

DATE OF MEETING | December 3, 2018 |

AUTHORED BY | SARAH PEABODY, ACTING MANAGER, REVENUE SERVICES |

**SUBJECT AMENDMENT TO BULK WATER RATES FOR SOUTH WEST
EXTENSION**

OVERVIEW

Purpose of Report

To introduce “South West Bulk Water Rate Amendment Bylaw 2018 No. 7099.07”, and recommend for first, second and third readings.

Recommendation

That:

1. “South West Bulk Water Rate Amendment Bylaw 2018 No. 7099.07” (To set the 2019 bulk water rates for South West Extension) pass first reading;
2. “South West Bulk Water Rate Amendment Bylaw 2018 No. 7099.07”, pass second reading; and,
3. “South West Bulk Water Rate Amendment Bylaw 2018 No. 7099.07”, pass third reading.

BACKGROUND

In 2004, the water supply service established under the *Greater Nanaimo Water District Act* was transferred to the City of Nanaimo, making the City responsible for provision of water to the South West Extension Waterworks District. Under the legislation, the City’s fees for this cannot exceed the cost of providing services. The fees are reviewed on an annual basis.

The total cost to provide water to South West Extension for 2019 is estimated to be \$8,854,903. Based on the 5-year average annual water consumption volume, a rate of \$2.70 per 1,000 gallons is needed to meet full cost recovery, an increase of \$0.28 per 1,000 gallons. The rate is higher due to increases to asset management reserve funding and capital project work. |

OPTIONS

1. | That:

1. “South West Bulk Water Rate Amendment Bylaw 2018 No. 7099.07” (To set the 2019 bulk water rates for South West Extension) pass first reading;
2. “South West Bulk Water Rate Amendment Bylaw 2018 No. 7099.07” pass second reading;

3. “South West Bulk Water Rate Amendment Bylaw 2018 No. 7099.07” 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 “South West Bulk Water Rate Amendment Bylaw 2018 No. 7099.07” (To set the 2018 bulk water rates for South West Extension).
 - **Budget Implication:** The City will not be in compliance with the legislation requiring that the fees charged cannot exceed the cost of providing the service.

SUMMARY POINTS

- The City’s fees for providing water to South West Extension cannot exceed the cost to provide that service, and are reviewed on an annual basis.
- For 2019, a rate of \$2.70 is required to fund the costs of providing the service, an increase of \$0.28 per 1,000 gallons.

ATTACHMENTS

- Attachment A: “South West Bulk Water Rate Amendment Bylaw 2018 No. 7099.07”

Submitted by:

Sarah Peabody |
Acting Manager, Revenue Services

Concurrence by:

Laura Mercer
Acting Director, Financial Services