

**TO:** Committee of the Whole  
**FROM:** Murray Walters  
Manager, Water Services  
**MEETING:** September 4, 2018  
**FILE:** 5500-22-01  
**SUBJECT:** Bylaw No.1655.08 – Water Services Fees and Charges Amendments 2018

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**RECOMMENDATIONS**

1. That “Regional District of Nanaimo Water Services Fees & Charges Amendment Bylaw No. 1655.08, 2018” be introduced and read three times.
2. That “Regional District of Nanaimo Water Services Fees & Charges Amendment Bylaw No. 1655.08, 2018” be adopted.

**SUMMARY**

As set out in *Schedule B* of the *Regional District of Nanaimo Water Services Fees & Charges Bylaw No. 1655, 2012* (“Bylaw No. 1655”), the Regional District of Nanaimo (RDN) requires the payment of fees and charges to cover Water Services staff costs incurred in the four categories listed below. As described below, it is proposed to increase the fees and charges in two of the four categories to better reflect the actual cost of providing those services.

1. Connection Charge - Connecting a new home to community water system. It is proposed to increase this fee from \$580 to \$780.
2. Reconnection – Reconnecting an existing water service. No changes are proposed to this charge.
3. Hydrant Use Fees – Use of RDN hydrants by an outside agency. No changes are proposed to these fees.
4. Water Bill Adjustment Administration Fee - Arranging a water bill reduction for a property owner who has experienced a water leak. It is proposed to increase this fee from \$20 to \$50.

**BACKGROUND**

Bylaw No. 1655 was adopted at the regular Board Meeting held February 28, 2012. The RDN has multiple water service areas and they are all subject to the same Water Services fees and charges. The four categories of fees and charges are listed below, followed by a more thorough explanation of each category and the proposed changes to two of them.

1. Connection Charge
2. Reconnection Charge
3. Hydrant Use Fees
4. Water Bill Adjustment Administration Fee

1. Water Connection Charge

The Water Connection Charge is intended to recover the cost of the labour, equipment, and materials required to install a water meter, install a protective road box, and turn on the water service at a property that has not been previously connected to an RDN community water service. The fee is applied to the property owner’s building permit at the time of application.

For larger water connections (greater than 25mm diameter) the connection fee is set at \$1,000 or the actual cost, whichever is greater. These larger connections are normally required for multi-family dwellings, commercial, industrial, or institutional users. No changes are proposed to this fee.

For typical single household water connections (25mm diameter and less) the connection fee is a specified amount. This fee was last updated in 2004 when the average cost to perform this service was \$577.50. In year-to-date 2018, the average cost to perform this service was \$778.10. It is proposed to change this fee as shown in Table 1.

**Table 1: Existing and Proposed Water Service Connection Fees**

<b>WATER SERVICES</b>		
	<b>Up to 25 mm Dia.</b>	<b>All Other Connections</b>
Existing Connection Fee	\$580	\$1,000 minimum with actual cost charged to applicant
<b>Proposed Connection Fee</b>	<b>\$780</b>	<b>\$1,000 minimum with actual cost charged to applicant</b>

2. Reconnection Charge

The Reconnection Charge is intended to recover the cost of labour and materials required to reconnect an existing water service that has been disconnected. This fee is currently \$100. No changes are proposed to this fee.

3. Hydrant Use Fees

Hydrant Use Fees are part of a “Hydrant Use Permit” that is issued to an outside agency wishing to utilize a fire hydrant in an RDN Service Area. The fees are intended to cover the cost of ensuring the hydrant is used correctly and the cost of the water consumed. No changes are proposed to these fees.

#### 4. Water Bill Adjustment Fees

*Regional District of Nanaimo Policy D1.1 Adjustment for Water Leak* was created in 2003 and last amended in 2006. The policy refers to Bylaw No. 1655 and requires a Water Bill Adjustment Administration Fee to be paid on each application. This fee is intended to offset the cost of RDN staff time required to process the application, which includes calculating and adjusting the water bill account and field verification that the leak has been repaired. This fee is currently \$20, which is far less than the value of the time required to complete these tasks. It is proposed that the Leak Policy Administration Fee be increased to \$50 to more closely reflect the cost of the RDN staff resources required to implement the policy. No changes are proposed to the other fees required by this policy.

*Regional District of Nanaimo Water Services Fees & Charges Bylaw No. 1655, 2012* requires amendment in order to effect a change to the water services fees. A revised bylaw containing the changes proposed in this bylaw amendment is included with this report for Board review and consideration.

#### **ALTERNATIVES**

1. Introduce, give three readings to, and adopt Bylaw No. 1655.08.
2. Do not introduce, give three readings to, and adopt Bylaw No. 1655.08.

#### **FINANCIAL IMPLICATIONS**

If the Water Connection Charge is increased as proposed, it will reflect the updated cost of material, labour, and equipment required to complete a service connection. Property owners requiring water connections will pay about \$200 more for their water connection than they do at present.

The increase in the Water Bill Adjustment Fees will more closely reflect the actual staff resources required to process each application. As a result of this policy, applicants typically reduce their costs by an amount far greater than this fee. Increasing the fee will reduce the reliance on RDN operational budgets to accommodate this service.

The proposed changes to fees and charges support a user-pay approach for elective services, preserving budgeted funds to sustain the administration costs of the community water systems.

If the fees and charges for these elective services are not increased, the costs will continue to be subsidized by the general revenue collected from the entire region.

## STRATEGIC PLAN IMPLICATIONS

The Board's Strategic Plan recognizes the importance of water in supporting our economic and environmental health. 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.



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July 18, 2018

Reviewed by:

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

Attachments

1. *Regional District of Nanaimo Water Services Fees & Charges Amendment Bylaw No. 1655.08, 2018*