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## FULFORD WATER SERVICE COMMISSION

Notice of Meeting on **MONDAY, November 27, 2017 at 10:00 AM**

Creekside Meeting Room, Suite 108 121 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 September 12, 2016**

There was no quorum established for this meeting- No minutes

**3. Chair and Director Reports**

**4. Reports**

**4.1 2018 Operating and Capital Budget**

That the Fulford 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 Capital 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 Fulford Water Service as presented.

**5. New Business**

**6. Outstanding Business**

**7. 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 Meeting of the Fulford Water Service Commission  
Held September 12, 2016, in the Portlock Park Meeting Room, 145 Vesuvius Bay Road,  
Salt Spring Island, BC**

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**DRAFT**

**Present:**       **Commission Members:** Carole Eyles (Chair); Alan Martin; Anthony Maude  
**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 2; Tracey  
Shaver, Recording Secretary  
**Absent:** Gord Singbeil, Director McIntyre

The Chair Eyles called the meeting to order at 10:00 am.

**1. Approval of Agenda**

**MOVED** by Commissioner Eyles, **SECONDED** by Commissioner Maude,  
That the Fulford Water Service Commission agenda of September 12, 2016 be approved.

**CARRIED**

**2. Adoption of Minutes of September 14, 2015**

**MOVED** by Commissioner Eyles, **SECONDED** by Commissioner Maude,  
That the Fulford Water Service Commission minutes of September 14, 2015 be approved.

**CARRIED**

**3. Chair and Director`s Report**

**3.1 Chair Report**

- Good fourth quarter with projected surplus to build maintenance and capital reserves.
- Changes to fees and charges bylaw; flat fee versus flow thru fee for water turn on/off cost does not recover actual charges for service from contractor
- Requested more consultation in future bylaw adjustments

There was a general discussion concerning Bylaw 3868 Fulford Water Service Capacity Purchase Charge Bylaw, No. 1, 2012. The bylaw is for capital improvements or additional capacity required in order to accommodate expansions to the service area. Capacity charges are charged to properties approved for a service inclusion. A question arose from a subdivision where a lot had subdivided with 5 additional lots that were anticipated at the time the Fulford water plant was built, but had not been created at the time. The Commission inquired as to their ability to charge a capacity connection to properties increasing density within the existing service area. Staff agreed to review the question of amending Bylaw 3868 to include new sub-divided lots that are already within the service boundary area.

**4. 2017 Operating and Capital Budget**

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

1. Approve the 2017 operating and capital budget for the Fulford Water Service as presented;
2. Authorize the 2017 parcel tax of \$771.73, user charge of \$1,251.05 and consumption charge rate of \$3.27 per cubic meter (minimum charge of \$312.75 per billing period); and further
3. Balance the 2016 actual revenue and expenditures on the 2016 transfer to capital reserve fund.

**CARRIED**

**5. New Business**

**5.1 Water Allocation to Proposed Lots at 277 Morningside Road**

Staff reviewed the report and the Commission requested a separate response be provided to Islands Trust regarding concerns over assigning specific water volumes to individual lots within the utility boundaries.

**MOVED** by Commissioner Maude, **SECONDED** by Commissioner Martin,  
That the Fulford Water Local Service Commission advises Islands Trust that the Fulford Water Service may supply water to the proposed seven lot subdivision at 277 Morningside subject to the following:

1. An allocation of up to 2,270 lpd per connection up to 7 connections subject to the right of the utility to reallocate volumes in the future and,
2. Require that the developer install a single meter at the property line.

**CARRIED**

**6. Outstanding Business**

No items presented.

**7. Adjournment**

**MOVED** by Commissioner Eyles, **SECONDED** by Commissioner Martin,  
That the Fulford Water Service Commission regular meeting be adjourned at 11:30 am.

**CARRIED**

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**CHAIR**

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**SENIOR MANAGER**



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**REPORT TO FULFORD WATER SERVICE COMMISSION  
MEETING OF MONDAY, NOVEMBER 27, 2017**

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**SUBJECT     2018 OPERATING AND CAPITAL BUDGET**

**ISSUE**

To present the 2018 operating and capital budget. In accordance with Bylaw No 3248, "Fulford Water Service Commission Bylaw No. 1, 2004" 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 including Operating Budgets and Capital Expenditure Plans annually. CRD staff have prepared the budget and financial plan shown in Appendix A to this report for the Fulford 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 \$7,300 over budget, due to unexpected breakdowns in equipment. Significant breakdowns include an electronic panel replacement, replacement of ultraviolet light disinfection electronic equipment, and replacement of an electronic valve actuator. CRD staff recommend that the budgeted transfer to the Capital Reserve Fund be reduced to balance the 2017 budget.

