



Notice of Meeting and Meeting Agenda Cedar Lane Water Service Commission

Tuesday, September 29, 2026

10:00 AM

SIMS Boardroom
124 Rainbow Road
Salt Spring Island BC

Budget

[MS Teams Meeting Streaming Link](#)

T. Boulter, G. Davies, M. Hobbs, G. Holman (Director), D. Laister

The Capital Regional District strives to be a place where inclusion is paramount and all people are treated with dignity. We Pledge to make our meetings a place where all feel welcome and respected.

1. Territorial Acknowledgement

2. Approval of Agenda

3. Adoption of Minutes

3.1. [26-1013](#) Minutes of October 24, 2025 Cedar Lane Water Service Commission

Recommendation: That the minutes of the October 24, 2025 meeting be adopted as circulated.

Attachments: [Minutes: October 24, 2025](#)

4. Presentations/Delegations

Delegations will have the option to participate electronically. Please complete the online application for "Addressing the Cedar Lane Water Service Commission" on our website and staff will respond with details. Requests must be received no later than 4:30 p.m. two calendar days prior to the meeting.

5. Commission Business

5.1. [26-1014](#) Ratepayer Communication Regarding Annual Billing Rate

Recommendation: That the Cedar Lane Water Service Commission direct staff to include an explanation of rate increase and main cost drivers with quarter one billing to ratepayers.

Attachments: [Staff Report: Ratepayer Communication Regarding Annual Billing Rate](#)
[Appendix A: 2026 Cedar Lane Water Rates](#)

5.2. [26-1061](#) Asset Replacement Report Card

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

Attachments: [Staff Report: Asset Replacement Report Card](#)
[Appendix A: Asset Replacement Report Card- 2026 Cedar Lane Water Service](#)

5.3. [26-1015](#) 2027 Operating and Capital Budget

Recommendation: That the Cedar Lane Water Services Commission recommend that the Electoral Areas Committee recommend that the CRD Board approve the 2027 Operating and Capital Budget and the Five-Year Financial Plan for the Cedar Lane Water Service as presented.

Attachments: [Staff Report: 2027 Operating and Capital Budget](#)
[Appendix A: 2027 Budget Cedar Lane Water Service Budget](#)

6. Adjournment

Next Meeting:

-TBD

Meeting Minutes - Draft

Cedar Lane Water Service Commission

Friday, October 24, 2025

10:00 AM

SIMS Boardroom
124 Rainbow Road
Salt Spring Island BC

Budget

PRESENT:

COMMISSION MEMBERS: G. Holman, T. Boulter, M. Hobbs

STAFF: S. Henderson, General Manager, Electoral Area Services; D. Ovington, Senior Manager, SSI Administration; J. Starke, Senior Manager, SGI Administration; J. Bilodeau, Manager, Local Services Water and Wastewater Ops.; C. Hopp, Manager SSI Engineering, SSI Administration; L. Xu, Manager, Local Area Services, Finance Services; K. Vincent, Senior Financial Advisor, Finance Services (EP); A. Elliyoona, Financial Analyst, Finance Services (EP); and M. Williamson, Committee Clerk, (Recorder)

Electronic Participation- (EP)

These minutes follow the order of the agenda although the sequence may have varied.

The meeting was called to order at 10:01 am.

1. Territorial Acknowledgement

Commissioner Boulter provided a Territorial Acknowledgement.

2. Approval of Agenda

MOVED By Director Holman, **SECONDED** by Commissioner Hobbs,
That agenda for the October 24, 2025, Budget Meeting of the Cedar Lane Water
Services Commission be approved as amended with the addition of agenda item
4.2. Alternative Water Supply.
CARRIED

3. Adoption of Minutes

3.1. Minutes of October 16, 2024 Cedar Lane Water Service Commission

MOVED By Director Holman **SECONDED** by Commissioner Hobbs,
That the minutes of the October 16, 2024 meeting be adopted as circulated.
CARRIED

4. New Business

4.1. 2026 Operating and Capital Budget

MOVED by Commissioner Boutler **SECONDED** by Commissioner Hobbs,
That the Cedar Lane Water Services Commission recommend that the Electoral
Areas Committee recommend that the CRD Board approve the 2026 Operating
and Capital Budget and the Five-Year Financial Plan for the Cedar Lane Water
Service as presented.

DEFEATED

MOVED by Director Holman, **SECONDED** by Commissioner Hobbs,
That the Cedar Lane Water Service Commission direct staff to amend the 2.628
Cedar Lane Water (SSI) 2026-2030 Five Year Capital Plan to increase the debt
funding for Project 21-06 "WTP Manganese Treatment construction/ chorine
exhaust" from \$150,000 to \$190,000 and the Project 26-02 "WTP provide spare
pressure pump and sub-drive unit" be deferred from 2026 until 2027.

CARRIED

MOVED by Director Holman, **SECONDED** by Commissioner Hobbs,
That the Cedar Lane Water Services Commission recommend that the Electoral
Areas Committee recommend that the CRD Board approve the 2026 Operating
and Capital Budget and the Five-Year Financial Plan for the Cedar Lane Water
Service with specific direction on amendments.

CARRIED

4.2. Alternative Water Supply

Discussion ensued regarding the Kangro property development well.

5. Adjournment

MOVED by Commissioner Hobbs, **SECONDED** by Commissioner Boulter,
That the Cedar Lane Water Service Commission adjourn the meeting at 11:24
am.

CARRIED

CHAIR

SENIOR MANAGER



Making a difference...together

REPORT TO CEDAR LANE WATER SERVICE COMMISSION MEETING OF TUESDAY, SEPTEMBER 29, 2026

SUBJECT Ratepayer Communication Regarding Annual Billing Rates

ISSUE SUMMARY

This report responds to the request for ways to improve communication of annual rates with ratepayers of the Cedar Lane Water Service.

BACKGROUND

The Cedar Lane Water Service currently communicates with ratepayers through quarterly billing notices, annual rate notices, public Commission meetings, annual reports, service alerts, and information posted on the Capital Regional District (CRD) website. Financial information is also provided through the annual budget process, annual reporting, and project-specific reports presented at public Commission meetings. These communication practices are consistent with the level of reporting provided across other Salt Spring Island CRD utility services.

Staff have heard from a number of Salt Spring Island CRD water commissions that there is interest in increased communication regarding utility rate increases and the factors driving those increases. While the current reporting framework provides information through budgets, annual reports, public meetings and the Cedar Lane water service webpage, there may be opportunities to improve ratepayer understanding through enhanced communication materials that explain major cost drivers, capital investment requirements, and financial planning considerations associated with annual rate adjustments.

