



Making a difference...together

**CEDAR LANE WATER SERVICE COMMISSION**  
Notice of Meeting on **FRIDAY, September 11, 2015 at 1:00 PM**  
Salt Spring Public Library, 129 McPhillips Ave, Salt Spring Island, BC

Wayne McIntyre      Jane Squier      Osman Phillips      Rob Pingle

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**AGENDA**

**1. Approval of Agenda**

**2. Adoption of Minutes of October 30, 2014**

**3. Reports**

**3.1 2016 Capital and Operating Budget**

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

1. Approve the 2016 operating and capital budget for the Cedar Lane Water Service as presented;
2. Approve the 2016 parcel tax of \$615.85 and user charge of \$910.27 and the consumption charge rates as presented for the Cedar Lane Water Service; and
3. Balance the 2015 actual revenue and expenditures on the 2015 transfer to maintenance and capital reserves.

**4. New Business**

**5. Outstanding Business**

**6. Adjournment**

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*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 October 30, 2014, Public Library Meeting Room, 129 McPhillips Avenue, Salt Spring  
Island, BC**

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**DRAFT:**

**Present:**           **Director:** Wayne McIntyre  
                          **Commission Members:** Chris Dixon (Chair), Osman Phillips, Rob Pingle  
                          **Staff:** Karla Campbell, Senior Manager; Keith Wahlstrom, Chief Engineer Salt  
                          Spring Island; Dan Robson, Manager of Operations Integrated Water Services  
                          Saanich Peninsula and Gulf Islands; Peggy Dayton, CRD Finance; Erin Jory,  
                          Recording Secretary

Chair Dixon called the meeting to order at 2:10pm.

**1. Approval of Agenda**

**MOVED** by Commissioner Pingle, **SECONDED** by Chair Dixon,  
That the agenda be approved as presented.

**CARRIED**

**2. Approval of Minutes of the Regular Meeting held on December 5, 2013**

**MOVED** by Director McIntyre, **SECONDED** by Commissioner Pingle,  
That the Minutes of the December 5, 2013 meeting be approved.

**CARRIED**

**3. Reports**

**3.1. 2015 Operating and Capital Budget Report**

**MOVED** by Commissioner Pingle, **SECONDED** by Chair Dixon,  
That the Cedar Lane Water Service Commission recommends that the Capital Regional  
District Board approve the 2015 operating and capital budget for the Cedar Lane Water  
Service as presented.

**CARRIED**

**MOVED** by Commissioner Pingle, **SECONDED** by Chair Dixon,  
That the Cedar Lane Water Service Commission recommends that the Capital Regional  
District Board 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.

**CARRIED**

**MOVED** by Commissioner Pingle, **SECONDED** by Commissioner Phillips,  
That the Cedar Lane Water Service Commission recommends that the Capital Regional  
District Board balance the 2014 actual revenue and expenditures on the 2015 transfer to a  
maintenance reserve.

**CARRIED**

**4. New Business**

No matters were raised under New Business.

**5. Outstanding Business**

No matters were raised under Outstanding Business.

**6. Adjournment**

**MOVED** by Commissioner Pingle, **SECONDED** by Chair Dixon,  
That the meeting be adjourned at 2:58pm.

**CARRIED**

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**CHAIR**

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**SENIOR MANAGER**



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**REPORT TO CEDAR LANE WATER SERVICE COMMISSION  
MEETING OF FRIDAY, SEPTEMBER 11, 2015**

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**SUBJECT 2016 OPERATING AND CAPITAL BUDGET**

**ISSUE**

This report provides a synopsis of the 2016 operating and capital budget, highlighting significant proposed changes related to operational expenditures, debt charges, capital expenditures and revenues for the Cedar Lane Water Service.

In accordance with Bylaw No. 3693, "Cedar Lane Water Service Commission Establishment Bylaw states, "Before the end of November of each year, the Commission shall be presented with a five year operating and capital budgets for the services provided in the Service Area which shall include estimates for the administrative, development, maintenance, operational and other expenses, including debt charges, and shall submit such expenditure estimates, together with estimates for expected revenue, in a form approved by the Financial Officer of the CRD for the approval of the Regional Board and for inclusion in the Regional Board's preliminary and annual budgets."

