

**THE CORPORATION OF THE CITY OF COURTENAY  
NOTICE OF  
COMMITTEE OF THE WHOLE MEETING**

*We respectfully acknowledge that the land on which we gather is the  
unceded traditional territory of the K'ómoks First Nation*

**DATE:** Monday, February 25, 2019  
**PLACE:** City Hall Council Chambers  
**TIME:** 4:00 p.m.

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**AGENDA**

**K'OMOKS FIRST NATION ACKNOWLEDGEMENT**

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**1.00 STAFF REPORTS/PRESENTATIONS**

1. Cultural Study Workshop  
Facilitated by Patricia Huntsman, Culture + Communication

**2.00 RESOLUTIONS OF COUNCIL**

**1. In Camera Meeting**

That Council now adjourn to Special In-Camera pursuant to the following sub-sections of the *Community Charter*:

- 90 (1) (e) the acquisition, disposition or expropriation of land or improvements, if the council considers that disclosure could reasonably be expected to harm the interests of the municipality.

**1.00 STAFF REPORTS/PRESENTATIONS CONTINUED**

2. Council Strategic Priorities Draft 2019 - 2022
- 1 3. 2019 - 2023 Water Fund Financial Plan
- 13 4. 2019 - 2023 Sewer Fund Financial Plan

**3.00 ADJOURNMENT**





## STAFF REPORT

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**To:** Council  
**From:** Chief Administrative Officer  
**Subject:** 2019 – 2023 Water Fund Financial Plan

**File No.:** 1705-20/1715-20  
**Date:** February 25, 2019

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### PURPOSE:

The purpose of this report is for Council to consider the 2019–2023 Water Fund Financial Plan and the proposed water user fee increase for 2019.

### 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 2019–2023 Water budget funds the City's water service and is a component of the annual City of Courtenay five year financial plan. A proposed increase of 6.5% of the 2019 water user fee has been incorporated into the 2019 – 2023 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 system 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, including a new water treatment facility, in order to provide a continuous supply of high quality water to the growing Comox Valley population. To fund these major capital improvements, CVRD has increased the bulk water rate for a few years and will increase the rate for another three years, according to its proposed financial plan. For 2019, the CVRD bulk water rate is increasing from \$0.75 to \$0.80 per cubic meter, with planned increases to \$0.83 in 2020 and \$0.85 in 2021-2023. This has a significant impact as bulk water purchase from the CVRD is the largest expense in the water fund, currently representing 62 percent of the total operating costs.

Similar to the CVRD, the City is required to generate revenues sufficient to fulfil its commitment to operate a Class IV 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 Vancouver Island Health Authority, also called “Island Health” (VIHA).

The recommended 2019 financial plan incorporates a 6.5% user fee increase to cover for higher operating costs. A single family residence will see an annual cost increase of \$30.39.

**CAO RECOMMENDATIONS:**

That based on the February 25, 2019 staff report “2019 – 2023 Water Fund Financial Plan”, Council approve the 2019 – 2023 Water Fund Financial Plan, and that water user fee revenue be increased by 6.5% for 2019; and

That Council direct staff to amend the “City of Courtenay Fees and Charges Bylaw No. 1673, 1992” to reflect this increase.

Respectfully submitted,



David Allen, BES, CLGEM, SCLGM  
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 2019, as well as projections for the four following years to 2023. With Council’s approval, the corresponding rates bylaws will be prepared and presented to Council for adoption.

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 IV water distribution system. The City must comply with VIHA regulatory standards and permit requirements. 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 2019 - 2023.

The water utility service is designed to be self-funding with no reliance on funding from the general property tax levy.

The 2019-2023 Water Fund Financial Plan is a collaborative corporate effort following the City's Asset Management Policy and the CAO Asset Management Working Group Directive.

## City of Courtenay 2019 – 2023 Water Financial Plan

The proposed 2019-2023 Water Fund Financial Plan is detailed in the following attachments:

Attachment 1: Water Operating Fund Overview

Attachment 2: Water Capital Fund Overview

Attachment 3: Water Surplus, Reserves and DCC

The water fund financial plan includes projected revenues of \$9,109,200 for 2019 and \$6,940,200 of operating expenses, \$300,000 of amortization, a \$1,593,000 transfer to the capital fund and a \$276,000 transfer to reserves.

### 2019 Water Operating Fund

#### *Water Operating Expenses*

The water operating expenses are presented by economic segment in Table 1. The overall increase in operating costs between 2018 and 2019 budget is \$275,400 or 4.1%.

Table 1: Water Operating Expense 2018 - 2019 Budget

<b>Water Operating Expenses</b>	<b>2018</b>	<b>2019</b>	<b>2018-2019</b>
	<b>Final</b>	<b>Final</b>	<b>Budget</b>
	<b>Budget</b>	<b>Budget</b>	<b>Variance</b>
<b>Expenditures by Economic Segments</b>			
Personnel	1,017,200	1,196,500	179,300
General Services	289,400	196,300	(93,100)
Insurance	12,000	12,300	300
Internal Allocations	1,020,200	970,600	(49,600)
Bulk Water Purchase (CVRD)	4,022,600	4,275,800	253,200
Goods	299,300	284,500	(14,800)
Utilities	4,100	4,200	100
<b>Total Operating costs</b>	<b>6,664,800</b>	<b>6,940,200</b>	<b>275,400</b>

#### *Personnel*

Personnel cost includes the wages and benefits for staff working in the water and utility operation, and a portion of the salaries, wages and benefits of the Public Works management staff and Engineering team. Personnel costs are rising due to an increase in benefits of about \$40,000, of which half is related to the new Employer Health Tax. About \$20,000 is related to the salaries and wages annual increase and \$120,000 is due to an increase in Island Health permit mandated programs such as increased weekly testing, Uni-Directional flushing, leak detection, Cross-Connection Control, and Industrial, Commercial and Institutional metering (ICI) programs. Prior to 2015, these programs had not been performed.

In 2018, Council approved a “Water Smart Action Plan” (grant funded 50%) and it is anticipated that the Plan will be completed by March 31, 2019. This Plan will outline the City’s water conservation strategy and make recommendations for future initiatives. This Plan will further inform future year’s operating programs.

#### *General Services*

The reduction in general services is due to less consulting fees needed for the water master plan: 2018 budget included \$110,000 and 2019 budget includes \$25,000 for the completion of the master plan, which results in a reduction of \$85,000 for 2019.

#### *Internal Allocations*

Internal allocations is a percentage of the General Fund, Public Works and fleet expenses transferred to the Water Fund. The intent is to transfer a reasonable amount for General Government and Public Works expenditures (personnel, utilities, materials, insurance, contracted services and fleet costs) as recognition of the administrative costs necessary to provide the service. A transfer for engineering staff time to capital projects is also included in this segment.

The water allocation is set at 14.5% of the General Government Services and 19% of the Public Works Administrative expenses based on a prior year estimate. The allocation percentage is usually reviewed every couple years and will be analyzed again before the 2020 budget.

