

**CORPORATION OF THE CITY OF COURTENAY
COUNCIL MEETING AGENDA**

DATE: March 20, 2017
PLACE: City Hall Council Chambers
TIME: 4:00 p.m.

1.00 ADOPTION OF MINUTES

1. Adopt March 06, 2017 Regular Council meeting minutes and March 13, 2017 Special Council minutes

2.00 INTRODUCTION OF LATE ITEMS

3.00 DELEGATIONS

Pg #
1

1. Doris Weislein, President and Suzanne Taylor Vice President, Indigenous Women Sharing Society

4.00 STAFF REPORTS/PRESENTATIONS

(a) Recreation and Cultural Services

- 5
1. Volunteer Appreciation Options

(b) Financial Services

- 9
2. 2017–2021 Sewer Fund Financial Plan

- 23
3. 2017 – 2021 Water Fund Financial Plan and Rate Increases

(c) Development Services

- 39
4. Bylaw 2875, 2017 to Restrict Pay Parking in the PA-3 and PA-4 Zones

5.00 EXTERNAL REPORTS AND CORRESPONDENCE FOR INFORMATION

- 41
1. Public Information Meeting – M’akola - Development Permit Variance (Braidwood Road)

6.00 INTERNAL REPORTS AND CORRESPONDENCE FOR INFORMATION

- 43
1. Briefing Note – Vehicle Speeds on Royal Vista Way

7.00 REPORTS/UPDATES FROM COUNCIL MEMBERS INCLUDING REPORTS FROM COMMITTEES

8.00 RESOLUTIONS OF COUNCIL

In Camera Meeting:

That notice is hereby given that a Special In-Camera meeting closed to the public will be held March 20, 2017 at the conclusion of the Regular Council Meeting pursuant to the following sub-sections of the *Community Charter*:

- 90 (c) labour relations or other employee relations.

9.00 UNFINISHED BUSINESS

(a) CAO and Legislative Services

- 47 1. Council Remuneration (postponed from the March 06, 2017 Council meeting)

10.00 NOTICE OF MOTION

11.00 NEW BUSINESS

- 51 1. Merchant Navy Association – Request to Purchase and Fly Flag annually for Merchant Navy Day September 03

12.00 BYLAWS

For First and Second Reading

- 53 “Zoning Amendment Bylaw No. 2875, 2017 ”
(To amend Zoning Bylaw No. 2500, 2007 – Pay Parking in the PA3 and PA4 Zones)

13.00 ADJOURNMENT

INDIGENOUS WOMEN SHARING SOCIETY

#208-1355 Cumberland Road

Courtenay BC V9N 2G1

City of Courtenay

830 Cliffe Avenue

Courtenay BC V9N 2J7

March 3, 2017

HIGH IMPORTANCE

Director John Ward

Director of Legislative Services/Deputy CAO

Dear Mr. Ward:

My name is Doris Weislein President of our new Indigenous Women's Sharing Society along with Vice President Suzanne Taylor wish to request as Delegates an opportunity to share with Council on March 20th, 2017, our vision, our goals towards this wonderful new organization of already close to 50 members we have developed. I (Doris) wish to express to Council my long history of involvement in programs, Societies, that I have been a part of and developed.

The purpose of our Organization is to build respectful inclusive networks of all Nations where women, families, Elders can work together to share Indigenous and contemporary knowledge and skills, in a kind and caring environment. To foster cross culture, respect and understanding to collaborative activities and projects with people of all nations. We wish to continue to provide:

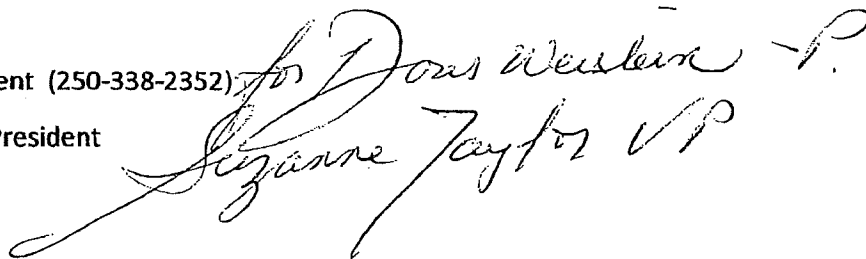
- Safe refuge for people with challenges
- Senior Social activities such as fiber arts, quilting, knitting, cedar basket weaving, beading
- Luncheons for Elders and families in need
- Information sessions for Elders in health care,
- Karaoke with Elders and families
- Support group with Grandparents raising grandchildren

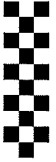
Some of these existing programs are contracted out to Upper Island Women of Native Ancestry. We are branching out on our own to bring a sense of belonging for our people and all nations, a place they can come in and get support. We wish to secure a location and modify space to run healthy living programs and activities. Our goal is to engage with multi-cultural society and promote knowledge of Indigenous people and have the openness of a drop-in center. We are requesting monetary funding for the first year in the range of \$5000 to 10,000 for our Society for operational cost and modifying space for other providers to rent from us.

Your truly,

Doris Weislein President (250-338-2352)

Suzanne Taylor Vice President

Handwritten signatures of Doris Weislein and Suzanne Taylor. The signature for Doris Weislein is written in cursive and includes the initials 'D.P.' at the end. The signature for Suzanne Taylor is also in cursive and includes the initials 'VP' at the end.



FAX COVER SHEET

TO: Courtenay City Hall Counsel

ATTENTION: Director John Ward

FAX NUMBER: 250-334-4241

FROM: Doris Weislein President Indigenous Women Sharing Society

Suzanne Taylor Vice President Indigenous Women Sharing Society

FAX NUMBER: 250-337-4093

COMMENTS:

Thank you so much!

AT

BRITISH
COLUMBIA

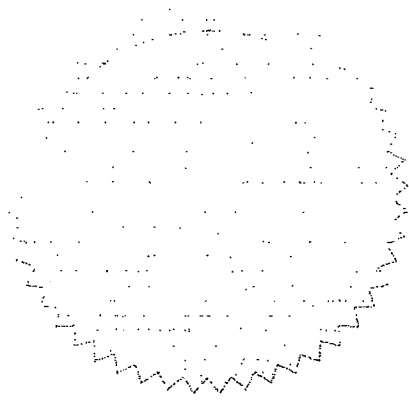
Number: S0067015

Societies Act
CERTIFICATE OF INCORPORATION

INDIGENOUS WOMEN'S SHARING SOCIETY

I Hereby Certify that ~

INDIGENOUS WOMEN'S SHARING SOCIETY was incorporated under the *Societies Act* on March 3, 2017 at 03:05 PM Pacific Time.



*Issued under my hand at
Victoria, British Columbia*

CAROL PREST

REGISTRAR OF COMPANIES
PROVINCE OF BRITISH COLUMBIA
CANADA

**CONSTITUTION**

BC Society • Societies Act

CERTIFIED COPY
Of a document filed with the
Province of British Columbia
Registrar of Companies

A handwritten signature in cursive script, appearing to read "Carol Prest".

CAROL PREST

NAME OF SOCIETY: **INDIGENOUS WOMEN'S SHARING SOCIETY**

Incorporation Number: S0067015

Business Number: 72549 3720 BC0001

Filed Date and Time: March 3, 2017 03:05 PM Pacific Time

The name of the Society is **INDIGENOUS WOMEN'S SHARING SOCIETY**

The purposes of the Society are:

- a) To build respectful networks inclusive of all Nations where women and kin can work together to share Indigenous and contemporary knowledge and skills, support one another and share talents in a kind and caring environment.
- b) To promote healthy living, social activities and supportive services for seniors and families, support after school activities, be inclusive of all ages, and provide a safe refuge for people with challenges.
- c) To foster cross cultural respect and understanding through collaborative activities and projects.



STAFF REPORT

To: Council
From: Chief Administrative Officer
Subject: Volunteer Appreciation Options

File No.: 8100-01-Volun
Date: March 20, 2017

PURPOSE:

The purpose of the report is for Council to consider holding a single volunteer appreciation dinner for 2017.

CAO RECOMMENDATIONS:

That based on the March 20, 2017 staff report "Volunteer Appreciation Options", Council approve Option 1 and direct that staff to hold a single event in the fall of 2017.

Respectfully submitted,

David Allen, BES, CLGEM, SCLGM
Chief Administrative Officer

BACKGROUND:

On November 7, 2016 staff presented a report to council outlining a new strategy for the annual volunteer appreciation dinner. Staff are currently preparing for the 2017 event to be held in October.

DISCUSSION:

The November staff report identified that in the new process staff would send a request for nominated volunteers to organizations. The following is the process as approved by council.

- During National Volunteer Week, staff contact listed organizations to request nominations of key volunteers.
- Staff assembles an invitation list for approval by Council with the cost set out in the annual budget.
- The event is then held in the Fall each year.

National Volunteer Week is April 23-29, 2017. Since no event was held in 2016, the November staff report also conceived of an extra event to be held early in 2017 to make up for the missing event.

Staff are requesting council to consider foregoing the 2016 make up event for the following reasons:

- The extra event would be very close in time to the call for volunteer nominations to be issued in April.
- The facilities are well utilized and favourable nights and times are unavailable.

- One event will focus staff efforts and save costs.

FINANCIAL IMPLICATIONS:

The budget for the event is within the ‘Other General Government’ budget. There are no proposed changes that would exceed the existing budget allocation.

ADMINISTRATIVE IMPLICATIONS:

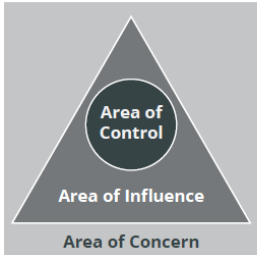
The event is coordinated through the Recreation and Cultural Services Department. No additional staff time is required to organize the event.

STRATEGIC PLAN & PRIORITIES REFERENCE:

City of Courtenay Strategic Priorities identifies that we value and recognize the importance of our volunteers and that we invest in our key relationships we will continue to engage and partner with service organizations for community benefit.

We invest in our key relationships

- We value and recognize the importance of our volunteers
- We will continue to engage and partner with service organizations for community benefit



- **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:

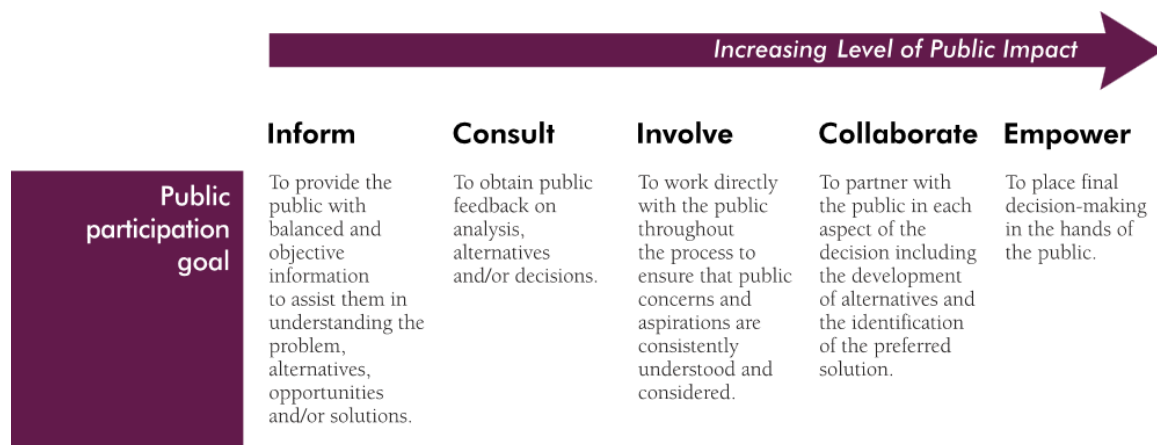
Not applicable.

REGIONAL GROWTH STRATEGY REFERENCE:

Not applicable.

CITIZEN/PUBLIC ENGAGEMENT:

The development of an invitation list will be shared with the public through council proceedings. The City will consult with partnering organizations as identified in the *IAP2 Spectrum of Public Participation*.



OPTIONS:

OPTION 1: Council direct that staff to hold a single volunteer appreciation dinner in the fall of 2017.

OPTION 2: Staff proceed with a spring volunteer event to make up for the missing 2016 event in addition to the approved fall 2017 event.

OPTION 3: Refer the issue back to staff for further consideration and recommendations.

Prepared by:

A handwritten signature in black ink, appearing to read "DSE", is positioned above the typed name.

Dave Snider, MBCSLA
Director of Recreation and Cultural Services



STAFF REPORT

To: Council
From: Chief Administrative Officer
Subject: 2017–2021 Sewer Fund Financial Plan

File No.: 1705-20/1715-20
Date: March 20, 2017

PURPOSE:

The purpose of this report is for Council to consider the 2017–2021 Sewer Fund Financial Plan.

