City of Richmond

Report to Committee

To:	Finance and Audit Committee	**Date:**	October 21, 2025
From:	Roeland Zwaag, P.Eng. General Manager, Engineering & Public Works Jerry Chong, CPA, CA General Manager, Finance & Corporate Services	**File:**	10-6060-01/2025-Vol 01
Re:	**2026 Utility Budgets and Rates**		

Staff Recommendation

That the 2026 utility budgets presented in the options listed below; as outlined in the report titled "2026 Utility Budgets and Rates", dated October 21, 2025, from the General Manager, Engineering & Public Works and General Manager, Finance & Corporate Services be approved as the foundation for establishing the 2026 utility rates and be included in the Consolidated 5 Year Financial Plan (2026-2030).

a) Option 2 for Water (page 8);
b) Option 2 for Sewer (page 15);
c) Option 2 for Flood Protection (page 23); and
d) Option 2 for Solid Waste and Recycling (page 29).

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Att. 1

REPORT CONCURRENCE	
REVIEWED BY SMT	INITIALS: ACI
APPROVED BY CAO	

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Staff Report

Executive Summary

Utility fees provide dedicated funding for the delivery of Water, Sewer, Flood Protection and Solid Waste and Recycling services within Richmond. This includes Council-endorsed programs and initiatives, and funding for the operation, maintenance and upgrade of the associated infrastructure and assets. Richmond's utilities include:

- **Water:** The Water Utility provides distribution of water to Richmond's residents and businesses. Bulk drinking water supply is purchased from Metro Vancouver and distributed through the City's pressure reducing valve stations and watermain network. This utility also supports programs to encourage water conservation within the City.

- **Sewer:** The Sewer Utility provides sewer service for properties within the regional sewerage boundaries. Sewage is collected through the City's sanitary infrastructure and conveyed to Metro Vancouver's trunk sewer system and wastewater treatment plants for treatment and discharge. Richmond pays Metro Vancouver for treatment and conveyance services each year.

- **Flood Protection:** The Flood Protection Utility provides flood protection services for Richmond, which includes a diking network to protect from coastal flooding, and drainage infrastructure to convey and discharge rainwater out of the City. This utility supports infrastructure upgrades to protect against climate change induced sea level rise and atmospheric events.

- **Solid Waste and Recycling:** The Solid Waste and Recycling Utility includes garbage and recycling collection services and programs designed to advance broader waste reduction and recycling objectives. This utility supports initiatives designed to reduce waste, enhance recycling and maintain streetscapes.

The Water, Sewer, Flood Protection and Solid Waste and Recycling utilities have dedicated reserve bylaws to secure funding for infrastructure upgrades and any related items that support the respective utilities.

Key Cost Drivers for the 2026 Utility Budgets and Rates

Metro Vancouver Cost Increases

Metro Vancouver's 2026 cost increases, as presented in their proposed 2026-2030 Financial Plan, are the primary drivers for the City's 2026 utility rates for the majority of these services. The City's 2026 utility rates are based on Metro Vancouver's proposed five-year projections. Metro Vancouver Board is scheduled to review their rates on October 31, 2025, and staff will report back to Council if the approved rates differ substantially from Metro Vancouver's projected rates.

Metro Vancouver's proposed rate increases for 2026 are as follows:

- **Water:** Metro Vancouver's proposed 2026 water rate increase is 6.4%. Metro Vancouver water purchase cost represents 58% of the City's Water Utility user fee budget (Figure 1 below).

- **Sewer:** Metro Vancouver's proposed 2026 sewer levy increase is 9.5%. This levy includes an $11.9M average annual levy that started in 2025, totalling $179M over a 15 year period, for Richmond's allocated debt servicing for the North Shore Wastewater Treatment Plant project. Metro Vancouver's sewer levy cost represents 76% of the City's Sewer Utility user fee budget (Figure 2).

- **Solid Waste:** The Metro Vancouver solid waste tipping fees are increasing by $7, equating to a 5.0% increase, from $141 to $148 per tonne, plus an unchanged transaction fee of $5 per load. A tiered structure based on load size/weight will continue to be used for residential and commercial customers.

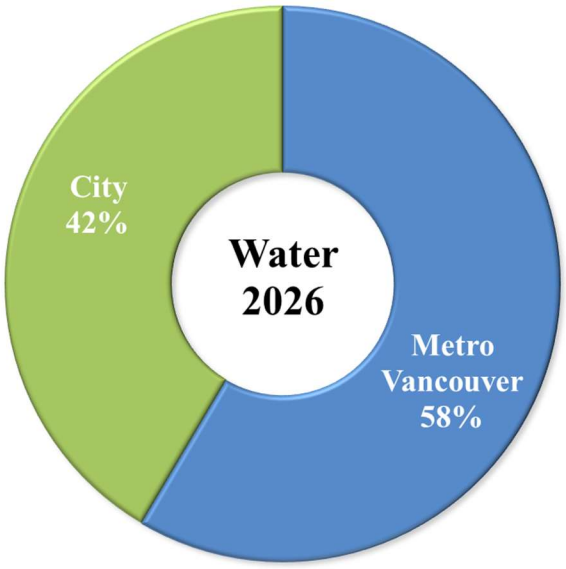


Figure 1: Proposed 2026 Water Utility Cost Breakdown

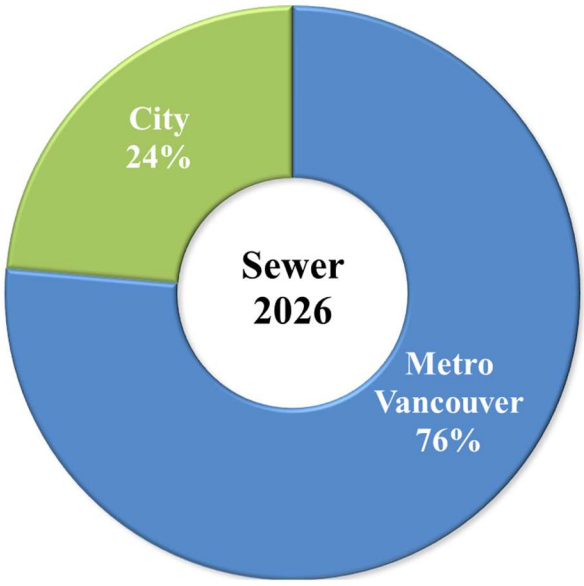


Figure 2: Proposed 2026 Sewer Utility Cost Breakdown

Accelerated Flood Protection Program (Flood Protection Utility)

Scientific modelling predicts up to 1 metre of sea level rise by 2100. At the April 12, 2021 Council Meeting, Council adopted a 50-year implementation period for an accelerated flood protection program with the objective of upgrading the City's dikes within 50 years. In order to deliver this program, $38.7M in annual capital funding within the Flood Protection Utility is required by 2032, as outlined in the "2025 Ageing Utility and Road Infrastructure Planning – Update" report.

Ageing Infrastructure Replacement

Another component of the City's utility budget relates to the replacement of ageing municipal infrastructure. Annual funding levels required to maintain and replace the City's utility infrastructure are assessed in the report titled "Ageing Utility and Road Infrastructure Planning – 2025 Update", presented to Public Works & Transportation Committee on July 23, 2025. This report identifies additional annual funding requirements that are currently at $4.7M for water, $7.4M for sanitary infrastructure, and $21.1M for flood protection shown in Table 1 below. While this funding gap does not impact short term service levels, bridging the funding gap will be required to replace infrastructure that is nearing the end of its service life.

Table 1: Ageing Utility and Road Infrastructure Planning 2025 Update: Annual Capital Funding Levels

Infrastructure Type	2025 Approved Annual Funding Level	Expected Long-Term Average Annual Funding Requirement	Estimated Additional Capital Funding Required
Water	$8.5M	$13.2M	$4.7M
Sewer	$7.3M	$14.7M	$7.4M
Flood Protection	$17.6M	$38.7M	$21.1M

The 2026 utility budget includes recommendations to reduce the funding gap for water, sewer, and flood protection utilities, which could require increases to future rates.

Solid Waste and Recycling Service Agreements and Market Conditions

Key cost drivers for the Solid Waste and Recycling Utility include additional costs and resources that are required to meet the City's contractual obligations. This includes inflationary contract costs stipulated in existing contracts, disposal cost increases, market fluctuations for commodities at the Recycling Depot, and overall growth in the number of units to be serviced.

Utility Budgets and Rates Options

Recognizing the challenges of cost increases outside of the City's control and those associated with maintaining City infrastructure, staff have presented various budget and rate options for 2026. This includes three different options for each of the City's utilities.

In accordance with Council's Budget & 5-Year Financial Plan Preparation Policy (Policy 3016), Option 1 presents a same level of service budget with non-discretionary increases specified in contractual agreements and rate regulated increases (e.g. regional or other government agency increases). Option 1 for Flood Protection includes the continuation of the Council-approved Accelerated Flood Protection Program. Option 2 and Option 3 present actions the City can take to increase and improve levels of service within each budget area. The three options for each of the City utilities are presented in this report.

Staff recommend Option 2 for Water (page 8), Option 2 for Sewer (page 15), Option 2 for Flood Protection (page 23), and Option 2 for Solid Waste and Recycling (page 29). The proposed 2026 rates are summarized in Table 19 (page 36) and Table 20 (page 37).

Comparison of Utility Rates with Neighbouring Municipalities

The City's utility budgets are carefully managed to provide high levels of service to Richmond's residents, despite external increases that are outside of the City's control. Figure 3 compares Richmond's current utility rates with neighbouring municipalities. The 2025 rates are presented as the 2026 rates have not been established yet for neighbouring municipalities.

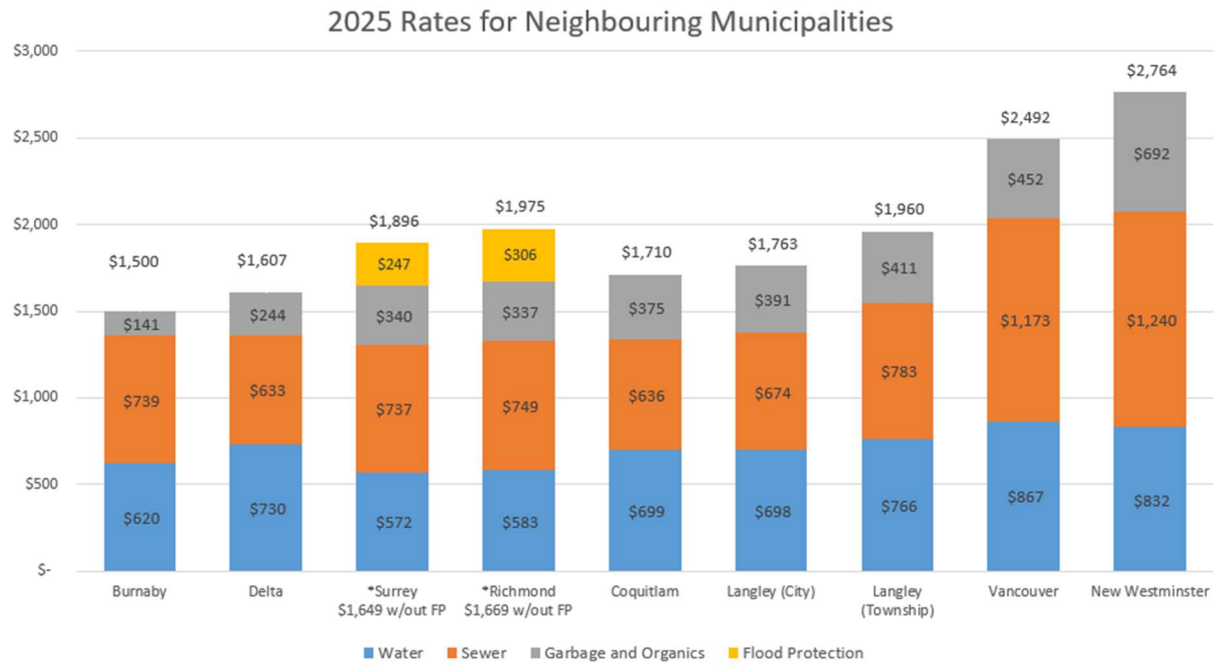


Figure 3: Comparison of Average Single Family Dwelling Utility Rates for Richmond with Neighbouring Municipalities (2025 Rates)

Unlike neighbouring municipalities, Richmond's flat topography, high water table and proximity to the water places unique challenges on the City's utility infrastructure, resulting in larger and deeper pipes, the need for 193 drainage and sanitary pump stations and the need for an extensive flood protection system that includes 49 kilometres of perimeter dikes. In addition, the City has made substantial investments to upgrade flood protection infrastructure in advance of anticipated climate change impacts through the ongoing accelerated flood protection program. Despite these challenges and the additional infrastructure needs, the City of Richmond continues to maintain competitive fees for utility services while providing a high level of service.

