



Making a difference...together

SKANA WATER SERVICE COMMITTEE

Notice of Meeting on **Tuesday, November 22, 2022 at 9:30 a.m.**
Goldstream Conference Room, 479 Island Highway, Victoria, BC

For members of the **public who wish to listen to the meeting** via telephone please call **1-833-353-8610** and enter the **Participant Code 1911461 followed by #**. You will not be heard in the meeting room but will be able to listen to the proceedings.

W. Korol (Chair)
B. Hill

P. Brent, Electoral Area Director
R. Johnston

M. Bentley

AGENDA

1. APPROVAL OF AGENDA

2. ADOPTION OF MINUTES3

Recommendation: That the minutes of the June 28, 2022 meeting be adopted.

3. CHAIR'S REMARKS

4. PRESENTATIONS/DELEGATIONS

The public are welcome to attend Committee meetings in-person.

Delegations will have the option to participate electronically. Please complete the [online](#) application for "Addressing the Board" on our website and staff will respond with details.

Alternatively, you may email your comments on an agenda item to the Skana Water Service Committee at iwsadministration@crd.bc.ca.

Requests must be received no later than 4:30 p.m. two calendar days prior to the meeting.

5. SENIOR MANAGER'S REPORT

6. COMMITTEE BUSINESS

6.1. 2023 Operating and Capital Budget6

Recommendation: That the Skana Water Service Committee:

1. *Approve the 2023 operating and capital budget as presented and that the 2022 actual operating deficit be balanced on the 2022 Reserve Funds transfer (CRF and/or ORF); and*
2. *Recommends that Electoral Areas Committee recommend to the CRD Board that the 2023 Operating and Capital Budget and the five-year Financial Plan for the Skana Water Service be approved as presented.*

6.2. Project and Operations Update22

There is no recommendation. This report is for information only.

*To ensure quorum, advise **Mikayla Risvold 250.474.9518** if you cannot attend.*

**Skana Water Service Committee
Agenda – November 22, 2022**

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7. CORRESPONDENCE

8. NEW BUSINESS

9. ADJOURNMENT

Next Meeting: At the call of the Chair



Making a difference...together

MINUTES OF A MEETING OF THE Skana Water Service Committee, held Tuesday, June 28, 2022 at 9:30 a.m., In the Goldstream Conference Room, 479 Island Highway, Victoria, BC

PRESENT: Committee Members: W. Korol (Chair) (EP); P. Brent (Alternate Electoral Area Director) (EP); B. Hill (EP); R. Johnston (EP)

Staff: M. McCrank, Senior Manager, Wastewater Infrastructure Operations;
I. Jesney, Senior Manager, Infrastructure Engineering; D. Robson, Manager, Saanich Peninsula and Gulf Island Operations (EP); J. Dupuis, Water Quality Officer, Environmental Protection; M. Risvold, Committee and Administrative Clerk (Recorder)

REGRETS: M. Bentley

EP = Electronic Participation

The meeting was called to order at 9:36 am.

1. APPROVAL OF AGENDA

Communication was added to the agenda under New Business.

MOVED by R. Johnston, **SECONDED** by B. Hill,
That the agenda be approved as amended.

CARRIED

2. ADOPTION OF MINUTES

MOVED by B. Hill, **SECONDED** by R. Johnston,
That the minutes of the February 22, 2022 meeting be adopted.

CARRIED

3. CHAIR'S REMARKS

4. PRESENTATIONS/DELEGATIONS

There were none.

5. SENIOR MANAGER'S REPORT

- **Bylaw No. 4450 – A Bylaw to Amend Appointment for the Skana Water Service Committee (Bylaw No. 3133)**

M. McCrank provided an overview of Bylaw 4450. He advised there will be two vacancies on the committee, and noted advertisements for vacancies will be posted in September for 30 days. Nominations will be recommended to the Board by the Electoral Area Director. The term will be for two years beginning January 1 of the subsequent year until December 31 of the following year. An overview was provided to the committee on the authority and expectation of committees. A meeting will take place in November to review the Operating and Capital Budget, and a date will be provided to the committee when it has been determined.

- **Verbal discussion to introduce draft Local Service Area Water Conservation Bylaw**

M. McCrank introduced the draft Local Service Area Water Conservation Bylaw, advising it will likely be enacted in Spring 2023. He added that current water conservation measures are voluntary. The new bylaw will bring standardization throughout the local services and the ability to enforce conservation. The draft bylaw will be shared with the committee for review and comment prior to adoption.

6. COMMITTEE BUSINESS

6.1. Project and Operations Update

Staff provided updates on capital projects and operations.

Staff responded to questions from the committee regarding the Alternative Approval Process (AAP). Staff advised the AAP will take place in late 2022 and there will be two sections, one with a grant and one without a grant. It is important to have the committee's support when presenting the AAP to the community. If the AAP is unsuccessful, it would go to a referendum which is more costly. AAP parameters are set by the Provincial government.

Staff advised the Storage Tank Replacement project grant will likely be announced in Spring 2023. With supply chain issues and variation in cost, staff expect this project can begin in one year.

Discussion ensued regarding:

- Feedback on the grant
- Follow-up grant questions
- Feedback for denied grant applications
- Two phase AAP
- Well #8 automation

Staff advised the wells on Capital Regional District (CRD) property can be decommissioned, however are unable to decommission the wells on private property without permission.

Discussion ensued regarding:

- Potential of water routed back into the tank instead of the well
- Non-revenue water
- Hiring a drilling company to investigate Well #13
- Charcoal filters for mitigating disinfection byproducts (DBP's)
- Options analysis
- Alternate water source

MOVED by W. Korol, **SECONDED** by B. Hill,

That staff be directed to provide a plan for automation of Well #8 within one month.

CARRIED

6.2. 2021 Annual Report

M. McCrank introduced the 2021 Annual Report.

7. CORRESPONDENCE

There was none.

