



Notice of Meeting and Meeting Agenda Fernwood and Highland Water Service Commission

Wednesday, October 14, 2026

1:00 PM

SIMS Boardroom
124 Rainbow Road
Salt Spring Island BC

Budget

[MS teams Meeting Streaming Link](#)

K. Harris, G. Holman (Director), G. Schroeder, L. Travelbea (Chair)

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 Acknowledgment

2. Approval of Agenda

3. Adoption of Minutes

- 3.1. [26-1072](#) Minutes of November 07, 2025 Fernwood and Highland Water Service Commission

Recommendation: That the minutes of the November 07, 2025 meeting be adopted as circulated.

Attachments: [Minutes: November 7, 2025](#)

4. Presentations/ Delegations

Delegations will have the option to participate electronically. Please complete the online application for "Addressing the Fernwood and Highland 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. [26-1073](#) Ratepayer Communication Regarding Annual Billing Rates

Recommendation: That the Fernwood and Highland 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 Rates](#)
[Appendix A: 2026 Highland and Fernwood Water Rates](#)

5.2. [26-1076](#) Financial Reporting Requirements

Recommendation: There is no recommendation, this report is for information only.

Attachments: [Staff Report: Financial Reporting Requirements](#)

5.3. [26-1075](#) 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 Fernwood and Highland W:](#)

5.4. [26-1077](#) 2027 Operating and Capital Budget

Recommendation: That the Fernwood and Highland Water Service Commission:

A. FERNWOOD AND HIGHLAND WATER SERVICE

1. 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 Fernwood and Highland Water Service as presented.

B. HIGHLAND WATER SERVICE

2. 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 Highland Water Service as presented.

C. FERNWOOD WATER SERVICE

3. Recommend that the Electoral Areas Committee recommend that the CRD Board approve the 2027 Operating Budget and the Five-Year Financial Plan for the Fernwood Water Service as presented.

Attachments: [Staff Report: 2027 Operating and Capital Budget](#)
[Appendix A: 2027 Budget Fernwood and Highland Water Service](#)
[Appendix B: 2027 Budget Highland Water Service](#)
[Appendix C: 2027 Budget Fernwood Water Service](#)

6. Adjournment

Next Meeting:

-TBD

Meeting Minutes - Draft

Fernwood and Highland Water Service Commission

Friday, November 7, 2025

10:00 AM

SIMS Boardroom
124 Rainbow Road
Salt Spring Island BC

Budget

PRESENT:

COMMISSION MEMBERS: G. Holman, K. Harris , L. Travelbea (EP)

STAFF: S. Henderson, General Manager, Electoral Area Services (EP); D. Ovington, Senior Manager, SSI Administration; J. Bilodeau, Manager, Local Services Water and Wastewater Ops.; J. Blaney, Manager, Water Quality Laboratory, Environmental Protection (EP); C. Hopp, Manager SSI Engineering, SSI Administration; C. Moch, Manager, Water Quality, Environmental Protection (EP); L. Xu, Manager, Local Area Services, Finance Services; and M. Williamson, Committee Clerk, (Recorder)

REGRETS:

COMMISSION MEMBERS: B. Travelbea

Electronic Participation- (EP)

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

The meeting was called to order at 10:02 pm.

**MOVED By Commissioner Harris, SECONDED by Commissioner L. Travelbea,
That Director Holman be appointed Acting Chair for the November 7, 2025.
CARRIED**

1. Territorial Acknowledgment

D. Ovington provided a Territorial Acknowledgement.

2. Approval of Agenda

**MOVED By Commissioner Harris, SECONDED by Commissioner L. Travelbea,
That agenda for the November 7, 2024, Budget Meeting of the Fernwood and
Highland Water Services Commission be approved as amended with the addition
of agenda item 4.3. Intake Status.
CARRIED**

3. Adoption of Minutes

3.1. Minutes of November 04-14, 2024 Fernwood and Highland Water Service Commission

MOVED By Commissioner L. Travelbea, SECONDED by Commissioner Harris
That the minutes of the following meetings be adopted as presented:
-November 04, 2024
-November 14, 2024 Budget
CARRIED

4. New Business

4.1. 2026 Operating and Capital Budget

MOVED by Director Holman, SECONDED by Commissioner Harris,
That the rules be suspended to allow members of the public present to speak
regarding agenda item 4.1.
CARRIED

Discussion ensued regarding the manganese water quality event from summer 2025.

MOVED by Commissioner Harris, SECONDED by Commissioner L. Travelbea,
That the Fernwood and Highland Water Service Commission:

A. FERNWOOD AND HIGHLAND WATER SERVICE

1. 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 Fernwood and Highland Water Service as presented.

B. HIGHLAND WATER SERVICE

2. 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 Highland Water Service as presented.

C. FERNWOOD WATER SERVICE

3. Recommend that the Electoral Areas Committee recommend that the CRD Board approve the 2026 Operating Budget and the Five-Year Financial Plan for the Fernwood Water Service as presented.
CARRIED

4.2. Commissioner Appointments

MOVED by Commissioner L. Travelbea, SECEONDED by Commissioner Harris,
That the Fernwood and Highland Water Service Commission request the Capital Regional District Board appoint Gregory Schroeder to the Commission for the January 1, 2026 to December 31, 2027 term.
CARRIED

4.3. Intake Status

MOVED by Director Holman, **SECEONDED** by Commissioner L. Travelbea,
That the Fernwood and Highland Water Service Commission direct staff prepare
a report to the Commission summarizing the manganese water quality event in
2025 and measures already undertaken and planned to mitigate such events
including notification of the public.
CARRIED

5. Adjournment

MOVED By Commissioner L. Travelbea, **SECONDED** by Commissioner Harris,
That the meeting of the Fernwood and Highland Water Service Commission be
adjourned at 11:57pm.
CARRIED

CHAIR

SENIOR MANAGER



Making a difference...together

REPORT TO FERNWOOD AND HIGHLAND WATER SERVICE COMMISSION MEETING OF WEDNESDAY, OCTOBER 14, 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 Fernwood and Highland Water Service.

BACKGROUND

At the June 23, 2026 meeting of the Fernwood and Highland Water Service Commission, the following motion was passed.

“That staff report back on ways to improve communication with ratepayers”.

The Fernwood and Highland 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 Highland and Fernwood 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 Fernwood and Highland 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 Fernwood and Highland 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 Fernwood and Highland 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 Fernwood and Highland 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 Fernwood and Highland 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 Highland and Fernwood Water Rates

2026 Water Rates

Highland & Fernwood 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		
	\$340.27/ quarter (\$1,361.06 total annual)	\$359.56/ quarter (\$1,438.22 total annual)
WATER CONSUMPTION CHARGE		
0 to 38 m ³	\$0.64	\$0.64
38 m ³ to 106 m ³	\$2.00	\$2.00
Over 106 m ³	\$5.13	\$5.13
PARCEL TAX		
(appears on property tax bill)	\$277.37	\$305.10

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

Highland Only Water Service	2025	2026
PARCEL TAX		
(appears on property tax bill)	\$35.40	\$56.68
No additional Fixed Use or Consumption Charge		

Fernwood Only Water Service	2025	2026
PARCEL TAX		
(appears on property tax bill)	\$67.07	\$26.21
No additional Fixed Use or Consumption Charge		

Additional information

- Watch for notice of meeting date for the Highland & Fernwood 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 the governance structure and function of your water service, please see the Committees & Commissions section of the CRD website at www.crd.ca.

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 FERNWOOD AND HIGHLAND WATER SERVICE COMMISSION
MEETING OF WEDNESDAY, OCTOBER 14, 2026**

SUBJECT Financial Reporting Requirements

ISSUE SUMMARY

The purpose of this report is to review implications of higher-level financial reporting for the Fernwood and Highland Water Service.

BACKGROUND

At the June 23, 2026 meeting of the Fernwood and Highland Water Service Commission the following motion was passed.

“That staff report back on the implications of financial statements providing the additional requested information listed below with quarterly billing:

- *Depreciated value of equipment and assets*
 - *Cash flow statement including projected costs and expected annual and monthly expenses and payments by ratepayers*
- Financial and progress quarterly updates on major capital projects.

The Fernwood and Highland Water Service currently receives financial information through the annual budget process, project-specific reporting, and reports presented at public Commission meetings. These reporting practices are supported through existing CRD financial and operational resources and are consistent with the current level of service provided to other CRD committees and commissions.

The reporting requested by the Commission would introduce additional analysis, forecasting, and communication requirements beyond those currently funded within the service.

IMPLICATIONS

Financial Implications

The three reporting requests represent a higher level of service than is currently funded through the Fernwood and Highland Water Service budget.

