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SAANICH PENINSULA WATER COMMISSION

Notice of Meeting on **Thursday, October 2, 2014 at 9 am**

Saanich Peninsula Treatment Plant Meeting Room, 9055 Mainwaring Road, North Saanich, BC

A. Bryson
Z. King
M. Williams (Chair)

R. Barnhart
M. Lougher-Goodey
A. Rowland

T. Daly
M. Loveless

M. Doehnel
E. McMurphy

AGENDA

1. Approval of Agenda
2. Adoption of Minutes of June 19, 2014
3. Chair's Remarks
4. Divisional Service Plans - Service Plans Review Process (Staff Report #SPWC2014-01)
5. 2015 Capital and Operating Budgets (Staff Report #SPWC 2014-02)
6. Water Quality Reports (Information Report #SPWC 2014-03)
7. First Nations Appointment to Saanich Peninsula Water Commission (Verbal Report)
8. Water Watch
9. New Business
10. Adjournment

Distribution:

Staff/Town Halls, etc.

R. Lapham
L. Hutcheson
D. Lokken
A. Orr
J. Poncelet
G. Harris

T. Robbins
T. Tanton
P. Sparanese
D. Robson
M. Montague
Commission file

P. Robins, Central Saanich
D. McAllister, Central Saanich
R. Buchan, North Saanich
P. O'Reilly, North Saanich
R. Humble, Sidney
Chief W. Morris, Tsartlip

To ensure a quorum, advise Margaret at 250.474-9606 if you or your alternate cannot attend.
1590058

**REPORT TO SAANICH PENINSULA WATER AND WASTEWATER COMMISSION
 MEETING OF THURSDAY, OCTOBER 2, 2014**

SUBJECT SERVICE PLANS REVIEW PROCESS

ISSUE

The Capital Regional District (CRD) embarked on a three year budget and service planning cycle in 2012. 2015 represents the last year of the current three year planning cycle (2013-2015). This report is developed to provide information on the overall service plans and budget review process.

BACKGROUND

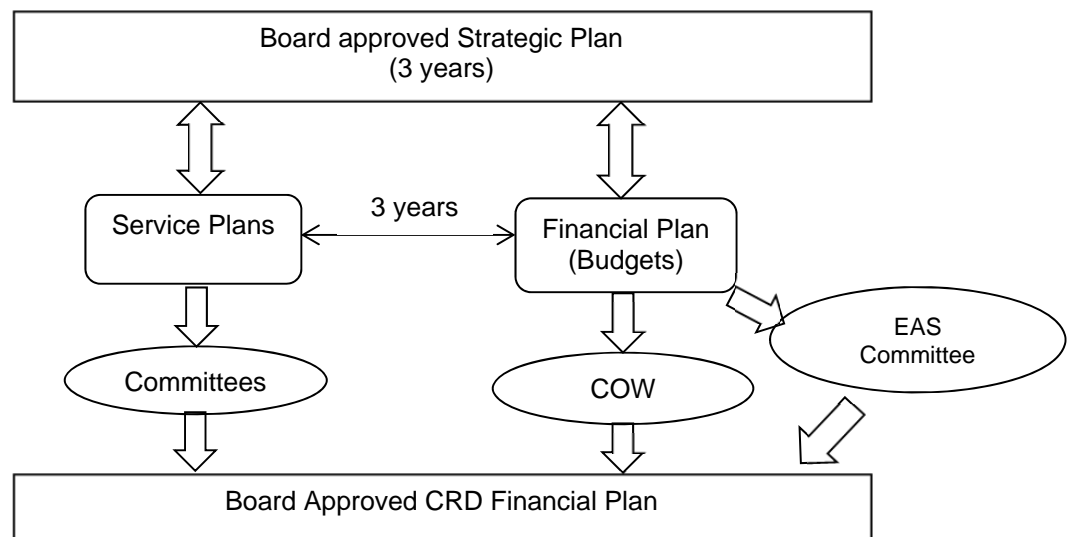
Service plans are primarily developed to describe core service information including key service drivers such as trends, service levels and performance measures. These plans also highlight divisional initiatives and implications for the overall work program for a specific area.

Three year service plans (2013-2015) were specifically developed to provide for continuity of service delivery priorities through the election cycle and to ensure alignment with Board strategic priorities. These plans also provide the CRD with a tool to communicate with stakeholders on service delivery priorities and related outcomes.

The 2013-2015 plans were developed in 2012 for Committee consideration. The plans have now been updated to reflect the 2014 work program results and highlight key changes for 2015. To assist the Committee review process, a one page service plan summary has also been developed to summarize the key points.

Approval Process:

The following figure identifies the structure for service plan and budget approvals.



The presentation of service plans to the appropriate committee permits the more detailed assessment and knowledge of service delivery and programs. The service plans are intended to provide the committees with information on each division. This update provides committees the opportunity to review the work program and make service amendments as necessary. This iterative process is intended to provide staff with an effective planning tool to deliver their work efficiently.

Under Board direction, the presentation of budgets is segregated between the Electoral Area Services Committee (EASC) or service commissions with delegated authority and the Committee of the Whole. The EASC and/or the service commissions are responsible for reviewing and recommending approval to the Board for electoral area-only service budgets while regional and sub-regional service budgets are presented to the Committee of the Whole. Ultimately, the Board is responsible for approval of all of the service budgets.

