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**REPORT TO WILDERNESS MOUNTAIN WATER SERVICE COMMISSION
MEETING OF TUESDAY, MARCH 31, 2015**

SUBJECT CAPITAL RESERVE ACCOUNT STATUS UPDATE

ISSUE

To update the Wilderness Mountain Water Service Commission (WMWSC) regarding the capital reserve fund as of the 2014 year-end.

BACKGROUND

On October 7, 2014 the Capital Regional District (CRD) staff presented the 2015 Operating and Capital Budget to the Wilderness Mountain Water Service Commission. At that meeting the commission requested that the CRD staff report back on several proposed capital expenditures and capital funding strategy.

Since the budget meeting, the CRD year-end has closed (as of December 31, 2014) and therefore, the unaudited amounts have been prepared and the 2014 operating surplus was \$12,050 (versus \$0 as estimated in the budget report).

Further, the CRD staff has reviewed all WMWSC accounts and wishes to report that the water treatment plant project, established in 2009 for \$783,000 was completed in 2013 and the total project cost was \$672,845. Interest income earned in the project fund was \$2,473 higher than planned.

The balance of funds remaining committed in the capital project account is \$112,628, which is made up of \$11,430 in Community Works Funds, \$74,398 in Debt and \$26,800 in interest income. Since the Community Works Funds were allocated to the Water Service for the specific purpose of funding the construction of the treatment plan, the \$11,430 of unspent funds will have to be paid back. This will provide \$101,198 in uncommitted funds in the capital project account.

The current capital reserve fund, as noted in the budget presentation as of October 7, 2014, was "projected" to be \$60,545 but at year-end, December 31, 2014, it was actually \$61,340 (unaudited).

As a result, we are recommending that the capital project account be closed and the uncommitted balance be transferred into the Capital Reserve Fund for a total of \$162,538.

ALTERNATIVES

Alternative 1

That the Wilderness Mountain Water Service Commission direct the Capital Regional District staff to:

1. Carry the 2014 operating surplus of \$12,050 forward to 2015 as revenue and balance on Contingency; and
2. Transfer the uncommitted balance of \$101,198 in the water treatment plant capital project fund to the Capital Reserve Fund.

Alternative 2

That the Wilderness Mountain Water Service Commission request additional information.

IMPLICATIONS

Alternative 1 – by transferring the 2014 operating surplus and closing out the water treatment plant capital project account and transferring the balance to the Capital Reserve Fund, future capital projects may be funded from the reserve if approved by the Commission.

Alternative 2 – the balance of funding would remain in the capital project account until such time a decision is made to transfer it to the Capital Reserve Fund. No other projects identified in the 5-year plan will advance.

CONCLUSION

The 2014 operating budget resulted in surplus of \$12,050 that is recommended to be transferred to the Capital Reserve Fund as well as a remaining amount from the recently complete water treatment plant upgrade including earned interest.

RECOMMENDATION

That the Wilderness Mountain Water Service Commission direct the Capital Regional District staff to:

1. Carry the 2014 operating surplus of \$12,050 forward to 2015 as revenue and balance on Contingency; and
2. Transfer the uncommitted balance of \$101,198 in the water treatment plant capital project fund to the Capital Reserve Fund.

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PD/SM:is
Attachment: Loan Authorization Bylaw 3504

CAPITAL REGIONAL DISTRICT
BYLAW NO. 3504

A BYLAW TO AUTHORIZE THE BORROWING OF TWO HUNDRED EIGHTY-ONE
THOUSAND (\$281,000) FOR CONSTRUCTING NEW WATERWORKS
FOR THE WILDERNESS MOUNTAIN WATER SERVICE AREA

WHEREAS:

- A. Pursuant to Section 800 of the *Local Government Act*, the Board of the Capital Regional District under Section 800.1 of the *Local Government Act* established by Bylaw 3503, a service for the provision and operation of a service for the supply, treatment, conveyance, storage and distribution of water;
- B. The consent on behalf of the electors of the Juan de Fuca Wilderness Mountain Water Service Area is required and was obtained pursuant to Section 801.5 of the *Local Government Act*;
- C. It is deemed desirable to provide proper facilities hereunder described in accordance with the service of water supply and distribution;
- D. The work shall include construction of new waterworks by the planning, study, design and construction of a system of water supply, conveyance, treatment, storage, distribution of water and other related works, facilities and equipment purchases;
- E. Other funding sources shall be used to fund part of the desired works;
- F. The estimated cost of the works, facilities and equipment, including expenses incidental thereto to be funded from debt servicing, is the sum of Two Hundred Eighty-One Thousand Dollars (\$281,000), which is the amount of debt intended to be authorized by this bylaw;
- G. It is proposed that the financing of the said water facilities is to be undertaken by the Municipal Finance Authority of British Columbia pursuant to proposed agreements between that Authority and the Capital Regional District;

NOW THEREFORE, the Board of the Capital Regional District, in open meeting assembled, enacts as follows:

- 1. The Board is hereby empowered and authorized to undertake and carry out or cause to be carried out the planning, study, design and construction of works for the provision of the facilities and equipment herein before described and to do all things necessary in connection therewith and without limiting the generality of the foregoing:
 - (a) to borrow upon the credit of the Regional District a sum not exceeding Two Hundred Eighty-One Thousand Dollars (\$281,000);
 - (b) to acquire all such real property, easements, rights-of-way, leases, licenses, rights or authorities as may be requisite or desirable for or in connection with the planning, study, design and construction of a system of water supply, conveyance, treatment, storage and distribution of water and all related ancillary works, studies and equipment deemed necessary by the Board.

- 2. The maximum term for which debentures may be issued to secure the debt intended to be created by this bylaw is 15 years.
- 3. This Bylaw may be cited as the "Wilderness Mountain Water Service Loan Authorization Bylaw No. 1, 2008".

READ A FIRST TIME THIS	9 th	DAY OF	January	2008
READ A SECOND TIME THIS	9 th	DAY OF	January	2008
READ A THIRD TIME THIS	9 th	DAY OF	January	2008
RECEIVED THE ASSENT OF THE ELECTORS UNDER SECTION 801.5 OF THE LOCAL GOVERNMENT ACT THIS	26 th	DAY OF	November	2007
APPROVED BY THE INSPECTOR OF MUNICIPALITIES THIS	7 th	DAY OF	March	2008
ADOPTED THIS	14 th	DAY OF	May	2008



CHAIR



SECRETARY

FILED WITH THE INSPECTOR OF MUNICIPALITIES THIS 20th DAY OF May 2008