



Making a difference...together

**REPORT TO BEDDIS WATER SERVICE COMMISSION  
MEETING OF TUESDAY 13 DECEMBER 2011**

---

**SUBJECT      2012 OPERATING AND CAPITAL BUDGET**

**ISSUE**

This report provides a synopsis of the 2012 budget, highlighting significant proposed changes. In accordance with Bylaw No. 3693, "Salt Spring Island Water, Sewer and Liquid Waste Disposal Commissions Bylaw No. 1, 2010", "Before the end of November of each year, a Commission shall be presented with a five-year operating and capital budget for the service area, which shall include estimates for the administrative, development, maintenance, operational and other expenses, including debt charges, and shall submit such expenditure estimates, together with estimates for expected revenues, in a form approved by the Financial Officer of the CRD for the approval of the Regional Board and for inclusion in the Regional Board's preliminary and annual budgets."

**BACKGROUND**

2011 Estimated Actual Revenue and Expense

The actual 2011 operating revenue is expected to be on budget. Expenditures are expected to be \$18,360 below budget, mainly due to lower contract operations costs, lower labour expenses, unused contingency funds, and elimination of transfers to the capital fund.

It is planned to increase the 2011 reserve fund contributions with 2011 surplus funds to balance the budget and set aside the funds required to complete the Lautman reservoir repair in 2012. It is also planned to carry forward the \$18,360 surplus to the 2012 budget.

2012 Operating Expense

An increase in the 2012 operating expense of \$135 is proposed, as well as a \$10,000 increase in contingency funds.

2012 Capital Plan

The following capital projects are proposed for 2012:

Strategic Asset Management Plan: \$10,000

It is proposed to conduct an asset inventory to determine the quantity, age, condition and approximate life expectancy of water mains and the other system infrastructure not being considered under the upgrade project; estimate the cost to renew or replace infrastructure; and develop a long-term financial plan to fund infrastructure renewal or replacement as required to maintain an acceptable level of service and stable annual cost of service. The \$10,000 will be by a Community Works Fund (Gas Tax) grant allocated by the CRD Board, supplementing the 2011 Capital Plan item for an overall project budget of \$20,000.

Referendum for Additional Funds: \$10,000

**Beddis Water Service Commission – 13 December 2011**

**Re: 2012 Operating and Capital Budget**

**Page 2**

In order to proceed with treatment plant construction, a referendum is required to seek approval for additional funding. It is proposed to recover the referendum cost from 2012 transfers to capital.

Water Treatment Plant Construction: \$352,333

Subject to successful referendum to borrow additional funds, the design and construction of treatment and related distribution and storage upgrades will proceed in 2012. The project is expected to continue through 2013, with an overall budget of \$1,057,000.

2012 Revenue Requirement

It is proposed to increase the contingency by \$10,000 for 2012 to mitigate the risk of an operating deficit and revenue instability due to unplanned expenses or revenue shortfalls. The \$63,586 prior year surplus carried into 2011 will decrease to an estimated \$18,360 for 2012. The budgeted debt expenses will decrease by \$6,912 for 2012, following the retirement of the 1994 debt and the initial costs of new borrowing (subject to electoral assent). It is proposed to decrease the planned transfer to reserve to \$6,144 for 2012. The net change in the revenue requirement for 2012 based on these and the other budget adjustments is an increase of \$1,144.

Impact on 2012 User Charges

In order to raise the additional revenue required for 2012 and to adjust revenue for the loss of revenue from one connected dwelling, it is recommended that the fixed annual user charge be increased from \$313.00 to \$324.56. The parcel tax and consumption charge would remain at the 2011 rates.

Forecast 2013-2016

A five-year capital and operating budget forecast is provided for information. Subject to electoral assent, the debt costs to complete the treatment upgrade project will increase the revenue requirement by roughly \$120,000 over the next two years, requiring a corresponding increase in parcel tax and user fee. Other capital upgrades will also likely be required within the next five years to replace aging assets in the distribution system. The scope and budget for these and other upgrades will be considered upon completion of the proposed 2012 Strategic Asset Management Plan.

