



Budget Workshop#2 2026-2030 Proposed Capital Expenditures for Water & Sewer Services

Proposed 2026-2030 Rates

Agenda

- Borrowing Questions
- Impact of Borrowing for Rockcliffe Irrigation System
- Irrigation Local Rate Comparison
- 2026-2030 Capital Budget - Sewer
- 2026-2030 Operating Budget - Sewer
- Proposed Rate Increase - Sewer
- 2026-2030 Capital Budget – Water
- 2026-2030 Operating Budget – Water
- Proposed Rate Increase – Water
- Rate Comparisons
- Timeline

Borrowing Questions

1. What is our present debt load?

At end of December the Town had:

-\$432,700 in general capital debt

-\$7,004,846 in water system capital debt

In 2025, the 2010 water projects borrowing of \$2.5M and 2004 water projects of \$163K will be paid off.

In 2026, the 2014 water projects borrowing of \$842,250 will be paid off.

2. What is our approval-free borrowing limit today?

Our approval-free borrowing limit is \$435,572

3. What amount of debt could be borrowed and stay within the limit?

\$5,626,000 at 4.58% over 20-year amortization.

Impact of Borrowing for #134 Rockcliffe Project

- Town would participate in the MFA fall 2026 borrowing for \$1.1M.
- Indicative rate is 4.48% over a 20-year term
- Funds would be received in late October, principal and interest payments would start in 2027
- No impact to proposed rate increase for 2026

Current Irrigation Rate Comparisons

Municipality	Fixed Rate (based on 10 acre parcel)	Variable Rate	Total Annual Cost
Oliver	\$3,175.40	\$0	\$3,175.40
Osoyoos (1) (2)	\$5,260.92	\$0	\$5,260.92
Keremeos	\$2,097.00	\$0	\$2,097.00
Peachland (1)	\$536.00	\$1,335.60	\$1,871.86
Summerland	\$2,450.80	\$0	\$2,450.80
Penticton (1)	\$ 2,188.08	\$1,179.86	\$3,367.94

(1) Assumes 2" pipe

(2) Variable rate of 1.08/M3, not being charged.

2026-2030 Sewer Projects

FUND	Sewer									
Sum of 26-35		Column Labels								
Row Labels	PROJECT NAME	Priority	FUNDING	2026	2027	2028	2029	2030	Grand Total	
49	Fairview & Station Intersection Improvements Design	P3	SC				10		10	
68	50 kW Photovoltaic System - Equalization Ponds	P5	Grant					380	380	
98	S3-Similkameen Avenue	P1	Grant	447					447	
99	W8-Main Street Veterans to School	P1	Grant	170					170	
100	S7-River Crossing Park Dr and Fairview Rd	P1	SC					275	275	
	S7-River Crossing Park Dr and Fairview Rd Design	P1	SC				15		15	
114	S2-Sanitary Main Hillside to Veterans	P1	Grant		350				350	
	S2-Sanitary Main Hillside to Veterans Design	P1	SC		40				40	
115	S9-Sanitary Main Fir to Lift station	P2	SC			300			300	
	S9-Sanitary Main Fir to Lift station Design	P2	SC		15				15	
117	Wastewater Treatment System Upgrades	P3	SC				125		125	
125	Reclaim Watermain investigation/testing	P2	SC			150			150	
	Reclaim Watermain Design	P2	SC		75				75	
130	New Scada & PLC's for entire system	P1	SC		100	100			200	
136	Station St. - Fairview to Co-op and Sawmill	P2	Grant				300		300	
137	Okanagan St - Co-op to Haven	P3	Grant					200	200	
	Okanagan St - Co-op to Haven Design	P3	SC				35		35	
142	New Scada Computers	P3	SC				10		10	
151	Influent Lifstation Elec. Upgrades	P1	SC		250				250	
152	Scott Rd Lifstation Upgradesc/w new boots and bypass	P1	SC		265				265	
154	Bing to Hillside SIPP/CIPP Sewer Main in Rear Yards Design	P1	SC		35				35	
	Bing to Hillside SIPP/CIPP Sewer Main in Rear Yards	P1	SC			350			350	
167	S1 - Fariview to Sawmill Rd. Sanitary Main Replacement Design	P1	SC		40				40	
	S1 - Fariview to Sawmill Rd. Sanitary Main Replacement	P1	Grant		900				900	
193	Upgrade Compactor Room and Compactor Replacement New MCC and PLC	P1	SC	408					408	
194	Highlift Upgrades	P1	SC	715					715	
Grand Total				1,741	2,070	900	495	855	6,061	

