

**DEWDNEY AREA IMPROVEMENT DISTRICT**  
**Box 3005, Mission B.C. V2V 4J3**  
**Phone: 604-826-2713 (messages) Fax: 604-826-0578**  
**Email : [info@daid.ca](mailto:info@daid.ca) Website : [www.daid.ca](http://www.daid.ca)**  
**TRUSTEES BOARD MEETING**  
**Wednesday January 21, 2015 – 7.00 PM**  
**Hatzic Prairie Community Hall, 10845 Farms Road, Hatzic Prairie**

**MINUTES**

**In Attendance:**

Doug McNeill (Chair)  
Gus Derewenko  
Ernest Loewen  
Deb McKay (Vice Chair)  
Peter Schalkx  
Douglas Sinitsin  
Brett Vander Wyk

*SIGN PAGE 4*

Larry Wiens – project manager  
Peter Hanslo – administrator and finance officer  
Bruce Edwards – engineering consultant  
Ron Beck – dike manager

**Absent:**

Craig Brooks  
Steve Dimond (out of province)  
Darrell McDonald – assistant dike manager

**Ratepayers in attendance:**

6

**Call to Order:**

Chair 7.15 pm.

**Motion:**

To adopt January 21, 2015 meeting agenda.  
P.Schalkx/B. Vander Wyk. Vote: unanimous in favour. Motion passed.

**Motion:**

To adopt October 22, 2014 meeting minutes (tabled at November 26, 2014 board meeting – insufficient number board members present to meet quorum requirements).

E.Loewen/G.Derewenko. Vote: unanimous in favour. Motion passed.

**Sign:**

October 22, 2014 meeting minutes signed.

**Motion:** To adopt November 26, 2014 meeting minutes.  
D.Sinitsin/G. Derewenko. Vote: unanimous in favour. Motion passed.

**Sign:** November 26, 2014 meeting minutes signed.

## REPORTS

<b>Dike and pump station maintenance report:</b>	Ron Beck	Refer appendix 1.
<b>Project management report:</b>	L. Wiens	Refer appendix 2.
<b>Administration and finance report:</b>	P. Hanslo	Refer appendix 1.

## OLD BUSINESS

### Committee to review election procedures.

In an email dated September 2, 2014 trustee Steve Dimond wrote as follows: "While it is early, the Board may consider forming a **committee to review the election procedures**, for presentation to and confirmation by the electorate at the following Annual General Meeting in 2015." This matter was tabled at the October 22, 2014 and November 26, 2014 board meetings in the hope that trustee Dimond would have returned to B.C. in time for those meetings to join in the discussion.

**Motion:** To strike a committee to review district election procedures and to provide a report for presentation to district property owners at the upcoming annual general meeting in April 2015 or at a future district annual general meeting. Said committee should include a minimum of one trustee from each of the district's three zones namely, Dewdney, Hatzic Prairie and Hatzic Lake, with an option to add individual district property owners or trustees. D. McKay/E. Loewen. Vote: unanimous in favour. Motion passed.

It was agreed that the first such committee meeting will be held on Thursday February 5, 2015 – 6.30 pm at the Everglades Community Hall on Shook Road, Mission. Trustees attending this first meeting will be:

G. Derewenko	E. Loewen	D. McKay
D. McNeill	P. Schalkx	B. Vander Wyk

and that district property owners Elske von Hardenberg, Wayne Robertson and Mike Davies (Swans Point) also be invited to attend.

### **Dewdney Boat Launch Committee**

At the October 22, 2014 board meeting, trustees passed a motion to strike a Dewdney Boat Launch committee to provide recommendations for the board to consider regarding improvements to the boat launch and that those recommendations be presented before the DAID next annual general meeting in April 2015.

The board was informed that the Dewdney Boat Launch Committee had not yet conducted its first meeting without any substantive reasons being given.

**Motion:** To table this matter for the next district board meeting. D.McKay/B.Vander Wyk.  
Vote: unanimous in favour. Motion passed.

## **NEW BUSINESS**

### **Posting of minutes on DAID website**

Regarding the posting of meeting minutes on the DAID website, trustee Steve Dimond in a December 8, 2014 email suggested that the board consider "if (the minutes) should be approved minutes prior to public posting i.e.....lagging by one meeting, where they are approved." Mr. Dimond's added comments were that "(he) could foresee a situation where the unapproved minutes are modified significantly to be approved, yet the unapproved minutes are in widespread distribution."

**Motion:** To have all future district board meeting minutes first approved before being posted on the DAID website. S. Dimond/D.McKay/P. Schalkx. Vote: unanimous in favour. Motion passed.

### **District's 2015 Budget**

The attached district 2015 budget documents, in initial and revised form, were presented to the board by the administrator for discussion, and/or amendments and approval.

Note: The initial budget was revised following trustee Dimond's observations in his attached January 19, 2015 email. The administrator's point-by-point response to the matters raised by trustee Dimond in his email were conveyed to the board at this meeting and are attached for record purposes.

After lengthy deliberation, the board requested the following amendments be made to the revised budget:

- (1) that the "amortization" item be reduced to \$50,000 from \$111,004, and



- (2) that the "maintenance – pump station" item be increased from \$2,500 to \$60,292 by the transfer of \$61,004 from "amortization" and the absorption of the \$3,212 previous budget deficit.

Note: The "maintenance – pump station" budget item was increased to accommodate proposed works to be undertaken in 2015 referenced by project manager Larry Wiens in his attached report.

