

DEEP BAY IMPROVEMENT DISTRICT

2025 ANNUAL REPORT

Presented at the
Annual General Meeting
April 30, 2026

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1 Message from the Chair

Good evening everyone.

Thank you for attending this evening's meeting.

We should all be grateful to be living, operating, meeting and serving on the unceded territories of the Qualicum First Nation.

Another year has passed, and as we age, it seems that time passes by more quickly.

I would like to thank every Board member for their service, their support and their commitment to working together on behalf of all residents living within the DBID. There have been challenges that the Board has had to work through, mainly relating to prioritizing the Thompson Clarke West Watermain Replacement project and the Reservoir Replacement project, and then with staffing issues relating to retaining a permanent Administrator. These issues have now been resolved.

Our Board has completed and continues to make progress on a number of projects.

1. The TCW Water main replacement project has been completed. It came in on budget, and the final costs are published on our website.
2. The reservoir has been inspected, assessed and repaired. These repairs may extend the life of the reservoir for the next 10-15 years. Water sampling is taking place weekly, and results are sent to VIHA. These results are posted on the website. Reservoir replacement has been budgeted for 2039 based on the Herold Engineering Water Tank Assessment of 2024.
3. A second emergency backup Generator is in the process of being purchased for Well 6.
4. Aging Pressure Reducing Valves (PRV) are scheduled for replacement.
5. A Sprinkler Protection Unit Trailer has been purchased for the fire department.
6. We will be scheduling our fire hydrants for inspection and servicing.
7. We have dealt with the staffing issues related to retaining a permanent Administrator. The current Administrator was hired in March 2025. At this time, due to our past administrative upheaval, there were several significant outstanding administrative tasks. These works are now being carried out and completed in a timely manner.

The financial audit for 2025 was completed on schedule by our Auditor MNP. Capital and operating budgets for 2025 for Water and the Fire Department Operations were approved on schedule by the Board.

I would be remiss not to thank our administrative staff. A big thanks to Janine Sibley for again stepping in as Acting Administrator and doing a great job. Thanks to Nina LeBlanc

for providing assistance during the absence of an Administrator. And thanks John Marsh for coming back as our Administrator and helping us get back on track and providing effective leadership.

A thank you to the Deep Bay Volunteer Fire Department, Fire Chief Lenz and all other volunteer fire department members. Your commitment to attending training sessions, first responder calls, fire-related calls, issuing and administering burn permits, and attending community events is greatly appreciated.

And to Margaret Furnelle, having attended Fire Protection Committee meetings with you as our chair, I and we are most grateful for your attention to detail and your organizational skills in administering the business of the Fire Department.

Another thank you to the Deep Bay Fire/Rescue Society. The society has now donated approximately \$265,000 to DBID for fire department budgeted items. That is fantastic.

Looking ahead, a Board priority has begun work on establishing a Strategic Plan. This plan will outline the Board's goals and the specific actions and resources required to achieve them.

In closing, and on behalf of the Board, I want to thank the ratepayers for electing us as Trustees to serve the Deep Bay Community and I encourage you one and all, to stay up to date with the ongoing business of our district.

About the District

Deep Bay Improvement District Board of Trustees (2025):

Craig Kerstens

Christo Kuun

Lisa Sharcott (Oct to Dec)

Alissa Woodward

Diane Koch

Suzanne LaRoy

Colin Thompson

Diane Koch and Colin Thompson were re-elected in 2025, and their term expires in 2028. Lisa Sharcott was elected in 2025, and her term expires in 2027. Alissa Woodward was elected in 2024, and her term expires in 2027. Craig Kerstens, Christo Kuun and Suzanne LaRoy were elected in 2023, and their term expires in 2026.

Colin Thompson served as Chair for the full year in 2025.

Monthly board meetings are held on the 3rd Tuesday of each month at the Deep Bay Offices at 7:00 pm (unless otherwise noted). Public are welcome to attend. For upcoming dates, please check at the office or visit the website at: www.dbid.ca

In addition to the monthly board meetings, there are standing and select committees that meet throughout the year on an as-needed basis. Committees provide advice and recommendations to the board of trustees – it is up to the board to take action or make a decision. Standing committees are established for matters which are ongoing while select committees are established to consider or inquire into a specific matter.

Standing committees:

- Bylaws Committee,
- Facilities Committee,
- Finance/Human Resources Committee,
- Fire Protection Committee,
- Operations & Maintenance, and
- Planning Committee

The DBID, as a local government, applied for and obtained “qualified donee” status from Canada Revenue Agency in 2014. As a qualified donee, DBID is eligible to receive donations or gifts from registered charities or the general public and to issue official receipts for donation/gifts received. If you wish to donate for some specific item, please contact the office or fire department for suggestions as to what may be required.