Implementing these reporting requirements would require additional staff resources and/or the retention of external consultants to provide asset management analysis, financial forecasting, project reporting, and communications support. Should the Commission wish to proceed, staff would return with a detailed scope of work, resource requirements, and cost estimates for consideration through a future budget process. Any associated costs would need to be funded by the Fernwood and Highland Water Service through increased allocations to CRD support services or consultant expenditures charged to the service.

Depreciated Value of Equipment and Assets

The depreciated (net book) value of utility assets is primarily an accounting measure used for financial reporting purposes. It does not directly affect a customer's quarterly bill, service levels, or current utility operations. In addition, under current practices, capital assets are capitalized and amortized annually, meaning the information is only updated once per year. Including annual accounting information in quarterly customer billing materials would provide limited value while increasing reporting complexity.

Cash Flow Forecasting

Cash flow is managed at the corporate level and can fluctuate significantly throughout the year due to capital spending, debt repayments, timing of grants, reserve transfers, and seasonal operating activities. Presenting detailed cash flow information with quarterly bills would require extensive forecasting and analysis and could be difficult for customers to interpret. Cash flow information is also not a primary driver of utility rates, which are established through the budget and financial planning process. Details in the format requested are not easily available from the system and may create confusion and more questions rather than improve transparency.

Quarterly Capital Project Updates

While financial information for capital projects is available within the accounting system, meaningful project updates require context regarding scope, schedule, risks, milestones, and operational impacts. This information is typically best communicated through dedicated project reporting, commission reports, annual reports, websites, or project-specific communications rather than through utility bills. Including project updates with quarterly billing would also require ongoing staff resources to prepare, validate, and present information in a format suitable for public distribution.

Overall assessment

Quarterly utility bills are intended to communicate billing information clearly and concisely. Including detailed accounting information, cash flow forecasts, and capital project reporting would significantly increase the volume and complexity of information provided to customers, while offering limited value in helping them understand their bill. The requested information is generally better suited to annual financial statements, budgets, annual reports, commission reports, and dedicated project reporting where sufficient context can be provided. In addition, producing and maintaining this information on a quarterly basis would require additional staff resources for analysis, forecasting, report preparation, review, and ongoing communication where there are already capacity constraints.

CONCLUSION

The requested reporting enhancements would provide a level of financial and project information beyond the current service and reporting framework established for the Fernwood-Highland Water Service. While this information could be produced, it would require additional staff resources or external consultant support and would result in increased costs to the service. Staff have determined that the requested information is more appropriately communicated through annual financial statements, budget documents, commission reports, and project-specific reporting where sufficient context can be provided. Maintaining this level of reporting would increase administrative requirements while providing limited benefit to customers in understanding their utility bills.

RECOMMENDATION

There is no recommendation, this report is for information only.

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

REPORT TO FERNWOOD AND HIGHLAND WATER SERVICE MEETING OF WEDNESDAY, OCTOBER 14, 2026

SUBJECT **Asset Replacement Report Card**

ISSUE SUMMARY

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

BACKGROUND

The Capital Regional District (CRD) has prepared Asset Replacement Report Cards for a number of local utilities including the Fernwood and Highland 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 Fernwood and Highland Water Service includes:

- 12 km of distribution mains
- 2 Pressure Reduction Value (PVR) stations
- 3 pump stations
- 4 storage tanks
- 1 treatment plant

IMPLICATIONS

Financial Implications

The service has a total asset inventory of 937 assets and a replacement values of approximately \$29 million. The overall service condition is fair with no immediate financial implications associated with the report, however the report identifies:

- Approximately \$700,000 in backlog renewals
- Approximately \$31 million in asset replacement needs over the next 40 years
- An average annual capital renewal requirement of approximately \$522,000 if grants cannot be accessed.

CONCLUSION

The Asset Replacement Report Card indicates that the Fernwood and Highland Water Service is in fair 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 Fernwood and Highland Water Service

Asset Replacement Report Card

2.621
Highland/Fernwood
Water

Replacement Cost

\$29M

Service Condition

Fair

Asset Count

937

Value/Property*

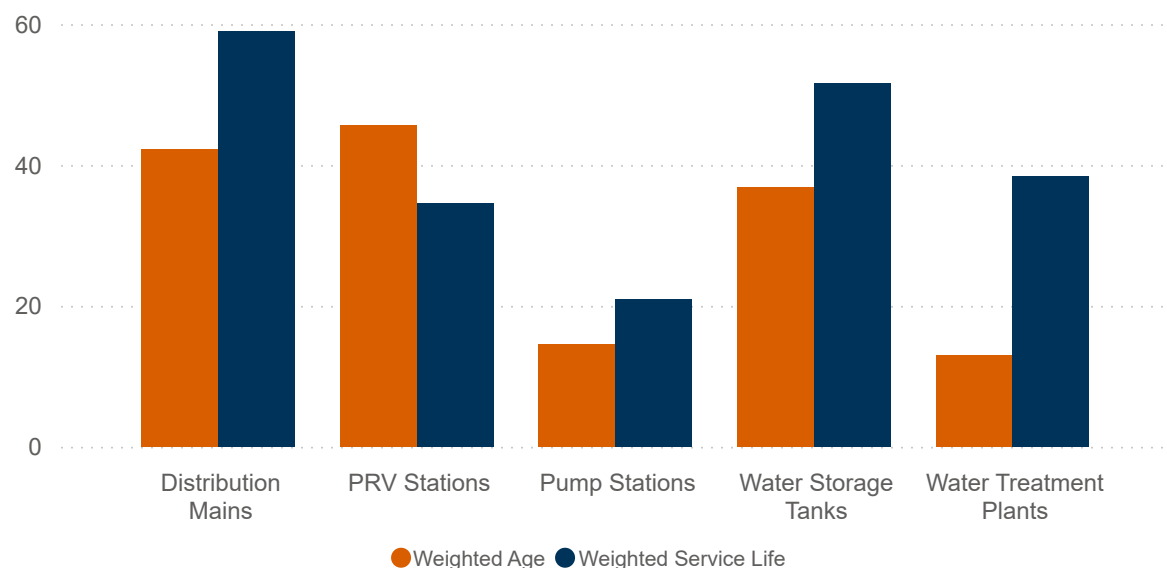
\$91K

Summary

Distribution Mains	12 km
PRV Stations	2
Pump Stations	3
Water Storage Tanks	4
Water Treatment Plants	1

