

March 20, 2013

City offers clarification on Area D water rates

The rates charged by the City of Campbell River for water supplied to Area D have increased this year – to more closely reflect the City’s true costs of providing water outside of its boundaries and to be more comparable to water rates paid by City taxpayers.

The City provides bulk treated water to the northern portion of Area D and notified the Strathcona Regional District that rates would be \$0.80 per cubic metre when the water supply agreement expired in May 2012. The new rate took effect Jan. 1, 2013.

Area D is the largest single water customer outside City limits, and the new water rate will bring the Area D customers in line with the City’s fee structure for all water customers located outside its boundaries. This fee structure already applies to other water customers along the northern boundary of the City within Area H. On average, it is expected that the yearly cost to purchase City water per household within the northern portion of Area D will range between \$400 and \$450.

For comparison, the southern portion of Area D (Black Creek/Oyster Bay) pays the Comox Valley Regional District for providing water. Black Creek/Oyster Bay water fees vary based on water consumption – from as low as \$0.625 per cubic metre to as high as \$2.70 per cubic metre. Based on these fees, a typical household within the Black Creek/Oyster Bay area would pay in the range of \$400 per year for water.

Black Creek/Oyster Bay area properties are also subject to an annual property tax of \$0.85 per lineal metre of property frontage, and new water customers are subject to either a development cost charge (if a new lot is created within the water service area) or a capital improvement charge (if an existing lot is added to the water service area) of \$6,085 per lot.

“The City’s water rates are higher for customers located outside City limits to ensure that all the costs of delivering water to these areas are covered,” explains Ron Neufeld, the City’s general manager of operations. *“The higher rate reflects the higher cost of delivering water to the outer limits of the City’s water system and also compensates for water charges that customers within City boundaries pay, but that the City is unable to collect from customers outside City limits.”*

Examples of fees paid by City residents include parcel taxes, a flat fee tax charged on each piece of property within municipal boundaries that offsets the cost of operating the water system. Another example is development cost charges (DCCs). DCCs are fees collected by the City when lots are created through subdivision. DCCs are used specifically to help pay for water supply system upgrades.

“Applying water rates consistently to all customers located outside City limits ensures that Campbell River taxpayers are not unfairly subsidizing water rates for property owners outside City boundaries,” says Councillor Mary Storry, who holds Council’s public works portfolio.

The City of Campbell River’s water rates are established based on the funding required to cover the annual operating and maintenance costs for the water system, as well as upgrading and replacing the various components of the water system (pipes, pumps, treatment facilities, reservoirs, etc.) as the water system ages and as the community grows. A comprehensive review by a utilities consultant in 2010 recommended water rate changes to ensure that the water utility would remain financially sustainable for the future.

“To bring us closer to recovering water system costs, all water rates charged by the City have increased – even within municipal boundaries,” Councillor Storry adds. *“And all revenues generated through water fees, including those paid by Area D, contribute to the costs of running the water system.”*

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