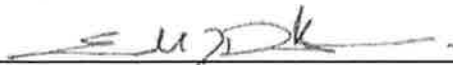
Other Considerations: Asset Maintenance and Replacement

Much of the Beddis Water Service infrastructure is aging and some components are nearing the end of their useful life, and the 2012 budget does not allow for significant capital reserve fund contributions. The current budget is also insufficient to accommodate the preventive maintenance required to keep assets in good working order throughout their life cycle, particularly as system components age. The Strategic Asset Management Plan will provide an estimate of the annual budget that would be required to replace assets at the end of their service lives, and to provide the level of preventive maintenance required to sustain an acceptable level of service and maximize the service lives of system components.

**RECOMMENDATION**

That the Beddis Water Service Commission recommend that the Capital Regional District Board:

1. Approve the 2012 operating and capital budget for the Beddis Water Service as presented;
2. Authorize an increase in the fixed annual user charge for the Beddis Water Service as required to balance the 2012 budget; and,
3. Balance the 2011 estimated actual revenue and expense on the 2011 transfer to reserve.



---

Ted Robbins, B.Sc., C.Tech.  
Senior Manager, Water Management



---

J.A. (Jack) Hull, MBA, P.Eng.  
General Manager, Integrated Water Services  
Concurrence

TR:CS:ls  
Attachment: 1

# **CAPITAL REGIONAL DISTRICT**

## **2012 BUDGET**

### **Beddis Water (SSI)**

#### **COMMITTEE REVIEW**

Compiled and Presented by CRD Finance  
Data provided by Integrated Water Services

November 2011

**Service: 2.624 Beddis Water (SSI)**

**Committee: Environmental Sustainability**

**DEFINITION:**

To provide and operate water supply and distribution facilities for the Salt Spring Island Beddis Water System Service Area. Bylaw No. 3188 (November 24, 2004).

**PARTICIPATION:**

Order in Council No 176, February 24, 2005.

**MAXIMUM LEVY:**

Greater of \$133,000 or \$2.71 / \$1,000 of actual assessed value of land and improvements.

**MAXIMUM CAPITAL DEBT:**

Beddis Waterworks 1994 previous debt paid out 2011 \$95,909

AUTHORIZED: LA Bylaw No. 3193 (November 24, 2004) \$325,500

BORROWED: SI Bylaw No. 3291 (325,500)

Remaining: \$0

**COMMITTEE:**

Beddis Water Service committee established by Bylaw No. 3247 (Dec 15, 2004)

**FUNDING:**

Any deficiencies after user charge and/or frontage tax or parcel tax to be levied on taxable school assessments, excluding property that is taxable for school purposes by Special Act.

**User Charge:**

Fixed user charge + variable consumption charge to all metered properties.

**Parcel Tax:**

Annual, only on properties capable of being connected to the system, starting 2006. Parcel charge in lieu of parcel tax in 2005 only.

**Water Connection Charge:**

The connection charge for a service shall be the actual cost for the connection. Minimum connection charge: \$400

**RESERVE FUND:**

Fund 1069, established by Bylaw # 3274 (April 27, 2005)

Service: 2.624 Beddis Water (SSI)

Committee: Environmental Sustainability

Year	Taxable Folios	Parcel Tax	By-law No.	Number SFE's	User Charge	By-law No.	Actual Assessments	Converted Assessments
2008	139	\$386.00		126	\$250.00 + Base Rate \$8.80 ***	3509	84,798,628	8,503,142
2009	138	\$386.00		126	\$250.00 + Base Rate \$8.80 ***	3509	82,329,128	8,256,192
2010	138	\$449.63		127	\$313.00 + Variable consumption charge ****	3688	81,730,443	8,198,004
2011	138	\$449.63		127	\$313.00 + Variable consumption charge ****	3777	80,256,835	8,049,179
2012	138	\$449.63		126	\$324.56 + Variable consumption charge ****	3777		

\* Parcel Tax Charge - 1st year only (Order In Council - Feb 24, 2005, too late to be included in Parcel Tax process)

