



Making a difference...together

CEDARS OF TUAM WATER SERVICE COMMISSION
Notice of Meeting on **Thursday, October 4, 2018 at 10:00 AM**
Creekside Meeting Room, 108 121 McPhillips Ave, Salt Spring Island, BC

Wayne McIntyre Peter Wypkema

(r) regrets

AGENDA

1. **Approval of Agenda**
2. **Adoption of Minutes of February 5, 2018** 2-3
3. **Director and Chair Reports**
4. **New Business**
 - 4.1 **2019 operating and capital budget** 4-17

That the Cedars of Tuam Water Service Commission:

 1. Approve the 2019 operating and capital budget as presented, and that the 2018 actual surplus or deficit be balanced on the 2018 transfer to the Operating Reserve Fund; and,
 2. Recommend that the Electoral Area Services Committee recommend that the CRD Board approve the 2019 Operating and Capital Budget and the five year Financial Plan for the Cedars of Tuam Water Service as presented.
5. **Outstanding Business**
 - 5.1
6. **Adjournment**

To ensure quorum, advise Tracey Shaver 250 537 4448 if you cannot attend.



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**Minutes of the Regular Meeting of the
Cedars of Tuam Water Service Commission
Held Monday February 5, 2018, in the Creekside Meeting Room, Suite 108- 121 McPhillips
Ave, Salt Spring Island, BC**

DRAFT

Present: **CRD Director:** Wayne McIntyre
Commission Members: Ron Aird, Peter Wypkema
Staff: Karla Campbell, Senior Manager, Salt Spring Island Electoral Area; Chris Davidson, Manager of Engineering, Salt Spring Island; Recording Secretary Tracey Shaver.

Chair Wypkema called the meeting to order at 10:30 am.

1. Election of Chair

Peter Wypkema agreed to continue as Chair of the Cedars of Tuam Commission.
Ron Aird informed the Commission that his property is for sale.

2. Approval of Agenda

MOVED by Director McIntyre, **SECONDED** by Commissioner Aird,
That the Cedars of Tuam Water Service Commission agenda of February 5, 2018
be approved.

CARRIED

3. Adoption of Minutes of November 30, 2017

MOVED by Commissioner Aird, **SECONDED** by Director McIntyre,
That the Cedars of Tuam Water Service Commission Minutes of November 30, 2017
be approved.

CARRIED

4. Director and Chair Reports

4.1 Director McIntyre reported that he and George Grams will be hosting a visit
and discussion on governance with SFU Urban Planning Students.

5. Outstanding Business

6. New Business

6.1 Annual Fixed Fee

MOVED by Commissioner Wypkema, **SECONDED** by Commissioner Aird,
That the Cedars of Tuam Water Service recommends that the 2018 annual
fixed fee be charged to each single family dwelling unit or equivalent in the
service area.

CARRIED

7. **Next Meeting:** Annual General meeting in June-TBA

8. **Adjournment**

MOVED By Commissioner Wypkema, **SECONDED** by Commissioner Aird,
That the meeting adjourn at 10:41 am.

CHAIR

SENIOR MANAGER



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**REPORT TO CEDARS OF TUAM WATER SERVICE COMMISSION
MEETING OF THURSDAY, OCTOBER 4, 2018**

SUBJECT 2019 OPERATING AND CAPITAL BUDGET

ISSUE

To present the 2019 operating and capital budget. In accordance with Bylaw No 3055, "Cedars of Tuam Water Service Commission Bylaw No. 1, 2003" the Commission'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 therefore, prepared the financial plan shown in Attachment to this report for the Cedars of Tuam 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 potentially lead to future capital improvements.

In preparing the Operating Budget, CRD staff took into account:

1. Actual expenditures incurred between 2016 and 2018
2. Anticipated changes in level of service (if any)
3. Maximum allowable tax requisition
4. Annual Cost per taxpayer and per 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.

Adjustments for surpluses or deficits from 2018 may be made in January 2019. The CRD Board will give final approval to the budget and financial plan in March 2019.

