



479 Island Highway Victoria BC V9B 1H7 | T 250.474.9600 | F 250.474.4012 | www.crd.bc.ca

December 6, 2005
File: 175-05-01

MEMORANDUM:

TO: Mark Hornell
Director
Regional Planning Services

FROM: J. A. (Jack) Hull, MBA, P. Eng.
General Manager, Water Services

A handwritten signature in black ink, appearing to be 'J. A. Hull', written over a horizontal line.

**HIGHLANDS REGIONAL CONTEXT STATEMENT
REFERRAL FOR BOARD ACCEPTANCE**

We have reviewed the documents provided to us. Water service can be extended into the area within the Highlands Servicing Boundary. As noted in the attached reports to the Regional Water Supply Commission and the Juan de Fuca Water Distribution Commission, the District of Highlands water service can be provided. However, there are financial implications for both Commissions. The Commissions have deferred further discussion on the issue until the updated OCP has been received. Bylaw 277 will be taken to the Regional Water Supply Commission for comment in January and to the Juan de Fuca Water Distribution Commission in February.

Please refer requests of this nature directly to me. Thanks.

JH:mm
Attachments

c: P. Malone, P.Eng., Manager, Engineering & Planning, Water Services

(b) AWARD OF CONSTRUCTION CONTRACT

MOVED by Commissioner King and **SECONDED** by Commissioner Goudy, that the Regional Water Supply Commission:

1. Increase the budget for Main No. 1 Replacement, Phase 10 by \$1,050,000 (including GST); and
2. Award the contract for construction of Main No. 1 Replacement, Phase 10 to G&E Equipment Rentals Ltd in the amount of \$3,966,009.57 (including GST); further, that the proper officers for the corporation be authorized to execute the contract.

CARRIED

12. MAIN NO. 2 REPLACEMENT, TYEE ROAD

MOVED by Commissioner Evans and **SECONDED** by Commissioner Fleming, that the staff report be received for information.

CARRIED

13. CONSTRUCTION OF CHLORINE ENCLOSURE AT JAPAN GULCH TREATMENT PLANT – AWARD OF CONTRACT

MOVED by Commissioner Derman and **SECONDED** by Commissioner Goudy, that the Regional Water Supply Commission:

1. Approve an increase in the total budget from \$405,000 to \$490,000; and
2. Award the contract for construction of the chlorine enclosure at Japan Gulch Treatment Plant to Perma Construction Ltd. in the amount of \$471,242.11 (including GST); further, that the proper officers for the corporation be authorized to execute the contract.

J. Hull noted that when the plant was built in 1986, it was built to current standards. During design for extension of the building to include the chlorine enclosure, it was discovered that the existing building needed upgrading in order to bring it up to current safety codes.

MOTION PUT

CARRIED

14. REVENUE AND EXPENDITURE STATEMENT AS AT JULY 31, 2004

MOVED by Commissioner Ngai and **SECONDED** by Commissioner Goudy, that the staff report be received for information.

CARRIED

15. EXTENSION OF SERVICE TO THE DISTRICT OF HIGHLANDS

J. Hull noted that two options were presented to the Juan de Fuca Water Distribution Commission for consideration and their recommendation is included in the staff report. Commissioner Goudy noted that the recommendation from the Juan de Fuca Water Distribution Commission should read "...upon receipt of an *updated* copy of the Official Community Plan."

Highlands will be holding an Open House on October 6th regarding their OCP, which staff will be attending. A report will be made to the RWSC following this Open House, which will include the opinion received from Regional Planning on extending service to Highlands. It is very important that the Commission have more information to make an appropriate recommendation to the Board on this issue.

MOVED by Commissioner Goudy and **SECONDED** by Commissioner Gramigna, that the Regional Water Supply Commission await receipt of the District of Highlands updated Official Community Plan and invite the Mayor of Highlands to address the Regional Water Supply Commission.

CARRIED

16. DEMAND MANAGEMENT

(a) WATER CONSERVATION PROGRAMS – UPDATE

The Chair welcomed Colwyn Sunderland as the Demand Management Coordinator for ICI Programs.

J. Hull reported that the Demand Management rebate programs have exceeded rebate targets and budget allocations due to the success of the programs. More builders are taking part in the fixture rebate program due to the change in the Provincial Regulations starting January 1, 2005. Information packages will be sent out to Municipal Halls, wholesalers, builders, retailers, etc.

[Commissioner King and Commissioner Evans left the meeting at 10:40 am.]