History

The Deep Bay Improvement District was incorporated in 1972 (originally as the Deep Bay Waterworks District). The object of the district at incorporation, as per the letters patent, was for the “acquisition, maintenance, and operation of works for waterworks purpose and all matters incidental thereto”.

In 1975 the objects were amended to include “the provision of fire protection, the acquisition, maintenance and operation of works, buildings and equipment for that purpose and all things incidental thereto”. In 1982, Bylaw No. 58 was passed, establishing the Deep Bay Volunteer Fire Department.

DBID currently has 647 parcels of land and 630 water connections. In 2025, one Capital Expenditure Charge was collected for a new lot/connection, and one new water connection application was received.

2 Administration

The Administrator is responsible for the overall administration of the District. The Administrator acts as both the Corporate Officer and Financial Officer as established by Bylaw No. 166 “Officer Position Establishment Bylaw”.

Corporate administration includes the following:

- preparing accurate meeting minutes of the board of trustees and its committees and ensuring the safe keeping of minutes, bylaws, and other improvement district records;
- providing access to all improvement district records as required by law or authorized by the board of trustees;
- signing and certifying copies of bylaws and other documents as required or requested;
- accepting, on behalf of the improvement district or the board of trustees, notices and documents given or provided to the improvement district or the board of trustees; and
- keeping the improvement district seal and having it affixed to documents as required.

Financial administration includes the following:

- levying taxes, water tolls and other charges;
- receiving all monies paid to the improvement district;
- keeping all funds and securities of the improvement district;
- expending and disbursing money in the manner authorized by the board of trustees;
- investing funds in investments under section 745(4) of the *Local Government Act*;
- preparing, maintaining and keeping safe the accurate records and full accounts of the improvement district’s financial affairs;
- compiling and supplying information on the financial affairs of the improvement district required by the Inspector of Municipalities; and
- reviewing and preparing annual budgets with Finance Committee and fulfilling financial year end auditor’s requirements.

2.1 Finance + Human Resources Committee

The Finance and Human Resources Committee met on September 3, 2025, and then again on November 6, 2025 to review draft budgets for the water and fire departments. These adjusted budgets were presented and approved by the Board at the November 18, 2025 regular meeting. The water tolls and taxation bylaws for the 2025 fiscal year were also adopted at the November 18, 2025 regular board meeting.

These budget documents are included in Appendix “A” later in this agenda package. The operating budgets for Water Operations and the Fire Department show 2025 and 2024 actual year-end results for all operating revenues and expenditures. The reports also include the operating budget amounts for 2025 and 2026. In addition to these operating reports, detailed twenty-five-year capital budgets for both Water Operations and the Fire Department are attached.

Further financial details are also shown on the attached 2025 Audited Financial Statements.

The Finance + HR Committee establishes the parcel tax rates for each of the assessment categories and allocation among all property owners. Water toll rates are also established by the Committee. This information then goes to the Board for approval by way of passing bylaws.

Water Parcel tax is used for upgrading, replacement or renewal of existing waterworks infrastructure. As pipes, pumps etc. are replaced, the DBID endeavors to meet current design standards including providing sufficient fire flows. Commercial, institutional, and industrial developments are required to meet higher standards which require additional infrastructure (for example, a residential property requires a minimum 60 L/s for fire flow while the minimum for a commercial development is 150 L/s). Commercial developments also have the ability to recoup taxes as a cost of doing business and usually put higher demands on the system in general. Using these factors, the board has determined that an equitable allocation of costs would not be achieved by having all properties pay the same taxes.

Parcel tax rates for 2026 were increased and the Board will continue to review the timing of projects and related costs each year. The long-term projection is for significant annual parcel tax increases to pay for aging infrastructure. This is necessary due to the need to replace all the asbestos-cement (AC) water lines over the next 25 to perhaps 50 years.

During budget deliberations in November 2025 staff informed the Board that the total cost for the AC pipe replacement over the next 25 years is estimated at \$26,600,000. There is an additional \$4,400,000 (which includes a new reservoir and water feed line) which then brings the total water capital expenditures to \$31,000,000.

○ 2026 to 2030	\$924,224
○ 2031 to 2035	\$6,197,948
○ 2036 to 2040	\$5,218,091
○ 2041 to 2045	\$8,996,212
○ 2046 to 2050	<u>\$9,663,525</u>
Total 25 Years	\$31,000,000

To pay for the estimated \$31,000,000 total project costs over the next 25 years it is expected that significant parcel tax increases will be necessary. This scenario requires 11.5% tax increases each year for the next 25 years (80-year maximum AC life) to pay for this \$31 million.

