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## **FULFORD WATER SERVICE COMMISSION**

Notice of Meeting on **MONDAY, September 14, 2015 at 10:00 AM**  
Salt Spring Public Library, 129 McPhillips Ave, Salt Spring Island, BC

Wayne McIntyre

Carol Eyles

Gord Singbell

Alan Martin

Anthony Maude

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### **AGENDA**

**1. Approval of Agenda**

**2. Adoption of Minutes of October 20, 2014**

**3. Reports**

**3.1 2016 Operating and Capital Budget**

That the Fulford Water Service Commission recommends that the Capital Regional District Board:

1. Approve the 2016 operating and capital budget for the Fulford Water Service as presented;
2. Authorize the 2016 parcel tax of \$771.68, user charge of \$1,251.00 and consumption charge rate of \$3.27 per cubic meter (minimum charge of \$312.75 per billing period); and
3. Balance the 2015 actual revenue and expenditures on the 2015 transfer to capital reserve fund.

**4. New Business**

**5. Outstanding Business**

**6. Adjournment**

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

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**Minutes of the Regular Meeting  
of the Fulford Water Service Commission  
Held October 20, 2014, Public Library Meeting Room, 129 McPhillips Avenue,  
Salt Spring Island, BC**

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**DRAFT**

**Present:** **CRD Director:** Wayne McIntyre  
**Commission Members:** Carole Eyles, Chair; Jonathan Yardley, Gord Singbeil,  
**Staff:** Dan Robson, Saanich Peninsula and Gulf Islands Operations; Peggy Dayton, CRD Finance; Karla Campbell, Senior Manager; Keith Wahlstrom, Contract Engineer; Erin Jory, Recording Secretary;  
**Absent:** Anthony Maude

The Chair called the meeting to order at 10:55am.

**1. Approval of Agenda**

**MOVED** by Commissioner Yardley, **SECONDED** by Commissioner Singbeil,  
That the agenda be approved with the addition of Item 4.1.

**CARRIED**

**2. Approval of Minutes of the Regular Meeting held on February 28, 2014**

**MOVED** by Commissioner Yardley, **SECONDED** by Commissioner Singbeil,  
That the Minutes of the February 28, 2014 meeting be approved.

**CARRIED**

**3. Reports**

**3.1. 2015 Operating and Capital Budget Report**

Commission requested line item details in the budget package.

**MOVED** by Commissioner Yardley, **SECONDED** by Commissioner Singbeil,  
That the Fulford Water Service Commission recommends that the Capital Regional District Board:

1. Approve the 2015 operating and capital budget for the Fulford Water Service as presented;
2. Authorize the 2015 parcel tax of \$771.68, user charge of \$1,251.00 and consumption charge rate of \$3.27 per cubic meter (minimum charge of \$312.75 per billing period); and
3. Balance the 2014 actual revenue and expenditures on the 2015 transfer to capital reserve fund.

**CARRIED**

**3.2. Fulford Water Treatment Plan-Transient Voltage Surge Suppression Electrical Equipment**

**MOVED** by Commissioner Yardley, **SECONDED** by Commissioner Singbeil,  
That the transient voltage surge suppression electrical equipment be installed in the Fulford Water Treatment Plant and that funding up to \$5,280 be authorized from the Fulford Water Capital Fund WLA3758.

**CARRIED**

**4. New Business**

**4.1. Revise bylaw 3864 the word 'water turn off fee'**

Commission requested that the Bylaw needs to reflect actual cost. Staff advised that 'actual cost' penalizes individual property owners whereas an average cost over the year is more equitable for all property owners. Bylaw is for all Water and Sewer Commissions in the Regional District as opposed to specific service areas. Staff advised it is appropriate for the CRD to provide options to the Commission in the future.

