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REPORT TO CAPITAL REGIONAL DISTRICT BOARD MEETING OF WEDNESDAY, MARCH 11, 2026

SUBJECT **Bylaw Nos. 4699 and 4750: Core Area Wastewater Loan Authorizations**

ISSUE SUMMARY

Core Area Wastewater capital projects were included in the Capital Regional District (CRD) Board approved provisional 2026 to 2030 Financial Plan. The loan authorization process is being initiated in 2026 to ensure borrowing authority is in place for the required 2027 new long-term debt funding.

A CRD Board resolution is required to commence the loan authorization process for the following bylaws:

- Bylaw No. 4750: planned borrowing as set out in the Liquid Waste Management Plan (LWMP); and
- Bylaw No. 4699: borrowing required to implement additional capital works arising since the approval of the LWMP for the Liquid Waste Management Core Area and Western Communities Service.

BACKGROUND

On August 12, 2020, the Board agreed to a cost-apportionment system for the Liquid Waste Management Core Area and Western Communities Service (the “Service”), per Bylaw No. 4304, “Liquid Waste Management Core Area and Western Communities Service Establishment Bylaw No. 1, 1995, Amendment Bylaw No. 3, 2020”. All conveyance and treatment capital are cost apportioned on the basis of treatment capacity as outlined in Schedule C of Bylaw No. 4304. The conveyance and treatment system is administered under one regulatory and administrative framework. Long-term system infrastructure renewal and capacity upgrades are undertaken using a “one-system” model, with capital projects prioritized across the entire system.

On October 29, 2025, the Board granted provisional approval of the 2026 to 2030 Financial Plan, which includes planned Core Area Wastewater capital projects totaling \$100.05 million, of which \$59.29 million is planned to be funded through new long-term debt. Based on project cash flow requirements, long-term debt funding is anticipated to commence beginning in 2027.

Loan authorization bylaws specify the maximum amount, the general purpose and maximum debt repayment amortization period. Since these bylaws expire after five years, they are drafted to align with the five-year financial plan for services requiring borrowing to fund capital.

The 2026 to 2030 Core Area Wastewater capital plan includes projects requiring the borrowing of \$59.29 million through the Municipal Finance Authority of British Columbia (MFABC). Requests for funds to be drawn against the loan authorization bylaw will only be authorized upon Board approval of a subsequent temporary borrowing and/or security issuing bylaw.

A portion of the capital program was approved by the province in the CRD’s LWMP after public consultation and ministerial review in accordance with the *Environmental Management Act*. These works are reflected in Bylaw No. 4750, “Core Area Wastewater Treatment Plant Loan Authorization Bylaw No. 2, 2026” (\$24.45 million). Additional capital renewal and upgrade works arising since the approval of the LWMP are reflected in Bylaw No. 4699, “Core Area Wastewater Treatment Plant Loan Authorization Bylaw No. 1, 2026” (\$34.84 million).

At the request of Environmental Innovation service area, the combined loan authorization amounts have been reduced by \$7.0 million relative to the long-term debt funding assumed in the provisionally approved 2026 to 2030 Financial Plan, to reflect the portion of borrowing authority being advanced at this time; however, the capital plan remains unchanged at this time. The total borrowing continues to include \$2 million to support advanced thermal treatment design and capital for the processing of Class A Biosolids as a beneficial use.

Two loan authorization bylaws are required as the approved and post LWMP work follow different statutory approval pathways:

- LWMP borrowing can proceed without participating area approval, subject to Inspector of Municipalities approval
- Post-LWMP works require participating area approval

To authorize borrowing for the provisionally approved capital program, the following two loan authorization bylaws are proposed:

Service Area	Action	Purpose	Bylaw
3.798C	Loan Authorization Bylaw	To authorize long-term borrowing to fund capital works for the service arising since the approval of the LWMP	4699 Core Area Wastewater Treatment Plant Loan Authorization Bylaw No. 1, 2026
3.798C	Loan Authorization Bylaw	To authorize long-term borrowing to fund LWMP approved works for the service	4750 Core Area Wastewater Treatment Plant Loan Authorization Bylaw No. 2, 2026

ALTERNATIVES

Alternative 1

1. That Bylaw No. 4699, “Core Area Wastewater Treatment Plant Loan Authorization Bylaw No. 1, 2026”, be introduced and read a first, second and third time;
2. That participating area approval for Bylaw No. 4699 be obtained by way of alternative approval process for the entire service area; and
3. That Bylaw No. 4699 be referred to the Inspector of Municipalities.
4. That Bylaw No. 4750, “Core Area Wastewater Treatment Plant Loan Authorization Bylaw No. 2, 2026”, be introduced and read a first, second and third time; and
5. That Bylaw No. 4750 be referred to the Inspector of Municipalities for approval.

