



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council
From: Chief Administrative Officer
Subject: 2020 – 2024 Water Fund Financial Plan

File No.: 1705-20/1715-20
Date: December 11, 2019

PURPOSE:

The purpose of this report is for Council to consider the 2020–2024 Water Fund Financial Plan and the proposed water user fee increase for 2020.

POLICY ANALYSIS:

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

The 2020–2024 Water budget funds the City's water service and is a component of the annual City of Courtenay five year financial plan. A proposed increase of 1.63% of the 2020 water user fee has been incorporated into the 2020 – 2024 Water Fund Financial Plan.

EXECUTIVE SUMMARY:

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

The water utility has a regional and a municipal component and each plays a vital role in providing water services to the residents of Courtenay. The Comox Valley Regional District (CVRD) has planned capital upgrades and expansion of their water infrastructure. This includes a new water treatment facility, in order to provide a continuous supply of high quality potable water to the growing Comox Valley population. To fund these major capital improvements, the CVRD through the Water Committee has been increasing the bulk water rate for a few years and will increase the rate for another couple years, according to its last year financial plan. For 2020, the CVRD bulk water rate is expected to increase from \$0.80 to \$0.83 per cubic meter, and to \$0.85 in 2021. This has a significant impact as bulk water purchase from the CVRD is the largest expense in the water fund, currently representing 58% of the total operating costs.

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

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

The recommended 2020 financial plan incorporates a 1.63% user fee increase, which represents an annual cost increase of \$8.13 for a single family residence.

CAO RECOMMENDATIONS:

That based on the December 11th, 2019 staff report “2020 – 2024 Water Fund Financial Plan”, Council approve OPTION 1, and proceed with the proposed 2020 – 2024 Water Fund Financial Plan; and, that water user fee revenue be increased by 1.63% for 2020.

Respectfully submitted,



David Allen, BES, CLGEM, SCLGM
Chief Administrative Officer

BACKGROUND:

Consideration and approval of a five year financial plan is an annual requirement under the *Community Charter*. The recommended financial plan for the water fund provides detail for 2020, as well as projections for the four following years.

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

DISCUSSION:

The supply of water to Courtenay consumers is a combined effort involving the CVRD who supplies and transmits treated source water from Comox Lake to the City’s boundary where it is then distributed to property owners through the City’s water distribution system. The City purchases bulk water from the CVRD and operates and maintains a Class IV water distribution system. The City must comply with Island Health permit requirements and standards set out in the Drinking Water Protection Act. To provide this service to the public, the City annually prepares a five year financial plan to meet the legislative requirements of Section 165 of the *Community Charter*. This financial plan covers the period of 2020 - 2024.

The 2020-2024 Water Fund Financial Plan is a collaborative corporate effort following the City’s Asset Management Bylaw and the CAO Asset Management Working Group Directive.

City of Courtenay 2020 – 2024 Water Financial Plan

The proposed 2020-2024 Water Fund Financial Plan is detailed in the following attachments:

- Attachment 1: Water Operating Fund Overview
- Attachment 2: Water Capital Fund Overview
- Attachment 3: Water Surplus, Reserves and DCC

The water fund financial plan includes projected revenues of \$8,939,700 for 2020 and \$7,624,700 of operating expenses, \$400,000 of amortization, \$30,600 of debt payment, a \$309,600 transfer to the capital fund, \$393,100 transfer to various reserves and a surplus of \$181,700.

Water Operating Fund

Water Operating Expenses

The water operating expenses are presented by activity in Table 1. The overall increase in operating costs between 2019 and 2020 budget is \$684,500 or 10%.

Table 1: Water Operating Expenses 2019 - 2020 Budget

Activity	Values			
	2019 BUDGET	Unaudited 2019 Actual Year-to date Nov28.19	2020 BUDGET	Variance 2020 Budget 2019 Budget
CVRD Water Purchase	4,275,800	3,090,031	4,436,400	160,600
Water Administration	313,900	241,783	385,900	72,000
Water Training	36,700	32,093	36,900	200
Water Engineering Services	53,500	31,034	78,000	24,500
Water Condition Assessments	25,500	22,400	200,000	174,500
Water Transmission and Distribution	709,600	846,268	845,600	136,000
Water Booster Stations	17,800	16,867	68,300	50,500
Water Hydrant Maintenance	197,200	89,299	191,900	(5,300)
Water Meter Replacement	106,100	91,235	103,900	(2,200)
Water Meter Reading	10,800	16,154	11,000	200
Water Conservation Programs	25,000	21,932	60,000	35,000
Water Water Enforcement	26,000	17,458	26,600	600
Water Fleet	(27,700)	(40,560)	(52,700)	(25,000)
Water Work in Progress	100,400	147,871	100,000	(400)
Interfund Allocation	1,069,600	836,403	1,132,900	63,300
Grand Total	6,940,200	5,460,267	7,624,700	684,500