**5. Adjournment**

The Chair adjourned the meeting at 11:55am

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**CHAIR**

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**SENIOR MANAGER**



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**REPORT TO FULFORD WATER SERVICE COMMISSION  
MEETING OF MONDAY, SEPTEMBER 14, 2015**

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**SUBJECT 2016 OPERATING AND CAPITAL BUDGET**

**ISSUE**

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

In accordance with Bylaw No. 3693, "Fulford Water 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 Estimated Revenue and Operating Expenditures**

The estimated actual operating costs are projected to be **\$10,120** (7.6%) under budget as a result of the following:

1. Lower than budgeted expenditures for:
  - a. Operations contract (\$1,000)
  - b. Repairs and maintenance (\$5,740)
  - c. Water testing (\$500)
  - d. Supplies (\$1,040)
  - e. Labour charges (\$5,080)
  - f. Contingency (\$6,260)
  
2. Higher than budgeted expenditures for:
  - a. Grit and waste sludge disposal (\$500)
  - b. Allocations (\$320)
  - c. Other operating expenses (\$8,680)

The estimated actual operating revenue is projected to be approximately **\$7,660** over budget due to several factors including:

1. Lower than budgeted revenue for:
  - a. Sale - Water (\$500)
  
2. Higher than budgeted revenue for:
  - a. Connection charges (\$100)
  - b. Anticipated recovery cost (ICBC) (\$7,600)

- c. Miscellaneous, interest (\$460)

This results in a projected year-end surplus of **\$17,780**.

It is proposed that the projected year-end surplus be allocated to the capital reserve to increase the 2015 transfer from \$36,130 to \$53,910.

#### 2016 Operating Expenditures

There is no increase proposed in the 2016 operating expenses, however, there are shifts in the cost distribution as follows:

1. Increase in expenditures for:
  - a. Operations contract (\$1,700)
  - b. Grit and waste sludge disposal (\$500)
  - c. Allocations (\$1,570)
  - d. Water testing (\$270)
  - e. Electricity (\$480)
  - f. Supplies (\$170)
  - g. Labour charges (\$340)
  - h. Other operating expenses (\$700)
  
2. Decrease in expenditures for:
  - a. Repairs and maintenance (\$1,720)
  - b. Contingency (\$4,010)

#### 2016 Debt/Reserves

Maintenance Reserve:

Maintenance reserves are to be used for the purchase of equipment and supplies that are typically not replaced annually such as filter media, ultraviolet lamps and sensors and in some instances system maintenance activities such as reservoir cleaning and raw water intake inspections that occur less frequently than annually.

A maintenance reserve fund was established for the service as part of the 2015 budget process with an annual contribution of \$2,400.

A \$2,400 annual contribution to the maintenance reserve is proposed in 2016.

Capital Reserve Fund:

It is proposed that the transfer to the capital reserve fund decrease from the 2015 planned transfer of **\$36,130** (actual transfer in 2015 anticipated to be **\$53,910** due to surplus) to **\$19,780** in order to prepare for anticipated future capital replacement projects.

The capital reserve fund balance at the end of 2015 is projected to be \$64,676.

In addition there is a capital project fund (WLA3758) for the purpose of paying for the upgrade of water mains and appurtenances, and for a Strategic Asset Management Plan (SAMP). The funding and expenditures for these 2 projects are shown in the attached budget package.

### MFA Debt

The annual debt servicing costs decreases from \$67,100 to \$53,010 as one loan is now at the 10 year mark and therefore new interest rates apply. As interest rates have decreased since the initial borrowing, the annual amount is decreasing. The debt payment value in this budget is an estimate as the actual rate will not be set until later this year.

### 2016 Revenue (User Charge and Parcel Tax)

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 remain budgeted at \$15,000. This amount is calculated based on the water rate of \$3.27 per cubic meter with a minimum consumption charge per three month billing period of \$312.75 for those customers with a metered connection. These rates remain at 2015 level.
- the user charges remain at \$118,850; based on 95 SFE's equals \$1,251.00, unchanged from 2015.
- the parcel tax remain at 2015 level set at \$74,790; based on 102 taxable folios and including the 5.25% surveyors tax fee equates to \$771.68.

### 2016-2020 Five Year Capital Plan

There are three projects planned for 2016.

- 1) Design and Approvals to replace Water Main on Morningside Road At Weston Creek (\$7,000)
- 2) 2901 Fulford Road Water Service Replacement (\$7,500)
- 3) Shower and Eyewash Safety Equipment (\$10,000)

Additional projects anticipated for Fulford are outlined in the attached budget and include:

- 2017 Sunnyside Pressure Control Station Rebuild and Water Meter (\$ 6,000)
- 2017 Construction of Replacement Water Main on Morningside Road At Weston Creek (\$30,000)
- 2018 Strategic Asset Management Plan (SAMP) (\$5,390)

**RECOMMENDATION**

That the Fulford Water Service Commission recommends that the Capital Regional District Board:

1. Approve the 2016 operating and capital budget for the Fulford Water Service as presented;
2. Authorize the 2016 parcel tax of \$771.68, user charge of \$1,251.00 and consumption charge rate of \$3.27 per cubic meter (minimum charge of \$312.75 per billing period); and
3. Balance the 2015 actual revenue and expenditures on the 2015 transfer to capital reserve fund.

