



Making a difference...together

**STICKS ALLISON WATER LOCAL SERVICE COMMITTEE**  
Notice of Meeting on **Monday, November 18, 2019 at 10 a.m.**  
Main Conference Room, 479 Island Highway, Victoria, BC

P. Ramsay (Chair)  
D. Knight

J. Fenby  
G. Menyhart

Director Howe

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**AGENDA**

1. Election of Chair
2. Approval of Agenda  
**Recommendation:** *That the Sticks Allison Water Local Service Committee approve the agenda as circulated.*
3. Adoption of Minutes of October 29, 2018  
**Recommendation:** *That the Sticks Allison Water Local Service Committee adopt the minutes of the meeting held October 29, 2018.*
4. 2020 Operating and Capital Budget  
**Recommendation:** *That the Sticks Allison Water Local Service Committee:*
  1. *Approve the 2020 operating and capital budget as presented, and recommend that the 2019 actual surplus or deficit be balanced on the 2019 transfer to the Capital Reserve Fund; and,*
  2. *Recommend that the Electoral Areas Committee recommend that the CRD Board approve the 2020 Operating and Capital Budget and the five year Financial Plan for the Sticks Allison Water Service as presented.*
5. New Business
6. Adjournment

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To ensure quorum advise Sharon Orr 250.474-9622 or [sorr@crd.bc.ca](mailto:sorr@crd.bc.ca) if you are unable attend.



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Agenda Item #3

**Minutes of the Sticks Allison Water Local Service Committee  
Held Monday, October 29, 2018 in the Main Conference Room, 479 Island Highway,  
Victoria, BC**

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**PRESENT:** **Committee Members:** P. Ramsay (Chair), B. Russell, Director D. Howe (*via tele-conference*)

**Staff:** M. McCrank, Senior Manager, Infrastructure Operations; Ian Jesney, Senior Manager, Infrastructure Engineering; Peggy Dayton, Financial Analyst; S. Orr (recorder)

**ABSENT:** D. Knight, M. Serink

The meeting was called to order at 2:07 p.m.

**1. APPROVAL OF AGENDA**

**MOVED** by B. Russell, **SECONDED** by D. Howe,  
That the agenda be approved.

**CARRIED**

**2. ADOPTION OF MINUTES OF OCTOBER 24, 2017**

**MOVED** by B. Russell, **SECONDED** by D. Howe,  
That the minutes of October 24, 2017 be adopted.

**CARRIED**

**3. 2019 OPERATING AND CAPITAL BUDGET**

M. McCrank spoke to the report and provided a summary of the key budget factors influencing the 2019 Operating and Capital Budget and recommended that the 2018 deficit or surplus be transferred to the Capital Reserve Fund.

**MOVED** by B. Russell, **SECONDED** by P. Ramsay,  
That the Sticks Allison Water Local Service Committee:

1. Approve the 2019 operating and capital budget as amended, and recommend that the 2018 actual surplus or deficit be balanced on the 2018 transfer to the capital reserve fund as well as transfer from the operating reserve fund; and,
2. Recommend that the Electoral Area Services Committee recommend that the CRD Board approve the 2019 Operating and Capital Budget and the five year Financial Plan for the Sticks Allison Water Service as amended.

**CARRIED**

**4. NEW BUSINESS**

There was no new business.

5. **ADJOURNMENT**

**MOVED** by P. Ramsay, **SECONDED** by B. Russell,  
That the meeting be adjourned at 2:52 p.m.

**CARRIED**

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Chair

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Secretary



**REPORT TO STICKS ALLISON WATER LOCAL SERVICE COMMITTEE  
MEETING OF MONDAY, NOVEMBER 18, 2019**

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**SUBJECT    2020 Operating and Capital Budget**

**ISSUE**

To present the 2020 operating and capital budget. In accordance with Bylaw No bylaw 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 2017 and 2019
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

Adjustments for surpluses or deficits from 2019 may be made in January 2020. The CRD Board will give final approval to the budget and financial plan in March 2020.

The Financial Plan for the years 2021 – 2024 may be changed in future years.

**Sticks Allison Water Local Service Committee – November 18, 2019**  
**2020 Operating and Capital Budget**

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**BUDGET OVERVIEW**

*Operating Budget*

It is anticipated that operating expenses in 2019 will be approximately \$2,930 under budget, primarily due to lower than expected costs associated with the planned reservoir cleaning and inspection maintenance work.

It is anticipated that the 2019 operating revenue will be slightly over budget by \$150 from the sale of water.