8. NEW BUSINESS

8.1. Communication

The Chair asked if a CRD email address could be provided to the committee. Staff advised there may be security implications, and the CRD is unable to maintain public email addresses.

The committee asked about having a quarterly report mailed to the water service users. Staff advised it would need to be consistent for all 12 water systems, adding it would be quite costly for the water service. Three meetings are held per year which include a Project and Operations Update to keep the committee apprised of all projects and operational highlights. In addition to the update reports being available in advance of the meeting in the Agenda package, the meetings are open to the public to listen and contribute as a requested and approved delegation.

9. ADJOURNMENT

MOVED by B. Hill, **SECONDED** by R. Johnston,
That the June 28, 2022 meeting be adjourned at 11:36 am.

CARRIED

CHAIR

SECRETARY



REPORT TO SKANA WATER SERVICE COMMITTEE MEETING OF TUESDAY, NOVEMBER 22, 2022

SUBJECT **Skana Water Service 2023 Operating and Capital Budget**

ISSUE SUMMARY

To present the 2023 Operating and Capital Budget for Committee approval, pursuant to Bylaw No. 3133, "Skana Water Service Committee Bylaw No. 1, 2003".

BACKGROUND

The Capital Regional District (CRD) is required by legislation under the *Local Government Act* (LGA) to prepare an annual Operating and Capital budget and a Five-year Financial Plan. CRD staff have prepared the budget and financial plan shown in Appendix A for the Skana Water Service.

The Operating Budget includes the regular annual costs to operate the service. The Capital Expenditure Plan shows the anticipated expenditures for capital additions. These may include purchases of new assets or infrastructure, upgrades or improvements to existing assets or asset review and study work potentially leading to future capital improvements.

In preparing the Operating Budget, CRD staff considered:

- Actual expenditures incurred between 2020 and 2022
- Anticipated changes in level of service (if any)
- Maximum allowable tax requisition
- Annual Cost per taxpayer and per Single Family Equivalent (SFE)

Factors considered in the preparation of the Capital Expenditure Plan included:

- Available funds on hand
- Projects already in progress
- Condition of existing assets and infrastructure
- Regulatory, environmental, and health and safety factors

Adjustments for surpluses or deficits from 2022 may be made in January 2023. The CRD Board will give final approval to the budget and financial plan in March 2023.

The Financial Plan for years 2024 to 2027 may be subject to change in future years.

BUDGET OVERVIEW

Operating Budget

It is projected that 2022 operating expenses will be approximately \$13,260 over budget. Factors contributing to the operating overage include emergency response and corrective maintenance primarily due to the following events:

Skana Water Service Committee – November 22, 2022
Skana Water Service 2023 Operating and Capital Budget

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- System leak repair on Sandy Hook Road
- Well No. 8 pump electrical protection system repair
- SCADA communications modem failure replacement

Other contributing factors for the operating overage is an increase in CRD labour for regular operations and maintenance of the water system in the near term because of the contract operations services ending on August 31, 2022. Although contract for services is under expended for the year, this amount only partially offsets CRD labour costs to provide operation and maintenance services.

It is projected that the 2022 operating revenue will be over budget by approximately \$2,147. The additional revenue (user fees) is the result of an increase in the Single Family Equivalent (SFE) count (service connections) that occurred in late 2021 and in 2022.

This results in an overall operating deficit of approximately \$11,113. To balance the operating budget, it is proposed that the 2022 transfer to the Operating Reserve Fund be reduced by \$2,113 and the 2022 transfer to the Capital Reserve Fund be reduced by \$9,000. This reduced reserve funds transfer results in a deficiency within the reserve funding target levels, which will require replenishment in 2023 and future years' planning. Otherwise, the resulting deficiency in 2022 must immediately be included as an expenditure to be recovered from revenue in the 2023 financial plan as required by *Local Government Act* Section 374(11).

The 2023 over 2022 operating costs have been increased by \$2,423 (4.8%). The increase is primarily to account for inflation and increased labour charges.

Increased labour charges are a result of the addition of a dedicated 'on-island' Manager of Operations who will be based on Salt Spring Island and have operational oversight of all CRD local services on Salt Spring Island (SSI) and the Southern Gulf Islands (SGI). The total labour cost for this position will be cost-shared among 14 local utility services on SSI and SGI. The primary drivers for this role are to address regulatory requirements, workload management, capital project coordination and integration, and to provide additional oversight and support to worker health and safety.

Municipal Finance Authority (MFA) Debt

Loan Authorization Bylaw No. 3090 (LA3090) to borrow \$157,700 was approved and adopted in 2003 to construct waterworks for new CRD water supply service on Mayne Island. Two other borrowings related to this Bylaw in total of \$118,350 were paid off in 2019. Table 1 below summarizes the detailed information for existing MFA debt issue related to LA3090.

Table 1 - Existing Debt Summary

| <i>MFA Issues</i> | <i>Term</i> | <i>Borrowing Year</i> | <i>Retirement Year</i> | <i>Refinance Year</i> | <i>Original Interest Rate</i> | <i>Current Interest Rate</i> | <i>Principal</i> | <i>Principal Payment</i> | <i>Interest Payment</i> | <i>Total Annual Debt Cost</i> |
|-------------------|-------------|-----------------------|------------------------|-----------------------|-------------------------------|------------------------------|------------------|--------------------------|-------------------------|-------------------------------|
| LA3090-102 | 15 | 2007 | 2022 | 2017 | 4.82% | 2.25% | \$29,200 | \$1,458 | \$657 | \$2,115 |

Operating Reserve Fund (ORF)

The ORF is used to undertake cyclical maintenance activities that typically do not occur on an annual basis. Typical maintenance activities include hydrant maintenance, reservoir cleaning, and ground water well servicing. The operating reserve also funds the procurement of equipment and supplies that are not purchased on an annual basis. Additionally, the operating reserve could be used for emergency unplanned repairs.