- (3) The above adjustments will result in a balanced 2015 budget with total operating expenses of \$380,000 and a 2015 district diking tax mill rate calculated at 1.78.

**Motion:** To approve amendments (1) and (2) to arrive at the results shown in (3). D.McKay/D.Sinitsin.  
Vote: unanimous in favour. Motion passed.

#### DAID 2015 annual general meeting

The board discussed the date of April 15, 2015 (since moved forward to April 7 or 8 because of venue availability) for the district 2015 annual general meeting and that the meeting be held at the Clarke Theatre in Mission.

**Motion:** To approve that the date of district's annual general meeting be held on April 15, 2015 at the Clarke Theatre in Mission. D.Sinitsin/G.Derewenko. Vote: unanimous in favour.  
Motion passed.

Board approval was requested to appoint an electoral officer and two polling clerks to preside over the district's 2015 annual general meeting and that last year's remuneration of \$25 hour for the electoral officer and \$20 hour for each of the polling clerks be repeated this year.

**Motion to approve:** E. Loewen/B. Vander Wyk. Vote: unanimous in favour. Motion passed.

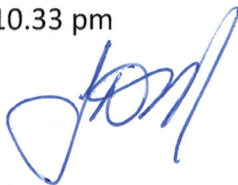
#### **Ratepayers' question period**

All questions raised by district property owners during the course of the evening's meeting, were responded to by DAID board members and staff.

#### **Set date, time and location of next board meeting.**

Next board meeting scheduled for Wednesday February 18, 2015 starting 7.00 pm held at the Hatzic Prairie Community Hall, 10845 Farms Road, Hatzic Prairie. B.C.

**Meeting adjourned:** 10.33 pm





## APPENDIX 1

### **Dike maintenance manager report: R. Beck**

- Regular daily visits to pumphouse for maintenance purposes;
- All pumps shut down December 26, 2014 and remain inoperative.
- On January 15, 2015 attended meeting with DAID dike management staff Larry Wiens, Bruce Edwards and Darrel McDonald to review operation of slide gates, flaps and pumps to hold Hatzic Lake and Hatzic Valley water levels below flood stage.
- Used services of Kevin Dekker for about a 15-hour clean-up of trees and brush on the dike along River Road between the Dewdney Bridge and Dennis McKamey's property.

**End of report.**

### **Administration and finance officer report: P. Hanslo**

- Thanks again to Brenda Koop for her volunteer work in distributing and placing DAID's meeting notices on community notice boards.
- Copies of DAID's unaudited year-end financial statements were circulated to all trustees on January 15, 2015.
- All DAID's 2014 year-end accounting books, records, statements and schedules were completed and delivered to the auditor Ann Harper CA on January 16, 2015.
- Completed work on the district's 2015 proposed budget which will be discussed as an agenda item this evening.
- Intake 2013 (Hatzic Slough Sediment Management project) update report for the month of December 2014 was sent in to EMBC on January 15, 2015.
- Continue to work on the collection of around \$35,000 outstanding diking taxes for the years 2013 and 2014.
- **Motion:** To take immediate legal steps through RDM Lawyers, Abbotsford for the collection of delinquent (2013) and arrears (2014) diking taxes. B. Vander Wyk/G. Derewenko  
**Vote:** unanimous in favour. Motion passed.
- **Motion:** To arrange with CIBC Mission branch to provide DAID with up to \$200,000 bridge financing to cover the period of time between when Intake 2013 (Hatzic Slough Sediment Management project) payments are made by DAID to project consultants and contractors, and the time delay (claims submitted quarterly) by EMBC in processing those claims and further to use the DAID \$205,441 term deposit as collateral. D. McKay/E. Loewen. Vote: unanimous in favour. Motion passed.

**End of report.**

## APPENDIX 2

### **Project manager report: L. Wiens**

- Attachments include:
  1. Project manager's report : January 21, 2015.
  2. Intake 2013 cost estimate: January 20, 2015.
  3. Pumping station upgrade – draft cost estimate: January 20. 2015.
  4. Cost-savings measures schedule.
- Mr. Wiens requested that his report and attachments be posted to DAID website.
- Chair requested that Mr. Wiens provide the board with time flow-chart for item 3.
- In response to a request Mr. Wiens said that he would provide the administrator with written approval from EMBC indicating that funds contractually designated for costs related to the Tier 3 Lower Lagace Creek Sediment Management Program, could be used for projects other than those designated under the March 29, 2011 funding agreement with EMBC.
- In answer to a question from the floor (Gary Fedyck) regarding old pumps repair requirements (west pump -grease discharge; east pump - vibration), engineering consultant Bruce Edwards replied that he will contact Corix's Albert Godin to move matters forward.
- On the matter of B.C. Hydro's July 2, 2014, September 2, 2014, October 28, 2014 and December 13, 2014 billings which had been forwarded to Mr. Edwards for scrutiny to ensure that DAID's actual pump stations energy consumption was reasonable in terms of the data shown on B.C. Hydro's billings, Mr. Edwards only said that he thought that there might be a discrepancy (the writer's word) of around \$10,000 in the amounts billed. DAID still awaits Mr. Edwards' full report on the four aforementioned billings to enable the administrator to pursue matters with B.C. Hydro, if necessary.



## Project Managers' Report; January 21, 2015

Prior to 2014 many floods occurred as the 1949 pumps had insufficient pumping capacity to drain the 82 square km. of watershed feeding the DAID protected area. The resulting cost of flood damage to property owners was born by property owners, insurance and the Provincial Emergency Program.

