

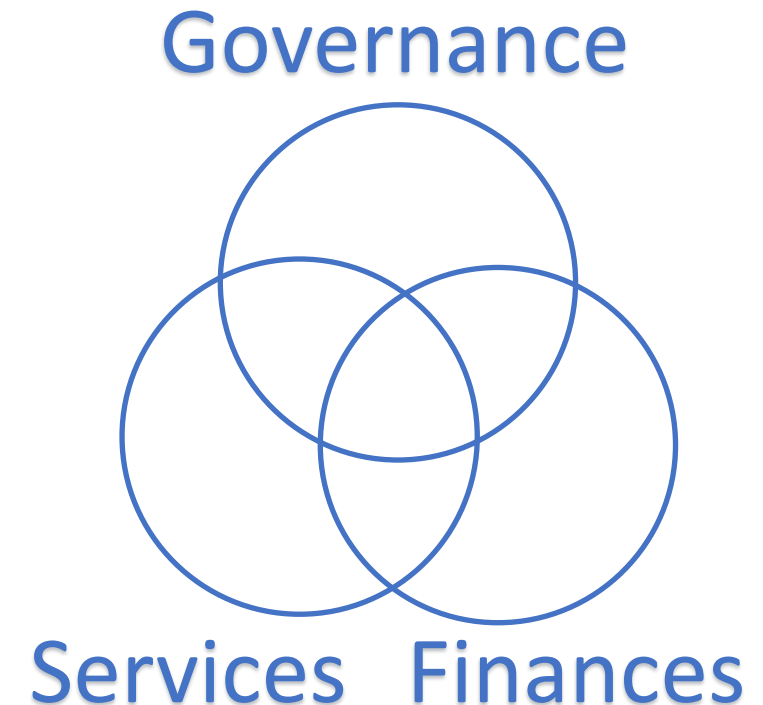
Saanich Peninsula Water Commission Amalgamation Study

