



REQUEST FOR DECISION

To: Mayor & Members of Council

Title: Manager of Engineering and Chief Financial Officer – Loan Authorization Bylaw No. 4718 – Zone 2 Pump Station

Date: May 12, 2025

Motion for Consideration:

THAT: The bylaw entitled City of Salmon Arm Zone 2 Pump Station Loan Authorization Bylaw No. 4718 be read a first, second and third time;

AND THAT: Approval of the electors be obtained through the Alternative Approval Process for the proposed borrowing of \$3,992,950 for the purpose of undertaking the construction of the replacement Zone 2 Pump Station;

AND THAT: Council establish Monday, August 5, 2025 at 4:00 p.m. as the deadline for receipt of the Elector Response Forms from electors for the proposed borrowing of \$3,992,950 for the purpose of undertaking the construction of the replacement Zone 2 Pump Station;

AND THAT: Council establish the Elector Response Form as shown on Appendix A for the proposed borrowing of \$3,992,950 for the purpose of undertaking the construction of the replacement Zone 2 Pump Station;

AND FURTHER THAT: Council establish the fair determination of the total number of elector responses required as 1,480 for the proposed borrowing of \$3,992,950 for the purpose of undertaking the construction of the replacement Zone 2 Pump Station.

Background:

Constructed in 1970, the existing Zone 2 Pump Station is located on the north side of the CPKC rail corridor at Canoe Beach. In 1995 the Zone 1 Pump Station and trunk main were constructed adjacent to the Zone 2 Pump Station. The two pump stations share a common wall, and are provided potable water from the Water Treatment Plant for distribution to residents/users in the associated pressure zones. The existing Zone 2 Pump Station has exceeded its useful life. The proposed replacement will be relocated adjacent to the treatment plant (above the flood elevation), will increase the operating capacity for future demand, and will be constructed with modern equipment.

Through the Asset Management Risk Evaluation process, the replacement Zone 2 Pump Station was assessed a "Very High" risk due to the age of the infrastructure.

The City used this value and Council adopted Loan Authorization Bylaw No. 4618 on May 27, 2024 for a value of \$4,226,850.00 over 30 years.

Upon authorization to proceed with borrowing, an invitation to tender was issued on BC Bid in December 2024 for the general construction of the Zone 2 pump station; however, the tender was ultimately collapsed as the lowest of the three compliant bids received was significantly over the approved budget.

Due to timeline restrictions such as pre-ordering parts with long order lead-times, staff recommend proceeding with borrowing the extra money required to complete the project based on the existing design and tender prices; however, staff are also proposing to enter into a 'value-engineering' design modification process (Council Request for Decision under separate cover) which should result in significant project savings. Should the savings be realized through the design modifications and tender, there would be no anticipated impact on the borrowing process as the City would then borrow less than the approved amount. Alternatively, if the savings are not realized, the project could proceed without delay.

Estimated Costs and Funding:

The following table summarizes the total estimated costs to undertake construction of the Zone 2 Pump Station Upgrade:

Description	Cost
Construction Costs including 10% Contingency	\$8,700,000
Engineering (5.5%)	478,500
Other Costs and Contingency	75,000
Borrowing Costs – both loans	81,300
Total Costs	9,334,800
Less: Revenue – Community Works (Gas Tax)	(1,000,000)
Less: Development Cost Charges	(115,000)
Less: Existing approved borrowing (Bylaw No. 4618)	(4,226,850)
Additional Funds to borrow	\$3,992,950

It is anticipated that the annual operation and maintenance costs will remain similar to the current Zone 2 pump station (Canoe). However, there is likely to be a period (approximately 3 months) when both stations are operational until the old station is decommissioned. The estimated increase in costs during this time is \$25,000.

Long Term Debt:

The City intends to fund the project utilizing the temporary borrowing provisions (Section 181) of the *Community Charter*. Temporary borrowing may only be accessed once Council has adopted the loan authorization bylaw and obtained the necessary approvals. Under temporary borrowing, the City will be responsible for monthly interest (at a variable rate) only on any outstanding balance. Once the project is complete, the City will transfer the outstanding balance to long-term borrowing. It is anticipated that this will occur in the fall of 2026, and therefore will impact the 2026 Budget. Total debt repayment of the debenture debt is approximately \$538,500 (Term: 30 years; Interest Rate: 4.63%).

The projected annual repayment of the proposed debenture debt is estimated as follows:

Principal	\$ 76,700
Interest – 4.63%	<u>184,870</u>
	\$ 265,625

The estimated cost of interest under temporary borrowing at a daily rate of 3.28% is as follows and is entirely dependent on the timing of drawdown:

2025	\$ 16,400
2026	<u>209,500</u>
	\$ 125,900

Funding:

The water fund budget was extrapolated for the next few years; preliminary calculations show there is sufficient revenues to support the increased debt payment using reserves and prior year's surplus until 2028.

