



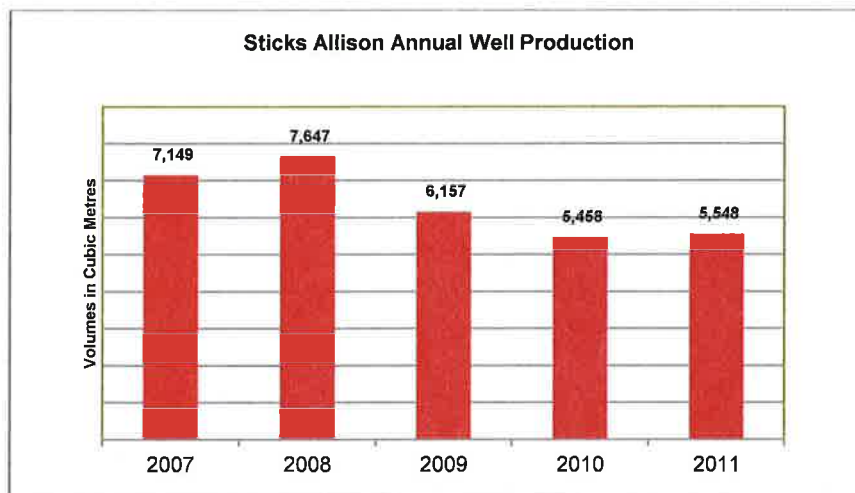
Making a difference...together

**STICKS ALLISON WATER SERVICE
ANNUAL REPORT
August 17, 2012**

Water Supply and Demand

A total of 5,548 cubic metres (m³) of water was drawn from the Sticks Allison well in 2011, slightly more than in 2010, but 27% less than in 2008. Total annual water production since 2007 is shown in **Figure 1**.

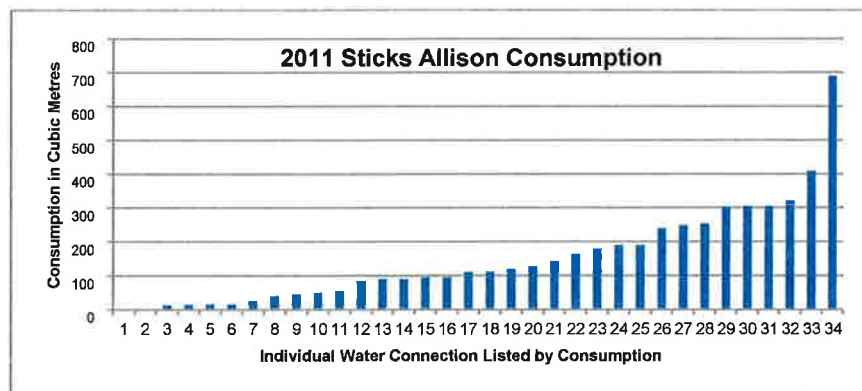
Figure 1. Total Sticks Allison Water Production 2007 – Present.



The reduced water consumption in the community since 2008 is likely attributable to repaired leaks in the distribution system and private-side plumbing and conservation efforts on the part of the community.

Total metered usage by customers of the Sticks Allison Water Service in 2011 was 5,143 m³, approximately 11% more than 2010's measured consumption of 4,645 m³. Annual consumption by customers, listed in order of increasing volume consumed, is shown in **Figure 2** below.

Figure 2. Sticks Allison 2011 Annual Consumption by Connection.



The difference between production and total metered consumption, called non-revenue water, represents the combined effect of distribution system leaks, system maintenance (e.g. water main flushing), any unauthorized connections (theft), fire fighting and meter inaccuracy. Non-revenue water decreased from 2,216 m³ in 2008 to 813 m³ in 2010 and to 405 m³ in 2011; a decrease of 50% from 2010 or an overall 82% decrease since 2008. In 2011, further water main leaks were discovered and promptly repaired to keep the non-revenue water to just 7% of total annual production. This is well below the 20% average for a typical Canadian municipal water system (Environment Canada Report 2004 *Threats to Water Availability in Canada*).

