

**REVIEW OF REGIONAL DISTRICT OF NANAIMO WATER LEAK BILL ADJUSTMENT
POLICY D1-01**

RECOMMENDATIONS

1. That the Regional District of Nanaimo Board support the continued use of *Policy D1.1, Adjustment for Water Leak* in its current form.
2. That the Regional District of Nanaimo Board uphold the decision by staff to not grant an exception to Policy D1.01, Adjustment for Water Leaks as requested by Rhonda Leigh and Clark Routledge, and require the payment of their water bill without adjustment.

BACKGROUND

On September 6, 2022, the following two resolutions were adopted by the Regional District of Nanaimo (RDN) Board:

1. "It was moved and seconded that Policy D1.1, Adjustment for Water Leak be critically reviewed and benchmarked to Vancouver Island's other water leak forgiveness policies. This policy was last reviewed 16 years ago before tiered water rates were put in place."
2. "It was moved and seconded that staff provide a report noting the implications of a reduction of the \$6400 water bill of Rhonda Leigh and Clark Rutledge."

Since 2003, the RDN has had a Board-approved policy in place governing adjustments to RDN Water Service Area resident's water bills when they have experienced a leak in the potable water system on their property. It is formally known as *Policy D1-01 Adjustment for Water Leak* and will be referred to as "the RDN Policy" in this report.

The RDN Policy is intended to provide property owners with some relief from occasional water leaks that are beyond their control, and in doing so educate property owners and residents on the importance of monitoring and being aware of their water usage. Conservation is one of the keys to a reliable and robust drinking water system, and is the only tool governments, operators, and residents have to moderate the ever-increasing cost of potable water supply.

Key requirements and benefits of the RDN Policy include:

- Adjustments may be considered once in a five-year period if:
 - Leaks are repaired within 14 days of discovery;
 - Detailed receipts are provided for the repairs undertaken;
 - RDN staff have verified repairs have been made.
- Leaks in the main line to the house, irrigation, and household appliances all qualify for billing adjustments.

- Leaks in pools, hot tubs, and fountains do not qualify for billing adjustments.
- Various fees are payable at time of adjustment to help cover the cost of staff time.
- Adjustment amounts are based on historical usage over the past three years, with the addition of 50% of the water used for irrigation system leak adjustments.
- The maximum value of the charge for wasted water will be capped at \$1,500.
- Applications for bill adjustments must be received within 1 year of the billing date.

The intention of the minimum interval between adjustment requests is to motivate property owners and residents to be aware of their water usage for at least 5 years so as not to get stuck with a large bill in case of another leak. We have not received any other complaints about the terms of the RDN Policy. The ultimate goal is to promote conservation, as leaked water is potable water that is gone “forever”. By Bylaw, RDN water meters must always be accessible to residents and staff at all times. They are easy to read and require no special equipment, other than perhaps a flashlight. The RDN website has information on how to do this at <https://www.rdn.bc.ca/faqs-water-use>.

In benchmarking the RDN Policy against other Vancouver Island water purveyor’s policies, an extensive internet search was completed. Data on leak adjustment policies was found readily available for 28 water purveyors across Canada, including 22 on Vancouver Island. The water purveyors represented in this group include municipalities large and small, improvement districts, private companies, and other regional districts. While the main point of contention leading up to the Board’s request for this review is the amount of time that must elapse between claims for billing adjustments due to leaks, there are two other important factors in the policies that contribute to their meaningfulness to residents that are worth including in this comparison: do the policies allow for adjustments due to leaks in irrigation systems and/or home appliances such as toilets, or just main water supply lines? A summary of the data from the search is summarized below:

Of the 28 water purveyors, only 12 allow for adjustments for leaks in irrigation and home appliances as well as main line leaks, similar to the RDN Policy. Two water purveyors do not have a leak adjustment policy of any kind. On average, about half of the adjustment requests received by the RDN relate to leaks in irrigation systems, so it is an important part of our policy.

In terms of minimum time between requests for bill adjustments, the number of water purveyors at each interval are shown in the table below. The RDN Policy interval is 5 years.

Not specified	2 years	3 years	5 years	10 years	One Time only	No policy
5	8	2	4	3	4	2

In summary and in response to the first Board resolution above, this review and comparison reveals that the RDN Policy falls into the middle of the policies in force in the other communities surveyed. The RDN Policy is generous in addressing non-main line leaks and the minimum time between adjustment requests is reasonable.

FINANCIAL IMPLICATIONS

The supply of potable water is an expensive utility. It is a precious resource that is not universally available in nature, even within the RDN. Every litre of potable water is valuable. It is highly regulated, requiring skilled operators and significant amounts of long-term capital investment. The consequences of non-compliance can be severe, as experienced in Walkerton, Ontario in 2000 when bacterial contamination resulted in a public health disaster. Water Service Areas (WSAs) in the RDN are fully funded by the property owners receiving the (water) service. The revenue required to fund the operation and maintenance of the system on a daily basis, as well as

long term asset management, comes from two sources: Parcel Taxes that are fixed annually and User Rates that vary by property based on water usage. The total of these charges is the basis of the WSA annual budget which includes allocations for operating and maintenance expenses, and a contribution to the Capital Reserve fund for asset management activities in that WSA.

The per-parcel effect of granting the request expressed over all users is approximately \$2.40 per parcel, (we note that the bill adjustment provided to these property owners 4 years ago reduced their bill payment by \$2,900, resulted in about \$1.10 increase per parcel). We acknowledge that the variable/incremental cost of each cubic meter of water is less than what is charged each year unless and until consumption and demand drives the next order of investment, in which case the incremental cost becomes much higher. For these water utilities, such incremental costs are large, coming in the form of capital improvements. That is a key purpose of encouraging conservation: to avoid or defer these costs.

In the last ten years, the RDN has granted 576 bill adjustments amounting to about \$490,000 in relief to water service area residents. In the long-term operation of these utilities, this money has been replaced with parcel taxes and water rates.

In summary and in response to the second Board resolution above, the cost of the RDN Policy is shared among all the property owners in a WSA. To grant an exception to the minimum interval between leak adjustment requests could create a precedent that does not respect the consistent application of the RDN Policy and would be counter to the objective of incenting all users being responsible for their part of maintenance and conservation.

STRATEGIC PLAN ALIGNMENT

Growth Management - Provide effective regional land use planning and responsible asset management for both physical infrastructure and natural assets.

REVIEWED BY:

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- D. Holmes, Chief Administrative Officer