

2024 Water and Sewer Amendment Bylaws

RECOMMENDATION:

That Committee of Council support the Water and Sewer Utility rate increases of 2.96% and 14.71% respectively, and the applicable Bylaws be referred to Council.

REPORT SUMMARY

The proposed 2024 utility budgets represent a 2.96% increase in water and 14.71% in sewer rates over 2023. The principal factors driving the rates are significant increases in Metro Vancouver charges for both bulk water purchases and levy for sanitary sewer discharge.

BACKGROUND

Annually the Utilities Section within Public Works safely delivers approximately 10 million cubic meters of high-quality potable water to 25,704 serviced customers within the City. Employees operate, maintain and construct a city-wide transmission and distribution system that delivers safe and reliable drinking water and ensure adequate flows and pressures are maintained for the City's fire protection needs. The Utilities Section also provides an essential service for the collection and disposal of liquid wastewater. Employees in this section operate, maintain, and construct collection infrastructure that mitigates environmental impact as a result of blockages and overflows, and transfer of wastewater to Metro Vancouver's transmission system and treatment facilities.

Water and sewer regulation bylaws are brought to Council in advance of the City's financial plan bylaw in order to ensure that utility bills, which are due March 31 each year (due April 2 in 2024), are mailed out to property owners in late February.

Beyond funding the cost of annual operations, utility budgets also include contributions to water and sewer infrastructure reserves. These annual contributions of \$3.3 million and \$1.7 million respectively are to fund the replacement/enhancement of utility infrastructure (pipes, pumps, valves, etc.); major repairs and maintenance; studies; and other expenditures that are not part of regular operations. Contributions to reserve can either be spent in the year they are made or used in a future year.

DISCUSSION

The 2024 utility budget for water and sewer is based on maintaining 2023 service levels. As such, levy increase and budget changes primarily reflect Metro Vancouver cost escalations, City labour contract estimates, and offsets due to reserve contributions, and do not contain any proposed enhancements or reductions to services.

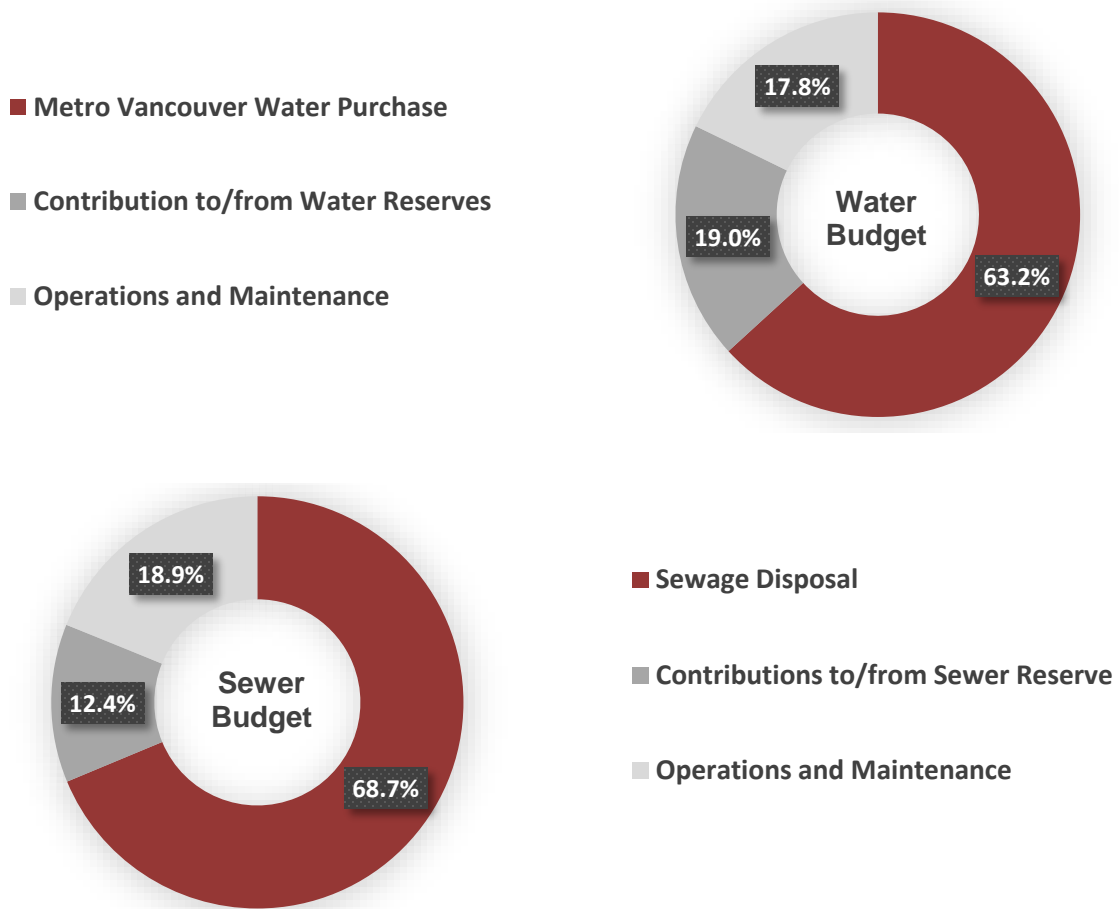
2024 Water and Sewer Amendment Bylaws

Charges from Metro Vancouver for bulk water purchases and sanitary sewer discharge levy make up the largest portion of the utility budgets (approximately 63% and 69%, respectively). Metro Vancouver rate increases are primarily driven by increases in borrowing costs related to significant capital construction.

