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FULFORD WATER SERVICE COMMISSION ANNUAL GENERAL MEETING

Notice of Meeting on Friday, February 28, 2014 at 10 am
Fulford Hall, OAP Room
2591 Fulford-Ganges Road, Salt Spring Island, BC

AGENDA

1. Call to Order
2. Approval of Agenda
3. Minutes of October 20, 2012 Annual General Meeting
4. Chair's Report — Hand out at Table ATTACHED
5. Operations Report
6. Election of Officers
7. New Business
8. Adjournment

To ensure a quorum, advise Tracey Shaver at 250.537.4448 if you cannot attend.



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**Minutes of the Fulford Water Service Area 2011 Annual General Meeting
Held October 20, 2012 in the
Fulford Hall OAP, Salt Spring Island, BC**

Present: CRD Director: Wayne McIntyre

Commission Members:

Carole Eyles – Chair; Martyn Day; Jonathan Yardley (2:06 pm)

Staff: Ted Robbins, Acting GM of Integrated Water Services; Kees Ruurs, CRD EA Senior Manager; Ralf Waters, CRD EA Engineer; Sarah Shugar, Recording Secretary

10 Members of the Public

Sean McIntyre, Driftwood

Excused: Anthony Maude

1. Call to Order

The meeting was called to order at 2:00 pm.

The Chair called for introductions around the table. Introductions were carried out.

J. Yardley arrived at the meeting at 2:06 pm.

2. Approval of Agenda

MOVED by M. Day, **SECONDED** by J. Yardley,

That the agenda be approved as presented.

CARRIED

3. Minutes of May 16, 2011 Annual General Meeting

It was generally agreed to accept the minutes of the May 16, 2011 Annual General Meeting for information.

Mr. Day asked for an update on the stability of Morningside Road. Mr. Ruurs advised that the Ministry of Transportation has indicated that they have no plans to improve or enhance the conditions on Morningside Road.

4. Chair's Report

C. Eyles provided a verbal report and the following items were highlighted:

- This year has seen a lot of changes both locally and in the CRD. She was elected to the board as of January, replacing long time member Bruce Patterson and was voted Chair in July, 2012.
- Martyn Day who filled that position for the previous year will also be stepping down at the end of his term in December and we are going to miss his insightful attention to detail and Bruce's understanding of the history of the water system.

- The CRD is undergoing significant changes with retirement of Senior Officers. Ted Robbins is now our contact in Victoria and we have had very positive interactions with him and look forward to that continuing.
- Kees Ruurs has been great and we are hopeful that it will be much easier to resolve issues quickly and to keep communication lines open.
- CRD has plans to transfer more services over to SSI over the next year and we think that this is going to be really positive for us.
- Meetings can now be held by Skype from the PARC office which reduces staff time and the cost to us.
- Ralf Waters has been very generous to us with his time and input, he will continue to have more responsibility as the transfer continues.
- Over the past year we have seen the District boundary expanded to include the BC Ferries terminal, that bylaw is still waiting to be passed in Victoria but once passed they will pay a one time fee to join the District and then will pay the regular metered charges that they have been paying. Fulford School is also now connected to the system and paying by meter.
- We have submitted a bylaw for approval that will require a one time payment of \$7500 for any new lots added to or created within the District, in recognition to the infrastructure costs born by current users to date. Those new lots will then pay the ongoing parcel tax and then once connected will pay the user fees.
- Many of the pipes and connections in the ground are ancient and will need to be replaced as and when we can afford to do so.
- The District will continue to maintain the distribution lines and connections but we do ask you to make sure that outside taps and irrigation systems are prepared for the winter. Any work done by North SS Waterworks on private property will be charged back to the property owner.

5. Operations Report

The Fulford Water Service Annual Report on Operations was provided for information. T. Robbins provided a verbal overview of the report.

6. Election of Officers

The Chair advised that the terms for Jonathan Yardley and Martyn Day will expire on December 31, 2012 and that an election would be held to fill the positions for a two-year term beginning January 1, 2013 and expiring on December 31, 2014. She then called for nominations.