Elector Assent:

Elector Assent is required to undertake long-term borrowing and the process is outlined below.

The *Local Government Act* enables the City to establish and operate any service which is deemed necessary or desirable for all or part of the community. Construction of the replacement Zone 2 Pump Station aligns with the City of Salmon Arm's Corporate Strategic Plan and our focus on the provision of Core Services.

Pursuant to Section 180 of the *Community Charter*, approval of the electors is required before Council can adopt a long-term Loan Authorization Bylaw. In accordance with Section 84, elector approval may be obtained by either of the following means:

- a) assent of the electors through referendum; or
- b) approval of the electors by alternative approval process.

Both methods provide for formal consultation with the public, however, utilizing the alternative approval process would be more efficient and less cost prohibitive than a referendum, considering the essential nature of this project.

Should the Loan Authorization Bylaw receive third reading, it must be approved by the Inspector of Municipalities. When the bylaw has received statutory approval, the alternative approval process can begin. It is estimated that the processes could be completed by August 5, 2025; however, this is a date that Council must establish.

Alternative Approval Process and Determination of Electors Methodology:

Council may proceed with borrowing the funds if less than 10% of the electors respond. If at least 10% or more have responded, Council cannot adopt the bylaw. In order to proceed Council must then obtain the assent of the electors through a referendum before moving forward.

Elector responses will be collected by the Corporate Officer for not less than thirty (30) days following the second public notice, on the elector response form attached in Appendix A.

After the established deadline, the Corporate Officer must determine and certify whether enough elector response forms have been submitted to exceed the 10% threshold. This determination is final and conclusive.

According to Statistics Canada, by 2021 the population of Salmon Arm had increased to approximately 19,432. Of this number, 15,580 are presumed eligible to vote (based on the age group). With an additional conservative reduction of 5%, the 10% required for the purpose of the alternative approval process is approximately **1,480**. This is the most conservative estimate available.

Legislative authority / plans / reports:

	Official Community Plan		Master Plan
X	Community Charter/LGA		Other
	Bylaw/Policy	X	Corporate Strategic Plan
	Zoning Bylaw		2025-2029 Financial Plan
			Long Term Financial Plan

Financial Considerations:

See above

Alternatives & Implications:

Council may defeat the proposed motions which would result in the project being cancelled until such time as another source of funding can be secured.

Communication:

Pursuant to Section 86 of the *Community Charter*, notice of the approval process will be:

- Published in the newspaper once per week for 2 consecutive weeks;
- Posted at the front counter of City Hall;
- Posted on the City's Social Media; and
- Posted on the City's website.

Attachments:

- Appendix A

Prepared by: Chief Financial Officer, Manager of Engineering, Corporate Officer
Approved by: Chief Administrative Officer



REQUEST FOR DECISION

To: Mayor & Members of Council

Title: Corporate Officer – Request for Amendment to Alternative Approval Process Elector Response Deadline

Date: July 14, 2025

Motion for Consideration:

THAT: Council establish Tuesday, September 2, 2025 at 4:00 p.m. as the deadline for receipt of the Elector Response Forms from electors for the proposed borrowing of \$3,992,950 for the purpose of undertaking the construction of the replacement Zone 2 Pump Station;

AND THAT: Council establish the Elector Response Form as shown on Appendix A for the proposed borrowing of \$3,992,950 for the purpose of undertaking the construction of the replacement Zone 2 Pump Station.

Background:

At the May 12, 2025 Regular Council meeting, Council established Monday, August 5, 2025 as the deadline for Elector Response Forms from electors under the Alternative Approval Process (AAP) for the borrowing of funds related to the construction of the replacement Zone 2 Pump Station and gave three readings to Zone 2 Pump Station Loan Authorization Bylaw No. 4718.

As part of the AAP, the Inspector of Municipalities must provide its approval for the loan authorization bylaw under the *Community Charter*. Once approval has been received from the Inspector, the AAP may begin. The Inspector provided their approval on July 8, 2025. As such, the deadline of August 5, 2025 will need to be updated.

Staff propose the following timeline in the AAP for Zone 2 Pump Station Loan Authorization Bylaw No. 4718:

- Advertise in the Salmon Arm Observer on July 24 and July 31
- August, 2025 – Elector Response Forms may be submitted
- September 2, 2025 at 4:00 p.m. – Deadline for receipt of Elector Response Forms

Should elector approval be obtained, the proposed bylaw may proceed to Council for adoption.

