



Making a difference...together

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March 14, 2014

5220-20  
0400-50

Mr. Bill Brown  
Director of Development Services  
Township of Esquimalt  
1229 Esquimalt Road  
Victoria, BC V9A 3P1

Mr. Brown:

This letter is a follow up to our letter of March 11, 2014 in which we referenced we would provide, under separate cover, the financial implications for Esquimalt of Colwood's withdrawal from the Core Area Wastewater Treatment Program, as determined by a third party. The letter of March 11 included draft Attachments 11 and 12, which were subject to third party review, as noted in the letter. We have now received a third party analysis from Victoria Consulting Network Ltd of the financial implications for Esquimalt, and the tables attached to this letter (Attachments 11 and 12) show the financial implications with and without Colwood's participation.

These attachments and confirmation from the CRD that they have been approved by a third party consultant complete our response to your letter of February 28, 2014. We reiterate our expectation that the public process can now be finalized in a timely and efficient manner.

Yours truly,

Robert Lapham, RPP, MCIP  
Chief Administrative Officer

Attachments: 2

cc: CRD Board Members  
Executive Leadership Team, CRD  
Albert Sweetnam, Program Director, Seaterra Program, CRD  
Michael Peckham, Program Manager, Wastewater Treatment, Seaterra Program, CRD  
Laurie Hurst, CAO, Township of Esquimalt

**Attachment 11 shows the Calculation of Cost Allocation Estimates with Colwood included**

Annual costs are in two parts: operating and debt servicing

Debt Servicing Assumes MFA borrowing of \$287.6 million over 25 years at an interest rate of 5.4%

**Estimated Annual Costs (\$ million)**

Operating	\$14.57
Debt Servicing	\$22.44
<b>Total</b>	<b>\$37.01</b>

**Allocation Formula**

	ADWF	AAF
Operating (based on current flows)	80%	20%
Debt Servicing (based on design capacity)	70%	30%

**Allocation of Annual Costs (\$ million)**

	Operating Cost		Debt Servicing Costs		Total Costs	
	2017	2030	2017	2030	2017	2030
Colwood	0.48	0.62	0.95	0.95	1.43	1.57
Esquimalt	1.01	0.96	1.48	1.48	2.50	2.44

### Cost per Population Equivalent and Cost per Connected Household

For ease of comparison costs per connected household are based on estimated costs per population equivalent multiplied by three - assuming three persons in a representative household.

The actual cost per household in any municipality will depend on the method of recovering costs (e.g. user fees vs taxation); the revenue base used (e.g. all properties or connected properties); and, the average household size in each community.

	Cost Per Population Equivalent		Cost Per Connected Household	
	2017	2030	2017	2030
Colwood	103	79	308	236
Esquimalt	103	93	309	279

**Attachment 12 shows the Calculation of Cost Allocation Estimates with Colwood removed**

Annual costs are in two parts: operating and debt servicing

Debt Servicing Assumes MFA borrowing of \$287.6 million over 25 years at an interest rate of 5.4%

**Estimated Annual Costs (\$ million)**

Operating	\$14.57
Debt Servicing	\$22.44
<b>Total</b>	<b>\$37.01</b>

**Allocation Formula**

	ADWF	AAF
Operating (based on current flows)	80%	20%
Debt Servicing (based on design capacity)	70%	30%

**Allocation of Annual Costs (\$ million)**

	Operating Cost		Debt Servicing Costs		Total Costs	
	2017	2030	2017	2030	2017	2030
Colwood	0.00	0.00	0.00	0.00	0.00	0.00
Esquimalt	1.05	0.99	1.53	1.53	2.58	2.52

**Cost per Population Equivalent and Cost per Connected Household**

For ease of comparison costs per connected household are based on estimated costs per population equivalent multiplied by three - assuming three persons in a representative household.

The actual cost per household in any municipality will depend on the method of recovering costs (e.g. user fees vs taxation); the revenue base used (e.g. all properties or connected properties); and, the average household size in each community.

	Cost Per Population Equivalent		Cost Per Connected Household	
	2017	2030	2017	2030
Colwood	0	0	0	0
Esquimalt	106	96	319	288