Billing rates are typically presented to the Commission in the fall and approved by the CRD Board in December with new rates coming into effect January 1 of the following year. Parcel tax, which is subject to change, receives final approval by the CRD Board in March and is billed through the annual property tax. These updated rates are posted on the CRD website (Appendix A) but do not include an explanation of the cost drivers or capital investment requirements.

ALTERNATIVES

Alternative 1

That the Cedar Lane Water Service Commission direct staff to include an explanation of rate increase and main cost drivers with quarter one billing to ratepayers.

Alternative 2

That the Cedar Lane Water Service Commission direct staff to include an explanation of rate increase and main cost drivers with quarter one billing to ratepayers and advertise the annual budget meeting online and through notices mailed to each household in the service area and increase future advertising of budgets accordingly.

Alternative 3

That the Cedar Lane Water Service Commission refer the report back to staff for additional consideration.

IMPLICATIONS

Financial Implications

Current communication tools provide ratepayers with access to service, financial and governance information through a variety of established channels. Opportunities to expand awareness of annual budget discussions and improve understanding of utility rates and parcel taxes are available, although may result in additional costs to the service.

Potential enhancements include:

- Advertising annual budget meetings on the Salt Spring Exchange, similar to the current practice for the Annual General Meeting (AGM).
- Providing mailed notices to ratepayers advising them of upcoming budget meetings and opportunities for public participation, similar to the current practice for the AGM.
- Including an explanation of annual costs per resident and major budget drivers with first-quarter paper billing notices.
- Including the same information as an attachment or link within the electronic billing.

The cost to advertise annual budget meetings is estimated at approximately \$50 per notice in the Salt Spring Exchange. Direct mail notifications would cost approximately \$3 per household for printing and postage and would result in an additional operating expense to the service each year.

There would be no significant additional cost associated with including an “explanation” of annual costs including rate increases and major budget drivers with first-quarter paper or electronic billing notices as staff already prepare an explanation of annual costs that is then posted on the website.

Advertising AGM meeting dates by written notice at least 30 days prior to the date of the AGM is a requirement of the Committees Bylaw #3693. Advertising budget meetings is not a requirement.

CONCLUSION

The Cedar Lane Water Service currently provides ratepayers with information through a variety of established communication channels. Opportunities exist to improve awareness of annual rate changes and budget drivers through enhanced communication materials and promotion of budget meetings. Several options could be implemented through existing billing processes with minimal additional cost, while others would require additional funding to support an increased level of service.

RECOMMENDATION

That the Cedar Lane Water Service Commission direct staff to include an explanation of rate increase and main cost drivers with quarter one billing to ratepayers.

Submitted by:	Dan Ovington, BBA, Senior Manager, Salt Spring Island Administration
Concurrence:	Stephen Henderson, MBA, P.G.Dip.Eng, BSc, General Manager, Electoral Area Services

ATTACHMENT

Appendix A: 2026 Cedar Lane Water Rates

2026 Water Rates

Cedar Lane Water Service Area

Appendix A



Capital Regional District | Effective January 1, 2026

Explanation of annual costs per resident

- The Capital Regional District bills Salt Spring Island residents on a quarterly cycle.
- The total annual Fixed Use Charge is divided into quarterly payments and is based on a single-family dwelling unit or equivalent.
- The Water Consumption Charge is based on your metered use each quarter and billed accordingly.
- The Parcel Tax is an annual fee and will appear separately on your property tax bills.

	2025	2026
FIXED USE CHARGE		
	\$418.35/ quarter (\$1,673.38 total annual)	\$439.30/ quarter (\$1,757.18 total annual)
WATER CONSUMPTION CHARGE		
0 to 30 m ³	\$2.50	\$2.50
30 m ³ to 61 m ³	\$9.00	\$9.00
Over 61 m ³	\$25.00	\$25.00
PARCEL TAX		
(appears on property tax bill)	\$543.80	\$689.81

Note: 1 cubic metre (1 m³) = 1,000 litres = 220 imperial gallons

Additional information

- Watch for a notice of meeting date for the Cedar Lane Water Service Annual General Meeting in the spring of 2026.
- 2026 Parcel Tax, which is subject to change, is based on the CRD's Financial Plan. The Financial Plan, with possible revisions, will receive final approval by the CRD Board in March of 2026.
- Payment is due within 30 days of issuing the water bill. A late payment charge of 1.5% will be added after the billing due date

For more information on your water service, including water conservation tips, visit www.crd.ca/cedarlane-ws.

Report water emergencies toll free at 1.855.822.4426. Billing questions toll free at 1.800.663.4425 (ask for utility billing).

**REPORT TO CEDAR LANE WATER SERVICE
MEETING OF TUESDAY, SEPTEMBER 29, 2026**

SUBJECT Asset Replacement Report Card

ISSUE SUMMARY

The purpose of this report is to provide the Cedar Lane Water Service Commission with an asset replacement report card for the Cedar Lane Water Service System.

BACKGROUND

The Capital Regional District (CRD) has prepared Asset Replacement Report Cards for a number of local utilities including the Cedar Lane Water Service System located on Salt Spring Island. Asset Replacement Report Cards are prepared to support long-term asset management and financial planning. The reports provide a snapshot of asset condition based on age, expected service life and replacement value. This information will assist CRD staff in identifying future infrastructure renewal requirements and developing sustainable funding strategies. As well as the commissioners to understand how their short term decisions are part of a long term plan.

An asset register was prepared for each service using the inventory of all existing assets from the CRD's maintenance management and geographic information systems. Newly constructed assets and assets under construction are included in the asset register. The asset inventory and asset conditions were verified by site visits and discussions with system operators.

The Cedar Lane Water Service includes:

- 1.8 km of distribution mains
- 2 pump stations
- 1 storage tank
- 2 wells

IMPLICATIONS

Financial Implications

The service has a total asset inventory of 132 assets and a replacement values of approximately \$4 million. The overall service condition is good with no immediate financial implications associated with the report, however the report identifies:

- Approximately \$248,000 in backlog renewals
- Approximately \$3 million in asset replacement needs over the next 40 years
- An average annual capital renewal requirement of approximately \$86,000 if grants cannot be accessed.

CONCLUSION

The Asset Replacement Report Card indicates that the Cedar Lane Water Service is in good overall condition. The report highlights the need for ongoing asset renewal planning to address aging infrastructure and support long-term service reliability. The findings will help inform future budgeting, reserve funding, and capital investment decisions for the service.

