



Corporate NO: R025

Report COUNCIL DATE: February 7, 2000

REGULAR COUNCIL

TO: Mayor & Council **DATE: February 1, 2000**

FROM: Manager, Utilities **FILE: 1218-006**
Engineering Department

SUBJECT: Utility Rate Public Consultation Results

RECOMMENDATIONS

1. That Council approve the proposal to change the method of charging residential metered customers **for sewer service** from a flat rate to pay-by-flow for 2000.
2. That the necessary by-law amendments be brought forward for consideration by Council.

INTENT

To summarize the results of the public consultation process on residential metering and utility rates and propose a strategy to convert residential metered customers to pay-by-flow for sewer.

BACKGROUND

Last year, Council approved in principle a strategy for proceeding with Universal Metering for residential customers. This strategy included public consultation which has now been carried out through a telephone survey.

Council also approved, in principle, the proposal to convert residential metered customers from flat rate to pay-by-flow for sewer to further advance the City's user-pay philosophy. A series of focus groups were organized to provide some insight into our customers' thoughts on this proposal.

DISCUSSION

Universal Metering - Public Feedback

A telephone survey was conducted in early December of last year to gain public feedback on metering. This survey found that, overall, residents of Surrey believe that water conservation is a better solution than building more facilities for managing the water supply situation in the region. Most residents also think that water meters are needed to encourage water conservation.

In general, Surrey residents also prefer using water meters to determine the amount of water they are charged for compared to a flat rate. A large majority (78%) of them feel that water metering is a fair way of charging for water consumption.

While more residents support water metering than not, there is some opposition to the idea of charging for water consumption by water metering. One-half of residents state that water meters are needed to encourage water conservation, however 43% do not think they are necessary. Further, 17% of residents state that they think water meters are not a fair way of charging for water consumption.

While there are no strong differences in opinion towards water metering among different demographic segments of the market, residents from higher income households are more likely to think that water metering is needed to encourage water conservation. Possibly motivated by self-interest, residents from larger households are less likely to believe that water metering is a fair way of measuring and charging for water consumption.

Overall, the level of support for metering and the user-pay philosophy indicates that the majority of the public would support Council's decision to proceed with Universal Metering.

Universal Metering - Next Steps

Staff are currently preparing a request for proposals (RFP) from the private sector to implement universal metering. Other components such as meter reading, billing and meter maintenance will be included in this proposal call. It is anticipated that the RFP will be ready by early March, followed by a report to Council on implementation late in the spring, once responses have been received.

The public opinion survey did not indicate any preference for how the metering should be phased in (i.e., geographically, by housing type, by lot size, etc.). Consequently, this will be left open for the proponent to suggest approaches based on practicality and economics.

For Council's information, approximately 100 customers have signed up for the voluntary metering program. Meters are now being installed. To minimize costs to the City, the installer has opted to install meters on an area-by-area basis.

Sewer Pay-by-Flow

Two focus groups were consulted in early December to gain insight into customers' reaction to tying residential sewer billing to water consumption. These focus groups consisted of a small number of residential customers who have water meters and are connected to the sanitary sewer system. On the whole, they were receptive to the idea of linking the two utilities and provided valuable input to develop a strategy. Consequently, it is proposed that Council proceed with sewer pay-by-flow for residential customers for the year 2000.

The proposed strategy for sewer pay-by-flow is to charge customers for sewer based on a percentage of their water consumption. Currently we use a ratio of 80% for the industrial and commercial sectors. This ratio has been confirmed as accurate by comparing the total overall amount of water consumed by the water utility and the amount of

sewage the City is charged for by the GVRD on a pay-by-flow basis. Consequently, it is proposed to use the ratio of 80% for residential customers.

A comparison between metered charges and flat rate charges is shown on the attached Table 1. This comparison shows costs for various levels of water consumption. Of particular interest is the column showing costs for a consumption of 325 cubic meters. This amount is the average consumption in Abbotsford, which is fully metered. We would anticipate that average usage in Surrey, which currently is 400 cubic meters, would reduce towards the Abbotsford level once a meter is installed.

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Attachment

c.c. - General Manager, Finance & Technology

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