Legislative authority / plans / reports:

	Official Community Plan		Master Plan
X	Community Charter/LGA		Other
	Bylaw/Policy		Corporate Strategic Plan
	Zoning Bylaw		2025-2029 Financial Plan
			Long Term Financial Plan

Financial Considerations:

The City intends to fund the project utilizing the temporary borrowing provisions of the *Community Charter*. Temporary borrowing may only be accessed once Council has adopted the loan authorization bylaw and necessary approvals.

Alternatives & Implications:

Council may establish a different date as the deadline for receipt of Elector Response Forms.

Communication:

Notice of the AAP will be:

- posted on the public notice board at City Hall;
- posted on the City's social media; and
- posted on the City's website

Prepared by: Corporate Officer

Approved by: Chief Administrative Officer

Attachments:

- Appendix A – Elector Response Form (single and multiple)

CITY OF SALMON ARM

Elector Response Form

By completing this elector response form I oppose the City of Salmon Arm's Council's intention to adopt Bylaw No. 4718 entitled City of Salmon Arm Zone 2 Pump Station Loan Authorization Bylaw, which authorizes the borrowing of up to \$3,992,950.00 to be repaid over a period not exceeding 30 years in order to finance the costs of construction of the replacement Zone 2 Pump Station and do all things necessary including acquire all such property, easements, rights-of-way, licences, rights or authorities as may be requisite or desirable for or in connection with the construction of the replacement Zone 2 Pump Station, unless a vote is held.

Full name of elector

(please print) (e.g. Donald Smith – not D. Smith)

Signature

Address

Choose one:

☐

I am a resident elector (see reverse for eligibility requirements)

☐

I am a non-resident property elector who lives in another community and Owns property in the jurisdiction located at:

(address) (see reverse for eligibility requirements)

The deadline for submitting this elector response form to the local government is 4:00 p.m. on September 2, 2025. The address is 500 2 Avenue NE, Box 40, Salmon Arm, BC V1E 4N2.

Phone: 250-803-4000

Facsimile: 250-803-4042

Email: cityhall@salmonarm.ca

If submitting this form to the local government by facsimile, please ensure that the transmission was complete.

The City of Salmon Arm Council may proceed with the adoption of Bylaw No. 4718 entitled City of Salmon Arm Zone 2 Pump Station Loan Authorization Bylaw unless 1480 electors sign and submit a completed copy of this elector response form to the local government by the deadline.

A person must not sign more than one elector response form in relation to this alternative approval process. Additional information can be found on the reverse side of this form (*or attached information sheet) about the subject of this alternative approval process as well as the elector qualifications.

Personal information you provide on this form is collected pursuant to the *Community Charter/Local Government Act* and will only be used for the purposes of this alternative approval process. Your personal information will not be released except in accordance with the *Freedom of Information and Protection of Privacy Act*. Questions about the collection of your personal information may be referred to the FOIP Head, City Hall, 500 2 Avenue NE, Salmon Arm, BC V1E 4N2, phone 250-803-4036.

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By signing this elector response form I oppose the City of Salmon Arm's Council's intention to adopt Bylaw No. 4718 entitled City of Salmon Arm Zone 2 Pump Station Loan Authorization Bylaw, which authorizes the borrowing of up to \$3,992,950.00 to be repaid over a period not exceeding 30 years in order to finance the costs of construction of the replacement Zone 2 Pump Station and do all things necessary including acquire all such property, easements, rights-of-way, licences, rights or authorities as may be requisite or desirable for or in connection with the construction of the replacement Zone 2 Pump Station, unless a vote is held.

The deadline for submitting this elector response form to the local government is 4:00 p.m. on September 2, 2025. The address is 500 2 Avenue NE, Box 40, Salmon Arm, BC V1E 4N2.

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The City of Salmon Arm Council may proceed with the adoption of Bylaw No. 4718 entitled City of Salmon Arm Zone 2 Pump Station Loan Authorization Bylaw unless 1480 electors sign a completed copy of this elector response form that is submitted to the local government by the deadline.

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Full Name (e.g. Donald Smith - not D. Smith)	Address of Resident Elector or Address of Property Owned by Non-resident Property Elector	Signature

Personal information you provide on this form is collected pursuant to the *Community Charter/Local Government Act* and will only be used for the purposes of this alternative approval process. Your personal information will not be released except in accordance with the *Freedom of Information and Protection of Privacy Act*. Questions about the collection of your personal information may be referred to the FOIP Head, City Hall, 500 2 Avenue NE, Salmon Arm, BC V1E 4N2, phone 250-803-4036.