improvement (Waterworks) District (HWD), is a local government operating under the *Local Government Act*.
- A Board of Trustees is elected every year by the Hagensborg Water users.
- The serving Board members are all ***volunteers***.
- HWD operates a public water system and a volunteer fire department.
- The fire chief, deputy fire chief and fire fighters are all ***volunteers***



# Requirements for Compliance: Water Service

- The Min. of Health has overall responsibility for ensuring that Provincial Health Authorities ensure that appropriate, cost\_effective services are available for all British Columbians:

*[<http://www.bcbudget.gov.bc.ca/2015/sp/pdf/ministry/hlth.pdf#page=5>]*

- The Vancouver Coastal Health Authority (VCH) is responsible to ensure services are properly funded and meeting performance objectives:

*[<http://www2.gov.bc.ca/gov/content/health/about-bc-s-health-care-system/partners/health-authorities>]*

- Hagensborg Improvement (Waterworks) District operates under the direction of The VCH through the District Water Officer who applies and enforces the legislative and standards currently required from the:

- ✓ Guidelines for Canadian Drinking Water Quality,
- ✓ B.C. Drinking Water Protection Act,
- ✓ B.C. Drinking Water Protection Regulation.

# Requirements for Compliance: Fire Protection

- The Office of the Fire Commissioner (OFC) enforces legislative requirements and standards currently required under the:
  - ✓ the Fire Services Act
  - ✓ British Columbia Fire Code Regulation
- The OFC amended the BC Fire Service Minimum Training Standards Playbook in May 2015, to be implemented by June 30<sup>th</sup> 2016 ramping up requirements, noting they were specifically targeting small volunteer fire departments.

# Requirements for Compliance: Provincial Thinking (Policy) is Evolving

- The Provincial Government has continued to develop policy:
  - ✓ regarding access to funds, and
  - ✓ changing requirements for water delivery and treatment, and
  - ✓ changing requirements for fire protection.
- Provincial thinking affecting policy continues to evolve and pipeline replacement is now regarded as a critical asset to consider that impacts potability, ***equal in importance to purification***.
- The Ministry of Health proposes a holistic approach. “Water treatment and distribution are at the heart of providing clean, safe and reliable drinking water to consumers”: *[Progress on the Action Plan for Safe Drinking Water in BC 2011, pg. 33]*

# Requirements for Compliance: Provincial Thinking (Policy) is Evolving

- The Ministry of Health Services further states, “there are numerous risk management practices that form a multi-barrier approach to protecting the drinking water as it travels through the distribution system.” Best risk management practices (BMPs) include, but are not limited to: implementing an **Asset Management Plan**.
- Systems Classification has been implemented and recently updated, with changes to the EOCP (Environmental Officers Certification Program).
- The Office of the Fire Commissioner ‘s fire service compliance requirements, amended in 2015, including firefighters competency standards and training PLAYBOOK for compliance by June 30<sup>th</sup> 2016. (Currently, free courses are being offered, however the costs such as travel, room and board, loss of job work time and absentee pay are not considered for volunteer fire departments.)

# Impact: Cost of Implementation

- Basic operational costs keep rising with the expectation by the Province that very small communities are able to keep up with implementation of current legislation and policy, i.e. development and inflationary costs.
- The Hagensborg Water District's small water system and fire protection provides service to more than 227 homes, with an median household income for couples of \$28,400 per annum.
- The Improvement District struggles to comply with the Water Act, Regulations and Policy, Fire Protection policy under the Provincial Fire Commissioner.

# Impact: Cost of Implementation Cont. ...

- Over the last 5 years the HWD has begun to understand, from various reports it has commissioned, a realistic assessment of the logistics and costs associated with implementation:
  - ✓ waterworks infrastructure costs based upon an engineering report Prepared by David Nairne and Associates Ltd August, 2009,
  - ✓ fire service compliance requirements for fire protection infrastructure to purchase of a new fire truck as the primary truck ages-out,
  - ✓ fire protection training , etc. outlined in the Office of the Fire Commissioners Playbook, and
  - ✓ contextual growing inflationary operational costs.

# Impact: Cost of Implementation Cont. ...

- The cost requirements for implementation of legislative and policy requirements for water and fire protection, are prohibitive and unsustainable .
- In saying that, at this point in the presentation, Wes Abel the HWD CFO, will take us through a participatory exercise.
- This exercise is designed to show the costs impacts and implications for implementation of government legislation and policies for small Improvement Districts under the current funding model:
  - ✓ compliance (infrastructure),
  - ✓ operations (maintenance), and
  - ✓ inflation.

