



Making a difference...together

CEDARS OF TUAM WATER SERVICE COMMISSION
Notice of Meeting on **November 24, 2015 at 1:00 pm**
Salt Spring Public Library, 129 McPhillips Ave, Salt Spring Island, BC

Wayne McIntyre Ron Bain Peter Wypkema

AGENDA

1. Approval of Agenda

2. Adoption of Minutes of March 12, 2015

3. Chair and Director Report

4. Reports

4.1 2016 Operating and Capital Budget

That the Cedars of Tuam Water Service Commission recommends that the Capital Regional District Board:

1. Approve the 2016 operating and capital budget for the Cedars of Tuam Water Service as presented;
2. Authorize the fixed annual user charge of \$1,544.38 and consumption charge rate of \$0.90/m³ for the first 38m³ and \$7.70/m³ for consumption over 38m³ per billing period for the Cedars of Tuam Water Service
3. Balance the 2015 actual revenue and expenditures on the 2015 transfer to maintenance reserve fund.

5. New Business

5.1 Status update on current well production

5.2 New well site Statutory Right of Way

6. Outstanding Business

6.1

7. Motion to Close Meeting in Accordance with the Community Charter Part 4, Division 3, Section 90 (1): (e) the acquisition, disposition or expropriation of land or improvements, if the council considers that disclosure could reasonably be expected to harm the interests of the municipality; (k) negotiations and related discussions respecting the proposed provision of a municipal service that are at their preliminary stages and that, in view of the council, could reasonably be expected to harm the interests of the municipality if they were held in public

8. Adjournment

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



Making a difference...together

**Minutes of the Regular Meeting of the Cedars of Tuam Water Service Commission
Held March 12, 2015 in Public Library Meeting Room, 129 McPhillips Avenue, Salt Spring
Island, BC**

DRAFT

Present: **CRD Director:** Wayne McIntyre
Commission Members: Ron Bain, Peter Wypkema
Staff: Dan Robson, Saanich Peninsula and Gulf Islands Operations; Peggy Dayton, CRD Finance; Karla Campbell, Senior Manager; Keith Wahlstrom, Manager of Engineer Salt Spring Island; Tracey Shaver, Recording Secretary;

The Chair announced there was a quorum and called the meeting to order at 11:15 am.

1. Approval of Agenda

The Chair explained that the meeting was a continuation of the October 20, 2014 meeting and that the meeting would start with discussion on the budget and other items would be included if time permitted. The approval of the minutes would precede the discussion.

2. Adoption of Minutes of October 20, 2014

MOVED by Commissioner Bain, **SECONDED** by Director McIntyre,
That the October 20, 2014 minutes be approved.

CARRIED

3. 2015 Capital and Operating Budget

MOVED by Commissioner Wypkema, **SECONDED** by Commissioner Bain,

That the Cedars of Tuam Water Service Commission recommends that the Capital Regional District Board:

1. Authorize the 2015 fixed annual user charge of \$1,470.63 and consumption charge rate of \$0.90/m³ for the first 38m³ and \$7.70/m³ for consumption over 38m³ per billing period;
2. Transfer \$1,490 of the 2014 surplus to a maintenance reserve account and carry forward to 2015 the remaining \$420 as revenue;
3. Transfer \$20,861 of the General Capital Project Fund be transferred to the Capital Reserve Fund.
4. Change the proposed by transfer of \$310 from the Capital Reserve Fund to the Maintenance Reserve fund;
5. Approve the 2015 operating and capital budget for the Cedars of Tuam Water Service as amended.