Thanks to funding assistance from the Province, the Federal Government, and 33% funding from DAID taxpayers, DAID completed its new pumping station on time and well under budget, built a beam to permit fully opening the flood box outflow flap gates, built new flood box slide gates for lake level control, and improved drainage in Hatzic Prairie to prevent flooding and increase agricultural production.

This extensive work prevented major flooding on two occasions in one of the wettest falls on record. The operation and maintenance cost of the new infrastructure to prevent flooding is now the responsibility of DAID taxpayers alone. Peter Hanslo, DAID's Administrative and Finance officer, will explain the cost increases in his financial report.

On Thursday January 15, 2015 DAID operations staff - Ron Beck, Darryl McDonald, Bruce Edwards and I - met to review operation of the slide gates, flaps and pumps to hold Hatzic lake and Hatzic Valley water levels below flood stage. We are pleased with the results, but we are developing a protocol that will give us even better results at a lower cost. Bruce has prepared the attached list of cost-saving measures and other items that need attention in 2015.

Staff also reviewed requirements for normal annual dike maintenance, which stays much the same as in previous years. Our maintenance manager Ron, with input from Darrell and Bruce, presented pumping station upgrade requirements, the first seven of which are required by next autumn:

1. Remove trees and brush from the dike from the Pumping Station to the Lougheed highway through Catherwood's properties,
2. Cut shrubs and trees between Dennis McKamie's farm and the Lougheed Highway Bridge.
3. Install No Parking signs in front of the dike gates,
4. Remove and repair the trash rack/s in the 1949 pump house,
5. Drain the sump in the 1949 pump station for detailed inspection and repair,
6. Fix the grease-throwing problem in Pump 4 - one of the 1949 pumps - after Corix rebuilt it
7. Replace corroded steel pump support columns as necessary,
8. Repair cracked concrete discharge structure and pipes,
9. Install a staff gauge to safely measure stage at the discharge from 0 and 2 mASL (Bruce designed it.),
10. Inspect and repair the flood boxes, which were last maintained ca 1984,
11. Inspect, test and repair the dike relief wells which were last maintained ca 1984,
12. Install Formed Suction Intakes for the 1949 pumps to run down to 1.8 mASL (now 2.4 mASL)
13. Improve the boat ramp at the new pumping station to make it useable, and
14. Complete the double log-boom trash deflector in the pump stations intake area.

Items 4 through 14 could constitute a Pumping Station Upgrade project, for which provincial and/or federal matching grants may be available to reduce the necessity for further tax increases. Bruce and I will explore this possibility.

I would again like to express my gratitude to the maintenance staff - Ron, Darrell and Bruce - during the fall months when many long hours were spent at our pumping stations to prevent flooding.

Peter's draft financial statements indicate a tax-revenue shortfall and lack of reserve funds that would make it overly expensive to utilize the full Intake 2013 matching grant of \$417,000 without a major tax increase. During the last two weeks, therefore, Bruce and I, along with Darryl Grandberg and Gary Letts have redesigned the Intake 2013 Hatzic Slough Sand Removal Station project. The total approved funding for this project is \$625,000, including DAID's \$208,000 share. The revised cost estimate is attached. This will bring the total project cost down to \$380,000 with DAID's share being only \$127,000. The permit application should be ready shortly so that construction can begin in March.

Larry Wiens  
DAID Project Manager

encl: Intake 2013 cost estimate, Cost-saving measures, & Pumping station upgrade costs



**INTAKE 2013 COST ESTIMATE INCLUDING PST:      Sand Removal Stations      CBE 20' 5 January 20**

**Lockblock stations B - L; 3-course to remove sand down to clay at 0 mASL (Station A is already complete)**

**TOTAL FUNDING AVAILABLE WITH 67% EMBC GRANT PLUS 33% DAID CONTRIBUTION      \$625,000**

**Project cost up to 2015 February 28**

Letts Environmental				\$50,000
LandTec geotechnical engineering				\$14,000
Down-Rite Drilling test hole & CPT				\$2,846
Wade land survey				\$7,327
Project management				\$33,000
Engineering consultant retainer				\$30,000
Engineering consultant special projects				\$10,000
Design data collection & analysis				\$12,000
Sediment analysis technician				\$2,000
Hoskin Scientific data loggers etc				\$5,000
Mission Contractors site clearance for land survey				<u>\$2,500</u>
<b>Total</b>				<b>\$171,672</b>

**Cost of substantial completion by 2015 May 31**

Access roads, site prep SRS A (Jhulley north); Completed				\$0
Access roads, site prep SRS B Vernerey; Completed				\$0
Access roads, site prep SRS C to F Rob't Dale; Completed				\$0
Access roads, site prep SRS G to L (Jhulley)				\$2,500
Lock blocks (18/SRS) FOB site	11	18	\$60	\$11,880
Geogrid 2 layer; 9x3 + 2.5*3+2.5x3	2	11	42	\$3    \$2,541
Backfill 3"- 120t & base gravel 14t		11	\$2,660	\$29,260
LockBlock installation: 3-course (2 days/SRS @ \$3500/day)		11	\$7,000	\$77,000
Letts Environmental (monitoring)		11	\$1,500	\$16,500
LandTec geotechnical engineering on site & as-built	11	5	\$130	\$7,150
Project management				\$2,000
Engineering consultant retainer				\$7,500
Project performance evaluation				<u>\$11,000</u>
Subtotal				\$173,331
Contingencies @ 20%				\$34,666
<b>Total cost of substantial completion by 2015 May 31</b>				<b><u>\$207,997</u></b>

**GRAND TOTAL cost of project      \$379,669**

**Cost to DAID of project completion      \$126,556**

## Dewdney Area Improvement District

### **COST-SAVING MEASURES**

#### **Strategy**

By following the suggested cost-saving measures below, the average hydro consumption and demand should be much lower than with the 1949 pumps for the same rainfall. Please see the table below.