Jonathan Yardley and Gord Singbeil were nominated and agreed to stand. Nominations were called two more times and hearing none, Jonathan Yardley and Gord Singbeil were elected by acclamation. Their names will be forwarded to the CRD Board for appointment.

7. New Business

There were no new business items for discussion at this time.

8. Adjournment

It was generally agreed to adjourn the meeting at 3:35 pm.



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**FULFORD WATER SERVICE
ANNUAL REPORT ON OPERATIONS
FEBRUARY 2014**

WATER SYSTEM OVERVIEW

The Fulford Water System provides drinking water to 102 properties, including the Fulford School, BC Ferry terminal and businesses in the village.

Source Water – Lake Weston

The Fulford water system obtains its drinking water from Lake Weston, a small lake that lies within an uncontrolled multi-use watershed outside and northeast of the service area. The Capital Regional District (CRD) holds two licenses to divert a total of up to 291.6 cubic metres per day and store up to 49,339 cubic metres. Lake Weston is estimated to have a total volume of 1,090,000 cubic metres. Lake Weston is subject to seasonal water quality changes and is affected by periodic algae blooms.

Water Treatment Process

Water from Lake Weston flows by gravity to Hilltop Road where it is then pumped to the Fulford Water Treatment Plant located on South Ridge Drive. The water treatment process consists of dissolved air flotation, filtration, disinfection with ultraviolet light and chlorine using sodium hypochlorite.

Distribution System

Treated water is pumped from the plant to a 360 cubic metre steel storage reservoir located behind the Fulford School. Water then flows from the reservoir into the distribution system – a network of mainly 100 mm – 150 mm diameter pipes, many of which are original to the system. The distribution system operates on two pressure zones, regulated by the Sunnyside PRV. The commercial customers are metered.

SYSTEM OPERATION

Generally, the water treatment plant operated very reliably throughout 2012. North Salt Spring Waterworks operated the system for the CRD under contract in 2012 and 2013. Water demand typically ranged between 0.7 to 1.4 litres per second (l/s) which is well below the design capacity of 4.5 l/s. Some emergency work was required to deal with power outages caused by bad weather, water main and service repairs and occasional issues with the treatment plant components, such as the UV equipment. Significant maintenance and repair events in 2012 included:

- Failed ultraviolet (UV) system
- Rebuild of flocculator motor
- Replaced actuator and configured for SCADA automatic function
- Repaired emergency lighting
- Repaired saturator pump
- Replaced damaged floats (pumper truck damage)
- Replaced pump volute and impellor
- Replaced generator micro-processor

2013 issues to date include:

- Broken main on Orchard Road
- Repairs to Rock Salt Café service and main
- Investigate actuator malfunction
- Perform repairs to saturator
- Replace bearing at flash mixer
- Repair leaking service at 143 Sunnyside

WATER QUALITY

Drinking water quality items of interest occurring in the Fulford drinking water system include the following:

- Samples collected from the distribution system through 2012 and 2013 showed satisfactory bacteriological water quality.
- Samples collected for Trihalomethanes, a disinfection by-product, were below the 100 ug/L Canadian Guideline limit through 2012 and 2013.

WATER PRODUCTION AND DEMAND

A total of 36,228 cubic metres (m³) of water was abstracted from Lake Weston in 2012, about 2% less than 2010. The 2011 increase was largely due to the need to backwash the treatment plant filters more frequently because of the poor raw water quality for most of the year, and system leaks and a sizeable break in March. Overall, community water use appears relatively static. A summary of the monthly water production volumes (in cubic metres) at the treatment plant follows:

CRD INTEGRATED WATER SERVICES - OPERATIONS FULFORD WATER SYSTEM Monthly Production (cubic metres)