#125- moved
from 2027 to
2028

26-30 Sewer Operating Budget -Revenue

GL Description	2025 Budget	2026 Draft Budget	% of Total Revenue	2027 Plan	% of Total Revenue	2028 Plan	% of Total Revenue	2029 Plan	% of Total Revenue	2030 Plan	% of Total Revenue
SEWER USER CHARGE - PER UNIT	-1,397,430	-1,516,718	75.10%	-1,622,854	74.89%	-1,671,501	74.92%	-1,721,633	74.94%	-1,773,275	74.97%
SEWER USER CHARGE - METERED	-25,257	-27,025	1.34%	-28,916	1.33%	-29,784	1.33%	-30,677	1.34%	-31,598	1.34%
SANI DUMP FEES	-6,451	-6,624	0.33%	-6,624	0.31%	-6,624	0.30%	-6,624	0.29%	-6,624	0.28%
SEWER -MISC REVENUES	0	-92	0.00%	-200	0.01%	-200	0.01%	-200	0.01%	-200	0.01%
CONNECTION	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
EFFLUENT IRRIGATION REVENUES	-15,846	-17,560	0.87%	-26,769	1.24%	-27,572	1.24%	-28,400	1.24%	-29,252	1.24%
Total Sale of Service	-1,444,984	-1,568,019	77.64%	-1,685,363	77.77%	-1,735,681	77.79%	-1,787,534	77.81%	-1,840,949	77.83%
RETURN ON INVESTMENTS - SEWER	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
PENALTIES ON UNPAID SEWER	-12,427	-13,526	0.67%	-13,526	0.62%	-13,526	0.61%	-13,526	0.59%	-13,526	0.57%
LEASES - GOLF COURSE & AIRPORT FORAGE	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
OIB EMERGENCY SEWER RETAINER FEE	-7,369	-7,369	0.36%	-7,369	0.34%	-7,369	0.33%	-7,369	0.32%	-7,369	0.31%
O.B.W.B. GRANT - ROCKCLIFFE	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
O.B.W.B. GRANT - AERATION LAGOON	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total Other Revenue	-19,796	-20,895	1.03%	-20,895	0.96%	-20,895	0.94%	-20,895	0.91%	-20,895	0.88%
SEWER PARCEL TAX	-402,223	-430,619	21.32%	-460,756	21.26%	-474,568	21.27%	-488,803	21.28%	-503,461	21.29%
Total Parcel Taxes	-402,223	-430,619	21.32%	-460,756	21.26%	-474,568	21.27%	-488,803	21.28%	-503,461	21.29%
TOTAL REVENUE	-1,867,003	-2,019,533	100.00%	-2,167,014	100.00%	-2,231,144	100.00%	-2,297,232	100.00%	-2,365,305	100.00%

26-30 Sewer Operating Budget – Expense

GL Description	2025 Budget	2026 Draft Budget	% of Total Revenue	2027 Plan	% of Total Revenue	2028 Plan	% of Total Revenue	2029 Plan	% of Total Revenue	2030 Plan	% of Total Revenue
Expenses											
Total Administration	423,601	433,352	34.50%	442,019	34.50%	450,859	34.50%	459,876	34.50%	469,074	34.50%
Total Operations	65,674	68,808	5.48%	70,184	5.48%	71,588	5.48%	73,020	5.48%	74,480	5.48%
Total Collection	307,267	290,192	23.11%	295,996	23.11%	301,916	23.11%	307,954	23.11%	314,113	23.11%
Total Treatment Disposal	457,103	463,578	36.91%	472,850	36.91%	482,307	36.91%	491,953	36.91%	501,792	36.91%
Subtotal	1,253,645	1,255,930	100.00%	1,281,049	100.00%	1,306,670	100.00%	1,332,803	100.00%	1,359,459	100.00%
Amortization											
Total Amortization	230,294	238,684		238,684		238,684		238,684		238,684	
Amortization Non-Cash	-230,294	-238,684		-238,684		-238,684		-238,684		-238,684	
Subtotal	0	0		0		0		0		0	
TRANSFER TO SEWER RESERVE	613,358	763,603		885,965		924,474		964,429		1,005,846	
Financial Plan Balance	0	-		0		0		0		0	
Projected Sewer Capital Reserve Balance	356,266	2,166		69,185		96,102		879,955		1,648,162	
Funds Available for Transfer to Sewer Capital Reserve	613,358	763,603		885,965		924,474		964,429		1,005,846	

