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REPORT TO GOVERNANCE AND FINANCE COMMITTEE MEETING OF WEDNESDAY, FEBRUARY 05, 2020

SUBJECT **Service Fee Agreement re Sewer Charges - Town of View Royal**

ISSUE SUMMARY

The purpose of this report is to request approval of an agreement with the Town of View Royal to recover the Town's annual sewer operating costs by way of service fee agreement, rather than requisition.

BACKGROUND

Section 251 of the *Local Government Act* and the *Additional Powers Regulation, BC Reg. 236/2002* permit a municipality to impose a fee or charge in respect of all or part of a regional water or sewer service of the Capital Regional District (CRD) where the establishing bylaw for the service provides that costs may be recovered by way of an agreement and the municipality has entered into an agreement with the CRD.

Bylaw No. 2312, cited as "Liquid Waste Management Core Area and Western Communities Local Services Establishment Bylaw No. 1, 1996", as amended, provides that annual operating costs and annual debt costs for the service will be recovered by way of revenue received through an agreement.

On January 21, 2020, the Town of View Royal resolved to enter into an agreement with the CRD for 100% of their annual sewer operating costs, capital contributions and debt servicing relating to Bylaw 2312.

ALTERNATIVES

Alternative 1

The Governance and Finance Committee recommends to the Capital Regional District Board: That the appended Service Fee agreement with the Town of View Royal be approved.

Alternative 2

That this report be referred back to staff for additional information.

IMPLICATIONS

Financial Implications

There is no impact to the timing of the CRD billing and collection cycle and only a minor change administratively to implement the bill by way of service fee. The revenue and collection is due to the CRD each year by August 1 whether the municipal invoice is via service fee or requisition. With this agreement, the municipality will be able to include CRD sewer operating costs in a user fee or a defined area tax. The agreement has no impact on the cost sharing with the other participants or the timing of the receipt of the funds from the municipality.

Alignment with Existing Plans & Strategies

The final 2020 Financial Plan, to be presented to the Board in March, will be updated to reflect this change.

CONCLUSION

Annual sewer operating costs attributable to the Town of View Royal are currently recovered by way of requisition. The Town wishes to change to payment by way of a service fee agreement. Bylaw No. 2312, cited as “Liquid Waste Management Core Area and Western Communities Local Services Establishment Bylaw No. 1, 1996”, as amended, provides that the costs may be recovered by revenue received by way of an agreement. Further, *Additional Powers Regulation, BC Reg. 236/2002*, permits a municipality to impose a fee or charge in respect of all or part of a regional water or sewer service of the Capital Regional District (CRD) where the establishing bylaw for the CRD service provides that costs may be recovered by way of an agreement and the municipality has entered into an agreement with the CRD. This report contains a recommendation to approve entering into such a service fee agreement with the Town of View Royal. The agreement has been prepared and is shown in Appendix A.

RECOMMENDATION

The Governance and Finance Committee recommends to the Capital Regional District Board: That the appended Service Fee agreement with the Town of View Royal be approved.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Service Fee Agreement re Sewer Charges – Town of View Royal