#### *Comox Valley Bulk Water Purchase*

The City of Courtenay purchases potable water from the CVRD. This is the largest cost driver in the water operating fund, which represents 62% of the total operating expenses. The City reviews and adjusts the estimated consumption every year. The 2019 estimate is based on a total increase of 2.6%: 1.1% for annual population growth, 2.0% for historical demand increase and 0.5% decrease to account for various water efficiency initiatives.

CVRD is increasing the water rates in 2019, 2020 and 2021 in order to fund regional capital projects. The rate is raising from \$0.75 in 2018 to \$0.80 per cubic meter for 2019.

The combined financial impact of a greater consumption and higher rates is estimated to be 9.4% for 2019 as demonstrated in Table 2.

Table 2: Courtenay Water Bulk Purchase 2016-2023

Courtenay Bulk Water Purchase	consumption m3	consumption % increase	CVRD rate \$ / m3	rate % increase	Courtenay Annual Cost	cost % increase
2016 Actual	4,971,328		\$0.66		\$3,292,153	
2017 Actual	5,369,875	8.0%	\$0.71	7.2%	\$3,812,611	15.8%
2018 Actual	5,210,273	-3.0%	\$0.75	5.6%	\$3,907,705	2.5%
2019 Estimation *	5,344,754	2.6%	\$0.80	6.7%	\$4,275,803	9.4%
2020 Estimation *	5,480,449	2.6%	\$0.83	3.7%	\$4,548,773	6.4%
2021 Estimation *	5,619,589	2.6%	\$0.85	2.4%	\$4,776,651	5.0%
2022 Estimation *	5,762,262	2.6%	\$0.85	0.0%	\$4,897,923	2.5%
2023 Estimation *	5,908,557	2.6%	\$0.85	0.0%	\$5,022,274	2.5%

**Water Revenues**

Revenues collected with the water user fees and frontage fees are used to cover the costs of the operating and capital expenditures. Staff recommend maintaining the current frontage fee at \$5.84 per meter, which is expected to generate \$1,166,700 for 2019. An increase of 6.5% to the water user fee is proposed for the next two years to fund the increase in the CVRD bulk water rate. The water user fees are expected to generate \$6,571,800 for 2019. A reduction in revenue due to the closure of the dairy product processing plant is also included in the five year plan.

The change in the user fees since 2016 is detailed in Table 3.

Table 3: Water user and frontage fees 2016-2019

Annual	Water User Fee		Water Frontage Fee	
	One-time	Change	per meter	Change
2016	\$369.59		\$3.74	\$ -
2017	\$425.03	\$55.44	\$4.68	\$0.94
2018	\$467.53	\$42.50	\$5.84	\$1.16
2019	\$497.92	\$30.39	\$5.84	\$ -

The water utility financial plan also includes miscellaneous revenues such as meter and hydrant rental and the park water user fees for a total of \$266,200 for 2019.

**2019 Water Capital Fund**

The projects included in the 2019 Water Capital Budget are presented in Table 4 below. Most projects were started in 2018 and will continue in 2019. The new projects in 2019 are the South Water Extension and Sandpiper / Millard upgrade. The source of funding and the projects scheduled for the four following years are detailed in Attachment 2.

Table 4: Water Capital Projects – 2019 budget

Water Capital Projects	2019 Proposed Budget
Sandwich Conversion	\$1,450,000
Sandwich Conversion - CICC	\$325,000
Willemar Ave -17 St to 21 St - Watermain Replacement	\$177,000
Connector 19A Fire Chamber Removal	\$116,500
Buckstone Water Booster Pump Station - Improvements	\$103,500
South Courtenay Secondary Transmission	\$100,000
Sandpiper / Millard upgrade	\$40,000
Braidwood Rd - Road & Utility Reconstruction - Water	\$35,800
<b>Grand Total</b>	<b>\$2,347,800</b>

The Water Capital Fund also includes debt servicing costs. The 2019 budget includes \$12,600 of interest payment and \$24,200 of principal payment for a total debt servicing costs of \$36,800. The projected debt servicing costs for 2020 to 2023 are included in the Attachment 2.

### 2019 Water Surplus and Reserves

The estimated closing balances for water surplus, reserves and Development Cost Charges (DCC) are presented in Table 5 below. The estimated closing balances for the four following years are included in Attachment 3.

Table 5: Estimated water surplus and reserves balance

<b>WATER</b>	Unaudited	Budget
<b>Surplus, Reserves and DCC Summary</b>	Actual	
Estimated Closing Balances	<b>2018</b>	<b>2019</b>
<b>Water Fund Surplus</b>		
Prior Year Surplus (unallocated)	\$1,329,200	\$1,107,300
Surplus Reserve for Future Expenditures (Unspent Capital 2018)	456,700	-
	<u>1,785,900</u>	<u>1,107,300</u>
<b>Water Capital Reserves</b>		
Water Reserve	1,578,500	1,619,900
Asset Management Reserve	932,700	341,100
Water Machinery and Equipment	318,600	186,100
	<u>2,829,800</u>	<u>2,147,100</u>
<b>Total Water Surplus and Reserves</b>	<b>\$4,615,700</b>	<b>\$3,254,400</b>
<b>Total Water DCC Bylaw #2426/2755</b>	<b>\$489,700</b>	<b>\$489,700</b>

#### *Operating Surplus*

The 2019 budget includes the use of prior year surplus in the amount of \$221,900 to help cover the increase in operating and capital costs. 2020 proposed budget also includes the use of surplus of \$536,000.

The reserve for future expenditures of \$456,700 represents unspent monies collected in 2018 to fund 2018 capital projects carried forward and to be used in 2019.

#### *Capital Reserves*

The Water Reserve is to be used only to fund water efficiency programs and initiatives.

The Asset Management reserve will provide \$791,600 in 2019 to fund the Sandwick Conversion project.

The Water Machinery and Equipment reserve will fund 25% of a new Vactor truck approved in the 2018 fleet budget, but with an order time of 10 months, to be purchased in 2019 (\$137,500). The remaining 75% will be funded by the Sewer Machinery and Equipment Reserve.



*Development Cost Charges (DCC)*

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

**FINANCIAL IMPLICATIONS:**

To cover the overall cost to deliver the water utility operating and capital activities, an increase of 6.5% is recommended for 2019. This will result in an annual increase of \$30.39 in the single family user rate.

Based on the recommendations of the City’s Asset Management Working Group, in 2017 and 2018 water frontage fees were increased significantly to build a reserve to fund the capital asset renewal program..

The current water frontage rate is \$5.84 per meter and the sewer frontage rate is \$10.24 per meter. No increase in the water frontage fee is included in the 2019 budget, but a 5% increase has been included for the following four years based on the continuing maturity of the City’s Asset Management Program a review of the frontage fee will be undertaken prior to the 2020 budget.

*Blended rate*

As the bylaw amendment would become effective only on final adoption, projected to be mid-March 2019, the rates charged to property owners will be the product of a blending of the 2018 and 2019 bylaw rates as illustrated below:

Water User Fee	2018 Bylaw Rate	2019 Bylaw Rate	2018 Blended User Fee	Impact	Impact %
Single Family Dwelling	467.53	506.05	497.92	30.39	6.5%

**ADMINISTRATIVE IMPLICATIONS:**

Subsequent to Council endorsing the recommended increase for the 2019-2023 Water Fund Financial Plan and user fees, staff will prepare the water user fees amendment bylaw, and return to Council for adoption.