The 2018 operating budget has been increased by 2.5% over the 2017 budget to account for inflation and increased labour charges.

### *Municipal Finance Authority (MFA) Debt*

MFA debt servicing costs are incurred on debt of \$573,000 issued in 2005 at 1.8% interest and \$145,000 issued in 2012 at 3.40% interest and \$25,000 issued in 2012 at 2.9% interest. The annual debt servicing cost of \$55,220 will remain unchanged 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. 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 transfers to the operating reserve increase from \$2,440 to \$7,000 to ensure future maintenance activities are fully funded. The Operating Reserve Fund balance at the end of 2017 is projected to be \$9,840.

### *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.

It is proposed that the budgeted transfers to the Capital Reserve Fund be decreased from the budgeted value of \$18,320 in 2017 to \$10,900 in 2018. The balance at the end of 2017 is projected to be \$73,112.

### *Capital Expenditure Plan*

The 5-year plan includes \$105,162 of expenditures to be funded by a combination of capital project funds (capital funds on hand) and the service's Capital Reserve Fund.

*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 \$5,819 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 and all properties within the service local service area are responsible for the parcel tax. The proposed 2018 user charge of \$1,255.89 per Single Family Equivalent (SFE) is an increase from 2017 and the parcel tax remains at the 2017 amount of \$771.73 per taxable folio. Historical user charge and parcel tax rates are included for information.

**RECOMMENDATION**

That the Fulford 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 Capital 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 Fulford 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/RL/KC:ls:ts

Attachment: 2018 Budget Fulford Water – Commission Review Nov 2017

# **CAPITAL REGIONAL DISTRICT**

## **2018 Budget**

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

#### **Commission Review**

Compiled and Presented by CRD Finance

Nov 2017

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

**Committee:** Electoral Area Services

**DEFINITION:**

To provide, operate and maintain water supply and distribution facilities for the Fulford 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 to a maximum of \$275,871

**MAXIMUM CAPITAL DEBT:**

**COMMITTEE:**

Fulford 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.

**Consumption Charge:**

Single Family Residential: No Consumption Charge  
Other: \$3.27 per cubic metre  
Minimum charge per three months is \$312.75 per service connection

