

TO: Committee of the Whole

MEETING: September 4, 2018

FROM: Murray Walters
Manager, Water Services

FILE: 5500-22-01

SUBJECT: Bylaw No. 1655.09 – Water User Rate Amendments 2019

RECOMMENDATIONS

1. That “Regional District of Nanaimo Water Services Fees & Charges Amendment Bylaw No. 1655.09” be introduced and read three times.
2. That “Regional District of Nanaimo Water Services Fees & Charges Amendment Bylaw No. 1655.09” be adopted.

SUMMARY

The Regional District of Nanaimo (RDN) owns and operates nine community water systems. All nine systems use a common rate structure as set out in the RDN Water Services Fees & Charges Bylaw No. 1655, 2012 (“Bylaw No. 1655”). Each year since its adoption, Bylaw No. 1655 has been amended to allow for year-over-year changes to the costs to operate and maintain RDN drinking water systems. This report brings forward *Regional District of Nanaimo Water Services Fees & Charges Amendment Bylaw No. 1655.09, 2018* (see Attachment 1) proposing a 2% increase in associated water rates to reflect anticipated actual operating and maintenance costs. The proposed changes will be included in the 2019 budget and 2019-2023 financial plan.

BACKGROUND

At the Regular Board Meeting held February 28, 2012, the Board of Directors introduced, read three times and adopted Regional District of Nanaimo Water Services Fees & Charges Bylaw No. 1655, 2012. That bylaw established common rates for all RDN water service areas, following an ‘inclined block’ rate structure. An ‘inclined block’ rate charges more per unit of water as average daily consumption reaches specified thresholds. This rate structure is designed to use price signals to encourage conservation and to ensure a modest financial impact on the lowest water users – typically single resident, senior households.

Table 1 (below) shows the existing RDN water user rates in place and the proposed changes to those rates. The structure on which the rates are established does not change, only the rates for the various blocks of water use.

Table 1: Existing and Proposed Water User Rates

	Minimum Daily Rate	Average Daily Consumption in Cubic Metres					
		Up to 0.7 m ³	0.71 to 1.4 m ³	1.41 to 2.1 m ³	2.11 to 2.8 m ³	2.81 to 3.5 m ³	over 3.50 m ³
2018 Rate	\$0.34	\$1.04	\$1.18	\$1.52	\$1.79	\$2.40	\$3.60
Proposed 2019 Rate (2018 Rate +2%)	\$0.35	\$1.06	\$1.20	\$1.55	\$1.83	\$2.45	\$3.67

ALTERNATIVES

1. Introduce, give three readings to, and adopt Bylaw No. 1655.09.
2. Do not introduce, give three readings to, and adopt Bylaw No. 1655.09.

FINANCIAL IMPLICATIONS

If the water user rates are increased as proposed, then the ongoing maintenance, upgrades and improvements under each water system capital plan can proceed as laid out in the revised 2019 -2023 Financial Plan.

For Alternative 2, if the water user rates are not increased as proposed, there will be a reduction in anticipated revenues to support the operation of all RDN water systems resulting in reduced operational activity, regular system maintenance and planned upgrades.

STRATEGIC PLAN IMPLICATIONS

Sufficient recovery of funds from each water service area supports the effective operation of the RDN’s nine water systems and allows for the continuous provision of safe, sustainable drinking water. The Board’s Strategic Plan recognizes the importance of water in supporting our economic and environmental health.

Murray Walters, P.Eng.
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 July 25, 2018

Reviewed by:

- S De Pol, Director, Water and Wastewater Services
- R. Alexander, General Manager, Regional and Community Utilities
- P. Carlyle, Chief Administrative Officer

Attachment

1. *Regional District of Nanaimo Water Services Fees & Charges Amendment Bylaw No. 1655.09, 2018*