



Making a difference...together

BEDDIS WATER SERVICE COMMISSION

Notice of Meeting on **Thursday, March 12, 2015 at 10:00 AM**
Salt Spring Public Library, 129 McPhillips Ave, Salt Spring Island, BC

Wayne McIntyre Simon Wheeler Ruth Waldick

AGENDA

- 1. Approval of Agenda**
- 2. Adoption of Minutes of October 30, 2014**
- 3. Chair and Director Reports**
- 4. Reports**
 - 4.1 2015 Operating and Capital Budget Report**

That the Beddis Water Service Commission recommends 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. Carry forward \$11,890 as revenue to 2015 and transfer the remaining 2014 surplus to the capital reserve fund.
 4. Transfer \$1,972 from the New Waterworks Project Fund to the Capital Reserve Fund.
- 5. New Business**
 - 6. Outstanding Business**
 - 7. Adjournment**

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 October 30, 2014, Public Library Meeting Room, 129 McPhillips Avenue, Salt Spring
Island, BC**

DRAFT:

Present:

Director: Wayne McIntyre

Commission Members: Simon Wheeler (Chair), Nancy Hamilton, Ruth Waldick (via conference call)

Staff: Karla Campbell, Senior Manager; Keith Wahlstrom, Chief Engineer Salt Spring Island; Peter Sparanese, Senior Manager, Infrastructure Operations Division, Dan Robson, Manager of Operations Integrated Water Services Saanich Peninsula and Gulf Islands; Christof Moch, Manager, Water Quality Operations; Peggy Dayton, CRD Finance; Erin Jory, Recording Secretary

The Chair called the meeting to order at 11:31am.

1. Approval of Agenda

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

CARRIED

2. Approval of Minutes of the Regular Meeting held on February 28, 2014

MOVED by Director McIntyre, **SECONDED** by Commissioner Hamilton,
That the Minutes of the February 28, 2014 meeting be approved.

CARRIED

3. Reports

3.1. 2015 Operating and Capital Budget Report

A general discussion was held regarding water quality testing. The Commission deferred consideration of the 2015 Operating and Capital budget until a future meeting.

4. Adjournment

MOVED by Director McIntyre, **SECONDED** by Commissioner Hamilton,
That the Regular Meeting be adjourned at 12:01pm.

CHAIR

SENIOR MANAGER



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**REPORT TO BEDDIS WATER SERVICE COMMISSION
MEETING OF MARCH 12, 2015**

SUBJECT 2015 OPERATING AND CAPITAL BUDGET

ISSUE

This report provides the year end actual revenue and expenditures 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 Revenue and Operating Expenditures

The actual 2014 operating expenditures are **\$2,259** under budget as a result of the following:

1. Lower than budgeted expenditures for:
 - a. Repairs and maintenance (\$3,132)
 - b. Allocations (\$197)
 - c. Labour charges (\$3,125)
 - d. Contingency (\$10,436)

2. Higher than budgeted expenditures for:
 - a. Operations Contract (\$7,784). The increases 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 (\$3,610)
 - c. Water testing (\$223)
 - d. Electricity (\$1,520)
 - e. Supplies (\$1,247)
 - f. Other operating expenses (\$246).

The actual 2014 revenue is **\$3,550** higher than budget as a result of higher than budgeted revenue for:

- o water sales (\$697)
- o user charges (\$261)
- o connection charges (\$1,761)
- o other revenue (\$831 service charges and penalties)

This results in a year-end surplus of \$5,809. However, it is proposed that the 2014 budgeted transfer to the capital reserve fund be reduced by \$5,605 (from \$13,579 to \$7,944) and after debt financing adjustments of \$476, results in an actual year-end surplus of \$11,890.

It is proposed that the year-end surplus be carried forward as revenue in 2015 to help offset the increase in user charges.

2015 Operating Budget

An increase of **\$412** (0.3%) in the 2015 operating expenditures is proposed as a result of the following:

1. Decrease in expenditures for:
 - a. Operations contract (\$12,040); it is recommended as a way to track regular contract operations and maintenance separately from emergency response contract operations. Emergency response will now be tracked under “other operating expenses” (see below 2(g)).
 - b. Allocations (\$112)
 - c. Contingency (\$10,436)

2. Increase in expenditures for:
 - a. Grit and waste sludge disposal (\$4,800):
 - b. Repairs and maintenance (\$206)
 - c. Water testing (\$160)
 - d. Electricity (\$2,900)
 - e. Supplies (\$2,656)
 - 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 (1(a)). The rationale is to separately track regular contract operations expenses and emergency response contract operations.

