

*Beaver Creek Improvement District*

# ***Water Service Delivery Options***

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**Sussex**  
Consultants Ltd

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## Overview

This brief report presents the estimated impacts of options for delivering water service at Beaver Creek, BC, a community of 2,820 in the Alberni Valley on Vancouver Island. It has been undertaken as a result of a request by the Beaver Creek Improvement District (BCID) Trustees to examine the potential impacts of converting the BCID water system to a service area of the Alberni-Clayoquot Regional District (ACRD).

The study follows a series of other reports dealing with water improvements required to meet provincial water quality guidelines and to upgrade and renew aging infrastructure.

This impact assessment work has been prepared by Tom Reid of Sussex Consultants Ltd. for the Improvement District and the Regional District jointly. The work is funded mainly by a grant from the provincial Ministry of Community, Sport and Cultural Development, with some additional funding from BCID and ACRD themselves.

Like many other Vancouver Island water systems, BCID is under notification from the Vancouver Island Health Authority that it must develop a plan to meet the provincial “4-3-2-1” water quality guidelines. In addition to the significant costs of meeting these water quality rules, BCID faces aging distribution and storage infrastructure and should develop a plan for replacing and upgrading it.

Given the limitations of BCID’s financial position and the large costs of improving the water supply and replacing aging distribution components, the Trustees have been considering what options the community might have to meet the financial challenges. The main choice is to either remain as an improvement district or convert to a regional district service area model. There are several sub-options within each.

## Engineering assessments

Two recent water system studies, both by Koers & Associates Engineering Ltd., are the basis for some of the capital costs used in the preparation of financial impacts here.

- The “*Alberni Valley Regional Water Study Update - Final Report*”, completed in September 2010, compared how options for a shared regional water supply would compare to options for upgraded, stand-alone water supplies for Beaver Creek, Cherry Creek, and the City of Port Alberni. It concluded that Beaver Creek’s share of a regional system would cost significantly less than a stand-alone system for the community. At the time of this writing there is no agreement on a shared supply but preliminary multi-party discussions have commenced.
- The “*Beaver Creek Improvement District Water Infrastructure Assessment*”, submitted in May of 2011, identified that BCID faces near-term improvements to water system components that will cost about \$2,070,000. This work will correct existing infrastructure deficiencies. In addition, a long-term program to ensure renewal and replacement of infrastructure components would cost about \$277,100 a year on a permanent, on-going basis. Both of these amounts have been included in the budget projections presented later.

## Water supply assumption

There are essentially two ways for Beaver Creek to meet the VIHA water quality guidelines. Both involve an upgraded water supply for the community.

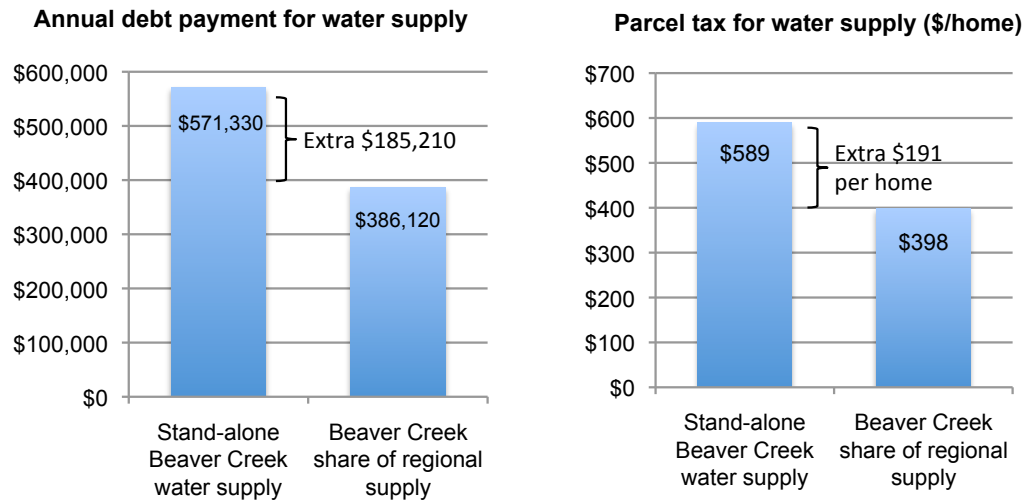
- Replace the old stand-alone BCID supply works with a *new stand-alone facility* drawing water from the Stamp River. Koers & Associates Engineering Ltd. has

estimated this at about \$4.8 million for a new or upgraded intake, pump house, and filtration plant. Adding in property acquisition could raise this to about \$5.05 million. Koers estimated that the operating and maintenance costs of the new supply would be about \$148,000 per year<sup>1</sup>.

... or ...

- Share in a *new regional supply* using Sproat Lake as the source (there are other source options too). Preliminary discussions have commenced on an Alberni Valley water supply to serve Beaver Creek, Cherry Creek, and the City of Port Alberni. Koers has estimated that Beaver Creek’s share of such a system could cost about \$2.95 million; its share of the annual operating cost is estimated at about \$41,000.

The Koers numbers show that under the current management model, a stand-alone supply would cost BCID \$2.1 million more than its share of a regional supply, which means an extra \$185,200 in annual debt payments<sup>2</sup> for BCID. This translates into an extra \$191 per home compared to sharing a regional supply. (The surcharge would be a bit less under the ACRD models because the extra \$2.1 million would be funded at the ACRD’s lower borrowing rate through the Municipal Finance Authority.)



Source: Koers & Associates Engineering Ltd.

*Because the cost estimates are so much lower for the shared regional system, this report assumes that the regional supply model would be chosen over the stand-alone supply (except in the case of one option that involves a private contractor).*

<sup>1</sup> Note, however, that the current BCID budget does not distinguish between spending on the supply and spending on the distribution system. As a result, this figure is of limited use when considering the options because it doesn't include the annual spending on the *distribution* system, which is an integral part of the whole budget.

<sup>2</sup> After factoring in the higher interest rate faced by BCID because it would no longer benefit from the ACRD's lower borrowing rate (BCID's rate for a stand-alone supply would be higher than the ACRD's rate through the MFA for a regional supply).

## **Current management model**

Water service at Beaver Creek is the responsibility of the Beaver Creek Improvement District, a form of local government managed by an elected body of five Trustees. Its sole mandates are community water (by far its main function) and parks (a very minor function). It has its own employees, property and equipment; develops its own annual budget and spending priorities; and levies its own water tolls and taxes. The water system consists of a supply from the Stamp River, two reservoirs, and a distribution network, plus the administrative resources needed to manage and fund water service.

Improvement districts are limited forms of local government. Many of their bylaws (including the annual budget) require provincial approval, and all must be filed with the Province. While improvement districts can set their own tax rates and more or less set their own spending priorities, they face two drawbacks with respect to funding capital works.

- They are not eligible for infrastructure grants, whereas municipalities and regional districts are.
- When they borrow for capital works they must do so directly from the Province, at rates higher than municipalities and regional districts face.

## **Management options**

Four management options are presented here -- two assuming the Improvement District remains in place, and two assuming the service is converted to a Regional District service area. The four are set out as follows.

