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MAGIC LAKE ESTATES WATER AND SEWER COMMITTEE

Notice of Meeting on **Tuesday, October 26, 2021 at 9:30 a.m.**

Goldstream Conference Room, 479 Island Highway, Victoria, BC

For members of the **public who wish to listen to the meeting** via telephone please call **1-833-353-8610** and enter the **Participant Code 1911461 followed by #**. You will not be heard in the meeting room but will be able to listen to the proceedings.

Kathy Heslop (Chair)	Michael Fossil (Vice Chair)	Paul Brent
Jean Deschenes	Wally Foster	Marika Kenwell
David Reed		

AGENDA

1. APPROVAL OF AGENDA

2. ADOPTION OF MINUTES3

Recommendation: That the minutes of the September 14, 2021 meeting be adopted.

3. CHAIR'S REMARKS

4. PRESENTATIONS/DELEGATIONS

This meeting will be held by without the public present. A phone in number is provided above that will allow the public to listen to the meeting.

Presentation and Delegation requests can be made [online](#) or complete this [printable form](#) (PDF). Requests must be received no later than 4:30 p.m. two calendar days prior to the meeting.

5. COMMITTEE BUSINESS

5.1. Magic Lake Estates Water and Sewer Service 2022 Capital and Operating Budget.....8

Recommendation:

That the Magic Lake Estates Water and Sewer Committee:

1. Approves the 2022 Operating and Capital Budget for the:
 - Magic Lake Estates Water System Local Service as presented and recommend that the 2021 actual surplus or deficit be balanced on the 2021 transfer to the Capital Reserve Fund and the recovery from the Operating Reserve Fund; and
 - Magic Lake Estates Sewerage System Local Service as presented and recommend that the 2021 actual surplus or deficit be balanced on the recovery from the Operating Reserve Fund; and
2. Recommends that the Electoral Areas Committee recommend that the CRD Board approve the 2022 Operating and Capital Budget and the five-year Financial Plan for the Magic Lake Estates Water and Sewer Services as presented.

*To ensure quorum, advise **Denise Dionne 250.360.3087** if you cannot attend.*

**Magic Lake Estates Water and Sewer Committee
Agenda – 26/10/2021**

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- 5.2. Water Update[verbal]
- 5.3. Wastewater Update [verbal]
- 5.4. Operations Update [verbal]
- 5.5. Grants Discussion [verbal]

6. NEW BUSINESS

7. ADJOURNMENT

Next Meeting: Tuesday, November 9, 2021



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MINUTES OF A MEETING OF THE MAGIC LAKE ESTATES WATER AND SEWER COMMITTEE, held Tuesday, October 26, 2021 at 9:30 am, Goldstream Conference Room at 479 Island Highway, Victoria, BC

PRESENT: **Committee Members:** K. Heslop (Chair); M. FossI (Vice Chair); J. Deschenes; P. Brent for D. Howe (EP), Southern Gulf Islands Electoral Area Director; D. Reed (EP); W. Foster (10.03 am) (EP); M. Kenwell (EP)
Staff: I. Jesney, Senior Manager, Infrastructure Engineering; M. McCrank, Senior Manager, Infrastructure Operations (EP); M. Cowley; Manager Wastewater Engineering & Planning; D. Dionne, Administrative Coordinator (recorder)
REGRETS: D. Howe, Southern Gulf Islands Electoral Area Director

EP = Electronic Participation

The meeting was called to order at 9:30.

1. APPROVAL OF AGENDA

MOVED by M. Kenwell, **SECONDED** by P. Brent,
That the agenda be approved.

CARRIED

2. ADOPTION OF MINUTES

MOVED by P. Brent, **SECONDED** by M. Kenwell,
That the minutes of the July 13, 2021 meeting be adopted.

CARRIED

3. CHAIR'S REMARKS

The Chair made no remarks.

4. PRESENTATIONS/DELEGATIONS

There were no presentations or delegations.

5. COMMITTEE BUSINESS

5.1. Water Update[verbal]

I. Jesney provided a verbal update on the following items.

Water Treatment Plant – Stainless Steel Pipe Replacement

Settlement funds have arrived and are in trust with the CRD lawyer. Funds will be released with final sign off of releases.

Water Treatment Plant - General

Engineering carried out a site review of the water treatment plant and will be putting together a plan to deal with outstanding issues. There are no priority issues at this time that affect operation of the plant.

I. Jesney advised the pipe is not visibly leaking, and a plan will be put in place that will

have the least impact on water service when the work is done.

Staff responded to questions from the Committee regarding:

- Any remaining funds will be placed into capital reserves
- Plastic being used for the replacement of the pipes

5.2. Wastewater Update [verbal]

M. Cowley provided a verbal update on the following items:

Collection System Upgrades

- Triahn Enterprises Ltd. completed the work on Schooner Road last week. They have now moved over to Privateers. They will have installed about 2,000m of pipe (about 66% complete).
- Notices are being delivered to residents prior to the watermain gooseneck that is scheduled to be installed on Tuesday, September 14. Once Privateers is complete, Triahn will complete the remaining area from Cannon Crescent to Pirates Road. Triahn should be complete within the November 6, 2021 substantial completion date.
- More rock has been encountered than anticipated as the rock profile is very undulating and the existing sewer pipe meanders from the original as-constructed drawings.
- The actual construction cost to date is \$1,442,777. The estimated cost to complete the contract is about \$2.25 million depending on the final road restoration requirements. The cost is higher than the initial \$2 million budget estimate primarily because of increased rock removal and house connection quantities (many properties have two connections).
- Capital Regional District website is updated with new information as it is received. The new link is: <https://www.crd.bc.ca/project/capital-projects/magic-lake-estates-wastewater-system-infrastructure-replacement-project-infrastructure-replacement-project>

Investing in Canada Infrastructure Program Grant – Phase 2 and 3

- The CRD was successful in receiving a grant to help fund most of Phase 2 and 3. The cost share of the grant is as follows:
 - Government of Canada = \$3,083,740 (40%)
 - Province of British Columbia = \$2,569,526 (33.33%)
 - Magic Lake Estates Sewer = \$2,056,084 (26.67%)
- The scope of work to be completed under the grant generally includes:
 - Renewing 6 pump stations (Buccaneer, Galleon, Schooner, Capstan, Cultass, Masthead)
 - Replacing Cannon WWTP with a new pump station
 - Upgrading Schooner WWTP (new headworks, Equalization Tank (EQ tank), aeration tank, clarifiers, genset)
- All remaining funds left from the \$6M loan (after paying for the \$2.056M grant share and \$2.25M estimated sewer installation cost) will be used to complete as much sewer pipe replacement as possible.

- The next step is to receive official notification from senior government, set up the grant process and hire a consultant to start design. Meanwhile, we have commenced with the required First Nations consultation process.
- There will likely be another archeological assessment conducted at Schooner Treatment Plant as land altering will be taking place. Any remaining funds left over will be used to complete other pipe that can be installed.

Staff responded to questions from the Committee regarding:

- Funds for decommissioning Cannon primarily to remove the electrical equipment. The intent is that the tanks are to be used for overflow storage
- CCTV and density testing will be commencing this week, prior to paving. Asphalt repair of the road crossing is to be completed by end of month, and damaged road shoulders will be chip-sealed in the spring/summer

5.3. Operations Update [verbal]

M. McCrank provided an update on the following items:

Water Operations Highlights:

- July 28th - Raw water supply adjusted from 20% Magic Lake and 80% Buck Lake to 50% Magic Lake and 50% Buck Lake.
- Aug 10th - Magic Lake intake screen cleaning and Buck Lake intake screen cleaning.
- Aug 20th – Raw water supply adjusted from 50/50 to 100% Buck Lake.

Wastewater Operations Highlights:

- Aug 30th – Replaced Return Activated Sludge pump at Schooner WWTP, due to limited flow.

Capital Improvement work by Infrastructure Operations:

- Sewer Collection System (Phase 1) Project:
- July 28th - 150mm water main break near 2708 Privateers. Boil Water Advisory (BWA) issued as a precautionary measure. BWA removed Saturday July 31st.

Discussion ensued and staff responded to questions from the Committee regarding making it mandatory for new developments to install a rain water catchment system and Islands Trust responsibility related to building code.

M. McCrank advised that Buck Lake is currently sitting at 62% where historically it is at 69% this time of year. The community is doing a great job conserving with the stage three restrictions in place.

5.4. Grants Discussion [verbal]

No new business to report.

6. CORRESPONDENCE

There was no correspondence.

7. NEW BUSINESS

7.1. Elections

I. Jesney advised that the bylaws for the Electoral Areas committees are currently being reviewed by Legislative Services to eliminate the need for Annual General Meetings. Concerns from the Committee are to be directed to Director Howe, or his Alternate Paul Brent. The community will still have the opportunity to recommend members for election, which will be reviewed by the Electoral Area Director and the Board.

The Chair advised there will be three vacant appointments, and it is up to the committee to recruit members for the upcoming election.

Staff responded to questions from the Committee regarding:

- The current clause in the bylaw pertaining to appointment terms expected to not change
- Alternate Approval Process is more cost effective compared to referendum, however less inclusive. Depending on the prospective borrowing amount, one may be preferred over the other

7.2. Water Conservation

I. Jesney suggested modifying the signage to provide the levels of Buck Lake and Magic Lake as a five year average, opposed to the current fifteen year average. The reservoir is lower than average for this time of year.