Detailed budget and rate information for each utility, with options for Council's consideration, are presented in this report.

Origin

This report presents the recommended 2026 utility budgets and rates for Water, Sewer, Flood Protection, and Solid Waste and Recycling.

Should the utility budgets and rates presented in this report be endorsed by the Finance and Audit Committee, a subsequent report will be presented to Council to introduce amendment bylaws that reflect the approved utility rates. Staff anticipate that the Metro Vancouver Board will review the Metro Vancouver rates on October 31, 2025, and staff will report back to Council for further consideration if the approved rates differ substantially from Metro Vancouver's projected rates.

This report supports the following strategies within Council's Strategic Plan 2022-2026:

Strategy #3 A Safe and Prepared Community:

> *Community safety and preparedness through effective planning, strategic partnerships and proactive programs.*
>
> *3.1 Advance proactive, sustainable, and accelerated flood protection in collaboration with other governments and agencies.*
>
> *3.2 Leverage strategic partnerships and community-based approaches for comprehensive safety services.*
>
> *3.3 Ensure the community is collectively prepared for emergencies and potential disasters.*
>
> *3.4 Ensure civic infrastructure, assets and resources are effectively maintained and continue to meet the needs of the community as it grows.*

Strategy #4 Responsible Financial Management and Governance:

> *Responsible financial management and efficient use of public resources to meet the needs of the community.*
>
> *4.1 Ensure effective financial planning to support a sustainable future for the City.*
>
> *4.2 Seek improvements and efficiencies in all aspects of City business.*
>
> *4.3 Foster community trust through open, transparent and accountable budgeting practices and processes.*
>
> *4.4 Work with all levels of governments for grant and funding opportunities.*

Strategy #5 A Leader in Environmental Sustainability:

Leadership in environmental sustainability through innovative, sustainable and proactive solutions that mitigate climate change and other environmental impacts.

5.1 Continue to demonstrate leadership in proactive climate action and environmental sustainability.

5.2 Support the preservation and enhancement of Richmond's natural environment.

5.3 Encourage waste reduction and sustainable choices in the City and community.

Analysis

Water Utility

The three budget options for the Water Utility are shown in Table 2 below. Italicized values represent the difference between the 2025 rates and the 2026 rate options. The 2026 base budget for each option is equal to the sum of the 2025 base budget plus the changes in italics. Rows in green denote the key budget areas with options, which are further discussed in subsequent sub-sections of this report.

Table 2: 2026 Water Utility Budget

Key Budget Areas	2025 Base Level Budget	Option 1 Non-Discretionary Increases	Option 2 (Recommended) Option 1 + $0.5M Increase to Annual Capital Funding	Option 3 Option 2 + $0.5M Additional Increase to Annual Capital Funding
Expenditures				
Salary	$7,819,700	*$378,600*	*$378,600*	*$378,600*
Operating Expenditures	$3,945,500	*$70,200*	*$70,200*	*$70,200*
Water Meter Reading and Maintenance	$182,400	*$0*	*$0*	*$0*
Toilet Rebate Program	$100,000	*$0*	*$0*	*$0*
GVWD Water Purchases (Metro Vancouver)[2]	$33,888,700	*$2,375,200*	*$2,375,200*	*$2,375,200*
Capital Infrastructure Replacement Program	$8,500,000	*$0*	*$500,000*	*$1,000,000*
Residential Water Metering Program	$3,085,900	*$0*	*$0*	*$0*
Construction Period Allocation	$500,000	*$250,000*	*$250,000*	*$250,000*
Firm Price/Receivable	$3,189,500	*$109,400*	*$109,400*	*$109,400*
Overhead Allocation	$1,191,300	*$13,800*	*$13,800*	*$13,800*
Total Base Level Expenditure Budget	**$62,403,000**	**$65,600,200**	**$66,100,200**	**$66,600,200**
Revenues/Transfers				
Provision (Rate Stabilization)	$0	*$0*	*$0*	*$0*
Investment Income	-$264,000	*$0*	*$0*	*$0*
Firm Price/Receivable	-$3,189,500	*-$109,400*	*-$109,400*	*-$109,400*
Meter Rental	-$2,047,700	*-$33,600*	*-$33,600*	*-$33,600*
YVR Maintenance	-$30,000	*$0*	*$0*	*$0*
Provision (Toilet Rebate/Flushing)	-$298,600	*$198,600*	*$198,600*	*$198,600*
Meter Re-Reads and Other Services	-$233,300	*$0*	*$0*	*$0*
Reserve (Residential Water Metering Program)	-$450,000	*$0*	*$0*	*$0*
Construction Period Revenues	-$500,000	*-$250,000*	*-$250,000*	*-$250,000*
Total Base Level Revenue Budget	**-$7,013,100**	**-$7,207,500**	**-$7,207,500**	**-$7,207,500**
Net Budget	**$55,389,900**	**$58,392,700**	**$58,892,700**	**$59,392,700**
Net Difference Over 2025 Base Level Budget		***$3,002,800***	***$3,502,800***	***$4,002,800***

The expenditures and revenues for the Water Utility budget reductions and increases given in Table 2 are outlined below.

Expenditures

The key driver for the Water Utility is Metro Vancouver Water Purchases. Secondary drivers include capital infrastructure replacement, salary and operating expenditures.

Metro Vancouver Water Purchases

Bulk water is purchased from Metro Vancouver on a volumetric basis. Metro Vancouver's water rate is proposed to increase by 6.4%. The City's 2026 Water Purchase budget is increasing by $2.4M to $36.3M based on Metro Vancouver's rate increase and adjusted for average usage in peak and off-peak months, which forms the basis of water purchase projections based on average City-wide water consumption. This is an overall increase of 7.0% from the City's 2025 Water Purchase budget.

Metro Vancouver Water Purchases accounts for the majority of the 2026 non-discretionary expenditure increase. The City's 2026 water rates are based on Metro Vancouver's proposed 2026-2030 Financial Plan (Table 3).

Table 3: Metro Vancouver Water Rate Projection - Proposed 2026-2030 Financial Plan

	2026	2027	2028	2029	2030
Blended Rate ($/m^3)	$1.0643	$1.0962	$1.1220	$1.1473	$1.1777
% Change	6.4%	3.0%	2.4%	2.3%	2.7%

Since 2006, the Metro Vancouver water rate has increased by 266%, or an average annual increase of 6.7%. These increases are notably higher than the City's water utility rates, which increased by 68%, or an average annual increase of 2.6%, over the same period.

Due to these increases, Metro Vancouver costs have increased from accounting for 44% of Richmond's water utility rate in 2006 to 58% in 2026 (Figure 4 on the next page). The increases in Metro Vancouver costs are a primary budget driver for the Water Utility.

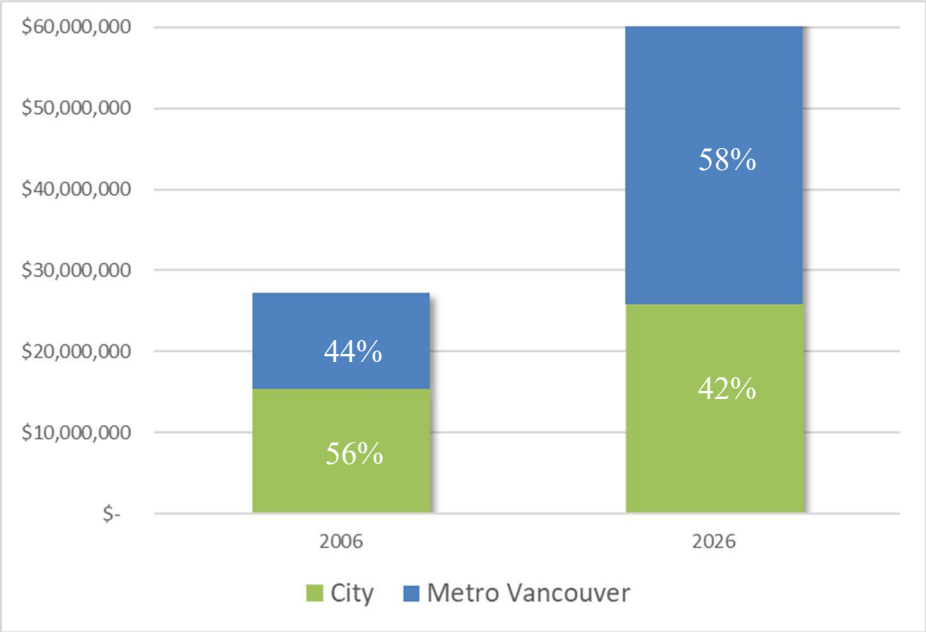


Figure 4: 2006 vs 2026 Water Utility User Fee Breakdown

Water Capital Infrastructure Replacement Program Contribution

The Water Capital Infrastructure Replacement Program facilitates proactive management of the City's water assets, which allows the City to maintain a high level of service by minimizing watermain breaks and service disruptions. Through proactive management of ageing infrastructure and implementation of the City's water pressure management program, the City has successfully reduced water losses due to pipe leakage in the water distribution system. This has resulted in additional cost savings from avoided Metro Vancouver water purchase costs as well as associated emergency response expenditures. Council's proactive approach to infrastructure replacement is also a sound preventative maintenance strategy.

The annual capital contribution for water infrastructure replacement is currently $8.5M, excluding the amount currently dedicated to the water metering program. The "Ageing Utility and Road Infrastructure Planning – 2025 Update" report identified a long-term annual funding requirement of $13.2M. Option 2 and Option 3 include increases to annual capital funding for the water utility in the amount of $500,000 and $1,000,000, respectively, to bridge the gap between current and targeted funding levels. Bridging the funding gap between current and targeted funding levels supports proactive infrastructure replacement, thereby offsetting financial obligations for future years.

