



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council

File No.: 1705-20/1715-20

From: City Manager

Date: February 8, 2023

Subject: 2023 - 2027 Water Fund Financial Plan

PURPOSE:

The purpose of this report is for Council to consider the 2023 – 2027 Water Fund Financial Plan and the proposed water user fee changes for 2023.

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 2023 – 2027 Water Budget is a component of the annual City of Courtenay five year financial plan. It is proposed to increase the water user fee by 4.0% (2.0% - 2022) in the 2023 – 2027 Water Fund Financial Plan and leave the frontage rate unchanged.

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. The new water treatment facility was recently commissioned and now provides 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 increased the bulk water rate from \$0.80 to \$0.96 per m³ as of January 1, 2023, resulting in an increase of 20%. This has a significant impact as bulk water purchase is the largest expense in the water fund, currently representing just over 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.

After careful review of the water fund, staff is recommending a 4.0% (2.0% - 2022) increase to the water user fee for 2023, which represents an increase of \$20.65 (\$10.12 – 2022) for a single family. Of this increase, about \$13.90 is attributable to the CVRD water purchase, \$1.25 to other City water operating expenses and \$5.50 for capital expenses.

CAO RECOMMENDATIONS:

THAT Council give first, second and third readings to the Courtenay Fees and Charges Amendment Bylaw 3089, 2023 (Water Fees),

And

THAT Council approve the 2023-2027 Water Fund Financial Plan as presented for inclusion in the 2023-2027 Five-year plan.

Respectfully submitted,



Geoff Garbutt, M.Pl., MCIP, RPP
City Manager (CAO)

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 2023, 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 2023 - 2027.

The 2023-2027 Water Fund Financial Plan is a collaborative corporate effort following the City's Asset Management Bylaw 2981.

City of Courtenay 2023 – 2027 Water Fund Financial Plan

The proposed 2023-2027 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
- Attachment # 4 – Courtenay Fees and Charges Amendment Bylaw 3089, 2023

The water fund financial plan includes for 2023 projected revenues of \$10,961,500 and \$8,932,900 of operating expenses, \$29,300 of debt payment, \$1,080,700 transferred to the capital fund (including \$498,200 carried forward from 2022), \$393,600 transferred to various reserves and \$525,000 of amortization.

Water Operating Fund

Water Operating Expenses

The water operating expense budget is presented by activity in Table 1. The operating costs increase by \$1,147,800 or 14.7% between 2022 and 2023 budget. Most of the variance is related to the bulk water rate increase.

Table 1: Water Operating Expenses 2022 - 2023 Budget

Water Activity	Operating Activity	2022 BUDGET	2023 BUDGET	Budget increase (decrease)	Variance %
CVRD Water Purchase		4,477,900	5,454,700	976,800	
Water Admin - Salaries/Wages		420,300	466,900	46,600	
Water Administration		50,800	54,900	4,100	
Water Admin - Training		37,900	38,800	900	
Water Engineering Services		74,000	48,000	(26,000)	
Water Asset Mgmt		5,000	18,500	13,500	
Water Admin - BC One Call		5,400	5,900	500	
Water Operations	Water Main	170,800	169,300	(1,500)	
	Water Service	376,100	405,200	29,100	
	Water Distribution Valve	91,000	99,900	8,900	
	Water Hydrant/Blowoff	201,500	218,500	17,000	
	Water Meter	241,700	244,500	2,800	
	Water Pump Stations	99,200	103,200	4,000	
	Water Quality & Cross Connection Control	83,100	80,500	(2,600)	
	Water Conservation Programs	71,800	60,000	(11,800)	
Water Operations Total		1,335,200	1,381,100	45,900	
Water Fleet		58,100	64,300	6,200	
Water Work in Progress		100,000	100,000	-	
Interfund Allocation		1,220,500	1,299,800	79,300	
Grand Total		7,785,100	8,932,900	1,147,800	14.7%

Comox Valley Regional District Bulk Water Purchase

The purchase of potable water from the CVRD is the largest cost driver in the water operating fund, which represents 50% (47% - 2022) of the total water operating budget. The City reviews and adjusts the estimated consumption every year, although it remains difficult to estimate as water consumption depends on many

external factors, such as the weather and population growth. The water consumption for 2023-2027 is estimated based on prior year actual consumption and includes a general increase for consumption.

