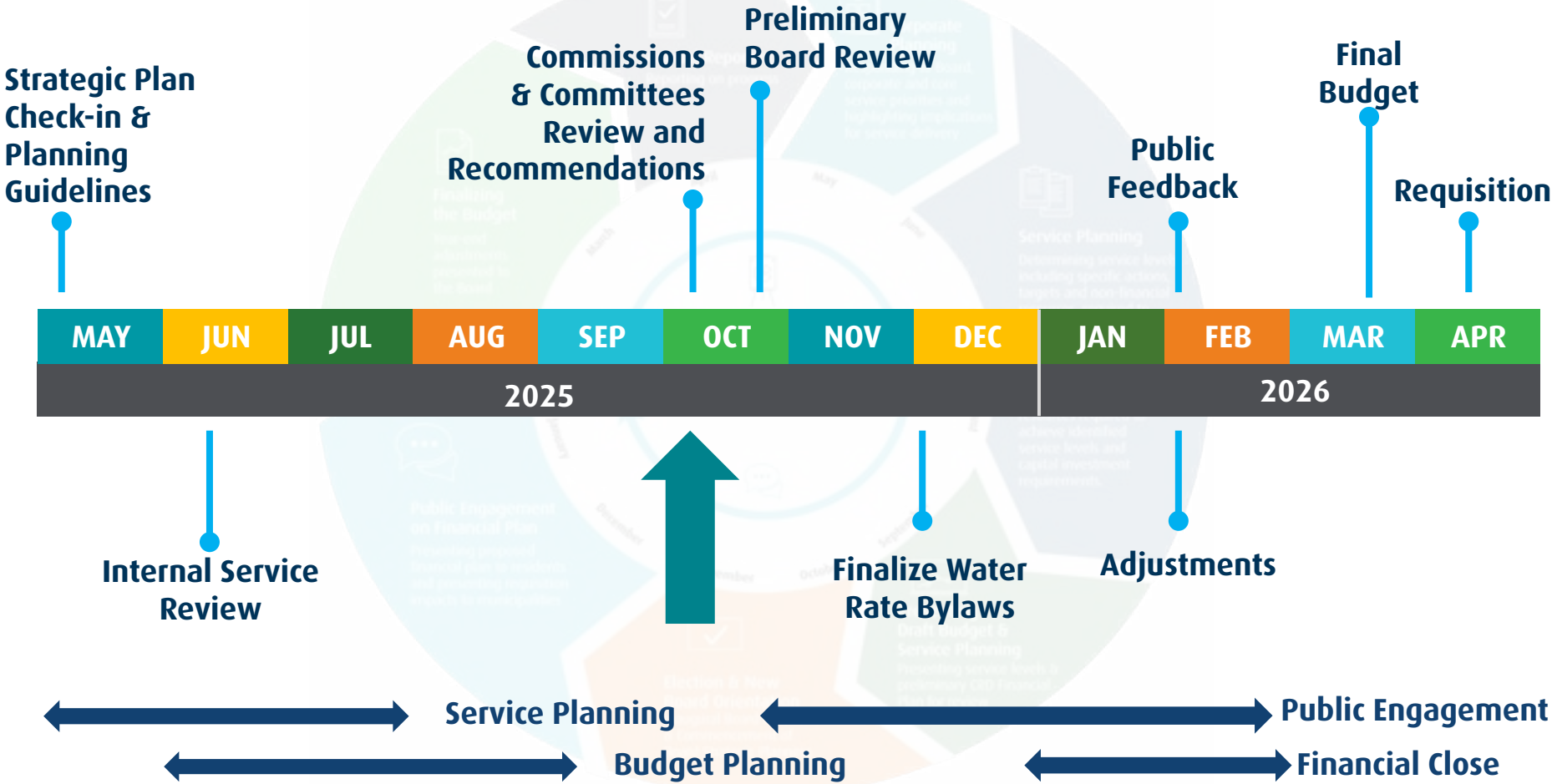




Regional Water Supply Service 2026 Budget Review

Regional Water Supply Commission
October 15, 2025

Budget Process Overview





2026 Budget Considerations

- 2025 Budget – year end budget projections
- Community Needs Summary and proposed Regional Water Supply Strategic Plan
- Existing Asset Condition, Infrastructure Growth and Resiliency Needs
- Operating budget adjustments
- Capital funding & debt servicing
- Water demand projection and trends
- Motion Arising from the July 16, 2025 Regional Water Supply Commission Meeting:
 - *That staff be directed to include the proposed positions for the Dam Safety Program (2 FTE), Master Plan Program (4 FTE), Operations Coordinator (0.5 FTE) and Reliability Engineer (1 FTE) in the Regional Water Supply 2026 budget, and*
 - *That staff be directed to incorporate future year's FTEs into the 2027-2030 financial plan for annual review.*

Current System Overview

Treat over 50,450 ML/yr



122.5 kilometers of Transmission Main



26 RWS Operations Staff



Manage 15 Dams



22,416 ha of Protected Watershed

Current Service Priorities

Commitments:



Provide high quality, safe drinkable water

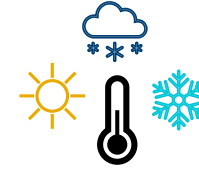


Provide adequate, reliable, long-term supply of drinkable water



Provide efficient, effective and innovative operations of our water system infrastructure

