

THE CORPORATION OF THE
CITY OF WHITE ROCK
 CORPORATE REPORT



DATE: November 27, 2023

TO: Mayor and Council

FROM: Candice Gartry, Director, Financial Services

SUBJECT: Water Services Bylaw, 2015, No. 2117, Amendment No. 13, Bylaw, 2023, No. 2481

RECOMMENDATIONS

THAT Council receive the November 27, 2023, corporate report from the Director of Financial Services, titled “Water Services Bylaw, 2015, No. 2117, Amendment No. 13, Bylaw, 2023, No. 2481;” and

1. Give first, second and third reading to “Water Services Bylaw, 2015, No. 2117, Amendment No. 13, Bylaw, 2023, No. 2481.”

EXECUTIVE SUMMARY

Section 194 of the *Community Charter* authorizes Council, by bylaw, to establish municipal fees for services, for the use of municipal property or to exercise the authority to regulate, prohibit or impose requirements.

The city’s water user fee rates are established each year through bylaw. The rates are based on the city’s Five-Year Financial Plan for the water system which includes forecasted revenues and expenses, asset improvement capital requirements, reserves, and debt financing. The bylaw rates are set to ensure that fees charged recover the cost of providing the services. The proposed user fee rate increase for 2024 is 8.36%.

In 2022, the city implemented the first phase of a four-phase water rate structure. Once all phases have been implemented, water consumption will be aligned with water utility costs and will promote water conservation. 2024 will be the third phase of the four-phase plan to implement the new rate structure. Once phasing is complete in 2025, the city will be charging a smaller fixed fee related to the size of the meter and all water consumed will be charged at the same rate.

PREVIOUS COUNCIL DIRECTION

Motion # & Meeting Date	Motion Details
2021-243 June 28, 2021	THAT Council direct staff to implement a new water use fee rate structure based on Option 2 as outlined in the June 28, 2021, corporate report titled "Water utility User Fee Rate Restructure - 2 Options" (whereby each account would be charged a fixed fee that would be related to the size of the meter. The larger the meter size,

	<p>the higher the fixed fee which reflects the demands on the system. All water consumption would be charged at the same rate).</p> <p style="text-align: right;">CARRIED</p>
--	--

INRODUCTION/BACKGROUND

Section 194 of the *Community Charter* authorizes Council, by bylaw, to establish municipal fees for services, for the use of municipal property or to exercise the authority to regulate, prohibit or impose requirements.

The 2023 – 2027 Financial Plan projected a 6.5% increase in water user rates for 2024. However, due to increases in property insurance premiums and administrative costs beyond what was anticipated when the 2023 – 2027 Financial Plan was completed, coupled by a decrease in anticipated connection fees’ revenue, an additional \$118,500 (1.86%) in water user fees is needed in 2024 to ensure that the water utility costs are covered. This equates to an 8.36% rate increase over the 2023 rates.

Budget Increase	Description
\$12,500	Property Insurance premium increases
51,000	Administration charges
55,000	Revenue decrease related to less new water service installations
\$118,500	Total increase

For 2024, the average annual cost to a single-family residential property (based on an annual average consumption of 2,148 cubic feet in 2023) is proposed to increase by approximately \$9 per quarter to \$780 annually. For the average multi-family home (based on an annual average consumption of 970 cubic feet in 2023) the annual cost is proposed to increase by \$8 per quarter to \$320 annually. It should be noted that these are averages and customers’ actual bills will vary based on actual water usage. The proposed rates for 2024 would be effective on January 1, 2024.

The city has been phasing in a new water rate structure that once complete (in 2025) will align water consumption with water utility costs, promote water conservation, and be more comparable to the metered water rate structures of our neighboring municipalities. With the new structure the city will be charging a smaller fixed fee related to the size of the meter and all water consumed will be charged at the same rate.

The previous rate structure had a higher fixed fee which included a certain portion of water consumption (scaled by meter size), when customers did not use the included consumption, they were paying for water they did not consume. The rate structure didn’t align with the actual water consumption and the amount being charged to customers. For example, multi-family dwellings were being subsidized by single family dwellings. The new structure will create greater equity amongst the different types of customers as customers will all pay for the water they consume once phasing is complete. The phasing out of included consumption is shown in the graph below.

