

**DATE:** March 4, 2022

**FILE:** 1700-02/2021/308

**TO:** Chair and Directors  
Electoral Areas Services Committee

Supported by James Warren  
Deputy Chief Administrative Officer

**FROM:** James Warren  
Deputy Chief Administrative Officer

*J. Warren*

**RE:** 2022-2026 Financial Plan – Union Bay Water Local Service Area, Function 308

### Purpose

To provide the recommended 2022-2026 financial plan and work plan highlights for the Union Bay Water Local Service Area (WLSA), function 308, and update the committee on plans to amend the Union Bay bylaws for consistency with the other WLSA.

### Recommendation from the Deputy Chief Administrative Officer:

THAT the recommended 2022-2026 financial plan for the Union Bay Water Local Service Area, function 308, be approved.

### Executive Summary

The Union Bay Improvement District Water System was converted to a regional district service on July 1, 2021. The service draws water from Langley Lake, and treats this source water at a new treatment facility commissioned in 2020. The water system supplies a service area stretching from Spindrift Road on the north end, down to Buckley Bay at the south, supplying water to approximately 680 properties. A summary of the 2022-2026 financial plan is provided in the bullets below:

- **Revenue:** To avoid the service running a deficit and to ensure adequate reserve contributions, the proposed financial plan includes a 13.4 per cent increase in user rates in 2022, and further two per cent increases for each remaining forecast year of the recommended financial plan to keep up with the effects of inflation.
- **Personnel:** An 11.7 per cent increase in personnel costs is projected for 2022 due to a level III treatment operator hired in 2021 to manage the new water treatment plant.
- **Operating:** A 6.5 per cent increase in operating costs is expected for the service in 2022, including the cost of completing the water master planning process started in 2021 to ensure sufficient supply and distribution capacity for growth in the area.
- **Capital:** A total of \$273,000 in capital spending is scheduled for 2022 to complete construction of a water treatment plant washroom and lunch room, the 3<sup>rd</sup> Street water main replacement and decommissioning and reclamation of the former in-ground water reservoir and chlorination station site leased from Union Bay Estates.

Prepared by:

Concurrence:

*K. La Rose*

*M. Rutten*

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Kris La Rose, P.Eng.  
Senior Manager of Water/  
Wastewater Services

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Marc Rutten, P.Eng.  
General Manager of  
Engineering Services

**Strategic Considerations: Strategic Drivers and Regional Growth Strategy**

CVRD Board Strategic Drivers:							
Fiscal Responsibility	✓	Climate Crisis and Environmental Stewardship and Protection	✓	Community Partnerships	✓	Indigenous Relations	✓

The Comox Valley Regional District (CVRD) Board has set four strategic drivers to guide service delivery. Not all services will be influenced by all drivers. The degree of influence the drivers have on projects and work plans is noted below.

**Fiscal Responsibility**

- A water master planning process for the water service is underway and will be complete in spring 2022.
- A comprehensive rate review for the service is scheduled for 2023.
- The proposed financial plan includes a rate increase for 2022 to ensure the service does not go into deficit while the planning work and subsequent rate review is completed.

**Climate Crisis and Environmental Stewardship and Protection**

- The UB system is fully metered and utilizes a tiered conservation based rate structure to help minimize water consumption and impact on the Oyster River watershed.

**Community Partnerships**

- The Union Bay WLSA is governed by the Electoral Areas Services Committee, with representation from each of the CVRD electoral areas.

**Indigenous Relations**

- Projects are not significantly influenced by this driver; however, staff are committed to keeping the K’ómoks First Nation Chief and Council updated on any projects of significance within the UB water system at regular monthly meetings.

**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. Given that the Union Bay service was still under the Union Bay Improvement District at that time, no specific COVID response and renewal actions were approved for this service, with the exception of the following:

- Participation in an inter-regional Mutual Aid Agreement (MAA) with neighboring regional districts and municipalities, and a separate local Comox Valley MAA with smaller water and sewer purveyors to ensure the Comox Valley Water System and Comox Valley Sewer System are covered in case staffing falls below emergency levels, and that we are doing our part to provide the same comfort to smaller purveyors in the Comox Valley.

**Financial Plan Overview**

The 2022-2026 proposed five-year financial plan for the Union Bay WLSA, function 308, including service establishment information, the requisition summary and the operating and capital budgets, 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).

