



To: General Purposes Committee
From: Jerry Chong
Director, Finance

Date: September 18, 2006
File: 03-0930-02-01/2006-Vol 01

Re: Elimination of the Single Rate for Water and Sewer Services

Staff Recommendation

That Council approve the elimination of the single rate for water and sewer services.

Jerry Chong
Director, Finance

FOR ORIGINATING DEPARTMENT USE ONLY					
ROUTED TO:	CONCURRENCE		CONCURRENCE OF GENERAL MANAGER		
	Sewerage and Drainage Y <input checked="" type="checkbox"/> N <input type="checkbox"/>				
REVIEWED BY TAG	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	REVIEWED BY CAO	YES 	NO <input type="checkbox"/>

Staff Report

Purpose

Staff proposes to eliminate the single rate for water and sewer services to avoid possible abuse of the program and to reduce administration costs. With the introduction of residential water metering, the continuance of the single rate hinders migration to metering.

Analysis

Historically, water rates were the same for all three types of residential properties (single family dwellings (SFD), townhouses, and apartments). With the absence of residential metering, many property owners felt that utility charges based on a flat rate is inequitable to those homes with lower than average occupancy. In an attempt at equity, a single rate was first introduced in 1989 to provide equity to single occupants. The single rate was set as a percentage of the SFD rate.

The single rate program is administered by having the property owners sign an affidavit stating that they are currently the sole occupant of the property. No annual reporting or adjustments are made to their claims until a change in ownership takes place or until the property owner advises the City otherwise. Though the affidavit states that the owner must be the single occupant of the property and that they must advise the City if situations change, without the resources for physical inspections, this program allowed ample opportunity for abuse.

With the growth in apartments and townhouses in the City, a taskforce was formed in 1998 to analyze utility rates for these two types of properties. This resulted in separate townhouse and apartment rates in the 1999 Utility Rates Bylaw. Since the single rate for SFDs was lower than the apartment and townhouse rates, single occupants in those types of dwellings also benefited from the single rate.

Over time, with the continual rate increases for SFDs, the single rate surpassed the regular apartment rate. In 2003, single occupants in apartments no longer received the savings while single occupants in townhouse continued receiving the single rate. This caused many complaints from apartment dwellers on the inequity in the application of utility rates.

The following table provides the current rate comparison between regular and single rate for each type of dwelling:

	2006 Utility Rate (water/sewer) Comparison		
	Single Family Dwelling	Townhouse	Apartment
Regular Rate	\$543.25	\$464.77	\$335.38
Single Rate	\$449.69	\$445.58	\$335.38
Savings	\$93.56	\$19.19	\$0.00

Presently, 1,298 townhouses and 882 SFDs in Richmond are slated for single occupant rates in 2007. This represents approximately 4.08% of total customers. Should the single rate be eliminated, all 882 SFDs or 1.64% of the total customer base would qualify to have water meters

installed. Assuming all 882 SFDs were occupied by single occupants, switching to water meters could save them up to 25%, depending on usage.

A water rate survey was conducted with other members of the GVRD. Only the City of Richmond and the Corporation of Delta maintain a separate single rate. Though the Corporation of Delta offers the single rate, it does not offer lower rates for townhouses and apartments. Eliminating the rate will bring the City in line with utility practices across the region.

With the elimination of the single rate, single occupants of townhouses would lose a net savings of \$19.19. However, the rate afforded to townhouse occupants is still a sizable reduction from the SFD rate. In addition, under the amended residential volunteer water metering program, single occupants in both apartments and townhouses may, through the consensus of their strata council, apply to the City for a water meter to be installed in their complex.

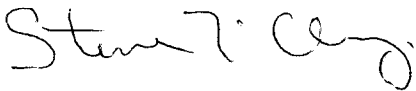
Eliminating the single rate will bring equity amongst single occupants in all three types of properties. This will encourage migration to the residential volunteer water metering program and promote equity for consumers.

Financial Impact

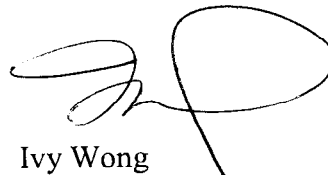
The elimination of the single rate will be reflected in the 2007 water and sewer utility rates.

Conclusion

The elimination of the single rate will provide consistency in billing and will actively encourage residents to switch to residential metering. This will bring fairness and equity to users and promote water conservation in the City.



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