



Making a difference...together

**BEDDIS WATER SERVICE COMMITTEE
2008 ANNUAL GENERAL MEETING
OPERATIONS REPORT – 22 MAY 2008**

The following is provided for information to residents and users of the Beddis water service.

General

It has been regular practice for Capital Regional District (CRD) staff to present to the community an operations report at the annual general meeting, which is an opportunity for staff to pass on information pertaining to a variety of topics related to the operations, maintenance, performance or upgrade of your water system, which it is hoped, will be of interest to the water area users or property owners. The operations report is also intended to provide some information on any changes of direction the CRD may be considering with respect to your water system and to present any statistical information gathered during the previous operating period.

Operational Structure – CRD Staff

The Operations division of the CRD Environmental Services department has the responsibility for operations and maintenance of the Beddis water system. CRD staff and contractors that Beddis water users will likely interface with include:

Name and Title	Responsibilities
Larisa Hutcheson, PEng Manager, Operations and Local Services	Manages the work force and budgets.
Murray McCallum Waterworks, Local Services Supervisor	Directly responsible for day to day operation of Beddis through the operating contractor.
Gary Hendren, Colwyn Sunderland Local Services Engineering Coordinators	Primary liaison between Beddis Water Service committee and CRD.
Todd Kilvert Engineering Technician, Operations	Processes new water connections for Beddis.
North Salt Spring Waterworks District	Carries out day to day operations of the system and first line contact for water system problems.

The division has on staff, numerous electricians, electronics/computer technologists, mechanic/fitters and welders based in Victoria who will be on the island from time to time to undertake emergency repair, programmed maintenance and routine upgrade of the mechanical and electrical components of the system.

The division maintains two staff on call during non working hours to organize a response to any reported emergency condition.

Beddis Water Service Committee

By bylaw, the CRD Board has established a Beddis Water Service committee and has conveyed to the committee the CRD Board's responsibility for the general administration of the Beddis water service. The committee is made up of four individuals elected from the community at each year's annual general meeting (two each year for a two-year term) and the CRD Electoral Area Director, Salt Spring Island, Gary Holman. Three members of the committee must be owners of real property in the Beddis water area and a fourth member may be a resident, an owner or other individual willing to represent the Beddis water service area. While CRD staff look after the day to day operation of the utility, the committee is tasked with issues of policy, recommending approval of the annual budget as prepared by CRD staff, setting or changing annual parcel tax

or user fee rates to fund the service and also long-term planning for the utility. The committee is your interface with the CRD, and is directed by bylaw to hold an annual general meeting both to canvass for committee members and to liaise with the service area residents and property owners. The committee operates under the same rules, regulations and policy as does the CRD Board. Meetings are held at the call of the Chair. For questions of a routine (non emergency) nature, committee members are often available.

Your current committee members are:

Mr. Michael Byrne	Term expires June 30, 2008	537-9988
Vacant	Term expires June 30, 2008	
Mr. Don Stevens (Vice Chair)	Term expires June 30, 2009	537 9554
Mr. Colin Campin	Term expires June 30, 2009	537-1370

The committee will be seeking candidates for two positions for the term July 1, 2008 to June 30, 2010. The current member whose term is expiring may be re-nominated. Committee members are active in a variety of ways from representing the water district on the Salt Spring Water Council to developing long range planning scenarios for the water area to working with CRD staff in reviewing the annual budget and capital works projects. This primary challenge of this past year has been the completion of the water treatment plant. The committee will also be reviewing a strategy to fund the construction of other components of the project which can not be completed within the current capital budget

Capital Works Project

As residents will have been made aware of in the last newsletter, work continues on the capital project. The following is a summary of works done to date:

1. Erection of the new bolted steel balancing water tank on Sky Valley Road.
2. New water plant building housing the new DAF prefabricated water plant.
3. Installation of new electrical service and electrical works necessary for the water plant's operation.
4. Installation of the prefabricated DAF plant and much of the mechanical and electrical equipment necessary for the water plant's operation.

Construction Process / Cost Escalation

The escalation in the cost of materials and the cost of labour combined with a shortage of labour on Salt Spring Island has resulted in numerous projects coming in well over budget and CRD engineers confirm the Beddis project will also be in the same situation. The construction industry has posted double digit inflation in prices for the past four or five years. Although the original costs for the Beddis project contained costs for inflation, the amount of funds set aside has been inadequate in the current market place. The CRD had tendered most of the work items required for the plant and the system early in the project, however even at that time, tendered prices were double the construction estimate. On this basis the CRD has contracted the various components of the work as small contracts. The electrical contractor has been working on both the Beddis water plant and the Fulford plant at the same time. North Salt Spring Waterworks District (NSSWD) has been contracted to install the mechanical works in the water plant and booster station. As NSSWD staff have been contracted to also operate the facility there is considerable benefit to using their staff to also do the installation and commissioning of the mechanical equipment.