POLICY ANALYSIS:

Section 165 of the *Community Charter* requires a municipality to have a five-year financial plan adopted annually. The 2017–2021 Sewer Fund Financial budget plan is a component of the City’s annual five-year plan.

Section 194 of the *Community Charter*, permits the levying of a user fee to recover the cost of the delivery of a service as well as a frontage fee levied on a per-meter basis to recover the cost of capital renewal of City infrastructure. The 2017 Financial Plan implemented a 10% user fee increase to provide funding for impending regional sewer capital costs and the municipal portion of sewer operating increases.

The 2017 Financial Plan incorporates a more mature Asset Management Planning process which contains more detailed condition assessments, life-cycle analysis and risk management information. This has been incorporated into the Operating and Capital budget presentations for this Fund.

EXECUTIVE SUMMARY:

The sewer service is funded from user fees plus frontage and parcel taxes that are used to recover the cost of sewer service delivery for the upcoming year. It is not funded from general property tax dollars.

The municipal component of the sewer system collects and conveys the effluent to the regional infrastructure where it further conveyed for treatment and processing. Each component plays a vital role in providing sewer services to the residents of Courtenay and its regional partners. The Regional District has planned capital upgrades and expansion in order to provide funding to ensure the sustainability, capacity and integrity of their portion of the system’s infrastructure.

The proposed Sewer budget incorporates the 10% user fee increase authorized by Bylaw 2845, 2016. The financial impact to a single family residence is an increase of \$26.79 for 2017 service.

CAO RECOMMENDATIONS:

That based on the March 20, 2017 staff report “2017–2021 Sewer Fund Financial Plan”, Council approve the 2017-2021 Sewer Fund Financial Plan; and,

That the 2017 sewer rates as identified in Bylaw 2845,2016 for User Fees (\$294.70 annually) and Frontage Tax (\$10.24 per meter) remain in effect. (Recommended)

Respectfully submitted,



David Allen, BES, CLGEM, SCLGM
Chief Administrative Officer

BACKGROUND:

Consideration and approval of a five-year financial plan is an annual requirement of Section 165 of the *Community Charter*. Once the budget is reviewed, Staff draft and present the corresponding Tax Rate bylaw for Council consideration. Each bylaw is then adopted in succession and by no later than May 15th annually. This financial plan covers the period of 2017 through to 2021.

The sewer utility service is designed to be an independent fund separate from the general property tax levy. This service is provided to property owners who use the City's municipal sewer collection infrastructure as well as the Comox Valley Regional District infrastructure that includes sewer force mains, pumping stations, a wastewater treatment plant and an outfall for treated effluent. The City of Courtenay and the Town of Comox are the only members of the regional sewage service, and proportionately share the costs of the regional sewer service, based on the relative sewer flows to the regional wastewater treatment plant.

The regional sewer system was constructed in the early 1980's and was designed with a 25 year life-cycle. In 2011 a sanitary sewer master plan was completed to identify capital works required to ensure continued viability and sustainability of the core infrastructure. A 10-year capital plan was subsequently developed and approved by members of the Sewer commission in 2012.

The proposed 2017 – 2021 Sewer Fund Financial Plan is cooperatively developed between multiple Departments guided by the City's Asset Management Policy, and the CAO Asset Management Working Group Directive

DISCUSSION:

2017 Operating Budget

An overview of the Sewer Operating Budget is provided as Attachment # 1, and summarized as follows.

2017 Operating Revenues:

Revenues can be split between:

- *Frontage Fees* – The 2017 rate is \$10.24 per meter and is expected to generate \$1,955,300. It is typically assigned to cover capital renewal expenditures and the rate has not increased since prior to 2014.
- *User Fees* - The proposed 2017 Sewer User Fee is \$294.70, an increase of \$26.79 from the 2016 fee. It is budgeted to generate \$4,283,200 and is used to cover operating expenditures.

2017 Operating Expenditures:

Table 1 provides a synopsis of the Operating Budget expenditures incurred by Economic Segments.

Table # 1:

SEWER FUND	2016 Final Budget	2017 Budget	Dollar Change 2016-17 Budget	% change btwn 2016-17 Budget	% of Total 2017 Budget	Breakdown of 2017 User Fee Bylaw Rate
Expenditures by Economic Segments						\$294.70
Personnel	598,800	503,600	(95,200)	-15.90%	9.55%	\$ 28.14
General Services	430,300	211,400	(218,900)	-50.87%	4.01%	\$ 11.81
Insurance	8,600	9,900	1,300	15.12%	0.19%	\$ 0.55
Internal Allocations	782,900	789,500	6,600	0.84%	14.97%	\$ 44.12
Purchased Services - Other Govts	3,484,700	3,670,700	186,000	5.34%	69.61%	\$ 205.13
Goods	34,300	63,700	29,400	85.71%	1.21%	\$ 3.56
Utilities	18,600	24,700	6,100	32.80%	0.47%	\$ 1.38
Sub-Totals	5,358,200	5,273,500	(84,700)		100.00%	\$ 294.70

- “Personnel costs” is incremented by 2% as per the union contract. Overall this segment is decreasing from \$598,800 in 2016 to \$503,600 due to the vacant Director of Engineering Services position and the re-alignment of two Engineering Technologists to Asset Management Technical Services. The result is a net cost **reduction of \$95,200**.
- “General Services” in 2017 is **decreasing by \$218,900** due to:
 - the removal of 2016 one-time budgeted items:
 - \$125,000 for the completion of a Sewer Network Master Plan. However, to complete this project an additional \$53,000 is required in 2017;
 - \$50,000 for completion of a SCADA (Supervisory Control and Data Acquisition) Plan Review; and,
 - \$135,000 for a review of future Sewer infrastructure designs.
 - the addition of \$30,000 for the re-alignment of manhole piping at 10th Street East and Sitka Avenue
- “Insurance” is **increasing by \$1,300** due to better tracking of costs incurred for the operations, specifically, the recognition of insurance costs for fleet equipment used in the Sewer operation.
- “Internal Allocations” represent a 13.5% allocation of operational costs from other City departments. It includes staffing costs related to departments such as Finance, Information Technology, Corporate Services, Human Resources, Development Services as well as Public Works. The **increase of \$6,600** recognizes the 2% inflationary rate applied to costs incurred in other departments.
- “Purchased Services – Other Governments” is the Comox Valley Regional District annual

sewer requisition. It is based on prior year sewer flows and a dollar rate applied to that flow. Table 2 identifies actual requisitions from 2014 to 2016 and includes the CVRD’s 2017-2021 Financial Plan sewer requisition and apportionment to the City.

Table 2:

	Year	CVRD Requisition	Courtenay portion of Requisition	% change
Actuals	2014	\$ 4,303,482	\$ 2,730,129	
	2015	\$ 4,776,865	\$ 3,061,970	12%
	2016	\$ 5,063,477	\$ 3,484,685	14%
CVRD Budget	2017	\$ 5,367,286	\$ 3,670,687	5%
	2018	\$ 5,689,323	\$ 3,890,928	6%
	2019	\$ 6,030,682	\$ 4,124,383	6%
	2020	\$ 6,392,523	\$ 4,371,846	6%
	2021	\$ 6,392,523	\$ 4,371,846	0%

In 2015 the CVRD identified and corrected sewer flow equipment calibration problems. This correction resulted in the City being assigned higher sewer flows and Comox lower flows. The impact of this change plus the anticipated higher rates to build CVRD reserves for future capital infrastructure improvements resulted in a \$422,715 increase (14%) to the City’s 2016 requisition. For 2017, the requisition is **increasing by \$186,000** (5.34%) and represents the largest operating cost (**69.61%**) of this Fund.

- “Goods” is consumable items such as fuel, materials, supplies and parts required by operations. For 2017 this is **increasing by \$29,400**.
- “Utilities” is for electricity costs incurred at the City’s 11 lift stations. It is **\$6,100 higher** than 2016 to reflect a 4% electricity rate increase by BC Hydro coupled with a budget to actual cost adjustment.

Sewer Reserves and Surplus Balances:

The projected totals of these are:

- The “Transfer to Other Funds” directs funding to the sewer capital works program. For 2017 the total transfer is \$437,700 higher than 2016 (\$270,921).
- “Transfer to Reserves” is \$710,600 in 2017. The reason for these transfers is to build reserves to fund future capital projects.
- The Projected Balance of Sewer Capital Reserves at the end of 2017 is \$3,597,188 (see Attachment # 2).

2017 Sewer Capital Budget

Attachment # 3 provides an overall summary of the Sewer Capital Budget and Table 3 summarizes the capital expenditures.

Table 3

	2016	2017
SEWER CAPITAL FUND	Final	Final
	Budget	Budget
CAPITAL EXPENDITURES		
DEBT		
Interest - Debenture Debt	65,500	54,900
Principal - Debenture Debt	75,200	75,200
	140,700	130,100
Assets		
Equipment	133,000	909,000
Engineering Structures - Renewal	243,100	225,000
Engineering Structures - New	220,500	129,400
Other Charges	-	-
	596,600	1,263,400
Total Sewer Capital Expenditures	737,300	1,393,500

Attachment # 4 identifies the 2017 Capital program in detail.

2017 New Capital projects are:

- Sewer Main Pipe replacement under Comox Road, Lewis Park and River Crossing - \$100,000 in 2017 for Design work and \$500,000 for construction in 2018. Funding to come from Transfer from Operating in 2017.
- Renewal of Anderton Lift Station – \$125,000 in 2017 for Design work and \$2,000,000 for construction in 2018. Funding for 2017 to be from Transfer from Operating in 2017 and long-term borrowing in 2018.
- Payment of 2017 Debenture Debt - \$130,100

Items previously approved in 2016 but listed for completion in 2017 include:

- Purchase of a Generator for the Mansfield pump station - \$54,000 funded from the Reserve for Future Expenditures;
- Extension of 220 meters of sanitary sewer along Headquarters Road – Vanier Drive to Pebernat Road - \$129,400 funded from the Reserve for Future Expenditures.
- Purchase of two sewer flow meters - \$75,000 funded from Gas Tax dollars.
- Implementation of a SCADA (Supervisory Control and Data Acquisition) System - \$780,000 funded

by CWWF (Clean Water and Wastewater Fund) grant in the amount of \$647,400 and \$132,600 from Transfer from Operating. This will only proceed subject to Grant funding approval.

FINANCIAL IMPLICATIONS:

The revenues generated by Sewer User Fees and Frontage Fees have been utilized collectively to pay for operating and capital renewal expenditures. Bylaw 2845, 2016 authorized increases to water and sewer User Fees for three years. These increases were presented in anticipation of the CVRD incrementing their sewer requisitions to pay for their sewer capital infrastructure program. Table 4 identifies the change in the City’s Sewer System User fees and Frontage Fees since 2014.

Table # 4

Annual	User Fees		Frontage	
	One-time	Change	per meter	Change
2014	\$ 217.94		\$ 10.24	
2015	\$ 243.55	\$ 25.61	\$ 10.24	\$ -
2016	\$ 267.91	\$ 24.36	\$ 10.24	\$ -
2017	\$ 294.70	\$ 26.79	\$ 10.24	\$ -
2018	\$ 324.17	\$ 29.47	\$ 10.24	\$ -

Attachment # 5 identifies the sewer revenues by functional purpose and relates them to their intended uses. It shows that the operating expenditures exceed the revenues generated from User Fees but the Frontage Fees provide sufficient revenue to cover 2017 capital expenditures as well as to supplement operating expenditures. This is not consistent with best practice, but for 2017 it is suggested that the user fees and frontage fees continue to be combined until additional condition assessments are completed in 2018. This will provide Staff with a higher level of information to recommend rates based on ongoing capital renewal needs and costs required for sewer operations.

ADMINISTRATIVE IMPLICATIONS:

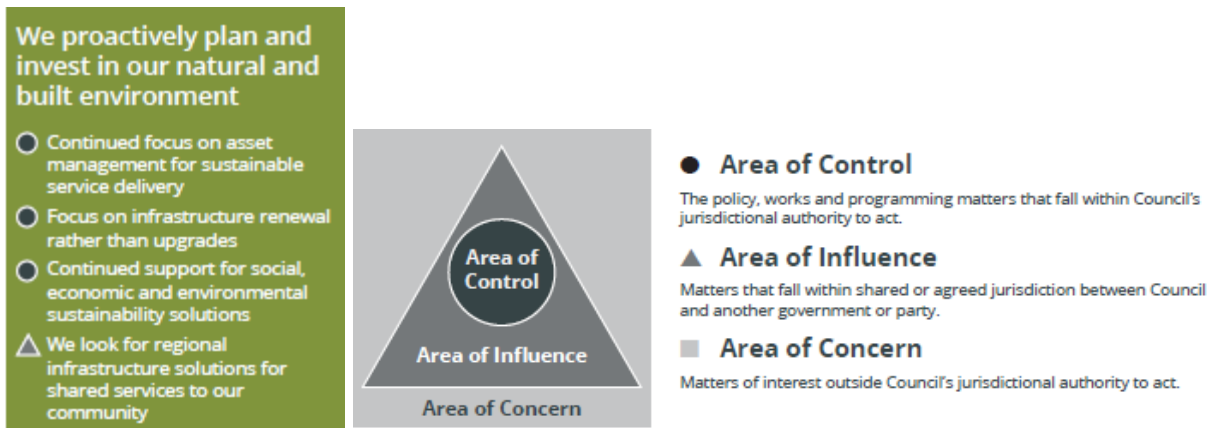
Preparation of the Sewer Fund Financial Plan is a statutory component of the City’s annual workplan.