To minimize hydro costs, pump operation should be minimized by using free drainage by gravity to the lowest stage possible in anticipation of flooding and well in advance.

Water should be removed from the lake at every economical opportunity except for the period between the freshet and after Labour Day when 2.4 mASL is to be maintained.

#### **Slide gate operation**

To provide adequate storage in the lake for flood prevention, it should be kept below a nominal 1.7 mASL (subject to revision) to minimize the cost of emergency pumping. Slide gates should therefore be lifted clear asap after Labour Day to allow the flood boxes to remove as much water as possible before autumn and winter rains begin. If, and only if, sunny weather is forecast for the two weeks after Labour Day, this could be delayed by a week, subject to immediately raising the slide gates if rain is forecast.

#### **Flap control**

The least expensive way to maximally drain the lake to prevent flooding is to fully open the flap gates whenever the Fraser is lower than the lake. This measure can increase discharge by up to 40% at low static head, and is almost equivalent to having a fifth flood box, without the million dollar cost.

As part of the Tier 2 project, a beam was installed to permit the flaps to be fully opened by hand, but the labour cost of manually raising and lowering the flaps between two and four times daily (often between midnight and 6 AM) and of predicting those times, would be prohibitive. An automatic winch system is therefore required. The estimated cost of \$9000 should be recoverable in one rainy year by reduced hydro costs.

**Pump operations** (Please see the table below for pumping cost comparisons.)

#### **Pumping cost comparison: 1949 vs 2014**

**CBE 2015 January 20**

Description	Siphoning	Not siphoning	1949
KW	160	240	380
CMS	3.4	2.7	4
KW/CMS	47	89	95
KW-seconds/CM	47	89	95
KWh/CM	0.013	0.025	0.026
KWh/million-CM	13,072	24,691	26,389
\$/million-CM	\$1,176	\$2,222	\$2,375
Lake area at 2 mASL; m <sup>2</sup>	3,231,787	3,231,787	3,231,787
*Lake depth change metres per million m <sup>3</sup>	0.31	0.31	0.31
*Lake depth change feet per million m <sup>3</sup>	1.0	1.0	1.0
* assuming no influx of water			

1. **Siphon** To reduce electricity consumption costs, I designed the pump discharges to siphon, and have designed and am building an automatic control system to switch off any pump which has stopped siphoning. This will save the expense of having a pump operator in attendance whenever a pump is running.
2. **Demand charge minimization**
  1. All running 2014 pumps should be siphoning before starting another pump.
  2. Where feasible, pumping should be stopped before the end of the monthly billing period.
  3. One pump should be run for a long time, as opposed to running several pumps for a short time.
3. **Storage of peak storm flows in Hatzic Lake**

Because the peak influx to the lake could be as high as 50 CMS (Cubic Metres per Second), while the maximum pumping capacity with all five pumps is 18 CMS, the lake should be kept below 1.7 mASL (subject to revision). If heavy rain occurs, the lake may have to be pumped down in advance. I have designed and am building automatic control systems to stop the pumps gradually if the intake drops below:

1. 1.0 mASL for the new 2014 pumps (subject to revision), and
2. 2.4 mASL for the 1949 pumps, until Formed Suction Intakes are installed to permit pumping down to approximately 1.8 mASL.

#### **Sand sales policy for consideration**

Selling the annual average sand deposit of 10,000 CM (Cubic Metres) in non-storm years could net \$20,000 pa. Storm years such as 2014 could yield \$100,000 - the same as the 2015 cost of hydro. A fair arrangement for land-owners seems to be giving them any sand that can't be sold, so that it won't be stored long-term at the SRSs (Sand Removal Stations).

Draft sand disposition priorities:

1. Sales to reimburse DAID for the cost of removal so that it doesn't raise taxes
2. Sales to provide revenue to DAID for removing sand from East Hatzic Lake
3. Sand remaining to be disposed of by participating land-owners at their expense for removal

C. Bruce Edwards M.A.Sc.  
Engineering Consultant  
Dewdney Area Improvement District  
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cbefire@telus.net