The CVRD bulk water rate is set to increase from \$0.80 to \$0.96 / m3 as of January 1, 2023: a 20% price adjustment, resulting in a significant increase of \$895,600 for 2023. A general increase in water consumption of 2% is included and represents an additional \$81,200 for a total increase of \$976,800.

Table 2 shows the combined financial impact of a greater consumption and higher rates on actual and estimated water consumption since 2018.

Table 2: Courtenay Water Bulk Purchase 2018-2027

Courtenay Bulk Water Purchase	Consumption m3	Consumption % increase	CVRD rate \$ / m3	rate % increase	Courtenay Annual Cost	Cost % increase
2018 Actual	4,947,081		\$0.75		\$3,710,311	
2019 Actual	4,989,913	0.9%	\$0.80	6.7%	\$3,991,931	7.6%
2020 Actual	4,671,511	-6.4%	\$0.80	0.0%	\$3,737,209	-6.4%
2021 Actual	5,277,350	13.0%	\$0.80	0.0%	\$4,221,880	13.0%
2022 Estimation	5,570,525	5.6%	\$0.80	0.0%	\$4,456,420	5.6%
2023 Estimation	5,681,936	2.0%	\$0.96	20.0%	\$5,454,658	22.4%
2024 Estimation	5,795,574	2.0%	\$0.96	0.0%	\$5,563,751	2.0%
2025 Estimation	5,911,486	2.0%	\$0.96	0.0%	\$5,675,027	2.0%
2026 Estimation	6,029,716	2.0%	\$0.96	0.0%	\$5,788,527	2.0%
2027 Estimation	6,150,310	2.0%	\$0.96	0.0%	\$5,904,298	2.0%

Water Administration and Training

Those sections include a portion of the salaries, wages and benefits of the Public Works Services management staff and Engineering team and training expenses. The variance is mainly due to contractual increase for salaries, wages and benefits.

Water Engineering Services

This section includes \$20,000 carried forward from 2022 to complete the water rates review as recommended in the Water Smart Action Plan presented to Council on October 28, 2019. This review is currently underway and conducted simultaneously with the sewer rates review.

Water Operation

The budget for water operations is expected to remain stable for 2023. 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 water infrastructure. Regular contractual increases are also included for crew wages and benefits.

Water Fleet

The Water Fleet budget is adjusted every year based on actual and anticipated equipment and vehicle usage.

Internal Allocations

Internal allocations are 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 administrative expenditures (personnel, utilities, materials, insurance, contracted services and fleet costs) as recognition of the 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 next year's budget. The variance represents the general increase in the General Government Services and Public Works expenses.

Water Revenues

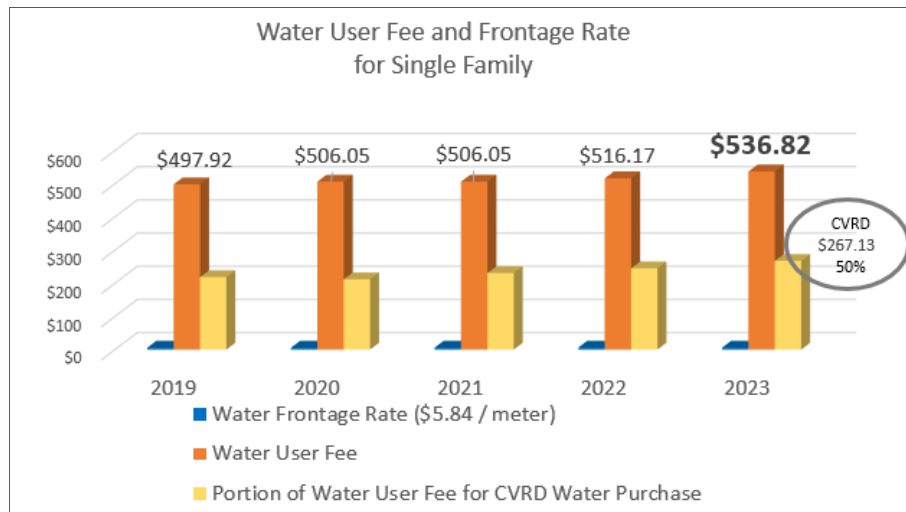
Water User and Frontage Fees

Revenues collected through water user and frontage fees are used to cover the costs of the operating and capital expenditures. Staff recommends maintaining the current frontage rate at \$5.84 per meter, which is expected to generate \$1,226,500 for 2023 (\$1,218,800 – 2022). Staff proposes to increase the 2023 water user fees by 4.0% (2.0% - 2022) with subsequent increases of 3.5% for the following three years and 2% for 2027. A 4.0% increase takes the residential water rate to \$536.82, a \$20.65 increase from the 2022 rate of \$516.17. An annual 0.5% increase is factored into the revenue calculations for population growth. The water user fees are expected to generate \$7,942,400 for 2023 (\$7,167,300 – 2022).