- **1a: BCID current model** This is simply a continuation of the current system. Capital improvement work would be undertaken as an improvement district (though a regional water supply is assumed instead of a stand-alone supply for Beaver Creek alone). BCID would continue to own, operate and administer the water system, and BCID would continue as a local government with its own Trustees, staff and offices.
- **1b: BCID model with a Corix contract** Under this option the BCID would sign a 21-year contract for the upgrading, operation and maintenance of the Beaver Creek water system to Corix Utilities. Corix would bill water users directly for the service. While BCID staff requirements would decline as the service delivery and many administrative tasks shift to Corix, the Improvement District would continue to exist as a local government and would own the water system. It would still have a number of administrative costs as an improvement district, like audit, insurance, office maintenance, Trustees' remuneration, record keeping, filings, and monitoring the Corix contract. It is assumed here that these BCID costs would be recovered by way of a BCID parcel tax. There would be no BCID user fees, as they would be replaced by the water bills sent out by Corix. At the time of writing, details about the specific engineering plans that would form the basis of the Corix obligations and practices are not available (due mainly to the need to protect proprietary information and preserve competitive confidentiality), so it can't yet be said how the particular works, designs, timing, delivered products, warranties, growth policies and support in the Corix option might compare with their counterparts in the other three options. Note: The Memorandum of Understanding between BCID and Corix has been terminated by the two parties, so additional details seem unlikely to be available. As a result, some assumptions have been made here about this option's operation. While such contracts are very rare among improvement districts, this alone shouldn't disqualify it from the discussion.
- **2a: ACRD standard model** This option would see the conversion of the BCID to a service area of the Alberni-Clayoquot Regional District. The ACRD would replace

the Improvement District and BCID would cease to exist. The ACRD Board would replace the BCID Trustees. BCID's assets, liabilities, and service responsibilities would be transferred to the ACRD, but they would remain tied to the Beaver Creek service area and couldn't be used for anything but Beaver Creek water. Any assets (reserves or land, for example) could be used only for the benefit of the Beaver Creek water service and not for any other ACRD function. The service would be run as a local service area, with its own tolls and taxes and its own budget and accounting. Only Beaver Creek residents would pay for the system (just like now). There would be a local Beaver Creek advisory body to assist the ACRD on water policies and practices for at least a transitional period (and possibly much longer). The Beaver Creek office would be used solely by the fire department, as water administration would shift to the ACRD office in Port Alberni.

- **2b: ACRD with management commission** This option is similar to 2a except that the ACRD Board would delegate management authority to a local Beaver Creek commission operating out of the current BCID office. The commission would be created by and operate under the ACRD. While ACRD Board approval would still be needed for water-related bylaws at Beaver Creek (including budgets), day to day operation and management of the water system would be the responsibility of the local commission. Since there would be no BCID under this option, the commission would in effect replace the Trustees (though only the ACRD Board, not the commission, would have bylaw powers). While many variations are possible, it is assumed here that the commission would have its own staff (presumably with more or less the same scope of work as now), have its own bank account, operate the office, and pay the commissioners much as the Trustees are now paid. The commission in this option would actually operate the water service with ACRD Board oversight, whereas in option 2a there is an advisory body whose scope is limited to advising the Board but not running the service.

Conversion to the ACRD is not a matter of joining the Regional District. Beaver Creek is *already* a member of the ACRD and participates in various ACRD functions now. Conversion would mean adding Beaver Creek water to the list of ACRD services. The water service and all BCID assets would be transferred to the ACRD; the ACRD would be required to administer them for the benefit of only Beaver Creek and not other ACRD areas.

Options 1a and 1b are essentially the same kind of local government structure -- an improvement district. In Option 1a, BCID staff perform the operation and maintenance (O&M) of the water system, whereas in Option 1b these are contracted out to Corix. Options 2a and 2b both see the BCID replaced by the ACRD. The ACRD runs a number of service areas already, such as the Bamfield water system and Beaver Creek fire department funding, as well as administering various region-wide services and functions. The difference between Option 2a and 2b is that in 2a there could be a Beaver Creek advisory committee to advise the ACRD Board on water matters, whereas Option 2b has a more formal Beaver Creek commission with the authority to perform day to day administration and O&M of the water system (note: delegating authority would require the approval of the ACRD Board).

The following tables show some of the features of the options, how they vary with respect to seeking approvals, and what costs are recovered by way of taxes and tolls.

Overview of the Management Options Considered Here

	<b>BCID model</b>		<b>ACRD model</b>	
	Current system <b>Option 1a</b>	Corix contract <b>Option 1b</b>	Standard model <b>Option 2a</b>	Management commission <b>Option 2b</b>
Would BCID exist?	Yes	Yes	No	No
Would there be Trustees?	Yes	Yes	No	No (Instead, a commission)
Bylaw authority	BCID Trustees	BCID Trustees	ACRD Board	ACRD Board
Local Beaver Creek water office?	Yes	Yes	No (ACRD office in City)	Yes
Water service decisions	BCID Trustees	Corix (after Trustee review)	ACRD Board	Beaver Ck commission
Who owns the water system + license?	BCID	BCID	ACRD	ACRD
Decisions on water service budget	BCID <sup>1</sup>	Mainly Corix	ACRD	Mainly commission <sup>2</sup>
Decisions on water admin budgets	BCID <sup>1</sup>	BCID <sup>1</sup>	ACRD	Mainly commission <sup>2</sup>
Who sends user bill (toll) for water?	BCID	Corix	ACRD	Commission
Water bill (toll) eligible for deferral and home owner grant?	No	No	No	No
Costs covered by user bill (separate from water tax - see next line)	BCID admin + operations	Corix admin, operations + capital	ACRD admin + water operations	ACRD admin, commission admin, water operations
Who sends water tax bill?	BCID	BCID	Province (for ACRD)	Province (for ACRD)
Costs covered by water tax	Capital + debt	BCID admin	Capital + debt	Capital + debt
Water tax eligible for deferral and home owner grant?	No	No	Yes	Yes
Eligible for infrastructure grants <sup>3</sup>	Yes for regional supply <sup>4</sup> ; no for all other costs	No (upgrade costs are in Corix contract)	Yes for all upgrade components	Yes for all upgrade components
Who sets water quality regulations?	VIHA + Province	VIHA + Province	VIHA + Province	VIHA + Province
Water supply assumption	Regional shared	Stand-alone Beaver Ck	Regional shared	Regional shared

<sup>1</sup> Many BCID bylaws (including budget) also require provincial approval

<sup>2</sup> Beaver Ck commission could have management responsibilities but not bylaw authority

<sup>3</sup> Being eligible does not guarantee grants will be obtained

<sup>4</sup> ACRD is eligible (BCID is not) but benefits can be passed on to Beaver Creek when calculating Beaver Creek's share of the regional supply

**Overview of Approvals Required Under Each Option**

	<b>BCID model</b>		<b>ACRD model</b>	
	Current system <b>Option 1a</b>	Corix contract <b>Option 1b</b>	Standard model <b>Option 2a</b>	Management commission <b>Option 2b</b>
<b>Does this option require approval of ...</b>				
Beaver Ck voters	n.a. (option involves no change)	No	No (but Trustees have committed to holding a referendum)	No (but Trustees have committed to holding a referendum)
BCID Trustees	n.a. (option involves no change)	Yes	Yes	Yes
ACRD Board	n.a. (option involves no change)	No	Yes	Yes
Province of BC	n.a. (option involves no change)	Possibly	Yes	Yes
<b>Does borrowing require approval of ..</b>				
Beaver Ck voters	Yes	No (no borrowing)	Yes	Yes
BCID Trustees	Yes	No (no borrowing)	n.a. (there would be no Trustees)	n.a. (there would no Trustees, but commission views would be sought)
ACRD Board	Yes, under regional water supply model	No (no borrowing)	Yes, no matter which water supply	Yes, no matter which water supply
Province of BC	Yes, no matter which water supply	Possibly	Yes, no matter which water supply	Yes, no matter which water supply

*n.a. = Not applicable*

*BCID = Beaver Creek Improvement District    ACRD = Alberni-Clayoquot Regional District*

**Near-term capital upgrades and borrowing**

The following table summarizes the estimated costs of the upgrade work needed now to meet VIHA water quality requirements and to correct outstanding deficiencies in the distribution and storage system. The annual debt payments are based on a 20-year term in order to be more or less consistent with the 21-year term proposed for the Corix service contract. The current borrowing rate available to the ACRD through the Municipal Finance Authority is 4.1%; the rate assumed for BCID through a financial institution or



through the Province directly is 5%<sup>3</sup>. Under Options 2a and 2b, loans would be obtained through the MFA. Under Option 1a, the loans must be split into two parts for purposes of calculating the total annual debt repayment amount because there would be two funding sources, and two different interest rates, for the loans.

