



Making a difference...together

CEDAR LANE WATER SERVICE COMMISSION
Notice of Meeting on **THURSDAY, SEPTEMBER 22, 2016 at 1:00 PM**
Portlock Park Meeting Room, 145 Vesuvius Bay Road, Salt Spring Island, BC

Wayne McIntyre Jane Squier Osman Phillips Rob Pingle

AGENDA

1. Approval of Agenda

2. Adoption of Minutes of September 11, 2015

3. Chair and Director Report

4. Reports

4.1 Operating and Capital Budget

That the Cedar Lane Water Service Commission recommends that the Capital Regional District Board:

1. Approve the 2017 operating and capital budget for the Cedar Lane Water Service as presented;
2. Approve the 2017 parcel tax of \$644.59 and user charge of \$774.86 and the consumption charge rates as presented for the Cedar Lane Water Service; and
3. Balance the 2016 actual revenue and expenditures on the 2016 transfer to maintenance reserves.

5. New Business

6. Outstanding Business

7. 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 September 11, 2015, Public Library Meeting Room, 129 McPhillips Avenue, Salt
Spring Island, BC**

DRAFT

Present: **Commission Members:** Osman Phillips, Rob Pingle, Jane Squier
Staff: Keith Wahlstrom, Manager, Engineering Salt Spring Electoral Area and
Acting Senior Manager; Dan Robson, IWS Operations Manager; Peggy
Dayton, CRD Finance; Erin Jory, Recording Secretary
Absent: Wayne McIntyre, CRD Director

Staff called the meeting to order at 2:33 pm.

1. Approval of Agenda

MOVED by Commissioner Phillips, **SECONDED** by Commissioner Squier,
That the Cedar Lane Water Service Commission agenda of September 11, 2015 be
approved.

CARRIED

2. Adoption of Minutes of October 30, 2014

MOVED by Commissioner Squier, **SECONDED** by Commissioner Phillips,
That the minutes of the Cedar Lane Water Service Commission held on October 30, 2014
be approved.

CARRIED

3. Reports

3.1. 2016 Capital and Operating Budget

MOVED by Commissioner Squier, **SECONDED** by Commissioner Phillips,
That the Cedar Lane Water Service Commission recommends that the Capital Regional
District Board:

1. Approve the 2016 Capital and Operating Budget for Cedar Lane Water Service as
submitted with the following amendments to achieve a zero percent increase;
 - a. Under Operating Costs
 - Reduce the Operations Contract to \$20,000.00
 - Reduce the Repairs and Maintenance to zero;
 - b. Under Debt/Reserves
 - Reduce the transfer to Capital Reserve Fund to \$250.00
 - Reduce the transfer to Maintenance Reserve Fund to \$250.00; and
2. Balance the 2015 actual revenue and expenditures by transferring any surplus to the
Maintenance Reserve Fund.

CARRIED

4. New Business

No items.

5. Adjournment

MOVED by Commissioner Squier, **SECONDED** by Commissioner Phillips,
That the Cedar Lane Water Service Commission regular meeting be adjourned at 3:42 pm.

CARRIED

CHAIR

SENIOR MANAGER



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**REPORT TO CEDAR LANE WATER SERVICE COMMISSION
MEETING OF THURSDAY, SEPTEMBER 22, 2016**

SUBJECT 2017 OPERATING AND CAPITAL BUDGET

ISSUE

This report provides a synopsis of the 2017 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

2016 Estimated Revenue and Operating Expenditures

The estimated actual operating costs are projected to be **\$850** under budget as a result of the following:

1. Lower than budgeted expenditures for:
 - a. Operations contract (\$3,500)
 - b. Labour charges (\$2,430)

2. Higher than budgeted expenditures for:
 - a. Repairs and maintenance (\$4,600)
 - i. Repairs and maintenance exceeded budget as a result of a well pump removal and replacement.
 - b. Supplies (\$400)
 - c. Other operating expenses (\$80)

The estimated actual operating revenue is projected to be **\$850** under budget primarily as a result of projected lower water sales revenue.

