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**REPORT TO SURFSIDE PARK ESTATES WATER SERVICE COMMITTEE  
MEETING OF TUESDAY, SEPTEMBER 22, 2015**

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**SUBJECT     2016 OPERATING AND CAPITAL BUDGET**

**ISSUE**

This report provides a synopsis of the 2016 operating and capital budget, highlighting significant proposed changes related to operational expenditures, debt charges, capital expenditures and revenue for the Surfside Park Estates water service.

In accordance with the establishment Bylaw No. 3131, Article 8, the Surfside Park Estates Water Service Committee shall, *"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**

**2015 Estimated Actual Revenue and Expense**

The estimated actual operating cost is projected to be \$4,210 over budget as a result of:

- Lower than budgeted expenditures for:
  - services contract (\$970)
  - repairs and maintenance (\$2,640)
  - Unused contingency (\$4,980)
- Higher than budgeted expenditures for:
  - Electricity (\$650)
  - Supplies (\$10,080)
  - labour chages (\$1,260)
  - other operating expenses (\$810)

The estimated actual operating revenue is projected to be \$50 above budget  
This results in a projected year-end deficit of \$4,160.

However, it is proposed that the transfer to reserve fund be reduced from \$22,050 to \$20,000 (reduction of \$2,050), and that \$5,000 be transferred from the maintenance reserve fund. The resulting year-end surplus is projected to be \$2,890.

It is proposed that the projected year-end surplus be carried forward as revenue in 2016 in order to minimize user charge increase.

2016 Operating Expense

An increase in the 2016 operating expense of \$1,550 (2.0%) is proposed.

This is primarily a result of:

- Increase of \$340 in services contract expenditures.
- Decrease of \$150 in repairs and maintenance expenditures.
- Increase of \$50 in allocations.
- Increase of \$50 in water testing expenditures.
- Increase of \$650 in electricity expenditures.
- Increase of \$120 in operating supply expenditures.
- Increase of \$510 in labour charges.
- Decrease of \$20 in other operating expenses.

It is proposed that a \$4,980 contingency be provided in the budget. The contingency is to be used in the event that the operating budget is exceeded, likely due to a major unplanned emergency repair event.

2016 Debt/Reserves

2016 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 operating items.

It is proposed that transfers to the maintenance reserves of \$500 be maintained at the 2015 level.

After a \$5,000 recovery contribution for the arsenic removal media replacement, the maintenance reserve balance at the end of 2015 is projected to be \$805.

2016 Capital Reserve Fund 1066:

It is proposed that transfers to the capital reserve fund be reduced from \$22,050 to \$5,000. This proposed reduction is the direct result of a lower than anticipated 2015 projected year-end surplus. Typically, the year-end surplus has been carried forward to the following year as a source of revenue to offset operating expenses.

The capital reserve fund balance at the end of 2015 is projected to be \$26,232.

MFA Debt:

Debt servicing expenditures are budgeted to be \$4,420 lower in 2016 than in 2015 as a result of debt refinancing at a reduced rate of interest.

2015 Revenue (User Charge and Parcel Tax)

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

- The user charge increase from \$61,010 to \$67,720; based on 64 single family equivalents (SFE) equates \$1,058.10 per SFE (11% increase).
- The parcel tax remain at 2015 level set at \$33,150; based on 106 taxable folios and including the 5.25% surveyors tax fee equates to \$329.15 per folio. Since the number of taxable folios decreased by 1 in 2015, the tax per folio will increase by 1% in 2016.

Capital Plan 2016

The capital projects planned for 2016 include:

1. Safety Equipment (\$2,000 in 2016)

The CRD's safety advisor has undertaken a review of the treatment facility in consultation with the WorkSafe BC officer and determined that additional eyewash safety equipment and drench hose is required.

Forecast 2017-2020

In 2012, funding to complete a Strategic Asset Management Plan (SAMP) for \$10,000 was approved. The SAMP is in progress and will be completed in 2016. The findings from the SAMP will identify future capital projects, (from 2017 to 2020 and beyond), to ensure the reliability of the water system by completing system improvements as the existing infrastructure reaches its life expectancy. The SAMP will provide an estimate of the annual budget that would be required to replace assets at the end of their service lives, and to provide the level of preventive maintenance required to sustain an acceptable level of service and maximize the service lives of system components.

