



January 4, 2023

**REPORT TO:** ARROWSMITH WATER SERVICE MANAGEMENT BOARD

**FROM:** ARROWSMITH WATER SERVICE MANAGEMENT COMMITTEE

**SUBJECT:** ARROWSMITH WATER SERVICE (AWS) 2023 - 2027 FINANCIAL PLAN

**PURPOSE:** *Board Consideration of the AWS 2023 - 2027 Financial Plan*

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**EXECUTIVE SUMMARY:**

Under Section 8.2 of the AWS Joint Venture Agreement, a proposed financial plan for the upcoming five years is required to be presented to the Management Board on or before December 15 of the year preceding each fiscal year of the joint venture. The *Community Charter* governs municipalities and regional districts and requires the adoption of a five-year financial plan. Therefore, AWS Joint Venture Agreement also requires that, on or before January 31<sup>st</sup> of each joint venture fiscal year, the Board must advance a recommended five year financial plan to the Joint Venturers for their consideration.

**RECOMMENDATION:**

1. THAT the report from the Arrowsmith Water Service Management Committee dated January 4, 2023, entitled "Arrowsmith Water Service (AWS) 2023 - 2027 Financial Plan" be received.
2. THAT the Arrowsmith Water Service Management Board approve the 2023 - 2027 Financial Plan as outlined in Table 1, attached to the January 4, 2023, report.
3. THAT the Arrowsmith Water Service Management Board recommend the Joint Ventures approve their respective portions of the 2023 - 2027 Financial Plan as outlined in Table 2 - PARKSVILLE, Table 3 - RDN, and Table 4 - QUALICUM BEACH attached to the January 4, 2023, report.

**BACKGROUND:**

A 2023-2027 provisional budget for AWS is required per Section 8.2 of the AWS Joint Venture Agreement. The proposed five year financial plan is required to be presented to the Board on or before December 15 of the year proceeding each fiscal year. Due to the election in October 2022 and new elected officials being assigned to the Management Board, the Management Committee is presenting this in January of this fiscal year. The *Community Charter* requirements for the venturers includes the adoption of a five year financial plan and the AWS Joint Venture Agreement Section 8.3 requires that the five year financial plan be advanced to the joint venturers by January 31 for adoption.

The 2023 - 2027 Financial Plan was developed to outline the funding requirements for administration, operations, maintenance, and capital expenditures for AWS for the next five years. The proposed financial plan is shown in Table 1, attached.

### **OPTIONS:**

1. Approve the recommended 2023-2027 financial plan and recommend the Joint Venturers approve their respective portions of the financial plan.
2. Provide the AWS Management Committee with other direction.

### **ANALYSIS:**

Approval of the financial plan will allow completion of necessary operations and maintenance projects ensuring that the water supply to the Englishman River is not interrupted and high-quality drinking water delivery and environmental stewardship are maintained. If changes are proposed by the Board, then it would be helpful for these items to be separated from the portions of the financial plan that are acceptable to avoid delays for approved projects and tasks.

### **FINANCIAL IMPACT:**

The 2023 - 2027 Financial Plan sets out the financial requirements needed for the AWS staff to carry out forecasted operations and projects for these years. Without this plan the administration, operations, and other major maintenance would have to rely on the 2023 budget included in the 2022 - 2026 Financial Plan.

The financial plan includes funding increases in 2023 totaling \$161,200 from the previous plan, resulting in increases for the partners as follows: Parksville - \$107,200 increase, RDN - \$37,600 increase, Qualicum Beach - \$14,900 increase.

Of the total increase, \$83,400 relates to the continuation of projects started in 2022 with completion expected in 2023 including the dam safety review and security upgrade projects. This will result in a decrease to the forecasted 2022 partner contributions reflected in the 2022-2026 Financial Plan.

The approximate \$78,000 balance of the 2023 increase relates to increased wages and equipment costs for more frequent dam inspections required by the provincial dam safety review, increased insurance costs, and additional repairs and maintenance contingency recommended by staff.

### **REFERENCES:**

- *Arrowsmith Water Service Joint Venture Agreement - July 1, 2022*

Respectfully submitted,

*Original signed by B. Woods*

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B. WOODS  
Director of Operations, City of Parksville

*Original signed by J. Holmes*

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J. HOLMES  
Director of Finance, City of Parksville

**ENDORSED BY:**

*Original signed by K. Kehler*

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K. KEHLER, MPA  
Chief Administrative Officer, City of Parksville  
On behalf of the ERWS/ AWS Management Committee









**APPENDIX A Changes from Prior Approved Budget**

	2023	2024	2025	2026	2027	
<b>Operating - Changes from Previous Budget</b>						
Administration - Wages and Benefits	8,400	9,100	9,800	10,500	11,300	<i>Increase for allocation of management time and completion of Dam Emergency Plan (regulatory requirement)</i>
Administration - Dam Insurance	9,700	10,800	12,000	15,900	2,600	<i>Insurers estimating 10%+ increases</i>
Operations - Dam Safety Review	25,000	-	-	-	-	<i>50% completed in 2021; move \$25k to 2023</i>
Maintenance - Dam Safety Review	25,000	-	-	-	-	<i>50% completed in 2021; move \$25k to 2023</i>
Maintenance - Contracts	15,000	-	15,000	-	15,000	<i>Maintenance/Repair contingency in each year (previously every 2nd yr)</i>
<b>Operating - New</b>						
Operations - Consulting	25,000	-	-	-	-	<i>Dam Operating Review</i>
Maintenance - Wages and Benefits	16,300	17,100	17,800	18,500	19,400	<i>Increase staff time re weekly dam inspection required per dam safety review</i>
Maintenance - Equipment Rental/Repair	5,000	5,000	5,000	5,000	5,000	<i>Dam inspection in person twice per year per dam safety review (snowmobile rental)</i>
<b>Capital - Previous</b>						
Equipment	33,400	-	-	-	-	<i>Security upgrade started in 2022; remaining \$33,400 moved to 2023</i>
<b>Total changes</b>	<b>\$ 162,800</b>	<b>\$ 42,000</b>	<b>\$ 59,600</b>	<b>\$ 49,900</b>	<b>\$ 53,300</b>	