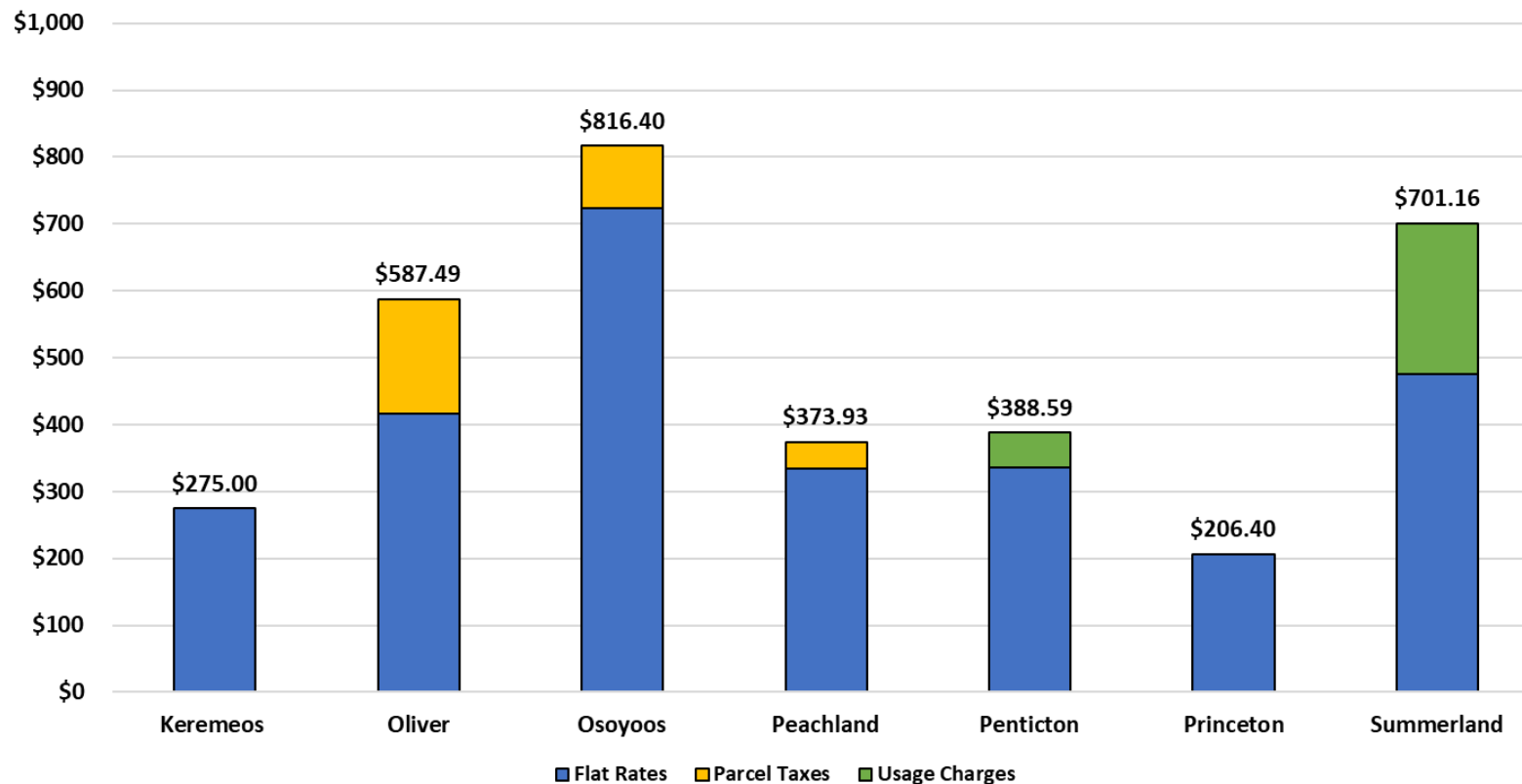
Proposed Sewer Rate Increases

	<u>Scenario Increases Sewer</u>				
	2026	2027	2028	2029	2030
Scenario A - Base (Fixed & Usage)	7%	7%	3%	3%	3%
Scenario A - Base (Parcel Taxes)	7%	7%	3%	3%	3%
Transfers to Sewer Capital Reserve	763,603	885,965	924,474	964,429	1,005,846
Sewer Capital Reserve Balances	2,166	69,185	96,102	879,955	1,648,162
Sewer Capital Reserve Budgeted Spending	1,123,000	820,000	900,000	195,000	275,000

Reserve balances in 2029 and 2030 overstated due to reliance on grant funding for capital projects in those years. Critical P1 projects in 2027 & 2028 cannot move forward without grant/debt funding.

