

Skana Water System Petition

Frequently Asked Questions

Capital Regional District | July 2025

What capital improvement projects are proposed for the Skana Water System that are triggering this petition?

There are four major capital projects planned as part of this petition. The projects include:

- Replacement of the two water storage tanks
- Upgrades for remote monitoring and control of Well #8
- Water surveillance improvements to Well #13 to monitor and assess source water impacts
- Well protection measures to respond to water quality concerns

Why are these projects necessary?

Ongoing investments in water infrastructure are crucial for the resilience, reliability and sustainability of a water system and are necessary to provide safe, clean drinking water. The proposed projects are required to support the ongoing delivery of the water service and deferring these projects will increase the risk of service disruptions and result in costly emergency repairs and operational costs.

Water Tank Replacements

Water storage is essential for the successful operation of the Skana Water System and the tank replacement recommendations were supported by independent consulting firms in 2016 and in 2025. The existing two water storage tanks were built in the 1970's and have exceeded their operational life expectancy. Additionally, there is significant corrosion on the exposed bare steel of the tank and the existing tanks do not meet post-disaster seismic design requirements.

Well & Surveillance Upgrades

In addition to replacing both water storage tanks, improvements related to the source wells are also recommended, including remote monitoring and control of backup Well #8, source water surveillance improvements at the primary Well #13 and measures to respond to water quality concerns. These improvements will allow operations staff to better monitor water trends in real time and respond to operational issues including depletion of groundwater sources.

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What is the estimated budget for the projects?

The combined budget for all projects is \$1,100,000. The water storage tank replacement project is budgeted at \$940,000. This budget is intended to fund the planning, design and construction of the work, inclusive of materials and labour. This budget is based on an engineering estimate from April 2025 that includes contingencies for general costs increases, inflation and constructability considerations such as remoteness and geotechnical investigations. The remaining projects are budgeted at \$160,000.

How will the projects be funded?

The projects will be funded by long-term debt financing.

Will there be a cost to property owners driven by the debt?

Yes - the cost of servicing the debt for the proposed water improvement projects will be an additional annual fee on top of your current water fees and property taxes.

The annual debt cost per property is estimated at approximately \$1,099 per year for the next 25 years. This is an estimate based on the current interest rate of 4.74% and the recommended 25-year amortization period for the full \$1,100,000 debt. The actual annual cost to users may vary depending on the interest rate at the time of borrowing and the amortization period. If less than the projected budget is borrowed, the annual cost to homeowners will be reduced.

When will the borrowing occur and how will it look on my property tax notice?

The debt payment schedule will result in an incremental increase in property taxes. The full cost will be reflected on property tax notices in a phased-in manner over a few years based on the funding requirements of the project delivery schedule, therefore, the increase may not be fully realized in a single year. The actual borrowing cost can only be determined when an interest rate and the amount of debt that is required is confirmed. The maximum debt permitted by the petition will be \$1,100,000.

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How will an amortization term be chosen?

The CRD will consider multiple guidelines with respect to selecting an amortization term, including estimated useful life of the infrastructure, the impact of the annual debt payment requirement, the total cost of borrowing over the 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 for future refinancing rates. A 25-year term is recommended to minimize the annual debt payments requirement for ratepayers.

What is the process for obtaining approval for debt financing?

The approval of debt financing involves obtaining elector approval which can be attained through a petition process. In order for the CRD to borrow funds, the petition form prepared by the CRD must be signed by the majority of property owners for each land parcel indicating their support for the proposal. **For the petition to be successful, the owners of at least 50% of the properties must consent and those properties must represent at least 50% of the net taxable value in the service area.**

Petitions that are not returned will be counted in the negative. It is important to note that the borrowing and taxation will apply to **all** properties in the service area and not just the property owners who voted yes.

Is there any grant funding available?

There is no current grant funding available, however, staff will continue pursuing grant opportunities if any become available. An approved loan authorization bylaw will increase the grant success, since grant programs often require cost sharing by demonstrating the local share is committed and secured. The required actual borrowing amount will be reduced if a future grant is awarded.

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What are the alternatives to the petition process?

The alternatives to a petition process include the Alternative Approval Process (AAP) or a referendum. A petition is only open to property owners, whereas an AAP or referendum are open to all eligible electors which includes both tenants and property owners in the service area. The petition process is recommended over an AAP or referendum as the petition process is quicker, more straightforward, more cost effective when there is a smaller number of properties and provides a clearer indication of support from property owners.

What is the timeline for the petition process?

The petition will be open to homeowners from **August 12 to October 12, 2025**.

If the petition is successful, when will the projects begin?

Projects are anticipated to begin as soon as funding is available. Projects are expected to be initiated in 2026 and completed by 2027.

What is the debt borrowing process?

Once elector approval is obtained and the Loan Authorization Bylaw adopted, as per legislation, long-term debt must be arranged through the Municipal Finance Authority (MFA). MFA will set a fixed interest rate for an initial term (generally 10 years) and subsequent refinancing terms until the payments are completed. The Loan Authorization Bylaw will define the maximum debt term; however, the length of the initial fixed term and the subsequent refinancing terms are at the sole discretion of the MFA.

How will the petition debt be collected from the property owners?

Over the term of the debt, the annual repayment of the debt including principal and interest payments will be collected through annual property taxes on all taxable folios within the Skana Water 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 Property Tax Deferment Program. Additional details for the 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>