The actual parcel tax levy for a single-family residential property has increased as follows: 2026 - \$473, 2025 - \$423, 2024 - \$403, 2023 - \$336, 2022 - \$243.

Water tolls are used to cover the waterworks annual operating costs. Rates are the same for all users, with higher water users, regardless of classification, paying more based on the tiered rates. Rates increased for January 2026 to cover increases in operating expenses.

2025 Monthly Water Tolls	2025 Rates	2026 Monthly Water Tolls	2026 Rates
Base Rate	\$24.02	Base Rate	\$26.90
Up to 16.67 cubic meters	\$.65 each	Up to 15 cubic meters	\$.70 each
16.68 – 33.33 cubic meters	\$.81 each	16 - 30 cubic meters	\$.87 each
>33.33 cubic meters	\$1.33 each	>30 cubic meters	\$1.43 each

Fire Protection taxes are determined using the same assessment definitions as Parcel tax. Considerations for Fire Protection tax include zoning/land use as well as factors unique to firefighting such as risk, equipment and training needs. For example, the marinas are arguably the highest risk properties in the district and require specialized equipment and unique training requirements. Accordingly, the two marinas pay the highest Fire Protection taxes.

Fire protection taxes were increased for 2026 to cover increased operating costs due mainly to adding hydrant maintenance and restoring increased funding for capital projects. This tax covers all expenses for the fire department including operating costs and all capital equipment including vehicle purchases.

Year	Fire Protection Tax (residential rate)	Operating Budget (expenditures)	Capital Fund contribution (from total Fire Tax)	Building Renewal Tax (residential rate)
2022	\$317	\$150,722	\$75,000	\$50
2023	\$336	\$150,568	\$91,250	\$0
2024	\$351	\$189,667	\$91,250	\$0
2025	\$411	\$269,983	\$66,250	\$0
2026	\$481	\$257,134	\$91,250	\$0

Deep Bay Improvement District is an employer, and also a purchaser of contracted labour. The DBID is also responsible for the Deep Bay Volunteer Fire Department (even though all members are volunteers). In any such organization it is necessary to have basic HR documents and processes in order. These include, but are not limited to, ensuring WorkSafe BC compliance, definition of a reporting structure, current job descriptions, processes for salary/remuneration review, and procedures for evaluation of the performance of employees and/or contractors.

The DBID Certified Water System Operator is a contract position and the DBID is pleased to have Corewater Management Ltd in place until at least November 2029. The Administrator and Administrative Assistant are employee positions paid on an hourly basis generally at 25 hours per week for each employee. Reviews are conducted annually for all employees and at that time pay rates are reviewed in coordination with the annual budget process.

2.2 Bylaws Committee

Some bylaws must be sent to the Ministry of Municipal Affairs for registration prior to coming into effect while others are effective immediately upon passing by the board. Bylaws regarding Agreement, Assessment, CEC Disbursement, Connection Charge, Renewal Reserve Establishment and Disbursement and Tolls are exempt from registration and in effect immediately upon passing by the Board of Trustees. Copies of all bylaws are sent to the ministry for filing.

The following bylaws were passed by the Deep Bay Improvement District in 2025:

Bylaw No. 268 – Meeting Procedures Amendments Bylaw 2025. A bylaw to amend the Meeting Procedures Bylaw for rules of conduct and debate.

Bylaw No. 269 – Taxation 2026. A bylaw to set the parcel taxes for 2026 for water \$473 and Fire Protection \$481.

Bylaw No. 270 – Water Tolls 2026. A bylaw to set the water tolls for 2026 with the minimum charge of \$26.90 per month of the year.

Copies of bylaws are posted on the website and are available for viewing at the office.

2.3 Planning Committee

The Planning Committee consists of all board members and is similar to the “Committee of the Whole” of municipalities and regional districts. Typically, the Planning Committee will meet to discuss “big picture” items that do not fall under other committees and items that require more discussion than is suitable for a regular board meeting. Recommendations from the Planning Committee still need to go to a board meeting for approval.

In 2025, the committee reviewed and made recommendations regarding the budget including capital replacement plans for Water and Fire Department assets.

2.4 Facilities Committee

The Facilities Committee deals with operational and capital issues to maintain facilities and grounds for the Improvement District buildings. This mainly deals with the Fire Hall and office buildings. There were a number of items that were dealt with during the year and other items are on-going. A handy person(s) is expected to be utilized to remedy these issues. There was no Facilities Committee meetings in 2025.

