



**REPORT TO ELECTORAL AREA SERVICES COMMITTEE  
MEETING OF WEDNESDAY, NOVEMBER 21, 2012**

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**SUBJECT ESTABLISHMENT OF A CAPACITY PURCHASE CHARGE FOR THE  
FULFORD WATER SERVICE AREA**

**ISSUE**

To establish a capacity purchase charge to be imposed on each parcel brought into the Fulford Water Service area.

**BACKGROUND**

Recent requests for inclusion of additional parcels in the Fulford Water Service area have prompted the Fulford Water Service Commission to direct staff to establish a capacity purchase charge bylaw for the service.

Since 2005, the Fulford Water Service has implemented capital replacement program in order to replace assets that are at the end of their service life, to provide capacity for current and future demand, and to meet legislated requirements for drinking water systems. The current parcel owners have invested approximately \$500,000 in recent upgrades.

CRD staff has obtained legal advice that confirms it is inherently unfair for someone who has never contributed towards the cost of an expensive municipal infrastructure system to be permitted to connect to the system without having any responsibility to contribute towards the system costs. Based on a financial analysis of the service, CRD staff has determined that a capacity purchase charge of \$6,500 is a fair representation of the relative benefit to an incoming parcel connecting to the service at this time.

The proposed capacity purchase charge would be in addition to annual parcel tax and user charges, as well as the cost of any future water service line extensions that may be required for new developments.

**ALTERNATIVES**

1. That the Electoral Area Services Committee recommend to the CRD Board, that Bylaw No. 3868, Fulford Water Service Capacity Purchase Charge Bylaw, No. 1, 2012, be introduced and read a first and second time, and read a third time.
2. That a capacity purchase charge is not established for the Fulford Water Service area.

**IMPLICATIONS**

**Financial**

The proposed bylaw would allow the imposition of the capacity purchase charge as a way to make participation in the recently upgraded service financially equitable to all participants.

Allowing new parcels the right to connect to this service without a financial contribution for the benefit of joining a recently upgraded service could be considered inherently unfair to existing owners who funded the service upgrades.

### **CONCLUSION**

Establishment of a capacity purchase charge bylaw for the Fulford Water Service area allows for more equitable distribution of the service's costs and benefits to all participants.

### **RECOMMENDATION**

That the Electoral Area Services Committee recommend to the CRD Board:

1. That bylaw No. 3868, Fulford Water Service Capacity Purchase Charge Bylaw, No. 1, 2012, be introduced and read a first and second time, and read a third time.



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Concurrence

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