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CEDAR LANE WATER SERVICE COMMISSION
Notice of Meeting on **THURSDAY, October 30, 2014 at 1:00 PM**
Salt Spring Public Library, 129 McPhillips Ave, Salt Spring Island, BC

Wayne McIntyre Chris Dixon Osman Phillips Rob Pingle

(amended) **AGENDA**

1. Approval of Agenda

2. Adoption of Minutes of December 5, 2013

3. Reports

3.1 2015 Operating and Capital Budget Report

That the Cedar Lane Water Service Commission recommends that the CRD Board:

1. Approve the 2015 operating and capital budget for the Cedar Lane Water Service as presented;
2. Approve the 2015 parcel tax of \$615.85 and user charge of \$763.24 and the consumption charge rates as presented for the Cedar Lane Water Service; and
3. Balance the 2014 actual revenue and expenditures on the 2015 transfer to capital reserves.

4. New Business

5. Outstanding Business

6. 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 Cedar Lane Water Service Commission
Held December 5, 2013, 145 Vesuvius Bay Road, Salt Spring Island, BC**

DRAFT

Present: **Director:** Wayne McIntyre
Commission Members: Chris Dixon (Chair), Osman Phillips, Rob Pingle
Staff: Karla Campbell, Senior Manager; Janice Poncelet, Senior Financial Analyst; Ted Robbins, GM Integrated Water Services; Dan Robson, Manager of Operations Integrated Water Services Saanich Peninsula and Gulf Islands; Peter Sparanese, Senior Manager Infrastructure Operations; Sarah Shugar, Recording Secretary

Chair Dixon called the meeting to order at 10:55 am.

1. Approval of Agenda

Addition of Item 1.1 Minutes of December 3, 2012 Regular Meeting.

MOVED by Director McIntyre, **SECONDED** by Commissioner Dixon,
That the agenda be approved as amended.

CARRIED

1.1 Adoption of Minutes - December 3, 2012

MOVED by Commissioner Pingle, **SECONDED** by Commissioner Dixon,
That the minutes of December 3, 2012 Regular Meeting be approved as circulated.

CARRIED

2. 2014 Operating and Capital Budget

The following items were highlighted:

- A full unit directional flush will be scheduled in 2014.
- The Strategic Asset Management Plan is expected to be complete in 2014. There will be collaboration with the Commission regarding levels of service.
- Intend to reduce the North Salt Spring Waterworks contract from three days per week to one day per week.

MOVED by Commissioner Pingle, **SECONDED** by Commissioner Dixon,
That the Cedar Lane Water Service Commission recommend that the Capital Regional District Board approve the 2014 operating and capital budget for the Cedar Lane Water Service as amended.

CARRIED

MOVED by Commissioner Pingle, **SECONDED** by Commissioner Dixon,
That the Cedar Lane Water Service Commission recommend that the Capital Regional District Board approve the 2014 parcel tax, fixed annual user charge and the consumption charge rates for the Cedar Lane Water Service as presented.

CARRIED

MOVED by Commissioner Pingle, **SECONDED** by Commissioner Dixon,
That the Cedar Lane Water Service Commission recommend that the Capital Regional District Board balance the 2013 actual revenue and expenditures on the 2013 transfer to reserve.

CARRIED

3. New Business

3.1 Review of Cedar Lane Hydrogeology Assessment Report

Staff to confirm the identification tag of well mentioned in the report. There was discussion regarding the prediction model and the nitrate level calculation in the hydrogeology assessment and the report used incorrect measures in their calculation. Therefore there is no problem.

MOVED by Commissioner Pingle, **SECONDED** by Director McIntyre,
That at this time, Cedar Lane Water Service Commission does not support the Platform Properties proposal to the Islands Trust for development of Bullock Lake Cottage Property Project, but the Commission would reconsider the application upon the submission of a groundwater management and mitigation plan.

CARRIED

4. Adjournment

MOVED by Commissioner Pingle, **SECONDED** by Commissioner Dixon,
That the meeting be adjourned at 11:55 am.

CARRIED

CHAIR

SENIOR MANAGER



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**REPORT TO CEDAR LANE WATER SERVICE COMMISSION
MEETING OF OCTOBER 30, 2014**

SUBJECT 2015 OPERATING AND CAPITAL BUDGET

ISSUE

This report provides an estimated to actual 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 Estimated Revenue and Operating Expenditures

The estimated actual operating costs are projected to be **\$6,103** (13.07%) under budget as a result of the following:

1. Lower than budgeted expenditures for:
 - a. Operations contract (\$3,460)
 - b. Repairs and maintenance (\$50)
 - c. Allocations (\$346)
 - d. Water testing (\$860)
 - e. Labour charges (\$979)
 - f. Contingency (\$2,500)

2. Higher than budgeted expenditures for:
 - a. Electricity (\$510)
 - b. Supplies (\$812)
 - c. Other operating expenses (\$770)

A minor system flushing was conducted early this year based on water quality complaints due to a reoccurring problem with manganese. Additional flushing activities were conducted in May.

