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STICKS ALLISON WATER LOCAL SERVICE COMMITTEE
Notice of Meeting on **Monday, October 24, 2016 at 10:30 am**
Main Conference Room, 479 Island Highway, Victoria, BC

Doug Knight (Chair)
Mel Serink

Director Dave Howe

Brian Russell

Patrick Ramsay

AGENDA

1. Approval of Agenda
2. Adoption of Minutes of September 22, 2015
3. Quarterly Water Bill Updates (information report)
4. 2015 – 2016 Parcel Taxes (staff report)
5. 2017 Operating and Capital Budget (staff report)
6. New Business
7. Adjournment

To ensure quorum, advise Lorrie Siemens 250.360.3087 or lsiemens@crd.bc.ca if you cannot attend.



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Minutes of the Sticks Allison Water Local Service Committee
Held Tuesday, September 22, 2015 in the Main Conference Room, 479 Island Highway,
Victoria, BC

PRESENT: **Committee Members:** D. Knight (Chair), B. Russell, Alternate Southern Gulf Islands Regional Director, P. LeBlond
Staff: M. Cowley, Senior Manager, Infrastructure Engineering, P. Dayton, Senior Financial Analyst, S. Mason, Manager, Water Engineering and Planning, D. Robson, Manager, Saanich Peninsula and Gulf Islands Operations, J. Marr, Project Engineer, L. Siemens (recorder)

ABSENT: Director Howe, P. Ramsay, M. Serink

The meeting was called to order at 2:30 pm.

1. Approval of Agenda

MOVED by B Russell, **SECONDED** by P. LeBlond,
 That the agenda be approved as previously circulated.

CARRIED

2. Adoption of Minutes of October 29, 2014

MOVED by B. Russell, **SECONDED** by D. Knight,
 That the minutes of October 29, 2014 be adopted.

CARRIED

3. Draft Strategic Asset Management Plan for Sticks Allison Water System

S. Mason presented a written report and the draft Sticks Allison Water System Strategic Asset Management Plan document. The committee was asked to review the document and provide comments in order for staff to make revisions.

MOVED by P. LeBlond, **SECONDED** by B. Russell,
 That the Sticks Allison Water Local Service Committee accept the report and draft Strategic Asset Management Plan and direct the CRD staff to revise capital budget expenditures in the draft 2016 Operating and Capital budget as follows:

- Ground water study \$5,000 – move to 2017.

CARRIED

4. 2016 Operating and Capital Budget

M. Cowley presented a written report and the 2016 Operating and Capital budget documents.

The following changes were made to the budget:

- Schedule G – change the year for the ground water study from 2016 to 2017 for \$5,000. Change the Reserve Schedule table.
- Schedule G – Add the Water Audit Study in year 2017 for \$5,000.
- Update the capital description table (to reflect the above changes).

MOVED by B. Russell, **SECONDED** by P. LeBlond,

That the Sticks Allison Water Local Service Committee recommend that the Capital Regional District Board:

1. Approve the 2016 operating and capital budget for the Sticks Allison water service as amended;
2. Authorize the Parcel Tax of 215.76 and User Charge of \$1,149.12 for the Sticks Allison water service; and
3. Balance the 2015 actual revenue and expense for the Sticks Allison water service by carrying forward the estimated surplus to 2016 as revenue.

CARRIED

5. New Business

Staff were requested to forward information on well level elevation (in geodetic datum to the committee.

A discussion took place on water conservation measures and methods to communicate water conservation to the community.

6. Adjournment

MOVED by P. LeBlond, **SECONDED** by B. Russell,
That the meeting be adjourned at 3:28 pm.

CARRIED



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**REPORT TO THE STICKS ALLISON WATER LOCAL SERVICE COMMITTEE
MEETING OF MONDAY, OCTOBER 24, 2016**

SUBJECT QUARTERLY WATER BILL UPDATES

ISSUE

The purpose of this report is to provide details to the Sticks Allison Water Service Committee on their request for information on how the water bills can be updated to include personal historical water consumption for the individual water users as well as the mean volume of water consumed for the entire service.

