



THE CORPORATION OF THE CITY OF COURTENAY

## STAFF REPORT

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**To:** Council  
**From:** Chief Administrative Officer  
**Subject:** 2022 - 2026 Water Fund Financial Plan

**File No.:** 1705-20/1715-20  
**Date:** December 3, 2021

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### PURPOSE:

The purpose of this report is for Council to consider the 2022 – 2026 Water Fund Financial Plan and the proposed water user fee increase for 2022.

### 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 2022 – 2026 Water budget is a component of the annual City of Courtenay five year financial plan. It is proposed to increase the water user fee by 2.0% for 2022 in the 2022 – 2026 Water Fund Financial Plan and leave the frontage rate unchanged.

### EXECUTIVE SUMMARY:

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

The water utility has a regional and a municipal component and each plays a vital role in providing water services to the residents of Courtenay. The Comox Valley Regional District (CVRD) has planned capital upgrades and expansion of their water infrastructure. The new water treatment facility was recently commissioned and now provides a continuous supply of high quality potable water to the growing Comox Valley population. To fund these major capital improvements, the CVRD, through the Water Committee, has been increasing the bulk water rate for a few years and plans to increase the rate again in 2023. The CVRD bulk water rate is expected to remain at \$0.80 per cubic meter in 2022 and increase to \$0.96 per cubic meter in 2023. This has a significant impact as bulk water purchase from the CVRD is the largest expense in the water fund, currently representing almost 60% of the total operating costs. Any further changes to the CVRD bulk water rate through their financial planning process will be reflected in future City of Courtenay financial plans.

Similar to the CVRD, the City is required to generate revenues sufficient to fulfil its commitment to operate a Class 3 water distribution system that provides safe drinking water to the residents. Water service expenses in this proposed financial plan also incorporate higher CVRD bulk water rates and sufficient staffing to complete the various maintenance programs required to comply with statutory water permit requirements

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

After careful review of the water fund, staff is recommending a 2.0% increase to the water user fee for 2022, which represents an increase of \$10.12 for a single family. Of this increase, about \$3.50 is attributable to the CVRD water purchase, \$22.50 to City water operating expenses, -\$12.00 reduction in transfer to prior year surplus and -\$5.00 reduction in transfer to capital expenses.

**CAO RECOMMENDATIONS:**

That based on the December 3<sup>rd</sup>, 2021 staff report “2022 - 2026 Water Fund Financial Plan”, Council approve OPTION 1, and proceed with the proposed 2022 - 2026 Water Fund Financial Plan; and, that water user fees be increased by 2.0% for 2022.

Respectfully submitted,



Geoff Garbutt, M.Pl., MCIP, RPP  
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 2022, as well as projections for the four following years.

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

**DISCUSSION:**

The supply of water to Courtenay consumers is a combined effort involving the CVRD who supplies and transmits treated source water from Comox Lake to the City's boundary where it is then distributed to property owners through the City's water distribution system. The City purchases bulk water from the CVRD and operates and maintains a Class 3 water distribution system. The City must comply with Island Health permit requirements and standards set out in the Drinking Water Protection Act. To provide this service to the public, the City annually prepares a five year financial plan to meet the legislative requirements of Section 165 of the *Community Charter*. This financial plan covers the period of 2022 - 2026.

The 2022-2026 Water Fund Financial Plan is a collaborative corporate effort following the City's Asset Management Bylaw 2981.

## City of Courtenay 2022 – 2026 Water Fund Financial Plan

The proposed 2022-2026 Water Fund Financial Plan is detailed in the following attachments:

Attachment # 1 – Water Operating Fund Budget Overview

Attachment # 2 – Water Capital Fund and Debt Budget Overview

Attachment # 3 – Water Surplus, Reserves and DCC Projections

The water fund financial plan includes for 2022 projected revenues of \$9,400,800 and \$7,785,100 of operating expenses, \$525,000 of amortization, \$29,300 of debt payment, \$584,400 transferred to the capital fund (including \$59,400 carried forward from 2021), \$390,900 transferred to various reserves and a surplus of \$86,100.

### Water Operating Fund

#### *Water Operating Expenses*

The water operating expense budget is presented by activity in Table 1. The operating costs increase by \$359,000 or 4.8% between 2021 and 2022 budget.

