

0835-02/
1815-19 (12)

From: Raymond Fung
Sent: May 6, 2009 10:44 AM
To: ()
Cc: MayorandCouncil; Richard Laing
Subject: RE: Water and Sewer Rate Increase

() apologies for the tardiness of my reply. I will try to briefly answer your questions below. I will address your more recent email regarding your specific utility statements in a separate response.

Please find explanations embedded in your initial email below.

Raymond Fung, Director
Engineering and Transportation Division
District of West Vancouver
Tel. 604.925.7159 Fax 604.925.5988
rfung@westvancouver.ca
Website Link: <http://www.westvancouver.ca/>

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From: ()
Sent: April 17, 2009 12:54 AM
To: Raymond Fung
Subject: RE: Water and Sewer Rate Increase

Dear Raymond Fung,

Indeed the email was written late last year and I did not send it then. After re-reading the article I still felt some points were quite unclear. Thus I just sent my comments today so there is nothing wrong with your email provider. I realize it may be a bit late. In fact I should have included a copy of the article for reference. So please find attached a copy of Jessica Barrett's article dated Dec. 12, 2008 as I saved it then, so you can appreciate where my comments came from. I imagine that my reaction to the rate increase would not have been the only one, especially after the accounting mistake, and that should the article have been misleading, a statement asking for a correction would have been issued.

I realize your schedule must be quite tight and appreciate your offer to call me at my convenience although I can assure you that a simple email would be fine for my records.

Regards,

()

From: Raymond Fung [mailto:rfung@westvancouver.ca]
Sent: Thursday, April 16, 2009 9:03 AM
To: ()
Cc: MayorandCouncil; Richard Laing
Subject: RE: Water and Sewer Rate Increase

() I just received this email from you, which appears to have been written late last year. I do not know why it took so long to reach me.

I do not recall the North Shore News article which you reference, however I agree that there are many statements contained that are not quite correct, or at least require some further clarification. Rather than responding to every single quote, my suggestion is that I contact you by phone to offer a full explanation. Can you please suggest a time convenient to you that I can make such a call?

Looking forward to hearing from you.

Raymond Fung, Director
 Engineering and Transportation Division
 District of West Vancouver
 Tel. 604.925.7159 Fax 604.925.5988
 rfung@westvancouver.ca
 Website Link: <http://www.westvancouver.ca/>

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From: ()
Sent: April 16, 2009 7:34 AM
To: Raymond Fung
Cc: MayorandCouncil
Subject: Water and Sewer Rate Increase

Dear Mr. Fung,

A recent article in the North Shore News brought West Vancouver residents some unpleasant news on the water and sewer front, yet again after the accounting flop that saw some bills hit with a 47% increase. In my humble opinion, there are many inconsistencies in this article and your own statements justifying a round of very selective rates increase invite clarification.

"The installation of water meters district-wide was completed in 2006. A year later per-usage water rates and base fees were implemented."

BUT

"However, the final phase of West Vancouver's conversion to universally metered water rates means some residents will see significantly larger increases than others.

Fung said about 2,500 homes built after 1999 with requisite water meters have not been charged a full base rate for water. Rather, homeowners have only been paying for water usage."

So what "final phase"? Was it completed in 2006 and per-usage and base fees charged in 2007 or not? If so, what prevented the District to charge full base fee and water usage back then as we were told it would be?

<<Ray: under the previous rate structure, existing metered customers who received their meters either through new development or in prior years were charged for water only on a per cubic metre basis. After completing universal metering, the District adopted a base charge as well as a volume charge, similar to

Hydro and Gas. A cost allocation study found that existing metered customers had not been paying their full share, and the base charge was necessary to cover some of the fixed costs to the utility. However, to ease this type of customer to the new rate structure, where a new fee was introduced, the District phased the base charge through a multi-year transition period. Meanwhile, all customers who received their meters through the universal project began paying a full base charge as well as a volume charge starting in 2007.>>

“Older homes retrofitted with newer water meters have been paying base fees all along, Fung said. Average water users in older homes will see much smaller increases of about \$4 for water fees and \$29 in sewer fees over 2008 rates.”