Discussion ensued regarding implementing a rain barrel subsidy program. The following additional information was provided:

- The rain barrel program run by CRD approximately ten years ago was deemed unsuccessful due to lack of rainfall
- This Committee does not currently have a water conservation bylaw, therefore conservation is not enforceable. The committee does have the authority to adjust the water rates

Staff advised that an effective means of conservation would be to increase the rates, which is within the Committee's powers. Properties may not have adequate square footage to accommodate the size and quantity of rain barrels required to be effective, and they are available at a very high cost. Staff will seek grants and bring forward any findings to the Committee.

Two meetings for October is not necessary, October 12 meeting is tentative as budget meeting will likely commence at the end of October.

8. ADJOURNMENT

MOVED by P. Brent, **SECONDED** by M. Kenwell,
That the October 26, 2021 meeting be adjourned at 10:42.

CARRIED

CHAIR

SECRETARY



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REPORT TO MAGIC LAKE ESTATES WATER AND SEWER COMMITTEE TUESDAY, OCTOBER 26, 2021

SUBJECT **Magic Lake Estates Water and Sewer Service 2022 Operating and Capital Budget**

ISSUE SUMMARY

To present the 2022 operating and capital budget for Committee approval pursuant to Bylaw No. 2339 "Magic Lake Estates Water and Sewer Committee Bylaw 1995".

BACKGROUND

The Capital Regional District (CRD) is required by legislation under the *Local Government Act* (LGA) to prepare an annual Operating and Capital budget and a five-year Financial Plan. CRD staff have, therefore, prepared the financial plans for the following services:

- Magic Lake Estates Water System Local Service (Appendix A)
- Magic Lake Estates Sewerage System Local Service (Appendix B)

The Operating Budgets include the regular annual costs to operate the service. The Capital Expenditure Plan shows the anticipated expenditures for capital additions. These may include purchases of new assets or infrastructure upgrades, improvements to existing assets or asset review and study work potentially leading to future capital improvements.

In preparing the Operating Budget, CRD staff considered:

- Actual expenditures incurred between 2019 and 2021
- Anticipated changes in level of service (if any)
- Maximum allowable tax requisition
- Annual cost per taxpayer and per single family equivalent (SFE)

In preparing the Capital Expenditure Plan, CRD staff considered:

- Available funds on hand
- Projects in progress
- Condition of existing assets and infrastructure
- Regulatory, environmental and health and safety factors

Adjustments for surpluses or deficits from 2021 may be made in January 2022. The CRD Board will give final approval to the budget and financial plan in March 2022.

The Financial Plan for the years 2023 – 2026 may be changed in future years.

Magic Lake Estates Water and Sewer Committee – October 26, 2021

Magic Lake Estates Water and Sewer Service 2022 Operating and Capital Budget

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BUDGET OVERVIEW

Magic Lake Estates Water System Local Service (Appendix A)

Operating Budget

It is projected that the 2021 operating expenses will be \$116,638 over budget. Factors contributing to the operating overage include emergency response and corrective maintenance primarily due to the following events:

- Emergency storm event responses in early 2021
- Water treatment plant air saturator vessel corrective maintenance
- Water system leak repair 2708 Privateers Road
- Water system leak repair 37140 Galleon Way
- Water system leak repair 2640 Shoal Road
- Water system leak repair 47303 Schooner Way
- Water system leak repair Galleon Way near Port Road
- Water system leak repair 2604 Dory Way
- Water system leak repair Lighthouse Lane
- Increase frequency of Buck Lake raw water intake cleaning by divers.

These events resulted in additional labour and material/supply costs that go beyond operating budget contingencies. The 2021 operating budget also included the cleaning and inspection of both Captains and Frigate Reservoirs in the amount of \$40,000. Funding for this activity is from the Operating Reserve Fund.

It is projected that the 2021 operating revenue will be \$6,125 greater than budget mainly due to higher water sales revenue and higher user charges due to extra water connections in the service.

As a result, there is an overall estimated deficit and cash flow shortage of approximately \$110,513. In order to balance the 2021 budget, it is proposed that the 2021 transfer to the Capital Reserve Fund be reduced from \$92,390 to \$32,460, and that there be a recovery from the Operating Reserve Fund of \$50,583 to cover the remaining deficit in 2021. Otherwise, the resulting deficiency in 2021 must immediately be included as an expenditure to be recovered from revenue in 2022 financial plan as required by *Local Government Act Section 374(11)*.

The 2022 core operating budget for regular annual operating costs has been increased by \$29,001 (4.6%) over 2021 core (excluding cyclical maintenance program of \$40,000 cleaning and inspection of reservoirs). The core budget increase is primarily to account for core inflation and incremental increases for various operating supplies.

Municipal Finance Authority (MFA) Debt

Loan Authorization Bylaw 3633 (LA3633) was approved and adopted in 2009 to borrow \$2,560,000 to upgrade water treatment and water systems. Table 1 below summarizes the detailed information for existing MFA debt issue related to LA3633.

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Magic Lake Estates Water and Sewer Service 2022 Operating and Capital Budget

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Table 1 – Existing Debt Summary

<i>MFA Issues</i>	<i>Term</i>	<i>Borrowing Year</i>	<i>Retirement Year</i>	<i>Refinance Year</i>	<i>Original Interest Rate</i>	<i>Current Interest Rate</i>	<i>Principal</i>	<i>Principal Payment</i>	<i>Interest Payment</i>	<i>Total Annual Debt Cost</i>
LA3633-110	15	2010	2025	2020	4.50%	1.28%	\$723,000	\$38,812	\$9,254	\$48,066
LA3633-116	15	2011	2026	2021	4.20%	1.47%	\$250,000	\$13,420	\$3,675	\$17,095
LA3633-121	15	2012	2027	2022	2.90%	2.90%	\$559,500	\$27,942	\$16,226	\$44,167
LA3633-124	15	2013	2028	2023	3.15%	3.15%	\$1,002,500	\$50,066	\$31,579	\$81,645
LA3633-126	15	2013	2028	2023	3.85%	3.85%	\$25,000	\$1,249	\$963	\$2,211
Total							\$2,560,000	\$131,488	\$61,696	\$193,185

Operating Reserve Fund

The Operating Reserve Fund is used to undertake cyclical maintenance activities that typically do not occur on an annual basis. Typical maintenance activities include hydrant/standpipe maintenance, reservoir cleaning and inspection. The operating reserve also funds the procurement of equipment and supplies that are not purchased on an annual basis. Additionally, the operating reserve could be used for emergency unplanned repairs.

It is proposed that transfers to the operating reserve fund be set at \$10,000 in 2022 to ensure future maintenance activities are fully funded and an optimal reserve balance be maintained. There is \$40,000 of cyclical maintenance planned over the next five years that will be funded from this reserve.

The operating reserve balance at the end of 2021 is projected to be \$38,986.

Capital Reserve Fund (CRF)

The Capital Reserve Fund is used to pay for capital expenditures that are not funded by other sources such as grants, operating budget or debt.

It is proposed that the budgeted transfer to the CRF be set at \$92,390 in 2022. The reserve fund transfer planning is influenced by the funding requirement to support the five-year capital expenditure plan and further guided by Capital Reserve Funding Guidelines endorsed by the CRD Board in aiming to achieve the optimal reserve fund level to ensure long-term prudent and sustainable management of service delivery objectives through capital investments.

The capital reserve fund balance at the end of 2021 is projected to be \$636,383.

There is a separate reserve fund from the insurance settlement of \$592,842 dedicated to fund the Water Treatment Plant Upgrades in the future.

Capital Expenditure Plan

The 5-year plan includes \$1,152,000 of expenditures to be funded by a combination of grants, the service's CRF, third-party funding, and new debt following a public engagement and referendum process planned in 2025.

Proposed 2022 capital expenditures include Design and Construction of Buck Lake and Magic Lake Adjustable Intakes (21-02), Phase 1 of Buck Lake Dam Repairs (21-04), Failed Value Replacement (22-01), construction of an Electric Vehicle Charging Station (22-02), and Process Piping Replacement (22-03).

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Future planned works include Decommissioning the Magic Lake Old Syphon (23-01), ISOPAC Permanent Handling and Storage (23-02), and Public Engagement (25-01) for the new borrowing, all funded by the capital reserve, and Phase 2 of Buck Lake Dam Repairs (26-01) funded by new debt.

Table 2 below provides the future debt servicing cost simulation for analytical purposes with the indicative interest rate provided by MFA at the time of simulation.

Table 2 – Future New Debt Simulation

Future Borrowing(s) Estimation	Term	Borrowing Year	Retirement Year	Refinance Year	Estimated Interest Rate	Principal	Principal Payment	Interest Payment	Total Annual Debt Cost
	15	2026	2041	2036	2.90%	\$145,000	\$8,234	\$4,205	\$12,439

At the commencement of each loan, 1% of the gross amount borrowed is withheld and retained by MFA as Debt Reserve Fund (DRF). In order to provide the full amount to fund the capital project, this 1% DRF amount is budgeted in operating budget in the year of borrowing. However, there is no principal payment required in the year of borrowing.

Capital Projects Fund

As specific capital projects are approved, the funding revenues for them are transferred into the Capital Project Fund from multiple funding sources if applicable, including CRF, grant funding, external contributions and debt. Any funds remaining upon completion of a project are transferred back to the CRF for use on future capital projects or its original non-CRF funding sources if required.

The Water Treatment Plant Roof Snowguard Installation was completed in 2021.

User Charge and Parcel Tax

The service is funded by fixed user charges, parcel taxes, and variable water consumption charges. Properties connected to the water system pay the annual user charge and water consumption and all properties within the local service area are responsible for the parcel tax. The tiered water consumption rates remain unchanged from 2021.

