



Making a difference...together

CEDAR LANE WATER SERVICE COMMISSION

Notice of Meeting on **Thursday, November 30, 2017 at 10:00 AM**

Creekside Meeting Room, Suite 108 121 McPhillips Ave, Salt Spring Island, BC

Wayne McIntyre

Jane Squier

Ralph Dom

Troy Newton

AGENDA

1. Approval of Agenda

2. Adoption of Minutes of September 22, 2016

3. Reports

3.1 2018 Operating and Capital Budget

That the Cedar Lane Water Services Commission:

1. Approve the 2018 operating and capital budget as presented, and that the 2017 actual surplus or deficit be balanced on the 2017 transfer to the Capital Reserve Fund; and,
2. Recommend that the Electoral Area Services Committee recommend that the CRD Board approve the 2018 Operating and Capital Budget and the five year Financial Plan for the Cedar Lane Water Service as presented.

4. New Business

4.1 Well Water Supply

5. Outstanding Business

6. Adjournment

To ensure quorum, advise Tracey Shaver 250 537 4448 if you cannot attend.

EXEC-1295039085-1435



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**Minutes of the Meeting of the Cedar Lane Water Service Commission
Held September 22, 2016, Portlock Park Meeting Room, 145 Vesuvius Bay Road, Salt
Spring Island, BC**

DRAFT

Present: **CRD Director:** Wayne McIntyre
Commission Members: Rob Pingle, Jane Squier, Troy Newton
Staff: Karla Campbell, Senior Manager SSI Electoral Area; Keith Wahlstrom, Manager, Engineering SSI Electoral Area; Dan Robson, Manager, Saanich Peninsula and Gulf Islands Operations; Peggy Dayton, Senior Financial Analyst; Tracey Shaver, Recording Secretary

Chair Pingle called the meeting to order at 1:03 pm.

1. Approval of Agenda

MOVED by Commissioner Squier, **SECONDED** by Commissioner Newton,
That the Cedar Lane Water Service Commission agenda of September 22, 2016 be
approved.

CARRIED

2. Adoption of Minutes of September 11, 2015

MOVED by Commissioner Squier, **SECONDED** by Commissioner Newton,
That the minutes of the Cedar Lane Water Service Commission held on September 11, 2015
be approved as presented.

CARRIED

3. Chair and Director Reports

3.1 Chair

Chair Pingle reported a smoother running system this summer and credits the conservation efforts of the community and staff.

3.2 Director

Director McIntyre briefly reported on the following:

- Positive use of rainwater harvesting rebate program; potential to continue program
- CRD Board approved plans for the secondary treatment plant for Victoria
- Road Study report presentation made by Incorporation Committee available on line

4. New Business

4.1 Operating and Capital Budget

Staff reviewed the 2017 Operating and Capital Budget reports.

MOVED by Commissioner Squier, **SECONDED** by Commissioner Newton,
That the Cedar Lane Water Service Commission recommends that staff remove the
\$20,000 Grants to Property Owners to Install Rainwater Catchment from the 2017 Capital
Budget.

CARRIED

MOVED by Commissioner Squier, **SECONDED** by Commissioner Newton,
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 amended;
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.

CARRIED

5. New Business

Discussion surrounding rain water catchment incentive programs and the impact on small water service areas versus populated areas and large water systems resulted in the following motion:

MOVED by Commissioner Squires, **SECONDED** by Commissioner Newton,
The Cedar Lane Water Service Commission supports Director McIntyre's interest in exploring the continuation and enhancement of the rain water catchment program supported by the Capital Regional District and administered through the SSI Water Council. The Cedar Lane Water Service Commission further suggests that best practices for rain water harvesting programs be explored and references the Nanaimo Regional District as an example.

CARRIED

6. Outstanding Business

Staff requested feedback on the process of referring land use items with potential effect on the water service area. Reference made to recent septic field replacement application with the DPA. The Commission expressed gratitude for inclusion in the process and recent staff communication efforts over water system operations.

