

To: Fraser Valley Regional District Board

Date: 2023-03-23

From: Sterling Chan, Manager of Engineering and Infrastructure

File No: 39220-20-1693-2023

Subject: Fraser Valley Regional District Water Supply Systems Regulations, Fees and Charges Amendment Bylaw No. 1693, 2023

RECOMMENDATION

THAT the Fraser Valley Regional District Board give three readings and adoption to Fraser Valley Regional District Water Supply Regulations, Fees and Charges Amendment Bylaw NO. 1693, 2023.

BACKGROUND

The Fraser Valley Regional District (FVRD) owns and operates 12 community water systems. In 2021 the FVRD Board adopted the *Fraser Valley Regional District Water Supply Systems Regulations, Fees and Charges Establishment Bylaw No. 1631, 2021*, which consolidated the regulations for managing each of the water systems as well as the terms and conditions under which water services may be provided. This bylaw also specifies the rate of the user fees for water consumption paid through utility bills as well as the capital improvement connection fees paid by properties joining certain local service areas.

DISCUSSION

The local service areas for the FVRD's community water systems are funded through a combination of taxation as well as user fees coming in the form of quarterly or biannual utility bills. When drafting the 2023 budgets for these service areas, Staff consulted with each corresponding Electoral Area Director to strategize the appropriate mechanism(s) to meet the revenue targets necessary to operate each system in 2023. The changes to the user fee rates in proposed bylaw *Fraser Valley Regional District Water Supply Regulations, Fees and Charges Amendment Bylaw NO. 1693, 2023* support decisions made during the Financial Planning process and provides the authority to charge the applicable rates **for each water system's local service area.**

Below is a summary of the changes to the service fees across all systems updated in *Fraser Valley Regional District Water Supply Regulations, Fees and Charges Amendment Bylaw NO. 1693, 2023*.

| | Current Charge | Proposed Charge |
|---|----------------|-----------------|
| Electronic Water Meter Supply and Install | \$325.00 | \$338.00 |
| New Connection Inspection Fee | \$75.00 | \$78.00 |
| New Connection Administration Fee | \$35.00 | \$37.00 |
| Water Connection Turn On/Off | \$150.00 | \$156.00 |

Below is a summary of the changes to the user fees for each water system included in *Fraser Valley Regional District Water Supply Regulations, Fees and Charges Amendment Bylaw NO. 1693, 2023*. It should be noted, that for the Deroche Water system, the actual user fee charged is less than the maximum authorized under the bylaw and that the increases to the 2023 rates do not require a bylaw change.

Electoral Area A - North Bend Water System

The 2023 Financial Plan contemplates this service area's total revenues increasing from 2022 to 2023 by \$28,180. This increase has been spread out proportionally between taxation and user fees. The changes to the user fee rates in proposed bylaw *Fraser Valley Regional District Water Supply Regulations, Fees and Charges Amendment Bylaw NO. 1693, 2023* support decisions made during the Financial Planning process and provides the authority to charge these rates, which are expected to increase user fee revenue by \$11,510.

The increases to the 2023 budget are in part to address increasing operations costs driven by inflation. However, the majority of the **additional funding is being directed to the service area's capital reserve**. Through the 2022 Financial Planning process, North Bend Water System was identified by Staff as a budget at high risk. The service area has extremely limited appropriated surplus and reserve balances available to address unplanned maintenance, repairs or asset replacement. Increasing the contribution to the capital reserve reduces risk and better positions the service area to reinvest in these assets.

| Category of User | Quarterly Charge (2022 Rate) | Quarterly Charge (Proposed 2023 Rate) | Amount of Water Provided Quarterly |
|------------------|------------------------------|---------------------------------------|------------------------------------|
| Metered Users | Minimum \$45.86 | Minimum \$63.88 | Up to 100 m ³ |
| Metered Users | \$0.62/m ³ | \$0.86/m ³ | Over 100 m ³ |
| Metered CP Rail | \$1.39/m ³ | \$1.94/m ³ | |

| | | | |
|--|-----------------------|-----------------------|--|
| Metered Commercial Almer Carlson Pool | \$0.66/m ³ | \$0.92/m ³ | |
|--|-----------------------|-----------------------|--|

Electoral Area A Boston Bar Water System

The 2023 Financial Plan contemplates this service area's total revenues increasing from 2022 to 2023 by \$13,170. This increase has been spread out proportionally between taxation and user fees. The changes to the user fee rates in proposed bylaw *Fraser Valley Regional District Water Supply Regulations, Fees and Charges Amendment Bylaw NO. 1693, 2023* support decisions made during the Financial Planning process and provides the authority to charge these rates, which are expected to increase user fee revenue by \$5,000. The increases to the 2023 budget are to address increasing operations costs driven by inflation.

