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**BEDDIS WATER SERVICE COMMISSION**

Notice of Meeting on **THURSDAY, October 30, 2014 at 10:00 AM**  
Salt Spring Public Library, 129 McPhillips Ave, Salt Spring Island, BC

Wayne McIntyre    Simon Wheeler    Nancy Hamilton    Ruth Waldick

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(amended) **AGENDA**

**1. Approval of Agenda**

**2. Adoption of Minutes of February 28, 2014**

**3. Reports**

**3.1 2015 Operating and Capital Budget Report**

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

- 1. Approve the 2015 operating and capital budget for the Beddis Water Service as presented;*
- 2. Approve the 2015 parcel tax of \$550.00 and user charge of \$576.38 and consumption charge rates as presented for the Beddis Water Service; and*
- 3. Balance the 2014 actual revenue and expenditures on the 2015 user charge.*

**4. New Business**

**5. Outstanding Business**

**6. Adjournment**

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*To ensure quorum, advise Tracey Shaver 250 537 4448 if you cannot attend.*



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**Minutes of the Regular Meeting of the Beddis Water Service Commission  
Held February 28, 2014 in the Portlock Park Meeting Room, Salt Spring Island, BC**

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**DRAFT**

**Present:** **CRD Director:** Wayne McIntyre  
**Commission Members:** Simon Wheeler (Chair), Ruth Waldick  
**Staff:** Dan Robson, Saanich Peninsula and Gulf Islands Operations; Brian MacDonald, Finance; Peter Sparanese, Senior Manager, Infrastructure Operations, Integrated Water Services; Karla Campbell, EA Senior Manager; Michele Akerman, Recording Secretary; Keith Wahlstrom, Contract Engineer

The Chair called the meeting to order at 1:06 pm

**1. Approval of Agenda**

**MOVED** by Director McIntyre, **SECONDED** by Commissioner Wheeler  
That the agenda be approved as presented.

**CARRIED**

**2. Approval of Minutes - December 10, 2013**

**MOVED** by Director McIntyre, **SECONDED** by Commissioner Wheeler  
That the minutes of December 10, 2013 be approved pending any further comments from Commissioner Waldick.

**CARRIED**

**3. 2014 Operating and Capital Budget**

Staff reviewed the 2014 Operating and Capital Budget and he highlighted the following items:

- Biggest change is in December we were working with the 2013 approved budget vs. the estimated actuals and since then we have received the 2013 actuals and as a result we are seeing some significant changes in the overall budget.
- Major changes are looking at a difference in the Operating cost that was estimated at \$88,205, the actual came in at \$40,068, that significant change is due to the plant not operating for the full year.
- Parcel tax for 2013 was \$500.00 per parcel. CRD was recommending \$695 but with this revised budget and the savings it is now recommended a parcel tax of \$550.00 for 2014.
- The user charge will be the same as in 2013, not recommending any changes for the variable consumption charge.

There was a general discussion regarding the forecast into 2015 and why the user charge is not going up and it was decided that the Commission could increase it if they chose to.

There was discussion regarding the disposal costs not coming up to what the forecast is. There is a good estimate but there needs to be a full year of operation and it also depends on raw water quality in the summer when water quality goes down and sludge disposal costs go up.

Commissioner Waldick requested a list of various things that it takes to operate the system and costs associated with them and how frequently they occur.

**Recommendations**

**MOVED** by Director McIntyre, **SECONDED** by Commissioner Waldick,  
That the Beddis Water Service Commission recommend that the Capital Regional District Board:

1. Approve the 2014 Operating and Capital Budget for the Beddis Water Service as presented;
2. Approve the 2014 Parcel Tax for the Beddis Water Service as presented; and further
3. Approve the 2014 Fixed Annual User Charge and Consumption Charge Rates for the Beddis Water Service as presented.

**CARRIED**

**4. New Business**

There were no new business items for consideration at this time.

**5. Adjournment**

**MOVED** by Commissioner Wheeler, **SECONDED** by, Director McIntyre  
That the meeting be adjourned at 1:29 pm.

**CARRIED**

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**CHAIR**

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**SENIOR MANAGER**



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## REPORT TO BEDDIS WATER SERVICE COMMISSION MEETING OF OCTOBER 30, 2014

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### SUBJECT 2015 OPERATING AND CAPITAL BUDGET

### ISSUE

This report provides an estimated to actual for the 2014 budget and a synopsis of the 2015 budget, highlighting significant proposed changes related to operational expenditures, debt charges, capital expenditures and revenues.