**PUMPING STATION UPGRADE: DRAFT COST GUESTIMATE**

DAID CBE 2015 January 20

<b>Intake</b>			<b>\$3,000</b>
* Complete the double log-boom trash deflector in the pump stations intake area.			\$2,000
* Improve the boat ramp at the new pumping station to make it useable			\$1,000
<b>1949 pumping station, flood boxes and dike</b>			<b>\$108,000</b>
* Limit switch with small differential to stop pumps below 2.4 mASL			\$500
* Mobile crane or permanent lifting beam for accessing trash racks and stop logs			\$5,000
* Remove and repair the trash rack/s in the 1949 pump house,			\$2,000
* Build stop logs to slide into trash rack slots			\$3,000
* Drain the sump in the 1949 pump station for detailed inspection and repair,			\$2,000
* Fix the grease-throwing problem in Pump 4 (1949) - after Corix rebuilt it			\$20,000
* Inspect & replace corroded steel pump support columns as necessary,			\$8,000
* Carefully inspect and repair sump concrete			\$5,000
Install Formed Suction Intakes for the 1949 pumps to run down to 1.8 mASL (now 2.4 mASL.)			\$40,000
Security floodlight tower on each end of lifting beam			\$2,000
* Install a staff gauge to safely measure stage at the discharge from 0 and 2 mASL (Bruce)			\$500
Repair cracked concrete discharge structure and pipes,			\$5,000
Inspect and repair the flood boxes, which were last maintained ca 1984,			\$10,000
Inspect, test and repair the dike relief wells which were last maintained ca 1984,			\$5,000
<b>2014 pumping station</b>			<b>\$24,300</b>
Automatic control to stop pumps if siphoning ceases			\$2,000
Upstream of dywidag anchors; Log boom with catwalk for boom & trash rack cleaning			\$20,000
Thermostat on S end of cabinets for baseboard heater			\$300
Security floodlight tower on each end of lifting beam			\$2,000
<b>Automatic flap gate control (remove winches before freshet)</b>			<b>\$8,500</b>
Winch	4	\$200	\$2,000
Extension cable	3	\$100	\$300
Contactors	4	\$50	\$200
Automatic control system			\$1,000
Programming			\$1,000
Mechanical installation			\$2,000
Electrical installation			\$1,500
Security floodlight tower on lifting beam			\$500
<b>Contingencies at 20%</b>			<b>\$28,760</b>
<b>GRAND TOTAL</b>			<b>\$172,560</b>
<b>* Required even if matching funds are unavailable</b>			<b>\$58,800</b>

# DEWDNEY AREA IMPROVEMENT DISTRICT

## 2015 BUDGET

### Revenue

#### Taxes

Diking taxes, penalties and interest revenue	\$	297,208
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#### Other Revenue

Federal/Provincial Intake 2013 grant funds	\$	166,667	
DAID			
Part-proceeds \$100,000 CIBC term deposit	\$50,000		
Intake 2013 claim #2 funds receivable	20,212		
2013-14 diking taxes receivable	<u>13,121</u>	<u>\$ 83,333</u>	<u>\$ 250,000</u>

#### Total Revenue

\$ 547,208

### Operating Expenditure

Advertising/announcements	\$	1,300
Amortization		50,000
Audit		6,300
Bank charges		1,000
Bank interest – longterm loan		26,000
Flood control		5,000
Flow measurement electronic guages		2,000
Insurance		25,000
Legal		5,000
Maintenance		
- pump station		2,500
- dike mowing		10,000
- weed control		500
- dike security		500
- small tools and equipment		200
- general		2,000
Meetings		3,500
Motor vehicle allowances		7,500
Office and general		3,500
Postage and courier		2,000

Contract salaries	— administration	31,200	
	- project management	13,008	
	- dike maintenance	18,000	
Storage		1,900	
Telecommunications		2,800	
Utilities		75,000	
WorkSafe premiums		<u>1,500</u>	\$ 297,208 (1)

**Capital Expenditure out of Other Revenue**

Intake 2013 – Hatzic Slough Sediment Management project \$ 250,000

**Total Expenditure** **\$ 547,208**

**Year surplus/(deficit)** **\$ Zero**

**NOTE**

- Item 1: Operations Expenditure

The 2015 total expenditures used for calculating the DAID's 2015 diking tax mill rate are \$297,208.



## DAID 2015 Budget Comments

DAID's 2015 proposed budget statement is attached for board discussion and approval or amendment(s).

DAID's infrastructure assets (at cost) increase from 2012 (\$13,948,728) to 2014 (\$17,829,932) was \$3,881,204 or 27.8%, due primarily to the construction of the new Hatzic pump station. Expected future **additional** related expenses to service this infrastructure increase are:

- insurance
- utilities (B.C. Hydro)
- maintenance
- salaries (pump station & dike management staff)
- telecommunications (pump station hook-up)
- amortization

Source revenue to meet current and additional expenditures is district diking taxes. A diking tax mill rate of 1.33 was levied in 2013 and remained unchanged through 2014. It is suggested that a 5% mill rate increase to 1.3912 in 2015 would not be unreasonable to argue since the effective average annual increase from 2013-2015 will be 1.66% per annum to service an infrastructure asset cost increase of 27.8% over the same time- period.

In order to sustain the current year suggested 1.3912 mill rate, the proposed 2015 budget reflects amortization modified to \$50,000 and utilities expenses (B C Hydro) shown as \$75,000. For information purposes, "amortization" is defined as the equal distribution of expensing the acquisition cost of an asset over its estimated useful life to reflect its decline in value as a result of use or life expectancy. This financial statement expense item may therefore be viewed as a means to accumulate reserve funds, which, although not mandated, may be prudent in view of recent past experience namely the von Einsiedel voting rights court action (cost to DAID 2012-2014: \$48,594) and the necessary but unforeseen and non-budgeted additional B.C. Hydro billing for \$51,184 paid in December 2014. Referencing the \$75,000 budgeted for utilities expenses in 2015, operations manager, Larry Wiens, informs me that he and Bruce Edwards are currently working towards refining DAID's new pump station operations with the focus on utilities cost reduction below the total \$97,173 expended in 2014.