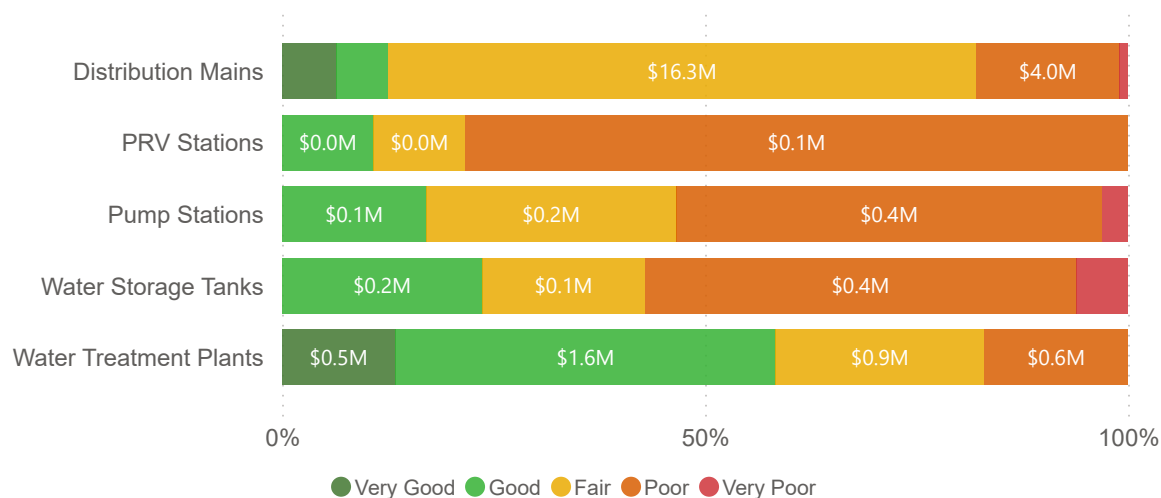
*Based on 313 properties

Asset Service Life



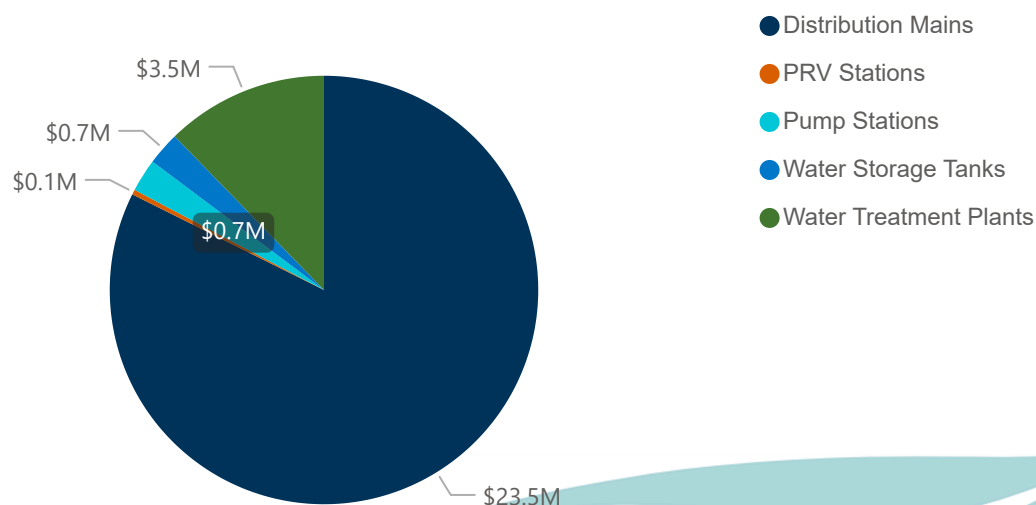
The Asset Service Life chart shows the average expected service life of each asset class in relation to the average age of the assets within the category. A weighted average is used based on replacement value.

Asset Condition by Category



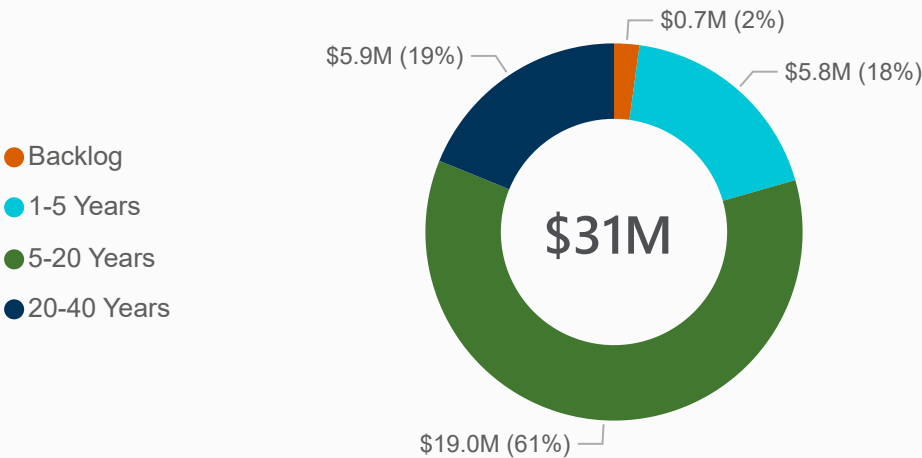
Overall condition rating of the asset categories is based on remaining expected service life. Replacement values are shown in relation to the condition rating.

Asset Replacement Cost by Category



Highland/Fernwood Water

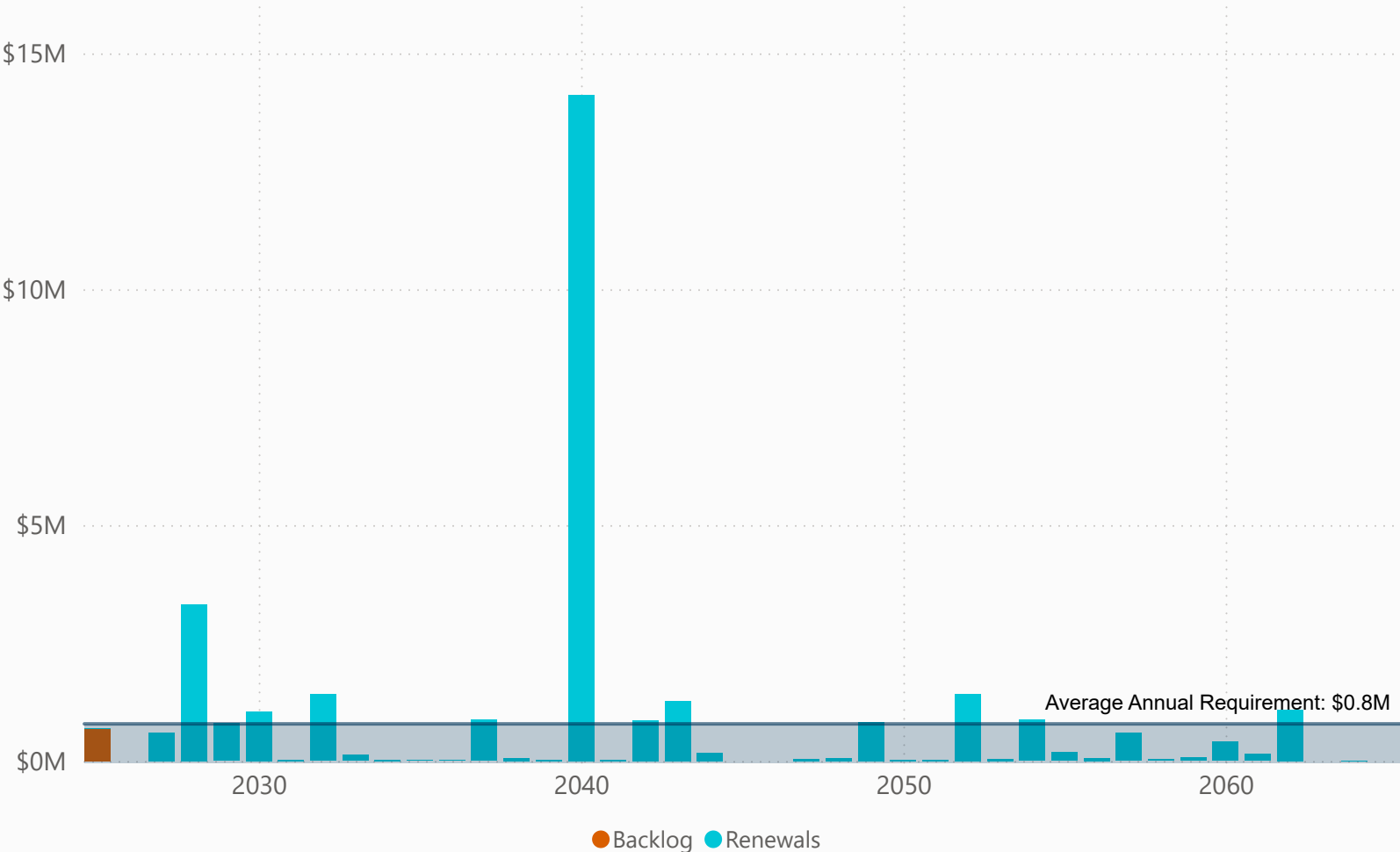
40-Year Asset Renewal Cost



In the next 40 years, it is estimated that \$21M in assets will need to be replaced (an average of \$522K per year).

Approximately \$13.4M of these replacements are for water mains. There are \$0.7M in assets identified as backlog; these are assets that have passed their expected service life and are due for replacement.

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 FERNWOOD HIGHLAND WATER SERVICE COMMISSION
WEDNESDAY, OCTOBER 14, 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 potentially leading to future capital improvements.

In preparing the Operating Budget, CRD 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. Inputs from Operations and Maintenance
5. 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

A. FERNWOOD AND HIGHLAND WATER SERVICE

Operating Budget

It is projected that the total operating expenses in 2026 will be under budget by approximately \$8,221 primarily due to less than anticipated repairs and maintenance costs.

The debt servicing cost will be \$8,800 below the budget since the petition for electoral approval for the new borrowing of \$400,000 in 2026 was not successful.

It is projected that the 2026 operating revenue will be on budget.

This results in an overall surplus of approximately \$17,021 (\$8,221 + \$8,800). To balance the operating budget at the end of year, the actual 2026 surplus will be transferred to reserve funds, namely the Capital Reserve Fund (CRF) and/or Operating Reserve Fund (ORF). In the event of any deficit that 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, and manganese testing, funded by the ORF, for a total of \$22,500 in 2026) has increased by \$8,956 (2.1%) compared to 2026. The increase is to account for higher electricity costs, chemical costs, and core inflation.

Municipal Finance Authority (MFA) Debt

Loan Authorization Bylaw 3754 to borrow \$500,000 was approved and adopted in 2011 for the construction of a combined Highland-Fernwood water supply system. Table 1 below summarizes the detailed information for existing MFA debt issue related to LA3754. This existing debt will be paid off in 2026.

