



Making a difference...together

STICKS ALLISON WATER LOCAL SERVICE COMMITTEE
Notice of Meeting on **Tuesday, October 24, 2017 at 2 p.m.**
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 October 24, 2016
3. 2018 Operating and Capital Budget (staff report)
4. New Business
5. 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 Monday, October 24, 2016 in the Main Conference Room, 479 Island Highway,
Victoria, BC**

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

ABSENT: P. Ramsay

The meeting was called to order at 10:30 a.m.

1. Approval of Agenda

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

CARRIED

2. Adoption of Minutes of September 22, 2015

MOVED by B. Russell, **SECONDED** by M. Serink,
That the minutes of September 22, 2015 be adopted.

CARRIED

3. Quarterly Water Bill Updates

M. McCrank presented a written report.

MOVED by B. Russell, **SECONDED** by M. Serink,
That the Sticks Allison Water Local Service Committee receive the report for information and request verbal updates as to the progress of the Billing Software Enhancement Project.

CARRIED

4. 2015 – 2016 Parcel Taxes

P. Dayton presented a written report.

MOVED by B. Russell, **SECONDED** by P. LeBlond,
That the Sticks Allison Water Local Service Committee direct CRD staff to leave the 2016 budgeted operating expenses unchanged.

CARRIED

5. 2017 Operating and Capital Budget

M. McCrank presented a written report and the 2017 Operating and Capital Budget documents.

MOVED by B. Russell, **SECONDED** by M. Serink,
That funding from the community works fund be explored to support the cost of the groundwater study.

CARRIED

The following changes were made to the operating and capital budget:

1. The estimated actual operating expense for 2016 is projected to be \$4,940 under budget (was \$1,400 under budget).
2. Other operating expenses in 2016 are projected to be \$240 below budget (was \$3,300 over budget).
3. Projected year-end net revenue is \$4,940 (was \$1,400).
4. Increase Transfer to CRF by \$3,960 (was \$420) to a total of \$8,920 (was \$5,380).
5. Projected year-end balance in capital reserve fund is \$18,140 (was \$14,600).
6. The five-year capital budget was amended to remove Item 17-01 – Groundwater Study.

MOVED by B. Russell, **SECONDED** by M. Serink,
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 amended;
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.

CARRIED

6. New Business

There was no new business.

7. Adjournment

MOVED by P. LeBlond, **SECONDED** by M. Serink,
That the meeting be adjourned at 12:20 p.m.

CARRIED



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**REPORT TO STICKS ALLISON WATER LOCAL SERVICE COMMITTEE
MEETING OF TUESDAY, OCTOBER 24, 2017**

SUBJECT 2018 OPERATING AND CAPITAL BUDGET

ISSUE

To present the 2018 operating and capital budget. In accordance with Bylaw No. 2558, "Sticks Allison Water Local Service Committee Bylaw No. 1, 1998" the committee'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 a five year Financial Plan. CRD staff have prepared the budget and financial plan shown in Appendix A to this report for the Sticks Allison Water 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 that could potential lead 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 in 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 \$1,500 over budget, due to unexpected breakdowns in equipment, including a repair to a leaking hydrant standpipe and the replacement of water reservoir battery powered electrical equipment. The 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 4.6% over the 2017 budget to account for inflation and increased labour charges.

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 hydrant/standpipe maintenance, reservoir cleaning and ground water well servicing. 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.

It is proposed that transfers to the operating reserve increase from \$2,000 to \$3,000 to ensure future maintenance activities are fully funded. The operating reserve fund balance at the end of 2017 is projected to be \$5,800.

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.

It is proposed that the budgeted transfer to the capital reserve fund remain at \$5,000 in 2018. The balance at the end of 2017 is projected to be \$16,323.

Capital Expenditure Plan

The 5-year plan includes \$6,000 of expenditures to be funded by the service's capital reserve fund.