Table 1: Water Operating Expenses 2021 - 2022 Budget

Activity	Operating Activity	2021 BUDGET	2021 YTD Actual as at Nov 3, 2021 (Unaudited)	2022 BUDGET	Budget increase (decrease)	Variance %
<b>Water Admin &amp; Training</b>		368,600	337,122	<b>514,400</b>	145,800	
<b>Water Operations</b>	<b>Water Main</b>	200,000	48,757	<b>170,800</b>	(29,200)	
	<b>Water Service</b>	390,300	321,096	<b>376,100</b>	(14,200)	
	<b>Water Distribution Valve</b>	47,400	49,068	<b>91,000</b>	43,600	
	<b>Water Hydrant/Blowoff</b>	194,000	155,298	<b>201,500</b>	7,500	
	<b>Water Meter</b>	138,300	46,825	<b>241,700</b>	103,400	
	<b>Water Pump Stations</b>	77,500	64,534	<b>99,200</b>	21,700	
	<b>Quality &amp; Cross Connection Control</b>	80,000	25,840	<b>83,100</b>	3,100	
	<b>Water Conservation Programs</b>	167,000	34,532	<b>71,800</b>	(95,200)	
<b>Water Admin &amp; Operations Total</b>		<b>1,663,100</b>	<b>1,083,072</b>	<b>1,849,600</b>	<b>186,500</b>	
<b>CVRD Water Purchase</b>		4,433,500	3,182,101	<b>4,477,900</b>	44,400	
<b>Water Fleet</b>		56,600	42,541	<b>58,100</b>	1,500	
<b>Water Engineering Services</b>		78,000	4,203	<b>79,000</b>	1,000	
<b>Water Work in Progress</b>		100,000	73,384	<b>100,000</b>	-	
<b>Interfund Allocation</b>		1,094,900	692,313	<b>1,220,500</b>	125,600	
<b>Water Operating Expenses Total</b>		<b>7,426,100</b>	<b>5,077,615</b>	<b>7,785,100</b>	<b>359,000</b>	<b>4.8%</b>

#### *Water Administration and Training*

Water Administration and Training includes a portion of the salaries, wages and benefits of the Public Works Services exempt staff and Engineering team. The increase is mainly due to a portion of the Asset Management team remuneration now allocated to the water fund and the CPI and contractual increase on salaries, wages and benefits.

### *Water Operations*

Following the reorganization of the Water Operations activities last year, the 2022 budget has been reallocated between the activities based on 2021 actual and anticipated needs, explaining the variance between most activities. It includes the crew wages and benefits as well as the material and services needed to perform regular operations, preventative and reactive work on the various water infrastructure. The contractual increase is incorporated for wages and benefits.

An additional amount of \$100,000 is included for meter replacement to ensure older or deficient meters are proactively replaced. This additional expense is funded by the Water Utility - Meter Replacement Reserve and should lead to better water consumption readings and likely increased revenues.

The overall decrease in the Water Conservation Programs is mostly due to the combination of the Leak Detection and Repair Program with the Water Smart Initiatives capital project and some consulting work for park irrigation control completed in 2021.

### *Comox Valley Regional District Bulk Water Purchase*

The purchase of potable water from the CVRD is the largest cost driver in the water operating fund, which represents 58% of the total operating expenses. The City reviews and adjusts the estimated consumption every year, although it remains difficult to estimate as water consumption depends on many external factors, such as the weather and population growth. The water consumption for 2023-2026 is estimated based on prior year actual consumption and includes a general increase of 1% for annual population growth. The year 2020 was excluded from the average calculation as the water consumption was unusually low, presumably because of the pandemic.

The CVRD has revised the water bulk rate from \$0.83 down to \$0.80 per cubic meter on April 1, 2021 in response to the pandemic. For the 2022 budget, Staff recommends to maintain a similar consumption amount estimated last year for the 2022 water purchase, to cover for any unforeseen increase in consumption or water bulk rate. The CVRD plans to increase the rate to \$0.96 per cubic meter on January 1, 2023. This significant increase has been included for the year 2023 and onwards in the 2022-2026 Water Financial Plan.