It is proposed that transfers to the operating reserve be set at \$7,000 in 2023 to ensure future maintenance activities are fully funded and an optimal balance in the reserve fund is maintained. There is \$10,000 of planned maintenance to be funded by the ORF over the next five years.

The operating reserve fund balance at the end of 2022 is projected to be approximately \$5,968.

Capital Reserve Fund (CRF)

The CRF is to be used to pay for capital expenditures that are not funded by other sources such as grants, operating budget, or debt.

It is proposed that the budgeted transfer to the CRF be set at \$16,600 in 2023. The reserve fund transfer planning process is influenced by the funding requirement to support the five-year capital expenditure plan and guided by *Capital Reserve Funding Guidelines* endorsed by the CRD Board in aiming to achieve the optimal reserve fund level to ensure long-term prudent and sustainable management of service delivery objectives through capital investments.

The capital reserve balance at the end of 2022 is projected to be approximately \$15,634.

Capital Expenditure Plan

The five-year plan includes \$859,120 of expenditures to be funded by a combination of the services' capital funds on hand, grants, capital reserve fund, and new debt following an Alternative Approval Process (AAP) (17-03) project for \$15,000 planned in 2023. The Well Decommissioning (20-02) project commenced planning work in 2022 and is anticipated to be completed in 2023, pending coordination with property owners. The new debt will fund the Well Protection Upgrades (23-01) for \$35,000 in 2024 and the replacement of the Water Storage Tanks (18-01) budgeted at \$749,120 between 2023 and 2024.

Subject to electoral assent, two borrowings in 2023 and 2024 are projected to cover the capital expenditures related to implementation of the above-mentioned capital projects. Table 2 below provides the future debt servicing cost simulation for analytical purposes with the indicative interest rate provided by Municipal Finance Authority (MFA) at the time of simulation.

Table 2 - Future New Debt Simulation

| <i>Future Borrowing(s) Estimation</i> | <i>Term</i> | <i>Borrowing Year</i> | <i>Retirement Year</i> | <i>Estimated Interest Rate</i> | <i>Principal</i> | <i>Principal Payment</i> | <i>Interest Payment</i> | <i>Total Annual Debt Cost</i> |
|---------------------------------------|-------------|-----------------------|------------------------|--------------------------------|------------------|--------------------------|-------------------------|-------------------------------|
| | 25 | 2023 | 2048 | 4.60% | \$75,000 | \$2,196 | \$3,450 | \$5,646 |
| | 25 | 2024 | 2049 | 4.90% | \$182,262 | \$5,336 | \$8,931 | \$14,267 |
| Total | | | | | \$257,262 | \$7,532 | \$12,381 | \$19,913 |

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At the commencement of each loan, 1% of the gross amount borrowed is withheld and retained by MFA as Debt Reserve Fund (DRF). To provide the full amount to fund the capital project, this 1% DRF amount is budgeted in the operating budget in the year of borrowing. However, there is no principal payment required in the year of borrowing. The estimated debt servicing cost of \$19,913 equates to approximately \$272.78 cost per parcel.

Capital Projects Fund

As specific capital projects are approved, the funding revenues for them are transferred into the Capital Projects Fund from multiple funding sources if applicable, including CRF, grant funding, external contributions, and debt. Any funds remaining upon completion of a project are transferred back to the CRF for use on future capital projects or back to its original funding source(s).

User Charge and Parcel Tax

The service is funded by parcel tax and fixed user charge. Properties connected to the water system pay the annual fixed user charge and all properties within the local service area are responsible for the parcel tax. Table 3 below summarizes the 2023 over 2022 changes for parcel tax and user charge.

Table 3 – Parcel Tax and User Charge Summary

| Budget Year | Parcel Tax | Taxable Folios Numbers | Parcel Tax per Folio* | User Charge | SFE Numbers | User Charge per SFE | Parcel Tax & User Charge |
|-------------|------------|------------------------|-----------------------|-------------|-------------|---------------------|--------------------------|
| 2022 | \$24,000 | 73 | \$346.03 | \$51,505 | 48 | \$1,073.02 | \$1,419.05 |
| 2023 | \$24,480 | 73 | \$352.95 | \$53,290 | 50 | \$1,065.80 | \$1,418.75 |
| Change (\$) | \$480 | 0 | \$6.92 | \$1,785 | 2 | -\$7.22 | -\$0.30 |
| Change (%) | 2.00% | 0.00% | 2.00% | 3.47% | 4.17% | -0.67% | -0.02% |

* Includes the 5.25% admin fee charged by the Ministry of Finance (not CRD revenue)

RECOMMENDATIONS

That the Skana Water Service Committee:

1. Approve the 2023 operating and capital budget as presented and that the 2022 actual operating deficit be balanced on the 2022 Reserve Funds transfer (CRF and/or ORF); and
2. Recommends that Electoral Areas Committee recommend to the CRD Board that the 2023 Operating and Capital Budget and the five-year Financial Plan for the Skana Water Service be approved as presented.

| | |
|--------------|--|
| Submitted by | Jason Dales, BSc., WD IV, Senior Manager, Wastewater Infrastructure Operations |
| Submitted by | Rianna Lachance, BCom., CPA, CA, Senior Manager, Financial Services |
| Concurrence | Ian Jesney, PEng., Acting General Manager, Integrated Water Services |
| Concurrence | Ted Robbins, BSc., CTech., Chief Administrative Officer |

ATTACHMENT

Appendix A: 2023 Skana Water Service Budget

CAPITAL REGIONAL DISTRICT

2023 Budget

Skana Water (Mayne)

Commission Review

NOVEMBER 2022

Service: **2.642 Skana Water (Mayne)**

Committee: Electoral Area

DEFINITION:

To provide for the construction of water supply and distribution facilities for Skana Water Service Area.
Bylaw No. 3090 (November 12, 2003).

PARTICIPATION:

Southern Gulf Islands Skana Water Service Area #47, U(764)

MAXIMUM LEVY:

Greater of \$54,100 or \$9.65 / \$1,000 to a maximum of \$292,729.