If this Base fee reflects anything unrelated to Metering issues, why wasn't it charged to all? If this base fee is indeed related to the metering issue then one would think there was very little -if any- cost to the District when home owners installed at their cost the required meters while building their homes. The cost of older retrofitting must have been paid by older home owners through the fee, and very likely by everyone's property taxes too. In addition, the new home owners have from the start behaved responsibly with the use of the resources, to clearly no reward... Now this cost will be smoothly shifted to newer home owners, those who already paid for the meter during construction. This simply looks like a disguised TAX on residences 10 years or recent.

<<Ray: the base charge covers not the capital cost of meter installation, but ongoing administrative, accounting, customer care service costs as well as the expenditures of maintaining water service connection pipes and the meters themselves. All these costs are incurred, so that the water system is ready to provide water, should you wish to turn on your tap, but they are incurred regardless of consumption. Existing metered customers who received their meters either through new development or in prior years had not been paying these costs through their volume charge under the previous rate structure. Therefore, this group of customers were being "subsidized" by flat rate customers. The new, two part, rate structure corrects this inequity. It should also be noted that water expenditures must be fully accommodated through its own Utility Fund. Thus, there is no contribution through property taxation. >>

AND

“The 2009 fee structure phases in the entire cost of base fees...”

In light of this seemingly never ending universal metering saga, can that statement be believed? Are we done yet or will there be another “accounting” problem in 2010, another “phase” we did not know about in 2011 and of course should we be gullible enough to believe we'll benefit from any savings? Or is it that all this is to provide the District with attractive substantial savings for those who will get subsidized housing thanks to our taxes?

<<Ray: I believe I've addressed this statement with the above explanation.>>

“Both sewage and water usage fees were affected by higher than expected water conservation by West Vancouver residents.”

And naïve of us who trusted those who tell us conservation is supposed to save us money... except that for some “lucky” residents, “green” means paying more regardless of their conservation and investments efforts.

<<Ray: A distinction should be made between the rates and actual bills. Variable and CPI costs to the utility aside, dividing total expenditures by a smaller total volume results in a increased unit rate. Relatively speaking, an actual bill for a low volume consumer will be less than a high volume consumer.>>

So I would appreciate if you would be kind enough to clarify the following:

- 1) Provide me with an anonymous actual bill of an older home bill for 56 m3 of water consumption for the period April 1, 2008 –that is before the accounting correction- for comparison purpose

<<Ray: I will save this analysis for your actual case, which you've provided in a separate email.>>

2) **Written assurance there are no more hidden phases with regards to the universal metering project**

<<Ray: Phased implementation of the base charge to customers who received their meters through new development or in prior years was recommended and adopted by Council going back to 2007 through open meetings. This approach has also been explained in various communications from the District, such as the annual Utility brochures.>>

3) **Calculations showing that residents of 10 years or recent homes in West Vancouver will also see the saving benefits of the District's water and sewer management strategy.**

<<Ray: Calculations provided in various staff reports to Council (which are accessible through the District's website) shows that compared to the former flat rate utility fees, the median ratepayer has benefitted from the metered rate structure for water and sewer.>>

Looking forward to reading you,

Season's greetings

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From: ()
Sent: May 5, 2009 5:53 PM
To: Raymond Fung; MayorandCouncil
Cc: weston.j@parl.gc.ca; joan.mcintyre.mla@leg.bc.ca
Subject: FW: Water and Sewer Rate Increase: real inflation
Attachments: Water fees 2008 up.doc; Water 09 08a.JPG

Dear Raymond Fung,
 Director Engineering and Transportation Division
 District of West Vancouver

Dear Mayor and Council,

Today we received our first quarter 2009 utility statement. Here is attached the comparison between 2008 and 2009 so everyone from Municipal, Provincial and Federal representation can see real inflation at work on this example (the BC Hydro discriminatory multi tier fee would be another example).

