



Making a difference...together

BEDDIS WATER SERVICE COMMISSION
Notice of Meeting on **Monday, November 20, 2017**
Creekside Meeting Room, Suite 108 121 McPhillips Ave, Salt Spring Island, BC

Wayne McIntyre

Simon Wheeler

Ruth Waldick

Geoff Bartol

Doreen Hewitt

AGENDA

1. Approval of Agenda

2. Adoption of the Minutes of October 6, 2016

3. Chair and Director Reports

4. Reports

4.1 2018 Operating and Capital Budget

That the Beddis Water Service Commission:

1. Approve the 2018 operating and capital budget as presented, and that the 2017 actual surplus or deficit be balanced on the 2017 transfer to the Operating Reserve Fund;
2. Approve Capital Reserve Funding in the amount of \$5,300 for water treatment facility electronic equipment replacement and operating improvements; and,
3. Recommend that the Electoral Area Services Committee recommend that the CRD Board approve the 2018 Operating and Capital Budget and the five year Financial Plan for the Beddis Water Service as presented.

5. New Business

6. Outstanding Business

6.1 Water Testing

7. Adjournment

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

- Two years of testing and monitoring of raw lake water, at the operating plant and tap water – first year bi-weekly testing for chlorine by products followed by the second year at a reduced testing schedule.
- Request matching funds from SSI Watershed Protection Agency for additional water testing; potential to share baseline testing information for the benefit of all watersheds.

3.4 Director McIntyre

- CRD Governance Committee toured several different operations facilities. Met with hard working staff seeking to benefit communities.
- Water Council - Rainwater Collection program has successfully ended.
- Discussions with the Chair of North Salt Spring Water District to obtain water connection for the Drake Road Affordable Housing project.
- SSI Economic Development Commission received a grant of \$72,080 for their Rural Accelerator Program.
- Union of British Columbia Municipalities voted 100% in favor of requesting the Federal Government change the “Urban Designation” of the three electoral areas under the Capital Regional District to a “Rural Designation”.

4. Reports

4.1 Operating and Capital Budget

Staff reviewed the 2017 Operating and Capital Budget

- Need for additional investigation of costs and staff resources associated with proposed water testing protocol.
- 2017 Operating Budget does not include funding for additional testing protocol
- Options discussed to mitigate risk of lower than budgeted water sales
- Creekside pressure control station will require an updated project budget
- Loan borrowing expires in 2017; \$30,000 balance available for additional borrowing

Director McIntyre leaves the meeting at 11:36 am

MOVED by Commissioner Waldick, **SECONDED** by Commissioner Wheeler,
That the Beddis Water Service Commission recommends that the Capital Regional District Board:

1. Approve the 2017 operating and capital budget for the Beddis Water Service as amended by reducing the 2016 transfer to Capital Reserve Fund to \$6,550 and increasing the projected transfer to Capital Reserves by \$5,000 in the years of 2018, 2019 and 2020;
2. Approve the 2017 parcel tax rate of \$549.99 and user charge of \$561.10 and consumption charge rates as presented; and
3. Balance the 2016 actual revenue and expenditures on the 2016 transfer to the maintenance reserve fund.

CARRIED

MOVED by Commissioner Waldick, **SECONDED** by Commissioner Wheeler,
That the Beddis Water Service Commission recommends that staff work with
Commissioner Waldick to develop a water testing protocol which identifies different levels
of water testing in association with budget and resource scenarios. The Commission
further requests that staff report back at a future meeting.

CARRIED

Dan Robson and Kyu-Chang Jo leave the meeting at 12:15 pm.

5. New Business

No new business

6. Adjournment

MOVED by Commissioner Bartol, **SECONDED** by Commissioner Hewitt,
That the meeting be adjourned at 12:20 pm.

CHAIR

SENIOR MANAGER



Making a difference...together

**REPORT TO BEDDIS WATER SERVICE COMMISSION
MEETING OF MONDAY, NOVEMBER 20, 2017**

SUBJECT 2018 OPERATING AND CAPITAL BUDGET

ISSUE

To present the 2018 operating and capital budget. In accordance with Bylaw No 3247, "Beddis Water Service Commission Bylaw No. 1, 2004" the Commissions' approval of the annual budget is required.