Guiding Principles:



Respecting and adapting to the changing environment



Empowering staff for sustainable water management



Proactively managing and balancing internal and external risks



Managing our resources effectively and efficiently

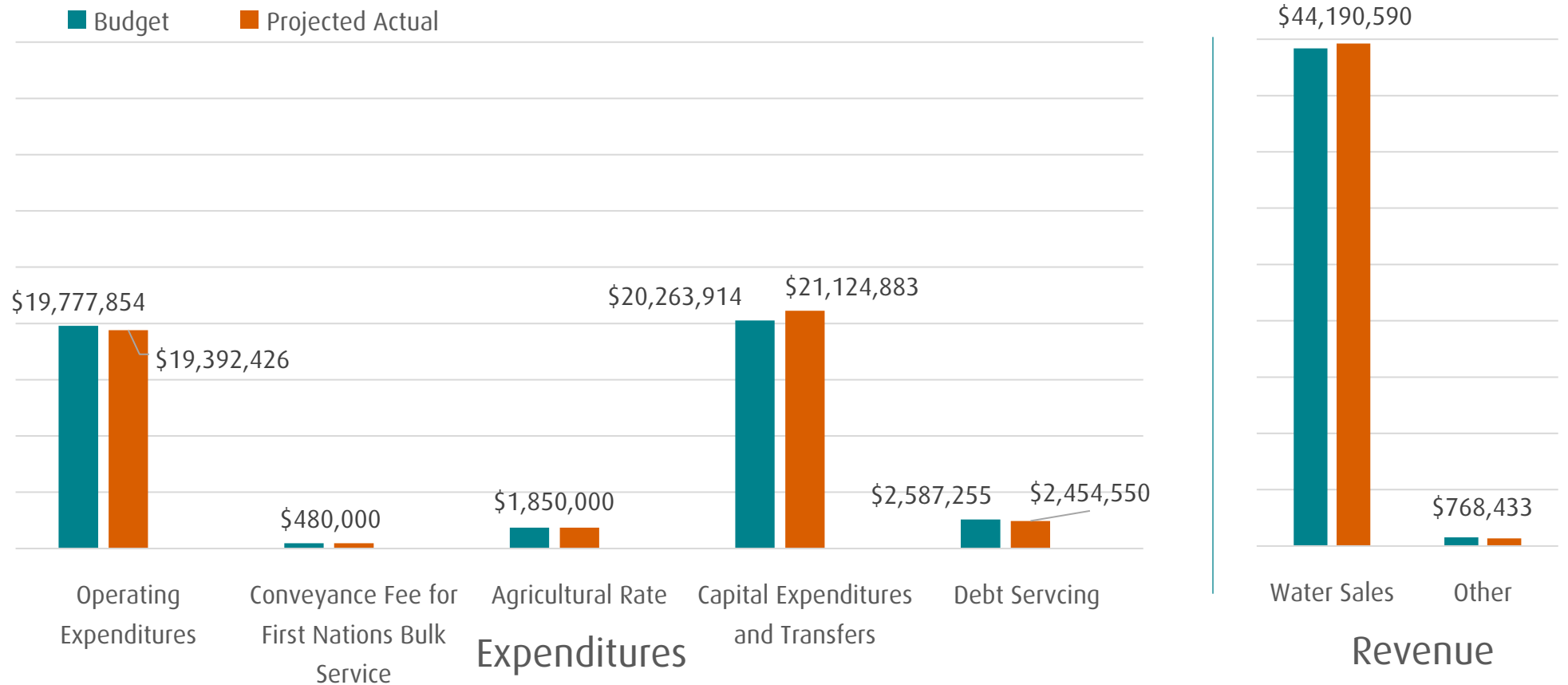
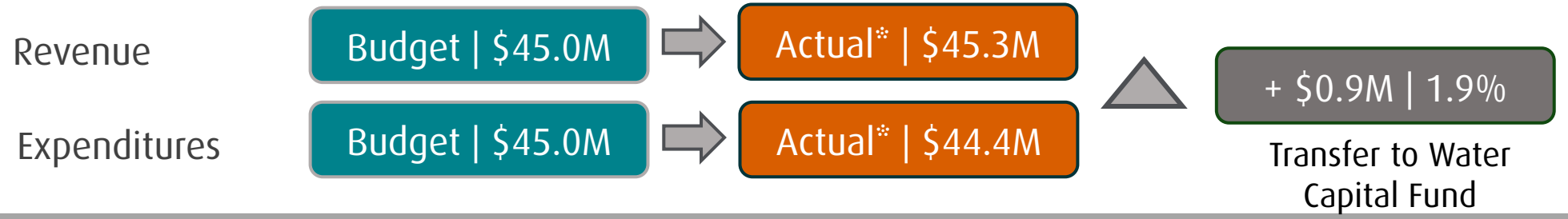


