



Capital Regional District

Notice of Meeting and Meeting Agenda Skana Water Service Committee

Monday, October 28, 2024

9:30 AM

Main Conference Room, 479 Island
Highway, Victoria, BC

Members of the public can watch the live meeting via MS Teams link: [Click here](#)
Alternatively, you can listen by dialing in via phone: +1-778-402-9211, Participant Code 184262511
followed by #. Audio and video participation is disabled.

MEMEBRS:

W. Korol (Chair)
R. Anthony (Vice-chair)
P. Brent, Electoral Area Director
M. Bentley
B. Hill

1. Territorial Acknowledgement

2. Approval of Agenda

3. Adoption of Minutes

3.1. [24-1095](#) Minutes of the February 16, 2024 Skana Water Service Committee

Recommendation: That the minutes of the February 16, 2024 meeting be adopted.

Attachments: [Minutes - February 16, 2024](#)

4. Chair's Remarks

5. Presentations/Delegations

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

6. Senior Manager's Report

7. Committee Business

POSTPONED TO OCTOBER 31, 2024

7.1. [24-1027](#) Skana Water Service 2025 Operating and Capital Budget

Recommendation: 1. That the 2025 operating and capital budget for Skana Water Service be approved as presented and that the 2024 actual operating deficit be balanced on the 2024 Reserve Funds transfer (Capital Reserve Fund and/or Operating Reserve Fund).

2. That the Skana Water Service Committee recommends that Electoral Areas Committee recommend to the Capital Regional District Board that the 2025 Operating and Capital Budget and the five-year Financial Plan for the Skana Water Service be approved as presented.

Attachments: [Skana 2025 Budget Report](#)
 [Appendix A](#)

7.2. [24-1073](#) Capital Project Status Reports and Operational Updates - October 2024

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

Attachments: [Project & Operations Update](#)

7.3. [24-575](#) Asset Replacement Report Card

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

Attachments: [Staff Report: Asset Replacement Report Card](#)
 [Appendix A](#)

8. Correspondence**9. New Business****10. Adjournment**

Next Meeting: At the call of the Chair

MINUTES OF A MEETING OF THE Skana Water Service Committee, held Friday, February 16, 2024 at 2 p.m., In the Goldstream Conference Room, 479 Island Highway, Victoria, BC

PRESENT: **Committee Members:** W. Korol (Chair) (EP); R. Anthony (Vice Chair) (EP); M. Bentley (EP); P. Brent (EA Director) (EP)
Staff: J. Kelly, Manager, Capital Projects; D. Robson, Manager, Saanich Peninsula and Gulf Islands Operations; J. Dales, Senior Manager, Infrastructure Wastewater Operations; C. Moch, Manager, Water Quality; M. Risvold (Recorder)

REGRETS: B. Hill

EP = Electronic Participation

The meeting was called to order at 2 pm.

1. ELECTION OF CHAIR

The Senior Manager called for nominations for the position of Chair of the Skana Water Service Committee for the term ending December 31, 2024.

R. Anthony nominated W. Korol. W. Korol accepted the nomination.

The Senior Manager called for nominations a second time.

The Senior Manager called for nominations a third and final time.

Hearing no further nominations, the Senior Manager declared W. Korol Chair of the Skana Water Service Committee for the term ending December 31, 2024, by acclamation.

2. ELECTION OF VICE CHAIR

The Chair called for nominations for the position of Vice Chair of the Skana Water Service Committee for the term ending December 31, 2024.

W. Korol nominated R. Anthony. R. Anthony accepted the nomination.

The Chair called for nominations a second time.

The Chair called for nominations a third and final time.

Hearing no further nominations, the Chair declared R. Anthony Vice Chair of the Skana Water Service Committee for the term ending December 31, 2024, by acclamation.

3. APPROVAL OF AGENDA

MOVED by W. Korol, **SECONDED** by R. Anthony,
 That the agenda be approved.

CARRIED

4. ADOPTION OF MINUTES

Follow-up discussion took place from the November 9, 2023 meeting regarding the “Tank action plan – question submitted from a previous meeting”. Staff advised it is still a priority to proceed with capital projects, however, there is time to complete an options assessment for the tanks. Staff recommend replacing the tanks within one year.

The following sentence was added to item 5 of the November 9, 2023 meeting minutes: “Staff noted the tank replacement is not imminent in the next year, allowing time for proper study and planning.”

The following items were added to item 6.1 November 9, 2023 meeting minutes:

“Discussion ensued regarding:

- Asset management plan
- Asset value
- The need for capital reserve fund balances”

MOVED by M. Bentley, **SECONDED** by W. Korol,

That the minutes of the November 9, 2023 Skana Water Service Committee meeting be adopted as amended.

CARRIED

5. CHAIR’S REMARKS

The committee advised it is difficult to hear meeting proceedings on the public dial-in line. The feedback was received by staff and will be reviewed internally.

6. PRESENTATIONS/DELEGATIONS

There were none.

7. SENIOR MANAGER’S REPORT

Operations and maintenance contractor Request for Proposal (RFP)

Staff advised an RFP for the Skana and Surfside water services will be going live soon for approximately one month. A selection process will take place providing there is a significant number of bids. Staff will inform the committee when the RFP is issued. Staff advised they will pursue other avenues for advertising once the RFP is posted live through CRD channels.

The chair requested that the RFP is shared with the committee so it can be shared on their local Facebook page.

Electoral Areas Water Conservation Bylaw update

Staff advised all water restrictions were lifted in early December. Communications enacting the different stages of water restrictions were primarily through social media and CRD website channels, as well as posting the various stages throughout the community. Staff noted this bylaw is an important step for trying to achieve water conservation.

The committee asked if electronic water billing email lists can be used to notify the community of water restrictions. Staff advised there are regulations on what can be sent out electronically. Personal email information retained for water billing purposes cannot be used to send bulk emails from CRD regarding water restrictions or other notifications.

8. COMMITTEE BUSINESS

8.1. Project and Operations Update

Staff provided an update on capital projects and operations.

Discussion ensued with staff responding to the following questions:

- Budget and timeframe for capital project 18-01 Storage Tank Replacement. Staff advised the project was added to the November 2023 budget which was provisionally approved by the committee. The Board reviews and approves the budget for all services in March. Until the Board approves the budget, there is no authorization to begin the project. Staff intend to have further information available in November with the caveat of other priorities and resources.
- What work has been done the study to develop the scope and budget for SCADA automation. Staff advised no action has been taken to date but would like to start the work at the same time as the storage tank replacement. Staff anticipate the work beginning in Q2.
- Alternative approval process (AAP). Staff advised an AAP will likely take place in 2025. Once the project has been fully scoped and the cost is determined for full automation, a further discussion will take place with the committee.
- CRD staff travelling to Mayne Island for system maintenance. Staff advised CRD staff travelling to the island was only marginally higher than having an on-island contractor.
- If the committee can be involved with applicants relating to the RFP process. Staff advised they can provide the committee with feedback but must respect the confidentiality of the applicants as there is a legal process to go through.