- The *water supply* loan would come via the Municipal Finance Authority because it has been assumed that Beaver Creek would join a regional ACRD water supply, and the ACRD borrows through the MFA); and,
- The loan for the *distribution and storage* upgrades would come from the Province of BC directly or, more likely, from a financial institution like a bank or credit union.

### Capital Funding for Near-Term Water Upgrades (assuming no grants)

	After water upgrades + capital program			
	Option 1a	Option 1b	Option 2a	Option 2b
	BCID current model	BCID with Corix contract	ACRD standard model	ACRD with management commission
Near term water improvements:				
Beaver Creek share of regional supply	\$2,950,000		\$2,950,000	\$2,950,000
Distribution system upgrades	\$1,820,000	<i>Internal Corix funding for stand-alone water supply. Capital and op'ns costs recovered by way of a Corix bill of \$924 per year per connection (rises over 21-yr life of contract)</i>	\$1,820,000	\$1,820,000
South reservoir upgrades	\$250,000		\$250,000	\$250,000
Near term capital required	\$5,020,000		\$5,020,000	\$5,020,000
Less: Reserves and funds in hand	\$0		\$0	\$0
Total borrowing in near term	\$5,020,000		\$5,020,000	\$5,020,000
Finances:				
Source of funding~	MFA & Other*		MFA	MFA
Annual interest rate	4.10% & 5%		4.10%	4.10%
Borrowing term in years	20		20	20
Annual debt cost (principal + interest)	<b>\$386,120</b>		<b>\$374,402</b>	<b>\$374,402</b>
BCID parcel tax per property:				
Annual debt servicing cost	\$386,120		\$374,402	\$374,402
Number of parcels	970		970	970
Parcel tax required for debt service	\$398.06		\$385.98	\$385.98
Add: 5.25% Provincial tax collection fee"	--		\$20.26	\$20.26
Total parcel tax paid for BCID debt service	\$398.06^	\$0.00	\$406.24	\$406.24

^ Add an extra tax of \$191 per home if BCID upgrades its stand-alone supply rather than joining a regional system

~ MFA = Municipal Finance Authority (the provincial agency that arranges pooled borrowing for regional districts and municipalities). Improvement districts can borrow directly from the Province but it is probably cheaper for them to borrow from a bank or credit union.

\* MFA for Beaver Creek share of regional water supply; bank or Province for other BCID works

" The 5.25% provincial tax collection fee would apply only under the ACRD models

The BCID has about \$136,000 in reserve or surplus funds that could be used to reduce the borrowing, but it is assumed here that these funds would be either used for transitional costs or saved as a reserve for future needs.

The annual debt repayment amounts listed above are included in the projected budgets for each option (see next section).

**No grants are assumed**  
Note that the figures above exclude potential capital grants that might be obtained under Options 1a, 2a, and 2b. The impacts of grants are presented later in this report.

<sup>3</sup> Borrowing through the Province directly could require an extra administration fee of \$5,000 per year, so borrowing through a financial institution would likely be cheaper.

## **Budget projections**

This section presents projected budgets for the *public body* involved in each option: either BCID or ACRD, depending on the option. The costs faced by Corix are a separate matter and are built into the contract rates proposed by Corix. The budgets presented here reflect the costs that must be recovered by either BCID or ACRD through some combination of water taxes and user tolls.

The 2011 BCID operating budget has been used as the basis for many of the projections in this report, with the addition of new capital and debt costs associated with upgrading the water system. Of course, budgets change each year in response to changing conditions and requirements, but the 2011 spending levels form the basic starting point in an apples-to-apples comparison wherever possible and appropriate. (Note: In all options, the 2011 BCID budget of \$5,000 for parks maintenance has been included just as it is.) Annual debt repayment costs are included as set out in the preceding section (assuming no grants).

***The budget figures for each option are estimates only.*** As with all projections, they cannot fully incorporate an uncertain future. The estimates here are stated in 2011 dollars, though in fact some line items may take several years to reach the “normal” level that is presented. They are used because it would be inappropriate to make decisions based on budgets or taxes that will change significantly a year later than presented.

In Option 2a, there would be no need to run the water office operations from Beaver Creek; instead, these functions would be provided from the ACRD offices in Port Alberni. However, for the other three options it is assumed there would be a continued need for the local office in Beaver Creek.

***Option 1a: BCID current model*** This option’s projected budget is very similar to the actual 2011 BCID budget, but with several changes, including these.

- Annual debt payments of \$386,100 on the loans for near-term infrastructure upgrades, including BCID’s portion of a new, shared regional water supply, have been added. (Note: Upgrading the BCID stand-alone supply would add another \$185,200 to the annual debt payment, so the lower-cost, shared regional system has been assumed here.)
- An estimated \$41,000 for BCID’s share of the annual operating and maintenance costs of the regional water supply has been added, but this is accompanied by a \$50,000 reduction in BCID’s water system maintenance costs because some of the current BCID supply-related work would be replaced by its share of the regional O&M costs and because the enhanced infrastructure upgrades would reduce the need for repairs.
- A long-term funding program for infrastructure renewal and replacement, at \$302,100 per year, which is much higher than BCID allotted in 2011. This amount includes the \$277,100 from the Koers assessment of BCID’s water infrastructure. plus another \$25,000 for unidentified and additional works each year.

***Option 1b: BCID with Corix contract*** Under this option, the bulk of responsibility for operating and maintaining the water system, as well as providing for capital upgrades, would shift from the public sector (BCID) to the private sector (Corix). Corix would charge each connection \$924 per year (billed monthly), rising at 2% per year to \$1,401 by the end of the 21-year contract. In return, Corix would upgrade, operate, and maintain the water infrastructure. However, the BCID would still exist and would still face some costs directly. It is assumed these would be recovered by way of a BCID parcel tax rather than a BCID user fee. The BCID user fee would be replaced by the Corix utility bill.

- The BCID administration costs include running the BCID office (although with much reduced staff costs); advertising; postage (at lower cost due to fewer mailings); audit (at lower cost due to reduced bookkeeping needs); legal and other professional fees; liability and property insurance; telephone costs (though reduced from today); and Trustees' remuneration. These are projected at about \$87,000 a year.
- BCID would need independent engineering help to monitor the Corix contract and advise the Trustees on other water-related or legal matters, and the budget includes \$25,000 a year for this function.
- The annual debt payment for near-term capital upgrade work (\$397,000) and the annual contribution to a long-term renewal program (\$302,100) that are included under Option 1a do not appear in Option 1b because these works would be undertaken by Corix and would be funded through its monthly utility bill to users. The extent of Corix 's planned spending on the long-term, ongoing capital improvements is unclear, and may or may not equate to the \$302,100 that is assumed in the other management options.

**Option 2a: ACRD standard model** This option would see the transfer of all BCID responsibilities to the Regional District. Some costs would fall under the ACRD system, as the ACRD obtains lower rates than BCID for services like bank charges, insurance, and audits.