Water Metering (Avoided Water Purchase Costs)

Water metering plays an essential role in the City's water demand management program, which improves equity to ratepayers by providing volume-based user fees and reduces bulk water purchase costs by promoting water conservation and reducing private-side leakage.

Since inception of the program in 2003, the City's total water use has decreased by 14% despite an increase in population of 34%. The reduction in per capita water usage is estimated to result in annual savings of $17M in avoided water purchase cost.

The City has made significant advances in water metering since the program was first introduced. Approximately 84% of the City's water use is currently metered. All single-family and Industrial, Commercial and Institutional (ICI) properties are metered and 63% of multi-family units are metered.

Water Salary and Operating Expenditures

The main cost drivers for the operating expenditure increase include the following:

- Salary increases of 3.5% plus step progressions; and
- Material, postage, and vehicle replacement cost increases.

The City's operating expenditures are carefully managed, and considerable measures have been taken to minimize cost increases where possible. The average increase to the City's non-discretionary operating expenditures since 2022 has been 1.6%, which is below the CPI over the same period.

Revenues/Transfers

Water Levy Provision for Rate Stabilization

The Water Levy Provision was established by Council as a funding source for water rate stabilization. The Provision has a balance of $15.8M as of September 30, 2025, and is intended to offset significant future increases in regional water purchase costs.

None of the options for 2026 include a planned drawdown from the Water Levy Provision, and staff recommend that the Provision continue to be preserved in anticipation of future large Metro Vancouver rate increases.

Reserve (Residential Water Metering Program)

At the November 8, 2021 Council Meeting, through the 2022 Utility Budgets and Rates report, Council endorsed increasing the annual funding level for the water metering program to $3M to implement a Universal Multi-Family Water Metering Program. The increased funding was to be achieved through a phased annual 1% increase to the water rate over four years, along with utilization of the Watermain Replacement Reserve to make up the difference over that period.

Through the first few years of program implementation, staff and in-house construction crews have identified and realized significant efficiencies and cost savings. This has resulted in program costs to date being lower than previous estimates, which were based on historical external contractor pricing. As a result, the additional 1% annual rate increase ($450,000) has been excluded in 2026, and staff will continue to monitor, review costs and update Council if any changes are required in future years.

Construction Period Revenues

The City receives construction period revenues from development for water use during construction. The revenue can vary significantly from year to year depending on construction activity. Due to the instability of this revenue source, it is not utilized as a funding source for operational activity. Any actual revenue received is transferred to the Water Levy Stabilization provision for future rate stabilization funding. An estimate is included in the budget based on the last three full years of activity with an offsetting transfer to provision for reference.

Impact on 2026 Water Rates

The impact of the three budget options on water rates is shown in Table 4 below and Table 6 on the next page. Table 4 shows the options for metered customers and Table 6 shows the options for flat rate customers. The rates presented include fixed costs for metering, such as meter reading, billing and maintenance. The italicized numbers represent the difference between 2025 rates and the rate options for 2026.

Option 1 represents non-discretionary increases that are required to maintain existing levels of services. Option 2 is the recommended option and includes everything in Option 1 and a $500,000 increase to the Water Capital Infrastructure Replacement Program. Option 3 includes Option 2 and an additional $500,000 increase to the Water Capital Infrastructure Replacement Program.

Table 4: 2026 Metered Rate Water Options (Net of Discount)

Customer Class	2025 Rates	Option 1	Option 2 (Recommended)	Option 3
Single-Family Dwelling (based on 325 m^3 average consumption)	$583.12	$625.60 *$42.48*	$630.80 *$47.68*	$636.03 *$52.91*
Townhouse (based on 218 m^3 average consumption)	$398.16	$426.66 *$28.50*	$430.14 *$31.98*	$433.65 *$35.49*
Apartment (based on 157 m^3 average consumption)	$269.82	$290.34 *$20.52*	$292.86 *$23.04*	$295.38 *$25.56*
Metered Rate ($/$m^3$)	$1.6613	$1.7920 *$0.1307*	$1.8080 *$0.1467*	$1.8241 *$0.1628*
Metro Vancouver % Change		*6.2%*	*6.0%*	*5.8%*
City % Change		*1.7%*	*2.8%*	*4.0%*
Total % Change		*7.9%*	*8.8%*	*9.8%*

Note: The italicized numbers represent the difference between 2025 rates and the rate options for 2026.

Table 5 below shows the Metro Vancouver and City portion of the rate impacts for each of the metered rate options. The Metro Vancouver rate impacts are italicized on the left and the City rate impacts are italicized on the right.

Table 5: Cost Increase Broken Down by Metro Vancouver vs City Rate Impacts for 2026 Metered Rate Water Options (Net of Discount)

Customer Class	Option 1 Total		Option 2 (Recommended) Total		Option 3 Total	
	MV	*City*	*MV*	*City*	*MV*	*City*
Single-Family Dwelling (based on 325 m^3 average consumption)	$42.48		$47.68		$52.91	
	$33.60	*$8.88*	*$32.33*	*$15.35*	*$31.40*	*$21.51*
Townhouse (based on 218 m^3 average consumption)	$28.50		$31.98		$35.49	
	$22.54	*$5.96*	*$21.69*	*$10.29*	*$21.06*	*$14.43*
Apartment (based on 157 m^3 average consumption)	$20.52		$23.04		$25.56	
	$16.23	*$4.29*	*$15.62*	*$7.42*	*$15.17*	*$10.39*
Metered Rate ($/$m^3$)	$0.13070		$.01467		$0.1628	
	$0.1034	*$0.0273*	*$0.0995*	*$0.0472*	*$0.0966*	*$0.0662*

Table 6: 2026 Flat Rate Water Options (Net of Discount)

Customer Class	2025 Rates	Option 1	Option 2 (Recommended)	Option 3
Single-Family Dwelling	$882.20	$951.62	$960.14	$968.67
		$69.42	*$77.94*	*$86.47*
Townhouse	$722.14	$778.97	$785.95	$792.93
		$56.83	*$63.81*	*$70.79*
Apartment	$465.35	$501.97	$506.47	$510.97
		$36.62	*$41.12*	*$45.62*
Metro Vancouver % Change		***6.2%***	***6.0%***	***5.8%***
City % Change		*1.7%*	*2.8%*	*4.0%*
Total % Change		*7.9%*	*8.8%*	*9.8%*

Note: The italicized numbers represent the difference between 2025 rates and the rate options for 2026.

Table 7 on the following page shows the Metro Vancouver and City portion of the rate impacts for each of the flat rate options. The Metro Vancouver rate impacts are italicized on the left and the City rate impacts are italicized on the right.

Table 7: Cost Increase Broken Down by Metro Vancouver vs. City Rate Impacts for 2026 Flat Rate Water Options (Net of Discount)

Customer Class	Option 1 Total		Option 2 (Recommended) Total		Option 3 Total	
	MV	*City*	*MV*	*City*	*MV*	*City*
Single-Family Dwelling	$69.42		*$77.94*		*$86.47*	
	$54.91	*$14.51*	*$52.85*	*$25.09*	*$51.31*	*$35.16*
Townhouse	$56.83		*$63.81*		*$70.79*	
	$44.95	*$11.88*	*$43.27*	*$20.54*	*$42.01*	*$28.78*
Apartment	$36.62		*$41.12*		*$45.62*	
	$28.97	*$7.65*	*$27.88*	*$13.24*	*$27.07*	*$18.55*

The City's Waterworks and Water Rates Bylaw No. 5637 provides a 10% discount for utility bills paid prior to the due date. To achieve full cost recovery, the rates shown in the bylaw will be before the 10% discount is applied. The rates outlined in Table 4 and Table 6 are net discounted rates.

Water Utility Options Summary

The following is a summary of the Water Utility budgets and rates for Option 1:

Option 1

- Represents the minimum increase necessary to maintain the current level of service.

The following is a summary of the Water Utility budgets and rates for Option 2:

Option 2 (Recommended)

- Includes everything in Option 1; and
- Increases the annual capital funding by $500,000.

The following is a summary of the Water Utility budgets and rates for Option 3:

Option 3

- Includes everything in Option 2; and
- Increases the annual capital funding by an additional $500,000.

Water Utility Recommended Option

Staff recommend the budgets and rates identified in Option 2 for the Water Utility. This option includes an increase to annual capital funding to facilitate the proactive replacement of ageing infrastructure.

Sewer Utility

The three budget options for the Sewer Utility are shown in Table 8 below. Italicized values represent the difference between the 2025 rates and the 2026 rate options. The 2026 base budget for each option is equal to the sum of the 2025 base budget plus the changes in italics. Rows in green denote the key budget areas with options, which are further discussed in subsequent sub-sections of this report.

Table 8: 2026 Sewer Utility Budget

Key Budget Areas	2025 Base Level Budget	Option 1 Non-Discretionary Increases	Option 2 (Recommended) Option 1 + $1.0M Increase to Annual Capital Funding	Option 3 Option 2 + $0.5M Additional Increase to Annual Capital Funding + 0.5 FTE Electronics Technician ($89,600)[1]
Expenditures				
Salary	$4,422,800	*$192,300*	*$192,300*	*$270,100*
Operating Expenditures	$3,282,400	*$167,800*	*$167,800*	*$222,100*
Metro Vancouver Sewer Levy (Debt Component)	$7,445,400	*$4,681,600*	*$4,681,600*	*$4,681,600*
Metro Vancouver Sewer Levy (O&M Component)	$29,900,000	*($27,100)*	*($27,100)*	*($27,100)*
Metro Vancouver North Shore Wastewater Treatment Plant Levy	$11,900,000	*$0*	*$0*	*$0*
Capital Infrastructure Replacement Program	$7,306,400	*$0*	*$1,000,000*	*$1,500,000*
Construction Period Allocation	$500,000	*$200,000*	*$200,000*	*$200,000*
Firm Price/Receivable	$785,500	*$24,500*	*$24,500*	*$24,500*
Overhead Allocation	$783,600	*$500*	*$500*	*$500*
Total Base Level Expenditure Budget	**$66,326,100**	**$71,565,700**	**$72,565,700**	**$73,197,800**
Revenue/Transfers				
Provision	$0	*$0*	*$0*	*-$42,500*
Construction Period Revenue	-$500,000	*-$200,000*	*-$200,000*	*-$200,000*
Investment Income	-$102,000	*$0*	*$0*	*$0*
Firm Price/Receivable	-$785,500	*-$24,500*	*-$24,500*	*-$24,500*
Total Base Level Revenue Budget	**-$1,387,500**	**-$1,612,000**	**-$1,612,000**	**-$1,654,500**
Net Budget	**$64,938,600**	**$69,953,700**	**$70,953,700**	**$71,543,300**
Net Difference Over 2025 Base Level Budget		***$5,015,100***	***$6,015,100***	***$6,604,700***

1 *Electronics Technician is funded through Sewer and Flood Protection budgets and must be approved together.*

The expenditures and revenues for the Sewer Utility budget reductions and increases given in Table 8 are outlined on the next page.

Expenditures

The key driver for the Sewer Utility is the Metro Vancouver Sewer Levy cost. Secondary drivers include Salary and Operating expenditures and the Capital Infrastructure Replacement Program.