Staff provided an update on disinfection by-products (DBP's) noting the following:

- The last round of analysis done on DBP's at the beginning of February.
- The numbers are on an upwards trend, but not as high as previous years during the winter.
- There was a slight exceedance on the haloacetic acid (HAA) in one location.
- THM's were slightly under the health limit.
- Low concentration coliform hits.
- Water samples are taken monthly.

Discussion ensued regarding:

- Wells that have not been located
- Surface seepage
- Private wells
- Potential buried wells
- Relying on staff to obtain water samples
- Contracted operator cost for the service

9. SKANA WATER SERVICE COMMITTEE MEETING SCHEDULE

Regular meetings of the Skana Water Service Committee shall be held in the Goldstream Conference Room, 479 Island Highway, Victoria, BC in February, June, and in November to approve the Operating and Capital Budget.

10. CORRESPONDENCE

There was none.

11. NEW BUSINESS

The committee asked staff if the next meeting can be held on Mayne Island so the public can attend to avoid the presentation and delegation process of meetings. Staff advised it can be reviewed internally and noted additional costs will be incurred to the water service if staff travel to the island for meetings.

12. ADJOURNMENT

MOVED by R. Anthony, **SECONDED** by M. Bentley,
That the February 16, 2024 Skana Water Service Committee meeting be adjourned at 3:39 pm.

CARRIED

CHAIR

SECRETARY

REPORT TO SKANA WATER SERVICE COMMITTEE MEETING OF MONDAY, OCTOBER 28, 2024

SUBJECT Skana Water Service 2025 Operating and Capital Budget

ISSUE SUMMARY

To present the 2025 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 2022 and 2024
- 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 2024 may be made in January 2025. The CRD Board will give final approval to the budget and financial plan in March 2025.

The Financial Plan for years 2026 to 2029 may be subject to change in future years.

BUDGET OVERVIEW

Operating Budget

It is projected that 2024 operating expenses will be approximately \$5,715 over budget.

Factors contributing to the operating overage include emergency response and corrective maintenance primarily due to the following events:

- Well #8 chlorine dosing pump corrective maintenance. Additionally, the electrical contactor, motor starter and flex conduit also required corrective maintenance.

- Water service leak repair on Aya Reach Road.
- Manual operations of well #8 due to drought response.
- Water hauling due to low aquifer levels in both Well #13 and Well #8

Other contributing factors for the operating overage is an increase in labour for routine operations and maintenance of the water system provided by the Saanich Peninsula and Gulf Island operations staff. Routine operations were historically provided by an on-island contractor which ceased in August 2022. Although contract for services is under expended for the year, this amount only partially offsets CRD labour costs to provide the operation and maintenance services.

It is projected that the 2024 operating revenue will be over budget by approximately \$1,234 primarily due to higher user fee revenue as a result of an increase in the SFE count (additional service connection) that occurred in 2024.

As a result, there is an overall operating deficit of approximately \$4,481. To balance the operating budget, it is proposed that the planned 2024 transfer to the Capital Reserve Fund (CRF) be reduced by the actual deficit amount. Otherwise, the deficit in 2024 must immediately be included as an expenditure to be recovered from revenue in 2025 financial plan as required by *Local Government Act* (LGA) Section 374(11).

Operating costs for 2025 (excluding one-time cyclical programs funded by the Operating Reserve Fund for water tank drain cleaning and inspection for \$6,000 in 2024 and water distribution system flushing program for \$10,000 in 2025) has increased by \$9,292 (16.4%) compared to 2024. The increase is primarily to account for core inflation, increase in operations and maintenance contract, and labour costs reflecting the renewed collective agreement since 2023.

Currently there is no debt for this service.

Operating Reserve Fund (ORF)

The ORF is used to fund cyclical maintenance activities, equipment and supplies purchases that typically do not occur on an annual basis to mitigate the swings in expense and revenue requirement year over year. Typical maintenance activities include hydrant/standpipe maintenance, reservoir cleaning and inspection and ground water well servicing. Additionally, the ORF is also used to respond to unforeseen events and operating emergencies.

The ORF transfers planned in the budget are evaluated and guided by the CRD Operating Reserve Guidelines endorsed by the CRD Board.

It is proposed that 2025 transfers to the operating reserve be set at \$9,000. The operating reserve fund balance at the end of 2024 is projected to be approximately \$18,572. There is \$26,000 of planned maintenance to be funded by the Operating Reserve Fund over the next five years.

Capital Reserve Fund

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.

The CRF transfers planned in the budget are evaluated and influenced by the funding required to support the five-year capital expenditure plan and the emergency response to infrastructure failures, also guided by the CRD Capital Reserve Funding Guidelines endorsed by the CRD Board.

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It is proposed that the budgeted transfer to the CRF be set at \$26,445 in 2025. The capital reserve balance at the end of 2024 is projected to be approximately \$53,457.

Capital Expenditure Plan

The five-year plan includes \$1,080,000 of expenditures to be funded by a combination of the service's capital funds on hand, capital reserve fund, and new debt. A complete list of projects is included within Appendix A, with some additional discussion provided below.

- Well #8 Upgrade (17-04) has had some physical improvements completed already and remaining funding will be utilized to conduct engineering studies to assess the potential future integration of this well to SCADA for remote monitoring and operation.
- Storage Tank Options Assessment (24-02) for \$20,000 is to commence material options assessment and cost estimation for future storage tank replacement.
- The Water Storage Tanks (18-01) budget will be reassessed following the options assessment in 2024/25 and CRD will continue to look for grant opportunities during this time.
- The Well Protection Upgrades (23-01) is proposed to be funded by new debt, with \$5,000 allocated in 2026 and an additional \$30,000 as a budget placeholder for subsequent years, which will need to be revisited following initial investigation works.
- The Source Water Surveillance (24-01) project is proposed to be funded partially by CRF in 2024, with subsequent funding to come from new debt.
- Water sample station improvements (25-01) is a new project proposed to be funded by CRF and will be used to replace three dead end flush points in the system.
- Watermain Replacement program is proposed for future years (2028 and beyond) to begin replacement of aging watermain infrastructure.

