

Special General Meeting

April 29th, 2023 – 1:00 pm

Lighthouse Community Centre (240 Lions Way, Qualicum Beach)

1:00 to 2:00 pm **Discussion Tables (Trustees will be at the tables)**

Table 1 - DBID Historical Information

Table 2 - Water Reservoir

Table 3 - Thompson Clarke West, Watermain Review and Options

Table 4 - Asbestos Cement Pipe Replacement

Table 5 - Finances (budgets, reserves, taxes, rates, new development charges)

2:00 to 2:10 pm **Call to Order, Welcome and Introductions**

2:10 to 2:30 pm **Presentation by Chris Pogson, P. Eng.,
McElhanney Consulting Services Ltd.**

2:30 to 4:00 pm **Public Engagement**

- 1. Submissions received in advance will be read and answers provided (copies attached)*
- 2. Questions and comments from the floor*

**"Revised" Deep Bay Improvement District
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Catherine Manson - April 23, 2023 (page 7-8)

C Allow only staff, consultants and trustees to man the tables. We don't need to hear personal opinions at the discussion tables and we do need the options and the facts. It would be very hard for rate payers that have not been at board meetings to understand what is a fact if ratepayers are at the tables giving information.

C Answer the submitted questions first. There could be similar questions so I'd like to know how many ratepayers submitted questions on the same topic. This would give the audience an idea of the weight of each question.

C Limit presenters to a question that takes no more than 2 minutes to ask. Limit grandstanding so all voices get heard.

A *The intention is to moderate the meeting along the lines identified in these comments with slightly more flexibility on time, i.e. under 5 minutes.*

Q I heard the engineer say there were land tender requirements needed to run a water main down the E & N corridor. This would be essential if the board decides on scenario 6, which the engineers recommend. Both option 2 and 3 will require the E and N to permit the District to use this alignment. Before the costs of option 2 or 3 can be evaluated and compared, we need to know if this alignment is possible and how much it will cost? Has this been done?

A *Land tenure would likely not be an issue if the watermain is place along the E & N rail line, depending on the proximity to the line. However, there is a requirement for approval from the Island Corridor Foundation which would include an annual fee. It is expected that the fee would not be a major financial issue.*

Q Another option not discussed was an alignment on the south side of the tracks. Why was this not discussed, as the south side appears more stable and has less chance of disturbing an already sloughing slope?

A *McElhanney considered the south side but it was initially not formally reviewed as the north side appeared to have less challenges. At the April 20, 2023 Board Meeting, the Board directed that McElhanney take a more extensive review of the south of the tracks option and this is in process.*

Q As time ticks by it becomes more important to lay out a capital replacement plan. It appears there are many capital projects that 'need' doing and we need to see the capital replacement plan before any decisions are made as these are big ticket items. As of now the district needs to set priorities. What is your list of priorities? Please explain why you put these particular projects (number 1, 2 and 3) on the priority list and in that order?

A *DBID has budget and financial information on the DBID website within the Meeting Info tab and then scrolling down. This information includes a detailed 10 year capital plan. Now that additional information has been provided from McEhlhanney, DBID is in a better position to update the capital plan which will include public input. This process will take considerable time. Chris Pogson, during his presentation, will speak to priorities.*

Craig Kerstens - April 24, 2023 (page 9)

Q At several monthly meetings over the last year there has been repeated requests for the DBID board to tally up all the monies spent on litigation and lawyers. Significant monies have been rumoured to have been spent on discretionary issues as in the ensuing ruckus at the Aug 18, 2022 monthly meeting where tempers flared with the public.

A *Legal costs from Jan 1/19 to Apr 28/23: Cox Taylor \$23,120, Bradbury Sippel \$17,601.23, Rodway & Perry \$1,382.83, Total \$42,104.06 (note: there has been no legal fees paid in 2023 to date)*

C This correspondence from Craig Kerstens also makes a number of comments directed to the Board and these may be reviewed as per his attached email.