After adoption of the water user fee amendment bylaw, staff will update the financial system for the 2019 utility billing.

Once finalized, the water budget will be incorporated as part of the statutory component of the five year financial plan. Compilation of this financial plan takes a minimum of 60 hours of staff time.

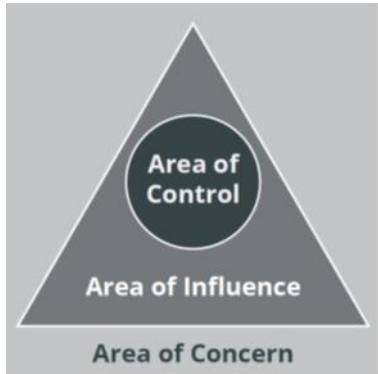
**ASSET MANAGEMENT IMPLICATIONS:**

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 extend the life of the infrastructure and future years capital costs can be deferred. The financial plan includes the renewal projects prioritized by the Asset Management Working Group.

**STRATEGIC PRIORITIES REFERENCE:**

**We proactively plan and invest in our natural and built environment**

- Continued focus on asset management for sustainable service delivery
- Focus on infrastructure renewal rather than upgrades
- ▲ We look for regional infrastructure solutions for shared services to our community



- **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 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.

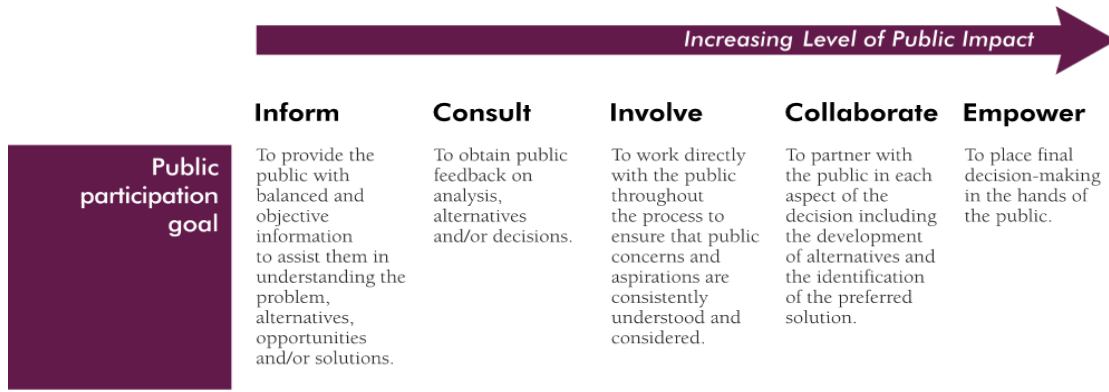
**REGIONAL GROWTH STRATEGY REFERENCE:**

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 the City to **consult** with the public regarding the proposed financial plan before it is adopted. Staff will consult the public based on the IAP2 Spectrum of Public Participation:

[http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum\\_vertical.pdf](http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum_vertical.pdf)



**OPTIONS:**

Option 1:

That Council approve the 2019 – 2023 Water Fund Financial Plan; and

That water user fee revenue be increased by 6.5% for 2019, and

That staff be directed to amend the “City of Courtenay Fees and Charges Bylaw No. 1673, 1992” to reflect the proposed increases. (Recommended)

Option 2:

That Council defer approval of the proposed 2019 -2023 Water Fund Financial Plan for further discussion at a later Council meeting.

Prepared by:

Annie Bérard, CPA, MBA  
Manager of Business Performance

Concurrence:

Jennifer Nelson, CPA, CGA  
Director of Financial Services

*Attachments:*

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

**City of Courtenay**  
**City of Courtenay for the Years 2019 - 2023**

Water Operating Fund	Budget 2018	Budget 2019	2020	Proposed Budget		
				2021	2022	2023
Water Utility Rate - Single Family Unit	467.53	497.92	530.28	556.79	570.71	584.98
Proposed increase %		6.5%	6.5%	5.0%	2.5%	2.5%
<b>Revenues</b>						
<b>Operating</b>						
Frontage & Parcel Taxes	\$ 1,159,900	\$ 1,175,100	\$ 1,245,600	\$ 1,320,500	\$ 1,399,900	\$ 1,484,100
Sale of Services	6,409,100	6,788,500	7,293,400	7,679,700	7,899,500	8,125,800
Revenue from Own Sources	132,800	149,500	142,200	145,000	147,900	150,800
Total Operating Revenues	7,701,800	8,113,100	8,681,200	9,145,200	9,447,300	9,760,700
<b>Reserves &amp; Surplus</b>						
Future Expenditure Reserve	20,500	456,700	-	-	-	-
Water Efficiency	15,500	17,500	17,900	18,200	18,600	18,900
Gas Tax	110,000	-	-	-	-	-
Surplus	-	221,900	536,000	-	-	63,400
Total Transfers from Reserves & Surplus	146,000	696,100	553,900	18,200	18,600	82,300
<b>Equity in Assets</b>	300,000	300,000	300,000	300,000	300,000	300,000
<b>Total Revenues</b>	<b>\$ 8,147,800</b>	<b>\$ 9,109,200</b>	<b>\$ 9,535,100</b>	<b>\$ 9,463,400</b>	<b>\$ 9,765,900</b>	<b>\$ 10,143,000</b>
<b>Expenses</b>						
<b>Operating</b>						
General Administration	\$ 1,627,300	\$ 1,541,100	\$ 1,524,800	\$ 1,590,600	\$ 1,584,200	\$ 1,637,000
CVRD - Supply	4,022,600	4,275,800	4,548,800	4,776,600	4,897,900	5,022,300
Transmission and Distribution	1,014,900	1,123,300	1,137,900	1,152,800	1,168,100	1,183,900
	6,664,800	6,940,200	7,211,500	7,520,000	7,650,200	7,843,200
Amortization	300,000	300,000	300,000	300,000	300,000	300,000
Total Operating Expenses	6,964,800	7,240,200	7,511,500	7,820,000	7,950,200	8,143,200
<b>Transfers to Other Funds</b>						
Water Capital Fund - 2019 Revenues	974,300	1,136,300	1,746,800	1,254,000	1,471,300	1,721,300
Water Capital Fund - 2018 Revenues	20,500	456,700	-	-	-	-
	994,800	1,593,000	1,746,800	1,254,000	1,471,300	1,721,300
<b>Transfers to Reserves</b>						
Asset Management	100,000	200,000	200,000	200,000	200,000	200,000
Water Utility	37,700	40,400	41,200	42,000	42,900	42,900
Water Machinery & Equip	30,000	30,000	30,000	30,000	30,000	30,000
MFA	100	100	100	100	100	100
Carbon Offsets	5,500	5,500	5,500	5,500	5,500	5,500
	173,300	276,000	276,800	277,600	278,500	278,500
<b>Transfer to Appropriated Surplus</b>						
Surplus contingency	14,900	-	-	111,800	65,900	-
<b>Total Expenses</b>	<b>\$ 8,147,800</b>	<b>\$ 9,109,200</b>	<b>\$ 9,535,100</b>	<b>\$ 9,463,400</b>	<b>\$ 9,765,900</b>	<b>\$ 10,143,000</b>