Funding of any of the debt allocated projects will be subject to a successful Alternative Approval Process (AAP) planned in 2025 (Capital Project 17-03). 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>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>
Future Borrowing(s) Estimation	20	2025	2045	4.55%	\$50,000	\$1,750	\$2,275	\$4,025
	20	2026	2046	4.40%	\$745,000	\$26,074	\$32,780	\$58,854
	20	2027	2047	4.40%	\$30,000	\$1,050	\$1,320	\$2,370
	20	2028	2048	4.40%	\$50,000	\$1,750	\$2,200	\$3,950
	20	2029	2049	4.40%	\$100,000	\$3,500	\$4,400	\$7,900
Total					\$975,000	\$34,124	\$42,975	\$77,099

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 \$77,099 equates to approximately \$1,056 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.

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Skana Water Service 2025 Operating and Capital Budget

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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 2025 over 2024 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
2024	\$26,580	73	\$383.23	\$64,160	52	\$1,233.85	\$1,617.08
2025	\$28,441	73	\$410.06	\$73,780	53	\$1,392.08	\$1,802.14
Change (\$)	\$1,861	0	\$26.83	\$9,620	1	\$158.23	\$185.06
Change (%)	7.00%	0.00%	7.00%	14.99%	1.92%	12.82%	11.44%

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

RECOMMENDATIONS

1. That the 2025 operating and capital budget for Skana Water Service be approved as presented and that the 2024 actual operating deficit be balanced on the 2024 Reserve Funds transfer (Capital Reserve Fund and/or Operating Reserve Fund).
2. That the Skana Water Service Committee recommends that Electoral Areas Committee recommend to the Capital Regional District Board that the 2025 Operating and Capital Budget and the five-year Financial Plan for the Skana Water Service be approved as presented.

Submitted by:	Joseph Marr, P.Eng., Senior Manager, Infrastructure Engineering
Submitted by:	Jason Dales, B.Sc., WD IV, Senior Manager, Wastewater Infrastructure Operations
Concurrence:	Varinia Somosan, CPA, CGA, Senior Manager, Financial Services / Deputy CFO
Concurrence:	Alicia Fraser, P. Eng., General Manager, Integrated Water Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT(S)

Appendix A: 2025 Budget - Skana Water Service budget

CAPITAL REGIONAL DISTRICT

2025 Budget

Skana Water (Mayne)

Commission Review

OCTOBER 2024

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. 3089 (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 of actual assessed value of land and improvements.

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)

2.642 - Skana Water (Mayne)	2024		BUDGET REQUEST				FUTURE PROJECTIONS			
	BOARD BUDGET	ESTIMATED ACTUAL	CORE BUDGET	ONGOING	ONE-TIME	TOTAL	2026	2027	2028	2029
<u>OPERATING COSTS</u>										
Operations Service Contract	12,240	4,785	19,700	-	-	19,700	20,090	20,490	20,900	21,320
Repairs & Maintenance	7,290	7,290	1,330	-	10,000	11,330	1,360	7,510	1,550	11,790
Allocations	6,405	6,405	6,747	-	-	6,747	6,910	7,047	7,189	7,332
Water Testing	3,510	3,510	3,600	-	-	3,600	3,289	3,357	3,426	3,495
Electricity	3,300	4,030	3,400	-	-	3,400	3,470	3,540	3,610	3,680
Supplies	780	2,220	810	-	-	810	820	830	840	850
Labour Charges	25,540	36,600	26,710	-	-	26,710	27,240	27,780	28,340	28,910
Other Operating Expenses	3,450	3,390	3,510	-	-	3,510	3,637	3,772	3,917	4,083
TOTAL OPERATING COSTS	62,515	68,230	65,807	-	10,000	75,807	66,816	74,326	69,772	81,460
*Percentage Increase over prior year			5.3%	0.0%	16.0%	21.3%	-11.9%	11.2%	-6.1%	16.8%
<u>DEBT / CAPITAL /RESERVES</u>										
Transfer to Operating Reserve Fund	9,000	9,000	9,000	-	-	9,000	9,000	9,000	9,000	9,000
Transfer to Capital Reserve Fund	25,325	20,844	26,445	-	-	26,445	27,285	28,550	32,790	34,980
MFA Debt Principal	-	-	-	-	-	-	1,750	27,824	28,874	30,624
MFA Debt Interest	-	-	-	569	-	569	10,470	35,385	36,925	39,675
MFA Debt Reserve Fund	-	-	-	500	-	500	7,450	300	500	1,000
TOTAL DEBT / RESERVES	34,325	29,844	35,445	1,069	-	36,514	55,955	101,059	108,089	115,279
TOTAL COSTS	96,840	98,074	101,252	1,069	10,000	112,321	122,771	175,385	177,861	196,739
*Percentage Increase over prior year			4.6%	1.1%	10.3%	16.0%	9.3%	42.9%	1.4%	10.6%
<u>FUNDING SOURCES (REVENUE)</u>										
Transfer from Operating Reserve Fund	(6,000)	(6,000)	-	-	(10,000)	(10,000)	-	(6,000)	-	(10,000)
User Charges	(64,160)	(65,394)	(73,780)	-	-	(73,780)	(88,536)	(122,180)	(128,290)	(134,700)
Other Revenue	(100)	(100)	(100)	-	-	(100)	(102)	(101)	(110)	(110)
TOTAL REVENUE	(70,260)	(71,494)	(73,880)	-	(10,000)	(83,880)	(88,638)	(128,281)	(128,400)	(144,810)
REQUISITION - PARCEL TAX	(26,580)	(26,580)	(27,372)	(1,069)	-	(28,441)	(34,133)	(47,104)	(49,461)	(51,929)
*Percentage increase over prior year										
User Fees			15.0%			15.0%	20.0%	38.0%	5.0%	5.0%
Requisition			3.0%	4.0%		7.0%	20.0%	38.0%	5.0%	5.0%
Combined			11.5%	1.2%		12.7%	20.0%	38.0%	5.0%	5.0%

**Skana Water Reserves
Summary Schedule
2025 - 2029 Financial Plan**

Reserve/Fund Summary						
	Estimated	Budget				
	2024	2025	2026	2027	2028	2029
Operating Reserve Fund	18,572	17,572	26,572	29,572	38,572	37,572
Capital Reserve Fund	53,457	34,902	32,187	60,737	78,527	113,507
Total	72,029	52,474	58,759	90,309	117,099	151,079