Supporting a growing region with reliable service

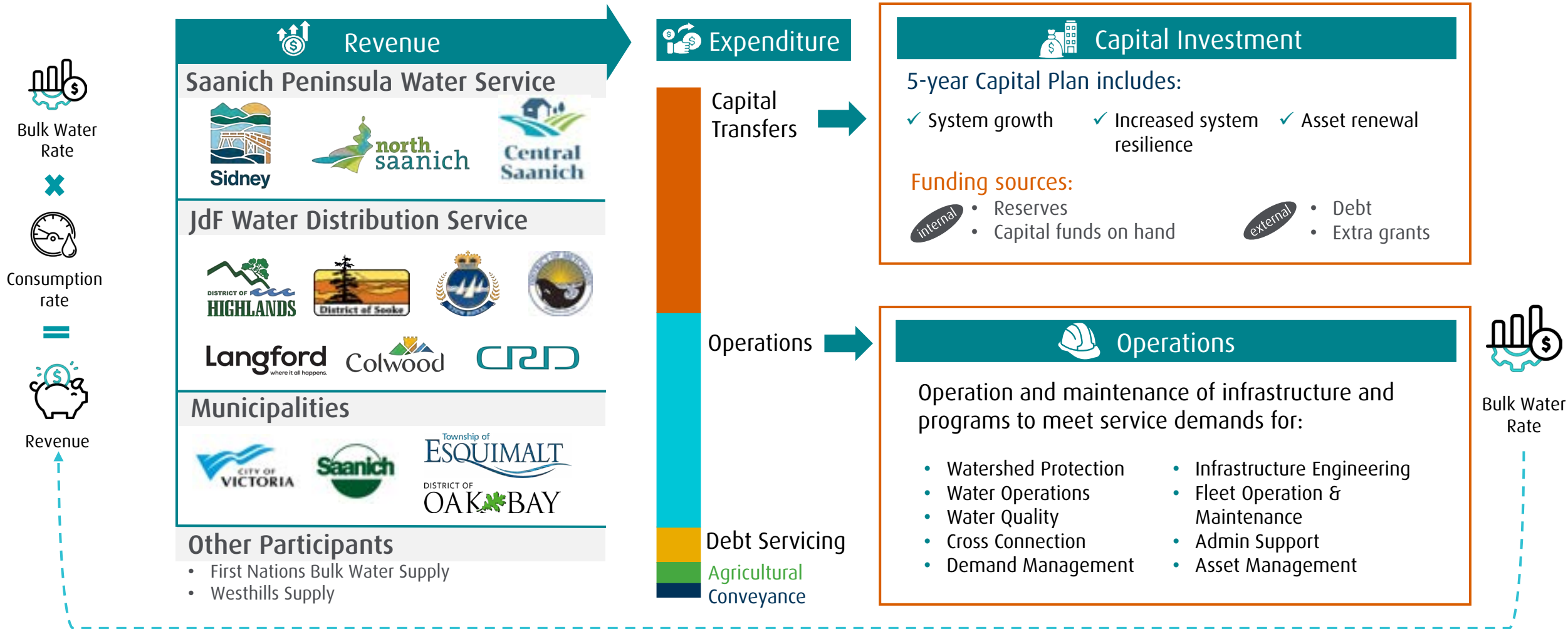


Fostering collaborative relationships with customers and partners to improve our service