RECOMMENDATION

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

Submitted by:	Carolyn Hopp, P.Eng., Manager Engineering, Salt Spring Electoral Area
Concurrence:	Dan Ovington, BBA, Senior Manager, Salt Spring Island Administration
Concurrence:	Stephen Henderson, MBA, P.G.Dip.Eng, BSc, General Manager, Electoral Area Services

ATTACHMENT

Appendix A: Asset Replacement Report Card- 2026 Cedar Lane Water Service

Asset Replacement Report Card

2.628 Cedar Lane Water

Replacement Cost

\$4M

Service Condition

Good

Asset Count

132

Value/Property*

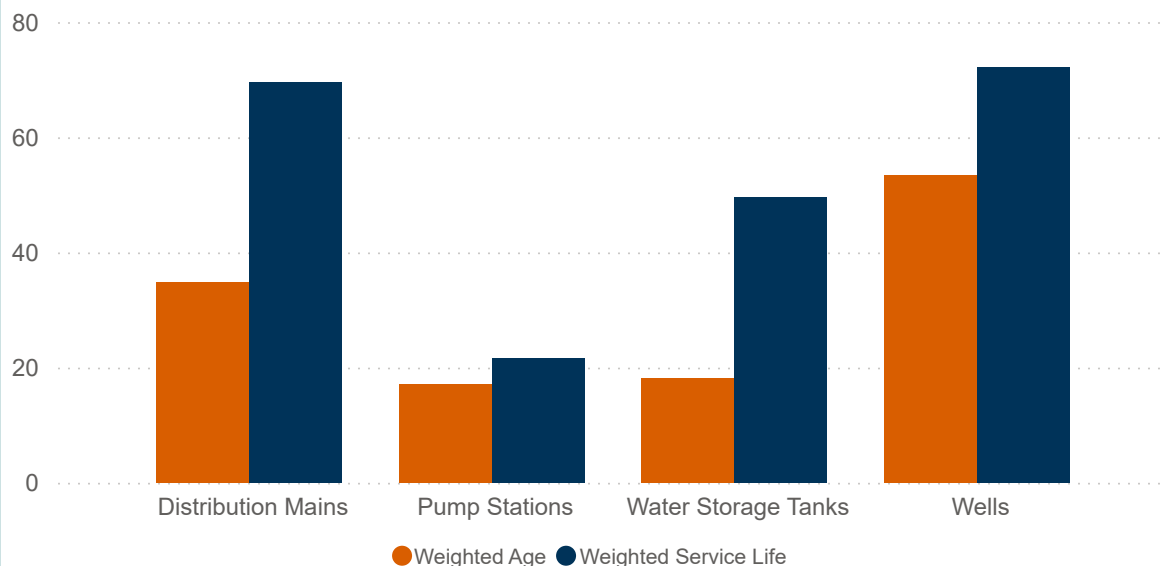
\$120K

Summary

Distribution Mains	1.8 km
Pump Stations	2
Water Storage Tanks	1
Wells	2

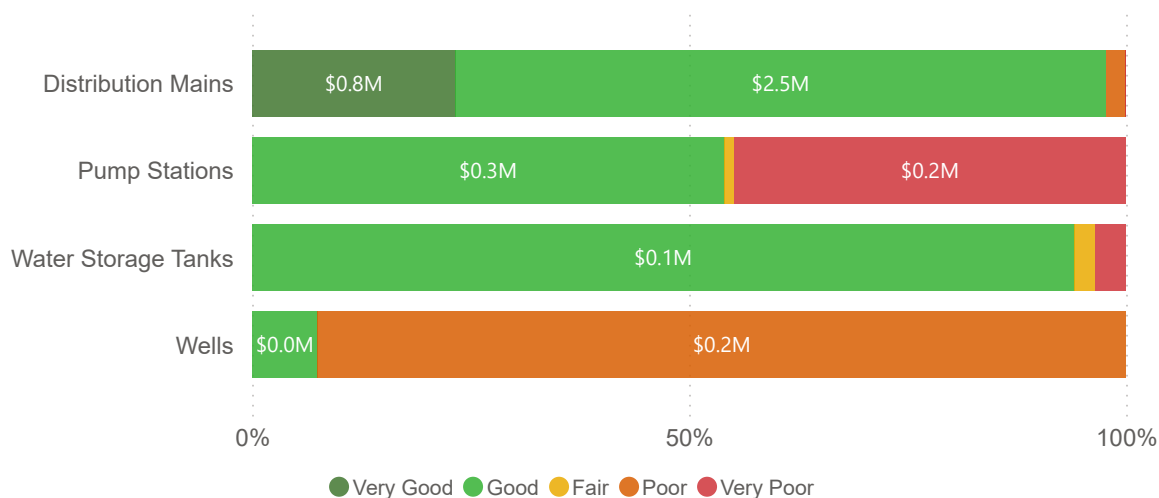
*Based on 36 properties

Asset Service Life



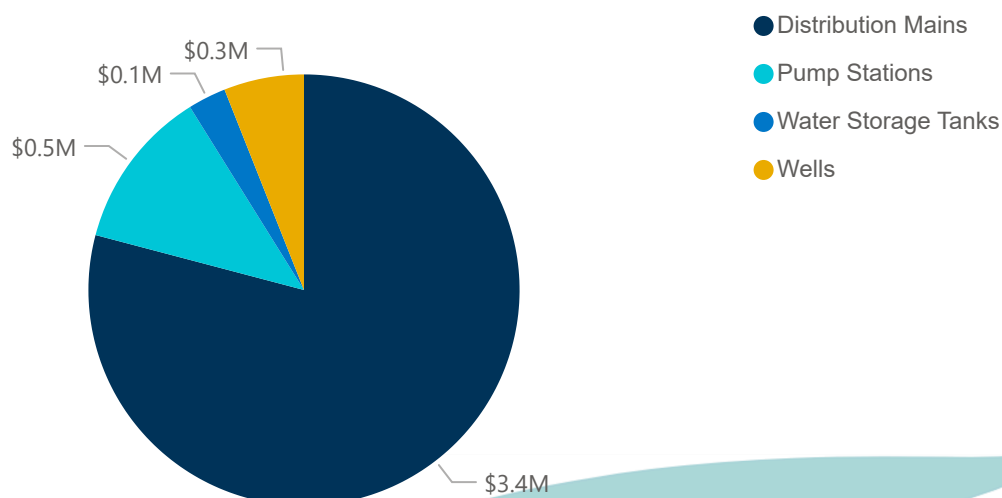
The Asset Service Life chart shows the average expected service life of each asset class in relation to the average age of the assets within the category. A weighted average is used based on replacement value.

