

## ADMINISTRATIVE REPORT

**TO:** Board of Directors

**FROM:** J. Zaffino, Chief Administrative Officer

**DATE:** July 3, 2025

**RE:** **Skaha Estates Improvement District Conversion Process Approval**

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### **Administrative Recommendation:**

THAT the Regional District approve the acquisition of the services provided by Skaha Estates Improvement District and requests the BC Ministry of Housing and Municipal Affairs to proceed with the process for converting the Skaha Estates Improvement District into Regional District services on January 1, 2026; and

THAT the Regional District provide operational services to the SEID as a contractor beginning in September 2025 until December 31, 2025 with the preparation of a suitable operating agreement.

### **Purpose:**

To approve the acquisition of the SEID and request the province move forward with the conversion to RDOS services.

### **Strategic Priorities:**

5.3 Provide Infrastructure

### **Background & Analysis:**

In July 2023, the Regional District received a letter from Skaha Estates Improvement District (SEID) requesting the Regional District to consider acquisition of the SEID water system. These utilities are in Electoral Area "D" on the east side of Skaha Lake. The SEID water system services 193 parcels (22 vacant lots) with two pumping stations and two reservoirs. Water is sourced from Skaha Lake.

The SEID provided a signed resolution agreeing to dissolve the SEID and transfer all assets to the Regional District on a suitable date. The SEID also lists a park service on their letters patent.

On October 19, 2023, the Board endorsed the initiation of due diligence for evaluating the water system as per the Utility Acquisition Policy. The SEID had already initiated an engineering assessment as per requirements in their permit to operate the water system. Some additional items were added to meet all the acquisition assessment requirements.

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The engineering report completed by TRUE Consulting was presented to the Committee on December 5, 2024, and indicated that SEID is having similar issues as many other small utilities including aging infrastructure, increasing regulations and high costs of upgrades.

The report identified several system capacity and performance deficiencies including insufficient water treatment and inadequate system redundancy. All these deficiencies were analyzed, and a capital plan was proposed for the next six years totaling about \$8.0M. An additional \$7-8M was proposed for a water treatment plant.

On May 31, 2025, SEID held a vote asking the system users about the conversion of service to the RDOS for the water system and the park. The vote results were 101 in favour and 63 opposed to conversion. Additionally, a borrowing bylaw of \$15.5 million was approved for the identified upgrades in the engineering assessment report.

Confirmation has been received that Bylaw #141 - Skaha Estates Improvement District Water Quality Enhancement Borrowing Bylaw has been approved and registered by the province. This bylaw will be transferred to the RDOS upon conversion providing the ability to borrow funds for upgrades.

#### RDOS Resolution

The SEID Board of Trustees passed a final resolution on June 11, 2025 approving the conversion and all the assets of the SEID to the RDOS. To proceed with the conversion, the RDOS Board needs to pass a resolution approving the acquisition of the SEID following an Order in Council that will dissolve the improvement district and transfer all assets to the RDOS.

#### Transition Planning and Staffing Requirements

Transition planning for the water system conversion to the RDOS has started and key steps are moving forward. Various bylaws, such as the service establishment and reserve creation bylaws, will be coming forward this fall in preparation for the January 1, 2026 ownership transfer.

One of the first key items for transition is determination of the staffing resources required and ensure they are in place upon transition. The equipment and staff positions have been determined in conjunction with the acquisition of the Vintage Views Wastewater and Lakeshore Waterworks systems.

The required staffing for the 3 new utility systems is summarized in the following table. The FTE request forms are included as an attachment to the subsequent board report on Vintage Views and Lakeshore Waterworks acquisition.

This board report includes mentioning the staff and resources necessary as the Board approves proceeding with acquisition. The FTE information has been briefly added here to ensure the details can be reviewed by the board as part of the consideration for the SEID acquisition approval.

### Early Operations of SEID

The Trustees of SEID have recently been given notice by their current contractor that their last day will be September 9, 2025. In efforts to learn about the water system from the current operator, the Regional District is proposing to take on contracted operations by the SEID until the official turnover date on January 1, 2026. A suitable operating agreement will be prepared and executed between the Regional District and SEID upon endorsement by the Board.

### FTE Resources and Equipment

When Required	Position	2025 Expense (with labour load + typical expenses)	2026 Expense (with labour load + typical expenses)	Truck costs – be amortized over 5 years
<b>August 2025</b>	Public Works Clerk	\$36,015	\$85,065	none
<b>August 2025</b>	System Operator II - Water	\$38,785	\$110,940	\$72,000 (\$14,400 x 5yr)
<b>August 2025</b>	System Operator II - Wastewater	\$38,785	\$110,940	\$72,000 (\$14,400 x 5yr)
<b>September 2025</b>	Engineering Technologist I	\$42,137	\$119,114	none
<b>January 2026</b>	Environmental Technician	N/A	\$123,038	\$72,000 (\$14,400 x 5yr)
<b>January 2026</b>	Project Coordinator	N/A	\$106,080	none
<b>January 2026</b>	Maintenance Worker (0.35 FTE)	N/A	\$34,115	\$72,000 (\$14,400 x 5yr)
<b>Standby and Callouts</b>		\$5,000	\$25,000	
<b>Other Depts Staff Wages</b>		\$8,000	\$43,000	
<b>TOTAL COST</b>		<b>Wages in 2025: \$168,722</b>	<b>Wages in 2026: \$747,798</b>	<b>Vehicles: \$287,900</b>

### Financial Implications:

Financial implications have been considered, and draft budgets have been prepared for the utility. The acquisition of the Skaha Estates water system along with the Vintage Views Wastewater and Lakeshore Waterworks systems require additional Public Works staff. This water system, like all the other utilities owned and operated by the RDOS, is solely paid for by the users of the service.

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**Communication Strategy:**

As information becomes available for residents and as the transition progresses, information will be posted on the RDOS web and social media channels, sent to local media via email, published on a dedicated project page on the RDOS Regional Connections interactive website, and distributed via Voyent Alert! notifications. Posters will be prepared and made available for display on social media and community noticeboards as required. A newsletter is proposed at the time ownership transfers to the RDOS to all the customers.

**Alternatives:**

The Board could reject the acquisition of the Skaha Estates water system and provide new direction to staff.

Will a PowerPoint presentation be presented at the meeting?      No

**Respectfully submitted:**

Liisa Bloomfield

L. Bloomfield, Senior Manager of Public Works

**Endorsed by:**

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A. Fillion, Managing Director, Development and Infrastructure Services