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**MINUTES OF A MEETING OF THE Sticks Allison Water Local Service Committee, held Tuesday, November 7, 2023 at 9:30 a.m., In the Goldstream Conference Room, 479 Island Highway, Victoria, BC**

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**PRESENT: Committee Members:** B. Russell (Chair) (EP); H. Schofield (Vice Chair) (EP); J. Fenby (EP); M. Menyhart (EP); R. Fenton (Alt. EA Director) (EP)

**Staff:** J. Dales, Senior Manager, Wastewater Infrastructure Operations; J. Marr, Senior Manager, Infrastructure Engineering; L. Xu, Manager, Local Services and Corporate Grants; S. Henderson, Senior Manager, Real Estate and Southern Gulf Islands Administration; D. Robson, Manager, Saanich Peninsula Gulf Island Operations; M. Risvold (Recorder)

**REGRETS:** P. Brent (EA Director)

EP = Electronic Participation

The meeting was called to order at 9:34 am.

**1. APPROVAL OF AGENDA**

The following items were added to Item 8. New Business:

- Electronic Well Monitoring Transducer
- Fire Hydrants
- Service Connection Issue
- Bylaw No. 4492 Enforcement
- Sticks Allison Water Level Signage

**MOVED** by H. Schofield, **SECONDED** by J. Fenby,  
That the agenda be approved as amended.

**CARRIED**

**2. ADOPTION OF MINUTES**

**MOVED** by H. Schofield, **SECONDED** by M. Menyhart,  
That the minutes of the June 19, 2023 meeting be adopted.

**CARRIED**

**3. CHAIR'S REMARKS**

The Chair made the following remarks:

Thank you for this opportunity today to meet and discuss the Sticks Allison Water System (SAWS). Are we still at a Level II Conservation for water on Galiano? SAWS electronic monitoring of our well and SAWS suggestion of going forward with an equitable division of the costs especially the electronic receiver capital equipment costs (CRD). (June 19, 2023 draft minutes in Chairman's remarks) is still a concern and we would like an update. To reiterate; the transducer costs apart from the receiver costs were to be broken down so we could decide on this issue if it represented an equitable division of costs; ie the 38 SFE's serviced by SAWS would pay the transducer costs at the well but the Labor, computer, and receiver (CRD) costs be divided among all the CRD water systems SFE's.

This would have had to been discussed at several CRD Administrative levels in the previous 5 months before the preparation of the budget; and my earnest hope is, it was. It is not clear to me where this might appear in the draft budget. The June minutes state that this committee will look into the long pending #163 Sticks Allison Service Connection issue and "will update us in the coming weeks", however I have not heard from you on this matter since June. We feel this long-standing issue should have closure. Please conclude this issue by crediting our revenues in the amount of approximately \$872 (two quarterly payments of \$436 were not collected from the new stakeholder at #163 Sticks Allison in the spring of 2022 due to CRD error) and advise us of same on Tuesday. There seem to be some discrepancies in the financial report which we hope clarified. SAWS continues to be concerned about the increasing costs especially a Capital Reserve Fund which we feel should have a ceiling. Any of us would rather park our money in our banks and cover repairs as needed beyond what is available in the Capital Reserve Fund.

Brian Russell MD Chairperson SAWS

#### **4. PRESENTATIONS/DELEGATIONS**

There were no presentations or delegations.

#### **5. SENIOR MANAGER'S REPORT**

J. Dales provided the following updates:

- Private Property Winterizing: Staff advised Capital Regional District (CRD) social media platforms will have a poster-style information sheet with winterization tips for system users. There is a link to the winterization video on the CRD website.
- Dan Robson will be acting in a senior role to support the Sticks Allison water service. J. Dales will remain available to support the committee, however D. Robson will be the primary contact.
- Water Conservation Bylaw Update: Due to the drought conditions, water conservation efforts were extended for an additional month for many of the local services including Sticks Allison. Effective November 1, 2023, all restrictions for the Sticks Allison water service have been lifted and sandwich boards have been removed.
- Water conservation bylaw questions: Maintain consistent bylaw language which has cost savings through standardized messaging and education. Keeping the current language allows increase in public awareness and communication. Bylaw information will remain available through frequently asked questions (FAQ's), links to document through the CRD water service website, and water conservation links that are sent out with notices.

