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SKANA WATER SERVICE COMMITTEE

Notice of Meeting on **Thursday, November 9, 2023 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)

M. Bentley (Vice-Chair)

B. Hill

P. Brent (Electoral Area Director)

R. Johnston

AGENDA

1. APPROVAL OF AGENDA

2. ADOPTION OF MINUTES3

Recommendation: That the minutes of the June 16, 2023 meeting be adopted.

3. CHAIR’S REMARKS

4. 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 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

- Private Property Winterizing
- On-island contract operator update
- Water restrictions

6. COMMITTEE BUSINESS

6.1. 2024 Operating and Capital Budget6

That the Skana Water Service Committee:

- 1. Approve the 2024 operating and capital budget as presented and that the 2023 actual operating deficit be balanced on the 2023 Reserve Funds transfer (Capital Reserve Fund and/or Operating Reserve Fund); and*
- 2. Recommends that Electoral Areas Committee recommend to the Capital Regional District Board that the 2024 Operating and Capital Budget and the five-year Financial Plan for the Skana Water Service be approved as presented.*

To ensure quorum, advise IWSAdministration@crd.bc.ca if you cannot attend.

6.2. Project and Operations Update23

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

7. CORRESPONDENCE

8. NEW BUSINESS

9. ADJOURNMENT

Next Meeting: At the call of the Chair

MINUTES OF A MEETING OF THE Skana Water Service Committee, held Friday, June 16, 2023 at 9:30 a.m., In the Goldstream Meeting Room, 479 Island Highway, Victoria, BC

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

Staff: J. Marr, Acting Senior Manager, Infrastructure Engineering; J. Marr, Manager, Water Distribution & Planning; D. Dionne (Recorder)

REGRETS: Mitch Bentley (Vice Chair)

EP = Electronic Participation

The meeting was called to order at 9:37 am.

1. APPROVAL OF AGENDA

MOVED by P. Brent, **SECONDED** by B. Hill,
That the agenda be approved.

CARRIED

2. ADOPTION OF MINUTES

The following was added to Item 8.1 of the minutes:

"The Committee requested a tank action plan from staff consisting of high-level costs and long-term timeline showing the entire project life cycle (starting with options identification and analysis, through project design and installation) ensuring that funding is available at each annual budget stage to ensure that the tank replacement or repair project can move forward."

MOVED by P. Brent, **SECONDED** by B. Hill,
That the minutes of the February 10, 2023 meeting be adopted as amended.

CARRIED

3. CHAIR'S REMARKS

The Chair made no remarks.

4. PRESENTATIONS/DELEGATIONS

There were none.

5. SENIOR MANAGER'S REPORT

J. Marr advised the water conservation bylaw has been approved by the board and is now in effect. Water conservation is now mandatory with the potential for enforcement. An insert with frequently asked questions will be included in the June water bills. Stage 1 is from May 1 until September 30. Sandwich boards will be modified to reflect mandatory water conservation. Staff will send the approved water conservation bylaw to the committee as requested.

Staff advised there is an internal grant opportunity for growing communities which is linked to

affordable housing. Staff applied for the grant in the amount of \$619,000.

6. COMMITTEE BUSINESS

6.1. 2022 Annual Report

J. Marr spoke to Item 6.1.

In response to a question from the committee regarding the well levels, staff advised there are currently no concerns and well levels are higher than last year suggesting the community may be using less water.

6.2. Project and Operations Update

J. Kelly spoke to Item 6.2.

Staff advised a debrief meeting was held with the Investing in Canada Infrastructure Program (ICIP) team, and noted the following:

- ICIP received several competitive applications.
- Capital Regional District (CRD) grant applications for ICIP fall under the Vancouver Island region, which includes the Gulf Islands, who have received a fair amount of funding regarding environmental quality.
- There are currently no further grant intakes planned.
- Applications received were competitive, regulatory driven and related to climate resiliency.
- Asset management could be stronger in the service.
- Lack of documentation indicating community support to fund the remaining 25% if the grant was successful.

Discussion ensued regarding:

- Long-term plan to address the current tanks.
- Acceptable low-cost solution for the tanks.
- Putting a small dollar value aside from the reserve fund.
- Ability to use poly tanks.
- Alternative Approval Process (AAP).
- Affordable long-term option for the tank replacement.
- Including an options analysis in the budget prior to an AAP.
- Well decommissioning.
- Concern regarding debris found around a well to be decommissioned.

