

Dewdney Area Improvement District

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TRUSTEES BOARD MEETING

Wednesday January 20, 2016 – 7.00 PM

Hatzic Prairie Community Hall, 10845 Farms Road, Hatzic Prairie

MINUTES

In Attendance: Doug McNeill (Chair)
Angus Derewenko
Ernest Loewen
David Scott
Doug Sinitsin
Brett Vander Wyk
Peter Hanslo – administrator and finance officer
Larry Wiens – project manager
Ron Beck – facilities operations manager
Bruce Edwards – engineering consultant

Absent: Deb McKay (sick)
Christian Leuzinger (work related)
Peter Schalkx (resigned)
Darrell McDonald

Ratepayers: 26

Call to Order: Chair 7.11 pm.

- **Motion** to adopt January 20, 2016 meeting agenda
D. Scott/D. Sinitsin Vote: unanimous in favour. Motion adopted.
- **Motion** to adopt November 18, 2015 meeting minutes.
E. Loewen/B. Vander Wyk. Vote: unanimous in favour. Motion adopted.
- November 18, 2015 meeting minutes **signed**.

REPORTS:

- **Dike maintenance manager report:** Ron Beck – appendix 1
- **Administration and finance officer report:** P. Hanslo – appendix 1
- **Project manager report:** L. Wiens – appendix 2
- **Update report on B.C. Hydro's Rate Design Application:** B. Edwards – appendix 3

OLD BUSINESS**The district's method of calculating diking taxes.**

Motion (November 18, 2015 minutes): To strike an information meeting of trustees to review DAID data base after the BC Assessment information roll arrives in January 2016, gather information regarding properties, taxation, classes, values and also include suggestions from the property owners input at the November 18, 2015 meeting and present taxation options at a public meeting in the Spring of 2016.

B. Vander Wyk/G.Derewenko. Vote: Unanimous in favour Motion adopted.

The administrator reported that he received the district's 2016 property assessment roll from B.C. Assessment Authority on January 18, 2016 and will have completed his work to update the 2016 property assessment values on DAID's diking tax roll within the next few weeks.

Motion: To table this matter for discussion at the next board meeting after the DAID diking tax roll has been updated.

E.Loewen/D. Scott Vote: unanimous in favour. Motion adopted..

NEW BUSINESS**District property owner Mr W.R.Chaplin's concerns regarding DAID Letters Patent mandate.**

In his January 5 letter Mr. Chaplin wrote: "Could you please advise me where it is written in Letters Patent that the mandate of DAID is responsible for sand removal, cleaning of creeks and sloughs within the boundaries of DAID." Mr. Chaplin addressed the board on the issues contained in his January 5 letter. DAID operations manager, L.Wiens, responded by quoting section 3 of the district's August 17, 1972 Letters Patent which reads: "The objects of the improvement district shall be the dyking and drainage of land and the construction, acquisition, maintenance and operation of works for those purposes and all things incidental thereto". Mr. Wiens contended that the district's current drainage projects were in compliance with its Letters Patent mandate. Mr. Chaplin's argued that interpretation of the Letters Patent mandate was the issue at hand.

Motion: That DAID operations manager, Larry Wiens, contact all appropriate federal/provincial Ministries and First Nations bands to determine whether all activities in creeks and waterways in Dewdney Area Improvement District have the required permitting and to arrange a meeting with Ministry and First Nations bands representatives together with local MLA Simon Gibson, to discuss.

D. Scott/D.Sinitsin Vote: Unanimous in favour Motion adopted

DAID administrator, P.Hanslo, invited Mr. Chaplin to provide DAID with his written account of the exchange of opinions on subject matter. As at date of writing Mr. Chaplin had not responded.

Control and accounting systems for sale and/or disposal of sand from Hatzic Slough sand recovery stations

Motion (October 28, 2015 minutes): That the administrator and the project manager develop control and accounting systems for the sale and/or disposal of excavated sand.

D.McKay/D.Sinitsin

Vote: unanimous in favour

Motion adopted.

The board ruled to table this matter for the next board meeting after the members have reviewed the contents of the administrator's memorandum providing a suggested process for administering the sale of sand excavated from the Hatzic Slough sand recovery stations.

