



Making a difference...together

**CEDAR LANE WATER SERVICE COMMISSION
ANNUAL REPORT ON OPERATIONS
25 MARCH 2009**

The purpose of this report is to update the residents of the Cedar Lane water service area on the state of operation of the drinking water system.

Upgrade Project

The new treatment facilities at Wells No. 1 and 2 are substantially complete and operating, providing ultraviolet radiation for primary disinfection and chlorination for residual disinfection. This work, together with improvements to piping from the sources, completes the first two phases of the upgrade project. The third and final phase is the expansion of water supply capacity. Alternatives, including connection to the North Salt Spring Waterworks District and development of an additional well in the community, will be explored in 2009. A total of \$137,502 has been expended on the upgrade project, leaving \$335,924 available to develop an additional source of water. The remaining funds must be used by March 31, 2010.

Drinking Water Quality

The treatment systems at Well No. 1 (Mansell Road) and Well No. 2 (Cedar Lane) are both operating, and treated water quality has fully complied with Vancouver Island Health Authority (VIHA) requirements since the treatment systems were commissioned in January. The boil water advisory remains in effect until VIHA has received and approved as-built drawings of the treatment systems.

The well water at Cedar Lane contains iron and manganese. Although the concentrations are well below Canadian Drinking Water Quality Guideline limits, these constituents can cause nuisance problems such as staining of light coloured fixtures and discolouration of white laundry. The addition of chlorine to the well water at Cedar Lane is not expected increase these effects; however, even minor changes in water chemistry can occasionally result in unanticipated effects. If you notice discolouration of laundry that had not previously occurred, or other changes that may be related to water quality, contact the Capital Regional District (CRD).

Water Usage

The average Cedar Lane account used 120 cubic metres of water in 2008, which is roughly two-thirds of the average CRD residential water account on Salt Spring and half of the Canadian average. Although water use in the Cedar Lane area increases in summer, this seasonal increase is much smaller than in most other CRD water service areas on Salt Spring Island. The marginal water demand in summer in the Cedar Lane area in 2008 represented about 7% of total annual water use, whereas the average among CRD service areas on Salt Spring Island is roughly 25%. Several Cedar Lane residents employ rainwater harvesting systems with sufficient storage capacity to eliminate the need to use drinking water for irrigation.

Billing Structure

Several residents expressed concerns about the changes to the cost recovery structure that were made when the Cedar Lane water system became a CRD service. Following broad consultation with the community, the Cedar Lane Water Service Commission recommended specific billing structure amendments to the Regional District Board, which were adopted at the 11 February 2009 Board meeting. The changes will apply to all services provided in 2009. It is anticipated that the first billing under the new structure will be issued in April, for the period of January-March 2009. Users will be charged a fixed annual fee of \$500 per service connection (\$125 every three months); plus usage charges of \$2.25/m³ for the first 37.5 m³ or portion, \$8.00/m³ for the next 67.5m³ or portion, and \$25.00/m³ for usage greater than 105m³ in every three month billing cycle.

Financial Report

A statement of financial activities in 2008 for the Cedar Lane water service is attached. Revenues consisted of \$18,470 from parcel taxes for capital cost recovery; \$33,334 from user fees for operating costs; \$871 interest on savings; and \$34,672 transferred to the CRD upon dissolution of the Cedar Lane Waterworks District. Expenditures consisted of \$25,702 for operation, maintenance and debt servicing; and \$1,146 for financial services. Although \$18,470 was budgeted, the debt servicing cost for Municipal Financing Authority borrowing for the capital project was only \$2,541, as only 30% of the project budget was spent in 2008 and most of the expenses were incurred late in the year.

Lower than expected costs for operation, maintenance and debt servicing and the transfer of funds from the Cedar Lane Waterworks District resulted in a surplus of \$60,499 in 2008. Of this, \$8,676 was transferred to the CRD Feasibility Reserve Fund to recover costs associated with conversion of the Cedar Lane Waterworks District to the CRD. The remainder was transferred to a reserve fund established for the Cedar Lane Water Service by Bylaw No. 3582 in 2008. The resulting balance in the reserve fund at December 31, 2008 was \$51,824.



Colwyn Sunderland, ASCT
Local Services Engineering Coordinator

CS:ls

Attachment: 1

CAPITAL REGIONAL DISTRICT

WATER REVENUE FUND STATEMENT OF FINANCIAL ACTIVITIES (UNAUDITED) For the year ended December 31, 2008

		Cedar Lane
REVENUES		
Transfers from government	\$ \$	18,470
Sale of services		33,334
Other revenue from own sources:		
Interest earnings		871
Other revenue		34,672
Grants in lieu of taxes		-
		-
		<u>87,347</u>
EXPENDITURES		
General government services		-
Grants in aid		-
Other		25,702
Salaries and wages		-
Other fiscal services		1,146
Recovery		-
		<u>26,848</u>
NET REVENUES		
(EXPENDITURES)	-	60,499
Transfers to own funds:		
Water Capital Fund		-
Reserve Funds		60,499
Equipment Replacement Fund		-
Transfers from own funds:		
Reserve Funds		-
		<u>-</u>
CHANGE IN FUND BALANCE		
Opening balance		-
CLOSING BALANCE	<u>\$ \$</u>	<u>-</u>