Metro Vancouver Sewer Levy

Richmond pays Metro Vancouver a Sewer Levy for bulk transmission and treatment of liquid waste on a flat rate basis. This levy is broken down into Operations & Maintenance and Debt components for the City's contribution of liquid waste to the following three Metro Vancouver sewerage areas:

- Lulu Island West Sewerage Area (LIWSA);
- Vancouver Sewerage Area (VSA) – for sewage from Mitchell Island; and
- Fraser Sewerage Area (FSA) – for sewage from Fraserwood Industrial and Hamilton.

In 2026, the Operations & Maintenance component is $41.8M and the Debt component is increasing by $4.7M to $12.1M.

North Shore Wastewater Treatment Plant (NSWWTP) Project

Metro Vancouver's NSWWTP Project is currently expected to be completed in 2030 at a total cost of $3.9B. At the May 31, 2024 Metro Vancouver Board Budget Workshop, the Board provided direction for the funding model to cover the additional $2.8B project cost.

As part of the Metro Vancouver Sewer Levy, an annual $11.9M is now included as Richmond's allocated debt servicing for the NSWWTP upgrade. The annual $11.9M debt servicing is Richmond's apportionment for a regional 15-year amortized payment plan, which started in 2025, to complete Metro Vancouver's NSWWTP project.

Total Metro Vancouver Sewer Costs

The overall annual levy is funded through utility rates and is increasing by $4.7M (9.5%) to $53.9M in 2026. Metro Vancouver's 2026 increase accounts for 93% of the non-discretionary expenditure increases proposed for the 2026 sewer rates. Richmond's 2026 sewer rates are based on Metro Vancouver's sewer levy from the proposed 2026-2030 Financial Plan (Table 9 on the next page).

Table 9: Metro Vancouver 5-Year Projected Total Sewer Levy Cost (from the Proposed 2026-2030 Financial Plan)

	2026	2027	2028	2029	2030
O&M and Debt	$42.0M	$48.4M	$51.0M	$52.8M	$55.5M
Average Annual NSWWTP Debt Servicing	$11.9M	$11.9M	$11.9M	$11.9M	$11.9M
Total Levy	$53.9M	$60.3M	$62.9M	$64.7M	$67.4M
% Change	9.5%	10.7%	4.4%	2.7%	4.2%

Metro Vancouver rate increases are significant and are anticipated to continue rising in future years due to the Gilbert Trunk Sewer project and Iona Wastewater Treatment Plant Upgrade project for which some costs are shared by all sewerage areas. Since the projected costs for Metro Vancouver's major infrastructure projects throughout the region have increased by billions of dollars in recent years, the impact to City utility rates will be significant even with the majority of costs being allocated to other sewerage areas.

Metro Vancouver's Sewer Levy has increased by 297% since 2006, which is an average annual increase of 7.1%. This is notably higher than the City's sewer utility rate increases, which have increased by 115%, an average annual increase of 3.9%, over the same period.

Due to these increases, Metro Vancouver's Sewer Levy costs have increased from accounting for 63% of Richmond's sewer utility budget in 2006 to 76% in 2026 (Figure 5). The increases in Metro Vancouver costs are a primary budget driver for the Sewer Utility.

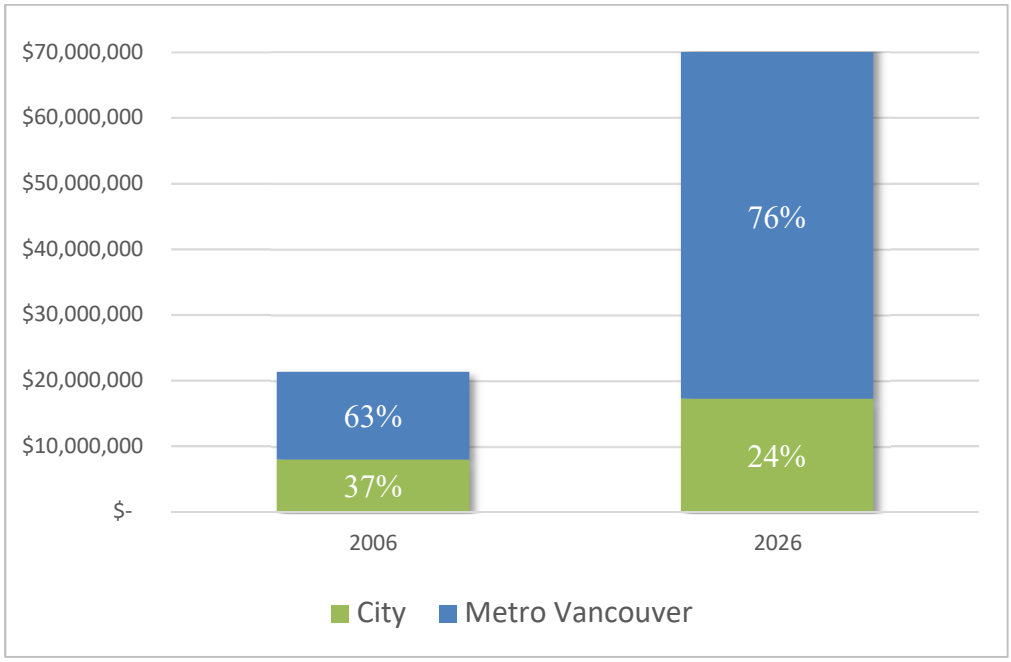


Figure 5: 2006 vs 2026 Sewer Utility User Fee Breakdown

Sewer Salary and Operating Expenditures

The main cost drivers for the operating expenditure increase include the following:

- Salary increases of 3.5% plus step progressions; and
- Equipment, material, and vehicle replacement cost increases.

The City's operating expenditures are carefully managed and considerable measures have been taken to minimize cost increases where possible. The average increase to the City's non-discretionary operating expenditures since 2022 has been 1.6%, which is below the CPI over the same period.

Sewer Capital Infrastructure Replacement Program

The Sewer Capital Infrastructure Replacement Program facilitates proactive management of the City's sewer assets, which allows the City to maintain a high level of service by minimizing sewer breaks and service disruptions.

The City received approval from the Minister of Housing for an exemption from the Bill 44 housing requirement until December 30, 2030 for the Steveston area. The temporary exemption is required to complete critical sanitary sewer infrastructure works in order to allow increased housing density in the form of small-scale multi-unit housing. In order to facilitate completion of these infrastructure works by the extended deadline while maintaining current service levels, staff recommend that funding to the Capital Infrastructure Replacement Program be increased by $1M for 2026.

This recommended increase is consistent with the objective of bridging the gap between current and targeted funding levels for the Sewer Utility. The annual capital contribution for sewer infrastructure replacement is currently $7.3M. The "Ageing Utility and Road Infrastructure Planning – 2025 Update" report identified a long-term annual funding requirement of $14.7M. Option 2 and Option 3 include a $1M and $1.5M increase to the Sewer Capital Infrastructure Replacement Program, respectively. Bridging the funding gap increases the level of proactive infrastructure replacement, thereby offsetting financial obligations for future years. This will continue to be an important consideration in future utility budgets.

Electronics Technician

Option 3 includes additional funding towards an Electronics Technician, this position is proposed to be funded through Sewer and Flood Protection utilities and would require Option 3 to be approved for both utilities. The ongoing and growing integration of sensors, automation and communication infrastructure has increased the need for an additional Electronics Technician to support the expanded network of equipment. This position would be beneficial for performing preventative maintenance and operations in order to reduce unplanned repair work and improving the ability to collect data for modelling and planning purposes through the City's Supervisory Control and Data Acquisition (SCADA) system. This position requires a vehicle with a one-time cost of $42,500, which is proposed to be funded from the Sewer Levy Provision, and operating costs of $11,800.

Revenues/Transfers

Sewer Levy Provision for Rate Stabilization

The Sewer Levy Provision was established by Council as a funding source for sewer rate stabilization. The Provision has a balance of $10M as of September 30, 2025, and is intended to offset increases in regional sewer collection and treatment costs.

None of the options for 2026 include a planned drawdown from the Sewer Levy Provision, and staff recommend that the Provision continue to be preserved in anticipation of future large Metro Vancouver rate increases.

Construction Period Revenues

The City receives construction period revenues from development for sewer use during construction. The revenue can vary significantly from year to year depending on construction activity. Due to the instability of this revenue source, it is not utilized as a funding source for operational activity. Any actual revenue received is transferred to the Sewer Levy Stabilization provision for future rate stabilization funding. An estimate is included in the budget based on the last three full years of activity with an offsetting transfer to provision for reference.

Impact on 2026 Sewer Rates

The impact of the three budget options on sewer rates is shown in Table 10 on the next page and Table 12 on page 21. Table 10 shows the options for metered customers and Table 12 shows the options for flat rate customers. The italicized numbers represent the difference between 2025 and the rate options for 2026.

Option 1 represents non-discretionary increases that are required to meet demands placed on the City by factors outside of the City's direct control. Option 2 is the recommended option and includes everything in Option 1, and a $1M increase to the Sewer Capital Infrastructure Replacement Program. Option 3 includes everything in Option 2, an additional $500,000 increase to the Sewer Capital Infrastructure Replacement Program, and $89,600 towards an Electronics Technician to support the growing network of electronic sensors for environmental and infrastructure monitoring across the City through the City's SCADA system.

Table 10: 2026 Metered Rate Sewer Options (Net of Discount)

Customer Class	2025 Rates	Option 1	Option 2 (Recommended)	Option 3
Single-Family Dwelling (based on 325 m^3 average consumption)	$749.03	$823.29 *$74.26*	$835.22 *$86.19*	$842.24 *$93.21*
Townhouse (based on 218 m^3 average consumption)	$502.42	$552.24 *$49.82*	$560.24 *$57.82*	$564.95 *$62.53*
Apartment (based on 157 m^3 average consumption)	$361.84	$397.71 *$35.87*	$403.47 *$41.63*	$406.87 *$45.03*
Metered Rate ($/$m^3$)	$2.3047	$2.5332 *$0.2285*	$2.5699 *$0.2652*	$2.5915 *$0.2868*
Metro Vancouver % Change		***9.2%***	***8.9%***	***8.8%***
City % Change		*0.7%*	*2.6%*	*3.7%*
Total % Change		*9.9%*	*11.5%*	*12.5%*

Note: The italicized numbers represent the difference between 2025 rates and the rate options for 2026.

Table 11 below shows the Metro Vancouver and City portion of the rate impacts for each of the metered rate options. The Metro Vancouver rate impacts are italicized on the left and the City rate impacts are italicized on the right.

