



INFORMATION REQUEST

REQUESTED BY: Councillor MacDonald

TOPIC: Options to Reduce the Proposed Utility Rate Increase

DATE OF REQUEST: November 6, 2023

DATE OF RESPONSE: November 8, 2023

QUESTION:

What options are available to reduce the monthly impact of the proposed utility rate increase by 50% and 75%?

Response

A reduction of \$3.43 to the Solid Waste Utility rate can be achieved with no immediate negative implications to the utility reserve in the short-term and would achieve a 40% reduction to the estimated monthly impact of the proposed utility rate increase.

To achieve a 50% reduction, a reduction of \$0.065 per cubic meter would be required to the proposed water rate, which would reduce the recommended water rate to \$4.835 per cubic meter.

To achieve a 75% reduction, a reduction of \$0.22 per cubic meter would be required to the proposed water rate, which would reduce the recommended water rate to \$4.68 per cubic meter.

Utility Motion Procedure

Councillor MacDonald moved the following motion:

THAT Administration be directed to explore a possible amendment to the overall planned utility increase for 2024 by 50 per cent to 75 per cent.

Administration has in effect completed the action set out in the motion by way of this Information Request briefing. However, since the motion has been moved and is “on the floor”, it is still recommended that the motion be voted on in the affirmative to remove it from the floor. An affirmative vote signals that Council is acknowledging they received the relevant information.

Then based on the options outlined in this Information Request briefing, if a member of Council wishes to make a subsequent motion to amend specific aspects of the utility rates they may do so. The City Clerk’s Office will assist Council in this process.

Background

Administration presented the recommended utility rates for 2024 at the October 16, 2023, Governance and Priorities Committee (Committee) meeting. The proposed rate increases have been incorporated into the Recommended 2024-2026 Corporate Plan, and have an estimated monthly impact for an average residential utility ratepayer of \$8.67 across all four utilities, as noted below:

Water (14m ³)	\$4.20
Sanitary Sewer (14m ³)	\$2.52
Stormwater	\$1.95
Solid Waste	NIL
Total	\$8.67

The Solid Waste monthly impact was NIL as the rates were recommended to held at the current rates until the next utility rate update in 2024. This was recommended at the time to provide Administration with the time needed to strategically analyze the approach to solid waste and its associated fees, and to bring recommendations to Council for consideration.

If the solid waste rates were not held at the current rates to allow for that analysis, the utility model would suggest that a \$3.43 reduction could be made to the small and large bin Solid Waste utility rate, which is a 40% reduction to the \$8.67 monthly impact.

A 50% and 75% reduction to the utility rate increase would result in a reduction to the average monthly residential impact of \$4.34 and \$6.50 respectively.

Financial Implications/Taxation Impact

A reduction of \$3.43 to the Solid Waste utility rate can be achieved in the short-term, based on the utility model.

To achieve a 50% reduction, a reduction of \$0.065 per cubic meter would be required to the proposed water rate, which would reduce the recommended water rate to \$4.835 per cubic meter. This will result in a further \$0.91 reduction in the average monthly impact of the utility rate increases, based on the average monthly consumption of 14 cubic meters of water.

To achieve a 75% reduction, a reduction of \$0.22 per cubic meter would be required to the proposed water rate, which would reduce the recommended water rate to \$4.68 per cubic meter. This will result in a further \$3.08 reduction in the average monthly impact of the utility rate increases.

Reductions to the utility rates recommended by utility model can lead to the need to take on debt, or the need to delay utility capital projects, if there aren't enough funds in the respective utility reserve to fund the operations of the utility and to fund the proposed capital projects. Additional debt would not only increase the City's debt limit, but would also increase debt services costs of the utility, which will lead to further increased pressure on utility rates.

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