Capital Projects Fund

As specific capital projects are approved, the funding revenues for them are transferred into the 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. There is a planned transfer of \$2,478 from the Capital Projects Fund to the Capital Reserve Fund in 2018.

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 service local service area are responsible for the parcel tax. The proposed 2018 user charge is \$1,274.85

per Single Family Equivalent (SFE), an increase from 2017 and the parcel tax is proposed to remain at the 2017 rate of \$138.49 per taxable folio. Historical user charge and parcel tax rates are included for information.

RECOMMENDATION

That the Sticks Allison Water Local Service Committee:

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 Sticks Allison Water Service as presented.

Submitted by:	Matthew McCrank, M.Sc., P.Eng., Senior Manager, Infrastructure Operations
Submitted by:	Ian Jesney, P.Eng. Senior Manager, Infrastructure Engineering
Submitted by	Amber Donaldson, MA, CPA, CMA, A/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/AD:ls
Attachment: 1

2018STICKSALLISONBUDGET_Oct_3_2017

CAPITAL REGIONAL DISTRICT

2018 Budget

Sticks Allison Water

Committee Review

Compiled and Presented by CRD Finance

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	15 Year	ended 2013
BORROWED:	SI Bylaw No. 2632 - Mar '99	(20,000)	15 Year	ends 2014
PREPAYMENT:	SI Bylaw No. 2684 - Dec '99	(81,260)		
	\$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.

	2017		2018			FUTURE PROJECTIONS				
	BOARD BUDGET	ESTIMATED ACTUAL	CORE BUDGET	ONGOING	ONE-TIME	TOTAL	2019	2020	2021	2022
STICKS ALLISON WATER GALIANO ISLAND										
<u>OPERATING COSTS:</u>										
Repairs & Maintenance	840	390	850	-	-	850	860	870	880	890
Allocations	5,100	3,520	3,265	-	-	3,265	3,330	3,400	3,470	3,540
Water Testing	1,990	1,990	2,030	-	-	2,030	2,070	2,110	2,150	2,190
Electricity	1,190	1,200	1,240	-	-	1,240	1,260	1,290	1,320	1,350
Supplies	570	460	760	-	-	760	780	800	820	840
Labour Charges	25,920	29,500	29,270	-	-	29,270	29,850	30,450	31,060	31,680
Contingency	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	3,150	3,230	3,130	-	-	3,130	3,170	3,210	3,250	3,290
TOTAL OPERATING COSTS	38,760	40,290	40,545	-	-	40,545	41,320	42,130	42,950	43,780
*Percentage Increase over prior year						4.6%	1.9%	2.0%	1.9%	1.9%
<u>DEBT/RESERVES</u>										
Transfer to Operating Reserve Fund	2,000	2,000	3,000	-	-	3,000	3,060	3,120	3,180	3,240
Transfer to Capital Reserve Fund	5,000	3,470	5,000	-	-	5,000	5,000	5,000	5,000	5,000
TOTAL DEBT / RESERVES	7,000	5,470	8,000	-	-	8,000	8,060	8,120	8,180	8,240
TOTAL COSTS	45,760	45,760	48,545	-	-	48,545	49,380	50,250	51,130	52,020
<u>FUNDING SOURCES (REVENUE)</u>										
Estimated balance C/F from 2017 to 2018	-	-	-	-	-	-	-	-	-	-
Balance C/F from 2016 to 2017	-	-	-	-	-	-	-	-	-	-
User Charges	(40,560)	(40,560)	(43,345)	-	-	(43,345)	(44,180)	(45,050)	(45,930)	(46,820)
Transfer from Operating Reserve Fund	-	-	-	-	-	-	-	-	-	-
Other Revenue	(200)	(200)	(200)	-	-	(200)	(200)	(200)	(200)	(200)
TOTAL REVENUE	(40,760)	(40,760)	(43,545)	-	-	(43,545)	(44,380)	(45,250)	(46,130)	(47,020)
REQUISITION	(5,000)	(5,000)	(5,000)	-	-	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
*Percentage increase over prior year						6.9%	1.9%	2.0%	2.0%	1.9%
User Charges						0.0%	0.0%	0.0%	0.0%	0.0%
Requisition						1.7%	1.8%	1.8%	1.8%	1.7%
Combined						6.1%	6.1%	6.1%	6.1%	6.1%