CARRIED

MOVED by Commissioner Wypkema, **SECONDED** by Commissioner Bain,

That the Cedars of Tuam Water Service Commission recommend that:

1. The 2015 operating labour expenses in the budget are described and costed for the following categories:
 - 1.1. Operating labour requirements for 2015 for normal operation schedules and maintenance work;
 - 1.2. Administrative management and reporting support;
 - 1.3. Engineering project management support.
2. All available surplus funds from the 2014 year and projected for 2015 are allocated to the Maintenance Reserve Fund; or are transferred to the Capital Reserve Fund until the Commission is in receipt of the SAMP and a schedule of work is approved.
3. Capital Regional District staff provide a description of the work and cost estimate for maintenance and sand removal from the existing well shaft to the commission so that the work can be carried out before the end of May 2015 with the least disruption to operations and our neighbours.

CARRIED

A discussion took place on the ability to use the Maintenance Reserve Fund for the removal of sand in the well and it was determined there are no funds in that account; it must come out of the Reserve Fund as noted on Schedule G.

4. Adjournment

The chair requested a new regular meeting be arranged to complete the agenda items which have not been addressed. The meeting was adjourned at 12:25 pm.

CHAIR

SENIOR MANAGER



Making a difference...together

REPORT TO CEDARS OF TUAM WATER SERVICE COMMISSION
MEETING OF TUESDAY, NOVEMBER 24, 2015

ITEM 4.1

SUBJECT 2016 OPERATING AND CAPITAL BUDGET

ISSUE

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

In accordance with Bylaw No. 3693, "Cedars of Tuam Water Local 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 Revenue and Operating Expenditures

The estimated 2015 operating expenditures are projected to be **\$1,330** under budget as a result of the following:

1. Lower than budgeted expenditures for:
 - a. Repairs and maintenance (\$180)
 - b. Water testing (\$140)
 - c. Supplies (\$200)
 - d. Labour charges (\$260)
 - e. Other operating expenses (\$550)

The estimated 2015 revenue is projected to be **\$170** under budget primarily due to lower water consumption.

This results in a year-end surplus of **\$1,160**. It is proposed that the year-end surplus be transferred to the maintenance reserve fund to supplement to the \$310 planned transfer.

2016 Operating Budget

A decrease of **\$90** (-0.4%) in the 2016 operating expenditures is proposed as a result of the following:

- Decrease of \$20 in repairs and maintenance expenditures
- Increase of \$40 in water testing expenditures
- Increase of \$30 in electricity expenditures
- Decrease of \$40 in supplies
- Increase of \$70 in labour charges
- Decrease of \$170 in other operating expenditures.

2016 Debt and Reserve

Maintenance Reserve Fund:

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. Additionally, the maintenance fund could support the purchase of water should the well cease to produce water, typically during drought conditions.

During the 2015 budget process the Commission supported the need to contribute funds to a maintenance reserve and authorized an initial contribution of \$1,470 which essentially was the 2014 year end operating surplus. It is proposed that planned contributions continue and be set at \$1,000 in 2016.

It is also recommended that year-end operating surplus amounts be transferred to the maintenance reserve fund.

Capital Reserve Fund:

In keeping with the Commissions desire to not make contributions to the Capital Reserve Fund until a comprehensive strategic management plan is developed and approved, planned transfers to the capital reserve fund have been eliminated. However, the Commission may want to consider making contributions based on the amount of a year-end operating surplus.

The capital reserve fund balance at the end of 2016 is projected to be **\$19,861**.

MFA Debt Expenditures:

It is proposed that the 2016 debt servicing expenditures remain unchanged at \$1,610.

Capital Project Fund

The Cedars of Tuam water utility has one active Capital Project Fund as outlined below:

WLA3024 192005 – General Capital Project Fund

Purpose: New Well Development, SAMP and Waterworks Facility Project
Funds Remaining: \$8,100, of which \$5,000 is committed for the school right of way and a further \$3,100 for the SAMP.
Status: The statutory right of way for the new well and the SAMP still need to be completed from this project fund.