BACKGROUND

The Capital Regional District (CRD) area has experienced drought conditions for the past several years. This has driven voluntary conservation efforts in the local service areas in which we the CRD provide water services. Several of the water services have inquired if the CRD could provide more details within their personal water bills so that customers can better track the progress of their water conservation efforts. The requests have centred around two aspects of the bills:

1. The ability to look historically at personal consumption; and,
2. The ability to compare personal consumption against the average consumption for the entire service.

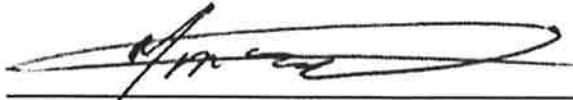
Utilizing the water billing software currently in use for the CRD's largest water distribution service (Juan de Fuca Water Distribution Service with 25,600 accounts), consumption history and customized service information messages can be made available. Future billing and payment option enhancements are proposed for 2017 through a Billing Software Enhancement Project. The use of the billing format could be extended to the Local Service Areas (LSA), with an expectation that each LSA would fund the future administration costs related to customization of information.

CONCLUSION

The CRD is proposing to implement a capital project to enhance the utility billing and payment options for the Juan de Fuca Water Distribution Service in 2017. This billing format could be extended to each LSA if directed by the Service. The project will explore options to include historical information for the individual as well as the entire service.

RECOMMENDATION

That the Sticks Allison Water Local Service Committee receive this report as information and request verbal updates as to the progress of the Billing Software Enhancement Project.



Matt McCrank, M.Sc., P.Eng.
Senior Manager, Infrastructure Operations
Integrated Water Services



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

MMc:ls



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**REPORT TO STICKS ALLISON WATER LOCAL SERVICE COMMITTEE
MEETING OF MONDAY, OCTOBER 24, 2016**

SUBJECT 2015 – 2016 PARCEL TAXES

ISSUE

To inform the Sticks Allison Water Local Service Committee (the Committee) of a parcel tax overpayment issue in 2015 and 2016.

BACKGROUND

In 1999, infrastructure upgrades were required for the Sticks Allison Water Service; the CRD borrowed \$101,260 from the Municipal Finance Authority to fund these upgrades. A parcel tax was implemented to service the debt over 15 years (1999-2014) for the 38 property owners that participate in the service. 12 of these property owners chose to prepay their portion of the debt servicing costs, reducing the number of taxpayers on the parcel tax roll to 26.

After the debt was fully recovered in 2014, the 2015 and 2016 budgets were approved by the Committee, maintaining the parcel tax levy. The funds from the parcel tax levy were budgeted to be set aside in the Capital Reserve Fund (CRF) to fund anticipated future capital replacement projects.

The 12 taxpayers that chose to prepay their portion of the debt servicing have were erroneously excluded from the parcel tax roll in 2015 and 2016. As a result, the 26 taxpayers on the parcel tax roll each overpaid by \$68.13 per year (\$136.26 for both years), for a total overpayment of \$3,542.76.

ALTERNATIVES

Alternative 1

That the Sticks Allison Water Local Service Committee direct CRD staff to increase 2016 operating expenses by \$3,542.76 to reimburse the 26 taxpayers for the overpayment.

Alternative 2

That the Sticks Allison Water Local Service Committee direct CRD staff to leave the 2016 budgeted operating expenses unchanged.

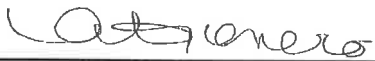
IMPLICATIONS

Alternative 1 - All 38 participants should have been included in the parcel tax roll for 2015 and 2016; 12 taxpayers were erroneously omitted. The 26 taxpayers can be reimbursed by their overpayment. This will increase the 2016 budgeted operating expenses by \$3,542.76.

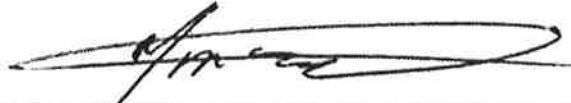
Alternative 2 - The alternative will result in estimated actual operating expenses for 2016 being \$4,940 below budget.

RECOMMENDATION

That the Sticks Allison Water Local Service Committee direct CRD staff to increase 2016 operating expenses by \$3,542.76 to reimburse the 26 taxpayers for the overpayment.