MAXIMUM CAPITAL DEBT:

| | | | |
|-------------|----------------------------------|----------|-------|
| AUTHORIZED: | LA Bylaw No. 3090 (Nov. 12/03) | 157,700 | |
| BORROWED: | S.I. Bylaw No. 3154 (Apr. 22/04) | -78,850 | 2.40% |
| | S.I. Bylaw No. 3196 | -39,500 | 2.00% |
| | S.I. Bylaw No. 3457 (2007) | -29,200 | 4.82% |
| | Expired Nov 2008 | -10,150 | |
| REMAINING: | | <u>0</u> | |

COMMISSION:

Skana Water Service committee established by Bylaw # 3133 (Dec 10, 2003).

FUNDING:

| | |
|----------------------------|--|
| User Charge: | Annual charge per single family equivalency unit connected to the system. |
| Parcel Tax: | Annual charge only on properties capable of being connected to the system. |
| Connection Charges: | At cost or minimum of \$1,000. |

RESERVE FUND:

Capital Reserve Fund, established by Bylaw # 3192 (July 14, 2004)
Operating Reserve Fund, established by Bylaw # 4144 (December 14, 2016)

APPENDIX A

| 2.642 - Skana Water (Mayne) | 2022 | | BUDGET REQUEST | | | | FUTURE PROJECTIONS | | | |
|--------------------------------------|-----------------|---------------------|-----------------|----------------|----------|-----------------|--------------------|-----------------|-----------------|-----------------|
| | BOARD BUDGET | ESTIMATED ACTUAL | CORE BUDGET | ONGOING | ONE-TIME | TOTAL | 2024 | 2025 | 2026 | 2027 |
| <u>OPERATING COSTS</u> | | | | | | | | | | |
| Operations Service Contract | 11,490 | 8,300 | 11,830 | - | - | 11,830 | 12,070 | 12,310 | 12,560 | 12,810 |
| Repairs & Maintenance | 1,210 | 1,250 | 1,250 | - | - | 1,250 | 1,280 | 6,310 | 6,440 | 1,480 |
| Allocations | 5,834 | 5,834 | 5,908 | - | - | 5,908 | 6,022 | 6,138 | 6,256 | 6,377 |
| Water Testing | 2,900 | 3,000 | 2,958 | - | - | 2,958 | 3,017 | 3,077 | 3,139 | 3,201 |
| Electricity | 2,590 | 3,300 | 3,213 | - | - | 3,213 | 3,160 | 3,220 | 3,280 | 3,350 |
| Supplies | 720 | 720 | 750 | - | - | 750 | 770 | 780 | 790 | 800 |
| Labour Charges | 21,960 | 38,100 | 21,960 | 1,450 | - | 23,410 | 24,670 | 25,160 | 25,660 | 26,170 |
| Other Operating Expenses | 3,530 | 2,990 | 3,338 | - | - | 3,338 | 3,410 | 3,480 | 3,550 | 3,620 |
| TOTAL OPERATING COSTS | 50,234 | 63,494 | 51,207 | 1,450 | - | 52,657 | 54,399 | 60,475 | 61,675 | 57,808 |
| *Percentage Increase over prior year | | | 1.9% | 2.9% | | 4.8% | 3.3% | 11.2% | 2.0% | -6.3% |
| <u>DEBT / CAPITAL /RESERVES</u> | | | | | | | | | | |
| Transfer to Operating Reserve Fund | 7,000 | 4,887 | 7,000 | - | - | 7,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Transfer to Capital Reserve Fund | 15,000 | 6,000 | 16,600 | - | - | 16,600 | 14,390 | 5,820 | 7,430 | 9,220 |
| MFA Debt Principal | 1,458 | 1,458 | - | - | - | - | 2,196 | 7,532 | 7,532 | 7,532 |
| MFA Debt Interest | 1,163 | 1,163 | 863 | - | - | 863 | 5,683 | 12,381 | 12,381 | 12,381 |
| MFA Debt Reserve Fund | 760 | 760 | 750 | - | - | 750 | 1,823 | - | - | - |
| TOTAL DEBT / RESERVES | 25,381 | 14,268 | 25,213 | - | - | 25,213 | 26,092 | 27,733 | 29,343 | 31,133 |
| TOTAL COSTS | 75,615 | 77,762 | 76,420 | 1,450 | - | 77,870 | 80,491 | 88,208 | 91,018 | 88,941 |
| <u>FUNDING SOURCES (REVENUE)</u> | | | | | | | | | | |
| Transfer from Operating Reserve Fund | - | - | - | - | - | - | - | (5,000) | (5,000) | - |
| User Charges | (51,505) | (53,652) | (51,840) | (1,450) | - | (53,290) | (55,421) | (57,638) | (59,938) | (62,341) |
| Other Revenue | (110) | (110) | (100) | - | - | (100) | (100) | (100) | (100) | (100) |
| TOTAL REVENUE | (51,615) | (53,762) | (51,940) | (1,450) | - | (53,390) | (55,521) | (62,738) | (65,038) | (62,441) |
| REQUISITION - PARCEL TAX | (24,000) | (24,000) | (24,480) | - | - | (24,480) | (24,970) | (25,470) | (25,980) | (26,500) |
| *Percentage increase over prior year | | | | | | | | | | |
| User Fees | | | 0.7% | 2.8% | | 3.5% | 4.0% | 4.0% | 4.0% | 4.0% |
| Requisition | | | 2.0% | | | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Combined | | | 1.1% | 1.9% | | 3.0% | 3.4% | 3.4% | 3.4% | 3.4% |