Table 2 shows the combined financial impact of a greater consumption and higher rates on actual and estimated water consumption since 2017.

Table 2: Courtenay Water Bulk Purchase 2017-2026

Courtenay Bulk Water Purchase	Consumption m3	Consumption % increase	CVRD rate \$ / m3	Rate % increase	Courtenay Annual Cost	Total % increase
2017 Actual	5,113,154		\$0.71		\$3,630,339	
2018 Actual	4,947,081	-3.2%	\$0.75	5.6%	\$3,710,311	2.2%
2019 Actual	4,989,913	0.9%	\$0.80	6.7%	\$3,991,931	7.6%
2020 Actual	4,671,511	-6.4%	\$0.83	3.7%	\$3,877,354	-2.9%
2021 Budget	5,215,900	11.7%	\$0.85	2.4%	\$4,433,515	14.3%
2021 Estimation	5,304,545	13.6%	\$0.81	-2.9%	\$4,273,202	10.2%
2022 Estimation	5,395,042	3.4%	\$0.83	-2.4%	\$4,477,885	1.0%
2023 Estimation	5,411,200	0.3%	\$0.96	15.7%	\$5,194,752	16.0%
2024 Estimation	5,465,300	1.0%	\$0.96	0.0%	\$5,246,688	1.0%
2025 Estimation	5,520,000	1.0%	\$0.96	0.0%	\$5,299,200	1.0%
2026 Estimation	5,575,200	1.0%	\$0.96	0.0%	\$5,352,192	1.0%

### *Water Fleet*

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

### *Water Engineering Services*

This section includes \$30,000 carried forward to 2022 to complete the water rates review as recommended in the Water Smart Action Plan presented to Council on October 28, 2019. This review is conducted simultaneously with the sewer rates review.

### *Internal Allocations*

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

The water allocation is set at 14.5% of the General Government Services and 19% of the Public Works Administrative expenses based on prior year estimate. The allocation percentage is reviewed periodically and will be analyzed before next year's budget. The variance represents the general increase in the General Government Services and Public Works expenses.

### *Water Revenues*

#### *Water User and Frontage Fees*

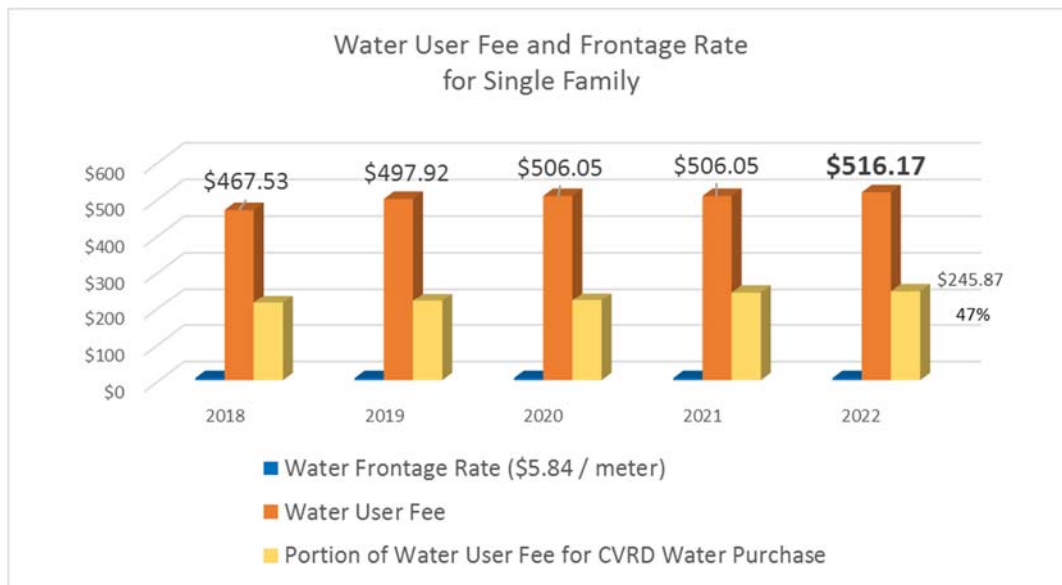
Revenues collected through water user and frontage fees are used to cover the costs of the operating and capital expenditures. Staff recommends maintaining the current frontage rate at \$5.84 per meter, which is expected to generate \$1,218,800 for 2022. Staff proposes to increase the 2022 water user fee by 2.0% with subsequent increases of 2.5% for the following four years. An annual 1% increase is factored into the revenue calculations for population growth. The water user fees are expected to generate \$7,045,800 for 2022.