**BACKGROUND**

**2015 Estimated Revenue and Operating Expenditures**

The estimated actual operating costs are projected to be **\$8,320** (17.4%) under budget as a result of the following:

1. Lower than budgeted expenditures for:
  - a. Operations contract (\$5,500)
  - b. Repairs and maintenance (\$970)
  - c. Labour charges (\$1,220)
  - d. Other operating expenses (\$80)
  - e. Contingency (\$2,500)
  
2. Higher than budgeted expenditures for:
  - a. Allocations (\$320)
  - b. Electricity (\$400)
  - c. Supplies (\$1,230)

The estimated actual operating revenue is projected to be **\$1,200** (2.6%) above budget as a result of:

- o higher 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 **\$9,520**.

It is proposed that the projected year-end surplus be allocated to two separate reserve accounts, **\$5,000** to a maintenance reserve and an additional **\$4,520** to the capital reserve (the

2015 budget anticipated \$5,060 to the capital reserve, therefore the total will be increased to \$9,580).

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.

### 2016 Operating Budget

There is no increase proposed in the 2016 operating expenses, however, there are shifts in the cost distribution as follows:

1. Increase in expenditures for:
  - a. Operations contract (\$50)
  - b. Allocations (\$460)
  - c. Water testing (\$270)
  - d. Electricity (\$600)
  - e. Supplies (\$1,000)
  - f. Labour charges (\$230)
  
2. Decrease in expenditures for:
  - a. Repairs and maintenance (\$50)
  - b. Other operating expenses (\$60)
  - c. Contingency (\$2,500)

The above distribution of costs, reflects the actual expenditures experienced by the utility. Further, the contingency has been removed as there is now a maintenance reserve proposed that can be used for unexpected operational expenditures.

### 2016 Debt/Reserves

#### **Maintenance Reserve**

It is recommended that \$1,000 per year be transferred to the maintenance reserve fund. The maintenance reserve fund balance at the end of 2015 is projected to be **\$5,000**.

#### **Capital Reserve Fund 1076**

It is proposed that transfers to the capital reserve fund be reduced from \$9,580 to \$1,000 as temporary mitigation of the loss of the surplus carry forward revenue. Transfers to the capital reserve fund are budgeted to increase to \$5,000 per year in 2017,

The capital reserve fund balance at the end of 2015 is projected to be **\$92,253**.

#### **MFA Debt**

Debt servicing costs remain unchanged at \$15,730.

### 2016 Revenue (Parcel Tax and User Charges)

It is proposed that:

- The practice of carrying forward year-end surplus amounts as revenue be reconsidered

and all annual expenditures be funded through revenue generated in that year.

- Water sales revenue remains at 2015 level set at \$10,000. Currently, the water consumption rate per quarterly billing period is:
  - \$2.25/m<sup>3</sup> for the first 38.0m<sup>3</sup>
  - \$8.00/m<sup>3</sup> for the next 68.0m<sup>3</sup>
  - \$25.00/m<sup>3</sup> greater than 106m<sup>3</sup>
- User charge increase from \$28,240 to \$33,680; based on 37 water connections to the system equates to \$910.27, a 19.3% increase.
- The parcel tax remain at 2015 level set at \$21,650; based on 37 taxable folios and including the 5.25% surveyors tax fee equates to \$615.85.

### **2016-2020 Five Year Capital Plan**

There is one capital project planned in 2016.

A review of the shower and eyewash safety equipment requirements was completed in 2015 and identified that an eyewash drench hose is needed to meet current WorksafeBC safety requirements when working with the chemicals at the pump house (\$2,000).

The scope and budget for future capital upgrades will be considered upon completion of the Strategic Asset Management Plan (SAMP), scheduled for 2017.

### **RECOMMENDATION**

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

1. Approve the 2016 operating and capital budget for the Cedar Lane Water Service as presented;
2. Approve the 2016 parcel tax of \$615.85 and user charge of \$910.27 and the consumption charge rates as presented for the Cedar Lane Water Service; and
3. Balance the 2015 actual revenue and expenditures on the 2015 transfer to maintenance and capital reserves.

