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REPORT TO ELECTORAL AREAS COMMITTEE MEETING OF WEDNESDAY, MAY 13, 2026

SUBJECT **Bylaw No. 4749: Fulford Water Service Loan Authorization Bylaw for Water Treatment Plant Capital Upgrades**

ISSUE SUMMARY

To consider Bylaw No. 4749, "Fulford Water Service Loan Authorization Bylaw No. 1, 2026", for the purpose of financing the renewal and upgrades to the Fulford Water System.

BACKGROUND

The Fulford Water Treatment Plant (WTP) provides drinking water for the 102 properties in the Fulford Service area. It was constructed in 2010 after the Fulford Service joined the CRD in 2004. The utility obtains its drinking water from Lake Weston, a small lake that lies within an uncontrolled multiuse watershed outside and northeast of the service area.

The Fulford water system is primarily comprised of:

- a water treatment plant (WTP) that draws water from Lake Weston and treats it. The water is treated using a rapid mix system, flocculation, dissolved air floatation (DAF) and filters, ultraviolet disinfection, then chlorination prior to being pumped, via the distribution system to a reservoir.
- one raw water pump station
- ~4,500 m of water distribution pipe with fire hydrants, standpipes, and gate valves
- 1 water reservoir – 360 m³ (80,000 lg)
- water service connections complete with water meters to commercial properties only
- 1 pressure regulating station

Loan Authorization is required to fund the upgrades to the Fulford Water Treatment Plant to replace obsolete process and controls equipment as well as install security fencing on the reservoir.

Water Treatment Plant SCADA Upgrades - \$310,000

The main scope of work will focus on controls and automation hardware and software replacements and/or upgrades and reprogramming. The key components are defined here:

- Supervisory Control and Data Acquisition (SCADA) – Hardware components (such as a server computer) to host data, a PLC (Programmable Logic Controller), an RTU (Remote Terminal Unit) and an HMI (Human Machine Interface) for operator interface.
- Programmable Logic Controller (PLC) - hardware equipment that contains a logic program which accepts inputs and gives outputs (I/O) to control equipment. Inputs can be from sensors and timers, and outputs can be to valves, switches and alarms.
- Human Machine Interface (HMI) - allows the operator to monitor and interact with the process and equipment through the PLC. The HMI can be used for monitoring or can be for resetting or adjusting setpoints and operating parameters.

- Remote Terminal Unit (RTU) – A unit that has minor control logic and I/O terminals to feed into a PLC.

A PLC upgrade is required to provide secure, reliable communications. The current PLC and I/O cards are obsolete with no available replacements. The HMI will be replaced to allow more local and remote control. The upgrade will provide expansion capacity for communications to the Ganges server. The upgrade at Fulford WTP will provide improvements to control, communications and data acquisition, saving operator emergency call outs and emergency failures, resulting in a more reliable system with improved process oversight.

Security Fencing - \$40,000

To improve the security of the reservoir and reduce opportunities for vandalism a fence system is planned to be installed around the perimeter of the Fulford reservoir. Vandalism has been occurring at the reservoir and reservoir site which contains treated water that is distributed directly to ratepayers. Fencing around potable water plants is best practice to protect the valuable assets and ensure safe drinking supply.

The British Columbia government has developed a “Design Guides for Drinking Water Systems in British Columbia” which states that human access should be through controlled locations only and that intrusion deterrence measures (e.g. physical barriers such as fences) should be incorporated into facility designs.

The water treatment plant upgrade projects in total budget of \$350,000 will be funded by grants (\$80,000) and debt (\$270,000). A borrowing bylaw authorizing up to \$270,000 debt would enable the CRD to fully fund the projects and proceed with the work, including the SCADA upgrade to the water treatment plant (\$230k) and construction of reservoir security fencing (\$40k).

ALTERNATIVES

Alternative 1

The Electoral Areas Committee recommends to the Capital Regional District Board:

1. That the attached Certification of Results of Petition for Borrowing – Fulford Water Treatment Plant be received;
2. That Bylaw No. 4749, “Fulford Water Service Loan Authorization Bylaw No. 1, 2026” be introduced and read a first, second and third time; and
3. That Bylaw No. 4749 be forwarded to the Inspector of Municipalities for approval.

Alternative 2

That the proposed bylaw be referred back to staff for further information.

IMPLICATIONS

Legislative Implications

Participating area approval for borrowing (Bylaw No. 4749) was received through a successful Petition of the property owners in the Fulford Water System in February-April 2026. The petition was certified as sufficient and valid with at least 50% of the property owners representing 50% of the net taxable value of all land and improvements in the service area having requested the borrowing of up to \$270,000 (attached as Appendix A).

Following adoption of Bylaw No. 4749, borrowings up to \$270,000 will be authorized and will support the planned five-year capital plan expenditures commencing in 2026. In accordance with the *Local Government Act*, long-term borrowing (i.e., loans with a term of more than five years) cannot be undertaken without approval of a security issuing bylaw once the loan authorization bylaw is approved. Section 24 of the *Municipal Finance Authority Act* states that a regional district security issuing bylaw may only be enacted and financed if the long-term borrowing is arranged through the Municipal Finance Authority of BC (MFABC).

Financial Implications

The Fulford Water System Renewal and Upgrade projects with a total budget of \$350,000, are funded through grants and debt. As a result, borrowing of up to \$270,000 is required to complete the projects. The projects are included in the five-year financial plan (2026-2030).

For analytical purposes only, and with MFABC's indicative interest rate of 4.59% at the time of analysis, the estimated annual debt servicing payments are approximately \$26,489 with a 15-year amortization term. The total debt servicing payments over the debt term are estimated to be approximately \$397,340. Debt servicing payments will be funded by taxation.

To ensure optimization of interest and timing of long-term debt, issuance of a temporary borrowing will be proposed if Ministerial approval is obtained. The timing of the debt issuance will be based on the timing of expenditures and cash flow requirement. The actual debt costs will be dependent on prevailing interest rates at the time of issuing.

Service Delivery Implications

Completing the approval process and borrowing funds sooner will minimize service disruptions. The likelihood of disruptions will increase until a solution is implemented.

CONCLUSION

Bylaw No. 4749, "Fulford Water Service Loan Authorization Bylaw No. 1, 2026", was drafted in preparation for future borrowing to enable the construction of the SCADA upgrades project and construction of reservoir security fencing in the Service's five-year (2026-2030) capital plan. A successful petition process has been completed with the rate payers of Fulford water service to authorize the borrowing plan. The Bylaw will be forwarded to the Inspector of Municipalities for approval prior to adoption. If supported staff will advance the loan authorization bylaw and complete the steps needed to secure the funding.

RECOMMENDATION

The Electoral Areas Committee recommends to the Capital Regional District Board:

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3. That Bylaw No. 4749 be forwarded to the Inspector of Municipalities for approval.

Submitted by:	Dan Ovington, BBA, Senior Manager, Salt Spring Island Administration
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ATTACHMENTS:

Appendix A: Certificate of Results - Fulford Petition for Borrowing

Appendix B: Bylaw No. 4749, “Fulford Water Service Loan Authorization Bylaw No. 1, 2026”