



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council
From: Interim Chief Administrative Officer
Subject: 2021 - 2025 Water Fund Financial Plan

File No.: 1705-20/1715-20
Date: November 30, 2020

PURPOSE:

The purpose of this report is for Council to consider the 2021–2025 Water Fund Financial Plan, and maintain the 2020 water user fee with no increase for 2021.

POLICY ANALYSIS:

Section 165 of the *Community Charter* requires a municipality to have a five year financial plan adopted annually and Section 194 permits the levying of a fee to recover the cost for the delivery of a service.

The 2021–2025 Water budget is a component of the annual City of Courtenay five year financial plan. It is proposed to maintain the 2020 water user fee for 2021 in the 2021 – 2025 Water Fund Financial Plan.

EXECUTIVE SUMMARY:

The five year water fund financial plan is prepared annually and user fees are established to cover the projected cost of service delivery for the upcoming year. Funded entirely from water user fees and frontage fees, the water service is not funded from general property taxation.

The water utility has a regional and a municipal component and each plays a vital role in providing water services to the residents of Courtenay. The Comox Valley Regional District (CVRD) has planned capital upgrades and expansion of their water infrastructure. This includes a new water treatment facility, which will provide a continuous supply of high quality potable water to the growing Comox Valley population. To fund these major capital improvements, the CVRD through the Water Committee has been increasing the bulk water rate for a few years and plans to increase the rate for another couple years, according to its last year financial plan. The CVRD bulk water rate is expected to increase from \$0.83 to \$0.85 per cubic meter in 2021. This has a significant impact as bulk water purchase from the CVRD is the largest expense in the water fund, currently representing 60% of the total operating costs. Any further changes to the CVRD bulk water rate through their financial planning process will be reflected in future City of Courtenay financial plans.

Similar to the CVRD, the City is required to generate revenues sufficient to fulfil its commitment to operate a Class 3 water distribution system that provides safe drinking water to the residents. Water service expenses in this proposed financial plan also incorporate higher CVRD bulk water rates and sufficient staffing to complete the various maintenance programs required to comply with statutory water permit

requirements set by the Province of BC through the Island Health Authority, formerly called the Vancouver Island Health Authority (VIHA).

After careful review of the water fund and accounting for impacts related to the COVID-19 pandemic, staff are recommending no increase to the water user fee for 2021.

CAO RECOMMENDATIONS:

That based on the November 30th, 2020 staff report “2021 - 2025 Water Fund Financial Plan”, Council approve OPTION 1, and proceed with the proposed 2021 - 2025 Water Fund Financial Plan; and, that water user fee revenue remains unchanged for 2021.

Respectfully submitted,



Trevor Kushner, BA, DLGM, CLGA, PCAMP
Interim Chief Administrative Officer

BACKGROUND:

Consideration and approval of a five year financial plan is an annual requirement under the *Community Charter*. The recommended financial plan for the water fund provides detail for 2021, as well as projections for the four following years.

The water utility service is self-funding and receives no funding from the City's general property taxation levy.

DISCUSSION:

The supply of water to Courtenay consumers is a combined effort involving the CVRD who supplies and transmits treated source water from Comox Lake to the City's boundary where it is then distributed to property owners through the City's water distribution system. The City purchases bulk water from the CVRD and operates and maintains a Class 3 water distribution system. The City must comply with Island Health permit requirements and standards set out in the Drinking Water Protection Act. To provide this service to the public, the City annually prepares a five year financial plan to meet the legislative requirements of Section 165 of the *Community Charter*. This financial plan covers the period of 2021 - 2025.

The impact of the ongoing pandemic was considered while preparing the Water Fund Financial Plan and is expected to be minimal on the water operating activities. Only a decrease in revenue from small businesses is incorporated in the 2021 proposed budget to account for the risk of small businesses reduced activity.

The 2021-2025 Water Fund Financial Plan is a collaborative corporate effort following the City's Asset Management Bylaw 2981.

City of Courtenay 2021 – 2025 Water Fund Financial Plan

The proposed 2021-2025 Water Fund Financial Plan is detailed in the following attachments:

Attachment # 1 – Water Operating Fund Budget Overview

Attachment # 2 – Water Capital Fund and Debt Budget Overview

Attachment # 3 – Water Surplus, Reserves and DCC Projections

The water fund financial plan includes for 2021 projected revenues of \$9,260,400 and \$7,426,100 of operating expenses, \$500,000 of amortization, \$30,600 of debt payment, a \$657,800 transfer to the capital fund, \$394,300 transfer to various reserves and a surplus of \$251,600.