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

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

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Peggy Dayton, B.Com, CPA  
Senior Financial Advisor  
Finance and Technology

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Karla Campbell  
Senior Manager, Salt Spring Island Electoral  
Area  
Concurrence

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

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

KW/ts

Attachment: Cedar Lane Water 2016 Budget

# **CAPITAL REGIONAL DISTRICT**

## **2016 Budget**

### **Cedar Lane Water (SSI)**

#### **Committee Review**

Compiled and Presented by CRD Finance

September 2015



**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)
	SI Bylaw 3634 (Aug 12, 2009)	(\$108,000)
Remaining:		<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:**

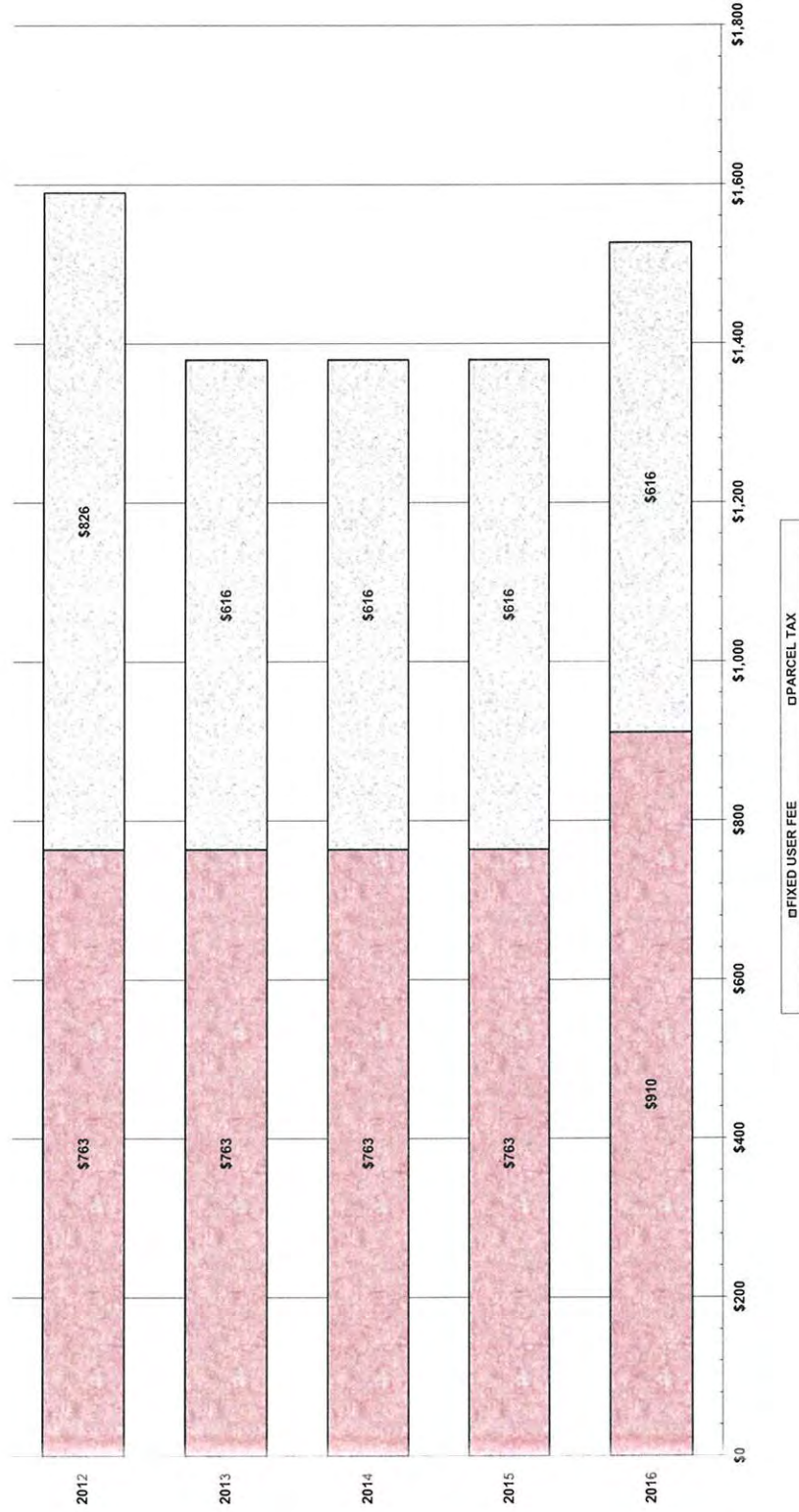
Cedar Lane Water Service Capital Reserve Fund, Bylaw #3582 (Nov 12, 2008).

