

**DIAMOND IMPROVEMENT DISTRICT
MINUTES
ANNUAL GENERAL MEETING
Monday, April 24, 2017 - 7:00 p.m. - Diamond Hall**

Chairman Larry Williams called the meeting to Order at 7:03 p.m. and introduced head table.

Minutes of April 25, 2016

Moved: Dave King
Seconded: Bob Kitching

That the minutes of April 25, 2016 be adopted as read.

Carried

Chairman's Report: Larry Williams

On May 27, 2016 we had a leak on the control valve at Rocky Creek. Had Island Flow Control out to fix it. While they were into it they went into the PRV and checked it out. They said it was good for another 5-10 years. Shortly after that the control valve for the PRV broke up inside and did not regulate the pressure. During this work we found the manholes were 16 in. and should be 32 in. Madill office supply would like to expand but our water right of way goes through where they want to expand. We told them that we agree to them moving our water line and provide a new right of way at no cost to us if they increase our manhole size. We had a quote of \$10,000 to increase the size.

In June we got our own webpage.

We installed 4 services on lot 51 subdivision and one on Arroyo Road.

We had a major leak on the line that crosses under the logging road and a service line leak on Christie Road. We are now reading the master meters weekly to catch leaks earlier.

Had a fire hydrant damaged by a truck and are dealing with ICBC.

Had an engineers report done on our system to get a handle on where we stand. There will be some major decisions to be made over the next year on how to proceed. Elizabeth will go over it in new business.

We changed our inside and outside lights over to LED so we can keep light over outside door lit all the time. There are people gathering around here during the day and at night so we want to keep the area lit. We have talked to the police and they know about them and said when they talk to them they say they are using the WiFi so we are

turning the WiFi off when no one is at the hall.

We are getting quotes for a new front door to make it more secure.

Financial report: Stephanie Irvine

For 2016, Palmer Leslie chartered accountants completed our audit. Please turn to page 6 of the financial statements. I think this may be the best place to start because it would seem that we would all like to know how the money was spent.

In 2016 we had an overall loss of \$8,487.

This is an accounting loss only and not a cash loss, which means that it's only a loss for reporting purposes. If we take the amortization out of the picture, we actually show a small income of \$1,690. To me, this says we basically broke even.

As we look through the Statement of Revenues & Expenditures, I would like to bring a few items to your attention:

Parcel taxes:

In 2016, our parcel tax revenue increased by \$20,780.

Our Parcel Tax Revenue covers the yearly audit, insurance, the legal fees for when we negotiated the water contract with the Town of Ladysmith, and the remainder went to cover district operating costs not fully covered by the water tolls.

Water Tolls:

In 2016 we changed the Improvement District's billings to reflect user's actual water consumption. We based our estimates on past consumption but the final numbers for 2016 were much less than anticipated. There were two reasons for this. First, we did not start billing under the new system until after the first quarter of 2016 and secondly, many of us started to really conserve water in earnest which also created a revenue shortfall. We missed our budget expectation by almost \$50,000. Water tolls collected cover the cost of water bought from Ladysmith as well as the cost of administration, operation and all repairs and maintenance for our system.

You will notice a new expenditure on the statement this year called "water loss". This is the amount we pay to the Town of Ladysmith for water lost due to breaks or leaks which are not covered by user billings. In 2016 we had a large leak that that cost the district just over \$10,000.00. The Trustees decided that we need to track losses so that we are all aware of the impact this has to our budget.

As expected the cost of water from the Town rose by almost \$27,000 in 2016. The Diamond rates need to keep pace with increases for 2017 and will increase effective

immediately for this year, you will see this reflected on the next billing cycle

Administration costs:

I am pleased to report that even with all the extra work dedicated to negotiating the new water contract, our overall administration costs were down for 2016 by almost \$22,000 below budget.

We spent just over \$61,000 in 2015, compared to just over \$56,000 last year. Administration costs include wages, office supplies, and the annual honourarium for our trustees.

The District employs just two part-time employees. Debby Baker is our Administrator and I am your Financial Officer. We have one person who reads the meters every two months plus handles some casual work for the district. We also employ one water tester who ensures that we comply with the VIHA reporting for the water system. The Trustees no longer do any paid casual work for the District. Due to WCB coverage issues and the potential for conflict of interest, all repair and maintenance work is outsourced to third parties.