Amber Genero, MA, CPA, CMA
A/Manager Financial Planning & Analysis
Financial Services



Matt McOrank, MSc, PEng
Senior Manager, Infrastructure Operations
Integrated Water Services
Concurrence

AG:MMc:ls



Making a difference...together

**REPORT TO STICKS ALLISON WATER LOCAL SERVICE COMMITTEE
MEETING OF MONDAY, OCTOBER 24, 2016**

SUBJECT 2017 OPERATING AND CAPITAL BUDGET

ISSUE

This report provides a synopsis of the 2017 operating and capital budget, highlighting significant proposed changes related to operational expenditures, debt charges, any capital expenditures and revenue for the Sticks Allison Water Local Service.

In accordance with the service area establishment Bylaw No. 2558 article 8, the Sticks Allison Water Local Service Committee, *"Upon its establishment, and in November of each year, the committee must approve an annual budget for the services provided in the local service area which shall include estimates for the administrative, development, maintenance, operational and other expenses, including debt charges, and shall submit such expenditure estimates, together with estimates for expected revenue, in a form approved by the Treasurer of the Regional Board for the approval of the Capital Regional District (CRD) Board and for inclusion in the CRD Board's provisional and annual budgets."*

BACKGROUND

2016 Estimated Actual Revenue and Expense

The estimated actual operating expense is projected to be \$1,400 under budget as a result of:

- lower than budgeted expenditures for:
 - Labour charges (\$600)
- higher than budgeted expenditures for:
 - Electricity (\$200)
 - Supplies (\$700)
 - Other operating expenses \$(3,300)
- Unspent contingency in the amount of \$5,000.

Other operating expenses includes the proposed payment of \$3,542.76 in parcel tax refunds as recommended in the Sticks Allison Finance Report presented on October 24, 2016. It is estimated that regular ongoing operating expenses will be approximately \$240 lower than budget in 2016.

The estimated actual revenue is projected to be on budget.

This results in a projected year-end net revenue of \$1,400. It is proposed to increase the transfers to the maintenance reserve account and the capital reserve fund by \$980 and \$420 respectively to a total of \$2,000 and \$5,380. Note that in previous budgets the net revenue or surplus was typically carried forward in the following year as revenue. It is recommended that the practice of

carrying forward year-end net revenue (surplus) be discontinued as surplus revenue may not occur each year.

2017 Operating Expense

A decrease in the 2017 operating expense of \$5,040 (-11.5%) is proposed as shown:

- Increase in:
 - Repairs & maintenance (\$10)
 - Allocations (\$1,550)
 - Overhead charges related to vehicles were previously accounted for in the labour charge-out rate. Vehicle costs are now removed from the labour rate and are now tracked and charged under a “vehicle allocation”
 - Water testing (\$30)
 - Electricity (\$20)
- Decrease in:
 - Labour charges (\$1,180)
 - The labour charge out rate in previous budgets included overhead charges related to vehicles. Vehicle overhead costs are now removed from the labour charge out rate and is now tracked separately as a “vehicle allocation”
 - Other operating expenses (\$470)
 - As a result of the new Water Sustainability Act, that came into effect in early 2016, ground water users are now required to pay an annual rental fee for such use for each well owned.
 - Contingency (\$5,000)

2017 Reserves

Maintenance Reserves:

Maintenance Reserves are to be used for the purchase of equipment and supplies that are typically not replaced annually such as filter media, ultraviolet lamps and sensors and other various items not included in the annual operating budget.

It is proposed that transfers to the maintenance reserves be increased by \$980 to \$2,000.

The Maintenance Reserve balance at the end of 2016 is projected to be \$3,795.

Capital Funds on hand (WLA2557):

There is a total of \$14,778 remaining from funding for capital projects that have been undertaken since 2008, as shown in Table 1. All projects have been completed except for the SAMP. It is proposed that uncommitted funds not be transferred from Capital Funds on hand back to the Capital Reserve Fund at this time.