Reserve Schedule

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

Bylaw 4144

Reserve Cash Flow

Fund: 1500 Fund Centre: 105214	Estimated	Budget				
	2024	2025	2026	2027	2028	2029
Beginning Balance	15,572	18,572	17,572	26,572	29,572	38,572
Transfer from Ops Budget	9,000	9,000	9,000	9,000	9,000	9,000
Expenditures	(6,000)	(10,000)	-	(6,000)	-	(10,000)
Planned Maintenance Activity	Reservoir cleaning and inspection	Water System Flushing Program		Reservoir cleaning and inspection		Water System Flushing Program
Interest Income*	-					
Ending Balance \$	18,572	17,572	26,572	29,572	38,572	37,572

<u>Assumptions/Backgrounds:</u>
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* Interest in planning years nets against inflation which is not included.
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Reserve Schedule

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

Bylaw 3192

Reserve Cash Flow

Fund: 1067 Fund Centre: 101849	Estimated	Budget				
	2024	2025	2026	2027	2028	2029
Beginning Balance	30,088	53,457	34,902	32,187	60,737	78,527
Transfer from Ops Budget	20,844	26,445	27,285	28,550	32,790	34,980
Transfer to Cap Fund	-	(45,000)	(30,000)	-	(15,000)	-
Transfer from Cap Fund	1,185					
Interest Income*	1,340					
Ending Balance \$	53,457	34,902	32,187	60,737	78,527	113,507

<u>Assumptions/Backgrounds:</u>
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* Interest in planning years nets against inflation which is not included.
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CAPITAL REGIONAL DISTRICT
FIVE YEAR CAPITAL EXPENDITURE PLAN SUMMARY - 2025 to 2029

Service No.	2.642	Carry Forward from 2024	2025	2026	2027	2028	2029	TOTAL
	Skana Water (Mayne)							

EXPENDITURE

Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equipment	\$10,000	\$60,000	\$740,000	\$0	\$0	\$0	\$0	\$800,000
Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Engineered Structures	\$35,000	\$50,000	\$35,000	\$30,000	\$65,000	\$100,000	\$100,000	\$280,000
Vehicles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$45,000	\$110,000	\$775,000	\$30,000	\$65,000	\$100,000	\$100,000	\$1,080,000

SOURCE OF FUNDS

Capital Funds on Hand	\$15,000	\$15,000	\$0	\$0	\$0	\$0	\$0	\$15,000
Debenture Debt (New Debt Only)	\$0	\$50,000	\$745,000	\$30,000	\$50,000	\$100,000	\$100,000	\$975,000
Equipment Replacement Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grants (Federal, Provincial)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Donations / Third Party Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Fund	\$30,000	\$45,000	\$30,000	\$0	\$15,000	\$0	\$0	\$90,000
	\$45,000	\$110,000	\$775,000	\$30,000	\$65,000	\$100,000	\$100,000	\$1,080,000

Definitions for the 5-year Capital Plan

Asset Class	Asset class is used to classify assets for financial reporting in accordance with the Public Sector Accounting Board (PSAB) 3150. L - Land S - Engineering Structure B - Buildings V - Vehicles E - Equipment
Capital Expenditure Type	Capital expenditure type is used for reporting on asset investments and may be used to justify operational needs for a service. 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
Carryforward	Represents the carryforward amount from the prior year capital plan that is remaining to be spent. Forecast this spending over the next 5 years.
Funding Source	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 WU - Water Utility If there is more than one funding source, additional rows are shown for the project.

CAPITAL REGIONAL DISTRICT

5 YEAR CAPITAL PLAN

2025 - 2029

Service #:

2.642

Service Name:

Skana Water (Mayne)

PROJECT DESCRIPTION				PROJECT BUDGET & SCHEDULE									
Project Number	Capital Expenditure Type	Capital Project Title	Capital Project Description	Total Project Budget	Asset Class	Funding Source	Carryforward	2025	2026	2027	2028	2029	5 - Year Total auto-populates
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	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 15,000
17-04	Renewal	Well #8 Upgrade	Conduct well improvements including new well liner, replacement of well seal and investigations into future SCADA automation; relocate first customer service line to achieve proper CT.	\$ 40,000	S	Cap	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 15,000
18-01	Replacement	Storage Tank Replacement	Replace the existing storage tanks subject to options assessment.	\$ 750,000	E	Debt	\$ -	\$ 50,000	\$ 700,000	\$ -	\$ -	\$ -	\$ 750,000
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	\$ -	\$ -	\$ 5,000	\$ 30,000	\$ -	\$ -	\$ 35,000
24-01	New	Source Water Surveillance	Design and install new well surveillance and water monitoring hardware to record and predict water issues.	\$ 50,000	E	Res	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
24-01	New				E	Debt		\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
24-02	Study	Storage Tank Options Assessment	Assess material options and cost estimate for storage tank replacements.	\$ 20,000	S	Res	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000
25-01	Replacement	Water Sample Station Improvements	Replacement of the three dead end flush points with below grade flush points.	\$ 30,000	S	Res	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
28-01	New	Alternative Approval Process	Conduct an alternative approval process (AAP) to seek elector assent to borrow funds for watermain replacement program.	\$ 15,000	S	Res	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ -	\$ 15,000
28-02	Replacement	Watermain Replacement Program	Budget to initiate a watermain replacement program.	\$ 3,000,000	S	Debt	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 100,000	\$ 150,000
													\$ -
													\$ -
			Grand Total	\$ 3,955,000				\$ 110,000	\$ 775,000	\$ 30,000	\$ 65,000	\$ 100,000	\$ 1,080,000

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 cannot be included under the capital reserve fund. The proposed loan will required public engagement for authorization.		
Project Number	17-04	Capital Project Title	Well #8 Upgrade
Capital Project Description	Conduct well improvements including new well liner, replacement of well seal and investigations into future SCADA automation; relocate first customer service line to achieve proper CT.		
Project Rationale	A recent inspection of Well #8 identified a number of deficiencies. Recommended improvements include the installation of new well liner, replacement of the well seal, and other associated minor improvements to protect it from surface runoff.		
Project Number	18-01	Capital Project Title	Storage Tank Replacement
Capital Project Description	Replace the existing storage tanks subject to options assessment.		
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	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.		

Service: 2.642 Skana Water (Mayne)			
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.		
Project Number	24-02	Capital Project Title	Storage Tank Options Assessment
Capital Project Description	Assess material options and cost estimate for storage tank replacements.		
Project Rationale	Initial budget to revisit previous correspondence regarding storage tank replacements, conduct options assessment on tank replacement options and prepare an updated Class D cost estimate.		
Project Number	25-01	Capital Project Title	Water Sample Station Improvements
Capital Project Description	Replacement of the three dead end flush points with below grade flush points.		
Project Rationale	Opportunity to improve Waugh Rd, Aya Reach and Skana Gate dead end points that are nearing end of life. The revised configuration should be designed to reduce the risk of groundwater intrusion with consideration for replacement to below grade flush points with separate sample ports.		
Project Number	28-01	Capital Project Title	Alternative Approval Process
Capital Project Description	Conduct an alternative approval process (AAP) to seek elector assent to borrow funds for watermain replacement program		
Project Rationale	AAP for project 28-02		

Service: 2.642 Skana Water (Mayne)			
Project Number	28-02	Capital Project Title	Watermain Replacement Program
Capital Project Description	Budget to initiate a watermain replacement program.		
Project Rationale	Interim budget to advance watermain replacements within the water system. Budget and prioritization will be further refined continually through planning and design.		