Table 3 below summarizes the 2022 over 2021 changes for parcel tax and user charge.

Table 3 – Parcel Tax and User Charge Summary

Budget Year	Parcel Tax	Taxable Folios Numbers	Parcel Tax per Folio*	User Charge	SFE Numbers	User Charge per SFE	Parcel Tax & User Charge
2021	\$568,517	1,202	\$497.81	\$343,555	1,043	\$329.39	\$827.20
2022	\$579,890	1,199	\$509.04	\$351,288	1,050	\$334.56	\$843.60
Change (\$)	\$11,373	-3	\$11.23	\$7,733	7	\$5.17	\$16.40
Change (%)	2.00%	-0.25%	2.26%	2.25%	0.67%	1.57%	1.98%

* Includes the 5.25% admin fee charged by the Ministry of Finance (not CRD revenue)

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Magic Lake Estates Water and Sewer Service 2022 Operating and Capital Budget

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Magic Lake Estates Sewerage System Local Service (Appendix B)
Operating Budget

It is projected that the 2021 operating expenses will be approximately \$26,320 over budget. The 2021 operating budget included the cleaning of the Schooner Wastewater Treatment Plant aeration ditch in the amount of \$15,000 which is deferred to 2022 to potentially coincide with pending capital improvements at this facility. This work is funded from the Operating Reserve Fund.

Factors contributing to the projected overage include emergency response and corrective maintenance primarily due to the following events:

- Emergency storm event responses in early 2021
- Cutlass Court Pump Station control float replacements
- Cannon Wastewater Treatment Plant scum pump replacement
- Schooner Wastewater Treatment Plant:
 - Air blower #2 replacement
 - HMI replacement
 - RAS pump replacement

The 2021 budget included the cleaning of the aeration ditch at Schooner WWTP with a budget amount of \$15,000 to be funded from the Operating Reserve Fund. This work has been deferred to 2022.

It is projected that the 2021 operating revenue will be on budget. As a result, there is an overall estimated deficit and cash flow shortage of approximately \$26,320. In order to balance the 2021 budget, it is proposed that there will be a recovery from Operating Reserve Fund to cover the actual deficit in 2021. Otherwise, the resulting deficiency in 2021 must immediately be included as an expenditure to be recovered from revenue in 2022 financial plan as required by *Local Government Act* Section 374(11).

The 2022 gross operating cost has been increased by \$34,835 (5.9%) over 2021. The increase is primarily to account for core inflation (\$9,835) and the inclusion of cyclical preventative maintenance activities (\$25,000). The cyclical maintenance activities are funded by Operating Reserve Fund.

Municipal Finance Authority (MFA) Debt

Loan Authorization Bylaw 4048 (LA4048) to borrow \$1,530,000 was approved and adopted in 2016 for wastewater system renewal and upgrade. Table 3 below summarizes the detailed information for existing MFA debt issues related to LA4048.

Table 3 – Existing Debt Summary (applicable to all Properties in the service area)

MFA Issues	Term	Borrowing Year	Retirement Year	Refinance Year	Interest Rate	Principal	Principal Payment	Interest Payment	Total Annual Debt Cost
LA4048-139	10	2016	2026	NA	2.10%	\$745,000	\$64,987	\$15,645	\$80,632
LA4048-142	10	2017	2027	NA	3.15%	\$250,000	\$21,808	\$7,875	\$29,683
LA4048-146	10	2018	2028	NA	3.20%	\$535,000	\$46,668	\$17,120	\$63,788
Total						\$1,530,000	\$133,463	\$40,640	\$174,103

Magic Lake Estates Water and Sewer Committee – October 26, 2021**Magic Lake Estates Water and Sewer Service 2022 Operating and Capital Budget****6**

Loan Authorization Bylaw 4320 (LA4320) to borrow up to \$6,000,000 was approved and adopted in 2019 for Wastewater Treatment Plant Improvements. One-time lump-sum special payment option was provided to the ratepayers and 137 properties exercised the payment option. As the result, \$1,130,000 was collected from lump-sum payments. In 2021, total of \$3,760,000 was borrowed through two debt issuances, LA4320-153 in the spring and LA4320-156 in the fall, to finance the Wastewater Treatment Plant Improvements project. Only the properties that didn't exercise the one-time lump sum payment option will pay the debt servicing cost related to LA4320 for the debt term of 30 years.

Table 4 below summarizes the detailed information for existing MFA debt issues related to LA4320.

Table 4 – Existing Debt Summary (only applicable to properties no one-time payment received)

<i>MFA Issues</i>	<i>Term</i>	<i>Borrowing Year</i>	<i>Retirement Year</i>	<i>Refinance Year</i>	<i>Interest Rate</i>	<i>Principal</i>	<i>Principal Payment</i>	<i>Interest Payment</i>	<i>Total Annual Debt Cost</i>
LA4320-153	30	Spring 2021	2051	2031	2.41%	\$2,500,000	\$59,248	\$60,250	\$119,498
LA4320-156	30	Fall 2021	2051	2031	1.98%	\$1,260,000	\$29,861	\$24,948	\$54,809
Total						\$3,760,000	\$89,109	\$85,198	\$174,307

Operating Reserve Fund

The Operating Reserve Fund is used to undertake cyclical maintenance activities that typically do not occur on an annual basis. Typical maintenance activities include treatment facility tank draining/cleaning/inspection and outfall inspections. The operating reserve also funds the procurement of equipment and supplies that are not purchased on an annual basis. Additionally, the operating reserve could be used for emergency unplanned repairs.

It is proposed that the 2022 transfer to the Operating Reserve Fund be set at \$13,260 to ensure future maintenance activities are fully funded and an optimal reserve fund balance be maintained. There is \$25,000 of cyclical maintenance planned over the next five years that will be funded from this reserve.

The Operating Reserve Fund balance at the end of 2021 is projected to be approximately \$32,138.

Capital Reserve Fund (CRF)

The Capital Reserve Fund is to be used to pay for capital expenditures that are not funded by other sources such as grants, operating budget or debt.

It is proposed that the budgeted transfer to the CRF be set at \$75,000 in 2022. The reserve fund transfer planning is influenced by the funding requirement to support the five-year capital expenditure plan and further guided by the Capital Reserve Funding Guidelines endorsed by the CRD Board in aiming to achieve the optimal reserve fund level to ensure long-term prudent and sustainable management of service delivery objectives through capital investments.

The capital reserve balance at the end of 2021 is projected to be approximately \$331,143.

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Capital Expenditure Plan

The 5-year plan includes \$9,414,350 of expenditures. In 2022, \$4,105,000 in expenditures are forecasted to be funded by a combination of the service's CRF, new debt approved by referendum in 2019, and new grant funding as announced by the Province in August of 2021. The new debt will fund replacement sewers, and the local ratepayer share of the grant will fund the upgrading of six pumpstations, installing a new pumpstation at Cannon to replace Cannon Wastewater Treatment Plant, and upgrading the Schooner Wastewater Treatment Plant to treat flow from Cannon and renew many components to bring the wastewater system into compliance with environmental regulations.

Table 5 below provides the future debt servicing cost simulation for analytical purpose with the indicative interest rate provided by MFA at the time of simulation. This new debt simulation illustrates the current best estimate of new borrowing to fund the Wastewater Improvements project.

Table 5 – Future New Debt Simulation

<i>Future Borrowing(s) Estimation</i>	<i>Term</i>	<i>Borrowing Year</i>	<i>Retirement Year</i>	<i>Refinance Year</i>	<i>Estimated Interest Rate</i>	<i>Principal</i>	<i>Principal Payment</i>	<i>Interest Payment</i>	<i>Total Annual Debt Cost</i>
	30	Spring 2022	2052	2032	2.40%	\$1,000,000	\$23,699	\$24,000	\$47,699

At the commencement of each loan, 1% of the gross amount borrowed is withheld and retained by MFA as Debt Reserve Fund (DRF). In order to provide the full amount to fund the capital project, this 1% DRF amount is budgeted in operating budget in the year of borrowing. However, there is no principal payment required in the year of borrowing.

Capital Projects Fund

As specific capital projects are approved, the funding revenues for them are transferred into the Capital Project Fund from multiple funding sources if applicable, including CRF, grant funding, external contributions and debt. Any funds remaining upon completion of a project are transferred back to the CRF for use on future capital projects or its original non-CRF funding sources if required.

It is anticipated that Phase 2 of the Wastewater Public Consultation and the Sewer Pipe Replacement projects will be completed at the end of 2021.

User Charge and Parcel Tax

The service is mainly funded by user charge and parcel tax. Properties connected to the wastewater system pay the annual user charge and all properties within the local service area are responsible for the parcel tax. Table 6 below summarizes the 2022 over 2021 changes for parcel tax and user charge.

Table 6 – Parcel Tax 1 and User Charge Summary

<i>Budget Year</i>	<i>Parcel Tax 1</i>	<i>Taxable Folios Numbers</i>	<i>Parcel Tax per Folio*</i>	<i>User Charge</i>	<i>SFE Numbers</i>	<i>User Charge per SFE</i>	<i>Parcel Tax & User Charge</i>
2021	\$576,831	714	\$850.30	\$250,203	635	\$394.02	\$1,244.32
2022	\$588,368	712	\$869.74	\$259,240	639	\$405.70	\$1,275.44
Change (\$)	\$11,537	-2	\$19.44	\$9,037	4	\$11.68	\$31.12
Change (%)	2.00%	-0.28%	2.29%	3.61%	0.63%	2.96%	2.50%

* Includes the 5.25% admin fee charged by the Ministry of Finance (not CRD revenue)

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There is a 2% increase to Parcel Tax 1 in 2022 (see Table 6) levied on all taxable folios. The increase is primarily to account for core inflation.

