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HIGHLAND WATER AND SEWER SERVICES COMMISSION (MALIVIEW)

Notice of Meeting on **TUESDAY, November 28, 2017 at 12:00 PM**
Creekside Meeting Room, 108 121 McPhillips Ave, Salt Spring Island, BC

Wayne McIntyre Carol Newmeyer Sharon Bywater

AGENDA

1. **Approval of Agenda**
2. **Approval of Minutes of September 19, 2016**
3. **Chair and Director Report**
4. **Reports**

4.1 2018 Operating and Capital Budget

That the Highland Water and Sewer (Maliview) Services Commission:

1. Approve the 2018 operating and capital budget as presented and recommend 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 Maliview Estates Sewerage Local Service

5. **New Business**
6. **Outstanding Business**
7. **Adjournment**

To ensure quorum, advise Tracey Shaver 250.537 4448 if you cannot attend.



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**Minutes of Highland Water and Sewer Services Commission (Maliview)
Held September 19, 2016 at the Portlock Park Meeting Room, 145 Vesuvius Bay Road,
Salt Spring Island, BC**

DRAFT

Director: Wayne McIntyre

Commission Members: Sharon Bywater (Chair), Carol Newmeyer

Staff: Karla Campbell, Senior Manager SSI Electoral Area; Keith Wahlstrom, Manager, Engineering SSI Electoral Area; Matthew McCrank, Senior Manager, Infrastructure Operations; Dan Robson, Manager, Saanich Peninsula and Gulf Islands Operations; Peggy Dayton, Senior Financial Analyst; Tracey Shaver, Recording Secretary

The Chair called the meeting to order at 12:27 pm.

1. Approval of Agenda

MOVED by Commissioner Newmeyer, **SECONDED** by Commissioner Bywater, That the Highland Water and Sewer Service Commission (Maliview) meeting agenda of September 19, 2016 be approved with the addition of item 5.1 Duplex fees and charges.

CARRIED

2. Approval of Minutes of August 25, 2016

MOVED by Commissioner Newmeyer, **SECONDED** by Commissioner Bywater, That the Highland Water and Sewer Service Commission (Maliview) meeting minutes of August 25, 2016 be approved.

CARRIED

3. Chair Report

Chair Bywater reported that communications have improved with CRD staff and that she appreciated the extra time taken by Director McIntyre to explore the use of Community Works Funding to lessen the burden on Maliview rate payers.

4. Reports

4.1 Operating and Capital Budget

Staff reviewed the report and budget considerations.

MOVED by Commissioner Newmeyer, **SECONDED** by Commissioner Bywater, That the Highland Water and Sewer (Maliview) Service Commission recommend that the Capital Regional District Board:

1. Approve the 2017 operating and capital budget for the Highland Water and Sewer (Maliview) Service as presented;
2. Approve the 2017 user charge of \$1,163.26, and variable consumption charge of \$1.75/m³ for the Highland Water and Sewer (Maliview) Service as presented;
3. Balance the 2016 actual revenue and expenditures on the 2016 transfer to maintenance and capital reserves.

CARRIED

5. New Business

5.1 Sewer Service Connection Fees and Charges for Duplexes

Chair Bywater requested that further investigations into tracking duplex connections.

MOVED by Commissioner Bywater, **SECONDED** by Commissioner Newmeyer,
That the Highland Water and Sewer Commission (Maliview) requests that the fees and charges bylaw be amended so that duplexes being charged for one "sewer service connection" be charged as a single family dwelling unit or equivalent.

CARRIED

6. Outstanding Business

Director McIntyre reported that a report requesting Community Works Funding for Maliview Sewer is going to the October meeting of the Electoral Area Services Committee.

7. Adjournment

MOVED by Commissioner Bywater, **SECONDED** by Commissioner Newmeyer,
That the meeting be adjourned at 12:55 pm.