### Mill rate calculation

Formula:	<u>district annual budget</u>				
	district total current year property assessed values	x	1000		
	(provided by B C Assessment Authority annually)				
DAID's 2015	<u>\$297,208 (2015)</u>				
mill rate	\$213,633,401 (2015)	x	1000	=	1.3912
calculation					or
					\$1.3912 tax per \$1000
					property assessed value

## Notes

To assist in meeting the district's 2015 budget expectations the following is recommended for board consideration:

- (1) Delinquent (2013) and arrears (2014) diking taxes at December 31, 2014 totalled \$12,478 (11 property owners). Board approval is requested (a motion) to take immediate legal steps (RDM Lawyers – Abbotsford) for collection.
- (2) Project manager, Larry Wiens, informs me that he will report to the board on his recent discussion(s) with EMBC to have the Hatzic Slough Sediment Management project cost (EMBC Intake 2013) reduced from the original \$625,000 to a total of \$350,000 of which \$98,055 was spent in 2014. DAID's one-third share of the remaining \$250,000 budgeted for 2015, is \$83,333 to be financed as follows:  
 \$50,000 from the \$100,000 CIBC term deposit (refer balance sheet)  
 \$20,212 from Intake 2013 claim #2 submitted to EMBC December 15, 2014 – not yet reimbursed  
\$13,121 from 2013-2014 delinquent and arrears tax revenue  
\$83,333 total
- (3) Board approval is requested (a motion) to approach CIBC Mission branch to arrange for Intake 2013 bridging finance of up to \$200,000 to cover the period between the time when payments are made by DAID to project consultants and contractors and the time delay by EMBC in processing DAID Intake 2013 claims for reimbursement. Approval is also required to use DAID's \$205,441 term deposit (refer balance sheet) as bridging finance collateral.
- (4) The board respectfully request Mr. Bruce Edwards to deposit all cheque payments made to him by DAID within 10 days of receipt of payment. Past delays in depositing such cheques resulted in DAID's Intake 2013 claim #1 submitted on September 15, 2014 being delayed by 3 months – paid out on December 10, 2014.



Shaw Webmail 2.0

peterhanslo@shaw.ca

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**Re: DAID 2015 proposed budget and comments**

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**From :** Steve Dimond <steve@dimond.ca>

Mon, Jan 19, 2015 06:13 PM

**Subject :** Re: DAID 2015 proposed budget and comments**To :** Peter Hanslo <peterhanslo@shaw.ca>**Cc :** Douglas McNeill <islandtroll@hotmail.com>, Craig Brooks <craigthecolorpro@hotmail.com>, Gus Derewenko <gus.d@shaw.ca>, Ernie Loewen <ernie@loewenwelding.com>, Deb McKay <debmckay@telus.net>, Peter Schalkx <truenorthmech@gmail.com>, Doug Sinitisin <dfsinitisin@telus.net>, Bernice Vander Wyk <dewdawgs797@gmail.com>, Larry Wiens <lwiens10@telus.net>, Bruce C. Edwards <cbefire@telus.net>

Hi Peter

Thanks for your efforts on this.

I have a few comments for Board consideration ... (surprise !)

1. The budgets combine normal operating and project/event costs which causes minor confusion. I was wondering how much work would be involved in separating what it takes to run the District from the major project or capital works ?

2. Peter's discussion of the Mill Rate suggests an increase to a particular percentage. In my view, the mill rate falls out of the approved budget divided by the lands valuation for the District to arrive at \$Tax/\$1000value. In other words, there is no discussion on what the Mill rate is, but rather what went into the budget. Peter has set this out in the Comments with the derived value of \$1.3912 per \$1kvalue

3. In discussing what the budget should be, there need be an itemization of what the reserves are for the District .... i.e. where the \$50,000 is coming from the CIBC term deposit .... what is that deposit really ? Is it the "Capital Replacement Fund" (or whatever it may be called) ... and what is the value of all savings for the District ? A Balance sheet with deposits and savings would be helpful to determine what monies are available and accessible ... and thereafter discussion takes place on "do we use that ?."

I dont understand the Balance sheet item termed "Capital Assets Reserve Fund" of \$17MM ... to me, a fund is \$\$\$ in place saved towards works to be completed or capital to be replaced. I have not seen assets labelled as a "fund" ... but then again, accounting is not my forté.

In looking at the balance sheet, other than the current projects underway, is there any money held by DAID for extraneous capital works or unexpected replacement / maintenance ? I do not see any.

Regarding the "amortization" which in most cases is a non-cash item, I note an amount of \$105k for 2014. How was that calculated ?

Also, I note there is a \$99,987 shortfall with the 2014 budget. (reference spreadsheets of Jan. 15, 2015 email) Has the Board determined where from or how that is to be paid ?

4. I believe the treatment of amortization is essentially what is often called "Capital Replacement Fund", among other names. The Balance sheet would show the value of that fund.

5. In my view, without extenuating circumstances or capital costs, the operating budget should be paid in full by taxation.



To that extent, is the inclusion of the \$50,000 from a fund we have, or from funds provided by others ? (Feds, province, etc)

I would suggest that we are now in a position to better avoid and deal with high water and flooding, but that comes at a cost ... both capital and operating. If the annual costs are high and will likely be in future years - we are running more pumps and are consuming far more energy - then that should be paid for by the taxpayers. I understand the old pumphouse is in bad shape, and may well require funds in the near future. Are we draining savings accounts to lessen higher energy costs that may well be here to stay ? We have had a high rain autumn period and that has costs. Unfortunately, being away has put me at a disadvantage in terms of understanding where all the costs are ... :-)

For discussion at the board .... I believe we should not try to reduce costs unrealistically (amortization and energy) in order to soften any increase to the taxes. that may not be the case here, but I use the "IT IS WHAT IT IS" philosophy ... as they say, and must be paid. Now, this has been a big year for rain and pumping, so the costs may be higher than normal ... i.e. less in 2015.