Cedar Lane Water (SSI)	2015		BUDGET REQUEST				FUTURE PROJECTIONS			
	BOARD BUDGET	2015 ESTIMATED ACTUAL	2016 CORE BUDGET	2016 SUPPLEMENTARY	2016 TOTAL	2017	2018	2019	2020	
<u>OPERATING COSTS:</u>										
Operations Contract	23,500	18,000	23,550	-	23,550	24,020	24,510	25,000	25,500	
Repairs & Maintenance	970	-	920	-	920	940	960	980	1,000	
Allocations	3,900	4,220	4,360	-	4,360	4,450	4,540	4,630	4,720	
Water Testing	2,500	2,500	2,770	-	2,770	2,830	2,890	2,950	3,010	
Electricity	3,000	3,400	3,600	-	3,600	3,670	3,740	3,810	3,890	
Supplies	550	1,780	1,550	-	1,550	1,580	1,610	1,640	1,670	
Labour Charges	8,640	7,420	8,870	-	8,870	9,050	9,230	9,410	9,590	
Contingency	2,500	-	-	-	-	-	-	-	-	
Other Operating Expenses	2,130	2,050	2,070	-	2,070	2,090	2,110	2,130	2,150	
<b>TOTAL OPERATING COSTS</b>	<b>47,690</b>	<b>39,370</b>	<b>47,690</b>	<b>-</b>	<b>47,690</b>	<b>48,630</b>	<b>49,590</b>	<b>50,550</b>	<b>51,530</b>	
*Percentage increase over prior year					0.0%	2.0%	2.0%	1.9%	1.9%	
<u>DEBT/RESERVES</u>										
Transfer to Capital Reserve Fund	5,060	9,580	1,000	-	1,000	5,000	5,000	5,000	5,000	
Transfer to Maintenance Reserve Fund	-	5,000	1,000	-	1,000	1,000	1,000	1,000	1,000	
MFA Debt Reserve Fund	90	90	90	-	90	90	90	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	
<b>TOTAL DEBT / RESERVES</b>	<b>20,790</b>	<b>30,310</b>	<b>17,730</b>	<b>-</b>	<b>17,730</b>	<b>21,730</b>	<b>21,730</b>	<b>21,730</b>	<b>21,730</b>	
<b>TOTAL COSTS</b>	<b>68,480</b>	<b>69,680</b>	<b>65,420</b>	<b>-</b>	<b>65,420</b>	<b>70,360</b>	<b>71,320</b>	<b>72,280</b>	<b>73,260</b>	
<u>FUNDING SOURCES (REVENUE)</u>										
Estimated balance C/F from 2015 to 2016	-	-	-	-	-	-	-	-	-	
Balance C/F from 2014 to 2015	(8,500)	(8,500)	-	-	-	-	-	-	-	
Sales - Water	(10,000)	(11,000)	(10,000)	-	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	
User Charges	(28,240)	(28,240)	(33,680)	-	(33,680)	(38,620)	(39,580)	(40,540)	(41,520)	
Other Revenue	(90)	(290)	(90)	-	(90)	(90)	(90)	(90)	(90)	
<b>TOTAL REVENUE</b>	<b>(46,830)</b>	<b>(48,030)</b>	<b>(43,770)</b>	<b>-</b>	<b>(43,770)</b>	<b>(48,710)</b>	<b>(49,670)</b>	<b>(50,630)</b>	<b>(51,610)</b>	
<b>REQUISITION - PARCEL TAX</b>	<b>(21,650)</b>	<b>(21,650)</b>	<b>(21,650)</b>	<b>-</b>	<b>(21,650)</b>	<b>(21,650)</b>	<b>(21,650)</b>	<b>(21,650)</b>	<b>(21,650)</b>	
*Percentage increase over prior year						0.0%	0.0%	0.0%	0.0%	
Sales					19.3%	14.7%	2.5%	2.4%	2.4%	
User Charge					0.0%	0.0%	0.0%	0.0%	0.0%	
Parcel Tax					7.6%	1.4%	1.3%	1.3%	1.4%	
<b>Combined</b>										