Current Sewer Rate Comparisons

Comparative Single Family Residential Sewer Charges



Sewer Rate Increase Impact

- Proposed 7% increase for 2026 would increase the average annual cost for homeowners from \$587 to \$629 or \$42 per year,
- This equates to \$3.50 per month
- Our 2026 rates would remain lower than Osoyoos and Summerland 2025 rates.

2026-2030 Water Projects

FUND	Water									
Sum of 26-35				Column L						
Row Labels	PROJECT NAME	Priority	FUNDING	2026	2027	2028	2029	2030	Grand Total	
51	Booster station SCADA (6A)	P1	WC		150				150	
58	Water Meter Replacements	P1	WC	150	300	300	300	40	1,090	
63	Canal - Upgrade trash racks	P3	WC				75		75	
98	S3-Similkameen Avenue	P1	Grant	520					520	
99	W8-Main Street Veterans to School	P1	Grant	335					335	
100	W9-River Crossing Park Dr and Fairview Rd	P1	WC					350	350	
	W9-River Crossing Park Dr and Fairview Rd Design	P1	WC				20		20	
104	W6-Water reservoir feed line 2 Testing	P1	WC			150			150	
	W6-Water reservoir feed line 2	P1	Grant				950		950	
105	Pacific Silica River Crossing	P2	WC					450	450	
	Pacific Silica River Crossing Design	P2	WC				50		50	
118	Mud Lake Irrigation VFD/Soft Starts electrical Upgrade/H	P2	WC				500		500	
122	2- New 12" Isolation Valve at Park Rill System #1	P1	WC		40				40	
130	New Scada & PLC's for entire system	P1	WC		125	125	125		375	
134	Rockcliffe Irrigation VFD/Soft Starts electrical U	P1	WC	1,100					1,100	
136	Station St. - Fairview to Co-op and Sawmill	P2	Grant				400		400	
137	Okanagan St - Co-op to Haven	P3	Grant					350	350	
	Okanagan St - Co-op to Haven Design	P3	WC				35		35	
141	Gate Valve Replacements each year	P1	WC		20	20	20	20	80	
142	New Scada Computers	P3	WC				40		40	
160	Diversion Control Gates and Motors Design/Investigation	P1	WC		50				50	
	Diversion Control Gates and Motors	P1	WC			500			500	
162	Black Sage 2B River Intake Gate	P1	Grant		350				350	
164	Well Decommissioning Tucelnuit	P1	WC		100				100	
165	Well Decommissioning CPR	P1	WC		100				100	
166	Well Decommissioning Blacksage	P1	WC		100				100	
168	W2-Park Drive Water Looping Design	P3	WC					20	20	
169	W12-Fairview Okanagan to Kootney Design	P3	WC					5	5	
191	Fencing for source protection Tucelnuit pumphouse	P1	WC		30				30	
192	Hester Creek Piping and Flow Meter	P1	WC	250					250	
197	Tucelnuit Pumphouse Upgrade Elect. Service, MCC's, Pur	P1	WC			400			400	
199	Hester Pumphouse Upgrade Elect. Service, MCC's, Pump	P1	WC					400	400	
211	Black Sage Well Rehab for 3 wells	P1	WC				200		200	
212	Well Decommissioning Plan	P1	WC	30					30	
Grand Total				2,385	1,365	1,495	2,715	1,635	9,595	