3 Waterworks

Water supply for the DBID system is provided by seven drilled wells. These wells draw water from the unconfined Quadra Sands Aquifer and pump directly into the water distribution system. The DBID distribution system serves an area of approximately 5 square kilometers. Water storage for the DBID system is provided by an above ground concrete reservoir that provides 545 cubic meters (120,000 Imperial Gallons) of storage.

Environmental Operators Certification Program (EOCP) determines how waterworks systems are classified. The EOCP has updated its facility classification models for larger systems (serving more than 500 people) and facility classifications now expire on a 5-year cycle ending in 2026, and must be updated upon expiry, or following a major process change or upgrade. DBID was reclassified to a Class II Water Distribution System. This reclassification meant that our Water System Operator now requires certification from a Level I to a Level II Water System Distribution Operator.

DBID operates as a “water supply system” under a license issued by the Vancouver Island Health Authority (VIHA). Water samples are sent weekly to VIHA for required bacteriological testing (E. Coli and Total Coliform). VIHA posts the results of the weekly water samples at: <http://www.healthspace.ca/viha>.

The *Drinking Water Protection Act and Regulation* require water system operators to publish yearly information regarding the system. The DBID Annual Water System Reports are available from the office and on the website. Additionally, VIHA conducts inspections on a routine basis performed by the area’s Environmental Health Officer.

The DBID Annual Water System Report contains detailed information, with graphs, about the following:

1. Groundwater Well Capacity Information
2. Observation Well 310 Bowser 10 Year Analysis of Water Well Depth from Ground Level
3. Well Water Pumping Statistics for the Past Five Years
4. Water Consumption for the Past Five Years

Water sampling test results are also included with the Annual Water Report. This report is posted on the DBID website and is available for viewing at the office.

3.1 Operations & Maintenance Committee

The Operations & Maintenance Committee deals with requirements for the water operator position, reservoir maintenance and upgrades, and water testing.

4 Fire Protection

The Deep Bay Volunteer Fire Department (DBVFD) services are provided entirely by volunteers. The DBVFD provides fire suppression and prevention, First Responder services and public education to the DBID area as well as vehicle extrication services, for Emergency Management BC, for the area between Kinkadee Creek and Tsable River.

DBVFD had a roster of 22 members of which 10 members are certified First Responders. The target for optimal range is 30 members. The following report has been prepared by George Lenz, Fire Chief, Deep Bay Volunteer Fire Department:

Deep Bay Volunteer Fire Department

2025 Fire Chief Report

I would like to thank the members and their families for their continuous support. We have had a hard time getting some of our members into some of the training sessions required without sending them to the mainland for courses. Comox training center is shutting down for renovations causing a large void in training on the island.

We have welcomed some new members in 2025 and will continue to work toward getting them trained to today's standards. Unfortunately, we have also had a few members step down from our roster. I would like to thank them for the service they gave the community and wish them the best in their new adventures.

The new hall allows for some excellent in-house training space with the ability to have classroom training going on at the same time having other members working on hands on training without interfering with administrative activities.

The Deep Bay Volunteer Fire Department has a couple of mutual aid agreements and a recently agreed on automatic response agreement.

- Mutual aid with the Comox Valley Regional District (CVRD) (representing Union Bay and Fanny Bay fire departments), Ships Point Improvement District.
- Mutual aid with the Regional District of Nanaimo (RDN) (representing Bow Horne Bay, Dashwood, Coombs, Nanoose, and Errington Fire Departments), District of Lantzville, City of Parksville, and the Town of Qualicum Beach.

- Automatic Response with the RDN bringing Bow Horne Bay to our area on confirmed structural fire and us to parts of their area for the same. This agreement is in place and has been used for a fire in Bow Horne Bay fire protection area.

Our call volume for 2025 dropped a couple ended the year with 104 callouts. A majority of those being First Responder calls.

Our first responders now under the watchful eyes of Margaret Furnell and Bill Emery attended 54 First Responder callouts. We finished the year with 10 First Responders and have a few members hoping to get signed into courses in 2026. These are dedicated members and deserve much credit for the time and effort put in.

The annual food drive went well though donations were down a little from previous years. We would like to encourage people to help as much as possible for the 2026 food drive, watch for signs to catch the date, normally late November.

Burn permits are required year-round and are provided free of charge. Any burning can only be done when the venting index is **good** which can be viewed on the Deep Bay Improvement District website. Any machine piles require permits year-round and require authorization from the Province. Make sure you check the venting index prior to having a fire.