On page 13 is the Balance Sheet, also known as the Statement of Financial Position. This is a report on what we have in the bank, the value of our assets, amounts owed to the District and what the District owes others. Under cash, is our bank accounts held at Island Savings Credit Union, including the CEC and the Reserves accounts. We had two term deposits. One for \$4,500 which was held in trust for the new subdivision on Christie Road – this has now been refunded to the developer. The \$150,000.00 deposit is earning interest until we need to use it.

Accounts receivable covers amounts owed to the Diamond for water and includes amounts owed to us for GST and investment interest. Property Plant & Equipment are items that we own within the District. Under liabilities, there is “Deferred Income” which is the amounts in our restricted CEC and RR bank accounts.

The notes to the Financials also cover quite a bit of very useful information for the user, up and above what I just spoke about. Starting on page 8, the notes start with some general information about the District and the accounting methods used in the audit. On page 9, the CEC and RR funds are covered. Money going into the CEC comes from development within the District while money going into the RR comes from the District’s general account under advisement of an engineer’s report. Both accounts are restricted in what we can use the money for & there are some notes under items 3 & 4 outlining this. As we go further into the notes, the breakdown of the District’s assets are noted. Land, building, equipment & parking lot are noted under item 5 and then we move onto other items such as the budget, non-arm’s length transactions, a few other financial notes pertaining to cash and assets.

Overall, a pretty successful year given what the Trustees were up against.

This completes my reporting and overview of the financials.

Does anyone have any questions?

Financial report:

Moved: Douglas Johnson
Seconded: Bob Kitching

That the Financial Report be accepted as circulated.

Carried

Budget: Elizabeth Suttie

Elizabeth Suttie presented the budget and reviewed budget numbers for 2017

Budget:

Moved: Dave King
Seconded: Jane Hildebrecht

That the budget be approved as presented.

Carried

Nominations:

Joe McKinley was appointed as the Returning Officer.

Election: Two (2) trustee to 3 year term.

Bob Kitching – nominated by Elizabeth Suttie. Bob accepted the nomination.
Bill Williams – nominated by Dave King. Bill accepted the nomination.
Elizabeth Suttie – nominated by Bob Kitching. Elizabeth accepted the nomination.

After asking for further nominations, Bill Williams withdrew his name from ballot.

Nominations closed. Joe McKinley declared Bob Kitching and Elizabeth Suttie elected by acclimation.

One (1) Trustee – for 2 year term

Peter Burns – nominated by David Vernon. Peter accepted the nomination.
Bill Williams – nominated by Gord Hunter. Bill accepted the nomination.

Nominations were closed. Balloting on Trustees. Joe McKinley returned with counted

ballots and declared that Peter Burns had been elected as Trustee.

Moved: Dave Vernon
Seconded: Bob Kitching

That the ballots be destroyed.

Carried

The Trustees took a short break in order to choose a new Chair. The Trustees returned and advised that they have chosen Elizabeth Suttie as the new Chair.

Trustees' Honouraria:

Moved: Dave King
Seconded: Nick Meyer-Drees

That the Trustees be paid an Honouraria

Carried

Moved: Gord Hunter
Seconded: Nick Meyer-Drees

That the Trustees be paid \$50.00 per meeting attended.

Carried

Appointment of Auditors:

Moved: Dave King
Seconded: Gord Hunter

That the Diamond Improvement District retain the services of Palmer Leslie for 2017.

Carried

Rate for casual labour/labour rates:

Moved: Dave King
Seconded: Gord Hunter

That the rate for casual labour be set at \$25.00 for 2017.

Carried

New Business:

In 2016 the Trustees commissioned an engineering report from McElhanney and have just received a final copy. As expected there are elements of the DID system that do not meet the needs of the residents. The key points are:

- 1) Our system is primarily asbestos/concrete (4,704 m) which is technically at the end of life expectancy. Last year we had a break that cost the DID \$10K (3.6 million gallons) – this could potentially happen more often as the system ages.
- 2) Life expectancy of AC pipes can depend on their depth and surrounding materials – some of them could last many more years without issue. The Engineers recommended the District undertake a condition assessment of the 2,275 meters 150 mm AC pipe to prioritize areas that need replacement but a plan to replace all A/C piping over the next 30 years is required.
- 3) 33% of our system is 100 mm in diameter – 200 mm is the standard, however, 150 mm is ok if fire flows are met. All 100 mm mains must be replaced regardless of condition.
- 4) Fire protection is an issue, most critically in the highest elevations where pressure is already very low. The Diamond must also increase the number of fire hydrants, current standards require a hydrant every 150 meters. Other than Rocky Creek Road watermain, the Diamond's average hydrant spacing is 230 m. Also the “dead-end lines” need to be looped to improve fire flow, looping is recommended in the long term plan.

This is an important issue as we understand that insurance underwriters are now charging a premium for fire insurance in the district due to our inability to meet their standards. This could cost each of us anywhere from \$250-500 a year more to insure our properties. I am sure everyone would agree that putting that money into our system is better than handing it to an insurance company.

- 5) Individual pressure reducing valves are required in all areas with a residual pressure greater than 75 PSI. This applies to all areas of the District except Grouhel Road.

The recommendations break down as follows:

1. Project 1 – Water Network Flow Assessment & Modeling (1-5 years) \$15.05K
2. Project 2 – 100 mm Diameter Watermain Replacement (1-5 years) \$1.4577 M
3. Project 3 – 150 mm AC Condition Assessment (1-5 years) \$20.25K
4. Project 4 – Watermain Looping (6-30 years)
5. Project 5 – 150 mm Diameter AC Watermain Replacement (6-30 years)

5 Year Capital Plan

- 1) Water Network Flow Assessment & Modelling \$15,050K
- 2) 100 mm Diameter Watermain Replacement \$145.2K Grouhel Road - \$345.5K Christie Road, Pictou to Arroyo - \$442.7K Christie Road, East of Pictou Road - \$141K Harbourview and Inkster Road - \$383.3K Jones, Paton & Lipton Road
- 3) 150 mm AC Condition Assessment \$20,250

2017 \$180,500

2018 \$345,500

2019 \$442,700

2020 \$141,000

2021 \$383,300

Total \$1,493,000 (a value of \$1,510 per parcel, per year over 5 years)

We have \$212,000 in the bank and need to raise the remainder of \$1,281,000 Current Fixed interest rate for 10 years is 2.5% - this comes to 12,075.97 monthly or \$731.88 per parcel annually. This does not take into consideration CEC revenue from new builds in the District.

The 6-30 year plan projected cost is \$1.4253 million equal to \$287.94 per parcel based on our current 198 parcels. The engineers have recommended new properties be assessed with much higher fees to ensure they contribute appropriately to these improvements, we have already passed a bylaw to accomplish this. New builds are projected to provide 22% of the costs quoted. \$10,109.98 per home and \$7,617.33 per mobile unit.

2017 will be a year devoted to looking at moving forward initially using cash on hand and exploring options for financing as well as the possibility of applying for grants, if the BC Government changes the laws to allow Improvement Districts that ability.

I would just like to say in closing that WATER has become an issue everywhere we look these days. For example, Saltair is struggling with costs associated with the new VIHA requirements and it is a hot topic on the news as well. We are fortunate to have a good clean source but it has been a real challenge for the District to deal with unprecedented cost increases. No matter where we turn it appears someone has their hand out.

We would like to assure you that every one of us on the Board feels the same way you do. We all want:

1. Good water safely delivered to our homes;
2. A fire protected place to live with reasonable insurance costs;
3. And enough left in our pocket books at the end of the day to enjoy our rural lifestyle.

Unfortunately, there are not really many options other than persevering and looking for the most cost efficient way to address all of the issues we are facing. We are open to exploring all avenues but for example “joining Ladysmith” would at least double our property taxes. The CVRD could be an option but conversations with Saltair left me with the impression that CVRA is not a solution for us either.

We thought the focus for 2017 would be finding a new source for water so that we could leave the Town behind after this contract.

Although this is something we would love to do, the needs identified in the engineering report will likely take up most of our energy and resources this year.

Elizabeth Suttie thanked Larry Williams for all of his years of service.

Motion to adjourn:

Moved: Dave King
Seconded: Larry Williams

Carried

Elizabeth Suttie, Chairman

Debby Baker, Administrator