



Making a difference...together

SURFSIDE PARK ESTATES WATER SERVICE COMMITTEE
Notice of Meeting on **Wednesday, October 5, 2016 at 10:30 a.m.**
Main Conference Room, 479 Island Highway, Victoria, BC

L. Vallee (Chair)
S. Everts

Director D. Howe

J. Simmer

L. Mahady

AGENDA

1. Approval of Agenda
2. Election of Chair
3. Adoption of Minutes of September 22, 2015
4. 2017 Operating and Capital Budget
5. New Business
6. 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 a Meeting of the Surfside Park Estates Water Service Committee
Held Tuesday, September 22, 2015 in the Main Conference Room, 479 Island Highway,
Victoria, BC**

PRESENT: **Committee Members:** S. Everts (C), B. Rochet W. Mulvin, L. Vallee, P. LeBlond, Alternate Southern Gulf Islands Regional Director
Staff: P. Dayton, Senior Financial Analyst, S. Mason, Manager, Water Engineering and Planning, D. Robson, Manager, Saanich Peninsula and Gulf Islands Operations, M. Cowley, Senior Manager, Infrastructure Engineering; L. Siemens (recorder)
One member of the public

ABSENT: Director D. Howe

The meeting was called to order at 11 am.

1. Approval of Agenda

MOVED by L. Vallee, **SECONDED** by B. Rochet,
That the agenda be approved as previously distributed.

CARRIED

2. Election of Chair

Nominations were called for Chair of the Surfside Park Estates Water Service Committee for a one-year term. W. Mulvin was nominated and declined the nomination. L. Vallee was nominated and agreed to stand. There were no further nominations. L. Vallee was elected as chair of the Surfside Park Estates Water Service Committee.

3. Adoption of Minutes of October 9, 2014

MOVED by B. Rochet, **SECONDED** by W. Mulvin,
That the minutes of the meeting of October 9, 2014 be adopted as distributed.

CARRIED

4. 2016 Operating and Capital Budget

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

Staff recommended, that in future years, to consider transferring surplus funds into the capital reserve fund instead of carrying them forward as revenues.

Staff advised that a staff report will be brought to the committee at a future meeting addressing transfer of funds to the capital reserve funds from closed capital projects.

MOVED by L. Vallee, **SECONDED** by W. Mulvin,
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.

CARRIED

5. New Business

Current watering restrictions were discussed. Staff advised that the restrictions may be removed after water levels have been monitored. Staff will inform the committee when voluntary watering restrictions can be lifted.

The committee discussed whether to consider getting information on proposed alternatives for user rate consumption charges. Based on the service area's low average water consumption, the committee decided to stay with a fixed fee user charge model.

6. Adjournment

The meeting was adjourned at 11:45 am.



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**REPORT TO SURFSIDE PARK ESTATES WATER SERVICE COMMITTEE
MEETING OF WEDNESDAY, OCTOBER 5, 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, 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

2016 Estimated Actual Revenue and Expense

The estimated actual operating expenses are projected to be \$110 over budget as a result of:

- Lower than budgeted expenditures for:
 - services contract (\$1,310)
 - repairs and maintenance (\$1,490)
 - allocations (\$10)
 - water testing (\$50)
 - Unused contingency (\$4,980)
- Higher than budgeted expenditures for:
 - Electricity (\$100)
 - Supplies (\$5,760)
 - labour charges (\$1,630)
 - other operating expenses (\$460)

The estimated actual operating revenue is projected to be on budget
This results in a projected year-end net expense of \$110.

However, debt servicing costs are projected to be \$110 under budget. Therefore, no surplus or deficit is projected for 2016.

2017 Operating Expense

A decrease in the 2017 operating expense of \$2,640 (3.3%) is proposed.

This is primarily a result of:

- Decreases in:
 - labour charges (\$620)
 - 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”
 - contingency (\$4,310)
- Increases in:
 - contract for services (\$260)
 - repairs & maintenance (\$50)
 - allocations (\$490)
 - 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 (\$50)
 - electricity (\$240)
 - supplies (\$390)
 - other operating expenses (\$810)
 - 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.

2017 Debt/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 operating items that are not included in the annual operating budget.

It is proposed that transfers to the maintenance reserves be maintained at the 2016 amount of \$500.

The maintenance reserve balance at the end of 2016 is projected to be \$1,310.

Capital Funds Available (Funds WSV185142; WLA3088):

There is a total of \$28,129 remaining from funding for capital projects undertaken in prior years, as shown in Table 1 below.

