

DATE OF MEETING DECEMBER 1, 2025

AUTHORED BY ANA FRANCISCO, MANAGER, REVENUE SERVICES

SUBJECT AMENDMENT TO RATES AND CHARGES FOR WATER FOR 2026

OVERVIEW

Purpose of Report

To introduce “Waterworks Rate and Regulation Amendment Bylaw 2025, No. 7004.23” for first, second and third reading.

Recommendation

That:

1. “Waterworks Rate and Regulation Amendment Bylaw 2025, No. 7004.23” (a bylaw to set the water rates for 2026) pass first reading;
2. “Waterworks Rate and Regulation Amendment Bylaw 2025, No. 7004.23” pass second reading; and
3. “Waterworks Rate and Regulation Amendment Bylaw 2025, No. 7004.23” pass third reading.

BACKGROUND

The City of Nanaimo maintains a safe and reliable water supply and distribution system to serve our growing community. Drinking water is treated to a high level of purification at the Water Treatment Plant, ensuring compliance with all health and safety standards. Once treated, water is distributed throughout Nanaimo using a gravity-fed system, providing efficient and dependable service to homes and businesses.

The water utility operates on a self-sustaining model, with revenues covering annual operating costs and contributing to reserve funds for future infrastructure needs. Water rates are reviewed and set each year to ensure these financial goals are achieved.

DISCUSSION

The City of Nanaimo collects stable revenue to support the operation and maintenance of the water supply and distribution system, as well as to fund asset renewal and new infrastructure projects.

Growth-related infrastructure is funded through Development Cost Charges. To balance the need for stable revenue with the goal of promoting water conservation, the rate structure allocates a portion of revenue to fixed charges, while the remainder is recovered through

consumption-based charges. In 2024 approximately 46% of user fee revenue was generated through fix charges.

Each year the utility rates are set in accordance with the amounts stipulated in the Financial Plan. The rates set by the Waterworks Rate and Regulation Amendment Bylaw are proposed to increase by 5% in 2026, excluding the 19mm meter fixed charge.

The annual cost for an average residential property is anticipated to change as follows:

Water Rates	2025 Annual Cost	Proposed 2026 Annual Cost	% Change	\$ Change
Residential – average single-family dwelling*	\$532	\$558	5%	\$26

*Rounded and based on a three-years average seasonal usage.

19mm Meter Base Rate

In 2023 the City decided to pause the annual rate increase for the 19mm service size. The fixed charges are intended to provide the utility with a reliable revenue stream that will recover a portion of the total utility costs associated with providing service to the property. Although approximately ninety-eight percent (98%) of properties are categorized as single-residential dwelling properties, up until 2023 those residential properties were paying a lower base rate than other properties with a 19mm water meter even though most residential properties have a 19mm water meter. For equity, the 19mm meter base rate for multi-family and non-residential properties will be excluded from rate increases until such times as it is equivalent to the fixed charge for single-residential dwelling properties.

Fireline Rates

Properties equipped with a detector check for sprinkler requirements will be subject to a meter base fee as the City assumes responsibility for the ongoing maintenance and eventual repair of the detector check meter.

The detector check serves a critical role in monitoring and preventing backflow within sprinkler systems, which is essential for public health and water quality.

Implementing this fee structure promotes fairness and sustainability, ensuring that properties benefiting from city-managed meters contribute to their upkeep without placing undue burden on general ratepayers. |

OPTIONS

1. That
 1. “Waterworks Rate and Regulation Amendment Bylaw 2025, No. 7004.23” (a bylaw to set the water rates for 2026) pass first reading;
 2. “Waterworks Rate and Regulation Amendment Bylaw 2025, No. 7004.23” pass second reading; and
 3. “Waterworks Rate and Regulation Amendment Bylaw 2025, No. 7004.23” pass third reading.

Advantages:

- The City will meet its revenue targets that include cost recovery and asset management initiatives.

Disadvantages:

- The rates will be required to increase by 5% to achieve cost recovery.

2. That Council provide alternative direction. |

SUMMARY POINTS

- The Water Utility is fully funded by user fees.
- The 2026 water rates are proposed to increase by 5%, which would have an estimated annual impact of \$26 on a typical residential household (\$532 to \$558 annually)

ATTACHMENTS:

Waterworks Rate and Regulation Amendment Bylaw 2025, No. 7004.23 |

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