

DATE: November 3, 2017

FILE: 5600-03

TO: Chair and Directors
Electoral Areas Services committee

Supported by Russell Dyson
Chief Administrative Officer

FROM: Russell Dyson
Chief Administrative Officer

R. Dyson

RE: Proposal to merge the six Comox Valley Local Water Service Areas

Purpose

To propose that the six Comox Valley water local service areas that distribute water to just under 2,100 connections in Electoral Areas A, B and C be merged into one water distribution service.

Recommendations from the Chief Administrative Officer:

THAT the process to merge the six Comox Valley water local service areas, being Comox Valley, Sandwick, Greaves Crescent, Arden, England Road, and Marsden/Camco, as described in the November 2017 briefing note attached to the staff report dated November 3, 2017 be initiated with an aim to have one distribution service in place effective January 1, 2019;

AND FURTHER THAT an effective and equitable method for combining reserve funds and/or ensuring that future use of reserve funds is appropriately distributed be developed for consideration at an Electoral Areas Services Committee meeting in spring 2018.

Executive Summary

The Comox Valley Regional District (CVRD) operates six water local services areas that purchase bulk water from the Comox Valley water supply system. As shown in the briefing note attached to this report (appendix A), merging the services would achieve administrative and operational efficiencies without impacting or reducing service delivery or public expectations and experiences. The briefing note includes background information, reserve fund details and a timeline for specific activities to achieve the merger. One of the important components in this merger will be determining a method for an equitable and effective combination of reserve funds. The CVRD will explore such methods, including a discussion with Ministry of Municipal Affairs and Housing staff, and present some options for consideration at a future Electoral Areas Services Committee meeting.

Prepared by:

J. Warren

James Warren
General Manager of Corporate
Services

Attachments: Appendix A –“Comox Valley Water Local Service Areas Merger Briefing Note”

COMOX VALLEY WATER LOCAL SERVICES AREAS – MERGER

November 2017

ISSUE

- The CVRD operates six water local services, each purchasing bulk water from the Comox Valley water supply system (CVWSS)

Service	Bylaw No.	Year Est'd	Debt as at Dec 31/16	Parcel Tax
Comox Valley	559	1982	-	Yes
Sandwick	OIC 921	2016	-	Pending
Greaves Crescent	1494	1994	-	No
Arden	1678	1975	-	No
England Road	1999	1998	\$32,365	Yes
Marsden/Camco	1453	1988	-	Yes

- England Road debt is assigned to certain properties related to initial capital works
- Merging the services into one service can achieve efficiencies, flexibility and fairness for residents and ratepayers; eliminates administrative burden from maintaining multiple services

BACKGROUND

- Individual service areas were established over the past 42 years to address specific neighbourhood needs; each service was funded in ways specific to that area, in some cases attracting debt for capital works – debt amounts are specific to each area and must continue to be repaid (if required) through those areas, regardless of a merger
- Costs currently assigned to specific service areas, creating the potential for unfunded works when repairs or maintenance required in small service area that must draw funds from limited properties; potential also exists for inconsistent rates between service areas to fund operations and asset management, though efforts are currently made to harmonize levels
- Each service has a varying amount of capital/equipment and or future expenditures reserves (table below shows balances as at December 31, 2016; some fair and equity-based mechanism must be determined to combine reserve funds or ensure that future use of reserve funds is appropriately distributed – though it should be noted that some parity already exists when comparing reserve amounts to service connections)

Service (Connections)	Capital reserve	Per connection	Future Expend. reserve	Per connection
Comox Valley (1310)	\$2,143,888	\$1,637	\$124,002	\$95
Sandwick (424)	* 171,577	404	0	0
Greaves Crescent (30)	36,222	1,207	0	0
Arden (223)	394,560	1,769	45,348	203
England Road (26)	23,466	903	0	0
Marsden/Camco (30)	130,115	1,626	25,735	322

(* Amount showing for the Sandwick reserve is the accumulated surplus transferred from Sandwick, minus the amount that will be forwarded to the City of Courtenay in accordance with the transfer agreement.)

