

June 28, 2022

File No.: 5500-22-WC-01

Dear Property Owner:

Re: Whiskey Creek Water Service Area – Borrowing of Funds

To meet the Operating Permit issued under the provincial Drinking Water Act and Regulations, the Regional District of Nanaimo (RDN) is required to install a permanent water system before December 31, 2022. To do this, short-term borrowing on behalf of the property owners was authorized by the RDN Board on June 28, 2022. This letter is intended to explain how we got to this point, and what it means to you as a property owner in the Whiskey Creek Water Service Area.

Shortly after the RDN was requested to take over operation of the water system in 2012, Island Health issued a directive to the RDN that either a water treatment plant or a new groundwater source was required for this system. Multiple options were explored, and a decision was eventually made to pursue a groundwater source, largely due to the risks related to the use of Crocker Creek.

In 2020, a new well was established as the replacement water source, and the infrastructure required to use it was designed. The cost of the infrastructure exceeded what was available in the Whiskey Creek Water Service Area budget. The RDN applied for a grant from the provincial and federal governments to cover this funding shortfall.

The well was put into service using an overland watermain and a portable diesel generator at the well site in November 2021. This was a short-term solution in response to the serious decline in water quality in Crocker Creek. Island Health agreed to grant an Operating Permit for this temporary system, with the condition that the permanent system be in place before December 31, 2022.

In early 2022, a grant to cover the original shortfall in project funding was approved. A public Tender for the construction of the permanent system closed in early June. The lowest bid received exceeded the budget amount identified in the grant by \$246,000 due to high increases in costs since the pre-pandemic estimate. To meet the December 31, 2022, project completion deadline, borrowing to cover the grant shortfall on behalf of the property owners was authorized by the RDN Board on June 28, 2022.

To date, the work done in the Whiskey Creek Water Service Area to comply with Island Health's original 2013 notice has cost about \$1,800,000 and has been funded from the following sources:

- \$150,000 in borrowing (the balance remaining on \$205,000 in total borrowing that was undertaken to bring the system up to RDN standards when it was taken over in 2012);
- \$450,000 from an Electoral Area F Community Works Funds grant in 2014;
- \$290,000 from a New Building Canada program grant in 2015;
- \$930,000 from an Investing in Canada Infrastructure program grant in 2022.

The additional \$246,000 needed will be covered, in part, by \$46,000 from the water service area's capital reserve fund. The remaining \$200,000 will come from short-term borrowing on behalf of the property owners in the Whiskey Creek Water Service Area. This borrowing will be paid back over five years and will amount to \$350-\$375 per year for each property starting in 2023.

Please visit rdn.bc.ca/whiskey-creek for more information about the Whiskey Creek Water Service Area. If you have any questions, please contact me at 250-390-6753 or mwalters@rdn.bc.ca.

Yours truly,

A handwritten signature in blue ink that reads "M Walters". The signature is written in a cursive style with a long horizontal stroke at the end.

Murray Walters
Manager of Water Services
T: 250-390-6753 | Email: mwalters@rdn.bc.ca

cc: RDN Electoral Area F Director Leanne Salter