# Cost of Implementation Cont.: Waterworks Infrastructure Costs for Delivery of Potable Water

Costs (2009) for capital compliance:

1. Point of Entry (POE) System engineered costs – (227 units) = \$ 1,500,000
2. Rebuild Water Intake/Dam – PMT est. = \$ 1,443,750
3. Water main/Services Replacement engineered costs = \$ 1,420,000
3. Well replace engineered costs = \$ 25,500

**Total costs (2009) for capital compliance projects = \$ 4,389,250**



# Cost of Implementation Cont.: Fire Protection Infrastructure Costs

Accountant's (PMT) estimated costs (2011), Engineered (DNA) costs (2009), and Projected Costs (2016) for capital compliance projects:

- 1. Rebuild Water Intake/Dam – PMT est. = \$ 1,443,750
- 2. Water main/Services Replacement = \$ 1,420,000
- 2. Fire Hall – (Projected) = \$ 480,000
- 3. Fire Truck - (Projected) = \$ 450,000

**Total Accountant, Engineered, and Projected Costs for capital compliance projects: = \$3,313,750**

# Cost of Implementation Cont.: Annual Maintenance Costs

Annual cost for maintenance:

1. Annual maintenance costs for POE System  
(227 units) = \$ 95,220
2. Annual Water main Maintenance = \$ 5,000
3. Well Maintenance - Projected = \$ 3,000

**Total annual maintenance cost: = \$ 103,220**

# Cost of Implementation Cont.: Operational Costs

## Context - Effect of Inflation

- The HWD looked at official audited numbers from 1987 to 2015 to give some context to inflationary costs. Some examples are:
  - ✓ Commercial liability insurance rates increased 550%
  - ✓ fire phones rates increased 425%,
  - ✓ fuel for heating the fire hall and for the fire truck has increased 400%, and
  - ✓ fire fighting training , under the 2015 playbook, will increase 820%.
- Increasing costs to water tolls and/or parcel tax charges are adjusted annually to reflect inflationary costs, which are born by all the users.

# Cost of Implementation Cont.: Loan Payback Example

- If HWD were to borrow funds for implementation of government policy requirements, at present costs (2016), of \$9,129,860, at a rate of 2.75%, (\$251,071 per year interest) the present parcel tax of \$425 for each customer (total \$87,975 per year) would not cover the interest each year.
- If the parcel tax was increased to \$2,178 per customer (a staggering 522% increase) the principle/interest could be paid out in 30 years. Remember, this does not cover the HWD yearly operational costs (water service & fire protection) or the annual maintenance on the infrastructure.
- Add to this the other costs of compliance such as fire training, replacing the fire truck every 30 years, while putting away funds for replacement costs.
- Without access to funding the 227 households, with an average household income of \$28,400 per annum bearing the brunt of these costs, the debt burden is unsupportable.

# Issue: Funding Disparity

- **Without access to federal and provincial grants by Improvement Districts** creates a have-not population, where cost to meet compliance to the district's infrastructure must be borne by a small number of tax payers within the community.
- **Access to funding has been blocked by many Regional Districts** throughout the province. Through action and policy the Central Coast Regional District has made it clear they do not feel they can support HWD capital funding needs.
- **Provincial Funding Policy creates disparity** where Asset Management BC nor BCWWA staff, (AMBC Newsletter Fall 2015) fail to address this policy which negatively affecting over 200 small water systems serving well over 300,000 people in BC.

## Issue: Funding Disparity Cont.

- **BC Chamber resolves calls for funding equality** at their 2015 AGM, where the BC Chamber passed the following resolution recommending to the Provincial and Federal Governments:
  1. remove all barriers to improvement districts receiving equal and direct access to Federal and Provincial grant funding; and
  2. enable improvement districts to access capital funding without ownership of their systems shifting to regional districts.

# Issue: Risk and Limited Tax Dollars

- The HWD is wrestling with what is acceptable risk and how should limited tax dollars be spent to achieve water quality improvements and “potability” and fire protection?
- Under the demands of the DWPA & Regulations, scrutiny of Health Authority’s engineer, and the office of the Fire Commissioner ‘s fire service compliance requirements, HWD must consider what priorities are achievable:
  - ✓ primary service pipeline, installed 50 years ago, is one of the highest priorities over the last 15 years,
  - ✓ upgrades and repairs needed to the dam and intake,
  - ✓ primary service pipeline replacement, and
  - ✓ current maintenance costs of aging infrastructure.
  - ✓ replacement of fire truck, fire hall, upgrades to the fire equipment and continued training for fire fighters,

## Issue: Risk and Limited Tax Dollars Cont.

- ✓ lack of cooperation of the VHA's engineer,
- ✓ VHA water engineer's 2 year procrastination of approval for well in times of water turbidity,
- ✓ virtually no support and lack of cooperation from local government (regional district); and
- ✓ Community Members, justifiably irate, who do not understand provincial requirements, especially when the water tests perfect (except during turbidity events when a well will be used), the costs of purchasing a new fire truck (when the existing fire truck has less than 7,500 kms and tests perfect), keeping a progressive fire department, increased insurance costs, and virtually no support from the Government, both local and Provincial.