2016 Revenue (Parcel Tax and User Charges)

In order to meet operating expenses and debt servicing costs 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 be reduced from \$1,500 to \$1,400. This amount is based on water sale rates set at \$0.90/m³ for the first 38m³ and \$7.70/m³ for consumption over 38m³ per billing period. The rates remain unchanged from 2015.
- the user charge revenue be increased from \$23,530 to \$24,710. This is a result of not carrying forward any operating surplus as revenue in 2016; based on 16 connections, the proposed 2016 fixed annual user charge is \$1,544.38 (5% increase).

There is no parcel tax for the service.

2016-2020 Five Year Capital Plan

The purpose of a capital budget is to plan for infrastructure needs in one or more years beyond the year of acquisition. Often future-year expenditures are listed not for approval of the expenditure but for information, while the current or upcoming year is expressed in more concrete and detailed terms as the actual estimated expenditures for the period. Developing a capital plan with a multi-year perspective retains the interest of the service infrastructure needs. The plan can be renewed and updated rather than re-created each year when more financial information and costs can be solidified. This process offers the advantage of having major capital issues remain in the forefront.

Two capital projects planned for 2015 are proposed to be completed in 2016. These include:

1. Negotiating an improved road access statutory right-of-way (SROW). The current access to the reservoir is impassable due to steep grades and an irrigation pond. Staff will need to work with the Commission to finalize the scope of work related to this project (\$1,000).
2. Registering a SROW to provide maintenance access to a new well site on School District No. 64 property. This work is underway and may be completed prior to the new fiscal year (\$5,000).

Two capital projects are proposed to be completed in 2016. These include:

1. Strategic Asset Management Plan - a plan identifying level of service, maintenance requirements and capital improvements is to be developed once the well on the school site is secured (\$8,100).

2. 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).

RECOMMENDATIONS

That the Cedars of Tuam Water Service Commission recommends that the Capital Regional District Board:

1. Approve the 2016 operating and capital budget for the Cedars of Tuam Water Service as presented;
2. Authorize the fixed annual user charge of \$1,544.38 and consumption charge rate of \$0.90/m³ for the first 38m³ and \$7.70/m³ for consumption over 38m³ per billing period for the Cedars of Tuam Water Service;
3. Balance the 2015 actual revenue and expenditures on the 2015 transfer to maintenance reserve fund.

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

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

Peggy Dayton, BCom, CPA
Senior Financial Advisor
Finance and Technology

Karla Campbell
Senior Manager, Salt Spring Island Electoral
Area
Concurrence

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

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

:dg
Attachment: 2016 Budget Cedars of Tuam Water

CAPITAL REGIONAL DISTRICT

2016 Budget

Cedars of Tuam Water (SSI)

Committee Review

Compiled and Presented by CRD Finance

Sep 2015

Service: 2.622 Cedars of Tuam Water (SSI)

Committee: Electoral Area Services

DEFINITION:

To provide and operate water supply and distribution facilities for the Salt Spring Island Cedars of Tuam Water System Service Area.
Bylaw No. 3021 (October 9, 2002).

PARTICIPATION:

Local Service Area #45, T(764).

MAXIMUM LEVY:

Greater of \$25,425 or \$6.75 / \$1,000 of actual assessed value of land and improvements. To a maximum of \$51,893.

MAXIMUM CAPITAL DEBT:

AUTHORIZED: LA Bylaw No. 3024 (October 10, 2002)

24,000

BORROWED: SI Bylaw No. 3050 (March 12, 2003) 5.5%

(24,000) (Rate reduced to 2.1% June 2013)

REMAINING:

\$0

COMMITTEE:

Cedars of Tuam Water Service Committee established by bylaw No 3055 (March 12, 2003).

FUNDING:

User Charge

- Annual Fixed Fee per Water Service Connection plus consumption charge
- 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: (BL3993 March 2015)
 - First 38 cubic metres or portion - \$0.90 / cubic metre
 - Greater than 38 cubic metres - \$7.70 / cubic metre

Water Connection Charge

- Actual cost for the connection. See rates and regulations Bylaw No 3891 (March 2013).

