

**DATE:** March 2, 2018**FILE:** 5610-20/Sandwick**TO:** Chair and Directors  
Electoral Areas Services Committee**FROM:** Russell Dyson  
Chief Administrative OfficerSupported by Russell Dyson  
Chief Administrative Officer*R. Dyson***RE: Sandwich Recommended 2018-2022 Financial Plan****Purpose**

To provide the recommended 2018-2022 financial plan for the Sandwick Water Local Service Area (WLSA).

**Recommendation from the Chief Administrative Officer:**

THAT the recommended 2018-2022 financial plan for the Sandwick Water Local Service Area, function 306, be approved.

**Executive Summary**

At the February 19, 2018 Electoral Areas Services Committee, the proposed 2018-2022 financial plan for the Sandwick WLSA was brought forward. Amendments have been made to the 2018-2022 financial plan to reflect the recent changes to the parcel tax, transfers to other functions and capital cost estimates. Attached as Appendix A is the recommended budget and highlighted below are the changes:

- Amendment to add an additional \$287,344 to the Sandwick System Modification project based on the recently completed detailed design and updated Class 'A' cost estimate;
- Increase in revenue resultant from the \$2,000 parcel tax that was approved by the Comox Valley Regional District Board as its January 23, 2018 meeting;
- Incorporation of the transfer of \$112,600 from reserves to reimburse the City of Courtenay for their share of the Sandwick reserves at the time of conversion;
- Incorporation of the collection of \$432,000 through the utility bill and subsequently the transfer of \$432,000 to the Comox Valley Water System to cover the one-time capital improvement cost charges.

Costs to be recovered by Sandwick residents will be \$3,000 per property. Collection of the \$2,000 charge will be through the parcel tax and will be due and payable as part of residents tax notice. Collection of the \$1,000 capital improvement cost charge will be through the utility bill. In addition residents will also pay an annual flat rate for water of \$455. See Appendix B for a detailed breakdown of costs borne by Sandwick residents. Options to reduce the cost burden borne by Sandwick residents would be to utilize additional Lazo North – Electoral Area B community works funds (CWFs), this could be further explored in 2018 after budget approval.

An amendment to the Comox Valley Water Systems Regulation, Fees and Charges Bylaw will be required in the future to implement metered rates for Sandwick residents. The implementation plan for the fees and charges for Sandwick is as follows:

- April 2018 – Start of one year mock billing period for Sandwick residents using metered rates. Residents will be charged the same flat rate of \$455 for 2018;

- June 2018- The \$2,000 parcel tax to cover system conversion costs will be issued as part of resident’s tax notice and will be due the first business day of July;
- June 2018 – A one-time \$1,000 charge for Sandwick residents is included as part of residents utility bill to cover the capital improvement cost charge required for Sandwick residents to join the Comox Valley Water System;
- Fall 2018 – Amendments to the fees and charges bylaw to set the effective date for metered rates for Sandwick;
- January 1, 2019 to March 31, 2019 – Sandwick residents will be charged the prorated flat rate for the first three months of the year;
- April 1, 2019 – Metered water rates take effect for Sandwick residents. Metered rates will be the same as the five other water local service areas connected to the Comox Valley Water System. Sandwick residents will be billed tri-annually moving forward.

Continued communications with residents are planned to provide updates about the conversion process, installation of meters and implementation of metered water rates. Mock billing provides an opportunity for residents to understand their consumption and what their associated bill will be prior to implementing metered rates.

Prepared by:

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**Stakeholder Distribution (Upon Agenda Publication)**

None.	
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Attachments: Appendix A – “2018-2022 Recommended Budget”  
 Appendix B – “Bylaw Update Requirements”

