



Sewer Utility Rate Update

November 21, 2018



What We've Heard



Revenue Stability

- Significant capital improvements on the horizon
- Treatment requirements are becoming more complex



Equitable

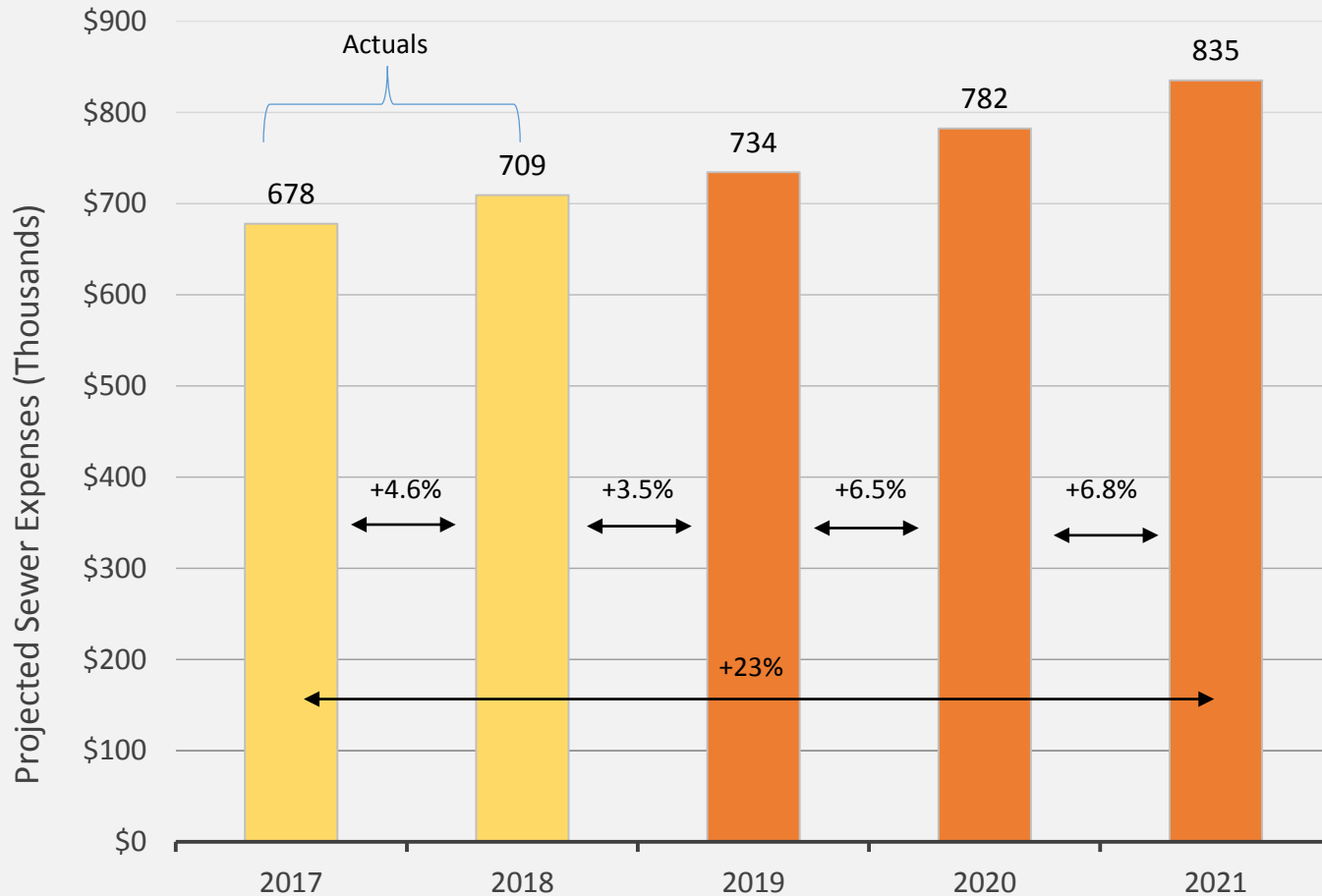
- Those who use more should pay more.
- Current inequity between customers



