

DISTRICT OF WEST VANCOUVER
750 17TH STREET, WEST VANCOUVER BC V7V 3T3

COUNCIL REPORT

Date:	September 1, 2024
From:	Fatemeh Mansoori, Senior Manager, Engineering Utilities Planning, Design, and Projects
Subject:	Proposed Sewer and Drainage Regulation Bylaw No 5263, 2023, Amendment Bylaw No 5350, 2024
File:	1700.09

RECOMMENDATION

THAT

1. Sewer and Drainage Utility fees be adjusted for 2025 to the amounts set out in Schedules A and B of the proposed “Sewerage and Drainage Regulation Bylaw No. 5263, 2023, Amendment Bylaw No. 5350, 2024,” as attached;
2. Proposed “Sewerage and Drainage Regulation Bylaw No. 5263, 2023, Amendment Bylaw No. 5350, 2024” be read a first, second, and third time; and
3. A North Shore Wastewater Treatment Plant Levy be established to collect for the incremental up front construction costs associated with Metro Vancouver’s North Shore Wastewater Treatment Plant project.

1.0 Purpose

The purpose of this report is to provide an update on activities within the Sewer and Drainage Utility and to inform Council of the financial impacts and recommended bylaw amendments for the 2025 Sewer and Drainage Utility fee structure.

2.0 Executive Summary

The District’s Sewer and Drainage Utility and its Five-Year Financial Plan, **Appendix A**, can be roughly divided into four main areas:

- Regional Sewage Treatment Levy from Metro Vancouver (MV), operating as the Greater Vancouver Sewerage and Drainage District (GVS&DD)
- operation and maintenance of the municipal Citrus Wynd Wastewater Treatment Plant
- operation and maintenance of the municipal sanitary sewer and storm drainage collection systems

- renewal of the municipal sanitary sewer and drainage systems (infrastructure management capital) as well as financing of vehicles and equipment associated with these functions

2.1 Provision for Regional Costs

The sewer rate structure is separated to isolate the regional levy driven by regionally imposed costs from the local revenues, expenses, and rate projections. This is intended to provide transparency in customer billing and better understanding of the financial drivers in the rate forecast. This is particularly important for public understanding of the proposed rates, considering cost increases associated with the new MV North Shore Wastewater Treatment Plant (NSWWTP). The costs associated with the new NSWWTP are captured based on the best available information from the regional district at the time of rate setting. The projections associated with NSWWTP may be influenced by fluctuations in the cost of sewage treatment operations by MV, and by any additional costs related to the construction of the new plant which may arise. An area of concern in this respect is the required demolition and site remediation related to the existing North Shore Wastewater Treatment Plant, as it has been acknowledged by MV that these costs have not yet been captured.

The original cost projected for the NSWWTP was \$700 million, which was later raised to \$1.058 billion (the base cost). This was the number that was built into the District's original five year plan and rate forecasts. While this cost was high, it was manageable without extraordinary measures, within the parameters of Council's direction to build up a reserve to smooth the rates.

However, on June 12, 2024, the MV Board approved a cost allocation and phasing framework for an additional \$2.8 billion increase to the NSWWTP Program budget, raising the total budget to \$3.86 billion. To respond as effectively as possible to this required increase, staff are proposing a hybrid approach to cost recovery for the portion of the regional costs associated with upfront capital construction costs for the NSWWTP. The hybrid approach combines the use of rate increases in the sewer fund with a levy collected through the taxation mechanism, thereby allowing for deferral of this portion of the levy if the ratepayer so desires.

Staff, at Council's direction, have also been increasing the regional portion of the utility rates over several years to set aside funds in a reserve to help smooth the anticipated increase in 2025. The result of this advanced planning is a required increase to the 2025 levy of 15%, instead of 44%. The balance of the Rate Smoothing Reserve will continue to be used to offset increases associated with the regional levy and drawn down over MV's proposed phase-in period for NSWWTP costs of 2025 – 2029.

