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**REPORT TO ELECTORAL AREA SERVICES COMMITTEE
MEETING OF WEDNESDAY, MAY 15, 2013**

**SUBJECT BYLAWS 3876, 3877, 3878 – AMENDMENT TO HIGHLAND AND FERNWOOD
WATER SERVICE ESTABLISHMENT BYLAWS**

ISSUE

Now that construction of the Highland Fernwood water treatment plant is complete, bylaw amendments are required to enable financial administration, inclusive of both operating and capital costs, of the Highland Fernwood Water Service.

BACKGROUND

At its December 8, 2010 meeting, the Capital Regional District (CRD) Board approved establishment of the Highland Fernwood Water Service (Bylaw 3753) for servicing the debt associated with construction of the new Highland Fernwood water treatment plant. This service was established with the intent that its scope would be expanded, upon completion of the new treatment plant, to include service operation and future capital works. Additionally, it was intended that the Highland Water System Local Service and the Fernwood Water Supply Local Service would continue to exist primarily for the purpose of servicing their respective outstanding debt.

Now that the new plant is operational, the proposed bylaw amendments are needed to follow through on these intentions by: (1) Amending the Highland Fernwood Water Service bylaw to include service operation and future capital works in the scope definition, and to increase the maximum allowable requisition to align with the expanded scope; and (2) Amending the Highland Water System Local Service and the Fernwood Water Supply Local Service bylaws to decrease their respective maximum allowable requisition to an amount required primarily for servicing outstanding debt. Cumulatively, the three bylaws result in a net reduction of the maximum allowable requisition for the Highland Fernwood service area.

The Fernwood Water Local Service Commission and the Highland Water and Sewer Services Commission jointly approved the 2013 Highland Fernwood Water Service budget, which was based on the measures the proposed bylaw amendments put into effect.

ALTERNATIVES

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

1. a) Bylaw No. 3876 cited as as “Highland Water System Local Service Establishment Bylaw No. 1, 1991, Amendment Bylaw No. 2, 2013” be introduced and read a first time and second time, and read a third time.
b) Bylaw No. 3877 cited as “Fernwood Water Supply Local Service Establishment Bylaw No. 1, 1989, Amendment Bylaw No. 6, 2013” be introduced and read a first and second time, and read a third time.
c) Bylaws No. 3878 cited as “Highland and Fernwood Water Service Establishment Bylaw No. 1, 2010, Amendment Bylaw No. 1, 2013” be introduced and read a first and second time, and read a third time.
2. Bylaws No. 3876, 3877, and 3878 be deferred pending further information from staff.

IMPLICATIONS

Administrative

The three proposed bylaws are interdependent; all three will be presented for third reading pending Inspector of Municipalities' approval of proposed bylaw 3878, the only one of the three requiring this approval.

Economic

The proposed bylaw amendments enable financial administration of all costs directly related to the Highland Fernwood Water Service; they do not affect the 2013 rates that the Highland Water and Sewer Services Commission and the Fernwood Water Local Service Commission jointly approved.

With area separate bylaws the maximum levy is estimated (per \$1,000) to be approximately \$5.95. These amendments significantly reduce the maximum levy to \$3.20 (per \$1,000), i.e. a reduction of \$2.75 (per 1,000) as compared to the separate area bylaws.

CONCLUSION

Now that the construction of the Highland Fernwood Water Service treatment plant is complete, bylaw amendments are needed to put into effect the measures needed for financial administration of the service as originally intended – inclusive of both operating and capital costs. The Fernwood Water Local Service Commission and the Highland Water and Sewer Services Commission jointly approved the 2013 Highland Fernwood Water Service budget, which was based on the measures the proposed bylaw amendments put into effect.

RECOMMENDATIONS

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

Bylaw No. 3876 cited as as “Highland Water System Local Service Establishment Bylaw No. 1, 1991, Amendment Bylaw No. 2, 2013” be introduced and read a first time and second time, and read a third time.

Bylaw No. 3877 cited as “Fernwood Water Supply Local Service Establishment Bylaw No. 1, 1989, Amendment Bylaw No. 6, 2013” be introduced and read a first and second time, and read a third time.

Bylaws No. 3878 cited as “Highland and Fernwood Water Service Establishment Bylaw No. 1, 2010, Amendment Bylaw No. 1, 2013” be introduced and read a first and second time, and read a third time.

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