



STAFF REPORT TO COMMITTEE

DATE OF REPORT March 1, 2024
MEETING TYPE & DATE Electoral Area Services Committee of March 20, 2024
FROM: Senior Engineering Technologist, Utilities Division
Operations Department
SUBJECT: 2024 Budget Amendment to include the Shell Beach Water System Budget
FILE: 1720-20

PURPOSE/INTRODUCTION

The purpose of this report is to seek approval for a budget amendment to include a new function for the Shell Beach Water System Service for the remaining three quarters of the 2024 budget year.

RECOMMENDED RESOLUTION

That it be recommended to the Board that the 2024 Budget be amended to include a new function for the Shell Beach Water System Service for the remaining three quarters of the 2024 budget year.

BACKGROUND

The CVRD Board approved the following recommendation 23-127 at the Wednesday, March 22, 2023 Board meeting:

7. 1. *That the Certificate of Sufficiency confirming sufficient petitions requesting establishment of the Shell Beach Water System Service Area and borrowing of up to \$275,000 to upgrade the works to a municipal standard, be received.*
2. *That a Service Establishment Bylaw and a Loan Authorization Bylaw for the proposed Shell Beach Water System Service Area be prepared and forwarded to the Board for consideration of three readings and, following provincial approval, adoption.*
3. *That a Utility Transfer Agreement between the CVRD and the owners of the Shell Beach Water Utility Ltd. be executed.*
4. *That following adoption of the Service Establishment and Loan Authorization Bylaws, a Capital Reserve Fund Establishment Bylaw and a Parcel Tax Roll Bylaw be prepared and forwarded to the Board for consideration of three readings and adoption.*
5. *That the "CVRD Bylaw No. 4231 - Water Systems Regulatory and Management Bylaw, 2021" be amended to include the Shell Beach Water system and be forwarded to the Board for consideration for three readings and adoption.*

ANALYSIS

On February 28, 2024, a Service Establishment Bylaw and a Loan Authorization Bylaw for Shell Beach Water System Service Area was adopted by the CVRD Board, following provincial approval.

A Utility Transfer agreement has been signed by the owners of the Shell Beach Water Utility and a Capital Reserve Fund Establishment Bylaw and Parcel Tax Roll Bylaw are currently being prepared.

An amendment to the CVRD Bylaw No. 4231 Water Systems Regulatory and Management Bylaw, 2021, to include the Shell Beach Water System is also underway and will be forwarded to the Board following the Adoption of the 2024 Budget.

CVRD staff is anticipating an April transfer of this utility system.

FINANCIAL CONSIDERATIONS

Shell Beach: User fees are proposed to proceed with \$1000 per year. Parcel taxes are also proposed at \$1000 annually.

The maximum amount of money that may be requisitioned annually in support of this service shall be the greater of: Sixty Thousand Dollars (\$60,000); or a property value tax rate of \$1.3487 per \$1,000 to the net taxable value of land and improvements in the service area.

A Loan Authorization Bylaw has been adopted allowing for an estimated cost of water treatment upgrades to the Shell Beach Water System, including expenses for \$275,000. As well, Community Works Gas Tax of \$228,000 and reserve funds of \$50,000 are proposed for this \$553,000 capital upgrade.

Although the Shell Beach Water System Service has been established by Bylaw No. 4506, Loan Authorization Bylaw No. 4507 is currently undergoing a statutory 30-Day quashing period prior to receiving a final Certificate of Approval from the Province. When the Certificate is received, the Board may proceed with borrowing.

COMMUNICATION CONSIDERATIONS

Notification will be provided to the customers.

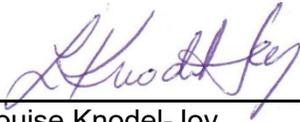
STRATEGIC/BUSINESS PLAN CONSIDERATIONS

The Corporate Strategic Plan includes an objective to demonstrate strong fiscal leadership. The recommended resolution provides a reliable essential service.

Referred to (upon completion):

- Community Services (*Cowichan Community Centre, Cowichan Lake Recreation, South Cowichan Recreation, Arts & Culture, Facilities & Transit*)
- Corporate Services (*Finance, Human Resources, Information Technology, Legislative Services*)
- Operations (*Utilities, Parks & Trails, Recycling & Waste Management*)
- Land Use Services (*Community Planning, Strategic Initiatives, Development Services, Building Inspection & Bylaw Enforcement*)
- Strategic Services (*Communications & Engagement, Economic Development, Emergency Management, Environmental Services*)

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Darcy Mooney
General Manager,
Operations Department

Reviewed for form and content and approved for submission to the Committee:

Resolution:

Corporate Officer

Financial Considerations:

Chief Financial Officer

ATTACHMENTS:

Attachment A – Proposed Five-Year Financial Plan