I see that the \$50k amount is what was earlier earmarked for the Hatzic Slough efforts.

6. When assessing future budgets, knowing where we are with existing budgets is crucial.... We are over on the 2014 budget by \$100k ... Should this not be accounted for in the 2015 budget ? Budget overages need to be collected in the next years budget or have savings depleted. i.e. "non-budgeted additional B.C. Hydro billing for \$51,184" ... where is that paid from ? Again, unfortunately, it must come from taxpayers ultimately and added to the next budget. I don't believe we should reduce taxes by reducing capital replacement funds ...

7. The \$50k spent for the Con Einsiedel effort .... where did those funds come from ? are we reducing a savings account or capital fund to pay that ? Unfortunately, this falls in the "IT IS WHAT IT IS" category as well. It is clearly unfortunate that taxpayers have that expense ... but it is real and must be paid from tax collections and added to the budget collections.

I may well be misinterpreting some of the costs, as operating are mixed with project and capital works, .... but the reality is we may really be in a position that the budget should be \$400k ... not \$297k... ??

Regarding collecting past due amounts, I am totally in favour of taking immediate steps. I assume that we have already sent letters outlining the process of a tax sale to those in that category.

Regarding cheque payments and lagging in cashing, I would suggest DAID look at electronic transfer. DAID should be able to do ETransfers or EMAIL Interac, which would result in immediate delivery and debits. That may solve the problem with timing. I would encourage DAID to explore electronic payments wherever possible to save a small amount of funds and to speed up delivery. Many consultants and others can handle INTERAC by email ...

Good luck in the meeting.

Apologies for any holes in the logic ... I stand to be corrected on any information above.

Thanks kindly,

Cheers  
sd

On Jan 19, 2015, at 7:52 PM, PETER HANSLO <[peterhanslo@shaw.ca](mailto:peterhanslo@shaw.ca)> wrote:

Trustees, staff

Attached DAID 2015 proposed budget and comments for discussion at Wednesday January 21, 2014 board meeting.

Peter<Budget 2015.docx> <Budget Comments.docx>

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**DAID administrator's response to trustee Dimond's January 19, 2014 email comments**

1. DAID proposed 2015 budget split as suggested and presented as such to trustees at January 21, 2015 board meeting.
2. DAID 2015 tax mill rate revised to 1.7937 based on 2015 revised budget presented to trustees at January 21, 2015 board meeting.
3. Reserves are itemized in DAID's financial statements (including balance sheet) provided on a monthly basis to all trustees. Auditor's detailed notations on these reserves are provided in the annual audited financial statements (2013: page 7 notes 3 & 4).

The "\$50,000 .... coming from the CIBC term deposit" are proceeds from a 2013 GST refund received in 2014. That item is shown as \$100,000 at year ended 2014, but \$50,000 was used to pay the October-December 2014 B. C Hydro bill in January 2015, and \$50,000 is earmarked for part of DAID's one-third share towards completion of the Intake 2013 (Hatzic Slough Silt Management) project.

The balance sheet item termed by the auditors "Capital Assets Reserve Fund" of \$17,007,157 represents cost less amortization of non-financial assets as reflected in DAID's 2013 financial statements and detailed under note 7 on page 9 of the auditor's notes.

In response to the question whether there is any money held by DAID for extraneous capital works or unexpected replacement/maintenance, the 2014 unaudited financial statements and the proposed 2015 budget statement indicate that there are no monies being held presently or receivable in 2015 for extraneous capital works or unexpected replacement/maintenance.

"Amortization" is based on auditor's straight-line calculation (auditor's schedule attached) on DAID's non-financial assets (refer 2013 financial statements page 9 note 7).

The \$99,987 shortfall in DAID's January 1, 2014 – December 31, 2014 income statement includes the non-cash item of \$105,594 amortization.

4. Note 7 page 9 in DAID's audited 2013 financial statements provides a breakdown of cost separated from accumulated depreciation.
5. Reference administrator's comments under item 2 above. Proposed revised 2015 budget addresses this issue.



6. The "non-budgeted additional B C Hydro billing for \$51,184" was paid for from the \$100,000 GST refund monies held in the CIBC \$100,000 term deposit (refer comments under item 2 above). This billing was for October 2014-December 2014 hydro expenses and thus, although paid in 2015, was accrued back to 2014 in terms of standard accounting practice.
7. \$31,741 of the von Einsiedel legal expenses incurred in 2012 (started July 2012) were of course not included in the 2012 budget for obvious reasons – litigation started mid-2012 and was thus unexpected and therefore non-budgeted. Legal expenses were budgeted for in 2013 (\$8,960) in 2014 (\$7,893).

Final paragraph: "Regarding cheque payments and lagging in cashing". In my experience as administrator for the district over the last 5 years, and during that time having issued a vast number of cheques on behalf of the district, only one isolated individual has repeatedly delayed in depositing cheque payments. I can therefore see no good reason for a payment system-change based on that past-experience.