26-30 Water Operating Fund - Revenue

GL Description	2025 Budget	2026 Draft Budget	% of Total Revenue	2027 Plan	% of Total Revenue	2028 Plan	% of Total Revenue	2029 Plan	% of Total Revenue	2030 Plan	% of Total Revenue
METERED WATER - CONSUMPTION	-1,337,098	-1,292,050	30.51%	-1,356,013	30.54%	-1,419,976	30.51%	-1,496,731	30.62%	-1,573,487	30.68%
METERED WATER - BASE RATE	-777,622	-820,086	19.37%	-861,052	19.39%	-904,142	19.43%	-949,379	19.42%	-996,898	19.44%
METERED WATER - FLAT RATE	0	-105	0.00%	-110	0.00%	-116	0.00%	-122	0.00%	-128	0.00%
WATER MISCELLANEOUS REVENUES	-6,465	-13,001	0.31%	-13,001	0.29%	-13,001	0.28%	-13,001	0.27%	-13,001	0.25%
7D DRAINAGE TAX	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
CONNECTION CHARGES	-20,012	-19,371	0.46%	-19,371	0.44%	-19,371	0.42%	-19,371	0.40%	-19,371	0.38%
TUCELNUIT CONNECTION FEES	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
WATER METER SALES	-16,538	-21,681	0.51%	-21,681	0.49%	-21,681	0.47%	-21,681	0.44%	-21,681	0.42%
RURAL WATER INSPECTION FEES	-750	-550	0.01%	-550	0.01%	-550	0.01%	-550	0.01%	-550	0.01%
RETURN ON INVESTMENTS - WATER	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
PENALTIES ON UNPAID WATER	-43,693	-43,329	1.02%	-43,329	0.98%	-43,329	0.93%	-43,329	0.89%	-43,329	0.84%
INSURANCE PROCEEDS	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
OPERATIONAL GRANTS	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
PARCEL TAX-TUCENUIT WATER SPEC. AREA	-13,107	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
PARCEL TAX-SAWMILL ROAD SPEC. AREA	-1,196	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
WATER PARCEL TAX	-762,178	-649,038	15.33%	-681,489	15.35%	-715,551	15.37%	-751,318	15.37%	-788,876	15.38%
Total Sale of Service	-2,978,659	-2,859,211	67.52%	-2,996,596	67.48%	-3,137,717	67.42%	-3,295,482	67.43%	-3,457,321	67.41%
AGRICULTURAL IRRIGATION	-1,095,445	-1,163,682	27.48%	-1,221,862	27.51%	-1,282,941	27.57%	-1,347,091	27.56%	-1,414,451	27.58%
NON AGRICULTURAL IRRIGATION	-256,924	-211,679	5.00%	-222,264	5.01%	-233,377	5.01%	-245,045	5.01%	-257,296	5.02%
Total Irrigation	-1,352,369	-1,375,361	32.48%	-1,444,126	32.52%	-1,516,318	32.58%	-1,592,136	32.57%	-1,671,747	32.59%
TOTAL REVENUE	-4,331,028	-4,234,572	100.00%	-4,440,722	100.00%	-4,654,035	100.00%	-4,887,618	100.00%	-5,129,068	100.00%

26-30 Water Operating Fund - Expense

GL Description	2025 Budget	2026 Draft Budget	% of Total Revenue	2027 Plan	% of Total Revenue	2028 Plan	% of Total Revenue	2029 Plan	% of Total Revenue	2030 Plan	% of Total Revenue
Expenses											
Total Administration	1,091,702	1,133,311	39.58%	1,155,977	39.58%	1,179,097	39.58%	1,202,679	39.58%	1,226,733	39.58%
Total Other Water Supply	107,430	109,410	3.82%	111,598	3.82%	113,830	3.82%	116,107	3.82%	118,429	3.82%
Total Purification & Treatment	164,009	165,250	5.77%	168,555	5.77%	171,926	5.77%	175,365	5.77%	178,872	5.77%
Total Service of Supply	41,137	27,336	0.95%	27,883	0.95%	28,441	0.95%	29,010	0.95%	29,590	0.95%
Total Transmission & Distribution	832,263	880,800	30.76%	898,416	30.76%	916,384	30.76%	934,712	30.76%	953,406	30.76%
Total Pumping Power	346,590	357,414	12.48%	364,562	12.48%	371,853	12.48%	379,290	12.48%	386,876	12.48%
Total Pump Maintenance	214,698	154,095	5.38%	157,177	5.38%	160,321	5.38%	163,527	5.38%	166,798	5.38%
Total Customer Billing & Collections	33,484	35,600	1.24%	36,312	1.24%	37,038	1.24%	37,779	1.24%	38,535	1.24%
Subtotal	2,831,313	2,863,216	100.00%	2,920,480	100.00%	2,978,890	100.00%	3,038,469	100.00%	3,099,239	100.00%
Debt Servicing											
Total Interest Payments	324,530	316,088		348,781		348,781		268,108		268,108	
Total Principal Payments	540,607	326,181		290,619		290,619		227,616		227,616	
Subtotal	865,137	642,269		639,400		639,400		495,724		495,724	
Actuarial Adjustment	-88,752	-96,699		-84,324		-94,665		-30,295		-35,795	
Actuarial Adjustment (Non-Cash)	88,752	96,699		84,324		94,665		30,295		35,795	
Total Amortization	754,253	772,457		772,457		772,457		772,457		772,457	
Amortization (Non-Cash)	-754,253	-772,457		-772,457		-772,457		-772,457		-772,457	
Subtotal	0	0		0		0		0		0	
Transfer to Reserves											
TRANS TO WATER CAPITAL RESERVE FUND	630,918	729,087		880,842		1,035,745		1,353,425		1,534,105	
TRANS TO TUC WATER TRUST FUND	3,023	0		0		0		0		0	
TRANS TO SAWMILL RD TRUST FUND	637	0		0		0		0		0	
Subtotal	634,578	729,087		880,842		1,035,745		1,353,425		1,534,105	
Financial Plan Balance	0	0		0		0		0		0	
Projected Water Capital Reserve Balance	304,373	617,077		499,419		48,258		37,957		291,937	

