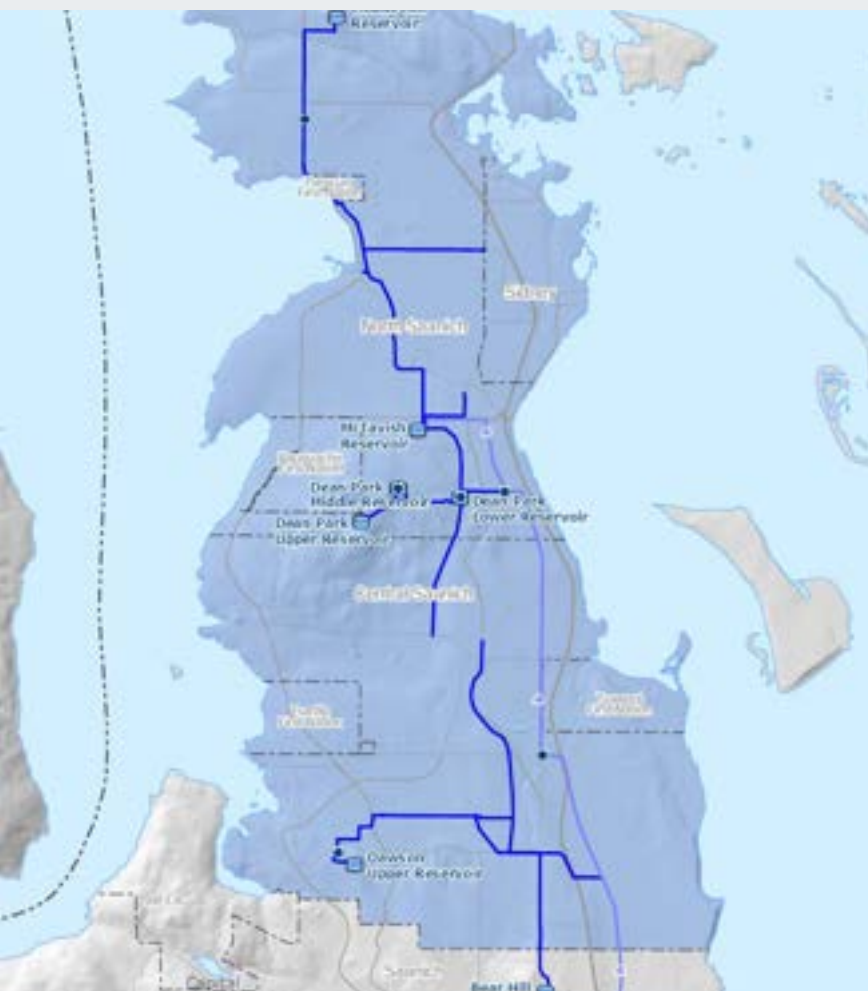




CAPITAL REGIONAL DISTRICT Saanich Peninsula Water Commission Amalgamation Study



DRAFT REPORT
July 2025



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Capital Regional District

Saanich Peninsula Water Commission
Amalgamation Study

DRAFT REPORT


July 2025

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EXECUTIVE SUMMARY

To be completed following initial review by the Saanich Peninsula Water Commission.

1. INTRODUCTION

Throughout Greater Victoria and the Southern Gulf Islands, the Capital Regional District (CRD) is responsible for the supply, treatment and distribution of potable drinking water to over 430,000 residents and property owners. This is managed by the CRD through a number of established services at the regional, sub-regional, and local level; each with its own operational, financial, and governance structures.

Within the Saanich Peninsula, water supply is provided through a sub-regional service established by the CRD in the late 1970s, which in turn provides potable water to three municipal partners – District of North Saanich, District of Central Saanich and Town of Sidney. Two decades later, the CRD established a regional water supply service for the majority of the region, which is interconnected to the Saanich Peninsula Water system and includes the broad coordination of operations and maintenance staff at Infrastructure and Water Services (IWS). However, as these are legally two unique services established by bylaw, there remains the statutory requirement to separate operations, finances and governance.

In November 2023, the District of Central Saanich approved the following referral motion:

That the Saanich Peninsula Water Commission investigate the possibility of amalgamation with the Regional Water Supply Commission.

Upon initial review, CRD staff noted in its report to the commissions that “there may be an unnecessary layer of governance which was required in 1976, prior to the creation of the Regional Water service that could be eliminated with potentially no impact to the level of services and with improved efficiencies for the users.” Staff recommended undertaking a feasibility study which considers both the service delivery and intergovernmental implications of potential amalgamation, including a review and analysis of the following:

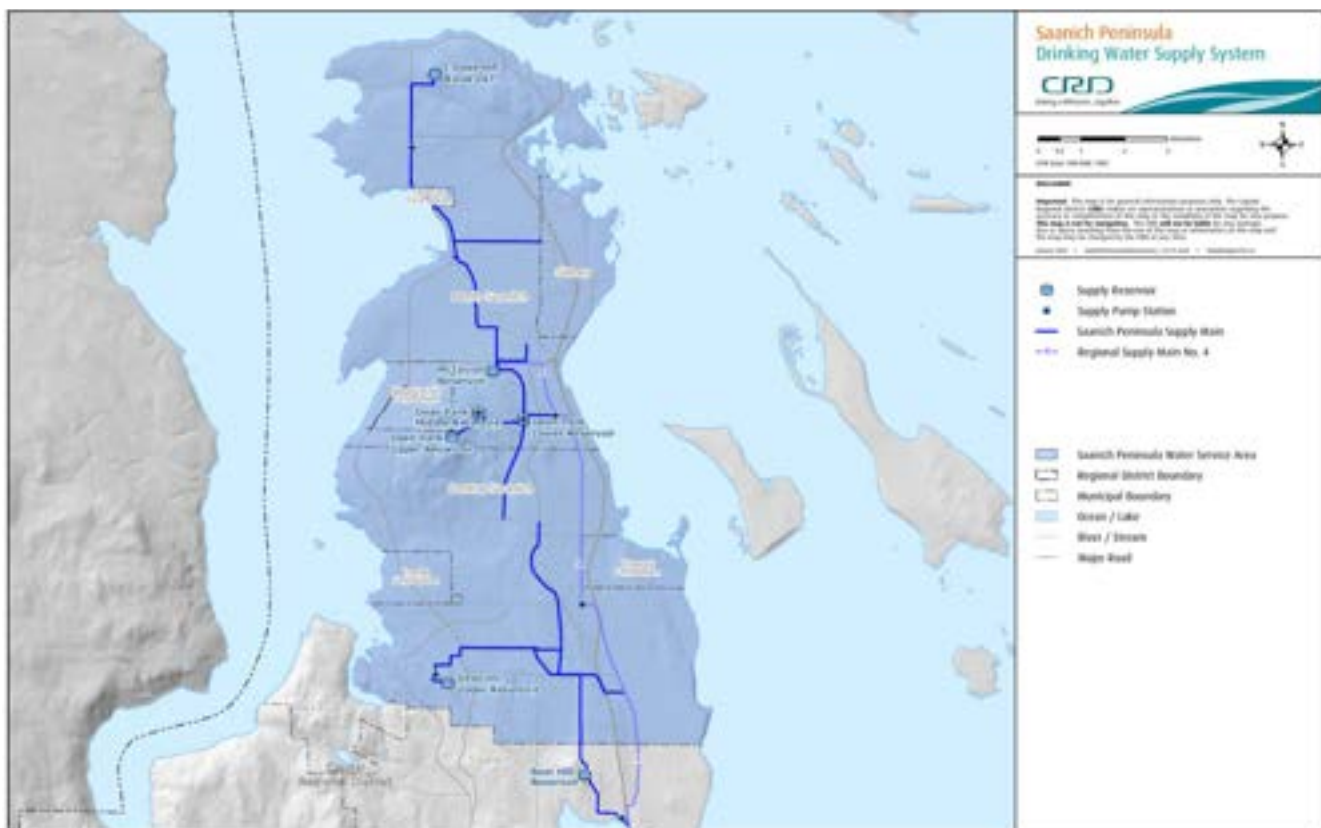
- The conversion of the Saanich Peninsula Water letters patent;
- How the existing infrastructure and liabilities would be valued and transferred;
- Membership, representation and voting on the Regional Water Supply Commission, as well as implications to the membership at the Water Advisory Commission;
- Potential limitations on First Nations membership, representation and voting rights at the Regional Water Supply Commission;
- Review of operational efficiencies related to staffing, technology systems and procedures;
- The role of First Nations and how they would like to be involved in decision-making;
- Streamlining of Water Rate structure and Development Cost Charge programs; and
- Recommendations on steps and timing of transition to minimize impacts.

In 2024, the CRD commissioned Connections Planning Associates Ltd. (CPAL) to undertake this feasibility study. As outlined above, there are a number of inter-related operational, financial, administrative and political factors which need to be carefully reviewed and considered as part of this project. Additionally, consultation and engagement with the three municipal partners, both water commissions and others will need to be taken into consideration as part of this study.

1.1 History and Background

In 1976, the Capital Regional District (CRD) established the Saanich Peninsula Water Commission through letters patent (see Appendix A), as part of the dissolution of three improvement districts into their respective municipalities – Brentwood Waterworks District (to the District of Central Saanich), Deep Cove Waterworks District (to the District of North Saanich) and Sidney Waterworks District (to the Town of Sidney). As a newly formed sub-regional service, its purpose was (and continues to this day) to provide potable water supply to the three municipal partners, including the ownership of land, rights-of-way and infrastructure required to provide the service. The Saanich Peninsula Water system currently consists of approximately 35 kilometres of watermains, 6 storage reservoirs, 6 pumping stations, and 13 pressure control stations. See Figure 1 below for the water service area and refer to Appendix B for a more detailed map of the system.

Figure 1 - Saanich Peninsula Water Service Area



In 1997, a regional water system was established for the capital region through provincial legislation, which transferred the assets, liabilities and overall management of the watershed and lands to the CRD. As part of this transfer, two new commissions were established to help the regional board with the new service, including the Regional Water Supply Commission (for the overall regional water system) and the Juan de Fuca Water Distribution Commission (for the supply and distribution of potable water to the Western Communities). In addition, a Water Advisory Committee was also established to provide community advice and technical input to the Regional Water Supply Commission.

Currently, the Saanich Peninsula Water system is interconnected to the Regional Water Supply system, although they are operated and governed as two separate CRD services. Essentially, the Saanich Peninsula Water system purchases bulk water from the Regional Water Supply system, and in turn sells potable drinking water to the three municipal partners (Central Saanich, Sidney and North Saanich). From there, each municipality operates its own local distribution system to provide potable water to individual residents and ratepayers as a municipal service. From this basis, it appears that the Saanich Peninsula Water service provides an identical function just to a smaller subset of regional water participants, and as such could potentially be amalgamated with the Regional Water Supply service.

2. GOVERNANCE OVERVIEW

Within the Capital Regional District, elected officials sit on the 24-member Board of Directors as the overall governing body. In order to assist in the decision-making process, regional districts may establish committees and/or commissions to provide advice or undertake work on behalf of the board. These may be advisory in nature, or in some cases may be delegated the responsibility for the operation and administration of services.¹ There are currently more than 75 committees and commission supporting the CRD Board of Directors.

The following commissions and committees are related to the Saanich Peninsula Water Commission Amalgamation Study, with details of their history and structure described below:

2.1 Saanich Peninsula Water Commission

Established by letters patent in 1976, the Saanich Peninsula Water Commission (SPWC) was formed to take over from three dissolved improvement districts (Deep Cove Waterworks, Brentwood Waterworks and Sidney Waterworks), and supply water to the municipalities of North Saanich, Central Saanich and Sidney for distribution. The commission consists of up to 11 appointed members, including each participant's Mayor, an additional council representative from each of the three partner municipalities, a public representative from each community, a First Nations representative and an agricultural organization representative. Currently there are 10 members of the SPWC (as of January 2025), with the First Nations representative being vacant. Since its inception, the letters patent has been amended a number of times to include the appointment of alternate members (1978), apportionment of annual debt charges (1984) and the supply of water to Agriculture Canada (1986). The commission meets bi-monthly on the third Thursday of the month. Each of the members of the Saanich Peninsula Water Commission has one unweighted vote on all matters. In reviewing previous agendas and minutes, the SPWC deals primarily with operations and maintenance issues, capital planning for its assets within the service, and approval of water rates.