Table 1 – Existing Debt Summary

MFA Issues	Term	Borrowing Year	Retirement Year	Refinance Year	Original Interest Rate	Current Interest Rate	Principal	Principal Payment	Interest Payment	Total Annual Debt Cost
LA3754-117	15	2011	2026	2021	3.25%	1.47%	\$500,000	\$26,841	\$7,350	\$34,191

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 intake maintenance. 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 \$42,000 to \$115,000.

It is proposed that the 2027 transfer to the Operating Reserve Fund be set at \$12,000. The Operating Reserve Fund balance at the end of 2026 is projected to be \$149,190. There is \$20,000 of planned maintenance to be funded by the Operating Reserve over the next five years.

Capital Reserve Fund

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

The CRF transfers planned in the budget are evaluated and influenced by the funding required to support the five-year capital expenditure plan and the emergency response to infrastructure

failures, also guided by the CRD Capital Reserve Funding Guidelines endorsed by the CRD Board. The target balance for the service to be maintained is approximately \$1,098,000.

It is proposed that the 2027 budgeted transfer to the Capital Reserve Fund be set at \$225,925. The Capital Reserve Fund balance at the end of 2026 is projected to be \$77,180.

Capital Expenditure Plan

The 5-year plan includes \$4,174,000 of expenditures to be funded by the service's Capital funds on hand, Capital Reserve Fund, grants and new debt. The electoral approval petition failed to advance the required borrowing process in 2026.

Current capital projects that are already in progress and funded include:

- Public engagement for borrowing approval (21-01),
- Fernwood Pump Station assessment and demolition (24-01) funded with additional \$60,000 reserve in 2027,
- Water Treatment Plant SCADA Upgrades (23-07) continues with \$100,000 from reserve,
- Highland Middle Reservoir project (24-10) funded with additional \$20,000 reserve in 2027,
- Critical spares (24-06),
- PRV#2 construction (26-03),
- Intake Location (26-04).

New Capital Projects scheduled for 2027 comprise of:

1. The WTP Backwash tank project (24-09) funded by \$25,000 reserve
2. OH&S eyewash and shower upgrades (27-02) \$15,000 reserve
3. Hydraulic system model (27-03) \$50,000 reserve

Upcoming projects in 2028-2031 include a phased AC water main replacement project, fencing of reservoirs, Highland Upper and Middle reservoir replacements, the update to the asset management plan, WTP driveway improvements, UV system replacement, construction of back up power, and investigation of DAF waste disposal alternatives.

Table 2 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 simulation is for the project 22-01 Construction of the back up power for total project budget of \$470,000 in 2031. Debt funded projects will be carried out upon receiving electoral consent. Please refer to the 2027 – 2031 Five-Year Capital Plan in Appendix A for details on these projects.

Table 2 - 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%	\$470,000	\$11,987	\$23,030	\$35,017
Total					\$470,000	\$11,987	\$23,030	\$35,017

At the commencement of each loan, 1% of the gross amount borrowed is withheld and retained by MFA as Debt Reserve Fund (DRF). In order 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 \$35,017 equates to approximately \$105.16 cost per parcel.

Capital Project Fund

As specific capital projects are approved, the funding revenues for them are transferred into the Capital Project Fund from the Capital Reserve Fund. Any funds remaining upon completion of a project are transferred back to the Capital Reserve Fund for use on future capital projects.

User Charge and Parcel Tax

Fixed user charge, parcel tax, and variable sale of water based on consumption fund the service. 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 tiered water consumption rates are unchanged from 2026.

The water consumption charge is measured in cubic meters over a three-month billing period at the following tiered rates:

- First 38 cubic meters or portion - \$0.64 per cubic meter
- Next 68.0 cubic metres or portion - \$2.00 per cubic meter
- Greater than 106 cubic meters - \$5.13 per cubic meter

Table 3 below summarizes the 2027 over 2026 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
2026	\$96,530	333	\$305.10	\$461,670	321	\$1,438.22	\$1,743.32
2027	\$106,180	333	\$335.60	\$507,840	323	\$1,572.26	\$1,907.86
Change (\$)	\$9,650	0	\$30.50	\$46,170	2	\$134.04	\$164.54
Change (%)	10.00%	0.00%	10.00%	10.00%	0.62%	9.32%	9.44%

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

** Single Family Equivalent

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

A. HIGHLAND WATER SERVICE

Operating Budget

The sole purpose of this budget is to repay existing debt.

Municipal Finance Authority (MFA) Debt

Loan Authorization Bylaw 3580 to borrow \$559,000 was approved and adopted in 2009 for water distribution system upgrades and construct of a new water treatment plant. Table 4 below summarizes the detailed information for existing MFA debt issue related to LA3580.

Table 4 - Existing Debt Summary

MFA Issues	Term	Borrowing Year	Retirement Year	Refinance Year	Original Interest Rate	Current Interest Rate	Principal	Principal Payment	Interest Payment	Total Annual Debt Cost
LA3580-118	15	2012	2027	2022	3.40%	3.39%	\$150,680	\$8,653	\$5,108*	\$13,761
Total							\$150,680	\$8,653	\$5,108	\$13,761

*Spring Borrowing, Interest payment in 2027 – debt retirement year – is only half (\$2,554).

Capital Expenditure Plan

There is no capital expenditures planned for this debt servicing only budget.

Capital Project 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).

Since this service will be discontinued after the debt is repaid in 2027, any surplus from project 16-01, Replacement of middle and upper reservoir, will be transferred to the Capital Reserve Fund of the Fernwood/Highland Water Service.

Parcel Tax

Parcel tax funds the service. Table 5 below summarizes the 2027 over 2026 changes for parcel tax. The decrease in 2027 is because MFA debt issue 118 was borrowed in spring, therefore the interest payment in the retirement year (2027) is only half.

Table 5 – Parcel Tax Summary

Budget Year	Parcel Tax	Taxable Folios Numbers	Parcel Tax per Folio*
2026	\$13,720	254	\$56.85
2027	\$11,224	254	\$46.51
Change (\$)	(\$2,496)	0	(\$10.34)
Change (%)	-18.19%	0.00%	-18.19%

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

B. FERNWOOD WATER SERVICE

Operating Budget

The sole purpose of this budget is to repay existing debt.

Municipal Finance Authority (MFA) Debt

Loan Authorization Bylaw 3581 to borrow \$195,000 was approved and adopted in 2009 for water distribution system upgrades and interconnection to new Highlands's water treatment plant. Table 6 summarizes the detailed information for existing MFA debt issue related to LA3581.

Table 6 - Existing Debt Summary

MFA Issues	Term	Borrowing Year	Retirement Year	Refinance Year	Original Interest Rate	Current Interest Rate	Principal	Principal Payment	Interest Payment	Total Annual Debt Cost
LA3581-118	15	2012	2027	2022	3.40%	3.39%	\$45,000	\$2,584	\$1,526*	\$4,110
Total							\$45,000	\$2,584	\$1,526	\$4,110

*Spring Borrowing, Interest payment in 2027 – debt retirement year – is only half (\$763).

Capital Expenditure Plan

There is no capital expenditures planned for this debt servicing only budget.

Parcel Tax

Parcel tax funds the service. Table 7 summarizes the 2027 over 2026 changes in parcel tax. The 2027 parcel tax increase is primarily due to lower forecasted surplus to be carried over to 2027 compared to 2026.

Table 7 – Parcel Tax Summary

Budget Year	Parcel Tax	Taxable Folios Numbers	Parcel Tax per Folio*
2026	\$1,776	79	\$23.66
2027	\$2,578	79	\$34.35
Change (\$)	\$802	0	\$10.68
Change (%)	45.16%	0.00%	45.16%

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

ALTERNATIVES

Alternative 1

That the Fernwood and Highland Water Service Commission:

A. FERNWOOD AND HIGHLAND WATER SERVICE

1. 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 Fernwood and Highland Water Service as presented.

B. HIGHLAND WATER SERVICE

2. 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 Highland Water Service as presented.

C. FERNWOOD WATER SERVICE

3. Recommend that the Electoral Areas Committee recommend that the CRD Board approve the 2027 Operating Budget and the Five-Year Financial Plan for the Fernwood Water Service as presented.

Alternative 2

That the Fernwood and Highland Water Service Commission:

A. FERNWOOD AND HIGHLAND WATER SERVICE

1. 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 Fernwood and Highland Water Service as amended with specific direction on amendments.

B. HIGHLAND WATER SERVICE

2. 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 Highland Water Service as amended with specific direction on amendments.

