



Making a difference...together

CEDARS OF TUAM WATER SERVICE COMMISSION
Notice of Meeting on **November 30, 2017 at 1:00 pm**
Creekside Meeting Room, Suite 108 121 McPhillips Ave, Salt Spring Island, BC

Wayne McIntyre Ron Aird Peter Wypkema

AGENDA

1. Approval of Agenda

2. Adoption of Minutes of March 10, 2017

3. Chair and Director Report

4. Reports

4.1 2018 Operating and Capital Budget

That the Cedars of Tuam Water Service 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 Operating 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 Cedars of Tuam Water Service as presented.

5. New Business

6. Outstanding Business

7. Adjournment

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

EXEC-1295039085-1436



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**Minutes of the Regular Meeting of the Cedars of Tuam Water Service Commission
Held March 10, 2017 in Portlock Portable Meeting Room, 145 Vesuvius Bay Road,
Salt Spring Island, BC**

DRAFT

Present: **CRD Director:** Wayne McIntyre
 Commission Members: Peter Wypkema, Ron Aird
 Staff: Karla Campbell, Senior Manager SSI Electoral Area; Keith Wahlstrom,
 Manager, Engineering SSI Electoral Area; Dan Robson, Manager, Saanich
 Peninsula and Gulf Islands Operations; Kyu-Chang Jo, Financial Analyst; Tracey
 Shaver, Recording Secretary

The Senior Manager Campbell called the meeting to order at 10:15 AM.

1. Approval of Agenda

MOVED by Commissioner Wypkema, **SECONDED** by Director McIntyre,
That the Cedars of Tuam March 10, 2017 agenda be approved with the addition of item
1.5 Election of Chair

CARRIED

1.5 Election of Chair

Senior Manager Campbell conducted the election for the Chair of Cedars of Tuam.
Commissioner Aird nominated Peter Wypkema for the position of Chair. Director McIntyre
seconded the nomination and Peter Wypkema accepted and presided over the remainder
of the meeting.

2. Adoption of Minutes of September 22, 2016

MOVED by Commissioner Wypkema, **SECONDED** by Commissioner Aird,
That the Cedars of Tuam minutes of September 22, 2016 be approved.

CARRIED

3. Chair and Director Report

3.1 Chair

Chair Wypkema had three items for comment:

1. Requesting clarification on the Capital Project Fund Table on page 7.
2. Seeking explanation for using the term "estimated actuals" for 2016 budget report versus final numbers.
3. Relief that the well agreement has been signed by the School District and is looking forward to moving project ahead and consulting with the residents.

3.2 Director

Director McIntyre briefly reported on the following:

1. Harbour Walk Project Steering Committee has been selected; seeking a project manager.
2. CRD Governance Committee is seeking enhanced web streaming of meetings to increase quality, access and transparency.
3. Electoral Area Service Committee is recommending to the CRD Board to allow approval of electronic participation in meetings under specific guidelines.

4. Drake Road Affordable Housing- Hydrology study to be conducted to seek alternative water source for project due to NSSWD moratorium on connecting to their system.
5. CRD has endorsed the use of the CREST Radio Services for five years.
6. KPMG will be conducting the 2016 Capital Regional District Audit Plan.
7. Terms of reference established for new housing and hospital committee.

4. Reports

4.1 Operating and Capital Budget

Staff reviewed the report and briefly discussed the following topics:

- Explanation of CRD internal accounting systems for capital projects.
- Clarification of allocations vs. supplies; Allocations are internal transfers for CRD administrative services such as finance, human resources, legislative services, while supplies refer to chemicals, small replacement valves, gravel etc.
- Request for list of items which can be paid for out of maintenance reserves. List to include differences between annual, unexpected and periodic work.
- Definitions for Capital Reserve Funds and Maintenance Funds to be presented with 2018 Budget.
- SAMP to be complete by fall of 2017.
- Currently no parcel tax for Cedars of Tuam; high annual user charge established to maintain service as there are many absentee owners. High consumption fees.
- Each year the plan shows a transfer to maintenance reserves. Funds could be used to truck in water should it become necessary. Transfers to capital reserves must be used for a specific capital project and therefore are more restricted. Capital reserve funds can be used in situations which extend the life cycle of the asset. (eg: new pump)
- No mechanism in place to charge absent owners for water leaks. To qualify for a leak adjustment it must be verified that repairs have been made and it was not an oversight. (eg: leaving hose running does not qualify for adjustment)
- 2016 deficit to be balanced by transferring funds from the maintenance and capital reserves.
- Budget and report accepted.

MOVED by Commissioner Aird, **SECONDED** by Commissioner Wypkema,

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

1. Approve the 2017 operating and capital budget for the Cedars of Tuam Water Service as presented;
2. Authorize the fixed annual user charge of \$1,623.75 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; and,
3. Authorize the transfer of \$2,882 from the Capital Reserve Fund to the 2016 Operating Budget.

CARRIED

5. New Business

6. Outstanding Business

7. Adjournment

MOVED by Commissioner Wypkema, **SECONDED** by Director McIntyre,

The meeting was adjourned at 11:20 am.

