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REPORT TO SAANICH PENINSULA WATER COMMISSION MEETING OF JUNE 4, 2026

SUBJECT **Saanich Peninsula Water Service 2026 Mid-Year Capital Projects and Operations Update**

ISSUE SUMMARY

To provide a mid-year update on the Saanich Peninsula Water capital program and operations.

BACKGROUND

Capital Program Update

The Saanich Peninsula Water (SPW) capital program reflects the planned capital spending for the next five years and forms part of the annual service budget that is approved in March each year by the Capital Regional District (CRD) Board. In 2026, there were 22 capital projects identified, some of which are programs containing several sub-projects. The approved 2026 budget is \$18.619 million. The status of the major projects progressing in 2026 is detailed in Appendix A and locations are shown in Appendix B. Additional smaller projects will also progress based on criticality and resourcing. The CRD expects to complete the major capital project associated with the Bear Hill trunk extension, along with the Asset Management Plan and the Amalgamation Study, by the end of 2026.

Operations Update

The Saanich Peninsula and Gulf Islands Operations team operates and maintains the Saanich Peninsula Water System, which includes a routine operational and preventative maintenance program and corrective (unplanned) maintenance program. The 2026 annual operating budget is \$1.98 million and is on target for a marginal surplus at year-end. The following provides a summary of some of the major non-routine operational activities planned in 2026.

Reservoir Maintenance Program

There are seven water reservoirs or tanks in the Saanich Peninsula Water System. Tanks are drained, cleaned and inspected typically on a five-year cycle. For 2026, the Cloake Hill Tank is planned to be inspected in Q4 of this year using a remote operated vehicle. This type of inspection does not require the draining of the tank, so there is no impact to water service. Concrete crack sealing is planned for the Bear Hill Tank in June of this year.

Bulk Water Meter Reading

There are 15 bulk water meters that service the Saanich Peninsula Water System that are used for water billing for Sidney, Central Saanich, North Saanich and Agriculture Canada. Meters are read monthly by operational staff and analyzed for anomalies.

- Flow meter replacement at the Lowe Road Pump Station is planned for Q3 of 2026.

Pressure Control Stations

There are 15 pressure regulating stations that control water system pressures on the Saanich Peninsula Water System. Ongoing routine maintenance is performed annually on the control valves that can include a complete teardown and rebuild of the valve annually depending on the criticality of the station. It is projected that all critical maintenance will be completed by year-end.

Operational Corrective Maintenance Completed to end of May 2026:

- Replacement of Deep Cove Pump Station pressure surge relief valve.
- Replacement of communications link between Hamsterly Pump Station and Bear Hill Tank.

Operational Annual Provisional Items

The annual provisional accounts are in the service's five-year capital plan and were established to provide funding for unplanned repairs / replacements that are outside of the operating budget contingencies. The annual budget is \$200,000. Unplanned repairs and replacements at mid-year are identified in the table below.

Project Title	Project Budget	Status
McTavish Workshop Concrete Apron Replacement	\$36,000	The project was identified in late 2025 and completed in early 2026.

2027 Capital Priorities

The Saanich Peninsula Water Commission (Commission) has previously reviewed the approved 2026 wholesale water rate of \$1.3593 per cubic metre, representing an 8.1% increase over 2025, as well as the associated multi-year rate projections presented as part of the 2026 budget. These materials highlighted ongoing upward pressure on rates, which are subject to change based on actual expenditures, water demand, and financial conditions. The Commission has expressed interest in early engagement on significant budget drivers and a clearer understanding of budget pressures in 2027.

CRD staff are now beginning the 2027 budget process, including development of the 2027 capital priorities, with the budget to be refined through summer of 2026 and brought forward for review in September 2026. The information provided below reflects priorities anticipated for 2027, based on early discussions and the 2026 projections, and is intended to support early awareness of emerging priorities and financial pressures. The 2026 Capital Plan is attached as Appendix C.

- Completing the Master Plan and Development Cost Charge (DCC) Update
- Advancing the Water Resiliency Plan
- Finalizing any close out activities related to the Bear Hill Trunk Extension project
- Advancing Supervisory Control and Data Acquisition (SCADA) upgrades in alignment with SCADA Master Plan.

- Addressing small to mid-scale project requirements within the Asset Capital Improvement/Replacement program budget.

At this stage, it is still too early to project other components of the 2027 budget with confidence, including reserve contributions or water rate impacts. These elements will be further refined as part of the budget development process and presented to the Commission as more complete information becomes available.

CONCLUSION

This report provides the Saanich Peninsula Water Commission with operational and capital program updates for the Saanich Peninsula Water Service.

RECOMMENDATION

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

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ATTACHMENT(S)

- Appendix A: SPWS Capital Program – Current Status of Active Projects
- Appendix B: SPWS Significant Project Locations
- Appendix C: SPWS 5 Year Capital Plan (2026-2030)