Comox Valley Bulk Water Purchase

The purchase of potable water from the CVRD is the largest cost driver in the water operating fund, which represents 58% of the total operating expenses. The City reviews and adjusts the estimated consumption

every year. The 2020 estimate is based on a total increase of 1.4%: 1.0% for annual population growth, 0.9% for historical demand increase and 0.5% decrease to account for various water efficiency initiatives.

CVRD is increasing the water rates in 2020 and 2021 in order to fund regional capital projects. The rate is expected to raise from \$0.80 in 2019 to \$0.83 per cubic meter for 2020 and to \$0.85 for 2021.

The combined financial impact of a greater consumption and higher rates is estimated to be 5.2% for 2020 as demonstrated in Table 2.

Table 2: Courtenay Water Bulk Purchase 2016-2024

Courtenay Bulk Water Purchase	consumption m3	consumption % increase	CVRD rate \$ / m3	rate % increase	Courtenay Annual Cost	cost % increase
2016 Actual	4,971,328		\$0.66		\$3,292,153	
2017 Actual	5,369,875	8.0%	\$0.71	7.2%	\$3,812,611	15.8%
2018 Actual	4,947,081	-7.9%	\$0.75	5.6%	\$3,710,311	-2.7%
2019 Estimation *	5,271,157	6.6%	\$0.80	6.7%	\$4,216,926	13.7%
2020 Estimation *	5,345,000	1.4%	\$0.83	3.7%	\$4,436,350	5.2%
2021 Estimation *	5,419,800	1.4%	\$0.85	2.4%	\$4,606,830	3.8%
2022 Estimation *	5,495,700	1.4%	\$0.85	0.0%	\$4,671,345	1.4%
2023 Estimation *	5,572,600	1.4%	\$0.85	0.0%	\$4,736,710	1.4%
2024 Estimation *	5,650,600	1.4%	\$0.85	0.0%	\$4,803,010	1.4%

Water Administration

Water Administration includes wages and benefits for staff working in water utility operations, and a portion of the salaries, wages and benefits of exempt staff. The increase is mostly due to a change in the allocation of the Engineering team expenses no longer transferred to capital projects.

Water Engineering Services

An additional \$45,000 is included in 2020 to complete a water rates review as recommended in the Water Smart Action Plan presented to Council on October 28, 2019. This review will be conducted simultaneously with the sewer rates review. This increase is partially offset by a reduction of \$20,000 for the water master plan undertaken in 2018-2019 and nearing completion.

Water Condition Assessments

Another recommendation from the Water Smart Action Plan is the development of a Leak Detection and Repair Program. \$200,000 is included in 2020 and \$100,000 in 2021 and 2022 for this initiative.

Water Transmission and Distribution

Water Transmission and Distribution budget reflects the increase due to higher statutory water permit requirements such as the weekly testing, unidirectional flushing, cross-connection control and industrial, commercial and institutional metering (ICI) programs.

Water Booster Stations

A one-time \$50,000 is included in 2020 for minor upgrades to (SCADA) and operating maintenance required at the Dingwall Well, to be maintained by the City in 2020 as a result of the completion of the Sandwick Water System changeover.

Water Conservation Programs

An additional \$50,000 is included in 2020 to conduct a study to prioritize the location of the zone meters to isolate the City’s distribution system from the Regional transmission system. This is a requirement of the City’s Cross Connection Control program as per Island Health operating permit conditions.

A reduction of \$20,000 is attributable to the onetime expense in 2019 for the Water Smart Action Plan.

Water Fleet

A reduction of \$25,000 is included for the water fleet maintenance expenses and allocation based on prior year usage. This is a result of operational efficiencies and fleet preventative maintenance programs.