Skana Water Reserves
Summary Schedule
2023 - 2027 Financial Plan

| Reserve/Fund Summary | | | | | | |
|------------------------|-----------|--------|--------|--------|--------|--------|
| | Estimated | Budget | | | | |
| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
| Operating Reserve Fund | 5,968 | 12,968 | 14,968 | 11,968 | 8,968 | 10,968 |
| Capital Reserve Fund | 15,634 | 17,234 | 31,624 | 37,444 | 44,874 | 54,094 |
| Total | 21,602 | 30,202 | 46,592 | 49,412 | 53,842 | 65,062 |

Reserve Schedule

Reserve Fund: 2.642 Skana Water (Mayne) - Operating Reserve Fund

Bylaw 4144

Reserve Cash Flow

| Fund: 1500 Fund Centre: 105214 | Estimated | Budget | | | | |
|-----------------------------------|-----------|--------|--------|-----------------|-----------------------------------|--------|
| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
| Beginning Balance | 1,041 | 5,968 | 12,968 | 14,968 | 11,968 | 8,968 |
| Transfer from Ops Budget | 4,887 | 7,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Expenditures | - | - | - | (5,000) | (5,000) | - |
| Planned Maintenance Activity | | | | Well inspection | Reservoir cleaning and inspection | |
| Interest Income* | 40 | | | | | |
| Ending Balance \$ | 5,968 | 12,968 | 14,968 | 11,968 | 8,968 | 10,968 |

Assumptions/Backgrounds:

* Interest is included in determining the estimated ending balance for the current year. Interest in planning years nets against inflation which is not included.

| |
|-------------------------|
| Reserve Schedule |
|-------------------------|

| |
|---|
| Reserve Fund: 2.642 Skana Water (Mayne) - Capital Reserve Fund |
|---|

| |
|------------|
| Bylaw 3192 |
|------------|

| |
|--------------------------|
| Reserve Cash Flow |
|--------------------------|

| Fund: 1067 Fund Centre: 101849 | Estimated | Budget | | | | |
|-----------------------------------|-----------|----------|--------|--------|--------|--------|
| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
| Beginning Balance | 39,384 | 15,634 | 17,234 | 31,624 | 37,444 | 44,874 |
| Transfer from Ops Budget | 6,000 | 16,600 | 14,390 | 5,820 | 7,430 | 9,220 |
| Transfer to Cap Fund | (30,000) | (15,000) | - | - | - | - |
| Transfer from Cap Fund | - | | | | | |
| Interest Income* | 250 | | | | | |
| Ending Balance \$ | 15,634 | 17,234 | 31,624 | 37,444 | 44,874 | 54,094 |

| |
|--|
| <u>Assumptions/Backgrounds:</u> |
|--|

| |
|---|
| Transfer whatever the operating budget will allow |
|---|

| |
|---|
| * Interest is included in determining the estimated ending balance for the current year. Interest in planning years nets against inflation which is not included. |
|---|

CAPITAL REGIONAL DISTRICT
FIVE YEAR CAPITAL EXPENDITURE PLAN SUMMARY - 2023 to 2027

| Service No. | 2.642 Skana Water (Mayne) | Carry Forward from 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | TOTAL |
|--------------------|--------------------------------------|--|-------------|-------------|-------------|-------------|-------------|--------------|
|--------------------|--------------------------------------|--|-------------|-------------|-------------|-------------|-------------|--------------|

EXPENDITURE

| | | | | | | | |
|-----------------------|-----------------|------------------|------------------|------------|------------|------------|------------------|
| Buildings | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Equipment | \$0 | \$75,000 | \$694,120 | \$0 | \$0 | \$0 | \$769,120 |
| Land | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Engineered Structures | \$40,000 | \$55,000 | \$35,000 | \$0 | \$0 | \$0 | \$90,000 |
| Vehicles | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | \$40,000 | \$130,000 | \$729,120 | \$0 | \$0 | \$0 | \$859,120 |

SOURCE OF FUNDS

| | | | | | | | |
|---------------------------------|-----------------|------------------|------------------|------------|------------|------------|------------------|
| Capital Funds on Hand | \$40,000 | \$40,000 | \$0 | \$0 | \$0 | \$0 | \$40,000 |
| Debenture Debt (New Debt Only) | \$0 | \$75,000 | \$182,262 | \$0 | \$0 | \$0 | \$257,262 |
| Equipment Replacement Fund | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Grants (Federal, Provincial) | \$0 | \$0 | \$546,858 | \$0 | \$0 | \$0 | \$546,858 |
| Donations / Third Party Funding | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Reserve Fund | \$0 | \$15,000 | \$0 | \$0 | \$0 | \$0 | \$15,000 |
| | \$40,000 | \$130,000 | \$729,120 | \$0 | \$0 | \$0 | \$859,120 |