RESERVE FUND:

Fund 1057, established by Bylaw #3136 (June 14, 2004); amended by Bylaw 3948 (April 16, 2014).

	2015		BUDGET REQUEST				FUTURE PROJECTIONS			
	BOARD BUDGET	ESTIMATED ACTUAL	2016 CORE BUDGET	2016 SUPPLEMENTARY	2016 TOTAL	2017	2018	2019	2020	
Cedars of Tuam Water (SSI)										
OPERATING COSTS:										
Repairs & Maintenance	480	300	460	-	460	460	460	460	460	
Allocations	2,140	2,140	2,140	-	2,140	2,170	2,200	2,230	2,260	
Water Testing	1,840	1,700	1,880	-	1,880	1,920	1,960	2,000	2,040	
Electricity	560	560	590	-	590	600	610	620	630	
Supplies	650	450	610	-	610	620	630	640	650	
Labour Charges	16,760	16,500	16,830	-	16,830	17,170	17,520	17,870	18,230	
Other Operating Expenses	1,210	660	1,040	-	1,040	1,050	1,060	1,070	1,080	
TOTAL OPERATING COSTS	23,640	22,310	23,550	-	23,550	23,990	24,440	24,890	25,350	
*Percentage Increase over prior year					-0.4%	1.9%	1.9%	1.8%	1.8%	
DEBT/RESERVES										
Transfer to Capital Reserve	-	-	-	-	-	-	-	-	-	
Transfer to Maintenance Reserve	310	1,470	1,000	-	1,000	1,080	1,410	2,860	2,950	
MFA Debt Principal	1,110	1,110	1,110	-	1,110	1,110	1,110	-	-	
MFA Debt Interest	500	500	500	-	500	500	250	-	-	
TOTAL DEBT / RESERVES	1,920	3,080	2,610	-	2,610	2,690	2,770	2,860	2,950	
TOTAL COSTS	25,560	25,390	26,160	-	26,160	26,680	27,210	27,750	28,300	
FUNDING SOURCES (REVENUE)										
Estimated balance C/F from 2015 to 2016	-	-	-	-	-	-	-	-	-	
Balance C/F from 2014 to 2015	(420)	(420)	-	-	-	-	-	-	-	
Sales - Water	(1,500)	(1,350)	(1,400)	-	(1,400)	(1,430)	(1,460)	(1,490)	(1,520)	
User Charges	(23,530)	(23,530)	(24,710)	-	(24,710)	(25,200)	(25,700)	(26,210)	(26,730)	
Other Revenue	(110)	(90)	(50)	-	(50)	(50)	(50)	(50)	(50)	
TOTAL REVENUE	(25,560)	(25,390)	(26,160)	-	(26,160)	(26,680)	(27,210)	(27,750)	(28,300)	
REQUISITION	-	-	-	-	-	-	-	-	-	

Service: 2.622 Service Name: Cedars of Tuam Committee: Electoral Area Services

<u>Year</u>	<u>Connections</u>	<u>User Charge*</u>	<u>Bylaw</u>	<u>Assessments \$(000's)</u>
2011	16	\$1,603.87	3777	8,855
2012	16	\$1,603.87	3822	8,732
2013	16	\$1,373.62	3891	8,249
2014	16	\$1,373.62	3925	8,199
2015	16	\$1,470.63		8,199
2016 Budget	16	\$1,544.38		-

* A consumption charge is paid in addition to the fixed user charge

CAPITAL REGIONAL DISTRICT - SCHEDULE G

CAPITAL BUDGET FORM 2016 & Forecast 2017 to 2020

Service #: **2.622**
 Service Name: **Cedars of Tuam Water (SSI)**

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 Amount Total (5)		Grant Program Sponsor (6)	Loan Authorization # (7)	Participants (8) ↓	%
				Source (4)** ↓	Amount Total				
2016	S	Register SRW on School Property	5,000	C	5,000				
2016	S	Negotiate Access Road SRW	1,000	C	1,000				
2016	S	Strategic Asset Management Plan	6,800	G	5,000				
				C	1,800				
2016	S	Eyewash/drench	2,000	R	2,000				
*** Please insert more lines here (above this line) if required. ***									
TOTAL			14,800		14,800				