2025 Year End Projections

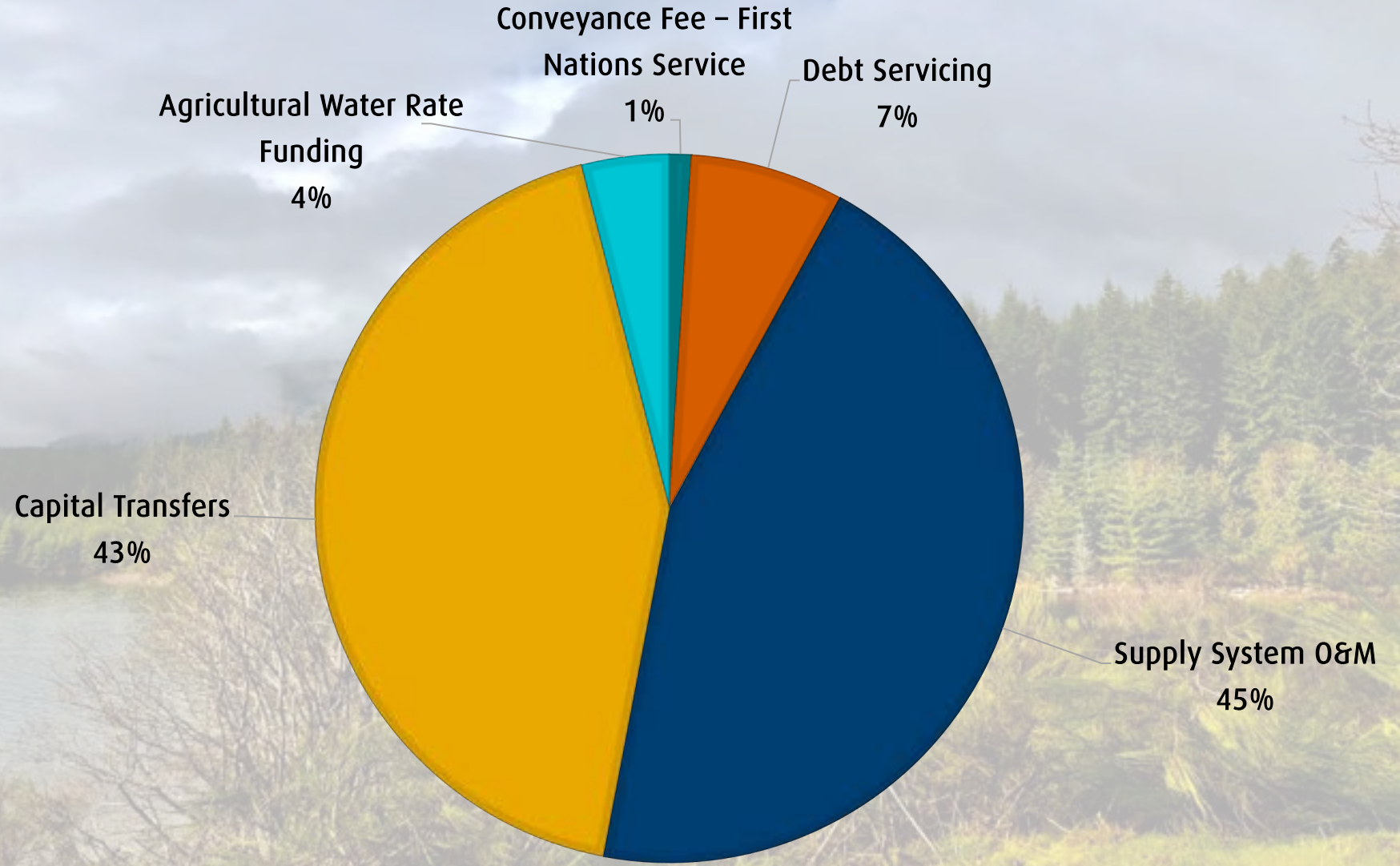


How the RWS Budget Works...



2026 Budget Overview: Breakdown of Expenditures

Total 2026 Budget: \$48,804,152 (8.55% increase)



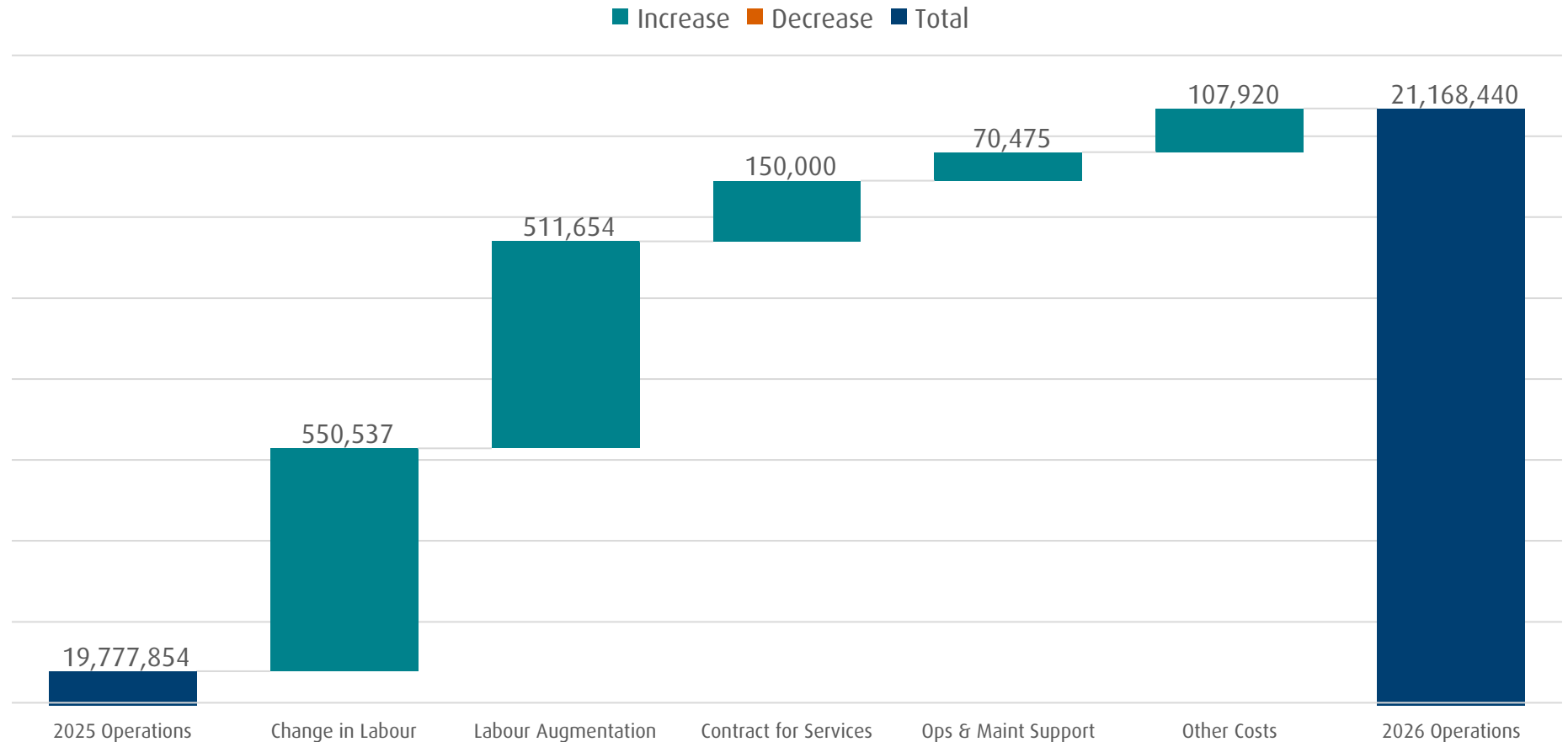
2026 Budget Overview: Operating Expenditures

