

## Request for Decision

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| <b>Title</b>                         | <b>Wastewater Rates</b>  |
| <b>Proposed Motion</b>               | That Council authorize Administration to continue using the 90 percent wastewater rate factor for utility billing purposes.  |
| <b>Administrative Recommendation</b> | Administration recommends keeping the existing 90 percent wastewater rate factor, which remains the most accurate return factor as identified through the 2016 Utility Cost of Service Study.  |
| <b>Previous Council Direction</b>    | <p>March 12, 2019 - Committee of the Whole Presentation</p> <p>June 28, 2016 – Motion 228/16:</p> <p>That Council receives the 2016 Water &amp; Wastewater Utility Rate Study as information and directs Administration to use the study for 2017 budget purposes.</p>   |
| <b>Report</b>                        | <p><u>Background Information</u></p> <ul style="list-style-type: none"> <li>On March 12, 2019, a presentation was made at Committee of the Whole informing Council of concerns with adjusting the current rate structure. At that time, no concerns were raised with keeping the current wastewater return factor.</li> <li>During the 2019 budget information request (BIR) process, BIR-2019-017 raised the question about the 90 percent formula used for the County's wastewater charge. The BIR requested Administration to bring forward the 2016 Utility Cost of Service Study with the intent of understanding any implications of adjusting the wastewater rate.</li> <li>On November 6, 2018, Administration presented on the wastewater rate factor as well as concerns with installing private irrigation meters through an informal briefing to Council.</li> <li>Previously, concerns were raised by some utility customers who felt the rate formula of 90 percent was not representative of their individual irrigation practices. As part of their concerns with the wastewater formula, the question for a separate irrigation meter was raised and requested to be investigated. This was related to the potential for more reflective consumption rate billing.</li> </ul> <p><u>Utility Wastewater Rate</u></p> <ul style="list-style-type: none"> <li>Prior to 2012, the County's wastewater rate formula was 100 percent of water used during the year. The 100 percent wastewater rate factor</li> </ul> |

suggested that water and wastewater usage were a 1-to-1 ratio. This implied all water used made its way to wastewater collection systems for treatment.

- In 2013, the County amended its wastewater rate to a 90 percent formula, recognizing that some water will not enter the wastewater collection system.
- Through an analysis, County staff determined that during summer months an average of 20 percent of a household's water use was estimated for irrigation purposes (i.e. lawn watering).
- The current 90 percent formula accounts for 100 percent of water entering the wastewater system in the winter months and 80 percent during the summer months.
- The 2016 Utility Cost of Service confirmed the 90 percent wastewater rate factor.

#### Wastewater Rates Formula Comparators:

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| <b>St. Albert</b>  |
| <i>Charges 80 percent year-round on water charged.</i>                             |
| <i>Charges additional cubic meter fee for capital expenditures.</i>                |
| <b>City of Leduc</b>   |
| <i>Charges 100 percent wastewater on water consumed.</i>                           |
| <b>City of Fort Saskatchewan</b>   |
| <i>Charges 100 percent wastewater on water consumed.</i>                           |
| <b>Parkland County</b>   |
| <i>Charges 100 percent wastewater on water consumed.</i>                           |
| <b>Strathcona County</b>   |
| <i>Determines winter average, takes winter average and applies to summer rate.</i> |
| <i>Commented on reviewing their formula.</i>                                       |
| <b>Leduc County</b>  |
| <i>Charges 100 percent wastewater on water consumed.</i>                           |

#### Irrigation Water Meters

- Utility Services investigated the implications of installing residential irrigation meters and surveyed neighbouring municipalities to determine alignment with industry practice.
- The City of Edmonton (EPCOR) has initiated a pilot project where a few irrigation meters were installed at a select number of large residential properties.
- The City of St. Albert allows for a select number of irrigation meters to be installed on commercial properties only.
- The City of Calgary has allowed for residential irrigation meters; however, irrigation water rates were calculated at higher than normal water rates due to the added infrastructure costs.
- No other municipality interviewed has considered installing or allowing residential irrigation meters (Parkland County, Leduc County, City of Leduc, City of Fort Saskatchewan, Strathcona County, City of St. Albert).
- Based on an internal investigation regarding potential residential irrigation meters, the following concerns were raised:

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|   | <ul style="list-style-type: none"> <li>○ Addition of waterlines would not promote water conservation efforts in the County;</li> <li>○ Difficulty enforcing during water bans;</li> <li>○ Additional utility billing (impacting Financial Services' resources);</li> <li>○ Additional waterlines limit future growth as existing waterlines were sized per lot;</li> <li>○ Possibility of increased water loss;</li> <li>○ Low return on investment for customer (\$10,000-\$15,000) to install new waterlines.</li> </ul> <p><u>External Communication</u></p> <ul style="list-style-type: none"> <li>• None.</li> </ul> <p><u>Relevant Policy/Legislation/Practices:</u></p> <ul style="list-style-type: none"> <li>• 2013 Summary of Fiscal Principles, Practices and Policies</li> <li>• Reserve Policy</li> </ul>   |
| <b>Implication of Administrative Recommendation</b> | <p><u>Strategic Alignment:</u></p> <p><b>Strong Local Governance and Regional Leadership</b> – The presented Wastewater Utility Rate Study demonstrates the fiscal sustainability of the utility.</p> <p><b>Environmental Stewardship</b> – Keeping the existing Utility Rate Model will assist the County in water conservation efforts by promoting water conversation through escalating the utility block rate.</p> <p><b>Maintain and Enhance Strong Communities</b> – Sourcing a solution to this problem demonstrates a commitment to the community of maintaining and updating existing infrastructure.</p> <p><u>Organizational:</u></p> <p>Any changes to the wastewater rate will require additional support from the Finance Department for rate formula adjustments.</p> <p><u>Financial:</u></p> <p>With the Utility Rate Model confirmed as a balanced accounting structure, any adjustments to the wastewater 90 percent formula would result in an increase to the wastewater variable rate (i.e. 10 percent reduction to the 90 percent formula would result in an increase to the variable rate of an additional 13 percent).</p> |
| <b>Alternatives Considered</b>                      | <ol style="list-style-type: none"> <li>1. Modification of existing the 90 percent wastewater factor (100 percent winter and 80 percent summer).</li> <li>2. Pilot a residential irrigation water meter.</li> </ol>   |
| <b>Implications of Alternatives</b>                 | <p><u>Strategic Alignment:</u></p> <ul style="list-style-type: none"> <li>• None.</li> </ul>   |