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 work is being used to determine maintenance programs and whether the life-cycle of the infrastructure can be extended and costs deferred. Continuing to contribute to capital reserves is prudent in order to meet this coming need if borrowing is to be minimized.

STRATEGIC PRIORITIES REFERENCE:

The 2017-2021 Sewer Financial Plan focuses on Asset Management for Sustainable Service Delivery and is tailored to guide infrastructure renewal, operating spending and maintenance programs.



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.

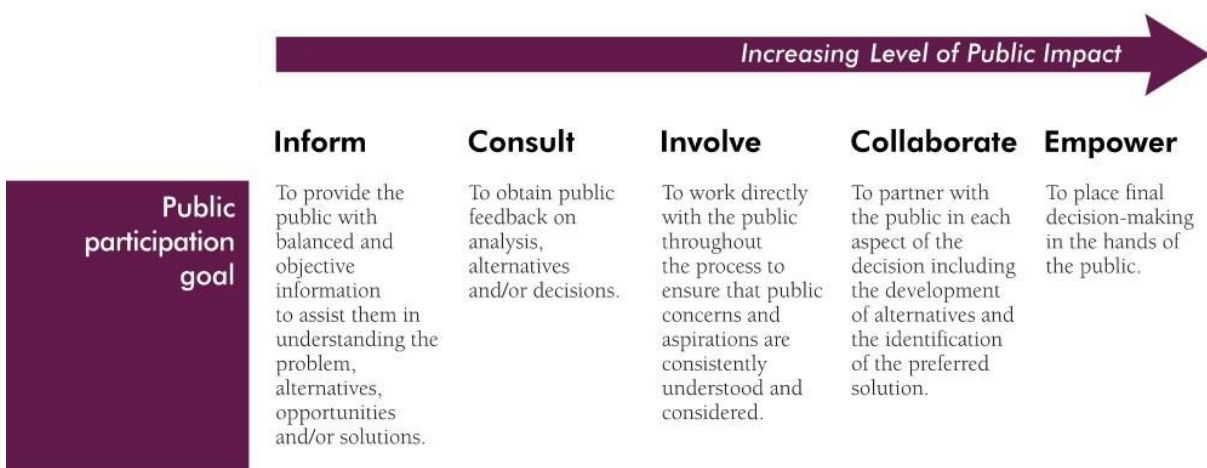
REGIONAL GROWTH STRATEGY REFERENCE:

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



OPTIONS:

Option 1:

That based on the March 20, 2017 staff report “2017–2021 Sewer Fund Financial Plan” Council approves the 2017-2021 Sewer Fund Financial Plan; and,

That the 2017 sewer rates as identified in Bylaw 2845,2016 for User Fees (\$294.70 annually) and Frontage Tax (\$10.24 per meter) remain in effect. (Recommended)

Option 2:

That Council defer approval of the proposed 2017–2021 Sewer utility financial plan for further discussion at a later Council meeting.

Prepared by:



Brian Parschauer, BA, CPA-CMA
Director of Finance

Attachments:

- Attachment # 1 - Sewer Operating Budget Overview
- Attachment # 2 - Sewer Reserves and Surpluses
- Attachment # 3 – Sewer Capital Expenditures - Summary
- Attachment # 4 – Sewer Capital Expenditures – Detailed
- Attachment # 5 – Current Rate Structure

Attachment # 1 - Sewer Operating Budget

Sewer Operating Fund	Budget		Financial Plan			
	2016	2017	2018	2019	2020	2021
Revenues						
Operating						
Frontage & Parcel Taxes	\$ 1,946,400	\$ 1,955,300	\$ 1,965,000	\$ 2,258,000	\$ 2,259,600	\$ 2,266,800
Sale of Services	3,895,700	4,282,100	4,726,500	4,982,200	5,252,100	5,536,300
Revenue from Own Sources	1,200	1,100	1,100	1,000	900	900
	5,843,300	6,238,500	6,692,600	7,241,200	7,512,600	7,804,000
Reserves & Surplus						
Future Expenditure Reserve	260,000	183,300	160,000	-	-	-
Surplus	2,000,000	-	-	-	-	-
	2,260,000	183,300	160,000	-	-	-
Equity in Capital Assets						
	125,000	125,000	125,000	125,000	125,000	125,000
	125,000	125,000	125,000	125,000	125,000	125,000
Total Revenues	\$ 8,228,300	\$ 6,546,800	\$ 6,977,600	\$ 7,366,200	\$ 7,637,600	\$ 7,929,000
Expenses						
Operating						
General Administration	1,391,800	1,123,000	1,137,600	1,140,900	1,219,500	1,193,200
CVRD	3,484,700	3,670,700	3,890,900	4,124,400	4,371,800	4,371,800
Collection	481,700	479,800	458,800	468,600	478,200	488,000
	5,358,200	5,273,500	5,487,300	5,733,900	6,069,500	6,053,000
Amortization	125,000	125,000	125,000	125,000	125,000	125,000
Total Expenses	5,483,200	5,398,500	5,612,300	5,858,900	6,194,500	6,178,000
Transfers to Other Funds						
Sewer Capital Fund	514,300	437,700	771,800	1,231,800	1,231,800	1,231,800
	514,300	437,700	771,800	1,231,800	1,231,800	1,231,800
Transfers to Reserves						
Asset Management Reserve	2,125,000	300,000	300,000	150,000	125,000	300,000
Machinery/Equip Reserve	75,000	75,000	75,000	75,000	75,000	75,000
MFA Reserve Fund	800	700	700	600	500	500
Carbon Offsets Reserve	5,500	5,500	5,500	5,500	5,500	5,500
Total Transfers	2,206,300	381,200	381,200	231,100	206,000	381,000
Transfer to Appropriated Surplus						
Surplus contingency	24,500	329,400	212,300	44,400	5,300	138,200
	24,500	329,400	212,300	44,400	5,300	138,200
Total Expenses	\$ 8,228,300	\$ 6,546,800	\$ 6,977,600	\$ 7,366,200	\$ 7,637,600	\$ 7,929,000
Surplus (Deficit)	-	-	-	-	-	-

SEWER RESERVES AND SURPLUS		2016	2017	2018	2019	2020	2021	
		Actuals (Unaudited)	Budget	Proposed Budgets				
Operating Surpluses	SURPLUS	Dec 31 prior year	2,902,202	902,202	902,202	902,202	902,202	902,202
		For Operations	(2,000,000)	-	-	-	-	-
		Annual Transfers	(0)	-	-	-	-	-
		Projected balance Dec 31	902,202	902,202	902,202	902,202	902,202	902,202
	SURPLUS RESERVE FOR FUTURE EXP	Dec 31 prior year	554,400	343,300	160,000	-	-	-
		For Operations						
		For Capital Projects	(554,400)	(183,300)	(160,000)	-	-	-
		Appropriated Surplus	343,300	-	-	-	-	-
		Projected balance Dec 31	343,300	160,000	-	-	-	-
		TOTAL ACCUMULATED OPERATING SURPLUS	1,245,502	1,062,202	902,202	902,202	902,202	902,202
Capital Reserves	SEWER RESERVE	Dec 31 prior year	471,947	471,947	471,947	471,947	471,947	471,947
		Transfers to						
		For Capital Projects						
		Projected balance Dec 31	471,947	471,947	471,947	471,947	471,947	471,947
	ASSET MANAGEMENT RESERVE	Dec 31 prior year	-	2,125,000	2,425,000	2,025,000	1,925,000	1,800,000
		Transfer to	2,125,000	300,000	300,000	150,000	125,000	300,000
		For capital projects			(700,000)	(250,000)	(250,000)	(250,000)
		Projected balance Dec 31	2,125,000	2,425,000	2,025,000	1,925,000	1,800,000	1,850,000
	SEWER MACHINERY AND EQUIPMENT	Dec 31 prior year	550,240	625,240	700,240	775,240	850,240	925,240
		Annual Transfer	75,000	75,000	75,000	75,000	75,000	75,000
		For capital projects						
		Interfund Interest						
		Projected balance Dec 31	625,240	700,240	775,240	850,240	925,240	1,000,240
	TOTAL CAPITAL RESERVES	3,222,188	3,597,188	3,272,188	3,247,188	3,197,188	3,322,188	

Attachment 3 - Capital Expenditures Summary

SEWER CAPITAL FUND	2015 Actual	2016 Final Budget	2016 Actual Unaudited	2017 Final Budget	2018 Proposed Budget	2019 Proposed Budget	2020 Proposed Budget	2021 Proposed Budget
REVENUES								
Funding from Operating Fund, Reserves and Surplus								
Other Revenues	790,531	15,800	638	-	-	-	-	-
Sewer Operating Fund	399,732	514,300	270,922	437,700	771,800	1,231,800	1,231,800	1,231,800
Sewer Operating Surplus	15,000	110,500	-	183,300	160,000	-	-	-
Sewer Capital Surplus	9,259	21,700	-	-	-	-	-	-
General Reserve Funds	-	-	-	-	700,000	250,000	250,000	250,000
Gas Tax Reserve Fund	-	75,000	-	125,100	1,000,000	-	-	-
CWWF Grant	-	-	-	647,400	-	-	-	-
	1,214,522	737,300	271,560	1,393,500	2,631,800	1,481,800	1,481,800	1,481,800
Funding from Debt	-	-	-	-	1,400,000	-	-	-
	-	-	-	-	1,400,000	-	-	-
Transfer from Equity	732	-	-	-	-	-	-	-
	732	-	-	-	-	-	-	-
Total Funding for Capital	1,215,254	737,300	271,560	1,393,500	4,031,800	1,481,800	1,481,800	1,481,800
CAPITAL EXPENDITURES								
DEBT								
Interest - Debenture Debt	81,122	65,500	58,083	54,900	104,500	104,500	104,500	104,500
Principal - Debenture Debt	75,242	75,200	75,242	75,200	127,300	127,300	127,300	127,300
	156,364	140,700	133,324	130,100	231,800	231,800	231,800	231,800
Assets								
Equipment	-	133,000	4,006	909,000	-	-	-	-
Engineering Structures - Renewal	241,520	243,100	126,583	225,000	2,500,000	1,250,000	1,250,000	1,250,000
Engineering Structures - New	26,106	220,500	7,646	129,400	1,300,000	-	-	-
Other Charges	791,263	-	-	-	-	-	-	-
	1,058,889	596,600	138,236	1,263,400	3,800,000	1,250,000	1,250,000	1,250,000
Total Sewer Capital Expenditures	1,215,253	737,300	271,560	1,393,500	4,031,800	1,481,800	1,481,800	1,481,800

