

File: 5610-20/Sandwick

February 2, 2018

Dear Property Owner:

Re: Sandwick Waterworks Conversion Cost Options

In late January 2018 the Comox Valley Regional District (CVRD) delivered a newsletter to Sandwick residents, with an update of the Sandwick Waterworks Conversion project. The newsletter discussed project costs and recovery mechanisms, and in response, the CVRD received several comments and questions.

This letter serves to inform residents as to why the change in project costs has led to a change in the repayment alternatives, and also provides options for those residents who would like to explore alternate payment methods.

There are two costs associated with the conversion of Sandwick to a CVRD owned and operated service:

1. A \$2,000 Parcel Tax for the 2018 property taxation year; and,
2. A \$1,000 Capital Improvement Cost Charge (CICC), to be charged as part of the 2018 utility bill.

As many of you are aware, the original conversion costs were estimated at approximately \$4,900. The actual costs have decreased significantly, largely due to a reduction in CICC's owing to the Comox Valley Water System from \$3,702 to \$1,000. The CVRD has also worked hard to find ways to reduce the cost impacts to residents, including significant allocation of grant funding from the Community Works Funds program, and performing much of the meter installation project work in-house.

Given the significant reduction in overall costs to Sandwick users, the CVRD opted to remove the option for a ten year repayment plan, and proceed with a single parcel tax in 2018 to recover the costs of the physical conversion, and recover the CICC through a single charge on the 2018 utility bill. The collection and payments of parcel taxes are legislated by the provincial government and with the adoption of the parcel tax bylaw by the CVRD Board in January, we are now unable to change the dates or spread tax payments out beyond the penalty dates.

We acknowledge that this was not clearly communicated and apologize for not addressing it in the newsletter sent out at the end of January 2018. At this point we would like to highlight some payment options that may be available to Sandwick property owners:

- If your financial institution remits your taxes on your behalf, they might have an option that will allow the additional \$2,000 to be spread out through a longer period for you, but they will still remit the 2018 taxes on the due date. As each institution has their own criteria for remitting property taxes and property tax included mortgage payment options, property owners should contact their institution directly.

- The Province of BC offers two Property Tax Deferral programs. As the parcel tax is considered a property tax, it can be deferred by those over 55, those with disabilities and those with children under 18 or in post-secondary education, or with a disability. For more information please follow the link to the Province of BC website - deferral programs section for the specific criteria for each program. <https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/defer-taxes>
- If you cannot pay the entire 2018 property tax amount, only the outstanding amount will be charged a penalty on the legislated dates and will be subject to interest charges as of January 1, 2019. Please follow the link to the Province of BC website – Rural Property Tax section, for the rules surrounding outstanding property taxes. <https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/understand/important-dates/overdue>
- The \$1,000 billed to your 2018 water utility bill is owing to the CVRD directly and no penalties will be incurred if paid in full by December 28, 2018.

Another question from residents relates to the amount of parcel tax that will be charged to Sandwick users in subsequent years. The parcel tax bylaw adopted by the CVRD Board in January 2018 references a single parcel tax of \$2,000 to be paid in 2018. The CVRD intends to amend this bylaw in late 2018 to set the parcel tax at approximately \$200 per year for five additional years. The purpose of this additional parcel tax will be to strengthen the capital replacement reserves, which are currently very low for a service of this size. Healthy capital replacement reserves are necessary to ensure that funds are available in the event of a major main break, or other infrastructure upgrade or replacement. The CVRD is undertaking an asset management study in 2018 that will help determine the appropriate level of reserves for the Sandwick water local service area.

Should you have any additional questions please feel free to call us at 250-334-6056 for Sandwick conversion project inquiries, or at 250-334-6033 for billing inquiries,

Sincerely,

K. La Rose

Kris La Rose, P.Eng.
Senior Manager of Water and
Wastewater Services

cc: Beth Dunlop, Corporate Financial Officer