Proposed Water Rate Increases

Scenario Increases Water

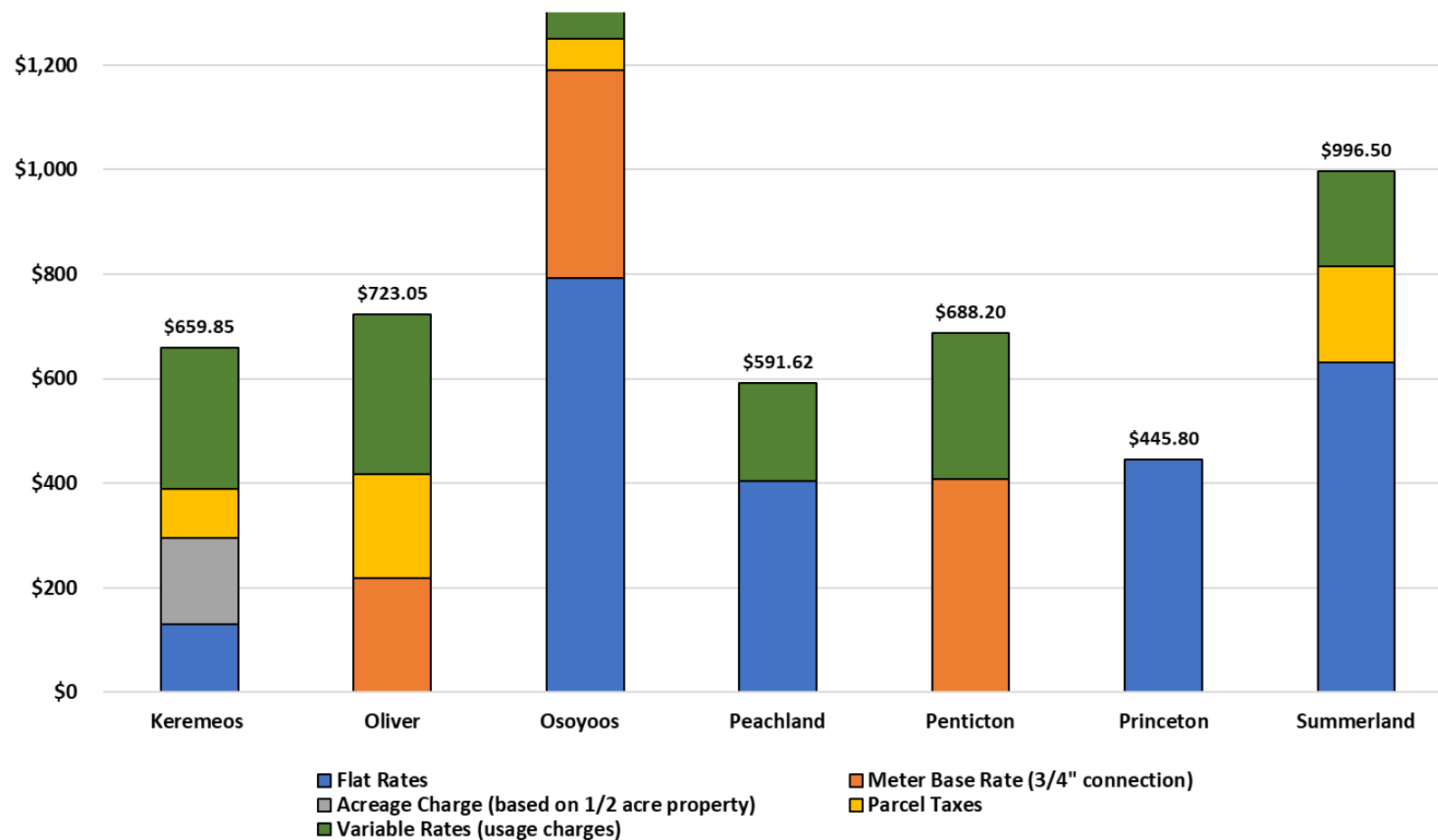
	2026	2027	2028	2029	2030
Scenario A - Base (Consumption)	5%	5%	5%	5%	5%
Scenario A - Base (Fixed)	5%	5%	5%	5%	5%
Scenario A - Base (Parcel Taxes)	5%	5%	5%	5%	5%
Transfers to Water Capital Reserve	729,087	880,842	1,035,745	1,353,425	1,534,105
Water Capital Reserve Balances	617,077	499,419	48,258	37,957	291,937
Water Capital Reserve Budgeted Spending	430,000	1,015,000	1,495,000	1,365,000	1,285,000