**MAXIMUM OPERATING EXPENDITURE:**

**RESERVE FUND BYLAW:**

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



	2017		2018				FUTURE PROJECTIONS			
	BOARD BUDGET	ESTIMATED ACTUAL	CORE BUDGET	ONGOING	ONE-TIME	TOTAL	2019	2020	2021	2022
<b>Fulford Water (SSI)</b>										
<u>OPERATING COSTS:</u>										
Operations Contract	46,880	43,000	47,610	-	-	47,610	48,560	49,540	50,530	51,540
Grit & Waste Sludge Disposal	7,100	5,500	7,240	-	-	7,240	7,380	7,530	7,680	7,830
Repairs & Maintenance	7,630	8,100	7,760	-	-	7,760	7,910	8,070	8,230	8,390
Allocations	10,950	10,220	10,250	-	-	10,250	10,450	10,650	10,860	11,070
Water Testing	5,350	5,350	5,460	-	-	5,460	5,570	5,680	5,790	5,910
Electricity	9,820	9,300	10,210	-	-	10,210	10,410	10,620	10,830	11,050
Supplies	9,670	10,800	9,860	-	-	9,860	10,050	10,250	10,450	10,650
Labour Charges	16,620	28,500	18,360	-	-	18,360	18,720	19,100	19,480	19,870
Other Operating Expenses	19,440	19,800	19,830	-	-	19,830	20,210	20,620	21,040	21,460
<b>TOTAL OPERATING COSTS</b>	<b>133,260</b>	<b>140,570</b>	<b>136,580</b>	<b>-</b>	<b>-</b>	<b>136,580</b>	<b>139,260</b>	<b>142,060</b>	<b>144,890</b>	<b>147,770</b>
*Percentage Increase over prior year						2.5%	2.0%	2.0%	2.0%	2.0%
<u>DEBT/RESERVES</u>										
Transfer to Operating Reserve Fund	2,440	2,440	7,000	-	-	7,000	7,140	7,280	7,430	7,580
Transfer to Capital Reserve Fund	18,320	12,860	10,900	-	-	10,900	10,890	10,890	10,880	51,940
MFA Debt Principal	39,250	39,250	39,250	-	-	39,250	39,250	39,250	39,250	8,490
MFA Debt Interest	15,970	15,970	15,970	-	-	15,970	15,970	15,970	15,970	5,660
<b>TOTAL DEBT / RESERVES</b>	<b>75,980</b>	<b>70,520</b>	<b>73,120</b>	<b>-</b>	<b>-</b>	<b>73,120</b>	<b>73,250</b>	<b>73,390</b>	<b>73,530</b>	<b>73,670</b>
<b>TOTAL COSTS</b>	<b>209,240</b>	<b>211,090</b>	<b>209,700</b>	<b>-</b>	<b>-</b>	<b>209,700</b>	<b>212,510</b>	<b>215,450</b>	<b>218,420</b>	<b>221,440</b>
<u>FUNDING SOURCES (REVENUE)</u>										
Sales - Water	(15,000)	(17,000)	(15,000)	-	-	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
User Charges	(118,850)	(118,850)	(119,310)	-	-	(119,310)	(122,120)	(125,060)	(128,030)	(131,050)
Other Revenue	(600)	(450)	(600)	-	-	(600)	(600)	(600)	(600)	(600)
<b>TOTAL REVENUE</b>	<b>(134,450)</b>	<b>(136,300)</b>	<b>(134,910)</b>	<b>-</b>	<b>-</b>	<b>(134,910)</b>	<b>(137,720)</b>	<b>(140,660)</b>	<b>(143,630)</b>	<b>(146,650)</b>
<b>REQUISITION - PARCEL TAX</b>	<b>(74,790)</b>	<b>(74,790)</b>	<b>(74,790)</b>	<b>-</b>	<b>-</b>	<b>(74,790)</b>	<b>(74,790)</b>	<b>(74,790)</b>	<b>(74,790)</b>	<b>(74,790)</b>
*Percentage increase over last year						0.4%	2.4%	2.4%	2.4%	2.4%
User Charges						0.0%	0.0%	0.0%	0.0%	0.0%
Requisition						1.4%	1.5%	1.5%	1.5%	1.5%
Combined						0.2%				

**Reserve Schedule**

**Reserve Fund: 2. Fulford Water (Salt Spring Island) Operating Reserve Fund (Bylaw No.: 4144)**

Reserve fund used for: unforeseen operational repairs and maintenance; infrequent maintenance activities such as reservoir cleaning and inspection, hydrant maintenance. Optimum minimum balance of \$14,000 (approximately 10%) of the annual operating budget.

**Reserve Cash Flow**

	<b>Fund: 1500 Fund Center: 105215</b>					
	<b>Estimate 2017</b>	<b>2018</b>	<b>2019</b>	<b>Budget 2020</b>	<b>2021</b>	<b>2022</b>
<b>Beginning Balance</b>	7,400	9,840	16,840	15,980	23,260	10,690
<b>Transfer from Ops Budget</b>	2,440	7,000	7,140	7,280	7,430	7,580
<b>Expenditures</b>	-	-	(8,000)	-	(20,000)	-
Planned maintenance activity			Hydrant maintenance		Reservoir cleaning and inspection	
<b>Ending Balance \$</b>	<b>9,840</b>	<b>16,840</b>	<b>15,980</b>	<b>23,260</b>	<b>10,690</b>	<b>18,270</b>

**Reserve Schedule**

**Reserve Fund: 2.626 Fulford Water (Salt Spring Island) Capital Reserve Fund (Bylaw No.: 3275)**

**Reserve Cash Flow**

**Fund: 1070 Fund Center: 101897**

	2017	Budget				
		2018	2019	2020	2021	2022
Beginning Balance	79,433	73,112	53,012	63,902	24,792	35,672
Transfer to Cap Fund (Based on Capital Plan)	(25,000)	(31,000)	-	(50,000)	-	-
Transfer from Cap Fund	5,819					
Transfer from Operating Budget Interest Income	12,860	10,900	10,890	10,890	10,880	51,940
		-	-	-	-	-
<b>Ending Balance \$</b>	<b>73,112</b>	<b>53,012</b>	<b>63,902</b>	<b>24,792</b>	<b>35,672</b>	<b>87,612</b>