In 2020 property owners were provided the option of paying a one-time lump sum of \$8,249.30 for their share of the cost of the Wastewater Treatment Plant Upgrade or to pay debt servicing costs over 30 years through parcel tax. The new debt servicing cost must be budgeted and levied separately through a second parcel tax roll (Parcel Tax 2) in order to facilitate a parcel tax only levied to those taxable folios that did not pay the lump-sum.

The estimated parcel tax on the second parcel roll (Parcel Tax 2) related to the debt servicing cost is displayed in Table 7 below.

Table 7 – Parcel Tax 2 Summary – New Debt Only

Budget Year	Parcel Tax 2	Taxable Folios Numbers	Parcel Tax per Folio*
2021	\$79,210	577	\$144.49
2022	\$202,308	575	\$370.31
Change (\$)	\$123,098	-2	\$225.82
Change (%)	155.41%	-0.35%	156.30%

* Includes the 5.25% admin fee charged by the Ministry of Finance (not CRD revenue)

Parcel Tax 2 excludes 137 folios that elected to pay one-time lump sums totaling \$1,130,268.

A summary of total parcel tax (1 and 2) and user charge arranged by payment option on new debt is displayed in table 8 below.

Table 8 – Comparative - Total Parcel Tax and User Charge per Folio by Payment Option

Parcel Tax and User Charge	2021	2022 Lump-sum option			2022 Debt-servicing option		
		Amount	Change (\$)	Change (%)	Amount	Change (\$)	Change (%)
Parcel Tax 1	\$850.30	\$869.74	\$19.44	2.29%	\$869.74	\$19.44	2.29%
Parcel Tax 2	\$144.49				\$370.31	\$225.82	156.29%
User Charge	\$394.02	\$405.70	\$11.68	2.96%	\$405.70	\$11.68	2.96%
Total	\$1,388.81	\$1,275.44	\$31.12	2.50%	\$1,645.75	\$256.94	18.50%

RECOMMENDATION

That the Magic Lake Estates Water and Sewer Committee:

1. Approves the 2022 Operating and Capital Budget for the:
 - (a) Magic Lake Estates Water System Local Service as presented and recommend that the 2021 actual surplus or deficit be balanced on the 2021 transfer to the Capital Reserve Fund and the recovery from the Operating Reserve Fund; and
 - (b) Magic Lake Estates Sewerage System Local Service as presented and recommend that the 2021 actual surplus or deficit be balanced on the recovery from the Operating Reserve Fund; and

Magic Lake Estates Water and Sewer Committee – October 26, 2021**Magic Lake Estates Water and Sewer Service 2022 Operating and Capital Budget 9**

2. Recommends that the Electoral Areas Committee recommend that the CRD Board approve the 2022 Operating and Capital Budget and the five-year Financial Plan for the Magic Lake Estates Water and Sewer Services as presented.

Submitted by:	Matthew McCrank, M.Sc., P.Eng., Senior Manager, Wastewater Infrastructure Operations
Submitted by:	Dale Puskas, P.Eng. Acting Senior Manager, Infrastructure Engineering
Submitted by:	Rianna Lachance, B.Com, CPA, CA, Senior Manager, Financial Services
Concurrence:	Ted Robbins, B.Sc., C.Tech., General Manager, Integrated Water Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENTS:

Appendix A: 2022 Magic Lake Estates Water Operating and Capital Budget

Appendix B: 2022 Magic Lake Estates Sewer Operating and Capital Budget

CAPITAL REGIONAL DISTRICT

2022 Budget

Magic Lake Water

Commission Review

OCTOBER 2021

Service: 2.630 Magic Lake Estates Water

Committee: Electoral Area

DEFINITION:

LSA -1 To provide and operate water supply and distribution facilities for the Magic Lake Estates Water System.
Specified Area on North Pender Island. Bylaw No. 1874 (June 11, 1991).

PARTICIPATION:

Local Service Area # 1 - D(764) LSA #9.

MAXIMUM LEVY:

Greater of \$160,000 or \$3.50 / \$1,000 of actual assessed value of land and improvements. To a maximum of \$1,905,623.

MAXIMUM CAPITAL DEBT:

AUTHORIZED:	LA Bylaw No. 3633 (Nov 2009).	\$ 2,560,000
BORROWED:	SI Bylaw 3677 (Feb 2010).	\$ (723,000)
BORROWED:	SI Bylaw 3769 (Feb 2011).	\$ (250,000)
BORROWED:	SI Bylaw 3850 (Aug 2012).	\$ (559,500)
BORROWED:	SI Bylaw 3882 (Apr 2013).	\$ (1,002,500)
BORROWED:	SI Bylaw 3910 (July 2013).	\$ (25,000)
REMAINING AUTHORIZATION:		<u>\$ 0</u>

COMMITTEE:

Magic Lake Estates Water & Sewer Committee established by Bylaw No. 1870 (November 28, 1990).

FUNDING:

Any deficiencies after user charge and/or frontage tax or parcel tax to be levied on taxable school assessments.

User Charge:	Annual charge per single family equivalency unit connected to the system. The consumption charge for water will be the total volume of water metered to the water service connections, measured in cubic meters at the following rate: <ul style="list-style-type: none"> • Greater than 50 cubic metres - \$0.50 / cubic metre • Greater than 80 cubic metres - \$1.00 / cubic metre
Parcel Tax:	LSA-1 Annual charge only on properties capable of being connected to the system.
Turn on/Turn Off Fee:	\$0 during normal working hours; \$25 outside of normal working hours
Connection Charges:	Actual Engineering and Construction costs, plus 15% Administration costs. The minimum charge is \$500

RESERVE FUND:

Magic Lake Estates - Water System Capital Reserve Fund. Bylaw No. 1498
Magic Lake Estates - Water System Operating Reserve Fund. Bylaw No. 4144

2.630 - Magic Lake Water	2021		BUDGET REQUEST				FUTURE PROJECTIONS			
	BOARD BUDGET	ESTIMATED ACTUAL	CORE BUDGET	ONGOING	ONE-TIME	TOTAL	2023	2024	2025	2026
<u>OPERATING COSTS</u>										
Repairs & Maintenance	70,910	22,190	31,520	-	-	31,520	32,150	32,800	33,450	74,110
Allocations	48,363	48,363	54,332	-	-	54,332	55,299	56,282	57,298	58,330
Water Testing	19,170	15,200	19,550	-	-	19,550	19,940	20,340	20,750	21,170
Electricity	48,640	48,640	49,610	-	-	49,610	50,600	51,610	52,640	53,690
Supplies	46,590	51,570	55,520	-	-	55,520	56,620	57,760	58,910	60,100
Labour Charges	394,618	537,526	402,400	-	-	402,400	410,440	418,650	427,020	435,560
Other Operating Expenses	49,190	70,630	53,550	-	-	53,550	54,880	56,280	57,710	59,170
TOTAL OPERATING COSTS	677,481	794,119	666,482	-	-	666,482	679,929	693,722	707,778	762,130
*Percentage Increase over prior year	637,481		10,999 29,001			-1.6%	2.0%	2.0%	2.0%	7.7%
<u>DEBT / RESERVES</u>										
Transfer to Operating Reserve Fund	10,000	10,000	10,000	-	-	10,000	10,000	10,000	10,000	10,000
Transfer to Capital Reserve Fund	92,390	32,460	92,390	-	-	92,390	92,390	92,390	92,390	127,390
MFA Debt Reserve Fund	730	730	670	-	-	670	670	670	670	2,120
MFA Debt Principal	130,553	130,553	131,489	-	-	131,489	131,489	131,489	131,489	92,677
MFA Debt Interest	68,521	68,521	61,697	-	-	61,697	61,697	61,697	57,070	51,658
TOTAL DEBT / RESERVES	302,194	242,264	296,246	-	-	296,246	296,246	296,246	291,619	283,845
TOTAL COSTS	979,675	1,036,383	962,728	-	-	962,728	976,175	989,968	999,397	1,045,975
<u>FUNDING SOURCES (REVENUE)</u>										
Transfer from Operating Reserve Fund	(40,000)	(90,583)	-	-	-	-	-	-	-	(40,000)
Sales - Water	(18,000)	(22,000)	(22,000)	-	-	(22,000)	(22,000)	(22,000)	(22,000)	(22,000)
User Charges	(343,555)	(345,130)	(351,288)	-	-	(351,288)	(360,170)	(369,274)	(378,606)	(389,164)
Lease Revenue	(8,100)	(8,100)	(8,100)	-	-	(8,100)	(8,100)	(8,100)	(8,100)	(8,100)
Other Revenue	(1,503)	(2,053)	(1,450)	-	-	(1,450)	(1,460)	(1,470)	(1,480)	2,500
TOTAL REVENUE	(411,158)	(467,866)	(382,838)	-	-	(382,838)	(391,730)	(400,844)	(410,186)	(456,764)
REQUISITION - PARCEL TAX	(568,517)	(568,517)	(579,890)	-	-	(579,890)	(584,445)	(589,124)	(589,211)	(589,211)
*Percentage increase over prior year										
Sales - Water						22.2%	0.0%	0.0%	0.0%	0.0%
User Fees						2.3%	2.5%	2.5%	2.5%	2.8%
Requisition						2.0%	0.8%	0.8%	0.0%	0.0%
Combined						2.5%	1.4%	1.4%	1.0%	1.1%

