

FAIRMONT HOT SPRINGS FLOOD & LANDSLIDE



COMMUNITY UPDATE // MARCH 2021

COLD SPRING CREEK PROJECT UPDATE

The RDEK received a report in late 2020 outlining the debris flow hazard potential on Cold Spring Creek. Given the magnitude of the hazard and the risk to life and property, the report was immediately shared with the community, and our team has been working to find ways to mitigate the hazard as expeditiously as possible. A risk assessment is currently being completed that identifies the potential life loss and economic risk posed by the debris flow hazard.

It was anticipated that, given the magnitude of the mitigation works required, that it would take multiple projects requiring multiple grants, to complete, and that significant funds would be required to be raised by the community for matching contributions. In early 2021, a grant program became available that could allow for completion of the second phase of mitigation works in a single project, with possible 100% funding of up to \$10 million. Although the timelines required for this program are extremely tight, it was felt that it was worth pursuing, for the benefit of the community.



This grant represents a tremendous opportunity for the community if we are approved, as it would be 100% funded by the Federal and Provincial governments. To put its magnitude into perspective, if approved, it would represent over 20% of all the available funding for the Province in this funding program and would be the largest single grant the RDEK has ever received for a capital project.

We will not know until mid-April whether or not the funding application will be approved; however, recognizing both the significance of this grant opportunity AND the potential risk to the community, our team has been moving as quickly as possible to meet the legislative timelines and has been working with the Ministry on all options to ensure we are positioned to meet the terms of the grant funding should we be successful.

In order to continue to maintain (clean out) the existing debris traps, and to be able to take advantage of this potential grant opportunity, the tax rate limit for the service must be increased. Any amendment to a service establishment bylaw, including increasing the tax rate limit, is subject to approval of the Inspector of Municipalities, and ultimately the Minister may require that an elector assent process (such as referendum) be undertaken. General ministry guidelines allow a Board to increase the tax rate limit by 25% every five years without such a requirement, which led us to understand that the referendum would be required for an increase of this magnitude.

As part of this process, we recognized that we needed to bring bylaws forward to Board at the March Board meeting to meet the legislative requirements and ensure we were able to move forward with a referendum, as an assent process would be required to change the tax rate.

On Thursday morning, March 4, immediately prior to the start of the Committee meetings, the Ministry confirmed that given the clear need for the additional funds based on recent events on both Fairmont and Cold Spring Creek, and reported risk of future events, that the amendment is likely to be approved without the requirement for a referendum, and that they would accept the Director consenting on behalf of the electors. There are a number of reasons that this method was suggested for consideration, including:



- The level of risk to the community. With an increasing number of debris events, and as a result of the larger event of May 31, a hazard assessment was commissioned and has identified a significant risk on Cold Spring Creek. As government, one of our jobs is to work to protect public safety and, while we all hope no larger-scale events happen in the immediate future, we are acting as swiftly as we can in response to the identified hazard and risk, and to provide an increased level of protection to the community.
 - The Regional District model is unique in BC. If this situation were to have occurred within a municipality, it would be solely a vote of Council required for it to proceed. In Regional Districts, while Director Consent is an option, generally it is not contemplated on larger-sized projects where a tax increase would be more than 25%; however, it IS able to be presented to the Province for consideration when there are priority factors that merit its review. In this case, those factors include the risk to public safety and costs that are outside the control of the RDEK.
 - If we were to be successful with the grant application, we would need to proceed with the detailed design in time to be ready for work to start in September. This means a Request for Proposal (RFP) would have to be issued immediately for an engineering consultant and the contract awarded in April in order for them to get started on the design.
- If we proceeded with a referendum process, the earliest it could be held was the end of June, and if it was unsuccessful, we would have already spent funds on the project that we would have no way to recoup. In addition, if the referendum failed, we would be required to return the \$10 million potential grant and it is unknown when another 100% funded opportunity of this size would be available again, or whether this project would be considered given a demonstrated lack of community support for a grant of this magnitude.

For these reasons, the Director Consent option was presented to Board for consideration on Thursday and Friday and received unanimous support of the Board.