### BACKGROUND

#### 2014 Estimated Revenue and Operating Expenditures

The estimated actual 2014 operating costs are projected to be **\$47** over budget as a result of the following :

1. Lower than budgeted expenditures for:
  - a. Repairs and maintenance (\$1,384)
  - b. Allocations (\$195)
  - c. Supplies (\$144)
  - d. Labour charges (\$4,924)
  - e. Contingency (\$10,436)
  
2. Higher than budgeted expenditures for:
  - a. Operations Contact (\$9,960). The increase in costs are mainly attributed to the raw water intake issues; dissolved air flotation (DAF) flash mixer failure and subsequent rebuild; and water system communication failure.
  - b. Grit and waste sludge disposal (\$3,200)
  - c. Electricity (\$2,000)
  - d. Other operating expenses (\$1,970).

The estimated actual operating revenue is projected to be approximately **\$1,615** (1.0%) lower than budget as a result of:

- lower than budgeted revenue for:
  - water sales
- higher than budgeted revenue for:
  - connection charges (connection revenue was offset by connection expenses)
  - other revenue (service charges and penalties)

This results in a projected year-end deficit of **\$1,662**. However, it is proposed that the budgeted transfer to the capital reserve fund of \$13,549 in 2014 not be made. In consideration of not making this transfer, a surplus of \$11,890 is projected.

It is proposed that this year-end surplus be carried forward as revenue into 2015.

2015 Operating Budget

A decrease of **\$2,088** (1.4%) in the 2015 operating costs is proposed as a result of the following:

1. Decrease in expenditures for:
  - a. Operations contract (\$12,040); it is proposed to track regular contract operations and maintenance from emergency response contract operations. Emergency response will now be tracked under “other operating expenses” (see below).
  - b. Allocations (\$112)
  - c. Elimination of Contingency (\$10,436)
  
2. Increase in expenditures for:
  - a. Grit and waste sludge disposal (\$3,300):
  - b. Repairs and maintenance (\$206)
  - c. Water testing (\$160)
  - d. Electricity (\$2,900)
  - e. Supplies (\$1,656)
  - f. Labour charges (\$557)
  - g. Other operating expenses (\$11,721). The increase in this line item is offset by the reduction in the operations contract line item above. It is proposed to track regular contract operations expenses and emergency response contract operations separately.

2015 Debt and Reserves

**2015 Maintenance Reserves**

It is proposed that transfers to the maintenance reserves of \$2,500 remain at 2014 level. Maintenance reserves are to be used for the purchase of equipment and supplies that are typically not replaced annually such as filter media, ultraviolet lamps and sensors and in some instances system maintenance activities such as reservoir cleaning and raw water intake inspections.

The maintenance reserve balance at the end of 2014 is projected to be **\$5,000**

**2015 Capital Reserve Fund**

The budget, as presented, does not provide for any transfer to the capital reserve fund. The rationale behind not making a transfer is to mitigate hefty user fee and parcel tax increases. However, it is recommended that annual transfers to a reserve fund be considered in order to prepare for anticipated future capital improvement projects.

The capital reserve fund balance at the end of 2014 is projected to be **\$90,561**.

**MFA Debt**

Debt servicing costs decreased marginally from \$73,503 to \$72,790.

**2015 Revenue (User Charge and Parcel Tax)**

It is proposed that:

- Water sales revenue be decreased slightly from \$66,980 to \$65,000. This is a result of a steady decrease in water consumption for the service area. Currently, the water consumption rate per quarterly billing period is:
  - \$2.00/m<sup>3</sup> for the first 38.0m<sup>3</sup>
  - \$4.50/m<sup>3</sup> for the next 68.0m<sup>3</sup>
  - \$6.00/m<sup>3</sup> greater than 105m<sup>3</sup>
- The user charge increase from \$40,894 to \$73,200; based on 127 single family equivalent (SFE) equates to \$576.38 (77.6% increase from 2014). This increase is necessary to offset the reduced 2014 projected surplus carry forward.
- The parcel tax remain at 2014 level set at \$71,590; based on 137 taxable folios and including the 5.25% surveyors tax fee equates to \$550.00

2015 - 2019 Five Year Capital Plan

Two capital projects planned for 2014, the decommissioning of the old Lautman reservoir and completion of the strategic asset management plan, have both been carried forward into 2015. The Creekside pressure control station (PCS) is planned for a rebuild in 2017. The PCS reduces pressure on water mains at lower elevations.