| Category of User | Semi Annual Charge (2022 Rate) | Semi Annual Charge (Proposed 2023 Rate) | Amount of Water Provided Semi Annually |
|------------------|-----------------------------------|--|--|
| Metered Users | Minimum \$135.00 | Minimum \$147.02 | Up to 150 m ³ |
| Metered Users | \$1.10/m ³ | \$1.20/m ³ | Over 150 m ³ |

Electoral Area B Yale Water System

The 2023 Financial Plan contemplates this service area's total revenues increasing from 2022 to 2023 by \$46,720. This increase has been spread out proportionally between taxation and user fees. The changes to the user fee rates in proposed bylaw *Fraser Valley Regional District Water Supply Regulations, Fees and Charges Amendment Bylaw NO. 1693, 2023* support decisions made during the Financial Planning process and provides the authority to charge these rates, which are expected to increase user fee revenue by \$13,690.

The increases to the 2023 budget are in part to address increasing operations costs driven by inflation, **however, the majority of the additional funding is being directed to the service area's capital reserve.** Through the 2022 Financial Planning process, Yale Water System was identified by Staff as a budget at high risk. The service area has modest appropriated surplus and reserve balances and it has several key pieces of infrastructure, including its reservoir, well pump and backup generator that are nearing the end of their expected life. Aggressive increases to the contribution to the capital reserve are needed to reduce risk and better position the service area to reinvest in these high-value assets as they approach their end of life.

| Category of User | Monthly Charge (2022 Rate) | Monthly Charge (Proposed 2023 Rate) |
|------------------|-------------------------------|--|
| Residential | | |

| | | |
|---|----------|----------|
| Single Family Dwelling | \$11.55 | \$21.79 |
| First Unit in Commercial & Recreational | \$11.55 | \$21.79 |
| Business Commercial | | |
| Premises used for businesses; Hotel containing dining room/restaurant/beverage room | \$17.50 | \$33.02 |
| Additional commercial units | \$5.25 | \$9.91 |
| Additional recreation units | \$7.00 | \$13.21 |
| Institutional | \$5.25 | \$9.91 |
| Community use facility | \$25.00 | \$47.18 |
| Railway use - for service to railway buildings or trains | \$241.50 | \$455.71 |

Electoral Area B Dogwood Water System

The 2023 Financial Plan contemplates this service area's total revenues increasing from 2022 to 2023 by \$26,200. This increase has been spread out proportionally between taxation and user fees. The changes to the user fee rates in proposed bylaw *Fraser Valley Regional District Water Supply Regulations, Fees and Charges Amendment Bylaw NO. 1693, 2023* support decisions made during the Financial Planning process and provides the authority to charge these rates, which are expected to increase user fee revenue by \$9,920.

The increases to the 2023 budget are in part to address increasing operations costs driven by inflation, however, the majority of the additional funding is going directly to the service **area's capital reserve**. The service area has limited appropriated surplus and reserve balances available to address unplanned maintenance, repairs or asset replacement. As this system and the majority of its assets are relatively new, the level of risk on the short term is considered to be lower than many of the other service areas mentioned in this report. Under this plan, the contribution to the capital reserve now **meets the service area's long term asset management targets, which** reduces risk and ensures the service area is able to reinvest in its assets when they do reach the end of their useful life expectancy.

| Category of User | Quarterly Charge (2022 Rate) | Quarterly Charge (Proposed 2023 Rate) | Amount of Water Provided Quarterly |
|------------------|---------------------------------|--|---------------------------------------|
| Metered Users | Minimum \$45.00 | Minimum \$91.04 | Up to 100 m ³ |
| Metered Users | \$0.45/m ³ | \$0.91/m ³ | Over 100 m ³ |

| | | | |
|--------------------|-----------------------|-----------------------|--|
| Metered Commercial | \$0.60/m ³ | \$1.21/m ³ | |
|--------------------|-----------------------|-----------------------|--|

Electoral Area C Morris Valley Bulk Water Supply System

The 2023 Financial Plan contemplates this service area's total revenues increasing from 2022 to 2023 by \$12,940. This increase has been spread out proportionally between taxation and user fees. The changes to the user fee rates in proposed bylaw *Fraser Valley Regional District Water Supply Regulations, Fees and Charges Amendment Bylaw NO. 1693, 2023* support decisions made during the Financial Planning process and provides the authority to charge these rates, which are expected to increase user fee revenue by \$11,600. The increases to the 2023 budget are to address increasing operations costs driven by inflation.