2.2 Provision for Local Costs

As part of the 2010 Asset Management Plan (AMP), capital funding needs were identified to provide for sustainable, long term replacement funding levels for local infrastructure. In 2022, an updated AMP was carried out incorporating the latest standards and best practices, up-to-date asset information, pertinent studies, and updating the financial information provided by the 2010 AMP. The updated plan was endorsed by Council in October 2024.

Water consumption serves as a proxy to annual sewer usage due to the challenges associated with accurately metering sewer flows. Currently, single-family homes are billed based on their annualized winter water consumption, whereas multi-family and commercial buildings are billed for sewer and drainage based on the amount of water consumed each fiscal quarter.

2.3 Five-Year Financial Plan and 2025 Proposed Rates

A proposed Five-Year Financial Plan for the utility is provided as Appendix A. This plan reflects the hybrid cost recovery approach for the portion of the MV levy associated with upfront capital construction costs of the NSWWTP. The Plan, and in turn the rates, include anticipated costs of \$1.058 billion as identified as part of the previous NSWWTP program budget (base costs) and are consistent with the costs as captured in the 2024 Sewer and Drainage Utility Five-Year Financial Plan. Utility equipment funded through the rate reserves is detailed within **Appendix B**. Rates are forecast to increase each year through 2029. Sewer base rates and volume rates are specified in Schedule A and B of the proposed bylaw amendment **Appendix C**.

Overall, the proposed 2025 rates reflect an 9.6% increase in the Sewer and Drainage Utility's revenue requirement. The proposed rates reflect an annual charge increase of \$166 for the median single-family household and \$64 for the average multi-family unit over 2024. This includes the funds for the local system as well as the base costs for the NSWWTP.

For the additional costs of the NSWWTP, the proposed levy for a single-family dwelling assessed at \$3.66 million – the average value in West Vancouver - would be approximately \$177 starting in 2025. This amount would increase incrementally each year, reaching approximately \$884 by 2029. These figures are calculated based on the preliminary 2025 assessment values and the preliminary projected costs from the GVS&DD. As previously noted, GVS&DD numbers will likely be revised in future years. Also, the assessment values will be adjusted each year and may fluctuate even for 2025 as BC Assessment finalizes the 2025 property values.

3.0 Legislation/Bylaw/Policy

Greater Vancouver Sewerage and Drainage District Sewer Use Bylaw No. 299, 2007 and amendments - A Regional District Bylaw to establish a regulatory system for liquid waste.

Metro Vancouver Regional District Integrated Liquid Waste and Resource Management Plan (ILWRMP) 2011 - A plan authorized and regulated through the BC Environmental Management Act, setting out liquid waste objectives within MV.

Sewerage and Drainage Regulation Bylaw No. 5263, 2023- A bylaw to establish a municipal sewerage system, a municipal drainage system and make provision for the usage of these municipal systems.

4.0 Council Strategic Objective(s)/Official Community Plan Official Community Plan

Section 2.5 of the 2018 Official Community Plan (OCP), Municipal Operations and Infrastructure, outlines several key policies related to sewage and drainage systems:

- 2.5.13 Pursue bylaw and policy changes and enhancements with the community to enable and support protection of watershed health, sustainable redevelopment, and public safety.
- 2.5.14 Consider 200-year storm events in the design of major drainage facilities and flood control works.
- 2.5.15 Employ low-impact storm and rainwater management techniques such as infiltration, absorbent landscaping, and natural environment conservation to mimic natural conditions and preserve pre-development conditions.
- 2.5.16 Reduce inflow and infiltration by rehabilitating and replacing older piping where appropriate and employ trenchless technologies where viable.
- 2.5.17 Employ green infrastructure or naturalized engineering strategies where possible to help manage anticipated increases in frequent storm events and associated flood risks.

Council's Strategic Objectives

This report also aligns with Council Strategic Objectives:

- 1.8 Establish a new Storm Water Utility.

Supports the Environment & Climate Change goal to Protect our natural environment, reduce greenhouse gas emissions, and adapt our community to become more resilient in a changing climate.