The estimated actual operating revenue is projected to be **\$710** (1.6%) below budget as a result of:

- o lower than budgeted revenue for water sales and slightly higher than budgeted "other revenues" such as late payment charges.

This results in a projected year-end surplus of **\$5,393**.

It is proposed that the projected year-end surplus be carried forward as revenue in 2015.

2015 Operating Budget

An increase of **\$987** (2.1%) in the 2015 operating expenses is proposed as a result of the following:

1. Increase in expenditures for:
 - a. Operations contract (\$40)
 - b. Repairs and maintenance (\$20)
 - c. Electricity (\$710)
 - d. Supplies (\$12)
 - e. Labour charges (\$171)
 - f. Other operating expenses (\$920)

2. Decrease in expenditures for:
 - a. Allocations (\$322)
 - b. Water testing (\$560)

2015 Debt and Reserves

2015 Maintenance Reserve

Currently the service does not contribute to maintenance reserves. Maintenance reserves are to be used for the purchase of equipment and supplies that are typically not replaced annually such as ultraviolet lamps and sensors and in some instances system maintenance activities such as reservoir cleaning and well inspections.

2015 Capital Reserve Fund

It is proposed that transfers to the capital reserve fund decrease from \$3,510 to \$1,950. The decrease in the transfer is required to offset the increase in operating expenses without impacting the user charge and/or parcel tax.

The capital reserve fund balance at the end of 2014 is projected to be **\$80,659**.

MFA Debt

Debt servicing costs increased slightly from \$15,690 to \$15,730. This is a result of an increase in the contribution to the debt reserve fund.

2015 Revenue (Parcel Tax and User Charges)

It is proposed that:

- Water sales revenue remains at 2014 level set at \$10,000. Currently, the water consumption rate per quarterly billing period is:
 - \$2.25/m³ for the first 38.0m³
 - \$8.00/m³ for the next 68.0m³
 - \$25.00/m³ greater than 105m³
- User charge remain at 2014 level set at \$28,240; based on 37 water connections to the system equates to \$763.24.
- Other revenue increase from \$50 to \$90.
- The parcel tax remain at 2014 level set at \$21,650; based on 37 taxable folios and including the 5.25% surveyors tax fee equates to \$615.85.

2015-2019 Five Year Capital Plan

There is no additional capital projects planned in the five year plan; however, the scope and budget for future capital upgrades will be considered upon completion of the Strategic Asset Management Plan.

RECOMMENDATION

That the Cedar Lane Water Service Commission recommends that the CRD Board:

1. Approve the 2015 operating and capital budget for the Cedar Lane Water Service as presented;
2. Approve the 2015 parcel tax of \$615.85 and user charge of \$763.24 and the consumption charge rates as presented for the Cedar Lane Water Service; and
3. Balance the 2014 actual revenue and expenditures on the 2015 transfer to capital reserves.

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

Karla Campbell
Senior Manager, Salt Spring Island Services

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

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

KW/ts

Attachment: 1

CAPITAL REGIONAL DISTRICT

2015 Budget

Cedar Lane Water (SSI)

Committee Review

Compiled and Presented by CRD Finance

October 2014

Service: 2.628 Cedar Lane Water (SSI)

Committee: Electoral Area Services

DEFINITION:

To provide and operate water supply and distribution facilities for the Salt Spring Island Cedar Lane Water Service Area.
Bylaw 3424 (Oct 10, 2007)

PARTICIPATION:

Local Service Area #31, P(764)

MAXIMUM LEVY:

Greater of \$54,000 or \$4.76/ \$1,000 of actual assessed value of land and improvements.

MAXIMUM CAPITAL DEBT:

Authorized:	LA Bylaw No. 3425 (Oct 10, 2007)	\$168,000
Borrowed:	SI Bylaw 3514 (Feb 13, 2008)	(\$60,000)
Remaining:	SI Bylaw 3634 (Aug 12, 2009)	(\$108,000)
		<u>\$0</u>

(matures 2023) 4.65%

COMMISSION:

Cedar Lane Water Service Commission established by Bylaw 3505, Feb 13, 2008.

