

To: Mayor and Council
Re: White Gold utilities undergrounding
Date: November 2nd, 2020.

My name is Gordon Ahrens, I am the owner and permanent resident of 7309 Fitzsimmons road in White Gold. I have been involved in the White Gold undergrounding project leading up to the formal petition as one of three Property Owner Representatives, charged with collecting owner's comments related to the proposed undergrounding, and communicating them to the RMOW and the Consultant engaged by the RMOW to administer the petition.

I would like to provide the following information to assist you in making an informed decision, and to request your support for the outcome of the petition, and to proceed with the project implementation.

Background

My fellow homeowners who initiated this project have been volunteering time and effort since November 2018, about a year before the formal petition process started via the RMOW. At that time, there was a ground swell of homeowners who were very interested in pursuing this opportunity to underground our existing overhead utilities, and represented a majority of all owners - mostly local residents and weekenders from the Lower Mainland.

The significance of the support in the neighbourhood is evidenced by many individual owners providing access to their property plans and paying a \$200 deposit each to engage with BC Hydro for an initial quotation on the total project costs. That quote was shared with all homeowners involved at the time. Based on the initial quote by BCHydro, homeowners realized this to be an investment in the neighbourhood by each owner, which would benefit all of us in the long term.

The benefits are many, including improved safety, service reliability as well as visual enhancement of the neighbourhood. Importantly, as climate change brings more extreme weather, be it worsening storms or drier and hotter summers, burying utilities reduces the risk of a severe event such as what was seen recently with the deadly California wildfires from PGE's overhead electrical systems.

Given the scale of the project as identified by BCHydro, the homeowner group initiated a letter to Council to request support for a BCHydro grant which would help to offset some of the costs, and to request the RMOW to provide additional information '*such that homeowners may formally petition to have these services completed*' which would enable the costs to be amortized over a long period of time, eliminating the need for owners to fund the project upfront, thus making it more financially feasible for all owners. As you know, the BCHydro grant was successful and the project was awarded a grant up to \$1.2m by BCHydro.

On November 19, 2019 Council approved the resolution "*That pending a successful outcome of the 2019/20 petition for the undergrounding of utility services in the White Gold neighbourhood (Fitzsimmons Area), the RMOW agrees to fund the portion of the total project costs not covered by the BC Hydro Beautification Grant through a Local Area Service tax payable over time, by all parcels located within the identified Service Area.*"

It is from this time that the RMOW took over the project from the homeowner group, and progressed the formal petition with the appointment of a project manager.

The petition results illustrated the strong support from property owners

- 58.5% of all property owners supported the petition.
- 41.5% did not vote. The petition process is legislated to only require a response if you support the petition, therefore, there is no mechanism to determine the number of property owners opposed, we only know how many did not vote. E.g. in the recent provincial election 52% of eligible voters cast votes. Those who did not vote cannot be assumed to have voted for or against the options, or if they are just indifferent to the outcome.
- 93 property owners voted to support this project. 13 have expressed their opposition. We do not know the opinion of the remainder.

Support from a diverse ownership group

- 58.5% of property owners voted in favour, representing 58.6% of the total White Gold assessed property value. These results illustrate a diverse mix of properties, both higher and lower assessed value and age, supported the petition.
- There are approximately 32 new homes built in the past 10 years. There were 93 votes of support.

Costs amortized over 30 years with deferral potential

- With the approval of the petition the costs for the work required to bury the utilities on public lands can be amortized over 30 years and added to property taxes.
- This amortization removes the requirement for any owner to pay the full amount up front.
- Property owners will only pay for the improvements for as long as they enjoy the property. When the property is sold, the subsequent owner assumes the remaining payments.
- For eligible owners the entire amount including interest can be deferred indefinitely until the home is eventually sold. The deferral interest rate is 1.2% for the regular deferral program and 3.2% for the Families with Children deferral program.
- In the event an owner is not eligible for the deferral program there remains the option to finance the annual payment for this project against the significant asset value appreciation that has occurred over the past decades.
- The projected annual addition to property taxes, per lot, for the first 10 years is estimated to be \$1130. At the end of the first 10 years the lending rate on the balance of the loan will be adjusted bases on preferred municipal lending interest rates at that time.
- The first addition to property taxes for this project is not anticipated until July 2024. The year after the project is completed and final costs are known.

Maximum amount approved by owners provides certainty

- The RMOW confirmed in a letter to owners dated August 11th, 2020, the maximum amount that can be charged per year/per lot is \$1,230. This provides owners with the certainty of a maximum amount. However, the amount could be less given that the budget includes a significant contingency.