The Chair noted that the program will be launching next week with mailouts following and stated that this is a significant step forward in our water conservation work. The rebate programs were a subject of some concern to the budget subcommittee. Consideration is being given to eliminating the rebate program entirely next year and reallocating the funds to other programs. There was considerable discussion on this topic.

Stage 1 watering violations were significantly greater this year. The number of complaints received for each municipality is a combination of student patrols and neighbour complaints.

[Commissioner Wergeland and Commissioner Fleming left the meeting at 11:05 am.]

MOVED by Commissioner Derman and **SECONDED** by Commissioner Day, that the staff report be received for information.

CARRIED

b) 2005 PUBLIC OPINION SURVEY

MOVED by Commissioner Derman and **SECONDED** by Commissioner Lund, that the staff report be received for information.

CARRIED

STAFF REPORT #JWDC 2004 - 23
JUAN DE FUCA WATER DISTRIBUTION COMMISSION
07 SEPTEMBER 2 004

SUBJECT: EXTENSION OF SERVICE TO THE DISTRICT OF HIGHLANDS

BACKGROUND

The District of Highlands has requested expansion of water service area to three large properties along the south east side of Millstream Road (Attachment 1). Typically municipalities and electoral areas with water distribution systems are members of the Regional Water Supply Commission (RWSC) and in the case of the municipalities and electoral area serviced by CRD Water Services are members of the Juan de Fuca Water Distribution Commission. As there is no municipal water service in Highlands, the District of Highlands is not a member of either Commission.

This report addresses two options for providing water service. In the first option, the request from Highlands is treated as a request to service only the three properties to allow light industrial development to proceed. In the second option the request is treated as a broader request for service to Highlands. These two options are being considered based on a conversation with the Highlands' administrator.

Option 1 - Request for Service Area Extension to Include Only the Three Properties in Highlands

The Juan de Fuca Water Distribution Commission currently provides water to Seagirt Water District in East Sooke and Florence Lake Improvement District. (An application for service has also been received from Kemp Lake Water District). A meter is located on the distribution main servicing the area and a single water bill issued Seagirt and Florence Lake. The retail water rate is charged on the same basis as a large retail customer. The operation and maintenance of the distribution system within these service areas is the responsibility of the customer. Should a water main extension be required to bring water to a new service area then it is the responsibility of the customer to fund its construction and any other system changes necessitated by the extension of service. In this case the extension of the trunk main to the Highlands boundary is included in the capital projects funded by development cost charges. Given the planned development taking place in the area it is scheduled for 2006 subject to development proceeding, as is the case with all DCC funded projects. The property owner would then be responsible for servicing the three properties.

It is likely that there will be further requests for service in Highlands if water service is extended.

Option 1 - Financial Implications

The extension to the Highlands boundary is estimated to cost \$445,000 and is included as a DCC project.

Option 2 - Request for Service Extension to Highlands

The 1998 MacKay report established the principle that each member municipality of the Regional Water Supply Commission was entitled to a transmission main terminating at its boundary. Following the adoption of the report, trunk distribution water mains serving Metchosin were transferred to the Regional Water supply system in accordance with that principle. Applying that principle in this case, the water main on Millstream Avenue would be transferred from the Juan de Fuca Water Distribution Commission to the Regional Water Supply Commission and become a transmission main. (Refer to the attached plan, Attachment 2). The upgrading of the main and extension to the border of Highlands would then become the responsibility of the RWSC.

The distribution of water to the areas proposed to be serviced would become the responsibility of the Juan de Fuca Water Distribution Commission. However, the cost of the extension of the distribution system to service the proposed lots would be the responsibility of the owner wishing to service these lots, in accordance with current policy. Consideration should also be given to including Highlands in the DCC area depending on the future development likely to take place as a result of the provision of municipal water.

Option 2 - Financial Implications

The estimated total capital cost of the upgrading of the existing 200mm diameter section and the extension to the Highlands boundary is \$985,000. The rate implication of responsibility for this water main being transferred to the water supply system is presented in Table 1. In Table 1 it is assumed that the extension and the upgrading would be funded by the wholesale rate. The rate impact was calculated with the 5-year average volume used for calculating the 2004 water rate. The revenue requirement and rate changes should be considered as orders of magnitude only.