Reserve balances revised in 27 & 28 due to new debt for #134 – Rockcliffe less debt retired in 2026 and 2027.

Lowering the proposed 2026 rate would create reserve deficit in 2028 and 2029.

Current Residential Comparisons

Comparative Single Family Residential Water Charges



Water Rate Increase Impact

- Proposed 5% increase for 2026 would increase the average annual cost for homeowners from \$723 to \$759 or \$36 per year,
- This equates to \$3.00 per month
- Our 2026 rates would remain lower than Osoyoos and Summerland 2025 rates.

Proposed Irrigation Rate Increases

Scenario Increases Water Irrigation

	2026	2027	2028	2029	2030
Scenario A - Base (Irrigation)	5%	5%	5%	5%	5%
Net Operating (Surplus) Deficit	-340,180	-388,240	-439,314	-493,591	-551,233
Water Canal Capital Budgeted Spending	500,000	500,000	500,000	500,000	400,000
Cumulative (Surplus) Deficit	159,820	271,580	332,266	338,675	187,442

Irrigation Projects	2026	2027	2028	2029	2030	Total
Rockcliffe Irrigation VFD/Soft Starts electrical Upgrade/HVAC/Flow Meter	1,100,000					1,100,000
Hester Creek Piping and Flow Meter	250,000					250,000
Diversion Control Gates and Motors		350,000				350,000
Black Sage 2B River Intake Gate		100,000				100,000
Diversion Control Gates and Motors			500,000			500,000
Diversion Control Gates and Motors Design/Investigation		50,000				50,000
Mud Lake Irrigation VFD/Soft Starts electrical Upgrade/HVAC/Flow Meter/New MCC				500,000		500,000
Hester Pumphouse Upgrade Elect. Service, MCC's, Pumps and Motors					400,000	400,000
						-
						-
						-
						-
						-
						-
						-
						-
						-
						-
	1,350,000	500,000	500,000	500,000	400,000	3,250,000

Farm Irrigation Rate Increase Impact

- Proposed 5% increase for 2026 would increase the average annual cost for 10 acre farms from \$3,175 to \$3,334 or \$159 per year,
- This equates to \$13.25 per month
- Our 2026 rates would remain lower than Penticton and Osoyoos 2025 rates.

Recommendations

- That Council approve a 7% increase in sewer rates and associated parcel taxes for 2026
- The Council approve a 5% increase in water rates and associated parcel taxes for 2026

Next Steps/Timeline

- Bring 2026 Water, Sewer and Parcel Tax Bylaws to Council for 1st, 2nd & 3rd reading to November 17th, 2025 Regular Council
- Bring 2026 Water, Sewer and Parcel Tax Bylaws to Council for adoption at the December 8th, 2025 Council meeting

Thank you!

PLANNED BUDGET TIMELINE
2026-2030 FINANCIAL PLAN