As a result, there is a projected operating surplus of \$3,080 for the service. CRD staff recommend that the transfer to the Capital Reserve Fund be increased to balance the 2019 budget.

The 2020 operating budget for regular annual operating costs has been increased by 4.7% primarily to account for core inflation and labour cost.

*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 remain at the 2019 contribution amount of \$3,200. There is \$15,000 of planned maintenance to be funded by the Operating Reserve over the next five years.

The operating reserve fund balance at the end of 2019 is projected to be \$1,222.

*Capital Reserve Fund*

The capital reserve fund is used to pay for capital expenditures that are not funded by other sources such as grants, operating budget or debt.

It is proposed, as a result of a projected 2019 operating budget surplus, that the 2019 capital reserve transfer be increased from \$5,000 to \$8,080 and that the 2020 budgeted transfer to the capital reserve fund remain at \$5,000 to support the future capital program.

The balance at the end of 2019 is projected to be \$10,725.

*Capital Expenditure Plan*

The 5-year plan includes \$24,500 of expenditures to be funded by the service's capital reserve fund.

**Sticks Allison Water Local Service Committee – November 18, 2019  
2020 Operating and Capital Budget**

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*Capital Projects Fund*

As specific capital projects are approved, the funding for them is transferred into the Capital Projects Fund from the Capital Reserve Fund. Any funds remaining upon completion of a project are transferred back to the Capital Reserve Fund for use on future capital projects.

The project of WTP New Chlorine Analyzer is complete and the remaining funds of \$83 will be transferred back to Capital Reserve Fund.

*User Charge and Parcel Tax*

The user charge and parcel tax fund the service. Properties connected to the water system pay the annual user charge and all properties within the local service area are responsible for the parcel tax. The proposed 2020 user charge is \$1,379.47 per Single Family Equivalent (SFE), an increase of \$58.00 (4.4%) over 2019. The parcel tax is proposed to remain at the 2019 rate of \$138.49 per taxable folio. The combined user charge and parcel tax increase results in a 4.0% overall increase. Historical user charge and parcel tax rates are included for information.

**RECOMMENDATION**

That the Sticks Allison Water Local Service Committee:

1. Approve the 2020 operating and capital budget as presented, and recommend that the 2019 actual surplus or deficit be balanced on the 2019 transfer to the Capital Reserve Fund; and,
2. Recommend that the Electoral Areas Committee recommend that the CRD Board approve the 2020 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	Rianna Lachance, BCom, CPA CA 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:so

Attachment: Appendix A - 2020 Sticks Allison Water Budget

# **CAPITAL REGIONAL DISTRICT**

## **2020 Budget**

### **Sticks Allison Water**

#### **Committee Review**

Compiled and Presented by CRD Finance

Nov 2019

<b>Service:</b> 2.665 <b>Sticks Allison Water (Galiano)</b>	<b>Committee: Electoral Area Services</b>
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**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 47,567

**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:		\$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: \$1,321.47 annual user fee per single family equivalent connected to the water system.  
 Excess consumption fee - for metered water use per service connection in excess of 136 cubic metres per three months: \$2.20 per cubic metre (BL No. 4274, December 2018)

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

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

**RESERVE FUND:**

Bylaw No. 2740.