- A charge estimated at \$15,000 a year for Beaver Creek's share of ACRD overhead and general administration (for example, a share of computer costs, bank charges, and other costs spread over all ACRD functions). The ACRD does not yet have an up to date policy for the recovery of these costs from individual functions and services, but the allowance here is generally in keeping with levels seen in the Comox Valley Regional District for similar-sized water systems.
- Accounting, audit, insurance, and bank charges would fall by an estimated \$34,000 due to the lower rates for the ACRD.
- The costs of computers (\$5,000 in the 2011 BCID budget) would fall to zero, as this is covered by the new \$15,000 ACRD general administration charge.
- Office and postage costs would fall from \$19,000 to about \$3,500 because the Beaver Creek office would not be needed following the shift in administration to the ACRD office in Port Alberni. The Beaver Creek office operation could be closed, except for minimal functions to support the fire department (a decision would have to be made about the level of fire department administration and how it is funded).
- Administration wages and benefits would reduce by two-thirds, to about \$35,000, due to ACRD office operating efficiencies and capacities and due to the reduced need to support a separate local government body (the Improvement District).
- The costs of remunerating the BCID Trustees (\$16,000) would be eliminated, as there would be no Trustees under this option.
- The water system operating and maintenance costs would decrease by an estimated \$29,000 overall compared to the actual 2011 budget. The \$41,000 share of the regional supply O&M would be added to the budget, but there would also be a reduction of about \$70,000 as (a) supply-related costs shift from the local system to the regional system; (b) ACRD efficiencies are obtained; and (c) increased infrastructure upgrades reduce the need for repairs.
- The total O&M costs of the water system (excluding administration) are projected at approximately \$350,000 -- slightly under the \$370,000 estimated for the current model after adding in the regional water O&M.
- The long-term funding program for infrastructure renewal and replacement has been added, at \$302,100 per year (same as in Option 1a).
- Debt payments of \$374,400 per year are included, to fund supply, distribution and storage infrastructure upgrades (as per the table on page 7).

**Option 2b: ACRD with a management commission** The budget for this option is similar to that of Option 2a but with the addition of costs related to the commission itself and its office operations. Option 2b has these additions to Option 2a.

- An extra \$2,500 in audit fees because of the need to track the commission's spending in a separate record-keeping system.
- An extra \$3,500 in banking fees related to the commission's spending (this would be separate from the overall ACRD accounts), compared to Option 2a.
- The \$5,000 in computer costs, as per the 2011 BCID budget, is included because this option continues the local office operation, whereas Option 2a does not.
- Direct office operating costs, including an extra \$2,500 in property insurance costs, \$3,100 for utilities, and \$3,500 for telephone service.
- An extra \$15,000 in office wage costs compared to Option 2a due to the need for keeping records of commission activities, policies, and transactions.
- Like Option 2a, commission remuneration and expenses have been assumed at the same level (\$16,000) as for the Trustees now, since the commission would operate more or less as the Trustees do now.
- The projected water system O&M costs (excluding administration costs) would be the same as the estimates for Options 2a, totaling about \$350,000 a year.

On the revenue side, there are two main sources of revenues to fund the public sector budgets: taxes and tolls. These sources are used for different purposes, depending on the option under consideration.

- **Parcel taxes:** For all but the Corix option, property taxes have been set here as needed to recover capital and debt costs. In the Corix option they are used to recover Improvement District administration costs only, since there are no capital or debt costs in the public sector budget for this option (they are part of the Corix contract). Parcel taxes are always public sector revenues (that is, BCID or ACRD), not private sector (Corix) revenues.
- **Water tolls:** For all but the Corix option, water tolls are set as needed to cover administration costs and water system O&M costs (including Beaver Creek's share of the regional supply O&M costs). In the Corix option, users would pay a monthly fee to Corix, not to the Improvement District or the Regional District.

The following table shows a summary of the projected budgets for each option from the viewpoint of the *public sector body* -- either the BCID (Options 1a and 1b) or the ACRD (Options 2a and 2b), as the case may be.

In the public sector budgets above (that is, Options 1a, 2a, and 2b), two points stand out:

- There would be a large jump in spending due to new debt payments and capital programs under Options 1a, 2a, and 2b; and,
- There would be a reduction in public sector spending when O&M is contracted out to Corix (the O&M costs have been shifted out of the public sector account and into the private sector account; the Corix bills would have to be added in to see the full consumer cost of this option, as they are in the next section).

**BCID or ACRD Water Budget for Beaver Creek (assuming no capital grants)**

		After water upgrades + capital program			
		Option 1a	Option 1b	Option 2a	Option 2b
		BCID current model	BCID with Corix service contract	ACRD standard model	ACRD with management commission
	2011 BCID budget				
Water parcel taxes	\$230,860	\$688,220	\$108,900	\$676,502	\$676,502
BCID or ACRD water tolls~	\$378,168	\$515,304	\$0	\$376,028	\$444,228
Connections + capital levy deposits	\$32,800	\$32,800	\$0	\$32,800	\$32,800
Other revenues	\$21,750	\$21,750	\$3,750	\$21,750	\$21,750
<b>Total public sector revenues</b>	<b>\$663,578</b>	<b>\$1,258,074</b>	<b>\$112,650</b>	<b>\$1,107,080</b>	<b>\$1,175,280</b>
Water admin (BCID or ACRD)	\$200,276	\$200,276	\$86,650	\$81,000	\$149,200
Water op'ns/mgmt (BCID or ACRD)	\$378,302	\$369,578	\$26,000	\$349,578	\$349,578
Debt payments for water upgrades^	\$0	\$386,120	In Corix bill	\$374,402	\$374,402
Annual capital works program	\$85,000	\$302,100	See note*	\$302,100	\$302,100
<b>Total public sector spending</b>	<b>\$663,578</b>	<b>\$1,258,074</b>	<b>\$112,650</b>	<b>\$1,107,080</b>	<b>\$1,175,280</b>

~ Under Option 1b, Corix would collect its own user fees instead of BCID or ACRD collecting tolls

^ Assumes no capital grants are forthcoming; shared regional water supply is assumed

\* Corix contract would include an annual program but details are not known and can't be compared directly with the assumptions for the other options.

**Taxes and tolls per property**

The tax and toll revenues from the projected budgets above can now be translated into tax rates and user fees on an average property, as shown in the following figure. Note that under the Corix option, the monthly Corix utility bill for each connection has now been included in the table.