**RECOMMENDATIONS**

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

1. Approve the 2015 operating and capital budget for the Beddis Water Service as presented;
2. Approve the 2015 parcel tax of \$550.00 and user charge of \$576.38 and consumption charge rates as presented for the Beddis Water Service; and
3. Balance the 2014 actual revenue and expenditures on the 2015 user charge.

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Dan Robson, ASCT.  
Manager, Peninsula and Gulf Island  
Operations

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Karla Campbell  
Senior Manager, Salt Spring Island Services

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Peter Sparanese, P.Eng.  
Senior Manager, Infrastructure Engineering  
and Operations  
Concurrence

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Ted Robbins, B.Sc., C. Tech.  
General Manager, Integrated Water Services  
Concurrence

Attachment: 1

# **CAPITAL REGIONAL DISTRICT**

## **2015 Budget**

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

#### **Committee Review**

Compiled and Presented by CRD Finance

October 2014

Service: 2.624 Beddis Water (SSI)

Committee: Electoral Area Services

**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)

BORROWED: SI Bylaw No. 3291 \$325,500

Remaining: \$0

4.17%

AUTHORIZED: LA Bylaw No. 3825 (July 11, 2012)

BORROWED: SI Bylaw No. 3882 (Jan 9, 2013) Matured 2023 \$400,000

3.15%

BORROWED: SI Bylaw No. 3910 (July 2013)

Remaining: (\$70,000)