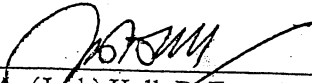
Table 1 – Change in Revenue Requirement and Water Rate Impact

	2004	2005	Percent Change
Wholesale	\$17,246,999	\$17,904,228	
Wholesale (including adj for Highlands)	<u>17,246,999</u>	<u>18,097,098</u>	
Increase (decrease) in revenue requirement	-	\$ 192,870	
Wholesale	\$0.3128	\$0.3246	
Wholesale (including adj for Highlands)	<u>0.3128</u>	<u>0.3281</u>	
Increase (decrease) in water rates	-	\$0.0035	1.12%
Retail	\$6,139,870	\$6,277,110	
Retail (including adj for Highlands)	<u>6,139,870</u>	<u>6,173,305</u>	
Increase (decrease) in revenue requirement	-	(103,805)	
Retail	\$1.0128	\$1.0414	
Retail (including adj for Highlands)	<u>1.0128</u>	<u>1.0321</u>	
Increase (decrease) in water rates	-	(0.0093)	(0.92%)

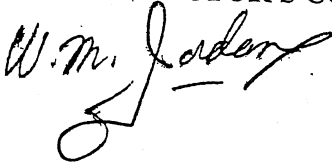
This report will also be considered by the Regional Water Supply Commission at its September 15th meeting.