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Craig Kerstens - April 23, 2023 (page 10)

- C This correspondence from Craig Kerstens includes input on the Thompson Clarke Watermain issue and also replacement of the water reservoir and these may be reviewed as per his attached email.

D.F. Simpson - April 29, 2023 (page 11)

- Q Has the DBID examined the costs and difficulty for replacement of all the asbestos waterlines?
A *Yes. McElhanney provided a Technical Memo on Asbestos Cement Pipe Replacement at the April 20, 2023 Board Meeting. The total replacement costs are estimated at \$18.58 million.*
- Q Has the DBID examined twinning the water pipeline to help extend the concrete reservoir life?
A *The Water System Evaluation Report includes a 850 m. dedicated reservoir feed line at an estimated cost of \$388,700.*
- Q Has the DBID examined replacing the water main between Thompson Clark Road south of the E&N?
A *McElhanney considered the south side but it was initially not formally reviewed as the north side appeared to have less challenges. At the April 20, 2023 Board Meeting, the Board directed that McElhanney take a more extensive review of the south of the tracks option and this is in process.*
- C It is my opinion that the highest present risk requiring solving is the securing construction of a new cost effective durable pipe between Thompson Clark and Ocean Trail roads. The current reservoir while old and needing replacement can function as is. Should any insurmountable issue occur, water can be bypassed using the existing well head infrastructure. The existing many old buried asbestos water pipes only need replacement in the event of damage.
A *There are a number of other comments explaining this opinion and they are outlined in the attached April 29, 2023 correspondence.*

Doug Harrison - March 16, 2023 (page 12-13)

- Q Provide plans, costs, and pros and cons to connect DL28 to the existing system to create supply redundancy?
A *McElhanney Thompson Clarke West Report addresses this within estimated cost of \$2.24 million.*
- Q Provide plans, costs, and pros and cons for an alternate location of the ravine waterline nearer the railway tracks on more stable ground?
A *McElhanney Thompson Clarke West Report addresses this.*
- Q Provide plans, costs, and pros and cons for remediation work to keep the ravine waterline in situ, including what permits and liability responsibilities are to be expected?
A *McElhanney Thompson Clarke West Report addresses this.*
- Q Provide a master plan for upgrading our deteriorating water system, with timelines, costs, and funding options?
A *McElhanney Water System Evaluation Report and AC Pipe Replacement Report addresses this. Funding and priorities will be through the DBID budget process with the Board.*
- Q Provide the ratepayers with the expected yearly rate increases vis a vis the expected replacement requirements and timeline, along with any other funding options.
A *Funding and ratepayer increases will be through the DBID budget process with the Board. This will be a lengthy process.*
- Q Provide full disclosure of all DBID expenses dating from Jan 2019 to present. Including all legal and engineering costs pertaining to the ravine waterline, as well as all costs pertaining to all in-house legal issues.
A *From Jan 1/19 to Apr 28/23: Ravine legal costs \$24,502.83 and engineering costs to date \$54,578.68, in-house legal issue \$17,601.23.*

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Q Ratepayers ask that the board's 'favorite contractors' list be revisited, with an expectation that a second Engineering firm be engaged to offer a competing proposal on water system review and possible work, including the reservoir replacement, and that contract repair work be subject to a competitive bid procedure.

A *DBID does not have a formal 'favorite contractors' list. Purchasing policy and practices will be reviewed at a future Board Meeting.*

Q Ratepayers want to know why the Board refused direct negotiations with the ravine waterline property owners (Cousineau) and chose to have the legal firm of Cox Taylor negotiate for them.

A *At the February 16, 2023 Board meeting, the Board reviewed a Staff Report regarding in-camera (confidential) protocols. Land and legal issues are considered in-camera and as such this issue can not be publicly disclosed at this time.*

Q Ratepayers ask that all capital expenditures exceeding \$50,000 to go to public referendum, not to be decided by the Board.

