

Comox Valley Sewerage System

Function # 335-338

2019 – 2023 Financial Plan

Comox Valley Sewerage System

2018 Highlights

- Completion of the Hudson and Greenwood Trunk Projects
- Completion of odour control upgrades at the CVWPC
- Completion of multiple asset management items including replacement of a number of pumps at the CVWPC.
- Started the LWMP planning process
- Started construction of the Biosolids Composting Facility Expansion



2019 Financial Plan -Revenue

| Operating Revenue | 2018 Budget | 2019 Proposed Budget | Increase (Decrease) |
|--------------------------|---------------------|-----------------------------|----------------------------|
| Requisition | 5,689,323 | 6,030,682 | 341,359 |
| Sale Services User Fees | 712,520 | 977,204 | 264,684 |
| Other Revenue/Recoveries | 3,820 | 4,598 | 778 |
| Prior Years Surplus | 1,202,689 | 91,429 | (1,111,260) |
| | \$ 7,608,352 | \$ 7,103,913 | \$ (504,439) |


- **6% increase to requisition** in 2019
- Requisition levels forecasted to remain unchanged from what was approved in existing 5 year financial plan
- DND contributions based on flow and expected to increase in 2019
- KFN contributions budgeted to remain the same
- Increase in user fees associated with increase to septage tipping rates

2019 Financial Plan -Personnel

| | 2018 BV | 2019PB | Increase(Decrease) |
|-----------------------------|---------------------|---------------------|---------------------|
| Expenditures | | | |
| Personnel Costs | 1,534,720 | 1,758,835 | 224,115 |
| Directors Remuneration | 7,200 | 7,200 | - |
| Operating | 2,345,718 | 2,277,287 | (68,431) |
| Contribution to Reserve | 2,815,755 | 2,073,251 | (742,504) |
| Transfer to Other Functions | | 65,000 | 65,000 |
| Debt Charges | 904,959 | 922,340 | 17,381 |
| | \$ 7,608,352 | \$ 7,103,913 | \$ (504,439) |

- Increase of approximately 14.6% in 2019
 - Includes 75% of a new operator
 - Increases to CPP & Employer Health Tax premiums
 - Regular CUPE increases

2019 Financial Plan - Operating

| | 2018 BV | 2019PB | Increase(Decrease) |
|---|---------------------|---------------------|---------------------|
| Expenditures | | | |
| Personnel Costs | 1,534,720 | 1,758,835 | 224,115 |
| Directors Remuneration | 7,200 | 7,200 | - |
|  Operating | 2,345,718 | 2,277,287 | (68,431) |
| Contribution to Reserve | 2,815,755 | 2,073,251 | (742,504) |
| Transfer to Other Functions | | 65,000 | 65,000 |
| Debt Charges | 904,959 | 922,340 | 17,381 |
| | \$ 7,608,352 | \$ 7,103,913 | \$ (504,439) |

- Modest decrease to overall operating costs.
- Delayed minor capital until completion of LWMP
- Focus of professional fees on the LWMP

2019 Financial Plan –Reserves

| | 2018 BV | 2019PB | Increase(Decrease) |
|-----------------------------|---------------------|---------------------|---------------------|
| Expenditures | | | |
| Personnel Costs | 1,534,720 | 1,758,835 | 224,115 |
| Directors Remuneration | 7,200 | 7,200 | - |
| Operating | 2,345,718 | 2,277,287 | (68,431) |
| Contribution to Reserve | 2,815,755 | 2,073,251 | (742,504) |
| Transfer to Other Functions | | 65,000 | 65,000 |
| Debt Charges | 904,959 | 922,340 | 17,381 |
| | \$ 7,608,352 | \$ 7,103,913 | \$ (504,439) |

- 2019 reserve contr. down, largely due to much smaller proj. surplus
- Capital works and DCC reserves are drawn to minimum levels over financial plan to help fund capital projects

At December 31, 2017:

- Capital works reserve: \$11,695,907
- Development cost charge reserve: \$7,015,320

2019 Financial Plan - Capital

| Capital | 2018 BV | | 2019PB | | Increase (Decrease) |
|--------------------------|----------------------|-----------|-------------------|-----------|--------------------------------|
| Funding Sources | | | | | |
| Other Revenue/Recoveries | | | 372,000 | | 372,000 |
| Short Term Debt Proceeds | 2,700,000 | | 2,700,000 | | - |
| Transfer from Reserve | 17,081,041 | | 10,246,750 | | (6,834,291) |
| | \$ 19,781,041 | \$ | 13,318,750 | \$ | (6,462,291) |
| Funding Applied | | | | | |
| Capital Projects & Equip | 19,781,041 | | 13,318,750 | | (6,462,291) |
| | \$ 19,781,041 | \$ | 13,318,750 | \$ | (6,462,291) |

- Primary drivers for capital spending are the age and capacity of the infrastructure
- Capital revenue for these projects will be funded through a combination of capital works reserves, DCC reserves and long term debt
- Capital in 2019 is funded through reserves and short term debt

2019 Work plan – Capital Projects

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

| Capital | Project Description | 2019 BV | Anticipated Award Date |
|----------------------------|--|-------------|--------------------------------|
| Compost Facility Expansion | Construction began in 2018 for the expansion of the compost facility to increase capacity to accommodate growth. (Project total \$7.6M and to be completed in 2019). | \$4,200,000 | Construction Underway |
| Sewer Conveyance Upgrades | Placeholder for design and construction of optimal conveyance recommended option as identified in late 2019 through LWMP process | \$1,000,000 | Design/ Engineering- Late 2019 |
| CFB Pump Station Upgrade | Project required to upgrade pumps to increase capacity. | \$412,000 | Design Contract Spring 2019 |

Comox Valley Sewerage System 2019 Work plan – Capital Projects

| Capital | Project Description | 2019 BV | Anticipated Award Date |
|-------------------------------------|--|---------------------|---|
| EQ Basin Project | Project required to help buffer peak wet weather flows at CVWPCC. | \$7,160,000 | Tender- January 2019 Construction Complete- Winter 2019 |
| Basement Piping | Replacement of basement piping at the CVWPCC | \$546,750 | To be completed as part of EQ Basin Project |
| Knight Road Sewer | Increase height of gravity sewer manholes along right of way near Knight Road to ensure sewer main access. | \$120,000 | Summer 2018 |
| Total Capital Costs for 2019 | | \$13,438,000 | |

In summary

Accomplished much in 2018

- More capital work and LWMP will keep us even busier in 2019
- Three quarter position added to team
- Requisition levels held at those previously approved
- The completed asset management planning process and outcome of LWMP will be integrated into the 2020-2024 financial plan

Questions?