CARRIED

CHAIR

SENIOR MANAGER



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**REPORT TO HIGHLAND WATER AND SEWER (MALIVIEW) SERVICES COMMISSION
MEETING OF TUESDAY, NOVEMBER 28, 2017**

SUBJECT 2018 OPERATING AND CAPITAL BUDGET

ISSUE

To present the 2018 operating and capital budget. In accordance with Bylaw No 3693, "Highland Water and Sewer Services 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 5-year financial plan including Operating Budgets and Capital Expenditure Plans annually. CRD staff have therefore, prepared the financial plan shown in Appendix A to this report for the Maliview Estates Sewage Local 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 potentially leading 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 of 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 \$12,000 over budget, due to unexpected breakdowns in equipment. Breakdowns included mechanical failure and emergency repairs of the rotating biological contactor and the influent screening system and replacement of the electronic power supply and communication equipment and environmental emergency response as a result of these mechanical breakdowns. 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 3.1% over the 2017 budget to account for inflation and increase in labour charges.

Municipal Finance Authority (MFA) Debt

MFA debt servicing costs are incurred on debt of \$41,000 issued in 2004 at 2.00% interest and \$24,000 issued in 2006 at 2.10% interest. The annual debt servicing cost of \$4,660 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 outfall inspection, treatment facility tank draining/cleaning/inspection and sanitary sewer collection system jet hydro flushing and manhole inspections. 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.

Expenditures from the Operating Reserve Fund in 2017 total \$23,000 to fund two maintenance projects:

1. Outfall Inspection: \$8,000
2. SCADA alarm operating improvements: \$15,000

It is proposed that transfers to the operating reserve of \$18,510 remain at the 2017 amount in 2018. The Operating Reserve Fund balance at the end of 2017 is projected to be \$22,951.

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.

Expenditures from the Capital Reserve Fund in 2017 total \$8,000 to fund upgrades to the treatment plant building.

It is proposed that the budgeted transfer to the Capital Reserve Fund be decreased from \$17,740 to \$16,280 in 2018. The balance at the end of 2017 is projected to be approximately \$17,280.

Capital Expenditure Plan

The 5-year plan includes \$1,203,000 of expenditures to be funded by a combination of Community Works Funds grants, the service's Capital Reserve Fund and new debt.

Capital Project 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. At this time with several open projects there are no plans to transfer funds back 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 local service area are responsible for the parcel tax. The proposed 2018 fixed user charge of \$1,183.05 is an increase from the 2017 amount and the sewer use charge of \$1.75/m³ is unchanged from 2017. There is no parcel tax for this service. Historical user charge and parcel tax rates are included for information.

RECOMMENDATION

That the Highland Water and Sewer (Maliview) Services Commission:

1. Approve the 2018 operating and capital budget as presented and recommend 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 Maliview Estates Sewerage Local Service

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 Maliview Sewer Utility – Commission Review Nov 2017

CAPITAL REGIONAL DISTRICT

2018 Budget

Maliview Sewer Utility (SSI)

Commission Review

Compiled and Presented by CRD Finance

Nov-17

Service: 3.820 Maliview Sewer Utility (SSI)

Committee: Electoral Area Services

DEFINITION:

To operate and maintain a sewage collection and disposal system for the Maliview Estates Sewage Collection and disposal System Specified Area on Salt Spring Island (Local Service Establishment Bylaw No. 1938, October 23, 1991)

PARTICIPATION:

Maliview Estates - G(764) LSA#12

MAXIMUM LEVY:

Greater of \$20,000 or \$2.50 / \$1,000 to a maximum of \$69,068 on actual assessed value of land and improvements.

MAXIMUM CAPITAL DEBT:

AUTHORIZED:	LA Bylaw No. 2991	65,500
BORROWED:	Bylaw No. 3196 (Aug 2004)	(40,982)
	Bylaw No. 3364 (Aug 2006)	(24,000)
	Expired	(518)
		<u>\$0</u>

REMAINING:

\$0

COMMITTEE:

Highlands Sewer & Water Committee

FUNDING:

Any deficiencies after user charge and/or frontage tax or parcel tax to be levied on taxable school assessments, excluding property that is taxable for school purposes on by Special Act.

User Charge: Annual Fixed Fee per water service connection \$1,163.26 per SFE

Parcel Tax: Annual, levied only on properties capable of being connected to the system.