Total bill despite **using 5 cubic meters less (from 58 to 53, or a 9.4% decrease despite one extra day)** went from \$127.79 to \$170.55 or a **33% increase**.

Base Water res single 025MM went from \$18.55 to \$35.32 or a **90% increase!**
 Metered water res single went from \$0.42 to \$0.53 per cubic meter or a **26% increase**
 Base sewer res single went from \$6.15 to \$15.09 or a **145% increase!**
 Base drainage levy res single from \$7.64 to \$18.64 or a **144% increase!**
 Meter sewer res single went from \$46.97 to \$54.02 or a **15% increase**.
 Quarterly waste and recycling remained the same... for how long?

In the brochure accompanying this bill, the meter fee question is brushed off: *"New Metered customers, who have not already paid for their meters in full, will pay for their meters in installments of \$16 per quarter"*.

For how long is this \$16 fee levied? Why that extra fee was not levied despite finishing installing meters in 2006 and charging meter fees since 2007? No answer in the brochure.

That's the so called "final phase" of the North Shore News article which explanation remains obscure and frankly hard to believe: indeed my line of questioning then is still valid now. This simply looks like a tax levied on homes 10y and recent, the very homes that have by nature been able to monitor their water consumption.

But the fee hikes go beyond meters fees to sewer fees etc... From the NSN *"Both sewage and water usage fees were affected by higher than expected water conservation by West Vancouver residents."* Yet the brochure states about Single Family Residential –Water: "This sector has the greatest potential for conservation"... **Indeed, with almost a 10% reduction in usage the bill goes up 33%: so much for water conservation benefits!**

As I wrote April 17, 2009 to Mr. Fung, a simple email explanation would have sufficed for my records. In consequence, and since I took the time to assemble relevant documents on this issue, I shall renew my preference for a written answer to my query: West Vancouver residents deserve proper written information and documented justification for this significant utilities fee increase.

Regards,

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P.S.: So since your directorship also involves roads, I have to congratulate your crew for the efficient repaving of Bear Lane last month.

From: ()
Sent: Friday, April 17, 2009 12:54 AM
To: 'Raymond Fung'
Subject: RE: Water and Sewer Rate Increase

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Looking forward to reading you,

Season's greetings

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Water, sewer fees to rise in W. Van

Newer 'average' homes could pay \$163 more

Jessica Barrett, North Shore News

Published: Friday, December 12, 2008

The District of West Vancouver is facing a revenue shortfall of more than \$1 million in waterworks and sewage fees for 2008.

That will mean increased fees for consumers in 2009, said director of engineering and transport Raymond Fung Monday.

However, the final phase of West Vancouver's conversion to universally metered water rates means some residents will see significantly larger increases than others.

Fung said about 2,500 homes built after 1999 with requisite water meters have not been charged a full base rate for water. Rather, homeowners have only been paying for water usage.

The 2009 fee structure phases in the entire cost of base fees for owners of newer homes who will see the largest increase.

Fung estimates a \$64 increase in water rates and a \$99 increase in sewer rates over 2008 for average users in newer homes. That should result in yearly rates of \$332 for water and \$429 for sewer drainage.

Older homes retrofitted with newer water meters have been paying base fees all along, Fung said. Average water users in older homes will see much smaller increases of about \$4 for water fees and \$29 in sewer fees over 2008 rates.

Regardless of the age of their home, residents who use more water will pay more.

Fung said a water usage revenue shortfall of about \$560,000 resulted when construction of a \$16-million membrane filtration plant at Eagle Lake temporarily restricted access to the water source. That forced the district to purchase more bulk water from Metro Vancouver than anticipated.

Similarly Fung attributed a nearly \$500,000 shortfall in sewage fees to the cost of repairing aging infrastructure.

Both sewage and water usage fees were affected by higher than expected water conservation by West Vancouver residents.