This results in a projected year-end balanced budget.

2017 OPERATING BUDGET

An increase in the 2017 operating expenses of \$590 (1.3%) is proposed. The distribution of operating expense adjustments for 2017 are as follows:

1. Increase in expenditures for:
 - a. Operations contract (\$290)
 - b. Allocations (\$60)
 - i. Overhead charges related to vehicles were previously accounted for in the labour charge-out rate. Vehicle costs are now removed from the labour rate and are now tracked and charged under a “vehicle allocation” (\$420)
 - c. Water testing (\$40)
 - d. Electricity (\$50)
 - e. Supplies (\$20)
 - f. Other operating expenses: (\$490)
 - i. As a result of the new Water Sustainability Act, that came into effect in early 2016, ground water users are now required to pay an annual rental fee for such use for each well owned.
2. Decrease in expenditures for:
 - a. Repairs and Maintenance (\$90)
 - b. Labour Charges (\$270)
 - i. The labour charge out rate in previous budgets included overhead charges related to vehicles. Vehicle overhead costs are now removed from the labour charge out rate and is now tracked separately as a “vehicle allocation” (\$420).

2017 DEBT AND RESERVES FUNDS

Maintenance Reserve:

Maintenance reserves are to be used for the purchase of small equipment, supplies and system maintenance activities that are typically performed less frequently than annually. In addition, maintenance reserves could be used for unplanned operational costs.

During the 2016 budget process the Commission supported the need to contribute funds to the maintenance reserve. At their September 11, 2015 meeting the Commission authorized that the 2015 operating surplus, if any, be transferred to the maintenance reserve fund. The actual 2015 maintenance reserve fund contribution was \$19,038.

The 2017 budget includes a \$110 annual transfer to the maintenance reserve fund.

The maintenance reserve fund balance at the end of 2016 is projected to be **\$19,148**.

Capital Reserve Fund 1076:

It is proposed that the Cedar Lane Water Service make capital reserve fund (CRF) contributions in order to prepare for future capital investments. The 2017 budget includes a \$1,000 transfer to the CRF.

The CRF balance at the end of 2016 is projected to be **\$86,066**.

MFA Debt

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

2017 REVENUE (User Charge and Parcel Tax)

It is proposed that:

- Water sales revenue remains at 2016 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 106m³
- User charge increase from \$28,240 to \$28,670; based on 37 water connections to the system equates to \$774.86, a 1.5% increase.
- The parcel tax increase from \$21,650 to \$22,660; based on 37 taxable folios and including the 5.25% surveyors tax fee equates to \$644.59, a 4.7% increase.

2017 – 2021 FIVE YEAR CAPITAL PLAN

There are two projects planned for 2017.

1. The Strategic Asset Management Plan (SAMP) will, within the budget available, recommend a prioritized list of infrastructure replacements which will serve as the basis for future capital spending. (\$5,000)
2. The Commission requested consideration be given to develop an incentive program for property owners to install rain water catchment to reduce the demand on the community system. Requires staff time to develop and manage the program. (\$20,000)

One additional project anticipated for Cedar Lane is outlined in the attached budget and is:

- 2018 Additional work to abandon unused wells (\$5,000)

RECOMMENDATION

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

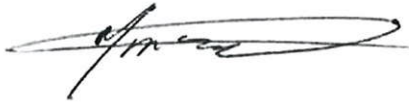
1. Approve the 2017 operating and capital budget for the Cedar Lane Water Service as presented;
2. Approve the 2017 parcel tax of \$644.59 and user charge of \$774.86 and the consumption charge rates as presented for the Cedar Lane Water Service; and
3. Balance the 2016 actual revenue and expenditures on the 2016 transfer to maintenance reserves.