5.0 Financial Implications

This report recommends the adoption of Sewer and Drainage Utility fees for 2025. The 2025 needs of the combined Sewer and Drainage utility budget is approximately \$32.6 million, a \$3.25 million increase over the 2024 budgeted expenditures. This increase comprises a \$0.67 million adjustment for the local levy and a \$2.58 million adjustment for the regional levy. The proposed 2025 Sewer and Drainage Utility rates include the GVS&DD regional levy.

As part of the GVS&DD levy increase, costs associated with the new NSWWTP have been captured based on the best available information at the time of rate setting. The original cost projected for the NSWWTP was \$700 million, which was later raised to \$1.058 billion (the base cost). This was the number that was built into the District's original five year plan and rate forecasts. While this cost was high, it was manageable without extraordinary measures, within the parameters of Council's direction to build up a reserve to smooth the rates.

However, on June 12, 2024, the MV Board approved a cost allocation and phasing framework for a \$2.8 billion increase to the NSWWTP budget, raising the total budget to \$3.86 billion. To mitigate the short-term impacts, costs to be borne by the North Shore Sewerage Area will be phased in over five years, whereas associated costs to be borne by the other Regional Sewerage Areas, including Vancouver, Fraser, and Lulu Island Sewerage Areas, will be phased in over one year. The District of West Vancouver is part of the North Shore Sewerage Area.

The GVS&DD Act requires member municipalities to remit whatever levy has been established, but it does not establish any specific requirements regarding how a municipality may recover their portion of the levy. Staff identified two recovery mechanisms available for collection of the portion of the MV levy associated with upfront capital construction costs projections for the NSWWTP. These include the traditional rate funded approach and secondly, a property value tax levy as outlined within section 197 of *the Community Charter*. Staff analyzed options by modelling a series of scenarios and found that the financial impact on users remained largely consistent regardless of the funding recovery mechanism.

At its July 8, 2024 Closed meeting, Council directed staff prepare the proposed Sewer and Drainage Utility's Five-Year Financial Plan to reflect a cost recovery approach for the portion of the MV levy associated with the incremental capital construction costs for the NSWWTP to be funded through a property value tax levy. The primary benefit of this type of levy is that this option allows eligible property owners who participate in the Provincial deferment program, which is applicable to property taxes on residential properties, to defer this portion of levy. There is no deferment program for utility charges.

To respond as effectively as possible to the above-mentioned required increase, staff are proposing a hybrid approach to cost recovery for the portion of the MV levy associated with upfront capital construction costs for the NSWWTP. The hybrid approach combines the use of rate increases in the sewer fund for the base cost of the project along with a property value tax levy for the incremental cost, thereby allowing for tax deferral of the incremental portion if the ratepayer so desires.

The proposed 2025 Sewer and Drainage Utility rate and Five-year Financial Plan, **Appendix A**, reflect anticipated costs of \$1.058 billion as identified as part of the previous NSWWTP program budget and are consistent with the costs as captured in the 2024 Sewer and Drainage Utility Five-Year Financial Plan. Staff are recommending that the excess \$2.8 billion in capital programming costs be recovered through a levy specific to the NSWWTP, to be phased in over a 5-year period and amortized over a 30 year period. Utility equipment funded through the rate reserves is detailed within **Appendix B**. Rates are forecast to increase each year through 2029. Sewer base rates and volume rates are specified in Schedule A and B of the proposed bylaw amendment **Appendix C**.

Water consumption serves as a proxy to annual sewer usage due to the challenges associated with accurately metering sewer flows. Currently, single-family homes are billed based on their annualized winter water consumption, whereas multi-family and commercial buildings are billed for sewer and drainage based on the amount of water consumed each fiscal quarter.

The presented 2025 rate increases will result in a median single-family household bill increase of \$166 per annum for a total of \$1,624. The average multi-family calculation is based upon the total anticipated revenue from multi-family properties, divided by the number of multi-family units. The annual charge for the average multi-family unit in 2025 is \$458, based on 2024 consumption. This represents an increase of \$64 over 2024.