Once the water master plan is finalized in 2022, the results relative to both future growth and asset end of life or replacement estimations will be combined with all other linear asset class capital demand forecasts to create a draft 20 year capital asset management plan. This information, along with the water rates review planned to be completed in 2022, will be the basis for a detailed analysis of the frontage and water user fees.

Recommendations will then be presented to adjust the water revenue requirements in future year financial plans to create a sustainable utility.

The changes since 2018 in user fees for a single family are detailed in Graph 1. The portion of user fee used to fund the bulk water purchased from the CVRD is illustrated in yellow and corresponds to about \$245.87, or 47% for 2022, leaving about \$270.30 per household to fund City’s other water related expenses.

Graph 1: Water user fees and frontage rate 2018-2022



*Other Revenues*

The water utility financial plan also includes miscellaneous revenues such as meter and hydrant rentals and park water usage for a total of \$312,700 for 2022.

**Water Capital Fund**

The projects included in the 2022 Water Capital Budget are presented in Table 3 below. All projects are being carried forward from 2021. The sources of funding and the projects scheduled for the four following years are detailed in Attachment 2.

Table 3: Water Capital Projects – 2022 Proposed Budget

2022 Proposed Budget	
Project description	Total
Water Smart Initiatives - District Meter Zone	350,000
Water - South Courtenay Secondary Transmission	250,000
Water - Sandwich Area Fireflow Upgrade	125,000
Water - Highway 19A Loop - Christie Parkway	50,000
Braidwood Road - Road & Utility - Water Component	9,400
<b>Grand Total</b>	<b>784,400</b>

### *Debt Servicing Costs*

The Water Capital Fund also includes debt servicing costs. The 2022 budget includes \$9,200 of interest payment and \$20,100 of principal payment for a total debt servicing cost of \$29,300. The projected debt servicing costs for 2022 to 2026 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 4 below. The five year schedule is presented in Attachment 3.

Table 4: Estimated water surplus and reserves balance

<b>WATER</b>	Estimated	Budget
<b>Surplus, Reserves and DCC Summary</b>		
Estimated Closing Balances	<b>2021</b>	<b>2022</b>
<b>Water Fund Surplus</b>		
Prior Year Surplus (unallocated)	3,801,100	3,887,200
Surplus Reserve for Future Expenditures (Unspent Capital 2021)	59,400	-
	<u>3,860,500</u>	<u>3,887,200</u>
<b>Water Capital Reserves</b>		
Water Reserve	1,725,700	1,555,700
Asset Management Reserve	1,037,000	1,237,000
Water Machinery and Equipment	311,400	341,400
	<u>3,074,100</u>	<u>3,134,100</u>
<b>Total Water Surplus and Reserves</b>	<b><u>6,934,600</u></b>	<b><u>7,021,300</u></b>
<b>Total Water DCC Bylaw #2426/2755</b>	<b><u>376,400</u></b>	<b><u>376,400</u></b>

### *Operating Surplus*

The 2022 budget includes an estimated surplus of \$86,100. A significant portion of the prior year surplus is projected to be used in the following years, without reducing the surplus lower than Staff's recommended minimum equivalent to 2 months of operating expenses, about \$1.3M.

The reserve for future expenditures of \$59,400 represents unspent monies collected in 2021 to fund 2021 capital projects carried forward and to be used in 2022.

### *Capital Reserves*

The Water Utility Reserve is to be used only to fund water efficiency programs and initiatives. Half of the meter rental revenue, \$60,800 for 2022, is transferred to this reserve every year. In 2022, \$100,000 will fund the installation of distribution system zone meters at the CVRD connection points, included under the Water Smart Initiatives capital project. An amount of \$100,000 is also used towards the meter replacement program and \$30,700 is used to fund the water conservation ambassador project, both operating initiatives.