A *This is a Board decision. Staff would not recommend this, for instance, if there was a emergency water line break it could easily exceed \$50,000 and there would not be time to have a public referendum.*

Q Why has the board, on a constant 4/3 split, insisted on a single-minded pursuit of land expropriation with the intention of remedial work of the waterline in situ

A *At the February 16, 2023 Board meeting, the Board reviewed a Staff Report regarding in-camera (confidential) protocols. Land and legal issues are considered in-camera and as such this issue can not be publicly disclosed at this time.*

Q Will the Administrator, act on the Ratepayer's request to set the election date in May, 2023

A *No. This issue was addressed at the March 16 Board meeting. The election will be scheduled for September/October.*

C This correspondence from Doug Harrison also makes a number of comments regarding the Board and this may be reviewed as per his attached letter.

Doug Harrison - April 6, 2023 (page 14)

Q Request all legal costs from Jan 2019 to Mar 2023, Itemized by: Law Firm Name Date of Invoice Amount.

A *Cox Taylor \$23,120, Bradbury Sippel \$17,601.23, Rodway & Perry \$1,382.83, Total \$42,104.06 (note: there has been no legal fees paid in 2023 to date)*

Q All engineering (including items classified as 'professional fees' from Jan 2019 to Mar 2023 Itemized by Firm Name Date of Invoice Amount

A *Reservoir replacement \$60,251.60, Seaview Drive \$60,019, Thompson Clarke West \$54,578.68, and Water System Evaluation (CEC) \$7,437.96, total \$182,287.24 all paid to McEhlanney.*

Q Copies of all correspondence between DBID and McEhlanney Engineering that pertain to requests for services from Jan 2019 to Mar 2023. This has been modified to request only information related to items on the April 20, 2023 Board Agenda.

A *The reports for the Water Systems Review and Thompson Clarke West go back a number of years and as such this will take some time to gather the information.*

Doug Harrison - April 19, 2023 (page 15)

Q From June 16, 2022 meeting minutes; Item 8.5 Baynes Sound Investments requested an updated letter re water supply. Please forward me a copy of the reply to that request.

A *This information will be sent separately to Doug Harrison. The letter deals with the process required for new development to determine potential availability to access DBID water supply.*

George Cousineau - April 18, 2023 (page 16)

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Q What was the estimated cost McElhanney Eng. gave the Board of the day to do the Kopina watermain replacement and the removal of the inoperative fire standpipe on our property? What was the bid by Wacor to do the work and what was the final cost to the ratepayers? These numbers may or may not give ratepayers confidence in a firm the Board is tasking with cost estimates in the millions for present and future water infrastructure projects. If there were over-runs were these the result of add-ons or were they "missed costs" or a lack of due diligence putting the costs and bid proposal together? You did state you could put this information together and it is now more important than ever for ratepayer confidence.

A *The Wacor bid was \$396,726 and then there were extras added to the contract resulting in a final cost from Waycor of \$427,085. McElhanney's formal engineering construction estimate for the works was budgeted at \$436,340.*

George Cousineau - April 22, 2023 (page 17)

C This correspondence addresses what width of right-of-way and then the size of equipment that would be appropriate for the slope remediation work for Thompson Clarke West slope remediation work. The opinion expressed in the letter is quite explicit that smaller equipment would be more appropriate.

George Cousineau - April 25, 2023 (page 18)

Q This correspondence addresses a commitment that was made by the DBID Administrator (John Marsh) to meet with George and Joanne Cousineau, plus Chris Pogson, from McElhanney Engineering, prior to the April 29, 2023 Meeting. Other related comments are also made in the attached correspondence.

A *The meeting and a tour explaining the remedial options was held on April 25, 2023. Trustees were invited and three attended. There were also a few other ratepayers in attendance. It should be noted that there was less than 24 hours notice given for this meeting and as a result four Board members were not able to attend.*

Marie Newlands Hale (page 19)

Q The recent and extensive review of the Thompson Clark West water main by McElhanney consulting is recommending three options with option one being the preferred. At the recent board meeting of April 20th Trustee Thompson asked for another scenario-option based on a route that he favoured. This project is of significant community interest; when options are final and reviewed by the board, will these options go to Public Referendum for ratepayers to vote on?