"It's kind of a strange business that we're in," Fung told district council. "We're trying to get people to use less of a commodity we actually sell. It affects our bottom line."

Fung noted the projected 2009 rates are still lower than 2007 rates and support conservation efforts under the district's water conservation strategy adopted in 2002.

The installation of water meters district-wide was completed in 2006. A year later per-usage water rates and base fees were implemented.

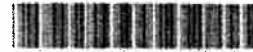
The water conservation strategy includes using Eagle Lake for a portion of local water. Fung said the cost of bulk treated water from Metro Vancouver is projected to rise steadily in the next few years. Combining local and purchased water creates a "sweet spot" of steady rates and long-term savings for the district, said Fung.

westvancouver

THE DISTRICT OF WEST VANCOUVER
750 17TH STREET
WEST VANCOUVER BC V7V 3T3
PHONE: 604-921-2166
EMAIL: water@westvancouver.ca

METERED UTILITY STATEMENT

ACCT NUMBER: BILLING PERIOD: Jan 1, 2009
ACCESS CODE: TO: Mar 31, 2009
DUE DATE: May 29, 2009 BILLING DATE: Apr 17, 2009



NAME: ()
FOR SERVICE AT: ()
ACCOUNT TYPE: ()

FOLIO: ROUTE: 1

DATE	METER NO.	NO. OF DAYS	CURRENT READING	PREV READING	CONSUMPTION	AMOUNT
Mar 23, 2009		90	1922	1869	53 CUBIC MTRS	
					PREVIOUS BILL AMOUNT	158.81
Jan 31, 2009					PAYMENT	-142.94
					DISCOUNT	-15.87
Apr 17, 2009					BASE WATER RES SINGLE 025MM	35.32
Apr 17, 2009					METERED WATER RES SINGLE (A)	28.09
Apr 17, 2009					BASE SEWER RES SINGLE	15.09
Apr 17, 2009					BASE DRAINAGE LEVY RES SINGLE	18.64
Apr 17, 2009					METERED SEWER RES SINGLE (A)	54.02
Apr 17, 2009					QUARTERLY WASTE	22.50
Apr 17, 2009					QUARTERLY RECYCLING	15.83
					IF PAID AFTER DUE DATE:	189.49
					DISCOUNT AVAILABLE:	18.94
					IF PAID ON OR BEFORE DUE DATE:	170.55

westvancouver

THE DISTRICT OF WEST VANCOUVER
750 17TH STREET
WEST VANCOUVER BC V7V 3T3
PHONE: 604-921-2166
EMAIL: water@westvancouver.ca

METERED UTILITY STATEMENT

ACCT NUMBER: BILLING PERIOD: Jan 1, 2008
ACCESS CODE: TO: Mar 31, 2008
DUE DATE: May 30, 2008 BILLING DATE: Apr 17, 2008



NAME: ()
FOR SERVICE AT: ()
ACCOUNT TYPE: ()

FOLIO: ROUTE: 1

DATE	METER NO.	NO. OF DAYS	CURRENT READING	PREV READING	CONSUMPTION	AMOUNT
Mar 26, 2008		89	1680	1622	58 CUBIC MTRS	
					PREVIOUS BILL AMOUNT	114.80
Jan 31, 2008					PAYMENT	-103.32
					DISCOUNT	-11.48
Apr 17, 2008					EMC BASE WATER RES SINGLE 025MM	18.55
Apr 17, 2008					EMC METERED WATER RES SINGLE 025MM (A)	24.36
Apr 17, 2008					EMC BASE SEWER RES SINGLE	6.15
Apr 17, 2008					EMC BASE DRAINAGE LEVY RES SINGLE	7.64
Apr 17, 2008					EMC METERED SEWER RES SINGLE (A)	46.97
Apr 17, 2008					QUARTERLY WASTE	22.50
Apr 17, 2008					QUARTERLY RECYCLING	15.83

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