Attachment # 4 - Capital Expenditures - Details

2017 - 2021 FIVE YEAR FINANCIAL PLAN		2016	2016	2017	2018	2019	2020	2021
		Final	Actual	Final	Proposed	Proposed	Proposed	Proposed
		Budget	Unaudited	Budget	Budget	Budget	Budget	Budget
EXPENSES								
DEBT								
080-21-2-500-5000-64102-8030	PR - L/T BL 2305 SEWER EXT	15,700	15,714	15,700	15,700	15,700	15,700	15,700
080-21-2-500-5000-64129-8030	PR - L/T BL2353 SEWER EXT 2005	47,300	47,304	47,300	47,300	47,300	47,300	47,300
080-21-2-500-5000-64130-8030	PR - L/T BL2423 SEWER EXT 06	12,200	12,224	12,200	12,200	12,200	12,200	12,200
080-21-2-500-5000-64199-8030	New Debt	-	-	-	52,100	52,100	52,100	52,100
		75,200	75,242	75,200	127,300	127,300	127,300	127,300
080-21-2-500-5000-64202-8040	INT - L/T BL2305 SEWER EXT	18,000	18,000	18,000	18,000	18,000	18,000	18,000
080-21-2-500-5000-64229-8040	INT BL 2353 SEWER EXTENTION	30,500	30,535	30,500	30,500	30,500	30,500	30,500
080-21-2-500-5000-64230-8040	INT - L/T BL2423 SEWER EXT 06	17,000	9,548	6,400	6,400	6,400	6,400	6,400
080-21-2-500-5000-64299-8040	New Debt	-	-	-	49,600	49,600	49,600	49,600
		65,500	58,083	54,900	104,500	104,500	104,500	104,500
	Total Debt	140,700	133,324	130,100	231,800	231,800	231,800	231,800
CAPITAL ASSETS								
Equipment								
040-80-6-350-0000-88058-6180	Sewer - Equipment > \$5000	-	-	-	-	-	-	-
040-80-6-350-0000-88047	Capital Equipment	58,000	4,006	54,000	-	-	-	-
040-80-6-350-0000-88049	Scada System Implementation	-	-	780,000	-	-	-	-
040-80-6-350-0000-88077	Sewer flow meters	75,000	-	75,000	-	-	-	-
		133,000	4,006	909,000	-	-	-	-
Engineering Structures - Renewal								
040-80-6-350-0000-88040	Sewer - Carmanah & Valecourt Cres	25,000	638	-	-	-	-	-
040-80-6-350-0000-88056	Sewer - Anderton Lift Station	-	-	125,000	2,000,000	-	-	-
040-80-6-350-0000-88061	Sewer - 2nd Street - Cliffe to England	3,300	6,588	-	-	-	-	-
040-80-6-350-0000-88062	Sewer - 12th Street - Stewart to Urquhart Ave	3,600	1,138	-	-	-	-	-
040-80-6-350-0000-88066	Sewer - 3rd Street - Cliffe to England	211,200	118,219	-	-	-	-	-
040-80-6-350-0000-88073	Sewer - Projects identified through Asset Management Strategy	-	-	-	-	1,250,000	1,250,000	1,250,000
040-80-6-350-0000-8807x	Sewer - Main Pipe Replacement Comox Rd, Lewis Park, River Crossing	-	-	100,000	500,000	-	-	-
		243,100	126,583	225,000	2,500,000	1,250,000	1,250,000	1,250,000
Engineering Structures - New								
040-80-6-350-0000-88042	Sewer - South Courtenay Sewer Planning/Capacity Provisions	40,000	-	-	1,000,000	-	-	-
040-80-6-350-0000-88054	Sewer - Sandpiper Dr Sewer	15,000	-	-	300,000	-	-	-
040-80-6-350-0000-88074	Sewer Vanier Drive Watermain/Pebernat Road Sewer	137,000	7,646	129,400	-	-	-	-
040-80-6-350-0000-88075	2140 Lake Trail Road Subdivision	7,500	-	-	-	-	-	-
040-80-6-350-0000-88076	Arden Central Trunk - Cumberland to Krebs	21,000	-	-	-	-	-	-
		220,500	7,646	129,400	1,300,000	-	-	-
Other Charges								
040-80-6-350-0000-87460	Loss on Disposal of Capital Assets	-	-	-	-	-	-	-
040-80-6-350-0000-87450	Developer Contributed Assets	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
	Total Assets	596,600	138,236	1,263,400	3,800,000	1,250,000	1,250,000	1,250,000
		737,300	271,560	1,393,500	4,031,800	1,481,800	1,481,800	1,481,800

Current Rate Structure

	2017		2018		2019		2020		2021	
	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital
Sewer Budgeted Revenues										
Frontage Fees		1,933,600		1,943,300		1,953,000		1,962,800		1,972,600
Parcel Taxes		21,700		21,700		21,700		13,500		10,900
Local Area Improvement						283,300		283,300		283,300
Prior Year's Surplus/Reserves		183,300		160,000		0		0		0
Frontage Fee Revenues Sub-Total		2,138,600		2,125,000		2,258,000		2,259,600		2,266,800
<i>User Fees - related % inc.</i>	10%		10%		5%		5%		5%	
Residential	3,449,200		3,810,300		4,017,800		4,236,600		4,467,200	
Commercial	566,900		627,500		662,900		700,400		739,900	
Institutional	216,000		237,700		249,500		262,000		275,100	
Misc. Rev	51,100		52,100		53,000		54,000		55,000	
User Fee Revenue Sub-Totals	4,283,200		4,727,600		4,983,200		5,253,000		5,537,200	
Combined Revenues		6,421,800		4,727,600		4,983,200		5,253,000		5,537,200
Sewer Budgeted Expenditures										
Administration	1,123,000		1,137,600		1,140,900		1,219,500		1,193,200	
Operations	4,150,500		4,349,700		4,593,000		4,850,000		4,859,800	
Transfers and Reserves	334,900	375,700	217,800	375,700	49,900	225,600	10,800	200,500	143,700	375,500
Operating Expenditure Sub-Totals	5,608,400	375,700	5,705,100	375,700	5,783,800	225,600	6,080,300	200,500	6,196,700	375,500
Surplus/(Deficit)	(1,325,200)	1,762,900	(977,500)	1,749,300	(800,600)	2,032,400	(827,300)	2,059,100	(659,500)	1,891,300
Funding Available for Capital		437,700		771,800		1,231,800		1,231,800		1,231,800
Projected Capital Expenditures		437,700		771,800		1,231,800		1,231,800		1,231,800
Surplus/Reserves		0		0		0		0		0



STAFF REPORT

To: Council

File No.: 1705-20 / 1830-05

From: Chief Administrative Officer

Date: March 20, 2017

Subject: 2017 – 2021 Water Fund Financial Plan and Rate Increases

PURPOSE:

The purpose of this report is for Council to consider the 2017 – 2021 Water Fund Financial Plan and proposed water user fee and frontage rate revenue increases.

POLICY ANALYSIS:

Section 165 of the *Community Charter* requires a municipality to have a five year financial plan. The 2017 – 2021 Water Fund Financial budget plan is a component of the City's annual five year plan. A key component of the Financial Plan is the levying of fees to cover the cost of the delivery of a service as authorized under Section 194 of the *Community Charter*.

During 2016 Staff continued to develop the Asset Management Plan for the water network. Condition assessments, life-cycle analysis and risk management information were entered to develop a list of the water system infrastructure that required the highest level of attention. The 2017 - 2021 Financial Plan uses this refined information to guide the development of this five year program.

EXECUTIVE SUMMARY:

The five year financial plan is prepared annually. The water service is funded using User Fees and Frontage taxes and not from general property taxation dollars.

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 2017 – 2021 Financial Plan incorporates several external factors impacting the City's water system - primarily higher bulk water rates and advanced health standards and regulations dictating a necessity to review rates and fees as well as staffing needs required to provide a sustainable service to the community.

In order to meet the higher operating costs, the recommended 2017 Financial Plan incorporates a 15% blended user fee increase as well as a 25% increase to frontage fees in order to fund ongoing operational and capital needs. For a single family residence with an average frontage of 21.83 meters, the combined increase to water operating revenues is an increase of \$65.65, which translates to \$5.47 monthly or \$0.18 per day.

CAO RECOMMENDATIONS:

That based on the March 20, 2017 staff report "2017 – 2021 Water Fund Financial Plan and Rate Increases", Council approve the 2017 – 2021 Water Fund Financial Plan; and,

That the water user fee revenue be increased by 15% for 2017 and 10% for 2018; and,

That water frontage rates be increased annually by 25% for 2017 through to 2021; and,
That staff be directed to amend the “City of Courtenay Fees and Charges Bylaw No. 1673, 1992” and
“Water Service Frontage Tax Amendment Bylaw No. 2766, 2013 to reflect the proposed increases.

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 Section 165 of the Community Charter. This financial plan covers the period of 2017 - 2021.

The Comox Valley Regional District (CVRD) is the source supply and transmits water from Comox Lake to the City boundaries where it is then distributed to property owners using a combination of CVRD transmission mains and the City’s municipal water distribution infrastructure.

The water utility service is designed to be self-funding with no reliance on funding from the general property tax levy. Bylaw 2845, 2016 approved the increase of water user fees. The increase was approved in anticipation of CVRD bulk water rates increasing by \$0.02/m³ effective January 1, 2018. Table # 1 shows what the City’s user fee and frontage rates have been since 2014 and what they are for the next two years using the existing bylaw rates for 2017 and 2018.

Table # 1

	User Fees		Frontage	
	One-time	Change	Per meter	Change
2014	\$ 348.38		\$ 3.74	
2015	\$ 358.83	\$ 10.45	\$ 3.74	\$ -
2016	\$ 369.59	\$ 10.76	\$ 3.74	\$ -
2017	\$ 380.68	\$ 11.09	\$ 3.74	\$ -
2018	\$ 392.10	\$ 11.42	\$ 3.74	\$ -

DISCUSSION:

City of Courtenay 2017 – 2021 Water Financial Plan

2017 Operating Budget

For 2017 multiple department managers were involved in the development of the Water Financial Plan. Attachment # 1 is the Water Operating budget summary. Total 2017 revenues and expenditures equal \$7,093,900 with contributions to reserves and capital of \$488,300.

2017 Operating Budget Expenditure Sources:

Over the past year, the City of Courtenay Water System Asset Management plan has been refined and is providing guidance with respect to the sustainable operation, maintenance, and the long-term infrastructure renewal needs of the City.

The total change between the 2016 and 2017 Budgets (excluding Transfers to Reserves and to the Capital Fund) is \$931,800.

TABLE 2:

WATER FUND		2016 Final Budget	2017 Budget	2016-2017 Budget Variance	% of Total 2017 Budget	Breakdown of 2017 Current User Fee Rate
Expenditures by Economic Segments						\$380.68
	Personnel	788,700	680,000	(108,700)	10.78%	\$ 41.05
	General Services	242,300	673,700	431,400	10.68%	\$ 40.67
	Insurance	10,500	10,700	200	0.17%	\$ 0.65
	Internal Allocations	919,100	1,072,500	153,400	17.01%	\$ 64.75
	Purchased Services - Other Govts	3,163,500	3,598,400	434,900	57.07%	\$ 217.24
	Goods	248,700	265,300	16,600	4.21%	\$ 16.02
	Utilities	-	4,000	4,000	0.06%	\$ 0.24
	Transfer Payments	1,000	1,000	-	0.02%	\$ 0.06
	Sub-Totals	5,373,800	6,305,600	931,800	100.00%	\$ 380.68

- “Personnel costs” have decreased from \$788,700 in 2016 to \$680,000 in 2017. Four factors have collectively resulted in Personnel costs **decreasing by \$108,700**.
 - Salaries, wages and benefits of staff working of Public Works, Engineering and Finance have been strategically reviewed and proportionally allocated in the following way:
 - Engineering managerial and Engineering Technologist staff - 20%
 - Public Works managerial staff – 30% and
 - One Finance Clerk – 25%
 - The departure of the Director of Engineering has resulted in cost savings of approximately \$10,000.
 - The departmental reviews of Engineering and Public Works resulted in the refinement of duties and responsibilities between these two areas. This separation contributed to a reduction in personnel costs which resulted in a budgetary reduction of approximately \$163,000 between 2016 and 2017.
 - A 2% increase from the collective bargaining contract for unionized personnel is included in 2017 personnel costs.

- Changing Island Health permit requirements and re-Classification of the Water System from a Class 1 to a Class IV Facility raises the level of management and monitoring required to ensure the water system complies with regulatory guidelines when providing potable water to the community. The City’s updated operating permit requires the City to have in place:
 1. Weekly sampling program
 2. Cross Connection control program
 3. Unidirectional flushing program
 4. Annual Water report
 5. Level 4 Operator Training Program

In comparison, Comox and Cumberland are Class 2 water distribution systems which allows them to operate at a less cost than Courtenay. The City is required to have at least one Level IV operator and sufficient staff to comply with these regulatory requirements. Additional staff is estimated to cost approximately \$95,000 in 2017 (a partial year) and is included in current personnel costs.

- “General Services” in 2017 is **increasing by \$431,400** due to the following:
 - Loop watermains through nine (9) private properties - \$400,000 – one-time expenditure;
 - Valve, hydrant and water meter repairs at various locations - \$82,000 – one-time expenditures;
 - Removal of one-time miscellaneous cost for Water plans – (\$143,400);
 - Updating of Water Master Plan - \$75,000 in 2017, declining to \$25,000 in 2018;
 - Water capital projects – warranty costs - \$9,000;
 - Creation of new account to track legal costs - \$5,000; and,
 - Inflationary increases - \$3,800.
- “Internal Allocations” represent a percentage allocation (17.5%) of operational costs from other City departments. This includes staff costs from Financial Services, Information Technology, Corporate Services, Human Resources, and Development Services. The **increase of \$153,400** recognizes an overall increase from general government contributing to the functioning of the water service.
- “Purchased Services – Other Governments” relates to the bulk water purchased from the Comox Valley Regional District (CVRD) and is the largest cost driver for this Fund, **increasing by \$434,900**.
 - In 2016, the CVRD increased January 1, 2017 bulk water rates from \$0.66/m³ to \$0.71/m³. Rate increases have been approved to continue until 2021 when they will be \$0.85/m³. This rate increase adds \$250,000 to the 2017 operating costs and by 2021 will increase to over \$900,000.
 - \$50,000 relates to the cost of additional water for the CVRD Local Service Area – formerly known as the Sandwick Water Improvement District.
 - The remaining \$135,000 increase is due to a budget to actual adjustment from higher 2016 water consumption than contemplated during the creation of the 2016 budget.
- “Goods” is consumable items such as fuel, materials, supplies and parts required by operations. This budgetary **increase of \$16,600** will be used to repair faulty water meters or to install meters

when necessary.

