

To: Fraser Valley Regional District Board

Date: 2018-01-24

From: Sterling Chan, Manager of Engineering and Infrastructure

File No: 3920-20

Subject: Fraser Valley Regional District Hatzic Prairie Water Supply and Distribution System Local Service Area Amendment Bylaw No. 1433, 2017, Fraser Valley Regional District Hatzic Prairie Water System Capital Construction Service Area Establishment Bylaw No. 1434, 2017 and Fraser Valley Regional District Hatzic Prairie Water System Capital Construction Loan Authorization Bylaw No. 1435, 2017

RECOMMENDATION

THAT the Fraser Valley Regional District Board give first, second and third readings to the bylaw cited as *Fraser Valley Regional District Hatzic Prairie Water Supply and Distribution System Local Service Area Amendment Bylaw No. 1433, 2017*;

AND THAT the Fraser Valley Regional District Board give first, second and third readings to the bylaw cited *Fraser Valley Regional District Hatzic Prairie Water System Capital Construction Service Area Establishment Bylaw No. 1434, 2017*;

AND FURTHER THAT the Fraser Valley Regional District Board give first, second and third readings to the bylaw cited *Fraser Valley Regional District Hatzic Prairie Water System Capital Construction Loan Authorization Bylaw No. 1435, 2017*.

STRATEGIC AREA(S) OF FOCUS

Provide Responsive & Effective Public Services

BACKGROUND

Recently the FVRD was awarded \$1,476,298 in grant funding under the Clean Water and Waste Water Fund (CWWF) program for upgrades to the Hatzic Prairie Water System in the FVRD's Electoral Area F. The purpose of the project was to construct a new supply well and to construct a watermain extension to provide potable water and fire protection to an additional 14 property owners on Sylvester Road.

The bylaws discussed in this report *Fraser Valley Regional District Hatzic Prairie Water Supply and Distribution System Local Service Area Amendment Bylaw No. 1433, 2017, Fraser Valley Regional District Hatzic Prairie Water System Capital Construction Service Area Establishment Bylaw No. 1434, 2017, Fraser Valley Regional District Hatzic Prairie Water System Capital Construction Loan Authorization Bylaw No. 1435, 2017* (the Bylaws) are required for the watermain extension on Sylvester Road to proceed.

DISCUSSION

The proposed upgrades to the Hatzic Prairie Water System involve two project components.

The first project component is the construction of a new supply well and the installation of 2,400 meters of 200mm diameter water main connecting the new supply well to the existing system. Currently, the supply wells for this water system source water from the Hatzic Prairie Aquifer. This aquifer is what is known as an unconfined aquifer, meaning that it is not protected by a confining (impervious) layer making it susceptible to contamination from sources such as agriculture. The new well would source water from the Miracle Valley Aquifer, which in addition to being much larger than the Hatzic Prairie Aquifer it is also a confined aquifer making it protected from contamination.

The second project component is the construction of 1500 meters of 200mm diameter water main to supply potable water and fire protection to 14 homes on Sylvester Road.

The FVRD has hired Urban Systems Ltd. (USL) to provide engineering design services for this project. USL has estimated the cost of this project to be \$1,260,000 for the new water source component of the project and \$776,000 for the Sylvester Road extension component of the project.

The FVRD secured \$1,476,298 in funding from the Building Canada Fund Communities Component, specifically for this project. The new water source component of the project is fully funded between the grant funds and the service area's capital reserve. Conversely, while there is some internal funding available to help augment the grant funds for the Sylvester Road extension, there is an outstanding balance of \$188,000 must be borrowed in order to complete the project. The proposed *Fraser Valley Regional District Hatzic Prairie Water System Capital Construction Loan Authorization Bylaw No. 1435, 2017* addresses the required borrowing.

Based on the aforementioned figures, staff have estimated that property owners along Sylvester Road will pay on average \$1,970/Year for this service. Property owners connected to the original system will not see an increase in annual costs as a result of this project.

In accordance with the *Local Government Act* ("Act"), draft copies of the Bylaws were sent out to affected property owners and a petition process was conducted to attain resident assent. The petition process was successful as over 50% of the property owners, representing over 50% of the total value of the properties returned signed petitions.

Should the Board elect to give the Bylaws first, second and third readings, they must first be forwarded to the Inspector of Municipalities before they may be adopted.

While not directly related to the bylaws discussed in this report, Staff would like to make the Board aware that there is considerable concern from the public regarding the new water source. In response to this concern, a public information meeting was held on January 11th to discuss the project. The meeting was attended by over 120 people. The main concerns heard was a fear that the new water source was being pursued in order to facilitate development in the area and that the new water source would negatively impact the aquifer.

Development potential in the area is extremely limited due to constraints by the ALR and hazards from the floodplain and sloped hillside. Having access to an additional water source has no impact to the area's development potential. Staff have assured the public that the new water source is being pursued for its quality of water and to move away from a water source that is at risk of contamination.

Groundwater is a Provincially owned resource. Accordingly the Province governs which users are able to extract water from an aquifer and what volumes of water extraction are appropriate. In order for a user to extract water for nondomestic purposes ie industry, agriculture, local government owned water system, one must obtain a water license from the Province. Staff along with their consultants have completed hydrogeological investigations in support of their water license applications which have demonstrated that the new water source will not impact the aquifer. While the investigations conducted meet the Provincial requirements for a water license application and are in accordance with industry best practice, many members of the public remained unconvinced that the FVRD has done its due diligence. In response, Staff are working with the local rate payers group to determine what additional work may be required to satisfy their concerns. In an act of good faith Staff have requested that their water license application be suspended and have de-mobilized their contractors off site until the issue can be resolved.

COST

The total cost of the Sylvester Road portion of the project is not expected to exceed \$776,000.

The maximum borrowing permitted by the *Fraser Valley Regional District Hatzic Prairie Water System Capital Construction Loan Authorization Bylaw No. 1435, 2017* is \$200,000 over a 20 year term.

COMMENTS BY:

Tareq Islam, Director of Engineering & Community Services Reviewed and supported.

Mike Veenbaas, Director of Financial Services Reviewed and supported.

Paul Gipps, Chief Administrative Officer Reviewed and supported