Alternative 2

That proposed bylaws No. 4699 and No. 4750 be referred back to staff for further information.

IMPLICATIONS

Legislative and Financial Implications

Before adoption by the Board, each loan authorization bylaw requires three readings and approval by the Inspector of Municipalities. Participating area approval is also required where applicable.

Upon final approval, combined borrowings of up to \$59.29 million (\$34.84 million under Bylaw No. 4699 and \$24.45 million under Bylaw No. 4750) will be authorized to support the planned 2026 to 2030 capital program for the service, with long-term borrowing anticipated to commence in 2027 based on project cashflow requirements.

Debt servicing costs associated with the planned borrowing are included in the provisional 2026 to 2030 Financial Plan. Using MFABC's indicative long-term borrowing rate of 4.49% as of January 19, 2026, estimated annual debt servicing payments are \$5.8 million (\$2.4 million attributable to Bylaw No. 4750; \$3.4 million attributable to Bylaw No. 4699), assuming a 15-year amortization term.

Total debt servicing payments are estimated at \$86.4 million over the term (\$35.6 million attributable to Bylaw No. 4750; \$50.7 million attributable to Bylaw No. 4699). Debt servicing payments are funded within the service in accordance with the established cost apportionment framework. Actual borrowings in each year of the five-year plan will be based on annual cashflow requirements and prevailing interest rates at the time.

For Bylaw No. 4750 (LWMP capital projects), participating area approval is not required where the borrowing implements all or part of an approved LWMP, provided the Inspector of Municipalities approves the proposed liability. For Bylaw No. 4699 (capital projects arising since approval of the LWMP), participating area approval is required and may be obtained through assent voting, an alternative approval process (AAP) for the entire service area or by municipal council consent for municipal participants together with an electoral area AAP for electoral area participants. Staff recommend obtaining approval for the entire service area through an AAP.

To optimize interest costs and borrowing timing, temporary borrowing may be proposed once the required approvals are in place. Before long term debenture debt issuance proceeds, a security issuing bylaw will be brought forward for Board approval and certification by the Inspector of Municipalities. The maximum term of debt issuance under these loan authorizations will be up to 15 years.

Service Delivery Implications

The new long-term debt will fund capital renewal projects identified in the 2026 to 2030 Financial Plan. These projects are required to maintain service reliability and ensure critical infrastructure continues to operate as intended. Timely renewal of aging assets reduces the risk of system failures that could result in environmental impacts, regulatory non-compliance, or costly emergency repairs. Proactive investment helps extend asset life and supports safe, reliable wastewater collection and treatment.

CONCLUSION

Capital program work is planned to begin in 2026 and continue over the 2026 to 2030 period. Timely access to borrowing authority beginning in 2027 is critical to meeting the capital program spending requirements. Accordingly, Board approval is required to commence the loan authorization process for: Bylaw No. 4750 (planned borrowing as set out in the LWMP) and Bylaw No. 4699 (planned borrowing for additional Core Area Wastewater capital projects arising since the approval of the LWMP).

RECOMMENDATION

1. That Bylaw No. 4699, “Core Area Wastewater Treatment Plant Loan Authorization Bylaw No. 1, 2026”, be introduced and read a first, second and third time;
2. That participating area approval for Bylaw No. 4699 be obtained by way of alternative approval process for the entire service area; and
3. That Bylaw No. 4699 be referred to the Inspector of Municipalities.
4. That Bylaw No. 4750, “Core Area Wastewater Treatment Plant Loan Authorization Bylaw No. 2, 2026”, be introduced and read a first, second and third time; and
5. That Bylaw No. 4750 be referred to the Inspector of Municipalities for approval.

