

COUNCIL REPORT

To: Mayor and Council

From: Finance

Date: January 5, 2024

Subject: 2024 Water, Sewer and Garbage Proposed Rates

RECOMMENDATION:

THAT Council directs staff on the proposed 2024 bylaw rate increases for water, sewer and garbage services.

BACKGROUND:

Utility services provided by the District of Mackenzie include water, sewer and garbage. These services are intended to be self-funded, meaning the full cost of the programs is funded by user fees, including the costs related to managing the life cycle of capital assets. User fees are adjusted annually to offset any changes in the cost to deliver the service.

As the community ages, operations are seeing more deficiencies in infrastructure and the need for replacement. It is important that funds are set aside to ensure they are available when it is time to replace aging infrastructure. Due to staff capacity and turnover, staff have been working with consultants to assess our current water and sewer systems and create an operational and capital workplan to ensure that our critical infrastructure is operating at optimal capacity and proper maintenance is being performed to ensure the assets are reaching their life expectancy.

Staff have reviewed the water, sewer and garbage program costs and are providing the following rate increase scenarios:

WATER

RESIDENTIAL CUSTOMERS

Rate Increase	2023 Bylaw Rate	2024 Proposed Bylaw Rate	Change
7%	\$408.13	\$436.70	\$28.57/yr or \$2.38/mth
8%	\$408.13	\$440.78	\$32.65/yr or \$2.72/mth
9%	\$408.13	\$444.86	\$36.73/yr or \$3.06/mth

COMMERCIAL CUSTOMERS

Rate Increase	2023 Bylaw Rate (minimum charge bi-monthly)	2024 Proposed Bylaw Rate (minimum charge bi-monthly)	Change
7%	\$60.93	\$65.20	\$25.62/yr or \$4.27/bi-mthly
8%	\$60.93	\$65.80	\$29.22/yr or \$4.87/bi-mthly
9%	\$60.93	\$66.41	\$32.88/yr or \$5.48/bi-mthly

The increase to water rates covers all necessary operational costs and an annual transfer to water reserve for current and future capital projects. Interest earned through investments are included in the below values.

Rate Increase	2023 Annual Transfer to Reserves	2024 Proposed Annual Transfer to Reserves	Change
7%	\$252,371	\$252,371	\$0
8%	\$252,371	\$259,375	\$7,004
9%	\$252,371	\$266,379	\$14,008

The 7% rate increase does not allow for any additional funds to be allocated to reserves. The additional revenue will cover the increase in operational costs.

SEWER

RESIDENTIAL CUSTOMERS

Rate Increase	2023 Bylaw Rate	2024 Proposed Bylaw Rate	Change
7%	\$266.55	\$285.21	\$18.66/yr or \$1.55/mth
8%	\$266.55	\$287.87	\$21.32/yr or \$1.78/mth
9%	\$266.55	\$290.54	\$23.99/yr or \$2.00/mth

COMMERCIAL CUSTOMERS

Rate Increase	2023 Bylaw Rate (minimum charge bi-monthly)	2024 Proposed Bylaw Rate (minimum charge bi-monthly)	Change
7%	\$52.79	\$56.49	\$22.20/yr or \$3.70/bi-mthly
8%	\$52.79	\$57.01	\$25.32/yr or \$4.22/bi-mthly
9%	\$52.79	\$57.54	\$28.50/yr or \$4.75/bi-mthly

The increase to sewer rates covers all necessary operational costs and an annual transfer to sewer reserve for current and future capital projects. Interest earned through investments are included in the below values.

Rate Increase	2023 Annual Transfer to Reserves	2024 Proposed Annual Transfer to Reserves	Change
7%	\$218,416	\$240,000	\$21,584
8%	\$218,416	\$244,736	\$26,320
9%	\$218,416	\$249,472	\$31,056

GARBAGE

RESIDENTIAL CUSTOMERS – WEEKLY SERVICE

Rate Increase	2023 Bylaw Rate (per month)	2024 Proposed Bylaw Rate (per month)	Change
6.5%	\$15.63	\$16.65	\$12.24/yr or \$1.02/mth
7%	\$15.63	\$16.72	\$13.08/yr or \$1.09/mth
8%	\$15.63	\$16.88	\$15.00/yr or \$1.25/mth

RESIDENTIAL CUSTOMERS – BI-WEEKLY SERVICE

Rate Increase	2023 Bylaw Rate (per month)	2024 Proposed Bylaw Rate (per month)	Change
6.5%	\$13.24	\$14.10	\$10.32/yr or \$0.86/mth
7%	\$13.24	\$14.17	\$11.16/yr or \$0.93/mth
8%	\$13.24	\$14.30	\$12.72/yr or \$1.06/mth

The increase to residential garbage rates covers all necessary operational costs and an annual transfer to the vehicle and equipment replacement reserve for the residential garbage truck and garbage bin replacements.