Staff responded to a question from the committee regarding the disinfection by-products (DBP) management plan provided to Island Health (IH). Staff advised a letter was sent to IH, which included short- and long-term action plans. Options include reducing the chlorine dosage to a degree that is still acceptable for proper disinfection. Another approach would be to reduce the organics in the well water. Mid-term action items include trying to fix the leak in the aquifer where surface water gets in. If leak repairs do not fix the issue, the long-term action plan would be to upgrade treatment to remove organics which is costly.

P. Brent left the meeting at 10:04 am.

The committee asked if there is value in advising the community that DBP levels climb during the rainy season and to take precautionary steps. Staff advised if DBP levels rise over the maximum allowable concentration, a notice will be sent out to the community, and noted DBP's are not an acute short term health issue. Staff advised Health Canada uses a rolling annual average and are satisfied with quarterly testing. Additional sampling can be done at the cost of the service. Discussion ensued.

Staff will provide an update to the committee via email regarding an on-island operator.

7. CORRESPONDENCE

There was no correspondence.

8. NEW BUSINESS

There was no new business.

9. ADJOURNMENT

MOVED by R. Johnston, **SECONDED** by W. Korol,
That the June 16, 2023 meeting be adjourned at 10:49 am.

CARRIED

CHAIR

SECRETARY



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REPORT TO SKANA WATER SERVICE COMMITTEE MEETING OF THURSDAY, NOVEMBER 9, 2023

SUBJECT **Skana Water Service 2024 Operating and Capital Budget**

ISSUE SUMMARY

To present the 2024 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 2021 and 2023
- 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 2023 may be made in January 2024. The CRD Board will give final approval to the budget and financial plan in March 2024.

The Financial Plan for years 2025 to 2028 may be subject to change in future years.

BUDGET OVERVIEW

Operating Budget

It is projected that 2023 operating expenses will be approximately \$1,201 under budget. The planned well and well pump inspection maintenance activity, budgeted in 2023 for \$5,000, was not completed and has been deferred indefinitely. Other operating expenses are overbudget by approximately \$3,799.

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Skana Water Service 2024 Operating and Capital Budget

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

- Well No. 13 /Water Treatment Plant
 - Water pump electrical protection system replacement
 - Sodium hypochlorite mixing tank and spill containment tray replacement
 - SCADA system troubleshooting and repairs

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.

The debt servicing cost will be \$1,613 below the budget since the planned borrowing of \$75,000 in 2023 is now deferred to 2025.

It is projected that the 2023 operating revenue will be under budget by approximately \$3,720 due primarily to the deferral of the well and pump inspection maintenance activity which was to be funded by the Operating Reserve Fund (ORF) in the amount of \$5,000. User fee revenue was \$1,280 higher than budget as a result of an increase in the SFE count (service connections) that occurred in 2023.

As a result, there is an overall operating deficit of approximately \$906. To balance the operating budget, it is proposed that the planned 2023 transfer to the Capital Reserve Fund (CRF) be reduced by the actual deficit amount. Otherwise, the deficit in 2023 must immediately be included as an expenditure to be recovered from revenue in 2024 financial plan as required by Local Government Act (LGA) Section 374(11).

Operating costs for 2024 (excluding one-time cyclical programs funded by ORF for well pump inspection for \$5,000 in 2023 and reservoir cleaning and inspection for \$6,000 in 2024) has increased by \$3,858 (7.3%) compared to 2023. The increase is primarily to account for inflation, labour costs reflecting the renewed collective agreement since 2023.

Currently there is no debt for this service.

Operating Reserve Fund (ORF)

The Operating Reserve Fund is evaluated as outlined in the CRD Operating Reserve Guidelines endorsed by the CRD Board in 2023 and is used to fund cyclical maintenance activities, equipment and supplies purchases that typically do not occur on an annual basis, which creates swings in expenses. The ORF is the financial strategy to mitigate the corresponding fluctuation in revenue requirement on an annual basis. Typical maintenance activities include hydrant maintenance, reservoir cleaning, and ground water well servicing. Additionally, the operating reserve is also used to respond to unforeseen events and operating emergencies.