2.2 Regional Water Supply Commission

In 1997, the province enacted the *Capital Region Water Supply and Sooke Hills Protection Act (the "Act")*, which required the CRD to establish a regional water supply service with the following participants – City of Victoria, District of Oak Bay, District of Saanich, Township of Esquimalt, District of Central Saanich, Town of Sidney, District of North Saanich, District of Metchosin, City of Colwood, Town of View Royal, District of Langford and Sooke (now Juan de Fuca) Electoral Area. It is interesting to note that the three municipalities on the Saanich Peninsula

¹ Regional District Committees and Commission, Province of British Columbia, December 2022.

<https://www2.gov.bc.ca/gov/content/governments/local-governments/governance-powers/powers-services/regional-district-powers-services/committees-commissions>

Water Commission are also members of the Regional Water Supply Commission, but are there to consider regional (as opposed to sub-regional) water supply issues.

The Act required the CRD to establish a Regional Water Supply Commission (RWSC), with the following purpose:

- a) to foster the provision of high-quality water for current and future users of the water supply service, and
- b) to encourage effective conservation of the water supply and stewardship over the water supply catchment area in cooperation with local governments, First Nations, the provincial government and the public.

Appointment to the Regional Water Supply Commission follows the CRD regional director appointments, with a total of 22 elected officials on the commission, with provision for alternate members. Based on population, some municipalities have more than one seat on the commission including Saanich (5), Victoria (4) and Langford (2), whereas the three Saanich Peninsula municipalities (North Saanich, Central Saanich and Sidney) have one seat each. In addition, the commission utilizes a weighted vote structure for certain votes, with total assigned votes of 87. Under this legislated structure, North Saanich (3 votes), Central Saanich (4 votes) and Sidney (3 votes) have a combined assigned voting strength of 10 of the total 87 assigned votes.

The RWSC has a much broader mandate than the SPWC, which includes but is not limited to: watershed protection, water quality, disaster planning and post-disaster mitigation, and regional levels of service. In February 2025, the CRD released a Draft Regional Water Supply Strategic Plan, which set commitments and strategic priorities to help guide the Regional Water Supply service for the next 30 years.

2.3 Water Advisory Committee

At the same time as the RWSC was created, a Water Advisory Committee (WAC) was also established, which is a public advisory committee comprised of representatives from First Nations, environmental and scientific organizations, residents and ratepayers, and other groups. The purpose of the advisory committee is to review options for water supply, water quality and water conservation; take into consideration the social and environmental impacts of the options; and make recommendations to be forwarded to the Regional Water Supply Commission.

The Water Advisory Committee is structured to consist of 10 to 15 members with a diversity of background, interests and geography. Committee members serve a two-year term to a maximum participation of three terms (i.e. six years), and the committee meets every 3 to 5 times a year as required (minimum of 2 meetings). Currently there are 14 members on the WAC, which includes one member from the Saanich Peninsula Water Commission (currently the Vice-Chair of the SPWC). In November 2024, the Terms of Reference of the WAC was amended to expand First Nations representation to include one representative from each First Nation in the CRD, who may participate at their pleasure as ex officio members.

2.4 Juan de Fuca Water Distribution Commission

Also in 1997, the Act required the CRD to establish a water distribution local service area for the District of Metchosin, City of Colwood, Town of View Royal, District of Langford and Juan de Fuca Electoral Area, as well as the District of Highlands and Town of Sooke. A standing committee of the board known as the Juan de Fuca Water Distribution Commission (JdFWDC) was established by bylaw, consisting of the 8 elected officials representing their respective jurisdictions based on CRD voting strength. As the boundaries of the JdFWDC are not adjacent to the Saanich Peninsula Water system, and that service addresses water distribution (rather than water supply) within its respective local service area, it is not directly affected by the potential amalgamation of the Saanich Peninsula Water Commission with the Regional Water Supply Commission.

2.5 Governance Summary and Observations

The Saanich Peninsula Water Commission and Regional Water Supply Commission both have similar functions which is “to foster the provision of high-quality water for current and future users of the water supply service”, as noted in the legislation which created the RWSC. From a governance perspective, a number of initial observations are presented below, which will be important factors when considering potential options with respect to amalgamation:

- The Saanich Peninsula Water Commission currently consists of 10 appointed members (1 available seat) including both elected officials and community members (including First Nations), each with an equal and unweighted vote.
- The Regional Water Supply Commission consists only of elected officials comprising 22 members from their respective communities, with representation and weighted voting strength based on the CRD formula (1 per 25,000 population).
- The Regional Water Supply Commission receives advice from the Water Advisory Committee, a public advisory committee comprised of commission, technical and community representatives. One representative from each First Nation in the CRD may participate as an ex officio member at their pleasure.
- The peninsula communities (North Saanich, Central Saanich, and Sidney) already have one commissioner each on the Regional Water Supply Commission, meaning that there is currently some general overlap in water supply governance between the Saanich Peninsula Water Commission and Regional Water Supply Commission, notwithstanding the legislative difference in commission makeup and voting strength.
- The Regional Water Supply Commission addresses strategic regional issues related to watershed protection, water quality, water conservation and levels of service, whilst the Saanich Peninsula Water Commission historically has been limited to operations and maintenance, capital planning with respect to its assets, and setting of rates.
- A potential amalgamation would see the Saanich Peninsula Water Commission letters patent dissolved, with its functions and decision-making authority transferred to the Regional Water Supply Commission. This would require consent from two-thirds of the participants (i.e. 2 of the 3 municipalities) as well as

approval from the Inspector of Municipalities. It would also require two-thirds consent from the Regional Water Supply Commission to accept the transfer of assets and liabilities.

- Based on the current CRD voting strength formula, there would likely be no change to the makeup of the 22-member Regional Water Supply Commission, as there is currently one commissioner each from the District of North Saanich, District of Central Saanich and Town of Sidney.
- Non-elected representation currently on the Saanich Peninsula Water Commission would be lost, but this could be supplemented by the Water Advisory Committee, which currently has representation from the SPWC Vice-Chair. Note that the Water Advisory Committee is advisory in nature.
- Future decision-making regarding water supply in the Saanich Peninsula could potentially be addressed more holistically and comprehensively by the Regional Water Supply Commission, based on one water supply for the entire region that it serves. This needs to be balanced against the potential loss of local control and representation from the Saanich Peninsula Water Commission, whether actual or perceived.

3. OPERATIONS OVERVIEW

This section provides an overview of operations and maintenance for the Saanich Peninsula Water system, which is managed by staff within the CRD's Infrastructure and Water Services (IWS) Department, operating from its satellite facility located at the Saanich Peninsula Wastewater Treatment Plant.

3.1 Water System Overview

CRD staff maintains an asset inventory of the Saanich Peninsula Water system, which can be summarized in the following categories:

- 35 kilometres of watermains
- 3 kilometres of intakes and drains
- 5 kilometres of abandoned mains
- 6 storage reservoirs
- 6 pumping stations
- 13 pressure control stations
- 20 meter stations
- 1 rechlorination station
- 10 hydrants
- 305 valves

A more detailed breakdown of the 35km of active watermains by age and type is provided in the following tables and figures:

Table 1: Saanich Peninsula Water System – Watermains by Age

Age	# of Segments	Length (m)	% of Total
1940-1949	4	720	2%
1970-1979	21	1,860	5%
1980-1989	99	14,292	41%
1980-1989	154	14,276	41%
1980-1989	30	3,562	10%
TOTAL	308	34,710	100%

Table 2: Saanich Peninsula Water System – Watermains by Material Type

Material Type	# of Segments	Length (m)	% of Total
AC - Asbestos Cement	56	10,471	30%
DI - Ductile Iron	137	16,806	48%
FG – Permastrand	2	265	1%
PVC – Polyvinyl Chloride	82	6,331	18%
ST – Steel	31	838	2%
TOTAL	308	34,711	100%

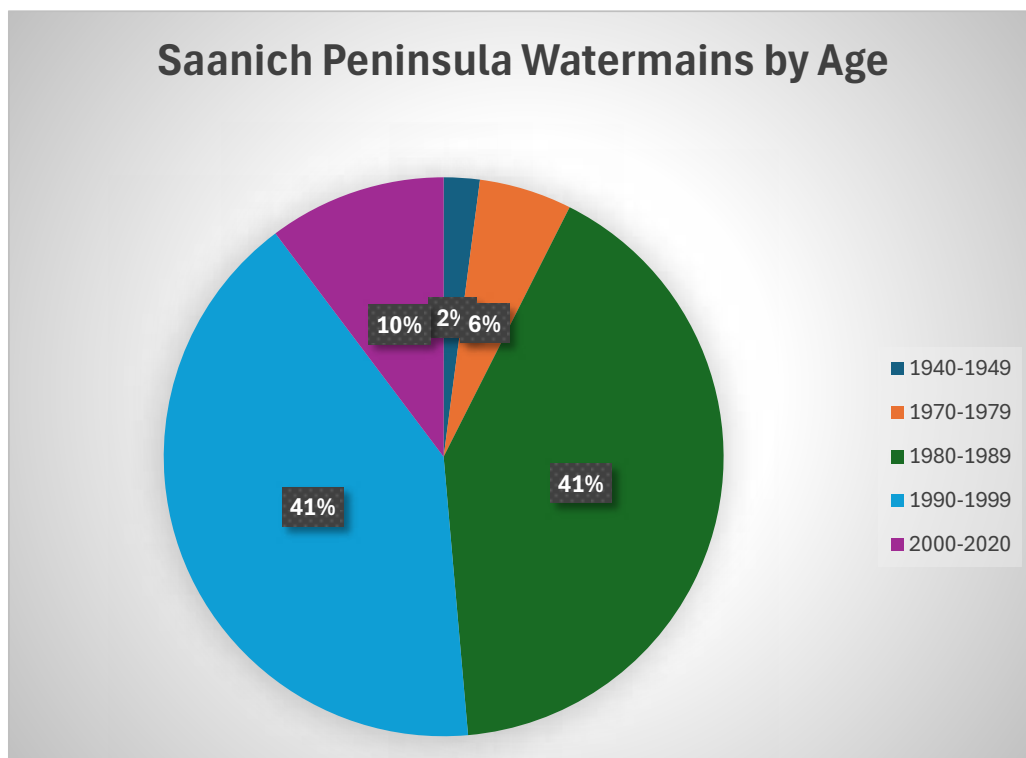
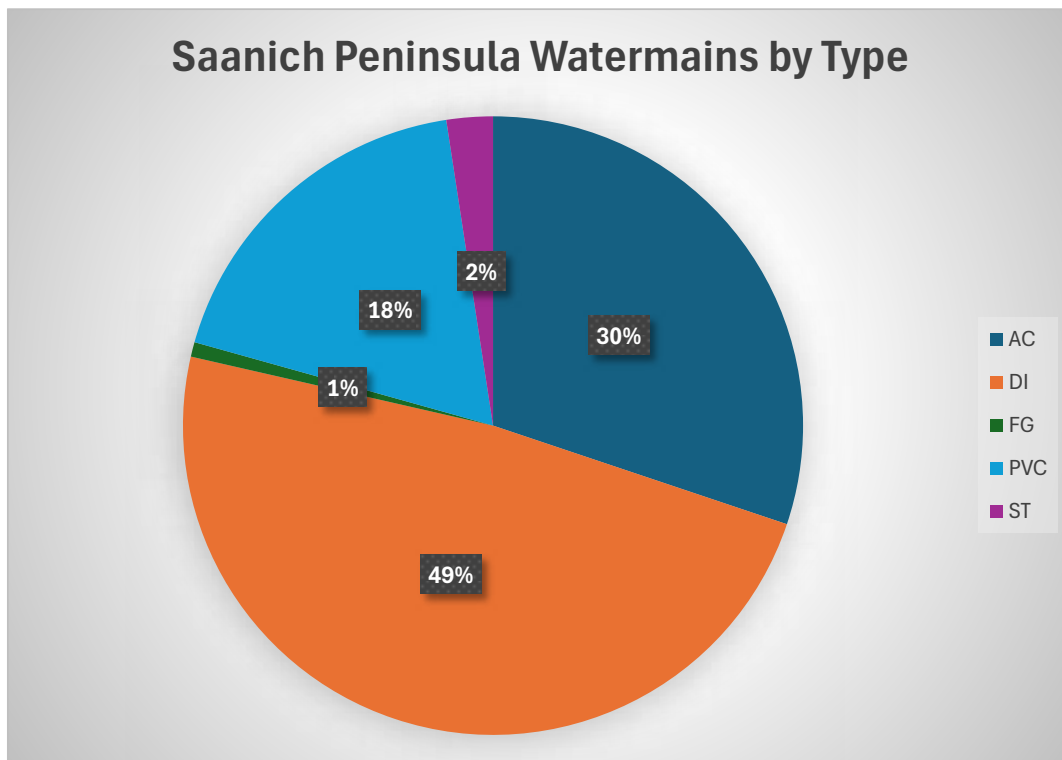
Figure 2 - Saanich Peninsula Watermains by Age

Figure 3 - Saanich Peninsula Watermains by Type

The average lifespan of water assets will vary depending on the type of asset (e.g. building, reservoir, pump station, watermain, etc.), material, soil conditions, and other factors. With respect to watermain type, the majority are Ductile Iron (49%), followed by Asbestos Cement (30%) and then PVC (18%).

