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BEDDIS WATER SERVICE COMMISSION

Notice of Meeting on **Tuesday, December 15, 2015 at 10:00 AM**
Salt Spring Public Library, 129 McPhillips Ave, Salt Spring Island, BC

Wayne McIntyre

Simon Wheeler

Ruth Waldick

Geoff Bartol

AGENDA

- 1. Approval of Agenda**
- 2. Adoption of the Minutes of September 14, 2015**
- 3. Chair and Director Reports**
- 4. Reports**
 - 4.1 REVISED-2016 Operating and Capital Budget**

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

1. Approve the revised 2016 operating and capital budget for the Beddis Water Service as presented;
 2. Approve the 2016 parcel tax of \$550.00 and user charge of \$561.10 and consumption charge rates as presented; and
 3. Balance the 2015 actual revenue and expenditures on the 2015 transfer to capital reserve fund.
- 5. New Business**
- 6. Outstanding Business**
- 7. Adjournment**

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

EXEC-1295039085-752



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**Minutes of the Regular Meeting of the Beddis Water Service Commission
Held September 14, 2015, at the Salt Spring Island Public Library, 129 McPhillips Avenue,
Salt Spring Island, BC**

DRAFT

Present: **Director:** Wayne McIntyre
Commission Members: Simon Wheeler (Chair), Ruth Waldick, Geoff Bartol
Staff: Keith Wahlstrom, Manager, Engineering Salt Spring Electoral Area, Dan Robson, IWS Operations Manager, Peggy Dayton, CRD Finance, Erin Jory, Recording Secretary

The Chair called the meeting to order at 2:34 pm.

1. Approval of Agenda

MOVED by Commissioner Bartol, **SECONDED** by Commissioner Waldick,
That the Beddis Water Service Commission agenda of September 14, 2015 be approved.

CARRIED

2. Adoption of Minutes of June 22, 2015

MOVED by Commissioner Waldick, **SECONDED** by Commissioner Bartol,
That the Beddis Water Service Commission minutes of June 22, 2015 be approved.

CARRIED

3. Chair and Director Reports

No reports presented.

4. Reports

4.1. 2016 Operating and Capital Budget

The report was presented and a discussion followed. It was generally agreed to defer consideration of the 2016 Operating and Capital Budget until the Commission has reviewed the information.

5. New Business

There were no items.

6. Adjournment

MOVED by Commissioner Bartol, **SECONDED** by Commissioner Waldick,
That the meeting be adjourned at 4:01 pm.

CHAIR

SENIOR MANAGER



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**REPORT TO BEDDIS WATER SERVICE COMMISSION
MEETING OF TUESDAY, DECEMBER 15, 2015**

SUBJECT REVISED 2016 OPERATING AND CAPITAL BUDGET

ISSUE

This report is to provide the requested revisions to the 2016 operating and capital budget for the Beddis Water Service.

BACKGROUND

The 2016 operating and capital budget was presented to the Commission at their September 14, 2015 meeting. At that meeting the Commission indicated they required time to review the budget prior to making any recommendations. On November 13, 2015 the Commission submitted correspondence outlining the following proposed changes to the budget:

1. Maintain the consumption charges at the current volumetric water rate per quarterly billing:
 - o \$2.50/m³ for the first 38.0m³ or portion
 - o \$5.625/m³ for the next 68.0m³ or portion
 - o \$7.50/m³ greater than 106m³
2. Lower the 2016 Capital Reserve Fund transfer from \$15,000 to \$6,550 in order to retain the parcel tax at \$550.00 per parcel.
3. Reduce the 2016-2020 transfer to capital reserves by \$132,250.
4. Defer the following capital projects until 2021:
 - Lautman reservoir dismantling (\$30,000);
 - Construction of Booster Pump at Sky Valley Lower Reservoir (\$100,000), however, Design work may be initiated in 2020; and
 - Sky Valley Upper Reservoir Decommissioning and Dismantling (\$50,000)
5. Fund the following capital projects from existing reserves:
 - Creekside PCS Rebuild (\$50,000)
 - Install Additional Backwash Fresh Water Tank (\$8,000)
 - Safety Equipment (\$10,000)
6. Capital projects greater than a \$50,000 threshold be funded by debt.