Table 1: Summary of Capital Project History

	<u>Budget</u>	<u>Funding</u>	<u>Spent</u>	<u>Remaining</u>		<u>To CRF</u>
				<u>Funds</u>	<u>Budget</u>	
2011 SAMP Study	5,000	12,500	(4,141)	8,359	859	-
2012 PRV Replacements	7,565	15,000	(7,565)	7,435	-	7,435
2013 Disconnect main	7,000	7,000	(5,141)	1,859	1,859	1,859
2014 Water rplc bowsprit	6,543	8,000	(6,543)	1,457	-	1,457
2016 Safety Equipment	2,000	2,000	(1,313)	687	687	687
Interest	-	-	-	1,369	-	-
Total WSV185142	28,108	44,500	(24,703)	21,166	3,405	11,438
2004 System Upgrade	432,460	452,579	(449,786)	2,793	-	2,793
Interest	-	-	-	4,170	-	4,170
Total WLA3088	432,460	452,579	(449,786)	6,963	-	6,963
Grand Total	460,568	497,079	(474,489)	28,129	3,405	18,401

All projects except for the Strategic Asset Management Plan (SAMP) study have been completed. Therefore, it is proposed that \$18,401 be transferred back to the Capital Reserve Fund. The interest in WLA3088 is included in the amount to be transferred, since there is no project in progress in that fund.

Capital Reserve Fund:

It is proposed that transfers to the capital reserve fund be maintained at \$5,000.

The capital reserve fund balance at the end of 2016 is projected to be \$44,910.

Municipal Finance Authority Debt:

Debt servicing expenditures are budgeted to be \$18,510 which is \$400 less than 2016 as a result of debt refinancing at a reduced rate of interest. This debt is due to borrowing for capital improvement to the water system. The borrowing from 2004 will be fully paid down by 2019 and the borrowing from 2005 will be fully paid down by 2020.

2017 Revenue (User Charge and Parcel Tax)

It is proposed that:

- The user charge remain at the 2016 amount of \$67,720; based on 64 single family equivalents (SFE), this equates to \$1,058.10 per SFE.

- The parcel tax remain at the 2016 amount of \$33,150; based on 106 taxable folios and including the 5.25% surveyor of taxes fee (a handling fee charged by the Province for collecting taxes), this equates to \$329.15 per folio.

Capital Plan 2017

The capital projects planned for 2017 include:

1. Strategic Asset Management Plan (Carry Forward \$8,000 in 2017),
2. Water Meter Relocation, 291 Wood Dale Drive (\$3,000 in 2017) and
3. Surfside Reservoir #2 – Concrete Cradle Assessment (\$5,000 in 2017).

Additional detail for each proposed expenditure is provided in the attached budget documents.


Forecast 2018-2021

Funding to complete a SAMP was previously approved and the study is in progress and will be completed in 2017. The findings from the SAMP will identify future capital projects (five-year capital plan 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.

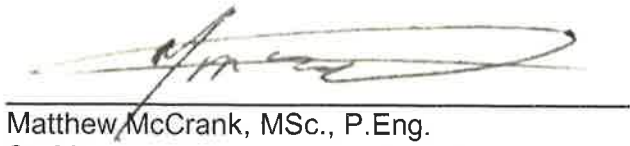
RECOMMENDATION

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

1. Approve the 2017 operating and capital budget for the Surfside Park Estates Water Local Service as presented;
2. Approve the 2017 Parcel Tax Rate of \$329.15 and User Charge of \$1,058.10 for the Surfside Park Estates Water Service;
3. Balance the 2016 actual revenue and expense on the 2016 transfer to the capital reserve fund.;and
4. Approve the proposed transfer of \$11,438 from the Capital Project Fund WSV185142 and \$6,963 from Capital Project Fund WLA 3088 to the Capital Reserve Fund.



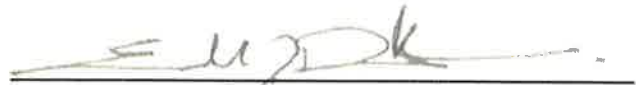
Ian Jesney, P.Eng.
Sr. Manager, Infrastructure Engineering
Integrated Water Services



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



Rianna Lachance, BCom, CPA, CA
Manager Financial Planning & Analysis



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

DR/SM/PD:ls
Attachment: 1

CAPITAL REGIONAL DISTRICT

2017 Budget

Surfside Park Estates (Mayne)

Committee Review

Compiled and Presented by CRD Finance

Oct 2016

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Page 1

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:

AUTHORIZED:	LA Bylaw No. 3088 (Nov. 12/03)	272,000
BORROWED:	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)

RESERVE:

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

	2016		BUDGET REQUEST			FUTURE PROJECTIONS				
	BOARD BUDGET	ESTIMATED ACTUAL	2017 CORE BUDGET	2017 ONGOING	2017 ONE-TIME	2017 TOTAL	2018	2019	2020	2021
Surfside Park Estates (Mayne)										
<u>OPERATING COSTS:</u>										
JLB Services Contract	17,310	16,000	17,570	-	-	17,570	17,920	18,280	18,650	19,020
Repairs & Maintenance	3,920	2,430	3,970	-	-	3,970	4,050	4,130	4,210	4,290
Allocations	8,250	8,240	8,740	-	-	8,740	8,910	9,080	9,250	9,430
Water Testing	3,620	3,570	3,670	-	-	3,670	3,740	3,810	3,890	3,970
Electricity	3,400	3,500	3,640	-	-	3,640	3,710	3,780	3,860	3,940
Supplies	6,940	12,700	7,330	-	-	7,330	7,480	7,640	7,800	7,960
Labour Charges	26,250	27,880	25,630	-	-	25,630	26,150	26,670	27,210	27,760
Contingency	4,980	-	670	-	-	670	510	520	530	540
Other Operating Expenses	4,930	5,390	5,740	-	-	5,740	5,830	5,920	6,010	6,120
TOTAL OPERATING COSTS	79,600	79,710	76,960	-	-	76,960	78,300	79,830	81,410	83,030
*Percentage Increase over prior year							1.7%	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	5,000	5,000	5,000	-	-	5,000	5,100	5,200	5,300	5,410
MFA Debt Reserve Fund	110	-	-	-	-	-	-	-	-	-
MFA Debt Principal	12,850	12,850	12,930	-	-	12,930	12,930	12,930	3,230	-
MFA Debt Interest	6,060	6,060	5,580	-	-	5,580	5,580	5,580	1,100	-
TOTAL DEBT / RESERVES	24,520	24,410	24,010	-	-	24,010	24,120	24,230	10,160	5,950
TOTAL COSTS	104,120	104,120	100,970	-	-	100,970	102,420	104,060	91,570	88,980
<u>FUNDING SOURCES (REVENUE)</u>										
Estimated balance C/F from 2016 to 2017	-	-	-	-	-	-	-	-	-	-
Balance C/F from 2015 to 2016	(2,890)	(2,890)	-	-	-	-	-	-	-	-
User Charges	(67,720)	(67,720)	(67,720)	-	-	(67,720)	(68,910)	(69,100)	(70,480)	(67,700)
Transfer from Maintenance Reserve Fund	-	-	-	-	-	-	-	-	-	-
Other Revenue	(360)	(360)	(100)	-	-	(100)	(100)	(100)	(100)	(100)
TOTAL REVENUE	(70,970)	(70,970)	(67,820)	-	-	(67,820)	(69,010)	(69,200)	(70,580)	(67,800)
REQUISITION - PARCEL TAX	(33,150)	(33,150)	(33,150)	-	-	(33,150)	(33,410)	(34,860)	(20,990)	(21,180)
*Percentage increase over prior year							1.8%	0.3%	2.0%	-3.9%
User Charges							0.8%	4.3%	-39.8%	0.9%
Requisition Combined							1.4%	1.6%	-12.0%	-2.8%

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 & Charges</u>	<u>Bylaw</u>	<u>Assessments \$(000's)</u>
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	3987	12,398
2016	106	\$329.15	64	\$1,058.10	\$1,387.25	4074	13,735
2017	106	\$329.15	64	\$1,058.10	\$1,387.25		13,735

**CAPITAL REGIONAL DISTRICT
Surfside Park Estates (Mayne)
FUNDING ANALYSIS
2013-2017**



Actual Costs 2013-2016, Projected 2017
Prepared by CRD Finance
09/28/2016

CAPITAL REGIONAL DISTRICT CAPITAL PLAN

CAPITAL BUDGET FORM

2017 & Forecast 2018 to 2021

Service #: 2.667

Service Name: Surfside Park Estates (Mayne)

By Capital Expenditure											
No.	Project Code	Capital Project Description	Asset Type	Funding Source	Carry Forward	2017	2018	2019	2020	2021	Total Project Budget
13-01	Replacement	Strategic Asset Management Plan	E	Grant	8,000	-	-	-	-	-	12,500
17-01	Replacement	291 WoodDale Water Meter Relocation	E	Res		3,000					3,000
17-02	Replacement	Surfside Reservoir #2 - Concrete Cradle Asses	E	Res		5,000					5,000
Total					8,000	8,000	-	-	-	-	20,500

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
 Res = Reserve Fund
 STLoan = 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

Service:

2.667 Surfside Park Estates (Mayne)

Committee: Electoral Area Services

Strategic Asset Management Plan (\$8,000 Carry Forward)

13-01

The Strategic Asset Management Plan will recommend a prioritized list of infrastructure replacements, which will serve as the basis for future capital spending plans.

17-01 291 Wood Dale Water Meter Relocation (\$3,000)

The existing water meter to the 291 Wood Dale property is located on private property and requires relocation to the road right of way.

17-02 Surfside Reservoir #2 – Concrete Cradle Assessment (\$5,000)

The rear saddle supporting Reservoir #2 is deteriorating. A \$5,000 budget in 2017 is required to undertake an assessment of the structure and develop recommendations for repair or replacement (if necessary). The resulting recommendations will be included in the Surfside Strategic Asset Management Plan, and budgeted for in a subsequent year.

Reserve Schedule

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

Reserve Cash Flow

	Estimate 2016	Budget				
		2017	2018	2019	2020	2021
Fund: 1066 Fund Center: 101850						
Beginning Balance	21,513	44,915	41,915	47,015	52,215	57,515
Transfers to General Capital Fund	(8,000)	-	-	-	-	-
Transfer from General Capital Fund	18,401					
Transfer from Operating Budget	5,000	5,000	5,100	5,200	5,300	5,410
Interest Income*	-	-	-	-	-	-
Ending Balance \$	44,915	41,915	47,015	52,215	57,515	62,925

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.