Service Charge	2021		2022		2023		2024	
	Base Charge	Consumption included in the Base Charge	Base Charge	Consumption included in the Base Charge	Base Charge	Consumption included in the Base Charge	Base Charge	Consumption included in the Base Charge
MULTI FAMILY WATER *	51.30	750	41.00	600	30.80	450	20.50	300
NON RESIDENTIAL WATER 5/8"	115.70	1,500	92.60	1,200	69.40	900	46.30	600
NON RESIDENTIAL WATER 1"	289.10	3,900	231.30	3,120	173.50	2,340	115.60	1,560
NON RESIDENTIAL WATER 1 1/2"	578.30	7,500	462.60	6,000	347.00	4,500	231.30	3,000
NON RESIDENTIAL WATER 2"	925.40	12,000	740.30	9,600	555.20	7,200	370.20	4,800
NON RESIDENTIAL WATER 3"	1,735.10	22,500	1,388.10	18,000	1,041.10	13,500	694.00	9,000
NON RESIDENTIAL WATER 4"	2,891.90	37,500	2,313.50	30,000	1,735.10	22,500	1,156.80	15,000
SINGLE FAMILY WATER 5/8"	143.90	1,500	115.10	1,200	86.30	900	57.60	600
SINGLE FAMILY WATER 1"	289.10	3,900	231.30	3,120	173.50	2,340	115.60	1,560
SINGLE FAMILY WATER 1 1/2"	578.30	7,500	462.60	6,000	347.00	4,500	231.30	3,000
SINGLE FAMILY WATER 2"	925.40	12,000	740.30	9,600	555.20	7,200	370.20	4,800
SINGLE FAMILY WATER 6"	5,714.50	75,000	4,571.60	60,000	3,428.70	45,000	2,285.80	30,000

Phase three of the rate structure implementation in 2024 will reduce both the base charge by meter size and the consumption included in the base as shown above (40% of the 2021 rates). Any water consumption above what is included in the minimum fee will be charged at \$8.87 per 100 cubic feet.

FINANCIAL IMPLICATIONS

The proposed 2024 Water Utility user rate increase is 8.36% and is set at a rate so that the costs of providing the service(s) are covered. The annual cost of water for an average single-family homeowner will increase by \$36 from \$744 to \$780 per year and for an average multi residential homeowner the user fees will increase by \$31 per unit from \$289 to \$320 unit per year. The proposed rates for 2024 would be effective on January 1, 2024.

LEGAL IMPLICATIONS

No specific legal implications to note. Bylaw approval required to implement rate increase and authorize budget for 2024.

COMMUNICATION AND COMMUNITY ENGAGEMENT IMPLICATIONS

The background material is available on the municipal website and will be incorporated into the Consolidated Financial Plan document when presented in early 2024.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS

The Engineering and Municipal Operations department provided input for the fees proposed in the Water Services Bylaw, 2015, No. 2117, Amendment No. 13, Bylaw, 2023, No. 2481.

ALIGNMENT WITH STRATEGIC PRIORITIES

The proposed Bylaw aligns with the following Strategic Priorities:

Infrastructure - We plan, build, and maintain infrastructure to enhance quality of life and civic service delivery, while mitigating and adapting to environmental impacts.

Organization & Governance – We commit to continuous process improvement, efficient service delivery, and fostering positive relationships with Semiahmoo First Nation and other key stakeholders.

OPTIONS / RISKS / ALTERNATIVES

The following alternate options are available for Council's consideration:

1. Decline to endorse the proposed Water Services Bylaw, 2015, No. 2117, Amendment No. 13, Bylaw, 2023, No. 2481. This would defer and delay implementation of the Council approved water user fee restructuring plan and not provide additional funds to cover the costs of providing the service(s); or

CONCLUSION

The city's Water Utility rates are established annually through bylaw. The rates are determined through the development of the city's Five-Year Financial Plan, which considers the Utility's projected revenues and expenses, capital requirements, reserves and long-term debt load. For 2024, a water user fee revenue increase of 8.36%, along with the third phase of the water user fee restructuring, will result in an average annual increase of \$36 for single family residential homes and \$31 for multi-family homes.

It is recommended that Water Services Bylaw, 2015, No. 2117, Amendment No. 13, Bylaw, 2023, No. 2481 be given first, second and third readings.

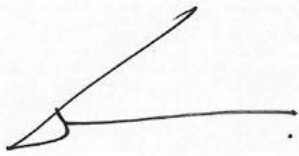
Respectfully submitted,



Candice Gartry
Director, Financial Services

Comments from the Chief Administrative Officer

I concur with the recommendations of this corporate report.

A handwritten signature in black ink, consisting of a series of loops and a horizontal stroke, positioned above the name and title.

Guillermo Ferrero
Chief Administrative Officer

Appendix A: Water Services Bylaw, 2015, No. 2117, Amendment No. 13, Bylaw, 2023,
No. 2481