The majority (82%) of the Saanich Peninsula watermains were installed in the 1980s and 1990s, and as such are between 25 and 45 years old. Only 10% of the system was installed in the last 25 years, while 2% (720 metres) of the watermains were installed in the 1940s.

3.2 Asset Valuation

Since 2009, all local governments in British Columbia are required to account for and report their tangible capital assets as per the Public Sector Accounting Board (PSAB) 3150. This includes the acquisition/original construction cost, depreciation/amortization, and current book value. Based on these parameters, the estimated book value of infrastructure and assets for the Saanich Peninsula Water system is \$22.05 million, based on an acquisition value of \$40.63 million and accumulated depreciation of \$18.58 million. See Table 3 for more detailed information.

Table 3: Cost and Accumulated Depreciation Values for Assets (Dec. 31, 2023)

Asset Class	Description	Acquisition Value	Accumulated Depreciation	Book Value
1000	Land	\$1,100,045	(\$0)	\$1,100,045
2000	Buildings	\$27,448	(\$15,371)	\$12,077
3050	Equipment	\$1,733,620	(\$1,500,105)	\$233,516
4000	Work in Progress	\$1,716,347	(\$0)	\$1,716,347
5000	Engineering Structures	\$35,950,994	(\$16,971,202)	\$18,979,792
6000	Other Assets	\$97,191	(\$97,191)	\$0
	TOTAL	\$40,625,646	(\$18,583,869)	\$22,051,777

While PSAB 3150 requirements are suitable for accounting purposes within a local government's financial statements, they are less helpful in planning for the long-term management and eventual replacement of the water system infrastructure components. For this, an asset management plan is a common tool used by local governments to determine infrastructure condition, replacement value and timing, and developing a long-term financial strategy for sustainable service delivery. It is our understanding that the CRD has begun undertaking an Asset Management Plan for the Saanich Peninsula Water system with deliverables over the next 12 to 18 months.

For 2025 budgeting purposes, the estimated Total Expenditures for the Saanich Peninsula Water service is \$8.325 million which is broken down as follows: \$1.882 million for Operating (23%), \$5.524 million for Bulk Water (66%), \$700,000 for Transfer to Capital and Other Reserves (8%), and \$219,300 for Debt Servicing (3%). See Appendix C for more detailed information and the next section for further discussion and analysis.

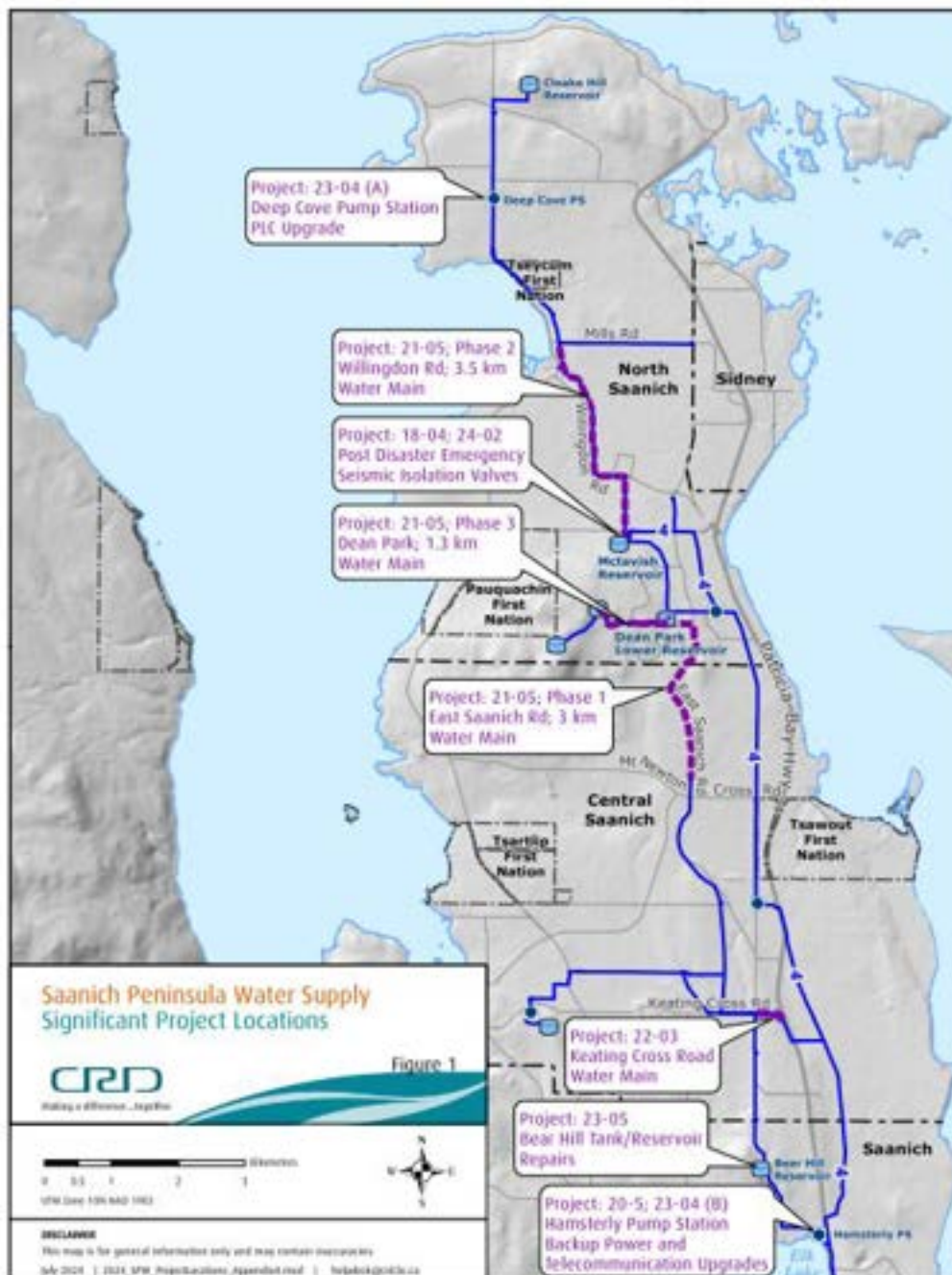
Based on discussions with IWS staff, there are an estimated 5 Full Time Equivalents (FTEs) dedicated to Saanich Peninsula Water operations, who also provide some support to water operations on the Southern Gulf Islands. Additional operations and management support is provided by Regional Water Supply and Juan de Fuca Water staff, as well as core support from the CRD for administrative, corporate, financial, legal, and other services (an overhead allocation of approximately \$206,000 has been accounted for in the Total Operating Expenditures).

Centralized capital delivery services amongst all the water services are provided and paid for on a project-by-project basis, with engineering and planning functions shared within Regional Water Supply services.

3.3 Capital Works Program

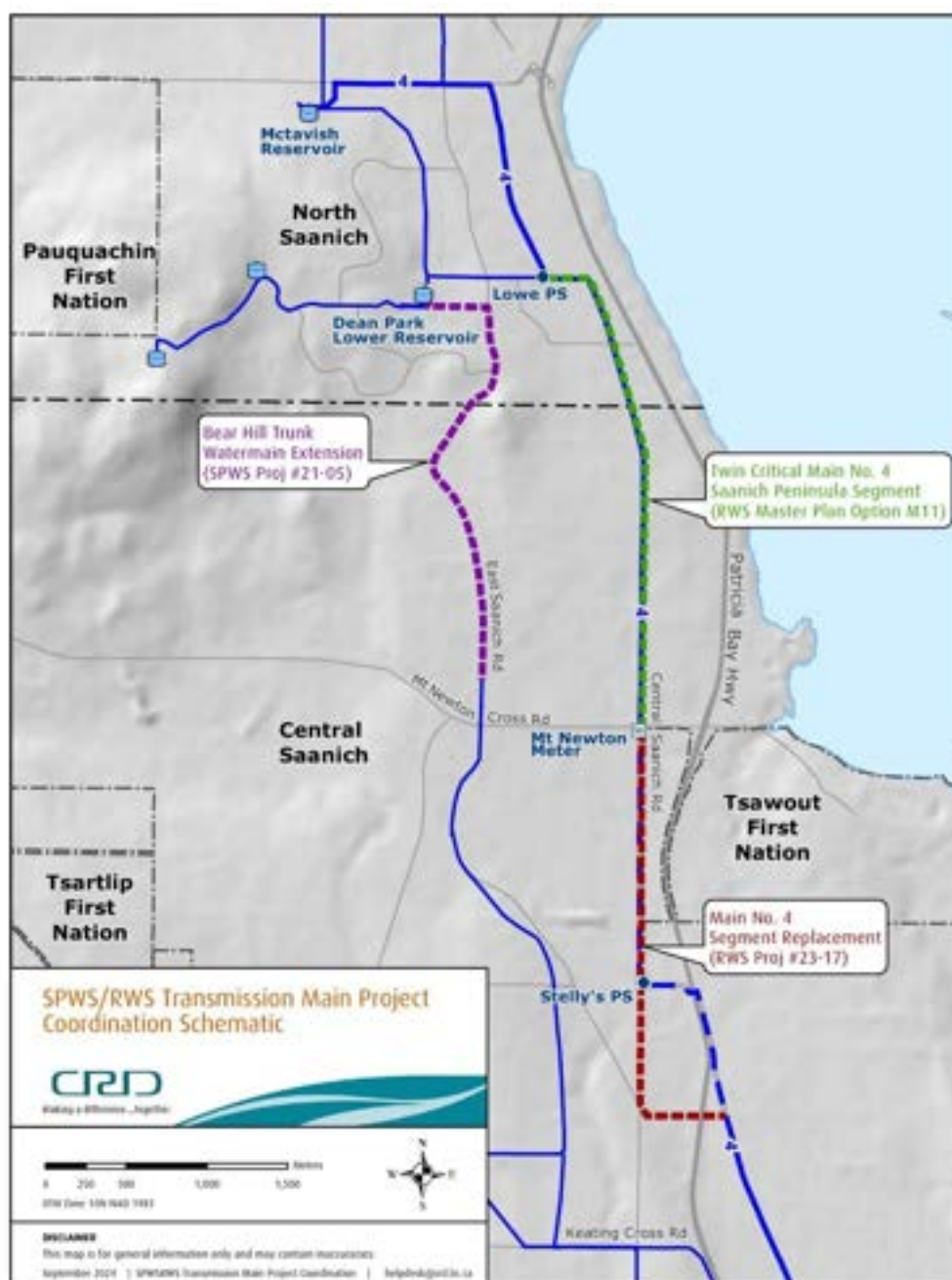
The budget in Appendix C also provides details on the proposed five-year capital expenditure plan for the Saanich Peninsula Water Commission, which totals approximately \$20.65 million and is shown graphically on Figure 4.