BACKGROUND

The Capital Regional District (CRD) is required by legislation under the *Local Government Act* (LGA) to prepare an annual operating and capital budget and a 5-year financial plan including Operating Budgets and Capital Expenditure Plans annually. CRD staff have prepared the financial plan shown in Appendix A to this report for the Beddis Water Service.

The Operating Budget includes the regular annual costs to operate the service. The Capital Expenditure Plan shows the anticipated expenditures for capital additions. These may include purchases of new assets or infrastructure, upgrades or improvements to existing assets or asset review and study work potentially leading to future capital improvements.

In preparing the Operating Budget, CRD staff took into account:

1. Actual expenditures incurred between 2015 and 2017
2. Anticipated changes in level of service (if any)
3. Maximum allowable tax requisition
4. Annual Cost per taxpayer and per SFE

Factors taken into consideration in the preparation of the Capital Expenditure Plan included:

1. Available funds on hand
2. Projects already in progress
3. Condition of existing assets and infrastructure
4. Regulatory, environmental, and health and safety factors.

The proposed Operating and Capital budget for the Service will be presented to the Electoral Area Services Committee of the CRD. Adjustments for surpluses or deficits from 2017 may be made in January 2018. The CRD Board will give final approval to the budget and financial plan in March 2018.

The Financial Plan for the years 2019 – 2022 may be changed in future years.

BUDGET OVERVIEW

Operating Budget

It is anticipated that operating expenses in 2017 will be approximately \$10,300 over budget, due to unexpected breakdowns in equipment that include the replacement of electronic turbidity equipment, modifications to electronic level monitoring equipment and unplanned raw water intake system modifications, which result in an operating deficit. In order to reduce the deficit CRD staff recommend that:

- 2017 planned transfer to the Capital Reserve Fund not be made. (\$5,400)
- Operating Reserve Funds be used to support unplanned raw water intake work (\$14,060)
- Capital Reserve Funds be used to support water treatment facility electronic equipment replacement and operating improvements. (\$5,300).

This results in a projected deficit of approximately \$3,800 which is proposed to be carried forward to the 2018 budget.

The 2018 operating budget has been increased by 2.7% over the 2017 budget to account for inflation and increased labour charges.

Municipal Finance Authority (MFA) Debt

MFA debt servicing costs are incurred on debt of \$325,500 issued in 2005 at 1.60% interest and \$300,000 issued in 2013 at 3.15% interest and \$70,000 in 2013 at 3.85% interest. The annual debt servicing cost of \$65,640 will remain unchanged in 2018.

Operating Reserve Fund

The Operating Reserve Fund is used to undertake maintenance activities that typically do not occur on an annual basis. Typical maintenance activities include hydrant/standpipe maintenance and reservoir cleaning and inspection. The operating reserve also funds the procurement of equipment and supplies that are not purchased on an annual basis. Additionally, the operating reserve could be used for emergency unplanned repairs.

In 2017 there were unplanned repairs/response related to the raw water intake system that resulted in costs of approximately \$14,060. These costs are proposed to be recovered from the Operating Reserve Fund.

It is proposed that transfers to the Operating Reserve Fund increase by 2% in 2018. The Operating Reserve Fund balance at the end of 2017 is projected to be approximately \$6,860.

Capital Reserve Fund

The Capital Reserve Fund is to be used to pay for capital expenditures that are not funded by other sources such as grants, operating budget or debt.

It is proposed that transfers to the Capital Reserve Fund be increased from \$5,400 to \$7,000 in 2018. This increase is necessary to ensure the 5 year capital plan is fully funded. The balance at the end of 2017 is projected to be \$38,133.

Capital Expenditure Plan

The 5-year plan includes \$207,130 of expenditures to be funded by a combination of Community Works Funds, the service's Capital Reserve Fund and new debt following a public engagement and referendum process planned in 2020. The new debt will fund the construction of the Sky Valley Booster Pump Station project.

Capital Projects Fund

As specific capital projects are approved, the funding revenues for them are transferred into this Capital Project Fund. Whenever possible, any funds remaining upon completion of a project are transferred back to the Capital Reserve Fund for use on future capital projects. There is a planned transfer of \$6,608 from the Capital Projects Fund to the Capital Reserve Fund in 2017.