Magic Lake Water
Reserve Summary Schedule
2022 - 2026 Financial Plan

Reserve/Fund Summary						
	Estimated	Budget				
	2021	2022	2023	2024	2025	2026
Operating Reserve Fund	38,986	48,986	58,986	68,986	78,986	48,986
Capital Reserve Fund	636,383	436,273	503,663	456,053	501,443	628,833
Capital Reserve Fund - Settlement Funds	592,842	592,842	592,842	592,842	592,842	592,842
Total	1,268,211	1,078,101	1,155,491	1,117,881	1,173,271	1,270,661

Reserve Schedule

Reserve Fund: 2.630 Magic Lakes Estate Water - Operating Reserve Fund - Bylaw 4144

Reserve fund used for: unforeseen operational repairs and maintenance; infrequent maintenance activities such as reservoir cleaning and inspection, hydrant maintenance etc. Optimum minimum balance of \$50,000 (approximately 10%) of the annual operating budget.
--

Reserve Cash Flow

Fund: Fund Centre:	1500 105212	Estimated	Budget				
		2021	2022	2023	2024	2025	2026
Beginning Balance		118,424	38,986	48,986	58,986	68,986	78,986
Transfer from Ops Budget		10,000	10,000	10,000	10,000	10,000	10,000
Transfer to Ops Budget		(40,000)	-	-	-	-	(40,000)
Planned Maintenance Activity		Frigate and Captains Reservoir cleaning & inspection					Frigate and Captains Reservoir cleaning & inspection
Deficit Recovery		(50,583)					
Interest Income		1,146					
Ending Balance \$		38,986	48,986	58,986	68,986	78,986	48,986

<u>Assumptions/Background:</u>

Reserve Schedule

Reserve Fund: 2.630 Magic Lakes Estate Water - Capital Reserve Fund

Bylaw 1498

Reserve Cash Flow

Fund: Fund Centre:	1024 101368	Estimated	Budget				
		2021	2022	2023	2024	2025	2026
Beginning Balance		816,280	636,383	436,273	503,663	456,053	501,443
Transfer from Ops Budget		32,460	92,390	92,390	92,390	92,390	127,390
Transfer to Cap Fund		(225,000)	(292,500)	(25,000)	(140,000)	(47,000)	-
Transfer from Cap Fund		5,491	-	-	-	-	-
Interest Income		7,152					
Ending Balance \$		636,383	436,273	503,663	456,053	501,443	628,833

Assumptions/Background:

Reserve Schedule

Reserve Fund: 2.630 Magic Lakes Estate Water - Capital Reserve Fund (Settlement Funds)

Bylaw 1498

Reserve Cash Flow

Fund: Fund Centre:	1024 102245	Estimated	Budget				
		2021	2022	2023	2024	2025	2026
Beginning Balance		-	592,842	592,842	592,842	592,842	592,842
Settlement Funds		592,842	-	-	-	-	-
Transfer to Cap Fund		-	-	-	-	-	-
Interest Income		-					
Ending Balance \$		592,842	592,842	592,842	592,842	592,842	592,842

Assumptions/Background:

CAPITAL REGIONAL DISTRICT
FIVE YEAR CAPITAL EXPENDITURE PLAN SUMMARY - 2022 to 2026

Service No.	2.630	Carry Forward from 2021	2022	2023	2024	2025	2026	TOTAL
	Magic Lake Estates Water (Pender)							

EXPENDITURE

Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equipment	\$200,000	\$205,000	\$0	\$0	\$0	\$0	\$0	\$205,000
Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Engineered Structures	\$0	\$290,000	\$325,000	\$140,000	\$47,000	\$145,000	\$145,000	\$947,000
Vehicles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$200,000	\$495,000	\$325,000	\$140,000	\$47,000	\$145,000	\$145,000	\$1,152,000

SOURCE OF FUNDS

Capital Funds on Hand	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debenture Debt (New Debt Only)	\$0	\$0	\$0	\$0	\$0	\$145,000	\$145,000	\$145,000
Equipment Replacement Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grants (Federal, Provincial)	\$0	\$2,500	\$0	\$0	\$0	\$0	\$0	\$2,500
Donations / Third Party Funding	\$0	\$200,000	\$300,000	\$0	\$0	\$0	\$0	\$500,000
Reserve Fund	\$200,000	\$292,500	\$25,000	\$140,000	\$47,000	\$0	\$0	\$504,500
	\$200,000	\$495,000	\$325,000	\$140,000	\$47,000	\$145,000	\$145,000	\$1,152,000

CAPITAL REGIONAL DISTRICT
5 YEAR CAPITAL PLAN
2022 - 2026

Project Number Project number format is "yy-##" "yy" is the last two digits of the year the project is planned to start. "##" is a numerical value. For example, 22-01 is a project planned to start in 2022. For projects in previous capital plans, use the same project numbers previously assigned.	Capital Project Description Briefly describe project scope and service benefits. For example: "Full Roof Replacement of a 40 year old roof above the swimming pool area; The new roofing system is built current energy standards, designed to minimize maintenance and have an expected service life of 35 years".	Carryforward from 2021 Input the carryforward amount from the 2021 capital plan that is remaining to be spent. Forecast this spending in 2022 to 2026.	Project Drivers Maintain Level of Service = Project maintains existing or improved level of service. Advance Board or Corporate Priority = Project is a Board or Corporate priority. Emergency = Project is required for health or safety reasons. Cost Benefit = Economic benefit to the organization.
Capital Expenditure Type Study - Expenditure for feasibility and business case report. New - Expenditure for new asset only Renewal - Expenditure upgrades an existing asset and extends the service ability or enhances technology in delivering that service Replacement - Expenditure replaces an existing asset	Total Project Budget Provide the total project budget, even if it extends beyond the 5 years of this capital plan.	Funding Source Codes Debt = Debenture Debt (new debt only) ERF = Equipment Replacement Fund Grant = Grants (Federal, Provincial) Cap = Capital Funds on Hand Other = Donations / Third Party Funding Res = Reserve Fund STLoan = Short Term Loans WU = Water Utility If there is more than one funding source, use additional rows for the project.	Long-term Planning Master Plan / Servicing Plan = Plan that identifies new assets required to meet future needs. Asset Management Plan / Sustainable Service Delivery Plan = Integrated plan that identifies asset replacements based on level of service, criticality, condition, risk, replacement costs as well as external impacts. Replacement Plan = Plan that identifies asset replacements based primarily on asset age or asset material/type. Condition Assessment = Assessment that identifies asset replacements based on asset condition.
Capital Project Title Input title of project. For example "Asset Name - Roof Replacement", "Main Water Pipe Replacement".	Asset Class L - Land S - Engineering Structure B - Buildings V - Vehicles	Cost Estimate Class Class A (+10-15%) = Estimate based on final drawings and specifications; used to evaluate tenders. Class B (+15-25%) = Estimate based on investigations, studies or preliminary design; used for budget planning. Class C (+25-40%) = Estimate based on limited site information; used for program planning. Class D (+50%) = Estimate based on little/no site information; used for long-term planning.	

Service #: 2.630

Service Name: Magic Lake Estates Water (Pender)

Project List and Budget													
Project Number	Capital Expenditure Type	Capital Project Title	Capital Project Description	Total Project Budget	Asset Class	Funding Source	Carryforward from 2021	2022	2023	2024	2025	2026	5 - Year Total
21-02	Replacement	Design and Construction Buck Lake and Magic Lake Adjustable Intakes	Detailed design and construction of adjustable intakes to inform future capital works to maintain water quality.	\$225,000	E	Res	\$200,000	\$200,000	\$0	\$0	\$0	\$0	\$200,000
21-04	Renewal	Buck Lake Dam Repairs - Phase 1	Conduct additional inspections, minor repairs, and performance analysis highlighted in the 2019 Dam Safety Review. Phase 2 dam improvements to be completed in the following five years.	\$200,000	S	Res	\$0	\$40,000	\$25,000	\$45,000	\$22,000	\$0	\$132,000
22-01	Replacement	Failed Valve Replacement	Replace 6 failed water main valves.	\$50,000	S	Res	\$0	\$50,000	\$0	\$0	\$0	\$0	\$50,000
22-02	New	EV Charging Station	Construct a new EV Charging Station at the Water Treatment Plant, project to be split across MLE Water, Waste Water, and a possible grant.	\$5,000	E	Res	\$0	\$2,500	\$0	\$0	\$0	\$0	\$2,500
22-02	New	EV Charging Station	Construct a new EV Charging Station at the Water Treatment Plant, project to be split across MLE Water, Waste Water, and a possible grant.	\$2,500	E	Grant	\$0	\$2,500	\$0	\$0	\$0	\$0	\$2,500
22-03	Replacement	Process Pipe Replacement	Replace corroded process pipe in the water treatment plant	\$500,000	S	Other	\$0	\$200,000	\$300,000	\$0	\$0	\$0	\$500,000
23-01	Renewal	Decommission Magic Lake old Syphon	The old syphon is still in place and will require decommissioning to ensure dam performance.	\$35,000	S	Res	\$0	\$0	\$0	\$35,000	\$0	\$0	\$35,000
23-02	New	ISOPAC Permanent Handling & Storage	Safety improvements to the handling of ISOPAC for the WTP were carried out in 2020, permanent solution to reduce drum waste and reduce handling is proposed.	\$60,000	S	Res	\$0	\$0	\$0	\$60,000	\$0	\$0	\$60,000
25-01	Renewal	Public Engagement and Referendum	Undertake a referendum to borrow funds to carry out water system and dam safety improvements in future years.	\$25,000	S	Res	\$0	\$0	\$0	\$0	\$25,000	\$0	\$25,000
26-01	Renewal	Buck Lake Dam Repairs - Phase 2	Conduct additional geotechnical investigations, seepage analysis, monitoring, tree removal and the next DSR (2029).	\$360,000	S	Debt	\$0	\$0	\$0	\$0	\$0	\$145,000	\$145,000
			GRAND TOTAL	\$1,462,500			\$200,000	\$495,000	\$325,000	\$140,000	\$47,000	\$145,000	\$1,152,000