3.85%

\$30,000

**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.

**RESERVE FUND:**

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



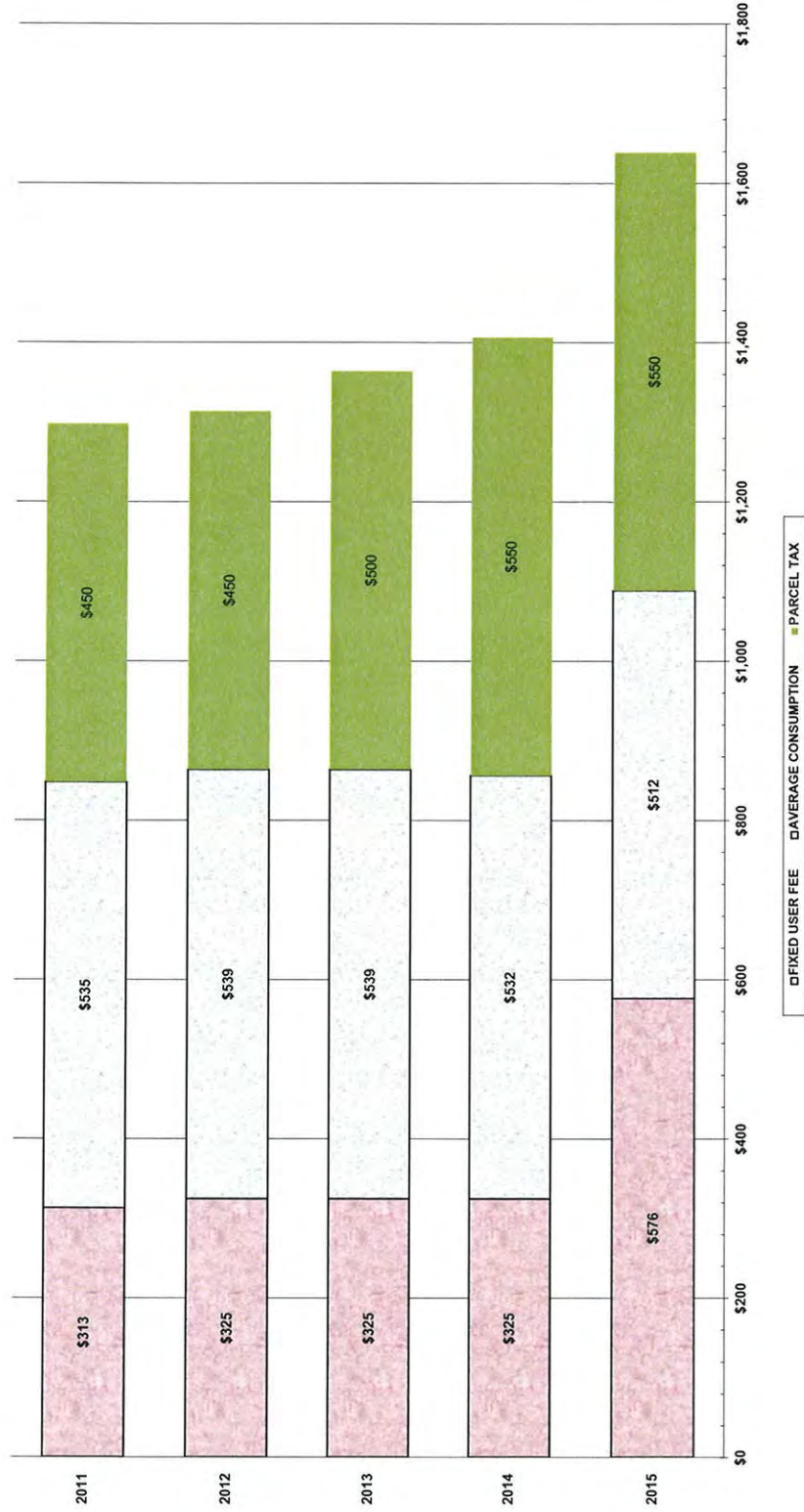
	2014		BUDGET REQUEST			FUTURE PROJECTIONS			
	BOARD BUDGET	ESTIMATED ACTUAL	2015 CORE BUDGET	2015 SUPPLEMENTARY	TOTAL 2015	2016	2017	2018	2019
<b>Beddis Water (SSI)</b>									
<u>OPERATING COSTS:</u>									
Operations Contracts	53,040	63,000	41,000	-	41,000	41,820	42,660	43,510	44,380
Grit & Waste Sludge Disposal	10,200	13,400	13,500	-	13,500	13,770	14,040	14,320	14,610
Repairs & Maintenance	5,994	4,610	6,200	-	6,200	6,320	6,440	6,560	6,680
Allocations	11,552	11,357	11,440	-	11,440	11,680	11,920	12,160	12,410
Water Testing	7,750	7,750	7,910	-	7,910	8,070	8,230	8,390	8,560
Electricity	7,000	9,000	9,900	-	9,900	10,100	10,300	10,510	10,720
Supplies	7,344	7,200	9,000	-	9,000	9,180	9,360	9,540	9,730
Labour Charges	28,023	23,099	28,580	-	28,580	29,150	29,730	30,330	30,940
Other Operating Expenses	7,139	9,109	18,860	-	18,860	19,210	19,570	19,930	20,310
Contingency	10,436	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING COSTS</b>	<b>148,478</b>	<b>148,525</b>	<b>146,390</b>	<b>-</b>	<b>146,390</b>	<b>149,300</b>	<b>152,250</b>	<b>155,250</b>	<b>158,340</b>
*Percentage Increase over prior year					-1.4%	2.0%	2.0%	2.0%	2.0%
<u>DEBT/RESERVES</u>									
Transfer to Maintenance Reserve	2,500	2,500	2,500	-	2,500	2,500	2,500	2,500	2,500
Transfer to Capital Reserve Fund	13,549	-	-	-	-	3,890	4,040	4,200	4,310
MFA Debt Reserve Fund	480	480	-	-	-	-	-	-	-
MFA Debt Principal	47,076	47,080	47,070	-	47,070	47,080	47,080	47,080	47,080
MFA Debt Interest	25,947	25,940	25,720	-	25,720	25,820	25,820	25,820	25,820
<b>TOTAL DEBT / RESERVES</b>	<b>89,552</b>	<b>76,000</b>	<b>75,290</b>	<b>-</b>	<b>75,290</b>	<b>79,290</b>	<b>79,440</b>	<b>79,600</b>	<b>79,710</b>
<b>TOTAL COSTS</b>	<b>238,030</b>	<b>224,525</b>	<b>221,680</b>	<b>-</b>	<b>221,680</b>	<b>228,590</b>	<b>231,690</b>	<b>234,850</b>	<b>238,050</b>
<u>FUNDING SOURCES (REVENUE)</u>									
Estimated balance C/F from 2014 to 2015	-	11,890	(11,890)	-	(11,890)	-	-	-	-
Balance C/F from 2013 to 2014	(58,386)	(58,390)	-	-	-	-	-	-	-
Sales - Water	(66,980)	(63,000)	(65,000)	-	(65,000)	(66,980)	(66,980)	(66,980)	(66,980)
Connection Charges	-	(1,761)	-	-	-	-	-	-	-
User Charges	(40,894)	(40,894)	(73,200)	-	(73,200)	(90,020)	(93,120)	(96,280)	(99,480)
Other Revenue	(180)	(780)	-	-	-	-	-	-	-
<b>TOTAL REVENUE</b>	<b>(166,440)</b>	<b>(164,825)</b>	<b>(138,200)</b>	<b>-</b>	<b>(138,200)</b>	<b>(157,000)</b>	<b>(160,100)</b>	<b>(163,260)</b>	<b>(166,460)</b>
<b>REQUISITION - PARCEL TAX</b>	<b>(71,590)</b>	<b>(71,590)</b>	<b>(71,590)</b>	<b>-</b>	<b>(71,590)</b>	<b>(71,590)</b>	<b>(71,590)</b>	<b>(71,590)</b>	<b>(71,590)</b>
*Percentage increase over prior year requisition					0.0%	0.0%	0.0%	0.0%	0.0%
Capital Reserve Fund Balance	90,561	90,561	90,561	90,561	90,561	94,451	98,491	102,691	107,001
Maintenance Reserve Fund Balance	5,000	5,000	7,500	7,500	7,500	10,000	12,500	15,000	17,500

