



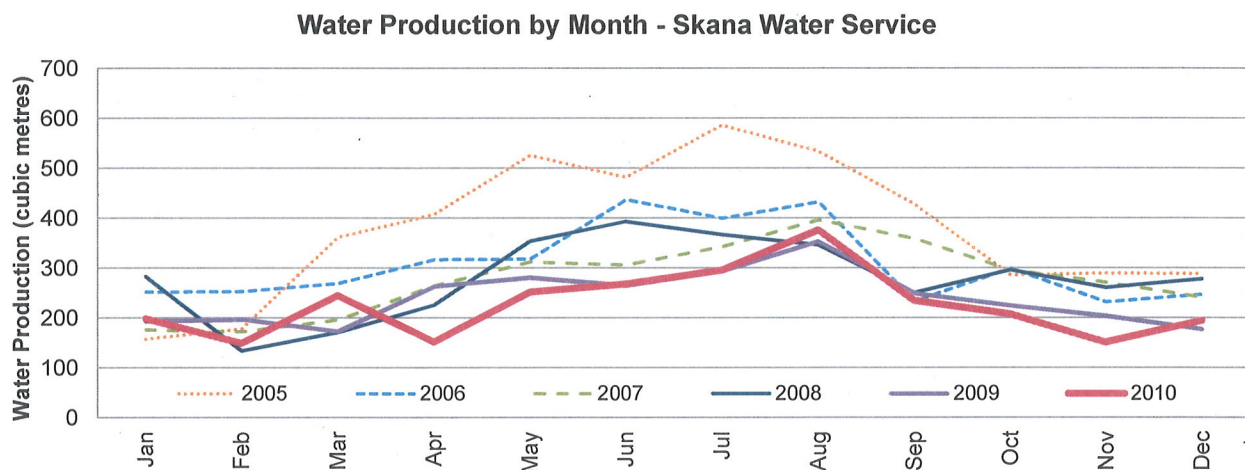
Making a difference...together

**SKANA WATER SERVICE
ANNUAL REPORT ON OPERATIONS
MAY 24, 2011**

Water Usage

A total of 2,727 cubic metres (m³) of water was pumped from the Skana well in 2010, which is 5% less than in 2009 and 40% less than in 2005. Water use has declined consistently since 2005. Well production by month is shown in Figure 1.

Figure 1. Water Production 2005-present



Operations and Projects

The Skana water system has operated reliably and within budget in the past year, including routine operation and maintenance by contract operator Jean Beaudet, and the provision of service connections as requested by customers. Maintenance work in 2010, and approximate costs, included:

- New pressure transducer on well #1 (level indication) - \$1800
- Replace UV lamps - \$230
- Repair remote monitoring hardware damaged in storm - \$500
- Purchase six water meters - \$570.72
- Replace faulty water meter at 527 Waugh Road - \$750
- Replace broken standpipe at 539 Waugh Road - \$750
- Repair leak on reservoir recirculation line - \$500
- Replace 4 failed valve boxes at 491 Waugh Road - \$1000
- Remove tree at 508 Aya Road - \$300
- Rebuild chlorine dosing pump - \$500

One new service connection was completed in 2010, at a cost to the owner of \$1,229. No capital work was planned for 2010. An engineering assessment of the system is planned for 2011, in order to plan for future infrastructure upgrading and renewal.

Water Quality

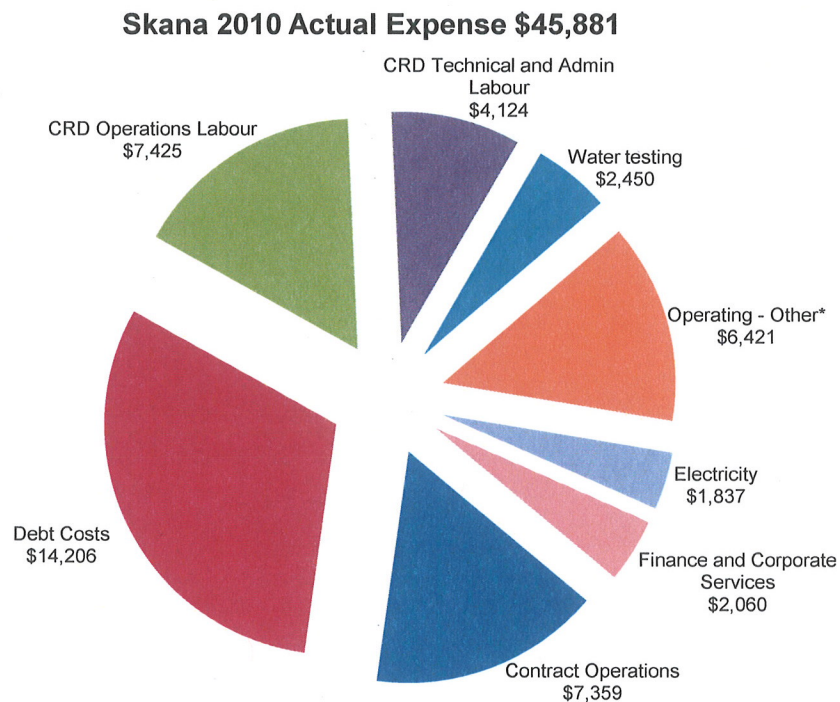
Water Quality Division staff are preparing the *2010 Annual Water Quality Report for the Skana Drinking Water System* which should be available by mid-year. That report will contain a detailed accounting of the water quality testing that was conducted in 2010 and will be available to the public on the CRD website. Currently, there are no specific water quality issues in this drinking water system.