**Projected Water Taxes and Tolls on a Typical Home, Assuming No Grants (2011 dollars)**

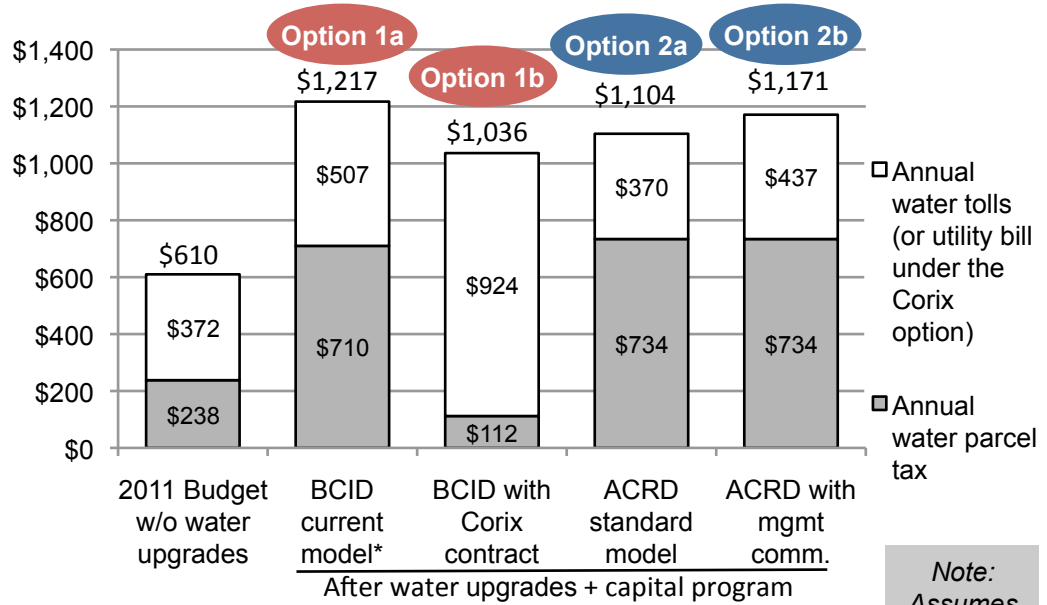
		After water upgrades + capital program			
		Option 1a	Option 1b	Option 2a	Option 2b
		BCID current model	BCID with Corix service contract	ACRD standard model	ACRD with management commission
	2011 BCID budget				
Parcel tax per property^	\$238	\$710	\$112	\$734	\$734
Average toll (single family equivalent)~	\$372	\$507	\$924	\$370	\$437
<b>Total annual water charge per home</b>	<b>\$610</b>	<b>\$1,217</b>	<b>\$1,036</b>	<b>\$1,104</b>	<b>\$1,171</b>

^ Tax includes the 5.25% provincial tax collection fee under the ACRD models; tax under Option 1b used to fund BCID administration costs

~ Under Option 1b, Corix would collect its own user fees instead of BCID or ACRD collecting tolls

\* Number of taxable parcels ..... 970      No. of water users (single-family equivalent) .. 1,017

*Water Taxes and Tolls on a Typical Home, Assuming No Grants (2011 dollars)*



*Note:  
Assumes  
no grants*

\*Add \$191 per home for a stand-alone BCID supply instead of a regional supply

There are several points worth noting about the projected parcel taxes.

- Under the two ACRD options, the property taxes shown include the 5.25% provincial tax collection fee. If the ACRD needs, say, \$100 in taxes, the tax bill (which would be sent out by the Province) would be for \$105.25; the Province keeps the \$5.25 as a collection fee and forwards the \$100 to the ACRD.
- Under Options 1a and 1b, Beaver Creek residents can't defer their water taxes under the provincial tax deferral program. This is because the deferral program applies only to property taxes collected by a municipality or, for electoral areas like Beaver Creek, by the provincial Surveyor of Taxes. Under Options 1a and 1b, just like now, water taxes are collected directly by BCID and so don't qualify for deferral. However, residents could defer them under Options 2a and 2b. You can learn more about the property tax deferral program at [http://www.sbr.gov.bc.ca/individuals/property\\_taxes/property\\_tax\\_deferment/about.htm](http://www.sbr.gov.bc.ca/individuals/property_taxes/property_tax_deferment/about.htm).
- Under Options 1a and 1b, just like now, water taxes can't be included in the Home Owner Grant calculation, whereas they can under Options 2a and 2b. However, this is of limited benefit because most homes at Beaver Creek are already using the full grant and thus couldn't apply any unused grant portion to reduce the burden of extra water taxes.
- No infrastructure grants have been assumed. Grants would reduce the parcel taxes under Options 1a, 2a and 2b but not affect charges under Option 1b. Grants are discussed in the next section.

### **Infrastructure grants**

The taxes and tolls just presented assume no infrastructure grants are obtained, and thus the taxes shown are based on the full debt costs that must be funded by Beaver Creek water users. However, some options offer the potential for senior government grants under programs similar to Towns for Tomorrow, Gas Tax Revenue Sharing, and the

Municipal Rural Infrastructure Funding Program. All of these types of grants involve one-time, up-front payments rather than on-going annual sums.

- Under Option 1a, grants could benefit Beaver Creek ratepayers only for the regional water supply portion of costs and not for the other components. The grant would actually go to the ACRD, not to BCID, but Beaver Creek could still get the benefit because the grant would lower its share of the regional debt cost.
- Under Option 1b, there would be no grants, as improvement districts are not eligible (and anyway, capital costs would be included in Corix's books, not in the local government's books).
- Under Options 2a and 2b, grants could apply to all infrastructure components, not just the regional water supply part.

**Note that being eligible for grants does not guarantee that funds will be obtained.** The most likely candidate for infrastructure funding would be the regional water supply, since that project benefits more people than upgrades to Beaver Creek's distribution system and presents a regional solution rather than a purely local remedy. However, under the ACRD model, the costs of upgrading the Beaver Creek distribution system would be eligible for grants.

There is no strict formula for estimating grants; while the various grant programs are well defined, the amounts awarded for each candidate project depend on various criteria. However, it is worth noting that the ACRD already has \$1.66 million in Gas Tax Agreement funds and will be receiving another \$1.8 million through 2014. Electoral Area E (of which Beaver Creek is the largest community) would be entitled to a total of about \$1.1 million of this through 2014. Water infrastructure improvements are eligible for such funding.

The Regional District is narrowing its priorities for the use of Gas Tax funds and staff has been directed to prepare a five year financial plan in 2012 with water and solid waste capital works as a priority for spending, with consultation to take place with relevant interests within each electoral area. The Board was clear that this could include expenditures for what are now Improvement District systems if they convert to ACRD service areas. In fact, the ACRD has already applied for \$810,000 to fund the pump station to provide CPA water to Beaver Creek (no decision has been made yet, so approval should not be assumed, as there are also other considerations that affect the decision).

In addition to Gas Tax revenue sharing, there may be other grant programs. While they are now complete, past examples include: the Towns for Tomorrow funding program, which provided \$70 million for over 200 municipal and regional district projects since 2007; the Municipal Rural Infrastructure Fund, a joint provincial-federal program, which distributed \$150 million to BC communities for works that include water improvements; and the Building Canada Fund, which distributed over \$561 million for 131 community projects in recent years.

It is possible that these may be renewed or replaced by other similar program (the examples above are just several of a long list of provincial grant programs to local governments).

Because grants are not assured, care must be taken in factoring them into a financial comparison, though here it is assumed that Beaver Creek might receive two levels.

- A grant of \$1 million towards its \$2.95 million share of establishing the *regional water supply*. This is a 33% share, which is generally consistent with both the

available Gas Tax funding amount for the Electoral Area and the cost-sharing formula under the Municipal Rural Infrastructure Grant. This funding would apply under Options 1a, 2a, and 2b.

- Under the ACRD models (2a and 2b) it is further assumed that one-third of the short term upgrades to the Beaver Creek *distribution system* would be grant funded. This grant amounts to \$690,000.

The grants would lower the amount borrowed for upgraded infrastructure works and thus the annual debt payments, which in turn lowers the parcel tax. The effects of this are shown in the following table.