Overview:

Core Operations: \$21,168,440 (7.03%)

Highlights:

- Increases resulting from inflationary pressures and collective agreement obligations
- Labour costs related to FTEs to support Strategic Plan Initiatives



2026 Budget Overview: Water Community Need Initiatives

Overview:

- Water Community Need Summary includes four proposed Initiative Business Cases to support the Regional Water Supply services and the Strategic Plan. Funding for the positions area a mixture of operation and capital budgets.*

Initiative Reference	Program Area	Business Driver - Rational	Staff impacts (2026)	Funding source
2a-2.3	Master Plan Program	Includes four new positions to advance Master Plan projects with substantial upfront planning and engineering work, support for legal reviews and engagement with First Nations communities.	4 New ongoing	Capital & Fee-for-service
2b-1.1	Dam Safety Program – Infrastructure and Water Services (multi-year initiative started in 2024)	Includes two additional Dam Safety Surveillance positions to support the operation, maintenance, and surveillance of the dams, as well as regulatory compliance activities and resolving safety issues through capital and operational safety improvements.	2 New ongoing	Capital & Fee-for-service
2b-2.6	Operations Coordinator (Water Operations)	Responsible for the administrative aspects of regulatory and operational risk management, addressing inefficiencies and day-to-day service delivery risks.	1 New Ongoing	Fee-for-service 50% JDF/ 50% RWS
2b-2.9	Reliability/Operational Performance	Responsible for improving the reliability of water service by collecting and analyzing asset performance data, developing optimized plans, and improving service reliability.	1 New Ongoing	Fee-for-service & Requisition

*Further details presented in July 16, 2025, staff report.

2026 Budget Overview

Water Rate Funding

First Nations Regional Water Service

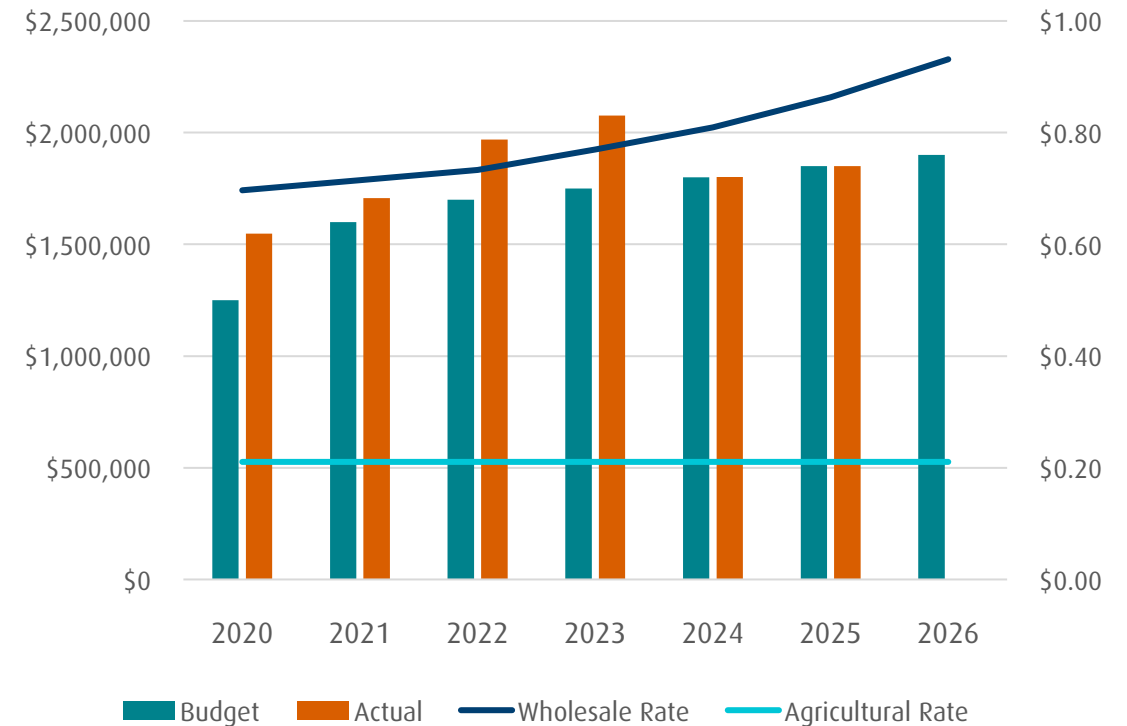
2026 Conveyance Fee
Budget
\$500,000 (+4.2%)

Agricultural Water Rate

2026 Agricultural Water Rate
\$0.2105 / m³ (0%)

2026 Agricultural Water Rate
Budget
\$1,900,000 (+2.7%)

Historical Agricultural Water Funding Wholesale Rate
vs. Agricultural Water Rate



2026 Budget Overview Capital Plan

Overview	RWS (millions)	50% of JDF/RWS Combo (millions)	Total (millions)
Projects in Progress	\$62.3	\$ 0.5	\$ 62.8
2026 Capital Budget	\$71.9	\$ 0.9	\$ 72.8
5-Year Capital Budget	\$350.9	\$ 2.1	\$ 353.0