Table 11: Cost Increase Broken Down by Metro Vancouver vs City Rate Impacts for 2026 Metered Rate Sewer Options (Net of Discount)

Customer Class	Option 1 Total		Option 2 (Recommended) Total		Option 3 Total	
	MV	*City*	*MV*	*City*	*MV*	*City*
Single-Family Dwelling (based on 325 m^3 average consumption)	$74.26 *$68.92*	*$5.34*	$86.19 *$66.69*	*$19.50*	$93.21 *$65.69*	*$27.52*
Townhouse (based on 218 m^3 average consumption)	$49.82 *$46.24*	*$3.58*	$57.82 *$44.74*	*$13.08*	$62.53 *$44.06*	*$18.47*
Apartment (based on 157 m^3 average consumption)	$35.87 *$33.30*	*$2.57*	$41.63 *$32.21*	*$9.42*	$45.03 *$31.73*	*$13.30*
Metered Rate ($/$m^3$)	$0.2285 *$0.2121*	*$0.0164*	$0.2652 *$0.2052*	*$0.0600*	$0.2868 *$0.2021*	*$0.0847*

Table 12: 2026 Flat Rate Sewer Options (Net of Discount)

Customer Class	2025 Rates	Option 1	Option 2 (Recommended)	Option 3
Single-Family Dwelling	$944.93	$1,038.62 *$93.69*	$1,053.65 *$108.72*	$1,062.50 *$117.57*
Townhouse	$864.58	$950.31 *$85.73*	$964.05 *$99.47*	$972.15 *$107.57*
Apartment	$720.07	$791.47 *$71.40*	$802.91 *$82.84*	$809.66 *$89.59*
Metro Vancouver % Change		***9.2%***	***8.9%***	***8.8%***
City % Change		*0.7%*	*2.6%*	*3.7%*
Total % Change		*9.9%*	*11.5%*	*12.5%*

Note: The italicized numbers represent the difference between 2025 rates and the rate options for 2026.

Table 13 below shows the Metro Vancouver and City portion of the rate impacts for each of the flat rate options. The Metro Vancouver rate impacts are italicized on the left and the City rate impacts are italicized on the right.

Table 13: Cost Increase Broken Down by Metro Vancouver vs City Rate Impacts for 2026 Flat Rate Sewer Options (Net of Discount)

Customer Class	Option 1		Option 2 (Recommended)		Option 3	
	Total		Total		Total	
	MV	*City*	*MV*	*City*	*MV*	*City*
Single-Family Dwelling	$93.69		$108.72		$117.57	
	$86.95	*$6.74*	*$84.13*	*$24.59*	*$82.85*	*$34.72*
Townhouse	$85.73		$99.47		$107.57	
	$79.57	*$6.16*	*$76.97*	*$22.50*	*$75.81*	*$31.76*
Apartment	$71.40		$82.84		$89.59	
	$66.27	*$5.13*	*$64.10*	*$18.74*	*$63.14*	*$26.45*

The City's Sanitary Sewer Bylaw No. 10427 provides a 10% discount for utility bills paid prior to the due date. To achieve full cost recovery, the rates shown in the bylaw will be before the 10% discount is applied. The rates outlined in Table 10 and Table 12 are net discounted rates.

Sewer Utility Options Summary

The following is a summary of the Sewer Utility budgets and rates for Option 1:

Option 1

- Represents the minimum increase necessary to maintain the current level of service.

The following is a summary of the Sewer Utility budgets and rates for Option 2:

Option 2 (Recommended)

- Includes everything in Option 1; and
- Increases annual capital funding by $1M.

The following is a summary of the Sewer Utility budgets and rates for Option 3:

Option 3

- Includes everything in Option 2;
- Increases annual capital funding by an additional $500,000; and
- Includes $89,600 increase towards an Electronics Technician.
    - This position is funded through Sewer and Flood Protection utilities and requires Option 3 to be approved for both utilities.

Sewer Utility Recommended Option

Staff recommend the budgets and rates identified in Option 2 for the Sewer Utility. This option includes an increase to annual capital funding to facilitate the proactive replacement of ageing infrastructure, and support the City's critical infrastructure upgrade projects.

Flood Protection Utility

The three budget options for the Flood Protection Utility are shown in Table 14 below. Italicized values represent the difference between the 2025 rates and the 2026 rate options. The 2026 base budget for each option is equal to the sum of the 2025 base budget plus the changes in italics. Rows in green denote the key budget areas with options, which are further discussed in subsequent sub-sections of this report.

Table 14: 2026 Flood Protection Utility Budget

Key Budget Areas	2025 Base Level Budget	Option 1 Non-Discretionary Increases + Increase to Annual Capital Funding per the Accelerated Flood Protection Program	Option 2 (Recommended) Option 1 + Level Sensors ($49,300)	Option 3 Option 2 + 0.5 FTE Electronics Technician ($89,600)[1]
Expenditures				
Salary	$5,389,200	*$178,800*	*$203,100*	*$280,900*
Operating Expenditures	$3,267,700	*$195,400*	*$220,400*	*$274,700*
Capital Infrastructure Replacement Program	$17,557,100	*$1,508,800*	*$1,508,800*	*$1,508,800*
Firm Price/Receivable	$673,700	*$17,600*	*$17,600*	*$17,600*
Total Base Level Expenditure Budget	**$26,887,700**	**$28,788,300**	**$28,837,600**	**$28,969,700**
Revenues/Transfers				
Provision	$0	*$0*	*$0*	*-$42,500*
Investment Income	$0	*-$39,000*	*-$39,000*	*-$39,000*
Firm Price/Receivable	-$673,700	*-$17,600*	*-$17,600*	*-$17,600*
Total Base Level Revenue Budget	**-$673,700**	**-$730,300**	**-$730,300**	**-$772,800**
Net Budget	**$26,214,000**	**$28,058,000**	**$28,107,300**	**$28,196,900**
Net Difference Over 2025 Base Level Budget		***$1,844,000***	***$1,893,300***	***$1,982,900***

1 Electronics Technician is funded through Sewer and Flood Protection budgets and must be approved together.

The expenditures and revenues for the Flood Protection Utility budget reductions and increases given in Table 14 are outlined below.

Expenditures

The key driver for the Flood Protection Utility is the Capital Infrastructure Replacement Program increases as part of the Accelerated Flood Protection Program. Secondary drivers include Salary and Operating expenditures.

Accelerated Flood Protection Program

Scientific modelling predicts up to 1 m of sea level rise and 0.2 m of ground settlement by 2100. The City's Flood Protection Management Strategy identifies the need to raise the City's dikes by approximately 1.2 m to protect the City against flooding. At the April 12, 2021 Council Meeting, Council adopted a 50-year implementation period for an accelerated flood protection program with the objective of upgrading the City's dikes within 50 years. In order to deliver this program and upgrade flood protection infrastructure well in advance of current anticipated climate change impacts, $38.7M in annual capital funding within the Flood Protection Utility is required by 2032, as outlined in the "2025 Ageing Utility and Road Infrastructure Planning – Update" report. All utility options presented in the report include increasing the annual rates due to the increase in the annual transfer to capital reserves from $17.6M to $19.1M to support acceleration of this program as a component of the overall flood protection budget.

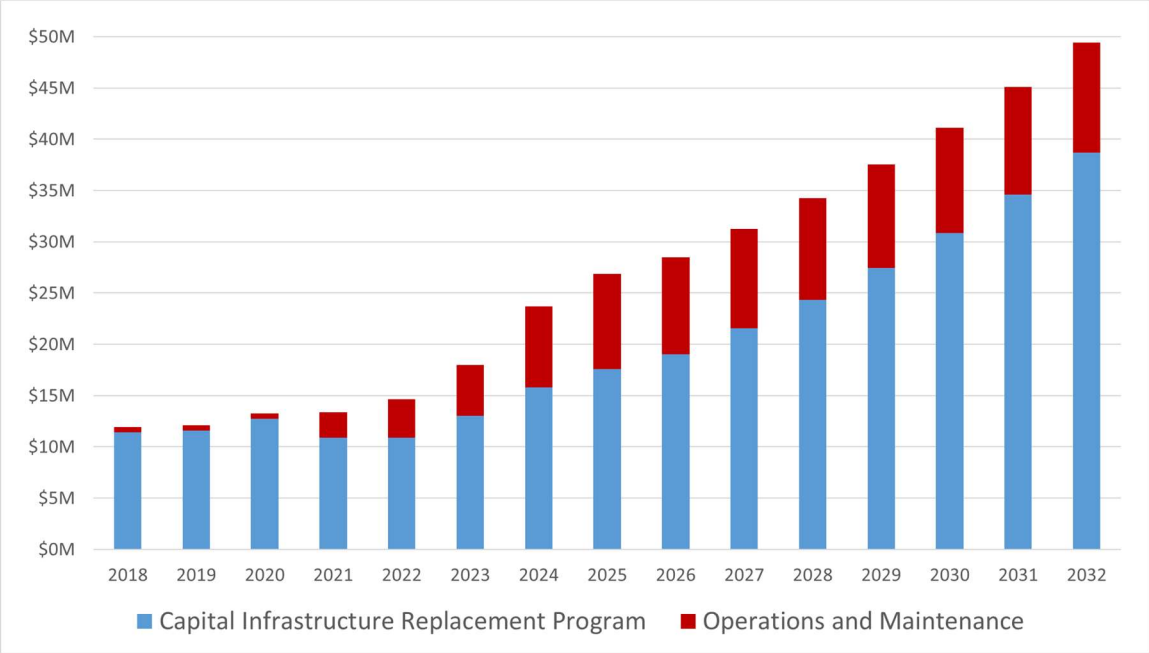


Figure 6: Flood Protection Utility Projections for Accelerated Flood Protection Program

Due to proactive flood protection planning efforts, the City has been successful in obtaining approximately $54M in senior government grants since 2010 to support the advancement of this work. A strong capital program allows the City to continue leveraging opportunities to secure grant funding, such that money collected from Richmond's residents is multiplied and provides greater value for investments into Richmond's flood protection infrastructure.

Flood Protection Salary and Operating Expenditures

The main cost drivers for the operating expenditure increase include the following:

- Salary increases of 3.5% plus step progressions;
- Equipment and material cost increases; and
- Third party utility rate increases.

The City's operating expenditures are carefully managed, and considerable measures have been taken to minimize cost increases where possible.

Operating Budget Increase for the Level Sensor Maintenance Program

Increasing rainfall intensity and duration, along with land development, has resulted in increased demands on the City's drainage system, impacting existing flood protection operating service levels. As a result, the following programs require additional budget in order to maintain current levels of service:

> **Level Sensor Maintenance:** To predict weather and flooding events and improve community safety by providing timely early warning alerts, 47 new sensors that capture rainfall totals, river levels, canal levels, box culvert levels and river salinity have been installed through various grant and capital funding sources. These level sensors allow staff to monitor and predict potential impacts to the City's flood protection system to ensure appropriate measures can be put in place associated with storm events. Maintenance costs for these sensors vary significantly based on their install location and operating funding is required to maintain and complete minor repairs to ensure functionality.
>
> To ensure these new sensors are adequately maintained, a budget increase requirement of $96,400 was identified in the 2025 Utility Budgets and Rates report, and $48,200 was approved by Council as the first of two phases. Incorporating 2026 collective agreement impacts, Option 2 and Option 3 include $49,300, inclusive of labour and operating expenditures, as the second and final phase.

Electronics Technician

Option 3 includes additional funding towards an Electronics Technician. This position is proposed to be funded through Sewer and Flood Protection utilities and would require Option 3 to be approved for both utilities. The ongoing and growing integration of sensors, automation and communication in public services has increased the need for an additional Electronics Technician to support the expanded network of equipment. This position would be beneficial for performing preventative maintenance and operations in order to reduce unplanned repair work, and improving the ability to collect data for modelling and planning purposes related to the City's SCADA system. This position requires a vehicle with a one-time cost of $42,500 which is proposed to be funded from the Flood Protection Provision, and operating costs of $11,800.

Flood Protection Provision for Rate Stabilization

The Flood Protection Provision has a balance of $4.3M as of September 30, 2025 and is intended to offset significant increases in cost escalation for flood protection programs.

