RURAL MUNICIPALITY OF VICTORIA

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JOINT SPECIAL MEETING
of COUNCIL and the WATER & SEWER CORPORATION BOARD
MONDAY NOVEMBER 20, 2023
5PM – OLD SCHOOL
730 VICTORIA RD., VICTORIA

WATER AND SEWER CORPORATION BOARD MINUTES

Attendance:
Water & Sewer Corporation Chair Councillor Ben Smith,
Water & Sewer Corporation Vice-Chair Councillor Linda Gilbert
Mayor Martin Ruben
Water & Sewer Corporation board member Hilary Price (via Zoom)

Staff: CAO Anna Keenan; FAA Marsha Empson

1. Call to Order by the joint Chairs.

a. **Call to order** - Mayor Ruben and Water & Sewer Corporation Chair Ben Smith called the meeting to order at 5:03pm, noting that they would jointly chair the meeting.

It was noted and welcomed that a larger-than-usual number of members of the public were present in person and by Zoom.

2. Approval of joint agenda

Mayor Ruben moved to adopt the joint agenda, with an amendment from the version circulated to include, as item 4a, a presentation by CAO Keenan on matters of discussion be added under item 4. Seconded by Chair Ben Smith.
Motion carried unanimously (5/0).

Mayor Ruben noted that while it's not required during a special meeting, the public will be given time to ask questions after the CAO presentation.

3. Declarations of conflict of interest
None.

4. Business arising from Minutes

4a. Presentation from CAO Keenan

- This is largely a rehash of information that has been presented at previous Council meetings, but staff noted the large amount of public interest and comment on this

meeting in the last 24 hours, as well as the large public attendance at the meeting today, and wanted to clarify facts regarding the project financing and necessity.

- Lift station and pipe need to be replaced, both are at the end of their life, having been built in the early 1980's. In 2008/9 when the municipal sewer system was built, there was a decision of Council to connect and take on the wharf sewer infrastructure as part of the municipally-owned infrastructure. Thereby RMV took on the responsibility of maintenance of the system, including replacement at end-of-life. Permits have been issued to the wharf restaurants on the basis that this utility is provided. Ceasing to provide the service would cause the municipality to become liable to the businesses, who would be unable to operate the businesses that they were permitted by the municipality to develop.
- The lift station overflowed last year, due to failures in the tank caused by the age of the infrastructure. This has resuled in the W&S utility incurring emergency expenses of ~$3K last year, this year ~$7K, for urgent repairs when elements of the aging system break.
- Currently the tank has been completely cleaned and fully dismantled, which was necessary in order to make final design decisions on replacement. Once the restaurants have closed for the year, they are usually emptied before freezing, but not totally dismantled.
- The pipe along the causeway is very old, is made of polyethylene, and is very brittle. Typically, our operator informs us that every spring when the pipe is used again after the freeze-thaw cycles are done, it has new cracks and requires repair.
- Emergency repairs are paid for by W&S utility, using fees paid by residents and businesses.
- Capital projects, in contrast, are paid for by federal and provincial infrastructure grants, not by local taxes or W&S rates.
- It's important to note that capital expenses are separate from operational expenses.
- So, the benefits to the municipality if this project proceeds are:
    - no liability to restaurants if they are not able to operate,
    - not paying for emergency repairs on aging infrastructure from our annual W&S rates paid by local customers
    - avoiding the risk of being fined for future environmental spills.
- Decision needs to be made tonight because:
    - when bid is approved, and the contract is signed, they can begin procure special equipment that has 4-5 month lead time.
    - Install can't start until March-April of next year, and the opening date for the lift station and restaurants is early may every year. Delaying now pushes back restaurant opening dates.
- Last week, Council already approved funding for lift station replacement itself, however, the bid for replacement of the pipe was not able to be funded from this year's capital budget, due to shortage of funds (spent on other projects - generators, the causeway pipe repair, etc). This is why this meeting is considering a $90,000 borrowing resolution.

- Each year, the municipality receives (from federal funds, distributed by the province) $100,000 for spending on planned capital projects, which cannot be redirected to operating funds. We can't use next year's money to pay for a project happening this year, but can borrow money to pay for this year's capital work, and we can pay off capital loans using next year's capital funding.
- Not proceeding with this project will cause approximately $200k in MSC (Municipal Strategic Component) funds (which were awarded specifically for this project) to be taken back. Additionally, all the money spent to date on this project under annual capital funding would have to be paid back to the province by the municipality, if the project is not able to be completed.
- Interest on loans is paid through municipal taxes or W&S rates. We estimate this will be approximately ~$6500 over the next year, which is less than cost of maintaining broken and aging equipment, and would be a one-year expense that lowers future operating costs.