Consumption Charge: \$1.75 per cubic meter of total water provided or delivered to the building served by the sewer connection to the CRD Highland Water System

Connection Charge: Actual cost to connect

RESERVE FUND:

Maliview Estates Sewerage System Capital Reserve Fund, Bylaw No. 1499 (Dec. 17, 1986)

	2017		2018			FUTURE PROJECTIONS				
	BOARD ESTIMATED BUDGET	ACTUAL	CORE BUDGET	ONGOING	ONE-TIME	TOTAL	2019	2020	2021	2022
Mailview Sewer Utility (SSI)										
OPERATING COSTS:										
Sludge Hauling Contracts	13,190	11,500	13,450	-	-	13,450	13,720	13,990	14,270	14,560
Screenings, Grit & Waste Sludge Disposal	21,110	17,200	21,530	-	-	21,530	21,960	22,400	22,850	23,310
Repairs & Maintenance	2,860	8,110	2,910	-	-	2,910	2,960	3,010	3,060	3,110
Allocations	12,780	11,000	11,280	-	-	11,280	11,500	11,740	11,980	12,220
Electricity	3,330	3,680	3,460	-	-	3,460	3,530	3,600	3,670	3,740
Water	610	850	620	-	-	620	630	640	650	660
Supplies	1,190	1,620	1,070	-	-	1,070	1,090	1,110	1,130	1,150
Labour Charges	34,040	47,820	37,540	-	-	37,540	38,280	39,050	39,830	40,620
Other Operating Expenses	8,060	7,160	8,230	-	-	8,230	8,370	8,510	8,660	8,820
TOTAL OPERATING COSTS	97,110	108,940	100,090	-	-	100,090	102,040	104,050	106,100	108,190
*Percentage Increase over prior year						3.1%	1.9%	2.0%	2.0%	2.0%
DEBT/RESERVES										
Transfer to Capital Reserve Fund	17,740	3,440	16,280	-	-	16,280	18,550	9,770	9,760	9,760
Transfer to Operating Reserve Fund	18,150	18,150	18,510	-	-	18,510	18,880	19,260	19,650	20,040
Debt Reserve Fund	-	-	-	-	-	-	3,000	8,600	-	-
MFA Principal Payment	3,340	3,340	3,340	-	-	3,340	3,340	18,880	63,450	63,450
MFA Interest Payment	1,320	1,240	1,320	-	-	1,320	11,320	44,990	59,320	59,320
TOTAL DEBT / RESERVES	40,550	26,170	39,450	-	-	39,450	55,090	101,500	152,180	152,570
TOTAL COSTS	137,660	135,110	139,540	-	-	139,540	157,130	205,550	258,280	260,760
FUNDING SOURCES (REVENUE)										
Sales - Sewer Use	(27,000)	(23,900)	(27,000)	-	-	(27,000)	(27,000)	(27,000)	(27,000)	(27,000)
User Charges	(110,510)	(110,510)	(112,390)	-	-	(112,390)	(129,980)	(178,400)	(231,130)	(233,610)
Other Revenue	(150)	(700)	(150)	-	-	(150)	(150)	(150)	(150)	(150)
TOTAL REVENUE	(137,660)	(135,110)	(139,540)	-	-	(139,540)	(157,130)	(205,550)	(258,280)	(260,760)
REQUISITION - PARCEL TAX	-	-	-	-	-	-	-	-	-	-
*Percentage increase over prior year						1.7%	15.7%	37.3%	29.6%	1.1%
User Charges						0.0%	0.0%	0.0%	0.0%	0.0%
Requisition						1.7%	15.7%	37.3%	29.6%	1.1%
Combined						1.7%	15.7%	37.3%	29.6%	1.1%

Reserve Schedule

Reserve Fund: 3.820 Maliview Sewer Utility (SSI) Operating Reserve Fund (Bylaw No. 4144)

Reserve fund used for: unforeseen operational repairs and maintenance; infrequent maintenance activities such as treatment facility tankage cleaning and inspection, collection system flushing and inspection, outfall inspection etc. Optimum minimum balance of \$10,000 (approximately 10%) of the annual operating budget.