Option 3 contains a one-time cost of $42,500 funded from the Flood Protection Provision to provide partial funding for the vehicle needed for the proposed Electronics Technician.

Impact on 2026 Flood Protection Rates

Since 2016, Council has endorsed the creation of flood protection rate classes that differentiated between the various types of property in the City. Prior to this, all accounts paid the same rate regardless of parcel size or assessed value. Creating equity between these rate classes is an ongoing effort as property values, land use and construction costs continue to evolve. The proposed flood protection rates continue to improve the balance between the rate classes. In general, groups with higher value assets will be contributing more to flood protection and the rate increases reflect the different levels of demand that properties place on the City's flood protection system.

To further improve equity, staff recommend that the ICI rate class be restructured such that properties of similar size and nature would pay their proportional amount. Staff also recommend that properties within the Agricultural Land Reserve with multiple zoning be charged according to their specific use and proportion of their property zoned for each use. This proposed change will be included in the amendment bylaw for Council consideration.

Staff will continue to review the various rate classes to identify opportunities for improving balance and equity and will bring forward resulting recommendations for Council's consideration.

The impact of the three budget options on flood protection rates is shown in Table 15 on the next page. The italicized numbers represent the difference between 2025 and the rate options for 2026.

Option 1 represents non-discretionary increases that are required to maintain existing levels of services and includes increases to annual transfer to capital reserves funding per the Accelerated Flood Protection Program. Option 2 is the recommended option and includes everything in Option 1, and operating budget increases of $49,300 for the Level Sensor Maintenance Program. Option 3 includes everything in Option 2, and $89,600 towards an Electronics Technician to support the growing network of electronic sensors within the City's SCADA network for environmental and infrastructure monitoring across the City.

Table 15: 2026 Flood Protection Rate Options (Net of Discount)

Rate Class	2025 Rates	Option 1	Option 2 (Recommended)	Option 3
Single-family Residential[1]	$305.92	$341.45 *$35.53*	$342.00 *$36.08*	$343.48 *$37.56*
Agricultural	$305.92	*$341.45* *$35.53*	*$342.00* *$36.08*	*$343.48* *$37.56*
Multi-family Residential[1]	$206.61	$230.61 *$24.00*	$230.98 *$24.37*	$231.98 *$25.37*
Small ICI (less than 800m^2)	$305.92	$341.45 *$35.53*	$342.00 *$36.08*	$343.48 *$37.56*
ICI (from 800m^2 and 1,999m^2)	$546.68	$659.39 *$112.71*	$661.13 *$114.45*	$665.82 *$119.14*
Medium ICI (from 2,000m^2 and 9,999m^2)	$1,159.60	$1,617.43 *$457.83*	$1,624.53 *$464.93*	$1,643.56 *$483.96*
Large ICI (from 10,000m^2 and 19,999m^2)	$3,313.74	$3,715.98 *$402.24*	$3,722.22 *$408.48*	$3,738.94 *$425.20*
Large ICI (from 20,000m^2 and 49,999m^2)	$7,421.23	$8,360.83 *$939.60*	$8,375.41 *$954.18*	$8,414.46 *$993.23*
Large ICI (from 50,000m^2 and 99,999m^2)	$11,221.39	$12,258.38 *$1,036.99*	$12,274.47 *$1,053.08*	$12,317.57 *$1,096.18*
Large ICI (from 100,000m^2 and 499,999m^2)	$17,314.68	$21,579.91 *$4,265.23*	$21,646.09 *$4,331.41*	$21,823.34 *$4,508.66*
Largest ICI (above 500,000m^2)	$27,300.19	$50,493.94 *$23,193.75*	$50,853.80 *$23,553.61*	$51,817.71 *$24,517.52*
Residential % Change[1]		*11.6%*	*11.8%*	*12.3%*

Note: The italicized numbers represent the difference between 2025 rates and the rate options for 2026.

[1] *The Residential % Change is the average increase to the rates for single-family dwelling, townhouse, and apartment only.*

The City's Flood Protection Bylaw No. 10426 provides a 10% discount for utility bills paid prior to the due date. To achieve full cost recovery, the rates shown in the bylaw will be before the 10% discount is applied. The rates outlined in Table 15 are net discounted rates.

Flood Protection Utility Options Summary

The following is a summary of the Flood Protection Utility budgets and rates for Option 1:

Option 1

- Represents the minimum increase necessary to maintain the current level of service; and
- Increases annual transfer to capital reserves funding by $1.5M.

The following is a summary of the Flood Protection Utility budgets and rates for Option 2:

Option 2 (Recommended)

- Includes everything in Option 1; and
- Includes $49,300 increase to the operating budget for the Level Sensor Maintenance Program.

The following is a summary of the Flood Protection Utility budgets and rates for Option 3:

Option 3

- Includes everything in Option 2; and
- Includes $89,600 increase towards an Electronics Technician to support the growing network of electronic sensors for environmental and infrastructure monitoring across the City.
    - This position is funded through Sewer and Flood Protection utilities and requires Option 3 to be approved for both utilities.

Recommended Option

Staff recommend the budgets and rates identified in Option 2 for the Flood Protection Utility. This option includes increased annual transfer to capital reserves contributions for capital infrastructure in accordance with the Council-approved Accelerated Flood Protection Program and increases to the operating budget to enhance existing operating programs. Additional capital budget increases will be added in future years, which may require new positions to support the acceleration of the flood protection program.

Solid Waste and Recycling Utility

Table 16 presents three budget options for the Solid Waste and Recycling Utility. Rows in green denote the key budget areas with options, which are further discussed in subsequent sub-sections.

Table 16: 2026 Solid Waste and Recycling Budget

Key Budget Areas	2025 Amended Budget[1]	Option 1 Base Level Services	Option 2 (Recommended) Option 1 + No rate impact for Program Manager and YCCBC Program, + Dog Waste Program ($71,000) + $0.25M Contribution to Reserve	Option 3 Option 2 + $0.25M Additional Contribution to Reserve
Expenditures				
Salaries	$5,974,200	$237,100	$417,800	$417,800
Contracts	$11,751,900	$422,600	$558,600	$558,600
Equipment/Materials	$1,398,000	$63,900	$78,400	$78,400
Disposal Costs	$1,711,200	$90,000	$90,000	$90,000
Recycling Materials Processing	$4,548,400	-$31,100	-$31,100	-$31,100
Container Rental/Collection	$531,300	$5,700	$5,700	$5,700
Operating Expenditures	$469,500	$900	$201,200	$201,200
Agreements	$95,000	$0	$0	$0
Rate Stabilization	$668,400	$1,588,500	$1,213,000	$1,213,000
Construction Period Allocation	$20,000	$5,000	$5,000	$5,000
Transfer to Reserve	$500,000	$0	$250,000	$500,000
Total Base Level Expenditure Budget	**$27,667,900**	**$30,050,500**	**$30,456,500**	**$30,706,500**
Revenues/Transfers				
General Application Fees	-$112,600	$0	$0	$0
Recycling Materials	-$516,000	$13,100	$13,100	$13,100
Garbage Tags	-$20,000	$0	$0	$0
Unrealized Discounts	-$110,000	-$2,000	-$2,000	-$2,000
Revenue Sharing Grant/Other	-$103,600	-$31,200	-$31,200	-$31,200
Recycling Commission	-$321,500	-$7,100	-$7,100	-$7,100
Recycle BC Incentive	-$2,957,400	-$2,101,900	-$2,101,900	-$2,101,900
Construction Period Revenue	-$20,000	-$5,000	-$5,000	-$5,000
Provision (Pilot Initiatives)	-$721,100	$0	-$85,000	-$85,000
Total Base Level Revenue Budget	**-$4,882,200**	**-$7,016,300**	**-$7,101,300**	**-$7,101,300**
Net Budget	**$22,785,700**	**$23,034,200**	**$23,355,200**	**$23,605,200**
Net Difference Over 2025 Base Level Budget		**$248,500**	**$569,500**	**$819,500**

[1] *The salaries include $144,500 funded by the General Solid Waste and Recycling provision for a 1-year temporary full-time Environmental Coordinator 2.*

An explanation of the budget reductions and increases outlined in Table 16 is below.

Expenditures

Salaries

The 2026 base level budget includes a 3.5% rate increase for staff salaries plus step progressions which are the primary drivers for non-discretionary increases.

Increases under Option 2 and 3 include the addition of a new exempt Program Manager position to oversee and provide leadership in managing the City's multiple programs and initiatives, monitor the future state landscape to identify impacts and opportunities in support of circular waste management and recycling practices, ensure efficient management of staffing portfolios and increased obligations under the new Recycle BC contract effective January 1, 2025. The total cost for this position is $180,700 to be fully funded from Recycle BC added revenues, resulting in no impact to utility rates.

Contracts

Contract costs under Option 1 are increased in accordance with overall growth in the number of units serviced and escalation clauses as stipulated in the City's various solid waste and recycling service contracts.

Options 2 and 3 include funding for the Youth Climate Corps BC Pilot Program and Dog Waste Collection Program. These initiatives were considered by Council during 2025 but remain subject to funding approvals as part of the normal budget process. The report titled "Youth Climate Corps BC" was presented to Council at the June 23, 2025 meeting and endorsed as a pilot program to provide youth with paid, hands-on experience in municipal climate related work. The City funded portion of this pilot program is $85,000 through the General Solid Waste and Recycling Provision, with no net impact to utility rates. The Youth Climate Corps BC will contribute an additional $65,000 towards the City pilot.

Options 2 and 3 also include an ongoing additional level estimated at $71,000 for Council consideration to expand the Dog Waste Collection Program, as described in the report titled "Dog Waste Collection Pilot Summary and Proposed Expansion" presented to Council at the July 28, 2025 meeting.

Equipment and Material Costs

Equipment and material cost increases under all options are adjusted associated with inflationary cost factors to support items for litter collection, receptacles for residents and Recycling Depot operations. Options 2 and 3 also include amounts to provide equipment to support the Youth Climate Corps BC Pilot Program previously endorsed by Council as outlined above.

Disposal Costs

The Metro Vancouver solid waste regional tipping fee for local governments is increased by $7 per tonne, or from $141 per tonne in 2025 to $148 per tonne in 2026.

Recycling Materials Processing

Recycling materials processing costs are reduced overall. While there are increases associated with higher organics tipping fees, these are offset by a reduction in commercial yard waste loads received at the Recycling Depot and reduced tonnage for residential organics. As single-family housing transitions to more condensed multi-family housing types, there is a decrease in organics tonnage which is driven by less yard waste.

Container Collection Costs

Container collection costs have increased primarily due to contractual increases for hauling Works Yard waste/recycling materials and recyclable materials from the Recycling Depot. This increase is partially offset by a reduction in hauls for yard waste from the Recycling Depot due to lower usage by commercial operators.

Operating Expenditures

Increases under Options 2 and 3 include $5,500 for supplies necessary to support the Youth Climate Corps BC Pilot Program, and an increased contingency necessary to meet the terms of the new Recycle BC contracts. Examples include service level failure credits, remediation programs including development of contamination strategies, bi-annual Depot audits and cost study reporting.

