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**REPORT TO FERNWOOD WATER LOCAL SERVICE COMMISSION
AND HIGHLAND WATER AND SEWER LOCAL SERVICES COMMISSION**

SUBJECT REVENUE AND EXPENDITURE STATEMENTS AS AT JUNE 30, 2011

BACKGROUND

The attached statements provide high level summary of the revenues and expenditures of the Fernwood Water Service, Highland Water Service and Maliview Sewer Service, for both operating and capital as at June 30, 2011 and the projected forecast up to the end of the year.

COMMENTS

1. FERNWOOD WATER SERVICE

a) Revenue

User Charge (fixed fee) revenue is on target and Sale of Water (consumption charge) revenue is slightly ahead of target. Parcel tax revenue for the year will be received in August.

b) Operating Expenditures

Operating expenditures are forecast to exceed budget due to the following:

- Operating labour
 - Additional chlorine testing due to toxic algae bloom in St Mary Lake
 - Repair to the treated water pipe passing through the treatment plant floor
- Equipment repair materials
 - Materials purchased for pipe repair at water treatment plant. These costs will be reallocated to capital expense at year-end, and the forecast has been adjusted to reflect this transfer.
- Chemical supplies
 - Budget is insufficient for current chlorine usage, as reflected in 2010 actual expense
- Water Testing
 - Toxin sampling and testing due to toxic algae bloom

As a result of the foregoing, forecast expenditures exceed budget allocations by \$16,029. The contingency of \$10,796 will be fully expended, resulting in a forecast deficit of \$5,233 for the 2011 year.

Fernwood Water Service Commission and Highland Water and Sewer Services Commission
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c) Capital Expenditures

The status of the 2011 Capital Plan is as follows:

Project	Status	Budget	Expense to Jun 30	Percent Complete
System Upgrade – Treatment and Distribution (Fernwood and Highland)	<ul style="list-style-type: none"> • Tentative settlement with Ridgeline • Plant construction tender call issued Jul 21, closes Aug 11 	\$2,006,220*	\$885,647	40%
Reservoir Chlorine Monitoring Equipment	Project not initiated as at 30 June	\$15,000	\$0	0%
Strategic Asset Management Plan	Project not initiated as at 30 June	\$5,000	\$0	0%

*Budget currently in SAP - does not include \$500,000 borrowing authorized March 2011

2. HIGHLAND WATER SERVICE

a) Revenue

User Charge (fixed fee) and Sale of Water (consumption charge) revenue are on target. Parcel tax revenue for the year will be received in August. Other income includes \$700 connection revenue.

b) Operating Expenditures

Some operating expenditures are forecast to exceed budget due to the following:

- Operating labour, Administration and engineering, Vehicles, Travel expenses, Water Testing, Operating Supplies
 - Response to toxic algae bloom in St Mary Lake, and resulting "Do not Consume" advisory and water dispensing service in January and February.
- Electricity
 - BC Hydro rate increase

The operating contingency of \$94,601 is sufficient to accommodate the foregoing, leaving a forecast 2011 year-end surplus of \$41,969.

c) Capital Expenditures

The status of the 2011 Capital Plan is as follows:

Project	Status	Budget	Expense to Jun 30	Percent Complete
System Upgrade – Treatment and Distribution	(see above – Fernwood Capital Expenditures)			
Communications/SCADA Upgrades – Mid and Upper Reservoirs	Project not initiated as at 30 June	\$20,000	\$0	0%
Strategic Asset Management Plan	Project not initiated as at 30 June	\$10,000	\$0	0%

3. MALIVIEW SEWER SERVICE

a) Revenue

User Charge (fixed fee) and Sale – Sewer Use (consumption charge) revenue are on target. Parcel tax revenue for the year will be received in August.

b) Operating Expenditures

Contract for Services expense is forecast to exceed budget due to a sewer backup. Disposal costs are forecast to be lower than budgeted. As a result, a 2011 year-end surplus of \$16,550 is forecast, including unspent contingency (assuming that the contingency of \$15,850 remains unused).

c) Capital Expenditures

The status of the 2011 Capital Plan is as follows:

Project	Status	Budget	Expense to Jun 30	Percent Complete
MSR Effluent Compliance Sampling Site	Project not initiated as at 30 June	\$10,000	\$0	0%
Strategic Asset Management Plan	Project not initiated as at 30 June	\$5,000	\$0	0%

RECOMMENDATION

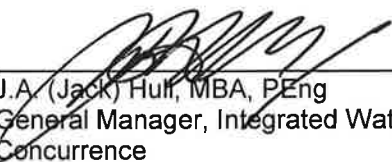
That the Fernwood Water Local Service Commission and the Highland Water and Sewer Local Services Commission receive this report.



 Ted Robbins, B.A.Sc, C.Tech
 Senior Manager, Water Management



 Rajat Sharma
 Senior Manager, Financial Services



 J.A. (Jack) Hull, MBA, P.Eng
 General Manager, Integrated Water Services
 Concurrence

CS/TR:ls
 Attachments: 3

CAPITAL REGIONAL DISTRICT
 QUARTERLY SUMMARY OF REVENUE AND EXPENDITURE
 FERNWOOD WATER SERVICE
 FOR THE 2ND QUARTER ENDING JUNE 30, 2011