The Financial Plan for the years 2020 – 2023 may be changed in future years.

BUDGET OVERVIEW

Operating Budget

It is anticipated that operating expenses in 2018 will be approximately \$1,350 over budget due to unexpected corrective maintenance which include: replacement of an ORP probe; response to water system high turbidity issues.

It is anticipated that the operating revenue in 2018 will be approximately \$1,650 more than projected as a result of more water sale revenue and user charge revenue.

This results in an operating surplus of \$300.

The CRD staff recommend that the budgeted transfer to the Operating Reserve Fund be increased to balance the 2018 budget.

It is recommended that reservoir cleaning and inspection be done in 2019. The estimated costs of \$10,000 will be funded from the service's Operating Reserve Fund. The 2019 operating budget for regular ongoing costs has been increased by 2.4% over the 2018 budget to account for inflation and increased labour charges.

Municipal Finance Authority (MFA) Debt

\$24,000 was borrowed in 2003 and amortized over 15 years to 2018. The 2019 budget includes fees and interest of \$1,840 on \$100,000 of new debt to fund the new well and distribution project included in the 2019 capital expenditure plan.

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/standpipe maintenance and reservoir cleaning and inspection 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 the transfer amount to the operating reserve for 2019 increase from \$1,030 to \$2,700. Transfers to the Operating Reserve Fund need to increase in order to fund maintenance activities while maintaining an optimum minimum balance.

The operating reserve balance at the end of 2018 is projected to be approximately \$8,836.

Capital Reserve Fund

The Capital Reserve Fund (CRF) 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 annual transfers to the CRF continue to be made to fund minor capital projects.

In July 2018, CRD staff recommended that \$10,503 be transferred from the Capital Reserve Fund to pay for concept designs for connecting to the service's new well.

The balance in the Capital Reserve Fund at the end of 2018 is projected to be approximately \$11,738 and at the end of 2019 the balance is projected to be \$ \$7,408.

Capital Expenditure Plan

The 5-year plan includes \$530,100 of expenditures to be funded by a combination of the service's Capital Reserve Fund, capital funds on hand, and new debt.

New projects added to the 2019 five year capital plan include the below:

1. Design of new well and distribution system, for \$100,000 in 2019. This is in support of tie-in to the new well site on School District property. \$10,000 has been included as an additional cost to cover the cost of a referendum on a borrowing bylaw.
2. \$6,000 for an infrastructure planning study to respond to regulatory changes impacting required level of service to meet safety standards. Identified upgrades will be prioritized and further work may arise from this review.
3. Construction of new well and distribution system, for \$400,000 in 2020, funded by new debt. This is in support of tie-in to the new well site on School District property.

Capital Projects Fund

As specific capital projects are approved, the funding revenues for them are transferred into this Capital Project Fund from the Capital Reserve Fund. Any funds remaining upon completion of a project are transferred back to the Capital Reserve Fund for use on future capital projects.

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. The proposed 2019 user charge of \$1,841.76 is an increase of \$100.58 (5.7%) over the 2018 rate. Historical user charge data is included for information.

There is currently no parcel tax on this service.

RECOMMENDATION

That the Cedars of Tuam Water Service Commission:

1. Approve the 2019 operating and capital budget as presented, and that the 2018 actual surplus or deficit be balanced on the 2018 transfer to the Operating Reserve Fund; and,
2. Recommend that the Electoral Area Services Committee recommend that the CRD Board approve the 2019 Operating and Capital Budget and the five year Financial Plan for the Cedars of Tuam Water Service as presented.

Submitted by	Karla Campbell, Senior Manager, Salt Spring Island Electoral Area
Submitted by	Matthew McCrank, MSc., P.Eng., Senior Manager, Infrastructure Operations
Submitted by	Rianna Lachance, BCom, CPA, CA, 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/CD/DR/PD:ts

Attachment: [2019 Budget Cedars of Tuam – Commission Review Oct 2018](#)

CAPITAL REGIONAL DISTRICT

2019 Budget

Cedars of Tuam Water (SSI)

Committee Review

Compiled and Presented by CRD Finance

Oct-18

DEFINITION:

To provide and operate water supply and distribution facilities for the Salt Spring Island Cedars of Tuam Water System Service Area. Bylaw No. 3021 (October 9, 2002).