General Solid Waste & Recycling Rate Stabilization Provision (Rate Options)

The General Solid Waste and Recycling Provision was established by Council as a funding source for rate stabilization. The provision has a balance of $12.9M as of September 30, 2025. All options recognize the additional incentive revenue from Recycle BC per the new contract and utilize the increased revenue to lower the recycling utility rates to establish a $0 overall rate increase for the average resident compared to 2025 under Option 1. Overall utility rates will vary for some customer classes, including those with various sized garbage carts (e.g. larger garbage carts will experience a modest increase, and those with smaller garbage carts will experience a slight decrease). Allocating remaining excess revenue to provision will help offset significant future cost increases anticipated under a new residential collection service contract as the current contract expires in 2028.

Transfer to Reserve

The creation of the Solid Waste and Recycling Reserve Fund Establishment Bylaw No. 10417 was approved at the November 14, 2022 Council meeting. Option 1 would maintain the contribution of $500,000 to the reserve, Option 2 would increase that contribution to $750,000, and Option 3 would further increase to $1M for future funding needs for Solid Waste and Recycling programs. The current annual reserve target is $3.5 million and is required to ensure a funding source for facilities, equipment and infrastructure for City services including the Recycling Depot, litter operations and collection receptacles used by residents.

Revenues

Recycling Materials

Recycling material revenue is reduced based on market rates for commodities collected at the Recycling Depot. The reduced revenues are primarily related to adjustments in market rates for scrap metal and cardboard.

Unrealized Discounts

Residents are entitled to a 10% utility bill discount if the amount owing is paid on or before the due date. Unrealized discounts are comprised of late payments wherein the owner did not receive the discount due to making the payment after the due date, therefore the forgone discount amount is then considered a revenue for the City. These revenues are estimated by the Finance Department based on the trend of historic payments.

Other Revenues

Other revenue represents investment income on the Solid Waste and Recycling Reserve.

Recycling Commission

Since 2022, the City has received funding from Metro Vancouver for allowing regional customers to drop off base recycling materials at the Recycling Depot. The increase for 2026 represents an estimated 2.1% CPI adjustment as outlined in the agreement.

Recycle BC Incentive

All options recognize the $2,101,900 of additional incentive revenue from Recycle BC as per the new contract. There has also been a notable rise in flexible plastic packaging being dropped off by residents at the Recycling Depot, representing an increase in revenue for that material stream.

Construction Period Revenues

The City receives construction period revenues from development for solid waste and recycling during construction. The revenue can vary significantly from year to year depending on construction activity. Due to the instability of this revenue source, it is not utilized as a funding source for operational activity. Any actual revenue received is transferred to the General Solid Waste and Recycling provision for future rate stabilization funding. An estimate is included in the budget based on the last three full years of activity with an offsetting transfer to provision for reference.

Provision

Options 2 and 3 utilize provision funding of $85,000 to implement the Youth Climate Corps BC Pilot Program, with no impact to rates.

Impact on 2026 Solid Waste and Recycling Rates

The impact of the budget options to ratepayers is provided in Table 17 and Table 18 below. The principal reason for the increase in 2026 relates to salary increases per negotiated agreements, inflationary contract costs stipulated in existing contracts, an increase in the regional tipping fee, and changes related to material processing at the Recycling Depot. Numbers in italics represent the difference between 2025 rates and the various rate options for 2026.

Table 17 provides total costs based on standard garbage cart sizes for single-family (240L) and townhouse (120L). Table 18 provides a more detailed breakdown of recommended Option 2 rates based on the four different garbage cart size options that are available to residents in single-family and townhouse units. The percentage of container sizes subscribed by each customer class is also presented for reference. Residents can reduce or increase the amount they pay based on the cart size they select for garbage collection services.

Table 17: 2026 Solid Waste and Recycling Rate Options (Net of Discount)

Customer Class	2025 Rates	Option 1	Option 2 (Recommended)	Option 3
Single-Family Dwelling (Standard 240L Cart)	$437.20	$437.20 *$0.00*	$442.55 *$5.35*	$445.25 *$8.05*
Townhouse (Standard 120L Cart)	$311.25	$311.25 *$0.00*	$314.25 *$3.00*	$316.95 *$5.70*
Apartment	$153.10	$153.10 *$0.00*	$155.80 *$2.70*	$158.50 *$5.40*
Business Rate	$52.44	$52.44 *$0.00*	$53.99 *$1.55*	$55.57 *$3.13*
Total % Change		*0.0%*	*1.0% to 3.0%*	*1.8% to 6.0%*

Note: The italicized numbers represent the difference between 2025 rates and the rate options for 2026.

Table 18: 2026 Single-Family and Townhouse Net Rates by Garbage Cart Size (Per Recommended Option 2)

Cart Size	Single Family		Townhomes	
	Full Service Rate (Including Recycling, Organics, Other Services)	Approximate Percent - Subscribed Size	Full Service Rate (Including Recycling, Organics, Other Services)	Approximate Percent - Subscribed Size
80L	$382.65	*4%*	$284.50	*13%*
120L	$412.40	*10%*	$314.25	*76%*
240L	$442.55	*78%*	$344.40	*10%*
360L	$569.40	*8%*	$471.25	*1%*

The rates outlined in Table 17 and Table 18 are net rates. The *Solid Waste & Recycling Regulation Bylaw* provides a 10% discount for utility bills paid prior to the due date. The rates

shown in the bylaw will be before the 10% discount is applied, in order to achieve full cost recovery.

Regional Issues

In addition to standard operating programs, Metro Vancouver is continuing consultation on the preparation of an updated solid waste management plan, which is currently in the Options Analysis Engagement phase, amalgamating ideas that were generated in the previous phase and applying decision making criteria that is grounded in the vision and guiding principles for the updated plan. The City has been involved in engagement opportunities throughout this process and next steps in this process include development of a draft plan and plan approval. Metro Vancouver is also continuing to support efforts to advocate for amendments to the provincial *Recycling Regulation*, including for expansion of key extended producer responsibility (EPR) programs to appropriately handle materials such as automotive products, compressed canisters, additional battery categories, medical sharps used at home and mattresses and foundations. Regional campaigns remain focused on textiles, single-use items, food scraps and holiday waste. Metro Vancouver continues to host the annual Zero Waste Conference and support the National Zero Waste Council in promoting waste reduction, reuse, and circularity both within the region and across Canada.

Solid Waste and Recycling Options Summary

The following is a summary of the Solid Waste and Recycling Utility budgets and rates for Option 1:

Option 1

- Represents full recovery via rates of all program costs, including costs associated with managing increasing operating costs, disposal costs and recycling material processing fees;
- Meets the City's contractual obligations related to inflationary aspects of agreements and contracts;
- Recognizes revised incentives from Recycle BC; and
- Continues the work of Council endorsed pilot initiatives such as the Commercial Business Recycling Resources Program, Textile Recycling Program, Bike Reuse Pilot and grease collection pilot, offset by provision funding.

The following is a summary of the Solid Waste and Recycling Utility budgets and rates for Option 2:

Option 2 (Recommended)

- Includes everything in Option 1;
- Includes a new exempt Program Manager position to manage the City's increased obligations under the new Recycle BC contract, provide effective management of existing programs, identify the future opportunities landscape for waste circularity, and ensure efficient management of existing waste and recycling portfolios with revenue offset for no net impact to rates;
- Includes a Dog Waste Collection Program expansion to all City managed dog off-leash areas endorsed by Council at their July 28, 2025 meeting;

- Includes a six-month pilot program with Youth Climate Corps BC, offset by provision funding as endorsed by Council at their June 23, 2025 meeting; and
- Includes an increased contribution to the Solid Waste and Recycling Reserve Fund from $500,000 to $750,000 for future solid waste and recycling programming inclusive of Recycling Depot improvement and replacement costs, facilities and equipment to support services to the community, and initiatives designed to further circular economy objectives.

The following is a summary of the Solid Waste and Recycling Utility budgets and rates for Option 3.

Option 3

- Includes everything in Option 2; and
- Includes an increased contribution to the Solid Waste and Recycling Reserve Fund from $750,000 to $1M for future solid waste and recycling programming inclusive of Recycling Depot improvement and replacement costs, facilities and equipment to support services to the community, and initiatives designed to further circular economy objectives.

Recommended Option

Staff recommend the budget and rates identified in Option 2 for Solid Waste and Recycling. This option fully funds all existing programs, appropriately supports the Dog Waste Collection Program and the Youth Climate Corps BC Pilot Program, and addresses the City's increased obligations under the new Recycle BC contract. It also ensures appropriate resources are in place to support these programs and future solid waste and recycling programming.

Total Recommended 2026 Utility Rate Option

In light of the significant challenges associated with the impacts of regional costs and new programs in the City, staff recommend the budget and rate options as follows:

- Option 2 is recommended for Water
- Option 2 is recommended for Sewer
- Option 2 is recommended for Flood Protection
- Option 2 is recommended for Solid Waste and Recycling

Table 19 below summarizes the estimated total metered rate utility charge, based on average water and sewer consumption. Table 20 on the next page summarizes the total flat rate utility charge. Numbers in italics represent the difference between 2025 rates and 2026 proposed rates.

Table 19: 2026 Estimated Total Net Rates to Metered Customers

Customer Class	2025 Estimated Net Metered Rates	2026 Estimated Net Metered Rates	% Change
Single-Family Dwelling	$2,075.27	$2,250.57 *$175.30*	*8.4%*
Townhouse (on City garbage service)	$1,418.44	$1,535.61 *$117.17*	*8.3%*
Townhouse (not on City garbage service)	$1,310.19	$1,423.11 *$112.92*	*8.6%*
Apartment	$991.37	$1,083.11 *$91.74*	*9.3%*
Metered Water ($/m^3)	$1.6613	$1.8080 *$0.1467*	*8.8%*
Metered Sewer ($/m^3)	$2.3047	$2.5699 *$0.2652*	*11.5%*

Note: The italicized numbers represent the difference between 2025 rates and the rate options for 2026.

Table 20: 2026 Total Net Rates to Flat Rate Customers

Customer Class	2025 Net Flat Rates	2026 Net Flat Rates	% Change
Single-Family Dwelling	$2,570.25	$2,798.34 *$228.09*	*8.9%*
Townhouse (on City garbage service)	$2,104.58	$2,295.23 *$190.65*	*9.1%*
Townhouse (not on City garbage service)	$1,996.33	$2,182.73 *$186.40*	*9.3%*
Apartment	$1,545.13	$1,696.16 *$151.03*	*9.8%*

Note: The italicized numbers represent the difference between 2025 rates and the rate options for 2026.

The rates outlined in Table 19 and Table 20 are net rates. The bylaws provide a 10% discount for utility bills paid prior to the due date. To achieve full cost recovery, the rates shown in the bylaw will be before the 10% discount is applied. The gross rates charged to residents are outlined in Attachment 1. These rates would be reflected in the amending bylaws for each utility area, should they be approved by Council.

