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**REPORT TO PORT RENFREW UTILITY SERVICES COMMITTEE
MEETING OF THURSDAY 17 SEPTEMBER 2009**

SUBJECT PORT RENFREW STREET LIGHTING UTILITY – OUTCOME OF 2009 SERVICE AREA EXTENSION PETITION

PURPOSE

To present to the Port Renfrew Utility Services Committee (PRUSC), information, alternatives and a recommendation regarding the petition to extend the Port Renfrew Street Lighting Local Service area to include the Snuggery Cove water service area.

BACKGROUND

At the 18 June 2009 PRUSC meeting, a motion was passed to petition the electors of Snuggery Cove to extend the Port Renfrew street lighting service area into the Snuggery Cove water service area. The rationale for the expansion was to incorporate the five installed BC Hydro davit lights at fire hydrant locations on Parkinson Road. Petition forms were distributed by Capital Regional District (CRD) staff in August 2009, with a requested deadline of 31 August. As of 04 September, only five petitions were received of the required total of 21 for the petition to pass. BC Hydro installed the five lights in the Snuggery Cove area in 2007, based on an initial inquiry only, and without any formal request by the CRD. Reviewing invoices received by the CRD Finance Department show there has been no apparent increase in costs associated with any additional lights being installed.

A deficit in the 2008 operating budget of \$1,074 was carried forward to the 2009 budget and will need to be addressed through an increase to the parcel tax for the 2010 budget year. That increase does not take into account any anticipated increases to the BC Hydro charge rate. BC Hydro invoices the CRD based on the wattage of each light head and charges each on a monthly basis. Due to administrative errors by BC Hydro, the CRD has previously been billed for only 21 of the 24 lights in the existing service area, and for none of the five Snuggery Cove lights. The three additional street lights in the service area that have not been previously billed by BC Hydro will add an additional \$61/month to the anticipated invoices and approximately \$9/year per parcel in the current service area.

ALTERNATIVES

1. That the Port Renfrew Utility Services Committee receive this report for information, and direct staff to inform BC Hydro that street lighting services are not required in the Snuggery Cove area.
2. That the Port Renfrew Utility Services Committee receive this report for information, and direct staff to extend the petition deadline to 31 October 2009.

FINANCIAL IMPLICATIONS

1. Alternative 1 has an impact on taxes or fees. The \$1,074 revenue shortfall and the petition cost of \$2,300 would need to be recovered in 2010, and would be shared amongst the 84 parcels of the existing service area for a one-time recovery parcel fee of \$40.16.

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It is anticipated that the annual fees will need to increase approximately \$8.71/year per user to \$49.33 to include the three lights not currently being invoiced by BC Hydro.

2. Alternative 2 has two distinct scenarios based on the outcome of an extended petition process.

a) Extended petition passes:

The \$1,074 revenue shortfall and an extended petition cost of \$2,800 would apply, however would be shared amongst the 127 parcels of the new extended service area for a one-time 2010 recovery parcel fee of \$30.51.

The annual cost for BC Hydro to service the extended area (29 lights) would be approximately \$39.87 for each parcel in the new extended service area.

b) Extended petition fails:

The \$1,074 revenue shortfall and an extended petition cost of \$2,800 would apply, however would be shared amongst the existing 84 parcels for a one-time 2010 recovery parcel cost of \$46.11.

In order for the existing service area to retain full level of service, it is anticipated that the annual service fees will increase approximately \$8.71/year per user to \$49.33 to accommodate the three lights not currently being invoiced.

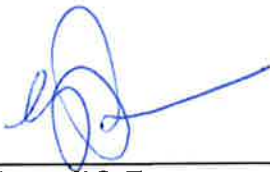
Attachment 1 provides a breakdown of anticipated costs based on all distinct scenarios:

SUMMARY

In 2007, BC Hydro installed five street lights in the Snuggery Cove area with no written authority or consultation with either the Ministry of Transportation, CRD staff or the community, and currently invoices the local service for 21 of the 24 street lights in the Beach Camp/Upper Camp service area. The August 2009 petition of Snuggery Cove residents did not reach electorate approval; however, the PRUSC has the option to extend the deadline further. Under the recommended alternative, the existing Port Renfrew street lighting local service area users would pay a one-time cost recovery of approximately \$40.16 for the petition and the deficit carry forward unless they elect to extend the deadline of the petition and achieve approval of the electorate.

RECOMMENDATION

That the Port Renfrew Utility Services Committee receive this report for information, and direct staff to inform BC Hydro that street lighting services are not required in the Snuggery Cove area.



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Engineering Technician 5

GP:ls

Attachments: 1

Alternatives for Consideration - Cost Implications

ALTERNATIVE 1:

ONE TIME DEFICIT AND PETITION COSTS RECOVERY FOR EXISTING 84 BEACH CAMP/UPPER CAMP PARCELS

Approximate cost associated with delivery of the failed petition: \$2,300
100% parcel tax recovery at 84 = \$27.38
Deficit carry forward of \$1,074
100% parcel tax recovery at 84 = \$12.78
Total one time parcel tax recovery = \$40.16

ALTERNATIVE 2a):

ONE TIME DEFICIT AND PETITION COSTS RECOVERY FOR EXTENDED 129 BEACH CAMP/UPPER CAMP AND SNUGGERY COVE PARCELS

Approximate cost associated with delivery of a passing petition: \$2800
100% parcel tax recovery at 127 = \$22.05
Deficit carry forward of \$1,074
100% parcel tax recovery at 127 = \$8.46
Total one time parcel tax recovery = \$30.51

ALTERNATIVE 2b):

ONE TIME DEFICIT AND PETITION COSTS RECOVERY FOR EXISTING 84 BEACH CAMP/UPPER CAMP PARCELS

Approximate cost associated with delivery of a failed petition: \$2800
100% parcel tax recovery at 84 = \$33.33
Deficit carry forward of \$1,074
100% parcel tax recovery at 84 = \$12.78
Total one time parcel tax recovery = \$46.11

ANNUAL COST OF SERVICE

Passing Petition Existing Service Area + 43 Additional Snuggery Cove Parcels	Failed Petition Existing 84 Parcels of Beach Camp and Upper Camp Only
29 lights annual cost	24 lights annual cost
Port Renfrew street lighting service area extended to Include Snuggery Cove. Cost recovery of 29 lights at estimated annual cost of \$5,192	Port Renfrew street lighting service area <u>Not</u> extended to Snuggery Cove and Snuggery Cove Lights abandoned. Cost recovery of 24 lights at estimated annual cost of \$4,301 (additional \$61/month).
Cost shared 50% Parcel Tax and 50% User Fee: <ul style="list-style-type: none"> Parcel tax folios increase to 127 = \$20.44 cost per parcel year SFE's increase to 133.6 = \$19.43 	Cost shared 50% Parcel Tax and 50% User Fee: <ul style="list-style-type: none"> parcel tax folios remain at 84 = \$25.60 cost per parcel per year SFE's remain at 90.6 = \$23.74 per SFE
Total estimated cost recovery \$39.87 annually	Total estimated cost recovery \$49.33 annually