STICKS ALLISON WATER GALIANO ISLAND	2019		BUDGET REQUEST				FUTURE PROJECTIONS			
	BOARD BUDGET	ESTIMATED ACTUAL	CORE BUDGET	2020 ONGOING	ONE-TIME	TOTAL	2021	2022	2023	2024
<u>OPERATING COSTS:</u>										
Repairs & Maintenance	10,760	8,110	970	-	-	970	5,980	5,990	1,000	6,010
Allocations	3,180	3,180	3,697	-	-	3,697	3,622	3,541	3,605	3,671
Water Testing	2,070	2,070	2,110	-	-	2,110	2,160	2,210	2,260	2,310
Electricity	1,290	1,200	1,340	-	-	1,340	1,370	1,400	1,430	1,460
Supplies	760	760	780	-	-	780	800	820	840	860
Labour Charges	30,700	30,000	31,775	-	-	31,775	32,470	33,180	33,910	34,660
Other Operating Expenses	3,170	3,680	3,230	-	-	3,230	3,280	3,330	3,380	3,430
<b>TOTAL OPERATING COSTS</b>	<b>51,930</b>	<b>49,000</b>	<b>43,902</b>	-	-	<b>43,902</b>	<b>49,682</b>	<b>50,471</b>	<b>46,425</b>	<b>52,401</b>
*Percentage Increase over prior year						-15.5%	13.2%	1.6%	-8.0%	12.9%
Transfer from Operating Reserve Fund	(10,000)	(10,000)	-	-	-	-	(5,000)	(5,000)	-	(5,000)
<b>NET OPERATING COSTS</b>	<b>41,930</b>	<b>39,000</b>	<b>43,902</b>	-	-	<b>43,902</b>	<b>44,682</b>	<b>45,471</b>	<b>46,425</b>	<b>47,401</b>
*Percentage Increase over prior year						4.7%	1.8%	1.8%	2.1%	2.1%
<u>DEBT/RESERVES</u>										
Transfer to Operating Reserve Fund	3,200	3,200	3,200	-	-	3,200	3,270	3,340	3,410	3,490
Transfer to Capital Reserve Fund	5,000	8,080	5,000	-	-	5,000	5,110	5,220	5,330	5,450
<b>TOTAL DEBT / RESERVES</b>	<b>8,200</b>	<b>11,280</b>	<b>8,200</b>	-	-	<b>8,200</b>	<b>8,380</b>	<b>8,560</b>	<b>8,740</b>	<b>8,940</b>
<b>TOTAL COSTS</b>	<b>50,130</b>	<b>50,280</b>	<b>52,102</b>	-	-	<b>52,102</b>	<b>53,062</b>	<b>54,031</b>	<b>55,165</b>	<b>56,341</b>
<u>FUNDING SOURCES (REVENUE)</u>										
User Charges	(44,930)	(44,930)	(46,902)	-	-	(46,902)	(47,752)	(48,611)	(49,635)	(50,691)
Other Revenue	(200)	(350)	(200)	-	-	(200)	(200)	(200)	(200)	(200)
TOTAL REVENUE	<b>(45,130)</b>	<b>(45,280)</b>	<b>(47,102)</b>	-	-	<b>(47,102)</b>	<b>(47,952)</b>	<b>(48,811)</b>	<b>(49,835)</b>	<b>(50,891)</b>
<b>REQUISITION</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(5,000)</b>	-	-	<b>(5,000)</b>	<b>(5,110)</b>	<b>(5,220)</b>	<b>(5,330)</b>	<b>(5,450)</b>

**Sticks Allison Reserves  
Summary Schedule  
2020 - 2024 Financial Plan**

**Reserve/Fund Summary**

	2019	Budget				
		2020	2021	2022	2023	2024
Operating Reserve Fund	1,222	4,422	2,692	1,032	4,442	2,932
Capital Reserve Fund	10,725	1,225	6,335	1,555	6,885	12,335
<b>Total</b>	<b>11,947</b>	<b>5,647</b>	<b>9,027</b>	<b>2,587</b>	<b>11,327</b>	<b>15,267</b>

**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**

Fund: 1500 Fund Center: 105215	Budget					
	2019	2020	2021	2022	2023	2024
<b>Beginning Balance</b>	7,873	1,222	4,422	2,692	1,032	4,442
<b>Transfer from Ops Budget</b>	3,200	3,200	3,270	3,340	3,410	3,490
<b>Interest Income</b>	149	-	-	-	-	-
<b>Expenditures</b>	(10,000)	-	(5,000)	(5,000)	-	(5,000)
Planned maintenance activity	Reservoir Cleaning and inspection		Well and well pump inspection	Hydrant Maintenance		Reservoir cleaning and inspection
<b>Ending Balance \$</b>	<b>1,222</b>	<b>4,422</b>	<b>2,692</b>	<b>1,032</b>	<b>4,442</b>	<b>2,932</b>

**Reserve Schedule**

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

**Reserve Cash Flow**

Fund: 1068 Fund Center: 101890	Estimate	Budget				
	2019	2020	2021	2022	2023	2024
<b>Beginning Balance</b>	16,838	10,725	1,225	6,335	1,555	6,885
<b>Transfer to Cap Fund (Based on Capital Plan)</b>	(14,500)	(14,500)	-	(10,000)	-	-
<b>Transfer from Cap Fund</b>	83	-	-	-	-	-
<b>Transfer from Operating Budget</b>	8,080	5,000	5,110	5,220	5,330	5,450
<b>Interest Income</b>	224	-	-	-	-	-
<b>Ending Balance \$</b>	<b>10,725</b>	<b>1,225</b>	<b>6,335</b>	<b>1,555</b>	<b>6,885</b>	<b>12,335</b>

CAPITAL REGIONAL DISTRICT CAPITAL PLAN

CAPITAL BUDGET FORM  
2020 & Forecast 2021 to 2024

Service #: 2.665  
Service Name: Sticks Allison Water (Galiano)

