

**DATE:** February 4, 2021**FILE:** 1700-02/2021/307**TO:** Chair and Directors  
Electoral Areas Services Committee**FROM:** Russell Dyson  
Chief Administrative OfficerSupported by Russell Dyson  
Chief Administrative Officer***R. DYSON*****RE: 2021 - 2025 Financial Plan – Denman Island Water Local Service Area –  
Function 307**

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**Purpose**

To provide the Electoral Areas Services Committee (EASC) with the proposed 2021 - 2025 financial plan and work plan highlights for the Denman Island Water Local Service Area (DIWLSA), function 307.

**Recommendation from the Chief Administrative Officer:**

THAT the proposed 2021 – 2025 financial plan for the Denman Island Water Local Service Area, function 307, be approved.

**Executive Summary**

DIWLSA provides water to 23 residents located on Denman Island. Source water for the system is supplied from the Graham Lake Improvement District (GLID) and GLID manages day-to-day operations of DIWLSA. Comox Valley Regional District (CVRD) involvement with DIWLSA is limited primarily to issuing DIWLSA residents their annual water bill.

No changes to user rates are scheduled for 2021 or across the five-year financial plan. The user rates for the service mirror the rates charged by GLID. DIWLSA users pay \$1,400 per year for water or \$500 a year for no water.

- There are no CVRD personnel costs allocated to this service.
- Under the water supply agreement with GLID, the CVRD can recover up to \$1,000 in overhead costs from GLID each year.
- Only modest reserve contributions for the service are made based on the structure of the water service agreement with GLID.
- On February 26, 2020 an application from the CVRD and GLID was made to the Investing in Canada Infrastructure Program (ICIP) Environmental Quality Program for upgrades to the water treatment system required by Island Health, and an announcement is expected in spring or summer of 2021.
- A conversion study examining the prospect of GLID converting to a regional service is underway, and is currently on hold pending the outcome of the ICIP grant application.

Prepared by:

Concurrence:

***K. La Rose******M. Rutten***


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**Government Partners and Stakeholder Distribution (Upon Agenda Publication)**

Graham Lake Improvement District (GLID)	✓
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CVRD staff worked with GLID staff in late 2020 to review and complete the updated water use agreement between the two parties, which informs the financial plan for this service.

**Board Strategic Drivers**

The CVRD Board has set four strategic drivers to guide service delivery. Not all services will be influenced by all drivers. Table No. 1 notes the degree of influence the drivers have on projects and work plans.

**Table No. 1: Board Strategic Drivers**

<b>Fiscal Responsibility:</b>	<b>Climate Crisis and Environmental Stewardship and Protection:</b>
<ul style="list-style-type: none"> <li>GLID manages the day to day operations of DIWLSA to reduce CVRD operating costs of the system.</li> </ul>	<ul style="list-style-type: none"> <li>Projects are not significantly influenced by this driver.</li> </ul>
<b>Community Partnerships:</b>	<b>Indigenous Relations:</b>
<ul style="list-style-type: none"> <li>DIWLSA and GLID are working together to develop a sustainable path forward for both services.</li> </ul>	<ul style="list-style-type: none"> <li>Staff are keeping the K'ómoks First Nation Chief and Council updated on the potential supply of bulk water on Denman Island and other water related initiatives in this service at regular monthly meetings.</li> </ul>

**Rethink Comox Valley / COVID-19 Response and Renewal**

On May 12, 2020 the board adopted a COVID-19 renewal plan for the review of service levels and all necessary, critical and functional projects slated for the next five years. Recommended actions for the plan were brought forward to the relevant committees, commissions and partners for review over the summer. No actions were recommended for the DIWLSA.

**Economic Recovery Task Force Actions**

No applicable actions.


**Financial Plan Overview**

The 2021 - 2025 proposed five-year financial plan for DIWLSA, function 307, including service establishment information, the requisition summary and the operating budget, is available within the full proposed budget binder, provided in both searchable PDF and e-reader formats, located on the CVRD financial plan web page at [www.comoxvalleyrd.ca/currentbudget](http://www.comoxvalleyrd.ca/currentbudget).

Table No. 2 on the following page summarizes the 2021 proposed budget as compared to the 2020 adopted budget. Significant variances from 2020 adopted budget will be discussed in the financial plan sections that follow.

Table No. 2: Financial Plan Highlights

Table No. 2: Financial Highlights



**2021  
Proposed  
Budget**

**#307 Denman Island Water**

Operating	2020 Budget	2021 Proposed Budget	Increase (Decrease)
<b>Revenue</b>			
Senior Government Grants	7,422	7,422	-
Sale Services User Fees	30,900	30,900	-
Other Revenue/Recoveries	1,000	1,000	-
Prior Year's Surplus	2,155	411	(1,744)
	<b>\$ 41,477</b>	<b>\$ 39,733</b>	<b>\$ (1,744)</b>
<b>Expenditures</b>			
Operating	39,799	39,651	(148)
Contribution to Reserve	1,678	82	(1,596)
	<b>\$ 41,477</b>	<b>\$ 39,733</b>	<b>\$ (1,744)</b>

Highlights of the 2021 - 2025 proposed financial plan for function 307 include:

#### Revenue Sources

The user rates for the service mirror the rates charged in GLID to ensure equity between the two service areas and remain unchanged from 2020, the rates are as follows:

- Annual charge of \$500 for no water charged to all DIWLSA residents.
- Additional \$900 per year for unlimited water (total bill of \$1,400/year for water).

#### Personnel

There are no CVRD personnel costs allocated to this service. Under the agreement, the GLID operator completes the required routine sampling and monitoring of the system.

#### Operations

GLID manages day-to-day operations of DIWLSA at the same rate per connection that the GLID charges to the residents. The CVRD involvement is limited primarily to issuing of DIWLSA residents' annual water bills. Under the water supply agreement, the CVRD is entitled to recover up to \$1,000 in overhead costs from the GLID each year.

The operation of the two systems continue to be independent however this remains an unfeasible option for the long-term. The CVRD and GLID have largely agreed that amalgamation of the two systems into a single system potentially provides the most cost-effective solution for the operations and sustainability of these two services in the long term. A conversion study summarizing the logistics of a possible amalgamation of the two systems through extension of DIWLSA was completed in 2020, but is pending the announcement of the ICIP grant application expected in spring 2021.

#### Capital

There are no capital projects planned for the DIWLSA in the proposed financial plan. Since 2018 the CVRD has been working with GLID to look at conversion options, treatment upgrade options

and costs to comply with the *Surface Water Treatment Objectives*. An application to the ICIP Environmental Quality Program was submitted on February 26, 2020 with results expected spring 2021.

#### Reserves

At December 31, 2020 the capital works reserve fund balance for the DIWLSA was estimated at \$1,678. The balance will be confirmed once the 2020 year end has been finalized. Only a small reserve contribution in 2021 for the service is planned to be made based on the structure of the water service agreement with GLID.

#### Tax Impacts

No increases to rates are planned for 2021. DIWLSA users pay either:

- \$500 per year for no water; or
- \$1,400 per year for water, not metered.

#### **Citizen/Public Relations**

Following completion of the *Surface Water Treatment Objectives* study and the conclusion of the governance study, communications with residents is planned to inform on current initiatives and the path forward for the service.