



Making a difference...together

**Minutes of the Annual General Meeting
of the Cedar Lane Water Service Commission
Held December 3, 2012 in the Portlock Park Meeting Room, Salt Spring Island, BC**

Present: **Alternate CRD Director:**
Peter Lake
Commission Members:
Chris Dixon - Chair, Jane Squier, Osman Phillips
Staff:
Ted Robbins, Acting GM of Integrated Water Services; Janice Poncelet, CRD Senior Business Analysis; Kees Ruurs, CRD EA Senior Manager; Ralf Waters, CRD EA Engineer; Sarah Shugar, Recording Secretary
Excused: Wayne McIntyre, CRD Director
Observers: Tisha Boulter, Ralph Dom, Cathy Lenihan, Troy Newton

C. Dixon called the meeting to order at 10:06 am.

1. Approval of Agenda

MOVED by J. Squier, **SECONDED** by O. Phillips,
That the agenda be approved as presented.

CARRIED

2. Chair's Report

C. Dixon verbally presented the following:
Cedar Lane Water Commission reports with some relief that our infrastructure upgrade project is completed after two consecutive one-year extensions to a three-year plan.

It is appropriate to present an overview of our experience throughout this six-year period, and to highlight areas that could have been approached differently.

The work recently completed contains some elements of the package that was initially presented to us; in other areas, such as development of additional water supply, which was a key element in our CRD upgrade proposal, no work has been done.

The Cedar Lane water system worked before the CRD takeover, and it still works today, although we have \$170,000 of debt to pay off in the next eleven years. Compared to other water districts on Salt Spring, we could consider ourselves fortunate.

It's been a long and difficult six years, as it became evident early in the process that the CRD had neither the wit nor the will nor the human resources required to manage their numerous grant-driven upgrade project commitments.

In hindsight, it saddens me to say that the entire process, regardless of its intent, was driven largely by fear, coupled with the promise of easy grant money that was only

available conditional on a CRD takeover of our system.
Fear number one was that we could sell poisonous water.

Events at Walkerton, Ontario in 2001 prompted regulators to examine the way small systems delivered water, and a generous grant program was established to enable these systems to conform to basic safety standards.

However, the investigation at Walkerton determined that three main factors contributed to the preventable illnesses and deaths that occurred there.

The first was that untreated livestock manure was easily able to contaminate one of the supply wells in their system.

The second was that the operators of the water treatment and monitoring equipment in their system were criminally negligent in their duties and falsified records to hide evidence of their incompetence, rather than report an ongoing emergency.

The third element was that the authorities did not respond quickly and appropriately as increasing numbers of sickened people filled the hospitals.

The Cedar Lane system now employs the same sorts of chlorinating and monitoring devices that were in place in Walkerton, and the lesson is clearly that the equipment alone is no protection; the integrity of the operators is a critical element of our safety.

Fear number two was that our volunteer board members could be held liable if our system delivered water that caused illness or death.

Our system had delivered untreated water for years under an ongoing boil-water advisory and upgrades to the safety of our system were clearly required.

For the board members at that time, the CRD takeover of our system was seen as the magic bullet that would upgrade the system while protecting the board members from liability. The community was strongly urged to accept the CRD takeover.

After a series of meetings within the community and with CRD staff, those of us who questioned or opposed the takeover eventually relented, largely because we felt we couldn't deprive our community of access to these grant funds unless we could offer a proven, viable alternative.

Again, in hindsight, arguments can be made that it was a poor decision.

Our system, typical of many small systems, was run by a volunteer board which employed a fix-as-necessary maintenance philosophy, and which did not see the necessity of planning nor funding for future infrastructure upgrades.

A hired consultant prepared an estimate of about eighty-five thousand dollars for a chlorinating plant, which would allow us to comply with provincial health standards.

This amount is obviously well within reach of the community, but it still left the issue of board member liability, and appropriate insurance was considered to be difficult to find, and prohibitively expensive.

Had the province established a mentoring program for small systems operators, and sponsored an affordable insurance program, we would have been better served.

Instead, the government threw millions of dollars into its upgrade grant program and, in a poor political decision, made the CRD our only option for access to these grants.

Now that the work is done and the money is gone, it seems as though we should be able to look forward to a few years of relatively peaceful enjoyment of our system, but unfortunately that is not the case.

Last year, the CRD made the unsupported statement that our mains "have reached the end of their useful life"

The CRD is now attempting to force us deeper into debt through a vehicle known as SAMP, or Strategic Asset Management Plan. While this sounds like prudent fiscal management, in our unique case, it presents an unnecessary burden for the Cedar Lane community.