Simple to understand and accepted by public

- Ability for Council and public to understand approach

Operations and Maintenance Expenses

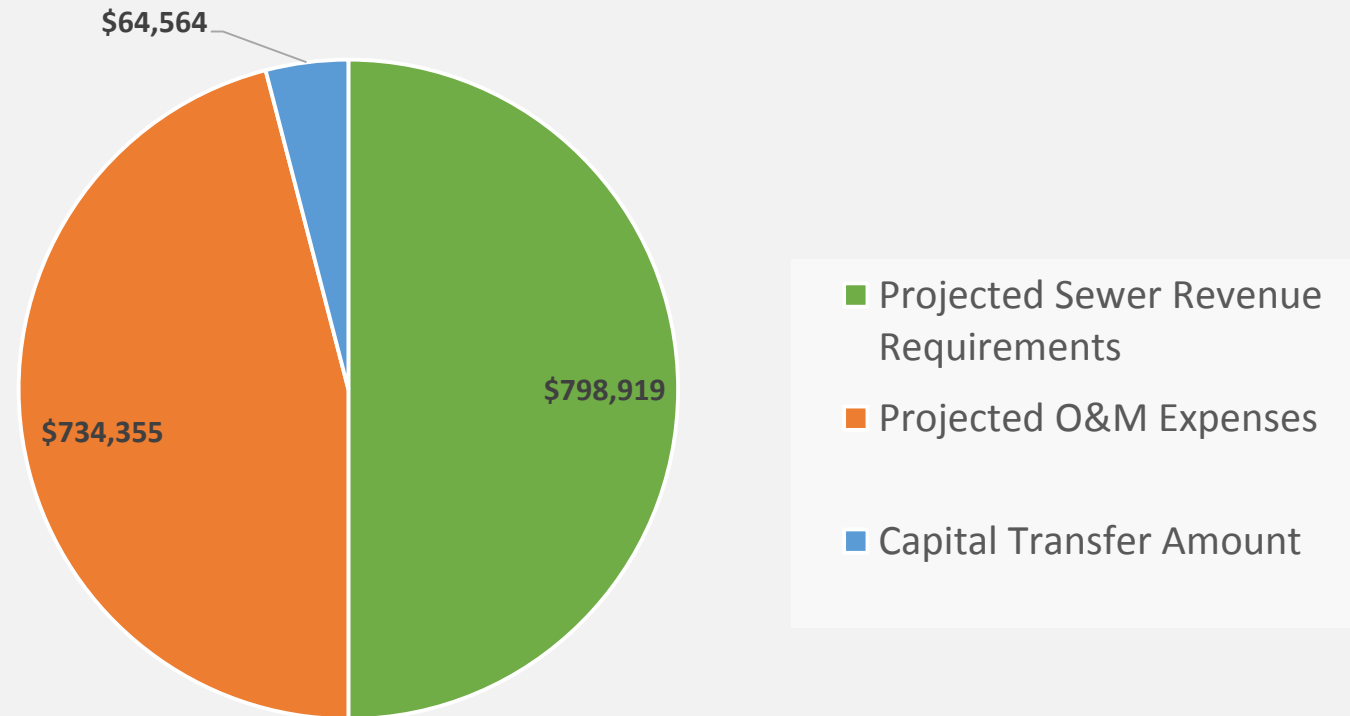


- Sewer-related expenses continue to increase due to:
 - Increased treatment regulations
 - Aging infrastructure repairs & maintenance
 - Cost of inflation year over year

Revenue Requirements

- A target of +/- \$64,000 per year is required to offset costs associated with aging sewer infrastructure – based on projected Tangible Capital Asset amount (annual amortization of assets).

