

**Birchwood County Condo  
Condominium Corporation No. 882-0814  
PO Box 134, Lindale, AB, T0C 1W0**

March 10, 2020

To: All Owners  
Condominium Corporation No. 882-0814

**WATER UPGRADE UPDATE**

Since the July 13, 2019 Water Update meeting with the Owners, Engineer, and Senior County Representatives, there have been many new developments that all lot owners should be aware of.

**Scope and Design of the Water Upgrade Project**

The Board investigated many different options in regards to the project. Many of those options were discussed and/or brought forward by Owners at the July 13, 2019 meeting. They included:

- Keeping all three current systems separate, and replacing the current structures with new structures;
- Keeping all three current systems separate, and expanding the current buildings;
- Tying all three systems together, either by trenching or by directional drilling, or by a combination of both;
- Tying just two systems together, again either by trenching or by directional drilling or both;
- Numerous other options.

During an on site meeting with Alberta Environment, it was suggested that a simpler way of complying with the new water regulations may be possible. In consultation with our Engineer, new plans were prepared and submitted to Alberta Environment for approval. Recently we received preliminary approval of the plans. One minor change was required in each location. The plans need to be revised and resubmitted for final approval. We are currently waiting on that final approval, but expect it soon.

Basically, the new plans call for three new buildings, one at each location, for treated water storage. The water must remain unused for a certain amount of time after treatment in accordance with the Alberta Environment Standards. The existing buildings will still be used, but these new buildings will be stand alone buildings and will be tied into the existing buildings with various piping.

At Willow Ridge, the water system is on Common Property and the new building will also be on Common Property. In Aspen, the easement from the Golf Course obtained for the original building is sufficient to accommodate the new building. In Cedar Glen, the easements obtained for the original structure are sufficient to accommodate the new building.

The Board has begun the process of obtaining the necessary permits, tenders, etc. and hopes to start construction as soon as possible after May 1.

### **Possible Grants**

Currently there are no Grants available from either the Federal or the Provincial Governments that would apply to our water system project. We will continue to monitor for any possible grants between now and completion of the project.

### **Costs of the Water Upgrade Project**

You may recall that the estimated cost of the Project was at least \$1,500,000 (nearly \$9,000 per lot) at the meeting on July 13, 2019. We had hoped to offset some of this by grants. The budgeted costs of the new, preliminarily approved project is \$359,100. A reduction of over 75% from the original estimate. The Board has included a substantial contingency amount. Should the final cost be less than the budgeted amount, the remaining funds will be transferred to the Reserve Fund in accordance with the Condominium Property Act.

### **Funding of Water Project Costs**

The Board did consider numerous funding options for the Project. The Board discussed at length the possibility of obtaining financing through the County and the Provincial Government. Unfortunately, any borrowing would require a Special Resolution of the Owners, which requires 75% of ALL Owners and 75% of ALL Unit factors (not just 75% of those in attendance at a meeting). The last two Special Resolutions proposed by previous Boards both failed, and that was after months of effort by the Board and many owners. The last Special Resolution to pass was in 1999, and that took months of effort by the Board and many owners. Given the delay in obtaining the approvals from Alberta Environment, the prospect of a successful Special Resolution being passed in time for the 2020 construction season is very low. The Special Resolution would have to pass prior to May 1 in order to obtain financing for July 1. Given the time of year and past Special Resolution experience, the Board felt that it would not pass. It is very difficult to get 75% of the owners to respond, and a non response is considered a NO vote. Also, some owners may vote against the resolution because they do not want to pay interest (interest on any borrowing would be funded through the Condominium Corporation). In addition, there would have been a Special Levy to fund the repayment of any borrowing. The vote by the Board was unanimous not to pursue a borrowing Special Resolution at this time. One member who was not present at the meeting has made their views known that they would have voted to pursue a Special Resolution on borrowing.

Another option considered was to use the Reserve Fund monies to fund the project. This again would require a Special Resolution of the Owners. In this case though, the Board was not in agreement to use the Reserve Fund. The Board felt the chances of this Special Resolution passing was even less than the one previously noted, and as such, decided not to pursue a Special Resolution on using the Reserve Fund monies. In addition, there would have been a Special Levy to fund the then deficient Reserve Fund. One member who was not present at the meeting has made their views known that they would have voted to pursue the Special Resolution on using Reserve Fund monies to fund the project.

The only other option available to the Board was a Special Levy. The Levy would be in the amount of \$2,000 plus GST of \$100 per lot, for a total of \$2,100 per lot and a grand total of \$359,100. The Board felt that there was no other solution other than a Special Levy and understand that owners may have to use savings or some form of financing obtained on an individual basis. The date of May 1 was chosen so that the 2020 construction season could be fully utilized. The Special Levy motion on March 2, 2020 passed unanimously. However, one member who was not present at the meeting has made their views known that they would have voted against this Special Levy.

Also enclosed is the formal Special Levy notice. Please note that should the costs of the project exceed the Special Levy, that additional Levies could be required. Please ensure your payment is made on or prior to May 1, 2020. Please note that this does not include the normal operating funds in any way, and the Budget and Annual Assessment for July 1, 2020 - June 30, 2021 will be sent in the usual fashion in the near future.

Kindest regards,

Board of Directors  
Condominium Corporation No. 882-0814