Submitted by:	Varinia Somosan, CPA, CGA, Acting Chief Financial Officer & General Manager, Finance & Technology
Concurrence:	Luisa Jones, MBA, General Manager, Parks, Recreation & Environmental Services
Concurrence:	Alicia Fraser, P. Eng., General Manager, Infrastructure and Water Services
Concurrence:	Kristen Morley, J.D., Corporate Officer & General Manager, Corporate Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

- Appendix A: Bylaw No. 4699, “Core Area Wastewater Treatment Plant Loan Authorization Bylaw No. 1, 2026”
- Appendix B: Bylaw No. 4750, “Core Area Wastewater Treatment Plant Loan Authorization Bylaw No. 2, 2026”

CAPITAL REGIONAL DISTRICT

BYLAW NO. 4699

A BYLAW TO AUTHORIZE THE BORROWING OF THIRTY-FOUR MILLION, EIGHT HUNDRED AND FORTY THOUSAND DOLLARS (\$34,840,000) FOR WORKS RELATED TO THE LIQUID WASTE MANAGEMENT CORE AREA AND WESTERN COMMUNITIES SERVICE

WHEREAS:

- A. By Supplementary Letters Patent, Division VII dated December 28, 1967, the Capital Regional District was granted the function of acquisition, design, construction, operation, maintenance, renewal and administration of trunk sewers and sewage disposal facilities within all member municipalities of the Regional District, except the electoral areas of Sooke and Southern Gulf Islands, converted to establishing bylaw per Bylaw No. 2312, "Liquid Waste Management Core Area and Western Communities Service Establishment Bylaw No. 1, 1995", for the collection, conveyance, treatment, and disposal of sewage within the service area;
- B. The wastewater treatment and conveyance system serving the Core Area and Western Communities requires capital renewal and infrastructure upgrades, including detailed design for advanced thermal treatment ("Advanced Thermal") and for the processing of Class A biosolids materials for beneficial use (the "Capital Projects"), which may include, without limitation, planning, studies, project administration, public consultation and communications, site selection, design, land acquisition, procurement of materials and equipment, construction, and the supply and installation of all materials, equipment and components, and all other works incidental or necessary to the completion of the Capital Projects;
- C. The estimated cost of the Capital Projects is the sum of Thirty-Four Million, Eight Hundred and Forty Thousand Dollars (\$34,840,000.00), including Two Million (\$2,000,000) for Advanced Thermal detailed design, which is the amount of debt intended to be authorized by this bylaw;
- D. Pursuant to section 407 of the *Local Government Act*, participating area approval is required for this borrowing and shall be obtained by alternative approval process for the entire service area under section 345 of the *Local Government Act*;
- E. The approval of the Inspector of Municipalities is required under section 403 of the *Local Government Act*; and
- F. Financing is proposed to be undertaken by the Municipal Finance Authority of British Columbia pursuant to agreements between it and the Capital Regional District.

NOW THEREFORE the Capital Regional District Board in open meeting assembled hereby enacts as follows:

Bylaw No. 4699

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1. The Board is hereby empowered and authorized to undertake and carry out or cause to be carried out the capital renewal and upgrade of the wastewater treatment and conveyance system serving the Core Area and Western Communities, which will involve planning, studies, project administration, public consultation and communications, site selection, design, land acquisition, procurement of materials and equipment, construction, and the supply and installation of all materials, equipment and components, and all other works incidental or necessary to the completion of the Capital Projects, and to do all things necessary in connection with the Capital Projects and without limiting the generality of the foregoing:
 - (a) to borrow upon the credit of the Capital Regional District a sum not exceeding Thirty-Four Million, Eight Hundred and Forty Thousand Dollars (\$34,840,000.00); and
 - (b) to acquire all such real property, easements, rights-of-way, leases, licenses, rights or authorities as may be requisite or desirable for or in connection with the Capital Projects.
2. The maximum term for which debentures may be issued to secure the debt intended to be created by this bylaw is fifteen (15) years.
3. This Bylaw may be cited as "Core Area Wastewater Treatment Plant Loan Authorization Bylaw No. 1, 2026".