CHAIR

SENIOR MANAGER



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**REPORT TO CEDARS OF TUAM WATER SERVICE COMMISSION
MEETING OF THURSDAY, NOVEMBER 30, 2017**

SUBJECT 2018 OPERATING AND CAPITAL BUDGET

ISSUE

To present the 2018 operating and capital budget. In accordance with Bylaw No 3055, "Cedars of Tuam Water Service Commission Bylaw No. 1, 2003" 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 five year Financial Plan. CRD staff have therefore, prepared the financial plan shown in Appendix A to this report for the Cedars of Tuam 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 \$1,300 under budget. The CRD staff recommend that the budgeted transfer to the Operating Reserve Fund be increase to balance the 2017 budget.

The 2018 operating budget has been increased by 4.5% over the 2017 budget to account for inflation and increased labour charges.

Municipal Finance Authority (MFA) Debt

The debt servicing costs are on the amount of \$24,000 borrowed in 2003 and being amortized over 15 years with a rate of interest of 2.1%. There will be no change in debt servicing costs of \$1,610 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 the transfer amount to the operating reserve for 2018 be \$1,030, an increase of 2%. Transfers to the Operating Reserve Fund will increase in future years to ensure future maintenance activities are fully funded while maintaining and optimum minimum balance.

The operating reserve balance at the end of 2017 is projected to be \$4,614.

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.

The 2018 budget presented does not include transfers to the Capital Reserve Fund in 2018 or in future years. Although the five year capital plan presented is fully funded by existing project funds and Capital Reserve Funds, the Strategic Asset Management plan scheduled for 2018 will likely result in the need for additional future capital investments. Funding strategies will need to be explored for these potential future projects.

The balance at the end of 2017 is projected to be approximately \$16,670.

Capital Expenditure Plan

The 5-year plan includes \$23,100 of expenditures to be funded by a combination of Community Works Funds grants, the service's Capital Reserve Fund and capital funds on hand.

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 \$3,053 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. The proposed 2018 user charge of \$1,695 is an increase from the 2017 rate. Historical user charge data is included for information.

RECOMMENDATION

That the Cedars of Tuam Water Service 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 Operating 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 Cedars of Tuam 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 Cedars of Tuam – Commission Review Nov 2017

CAPITAL REGIONAL DISTRICT

2018 Budget

Cedars of Tuam Water (SSI)

Commission Review

Compiled and Presented by CRD Finance

Nov-17

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 \$54,475.

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:		<u><u>\$0</u></u>

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: (BL4171 March 2017)
 - 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 4171 (March 2017).

RESERVE FUND:

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

Cedars of Tuam Water (SSI)	2017		BUDGET REQUEST				FUTURE PROJECTIONS			
	BOARD BUDGET	ESTIMATED ACTUAL	CORE BUDGET	2018 ONGOING	ONE-TIME	TOTAL	2019	2020	2021	2022
OPERATING COSTS:										
Repairs & Maintenance	460	460	460	-	-	460	460	460	460	460
Allocations	3,140	2,210	2,140	-	-	2,140	2,180	2,220	2,260	2,300
Water Testing	1,910	1,800	1,950	-	-	1,950	1,990	2,030	2,070	2,110
Electricity	600	550	620	-	-	620	630	640	650	660
Supplies	610	660	690	-	-	690	700	710	720	730
Labour Charges	16,180	16,130	18,120	-	-	18,120	18,470	18,840	19,210	19,600
Other Operating Expenses	1,640	1,430	1,660	-	-	1,660	1,680	1,700	1,720	1,740
TOTAL OPERATING COSTS	24,540	23,240	25,640	-	-	25,640	26,110	26,600	27,090	27,600
*Percentage Increase over prior year						4.5%	1.8%	1.9%	1.8%	1.9%
DEBT/RESERVES										
Transfer to Capital Reserve	-	-	-	-	-	-	-	-	-	-
Transfer to Operating Reserve Fund	1,010	2,340	1,030	-	-	1,030	2,660	2,730	2,790	2,860
MFA Debt Principal	1,110	1,110	1,110	-	-	1,110	-	-	-	-
MFA Debt Interest	500	500	500	-	-	500	-	-	-	-
TOTAL DEBT / RESERVES	2,620	3,950	2,640	-	-	2,640	2,660	2,730	2,790	2,860
TOTAL COSTS	27,160	27,190	28,280	-	-	28,280	28,770	29,330	29,880	30,460
FUNDING SOURCES (REVENUE)										
Sales - Water	(1,100)	(1,100)	(1,100)	-	-	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)
User Charges	(25,980)	(25,980)	(27,120)	-	-	(27,120)	(27,620)	(28,180)	(28,730)	(29,310)
Other Revenue	(80)	(110)	(60)	-	-	(60)	(50)	(50)	(50)	(50)
TOTAL REVENUE	(27,160)	(27,190)	(28,280)	-	-	(28,280)	(28,770)	(29,330)	(29,880)	(30,460)
REQUISITION	-	-	-	-	-	-	-	-	-	-
*Percentage increase over prior year										
User Charge						4.4%	1.8%	2.0%	2.0%	2.0%

Reserve Schedule

Reserve Fund: 2.622 Cedars of Tuam Water (SSI) Operating Reserve Fund

Reserve fund used for: unforeseen operational repairs and maintenance; infrequent maintenance activities such as reservoir cleaning and inspection, hydrant teardowns and ground water well maintenance. Optimum minimum balance of \$2,500 (approximately 10%) of the annual operating budget.