Internal Allocations

Internal allocations is a percentage of the General Fund, Public Works and fleet expenses transferred to the Water Fund. The intent is to transfer a reasonable amount for General Government and Public Works expenditures (personnel, utilities, materials, insurance, contracted services and fleet costs) as recognition of the administrative costs necessary to provide the service.

The water allocation is set at 14.5% of the General Government Services and 19% of the Public Works Administrative expenses based on a prior year estimate. The allocation percentage is usually reviewed every couple years and will be analyzed again before the 2021 budget. The variance represents the general increase in the General Government and Public Works expenses.

Water Revenues

Revenues collected through water user and frontage fees are used to cover the costs of the operating and capital expenditures. Staff recommend maintaining the current frontage fee at \$5.84 per meter, which is expected to generate \$1,178,100 for 2020. An increase of 1.63% to the water user fee is proposed for 2020 with subsequent increases of 2.0% for the following four years. The water user fees are expected to generate \$6,814,900 for 2020.

Once the water master plan is finalized in 2020, it will result in a draft 20 year capital plan. This information along with the water rates review planned for 2020 will be the basis for a detailed analysis of the frontage and water user fees. Recommendations will then be presented to adjust the water revenue requirements in future year financial plans to create a sustainable utility.

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

Table 3: Water user and frontage fees 2017-2020

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

The water utility financial plan also includes miscellaneous revenues such as meter and hydrant rentals and the park water user fees for a total of \$397,100 for 2020.

Water Capital Fund

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

Table 4: Water Capital Projects – 2020 budget

2020 Proposed Budget		
Category	Project description	Total
New	City Watermain on private property	70,000
	Water - South Courtenay Secondary Transmission	83,600
	Water - City Cross Connection Control Program - Transmission/Distribution Metering	250,000
	Water - Sandwick Area Fireflow Analysis	25,000
New Total		428,600
Renewal	Braidwood Rd - Road & Utility - Water Component	31,000
	Water - Hwy 19A Loop - Christie Parkway	100,000
Renewal Total		131,000
Grand Total		559,600

Debt Servicing Costs

The Water Capital Fund also includes debt servicing costs. The 2020 budget includes \$10,500 of interest payment and \$20,100 of principal payment for a total debt servicing cost of \$30,600. The projected debt servicing costs for 2021 to 2024 are included in the Attachment 2.

Water Surplus and Reserves

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

Table 5: Estimated water surplus and reserves balance

WATER Surplus, Reserves and DCC Summary	Estimated	Budget
	Actual	
Estimated Closing Balances	2019	2020
Water Fund Surplus		
Prior Year Surplus (unallocated)	1,525,200	1,706,900
Surplus Reserve for Future Expenditures (Unspent Capital 2019)	114,600	-
	1,639,800	1,706,900
Water Capital Reserves		
Water Reserve	1,660,400	1,441,300
Asset Management Reserve	358,100	658,100
Water Machinery and Equipment	186,100	216,100
	2,204,600	2,315,500
Total Water Surplus and Reserves	3,844,400	4,022,400
Total Water DCC Bylaw #2426/2755	375,900	375,900

Operating Surplus

The 2020 budget includes an estimated surplus of \$181,700, which is then used in the proposed 2021 budget. A significant portion of the prior year surplus is also used in the following years, mainly to fund the capital projects.

The reserve for future expenditures of \$114,600 represents unspent monies collected in 2019 to fund 2019 capital projects carried forward and to be used in 2020.

Capital Reserves

The Water Utility Reserve is to be used only to fund water efficiency programs and initiatives. In 2020, \$250,000 will fund the installation of distribution system zone meters at the CVRD connection points.

For 2020, a recommended contribution of \$300,000 to the Asset Management reserve is included. This is more than the \$200,000 contribution approved for 2019 as the amount was lowered due to the funding required for the Sandwich conversion capital project.

A contribution of \$30,000 to the Water Machinery and Equipment reserve is also included, which is consistent with prior financial plans.

Development Cost Charges (DCC)

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

FINANCIAL IMPLICATIONS:

To cover the overall cost to deliver the water utility operating and capital activities, an increase of 1.63% is recommended for 2020. This will result in an annual increase of \$8.13 in the single family user rate.