C. FERNWOOD WATER SERVICE

3. Recommend that the Electoral Areas Committee recommend that the CRD Board approve the 2027 Operating Budget and the Five-Year Financial Plan for the Fernwood Water Service as amended with specific direction on amendments.

RECOMMENDATION

That the Fernwood and Highland Water Service Commission:

A. FERNWOOD AND HIGHLAND WATER SERVICE

1. 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 Fernwood and Highland Water Service as presented.

B. HIGHLAND WATER SERVICE

2. 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 Highland Water Service as presented.

C. FERNWOOD WATER SERVICE

3. Recommend that the Electoral Areas Committee recommend that the CRD Board approve the 2027 Operating Budget and the Five-Year Financial Plan for the Fernwood 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

ATTACHMENTS

Appendix A: 2027 Budget Fernwood and Highland Water Service
Appendix B: 2027 Budget Highland Water Service
Appendix C: 2027 Budget Fernwood Water Service

CAPITAL REGIONAL DISTRICT

2027 Budget

Highland/Fernwood Water (SSI)

Commission Review

OCTOBER 2026

DEFINITION:

To construct water works for the provision, supply, treatment, conveyance, storage and distribution of water for the Salt Spring Island Highland and Fernwood Water Service, Bylaw No. 3753 (April 13, 2011). Amended Bylaw No. 3878 (Aug. 14, 2013).

PARTICIPATION:

Local Service Area #63, 3(764)

MAXIMUM LEVY:

Greater of **\$350,000** or **\$2.572 / \$1,000** of actual assessed value of land and improvements.

MAXIMUM CAPITAL DEBT:

Authorized:	LA3754 (April 13, 2011)	\$500,000
Borrowed:	SI Bylaw 3800 (Aug 10, 2011) Matures 2026	(\$500,000)
Remaining:		\$0

COMMISSION:

Fernwood and Highland Water Service Commission - Bylaw 4371 (Dec. 09, 2020)

FUNDING:

Parcel Tax: Annual, levied only on all 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 38 cubic metres or portion - \$0.64 / cubic metre
- Next 68 cubic metres or portion - \$2.00 / cubic metre
- Greater than 106 cubic metres - \$5.13 / cubic metre

Water Connection Charge: Actual cost for the connection.

RESERVE FUND:

Established by Bylaw #3907 (April 16, 2014)

2.621 - Highland/Fernwood 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>										
Sludge Hauling Contract	10,430	14,000	10,430	-	-	10,430	10,640	10,850	11,070	11,290
Waste Sludge Disposal	16,520	16,520	17,080	-	-	17,080	17,420	17,770	18,130	18,490
Repairs & Maintenance	37,460	32,000	17,460	-	-	17,460	17,810	38,170	18,530	18,900
Allocations	26,538	26,538	30,428	-	-	30,428	31,079	31,731	32,404	33,089
Water Testing	27,564	22,000	24,520	-	-	24,520	29,413	30,248	31,104	31,993
Electricity	23,510	28,000	26,000	-	-	26,000	26,520	27,050	27,590	28,140
Supplies	28,870	28,150	28,870	-	-	28,870	29,430	30,010	30,610	31,230
Labour Charges	253,930	253,930	253,859	-	-	253,859	258,340	262,910	267,570	272,330
Other Operating Expenses	25,637	21,100	28,268	-	-	28,268	28,958	29,656	30,367	31,088
TOTAL OPERATING COSTS	450,459	442,238	436,915	-	-	436,915	449,610	478,395	467,375	476,550
*Percentage Increase over prior year			-3.0%			-3.0%	2.9%	6.4%	-2.3%	2.0%
<u>DEBT / RESERVES</u>										
Transfer to Capital Reserve Fund	118,070	135,091	225,925	-	-	225,925	240,940	264,395	268,975	273,630
Transfer to Operating Reserve Fund	30,000	30,000	12,000	-	-	12,000	15,000	15,000	15,000	15,000
<u>EXISTING DEBT</u>										
MFA Debt Principal	26,841	26,841	-	-	-	-	-	-	-	-
MFA Debt Interest	7,350	7,350	-	-	-	-	-	-	-	-
MFA Debt Reserve Fund	240	240	-	-	-	-	-	-	-	-
<u>PLANNED DEBT</u>										
MFA Debt Principal	-	-	-	-	-	-	-	-	-	-
MFA Debt Interest	4,800	-	-	-	-	-	-	-	-	5,758
MFA Debt Reserve Fund	4,000	-	-	-	-	-	-	-	-	4,700
TOTAL DEBT / RESERVES	191,301	199,522	237,925	-	-	237,925	255,940	279,395	283,975	299,088
TOTAL COSTS	641,760	641,760	674,840	-	-	674,840	705,550	757,790	751,350	775,638
*Percentage Increase over prior year			5.2%			5.2%	4.6%	7.4%	-0.8%	3.2%
<u>FUNDING SOURCES (REVENUE)</u>										
Transfer from Operating Reserve Fund	(22,500)	(22,500)	-	-	-	-	-	(20,000)	-	-
Sales - Water	(60,000)	(60,000)	(60,000)	-	-	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
User Charges	(461,670)	(461,670)	(507,840)	-	-	(507,840)	(533,230)	(559,890)	(571,090)	(582,510)
Other Revenue	(1,060)	(1,060)	(820)	-	-	(820)	(830)	(840)	(860)	(880)
TOTAL REVENUE	(545,230)	(545,230)	(568,660)	-	-	(568,660)	(594,060)	(640,730)	(631,950)	(643,390)
REQUISITION - PARCEL TAX	(96,530)	(96,530)	(106,180)	-	-	(106,180)	(111,490)	(117,060)	(119,400)	(132,248)
*Percentage increase over prior year										
Sales			0.0%			0.0%	0.0%	0.0%	0.0%	0.0%
User Fee			10.0%			10.0%	5.0%	5.0%	2.0%	2.0%
Requisition			10.0%			10.0%	5.0%	5.0%	2.0%	10.8%
Combined			9.0%			9.0%	5%	5%	2%	3%

Highland/Fernwood Water (SSI)
Reserve Summary Schedule
2027 - 2031 Financial Plan

Reserve/Fund Summary

	Estimated	Budget				
	2026	2027	2028	2029	2030	2031
Operating Reserve Fund	149,190	161,190	176,190	171,190	186,190	201,190
Capital Reserve Fund	77,180	33,105	129,045	203,440	317,415	441,045
Total	226,370	194,295	305,235	374,630	503,605	642,235

Reserve Schedule

Reserve Fund: 2.621 Highland/Fernwood 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 etc.

Reserve Cash Flow

Fund: Fund Centre:	1500 105205	Estimated	Budget				
		2026	2027	2028	2029	2030	2031
Beginning Balance		137,290	149,190	161,190	176,190	171,190	186,190
Transfer from Ops Budget		30,000	12,000	15,000	15,000	15,000	15,000
Expenditures		(22,500)	-	-	(20,000)	-	-
Planned Maintenance Activity		\$20k Reservoir cleaning & inspection; \$2.5k Manganese testing			Reservoir cleaning & inspection		
Interest Income*		4,400					
Ending Balance \$		149,190	161,190	176,190	171,190	186,190	201,190

Assumptions/Background:

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

Reserve Schedule

Reserve Fund: 2.621 Highland/Fernwood Water (SSI) - Capital Reserve Fund - Bylaw 3991

For capital repairs, additions and improvements to water system infrastructure

Reserve Cash Flow

Fund: Fund Centre:	1088 102156	Estimated	Budget				
		2026	2027	2028	2029	2030	2031
Beginning Balance		256,150	77,180	33,105	129,045	203,440	317,415
Transfer from Ops Budget		118,070	225,925	240,940	264,395	268,975	273,630
Transfer from Cap Fund		-					
Transfer to Cap Fund		(303,333)	(270,000)	(145,000)	(190,000)	(155,000)	(150,000)
Interest Income*		6,293					
Ending Balance \$		77,180	33,105	129,045	203,440	317,415	441,045

Assumptions/Background:

* 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.	2.621 Highland & Fernwood Water (SSI)	Carry Forward from 2026	2027	2028	2029	2030	2031	TOTAL
--------------------	--	--	-------------	-------------	-------------	-------------	-------------	--------------

EXPENDITURE

Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Engineered Structures	\$269,000	\$539,000	\$1,525,000	\$210,000	\$175,000	\$1,725,000		\$4,174,000
Vehicles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$269,000	\$539,000	\$1,525,000	\$210,000	\$175,000	\$1,725,000		\$4,174,000