In reference to an earlier sale of excavated sand, the October 28, 2015 minutes state: "It was mentioned (by Mr. Edwards) that another cheque for around \$1,000 from "Ray" would come in later. This amount of \$1,000 has not yet been received by DAID. Mr. Edwards responded by saying that he had handed a Mission Contractors cheque for \$441 to the administrator on December 3, 2015 as payment for a lesser load of sand than first anticipated. ~~The board appeared to accept this explanation.~~ (REFER FEB. 24, 2016 MINUTES)

Ratepayers' questions

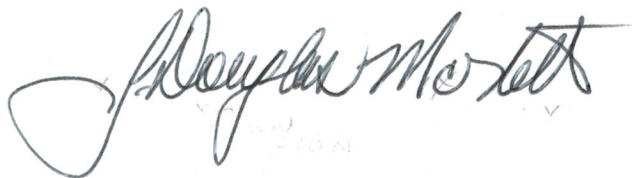
All questions raised by district property owners during the course of the evening's meeting, were responded to by DAID board members and staff.

Set date, time and location of next board meeting.

Next board meeting scheduled for Wednesday February 24, 2016 starting 7.00 pm held at the Hatzic Prairie Community Hall, 10845 Farms Road, Hatzic Prairie. B.C.

Meeting adjourned: 9.07 pm

D. Sinitsin/E. Loewen



APPENDIX 1

Facilities operations manager report: R. Beck

- November 20: Cleared two trees off top of dike near Stevens' property.
- November 21: Pulled debris from boom sticks with backhoe.
- November 25 and 27 and December 1: Kevin Dekker assisted with cleaning up of trees on dike. Still a lot of trees to clean up mostly at Krugers.
- December 10: In p.m power outage at pump station.
- December 11: In pm power back on.
- January 3: Pulled debris from boom sticks with backhoe.

End of report.

Administrator and finance officer report: P. Hanslo

- Intake 2013 November update report on the Hatzic Slough Sediment Management project submitted to EMBC November 15, 2015.
- EMBC agreed to waiving the December report to January 2016.
- The district's 2015 year-end accounting has been completed and the financial books, records, schedules and statements were delivered to Auditor Ann Harper's office on Friday January 15, 2016.
- Next up is to update the 2016 property assessment values from B C Assessment roll and then prepare current year assessment statements for mail-out to all district property owners

End of report.

APPENDIX 2

Operations and project manager report: L. Wiens

- Efforts to find an easy and relatively inexpensive device to control the flood box outflow gates have provided a firm cost estimate of around \$3,200 to install the system.
- Another cost estimate to repair the old pump system discharge flap gates has come in at around \$3,000. DAID has existing funds under the Intake 2010 program earmarked for this project.
- The Intake 2013 (sand recovery stations) Project Completion Report will only be finalized after site landscaping and fencing has been done. Total project cost will come in well under budget.
- Kruger Products own a property adjoining our dike. Kruger's Ken Stennerson contacted me to express his concerns about fallen trees on the dike and safety and liability insurance issues linked to public trespassing on the dike. We agreed with his suggestion to put appropriate signage in place on the dike.
- DAID's insurance portfolio was recently discussed with Barb Janzen representing our insurance brokers Hub International Barton Insurance Brokers. Our records show that the following insurance cover is in place:

| <u>Broker</u> | <u>Company</u> | <u>Policy #</u> | <u>Coverage</u> | <u>Renewal date</u> | <u>Latest premium</u> |
|-----------------------|--|---------------------|--|---------------------|-----------------------|
| HUB | Lloyds | 3806143 | Commercial General Liability \$10 million | May 15 | \$ 4,447 |
| Johnston Meier | Encon Group | NP449191 | Directors & Officers Liabil. | May 29 | \$ 2,013 |
| HUB | Aviva & Northbridge Gen. Insurance | CMP 816137341012 | Property and equipment (pumps etc) | October 30 | \$16,560 |
| HUB | Munich RE | 6753124-05 | Equipment breakdown | November 27 | <u>\$ 3,422</u> |
| Total annual premiums | | | | | <u>\$26,442</u> |

- Barb Janzen and I agreed that DAID is well covered with the \$10 million liability insurance. The question of whether DAID should have Errors and Omissions (E&O) cover in place was discussed. Premium around \$6,000/year. It was left to the board to decide on this issue.
- The district mappings on display at this evening's meeting are:
 - a. to indicate the next phase of the Intake 2013 project spread over the next 2 years i.e. 2016-2017 which should preferably not be referred to as "dredging on the lake" but as the completion of the drainage project on Hatzic Lake. Environmental documentation has been completed and we will soon be approaching the appropriate permitting agencies for approvals.
 - b. to show the 3 zones and boundaries which constitute Dewdney Area Improvement District; it is my opinion that some properties on the district's boundaries are now not included on the DAID tax roll or on the B C Assessment roll, but should indeed be included and thus be paying diking taxes.

End of report

APPENDIX 3

Engineering consultant's B.C. Hydro report: B. Edwards

It seems unlikely that the B C Utilities Commission (BCUC) will order a refund of the punitive \$5,500/month minimum charge because that seems to be outside its mandate, so I suggest that Larry and I ask Simon Gibson MLA to arrange that the Province reimburse DAID until the BCUC rules on fair billing for flood control pumping. This could take a year. So far, about 8,000 pages of testimony has been generated, beginning with B C Hydro's 4900-page Rate Design Application.