*Effects of Infrastructure Grants on Beaver Creek Parcel Taxes (2011 dollars)*

	After water upgrades + capital program			
	Option 1a	Option 1b	Option 2a	Option 2b
	BCID current model	BCID with Corix contract	ACRD standard model	ACRD with management commission
Total near-term capital required	\$5,020,000	--	\$5,020,000	\$5,020,000
Grants: Regional supply (\$1m assumed)	-\$1,000,000	--	-\$1,000,000	-\$1,000,000
Distribution works (33% assumed)	\$0	--	-\$690,000	-\$690,000
Loan amount after grant~	\$4,020,000	--	\$3,330,000	\$3,330,000
Annual debt payment after grant	\$318,450	--	\$248,358	\$248,358
Annual debt payment without grants	\$386,120	--	\$374,402	\$374,402
Annual savings due to grants	\$67,670	--	\$126,044	\$126,044
Water parcel tax for debt, after grant^	\$328	--	\$269	\$269
Water parcel tax for debt without a grant^	\$398	--	\$406	\$406
Savings in water parcel tax due to grants	\$70	--	\$137	\$137

Note: These grant levels are for illustration only

~ Loan sources: Option 1a: MFA for regional works + bank for local works

Options 2a + 2b: MFA loans

^ Includes 5.25% provincial tax collection fee under the ACRD models

## Summary

### Overview

1. Beaver Creek water users face a substantial rise in costs to upgrade the community's water supply, distribution system and storage infrastructure.
2. Koers & Associates Engineering Ltd. has estimated the cost of upgrading the water supply to meet VIHA directives at about \$5 million for a stand-alone facility. However, at \$2.95 million, it would be considerably cheaper to become part of an Alberni Valley water supply system shared by Beaver Creek, Cherry Creek, and the City of Port Alberni.
3. Choosing to join a regional water supply would mean savings of \$191 per home compared to upgrading the stand-alone supply, so this report assumes Beaver Creek residents would choose a shared regional system over a stand-alone system (unless the whole water system is contracted out, in which case a privately-funded stand-alone supply is assumed).
4. Grants are more likely obtained for a shared regional supply than for smaller, multiple stand-alone water supplies.

#### Abbreviations used here

BCID = Beaver Creek Improvement District  
 ACRD = Alberni-Clayoquot Regional District  
 VIHA = Vancouver Island Health Authority



5. No matter which solutions are pursued, meeting the water quality requirements and establishing a long-term program to renew and replace aging infrastructure will mean higher bills for Beaver Creek water users.
6. The basic options facing Beaver Creek are (1) stay an improvement district, or (2) convert to a service area of the Alberni-Clayoquot Regional District (ACRD).

***Option 1: Remain an improvement district***

7. BCID can undertake the needed works by either (a) borrowing the funds and adding the capital and debt costs to its annual budget; or (b) contracting out the water service operations and upgrades to Corix Utilities, a private company.
8. (Option 1a): If BCID undertakes the works in the normal fashion (that is, without contracting out the management of the water service), it will have to borrow about \$5 million, which will add about \$386,000 to its annual budget. In addition, it should implement a long-term capital renewal plan that calls for about \$302,000 per year. These two capital components would add \$699,000 to the annual BCID budget.
9. (Option 1a): While the benefits of grants may be obtained by Beaver Creek for its share of the regional water supply, no capital grants could be obtained as an improvement district for upgrades to the BCID distribution and storage systems.
10. (Option 1b): Corix submitted a proposal to operate, upgrade and administer the whole water system with an initial annual fee of \$924 per property, climbing at 2% annually to \$1,401 by the end of the 21-year agreement. BCID would still exist and would retain ownership of the water license and system assets. It would be simply an operating agreement, not a full P3 (“Public-Private Partnership”); BCID would retain ownership.
11. Corix would bill users directly as a private utility. There would still be a modest BCID water tax (\$112 per year) to fund the BCID administrative obligations that would continue after the service is contracted out, since the BCID would still exist as a body.
12. (Option 1b): The Corix proposal and its fee structure include: a new water supply and treatment facility to meet VIHA directives (water quality standards and regulations are the same no matter who runs the water system); near-term replacement of deficient distribution and storage works; long-term renewal of system components; and customer affairs, billing and collection procedures.
13. (Option 1b): The Corix option would mean a substantial reduction in BCID staff needs. BCID employees would have no rights of employment with Corix. It is not yet known how their employment would be handled.
14. (Option 1b): BCID may have the legal authority to approve a private contract for water services without the approval of the Province of BC or the Beaver Creek voters, though that is not certain yet.
15. (Options 1a and 1b): Under both options, neither water tolls nor taxes would be eligible for tax deferral or home owner grants under these provincial programs.

***Option 2: Convert to a regional district service area***

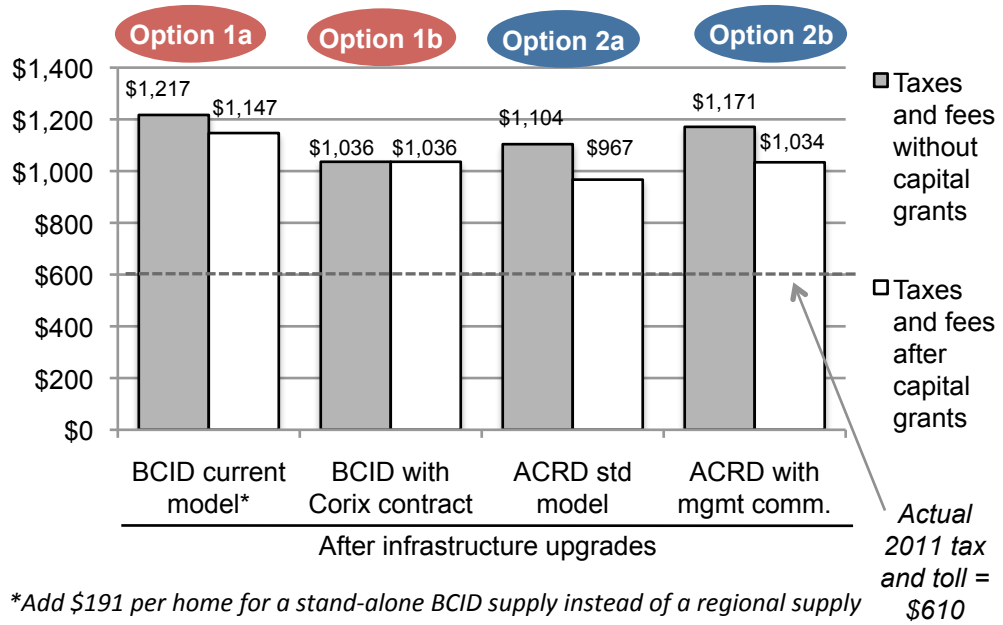
16. Conversion would require the approval of both the Province and the ACRD Board. A referendum is not legally required, but the BCID trustees have said they will hold one.
17. Conversion to the ACRD model would mean dissolving the Beaver Creek Improvement District (BCID) and transferring its assets and liabilities to the ACRD. The assets could be used only for the benefit of the Beaver Creek water users; they couldn’t be used to help or benefit any other ACRD service or function.
18. After conversion, Beaver Creek would be an ACRD service area, with the same boundary as now and its own set of taxes and tolls. Only Beaver Creek water users would pay for the system, just like now; taxpayers outside Beaver Creek would not help pay for its water; Beaver Creek residents would not pay for anyone else’s water.

19. Conversion would mean the ACRD Board would replace the BCID Trustees as the decision makers. The ACRD would inherit all current BCID bylaws and not have to start enacting new bylaws from scratch.
20. Conversion would mean the possibility of infrastructure grants, since the ACRD is eligible and BCID is not. The ACRD has indicated that water projects will have a high priority in grant considerations. *Note that being eligible does not mean the community will get grants.*
21. Under the ACRD conversion options, current BCID employees would become ACRD employees (though some job descriptions might change somewhat to match up staff skills and responsibilities under the ACRD).
22. Under the ACRD models, Beaver Creek water upgrades would be eligible for various capital grant programs like Gas Tax Sharing, and potential replacements for recent programs like Towns for Tomorrow and the Municipal Rural Infrastructure Fund.
23. (Option 2a): The ACRD would administer and manage the water system from its offices in the City of Port Alberni. The Beaver Creek office could be mothballed or reduced in scope to serve only the needs of the fire department. There would likely be an advisory committee, initially consisting of the Trustees, to assist the ACRD on water policies at Beaver Creek (advisory committees are common in regional districts). Management and bylaw authority would rest with the ACRD.
24. (Option 2b): In this option, the ACRD would create a Beaver Creek Management Commission with the authority to administer most of the water service policies and works priorities. The Commission could have its own office at Beaver Creek, just like now. This would add to the costs compared to Option 2a but there would be more local stewardship of the service. Bylaw authority would remain with the ACRD Board but day to day operations would be delegated to the Commission. As with Option 2a, the ACRD must approve conversion, but its support for Option 2b in particular might not be forthcoming, as delegating such authority to a local body is not common in regional districts due to the administrative and management issues that can arise.