Although NSSWD has maintained one staff member at either the Beddis or Fulford site on a regular basis for the past several months, there is a considerable amount of work to be completed before the Beddis plant can be commissioned, hence start-up for the facility will unlikely be before the end of summer.

Works Remaining

Works remaining to complete the project can be grouped into two projects. The first project is to complete the water plant and to interconnect the new plant with the existing water system. The second project is to

undertake works in the distribution system which the CRD identified in its original takeover study done in 2000.

Under Project 1, the following works remain to be completed:

1. Complete mechanical assembly of water plant components, new building.
2. Complete electrical connections to new components.
3. Install and connect liquid storage tankage for storage of finished water and backwash water.
4. Modify existing pump station to feed the new plant and to feed finished water into the system.
5. Commission the new plant.

CRD engineers have identified a cost over and above the original project estimate of approximately \$105,000. The committee has agreed to transfer the necessary funds from the capital reserve to the capital project to complete these works.

Under Project 2, there are a number of projects within the distribution system which the CRD identified as being required for the optimal and safe operation of the system. These works include:

1. Decommission and make safe the elevated Sky Valley tank. The tank currently is danger of toppling during a seismic event.
2. To achieve item 1, it is necessary to construct a small pressure booster station at the new Sky Valley water tank. The booster will enhance the pressure available to the upper properties along Sky Valley Road.
3. To optimize water flow, and improve system hydraulics and improve water quality in the distribution system, it was proposed to relocate the lower water tank on Lautman Drive to the new Sky Valley site. This would also eliminate a small water pump station at the Lautman tank and would address an access issue operators have with the tank and pump station.
4. To move the tank and take the pump station out of service, a new pressure main is needed from the lake pump station to Lautman and then Lautman to the new tank. Higher head pumps would be installed at the lake at that time, and a new pressure reducing valve station will be needed at Lautman to ensure low lying properties do not receive too high a pressure from the new tank elevation.

It is likely the available reserve funds can support item 1 and 2 above only. The CRD and the committee will need to develop a new strategy to work on completion of items 3 and 4. These items can be broken down into smaller work tasks and completed over a longer period of time or the committee could seek approval from the water area to raise funds to complete them in a shorter time frame. CRD staff will work with the committee during this next term to identify a suitable funding strategy for outstanding works. In the interim, Beddis residents will receive a much higher quality of water as the summer draws to a close.

Blue Green Algae Study

As was identified at the 2007 AGM, a significant algae event unfolded in St. Mary Lake over the past few years with an intense bloom of Aphanizomenon, one species of blue green algae. CRD staff indicated that MB Labs in Sidney has been working with CRD to study the Microcystin formation in hopes of better understanding the organism and toxin formation. This year, as last, CRD will provide some sample water from Cusheon Lake for MB Labs to evaluate. The intention in the long term is to identify water conditions which might support or precede a major blue green algal event such that the water purveyors have some advance notice of the event and have time to implement their treatment protocol to ensure water users are fully protected. Should the event take place at Cusheon Lake, the new Beddis plant will offer considerable protection for the water user through large volume removal of the algal cells and provision for oxidizing any Microcystin toxin produced by the algal cells when detected.

Beddis water may be requested to participate more fully in future studies in partnership with MB Labs and other agencies.

CRD Stormwater Program

The CRD carries out a stormwater monitoring program for the Greater Victoria area, Salt Spring Island and the Southern Gulf Islands. This year the regional director has identified funding from the island to have staff carry out a watershed mapping project for some of the watersheds on the island and to continue with contaminant sampling within the various watershed areas. The program is intended to provide some initial information on potential issues with nutrient loading and sources of contamination.

Watershed Planning, Drinking Water Protection

There has been considerable interest in watershed planning and drinking water protection on Salt Spring and the Southern Gulf Islands. The local community has completed a watershed plan for Cusheon Lake and is looking for a means to implement initiatives arising from the plan. St. Mary Lake area is working towards a similar document.

Local and Provincial Government Strategy

It has been realized by the province, the health authorities charged with implementing the drinking water regulations arising out the *Drinking Water Protection Act* and the regional districts, that an integrated approach to drinking water protection in electoral areas (and municipalities) is necessary. It has become evident that protection or enhancement of drinking water quality is often in conflict with the objectives of various provincial ministries charged with management of forest land, management of the environment, management of roads, subdivision of land or protection of fish habitat and may also be in conflict with the rights of landowners located within the watershed. The province has approached the issue of conflict between ministries by undertaking a memorandum of understanding between the various ministries who, by mandate, may not have in the past supported drinking water protection, to now acknowledge the importance of this issue and to work cooperatively to resolve areas of conflict or impediments to implementation of plans which enhance or protect drinking water. To begin this process the province has created water protection areas co-terminus with the health authority areas, and has provided each area with a drinking water protection team, made up of ministry officials and regional district representatives. The new approach also calls for the establishment of technical working committees at the regional district or local government level located within each drinking water protection area. This structure is intended to provide support for local government to protect and enhance drinking water quality.

