

2019 – 2022 Utility Rates

Update

Presenters: Linda Ollivier, Financial Services
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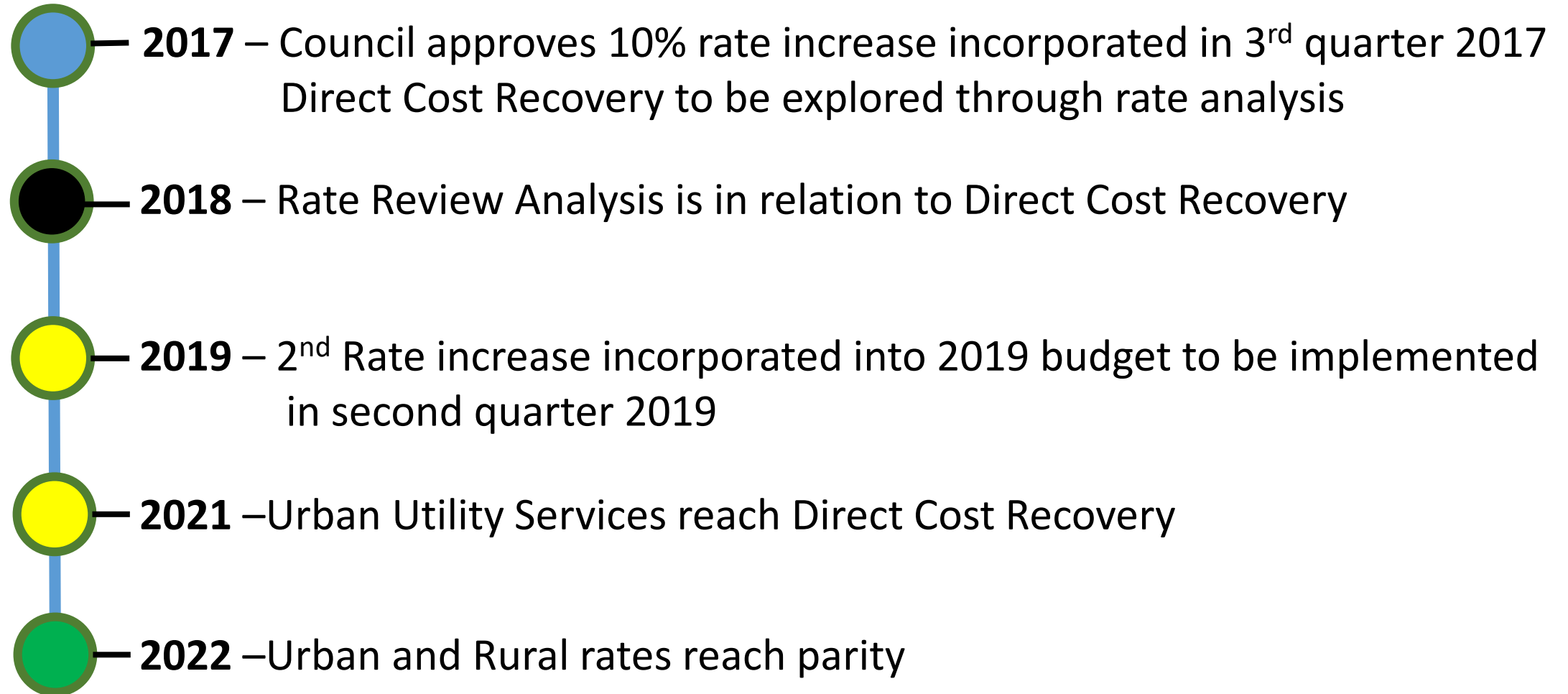
Meeting Date: November 27, 2018