The Asset Management reserve will provide \$100,000 in 2022 to fund the portion of the Water Smart Initiatives related to the City Watermain on private property.

For 2022, a recommended contribution of \$300,000 to the Asset Management reserve and a contribution of \$30,000 to the Water Machinery and Equipment reserve are included and consistent with previous financial plans.

#### *Development Cost Charges (DCC)*

No changes are projected to the DCC balance. 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 2.0% is recommended for 2022. This will result in an annual increase of \$10.12 in the single family user rate, of which approximately \$3.20 is attributable to the bulk water purchase from CVRD.

#### **ADMINISTRATIVE IMPLICATIONS:**

Subsequent to Council endorsing the recommended increase for the 2022-2026 Water Fund Financial Plan and user fees, staff will prepare the user fee amendment bylaw, and return to Council for adoption. After the user fee amendment bylaw is adopted, staff will update the financial system with the new rates, prior to the 2022 utility billing.

Subsequent to Council endorsing the 2022-2026 Water Fund Financial Plan, 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 60 hours of staff time.

#### **ASSET MANAGEMENT IMPLICATIONS:**

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

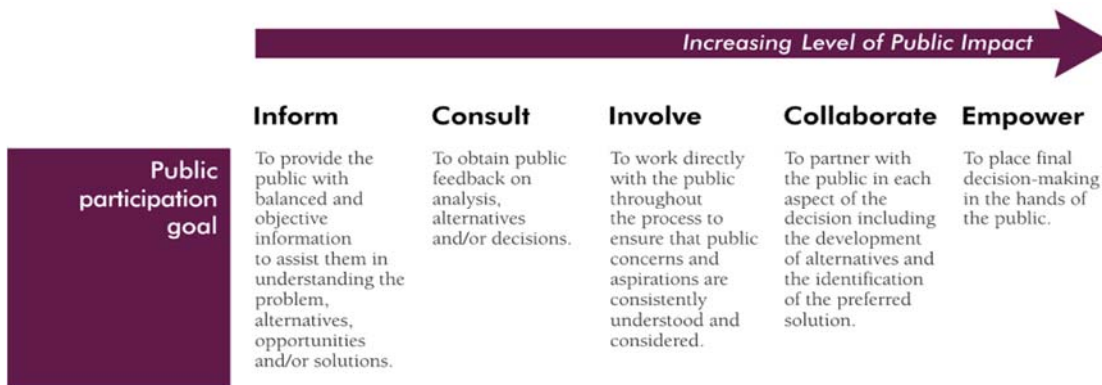
**REGIONAL GROWTH STRATEGY REFERENCE:**

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 2022-2026 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 2022-2026 Financial Plan Bylaw.

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



**OPTIONS:**

Option 1:

That Council approve the proposed 2022-2026 Water Fund Financial Plan; and, that the water user fee be increased by 2.0% for 2022. (Recommended)

Option 2:

That Council defer approval of the proposed 2022-2026 Water Fund Financial Plan for further discussion at a later Council meeting.

Prepared by:



Annie Bérard, CPA, CMA, MBA  
Manager of Financial Planning, Payroll  
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Reviewed by:



Jennifer Nelson, CPA, CGA  
Director of Financial Services

Reviewed by:



Kyle Shaw, ASCT, CPWI, CWP, CWWP  
Director of Public Works Services

Concurrence by:



Geoff Garbutt, M.Pl., MCIP, RPP  
Chief Administrative Officer

*Attachments:*

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

**Water Operating Fund Budget 2022-2026**

	2020	2021	2022	2023	2024	2025	2026
Frontage Rate \$/m	\$ 5.84	\$ 5.84	\$ 5.84	\$ 5.84	\$ 5.84	\$ 5.84	\$ 5.84
Water Utility Rate	\$ 506.05	\$ 506.05	\$ 516.17	\$ 529.07	\$ 542.30	\$ 555.86	\$ 569.76
Water Utility Rate Annual Increase \$			\$ 10.12	\$ 12.90	\$ 13.23	\$ 13.56	\$ 13.90
Water Utility Rate Annual Increase %		0.0%	2.0%	2.5%	2.5%	2.5%	2.5%