7. Adjournment

MOVED by Commissioner Squier, **SECONDED** by Commissioner Newton,
That the Cedar Lane Water Service Commission meeting be adjourned at 1:30 pm.

CARRIED

CHAIR

SENIOR MANAGER



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**REPORT TO CEDAR LANE WATER SERVICE COMMISSION
MEETING OF MONDAY, NOVEMBER 30, 2017**

SUBJECT 2018 OPERATING AND CAPITAL BUDGET

ISSUE

To present the 2018 operating and capital budget. In accordance with Bylaw No 3505, "Cedar Lane Water Service Commission Bylaw No. 1, 2008" the Commission's approval of the annual budget is required.

BACKGROUND

The Capital Regional District (CRD) is required by legislation under the *Local Government Act* (LGA) to prepare an annual operating and capital budget and a 5-year financial plan including Operating Budgets and Capital Expenditure Plans annually. CRD staff have prepared the financial plan shown in Appendix A to this report for the Cedar Lane Water Service.

The Operating Budget includes the regular annual costs to operate the service. The Capital Expenditure Plan shows the anticipated expenditures for capital additions. These may include purchases of new assets or infrastructure, upgrades or improvements to existing assets or asset review and study work that could potentially lead to future capital improvements.

In preparing the Operating Budget, CRD staff took into account:

1. Actual expenditures incurred between 2015 and 2017
2. Anticipated changes in level of service (if any)
3. Maximum allowable tax requisition
4. Annual Cost per taxpayer and per SFE

Factors taken into consideration in the preparation of the Capital Expenditure Plan included:

1. Available funds on hand
2. Projects already in progress
3. Condition of existing assets and infrastructure
4. Regulatory, environmental and health and safety factors.

The proposed Operating and Capital budget for the Service will be presented to the Electoral Area Services Committee in the fall of 2017. Adjustments for surpluses or deficits from 2017 may be made in January 2018. The CRD Board will give final approval to the budget and financial plan in March 2018

The Financial Plan for the years 2019 – 2022 may be changed in future years.

BUDGET OVERVIEW

Operating Budget

It is anticipated that operating expenses in 2017 will be approximately \$1,650 under budget. CRD staff recommend that the budgeted transfer to the Capital Reserve Fund be increased to balance the 2017 budget.

The 2018 operating budget has been increased by 2.4% over the 2017 budget to account for inflation and increased labour charges.

Municipal Finance Authority (MFA) Debt

MFA debt servicing costs are incurred on debt of \$60,000 issued in 2008 at 4.65% interest and \$108,000 issued in 2009 at 4.13% interest. The annual debt servicing cost of \$15,730 will remain unchanged in 2018.

Operating Reserve Fund

The Operating Reserve Fund is used to undertake maintenance activities that typically do not occur on an annual basis. Typical maintenance activities include hydrant/standpipe maintenance and reservoir cleaning and inspection and ground water well servicing. The operating reserve also funds the procurement of equipment and supplies that are not purchased on an annual basis. Additionally, the operating reserve could be used for emergency unplanned repairs.

It is proposed that transfers to the operating reserve increase from \$110 to \$1,000 to ensure future maintenance activities are fully funded and an optimum minimum balance in the reserve fund be maintained.

The Operating Reserve Fund balance at the end of 2017 is projected to be \$27,266.

Capital Reserve Fund

The Capital Reserve Fund is to be used to pay for capital expenditures that are not funded by other sources such as grants, operating budget or debt.

It is proposed that transfers to the Capital Reserve Fund be remain at \$1,000 in 2018. The balance at the end of 2017 is projected to be \$104,218.

Capital Expenditure Plan

The 5-year plan includes \$15,000 of expenditures to be funded by a combination of Community Works Funds grants and the service's Capital Reserve Fund.