It is proposed that 2024 transfers to the operating reserve be set at \$9,000. The operating reserve fund balance at the end of 2023 is projected to be approximately \$15,660. There is \$6,000 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.

It is proposed that the budgeted transfer to the CRF be set at \$22,325 in 2024. The reserve fund transfer planning process is influenced by the funding requirement to support the five-year capital expenditure plan, the emergency response to infrastructure failures 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 2023 is projected to be approximately \$18,936.

Capital Expenditure Plan

The five-year plan includes \$899,120 of expenditures to be funded by a combination of the services' capital funds on hand, grants, capital reserve fund, and new debt.

- The Well Decommissioning (20-02) project is anticipated to be substantially completed before the end of 2023 but any remaining funds will be carried into 2024 to address additional close out costs.
- Well #8 Upgrade (17-04) has had some physical improvements completed already and remaining funding to 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) has been added with \$20,000 allocated in 2024 to commence material options assessment and cost estimation for future storage tank replacement.
- New debt is proposed to fund the Well Protection Upgrades (23-01) for \$35,000 in 2025.
- 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.
- The Water Storage Tanks (18-01) budget will be reassessed following the options assessment in 2024 and CRD will continue to look for grant opportunities during this time.

Subject to a successful Alternative Approval Process (AAP) planned in early 2025, two borrowings in 2025 and 2026 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

Future Borrowing(s) Estimation	Term	Borrowing Year	Retirement Year	Estimated Interest Rate	Principal	Principal Payment	Interest Payment	Total Annual Debt Cost
	25	2025	2050	4.30%	\$150,000	\$3,800	\$6,450	\$10,250
	25	2026	2051	4.30%	\$127,262	\$3,224	\$5,472	\$8,696
Total					\$277,262	\$7,024	\$11,922	\$18,946

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.

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Skana Water Service 2024 Operating and Capital Budget

However, there is no principal payment required in the year of borrowing. The estimated debt servicing cost of \$18,946 equates to approximately \$259.54 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 2024 over 2023 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
2023	\$25,680	73	\$370.25	\$59,090	50	\$1,181.80	\$1,552.05
2024	\$26,580	73	\$383.23	\$61,160	52	\$1,176.15	\$1,559.38
Change (\$)	\$900	0	\$12.98	\$2,070	2	-\$5.65	\$7.33
Change (%)	3.50%	0.00%	3.50%	3.50%	4.00%	-0.48%	0.47%

* 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 2024 operating and capital budget as presented and that the 2023 actual operating deficit be balanced on the 2023 Reserve Funds transfer (Capital Reserve Fund and/or Operating Reserve Fund); and
2. Recommends that Electoral Areas Committee recommend to the Capital Regional District Board that the 2024 Operating and Capital Budget and the five-year Financial Plan for the Skana Water Service be approved as presented.

Submitted by	Jason Dales, B.Sc., WD IV, Senior Manager, Wastewater Infrastructure Operations
Submitted by	Joseph Marr, P.Eng., Senior Manager, Infrastructure Engineering
Submitted by	Rianna Lachance, B.Com., CPA, CA, Senior Manager, Financial Services
Concurrence	Alicia Fraser, P.Eng., General Manager, Integrated Water Services
Concurrence	Ted Robbins, B.Sc., C.Tech., Chief Administrative Officer

ATTACHMENT

Appendix A: 2024 Skana Water Service Budget

CAPITAL REGIONAL DISTRICT

2024 Budget

Skana Water (Mayne)

Commission Review

NOVEMBER 2023

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 of actual assessed value of land and improvements. To a maximum of \$326,834.

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)

