

**REPORT TO SAANICH PENINSULA WATER COMMISSION
MEETING OF THURSDAY, JANUARY 18, 2024**

SUBJECT **Saanich Peninsula Water Commission Amalgamation with the Regional Water Supply Commission – Feasibility Study**

ISSUE SUMMARY

To inform the Saanich Peninsula Water Commission of a referral motion from the District of Central Saanich and to seek direction.

BACKGROUND

At its meeting of November 14, 2023, the District of Central Saanich Council approved the following referral motion:

That the Saanich Peninsula Water Commission investigate the possibility of amalgamation with the Regional Water Supply Commission.

In the late 1970s, the Capital Regional District was directed to establish a Saanich Peninsula Water Service to take on the water supply and expansion role previously undertaken by the Brentwood Waterworks District, Deep Cove Waterworks District, and the Sidney Waterworks District. The purpose of the service was to undertake the function of water supply, including obtaining land, rights of way, and facilities for doing so.

Votes are not weighted, and are conducted as one-member, one-vote. Membership is made up of each participant's regional directors, an additional council representative, and a public representative, along with a single First Nation representative and a single agricultural organization representative.

In the late 1990s, subsequent to the creation of the Saanich Peninsula Water Commission, the Regional Water System was created and the Province passed the Capital Region and Sooke Hills Protection Act, *SBC 1997, c 5* ("CRSHPA"), and its regulation, to transfer the management of the watershed and lands to the Capital Regional District (CRD).

Three governance bodies were created:

- The Regional Water Supply Commission, now operated by commission Bylaw No. 2539, "Regional Water Supply Commission Bylaw No. 1, 1997",
- The Water Advisory Committee, whose basic membership is set by the CRSHPA and its terms of reference, and
- The Juan de Fuca Water Distribution Commission, now operated by commission Bylaw No. 2540, "Juan de Fuca Water Distribution Commission Bylaw No. 1, 1997".

The CRSHPA gave the management of the water quality, system planning, and bulk delivery to the Regional Water Supply Commission, and created a separate Western Communities system expansion and service delivery function to be managed by the Juan de Fuca Water Distribution Commission.

The Regional Water Supply Commission is a delegated, administrative commission, responsible for major decisions relating to the service. Its voting is weighted in accordance with the weighted voting in the *Local Government Act*. Administration and operation decisions as well as contracts and property decisions are weighted, with other decisions unweighted. This mirrors the Board's weighted voting requirements.

Membership of the Commission is made up based on council appointments equal to the number of directors that participant has on the regional board, and the Juan de Fuca Electoral Area Director. There are no public members, First Nation, or agricultural members on the Commission, however, the advisory committee includes representation for First Nations and agricultural members.

The Regional Water Supply system includes a 130-kilometer transmission system which moves water from the treatment facilities to each of the individually run distribution systems. In the case of the Saanich Peninsula, the Regional Water Supply supplies bulk water to Saanich Peninsula Water which in turn supplies water to the individual municipal and First Nations distribution systems. Currently, Saanich Peninsula Water System is operated as an extension of the Regional Water System, providing a similar service to the Regional Water Transmission division, and sharing common operating procedures and emergency response and preparedness systems.

Though the infrastructure could be operated as a continuous water system, the current governance structure has created a delineation between the two-systems. This structure allows greater autonomy to the Saanich Peninsula communities to define their own service level expectations but also may limit the opportunities for operational efficiencies. By amalgamating the two systems there is potential for increased operational efficiencies, elimination of administrative burden, and improved redundancy and resiliency of the system.

ALTERNATIVES

Alternative 1

1. That staff be directed to undertake a feasibility study to explore the implications of amalgamating the Saanich Peninsula Water Commission with the Regional Water Supply Commission; and,
2. That this report be referred to the Regional Water Supply Commission for information.

Alternative 2

That staff be directed to seek the endorsement of proceeding with a feasibility study from the District of Central Saanich, the District of North Saanich and the Town of Sidney and report back to the Commission.

IMPLICATIONS

Service Delivery Implications

The CRD would engage a third party to consider both the implication of the amalgamation to the Saanich Peninsula Water Commission municipal participants, as well as the Regional Water Supply Commission. The scope of the study would consider such aspects as:

- The conversion of the Saanich Peninsula letters patent.
- How the existing infrastructure and liabilities would be valued and transferred.

- Membership, representation and voting on the Regional Water Supply Commission, as well as implications to the membership at the Water Advisory Commission.
- Potential limitations on First Nations membership, representation and voting rights at the Regional Water Supply Commission.
- Review of operational efficiencies related to staffing, technology systems and procedures.
- The role of First Nations and how they would like to be involved in decision-making.
- Streamlining of Water Rate structure and Development Cost Charge programs.
- Recommendations on steps and timing of transition to minimize impacts.

Currently, the Saanich Peninsula Water Supply service has no outstanding debt obligations. However, with the 2024-2028 Capital Plan requiring the issuance of new debt the study will be timed to return recommendations before future obligations are incurred.

It is estimated this study would cost approximately \$40,000 and be funded through the current operating budget with no amendments to approved rates. It is expected the study will take approximately six months to complete from the time of initiation.

Intergovernmental Implications

Upon completion of the study the findings would be presented to the Saanich Peninsula Water Commission. The Saanich Peninsula Water Service could be amended by two-thirds participant consent and Inspector of Municipalities approval. Conversion from Letters Patent requires service participants to consent to any change by two-thirds consent. This would also be done by municipal consent on behalf.

The Regional Water Service already includes the three Saanich Peninsula participants but may require an amendment to identify that it is not merely bulk supply but now also undertaking distribution to those communities. Any amendments to the Regional Water Supply Service Establishing Bylaw would require Regional Board approval, consent of the participants and Inspector of Municipalities. The typical process for municipal consent takes two months, with eight to 12 weeks for Provincial review once a bylaw is passed.

Change to commission bylaws may be done by the CRD Board with three readings and adoption at a regular meeting. No ministerial or participant approval is required.

CONCLUSION

Further to the November 14, 2023 referral motion from the District of Central Saanich Council, staff have reviewed the original rationale for the creation of the Saanich Peninsula Water Service and the scope of the Regional Water Supply Service. Staff have found that there may be an unnecessary layer of governance which was required in 1976, prior to the creation of the Regional Water Supply Service that could be eliminated with potentially no impact to the level of services and with improved efficiencies for the users.

RECOMMENDATION

1. That staff be directed to undertake a feasibility study to explore the implications of amalgamating the Saanich Peninsula Water Commission with the Regional Water Supply Commission; and,

2. That this report be referred to the Regional Water Supply Commission for information.

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ATTACHMENT(S)

Appendix A: Supplementary Letters Patent