	2008	2009	2010	2011	2012
Jan	2,348	3,625	3,284	3,906	3,273
Feb	2,161	2,416	2,923	4,483	3,440
Mar	2,559	2,477	2,464	7,409	2,836
Apr	2,023	2,470	2,515	3,716	2,778
May	2,529	2,950	2,754	2,648	3,164
Jun	3,235	4,494	2,637	3,354	3,036
Jul	4,091	4,172	4,446	2,815	3,382
Aug	3,722	4,446	4,576	5,572	2,300
Sep	3,139	2,930	3,581	3,920	2,952
Oct	2,709	2,555	2,457	3,439	2,328
Nov	2,714	3,232	2,624	4,036	3,382
Dec	3,241	2,862	2,678	3,574	3,358
TOTAL	34,471	38,628	36,939	48,872*	36,228
AVERAGE	2,873	3,219	3,078	4,073	3,019
MAXIMUM	4,091	4,494	4,576	7,409	3,440
MINIMUM	2,023	2,416	2,457	2,648	2,300

*Note: Water leak in March 2011.

CAPITAL PROJECTS

There were two capital projects planned for 2012:

1. To form a basis for a long term asset management plan, the water distribution system components, including water mains, services, valves, hydrants, and failure/repair history, will be mapped on a base plan.
2. The mechanical components at the Reynolds Road building were upgraded, including removing the chlorination equipment, adding additional strainer capacity and replacing the associated piping and valving, and rebuilding the bulk raw water meter.

2012 OPERATING REVENUE AND EXPENSE

Attached is a *Statement of Financial Activities* as prepared by CRD Finance and Corporate Services for the year 2012. The statement provides an overview of the revenues and expenditures for the year. Revenues include parcel taxes (transfers from government), user charges (sale of services), and other revenue including connection charges, interest on savings, and late payment charges.

Expenditures include all costs to administer the service. *General government services* and *other fiscal services* are charges levied by CRD Corporate Services for accounting, billing and administration of loans. *Other* includes all expenses needed for the operation and administration of the service, including funding of capital projects. Figure 3 shows a breakdown of 2012 actual expenses.

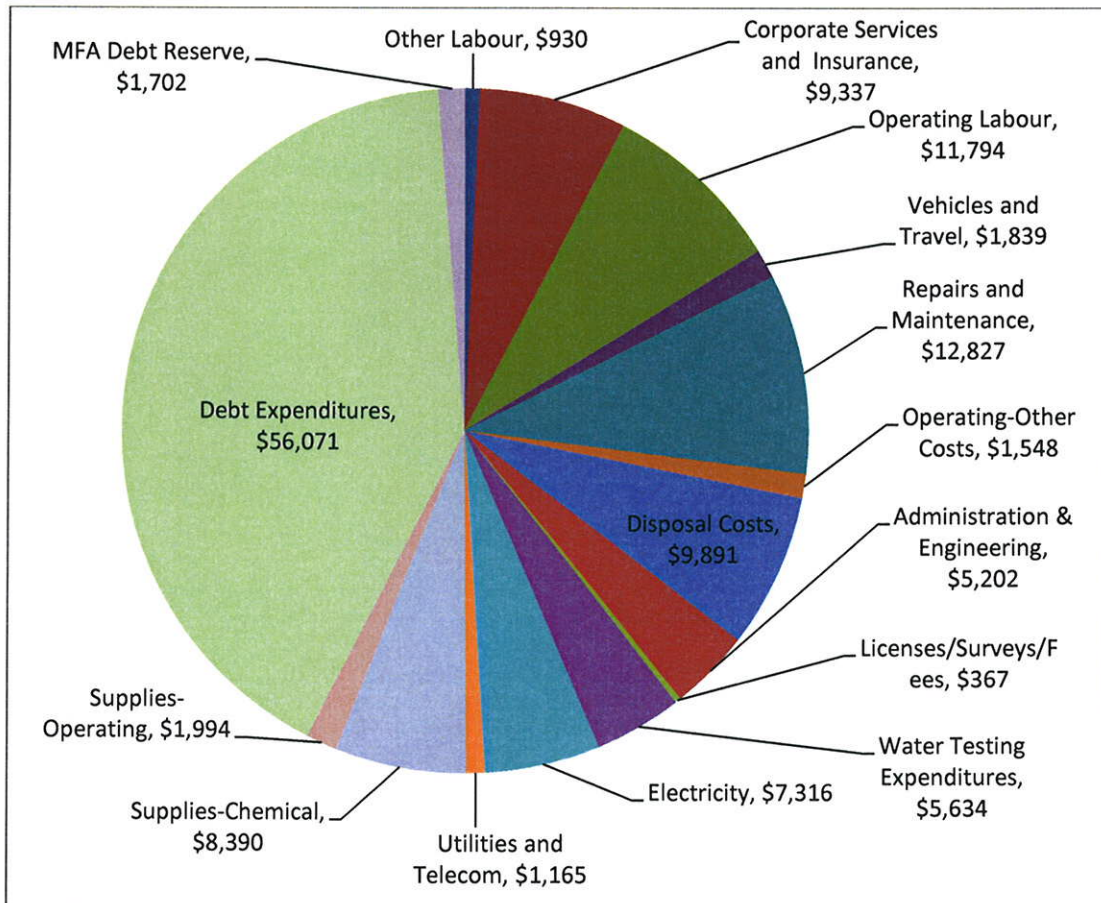
If there is a significant operating surplus, funds may be transferred to a reserve or capital project account. The remaining balance is then applied to any surplus or deficit carried forward from the prior year. Regional District services are not permitted to plan to carry forward a deficit, so a deficit in a given year requires a tax or fee increase in the following year to recover costs and prevent a subsequent deficit. The 2012 fixed user charge was increased \$169 to \$1,391 per property to help recover the 2012 carry forward deficit of \$37,921. For 2013, the user charge returned to approximately that of the 2011 levy at \$1,251.