2.642 - Skana Water (Mayne)	2023		BUDGET REQUEST				FUTURE PROJECTIONS			
	BOARD BUDGET	ESTIMATED ACTUAL	2024			2025	2026	2027	2028	
			CORE BUDGET	ONGOING	ONE-TIME					TOTAL
<u>OPERATING COSTS</u>										
Operations Service Contract	11,830	-	12,240	-	-	12,240	12,480	12,730	12,980	13,240
Repairs & Maintenance	6,250	3,600	1,290	-	6,000	7,290	1,320	1,350	1,380	1,410
Allocations	5,908	5,908	6,405	-	-	6,405	6,531	6,657	6,786	6,917
Water Testing	2,958	2,958	3,510	-	-	3,510	3,585	3,662	3,739	3,817
Electricity	3,213	3,370	3,300	-	-	3,300	3,370	3,440	3,510	3,580
Supplies	750	1,710	780	-	-	780	790	800	810	820
Labour Charges	23,410	35,620	25,540	-	-	25,540	26,051	26,572	27,103	27,645
Other Operating Expenses	3,338	3,290	3,450	-	-	3,450	3,520	3,590	3,660	3,740
TOTAL OPERATING COSTS	57,657	56,456	56,515	-	6,000	62,515	57,647	58,801	59,968	61,169
*Percentage Increase over prior year			-2.0%		10.4%	8.4%	-7.8%	2.0%	2.0%	2.0%
<u>DEBT / CAPITAL / RESERVES</u>										
Transfer to Operating Reserve Fund	9,000	9,000	9,000	-	-	9,000	8,000	5,465	3,585	3,920
Transfer to Capital Reserve Fund	21,600	20,694	22,325	-	-	22,325	23,470	19,685	19,185	19,685
MFA Debt Principal	-	-	-	-	-	-	-	3,800	7,024	7,024
MFA Debt Interest	863	-	-	-	-	-	1,613	7,818	11,922	11,922
MFA Debt Reserve Fund	750	-	-	-	-	-	1,500	1,273	-	-
TOTAL DEBT / RESERVES	32,213	29,694	31,325	-	-	31,325	34,583	38,041	41,716	42,551
TOTAL COSTS	89,870	86,150	87,840	-	6,000	93,840	92,230	96,842	101,684	103,720
						4.4%				
<u>FUNDING SOURCES (REVENUE)</u>										
Transfer from Operating Reserve Fund	(5,000)	-	-	-	(6,000)	(6,000)	-	-	-	-
User Charges	(59,090)	(60,370)	(61,160)	-	-	(61,160)	(64,220)	(67,432)	(70,804)	(72,220)
Other Revenue	(100)	(100)	(100)	-	-	(100)	(100)	(100)	(100)	(100)
TOTAL REVENUE	(64,190)	(60,470)	(61,260)	-	(6,000)	(67,260)	(64,320)	(67,532)	(70,904)	(72,320)
REQUISITION - PARCEL TAX	(25,680)	(25,680)	(26,580)	-	-	(26,580)	(27,910)	(29,310)	(30,780)	(31,400)
*Percentage increase over prior year										
User Fees			3.5%			3.5%	5.0%	5.0%	5.0%	2.0%
Requisition			3.5%			3.5%	5.0%	5.0%	5.0%	2.0%
Combined			3.5%			3.5%	5.0%	5.0%	5.0%	2.0%

**Skana Water Reserves
Summary Schedule
2024 - 2028 Financial Plan**

Reserve/Fund Summary

	Estimated	Budget				
	2023	2024	2025	2026	2027	2028
Operating Reserve Fund	15,660	18,660	26,660	32,125	35,710	39,630
Capital Reserve Fund	18,936	11,261	19,731	39,416	58,601	78,286
Total	34,595	29,920	46,390	71,540	94,310	117,915

Reserve Schedule

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

Bylaw 4144

Reserve Cash Flow

Fund: 1500 Fund Centre: 105214	Estimated	Budget				
	2023	2024	2025	2026	2027	2028
Beginning Balance	6,092	15,660	18,660	26,660	32,125	35,710
Transfer from Ops Budget	9,000	9,000	8,000	5,465	3,585	3,920
Expenditures	-	(6,000)	-	-	-	-
Planned Maintenance Activity		Reservoir cleaning and inspection				
Interest Income*	568					
Ending Balance \$	15,660	18,660	26,660	32,125	35,710	39,630

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				
	2023	2024	2025	2026	2027	2028
Beginning Balance	11,638	18,936	11,261	19,731	39,416	58,601
Transfer from Ops Budget	21,600	22,325	23,470	19,685	19,185	19,685
Transfer to Cap Fund	(15,000)	(30,000)	(15,000)	-	-	-
Transfer from Cap Fund	-					
Interest Income*	698					
Ending Balance \$	18,936	11,261	19,731	39,416	58,601	78,286

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.