Capital Projects Fund

As specific capital projects are approved, the funding revenues for them are transferred into this Capital Project Fund. Whenever possible, any funds remaining upon completion of a project are transferred back to the Capital Reserve Fund for use on future capital projects. There is a planned transfer of \$13,839 from the Capital Projects Fund to the Capital Reserve Fund in 2017.

User Charge and Parcel Tax

The user charge and parcel tax fund the service. Typically the user charge funds the operational costs and the parcel tax funds the debt and Capital Reserve Fund contributions. Properties connected to the water system pay the annual user charge and all properties within the local service area are responsible for the parcel tax. The proposed 2018 annual fixed user charge is \$854.86 per single family equivalent (SFE), an increase from the 2017 rate and the parcel tax is proposed to be \$644.59 per taxable folio unchanged from the 2017 rate. Historical user charge and parcel tax rates are included for information.

RECOMMENDATION

That the Cedar Lane Water Services Commission:

1. Approve the 2018 operating and capital budget as presented, and that the 2017 actual surplus or deficit be balanced on the 2017 transfer to the Capital Reserve Fund; and,
2. Recommend that the Electoral Area Services Committee recommend that the CRD Board approve the 2018 Operating and Capital Budget and the five year Financial Plan for the Cedar Lane Water Service as presented.

| | |
|--------------|--|
| Submitted by | Karla Campbell, Senior Manager, Salt Spring Island Electoral Area |
| Submitted by | Matthew McCrank, MSc., P.Eng., Senior Manager, Infrastructure Operations |
| Submitted by | Rianna Lachance, BCom, CPA, CA, Senior Manager Financial Services |
| Concurrence | Ted Robbins, B.Sc., C.Tech., General Manager, Integrated Water Services |
| Concurrence | Robert Lapham, MCIP, RPP, Chief Administrative Officer |

MMc/IJ/RL/KC:ls:ts

Attachment: 2018 Budget Cedar Lane – Commission Review Nov 2017

CAPITAL REGIONAL DISTRICT

2018 Budget

Cedar Lane Water (SSI)

Commission Review

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 to \$65,800

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) | (matures 2023) 4.65% |
| Remaining: | | <u>\$0</u> | |

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 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: (BL4171 March 2017)

- 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).