2.642 - Skana Water

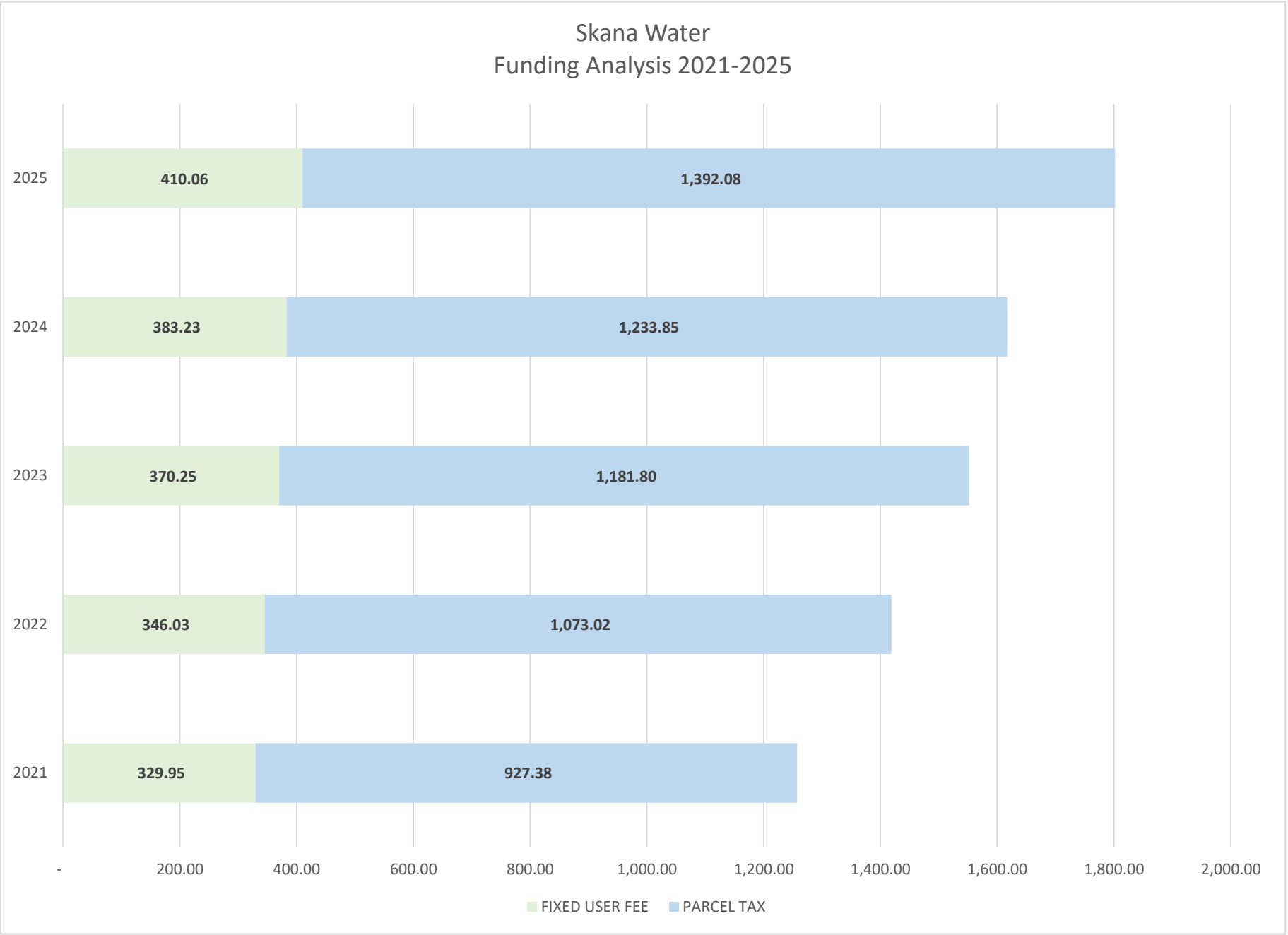
Capital Projects
Updated @ Sep 05, 2024

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	Locked	Well #8 Upgrade	30,000	14,718	15,282	30,000
2024	CE.623.5902	17-04	Open	Well #8 SCADA Automation Options	10,000	-	10,000	10,000
2021	CE.624.5902	20-02	Close	Well Decommissioning	50,000	48,815	1,185	50,000
				Totals	90,000	63,533	26,467	90,000

Service: 2.642 Skana Water (Mayne) Committee: Electoral Area							
Year	Taxable Folios	Parcel Tax	SFE's	User Charge	Tax & Charges	Bylaw	Actual Assessments \$(000's)
2012	73	\$279.00	42	\$813.00	\$1,092.00	3847	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	\$370.25	50	\$1,181.80	\$1,552.05	4524	33,868.80
2024	73	\$383.23	52	\$1,233.85	\$1,617.08	4587	34,441.90
2025	73	\$410.06	53	\$1,392.08	\$1,802.14		

Change from 2024 to 2025

\$26.83	\$158.23	\$185.06
7.00%	12.82%	11.44%



**REPORT TO SKANA WATER SERVICE COMMITTEE
MEETING OF MONDAY, OCTOBER 28, 2024**

SUBJECT Capital Project Status Reports and Operational Updates – October 2024

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 52 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 currently being performed by the CRD Infrastructure Operations. The quality of drinking water provided to customers in the Skana Water System is overseen by the CRD Water Quality Section.

CAPITAL PROJECT UPDATE

17-04 | 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 several 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. Relocation of the first customer's service line was completed in July 2022. The remaining scope is related to SCADA automation and staff are reviewing the scope and available funding.