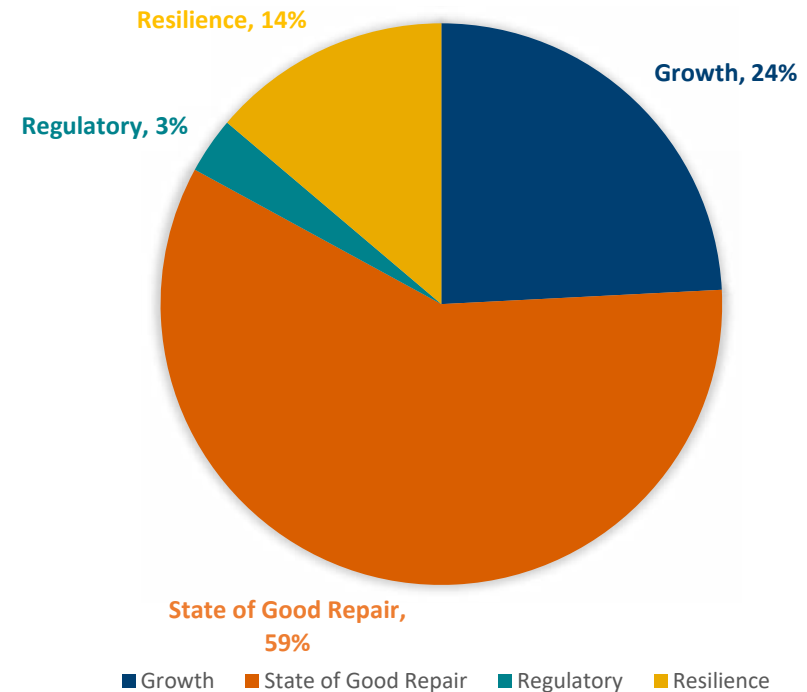
2026 Key Projects:

- Forest Resilience Study
- Goldstream Field Office
- Master Plan Program Implementation
- Transmission Main 4 (Mt Newton to Highway 17 & Bear Hill Trunk Extension)
- Transmission Main 1 High Pressurizing
- Mount Tolmie Tank Assessment
- Critical Spare Equipment Storage & Pipe Yard
- Sooke Lake & Deception Watershed Dams - Upgrades and Improvements Program

Future Years:

- Transmission Main Upgrades (on going)
- Master Plan Projects

RWS CAPITAL 2026 TOTAL \$71,922,336

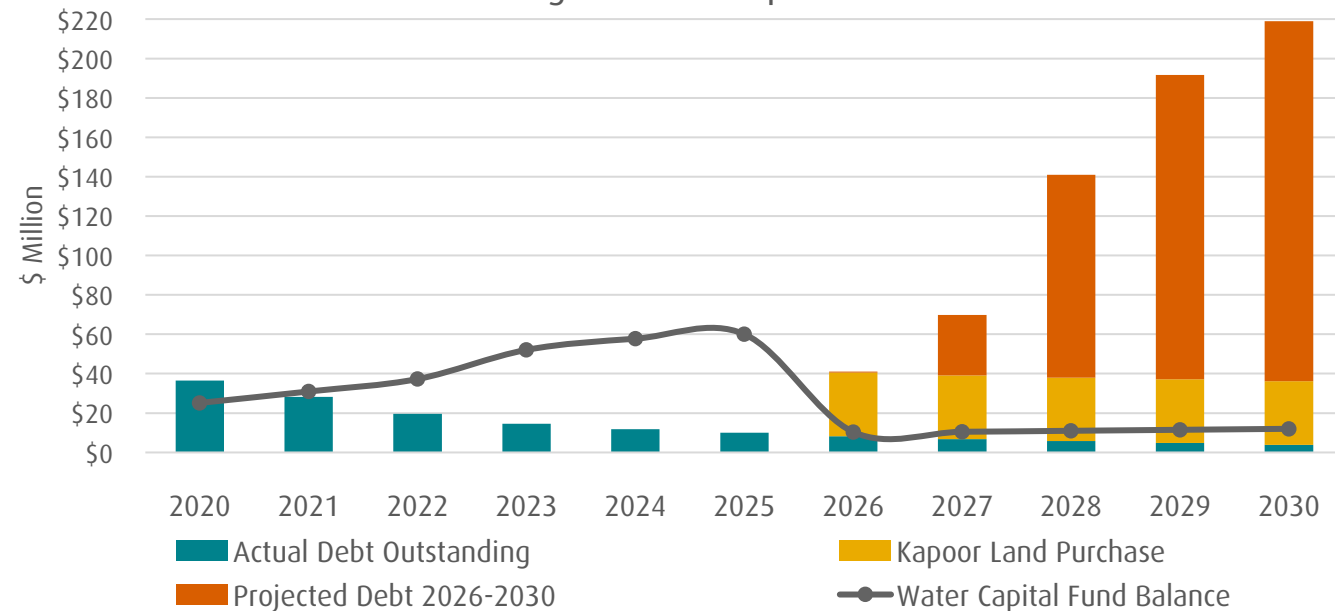


2026 Budget Overview

Outstanding Debt & Capital Funding

2026 Transfer	2026 Budget	Budget change (over 2025 Budget)
Water Capital Fund	\$21,000,000	\$1,500,000
Debt Reserve Fund	\$350,190	\$163,817
Equipment Replacement Fund	\$670,484	\$92,943
Total Capital Transfers	\$22,020,674	\$1,756,760
Debt Servicing	\$3,215,038	\$627,783

Regional Water Supply Services (Greater Victoria)
Debt Outstanding vs. Water Capital Fund Balance



Debt Servicing Costs are increasing 24.26% as a result of \$32.3M Kapoor Lands investment.