A *It is within the Board's authority on what issues, if any, go to public referendum. There is provincial legislation that could require public consent where borrowing is involved.*

Q Assessing the condition of the existing reservoir is paramount. What is the status of the assessment? Is this project a priority? When will work start?

A *The reservoir is a priority. The Board has directed staff to put out to bid a reservoir condition assessment. The District has been experiencing water quality issues with the existing concrete reservoir. As such, the District has planned to replace the existing concrete reservoir with a new installation. However, given the significant cost of replacement, the District would like to undertake a detailed condition review of the reservoir and review any potential options to further mitigate water quality issues. It is expected that a new reservoir would be in the \$1.25 million range. \$850,000 was initially budgeted for this work a few years ago.*

Mary Martin - April 22, 2023 (page 20)

C The neighbourhoods served by Jamieson and Gainsberg have only one exit point each. Should accident or natural disaster block either exit, the neighbourhood is at risk. Development proposals at each of these neighbourhoods were to include a second access for their respective neighbourhoods, however both developments have been stopped or delayed. The TCDW SROW has been reviewed extensively and the top two recommendations support the current route, with slope remediation. There are a number of other comments included in the attached April 22, 2023 email.

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Q Could consideration be given to: A) making a road allowance, connecting the two neighbourhoods with this short link or B) following one of the recommended options with main placement & remediation which would support a future road allowance?

A *None of the water options being reviewed incorporate making a road allowance and this is not within the DBID scope as DBID is responsible for water not roads. That being said, staff could be directed to forward this to the RDN as they are the governing body dealing with community planning.*

Stuart McLean, RDN - Electoral Area H Director - April 24, 2023 (page 21)

C As discussed on our phone call last Friday I wanted to confirm that all three options in the McElhanney Thompson Clarke West Watermain Review would be eligible for partnership with an RDN trail and co-funding of shared capital works. The fourth option that the DBID Board requested would also likely be eligible for full or partial partnership depending on the details. The RDN Parks department is interested in providing a safe, long-term and accessible trail to connect both sides of the Deep Bay community. There is currently \$100,000 of Community Works funds allocated to funding this project in the 2024 Budget. As you may be aware from your previous position, Community Works funding can be allocated at any time and is not tied to a specific budgetary cycle. Please let me know if the Board would like any further clarification or details.

A *Although this is not a question, the comments pertain to a number of questions from ratepayers regarding potential funding.*

Tom Plensky - April 18, 2023 (page 22)

C This waterline was engineered and installed 46 years ago. Since that time there has never been a leak, failure, interruption of pipeline water or any other problem. The DBID owns the right of way corridor through the Cousineau property in perpetuity. A number of other comments are included on the attached letter.

A *This comment was previously requested as a question and staff confirmed this comment with the ratepayer.*

Tom Plensky - April 25, 2023 (verbal questions)

Q What is the cost to the ratepayers for this April 29, 2023 meeting?

A *The direct costs associated with the meeting would be approximately \$1,000 for the engineering and staff time to attend meeting, hall rental and copies of engineering drawings. This cost does not include the very significant costs incurred for preparing the engineering reports, for the Engineer(s) to attend meetings and on site works.*

Q What are the engineering fees to explore the option for the Thompson Clarke West watermain on the south side of the railway tracks?

A *Estimated to be in the \$1,000 range.*

C Other comments were made regarding Board and community members having differing opinions and the importance for DBID to follow professional engineering advice.

Addendum: this correspondence was inadvertently not included on initial document and was added May 2/23

Sharon & Don Milburn - April 24, 2023

Q The recent Engineer's report for DBID focuses on AC pipe replacement. The AC pipe replacement has been designated as High, Medium or Low Priority. QUESTION: What does this actually mean? Replacement by the end of the month? End of the year? In 5 years time? 10 years time? Please explain.