Overall, the proposed 2025 rates reflect an 9.6% increase in the Sewer and Drainage Utility's revenue requirement capturing base costs for the Regional Sewer Levy expenditure and reflecting Council's 2019 resolution to smooth out the increases for the future Regional Sewer levies and other operational expenses. Increasing the annual Regional Sewer levies since 2019 resulted in a reserve to smooth the impact of the anticipated large increases associated with the NSWWTP. The result of this advanced planning is a required increase to the 2025 levy of 15%, instead of 44%. The forecasted balance of the Rate Smoothing Reserve balance is \$5.7 million at the end of 2024 and the plan is to draw this down to smooth the rates over 2025 – 2029.

For the additional budget needs of the NSWWTP outlined earlier in the report, MV analysis forecasts an average household impact (HHI) of \$590

within the North Shore Sewerage Area. This figure is a metric used for a means of comparison within the four regional sewerage areas across the region. The figure is calculated based on the MV 2024-2028 financial plan and adding in the incremental average annual NSWWTP program costs amount, in combination with BC Assessment's number of households. Unfortunately, the use of this figure by the media has created confusion, because it reflects the household impact to the Northshore Sewerage Area, and not specifically to West Vancouver. Utilizing data specific to the District to calculate the additional costs of the NSWWTP, the proposed levy for a single-family dwelling assessed at \$3.66 million would be approximately \$177 starting in 2025. This amount would increase incrementally each year, reaching approximately \$884 by 2029. These figures are calculated based on the preliminary 2025 assessment values. The assessment values may fluctuate as BC Assessment finalizes the 2025 property values.

The District last completed a comprehensive review of its Water and Sewer Rate Structure in 2017. The study involved a review of previously established utility fiscal policies, an update of the revenue requirements analysis, re-evaluation of customer class "cost-of-service" (given improved reliability of underlying usage data) and updating the rate structures previously implemented by the District. The 2017 study recommended adjustments to utility rates, aimed at securing funding for non-growth capital initiatives, as well as the expenses associated with asset maintenance and replacement. As the anticipated five-year review cycle has concluded, staff plan to commission an updated review of the Water and Sewer Rate Study. Preliminary work has been initiated to advance this study. However, the updated review will be deferred until further information is received from MV concerning the NSWWTP, as this project will have an overwhelming impact on likely future costs.

6.0 Background

6.1 Previous Decisions

At its **October 21, 2024, regular meeting**, Council passed the following resolution

THAT

1. the October 7, 2024 report from the Senior Manager of Engineering Services titled Sanitary Utility System Asset Management Plan Update be received for information; and
2. Council endorse the 2021 Sanitary System Asset Management Plan.

At its **September 23, 2024, meeting**, the Finance & Audit Committee voted unanimously to endorse

THAT

1. the Finance and Audit Committee endorse the following bylaws:
Solid Waste Utility Bylaw No. 4740. 2012, Amendment Bylaw No. 5348, 2024; and
Waterworks Regulation Bylaw No. 5260, 2023, Amendment Bylaw No. 5349, 2024;
Sewer and Drainage Regulation Bylaw No. 5263, 2023, Amendment Bylaw No. 5350, 2024;
2. the bylaws be forwarded to Council for consideration.

At its **July 08, 2024, Closed Meeting**, Council passed the following resolution

THAT

1. Staff be directed to prepare the proposed 5-year Financial Plan to reflect a cost recovery approach for the portion of the Metro Vancouver Levy associated with upfront capital construction costs for the North Shore Wastewater Treatment Plant to be funded through a Property Value tax; and
2. This decision be released for public information by forming part of the proposed 2025 Sewer Utility Rate report when it is brought forward for consideration at Finance & Audit Committee in Fall 2024.

