



North Salt Spring Waterworks District

Be water savvy – Use only what you need.

November 2016

NOTICE TO DISTRICT RATEPAYERS

NSSWD Exploring Options

At a Board meeting on October 12, 2016, the North Salt Spring Waterworks District (NSSWD) Board of Trustees passed a resolution to begin discussing the option of conversion to a local service area of the Capital Regional District (CRD), should the vote to incorporate Salt Spring Island as a municipality fail. If the outcome of the vote is 'no' the District would remain in the current position of being unable to access the significant federal and provincial infrastructure funding that is available to a municipality; therefore, the Board of Trustees feels it would be prudent to examine different eventualities in advance of any governance change.

Financing Capital Projects a Significant Challenge

Over the last number of years, the District has wrestled with the challenge of financing much needed capital infrastructure projects. As an improvement district, the full cost of service is borne by the ratepayers, with the exception of Capital Expenditure Charges, which are paid by the property developer. These developer charges are now limited as the District no longer has the capacity to supply the major development projects which have historically helped to fund capital projects.

Water tolls have also been adjusted and raised several times but, with much needed conservation measures in place, revenue is not keeping pace with capital costs. The parcel tax structure has been reformed as well; changes will be implemented beginning in 2017 in order to proportionately distribute taxes across the entire base and make the system more equitable for all ratepayers. However, while there will be a small increase in revenue, it will not be sufficient to fund future capital projects.

In addition to the St. Mary Lake water treatment plant, the District has several other large infrastructure projects coming in the next few years including raising of the Duck Creek weir and a new water treatment plant at Maxwell Lake. These projects will be a substantial burden on District finances and District ratepayers are unlikely to support the increases in water, parcel tax and surcharges that will be necessary to fund these projects. As mentioned in the recently released Salt Spring Island Incorporation Study: Final Report, a municipality would be eligible for Infrastructure Planning Grants and programs such as the Building Canada Fund that typically provide funding for two-thirds of capital costs. In the case of the Duck Creek weir project, which has been roughly estimated to cost \$5 million, obtaining a grant could reduce the cost to ratepayers by as much as \$3.33 million. There are also other grants available to municipalities for which NSSWD would apply if eligible including grants related to water conservation, wildfire protection, and asset management.

Access to Grant Money

Should the residents of SSI vote against incorporation, joining the CRD is the only remaining mechanism for the District to secure grant money. Of course, it is important to note that grant funding is not guaranteed upon incorporation or conversion to a CRD local service area and there is a key difference between the two situations: in the case of a municipality, the Council will decide which projects receive priority for grant applications, however, if NSSWD converts to a local service area, it will become just one of many CRD service areas that are in competition with each other for the CRD to apply for grants on their behalf.

The provincial government has repeatedly made it very clear that there will be no direct funding of improvement districts and that external grant funding will continue to be available only to regional districts and municipalities. As a result, the District must be ready to move in another direction if the community of Salt Spring Island rejects municipal incorporation; therefore, the Trustees have chosen to open a dialogue on behalf of the ratepayers with the CRD about the possibility of conversion to a local service area of the CRD.

The District is committed to keeping you, our ratepayers, informed and will continue to provide updates via the website and newsletters as discussions and events unfold over the next few months.

NSSWD Board of Trustees