

MINUTES OF THE REGULAR MEETING OF THE WATER SUPPLY ADVISORY COMMITTEE,  
HELD IN THE BOARD ROOM, CITY HALL, ON WEDNESDAY, 2005-FEB-16,  
COMMENCING AT 3:00 P.M.

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PRESENT: Councillor L. D. McNabb, Chair

Members: Councillor T. K. Krall  
Councillor L. J. Sherry  
Ms. E. Hamilton, S.W. Extension  
Mr. D. Anderson  
Mr. M. Duncanson

Absent: Councillor M. D. Brennan

Staff: K. M. MacKenzie  
C. L. Mason  
A. C. Kenning  
A. W. Laidlaw  
B. E. Clemens  
H. W. Hansen  
S. Graham  
K. L. Burley  
K. King

1. INTRODUCTION OF LATE ITEMS:

Mr. Duncanson advised that he wished to discuss the roles and responsibilities of the Committee Members.

2. RECEIVING OF DELEGATIONS:

Mr. Rick Corbett, Associated Engineering, 300 – 490 Canada Way, Burnaby, to give a presentation regarding the Water Supply Strategic Plan.

Mr. Corbett provided a PowerPoint Presentation regarding the Water Supply Strategic Plan and stated that:

- the objective of the project is to develop a strategic water supply plan that will provide guidance in upgrading the water supply system over the next several decades.
- the plan will be guided by the Water Supply Steering Committee, which consists of Staff primarily from the Engineering and Finance Departments.
- there will be two workshops held. The first one will be in approximately three weeks, then the plan will be prepared, then followed by the final workshop.

3. CITY MANAGER'S REPORT:

(1) 2005 – 2009 Financial Plan

The proposed 2005 – 2009 Financial Plan for the Water Supply section of the City of Nanaimo was attached. The plan includes the five-year Capital Plan as well as a five-year Operating Plan. Before the dissolution of the Greater Nanaimo Water District, the board of the G.N.W.D. would annually approve the financial plan and set the rate for bulk water supply to Southwest Extension. Now that the G.N.W.D. no longer exists, Council must approve the Financial Plan and establish the bulk water rates. However, the primary purpose of the Water Supply Advisory Committee is to provide advice to Council on the water supply service and this was the Committee's opportunity for input on the budget.

Although Council has already adopted the 2005-2009 Financial Plan, there is still time to make amendments before the final budget and tax rates bylaws are adopted in May. In future, Staff will ensure that the Water Supply Committee has the chance to comment on the budget submission before it is sent to Council.

The Water Supply budget provides for new capital projects as well as debt servicing on completed projects. Previously, operating costs relating to facilities that belonged to the G.N.W.D. were included in the City of Nanaimo budget. Starting in 2005, the budget presentation has now been changed to show those costs as the Water Supply operating budget. The proposed five-year Capital Plan for Water Supply includes projects totaling \$15,550,000 (\$1,860,000 in 2005). Of this amount, \$1,510,000 in 2005 is funded from General Revenue (proceeds from the sale of water) with the remainder coming from development cost charges.

The Capital Plan has been put together using the best information that is currently available. The need to develop a long-term plan for storage and treatment facilities to meet future demands was previously identified and funding, which started in 2004, continues in the 2005 budget. An outside consultant has been hired to work with Staff to develop this long-term strategic plan which, when completed, may result in a significant change in the projects contained in the Capital Plan. Once the exact projects and their timelines are determined, costs and the appropriate funding sources will be identified and a new capital plan will be developed.

As noted in previous years, there are no longer sufficient Development Cost Charge funds available to make the annual debt payments for Stage VI and the Tanya Drive Reservoir. As per previous direction, the financial plan has been prepared by first funding growth-related projects from DCCs to the extent that funds are available with the remainder funded from general revenue. Debt payments have been significantly reduced over the past few years because old debt (annual payments totaling \$1,153,000) has been retired. Although debt payments are significantly lower, the price of water has not been reduced. The excess in revenue has been budgeted as a transfer to reserve for future capital. By building up capital reserves, the impact of future major projects can be reduced by using the reserve to level out annual funding requirements. Once the strategic planning has been completed, Staff will be in a better position to make recommendations on a long term rates.

Water rates charged to Southwest Extension are established by calculating the gross cost of water. This calculation is detailed on Appendix I. Debt payments, capital, supply and distribution, and administrative expenditures are used in determining the gross cost of water. The proposed cost per 1,000 gallons is \$1.26 for 2005, which is an increase of \$0.05 per 1,000 gallons over 2004. The reasons for the increase are due to hiring an additional water technician in the quality control area, funding for the first year of participation in the University of Victoria research program "Environmental Management of Drinking Water" (previously approved by the G.N.W.D. Board) and moving a 0.5 FTE position from Engineering to Water Supply to better reflect time spent on water supply issues. An additional factor was that there was a smaller increase in water consumption than was previously estimated.

Recommendation: That the Water Supply Advisory Committee recommend that Council:

1. receive the 2005 – 2009 Water Supply Financial Plan; and
2. direct Staff to prepare a bylaw to establish the rate for bulk water supply to Southwest Extension at \$1.26 per thousand gallons.

It was moved and seconded that the recommendation 1. be adopted. The motion carried unanimously.

It was moved and seconded that the recommendation 2. be adopted. The motion carried unanimously.

- (2) Project Status – Disinfection Improvements at Number One Reservoir (Verbal Report)

It was moved and seconded that the verbal report be received. The motion carried unanimously.

- (3) Project Status – Re-Lining of the Water Main Under the Nanaimo River (Verbal Report)

It was moved and seconded that the verbal report be received. The motion carried unanimously.

4. INFORMATION ONLY ITEMS:

- (a) Report from Mr. Wayne Hansen, Superintendent, Water Supply, re: The Water Supply Strategic Plan.
- (b) Report from Mr. K. M. MacKenzie, Director of Engineering and Public Works, re: BC Community Water Improvement Program.

It was moved and seconded that the Information Only Items be received. The motion carried unanimously.

5. CORRESPONDENCE:

- (a) Mrs. Maureen Young, 2335 Godfrey Road, Nanaimo, requesting that Council consider supplying water to the residents of Godfrey Road and Myles Lake Road.

It was moved and seconded that the Water Supply Advisory Committee recommend that Council direct Staff to prepare a report regarding the issue of supplying water to the residents of Godfrey Road and Myles Lake Road. The motion carried unanimously.

6. CONSIDERATION OF LATE ITEMS/OTHER BUSINESS:

Mr. Duncanson raised the question of liability and requested information regarding the roles and responsibilities of the Committee Members.

It was moved and seconded that the Water Supply Advisory Committee recommend that Council direct Staff to prepare a report outlining the roles and responsibilities, and indemnification of the Committee Members. The motion carried unanimously.

7. NEXT MEETING:

At the call of the Chair.

8. ADJOURNMENT:

It was moved and seconded at 3:39 p.m. that the meeting adjourn. The motion carried unanimously.

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CHAIR