At its **November 27, 2023, regular meeting**, Council passed the following resolution

THAT

1. Sewer and Drainage Utility fees be adjusted for 2024 to the amounts set out in Schedules A and B of proposed "Sewerage and Drainage Regulation Bylaw No. 5263, 2023, Amendment Bylaw No. 5284, 2023" as attached to the report dated November 1, 2023 from the Senior Manager of Engineering Utilities Planning, Design & Project Delivery; and
2. Proposed "Sewerage and Drainage Regulation Bylaw No. 5263, 2023, Amendment Bylaw No. 5284, 2023" be read a first, second, and third time.

At its **October 30, 2023, regular meeting**, Council passed the following resolution

THAT

1. Proposed "Sewerage and Drainage Regulation Bylaw No. 5263, 2023" be read a first, second and third time; and
2. Proposed "Bylaw Notice enforcement Bylaw No. 4368, 2004, Amendment Bylaw No. 5275, 2023" be read a first, second, and third time.

6.2 History

The District's Sewer and Drainage Utility conveys, treats, and disposes of sanitary sewage effluent and storm run-off for residents and businesses within the municipality. The collected fees go directly to providing sewer and drainage services and can be broken down into four main areas:

- Regional Sewage Treatment Levy from MV, the Greater Vancouver Sewerage and Drainage District
- operation and maintenance of the municipal Citrus Wynd Wastewater Treatment Plant
- operation and maintenance of the sanitary sewer and storm drainage collection systems
- renewal of the sanitary sewer and drainage systems (infrastructure management capital) as well as financing of vehicles and equipment associated with these functions

Traditionally, the Sewer and Drainage Utility has operated under a pay-as-you-go approach. All costs attributable to the collection and treatment of sewerage have been borne by the Utility and are to be paid for in the year they occur.

However, in 2016, a Sewer and Drainage Utility Reserve (the Reserve) was adopted for the following reasons:

- to provide a mechanism to accumulate funds for future infrastructure investments
- to be consistent with Divisional long term financial planning
- to mitigate the effects of escalating regional costs by providing an alternative to unrealistic rate increases (rate stabilization)
- to provide a funding source for operating emergencies which may occur from time to time

Since establishment, the Reserve has been operated such that the planned annual contributions to capital are treated as Reserve Fund contributions and transferred to the Reserve. Through the financial plan process, the Reserve serves as a funding source for the annual capital program with appropriations from the Reserve by a Council resolution. Unspent funds remain within the Reserve and are invested, with interest returned to the Reserve. As the Sewer and Drainage Utility's annual contribution to capital approaches the CPI-adjusted long-term infrastructure funding level, the Reserve holds the funds until they are needed. A Council resolution would be required for any mid-year emergency appropriations from the Reserve.

The Reserve is treated as appropriated equity and accrues interest. The earned interest becomes part of the accumulated balance of the Reserve and would be subject to the Reserve guidelines for use.

The sewer rate structure is separated to reflect the proportional Regional

Levy from the local revenues, expenses, and rate projections. This is intended to provide transparency in customer bills to better understand the financial drivers in the forecast, this is particularly necessary considering anticipated cost increases associated with the new NSWWTP as well as the MV wet weather pricing approach.

Wet Weather Pricing

The MV region has been facing increasing challenges from climate change induced events such as atmospheric rivers, along with aging public and private assets. These challenges have led to higher volumes of inflow and infiltration (I&I) of groundwater and rainwater entering the sanitary sewers. This overloads the capacity of the region's sanitary sewage systems resulting in an increasing number of wet weather sanitary sewer overflow events.

On October 29, 2021, the GVS&DD Board endorsed amendments to the Cost Apportionment Bylaw to enable the division of the regional levy into separate dry and wet weather components and the issue of a separate requisition for each component. Previous to that decision, the cost apportionment model used by the GVS&DD was based on dry weather flows or some other method that approximated dry weather flows (sanitary sewer flows that occur during dry weather).

Based on this decision, as of 2024, MV has introduced wet weather sewer pricing, which will be incrementally implemented over a ten-year period and will vary by municipality. This pricing structure is established in the GVS&DD Cost Apportionment Bylaw, 362, 2023.