ADMINISTRATIVE IMPLICATIONS:

The 2019 Water Rates bylaw was adopted on March 18, 2019. This involved the calculation of a blended rate for 2019, which was a pro rata of 2018 bylaw rate effective until March 18, 2019 and 2019 bylaw rate effective as of March 19, 2019. The 1.63% proposed water rate increase for 2020 maintains the current bylaw rate, therefore an amendment to user fee bylaw is not required for 2020.

Subsequent to Council endorsing the recommended increase for the 2020-2024 Water Fund Financial Plan and user fees, the water budget will be incorporated as part of the statutory component of the five year financial plan. Compilation of this financial plan will take a minimum of 50 hours of staff time.

ASSET MANAGEMENT IMPLICATIONS:

The Asset Management Working Group collects and analyses information provided by condition and risk assessments of the City's water infrastructure, water model calibration, and life-cycle analysis to determine the useful life of water assets. Preventative maintenance programs such as uni-directional flushing have

extended the useful life of the infrastructure and future years capital costs have been deferred. The financial plan includes the renewal projects prioritized by the Asset Management Working Group.

STRATEGIC PRIORITIES REFERENCE:

We focus on organizational and governance excellence

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

We proactively plan and invest in our natural and built environment

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

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

OFFICIAL COMMUNITY PLAN REFERENCE:

Section 6.2 Water Supply

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

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

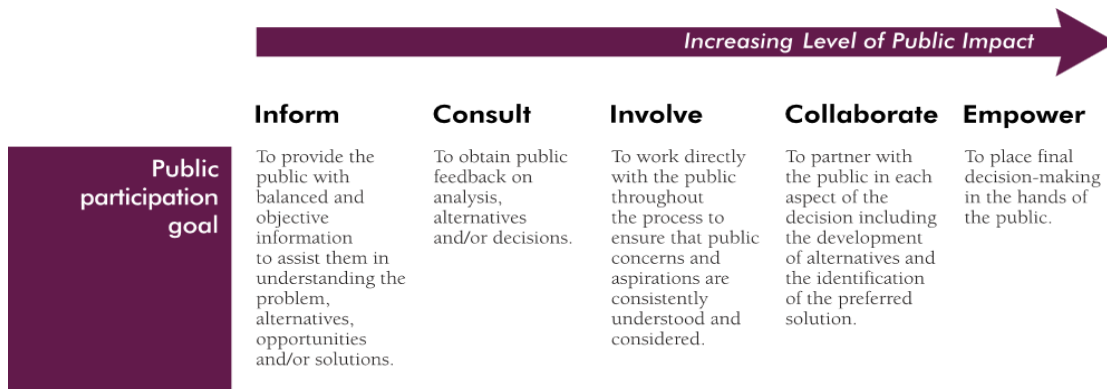
REGIONAL GROWTH STRATEGY REFERENCE:

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

CITIZEN/PUBLIC ENGAGEMENT:

The *Community Charter* (sec. 166) requires that a council must undertake a process of public consultation regarding the proposed financial plan before it is adopted. The City will “**inform**” the public about the 2020-2024 Water Fund Financial Plan through special council meetings, media webcasts, and information posted on the City's website. In addition, the City will “**consult**” the public prior to final adoption of the 2020-2024 Financial Plan Bylaw.

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



OPTIONS:

Option 1:

That Council approve the 2020 -2024 Water Fund Financial Plan; and, that water user fee revenue be increased by 1.63% for 2020. (Recommended)

Option 2:

That Council defer approval of the proposed 2020 -2024 Water Fund Financial Plan for further discussion at a later Council meeting.

Prepared by:

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Manager of Financial Planning, Payroll
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Concurrence:

Jennifer Nelson, CPA, CGA
Director of Financial Services

Attachments:

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

Water Operating Fund Budget 2020-2024

Frontage rate \$/m	\$	5.84	\$	5.84	\$	5.84	\$	5.84	\$	5.84	\$	5.84
Water Utility Rate - Single Family Unit		497.92	\$	506.05		516.17		526.49		537.02		547.76
Proposed Increase %				1.63%		2.00%		2.00%		2.00%		2.00%