**Water Capital Projects 2019-2020**

		Values	2019 Funding			2020 Funding		
			2019 Budget	2019 General Revenues	2019 New Works Reserve	2019 Reserve for Future Expenditures	2020 Proposed Budget	2020 General Revenues
<b>Category</b>	<b>Project description</b>							
<b>New</b>	Sandwich Conversion	1,450,000	634,500	791,600	23,900			
	Sandwich Conversion - CICC	325,000	325,000					
	South Water Extension	100,000	100,000			250,000	250,000	
	CVRD Connections - Install meter & check valve at each connection point					360,000	360,000	
	Private Loops (19 @ 35k)					70,000	70,000	
<b>New Total</b>		<b>1,875,000</b>	<b>1,059,500</b>	<b>791,600</b>	<b>23,900</b>	<b>680,000</b>	<b>680,000</b>	
<b>Renewal</b>	Willemar Ave -17 St to 21 St - Watermain Replacement	177,000			177,000			
	Connector 19A Fire Chamber Removal	116,500			116,500			
	Buckstone Water Booster Pump Station - Improvements	103,500			103,500			
	Sandpiper / Millard upgrade	40,000	40,000			210,000	210,000	
	Braidwood Rd - Road & Utility Reconstruction - Water	35,800			35,800	500,000	500,000	
	Hwy 19A - loop 1					100,000	100,000	
	Willemar - 21 St to Tull Av					720,000	220,000	500,000
<b>Renewal Total</b>		<b>472,800</b>	<b>40,000</b>		<b>432,800</b>	<b>1,530,000</b>	<b>1,030,000</b>	<b>500,000</b>
<b>Grand Total</b>		<b>2,347,800</b>	<b>1,099,500</b>	<b>791,600</b>	<b>456,700</b>	<b>2,210,000</b>	<b>1,710,000</b>	<b>500,000</b>

**Water Capital Projects 2021-2023**

		Values	2021 Funding		2022 Funding		2023 Funding	
			2021 General Revenues	2021 Debt	2022 General Revenues	2022 Debt	2023 General Revenues	2023 New Works Reserve
<b>Category</b>	<b>Project description</b>	<b>2021 Proposed Budget</b>			<b>2022 Proposed Budget</b>		<b>2023 Proposed Budget</b>	
<b>New</b>	Private Loops (19 @ 35k)	140,000	140,000		140,000	140,000	140,000	140,000
	South Water Extension	3,500,000	500,000	3,000,000	3,500,000	500,000	3,000,000	
	CVRD Connections - Install meter & check valve at each connection point	360,000	360,000		360,000	360,000	360,000	360,000
<b>New Total</b>		<b>4,000,000</b>	<b>1,000,000</b>	<b>3,000,000</b>	<b>4,000,000</b>	<b>1,000,000</b>	<b>3,000,000</b>	<b>500,000</b>
<b>Renewal</b>	Water - Projects identified through Asset Management Strategy						1,250,000	750,000
<b>Renewal Total</b>							<b>1,250,000</b>	<b>750,000</b>
<b>Grand Total</b>		<b>4,000,000</b>	<b>1,000,000</b>	<b>3,000,000</b>	<b>4,000,000</b>	<b>1,000,000</b>	<b>1,750,000</b>	<b>500,000</b>

**Water Debt Servicing Costs**

		Values				
		2019 Budget	2020	2021	2022	2023
<b>Account</b>	<b>Department</b>					
<b>Interest</b>	Existing Debt Interest	12,600	12,600	12,600	12,600	12,600
	New Debt Interest	0	0	105,600	211,200	211,200
<b>Interest Total</b>		<b>12,600</b>	<b>12,600</b>	<b>118,200</b>	<b>223,800</b>	<b>223,800</b>
<b>Principal</b>	Existing Debt Principal	24,200	24,200	24,200	24,200	24,200
	New Debt Principal	0	0	111,600	223,300	223,300
<b>Principal Total</b>		<b>24,200</b>	<b>24,200</b>	<b>135,800</b>	<b>247,500</b>	<b>247,500</b>
<b>Grand Total</b>		<b>36,800</b>	<b>36,800</b>	<b>254,000</b>	<b>471,300</b>	<b>471,300</b>

**City of Courtenay**  
**City of Courtenay for the Years 2019 - 2023**

<b>WATER</b>	Unaudited	Budget	Proposed Budget			
<b>Surplus, Reserves and DCC Summary</b>	Actual					
Estimated Closing Balances	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Water Fund Surplus</b>						
Prior Year Surplus (unallocated)	\$1,329,200	\$1,107,300	\$571,300	\$571,300	\$571,300	\$507,900
Surplus Reserve for Future Expenditures (Unspent Capital 2018)	456,700	-	-	-	-	-
	1,785,900	1,107,300	571,300	571,300	571,300	507,900
<b>Water Capital Reserves</b>						
Water Reserve	1,578,500	1,619,900	1,661,100	1,703,100	1,746,000	1,788,900
Asset Management Reserve	932,700	341,100	41,100	241,100	441,100	141,100
Water Machinery and Equipment	318,600	186,100	216,100	246,100	276,100	306,100
	2,829,800	2,147,100	1,918,300	2,190,300	2,463,200	2,236,100
<b>Total Water Surplus and Reserves</b>	<b>\$4,615,700</b>	<b>\$3,254,400</b>	<b>\$2,489,600</b>	<b>\$2,761,600</b>	<b>\$3,034,500</b>	<b>\$2,744,000</b>
<b>Total Water DCC Bylaw #2426/2755</b>	<b>\$489,700</b>	<b>\$489,700</b>	<b>\$489,700</b>	<b>\$489,700</b>	<b>\$489,700</b>	<b>\$489,700</b>

Purpose of Water Reserves

**Prior Year 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 2018 capital projects unfinished and carried forward to 2019

**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

## STAFF REPORT

**To:** Council  
**From:** Chief Administrative Officer  
**Subject:** 2019–2023 Sewer Fund Financial Plan

**File No.:** 1705-20/1715-20

**Date:** February 25, 2019

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### PURPOSE:

The purpose of this report is for Council to consider the 2019–2023 Sewer Fund Financial Plan and the proposed sewer user fee increase for 2019.

### 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 2019–2023 Sewer budget is a component of the annual City of Courtenay five year financial plan. A proposed increase of 5% of the 2019 user fee has been incorporated into the 2019 – 2023 Sewer Fund Financial Plan with no change to the frontage rate.

### EXECUTIVE SUMMARY:

The five year sewer 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 sewer user fees and frontage fees, the sewer service receives no funding from general property taxation.

The City of Courtenay owns and operates a Class 3 Sewer collection system that collects and conveys effluent within the City to the Courtenay Lift Station and from there it flows to the sewage treatment plant. The Courtenay Lift Station and the Sewage Treatment Plant are part of the Comox Valley Regional Sewer Service, which is administered by the Comox Valley Regional District (CVRD).