Asset Condition by Category



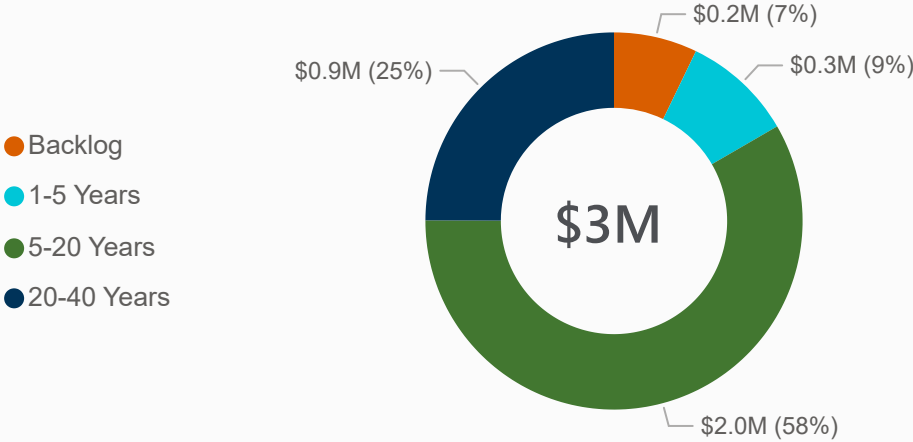
Overall condition rating of the asset categories is based on remaining expected service life. Replacement values are shown in relation to the condition rating.

Asset Replacement Cost by Category



Cedar Lane Water

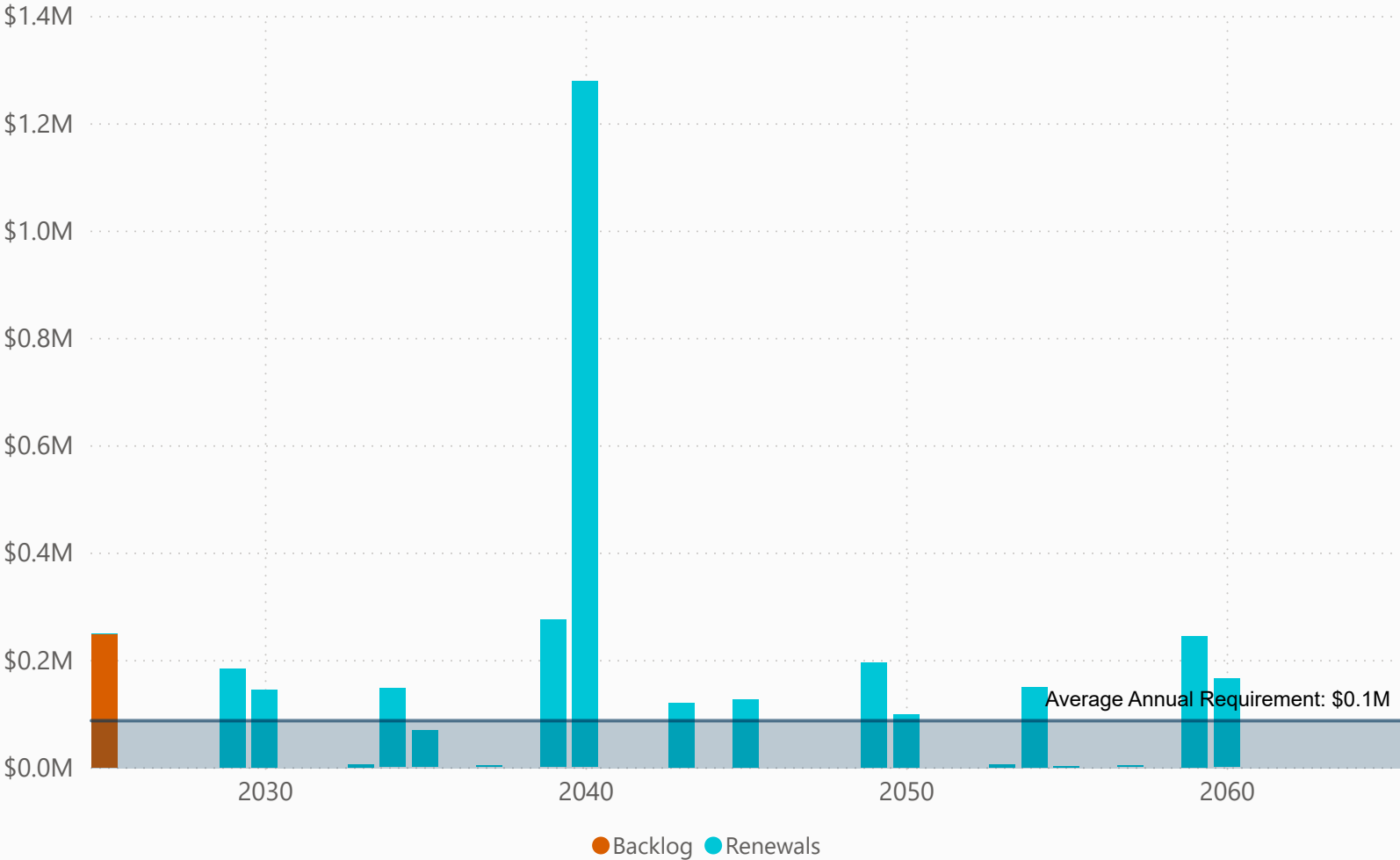
40-Year Asset Renewal Cost



In the next 40 years, it is estimated that \$3M in assets will need to be replaced (an average of \$86K per year)

Approximately \$1.3M of these replacements are for water mains. There are \$248K in assets identified as backlog; these are assets that have passed their expected service life and could be due for replacement or fail unexpectedly.

40-Year Capital Renewal Forecast



The capital renewal forecast is based on the expected service life of assets and their replacement cost (in 2025 dollars). Instances where an asset requires multiple replacements over the 40 year period are accounted for in the projection. Since backlog assets are beyond their expected service life, they may fail prior to renewal. Given the large renewal cost in some years, a replacement plan can 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 a high level overview and for budgeting and capital planning purposes in conjunction with other asset and financial planning processes.