Project Update and Milestones:

Milestone	Completion Date
SCADA Automation – The work associated with the automation of Well #8 requires rescoping and overall project delivery to ensure all aspects of the project requirements are identified to establish project budget. The available budget is not sufficient to complete SCADA Automation but approximately \$10k will be used to develop a scope and rough budget to better define a future capital project.	Q4 2024 to Q1 2025
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

20-02 | Well Decommissioning (Complete)

Project Description:

Investigate unused groundwater wells in the Skana Water Service and proceed with decommissioning based on criticality and/or regulatory requirements. Following desktop investigations, CRD have proceeded with the following:

- Decommissioning of one (1) CRD owned well (July 2023).
- Re-drilling and decommissioning of one (1) collapsed CRD well off Waugh Road.
- Decommissioning of one (1) private, unregistered well (July 2023).
- Capping of one (1) private well to improve surface intrusion but future drilling would be required for full decommissioning – property owner responsibility (July 2023).
- Two (2) private wells on the BC registry were not located and believed to be buried – property owner responsibility.
- One (1) well in use by Lighthouse Waterworks District and requiring further review.
- One (1) private well was found to be in use by the property owner.

Decommissioning of all unused CRD-owned wells (currently known) is now considered complete, as required by the Groundwater Protection Regulation (GWPR). Further action with respect to private wells not in use may be reassessed at a later date.

Project Rationale: A high level hydrogeologic assessment was undertaken in 2019 to identify potential sources of contamination to the Skana groundwater source. One recommendation from that study was to decommission unused wells in the water system. Under the *Water Sustainability Act* (WSA), the GWPR requires a well owner to decommission any wells that has not been used for five years.

Project Update and Milestones:

Milestone	Completion Date
All CRD owned wells that are not in use have been decommissioned.	Complete
One additional CRD well to be drilled and decommissioned.	November 2023
Decommissioning of one CRD well and one private well completed. One additional private well capped for surface intrusion but not fully decommissioned.	July 2023
CRD entered into a Contract with Drillwell for investigation and decommissioning of up to three CRD wells and four wells on private property. As of May 2023, five wells have been located on site and will proceed to decommissioning.	May 2023
CRD obtained permission (License of Occupation) to CRD to investigate for the presence of wells on their property and decommissioning if necessary.	December 2022
Five more wells were located with letters to go to those homeowners. 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 landowner's own purposes.	Letter sent April 6, 2022
CRD have contacted majority of the property owners through mail where the identified wells are located.	Letter sent November 5, 2021
Letter to affected property owners.	November 24, 2021

Skana Water Service Committee – October 28, 2024**Capital Project Status Reports and Operational Updates – October 2024****3**

Milestone	Completion Date
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

24-01 | Source Water Surveillance

Project Description: Design and install new well surveillance and water monitoring systems. 2024 funding is for initial assessment only.

Project Rationale: To provide operational flexibility and increased monitoring that will improve operational awareness and the ability to analyze trends. The improvements can also be used to improve response times related to water supply issues.

Project Update and Milestones:

Milestone	Completion Date
Project Planning Initiated	May 31, 2024
Funding Approved	March 2024

24-02 | Storage Tank Options Assessment

Project Description: Conduct an engineering assessment on options available for replacement of the Skana Water Storage Tanks. The assessment is to include material options and associated costing, as well as a high-level assessment on installation feasibility.

Project Rationale: Prior to proceeding with tank replacement, a revised options assessment has been proposed to better inform on the potential options and cost implications prior to proceeding to AAP to secure debt for this replacement project.

Project Update and Milestones:

Milestone	Completion Date
Engineering Consultant Site Visit	Q4 2024
Engineering Consultant Scope Approved	Q3 2024
Project Planning Initiated	May 31, 2024
Funding Approved	March 2024

OPERATIONAL UPDATE

This is an operational update reporting period from June through September 2024.

- Weekly manual operations of Well #8 backup water source to supplement Well #13. Biweekly manual operations of Well #8 started in August.

- Emergency water delivery due to drought conditions on September 4, September 6 and September 9. A total of 42 cubic meters was delivered to allow Well #13 and Well #8 to recover.
- RFP 2024-945 for the operations and maintenance of the water system was reviewed and awarded to CMG Services. Training for the contract operator commenced in early September.
- Weekly operational site visits by Saanich Peninsula and Gulf Island Operations Staff. Routine site visits are typically performed on Thursdays. Daily SCADA system checks to confirm steady state system operations.

RECOMMENDATION

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

Submitted by:	Dan Robson, A.ScT., Manager, Saanich Peninsula and Gulf Islands Operations
Concurrence:	Jared Kelly, P.Eng., Acting Senior Manager, Infrastructure Engineering
Concurrence:	Jason Dales, B.Sc., WD IV., Senior Manager, Wastewater Infrastructure Operations
Concurrence:	Alicia Fraser, P.Eng., General Manager, Integrated Water Services

**REPORT TO SKANA WATER SERVICE COMMITTEE
MEETING OF MONDAY, OCTOBER 28, 2024**

SUBJECT **Asset Replacement Report Card**

ISSUE SUMMARY

To provide the Skana Water Service Committee with an asset replacement report card for the Skana Water Service.

BACKGROUND

The Capital Regional District (CRD) has prepared an asset replacement report card for the Skana Water Service. The objective of this report card is to provide an overview of asset replacement values and an asset renewal forecast for the next 40 years.

DISCUSSION

An asset register was prepared using the inventory of all existing assets from the CRD's maintenance management and Geographic Information Systems (GIS). There are 146 asset components in the register that are grouped by asset class with replacement values as follows:

Asset Class	Average Asset Condition	2024 Replacement Value
Hydrants & Standpipes	Poor	\$194,000
Water Mains	Fair	\$2,982,000
Water Meters	Fair	\$95,000
Water Storage	Poor	\$787,000
Water Treatment	Fair	\$79,000
Water Wells	Fair	\$603,000
Total	Fair	\$4,740,000

Replacement values are in 2024 dollars, based on inflated historical costs or unit rates from suppliers. The total asset replacement value for the service is \$4.7 million dollars.

Assets are due for replacement at varying times, based on their installation year, expected service life, and condition. A report card is provided in Appendix A, which includes graphical breakdowns of current asset condition and forecasted replacement year for each asset class. Within this 40-year period, some assets will require multiple replacements. An analysis of the asset register indicates that most assets will require replacement in the next 40 years with 43% of assets requiring replacement more than once over that timeframe. The estimated cost of asset replacements over the next 40 years is \$7.4 million.

Water distribution mains that were installed in the 1970's make up the bulk of the replacement costs for the system. The timing for the water main replacements will be based on condition assessments through leak monitoring methods and physical inspections, where indicated. In the near term, the water storage tanks are due for replacement, which is indicated based on expected useful life and physical condition assessment.

While hydrants and standpipes are shown in poor condition, this is based on an estimated service life of 50 years. With regular maintenance, these assets may extend beyond this service life, however condition assessments should be completed to ensure service levels are maintained.