				Values							
Expense Type	Activity2	Activity	DESC	2021	2021 YTD	2022	Variance	2023	2024	2025	2026
				BUDGET	ACTUAL as at Nov.3, 2021 (Unaudited)	BUDGET	2022 Budget vs 2021 Budget	BUDGET	BUDGET	BUDGET	BUDGET
Revenue	Water Frontage	Water Frontage	WATER FRONTAGE TAX	(1,205,800)	(1,207,384)	(1,218,800)	(13,000)	(1,231,000)	(1,243,300)	(1,255,800)	(1,268,300)
			WATER PARCEL TAX	(8,400)	(8,389)	(8,400)	-	(8,400)	(8,400)	(8,400)	(8,400)
			<b>Water Frontage Total</b>	<b>(1,214,200)</b>	<b>(1,215,773)</b>	<b>(1,227,200)</b>	<b>(13,000)</b>	<b>(1,239,400)</b>	<b>(1,251,700)</b>	<b>(1,264,200)</b>	<b>(1,276,700)</b>
	Water Utility Fees	Water Utility Fees	FLAT RATE WATER	(4,552,700)	(4,609,866)	(4,742,500)	(189,800)	(4,888,000)	(5,037,800)	(5,192,100)	(5,351,000)
			METERED WATER	(2,256,400)	(1,954,406)	(2,303,300)	(46,900)	(2,362,700)	(2,423,600)	(2,486,000)	(2,550,100)
			<b>Water Utility Fees Total</b>	<b>(6,809,100)</b>	<b>(6,564,272)</b>	<b>(7,045,800)</b>	<b>(236,700)</b>	<b>(7,250,700)</b>	<b>(7,461,400)</b>	<b>(7,678,100)</b>	<b>(7,901,100)</b>
	Water Other Revenues			(302,300)	(271,334)	(312,700)	(10,400)	(318,900)	(326,200)	(332,100)	(338,900)
	Transfer from Prior Year Surplus			-	-	-	-	(482,200)	(603,000)	(417,900)	(300,100)
	Water Work in Progress			(100,000)	(40,032)	(100,000)	-	(100,000)	(100,000)	(100,000)	(100,000)
	Transfer from Reserve	Transfer from Reserve	RESERVE FOR FUTURE EXPEND.	(307,800)	-	(59,400)	248,400	-	-	-	-
			TRSF FROM WTR EFFICIENCY RESERVE	(27,000)	-	(130,700)	(103,700)	(131,200)	(131,800)	(132,400)	(133,000)
			<b>Transfer from Reserve Total</b>	<b>(334,800)</b>	<b>-</b>	<b>(190,100)</b>	<b>144,700</b>	<b>(131,200)</b>	<b>(131,800)</b>	<b>(132,400)</b>	<b>(133,000)</b>
	Equity in Capital Assets			(500,000)	-	(525,000)	(25,000)	(525,000)	(525,000)	(525,000)	(525,000)
<b>Revenue Total</b>				<b>(9,260,400)</b>	<b>(8,091,411)</b>	<b>(9,400,800)</b>	<b>(140,400)</b>	<b>(10,047,400)</b>	<b>(10,399,100)</b>	<b>(10,449,700)</b>	<b>(10,574,800)</b>
Expense	<b>CVRD Water Purchase</b>			<b>4,433,500</b>	<b>3,182,101</b>	<b>4,477,900</b>	<b>44,400</b>	<b>5,194,800</b>	<b>5,246,700</b>	<b>5,299,200</b>	<b>5,352,200</b>
	Water Admin - Salaries/Wages			301,300	266,951	420,300	119,000	428,700	437,300	446,000	455,000
	Water Administration			25,200	52,041	50,800	25,600	52,000	52,400	53,100	53,500
	Water Admin - Training			37,100	16,055	37,900	800	38,200	38,500	38,800	39,100
	Water Engineering Services			78,000	4,203	79,000	1,000	33,000	39,000	33,000	33,000
	Water Admin - BC One Call			5,000	2,076	5,400	400	5,600	5,800	5,900	6,100
	Water Operations	Water Conservation Programs		167,000	34,532	71,800	(95,200)	73,100	74,200	75,600	76,700
		Water Service		390,300	321,096	376,100	(14,200)	382,900	387,100	394,100	409,600
		Water Distribution Valve		47,400	49,068	91,000	43,600	92,300	92,900	94,100	95,300
		Water Quality & Cross Connection Control		80,000	25,840	83,100	3,100	84,700	85,900	87,500	88,700
		Water Main		200,000	48,757	170,800	(29,200)	174,400	177,200	181,000	183,100
		Water Hydrant/Blowoff		194,000	155,298	201,500	7,500	205,300	208,100	212,100	215,000
