

COUNCIL REPORT

Date: October 24, 2024
File: 2.10.2.5.2/9.2.1
To: Warren Waycheshen, CAO - for Mayor and Council
From: Sue-Lin Tarnowski, Director of Finance
Re: District of Kitimat Water Treatment System Loan
Authorization Bylaw No. 2058, 2024
Applicant: n/a
Location: n/a



Recommendation:

Action: Council consider Water Treatment System Loan Authorization adopt Bylaw No. 2058, 2024 for adoption.

Recommended Motion:

THAT District of Kitimat Water Treatment System Loan Authorization Bylaw No. 2058, 2024 be adopted.

Background:

[New information pertaining to this report is noted in blue for Council's information.](#)

Water Treatment System

Our existing water supply system does not meet today's water quality standards and experiences occasional water quality advisories which is a key driver to modernize it. In 2017, a Public Health Engineering (PHE) Report was issued to the District outlining numerous drinking water treatment concerns. It was clearly identified in the PHE Report that the District is consistently not meeting the majority of the Surface Water Treatment Objectives in BC, which is not acceptable and poses a public health risk to the community. Since 2017, there have been more than twelve (12) water quality advisories issued to the District, ranging from days to weeks in duration.

The Water System Upgrade project integrates new infrastructure into the existing water treatment system to align with the 4-3-2-1-0 rule for community water standards outlined under the Drinking Water Protection Act. The project will utilize the existing conveyance and water storage but will address shortfalls in meeting current regulatory requirements by constructing a new water treatment building on DOK owned land situated above the 200-year flood level. The new building will provide automated municipal water operations that will apply chemical conditioning, additional filtration, and UV disinfection in the treatment of municipal water which will achieve the mandated 4-3-2-1-0 rule and improved water quality for Kitimat. The upgraded system will provide a long-term, sustainable disinfection system that will improve Kitimat water quality. The 4-3-2-1-0 rule is broken down as:

4 – 99.99% removal of viruses and bacteria (4 log removal); achieved through UV & chlorination treatment;

3 – 99.9% removal of giardia and cryptosporidium (3 log removal); achieved through UV (filter provides an additional 0.5 log credit);

2 – Dual (2) Treatment Process (multi barrier approach); achieved through filter & chlorination treatment;

1 – Limit for solids in water - under 1 NTU; achieved through filter and chemical treatment; and

0 – E-coli and coliforms (0 count); achieved through chlorination treatment.

Design Objectives:

Key design objectives for the Water Treatment Upgrade project:

- Water treatment system is compliant with 4-3-2-1-0 rule;
- Meets demand for a population of 11,700;
- Increases alkalinity and raises treated water pH by addition of soda ash treatment;
- New treatment plant building is designed to Post Disaster standards;
- New treatment plant building elevation is above the 200 year flood level;
- Considerations for future system expansion if turbidity exceeds treatment plant capacity or water demand exceeds average or maximum day design flows.

The Water Treatment System upgrades are expected to be commissioned in 2026.

More information on the Water Treatment Upgrade Project and timeline is available on Get Involved Kitimat [here](#).

Funding:

The District applied for two grants. We were successful in securing the Canada-British Columbia Investing in Canada Infrastructure Program – Green Infrastructure for \$5,991,061. We were unsuccessful with the other grant. Reserve funds and funding through the Northwest BC Regional Funding Agreement (formerly Resource Benefits Alliance) has been allocated to this project. Staff is presenting for Council consideration the budget for Water Treatment Plant (as of August 2024) noting funding sources:

Water Treatment Plant – Updated Budget (as of August 2024)	
Construction Budget	\$23,700,000
Design	\$ 700,000
Total	\$24,400,000
Funding	
Canada-British Columbia Investing in Canada Infrastructure Program – Green Infrastructure Grant	\$ 5,991,061
DoK funding – reserves and taxation	\$ 2,112,059
Northwest BC Resource Benefits Alliance fund	\$ 2,800,000
Total Funding	\$10,882,561
Funding Shortfall	\$13,496,880

A municipality has the authority to borrow funds for capital projects through the Municipal Finance Authority (MFA), subject to specific procedures and limitations. If a municipality is within 5% of its annual liability servicing limit, referred to as the assent-free or approval-free zone, it may authorize borrowing through a bylaw without needing approval from the electors. However, if the municipality intends to borrow beyond the 5% threshold, it must obtain approval from the electors. This approval can be sought through an Alternative Approval Process or a Referendum, both of which involve associated costs and require additional time for bylaw consideration.

For this project, the District of Kitimat is within the District's assent-free borrowing limit that does not require electoral approval.

Staff is presenting for Councils consideration of adoption the District of Kitimat Water Treatment System Loan Authorization Bylaw No. 2058, 2024. This bylaw proposes that the District borrow up to \$13,500,000 through a program administered by the Municipal Finance Authority.

