



COUNCIL REPORT

To: Mayor and Council

Date: March 28, 2023

From: Paul Gipps, CAO

Subject: **Utility Fee Amendments Bylaw No. 0028.76, 2023**

Report Prepared By: Lisa Siavashi, Financial Services Manager and Warren Everton,
Chief Financial Officer

RECOMMENDATION to Consider and Resolve:

THAT Council adopt “City of West Kelowna Fees and Charges Amendment Bylaw No. 0028.76, 2023 (Schedule 7, 8, 9)”.

STRATEGIC AREA(S) OF FOCUS

Financial planning is an integral component in achieving the objectives of Council’s Strategic Priorities: Invest in Infrastructure, Economic Growth and Prosperity, Strengthen Our Community and Foster Safety and Well-Being. Careful management of the City’s revenues, expenses, capital and reserves ensures a healthy and progressive community.

EXECUTIVE SUMMARY

The City has been on a trend of increasing water rates to fund the construction of the new Rose Valley Water Treatment Plant and upgrades to the Powers Creek Treatment Plant. As we look to testing and commissioning of the new Rose Valley facility later in 2023, we must turn our funding focus to ramping up operations and the associated operational costs. This includes several new staff, materials and supplies required for the operation that will need to be in place prior to the plant opening.

Staff reviewed the anticipated costs for the operations of this new plant and recommend a phased in fee structure beginning in 2022. For 2023, the operating flat rate has remained as previously forecasted, with an increase to \$403 from \$353 per year. The overall increase for the Rose Valley system in 2023 is 7.5% or an estimated \$17.70 per quarter for a single-family residence.

Powers Creek water rates are proposed to increase 6.4% or an estimated \$15.15 per quarter for a single-family residence. This adjustment is mostly due to the need to acquire short-term debt to fund replacement of aging infrastructure components, but also inflationary increases in costs required to operate the treatment plant.

Sewer rates were adjusted for the first time in 2022 after being unadjusted since 2017. For 2023 the fees are proposed to increase 6% or \$5.73 per quarter for a single-family residence. 3% of this increase is needed to build the sewer fund reserves and to fund debt payments necessary for capital upgrades to the system, which were projected last year. The additional 3% is mostly due to the increase in the projected costs from the Regional District of Central Okanagan who operates the wastewater treatment plant and a series of lift stations and collector systems.

Solid Waste service costs are scheduled to be reduced again in 2023 by \$2 per year. The reduction is the result of the internal cart purchase loan being fully repaid.

BACKGROUND

At the March 13, 2023 regular meeting, Council gave three readings to Bylaw Amendment 0028.76. Staff presented the new utility fees proposed for 2023 for Water, Sewer and Garbage Removal services. This bylaw is now before Council for consideration of adoption.

FINANCIAL IMPLICATIONS

The proposed sewer and water rates are designed to meet the financial needs of the City for 2023 and will be reviewed as part of our annual budget process and amended as required. During the review of the 10-Year Capital Plan, it was noted that the reserve balances and funding levels, in both systems, were not sufficient to cover the plan in future years.

Staff will continue to review the timing of capital requests and operating needs year over year as well as prepare a new rate schedule for Council to review in 2024.

The combined financial implications for the average residential customer are:

	Powers Creek	Rose Valley
Sewer	\$ 5.73	\$ 5.73
Water	\$ 15.15	\$ 17.70
Garbage	\$ (0.50)	\$ (0.50)
Total Quarterly Utility Increase	\$ 20.38	\$ 22.93
Total Annual Utility Increase	\$ 81.52	\$ 91.72

COUNCIL REPORT / RESOLUTION HISTORY

Date	Report Topic / Resolution	Resolution No.
March 14, 2023	THAT Council give first, second and third reading to “City of West Kelowna Fees and Charges Amendment Bylaw No. 0028.76, 2023” (Schedule 7, Schedule 8, and Schedule 9).	

Alternate Recommendation to Consider and Resolve:

That Council direct staff to amend the bylaw under consideration.

APPROVED FOR THE AGENDA BY

Paul Gipps, CAO

PowerPoint: Yes ☐ No ☒

Attachments: B0028.76 Fees and Charges Amendment (Schedule 7, 8, 9)