- “Utilities” is for electricity incurred at the City’s water booster stations. Past budgets have not shown this cost as a separate line item. In 2017 it represents a **\$4,000** expenditure matching 2016 actuals plus adding BC Hydro’s 4% electricity rate increase.

These are the operating expenditure cost impacts for the Water Fund Operations.

2017 Operating Budget Revenue Sources:

Revenues in the Water Fund cover operating and capital budget requirements. Municipal water system costs are typically funded in two ways. Capital costs related to the renewal of existing water system infrastructure are funded through Frontage Fees or Parcel Taxes, and operating costs through User Fees. The City of Courtenay funds its water system in the following manner:

- Frontage Fees – The 2017 rate is \$3.74 per meter and is expected to generate \$714,700. It is typically assigned to cover capital expenditures and the rate has not increased since prior to 2014.

For 2017, staff recommend that the Frontage Fees be increased over an extended period of time to build funds to facilitate a capital renewal program for the existing water distribution network. The Asset Management (AM) Plan for the water system is being developed to identify what level of annual financial funding will be required for capital renewal. The 2017 capital renewal program is \$5.1M in 2017 due to the Ministry of Transportation announcement earlier this year to complete the Comox Road project. This changed the original 2017 program by adding a \$2.1M project into the list. At present, the 2018 capital program is currently set to be \$1.3M. Capital renewal for 2019 – 2021 is expected to be around \$1.5M to \$2.0M annually. The capital renewal values recorded in 2019 to 2021 will become more refined as more detailed condition assessments are incorporated into the AM Plan.

The Asset Management Plan states that it costs approximately \$600 per linear metre to replace water infrastructure. The City currently collects \$3.74 per meter, which in 2016 generated about \$701,000 for capital renewal. The costs to install water and sewer infrastructure is very similar yet the water frontage fees are only \$3.74/metre in comparison to the sewer service which is \$10.24/metre. Table 3 identifies the impact of raising frontage rates by 25% in the next five years.

Table 3:

Frontage Rate Analysis						
	2016	2017	2018	2019	2020	2021
Metres Growth Rate	2.00%					
Metres	187,346	191,093	194,915	198,813	202,789	206,845
Frontage Rate	\$ 3.74	\$ 3.74	\$ 3.74	\$ 3.74	\$ 3.74	\$ 3.74
2016 Frontage Revenue	\$ 700,674.04	\$ 714,687.52	\$ 728,981.27	\$ 743,560.90	\$ 758,432.11	\$ 773,600.76
Rate Increase	25%	\$ 4.68	\$ 5.84	\$ 7.30	\$ 9.13	\$ 11.41
Net Revenue	\$ 893,359.40	\$ 1,139,033.24	\$ 1,452,267.38	\$ 1,851,640.90	\$ 2,360,842.15	
Additional Revenue Increase - 2017	\$ 178,671.88	\$ 178,671.88	\$ 178,671.88	\$ 178,671.88	\$ 178,671.88	\$ 178,671.88
	2018	\$ 231,380.08	\$ 231,380.08	\$ 231,380.08	\$ 231,380.08	\$ 231,380.08
	2019		\$ 298,654.51	\$ 298,654.51	\$ 298,654.51	\$ 298,654.51
	2020			\$ 384,502.31	\$ 384,502.31	\$ 384,502.31
	2021				\$ 494,032.61	\$ 494,032.61
Full Year Additional Revenue	\$ 178,671.88	\$ 410,051.97	\$ 708,706.48	\$ 1,093,208.79	\$ 1,587,241.40	

- User Fees - The 2017 User Fee is \$380.68, an increase of \$11.09 from the 2016 fee. It is budgeted to generate \$5,299,200 and is used to cover operating expenditures.

Three external factors necessitate an increase to existing 2017 user fees:

- Bulk water rate increases from \$0.66 to \$0.71 as noted in the CVRD’s 2017 – 2021 Financial plan. The City’s User fee rates of \$360.68 for 2017 were initially able to absorb a \$0.66/m³ rate plus increased water consumption by the City. However, raising the rate to \$0.71/m³ is a significant adjustment of over \$250,000.
- Vancouver Island Health Authority’s (VIHA) new operating permit for the City’s water system requires increases to training and certification for water system staff, as well as to monitoring and operating procedures.
- Re-classification of the City’s water distribution system from Class 1 to Class 4.

Attachment number 2 identifies a review of several user fee rate options to address the additional costs created by these external factors.

Revenue – Additional:

In the latter part of 2017 approximately \$29,600 of additional billing revenue is estimated to be received from the conclusion of negotiations with the CVRD for the transition of the Sandwick water system to the City of Courtenay. The full impact of the revenue will only be realized at the conclusion of the transition of the Sandwick Local Service Area to the City from the CVRD. In 2018, revenues are expected to increase by \$90,000 annually.

Water Reserves and Surplus Balances:

Attachment number 3 relates to the Water Reserves and Surpluses. There are five primary reserve and surplus accounts. The balances within those reserves and surpluses changes depending on how much surplus or deficit is created from the Operating Budget and is reduced depending on how much money is required to pay for the City’s operating and capital budget needs.

2017 Capital Budget

Attachments 4 (summary) and 5 (details) is the Water Capital Budget comprised of the following:

2017 New Projects:

- Renewal of 2 kilometres of water infrastructure along Comox Road in the amount of **\$2.1M** in preparation for the Ministry of Transportation grinding and paving the road. This was pre-approved by Council on January 30, 2017. This project will be paid from the Gas Tax Reserve.
- Sandwick Conversion in the amount of **\$1,593,000** to conclude the transition of the Sandwick water authority to the City of Courtenay. Funding for this project is intended to come from:
 - Asset Management Reserve - \$443,100
 - CVRD - \$244,900
 - CWWF (Clean Water and Wastewater Fund) Grant - \$905,000 (announcement pending)

- Repair of the existing valving at the Buckstone Water Pump station in response to a risk assessment noting its deficiency. Total cost is **\$50,000** to be funded from a Transfer from Operating.

Items previously approved in 2016 but listed for completion in 2017 include:

- **\$294,200** for the installation of watermain on Vanier Drive from Headquarters Road to Comox Valley Sports Centre. The service needs to be up-sized and upgraded due to Vanier High School seismic concerns. Construction is to occur in 2017 in conjunction with the Sewer capital work in the area. Funding is to come from the Asset Management Reserve.
- Renewal of the watermain on Willemar Avenue from 17th to 26th Street in the amount of **\$1,064,600**. Funding for this project is to come from:
 - DCC Reserves - \$169,500
 - CWWF (Clean Water and Wastewater Fund) Grant - \$883,600 (announcement pending); and
 - Asset Management Reserve - \$11,400

This area is noted for heaving and reduced capacity and pipe structure issues. It was originally planned for 2015 but was delayed in anticipation of the Transportation Network Plan. Completion is expected in 2018 at an additional cost of \$10,000 (warranty period).

- **\$30,600** is required for the servicing of the Long-Term Debt principal (\$20,100) and interest (\$10,500) payments that relates to Bylaw 2424. The principal balance as of December 31, 2016 for this long-term debt instrument is \$358,088.

To summarize, Capital Expenditures are as follows:

Table 4:

CAPITAL EXPENDITURES	
DEBT	
Interest - Debenture Debt	10,500
Principal - Debenture Debt	20,100
	30,600
ASSETS	
Engineering Structures - Renewal	3,214,500
Engineering Structures - New	1,886,000
Other Charges	-
	5,100,500
Total Water Capital Expenditures	5,131,100

Funding for these capital expenditures is coming from a combination of:

1. Transfer from Operating to Capital-----	\$80,600
2. DCC Revenues -----	\$169,500
3. CVRD (Comox Valley Regional District)-----	\$244,900
4. Transfer From Asset Management Reserve-----	\$747,500
5. Clean Water and Wastewater Fund Grant -----	\$1,788,600
6. Gas Tax Reserve-----	<u>\$2,100,000</u>
	<u>\$5,131,100</u>

FINANCIAL IMPLICATIONS:

User Fees:

Bylaw 2845, 2016 approved 2017 and 2018 User fees prior to the bulk water rates increasing by \$0.05/m³ and VIHA upgrading the City's operating permit from a Level 1 to Level 4. A number of funding options were reviewed and identified in Attachment number 2. It provides a summary of the impact on the operating surplus dependent on which User Fee Rate structure is selected. If User Fees remain at 3% for the next two to five years, the impact is a rising deficit with a need to rely on external funding sources or service delivery changes in order to cover shortfalls. Keeping rates at 3% will also limit the City's ability to place funding into reserves or build reserves to assist with funding capital renewal programs. User fees at 3% results in the City incurring a deficit of \$1,006,408. Raising fees in 2017 to a blended rate of 15% results in a deficit of \$413,919, but by 2018, it will record a surplus of \$215,510 for use in subsequent years. It is suggested that User Fee rates should be increased from \$369.59 (2016 rate) to \$425.03 (blended rate at 15%). For 2017 this equates to an annual increase of \$55.44 or \$4.62 monthly (\$0.15 per day).

Frontage Fees:

The rate for Frontage fees has remained at \$3.74 per meter since 2014. Inflation and the availability of contractors has driven the price for infrastructure renewal to approximately \$600 per linear meter. The City has about 191 kilometres of water utility infrastructure which generates revenue of approximately \$701,000 for capital renewal. It is recommended that these rates be increased by 25% for each of the next five years in order to generate sufficient capital renewal revenues. At the conclusion of the five year rate increase, the water frontage fees in 2021 would be \$11.41/metre which is slightly higher than the 2017 sewer frontage fees of \$10.24/metre. In 2017 Fees applying a 25% increase would change rates from \$3.74 to \$4.68 per meter. The impact of this increase on an average residential property with a frontage of 21.83 meters would be an additional **\$20**, which equates to \$1.67 or a small cup of coffee once per month.

Other Sources:

Staff is also suggesting that the City's metered water sale rates be increased by the same percentage as the CVRD's annual bulk water sale price rate changes in order to ensure all consumers of the water distribution system contribute to operating costs incurred.

Staff will continue to utilize federal or provincial funding programs to help offset operating costs, capital renewals and new construction.

ADMINISTRATIVE IMPLICATIONS:

Following direction from Council, Staff will prepare revisions to Section III, Appendix I, of the Rates and Fees Bylaw as well as the Water Frontage-Parcel Fees bylaw for presentation to Council.

Similar to the Sewer Financial Plan, the Water Financial plan will be incorporated into the 2017 Consolidated Five Year Financial Bylaw which is required to be adopted prior to May 15th, 2017.

ASSET MANAGEMENT IMPLICATIONS:

Unlike other services, a Utility (such as water or sewer) is designed to be independent and fully self-sustaining from both operating and long-term capital renewal perspectives. The operating costs are funded by User Fees and the operating costs to provide potable water to the entire community are about to rise by a known amount. The capital renewal costs – replacing water infrastructure at its end of life – are paid by Frontage Tax (based on the length of property frontage) so the individual water customer pays a fair share related to the amount of the total network consumed to provide the service to their property (smaller property, less length of pipe and vice versa). Despite the total length of the water and sewer networks are approximately the same, the water system is under pressure whereas nearly all the sewer network is not pressurized. This means the water network wears out more than twice as quickly as the sewer. Yet we are not charging twice as much Frontage Tax for water infrastructure. If these known future shortfalls are not

made-up by water fees and taxes, funds will have to be diverted from other services or the water utility will become unsustainable.

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
- 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 6.2 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.