The report card provides a 40-year asset renewal forecast. Based on current revenue, there appears to be insufficient capital budget to sustain an asset replacement program. The consequences of an insufficient capital budget are increased service interruptions due to failing assets, reduced level of service including fire flows and an inability to invest in new assets to meet demands and to meet regulatory requirements. Debt financing and grants are options to address revenue shortfalls; these options should be supported by a long-term financial plan.

Investment in new assets to expand or optimize the service have not been captured in the capital renewal forecast. This report card is intended for budgeting and capital planning purposes in conjunction with other asset and financial processes. The report card could be further developed into a long-term financial plan and asset management plan.

RECOMMENDATION

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

Submitted by:	Laura Hardiman, P.Eng., Manager, Asset Management
Submitted by:	Stephen Henderson, BSc, PG.Dip.Eng., MBA, Senior Manager of Real Estate and Administration of the Southern Gulf Islands Electoral Area
Concurrence:	Joseph Marr, P.Eng, Senior Manager, Infrastructure Engineering
Concurrence	Alicia Fraser, P.Eng, General Manager, Integrated Water Services

ATTACHMENT

Appendix A: Asset Replacement Report Card

Asset Replacement Report Card

2.642 Skana Water Service

Services Provided:

Water Distribution
Water Supply
Water Treatment

Total Asset Replacement Value

\$4.7M

Average Condition

Fair

Total Number of Assets

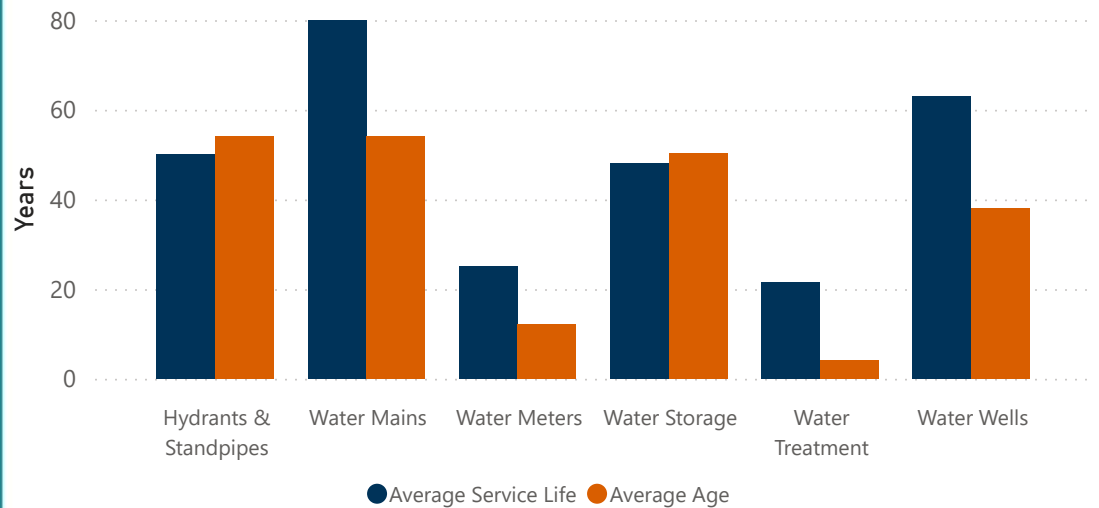
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Asset Class	Quantity
Hydrants & Standpipes	10
Water Mains	1973 m
Water Meters	53
Water Storage	2
Water Treatment	2
Water Wells	2



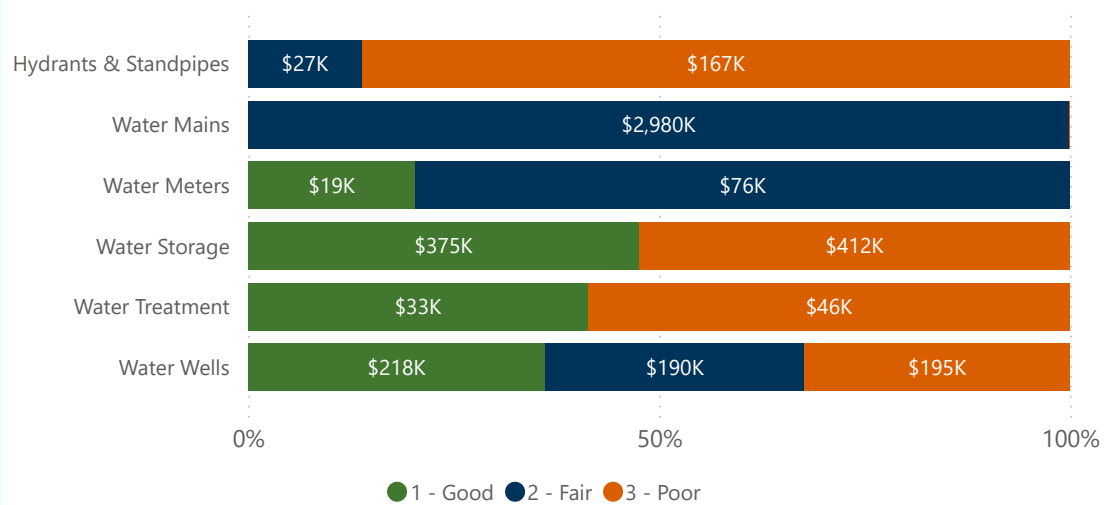
Skana Reservoir

Asset Service Life



The Asset Service Life chart shows the average expected service life of each asset class in relation to the average age of the assets within the class. A weighted average is used based on replacement value.

Asset Condition by Asset Class



Overall condition rating of the asset classes is based on remaining expected service life. Replacement values are shown in relation to the condition rating.

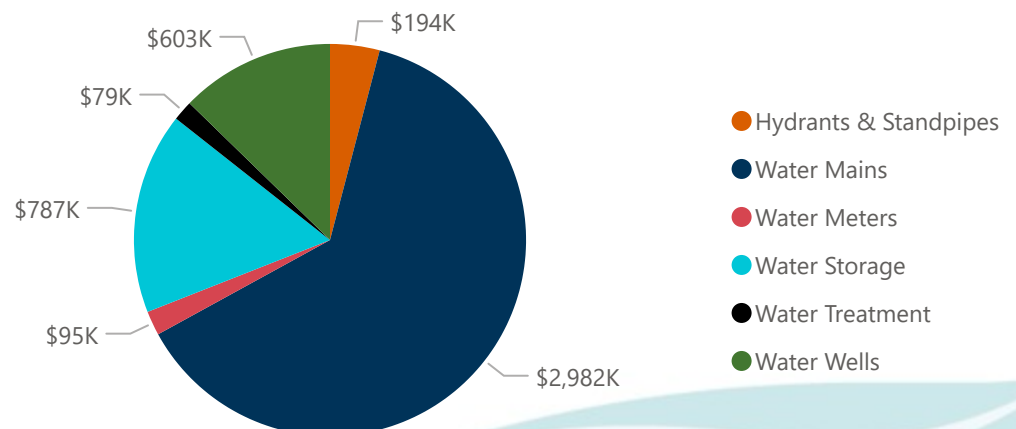
Good - Asset has more than 50% of remaining expected service life.