Expense Type	Activity	DESC	2019 BUDGET	2020 BUDGET	2021 BUDGET	2022 BUDGET	2023 BUDGET	2024 BUDGET
Revenue	Water Frontage	WATER FRONTAGE TAX	(1,166,700)	(1,178,100)	(1,189,900)	(1,201,800)	(1,213,800)	(1,225,900)
		WATER PARCEL TAX	(8,400)	(8,400)	(8,400)	(8,400)	(8,400)	(8,400)
	Water Frontage Total		(1,175,100)	(1,186,500)	(1,198,300)	(1,210,200)	(1,222,200)	(1,234,300)
	Water Utility Fees	METERED WATER	(2,271,200)	(2,266,700)	(2,313,800)	(2,361,900)	(2,410,900)	(2,461,000)
		FLAT RATE WATER	(4,300,600)	(4,548,200)	(4,665,400)	(4,785,600)	(4,908,600)	(5,034,700)
	Water Utility Fees Total		(6,571,800)	(6,814,900)	(6,979,200)	(7,147,500)	(7,319,500)	(7,495,700)
	Water Other Revenues		(92,100)	(119,400)	(121,500)	(123,900)	(126,100)	(128,700)
	Water Work in Progress		(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
	Misc. Revenue		(100)	(100)	(100)	(100)	(100)	(100)
	Interfund Allocation		(174,000)	(177,600)	(181,000)	(184,600)	(188,400)	(192,200)
	Transfer from Reserve	RESERVE FOR FUTURE EXPEND.	(456,700)	(114,600)	-	-	-	-
		TRSF FROM WTR EFFICIENCY RESERVE	(17,500)	(26,600)	(27,000)	(27,600)	(28,100)	(28,100)
	Transfer from Reserve Total		(474,200)	(141,200)	(27,000)	(27,600)	(28,100)	(28,100)
	Equity in Capital Assets		(300,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)
	Transfer from Prior Year Surplus	PRIOR YEARS SURPLUS	(221,900)	-	(332,700)	(10,600)	(298,500)	(15,900)
Transfer from Prior Year Surplus Total		(221,900)	-	(332,700)	(10,600)	(298,500)	(15,900)	
Revenue Total		(9,109,200)	(8,939,700)	(9,339,800)	(9,204,500)	(9,682,900)	(9,595,000)	
Expense	CVRD Water Purchase		4,275,800	4,436,400	4,606,800	4,671,300	4,736,700	4,803,000
	Water Administration		313,900	385,900	393,600	401,500	409,400	417,500
	Water Engineering Services		53,500	78,000	78,000	33,000	78,000	33,000
	Water Training		36,700	36,900	37,100	37,400	37,700	37,700
	Water Booster Stations		17,800	68,300	23,600	24,000	24,300	24,300
	Water Condition Assessments		25,500	200,000	100,000	100,000	25,500	25,500
	Water Hydrant Maintenance		197,200	191,900	194,000	196,200	198,400	198,400
	Water Meter Reading		10,800	11,000	11,200	11,400	11,600	11,600
	Water Meter Replacement		106,100	103,900	104,500	104,900	105,500	105,500
	Water Transmission and Distribution		709,600	845,600	856,500	867,600	879,000	879,000
	Water Conservation Programs		25,000	60,000	10,000	10,000	10,000	10,000
	Water Water Enforcement		26,000	26,600	27,000	27,600	28,100	28,100
	Water Fleet		(27,700)	(52,700)	(52,500)	(52,200)	(51,800)	(51,800)
	Water Work in Progress		100,400	100,000	100,000	100,000	100,000	100,000
	Interfund Allocation		1,069,600	1,132,900	1,135,100	1,162,700	1,169,700	1,191,300
	Transfer to Reserve	TRANS. TO WATER UTILITY RESERVE	40,400	57,500	58,700	59,800	61,100	62,200
		Transfer to Asset Management Reserve WTR	200,000	300,000	300,000	300,000	300,000	300,000
		TRANS TO M&E WATER RES	30,000	30,000	30,000	30,000	30,000	30,000
		TRANS TO M.F.A.RESERVE	100	100	100	100	100	100
		TRANS TO RES. FOR FUTURE EXP	456,700	114,600	-	-	-	-
		TRANS TO WATER CAPITAL FUND (excl. debt cost	1,099,500	195,000	890,000	640,000	890,000	750,000
		CONTINGENCY RESERVE	-	181,700	-	-	-	-
		Water Operating - Carbon Offsets	5,500	5,500	5,500	5,500	5,500	5,500
	Transfer to Reserve Total		1,832,200	884,400	1,284,300	1,035,400	1,286,700	1,147,800
	Debt		36,800	30,600	30,600	73,700	234,100	234,100
	Amortization		300,000	400,000	400,000	400,000	400,000	400,000
	Expense Total		9,109,200	8,939,700	9,339,800	9,204,500	9,682,900	9,595,000