#### **Requests from the committee:**

- That water conservation signage be posted in a timelier manner.
- Staff to provide a link of the CRD water conservation video to the committee.
- Staff to determine how many stakeholders receive electronic water bills versus paper water bills and confirm if a link to the bylaw FAQ's can be sent with the electronic water bills.

## 6. COMMITTEE BUSINESS

### 6.1. 2024 Operating and Capital Budget

J. Dales spoke to item 6.1.

Staff responded to the following questions:

- Increase in cost for tank cleaning. Staff advised that a standard operating procedure was created for the service, and that there are WorksafeBC regulatory changes that require additional labour to complete the work to remain compliant with the regulatory requirements. Water being brought to the island for the water service also contributes to additional costs.
- Transferring surplus to the operating reserve fund (ORF). Staff advised the capital reserve fund (CRF) is more underfunded, however, a surplus can be transferred to the ORF.
- The \$11,000 budgeted transfer to the CRF for 2024 seems high as there are no capital projects planned for 2024, the committee would like to keep the CRF as low as possible. Staff advised the amount is based for future planning for when unscheduled capital work arises. The amount is recommended based on annual operating budget for both reserves. Staff noted there is a capital reserve guideline for every CRD service. The CRD Board- endorsed guideline provides indicators for reserve fund health, objective sustainable service delivery, including operation and capital asset programming. The targeted reserve balance guideline is about \$83,000 and was based on 2019 year-end results and asset depreciation. Staff have recommended gradually increasing the CRF, noting the Sticks Allison Water Service is underfunded. Staff do not recommend cutting the reserve.
- If funds in the reserves gain interest. Staff advised the CRF and ORF are separate funds. By legislation, every CRD service has their own service budget. Every reserve fund is earning interest, and the interest stays in that fund. The reserve schedule in the agenda package shows the estimated interest income. Staff also advised it is helpful for grant applications by having funds in the reserves.

Discussion ensued regarding:

- Reserve fund guidelines
- Potential downturn in economy
- Taxable folios and single-family equivalents (SFE's)
- User charges
- Labour costs and inflation
- Reducing the CRF and ORF transfers

Staff advised there was an asset management report that was produced in 2019 for the services in the Southern Gulf Islands by a third-party consultant. The consultant recommended an \$18,000 per year average annual investment for operating and capital reserves. Staff noted reducing the reserves is going against the recommendation, and that it may be worth investing in a new asset management study.

Staff reiterated it is not recommended to reduce the CRF and ORF transfers and spoke to the committee about a leak that occurred in the water service area that was costly to the community.

Staff noted the reserves are currently low and would like to build them up for the service to avoid a deficit in future years that would need to be paid back immediately. Staff would like to balance the fees and charges so there is no fluctuation and balance the risk of operating the utility and emergency response. Staff strongly recommended not reducing the reserves.

Staff added the following comments:

- Weather fluctuations due to climate change can cause extreme weather events.
- The impacts on small systems with emergency responses.
- Now being a very important time to ensure there is adequate reserves.
- The service is not yet reaching the reserve cap.
- The current budget year is still low and at risk for extreme weather events.
- No justification for a reduction in the proposed transfers.
- Currently no capital projects planned.
- Trying to balance risk, operating emergency response, and rate.
- Stabilizing the rate to avoid rate fluctuation.

The committee added the following comments:

- The CRD is not underfunded in the sense that it meets current obligations.
- A cap of about \$5,000 on the CRF seems reasonable.
- Majority of Sticks Allison stakeholders may prefer to "self-fund" the reserve, by using personal funds at the time needed, in preference to having CRD hold the funds.
- The committee is aware of future infrastructure needs over the next decade or so and is taking that into consideration.

**MOVED** by B. Russell, **SECONDED** by R. Fenton,

That the Sticks Allison Water Local Service Committee:

1. Approve the 2024 operating and capital budget as presented and that the 2023 actual operating deficit be balanced on 2023 Operating Reserve Fund transfer; and
2. Recommends that the Electoral Areas Committee recommend that the Capital Regional District Board approve the 2024 Operating and Capital Budget and the five-year Financial Plan for the Sticks Allison Water Service as presented.