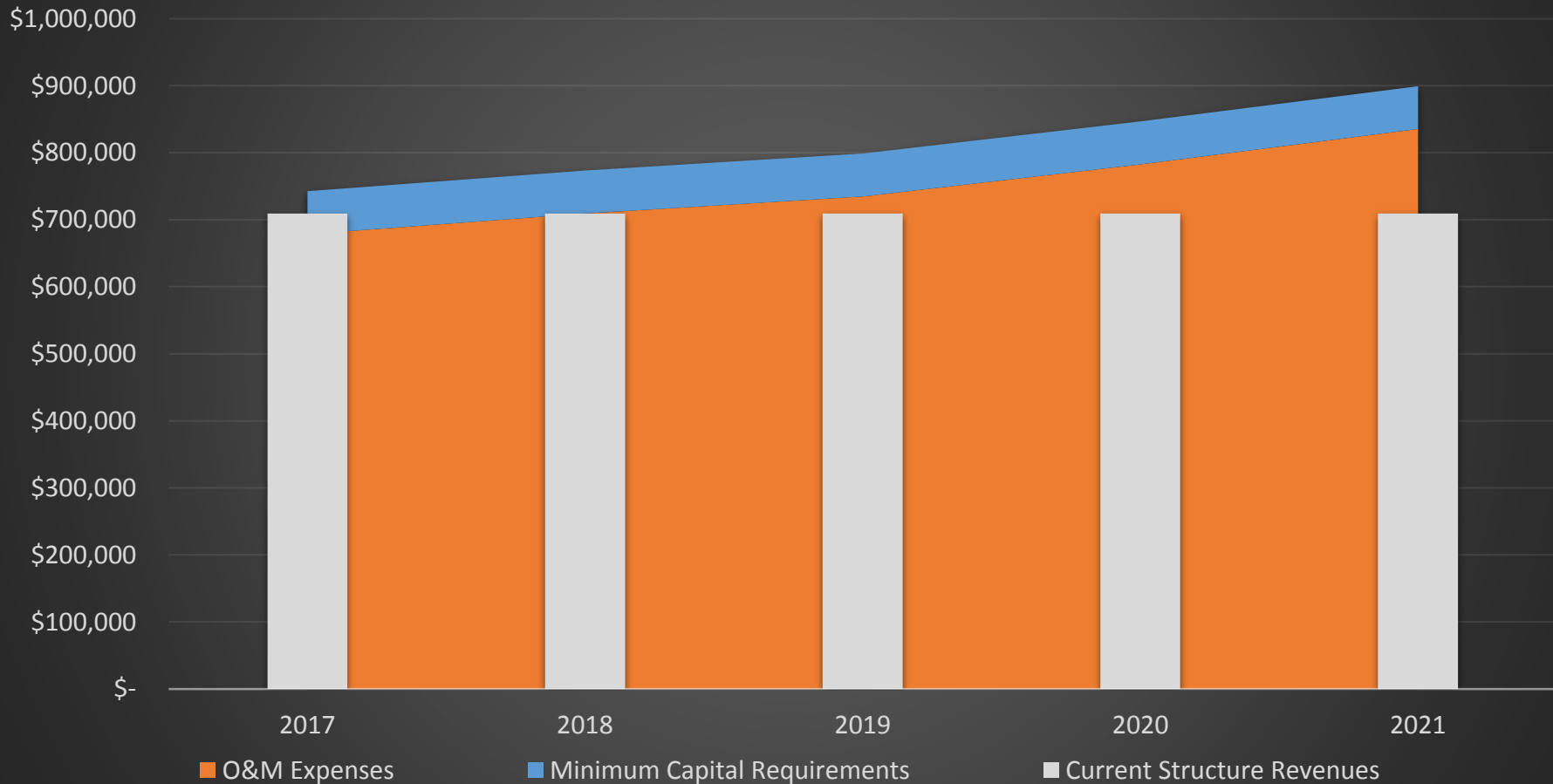
Where would the Proposed 2019 Sewer Revenues go?