| Category of User | Quarterly Charge (2022 Rate) | Quarterly Charge (Proposed 2023 Rate) | Amount of Water Provided Quarterly |
|------------------|---------------------------------|--|---------------------------------------|
| Metered Users | Minimum \$46.80 | Minimum \$48.67 | Up to 300 m ³ |
| Metered Users | \$0.320/m ³ | \$0.333/m ³ | Over 300 m ³ |

Electoral Area C Lake Errock Water Supply System

The 2023 Financial Plan contemplates this service area's total revenues increasing from 2022 to 2023 by \$9,310. This increase has been spread out proportionally between taxation and user fees. The changes to the user fee rates in proposed bylaw *Fraser Valley Regional District Water Supply Regulations, Fees and Charges Amendment Bylaw NO. 1693, 2023* support decisions made during the Financial Planning process and provides the authority to charge these rates, which are expected to increase user fee revenue by \$2,060. The increases to the 2023 budget are to address increasing operations costs driven by inflation.

| Category of User | Semi-Annually Charge (2022 Rate) | Semi-Annually Charge (Proposed 2023 Rate) | Amount of Water Provided Semi-Annually |
|------------------|-------------------------------------|--|---|
| Metered Users | \$120.00 | \$125.88 | Up to 200 m ³ |
| Metered Users | \$1.50/m ³ | \$1.57/m ³ | Over 200 m ³ |

Electoral Area D Integrated Water System

The 2023 Financial Plan contemplates this service area's total revenues increasing from 2022 to 2023 by \$27,720. This increase has been spread out between taxation and user fees. The changes to the user fee rates in proposed bylaw *Fraser Valley Regional District Water Supply Regulations, Fees and Charges Amendment Bylaw NO. 1693, 2023* support decisions made during the Financial Planning

process and provides the authority to charge these rates, which are expected to increase user fee revenue by \$20,000, however, this increase is largely owing to changes in consumption rather than the rates. The increases to the 2023 budget are to address increasing operations costs driven by inflation.

| Category of User | Quarterly Charge (2022 Rate) | Quarterly Charge (Proposed 2023 Rate) | Amount of Water Provided Quarterly |
|------------------|---------------------------------|--|---------------------------------------|
| Metered Users | \$77.00 | \$77.00 | Up to 100 m ³ |
| Metered Users | \$0.80/m ³ | \$0.86/m ³ | Over 100 m ³ |

Electoral Area E Bell Acres Water System

The 2023 Financial Plan contemplates this service area's total revenues increasing from 2022 to 2023 by \$29,030. This increase has been spread out proportionally between taxation and user fees. The changes to the user fee rates in proposed bylaw *Fraser Valley Regional District Water Supply Regulations, Fees and Charges Amendment Bylaw NO. 1693, 2023* support decisions made during the Financial Planning process and provides the authority to charge these rates, which are expected to increase user fee revenue by \$6,390.

The increases to the 2023 budget are in part to address increasing operations costs driven by inflation, **however, the majority of the additional funding is going directly to the service area's capital reserve.** The service area has limited appropriated surplus and reserve balances available to addressed unplanned maintenance, repairs or asset replacement. Under this plan, the contribution to the capital **reserve now meets the service area's long term asset management targets, which reduces risk and** ensures the service area is able to reinvest in its assets when they do reach the end of their useful life expectancy.

| Category of User | Quarterly Charge (2022 Rate) | Quarterly Charge (Proposed 2023 Rate) | Amount of Water Provided Quarterly |
|------------------|---------------------------------|--|---------------------------------------|
| Metered Users | \$48.00 | \$77.76 | Up to 50 m ³ |
| Metered Users | \$0.98/m ³ | \$1.59/m ³ | Over 50 m ³ |

Electoral Area F Hatzic Prairie Water System

The 2023 Financial Plan contemplates this service area's total revenues increasing from 2022 to 2023 by \$5,300. This increase is captured exclusively through user fees. The changes to the user fee rates in proposed bylaw *Fraser Valley Regional District Water Supply Regulations, Fees and Charges Amendment Bylaw NO. 1693, 2023* support decisions made during the Financial Planning process and

provides the authority to charge these rates, which are expected to increase user fee revenue by \$5,300. The increases to the 2023 budget are to address increasing operations costs driven by inflation.

