

DATE OF MEETING DECEMBER 4, 2023

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 2023, No. 7099.12” for first, second and third reading. |

Recommendation

That:

1. “South West Bulk Water Rate Amendment Bylaw 2023, No. 7099.12” (a bylaw to set the 2024 bulk water rate for South West Extension) pass first reading;
2. “South West Bulk Water Rate Amendment Bylaw 2023, No. 7099.12” pass second reading; and
3. “South West Bulk Water Rate Amendment Bylaw 2023, No. 7099.12” pass third reading.

BACKGROUND

The water supply service established under the *Greater Nanaimo Water District Act* was transferred to the City of Nanaimo in 2004, making the City responsible for provision of water to the South West Extension Waterworks District. The fees are reviewed annually, and under legislation, the City’s fees for this cannot exceed the cost of providing the services. |

DISCUSSION

The estimated cost to provide water to South West Extension for 2024 is \$12,948,451. Based on the 5-year average annual water consumption, a rate of \$4.23 per 1,000 gallons is needed to meet full cost recovery. This rate will be effective January 1, 2024.

The rate increase of \$0.06 per 1,000 gallons over the 2023 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:

“South West Bulk Water Rate Amendment Bylaw 2023, No. 7099.12” (a bylaw to set 2024 bulk water rate for South West Extension” pass first reading;

“South West Bulk Water Rate Amendment Bylaw 2023, No. 7099.12” pass second reading; and

“South West Bulk Water Rate Amendment Bylaw 2023, No. 7099.12” pass third reading.

- **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 2023, No. 7099.12”

- **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.
- Pursuant to legislation that rate charge to provide this service cannot be more than the cost of service.
- The 2024 rate for every 1,000 gallons is proposed to be \$4.23, which is \$0.06 higher than 2023 (1.44% increase).

ATTACHMENTS:

South West Bulk Water Rate Amendment Bylaw 2023, No. 7099.12 |

Submitted by:

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Concurrence by:

Laura Mercer
Director, Finance |