Flat Rate and Metered Customers

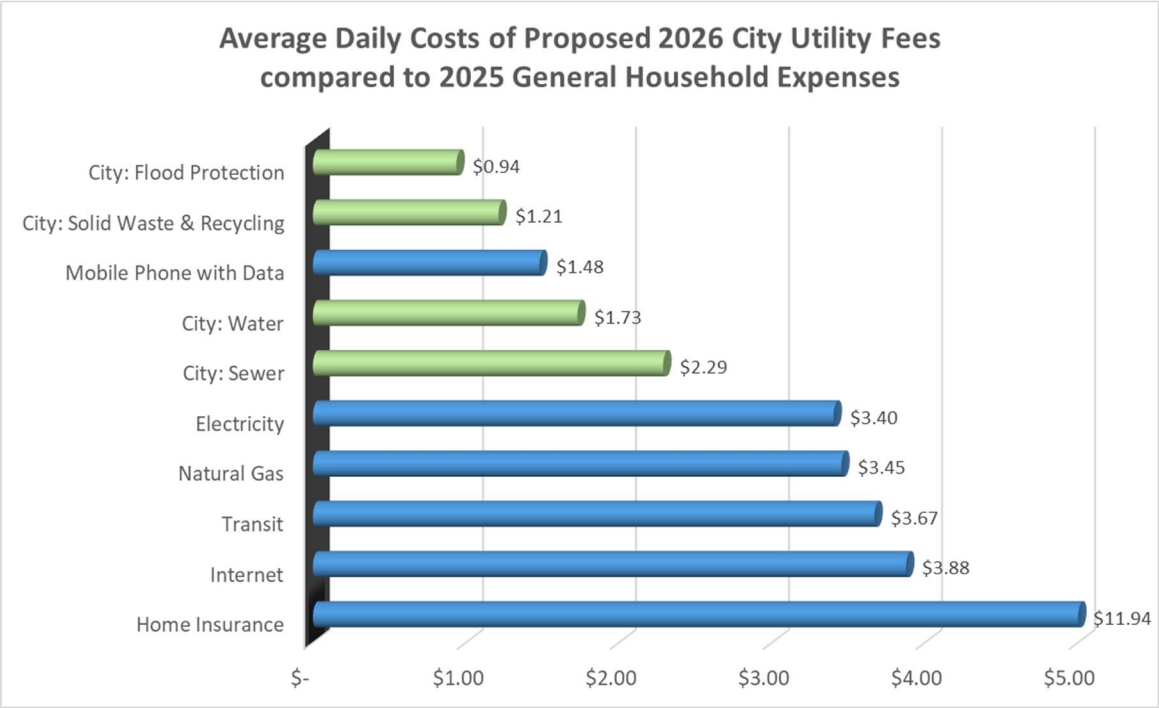
All single-family and ICI properties in the City are metered. The single-family residential flat rate will continue to apply to duplex units that share one water service. These units require significant internal plumbing separation work to facilitate metering and were not included in the universal metering program. 37% of townhouses and apartments are still on flat rate utility services. However, the number of units with meters will continue to increase with ongoing implementation of the universal multi-family water metering program. The number of units by customer class is presented in Table 21.

Table 21: Flat Rate and Metered Property Unit Counts

	2025 percentages (Mid-Year)	2025 Counts (Mid-Year)	2026 Counts (Mid-Year Estimated)	Difference
Single-Family Residential	Flat Rate (3%)	748	748	0
	Metered (97%)	28,007	28,007	0
Townhouse	Flat Rate (49%)	9,148	8,190	-958
	Metered (51%)	9,510	10,542	1,032
Apartment	Flat Rate (31%)	12,725	11,474	-1,251
	Metered (69%)	27,822	29,779	1,957
Total Residential Units		**87,960**	**88,740**	**780**
Commercial Units	**Metered**	**3,545**	**3,555**	**10**
Farms	**Metered**	**51**	**51**	**0**

Comparison of 2026 City Utility Rates to Other Major Household Expenses

The proposed 2026 City utility fees account for approximately 18% of total household expenses (2025 values) and represent good value. Water, sewer, solid waste and recycling, and flood protection services are fundamental to the quality of life for residents and necessary infrastructure to support the local economy. Figure 7 illustrates the value of these services based on the proposed 2026 rates when compared to 2025 costs for other common daily household expenses.



Sources: BC Hydro, Fortis BC, Rogers, Shaw, TD Insurance, and TransLink
Figure 7: Cost Comparison of Main Household Expenses for a Single-Family Dwelling

Comparison of City Utility Rates with Neighbouring Municipality Utility Fees

The City's utility budgets are carefully managed to provide high levels of service to Richmond's residents, despite external increases that are outside of the City's control. Figure 8 on the next page provides a comparison between the City's average single-family dwelling utility fees with fees for neighbouring municipalities in 2025.

All utility fees presented below are net of applicable discounts. Richmond and Surrey water and sewer rates include applicable metering costs and are based on average annual consumptions. All other neighbouring municipalities are predominately charging a flat rate for water and sewer services. Funding sources for Blue box, waste management, and Large Item Pick-up programs vary amongst neighbouring municipalities, these fees have been excluded for Richmond's garbage and organics fee for comparison purposes. Unlike neighbouring municipalities, Richmond's flat topography, high water table and proximity to the water places unique challenges on the City's utility infrastructure, resulting in larger and deeper pipes, the need for over 193 drainage and sanitary pump stations and the need for an extensive flood protection system that includes 49 kilometres of perimeter dikes.

In addition, the City has made substantial investments to upgrade flood protection infrastructure in advance of anticipated climate change impacts through the ongoing accelerated flood protection program. This significantly increases demand for capital and operating costs. Despite these challenges and the additional infrastructure needs, the City of Richmond continues to offer a high level of service with the proposed utility fees.

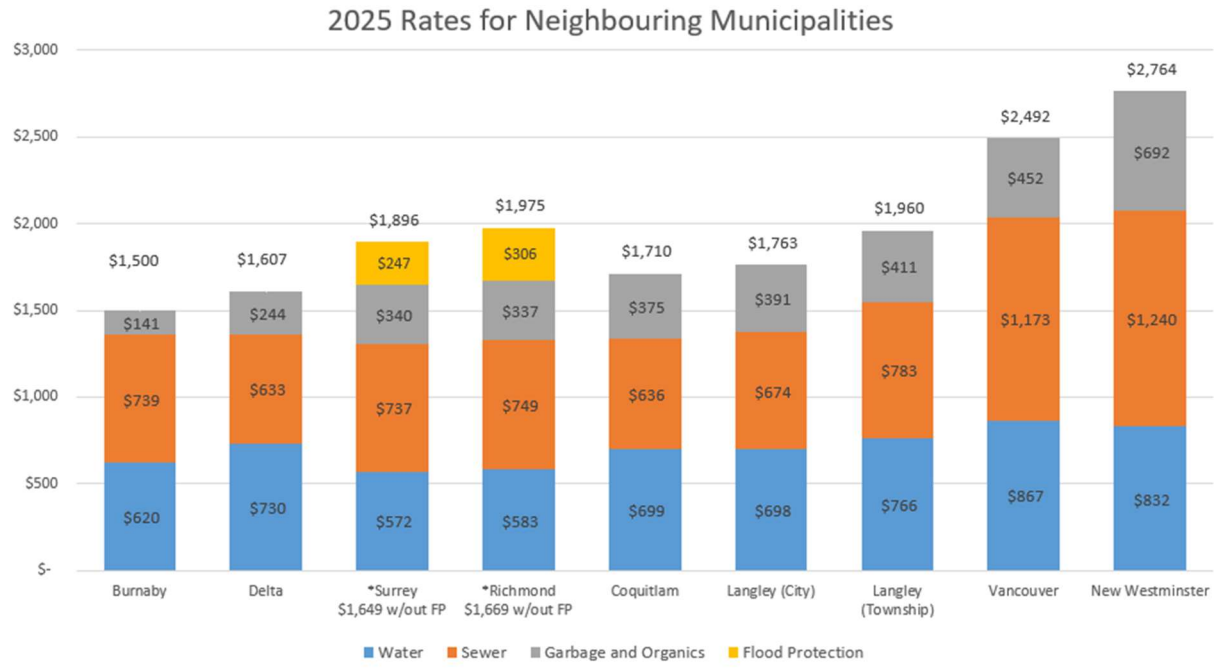


Figure 8: Comparison of Average Single Family Dwelling Utility Rates for Richmond with Neighbouring Municipalities (2025 Rates)

Financial Impact

The budget and rate impacts associated with each option are outlined in detail in this report. In all options, the budgets and rates represent full cost recovery for each City service.

Staff recommend the following budgets by utility:

- Option 2 is recommended for Water, for a net budget of $58.9M;
- Option 2 is recommended for Sewer, for a net budget of $71.0M;
- Option 2 is recommended for Flood Protection, for a net budget of $28.1M;
- Option 2 is recommended for Solid Waste and Recycling, for a net budget of $23.4M; and
- An overall net utility budget of $181.4M.

Considerable effort has been made to minimize City costs and other costs within the City's control to minimize the impact to property owners.

Conclusion

This report presents the proposed 2026 utility budgets and rates for City services relating to the provision of water, sewer, flood protection, as well as solid waste and recycling. Considerable measures have been taken to reduce costs where possible to minimize rate increases. A significant portion of the City's costs relate to impacts from influences outside of the City's direct control, such as regional and contract cost impacts. Regional costs are expected to continue increasing to meet demands for high quality drinking water and sewer treatment. Staff recommend that the budgets and rates, as outlined in this report, be approved and that the appropriate amending bylaws be brought forward to Council to bring these rates into effect.

Jason Ho, P.Eng. Manager, Engineering Planning	Kristina Grozdanich Manager, Recycling & Waste Recovery	Melissa Shiau, CPA, CA Manager, Financial Planning & Analysis

Att. 1: 2026 Annual Utility Charges – Recommended Gross Rates per Bylaw

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2026 Annual Utility Charges – Recommended Gross Rates per Bylaw (Estimated Metered and Actual Flat Rate)

10% discount applied to gross rates for utility bills paid prior to due date	**Water**	**Sewer**	**Flood Protection**	**Garbage/ Recycling**	**Total**
Metered (Based on Average Consumption)					
Single-Family Dwelling	$700.89	$928.02	$380.00	$491.73	**$2,500.64**
Townhouse (with City garbage)	$477.93	$622.49	$256.64	$349.17	**$1,706.23**
Townhouse (no City garbage)	$477.93	$622.49	$256.64	$224.17	**$1,581.23**
Apartment	$325.40	$448.30	$256.64	$173.11	**$1,203.45**
Flat Rate (Actual)					
Single-Family Dwelling	$1,066.82	$1,170.72	$380.00	$491.73	**$3,109.27**
Townhouse (with City garbage)	$873.28	$1,071.17	$256.64	$349.17	**$2,550.26**
Townhouse (no City garbage)	$873.28	$1,071.17	$256.64	$224.17	**$2,425.26**
Apartment (no City garbage)	$562.74	$892.12	$256.64	$173.11	**$1,884.61**
General – Other/Business					
Metered Water ($/m^3)	$2.0089				
Metered Sewer ($/m^3)		$2.8554			
Business: Garbage				$59.99	
Small ICI (less than 800m^2)			$380.00		
ICI (from 800m2 and 1,999m2)			$734.59		
Medium ICI (from 2,000m2 and 9,999m2)			$1,805.03		
Large ICI (from 10,000m2 and 19,999m2)			$4,135.80		
Large ICI (from 20,000m2 and 49,999m2)			$9,306.01		
Large ICI (from 50,000m2 and 99,999m2)			$13,638.30		
Large ICI (from 100,000m2 and 499,999m2)			$24,051.21		
Largest ICI (above 500,000m2)			$56,504.22		
Agricultural			$380.00		