



**PUBLIC MEETING NOVEMBER 7, 2016
VAVENBY, BC
COMMUNITY WATER SERVICE**



Thompson-Nicola Regional District



PUBLIC MEETING NOVEMBER 7, 2016 VAVENBY, BC

Presentation Outline

- Introductions Director C. Schaffer, Electoral Area “A”
- History Doug Rae
- Finances Doug Rae
- Questions Director Schaffer



Regulatory Authority

- Drinking Water Protection Act & Regulation
- Health Regions – Interior Health
- Drinking Water Officers
- Conditions of Permit for each system



History

- Vavenby community water system originally established under Improvement District in 1970
- Transferred to the TNRD in 2003 in poor condition
- Capital upgrade projects completed in 2004/2005/2006
 - New reservoir
 - Water supply improvements/test well
 - Connection/distribution to southside

Funding Since 2004

| | Water | Park | Hall | Other |
|--------------|----------------|---------------|---------------|---------------|
| Gas Tax | 155,294 | 45,000 | 58,291 | 10,351 |
| Gov't Grants | 300,000 | – | – | – |
| Total | 455,294 | 45,000 | 58,291 | 10,351 |

Total Gas Tax = \$268,936

Total Grants = \$300,000

And would be even more if include broader regional services or grants currently being pursued



Debt

Approved by Petition

\$325,000

- Borrowed in 2008

~ \$ 253,265

Diff. = several property owners pre-paid or commuted their share

Payments will cease in 10 years - 2028



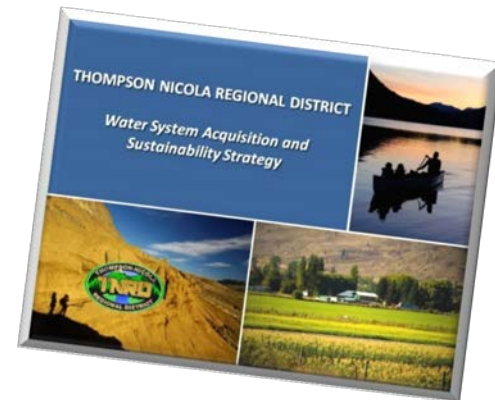
Water Operations



Rate Structure

2010.....TNRD Board adopted the *Water System Acquisition and Sustainability Strategy*

2011 – 2015... New user fee rates and parcel taxes



and a different way of budgeting for some costs





Rate Structure

2016

Financial Review

- Is 2010 model working as expected?
 - Can it be improved?
 - Inflation next 5 years

FINANCIAL MODEL

| TYPE | EXAMPLES | FUNDED BY |
|---------------|---|------------------------------|
| Direct Costs | <ul style="list-style-type: none"> • BC Hydro • Testing/Analysis • Treatment • Routine R&M • Licenses/permits • Insurance | User Fees |
| Direct Labour | <ul style="list-style-type: none"> • Allocated wages of technical staff, system contractors | User Fees |
| Indirect | <ul style="list-style-type: none"> • Vehicle costs, cell phone, training and certification, office costs | Parcel Taxes |
| Capital | <ul style="list-style-type: none"> • Debt payments | Grants/Parcel Taxes/Reserves |
| Management | <ul style="list-style-type: none"> • Mgr of Utilities | E/A Taxes |





FINANCIAL CHALLENGES

- As rolled out 2011-2015, rates have not kept up with inflation & increased needs for manpower
- Technical staff has gone from 3FTE to 5 since 2010
- All costs keep going up, from BC Hydro to wage rates to supplies to routine R&M
- More staff means more support in terms of vehicles, cell phones, training, office, etc.
- Better tools to anticipate problems, respond earlier



FINANCIAL CHALLENGES

- We need to make sure rates will be sufficient to fund actuals costs to provide the service, both today and in future
- Have therefore projected revenue requirements for next five years
- Creates financial sustainability + predictability, reduces uncertainty for you

CHANGES

- Out of this review have come the following recommendations endorsed by TNRD Board:
 - 1) Allocation of labour costs – average cost per connection
 - 2) User fees – adjust to projected requirement with cap of \$125/month
 - 3) Parcel taxes – increase base rate for indirect costs to \$15/month (\$180 per year)

DIRECT LABOUR

Average Cost of Labour

| | |
|--|-----------|
| Expected labour cost – tech staff/ contractors | \$397,487 |
| Avg. # connections 2016 | 1,291 |
| Avg. rate per connection | \$307.89 |

Rate will be indexed for inflation in future years

OPERATING BUDGET

| Cost Category | Budget 2016 | Forecast 2017 | Forecast 2021 |
|------------------------------|--------------------|----------------------|----------------------|
| Direct | \$ 57,912 | \$ 56,347 | \$ 53,242 |
| Labour (incl. contractor) | 22,490 | 34,176 | 36,993 |
| Indirect | 15,720 | 23,580 | 23,580 |
| Debt pmts | 20,305 | 20,305 | 20,305 |
| Trsf to Reserve | — | — | — |
| Total Operating Costs | \$116,427 | \$134,408 | \$134,120 |



Rate Structure

| Single Family | 2015/2016 | 2017 | Difference |
|----------------------------|--------------|--------------|--------------|
| User Fees | \$150 | \$186 | \$ 36 |
| | X 4 | X 4 | X 4 |
| | 600 | 744 | 144 |
| Parcel Taxes - Indirect | 120 | 180 | 60 |
| | X 1 | X 1 | X 1 |
| | 120 | 180 | 60 |
| TOTAL | \$720 | \$924 | \$204 |

About \$17 per month





(55¢ per day)

1/3



Reality Check

- HOME OWNERS GRANT
- If not already using entire grant, then likely will not pay full increase in parcel taxes

| | Senior | Under 65 |
|----------------|---------|----------|
| Minimum tax | \$100 | \$350 |
| Grant | \$1,045 | \$770 |
| More tax after | \$1,145 | \$1,120 |

Assessment value = ~\$81,000 - \$100,000

Rates 2017-2021

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------------|-------|-------|-------|-------|-------|
| User Fees (Per Q) | \$186 | \$189 | \$189 | \$189 | \$189 |
| Parcel Taxes (Annual) | \$180 | \$180 | \$180 | \$180 | \$180 |

Expect leveling off or reduction or routine R&M expenses which will offset some inflation pressures, allowing keeping rates at new level for several years



Rates 2017-2021

| | 2017 | 2018 | 2019 | 2020 | 2021 |
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| User Fees (Per Q) | \$186 | \$189 | \$189 | \$189 | \$189 |
| Parcel Taxes (Annual) | \$180 | \$180 | \$180 | \$180 | \$180 |

Any funds collected in excess of those needed for actual costs stay with this service and will be used to fund reserves or re-assess user fee rates after a few years

Rates 2017-2021

| | 2017 | 2018 | 2019 | 2020 | 2021 |
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| User Fees (Per Q) | \$186 | \$189 | \$189 | \$189 | \$189 |
| Parcel Taxes (Annual) | \$180 | \$180 | \$180 | \$180 | \$180 |

Vavenby will still be one of lowest rates of any TNRD water service



Future Strategies

- Water meters
- Tiered rates based on consumption
- Keep base rates down for low / moderate consumption
- More user control over costs

Questions?