Through the implementation of the Water Master Plan, the estimations for future growth and asset end of life and replacement will be combined with the estimations for the other linear asset classes to create a draft 20 year capital asset management plan. This information, along with the water rates review planned to be completed in early 2023, 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 changes since 2019 in user fees for a single family are detailed in Graph 1. The portion of user fee used to fund the bulk water purchased from the CVRD is illustrated in yellow and corresponds to about \$267, or 50% for 2023, leaving about \$270 per household to fund City's other water related expenses.

Graph 1: Water user fees and frontage rate 2019-2023



Other Revenues

The water utility financial plan also includes miscellaneous revenues such as hydrant rentals, lawn sprinkling permits and park water usage for a total of \$294,400 for 2023 (\$291,200 – 2022).

Water Capital Fund

The projects included in the 2023 Water Capital Budget are listed in Table 3 below. The sources of funding and the projects scheduled for the four following years are detailed in Attachment 2.

Table 3: Water Capital Projects – 2023 Budget

2023 Proposed Budget	
Project description	Total
Water - Sandwich Area Fireflow Upgrade	1,376,500
Water - South Courtenay Secondary Transmission	601,000
Water Smart Initiatives - District Meter Zone	359,000
Sandpiper / Millard Water Main Upgrade	79,200
WATER - Cousins Ave - 20th to Willemar	15,000
Grand Total	2,430,700

Debt Servicing Costs

The Water Budget also includes debt servicing costs. The 2023 budget includes \$9,200 of interest payment and \$20,100 of principal payment for a total debt servicing cost of \$29,300 (\$29,300 – 2022). The projected debt servicing costs for 2023 to 2027 are included in Attachment 2.

Water Surplus and Reserves

The estimated closing balances for water surplus, reserves and Development Cost Charges (DCC) are presented in Table 4 below. The five year schedule is presented in Attachment 3.

Table 4: Estimated water surplus and reserves balance

WATER	Estimated	Budget
Surplus, Reserves and DCC Summary		
Estimated Closing Balances	2022	2023
Water Fund Surplus		
Prior Year Operating Surplus (unallocated)	4,738,600	4,287,800
Surplus Reserve for Future Expenditures (Unspent Capital 2022)	498,200	-
	5,236,800	4,287,800
Water Capital Fund Surplus (unexpended debt)	108,900	108,900
Water Capital Reserves		
Water Utility Reserve	1,782,900	1,730,600
Asset Management Reserve	1,327,800	377,800
Water Machinery and Equipment	347,800	377,800
	3,458,500	2,486,200
Total Water Surplus and Reserves	8,804,200	6,882,900
Total Water DCC Bylaw #2426/2755	724,200	724,200

Operating Surplus

The prior year operating surplus balance is estimated at \$4.7M at the end of 2022. An amount of \$450,800 is budgeted to be used in 2023 to balance the water budget. Although a significant portion of the prior year surplus is projected to be used in this 5 year plan, the annual surplus balance will remain above Staff recommended minimum equivalent to 2 to 3 months of operating expenses, about \$1.5M to \$2.2M.

The reserve for future expenditures of \$498,200 represents unspent monies collected in 2022 to fund 2022 capital projects carried forward and to be used in 2023.

Capital Reserves

The Water Utility Reserve is to be used only to fund water efficiency programs and initiatives. Half of the meter rental revenue, \$63,500 for 2023 (\$60,800 – 2022), is transferred to this reserve every year. In 2023, \$100,000 will fund the installation of distribution system zone meters at the CVRD connection points, included under the Water Smart Initiatives capital project. An amount of \$15,800 is used to fund the water conservation ambassador project, included in the water operating budget.

In 2023, the Asset Management reserve will provide \$1,15M in funding for the Sandwich Area Fireflow Upgrade and \$100,000 to fund the portion of the Water Smart Initiatives related to the City Watermain on private property.

For 2023, a recommended contribution of \$300,000 to the Asset Management reserve and a contribution of \$30,000 to the Water Machinery and Equipment reserve are included and consistent with previous financial plans.

