

Hagensborg

Water Works

Service Overview

The Hagensborg Water Works Service serves just under 500 residents in the Hagensborg area. It began as an improvement district in 1964. In 2019, in a 52% to 48% vote, ratepayers of the Hagensborg Water District voted to dissolve the District and convert the service to the CCRD. On January 1, 2021, the improvement district was formally dissolved, and responsibility for the service transferred to CCRD. This change was in part because of a requirement for a \$3.78 million grant toward the cost of necessary capital upgrades.

The CCRD is just wrapping up capital improvements to the system in compliance with Vancouver Coastal Health's requirements. The next phase of asset renewal, being the water distribution system, is funded in 2026, subject to grant approval. A Water Service Review was completed in 2025 to modernize and standardize the structure of the water systems rates and charges to meet the projected costs of maintaining and operating the water system post-project completion.

Asset Replacement Fund Contributions

The previous reserve fund balance was allocated towards Phase 1 of the Water upgrade project. Going forward funds will need to be set aside for the future replacement of mechanical and distribution infrastructure. The recommended minimum is an annual contribution of \$104,000

Based on the following replacement information:

- Mechanical infrastructure replacement - \$4,000 annually based on full capital value over 25 years.
- Distribution System Infrastructure replacement (\$10 million) - \$100,000 annually based on full capital value over 100 years.

In order to support the replacement of assets within the system \$104,000 will need to be contributed each year. Rather than implementing the cost immediately, the Board chose to phase it in, initially over three years, starting in 2025. After considering the magnitude of the increase in 2026, the Board spread the increase out further. In addition, the higher operating costs delayed the impact of asset replacement fund contributions. The planned increase in rates for the water system now includes increases of 28% in 2025, 29% in 2026, 32.1% in 2027 and 26% in 2028 in order to fulfill the asset replacement fund commitment. Additionally, the Board directed that the parcel tax be increased to assist with these costs, with rates going up 31% in 2026 and thereafter at an inflationary rate.

| | 2025 | 2026 | 2027 | 2028 |
|---|-----------------------------------|---|---|---|
| Asset Replacement Fund Contribution | used for project | \$30,000 | \$56,729.06 | \$104,875.30 |
| Financial Implication | Rates and Charges increase by 28% | Rates and Charges increase by 29%; Parcel Tax increase by 31% | Rates and Charges increase by 32.1%; Parcel Tax cost-of-living increase | Rates and Charges increase by 26%; Parcel Tax cost-of-living increase |
| Increase for Single Family Dwelling - Charges | Increases from \$275 to \$352 | Increases from \$352 to \$454 | Increases from \$454 to \$600 | Increases from \$600 to \$756 |
| Increase for Single Family Dwelling - Parcel Tax | - | Increases from \$125 to \$163.75 | Increases from \$163.75 to \$168.75 | Increases from \$168.75 to \$173.75 |

Area: C & D



Central Coast
REGIONAL DISTRICT

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Hagensborg Water Works

Budget Highlights

Water tolls proposed to increase 29%. The tolls were initially proposed to increase 58% to support a three-year phased approach toward adequate asset replacement fund contributions and higher operating costs associated with the new water system. After further consideration, the Board directed that the reserve contribution be reduced to \$30,000 in 2026 and the water tolls were reduced to a 29% increase.

31% increase in parcel taxation (from \$125 per parcel to \$163.75) to address higher costs associated with the new water system.

Grant Funding Projects

- Hagensborg Water Upgrade Project - Phase 2
 - \$6,975,000 UBCM 2026 Intake of the Strategic Priorities Fund.
 - Grant applied for; results of application expected in the spring of 2026.
- Provincial Infrastructure and Engineering Grant Program - \$10,000 grant funding for Asset Management Planning project deferred from 2025; Originally recommended to the Board by the Hagensborg Water Advisory Committee.
- Hagensborg Water Upgrade Project - Phase 1 - \$318,434 was deferred from 2025 to complete the Hagensborg Water Upgrade Project – Phase 1.
(\$180,046 – Grant Funding / \$138,388 – Local Contributions)

Operating Expense

Increased operational costs for the new water system include utility costs - electricity for pumps, lights and heating; required internet connection; additional daily, weekly and annual water testing; and treatment supplies.

Projected Additional Operating Annual Expenses due to the new system in 2026:

- Increased operational utility costs (electricity for pumps, lights and heating, and internet connection required) for a new water system in 2026 - \$12,000.
- Increased insurance for higher valued asset - \$16,312.
- Additional daily, weekly, and annual water quality testing and treatment supplies for the new system in 2026 - estimated cost \$15,000.

\$35,000 from the Community Works Fund is allocated to the development a Source Water Protection Plan, which is required to comply with the Vancouver Coastal Health water permit.

| | 2025 Budget | 2026 Budget | \$ Change | % Change |
|--|----------------|----------------|----------------|----------|
| Budget Surplus Beginning of Year | \$319,330.40 | \$180,590.19 | (\$138,740.21) | -43.70% |
| Parcel Taxes | \$26,375.00 | \$34,551.25 | \$8,176.25 | 31.00% |
| Transfer From Reserve to Hagensborg Water System | \$753,772.00 | \$0.00 | (\$753,772.00) | -100.00% |
| Interest Income | \$3,000.00 | \$0.00 | (\$3,000.00) | -100.00% |
| Grant Funding | \$3,595,853.83 | \$7,165,046.17 | \$3,569,192.34 | 99.30% |
| Water Tolls and Charges | \$111,951.41 | \$144,417.32 | \$32,465.91 | 29.00% |
| Total Income | \$4,810,282.64 | \$7,524,604.93 | \$2,714,322.29 | 56.40% |
| AppORTIONED Administration Fees | \$22,707.79 | \$53,184.87 | \$30,477.08 | 134.20% |
| Capital Works | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Contingency | \$5,000.00 | \$16,969.22 | \$11,969.22 | 239.40% |
| Operating Expenses | \$81,919.60 | \$121,016.90 | \$39,097.30 | 47.70% |
| Grant Funding Project | \$4,583,330.83 | \$7,303,433.94 | \$2,720,103.11 | 59.30% |
| Contribution to Reserve Account (Asset Replacement) | \$117,324.42 | \$30,000.00 | (\$87,324.42) | -74.40% |
| Total Expenses | \$4,810,282.64 | \$7,524,604.93 | \$2,714,322.29 | 56.40% |
| Budget Surplus (End of Year) | \$0.00 | \$0.00 | \$0.00 | 0.00% |

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