SOURCE OF FUNDS

Capital Funds on Hand	\$269,000	\$269,000	\$0	\$0	\$0	\$0		\$269,000
Debenture Debt (New Debt Only)	\$0	\$0	\$0	\$0	\$0	\$470,000		\$470,000
Equipment Replacement Fund	\$0	\$0	\$0	\$0	\$0	\$0		\$0
Grants (Federal, Provincial)	\$0	\$0	\$1,380,000	\$20,000	\$20,000	\$1,105,000		\$2,525,000
Donations / Third Party Funding	\$0	\$0	\$0	\$0	\$0	\$0		\$0
Reserve Fund	\$0	\$270,000	\$145,000	\$190,000	\$155,000	\$150,000		\$910,000
	\$269,000	\$539,000	\$1,525,000	\$210,000	\$175,000	\$1,725,000		\$4,174,000

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 #:

2.621

Service Name:

Highland & Fernwood Water (S51)

PROJECT DESCRIPTION			PROJECT BUDGET & SCHEDULE									
Project Number	Capital Project Title	Capital Project Description	Total Project Budget	Asset Class	Funding Source	Carryforward	2027	2028	2029	2030	2031	5 - Year Total
21-01	Public Engagement for Future Projects	Petition, referendum or AAP and public engagement for funding projects.	\$ 50,000	S	Cap	\$ 33,000	\$ 33,000	\$ -	\$ -	\$ -	\$ -	\$ 33,000
21-05	Water Main AC replacement detailed design	Water Main AC replacement detailed design. Includes CRD project management.	\$ 80,000	S	Grant	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 80,000
29-01	Phased program of AC Water main replacement	Engineering and construction of replacement/renewal of failing water main for high priority areas (\$1000/m over 5 years). Includes construction services and CRD project management.	\$ 400,000	S	Res	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 400,000
24-01	Fernwood PS Hazard Assess and Demolition	Assessment of hazard and demolition. Includes CRD project management.	\$ 140,000	S	Res	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000
25-01	Fence installation around storage reservoirs	Install fencing around all reservoirs and WTP. Includes CRD project management.	\$ 150,000	S	Res	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 150,000
23-07	WTP SCADA Upgrades - WTP Communications and Control Upgrades	To upgrade RTU programming software to Workbench. Replace the RTU and PLC controller due to age and criticality to current CRD I/O standards. At end of life for SCADAPAC 357e Series PLCs and add equipment feedback wiring to monitor valve position, motor speed etc. Includes CRD project management.	\$ 220,000	S	Res	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
23-07	WTP SCADA Upgrades - WTP Communications and Control Upgrades	CWF funding to support WTP SCADA upgrades		S	Cap	\$ 60,000	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000
24-10	Replace or re-line Middle Reservoir - Design	Middle Reservoir is leaking and needs a new liner or to be replaced. Includes CRD project management.	\$ 100,000	S	Cap	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000
24-10	Replace or re-line Middle Reservoir - Design	Middle Reservoir is leaking and needs a new liner or to be replaced. Includes CRD project management.		S	Res	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000
24-11	Replace or re-line Middle Reservoir - Construction	Replace or re-line Middle Reservoir - Construction. Includes construction services and CRD project management.	\$ 1,085,000	S	Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,085,000	\$ 1,085,000
28-01	Highland Upper Reservoir Replacement	Construction to replace existing leaking upper reservoir. Includes CRD project management.	\$ 1,330,000	S	Grant	\$ -	\$ -	\$ 1,330,000	\$ -	\$ -	\$ -	\$ 1,330,000
24-03	WTP driveway improvements	Gravel portion of driveway requires regular maintenance to provide safe access to buildings. Upgrade driveway to asphalt or concrete. Includes CRD project management.	\$ 35,000	S	Res	\$ -	\$ -	\$ -	\$ 35,000	\$ -	\$ -	\$ 35,000
24-06	Critical Spares; Chlorine pump and coagulant pump	Purchase spares. Includes CRD project management.	\$ 12,000	S	Cap	\$ 6,000	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ 6,000
24-09	Addition of another tank is required for backwashing of two filters in sequence.	Rinse water tank currently allows only one filter backwash at a time due to its size. Includes CRD project management.	\$ 25,000	S	Res	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000
27-01	Update Asset Management Plan	Revise McElhanney Condition Assessment to SAMP.	\$ 40,000	S	Grant	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
27-01	Update Asset Management Plan	CRD Project Management		S	Res	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
25-02	Investigate DAF Residual Disposal Alternatives	Investigate alternatives for the disposal of DAF residuals.	\$ 5,000	S	Res	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
22-01	Back up Power	Construction of back up power system. Includes CRD project management.	\$ 470,000	S	Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 470,000	\$ 470,000
26-03	PRV #2	Construction of PRV #2 at upper Malview (includes CRD proj mgmt)	\$ 50,000	S	Cap	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
26-04	H-F Intake Location	WQ sampling program to determine intake location and for modifications to the intake to achieve the proposed location	\$ 160,000	S	Cap	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
27-02	H&S Eyewash/shower	Installation of eyewash/shower for OH&S compliance including h/w	\$ 15,000	S	Res	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 15,000
28-02	UV system upgrade/replace	Install a new UV system to replace obsolete system	\$ 30,000	S	Res	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
27-03	Hydraulic system model	Commission a hydraulic model of the system including WTP, distribution and storage	\$ 50,000	S	Res	\$ -	\$ 50,000	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ 60,000
												\$ -
		Grand Total	\$ 4,447,000			\$ 269,000	\$ 539,000	\$ 1,525,000	\$ 210,000	\$ 175,000	\$ 1,725,000	\$ 4,174,000

Service: 2.621 Highland & Fernwood Water (SSI)

Project Number 21-01

Capital Project Title Public Engagement for Future Projects

Capital Project Description Petition, referendum or AAP and public engagement for funding projects.

Project Rationale Public engagement for the intake and upper reservoir projects to inform residents so they can make informed decision on approval and borrowing.

Project Number 21-05

Capital Project Title Water Main AC replacement detailed design

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

Project Rationale Develop detailed design for the replacement of the asbestos cement water distribution piping system based on the strategy developed in Project 27-03

Project Number 22-01

Capital Project Title Back up Power

Capital Project Description Construction of back up power system. Includes CRD project management.

Project Rationale Construction of a backup power system needed in the event of a power failure to continue to provide water to the community. Design completed.

Project Number 23-07

Capital Project Title WTP SCADA Upgrades - WTP Communications and Control Upgrades

Capital Project Description To upgrade RTU programming software to Workbench. Replace the RTU and PLC controller due to age and criticality to current CRD I/O standards. At end of life for SCADAPAC 357e Series PLCs and add equipment feedback wiring to monitor valve position, motor speed etc. Includes CRD project management.

Project Rationale To install SCADA, HMI and PLC upgrades as per design. Includes equipment purchase, install, programming and commissioning. CWF

Service: 2.621 Highland & Fernwood Water (SSI)

Project Number 24-01

Capital Project Title Fernwood PS Hazard Assess and Demolition

Capital Project Description Assessment of hazard and demolition. Includes CRD project management.

Project Rationale Updated hazard assessment, abatement and dempition of the obsolete Fernwood pumpstation.

Project Number 24-03

Capital Project Title WTP driveway improvements

Capital Project Description Gravel portion of driveway requires regular maintenance to provide safe access to buildings. Upgrade driveway to asphalt or concrete. Includes CRD project management.

Project Rationale Current access road is filled with potholes and creates a hazard for vehicles. Fix or resurface driveway

Project Number 24-06

Capital Project Title Critical Spares; Chlorine pump and coagulant pump

Capital Project Description Purchase spares. Includes CRD project management.

Project Rationale These components are critical for facility operation and should be on hand for easy replacement to ensure continued service.

Project Number 24-09

Capital Project Title Addition of another tank is required for backwashing of two filters in sequence.

Capital Project Description Rinse water tank currently allows only one filter backwash at a time due to its size. Includes CRD project management.

Project Rationale Operational issue. Another tank will proved efficiencies and reduce maintenance costs.

Service: 2.621 Highland & Fernwood Water (SSI)

Project Number 24-10

Capital Project Title Replace or re-line Middle Reservoir - Design

Capital Project Description Middle Reservoir is leaking and needs a new liner or to be replaced. Includes CRD project management.

Project Rationale Tank is at the end of its useful life and needs to be re-line or ideally, replaced. This is the assesment and design phase of the project.

Project Number 24-11

Capital Project Title Replace or re-line Middle Reservoir - Construction

Capital Project Description Replace or re-line Middle Reservoir - Construction. Includes construction services and CRD project management.

Project Rationale Tank is at the end of its useful life and needs to be re-line or ideally, replaced. This is the construction phase of the project.