**REPORT TO CEDAR LANE WATER SERVICE COMMISSION
MEETING OF TUESDAY, SEPTEMBER 29, 2026**

SUBJECT 2027 OPERATING AND CAPITAL BUDGET

ISSUE SUMMARY

To present the 2027 operating and capital budget for Commission review and recommendation for the approval of the Capital Regional District (CRD) Board and for inclusion in the CRD Five-Year Financial Plan, in accordance with Bylaw No 3693, "Salt Spring Island Water, Sewer and Liquid Waste Disposal Commissions Bylaw No. 1, 2010"

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 therefore, prepared the financial plan shown in Appendix A.

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 that could potentially lead to future capital improvements.

In preparing the Operating Budget, Staff considered:

1. Actual expenditures incurred between 2024 and 2026
2. Anticipated changes in level of service (if any)
3. Maximum allowable tax requisition
4. Annual cost per taxpayer and per SFE

Factors taken into consideration in the preparation of the Capital Expenditure Plan included:

1. Available funds on hand
2. Projects already in progress
3. Condition of existing assets and infrastructure
4. Regulatory, environmental and health and safety factors.

Adjustments for surpluses or deficits from 2026 may be made in January 2027. The CRD Board will give final approval to the budget and financial plan in March 2027.

The Financial Plan for the years 2028 – 2031 is forecasted and can be updated in future years.

BUDGET OVERVIEW

Operating Budget

It is projected that the 2026 operating expenses will be approximately \$6,170 under budget. The main factor contributing to the operating surplus was due to deferring the reservoir cleaning to 2027 coinciding with the manganese treatment upgrade. However, this was partially offset by unplanned costs for an emergency response in 2026 due to communications failures of the dialup internet connection and resulting upgrades to cellular communications for the SCADA system. This equipment was purchased under operating supplies and involved additional labour to monitor and deliver.

It is projected that the 2026 operating revenue will be \$9,800 under budget. This is due a reduced transfer from the Operating Reserve Fund because the reservoir cleaning was deferred to 2027.

As a result, there is an overall estimated operating deficit of approximately \$3,630 (\$6,170 - \$9,800). To balance the operating budget at the end of year, the actual surplus or deficit will be balanced with 2026 reserve fund transfers, namely the Capital Reserve Fund (CRF) and/or Operating Reserve Fund (ORF). In the event of the deficit cannot be fully recovered by reserve transfers in 2026, the deficit must immediately be included as expenditure to be recovered from revenue in 2027 financial plan as required by *Local Government Act* (LGA) Section 374(11).

Operating costs for 2027 (excluding one-time cyclical programs for reservoir cleaning and inspection funded by the ORF for \$20,000 which was planned in 2026 but deferred to 2027) has increased by \$13,201 (19.0%) compared to 2026. The increase is primarily due to estimated increased operations time and supplies for manganese treatment commissioning and core inflation and labour cost increases.

Municipal Finance Authority (MFA) Debt

After a successful petition obtaining public assent in 2026, ***Loan Authorization Bylaw 4747*** to borrow up to \$230,000 was approved and adopted to upgrade the Cedar Lane Water Service Manganese Treatment system and purchase of a spare pressure pump and drive unit.

The MFA issues long-term debt twice a year, in the spring and in the fall. To provide timely access to funding for the cashflow requirements of project delivery, short-term borrowing will be utilized and later be converted to the long-term debt issues.

The debt costs of \$20,912 budgeted in 2027 are only an estimate based on many variable assumptions including, but not limited to, cashflow projection, the timing of the temporary loan and its conversion to long-term debt, variable interest rates on the temporary loan, and indicative interest rates for the long-term issues. Actual debt costs are expected to stabilize over the next two or three years once the long-term issues are locked down with the actual interest rates and terms. The actual debt costs associated with the long-term issues will be presented in future reports once the information becomes available.

Operating Reserve Fund

Operating Reserve Fund (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. The target balance for the service is ranged from \$13,000 to \$31,000.

It is proposed that 2027 transfers to the operating reserve fund be set at \$9,000. The Operating Reserve Fund balance at the end of 2026 is projected to be approximately \$26,977. There is \$20,000 of planned maintenance to be funded by the Operating Reserve Fund over the next five years.

Capital Reserve Fund

The Capital Reserve Fund is to be used to pay for capital expenditures that are not funded by other sources such as grants, operating budget, or debt.

The reserve fund transfer planning is influenced by the funding required 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. The target balance for the service to be maintained is approximately \$77,000.

It is proposed that transfers to the Capital Reserve Fund be set at \$25,000 in 2027. The balance at the end of 2026 is projected to be approximately \$77,019.

Capital Expenditure Plan

The 5-year Capital Plan includes \$715,000 of expenditures to be funded from the Capital Reserve Fund (CRF), grants including Community Works Funds (CWF), capital funds on hand, and new debt.

Current capital projects that are already in progress and funded include completion of the WTP Manganese treatment construction (21-06). This upgrade will provide manganese removal at the water treatment plant and is mandated by Island Health.

For 2027, the new capital projects include:

1. Purchase of the WTP pressure pump and sub-drive (26-02) funded by up to \$40,000 debt
2. Updating the Asset Management Plan (27-01) funded by \$5000 reserve and \$20,000 grant and provides an important strategic planning tool
3. Installation of upgraded eyewash and shower (27-02) as required by OH&S funded by \$10,000 reserve
4. Installation of additional flowmeters (27-02) funded by \$10,000 reserve to provide more precise measurement and management

Upcoming projects in the capital plan for 2028 include necessary Well #1 building improvements and UV treatment system replacement. In 2029-2031 projects include phased AC pipe replacement, improvements to Well building #5, and back up power design.

Table 1 below provides the future debt servicing cost simulation for analytical purposes with the indicative interest rate provided by MFA at the time of simulation. The debt servicing is for *Power Generation Equipment Construction* project (30-02) for a total budget of \$265,000 with \$250,000 of debt funding planned. This project will be carried out upon receiving electoral consent which is

planned to be carried out in 2029 under project 28-03. Please refer to the 2027 – 2031 Five-Year Capital Plan for details on these projects.

Table 1 – Future New Debt (Unapproved) Simulation

<i>Future Borrowing(s) Estimation</i>	<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>
	25	2031	2056	4.90%	\$250,000	\$6,376	\$12,250	\$18,626
Total					\$250,000	\$6,376	\$12,250	\$18,626

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 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 \$18,626 equates to approximately \$503.40 cost per parcel.