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

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

for

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

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Karla Campbell  
Senior Manager, Salt Spring Island Electoral  
Area  
Concurrence

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

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

KW:ts

Attachment: 2016 Budget

# **CAPITAL REGIONAL DISTRICT**

## **2016 Budget**

### **Fulford Water (SSI)**

#### **Committee Review**

Compiled and Presented by CRD Finance

Sep-15



**Service: 2.626 Fullford Water (SSI)**

**Committee: Electoral Area Services**

**DEFINITION:**

To provide, operate and maintain water supply and distribution facilities for the Fullford Water Local Service Area on Salt Spring Island. Bylaw No. 3202 (November 24, 2004).

**PARTICIPATION:**

Order In Council No 177, Feb 24, 2005.

**MAXIMUM LEVY:**

Greater of \$156,000 or \$5.46 / \$1,000.

**MAXIMUM CAPITAL DEBT:**

AUTHORIZED:	LA Bylaw No. 3203 (November 24, 2004)	\$573,000
BORROWED:	SI Bylaw No. 3291 (August 10, 2005) - 4.17%	(\$573,000)
AUTHORIZED:	LA Bylaw No. 3758 (Oct 8, 2011)	\$225,000
BORROWED:	SI Bylaw No. 3817 (May 2012) - 3.4%	(\$145,000)
BORROWED:	SI Bylaw No. 3850 (Oct 2012) - 2.9%	(\$25,000)
REMAINING:		<u>\$55,000</u>

**COMMITTEE:**

Fullford Water Service committee established by Bylaw No 3248 (Dec 15, 2004).

**FUNDING:**

Any deficiencies after user charge and/or parcel tax to be levied on taxable hospital assessments.

**User Charge:**

Fixed user charge + metered commercial properties.

**Parcel Tax:**

Annual, levied only on properties capable of being connected to the system, starting 2006.  
Parcel charge in lieu of parcel tax in 2005 only.

**Connection Charge:**

The connection charge for a service shall be the actual cost for the connection.