Table 1. Summary of Capital Projects History

	<u>Year</u>	<u>Budget</u>	<u>Funding</u>	<u>Spent</u>	<u>Remaining Funds</u>	<u>Tsfr to CRF</u>
Radio Reads & Meter	2008	23,991	22,384	(23,991)	(1,607)	-
Equipment	2009	3,429	4,000	(3,429)	571	-
Well house upgrade	2010	159	1,500	(159)	1,341	-
Air valve replacement	2011	3,000	3,000	(3,010)	(10)	-
SAMP	2012	12,500	12,500	(74)	12,426	-
UV System replacement	2013	4,839	2,170	(4,839)	(2,669)	-
Safety equipment	2016	853	2,000	(1,147)	853	-
Interest		-	-	-	3,874	
Total WLA2557		48,771	47,554	(36,649)	14,779	-

Capital Reserve Fund (1068):

It is proposed that \$5,000 be transferred to the Capital Reserve Fund in 2017 in order to prepare for long-term capital projects.

The capital reserve fund balance at the end of 2016 is projected to be \$ \$14,600.

2017 Revenue (User Charge and Parcel Tax)

In order to meet operating expenses and other servicing costs it is proposed that:

- The user charge increase from \$39,070 to \$40,560; based on 34 single family equivalents (SFE) equals \$1,192.94.
- The parcel tax rate decrease from \$5,330 to \$5,000; based on 38 taxable folios and including the 5.25% surveyor of taxes fee, this equates to \$138.49 per taxable parcel. This will result in a decrease of \$77.28 per parcel, as explained in the Sticks Allison Finance Report also presented on October 24, 2016.

Capital Projects Plan 2017

The proposed capital projects planned for 2017 include the following (all funded from the Capital Reserve Fund). Additional detail for each proposed capital project expenditure is provided in the attached budget documents.

1. Groundwater Study (\$10,000 in 2017)
2. Water Treatment Plant (WTP) Electrical Service Repair (\$8,000 in 2017)

Forecast 2018-2021 Capital and Operating Budget

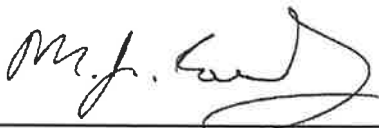
A five-year capital and operating budget forecast is provided for information in the attached documents. It is proposed that a Water Audit Study be carried out in 2018 with a budget of \$5,000 to be funded from the Capital Reserve Fund.

The operating budget is forecast to increase approximately 2% annually.

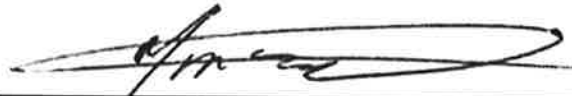
RECOMMENDATION

That the Sticks Allison Water Local Service Committee recommend that the Capital Regional District Board:

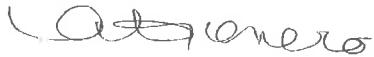
1. Approve the 2017 operating and capital budget for the Sticks Allison Water Service as presented;
2. Authorize the Parcel Tax Rate of \$138.49 and User Charge of \$1,192.94 for the Sticks Allison Water Service; and
3. Balance the 2016 actual revenue and expense on the 2016 transfer to the Capital Reserve Fund.



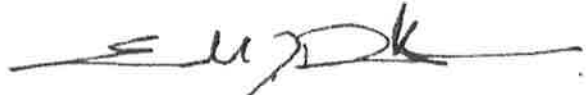
Malcolm Cowley, P.Eng.
A/ Sr. Manager, Infrastructure Engineering
Integrated Water Services



Matthew McCrank, M.Sc., P.Eng.
Sr. Manager, Infrastructure Operations
Integrated Water Services



Amber Genero, MA, CPA, CMA
A/Manager Financial Planning & Analysis
Financial Services



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

CAPITAL REGIONAL DISTRICT

2017 Budget

Sticks Allison Water

COMMITTEE REVIEW

Compiled and Presented by CRD Finance

Sep 2016

DEFINITION:

To establish, acquire, operate and maintain a water supply system for the Sticks Allison Water Area. The service is to supply, treat, convey, store and distribute water. Local Service Area Bylaw No.2556 (January 28, 1998).

PARTICIPATION:

Local Service Area

MAXIMUM LEVY:

Greater of \$18,700 or \$2.27 / \$1,000 of actual assessed value of land and improvements, to a maximum of \$34,110

MAXIMUM CAPITAL DEBT:

AUTHORIZED TO BORROW:	LA Bylaw No. 2557	148,000	
BORROWED:	SI Bylaw No. 2632 - Mar '99	(20,000)	15 Year ended 2013
	SI Bylaw No. 2684 - Dec '99	(81,260)	15 Year ends 2014
PREPAYMENT:	\$3,895 x 12	(46,740)	
REMAINING:		<u> </u>	
		\$0	

COMMISSION:

Sticks Allison Local Service Committee established by Bylaw No. 2558.