Rate Setting, Asset Management and Financial Analysis

In 2010, the District completed an Asset Management Plan (AMP) for both the sewer and drainage collection systems within the District. At the time, capital funding increases were identified as part of the AMP to provide for sustainable, long term asset replacement funding levels. In 2022, an updated AMP was carried out for the sanitary sewer system which integrated the latest standards and best practices, up-to-date asset information, pertinent studies, and financial information available since the first AMP was developed. This updated plan was endorsed by Council in October 2024. An updated Drainage Asset Management Plan is anticipated to be commissioned within the next five-year planning horizon.

7.0 Analysis

7.1 Discussion

Five-Year Financial Plan (2025-2029)

There are several short and long-term cost drivers that have been incorporated into the Five-Year Financial Plan (2025-2029) for the Sewer

and Drainage Utility as described below and illustrated in **Appendix A:**

▪ **Regional Sewer Levy**

The increase to the Sewer Utility Fund revenue required to meet the District's share of this expense is 15% in 2025. At this time, there is \$3.4 million available in a reserve which was established to set aside funds to smooth out rate increases associated with the construction of the NSWTP. The balance of the reserve at the end of 2024 is forecasted to be \$5.7 million. The proposed 2025 budget includes a \$650,000 withdrawal from the reserve to help smooth the increase of the regional MV Levy from \$11.1 million in 2024 to \$16 million in 2025. The reserve will be drawn down over the course of 2025 – 2028 to assist with smoothing of the forecasted regional MV Levy increases over those years.

▪ **Municipal Sewer Costs: Infrastructure Replacement**

The high-level Sewer Asset Infrastructure Management Baseline Study completed in February of 2010 is now considered dated and obsolete for the purposes of informing investment in the Sewer and Drainage Utility as an asset owner. After more than 10 years, a new Sanitary Asset Management Study was commissioned as part of the Division's 2021 work plan and completed in 2022.

The new Sanitary Asset Management Plan (AMP) incorporates new information available through the completion of the 2019 Sewer Master Servicing Study. The approach to asset management efforts included the following initiatives:

- continuing condition assessment of sanitary infrastructure to better refine the District's infrastructure management needs and inform prioritized financial investment within the system
- continuing to ensure that the capital plans between the Water, Sewer and Drainage, and Roads are coordinated as to the extent possible, ensuring capital renewal works are delivered in a cost-effective manner

The 2025 proposed local rate increase incorporates an increase of annual capital program funding of \$218,000 and \$228,000 respectively for the Sewerage and Drainage Utility systems, over the 2024 annual capital investment. These capital funding increases were identified as part of the 2010 AMP to provide for sustainable replacement funding levels for the assets making up the sewer and drainage systems. As part of the updated Sanitary AMP described earlier in this report, projected sustainable infrastructure replacement funding levels have been updated. The identified funding needs are a marginal increase over existing funding levels; staff will be recommending these funding needs be incorporated into future year rates for the purposes of capital programming as required.

▪ **Municipal Sewer Costs: Operations & Maintenance**

An increase of \$241,600 over the 2024 budget has been incorporated into the 2025 Operating Budget. The overall increase is due to rising costs associated with labour, materials, and equipment.

▪ **Municipal Sewer Costs: Equipment Replacement**

To have the Sewer and Drainage Utility functions carry the full cost of their operating and capital needs, the capital replacement of vehicles and equipment primarily used within the Department is funded through the Utility funds. An hourly charge is incorporated into the vehicle charge out rates to recover the capital investment cost. These charge out rates are applied to operations, capital projects, and third-party work functions. The planned 2025 capital vehicle and equipment replacement purchases associated with the Utility are detailed in **Appendix B**.

Summary of 2025 Sewer and Drainage Utility Expenditures

Figure 1 shows the breakdown of the proposed Sewer and Drainage Utility expenses for 2025.