Development Cost Charges (DCC)

The City's DCC bylaw is set to be updated in 2023 however this process will take some time and therefore no anticipated changes in the DCC budget are included for 2023. DCC are presented as deferred revenues in the financial statements and are not included with the reserves.

*Connection Fees**Waterworks Distribution System Connection Fee*

There is proposed update to the waterworks distribution system fee schedule to increase connection fees to \$5,500 from \$2,500 for a ¾ inch connection and to \$6,500 from \$3,500 for a 1-inch connection. The average cost of a ¾ inch connection is from 2019 through 2020 was \$8,293 while connection fees have been limited to \$2,500. Over the two-year period the City has provided a subsidy to water connections of about \$134,000. By increasing the connection fees over the next several years, the City will near the break-even point for this service. Although for 2023 the fees will not be at the break-even point, a phased approach is recommended as significant change in fees can be more challenging to implement.

FINANCIAL IMPLICATIONS:

To cover the overall cost to deliver the water utility operating and capital activities, an increase of 4.0% is recommended for 2023. This will result in an annual increase of \$20.65 in the single family user rate, of which approximately \$13.90 is attributable to the bulk water purchase from CVRD.

ADMINISTRATIVE IMPLICATIONS:

Subsequent to Council endorsing the recommended increase for the 2023-2027 Water Fund Financial Plan and user fees bylaw, staff will update the financial system with the new rates, prior to the 2023 utility billing.

Once finalized, the water budget will be incorporated as part of the statutory component of the five year financial plan.

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:

Municipal Infrastructure

OBJECTIVES:

1. Infrastructure and services are resilient to risks and impacts of climate change
2. Infrastructure investments are guided by a multiple bottom line decision-making approach: this means energy efficient, fiscally responsible, equitably distributed, sustainable levels of service that protect public health, safety, and the environment
3. Natural and engineered forms of green infrastructure are integrated to manage rainwater resources, protect water and air quality, maintain ecosystem function, provide flood control, and address and adapt to climate impacts
4. Solid waste, potable water, sanitary sewer and rain and stormwater infrastructure life-cycle costs are minimized by increasing conservation actions and reducing the need to develop new infrastructure capacity
5. Third party utility providers such as energy and communications utilities are low carbon and reliable

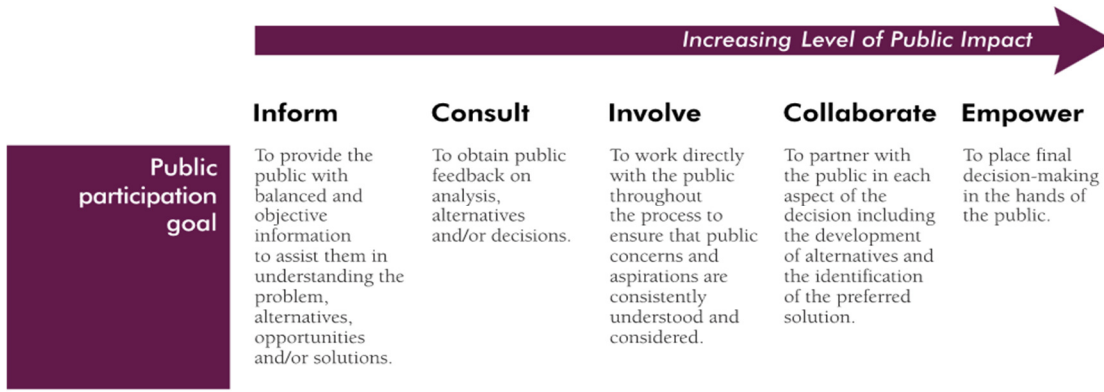
REGIONAL GROWTH STRATEGY REFERENCE:

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).

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 2023-2027 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 2023-2027 Financial Plan Bylaw.

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



OPTIONS:

Option 1:

THAT Council give first, second and third readings to the Courtenay Fees and Charges Amendment Bylaw 3089, 2023 (Water Fees),

And

THAT Council approve the 2023-2027 Water Fund Financial Plan as presented for inclusion in the 2023-2027 Five-year plan.

Option 2:

That Council provide alternative direction to staff.