Project Number 25-01

Capital Project Title Fence installation around storage reservoirs

Capital Project Description Install fencing around all reservoirs and WTP. Includes CRD project management.

Project Rationale Fencing and security for protection of infrastructure

Project Number 25-02

Capital Project Title Investigate DAF Residual Disposal Alternatives

Capital Project Description Investigate alternatives for the disposal of DAF residuals.

Project Rationale Investigate alternatives for the disposal of DAF residuals to reduce disposal costs.

Service: 2.621 Highland & Fernwood Water (SSI)

Project Number 26-03

Capital Project Title PRV #2

Capital Project Description Construction of PRV #2 at upper Maliview (includes CRD proj mgmt)

Project Rationale Design and Construction of PRV#2 to reduce pressure in mains upstream of PRV#1

Project Number 26-04

Capital Project Title H-F Intake Location

Capital Project Description WQ sampling program to determine intake location and for modifications to the intake to achieve the proposed location

Project Rationale WQ sampling program to determine intake location and for modifications to the intake to achieve the proposed location

Project Number 27-01

Capital Project Title Update Asset Management Plan

Capital Project Description Revise McElhanney Condition Assessment to SAMP.

Project Rationale Revise existing AMP to include facility modifications and additions since last AMP.

Project Number 27-02

Capital Project Title H&S Eyewash/shower

Capital Project Description Installation of eyewash/shower for OH&S compliance including h/w

Project Rationale Design and Install Eyewash/shower including hot water to be WCB compliant at WTP

Service: 2.621 Highland & Fernwood Water (SSI)

Project Number 27-03

Capital Project Title Hydraulic system model

Capital Project Description

Commission a hydraulic model of the system including WTP, distribution and storage

Project Rationale Commission a hydraulic model of the WTP sytem including pumpstations, distribution system and mains.

Project Number 28-01

Capital Project Title Highland Upper Reservoir Replacement

Capital Project Description

Construction to replace existing leaking upper reservoir. Includes CRD project management.

Project Rationale Construction to replace Highland Upper reservoir. Design complete.

Project Number 28-02

Capital Project Title UV system upgrade/replace

Capital Project Description

Install a new UV system to replace obsolete system

Project Rationale replace obsolete UV system

Project Number 29-01

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 over 5 years). Includes construction services and CRD project management.

Project Rationale Prioritized replacement of AC water main.

2.621 - Highland/Fernwood Water (SSI)

Capital Projects

Updated 9/10/2026

Year	Project#	Capital Plan#	Status	Capital Project Description	Total Project Budget	Spending		Total Funding in Place
						Expenditure Actuals	Remaining Spending	
2019	CE.677.7501	19-01	Open	Water Intake and Screen	227,000	190,268	36,732	227,000
2024	CE.677.4602	24-06	Open	Spares, Chlorine & Coagulent Pumps	12,000	164	11,836	12,000
2024	CE.677.4502	21-01	Open	Public Engagement High/Fern Water	50,000	20,191	29,809	50,000
2024	CE.677.5101	24-05	Open	Reservoir 1. Repair roof top railing	23,500	18,558	4,942	23,500
2026	CE.912.4601	26-01	Open	WTP SCADA Upgrades - Design	40,000	7,562	32,438	40,000
2025	CE.912.4605	21-04	Open	Water main AC replacement strategy and prelim design	115,000	5,124	109,876	15,000
2026	CE.912.4610	26-04	Open	H-F Intake Location	160,000	15,025	144,975	160,000
2026	CE.912.4801	26-03	Open	Maliview PRV#2 Construction	50,000	2,006	47,994	50,000
2026	CE.912.4805	26-02	Open	Maliview PRV#2 Design	30,000	-	30,000	30,000
2026	CE.912.4615	23-07	Open	WTP SCADA Upgrades - Construction	120,000	59	119,941	120,000
2026	CE.912.5101	24-10	Open	Replace or re-line Middle Reservoir - Design	80,000	945	79,055	80,000
2026	EX.004.8001	24-01	Open	Fernwood PS Hazard Assess and Demolition	80,000	16,337	63,663	80,000
				Totals	987,500	276,238	711,261	887,500

Service: 2.621

Highland/Fernwood Water (SSI)

Committee: Electoral Areas

<u>Year</u>	<u>Taxable Folios</u>	<u>Parcel Tax Per Folio</u>	<u>SFEs</u>	<u>User Charge Per SFE</u>	<u>Total Tax & Charges</u>	<u>Bylaw</u>
2023	333	\$237.05	321	\$1,217.09	\$1,454.14	4525
2024	333	\$245.36	321	\$1,289.82	\$1,535.18	4586
2025	333	\$277.37	320	\$1,361.06	\$1,638.43	4648
2026	333	\$305.10	321	\$1,438.22	\$1,743.32	4735
2027	333	\$335.60	323	\$1,572.26	\$1,907.86	

Change from 2026 to 2027

*\$30.50
10.00%*

*\$134.04
9.32%*

*\$164.54
9.44%*

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

Highland/Fernwood Water (SSI) Funding Analysis 2023 - 2027



CAPITAL REGIONAL DISTRICT

2027 Budget

Highland Water System (SSI)

Commission Review

OCTOBER 2026

Service: 2.620 Highland Water (SSI) - Debt only

Committee: Electoral Areas

DEFINITION:

To provide and operate water supply and distribution facilities for the Salt Spring Island Highland Water System Specified Area.
Bylaw No. 847 (March 25, 1981). Local Service Establishment Bylaw No. 1937 (October 9, 1991).

PARTICIPATION:

Local Service Area #13, H(764)

MAXIMUM LEVY:

Greater of \$120,000 or \$5.50 / \$1,000 of actual assessed value of land and improvements.

MAXIMUM CAPITAL DEBT:

Authorized:	LA3580 (April 3, 2009)	\$559,000
Borrowed:	SI Bylaw 3634 (2009, 2.25%)	(\$250,000) Retired in 2024
	SI Bylaw 3817 (2012, 3.39%)	(\$150,680) Retires in 2027
Expired:		(\$158,320)
Remaining:		\$0

COMMISSION:

Fernwood and Highland Water Service Commission- Bylaw 4371 (Dec. 09, 2020)

FUNDING:

Any deficiencies after user charge and/or frontage tax or parcel tax to be levied on taxable school assessments, excluding property that is taxable for school purposes by Special Act.

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

RESERVE FUND:

Highland Water System Capital Reserve Fund, Bylaw No. 1501 (Dec. 17, 1986)

2.620 - Highland Water System (SSI) - Debt Only

	2026		BUDGET REQUEST				FUTURE PROJECTIONS			
	BOARD BUDGET	ESTIMATED ACTUAL	CORE BUDGET	ONGOING	ONE-TIME	TOTAL	2028	2029	2030	2031
<u>OPERATING COSTS</u>										
Allocations	17	17	17	-	-	17	-	-	-	-
TOTAL OPERATING COSTS	17	17	17	-	-	17	-	-	-	-
*Percentage Increase over prior year						0.0%				
<u>DEBT</u>										
MFA Debt Principal	8,653	8,653	8,653	-	-	8,653	-	-	-	-
MFA Debt Interest	5,108	5,108	2,554	-	-	2,554	-	-	-	-
MFA Debt Reserve Fund	70	70	60	-	-	60	-	-	-	-
TOTAL DEBT	13,831	13,831	11,267	-	-	11,267	-	-	-	-
TOTAL COSTS	13,848	13,848	11,284	-	-	11,284	-	-	-	-
*Percentage Increase over prior year						-18.5%				
<u>FUNDING SOURCES (REVENUE)</u>										
Balance c/fwd from 2025 to 2026	(58)	(58)	-	-	-	-	-	-	-	-
MFA Debt Reserve Earnings	(70)	(70)	(60)	-	-	(60)	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE	(128)	(128)	(60)	-	-	(60)	-	-	-	-
REQUISITION - PARCEL TAX	(13,720)	(13,720)	(11,224)	-	-	(11,224)	-	-	-	-
*Percentage increase over prior year Requisition			-18.2%			-18.2%				

2.620 - Highland Water System (SSI)

Capital Projects

Updated @ Sep 10, 2026

Year	Project#	Status	Capital Project Description	Total Project Budget	Spending		Total Funding in Place
					Expenditure Actuals	Remaining Spending	
2020	CE.360	Close	Middle and Upper Reservoir Replacement	126,973	106,236	20,737	126,973
			Totals	126,973	106,236	20,737	126,973

Service:	2.620	Highland Water System (SSI)	Committee: Electoral Areas
----------	-------	-----------------------------	----------------------------