Water Operating Fund

Water Operating Expenses

In 2020, the Public Works Utilities Group along with Business Performance Group completed a thorough review of the water operating budget and updated the activities used to plan and track expenses to reflect current operating procedures and better manage service levels and preventative vs reactive work. As such, the "Water Transmission and Distribution" activity was broken out and other existing activities were combined where applicable. Each of the activities is also subdivided in multiple sub-activities. The 2021 budget is built around the updated operational activities, which are:

- Water Main
- Water Service
- Water Distribution Valve
- Water Hydrant/Blow Off
- Water Meter
- Water Pump Stations
- Water Quality & Cross Connection Control
- Water Conservation Programs

The water operating expense budget is presented by activity in Table 1. The operating costs decrease by \$198,600 or 2.6% between 2020 and 2021 budget.

Table 1: Water Operating Expenses 2020 - 2021 Budget

| Activity2 | Activity | 2020 BUDGET | 2021 BUDGET | Variance 2021 Budget 2020 Budget |
|-------------------------------|---|------------------|------------------|--|
| CVRD Water Purchase | | 4,436,400 | 4,433,500 | (2,900) |
| Water Admin - Salaries/Wages | | 372,300 | 301,300 | (71,000) |
| Water Admin - Training | | 36,900 | 37,100 | 200 |
| Water Administration | | 13,600 | 17,200 | 3,600 |
| Water Engineering Services | | 78,000 | 78,000 | - |
| Water Admin - BC One Call | | 3,800 | 5,000 | 1,200 |
| Water Operations | Water Main | | 200,000 | |
| | Water Service | | 395,700 | |
| | Water Distribution Valve | | 50,000 | |
| | Water Hydrant/Blowoff | 191,900 | 194,000 | |
| | Water Meter | 103,900 | 138,300 | |
| | Water Pump Stations | 68,300 | 77,500 | |
| | Water Quality & Cross Connection Control | | 80,000 | |
| | Water Conservation Programs | 260,000 | 167,000 | |
| | Water Transmission and Distribution - OLI | 841,800 | | |
| | Water Meter Reading - OLD | 11,000 | | |
| | Water Water Enforcement - OLD | 26,600 | - | |
| Water Operations Total | | 1,503,500 | 1,302,500 | (201,000) |
| Water Vehicle Charges | | 79,800 | 66,500 | (13,300) |
| Water Fleet | | (52,700) | (9,900) | 42,800 |
| Water Work in Progress | | 100,000 | 100,000 | - |
| Interfund Allocation | | 1,053,100 | 1,094,900 | 41,800 |
| Grand Total | | 7,624,700 | 7,426,100 | (198,600) |

Comox Valley Bulk Water Purchase

The purchase of potable water from the CVRD is the largest cost driver in the water operating fund, which represents 60% of the total operating expenses. The City reviews and adjusts the estimated consumption every year. The 2021 estimate is based on prior year actual consumption and includes a general increase of 1% for annual population growth. The year 2020 was excluded from the calculation as the water consumption is unusually low so far this year.

CVRD has increased the water bulk rate in 2020 and plans to increase the rate again on January 1, 2021, per last year approved CVRD Financial Plan. The rate is expected to raise from \$0.83 per cubic meter to \$0.85 for 2021. The impact of the rate increase is offset by a reduction in estimated water consumption in the 2021 budget.

Table 2 shows the combined financial impact of a greater consumption and higher rates on actual and estimated water consumption since 2017.