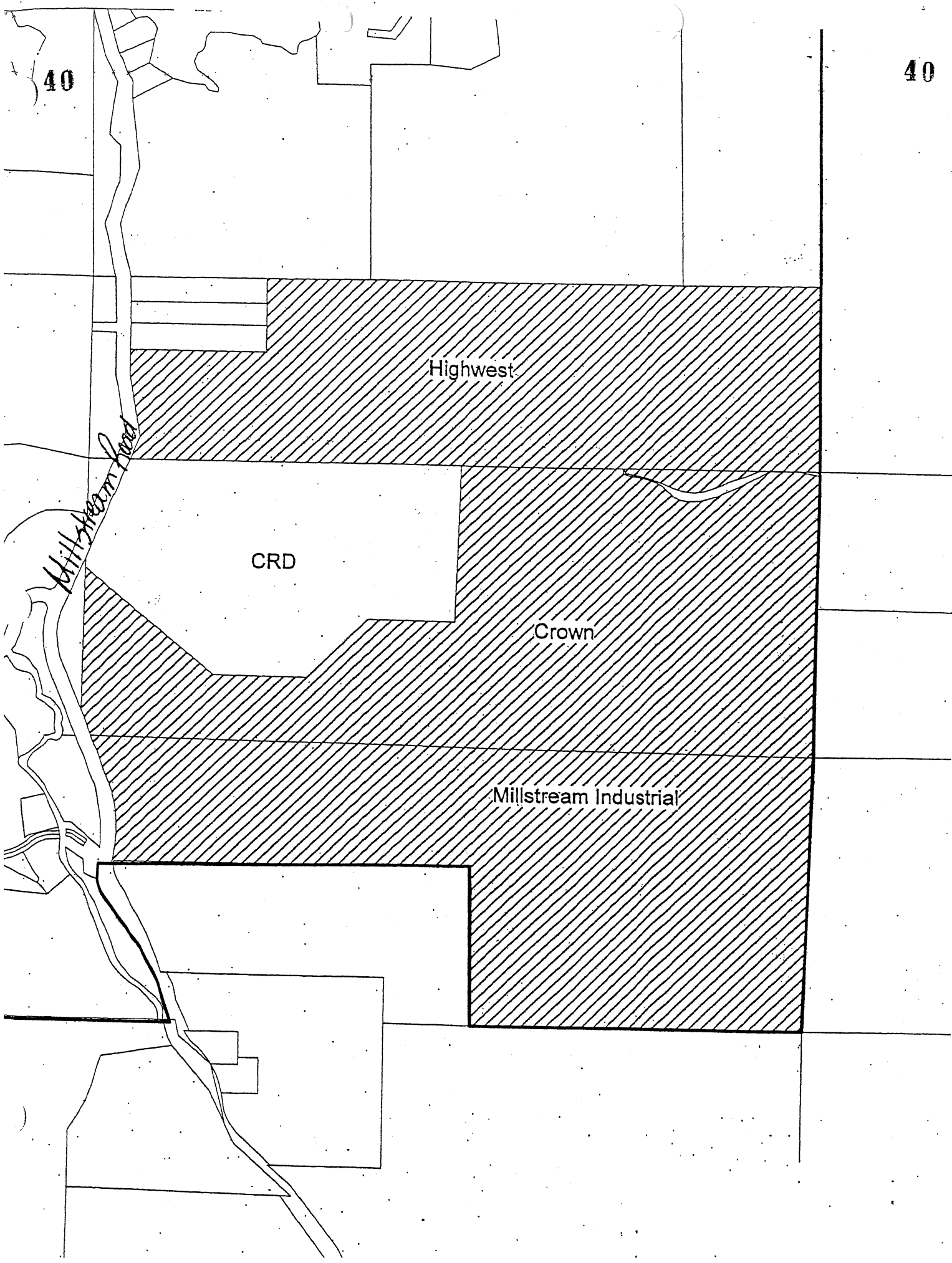
RECOMMENDATION

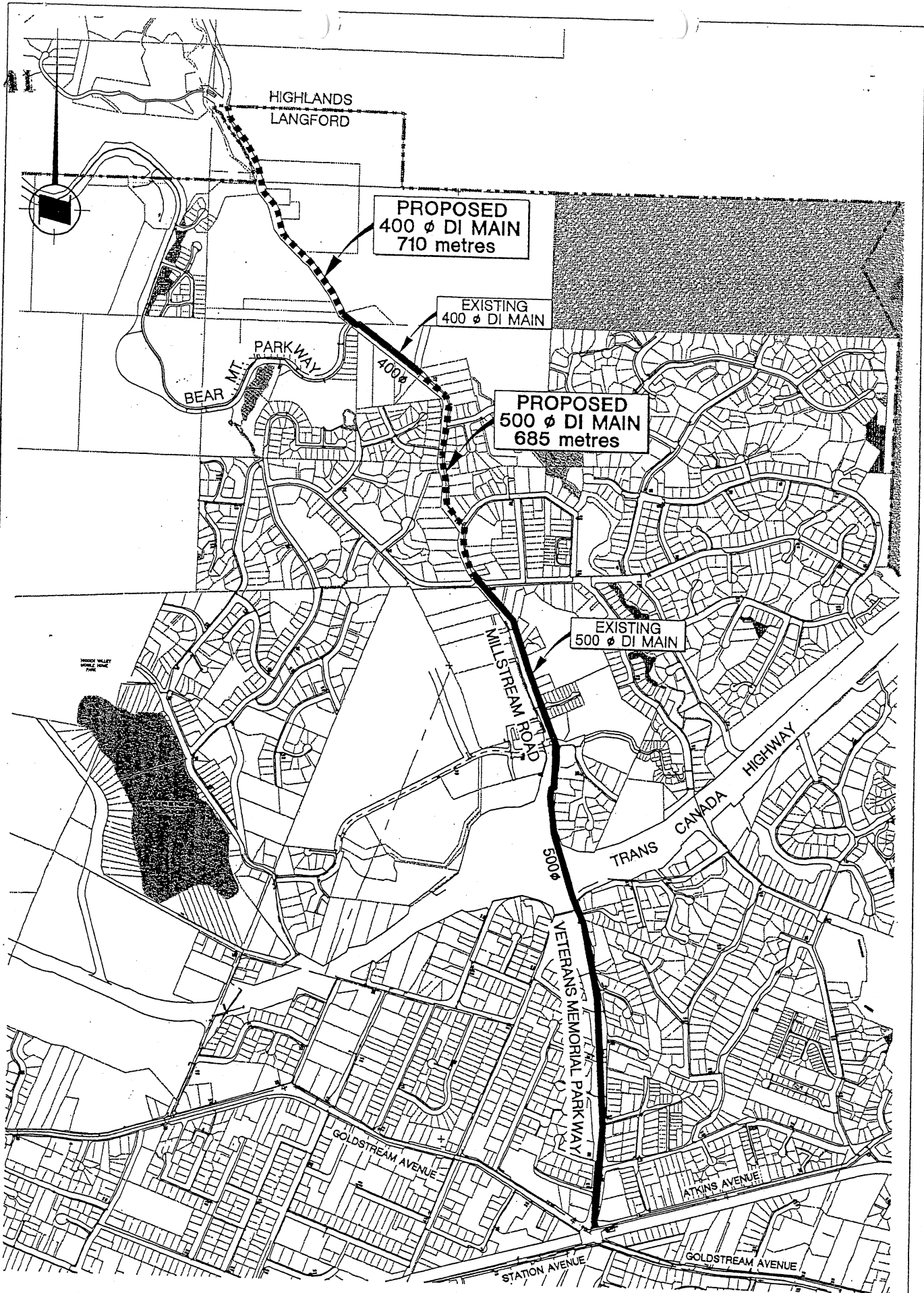
That the Juan de Fuca Water Distribution Commission indicate its preferred option for responding to the request from the District of Highlands for extension of water service.