*Based on 2019 Projected Revenues under Proposed Rate Structure

Revenue Requirements

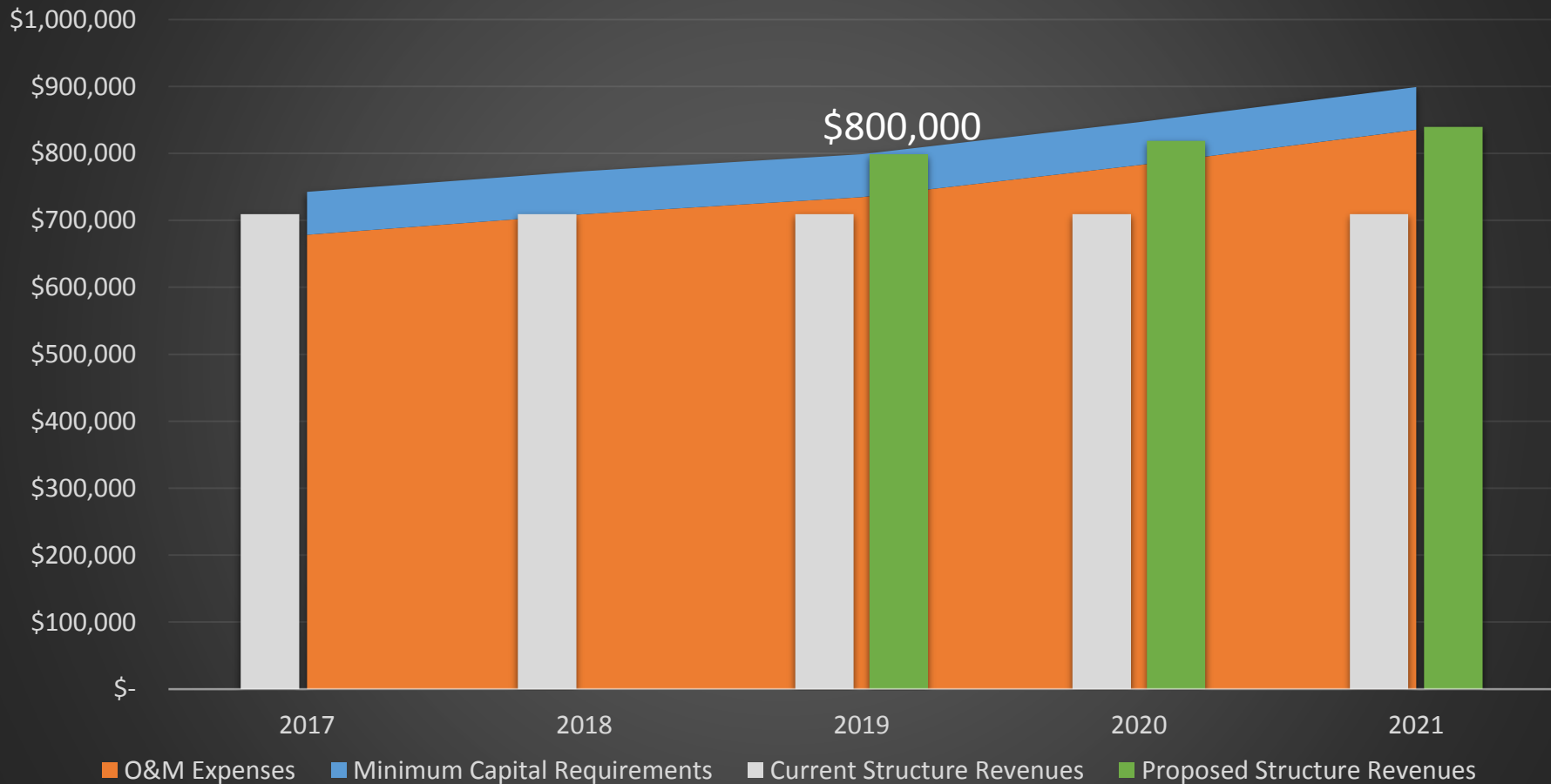
Current Rate Revenues & Proposed Structure Revenues



- Sewer rates have not increased since 2015
- If sewer rates remain unchanged, the sewer service shortfall will continue to increase as expenses and capital requirements rise year over year.