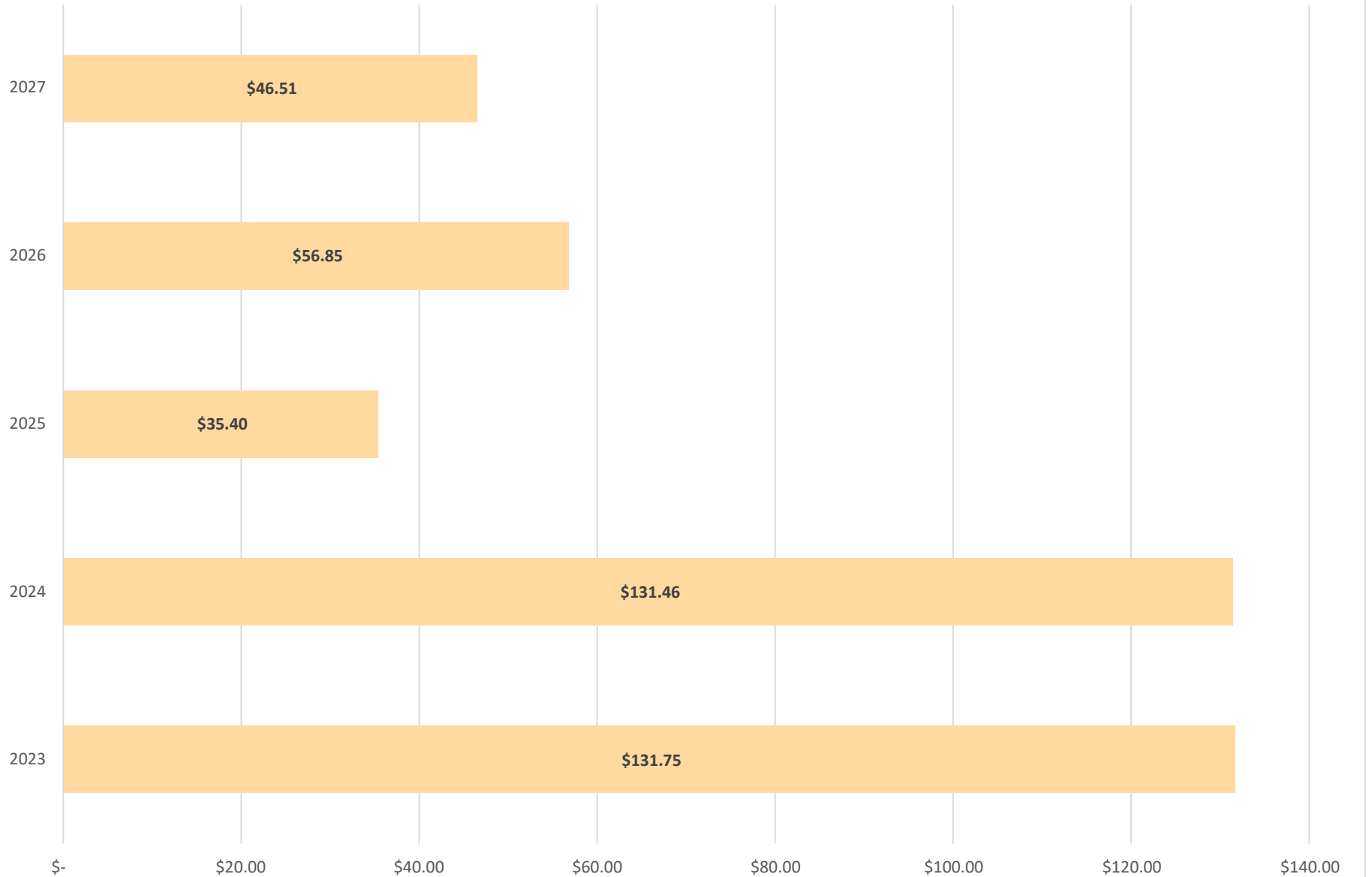
<u>Year</u>	<u>Taxable Folios</u>	<u>Parcel Tax</u>	<u>User Charge</u>	<u>Bylaw</u>
2023	254	\$131.75	\$0.00	4525
2024	254	\$131.46	\$0.00	4586
2025	254	\$35.40	\$0.00	4648
2026	254	\$56.85	\$0.00	4735
2027	254	\$46.51	\$0.00	

Change from 2026 to 2027

-\$10.34

-18.19%

Highland Water System(SSI)
Funding Analysis 2023 - 2027



CAPITAL REGIONAL DISTRICT

2027 Budget

Fernwood Water (SSI)

Commission Review

OCTOBER 2026

Service: **2.660 Fernwood Water (SSI) - Debt only**

Committee: **Electoral Areas**

DEFINITION:

To provide, operate and maintain water supply and distribution facilities for the Fernwood Water Local Service Area on Salt Spring Island Bylaw No. 1772 (January 1990). Amended Bylaw No. 2034 (July 15, 1992).

PARTICIPATION:

Fernwood Area of Salt Spring Island. Local Service Area #6, F(764).

MAXIMUM LEVY:

Greater of \$56,000 or \$5.07 / \$1,000 of actual assessed value of land and improvements.

MAXIMUM CAPITAL DEBT:

AUTHORIZED:	LA Bylaw No. 3581 (April 8, 2009)	\$195,000
BORROWED:	SI Bylaw 3634 (Nov 2009)	\$ (100,000) <i>Retired in 2024</i>
	SI Bylaw 3677 (Feb 2010)	\$ (50,000) <i>Retired in 2025</i>
	SI Bylaw 3817 (May 2012)	\$ (45,000) <i>Retires in 2027</i>
REMAINING:		\$0

COMMISSION:

Fernwood and Highland Water Service Commission- Bylaw 4371 (Dec. 09, 2020)

FUNDING:

Any deficiencies after user charge and/or parcel tax to be levied on taxable hospital assessments.
Parcel Tax: - Annual, levied only on properties capable of being connected to the system.

MAXIMUM OPERATING EXPENDITURE:

Under Bylaw No. 2187 - Maximum requisition greater of \$56,000 or \$5.07 / \$1,000 of actual assessments for land and improvements.

RESERVE FUND BYLAW:

Bylaw No. 1832.

2.660 - Fernwood Water (SSI) - Debt Only

	2026		BUDGET REQUEST				FUTURE PROJECTIONS			
	BOARD BUDGET	ESTIMATED ACTUAL	CORE BUDGET	2027 ONGOING	ONE-TIME	TOTAL	2028	2029	2030	2031
<u>OPERATING COSTS</u>										
Allocations	10	10	6	-	-	6	-	-	-	-
TOTAL OPERATING COSTS	10	10	6	-	-	6	-	-	-	-
*Percentage Increase over prior year			-40.0%			-40.0%				
<u>DEBT</u>										
MFA Debt Principal	2,584	2,584	2,584	-	-	2,584	-	-	-	-
MFA Debt Interest	1,526	1,526	763	-	-	763	-	-	-	-
MFA Debt Reserve Fund	20	20	20	-	-	20	-	-	-	-
TOTAL DEBT	4,130	4,130	3,367	-	-	3,367	-	-	-	-
TOTAL COSTS	4,140	4,140	3,373	-	-	3,373	-	-	-	-
*Percentage Increase over prior year			-18.5%			-18.5%				
<u>FUNDING SOURCES (REVENUE)</u>										
Estimated Balance c/fwd from 2026 to 2027	-	715	(715)	-	-	(715)	-	-	-	-
Balance c/fwd from 2025 to 2026	(2,344)	(2,344)	-	-	-	-	-	-	-	-
MFA Debt Reserve Earnings	(20)	(675)	(20)	-	-	(20)	-	-	-	-
Other Revenue	-	(60)	(60)	-	-	(60)	-	-	-	-
TOTAL REVENUE	(2,364)	(2,364)	(795)	-	-	(795)	-	-	-	-
REQUISITION - PARCEL TAX	(1,776)	(1,776)	(2,578)	-	-	(2,578)	-	-	-	-
*Percentage increase over prior year Requisition			45.2%			45.2%				

Service:

2.660

Fernwood Water (SSI)

Committee: Electoral Areas

<u>Year</u>	<u>Taxable Folios</u>	<u>Parcel Tax</u>	<u>User Charge</u>	<u>Bylaw</u>
2023	79	\$195.29	\$0.00	4525
2024	79	\$194.79	\$0.00	4586
2025	79	\$67.07	\$0.00	4648
2026	79	\$23.66	\$0.00	4735
2027	79	\$34.35	\$0.00	

Change from 2026 to 2027

\$10.68

45.16%

Fernwood Water (SSI)
Funding Analysis 2023 - 2027