Each component plays a vital role in providing sewer services to the residents of Courtenay and its regional partners. The CVRD has planned capital conveyance upgrades and treatment plant expansion in order to provide funding to ensure the sustainability, capacity and integrity of their portion of the system infrastructure. The CVRD annually requisitions the City for the cost of the City's share of the regional sewer service.

The City must also provide funding for its investment in the City's sewer service capital and operational needs. The cost of sewer service delivery is funded through a combination of user fees and frontage and parcel taxes. A 5% increase for user fee is recommended for 2019, increasing the rate from \$324.17 to \$340.38 and frontage fee remaining constant at \$10.24 per meter. The annual increase to a single family residence is \$16.21.

**CAO RECOMMENDATIONS:**

That based on the February 25, 2019 staff report “2019–2023 Sewer Fund Financial Plan”, Council approve OPTION 1, and proceed with the proposed 2019-2023 Sewer Fund Financial Plan; and, that sewer user fee revenue be increased by 5% for 2019; and

That Council direct staff to amend the ‘City of Courtenay Fees and Charges Bylaw No. 1673, 1992’ to reflect the proposed increase.

Respectfully submitted,



David Allen, BES, CLGEM, SCLGM  
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 sewer fund provides detail for 2019, as well as projections for the four years following. With Council’s approval, the corresponding rates bylaws will then be drafted and presented to Council for adoption.

The sewer utility service is self-funding and receives no funding from the general property taxation levy.

**DISCUSSION:**

The sanitary sewer utility service provided to City property owners is a combination of the City and CV Regional Sewer Service infrastructure. Administered by the CVRD, the regional sewer service infrastructure includes sewer pumping stations, sewer force mains (including the force main on Comox Road) and a wastewater treatment plant with an outfall for treated effluent. It was constructed in the early 1980’s and designed with a 25 year life-cycle. As a result of the 2011 CVRD sanitary sewer master plan, a 10-year capital plan was developed and approved by members of the CVRD Sewer commission in 2012. However, at the Service Participants request in 2018, the CVRD has embarked on a Liquid Waste Management Plan (LWMP). This Statutory Plan will outline future capital expenditures necessary for the sustainability of the Service. This Plan is expected to be completed in the spring of 2019.

City infrastructure includes lift stations, sewer trunk mains, a collection system and sewer connections within the boundaries of the municipality. This infrastructure varies in age depending on its location within the City. Infrastructure on the west side of the City varies from relatively new to over 60 years, whereas infrastructure on the east side of the river is generally newer and less than 25 years old.



The largest cost component of this financial plan is the cost of the regional sewer service shared proportionately between the City of Courtenay and the Town of Comox based on their respective sewer flow.

The 2019-2023 Sewer Fund Financial Plan is a collaborative effort of all the departments following the City's Asset Management Policy and the CAO Asset Management Working Group Directive.

## City of Courtenay 2019 – 2023 Sewer Fund Financial Plan

The proposed 2019-2023 Sewer Fund Financial Plan is detailed in the following attachments:

Attachment 1: Sewer Operating Fund Overview

Attachment 2: Sewer Capital Fund Overview

Attachment 3: Sewer Surplus, Reserves and DCC

The sewer fund financial plan includes for 2019 \$7,842,500 in projected sewer revenues and the following expenditures: \$5,966,400 operating expenses, \$125,000 amortization, \$1,357,200 transfer to the capital fund, \$381,100 transfer to reserves and a surplus of \$12,800.

### 2019 Sewer Operating Fund

#### *Sewer Operating Expenses*

The sewer operating expenses are presented by economic segment in Table 1. The overall increase in operating costs between 2018 and 2019 budget is \$425,700 or 7.7%.

Table 1: Sewer Operating Expenses 2018 – 2019 budget

<b>Sewer Operating Expenses</b>	<b>2018 Final Budget</b>	<b>2019 Final Budget</b>	<b>2018-2019 Budget Variance</b>
<b>Expenditures by Economic Segments</b>			
Personnel	615,900	670,900	55,000
General Services	262,300	291,100	28,800
Insurance	10,700	11,000	300
Internal Allocations	648,300	764,900	116,600
(CVRD)	3,890,900	4,124,400	233,500
Goods	87,100	77,800	(9,300)
Utilities	25,500	26,300	800
<b>Total Operating costs</b>	<b>5,540,700</b>	<b>5,966,400</b>	<b>425,700</b>

#### *Personnel*

Personnel costs include wages and benefits for staff working in sewer utility operations, and a portion of the salaries, wages and benefits of Public Works management staff and Engineering team. Personnel costs are rising due to an increase in benefits of about \$22,500, of which half is related to the new Employer Health Tax. About \$12,000 is related to the salaries and wages annual increase and \$20,500 is due to an

increase in preventive work performed on the sewer system, such as sewer flushing, grease and root removal, and smoke testing. While there is a modest increase to operational budgets, these programs can extend the life of an asset by 10-15% therefore saving significant capital expenditure in the future.

#### *General Services*

An additional \$75,000 is included in the 2019 general services for the new smoke testing remediation program. This increase is partially offset by a reduction in the consulting fees for the sewer master plan: 2018 budget included \$75,000 and 2019 budget includes \$25,000 for the completion of the master plan, which results in a \$50,000 reduction for 2019.

#### *Internal Allocations*

Internal allocations is a percentage of the General Fund, Public Works and fleet expenses transferred to the Sewer Fund. The intent is to transfer a reasonable amount for General Government and Public Works expenditures (personnel, utilities, materials, insurance, contracted services and fleet costs) as recognition of the administrative costs necessary to provide the service. A transfer for engineering staff time to capital projects is also included in this segment.

The sewer allocation is set to 11.5% of the General Government Services and to 17% of the Public Works Administrative expenses based on prior year estimate. The allocation percentage is usually reviewed every couple years and will be analyzed again before the 2020 budget. The variance represents the general increase in the General Government and Public Works expenses.

#### *Comox Valley Sewer Service*

The Comox Valley Regional District 2019-2023 Proposed Financial Plan includes a 6% increase for the Regional Sewer Service Requisition for 2019 and 2020. The sewer service requisition is the largest expense in the Sewer Operating Fund and represents 69% of the total expenses. Table 2 presents the increase in Courtenay's share of the sewer service requisition since 2016 to the proposed budget for 2023.

Table 2: Comox Valley Sewer Service Requisition, Courtenay's Share 2016 – 2023

Comox Valley Sewer Service Requisition Courtenay share	\$	% increase
2016 Actual	3,484,685	
2017 Actual	3,670,687	5.3%
2018 Actual	3,890,928	6.0%
2019 Proposed budget	4,124,383	6.0%
2020 Proposed budget	4,371,846	6.0%
2021 Proposed budget	4,371,846	0.0%
2022 Proposed budget	4,924,080	12.6%
2023 Proposed budget	4,924,080	0.0%

#### *Sewer Revenues*

Revenues collected with the sewer user fees and frontage fees are used to cover the costs of the operating and capital expenditures. Staff recommend maintaining the the current frontage fee at \$10.24 per meter,

which is expected to generate \$1,987,400 for 2019. An increase of 5% of the sewer user fee is proposed for the next four years to fund the increase in the regional sewer service requisition. The sewer user fees are expected to generate \$5,023,600 for 2019. A reduction in revenue due to the closure of the dairy product processing plant is also included in the five year plan.