Karla Campbell, Senior Manager
Salt Spring Island Electoral Area



Rianna Lachance, BCom, CPA, CA,
Manager of Financial Planning and Analysis
Concurrence



Matt McCrank, M.Sc., P.Eng.
Senior Manager, Infrastructure Operations
Integrated Water Services
Concurrence

KW/ts

Attachment: Cedar Lane Water 2017 Budget

CAPITAL REGIONAL DISTRICT

2017 Budget

Cedar Lane Water (SSI)

Committee Review

Compiled and Presented by CRD Finance

September 2016

Service: 2.628 Cedar Lane Water (SSI)	Committee: Electoral Area Services
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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 to \$65,800

MAXIMUM CAPITAL DEBT:

Authorized:	\$168,000
Borrowed:	(\$60,000)
Remaining:	(\$108,000)
	\$0

(matures 2023) 4.65%

COMMISSION:

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

FUNDING:

Parcel Tax:	Annual charge only on properties capable of being connected to the system.
User Charge:	Annual Fixed Fee of \$763.24 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: (BL3933 March 2015) <ul style="list-style-type: none"> • First 38 cubic metres or portion - \$2.25 / cubic metre • Next 68 cubic metres or portion - \$8.00 / cubic metre • Greater than 105 cubic metres - \$25.00 / cubic metre

RESERVE FUND BYLAW:

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

	2016		BUDGET REQUEST			FUTURE PROJECTIONS				
	BOARD BUDGET	ESTIMATED ACTUAL	2017 CORE BUDGET	2017 ONGOING	2017 ONE-TIME	2017 TOTAL	2018	2019	2020	2021
Cedar Lane Water (SSI)										
<u>OPERATING COSTS:</u>										
Operations Contract	20,000	16,500	20,290	-	-	20,290	20,690	21,100	21,520	21,950
Repairs & Maintenance	920	5,520	830	-	-	830	850	870	890	910
Allocations	4,360	4,360	4,420	-	-	4,420	4,510	4,600	4,690	4,780
Water Testing	2,770	2,770	2,810	-	-	2,810	2,870	2,930	2,990	3,050
Electricity	3,600	3,600	3,650	-	-	3,650	3,720	3,790	3,870	3,950
Supplies	1,550	1,950	1,570	-	-	1,570	1,600	1,630	1,660	1,690
Labour Charges	8,870	6,440	8,600	-	-	8,600	8,770	8,940	9,110	9,300
Contingency	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	2,070	2,150	2,560	-	-	2,560	2,590	2,620	2,650	2,680
TOTAL OPERATING COSTS	44,140	43,290	44,730	-	-	44,730	45,600	46,480	47,380	48,310
*Percentage increase over prior year						1.3%	1.9%	1.9%	1.9%	2.0%
<u>DEBT/RESERVES</u>										
Transfer to Capital Reserve Fund	-	-	1,000	-	-	1,000	1,000	1,000	1,000	1,000
Transfer to Maintenance Reserve Fund	110	110	110	-	-	110	110	110	110	110
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
TOTAL DEBT / RESERVES	15,840	15,840	16,840	-	-	16,840	16,840	16,840	16,840	16,840
TOTAL COSTS	59,980	59,130	61,570	-	-	61,570	62,440	63,320	64,220	65,150
<u>FUNDING SOURCES (REVENUE)</u>										
Estimated balance C/F from 2016 to 2017	-	-	-	-	-	-	-	-	-	-
Sales - Water	(10,000)	(9,000)	(10,000)	-	-	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
User Charges	(28,240)	(28,240)	(28,670)	-	-	(28,670)	(29,540)	(30,420)	(31,320)	(32,250)
Other Revenue	(90)	(240)	(240)	-	-	(240)	(240)	(240)	(240)	(240)
TOTAL REVENUE	(38,330)	(37,480)	(38,910)	-	-	(38,910)	(39,780)	(40,660)	(41,560)	(42,490)
REQUISITION - PARCEL TAX	(21,650)	(21,650)	(22,660)	-	-	(22,660)	(22,660)	(22,660)	(22,660)	(22,660)
*Percentage increase over prior year						0.0%	0.0%	0.0%	0.0%	0.0%
Sales						1.5%	3.0%	3.0%	3.0%	3.0%
User Charge						4.7%	0.0%	0.0%	0.0%	0.0%
Parcel Tax						2.4%	1.4%	1.4%	1.4%	1.5%
Combined										