This scheme, as presented, would spend ten thousand dollars on a study of the physical condition of our system and contains a plan to borrow \$100,000.00 by 2016 for unspecified work.

At our last annual budget meeting the Cedar Lane Commission passed a motion to abandon the plan, which it deems unnecessary and largely speculative in nature, but it has appeared again in the CRD budget proposal for 2013.

A response to our 2011 motion from Jack Hull, General Manager of Integrated Water Systems, CRD states "The CRD intends to complete a Strategic Asset Management Plan for Cedar Lane".

His response raises questions about the relevance of Commissioners as representatives of the community and also of the suitability of Mr. Hull for his position.

The Commission bases its resistance to the program on these arguments:

A) Our existing water mains are tight and in good physical condition. This statement is based on physical examination of the existing mains and on current metering information. A sample of the mains removed during recent upgrade work is, in the opinion of everyone who has seen it, in excellent condition and unlikely to need replacement in the near future.

B) With the exception of the pump in well No. 5, and the mains, which are in good and serviceable condition, most of our equipment is relatively new as a result of the recent upgrade process, and does not warrant a survey nor a budget for replacement.

C) The community will be paying for our upgrade project for the next eleven years and does not wish to add to its debt load, which is borne by thirty-seven households.

D) The community currently holds over \$70,000.00 in its capital reserve fund, and challenges the claimed need for borrowed capital.

E) The borrowing component of the SAMP process may address internal CRD fiscal planning requirements rather than an actual need for work at Cedar Lane.

F) Mr. Hull's letter includes the information that a total of \$9583.00 has already been spent on various studies of the Cedar Lane system since 2006.

The Commission will again present a motion to abandon the SAMP process in our case, in an attempt to shield our community from what we consider unnecessary expense for the survey and in the proposed borrowing of \$100,000.00 for unspecified work.

The Commission acknowledges with gratitude the outstanding effort and support of Ted Robbins in the timely and satisfactory completion of our upgrade project. This last phase of the project is the only period in our relationship with the CRD where we were delivered the goods we were promised, on time and on budget.

An element of this final work was installing a raw water line between well # 1 and the Cedar Lane pump house. This line, which was specified for the initial stage of the project, now unfortunately renders the Mansell Road pump house largely redundant.

The Commission regrets that out of a \$475,000 budget, approximately 20% of funds spent deliver no tangible value for cost, and that CRD Senior Staff remained willfully ignorant of the intent of this volunteer Commission and of the performance of its field staff.

It is encouraging to see the sweeping changes underway in CRD upper management structures; hopefully, the mistakes of the past will not be repeated.

It is the expressed intent of the members of the Cedar Lane Water Commission that this report form a permanent part of the record of proceedings of this meeting.

MOVED by J. Squier, **SECONDED** by O. Phillips,
That Cedar Lane Water Service Commission accept the Chair's Report
as presented.

CARRIED

3. Annual Report

T. Robbins reviewed the 2011 Annual Report. He highlighted the following items:

- The Cedar Lane Water System operated reliably in 2011.
- The analytical results of water samples collected in 2011 show that the quality of water is within health related regulatory limits.
- The total amount of water produced into the Cedar Lane water distribution system in 2011 was 4,370 cubic metres, a decrease of 8.5% from 2010.
- Total usage measured through customer meters in 2011 was 4,186 cubic metres, which is within 4% of the annual production, indicating that the system is essentially free of distribution system leaks.

- The average account used 113 cubic meters of water in 2011.
- Total revenue of \$71,478.
- The 2011 parcel tax was \$826.44. The fixed user charge in 2011 was \$763.11 per property.
- The district has a three tier consumption charge.
- Total expenditures of \$54,145 were below budget.
- The net result was a \$6,320 surplus carried into 2012.
- At 2011 year end the capital reserve fund balance was \$58,289.

MOVED by C. Dixon, **SECONDED** by J. Squier,
That Cedar Lane Water Service Commission accept the 2011 Annual Report
as presented.

CARRIED

4. Election of Officers

T. Robbins advised that J. Squier's term expires on December 31, 2012. He also advised that C. Dixon's term expires on December 31, 2012.

P. Lake called for nominations.

K. Ruurs advised that Rob Pingle has submitted an application.

J. Squier nominated C. Dixon.

C. Dixon accepted the nomination and was elected by acclamation.

5. New Business

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

6. Adjournment

The meeting was adjourned at 10:26 am.