Figure 4 - Saanich Peninsula Water Five Year Capital Projects



One of the more unique capital water projects is a coordinated effort between the Saanich Peninsula Water service and Regional Water Supply service for the Bear Hill Trunk Extension (see Figure 5). This is a new ~3-kilometre section of trunk watermain which will provide benefits to the Regional Water Supply system by improving redundancy and overall resilience of the network. As such, up to 50% of the estimated \$20.5 million (+/- 20%) capital cost is being funded by the Regional Water Supply service, with the other half to be funded by the Saanich Peninsula Water service through a previously approved loan authorization bylaw. The Bear Hill Trunk Extension is being bundled with the Main No. 4 Segment Replacement as one project, and is currently going through a Request for Proposal (RFP) process which closes on July 16, 2025.

Figure 5 – Bear Hill Trunk Extension and Main No. 4 Replacement



3.4 Water Supply versus Distribution

There are numerous components of the Saanich Peninsula Water system (e.g. large diameter transmission mains) which, in essence, operate as an extension of the Regional Water Supply system, by providing wholesale water to the boundary of the three Saanich Peninsula municipalities (North Saanich, Central Saanich, and Sidney), for them to distribute to ratepayers via their respective municipal water systems. However, based on review and discussions with IWS staff, there are also infrastructure components which are more aligned with water distribution, such as reservoir storage and smaller diameter water mains which only service one municipality. This may become an important factor to distinguish between regional water supply and local water distribution, when considering potential scenarios for the amalgamation of the Saanich Peninsula Water service with the Regional Water Supply service.

3.5 Operations Summary and Observations

From an operations perspective, a number of observations are presented which will be important factors when considering potential options:

- Although they are separate CRD services currently governed by two separate commissions, in many ways the Saanich Peninsula Water system operates as an extension of the Regional Water Supply system, as it provides the transmission of bulk water to its 3 partner communities for local distribution by each municipality.
- There are currently assets within the Saanich Peninsula Water system that solely benefit a single municipality, rather than strictly provide water supply for the sub-regional service.
- Approximately 5 FTEs are directly assigned to Saanich Peninsula Water service operations, who also provide support for Gulf Island water operations, whilst receiving additional operational support from Regional Water Supply and/or Juan de Fuca Water from time to time. This includes both water supply mains as well as more operationally complex reservoirs.
- Amalgamation may provide some efficiencies and operational savings, but these will likely be broad estimates due to the current inter-relationship between the water systems.
- Regional Water Supply service is currently providing up to 50% funding for the Bear Hill Trunk Extension, as it will provide long-term benefits to the regional water system, by providing redundancy and resiliency in the mains due to the interconnectedness of the water supply network. It is currently being tendered along with Main No. 4 Segment Replacement to promote construction efficiency and economies of scale.
- Historically, the focus of the Saanich Peninsula Water Commission was on operations and maintenance, with strategic planning being undertaken at the regional level. Depending on the amalgamation scenario chosen, this may be leading to different levels of services related to asset replacement and resiliency and emergency preparedness.
- The CRD maintains an inventory of water system components and has accounted for the amortization and book value of the assets. Undertaking an Asset Management Plan for the Saanich Peninsula Water system will help to further identify the condition, replacement cost, and long-term financial strategy to support sustainable service delivery.

4. FINANCIAL OVERVIEW

This section provides an overview of the financial components of the Saanich Peninsula Water service, including current expenditures, water rates, reserve funds, and debt servicing.

4.1 2025 Expenditures Budget

The following table provides a summary of the approved 2025 Expenditures Budget for the Saanich Peninsula Water service. Further details and a breakdown of the category expenditures can be found in Appendix C.

Table 4: Saanich Peninsula Water 2025 Expenditures Budget

Category	Amount	% of Total
Operating Expenditures	\$1,882,221	23%
Bulk Water Expenditures	\$5,523,840	66%
Capital Expenditures and Transfers	\$700,000	8%
Debt Servicing	\$219,300	3%
TOTAL EXPENDITURES	\$8,325,361	100%

As noted in Table 4, Operating Expenditures makes up a relatively small portion (23%) of Total Expenditures for the Saanich Peninsula Water Commission. Within that amount for operating expenditures, approximately \$1.224 million of the \$1.882 million goes towards operations staff, with an additional \$206,000 being allocated to standard overhead for other support staff from the CRD (e.g. administration, corporate services, finance, legal, communications, etc.).

Roughly two-thirds (66%) of the Total Expenditures for the Saanich Peninsula Water services goes towards the purchase of bulk water from the Regional Water Supply service. This is essentially a flow-through expense, as it is added to the amount required to be recovered from the municipal partners, as reflected in the water rates in the next section.

4.2 Water Rates

Table 5 below shows the approved water rates for 2025 applicable to the Saanich Peninsula Water service area. The water rates generate approximately 97% of the total revenue used to fund annual expenditures.

Table 5: Water Rates Summary (2025)

Category	Rate (per m ³)
CRD bulk water purchase rate (charged to Saanich Peninsula Water Commission)	\$0.8631
Saanich Peninsula retail water rate (charged to individual municipalities – North Saanich, Central Saanich, Sidney)	\$1.2575
Agricultural Research Station rate	\$1.2927
Agricultural water rate	\$0.2105

The SPWC purchases bulk water from the CRD (Regional Water Supply service) at a rate of \$0.8631 per cubic metre, which represents the Bulk Water Expenditure line item of \$5.5 million shown in Table 4. It then sells it to each individual municipality in the Saanich Peninsula at \$1.2575 per cubic metre. The difference between the two (\$0.3944 per m³) represents the remaining annual expenditures of approximately \$2.8 million. This differential will be important when reviewing the various scenarios with respect to potential amalgamation.

There are two additional water rates related to agricultural users, including a specific rate for the Agricultural Research Station (Centre for Plant Health), and a reduced rate for all bona fide agricultural water users. For the latter, the CRD (through the Regional Water Supply service) subsidizes the difference between the agricultural water rate and the retail rate, which is accounted for as an expenditure on the RWSC budget (see Appendix D).

4.3 Reserve Funds

The SPWC maintains three separate reserve funds for various capital replacement purposes. As of December 31, 2024 the funds and their balances are shown in the following table:

Table 6: Saanich Peninsula Water Reserve Fund Balances (as of Dec 31, 2024)

Description	Reserve Balance
SPWS DCC Capital Reserve Fund	\$2,145,815
SPWS Capital Reserve Fund	\$3,664,382
SPWS Equipment Replacement Reserve Fund	\$1,670,050

The DCC (Development Cost Charges) Capital Reserve Fund is a statutory reserve which can only be used to fund projects outlined in the Saanich Peninsula Water DCC Bylaw program. The Bylaw was last updated in 2018, and at that time the cost of the projects identified was less than the amount in the DCC Reserve Fund. As such, the Saanich Peninsula Water DCC rates were set to \$0, and the DCC reserves will be applied against the DCC project costs when they are constructed, in order to draw down the DCC reserve balance accordingly. The other two reserve funds are less strict in their application, and are used to fund general capital expenditures and equipment replacement respectively, in accordance with the approved budget.

4.4 Debt Servicing

At present, there is no long-term debt that is active within the Saanich Peninsula Water service area. As previously noted in Section 3.2, SPWC will be funding half of the Bear Hill Trunk extension (RWSC will fund the other half), with construction estimated to begin in late 2025 / early 2026. In preparation for this capital expenditure, the CRD (with appropriate municipal consent) authorized the *Saanich Peninsula Water Works Facilities Loan Authorization Bylaw No. 1*, which was adopted on October 13, 2021. This bylaw authorizes the CRD to borrow up to \$12.9 million dollars through the Municipal Finance Authority (MFA) for a term not exceeding 15 years. Once the debenture is activated (anticipated to start in 2026), then the estimated annual payment of \$1,210,343 will be applied within the Saanich Peninsula Water service area. Revenues to offset the additional debt payment will come from proposed increases to the retail water rate (see Appendix C), with the projected 2026 water rate at \$1.4919 per m³, or an 18.6% increase over the 2025 rate.

4.5 Asset Retirement Obligation

In April 2022, a new requirement came into effect as part of PSAB 3280 to address Asset Retirement Obligations (ARO) in order to account for the legal obligations associated with the retirement of tangible capital assets. This is especially important for items that could be potentially hazardous or require special treatment at time of their disposal. For the Saanich Peninsula Water service, the long-term disposal (or discontinued use) of approximately 10.5 km of Asbestos Cement (AC) watermains will need to be factored into the ARO calculations. If the

decommissioned AC watermains require removal and disposal (rather than abandonment in place), then this will have additional cost implications over the disposal of other watermain types (e.g. PVC). As part of the Asset Management Plan currently underway for the Saanich Peninsula Water system, it would be helpful to incorporate the consideration of the future replacement and disposal of the AC watermains, as well as other potential Asset Retirement Obligations. This could be undertaken simultaneously with the Asset Management Plan, or as part of the next phase in the plan.

4.6 Finance Summary and Observations

From a finance perspective, a number of observations are presented which will be important factors when considering potential options with respect to amalgamation:

- Both the Saanich Peninsula Water service and Regional Water Supply service utilize water rates (based on per m³ usage) as its main form of revenue, as opposed to parcel taxes or flat user rates.
- In 2025, total expenditures for Saanich Peninsula Water service are budgeted at approximately \$8.325 million, with nearly two-thirds of that amount (\$5.524 million) allocated to Bulk Water Expenditures to the Regional Water Supply service.
- The Saanich Peninsula Water service purchases bulk water from the Regional Water Supply service at \$0.8631 per m³ and then re-sells it to the municipalities within the Saanich Peninsula at \$1.2575 per m³. Bulk water is a “flow through” expenditure and would not be a specific line item under an amalgamation scenario. The difference in the two rates (\$0.3944 per m³) represents the amount required to fund the rest of the Saanich Peninsula Water operations, and this difference is one of the main financial considerations for the 3 municipal partners to consider amalgamation.
- As part of the construction of the Bear Hill Trunk extension in late 2025 / early 2026, 50% of the estimated \$20.5 million (+/- 20%) capital cost is being funded by Regional Water Supply service, with the other half funded by Saanich Peninsula Water service through an approved loan authorization bylaw of up to \$12.9 million. This would require an annual payment of up to \$1,210,343 over the next 15 years (depends on the actual amount of the debenture), with revenues to offset the debt payment coming from proposed increases to the retail water rate.
- In 2022, a new accounting standard (PSAB 3280) requires all local governments to consider its Asset Retirement Obligations (ARO) for all tangible capital assets. For the Saanich Peninsula Water system, there are approximately 10.5 km of Asbestos Cement watermain which will need to be factored into the ARO calculations, depending on how they will be disposed of at the end of their useful lives.
- At the end of 2024, the Saanich Peninsula Water service had approximately \$7.5 million in capital reserves, of which \$2.1 million was in a statutory Development Cost Charges (DCC) reserve fund and can only be used on future DCC projects. The remaining reserves are able to be utilized on various capital and equipment expenditures based on approved budgets.
- Any consideration of amalgamation options will need to factor in all sources of revenues and expenditures, capital reserves, and current and future financial obligations.

5. OPTIONS REVIEW

Previous sections of this report have provided an overview of governance, operations and finance as well as the set of initial project considerations identified in the introduction. Based on this background analysis, the following section outlines the potential impacts of amalgamation of the Saanich Peninsula Water service into the Regional Water Supply service based on those same three lenses. While there are a number of potential options to consider, this report provides two amalgamation scenarios for further deliberation by the CRD, commission members and interested parties, as well as a review and potential considerations for the status quo.