Based on these proposed changes the impact on the budget is as follows:

1. Costs: The savings from the decrease in the annual debt servicing costs is \$7,750. This will off-set the anticipated 2.7% (\$3,970) increase in operating costs and transfer to the maintenance (\$2,500) and capital (\$6,550) reserves.

2. Revenue: The user charge will increase from \$57,530 to \$71,260 (based on 127 single family equivalent (SFE) equates to \$561.10 (23.9% increase from 2015). This increase is necessary to offset no projected surplus carry forward in 2016. It is still being recommended that the user fee increase 2% annually in subsequent years.
3. Capital Projects: The Commissions policy statement that capital projects above a \$50,000 threshold be funded by debt will incur additional borrowing costs associated with obtaining elector approval through legislative process such as alternative approval process, referendum, or petition process. \$15,000 has been added to the Schedule G in 2020 for a referendum process.

RECOMMENDATIONS

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

1. Approve the revised 2016 operating and capital budget for the Beddis Water Service as presented;
2. Approve the 2016 parcel tax of \$550.00 and user charge of \$561.10 and consumption charge rates as presented; and
3. Balance the 2015 actual revenue and expenditures on the 2015 transfer to capital reserve fund.

Dan Robson, A.Sc.T
Manager, Saanich Peninsula and Gulf
Islands, Infrastructure Operations

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

Peggy Dayton, BCom, CPA
Senior Financial Advisor
Finance and Technology

Karla Campbell
Senior Manager, Salt Spring Island Electoral
Area
Concurrence

Malcolm Cowley, P.Eng.
Senior Manager, Infrastructure
Engineering
Concurrence

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

Attachment: Beddis Water Revised 2016 Budget

CAPITAL REGIONAL DISTRICT

2016 Budget

Beddis Water (SSI)

Committee Review

Compiled and Presented by CRD Finance

December 2015

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 \$196,727.

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)

\$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 meters at the following rate: (BL3688 March 2010)
 - First 38 cubic metres or portion - \$2.50 / cubic metre
 - Next 68 cubic metres or portion - \$5.625 / cubic metre
 - Greater than 106 cubic metres - \$7.50 / cubic metre

	2015		BUDGET REQUEST				FUTURE PROJECTIONS			
	BOARD ESTIMATED BUDGET	2015 ESTIMATED ACTUAL	2016 CORE BUDGET	2016 SUPPLEMENTARY	TOTAL 2016	2017	2018	2019	2020	
Beddis Water (SSI)										
OPERATING COSTS:										
Operations Contracts	41,000	41,000	41,820	-	41,820	42,660	43,510	44,380	45,270	
Grit & Waste Sludge Disposal	15,000	13,000	15,120	-	15,120	15,420	15,720	16,040	16,360	
Repairs & Maintenance	6,200	3,000	6,000	-	6,000	6,120	6,240	6,360	6,480	
Allocations	11,440	11,760	11,830	-	11,830	12,080	12,330	12,580	12,840	
Water Testing	7,910	7,500	8,940	-	8,940	9,120	9,300	9,490	9,680	
Electricity	9,900	10,100	10,500	-	10,500	10,710	10,920	11,140	11,360	
Supplies	10,000	12,200	10,000	-	10,000	10,200	10,400	10,600	10,810	
Labour Charges	28,580	23,000	29,160	-	29,160	29,740	30,340	30,950	31,560	
Other Operating Expenses	18,860	13,440	19,490	-	19,490	19,850	20,220	20,590	20,980	
Contingency	-	-	-	-	-	-	-	-	-	
TOTAL OPERATING COSTS	148,890	135,000	152,360	-	152,360	155,900	158,980	162,130	165,340	
*Percentage Increase over prior year					2.7%	2.0%	2.0%	2.0%	2.0%	
DEBT/RESERVES										
Transfer to Maintenance Reserve	3,710	3,710	2,500	-	2,500	2,550	2,600	2,650	2,700	
Transfer to Capital Reserve Fund	-	11,610	6,550	-	6,550	6,550	6,550	6,550	6,550	
MFA Debt Reserve Fund	-	-	-	-	-	-	-	-	-	
MFA Debt Principal	47,070	47,070	47,690	-	47,690	47,690	47,690	47,690	47,690	
MFA Debt Interest	25,720	25,720	17,350	-	17,350	17,350	17,350	17,350	17,350	
TOTAL DEBT / RESERVES	76,500	88,110	74,090	-	74,090	74,140	74,190	74,240	74,290	
TOTAL COSTS	225,390	223,110	226,950	-	226,950	230,040	233,170	236,370	239,630	
FUNDING SOURCES (REVENUE)										
Estimated balance C/F from 2015 to 2016	-	-	-	-	-	-	-	-	-	
Balance C/F from 2014 to 2015	(11,890)	(11,890)	-	-	-	-	-	-	-	
Sales - Water	(84,380)	(82,000)	(84,000)	-	(84,000)	(85,680)	(87,390)	(89,140)	(90,920)	
Connection Charges	-	-	-	-	-	-	-	-	-	
User Charges	(57,530)	(57,530)	(71,260)	-	(71,260)	(72,670)	(74,090)	(75,540)	(77,020)	
Other Revenue	-	(100)	(100)	-	(100)	(100)	(100)	(100)	(100)	
TOTAL REVENUE	(153,800)	(151,520)	(155,360)	-	(155,360)	(158,450)	(161,580)	(164,780)	(168,040)	
REQUISITION - PARCEL TAX	(71,590)	(71,590)	(71,590)	-	(71,590)	(71,590)	(71,590)	(71,590)	(71,590)	
*Percentage increase over prior year					23.9%	2.0%	2.0%	2.0%	2.0%	
User Fee					0.0%	0.0%	0.0%	0.0%	0.0%	
Requisition					10.6%	1.0%	1.0%	1.0%	1.0%	
Combined										

