

Your Worship & Members of Council,

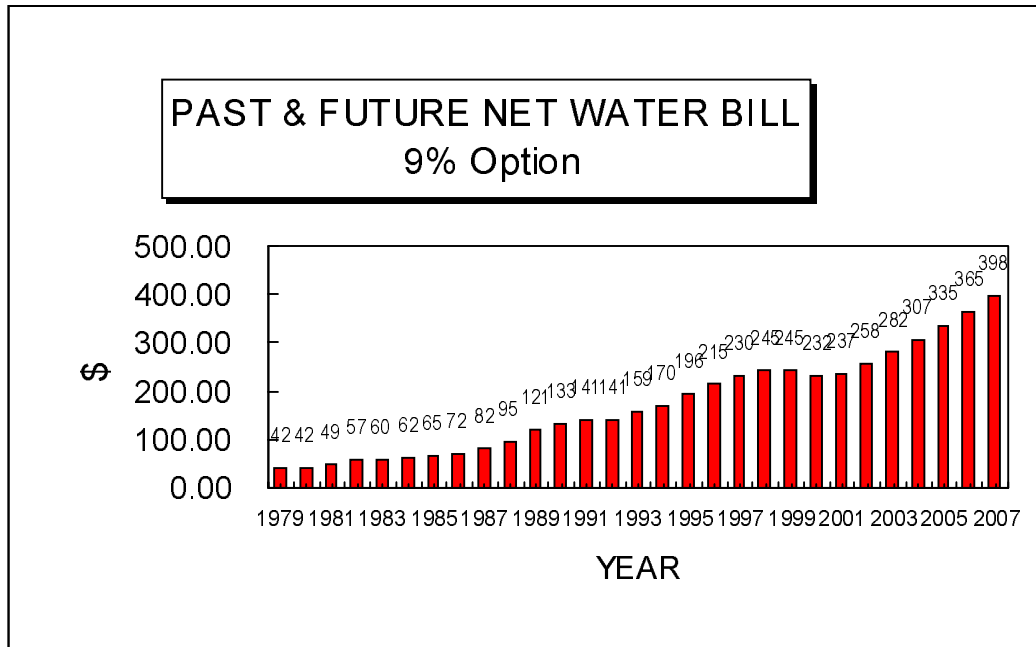
As **Agenda item #6 of November 5th 2001** Council dealt with financial options of funding GVWD for the years 2002 to 2007. The 9% /year increase is **COMPOUNDED** and the financial impact should have been more clearly illustrated as I have shown below. (**2001 Water rates were \$237**)

YEAR	2002	2003	2004	2005	2006	2007
Option A % increase	9%	9%	9%	9%	9%	9%
Option A (\$) Water Rates	258	282	307	335	365	398
Total Cost (\$) of Option A	258	540	847	1182	1547	1945
Option B % Increase	1.5%	4.9%	7.7%	12.6%	14%	19.7%
Option B (\$) Water Rates	241	252	272	306	349	418
Total Cost (\$) of Option B	241	493	765	1071	1420	1838

One sees that choosing the “pay as you go” option results in a saving of over \$100 per household over the years 2002-2007. Fortunately this was the choice council made – although it was not based on the “facts” shown above. Rates following the year 2007 were not provided (except “that they are expected to be relatively flat after”). The staff report that option A (9% increase/year) would see a saving of \$50million in interest payments appears to be at odds with the total cost to the taxpayers over the years being discussed! So it appears that “blind luck” triumphs again.

So in summary, the projected water rates endorsed by Council will see them rise from the current \$237/year to **\$418/year by 2007 (an increase of some 76%)**.

Below, find attached a graph of past and possible future water rates.



Yours truly,

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Cc: FONVCA