User Charge and Parcel Tax

The user charge and parcel tax fund the service. Typically the user charge funds the operational costs and the parcel tax funds the debt and Capital Reserve Fund contributions. Properties connected to the water system pay the annual user charge and all properties within the local service area are responsible for the parcel tax. The proposed 2018 user charge of \$738.82 is an increase from the 2017 rate and the parcel tax of \$549.99 will remain unchanged. The water consumption user charge will remain at the 2017 rates. Historical user charge and parcel tax rates are included for information.

RECOMMENDATION

That the Beddis Water Service Commission:

1. Approve the 2018 operating and capital budget as presented, and that the 2017 actual surplus or deficit be balanced on the 2017 transfer to the Operating Reserve Fund;
2. Approve Capital Reserve Funding in the amount of \$5,300 for water treatment facility electronic equipment replacement and operating improvements; and,
3. Recommend that the Electoral Area Services Committee recommend that the CRD Board approve the 2018 Operating and Capital Budget and the five year Financial Plan for the Beddis Water Service as presented.

Submitted by	Karla Campbell, Senior Manager, Salt Spring Island Electoral Area
Submitted by	Matthew McCrank, MSc., P.Eng., Senior Manager, Infrastructure Operations
Submitted by	Rianna Lachance, BCom, CPA, CA, Senior Manager Financial Services
Concurrence	Ted Robbins, B.Sc., C.Tech., General Manager, Integrated Water Services
Concurrence	Robert Lapham, MCIP, RPP, Chief Administrative Officer

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Attachment: 2018 Budget Beddis Water – Commission Review Nov 2017

CAPITAL REGIONAL DISTRICT

2018 Budget

Beddis Water (SSI)

Commission Review

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 \$196,930.

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)	4.17%
Remainin #####		\$0	
AUTHORIZED: LA Bylaw No. 3825 (July 11, 2012)		\$400,000	
BORROWED: SI Bylaw No. 3882 (Jan 9, 2013) Matured 2023		(\$300,000)	3.15%
BORROWED: SI Bylaw No. 3910 (July 2013)		(\$70,000)	3.85%
Remaining:		\$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.
- 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: (BL4171 March 2017)
 - 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

Beddis Water (SSI)	BUDGET REQUEST						FUTURE PROJECTIONS			
	2017		2018				2019	2020	2021	2022
	BOARD BUDGET	ESTIMATED ACTUAL	CORE BUDGET	ONGOING	ONE-TIME	TOTAL				
OPERATING COSTS:										
Operations Contracts	41,820	41,820	42,660	-	-	42,660	43,510	44,380	45,270	46,180
Grit & Waste Sludge Disposal	15,120	13,720	15,420	-	-	15,420	15,720	16,040	16,360	16,680
Repairs & Maintenance	6,000	5,000	6,120	-	-	6,120	6,240	6,360	6,480	6,600
Allocations	13,360	11,730	12,080	-	-	12,080	12,330	12,580	12,840	13,100
Water Testing	8,940	8,940	9,300	-	-	9,300	9,490	9,680	9,870	10,070
Electricity	10,500	11,400	10,710	-	-	10,710	10,920	11,140	11,360	11,580
Supplies	10,000	12,000	10,200	-	-	10,200	10,400	10,600	10,810	11,020
Labour Charges	28,070	17,450	31,000	-	-	31,000	31,610	32,240	32,880	33,540
Other Operating Expenses	19,600	41,650	20,050	-	-	20,050	20,440	20,830	21,240	21,660
TOTAL OPERATING COSTS	153,410	163,710	157,540	-	-	157,540	160,660	163,850	167,110	170,440
*Percentage Increase over prior year						2.7%	2.0%	2.0%	2.0%	2.0%
DEBT/RESERVES										
Transfer to Operating Reserve	2,500	2,500	2,550	-	-	2,550	2,600	2,450	15,000	9,000
Transfer to Capital Reserve Fund	5,400	-	7,000	-	-	7,000	7,000	9,500	16,544	13,243
MFA Debt Principal	48,290	48,290	48,290	-	-	48,290	48,287	48,288	30,818	35,812
MFA Debt Interest	17,350	17,350	17,350	-	-	17,350	17,353	17,353	12,978	17,145
TOTAL DEBT / RESERVES	73,540	68,140	75,190	-	-	75,190	75,240	77,591	75,340	75,200
TOTAL COSTS	226,950	231,850	232,730	-	-	232,730	235,900	241,441	242,450	245,640
FUNDING SOURCES (REVENUE)										
Estimated balance C/F from 2017 to 2018	-	(3,790)	3,790	-	-	3,790	-	-	-	-
Sales - Water	(84,000)	(71,000)	(71,000)	-	-	(71,000)	(72,420)	(73,870)	(75,350)	(76,860)
User Charges	(71,260)	(71,260)	(93,830)	-	-	(93,830)	(82,130)	(82,830)	(82,360)	(84,040)
Transfer from Operating Reserve Fund	-	(14,060)	-	-	-	-	-	-	-	-
Other Revenue	(100)	(150)	(100)	-	-	(100)	(100)	(100)	(100)	(100)
TOTAL REVENUE	(155,360)	(156,470)	(164,930)	-	-	(164,930)	(154,650)	(156,800)	(157,810)	(161,000)
REQUISITION - PARCEL TAX	(71,590)	(71,590)	(71,590)	-	-	(71,590)	(81,250)	(84,641)	(84,640)	(84,640)
*Percentage increase over prior year						31.7%	-12.5%	0.9%	-0.6%	2.0%
User Fee						0.0%	13.5%	4.2%	0.0%	0.0%
Requisition						15.8%	-1.2%	2.5%	-0.3%	1.0%
Combined										