Revenue Requirements

Current Rate Revenues & Proposed Structure Revenues



- Revenues from proposed rate structure need to achieve +/- \$800,000 in 2019 to achieve O+M and capital reserve needs.
- +/- \$750,000 required from sewer utility rates.

Current Approach

Sewer Utility

Combination

\$86 – Base fixed rate (bi-monthly)
\$2.35/m³ – Variable rate for non-single residential users (applicable >36.37m³)

Considerations:

- Current approach does not generate enough revenue for current and future revenue needs.
 - Current structure generates +/- \$655,000 annually (approximately \$100,000 short of current needs)
- Current usage does not align with proportionate revenue generation. Single-family residential contributes +/- 63% of the volume and accounts for +/- 74% of the revenue.
- Non-single residential users pay a single fixed fee per premise – regardless of potential demand.
- High single-family users pay \$86 bi-monthly regardless of use.

Proposed Rate Structure

Connect Fixed Rate to Meter Size + Apply Variable Usage Rate to All

- Rate is connected to water meter size and follows the water rate structure
- Every customer pays a variable charge of \$2.35/m³ for their usage
- Removes usage allowance (36m³)
- Decrease current base fixed rate from \$86 to \$43 bi-monthly

Sewer Utility

Combination

\$43 – Base fixed rate (bi-monthly)
\$2.35/m³ – Variable rate for all users

Proposed Rate Structure

Considerations:

1. Narrows inequity between single residential and non-single residential customers
2. Multi-family users pay higher rates based on meter size and usage
3. High usage single-family residential customers will pay more based on the variable charge
4. Impact to non-residential, low users needs to be considered

Sewer Utility

Combination

\$43 – Base fixed rate (bi-monthly)
\$2.35/m³ – Variable rate for all users

Proposed Rate Structure

- Connects \$43 base flat rate to customer's meter size

Meter Diameter (mm)	Residential	Non-Residential
20mm (3/4") or less	\$43	\$43
25mm (1")	\$107.50	\$43
40mm (1.5")	\$215	\$215
50mm (2")	\$344	\$215
75mm (3")	\$645	\$645
100mm (4")	\$1,075	\$1,290
125mm (5")	\$1,612.50	\$1,612.50
150mm (6")	\$2,150	\$2,150



Variable Charge (\$2.35/m³)

Proposed Rate Structure – Sewer Bi-Monthly Billings

Rate Structure	Residential (Average Usage: 22m ³ + 15mm Meter)	Multi-Family (15 Units) (166m ³ + 40mm Meter)	Non-Residential (Average Usage: 30m ³ + 15mm Meter)	Non-Residential (Average Usage: 200m ³ + 50mm Meter)
Current	Sewer: \$86.00	Sewer: \$389.16	Sewer: \$86	Sewer: \$469.05
Proposed (Fixed + \$2.35/m ³)	Sewer: \$94.70	Sewer: \$605.16	Sewer: \$113.5	Sewer: \$685.00
Proposed Increase	\$8.70/billing cycle (\$4.35/mo) 10% increase	\$216/billing cycle (\$14.40/unit) (\$108/mo) (\$7.20/mo per unit) 55% increase	\$27.5/billing cycle (\$13.75/mo) 32% increase	\$216.00/billing cycle (\$108/mo) 46% increase



Key Points to Consider



Sewer revenues must increase to support the system



The current rate structure has a number of inequities and does not promote the efficient use of resources



The proposed rate structure helps to better distribute these costs to those with high usage and demand capacity

Next Steps

- November 21, 2018 – Proposed 2nd and 3rd Reading
- November 22 – December 31, 2018 – Administrative Implementation
- January 1, 2019 – New rate in effect

Council Direction

Options:

1. that Council agree to give Bylaw 18-11 second reading.
2. that Council agree to request that Administration amend Bylaw 18-11 by {insert amendments}, and return the amended draft bylaw to the December 5, 2018 Council meeting.
3. that Council agree to give Bylaw 18-11 third and final reading.
4. that Council agree to provide Administration with alternate direction.

Recommendation: Administration recommends Options 1 and 3.