FINANCIAL IMPLICATIONS

2015 Financial Plan estimates are being worked on and will be presented for review and approval at the Committee of the Whole and the EASC meetings in October. The Financial Plan will reflect the results of the Committee review of service plans.

CONCLUSION

Departments have prepared service plans for presentation to the appropriate standing committee to provide a more detailed assessment and knowledge of service delivery and programs. These service summaries highlight the 2014 results and focus on key changes for 2015.

RECOMMENDATION

That the Saanich Peninsula Water and Wastewater Commission approve the attached service plan.

Rajat Sharma, MBA, CMA
Senior Manager, Financial Services

Diana E. Lokken, CPA, CMA
General Manager, Finance and Technology Dept.
Concurrence

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

Robert Lapham, MCIP, RPP
Chief Administrative Officer
Concurrence

Attachments: Service Plans

**REPORT TO SAANICH PENINSULA WATER COMMISSION
MEETING OF THURSDAY, OCTOBER 2, 2014**

SUBJECT 2015 OPERATING AND CAPITAL BUDGET

ISSUE

This report provides an overview of the 2015 Saanich Peninsula Water Service operating and capital budget, highlighting the changes from the 2014 budget and the proposed 2015 budget figures. The report generally follows the sequence of information provided in the attached draft budget document (Attachment 1).

BACKGROUND

2014 Operating Expenditures and Revenue

The actual 2014 operating expense is projected to be \$6,570 under budget. The actual bulk water purchase expense is estimated to be under budget by \$166,528, due to the projected lower than budget demand volume at year end 2014. This corresponds with water sales revenue that is estimated to be \$235,150 lower than budget. To balance the budget at year end, the proposed transfer to the capital reserve fund is \$211,437, \$66,552 lower than the planned transfer.

2015 Operating Expense

A 2% increase in the 2015 operating expense in the amount of \$25,230 is planned and results primarily from adjustments for labour cost increases and electricity cost increases.

The bulk water purchase expense, based on the proposed 2015 Regional Water Supply wholesale water rate and the 2015 budget demand volume, has been set at \$3,921,258.

2015 Capital Budget

The planned capital expenditures for 2015, including one 2014 carry-forward project, total \$590,000 funded from capital reserves. The new capital projects include completing a 'component level' asset replacement study to identify a long term replacement strategy for the water system infrastructure (following the completion of the 2011 hydraulic and capacity engineering study), and phase 5 of the air valve replacement project.

The planned transfer to the capital reserve fund in 2015 is \$277,200. At year-end 2014, the capital reserve fund balance is estimated to be \$6,332,408. Other funding sources available for capital expenditures include unspent capital funds from previous borrowing bylaws in the amount of \$582,925 and an equipment replacement fund with a balance of \$1,270,880. The value of the five year (2015-2019) capital plan is currently \$6,190,000, including a \$2,000,000 budget allowance to implement recommendations resulting from the asset replacement study planned for 2015. With the current reserve fund balance and the planned contributions over the next five years, based on the current capital plan, there will be sufficient funding in reserves for the five-year capital plan, while maintaining a positive balance for unplanned expenditures, without the need for borrowing. The service currently does not carry any debt.

2015 Budget Demand Volume

The 2015 budget demand volume has been set at 6,270,000 cubic metres. This volume is approximately 0.83% lower than the projected 2014 actual demand and approximately 5.26% lower than the 2014 budget demand volume of 6,600,000 cubic metres.

Wholesale Water Rates

The 2015 CRD Regional Water Supply wholesale water rate of \$0.6254 per cubic metre has been approved by the Regional Water Supply Budget Subcommittee, an increase of \$0.0260 per cubic metre (4.34%) as has a 2015 agricultural rate of \$0.2105 per cubic metre. A summary of the agricultural water demand across the region is attached for information (Attachment 2).

The Saanich Peninsula Bulk Rate has been set at \$0.8898 per cubic metre, an increase of \$0.0434 per cubic metre (5.12%), resulting primarily from the wholesale water rate increase and the downward demand volume adjustment. The increase in annual cost for the average household using 235 cubic metres per year would be \$10.19.

The Agricultural Research Station Rate has been set at \$0.9250 per cubic metre.

RECOMMENDATION

That the Saanich Peninsula Water Commission recommend that the CRD Board:

1. Approve the 2015 operating and capital budget;
2. Approve the 2015 Saanich Peninsula bulk water rate of \$0.8898 per cubic metre, and the Agricultural Research Station water rate of \$0.9250 per cubic metre, adjusted if necessary by any changes in the CRD Regional Water Supply wholesale water rate;
3. Balance the 2014 actual revenue and expense on the transfer to capital reserve fund; and
4. Approve Bylaw No. 3990, "Bulk Water Rates Bylaw, 1977, Amendment No. 34, 2014" to increase the Saanich Peninsula water rates accordingly.

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

TR:mm
Attachments: 2



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Agenda Item #6
REPORT #SPWC 2014 - 03

**REPORT TO SAANICH PENINSULA WATER COMMISSION
MEETING OF THURSDAY, OCTOBER 02, 2014**

SUBJECT WATER QUALITY REPORTS

BACKGROUND

The attached staff reports were presented to the Regional Water Supply Commission meeting on July 16, 2014.

RECOMMENDATION

That the Saanich Peninsula Water Commission receive the staff report for information.

Ted Robbins, B.Sc., C.Tech.
General Manager, Integrated Water Services

TR:mm

Attachments: 2