



Making a difference...together

BEDDIS WATER SERVICE COMMISSION

Notice of Meeting on **December 6, 2012 at 11 am**

Portlock Park Portable Meeting Room, 145 Vesuvius Bay Road, Salt Spring Island, BC

J. Sharp (Chair)

S. Wheeler (Vice-Chair)

W. McIntyre

AGENDA

1. Approval of Agenda
2. 2013 Operating and Capital Budget
3. New Business
4. Adjournment

To ensure a quorum, advise Tracey Shaver at 250.537.4448 if you cannot attend.



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**REPORT TO BEDDIS WATER SERVICE COMMISSION
MEETING OF THURSDAY, DECEMBER 6, 2012**

SUBJECT 2013 OPERATING AND CAPITAL BUDGET

ISSUE

This report provides a synopsis of the 2013 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

2012 Estimated Actual Revenue and Expense

The actual 2012 revenue is expected to be \$3,930 below budget due to lower than budgeted consumption charges and the removal of one property from the service area, which is no longer paying parcel tax. Operating expenses are expected to be \$53,964 below budget due to lower operating costs as a result of not operating the new treatment plant and unused contingency funding. As a result, a \$50,034 surplus is anticipated at 2012 year end. The following provides a summary of the projected year end budget:

2012 Projected Year End Budget Summary

Revenue

Sale of Water	\$64,000
User Charges	40,894
Parcel Tax (Net)	58,954
Other Revenue	120
Surplus (c/f from 2011)	<u>18,360</u>
	\$182,328

Expenditures

System Operation and Administration	\$81,211
Operating Contingency	0
Debt	34,939
Transfer to Capital Reserves	<u>16,144</u>
	\$132,294

Estimated Surplus c/f to 2013 \$50,034

2013 Operating Expense

A net increase in the 2013 operating expense of \$31,684 is proposed resulting from:

- \$15,830 increase in operating expense budget over 2012 for operation of the treatment plant in 2013;
- \$11,700 increase in North Salt Spring Waterworks operating contract for treatment plant operation
- \$19,367 decrease in contingency allowance to offset operating budget increases;
- \$2,500 contribution and the establishment of a maintenance reserve fund for eventual treatment plant media and UV tube replacement; and
- \$10,334 increase in the transfer to the reserve fund.

The debt expenditure budget for 2013 is \$45,626, a \$10,687 increase over 2012. Borrowing against the \$400,000 loan authorization to fund the water system and treatment plant upgrades will not occur until the spring of 2013, so the full impact of the debt expenditures will not occur until the 2014 budget.

2013 Capital Plan

There are no new capital projects planned for 2013. The water system and treatment plant upgrades are underway and are expected to be completed in early 2013. It is also expected to complete the Strategic Asset Management Plan that was initiated for the service in 2012.

2013 Revenue Requirement and Fees

With the proposed increase in 2013 expenses offset by the projected \$50,034 surplus carried forward, the overall revenue requirement for 2013 remains the same as 2012. The 2013 parcel tax, annual fixed user charge and the consumption charge rates are proposed to remain at the 2012 levels. The following provides a summary of the proposed 2013 budget:

2013 Budget Summary

Revenue

Sale of Water	\$67,930	
User Charges	38,394	
Parcel Tax (Net)	58,954	(Net after payment to be BC surveyor of Taxes)
Other Revenue	130	
Surplus (Estimate c/f from 2012)	<u>50,034</u>	
	\$215,442	

Expenditures

System Operation and Administration	\$137,705
Operating Contingency	5,633
Debt	45,626
Transfer to Capital Reserves	<u>26,478</u>
	\$215,442

Forecast 2014-2017

A five-year capital and operating budget forecast is provided for information. The scope and budget for future capital upgrades to the distribution system will be considered upon completion of the Strategic Asset Management Plan for the service that was initiated in 2012.

RECOMMENDATIONS

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

1. Approve the 2013 operating and capital budget for the Beddis Water Service as presented;
2. Approve the 2013 fixed annual user charge and consumption charge rates for the Beddis Water Service as presented; and,
3. Balance the 2012 actual revenue and expense on the 2012 transfer to reserve.



Ted Robbins, BSc, CTech
Acting General Manager, Integrated Water Services

TR:mm

Attachment: 1