READ A FIRST TIME THIS	day of	20__
READ A SECOND TIME THIS	day of	20__
READ A THIRD TIME THIS	day of	20__
APPROVED BY THE INSPECTOR OF MUNICIPALITIES THIS	day of	20__
RECEIVED PARTICIPATING AREA APPROVAL UNDER SECTION 345 OF THE <i>LOCAL GOVERNMENT ACT THIS</i>	day of	20__
ADOPTED THIS	day of	20__

CHAIR

CORPORATE OFFICER

CAPITAL REGIONAL DISTRICT

BYLAW NO. 4750

A BYLAW TO AUTHORIZE THE BORROWING OF TWENTY-FOUR MILLION, FOUR HUNDRED AND FIFTY THOUSAND DOLLARS (\$24,450,000) FOR THE WORKS RELATED TO THE LIQUID WASTE MANAGEMENT CORE AREA AND WESTERN COMMUNITIES SERVICE

WHEREAS:

- A. By Supplementary Letters Patent, Division VII dated December 28, 1967, the Capital Regional District was granted the function of acquisition, design, construction, operation, maintenance, renewal and administration of trunk sewers and sewage disposal facilities within all member municipalities of the Regional District, except the electoral areas of Sooke and Southern Gulf Islands, converted to establishing bylaw per Bylaw No. 2312, "Liquid Waste Management Core Area and Western Communities Service Establishment Bylaw No. 1, 1995", as a service for the collection, conveyance, treatment, and disposal of sewage within the service area;
- B. The Board of the Capital Regional District intends to borrow money for capital renewal and infrastructure upgrades for implementation of the Capital Regional District Liquid Waste Management Plan, approved by the Minister of Environment and Parks under section 24(5) of the *Environmental Management Act*, which includes works relating to the wastewater treatment and conveyance system serving the Core Area and Western Communities (the "LWMP Projects"), including, without limitation, planning, studies, project administration, public consultation and communications, site selection, design, land acquisition, procurement of materials and equipment, construction, and the supply and installation of all materials, equipment and components, and all other works incidental or necessary to the completion of the LWMP Projects;
- C. The portion of the cost to be funded by debt is the sum of Twenty-Four Million, Four Hundred and Fifty Thousand Dollars (\$24,450,000.00), which is the amount of debt intended to be authorized by this bylaw;
- D. Pursuant to section 407(2)(c) of the *Local Government Act* and section 5 of the *Regional District Liabilities Regulation*, BC Reg 261/2004, participating area approval is not required if the borrowing is to implement all, or part of an approved liquid waste management plan and the proposed liability is approved by the Inspector of Municipalities;
- E. The approval of the Inspector of Municipalities is required under section 403 of the *Local Government Act*; and
- F. Financing is proposed to be undertaken by the Municipal Finance Authority of British Columbia pursuant to agreements between it and the Capital Regional District.

NOW THEREFORE the Capital Regional District Board in open meeting assembled hereby enacts as follows:

Bylaw No. 4750

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1. The Board is hereby empowered and authorized to undertake and carry out or cause to be carried out the LWMP Projects, including planning, studies, project administration, public consultation and communications, site selection, design, land acquisition, procurement of materials and equipment, construction, and the supply and installation of all materials, equipment and components, and all other works incidental or necessary to the completion of the LWMP Projects for the wastewater treatment and conveyance system serving the Core Area and Western Communities; and to do all things necessary in connection therewith and without limiting the generality of the foregoing:
 - (a) to borrow upon the credit of the Capital Regional District a sum not exceeding Twenty-Four Million, Four Hundred and Fifty Thousand Dollars (\$24,450,000.00); and
 - (b) to acquire all such real property, easements, rights-of-way, leases, licenses, rights or authorities as may be requisite or desirable for or in connection with the works authorized by this bylaw.
2. The maximum term for which debentures may be issued to secure the debt intended to be created by this bylaw is fifteen (15) years.
3. This Bylaw may be cited as "Core Area Wastewater Treatment Plant Loan Authorization Bylaw No. 2, 2026".

READ A FIRST TIME THIS	day of	20__
READ A SECOND TIME THIS	day of	20__
READ A THIRD TIME THIS	day of	20__
APPROVED BY THE INSPECTOR OF MUNICIPALITIES THIS	day of	20__
ADOPTED THIS	day of	20__

CHAIR

CORPORATE OFFICER