| Cedar Lane Water (SSI) | 2017 | | BUDGET REQUEST | | | | FUTURE PROJECTIONS | | | |
|---------------------------------------|-----------------|---------------------|-----------------|----------|----------|-----------------|--------------------|-----------------|-----------------|-----------------|
| | BOARD BUDGET | ESTIMATED ACTUAL | CORE BUDGET | ONGOING | ONE-TIME | TOTAL | 2019 | 2020 | 2021 | 2022 |
| <u>OPERATING COSTS:</u> | | | | | | | | | | |
| Operations Contract | 20,290 | 17,600 | 20,690 | - | - | 20,690 | 21,100 | 21,520 | 21,950 | 22,390 |
| Repairs & Maintenance | 830 | 830 | 850 | - | - | 850 | 870 | 890 | 910 | 930 |
| Allocations | 4,420 | 4,000 | 3,760 | - | - | 3,760 | 3,830 | 3,910 | 3,990 | 4,070 |
| Water Testing | 2,810 | 2,500 | 2,870 | - | - | 2,870 | 2,930 | 2,990 | 3,050 | 3,110 |
| Electricity | 3,650 | 4,200 | 3,790 | - | - | 3,790 | 3,870 | 3,950 | 4,030 | 4,110 |
| Supplies | 1,570 | 2,760 | 1,600 | - | - | 1,600 | 1,630 | 1,660 | 1,690 | 1,720 |
| Labour Charges | 8,600 | 8,600 | 9,580 | - | - | 9,580 | 9,790 | 29,980 | 16,170 | 10,370 |
| Other Operating Expenses | 2,560 | 2,590 | 2,660 | - | - | 2,660 | 2,700 | 2,740 | 2,780 | 2,820 |
| TOTAL OPERATING COSTS | 44,730 | 43,080 | 45,800 | - | - | 45,800 | 46,720 | 67,640 | 54,570 | 49,520 |
| *Percentage Increase over prior year | | | | | | 2.4% | 2.0% | 44.8% | -19.3% | -9.3% |
| <u>DEBT/RESERVES</u> | | | | | | | | | | |
| Transfer to Capital Reserve Fund | 1,000 | 2,150 | 1,000 | - | - | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Transfer to Operating Reserve Fund | 110 | 110 | 1,000 | - | - | 1,000 | 1,020 | 1,040 | 1,060 | 1,080 |
| 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 | 16,840 | 17,990 | 17,730 | - | - | 17,730 | 17,750 | 17,770 | 17,790 | 17,810 |
| TOTAL COSTS | 61,570 | 61,070 | 63,530 | - | - | 63,530 | 64,470 | 85,410 | 72,360 | 67,330 |
| <u>FUNDING SOURCES (REVENUE)</u> | | | | | | | | | | |
| Sales - Water | (10,000) | (9,500) | (9,000) | - | - | (9,000) | (9,000) | (9,000) | (9,000) | (9,000) |
| User Charges | (28,670) | (28,670) | (31,630) | - | - | (31,630) | (32,290) | (32,940) | (33,590) | (34,260) |
| Transfers from Operating Reserve Fund | - | - | - | - | - | - | - | (20,000) | (6,000) | - |
| Other Revenue | (240) | (240) | (240) | - | - | (240) | (240) | (240) | (240) | (240) |
| TOTAL REVENUE | (38,910) | (38,410) | (40,870) | - | - | (40,870) | (41,530) | (62,180) | (48,830) | (43,500) |
| REQUISITION - PARCEL TAX | (22,660) | (22,660) | (22,660) | - | - | (22,660) | (22,940) | (23,230) | (23,530) | (23,830) |
| *Percentage increase over prior year | | | | | | -10.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Sales | | | | | | 10.3% | 2.1% | 2.0% | 2.0% | 2.0% |
| User Charge | | | | | | 0.0% | 1.2% | 1.3% | 1.3% | 1.3% |
| Parcel Tax | | | | | | 3.2% | 1.5% | 1.5% | 1.5% | 1.5% |
| Combined | | | | | | | | | | |

Reserve Schedule

Reserve Fund: 2.628 Cedar Lane Water Operating Reserve Fund (Bylaw No.: 4144)

Reserve fund used for: unforeseen operational repairs and maintenance; infrequent maintenance activities such as reservoir cleaning and inspection, hydrant maintenance and ground water well maintenance. Optimum minimum balance of \$4,500 (approximately 10%) of the annual operating budget.

Reserve Cash Flow

Fund: 1500 Fund Center: 105208

| | 2017 | Budget | | | | |
|--------------------------------|--------|---------------------------|-----------------------------------|---------------------|-----------------|-------|
| | | 2018 | 2019 | 2020 | 2021 | 2022 |
| Beginning Balance | 27,156 | 27,266 | 24,766 | 5,786 | 4,826 | 3,386 |
| Transfer from Operating Budget | 110 | 1,000 | 1,020 | 1,040 | 1,060 | 1,080 |
| Expenditures | - | (3,500) | (20,000) | (2,000) | (2,500) | - |
| Planned maintenance activity | | Distribution system flush | Reservoir cleaning and inspection | hydrant maintenacne | Well inspection | - |
| Interest Income* | | | | | | |
| Ending Balance \$ | 27,266 | 24,766 | 5,786 | 4,826 | 3,386 | 4,466 |

Reserve Schedule

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

Reserve Cash Flow

| Fund: 1076 Fund Center: 102020 | Budget | | | | | |
|--------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Beginning Balance | 87,405 | 104,218 | 95,218 | 96,218 | 97,218 | 98,218 |
| Transfer to Cap Fund | | (10,000) | - | - | - | - |
| Transfer from the Cap Fund | 13,839 | | | | | |
| Transfer from Operating Budget | 2,150 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Interest Income* | 824 | - | - | - | - | - |
| Ending Balance \$ | 104,218 | 95,218 | 96,218 | 97,218 | 98,218 | 99,218 |

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.