Reserve Schedule

Reserve Fund: Operating Reserve Fund

Reserve fund used for: unforeseen operational repairs and maintenance; infrequent maintenance activities such as reservoir cleaning and inspection, hydrant maintenance. Optimum minimum balance of \$14,000 (approximately 10%) of the annual operating budget.

Reserve Cash Flow

Fund: 1500 Fund Center: 105206	Budget					
	2017	2018	2019	2020	2021	2022
Beginning Balance	18,418	6,858	9,408	4,008	6,458	1,458
Transfer from Operating Budget	2,500	2,550	2,600	2,450	15,000	9,000
Expenditures	(14,060)	-	(8,000)	-	(20,000)	-
Planned maintenance activity			Hydrant maintenance		Reservoir cleaning and inspection	
Interest Income		-	-	-	-	-
Ending Balance \$	6,858	9,408	4,008	6,458	1,458	10,458

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	Budget					
	2017	2018	2019	2020	2021	2022
Beginning Balance	36,825	38,133	25,133	32,133	1,633	18,177
Transfer from Ops Budget	-	7,000	7,000	9,500	16,544	13,243
Transfer to Cap Fund (Based on Capital Plan)	(5,300)	(20,000)	-	(40,000)	-	(30,000)
Transfer from Cap Fund	6,608	-	-	-	-	-
Interest Income		-	-	-	-	-
Ending Balance \$	38,133	25,133	32,133	1,633	18,177	1,420

CAPITAL REGIONAL DISTRICT CAPITAL PLAN

**CAPITAL BUDGET FORM
2018 & Forecast 2019 to 2022**

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

Project No.
The first two digits represent first year the project was in the capital plan.

Capital Expenditure Type
New Construction/ Project: Expenditure for new asset only
Renewal: Expenditure replaces an existing asset and extends the service ability or enhances technology in delivering that service
Replacement: Expenditure replaces an existing asset

Proj. No.	Capital Exp. Type	Capital Project Description	Total Project Budget	Asset Class	Funding Source	Carry Forward from 2017	2018	2019	2020	2021	2022	5 - Year Total
17-01	Decommission	Lautman reservoir	\$30,000	E	Res	\$30,000			\$0	\$0	\$30,000	30,000
17-02	Replacement	Strategic Asset Management Plan	\$17,130	S	Grant	\$17,130	\$17,130	\$0	\$0	\$0	\$0	17,130
18-01	Study	Intake Assessment and Design	\$20,000	S	Res	\$0	\$20,000	\$0	\$0	\$0	\$0	20,000
20-01	Study	Design booster pump at Sky Valley lower reservoir	\$25,000	S	Res	\$0	\$0	\$0	\$25,000	\$0	\$0	25,000
20-02	Study	Referendum for Sky Valley booster pump	\$15,000	S	Res	\$0	\$0	\$0	\$15,000		\$0	15,000
20-03	New	Construct booster pump at Sky Valley lower reservoir	\$100,000	S	Debt	\$0	\$0	\$0	\$0	\$100,000	\$0	100,000
		0										
Total			207,130			47,130	37,130	-	40,000	100,000	30,000	207,130

