

Subject: Financial Fairness For Capital Assets Policy – Comox Valley Water Distribution Services	
Branch: Engineering Services	
Department: Public	Policy Reference: 5600-03

Purpose

This policy directs that reserve funds for the Comox Valley Water Distribution Services all achieve a ‘per connection’ equitable level by December 31, 2023.

This policy recognizes that the Sandwick system is in the process of formally connecting to the Comox Valley Water Supply System following the Improvement District conversion in 2017 and the rates and term noted in this policy may be further reviewed after Sandwick is fully connected with the Comox Valley system.

Scope

This policy applies to the following services as they existed in 2018 and relates to the Comox Valley Water Distribution Services Merger Project:

- Comox Valley (function 305)
- Sandwick (306)
- Greaves Crescent (309)
- Arden (311)
- England Road (314) and
- Marsden/Camco (317)

Guiding Principle

This policy respects the fairness principle associated with geographic areas raising funds and using those funds for the area in which they are collected. Implementing this policy allows for all distribution service areas to contribute to capital assets in an equitable manner.

This policy does not consider the infrastructure condition assessment for each individual service. Determining infrastructure condition may impact the rates and charges for water systems, which is beyond the scope of this policy.

Policy Statement

1. Table 1 illustrates the ~~connections~~parcels eligible for parcel taxes, current reserves and annual parcel tax (for five years ending in 2023) for each original service to achieve equalization.
2. Each original service will target a per connection value of ~~\$1700~~1550.
3. For the existing Comox Valley, Arden and Marsden/Camco services, no equalization rate is required.
4. Through the merger project, Arden and Marsden/Camco have already contributed towards the capital, operating and reserve funds for the Greater Comox Valley Water Distribution Service. Therefore, the properties in Arden and Marsden/Camco areas are exempt from the

Greater Comox Valley parcel tax until equity is achieved. Arden and Marsden / Camco will begin paying the parcel tax, by bylaw, in 2027⁵ and 2024⁶ respectively.

5. As of December 31, 2018, funds in the existing capital works and future expenditure reserves as approximately shown in table 1 are deemed greater than required for the purpose for which the funds were established and therefore are to be transferred to the Greater Comox Valley Water Distribution Service capital works and future expenditure reserve accounts.
6. The Sandwick system is in the process of formally connecting to the Comox Valley Water Supply System following the Improvement District conversion in 2017 and the rates and term noted in this policy may be further reviewed after Sandwick is fully connected with the Comox Valley system.
7. Each year as parcel taxes are collected for each original service, those funds are to be transferred to the Greater Comox Valley Water Distribution Service for operating, capital and reserve contribution purposes as necessary and defined in each year's financial plans.

Table 1 - 2018 Greater Comox Valley Water Distribution Services, Connections and Reserve Funds

Water LSA	Connections	Capital Works Reserve	Future Expenditure Reserve	Capital Development Charges Reserve	Total per Connection (All Reserves)	Target per Connection (All reserves)	Annual Equalization Rate (2019 - 2023)	Proposed Rate
		A	B	C	D = A - B - C	E	= (E - D) / 5	
Comox Valley	1366	\$2,169,254	\$144,929	n/a	\$1,694.13	\$1,700	\$1	\$0
Sandwick	424	\$128,029	\$50,484	\$10,552	\$445.91	\$1,700	\$251	\$251
Greaves Crescent	28	\$41,993	\$1,000	n/a	\$1,535.46	\$1,700	\$33	\$33
Arden Road	228	\$419,092	\$62,986	n/a	\$2,114.38	\$1,700	(\$83)	\$0
England Road	26	\$28,860	n/a	n/a	\$1,110.00	\$1,700	\$118	\$118
Marsden / Camco	88	\$153,204	\$35,905	n/a	\$2,148.97	\$1,700	(\$90)	\$0

Note: All reserve fund balances are estimates as at December 31st, 2018 based on 2018 - 2022 recommended financial plan.

Replace the above table 1 with the table below.

Water LSA	Parcels Eligible for Parcel Taxes	Capital Works Reserve	Future Expenditure Reserve	Capital Development Charges Reserve	Total per Connection (All Reserves)	Target per Connection (All reserves)	Annual Equalization Rate (2019 - 2023)	Proposed Rate
		A	B	C	D = A - B - C	E	= (E - D) / 5	
Comox Valley	1498	\$2,169,254	\$144,929	n/a	\$1,544.85	\$1,550	\$1	\$0
Sandwick	428	\$128,029	\$50,484	\$10,552	\$441.74	\$1,550	\$222	\$222
Greaves Crescent	29	\$41,993	\$1,000	n/a	\$1,482.52	\$1,550	\$13	\$13
Arden Road	235	\$419,092	\$62,986	n/a	\$2,051.40	\$1,550	(\$100)	\$0
England Road	26	\$28,860	n/a	n/a	\$1,110.00	\$1,550	\$88	\$88
Marsden / Camco	103	\$153,204	\$35,905	n/a	\$1,836.01	\$1,550	(\$57)	\$0

Note: All reserve fund balances are estimates as at December 31st, 2018 based on 2018 - 2022 recommended financial plan.

Approval History

Policy adopted:	June 26, 2018
Policy amended:	If necessary