2010 Financial Report

Attached is a copy of the *Statement of Financial Activities* as prepared by CRD Finance and Corporate Services for the year 2010. 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 2 shows a breakdown of 2010 actual expenses.

Figure 2. 2010 Operating Expense



*Includes repair and maintenance parts, operating supplies, insurance, travel expenses, meeting expenses, building inspection services, telecommunications, permits and licenses, rentals and leases

The balance of annual revenue and expense is added to any surplus or deficit carried forward from the prior year. If the sum is a net surplus, funds may be transferred to a reserve or capital project account; however, funds may not be transferred to reserve or capital if there is a net deficit. Regional District services are not permitted to budget for 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 Skana 2010 revenue of \$50,467 includes \$18,937 parcel tax and \$29,033 user fees. The "other" revenue includes connection charges, and other charges such as late payment fees or service callout charges. The total expenditures for 2010 were \$45,881, of which \$14,206 was the annual cost of borrowing for capital work, and the

remainder is the cost of operation and administration of the service.

The difference between revenue and expenditures in 2010 was net revenue of \$4,586 at year end. This amount added to the surplus of \$12,892 carried forward from 2009. A total of \$11,448 was transferred to the reserve fund, leaving net surplus of \$6,030 carried forward to 2011. The current balance in the reserve fund is \$45,283, of which \$25,000 is committed to 2011 capital projects. A balance of \$10,083 also remains available in the capital project account.

The 2011 operating and capital budgets recommended by the Skana Water Service Committee at the November 2010 budget meeting were approved by the CRD Board in March. The approved budget results in the following changes to fees and charges for 2011:

- Parcel Tax increases from \$273.03 to \$279.00
- Annual User Charge increases from \$703.85 to \$789.22

The increases are the result of a reduction in the surplus carried forward from the prior year, primarily due to a decision by the Committee to transfer the 2010 surplus to the Skana Water capital reserve fund.

The approved budget includes a \$25,000 capital plan for 2011, including:

- Replace above-ground piping at the reservoir \$15,000
- Replace valve boxes and risers \$5,000
- Strategic asset management plan \$5,000

Water System Problems - Who to Call

To report any event or to leave a message for the Skana Water Operator, Mr. Jean Beaudet:

First Call: 539-3300

**If you do not reach someone at 539-3300, please report emergency events directly to:
1-250-388-6275 and ask for pager 2614**

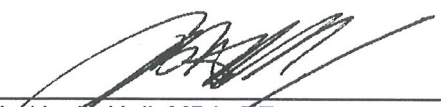
When connected to the pager message system, please leave your name, your phone number, a brief description of the problem and that the problem is with the **Skana** water system. Expect a phone call from a CRD duty operator within a short time.



Colwyn Sunderland, AScT
Local Services Engineering Coordinator



Tim Tanton, PEng
Senior Manager, Infrastructure Engineering
Concurrence



J.A. (Jack) Hull, MBA, PEng
General Manager, Integrated Water Services
Concurrence

CS:ls
Attachments: 1

CAPITAL REGIONAL DISTRICT

WATER REVENUE FUND
Statement of Financial Activities (Unaudited)
For the Year Ended December 31, 2010

	Skana Water Supply
Revenue	
Transfers from government	\$ 18,937
Sale of services	29,033
Other revenue from own sources:	
Interest earnings	253
Other revenue	2,244
Grants in lieu of taxes	-
	<u>50,467</u>
Expenditure	
General government services	2,060
Grants in aid	-
Other	43,763
Salaries and wages	-
Other fiscal services	58
Recovery	-
	<u>45,881</u>
Net revenue (expenditure)	4,586
Transfers to own funds:	
Water Capital Fund	-
Reserve Funds	11,448
Equipment Replacement Fund	-
Transfers from own funds:	
Reserve Funds	-
Change in fund balance	(6,862)
Opening balance	12,892
Closing balance	\$ 6,030