**MAXIMUM OPERATING EXPENDITURE:**

**RESERVE FUND BYLAW:**

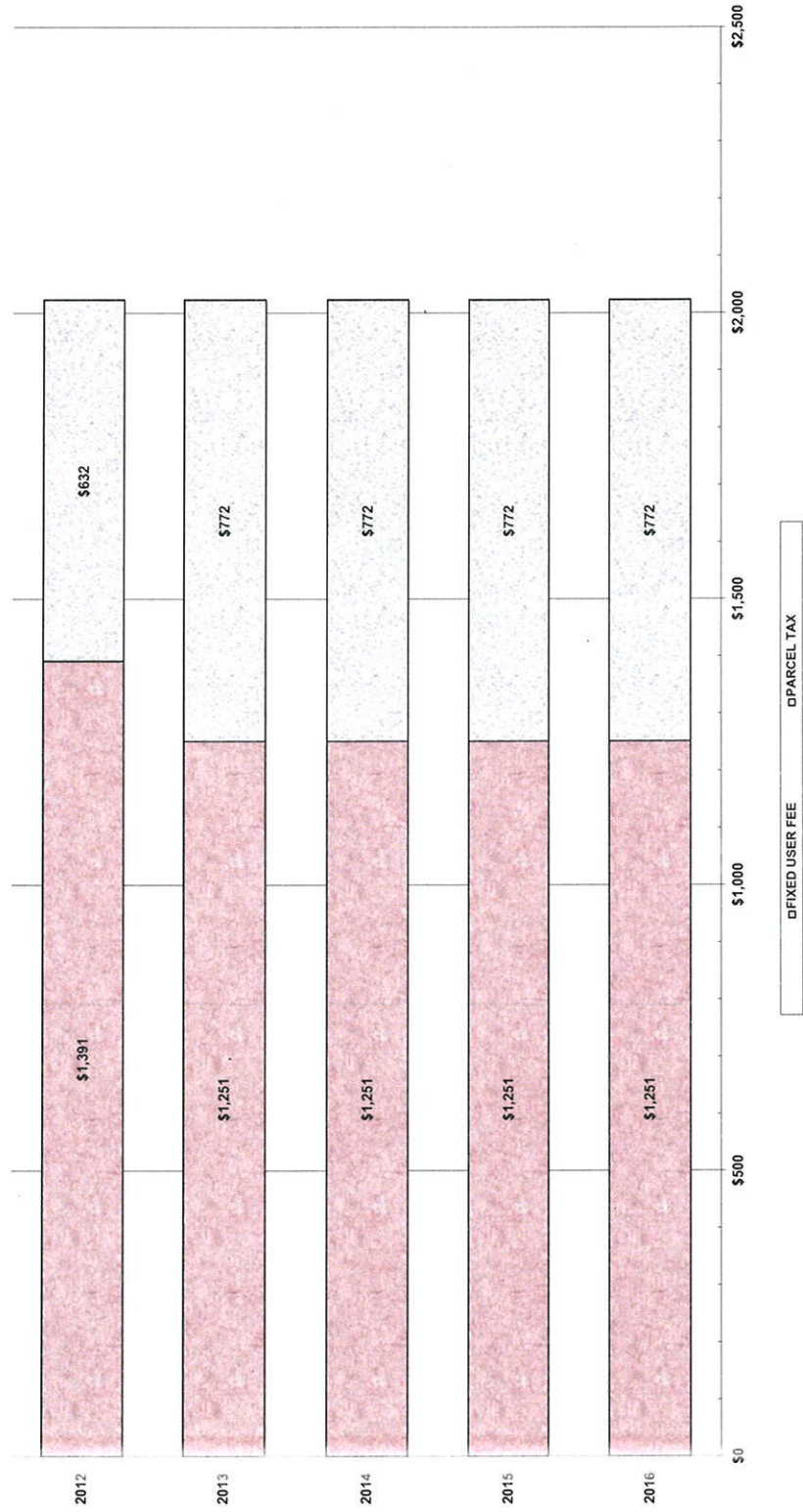
Fund 1070, established by Bylaw #3275 (April 27, 2005)