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Organizational:

1. Modification of the 90 percent wastewater rate factor would be a minimal impact to Finance and Utility Services.
2. Piloting a residential irrigation water meter would add additional complexity to our existing billing software, Water Bylaw, and managing during water rationing events.

Financial:

1. Changing the 90 percent wastewater rate factor to 100 percent in winter months and 80 percent in summers months might result in a potential loss of revenue for the utility. It would, however, result in a utility bill increase for customers in the winter months (which, based on other high utility costs in the winter, could result in some hardship for residents on fixed incomes).
2. Piloting irrigation water meters would result in additional waterline installation costs and specialized water meters. Furthermore, Utility Services identifies the costs as a low return on investment for our customers. Lastly, depending on the level of interest, water capacity issues could result in the need to upgrade waterline sizes in a subdivision.

| Required Infrastructure               | Estimated Costs            |
|---------------------------------------|----------------------------|
| Waterline to property line            | \$5,000 – \$10,000         |
| Meter Vault                           | \$2,000                    |
| Meter (Neptune)                       | \$650                      |
| Waterline from property line to house | \$5,000 - \$10,000         |
| Estimate Costs (Total)                | <b>\$12,650 – \$22,650</b> |

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| <b>Follow up Action</b> | 1. Depending on Council's decision, Administration will communicate any changes to the existing 90 percent wastewater rate factor. |
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| <b>Attachment(s)</b> | None. |
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| <b>Report Reviewed by:</b> |  |
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Jeff Yanew, Manager, Utility Services



Scott MacDougall, General Manager, Municipal Services



Reegan McCullough, County Commissioner - CAO

## Strategic Alignment Checklist

**Vision:** Sturgeon County: a diverse, active community that pioneers opportunities and promotes initiative while embracing rural lifestyles.

**Mission:** Provide quality, cost effective services and infrastructure to meet the diverse needs of the Sturgeon County community, while improving competitiveness and sustainability.

| Focus Areas   | Not consistent           | N/A                                 | Consistent                          |
|---|--------------------------|-------------------------------------|-------------------------------------|
| <b>Planned Growth and Prosperity</b>  |                          |                                     |                                     |
| <i>We encourage varied and integrated enterprises that enhance our strong economic base, while balancing the needs of the community and natural environment.<br/>(Strategic Plan and MDP pg. 36)</i>  | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <ul style="list-style-type: none"> <li>Supports a strong thriving business environment to strengthen our economic foundation</li> </ul>   | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <ul style="list-style-type: none"> <li>Plans for responsible growth through the MDP and regional growth plan.</li> </ul>  | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <ul style="list-style-type: none"> <li>Manages growth for current and future developments through:                             <ul style="list-style-type: none"> <li>transparent bylaws, policies and processes to enable responsible land development</li> <li>targeting growth around existing and identified future growth areas</li> </ul> </li> </ul> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>Maintain and Enhance Strong Communities</b>  |                          |                                     |                                     |
| <i>We are committed to a safe and viable community, where our residents are provided with access to opportunities and quality of life.<br/>(Strategic Plan and pg. 27 MDP)</i>  | <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <ul style="list-style-type: none"> <li>Provides access to programs and services that have a positive impact on residents' quality of life</li> </ul>  | <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <ul style="list-style-type: none"> <li>Provides access to safe and reliable infrastructure assets</li> </ul>  | <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <ul style="list-style-type: none"> <li>Supports the safety of people and property</li> </ul>  | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>Strong Local and Regional Governance</b>   |                          |                                     |                                     |
| <i>We promote consistent and accountable leadership through collaborative and transparent processes (Strategic Plan and pg. 27 MDP)</i>   | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <ul style="list-style-type: none"> <li>Provides effective leadership and management consistent with Strategic Plan, MDP, master plans, bylaws, policies, community engagement</li> </ul>  | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <ul style="list-style-type: none"> <li>Considers fiscal stability and sustainability</li> </ul>   | <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <ul style="list-style-type: none"> <li>Fosters collaborative intergovernmental partnerships</li> </ul>  | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>Community Identity &amp; Spirit</b>  |                          |                                     |                                     |
| <i>We will build upon our strengths, where together we will create an inclusive, caring community (Strategic Plan and MDP pg. 27)</i>   | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <ul style="list-style-type: none"> <li>Promotes and/or enhances residents' identification with Sturgeon County</li> </ul>   | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <ul style="list-style-type: none"> <li>Support and/or collaborate with voluntary organizations in the region</li> </ul>   | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>Environmental Stewardship</b>  |                          |                                     |                                     |
| <i>We foster a healthy environment and minimize our impact on ecosystems.<br/>(Strategic Plan and MDP pg. 27)</i>   | <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <ul style="list-style-type: none"> <li>Plans and partnerships that minimize environmental impact on natural areas</li> </ul>  | <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <ul style="list-style-type: none"> <li>Provides awareness of environmental issues impacting the County</li> </ul>   | <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |