



REPORT

To: Chair and Directors

Report Number: ENV-BRD-039

From: Rural Budgets Administration Committee

Date: February 17, 2021

Subject: Function 702 Area B Potable Water Draft 2021 Budget

The following recommendations from the January 21, 2021 Rural Budgets Administration Committee meeting are being presented to the Regional Board for its consideration:

RECOMMENDATION #1: [Corporate Weighted]

That the Regional Board include the draft 2021 budget for Function 702 – Area B Potable Water in the 2021 Financial Plan.

BACKGROUND/RATIONALE:

The 2021 Budget Process and 2021 Budget Calendar were approved at the November 12, 2020 Board meeting. The 2021 budget is based on core expenses and presents any proposed non-core expenses as supplemental items, as required.

At its January 28, 2021 meeting the Regional Board resolved:

MOVED, SECONDED and CARRIED

That the Regional Board give pre-budget approval for \$600,000, as shown in the draft 2021 capital budget for Function 702 – Area B Potable water, to move forward with procurement for the Rose Prairie water station capital works and complete full-scale expansion of the site infrastructure.

Please click [here](#) to access the information provided to the Rural Budgets Administration Committee at its January 21, 2021 meeting, Item 9.36.

Overall Budget

The 2021 draft budget is currently at \$1,655,000 inclusive of both Capital and Operational activities. This is a decrease of \$710,048 or 30.05% from 2020, primarily due to a reduction in capital expense.

Rose Prairie water station has been undergoing a pilot study to investigate the feasibility of inserting granular activated carbon (GAC) filters into the treatment train. The pilot has shown excellent results in removing the sulphides from the water, thus stabilizing the treated water's turbidity. A construction permit has been obtained from Northern Health to add GAC into the system permanently. As soon as the well license and operating permit are received, the station will open utilizing the GAC trailer unit that is currently on site. However, there is an opportunity to initiate the construction designs and the construction RFP to get the full-scale system in place. Pre-budget approval is necessary to move forward with these actions before the end of Q1 2021. Please see the Financial Considerations for a detailed breakdown of the draft 2021 budget.

ALTERNATIVE OPTIONS:

1. That the Regional Board provide further direction.

STRATEGIC PLAN RELEVANCE:

- ☒ Organizational Effectiveness
 - ☒ Develop a Corporate Asset Management Program

FINANCIAL CONSIDERATION(S):

Draft 2021 Budget

Highlights of increases and decreases in the draft 2021 Area B Potable Water budget include:

Requisition for the entire function remains unchanged at \$1,025,000.

Operational Funding Sources:

- Requisition – decrease of \$71,839.
- Surplus – decrease of \$103,161.
- User fees – increase of \$20,000.

Net sum of overall decrease in operational revenue is \$155,000.

Operations:

- Wages and benefits and contingency – decrease of \$351,214.
- General operations – decrease of \$12,110.
- Allocations (Admin and Fleet) – decrease of \$46,274.
- Boundary Operations – increase of \$7,435.
- Buick Creek Operations – increase of \$6,726.
- Feye Spring Operations – decrease of \$10,091.
- Prespatou Operations – decrease of \$290.
- Rose Prairie Operations – increase of \$10,818.
- MFA Long-term interest – decrease of \$60,000.
- Transfer to Capital Reserve – increase of \$150,000.
- Transfer to Operating Reserve – increase of \$150,000.

Net sum of overall decrease in operational expenses is \$155,000.

Capital Funding Sources:

- PRA – decrease of \$418,352.
- Surplus – increase of \$441,465.
- Requisition – increase of \$71,839
- Long Term Borrowing – decrease of \$650,000.

The net sum of above increase is \$555,048.

Capital Expenditures:

- Capital Infrastructure – decrease of \$495,048.
- MFA Short-term interest – decrease of \$60,000.

The net sum of the above decreases is \$555,048.

Rose Prairie GAC

The estimated cost for moving the GAC pilot to full scale requires design, capital construction, expanded storage, and infrastructure. The estimated price is \$400,000. Capital has been budgeted at \$600,000 to include transition from pilot to full scale, pilot trailer rental, and contingency for design inflated construction costs and any additional capital infrastructure that may be required at any of the five potable water stations (Buick, Prespatou, Feye Spring, Boundary, and Rose Prairie).

Summary

1. There are currently no reserves for this function. To that end, transfers to capital and operating reserves of \$150,000 (each) are reflected in the 2021 draft budget to begin building these funds as part of asset management.
2. \$1,025,000 in requisition for Function 702 is broken up as follows:
 - a. 93% for 2021 Operations = \$953,161.
 - b. 7% for 2021 Capital = \$71, 839.

COMMUNICATIONS CONSIDERATION(S):

None.

OTHER CONSIDERATION(S):

None.

Attachments:

1. Function 702 Area B Potable Water Draft 2021 Budget and Tax Rate.