Table 2: Courtenay Water Bulk Purchase 2017-2025

| Courtenay Bulk Water Purchase | Consumption m3 | Consumption % increase | CVRD rate \$ / m3 | rate % increase | Courtenay Annual Cost | cost % increase |
|-------------------------------|----------------|------------------------|-------------------|-----------------|-----------------------|-----------------|
| 2017 Actual | 5,113,154 | | \$0.71 | | \$3,630,339 | |
| 2018 Actual | 4,947,081 | -3.2% | \$0.75 | 5.6% | \$3,710,311 | 2.2% |
| 2019 Actual | 4,989,913 | 0.9% | \$0.80 | 6.7% | \$3,991,931 | 7.6% |
| 2020 Budget | 5,345,000 | 7.1% | \$0.83 | 3.7% | \$4,436,350 | |
| 2020 Estimation | 4,860,810 | -2.6% | \$0.83 | 3.7% | \$4,034,472 | 1.1% |
| 2021 Budget | 5,215,900 | 7.3% | \$0.85 | 2.4% | \$4,433,515 | 9.9% |
| 2022 Estimation | 5,268,100 | 1.0% | \$0.85 | 0.0% | \$4,477,885 | 1.0% |
| 2023 Estimation | 5,320,800 | 1.0% | \$0.96 | 12.9% | \$5,107,968 | 14.1% |
| 2024 Estimation | 5,374,000 | 1.0% | \$0.96 | 0.0% | \$5,159,040 | 1.0% |
| 2025 Estimation | 5,427,700 | 1.0% | \$0.96 | 0.0% | \$5,210,592 | 1.0% |

Water Administration

Water Administration includes a portion of the salaries, wages and benefits of exempt staff. The decrease is related to the Foreman wages and benefits now all budgeted in operations.

Water Engineering Services

This section includes \$30,000 carried forward from 2020 to complete the water rates review as recommended in the Water Smart Action Plan presented to Council on October 28, 2019. This review is conducted simultaneously with the sewer rates review. Also included is \$20,000 for the completion of the water master plan.

Water Operations

Following the update of the Water Operations activities, the budget has been reallocated to the new activities. It includes the crew wages and benefits as well as the material and services needed to perform regular operations, preventative and reactive work on the various water infrastructure.

The overall decrease in the Water Conservation Programs is mostly due to the delay in the Leak Detection and Repair Program: \$200,000 was previously allocated in 2020 for this project, \$75,000 is carried-forward to 2021 and the balance to 2022. An amount of \$50,000 is also carried forward to conduct a study to prioritize the location of the zone meters to isolate the City's distribution system from the Regional transmission system. This is a requirement of the City's Cross Connection Control program as per Island Health operating permit conditions.

Another reduction is found in the Booster / Pump Stations budget due to the one-time \$50,000 included in 2020 for minor upgrades to SCADA and operating maintenance required at the Dingwall well, maintained by the City since 2020 as a result of the completion of the Sandwick Water System changeover.

Water Vehicle Charges and Fleet

The Water Vehicle Charges and Fleet budgets are adjusted in 2021 based on actual and anticipated equipment and vehicle usage.

Internal Allocations

Internal Allocations is a percentage of the General Fund and Public Works expenses transferred to the Water Fund. The intent is to transfer a reasonable amount for General Government Services and Public

Works expenditures (personnel, utilities, materials, insurance, contracted services and fleet costs) as recognition of the administrative costs necessary to provide the service.

The water allocation is set at 14.5% of the General Government Services and 19% of the Public Works Administrative expenses based on prior year estimate. The allocation percentage is reviewed periodically and will be analyzed before the 2022 budget. The variance represents the general increase in the General Government Services and Public Works expenses.

Water Revenues

Revenues collected through water user and frontage fees are used to cover the costs of the operating and capital expenditures. Staff recommend maintaining the current frontage rate at \$5.84 per meter, which is expected to generate \$1,205,800 for 2021. Staff propose to also maintain the 2020 water user fee for 2021 with subsequent increases of 2.0% for the following four years. An annual 1% increase is factored in the revenue calculations for population growth. The water revenues are also adjusted to account for potential reduced consumption in small businesses as a result of the ongoing pandemic. Thus, a 10% reduction in revenue from small businesses is included and represents a reduction in revenue of \$33,800 for 2021. The water user fees are expected to generate \$6,809,100 for 2021.

Once the water master plan is finalized in 2021, it will result in a draft 20 year capital plan. This information along with the water rates review planned for 2021 will be the basis for a detailed analysis of the frontage and water user fees. Recommendations will then be presented to adjust the water revenue requirements in future year financial plans to create a sustainable utility.

The change in the user fees since 2017 is detailed in Table 3.

Table 3: Water user fees and frontage rate 2017-2021

| Annual | Water User Fee | | | Water Frontage Rate | | |
|--------|----------------|---------|----------|---------------------|--------|----------|
| | One-time | Change | Change % | per meter | Change | Change % |
| 2017 | \$425.03 | \$55.44 | 15.00% | \$4.68 | \$0.94 | 25.1% |
| 2018 | \$467.53 | \$42.50 | 10.00% | \$5.84 | \$1.16 | 24.8% |
| 2019 | \$497.92 | \$30.39 | 6.50% | \$5.84 | \$0.00 | 0.0% |
| 2020 | \$506.05 | \$8.13 | 1.63% | \$5.84 | \$0.00 | 0.0% |
| 2021 | \$506.05 | \$0.00 | 0.00% | \$5.84 | \$0.00 | 0.0% |

The water utility financial plan also includes miscellaneous revenues such as meter and hydrant rentals and park water usage for a total of \$402,300 for 2021.

Water Capital Fund

The projects included in the 2021 Water Capital Budget are presented in Table 4 below. All projects are being carried forward from 2020. The source of funding and the projects scheduled for the four following years are detailed in Attachment 2.

Table 4: Water Capital Projects – 2021 budget

| 2021 Proposed Budget | |
|---|------------------|
| Project description | Total |
| Sandpiper / Millard Water Main Upgrade (CF) | 650,000 |
| Water - Highway 19A Loop - Christie Parkway (CF) | 100,000 |
| Water - South Courtenay Secondary Transmission (CF) | 81,500 |
| Water Smart Initiatives - Transmission/Distribution Metering (CF) | 75,000 |
| City Watermain on private property (CF) | 70,000 |
| Braidwood Road - Road & Utility - Water Component (CF) | 31,300 |
| Water - Sandwich Area Fireflow Upgrade (CF) | 25,000 |
| Grand Total | 1,032,800 |

Debt Servicing Costs

The Water Capital Fund also includes debt servicing costs. The 2021 budget includes \$10,500 of interest payment and \$20,100 of principal payment for a total debt servicing cost of \$30,600. The projected debt servicing costs for 2021 to 2025 are included in the Attachment 2.

Water Surplus and Reserves

The estimated closing balances for water surplus, reserves and Development Cost Charges (DCC) are presented in Table 5 below. The five year schedule is presented in Attachment 3.

Table 5: Estimated water surplus and reserves balance

| WATER | Estimated | Budget |
|--|------------------|------------------|
| Surplus, Reserves and DCC Summary | Actual | |
| Estimated Closing Balances | 2020 | 2021 |
| Water Fund Surplus | | |
| Prior Year Surplus (unallocated) | 2,424,000 | 2,675,600 |
| Surplus Reserve for Future Expenditures | | |
| (Unspent Capital 2020) | 307,800 | - |
| | 2,731,800 | 2,675,600 |
| Water Capital Reserves | | |
| Water Reserve | 1,676,700 | 1,601,700 |
| Asset Management Reserve | 658,100 | 658,100 |
| Water Machinery and Equipment | 280,200 | 310,200 |
| | 2,615,000 | 2,570,000 |
| Total Water Surplus and Reserves | 5,346,800 | 5,245,600 |
| Total Water DCC Bylaw #2426/2755 | 376,400 | 376,400 |

Operating Surplus

The 2021 budget includes an estimated surplus of \$251,600, which is then used in the proposed 2022 to 2025 budget. A significant portion of the prior year surplus is also used in the following years.

The reserve for future expenditures of \$307,800 represents unspent monies collected in 2020 to fund 2020 capital projects carried forward and to be used in 2021.

Capital Reserves

The Water Utility Reserve is to be used only to fund water efficiency programs and initiatives. In 2021, \$75,000 will fund the installation of distribution system zone meters at the CVRD connection points.

The Asset Management reserve will provide \$300,000 in 2021 to fund the Sandpiper / Millard Water Main Upgrade project.

For 2021, a recommended contribution of \$300,000 to the Asset Management reserve and a contribution of \$30,000 to the Water Machinery and Equipment reserve is included and is consistent with previous financial plans.

Development Cost Charges (DCC)

DCC are presented as deferred revenues in the financial statements and are not included with the reserves.

FINANCIAL IMPLICATIONS:

No increase is recommended for 2021 as Staff recommend maintaining the 2020 approved water user fees, which is set at \$506.05 for a single family.

ADMINISTRATIVE IMPLICATIONS:

By maintaining the current bylaw rate, an amendment to the user fee bylaw is not required for 2020.

Subsequent to Council endorsing the 2021-2025 Water Fund Financial Plan, the water budget will be incorporated as part of the statutory component of the five year financial plan. Compilation of this financial plan will take a minimum of 60 hours of staff time.

ASSET MANAGEMENT IMPLICATIONS:

The Asset Management Working Group collects and analyses information provided by condition and risk assessments of the City's water infrastructure, water model calibration, and life-cycle analysis to determine the useful life of water assets. Preventative maintenance programs such as uni-directional flushing have extended the useful life of the infrastructure and future years capital costs have been deferred. The financial plan includes the renewal projects prioritized by the Asset Management Working Group.

STRATEGIC PRIORITIES REFERENCE:**We focus on organizational and governance excellence**

- Communicate appropriately with our community in all decisions we make
- Responsibly provide services at levels which the people we serve are willing to pay

We proactively plan and invest in our natural and built environment

- Focus on asset management for sustainable service delivery
- ▲ Look for regional infrastructure solutions for shared services

- **AREA OF CONTROL:** The policy, works and programming matters that fall within Council's jurisdictional authority to act
- ▲ **AREA OF INFLUENCE:** Matters that fall within shared or agreed jurisdiction between Council and another government or party
- **AREA OF CONCERN:** Matters of interest that are outside Council's jurisdictional authority to act

OFFICIAL COMMUNITY PLAN REFERENCE:

Section 6.2 Water Supply

6.2.1 to ensure a high level of water quality is maintained,

6.2.2 to protect the watershed of the Comox Lake and thereby protect the City's source of water.

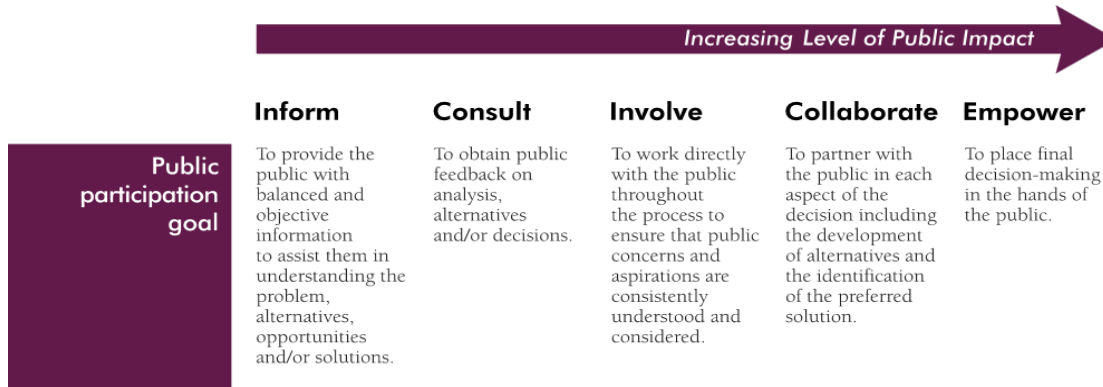
REGIONAL GROWTH STRATEGY REFERENCE:

This budget is presented with the intent of encouraging water management approaches and the use of processes and technologies that provide the public with infrastructure that addresses public health needs and concerns, and provides equal service to all residents within the municipality and region. It is presented with the intent to protect the quality of water sources (5-B) as well as to promote water conservation and efficiency throughout the Comox Valley (5-A).

CITIZEN/PUBLIC ENGAGEMENT:

The *Community Charter* (sec. 166) requires that a council must undertake a process of public consultation regarding the proposed financial plan before it is adopted. The City will “**inform**” the public about the 2021-2025 Water Fund Financial Plan through special council meetings, media webcasts, and information posted on the City's website. In addition, the City will “**consult**” the public prior to final adoption of the 2021-2025 Financial Plan Bylaw.

http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum_vertical.pdf



OPTIONS:

Option 1:

That Council approve the proposed 2021 - 2025 Water Fund Financial Plan; and, that water user fee revenue remains unchanged for 2021. (Recommended)

Option 2:

That Council defer approval of the proposed 2021 -2025 Water Fund Financial Plan for further discussion at a later Council meeting.

