

# MINUTES

## BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

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**Meeting** 40th Annual General Meeting  
**Date** **Thursday, March 30, 2017**  
**Place** Kerry Park Recreation Centre - Social Lounge

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**Present:** Robin Brett, Chair; Francis Hugo, Vice-Chair; Charles Davidson, Treasurer; Gerry Giles, Trustee; David McLachlan, Trustee; Alan Seal, Operator; Karen Bereczki, Administrator; George Morine, Auditor.

**Call to Order** 7:35 p.m.

### INTRODUCTION

Chair Robin Brett called the meeting to order, introduced the head table and welcomed fifteen residents of the District.

Chair Brett advised that the meeting was called for the following purposes:

- (a) To receive from the Trustees a report on the conditions of the works and a statement of the financial condition of the Improvement District;
- (b) To discuss with the Trustees any matter relating to the works or finances of the Improvement District;
- (c) To fix the honorarium of the Trustees for the ensuing year;
- (d) To elect one Trustee to serve for a three-year term.

### ADOPTION OF MINUTES

Minutes of the March 24, 2016, Annual General Meeting were distributed to the residents in attendance.

**Moved:** Katrina Grounds  
**Second:** Sanja Hugo

**Carried:** **That the March 24, 2016 Annual General Meeting minutes be accepted as circulated.**

### AUDITOR REPORT *George A. Morine, CA, CPA*

George Morine, CA, CPA, of Anton, Bryson & Schindler Chartered Accountants LLP, was introduced as the District's auditor. Mr. Morine referred to the audited financial statements as circulated, and briefly reviewed the schedules contained therein.

We have audited the consolidated statement of financial position of BEID as at December 31, 2016, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended. These consolidated financial statements are the

responsibility of the District's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Moved: Katrina Grounds

Second: Roberta Burns

**Carried: That the audited financial statements for the year ended December 31, 2016 be accepted as presented.**

The Chair thanked Mr. Morine for presenting the Auditor's Report, and excused him from the balance of the meeting

## **TRUSTEES' REPORT** *Robin Brett, Chair*

Braithwaite Estates Improvement District is a local government body responsible for water services to this community. It was brought into existence by the Province in a document known as Letters Patent. The Letters Patent are important. They outline the district boundaries and the services it will provide to the residents, and the powers that can be exercised by the elected board of trustees. These powers include the ability to enact and enforce regulations and charges, to assess and collect taxes, to acquire, hold and dispose of lands, to borrow money and expropriate lands required to carry out its functions.

Improvement Districts are similar in structure to a municipality but are more informal and usually only provide one services such as water, fire protection or street lighting. Trustees are allowed to consider only water related issues. If we consider other issues when making policies, we will be told rather quickly that those issues are the responsibility of other government departments and not ours.

When I say that Improvement Districts are like Municipalities, we are in fact governed by the same Local Government Act as Municipalities and Regional Districts. We don't get to do whatever we want. We are supervised by the Ministry of Community Services. Bylaws are overseen by the Ministry and are registered with the Inspector of Municipalities. In addition, each year the Ministry requires that we file an annual report, submit the audited financial statements, the minutes of the AGM and a budget for each of the funds for the upcoming year.

In your financial statement, you will see each of these funds laid out. When consolidated, it appears that the district has ample funds, however it must be noted that we are not allowed to borrow from one fund to prop up deficits in another.

## Operating Fund

We are allowed to have moderate surpluses but we are not allowed to budget for profit, so in the Operating Fund we basically set rates to cover the expenses. Trustees pay close attention to the budget and we are lucky to have Karen who has years of experience and history with the district to draw on when she prepares the budget. Consider the \$37,356 surplus in the Operating Fund at the end of 2016. That operating surplus has been accumulated over the 41 years that the district has been in operation – that is an average of \$911.12 surplus each year. That is how carefully we budget and how close we come to our budget each year.

Many of you have probably noticed that your hydro bills have gone up. Ours too. In fact, all our costs have gone up. There are also new costs to pay because the Province of BC has now taken control of water rights. Every water purveyor or individual landowner that irrigates, now must register their wells and pay a rate for pumping water. Improvement Districts are now being charged \$2.25 per 1000 cubic meters that are pumped into the system, and that cost will be passed along to users. We have also had an enormous cost in hours to go through the whole process of registering each well and establishing that we have had continuous use of them, in order to establish our wells in date order with other community wells. The new provincial rules state “first in time first in line” and simply put, if there are water shortages those with wells showing continuous use with the earliest dates; are first in line for water rights. So, Karen had a lot of research into archived files pulling out old Master Plans and engineering reports, archived receivables and payables to show continuous use and scanning them all and then going onto the new government site to register our wells with all the original well data and then downloading all the reports that she pulled out and scanned. A herculean effort on Karen’s part and hundreds of hours of work to make sure we are “first in line”.

