

DATE OF MEETING December 7, 2020

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 2020 No. 7099.09” for first, second and third readings.

Recommendation

That:

1. “South West Bulk Water Rate Amendment Bylaw 2020 No. 7099.09” (To set the 2021 bulk water rates for South West Extension) pass first reading;
2. “South West Bulk Water Rate Amendment Bylaw 2020 No. 7099.09” pass second reading; and,
3. “South West Bulk Water Rate Amendment Bylaw 2020 No. 7099.09” 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 2021 is estimated to be \$10,239,911. Based on the 5-year average annual water consumption volume, a rate of \$3.30 per 1,000 gallons is needed to meet full cost recovery, an increase of \$0.35 per 1,000 gallons. The rate increase is due to increases in asset management reserve funding and capital project work, and a reduction in consumption.

OPTIONS

1. That “South West Bulk Water Rate Amendment Bylaw 2020 No. 7099.09” (To set the 2021 bulk water rates for South West Extension) pass first reading.
2. That “South West Bulk Water Rate Amendment Bylaw 2020 No. 7099.09” pass second reading.

3. That “South West Bulk Water Rate Amendment Bylaw 2020 No. 7099.09” 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 2020 No. 7099.09” (To set the 2021 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 2021, a rate of \$3.30 is required to fund the costs of providing the service, an increase of \$0.35 per 1,000 gallons.

ATTACHMENTS:

Attachment A: “South West Bulk Water Rate Amendment Bylaw 2020 No. 7099.09”

Submitted by:

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Concurrence by:

Laura Mercer
Director, Finance

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