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Concurrence by:

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Attachments:

- Attachment # 1 - Water Operating Fund Budget Overview
- Attachment # 2 - Water Capital Fund and Debt Budget Overview
- Attachment # 3 - Water Surplus, Reserves and DCC Projections

Water Operating Fund Budget 2021-2025

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Frontage Rate \$/m | \$ 5.84 | \$ 5.84 | \$ 5.84 | \$ 5.84 | \$ 5.84 | \$ 5.84 |
| Water Utility Rate | \$ 506.05 | \$ 506.05 | \$ 516.17 | \$ 526.49 | \$ 537.02 | \$ 547.76 |
| Water Utility Rate Annual Increase | | 0.0% | 2.0% | 2.0% | 2.0% | 2.0% |

| Expense Type | Activity2 | Activity | DESC | Sum of 2020 BUDGET | Sum of 2021 BUDGET | Sum of 2022 BUDGET | Sum of 2023 BUDGET | Sum of 2024 BUDGET | Sum of 2025 BUDGET | |
|----------------------------------|----------------------------------|---|---------------------------------------|-----------------------------------|--------------------|--------------------|--------------------|---------------------|--------------------|------------------|
| Revenue | Water Frontage | Water Frontage | WATER FRONTAGE TAX | (1,178,100) | (1,205,800) | (1,217,900) | (1,230,100) | (1,242,400) | (1,254,800) | |
| | | | WATER PARCEL TAX | (8,400) | (8,400) | (8,400) | (8,400) | (8,400) | (8,400) | |
| | Water Frontage Total | | | (1,186,500) | (1,214,200) | (1,226,300) | (1,238,500) | (1,250,800) | (1,263,200) | |
| | Water Utility Fees | Water Utility Fees | FLAT RATE WATER | (4,548,200) | (4,552,700) | (4,670,000) | (4,790,300) | (4,913,400) | (5,039,600) | |
| | | | METERED WATER | (2,266,700) | (2,256,400) | (2,303,300) | (2,351,100) | (2,400,000) | (2,449,800) | |
| | Water Utility Fees Total | | | (6,814,900) | (6,809,100) | (6,973,300) | (7,141,400) | (7,313,400) | (7,489,400) | |
| | Water Other Revenues | | | (119,500) | (121,300) | (123,600) | (125,800) | (128,100) | (130,700) | |
| | Transfer from Prior Year Surplus | | | - | - | (157,700) | (420,200) | (424,500) | (315,800) | |
| | Transfer from Reserve | | | (141,200) | (334,800) | (27,600) | (28,100) | (28,100) | (28,100) | |
| | Equity in Capital Assets | | | (400,000) | (500,000) | (500,000) | (500,000) | (500,000) | (500,000) | |
| Interfund Allocation | | | (177,600) | (181,000) | (184,600) | (188,400) | (193,200) | (193,200) | | |
| Water Work in Progress | | | (100,000) | (100,000) | (100,000) | (100,000) | (100,000) | (100,000) | | |
| Revenue Total | | | (8,939,700) | (9,260,400) | (9,293,100) | (9,742,400) | (9,938,100) | (10,020,400) | | |
| Expense | CVRD Water Purchase | | | 4,436,400 | 4,433,500 | 4,477,900 | 5,108,000 | 5,159,000 | 5,210,600 | |
| | Water Engineering Services | | | 78,000 | 78,000 | 34,000 | 33,000 | 38,800 | 33,000 | |
| | Water Admin - Salaries/Wages | | | 372,300 | 301,300 | 308,000 | 314,200 | 320,600 | 327,000 | |
| | Water Admin - Training | | | 36,900 | 37,100 | 37,400 | 37,700 | 37,700 | 37,700 | |
| | Water Administration | | | 13,600 | 17,200 | 17,800 | 18,400 | 19,100 | 19,800 | |
| | Water Admin - BC One Call | | | 3,800 | 5,000 | 5,100 | 5,100 | 5,200 | 5,200 | |
| | Water Operations | Water Conservation Programs | | | 260,000 | 167,000 | 167,700 | 168,800 | 68,900 | 69,000 |
| | | Water Service | | | | 395,700 | 400,000 | 404,300 | 408,800 | 413,300 |
| | | Water Distribution Valve | | | | 50,000 | 50,400 | 51,000 | 51,600 | 52,200 |
| | | Water Quality & Cross Connection Control | | | | 80,000 | 81,200 | 82,400 | 83,600 | 84,800 |
| | | Water Main | | | | 200,000 | 202,400 | 204,900 | 207,500 | 210,100 |
| | | Water Hydrant/Blowoff | | | 191,900 | 194,000 | 196,500 | 199,100 | 201,800 | 204,500 |
| | | Water Meter | | | 103,900 | 138,300 | 139,200 | 140,200 | 141,200 | 142,200 |
| | | Water Pump Stations | | | 68,300 | 77,500 | 86,200 | 87,300 | 88,400 | 89,600 |
| | | Water Transmission and Distribution - OLD | | | 841,800 | | | | | |
| | | Water Meter Reading - OLD | | | 11,000 | | | | | |
| | | Water Water Enforcement - OLD | | | 26,600 | - | - | - | - | - |
| | | Water Operations Total | | | 1,503,500 | 1,302,500 | 1,323,600 | 1,338,000 | 1,251,800 | 1,265,700 |
| | Water Vehicle Charges | | | 79,800 | 66,500 | 66,500 | 66,500 | 66,500 | 66,500 | |
| | Water Fleet | | | (52,700) | (9,900) | (9,500) | (9,100) | (8,700) | (8,300) | |
| | Transfer to Reserve | Transfer to Reserve | | | 181,700 | 251,600 | | | | |
| | | | | CONTINGENCY RESERVE | | | | | | |
| | | | | TRANS TO WATER CAPITAL FUND | 195,000 | 350,000 | 890,000 | 640,000 | 640,000 | 640,000 |
| | | | | TRANS TO WATER UTILITY RESERVE | 57,500 | 58,700 | 59,800 | 61,100 | 62,200 | 62,200 |
| | | | | TRANS TO WATER ASSET MGMT RESERVE | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| | | | | TRANS TO WATER M&E RESERVE | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| | | | | TRANS TO WATER MFA RESERVE | 100 | 100 | 100 | 100 | 100 | 100 |
| | | | TRANS TO WATER RESERVE FOR FUTURE EXP | 114,600 | 307,800 | | | | | |
| Transfer to Reserve Total | | | 884,400 | 1,303,700 | 1,285,400 | 1,036,700 | 1,037,800 | 1,037,800 | | |
| Interfund Allocation | | | 1,053,100 | 1,094,900 | 1,116,300 | 1,123,900 | 1,153,200 | 1,168,300 | | |
| Water Work in Progress | | | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | | |
| Debt | | | 30,600 | 30,600 | 30,600 | 70,000 | 257,100 | 257,100 | | |
| Amortization | | | 400,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | | |
| Expense Total | | | 8,939,700 | 9,260,400 | 9,293,100 | 9,742,400 | 9,938,100 | 10,020,400 | | |
| Grand Total | | | - | - | - | - | - | - | | |