Presentation to Commission
October 17, 2024



Outline

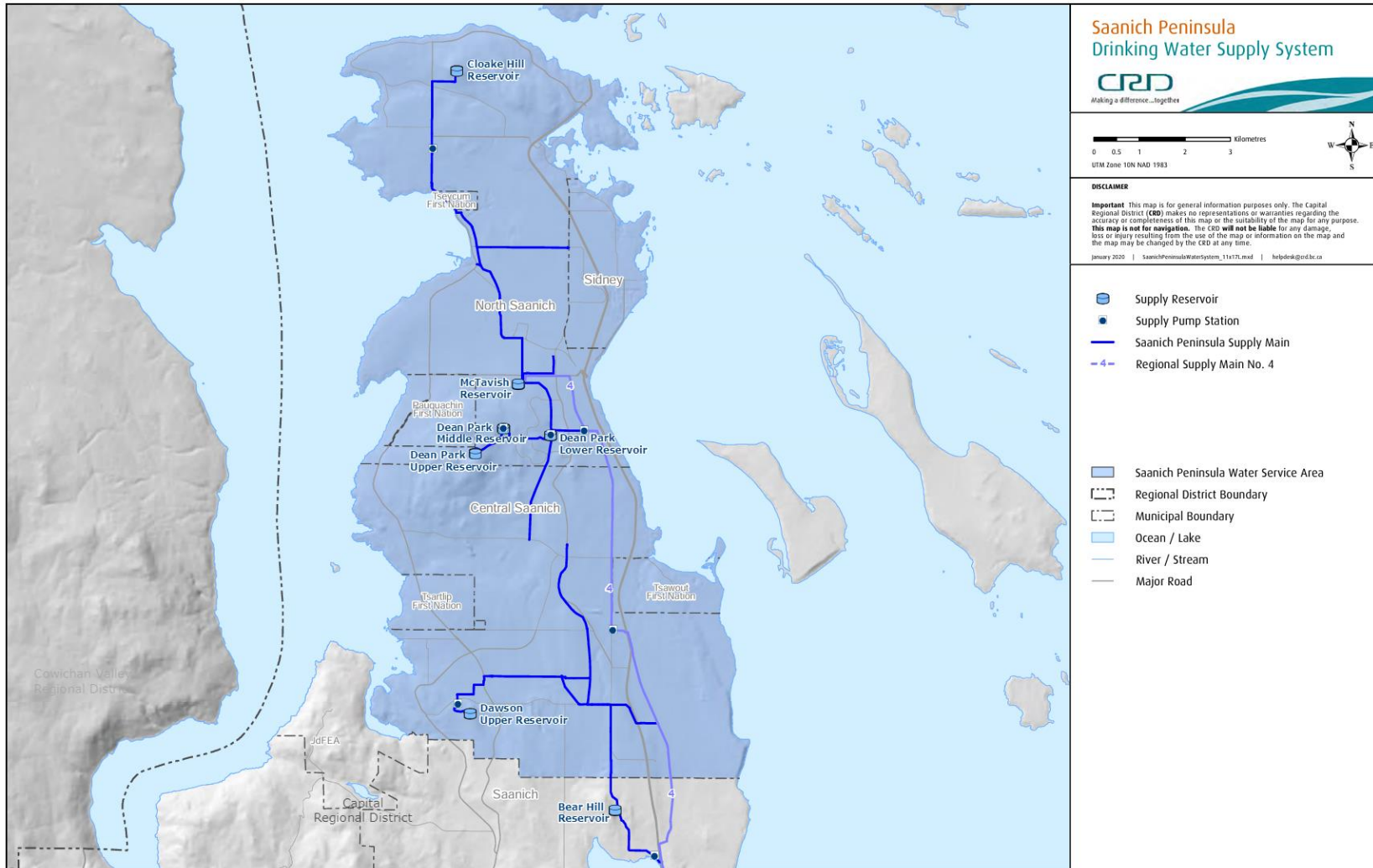
- Introductions
 - Dan Huang, RPP, MCIP – Principal, Connections Planning
- Background / Study Scope
- Services / Water System Overview
- Financial Overview
- Governance Overview
- Initial Analysis and Observations
- Next Steps
- Questions / Discussion



Background / Scope

- 1976 – Saanich Peninsula Water Commission established by letters patent (dissolution of 3 improvement districts) as a sub-regional service, to provide potable water supply to Sidney, North Saanich and Central Saanich
- 1997 – Regional Water System established for the capital region through provincial legislation, transferring assets, liabilities, management to CRD
- Saanich Peninsula water system is connected seamlessly to Regional Water system – it essentially purchases bulk water from Regional system and sells it to the 3 municipal partners for distribution to residents and ratepayers
- Scope of study is to review the pros and cons, and other considerations of the potential amalgamation of Saanich Peninsula water into the Regional Water system.

