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**WATER RATES FOR GVWD MEMBERS AND NON-MEMBERS**

Effective Date: June 14, 2013

Approved By: GVWD Board

**Policy No. UT-002**

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**PURPOSE**

To establish the rate structure under which water is provided by the Greater Vancouver Water District (GVWD) to members and non-members.

**DEFINITIONS**

“**Board**” means the Board of Directors of the Greater Vancouver Water District (GVWD).

“**GVWD Lawn Sprinkling Regulations**” means the lawn sprinkling regulations in the GVWD *Water Shortage Response Plan* adopted by members and non-members through municipal bylaw.

**POLICY****GVWD Act**

In December 1924 the Greater Vancouver Water District (GVWD) was established as a corporate body under the *Greater Vancouver Water District Act* to provide water on a wholesale basis to GVWD members. The GVWD membership has increased over time to 19 members in 2014 (18 member municipalities and 1 Treaty First Nation).

The Act provides the GVWD with all the rights and is subject to all the liabilities of a corporation including the right to exercise and carry out all the powers, rights and duties conferred and imposed by the Act. Under its general powers, the GVWD has the power to sue or be sued, and shall have the power to acquire, hold or dispose of real property for use of the GVWD and may become a party to any contracts or agreements necessary or incidental to the management of the GVWD.

**GVWD Water Rates for Members**

All GVWD members shall pay the same wholesale water rate (dollars per cubic metre) for the volume of water they consume. The wholesale water rate is established annually by the GVWD Board and is set to provide for a balanced budget as required by legislation.

To join the GVWD, new members must pay the incremental infrastructure costs associated with the GVWD expanding capacity to meet the demand of the new member. After joining the GVWD, paying the upfront servicing costs and assuming all the obligations of membership, new members will also pay the wholesale GVWD water rate for the volume of water they consume.

### GVWD Water Rates for Non-Members

Except as set out by this Policy, all GVWD non-members shall pay a retail water rate based on the wholesale water rate as set annually by the GVWD Board, plus an additional charge of 20%. This additional charge is included to reflect the following costs and obligations which are not incurred or assumed by a non-member of the GVWD:

- **Legal Liabilities of Members.** GVWD members are legally liable for all obligations of the GVWD including debt, risks to infrastructure, legal suits or actions, or spills to the environment. GVWD members are, therefore, subject to additional charges should circumstances arise while non-members are not;
- **Obligations of Members.** GVWD members are obliged to comply with the *GVWD Act* and the plans, policies, authorities, regulations, and bylaws of the GVWD such as the *Drinking Water Management Plan*, the *Regional Water Shortage Response Plan*, and the *GVWD Lawn Sprinkling Regulations*;
- **Upfront Costs of Membership.** To join the GVWD, new members pay the incremental cost associated with the GVWD expanding capacity to meet the demand of the new member. These costs include the initial connections and the expansion of infrastructure required to meet the incremental demand as determined as part of the entry or membership agreement; and
- **Member Commitments.** Non-members do not have the same commitments, interests, obligations and investments in the success of the GVWD as members. In addition, non-members do not contribute to the stature of the GVWD (ability to influence matters of regional significance) in discussions with other groups and senior governments to the same extent as a member.

The favourable cost of borrowing for the GVWD is the result of the commitment, financial position and stability of its collective membership. Non-members do not contribute to this position despite benefiting from the lower debt service costs included within the wholesale water rate.

The 20% surcharge calculation generally reflects the following breakdown:

- **5% - Administration.** Represents an administrative and operational charge for services including invoicing, general accounting, reading and maintaining non-member water meters and general staff time dealing with non-member water issues;
- **5% - Legal and Operational Risk.** Represents a charge for the legal and operational risk avoided by not being a full GVWD member. This provides some financial security for members should the non-member significantly change their demand for water from the GVWD thus resulting in infrastructure with either excess or insufficient capacity. This is also intended to

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provide some security should there be a catastrophic system failure requiring a special levy to members or any potential impact of legal liability; and

- **10% - Infrastructure.** Represents a charge for the specific infrastructure enhancements required to provide water to the non-member. This infrastructure includes supply mains, pump station capacity, reservoir capacity, water meters, valving and related infrastructure. These infrastructure enhancements are subsidized by all members through the wholesale water rate, where under the scenario of membership, these costs would be borne by the new member and not included in the rate.

This charge will also contribute to offset the debt service costs on the original infrastructure and overtime lend to funding any capital enhancements or required replacement. In addition, the non-member is benefiting from a favourable borrowing rate on GVWD debt that would not be available if they were to borrow independently. This lower borrowing rate is the result of risk sharing amongst the membership.

### APPLICATION

This Policy applies to GVWD members and to GVWD non-members who do not have a separate water supply agreement with the GVWD. This Policy does not apply to GVWD non-members having a separate water supply agreement with the GVWD.