PARTICIPATION:

Local Service Area #45, T(764).

MAXIMUM LEVY:

Greater of \$25,425 or \$6.75 / \$1,000 of actual assessed value of land and improvements. To a maximum of \$54,475.

MAXIMUM CAPITAL DEBT:

AUTHORIZED:	LA Bylaw No. 3024 (October 10, 2002)	24,000
BORROWED:	SI Bylaw No. 3050 (March 12, 2003) 5.5%	(24,000) (Rate reduced to 2.1% June 2013)
REMAINING:		<u><u>\$0</u></u>

COMMITTEE:

Cedars of Tuam Water Service Committee established by bylaw No 3055 (March 12, 2003).

FUNDING:

User Charge

- Annual Fixed Fee per Water Service Connection plus consumption charge
- The consumption charge for water will be the total volume of water metered to the water service connections, measured in cubic meters at the following rate: (BL4171 March 2017)
 - First 38 cubic metres or portion - \$0.90 / cubic metre
 - Greater than 38 cubic metres - \$7.70 / cubic metre

Water Connection Charge

- Actual cost for the connection. See rates and regulations Bylaw No 4171 (March 2017).

RESERVE FUND:

Fund 1057, established by Bylaw #3136 (June 14, 2004); amended by Bylaw 3948 (April 16, 2014).

Cedars of Tuam Water (SSI)	2018		BUDGET REQUEST				FUTURE PROJECTIONS			
	BOARD BUDGET	ESTIMATED ACTUAL	CORE BUDGET	2019 ONGOING	ONE-TIME	TOTAL	2020	2021	2022	2023
OPERATING COSTS:										
Repairs & Maintenance	460	900	10,460	-	-	10,460	3,160	2,220	2,260	2,300
Allocations	2,180	2,140	2,010	-	-	2,010	1,890	1,790	1,700	1,730
Water Testing	1,950	1,950	1,990	-	-	1,990	2,030	2,070	2,110	2,150
Electricity	620	620	600	-	-	600	610	620	630	640
Supplies	690	990	700	-	-	700	710	720	730	740
Labour Charges	18,120	19,380	18,950	-	-	18,950	19,330	19,720	20,110	20,510
Other Operating Expenses	1,620	1,010	1,540	-	-	1,540	1,560	1,580	1,600	1,620
TOTAL OPERATING COSTS	25,640	26,990	36,250	-	-	36,250	29,290	28,720	29,140	29,690
*Percentage Increase over prior year						41.4%	-19.2%	-1.9%	1.5%	1.9%
Transfer from Operating Reserve Fund	-	-	(10,000)	-	-	(10,000)	(2,500)	(1,500)	-	-
NET OPERATING COSTS	25,640	26,990	26,250	-	-	26,250	26,790	27,220	29,140	29,690
*Percentage Increase over prior year						2.4%	2.1%	1.6%	7.1%	1.9%
DEBT/RESERVES										
Transfer to Capital Reserve	1,600	1,600	1,670	-	-	1,670	1,700	1,750	1,780	1,780
Transfer to Operating Reserve Fund	1,030	1,330	2,700	-	-	2,700	2,750	2,810	2,870	2,930
MFA Debt Principal	1,110	1,110	-	-	-	-	5,370	26,840	26,840	26,840
MFA Debt Interest	500	500	1,840	-	-	1,840	12,330	25,000	25,000	25,000
TOTAL DEBT / RESERVES	4,240	4,540	6,210	-	-	6,210	22,150	56,400	56,490	56,550
TOTAL COSTS	29,880	31,530	32,460	-	-	32,460	48,940	83,620	85,630	86,240
FUNDING SOURCES (REVENUE)										
Sales - Water	(1,100)	(1,800)	(1,100)	-	-	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)
User Charges	(28,720)	(29,600)	(31,310)	-	-	(31,310)	(47,790)	(82,470)	(84,480)	(85,090)
Other Revenue	(60)	(130)	(50)	-	-	(50)	(50)	(50)	(50)	(50)
TOTAL REVENUE	(29,880)	(31,530)	(32,460)	-	-	(32,460)	(48,940)	(83,620)	(85,630)	(86,240)
REQUISITION	-	-	-	-	-	-	-	-	-	-
User Charge						9.0%	52.6%	72.6%	2.4%	0.7%

