

NO: R143

COUNCIL DATE: July 12, 2021

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **July 8, 2021**

FROM: **General Manager, Engineering**

FILE: **1820-01**

SUBJECT: **Update to the Sewer Utility Rate Conversion Factor**

RECOMMENDATION

The Engineering Department recommends that Council:

1. Receive this report for information;
2. Approve an update to the sewer utility rate conversion factor from 0.80 to 0.88 of water consumption phased annually over a four-year period; and
3. Authorize the City Clerk to bring forward for the required readings of amendments to the *Surrey Sanitary Sewer Regulation and Charges By-law, 2008, No. 16611* with the approved conversion factor by Q4 2021 for implementation on January 1, 2022.

INTENT

The purpose of this report is to seek Council's approval to update the sewer utility rate conversion factor from 0.80 to 0.88 of water consumption to reflect the actual sewerage flow being generated. This conversion rate would affect both metered and flat rate sewer utility accounts as of January 1, 2022.

BACKGROUND

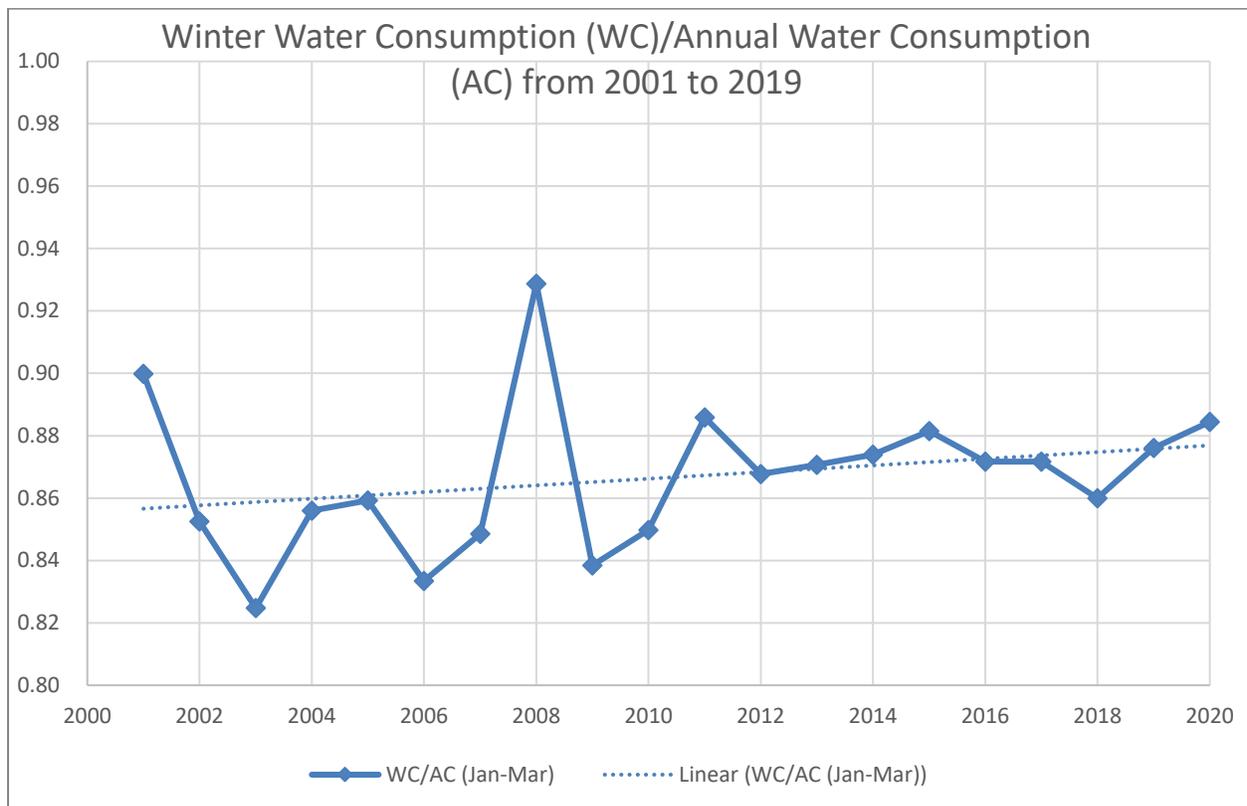
The current sewer utility rate charge per dwelling is based on 80% of the dwelling's water consumption. The City's current conversion factor of 0.80 was established in the 1990's based on sewage flows at the Annacis Island Secondary Treatment Plant.

Due to an increase in sewage flow over the past 30 years, the City's sewer rate conversion factor requires updating. Staff propose that the sewer utility rate conversion factor be adjusted to 0.88 effective January 1, 2022.

DISCUSSION

The City applies a data-driven approach and continually reviews and updates how infrastructure assets are managed. In the 1990's when the sewer conversion factor was introduced, 0.80 was appropriate for Metro Vancouver when lawn sprinkling accounted for most of the balance of 0.20 of water consumption. Over the past 30 years, sewage flows have increased while outdoor water consumption has reduced due to outdoor watering restrictions and thus the ratio of sewage produced to water consumed has increased.

Tracking of water consumption for lawn sprinkling is done by comparing water usage in winter months with annual consumption. The balance of water consumption is the actual water usage inside the buildings that eventually discharges as sewage flow. This balance over the overall water consumption ratio from 2001 until 2019 is shown in the chart below.



Since the 1990's, the lawn sprinkling water consumption percentage has declined from 20% to 12% and is trending toward 10%. Concurrently, the City has successfully implemented a water metering program which has approximately 76% of single-family residences serviced by individual meters. The resulting decline in water usage can be attributed to resident behaviour change with the introduction of water metering and water being charged by metered volume rather than a flat rate, as in the 1990's, the introduction of low flow devices and by a development trend that is moving toward smaller lots with less lawn to sprinkle.

Since the 1990's, sewage flows have increased with population growth and secondary suites. To reflect the actual situation and trend, it is recommended that an update of the sewer conversion factor be made from 0.80 to 0.88, phased annually over a four-year span.

Should Council approve the update to the conversion rate, staff will bring forward for Council's consideration amendments to the *Surrey Sanitary Sewer Regulation and Charges By-law, 2008, No. 16611* to an upcoming Council meeting to adjust the sewer utility rate such that there is minimal impact to customers' sewer utility bill.

Finance Department Review

The Finance Department has reviewed the proposed rate strategy and has no concerns. During the 2022 budget process, staff will ensure that there is minimal impact to customers' sewer utility bill.

SUSTAINABILITY CONSIDERATIONS

The proposed rate strategy supports the City's Sustainability Charter 2.0. In particular, this rate change relates to the Sustainability Charter 2.0 themes of Economic Prosperity and Livelihoods, and Infrastructure. Specifically, this strategy supports the following Desired Outcomes ("DO"):

- Economy DO8: The City's strong revenue base includes a balance of commercial and residential property taxes;
- All Infrastructure DO1: City facilities and infrastructure systems are well managed, adaptable and long lasting, and are effectively integrated into regional systems;
- All Infrastructure DO2: Infrastructure systems provide safe, reliable and affordable services; and
- Water DO15: All water is used efficiently and per capita water use is decreasing year over year.

CONCLUSION

Based on the above, it is recommended that Council approve the update to the sewer utility rate conversion factor from 0.80 to 0.88 of water consumption phased annually over a four-year period and authorize staff to bring forward amendments to the *Surrey Sanitary Sewer Regulation and Charges By-law, 2008, No. 16611* with the approved conversion factor by Q4 2021 for implementation on January 1, 2022.

Scott Neuman, P.Eng.
General Manager, Engineering

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