Prepared by:

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Reviewed by:

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Reviewed by:

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Concurrence by:

Geoff Garbutt, M.PI., MCIP, RPP
City Manager (CAO)

Attachments:

1. Water Operating Fund Budget Overview
2. Water Capital Fund and Debt Budget Overview
3. Water Surplus, Reserves and DCC Projections
4. Courtenay Fees and Charges Amendment Bylaw 3089, 2023

Water Operating Fund Budget 2023-2027

Frontage Rate \$/m	\$ 5.84	\$ 5.84	\$ 5.84	\$ 5.84	\$ 5.84	\$ 5.84
Water Utility Rate	\$ 516.17	\$ 536.82	\$ 552.92	\$ 569.51	\$ 586.60	\$ 598.33
Water Utility Rate Annual Increase \$	\$ 10.12	\$ 20.65	\$ 16.10	\$ 16.59	\$ 17.09	\$ 11.73
Water Utility Rate Annual Increase %	2.0%	4.0%	3.0%	3.0%	3.0%	2.0%

Expense Type	Activity2	Activity	DESC	Variance						
				2022 BUDGET	2023 BUDGET	2023 Budget - 2022 Budget	2024 BUDGET	2025 BUDGET	2026 BUDGET	2027 BUDGET
Revenue	Water Frontage	Water Frontage	WATER FRONTAGE TAX	(1,218,800)	(1,226,500)	(7,700)	(1,232,700)	(1,238,800)	(1,245,000)	(1,251,300)
			WATER PARCEL TAX	(8,400)	(8,400)	-	(8,400)	(8,400)	(8,400)	(8,400)
	Water Frontage Total			(1,227,200)	(1,234,900)	(7,700)	(1,241,100)	(1,247,200)	(1,253,400)	(1,259,700)
	Water Utility Fees	Water Utility Fees	FLAT RATE WATER	(4,742,500)	(4,969,400)	(226,900)	(5,142,200)	(5,320,900)	(5,505,700)	(5,641,500)
			METERED WATER	(2,303,300)	(2,846,100)	(542,800)	(2,938,500)	(3,034,200)	(3,133,000)	(3,203,800)
			METER RENTALS CHG	(121,500)	(126,900)	(5,400)	(129,600)	(132,200)	(134,700)	(137,400)
	Water Utility Fees Total			(7,167,300)	(7,942,400)	(775,100)	(8,210,300)	(8,487,300)	(8,773,400)	(8,982,700)
	Water Other Revenues			(6,600)	(6,100)	500	(6,100)	(6,100)	(6,100)	(6,100)
	Water Work in Progress			(100,000)	(100,000)	-	(100,000)	(100,000)	(100,000)	(100,000)
	Interfund Allocation			(184,600)	(188,300)	(3,700)	(192,000)	(195,900)	(199,800)	(204,800)
	Transfer from Prior Year Surplus			-	(450,800)	(450,800)	(50,200)	(42,600)	(94,200)	-
	Transfer from Reserve	Transfer from Reserve	RESERVE FOR FUTURE EXPEND.	(170,000)	(498,200)	(328,200)	-	-	-	-
			TRSF FROM WTR EFFICIENCY RESERVE	(130,700)	(15,800)	114,900	(16,100)	(16,400)	(16,700)	(17,000)
	Transfer from Reserve Total			(300,700)	(514,000)	(213,300)	(16,100)	(16,400)	(16,700)	(17,000)
	Equity in Capital Assets			(525,000)	(525,000)	-	(525,000)	(525,000)	(525,000)	(525,000)
Revenue Total				(9,511,400)	(10,961,500)	(1,450,100)	(10,340,800)	(10,620,500)	(10,968,600)	(11,095,300)
Expense	CVRD Water Purchase			4,477,900	5,454,700	976,800	5,563,800	5,675,000	5,788,500	5,904,300
	Water Admin - Salaries/Wages			420,300	466,900	46,600	488,500	496,800	505,300	513,700
	Water Administration			50,800	54,900	4,100	55,400	56,000	56,500	56,500
	Water Admin - Training			37,900	38,800	900	39,100	39,400	39,800	39,800
	Water Engineering Services			74,000	48,000	(26,000)	34,000	28,000	28,000	28,000
	Water Admin - BC One Call			5,400	5,900	500	6,100	6,300	6,400	6,400
	Water Asset Mgmt			5,000	18,500	13,500	18,500	18,500	18,500	18,500
	Water Operations	Water Conservation Programs		71,800	60,000	(11,800)	60,800	62,000	62,700	63,000
		Water Service		376,100	405,200	29,100	409,600	416,700	432,900	432,900
		Water Distribution Valve		91,000	99,900	8,900	100,600	101,800	103,100	103,100
		Water Quality & Cross Connection Control		83,100	80,500	(2,600)	81,700	83,300	84,600	84,600
		Water Main		170,800	169,300	(1,500)	172,300	176,200	178,400	178,400
		Water Hydrant/Blowoff		201,500	218,500	17,000	221,400	225,600	228,600	228,600
		Water Meter		241,700	244,500	2,800	245,600	248,500	249,600	249,600
		Water Pump Stations		99,200	103,200	4,000	104,400	106,300	107,400	107,400
	Water Operations Total			1,335,200	1,381,100	45,900	1,396,400	1,420,400	1,447,300	1,447,600
	Water Fleet			58,100	64,300	6,200	64,600	65,100	65,300	65,300
	Water Work in Progress			100,000	100,000	-	100,000	100,000	100,000	100,000
	Interfund Allocation			1,220,500	1,299,800	79,300	1,360,700	1,356,000	1,378,700	1,396,400
	Transfer to Reserve	Transfer to Reserve	CONTINGENCY RESERVE	86,100	-	(86,100)	-	-	-	164,900
			TRANS TO WATER CAPITAL FUND	525,000	582,500	57,500	264,500	335,000	280,000	75,000
			TRANS TO WATER UTILITY RESERVE	60,800	63,500	2,700	64,800	66,100	67,400	68,700
			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	170,000	498,200	328,200	-	-	-	-
	Transfer to Reserve Total			1,172,000	1,474,300	302,300	659,400	731,200	677,500	638,700
	Debt			29,300	29,300	-	29,300	102,800	331,800	355,100
	Amortization			525,000	525,000	-	525,000	525,000	525,000	525,000
Expense Total				9,511,400	10,961,500	1,450,100	10,340,800	10,620,500	10,968,600	11,095,300
Grand Total				-	-	-	-	-	-	-