Fund	Water
Department	(All)
Area	(Multiple Items)
Total Funding	(All)

		Values						
Category	Project description	2020 Proposed Budget	2020 Water Revenues	2020 Reserve for Future Expenditures	2020 Water Reserves	2021 Proposed Budget	2021 Water Revenues	2021 Water Reserves
New	City Watermain on private property	70,000	70,000			140,000	140,000	
	Water - South Courtenay Secondary Transmission	83,600		83,600		250,000	250,000	
	Water - City Cross Connection Control Program - Transmission/Distribution Metering	250,000			250,000	100,000		100,000
	Water - Sandwich Area Fireflow Analysis	25,000	25,000			500,000	500,000	
New Total		428,600	95,000	83,600	250,000	990,000	890,000	100,000
Renewal	Braidwood Road - Road & Utility - Water Component	31,000		31,000				
	Sandpiper / Millard upgrade					500,000		500,000
	Water - Highway 19A Loop - Christie Parkway	100,000	100,000					
Renewal Total		131,000	100,000	31,000		500,000		500,000
Grand Total		559,600	195,000	114,600	250,000	1,490,000	890,000	600,000

		Values								
Category	Project description	2022 Proposed Budget	2022 Water Revenues	2022 Debt	2023 Proposed Budget	2023 Water Revenues	2023 Water Reserves	2024 Proposed Budget	2024 Water Revenues	2024 Water Reserves
New	City Watermain on private property	140,000	140,000		140,000	140,000		140,000	140,000	
	Water - South Courtenay Secondary Transmission	3,500,000	500,000	3,000,000						
New Total		3,640,000	640,000	3,000,000	140,000	140,000		140,000	140,000	
Renewal	Water - Projects identified through Master Plan				500,000	250,000	250,000	860,000	610,000	250,000
	Braidwood Road - Road & Utility - Water Component				500,000	500,000				
Renewal Total					1,000,000	750,000	250,000	860,000	610,000	250,000
Grand Total		3,640,000	640,000	3,000,000	1,140,000	890,000	250,000	1,000,000	750,000	250,000

		Values				
Category	Project description	2020 Proposed Budget	2021 Proposed Budget	2022 Proposed Budget	2023 Proposed Budget	2024 Proposed Budget
Debt Interest	Existing Debt Interest	10,500	10,500	10,500	10,500	10,500
	New Debt Interest South Courtenay			43,100	86,100	86,100
Debt Interest Total		10,500	10,500	53,600	96,600	96,600
Debt Principal	Existing Debt Principal	20,100	20,100	20,100	20,100	20,100
	New Debt Principal South Courtenay				117,400	117,400
Debt Principal Total		20,100	20,100	20,100	137,500	137,500
Grand Total		30,600	30,600	73,700	234,100	234,100

WATER Surplus, Reserves and DCC Summary	Estimated	Budget	Proposed Budget			
	Actual		2021	2022	2023	2024
Estimated Closing Balances	2019	2020				
Water Fund Surplus						
Prior Year Surplus (unallocated)	1,525,200	1,706,900	1,374,200	1,363,600	1,065,100	1,049,200
Surplus Reserve for Future Expenditures	114,600	-	-	-	-	-
	1,639,800	1,706,900	1,374,200	1,363,600	1,065,100	1,049,200
Water Capital Reserves						
Water Reserve	1,660,400	1,441,300	1,373,000	1,405,200	1,438,200	1,472,300
Asset Management Reserve	358,100	658,100	458,100	758,100	808,100	858,100
Water Machinery and Equipment	186,100	216,100	246,100	276,100	306,100	336,100
	2,204,600	2,315,500	2,077,200	2,439,400	2,552,400	2,666,500
Total Water Surplus and Reserves	3,844,400	4,022,400	3,451,400	3,803,000	3,617,500	3,715,700
Total Water DCC Bylaw #2426/2755	375,900	375,900	375,900	375,900	375,900	375,900

Purpose of Water Reserves

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

Reserve for Future Expenditure : revenues collected for 2019 capital projects unfinished and carried forward to 2020

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

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

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

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