Reserve Schedule

Reserve Fund: 2.665 Sticks Allison Water (Galiano) Operating Reserve Fund (Bylaw No.: 4144)

Reserve fund used for: unforeseen operational repairs and maintenance; infrequent maintenance activities such as reservoir cleaning and inspection, hydrant teardowns and ground water well maintenance. Optimum minimum balance of \$4,000 (approximately 10%) of the annual operating budget.

Reserve Cash Flow

	Estimate 2017	Budget				
		2018	2019	2020	2021	2022
Fund: 1500 Fund Center: 105215						
Beginning Balance	3,795	5,795	8,795	1,855	4,975	3,155
Transfer from Ops Budget	2,000	3,000	3,060	3,120	3,180	3,240
Expenditures	-	-	(10,000)	-	(5,000)	-
Planned maintenance activity			Reservoir Cleaning and inspection		Hydrant teardown	
Ending Balance \$	5,795	8,795	1,855	4,975	3,155	6,395

Reserve Schedule

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

Reserve Cash Flow

	Estimate 2017	Budget				
		2018	2019	2020	2021	2022
Fund: 1068 Fund Center: 101890						
Beginning Balance	18,247	16,323	15,323	20,323	25,323	30,323
Transfer to Cap Fund (Based on Capital Plan)	(8,000)	(6,000)	-	-	-	-
Transfer from Cap Fund	2,478					
Transfer from Operating Budget	3,470	5,000	5,000	5,000	5,000	5,000
Interest Income	128	-	-	-	-	-
Ending Balance \$	16,323	15,323	20,323	25,323	30,323	35,323

Service: 2.665

Sticks Allison Water (Galliano)

Proj. No. 18-01 **Capital Project Title** Condition Assessment **Capital Project Description** Conduct a condition assessment of the infrastructure.

Asset Class Engineered Structures **Board Priority Area** Other **Corporate Priority Area** Drinking Water

Project Rationale *The Sticks Allison asset management plan was drafted in 2011, outlining the system and its condition. Funds are required for staff to update the condition assessment of infrastructure and provide estimates for replacement or repair and schedules based upon their current condition and expected service life.*

Proj. No. **Capital Project Title** 0 **Capital Project Description** 0

Asset Class #N/A **Board Priority Area** Integrated Water Management **Corporate Priority Area** Drinking Water

Project Rationale

Proj. No. **Capital Project Title** 0 **Capital Project Description** 0

Asset Class #N/A **Board Priority Area** Integrated Water Management **Corporate Priority Area** Drinking Water

Project Rationale

Sticks Allison Water

Capital Projects Fund

Year/Project#	Status	Capital Project Description	Total Budget	Expenditure Actuals	Remaining Funds	Funding Source-CRF*	Funding Source-CWF**	Return Surplus to CRF*	Return Surplus to CWF**
2012/CE.324	CLOSED	SAMP	12,500	(74)	12,426	2,500	10,000	2,499	9,926
2016/CE.481	CLOSED	Safety equipment	2,000	(1,147)	853	2,000	0	853	0
2017/CE.620	OPEN	WTP Electrical Repair	8,000	(5,790)	2,210	8,000	0		0
		To cover over-spent previous projects						(874)	
		Totals	22,500	(7,011)	15,489	12,500	10,000	2,478	9,926