**RECOMMENDATION**

That the Surfside Park Estates Water Service Committee recommend that the Capital Regional District Board:

1. Approve the 2016 operating and capital budget for the Surfside Park Estates Water Local Service as presented;
2. Approve the 2016 Parcel Tax of \$329.15 and User Charge of \$1,058.10 for the Surfside Park Estates Water Service; and
3. Carry \$2,890 forward as surplus revenue in 2016 and balance the 2015 actual revenue and expense on the 2015 transfer to the capital reserve fund.

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Islands Operations

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Scott Mason, B.Sc., P.Eng.  
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Concurrence

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

DR/SM/PD:ls  
Attachment: 1

# **CAPITAL REGIONAL DISTRICT**

## **2016 Budget**

### **Surfside Park Estates (Mayne)**

#### **Committee Review**

Compiled and Presented by CRD Finance

Sep 2015

**Service: 2.667 Surfside Park Estates (Mayne)**

**Committee: Electoral Area Services**

**DEFINITION:**

To provide for the construction of water supply and distribution facilities for the Surfside Park Estates Water Service Area. Bylaw No. 3088 (November 12, 2003).

**PARTICIPATION:**

The Southern Gulf Islands Surfside Park Estates Water Service Area #46, V(764).

**MAXIMUM LEVY:**

Greater of \$79,500 or \$13.97 / \$1,000 to a maximum of \$173,204

**MAXIMUM CAPITAL DEBT:**

<b>AUTHORIZED:</b>	LA Bylaw No. 3088 (Nov. 12/03)	272,000
<b>BORROWED:</b>	S.I. Bylaw No. 3154 (Apr. 22/04)	(100,000)
	S.I. Bylaw No. 3196	(104,000)
	S.I. Bylaw No. 3258	(48,000)
	S.I. Bylaw No. 3291	(20,000)

**REMAINING:**

\$0

**COMMISSION:**

Surfside Park Estates Water Service committee established by Bylaw No 3131 (June 14, 2004)

**FUNDING:**

**User charge:** Annual charge per single family equivalency unit connected to the system.

**Parcel Tax:** Annual charge only on properties capable of being connected to the system.

**Connection Charge:** Actual Cost + 15% Admin fee (minimum connection \$400 Bylaw No. 3132, Dec 10, 2003)

**RESERVE:**

Fund 1066, established by Bylaw # 3191 (July 16, 2004)