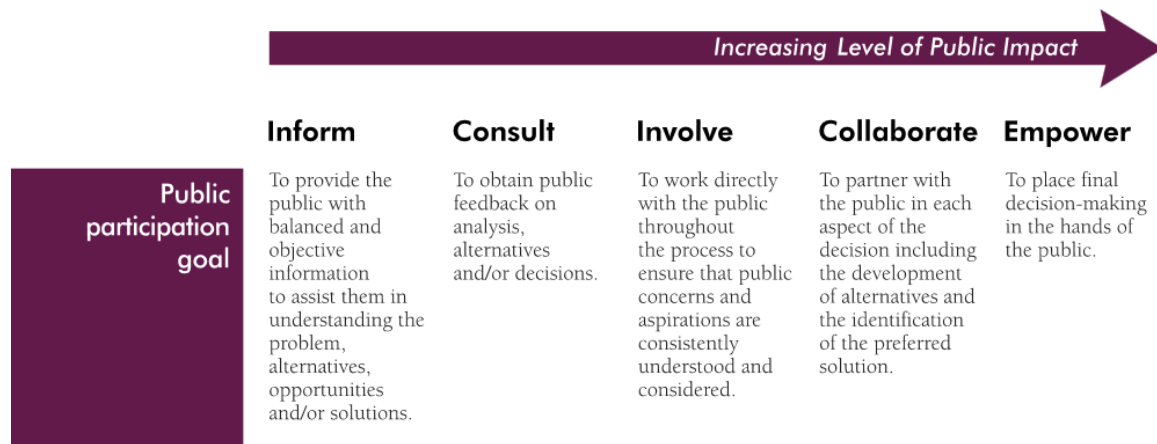
REGIONAL GROWTH STRATEGY REFERENCE:

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



OPTIONS:

Option 1:

That Council approve the 2017 – 2021 Water Fund Financial Plan;
That water user fee revenue be increased by 15% for 2017 and 10% for 2018; and,
That water frontage rates be increased annually by 25% for 2017 through to 2021; and,
That staff be directed to amend the “City of Courtenay Fees and Charges Bylaw No. 1673, 1992” and
“Water Service Frontage Tax Amendment Bylaw No. 2766, 2013 to reflect the proposed increases.
(Recommended)

Option 2:

That Council approve the 2017 -2021 Water Fund Financial Plan;
That water user fee revenue be increased by 10% for 2017 and 10% for 2018; and,
That water frontage fees be increased annually increased by a rate determined by Council for 2017 and
2018; and,
That staff be directed to amend the “City of Courtenay Fees and Charges Bylaw No. 1673, 1992” and
“Water Service Frontage Tax Amendment Bylaw No. 2766, 2013 to reflect the proposed increases.

Option 3:

That Council defer the endorsement of the proposed 2017 – 2021 Water Fund Financial Plan and the
proposed increases to the 2017 water user and frontage fees for further discussion at a subsequent Council
meeting.

Prepared by:



Brian Parschauer, BA, CPA-CMA
Director of Finance

Attachments:

- *Attachment # 1 – Water Operating Budget Overview*
- *Attachment # 2 – Water Reserves and Surpluses*
- *Attachment # 3 – Comparison of Funding Options*
- *Attachment # 4 – Water Capital Expenditures Summary*
- *Attachment # 5 – Water Capital Expenditures - Detailed*

WATER OPERATING FUND	2016 Final Budget	2017 Final Budget	2018 Proposed Budget	2019 Proposed Budget	2020 Proposed Budget	2021 Proposed Budget
REVENUES						
Operating						
Frontage & Parcel Taxes	709,100	902,700	1,146,700	1,459,700	1,859,900	2,368,500
Sale of Services	4,975,500	5,743,000	6,365,700	7,020,000	7,742,700	8,540,200
Revenue from Own Sources	113,900	124,700	132,500	141,200	144,400	147,600
	5,798,500	6,770,400	7,644,900	8,620,900	9,747,000	11,056,300
From Reserves						
Future Expenditure	143,400	-	-	-	-	-
Water Efficiency	6,500	23,500	23,900	24,400	24,900	25,400
Water Utility	-	-	-	-	-	-
Gas Tax	-	-	-	-	-	-
	149,900	23,500	23,900	24,400	24,900	25,400
From Surplus						
Surplus	1,870,000	-	-	-	-	-
	1,870,000	-	-	-	-	-
Total Transfers from Reserves & Surplus	2,019,900	23,500	23,900	24,400	24,900	25,400
Equity in Capital Assets		300,000	300,000	300,000	300,000	300,000
Total Revenues	7,818,400	7,093,900	7,968,800	8,945,300	10,071,900	11,381,700
EXPENDITURES						
Operating						
General Administration	1,474,500	1,453,400	1,471,300	1,457,600	1,501,200	1,569,800
CVRD - Supply	3,163,500	3,598,400	4,022,600	4,495,300	4,889,600	5,251,500
Transmission and Distribution	735,800	1,253,800	813,200	827,900	843,100	858,400
Total Operating Expenditures	5,373,800	6,305,600	6,307,100	6,780,800	7,233,900	7,679,700
Amortization		300,000	300,000	300,000	300,000	300,000
Total Operating Expenses	5,373,800	6,605,600	6,607,100	7,080,800	7,533,900	7,979,700
To Other Funds and Reserves						
Other Funds						
General Fund	-	-	-	-	-	-
Water Capital Fund	408,900	80,600	630,600	1,230,600	1,730,600	1,730,600
Total Other Funds	408,900	80,600	630,600	1,230,600	1,730,600	1,730,600
Reserves						
Asset Management	300,000	300,000	300,000	300,000	500,000	750,000
Water Utility	1,700,000	34,100	37,500	41,300	42,300	43,300
Water Machinery & Equip	30,000	30,000	30,000	30,000	30,000	30,000
MFA	200	200	100	100	100	100
Carbon Offsets	5,500	5,500	5,500	5,500	5,500	5,500
Total to Reserves	2,035,700	369,800	373,100	376,900	577,900	828,900
Appropriated Surplus						
Contingency	-	37,900	358,000	257,000	229,500	842,500
Total to Other Funds and Reserves	2,444,600	488,300	1,361,700	1,864,500	2,538,000	3,402,000
Total Expenditures	7,818,400	7,093,900	7,968,800	8,945,300	10,071,900	11,381,700
Net Surplus (deficit)	-	-	-	-	-	-

Attachment # 2 - Water Rates Comparison

User Fee Rate Comparison

	2017	2018	2019	2020	2021
	Operating	Operating	Operating	Operating	Operating
Existing Fees - Option 1					
User Fees					
<i>Percentage Increase</i>	15%	10%	10%	10%	10%
<i>User Fee</i>	\$ 425.03	\$ 467.53	\$ 514.28	\$ 565.71	\$ 622.28
<i>Dollar Increase</i>	\$ 55.44	\$ 42.50	\$ 46.75	\$ 51.43	\$ 56.57
<i>Total User Fees - Option 1</i>	5,891,681	6,522,610	7,186,161	7,912,617	8,713,879
Existing Fees - Option 2					
User Fees					
<i>Percentage Increase</i>	10%	10%	10%	10%	10%
<i>User Fee</i>	\$ 406.55	\$ 447.21	\$ 491.93	\$ 541.12	\$ 595.23
<i>Dollar Increase</i>	\$ 36.96	\$ 40.66	\$ 44.72	\$ 49.19	\$ 54.11
<i>Total User Fees - Option 2</i>	5,644,844	6,248,688	6,883,437	7,578,490	8,345,149
Existing Fees - Option 3					
User Fees					
<i>Percentage Increase</i>	3%	3%	3%	3%	3%
<i>User Fee</i>	\$ 380.68	\$ 392.10	\$ 403.86	\$ 415.98	\$ 428.46
<i>Dollar Increase</i>	\$ 11.09	\$ 11.42	\$ 11.76	\$ 12.12	\$ 12.48
<i>Total User Fees - Option 3</i>	5,299,192	5,505,204	5,690,016	5,881,228	6,078,441
Water Expenditures					
<i>Expenditure Sub-Totals</i>	6,305,600	6,307,100	6,780,800	7,233,900	7,679,700
<i>Option 1 - Surplus/(Deficit)</i>	(413,919)	215,510	405,361	678,717	1,034,179
<i>Option 2 - Surplus/(Deficit)</i>	(660,756)	(58,412)	102,637	344,590	665,449
<i>Option 3 - Surplus/(Deficit)</i>	(1,006,408)	(801,896)	(1,090,784)	(1,352,672)	(1,601,259)

Attachment # 3 - Reserves and Surplus

WATER RESERVES AND SURPLUS			2015	2016	2017	2018	2019	2020	2021
			Actual	Actual Unaudited	Final Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget
Operating Surpluses	SURPLUS	Dec 31 prior year	1,671,030	2,066,423	366,423	366,423	366,423	366,423	366,423
		For Operations	-	(1,700,000)	-	-	-	-	-
		Annual Transfers	395,393	(0)	-	-	-	-	-
		Projected balance Dec 31	2,066,423	366,423	366,423	366,423	366,423	366,423	366,423
	SURPLUS RESERVE FOR FUTURE EXP	Dec 31 prior year	558,810	183,100	-	-	-	-	-
		For Operations							
		For Capital Projects	(558,810)	(183,100)	-	-	-	-	-
		Appropriated Surplus	183,100	-	-	-	-	-	-
		Projected balance Dec 31	183,100	-	-	-	-	-	-
		TOTAL OPERATING RESERVES	2,249,523	366,423	366,423	366,423	366,423	366,423	366,423
capital reserves	WATER RESERVE	Dec 31 prior year	1,500,061	1,499,008	1,499,008	1,533,108	871,408	912,708	955,008
		Transfers to	(1,053)		34,100	37,500	41,300	42,300	43,300
		For Capital Projects		-	-	(699,200)	-	-	-
		Projected balance Dec 31	1,499,008	1,499,008	1,533,108	871,408	912,708	955,008	998,308
	ASSET MANAGEMENT RESERVE	Dec 31 prior year	-	-	1,322,837	875,337	1,167,837	1,167,837	1,367,837
		Transfer to		2,000,000	300,000	300,000	300,000	500,000	750,000
		For capital projects		(677,163)	(747,500)	(7,500)	(300,000)	(300,000)	(300,000)
		Projected balance Dec 31	-	1,322,837	875,337	1,167,837	1,167,837	1,367,837	1,817,837
	WATER MACHINERY AND EQUIPMENT	Dec 31 prior year	191,151	222,109	252,109	282,109	312,109	342,109	372,109
		Annual Transfer	30,958	30,000	30,000	30,000	30,000	30,000	30,000
		For capital projects							
		Projected balance Dec 31	222,109	252,109	282,109	312,109	342,109	372,109	402,109
		TOTAL CAPITAL RESERVES	1,721,117	3,073,954	2,690,554	2,351,354	2,422,654	2,694,954	3,218,254

2017 - 2021 FIVE YEAR FINANCIAL PLAN

WATER CAPITAL FUND	2016 Final Budget	2017 Final Budget	2018 Proposed Budget	2019 Proposed Budget	2020 Proposed Budget	2021 Proposed Budget
CAPITAL REVENUES						
Other Revenues						
Developer Contributions & Other	-	244,900	-	-	-	-
Development Cost Charges	9,300	169,500	2,500	-	-	-
CWWF Grant	-	1,788,600	-	-	-	-
	9,300	2,203,000	2,500	-	-	-
Funding from Operating Fund, Reserves and Surplus						
Water Operating Fund	408,909	80,600	630,600	1,230,600	1,730,600	1,730,600
Water Surplus	18,100	-	-	-	-	-
From Operating Revenues	427,009	80,600	630,600	1,230,600	1,730,600	1,730,600
Community Works (Gas Tax)	250,000	2,100,000	-	-	-	-
Other Reserves	1,169,300	-	699,200	-	-	-
Asset Management Reserve	-	747,500	7,500	300,000	300,000	300,000
From Reserves	1,419,300	2,847,500	706,700	300,000	300,000	300,000
	1,846,309	2,928,100	1,337,300	1,530,600	2,030,600	2,030,600
Funding from Debt	-	-	-	-	-	-
Transfer from Equity	-	-	-	-	-	-
Total Funding for Capital	1,855,609	5,131,100	1,339,800	1,530,600	2,030,600	2,030,600
CAPITAL EXPENDITURES						
DEBT						
Interest - Debenture Debt	27,960	10,500	10,500	10,500	10,500	10,500
Principal - Debenture Debt	20,149	20,100	20,100	20,100	20,100	20,100
	48,109	30,600	30,600	30,600	30,600	30,600
ASSETS						
Engineering Structures - Renewal	1,512,500	3,214,500	610,000	1,500,000	2,000,000	2,000,000
Engineering Structures - New	295,000	1,886,000	699,200	-	-	-
Other Charges	-	-	-	-	-	-
	1,807,500	5,100,500	1,309,200	1,500,000	2,000,000	2,000,000
Total Water Capital Expenditures	1,855,609	5,131,100	1,339,800	1,530,600	2,030,600	2,030,600