# CVRD 5 Year Operating Budget by Service

Functions: 306

Appendix A

Objects: Multiple

Account Code	Account Description	2017 Actual	2017 Budget	2018 Budget	2019 Financial	2020 Financial	2021 Financial	2022 Financial
<b>02 - Water Revenue Fund</b>								
<b>306 - Sandwich Water</b>								
<b>Revenues</b>								
<b>306 - Sandwich Water</b>								
<b>02-1-306-003</b>	Parcel Tax	0	0	840,000	51,822	51,822	51,822	51,822
<b>02-1-306-016</b>	Grant Prov Govt Conditional	15,000	15,000	0	0	0	0	0
<b>02-1-306-036</b>	Connection Fees	2,000	0	0	0	0	0	0
<b>02-1-306-092</b>	User Rates	318,476	230,069	253,890	328,132	339,213	348,064	352,229
<b>02-1-306-120</b>	Interest On Investments	164	0	0	0	0	0	0
<b>02-1-306-128</b>	Other Revenue	0	0	432,000	0	0	0	0
<b>02-1-306-145</b>	Transfer from Reserve	0	0	112,600	0	0	0	0
<b>02-1-306-150</b>	Surplus Prior Year	324,685	324,684	65,840	0	0	0	0
<b>306 - Sandwich Water</b>		<b>660,324</b>	<b>569,753</b>	<b>1,704,330</b>	<b>379,954</b>	<b>391,035</b>	<b>399,886</b>	<b>404,051</b>
<b>Revenues</b>								
		660,324	569,753	1,704,330	379,954	391,035	399,886	404,051
<b>Expenses</b>								
<b>306 - Sandwich Water</b>								
<b>02-2-306-200</b>	Support Services	14,212	14,212	17,884	18,242	18,608	18,979	19,359
<b>02-2-306-220</b>	Salaries & Wages	85,513	72,362	56,920	57,984	59,077	60,187	61,320
<b>02-2-306-225</b>	Benefits	13,500	21,085	14,328	14,594	14,869	15,144	15,425
<b>02-2-306-238</b>	WCB	1,132	1,714	1,111	1,131	1,153	1,173	1,194
<b>02-2-306-246</b>	Bank Charges	1,019	750	100	750	750	750	750
<b>02-2-306-248</b>	Bulk Water Purchases	35,669	75,098	100,000	190,276	199,583	206,641	208,914
<b>02-2-306-254</b>	Chemicals	6,821	4,000	3,000	0	0	0	0
<b>02-2-306-275</b>	Permits/Licences	1,550	2,000	2,000	1,000	1,000	1,000	1,000
<b>02-2-306-293</b>	Office Expenses	204	0	0	0	0	0	0
<b>02-2-306-296</b>	Postage	417	2,000	1,150	1,150	1,150	1,150	1,150
<b>02-2-306-314</b>	Telephone & Alarm Lines	2,353	1,000	1,500	1,500	1,500	1,500	1,500
<b>02-2-306-335</b>	Advertising	800	100	750	750	750	750	750
<b>02-2-306-366</b>	Engineering Fees	0	500	500	500	500	500	500
<b>02-2-306-369</b>	Insurance Liability	267	289	383	394	406	418	431
<b>02-2-306-372</b>	Insurance Property	568	0	567	578	590	602	614
<b>02-2-306-378</b>	Lab Analysis	0	100	100	100	100	100	100
<b>02-2-306-385</b>	Gis Services	2,438	1,500	1,500	1,500	1,500	1,500	1,500
<b>02-2-306-387</b>	Other Prof Fees	3,329	5,000	2,000	2,000	2,000	2,000	2,000
<b>02-2-306-409</b>	Hydro	29,086	8,734	15,000	1,000	1,000	1,000	1,000

# CVRD 5 Year Operating Budget by Service

Functions: 306

Objects: Multiple

Account Code	Account Description	2017 Actual	2017 Budget	2018 Budget	2019 Financial	2020 Financial	2021 Financial	2022 Financial
02-2-306-410	Carbon Offset	0	0	10	10	10	10	10
02-2-306-415	Landscaping/Grounds Mtce	0	1,000	1,000	1,000	1,000	1,000	1,000
02-2-306-421	Rental/Lease Buildings	1,600	0	0	0	0	0	0
02-2-306-438	Contract Svcs Equip/Mach	15,149	12,400	12,400	12,400	12,400	12,400	12,400
02-2-306-447	Repairs/Mtce Mach/Equip	9,960	7,400	7,400	7,400	7,400	7,400	7,400
02-2-306-461	Insurance/Licence Vehicle	119	0	0	0	0	0	0
02-2-306-468	Minor Capital	0	2,000	2,000	2,000	2,000	2,000	2,000
02-2-306-480	Transfer to Capital	25,570	0	0	0	0	0	0
02-2-306-485	Contr To Capital Works Reserve	274,361	274,361	906,268	51,822	51,822	51,822	51,822
02-2-306-489	Reserve Contr Other	50,000	50,000	484	426	348	357	336
02-2-306-495	Transfer To Other Functions	18,847	12,148	443,375	11,447	11,519	11,503	11,576
02-2-306-496	Transfers to Other Governments	0	0	112,600	0	0	0	0
<b>306 - Sandwich Water</b>		<b>594,484</b>	<b>569,753</b>	<b>1,704,330</b>	<b>379,954</b>	<b>391,035</b>	<b>399,886</b>	<b>404,051</b>
<b>Expenses</b>		<b>(594,484)</b>	<b>(569,753)</b>	<b>(1,704,330)</b>	<b>(379,954)</b>	<b>(391,035)</b>	<b>(399,886)</b>	<b>(404,051)</b>
<b>306 - Sandwich Water</b>		<b>65,840</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>02 - Water Revenue Fund</b>		<b>65,840</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Sandwich Residents Costs

2018 Sandwich Charges		
Charge	Description	Rates
Parcel Tax	Charge to each connection to cover system modification costs to convert to CVRD service	\$2,000
Capital Improvement Cost Charge	One-time capital improvement cost charge	\$1,000
Residential Flat Rate Charge	Status quo user rates until conversion and mock billing period completed	\$455 per parcel for the year
<b>Total Costs Per Parcel</b>		<b>\$3,455</b>

Sandwich Charges Following Completion of Conversion		
Charge	Description	Rates
Parcel Tax	Estimated at this time - will be determined based on asset management work and reserve contribution requirements (known by end of 2018)	<b>ESTIMATED</b> \$125/year
Metered User Rates (effective April 1, 2019)	Rates to reflect rates in CVWS fees and charges bylaw as amended from time to time. 2019 rates shown.	\$25.30 (15m3) flat fee per month
		Tier 1 (15-45m3) \$0.80/m3
		Tier 2 (>45m3) \$0.98/m3
<b>Estimated Average Costs Per Parcel*</b>		<b>\$595/year</b>

\*average residential user, consumes 261 m3 of water per year