

DATE: February 28, 2019

FILE: 1700-02/2019/300

TO: Chair and Directors
Comox Valley Water Committee

FROM: Russell Dyson
Chief Administrative Officer

Supported by Russell Dyson
Chief Administrative Officer

R. Dyson

**RE: 2019-2023 Recommended Financial Plan - Comox Valley Water System-
Function 300-301**

Purpose

To provide the Comox Valley Water Committee with the 2019-2023 recommended financial plan for the Comox Valley Water System (CVWS) based on the updated personnel allocations, water consumption projections and other minor changes.

Recommendation from the Chief Administrative Officer:

THAT the recommended 2019 – 2023 financial plan for the Comox Valley Water System (function 300-301) service be approved.

Executive Summary

This staff report highlights changes to the recommended budget for the CVWS, function 300-301, 2019-2023 financial plan. Changes are highlighted in the following sections.

Revenue Sources

- The CVWS is funded through the sale of bulk water to its customers and as such revenue for the service is directly related to the amount of water consumed. Consumption projections for the City of Courtenay and Town of Comox are provided yearly by municipal staff in late 2018.
- The City of Courtenay has revised their consumption projections based on actual consumption for 2018 and revised projections for the future. Table No. 1 provides the updated revenue projections based on the updated consumption projections. It can be seen that the recommended budget includes lower future revenue projections from the sale of bulk water.

Table No. 1: Bulk Water Revenue Projections for 2019-2023 Financial Plan.

Year	Bulk Water Revenue	
	Proposed Financial Plan	Recommended Financial Plan
2019	\$7,209,129	\$7,213,907
2020	\$7,648,184	\$7,622,512
2021	\$8,010,003	\$7,950,561
2022	\$8,162,674	\$8,068,225
2023	\$8,350,149	\$8,218,755

- Also, in 2018 actual revenue from the sale of bulk water was lower than budgeted by \$526,191. When combined with other budget surpluses this led to a reduction in reserve contributions for 2018 of \$290,000.

Personnel

- Comox Valley Regional District (CVRD) water operators and managers are allocated to several different CVRD water services including the CVWS. When the proposed budget was presented at the February Comox Valley Water Committee meeting, an anomaly was identified in the allocation of personnel costs showing that water operators were under-allocated to the CVWS service.
- The recommended financial plan corrects water operator allocations and sets them equivalent to 2018 levels.
- The number of operators remains unchanged in 2019. Increases in salaries and wages for operators are attributable solely to changes to the Canada Pension Plan, Employer Health Tax premiums and wage increases scheduled in the CUPE agreement.
- The recommended financial plan continues to include the following other allocation changes when compared to the 2018 budget. These combine to create an approximate 18 per cent increase in overall personnel costs.
 - Asset management coordinator allocation increase from 0.05 to 0.35;
 - External relations advisor from 0.14 to 0.20;
 - Website technician from 0 to 0.07;
 - General manager of engineering services from 0.14 to 0.20;
 - Manager of external relations from 0.15 to 0.30;
 - Water utilities technician from 0.59 to 1.0.
- Table No. 2 summarizes the change in personnel costs based on the above.

Table No. 2: Revised Personnel Costs

Description	2018 Adopted Budget	2019 Proposed Budget	2019 Recommended Budget
Personnel Costs	\$919,056	\$979,954	\$1,086,468

Operations

- In February 2019 the CVRD entered into a memorandum of understanding with the City of Courtenay, Town of Comox, Village of Cumberland, K'ómoks First Nation and the Municipal Natural Assets Initiative, the purpose of which is to:
 - Understand the current and possible future roles of natural assets in the Comox Lake watershed in providing safe reliable drinking water supplies for residents of the Comox Valley; and
 - Develop and implement strategies for their effective management based on this understanding.
- This initiative is funded by all partners with the CVRD's portion being \$47,500 in both 2019 and 2020. These amounts have been included in the recommended financial plan.

Reserves

- The above changes included in the recommended budget have been balanced off against reserve contributions over the five years of the financial plan. The following table compares reserve contributions shown in the proposed plan to those now shown in the recommended plan.

Table No.3: Reserve Contributions for 2019-2023 Financial Plan

Year	Reserve Contributions	
	Proposed Financial Plan	Recommended Financial Plan
2019	\$3,309,850	\$3,140,614
2020	\$3,457,156	\$3,275,347
2021	\$3,077,781	\$2,907,541
2022	\$2,170,379	\$1,962,894
2023	\$1,848,910	\$1,602,233

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