FUNDING:

User Charge: Annual fixed fee per water service connection + consumption charge
Parcel Tax: Annual charge only on properties capable of being connected to the system.

RESERVE FUND BYLAW:

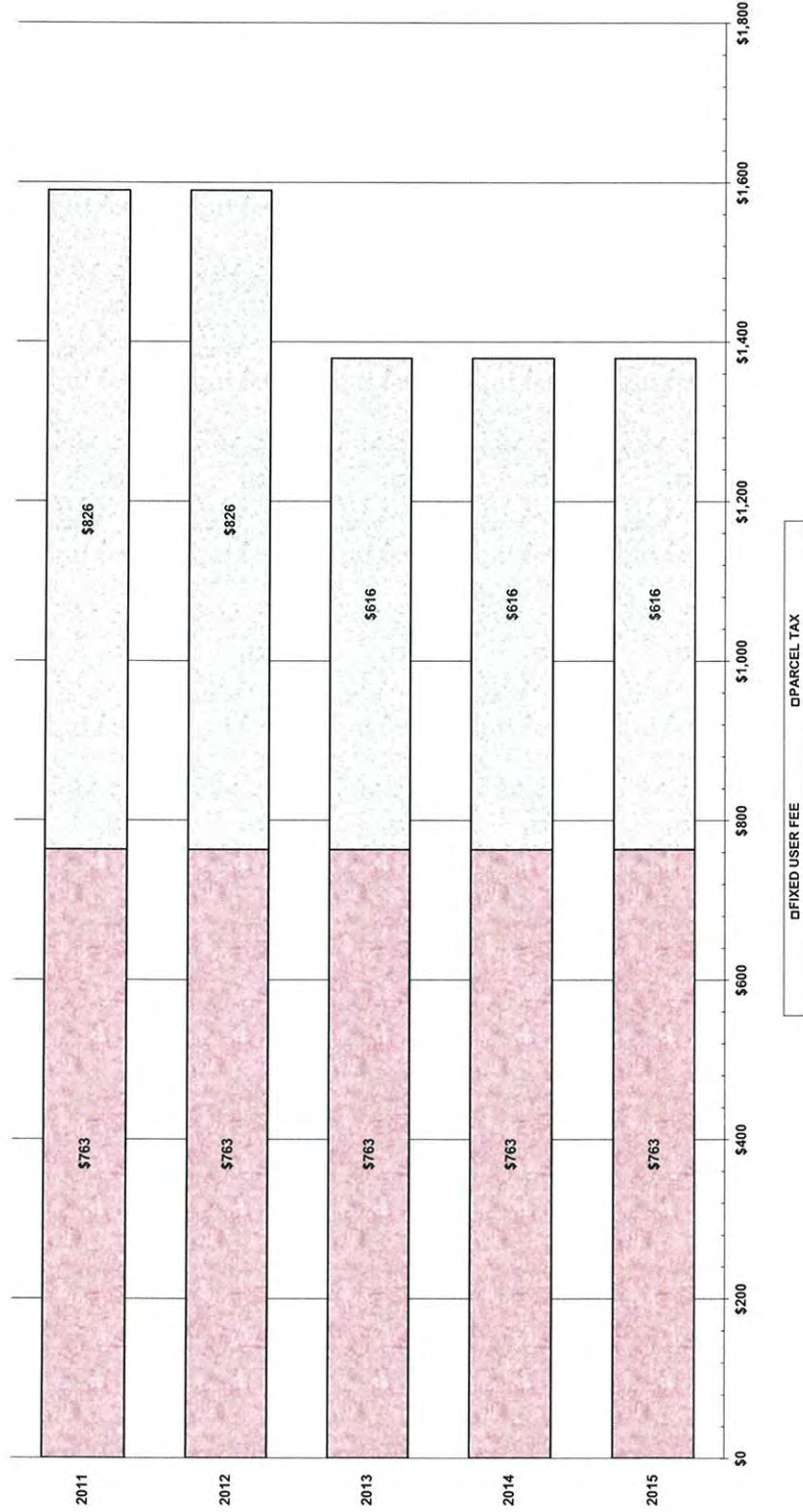
Cedar Lane Water Service Capital Reserve Fund, Bylaw #3582 (Nov 12, 2008).