		Water Meter		138,300	46,825	241,700	103,400	244,500	245,600	248,300	249,400
		Water Pump Stations		77,500	64,534	99,200	21,700	100,900	102,100	103,900	105,000
		<b>Water Operations Total</b>		<b>1,294,500</b>	<b>745,950</b>	<b>1,335,200</b>	<b>40,700</b>	<b>1,358,100</b>	<b>1,373,100</b>	<b>1,396,600</b>	<b>1,422,800</b>
	Water Fleet			56,600	42,541	58,100	1,500	58,600	58,900	59,400	59,500
	Water Work in Progress			100,000	73,384	100,000	-	100,000	100,000	100,000	100,000
	Interfund Allocation			1,094,900	692,313	1,220,500	125,600	1,221,800	1,247,300	1,276,900	1,299,600
	Transfer to Reserve	Transfer to Reserve	CONTINGENCY RESERVE	251,600	-	86,100	(165,500)	-	-	-	-
			TRANS TO WATER CAPITAL FUND	350,000	-	525,000	175,000	565,000	614,500	550,000	550,000
			TRANS TO WATER UTILITY RESERVE	58,700	-	60,800	2,100	62,000	63,200	64,500	65,800
			TRANS TO WATER ASSET MGMT RESERVE	300,000	275,000	300,000	-	300,000	300,000	300,000	300,000
			TRANS TO WATER M&E RESERVE	30,000	27,500	30,000	-	30,000	30,000	30,000	30,000
			TRANS TO WATER MFA RESERVE	100	-	100	-	100	100	100	100
			TRANS TO WATER RESERVE FOR FUTURE EXP	307,800	-	59,400	(248,400)	-	-	-	-
			WATER CARBON OFFSETS	5,500	-	-	(5,500)	-	-	-	-
			<b>Transfer to Reserve Total</b>	<b>1,303,700</b>	<b>302,500</b>	<b>1,061,400</b>	<b>(242,300)</b>	<b>957,100</b>	<b>1,007,800</b>	<b>944,600</b>	<b>945,900</b>
	Debt			30,600	27,889	29,300	(1,300)	74,500	267,300	271,200	283,100
	Amortization			500,000	-	525,000	25,000	525,000	525,000	525,000	525,000
<b>Expense Total</b>				<b>9,260,400</b>	<b>5,408,004</b>	<b>9,400,800</b>	<b>140,400</b>	<b>10,047,400</b>	<b>10,399,100</b>	<b>10,449,700</b>	<b>10,574,800</b>
<b>Grand Total</b>				<b>-</b>	<b>(2,683,407)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Values													
Category	Project description	2021 Forecast	2022 Proposed Budget	2022 General Revenues	2022 Reserve for Future Expenditures	2022 Reserves	2023 Proposed Budget	2023 General Revenues	2023 Reserves	2023 Debt	2024 Proposed Budget	2024 General Revenues	2024 Reserves
New	City Watermain on private property	70,000			-								
	Water - South Courtenay Secondary Transmission	81,500	250,000	250,000			3,500,000			3,500,000			
<b>New Total</b>		151,500	250,000	250,000			3,500,000			3,500,000			
Renewal	Braidwood Road - Road & Utility - Water Component	21,900	9,400		9,400		500,000	500,000					
	Sandpiper / Millard Water Main Upgrade	630,000											
	Water - Highway 19A Loop - Christie Parkway	50,000	50,000		50,000								
	Water - Projects identified through Master Plan										1,000,000	500,000	500,000
	Water - Sandwich Area Fireflow Upgrade	25,000	125,000	125,000			500,000		500,000				
	Water Smart Initiatives - District Meter Zone	75,000	350,000	150,000		200,000	250,000	50,000	200,000		250,000	50,000	200,000
	WATER - Cousins Ave - 20th to Willemar	-	-				15,000	15,000			64,500	64,500	
<b>Renewal Total</b>		801,900	534,400	275,000	59,400	200,000	1,265,000	565,000	700,000		1,314,500	614,500	700,000
<b>Grand Total</b>		953,400	784,400	525,000	59,400	200,000	4,765,000	565,000	700,000	3,500,000	1,314,500	614,500	700,000