Utility Rates Background

- Full cost recovery as per Council Policy FIN-030 – User Fees and Charges
- Direct Cost Recovery will lead to full cost recovery through phased increases to utility rates
 - proposed 10% increase to utility rates over 4 years started September 2017
 - recommended increase to 2021 to achieve direct cost recovery
 - align urban and rural rates to be equivalent across all communities
- Administration continue to conduct rate review analysis of the Municipal Water, Wastewater and Solid Waste Utilities and Direct Cost Recovery to be reported to Council annually as part of the annual budget process

Utility Rates Timeline

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- **2017** – Council approves 10% rate increase incorporated in 3rd quarter 2017
Direct Cost Recovery to be explored through rate analysis
 - **2018** – Rate Review Analysis is in relation to Direct Cost Recovery
 - **2019** – 2nd Rate increase incorporated into 2019 budget to be implemented
in second quarter 2019
 - **2021** –Urban Utility Services reach Direct Cost Recovery
 - **2022** –Urban and Rural rates reach parity

Average Bill Impacts: Residential

Average Bi-Monthly Utility Bill

| Area | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------------------------------------------------------------------------------------------------------------------------|-------|-------|-------|--------------|--------------|-------|
| Rural <ul style="list-style-type: none">• Recycling & Garbage• Water• Wastewater | \$131 | \$150 | \$172 | \$196 | \$214 | \$220 |
| Urban <ul style="list-style-type: none">• Recycling & Garbage• Water• Wastewater | \$179 | \$191 | \$205 | \$210 | \$214 | \$220 |

*Based on 20 cubic meters use of water per month

Current Benchmarks - Residential

2018 Community Comparison (2 Month Urban Residential Utility Bill)

| | RMWB | Calgary | Lethbridge | Red Deer | Edmonton | Grande Prairie | Medicine Hat |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Water - Fixed | \$55.94 | \$30.66 | \$20.69 | \$31.40 | \$19.40 | \$34.00 | \$51.82 |
| Water - Variable | \$26.40 | \$66.61 | \$48.96 | \$60.80 | \$87.61 | \$61.52 | \$42.20 |
| Wastewater - Fixed | \$27.30 | \$51.38 | \$17.03 | \$36.50 | \$8.58 | \$37.38 | \$79.08 |
| Wastewater - Variable | \$15.60 | \$59.41 | \$38.40 | \$60.80 | \$35.19 | \$33.82 | \$55.06 |
| Garbage | \$53.42 | \$39.80 | \$55.84 | \$43.44 | \$91.86 | \$59.32 | \$44.10 |
| | \$178.66 | \$247.86 | \$180.92 | \$232.94 | \$242.64 | \$226.04 | \$272.26 |

Average Bill Impacts: Commercial

Average Bi-Monthly Commercial Bill (10% increase)

| Area | Current | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------|---------|-------|-------|-------|-------|---------|
| Water | \$682 | \$750 | \$826 | \$908 | \$999 | \$1,099 |
| Wastewater | \$203 | \$223 | \$245 | \$270 | \$297 | \$327 |

*Based on 20 cubic meters use per month

Current Benchmarks - Commercial

2018 Community Comparison (2 Month Urban Commercial Utility Bill)

| | RMWB | Calgary | Red Deer | Lethbridge | Edmonton | Grande Prairie | Medicine Hat |
|-----------------------|-----------------|-------------------|-------------------|-----------------|-------------------|-------------------|-------------------|
| Water - Fixed | \$95.78 | \$127.26 | \$264.00 | \$85.20 | \$64.80 | \$124.60 | \$51.82 |
| Water - Variable | \$586.48 | \$563.96 | \$608.00 | \$432.00 | \$579.12 | \$676.40 | \$421.96 |
| Wastewater - Fixed | \$46.80 | \$51.38 | \$126.60 | \$39.60 | \$8.58 | \$89.00 | \$79.08 |
| Wastewater - Variable | \$156.00 | \$691.24 | \$656.00 | \$384.00 | \$351.92 | \$850.40 | \$550.64 |
| | \$885.06 | \$1,433.84 | \$1,654.60 | \$940.80 | \$1,004.42 | \$1,740.40 | \$1,103.50 |

Average Expenses: Rural Utility Bills

Average Bi-Monthly Utility Bill

| Area | Now | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Fixed Water Charge | \$29.38 | \$38.19 | \$47.74 | \$59.68 | \$70.42 | \$71.83 |
| Variable Water Charge | \$26.40 | \$29.04 | \$31.94 | \$32.58 | \$33.23 | \$33.90 |
| Fixed Wastewater Charge | \$14.34 | \$18.64 | \$24.23 | \$30.29 | \$34.37 | \$35.05 |
| Variable Wastewater Charge | \$15.60 | \$17.16 | \$18.88 | \$20.76 | \$22.84 | \$25.12 |
| Garbage Collection | \$13.92 | \$16.01 | \$18.41 | \$21.17 | \$22.12 | \$22.12 |
| Recycling Fee | \$3.30 | \$3.30 | \$3.30 | \$3.30 | \$3.30 | \$3.30 |
| Curbside Collection | \$28.00 | \$28.00 | \$28.00 | \$28.00 | \$28.00 | \$28.00 |
| Rural Utility Bill | \$130.94 | \$150.34 | \$172.50 | \$195.78 | \$214.28 | \$219.32 |
| • Full services | | | | | | |

*Based on 20 cubic meters use per month

Average Expenses: Rural Water and Sewer Charges

- Once Rural Water and Sewer Services (RWSS) are available to a residence for connection, and the connection fee has been paid, that residence qualifies for piped utility services.
- A residence with an approved septic field may choose not to connect to the wastewater system, and privately contract septic clean-outs.

Average Bi-Monthly Rural Expenses

| Area | Now | 2019 | 2020 | 2021 | 2022 | 2023 |
|--------------------------------------------|-------|-------|-------|-------|--------------|-------|
| Rural Utility Bill | \$131 | \$150 | \$172 | \$196 | \$214 | \$220 |
| Rural Utility Bill w/ Septic Field | \$101 | \$115 | \$129 | \$144 | \$157 | \$159 |
| + Private Contracting (x2 per year) | \$143 | \$145 | \$147 | \$150 | \$152 | \$155 |

*Based on 20 cubic meters use per month

Average Bill Impacts: Rural Utility Bills Post RWSS

- Once Rural Water and Sewer Services (RWSS) are available to a residence for connection, that residence no longer qualifies for Municipal delivered water or hauled septage services.
- The customer may choose to privately contract those services.
- The following is an example of what the approximate amount could be:

Average Bi-Monthly Rural Utility Expenses

| Area | Now | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------------------------|-------|-------|-------|-------|-------------|-------|
| Rural Utility Bill | | | | | | |
| • Curbside Collection | \$45 | \$47 | \$50 | \$52 | \$53 | \$53 |
| • Recycling Fee | | | | | | |
| • Waste Collection Fee | | | | | | |
| + Privately Contracted Water | \$887 | \$902 | \$917 | \$932 | \$948 | \$963 |
| + Privately Contracted Sewer | \$536 | \$545 | \$554 | \$563 | \$572 | \$582 |

*Based on average RMWB actuals for hauled water and sewer services

**Private rates increased by inflation

Annual Rural / Urban Operating Breakdown

| | Urban | Rural |
|---------------------------|-------------|---------------|
| Water & Distribution | \$8,462,000 | \$3,306,000 |
| Wastewater & Collection | \$6,368,000 | \$1,110,000 |
| Solid Waste | \$5,295,000 | \$668,000 |
| Rural ISC reimbursement * | | (\$2,200,000) |
| % of Direct Budget | 80% | 20% |
| % of Utility Accounts | 95% | 5% |

*ISC – Indigenous Service Canada

Utility Services Strategy

- Benchmark performance
- Continue to find cost efficiencies
- Once Direct Cost Recovery is met, plan for Full Cost Recovery