

April 24, 2025

REPORT TO: K. KEHLER, CHIEF ADMINISTRATIVE OFFICER

FROM: J. HOLMES, DIRECTOR OF FINANCE

SUBJECT: 2025 SANITARY SEWER UTILITY RATE INCREASES

PURPOSE: *Adjust sewer utility user rates and sewer parcel tax rate*

EXECUTIVE SUMMARY:

Each year, the City must establish the annual sewer parcel tax and sewer utility user rates. Typically, the sewer utility requires at least inflationary rate increases to ensure sustainable funding for forecast operating and capital expenditures. To reflect significant forecasted increases in both current and long-term expenditures, a rate increase of 6% in sewer utility and parcel tax rates was approved by Council during the 2025 - 2029 financial plan process and is incorporated into the sewer utility rates bylaws. This increase will be approximately \$13.00 per year for the average residential user and \$11.50 for the sanitary sewer parcel tax applied to properties not yet connected to the system.

RECOMMENDATION:

1. THAT the report from the Director of Finance dated April 24, 2025, entitled "2025 Sanitary Sewer Utility Rate Increases" be received.
2. THAT the amended "City of Parksville Sanitary and Storm Sewerage System Bylaw, 1999, No. 1319" be brought forward for Council's consideration.
3. THAT the amended "City of Parksville Sewer Parcel Tax Bylaw, 1999, No. 1493" be brought forward for Council's consideration.

BACKGROUND:

The increase for the sanitary sewer utility rates presented to Council at the April 9, 2025, Committee of the Whole financial plan meeting and approved at the April 23, 2025, Council meeting was 6%. This increase follows 3% increases approved by Council for the last two years. Sewer fund costs continue to increase because of inflationary pressures on operating expenditures, costs related to wastewater treatment, and systematic transfers to reserves for long-term sanitary sewer infrastructure replacement indicated in the Sanitary Sewer Master Plan completed in 2024.

OPTIONS:

1. Increase the sewer utility rates by 6% effective April 1, 2025, as reflected in the Amended 2025 - 2029 Sanitary Sewer Utility Fund Financial Plan.
2. Provide alternate direction with respect to the sanitary sewer utility rates.

ANALYSIS:

The sanitary sewer fund must have sustainable funding levels from utility charges to support the cost of sanitary sewer services, including an amount for long-term replacement of the capital infrastructure. The 6% increase amounts to approximately \$13.00 per year for any residential property using 100 cubic meters of water or less and \$11.50 per year for the sewer parcel tax applied to properties that have sanitary sewer infrastructure available to them but are not yet connected to the system. These changes are expected to increase total revenues by approximately \$140,000.

If the rate increase is changed and the sewer rates are not increased by the recommended percentage, any shortfall may need to come from the sewer fund's accumulated surplus. Although the accumulated surplus remains positive within the five years of the 2025 - 2029 financial plan, continuing cost increases are expected which will put pressure on this surplus going forward. Staff would need to perform alternate analysis to determine the impacts of a different rate change amount.

FINANCIAL IMPACT:

Sewer user fees are billed twice per year for the six-month periods ending March 31 and September 30. In addition to user fees, a parcel tax is charged to those properties that have sewer infrastructure in place for connection but are not yet connected to the system. These parcel taxes are levied annually on the property tax notice. The financial impacts to both charges are summarized in the table below:

| Rate | Current | Proposed (+6%) | Approx. Increase |
|---------------------|----------|----------------|------------------|
| Parcel tax – annual | \$189.00 | \$200.50 | \$11.50 |
| | | | |
| User rate - monthly | \$18.65 | \$19.77 | \$0.54 |
| User rate - annual | \$223.80 | \$237.24 | \$13.44 |

ASSET MANAGEMENT IMPLICATIONS:

Sewer user fees are used to fund sewer operations and maintenance activities, as well as renewal of sewer infrastructure through the Sanitary Sewer Fund capital reserves. The increase to user fees helps to offset inflationary increases to labour and materials, with the goal of maintaining the current level of sewer services for residents.

STRATEGIC PLAN IMPLICATIONS:

Advocacy - Council advocates to higher levels of government to provide funding for infrastructure renewal.

Official Community Plan Review and Update - No perceived impact.

Vibrant and Liveable Downtown - No perceived impact.

Water Use Planning and Management - No perceived impact.

Community Engagement - No perceived impact.

Investment in Recreation Amenities – No perceived impact.

Respectfully submitted,

Original signed by J. Holmes

J. HOLMES, CPA, CA
Director of Finance

CHIEF ADMINISTRATIVE OFFICER ENDORSEMENT:

Original signed by K. Kehler

K. KEHLER, MPA
Chief Administrative Officer