Service:

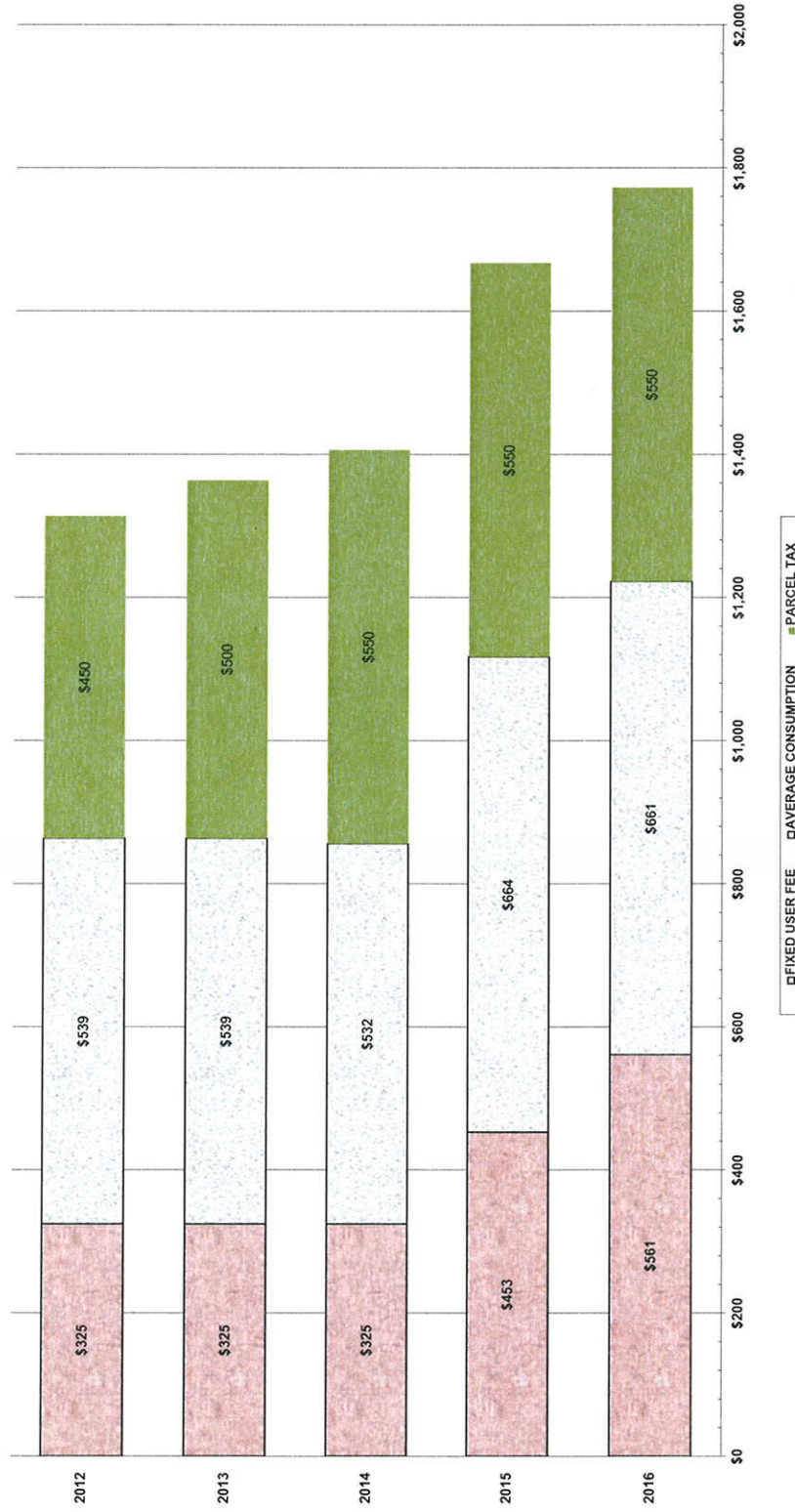
2.624 Beddis Water (SSI)

