



City of Richmond

Report to Committee

To Public Works & Transportation - Mar. 25, 2009

To: Public Works and Transportation Committee **Date:** March 19, 2009
From: Greg Halsey-Brandt **File:** 03-0930-02-03
 Councillor
Re: **Multi Family Rates for Water and Sewer Services**

Recommendation

1. That Council form a Task Force comprised of 5 citizens representing different ownership and build models of townhouse and apartment water users and 2 Council members, along with staff support, to examine problems experienced by townhouse and apartment properties in taking advantage of the City's water metering programme; and

2. That the Task Force bring forward recommendations to Council through the Public Works and Transportation Committee by the end of September 2009 on how these types of properties might take advantage of the programme or if metering is not feasible or practical, how to re-structure the water and sewer utility charges to make the rates charged to these types of properties as equitable as possible with other types of metered residential properties in Richmond.

Greg Halsey-Brandt
Councillor
(604-276-4134)

Att. 3

Purpose

Since the introduction of a water metering programme for single family dwellings in 2004 and a similar mandatory programme for new multi family dwellings in 2005, it is evident that the programmes have been successful for the single family category and new multiple family construction but suffers from serious obstacles in the multi family category for buildings built before 2005.

It is proposed that Council form a Task Force comprised of 5 citizens representing different ownership and built models of townhouse and apartments and 2 Council members, along with staff support, to examine problems experienced by townhouse and apartment properties in taking advantage of the City's water metering programme. The Task Force can bring forward recommendations to Council through the Public Works and Transportation Committee by the end of September 2009 on how these types of properties might take advantage of the programme or if metering is not feasible or practical, how to re-structure the water and sewer utility charges to make the rates charged to these types of properties as equitable as possible with other types of metered residential properties in Richmond.

Analysis

With the escalating cost of water and sewer charges on the City of Richmond utility bills (in my example the 2009 utility bill is only \$191 less than the 2008 municipal levy portion of my property tax bill) residents are looking for ways to save on their water consumption and hence reduce their water and sewer bills. The sewer charge is based on the volume of water consumed and hence a reduction in one results in a reduction in the other. The monetary reason is over and above the public's concern about saving our water resource as a precious natural resource.

The City of Richmond has been a leader in introducing a voluntary water meter programme for single and multifamily dwellings and the programme has worked well for single family homes. For multi family dwellings however the type of construction for apartments and in many instances that for townhouses does not lend itself to individual water meters. The added complexity of strata ownership in the majority of buildings makes it very difficult for these residential units to take advantage of water meters.

Bringing together some residents of Richmond living in multifamily buildings with Council members and our staff to examine the obstacles and potential solutions may provide a way for all Richmond residents to participate in the water metering programme or if not by restructuring the utility rates, may make the charges more equitable for everyone.

Financial Impact

None at this time.

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Conclusion

The introduction of water metering programmes in Richmond has allowed single family dwellings to realize significant financial savings in water and sewer utility bills however older multi-family dwellings have not been able to take advantage of the programme to the same extent. Inequities are significant especially for customers with only one occupant in the dwelling. Utility costs have risen considerably and are projected to continue to rise as Metro Vancouver ramps up utility infrastructure construction. A review of the residential water and sewer rates by a citizen/council task force should be under taken to bring forward recommendations directed at bringing greater fairness to the utility billing programme.



Greg Halsey-Brandt
Councillor
(604-276-4134)



To: Public Works and Transportation Committee **Date:** October 16, 2003
From: Siu Tse, M.Eng., P.Eng. **File:** 6060-02-01
Manager, Engineering Planning
Re: **Volunteer Residential Water Metering Program**

Staff Recommendation

That the City enter into a three year agreement with Neptune Technology Group (Canada) Ltd. to conduct the City's Volunteer Residential Water Metering Program.

That the City waive municipal fees associated with water meter installation for meters installed as part of the Volunteer Water Metering Program.

Siu Tse, M.Eng., P.Eng.
Manager, Engineering Planning
(Local 4075)

FOR ORIGINATING DIVISION USE ONLY		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Water Services	Y <input type="checkbox"/> N <input type="checkbox"/>	
Budgets	Y <input type="checkbox"/> N <input type="checkbox"/>	
Law	Y <input type="checkbox"/> N <input type="checkbox"/>	

Staff Report

Origin

At the February 24, 2003 Council Meeting, City Council endorsed a voluntary water metering program for single family dwellings and instructed staff to issue an RFP (Request for Proposal) for the installation of water meters and other services related to the residential metering program.

Analysis

The Volunteer Residential Water Metering Program RFP includes promotion of the Volunteer Residential Water Metering Program, installation of water meters at residences participating in the program, reading all SFD (Single Family Dwelling) water meters and maintenance of all SFD water meters for a three year period.

Staff issued the RFP and received four proposals. Three staff members independently analysed the proposals and ranked them in a decision matrix (as shown in Appendix A). Three categories were used to evaluate each proposal, Methodology, Capability and Cost.

Neptune Technology Group (Canada) Ltd.'s proposal was ranked highest in all three categories, however, Terasen Utility Services was a close second. Both Neptune and Terasen were interviewed to support and clarify their submitted proposals.

Both Neptune and Terasen appear capable of installing water meters and have significant experience in British Columbia. Neptune distinguished themselves through their detailed promotion strategy, complete pricing schedule and long term experience with volunteer water metering programs.

