

NORTH CEDAR IMPROVEMENT DISTRICT

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LANDOWNERS UPDATE – SEPTEMBER 2015

2015 has started out being a busy and productive year for the North Cedar Improvement District. Major accomplishments started in prior years have now been completed, as well as some challenges currently progressing and moving forward. Here is a glimpse of what's going on in the District from your Trustees.

Treatment Plant

NCID was previously required by Island Health to have a water treatment plant up and running by January 31, 2015. The District requested an extension which was granted by Island Health. NCID must now on or before January 31, 2018 provide two treatment processes acceptable to Island Health to achieve a 4-log removal/inactivation of viruses; a 3-log removal/inactivation of Giardia cysts and Cryptosporidium oocysts and to produce finished water with less than 1 NTU turbidity. All these to guarantee safe potable water.

On June 30, 2015 the District's engineer gave to Island Health NCID's design brief for the Water Treatment Facility as per their timeline. Island Health now needs to respond as to whether they will accept the design brief or not.

On September 2, 2015 the District engineers and the Administrator met with Island Health to provide an overview of NCID's plan to acquire property for the purpose of complying with the Operating Terms and Conditions. Island Health indicated that they would not get directly involved with the land acquisition but would support NCID's need for the land to meet their mandate. Island Health has also required wellhead protection for current and future wells.

NCID has described each stage of the treatment process and the log credits associated with each stage. Island Health concurred that the treatment process proposed {i.e. filtration (<1 NTU), UV disinfection (3-log removal/inactivation of Giardia cysts and Cryptosporidium oocysts), 3 treatment stages (filtration, UV, chlorine), and chlorine with the appropriated contact time (4-log removal of viruses)} will meet the required treatment standards. Island Health has also stated that no credit will be given for river bank filtration or the proposed wellhead protection area.

At this meeting, Island Health reported that pressure filters would not be accepted as proposed in the design brief. However, after further discussion they have agreed that if the pressure filters had the appropriate certification from a credible authority, then they would accept them.

If the District is able to use the pressure filters set out in the design brief, the total estimated cost will be \$1.2 million. If we are not able to use the pressure filters then the cost will be higher, but it is not known at this time.

Some of you may have heard rumors from individuals that the District should not own but rather lease the land where its treatment plant and water supply is located. Let us take a step back and review this statement. If the District were to lease the land, now the owner of the land would own the works subject to the District being able to use them for the period of the lease. What happens when the lease is up, what does NCID do then, where do you go? No Municipality or government agency would build their schools or recreational facilities (worth millions) on leased land. Community facilities are built on land owned by their respective authorities.

Protection of NCID's community water supply now and into the future is paramount. Acquisition of the land at market value remains the prudent, economic, and expected course of action to deal with the District's water supply issue, water treatment, future works yard, and future District's office.

Fire Protection

The fire department has purchased a used ladder truck (Ariel Ladder Apparatus) from Grand Forks to enhance the fire protection capabilities within NCID. Once training has been completed, the truck will be utilized for elevated water stream for structures within the District, and will assist with elevated rescue and rope rescue.

The fire department is expecting delivery of a new front line engine in December of this year to the tune of approximately \$500,000 financed directly with reserves by way of planned budgeting. This new engine will replace the District's oldest apparatus, Engine 7 that is now twenty four (24) years old and no longer meets the requirements of a front line engine as defined by Fire Underwriters Survey. The new engine is being manufactured by Hub Fire Engines in Abbotsford and will carry nine hundred (900) gallons of water and is equipped with a one thousand two hundred and fifty (1250) gallon per minute pump and compressed air

foam system. The truck is also equipped with a rear dump valve to enable the truck to be used as a water tender.

This year, the fire department has implemented the NCFD Junior Firefighter Program. This is a training program for young men and women residing in the Cedar area who are interested in serving their community while gaining experience in the fire service. The program allows young people an opportunity to work closely with positive role models and mentors within our community. It strengthens work ethics through commitment, team work, responsibility, and accountability, as well as building confidence and self-esteem.

The fire department is also working closely with the Regional District of Nanaimo and property owners outside the water serviced boundaries to install and operate dry hydrants for the enhancement of fire protection. The use of these hydrants is common in the USA and has become more common in Canada.

Emergency Water Connection

The District now has a signed Emergency Water Connection Agreement with the City of Nanaimo. The next step will be to build the infrastructure for the emergency connection. The expectation is to have this work completed before year end.

Level III Water Distribution Operator/Contractor

NCID has recently signed a three-year contract with the Level III Contractor who is responsible for NCID's Water System. Over the period January 1, 2015 – August 31, 2015, the following items have been repaired and/or replaced: waterproofed pressure reducing valves; flow meters at well site; new reservoir hatch and electrical control box for level controller; vegetation control; fire hydrants; meters; water services; watermains (Cedar Rd and Furn Rd); isolation valves; turbidity meter; well pumps; 2" flush; leaks and leak detection; sample stations. The contractor has also attended meetings and customer complaints, water shut off/on requests; and gathering weekly water samples.

SCADA (Supervisory Control and Data Acquisition)

The District has now implemented a SCADA System that gives us far better reporting than we have ever had in the past. It reports production, stability of the wells, and errors. Our system is a building block for future expansion and digital control.

Taxes and NCID Revenues

This is a good opportunity to review where NCID gets its funds and what this means to you. There are four key sources of revenue: Capital Expenditure Charges (CEC); Water Tolls, Parcel Tax and Property Tax. These come in the form of levies, taxes and charges.

Capital Expenditure Charges (CEC): CEC's is a one-time amount a homeowner or developer must pay to help NCID cover the costs of providing current and future waterworks infrastructure needed to service those properties to be developed with water. These funds are segregated into capital reserve fund that can only be used for those capital works projects associated with providing, constructing, altering, or expanding NCID's water facilities in order to directly or indirectly service development. As of July 31, 2015, the balance of the CEC fund was at \$284,784. The District's CEC charge is based on current development proposals and regional land use plans (Regional District of Nanaimo).

NCID currently has a moratorium in place until NCID has dealt with the water supply and water storage issues.

Water Tolls: Water tolls are user charges payable by all landowners in the District who receive water service and are intended to pay for the day-to-day operational and administrative costs of the system. Water tolls are levied four times a year: March, June, September and December.

Parcel Tax: Parcel Taxes are often used in conjunction with user fees (water tolls) to recover the costs of providing water services. They are levied on any property that has the opportunity to be provided with a service, regardless of whether the service is currently being used or not. These taxes levied by NCID are used towards the renewal, replacement, and capital costs of the water system. This is not used to subsidize general operational or administration costs. Taxes are also levied on all fire protection landowners to pay for the new fire hall as per landowner's directive. These funds go directly to a renewable reserve and can only be withdrawn by bylaw.

Property Tax: A portion of your overall property taxes is collected by the Province on behalf of NCID to pay for the costs of providing fire rescue services and street lighting. Your property tax bill, which is calculated using an applicable "mill rate" set by the province and based on the assessed value of land and improvements, shows the tax rate and amount allocated for NCID. The 2015 "mill rate" is 1.0810 per \$1,000, which is far below the 1.3680 per \$1,000 of 2002 and less than the 1.1369 per \$1,000 of 1997.