CAPITAL REGIONAL DISTRICT CAPITAL PLAN

CAPITAL BUDGET FORM
2018 & Forecast 2019 to 2022

Service #: 2.628
Service Name: Cedar Lane Water (SSI)

Project No.

The first two digits represent first year the project was in the capital plan.

Capital Expenditure Type

New Construction/ Project: 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

| Proj. No. | Capital Exp.Type | Capital Project Description | Total Project Budget | Asset Class | Funding Source | Carry Forward from 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 5 - Year Total |
|--------------|------------------|---------------------------------|----------------------|-------------|----------------|-------------------------|---------------|------|------|------|------|----------------|
| 17-01 | Study | Strategic Asset Management Plan | \$5,000 | E | Grant | \$5,000 | \$5,000 | \$0 | \$0 | \$0 | \$0 | 5,000 |
| 18-01 | Decommission | Abandon unused wells | \$10,000 | S | Res | \$10,000 | \$10,000 | \$0 | \$0 | \$0 | \$0 | 10,000 |
| | | | | | | | | | | | | - |
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| | | | | | | | | | | | | |
| Total | | | 15,000 | | | 15,000 | 15,000 | - | - | - | - | 15,000 |

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

Service: 2.628

Cedar Lane Water (SSI)

Proj. No. 17-01

Capital Project Title Strategic Asset Management Plan

Capital Project Description Identify condition of assets, develop prioritized list of infrastructure replacement

Asset Class Equipment

Board Priority Area Integrated Water Management

Corporate Priority Area Drinking Water

Project Rationale The Strategic Asset Management Plan will recommend a prioritized list of infrastructure replacements, which will serve as the basis for future capital spending plans. Additional funds may be required for staff to complete the plan.

Proj. No. 18-01

Capital Project Title Abandon unused wells

Capital Project Description Decommission wells

Asset Class Engineered Structures

Board Priority Area Integrated Water Management

Corporate Priority Area Drinking Water

Project Rationale The original system drilled five wells, and two (well #1 and #5) are in production and operate separately. Wells that are no longer in use must be closed to avoid potential future aquifer contamination. Abandoning a well must be in accordance with Groundwater Protection Regulations

Proj. No.

Capital Project Title 0

Capital Project Description 0

Asset Class Engineered Structures

Board Priority Area 0

Corporate Priority Area

0

Project Rationale

Cedar Lane Water (SSI)

Capital Projects Fund

| Year/Project# | Status | Capital Project Description | Total Budget | Expenditure Actuals | Remaining Funds | Funding Source-CRF* | Funding Source-Debt & Grant** | Return Surplus to CRF* | Return Surplus to Debt & Grant** |
|-----------------|--------|-----------------------------|--------------|---------------------|-----------------|---------------------|-------------------------------|------------------------|----------------------------------|
| CE.208 | CLOSED | Water System | 481,566 | (470,560) | 11,006 | | 481,566 | 11,006 | |
| CE.506.5505 | CLOSED | Safety Equipment | 2,000 | (1,693) | 307 | 2,000 | | 307 | |
| Interest Income | | | | | 2,526 | | | 2,526 | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | Totals | 483,566 | (472,253) | 13,839 | 2,000 | 481,566 | 13,839 | 0 |

* CRF (Capital Reserve Fund)

