

# Staff Report for Decision

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DATE OF MEETING    DECEMBER 5, 2022

AUTHORED BY        JAMIE SLATER, MANAGER, FINANCIAL SERVICES & SPECIAL  
PROJECTS

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

## **OVERVIEW**

### **Purpose of Report**

To introduce “South West Bulk Water Rate Amendment Bylaw 2022, No. 7099.11” for first, second and third reading. |

### **Recommendation**

That:

1. “South West Bulk Water Rate Amendment Bylaw 2022, No. 7099.11” (A bylaw to set the 2023 bulk water rate for South West Extension) pass first reading;
2. “South West Bulk Water Rate Amendment Bylaw 2022, No. 7099.11” pass second reading; and,
3. “South West Bulk Water Rate Amendment Bylaw 2022, No. 7099.11” 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.

## **DISCUSSION**

The estimated total cost to provide water to South West Extension for 2023 is \$13,055,267. Based on the 5-year average annual water consumption volume, a rate of \$4.17 per 1,000 gallons is needed to meet full cost recovery. This rate will be effective 2023-JAN-01.

The rate increase of \$0.17 per 1,000 gallon over the 2022 rate is based on current replacement cost of infrastructure. Not increasing the water rate would have a negative impact in the City’s ability to provide this service, as full cost recovery would not be achieved.

## **OPTIONS**

1. That Council give first three readings to the “South West Bulk Water Rate Amendment Bylaw 2022, No. 7099.11” (A bylaw to set the 2023 bulk water rates for South West Extension).
  - **Advantages:** The City will continue to fulfill its responsibility for provision of water to the South West Extension Waterworks District, and will meet revenue targets, including asset management initiatives.
  - **Disadvantages:** None noted, as the City is required by legislation to provide this service.
2. That Council deny first three readings to the “South West Bulk Water Rate Amendment Bylaw 2022, No. 7099.11”
  - **Advantages:** None noted
  - **Disadvantages:** The City would not have utility rates set for the South West area that would recover the full costs of providing this service.

## **SUMMARY POINTS**

- The City is responsible for provision of water to the South West Extension Waterworks District.
- The City cannot collect more than it costs to provide the service.
- The 2023 rate for every 1,000 gallons is proposed to be \$4.17, which is \$0.17 higher than 2022 (4.2%).

## **ATTACHMENTS:**

South West Bulk Water Rate Amendment Bylaw 2022, No. 7099.11 |

### **Submitted by:**

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### **Concurrence by:**

Laura Mercer  
Director, Finance |