<p>Type Codes (2)*</p> <ul style="list-style-type: none"> L = Land S = Engineering Structures B = Buildings V = Vehicles E = Equipment 	<p>Funding Source Codes (4)**</p> <ul style="list-style-type: none"> D = Debenture Debt (new debt only) E = Equipment Replacement Fund G = Grants (Federal, Provincial) O = Donations / Third Party Funding
--	--

C = Capital Funds on Hand
R = Reserve Fund
S = Short Term Loans
L = Lands Sales

Service: 2.622 Cedars of Tuam Water (SSI)

Committee: Electoral Area Services

Register SRW on School Property (2016)

\$5,000

A statutory right of way is required to provide legal and perpetual access to the well on the school districts. SRW to allow for developing and maintaining the well and any piping, buildings, access roads.

Negotiate Access Road SRW (2016)

\$1,000

The legal access to the reservoir and existing well is difficult. It is proposed to negotiate an access SRW with the property owner along a different route for the purpose of maintenance.

Strategic Asset Management Plan (2016)

\$8,100

A plan identifying level of service, maintenance requirements and capital improvements is to be developed once the well on the school site is secured.

Eyewash Safety Equipment (2016)

\$2,000

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.

Reserve Schedule

Reserve Fund: 2.622 Cedars of Tuam Water (SSI) Capital Reserve Fund (Bylaw No.: 3948)

Reserve Cash Flow

Fund: 1057 Fund Center: 101843

	Budget					
	2015	2016	2017	2018	2019	2020
Beginning Balance	10,600	21,861	19,861	19,861	19,861	19,861
Transfer to Cap Fund (Based on Capital Plan)	(10,000)	(2,000)	-	-	-	-
Transfer from Cap Fund	20,861	-	-	-	-	-
Transfer from Operating Budget	-	-	-	-	-	-
Interest Income*	400	-	-	-	-	-
Ending Balance \$	21,861	19,861	19,861	19,861	19,861	19,861

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.

Cedars of Tuam Reserves
 Summary Schedule
 2016 - 2020 Financial Plan

Reserve/Fund Summary

	2015 Estimate	Budget				
		2016	2017	2018	2019	2020
Maintenance Reserve	2,960	3,960	5,040	3,450	6,310	9,260
Capital Reserve Fund	21,861	19,861	19,861	19,861	19,861	19,861
Total	24,821	23,821	24,901	23,311	26,171	29,121

**Capital Regional District
For the Year Ended December 31, 2014**

Capital Regional District

Statement 29

**Water Revenue Fund
Statement of Operations (Unaudited)
For the Year Ended December 31, 2014**

	Cedars of Tuam Water Supply	2014 Budget	2014 Actual
Revenue			
Sale of services:			
Other sales	\$ 23,418	\$ 23,578	\$ 23,418
Other revenue from own sources:			
Interest earnings	60	60	60
Other revenue	21	50	21
Total revenue	23,499	23,688	23,499
Expenses			
General admin	1,630	1,630	1,630
Other operating expenses	21,016	21,481	21,016
MFA reserve	11	10	11
Total expenses	22,657	23,121	22,657
Net revenue (expenses)	842	567	842
Transfers to own funds:			
Trans to reserve	350	345	350
Transfers from own funds:			
Debt charges:			
Interest on short term debt	-	150	-
Interest on long term debt	504	504	504
Principal	1,112	-	1,112
Annual surplus (deficit)	(1,124)	(432)	(1,124)
Accumulated surplus (deficit), beginning of year	1,545	1,545	1,545
Accumulated surplus, end of year	\$ 421	\$ 1,113	\$ 421