Total revenues of \$212,231 consisted primarily of \$61,217 from parcel taxes, \$149,984 from user fees and consumption charges, and \$1,030 in interest earned and late fee charges. The 2012 parcel tax remained at \$631.68; unchanged from the previous year. 2012 revenue exceeded expenses generating net revenue of \$17,905. Figure 3. provides a breakdown as to 2012 actual operating costs associated with the Fulford Water Service. After transferring \$14,904 from Reserve Funds, the accumulated surplus was applied against the 2012 carry forward deficit of \$37,921 resulting in a 2013 carry forward deficit of \$5,112.

As there are no residential meters in the Fulford system, a consumption charge does not apply to single family residential properties however, consumption fees do apply to nine commercial connections based on a \$3.27 per cubic metre charge with a minimum quarterly charge of \$312.75.

The actual 2012 operating expense was \$194,327 and is summarized as follows:

Figure 3




Ted Robbins, BSc, CTech
General Manager, Integrated Water Services

GP/TR:mm

Attachment: 1

CAPITAL REGIONAL DISTRICT

WATER REVENUE FUND

Statement of Operations (Unaudited)

For the Year Ended December 31, 2012

	Fulford Water Supply
Revenue	
Transfers from government	\$ 61,217
Sale of services	149,984
Other revenue from own sources:	
Interest earnings	57
Other revenue	973
Total revenue	212,231
Expenses	
General government services	7,932
Grants in aid	-
Other expenses	183,041
Salaries and wages	-
Fiscal services	3,353
Recovery	-
Total expenses	194,326
Net revenue (expenses)	17,905
Transfers to own funds:	
Capital Funds	-
Reserve Funds	-
Equipment Replacement Fund	-
Transfers from own funds:	
Reserve Funds	(14,904)
Annual surplus	32,809
Accumulated surplus (deficit), beginning of year	(37,921)
Accumulated surplus (deficit), end of year	\$ (5,112)

Fulford Water Commission Chair's Report February 2014

It has been a year of changes at the CRD and in how we work together. It remains to be seen how successful these changes are. We were sorry to see Kees Ruurs retire before he was able to achieve the goal of bringing accounting and operational services to Salt Spring. His replacement Karla Campbell has a big job ahead of her and a steep learning curve to understand all the local issues. We have had a good working relationship with Ted Robbins and hope that that will continue for the islands now that he is head of Integrated Water Services. His replacement Dan Robson seems to be willing to work with us and we hope Salt Springers can develop a good relationship with him as well. Both Dan and Karla have inherited a lot of history that has caused a lack of trust in CRD bureaucracy.