CAPITAL REGIONAL DISTRICT
5 YEAR CAPITAL PLAN
2023 - 2027

| | | | |
|--|---|---|---|
| Project Number Project number format is "yy-##" "yy" is the last two digits of the year the project is planned to start. "##" is a numerical value. For example, 23-01 is a project planned to start in 2023. For projects in previous capital plans, use the same project numbers previously | Capital Project Description Briefly describe project scope and service benefits. For example: <i>"Full Roof Replacement of a 40 year old roof above the swimming pool area; The new roofing system is built current energy standards, designed to minimize maintenance and have an expected service life of 35 years".</i> | Carryforward from 2022 Input the carryforward amount from the 2022 capital plan that is remaining to be spent. Forecast this spending in 2023 to 2027. | Project Drivers Maintain Level of Service = Project maintains existing or improved level of service. Advance Board or Corporate Priority = Project is a Board or Corporate priority. Emergency = Project is required for health or safety reasons. Cost Benefit = Economic benefit to the organization. |
| Capital Expenditure Type Study - Expenditure for feasibility and business case report. New - Expenditure for new asset only Renewal - Expenditure upgrades an existing asset and extends the service ability or enhances technology in delivering that service Replacement - Expenditure replaces an existing asset | Total Project Budget Provide the total project budget, even if it extends beyond the 5 years of this capital plan. | Funding Source Codes Debt = Debenture Debt (new debt only) ERF = Equipment Replacement Fund Grant = Grants (Federal, Provincial) Cap = Capital Funds on Hand Other = Donations / Third Party Funding Res = Reserve Fund STLoan = Short Term Loans WU = Water Utility If there is more than one funding source, use additional rows for the project. | Long-term Planning Master Plan / Servicing Plan = Plan that identifies new assets required to meet future needs. Asset Management Plan / Sustainable Service Delivery Plan = Integrated plan that identifies asset replacements based on level of service, criticality, condition, risk, replacement costs as well as external impacts. Replacement Plan = Plan that identifies asset replacements based primarily on asset age or asset material/type. Condition Assessment = Assessment that identifies asset replacements based on asset condition. |
| Capital Project Title Input title of project. For example "Asset Name - Roof Replacement", "Main Water Pipe Replacement". | Asset Class L - Land S - Engineering Structure B - Buildings V - Vehicles | Cost Estimate Class Class A (+/-10-15%) = Estimate based on final drawings and specifications; used to evaluate tenders. Class B (+/-15-25%) = Estimate based on investigations, studies or preliminary design; used for budget planning. Class C (+/-25-40%) = Estimate based on limited site information; used for program planning. Class D (+/-50%) = Estimate based on little/no site information; used for long-term planning. | |

Service #: 2.642

Service Name: Skana Water (Mayne)

| Project List and Budget | | | | | | | | | | | | | |
|-------------------------|--------------------------|------------------------------|---|----------------------|-------------|----------------|------------------------|-----------|-----------|------|------|------|----------------|
| Project Number | Capital Expenditure Type | Capital Project Title | Capital Project Description | Total Project Budget | Asset Class | Funding Source | Carryforward from 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 5 - Year Total |
| 17-03 | New | Alternative Approval Process | Conduct an alternative approval process (AAP) to seek elector assent to borrow funds for storage tank replacement and well protection upgrades. | \$15,000 | S | Res | \$0 | \$15,000 | \$0 | \$0 | \$0 | \$0 | \$15,000 |
| 18-01 | Replacement | Storage Tank Replacement | Replace the existing storage tanks | \$749,120 | E | Debt | \$0 | \$75,000 | \$127,262 | \$0 | \$0 | \$0 | \$202,262 |
| 18-01 | | | | | E | Grant | \$0 | \$0 | \$546,858 | \$0 | \$0 | \$0 | \$546,858 |
| 20-02 | Decommission | Well Decommissioning | Numerous wells are not in use and are required to be decommissioned as per MoE requirements. | \$50,000 | S | Cap | \$40,000 | \$40,000 | \$0 | \$0 | \$0 | \$0 | \$40,000 |
| 23-01 | Renewal | Well Protection Upgrades | Carry out well protection upgrades such as signage, shock chlorination of Wells #8 and #13, assess well proximity to septic fields. | \$35,000 | S | Debt | \$0 | \$0 | \$35,000 | \$0 | \$0 | \$0 | \$35,000 |
| 24-01 | New | Source Water Surveillance | Design and install new well surveillance and water monitoring hardware to record and predict water issues. | \$20,000 | E | Debt | \$0 | \$0 | \$20,000 | \$0 | \$0 | \$0 | \$20,000 |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| GRAND TOTAL | | | | \$869,120 | | | \$40,000 | \$130,000 | \$729,120 | \$0 | \$0 | \$0 | \$859,120 |

Service: **2.642** **Skana Water (Mayne)**

Project Number 17-03

Capital Project Title Alternative Approval Process

Capital Project Description Conduct an alternative approval process (AAP) to seek elector assent to borrow funds for storage tank replacement and well protection upgrades.

Project Rationale A loan will be required to fund the storage tank replacement any other capital work which will not be included under the capital reserve fund. The proposed loan will required public engagement and a referendum.

Project Number 18-01

Capital Project Title Storage Tank Replacement

Capital Project Description Replace the existing storage tanks

Project Rationale The existing storage tanks are at the end of their design life and do not meet seismic requirements. It is proposed to replace the existing tanks with a bolted steel tank.

Project Number 20-02

Capital Project Title Well Decommissioning

Capital Project Description Numerous wells are not in use and are required to be decommissioned as per MoE requirements.

Project Rationale Numerous wells are not in use and are required to be decommissioned as per MoE requirements.

Project Number 23-01

Capital Project Title Well Protection Upgrades

Capital Project Description Carry out well protection upgrades such as signage, shock chlorination of Wells #8 and #13, assess well proximity to septic fields.

Project Rationale Funds are required to carry out well protection upgrades such as signage, shock chlorination of Wells #8 and #13, assess well proximity to septic fields.

Project Number 24-01

Capital Project Title Source Water Surveillance

Capital Project Description Design and install new well surveillance and water monitoring hardware to record and predict water issues.

Project Rationale Design and install new well surveillance and water monitoring hardware to record and predict water issues.

2.642 - Skana Water

Capital Projects

Updated @ Sep 12, 2022

| Year | Project# | Capital Plan# | Status | Capital Project Description | Total Project Budget | Spending | | Total Funding in Place |
|------|-------------|---------------|--------|-----------------------------|----------------------|---------------------|--------------------|------------------------|
| | | | | | | Expenditure Actuals | Remaining Spending | |
| 2022 | CE.623.5901 | 17-04 | Open | Well #8 Upgrade | 40,000 | 14,718 | 25,282 | 40,000 |
| 2021 | CE.624.5902 | 20-02 | Open | Well Decommissioning | 50,000 | 4,290 | 45,710 | 50,000 |
| | | | | | | | | |
| | | | | | | | | |
| | | | | Totals | 90,000 | 19,008 | 70,992 | 90,000 |

