

DATE OF MEETING DECEMBER 5, 2022

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SUBJECT AMENDMENT TO USER FEE SUBSIDIES FOR 2023

## **OVERVIEW**

### **Purpose of Report**

To introduce “User Fee Subsidies Amendment Bylaw 2022, No. 7095.04” for first, second and third readings.

### **Recommendation**

That:

1. “User Fee Subsidies Amendment Bylaw 2022, No. 7095.04” (A bylaw to set the 2023 thresholds for User Fee Subsidies) pass first reading;
2. “User Fee Subsidies Amendment Bylaw 2022, No. 7095.04” pass second reading; and,
3. “User Fee Subsidies Amendment Bylaw 2022, No. 7095.04” pass third reading.

## **BACKGROUND**

Pursuant to section 202 of the *Municipalities Enabling and Validating Act*, Council is permitted to waive any part of any water or sewer rate to property owned and occupied by any class of citizens of 65 years of age and older.

For over 25 years, Council has provided user fee subsidies for water and sewer to senior citizens who meet the age and income limits set out by legislation. Traditionally, Council has allowed a subsidy of 50% of the minimum water and sewer charges on owner occupied residences.

## **DISCUSSION**

Historically, the qualification income levels were set at approximately ten (10) percent over the senior’s maximum available income from Old Age Security (OAS) and Guaranteed Income Supplements (GIS).

These calculations resulted in the 2022 maximum income thresholds being set at \$20,535 per annum for a single owner occupier, or \$31,670 for a couple.

These maximum income thresholds are quite low, and a slightly higher maximum income threshold could be attained if the Statistics Canada Low-Income Cut-Off limits were used as a guideline.

## Statistics Canada Low Income Cut-Off (LICO)

- The low income cut-off statistics that are produced by Statistics Canada are the most established and widely recognized approach to estimating low income cut-offs in Canada. These are income thresholds that outline when a person or family will devote a larger share of its income on the necessities of food, shelter and clothing than the average family.
- Statistics Canada produces tables for each year, but the tables are always behind one to two years, depending on when Statistics Canada releases the data.
  - Staff would propose to use the most current low-income threshold (before tax) table from Statistics Canada plus adjustments for inflation, as opposed to the current senior's maximum available income from Old Age Security (OAS) and Guaranteed Income Supplement (GIS) plus ten (10 percent).
- The income thresholds provided by Statistics Canada would be slightly higher than the income thresholds calculated using the previous methodology, and would provide more opportunity for low-income seniors to qualify for this program.
  - Currently, the program has approximately 37 accounts that meet the criteria. There may be additional low-income seniors that would benefit from the program if the limits were slightly increased.

Currently, Statistics Canada has released LICO information to 2020. If these low-income thresholds were inflated to 2023 levels using the Victoria Consumer Price Index (CPI), the resulting 2023 income thresholds would be as follows:

Annual low income cut-offs before tax					
Community Size*	Family Size	2020	2021**	2022**	2023**
100,000 – 499,999	1	22,926	23,705	25,601	27,649
	2	28,540	29,510	31,870	34,419

\*Census Canada statistics released on 2022-FEB-08 reported that the population within City limits was just under 100,000 in 2021.

\*\*Estimated amounts based on Victoria CPI increase (2021 3.4%, 2022 & 2023 8% (estimate)).

The table below displays the proposed 2023 income thresholds using the proposed methodology versus the existing methodology:

Annual low income cut-offs before tax			
	Proposed	Current	
Community Size	Statistics Canada LICO (Inflated to 2023)	OAS and GIS + 10% (Age 65-74)	Difference
100,000+			
1 Person	\$27,649	\$21,977	\$5,672
2 Persons	\$34,419	\$33,961	\$458

The User Fee Subsidy provides for a 50% reduction in the base rates charged for both water and sewer.

The current 2022 base charge for water is \$0.90398 and for sewer \$0.41658, and the 2023 charges are estimated at \$0.94918 and \$0.43324 respectively for single-family dwellings.

Staff estimate the annual subsidy per single-family dwelling in 2023 to be \$173.22 for water and \$79.07 for sewer for a total combined subsidy of \$252.29.

## **OPTIONS**

1. That:

“User Fee Subsidies Amendment Bylaw 2022, No. 7095.04” (A bylaw to set the 2023 thresholds for User Fee Subsidies) pass first reading;

“User Fee Subsidies Amendment Bylaw 2022, No. 7095.04” pass second reading;  
and,

“User Fee Subsidies Amendment Bylaw 2022, No. 7095.04” pass third reading.

### **Advantages:**

- Low income senior households will have the opportunity to apply for the user fee subsidy and decrease the financial burden that they are facing for basic services including water and sewer.
- Slightly increasing the low-income thresholds could allow lower income seniors that are just over the current threshold to be able to utilize this program

### **Disadvantages:**

- Other users of the water and sewer systems will need to subsidize the costs of the subsidy program

### **Financial Implications:**

- There are currently approximately 37 accounts that are utilizing this program. If the same number of households utilize the program in 2023, the estimated amount of the total subsidies provided would be approximately \$9,335 (37 accounts x \$252.29).

2. That Council deny first three readings of the “User Fee Subsidies Amendment Bylaw 2022, No. 7095.04” (A bylaw to set the 2023 thresholds for User Fee Subsidies).

### **Advantages:**

- Residents not enrolled in the program will not have to subsidize this program.

### **Disadvantages:**

- The City would not be providing assistance to low income senior households with respect to User Fees, which is a practice that has continued for a significant number of years.

### Financial Implications:

- There are currently approximately 37 accounts that are utilizing this program. If the program is discontinued, other households within the City of Nanaimo would not have to subsidize approximately \$9,335 (37 accounts x \$252.29).

3. That Council provide alternate direction. |

### **SUMMARY POINTS**

- Section 202 of the *Municipalities Enabling and Validating Act* allows Council to waive any part of water or sewer rates to property owned and occupied by any class of citizens 65 years of age or older.
- Historically income qualifications limits have been set at ten (10) percent over the senior's maximum available income from OAS and GIS.
- Staff are recommending the Statistics Canada Low Income Cut-Offs (LICO) tables are used as a measurement for low income, rather than OAS and GIS maximums.
- The estimated annual subsidy for low-income seniors based on current usage of the program is \$9,335.

### **ATTACHMENTS:**

Attachment A: "User Fee Subsidies Amendment Bylaw 2022, No. 7095.04" |

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