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There are several checks and balances in the bylaw amendment process – and it will likely be mid-late April before we know whether this method of assent will be approved by the Province. The steps it must now go through include: review and approval by the Inspector of Municipalities, followed by approval of the Minister of Municipal Affairs. If it is approved by both the Inspector and the Minister, it would come back to the RDEK Board for review and adoption. Receiving approval for the Service Establishment Bylaw Amendment on this timeline will also provide more certainty to the Provincial and Federal governments that the RDEK will have funding for its share of the costs of the \$10 million project. This would greatly strengthen the grant application package.

It is important to understand that without the potential large grant, there would still be a requirement to increase taxation, as the current tax rate is not enough to cover:

- the increasing costs of operating and maintaining the current infrastructure on Fairmont Creek and Cold Spring Creek (including the clean out of debris and annual inspections);
- The community's 20% portion of costs not covered by the Provincial Government following the May 31 event and other costs not related to the event (\$131,000).
- \$150,000 for the RDEK share of Phase 1 of the Cold Spring Creek project.

If we are successful in the \$10 million grant, it will pay for the entire capital cost; however, there would also be about \$112,000 in ineligible costs for Phase 2 that would need to be covered by the service area.

The proposed amended maximum taxation limit will go from the current \$0.20/\$1,000 to \$0.90/\$1,000. The net estimated impact on taxes on the average residential property valued at \$362,526 is as follows:

- **In 2020**, the average residential tax bill included \$70 for the Fairmont Flood & Landslide Service
- **For 2021**, the average residential tax will be approximately \$76
- **In 2022**, we are forecasting an average tax amount of \$308

If we are unsuccessful in getting the grant, these tax increases will still be required (though the 2022 and later levies would be revisited, based on project and grant opportunities) and we would complete the installation of the debris net on Cold Spring Creek in fall 2021 and continue to look for other funding opportunities for future phases of the project.

WHAT'S NEXT?

We recognize there are still many questions – and we are committed to answering them.

Once we hear from the Province about approval of the bylaw amendment, have received the risk assessment and hear whether or not we have been successful in the grant, we will be sending out an update and scheduling a community meeting. While we do not yet know the timing of the meeting, it will likely be late April or early May given when we expect to hear on these three pieces that are currently in motion.

An amendment to the 2021 - 2025 Financial Plan for Fairmont Flood and Landslide Control will be taken to the April Committee and Board meetings to reflect the current situation and estimates.

A LITTLE HISTORY:

FAIRMONT FLOOD & LANDSLIDE SERVICE AREA

In 1996, the Fairmont Creek Flood Control service was established by petition of the property owners.

In the Regional District system, once a service is established, if the Board wishes to amend the service establishment bylaw, it requires either assent of the electors (such as referendum) or consent of 2/3 of the participants. The 'participant' approval means the municipal council or the Electoral Area Director, on behalf of the residents. For services fully within a single electoral area, the requirement is the consent of the Area Director.

In 2014, with the consent of the Director, the RDEK Board amended the service area to include the entire community of Fairmont (renamed to the Fairmont Flood and Landslide service area), and increased the maximum tax rate from \$4,000 to \$0.20/\$1,000 of assessed value. This tax rate allows for the collection of about \$77,500 per year. At that point, following the severe debris flood event of 2012 and the smaller 2013 event, the RDEK received funding to construct debris flow mitigation infrastructure on Fairmont Creek, and the additional taxation was required in order to maintain the infrastructure, including cleaning out the debris traps constructed in 2018, to ensure they continue to function to protect the community.

In the time since, multiple events have demonstrated the effectiveness of the debris traps in containing materials that would have otherwise caused significant damage in the community. The size and frequency of these events has proven to be greater than what was anticipated when the tax rate was set in 2014, however, and it has become clear that more funds are required in order to maintain the infrastructure so that it can continue to do its job. This includes the repayment of the approximately \$131,000 unfunded portion of the clean-out costs from the May 31, 2020 event.



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If you have any questions about the Cold Spring Creek Debris Flow Mitigation Project, please contact:
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