**CAPITAL REGIONAL DISTRICT
FIVE YEAR CAPITAL EXPENDITURE PLAN SUMMARY - 2024 to 2028**

Service No.	2.642 Skana Water (Mayne)	Carry Forward from 2023	2024	2025	2026	2027	2028	TOTAL
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EXPENDITURE

Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equipment	\$0	\$10,000	\$115,000	\$674,120	\$0	\$0	\$0	\$799,120
Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Engineered Structures	\$45,000	\$50,000	\$50,000	\$0	\$0	\$0	\$0	\$100,000
Vehicles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$45,000	\$60,000	\$165,000	\$674,120	\$0	\$0	\$0	\$899,120

SOURCE OF FUNDS

Capital Funds on Hand	\$30,000	\$30,000	\$0	\$0	\$0	\$0	\$0	\$30,000
Debenture Debt (New Debt Only)	\$0	\$0	\$150,000	\$127,262	\$0	\$0	\$0	\$277,262
Equipment Replacement Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grants (Federal, Provincial)	\$0	\$0	\$0	\$546,858	\$0	\$0	\$0	\$546,858
Donations / Third Party Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Fund	\$15,000	\$30,000	\$15,000	\$0	\$0	\$0	\$0	\$45,000
	\$45,000	\$60,000	\$165,000	\$674,120	\$0	\$0	\$0	\$899,120

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 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 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.

Service: 2.642 Skana Water (Mayne)

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.		

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.		

2.642 - Skana Water

Capital Projects

Updated @ Oct 06, 2023

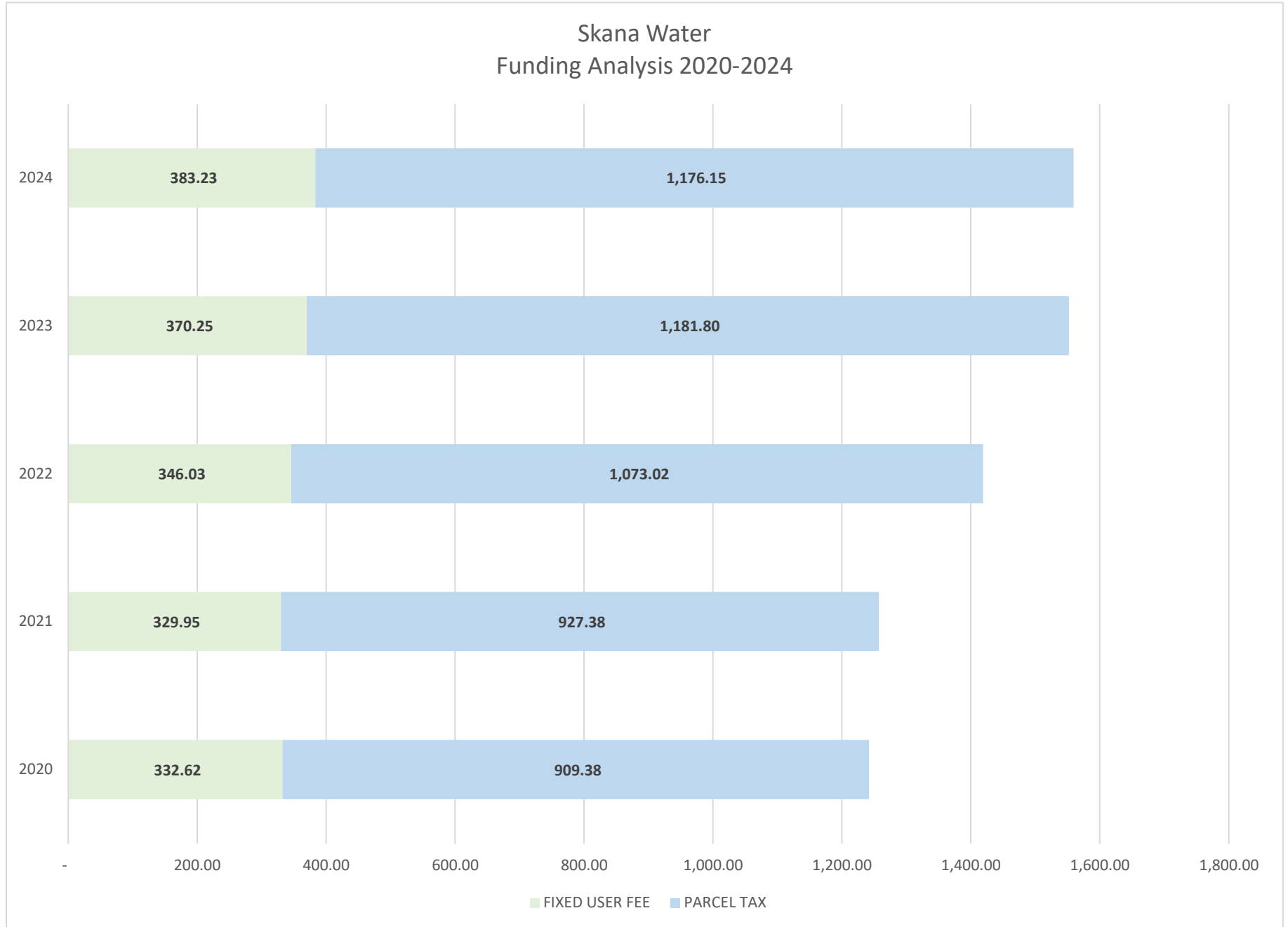
Year	Project#	Capital Plan#	Status	Capital Project Description	Total Project Budget	Spending		Total Funding in Place
						Expenditure Actuals	Remaining Spending	
2022	CE.623.5901	17-04	Open	Well #8 Upgrade	40,000	14,718	25,282	40,000
2021	CE.624.5902	20-02	Open	Well Decommissioning	50,000	27,039	22,962	50,000
				Totals	90,000	41,757	48,244	90,000