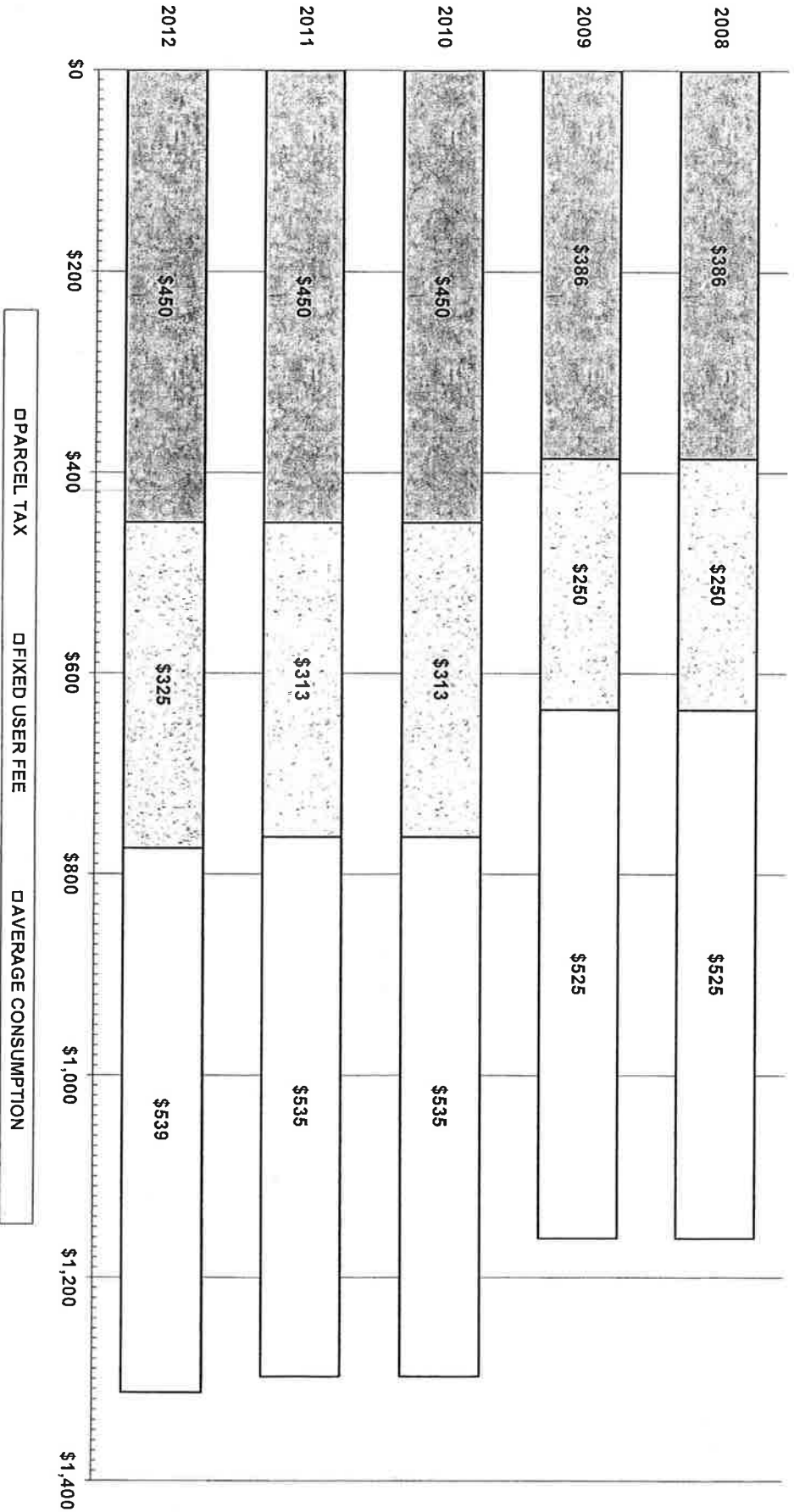
\*\*\* Base Rate for Water (see above):

- For the first 10,000 lgal or portion Base Rate
- For the next 10,000 lgal or portion Base Rate x 1.33
- For the next 30,000 lgal or portion Base Rate x 2
- For 50,001 lgal or greater Base Rate x 3.33

\*\*\*\* Variable Consumption Charge (see above):

- First 37.5 cubic metres or portion \$2.00 per cubic metre
- Next 67.5 cubic metres or portion \$4.50 per cubic metre
- Greater than 105 cubic metres \$6.00 per cubic metre

# CAPITAL REGIONAL DISTRICT BEDDIS WATER (SSI) FUNDING ANALYSIS 2008 - 2012



Actual data 2008-2011, Projected 2012  
 Prepared by CRD Finance  
 10/31/2011

Service: 2.624 Beddis Water (SSI)

