



REGIONAL DISTRICT
of
NORTH OKANAGAN

MABLE LAKE WATER UTILITY MEETING SUMMARY

File No.: 5650.1.2

The Mabel Lake Water Utility information meeting was held on Friday, February 4, 2011 from 2:00 to 3:30 pm at the Enderby City Hall – Council Chambers. Eleven people were in attendance. The following agenda was followed as the meeting presentation:

AGENDA

1. Introductions
2. Mabel Lake Domestic Water Service Fees Imposition Bylaw No. 2474, 2011
3. 2011 Budget
4. Work Required or Recommended for 2011
5. Legislative Requirements and Planning
6. Community Works Fund Grant Application
7. Voluntary Water Restrictions
8. Emergencies – who to call

To review the details of the information provided as outlined in the agenda, please refer to the Meeting Agenda and Notes package provided.

DISCUSSION SUMMARY

The following discussion items are outside of items presented in the meeting agenda and notes package provided at the meeting. This discussion also addressed concerns outlined in a number of emails received by Mr. Halvorson and forwarded to RDNO engineering staff.

- Computer & SCADA System – requires updating. The current computer is old and unreliable. The RDNO Information Technology (IT) department will not provide technical support for this system and requires purchasing a new base computer and upgrading the software. Mabel Lake will be placed on IT support and the computer will be replaced every three years as per the RDNO IT management plan. Due to the corrosive nature of pump houses (i.e. chlorine injection equipment on-site), this is a reasonable lifecycle of computers in this environment.

Also noted recently was that the SCADA system¹ was missing operator call out equipment, integral to the safe operations of a water system which will be installed this spring (in-progress).

- Water Committee – The Standing Committee for Mabel Lake Water Advisory Committee was created under Regional Board Procedures Bylaw No. 2340. A service review of all RDNO Committees was completed in 2009 and a recommendation of this review was to repeal all non-legislated committees. Procedure Bylaw No. 2413 dated August 12, 2009 repealed Bylaw No. 2340 and reduced the number of RDNO Committees to three as required by legislation, of which, the Mabel Lake Water Advisory Committee was not one that was established. As Bylaw No. 2340 was repealed the existence of the Mabel Lake Water Advisory Committee and at least six other committees supported by the engineering department were eliminated. The reason for repealing of the committees was that the formal committee format was too taxing on staff time. The Engineering Department was short staffed at the time and did not have a General Manager of Engineering for two years. The engineering department is currently catching up on required legislative and operation works.
- Timing of Meeting - Under the terms of provincial legislation in the Community Charter, the Regional District is required by law to have the annual budget approved by the Board no later than March, 30th of each year. To achieve this deadline, RDNO staff must prepare the proposed utility rates bylaw in the early part of the year such that the budget can be approved in the stipulated time period. Public information meetings also occurred for other utilities managed by RDNO at the same time. As the timing is within the winter, it is unfortunate for the community of Mabel Lake as there are many summer residents who can not make it. The RDNO staff has had a number of phone calls and has collected names of people who wish to have the presentation materials and meeting summary emailed to them. RDNO will also post all materials on our website. Mr. Halvorson also agreed that an information session should be held in the summer, within the first two weeks of July and residents will be mailed notification two months prior to the meeting so that plans can be made to be present. (Follow up – RDNO staff will send notification at the end of April / beginning of May of date and time and post the particulars on the website).
- Summer Capacity Issues – The intake pipe was increase to 10" but the 6" screen was left in place (staff will research why this occurred), which is restricting flow and was detailed in the Site 360 study. A grant has been applied to increase the screen size.
- Method of Invitations – Over 300 notices of the public information meeting were mailed out based on billing records to provide all water users the ability to attend the meeting. The study conducted by Site 360 was an initiative of the RDNO Planning

¹ SCADA – stands for “supervisory control and data acquisition” which is the information collection and communication system between system monitoring equipment and the computer.

department to assist them in the creation of a local area plan² for the Kingfisher community. Only about 110 email addresses were collected by Site 360 from people who attended the planning meetings and from those that submitted their emails to the consultants via other means. The email addresses collected were from the entire community and not exclusionary to users of the Mabel Lake Water Utility.

- Rates – some discussion on permanent residents' verses seasonal residents occurred and each group has expressed their opinion of unfair rate structuring. Some permanent residents feel they shouldn't be responsibility to upgrade system where capacity is an issue. Seasonal residents have expressed that they feel they shouldn't have to pay the full rate when they are only there for a few months of the year.
- Mabel Lake Rate Structure – The fixed rate at Mabel Lake is based on a fee structure similar to other non-metered RDNO utilities and fixed rate structures of other small water utilities within BC. Approximately 80% of costs to operate a utility are fixed and not dependant on water consumption or whether residents are there or not. Also, based on water flow records for this utility, there is increased water use during all holidays indicating that some seasonal residents also visit their properties other than during the summer months. For the RDNO to monitor residential use without metering would be problematic and would increase costs to the utility and/or to individual homeowners to attempt to monitor this. As Mabel Lake Water Utility is unmetered there is no accurate way to monitor times of water use or consumption of individuals. Even if Mabel Lake Water Utility was metered, RDNO policy for metered communities is moving towards 50% base rates to stabilize revenue sources and 50% tiered water use rates to encourage water conservation. Resort communities also typically have tiered rates during high use times to account for the higher operational costs and ensure adequate revenue to run the utility.
- Response to Rate Structure – The fee increase has been changed to a flat 12% increase across the board to account for budget increases (See Attachment 1). If the community wishes to discuss metering, a preliminary cost per resident is from \$300 to \$1,000³ to install a meter plus additional operational costs to the utility to read the meters and additional finance costs for extra time required by billing to charge the metered rates. In addition, a third party consultant with water pricing expertise would be used to examine the utility rate structure and set the fee structure based on meter readings.

