



**ARROWSMITH WATER SERVICE JOINT VENTURE
MANAGEMENT BOARD MEETING AGENDA**

WEDNESDAY, NOVEMBER 17, 2021 at 9 AM

The Board recognizes the people of the Coast Salish Nations and their traditional territory upon which we gather with gratitude.

1. CALL TO ORDER

2. APPROVAL OF AGENDA

- a) ***Recommendation:***
1. THAT the agenda be approved as presented.

3. ADOPTION OF MINUTES

- a) Minutes of the Arrowsmith Water Service Management Board Meeting held June 1, 2021 - Pages 3 - 4

- Recommendation:***
1. THAT the minutes of the Arrowsmith Water Service Management Board meeting held June 1, 2021, be adopted.

4. PRESENTATIONS

- a) B. Floyd, Director, Coastal Hydrology Research Lab, Vancouver Island University - Upper Englishman River Watershed Snowpack Mapping and Modelling - Verbal Presentation

5. CORRESPONDENCE

No correspondence was received prior to the agenda deadline.

6. REPORTS

- a) B. Woods, Director of Operations - Arrowsmith Water Service (AWS) Operations Update - Verbal Report

- Recommendation:***
1. THAT the presentation from B. Woods regarding the Arrowsmith Water Service (AWS) Operations Update be received for information.

- b) J. Holmes, A/Director of Finance - Arrowsmith Water Service (AWS) 2022 - 2026 Financial Plan Report - Pages 5 - 15
Board Consideration of the AWS 2022 - 2026 Financial Plan.

Recommendation:

1. ***THAT the report from the Arrowsmith Water Service Management Committee dated November 1, 2021, entitled "Arrowsmith Water Service (AWS) 2022 - 2026 Financial Plan" be received.***
2. ***THAT the Arrowsmith Water Service Management Board approve the 2022 - 2026 Financial Plan as outlined in Table 1, attached to the November 1, 2021, report.***
3. ***THAT the Arrowsmith Water Service Management Board recommend the Joint Venturers approve their respective portions of the 2022 - 2026 Financial Plan as outlined in Table 2 - PARKSVILLE, Table 3 - REGIONAL DISTRICT of NANAIMO, and Table 4 - THE TOWN of QUALICUM BEACH attached to the November 1, 2021, report.***

7. **UNFINISHED BUSINESS**

8. **NEW BUSINESS**

9. **QUESTIONS/COMMENTS** - *Public comment - five minutes maximum per speaker.*

No comments were received prior to the agenda deadline.

10. **ADJOURNMENT**

**REGIONAL DISTRICT OF NANAIMO
MINUTES OF THE ARROWSMITH WATER SERVICE JOINT VENTURE MANAGEMENT
BOARD MEETING**

**Tuesday, June 1, 2021
10:30 A.M.
Held Electronically**

In Attendance: Director L. Wallace Chair
 Councillor E. Mayne City of Parksville
 Councillor D. O'Brien City of Parksville
 Director B. Rogers Regional District of Nanaimo
 Councillor S. Harrison Town of Qualicum Beach

Also in Attendance: L. Butterworth City of Parksville
 J. Holmes City of Parksville
 K. Kehler City of Parksville
 A. Weeks City of Parksville
 B. Woods City of Parksville
 P. Carlyle Regional District of Nanaimo
 S. De Pol Regional District of Nanaimo
 M. Walters Regional District of Nanaimo
 B. Weir Town of Qualicum Beach
 R. Graves Recording Secretary

CALL TO ORDER

The Chief Administrative Officer called the meeting to order and respectfully acknowledged the Coast Salish Nations on whose traditional territory the meeting took place.

ELECTION OF THE CHAIR

Keeva Kehler, Chief Administrative Officer, City of Parksville, called for nominations for the position of Chair for the year 2021.

Scott Harrison nominated Lehann Wallace.

Lehann Wallace accepted the nomination.

There being no further nominations, Lehann Wallace assumed the Chair.

APPROVAL OF THE AGENDA

It was moved and seconded that the agenda be approved as presented.

CARRIED UNANIMOUSLY

ADOPTION OF MINUTES

Arrowsmith Water Service Management Board Meeting - December 18, 2020

It was moved and seconded that the minutes of the Arrowsmith Water Service Management Board meeting held December 18, 2020, be adopted.

CARRIED UNANIMOUSLY

REPORTS

Arrowsmith Water Service Joint Venture Draft Audited Financial Statements for the Year Ending December 31, 2020 - Lenora Lee/Julie Robinson, KPMG

It was moved and seconded that the Arrowsmith Water Service Joint Venture Audited Financial Statement be received.

