



Making a difference...together

**SURFSIDE PARK ESTATES WATER SERVICE COMMITTEE**

Notice of Meeting on **Monday, November 6, 2017 at 10 a.m.**

Main Conference Room, 479 Island Highway, Victoria, BC

Louis Vallee (Chair)  
Su Everts

Director D. Howe

Jennifer Simmer

Richard Bougie

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**AGENDA**

1. Approval of Agenda
2. Election of Chair
3. Adoption of Minutes of October 5, 2016
4. 2018 Operating and Capital Budget
5. New Business
6. Adjournment

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*To ensure quorum, advise Lorrie Siemens 250.360.3087 or [lsiemens@crd.bc.ca](mailto: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 Wednesday, October 5, 2016 in the Main Conference Room, 479 Island Highway,  
Victoria, BC**

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**PRESENT:** **Committee Members:** L. Vallee (C), S. Everts, Alternate Southern Gulf Islands Regional Director P. LeBlond (for D. Howe)

**Staff:** M. McCrank, Senior Manager, Infrastructure Operations, M. Cowley, Acting Senior Manager, Infrastructure Engineering, S. Mason, Manager, Water Engineering and Planning, D. Robson, Manager, Saanich Peninsula and Gulf Islands Operations, Kyu-Chang Jo, Financial Analyst, L. Siemens (recorder)

**ABSENT:** L. Mahady, J. Simmer

The meeting was called to order at 11:45 a.m.

**1. Approval of Agenda**

The following item was added under New Business:

- Short Term Vacation Rentals and Air B&B's

**MOVED** by S. Everts, **SECONDED** by P. LeBlond,  
That the agenda be approved as amended.

**CARRIED**

**2. Election of Chair**

M. McCrank called for nominations for chair of the Surfside Park Estates Water Service Committee for a one-year term. Su Everts was nominated and declined. Louis Vallee was nominated and agreed to stand. Nominations were called for two more times, and hearing none, Louis Vallee was acclaimed as chair.

**3. Adoption of Minutes of September 22, 2015**

**MOVED** by S. Everts, **SECONDED** by P. LeBlond,  
That the minutes of September 22, 2015 be adopted as previously circulated.

**CARRIED**

**4. 2017 Operating and Capital Budget**

M. McCrank presented a written report and the 2017 Operating and Capital Budget committee review document.

**MOVED** by L. Vallee, **SECONDED** by S. Everts,  
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.

**5. New Business**

**CARRIED**

The committee noted their concerns regarding Air B&B's and Short Term Rentals in the Surfside Park Estates water service area. Staff advised that, although water use is a committee and a staff concern, and as we are stakeholders in any land use decision, Islands Trust is the land use authority and land use concerns should be directed to them.

**6. Adjournment**

**MOVED** by L. Vallee, **SECONDED** by P. LeBlond,  
That the meeting be adjourned at 11:20 a.m.

**CARRIED**



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## **REPORT TO SURFSIDE PARK ESTATES WATER SERVICE COMMITTEE MEETING OF MONDAY, NOVEMBER 6, 2017**

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### **SUBJECT    2018 OPERATING AND CAPITAL BUDGET**

#### **ISSUE**

To present the 2018 operating and capital budget. In accordance with Bylaw No. 3131, "Surfside Park Estates Water Service Committee Bylaw No. 1, 2003", 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 Surfside Park Estates 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 lead to potential 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 Single Family Equivalent (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 \$3,500 under budget. CRD staff recommend that the 2017 budgeted transfer to the Capital Reserve Fund be increased to balance the 2017 budget. The 2018 operating budget has been increased by approximately 1.8% over the 2017 budget to account for inflation.

### *Municipal Finance Authority (MFA) Debt*

The annual debt servicing cost of \$18,510 will remain unchanged in 2018.

### *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 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 \$500 to \$1,800 to ensure future maintenance activities are fully funded and an appropriate minimum balance be maintained in the operating reserve fund. There is approximately \$5,500 of planned maintenance over the next 5 years. The operating reserve fund balance at the end of 2017 is projected to be \$1,305.

### *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 \$46,000.

### *Capital Expenditure Plan*

The 5-year plan includes \$95,200 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 this 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. At this stage, with several open projects, there is no plan to transfer funds from the projects fund to the Capital Reserve Fund until such time as the projects are completed and financially closed.

***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 \$1,100.40 per Single Family Equivalent (SFE), an increase from 2017, and the parcel tax is proposed to remain at the 2017 rate of \$329.15 per taxable folio. Historical user charge and parcel tax rates are included for information.