Service: **2.642 Skana Water (Mayne)**

Committee: Electoral Area

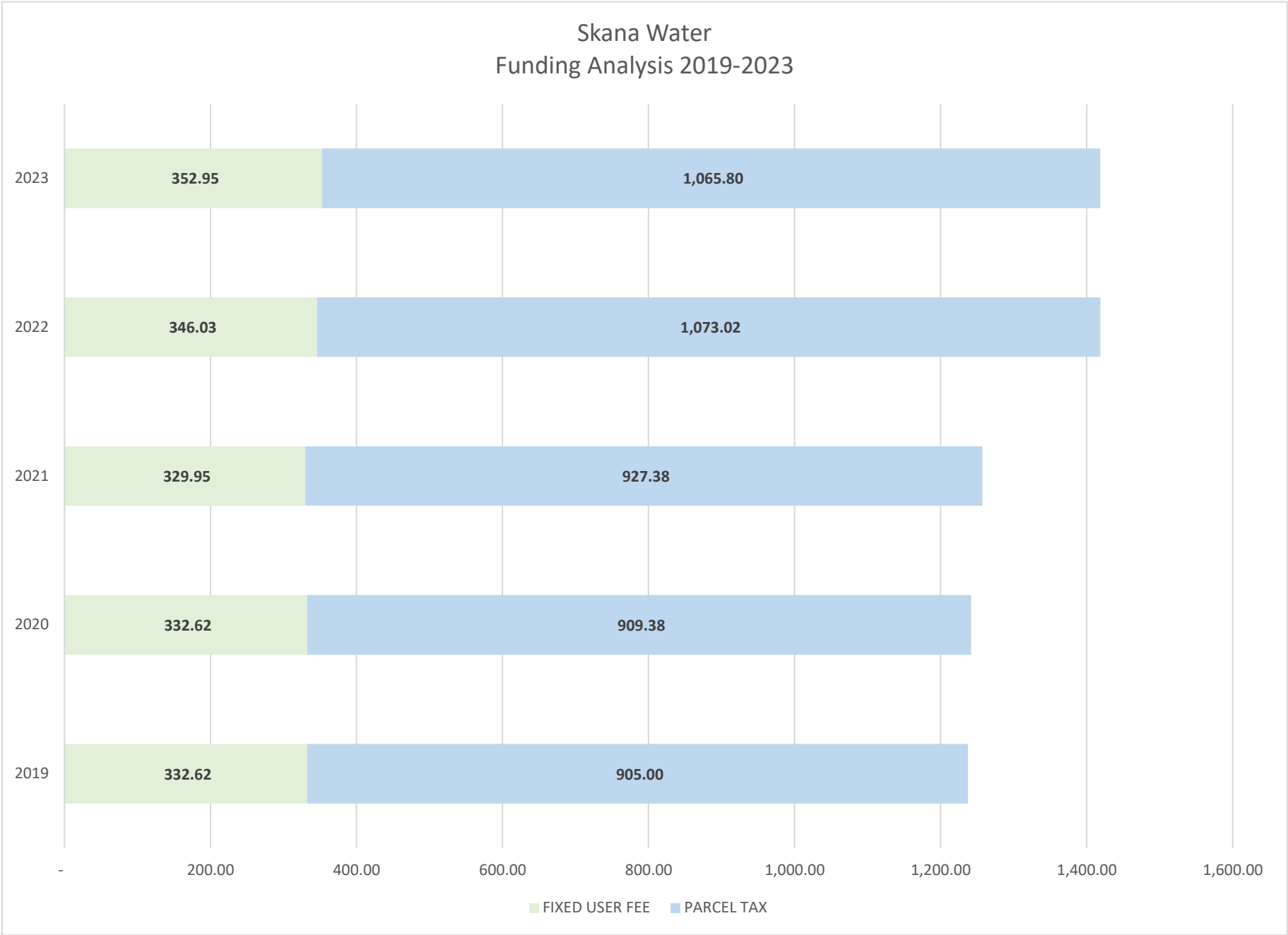
| <u>Year</u> | <u>Taxable Folios</u> | <u>Parcel Tax</u> | <u>SFE's</u> | <u>User Charge</u> | <u>Tax & Charges</u> | <u>Bylaw</u> | <u>Actual Assessments \$(000's)</u> |
|-------------|---------------------------|-------------------|--------------|--------------------|------------------------------|--------------|---|
| 2011 | 72 | \$279.00 | 41 | \$789.22 | \$1,068.22 | 3778 | 16,030.40 |
| 2012 | 73 | \$279.00 | 42 | \$813.00 | \$1,092.00 | 3823 | 14,232.80 |
| 2013 | 73 | \$279.00 | 42 | \$813.00 | \$1,092.00 | 3892 | 13,153.20 |
| 2014 | 73 | \$279.00 | 43 | \$813.00 | \$1,092.00 | 3924 | 12,466.40 |
| 2015 | 73 | \$278.99 | 44 | \$812.95 | \$1,091.94 | 3987 | 11,521.40 |
| 2016 | 73 | \$278.98 | 45 | \$812.95 | \$1,091.93 | 4074 | 11,521.40 |
| 2017 | 73 | \$278.98 | 46 | \$949.78 | \$1,228.76 | 4170 | 13,844.20 |
| 2018 | 73 | \$332.62 | 47 | \$905.43 | \$1,238.05 | 4233 | 15,306.80 |
| 2019 | 73 | \$332.62 | 47 | \$905.00 | \$1,237.62 | 4311 | 18,322.20 |
| 2020 | 73 | \$332.62 | 48 | \$909.38 | \$1,242.00 | 4337 | 19,309.80 |
| 2021 | 73 | \$329.95 | 48 | \$927.38 | \$1,257.33 | 4389 | 21,316.40 |
| 2022 | 73 | \$346.03 | 48 | \$1,073.02 | \$1,419.05 | 4471 | 30,334.60 |
| 2023 | 73 | \$352.95 | 50 | \$1,065.80 | \$1,418.75 | | |

Change from 2022 to 2023

\$6.92
2.00%

-\$7.22
-0.67%

-\$0.30
-0.02%





REPORT TO SKANA WATER SERVICE COMMITTEE MEETING OF TUESDAY, NOVEMBER 22, 2022

SUBJECT **Capital Project Status Reports and Operational Updates – November 2022**

ISSUE SUMMARY

To provide the Skana Water Service Committee with capital project status reports and operational updates.