**Proj. No.**  
The first two digits represent first year the project was in the capital plan.

**Capital Exp. Type**  
**Study** - Expenditure for feasibility and business case report.  
**New** - Expenditure for new asset only  
**Renewal** - Expenditure upgrades an existing asset and extends the service ability or enhances technology in delivering that service  
**Replacement** - Expenditure replaces an existing asset

**Funding Source Codes**  
 Debt = Debenture Debt (new debt only)  
 ERF = Equipment Replacement Fund  
 Grant = Grants (Federal, Provincial)  
 Cap = Capital Funds on Hand  
 Other = Donations / Third Party Funding

**Funding Source Codes (cont)**  
 Res = Reserve Fund  
 STLoan = Short Term Loans  
 WU = Water Utility

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

**Capital Project Title**  
Input Title of Project. For example "Asset Name - Roof Replacement", "Main Water Pipe Replacement".

**Capital Project Description**  
Briefly describe project scope and service benefits.  
For example: "Full Roof Replacement of a 40 year old roof above the swimming pool area; The new roofing system is built current energy standards, designed to minimize maintenance and have an expected service life of 35 years".

**Total Project Budget**  
This column represents the total project budget not only within the 5-year window.

FIVE YEAR FINANCIAL PLAN

Proj. No.	Capital Exp.Type	Capital Project Title	Capital Project Description	Total Project Budget	Asset Class	Funding Source	Carry Forward from 2019	2020	2021	2022	2023	2024	5 - Year Total
20-01	New	Tank High Level Alarm	Supply and install a high level alarm on the storage tank	\$9,500	E	Res	\$0	\$9,500	\$0	\$0	\$0	\$0	\$9,500
20-02	New	Aquifer Impact Study	Study impacts with adjoining wells on aquifer to review short and long term viability.	\$5,000	E	Res	\$0	\$5,000	\$0	\$0	\$0	\$0	\$5,000
22-01	New	Supply of Backup Genset	Supply and install required appurtenances of a backup genset.	\$10,000	E	Res	\$0	\$0	\$0	\$10,000	\$0	\$0	\$10,000
<b>GRAND TOTAL</b>				<b>\$24,500</b>			<b>\$0</b>	<b>\$14,500</b>	<b>\$0</b>	<b>\$10,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,500</b>

**Service 2.665 Sticks Allison Water (Galiano)**

<b>Proj. No.</b> 20-01	<b>Capital Project Title</b> Tank High Level Alarm	<b>Capital Project Description</b> Supply and install a high level alarm on the storage tank
<b>Asset Class</b> E	<b>Board Priority Area</b> Other	<b>Corporate Priority Area</b> Drinking Water
<b>Project Rationale</b> <i>The Sticks Allison storage tank does not have a high level alarm and will overflow if filled with no operator notification. Funds are required to supply and install a high level alarm on the storage tank.</i>		
<b>Proj. No.</b> 20-02	<b>Capital Project Title</b> Aquifer Impact Study	<b>Capital Project Description</b> Study impacts with adjoining wells on aquifer to review short and long term viability.
<b>Asset Class</b> E	<b>Board Priority Area</b> Other	<b>Corporate Priority Area</b> Drinking Water
<b>Project Rationale</b> <i>Funds are required to conduct a study with adjoining wells on the impacts to the aquifer to review long and short term viability.</i>		
<b>Proj. No.</b> 21-01	<b>Capital Project Title</b> Supply of Backup Genset	<b>Capital Project Description</b> Supply and install required appurtenances of a backup genset.
<b>Asset Class</b> 0	<b>Board Priority Area</b> Other	<b>Corporate Priority Area</b> Drinking Water
<b>Project Rationale</b> <i>Funds are required to supply and install a backup genset with required appurtenances to have in use.</i>		

<b>Sticks Allison Water</b>
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**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**
2019	Close	WTP New Chlorine Analyzer	8,500	8,417	83	8,500		83	
2019	Open	WTP Infrastructure Condition Assessment	6,000		6,000	6,000			
		Totals	14,500	8,417	6,083	14,500	0	83	-

\* CRF (Capital Reserve Fund)