	2015 BOARD BUDGET	2015 ESTIMATED ACTUAL	BUDGET REQUEST			FUTURE PROJECTIONS			
			2016 CORE BUDGET	2016 SUPPLEMENTARY	2016 TOTAL	2017	2018	2019	2020
<b>Fulford Water (SSI)</b>									
<b>OPERATING COSTS:</b>									
Operations Contract	44,300	43,300	46,000	-	46,000	46,920	47,860	48,810	49,790
Grit & Waste Sludge Disposal	6,500	7,000	7,000	-	7,000	7,140	7,280	7,430	7,580
Repairs & Maintenance	9,240	3,500	7,520	-	7,520	7,670	7,820	7,970	8,130
Allocations	9,690	10,010	11,260	-	11,260	11,480	11,700	11,930	12,160
Water Testing	5,000	4,500	5,270	-	5,270	5,380	5,490	5,600	5,710
Electricity	7,960	7,960	8,440	-	8,440	8,610	8,780	8,960	9,140
Supplies	9,360	8,320	9,530	-	9,530	9,720	9,910	10,100	10,300
Labour Charges	16,720	11,640	17,060	-	17,060	17,410	17,760	18,110	18,470
Contingency	6,260	-	2,250	-	2,250	2,290	2,340	2,390	2,440
Other Operating Expenses	18,820	27,500	19,520	-	19,520	19,910	20,300	20,710	21,130
<b>TOTAL OPERATING COSTS</b>	<b>133,850</b>	<b>123,730</b>	<b>133,850</b>	<b>-</b>	<b>133,850</b>	<b>136,530</b>	<b>139,240</b>	<b>142,010</b>	<b>144,850</b>
*Percentage increase over prior year					0.0%	2.0%	2.0%	2.0%	2.0%
<b>DEBT/RESERVES</b>									
Transfer to Maintenance Reserve Account	2,400	2,400	2,400	-	2,400	2,450	2,500	2,550	2,600
Transfer to Capital Reserve Fund	36,130	53,910	19,780	-	19,780	21,240	22,750	24,280	25,830
MFA Debt Reserve Fund	440	440	-	-	-	-	-	-	-
MFA Debt Principal	37,110	37,110	38,190	-	38,190	38,190	38,190	38,190	38,190
MFA Debt Interest	29,550	29,550	14,820	-	14,820	14,820	14,820	14,820	14,820
<b>TOTAL DEBT / RESERVES</b>	<b>105,630</b>	<b>123,410</b>	<b>75,190</b>	<b>-</b>	<b>75,190</b>	<b>76,700</b>	<b>78,260</b>	<b>79,840</b>	<b>81,440</b>
<b>TOTAL COSTS</b>	<b>239,480</b>	<b>247,140</b>	<b>209,040</b>	<b>-</b>	<b>209,040</b>	<b>213,230</b>	<b>217,500</b>	<b>221,850</b>	<b>226,290</b>
<b>FUNDING SOURCES (REVENUE)</b>									
Balance C/F from 2014 to 2015	(30,400)	(30,400)	-	-	-	-	-	-	-
Sales - Water	(15,000)	(14,500)	(15,000)	-	(15,000)	(15,300)	(15,610)	(15,920)	(16,240)
User Charges	(118,850)	(118,850)	(118,850)	-	(118,850)	(121,230)	(123,650)	(126,120)	(128,640)
Other Revenue	(440)	(8,600)	(400)	-	(400)	(410)	(420)	(430)	(440)
<b>TOTAL REVENUE</b>	<b>(134,290)</b>	<b>(141,950)</b>	<b>(134,250)</b>	<b>-</b>	<b>(134,250)</b>	<b>(136,940)</b>	<b>(139,680)</b>	<b>(142,470)</b>	<b>(145,320)</b>
<b>REQUISITION - PARCEL TAX</b>	<b>(74,790)</b>	<b>(74,790)</b>	<b>(74,790)</b>	<b>-</b>	<b>(74,790)</b>	<b>(76,290)</b>	<b>(77,820)</b>	<b>(79,380)</b>	<b>(80,970)</b>
*Percentage increase over last year						2.0%	2.0%	2.0%	2.0%
User Charges						2.0%	2.0%	2.0%	2.0%
Requisition						2.0%	2.0%	2.0%	2.0%
Combined						2.0%	2.0%	2.0%	2.00%

Service: 2.626 Fulford Water (SSI) Committee: Electoral Area Services

<u>Year</u>	<u>Taxable Folios</u>	<u>Parcel Tax</u>	<u>SFE's</u>	<u>User Charge</u>	<u>Tax &amp; Charges</u>	<u>Bylaw</u>	<u>Assessments \$(000's)</u>
2010	101	\$631.68	95	\$850.00	\$1,481.68	3688	52,301
2011	101	\$631.68	96	\$1,222.00	\$1,853.68	3777	51,858
2012	102	\$631.68	96	\$1,391.00	\$2,022.68	3822	51,089
2013	102	\$771.68	96	\$1,251.00	\$2,022.68	3891	52,453
2014	102	\$771.68	94	\$1,251.00	\$2,022.68	3891	49,770
2015	102	\$771.68	95	\$1,251.00	\$2,022.68		47,221
2016 Budget	102	\$771.68	95	\$1,251.00	\$2,022.68		

# CAPITAL REGIONAL DISTRICT FULFORD WATER (SSI) FUNDING ANALYSIS 2012-2016



Actual Costs 2012-2015, Projected 2016  
Prepared by CRD Finance  
10/09/2015

# CAPITAL REGIONAL DISTRICT - SCHEDULE G

## CAPITAL BUDGET FORM

### 2016 & Forecast 2017 to 2020

Service #: **2.626**

Service Name: **Fulford 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		Grant Program Sponsor (6)	Loan Authorization # (7)	Participants (8) ↓	%
				Source (4) ** ↓	Amount Total (5)				
2016	S	Design and Approvals to replace Water Main on Morningside Road At Weston Creek	7,000	R	7,000				
2016	S	2901 Fulford Road Water Service Replacement	7,500	R	7,500				
2016	S	Safety Equipment	10,000	R	10,000				
2017	S	Sunnyside PCS Rebuild and Water Meter	6,000	R	6,000				
2017	S	Construction of Replacement Water Main on Morningside Road At Weston Creek	30,000	R	30,000				
2018	S	Strategic Asset Management Plan (SAMP)	5,390	R	2,890				
				G	2,500				
*** Please insert more lines here (above this line) if required. ***									
<b>TOTAL</b>			<b>65,890</b>		<b>65,890</b>				