J. A. (Jack) Hull, P. Eng., MBA
General Manager, Water Services

EXECUTIVE DIRECTOR'S COMMENTS





VERIFY SCALES

BAR IS SHOWN LONG ON ORIGINAL DRAWING.

REUSE OF DOCUMENTS

THIS DRAWING IS OF A CONFIDENTIAL NATURE AND SHALL NOT BE REPRODUCED IN ANY MANNER, NOR USED FOR ANY PURPOSE, WHATSOEVER, EXCEPT BY WRITTEN PERMISSION OF THE CAPITAL REGIONAL DISTRICT, WATER DEPARTMENT.



CAPITAL REGIONAL DISTRICT
WATER DEPARTMENT

478 ISLAND HIGHWAY

VICTORIA, B.C.

date: JULY 2004
scale: AS SHOWN
acct no:
drawn: G. ACOSTA
checked:
approved: P. MALONE
sheet

PROPOSED SUPPLY MAIN No. 0

**STAFF REPORT #RWSC 2004 - 41
REGIONAL WATER SUPPLY COMMISSION
15 SEPTEMBER 2004**

SUBJECT: EXTENSION OF SERVICE TO THE DISTRICT OF HIGHLANDS

BACKGROUND

The District of Highlands has requested expansion of water service area to three large properties along the south east side of Millstream Road (Attachment 1). Typically municipalities and electoral areas with water distribution systems are members of the Regional Water Supply Commission (RWSC) and in the case of the municipalities and electoral area serviced by CRD Water Services are members of the Juan de Fuca Water Distribution Commission. As there is no municipal water service in Highlands, the District of Highlands is not a member of either Commission.

This report considers the implications of extending the Regional Water system to service the District of Highlands.

The 1998 MacKay report established the principle that each member municipality of the Regional Water Supply Commission was entitled to a transmission main terminating at its boundary. The MacKay report relied on the practice of the Greater Vancouver Water District, namely, *'the Water District provided the capital for new transmission facilities to serve new members but the members, through guaranteed water purchases, paid the carrying costs of the new facilities. The Water District looked upon these arrangements as not only good public policy in providing water but also as a good business venture, in that water volumes were increased to make fuller use of the transmission and supply facilities and long term revenues were assured.'* Following the adoption of the report, trunk distribution water mains serving Metchosin were transferred to the Regional Water supply system in accordance with that principle. Historically, the Number 3 main was constructed to service Oak Bay and paid for by the Greater Victoria Water District, i.e. through the wholesale rate. In the case of Water Service to the Saanich Peninsula, the extension of the No. 4 Main from Haliburton to the Central Saanich Boundary was paid for by the CRD but operated by the GVWD. The diameter of the No 4 Main was increased to accommodate the Peninsula at a cost of approximately \$1.5 million. Revenues paid to the GVWD until 1997 have exceeded \$8 million, revenue that would not otherwise have been available to the GVWD. Applying that principle in this case, the water main on Millstream Avenue would be transferred from the Juan de Fuca Water Distribution Commission to the Regional Water Supply Commission and become a transmission main. (Refer to the attached plan, Attachment 2). Capital costs could be provided by the Regional Water Supply Commission and recovered from Highlands through a specific surcharge on the water rate. Alternatively, the cost could be borne by the Regional Water Supply Commission and included in the wholesale water rate.

Financial Implications

The estimated total capital cost of the upgrading of the existing 200mm diameter section and the extension to the Highlands boundary is \$985,000. The rate implication of responsibility for this water main being transferred to the water supply system, and included in the wholesale water rate, is presented in Table 1. In Table 1 it is assumed that the extension and the upgrading would be funded by the wholesale rate. The rate impact was calculated with the 5-year average volume used for calculating the 2004 water rate. The revenue requirement and rate changes should be considered as orders of magnitude only.

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Retail	\$1.0128	\$1.0414	
Retail (including adj for Highlands)	<u>1.0128</u>	<u>1.0321</u>	
Increase (decrease) in water rates	-	(0.0093)	(0.92%)

Extending service to the District of Highlands was considered by the Juan de Fuca Water Distribution Commission at its September 7th meeting, which adopted the following resolution:

That the Juan de Fuca Water Distribution Commission consider extending service to the District of Highlands upon receipt of a copy of the Official Community Plan.

RECOMMENDATION

That the Regional Water Supply Commission indicate its response to the request from the District of Highlands for water service.


 J. A. (Jack) Hull, P. Eng., MBA
 General Manager, Water Services

EXECUTIVE DIRECTOR'S COMMENTS