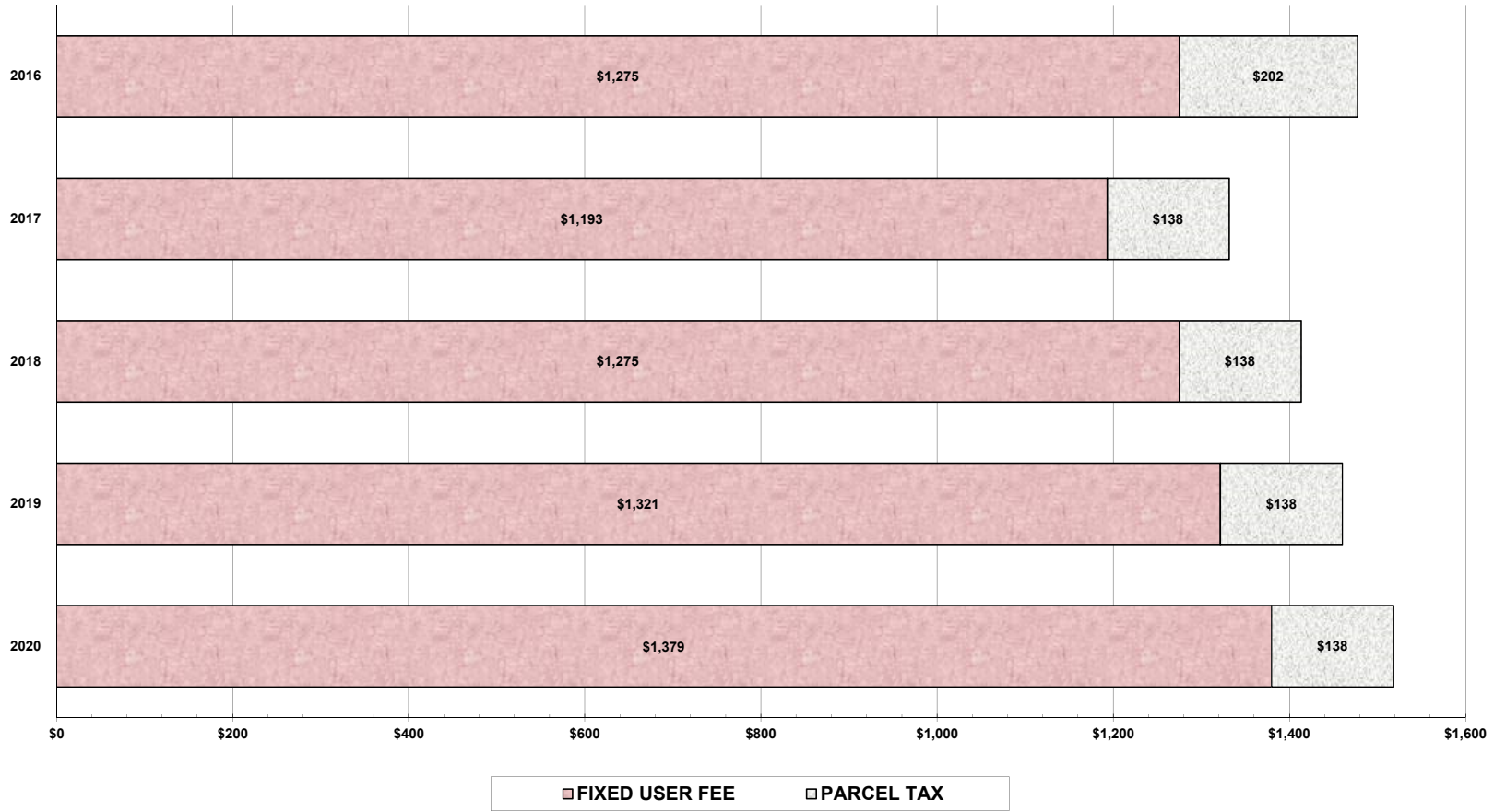
\*\* CWF (Community Works Fund)

<b>Service:</b>	<b>2.665</b>	<b>Sticks Allison Water (Galiano)</b>	<b>Committee: Electoral Area Services</b>
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<u>Year</u>	<u>Taxable Folios</u>	<u>Parcel Tax</u>	<u>SFE's</u>	<u>User Charge</u>	<u>Tax &amp; Charges</u>	<u>Bylaw</u>	<u>Assessments \$(000's)</u>
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	\$202.40	34	\$1,274.84	\$1,477.24	4074	15,026
2017	38	\$138.49	34	\$1,192.94	\$1,331.43	4170	16,542
2018	38	\$138.49	34	\$1,274.71	\$1,413.19	4233	18,810
2019	38	\$138.49	34	\$1,321.47	\$1,459.96	4274	20,955
2020	38	\$138.49	34	\$1,379.47	\$1,517.96		



### CAPITAL REGIONAL DISTRICT STICKS ALLISON WATER FUNDING ANALYSIS 2016-2020



Actual Costs 2016-2020, Projected 2020  
Prepared by CRD Finance  
10/30/2019