**RECOMMENDATION**

That the Surfside Park Estates Water 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 Surfside Park Estates 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

2018SURFSIDEBUGDET\_Oct\_3\_2017

# **CAPITAL REGIONAL DISTRICT**

## **2018 Budget**

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

#### **Committee Review**

Compiled and Presented by CRD Finance

Nov 2017

**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 \$191,882 on actual assessed value of land and improvements.

**MAXIMUM CAPITAL DEBT:**

AUTHORIZED:

BORROWED:

S.I. Bylaw No. 3088 (Nov. 12/03)	272,000
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)

		BUDGET REQUEST				FUTURE PROJECTIONS					
		2017 BOARD BUDGET	ESTIMATED ACTUAL	CORE BUDGET	ONGOING	ONE-TIME	TOTAL	2019	2020	2021	2022
<b>Surfside Park Estates (Wayne)</b>											
<b>OPERATING COSTS:</b>											
JLB Services Contract		17,570	17,500	17,920			17,920	18,280	18,650	19,020	19,400
Repairs & Maintenance		3,970	3,800	3,950			3,950	4,030	4,110	4,190	4,270
Allocations		8,740	7,560	7,685			7,685	7,840	8,000	8,160	8,320
Water Testing		3,670	3,670	3,740			3,740	3,810	3,890	3,970	4,050
Electricity		3,640	3,500	3,790			3,790	3,870	3,950	4,030	4,110
Supplies		7,330	7,400	7,480			7,480	7,630	7,780	7,930	8,080
Labour Charges		25,630	25,000	28,010			28,010	28,860	29,430	30,020	30,620
Contingency		670									
Other Operating Expenses		5,740	5,090	5,790			5,790	5,890	5,990	6,100	6,220
<b>TOTAL OPERATING COSTS</b>		<b>76,960</b>	<b>73,520</b>	<b>78,365</b>			<b>78,365</b>	<b>80,210</b>	<b>81,800</b>	<b>83,420</b>	<b>85,070</b>
*Percentage Increase over prior year											
<b>DEBT RESERVES</b>								1.8%	2.4%	2.0%	2.0%
Transfer to Operating Reserve Fund		500	500	1,800			1,800	1,840	1,880	1,920	1,960
Transfer to Capital Reserve Fund		5,000	8,540	5,000			5,000	5,000	5,000	19,180	23,510
MFA Debt Reserve Fund											
MFA Debt Principal		12,930	12,930	12,930			12,930	12,930	12,930	12,930	-
MFA Debt Interest		5,580	5,580	5,580			5,580	5,580	5,580	5,580	-
<b>TOTAL DEBT / RESERVES</b>		<b>24,010</b>	<b>27,550</b>	<b>25,310</b>			<b>25,310</b>	<b>25,350</b>	<b>25,390</b>	<b>25,430</b>	<b>25,470</b>
<b>TOTAL COSTS</b>		<b>100,970</b>	<b>101,070</b>	<b>103,675</b>			<b>103,675</b>	<b>105,560</b>	<b>107,190</b>	<b>108,850</b>	<b>110,540</b>
<b>FUNDING SOURCES (REVENUE)</b>											
Estimated balance C/F from 2017 to 2018											
Balance C/F from 2016 to 2017											
User Charges		(67,720)	(67,720)	(70,425)			(70,425)	(71,890)	(73,090)	(74,310)	(75,550)
Other Revenue		(100)	(200)	(100)			(100)	(100)	(100)	(100)	(100)
<b>TOTAL REVENUE</b>		<b>(67,820)</b>	<b>(67,920)</b>	<b>(70,525)</b>			<b>(70,525)</b>	<b>(71,990)</b>	<b>(73,190)</b>	<b>(74,410)</b>	<b>(75,650)</b>
<b>REQUISITION - PARCEL TAX</b>		<b>(33,150)</b>	<b>(33,150)</b>	<b>(33,150)</b>			<b>(33,150)</b>	<b>(33,570)</b>	<b>(34,000)</b>	<b>(34,440)</b>	<b>(34,890)</b>
*Percentage increase over prior year											
User Charges								4.0%	2.1%	1.7%	1.7%
Requisition								0.0%	1.3%	1.3%	1.3%
Combined								2.7%	1.8%	1.5%	1.6%

## Reserve Schedule

**Reserve Fund:** 2.667 Surfside Water Operating Reserve Fund (Bylaw No.: 4144)

## Reserve Cash Flow

	2017 Estimate	2018	2019	Budget 2020	2021	2022
<b>Beginning Balance</b>	805	1,305	1,105	1,445	3,325	3,245
<b>Transfer from Operating Budget</b>	500	1,800	1,840	1,880	1,920	1,960
<b>Expenditures</b>		(2,000)	(1,500)		(2,000)	
Easement Maintenance	-	-	-	-	Reservoir Cleaning	-
Interest Income*		-	-	-	-	-
<b>Ending Balance \$</b>		<b>1,305</b>	<b>1,105</b>	<b>1,445</b>	<b>3,325</b>	<b>3,245</b>