At the September 3, 2024 Council gave District of Kitimat Water Treatment System Loan Authorization Bylaw No. 2058, 2024 three readings and Bylaw No. 2058, 2024 was forwarded to the Inspector of Municipalities for approval. The Ministry reviewed the District's liability servicing limits. On October 18, 2024 the District received Statutory Approval (**Attachment B**)

Next Steps:

If Bylaw No. 2058, 2024 is adopted, a mandatory one-month statutory quashing period will follow. Upon expiration of the statutory quashing period, which extends for one month commencing after the date of adoption, an application may be made for a Certificate of Approval. After the quashing period, staff will present a Temporary Borrowing Bylaw for Council's consideration. The loan will initially be structured as temporary borrowing during the project's construction to lessen the debt servicing burden. Once the construction is completed, the borrowing will be converted to long-term borrowing.

Alternative Options:

1. Another option as developed through discussion of Council.

Budget Implications:

The interest and debt repayment will form part of future budgets. "SLT"

Director of Finance Initials

Budgeted:

Unbudgeted: x

Council Initiative/Other Relevant Plans:

Strategic Plan (2023-2026)

- Strategic Priority 4
Infrastructure, Services and Human Resources
 - Complete the water system upgrade

Joint Strategic Plan for Haisla Nation Council – District of Kitimat (2024-2029)

Not Applicable

District of Kitimat and Haisla Council Friendship Agreement - gi guálap' ni

Not Applicable

Community Energy and Emissions Plan

Not Applicable

Housing Action Plan and Needs Assessment

Not Applicable

Kitimat Age-Friendly Assessment Report and Action Plan

Not Applicable

Kitimat Cycle Network Plan

Not Applicable

Kitimat Poverty Reduction Strategy

Not Applicable

Leisure Services Master Plan

Not Applicable

Minette Bay West Concept Plan

Not Applicable

Official Community Plan (and Downtown Design Guidelines)

Not Applicable

Solid Waste Action Plan

Not Applicable

Water Conservation Plan

4. Conservation Objectives

4.3 Potential Cost of New Supply Infrastructure to meet future demand

BC Transit Future Services Plan

Not Applicable

Economic Development Strategic Plan (2023-2029)

Not Applicable

“Sue-Lin Tarnowski”

Submitted by

Sue-Lin Tarnowski, CPA, CMA

Director of Finance

“Warren Waycheshen”

Approved for Submission

Warren Waycheshen, CAO

Attachment: A – District of Kitimat Water Treatment System Loan Authorization Bylaw No. 2058, 2024
 B – Statutory Approval

DISTRICT OF KITIMAT

BYLAW NO. 2058, 2024

A BYLAW TO AUTHORIZE THE BORROWING FOR THE DISTRICT OF KITIMAT WATER TREATMENT SYSTEM.

WHEREAS it is deemed desirable and expedient to upgrade the Kitimat Water Treatment System.

AND WHEREAS the estimated cost of the upgrade including expenses incidental thereto is the sum of twenty-four million four hundred thousand dollars (\$24,400,000.00), of which the sum of thirteen million five hundred thousand dollars (\$13,500,000.00) is the amount of debt intended to be borrowed by this bylaw;

NOW THEREFORE, the Council of the District of Kitimat in open meeting assembled, enacts as follows:

1. This bylaw may be cited as "District of Kitimat Water Treatment System Loan Authorization Bylaw No. 2058, 2024".
2. The Council is hereby empowered and authorized to undertake and carry out or cause to be carried out for the process equipment supply, construction and commissioning of the Kitimat Water Treatment System generally in accordance with general plans on file in the municipal office and to do all things necessary in connection therewith and without limiting the generality of the foregoing:
 - a) To borrow upon the credit of the Municipality a sum not exceeding thirteen million five hundred thousand dollars (\$13,500,000.00).
 - b) To acquire all such real property, easements, rights-of-way, licenses, rights or authorities as may be requisite or desirable for or in connection with the process equipment supply, construction and commissioning of the Kitimat Water Treatment System.
3. The maximum term for which debentures may be issued to secure the debt created by this bylaw is thirty (30) years.
4. This bylaw shall take effect and be binding upon all persons from the date of adoption.

READ a first time this	3 rd . day of	September, 2024
READ a second time this	3 rd . day of	September, 2024
READ a third time this	3 rd . day of	September, 2024
RECEIVED the approval of the Inspector of Municipalities this	8 th day of	October, 2024
FINALLY ADOPTED this	day of	, 2024

MAYOR

Philip Germuth

CORPORATE OFFICER

Tracy Tavares



Statutory Approval

Under the provisions of section _____ 179

of the _____ Community Charter

I hereby approve Bylaw No. _____ 2058

of the _____ District of Kitimat ,

a copy of which is attached hereto.

Dated this Eighteenth *day*

of October *, 2024*

Deputy Inspector of Municipalities