**Cedars of Tuam Reserves
 Summary Schedule
 2019 - 2023 Financial Plan**

Reserve/Fund Summary

	Budget					
	2018	2019	2020	2021	2022	2023
Maintenance Reserve	8,836	1,536	1,786	3,096	5,966	8,896
Capital Reserve Fund	11,738	7,408	9,108	5,858	7,638	9,418
Total	20,574	8,944	10,894	8,954	13,604	18,314

Reserve Schedule

Reserve Fund: 2.622 Cedars of Tuam Water (SSI) Operating Reserve Fund

Reserve fund used for: unforeseen operational repairs and maintenance; infrequent maintenance activities such as reservoir cleaning and inspection, hydrant teardowns and ground water well maintenance. Optimum minimum balance of \$2,500 (approximately 10%) of the annual operating budget.

Reserve Cash Flow

Fund: 1500 Fund Center: 105532

	Budget					
	2018	2019	2020	2021	2022	2023
Beginning Balance	7,506	8,836	1,536	1,786	3,096	5,966
Transfer from Operating Budget	1,330	2,700	2,750	2,810	2,870	2,930
Expenditures		(10,000)	(2,500)	(1,500)		-
Planned maintenance activity		Reservoir cleaning and inspection	Well inspection	Hydrant/Standpipe Maintenance/System Flush		
Interest Income*		-	-	-	-	-
Ending Balance \$	8,836	1,536	1,786	3,096	5,966	8,896

Reserve Schedule

Reserve Fund: 2.622 Cedars of Tuam Water (SSI) Capital Reserve Fund (Bylaw No.: 3948)

Reserve Cash Flow

Fund: 1057 Fund Center: 101843

	Budget					
	2018	2019	2020	2021	2022	2023
Beginning Balance	16,732	11,738	7,408	9,108	5,858	7,638
Transfer to Cap Fund (Based on Capital Plan)	(10,503)	(6,000)	-	(5,000)	-	-
Transfer from Operating Budget	1,600	1,670	1,700	1,750	1,780	1,780
Transfer from Cap Fund	3,709	-	-	-	-	-
Interest Income*	200	-	-	-	-	-
Ending Balance \$	11,738	7,408	9,108	5,858	7,638	9,418

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

Service #: 2.622

Service Name: Cedars of Tuam Water (SSI)

Proj. No.
The first two digits represent first year the project was in the capital plan.

Capital Exp. Type
Study - Expenditure for feasibility and business case report.
New - Expenditure for new asset only
Renewal - Expenditure upgrades an existing asset and extends the service ability or enhances technology in delivering that service
Replacement - Expenditure replaces an existing asset

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

Funding Source Codes (cont)
 Res = Reserve Fund
 STLoan = Short Term Loans
 WU = Water Utility

Asset Class
 L - Land
 S - Engineering Structure
 B - Buildings
 V - Vehicles
 E - Equipment

Capital Project Title
Input Title of Project. For example "Asset Name - Roof Replacement", "Main Water Pipe Replacement".

Capital Project Description
Briefly describe project scope and service benefits.
For example: "Full Roof Replacement of a 40 year old roof above the swimming pool area; the new roofing system is built current energy standards, designed to minimize maintenance and have an expected service life of 35 years".