Capital Projects Fund

As specific capital projects are approved, the funding revenues for them are transferred into this Capital Project Fund from multiple funding sources if applicable, including Capital Reserve Fund (CRF), grant funding, external contributions, and debt. Any funds remaining upon completion of a project will be transferred back to its original funding source(s).

User Charge and Parcel Tax

The service is funded by parcel tax, fixed user charges and variable water consumption charge. Properties connected to the water system pay the annual user charge and all properties within the local service area are responsible for the parcel tax. The 2027 water rate for consumption charge remains unchanged from 2026.

Table 2 below summarizes the 2027 over 2026 changes for parcel tax and user fee.

Table 2 – Parcel Tax and User Charge Summary

<i>Budget Year</i>	<i>Parcel Tax</i>	<i>Taxable Folios Numbers</i>	<i>Parcel Tax per Folio*</i>	<i>User Charge</i>	<i>SFE Numbers</i>	<i>User Charge per SFE</i>	<i>Total Parcel Tax & User Charge</i>
2026	\$24,250	37	\$689.81	\$68,530	39	\$1,757.18	\$2,446.99
2027	\$41,768	37	\$1,188.13	\$84,090	39	\$2,156.15	\$3,344.28
Change (\$)	\$17,518	0	\$498.32	\$15,560	0	\$398.97	\$897.29
Change (%)	72.24%	0.00%	72.24%	22.71%	0.00%	22.71%	36.67%

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

The 2027 fixed user charge per SFE and water rate for consumption charge based on the budget presented will be included in the fees and charges bylaw to be approved by the CRD Board to be effective as of January 2027.

ALTERNATIVES

Alternative 1

That the Cedar Lane Water Service Commission recommend that the Electoral Areas Committee recommend that the CRD Board approve the 2027 Operating and Capital Budget and the Five-Year Financial Plan for the Cedar Lane Water Service as presented.

Alternative 2

That the Cedar Lane Water Service Commission recommend that the Electoral Areas Committee recommend that the CRD Board approve the 2027 Operating and Capital Budget and the Five-Year Financial Plan for the Cedar Lane Water Service as amended with specific direction on amendments.

RECOMMENDATION

That the Cedar Lane Water Services Commission recommend that the Electoral Areas Committee recommend that the CRD Board approve the 2027 Operating and Capital Budget and the Five-Year Financial Plan for the Cedar Lane Water Service as presented.

Submitted by:	Dan Ovington, BBA , Senior Manager, Salt Spring Island Electoral Area
Concurrence:	Jason Dales, B.Sc, WD IV, Senior Manager, Infrastructure Operations
Concurrence:	Varinia Somosan, CPA, CGA, Sr. Mgr., Financial Services / Deputy CFO
Concurrence:	Stephen Henderson, MBA, P.G.Dip.Eng, BSc, General Manager, Electoral Area Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

Appendix A: [2027 Budget Cedar Lane Water Service Budget](#)

CAPITAL REGIONAL DISTRICT

2027 Budget

Cedar Lane Water (SSI)

Commission Review

SEPTEMBER 2026

Service: 2.628 Cedar Lane Water (SSI)

Committee: Electoral Areas

DEFINITION:

To provide and operate water supply and distribution facilities for the Salt Spring Island Cedar Lane Water Service Area.
Bylaw 3424 (Oct 10, 2007)

PARTICIPATION:

Local Service Area #31, P(764)

MAXIMUM LEVY:

Greater of \$54,000 or \$4.76/ \$1,000 of actual assessed value of land and improvements.

COMMISSION:

Cedar Lane Water Service Commission established by Bylaw 3505, Feb 13, 2008.

FUNDING:

Parcel Tax: Annual charge only on properties capable of being connected to the system.

User Charge: Annual Fixed Fee per single family dwelling unit or equivalent.
The consumption charge for water will be the total volume of water metered to the water service connections, measured in cubic meters at the following rate:

- First 30 cubic metres or portion - \$2.50 / cubic metre
- 31.0 to 60.0 cubic metres or portion - \$9.00 / cubic metre
- Greater than 61 cubic metres - \$25.00 / cubic metre

RESERVE FUND BYLAW:

Cedar Lane Water Service Capital Reserve Fund, Bylaw #3582 (Nov 12, 2008).
Cedar Lane Water Service Operating Reserve Fund, Bylaw #4144 (Dec 14, 2016).

2.628 - Cedar Lane Water (SSI)

	2026		BUDGET REQUEST				FUTURE PROJECTIONS			
	BOARD BUDGET	ESTIMATED ACTUAL	CORE BUDGET	ONGOING	ONE-TIME	TOTAL	2028	2029	2030	2031
<u>OPERATING COSTS</u>										
Contract for Services	2,250	1,000	2,250	-	-	2,250	2,300	2,350	2,400	2,450
Repairs & Maintenance	23,790	3,210	3,790	-	20,000	23,790	3,870	3,960	4,050	4,140
Allocations	6,389	6,389	7,895	-	-	7,895	8,051	8,214	8,379	8,546
Water Testing	3,506	3,506	4,161	-	-	4,161	4,270	4,383	4,497	4,614
Electricity	5,140	4,500	5,330	-	-	5,330	5,440	5,550	5,660	5,770
Supplies	1,740	11,263	2,040	-	-	2,040	2,070	2,110	2,150	2,190
Labour Charges	42,429	49,920	52,130	-	-	52,130	53,180	54,240	55,320	56,430
Other Operating Expenses	4,161	3,447	5,010	-	-	5,010	5,124	5,238	5,359	5,490
TOTAL OPERATING COSTS	89,405	83,235	82,606	-	20,000	102,606	84,305	86,045	87,815	89,630
*Percentage Increase over prior year			-7.6%		22.4%	14.8%	-17.8%	2.1%	2.1%	2.1%
<u>DEBT / RESERVES</u>										
Transfer to Capital Reserve Fund	22,855	19,225	25,000	-	-	25,000	48,535	73,025	88,845	95,530
Transfer to Operating Reserve Fund	8,000	8,000	9,000	-	-	9,000	10,000	10,000	5,000	5,000
MFA Debt Reserve Fund - Planned	1,900	1,900	400	-	-	400	-	-	-	2,500
MFA Debt Principal - Planned	-	-	9,920	-	-	9,920	12,008	12,008	12,008	12,008
MFA Debt Interest - Planned	2,280	2,280	10,592	-	-	10,592	10,905	10,905	10,905	13,968
TOTAL DEBT / RESERVES	35,035	31,405	54,912	-	-	54,912	81,448	105,938	116,758	129,006
TOTAL COSTS	124,440	114,640	137,518	-	20,000	157,518	165,753	191,983	204,573	218,636
*Percentage Increase over prior year			10.5%		16.1%	26.6%	5.2%	15.8%	6.6%	6.9%
<u>FUNDING SOURCES (REVENUE)</u>										
Transfers from Operations Reserve Fund	(20,000)	(10,000)	-	-	(20,000)	(20,000)	-	-	-	-
Sales - Water	(11,500)	(11,500)	(11,500)	-	-	(11,500)	(11,500)	(11,500)	(11,500)	(11,500)
User Charges	(68,530)	(68,530)	(84,090)	-	-	(84,090)	(105,110)	(126,130)	(136,220)	(143,030)
Other Revenue	(160)	(360)	(160)	-	-	(160)	(160)	(160)	(160)	(160)
TOTAL REVENUE	(100,190)	(90,390)	(95,750)	-	(20,000)	(115,750)	(116,770)	(137,790)	(147,880)	(154,690)
REQUISITION - PARCEL TAX	(24,250)	(24,250)	(41,768)	-	-	(41,768)	(48,983)	(54,193)	(56,693)	(63,946)
*Percentage increase over prior year										
Sales			0.0%			0.0%	0.0%	0.0%	0.0%	0.0%
User Charge			22.7%			22.7%	25.0%	20.0%	8.0%	5.0%
Requisition			72.2%			72.2%	17.3%	10.6%	4.6%	12.8%
Combined			31.7%			31.7%	20.6%	15.8%	6.6%	6.9%