Rate Increase	2023 Annual Transfer to Reserves	2024 Proposed Annual Transfer to Reserves	Change
6.5%	\$86,281	\$100,536	\$14,255
7%	\$86,281	\$101,672	\$15,391
8%	\$86,281	\$103,944	\$17,663

COMMERCIAL CUSTOMERS

2-yard bin 1 pickup/week

Rate Increase	2023 Bylaw Rate (bi-monthly)	2024 Proposed	
		Bylaw Rate (bi-monthly)	Change
7%	\$181.90	\$194.63	\$76.38/yr or \$12.73/bi-mthly
8%	\$181.90	\$196.45	\$87.30/yr or \$14.55/bi-mthly
9%	\$181.90	\$198.27	\$98.22/yr or \$16.37/bi-mthly

3-yard bin 1 pickup/week

Rate Increase	2023 Bylaw Rate (bi-monthly)	2024 Proposed	
		Bylaw Rate (bi-monthly)	Change
7%	\$229.96	\$246.06	\$96.60/yr or \$16.10/bi-mthly
8%	\$229.96	\$248.36	\$110.40/yr or \$18.40/bi-mthly
9%	\$229.96	\$250.66	\$124.20/yr or \$20.70/bi-mthly

4-yard bin 1 pickup/week

Rate Increase	2023 Bylaw Rate (bi-monthly)	2024 Proposed	
		Bylaw Rate (bi-monthly)	Change
7%	\$278.04	\$297.50	\$116.76/yr or \$19.46/bi-mthly
8%	\$278.04	\$300.28	\$133.44/yr or \$22.24/bi-mthly
9%	\$278.04	\$303.06	\$150.12/yr or \$25.02/bi-mthly

The increase to commercial garbage rates covers all necessary operational costs and an annual transfer to the vehicle and equipment replacement reserve for the commercial garbage truck replacement.

Rate Increase	2023 Annual Transfer to Reserves	2024 Proposed	
		Annual Transfer to Reserves	Change
7%	\$25,218	\$25,715	\$497
8%	\$25,218	\$27,964	\$2,746
9%	\$25,218	\$30,212	\$4,994



Below is the overall increase scenarios and impact on residents and commercial customers for water, sewer and garbage:

Residential Customers

7% Annual Increase (6.5% increase for garbage)

Water billing increase	\$28.57
Sewer billing increase	\$18.66
Garbage billing increase (weekly service)	\$12.24
Overall annual increase of \$59.47 or \$4.95/month	

*bi-weekly garbage service would see an increase of \$57.55 or \$4.79/month

8% Annual Increase (7% increase for garbage)

Water billing increase	\$32.65
Sewer billing increase	\$21.32
Garbage billing increase (weekly service)	\$13.08
Overall annual increase of \$67.05 or \$5.58/month	

*bi-weekly garbage service would see an increase of \$65.13 or \$5.42/month

9% Annual Increase (8% increase for garbage)

Water billing increase	\$36.73
Sewer billing increase	\$23.99
Garbage billing increase (weekly service)	\$15.00
Overall annual increase of \$75.72 or \$6.31/month	

*bi-weekly garbage service would see an increase of \$73.44 or \$6.12/month

Commercial Customers

7% Annual Increase

Water billing increase (minimum charges)	\$25.62
Sewer billing increase (minimum charges)	\$22.20
Garbage billing increase (2yrd bin 1 pickup per week)	\$76.38

Overall annual increase of \$124.20 or \$20.70/bi-monthly

*3yrd bin, 1 pickup/week customers would see an increase of \$144.42 or \$24.07 bi-monthly

*4yrd bin, 1 pickup/week customers would see an increase of \$164.58 or \$27.43 bi-monthly

8% Annual Increase

Water billing increase (minimum charges)	\$29.22
Sewer billing increase (minimum charges)	\$25.32
Garbage billing increase (2yrd bin 1 pickup per week)	\$87.30

Overall annual increase of \$141.84 or \$23.64/bi-monthly

*3yrd bin, 1 pickup/week customers would see an increase of \$164.94 or \$27.49 bi-monthly

*4yrd bin, 1 pickup/week customers would see an increase of \$187.98 or \$31.33 bi-monthly

9% Annual Increase

Water billing increase (minimum charges)	\$32.88
Sewer billing increase (minimum charges)	\$28.50
Garbage billing increase (2yrd bin 1 pickup per week)	\$98.22

Overall annual increase of \$159.60 or \$26.60/bi-monthly

*3yrd bin, 1 pickup/week customers would see an increase of \$185.58 or \$30.93 bi-monthly

*4yrd bin, 1 pickup/week customers would see an increase of \$211.50 or \$35.25 bi-monthly

NEXT STEPS:

A report, along with the corresponding bylaws, will be brought to a future council meeting for the first three reading, and subsequent adoption, based on Council's decision.

BUDGETARY IMPACT:

Proposed budgetary considerations and revenue increases are noted in the report above.

COUNCIL PRIORITIES:

Strong Governance and Finances

- As the municipality's elected governing body, we serve all residents and businesses in the community. We engage residents and stakeholders on important issues and make our decisions through open and transparent processes. We are careful in our use of resources, mindful of the need to maintain programs and services, while also meeting the community's infrastructure needs.



RESPECTFULLY SUBMITTED:

Kerri Borne, Chief Financial Officer

Reviewed By: Corporate Services

Approved By: Chief Administrative Officer