Values									
Category	Project description	2025 Proposed Budget	2025 General Revenues	2025 Reserves	2025 Fed / Prov Funding	2025 Debt	2026 Proposed Budget	2026 General Revenues	2026 Reserves
Renewal	Water - Projects identified through Master Plan	500,000	500,000				1,000,000	500,000	500,000
	Water Smart Initiatives - District Meter Zone	250,000	50,000	200,000			250,000	50,000	200,000
	WATER - Cousins Ave - 20th to Willemar	644,800			344,800	300,000			
<b>Renewal Total</b>		1,394,800	550,000	200,000	344,800	300,000	1,250,000	550,000	700,000
<b>Grand Total</b>		1,394,800	550,000	200,000	344,800	300,000	1,250,000	550,000	700,000

Debt Servicing Costs

Values							
	Project description	2021 Budget	2022 Proposed Budget	2023 Proposed Budget	2024 Proposed Budget	2025 Proposed Budget	2026 Proposed Budget
Debt Interest	Existing Debt Interest	10,500	9,200	9,200	9,200	9,200	4,600
	New Debt Interest South Courtenay			45,200	90,300	94,200	98,100
<b>Debt Interest Total</b>		10,500	9,200	54,400	99,500	103,400	102,700
Debt Principal	Existing Debt Principal	20,100	20,100	20,100	20,100	20,100	20,100
	New Debt Principal South Courtenay				147,700	147,700	160,300
<b>Debt Principal Total</b>		20,100	20,100	20,100	167,800	167,800	180,400
<b>Grand Total</b>		30,600	29,300	74,500	267,300	271,200	283,100

**City of Courtenay**  
**for the Years 2022 - 2026**

<b>WATER</b>	Estimated	Budget	Proposed Budget			
<b>Surplus, Reserves and DCC Summary</b>						
Estimated Closing Balances	2021	2022	2023	2024	2025	2026
<b>Water Fund Surplus</b>						
Prior Year Surplus (unallocated)	3,801,100	3,887,200	3,405,000	2,802,000	2,384,100	2,084,000
Surplus Reserve for Future Expenditures	59,400	-	-	-	-	-
	<u>3,860,500</u>	<u>3,887,200</u>	<u>3,405,000</u>	<u>2,802,000</u>	<u>2,384,100</u>	<u>2,084,000</u>
<b>Water Capital Reserves</b>						
Water Reserve	1,725,700	1,555,700	1,386,500	1,217,900	1,050,000	882,800
Asset Management Reserve	1,037,000	1,237,000	937,000	637,000	837,000	537,000
Water Machinery and Equipment	311,400	341,400	371,400	401,400	431,400	461,400
	<u>3,074,100</u>	<u>3,134,100</u>	<u>2,694,900</u>	<u>2,256,300</u>	<u>2,318,400</u>	<u>1,881,200</u>
<b>Total Water Surplus and Reserves</b>	<u><u>6,934,600</u></u>	<u><u>7,021,300</u></u>	<u><u>6,099,900</u></u>	<u><u>5,058,300</u></u>	<u><u>4,702,500</u></u>	<u><u>3,965,200</u></u>
<b>Total Water DCC Bylaw #2426/2755</b>	<u><u>376,400</u></u>	<u><u>376,400</u></u>	<u><u>376,400</u></u>	<u><u>376,400</u></u>	<u><u>376,400</u></u>	<u><u>376,400</u></u>

Purpose of Water Reserves

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

**Reserve for Future Expenditure** : revenues collected for 2021 capital projects unfinished and carried forward to 2022

**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

