

Information Package

Alternative Approval Process (AAP)

City of Cranbrook Phillips UV Disinfection Facility

Proposed Borrowing of up to \$3,500,000.00

May 26, 2025

Rationale for Phillips UV Disinfection Facility

On March 22, 2024, the City of Cranbrook announced it was successful in receiving \$9,525,413.00 in Provincial and Federal Grant funding through the Investing in Canada Infrastructure Program (ICIP) – Green Infrastructure – Environmental Quality for the Phillips UV Disinfection Facility Project. The funding agreement requires that the project must be started by 2025 and completed by March 31, 2028.

The City's portion of the project is eligible for Water Development Cost Charge (DCC) funding. The balance in the Water DCC reserve fund is insufficient and time of collections is uncertain, therefore borrowing is required. The debt servicing costs will be recovered as future Water DCC contributions are collected. Those recoveries will be deposited into the Water Capital Reserve for future water capital infrastructure projects.

The AAP is for approval, to borrow up to \$3,500,000.00 for the City's contribution for the construction of the Phillips UV Disinfection facility as required under the grant funding agreement.

Attachments

- Notice to Electors of Alternative Approval Process, May 26, 2025
- Approved Elector Response Form, May 26, 2025
- Media Release *City Awarded \$9.5 Million in Federal and Provincial Funding for Phillips Reservoir UV Disinfection Facility*, March 22, 2024

NOTICE TO ELECTORS OF THE CITY OF CRANBROOK OF AN ALTERNATIVE APPROVAL PROCESS FOR PROPOSED BORROWING

Project Summary

The City of Cranbrook needs a new water disinfection facility to protect public health and safety, promote climate change resilience, and improve services to existing residents. A new water disinfection facility supports these goals by creating a dual-treatment system that utilizes UV disinfection and a liquid chlorine system.

Currently, the City of Cranbrook relies on a single treatment system (chlorine gas) which creates operational safety concerns and does not comply with the Province's 'Drinking Water Objectives (Microbiological) for Surface Water Suppliers in British Columbia' (DWTO) recommendations. Operational concerns relate to the transportation and handling of chlorine gas, which creates a more hazardous work environment for individuals working at the water treatment facility and those in the community who are located near the transportation route to the facility.

Transitioning to liquid chlorine that is generated onsite will eliminate the operational safety concerns associated with handling chlorine gas. Furthermore, the DWTO requires (2) two treatment processes to ensure water quality as certain microbiological agents are resistant to certain forms of treatment. For example, *Cryptosporidium* is an extremely chlorine-tolerant parasite that can be effectively inactivated with UV treatment. Therefore, by

installing a dual-treatment facility, the City of Cranbrook better protects public health by enhancing water quality and reducing the risk of waterborne pathogens in the water supply.

The dual-treatment facility also promotes climate change resilience as climate change can deteriorate water quality and require more robust, effective treatment (e.g., extreme precipitation events caused by climate change can be associated with a higher risk of erosion and increased contaminants entering the water source). The City's water supply system is sufficiently sized to meet the projected population growth but currently does not meet the DWTO requirements, which is the major motivation behind this project.

It is the largest water system in the Kootenay region that does not yet meet the provincial water objectives. Lastly, the dual-treatment facility will improve services by providing clean drinking water to more than 20,499 residents.

Financial Information

Cost estimates:

Construction	\$12,500,000
Design	<u>500,000</u>
	\$13,000,000

Funding:

ICIP Grant	\$ 9,525,413
Borrowing	<u>3,474,587</u>
	\$13,000,000

Borrowing Particulars:

Maximum amount borrowed	\$3,500,000
Maximum term	25 years
Estimated average interest rate	4%
Estimated annual debt servicing	\$229,263

It is anticipated that the City will obtain financing from the Municipal Finance Authority of British Columbia (MFA) in the Fall of 2026. Debt servicing will commence in 2027 and will be funded by an increase to the water parcel tax of \$1.26 per taxable meter. The estimated impact of the debt servicing on a taxpayer with a 15.25-meter (50 foot) lot is \$19.22.

Alternative Approval Process and Eligibility

And Further Take Notice That the municipality may proceed with the borrowing request unless at least ten percent of municipal electors indicate that a referendum must be held by submitting a signed Elector Response Form to Cranbrook City Hall no later than (usual closing time) 4:30 p.m. on Friday, July 18, 2025, Elector Response Forms must be in the form established by the City of Cranbrook, and only those persons who qualify as electors of the municipality are entitled to sign Elector Response Forms.

Resident Elector – You are entitled to submit an Elector Response Form as a resident elector if you are age 18 or older on the day of submission, are a Canadian citizen, have lived in B.C. for at least six months, and have been a resident of the City of Cranbrook for the past 30 days or more.

Non-Resident Elector – You are entitled to submit an Elector Response Form as a non-resident property elector if you are age 18 or older on the day of submission, are a Canadian citizen, have lived in B.C. for at least six months, have owned and held registered title to a property in the City of Cranbrook for the past 30 days or more, and do not qualify as a resident elector.

NOTE: Only one non-resident property elector may submit an Elector Response Form per property, regardless of how many owners there may be.

If less than ten percent (1573) of municipal electors submit an Elector Response Form, the borrowing request will be deemed to have the approval of the electors, and the proposal



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may proceed to the Minister of Housing and Municipal Affairs for consideration. For the purpose of conducting the alternative approval opportunity, the number of electors is calculated as 15,727.

Elector Response Forms are available from City Hall located at 40 – 10th Avenue South, Cranbrook, BC, open 8:30 am to 4:30 pm Monday to Friday except Statutory Holidays or on the city website @ www.cranbrook.ca/aap.

The City of Cranbrook
Marnie Dueck,
Corporate Officer