Service: 2.630 Magic Lake Estates Water (Pender)			
Project Number	21-02	Capital Project Title	Design and Construction Buck Lake and Magic Lake Adjustable Intakes
Capital Project Description	Detailed design and construction of adjustable intakes to inform future capital works to maintain water quality.		
Project Rationale	Both the Buck and Magic Lake adjustable intakes are unsafe to clean and adjust without the employing divers. Funds are required to design and construct adjustable intakes.		
Project Number	21-04	Capital Project Title	Buck Lake Dam Repairs - Phase 1
Capital Project Description	Conduct additional inspections, minor repairs, and performance analysis highlighted in the 2019 Dam Safety Review. Phase 2 dam improvements to be completed in the following five years.		
Project Rationale	Resulting from the Hatch 2019 Dam Safety Review, funds are required to conduct additional inspections, minor dam repairs, and performance analysis. Phase 2 dam improvements to be completed in the following five years.		
Project Number	22-01	Capital Project Title	Failed Valve Replacement
Capital Project Description	Replace 6 failed water main valves.		
Project Rationale	Through annual operations of the water system three valves have been identified as have failed. Funding is required to replace these valves at 4708 Capstan Crescent, Schooner Way and Privateers, 3710 Rum Road, Schooner Way and Ketch Road, 4742 Bosun Way, and 37140 Galleon Way.		
Project Number	22-02	Capital Project Title	EV Charging Station
Capital Project Description	Construct a new EV Charging Station at the Water Treatment Plant, project to be split across MLE Water, Waste Water, and a possible grant.		
Project Rationale	Construct a new EV Charging station at the water treatment plan, proejct is to be partially funded through a cost matching grant and the MLE Waste Water Service.		
Project Number	22-03	Capital Project Title	Process Pipe Replacement
Capital Project Description	Replace corroded process pipe in the water treatment plant		
Project Rationale	The water treatment plant has corroded process piping. Funding is required to plan and replace the affected pipe.		
Project Number	23-01	Capital Project Title	Decommission Magic Lake old Syphon
Capital Project Description	The old syphon is still in place and will require decommissioning to ensure dam performance.		
Project Rationale	The old syphon at Magic Lake is no longer required, and does not function. Funds are required to remove the overland and underwater pipe, and decommission the underground pipe.		

Project Number	23-02	Capital Project Title	ISOPAC Permanent Handling & Storage	Capital Project Description	Safety improvements to the handling of ISOPAC for the WTP were carried out in 2020, permanent solution to reduce drum waste and reduce handling is proposed.
Project Rationale	Safety improvements to reduce Operator injury when handling the ISOPAC drums were carried out in 2019-2020. A permanent solution to reduce the use of drums which cannot be readily disposed of, and reduce handling of the product is proposed in 2023.				
Project Number	25-01	Capital Project Title	Public Engagement and Referendum	Capital Project Description	Undertake a referendum to borrow funds to carry out water system and dam safety improvements in future years.
Project Rationale	Funds are required to conduct a referendum for future funding of water system improvements including major dam improvements.				
Project Number	26-01	Capital Project Title	Buck Lake Dam Repairs - Phase 2	Capital Project Description	Conduct additional geotechnical investigations, seepage analysis, monitoring, tree removal and the next DSR (2029).
Project Rationale	Resulting from the Hatch 2019 Dam Safety Review, funds are required to conduct additional geotechnical investigations, seepage analysis and monitoring, tree removal, and the next Dam Safety Review (2029).				

2.630 - Magic Lake Water

Capital Projects Fund

Updated @ Sep 8th, 2021

Year	Project#	Status	Capital Project Description	Total Project Budget	Expenditure Actuals	Remaining Funds
2014	CE.258	OPEN	Water System Upgrade	8,972,500	8,654,898	317,602
2018	CE.671	OPEN	MLE Wtr Air Valve Upgrades	110,000	54,468	55,532
2019	CE.678	OPEN	2019 Buck Lake Dam - Dam Safety Review	50,000	45,715	4,285
2020	CE.733	CLOSE	MLE Wtr Treatment Plant Roof Snowguard Installation	12,000	6,509	5,491
2021	CE.743	OPEN	MLE WTP SCADA Hot Standby	17,000	-	17,000
2021	CE.744	OPEN	MLE Safety Improvements	20,000	11,604	8,396
2021	CE.779.7501	OPEN	Design and Construction of Buck Lake and Magic Lake Adjustable Intakes	225,000	4,641	220,359
2021	CE.779.1601	OPEN	Buck Lake Lighting Replacement	10,000	-	10,000
2021	CE.678.4500	OPEN	Buck Lake Dam Repairs	70,000	-	70,000
			Totals	9,486,500	8,777,835	708,665

Service:

2.630 Magic Lake Water**Committee: Electoral Area**

<u>Year</u>	<u>Taxable Folios</u>	<u>Parcel Tax Per Folio</u>	<u>SFE's</u>	<u>User Charge Per SFE*</u>	<u>Total Tax & Charges</u>	<u>Bylaw</u>	<u>Actual Assessments \$(000's)</u>
2012	1,206	\$496.57	1,005	\$250.00	\$746.57	3847	\$390,273.10
2013	1,206	\$496.57	1,008	\$250.00	\$746.57	3892	\$356,311.00
2014	1,206	\$496.57	1,011	\$250.00	\$746.57	3924	\$336,525.60
2015	1,206	\$496.57	1,012	\$250.00	\$746.57	3987	\$327,129.00
2016	1,205	\$496.98	1,015	\$281.69	\$778.67	4074	\$327,129.00
2017	1,203	\$497.81	1,020	\$280.31	\$778.12	4170	\$328,976.80
2018	1,203	\$497.81	1,020	\$291.37	\$789.18	4233	\$407,278.90
2019	1,203	\$497.81	1,028	\$302.10	\$799.91	4274	\$469,844.20
2020	1,202	\$497.81	1,034	\$321.96	\$819.76	4337	\$510,125.00
2021	1,202	\$497.81	1,043	\$329.39	\$827.20	4389	\$544,463.70
2022	1,199	\$509.04	1,050	\$334.56	\$843.60		

*Change from 2021 to 2022**\$11.23**2.26%**\$5.17**1.57%**\$16.40**1.98%*

* Parcel Tax authority under LSA-1

**User Charge is an annual charge per connected SFE



CAPITAL REGIONAL DISTRICT

2022 Budget

Magic Lake Estates Sewer

Commission Review

OCTOBER 2021

Service: 3.830 Magic Lake Sewer Utility (Pender)

Committee: Electoral Area

DEFINITION:

To provide, operate and maintain sewage collection and disposal facilities for the Magic Lake Estates Sewerage System Specified Area on North Pender Island (Local Service Establishment Bylaw No. 1873 - June 26, 1991).

PARTICIPATION:

Specified Area - B(764) SA#8

MAXIMUM LEVY:

Greater of \$200,000 or \$7.10 / \$1,000 on actual assessed value of land and improvements. To a maximum of \$2,381,752.

MAXIMUM CAPITAL DEBT:

AUTHORIZED: LA Bylaw No. 4048 (Dec 2015). Fall Borrowing \$1,530,000 for 10 years

COMMITTEE:

Magic Lake Estates Water & Sewer Committee established by Bylaw No. 1870 (November 28, 1990).

FUNDING:

User Charge: Per single family equivalency unit to connected properties only

Parcel Tax: Only on properties capable of being connected to system.

Connection Charge: Actual Engineering and Construction costs, plus 15% Administration costs. The minimum charge is \$500.

RESERVE FUND:

Magic Lake Estates sewage system capital reserve fund (Dec 17, 1986). Bylaw No. 1497.