2015 Debt and Reserve Funds

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 small 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 **\$5,000** and noted at the bottom of the summary sheet.

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 a proposed increase of almost 80% in user fees. 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 **\$99,693**.

Capital Project Funds

The Beddis water utility has three active Capital Project Funds as outlined below:

WLA3193 192015 – New Waterworks Project Fund

Purpose: Study specifications
Funds Remaining: \$1,972
Status: Project complete. Remaining funds can be transferred to the Capital Reserve Fund.

WLA3193 192031 – SSI Study and Upgrade Fund

Purpose: Strategic Asset Management Plan (SAMP) and Plant Scope/Cost Refinement
Funds Remaining: \$23,852 of which \$17,130 is committed.
Status: The Plant Scope/Cost Refinement is complete. The SAMP is not complete. Hold funds in account until the SAMP is complete.

WLA3825 192015 – Beddis Water System Fund

Purpose: Complete Upgrades to the Water System
Funds Remaining: \$9,350
Status: The majority of the work is complete, however additional work proposed in 2015 (potassium permanganate injection and the intake modifications) can utilize this fund and will fully deplete the fund.

MFA Debt Expenditures

Debt servicing costs decreased marginally from \$73,503 to \$72,785.

2015 Revenue (User Charge and Parcel Tax)

It is proposed that:

- Water sales revenue be increased slightly from \$66,980 to \$67,500. Currently, the water consumption rate per quarterly billing period is:
 - \$2.00/m³ for the first 38.0m³
 - \$4.50/m³ for the next 68.0m³
 - \$6.00/m³ greater than 105m³
- 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 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 (\$30,000) and the completion of the strategic asset management plan (\$17,130) are now being re-scheduled to be undertaken in 2016. This rescheduling is a result of three additional projects being proposed for 2015. These three projects have a higher priority as one project is needed to reduce operational risk, two projects impact the daily operation of the system and one project also impacts the water quality delivered to the customers.

The three added capital projects are:

- The Creekside pressure control station (PCS) was planned for a rebuild in 2017, but due to its deteriorated condition, it is being brought forward for replacement in 2015. The PCS reduces pressure on water mains at lower elevations and a failure of the station will negatively impact water mains and services (\$25,000).
- There is a precipitate issue in the treated water that causes operational problems and customer complaints. Monitors, SCADA programming and laboratory equipment is required to resolve the issue (\$13,600).
- There is an intake issue that causes the raw water pumps to air-lock and not pump water into the treatment plant resulting in after hour call-outs. The project is to investigate and identify solutions to resolve this problem (\$7,500).

RECOMMENDATIONS

That the Beddis Water Service Commission recommends 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. Carry forward \$11,890 as revenue to 2015 and transfer the remaining 2014 surplus to the capital reserve fund.
4. Transfer \$1,972 from the New Waterworks Project Fund to the Capital Reserve Fund.

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

Keith Wahlstrom, P. Eng.
Manager, Engineering, Salt Spring Island
Electoral Area

Karla Campbell
Senior Manager, Salt Spring Island Services
Electoral Area

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

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

CAPITAL REGIONAL DISTRICT

2015 Budget

Beddis Water (SSI)

Committee Review

Compiled and Presented by CRD Finance

Mar-15

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, to a maximum of \$197,152.

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

4.17%

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

\$400,000

BORROWED: SI Bylaw No. 3882 (Jan 9, 2013) Matured 2023

(\$300,000)

BORROWED: SI Bylaw No. 3910 (July 2013)

(\$70,000)

Remaining:

\$30,000

3.15%

3.85%

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.

- User Charge:**
- Annual Fixed Fee per Water Service Connection.
 - The consumption charge for water will be the total volume of water metered to the water service connections, measured in cubic metres at the following rate: (BL3688 March 2010)
 - First 38 cubic metres or portion - \$2.00 / cubic metre
 - Next 68 cubic metres or portion - \$4.50 / cubic metre
 - Greater than 105 cubic metres - \$6.00 / cubic metre