### Assumptions/Background:

Maintain a minimum balance of \$4,000

Reserve Schedule	

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

Reserve Cash Flow	

	<b>Fund: 1066 Fund Center: 101850</b>	<b>Budget</b>				
		<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Beginning Balance</b>	45,368	45,908	708	5,708	10,708	29,888
<b>Transfers to General Capital Fund</b>	(8,000)	(50,200)	-	-	-	(45,000)
<b>Transfer from General Capital Fund</b>	-	-	-	-	-	-
<b>Transfer from Operating Budget</b>	8,540	5,000	5,000	5,000	19,180	23,510
<b>Interest Income*</b>	-	-	-	-	-	-
<b>Ending Balance \$</b>	<b>45,908</b>	<b>708</b>	<b>5,708</b>	<b>10,708</b>	<b>29,888</b>	<b>8,398</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.

# CAPITAL REGIONAL DISTRICT CAPITAL PLAN

**CAPITAL BUDGET FORM  
2018 & Forecast 2019 to 2023**

**CAPITAL BUDGET FORM**  
**2018 & Forecast 2019 to 2022**

<b>Project No.</b>	The first two digits represent first year the project was in the capital plan.
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<b>Capital Expenditure Type</b>	<b>New Construction/ Project:</b>	<b>Renewal: Expenditure replacement:</b>	<b>Replacement: Expenditure replacement:</b>
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**Service #:** 2.66      **Service Name:** Surf

2.667 Shifftside Park Estates (Mayne)

Surfside Park Estates (Mayne)			
Service: 2.667	Proj. No. 18-01	Capital Project Title Surfside Reservoir #2 Repair Program  Board Priority Area Other	Capital Project Description Repair the concrete cradle and assess the tank condition.  <b>Corporate Priority Area</b> Drinking Water

**Project Rationale** Through regular maintenance inspections in 2016, CRD Staff noticed that the concrete cradle for Reservoir #2 was deteriorating. In 2017 an engineering assessment of the cradle was undertaken and conceptual design undertaken. The assessment identified structural and material deficiencies in the concrete cradle, and also highlighted that there was noticeable corrosion on the tank where there was no neoprene isolator between the concrete cradle and steel tank. Funds are required to retain a consultant to conduct a condition assessment of the steel tanks, and if the tanks have sufficient remaining life retain a consultant to complete detailed design and review the concrete cradles. Future improvements for concrete cradle rehabilitation have been included.

Asset Class Equipment	Proj. No. 18-02	Capital Project Title Surfside Reservoir #2 Repair Program  Board Priority Area Other	Capital Project Description Conduct a leak detection program and conduct point repairs.  <b>Corporate Priority Area</b> Drinking Water
Asset Class Engineered Structures	Proj. No. 18-03	Capital Project Title Leak Detection Program & Repairs  Board Priority Area Other	Capital Project Description Due to the small size of the Surfside Estates water system, leaks can and have had adverse affects on maintaining water supply to the users. A leak detection program to determine where leaks are occurring and conducting point repairs where required is needed to maintain the viability of the water supply. Funding is required to undertake the leak detection program and conduct point repair/s.  <b>Corporate Priority Area</b> Drinking Water
Asset Class Engineered Structures	Proj. No. 18-04	Capital Project Title Valve Replacements  Board Priority Area Other	Capital Project Description Replace a failed valve for a hydrant in front of 371 Wooddale Road, and a failed valve on Barque Road.  <b>Corporate Priority Area</b> Drinking Water

**Project Rationale** CRD staff have identified two areas with failed valves: the isolation valve for the hydrant in front of 371 Wooddale Road, and a 2 inch line valve on Barque Road. Replacement of the valves is required so that maintenance can be undertaken where required. When this water main is out of service it is proposed to replace the line valve in the cluster as well for the hydrant valve at 371 Wooddale Road. Funding is required to replace the valves.

## Surfside Park Estates (Mayne)

### Capital Projects Fund

Year/Project#	Status	Capital Project Description	Total Budget	Expenditure Actuals	Remaining Funds	Funding Source-CRF*	Funding Source-CWF**	Surplus to CRF*	Return Surplus to CWF**
2011/CE.294	CLOSED	SAMP Study	12,500	(4,141)	8,359	2,500	10,000		8,359
2017/CE.590	OPEN	291 Wood Dale Water Meter	3,000	(1,956)	1,044	3,000			
2017/CE.591	OPEN	Reservoir #2 Cradle Assessment	5,000	(4,850)	150	5,000			
		Totals	20,500	(10,947)	9,553	10,500	10,000	0	8,359

