



Water Rates Information

Erickson Water Alternative Approval Process Water Metering & Distribution Upgrades Loan

Report Date: March 30, 2021

Proposed Metering and Distribution Upgrades Rate Implications

The following table's present the potential Water Metering and Distribution Upgrades loan rate implications:

2020 Rates				
Sample Water Bill Type	Dwelling Charge	Agricultural Land Charge	Capital Reserve Fund Contribution Charge	Total
Single Family Dwelling	778		254	1,032
Mobile Home Park Dwelling (Non-Metered)	535		254	789
5 Acre Farm with Dwelling	778	1,205	254	2,237

26.5% Rate Increase Required Due to Annual Loan Payments				
Sample Water Bill Type	Dwelling Charge	Agricultural Land Charge	Capital Reserve Fund Contribution Charge	Total
Single Family Dwelling	206		67	273
Mobile Home Park Dwelling (Non-Metered)	142		67	209
5 Acre Farm with Dwelling	206	319	67	592

2022 Rates Including Loan Payments (Excluding Other Increases)				
Sample Water Bill Type	Dwelling Charge	Agricultural Land Charge	Capital Reserve Fund Contribution Charge	Total
Single Family Dwelling	984		321	1,305
Mobile Home Park Dwelling (Non-Metered)	677		321	998
5 Acre Farm with Dwelling	984	1,524	321	2,829

It is anticipated that loan principal and interest payments will begin by 2022. The rates above do not include other anticipated rate increase requirements.

Proposed 2021 Utilities Rates, Fees, and Charges Bylaw Water Rates

The proposed Utilities Rates, Fees, and Charges Bylaw No. 2767, 2021 will be considered by the Board at their April 2021 Board meeting. The proposed 2021 sample Erickson rates are as follows:

Proposed 2021 Utilities Rates, Fees, and Charges Bylaw Sample Erickson Water Rates				
Sample Water Bill Type	Dwelling Charge	Agricultural Land Charge	Capital Reserve Fund Contribution Charge	Total
Single Family Dwelling	894		300	1,194
Mobile Home Park Dwelling (Non-Metered)	615		300	915
5 Acre Farm with Dwelling	894	1,390	300	2,584

Potential 2022 Sample Erickson Water Rates

The following table provides the potential 2022 sample Erickson water rates that considers Water Metering and Distribution Upgrades loan rate implications and other cost increases:

Potential 2022 Sample Erickson Water Rates				
Sample Water Bill Type	Dwelling Charge	Agricultural Land Charge	Capital Reserve Fund Contribution Charge	Total
Single Family Dwelling	1,073		360	1,433
Mobile Home Park Dwelling (Non-Metered)	738		360	1,098
5 Acre Farm with Dwelling	1,073	1,665	360	3,098

Rate Increases

Rate increases for Erickson include:

- 1) Increased contributions to the Arrow water service, which supplies water to Erickson and the Town of Creston. Cost increases for Arrow include:
 - a) Increased contributions to reserves for membrane filter replacement as filter replacement costs have significantly increased.
 - b) Increased consumption based Arrow cost sharing for Erickson. Consumption for Erickson has been increasing faster than consumption for the Town of Creston, resulting in a higher cost share for Erickson.
- 2) Proposed universal metering and water line replacement projects long-term loan interest and principal payments.
- 3) Short-term loan payment for the Tooze Road 2020 distribution upgrade project.
- 4) Short-term loan payments for a new backhoe.
- 5) Increased contribution to reserves for asset renewal.

- 6) Increased operator time, materials and contracted service for repairs and maintenance due to an aging water system.
- 7) Increased vehicle fleet contribution.
- 8) Increased Environmental Services Fee

In addition to the above, Erickson has nearly 20.1 km of asbestos cement and steel water pipe identified for replacement in the near future. The water system's 2019 asset management plan estimates the contracted replacement cost for this pipe at \$15.1 million.

Eleven kilometers of Arrow water transmission line has been replaced between 2008 and 2017, and water line replacements have been completed on Erickson Road in 2019 and Tooze Road in 2020. Additional water line replacements are planned for 2022, 2024, 2025 and beyond.

Due to high contracted water line replacement costs in Erickson and other water systems in recent years, the Regional District has established an in-house seasonal construction crew to reduce costs. Funding for the water line replacement projects for the next several years is planned to be sourced from water system reserves and long term borrowing; however, there are inadequate funds to complete all potential water line replacements. In 2018, the Regional District applied for a senior government grant for water line replacements in multiple water systems. This grant application was not successful, but the Regional District will continue to respond to any future eligible grant opportunities.

Provincial and public approval is required for the proposed metering and waterline replacements loan, and the Regional District is conducting an Alternative Approval Process (AAP) for public approval.

**Environmental Services (ES) Fees are assessed to all Regional District water services as a contribution to overall water systems' administrative costs. ES fees were historically distributed across all systems based on the number of service connections. ES Fees are now distributed based on staff time tracking for each of the water systems, and those systems requiring more staff time will have higher ES Fees. Administrative staff time is required for: preparing and submitting grant applications; asset & Capital projects planning and oversight; water licence billing/amendments/applications; annual Bylaw amendments (rate, parcel tax, and service area Bylaws); water conservation program planning; consultation with Community Advisory Committees and Commissions of Management; public consultation & notices; customer & billing inquiries; Regulatory compliance and reporting; right of way & easement agreements; and new developments and water connection requests.*