

DATE OF MEETING |December 2, 2019|

AUTHORED BY |BARBARA D. WARDILL, 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 2019 No. 7099.08” for first, second and third readings. |

### **Recommendation**

That:

1.        “South West Bulk Water Rate Amendment Bylaw 2019 No. 7099.08” (To set the 2020 bulk water rates for South West Extension) pass first reading;
2.        “South West Bulk Water Rate Amendment Bylaw 2019 No. 7099.08” pass second reading; and,
3.        “South West Bulk Water Rate Amendment Bylaw 2019 No. 7099.08” 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 2020 is estimated to be \$9,561,408. Based on the 5-year average annual water consumption volume, a rate of \$2.95 per 1,000 gallons is needed to meet full cost recovery, an increase of \$0.25 per 1,000 gallons. The rate is higher due to increases to asset management reserve funding and capital project work. |

## **OPTIONS**

1.        That “South West Bulk Water Rate Amendment Bylaw 2019 No. 7099.08” (To set the 2020 bulk water rates for South West Extension) pass first reading.
2.        That “South West Bulk Water Rate Amendment Bylaw 2019 No. 7099.08” pass second reading.

3. That “South West Bulk Water Rate Amendment Bylaw 2019 No. 7099.08” pass third reading.
  - The advantages of this option: The City will meet its revenue targets, including asset management initiatives.
4. That Council deny first, second and third readings to “South West Bulk Water Rate Amendment Bylaw 2019 No. 7099.08” (To set the 2020 bulk water rates for South West Extension).
  - The disadvantages of this option: The City will not meet its revenue targets and will not cover the costs of service to the South West Extension Waterworks District.

#### **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 2020, a rate of \$2.95 is required to fund the costs of providing the service, an increase of \$0.25 per 1,000 gallons.

#### **ATTACHMENTS:**

Attachment A: “South West Bulk Water Rate Amendment Bylaw 2019 No. 7099.08”

#### **Submitted by:**

Barbara D. Wardill  
Manager, Revenue Services

#### **Concurrence by:**

Laura Mercer  
Director, Finance

John Elliot  
Director, Public Works

Bill Sims,  
GM, Engineering & Public Works