Operational Issues:

The work to correct the leak at the corner of Morningside Road that was causing flooding in the Rock Salt restaurant basement was completed in February and March of this year at a final cost of \$12,435, nearly two and half times the original estimate.

We continue to have trouble with the DAF plant as every power outage seems to cause damage to integral components and we go through a lot of expensive UV bulbs. We asked last winter that appropriate surge suppressors be installed but that is under investigation and has not happened to date. We have also asked staff to contact the manufacturer regarding expected life span and maintenance requirements. We need to know if our plant is unusually expensive to operate and what the life span of components should be.

We continue to have issues with the nature of the North Salt Spring Water Works contract as many areas are open ended to be billed at unit prices with no finite dollar attached. While we recognize that emergency repairs need to be done and paid for, there is no way to determine how much should be included in the contract amount and how much is truly above and beyond. This makes it impossible for the Commissioners to be good stewards of the service and to control costs in a fiscally responsible way.

Budgets and Accounting:

Revenue and Expenditure reports for the operational budget are provided to the commissioners but they are complex and convoluted. In spite of working with staff to develop an annual budget, we find nearly every month that charges are made with complete disregard to budget line items. It takes a lot of time to understand the reports and even more time to get answers to questions. We have asked repeatedly for copies of the operations invoices sent by North Salt Spring Water Works so that we can see exactly what work is done when and where but finally had to initiate a Freedom of Information request to get them up to July of this year. I have had to continue to ask for any since then.

I have asked several times for a similar breakdown of how our capital budget has been spent. This was finally received along with the 2014 budget package. It should have been a simple thing for the accounting department to produce. The lack of prompt answers to questions and requests is an ongoing frustration.

Strategic Asset Management Plan:

CRD has requested of every service that a Strategic Asset Management Plan be produced. We have resisted the "cookie cutter" plan as inappropriate for a service of our size and configuration. Instead we asked that a map of the system be produced using the historical knowledge of people such as Bruce Patterson while they are still available to us. Ralf Waters, local CRD engineer, and Philip Grange undertook the work together and Philip completed the map in January. Our intent now is to track leaks and system failures on it. This will inform future decisions to replace infrastructure beginning in areas that have required the greatest number of repairs. .

Communication and Accountability:

The issues we have around communication and accountability have still not been addressed. We pay a lot of money for services provided by the Victoria offices, whether we use them or not. It has taken a long time with many missteps but we finally have an acceptable presence on the CRD website. However our constituting bylaw 3693 still is nowhere to be found. There is no resolution of the project mismanagement and accounting errors that have cost users \$453,000 in expenditures that should never have been necessary and we have removed meters from the project. This year CRD accounting department arbitrarily and without cause borrowed another \$25,000 from unused referendum funding without consulting the Commissioners and for which we appear to have no recourse.

Our service is a very small cog in the machinery of the CRD yet, as we have all these ongoing issues, it begs the question of what is going on in the larger services. From our perspective there is no incentive for CRD staff or NSSWW to control costs, in fact quite the opposite as they simply pass on any and all increases to our 104 homes and businesses and we are helpless to control it.

With no ability to control costs, inadequate access to information and ongoing frustration with the lack of accountability the Commissioners have found it difficult to do the job for which we have been elected. We have considered stepping down from our positions however, at the request of the community, we have agreed to stay on and do what we can to work towards improvement.

Respectfully submitted,

Carole Eyles