Service: 2.626

Fulford Water (SSI)

Proj. No. 16-01

Asset Class Engineered Structures

**Project Rationale** *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*

**Capital Project Title** Morningside Road water main replacen

**Board Priority Area** Integrated Water Management

**Capital Project Description** Designs and permit approval for watermain

**Corporate Priority Area** Drinking Water

Proj. No. 17-01

Asset Class Engineered Structures

**Project Rationale** *Actual construction of the Morningside Road water main replacement*

**Capital Project Title** Morningside Road water main construction

**Board Priority Area** Integrated Water Management

**Capital Project Description** Construction to replace watermain

**Corporate Priority Area** Drinking Water

Proj. No. 18-01

Asset Class Engineered Structures

**Project Rationale** *Phase 2 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.*

**Capital Project Title** Strategic Asset Management Plan - Ph

**Board Priority Area** Integrated Water Management

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

**Corporate Priority Area** Drinking Water

Proj. No. 18-02

Asset Class Engineered Structures

**Project Rationale**

**Capital Project Title** Sunnyside Pressure Control Station

**Board Priority Area** Integrated Water Management

**Capital Project Description** Rebuild Sunnyside pressure control station and water meter

**Corporate Priority Area** Drinking Water

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

**Proj. No.** 18-03  
**Asset Class** Engineered Structures  
**Project Rationale**

**Capital Project Title** Decommissioning of the Reynolds Road  
**Board Priority Area** Integrated Water Management  
**Capital Project Description** Decommissioning of the Reynolds Road strainer facility  
**Corporate Priority Area** Drinking Water

**Proj. No.** 20-01  
**Asset Class** Engineered Structures  
**Project Rationale**

**Capital Project Title** Improvements Identified in SAMP  
**Board Priority Area** Integrated Water Management  
**Capital Project Description** Infrastructure upgrades and improvements  
**Corporate Priority Area** Drinking Water

**Proj. No.**  
**Asset Class** #N/A  
**Project Rationale**

**Capital Project Title** 0  
**Board Priority Area** 0  
**Capital Project Description** 0  
**Corporate Priority Area** 0

**Proj. No.**  
**Asset Class** #N/A  
**Project Rationale**

**Capital Project Title** 0  
**Board Priority Area** 0  
**Capital Project Description** 0  
**Corporate Priority Area** 0

Fulford Water (SSI)

Capital Projects Fund

Year/Project#	Status	Capital Project Description	Total Budget	Expenditure Actuals	Remaining Funds	Funding Source-CRF*	Funding Source-CWF**	Funding Source-Debt***	Return Surplus to CRF*	Return Surplus to CWF**
2011 CE.308	OPEN	Water System BL3758	136,000	(134,232)	1,768	6,232		164,720		
2013 CE.370	CLOSED	SAMP - Phase 1	7,500	(8,034)	(534)	3,034	5,000	0		
2011 CE.425	CLOSED	Electrical Equipment	5,280	(4,612)	668			5,280	668	
2015 CE.477	CLOSED	Survey & SRW	5,000	(2,408)	2,592	5,000			2,592	
2016 CE.506	CLOSED	Safety Equipment	10,000	(7,441)	2,559	10,000				2,559
2016 CE.507	OPEN	Weston Creek Watermain	32,000	(17,741)	14,259	32,000				
2016 CE.508	OPEN	2901 Fulford Road	7,500	(5,838)	1,662	7,500				
		Totals	203,280	(180,306)	22,975	63,766	5,000	170,000	5,819	0

\* CRF (Capital Reserve Fund)

\*\* CWF (Community Works Fund)

\*\*\* Debt (MFA Debt)