Fair - Asset has between 1% and 50% of remaining expected service life.

Poor - Asset has reached the end of expected service life.

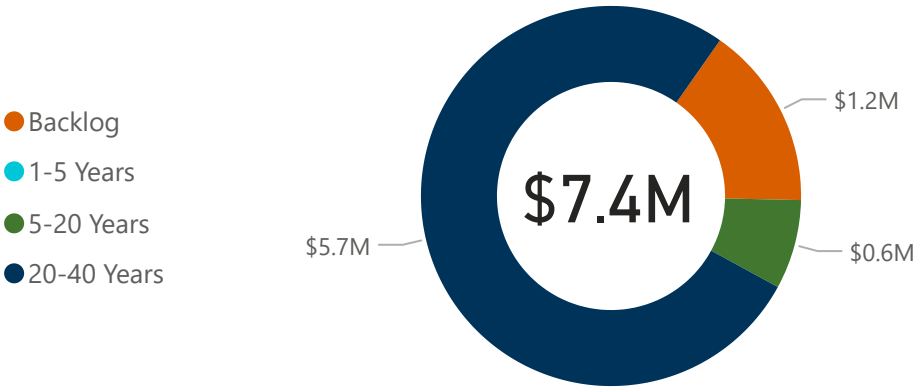
Assets identified in poor condition may still be performing adequately for the service. A condition assessment is advised prior to replacement.

Asset Replacement Cost by Asset Class



2.642 Skana Water Service

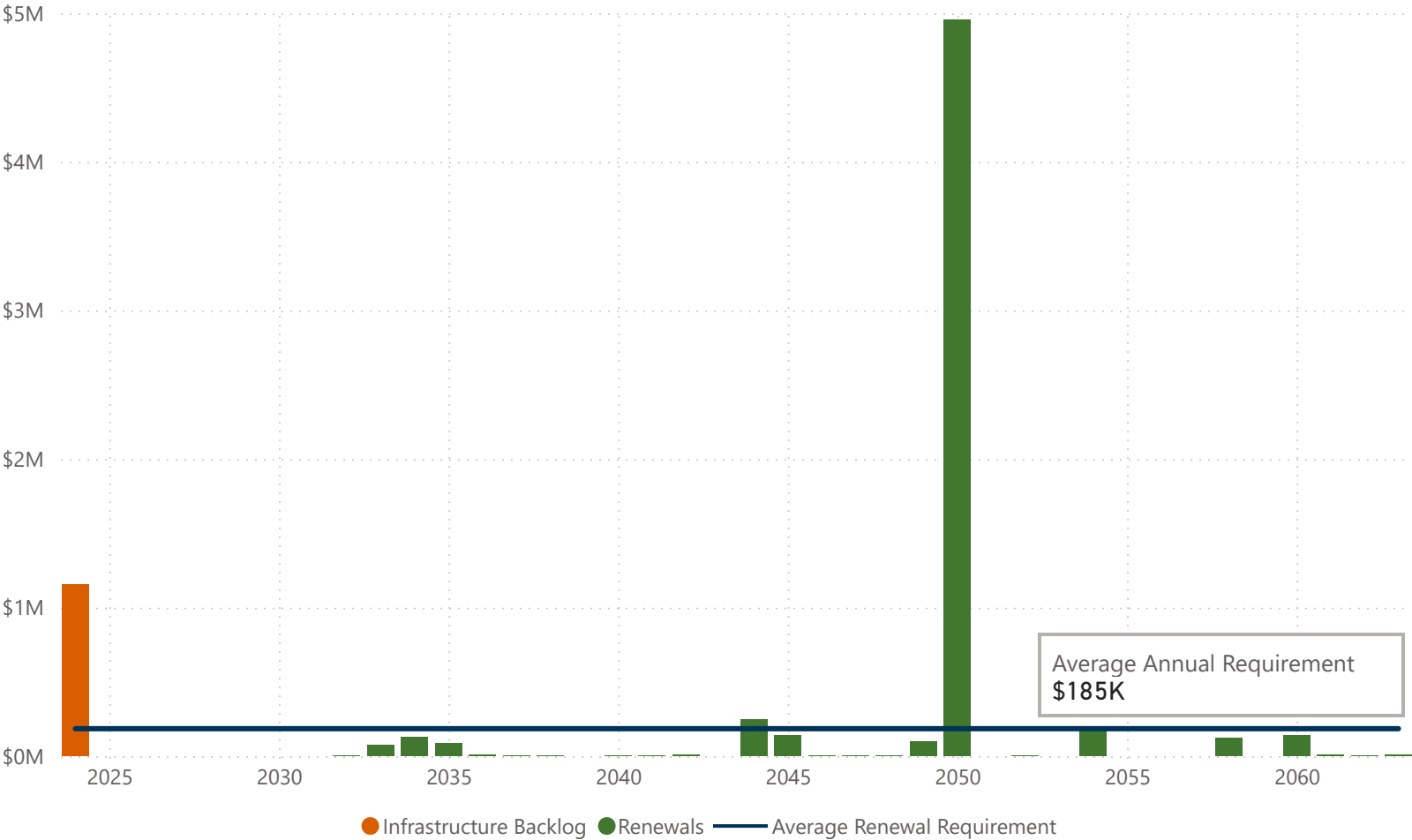
40-Year Asset Replacement Cost by Timeframe



In the next 40 years, it is estimated that \$7.4M in assets will need to be replaced (an average of \$185,000 per year).

There are \$1.2M in assets identified as backlog; these are assets that have passed their expected service life and are due for replacement.

40-Year Capital Renewal Forecast



The capital renewal forecast is based on the expected service life of assets and their replacement cost (in 2024 dollars). Instances where an asset requires multiple replacements over the 40 year period are accounted for in the projection. Backlog clearance is shown in the first year and it is recommended to distribute these costs depending on project requirements. Since these assets are beyond their expected service life, they may fail prior to renewal. Given the large renewal cost in 2050, a replacement plan should be developed to spread the renewals out over multiple years. A more comprehensive long-term financial plan will inform replacement planning for budgeting purposes.

The report card is intended for providing a high level overview and for budgeting and capital planning purposes in conjunction with other asset and financial planning processes.