

## **Funding Request for ERWS Project Sent to Senior Governments**

On behalf of Council, letters have been sent to federal and provincial ministries with an urgent request for funding assistance for the Englishman River Water Service project. The letters outlined the City of Parksville's difficult situation and the need for senior government funding at a one-third shared split between the Province of BC, Government of Canada and local government.

The City's water licence was amended by Island Health in 2009 requiring construction of a new intake and water treatment facility to meet future water needs and ensure a long-term potable water supply. To accommodate this requirement, the City of Parksville and Regional District of Nanaimo formed the Englishman River Water Service.

In 2009, the last time Canada Building funds were available, the City was not in a position to apply for funding as the costs, scope and timeline for the project were unknown. ERWS is now ready to move forward but only with provincial and federal funding assistance.

The most recent cost estimates for construction of the Englishman River Water Service water intake, treatment plant and associated distribution system upgrades total \$36,984,484. Costs will be spread over the period 2015 through 2018 with most of the expenditures expected in 2015 and 2016 in order to comply with the change in operating conditions prescribed by Island Health.

The City of Parksville's portion of these costs is estimated to be \$26,938,461. Without senior government funding, the City would need to borrow approximately \$17,800,000 with debt servicing costs shared roughly 44% from existing users and 56% from Development Cost Charge Revenues. This would require water rate increases of 23% over the next five years and an immediate water DCC rate increase of 24%. It is unlikely increases below those rates will be achievable; this would be the best case scenario. In the worst case scenario, assuming water consumption rates remain the same and all development stops such that no DCC revenues are received, an additional 20% (23% + 20% = 43%) water rate increase would be required to fund the debt servicing costs attributed to development.

In the letters, Mayor Burger states, "It is not fiscally responsible for the City to undertake a project of this magnitude on its own, however not undertaking the project also has the potential for serious capacity, financial, legal and compliance issues which otherwise cannot be resolved. A delay in meeting the requirement for Englishman River surface water treatment will result in severe water restrictions or a boil water advisory in order to protect water consumers and make the City compliant with Drinking Water Protection Act regulations."

Letters were sent to Honourable Terry Lake, BC Minister of Health, with copies to Premier Christy Clark, Minister Todd Stone, Minister Coralee Oakes and MLA Michelle Stilwell, and to The Honourable Rona Ambrose, Minister of Health for Canada, with copies to Prime Minister Stephen Harper and MP James Lunney.

The Parksville and District Chamber of Commerce also sent letters to the federal and provincial governments citing support is crucial to ensure DCCs, water rates and taxes remain competitive to allow them to continue the work they are doing to attract new business and the expansion of existing businesses.

ERWS project components include:

- River water supply intake located and designed to protect aquatic habitat.
- Water treatment plant and distribution system to meet Island Health’s drinking water quality standards.
- New aquifer storage and recovery system to enable seasonal water supply demand to be balanced and river water extraction to be reduced through use of storage aquifer.
- Phased design and construction to meet local needs and to achieve affordability.

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**For more information:**

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