	2014		BUDGET REQUEST				FUTURE PROJECTIONS			
	BOARD BUDGET	ESTIMATED ACTUAL	2015 CORE BUDGET	2015 SUPPLEMENTARY	TOTAL 2015	2016	2017	2018	2019	
Cedar Lane Water (SSI)										
<u>OPERATING COSTS:</u>										
Operations Contract	23,460	20,000	23,500	-	23,500	23,970	24,450	24,940	25,440	
Repairs & Maintenance	950	900	970	-	970	990	1,010	1,030	1,050	
Allocations	4,226	3,880	3,900	-	3,900	3,980	4,060	4,140	4,220	
Water Testing	3,060	2,200	2,500	-	2,500	2,550	2,600	2,650	2,700	
Electricity	2,290	2,800	3,000	-	3,000	3,060	3,120	3,180	3,240	
Supplies	538	1,350	550	-	550	560	570	580	590	
Labour Charges	8,469	7,490	8,640	-	8,640	8,810	8,990	9,170	9,350	
Contingency	2,500	-	2,500	-	2,500	2,470	2,650	2,820	2,570	
Other Operating Expenses	1,210	1,980	2,130	-	2,130	2,160	2,190	2,220	2,250	
TOTAL OPERATING COSTS	46,703	40,600	47,690	-	47,690	48,550	49,640	50,730	51,410	
*Percentage Increase over prior year					2.1%	1.8%	2.2%	2.2%	1.3%	
<u>DEBT/RESERVES</u>										
Transfer to Capital Reserve Fund	3,510	3,510	1,950	-	1,950	4,240	4,300	4,360	4,420	
MFA Debt Reserve Fund	50	50	90	-	90	-	-	-	-	
MFA Debt Principal	8,390	8,390	8,390	-	8,390	8,390	8,390	8,390	8,390	
MFA Debt Interest	7,250	7,250	7,250	-	7,250	7,250	7,250	7,250	7,250	
TOTAL DEBT / RESERVES	19,200	19,200	17,680	-	17,680	19,880	19,940	20,000	20,060	
TOTAL COSTS	65,903	59,800	65,370	-	65,370	68,430	69,580	70,730	71,470	
<u>FUNDING SOURCES (REVENUE)</u>										
Estimated balance C/F from 2014 to 2015	-	5,393	(5,390)	-	(5,390)	-	-	-	-	
Balance C/F from 2013 to 2014	(5,965)	(5,970)	-	-	-	-	-	-	-	
Sales - Water	(10,000)	(9,080)	(10,000)	-	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	
User Charges	(28,235)	(28,240)	(28,240)	-	(28,240)	(35,780)	(36,930)	(38,080)	(38,820)	
Other Revenue	(50)	(250)	(90)	-	(90)	-	-	-	-	
TOTAL REVENUE	(44,250)	(43,540)	(38,330)	-	(38,330)	(45,780)	(46,930)	(48,080)	(48,820)	
REQUISITION - PARCEL TAX	(21,653)	(21,653)	(21,650)	-	(21,650)	(22,650)	(22,650)	(22,650)	(22,650)	
*Percentage increase over prior year requisition					0.0%	4.6%	0.0%	0.0%	0.0%	
Capital Reserve Balance		80,659			82,609	86,849	91,149	95,509	99,929	

Service: 2.628 Cedar Lane Water (SSI) Committee: Electoral Area Services

<u>Year</u>	<u>Taxable Folios</u>	<u>Parcel Tax</u>	<u>Connections</u>	<u>User Charge</u>	<u>Tax & Charges</u>	<u>Bylaw</u>	<u>Assessments \$(000's)</u>
2010	37	\$525.40	37	\$500.00	\$1,025.40	3688	15,217
2011	37	\$826.44	37	\$763.11	\$1,589.55	3777	15,534
2012	37	\$826.44	37	\$763.11	\$1,589.55	3822	14,605
2013	37	\$615.94	37	\$763.11	\$1,379.05	3891	13,690
2014	37	\$615.94	37	\$763.11	\$1,379.05	3891	13,719
2015 Budget	37	\$615.85	37	\$763.24	\$1,379.10		13,719

CAPITAL REGIONAL DISTRICT CEDAR LANE WATER (SSI) FUNDING ANALYSIS 2011-2015



Actual Costs 2011-2014, Projected 2015
Prepared by CRD Finance
29/10/2014

Service: 2.628 Cedar Lane Water (SSI) **Committee:** Electoral Area Services

#1 Strategic Asset Management Plan (SAMP) (carryforward, 2015) \$5,000

An engineering study will be conducted to determine the quantity, age, condition and approximate life expectancy of water mains and other infrastructure; estimate the cost to renew or replace infrastructure; and develop a long-term financial plan to fund infrastructure renewal or replacement as required to maintain an acceptable level of service and stable annual cost of service.