Category	Project description	2022 Budget	2022 Forecast	2023 Proposed Budget	2023 Taxation - User fees	2023 Reserve for Future Expenditures	2023 Reserves	2024 Proposed Budget	2024 Taxation - User fees	2024 Reserves	2025 Proposed Budget	2025 Taxation - User fees	2025 Fed / Prov Funding	2025 Debt
New	Water - South Courtenay Secondary Transmission	250,000	22,000	601,000	373,000	228,000					3,500,000	250,000		3,250,000
	Water Smart Initiatives - District Meter Zone	350,000	66,000	359,000	42,000	117,000	200,000	400,000	200,000	200,000	75,000	75,000		
New Total		600,000	88,000	960,000	415,000	345,000	200,000	400,000	200,000	200,000	3,575,000	325,000		3,250,000
Renewal	Braidwood Road - Road & Utility - Water Component	20,300	9,000	-	-						10,000	10,000		
	Sandpiper / Millard Water Main Upgrade	107,200	28,000	79,200		79,200								
	Water - Highway 19A Loop - Christie Parkway	42,500	61,700											
	Water - Sandwick Area Fireflow Upgrade	125,000	51,000	1,376,500	152,500	74,000	1,150,000							
	WATER - Cousins Ave - 20th to Willemar	-	-	15,000	15,000			64,500	64,500		644,800		344,800	300,000
Renewal Total		295,000	149,700	1,470,700	167,500	153,200	1,150,000	64,500	64,500		654,800	10,000	344,800	300,000
Grand Total		895,000	237,700	2,430,700	582,500	498,200	1,350,000	464,500	264,500	200,000	4,229,800	335,000	344,800	3,550,000

Category	Project description	2026 Proposed Budget	2026 Taxation - User fees	2026 Reserves	2026 Debt	2027 Proposed Budget	2027 Taxation - User fees	2027 Debt
	Water Smart Initiatives - District Meter Zone	400,000	200,000	200,000		75,000	75,000	
	South Courtenay PRV and Booster Station Upgrades (Buckstone Rd)	50,000	50,000			500,000		500,000
	New PRV Connection to 87 Zone (Cumberland - Arden)	30,000	30,000			300,000		300,000
New Total		480,000	280,000	200,000	-	875,000	75,000	800,000
Renewal	Braidwood Road - Road & Utility - Water Component	500,000			500,000			
Renewal Total		500,000			500,000			
Grand Total		980,000	280,000	200,000	500,000	875,000	75,000	800,000