**Service:**

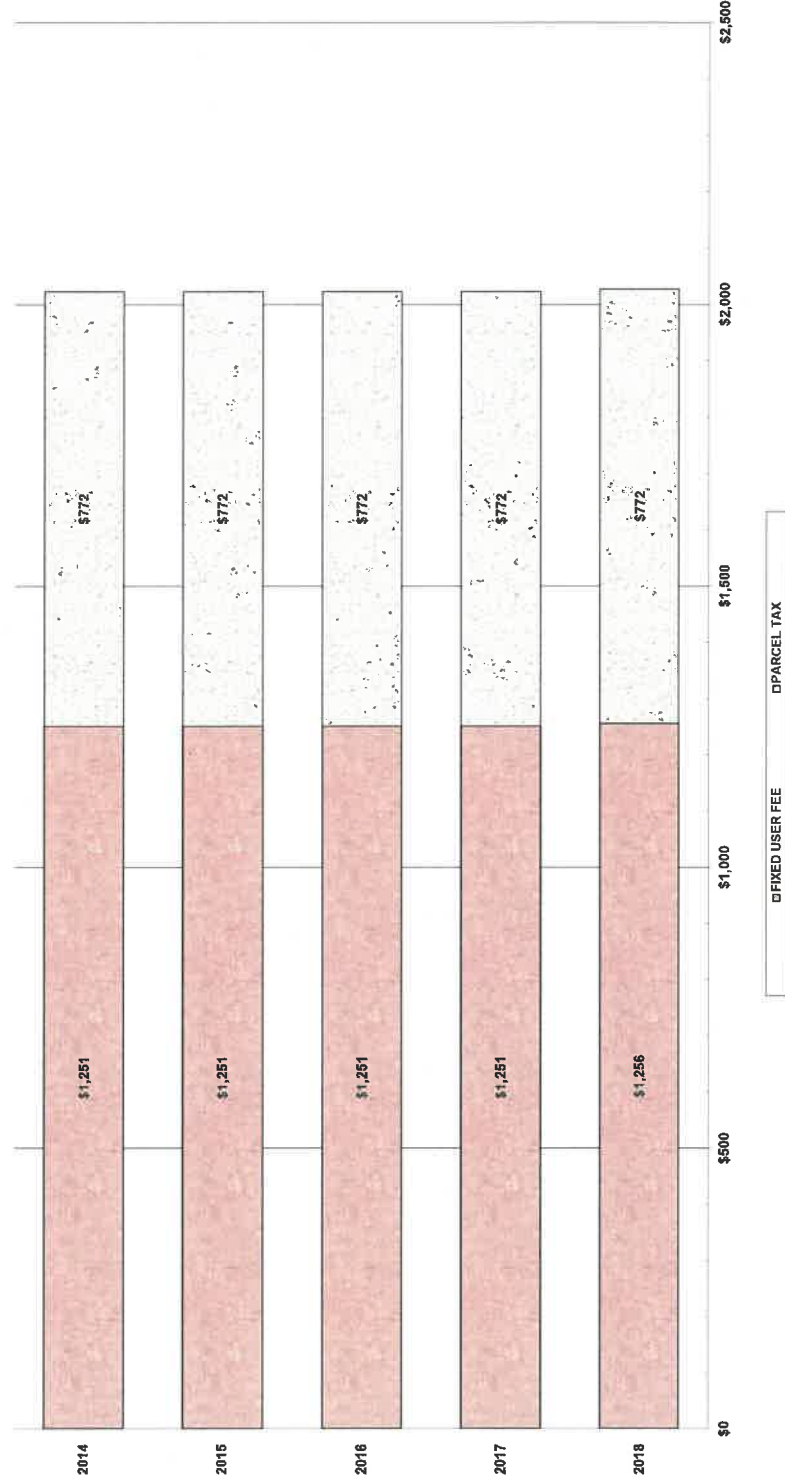
**2.626 Fulford Water (SSI)**

**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	\$771.73	95	\$1,251.00	\$2,022.73	3993	47,221
2016	102	\$771.73	95	\$1,251.05	\$2,022.78	4073	47,290
2017	102	\$771.73	95	\$1,251.05	\$2,022.78	4171	50,526
2018	102	\$771.73	95	\$1,255.89	\$2,027.62		



# CAPITAL REGIONAL DISTRICT FULFORD WATER (SSI) FUNDING ANALYSIS 2014-2018



Actual Costs 2014-2017, Projected 2018  
Prepared by CRD Finance  
10/13/2017