| Sub-Department Responsible | New, Renewal, or Project description | 2021 Proposed Budget | 2021 General Revenues | 2021 Reserves | 2021 Reserve for Future Expenditures | 2022 Proposed Budget | 2022 General Revenues | 2022 Reserves | 2023 Proposed Budget | 2023 General Revenues | 2023 Debt | 2024 Proposed Budget | 2024 General Revenues | 2024 Reserves | 2025 Proposed Budget | 2025 General Revenues | 2025 Reserves | |
|--|--------------------------------------|--|-----------------------|----------------|--------------------------------------|----------------------|-----------------------|------------------|----------------------|-----------------------|------------------|----------------------|-----------------------|----------------|----------------------|-----------------------|----------------|--|
| Engineering (Water) | Renewal | Sandpiper / Millard Water Main Upgrade | 650,000 | 350,000 | 300,000 | | | | | | | | | | | | | |
| | | Water Smart Initiatives - Transmission/Distribution Metering | 75,000 | | 75,000 | | 350,000 | 350,000 | | | | | | | | | | |
| | | Braidwood Road - Road & Utility - Water Component | 31,300 | | | 31,300 | | | 500,000 | 500,000 | | | | | | | | |
| | | Water - Sandwick Area Fireflow Upgrade | 25,000 | | | 25,000 | 500,000 | 500,000 | | | | | | | | | | |
| | Renewal Total | 781,300 | 350,000 | 375,000 | 56,300 | 850,000 | 500,000 | 350,000 | 500,000 | 500,000 | | | | | | | | |
| Engineering (Water) Total | | 781,300 | 350,000 | 375,000 | 56,300 | 850,000 | 500,000 | 350,000 | 500,000 | 500,000 | | | | | | | | |
| Public Works (Water) | New | Water - South Courtenay Secondary Transmission | 81,500 | | 81,500 | 250,000 | 250,000 | | 3,500,000 | | 3,500,000 | | | | | | | |
| | | City Watermain on private property | 70,000 | | 70,000 | 140,000 | 140,000 | | 140,000 | 140,000 | | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 | |
| | New Total | 151,500 | | 151,500 | 390,000 | 390,000 | | 3,640,000 | 140,000 | 3,500,000 | | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 | | |
| | Renewal | Water - Highway 19A Loop - Christie Parkway | 100,000 | | 100,000 | | | | | | | | | | | | | |
| Renewal Total | 100,000 | | 100,000 | | | | | | | | | | | | | | | |
| Public Works (Water) Total | | 251,500 | | 251,500 | 390,000 | 390,000 | | 3,640,000 | 140,000 | 3,500,000 | | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 | | |
| Public Works - Asset Management (Water) | Renewal | Water - Projects identified through Master Plan | | | | | | | | | | 1,000,000 | 500,000 | 500,000 | 1,000,000 | 500,000 | 500,000 | |
| Renewal Total | | | | | | | | | | | | 1,000,000 | 500,000 | 500,000 | 1,000,000 | 500,000 | 500,000 | |
| Public Works - Asset Management (Water) Total | | | | | | | | | | | | 1,000,000 | 500,000 | 500,000 | 1,000,000 | 500,000 | 500,000 | |
| Grand Total | | 1,032,800 | 350,000 | 375,000 | 307,800 | 1,240,000 | 890,000 | 350,000 | 4,140,000 | 640,000 | 3,500,000 | 1,140,000 | 640,000 | 500,000 | 1,140,000 | 640,000 | 500,000 | |