We have been holding the line on rate increases and absorbing the losses in the Operating Budget for several years. Last year the amount absorbed out of retained earnings was \$19,748.52. Costs are rising much faster than our rates and we can no longer absorb the difference without depleting retained earnings completely, so this year there will be increases in tolls. Currently we are paying less than \$1 per day for water for washing, drinking, cooking and cleaning. The increase will probably amount to paying \$1.25 per day for your water. Even with the increase and keeping very tight control on costs, at this point, the 2017 draft operating budget shows a surplus of only \$171.73.

We absolutely must meet our budgets. Years ago, Improvement Districts could rely on provincially sponsored loans – called Debentures - to do major replacements and repairs. Those debentures are no longer available. We are on our own and neither the province or regional district is coming to rescue us financially. If we fail to meet our budgets, we will be forced to turn to the CVRD and that means increased costs and mandatory chlorination and water restrictions, something we want to avoid.

## Renewal and Reserve Fund

About seven years ago, it was mandated by the province that improvement districts establish savings to pay for replacement of infrastructure once the life of that infrastructure is at its end. We were very fortunate that one of our trustees started this fund long before it was mandated by the province. This has allowed our district to accumulate more in our Renewal and Reserve Fund than other districts have managed to do, who started later. Starting earlier also allowed us to boost our savings with more interest, because we started at a time when interest rates were much higher than they are now.

The monthly figure we are supposed to contribute to this fund come from specific calculations – very simply it's the total of the replacement costs of the assets when their life is over, divided by the number of remaining years to reach that age, and then broken down into a yearly and finally a monthly figure. Unfortunately, some years the money comes out much faster than it goes in including 2016 when \$57,080 was contributed to the renewal and reserve fund, and \$136,757 was spent.

We continue to pay into this fund and we also continue to use it for major repairs. We know that our system is aging and as it does, we will continue to draw more and more on this Renewal and Reserve Fund for its intended purpose - to do our major repairs.

## Projects completed in 2016

- 1) \$54,294 - replaced 16-year-old, end-of-life, water tower check valve, and installed the new check valve within an accessible vault chamber for servicing purposes (Renewal Reserve Funds)
- 2) \$63,083 - replaced thirty-seven-year-old, end-of-life, Well No. 3 pumphouse building (Renewal Reserve Funds)
- 3) \$19,380 - replaced hydrant No. 2 and hydrant No. 8 (Renewal Reserve Fund)
- 4) \$32,869 - installed backup emergency power (generator) at Well No. 3 (CEC Funds)
- 5) \$19,112 - extended the Braithwaite Drive water line 80 meters (CEC Funds)
- 6) \$ 1,200 - completed tree maintenance work at Tower Site
- 7) \$ 450 - purchased fall protection gear (OHS)
- 8) \$ 1,550 - purchased magnetic locator tool
- 9) \$ 700 - Installed security cameras with monitor and surge protector at Tower Site

Generally, it is taxes that provide the money for the renewal and reserve fund. The reason for this is because when we bill taxes we bill everyone, including the bare land owners. We can't bill bare land owners for water because they don't use water. If we didn't bill taxes, there would be no way to get bare land people to pay into the district upkeep at all. We feel that it is important that bare land people do pay into the district because when they eventually want to access district water, they want a district that is up to date in its repairs, not falling apart. By taxing, the district gets the bare land people to contribute a share towards this upkeep.

Our budget shows we need to put \$57,080 into Renewal and Reserve this year. Taxes currently bring in \$43,200. Because we are not meeting the budgeted amount through tax revenue, taxes will also need to be increased.

## CEC Funds

These funds come from developers and are restricted by the provincial government to use for only items that increase the water capacity of the district – basically for new wells or new water towers. These funds cannot be used for any other purpose like repairs or replacing assets we already own. Unfortunately, we cannot borrow from one fund to augment another.