In addition to the three categories above (governance, operations and finance), an overarching consideration should be given to the guiding principle of “benefiter pay”. That is, if the benefits to the service are realized at a more local level (as opposed to regional) and more specifically for a single municipality only, then the ownership, operations and funding should ideally rest with that individual jurisdiction.

5.1 Scenario 1 – Complete Amalgamation

In this scenario, all assets and liabilities of the Saanich Peninsula Water system would be transferred to the Regional Water Supply system, and the service would be dissolved. The three municipalities on the Saanich Peninsula would purchase bulk water directly from the Regional Water Supply service, for distribution to their respective local residents and ratepayers.

5.1.1 Governance Impacts

As part of the amalgamation process, the letters patent of the Saanich Peninsula Water Commission would be dissolved, with all assets and liabilities being transferred from the Saanich Peninsula Water service to the Regional Water Supply service. This would require a vote from at least two-thirds of the participants (i.e. two of the three municipal Councils), as well as approval from the provincial Inspector of Municipalities.

With respect to the Regional Water Supply service, amalgamation would also require approval by the Regional Water Supply Commission to accept the assets and liabilities, with at least a two-thirds vote from its participants. Both the provincial legislation (*Capital Region Water Supply and Sooke Hills Protection Act*), corresponding CRD bylaws that created both the regional service (Bylaw No. 2537), and the Regional Water Supply Commission (Bylaw No. 2539) already incorporate the three Saanich Peninsula municipalities as participants in the service. As such, it does not appear that any legislative amendments are anticipated with regard to the governance structure of the Regional Water Supply service or the Regional Water Supply Commission.

Any previous water purchase agreements between each of the three municipalities and the Saanich Peninsula Water service would be transferred to the Regional Water Supply service. This may require approval from the Regional Water Supply Commission and CRD Regional Board, to be consistent with current practices with the other municipalities.

Aside from the administrative requirements, the more significant impact to governance is the potential loss of sub-regional decision-making currently taking place at the Saanich Peninsula Water Commission. Depending on one's viewpoint, amalgamation can be seen either as a loss of local representation or the elimination of a layer of bureaucracy and process. Given that representation from each of the three Saanich Peninsula municipalities currently exists on the Regional Water Supply Commission, at a high-level it may appear that the Saanich Peninsula Water Commission is currently an extra layer of governance amongst the many CRD commissions and committees.

That said, a few important considerations that were previously highlighted bear repeating in this section. First, the structure and impact to the voting strength of the three Saanich Peninsula municipalities would be different at the regional level, with only 3 of 22 Regional Water Supply Commission seats/unweighted votes, and 10 of 87 assigned votes for items which required weighted voting. This may come into effect during the consideration of capital projects which may impact residents of the Saanich Peninsula, but it would be no different than a Commissioner from the City of Victoria considering the regional water benefits to a project in the District of Sooke, for example.

The other important consideration due to potential amalgamation is the loss of non-elected members currently on the Saanich Peninsula Water Commission, as the Regional Water Supply Commission is comprised only of elected officials. As previously noted, there is community representation on the Water Advisory Committee, which currently includes a dedicated seat for a representative from the Saanich Peninsula Water Commission. We would recommend that if amalgamation were to occur that the Saanich Peninsula Water Commission seat on the Water Advisory Committee remain, if not permanently then at least for a transition period (e.g. five years).

Finally, amalgamation would change how First Nations representation is addressed, from one voting seat on the Saanich Peninsula Water Commission to a number of ex officio (i.e. non-voting) seats on the Water Advisory Committee, with one potential seat for each First Nation in the Capital Regional District.

5.1.2 Operations Impacts

As previously mentioned, all operations staff currently servicing the Saanich Peninsula Water system are CRD employees, working alongside Regional and Juan de Fuca water employees at Infrastructure and Water Services. Any transition of operations due to amalgamation would be relatively seamless, with any additional support from CRD administration, planning, finance, etc. also continuing as part of the overhead allocation provision in the budget. Given the current coordination amongst CRD staff for water supply and distribution services, and given that all existing Saanich Peninsula water infrastructure would be transferred, there is not anticipated to be any operational efficiencies as part of this amalgamation scenario. There will be some time savings for administration, finance and technical staff who currently support the Saanich Peninsula Water Commission meetings, but this is relatively nominal given the number of committees and commissions that staff support throughout the CRD.

One potential operational advantage to amalgamation is the opportunity to have a consistent level of service between the two water systems that provide similar function. For example, the Regional Water Supply Master Plan only considers the strategic long-term growth and resiliency planning for the regional system. Amalgamating the two systems would ensure that long-term planning extended to and across the Saanich Peninsula Water system, with services and infrastructure investments being prioritized holistically across the combined system.

5.1.3 Financial Impacts

As previously shown in Section 4.1, the Saanich Peninsula Water service operates on a budget of approximately \$8.325 million (2025) of which \$5.523 million is a “flow through” expense for bulk water expenditures, which would no longer apply under an amalgamated service. Under this scenario, and for simplicity purposes, the remaining \$2.802 million in annual operating expenses would be added to the Regional Water Supply budget, which is approximately \$44.959 million (2025) as detailed in Table 7 below. Adding the additional Saanich Peninsula Water costs to the Regional Water Supply budget (see Table 8) results in a total combined budget of \$47.761 million, or an increase of approximately 6.2%. If this increase was applied directly to the current bulk water rate of \$0.8631 per m³, this would theoretically raise the bulk water rate for all Regional Water Supply service users to \$0.9166 per m³.

Table 7: Regional Water Supply 2025 Expenditures Budget

Category	Amount	% of Total
Operating Expenditures	\$19,777,854	44%
Conveyance Fee for Service to First Nations	\$480,000	1%
Agricultural Water Rate Funding	\$1,850,000	4%
Capital Expenditures and Transfers	\$20,263,914	45%
Debt Servicing	\$2,587,255	6%
TOTAL EXPENDITURES	\$44,959,023	100%

Table 8: Regional Water Supply and Saanich Peninsula Water Budget Combined

Category	Regional Budget	Combined Budget	\$ Change (%)
Operating Expenditures	\$19,777,854	\$21,660,075	\$1,882,221 (9.5%)
Conveyance Fee for Service to First Nations	\$480,000	\$480,000	No Change
Agricultural Water Rate Funding	\$1,850,000	\$1,850,000	No Change
Capital Expenditures and Transfers	\$20,263,914	\$20,963,914	\$700,000 (3.5%)
Debt Servicing	\$2,587,255	\$2,806,555	\$219,300 (8.5%)
TOTAL EXPENDITURES	\$44,959,023	\$47,760,544	\$2,801,521 (6.2%)

Currently, the Saanich Peninsula retail water rate for 2025 is \$1.2575 per m³. Based on the assumptions in this scenario, theoretically that rate could drop to \$0.9166 per m³, or a potential savings for each of the three Saanich Peninsula municipalities of \$0.3409 per m³. With the 2025 demand estimate for the Saanich Peninsula Water system at 6,400,000 cubic metres, this results in a potential combined savings of \$2,181,760. This is a theoretical estimate based on broad assumptions, and would require additional detailed analysis and calculations to further refine the potential financial impacts.

Finally, it was previously noted that the CRD will likely be activating its previously approved \$12.9 million debenture for the Bear Hill Trunk Extension in 2026, to be paid for by the Saanich Peninsula Water service. Under this amalgamation scenario, as all infrastructure is being transferred to the Regional Water Supply service, it is assumed that this long-term debenture would go with it. This would increase the financial impact for all Regional Water Supply service participants by approximately \$1.21 million (approximately 2.7% of current Total Expenditures), annually for the next 15 years.

5.1.4 Reserve Funds

As shown in Table 6, there is approximately \$7.5 million in capital reserve funds which would transfer from the Saanich Peninsula Water service to the Regional Water Supply service. Of that amount, approximately \$2.1 million would be placed in a statutory DCC Reserve fund to be used only on capital

projects outlined in the Saanich Peninsula Water DCC program. The remaining funds would be folded into the Regional Water Supply capital reserve and equipment reserve funds respectively.

5.1.5 Timing of Transition

It is our understanding that a typical municipal consent process would take approximately 2 to 3 months, with another 2 to 3 months for Provincial review and approval once a bylaw has been passed (i.e. total of 4 to 6 months). Given that water rates are set annually at the beginning of the calendar year, the ideal transition time would be January 1st. It may be possible to initiate the transition mid-year, but it would require further discussion with CRD Finance. Given the upcoming review and discussion with the Commissions, consultation and engagement with interested parties, and legislative requirement, the anticipated timing for transition could potentially be on January 1, 2027.

5.2 Scenario 2 – Partial Amalgamation

By the nature of how they were created, the Regional Water Supply service consists of infrastructure related to water supply, whereas the Juan de Fuca Water Distribution service consists of infrastructure related to water distribution. Because the Saanich Peninsula Water service was created from the dissolution of three water improvement districts, it has elements of both water supply and water distribution. Some infrastructure provides trunk water supply throughout the Saanich Peninsula, whilst other infrastructure provides water distribution services to a single jurisdiction. Working with CRD staff, the following table identifies infrastructure within the Saanich Peninsula Water service that functions as water distribution infrastructure to a single municipality, and as such could be transferred to that respective municipality prior to dissolution of the Saanich Peninsula Water Commission. As such, only the regional supply infrastructure components would be transferred to the Regional Water Supply service, with the remaining water infrastructure considered part of the local jurisdictions' distribution system could be divided amongst each municipality, as per Table 9 and Appendix E. This is a high-level infrastructure assessment for the purpose of this report; further analysis, review and discussions with each of the three municipalities will be required to confirm potential ownership transfer of water distribution infrastructure under this scenario.

Table 9: Potential Transfer of Infrastructure Ownership

Transfer Ownership from Saanich Peninsula Water Commission to:	Infrastructure Description
District of North Saanich	<ul style="list-style-type: none"> • Cloake Hill Reservoir • Dean Park Lower PS and Reservoir • Dean Park Middle PCS, PS and Reservoir

Transfer Ownership from Saanich Peninsula Water Commission to:	Infrastructure Description
	<ul style="list-style-type: none"> • Dean Park Upper Reservoir • Deep Cove PS • Amity PCS • Bazen Bay PCS • Towner PCS • Trunk Main from Towner PCS to Cloake Hill Reservoir • Trunk Main from Dean Park Lower Reservoir to Dean Park Upper Reservoir
District of Central Saanich	<ul style="list-style-type: none"> • Dawson Upper Reservoir • Dawson Upper PS • East Saanich PCS • Martindale PCS • Meadowbank PCS • Slugget PCS • Stelly's PCS • Trunk Main from Martindale PCS to Dawson Upper Reservoir • Keating Trunk Main
Town of Sidney	<ul style="list-style-type: none"> • McDonald Park PCS
Capital Regional District – Regional Water Supply Commission	<ul style="list-style-type: none"> • All remaining water supply infrastructure • Future Bear Hill Trunk Extension (construction starting in late 2025 / 2026) • Centre for Plant Health water service

5.2.1 Governance Impacts

All of the preceding governance impacts outline in Scenario 1 are pertinent to this scenario. The main difference is that any language in the letters patent and/or bylaws which speaks to the transfer of assets and liabilities would need to be more precise, as there are four jurisdictions – District of North Saanich, District of Central Saanich, Town of Sidney and CRD (through the Regional Water Supply service) – who would be taking on the ownership and responsibility of the various water assets.

5.2.2 Operations Impacts

As noted in the previous section, due to the integrated working relationship within IWS amongst the various water supply and distribution services, there is currently staff coordination and efficiencies that have been established. Under this scenario, all local water distribution infrastructure would be transferred to the three Saanich Peninsula municipalities, and as such would lessen operational responsibilities at the CRD staffing level. Given the need for CRD staff to maintain operations for the remaining Saanich Peninsula Water supply infrastructure, as well as continue to support Gulf Island water operations, we have estimated a potential reduction of 2 FTEs for current CRD water operations, i.e. from 5 FTE to 3 FTE, or a 40% reduction.

