

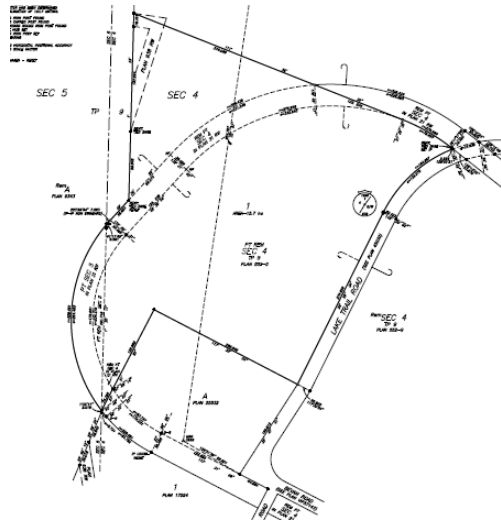
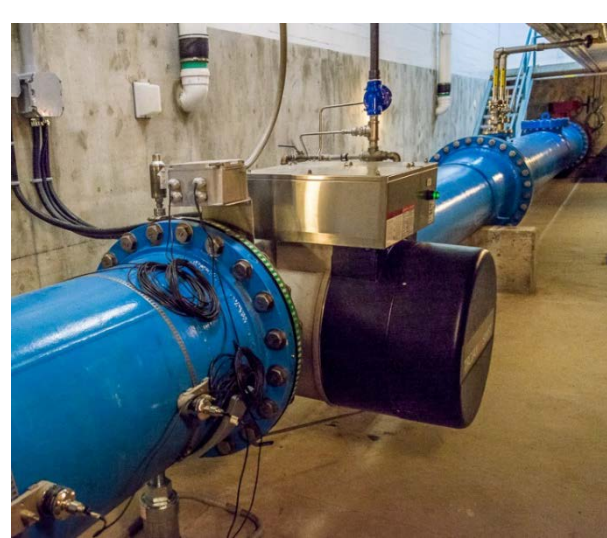
Comox Valley Water System (Function No. 300 & 301)

2019 – 2023 Financial Plan

Comox Valley Water System

2018 Accomplishments

- ✓ Successful AAP and 50% grant funding achieved for CVWTP project
- ✓ Short list of proponents for CVWTP with contract award expected in summer 2019
- ✓ Completion of the installation of temporary UV equipment at the existing chlorination station
- ✓ Continued implementation of the watershed protection plan



2019 Financial Plan - Revenue

Operating Revenue	2018 Budget	2019 Proposed Budget	Increase (Decrease)
Senior Government Grants	50,000		(50,000)
Sale Services User Fees	6,579,233	7,209,129	629,896
Other Revenue/Recoveries	48,369	98,673	50,304
Prior Years Surplus	563,465	140,000	(423,465)
	\$ 7,241,067	\$ 7,447,802	\$ 206,735

- Most revenue is derived from the sale of bulk water.
- Financial plan shows an increase in revenue due to increased bulk water rate as approved in 2016, and an increase in projected consumption due to population growth
- Consumption projections for the next five years are provided by City, Town and CVRD staff for their respective service areas
- Recently updated projections from City will be incorporated and revised plan brought back to WC in early March

2019 Financial Plan - Revenue

Year	Rate
2017	0.71
2018	0.75
2019	0.80
2020	0.83
2021	0.85
2022	0.85

} Bylaw amendment for rate increase required

There is a 6.7% increase to the bulk water rate from 2018

2019 Financial Plan – Personnel & Operating

	2018 BV	2019PB	Increase(Decrease)
Expenditures			
Personnel Costs	919,056	979,954	60,898
Operating	2,027,703	1,914,152	(113,551)
Contribution to Reserve	3,208,462	3,444,850	236,388
Transfer to Other Functions		23,000	23,000
Debt Charges	1,085,846	1,085,846	-
	\$ 7.241.067	\$ 7.447.802	\$ 206.735

- Currently showing a 6.5% increase to personnel costs: changes to CPP, Employer Health Tax Premiums and CUPE increases
- However, an error in operator allocations was discovered, amendment to proposed financial plan will be brought back in early March

2019 Financial Plan – Personnel & Operating

	2018 BV	2019PB	Increase(Decrease)
Expenditures			
Personnel Costs	919,056	979,954	60,898
Operating	2,027,703	1,914,152	(113,551)
Contribution to Reserve	3,208,462	3,444,850	236,388
Transfer to Other Functions		23,000	23,000
Debt Charges	1,085,846	1,085,846	-
	\$ 7.241.067	\$ 7.447.802	\$ 206.735

- There is a modest decrease to overall operating costs
- Significant reduction in professional fees, largely due to completion of bulk of asset management planning work in 2018

2019 Financial Plan – Capital Reserves

	2018 BV	2019PB	Increase(Decrease)
Expenditures			
Personnel Costs	919,056	979,954	60,898
Operating	2,027,703	1,914,152	(113,551)
→ Contribution to Reserve	3,208,462	3,444,850	236,388
Transfer to Other Functions		23,000	23,000
Debt Charges	1,085,846	1,085,846	-
	\$ 7,241,067	\$ 7,447,802	\$ 206,735

- Capital reserves will be used to fund approximately 25% of the CVWTP project costs
- The 2019-2023 financial plan optimizes use of available reserves but leaves reserves in good shape by end of financial planning period

At December 31, 2017:

- Capital works reserve: \$16,085,567
- Development cost charge reserve: \$8,627,447
- Future Expenditure Fund: \$101,837