The following table summarizes the 2022 recommended budget as compared to the 2021 adopted budget. Significant variances from the 2021 adopted budget will be discussed in the financial plan sections that follow.

 <b>2022 Recommended Budget</b>		<b>#308 Union Bay Water</b>		
<b>Operating</b>	<b>2021 Budget (UBID)</b>	<b>2022 Recommended Budget</b>	<b>Increase (Decrease)</b>	
<b>Revenue</b>				
Frontage/Parcel Taxes	276,510	276,900	390	
Other Revenue	9,000			
Sale Services User Fees	573,483	652,000	78,517	
Prior Years Surplus	0	0	-	
	<b>\$ 858,993</b>	<b>\$ 928,900</b>	<b>\$</b>	<b>69,907</b>
<b>Expenditures</b>				
Personnel Costs	340,850	380,613	39,763	
Trustee Remuneration	3,200	0	(3,200)	
Operating	238,433	253,947	15,514	
Contribution to Reserve	73,010	91,090	18,080	
Debt Charges	203,500	203,250	(250)	
	<b>\$ 858,993</b>	<b>\$ 928,900</b>	<b>\$</b>	<b>69,907</b>
<b>Capital</b>				
<b>Funding Sources</b>				
Contribution from Others	0	11,700	11,700	
Transfer from Reserve	140,000	308,300	168,300	
	<b>\$ 140,000</b>	<b>\$ 320,000</b>	<b>\$</b>	<b>180,000</b>
<b>Funding Applied</b>				
Capital Projects & Equip	140,000	320,000	180,000	
	<b>\$ 140,000</b>	<b>\$ 320,000</b>	<b>\$</b>	<b>180,000</b>

Highlights of the 2022-2026 proposed financial plan for function 308 include:

#### Revenue Sources

Revenues for the UB WLSA are derived from a combination of parcel tax and user rates. To avoid the service running a deficit and to ensure adequate reserve contributions, the proposed financial plan includes 13.4 per cent increase in user rates in 2022, and further 2 per cent increases each remaining year of the recommended financial plan to keep up with the effects of inflation. A comprehensive rate review is planned for 2023 once an asset management plan has been completed for the service.

#### Personnel

An 11.7 per cent increase in personnel costs is projected for 2022 arising from the level III operator hired to help operate the new water treatment plant returning from leave, and regular wage increases as scheduled in the CUPE agreement.

Operations

A 6.5 per cent increase in operating costs is projected for 2022, including carry-forward for completion of the water master planning (WMP) process started in 2021 and due for completion in spring 2022, and an increase in projected BC Hydro power costs to better reflect actual WTP energy costs.

In addition to helping guide development in the service area, the WMP will also provide key inputs to an update of the Union Bay capital expenditure charge bylaw planned for late 2022 to ensure that developers continue to pay a fair share of new infrastructure costs for the service.

Capital**Table No. 3: 2022 Capital Projects**

<b>Project Title</b>	<b>Description</b>	<b>Estimated Value</b>	<b>Anticipated Completion Date</b>
Decommissioning of former reservoir and treatment site	Honoring commitment to fully decommission the old UBID water reservoir and treatment site.	\$100,000	Fall 2022
3 <sup>rd</sup> Street watermain replacement	Extension and upsizing of watermain to address poor condition pipe and extend service to new home.	\$120,000	Spring 2022
WTP washroom and lunch room	To correct omission of these facilities during initial build.	\$100,000	Spring 2022

All projects approved in the financial plan will be procured in accordance with Bylaw No. 510 and the board approved procurement policy. Any project the board wishes to receive additional information on prior to the procurement and/or contract award should be highlighted at this time.

Reserves

At December 31, 2021, estimated reserve fund balances are as follows:

- Capital works reserve fund balance was \$620,378;
- Development Cost Charges reserve fund balance was \$318,055;
- Future expenditure reserve was \$21,156.

The 2022 reserve balances will be confirmed once the 2021 year end is finalized.

This five-year financial plan includes an average capital works reserve contribution of approximately \$105,000 per year. User rates and frontage tax will be reviewed once the asset management plan for this service is completed, as part of a comprehensive rate review in 2023 to ensure reserve contributions are sufficient for sustainable service delivery.

**Citizen/Public Relations**

Consistent with the other CVRD WLSA, an annual newsletter will be sent out as part of the March water bill. This newsletter provides a summary of work completed in the previous year and what is planned for next.