To present a united front to BCUC, I am involving the other municipalities that conduct flood-control pumping, including Abbotsford, Chilliwack, Coquitlam, Delta, Kent, Langley, Richmond and Surrey as well as the ten improvement districts in BC that are responsible for drainage.

After the hearing yesterday, UBCM's consultant and lawyer suggested that DAID work with UBCM, and BCUC's counsel agreed that this is worth exploring.

So far, the response from B C Hydro and BCUC staff has been encouraging.

DAID's costs for the process will probably be reimbursed by BCUC and/or B C Hydro.

Refer also the attached "Handout for B C Utilities Commission Procedural Conference January 19, 2016 regarding B C Hydro's (BCH) 2015 Rate Design Application"

End of report.

Dewdney Area Improvement District (DAID): Intervener C-30
Handout for BC Utilities Commission Procedural Conference 2016 January 19
regarding
BC Hydro's (BCH) 2015 Rate Design Application

THE ISSUE: The LGS rate class for flood-control pumping is inconsistent with RDA p4-1-11 criterion.

OBJECTIVE: A new flood-control rate class that is just, fair, & reasonable to fairly allocate costs

THE PROBLEM

The table below shows **in red** the exorbitant penalty for flood control pumping under RS 16xx, which appears to have been designed for an approximately constant load/demand and so is unfair for intermittent loads.

| Scenario | Constant demand | Irrigation | Flood pumping | |
|--|-----------------|------------|---------------|------------|
| Rate Schedule | 16xx | 14xx | 16xx | No minimum |
| Energy consumed KWh | 100,000 | 100,000 | 100,000 | 100,000 |
| Maximum demand (assumed constant) KW | 50 | 42 | 1,389 | 1,389 |
| Hours/day at peak demand | 8 | 24 | 24 | 24 |
| Days/year at peak demand | 250 | 100 | 3 | 3 |
| Demand charge: 1 month | \$78 | \$35 | \$12,620 | \$12,620 |
| Minimum charge: 1 year @ 50% of maximum | \$467 | \$208 | \$75,723 | 0 |
| Annual penalty compared to constant demand (High LF) | 0 | | 16,211% | 2,702% |

Demand penalties are designed to discourage high demand and are effective, but, for flood control which is a public service, the **"Monthly Minimum Charge"** levied for an additional 11 months constitutes an unjust tax on flood prevention and subsidizes other users at taxpayers' expense. Preventing flood damage, including damage to BCH infrastructure, is not optional. Most municipalities in the lower mainland and therefore half of BC property-taxpayers are being penalized.

Having to run all pumps is rare. The last time DAID required this was 2014 December for **only three days**. Since then, pumping at up to half capacity has been adequate. Therefore BCH's Cost Of Service to remove the extra 11-month penalty is insignificant, compared to the relative cost to pumping authorities.

Applying **HBL (Historic BaseLine) billing is unreasonable** since pumping requirements vary tremendously from year to year. Furthermore, consistent with global warming, the number of heavy rainfall events requiring pumping is increasing, so that consumption above the HBL is probable.

The low cost of generation during the freshet is not passed on for flood control pumping.

Eliminating the stepped demand charge will penalize pumping authorities for minimizing demand.

PROPOSED WIN - WIN - WIN SOLUTION

Reduce BCH's Cost Of Service if maximum pumping is required (5 pumps - 1300 KW - in DAID)

1. Abbotsford, Chilliwack & DAID could stagger operation of large pumps to even-out demand.
2. Shut down large pumps during morning and evening peak periods. Also, this will give local-government the advantage of off-peak and mid-peak pricing.

Order fair billing for flood-control pumping

Establish a Rate Schedule specifically for flood control pumping, based on RS 16xx, but:

1. For immediate redress, order a refund of the "Monthly Minimum Charge",
2. Waive the 11-month minimum charge of 50% of the preceding month's maximum demand,
3. Reduce energy charges during the freshet, when BCH has surplus generating capacity,
4. Remove HBL provisions.
5. Don't eliminate the stepped demand charge

SUGGESTED PROCEDURE FOR JUST, FAIR AND REASONABLE FLOOD-CONTROL BILLING

In view of my unfamiliarity with the intricacies of BCUC proceedings, I suggest the written argument process. I request another IR round and permission to submit evidence on adverse impact to pumping authorities. BCUC guidance would be appreciated. DAID hereby applies for PACA reimbursement of costs.

C. Bruce Edwards M.A.Sc., Engineering Consultant