- One distribution service for rural areas supplied by CVWSS creates equity and fairness to all taxpayers and reduces administrative burden for managing multiple services
- Process to achieve merger listed in Figure 1, including potential timeframes

KEY POINTS

- Communications to public is important to ensure awareness of approach; tactics will include website content and limited newspaper advertising to provide information about process and impacts
- This project is not connected to the regional water treatment project or any discussions related to a regional water governance or utilities governance project

CONTACT

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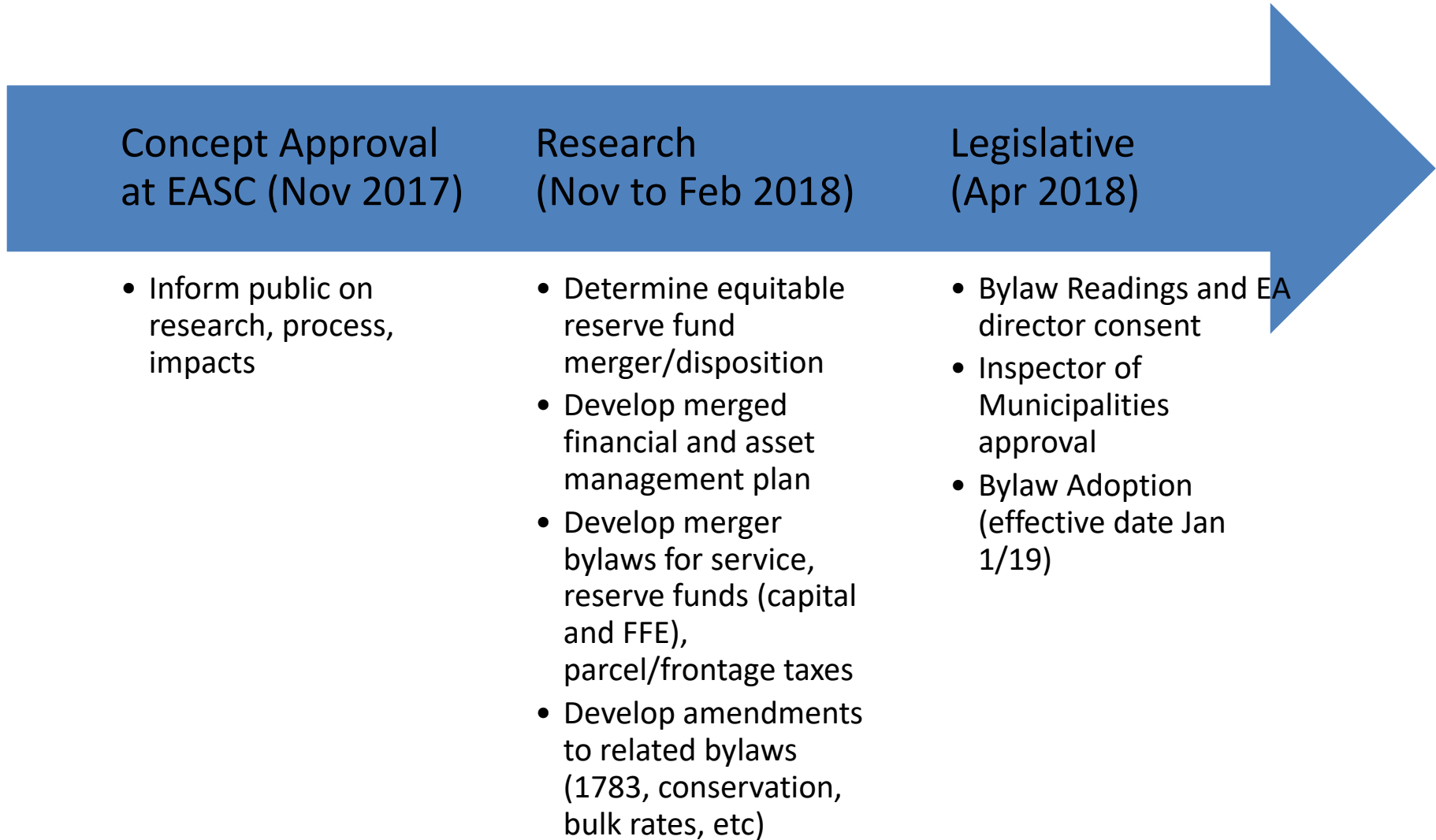


Figure 1 - Water Distribution Services Merger Process