3.830 - Magic Lake Estates Sewer

	2021		BUDGET REQUEST				FUTURE PROJECTIONS			
	BOARD BUDGET	ESTIMATED ACTUAL	CORE BUDGET	ONGOING	ONE-TIME	TOTAL	2023	2024	2025	2026
<u>OPERATING COSTS</u>										
Sludge Hauling Contracts	88,940	85,500	90,720	-	-	90,720	92,530	94,380	96,270	98,200
Grit & Waste Sludge Disposal	88,940	83,000	90,720	-	-	90,720	92,530	94,380	96,270	98,200
Repairs & Maintenance	23,640	8,230	11,600	-	25,000	36,600	11,840	12,030	12,280	12,530
Allocations	43,961	43,961	44,220	-	-	44,220	45,004	45,809	46,627	47,458
Electricity	23,200	24,800	23,660	-	-	23,660	24,130	24,610	25,100	25,600
Supplies	21,520	18,390	21,940	-	-	21,940	22,360	22,800	23,240	23,710
Labour Charges	264,429	300,285	280,445	-	-	280,445	285,886	291,600	297,432	303,382
Other Operating Expenses	32,500	34,284	33,660	-	-	33,660	34,500	35,360	36,240	37,140
TOTAL OPERATING COSTS	587,130	598,450	596,965	-	25,000	621,965	608,780	620,969	633,459	646,220
*Percentage Increase over prior year						5.9%	-2.1%	2.0%	2.0%	2.0%
<u>DEBT / RESERVES</u>										
Transfer to Capital Reserve Fund	80,000	80,000	75,000	-	-	75,000	80,000	80,000	80,000	80,000
Transfer to Operating Reserve Fund	13,260	13,260	13,260	-	-	13,260	13,260	13,260	13,260	13,260
Transfer to Capital Project Fund (\$6M Phase 1)	-	-	-	-	-	-	-	-	-	-
Debt Reserve Fund	370	370	320	-	-	320	320	320	320	320
MFA Principal Payment	133,463	133,463	133,463	-	-	133,463	133,463	133,463	133,463	133,463
MFA Interest Payment	40,640	40,640	40,640	-	-	40,640	40,640	40,640	40,640	40,640
TOTAL DEBT / RESERVES	267,733	267,733	262,683	-	-	262,683	267,683	267,683	267,683	267,683
TOTAL COSTS	854,863	866,183	859,648	-	25,000	884,648	876,463	888,652	901,142	913,903
Sludge Disposal Recovery	(10,654)	(10,654)	(10,870)	-	-	(10,870)	(11,090)	(11,310)	(11,540)	(11,770)
TOTAL COSTS NET OF RECOVERIES	844,209	855,529	848,778	-	25,000	873,778	865,373	877,342	889,602	902,133
<u>FUNDING SOURCES (REVENUE)</u>										
Transfer from Operating Reserve Fund	(15,000)	(26,320)	-	-	(25,000)	(25,000)	-	-	-	-
User Charges	(250,203)	(250,203)	(259,240)	-	-	(259,240)	(269,932)	(275,938)	(282,176)	(288,625)
Grants in Lieu	(985)	(985)	(10)	-	-	(10)	(10)	(10)	(10)	(10)
Other Revenue	(1,190)	(1,190)	(1,160)	-	-	(1,160)	(1,180)	(1,200)	(1,220)	(1,240)
TOTAL REVENUE	(267,378)	(278,698)	(260,410)	-	(25,000)	(285,410)	(271,122)	(277,148)	(283,406)	(289,875)
REQUISITION - PARCEL TAX	(576,831)	(576,831)	(588,368)	-	-	(588,368)	(594,251)	(600,194)	(606,196)	(612,258)
*Percentage increase over prior year										
User Fees						3.6%	4.1%	2.2%	2.3%	2.3%
Requisition						2.0%	1.0%	1.0%	1.0%	1.0%
Combined						2.5%	2.0%	1.4%	1.4%	1.4%

3.830 - Magic Lake Estates Sewer - Debt Only - 6M Phase 1 Wastewater Treatment Plan Upgrade	2021		BUDGET REQUEST				FUTURE PROJECTIONS			
	BOARD BUDGET	ESTIMATED ACTUAL	CORE BUDGET	ONGOING	ONE-TIME	TOTAL	2023	2024	2025	2026
<u>DEBT</u>										
Debt Reserve Fund	37,600	37,600	10,500	-	-	10,500	500	500	500	500
MFA Principal Payment	-	-	89,110	-	-	89,110	112,809	112,809	112,809	112,809
MFA Interest Payment	41,610	41,610	103,198	-	-	103,198	109,198	109,198	109,198	109,198
TOTAL DEBT	79,210	79,210	202,808	-	-	202,808	222,507	222,507	222,507	222,507
<u>FUNDING SOURCES (REVENUE)</u>										
MFA Debt Reserve Earning	-	-	(500)	-	-	(500)	(500)	(500)	(500)	(500)
REQUISITION - PARCEL TAX	79,210	79,210	202,308	-	-	202,308	222,007	222,007	222,007	222,007
*Percentage increase over prior year Requisition							9.7%	0.0%	0.0%	0.0%

Magic Lake Estates Sewer
Reserve Summary Schedule
2022 - 2026 Financial Plan

Reserve/Fund Summary

	Estimated	Budget				
	2021	2022	2023	2024	2025	2026
Operating Reserve Fund	32,138	20,398	33,658	46,918	60,178	73,438
Capital Reserve Fund	331,143	403,643	483,643	563,643	643,643	723,643
Total	363,282	424,042	517,302	610,562	703,822	797,082

Reserve Schedule

Reserve Fund: 3.830 Magic Lake Sewer System - Operating Reserve Fund - Bylaw 4144
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Reserve fund used for: unforeseen operational repairs and maintenance; infrequent maintenance activities such as treatment facility tankage draining/cleaning/inspection etc. Optimum minimum balance of \$50,000 (approximately 10%) of the annual operating budget.

Reserve Cash Flow

Fund: Fund Centre:	1500 105217	Estimated	Budget				
		2021	2022	2023	2024	2025	2026
Beginning Balance		44,740	32,138	20,398	33,658	46,918	60,178
Transfer from Ops Budget		13,260	13,260	13,260	13,260	13,260	13,260
Planned Expenditures		-	(25,000)	-	-	-	-
Planned Maintenance Activity			Outfall inspection and Clean Schooner aeration ditch				
Deficit Recovery		(26,320)					
Interest Income		458					
Ending Balance \$		32,138	20,398	33,658	46,918	60,178	73,438

<u>Assumptions/Background:</u>

Reserve Schedule

Reserve Fund: 3.830 Magic Lake Sewer System - Capital Reserve Fund

Bylaw 1497

Reserve Cash Flow

Fund: 1042 Fund Centre: 101386	Estimated	Budget				
	2021	2022	2023	2024	2025	2026
Beginning Balance	278,391	331,143	403,643	483,643	563,643	643,643
Transfer from Ops Budget	80,000	75,000	80,000	80,000	80,000	80,000
Transfer to Cap Fund	(30,000)	-	-	-	-	-
Transfer from Cap Fund	-	(2,500)	-	-	-	-
Interest Income	2,752					
Ending Balance \$	331,143	403,643	483,643	563,643	643,643	723,643

<u>Assumptions/Background:</u>

CAPITAL REGIONAL DISTRICT
FIVE YEAR CAPITAL EXPENDITURE PLAN SUMMARY - 2022 to 2026

Service No.	3.830	Carry Forward from 2021	2022	2023	2024	2025	2026	TOTAL
	Magic Lake Sewer Utility (Pender)							

EXPENDITURE

Buildings	B	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equipment	E	\$0	\$5,000	\$0	\$0	\$0	\$0	\$5,000
Land	L	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Engineered Structures	S	\$1,700,000	\$4,100,000	\$4,600,000	\$709,350	\$0	\$0	\$9,409,350
Vehicles	V	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$1,700,000	\$4,105,000	\$4,600,000	\$709,350	\$0	\$0	\$9,414,350

SOURCE OF FUNDS

Capital Funds on Hand	Cap	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debenture Debt (New Debt Only)	Debt	\$1,700,000	\$1,900,100	\$1,666,800	\$189,180	\$0	\$0	\$3,756,080
Equipment Replacement Fund	ERF	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grants (Federal, Provincial)	Grant	\$0	\$2,202,400	\$2,933,200	\$520,170	\$0	\$0	\$5,655,770
Donations / Third Party Funding	Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Fund	Res	\$0	\$2,500	\$0	\$0	\$0	\$0	\$2,500
		\$1,700,000	\$4,105,000	\$4,600,000	\$709,350	\$0	\$0	\$9,414,350

CAPITAL REGIONAL DISTRICT
5 YEAR CAPITAL PLAN
2022 - 2026

<p>Project Number</p> <p>Project number format is "yy-##"</p> <p>"yy" is the last two digits of the year the project is planned to start.</p> <p>"##" is a numerical value. For example, 22-01 is a project planned to start in 2022.</p> <p>For projects in previous capital plans, use the same project numbers previously</p>	<p>Capital Project Description</p> <p>Briefly describe project scope and service benefits.</p> <p>For example: <i>"Full Roof Replacement of a 40 year old roof above the swimming pool area. The new roofing system is built current energy standards, designed to minimize maintenance and have an expected service life of 35 years".</i></p>	<p>Carryforward from 2021</p> <p>Input the carryforward amount from the 2021 capital plan that is remaining to be spent. Forecast this spending in 2022 to 2026.</p>	<p>Project Drivers</p> <p>Maintain Level of Service - Project maintains existing or improved level of service.</p> <p>Advance Board or Corporate Priority - Project is a Board or Corporate priority.</p> <p>Emergency - Project is required for health or safety reasons.</p> <p>Cost Benefit - Economic benefit to the organization.</p>
<p>Capital Expenditure Type</p> <p>Study - Expenditure for feasibility and business case report.</p> <p>New - Expenditure for new asset only</p> <p>Renewal - Expenditure upgrades an existing asset and extends the service ability or enhances technology in delivering that service</p> <p>Replacement - Expenditure replaces an existing asset</p>	<p>Total Project Budget</p> <p>Provide the total project budget, even if it extends beyond the 5 years of this capital plan.</p>	<p>Funding Source Codes</p> <p>Debt = Debenture Debt (new debt only)</p> <p>ERF = Equipment Replacement Fund</p> <p>Grant = Grants (Federal, Provincial)</p> <p>Cap = Capital Funds on Hand</p> <p>Other = Donations / Third Party Funding</p> <p>Res = Reserve Fund</p> <p>STLoan = Short Term Loans</p> <p>WU - Water Utility</p> <p>If there is more than one funding source, use additional rows for the project.</p>	<p>Long-term Planning</p> <p>Master Plan / Servicing Plan = Plan that identifies new assets required to meet future needs.</p> <p>Asset Management Plan / Sustainable Service Delivery Plan = Integrated plan that identifies asset replacements based on level of service, criticality, condition, risk, replacement costs as well as external impacts.</p> <p>Replacement Plan = Plan that identifies asset replacements based primarily on asset age or asset material/type.</p> <p>Condition Assessment = Assessment that identifies asset replacements based on asset condition.</p>
<p>Capital Project Title</p> <p>Input title of project. For example "Asset Name - Roof Replacement", "Main Water Pipe Replacement".</p>	<p>Asset Class</p> <p>L - Land</p> <p>S - Engineering Structure</p> <p>B - Buildings</p> <p>V - Vehicles</p>		<p>Cost Estimate Class</p> <p>Class A (+10-15%) = Estimate based on final drawings and specifications; used to evaluate tenders.</p> <p>Class B (+15-25%) = Estimate based on investigations, studies or preliminary design; used for budget planning.</p> <p>Class C (+25-40%) = Estimate based on limited site information; used for program planning.</p> <p>Class D (+50%) = Estimate based on little/no site information; used for long-term planning.</p>