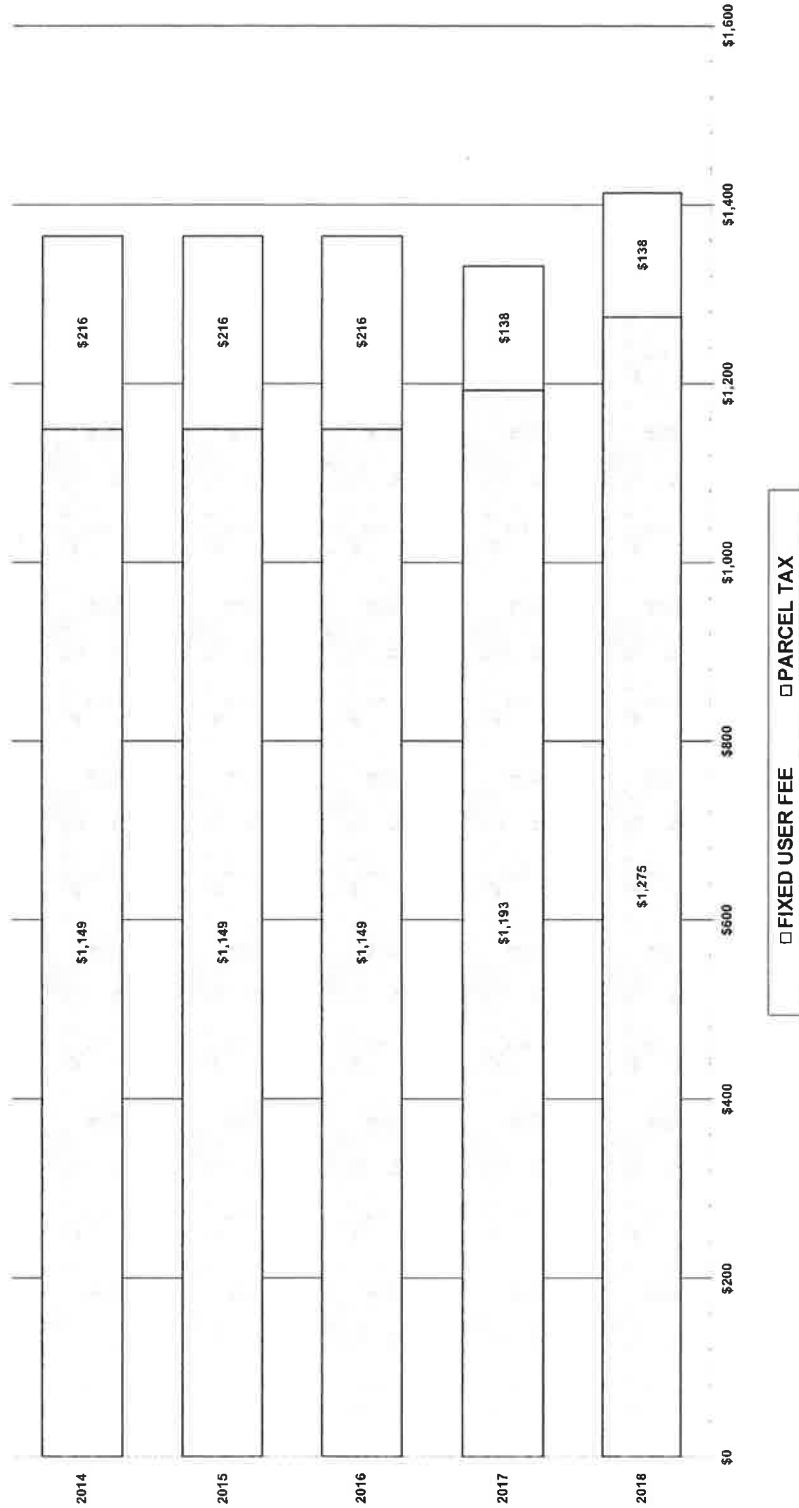
* CRF (Capital Reserve Fund)

** CWF (Community Works Fund)

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	4170	16,542
2018	38	\$138.49	34	\$1,274.85	\$1,413.34		

CAPITAL REGIONAL DISTRICT STICKS ALLISON WATER FUNDING ANALYSIS 2014-2018



Actual Costs 2014-2017, Projected 2018
Prepared by CRD Finance
10/03/2017