Reserve Cash Flow

Fund: 1500 Fund Center: 105532

	Budget					
	2017	2018	2019	2020	2021	2022
Beginning Balance	3,522	5,944	6,974	4,634	5,864	6,154
Transfer from Operating Budget	2,340	1,030	2,660	2,730	2,790	2,860
Expenditures	-	-	(5,000)	(1,500)	(2,500)	-
Planned maintenance activity			Reservoir cleaning and inspection	Hydrant Maintenance	Well inspection	
Interest Income*	82	-	-	-	-	-
Ending Balance \$	5,944	6,974	4,634	5,864	6,154	9,014

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					
	2017	2018	2019	2020	2021	2022
Beginning Balance	22,426	16,669	7,669	2,669	2,669	2,669
Transfer to Cap Fund (Based on Capital Plan)	(9,000)	(9,000)	(5,000)			
Transfer from Operating Budget	-	-	-	-	-	-
Transfer from Cap Fund	3,053					
Interest Income*	190	-	-	-	-	-
Ending Balance \$	16,669	7,669	2,669	2,669	2,669	2,669

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 #: 2.622
Service Name: Cedars of Tuam 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
16-01	Study	Access Road	\$1,000	S	Cap	\$1,000	\$1,000	\$0	\$0	\$0	\$0	1,000
16-02	Study	Strategic Asset Management Plan	\$8,100	S	Cap	\$8,100	\$8,100	\$0	\$0	\$0	\$0	8,100
17-01	Replacement	Failed Isolation Valves	\$9,000	S	Res	\$9,000	\$9,000	\$0	\$0	\$0	\$0	9,000
18-01		Abandon unused wells	\$5,000	S	Res	\$0	\$0	\$5,000	\$0	\$0	\$0	5,000
												0
Total						23,100	18,100	5,000	-	-	-	23,100

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: 2.622

Cedars of Tuam Water (SSI)

Proj. No. 16-01

Capital Project Title Access Road

Capital Project Description Negotiate access road to well

Asset Class Engineered Structures

Board Priority Area Integrated Water Management

Corporate Priority Area Drinking Water

Project Rationale *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.*

Proj. No. 16-02

Capital Project Title Strategic Asset Management Plan

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

Asset Class Engineered Structures

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. 17-01

Capital Project Title Failed Isolation Valves

Capital Project Description Replace failed isolation valves

Asset Class Engineered Structures

Board Priority Area Integrated Water Management

Corporate Priority Area Drinking Water

Project Rationale *Two water main line isolation valves and 2 stand pipe isolation valves have failed, making isolation of leaks and subsequent repairs very difficult. Further, it jeopardize the ability to quickly and efficiently repair problems while reducing the risk of actually running out of water.*

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

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 <i>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. The unused well on the Cedars of Tuam may require work for proper abandonment. This line item is primarily a notice until further assessment is completed.</i>		

Proj. No.	Capital Project Title 0	Capital Project Description 0
Asset Class #N/A	Board Priority Area 0	Corporate Priority Area 0
Project Rationale		

Proj. No.	Capital Project Title 0	Capital Project Description 0
Asset Class #N/A	Board Priority Area 0	Corporate Priority Area 0
Project Rationale		

Proj. No.	Capital Project Title 0	Capital Project Description 0
Asset Class #N/A	Board Priority Area 0	Corporate Priority Area 0

Cedars of Tuam Water (SSI)

Capital Projects Fund

Year/Project#	Status	Capital Project Description	Total Budget	Expenditure Actuals	Remaining Funds	Funding Source-CRF*	Funding Source-CWF**	Return Surplus to CRF*	Return Surplus to CWF**
2011 CE.091.4602	CLOSED	School Dist Well Agreement	5,154	(6,342)	(1,188)				
2011 CE.091.4603	OPEN	SAMP Study	11,300	(3,167)	8,133		10,000		
2015 CE.091.4604	CLOSED	Remove Sand from Well	5,000	(3,140)	1,860	3,800		1,860	
2016 CE.506.5503	CLOSED	Safety Equipment for Eyewash	2,000	(807)	1,193	2,000		1,193	
2017 CE.618.1601	OPEN	Valve Replacement	9,000	(2,607)	6,393	9,000			
		Totals	32,454	(16,063)	16,391	14,800	10,000	3,053	0

* CRF (Capital Reserve Fund)

** CWF (Community Works Fund)

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	3993	8,199
2016	16	\$1,544.38	4073	7,717
2017	16	\$1,623.75	4171	8,070
2018	16	\$1,695.00		

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