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 &amp; Charges</u>	<u>Bylaw</u>	<u>Assessments \$(000's)</u>
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	37	\$615.85	37	\$763.24	\$1,379.09		13,478
2016 Budget	37	\$615.85	37	\$910.27	\$1,526.13		

# CAPITAL REGIONAL DISTRICT CEDAR LANE WATER (SSI) FUNDING ANALYSIS 2012-2016



Actual Costs 2012-2015, Projected 2016  
Prepared by CRD Finance  
04/09/2015

CAPITAL REGIONAL DISTRICT - SCHEDULE G

2.628

Cedar Lane Water (SSI)

CAPITAL BUDGET FORM  
2016 & Forecast 2017 to 2020

Note: ↓ indicates a drop down menu is available for selection - Type Code (2); Funding Source (4); Participants (8)

Year (1)	Type Code (2) ↓	Specific Project Description (3)	Capital Expense	Funding Source (4) ↓		Grant Program Sponsor (6)	Loan Authorization # (7)	Participants (8) ↓	%
				Source	Amount Total (5)				
2016	S	Safety Equipment	2,000	R	2,000				
2017	S	Strategic Asset Management Plan (SAMP)	5,000	R	5,000				
*** Please insert more lines here (above this line) if required. ***									

TOTAL

Funding Source Codes (4) \*\*

7,000 7,000

<p>Type Codes (2) *</p> <p>L = Land</p> <p>S = Engineering Structures</p> <p>B = Buildings</p> <p>V = Vehicles</p> <p>E = Equipment</p>	<p>D =</p> <p>E =</p> <p>G =</p> <p>O =</p>	<p>C = Capital Funds on Hand</p> <p>R = Reserve Fund</p> <p>S = Short Term Loans</p> <p>L = Lands Sales</p>
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**Service:** 2.628 Cedar Lane Water (SSI)      **Committee:** Electoral Area Services

**\$2,000**

**Safety Equipment (2016)**

A review of the shower and eyewash safety equipment requirements was completed in 2015 and identified that an eyewash drench hose is needed to meet current WorksafeBC safety requirements when working with the chemicals at the pump house.

**\$5,000**

**Strategic Asset Management Plan - SAMP (2017)**

The Strategic Asset Management Plan will, within the budget available, recommend a prioritized list of infrastructure

**Reserve Schedule**

**Reserve Fund: 2.628 Cedar Lane Water Capital Reserve Fund - Bylaw 3582**

**Reserve Cash Flow**

	Estimate 2015	Budget				
		2016	2017	2018	2019	2020
<b>Fund: 1076 Fund Center: 102020</b>						
Beginning Balance	81,673	92,253	91,253	91,253	96,253	101,253
Transfer to Cap Fund	-	(2,000)	(5,000)	-	-	-
Transfer from Operating Budget	9,580	1,000	5,000	5,000	5,000	5,000
Interest Income*	1,000	-	-	-	-	-
<b>Ending Balance \$</b>	<b>92,253</b>	<b>91,253</b>	<b>91,253</b>	<b>96,253</b>	<b>101,253</b>	<b>106,253</b>

**Assumptions/Background:**

Transfer as much as operating budget will allow

\* Interest should be included in determining the estimated ending balance for the current year. Interest in planning years nets against inflation which is not included.

Cedar Lane Water Maintenance Reserve  
 GL 290050

	Cash Flow					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Beginning Balance	-	5,000	6,000	4,000	5,000	6,000
Transfer from Ops Budget	5,000	1,000	1,000	1,000	1,000	1,000
Expenditures	-	-	(3,000)			(3,500)
Ending Balance	<b>5,000</b>	<b>6,000</b>	<b>4,000</b>	<b>5,000</b>	<b>6,000</b>	<b>3,500</b>