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	ACTUAL	2014 CORE BUDGET	2015 SUPPLEMENTARY	TOTAL 2015	2016	2017	2018	2019	
Beddis Water (SSI)										
OPERATING COSTS:										
Operations Contracts	53,040	60,824	41,000	-	41,000	41,820	42,660	43,510	44,380	
Grit & Waste Sludge Disposal	10,200	13,810	15,000	-	15,000	15,300	15,600	15,910	16,230	
Repairs & Maintenance	5,994	2,862	6,200	-	6,200	6,320	6,440	6,560	6,680	
Allocations	11,552	11,355	11,440	-	11,440	11,680	11,920	12,160	12,410	
Water Testing	7,750	7,973	7,910	-	7,910	8,070	8,230	8,390	8,560	
Electricity	7,000	8,520	9,900	-	9,900	10,100	10,300	10,510	10,720	
Supplies	7,344	8,591	10,000	-	10,000	10,200	10,400	10,600	10,810	
Labour Charges	28,023	24,898	28,580	-	28,580	29,150	29,730	30,330	30,940	
Other Operating Expenses	7,139	7,385	18,860	-	18,860	19,210	19,570	19,930	20,310	
Contingency	10,436	-	-	-	-	-	-	-	-	
TOTAL OPERATING COSTS	148,478	146,219	148,890	-	148,890	151,850	154,850	157,900	161,040	
*Percentage Increase over prior year					0.3%	2.0%	2.0%	2.0%	2.0%	
DEBT/RESERVES										
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	7,944	-	-	-	3,890	4,040	4,200	4,310	
MFA Debt Reserve Fund	480	240	-	-	-	-	-	-	-	
MFA Debt Principal	47,076	47,073	47,070	-	47,070	47,070	47,070	47,070	47,070	
MFA Debt Interest	25,947	25,712	25,720	-	25,720	25,830	25,830	25,830	25,830	
TOTAL DEBT / RESERVES	89,552	83,470	75,290	-	75,290	79,290	79,440	79,600	79,710	
TOTAL COSTS	238,030	229,690	224,180	-	224,180	231,140	234,290	237,500	240,750	
FUNDING SOURCES (REVENUE)										
Estimated balance C/F from 2014 to 2015	-	11,890	(11,890)	-	(11,890)	-	-	-	-	
Balance C/F from 2013 to 2014	(58,386)	(58,386)	-	-	-	-	-	-	-	
Sales - Water	(66,980)	(67,677)	(67,500)	-	(67,500)	(69,530)	(69,580)	(69,630)	(69,680)	
Connection Charges	-	(1,761)	-	-	-	-	-	-	-	
User Charges	(40,894)	(41,155)	(73,200)	-	(73,200)	(90,020)	(93,120)	(96,280)	(99,480)	
Other Revenue	(180)	(1,011)	-	-	-	-	-	-	-	
TOTAL REVENUE	(166,440)	(169,990)	(140,700)	-	(140,700)	(159,550)	(162,700)	(165,910)	(169,160)	
REQUISITION - PARCEL TAX	(71,590)	(71,590)	(71,590)	-	(71,590)	(71,590)	(71,590)	(71,590)	(71,590)	
*Percentage increase over prior year requisition					0.0%	0.0%	0.0%	0.0%	0.0%	
Capital Reserve Fund Balance	99,693	99,693	64,915	-	64,915	38,805	42,845	47,045	51,355	
Maintenance Reserve Fund Balance	5,000	5,000	7,500	-	7,500	10,000	12,500	15,000	17,500	

Service:

