

# Staff Report for Decision

DATE OF MEETING December 6, 2021

AUTHORED BY BARBARA D. WARDILL, MANAGER, REVENUE SERVICES

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

## **OVERVIEW**

### **Purpose of Report**

To introduce "Waterworks Rate and Regulation Amendment Bylaw 2021 No. 7004.17" for first, second and third readings.

### **Recommendation**

That:

1. "Waterworks Rate and Regulation Amendment Bylaw 2021 No. 7004.17" (To set the 2022 water rates) pass first reading;
2. "Waterworks Rate and Regulation Amendment Bylaw 2021 No. 7004.17" pass second reading; and,
3. "Waterworks Rate and Regulation Amendment Bylaw 2021 No. 7004.17" pass third reading.

## **BACKGROUND**

At the Regular Meeting of Council held 2021-MAR-1, Council adopted the "Financial Plan Amendment Bylaw 2021 No. 7307.02", the Financial Plan for 2021 – 2025. 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.

## **DISCUSSION**

The increase of 5% will be effective 2022-JAN-01 and will apply to all properties. The total impact of this proposed change on a typical single family home is \$31.98 (based on the average consumption of 220 gallons/day). This will bring the annual cost for a single family home to \$670.32

## **FINANCIAL CONSIDERATIONS**

The projected increase of 5% is required to ensure the City meets its full cost recovery model of providing water to the residents and businesses in Nanaimo.

A rate increase of less than 5% will have a negative impact on the available resources to fund the water supply plan.

## **OPTIONS**

1. That “Waterworks Rate and Regulation Amendment Bylaw 2021 No. 7004.17” (To set the 2022 water rates) pass first reading;
2. That “Waterworks Rate and Regulation Amendment Bylaw 2021 No. 7004.17” pass second reading; and,
3. That “Waterworks Rate and Regulation Amendment Bylaw 2021 No. 7004.17” pass third reading.
  - The advantages of this option: The City will meet its revenue targets and remain cost neutral.
4. That Council deny first, second and third readings to “Waterworks Rate and Regulation Amendment Bylaw 2021 No. 7004.17” (To set the 2022 water rates)
  - The disadvantages of this option: The City will not meet its revenue targets.

### **SUMMARY POINTS**

- The City’s Financial Plan includes an annual increase of 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 \$31.98 for a single family home (2022 = \$670.32, 2021 = \$638.34).

## **ATTACHMENTS:**

Attachment A: “Waterworks Rate and Regulation Amendment Bylaw 2021 No. 7004.17”

**Submitted by:**

Barbara D. Wardill  
Manager, Revenue Service

**Concurrence by:**

Laura Mercer  
Director, Finance

John Elliot  
Director, Public Works

Bill Sims  
GM, Engineering & Public Works