# DEWDNEY AREA IMPROVEMENT DISTRICT

## PROPOSED 2015 OPERATING BUDGET – FIRST REVISION

### Revenue

#### Taxes

Diking taxes, penalties and interest revenue

\$ 380,000

#### Total Revenue

\$ 380,000

### Operating Expenditure

Advertising/announcements	\$ 1,300	
Amortization	111,004	(note 3)
Audit	6,300	
Bank charges	1,000	
Bank interest – longterm loan	26,000	
Flood control	5,000	
Flow measurement electronic guages	2,000	
Insurance	25,000	(note 4)
Legal	5,000	
Maintenance - pump station	2,500	
- dike mowing	10,000	
- weed control	500	
- dike security	500	
- small tools and equipment	200	
- general	2,000	
Meetings	3,500	
Motor vehicle allowances	7,500	
Office and general	3,500	
Postage and courier	2,000	
Contract salaries - administration	31,200	
- project management	13,008	
- dike maintenance	18,000	
Storage	1,900	
Telecommunications	2,800	
Utilities	100,000	(note 5)
WorkSafe premiums	1,500	
<b>Total Expenditure</b>		<u>\$ 383,212</u> (note 1)
<b>Year surplus/(deficit)</b>		<u><b>\$(\$3,212)</b></u>

## NOTES

- **Note 1: Operations expenditure**

The 2015 total expenditures used for calculating the DAID's 2015 diking tax mill rate are \$383,212.

- **Note 2: Mill rate calculation**

Formula:

$$\frac{\text{district annual budget}}{\text{district total current year property assessed values} \times 1000} \quad \text{(provided by B C Assessment Authority annually)}$$

<u>DAID's 2015</u>	<u>\$383,212 (2015)</u>			
<u>mill rate</u>	<u>\$213,633,401 (2015)</u>	x	1000	= 1.7937
<u>calculation</u>				or
				\$1.7937 tax
				per \$1000 property assessed value

**Note:** The above 2015 mill rate calculation of 1.7937 represents a 34.86% mill rate increase over 2014 (1.3300) which will translate into a similar percentage increase in most property owners diking taxes.

- **Note 3: Amortization**

Amortization is based on the auditor's straight-line calculation ( auditor's schedule) on DAID's \$17,000,557 non-financial assets (refer 2013 financial statements)

- **Note 4: Insurance**

Buildings and equipment insurance cover was increased from \$822,500 in 2013 to \$3,147,500 in 2014 due to the construction of the new Hatzic pump station resulting in a premium increase of \$17,101 in 2014.

- **Note 5: Utilities**

2015 expenditures are based on 2014 actual expenses (\$97,173) with an adjustment for rate increases.



**DEWDNEY AREA IMPROVEMENT DISTRICT**  
**PROPOSED 2015 OPERATING BUDGET – FINAL REVISION**

**Revenue**

Taxes

Diking taxes, penalties and interest revenue

\$ 380,000

**Total Revenue**

**\$ 380,000**

**Operating Expenditure**

Advertising/announcements

\$ 1,300

Amortization

50,000(note 3)

Audit

6,300

Bank charges

1,000

Bank interest – longterm loan

26,000

Flood control

5,000

Flow measurement electronic guages

2,000

Insurance

25,000(note 4)

Legal

5,000

Maintenance - pump station

60,292(note 5)

- dike mowing

10,000

- weed control

500

- dike security

500

- small tools and equipment

200

- general

2,000

Meetings

3,500

Motor vehicle allowances

7,500

Office and general

3,500

Postage and courier

2,000

Contract salaries – administration

31,200

- project management

13,008

- dike maintenance

18,000

Storage

1,900

Telecommunications

2,800

Utilities

100,000(note 6)

WorkSafe premiums

1,500

\$ 380,000(note 1)

**Total Expenditure**

**\$ 380,000**

**Year surplus/(deficit)**

**\$ Zero**

## NOTES

- **Note 1: Operations expenditures**

The 2015 total expenditures used for calculating the DAID's 2015 diking tax mill rate are \$380,000.

- **Note 2: DAID 2015 mill rate calculation**

Formula:

$$\frac{\text{district annual budget}}{\text{district total current year property assessed values (provided by B C Assessment Authority annually)}} \times 1000$$
  
$$\frac{\text{DAID's 2015 mill rate calculation}}{\$380,000 (2015)} \times 1000 = 1.7787$$

or  
\$1.7787 tax  
per \$1000 assessed property value

- **Note 3: Amortization**

The financial statements amortization expense item is based on the total of DAID's tangible capital assets being amortized over their estimated useful lives on a straight-line basis.

- **Note 4: Insurance**

Buildings and equipment insurance cover was increased from \$822,500 in 2013 to \$3,147,500 in 2014 due to the addition of the new Hatzic pump station which resulted in a premium increase of \$17,101 in 2014.

- **Note 5: Maintenance – pump station**

DAID's flood control infrastructure assets (at cost) increased from \$13,948,728 in 2012 to \$17,829,932 in 2014 – an increase of 27.8% primarily due to the construction of the new Hatzic pump station on which work was completed in March 2014. Current and future expected additional related expenses necessary to service DAID's flood control infrastructure are:

1. maintenance
2. utilities (B C Hydro)
3. insurance
4. salaries (pump station and dike management staff)
5. telecommunications (pump station hook up)
6. amortization

As mentioned by DAID project manager Mr. Larry Wiens in his January 21, 2015 report (paragraph 3): "This extensive work prevented major flooding on two occasions in one of the wettest falls on record. The operation and maintenance cost of the new infrastructure to prevent flooding is now the responsibility of the DAID taxpayers alone." Source revenue to meet current and future years' additional expenditures is district diking taxes and district diking taxes only.

- **Note 6: Utilities** 2015 budgeted expenditures are based on actual expenses of \$97,173 in 2014 with an adjustment for marginal rate increases expected in 2015.