BACKGROUND

The Skana Water System is located on the north side of Mayne Island in the Southern Gulf Islands Electoral Area and provides drinking water to approximately 48 customers. Capital Regional District (CRD) Integrated Water Services is responsible for the overall operation of the water system. The design and construction of water system facilities are overseen by the CRD Infrastructure Engineering and Operations Division. The day-to-day operations and maintenance is conducted by a contractor. The quality of drinking water provided to customers in the Skana Water System is overseen by the CRD Water Quality Section.

CAPITAL PROJECT UPDATE

17-03 | Alternative Approval Process (AAP) – Storage Tank Replacement Project

Project Description: Conduct an AAP to seek elector assent to borrow funds for storage tank replacement and well protection upgrades.

Project Rationale: A loan will be required to fund the storage tank replacement, Supervisory Control and Data Acquisition (SCADA), tank level and flow monitoring installation, and well protection upgrades for Well #8 and #13. The proposed loan will require public engagement and voter assent.

Project Update and Milestones:

| Milestone | Completion Date |
|--|------------------------|
| Project information is being gathered for the communications strategy | Ongoing |
| Project funding will have final approval at the CRD Board | March 16, 2022 |
| AAP process will commence with communications and coordination with CRD Legislative Services | Pending |

18-01 | Storage Tank Replacement

Project Description: Replace the existing storage tanks.

Project Rationale: The existing storage tanks are at the end of their design life and do not meet seismic requirements. It is proposed to replace the existing tanks with bolted steel tanks.

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Tank level and flow monitoring are included with the scope of work.

Project Update and Milestones:

| Milestone | Completion Date |
|---|-------------------|
| Grant Application Submitted | February 23, 2022 |
| Prepared grant application for the Investing in Canada Infrastructure Program – Environmental Quality has been prepared for funding | Completed |

17-04 | Well #8 Upgrade

Project Description: Conduct well improvements including new well liner, replacement of well seal and SCADA automation; relocate first customer service line to achieve proper chlorine contact time.

Project Rationale: An inspection of Well #8 identified a number of deficiencies. Most recommended improvements were carried out in 2018 including the installation of a new well liner, replacement of the well seal, and steel casing, but relocation of the first customer's service line was completed in July 2022.

Project Update and Milestones:

| Milestone | Completion Date |
|---|-----------------|
| Project planning phase | Completed |
| Relocation of the first customer service line is being evaluated on delivery through CRD staff or contracted services | Completed |
| Service line replacement and well improvements | Completed |
| SCADA Automation | Pending |

20-02 | Well Decommissioning

Project Description: Numerous wells are not in use and are required to be decommissioned as per BC Ministry of Environment and Climate Change Strategy requirements.

Project Rationale: A high level hydrogeologic assessment was undertaken in 2019. Numerous wells were identified that were not in use and required to be decommissioned as per the Water Sustainability Act. Additionally, the wells are a contamination risk to the aquifer.

Project Update and Milestones:

| Milestone | Completion Date |
|--|-----------------|
| CRD staff have spent time confirming ownership and location of wells. Due to the age of the records and duplication of well records, additional time was required to confirm ownership and locations | In progress |
| Well decommissioning scheduled to occur in September 2022 | September 2022 |

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| | |
|--|------------------------------|
| Five more wells were located with letters to go to those home owners. Not all homeowners have responded to provide permission for access and confirmation is still being sought with regards to whether the wells are being used for the landowners own purposes | Letter sent April 6, 2022 |
| CRD have contacted, through mail, the majority of property owners where the identified wells are located | Letter sent November 5, 2021 |
| Letter to affected property owners | November 24, 2021 |
| CRD Staff Meeting with community members to obtain additional information | July 5, 2021 |
| Well drilling specialist contacted in spring 2021 to confirm the budget is adequate for the approximate number of wells | Spring 2021 |

OPERATIONAL UPDATE

This is an operational update reporting period from June 2022 through October 2022.

- Operations contract with JLB Ltd. ended August 31, 2022. Capital Regional District Integrated Water Services Infrastructure Operations staff are taking on a greater role in the near term with the weekly operation and maintenance of the system longer term operations service planning is being reviewed.
- System service line leak repair on Sandy Hook Road.
- Standpipe water system leak repair on Aya Reach.
- Additional communications regarding the Disinfection By-Products water quality exceedance for the service.
- Completed the water service connection for Bayview as part of planned capital work.
- SCADA communications modem failure replacement.
- Well #8 placed into manual periodic weekly use beginning in July. Well #8 weekly use typically occurs on Thursdays for a duration of about four hours. This was primarily initiated to keep Well #8 system fresh and ready for full time active use in the event Well #13 water resources reached critical levels.
- Corrective maintenance performed on Well #8 pump electrical protection system.
- Corrective maintenance on the distribution watermain on the Waugh Road right-of-way. The watermain in this location was exposed in a ditched area as a result of the November 2021 atmospheric river weather event. A short section of pipe required re-bedding and covering for protection.

RECOMMENDATION

There is no recommendation. This report is for information only.

| | |
|---------------|---|
| Submitted by: | Jared Kelly, P.Eng., Manager, Capital Projects |
| Submitted by: | Dan Robson, A.Sc.T., Manager, Saanich Peninsula and Gulf Islands Operations |
| Concurrence: | Joseph Marr, P.Eng., Acting Senior Manager, Infrastructure Engineering |
| Concurrence: | Jason Dales, B.Sc., WD IV., Acting Senior Manager, Wastewater Infrastructure Operations |
| Concurrence: | Ian Jesney, P.Eng., Acting General Manager, Integrated Water Services |