Committee: Environmental Sustainability

**BEDDIS WATER CAPITAL RESERVE FUND (# 1069):**

	C/F from 2009	4,957
	Interest Income	87
Balance as at:	December 31, 2010	<u>5,044</u>
Interest (estimate)		75
Transfer to reserve fund		73,830
Transfer from reserve fund		-
<b>TOTAL ESTIMATED FUNDS:</b>	<b>December 31, 2011</b>	<b><u><u>\$78,949</u></u></b>



2.624 **Beddis Water (SSI)**  
**2012 - 5 YEAR CAPITAL PLAN**  
**(\$'000 - 2012 Dollars)**

Capital Works Description	Cap Type	2012	2013	2014	2015	2016	5 Yr Total	Projected completion cost
Referendum for Additional Funds	S	10	-	-	-	-	10	
Strategic Asset Management Plan (SAMP)	S	10	-	-	-	-	10	
Water Treatment Plant Construction	S	352	705	-	-	-	1,057	
Implement Recommendations from SAMP (to be confirmed by SAMP)	S	-	100	-	-	-	100	
<b>TOTAL</b>		<b>372</b>	<b>805</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,177</b>	

Funding Source:	2012	2013	2014	2015	2016	5 Yr Total
Capital Funds on Hand	10	-	-	-	-	10
Debtenture Debt (new debt only)	352	805	-	-	-	1,157
Grants (Federal, Provincial)	10	-	-	-	-	10
<b>Total Proposed Funding Source</b>	<b>372</b>	<b>805</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,177</b>

- Cap Type:  
 B = Buildings  
 E = Equipment  
 L = Land  
 S = Engineering Structures  
 V = Vehicles

## CAPITAL REGIONAL DISTRICT - SCHEDULE G

### CAPITAL BUDGET FORM 2012 & Forecast 2013 to 2016

Service #: 2.624  
Service Name: Beddis Water (SSI)

**Note:** ↓ indicates a drop down menu is available for selection - Type Code (2); Funding Source (4); Participants (8)

Year (1)	Type Code (2)* ↓	Specific Project Description (3)	Capital Expense	Funding		Grant Program Sponsor (6)	Loan Authorization # (7)	Participants (8) ↓	%
				Source (4)** ↓	Amount Total (5)				
2012	S	Referendum for Additional Funds	10,000	C	10,000				
2012	S	Strategic Asset Management Plan (SAMP)	10,000	G	10,000	Gas Tax			
2012	S	Water Treatment Plant Construction	352,333	D	352,333				
2013	S	Water Treatment Plant Construction	704,667	D	704,667				
2013	S	Implement Recommendations from SAMP (to be confirmed by SAMP)	100,000	D	100,000				
*** Please insert more lines here (above this line) if required. ***									
<b>TOTAL</b>					1,177,000		1,177,000		

- Type Codes (2) \***
- L = Land
  - S = Engineering Structures
  - B = Buildings
  - V = Vehicles
  - E = Equipment

- Funding Source Codes (4) \*\***
- D = Debenture Debt (new debt only)
  - E = Equipment Replacement Fund
  - G = Grants (Federal, Provincial)
  - O = Donations / Third Party Funding
  - C = Capital Funds on Hand
  - R = Reserve Fund
  - S = Short Term Loans
  - L = Lands Sales

Beddis Water (SSI)

- #1 **Referendum for Additional WTP Funds (2012)** ..... \$10,000  
In order to proceed with the treatment plant construction a referendum is required to seek approval for additional funding.
- #2 **Strategic Asset Management Plan (SAMP)(2012)** ..... \$10,000  
This contribution from Gas Tax grant funds provides matching funding for the \$10,000 SAMP item included in the 2011 budget.
- #3 **Water Treatment Plant Construction (2012)** ..... \$352,333  
For design and construction of new treatment plant.
- #4 **Water Treatment Plant Construction (2013)** ..... \$704,667  
For design and construction of new treatment plant.
- #5 **Implement Recommendations from SAMP (to be confirmed by SAMP) (2013)** ..... \$100,000  
The 2011 Strategic Asset Management Plan will recommend a prioritized list of infrastructure replacements, which will serve as the basis for future capital spending plans.