Reserve Cash Flow

	2017	Budget			
		2018	2019	2020	2021
Fund: 1500 Fund Center: 105211					
Beginning Balance	27,223	22,951	41,461	55,341	74,601
Transfer from Operating Budget	18,150	18,510	18,880	19,260	19,650
Expenditures	(23,000)		(5,000)		(40,000)
			Biofilter media change		Sanitary sewer flushing and inspections
Planned Maintenance Activity					Outfall inspection
Interest Income*	578				
Ending Balance \$	22,951	41,461	55,341	74,601	54,251
					67,291

Reserve Schedule

Reserve Fund: 3.820 Maliview Sewer Utility (SSI) Capital Reserve Fund (Bylaw No.: 1499)

Reserve Cash Flow

	2017	Budget				
		2018	2019	2020	2021	2022
Fund: 1041 Fund Center: 101385						
Beginning Balance	21,699	17,284	33,564	52,114	61,884	71,644
Transfer to Cap Fund (Based on Capital Plan)	(8,000)					
Transfer from Operating Budget	3,440	16,280	18,550	9,770	9,760	9,760
Interest Income*	145					
Ending Balance \$	17,284	33,564	52,114	61,884	71,644	81,404

* 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.

Service: 3.820 Maliview Sewer Utility (SSI)

Proj. No. 17-01	Capital Project Title WWTP Building Repairs	Capital Project Description Building repairs
Asset Class Engineered Structures	Board Priority Area 0	Corporate Priority Area Environmental Protection
Project Rationale <i>The roof and building envelop of the shed at the Maliview treatment plant site are in need of replacement</i>		

Proj. No. 17-02	Capital Project Title Outfall and sewer main upgrades	Capital Project Description Outfall replacement an repairs
Asset Class Engineered Structures	Board Priority Area 0	Corporate Priority Area Environmental Protection
Project Rationale <i>The land portion of the outfall had a failure in 2011 and 2014. A video inspection shows the main is severely deteriorated and require replacement. A section of the sewer is incorrectly graded, requiring frequent maintenance to clear blockages. There are also tee laterals that require constant flushing and maintenance</i>		

Proj. No. 18-01	Capital Project Title Collection system repairs	Capital Project Description Replacement of collection pipe and manholes
Asset Class Engineered Structures	Board Priority Area 0	Corporate Priority Area Environmental Protection
Project Rationale <i>A CCTV inspection has been completed and a summary report outlining priorities is being undertaken. For the replacement of pipes and manholes in areas where infow/infiltration has been found to be high. This work has been estimated to cost \$150,000/year for two years.</i>		

Service: 3.820 Maliview Sewer Utility (SSI)	
Proj. No. 20-01 Asset Class Engineered Structures Project Rationale <i>Additional primary treatment (ultra-fine screening). The 2011 Stantec Report states that to achieve regulatory compliance requirements, prescreening will be required.</i>	Capital Project Title Additional primary treatment Board Priority Area 0 Capital Project Description Add primary treatment for prescreening Corporate Priority Area Environmental Protection
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
Proj. No. Asset Class #N/A	Capital Project Title 0 Board Priority Area 0 Capital Project Description 0 Corporate Priority Area 0

Maliview Sewer Utility (SSI)

Capital Projects Fund

Project#	Status	Capital Project Description	Total Budget	Expenditure Actuals	Remaining Funds	Funding Source-CRF*	Funding Source-CWF**	Funding Source-ORF***	Return Surplus to CRF*	Return Surplus to CWF**
CE.451	OPEN	Inflow/Infiltration	210,000	(35,901)	174,099		210,000			
CE.450	OPEN	Outfall Replace 120m	20,000	(22,544)	(2,544)		20,000			
CE.582	OPEN	WWTP Building Upgrade	8,000	0	8,000	8,000				
CE.589	OPEN	Outfall Inspection	8,000	(14,924)	(6,924)			8,000		
CE.619	OPEN	SCADA Alarm	15,000	0	15,000			15,000		
		Totals	261,000	(73,369)	187,631	8,000	230,000	23,000	0	0

* CRF (Capital Reserve Fund)