Given the magnitude of some of the water distribution assets being potentially transferred to each municipality, some jurisdictions may have concerns about the capacity of their current water operations staff to take on these additional assets. Further discussion and consultation with each municipality would need to take place. An option that could be further explored is to have the CRD take on distribution system operations as a backstop, either as a temporary transition measure or potentially under a longer-term contractual arrangement.

5.2.3 Financial Impacts

Similar to Scenario 1, all bulk water expenditures would no longer be required as part of amalgamation. Under this scenario, we have accounted for a 40% savings to operating expenditures (based on 2 FTE reduction), and a 50% savings to capital expenditures due to the potential ownership transfer of distribution infrastructure from the Saanich Peninsula Water service to their respective municipalities. Also, we have not included any existing debt servicing for 2025, as it assumes that the Bear Hill debenture projected to start in 2026 would be borne by the Regional Water Supply service, given its overall benefits to regional supply. See Table 10 below for more information.

Table 10: Potential Cost Efficiencies and Allocation to Regional Water Supply

Category	Current SPWC	Potential Transfer to Regional	% Allocation
Operating Expenditures	\$1,882,221	\$1,129,333	60% (2 FTE savings)
Bulk Water Expenditures	\$5,523,840	\$0	0%
Capital Expenditures	\$700,000	\$350,000	50%

Category	Current SPWC	Potential Transfer to Regional	% Allocation
Debt Servicing	\$219,300	\$0	0% (Bear Hill debenture projected to start in 2026)
TOTAL EXPENDITURES	\$8,325,361	\$1,479,333	18%

Based on these assumptions, Table 11 shows the potential impact to the Regional Water Supply service budget when combined with the reduced Saanich Peninsula Water service operation costs. The overall impact to the Regional Water Supply service budget is approximately \$1.48 million, or approximately 3.3% increase from the current budget.

Table 11: Regional Water Supply and Revised Saanich Peninsula Water Budget Combined

Category	Regional Budget	Combined Budget	\$ Change (%)
Operating Expenditures	\$19,777,854	\$20,907,187	\$1,129,333 (5.7%)
Conveyance Fee for Service to First Nations	\$480,000	\$480,000	No Change
Agricultural Water Rate Funding	\$1,850,000	\$1,850,000	No Change
Capital Expenditures and Transfers	\$20,263,914	\$20,613,914	\$350,000 (1.7%)
Debt Servicing	\$2,587,255	\$2,587,255	No Change
TOTAL EXPENDITURES	\$44,959,023	\$46,438,356	\$1,479,333 (3.3%)

If this applied directly to the current bulk water rate of \$0.8631 per m³, this would theoretically raise the bulk water rate for all Regional Water Supply users to \$0.8916 per m³. Based on the assumptions in this scenario, the Saanich Peninsula Water retail rate would drop from \$1.2575 per m³ to \$0.8916 per m³, or

a potential savings for each of the three Saanich Peninsula municipalities of \$0.3659 per m³. With the 2025 demand estimate for the Saanich Peninsula Water service at 6,400,000 cubic metres, this results in a potential combined savings of \$2,341,760. This savings in bulk water could be used to offset potential increases in municipal operations expenditures required to manage the additional assets. Similar to Scenario 1, the Regional Water Supply service would also take on the Bear Hill debenture starting in 2026, at approximately \$1.21 million for 15 years.

The biggest difference with this scenario versus Scenario 1 is that a significant amount of existing water distribution infrastructure is being transferred directly to the municipalities which directly benefit from those assets. This transfers the annual operations and maintenance and long-term capital refurbishment and replacement of the water distribution infrastructure. At this time, without a detailed asset inventory and Asset Management Plan in place, it is difficult to quantify the exact value of infrastructure being transferred to each of the Saanich Peninsula municipalities. This would need to be further refined once the Asset Management Plan is completed.

5.2.4 Reserve Funds

With reference to Table 6, the \$2.1 million in DCC reserves would remain in a statutory DCC Reserve fund to be used only on capital projects outlined in the Saanich Peninsula Water DCC program. The remaining funds in the capital reserve and equipment reserve funds would be divided amongst the four participants – CRD Regional Water Supply service, District of North Saanich, District of Central Saanich, and Town of Sidney. In fairness, this could be divided based on the proportional value of the infrastructure assets being transferred to each jurisdiction, to be developed as part of the Asset Management Plan.

5.2.5 Timing of Transition

The timing of transition for this scenario is the same as Scenario 1. Given the upcoming review and discussion with the Commissions, consultation and engagement with interested parties, and legislative requirement, the anticipated timing for transition could potentially be on January 1, 2027.

5.3 Scenario 3 – Status Quo

This option maintains both the Saanich Peninsula Water system and Regional Water Supply system as two separate and distinct services within the Capital Regional District. All assets and liabilities, revenues and expenditures, and capital reserves remain with the Saanich Peninsula Water service, and there is no transition period required.

Even though it remains status quo, there are a few opportunities for potential improvement as noted below:

- Complete the Asset Management Plan for the Saanich Peninsula Water service (currently in progress) in order to create a better asset inventory, condition assessment, capital refurbishment and replacement program, and long-term financial plan for sustainable service delivery.
- Undertake an Asset Retirement Obligation (ARO) review for the Saanich Peninsula Water service to determine the potential financial impact of the disposal of select infrastructure components (i.e. Asbestos Cement watermain) at the end of their useful lives.
- Continue dialogue between the Saanich Peninsula Water Commission and Regional Water Supply Commission, in order to identify areas of common interest and opportunities for collaboration on capital projects that are mutually beneficial.

6. CONSULTATION AND ENGAGEMENT

Although the Saanich Peninsula Water system does not provide direct water service to individual customers but rather to the three communities within the sub-regional service, there will likely be a broader interest in this study that goes beyond the 3 municipal partners, should there be interest from the Saanich Peninsula Water Commission in exploring options other than the status quo.

Once the Draft Report has been reviewed by the Saanich Peninsula Water Commission, there are a number of interested parties to be consulted with, including the following:

- Regional Water Supply Commission – review Draft Report in order to gauge initial response to potential amalgamation scenarios.
- Saanich Peninsula municipalities (District of North Saanich, District of Central Saanich, Town of Sidney) – review Draft Report and scenarios and discuss the potential impacts (operational, financial, administrative, etc.) for each participant.
- Centre for Plant Health – review water infrastructure servicing the property to confirm ownership and responsibility.

7. SUMMARY AND NEXT STEPS

The Capital Regional District is responsible for providing potable drinking water to over 430,000 residents and property owners within its jurisdiction. Within the mainland portion of Greater Victoria, this is managed by the CRD through a number of established services, each with its own operational, financial, and governance structures, including the following:

- Regional Water Supply service – watershed and source protection, regional water supply of treated water to all municipalities and one electoral area. Supported by the Regional Water Supply Commission and Water Advisory Committee.
- Juan de Fuca Water Distribution service – local water distribution to 6 municipalities and 1 electoral area within the Western Communities. Supported by the Juan de Fuca Water Distribution Commission.
- Saanich Peninsula Water service – combination of water supply and some components of water distribution to 3 municipalities within the Saanich Peninsula. Supported by the Saanich Peninsula Water Commission.

Given that the Saanich Peninsula Water service pre-dated the Regional Water Supply service by two decades, and the subsequent overlap of some infrastructure being related to water supply, it is prudent at this time to consider the potential amalgamation of the Saanich Peninsula Water service into the Regional Water Supply service to create a more comprehensive and cohesive water supply system for the CRD.

This report provides an overview of the governance, operations and finance components of the Saanich Peninsula Water service and considers a number of potential amalgamation scenarios, as follows:

- Scenario 1 (Complete Amalgamation) – transfers all existing Saanich Peninsula Water assets and liabilities (for both water supply and distribution infrastructure) to the Regional Water Supply service.
- Scenario 2 (Partial Amalgamation) – transfers the existing water supply assets from Saanich Peninsula to Regional, and existing water distribution infrastructure to their respective municipalities (District of North Saanich, District of Central Saanich, Town of Sidney) as appropriate.
- Scenario 3 (Status Quo) – maintains ownership and governance of water assets within the current service delivery structure.

The following are potential next steps within the scope of this study:

- Review the Draft Report with Saanich Peninsula Water Commission and seek their direction on whether to further investigate Scenario 1 or 2 and proceed with consultation, or move forward with Scenario 3 and not undertake any further work on this project.
- If Scenario 1 or 2 is under consideration, then present the Draft Report to the Regional Water Supply Commission to gauge their initial response on potential amalgamation scenarios.

- Continue work on the Asset Management Plan for the Saanich Peninsula Water system to better understand the age/condition of the infrastructure, replacement value, and long-term strategies to manage the water assets.
- Consider adding an Asset Retirement Obligation (ARO) review for the Saanich Peninsula Water service to the Asset Management Plan work, in order to determine the potential financial impact of the disposal of select infrastructure components (i.e. Asbestos Cement watermains) at the end of their useful lives.
- Once the Asset Management Plan has produced estimated replacement values for the water infrastructure, then begin consultation with the District of North Saanich, District of Central Saanich and Town of Sidney to review the amalgamation scenarios and further analyze the potential service delivery, operational and financial implications of each scenario on the individual municipalities (update and finalize Draft Report accordingly).
- Complete the consultation and engagement program before finalizing the document and reporting back to the Saanich Peninsula Water Commission to consider options moving forward.

APPENDIX A

Saanich Peninsula Water Commission Letters Patent (consolidated version)

**SAANICH PENINSULA WATER COMMISSION
LETTERS PATENT**

(Scanned consolidated version)

CANADA

PROVINCE OF BRITISH COLUMBIA

ELIZABETH the SECOND, by the Grace of God, of the United Kingdom, Canada, and Her Other Realms and Territories, Queen, Head of the Commonwealth, Defender of the Faith.

To all to whom these presents shall come -

GREETING	(WHEREAS pursuant to the provisions
	(
	(of section 766 of the Municipal Act,
Minister of	(
Municipal Affairs	(the Capital Regional District was
And Housing	(
	(incorporated by Letters Patent issued
	(
	(on the 1 st day of February, 1966:

AND WHEREAS pursuant to the provisions of section 29A of the Municipal Act it has been deemed to be desirable and in the public interest that the Brentwood Waterworks District, the Deep Cove Waterworks District and the Sidney Waterworks District, being improvement districts incorporated under the Water Act be dissolved and all of the assets, rights, claims, obligations, liabilities, contracts, agreements, and bylaws of the said Brentwood Waterworks District be transferred to The Corporation of the District of Central Saanich and further that all of the assets, rights, claims, obligations, liabilities, contracts, agreements, and bylaws of the said Deep Cove Waterworks District be transferred to the District of North Saanich and further that all of the assets, rights, claims, obligations, liabilities, contracts, agreements and bylaws of the said Sidney Waterworks District be transferred to the Town of Sidney:

AND WHEREAS it is deemed to be desirable and expedient that the Capital Regional District be granted the function of water supply for the area comprised of the lands within the boundaries of The Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney:

NOW KNOW YE THAT, by these presents, We do order and proclaim that the following be added to the objects, powers, obligations, duties, limitations, and conditions of the Capital Regional District:

DIVISION XVII - WATER SUPPLY (SAANICH PENINSULA).

1. Only the member municipalities of The Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney participate in this function and share in the cost thereof:
2. The regional district is empowered to purchase water and to acquire, design, construct, reconstruct, purchase, maintain and operate facilities and to acquire all such real property, easements, rights-of-way, licences, rights, or authorities for the purpose of supplying water to The Corporation of the District of Central Saanich, the District of North Saanich, and the Town of Sidney for distribution by those municipalities in conformity with the planning policies contained in the Official Community Plans and Official Regional Plans adopted under the provisions of the Municipal Act and for the purpose of supplying water to the Department of Agriculture of the Government of Canada for distribution within its system and for its use only and not for resale.