The change in the user fees since 2016 is detailed in Table 3.

Table 3: Sewer user and frontage fees 2016-2019

Annual	Sewer User Fee		Sewer Frontage Fee	
	One-time	Change	per meter	Change
2016	\$267.91	\$24.36	\$10.24	\$ -
2017	\$294.70	\$26.79	\$10.24	\$ -
2018	\$324.17	\$29.47	\$10.24	\$ -
2019	\$340.38	\$16.21	\$10.24	\$ -

### 2019 Sewer Capital Fund

The projects included in the 2019 Sewer Capital Budget are presented in Table 4 below. All projects were started in 2018 and will continue in 2019. The source of funding and the projects scheduled for the four following years are detailed in Attachment 2.

Table 4: Sewer Capital Projects - 2019 budget

Sewer Capital Projects	2019 Proposed Budget
Riverside Sanitary Trunk - 8 St to 19 St - Trunk Main Upgrade	\$1,500,000
1 St Lift Station Replacement - Design 2019	\$350,000
20 St & Riverside Lane - Chamber	\$300,000
Comox Rd, Lewis Park, River Crossing - Sanitary Main Replacement - Design 2019	\$200,000
Greenwood Trunk Connection - Design 2019	\$151,800
Braidwood Rd - Road & Utility Reconstruction - Sanitary - Design 2019	\$36,300
<b>Grand Total</b>	<b>\$2,538,100</b>

The Sewer Capital Fund also includes the debt servicing costs. For 2019, \$56,600 is included as interest payment and \$75,200 as principal payment for a total of \$131,800. The projected debt servicing costs for 2020 to 2023 are detailed in Attachment 2.

2019 Sewer Surplus and Reserves

Table 5 shows the sewer surplus, reserves and Development Cost Charges (DCC) estimated closing balances for 2018 and 2019. The five year schedule is presented in Attachment 3.

Table 5: Estimated sewer surplus and surplus balance

<b>SEWER</b>	Unaudited	
<b>Surplus, Reserves and DCC Summary</b>	Actual	Budget
Estimated Closing Balance	<b>2018</b>	<b>2019</b>
<b>Sewer Fund Surplus</b>		
Prior Year Surplus (unallocated)	\$ 916,200	\$ 929,000
Surplus Reserve For Future Expenditure (Unspent Capital 2018)	611,700	-
	1,527,900	929,000
<b>Sewer Capital Reserves</b>		
Sewer Reserve	505,600	505,600
Asset Management Reserve	2,771,800	1,871,800
Sewer Machinery and Equipment	791,400	378,900
	4,068,800	2,756,300
<b>Total Sewer Surplus and Reserves</b>	<b>\$ 5,596,700</b>	<b>\$ 3,685,300</b>
<b>Sewer Development Cost Charges (DCC)</b>		
Sewer DCC Bylaw #1638/2755	34,300	34,300
Sewer DCC Bylaw #2426/2755	619,800	507,100
<b>Total Sewer DCC</b>	<b>\$ 654,100</b>	<b>\$ 541,400</b>

*Operating Surplus*

2019 sewer budget is expected to generate a surplus of \$12,800. A large portion of the prior year surplus is then used in the four following years, mainly to fund the capital projects.

The reserve for future expenditures of \$611,700 represents unspent monies collected in 2018 to fund 2018 capital projects carried forward and to be used in 2019.

*Capital Reserves*

The Asset Management reserve will provide \$1.2M in 2019 to fund the Riverside Sanitary Trunk Upgrade - 8 St to 19 St project.

The Sewer Machinery and Equipment reserve will fund 75% of a new Vactor truck approved in the 2018 fleet budget, but with an order time of 10 months, to be purchased in 2019 (\$412,500). The remaining 25% will be funded by the Water Machinery and Equipment Reserve.

*Development Cost Charges (DCC)*

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

Some DCC monies will be used towards the Greenwood project in 2019 (\$112,700).

**FINANCIAL IMPLICATIONS:**

To cover the overall cost to deliver the sewer utility operating and capital activities, an increase of 5% is recommended for 2019. This will result in an annual increase of \$16.21 in the single family user rate.

*Debt*

Three major projects are identified in the 2020 proposed budget:

- Greenwood Trunk Connection at an estimate of \$4.1M;
- Replacement of 1st Street lift station at an estimate of \$2.3M;
- Comox Road, Lewis Park, River Crossing sanitary main replacement at an estimate of \$1.4M.

Since anticipated revenues, existing reserves, and prior year surplus are not sufficient to cover the anticipated construction costs, long term borrowing is considered as the primary source of funding for the Greenwood and 1<sup>st</sup> Street lift station replacement projects in 2020. In order to obtain long term financing, the City must follow a lengthy statutory process that includes adoption of a municipal loan authorization bylaw, approval by the Ministry of Community Services, elector approval, and inclusion in our regional district security issuing bylaw. The entire process can take up to 8 months, therefore it is recommended that staff begin this process shortly after the budget has been adopted in order to ensure the funds are available when required in 2020.

*Blended rate*

As the bylaw amendment would become effective only on final adoption, projected to be mid-March 2019, these rates to be charged to the property owners will be the product of a blend of 2018 and 2019 bylaw rates as illustrated below:

Sewer User Fee	2018 Bylaw Rate	2019 Bylaw Rate	2018 Blended User Fee	Impact	Impact %
Single Family Dwelling	324.17	344.71	340.38	16.21	5.0%

**ADMINISTRATIVE IMPLICATIONS:**

Subsequent to Council endorsing the recommended increase for the 2019-2023 Sewer Fund Financial Plan and user fees, staff will prepare the user fees amendment bylaw, and return to Council for adoption.

On adoption for the user fee amendment bylaw, staff will update the financial system for the 2019 utility billing.

Once finalized, the sewer 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:**

Much of the sewer network in west Courtenay was built during a three-year period in the early 1960s and is projected to reach its end-of-life in the early 2020s. Detailed Condition Assessment (CCTV inspections) work was completed in 2018. Additionally, the Sewer Master Plan will be finalized by late Spring 2019.

Together, these will result in a draft 25-year capital sewer plan. It is anticipated that by June 2019 a complete Sewer Plan will be formalized.

**STRATEGIC PRIORITIES REFERENCE:**

The 2019-2023 Sewer Fund Financial Plan focuses on Asset Management for Sustainable Service Delivery and is tailored to guide infrastructure renewal, operating spending and maintenance programs.

**We proactively plan and invest in our natural and built environment**

- Continued focus on asset management for sustainable service delivery
- Focus on infrastructure renewal rather than upgrades
- Continued support for social, economic and environmental sustainability solutions
- ▲ We look for regional infrastructure solutions for shared services to our community



- **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 outside Council’s jurisdictional authority to act.