CARRIED UNANIMOUSLY

It was moved and seconded that the Arrowsmith Water Service Joint Venture Audited Financial Statement be approved.

CARRIED UNANIMOUSLY

Arrowsmith Water Service Joint Venture Audit Findings Letter

It was moved and seconded that the Arrowsmith Water Service Joint Venture Audit Findings Letter be received.

CARRIED UNANIMOUSLY

Arrowsmith Water Service Operations Update

Joe Doxey, City of Parksville, provided an update on the Arrowsmith Water Service Operations.

Arrowsmith Water Service Joint Venture Agreement Extension - Belinda Woods, City of Parksville

It was moved and seconded that the report from the Arrowsmith Water Service Management Committee dated June 1, 2021 be received.

CARRIED UNANIMOUSLY

It was moved and seconded that the Arrowsmith Water Service Management Board recommend approval of the one-year extension of the Arrowsmith Water Service Partnering Agreement by the joint venture partners.

CARRIED UNANIMOUSLY

It was moved and seconded that the Arrowsmith Water Service Management Board recommend approval of a budget increase of \$5,000 for legal fees by the joint venture partners.

CARRIED UNANIMOUSLY

ADJOURNMENT

It was moved and seconded that the meeting be adjourned.

CARRIED UNANIMOUSLY

TIME: 10:49 A.M.

CHAIR



November 1, 2021

REPORT TO: ARROWSMITH WATER SERVICE MANAGEMENT BOARD

FROM: ARROWSMITH WATER SERVICE MANAGEMENT COMMITTEE

SUBJECT: ARROWSMITH WATER SERVICE (AWS) 2022 - 2026 FINANCIAL PLAN

PURPOSE: *Board Consideration of the AWS 2022 - 2026 Financial Plan*

EXECUTIVE SUMMARY:

Under Section 8.2 of the AWS Joint Venture Agreement, a proposed budget for the upcoming year is required to be presented to the Board on or before December 15 of the year proceeding the budget year. The *Community Charter* governs municipalities and regional districts and requires the adoption of a five-year plan in addition to the current year's budget.

RECOMMENDATIONS:

1. THAT the report from the Arrowsmith Water Service Management Committee dated November 1, 2021, entitled "Arrowsmith Water Service (AWS) 2022 - 2026 Financial Plan" be received.
2. THAT the Arrowsmith Water Service Management Board approve the 2022 - 2026 Financial Plan as outlined in Table 1, attached to the November 1, 2021, report.
3. THAT the Arrowsmith Water Service Management Board recommend the Joint Venturers approve their respective portions of the 2022 - 2026 Financial Plan as outlined in Table 2 - PARKSVILLE, Table 3 - RDN, and Table 4 - QUALICUM BEACH attached to the November 1, 2021, report.

BACKGROUND:

A 2022 provisional budget for AWS is required per Section 8.2 of the AWS Joint Venture Agreement. The proposed budget is required to be presented to the Board on or before December 15 of the year proceeding each fiscal year. The *Community Charter* requires development of a five-years financial plan in addition to the current year's budget.

The 2022 - 2026 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 budget is shown on Table 1, attached.

OPTIONS:

1. Approve the recommended 2022-2026 budget and recommend the Joint Venturers approve their respective portions of the budget and financial plan.
2. Provide the AWS Management Committee with other direction.

ANALYSIS:

Approval of the budget and 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 budget that are acceptable to avoid delays for approved projects and tasks.

FINANCIAL:

The 2022 - 2026 Financial Plan sets out the financial requirements needed for the AWS staff to carry out necessary operations and projects for 2022. Without this plan the administration, operations, and other major maintenance would have to rely on the 2022 budget included in the 2021 - 2025 Financial Plan.

The plan includes funding increases in 2022 from the previous plan for the partners as follows: Parksville - \$107,200 increase, RDN - \$37,600 increase, Qualicum Beach - \$14,900 increase.

It should be noted that \$100,000 of the total increase relates to the Dam Safety Review project which was deferred from 2021 and a new request for improved instrumentation and security. This will result in a large decrease to the 2021 partner contributions for the deferred safety review expenditure.