If the community does not want to meter but still would like to examine the fee structure, then RDNO would, on behalf of the community, hire a third party consultant with water pricing expertise to examine the community water system and to set the rates. The cost of hiring the consultant would be at the expense of the Mabel Lake Water Utility and the RDNO would set the fee according to the results.

² The Draft Local Area Plan for Kingfisher is available at:
http://www.rdno.ca/publications/10-11-23_kingfisher_draftplanreport.pdf

³ Cost depends on type and configuration of service connection and type of meter that can be installed at the site.

- Availability Fee – some discussion on the availability fee and how residents being charged this fee are not using the water. The Municipal Act allows utilities to charge an availability fee or similar to properties that can access water systems even if they are not connected and this was implemented at the initiation of this service. Property values benefit from the accessibility to municipal water sources and since utilities can not charge latecomer fees to cover installation and utility upgrading costs, the Municipal Acts allows for charging of the availability fee. Other communities in BC charge the full fixed rate for frontage lots or implement bylaws that all residents must connect to the water system.
- Bulk Fees for Campground, Resort & Golf Club – staff will research historic information on how the fees were set for the Kingfisher Resort and Campground. The Golf Course rate is for domestic use in the Golf Club. All lots within the resort area pay the availability and user fee (if connected). The Golf Course has a separate irrigation system and is not connected to the Mabel Lake Water Utility. Each unit of the 4 apartments on Parkway Road is charged the apartment user rate but not the availability fee. The apartment rate is higher than the domestic rate.
- Budget Presentation – The budget forecast presented at the meeting was provided for information purposes only. It was based on actual spending to November 2010, the 2010 budget, historic cost trends of the utility and known required works for the upcoming year. Many cost items are not reconciled until year end and the actual costs presented did not reflect the actual costs to operate the utility up to that time. Mabel Lake Water Utility financial history from 2004 to 2010 is attached (Attachment 2) and includes the Budget for 2011. Due to the unfortunate sudden demise of Mr. Campbell in 2010, the total employee cost allocation was not fully allocated to the utility for 2010. However it should be noted that Mr. Badke and Mr. Pleasance both worked on the utility during 2010 until the Utilities Engineer was hired in November 2010, but their time was not charged to the utility. At year end in 2010, \$29,493 was transferred to reserves, of which, \$24,600 is carry over for the treatment study required by Interior Health, the remaining \$4,893 transferred to reserves is a result of the employee cost charge not being fully allocated. The treatment study is currently being undertaken by a consultant and is included in the 2011 budget.
- Mabel Lake Water Utility Reserves - Engineering staff have set a goal of 6 months operating budget within the operating reserve for all functions they manage as well as developing sustaining capital reserves for replacement of existing capital works. The operating reserve for Mabel Lake Water Utility was \$157,461 at the end of 2010; however, \$24,601 will be carried into the 2011 budget with a reserve of \$136,219 projected for year end in 2011. The operating reserve has surpassed the operating reserve goal, which is currently set for \$47,000 for Mabel Lake Water Utility. Sustaining capital reserves must be established with a bylaw and staff will initiate the process of developing this bylaw this year. This process will also include a financial examination to determine an annual financial input goal for the fund once excesses from the operating reserve are transferred. Policy will also be developed for both the operating reserve and the sustaining capital reserve to set clear objectives and

parameters of use of the reserve funds to allow for long-term management and sustainability of these reserves.

Attachments:

Attachment 1: Mabel Lake 2011 Proposed Rates

Attachment 2: 2004 – 2010 Financials for Mabel Lake Water Utility

Attachment 1

Mable Lake 2011 Proposed Rates

per annum billing (fixed)	2010 number	Mabel Lake 2010 Rate	2011 number	Mabel Lake 2011	% increase 2010 to 2011	\$ increase 2010 to 2011
Availability Fee	319	\$117.00	319	\$131.04	12.0%	\$14.04
Commercial - ML Holiday Centre (Campground)	1	\$3,510.00	1	\$3,931.20	12.0%	\$421.20
Commercial - Club Kingfisher	1	\$3,276.00	1	\$3,669.12	12.0%	\$393.12
Commercial - Golf Course	1	\$1,630.00	1	\$1,825.60	12.0%	\$195.60
Domestic Unit	247	\$117.00	247	\$131.04	12.0%	\$14.04
Apartment Unit	60	\$164.00	60	\$183.68	12.0%	\$19.68
Motel Unit	0	\$94.00	0	\$105.28	12.0%	\$11.28
Average domestic annual rate		\$234.00		\$262.08	12.0%	
Average apartment annual rate		\$164.00		\$183.68	12.0%	
Total Residential (Domestic + Apt.)		\$38,739.00		\$43,387.68	12.0%	\$4,648.68
Total Commercial		\$8,416.00		\$9,425.92	12.0%	\$1,009.92
Total User fee income		\$47,155		\$52,814	12.0%	\$5,658.60
Total Availability Fee		\$37,323.00		\$41,801.76	12.0%	\$4,478.76
Total User fees (incl. Availability Fee)		\$84,478		\$94,615	12.0%	\$10,137.36
10% discount		-\$8,448		-\$9,462		

Total 2011 Revenue	\$109,154
Total 2011 Expenses (Budget)	-\$108,989
Predicted deficient/surplus	\$165

Attachment 2
MABEL LAKE WATER UTILITY
2004 - 2010 Financials
February 18, 2011

GL Code	Description	2004	2005	2006	2007	2008	2009	2010	2011 Budget
11100952	INTEREST INCOME	-	-	-	-	-	-	(1,311)	-
11102952	SUNDRY INCOME	-	(374,134)	(1,727)	(399)	(1,117)	(210)	(75)	-
11137319	MLW: AVAILABILITY FEE	-	(7,215)	(16,060)	(33,813)	(36,619)	(37,089)	(37,186)	(39,875)
11137320	MLW: USER FEES	-	(4,800)	(15,691)	(37,488)	(44,696)	(45,400)	(46,897)	(54,557)
11137322	MLW: DISCOUNTS TAKEN	-	-	3,326	6,360	7,337	3,636	7,445	9,443
11137323	MLW: CONNECTION FEES	-	(225)	(1,800)	(800)	(525)	(630)	(1,260)	-
11193952	TRANSFER FROM OPERATING RESERVE	-	-	(58,657)	-	-	-	-	(24,601)
11198495	(SURPLUS) DEFICIT: PRIOR YEAR	-	1,603	-	-	-	-	-	-
		-	(384,770)	(90,609)	(66,140)	(75,621)	(79,693)	(79,285)	(109,590)
12772513	GIS OVERHEAD	-	-	500	500	500	500	500	500
12772514	EMPLOYEE COST ALLOCATION	1,023	3,561	9,538	16,724	19,660	16,423	4,701	21,067
12772517	COMMUNITY INFRASTRUCTURE CHARGE	-	497	492	527	-	-	610	862
12772518	FINANCE OVERHEAD CHARGE	219	2,716	2,520	2,786	3,130	3,341	3,590	4,282
12772519	CORP. ADMIN. ALLOCATION	-	390	380	450	430	460	550	1,009
12772521	PERMITS AND FEES	-	401	456	281	250	469	505	500
12772550	COMMITTEE REMUNERATION	-	-	294	200	274	(4)	-	-
12772558	COMMITTEE/BOARD TRAVEL	-	-	9	-	70	(3)	-	-
12772560	VEHICLE & TRAVEL	-	-	24	-	-	-	189	620
12772571	WATER TREATMENT CHEMICALS	-	288	1,124	1,317	1,355	2,226	1,121	2,250
12772573	CONTRACT OPERATIONS	-	4,953	9,898	9,286	8,415	10,455	11,029	10,500
12772574	REPAIRS & MAINTENANCE	334	3,128	3,593	14,374	11,752	13,278	14,563	37,000
12772577	LAB FEES - WATER QUALITY MONITORI	-	-	1,547	2,814	3,340	4,084	4,995	5,300
12772581	CONTINGENCY	-	510	71	13	499	-	-	1,000
12772593	EQUIPMENT & LEASES	28	170	981	1,135	17,824	378	303	1,000
12772594	INSURANCE	-	250	280	753	439	448	1,327	841
12772599	UTILITIES	-	1,856	4,197	5,190	5,871	5,892	5,348	6,500
12772810	TRANSFER TO OPERATING RESERVE	-	145,498	-	2,925	1,811	21,748	29,493	3,359
12772899	TRANSFER TO FEASIBILITY RESERVE	-	4,000	4,904	-	-	-	-	-
12772900	CAPITAL EXPENDITURES	-	216,552	49,801	6,866	-	-	462	13,000
		1,603	384,770	90,609	66,140	75,621	79,693	79,285	109,590
		1,603	-	-	-	-	-	-	-
RESERVE HISTORY									
	OPENING BALANCE	-	-	145,498	92,830	99,859	105,185	127,968	157,461
	DEBITS	(835)	-	(58,657)	-	-	-	(180)	(24,601)
	CREDITS	835	145,498	5,989	7,029	5,326	22,783	29,673	3,359
	CLOSING BALANCE	-	145,498	92,830	99,859	105,185	127,968	157,461	136,219