** MFA Debt & Grant

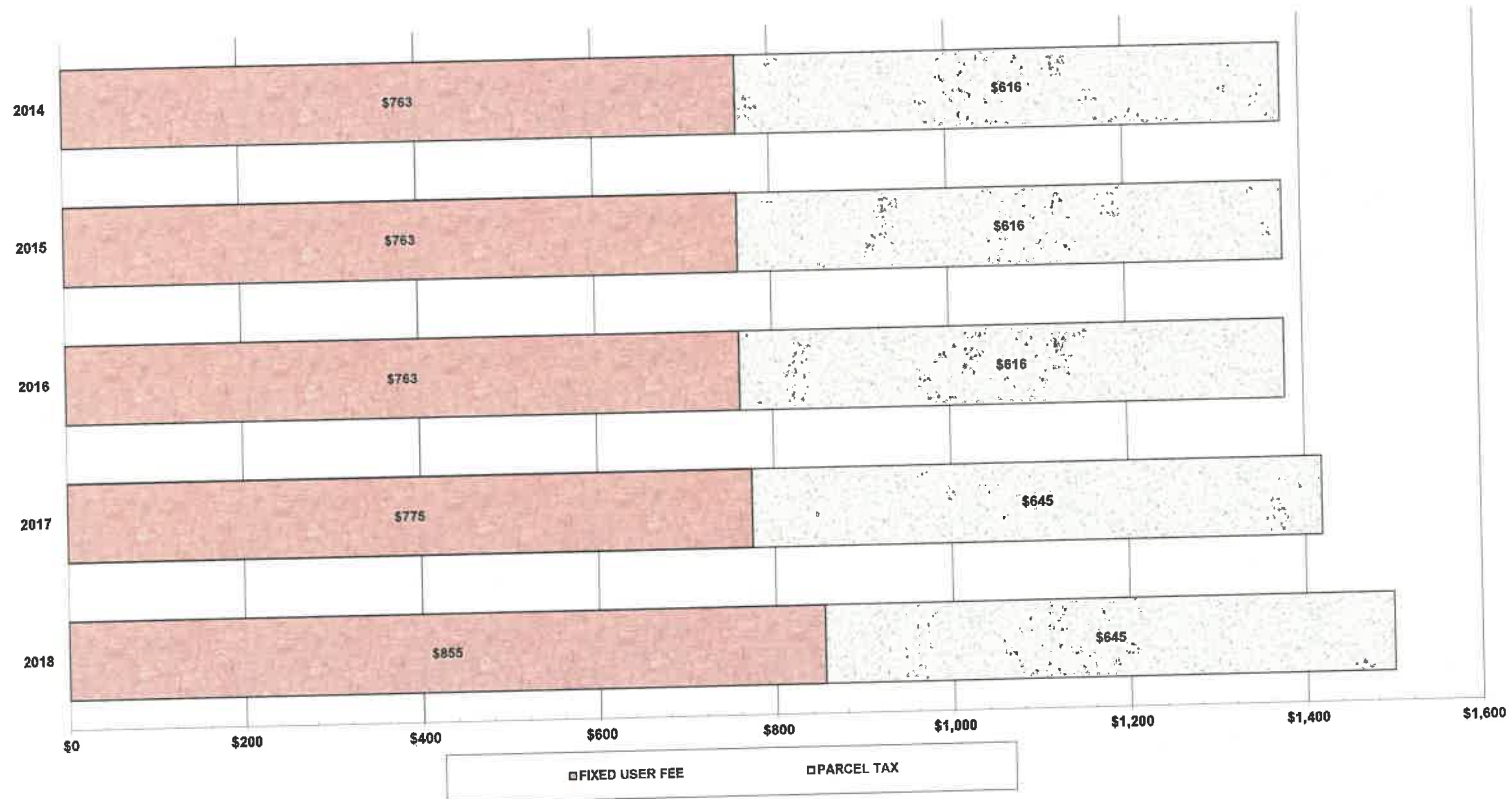
Service:

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 | 4171 | 15,179 |
| 2018 | 37 | \$644.59 | 37 | \$854.86 | \$1,499.45 | | |

CAPITAL REGIONAL DISTRICT CEDAR LANE WATER (SSI) FUNDING ANALYSIS 2014-2018



Actual Costs 2014-2017, Projected 2018
Prepared by CRD Finance
10/24/2017