# Issue: Risk and Limited Tax Dollars Cont.

- Without access to funding the HWD must prioritize. However the choice is not an either/or decision, as legislated implementation must be achieved under a workable fire protection and water delivery system for the community.
- While the Province acknowledges that primary service line replacement is a critical asset to consider regarding impacts to potability, this does not trump purification, but it is of equal in importance to the delivery of potable water.
- However does the primary service line, required for fire flow and home insurance, does that replacement trump, or under what circumstances could trump, water purification the purchase of a fire truck, fireman training, fire fighting equipment or replacing the fire hall?

## **Issue: Risk and Limited Tax Dollars Cont.**

With expenses, as required by the Province in excess of \$9,129,860 million dollars...

With inflation costs continually increasing...

How will implementation be achieved with only 227 users with an average household income of \$28,400 per annum, without access to funding?

## **Conclusion: Unless There Is Policy Change**

- In conclusion, the issue is quite simply the lack of direct and equal access to capital funding for Improvement Districts for compliance.
- The BC Chamber of Commerce recognized this issue and unanimously approved a policy change recommendation at their AGM in May, 2015.

# Conclusion: The Bottom Line

- Without access to funding the HWD and with only about 207 users , the Improvement District must ask:
  - ✓ Do we replace the primary service pipeline as the first priority?
  - ✓ Or proceed with repairs to the dam and intake?
  - ✓ Or do we continue with implementation of a water treatment system?
  - ✓ Or do we replace a rarely used fire tuck?
  - ✓ Or do we proceed with certified training for one fireman at \$41,000 for a 23 week course to train all other fire fighters?
  - ✓ Or do we ensure that our fire fighters have needed new and updated fire equipment?
  - ✓ Or build a new fire hall and update to meet current government regulations?