[Section 2 amended March 19, 1986.)

3. The regional district is empowered by by-law to fix rates and charges for the supply of water to The Corporation of the District of Central Saanich, the District of North Saanich, and the Town of Sidney for distribution only within municipal boundaries except with the consent of the Regional Board, and for the supply of water to the Department of Agriculture of the Government of Canada for distribution within its system and for its use only and not for resale, and the provisions of section 640 of the Municipal Act, mutatis mutandis, apply to the regional district.

[Section 3 amended March 19, 1986.)

4. For the purpose of this function all assets, rights, claims, obligations, liabilities, contracts and agreements of the participating member municipalities with respect to water supply only, including those formerly held by the Brentwood Waterworks District, the Deep Cove Waterworks District and the Sidney Waterworks District, are hereby transferred to the regional district in trust for the use and enjoyment and fulfillment by the participating member municipalities, provided, however, that the transfer of real property together with any improvements thereon may at the discretion of the municipality be by lease to the regional district for water supply purposes. Any initial lease entered into in accordance with the provisions of this paragraph shall be at a nominal rental of \$1.00 (one dollar) per annum and the term shall not exceed ten years and it shall be renewable upon such terms agreeable to the owner municipality and the regional district, provided however in the event of a dispute between the two parties relative to cite renewal of the lease any issue in dispute shall be referred to the Comptroller of Water Rights whose decision shall be binding upon both parties.

5. For the purpose of this function bylaws of the participating member municipalities, including those of the former Brentwood Waterworks District, the Deep Cove Waterworks District and the Sidney Waterworks District, shall be deemed to be bylaws of the regional district where such bylaws or parts thereof relate to water supply, and the said bylaws or applicable parts thereof, as the case may be, shall be administered by the regional district and be amended or repealed by the Regional Board on the advice of the Saanich Peninsula Water Commission herein provided for.
6. For the year 1977 only, that part of the annual budget of the regional district which includes provision for the function granted by this Division shall, before coming into force and effect, be approved by the Inspector of Municipalities.
7. The annual net cost attributable to the function granted by this division, including annual debt charges, shall be apportioned among the member municipalities liable to share such costs on the following basis:
 - (a) Annual debt charges forming part of the annual net cost shall be reduced by subtracting therefrom the amount to the credit of a reserve fund created pursuant to Capital Regional District Bylaw No. 512 cited as the "Saanich Peninsula Water Supply Debt Reserve Fund Bylaw No. 1, 1978" as of December 31st of the immediately preceding year.
 - (b) The annual net cost as adjusted pursuant to (a) above shall be apportioned:
 - (i) by an amount equal to 0.115 dollars per thousand dollars on the total hospital assessment for the current year for all member municipalities and apportioned on that basis.
 - (ii) the balance of the net cost as follows:

1/3 on school assessments for the immediately preceding year within the benefiting specified areas as established by member municipalities for the purpose of water supply;

1/3 on the census population of the member municipalities as certified by the Inspector of Municipalities;

1/3 on the number of water connections in each member municipality as of 31st December of the immediately preceding year.

[Section 7 amended September 27, 1984.]

8. For the purposes of subsection (7) of section 786 of the Municipal Act, the Inspector of Municipalities may establish the amount of debt that may be incurred for this function.

9. There is hereby established a Saanich Peninsula Water Commission which shall consist of eleven members as follows:
- (1) (a) three members, one each appointed annually from and by the Council of The Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney, respectively;
 - (b) three members, one each appointed on or before the 31st day of December, 1976, from and by the Board of Trustees of the Brentwood Waterworks District, the Deep Cove Waterworks District, and the Sidney Waterworks District respectively, each of whom shall hold office for a period of three years; and thereafter their successors, respectively, shall be appointed annually by the Councils of the Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney.
 - (c) those members of the Council of The Corporation of the District of Central Saanich, the District of North Saanich and the Town of Sidney, who are Directors of the Regional Board of the Capital Regional District;
 - (d) two members appointed annually by the Regional Board of the Capital Regional District, each of whom shall be a resident of one of the participating municipalities but a person other than a member of the Board or of the Councils of The Corporation of the District of Central Saanich, the District of North Saanich or the Town of Sidney.
- (2) the Saanich Peninsula Water Commission shall, at its first meeting in each year, appoint a Chairman and a Vice-Chairman from and by the members thereof to hold office for that year or until a successor is appointed;
 - (3) should a member of the Commission appointed under sub-paragraph (1)(b) hereof resign, or for some other reason vacate or cease to hold office, the Minister of Municipal Affairs and Housing shall appoint a successor, provided however, that this provision shall cease to operate beyond the year 1979.
 - (4) There shall also be appointed annually from and by the Councils of The Corporation of the District of Central Saanich, the District of North Saanich, and the Town of Sidney respectively an alternate member who shall take the place of and have the vote of a specified member appointed pursuant to the provisions of clause (a) of sub-paragraph (1) of paragraph 9 in the case of any necessary absence from a meeting of the commission, and notice of appointment shall be given to the secretary of the commission appointed pursuant to paragraph number 13 before the alternate member may vote on any matter before the commission.

[Subsection (4) added in amendment of April 27, 1978.]

10. It shall be the duty of the Saanich Peninsula Water Commission to:
 - (1) advise the Regional Board on water supply matters on its own initiative or where such matters are referred to it be the Regional Board or the Council of a participating member municipality.
 - (2) act as liaison between the Regional Board and the member municipalities.
11. The Regional Board may, by bylaw, delegate such administrative powers to the Saanich Peninsula Water Commission as may be deemed expedient.
12. All matters concerned with the function or water supply granted by this Division, requiring legislative action by the Regional Board shall be referred to the Saanich Peninsula Water Commission at least thirty days before being acted upon by the Regional Board.
13. The Regional Board shall appoint a Secretary who shall be responsible for the preparation, maintenance and safe preservation of the minute books and other records of the transactions and other business of the Commission.
14. The Minutes and reports of the Saanich Peninsula Water Commission shall be submitted to the Regional Board and to the participating member municipalities.

AND THAT the Letters Patent of the Capital Regional District be deemed to be amended so as to conform to the premises as and from the date, of these supplementary Letters Patent.

IN TESTIMONY WHEREOF, We have caused these Our Letters to be made Patent and the Great Seal of Our said Province to be hereunto affixed.

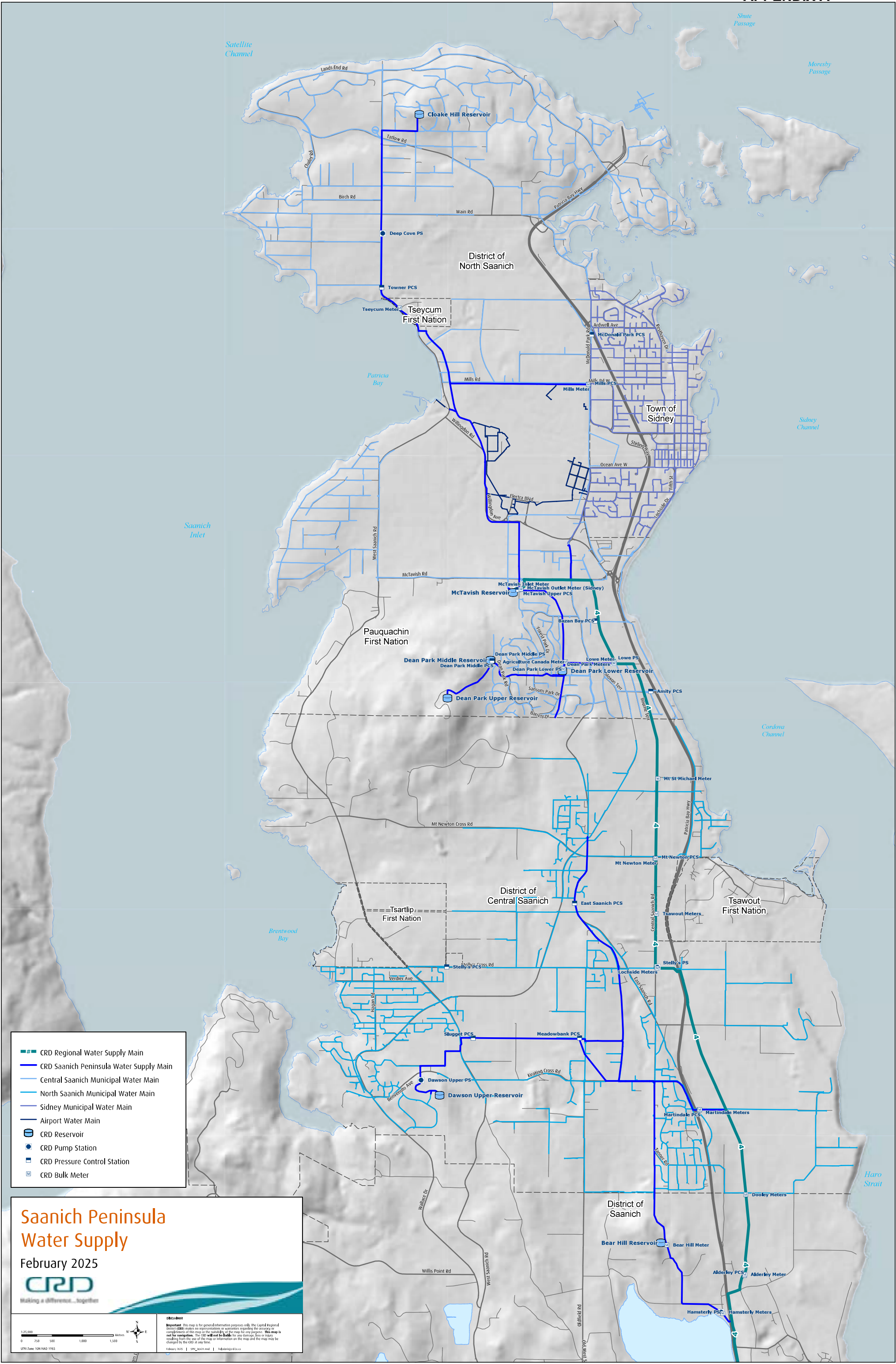
WITNESS, Colonel, the Honourable Walter S. Owen, Q.C., LL.D., Lieutenant- Governor of Our said Province of British Columbia, in Our City of Victoria, in Our said Province, this 22nd day of December in the year of Our Lord one thousand nine hundred and seventy-six and in the twenty-fifth year of Our Reign.

By Command.

