

**VILLAGE OF PEMBERTON
-COMMITTEE OF THE WHOLE MEETING AGENDA-**

Agenda for the **Committee of the Whole** of Council of the Village of Pemberton to be held Tuesday, February 5, 2008 at 1:00 p.m. in Council Office, 7400 Prospect Street.

Page No.

1. CALL TO ORDER

1:00 p.m. – 2:00 p.m.

2. PRESENTATION OF ANALYSIS OF COMMERCIAL REAL ESTATE IN PEMBERTON

Guest: Drew Meredith, Whistler Real Estate Company. Information to be provided at the meeting.

2:00 p.m. – 3:00 p.m.

3. PEMBERTON NORTH IMPROVEMENT DISTRICT WATER RATES 2008

2

4. TERMINATION



Date: February 5, 2008
From: Lori Pilon, Administrator
Subject: Water Rate Analysis – Bulk Out of Boundary Rate

Received by Council _____
Meeting No. _____
Date _____

RECOMMENDATION

THAT the bulk out-of-boundary rate be set at \$0.80 per cubic meter effective January 1, 2007 and that the Squamish-Lillooet Regional District be billed accordingly for water used in the PNID water system from January 1, 2007, and that interest in the amount of 2% be charged on any outstanding amounts over 30 days.

BACKGROUND

At the Committee of the Whole held on January 22, 2008 Council reviewed the Water Rate Study Report completed by Earthtech and passed the following resolutions with regard to implementation of metering and water rates for 2008.

Council Resolutions:

1. Water Metering

THAT a voluntary metering program be implemented for all Industrial, Commercial and Institutional (ICI) properties for 2008 in order to gather information on consumption for possible implementation of mandatory ICI metering in 2009;

THAT Village staff repair, as required, and read all existing meters quarterly during 2008 in order to gather information on consumption for possible implementation of voluntary residential metering in 2009;

THAT a communication, education and enforcement program to promote conservation that includes, but is not limited to, sprinkling regulations be implemented for 2008;

THAT source meters be installed on the system and that zone meters be considered to support a leak detection program.

THAT the Squamish-Lillooet Regional District be required to replace the Urdal Road meter.

2. Water Rates

THAT current water rate classes remain in their respective categories; and

THAT water rates be increased by 3%.

In addition to the resolutions, staff was requested to:

- Review the bulk out-of-boundary rate as presented in the amended Water Rate Study Report, dated January 22, 2008, with an aim to ensure it is fair and justifiable.
- Explore options for amortizing the cost of a capital replacement program with an aim to make most affordable to the taxpayers.
- Explore options for having rates reflect the Village's support for efficient agricultural uses of water.

DISCUSSION

Bulk Out-of Boundary Rate

Earthtech's Water Rate Study Report sets out that based on the application of full cost recovery principles, the PNID should be responsible to cover its fair share of capital related costs, as well as an appropriate allocation of operations, maintenance and administration costs. The following apportionment of these costs was utilized to determine the amounts that Earthtech felt should be recovered through bulk water rates for the PNID:

- **Renewal and Rehabilitation costs** - the major components of the total system infrastructure identified as required to provide the PNID with service include the reservoir, the groundwater wells and pumps, the pressure regulating station. Based on the layout of the system, 40% of the mains were considered to be required to provide service to the PNID and other outside customers. The pro-rated system value at \$7.5 million, which was then used to estimate a pro-rated renewal and rehabilitation component at an average rate of \$94,300, based on the 80-year replacement cycle.
- **Future Upgrade Costs** – it was determined that the PNID should only bear responsibility for their share of those upgrades that would improve their level of service. Based on the proposed upgrades identified in Section 6.2, it was determined that the groundwater supply conditioning upgrades, along with the system looping works, should be incorporated into the full cost assessment for the PNID. This represents a total of \$1.2 million, which results in an annualized value of \$105,800.

- Operations & Maintenance Costs – the costs of operating and maintaining the system are a necessary component of the Village’s ability to provide service to the PNID. The total OM&A costs should be used to determine the full costs associated with providing the PNID with water.
- Financing costs – these costs should also be incorporated into the full costs associated with providing the PNID with service.

The Report also provided a second deferred Capital Cost Recovery option for Village water rates, with a proviso that a Capital Reserve fund be established, that the water rates model be reviewed within 5 years, and that Full Cost Recovery be phased in over 20 years by adding \$61,623 to the water budget annually. Table 1 below summarizes the impact of the full cost recovery option and the deferral option on bulk out-of-boundary rates.

Table 1: Pro-rated Full Cost to be Recovered from PNID

Item Description	2008 Full Cost Recovery Estimate	PNID Allocation	PNID Cost Recovery	PNID Allocation Option 2	PNID Cost Recovery Option 2
Pro-rated Renewal & Rehabilitation Costs	\$94,300	15%	\$14,145	0%	0
Capital Upgrades	\$105,733	15%	\$15,860	0%	0
Total Operating, Maintenance & Administration Costs	\$432,617	15%	\$64,893	15%	\$64,893
Total Financial Costs	\$72,090	15%	\$10,814	15%	\$10,814
Total Recoverable Costs from PNID/Outside Customers			\$105,711		\$75, 707

In the full cost recovery option a 15% fixed rate component was applied to the total of \$185,866, and a volumetric rate determined based on the known annual consumption by the PNID. No fixed cost portion is provided for in the second deferred option.

Item Description	Value	Option 2
Total Recoverable from PNID	\$105,711	\$75, 707
15% Fixed Cost Portion	\$15,857	0
Portion Recoverable Through Rates	\$89,854	\$75, 707
Annual Consumption	95,000 m ³	95,000 m ³
Suggested PNID Volumetric Rate	\$0.95 per m ³	\$0.80 per m ³

Attachment: Possible rate scenarios provided by Paul Edgington