Service #:	3.830
Service Name:	Magic Lake Sewer Utility (Pender)

[illegible]

Service:	3.830	Magic Lake Sewer Utility (Pender)
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Project Number	20-01	Capital Project Title	Wastewater Improvements - Sewer Replacement	Capital Project Description	1. Replace about 3km of failing AC pipe and install Cannon forcemain pipe (2021) 2. Replace as much failing AC pipe as possible with remaining funds left from \$6M loan (2022-23).
Project Rationale	Several km of failing AC sewer pipe requires replacement (to be completed over 3 years from 2021-2023).				

Project Number	21-01	Capital Project Title	Wastewater Improvements - Pump Station and Treatment Plant Upgrades	Capital Project Description	1. Renew Buccaneer, Galleon, Schooner, Capstan, Cutlass and Masthead Pump Stns 2. Replace Cannon WWTP with a new pump station
Project Rationale	Successfully received an Infrastructure Canada grant to complete upgrades on six pump stations, install a new pump station at Cannon to pump to Schooner WWTP, and upgrade Schooner WWTP to treat flow from Cannon and renew many components to bring the wastewater system into compliance with environmental regulations.				

Project Number	22-01	Capital Project Title	EV Charging Station	Capital Project Description	Construct a new EV Charging Station at the Water Treatment Plant, project to be split across MLE Water, Waste Water, and a possible grant.
Project Rationale	Construct a new EV Charging Station at the Water Treatment Plant, project to be split across MLE Water, Waste Water, and a possible grant.				

3.830 - Magic Lake Sewer Utility (Pender)

Capital Projects Fund

Updated @ Sep13th, 2021

Year	Project#	Status	Capital Project Description	Total Project Budget	Expenditure Actuals	Remaining Funds
2016	CE.536	Close	Replace Sewer Pipe	812,558	790,345	22,213
2020	CE.708	Open	MLE Wastewater Treatment Plant Upgrade	11,653,266	1,679,108	9,974,158
2021	CE.775	Open	MLE Safety Upgrades	30,000	298	29,702
			Total	12,495,824	2,469,750	10,026,074

Service:	3.830 Magic Lake Sewe	3.830 Magic Lake Sewer Utility (Pender)	Committee: Electoral Area
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<u>Year</u>	<u>Taxable Folios</u>	<u>Parcel Tax 1 per Folio</u>	<u>Taxable Folios</u>	<u>Parcel Tax 2 per Folio</u>	<u>SFE's</u>	<u>User Charge per SFE</u>	<u>Total Tax(1&2) & Charges</u>	<u>Bylaw</u>
2010	714	\$401.28			616	\$252.00	\$653.28	
2011	714	\$401.27			617	\$272.00	\$673.27	3778
2012	714	\$414.76			617	\$272.00	\$686.76	3823
2013	714	\$414.76			621	\$272.00	\$686.76	3892
2014	714	\$414.76			620	\$272.00	\$686.76	3924
2015	714	\$414.76			621	\$272.00	\$686.76	3987
2016	714	\$493.70			623	\$271.12	\$764.83	4074
2017	713	\$750.36			623	\$271.12	\$1,021.48	4170
2018	713	\$750.37			623	\$300.40	\$1,050.77	4233
2019	713	\$777.60			623	\$381.54	\$1,159.14	4274
2020	714	\$1,029.82			630	\$394.02	\$1,423.83	4337
2021	714	\$850.30	577	\$144.49	635	\$394.02	\$1,388.81	4389
2022	712	\$869.74	575	\$370.31	639	\$405.70	\$1,645.75	

Change from 2021 to 2022

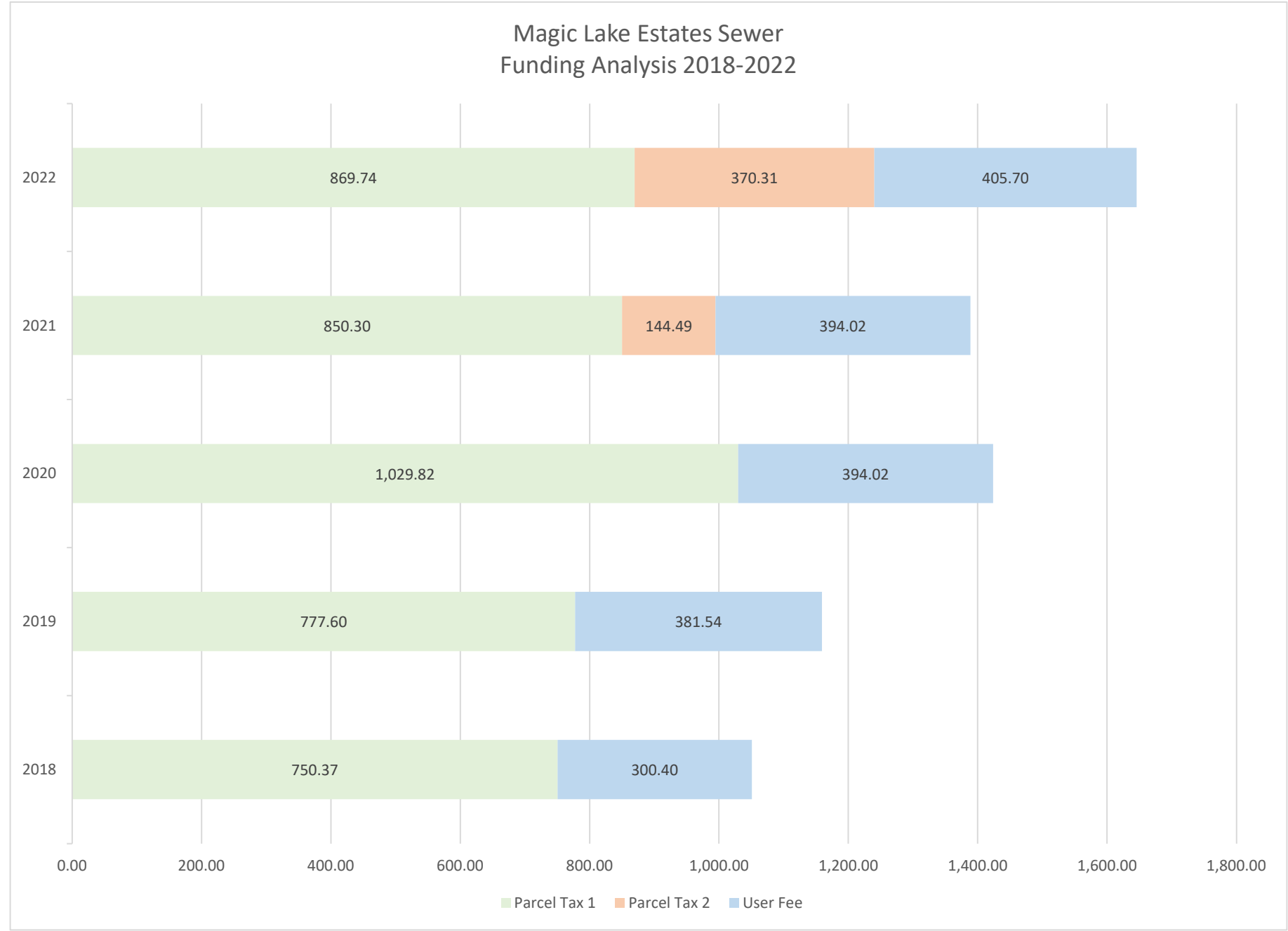
\$19.44	\$225.82	\$11.68	\$256.94
2.29%	156.29%	2.96%	18.50%

Total Parcel Tax(1) and Charges (lump-sum payment option only)

\$ 1,275.44

Change from 2021 to 2022

-\$113.37
-8.16%



Service: 3.830D Magic Lake Sewer - Debt Service Only - 6M

Total Folios	712
Folios Paid by One-time Lump Sum	137

<u>Year</u>	<u>Taxable Folios</u>	<u>Parcel Tax per Folio</u>
2021	577	\$144.49
2022	575	\$370.31
2023	575	\$406.37
2024	575	\$406.37
2025	575	\$406.37
2026	575	\$406.37

Change from 2021 to 2022

\$225.82

156.29%