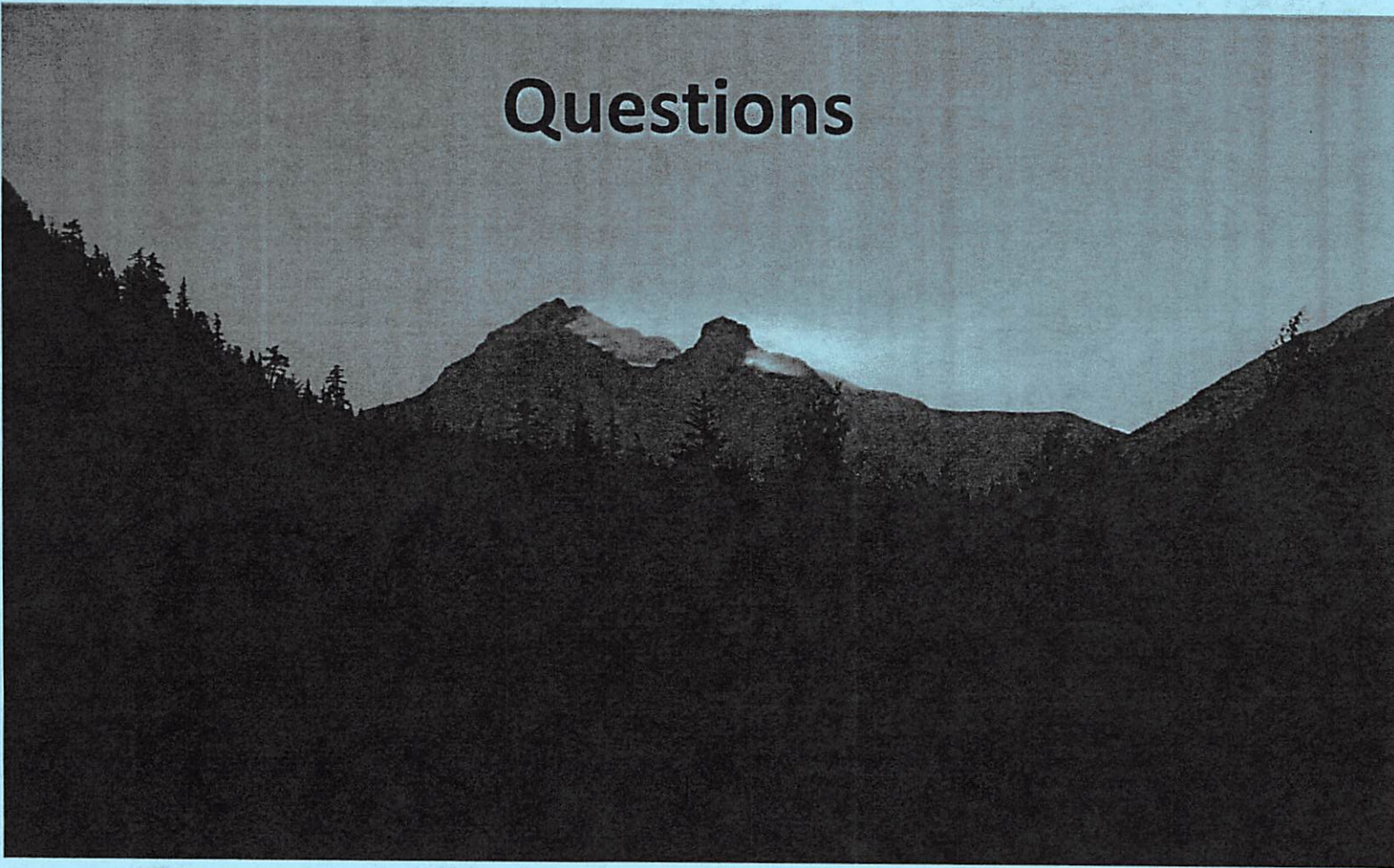
# Conclusion: Recommendations

- All these costs are prohibitive given the operational requirements, with only about 227 users, who must bear the costs with an average home (couple) income of \$28,400 per annum, that without changes in policy and access to funding.
- the HWD, and other Improvement Districts around the Province, cannot afford to implement the changes required by the Province as our presentation and budget projections illustrate.
- The HWD believes that the Province has several options:
  1. include Improvement Districts access to funding as per municipalities and Regional Districts as recommended by BC Chamber of Commerce; or
  2. make a political decision to get rid of Improvement Districts
  3. as funding may be challenging and prove prohibitive the province develop a risk management scenario.

## **Conclusion: Recommendations**

- The HWD believes that the Province should develop an cost effective risk management scenario.
- The HWD understands that it will be very challenging for the Province to fund all the projects it is requiring in BC to come in line with the Acts, Regulations and policies.
- To that end, as the HWD is already involved in a pilot project collecting data, the HWD would like to work with the Province to assist in developing a risk scenario to address water, fire protection and other operational requirements for small communities.

# Questions



Thank you for your participation and patience in listening to Hagensborg Waterworks Board of Trustees in this presentation. We hope that we can enter into further discussions to move these issues along for the betterment of the people of Hagensborg and BC.

Diane Skelly  
Attachment #2  
Email Feb. 12, 2020



**HAGENSBORG WATERWORKS DISTRICT,**  
Box 25, Hagensborg, B.C. V0T 1H0 Ph: 250 982 2777 Email: admin@hwwdistrict.ca

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April 1<sup>st</sup>, 2016

Addressee

Dear Addressee:

Re: Meeting with the Hagensborg Improvement (Waterworks) District

As you were unable to attend a meeting, by invitation from the Hagensborg Improvement (Waterworks) District (HWD), with the trustees in March together with other key participants from the Ministries of Health, Community, Sport and Cultural Development, and the Fire Commissioner for BC, the trustees are sending the following information for your perusal.

The trustees of the HWD were hosting a collaborative discussion to seek solutions regarding the issue of Improvement District's access to capital funding in line with the policies for Municipalities and Regional Districts.

The HWD, under letters patent, is a local government operating under the Local Government Act, with a Board of Trustees which is elected every year by the Hagensborg Water users. The HWD operates a public water system, a volunteer fire department where the fire chief, deputy fire chief and fire fighters are all volunteers and that the serving Board members are volunteers as well.

The HWD is required, by law, to insure water service compliance for operations under the direction of The Vancouver Health Authority through the District Water Officer who applies and enforces the legislation and standards currently required under the:

- Guidelines for Canadian Drinking Water Quality,
- B.C. Drinking Water Protection Act,
- B.C. Drinking Water Protection Regulation.