Service:	2.642 Skana Water (Mayne)	Committee: Electoral Area
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<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>
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	\$1,176.15	\$1,559.38		

Change from 2023 to 2024

\$12.98	-\$5.65	\$7.33
3.50%	-0.48%	0.47%





**REPORT TO SKANA WATER SERVICE COMMITTEE
MEETING OF THURSDAY, NOVEMBER 09, 2023**

SUBJECT Capital Project Status Reports and Operational Updates – November 2023

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 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)

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
Funding currently proposed to initiate this process in 2025, after material options assessment for storage tank replacement is complete.	2025

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

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Project Update and Milestones:

Milestone	Completion Date
Material options assessment and cost estimation update for storage tank replacement	Funding requested for 2024
CRD Submitted a Growing Communities Fund (GCF) grant request but this was determined unsuccessful in September 2023.	September 13, 2023
Growing Communities Fund – Internal CRD Grant Program. CRD assessing if this project could meet the requirements for funding	June 12, 2023 (target application)
ICIP-EQ Grant Rejected	February 7, 2023
ICIP-EQ 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 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 will be used to develop a scope concept design.	Q4 2024
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

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:

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- Decommissioning of one (1) CRD owned well (July 2023);
- Re-drilling and decommissioning of one (1) collapsed CRD well off Waugh Road (scheduled for Nov 2023);
- 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.

Once re-drilling and decommissioning of the CRD well off Waugh Road is complete, decommissioning of all unused CRD-owned wells (currently known) will be 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
One additional CRD well to be drilled and decommissioned.	November 2023 (Anticipated)
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
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 2023 through September 2023.

- Weekly operational site visits by Saanich Peninsula and Gulf Island Operations Staff. Routine site visits are typically performed on Thursdays.
- Replacement of Well #13 Water Treatment Plant water pump electrical protection system.
- Manual operation of Well #8 weekly for 6 hours to provide rest period for Well #13 due to well water level and quantity concerns.
- Stage 2 and subsequently Stage 3 water conservation measures enacted in accordance with the Electoral Areas Water Conservation Bylaw 4492 on July 17 and August 17 respectively. Public communications included issuing a Public Service Announcement (PSA), updating water conservation signage within the community, updating of the services CRD website and social media posts.
- Daily SCADA system checks to confirm steady state system operations.
- Completed fire hydrant/standpipe annual inspections.
- Completed portable generator annual preventative maintenance.
- Completed formal annual safety inspection as required by WorkSafe BC regulations.
- Well #8 exterior lighting corrective maintenance.
- Removed Well # 13 abandoned chart recording system.
- Improved water sampling station (SKAWS-70) located on Waugh Road to address water sampling risks associated with this sampling site.

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.ScT., Manager, Saanich Peninsula and Gulf Islands Operations
Concurrence:	Joseph Marr, P.Eng., 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