**2012 KEY OBJECTIVES:**

- Public approval to borrow funds to complete upgrade project
- Initiate construction of upgrades

**2011 KEY ACCOMPLISHMENTS:**

- Completed pre-design and cost estimate to complete the upgrade project
- Completed Strategic Asset Management Plan

**PERFORMANCE STANDARDS/BENCHMARKS:**

- Canadian Drinking Water Guidelines
- VHA 4.3.2.1. Policy
- BC Drinking Water Protection Act
- Volume of water treated 33,227 m<sup>3</sup> (2008); 28,864 m<sup>3</sup> (2009); 27,517 m<sup>3</sup> (2010)
- Cost to treat and distribute water \$6.21/m<sup>3</sup> (2011 budget - operations)
- Non revenue water 15%

**MAJOR BUDGET IMPACTS:**

- New revenue will be required to support borrowing costs for capital upgrades (subject to public assent)

**FIVE-YEAR CAPITAL PLAN BUDGET (see separate Capital Schedule)  
MAJOR IMPACTS**

- Immediate and long-term capital expenditures will require new revenue

**BEDDIS WATER**

OPERATING COSTS:

Operating - Costs  
Contract For Services  
Contingency

	2011 BOARD BUDGET	2011 ESTIMATED ACTUAL	2012			TOTAL	FUTURE PROJECTIONS			
			CORE BUDGET	CONTINUOUS SUPPLE- MENTARY	ONE-TIME SUPPLE- MENTARY		2013	2014	2015	2016
	69,740	54,291	69,875	0	0	69,875	71,260	72,677	74,122	75,595
	40,300	30,000	40,300	0	0	40,300	41,106	41,928	42,767	43,622
	15,000	0	25,000	0	0	25,000	15,300	15,606	15,918	16,236

**TOTAL OPERATING COSTS**

\*Percentage Increase over prior year

CAPITAL / RESERVE

Transfer to Capital Fund  
Transfer to Reserve Fund

**TOTAL CAPITAL / RESERVES**

Debt Expenditures  
MFA Debt Reserve

**TOTAL COSTS**

\*Percentage Increase over prior year

Internal Recoveries  
Recoveries - Other

**OPERATING COSTS LESS INTERNAL RECOVERIES**

FUNDING SOURCES (REVENUE)

estimated balance C/F from current to Next year  
Balance C/F from Prior to Current year  
Revenue - Water Sales  
Revenue - Other  
User Charges  
Grants In Lieu of Taxes

**TOTAL REVENUE**

**PARCEL TAX**

\*Percentage Increase over prior year

NOTE: Capital / Reserve Fund Expenditures  
PARTICIPANTS: Beddis Water LSA  
AUTHORIZED POSITIONS:  
Salaried  
Hourly

	125,040	84,291	135,175	0	0	135,175	127,666	130,212	132,807	135,453
	0.00%	-32.59%	8.11%	0.00%	0.00%	8.11%	-5.56%	1.99%	1.99%	1.99%
	10,000	0	10,000	0	0	10,000	0	0	0	0
	53,429	73,830	6,144	0	0	6,144	5,000	5,000	5,000	5,000
	63,429	73,830	16,144	0	0	16,144	5,000	5,000	5,000	5,000
	41,851	53,839	31,299	0	0	31,299	81,139	153,509	153,509	153,509
	0	0	3,640	0	0	3,640	8,050	0	0	0
	230,320	211,960	186,258	0	0	186,258	221,855	288,721	291,316	293,962
	0.00%	-7.97%	-19.13%	0.00%	0.00%	-19.13%	19.11%	30.14%	0.90%	0.91%
	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
	230,320	211,960	186,258	0	0	186,258	221,855	288,721	291,316	293,962
	0	18,360	0	0	0	0	0	0	0	0
	(63,586)	(63,586)	(18,360)	0	0	(18,360)	0	0	0	0
	(67,930)	(67,930)	(67,930)	0	0	(67,930)	(67,930)	(67,930)	(67,930)	(67,930)
	(100)	(100)	(120)	0	0	(120)	(120)	(120)	(120)	(120)
	(39,750)	(39,750)	(40,894)	0	0	(40,894)	(40,894)	(40,894)	(40,894)	(40,894)
	0	0	0	0	0	0	0	0	0	0
	(171,366)	(153,006)	(127,304)	0	0	(127,304)	(108,944)	(108,944)	(108,944)	(108,944)
	(58,954)	(58,954)	(58,954)	0	0	(58,954)	(112,911)	(179,777)	(182,372)	(185,018)
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	91.52%	59.22%	1.44%	1.45%
	0	0	0	0	0	0	0	0	0	0
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