Cedar Lane Water (SSI)
Reserve Summary Schedule
2027 - 2031 Financial Plan

Reserve/Fund Summary

	Estimated	Budget				
	2026	2027	2028	2029	2030	2031
Operating Reserve Fund	26,977	15,977	25,977	35,977	40,977	45,977
Capital Reserve Fund	77,019	77,019	70,554	23,579	62,424	67,954
Total	103,997	92,997	96,532	59,557	103,402	113,932

Reserve Schedule

Reserve Fund: 2.628 Cedar Lane Water (SSI) - Operating Reserve Fund - Bylaw 4144

Reserve fund used for: unforeseen operational repairs and maintenance; infrequent maintenance activities such as reservoir cleaning and inspection, hydrant maintenance and ground water well maintenance.

Reserve Cash Flow

Fund: Fund Centre:	1500 105208	Estimated	Budget				
		2026	2027	2028	2029	2030	2031
Beginning Balance		28,077	26,977	15,977	25,977	35,977	40,977
Transfer from Ops Budget		8,000	9,000	10,000	10,000	5,000	5,000
Expenditures		(10,000)	(20,000)	-	-	-	-
Planned Maintenance Activity		Cellular comms SCADA upgrades from dialup	Reservoir cleaning & inspection				
Interest Income*		900					
Ending Balance \$		26,977	15,977	25,977	35,977	40,977	45,977

Assumptions/Background:

* Interest in planning years nets against inflation which is not included.

Reserve Schedule

Reserve Fund: 2.628 Cedar Lane Water (SSI) - Capital Reserve Fund

Bylaw 3582

Reserve Cash Flow

Fund: Fund Centre:	1076 102020	Estimated	Budget				
		2026	2027	2028	2029	2030	2031
Beginning Balance		66,294	77,019	77,019	70,554	23,579	62,424
Transfer from Ops Budget		19,225	25,000	48,535	73,025	88,845	95,530
Transfer from Cap Fund		-					
Transfer to Cap Fund		(10,000)	(25,000)	(55,000)	(120,000)	(50,000)	(90,000)
Interest Income*		1,500					
Ending Balance \$		77,019	77,019	70,554	23,579	62,424	67,954

Assumptions/Background:

Transfer as much as operating budget will allow.

* Interest in planning years nets against inflation which is not included.

CAPITAL REGIONAL DISTRICT
FIVE YEAR CAPITAL EXPENDITURE PLAN SUMMARY - 2027 to 2031

Service No.	2.628	Carry						
	Cedar Lane Water (SSI)	Forward	2027	2028	2029	2030	2031	TOTAL
		from 2026						

EXPENDITURE

Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Engineered Structures	\$50,000	\$135,000	\$55,000	\$120,000	\$50,000	\$355,000	\$715,000
Vehicles	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$50,000	\$135,000	\$55,000	\$120,000	\$50,000	\$355,000	\$715,000

SOURCE OF FUNDS

Capital Funds on Hand	\$50,000	\$50,000	\$0	\$0	\$0	\$0	\$50,000
Debenture Debt (New Debt Only)	\$0	\$40,000	\$0	\$0	\$0	\$250,000	\$290,000
Equipment Replacement Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grants (Federal, Provincial)	\$0	\$20,000	\$0	\$0	\$0	\$15,000	\$35,000
Donations / Third Party Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Fund	\$0	\$25,000	\$55,000	\$120,000	\$50,000	\$90,000	\$340,000
	\$50,000	\$135,000	\$55,000	\$120,000	\$50,000	\$355,000	\$715,000

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

2027 - 2031

Service #: 2.628

Service Name: Cedar Lane Water (\$SI)