REFERENCES:

- Arrowsmith Water Service Joint Venture Agreement - July 1, 2016

Respectfully submitted,

Original signed by B. Woods

B. WOODS
Director of Operations, City of Parksville

Original signed by L. Butterworth

L. BUTTERWORTH
Director of Finance, City of Parksville

ENDORSED BY:

Original signed by K. Kehler

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

TABLE 1 2022-2026 Summary Budget

ARROW SMITH WATER SERVICE 2022 - 2026 FINANCIAL PLAN (\$)						
ARROWSMITH WATER SERVICE	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
REVENUE						
Parksville Requisition (63.9% for Admin and Maintenance, Ops based on flow)	161,464	212,334	108,185	125,448	110,825	140,932
RDN Requisition (22.4% for Admin and Maintenance, Ops based on flow)	56,631	74,474	37,935	43,987	38,861	49,415
Qualicum Requisition (13.7% - for Admin and Maintenance Only)	26,605	34,593	20,180	23,865	20,714	27,153
Joint Venture Requisitions	244,700	321,400	166,300	193,300	170,400	217,500
Other Revenue						
Logging Revenue		-	-	-	-	-
Total Other Revenue		-	-	-	-	-
TOTAL REVENUE	244,700	321,400	166,300	193,300	170,400	217,500
EXPENDITURES						
Operating						
Administration	78,300	82,200	77,100	78,600	80,100	81,600
Operations	50,500	68,900	19,000	19,100	19,200	19,300
Maintenance	80,800	95,200	35,100	50,500	36,000	51,500
Road Maintenance	5,100	5,100	5,100	5,100	5,100	5,100
Total Operating Expenses	214,700	251,400	136,300	153,300	140,400	157,500
Transfer to Reserves	30,000	30,000	30,000	30,000	30,000	30,000
Total Operating	244,700	281,400	166,300	183,300	170,400	187,500
Capital						
Equipment		40,000	-	10,000	-	30,000
Total Capital	0	40,000	-	10,000	-	30,000
TOTAL EXPENDITURES (no Grant)	244,700	321,400	166,300	193,300	170,400	217,500
NET SURPLUS (DEFICIT)	0	\$ -	\$ -	\$ -	\$ -	\$ -

TABLE 2 Parkville Share of Costs

ARROW SMITH WATER SERVICE 2022 - 2026 FINANCIAL PLAN (\$) Parkville Share of Costs						
	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
REVENUE						
Parkville Requisition (63.9% for Admin and Maintenance, Ops based on flow)	161,464	212,334	108,185	125,448	110,825	140,932
Other Revenue						
Logging Revenue	0	-	-	-	-	-
Total Other Revenue	0	-	-	-	-	-
TOTAL REVENUE	161,464	212,334	108,185	125,448	110,825	140,932
EXPENDITURES						
Operating						
Administration	50,034	52,526	49,267	50,225	51,184	52,142
Operations	37,370	50,986	14,060	14,134	14,208	14,282
Maintenance	51,631	60,833	22,429	32,270	23,004	32,909
Road Maintenance	3,259	3,259	3,259	3,259	3,259	3,259
Total Operating Expenses	142,294	167,604	89,015	99,888	91,655	102,592
Transfer to Reserves	19,170	19,170	19,170	19,170	19,170	19,170
Total Operating	161,464	186,774	108,185	119,058	110,825	121,762
Capital						
Equipment	0	25,560	0	6,390	0	19,170
Total Capital	0	25,560	-	6,390	-	19,170
TOTAL EXPENDITURES (no Grant)	161,464	212,334	108,185	125,448	110,825	140,932
Capital Planning Grant	0	-	-	-	-	-
Transfer from Reserves	0	-	-	-	-	-
TOTAL EXPENDITURES (with Grant)	161,464	212,334	108,185	125,448	110,825	140,932
NET SURPLUS (DEFICIT)	0	\$ -	\$ -	\$ -	\$ -	\$ -

TABLE 3 Regional District of Nanaimo Share of Costs

ARROW SMITH WATER SERVICE 2022 - 2026 FINANCIAL PLAN (\$) RDN Share of Costs						
	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
REVENUE						
RDN Requisition (22.4% for Admin and Maintenance, Ops base)	56,631	74,474	37,935	43,987	38,861	49,415
Other Revenue						
Logging Revenue	0	-	-	-	-	-
Total Other Revenue	0	-	-	-	-	-
TOTAL REVENUE	56,631	74,474	37,935	43,987	38,861	49,415
EXPENDITURES						
Operating						
Administration	17,539	18,413	17,270	17,606	17,942	18,278
Operations	13,130	17,914	4,940	4,966	4,992	5,018
Maintenance	18,099	21,325	7,862	11,312	8,064	11,536
Road Maintenance	1,142	1,142	1,142	1,142	1,142	1,142
Total Operating Expenses	49,911	58,794	31,215	35,027	32,141	35,975
Transfer to Reserves	6,720	6,720	6,720	6,720	6,720	6,720
Total Operating	56,631	65,514	37,935	41,747	38,861	42,695
Capital						
Equipment	0	8,960	-	2,240	-	6,720
Total Capital	0	8,960	-	2,240	-	6,720
TOTAL EXPENDITURES (no Grant)	56,631	74,474	37,935	43,987	38,861	49,415
Capital Planning Grant	0	-	-	-	-	-
Transfer from Reserves	0	-	-	-	-	-
TOTAL EXPENDITURES (with Grant)	56,631	74,474	37,935	43,987	38,861	49,415
NET SURPLUS (DEFICIT)	0	\$ -	\$ -	\$ -	\$ -	\$ -

