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**REPORT TO WILDERNESS MOUNTAIN WATER SERVICE COMMISSION
MEETING OF TUESDAY, OCTOBER 7, 2014**

SUBJECT 2015 OPERATING AND CAPITAL BUDGET

ISSUE

This report provides a synopsis of the 2015 operating and capital budget, highlighting significant proposed changes related to operational expenditures, debt charges, any capital expenditures and revenue for the Wilderness Mountain Local Service.

In accordance with the service area establishment Bylaw No. 3511 of the Wilderness Mountain Water Service Commission, Item 12 states that, "*Each year, according to the District budget timetable, the commission shall recommend 5-year operating and capital budgets for the service provided in the Service Area which shall cover all anticipated costs of development, maintenance, operational and other expenses, including debt charges and shall submit such expenditure costs, together with estimates for expected revenue, in a form approved by the Director of Finance of the Regional Board for the approval of the Regional Board and for inclusion in the Regional Board's 5-year Financial Plan.*"

BACKGROUND

2014 Estimated Actual Revenue and Expense

The estimated actual operating expense is projected to be **\$50** over budget as a result of:

- Lower than budgeted expenditures for:
 - Contract for Services (payments to UVIC for water testing)

- Higher than budgeted expenditures for
 - Other Allocations
 - Operating expenses
 - Inventory
 - Supplies
 - Water Testing
 - Electricity
 - Internal Time Charges
 - labour

These anticipated cost overruns will be funded by the \$5,000 budget for contingencies.

The estimated actual revenue is projected to be \$50 over the 2014 budget

- higher than budgeted expenditures for:
 - User Charges

This results in a projected year-end surplus of \$0.

2015 Operating Expense

An increase of \$6,570 (7%) in budgeted operating expense is proposed for 2015. This is primarily a result of:

- A onetime single supplementary for \$5,000 in referendum costs
- Increase of \$50 in other allocations
- increase of \$420 in electricity
- Decrease of \$190 in internal charges
- Increase of \$10 in other operating expenses
- Increase of \$1,280 in contingency

It is proposed that a \$6,280 contingency be provided for in the budget. This contingency is to be used in the event that the operating budget is exceeded likely due to a major unplanned event.

2015 Debt / Reserves

The MFA debt principal and interest will remain the same as 2014 at \$14,030 and \$9,560 respectfully.

2015 Revenue Customer service Charge and Parcel Tax

It is proposed that:

- The projected surplus is \$0
- The user charge will increase from \$566.50(2014) to \$649.14(2015) resulting in an increase of \$82.64
- The parcel tax will increase from \$811.73 (2014) to \$821.85 (2015) resulting in an increase of \$10.12

The water rate will remain the same as in 2014 at \$216 for 2015.

2015 Capital Plan

The following capital work is planned for 2015 and proposed to be funded from the capital reserve account:

Dam Safety Upgrades – Wilfred Reservoir (\$10,000)

- (a) Wilfred Dam (north) – construct stairs to provide safe access to dam crest (\$1,000)
- (b) Wilfred Dam (north) – remove 4 alder trees near downstream face (\$2,500)
- (c) Wilfred Dam (north) – assess condition of outlet valve, determine valve type and fabricate valve handle (\$2,500)
- (d) Wilfred Dam - update O & M Manual & Emergency Response Procedures Manual (\$4,000)

Emergency Generator (\$50,000 - 2015)

Design and install a backup power system for the Wilfred Pump Station, including

- 20kW generator (\$15,000)
- Transfer switchgear (\$5,000)
- Fuel tanks (\$3,000)
- Housekeeping pad/building (\$10,000)
- Design, delivery & construction (\$10,000)
- Contingency (\$7,000).

Forecast 2016-2019

A five-year capital and operating budget forecast is provided for information.

In 2012 funding to complete a Strategic Asset Management Plan (SAMP) for \$10,000 was approved. The SAMP is in progress and its findings will identify future capital projects 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 to include capital expenditures in the years 2017 to 2019 in the amount of \$100,000 per year with funding from electoral assent (referendum proposed to be conducted in 2015).

Dam Safety Upgrades – Williams Brook Reservoir (\$30,000 - 2016)

- (a) William Brooks Reservoir – clear spillway channel to allow unrestricted flow to spillway (\$3,000).
- (b) William Brooks Dam – remove trees on dam crest to prevent root damage to dam structure (\$2,000).
- (c) William Brooks Dam – remove trees on downstream slope of dam (\$5,000).
- (d) Study to determine best method to drain William Brooks Reservoir in event of emergency & update O & M Manual & Emergency Response Procedures Manual (\$5,000).
- (e) Installation of works to drain William Brooks Reservoir (\$15,000).

One other specific proposed capital improvement is the “Enhanced Alarm System” for \$50,000 proposed to be expended in the year 2016.

RECOMMENDATION

That the Wilderness Mountain Water Service Commission recommend that the Capital Regional District Board:

1. Approve the 2015 operating and capital budget for the Wilderness Mountain Water System as presented;
2. Authorize an increase in the user charge for proposed Capital work and operations; and
3. Balance the 2014 estimated actual expense and revenue on the 2015 contingency.

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