W&S Corporation Board member Hilary Price noted that this project is forecast to take $83K out of next year's $100K capital funding, which will reduce the ability to invest in other infrastructure projects next year. There may also be a cash flow issue: the community must contribute 10% to CCBF-funded projects, and this amount ($51k) will be covered by the MCEG grant, which won't be received until all the bills are paid - so we may need to borrow more money to cover this cashflow issue.

Public comments & questions:

- Are restaurants aware of this, and can they help with funding on loan?
    - Anna - this same question was asked by the RMV Mayor in 2021, Ian Denison, who enquired to IRAC regarding unique arrangement on wharf. Utility has ability to bill customers regarding water & sewer rates. Project costs are covered by utility.
    - If a homeowner
    - There is no motion being considered tonight to ask restaurants to contribute.
    - DFO pays property taxes to the municipality for the wharf property, at the commercial tax rate. The Restaurants pay Water & Sewer rates to the municipality, a total of $5,500. This is publicly-available information, the rates are published on IRAC's website)
- Who is borrowing money?
    - The municipality - Council has the authority to borrow funds, and to allocate funds to capital projects.
    - Council and W&S Corporation regularly charge each other, back-and-forth, depending on the situation.
    - The interest on the loan will be paid for by the W&S Corporation. (Hilary Price noted that this should be checked - she is aware that capital funds cannot be used to pay for interest on loans for land, but they may be able to be spent on interest on loans for infrastructure.)

- A resident expressed that they continue to be disappointed in Council, particularly the lack of a strategic plan.

Council & W&S Corporation Board member questions & comments:

- Councillor & W&S Corporation Vice-Chair Linda Gilbert - I am assuming that we need to borrow a certain amount, but not all at once - this will save on interest. Is this correct?
    - This is correct. $6500 quoted would be maximum if $90K was borrowed for the entire period.
    - W&S corp borrows from RMV and vice-versa throughout the year, this can be used to support cashflow for both institutions during the year.

Councillor Eric Gilert, to W&S Commission member Hilary Price: if you think that $90K not enough, how much will be?

- I would suggest $150,000, so we can pay our contractors for the work ahead of time.
- CAO: I appreciate the challenge, however have not done a cash-flow analysis at this stage, and am not sure how much we may need. Should we need cashflow funding, Council in future can pass a further borrowing resolution to extend the amount available. Key tonight, if pipe replacement approved, is assurance that total amount may be needed.

Councillor Eric Gilbert - regarding Generators, have we got an answer back on whether the municipality will be eligible for the $50,000 grant for generators for emergency warming centres if/when we complete the plan?

- Kelly Mulligan (Dept of Communities grants manager) indicated that we should get permission from EMO. CAO Keenan has reached out to Jeremy Oakes at EMO and is awaiting his response.
- No EMO plan, no qualification for specific grant to provide generators for warming center. Attempting to put plan in place, but staff capacity is limited.

4b: Acceptance of Island Coastal's Bids for the Wharf Sewer Infrastructure Project

Motion moved by Water & Sewer Corporation Board member Hilary Price, seconded by Water & Sewer Corporation Vice-Chair Linda Gilbert, as follows:

WHEREAS completion of both the core items (lift station) and provisional items (pipe replacement) of the Wharf Sewer Infrastructure Project is a priority for the Municipality, to reduce annual operational costs, to protect from environmental risks, and to ensure continued service to Water & Sewer Corporation customers located on the Wharf;

WHEREAS Island Coastal's bid on the Wharf Sewer Infrastructure Project bears the recommendation of Stantec, the engineering firm overseeing the project on behalf of the municipality;

BE IT RESOLVED that upon securing adequate financing and all required permits, that the Water & Sewer Corporation accept Island Coastal's bid on both the core items (lift station replacement) and provisional items (pipe replacement) for the Wharf Sewer Infrastructure Project;

A brief discussion occurred, emphasizing the necessity of infrastructure replacement.

Motion Carried Unanimously (3/0)

5. Adjournment

There being no further business, Mayor Ruben and W&S Corporation Chair Ben Smith adjourned the meeting at 5:55pm.