FUNDING:

Any deficiencies after user charge are to be levied on taxable hospital assessments.

User Charge: Annual user fee to be charged per single family equivalency actually connected to the system. Excess consumption fee, all users, in excess of 10,000 imperial gallons per month @ \$10 per 1,000 Imperial Gallons.

Parcel Tax: Annual parcel tax levied only on properties capable of being connected to the system, and participating in debt servicing. Commuted Parcel Tax for prepayment in 1998 - 12 properties.

Connection Charges: Actual cost plus 15% administration fee - minimum connection \$400 (Bylaw No. 2559 - January 28, 1998).

RESERVE FUND:

Bylaw No. 2740.

	2016		BUDGET REQUEST			FUTURE PROJECTIONS				
	BOARD BUDGET	ESTIMATED ACTUAL	2017 CORE BUDGET	2017 ONGOING	2017 ONE-TIME	2017 TOTAL	2018	2019	2020	2021
STICKS ALLISON WATER GALIANO ISLAND										
<u>OPERATING COSTS:</u>										
Repairs & Maintenance	830	830	840	-	-	840	850	860	870	880
Allocations	3,550	3,550	5,100	-	-	5,100	5,210	5,320	5,430	5,540
Water Testing	1,960	1,960	1,990	-	-	1,990	2,030	2,070	2,110	2,150
Electricity	1,170	1,370	1,190	-	-	1,190	1,210	1,230	1,250	1,280
Supplies	570	1,270	570	-	-	570	580	590	600	610
Labour Charges	27,100	26,500	25,920	-	-	25,920	26,440	26,970	27,510	28,060
Contingency	5,000	-	-	-	-	-	-	-	-	-
Other Operating Expenses	3,620	6,920	3,150	-	-	3,150	3,190	3,230	3,270	3,310
TOTAL OPERATING COSTS	43,800	42,400	38,760	-	-	38,760	39,510	40,270	41,040	41,830
*Percentage Increase over prior year							1.9%	1.9%	1.9%	1.9%
<u>DEBT/RESERVES</u>										
Transfer to Maintenance Reserve	1,020	2,000	2,000	-	-	2,000	2,000	2,000	2,000	2,000
Transfer to Capital Reserve Fund	4,960	5,380	5,000	-	-	5,000	5,000	5,000	5,000	5,000
TOTAL DEBT / RESERVES	5,980	7,380	7,000	-	-	7,000	7,000	7,000	7,000	7,000
TOTAL COSTS	49,780	49,780	45,760	-	-	45,760	46,510	47,270	48,040	48,830
<u>FUNDING SOURCES (REVENUE)</u>										
Estimated balance C/F from 2016 to 2017	-	-	-	-	-	-	-	-	-	-
Balance C/F from 2015 to 2016	(5,130)	(5,130)	-	-	-	-	-	-	-	-
Connection Charges	-	-	-	-	-	-	-	-	-	-
User Charges	(39,070)	(39,070)	(40,560)	-	-	(40,560)	(41,310)	(42,070)	(42,840)	(43,630)
Transfer from Maintenance Reserve	-	-	(200)	-	-	(200)	(200)	(200)	(200)	(200)
Other Revenue	(250)	(250)	-	-	-	-	-	-	-	-
TOTAL REVENUE	(44,450)	(44,450)	(40,760)	-	-	(40,760)	(41,510)	(42,270)	(43,040)	(43,830)
REQUISITION	(5,330)	(5,330)	(5,000)	-	-	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
*Percentage increase over prior year							1.8%	1.8%	1.8%	1.8%
User Charges							0.0%	0.0%	0.0%	0.0%
Requisition							1.6%	1.6%	1.6%	1.7%
Combined							3.8%	3.8%	3.8%	3.8%

Service:

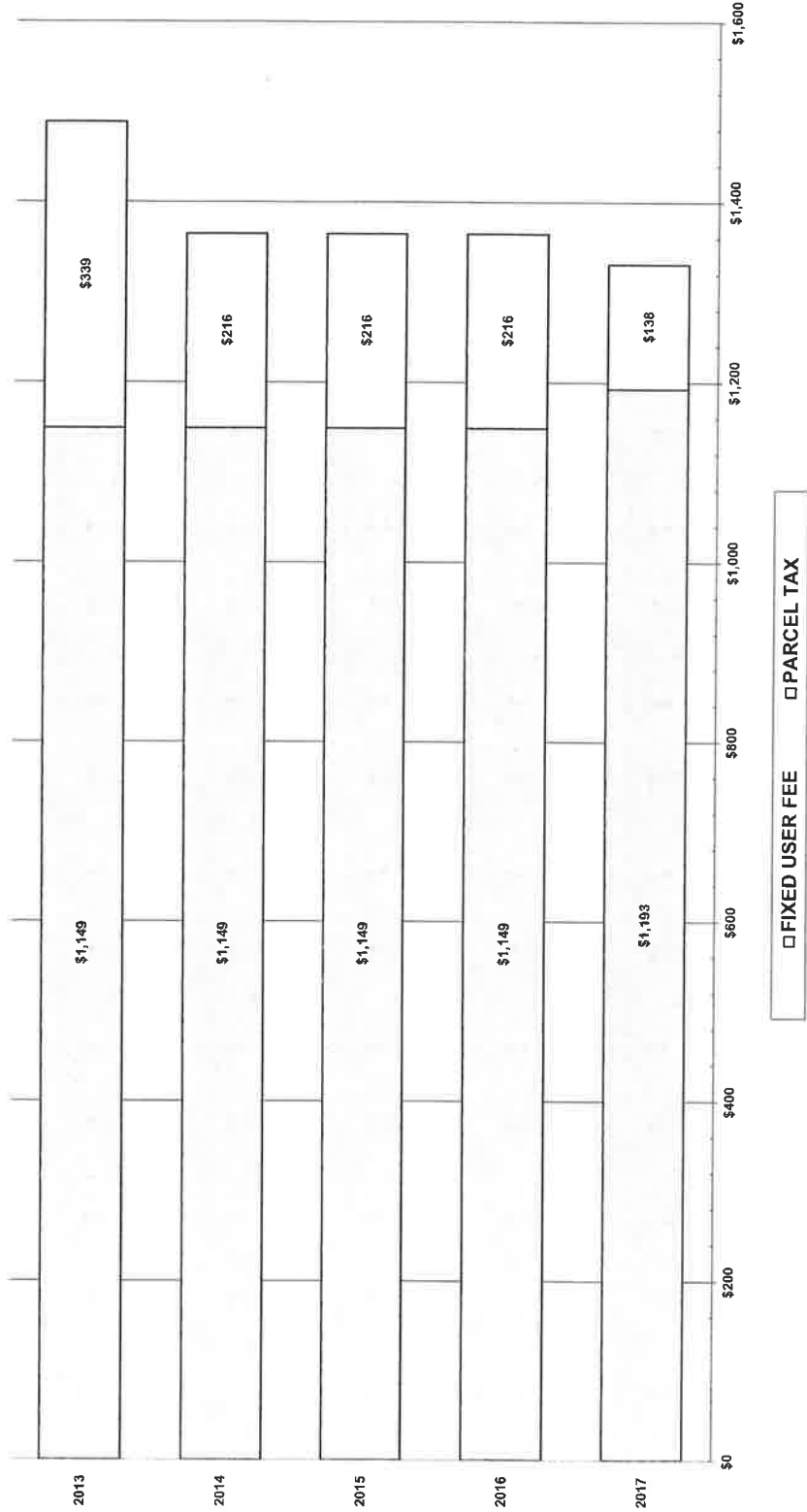
2.665

Sticks Allison Water (Galiano)

