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**REPORT TO CEDAR LANE WATER SERVICE COMMISSION
MEETING OF TUESDAY, 22 APRIL 2008**

SUBJECT BYLAW NO. 3512, "CEDAR LANE WATER SERVICE AREA FEE AND CHARGE BYLAW NO. 1, 2008"

PURPOSE

To present for the consideration of the Cedar Lane Water Service Commission (CLWSC) details of a proposed Capital Regional District (CRD) bylaw to enable recovery of user fees for the utility.

BACKGROUND

The CRD established the Cedar Lane water service and the Province of BC transferred the assets of the Cedar Lane Water Improvement District to the CRD in October 2007. The CRD Board established the Cedar Lane Water Service commission in 2008. A 2008 operating budget for the new service has been adopted by the CRD Board as part of the total CRD 2008 Budget. The budget has identified the need to generate revenue through the assessment of user fees to those water customers connected to the system but does not identify the details of how those fees are to be assessed to customers. To enable the fees to be charged to customers the CRD Board will need to adopt a fees and charges bylaw. The bylaw will establish the method of calculation of user fees and the unit rates to be charged to raise the necessary funds.

Bylaw Options

CRD staff have prepared a bylaw for consideration of the commission. The calculation of fees and the rates proposed to be charged are identified in the schedules attached to the Bylaw.

Schedule A outlines the method by which CRD staff would normally assess charges for the installation of a new connection to the water system. There is a minimum charge of \$400 proposed, however charges for new connections, if a road crossing is required, can be much higher. In the latter case this schedule provides the method by which those fees are calculated. Typically, an estimate is provided to the applicant at the time of application to connect.

Schedule B provides for charging fees for normal one time or on request of operations undertaken by CRD operators. The rates proposed reflect current costs to undertake the actions noted.

Schedule C provides a method to assess user fees. It is modeled predominantly on the user rates contained in Bylaw No. 27 which has been in use in Cedar Lane for some years now. The quantities have been converted to metric values from imperial. The table below illustrates the conversion process used in this bylaw.

Current Metering Increment gallons (m3)	Rate (Imperial)	Converted, metric	Recommended Increment (m3)	Recommended Rate \$ / m3
First 7,000 (31.8)	\$6 / 1000 Gallons	\$1.32 / m ³	35	\$1.35
Next 5,000 (22.7)	\$7 / 1000 Gallons	\$1.54 / m ³	25	\$1.55
> 12,000 (54.55)	\$8 / 1000 Gallons	\$1.76 / m ³	60	\$1.75

Other CRD Formulae

There are numerous other billing formulae in use in the CRD. Many utilities have settled on a quarterly billing rather than each two months. On this basis the increments at which fees would be charged are typically higher than as existing or proposed for Cedar Lane. Some utilities have a much higher scale for excess water use, however these rates are unlikely to be triggered by Cedar Lane residents owing to the shortage of water at present. Ultimately, if there is an option to connect to North Salt Spring Waterworks District (NSSWD), the rate structure in use by that utility might apply also to Cedar Lane. If however, water is purchased from NSSWD by CRD for redistribution in the Cedar Lane water area, a different formula might be required than either as in use by NSSWD or as proposed by CRD.

ALTERNATIVES

1. That the Cedar Lane Water Service Commission recommend to the CRD Board that Bylaw 3512, "Cedar Lane Water Service Fees and Charges Bylaw No. 1, 2008" be given three readings and adopted.
2. That the Cedar Lane Water Service commission recommend amendments to the fee structure proposed by CRD staff in Bylaw No. 3512, prior to its being forwarded to the CRD Board for adoption.

FINANCIAL IMPLICATIONS

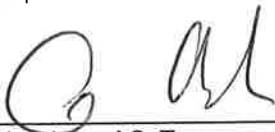
The proposed bylaw sets out a variable rate formula not unlike the billing formula which has been in use for several years. CRD staff have reviewed the metered tolls for the utility for the past few years and note that revenue from the present and hence the proposed formula for water sales will generate approximately \$7,000 annually. Given that the 2008 budget anticipates revenue from user fees to generate \$32,783, then the net revenue to be raised by fixed user fees equates to the difference between \$32,783 and \$7,000 which is \$25,783. The fixed fees would be applicable to each single family dwelling unit (or equivalent to). This estimated total single family or equivalent (SFE) dwelling units in the Cedar Lane water system have been estimated at 44. The fixed fee to be collected from each SFE will be \$586 to generate the necessary revenue as outlined above.

SUMMARY/CONCLUSIONS

The CRD Board has adopted a budget for operating the Cedar Lane Water service area for the year 2008. The budget requires collection of user fees to ensure sufficient revenue is generated to operate the facility. Bylaw No. 3512 has been drafted for the consideration of the commission to levy the necessary fees and charges required for CRD to maintain operation of the service. The bylaw identifies a rate structure not unlike that which has been in use by the water district for some years, with the addition of a fixed fee to be charged to all dwelling units or equivalent. The commission is being asked to recommend adoption of the Bylaw by the CRD Board.

RECOMMENDATION

That the Cedar Lane Water Service commission recommend to the CRD Board that Bylaw 3512, "Cedar Lane Water Service Fees and Charges Bylaw No. 1, 2008" be read a first time, read a second time, read a third time, and adopted.



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