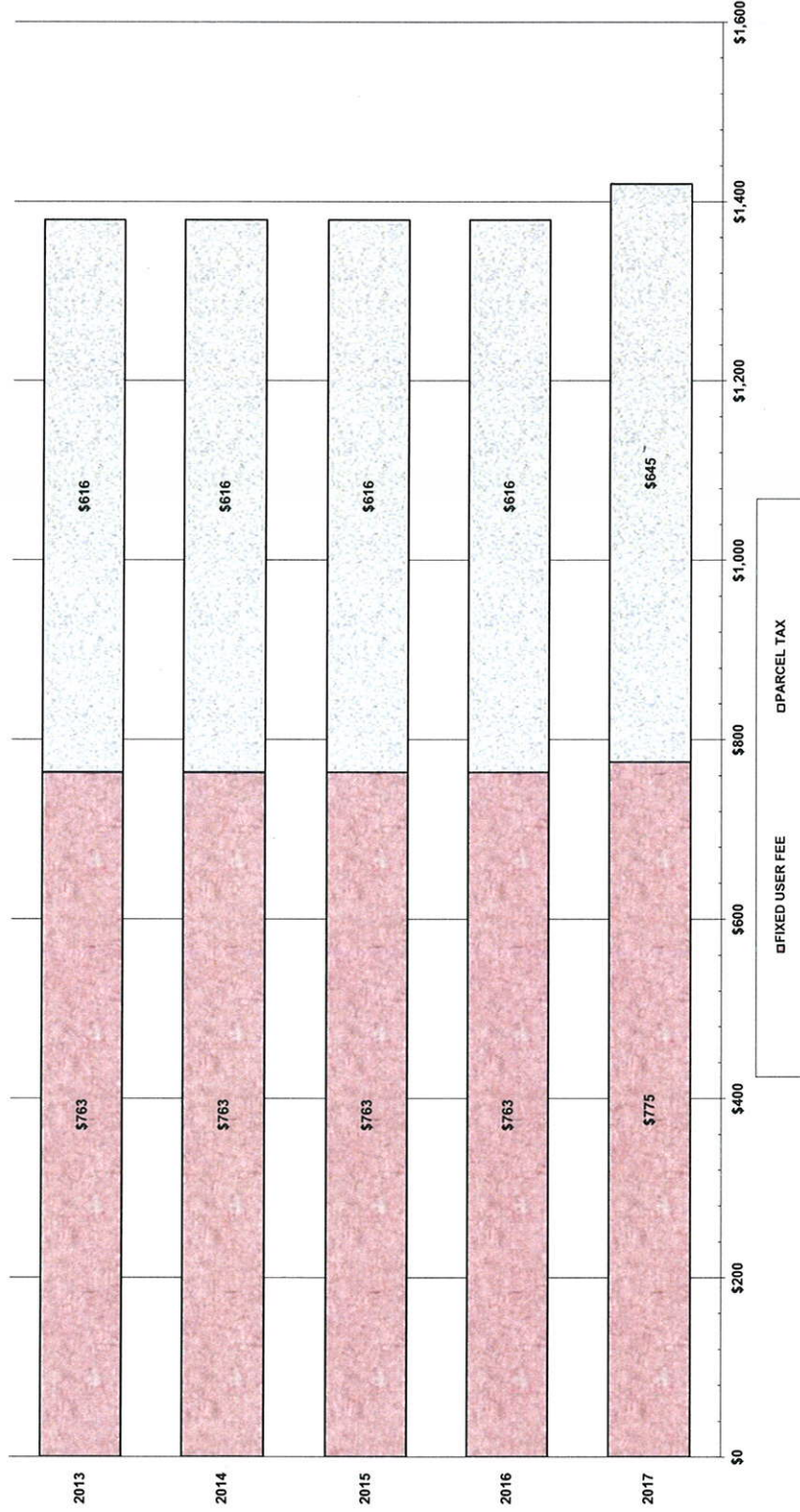
Service:

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>
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	3993	13,478
2016	37	\$615.85	37	\$763.24	\$1,379.10	4073	13,824
2017	37	\$644.59	37	\$774.86	\$1,419.45		

CAPITAL REGIONAL DISTRICT CEDAR LANE WATER (SSI) FUNDING ANALYSIS 2013-2017



Actual Costs 2013-2016, Projected 2017
Prepared by CRD Finance
16/09/2016

CAPITAL REGIONAL DISTRICT CAPITAL PLAN

CAPITAL BUDGET FORM
2017 & Forecast 2018 to 2021

Service #: 2,628
Service Name: Cedar Lane Water (SSI)

No.	Capital Exp. Type	Capital Project Description	Asset Class	Funding Source	Total Project Budget	Carry Forward	2017	2018	2019	2020	2021	5 - Year Total
	Renewal	Project X		Cap		0						
				Res			0	0	0	0	0	0
				Grant			-	-	0	0	0	0
		Sub-total	S			-	-	-	0	0	0	0
18-01	Replacement	Additional Work to Abandon Unused Wells	S	Res	5,000	-		5,000				0
17-01	New	Strategic Asset Management Plan - SAMP	S	Grant		-	5,000	-	0	0	0	0
17-02	New	Grants to Property Owners to Install Rainwater Catchment	S	Res			20,000	-	0	0	0	0
			L	Debt			-	-	0	0	0	0
					25,000		25,000	-	0	0	0	0
				Cap			-	-	0	0	0	0
			B	Res			-	-	0	0	0	0
					0		0	0	0	0	0	0
		Sub-total			25,000	0	25,000	0	0	0	0	0
Total					30,000	-	25,000	5,000	-	-	-	-

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

Capital Expenditure Type
 New = 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

Service:	2.628 Cedar Lane Water (SSI)	Committee: Electoral Area Services
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17-01 Strategic Asset Management Plan - SAMP (2017) \$5,000

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

17-02 Grants to Property Owners to Install Rainwater Catchment (2017) \$20,000

The Commission requested consideration be given to develop an incentive program for property owners to install rain water catchment to reduce the demand on the community system. Requires staff time to develop and manage the program. Assume \$500 per parcel plus \$1,500 administration.

18-01 Additional Work to Abandon Unused Wells (2018) \$5,000

The recently enacted Water Sustainability Act requires all community water wells be registered and any well that is no longer in service must be properly abandoned. There may be an unused well on the Cedar Lane System that requires additional works for proper abandonment. This line item is primarily a notice until further assessment is completed.

Cedar Lane Water Reserves
 Summary Schedule
 2017 - 2021 Financial Plan

Reserve/Fund Summary

	2016 Estimate	Budget				
		2017	2018	2019	2020	2021
Maintenance Reserve	19,148	19,258	19,368	19,478	19,588	19,698
Capital Reserve Fund	86,066	67,066	63,066	64,066	65,066	66,066
Total	105,215	86,325	82,435	83,545	84,655	85,765

Reserve Schedule

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

Reserve Cash Flow

	Estimate 2016	Budget			
		2017	2018	2019	2020
Fund: 1076 Fund Center: 102020					
Beginning Balance	88,066	86,066	67,066	63,066	64,066
Transfer to Cap Fund	(2,000)	(20,000)	(5,000)		
Transfer from Operating Budget	-	1,000	1,000	1,000	1,000
Interest Income*	-	-	-	-	-
Ending Balance \$	86,066	67,066	63,066	64,066	65,066

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 (Order#: 2003336)

	Cash Flow					
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Beginning Balance	19,038	19,148	19,258	19,368	19,478	19,588
Transfer from Ops Budget	110	110	110	110	110	110
Expenditures	-	-	-	-	-	-
Ending Balance	19,148	19,258	19,368	19,478	19,588	19,698