

# Cedar Lane Manganese Removal Upgrade

## Frequently Asked Questions



Capital Regional District | February 2026

The Capital Regional District (CRD) is making progress on upgrades to the Cedar Lane Water Treatment Plant to comply with regulations on manganese concentrations. Before construction begins, local ratepayers will need to approve borrowing to secure funds for the project.

### Why is the Water Treatment Upgrade required?

The Cedar Lane Water System's operating permit requires the CRD to have adequate treatment in place to address manganese levels. The [Guidelines for Canadian Drinking Water Quality](#) updated the Maximum Acceptable Concentration (MAC) and Aesthetic Objective (AO) for manganese in 2019, and Island Health flagged elevated levels in the Cedar Lane Water System in 2021.

To meet the guidelines and permit conditions, the CRD reviewed several options. Additional wells were explored, but none provided a viable new water source. Other treatment methods were also assessed, including biofiltration and chlorine oxidation. Ultimately, a greensand filtration system, capable of addressing both manganese and elevated iron levels, was identified as the most effective solution for the community.

### What is involved in the upgrade?

The water treatment plant upgrade project, with a total estimated budget of \$476,500, includes the following major scope items:

- Study, scope, preliminary and detail design (completed)
- Installation of Greensand plus media filters
- Chlorine pump and piping routing
- Construction of backwash and backwash waste tanks for filter maintenance
- Installation of HVAC in chlorine room for safe operation
- Commissioning and initiation of new operating logic

### How will the project be funded and how much debt borrowing is required?

The water treatment plant upgrade projects will be funded by grants, debt and the Cedar Lane Water Service's reserve fund. The total remaining amount not covered by grants and reserve funds is \$230,000. A borrowing bylaw would enable the CRD to fully fund the projects and proceed with the work. This includes the manganese

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removal upgrade to the water treatment plant (\$190k) and purchase of a spare pump/pressure drive unit (\$40k). The summary for funding sources for the projects is outlined in the table below:

Project #	Capital Project Description	Funding Sources	Scope
21-06	Cedar Lane WTP Manganese Treatment (Total Project Budget \$476,500)	\$190,000 – Debt \$215,000 – Grant(CWF) \$71,500 - Reserve	Install Greensand filtration, chlorine pump, HVAC and backwash system to reduce manganese levels in Cedar Lane water system
26-02	WTP Spare Pressure Pump & Sub-Drive Unit (Total Project Budget \$40,000)	\$40,000- Debt	Purchase of spare pressure pump and sub-drive unit to prevent future service outages.

### How will the borrowing be approved?

The CRD Board approved this upgrade as part of the Five-Year Capital Plan , but elector approval for the debt is still required. The petition process is the most cost-effective method for obtaining approval and is the only method which limits participation to property owners only. Approval is reached, when the owners of at least 50% of the properties consent, and those properties must represent at least 50% of the net taxable value in the service area. If a property is owned by more than one person, the Local Government Act requires that a majority of the owners must sign the petition and return it to the CRD in order for it to be counted in the affirmative (i.e. 2 owners - 2 signatures, 3 owners – 2 signatures).

### What is the borrowing process?

Once elector approval is obtained and the Loan Authorization Bylaw adopted, long-term debt must be arranged through the Municipal Finance Authority (MFA). The Loan Authorization Bylaw defines the maximum debt amount and term. MFA at the sole discretion will set a fixed interest rate for an initial term (generally 10 years),

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and subsequently refinance terms (typically in five-year incrementals) and refinancing rates. Cedar Lane has chosen a 15 year maximum term;

### How will the debt cost be collected from the ratepayers?

Annual repayments, including principal and interest payments will be collected through property taxes on each taxable folio in the Cedar Lane Service Area.

The Province collects taxes for the services provided on behalf of Capital Regional District. Property owners have access to tax programs administered by the Province if all criteria are met for eligibilities, such as the Home Owner Grant and the Property Tax Deferral Program.

Additional information on property taxes in rural areas can be found at the province website:

<https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/rural-area>

### What is the cost to each property owner?

The actual cost of borrowing will be dependent on the loan amount, interest rates at the time of borrowing and refinancing, and the amortization term selected. CRD staff consider multiple guidelines with respect to the amortization term, including estimated useful life of the infrastructure, the impact of the annual debt payment requirement, the total cost of borrowing over debt term, and the interest rate risk. A longer amortization term will minimize the annual debt payments, but results in higher total cost of borrowing and higher interest rate risk exposure with uncertainty regarding future refinancing rates. A 15-year term has been chosen by the commission to optimize payments, cost of borrowing and interest rate

**For analytical purposes only**, using the indicative interest rate of 4.42% published by MFA at the time of this cost simulation and recommended 15 years amortization term on \$230,000 debt, the simulated annual cost per taxable folio is approximately \$600. The actual borrowing cost can only be determined with the interest rate at the time of debt issuing and refinancing intervals, which will be different than the estimation of \$600 if the actual interest rates differ from the indicative rate of 4.42%.

### When will the borrowing occur and what will it look like on our property tax?

The MFA issues long-term loans twice a year, once in the spring and again in the fall. To provide timely access for the cashflow requirement of the project delivery, the short-term temporary borrowing will be authorized

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under the terms specified in the long-term Loan Authorization Bylaw. Associated financing costs for temporary borrowing will be monthly variable interest only payment.

As the project progresses, the CRD will gradually convert the temporary borrowing with long-term issues throughout the project with the last issue near or at the project completion when the total debt amount can be determined. The staggered debt payment schedule through different issues will allow the full debt cost to be reflected on property tax notices in a phased in manner over multiple years rather than all at once.

### What happens if the petition does not pass?

The Cedar Lane Water System is required to upgrade its water treatment to meet the guidelines for Canadian Drinking Water Quality and to satisfy the manganese treatment requirement specified in its Island Health operation permit. If the Petition to borrow funds for this project was unsuccessful, an Alternate Approval Process or Referendum could be considered, but at additional cost to the ratepayers.

If fund borrowing was ultimately not approved through any electoral assent process, Island Health could issue an Order under the Drinking Water Protection Act which would force CRD to complete the upgrade works and recover the associated costs through community taxation. However, the CRD remains committed to working with the community and the regulator to reach an amicable outcome.

### How does the upgraded Water Treatment Plant work?

The facility will operate in a very similar fashion to before the upgrade, with no change or interruption to regular water service for ratepayers. The filtration equipment will add an additional step to the treatment process. Back-washes can occur within the reservoir's reserve capacity.

### Contact Information

Questions and/or comments may be submitted in person at the SSI CRD Administration Office, located at #8-121 McPhillips Avenue, or by email at [saltspring@crd.bc.ca](mailto:saltspring@crd.bc.ca).

For more information on the Cedar Lane Water System please visit [www.crd.ca/cedarlane-ws](http://www.crd.ca/cedarlane-ws)