D. Phillips
Acting Provincial Secretary and
Minister of Travel Industry.

APPENDIX B

Saanich Peninsula Water Service Map



APPENDIX C

Saanich Peninsula Water Service 2025 Budget Summary

APPENDIX A

CAPITAL REGIONAL DISTRICT

Program Group: CRD-Saanich Peninsula Water Supply	2025 BUDGET REQUEST						FUTURE PROJECTIONS			
	2024 BOARD BUDGET 2	2024 ESTIMATED ACTUAL 3	2025 CORE BUDGET 4	2025 ONGOING 5	2025 ONE-TIME 6	TOTAL (COL 4, 5 & 6) 7	2026 8	2027 9	2028 10	2029 11
SUMMARY										
1										
<u>OPERATING EXPENDITURES:</u>										
ALLOCATION - OPERATIONS	1,171,082	1,045,952	1,224,190	-	-	1,224,190	1,248,690	1,273,685	1,299,173	1,325,173
UTILITIES	231,205	224,100	238,150	-	-	238,150	242,191	247,035	251,976	257,016
OPERATING - OTHER COSTS	189,748	191,370	213,660	-	-	213,660	220,841	230,725	241,353	252,793
ALLOCATION - STANDARD OVERHEAD	168,071	168,071	206,221	-	-	206,221	212,287	216,656	221,117	225,670
TOTAL OPERATING EXPENDITURES	1,760,106	1,629,493	1,882,221	-	-	1,882,221	1,924,009	1,968,101	2,013,619	2,060,652
*Percentage increase over prior year board budget			6.94%			6.94%	2.22%	2.29%	2.31%	2.34%
TOTAL BULK WATER EXPENDITURES	5,180,160	5,261,100	5,523,840	-	-	5,523,840	6,089,445	6,998,550	7,885,545	8,853,240
<u>CAPITAL EXPENDITURES & TRANSFERS</u>										
TRANSFER TO CAPITAL RESERVE FUND	800,000	983,625	600,000	-	-	600,000	400,000	400,000	400,000	400,000
TRANSFER TO EQUIPMENT REPLACEMENT FUND	50,000	50,000	100,000	-	-	100,000	150,000	150,000	200,000	200,000
TOTAL CAPITAL EXPENDITURES & TRANSFERS	850,000	1,033,625	700,000	-	-	700,000	550,000	550,000	600,000	600,000
<u>DEBT SERVICING</u>										
DEBT-INTEREST & PRINCIPAL	102,000	-	219,300	-	-	219,300	1,210,343	1,210,343	1,210,343	1,210,343
TOTAL DEBT EXPENDITURES	102,000	-	219,300	-	-	219,300	1,210,343	1,210,343	1,210,343	1,210,343
TOTAL EXPENDITURES	7,892,266	7,924,218	8,325,361	-	-	8,325,361	9,773,797	10,726,994	11,709,507	12,724,235
<u>SOURCES OF FUNDING-OPERATIONS</u>										
REVENUE -WATER SALES	(7,665,966)	(7,785,700)	(8,048,251)	-	-	(8,048,251)	(9,622,841)	(10,573,135)	(11,552,686)	(12,564,394)
REVENUE -OTHER	(226,300)	(138,518)	(277,110)	-	-	(277,110)	(150,956)	(153,859)	(156,821)	(159,841)
TOTAL SOURCES OF FUNDING FROM OPERATIONS	(7,892,266)	(7,924,218)	(8,325,361)	-	-	(8,325,361)	(9,773,797)	(10,726,994)	(11,709,507)	(12,724,235)
<u>SOURCES OF FUNDING-REQUISITION</u>										
PROPERTY TAX REQUISITION FOR DEBT	-	-	-	-	-	-	-	-	-	-
TOTAL REQUISITION	-	-	-	-	-	-	-	-	-	-
TRANSFER FROM PRIOR YEAR	-	-	-	-	-	-	-	-	-	-
TRANSFER TO FOLLOWING YEAR										
TOTAL CARRY FORWARD (SURPLUS)/ DEFICIT	-	-	-	-	-	-	-	-	-	-
TOTAL SOURCES OF ALL FUNDING	(7,892,266)	(7,924,218)	(8,325,361)	-	-	(8,325,361)	(9,773,797)	(10,726,994)	(11,709,507)	(12,724,235)
Percentage increase over prior year's board budget			5.49%			5.49%	17.40%	9.75%	9.16%	8.67%
Water Rate \$ per cu. m.	\$ 1.1978					\$ 1.2575				
Percentage increase	4.71%					4.99%				

CAPITAL REGIONAL DISTRICT
FIVE YEAR CAPITAL EXPENDITURE PLAN SUMMARY - 2025 to 2029

Service No.	2.610	Carry Forward from 2024	2025	2026	2027	2028	2029	TOTAL
	Saanich Peninsula Water Supply							

EXPENDITURE

Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equipment	\$690,000	\$490,000	\$300,000	\$300,000	\$300,000	\$100,000	\$1,490,000	
Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Engineered Structures	\$2,665,000	\$15,510,000	\$1,569,000	\$1,950,000	\$1,100,000	\$525,000	\$20,654,000	
Vehicles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$3,355,000	\$16,000,000	\$1,869,000	\$2,250,000	\$1,400,000	\$625,000	\$22,144,000	

SOURCE OF FUNDS

Capital Funds on Hand	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debenture Debt (New Debt Only)	\$0	\$12,900,000	\$0	\$0	\$0	\$0	\$12,900,000	
Equipment Replacement Fund	\$40,000	\$240,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,040,000	
Grants (Federal, Provincial)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Donations / Third Party Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Fund	\$3,315,000	\$2,860,000	\$1,669,000	\$2,050,000	\$1,200,000	\$425,000	\$8,204,000	
	\$3,355,000	\$16,000,000	\$1,869,000	\$2,250,000	\$1,400,000	\$625,000	\$22,144,000	

APPENDIX D

Regional Water Supply 2025 Budget Summary

APPENDIX A

CAPITAL REGIONAL DISTRICT

Program Group: CRD-Regional Water Supply

SUMMARY	2024 BOARD BUDGET 2	2024 ESTIMATED ACTUAL 3	2025 BUDGET REQUEST				FUTURE PROJECTIONS			
			2025 CORE BUDGET 4	2025 ONGOING 5	2025 ONE-TIME 6	TOTAL (COL 4, 5 & 6) 7	2026 8	2027 9	2028 10	2029 11
1	2	3	4	5	6	7	8	9	10	11
<u>GENERAL PROGRAM EXPENDITURES:</u>										
WATERSHED PROTECTION	6,787,022	6,721,464	6,879,383	52,342	-	6,984,067	7,123,748	7,266,223	7,411,548	7,559,779
WATER OPERATIONS	7,385,305	7,568,379	7,842,702	295,839	-	8,138,541	8,322,590	8,533,263	8,753,440	8,979,453
WATER QUALITY	2,045,342	2,047,559	2,133,179	-	-	2,133,179	2,176,457	2,220,606	2,265,668	2,311,647
CROSS CONNECTION	800,530	797,456	836,509	-	-	836,509	862,038	886,837	913,347	939,791
DEMAND MANAGEMENT	761,302	763,011	859,872	-	-	859,872	878,943	900,088	923,930	946,867
INFRASTRUCTURE ENGINEERING	577,530	577,530	595,345	-	-	595,345	613,320	625,600	638,094	650,894
FLEET OPERATION & MAINTENANCE	(479,755)	(479,755)	(577,541)	-	-	(577,541)	(589,092)	(600,874)	(612,892)	(625,149)
ASSET & MAINTENANCE MANAGEMENT & GM SUPPORT *	602,891	437,017	807,882	-	-	807,882	828,617	849,363	871,169	893,602
TOTAL OPERATING EXPENDITURES	18,480,167	18,432,661	19,377,331	348,181	-	19,777,854	20,216,621	20,681,106	21,164,304	21,656,885
<i>Percentage increase over prior year's board budget</i>			4.85%			7.02%	2.22%	2.30%	2.34%	2.33%
CONVEYANCE FEE FOR SERVICE TO FIRST NATIONS	900,000	450,000	480,000	-	-	480,000	500,000	525,000	550,000	575,000
AGRICULTURAL WATER RATE FUNDING	1,800,000	1,800,000	1,850,000	-	-	1,850,000	1,900,000	1,950,000	2,000,000	2,050,000
			2.78%			2.78%	2.70%	2.63%	2.56%	2.50%
<u>CAPITAL EXPENDITURES & TRANSFERS</u>										
TRANSFER TO WATER CAPITAL FUND	17,450,000	18,213,025	19,500,000	-	-	19,500,000	21,000,000	23,000,000	25,000,000	27,000,000
TRANSFER TO EQUIPMENT REPLACEMENT FUND	479,755	479,755	577,541	-	-	577,541	589,092	600,874	612,892	625,149
TRANSFER TO DEBT RESERVE FUND	108,040	35,040	186,373	-	-	186,373	580,090	422,090	597,890	301,090
TOTAL CAPITAL EXPENDITURES & TRANSFERS	18,037,795	18,727,820	20,263,914	-	-	20,263,914	22,169,182	24,022,964	26,210,782	27,926,239
<u>DEBT SERVICING</u>										
DEBT - INTEREST & PRINCIPAL	2,896,242	2,874,791	2,587,255	-	-	2,587,255	4,809,274	9,166,280	13,256,825	17,889,131
TOTAL DEBT EXPENDITURES	2,896,242	2,874,791	2,587,255	-	-	2,587,255	4,809,274	9,166,280	13,256,825	17,889,131
<u>DEFICIT TRANSFERRED TO FOLLOWING YR</u>										
TRANSFER TO FOLLOWING YEAR DEFICIT CARRY FORWARD										
TOTAL EXPENDITURES	42,114,204	42,285,272	44,558,500	348,181	-	44,959,023	49,595,077	56,345,350	63,181,911	70,097,255
<u>SOURCES OF FUNDING</u>										
REVENUE - SALES	(41,278,152)	(41,522,220)	(43,842,409)	(348,181)	-	(44,190,590)	(48,432,927)	(55,341,200)	(62,001,961)	(69,214,105)
REVENUE - OTHER	(836,052)	(763,052)	(768,433)	-	-	(768,433)	(1,162,150)	(1,004,150)	(1,179,950)	(883,150)
TOTAL SOURCE OF FUNDING FROM OPERATIONS	(42,114,204)	(42,285,272)	(44,610,842)	(348,181)	-	(44,959,023)	(49,595,077)	(56,345,350)	(63,181,911)	(70,097,255)
TRANSFER FROM PRIOR YEAR	-	-	-	-	-	-	-	-	-	-
TRANSFER TO FOLLOWING YEAR SURPLUS CARRY FORWARD										
TOTAL SOURCES OF FUNDING	(42,114,204)	(42,285,272)	(44,610,842)	(348,181)	-	(44,959,023)	(49,595,077)	(56,345,350)	(63,181,911)	(70,097,255)
<i>Percentage increase over prior year's board budget</i>			5.93%			6.76%	10.31%	13.61%	12.13%	10.95%
Water Rate \$ per cu. m.	\$ 0.8094					\$ 0.8631	\$ 0.9441	\$ 1.0767	\$ 1.2039	\$ 1.3414
<i>Percentage increase over prior year</i>	5.14%					6.63%	9.39%	14.04%	11.82%	11.42%

CAPITAL REGIONAL DISTRICT
FIVE YEAR CAPITAL EXPENDITURE PLAN SUMMARY - 2025 to 2029

Service No.	2.670	Carry Forward from 2024	2025	2026	2027	2028	2029	TOTAL
	Regional Water Supply							

EXPENDITURE

Buildings	\$8,000,000	\$11,050,000	\$500,000	\$0	\$0	\$0	\$11,550,000
Equipment	\$8,550,000	\$14,643,500	\$3,690,000	\$3,425,000	\$2,015,000	\$2,565,000	\$26,338,500
Land	\$320,000	\$33,580,000	\$4,080,000	\$975,000	\$2,645,000	\$865,000	\$42,145,000
Engineered Structures	\$14,785,000	\$44,875,000	\$35,980,000	\$57,585,000	\$76,510,000	\$50,020,000	\$264,970,000
Vehicles	\$881,000	\$1,926,250	\$773,000	\$855,000	\$495,000	\$355,000	\$4,404,250
	\$32,536,000	\$106,074,750	\$45,023,000	\$62,840,000	\$81,665,000	\$53,805,000	\$349,407,750

SOURCE OF FUNDS

Capital Funds on Hand	\$21,220,000	\$52,468,000	\$19,150,000	\$20,560,000	\$22,390,000	\$26,150,000	\$140,718,000
Debenture Debt (New Debt Only)	\$0	\$40,500,000	\$24,700,000	\$41,200,000	\$58,780,000	\$27,100,000	\$192,280,000
Equipment Replacement Fund	\$691,000	\$1,376,250	\$773,000	\$855,000	\$495,000	\$355,000	\$3,854,250
Grants (Federal, Provincial)	\$6,000,000	\$6,000,000	\$0	\$0	\$0	\$0	\$6,000,000
Donations / Third Party Funding	\$4,625,000	\$5,730,500	\$400,000	\$225,000	\$0	\$200,000	\$6,555,500
Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$32,536,000	\$106,074,750	\$45,023,000	\$62,840,000	\$81,665,000	\$53,805,000	\$349,407,750

APPENDIX E

Saanich Peninsula Water Service – Supply vs. Distribution Infrastructure