PROJECT DESCRIPTION				PROJECT BUDGET & SCHEDULE									
Project Number	Capital Expenditure Type	Capital Project Title	Capital Project Description	Total Project Budget	Asset Class	Funding Source	Carryforward	2027	2028	2029	2030	2031	5 - Year Total
21-06	New	WTP Manganese treatment construction / chlorine exhaust	Construct and install manganese removal system and exhaust in chlorine room. Includes construction management and CRD project management. -Debt approved in 2026	\$ 476,500	S	Cap	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
26-02	New	WTP provide spare pressure pump and sub-drive unit	WTP provide spare pressure pump and sub-drive unit. Includes CRD project management. -Debt approved in 2026	\$ 40,000	S	Debt	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000
28-02	New	Mansell Well #1 Building Remove structure and rebuild a useable structure to surround the well	Demolition of existing, design and construction of new well house structure. Includes hazard assessment and CRD project management.	\$ 90,000	S	Res	\$ -	\$ -	\$ 30,000	\$ 60,000	\$ -	\$ -	\$ 90,000
27-01	Study	Update Asset Management Plan	Update Asset Management Plan.	\$ 25,000	S	Grant	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000
27-01	Study	Update Asset Management Plan	CRD project management	\$ 5,000	S	Res	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000
29-02	New	Water Main AC replacement detailed design	Water Main AC replacement detailed design. Includes CRD project management.	\$ 40,000	S	Res	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ 40,000
30-01	New	Phased program of AC Water main replacement	Engineering and construction of replacement/renewal of failing water main for high priority areas (\$1000/m). Includes construction services and CRD project management.	\$ 100,000	S	Res		\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 100,000
29-01	New	Power generation equipment design	Design of back up power generation for WWTP and Pump stations.	\$ 20,000	S	Res	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000
30-02	New	Power generation equipment construction	Construction of back up power generation for WWTP and Pump stations. Includes construction, construction services and CRD project management.	\$ 265,000	S	Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000
30-02	New	Power generation equipment construction	Construction of back up power generation for WWTP and Pump stations. Includes construction, construction services and CRD project management.		S	Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ 15,000
28-03	Replacement	Replace UV system	Replace obsolete UV treatment equipment, includes installation and CRD project management	\$ 25,000	S	Res	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
27-02	New	Eyewash and Shower OH&S	Eyewash and Shower h/w incl electrical	\$ 10,000	S	Res	\$ -	\$ 10,000		\$ -	\$ -	\$ -	\$ 10,000
29-03	New	New Well #5 Building	Demolition of existing, design and construction of new well house structure. Includes hazard assessment and CRD project management.	\$ 20,000	S	Res	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000
27-04	New	Realtime flowmeters	Install flowmeters at each well for improved production monitoring	\$ 10,000	S	Res	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
28-03	New	Approval Process - Funding for Future Projects	Seek service area electors approval to fund projects. Public Engagement for Future Projects. Undertake a petition, referendum or AAP to borrow funds.	\$ 20,000	S	Res	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ 20,000
													\$ -
			GRAND TOTAL	\$ 1,141,500			\$ 50,000	\$ 135,000	\$ 55,000	\$ 120,000	\$ 50,000	\$ 355,000	\$ 715,000

Service: 2.628 Cedar Lane Water (SSI)

Project Number 21-06

Capital Project Title

WTP Manganese treatment construction / chlorine exhaust

Capital Project Description

Construct and install manganese removal system and exhaust in chlorine room. Includes construction management and CRD project management. -Debt approved in 2026

Project Rationale Construction and commissioning of manganese treatment system including chlorine exhaust.

Project Number 26-02

Capital Project Title

WTP provide spare pressure pump and sub-drive unit

Capital Project Description

WTP provide spare pressure pump and sub-drive unit. Includes CRD project management. -Debt approved in 2026

Project Rationale To provide spare pressure pump. This is a critical component of the WTP so it is prudent to have a spare on hand to ensure continuity of service.

Project Number 27-01

Capital Project Title

Update Asset Management Plan

Capital Project Description

Update Asset Management Plan.

Project Rationale Revise and update Asset Management Plan to include modification to WTP.

Project Number 27-02

Capital Project Title

Eyewash and Shower OH&S

Capital Project Description

Eyewash and Shower h/w incl electrical

Project Rationale To supply and install required eyewash/shower per OH&S and WCB

Project Number 27-04

Capital Project Title

Realtime flowmeters

Capital Project Description

Install flowmeters at each well for improved production monitoring

Project Rationale Installation of flowmeters to improve production monitoring. Equipment, electrical and programming

Service: 2.628 Cedar Lane Water (SSI)

Project Number 28-02

Capital Project Title Mansell Well #1 Building Remove structure and rebuild a useable structure to surround the well

Capital Project Description Demolition of existing, design and construction of new well house structure. Includes hazard assessment and CRD project management.

Project Rationale Current structure is deteriorating and is at the end of its useful life and requires replacement.

Project Number 28-03

Capital Project Title Replace UV system

Capital Project Description Replace obsolete UV treatment equipment, includes installation and CRD project management

Project Rationale Replacement of obsolete UV system

Project Number 29-01

Capital Project Title Power generation equipment design

Capital Project Description Design of back up power generation for WWTP and Pump stations.

Project Rationale Design and construction of back up power generation for WTP and pumps to maintain potable water service during power outages.

Project Number 29-02

Capital Project Title Water Main AC replacement detailed design

Capital Project Description Water Main AC replacement detailed design. Includes CRD project management.

Project Rationale Construction to replace the asbestos cement piping distribution system. All such piping systems need to be replaced on SSI.

Project Number 29-03

Capital Project Title New Well #5 Building

Capital Project Description Demolition of existing, design and construction of new well house structure. Includes hazard assessment and CRD project management.

Project Rationale Assess repair and/or replace aging well house

Service: 2.628 Cedar Lane Water (SSI)

Project Number 30-01

Capital Project Title Phased program of AC Water main replacement

Capital Project Description Engineering and construction of replacement/renewal of failing water main for high priority areas (\$1000/m). Includes construction services and CRD project management.

Project Rationale Design and replacement of high priority water main AC pipe. As recommended priorities per MacLhanney study.

Project Number 30-02

Capital Project Title Power generation equipment construction

Capital Project Description Construction of back up power generation for WWTP and Pump stations. Includes construction, construction services and CRD project management.

Project Rationale Construction of backup power at Cedar Lane WTP

2.628 Cedar Lane Water

Capital Projects

Updated Sep 02, 2026

Year	Project#	Capital Plan#	Status	Capital Project Description	Total Project Budget	Spending		Total Funding in Place
						Expenditure Actuals	Remaining Spending	
2021	CE.780.4501	21-06	Open	Manganese removal system and exhaust	476,500	88,434	388,066	286,500
2022	CE.780.4503	24-04	Close	Referendum or AAP	20,000	20,093	(93)	20,000
				Totals	496,500	108,527	387,973	306,500

Service: 2.628

Cedar Lane Water (SSI)

Committee: Electoral Areas

<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>
2023	37	\$460.82	39	\$1,417.95	\$1,878.77	4525
2024	37	\$506.91	39	\$1,559.79	\$2,066.70	4586
2025	37	\$543.80	39	\$1,673.38	\$2,217.18	4648
2026	37	\$689.81	39	\$1,757.18	\$2,446.99	4735
2027	37	\$1,188.13	39	\$2,156.15	\$3,344.28	

Change from 2026 to 2027

\$498.32
72.24%

\$398.97
22.71%

\$897.29
36.67%

* A variable consumption charge is paid in addition to the fixed user charge.

Cedar Lane Water Funding Analysis 2023 - 2027