2017 - 2021 FIVE YEAR FINANCIAL PLAN		2016 Final Budget	2016 Actual Unaudited	2017 Final Budget	2018 Proposed Budget	2019 Proposed Budget	2020 Proposed Budget	2021 Proposed Budget
WATER CAPITAL FUND								
Revenue								
Other Revenues								
040-40-5-340-0000-14000-0070	Developer contributed Assets	-	-	-	-	-	-	-
040-40-5-340-0000-14403-0070	Outside contributions	-	-	244,900	-	-	-	-
080-40-5-340-0000-19202-0130	From DCC Deferred Revenue Reserve	9,300	9,300	169,500	2,500	-	-	-
	CWWF Grant	-	-	1,788,600	-	-	-	-
		9,300	9,300	2,203,000	2,500	-	-	-
Transfers from Sewer Operating Fund								
080-40-5-340-0000-19130-0120	From Water Operating Fund	408,909	316,522	80,600	630,600	1,230,600	1,730,600	1,730,600
080-40-5-340-0000-19130-0120	From Appropriated Surplus	18,100	17,143	-	-	-	-	-
		427,009	333,665	80,600	630,600	1,230,600	1,730,600	1,730,600
Transfer from Reserve Funds								
080-40-5-340-0000-19206-0130	New Works Reserve	1,169,300	-	-	699,200	-	-	-
040-40-5-340-0000-18705-0040	From Gas Tax Reserve	250,000	-	2,100,000	-	-	-	-
	Asset Management Reserve	-	677,163	747,500	7,500	300,000	300,000	300,000
		1,419,300	677,163	2,847,500	706,700	300,000	300,000	300,000
Funding from Debt								
040-40-5-350-0000-17050-0180	From Debt	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Transfer from Equity								
040-40-5-340-0000-19300-0140	Loss on disposal of TCA	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		1,855,609	1,020,128	5,131,100	1,339,800	1,530,600	2,030,600	2,030,600
Capital expenditures								
DEBT								
080-31-2-500-5000-64231-8040	INT - BL 2424 LERWICK WATERMAIN MFA 97	27,960	15,738	10,500	10,500	10,500	10,500	10,500
		27,960	15,738	10,500	10,500	10,500	10,500	10,500
080-31-2-500-5000-64131-8030	PR - L/T BL 2424 LERWICK RD WATERMAIN MFA 97	20,149	20,149	20,100	20,100	20,100	20,100	20,100
		20,149	20,149	20,100	20,100	20,100	20,100	20,100
TOTAL DEBT		48,109	35,887	30,600	30,600	30,600	30,600	30,600
Infrastructure Renewal								
Water Main Replacement								
040-40-6-340-0000-87535	Willemar Ave - 17th to 26th	39,000	34,979	1,064,500	10,000	-	-	-
040-40-6-340-0000-87547	Water - Main Replacement - 2nd Street (cliffe to Engl	4,500	763	-	-	-	-	-
040-40-6-340-0000-87548	Water - Main Replacement - 12th St (Stewart to Urqu	4,100	6,880	-	-	-	-	-
040-40-6-340-0000-87553	Water - 1000 M of Main Replacement	250,000	-	-	-	-	-	-
040-40-6-340-0000-87599	Projects Identified Through Asset Management Strate	-	-	-	600,000	1,500,000	2,000,000	2,000,000
040-40-6-340-0000-87554	3rd st - Cliffe to England	211,200	136,985	-	-	-	-	-
040-40-6-340-0000-87555	Anderton Ave - 5th - 6th	195,000	107,340	-	-	-	-	-
040-40-6-340-0000-87556	Dingwall Road - Western Road to McLaughlin Dr	464,100	331,618	-	-	-	-	-
040-40-6-340-0000-87557	Duncan Ave - 4th - 6th	342,000	338,527	-	-	-	-	-
040-40-6-340-0000-87558	Willemar Ave - 5th - 10th	-	-	-	-	-	-	-
040-40-6-340-0000-87559	Old Highway Watermain Replacement	2,600	-	-	-	-	-	-
040-40-6-340-0000-87567	Comox Road Water Replacement	-	-	2,100,000	-	-	-	-
040-40-6-340-0000-87568	Buckstone Water Pump Station	-	-	50,000	-	-	-	-
		1,512,500	957,093	3,214,500	610,000	1,500,000	2,000,000	2,000,000
New Water Infrastructure								
040-40-6-340-0000-87521	Sandwick Conversion	-	25,129	1,593,000	-	-	-	-
040-40-6-340-0000-87546	Water Main Installation - Vanier Drive	295,000	2,019	293,000	-	-	-	-
040-40-6-340-0000-87566	Zone metering	-	-	-	699,200	-	-	-
		295,000	27,148	1,886,000	699,200	-	-	-
Other	Loss on Disposal of Assets	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		1,807,500	984,240	5,100,500	1,309,200	1,500,000	2,000,000	2,000,000
		1,855,609	1,020,127	5,131,100	1,339,800	1,530,600	2,030,600	2,030,600



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council

File No.: 3360-20-1704

From: Chief Administrative Officer

Date: March 20, 2017

Subject: Bylaw 2875, 2017 to restrict pay parking in the PA-3 and PA-4 zones

PURPOSE:

The purpose of this report is to bring forward a zoning amendment bylaw to restrict pay parking in the PA-3 and PA-4 zones.

CAO RECOMMENDATIONS:

That based on the March 20, 2017 Staff report "Bylaw 2875, 2017 to restrict pay parking in the PA-3 and PA-4 zones", Council approve OPTION 1 and proceed to First and Second Reading of Zoning Amendment Bylaw 2875, 2017; and

THAT Council direct staff to schedule and advertise a statutory public hearing with respect to Zoning Amendment Bylaw 2875, 2017 on April 3, 2017 at 5:00 pm in City Hall Council Chambers.

Respectfully submitted,

David Allen, BES, CLGEM, SCLGM
Chief Administrative Officer

DISCUSSION:

Bylaw 2875, 2017 to restrict pay parking in the PA-3 and PA-4 zones is being brought forward as requested by Council.

FINANCIAL IMPLICATIONS:

The City will incur costs related to advertising for the statutory public hearing.

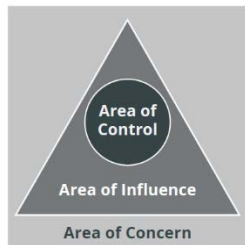
ADMINISTRATIVE IMPLICATIONS:

Staff spent approximately 1 hour opening a file and preparing the report and bylaw.

ASSET MANAGEMENT IMPLICATIONS:

None

STRATEGIC PRIORITIES REFERENCE:



We focus on organizational and governance excellence

We support meeting the fundamental corporate and statutory obligations

● **Area of Control**

The policy, works and programming matters that fall within Council's jurisdictional authority to act.

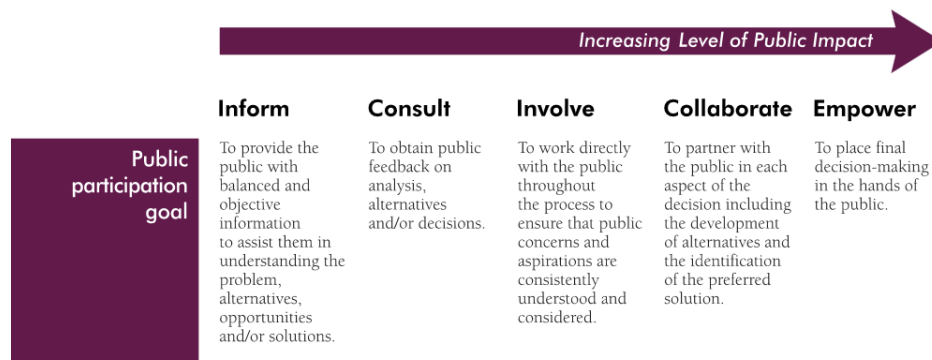
REGIONAL GROWTH STRATEGY REFERENCE:

None

CITIZEN/PUBLIC ENGAGEMENT:

Staff 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



OPTIONS:

OPTION 1: Give Bylaw 2875 First and Second Readings and proceed to Public Hearing.

OPTION 2: Defer consideration of Bylaw 2875 with a request for more information.

OPTION 3: Do not approve Bylaw 2875.

Prepared by:

Ian Buck, MCIP, RPP
Director of Development Services

NOTIFICATION

PUBLIC INFORMATION MEETING

DATE: Tuesday, March 28, 2017

TIME: 5:30 PM to 7:00 PM

LOCATION: Tsolum Building, Lewis Centre - 489 Island Hwy, Courtenay, BC

A short presentation will start at 5:45pm. Project staff will be available to respond to questions and listen to concerns. There will also be an opportunity to provide written feedback.

PROPOSED DEVELOPMENT SITE

M'akola Development Services has applied to the City of Courtenay for a Development Permit with Variance for a proposed development at the following site: **810 Braidwood Road, Courtenay, BC.**



DESCRIPTION OF PROPOSAL

This proposal is for a 35-unit affordable housing rental building at 810 Braidwood Road, Courtenay, BC. The site is zoned Residential Four Zone (R-4). Under this zone, four (4) variances are being requested:

BYLAW & SECTION	REQUIREMENT	PROPOSED
Rear Setback	10m	5.5m
Side Setback	6m	4.5m (west side)
Parking	53	14
Usable Open Space	700 sq.m.	467 sq.m.

The project will create new affordable rental housing units for low-to-moderate income households, with rents at least 10% below market rents. M’akola Housing Society will own and operate the property. Wachiay Friendship Centre is the local project partner. The City and M’akola Housing Society are entering into a Housing Agreement to ensure the project will be constructed and will remain affordable.

The current single detached home will be demolished and replaced by a new three-storey wood-framed building. The building will have a mix of studio and one-bedroom units, including a live-in manager suite, and two accessible units. Main floor units will each have a small patio and direct access from outside. An elevator and internal corridor will serve the second and third floor units. A common room, communal laundries, and two south-facing exterior decks are available to residents.

The building will present a west coast aesthetic, using heavy timber, local stone, natural colours, native and drought tolerant plantings, and river rock. Exterior signage and fencing to the rear of the site are designed in cedar to further enhance the natural appearance of the development. An outdoor shelter and grassed area will be provided in the rear yard for the use of all residents.

Surface parking will be provided on site for 14 cars, most of which will be under the building. Few tenants are expected to have cars as the units are small, tenants will be single persons of low-to-moderate income, and due to proximity to amenities and public transit.



Figure 1: South (Main entrance) Elevation Facing Braidwood Road

WRITTEN FEEDBACK

Attend the information meeting and fill out a comment sheet or send your comments and questions to the contact information provided below before March 30, 2017.

APPLICANT CONTACT INFORMATION

APPLICANT NAME: M’akola Development Services
CONTACT NAME: Jennifer Bisley, Project Manager
ADDRESS: 102-550 Goldstream Avenue, Victoria, BC, V9B 2W7
PHONE (Toll Free): 1.855.897.6922 ext 3529
EMAIL: jbisley@makoladevelopment.com



BRIEFING NOTE

To: Council
From: Chief Administrative Officer
Subject: Vehicle Speeds on Royal Vista Way

File No.: 5210-02 (2017)
Date: March 16, 2017

ISSUE:

The purpose of this Briefing Note is to provide Council with staff's response to concerns received from residents regarding vehicle speeds on Royal Vista Way.

BACKGROUND:

In July 2016, staff received correspondence from residents on Royal Vista Way expressing concern for excessive traffic speeds. A traffic speed review was undertaken by Engineering Services staff. The outcomes are provided below.

KEY CONSIDERATIONS:

Speed and Incident Review

Staff placed traffic counting tubes on Royal Vista Way between July 20 and July 28, 2016 to record vehicle volumes and speeds. The traffic count results show that the average speed on Royal Vista Way was 47 km/h and that 85% of traffic was moving at or under 54 km/h (speed limit 50 km/h). The 85th percentile speed is a key indicator of the speed at which the majority of traffic is travelling. **Typically, if the 85th percentile speed is less than 10 km/h above the speed limit, the roadway is not considered to be unsafe.**

In addition to the 85th percentile, industry best practice is to investigate the number of incidents along a roadway to determine if there is a concern about roadway safety. Royal Vista Way has had an average of 1.6 incidents per year between 2011 and 2015. **When this number exceeds 3 incidents per year over a 5 year period a street would begin to be considered unsafe.** We understand from discussions with ICBC that there was a small increase in the number of incidents on Royal Vista Way in 2016, however it is too early to determine if this is an increasing trend or an isolated year. Staff will continue to monitor the number of incidents on Royal Vista Way to identify if there is an upward trend in the number of incidents. It should be noted that the number of incidents recorded includes private driveway incidents. If these are eliminated, the incident rate drops to 0.4 incidents per year between 2011 and 2015.

Engineering staff provided the results of the traffic count to the residents of Royal Vista Way following the completion of the traffic count. In November 2016, a delegation of Royal Vista Way residents presented the traffic count findings to Council and requested the installation of a 50 km/h sign on Royal Vista Way. Council resolved on Nov 21, 2016 that:

Moved by Frisch and seconded by Lennox that staff proceed with the installation of an addition [sic] 50 km/h sign on Royal Vista way; and That the portable speed reader board be placed in the area.

