



REGIONAL DISTRICT of Fraser-Fort George

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REPORT FOR CONSIDERATION

TO: Chair and Directors

FROM: Sarah White, General Manager of Financial Services

DATE: November 8, 2024

SUBJECT: Community Works Fund – Nukko Lake Community Hall Water and Sewer Systems

SUMMARY: Purpose: Consider Approval of Funding

Attachments:

1. Backgrounder
 2. Internal Application Community Works Fund
 3. Community Works Fund Expenditures Policy RD-08-14
- Previous Reports: None

RECOMMENDATION(S):

1. THAT the report dated November 8, 2024 regarding “Community Works Fund - Nukko Lake Community Hall Water and Sewer Systems” be received for information.
2. THAT funding from the Community Works Fund, of up to \$172,402 for the Nukko Lake Community Hall Water and Sewer Systems, be approved.

ENTITLEMENT	HOW VOTE COUNTED
All 1 Director/1 vote	Majority
All Weighted	Majority

ISSUE(S):

In 1998 the health department required a water filtration and treatment system be installed at the Nukko Lake Community Hall. The filtration and UV water treatment system were installed in 1999. The UV treatment system has failed and parts for the system are no longer available. The hall has continued to use the filtration system, but it no longer meets current drinking water requirements and must also be replaced.

The Regional District engaged McElhanney Engineering under the 2024 As and When Engineering Services Contract to do an assessment of the water system to provide an estimate for a new water system that would meet with current Northern Health regulations for drinking water systems. The following three options would meet with Northern Health's approval.

1. Continue to use water from the lake and install a new filtration and treatment system:
2. Install a below ground cistern and haul in potable water as needed.
3. Drill a well on site.

Of the three water treatment options that would be acceptable to Northern Health, Option 1 has the most certainty when it comes to costs at this time. Option 2 would be the most costly to operate and maintain. Option 3 - drilling a well - has the highest level of risk and therefore cost as the need for a cistern or filtration/treatment system is not reflected in the estimated cost and would not be known until the well is drilled and flow and quality are tested.

In addition to the capital costs, all water treatment options will require regular ongoing maintenance costs to comply with Northern Health regulations. Option 1 would have the lowest annual maintenance cost and is projected to be \$7,000 per year. This is a new cost to the Nukko Lake Community Hall budget that will be included in the 2025 budget year and all years going forward. This is a significant increase to this budget and will require a substantial requisition increase.

In late fall 2023 the sewage system was scoped with a camera, the lines cleaned, and the distribution box replaced. Further work was identified as needing to be done but due to the lateness of the season the work was postponed to 2024. In the spring of 2024 the upgrades to each of the 2 septic tanks was done, a sewage line was repaired and parking lot barriers were installed to prevent vehicles from driving over the sewage system infrastructure. The last step needing to be done on the sewage system is to have the trees and brush that are growing in and compromising the sewage system drain field. This work will be done in the spring of 2025 due to lack of contractor availability in 2024. It must be noted that the sewage system is no longer compliant with today's regulations. As long as the system is maintained as is, it is "grandfathered", however, if the system fails it will need to be replaced. Replacement in today's terms would be very expensive due to the close proximity to the lake and the small property size which would make relocation of the system challenging and extremely costly. For all these reasons, this septic system must be maintained and protected to give the Nukko Lake Community Hall as many years of service as possible. The upgrades are projected to prolong the integrity of the system for another 10 years if properly maintained.

To complete the Nukko Lake Community Hall Water and Sewer Systems, the Board is being asked to consider approving funding from the Community Works Fund for up to \$172,402.

RELEVANT POLICIES:

1. Community Works Fund Expenditures Policy RD-08-14
- Defines the process to allocate funding from the Community Works Fund

STRATEGIC PRIORITIES ALIGNMENT:

- | | | | |
|--|---|--|---|
| <input type="checkbox"/> Indigenous and Intergovernmental Partnerships | <input type="checkbox"/> Organizational Strength and Adaptability | <input checked="" type="checkbox"/> Quality Community Services | <input type="checkbox"/> Environmental Stewardship and Climate Action |
| <input type="checkbox"/> Awareness and Engagement | <input type="checkbox"/> Statutory or Routine Business | | |

SERVICE RELEVANCE:

The Nukko Lake Community Hall was built in 1947. In 1997 the community approached the Regional District with a request to establish a local area service so that the hall maintenance and capital expenses would be paid for by the property owners living within the service area. In keeping with legislative requirements for service establishment, ownership of the hall was turned over to the Regional District at that time. The hall continues to be managed and operated by the Nukko Lake Recreation Commission by way of a Property Use Agreement.

FINANCIAL CONSIDERATION(S):

As of October 31, 2024, the uncommitted balance in the Community Works Fund is \$2,344,513.58.

OTHER CONSIDERATION(S):

At the beginning of 2024, the Nukko Lake Community Hall Service had \$21,006 in Operating Reserve and \$38,041 in the Northern Capital Planning reserve. The annual requisition is currently at \$13,160 in 2024 and has a requisition limit of \$42,577 in 2024 (greater of \$2,950 or \$0.30 per \$1,000). Prior to the failure of the water system and the necessary upgrades to the sewage system, the five-year plan included modest requisition increases in all years in order to minimize the impact to taxpayers. It is now evident that a greater requisition lift will be required in order to fund the ongoing operation and maintenance of a new water system as well as to be able to continue putting funds into reserve for asset management knowing that the existing sewer system is projected to need replacement in 10 years. If Community Works funding is not approved to cover the cost of the water and sewage system utilities, reserves will be insufficient to fund the upgrades and the operating and maintenance budget for 2025 will be impacted to fund an even larger requisition increase.

All options have the risk that future water regulations will change, and the systems may require upgrades to keep in compliance, a consideration for asset management.

DECISION OPTIONS:

1. Approve recommendations.
 - Funding will be provided from the Community Works Fund.

Other Options:

- a. Defer the request if additional information is required
 - will result in a delay in completing the project.
- b. Deny the request
 - alternate funding would have to be obtained.

COMMENTS:

From my review of the application, the project appears to meet the eligibility requirements in the Community Works Fund Agreement. This project fits into the category of Recreation Infrastructure.

Respectfully submitted,

“Sarah White”

Sarah White
General Manager of Financial Services

SW:bl