Water Quality - 2011

In 2011, Sticks Allison drinking water quality was within the *Guidelines for Canadian Drinking Water Quality (GCDWQ)*. Water quality characteristics include:

- The disinfected drinking water was bacteriologically safe to drink
- The water is relatively soft with a slightly alkaline pH
- Total trihalomethanes (a bi-product of organic material reacting with chlorine in the treated drinking water) was below the GCDWQ limit of 100 micrograms per litre
- Metals were typically below limits
- Parasites were not detected in the source water
- Chlorine residuals were maintained within guidelines and industry best practices.

Operations

The Sticks Allison water system continues to operate reliably. Significant activities included:

- Replaced UV disinfection lamp and quartz sleeve
- Serviced four fire hydrants and two standpipes
- Replaced air-release valve at 222 East Sticks Allison Road
- Completed repairs to pump house roof
- Installed eye-wash bottles at plant (regulatory safety requirement)
- Cleaned sludge from chlorine tank
- Cleaned out isolation-valve boxes
- Repaired leak on asbestos cement water main at lot 28/29

Problems arising with the level control were first faced in 2011, but could not be resolved due to electrical issues. In January 2012 with the installation of new level controller, SCADA pack, high level alarm float and a flood float, the issues were resolved and the system is now again fully operational. The cost to complete the works (approximately \$5,750) will be recovered from the 2012 Sticks Allison operating budget.

Financial Report - 2011

Attached is a copy of the *Statement of Financial Activities (Unaudited)* as prepared by CRD Finance and Corporate Services for the year 2011. The statement provides an overview of the revenues and expenses for the year.

Revenue includes parcel taxes (*transfers from government*) and user fees (*sale of services*), and small amounts for interest on savings and miscellaneous revenue such as late payment charges (*other revenue*). *Expenses* include all costs of providing the service. *General government services* include budget preparation, financial management, utility billing and risk management services. *Other fiscal services* include administration costs for loans. *Other expenses* include the cost to administer and operate the water system and the payments on borrowing to finance capital projects.

The difference between *revenue* and *expenses* is reported as *net revenue (expense)*. Any transfers to or from capital or reserve accounts for the service (*transfers to own funds*) are deducted from this amount and it is then added to any surplus or deficit carry forward from the prior year, yielding an *Accumulated surplus* (or deficit) that is carried forward to the following year.

The Sticks Allison 2011 revenue of \$44,844 and expenses of \$42,904 yielded net revenue of \$1,940. There were no transfers to or from capital or reserve accounts, so the surplus of \$1,940 was applied to the opening deficit balance of \$3,082 yielding a closing deficit of \$1,142, which was carried forward to 2012.

Regional District services are not permitted to plan a carry forward deficit, so a deficit in a given year usually requires a tax or fee increase in the following year to recover costs. The deficit, and the requirement to increase revenue to cover increasing operating costs that caused the deficits in 2009 and 2010, contributed to a required increase in fees and charges for the service in 2011.

On December 31, 2010, the Sticks Allison Water Service held \$4,133 in the Capital Reserve Fund. In 2011, \$65 of interest income was received and a transfer of \$3,000 was made to Water Capital Fund, leaving \$1,198 in the Capital Reserve Fund. The Water Capital Fund now contains approximately \$5,160.



Tim Tanton, MPA, P.Eng.
Senior Manager, Infrastructure Engineering



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

GP/TT:ls
Attachment: 1

CAPITAL REGIONAL DISTRICT

WATER REVENUE FUND

Statement of Operations (Unaudited)

For the Year Ended December 31, 2011

	Sticks Alison Galiano Island Water Supply
Revenue	
Transfers from government	\$ 8,384
Sale of services	36,245
Other revenue from own sources:	
Licenses and permits	-
Interest earnings	-
Other revenue	215
Grants in lieu of taxes	-
Total revenue	44,844
Expenses	
General government services	1,880
Other expenses	40,882
Other fiscal services	142
Total expenses	42,904
Net revenue (expenses)	1,940
Transfers to own funds:	
Capital Funds	-
Reserve Funds	-
Equipment Replacement Fund	-
Annual surplus	1,940
Accumulated surplus, beginning of year	(3,082)
Accumulated surplus, end of year	\$ (1,142)