**Type Codes (2) \***  
 L = Land  
 S = Engineering Structures  
 B = Buildings  
 V = Vehicles  
 E = Equipment

**Funding Source Codes (4) \*\***  
 D = Debenture Debt (new debt only)  
 E = Equipment Replacement Fund  
 G = Grants (Federal, Provincial)  
 O = Donations / Third Party Funding

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

**Service: 2.626 Fulford Water (SSI)**

**Committee: Electoral Area Services**

**Design and Approvals to replace Water Main on Morningside Road At Weston Creek (2016) \$5,000**

The water main along Morningside Road is exposed and spans Weston Creek making it susceptible to damage by people, vehicles, rocks or stream debris. There has been one failure at this site. The duration for design and approvals will most likely exceed the working windows for stream works, therefore this portion is to have the project ready for 2017

**2901 Fulford Road Water Service Replacement (2016) \$7,500**

The water service to 2901 Fulford has failed several times. The work was delayed until it was known whether BC Ferries would be upgrading the road. Indications are that the BC Ferries project will not proceed, therefore this work can now be scheduled.

**Safety Equipment (2016) \$10,000**

A review of the shower and eyewash safety equipment requirements was completed in 2015 and identified that a fixed tempered shower and an eyewash drench hose are needed to meet current WorksafeBC safety requirements when working with the chemicals at the water treatment plant.

**Sunnyside PCS Rebuild and Water Meter (2017) \$6,000**

The Sunnyside Pressure Control Station piping is beginning to deteriorate and will require replacement to avoid failures. With the replacement it would be advantageous to install a water meter to help identify potential problems locations if there is a leak or other usually high flows.

**Construction of Replacement Water Main on Morningside Road At Weston Creek (2017) \$30,000**

Actual construction of the water main replacement.

**Strategic Asset Management Plan - SAMP (2018) \$5,390**

The Strategic Asset Management Plan will, within the budget available, recommend a prioritized list of infrastructure replacements which will serve as the basis for future capital spending.

**Reserve Schedule**

**Reserve Fund: 2.626 Fulford Water Capital Reserve Fund - Bylaw 3275**

**Reserve Cash Flow**

	Estimate 2015	Budget				
		2016	2017	2018	2019	2020
<b>Fund: 1070 Fund Center: 101897</b>						
Beginning Balance	13,600	64,676	59,956	45,196	67,946	92,226
Transfer to Cap Fund (Based on Capital Plan)	(3,034)	(24,500)	(36,000)	-	-	-
Transfer from Operating Budget	53,910	19,780	21,240	22,750	24,280	25,830
Interest Income*	200	-	-	-	-	-
<b>Ending Balance \$</b>	<b>64,676</b>	<b>59,956</b>	<b>45,196</b>	<b>67,946</b>	<b>92,226</b>	<b>118,056</b>

**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.

Fulford Water Capital Project History  
WLA3758 192016

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
Beginning Balance	-	(128,619)	41,487	44,850	37,215	-
<b>Water System BL3758 (Budget \$141,280)</b>						
Debt	-	170,000	-	-	-	170,000
Transfer from WLA3203	-	6,232	-	-	-	6,232
CE.308 - Water System Project	(128,458)	(5,773)	-	-	-	(134,232)
CE.425 - Electrical Equipment	-	-	-	(2,807)	(961)	(3,767)
<b>Balance</b>						<b>38,234</b>
<b>SAMP (Budget \$7,500)</b>						
Community Works Funds	-	-	5,000	-	-	5,000
Transfer from CRF	-	-	-	-	3,034	3,034
CE.370	-	-	(2,498)	(5,536)	-	(8,034)
<b>Balance</b>						<b>-</b>
Interest Income/(Expense)	(161)	(353)	861	707	256	1,311
Ending Balance	(128,619)	41,487	44,850	37,215	39,544	39,544