Strategy for Operations

The preparation of drinking water protection and watershed protection plans is considered to be the responsibility of the municipality, or the regional district (RD) where the RD has authority. In the Greater Victoria area, the CRD water department carries out extensive water protection and watershed initiatives on behalf of and at the cost of Greater Victoria water users. The CRD however, has at this time only limited authority to expend public funds within its electoral areas on such works except where a CRD service such as Beddis water exists or where the CRD has a function such as stormwater management in which Salt Spring Island participates. Although not specifically established for the purpose in mind it appears that with the support of the regional director, the stormwater function may enable more active participation by CRD staff in the development or support for development of watershed plans.

Assuming the local community, through volunteer works, or funds raised by a CRD service or other water district, has undertaken the planning process; it is acknowledged that the implementation of the plan may face considerable difficulties. The technical working committee of the RD is intended, by senior government, to be able to focus attention on these issues and through communication with the provincial drinking water team, work towards an implementation strategy which can be supported by changes to ministerial policy or legislation. CRD staff will review the option to create the committee through the existing stormwater function. CRD has initiated an informal working committee of CRD and provincial staff to develop a terms of reference for a permanent committee.

In the long term, there will likely be a need to expend public funds to implement initiatives or works identified in various management plans. To achieve this end it is likely the CRD would need to poll the residents of either Salt Spring Island, on its own, or residents of all three electoral areas to determine if there is support for a service which would have authority to raise funds to enable these types of initiatives to be initiated and maintained.

Water Conservation

The regional director and the Salt Spring Island Water Council are considering a plan which would see the water council and the Beddis or other water utilities joint fund a rebate program to encourage the installation of low water use toilets in the water area. Details of the project will be forthcoming as they are developed by the water council. The program is meant to be undertaken on a small scale with limited funds made available each year towards conversion of the old high water use units.

CRD staff are preparing a newsletter to be distributed to all CRD services which will provide tips for water conservation including identification of toilet leakage. CRD will be providing with the newsletter two dye tablets which can be used to identify whether water is leaking from the tank into the bowl. Look for the newsletter over the next month.

2007-2008 Annual Operating Budget

CRD staff review the budget annually with the Beddis Water Service committee. The CRD budget process is very thorough. A baseline or core level of service is established and a budget figure agreed on to provide that service. This core budget changes little each year except for inflation. When new expenditures are necessary or desirable, these expenditures are presented to the committee as *supplemental costs*. If the cost is of a one time nature, such as to replace a pump for instance, they will appear as a single supplementary. The committee, if it supports the expenditure, will make an adjustment to the revenue source to cover the additional cost. The cost will disappear in the following year's budget. Other supplementary costs may be related to a more continuous increase such as additional water testing required as a result of new regulations. These costs will be presented to the committee on the understanding that they will become part of the core budget in future years.

Attached is a copy of the *Statement of Financial Activities* as prepared by the CRD Finance and Corporate Services division for the year 2007. Although basic in its detail, it provides a brief overview of the revenue and expenditure balance for last year. The revenues into the service totalled \$125,543. The revenue is generated by parcel tax (transfers from government), user fees (sale of services) and internal, revenue, generally interest from late charges. Against this total are the expenditures for all items in the operations budget. General services are charges levied by the CRD for the financial processing of the budget and collection of fees and charges, Other is a rather odd description for all expenses needed for the operation of the service including North Salt Spring Waterworks District contract costs, CRD service personnel hours, chemicals, electricity, water testing costs, maintenance allowances for electrical and mechanical equipment, rental or equipment as necessary and allowances for technical and staff support to the committee, and for the payment of debt. The total expenditures for 2007 amounted to \$111,342. The reduction in expenditures is largely due to the delay in commissioning the water plant. A number of the proposed expenditures such as electricity, chemicals, waste product disposal and manpower are tied to the start-up of the new water plant.

The difference between revenue and expenditures amounted to \$14,201 at year-end. The committee elected to transfer into the reserve fund \$4,523 at year-end 2007 reducing the surplus to \$9,678. The committee was presented with the 2008 annual operating budget which did contain some additional expenditures relating to the start-up and operation of the new water plant this year. As a consequence, the committee also elected to carry forward to the 2008 budget year, a surplus of \$9,678 to offset these costs in 2008. The additional costs approved for 2008 amounted to \$25,000 for additional time for staff of the NSSWD and the CRD to become familiar with and be part of the commissioning of the new plant. The CRD had requested the committee also maintain requested levels of service for CRD mechanical and electrical staff time, however the committee elected to maintain these levels at 2007 actual expenditures for this year on the basis that the plant will only be

operational for a portion of the work year, and that much of the maintenance and repair of the new facility would be undertaken through the contract.

Until the water plant is operated for a year or more, actual ongoing costs for operation will not be fully identified. It will be the challenge for the committee and the CRD to track these costs carefully to ensure there is sufficient revenue to meet the expenditures in future years.

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Attachments: 1