**OFFICIAL COMMUNITY PLAN REFERENCE:**

Section 6.3 Sanitary Sewer Treatment to follow policies to reduce infiltration, consider downstream capacity of existing sewer mains, and to provide an effluent network that is limited to areas within the City’s municipal boundaries.

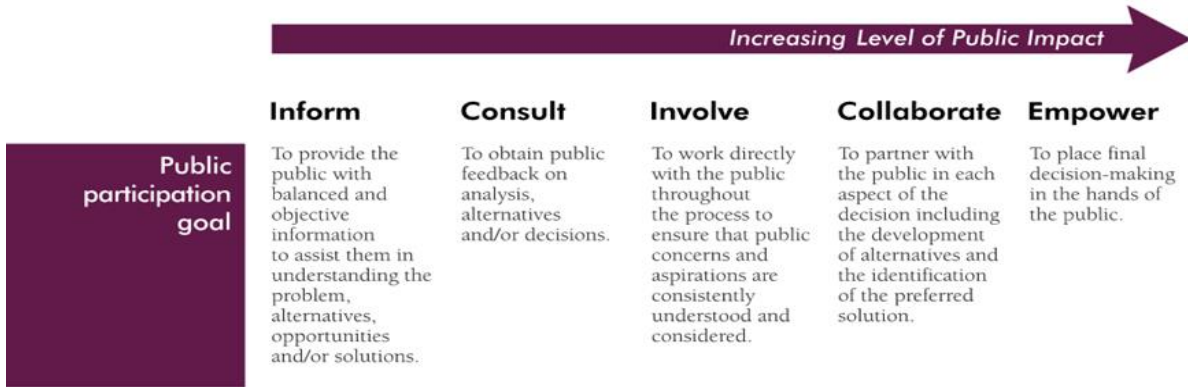
**REGIONAL GROWTH STRATEGY REFERENCE:**

This budget is presented with the intent of encouraging sewer 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 (per Comox Valley Regional Growth Strategy Bylaw No. 120, 2010, Part 3.2.5, Objective 5-D Page 56).

**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 **consult** with the public based on the IAP2 Spectrum of Public Participation:

[http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum\\_vertical.pdf](http://c.ymcdn.com/sites/www.iap2.org/resource/resmgr/imported/IAP2%20Spectrum_vertical.pdf)



**OPTIONS:**

**Option 1:**

That Council approve the 2019-2023 Sewer Fund Financial Plan; and, that sewer user fee revenue be increased by 5% for 2019, and  
 That Council direct staff to amend the 'City of Courtenay Fees and Charges Bylaw No. 1673, 1992' to reflect the proposed increase. (Recommended)

**Option 2:**

That Council defer approval of the proposed 2019–2023 Sewer Fund Financial Plan for further discussion at a later Council meeting.

Prepared by:

Annie Bérard, CPA, MBA  
 Manager of Business Performance

Concurrence:

Jennifer Nelson, CPA, CGA  
 Director of Financial Services

*Attachments:*

- Attachment # 1 – Sewer Operating Fund Overview
- Attachment # 2 – Sewer Capital Fund Overview
- Attachment # 3 – Sewer Surplus, Reserves and DCC

**City of Courtenay**  
**City of Courtenay for the Years 2019 - 2023**

Sewer Operating Fund	Budget 2018	Budget 2019	2020	Proposed Budget		
				2021	2022	2023
Sewer Utility Rate - Single Family Unit	324.17	<i>Blended rate</i> 340.38	357.4	375.27	394.03	403.88
Proposed increase %		5.0%	5.0%	5.0%	5.0%	2.5%
<b>Revenues</b>						
<b>Operating</b>						
Frontage & Parcel Taxes	\$ 1,973,500	\$ 2,011,400	\$ 2,306,400	\$ 2,323,800	\$ 2,344,100	\$ 2,364,500
Sale of Services	4,767,900	5,043,600	5,315,700	5,609,400	5,919,200	6,097,800
Revenue from Own Sources	50,900	50,800	50,700	50,700	50,700	50,700
Total Operating Revenues	6,792,300	7,105,800	7,672,800	7,983,900	8,314,000	8,513,000
<b>Reserves &amp; Surplus</b>						
Future Expenditure Reserve	307,600	611,700	-	-	-	-
Gas Tax Fund	75,000	-	-	-	-	-
Surplus	-	-	413,400	211,300	103,500	-
Total Transfers from Reserves & Surplus	382,600	611,700	413,400	211,300	103,500	-
<b>Equity in Capital Assets</b>	125,000	125,000	125,000	125,000	125,000	125,000
<b>Total Revenues</b>	<b>\$ 7,299,900</b>	<b>\$ 7,842,500</b>	<b>\$ 8,211,200</b>	<b>\$ 8,320,200</b>	<b>\$ 8,542,500</b>	<b>\$ 8,638,000</b>
<b>Expenses</b>						
<b>Operating</b>						
General Administration	\$ 1,118,800	\$ 1,165,000	\$ 1,153,900	\$ 1,169,900	\$ 1,199,200	\$ 1,204,000
CVRD	3,890,900	4,124,400	4,371,800	4,371,800	4,924,100	4,924,100
Collection	531,000	677,000	713,800	702,600	697,600	704,800
	5,540,700	5,966,400	6,239,500	6,244,300	6,820,900	6,832,900
Amortization	125,000	125,000	125,000	125,000	125,000	125,000
Total Operating Expenses	5,665,700	6,091,400	6,364,500	6,369,300	6,945,900	6,957,900
<b>Transfers to Other Funds</b>						
Sewer Capital Fund - 2019 Revenues	941,800	745,500	1,465,700	1,569,900	1,215,600	1,169,800
Sewer Capital Fund - 2018 Revenues	307,600	611,700	-	-	-	-
	1,249,400	1,357,200	1,465,700	1,569,900	1,215,600	1,169,800
<b>Transfers to Reserves</b>						
Asset Management Reserve	300,000	300,000	300,000	300,000	300,000	300,000
Machinery/Equip Reserve	75,000	75,000	75,000	75,000	75,000	75,000
MFA Reserve Fund	700	600	500	500	500	500
Carbon Offsets Reserve	5,500	5,500	5,500	5,500	5,500	5,500
Total Transfers	381,200	381,100	381,000	381,000	381,000	381,000
<b>Transfer to Appropriated Surplus</b>						
Surplus contingency	3,600	12,800	-	-	-	129,300
<b>Total Expenses</b>	<b>\$ 7,299,900</b>	<b>\$ 7,842,500</b>	<b>\$ 8,211,200</b>	<b>\$ 8,320,200</b>	<b>\$ 8,542,500</b>	<b>\$ 8,638,000</b>