A *The timing of replacements will be through the Board which will include the budget process.*

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Q A detailed analysis of the reservoir was not part of the Engineer's engagement. However, the 2022 Capital Replacement Budget schedules the reservoir to be replaced in 2024, and the Operator's recent report indicates that it requires attention ASAP. QUESTION: Why is the board entertaining the idea of yet another study? Enough money has been spent on studies and reports. When is the Board going to formulate an action plan?

A *Two issues have impacted the timeline. The detailed engineering design had to be completed in order to put the reservoir out to bid. The design has been recently completed. The second issue is the cost. Reservoir replacement was initially estimated at \$850,000. The current cost estimate is now in the \$1.25 million range. This has now created a \$400,000 budget shortfall. The Board will now have to determine next steps.*

Q The 2023 AGM for DBID was originally scheduled for April 29, 2023, but was cancelled/postponed without any reason published. Without an AGM, the ratepayers do not have access to an approved budget, and that includes a current Capital Replacement Budget. QUESTION: When will a revised 2023 Capital Replacement Budget, based on the recent McElhanney report, be prepared and released to the public?

A *The AGM needed to be delayed as the audited financial statements have not been completed. There is not an accounting problem, the issue is that the Administrator is new to the position and other priorities have delayed completing the year-end processes. Approved budgets are available as the 2023 budget was approved by the Board in October 2022. A revised Capital Budget will be prepared as part of the 2024 budget process with adoption in October/November.*

Q Based on the info ratepayers have today (i.e.. the 2023 McElhanney Engineer Report), the reservoir and AC pipe replacement costs, total approximately 6 million dollars. We are a community of approximately 600 property owners. A simple math calculation indicated that is a cost to each property owner of \$10,000! QUESTION: How will these capital expenses be funded and over what time frame?

A *The Board will determine the planned time period for replacement for the capital assets. This information will be reviewed through the budget process which will have a public input component. It is anticipated that replacement will take decades.*

Q It has been mentioned a couple of times at the monthly meetings, that a possible solution to our problems might be the conversion of DBID to the RDN. Ratepayers need to be encouraged to read the online BC Government Improvement District Conversion Document. If we become a "local service area" under the RDN, we would lose control of our fire protection, our water, and all other assets, but we would still be responsible for ALL costs within our district. The only perceived benefit to disbanding DBID is that we would no longer have to deal with the discord among some of the board members, or the disrespectful behaviour of some ratepayers at the monthly meetings. QUESTION: What would be the board's rationale for considering such a drastic option?

A *The DBID Board is responsible for matters such as joining the RDN and becoming a local service area. This issue is not currently being considered by the Board. If the issue were to be formally considered, the expectation would be that there would be a significant public engagement component to it; however, and to repeat, this issue is not current being considered by the Board. Furthermore, at the April 29th, 2023 public meeting, Area H Regional District of Nanaimo Director, Stuart McLean, outlined a number of reasons why it would not be beneficial to become a local service area, and added that in the end the Deep Bay ratepayers will have to pay for infrastructure improvements within Deep Bay.*

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Q There are established protocols and policies in place to govern the conduct of trustees. However, once again, at the April board meeting, there was another display of inappropriate behaviour where some trustees did not follow the code of conduct. QUESTION: What are the definitive consequences for breach of conduct by a trustee? What guarantee do ratepayers have that the consequences will be implemented?

A *From a staff perspective, a code of conduct is a guideline on how Board members should conduct themselves. The consequences and remedies are normally in the form of self regulation, the re-election process and then the court system. The Board does not have the legislative authority to take action (consequences) against an individual board member.*

C We believe trustees can and should work together in a productive and co-operative manner in order to resolve issues that affect all ratepayers. We believe that if all ratepayers took responsibility for acquiring accurate information from the DBID website, instead of relying on disinformation dispersed via social media and opinions published in local papers, DBID trustees would be able to do their job more effectively and more efficiently.