2026 Budget Overview

Rate Base & Revenue Requirement

Water Rate Model:

Using the various 2026 budget inputs detailed previously, the water rate is calculated using the water rate model. The model considers annual O&M, the increase in rate base which drives asset depreciation and future capital needs and debt servicing cost for the utility.

2026 Rate Base: \$11,240,035 increase

2025 new assets capitalized (projected)	\$19,634,159
2025 depreciation & asset value adjustments	\$(7,139,323)
Resulting 2025 change in physical plant	\$12,494,836
2025 construction work in progress (projected)	\$17,979,375

2026 Revenue Requirement: \$3,682,423 Increase

2025 - 2026 O&M expense (change)	\$1,440,586
2025 - 2026 depreciation (change)	\$561,337
Return on rate base (change)	\$1,680,500

2026 Budget Overview

Wholesale Rate History & Projection

Overview:

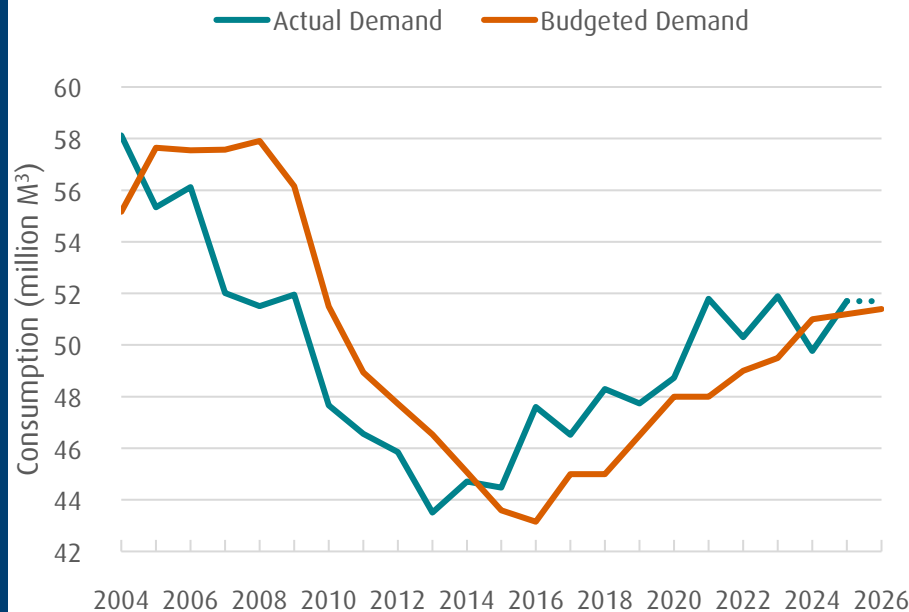
2025 Projected Actual Demand:
51,700,000 cubic metres

2026 Projected Water Demand:
51,400,000 cubic metres
(+200,000 cubic metres)

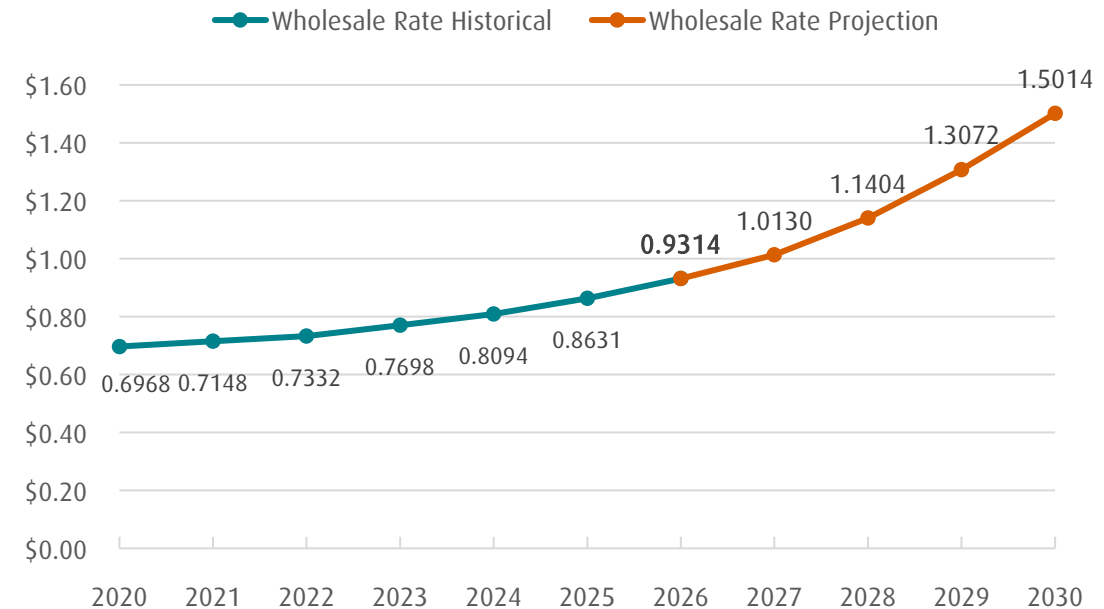
2025 Wholesale Rate: \$0.8631
2026 Wholesale Rate: \$0.9314 (+7.91%)