### **Taxes and tolls**

25. Adding capital and loan costs to the annual budget will drive up the rates paid by Beaver Creek water users well beyond the average \$610 paid in 2011. The lowest cost choice would be Option 1b (the Corix contract), followed by Option 2a (standard ACRD model). Options 1a and 2b, which both feature a full operational office at Beaver Creek, would require the highest user charges.
26. At the time of writing, few details about the specific plans in the Corix proposal are publicly available, so it is not clear how the particular works, designs, timing, delivered products, warranties and customer support in the Corix proposal compare with the other three options.
27. *The taxes and tolls depend on whether grants are received.* If grants are obtained, they would lower the user charges in all but the Corix option. For example, a hypothetical 33% grant would lower the tax by \$70 in Option 1a and by \$137 in the conversion options (2a and 2b). Under Option 1b, Beaver Creek would not be eligible for grants.
28. The taxes and tolls shown in the following figure are stated in 2011 dollars. Inflation would affect them, as would unforeseen changes in various budget drivers (different water quality reporting requirements, for example).
29. The 2011 BCID budget was used where appropriate and possible as the basis for some of the budget projections.
30. For Options 1a, 2a, and 2b, the projected annual taxes and costs presented here would be reached over several years and not all at once. The estimates for Option 1b (Corix) reflect taxes and fees for the first year of the contract period.

Projected Annual Water Charges on a Typical Beaver Creek Home (2011 dollars)



31. Each option has strengths and weaknesses, as shown in the following table.

<b>Strengths</b>	<b>Weaknesses</b>	<b>Uncertainties</b>
<b>Option 1a</b> Current BCID model		
<ul style="list-style-type: none"> <li>• Locally elected body for most service decisions</li> <li>• Local office for meetings and administration</li> <li>• Local body's only focus is Beaver Creek water</li> </ul>	<ul style="list-style-type: none"> <li>• Highest water charges</li> <li>• Higher insurance costs</li> <li>• Higher borrowing rates</li> <li>• Water taxes not eligible for tax deferral or home owner grant</li> <li>• Limited access to specialists</li> <li>• Uncertain future loan terms</li> </ul>	<ul style="list-style-type: none"> <li>• Which water supply: shared regional, or upgraded stand-alone supply?</li> <li>• If shared supply: <ul style="list-style-type: none"> <li>• Which source?</li> <li>• Will there be capital grants?</li> </ul> </li> <li>• Pump house decommission costs?</li> </ul>
<b>Option 1b</b> BCID with Corix contract		
<ul style="list-style-type: none"> <li>• Lowest water charges overall (unless other options get grants)</li> <li>• Billing and service delivery economies of scale</li> <li>• Local office for meetings</li> <li>• Local body's only focus is Beaver Creek water</li> </ul>	<ul style="list-style-type: none"> <li>• Administration duplication (for BCID business)</li> <li>• New layer between water users and elected officials</li> <li>• Water taxes not eligible for tax deferral or home owner grant</li> <li>• Not eligible for capital grants</li> </ul>	<ul style="list-style-type: none"> <li>• Is Corix system same, better or worse in terms of system design, customer recourse, warranties, etc)?</li> <li>• Access to shared regional water supply</li> <li>• Contract dispute resolution</li> <li>• Incentives in later years</li> </ul>
<b>Option 2a</b> ACRD standard model		
<ul style="list-style-type: none"> <li>• Administration efficiencies</li> <li>• More administrative capacities + specialists</li> <li>• Lower borrowing rates</li> <li>• Better insurance and rates</li> <li>• Water taxes eligible for deferral and home owner grant</li> <li>• Enhanced water technical resources and coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Higher water charges (unless grants obtained)</li> <li>• No purely-local decision body</li> <li>• 5.25% provincial tax collection fee added</li> <li>• Office shifts to Port Alberni</li> <li>• Local body (ACRD Board) has multiple functions to manage</li> </ul>	<ul style="list-style-type: none"> <li>• Which water supply: shared regional, or upgraded stand-alone supply?</li> <li>• If shared supply: <ul style="list-style-type: none"> <li>• Which source?</li> <li>• Will there be capital grants?</li> <li>• Pump house decommission costs?</li> </ul> </li> <li>• Would ACRD Board agree to accept the service?</li> <li>• Would capital grants be obtained for distribution works?</li> </ul>
<b>Option 2b</b> ACRD with management commission		
<ul style="list-style-type: none"> <li>• Lower borrowing rates</li> <li>• Improved admin capacities</li> <li>• Better insurance and rates</li> <li>• Water taxes eligible for deferral and home owner grant</li> <li>• Enhanced water technical resources and coverage</li> <li>• Local office for day-to-day operations</li> <li>• Local body for day-to-day operations (commission)</li> </ul>	<ul style="list-style-type: none"> <li>• Highest water charges (unless grants obtained)</li> <li>• No locally-elected body with bylaw power</li> <li>• 5.25% tax collection fee</li> <li>• Admin duplication (ACRD general admin on top of commission admin)</li> </ul>	<ul style="list-style-type: none"> <li>• Which water supply: shared regional, or upgraded stand-alone supply?</li> <li>• If shared supply: <ul style="list-style-type: none"> <li>• Which source?</li> <li>• Will there be capital grants for supply?</li> <li>• Pump house decommission costs?</li> </ul> </li> <li>• Would ACRD Board agree to accept the service?</li> <li>• Would ACRD Board agree to delegate authority to commission?</li> <li>• Would capital grants be obtained for distribution works?</li> </ul>

## Appendices: Detailed Budget Estimates

The following tables show the projected budget estimates for each option. All are stated in terms of 2011 dollars. The budgets for each option could take several years to reach the full levels presented, rather than jump to the full amount in a single year.