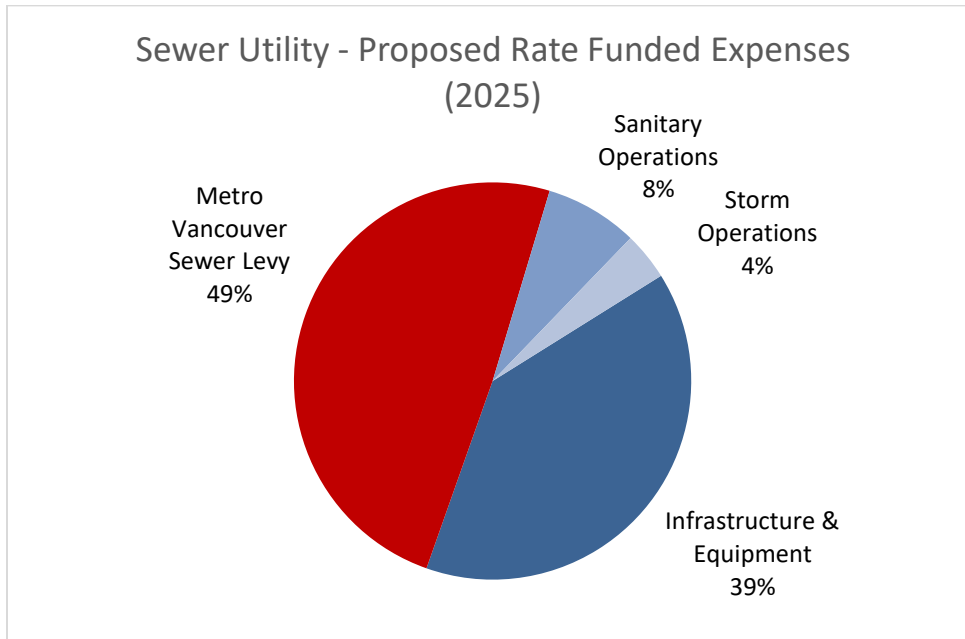


Figure 1

The combined increase from the 15% regional sewer levy and the 5% municipal sewer costs results in an overall 9.6% revenue requirement increase over the 2024 sewer rates. The proposed increase for 2025 is consistent with Council’s recommendation during the 2024 rate setting process.

Figure 2 shows the difference of the budgeted expenditures from 2024 to 2025.

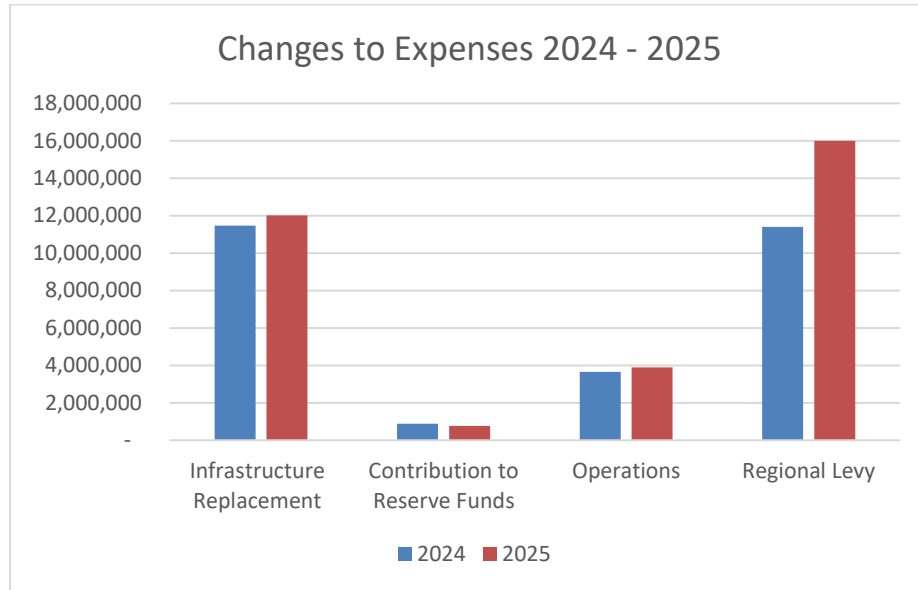


Figure 2

This overall revenue requirement will result in an estimated annual charge of \$1,624 for the median single-family household, (based on 2023 average winter water consumption). These charges represent an increase of \$166 over 2024.

