

QUALICUM BAY HORNE LAKE WATER DISTRICT <http://qbhlwater.ca>

January 2020 Trustee Update

Better Risk Management: A theme in 2019 and going Forward

Risk for QBHL Water and the ratepayers served comes in many forms. In 2019 it has been a topic of discussion as we look to potentially expand what risks we actively review and manage. No doubt for most people the most obvious risk we would face would be the risk associated with water quality. We are very fortunate to have both a great system operator who knows what to do and how to run effective operations and we have high quality source of water. Tests (mandated and documented with the province) consistently come up clean and we are fortunate that we do not require treatment at this time. The Board is doing its best to manage other risks in other ways; We have a robust wellhead protection plan in place to protect our entire community. We are working to better anticipate regulatory changes in order to try to act in advance when changes can be made at a lower cost (see manganese item listed below) and we are working to understand best practice to deal with potential legal risks. We have several old agreements that need updating. We also have some relationships with key stakeholders and some ratepayers in general that would benefit from better understanding. Every business benefits from having good communication with the community and QBHL Water is working on that.

Updated Computer Systems: Supported, Secure & Safe – Reduces Risk.

In early 2019 we updated our office computer system –both the computers themselves, the computer operating systems, and the financial systems they use from outdated and unsupported technology to current standards. This better ensures the safety of data by using latest security measures and ensures we have the ability to recover information should it ever be necessary. We knew we needed to invest in a number of system changes in 2019. The internal office infrastructure update came first so that our internal office foundation was solid. Now it is.

New Financial Systems: Modern Process & Technology, & Robust Cloud Backup- Reduces Risk

Our old business systems that used to track financials and prepare billings—several of them really- were no longer supported by the vendor, featured multiple points of manual entry, and relied upon overridden system calculations, followed by data re-entry from the first system into the next. Some parts of the system dated back to 2012 when system support stopped. That was a clunky process that presented unacceptable risk on many levels even though with time and effort it did work. Luck played a part in that. While not spending on those systems saved money in the moment it created longer term risk. We recognized that no business could take the risk that our old systems presented. The new system was selected after a robust evaluation looking at system features, cost and company reputation. It is provided by **Vadim Software** a leading developer of integrated financial and asset management software for Municipalities, Local Governments, and Utility Companies throughout Canada and the USA. Many communities and cities on Vancouver Island and the lower mainland are clients.

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The Vadim “iCity” software solution that we implemented in 2019 provides integrated financial and operational management software systems that increases our accuracy, efficiency and productivity. No more multiple entry, no more overrides to get the right result! The new more efficient system sets the course for better financial management and creates new options for ratepayers when it comes to making payments. Here in the office, the bookings are much more efficiently handled, and the associated highly secure ongoing Cloud back-up protects key information 24/7. **Watch for new more convenient payment options offered to ratepayers in 2020, now that we have the new system up and running.**

Financial Modeling with Econics “Waterworth” Will Help Communicate our Economic Position & Plan

How do you show someone or a group of folks what are our challenges and what we propose to do in a way that is relatively easy to follow, easy to debate and understand? How do you take our available financial information, engineering reports and recommendations and operational information to build a plan that shows where we are today and how to build a sustainable plan for the future?

For us, the decision was to find a broad based and accepted tool (not everyone wants an XL spreadsheet) and use it to help build a plan that showcases the current state and helps plan for the long term. We now have that with Waterworth. We will showcase the system at our next open house in spring 2020. The decision was to get a subscription to Waterworth <https://waterworth.net/>, from Econics <http://www.econics.com/> learn to use it and build a better plan for the future. Econics has been helping improvement districts and municipalities to more effectively manage their water systems. QBHL Water has always performed well from the standpoint of providing safe water. The delivery of a solid financial plan has at best been a challenge. We now have a way forward to make the business case better and that work is now well underway. In fall 2019 we prepared our first comprehensive review using this tool and it allowed us with confidence to determine and draft a fairly robust longer-term plan. We know that no single board is permitted (or supposed to) set a plan that limits the options of future boards however it is incumbent upon the current board to clearly build a plan that others can debate and refine over time. That is how you move forward. We plan to continue to refine our plan and put it to the test in spring 2020 with ratepayer input. -More to come as we work to build better understanding of what we face and how it can potentially be addressed.

Leveraging External Knowledge: Digging deeper into our 2019 McElhanney Engineering Report.

For many years QBHL Water has relied upon the Engineering firm McElhanney <https://www.mcelhanney.com/> to provide specialized project management and system assessments. There are engineering reports going back 15 years that outline system condition challenges and recommend actions. We are fortunate to have Don Buchner as system operator to keep us on track and safe day in and day out. We are now actively engaging with McElhanney to dig into what makes our system work (well), to help us understand the current risks and make a better plan well into the future. Important to note, before preparing the draft plan in Waterworth we needed to understand, and risk

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weigh our potential needs, timelines and costs knowing that we don't have much money to work with at present. Our fall 2019 discussions with our engineers which not only focused upon our system but pulled in their expertise on other area systems and general findings on aging infrastructure influenced our first draft go forward longer-term plan.

Near Term: Operating Rates remain Stable (no increase), but we need more Capital.

Our near term 2020 plans call for better treatment of Manganese at the wellhead and that will be an expensive and necessary capital investment. The treatment plant upgrade will not prevent an incident like we had this summer when Highway work damaged the main, but it will help greatly reduce the impact of seasonal demand that in recent years has been the cause for periodic manganese visibly "dirty water". No one likes it, and it appears the Province may be bringing in new rules to deal with it, so we have started to investigate that ahead of any rule changes. Once provincial rules change, we expect the manganese treatment systems (all custom made to specific water quality needs) will only become more expensive as overall demand increases for a potentially captive market of water providers.

Our Parcel Tax is collected as a key source of funding to help build the capital reserve we need to keep our system sustainable and reliable. While we will not be increasing our operating rates in 2020, we will be increasing the parcel tax by about 5% on average. See the table below:

Assessment Notices will be mailed out in February. These notices will tell you how your property has been classified per QBHLWD Assessment Bylaw No. 148.

- a. A tax of \$385.00 on all parcels of land classified into Group PT1.
- b. A tax of \$528.00 on all parcels of land classified into Group PT2.
- c. A tax of \$717.00 on all parcels of land classified into Group PT3.
- d. A tax of \$560.00 on all parcels of land classified into Group PT4.
- e. A tax of \$790.00 on all parcels of land classified into Group PT5.
- f. A tax of \$385.00 on all parcels of land classified into Group PT6.
- g. A tax of \$844.00 on all parcels of land classified into Group PT7.

For Single Family Homes (PT1) Parcel and water for the year is \$641.40 (without overages) or \$53.45/month.

The provincial government's 2006 Improvement District Governance, Policy Statement – states that if the district was to apply for infrastructure grants, the Improvement must dissolve and join the Regional District. Stuart McLean took this issue to the Association of Vancouver Island and Coastal Communities (AVICC) and the Union of BC Municipalities (UBCM) by way of a motion:

Whereas many improvement districts are wrestling with increased costs for replacing and improving water infrastructure, and in finding adequate sources of funding; And whereas the residents of improvement districts contribute tax monies to the provincial and federal governments:

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Therefore, be it resolved that UBCM work with the Province and Ministry of Municipal Affairs and Housing to change the Improvement District Governance Policy to allow citizens residing in improvement districts equal access to provincial and federal infrastructure grant monies.

The motion passed both the AVICC and the UBCM. The next step is to take it to the Provincial Government. *"We applaud Stuart for his forward thinking on this topic and hope this endeavour proves successful. We recognize that overcoming practices that excluded IDs from access to funding will not be easy. That said, it is important that we continue to manage as required but always try to have a shovel ready project that we can advance should the funding rules change."*

QUALICUM BAY - HORNE LAKE WATERWORKS DISTRICT 52nd ANNUAL GENERAL MEETING

The purpose of this meeting is to elect three *trustees for three-year terms ending in 2022.

To discuss works completed in 2019 and new developments for 2020.
Held at the Lighthouse Community Hall
240 Lions Way in Qualicum Bay on
Wednesday, April 15, 2020 at 7:00 p.m.

If you would like to be a trustee of the water district you **must** fill out a nomination form and submit it to the water office, no later than 21 days prior to the AGM. ***Nominations will no longer be accepted at the AGM**

Contact us:

Qualicum Bay Water District
234 Lions Way
Qualicum Beach, BC V9K 2E2
Phone: 250 757-8507 Fax: 778 424-8507
Office Hours 12:30 – 4:00 Monday- Thursday
Closed - Friday
Website: qbhlwater.ca
Facebook: Qualicum Bay Water District

*It is a commitment of time and effort that extends well beyond the monthly meetings. The expectation is that trustees be fully committed in the effort and to be present and contributing at the meetings.

If you have a specific issue you want addressed? Please contact the office and your concern can be added to the agenda of the next regular meeting.

The regular board meetings are open to the public, come to one of our monthly meetings and see how your water district works.

Upcoming Meeting 2020

January 15– 1:00pm Regular Monthly Meeting
February 19– 1:00pm Regular Board Meeting
March 18 - 1:00pm Regular Board Meeting
April 15 – 1:00pm Regular Board Meeting

April 15, 2020 – **AGM** – 7:00pm – Lighthouse Community Centre

Water Meters – It is up to each ratepayer to make sure the meter is accessible. Please keep shrubs cut back and do not have anything obstructing the meter. Access around and above the meter box is required for meter reading and maintenance.