

# Staff Report for Decision

DATE OF MEETING | December 3, 2018 |

AUTHORED BY SARAH PEABODY, ACTING MANAGER, REVENUE SERVICES

**SUBJECT AMENDMENT TO RATES AND CHARGES FOR WATER**

## **OVERVIEW**

### **Purpose of Report**

To introduce “Waterworks Rate and Regulation Amendment Bylaw 2018 No. 7004.14”, and recommend for first, second and third readings. |

### **Recommendation**

That:

1. “Waterworks Rate and Regulation Amendment Bylaw 2018 No. 7004.14” (To set the 2019 water rates) pass first reading;
2. “Waterworks Rate and Regulation Amendment Bylaw 2018 No. 7004.14” pass second reading; and,
3. “Waterworks Rate and Regulation Amendment Bylaw 2018 No. 7004.14” pass third reading.

## **BACKGROUND**

At the Regular Meeting of Council held 2018-JAN-15, Council adopted the “Financial Plan Amendment Bylaw 2017 No. 7253”, the Financial Plan for 2018 – 2022. The Plan proposed annual increases to the water and sewer rates that take effect on January 1<sup>st</sup> of each year. If the rate increases are delayed, then either higher rates are required or the City will not meet its revenue targets.

The City’s strategic water supply plan calls for extensive investment in water treatment and supply infrastructure over the next few decades. One of the funding sources for these expenditures is a 5% annual increase in water rates. The growth related portion of the costs will be funded through development cost charges. In addition to this 5% annual increase, a 2.5% increase is needed to cover the costs relating to the long term asset management program for both water supply and distribution.

The total increase of 7.5% will be effective 2019-JAN-01 and will apply to all properties. The total impact of this proposed change on a typical single family home is \$38.52 (based on the average consumption of 220 gallons/day). This will bring the annual cost for a single family home to \$522.20.

In addition to the budgeted rate increase, two new charges are being recommended to be added to Schedule “C” Fee Schedule.

The first relates to permits for contractors to connect to a temporary water connection on a fire hydrant. Staff recommends a one-time charge of \$200 per connection to cover Staff time to install and remove the connection.

The second fee proposed is for a charge of \$25 per day to be levied for water use on a temporary use water connection use on a fire hydrant, to cover the cost of water.

## **OPTIONS**

1. That:

1. "Waterworks Rate and Regulation Amendment Bylaw 2018 No. 7004.14" (To set the 2019 water rates) pass first reading;
2. "Waterworks Rate and Regulation Amendment Bylaw 2018 No. 7004.14" pass second reading; and,
3. "Waterworks Rate and Regulation Amendment Bylaw 2018 No. 7004.14" pass third reading.
  - **Budget Implication:** The City will meet its revenue targets, including asset management initiatives.
  - **Strategic Priorities Implication:** Asset Management is a Council Priority.

2. That Council deny first three readings to "Waterworks Rate and Regulation Amendment Bylaw 2018 No. 7004.14" (To set the 2019 water rates).
  - **Budget Implication:** The City will not meet its revenue targets

## **SUMMARY POINTS**

- The City's Financial Plan includes an annual increase of 7.5% to water rates to provide for full cost recovery for the service including long-term asset management.
- This amounts to an annual increase of \$38.52 for a single family home (2019 = \$552.20, 2018 = \$513.68).

## **ATTACHMENTS**

- Attachment A: "Waterworks Rate and Regulation Amendment Bylaw 2018 No. 7004.14"

### **Submitted by:**

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### **Concurrence by:**

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