Funding Source Codes

- Debt = Debenture Debt (new debt only)
- ERF = Equipment Replacement Fund
- Grant = Grants (Federal, Provincial)
- Cap = Capital Funds on Hand
- Other = Donations / Third Party Funding
- Res = Reserve Fund
- STLoan = Short Term Loans

Asset Class

- L - Land
- S - Engineering Structure
- B - Buildings
- V - Vehicles
- E - Equipment

Service: 2.624

Beddis Water (SSI)

Proj. No. 17-01

Capital Project Title Lautman reservoir

Capital Project Description Dismantle and remove Lautman reservoir

Asset Class Equipment

Board Priority Area Integrated Water Management

Corporate Priority Area Drinking Water

Project Rationale *Lautman reservoir has been decommissioned and requires dismantling and removal to mitigate risk. Tank was not designed to withstand seismic loading and would likely fail in a seismic event.*

Proj. No. 17-02

Capital Project Title Strategic Asset Management Plan

Capital Project Description Identify condition of assets, develop prioritized list of infrastructure replacement

Asset Class Engineered Structures

Board Priority Area Integrated Water Management

Corporate Priority Area Drinking Water

Project Rationale *The Strategic Asset Management Plan will recommend a prioritized list of infrastructure replacements, which will serve as the basis for future capital spending plans. Additional funds may be required for staff to complete the plan.*

Proj. No. 18-01

Capital Project Title Intake Assessment and Design

Capital Project Description Complete assessment, designs, construction estimates, and permit requirements.

Asset Class Engineered Structures

Board Priority Area Integrated Water Management

Corporate Priority Area Drinking Water

Project Rationale *To resolve the intermittent operation issue where the Cusheon Lake raw water intake pumps lose their prime (become air-locked) and either pump erratically or completely stop pumping raw water into treatment plant. Complete intake assessment, construction estimates, designs for construction and complete required permits.*

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

Proj. No. 20-01 **Capital Project Title** Design booster pump at Sky Valley low **Capital Project Description** Complete designs, construction estimates, and permit requirements.

Asset Class Engineered Structures **Board Priority Area** Integrated Water Management **Corporate Priority Area** Drinking Water

Project Rationale *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. Work to be confirmed through SAMP. The booster pump designs and development of detailed cost estimates will permit accurate cost estimating prior to initiating a referendum for borrowing to fund project.*

Proj. No. 20-02 **Capital Project Title** Referendum for Sky Valley booster pump **Capital Project Description** Seek service area electors approval to fund project

Asset Class Engineered Structures **Board Priority Area** Integrated Water Management **Corporate Priority Area** Drinking Water

Project Rationale *As per Commission request (Dec. 15/2015), capital construction projects greater than \$50,000 are to be funded thru debt, in which case a referendum may be required*

Proj. No. 20-03 **Capital Project Title** Construct booster pump at Sky Valley l **Capital Project Description** Construction of booster pump at Sky Valley lower reservoir

Asset Class Engineered Structures **Board Priority Area** Integrated Water Management **Corporate Priority Area** Drinking Water

Project Rationale *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 reservoir. This project need and value should be confirmed through a SAMP and funded through a successful referendum.*

Proj. No. **Capital Project Title** 0 **Capital Project Description** 0

Asset Class #N/A **Board Priority Area** 0 **Corporate Priority Area** 0

Beddis Water (SSI)

Capital Projects Fund

Year/Project#	Status	Capital Project Description	Total Budget	Expenditure Actuals	Remaining Funds	Funding Source-CRF*	Funding Source-CWF**	Return Surplus to CRF*	Return Surplus to CWF**
2011 / CE.291	OPEN	SAMP Study	20,000	(2,873)	17,127		20,000		-
2015 / CE.446	OPEN	Creekside PCS Rebuild	50,000	(20,143)	29,857	50,000			
2016 / CE.513	OPEN	Freshwater Backwash Tank	8,000	(1,885)	6,115	8,000		6,608	
		Unspent fund						6,608	
		Totals	78,000	(24,901)	53,099	58,000	20,000	6,608	0

* CRF (Capital Reserve Fund)

** CWF (Community Works Fund)

Service:

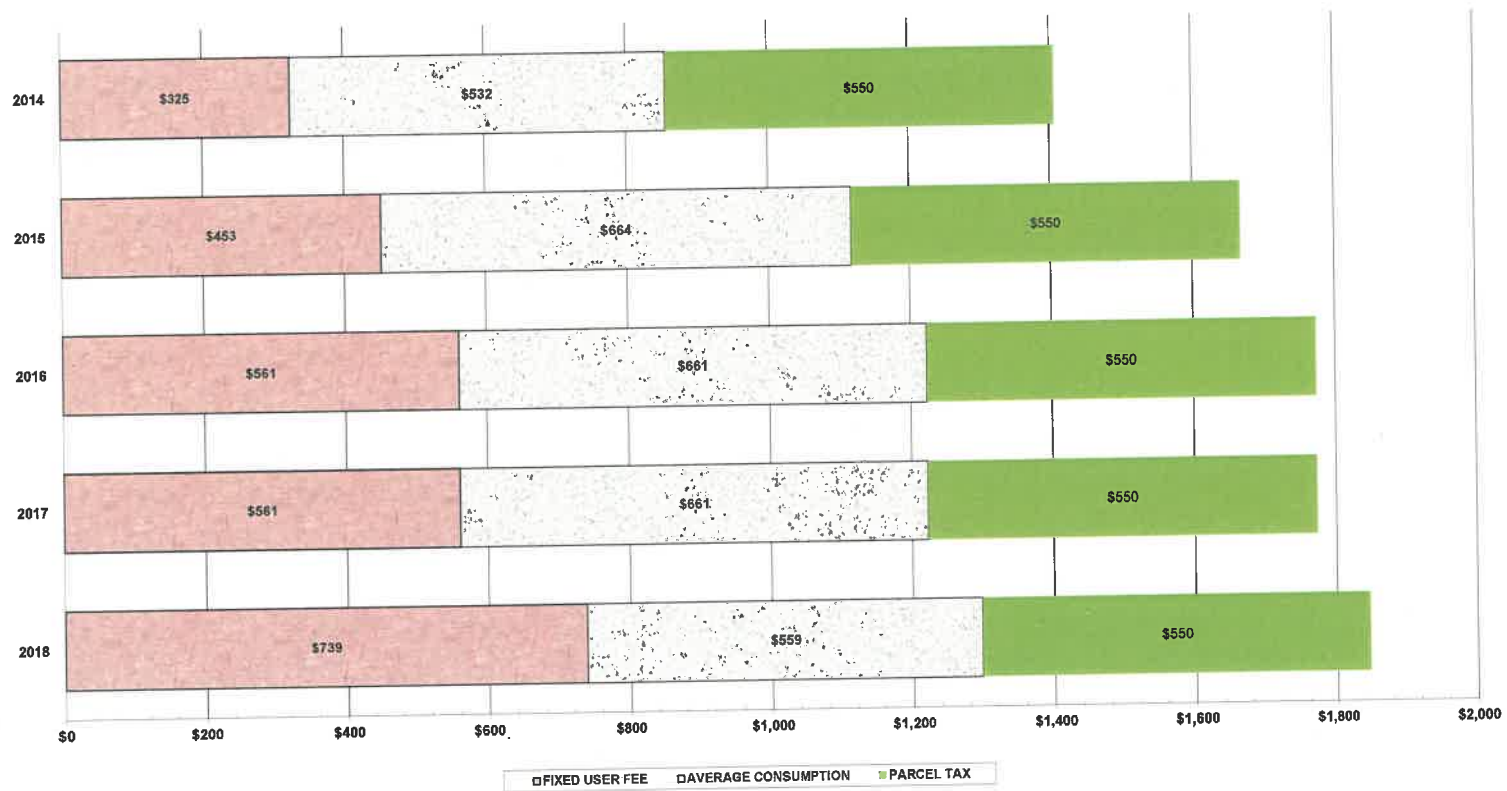
2.624 Beddis Water (SSI)

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	3993	72,593
2016	137	\$549.99	127	\$561.10	\$1,111.09	4073	72,669
2017	137	\$549.99	127	\$561.10	\$1,111.09	4171	80,096
2018	137	\$549.99	127	\$738.82	\$1,288.81		

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

CAPITAL REGIONAL DISTRICT BEDDIS WATER FUNDING ANALYSIS 2014-2018



Actual Costs 2014-2017, Projected 2018
 Prepared by CRD Finance
 10/27/2017