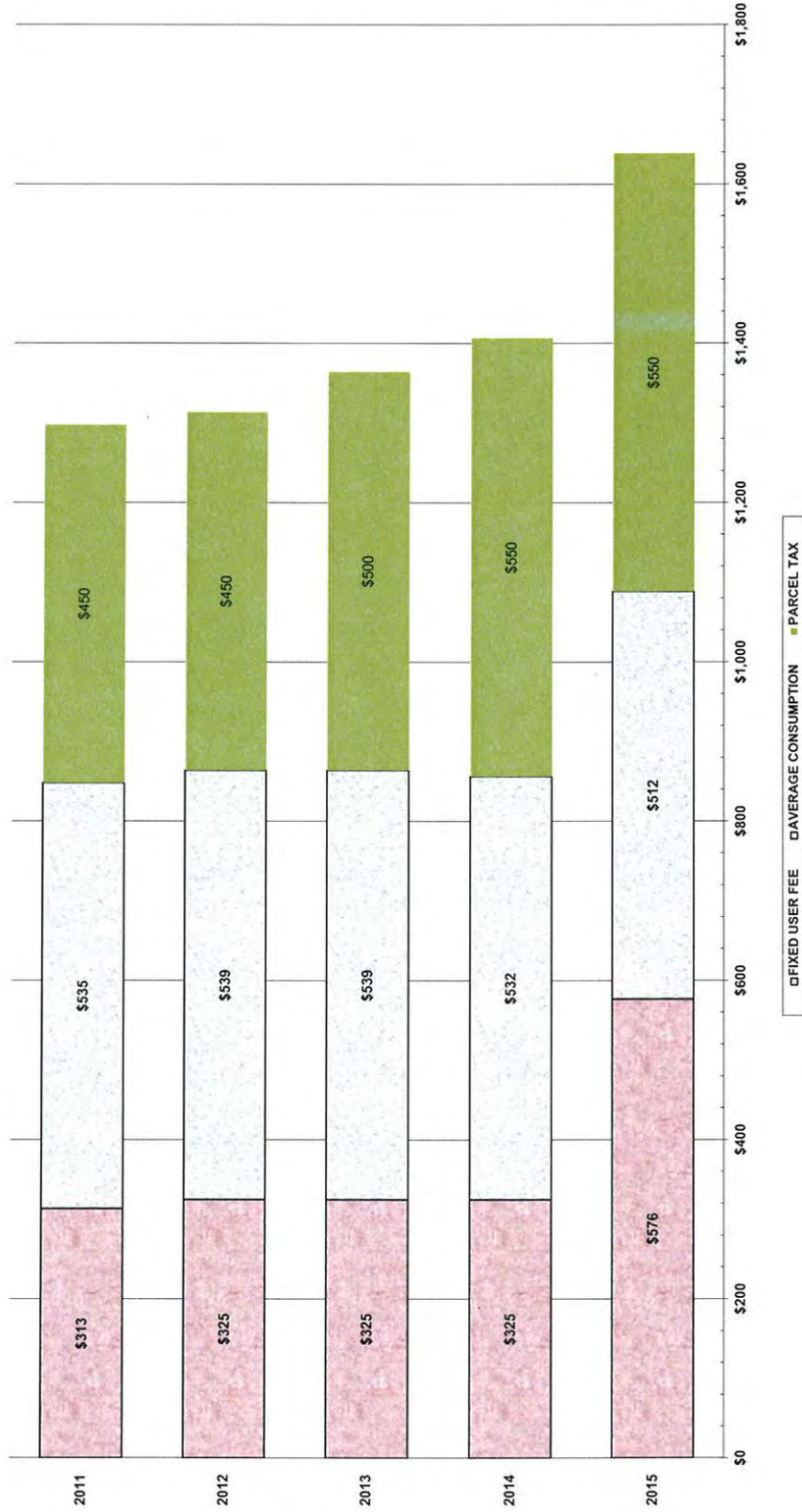
2.624 Beddis Water (SSI)

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 & 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
 05/03/2015

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		Grant Program Sponsor (6)	Loan Authorization # (7)	Participants (8) ↓	%
				Source (4) ** ↓	Amount Total (5)				
2015	S	Reduce Precipitate Formation	13,600	R	4,250				
				C	9,350				
2015	S	Resolve Intake Pump Air Locking	7,500	R	7,500				
2015	S	Creekside PCS Rebuild	25,000	R	25,000				
2016	S	Lautman Reservoir Decommissioning - carryforward	30,000	R	30,000				
2016	S	SAMP Study - carryforward	17,130	C	17,130				
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TOTAL			93,230		93,230				

Type Codes (2) *
 L = Land
Funding Source Codes (4) **
 D = Debenture Debt (new debt only) C = Capital Funds on Hand

Service: 2.624 Beddis Water (SSI)

Committee: Electoral Area Services

#1	Reduce Precipitate Formation (2015) There is a brown sludge/precipitate that forms after the water is chlorinated. It clogs the instrumentation and discolours the surfaces and the carry-over into the distribution system.	\$13,600
#2	Resolve Intake Pump air Locking (2015) The intake pumps experience intermittent operational issues where they lose their prime (become air locked) and will not pump raw water into the treatment plant.	\$7,500
#3	Creekside PCS Rebuild (2015) The existing pressure control station is nearing the end of its service life and requires replacement.	\$25,000
#4	Lautman Reservoir Decommissioning (carryforward, 2016) The reservoir is disconnected from the water system and no longer serves the water utility. In order to avoid future liability the	\$30,000
#5	Continuation of SAMP study with remainder of \$20,000 Gas Tax Received in 2010 and 2013 (2016)	\$17,130