Debt Servicing Costs

New, Renewal, or Debt	Project description	2022 Budget	2023 Proposed Budget	2024 Proposed Budget	2025 Proposed Budget	2026 Proposed Budget	2027 Proposed Budget
Debt Interest	Existing Debt Interest	9,200	9,200	9,200	9,200	4,600	-
	New Debt Interest				73,500	157,300	184,200
Debt Interest Total		9,200	9,200	9,200	82,700	161,900	184,200
Debt Principal	Existing Debt Principal	20,100	20,100	20,100	20,100	20,100	-
	New Debt Principal					149,800	170,900
Debt Principal Total		20,100	20,100	20,100	20,100	169,900	170,900
Grand Total		29,300	29,300	29,300	102,800	331,800	355,100

**City of Courtenay
for the Years 2023 - 2027**

WATER Surplus, Reserves and DCC Summary	Estimated	Budget	Proposed Budget			
Estimated Closing Balances	2022	2023	2024	2025	2026	2027
Water Fund Surplus						
Prior Year Operating Surplus (unallocated)	4,738,600	4,287,800	4,237,600	4,195,000	4,100,800	4,265,700
Surplus Reserve for Future Expenditures (Unspent Capital 2022)	498,200	-	-	-	-	-
	5,236,800	4,287,800	4,237,600	4,195,000	4,100,800	4,265,700
Water Capital Fund Surplus (unexpended debt)	108,900	108,900	108,900	108,900	108,900	108,900
Water Capital Reserves						
Water Utility Reserve	1,782,900	1,730,600	1,679,300	1,729,000	1,679,700	1,731,400
Asset Management Reserve	1,327,800	377,800	577,800	877,800	1,077,800	1,377,800
Water Machinery and Equipment	347,800	377,800	407,800	437,800	467,800	497,800
	3,458,500	2,486,200	2,664,900	3,044,600	3,225,300	3,607,000
Total Water Surplus and Reserves	8,804,200	6,882,900	7,011,400	7,348,500	7,435,000	7,981,600
Total Water DCC Bylaw #2426/2755	724,200	724,200	724,200	724,200	724,200	724,200

Purpose of Water Reserves

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

Reserve for Future Expenditure : revenues collected for 2022 capital projects unfinished and carried forward to 2023

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 efficiently

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

THE CORPORATION OF THE CITY OF COURTENAY

BYLAW NO. 3089, 2023

A bylaw to amend City of Courtenay Fees and Charges Bylaw No. 1673, 1992

The Council of the Corporation of the City of Courtenay in open meeting assembled enacts as follows:

1. This bylaw may be cited for all purposes as **“City of Courtenay Fees and Charges Amendment Bylaw No. 3089, 2023.”**
2. That “City of Courtenay Fees and Charges Bylaw No. 1673, 1992” be amended as follows:
 - (a) That Schedule of Fees and Charges, Section III, Appendix I, “Waterworks Distribution System” be hereby repealed and substituted therefore by the following attached hereto and forming part of this bylaw:

Schedule of Fees and Charges Section III, Appendix I – Waterworks Distribution System

3. This bylaw shall come into effect upon final adoption hereof.

Read a first time this day of , 2023

Read a second time this day of , 2023

Read a third time this day of , 2023

Finally passed and adopted this day of , 2023

Mayor Bob Wells

Adriana Proton, Corporate Officer

**SCHEDULE OF FEES AND CHARGES
CITY OF COURTENAY FEES AND CHARGES
AMENDMENT BYLAW NO. 3089, 2023
SECTION III, APPENDIX I**

WATERWORKS DISTRIBUTION SYSTEM

1. CONNECTION FEES

- (a) Pursuant to Section 3.2 of Water Regulations and Rates Bylaw No. 1700, 1994, and amendments thereto, every applicant shall pay to the City before any work is done on the connection, a connection fee as follows:

Connection Size

Within the City

Connection from either side of road to property line	
20 millimetres (3/4 inch)	\$5,500.00
25 millimetres (1 inch)	\$6,500.00

Outside the City

20 millimetres (3/4 inch)	Actual City cost plus 25%
with a minimum charge of \$5,500.00	

- (b) Where a larger connection than those listed above is required, the connection will be installed at City cost plus 25%.