## The Aquifer

Many people picture an aquifer as an underground river, and indeed if you Google aquifers they look like that in drawings. In fact, our aquifer is more like a giant sponge filled with sand and gravel, with water slowly moving through it. I would now turn to Vice Chair Francis Hugo to speak about aquifers, aquifer levels and conservation, in light of many other areas of the South Cowichan being on extreme water restrictions

## Groundwater Levels

Vice-Chair Francis Hugo referenced meeting handout page 24 - Groundwater Level Chart. He explained that the chart sets out groundwater levels based on 10-year historical data taken from the BEID observation well #320. The chart demonstrates that the groundwater levels in Aquifer 197 are currently at equivalent levels to that of ten years ago. The aquifer is healthy and plentiful and seasonal water restrictions are not contemplated at this time. Groundwater capacity is sufficient to meet the needs of residents wishing to maintain green lawns, flower beds and gardens. Rate structures are set on a scale of “the more you use, the more you pay”. On a positive note, seasonal consumption contributes revenues to the District’s finances. That said, water conservation is strongly encouraged, not just in summer months but year-round as well.

## Water Sample Reports

Trustee Hugo then referenced the single sheet handout – Full Spectrum Water Sample Test Results. He noted that BEID water is of high quality, is a valuable resource and needs to be protected from potential contamination. From an operational standpoint, water samples are tested weekly, quarterly, and annually. I will now turn the meeting back to the Chair.

## BEID Assets

As trustees, we have a simple duty to protect the four assets of the district. These include:

- 1) **the human resource assets:** (it’s always safety first with our staff and contractors)
- 2) **the physical assets (the infrastructure):** So if you put something on our easement you will have to take it off because when a line springs a leak we don’t want to be dismantling your building as well as digging for the leak at 3 a.m. on a dark snowy morning. Likewise, if you decide to dig a moat on top of our easement or drill post holes over our waterline we will make you stop. The spreadsheet that outlines the age of every part and piece in the district also provides us with a time plan to repair things in advance of them breaking down and by doing this we have less emergencies. However, we do occasionally have lines break and then you will see Alan and Nick dealing with that.

- 3) **the financial assets:** As I mentioned before we must meet our budgets. If we don't, the alternative will be to be turned over to the CVRD. If that ever happens we will have mandatory chlorination and water restrictions whether we need them or not. And by the way, a recent report prepared for the CVRD calls for a 67% increase in their water rates, so being turned over to them is never going to be cheaper. So, believe me when I say that Trustees take our duties to protect our financial assets very seriously. We don't want to be unable to meet our expenses and be forced to let the CVRD take over.
- 4) **The water assets:** The other authority that governs Improvement Districts is the Health Department. An improvement district our size is required to test water once a week for pathogens like E coli and fecal coliform. We are also testing quarterly for Nitrates and Nitrites, and we do a complete chemical analysis of the water yearly. Our water tests results come directly from the lab to our operator, the chair, the health department and our administrator who then distributes them to the trustees. If anything is wrong in our tests, the Environmental Health officer takes control and gives us our instructions until the situation is resolved. We tend to test weekly for more parameters than the Health Department requires, because we know that some of those non-health related tests give us warning when the system needs flushing or even temporarily cleaning with chlorine the way we had to do, two years ago. For over 40 years, this district has made it a policy to clear up any minor issues before the health department is ever required to step in, and your present trustees continue with that same policy.

## TRUSTEE HONORARIUM

The Chair advised the honorarium is currently \$7000 per year, as set by the ratepayers at the March 24, 2016 AGM. This amount is divided into six equal parts - the four Trustees receive one part each (\$1,166.67) and the Chair receives two parts (\$2,333.32). The honorarium was last increased from \$6,000 to \$7,000 by ratepayers at the April 8, 2012 AGM.

Moved: Katherine Barwick

Second: Katrina Grounds

**Carried: That the trustee honorarium be set at \$7,000.00 for the 2017 fiscal.**

## ELECTION OF TRUSTEES

Chair Robin Brett explained the election process as follows:

Pursuant to Section 684(1) of the *Local Government Act*, in order to vote at an election for improvement district trustees, a person must be:

- a) a Canadian citizen
- b) 18 years of age or older
- c) an owner of land within the improvement district
- d) entitled to be registered as a voter under the *Elections Act*.

**Every person who is qualified to be a voter in an improvement district is also qualified to be a trustee.**

The trustees' terms of office were accounted for: David McLachlan's term has expired. Mr. McLachlan has agreed to stand for re-election.

**Gerry Giles nominated David McLachlan. *Accepted (three year term).***

Further nominations were called for three times, and when no further nominations were received nominations were declared closed.

**David McLachlan was declared elected by acclamation.**

Congratulations were extended to each candidate.

## **OTHER BUSINESS**

General discussion and Q&A ensued. Since there was no other business forthcoming, the Chair thanked the owners for attending, and the meeting was adjourned.

## **ADJOURNMENT**

The Annual General Meeting adjourned at 9:15 p.m.

## **CERTIFIED CORRECT**

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Chairperson

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Administrator