**Sewer Capital Projects 2019-2020**

		Values	2019 Funding				2020 Proposed Budget	2020 Funding			
			2019 Budget	2019 General Revenues	2019 New Works Reserve	2019 Reserve for Future Expenditures		2019 DCC Reserve	2020 Debt	2020 New Works Reserve	2020 General Revenues
<b>Category</b>	<b>Project description</b>										
<b>New</b>	20 St & Riverside Lane - Chamber	300,000	120,700		179,300						
	Greenwood Trunk Connection	151,800	3,300		35,800	112,700	4,100,000	3,000,000	600,000	50,000	450,000
	North Sandwick sewer						50,000			50,000	
	South Courtenay Sewer						200,000			200,000	
<b>New Total</b>		<b>451,800</b>	<b>124,000</b>		<b>215,100</b>	<b>112,700</b>	<b>4,350,000</b>	<b>3,000,000</b>	<b>600,000</b>	<b>300,000</b>	<b>450,000</b>
<b>Renewal</b>	Riverside Sanitary Trunk - 8 St to 19 St - Trunk Main Upgrade	1,500,000	170,100	1,200,000	129,900						
	1 St Lift Station Replacement	350,000	217,500		132,500		2,300,000	2,300,000			
	Comox Rd, Lewis Park, River Crossing - Sanitary Main Replacement	200,000	102,100		97,900		1,400,000		1,300,000	100,000	
	Braidwood Rd - Road & Utility Reconstruction - Sanitary	36,300			36,300		500,000			500,000	
	Cliffe Ave - Mansfield to Anfield ph 1 - Design 2019						50,000			50,000	
<b>Renewal Total</b>		<b>2,086,300</b>	<b>489,700</b>	<b>1,200,000</b>	<b>396,600</b>		<b>4,250,000</b>	<b>2,300,000</b>	<b>1,300,000</b>	<b>650,000</b>	
<b>Grand Total</b>		<b>2,538,100</b>	<b>613,700</b>	<b>1,200,000</b>	<b>611,700</b>	<b>112,700</b>	<b>8,600,000</b>	<b>5,300,000</b>	<b>1,900,000</b>	<b>950,000</b>	<b>450,000</b>

**Sewer Capital Projects 2021-2023**

		Values	2021 Funding		2022 Funding		2023 Proposed Budget	2023 Funding		
			2021 Proposed Budget	2021 General Revenues	2022 Proposed Budget	2022 General Revenues		2022 New Works Reserve	2023 General Revenues	2023 New Works Reserve
<b>Category</b>	<b>Project description</b>									
<b>Renewal</b>	Sewer - Projects identified through Asset Management Strategy	500,000	500,000							
	Cliffe Ave - Mansfield to Anfield ph 1 - Design 2019	404,300	404,300							
	Cliffe Ave - Mansfield to Anfield ph 2	150,000	150,000	750,000	250,000	500,000	750,000	250,000	500,000	
	Anderton Ave Lift Station			250,000	250,000		2,200,000			2,200,000
	Arden Central Trunk Main			200,000	200,000		2,000,000			2,000,000
	Mansfield Lift Station Upgrade						50,000	50,000		
	Courtenay Riverway - 21st to Mansfield						50,000	50,000		
<b>Renewal Total</b>		<b>1,054,300</b>	<b>1,054,300</b>	<b>1,200,000</b>	<b>700,000</b>	<b>500,000</b>	<b>5,050,000</b>	<b>350,000</b>	<b>500,000</b>	<b>4,200,000</b>
<b>Grand Total</b>		<b>1,054,300</b>	<b>1,054,300</b>	<b>1,200,000</b>	<b>700,000</b>	<b>500,000</b>	<b>5,050,000</b>	<b>350,000</b>	<b>500,000</b>	<b>4,200,000</b>

**Sewer Debt Servicing Costs**

		Values				
		2019 Budget	2020 Proposed Budget	2021 Proposed Budget	2022 Proposed Budget	2023 Proposed Budget
<b>Account</b>	<b>Department</b>					
<b>Interest</b>	Existing Debt Interest	56,600	56,600	56,600	56,600	56,600
	New Debt Interest		186,600	186,600	186,600	334,400
<b>Interest Total</b>		<b>56,600</b>	<b>243,200</b>	<b>243,200</b>	<b>243,200</b>	<b>391,000</b>
<b>Principal</b>	Existing Debt Principal	75,200	75,200	75,200	75,200	75,200
	New Debt Principal		197,200	197,200	197,200	353,500
<b>Principal Total</b>		<b>75,200</b>	<b>272,400</b>	<b>272,400</b>	<b>272,400</b>	<b>428,700</b>
<b>Grand Total</b>		<b>131,800</b>	<b>515,600</b>	<b>515,600</b>	<b>515,600</b>	<b>819,700</b>

City of Courtenay  
City of Courtenay for the Years 2019 - 2023

SEWER Surplus, Reserves and DCC Summary	Unaudited Actual 2018	Budget 2019	2020	Proposed Budget		
Estimated Closing Balance	2018	2019	2020	2021	2022	2023
<b>Sewer Fund Surplus</b>						
Prior Year Surplus (unallocated)	\$ 916,200	\$ 929,000	\$ 515,600	\$ 304,300	\$ 200,800	\$ 181,800
Surplus Reserve For Future Expenditure (Unspent Capital 2018)	611,700	-	-	-	-	-
	<u>1,527,900</u>	<u>929,000</u>	<u>515,600</u>	<u>304,300</u>	<u>200,800</u>	<u>181,800</u>
<b>Sewer Capital Reserves</b>						
Sewer Reserve	505,600	505,600	505,600	505,600	505,600	505,600
Asset Management Reserve	2,771,800	1,871,800	271,800	571,800	371,800	171,800
Sewer Machinery and Equipment	791,400	378,900	453,900	528,900	603,900	678,900
	<u>4,068,800</u>	<u>2,756,300</u>	<u>1,231,300</u>	<u>1,606,300</u>	<u>1,481,300</u>	<u>1,356,300</u>
<b>Total Sewer Surplus and Reserves</b>	<b>\$ 5,596,700</b>	<b>\$ 3,685,300</b>	<b>\$ 1,746,900</b>	<b>\$ 1,910,600</b>	<b>\$ 1,682,100</b>	<b>\$ 1,538,100</b>
<b>Sewer Development Cost Charges (DCC)</b>						
Sewer DCC Bylaw #1638/2755	34,300	34,300	34,300	34,300	34,300	34,300
Sewer DCC Bylaw #2426/2755	619,800	507,100	57,100	57,100	57,100	57,100
<b>Total Sewer DCC</b>	<b>\$ 654,100</b>	<b>\$ 541,400</b>	<b>\$ 91,400</b>	<b>\$ 91,400</b>	<b>\$ 91,400</b>	<b>\$ 91,400</b>

Purpose of Sewer Reserves

**Prior Year 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 2018 capital projects unfinished and carried forward to 2019

**Sewer Reserve, Bylaw #1382:** established for funding capital expenditures or debt related to sewer utility only

**Asset Management Reserve, Bylaw #2819:** established to acquire tangible capital assets relating to the sewer fund or for refurbishing, renewing or replacing existing tangible capital assets for those assets within the sewer fund

**Sewer Machinery and Equipment, Bylaw #1976:** established to fund replacement of depreciated or obsolete machinery and equipment in the sewer fund

**Sewer DCC 'North East Zone', Bylaw #1638/2755:** to be used for approved sewer projects

**Sewer DCC, Bylaw #2426/2755:** to be used for approved sewer projects