However, under current government policy, the Min. of Health has overall responsibility for ensuring that Provincial Health Authorities ensure that appropriate, cost effective services are available for all British Columbians: [<http://www.bcbudget.gov.bc.ca/2015/sp/pdf/ministr/hlth.pdf#page=5>] while the Vancouver Coastal Health Authority is responsible to ensure services are properly funded and meeting performance objectives: [<http://www2.gov.bc.ca/gov/content/health/about-bc-s-health-care-system/partners/health-authorities>]

Further, the HWD is required, by law, to implement fire protection compliance as outlined by the Office of the Fire Commissioner (OFC) who enforces legislative requirements and standards currently required under the Fire Services Act of British Columbia and Fire Code Regulation.



The OFC amended the BC Fire Service Minimum Training Standards Playbook in May 2015, for implementation by June 30th 2016 ramping up the requirements. This does not even address the fact that Fire Truck replacement is Projected \$450,000 not counting the disparity of the Canadian dollar and exchange rates, which places this purchase well over \$500,000 dollars.

Provincial policy continues to evolve with respect to the requirements for compliance, along with changing developments regarding access to funds, requirements for water delivery and treatment, and changing requirements for fire protection. As an example, Provincial thinking affecting policy continues to evolve affecting water delivery mainlines, i.e. pipeline replacement is now regarded as a critical asset to consider that impacts potability, equal in importance to purification. The Ministry of Health proposes a holistic approach, i.e. "Water treatment and distribution are at the heart of providing clean, safe and reliable drinking water to consumers": [Progress on the Action Plan for Safe Drinking Water in BC 2011, pg. 33] making treatment extremely expensive and unaffordable for small communities.

Basic operational costs keep rising with the expectation by the Province that very small communities are able to keep up with implementation of current legislation and policy, i.e. development and inflationary costs. The Hagensborg Water District's small water system and fire protection provides service to more than 227 homes, where the median household income for couples is less than \$30,000 per annum. The Improvement District struggles to comply with the Water Act, Regulations and Policy, and Fire Protection policy under the Provincial Fire Commissioner. The HWD looked at official audited numbers from 1987 to 2015 to give some context to inflationary costs where Commercial liability insurance rates have increased 550%, fire phones rates increased 425%, fuel for heating the fire hall and for the fire truck has increased 400%, and firefighting training, under the 2015 playbook, will increase 820% as examples.

The issue that the HWD presents is one of funding disparity. Without access to federal and provincial grants by Improvement Districts, the Province effectively creates have-not populations where costs to meet compliance to the district's infrastructure must be borne by a small number of tax payers within a community.

Access to funding has been blocked by many Regional Districts throughout the province. Through action and policy the Central Coast Regional District has made it clear they do not feel they can support HWD capital funding needs. The Provincial Funding Policy creates disparity where neither Asset Management BC nor BCWWA staff, (AMBC Newsletter Fall 2015) fails to address this policy thus negatively affecting over 200 small water systems serving well over 300,000 people in BC.

The BC Chamber calls for funding equality at their 2015 AGM, where the BC Chamber passed the following resolution recommending to the Provincial and Federal Governments:

- 1) remove all barriers to improvement districts receiving equal and direct access to Federal and Provincial grant funding; and
- 2) enable improvement districts to access capital funding without ownership of their systems shifting to regional districts.

As you will see from the attached presentation and the outline of the HWD's undertakings for compliance, without direct and equal access to government grants and funding, the HWD faces an unaffordable and unsustainable financial burden to meet requirements under current government legislation and policies regarding water treatment and fire protection, a burden that becomes staggering when combined with increasing infrastructure and maintenance, costs.

All these costs are prohibitive given the operational requirements with only 227 users, who must bear the costs with an average home (couple) income of less than \$30,000 per annum, without changes in policy and access to funding. The HWD, and other Improvement Districts around the Province, cannot afford to implement the changes required by the Province as our attached presentation and budget projections illustrate.

The HWD believes that the Province has several options:

- 1) include Improvement Districts access to funding as per municipalities and Regional Districts as recommended by BC Chamber of Commerce; or
- 2) make a political decision to get rid of Improvement Districts; or
- 3) as funding may be challenging and prove prohibitive, the province may wish to develop a risk management scenario.

The HWD believes that the Province should develop a cost effective risk management scenario. It is understood that it will be very challenging for the Province to fund all the projects required in BC to come in line with the Acts, Regulations and policies. The HWD, being presently involved in a pilot project and collecting data, would like to work with the Province to assist in developing a risk management scenario to address water, fire protection and other operational requirements for small communities or in developing policy under a political decision to disband Improvement Districts.

In conclusion, unless there is policy change, the issue is quite simply the lack of direct and equal access to capital funding which makes it impossible for Improvement Districts to comply.

Yours truly,

Chris Mathews  
Chair of the Hagensborg Water District