| Quantity | Semi-Annual Charge (2022 Rate) | Semi-Annual Charge (Proposed 2023 Rate) | Amount of Water Provided Semi-Annually |
|---------------|--------------------------------|---|--|
| Metered Users | \$300 | \$300 | Up to 200m ³ |
| Metered Users | \$1.55 per cubic metre | \$1.63 per cubic metre | 200m ³ – 400m ³ |
| Metered Users | \$2.32 per cubic metre | \$2.45 per cubic metre | Over 400m ³ |

Electoral Area G Dewdney Water System

The 2023 Financial Plan contemplates this service area's total revenues increasing from 2022 to 2023 by \$5,100. This increase has been spread out proportionally between taxation and user fees. The changes to the user fee rates in proposed bylaw *Fraser Valley Regional District Water Supply Regulations, Fees and Charges Amendment Bylaw NO. 1693, 2023* support decisions made during the Financial Planning process and provides the authority to charge these rates, which are expected to increase user fee revenue by \$1,870. The increases to the 2023 budget are to address increasing operations costs driven by inflation.

2022 Rates:

| Meter Size and above | Quarterly Minimum Charge | Consumption Charge (per cubic metre) | | |
|----------------------|--------------------------|--------------------------------------|-----------|--------|
| | | 0 - 200 | 201 - 800 | 801 |
| 20mm (5/8th inch) | \$155.00 | \$0.00 | \$1.00 | \$1.25 |
| 25 mm (1 inch) | \$155.00 | \$0.00 | \$1.00 | \$1.25 |
| 38.1mm (1½ inch) | \$155.00 | \$0.00 | \$1.00 | \$1.25 |
| 50.8mm (2 inch) | \$155.00 | \$0.00 | \$1.00 | \$1.25 |
| 101.6mm (4 inch) | \$155.00 | \$0.00 | \$1.00 | \$1.25 |
| 200mm (8 inch) | \$155.00 | \$0.00 | \$1.00 | \$1.25 |

Proposed 2023 Rates

| Meter Size and above | Quarterly Minimum Charge | Consumption Charge (per cubic metre) | | |
|----------------------|--------------------------|--------------------------------------|-----------|--------|
| | | 0 - 200 | 201 - 800 | 801 |
| 20mm (5/8th inch) | \$164.46 | \$0.00 | \$1.06 | \$1.33 |
| 25 mm (1 inch) | \$164.46 | \$0.00 | \$1.06 | \$1.33 |
| 38.1mm (1½ inch) | \$164.46 | \$0.00 | \$1.06 | \$1.33 |
| 50.8mm (2 inch) | \$164.46 | \$0.00 | \$1.06 | \$1.33 |
| 101.6mm (4 inch) | \$164.46 | \$0.00 | \$1.06 | \$1.33 |
| 200mm (8 inch) | \$164.46 | \$0.00 | \$1.06 | \$1.33 |

Additionally, the 2023 rates for the capital connection improvement fees have been adjusted to reflect the current number of properties within each service area as well as any capital debt repayment budgeted in 2023. The proposed capital improvement connection fees for 2023 area as follows:

| | 2022 Rate | Proposed 2023 Rate |
|----------------------------------|-----------|--------------------|
| North Bend Water | \$2,475 | \$2,475 |
| Boston Bar Water | \$2,352 | \$2,606 |
| Lake Errock Water (Area 1) | \$9,840 | \$10,334 |
| Lake Errock Water (Area 2) | \$4,673 | \$5,343 |
| Lake Errock Water (Area 3) | \$4,152 | \$4,653 |
| Hatzic Prairie Water (Area 1) | \$5,295 | \$5,572 |
| Hatzic Prairie Water (Area 2) | \$1,313 | \$1,970 |
| Hatzic Prairie Water (Area 3) | \$75 | \$347 |
| Deroche Water | \$3,857 | \$3,998 |
| Area H Integrated Water (Area 1) | \$1,370 | \$1,658 |

| | | |
|----------------------------------|-----|-----|
| Area H Integrated Water (Area 2) | \$0 | \$0 |
|----------------------------------|-----|-----|

COST

The adoption of bylaw *Fraser Valley Regional District Water Supply Regulations, Fees and Charges Amendment Bylaw NO. 1693, 2023* support decisions made during the Financial Planning process and provides the authority to charge these rates.

COMMENTS BY:

Tareq Islam, Director of Engineering & Utilities: Reviewed and supported.

Kelly Lownsborough, Director of Corporate Services/CFO: Reviewed and supported.

Jennifer Kinneman, Chief Administrative Officer: Reviewed and supported.