Debt Servicing Costs

| New, Renewal, or Project description | 2021 Proposed Budget | 2022 Proposed Budget | 2023 Proposed Budget | 2024 Proposed Budget | 2025 Proposed Budget |
|--------------------------------------|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Debt Interest | Existing Debt Interest | 10,500 | 10,500 | 10,500 | 10,500 |
| | New Debt Interest South Courtenay | | | 39,400 | 78,800 |
| Debt Interest Total | 10,500 | 10,500 | 49,900 | 89,300 | 89,300 |
| Debt Principal | Existing Debt Principal | 20,100 | 20,100 | 20,100 | 20,100 |
| | New Debt Principal South Courtenay | | | 147,700 | 147,700 |
| Debt Principal Total | 20,100 | 20,100 | 20,100 | 167,800 | 167,800 |
| Grand Total | 30,600 | 30,600 | 70,000 | 257,100 | 257,100 |

| WATER Surplus, Reserves and DCC Summary | Estimated | Budget | Proposed Budget | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | Actual | | | | | |
| Estimated Closing Balances | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Water Fund Surplus | | | | | | |
| Prior Year Surplus (unallocated) | 2,424,000 | 2,675,600 | 2,517,900 | 2,097,700 | 1,673,200 | 1,357,400 |
| Surplus Reserve for Future Expenditures (Unspent Capital 2020) | 307,800 | - | - | - | - | - |
| | 2,731,800 | 2,675,600 | 2,517,900 | 2,097,700 | 1,673,200 | 1,357,400 |
| Water Capital Reserves | | | | | | |
| Water Reserve | 1,676,700 | 1,601,700 | 1,251,700 | 1,251,700 | 1,251,700 | 1,251,700 |
| Asset Management Reserve | 658,100 | 658,100 | 958,100 | 1,258,100 | 1,058,100 | 858,100 |
| Water Machinery and Equipment | 280,200 | 310,200 | 340,200 | 370,200 | 400,200 | 430,200 |
| | 2,615,000 | 2,570,000 | 2,550,000 | 2,880,000 | 2,710,000 | 2,540,000 |
| Total Water Surplus and Reserves | 5,346,800 | 5,245,600 | 5,067,900 | 4,977,700 | 4,383,200 | 3,897,400 |
| Total Water DCC Bylaw #2426/2755 | 376,400 | 376,400 | 376,400 | 376,400 | 376,400 | 376,400 |

Purpose of Water Reserves

Prior Year Surplus : accumulated excess of revenues over expenses from prior years which has not been set aside

Reserve for Future Expenditure : revenues collected for 2020 capital projects unfinished and carried forward to

Water Utility Reserve , Bylaw #2885: established to promote operational improvements to the City's water distribution system and / or promote and implement programs that encourage residents to use water more

Asset Management Reserve , Bylaw #2818: established to acquire tangible capital assets relating to the water fund or for refurbishing, renewing or replacing existing tangible capital assets for those assets within the water fund

Water Machinery and Equipment , Bylaw #2269: established to fund replacement of depreciated or obsolete machinery and equipment in the water fund

Water DCC, Bylaw #2426/2755: to be used for approved water projects