TABLE 4 The Town of Qualicum Share of Costs

ARROWSMITH WATER SERVICE 2022 - 2026 FINANCIAL PLAN (\$) Qualicum Beach Share of Costs						
	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
REVENUE						
Qualicum Requisition (13.7% - for Admin and Maintenance Only)	26,605	34,593	20,180	23,865	20,714	27,153
Other Revenue						
Logging Revenue	0	-	-	-	-	-
Total Other Revenue	0	-	-	-	-	-
TOTAL REVENUE	26,605	34,593	20,180	23,865	20,714	27,153
EXPENDITURE S						
Operating						
Administration	10,727	11,261	10,563	10,768	10,974	11,179
Operations	0	-	-	-	-	-
Maintenance	11,070	13,042	4,809	6,919	4,932	7,056
Road Maintenance	699	699	699	699	699	699
Total Operating Expenses	22,495	25,003	16,070	18,385	16,604	18,933
Transfer to Reserves	4,110	4,110	4,110	4,110	4,110	4,110
Total Operating	26,605	29,113	20,180	22,495	20,714	23,043
Capital						
Equipment	0	5,480	-	1,370	-	4,110
Total Capital	0	5,480	-	1,370	-	4,110
TOTAL EXPENDITURE S (no Grant)	26,605	34,593	20,180	23,865	20,714	27,153
Capital Planning Grant	0	-	-	-	-	-
Transfer from Reserves	0	-	-	-	-	-
TOTAL EXPENDITURE S (with Grant)	26,605	34,593	20,180	23,865	20,714	27,153
NET SURPLUS (DEFICIT)	0	\$ -	\$ -	\$ -	\$ -	\$ -

APPENDIX A Changes from Prior Approved Budget

**Arrowsmith Water Service
2022-2026 Financial Plan**

Operating Budget Changes from Prior Budget

Administration - Salaries	(10,200)	(10,200)	(10,200)	(10,200)	(10,200)	Reduced mgmt budget charge
Administration - Salaries	6,000	6,000	6,000	6,000	6,000	Admin fee for Accounting & Administration
Administration - Legal Fees	6,500					Partnership agreement completion
Administration - Audit Fees	1,500	1,500	1,500	1,500	1,500	Higher fees from Audit RFP
Administration - Dam Insurance	6,000	6,000	6,000	6,000	6,000	Insurers are suggesting 10% plus increases
Administration - Water License Fee	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	Relates to water extraction-moved to ERWS
Maintenance - Contracts	(4,500)					Annual inspection not needed-covered by Safety review
Maintenance - Contracts	15,000		15,000		15,000	Maintenance/Repair contingency. For 2022 spillway rock removal is planned use for this

Operating Spending Packages

Operations - Dam Safety Review	50,000					SP AWS 2022-01 - Project deferred from 2021
Maintenance - Dam Safety Review	50,000					SP AWS 2022-01 - Project deferred from 2021

Capital Spending Packages (New item)

Equipment	40,000		10,000		30,000	SP AWS 2022-02 - Security Upgrade
-----------	--------	--	--------	--	--------	-----------------------------------

APPENDIX B Dam Safety Review Spending Package

Spending Package Summary

Report data returned based on the user's security permissions.

Spending Package	AWS 2022-01 - Dam Safety Review
Budget Year	2022
Spending Package Type	Amendments
Spending Package Stage	Approved [Amendments]
Acct. Reference	25-7011
Publish Date	Oct 28, 2021 12:21 PM (PST)
Explanation/Justification/Impact of not Funding	Arrowsmith Water Service owns and operates the Arrowsmith Dam. As per the Provincial Dam Safety regulation, we are required to complete a Dam Safety Inspection annually and a comprehensive Dam Safety Review every 10 years. The last report was done in 2012.
Strategic Plan Theme / Decision Points	
Cost /Benefit Analysis	The Dam Safety Review is a requirement by the Province. This report is an important part of operating a dam. It looks at all of monthly inspections, the health of the dam and surrounding watershed. The hazard classification and risk of operating is also reviewed. These things can change as downstream infrastructure changes with time. The benefit is the safety of public property, the public itself, and the water supply for the City of Parksville and RDN. Cost updated from \$65,000 in 2021 budget to \$100,000 for 2022.
Net Operating Budget	100,000
Net Capital Budget	-
Net Budget	100,000