Election of officers for 2026 was held in December with the following results.

- Fire Chief George Lenz
- Deputy Chief Ed Pater
- Assistant Chief Ron LaRoy (since resigned)
- Administrator Margaret Furnell

Appointed positions.

- Don Coghill Captain
- Barry Foster Lieutenant
- Bill Emery Lieutenant
- Stuart Mclean Lieutenant (newly appointed)

Some of our members have received pins for years of service to the Deep Bay Fire Department. In 2025: Stuart McLean received 10-year service award pins. Dave Harvey and Ian Braconnier received 5-year service award pins.

Current apparatus for the department includes:

Engine 8-1

1998 Freightliner FL80 – Pumper; crew capacity: 5

Truck 8-1 is generally used as a back-up engine in the event additional water is required it has 1000 gallons of water and can dump the water into a pond for other engines to draft out of.

This truck will remain in service to the community for as long as possible.

Rescue 8-2

2007 Ford F-550 XL 4 x 4 – Rapid Intervention (foam fire suppression); Rescue; First Responder; crew capacity: 5

Truck 8-2 was purchased in 2007 and will be replaced over the next couple of years. It is mostly used for Auto Extrication and can deal with small fires with a compressed air foam system. It is also equipped with first responder equipment in the event of dual first responder calls and back up personal if needed on callouts.

Command/FR 8-3

2007 Dodge Ram 1500 Crew Cab Pickup –Command vehicle, First Responder and Crew Transport; crew capacity: 4

Truck 8-3 was purchased in 2013 and should be replaced in 2027 or sooner if funding permits. It is normally used as a first responder vehicle and will be delegated as a rehab vehicle for major incidents.

Engine 8-5

2024 Freightliner M2 – Pumper; crew capacity :5

Truck 8-5 has many features that 8-1 does not have making it a more versatile piece of equipment to serve the community. In accordance with the fire underwriters, it should be budgeted for replacement in 2043. It is used for fires and in some cases as a protection vehicle at motor vehicle incidents.

We have also acquired a Structural Protection Unit (mostly funded with grant money) which would allow us to set up sprinklers on some houses in the community in the event of an approaching forest fire. The Society has donated \$32,000.00 toward additional equipment and larger trailer to enable us to protect more structures. With the increase in forest fires around our communities this could be some of the most valuable equipment to protect our community.

We also received what is called a fire skid which would be in a pick-up truck or on a trailer enabling us to attack small fires that we would not be able to get to with larger apparatus. This was donated by Globalmedic out of Ontario.

In closing I would like to thank all and wish everyone a healthy and prosperous coming year.

George Lenz
 Deep Bay Fire Chief

4.1 Fire Protection Committee

Fire Department members attended a total of 104 calls in 2025, 106 calls in 2024, 119 calls in 2023 and 117 in 2022. The breakdown of these calls follows:

	2025	2024	2023	2022
Structural Fires	5	6	1	2
Other Fire Calls	4	6	11	10
Motor Vehicle Incidents	30	28	45	48
First Responder Calls	54	58	50	46
Miscellaneous Calls	<u>11</u>	<u>8</u>	<u>12</u>	<u>11</u>
Total for the Year	104	106	119	117

A huge thank-you goes out to all of our volunteers for the countless hours put in for training, practices and responding to emergency calls. Additionally, fire department members are a significant part of the fund-raising events put on by the by the Deep Bay Fire/Rescue Society.

Additionally, DBID would like to acknowledge the sacrifices that our volunteers' families make to allow members to respond to calls at all hours. We would truly be lost without community volunteers.

4.2 Deep Bay Fire/Rescue Society (DBFRS)

The Deep Bay Fire/Rescue Society (DBFRS) is an independent entity and operates separately from the Deep Bay Improvement District and the Fire Department. The DBFRS is a non-profit society and a registered charity able to issue tax receipts for donations. The DBFRS total donations to the Deep Bay Volunteer Fire Department thus far are \$264,670.00.

Appendix A 2025/2026 Approved Budgets

Attached is the approved 2026 budgets for both Waterworks and Fire Protection, and 2025 budgets are included for comparison. In addition, 2025 and 2024 actual expenditure and revenue results are shown on the reports.

For further details on the 2025 and 2024 financial position and other financial information, please refer to the Audited financial statement documents (Appendix B).

Appendix B Audited Financial Statements

The attached MNP Auditors Report and the audited financial statements show the final year-end financial result for the Deep Bay Improvement District's financial position as at December 31, 2025. There are several supporting schedules and notes that provide further financial details for 2024 and 2025 financial information.