Financial Impact

This program, and its financial impact, is based on voluntary public participation and that participation level has a high degree of uncertainty. However, for the purpose of the proposal evaluation, a target of 7,000 (approximately 25% of the single family homes in Richmond) program participants over three years was used. Based on this level of participation it is estimated that the three year program will cost \$4.5 million plus applicable taxes.

The Volunteer Water Metering Program will be funded through the Water Meter Provision account.

The pricing schedule for both Neptune and Terasen are shown in Appendix B.

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Conclusion

Staff recommends that the City enter into a three year agreement with Neptune Technology Group (Canada) Ltd. to conduct the City's Volunteer Residential Water Metering Program.

Lloyd Bie, P. Eng.
Project Engineer - Water and Sewer
(Local 4385)



City of Richmond

Report to Committee

To: Public Works and Transportation Committee **Date:** April 6, 2005
From: Robert Gonzalez, P.Eng.
Director, Engineering **File:** 10-8650-02/2005-Vol 01
Re: Multi Family Water Metering

Staff Recommendation

That all new multi family residential properties be required to install water meters and be charged the metered rate for water and sanitary sewer.

Robert Gonzalez, P.Eng.
Director, Engineering
(4150)

FOR ORIGINATING DIVISION USE ONLY						
ROUTED TO:		CONCURRENCE		CONCURRENCE OF GENERAL MANAGER		
Water Services		Y <input type="checkbox"/> N <input type="checkbox"/>		_____		
Budgets		Y <input type="checkbox"/> N <input type="checkbox"/>		_____		
REVIEWED BY TAG		YES	NO	REVIEWED BY CAO	YES	NO
		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Staff Report

Origin

At the February 24, 2003 Council Meeting, City Council endorsed a voluntary water metering program for single family dwellings.

On January 10, 2005, staff brought forward a report to Council proposing a water metering strategy for multi family developments (Appendix A). At that Council Meeting, City Council resolved that:

- 1) all new duplex residential properties be required to install water meters and be charged the metered rate for water and sanitary sewer;
- 2) all duplex units undergoing renovation in excess of \$75,000 be required to install water meters at the property owners' cost and be charged the metered rate for water and sewer;
- 3) all existing duplex units, except those with interconnected potable water plumbing, become eligible for the Residential Volunteer Water Metering Program;
- 4) all existing apartment and townhouse sites be allowed to have water meters installed at the property owner's cost; and
- 5) staff provide additional comment on the metering of new townhouse and apartment complexes after consultation has occurred with:
 - i. industry stakeholders, which would include the Urban Development Institute, the Greater Vancouver Homebuilders Association, and local developers; and
 - ii. other communities to determine their specific water-metering histories and results.

This report addresses both parts of the 5th resolution.

Findings Of Fact

Consultation with Stakeholders

Staff consulted with UDI at their March 30th, 2005, meeting with the City. The general consensus from UDI was a preference for not metering multi family dwellings. There was also general agreement that if metering was required for multi family dwellings, UDI preferred a master meter with the strata corporation holding responsibility for paying the metered utility bill and distribution of that cost to their members.

Staff also consulted with the Greater Vancouver Homebuilders Association (GVHA). The GVHA is not opposed to metering multi family developments and does not have an opinion on master metering versus sub metering. However, the GVHA was clear that they would like to be involved in creating the standard for metering of multi family developments as they believe they can add a cost sensitive perspective to the process.

Consultation with Other Communities

Staff contacted a total of 21 Canadian municipalities¹ (results are attached as Appendix B). 17 of these municipalities meter multi family developments for water. The majority of these municipalities employ a master meter to measure water and bill the strata corporation for large developments. 2 of the municipalities allow some sub metering with individual billing in apartments and 5 municipalities have sub metering with individual billing in townhouse complexes.

Abbotsford has some existing sub metering, but is actively moving toward master meters for their entire multi family inventory. The reasons cited for this change are access problems for maintenance and reading of the water meters².

Financial Impact

None.

Conclusion

Most Canadian cities that meter multi family developments for water use a master meter scheme and bill the development's strata corporation for consumed water. UDI does not support metering multi family developments for water, however, they have a preference for the master meter scheme if water meters are required. Staff recommends that the City proceed with requiring all new multi family developments to install a master water meter, in a manner consistent with the report attached as Appendix A, and pay the metered rate for water and sewer.

Lloyd Bie, P. Eng.
Project Engineer - Water and Sewer
(4385)

¹ 14 lower mainland municipalities, 3 Vancouver Island municipalities and 4 other major Canadian municipalities
² Often access is only available after regular working hours, creating a chronic overtime problem



To: Richmond City Council
From: Mayor Malcolm D. Brodie
Chair, General Purposes Committee
Date: October 4th, 2006
File: 03-0930-03-01
Re: **ELIMINATION OF THE SINGLE RATE FOR WATER AND SEWER SERVICES**

The General Purposes Committee, at its meeting held on Monday, October 2nd, 2006, considered the attached report, and recommends as follows:

Committee Recommendation

- (1) *That the water and sewer utility single rate be eliminated, effective January 1, 2007;*
and
- (2) *That staff advise single rate users of this change and the options available.*

Mayor Malcolm D. Brodie, Chair
General Purposes Committee

Attach.

VARIANCE

Please note that staff recommended the following:

That the water and sewer utility single rate be eliminated.

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.

Steve McClurg
Manager, Water Services
(1201)

Ivy Wong
Manager, Taxes
(4046)