### Budget Estimates for the Two Improvement District Options (1a and 1b)

Budget Projections (based on 2011 levels where possible)	Actual 2011 BCID budget	Option 1a	Option 1b	
		BCID current model	BCID with Corix contract	
<b>Revenues</b>				
Property taxes	\$230,860	\$688,220	\$108,900	For debt, regional water, mgmnt
Water tolls (net)	\$378,168	\$515,304	\$0	Replaced by Corix water bills
Connection fees	\$22,800	\$22,800	\$0	Collected by Corix
Interest and penalties	\$15,000	\$15,000	\$0	No longer applicable
Interest earned	\$3,000	\$3,000	\$0	Not affected by conversion
Capital levy deposit	\$10,000	\$10,000	\$0	Not affected by conversion
Miscellaneous	\$3,750	\$3,750	\$3,750	Not affected by conversion
<b>Total revenue</b>	<b>\$663,578</b>	<b>\$1,258,074</b>	<b>\$112,650</b>	
<b>Expenses</b>				
ACRD administrative support	--	--	--	Does not apply under this option
Accounting and audit	\$11,000	\$11,000	\$3,000	Reduced accounting tasks
Advertising	\$2,500	\$2,500	\$1,250	Reduced (some costs shift to Corix)
Bank charges	\$7,000	\$7,000	\$1,000	Reduced BCID bank transactions
Computer expense	\$5,000	\$5,000	\$5,000	Still needed for local office
Education	\$7,000	\$7,000	--	Falls to zero
Employee benefits - incl. below	\$0	--	--	Shifted into "wages" below
Insurance	\$25,000	\$25,000	\$25,000	Not affected by private contract
Light and power	\$3,100	\$3,100	\$3,100	Not affected by private contract
Maintenance - parks	\$5,000	\$5,000	\$5,000	Not affected by private contract
Office and postage	\$19,000	\$19,000	\$16,000	Falls by \$3000 (fewer mailings)
Office car allowance	\$600	\$600	\$0	Assume not provided
Office wages and benefits	\$90,276	\$90,276	\$5,000	Reduced need for office support
Professional fees (incl. legal)	\$5,000	\$5,000	\$5,000	Not affected by conversion
Telephone	\$3,500	\$3,500	\$1,000	Reduce to single land line
Trustees' honorariums + expenses	\$16,300	\$16,300	\$16,300	Not affected - still need Trustees
(A) Subtotal, administration	\$200,276	\$200,276	\$86,650	
Contracted services (Corix)	--	--	\$0	Not in BCID budget - in Corix bills
Engineering	\$40,000	\$40,000	\$25,000	Need for independent monitoring
Share of regional water op'n cost	--	\$41,000	\$0	Assumes stand-alone BCID supply
Licences and permits	\$1,000	\$1,000	\$1,000	Not affected by private contract
Maintenance - wages and benefits	\$190,724	\$171,000	--	Becomes Corix responsibility
Maintenance - vehicle	\$10,000	\$10,000	--	Becomes Corix responsibility
Materials and repairs	\$100,000	\$75,000	--	Becomes Corix responsibility
Power	\$25,000	\$20,000	--	Becomes Corix responsibility
Telephone and pager	\$5,500	\$5,500	--	Becomes Corix responsibility
Telephone and sensor cable	\$5,200	\$5,200	--	Becomes Corix responsibility
Preventable maintenance	--	--	--	Becomes Corix responsibility
Miscellaneous and surplus	\$878	\$878	--	Becomes Corix responsibility
(B) Subtotal, operations	\$378,302	\$369,578	\$26,000	
(C) Debt payments (water upgrades)	\$0	\$386,120	\$0	Corix-funded stand-alone supply
(D) Annual capital works program	\$85,000	\$302,100	--	Some or all included in Corix fee
<b>Total spending (A+B+C+D)</b>	<b>\$663,578</b>	<b>\$1,258,074</b>	<b>\$112,650</b>	

**Budget Estimates for the Two Conversion Options (2a and 2b)**

Budget Projections (based on 2011 levels where possible)	Actual 2011 BCID budget	Option 2a		Option 2b	
		ACRD standard model		ACRD with management commission	
<b>Revenues</b>					
Property taxes	\$230,860	\$676,502	As needed for debt + capital	\$676,502	As needed for debt + capital
Water tolls (net)	\$378,168	\$376,028	As needed to balance the budget	\$444,228	As needed to balance the budget
Connection fees	\$22,800	\$22,800	Not affected by conversion	\$22,800	Not affected by conversion
Interest and penalties	\$15,000	\$15,000	Not affected by conversion	\$15,000	Not affected by conversion
Interest earned	\$3,000	\$3,000	Not affected by conversion	\$3,000	Not affected by conversion
Capital levy deposit	\$10,000	\$10,000	Not affected by conversion	\$10,000	Not affected by conversion
Miscellaneous	\$3,750	\$3,750	Not affected by conversion	\$3,750	Not affected by conversion
<b>Total revenue</b>	<b>\$663,578</b>	<b>\$1,107,080</b>		<b>\$1,175,280</b>	
<b>Expenses</b>					
ACRD administrative support	--	\$15,000	Share of ACRD overhead costs	\$15,000	Share of CRD overhead costs
Accounting and audit	\$11,000	\$2,500	Falls due to lower ACRD cost	\$5,000	Falls due to lower ACRD cost
Advertising	\$2,500	\$2,500	Not affected by conversion	\$2,500	Not affected by conversion
Bank charges	\$7,000	\$1,500	Lower ACRD rates	\$5,000	Same banking activity as now
Computer expense	\$5,000	--	Incl. in ACRD admin charge	\$5,000	Still needed for local office
Education	\$7,000	\$6,000	Slight reduction (reduced staff)	\$7,000	Not affected by conversion
Employee benefits - incl. below	\$0	--	Shifted into "wages" below	--	Shifted into "wages" below
Insurance	\$25,000	\$5,000	ACRD has lower rates	\$7,500	ACRD rates but need bldg ins.
Light and power	\$3,100	\$0	Should be shifted to fire budget	\$3,100	Not affected by conversion
Maintenance - parks	\$5,000	\$5,000	Not affected by conversion	\$5,000	Not affected by conversion
Office and postage	\$19,000	\$3,500	Postage only (office moved to P.A.)	\$19,000	Not affected by conversion
Office car allowance	\$600	--	Incl. in ACRD admin charge	\$600	Not affected by conversion
Office wages and benefits	\$90,276	\$35,000	ACRD staff for Beaver Ck functions	\$50,000	ACRD staff at Beaver Creek
Professional fees (incl. legal)	\$5,000	\$5,000	Not affected by conversion	\$5,000	Not affected by conversion
Telephone	\$3,500	\$0	Part of ACRD admin charge	\$3,500	Not affected by conversion
Trustees' honorariums + expenses	\$16,300	--	No longer have Trustees	\$16,000	Trustees become commissioners
(A) Subtotal, administration	\$200,276	\$81,000		\$149,200	
Contracted services (Corix)	--	--	Applies only in Corix option	--	Applies only in Corix option
Engineering	\$40,000	\$40,000	Not affected by conversion	\$40,000	Not affected by conversion
Share of regional water op'n cost	--	\$41,000	Assumes regional, not local, supply	\$41,000	Assumes regional, not local, supply
Licences and permits	\$1,000	\$1,000	Not affected by conversion	\$1,000	Not affected by conversion
Maintenance - wages and benefits	\$190,724	\$151,000	ACRD estimate plus contingency	\$151,000	ACRD estimate plus contingency
Maintenance - vehicle	\$10,000	\$10,000	Not affected by conversion	\$10,000	Not affected by conversion
Materials and repairs	\$100,000	\$75,000	Reduces as upgrades implemented	\$75,000	Reduces as upgrades implemented
Power	\$25,000	\$20,000	Slight reduction w/regional supply	\$20,000	Slight reduction w/regional supply
Telephone and pager	\$5,500	\$5,500	Not affected by conversion	\$5,500	Not affected by conversion
Telephone and sensor cable	\$5,200	\$5,200	Not affected by conversion	\$5,200	Not affected by conversion
Preventable maintenance	--	--	Replaced by annual capital program	--	Replaced by annual capital program
Miscellaneous and surplus	\$878	\$878	Not affected by conversion	\$878	Not affected by conversion
(B) Subtotal, operations	\$378,302	\$349,578		\$349,578	
(C) Debt payments (water upgrades)	\$0	\$374,402	Supply and distribution upgrades	\$374,402	Supply and distribution upgrades
(D) Annual capital works program	\$85,000	\$302,100	Long-term program (Koers + misc.)	\$302,100	Long-term program (Koers + misc.)
<b>Total spending (A+B+C+D)</b>	<b>\$663,578</b>	<b>\$1,107,080</b>		<b>\$1,175,280</b>	