2019 Financial Plan – Capital

Capital	2018 BV	2019PB	Increase (Decrease)
Funding Sources			
Senior Government Grants	2,973,198	8,820,197	5,846,999
Other Revenue/Recoveries		75,240	
Transfer from Reserve	3,273,243	8,752,101	5,478,858
	\$ 6,246,441	\$ 17,647,538	\$ 11,401,097
Funding Applied			
Capital Projects & Equip	6,246,441	17,647,538	11,401,097
	\$ 6,246,441	\$ 17,647,538	\$ 11,401,097

- 2019 signals start of intense capital spending on CVWTP
- Projects will be funded through a combination of capital works reserves, DCC reserves and long term debt
- All capital in 2019 is funded by reserves or grants, and no new debt is expected until 2020

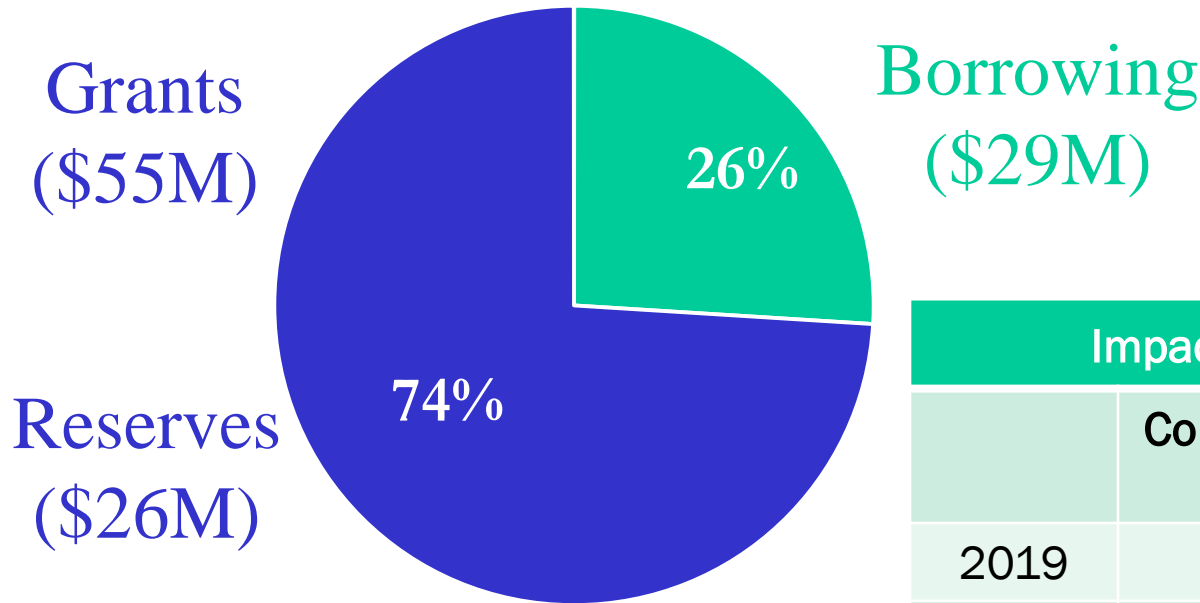
2019 Financial Plan – Capital

Support of the financial plan will also demonstrate support for the operating and capital projects/ contracts included within the plan for 2019.

Capital	Project Description	2019 BV	Anticipated Award Date
Annual Capital Equipment	Annual capital equipment replacements.	\$95,000	Spring 2019
Watermain Condition Assessment	Advanced pipeline scanning inspection of Hyprescon water main	\$300,000	Spring 2019
Watermain Repair	To repair leak to 900mm watermain	\$500,000	Complete by MAY 2019
Comox Valley Water Treatment Project	2019 activities include: <ul style="list-style-type: none"> • Selection of design-build team and award of contract. • Finalize all required permits, land and water use agreements • Start detailed design and construction 	\$16,872,000	Contract Award- July 2019
Extension of Water Service South	A project to be built and owned by the CVRD but fully funded by K'ómoks First Nation and other users of the new infrastructure.	\$150,000	Engineering Spring 2019
Maintenance Management System	Purchase of MMS software to streamline preventative maintenance of water infrastructure.	\$30,000	Summer 2019
Total 2019 Capital		\$17,947,000	

Comox Valley Water Treatment Project

Funding Strategy



Borrowing
(\$29M)

Impact to Financial Plan		
	Contribution to Reserves	New Debt
2019	\$3.31M	\$0
2020	\$3.46M	\$0.175M
2021	\$3.08M	\$0.484M
2022	\$2.17M	\$1.13M
2023	\$1.85M	\$1.83M

Watershed protection plan

2018

- Kicked off education and outreach program
- Completed climate change impacts assessment
- Initiated proper functioning condition assessments of sub WS
- Purchase of CLLC property to prevent future development on lake

2019

- Continue implementation of PFC and education and outreach programs
- Develop management plan for 'lake property'
- Work towards definition of the Comox Lake watershed as a natural asset
- Continue expansion of watershed monitoring to improve understanding

2018	2019	2020	2021	2022	2023
\$452k	\$380k	\$359k	\$348k	\$349k	\$350k

Comox Valley Water System

2019 Work plan

- Repair leak to primary transmission system main
- Assess condition of hyprescon water main
- Select design-build team and award CVWTP contract, begin construction
- Finalize all required permits, land and water use agreements for CVWTP
- Continued implementation of the watershed protection plan
- Complete asset management plan for service
- Incorporate AM results into next financial plan



Questions?