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 & Charges</u>	<u>Bylaw</u>	<u>Assessments \$(000's)</u>
2010	26	\$339.39	34	\$668.24	\$1,007.63		18,275
2011	26	\$339.39	34	\$1,064.06	\$1,403.45	3778	16,973
2012	26	\$339.39	34	\$1,066.18	\$1,405.57	3823	17,007
2013	26	\$339.39	34	\$1,149.12	\$1,488.51	3892	16,380
2014	26	\$215.64	34	\$1,149.12	\$1,364.76	3924	14,813
2015	26	\$215.76	34	\$1,149.12	\$1,364.88	3987	15,183
2016	26	\$215.76	34	\$1,149.12	\$1,364.88	4074	15,026
2017	38	\$138.49	34	\$1,192.94	\$1,331.43		
		5,330	147.63	\$68.14			
		5,330	147.63	\$68.13			
				\$136.27	3,543		

**CAPITAL REGIONAL DISTRICT
STICKS ALLISON WATER
FUNDING ANALYSIS
2013-2017**



Actual Costs 2013-2016, Projected 2017
Prepared by CRD Finance
13/10/2016

CAPITAL REGIONAL DISTRICT CAPITAL PLAN

CAPITAL BUDGET FORM
 2017 & Forecast 2018 to 2021

Service #: **2.665**
 Service Name: **Sticks Allison Water**

By Capital Expenditure											
No.	Project Code	Capital Project Description	Asset Type	Funding Source	Carry Forward	2017	2018	2019	2020	2021	Total Project Budget
17-01	Renewal	Groundwater Supply Study	E	Res	-	10,000	-	-	-	-	10,000
17-02	Renewal	WTP Electrical Service Repair	E	Res	-	8,000	-	-	-	-	8,000
18-01	Renewal	Water Audit Study	E	Res	-	-	5,000	-	-	-	5,000
TOTAL ANNUAL CAPITAL EXPENDITURE					-	18,000	5,000	-	-	-	23,000

Funding Source Codes
 = Debenture Debt (new debt only)
 = Equipment Replacement Fund
 = Grants (Federal, Provincial)
 = Capital Funds on Hand
 = Donations / Third Party Funding
 = Reserve Fund
 = Short Term Loans

Asset Class
 L - Land
 E - Engineering Structure
 B - Buildings
 V - Vehicles
 Eq - Equipment

Capital Expenditure Type
 New Expenditure for new asset only
 Renewal Expenditure replaces an existing asset and extends the service ability or enhances technology in delivering that service
 Replacement Expenditure replaces an existing asset

17-01 Groundwater Study (\$10,000 in 2017)

In recent years the water level in the well has been monitored and found to have been stressed during the summer months (drought and highest demand). It is proposed to conduct a high-level groundwater study to identify issues related to both source water quantity and quality. This high-level study will identify issues and determine if they are of threat to the Sticks Allison system nor not and if so, then determine if further study or mitigation is required. The study will be a desk-top study and utilize the previous work of Islands Trust, the Province of BC and Simon Fraser University. Issues proposed to be included are sustainable yeild, saltwater intrusion, land use, density of groundwater wells (neighbouring wells), effect of densification or infilling of vacant lots, anticipated effect of drought and climate change, preservation of raw water quality, implications of the Water Sustainability Act and licensing of groundwater.

17-02 WTP Electrical Service Repair (\$8,000 in 2017)

The existing wooden electrical service entrance mast is rotten and it is required to replace the mast with an electrical service rated steel mast before the BC Hydro service drop is torn away from the building. The replacement support mast and service entrance will meet the BCSA code requirements.

18-01 Water Audit Study (\$5,000 in 2018)

It is proposed to conduct a water audit of the system to determine if there are any appreciable leaks in

Reserve Schedule

Reserve Fund: 2.665 Sticks Allison Water (Galiano) Capital Reserve Fund (Bylaw No.: 2740)

Reserve Cash Flow

	Estimate 2016	Budget				
		2017	2018	2019	2020	2021
Fund: 1068 Fund Center: 101890						
Beginning Balance	11,120	14,600	1,600	1,600	6,600	11,600
Transfer to Cap Fund (Based on Capital Plan)	(2,000)	(18,000)	(5,000)	-	-	-
Transfer from Operating Budget	5,380	5,000	5,000	5,000	5,000	5,000
Interest Income*	100	-	-	-	-	-
Ending Balance \$	14,600	1,600	1,600	6,600	11,600	16,600

Assumptions/Background:

Description of assumptions, activity or other.

* 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.