2026 rate is below rate indicated for 2026 in 2025 budget (\$0.9441)

Regional Water Supply Annual Demand



Regional Water Supply Service (Greater Victoria)
Wholesale Water Rate Historical & Projections



2026 Budget Overview

Water Demand and Rates

2026 Total Revenue Budget: \$48,804,152

- 2026 Budget Water Demand:
51,400,000 cubic metres
(+200,000 cubic metres)
- 2026 Regional Water Supply
Wholesale Rate:
\$0.9314 / cubic metre (+7.91%)
- 2026 Agricultural Rate:
\$0.2105 / cubic metre (0%)
- Annual cost increase to average
residential consumption:
\$16.31



Budget Overview

Multi-Year Projection

Overview:

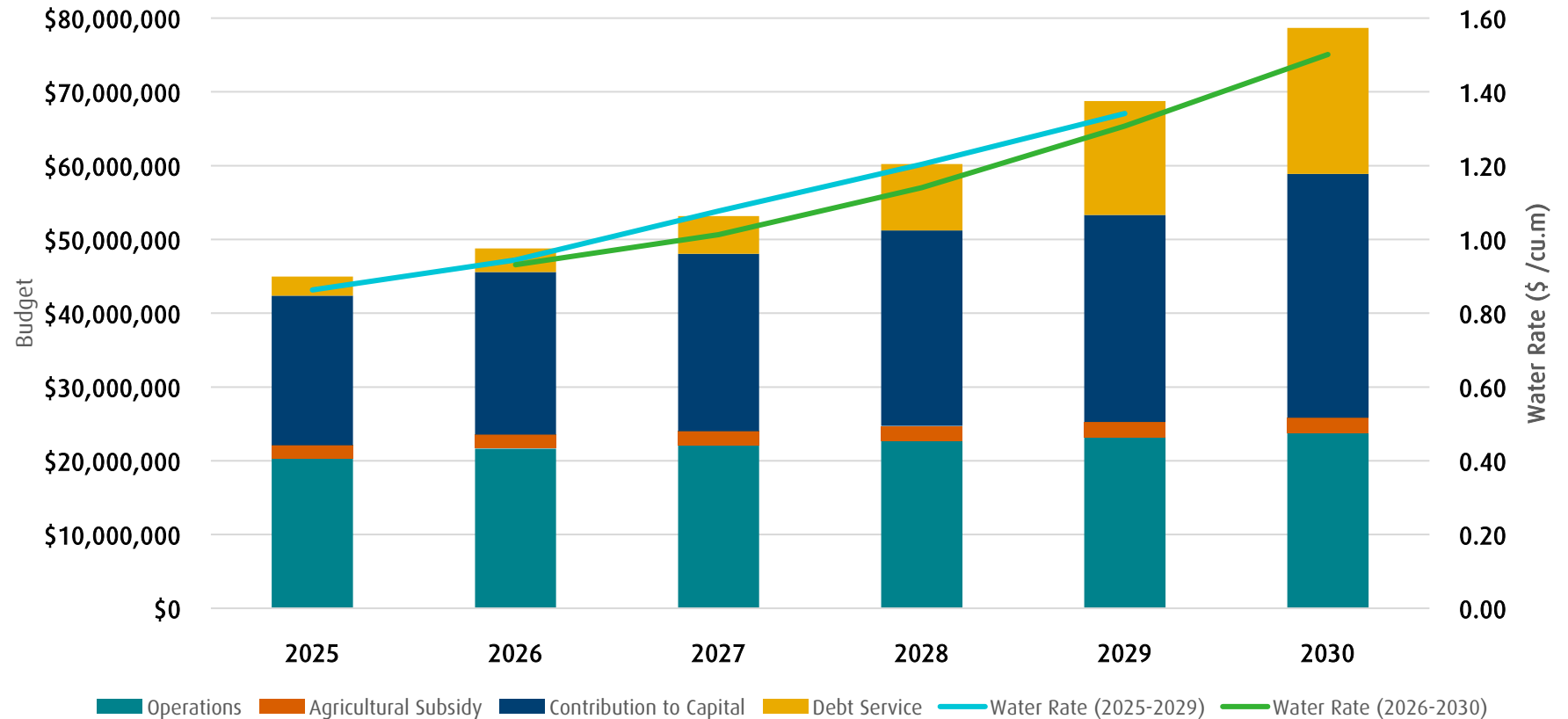
2025 RWS budget: \$44,959,023

2026 RWS budget: \$48,804,152 (+8.55%)

2026-2030 Average Water Rate Increase: 11.87%

Drivers:

Growing Capital Program linked to development, Master Plan and aging infrastructure*



*Does not account for DCC program or potential future grants

Budget

Recommendations



1. Approve the 2026 Operating & Capital Budget & Five-Year Capital Plan;
2. Approve the 2026 wholesale water rate of \$0.9314 per cubic metre;
3. Approve the 2026 agricultural water rate of \$0.2105 per cubic metre;
4. Direct staff to balance the 2025 actual revenue and expense on the transfer to the water capital fund;
5. Direct staff to update carry forward balances in the 2026 Capital Budget for changes after year end; and
6. Direct staff to amend the water rates bylaw accordingly.



Thank You

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