If costs exceed the budget

- If it is determined, after the detailed design is completed, and before construction begins, that the costs will exceed the maximum of \$1,230 per year/per lot, another petition will be issued to re-confirm owner support for the project at the new estimated costs. This provides the RMOW with a mechanism to keep the project moving forward as approved by the owners or halt the project and minimize cost exposure.

Costs for work on private lands to connect to the new underground system are not included in the project budget.

- *These costs are not included in the project budget* and therefore not included in the 30-year amortization and are the responsibility of the owner as outlined in the petition.

Owners have two options to connect their dwelling to the new underground system, with either a private overhead or underground connection.

- There are a total of 161 lots in White Gold. 72 lots are already underground, 5 are vacant and 84 are overhead.
 - No additional connections costs are anticipated for properties that are vacant or already underground.
- Option 1: Undergrounding
 - Upgrading to underground service from the dwelling involves engaging an electrician to coordinate the work with BCHydro. This includes trenching from the dwelling to the property line, laying conduit in the trench, installing a new meter base on the house, and reconnection by BCHydro, and if any required remedial landscaping.
- Option 2: Retaining an overhead connection:
 - Owners who do not wish to underground from their dwelling have the option to remain overhead for the service between the public undergrounding and their home.
 - To remain overhead, BCHydro is requiring an upgrade to services, with a pole to be placed on private lands (not on the public right of way), engaging an electrician to coordinate with BC Hydro to install a new meter on the pole, remove the existing meter from the house and charge a 'reconnection fee'. The required change of meter location by BCHydro and 'reconnection fee' is the main contributor of costs for this option.
- If an individual owner contracts the work to connect overhead from their dwelling to the new underground system, it is estimated to cost \$3,000-\$4,500 depending on the distance from the property line to the meter. To upgrade to underground, on a flat lot, excluding remedial landscaping or tree removal, if required, it is estimated to cost between \$3,500 and \$5,500. These estimates are from the Q&A documentation as published on the whistler.ca website.
- Every owner has a connection option between \$3,000-\$4,500, which could be further reduced if the work can be coordinated as a bulk group rather than individually.

Why the connection costs are not included in the project scope

- During the pre-petition discussions with the RMOW and Consultant Project Manager, the Owner Representatives made various attempts to have the connection cost for all owners included in the project and thereby eliminating any up-front costs to the owners. This proposal was rejected based on the complexity (required approvals for work on private land and related issues).
- Although the Owner Representatives and the RMOW/Consultant were in disagreement on including the connection costs in the project, we did agree to move forward with the best available option as presented in the petition, making a clear separation of the work included in the project (work on public lands) and work not included (work on private lands).
- In addition, during the pre-petition phase, it proved difficult to get the attention of BC Hydro on this level of detail (specifications of individual homeowner connections) without confirmation of a successful petition to proceed.

Now is the time to focus on reducing or eliminating the upfront costs on private lands, for owners who wish to remain overhead.

Ideally, all owners that are currently connected to BC Hydro (overhead or underground) would be re-reconnected to the new underground system as part of the overall project. No up-front costs for owners.

- To do this we will need the support of the RMOW:
 - To work with BC Hydro to allow owners who wish to maintain their existing overhead infrastructure (lines and meters) to do so, rather than be forced to upgrade to a new meter location. This could be done by allowing the connection (splice) between the new underground system and the dwelling to be completed on the private pole. This practise is currently in place when going from overhead to underground service but not vice versa. The cost of installing the private poles could be included in the project costs. This is estimated to be \$50k - \$80k depending on the number of poles required at the time of connection. The connection fee by BCHydro would then also be included in the project as they are for properties already underground.
 - To assist with coordination of bulk procurement to both reduce work and costs for homeowners rather than doing the private work individually.
 - Both of the above, provide for either elimination, or a substantially reduced upfront cost for the private portion connection.
- We have until summer 2022 to resolve this, in parallel with the design phase, before the first connections will be made.

Moving forward

- Due process was followed. The threshold for approval was exceeded. As advised by the RMOW project team, 93 property owners confirmed their support in writing and when the project team specifically gave the opportunity to owners to rescind their petition after the closing date, not one owner chose to do so.
- The upfront cost is a concern and we believe with Council support, this can be overcome as described above.
- As neighbors and community, it is now time to channel our energy to reducing or eliminating the requirement for upfront costs and streamlining the execution process to minimize disruption.

Council has supported this project with the grant application and the formal petitioning process, and I now ask council to support the successful certified petition outcomes, and in parallel, consider opportunities for reducing the one-time private connection costs for those who have yet to underground.

I thank you for taking the time to read my letter, and look forward to seeing the project implemented in a way that benefits all in our neighbourhood.

Yours sincerely,

Gordon Ahrens.
7309 Fitzsimmons Rd, Whistler,