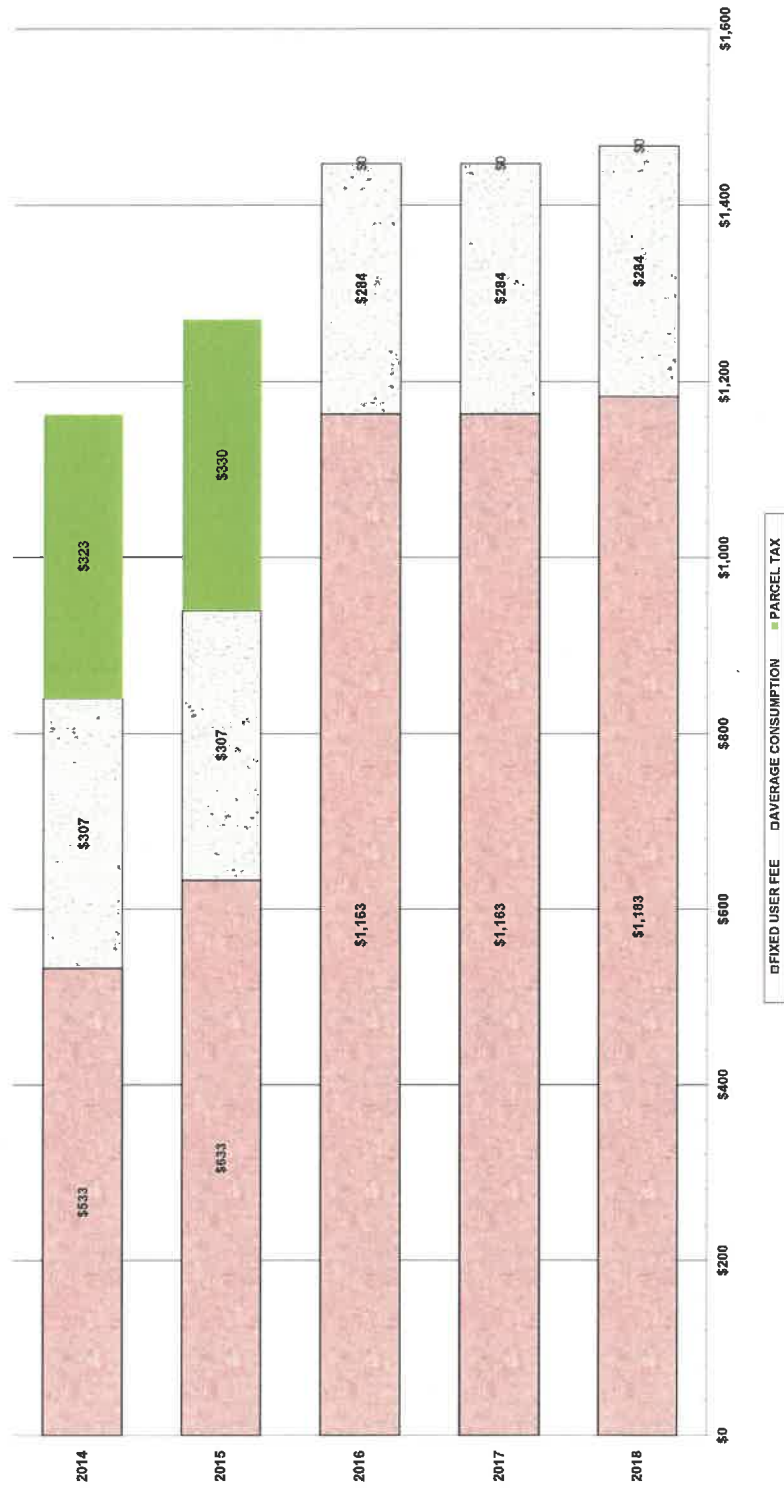
** CWF (Community Works Fund)

*** ORF (Operating Reserve Fund)

Service: 3.820 Maliview Sewer Utility (SSI) **Committee: Electoral Area Services**

<u>Year</u>	<u>Taxable Folios</u>	<u>Parcel Tax</u>	<u>Connections</u>	<u>User Charge</u>	<u>Tax & Charges</u>	<u>Bylaw</u>	<u>Assessments \$(000's)</u>
2011	94	\$322.88	94	\$346.73	\$669.61	3777	32,868
2012	94	\$322.86	95	\$400.00	\$722.86	3822	28,962
2013	94	\$322.86	95	\$400.00	\$722.86	3891	28,344
2014	94	\$322.86	95	\$532.84	\$855.70	3891	26,858
2015	94	\$330.42	95	\$632.84	\$963.26	3993	26,866
2016	94	\$0.00	95	\$1,163.26	\$1,163.26	4073	27,627
2017	94	\$0.00	95	\$1,163.26	\$1,163.26	4171	32,616
2018	94	\$0.00	95	\$1,183.05	\$1,183.05		

CAPITAL REGIONAL DISTRICT MALIVIEW SEWER FUNDING ANALYSIS 2014-2018



Actual Costs 2014-2017, Projected 2018
Prepared by CRD Finance
10/27/2017