(c) **Water Turn On and Turn Off**

If turn on or turn off is for a purpose other than maintenance or the commissioning of a new service the following fees will apply:

Inside the City	\$70.00 for each water turn on or turn off
Outside the City	\$100.00 for each water turn on or turn off

(d) **Abandonment Fee**

Fee for disconnecting an abandoned service connection at the water main irrespective of the size of the connection	Actual City cost plus 25%, with a minimum charge of \$2,500.00
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2. WATER UTILITY USER RATES

(a) Unmetered Water

The minimum user rate per year or portion thereof for unmetered accounts shall be as follows:

	Bylaw Rates (per annum) Effective Date January 1, 2023
Single Family Dwelling	536.82
Multiple Family Dwelling -per unit	453.44
Commercial	513.00
Outside Commercial Users	926.20
Outside Residential Users	926.20

(b) Metered Water

All metered accounts for the quantity of water used each quarter shall be calculated at the following rates:

	Bylaw Rates Effective Date January 1, 2023
Multi-Family Metered	
0 - 48.0 cubic metres	88.80
Greater than 48.1 cubic metres	1.85
Commercial Metered	
0 - 48.0 cubic metres	88.80
Greater than 48.1 cubic metres	1.85
Regional Standpipe, Regional Playfields	Bulk Water Rate plus 30%
Outside City - Multi-Family Metered	
0 - 48.0 cubic metres	115.44
Greater than 48.1 cubic metres	2.41
Outside users - Commercial Metered	
0 - 48.0 cubic metres	115.44
Greater than 48.1 cubic metres	2.41
Regional District bulk	1.85
Sandwich - summer only	536.82

- (c) Where a meter is found not to register, the charge shall be computed on the basis of the amount of water used during the time the meter was working, or from any other information or source which can be obtained, and such amount so composed shall be paid by the consumer.

- (d) Where a commercial or industrial consumer has not been connected to a water meter through non-availability of the water meter or because of special exemption being granted by the City, water charges to the consumer will be computed on the basis of consumption recorded for other similar purposes in the City, or from any other information or source which can be obtained, and such amount so computed shall be paid by the consumer.
- (e) Where it has been determined that a water leak has occurred during the last billing period on the buried portion of the service between the water meter and the point where the service pipe enters the building, a maximum one time rebate of 40% of the metered water utility fee to compensate for the water leak will be made at the discretion of the Finance Officer based on the following:
 - i. The leak occurred on the buried water service;
 - ii. That a leak of that nature would have caused the volume of excess water usage;
 - iii. The leak did not occur as a result of negligence of the owner;
 - iv. The owner has provided satisfactory evidence that the leak has been permanently repaired.

WATER METER RENTALS

a) Water meter fee shall be as follows:

Bylaw Rates	
Effective Date	
January 1, 2023	
Monthly Rates	
Up to 3/4"	1.71
1"	4.76
1 1/4" - 1 1/2"	9.50
2"	14.23
3"	23.69
4"	46.88
6"	70.91
8"	94.61
10"	118.29

The above meter fee shall be added to the monthly water rates and will apply both inside and outside the City.

METER READING CHARGE

Each call after the first one of each month if access has not been provided or if readings extra to the quarterly reading are requested

\$35.00 per call

3. SUPPLY OF WATER FROM FIRE HYDRANTS OR OTHER SOURCE

- (a) Water may be supplied from a fire hydrant or other for the use of developers during the course of construction of multi-family, industrial, and commercial developments. The charge for such water usage shall be:

For buildings with a gross floor area up to and including 250 square meters	\$250.00
For buildings greater than a gross floor area of 250 square meters	Minimum charge of \$250.00, plus \$0.10 per square meter for floor area in excess of 250 square meters.

- (b) Where water is supplied from a fire hydrant or other non-metered source for other uses, the amount of water supplied will be invoiced in accordance with Section 2 – Water Utility Users Rates – Metered Water.
- (c) Charge to service fire hydrant after use:

\$95.00 and/or any service costs that may arise from servicing a hydrant in respect of its use.

4. UTILITY BILLING ADJUSTMENTS AND COLLECTION

- a) Where a billing error is suspected by the consumer, notification in writing must be made to the City of Courtenay Finance Department within one year of the original billing date for review and consideration. Upon investigation, if it is determined by the City that an error occurred and the consumer has been overcharged, an adjustment will be made to the utility bill in question in an amount to be determined by the City. The City will not provide refunds or adjustments to billing errors made more than two years prior to the date of the notification being received by the City.
- b) The rates and charges, enumerated in this Bylaw, are hereby imposed and levied for water supplied or ready to be supplied by the City and for the provision of the service and other water related services. All such rates and charges which are imposed for work done or services provided to lands or improvements shall form a charge on those lands which may be recovered from the Owner of the lands in the same manner and by the same means as unpaid taxes.