Operating Budget Details

Object Code	Position	Description	2022 Budget
<input type="checkbox"/> Expenses			
<input type="checkbox"/> 7011 - Operations (AWS)			
331 - Consulting		Dam Safety Review (50%)	50,000
Total 7011 - Operations (AWS)			50,000
<input type="checkbox"/> 7012 - Dam Maintenance (AWS)			
331 - Consulting		Dam Safety Review (50%)	50,000
Total 7012 - Dam Maintenance (AWS)			50,000
Total Expenses			100,000
Total			100,000
Net Total			100,000

APPENDIX C Instrumentation and Security Upgrade

Spending Package Summary

Report data returned based on the user's security permissions.

Spending Package	AWS 2022-02 - Instrumentation and Security Upgrade
Budget Year	2022
Spending Package Type	Amendments
Spending Package Stage	Approved [Amendments]
Acct. Reference	25-9702
Publish Date	Oct 28, 2021 02:12 PM (PST)
Explanation/Justification/Impact of not Funding	<p>The Arrowsmith Dam instrumentation and security systems are at or nearing its service life and requiring renewal. History and upgrade requirements are as follows:</p> <p>Camera Security System The existing system was installed in ~1995 using radio transmitter technology. Intermittent and delay were noticed as the image bandwidth is too large to be transmitting over radio signals. Over time, it becomes less reliable. The dam is inaccessible in the winter by vehicles (higher elevation) and retaining a reliable source is eminent for the system. Telemetry technology has advanced and in consultation with Grover Communications vendor, it was recommended that satellite technology be considered like Tesla Starlink suitable for off-grid applications.</p> <p>Power Supply Upgrade The main source of power for the dam is from the generator. The system is nearing its service life and upgrade will be conducted in phases. The first phase will be installing solar system utilizing the natural resources. This will alleviate and offset the power draw from the propane generator. The generator is to be renewed in 2026.</p> <p>Piezometer Readout Unit Piezometers installed at the dam are to monitor the water level seeping through the dam. Upkeeping with the regular monitoring is mandatory as per the provincial dam regulation. Monitoring is conducted by inserting the piezometer readout unit into the piezometer pipe. The piezometer readout unit (suitcase travel unit) recently failed, a month ago, and we only have a month of monitoring left for this year. In the interim, rental will be used and replacement to follow the following year.</p> <p>The works noted above are needed to protect and secure the water supply system at the Arrowsmith Dam. Renewing the instrumentation and security systems will not only provide regular monitoring but allow staff to view, plan and respond to emergencies if needed. Also, this will create an even safer work environment as staff will be able to view the images and address potential issues before heading to the dam.</p>

Strategic Plan Theme / Decision Points	<p>Not renewing the assets will impact the dam performance and not meet regulatory requirements.</p> <p>The above-noted items are required to meet safety and regulatory requirements in maintaining the water supply system. Refer to the above section for the problems and risks.</p> <p>The project supports Council public safety priority.</p> <p>Operations Department will lead the project and retain the appropriate resources to carryout the works. The following table provides a summary of the support and financial resources required:</p>
Cost /Benefit Analysis	<p>Camera Security Upgrade: 2022-\$15K + monthly fee thereafter. Resources: IT Dept.</p> <p>Piezometer Readout Unit: 2022 \$10K. Resources: Utilities</p> <p>Power Supply Upgrade Phase 1, Solar Power & Charging Station: 2022- \$15K. Resources: IT Dept.</p> <p>Power Supply Upgrade Phase 2, Generator Battery Replacement: 2024- \$10K. Resources: Fleet Dept.</p> <p>Power Supply Upgrade Phase 3, Generator Replacement 2026 \$30K. Resources: Fleet Dept.</p> <p>TOTAL \$80K</p>
Net Operating Budget	-
Net Capital Budget	40,000
Net Budget	40,000

Capital Budget Details

Object Code	Fund	Description	2022 Budget
<input type="checkbox"/> Expenditure			
<input type="checkbox"/> 9702 - Capital Equipment			
330 - Contracts	4 - AWS	Instrumentation & Security Renewal	40,000
Total 9702 - Capital Equipment			40,000
Total Expenditure			40,000
Total			40,000
Net Total			40,000