The Community Charter requires that proposed expenditures and transfers to other funds must not exceed the total of the proposed funding sources and transfers from other funds for the year (i.e. the organization cannot budget for a surplus/deficit). As such, after factoring revenues, expenses and transfers to and from reserve, the net water and sewer budget balances to zero.

City vs Metro Vancouver Rates

Charges from Metro Vancouver for bulk water purchases and sanitary sewer discharge make up the largest portion of the utility budgets. For a number of years, Metro Vancouver has been forecasting increases to its rates to offset borrowing costs related to capital construction. Those increases have come to fruition and as such have had a large impact on the current year's levy increase. Below is the composition between Metro vs City:



2024 Water and Sewer Amendment Bylaws

Water Utility Budget

The following table provides a breakdown of the 2024 water utility budget:

	2023 Budget	2024 Budget	\$ Change	% Change
Revenues				
Utility charges	\$14,080,200	\$14,664,400	\$584,200	4.15%
Permits and licences	18,700	\$18,700	0	0.00%
Penalties and fines	80,000	80,000	0	0.00%
	\$14,178,900	\$14,763,100	\$584,200	4.12%
Expenses				
Payroll expense	\$835,400	\$867,300	\$31,900	3.82%
Contracted & other services	8,635,100	9,542,600	907,500	10.51%
Materials and supplies	136,900	165,000	28,100	20.53%
Telephone, utilities and rent	43,600	45,200	1,600	3.67%
Internal charges	1,329,100	1,339,700	10,600	0.80%
	\$10,980,100	\$11,959,800	\$979,700	8.92%
Net Reserve Transfers				
To Water Infrastructure (Net)	\$2,952,900	\$2,952,900	\$0	0%
To LTR Infrastructure (Net)	245,900	385,400	139,500	56.73%
To (From) Rate Stabilization	0	(535,000)	(535,000)	N/A
	\$3,198,800	\$2,803,300	(\$395,500)	(12.36%)
Net Water Budget	\$ -	\$ -	\$ -	

2024 Water and Sewer Amendment Bylaws

Sewer Utility Budget

The following table provides a breakdown of the 2024 sewer utility budget:

	2023 Budget	2024 Budget	\$ Change	% Change
Revenues				
Utility charges	\$10,029,400	\$11,629,300	\$1,599,900	15.95%
Penalties and fines	63,000	63,000	0	0.00%
	\$10,092,400	\$11,692,300	1,599,900	15.85%
Expenses				
Payroll expense	\$353,300	\$367,000	\$13,700	3.88%
Contracted & other services	6,688,000	8,362,600	1,674,600	25.04%
Materials & supplies	106,800	106,800	0	0.00%
Telephone, utilities & rent	75,000	76,900	1,900	2.53%
Internal charges	1,317,000	1,326,700	9,700	0.74%
	\$8,540,100	\$10,240,000	\$1,699,900	19.90%
Net Reserve Transfers				
To Sewer Infrastructure (Net)	\$1,371,000	\$1,371,000	-	0%
To LTR Infrastructure (Net)	181,300	281,300	100,000	55.16%
To (From) Rate Stabilization	-	(200,000)	(200,000)	N/A
	\$1,552,300	\$1,452,300	(\$100,000)	-6.44%
Net Sewer Budget	\$ -	\$ -	\$ -	

2024 Water and Sewer Amendment Bylaws

Seniors' Discount

In 2023 the seniors' discount (a reduction of 50% of the levy for a principal residence) was given to seniors whose income did not exceed \$28,630 or had a household income that did not exceed \$35,645. 2023 saw an approximate 18% increase in the number of properties claiming the discount.

Senior's Discount - Five Year Trend

Rate Class	2019	2020	2021	2022	2023
# of Senior's Discounts	335	324	297	262	310
Total Cost	\$120,315	\$117,133	\$113,595	\$101,494	\$123,993

The 2024 seniors' waiver is based on the taxpayer's 2022 Revenue Canada Notice of Assessment, which will be the most recent information available in February and March when the discounts are being processed. Since Statistics Canada no longer publishes the low-income threshold, the annual threshold increase for the seniors' discount will increase based on the Statistics Canada CPI increase for Vancouver (3.5% November 2023). The resulting threshold for 2024 will be \$29,632 per person or \$36,893 per household.

Other Bylaw Updates

The residential billing structure for water and sewer charges has been updated to reflect current population estimates. These changes will be implemented via a 5-year phase in period.

FINANCIAL IMPLICATIONS

The proposed 2024 utility budgets represent a 2.96% increase in water and 14.71% in sewer rates over 2023. The principal factors driving this are increases in Metro Vancouver charges for bulk water purchases and levy for sanitary sewer discharge. The water and sewer rate stabilization reserves are being utilized in 2024 to reduce the effect to Port Coquitlam residents and businesses of significant increases in Metro Vancouver charges.

Utility Levy	2023	2024	\$ Change per Household	% Change
Water	\$471.19	\$485.14	\$13.95	2.96%
Sewer	350.21	401.71	51.50	14.71%

2024 Water and Sewer Amendment Bylaws

OPTIONS (✓ = Staff Recommendation)

	#	Description
<input checked="" type="checkbox"/>	1	That Committee of Council support the Water and Sewer Utility rate increases of 2.96% and 14.71% respectively, and the applicable Bylaws be referred to Council.
	2	Refer the Bylaws back to staff for further information.

ATTACHMENTS

Attachment 1 – Water Regulation Amendment Bylaw No. 4354

Attachment 2 – Sewer Regulation Amendment Bylaw No. 4355

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