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>
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	137	\$550.00	127	\$453.00	\$1,003.00		72,593
2016 Budget	137	\$550.00	127	\$561.10	\$1,111.10		

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

CAPITAL REGIONAL DISTRICT BEDDIS WATER FUNDING ANALYSIS 2012-2016



Actual Costs 2012-2015, Projected 2016
Prepared by CRD Finance
17/11/2015

Service: 2.624 Beddis Water (SSI)

Committee: Electoral Area Services

Creekside PCS Rebuild (2016)

\$50,000

The existing pressure control station is at its end of life and requires replacement. Recent changes to WorksafeBC entrance to confined spaces has increased the cost.

Install Additional Backwash Fresh Water Tank (2016)

\$8,000

The existing backwash system at the treatment plant has an operational issue related to refilling the fresh water tank used for backwashing the DAF. Alternate solutions will be reviewed, including the placement of an additional tank for fresh backwash water.

Safety Equipment (2016)

\$10,000

A review of the shower and eyewash safety equipment requirements was completed in 2015 and identified that a fixed tempered shower and an eyewash drench hose are needed to meet current WorksafeBC safety requirements when working with the chemicals at the water treatment plant.

Strategic Asset Management Plan - SAMP (2017)

\$17,130

The Strategic Asset Management Plan will, within the budget available, recommend a prioritized list of infrastructure replacements which will serve as the basis for future capital spending.

Design of Booster Pump at Sky Valley Lower Reservoir (2020)

\$25,000

The existing booster pump at the decommissioned Lautman reservoir site is to be abandoned and replaced with a new booster pump at the Sky Valley Lower Reservoir. This work should be confirmed through the SAMP. The design of the booster station and developing a detailed cost estimate will permit accurate cost estimating prior to initiating a referendum for borrowing money for the project.

Referendum for Construction of Booster Pump at Sky Valley Lower Reservoir (2020)

\$15,000

As per the Commissions request, capital construction projects greater than \$50,000 are to be funded by borrowing, in which case a referendum will be required.

Reserve Schedule

Reserve Fund: Capital Reserve Fund - Bylaw 3274

For capital repairs, additions and improvements to water system infrastructure

Reserve Cash Flow

Fund: 1069 Fund Center: 101894

	Estimate	Budget				
	2015	2016	2017	2018	2019	2020
Beginning Balance	99,693	63,630	27,180	33,730	40,280	46,830
Transfer from Ops Budget	11,610	6,550	6,550	6,550	6,550	6,550
Interest Income	1,000	-	-	-	-	-
Transfer from Cap Fund	2,077	-	-	-	-	-
Transfer to Cap Fund	(50,750)	(43,000)	-	-	-	(40,000)
Ending Balance \$	63,630	27,180	33,730	40,280	46,830	13,380

Debt costs will be reduced by \$22k in 2021. Transfers to CRF may increase at that time