	2015		BUDGET REQUEST			FUTURE PROJECTIONS			
	BOARD BUDGET	ESTIMATED ACTUAL	2016 CORE BUDGET	2016 SUPPLEMENTARY	2016 TOTAL	2017	2018	2019	2020
<b>Surfside Park Estates (Mayne)</b>									
<u>OPERATING COSTS:</u>									
JLB Services Contract	16,970	16,000	17,310	-	17,310	17,660	18,010	18,370	18,740
Repairs & Maintenance	4,070	1,430	3,920	-	3,920	4,000	4,080	4,160	4,240
Allocations	8,200	8,200	8,250	-	8,250	8,420	8,590	8,760	8,930
Water Testing	3,570	3,570	3,620	-	3,620	3,690	3,760	3,840	3,920
Electricity	2,750	3,400	3,400	-	3,400	3,470	3,540	3,610	3,680
Supplies	6,820	16,900	6,940	-	6,940	7,080	7,220	7,370	7,520
Labour Charges	25,740	27,000	26,250	-	26,250	26,780	27,310	27,860	28,420
Contingency	4,980	-	4,980	-	4,980	5,080	5,180	5,280	5,390
Other Operating Expenses	4,950	5,760	4,930	-	4,930	5,010	5,090	5,170	5,260
<b>TOTAL OPERATING COSTS</b>	<b>78,050</b>	<b>82,260</b>	<b>79,600</b>	<b>-</b>	<b>79,600</b>	<b>81,190</b>	<b>82,780</b>	<b>84,420</b>	<b>86,100</b>
*Percentage Increase over prior year					2.0%	2.0%	2.0%	2.0%	2.0%
<u>DEBT/RESERVES</u>									
Transfer to Maintenance Reserve	500	500	500	-	500	510	520	530	540
Transfer to Capital Reserve Fund	22,050	20,000	5,000	-	5,000	4,020	4,020	4,020	17,740
MFA Debt Reserve Fund	-	-	110	-	110	-	-	-	-
MFA Debt Principal	12,850	12,850	12,850	-	12,850	12,850	12,850	12,850	3,210
MFA Debt Interest	10,590	10,590	6,060	-	6,060	6,060	6,060	6,060	1,580
<b>TOTAL DEBT / RESERVES</b>	<b>45,990</b>	<b>43,940</b>	<b>24,520</b>	<b>-</b>	<b>24,520</b>	<b>23,440</b>	<b>23,450</b>	<b>23,460</b>	<b>23,070</b>
<b>TOTAL COSTS</b>	<b>124,040</b>	<b>126,200</b>	<b>104,120</b>	<b>-</b>	<b>104,120</b>	<b>104,630</b>	<b>106,230</b>	<b>107,880</b>	<b>109,170</b>
<u>FUNDING SOURCES (REVENUE)</u>									
Estimated balance C/F from 2015 to 2016	-	2,890	(2,890)	-	(2,890)	-	-	-	-
Balance C/F from 2014 to 2015	(29,570)	(29,570)	-	-	-	-	-	-	-
User Charges	(61,010)	(61,010)	(67,720)	-	(67,720)	(71,120)	(72,720)	(74,370)	(75,660)
Transfer from Maintenance Reserve Fund	-	(5,000)	-	-	-	-	-	-	-
Other Revenue	(310)	(360)	(360)	-	(360)	(360)	(360)	(360)	(360)
<b>TOTAL REVENUE</b>	<b>(90,890)</b>	<b>(95,940)</b>	<b>(70,970)</b>	<b>-</b>	<b>(70,970)</b>	<b>(71,480)</b>	<b>(73,080)</b>	<b>(74,730)</b>	<b>(76,020)</b>
<b>REQUISITION - PARCEL TAX</b>	<b>(33,150)</b>	<b>(33,150)</b>	<b>(33,150)</b>	<b>-</b>	<b>(33,150)</b>	<b>(33,150)</b>	<b>(33,150)</b>	<b>(33,150)</b>	<b>(33,150)</b>
*Percentage increase over prior year					11.0%	5.0%	2.2%	2.3%	1.7%
User Charges					0.0%	0.0%	0.0%	0.0%	0.0%
Requisition					3.4%	3.4%	1.5%	1.6%	1.2%
Combined									

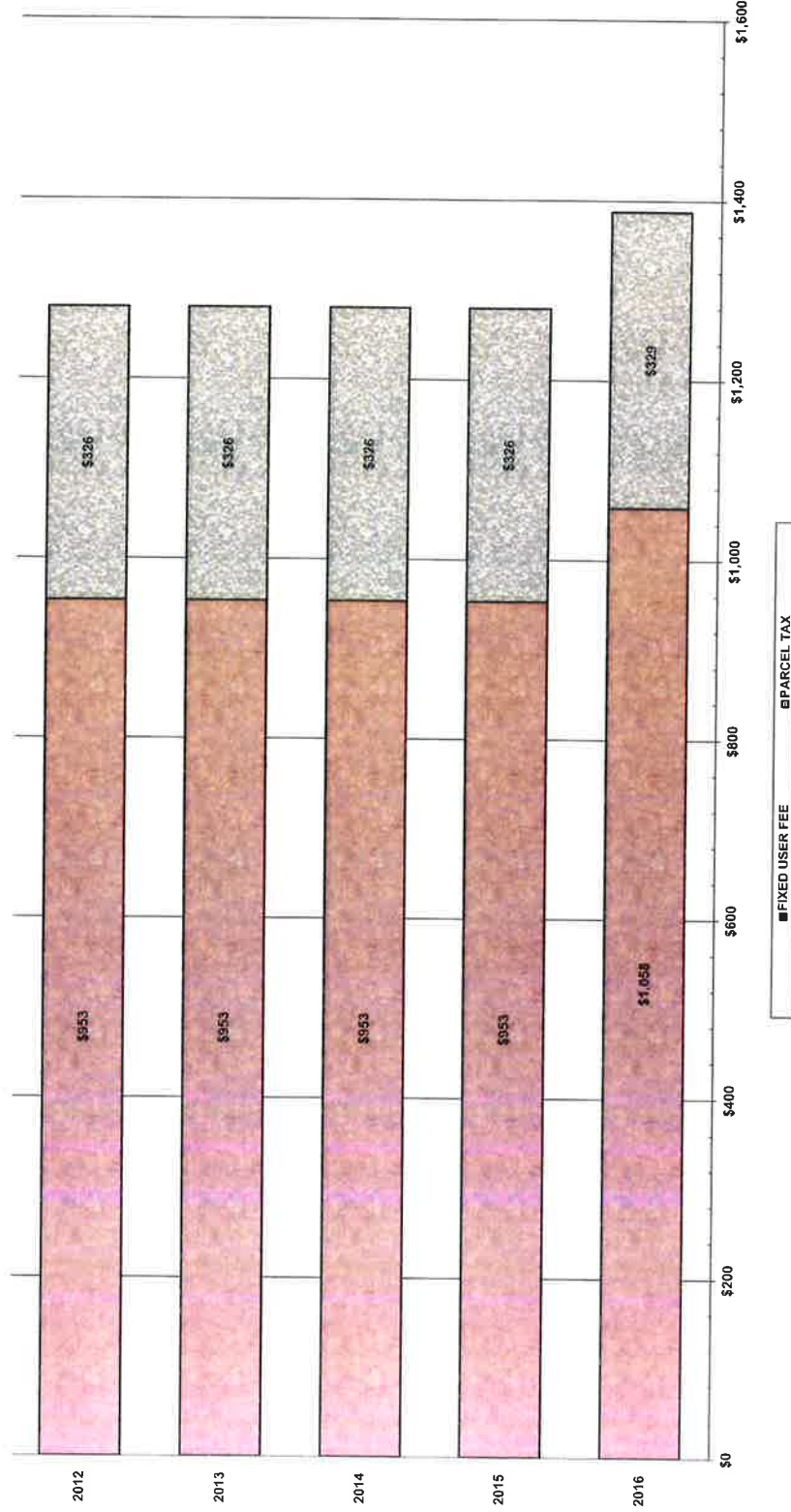
**Service: 2.667 Surfside Park Estates (Mayne) Committee: Electoral Area Services**