BEEDIS WATER

d column	Prior Yr v7	Est Act v9	Core v2	Cont v3	Single v4	Total	Fest Yr1 v10	Fest Yr2 v11	Fest Yr3 v12	Fest Yr4 v13
Operating - Costs	69,740	54,291	69,875	0	0	69,875	71,260	72,677	74,122	75,595
Contract For Services	40,300	30,000	40,300	0	0	40,300	41,106	41,928	42,767	43,622
Contingency	15,000	0	25,000	0	0	25,000	15,300	15,606	15,918	16,236
Other Labour	1,270	1,270	1,280	0	0	1,280	1,306	1,332	1,358	1,386
Corp. Svs & Insurance/legal	9,400	9,445	9,485	0	0	9,485	9,675	9,868	10,066	10,267
Operating Labour	16,041	5,618	16,090	0	0	16,090	16,412	16,740	17,075	17,416
Vehicles	1,853	600	1,573	0	0	1,573	1,604	1,637	1,669	1,703
Water Quality Oversight/Report	1,728	1,728	1,728	0	0	1,728	1,753	1,798	1,834	1,870
Travel Expenses	998	500	998	0	0	998	1,018	1,038	1,059	1,080
Repairs and Maintenance Costs	5,900	5,700	5,900	0	0	5,900	6,018	6,138	6,261	6,386
Rentals and Leases	800	800	800	0	0	800	816	832	849	866
Disposal Costs	0	0	0	0	0	0	0	0	0	0
Operating - Other Costs	1,750	1,740	1,750	0	0	1,750	1,785	1,821	1,857	1,894
Administration & Engineering	12,720	10,210	12,991	0	0	12,991	13,238	13,495	13,757	14,022
Licences/Surveys/Fees	180	180	180	0	0	180	184	187	191	195
Water Testing Expenditures	7,600	8,000	7,600	0	0	7,600	7,752	7,907	8,065	8,226
Utilities & Telecom	1,300	1,300	1,300	0	0	1,300	1,326	1,353	1,380	1,407
Electricity	4,000	4,000	4,000	0	0	4,000	4,080	4,162	4,245	4,330
Supplies - Chemical	3,000	2,000	3,000	0	0	3,000	3,060	3,121	3,184	3,247
Supplies - Operating	1,200	1,200	1,200	0	0	1,200	1,224	1,248	1,273	1,299
Operating - Costs	69,740	54,291	69,875	0	0	69,875	71,260	72,677	74,122	75,595
Operating Expenditures - LSA's	125,040	84,291	135,175	0	0	135,175	127,666	130,212	132,807	135,453
Transfer to Capital Fund	10,000	0	10,000	0	0	10,000	0	0	0	0
Transfer to Reserve Fund	53,429	73,830	6,144	0	0	6,144	5,000	5,000	5,000	5,000
Capital Reserve Expenditures	63,429	73,830	16,144	0	0	16,144	5,000	5,000	5,000	5,000
Debt Expenditures	41,851	53,839	31,299	0	0	31,299	81,139	153,509	153,509	153,509
MFA Debt Reserve	0	0	3,640	0	0	3,640	8,050	0	0	0
Internal Recoveries	0	0	0	0	0	0	0	0	0	0
Fees Charged	0	0	0	0	0	0	0	0	0	0
Revenue - Water Sales	(67,930)	(67,930)	(67,930)	0	0	(67,930)	(67,930)	(67,930)	(67,930)	(67,930)
Revenue - Other	(100)	(100)	(120)	0	0	(120)	(120)	(120)	(120)	(120)
User Charges	(39,750)	(39,750)	(40,894)	0	0	(40,894)	(40,894)	(40,894)	(40,894)	(40,894)
Grants In Lieu of Taxes	0	0	0	0	0	0	0	0	0	0
Revenue	(107,780)	(107,780)	(108,944)	0	0	(108,944)	(108,944)	(108,944)	(108,944)	(108,944)
Parcel Taxes	(58,954)	(58,954)	(58,954)	0	0	(58,954)	(112,911)	(179,777)	(182,372)	(185,016)
Funds Carried Forward	(63,586)	(63,586)	(18,360)	0	0	(18,360)	(0)	(0)	(0)	(0)
Debit	0	(18,360)	0	0	0	(18,360)	(0)	(0)	(0)	(0)
* Total Plan	0	(18,360)	0	0	0	(18,360)	(0)	(0)	(0)	(0)