Service: 2.624 Beddis Water (SSI) Committee: Electoral Area Services

<u>Year</u>	<u>Taxable Folios</u>	<u>Parcel Tax</u>	<u>SFE's</u>	<u>User Charge*</u>	<u>Tax &amp; Charges</u>	<u>Bylaw</u>	<u>Assessments \$(000's)</u>
2010	138	\$449.63	127	\$313.00	\$762.63	3688	81,730
2011	138	\$449.63	127	\$313.00	\$762.63	3777	80,257
2012	138	\$449.63	126	\$324.56	\$774.19	3822	79,242
2013	137	\$500.00	126	\$324.56	\$824.56	3822	77,082
2014	137	\$550.00	126	\$324.56	\$874.56	3925	74,107
2015 Budget	137	\$550.00	127	\$576.38	\$1,126.38		74,107

\* A variable consumption charge is paid in addition to the fixed user charge

# CAPITAL REGIONAL DISTRICT BEDDIS WATER FUNDING ANALYSIS 2011-2015



Actual Costs 2011-2014, Projected 2015  
Prepared by CRD Finance  
29/10/2014

# CAPITAL REGIONAL DISTRICT - SCHEDULE G

## CAPITAL BUDGET FORM 2015 & Forecast 2016 to 2019

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 Amount Total (5)		Grant Program Sponsor (6)	Loan Authorization # (7)	Participants (8) ↓	%
			(4)** ↓		↓					
2015	S	Lautman Reservoir Decommissioning - carryforward	30,000 R		30,000					
2017	S	Creekside PCS Rebuild	25,000 R		25,000					

\*\*\* Please insert more lines here (above this line) if required. \*\*\*

**TOTAL** 55,000     55,000

<b>Type Codes (2)*</b> L = Land S = Engineering Structures B = Buildings V = Vehicles E = Equipment	<b>Funding Source Codes (4)**</b> D = Debenture Debt (new debt only) E = Equipment Replacement Fund G = Grants (Federal, Provincial) O = Donations / Third Party Funding
<b>C = Capital Funds on Hand</b> <b>R = Reserve Fund</b> <b>S = Short Term Loans</b> <b>L = Lands Sales</b>	

**Service:** 2.624 Beddis Water (SSI) **Committee:** Electoral Area Services

**#1** **Lautman Reservoir Decommissioning (carryforward, 2015)** **\$30,000**

The reservoir is disconnected from the water system and no longer serves the water utility. In order to avoid future liability the reservoir should be removed.

**#2** **Creekside PCS Rebuild (2017)** **\$25,000**

The existing pressure control station is nearing the end of its service life and requires replacement.