<u>Year</u>	<u>Taxable Folios</u>	<u>Parcel Tax</u>	<u>SFE's</u>	<u>User Charge</u>	<u>Tax &amp; Charges</u>	<u>Bylaw</u>	<u>Assessments \$(000's)</u>
2010	107	\$326.11	62	\$867.18	\$1,193.29		16,477
2011	107	\$326.11	62	\$925.53	\$1,251.64	3778	16,581
2012	107	\$326.11	64	\$953.30	\$1,279.41	3823	14,944
2013	107	\$326.11	64	\$953.30	\$1,279.41	3892	13,249
2014	107	\$326.11	64	\$953.30	\$1,279.41	3924	12,331
2015	107	\$326.11	64	\$953.30	\$1,279.41		12,398
2016 Budget	106	\$329.15	64	\$1,058.10	\$1,387.25		12,398

Plan #23397; Lots 92 and 93 were consolidated.  
 764-05160.481 replaces 764-05160.480 and 764-05160.482



# CAPITAL REGIONAL DISTRICT Surfside Park Estates (Mayne) FUNDING ANALYSIS 2012-2016



Actual Costs 2012-2015, Projected 2016  
Prepared by CRD Finance  
16/09/2015



**Service:**

**2.667 Surfside Park Estates (Mayne)**

**Committee: Electoral Area Services**

**#1 Safety Equipment (\$2,000 in 2016)**

(a) The CRD's safety advisor has undertaken a review of the treatment facility in consultation with the WorkSafe BC officer and determined that additional eyewash safety equipment and drench hose is required.

**Reserve Schedule**

**Reserve Fund: 2.667 Surfside Water Capital Reserve Fund (Bylaw No.: 3191)**

**Reserve Cash Flow**

**Fund: 1066 Fund Center: 101850**

	Estimate 2015	Budget				
		2016	2017	2018	2019	2020
Beginning Balance	6,132	26,232	31,232	35,252	39,272	43,292
Transfer from Operating Budget	20,000	5,000	4,020	4,020	4,020	17,740
Interest Income*	100	-	-	-	-	-
<b>Ending Balance \$</b>	<b>26,232</b>	<b>31,232</b>	<b>35,252</b>	<b>39,272</b>	<b>43,292</b>	<b>61,032</b>

**Assumptions/Background:**

Transfer as much as operating budget will allow.

\* 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.