	JUNE YTD ACTUAL	2011 FORECAST	2011 ANNUAL BUDGET
REVENUE			
Sale of Water	(3,729)	(14,011)	(12,950)
User Charge	(28,690)	(57,770)	(57,770)
Parcel tax requisition		(24,760)	(24,760)
Other income	(170)	(1,610)	(1,610)
Prior year surplus c/f	(16,678)	(16,678)	(16,678)
	<u>(49,266)</u>	<u>(114,829)</u>	<u>(113,768)</u>
EXPENDITURE			
Contract for services		180	180
Operating labour	36,394	48,391	40,391
Administration and engineering	5,343	11,388	11,388
Other labour	355	710	710
Vehicles	2,569	3,914	3,914
Water quality oversight	864	1,728	1,728
Travel expenses	1,131	1,550	1,550
Rentals and Leases		100	100
Licences, surveys, fees	150	150	260
Utilities	1,066	2,300	2,000
Other operating costs	956	1,650	1,650
Disposal Costs	#N/A	#N/A	#N/A
Corp services, insurance, legal	3,049	5,470	5,470
Water testing	7,961	16,030	9,030
Equipment repair materials	4,297	1,870	1,870
Electricity	1,629	4,040	4,040
Other Supplies	168	50	50
Chemical Supplies	545	2,500	600
Operating supplies	1,602	2,400	2,400
Land Rental	#N/A	#N/A	#N/A
Marine Monitoring/Lab	#N/A	#N/A	#N/A
*Operating Projects (actuals only)	#N/A	#N/A	#N/A
Contingency			10,796
Debt Servicing	5,687	14,456	14,456
MFA Debt Reserve		1,185	1,185
Transfer to Capital Fund			
Transfer to Capital Reserve Fund			
Prior year deficit c/f			
	<u>73,765</u>	<u>120,062</u>	<u>113,768</u>
(SURPLUS)/DEFICIT	<u>24,498</u>	<u>5,233</u>	<u>0</u>

Note * actual in operating projects use separate accounts that are budgeted in another line.

CAPITAL REGIONAL DISTRICT
 QUARTERLY SUMMARY OF REVENUE AND EXPENDITURE
 HIGHLANDS WATER SERVICE
 FOR THE 2ND QUARTER ENDING JUNE 30, 2011

	JUNE YTD ACTUAL	2011 FORECAST	2011 ANNUAL BUDGET
REVENUE			
Sale of Water	(15,861)	(38,975)	(38,975)
User Charge	(24,194)	(48,090)	(48,090)
Parcel tax requisition		(116,250)	(116,250)
Other income	(2,604)	(4,260)	(3,560)
Prior year surplus <i>c/f</i>	(99,375)	(99,375)	(99,375)
	<u>(142,035)</u>	<u>(306,950)</u>	<u>(306,250)</u>
EXPENDITURE			
Contract for services	1,093	1,093	900
Operating labour	69,044	104,604	75,410
Administration and engineering	15,532	23,170	21,170
Other labour	1,155	2,310	2,310
Vehicles	6,391	10,579	7,329
Water quality oversight	864	1,728	1,728
Travel expenses	2,611	3,967	2,457
Rentals and Leases	57	2,000	2,020
Licences, surveys, fees	150	150	200
Utilities	479	1,110	1,210
Other operating costs	2,368	3,650	5,775
Disposal Costs			
Corp services, insurance, legal	5,375	9,570	9,570
Water testing	11,206	26,830	11,830
Equipment repair materials	5,005	9,870	9,870
Electricity	6,066	12,000	11,000
Other Supplies		100	100
Chemical Supplies	761	8,000	8,200
Operating supplies	4,411	4,700	1,020
Contingency			94,601
Debt Servicing	5,163	37,625	37,625
MFA Debt Reserve		1,925	1,925
Transfer to Capital Fund			
Transfer to Capital Reserve Fund			
	<u>137,731</u>	<u>264,981</u>	<u>306,250</u>
(SURPLUS)/DEFICIT	<u>(4,304)</u>	<u>(41,969)</u>	<u>(0)</u>

CAPITAL REGIONAL DISTRICT
 QUARTERLY SUMMARY OF REVENUE AND EXPENDITURE
 MALIVIEW SEWER SERVICE
 FOR THE 2ND QUARTER ENDING JUNE 30, 2011

	JUNE YTD ACTUAL	2011 FORECAST	2011 ANNUAL BUDGET
REVENUE			
Sale - Sewer Use	(8,694)	(17,700)	(17,700)
User Charge	(16,250)	(32,593)	(32,593)
Parcel tax requisition		(28,835)	(28,835)
Other income	(166)	(1,170)	(1,170)
Prior year surplus c/f	(8,568)	(8,568)	(8,568)
	<u>(33,679)</u>	<u>(88,866)</u>	<u>(88,866)</u>
EXPENDITURE			
Contract for services	2,834	4,300	3,500
Operating labour	7,822	19,297	19,297
Administration and engineering	2,674	5,577	5,577
Other labour	430	860	860
Vehicles	519	1,476	1,976
Travel expenses		675	675
Rentals and Leases		300	300
Licences, surveys, fees		50	50
Utilities	500	780	780
Other operating costs	196	500	500
Disposal Costs	2,566	9,000	10,000
Corp services, insurance, legal	2,355	4,210	4,210
Water testing		100	100
Equipment repair materials	366	2,467	2,467
Electricity	1,296	2,250	2,250
Other Supplies	#N/A	#N/A	#N/A
Chemical Supplies		100	100
Operating supplies	335	660	660
Land Rental		30	30
Marine Monitoring/Lab	1,920	7,580	7,580
*Operating Projects (actuals only)	130		
Contingency			15,850
Debt Servicing	2,851	9,104	9,104
MFA Debt Reserve		20	20
Transfer to Capital Fund	#N/A	#N/A	#N/A
Transfer to Capital Reserve Fund		2,980	2,980
	<u>26,794</u>	<u>72,316</u>	<u>88,866</u>
(SURPLUS)/DEFICIT	<u>(6,885)</u>	<u>(16,550)</u>	<u>0</u>

Note * actual in operating projects use separate accounts that are budgeted in another line.