**DEFEATED**

**Opposed: Schofield, Fenby, Menyhart**

**MOVED** by H. Schofield, **SECONDED** by M. Menyhart,

That the Sticks Allison Water Local Service Committee reduce the recommended operating reserve fund transfer by \$1,750 (25% reduction) from \$7,000 to \$5,250 and reduce the recommended capital reserve fund transfer by \$2,750 (25% reduction) from \$11,000 to \$8,250. The total reduction of \$4,500 on reserve transfers will be balanced on the reduction of Parcel Tax and User Charges.

**CARRIED**

**Opposed: Russell, Fenton**

**MOVED** by H. Schofield, **SECONDED** by M. Menyhart,  
That the Sticks Allison Water Local Service Committee:

1. Approve the 2024 operating and capital budget as amended and that the 2023 actual operating deficit be balanced on 2023 Operating Reserve Fund transfer; and
2. Recommends that the Electoral Areas Committee recommend that the Capital Regional District Board approve the 2024 Operating and Capital Budget and the five-year Financial Plan for the Sticks Allison Water Service as amended.

**CARRIED**

**Opposed: Russell, Fenton**

L. Xu advised a total of \$47 will be saved in 2024, with the CRF and ORF transfer reduction, which is approximately \$.13 per day compared to what was paid in 2023.

## **6.2. Project and Operations Update**

J. Dales spoke to item 6.2.

Staff responded to a question regarding water quality. Staff advised there have been no negative water quality implications for the service.

## **7. CORRESPONDENCE**

There was no correspondence.

## **8. NEW BUSINESS**

### **8.1. Electronic Well Monitoring Transducer**

Staff advised the costs are for the transducer and magmeter for the service. All equipment proposed for the project would be Sticks Allison water service equipment. SCADA monitoring is already in place with no additional charges to the service. An operator would be responsible for monitoring the system, however, there is already an operator monitoring. Staff suggested the transducer would make the current monitoring faster and easier, likely resulting in cost savings for the service due to less operational time. The committee removed this item from the previous budget and staff would be concerned to re-introduce this item due to the reduction in transfers to the reserves.

### **8.2. Fire Hydrants**

Staff advised the fire service requires 1,000 litres per minute over a two-hour period which the current system is unable to provide. As per the Senior Manager's email to the Chair on Nov. 3, 2023, the fire underwriters survey requires a water system in Canada to be capable of delivering not less than 1000 liters per minute for two hours to qualify for insurance, which is also in addition to the domestic consumption at the maximum daily demand. Given the size of our storage tank and pumping rate, staff does not see how the Sticks Allison system could meet this requirement. Staff added that hydrants also serve an important maintenance function for system flushing and would be able to supplement fire protection at a throttled rate during an emergency through a gate valve.

The information has been provided to the South Galiano Fire Service. Tank capacity is 90,000 litres.

J. Fenby left the meeting.

### **8.3. Service Connection Issue**

Staff advised CRD is unable to reimburse the amount, however, can bill the customer to recover the funds. The committee advised they do not want to bill the customer and requested that procedures be amended to prevent a future oversight. Staff advised the process that enabled this to happen is no longer in practice. The current existing lot that is vacant will be investigated to ensure an oversight will not happen again.

### **8.4. Bylaw No. 4492 Update**

This item was discussed in item 5.

### **8.5. Sticks Allison Water Level Signage**

The Chair advised there is no radio on the island to advertise the water levels. The Chair placed a notice in the local privately-run newspaper to advise the community.

The committee advised the signage was delayed going up and requested a larger font be used when they are re-printed. Staff advised this feedback will be provided to CRD's Communications department for consideration in 2024.

## **9. ADJOURNMENT**

**MOVED** by H. Schofield, **SECONDED** by M. Menyhart,  
That the November 7, 2023 meeting be adjourned at 11:23 am.

**CARRIED**

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**CHAIR**

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**SECRETARY**