



# **Corporate** NO: R258

# **Report** COUNCIL DATE: *November 28, 2000*

<b>REGULAR COUNCIL</b>			
<b>TO:</b>	<b>Mayor &amp; Council</b>	<b>DATE:</b>	<b>November 24, 2000</b>
<b>FROM:</b>	<b>General Manager, Engineering Acting General Manager, Finance, Technology &amp; HR</b>	<b>FILE:</b>	<b>0560-001</b>
<b>SUBJECT:</b>	<b>2001 Water, Sewer/Drainage and Garbage Rates By-laws and Future Rate Strategies</b>		

## **RECOMMENDATION**

That Council adopt the amendments to the following By-laws, which reflect the 2001 Utility rate increases and separate utility billing recommended by the Finance Committee:

- By-law 13944, Surrey Waterworks Regulation By-law, 1969, No. 2932.
- By-law 13945, Surrey Sewer Rates and Extension Regulation By-law, 1964, No. 2240.
- By-law 13946, Surrey Garbage and Rubbish Collection Standards of Service and Charges By-law, 1969, No. 3055.

## **INTENT**

To amend the By-laws for 2001 Water, Sewer/Drainage and Garbage Rate increases and separate utility billing as recommended by the Finance Committee and to provide Council with a proposed strategy for future residential water and sewer/drainage rates.

The proposed rates, together with current rates, are shown in Schedule A.

## **BACKGROUND**

Over the last 5 years, the City has been steadily moving to a utility rate structure that better reflects user-pay. With the virtually full metering of all commercial and industrial users, this has now been substantially achieved for this sector of the customers. The small number of remaining flat rate commercial, institutional and industrial properties will be metered in 2001. Additionally, the City has, since mid-1998, required that all new development, including residential, be metered and since the beginning of this year, had a voluntary residential water meter installation program.

However, approximately 95% of residential customers remain on flat rates and it is proposed that these flat rates be gradually moved to a structure that more closely reflects actual average consumption/demand.

### **Proposed Strategy for Residential Flat Rates**

The flat rates for Water, Sewer/Drainage and Garbage will be billed separately. The billing will be mailed in mid-February and will be due March 30, 2000.

#### Water

As shown in Schedule A for 2001, the flat water rate structure begins to differentiate between apartments, townhouses, single family dwellings and secondary suites. This reflects the different water consumption of each of these types of residential units.

The total average increase of all residential units is equivalent to \$10. It is proposed over future years to continue to develop a spread in flat rates between secondary suites, apartments, townhouses and single family houses to better reflect actual average quantities of water used by these different types of housing.

#### Sewer & Drainage

The existing sewer and drainage rates does make some differentiation between housing types; however, the spread of rate needs to be increased to better reflect actual impacts on the sewer and drainage systems.

As with water rates, it is proposed that over the next few years, that separate rates would be developed for apartments, townhouses (equal for both strata and non-strata titled), single family houses and secondary suites that better reflect actual impacts.

#### Garbage and Recycling

The only differentiation in flat rates for garbage and recycling is between single family customers and those dwellings with secondary suites. Currently dwellings with secondary suites are charged an additional 80% of the single family rate and may put out, for collection, up to 4 containers compared with up to 2 containers for a single family house. For 2001, it is proposed to decrease the secondary suite garbage rate to 50% of the single family rate and correspondingly decrease the number of containers that may be put out for collection from 4 to 3.

Additional containers for any customers would require prepaid labels/tags. These labels/tags have been \$1.00 since the early 1990's and it is now proposed to increase this rate to \$1.25.

### **Metered Rates**

Any residential unit, or group of units in the case of townhouses or apartments, that believes that their flat rates are unfair, have the option of going on metered rates for both water and sewer. The metered rates for both residential and commercial/industrial customers are not proposed to increase. Additionally, the fixed rate of \$75 a year is proposed to remain unchanged:

*Rate Per Cubic Metre   Existing 2000 Rate   Proposed 2001 Rate*

Water    \$0.35    \$0.35

Sewer    \$0.40    \$0.40

This freeze in the increase in metered rates is to provide increased incentive for the metering program. This coming year, we will carry out a review of metered residential consumption with a view to phase out the fixed rate and make corresponding adjustments in the metered water rate.

Currently, metered sewer rates are calculated based on assuming 80% of the water consumed is discharged to the sewer. This 80% factor has been found to be the average City-wide, all customer, average. However, concerns have been raised that this 80% factor is unfair to residential properties that irrigate extensively during the summer months. Consequently, for 2001, it is proposed that the method be changed to using winter water consumption to determine average year-round discharge to the sewer, and that a factor of 95% of the water used in the winter is assumed as being discharged to the sewer. The meter billing period of January to April will be used to determine winter consumption. 95% of this amount will then be used for the following two billing periods to determine sewer charges.

## CONCLUSION

The amendments to the Utility Rate By-laws better reflect user-pay because they differentiate between the types of housing units. We have also structured the metered rates to encourage flat rate users to switch to metered rates, which better reflect user-pay on an individual basis. We plan to continue differentiating these rates in the future.

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PH/brb

Attachment

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