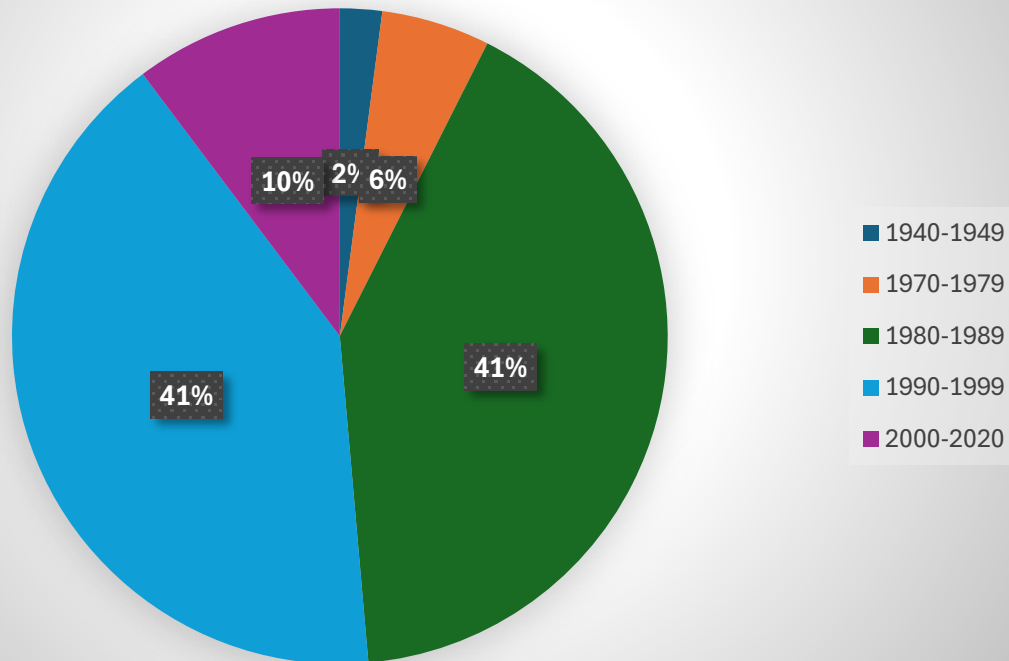
Services / Water System Overview



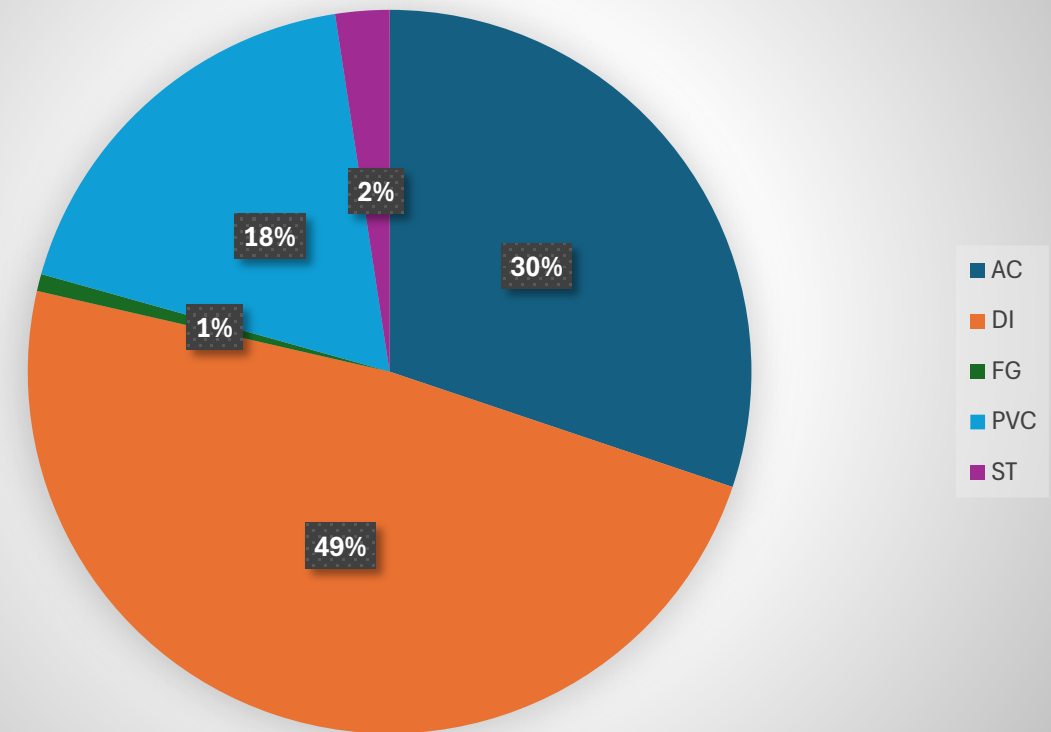
- 35km watermains
- 6 storage reservoirs
- 6 pumping stations
- 13 pressure control stations

Services / Water System Overview

Saanich Peninsula Watermains by Age



Saanich Peninsula Watermains by Type



Services / Water System Overview

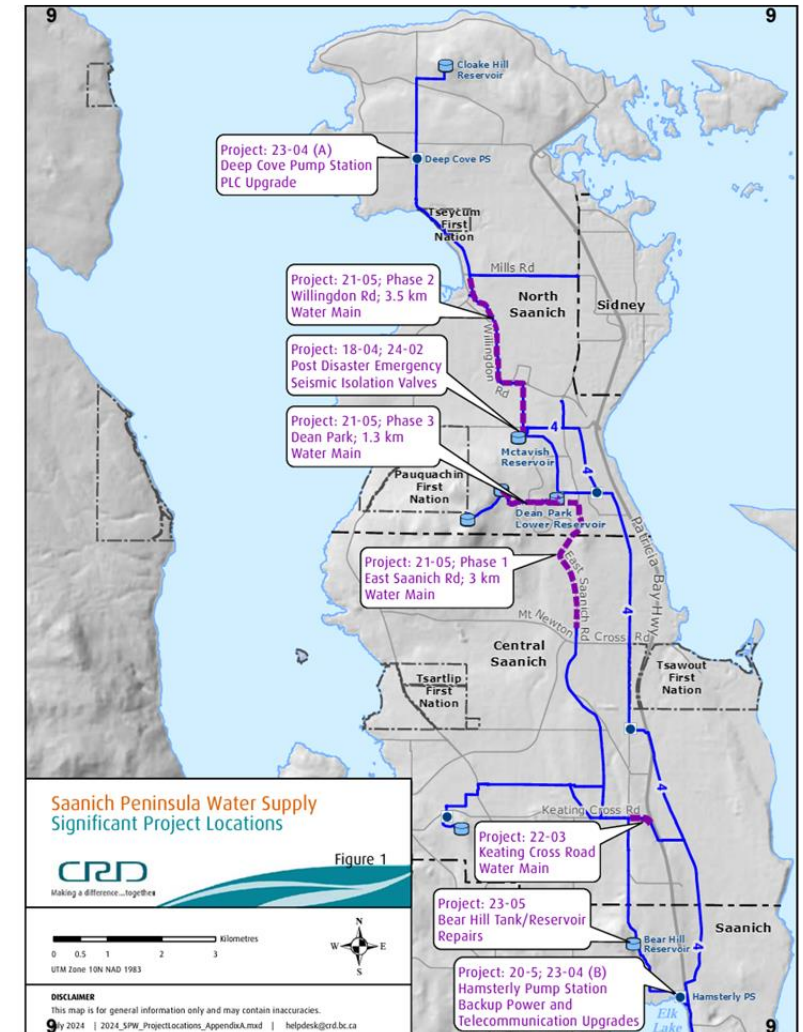
OPERATIONS

- Saanich Peninsula and Gulf Islands Operations team operates and maintains the Saanich Peninsula Water System, including routine operational and preventative maintenance program, as well as corrective (unplanned) maintenance
- 2024 Total Operating Expenditures = ~7.9 million, of which ~\$2.7 million (34%) were for base operating and capital expenditures, and debt financing
- San Pen currently operates as an extension of the Regional Supply water system (except for storage capacity) – additional tier due to establishment timing
- Working with Integrated Water Services (IWS) team to identify potential operational and administrative efficiencies for a potential amalgamation with Regional Water.

Services / Water System Overview

CAPITAL WORKS

- Saanich Peninsula Water capital program reflects both annual and 5-year capital budget, approved in each year by the CRD Board:
 - 2024 capital program = ~\$11.0 million
 - 5-year capital program = ~\$22.2 million
- Majority of 5-year capital program is for the Bear Hill Transmission Main and other renewal and resiliency works, at ~\$14.7 million
- Capital works servicing Saanich Peninsula have regional benefits (e.g. Bear Hill) and vice versa.



Financial Overview

- SPWC purchases bulk water from Regional Water at \$0.8094 per m³ and then re-sells it to the 3 municipalities at the following rates (2024):
 - Wholesale water rate = \$1.1978 per m³
 - Agricultural water rate = \$0.2105 per m³
 - Agricultural Research Station water rate = \$1.2330 per m³
- Difference in wholesale and bulk water rate (approx. **\$0.39 per m³**) is the main financial consideration for the 3 partners to consider amalgamation
- The majority of the current operating budget goes towards bulk water expenditures (~\$5.2M of ~\$7.9M, or 66%). This is a “flow through” expenditure and would be adjusted as part of amalgamation

Financial Overview

RESERVE FUNDS

- Total Reserve Funds (2023) = \$7,632,247
 - DCC Reserve Account = \$2,100,815
 - Equipment Replacement Fund = \$1,807,050
 - Capital Reserves = \$3,724,372
- DCC Reserves would remain to fund specific Saanich Peninsula water projects, while other reserve funds would likely be pooled into the Regional Water reserve funds upon amalgamation

Financial Overview

CAPITAL DEBT

- Capital Debt – MFA Bylaw No. 4411 = \$12.9 million debenture approved in 2021 for various capital expenditures over the next 5 years (e.g. Bear Hill)
- Further review needed on potential impacts of capital debt retention post-amalgamation

ASSET RETIREMENT OBLIGATION (ARO)

- While not an operating liability, the long-term disposal of 10.5km of Asbestos Cement watermain will need to be factored into the ARO calculations and reporting under PSAB 3280 (working with CRD Finance to determine this consideration)

Governance Overview

- Saanich Peninsula Water Commission (SPWC) consists of 11 appointed members, including
 - Each participant's regional directors (3)
 - An additional appointed council representative (3)
 - A public representative from each community (3)
 - One First Nation representative, and
 - One agricultural representative
- Commission meets bi-monthly on the third Thursday of the month
- SPWC provides recommendations on bylaws, budgets (operating and capital), and other water system considerations

Governance Overview

- As part of Regional Water System transfer in 1997, a series of bodies were established to help govern the new service, including:
 - Regional Water Supply Commission – for overall regional water system
 - Juan de Fuca Water Distribution Commission – for supply/distribution of potable water to the Western Communities
 - Water Advisory Committee – public advisory committee comprised of reps from First Nations, environmental, other organizations, and residents/ratepayers
- Regional Water Supply Commission (RWSC) is comprised of 22 members, all elected officials from their respective communities
- Amalgamation would see the SPWC fold into the RWSC, with potential size increase to be determined

Initial Analysis and Observations

OPERATIONS

- Work with IWS staff to determine operational/administrative efficiencies in amalgamating Saanich Peninsula Water with Regional Water Services
- Consider potential impacts to Gulf Islands Water operations (currently operated jointly with Saanich Peninsula Water operations)
- Review Saanich Peninsula water system works which have regional benefits, in support of amalgamation considerations
- Ensure that identified 5-year capital projects for Saanich Peninsula maintain same priority within a larger Regional Water capital program

Initial Analysis and Observations

FINANCIAL

- Amalgamation will provide potential additional funding for 3 municipal partners, based on the current difference between the bulk water rate and wholesale rate
- Amount of potential funding will be determined by finalizing regional/sub-regional infrastructure components
- Additional operating expenditures (~\$2.6M) will be borne by the Regional Water service – working with Finance to determine potential impacts
- Debenture obligations to be further analyzed, with potential options to be considered regarding timing of amalgamation

Initial Analysis and Observations

GOVERNANCE

- 11-member SPWC would dissolve and folded into 22-member (current) RWSC – additional members to be determined (Sidney, Central Saanich, North Saanich)
- Non-elected representation currently on SPWC would be lost, could be added to Regional Water Advisory Committee
- Future decision-making would be addressed at a more regional level – loss of control vs. one region, one water supply system
- Bylaws would need to be reviewed and updated as appropriate

Next Steps

- Continue to work with CRD staff to refine operations, finance and governance/administration considerations – Oct/Nov 2024
- Prepare Draft Report – Dec 2024
- Present to Saanich Peninsula Water Commission and Regional Water Supply Commission – Jan/Feb 2025

Questions? / Discussion?

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Thank you!