Total Project Budget
This column represents the total project budget not only within the 5-year window.

FIVE YEAR FINANCIAL PLAN

Proj. No.	Capital Exp.Type	Capital Project Title	Capital Project Description	Total Project Budget	Asset Class	Funding Source	Carry Forward from 2018	2019	2020	2021	2022	2023	5 - Year Total
16-02	Study	Access Road	Negotiate access road to well	\$1,000	S	Cap	\$1,000	\$1,000	\$0	\$0	\$0	\$0	\$1,000
16-03	Study	Strategic Asset Management Plan	Identify condition of assets, develop prioritized list of infrastructure replacement	\$8,100	S	Cap	\$8,100	\$8,100	\$0	\$0	\$0	\$0	\$8,100
18-01		Abandon unused wells	Decommission wells	\$5,000	S	Res	\$5,000	\$0	\$0	\$5,000	\$0	\$0	\$5,000
19-01	Study	Design new well and dist system		\$100,000	S	Debt		\$100,000		\$0			\$100,000
19-02	Study	Safe Work Procedures - Review and Development	Review and develop safe work procedures for operational and maintenance tasks.	\$6,000		Res		\$6,000					\$6,000
20-02	New	Construct new well and dist system		\$400,000	E	Debt			\$400,000				\$400,000
													\$0
													\$0
													\$0
GRAND TOTAL				\$520,100			\$14,100	\$115,100	\$400,000	\$5,000	\$0	\$0	\$520,100

Service: **2.622 Cedars of Tuam Water (SSI)**

Committee: **Electoral Area Services**

16-02	Negotiate Access Road SRW (Carry Forward)	\$1,000
	The legal access to the reservoir and existing well is difficult. It is proposed to negotiate an access SRW with the property owner along a different route for the purpose of maintenance.	
16-03	Strategic Asset Management Plan (Carry Forward)	\$8,100
	A plan identifying level of service, maintenance requirements and capital improvements is to be developed once the well on the school site is secured.	
18-01	Additional Work to Abandon Unused Wells (2018)	\$5,000
	The recently enacted Water Sustainability Act requires all community water wells be registered and any well that is no longer in service must be properly abandoned. The unused well on the Cedars of Tuam may require work for proper abandonment. This line item is primarily a notice until further assessment is completed.	
19-01	Design new well and distribution system	\$100,000
	To support the tie-in to the new well site on School District property.	
19-02	Safe Work Procedures - Review and Development	\$6,000
	To respond to safety concerns expressed by operations staff	
20-02	Construct new well and distribution system	\$400,000
	To support the tie-in to the new well site on School District property.	

2.622 Cedars of Tuam

Capital Projects Fund

Year/Project#	Status	Capital Project Description	Total Budget	Expenditure Actuals	Remaining Funds	Funding Source-CRF*	Funding Source-CWF**	Return Surplus to CRF*	Return Surplus to CWF**
2016/02	OPEN	Strategic Asset Management Plan	11,300	3,167	8,133	-	10,000	-	-
2017/01	CLOSED	Isolation valve replacement	9,000	5,291	3,709	9,000	-	3,709	-
		Totals	20,300	8,458	11,842	9,000	10,000	3,709	-

* CRF (Capital Reserve Fund)

** CWF (Community Works Fund)

Service: 2.622 Service Name: Cedars of Tuam Committee: Electoral Area Services

<u>Year</u>	<u>Connections</u>	<u>User Charge*</u>	<u>Bylaw</u>	<u>Assessments \$(000's)</u>
2011	16	\$1,603.87	3777	8,855
2012	16	\$1,603.87	3822	8,732
2013	16	\$1,373.62	3891	8,249
2014	16	\$1,373.62	3925	8,199
2015	16	\$1,470.63	3993	8,199
2016	16	\$1,544.38	4073	7,717
2017	16	\$1,623.76	4171	8,070
2018	17	\$1,741.18	4236	9,419
2019	17	\$1,841.76		

* A consumption charge is paid in addition to the fixed user charge