The 50 km/h sign was installed in December 2016, however the speed reader could not be set up during the winter months due to the weather conditions. Staff is planning to install the speed reader for a one week period in spring 2017.

Traffic Calming

Industry best practice considers the installation of traffic calming to reduce vehicle speeds once the 85th percentile speed reaches 10 km/h above the posted speed limit of a roadway. Based on the July 2016 traffic count data, only 3% of vehicles on Royal Vista Way were found to be travelling more than 10 km/h above the speed limit. The operating speeds on Royal Vista Way are comfortably within industry standards and accepted tolerances, and as such, staff do not recommend traffic calming be installed on Royal Vista Way at this time.

Speed Limits

Research done by the U.S. Department of Transportation Federal Highway Administration (FHWA) indicates that the majority of motorists do not decrease their speeds as a result of lowering the posted speed limit, especially if the posted speed limit is perceived to be unreasonable for the prevailing conditions. The majority of motorists drive at a speed they consider to be reasonable and safe for the road, traffic, and environmental conditions. Study data showed that arbitrarily lowering posted speed limits did not reduce vehicle speeds or incidents. Posted speed limits which are set lower than dictated by roadway and traffic conditions are ignored by the majority of motorists. In addition, compliance decreases when speed limits are lowered, making enforcement difficult. The FHWA's data indicates that there are no benefits, either from a safety or operational point of view, from establishing speed limits less than the 85th percentile speed. Effective speed reduction generally requires changing roadway design, or significantly increasing enforcement.

The source of legal authority on regulatory speed limits on municipal roads is the Motor Vehicle Act. The Act stipulates that a person shall not drive or operate a motor vehicle on a roadway in a municipality at a speed greater than 50 km/h, unless posted otherwise. The Act also provides the legal authority for a municipality to set speed limits through municipal bylaws adopted by Council. **The City of Courtenay's Traffic Regulation Bylaw No. 1926 does not currently give the City the ability to modify the speed limit on City streets, and would need to be amended if Council chooses to reduce the speed limit on Royal Vista Way.**

Moving Forward

Staff has committed to setting up the speed reader board in the spring of 2017, and plans to put the tube counters out again in the summer of 2017 in order to track speeds and speed changes on Royal Vista Way. Staff will continue to collect traffic speed data on an annual basis on Royal Vista Way. If speeds increase such that the 85th percentile reaches 60 km/h, staff will recommend the area for traffic calming through the Asset Management Department's risk register for future consideration by the Asset Management Working Group.

Respectfully submitted,



David Allen, BES, CLGEM, SCLGM
Chief Administrative Officer

Prepared by



Craig Perry, P.Eng.
Manager of Transportation & Utilities - Engineering



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council
From: Chief Administrative Officer
Subject: Council Remuneration Market Review

File No.: 1900-00
Date: March 06, 2017

PURPOSE:

To review and determine an appropriate annual remuneration for Mayor and Council over the next five years.

POLICY ANALYSIS:

The City of Courtenay has not reviewed its compensation policy for elected officials for eight years. Best practice in determining compensation includes a market analysis of similar provincial municipalities for elected officials, and is typically undertaken every five years.

The City of Courtenay's Strategic Priorities for 2016 – 2018 includes, "We focus on organizational and governance excellence." This requires ensuring that compensation for elected officials recognizes the time and effort necessary to them to contribute to the development and evaluation of the policies and programs of the municipality respecting its services and other activities.

Unlike union and exempt staff in the public and private sector, elected officials are in the challenging position of determining how to set their own compensation. While often perceived by the public and media as a conflict, this can be addressed through periodic, independent market reviews of compensation in other similar municipalities, and through transparent discussion in open council meetings.

CAO RECOMMENDATIONS:

That based on the March 6th 2017 staff report "Council Remuneration Market Review", Council determine how to revise the City's current Annual Council Remuneration Bylaw No. 2548 (2008) to reflect the current remuneration for elected officials in other similar BC municipalities.

Respectfully submitted,

David Allen, BES, CLGEM, SCLGM
Chief Administrative Officer

BACKGROUND:

The City's bylaw #2548 (attached) adopted on July 21, 2008 established the annual remuneration for Courtenay's Mayor and Councillors for years 2009 and 2010. For each subsequent year they would be

increased by the same percentage amount received by the City’s unionized employees. The Councillors annual remuneration represented 43% of the Mayor’s annual remuneration.

In 2016, compensation consultants Tim Dillon & Associates were retained to carry out a market review of the base salary compensation for City of Courtenay elected officials to assist Council in setting compensation over the next five years. The consultants contacted the 10 BC municipal governments listed below and collected information on annual base salaries for the mayor and councillors and other guaranteed annual payments.

1. Campbell River (District)
2. Cranbrook (City)
3. Esquimalt (District)
4. Mission (District)
5. North Vancouver (City)
6. Oak Bay (District)
7. Penticton (City)
8. Port Moody (City)
9. Vernon (City)
10. White Rock (City)

A summary of annual base salaries is in the table below. It should be noted that the City of North Vancouver and the City of Port Moody rates are considerably higher than the other eight local governments. Therefore, the consultants presented the findings for all 10 organizations and also for eight organizations (without North Vancouver and Port Moody).

Table 1 – 2016 Annual Base Salaries for Elected Officials (\$000)

	Mayor	Councillor	Mayor	Councillor
# Observations	10	10	8	8
P25	56.1	20.1	52.6	19.6
P50 (median)	65.7	21.9	61.8	21.2
P75	76.8	30.7	69.3	23.7
Average	66.2	24.5	59.1	21.9
City of Courtenay	51.4	22.1	51.4	22.1
City of Courtenay as percent of median	78%	101%	83%	104%

All local governments indicated the annual base salaries were one-third tax free.

DISCUSSION:

The consultant’s review indicates that Courtenay’s Councillor remuneration is within an acceptable proximity of the median market (slightly higher at 104%). However, the review indicates that our Mayor’s remuneration is significantly lower than the median market (83%). The review also indicates that overall, the mayor’s base salary ranges from 2.5 – 3 times the councillor’s base salary (the average for all 10 organizations is 2.7 times); Whereas Courtenay Mayor’s remuneration is only 2.3 times that of our remuneration for Councillors.

The review also showed that two organizations pay an annual amount of \$500 or \$950 and two others pay \$1,300 to each councillor as an acting mayor allowance. Courtenay does not pay any Acting Mayor allowance to Councillors.

FINANCIAL IMPLICATIONS:

In 2016, the City budgeted \$187,800 for Council remuneration. One-third of this remuneration is tax free as it is considered by the Canada Revenue Agency to be a municipal officer’s expense allowance. In 2016, the total of taxable and non-taxable remuneration was \$52,423 to the Mayor and \$22,740 to each Councillor.

Using 2016 information to adjust the Mayor’s remuneration to a value within the P50(median) range of the review that includes the Cities of North Vancouver and Port Moody, it will require an adjustment of \$13,277 which equates to a 25.32% increase. If the decision is made to use the same P50(median) range that excludes these Cities, the adjustment is \$9,377 or a 17.9% increase.

A budget adjustment will be required if Council decides to change the proportional distribution.

ADMINISTRATIVE IMPLICATIONS: None

ASSET MANAGEMENT IMPLICATIONS: None

STRATEGIC PRIORITIES REFERENCE:

Council plays a key role in

We focus on organizational and governance excellence

- We support and encourage initiatives to improve efficiencies
- We support meeting the fundamental corporate and statutory obligations
- We recognize staff capacity is a finite resource
- Communication with our community is a priority, and is considered in all decisions we make
- We responsibly provide services at a level which the people we serve are willing to pay

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.

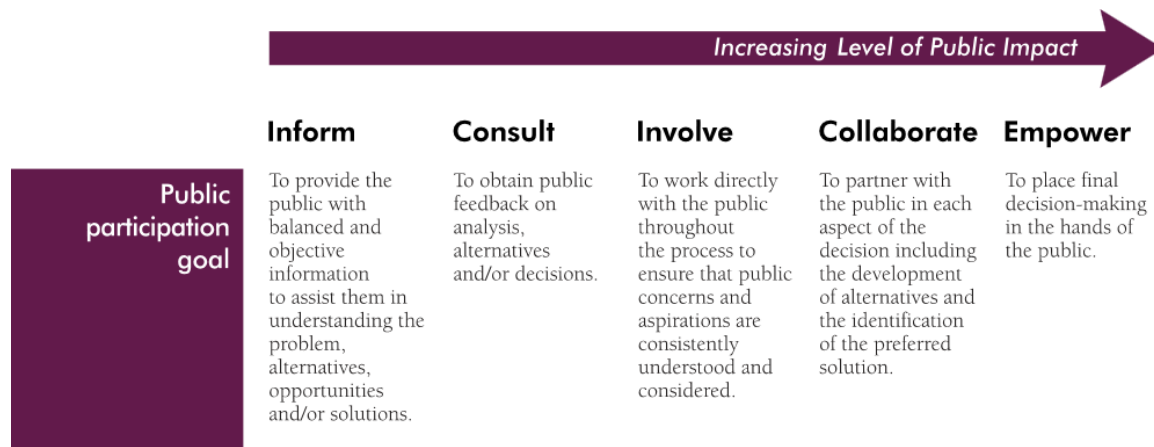
OFFICIAL COMMUNITY PLAN REFERENCE: None

REGIONAL GROWTH STRATEGY REFERENCE: None

CITIZEN/PUBLIC ENGAGEMENT:

Staff would **inform** 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



OPTIONS:

OPTION 1: That council amends bylaw #2548 to allow for an increase to the Mayor's current remuneration aligning it with the appropriate market median.

OPTION 2: That council amends bylaw #2548 to allow for annual increases to the Mayor and Councillors remuneration based on Canada's consumer price index (CPI) rather than based on the unionized employees' increases.

OPTION 3: That council make no changes to the current Mayor and Councillor's remuneration and continue to grant them the same annual increases as the City's unionized employees.

Prepared by:

Mickie Donley, CPHR
Manager of Human Resources

Prepared by:

David Allen, BES, CLGEM, SCLGM
Chief Administrative Officer

Begin forwarded message:

Date: February 4, 2017 at 9:41:36 AM PST

Subject: Merchant Navy Flags.

February 5th 2017

Honorable Councilman, David Frisch.

Dear sir,

I am writing this on behalf of the Merchant Navy Association.

For the past several years. We have endeavored to raise Canadian public awareness for the Merchant Navy.

Their losses in both world wars, and subsequent conflicts, have mostly gone unnoticed, or forgotten.

Some years ago, the U.K. and Commonwealth, decreed that every September 3, would be designated 'Merchant Navy Day.' To this end, all public buildings, and whenever possible private homes, would fly the 'Red Ensign'. Fondly referred to as 'The Red Duster'.

Over the past four years, I have endeavored to achieve this goal in the Comox Valley.

Comox Town Hall were the first to come aboard.

Followed closely by.

Royal Canadian Legion Comox.

Royal Canadian Legion Cumberland.

And last year The Royal Canadian Legion Courtenay.

In reality, the price of a flag is very little to pay, while honoring over Four Thousand Allied Seamen who lost their lives in World War 2.

In one month alone, during WWI, a staggering 5,500 seaman were casualties.

The Royal Canadian Navy Association, of which I am a member, are in the process of acquiring two Red Ensigns from EBay.

Dimension's are. Three feet by five feet. Total price for both, including shipping, \$61.90.

I am also sending this request to Sean Sullivan, council member of Cumberland.

If I may suggest. By ordering two flags and sharing the cost, it makes it a very reasonable investment.

Would you be so kind as to present this request to City Council at you earliest convenience.

Reply on their decision would be appreciated.

If further information is required, please contact me.

Yours sincerely,
Dennis. MN retired.



THE CORPORATION OF THE CITY OF COURTENAY

BYLAW NO. 2875, 2017

A bylaw to amend Zoning Bylaw No. 2500, 2007

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 “**Zoning Amendment Bylaw No. 2875, 2017**”.

2. That “Zoning Bylaw No. 2500, 2007” be hereby amended as follows:

(a) by amending Part 1 to add the following definitions:

“*parkade*” means a multilevel building designed for the parking of motor vehicles.

“*pay parking operation*” means the use of a *building, structure, parkade*, or all or part of a *lot or parking lot* for the parking of motor vehicles for a fee.

(b) by amending section 8.28.1 to add the following after “(2) Schools including *accessory day care*”:

For certainty, *pay parking operation* is not a permitted use in the PA-3 zone.

(c) by amending section 8.29.1 to add the following after “(6) Helipad”:

For certainty, *pay parking operation* is not a permitted use in the PA-4 zone.

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

Read a first time this day of March, 2017

Read a second time this day of March, 2017

Considered at a Public Hearing this day of , 2017

Read a third time this day of , 2017

Finally passed and adopted this day of , 2017

Mayor

Director of Legislative Services