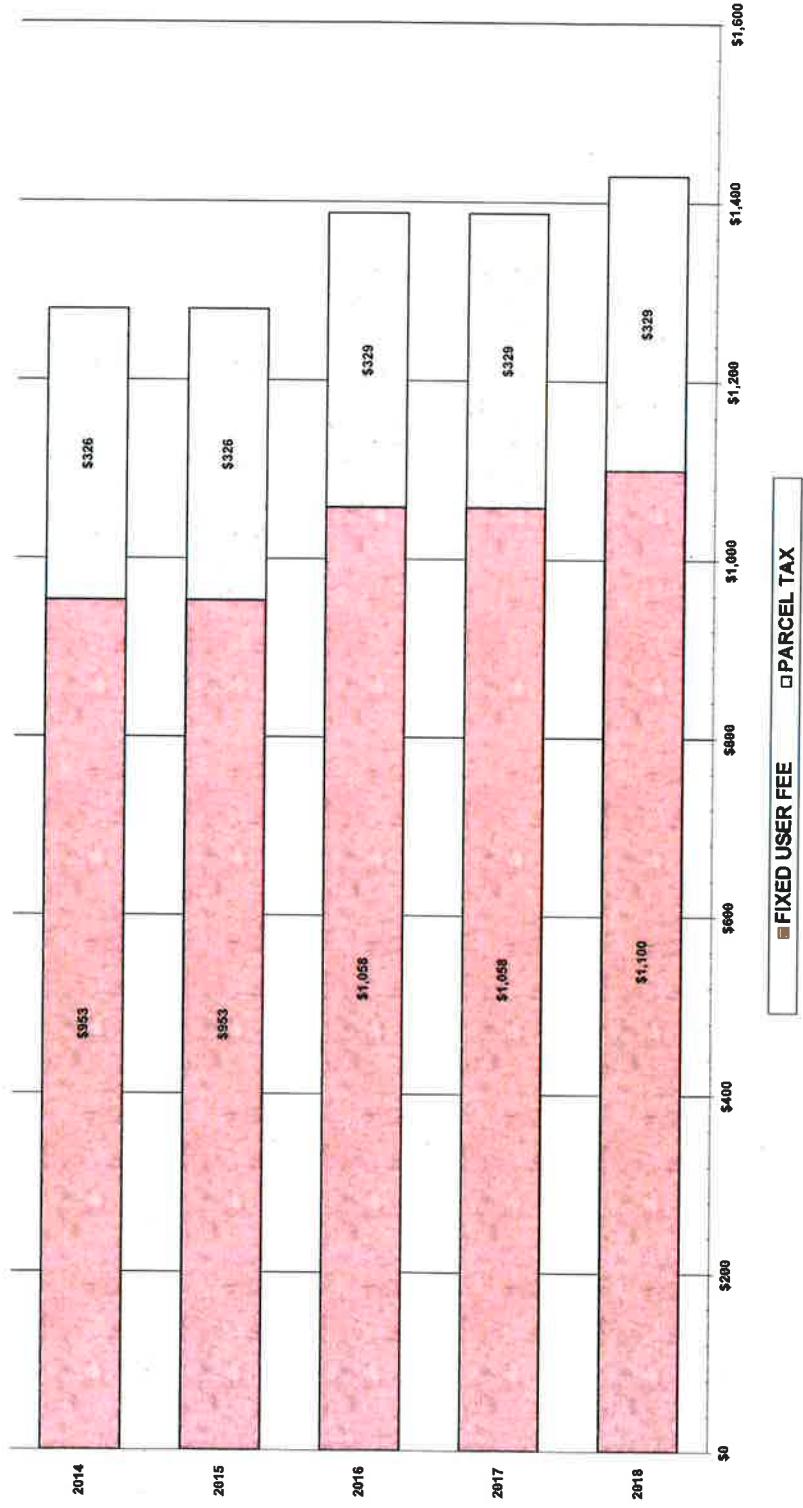
\* CRF (Capital Reserve Fund)

\*\* CWF (Community Works Fund)

<b>Service:</b>	<b>2.667 Surfside Park Estates (Mayne)</b>	<b>Committee: Electoral Area Services</b>
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<b><u>Year</u></b>	<b><u>Taxable Folios</u></b>	<b><u>Parcel Tax</u></b>	<b><u>SFES</u></b>	<b><u>User Charge</u></b>	<b><u>Tax &amp; Charges</u></b>	<b><u>Bylaw</u></b>	<b><u>Assessments \$/000's]</u></b>
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	4170	13,782
2018	106	\$329.15	64	\$1,100.40	\$1,429.55		

**CAPITAL REGIONAL DISTRICT  
Surfside Park Estates (Mayne)  
FUNDING ANALYSIS  
2014-2018**



Actual Costs 2014-2017, Projected 2018  
Prepared by CRD Finance  
10/02/2017