There are approximately 7,900 multi-family units in West Vancouver, which represents about 12.9% of the total sewer usage. The estimated annual charge for the average multi-family unit in 2025 is \$458, based on 2023 consumption. These charges represent an increase of \$64 over 2024. The average multi-family calculation is based upon the total anticipated revenue from multi-family properties, divided by the number of multi-family units.

Future Years Beyond 2025

Regional sewer revenue requirements anticipated for the 2026 - 2029 budget years are estimated to be 24.5%, 11.1%, 1.4% and 3.0%; these projected increases are mainly attributed to the capital investment costs associated with the NSWWTP. As discussed earlier in this report, these increases include the \$3.86 billion associated with the NSWWTP. Staff are recommending a hybrid approach be taken to funding these programming costs; the existing rate projections include \$1.058 billion and the excess of the programming costs, \$2.8 billion, to be funded through a special regional property value tax levy.

These projected rates are intended to be adjusted from 2025-2029 by 15%, 14%, 13%, 13%, and 3.5% respectively, with the application of

additional revenue which was intended for rate smoothing and collected in 2019-2024. The costs associated with the new NSWWTP are captured based on the best available information at the time of rate setting. The projections associated with NSWWTP may also be influenced by fluctuations in the cost of sewage treatment operations by MV.

Additional local sewer revenue requirements anticipated for the 2026 - 2029 budget years are projected to be 5.0%, 5.0%, 3.0% and 3.0%, respectively. These estimates are subject to change with continuing efforts related to development of the asset management program.

The total combined local and regional sewer revenue requirements anticipated for the 2026-2029 budget years are projected to be 9.3%, 9.0%, 8.2% and 3.3%.

7.2 **Climate Change & Sustainability**

The District's Universal Metering Program provides the ability for residents to monitor and control their water usage which helps to foster conservation. As the sanitary sewage use is closely related to the quantity of water used, conservation also results in savings for residents on their Sewer and Drainage Utility bills. In conjunction with the conservation efforts, the District has made notable progress in integrating climate change considerations into its infrastructure renewal planning. By addressing the impacts, risks, and threats posed by climate change, the District ensures that infrastructure projects are designed to be resilient and adaptive to evolving environmental conditions. This approach enables the District to proactively identify and address potential climate-related challenges, thereby enhancing its capacity to manage and mitigate risks.

7.3 **Public Engagement and Outreach**

Staff apply the District's Community Outreach and Engagement Policy when communicating and engaging with residents on issues pertaining to the Sewer and Drainage Utility.

7.4 **Other Communication, Consultation, and Research**

This report and the rate setting exercise for the Sewer Utility Fund is a collaborative effort with the Financial Services Division. This report and other reports pertaining the Sewer and Drainage Utility are included as part of the communications related to the overall District Budget process.

8.0 **Options**

8.1 **Recommended Option**

THAT

1. Sewer and Drainage Utility fees be adjusted for 2025 to the amounts set out in Schedules A and B of the proposed "Sewerage and Drainage Regulation Bylaw No. 5263, 2023, Amendment Bylaw No. 5350, 2024," as attached;

2. The proposed “Sewerage and Drainage Regulation Bylaw No. 5263, 2023, Amendment Bylaw No. 5350, 2024,” be read a first, second, and third time; and
3. A North Shore Wastewater Treatment Plant Levy be established to collect for the incremental up front construction costs associated with Metro Vancouver’s North Shore Wastewater Treatment Plant project.

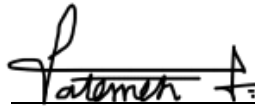
8.2 Considered Options

Council may request additional information or provide alternate direction (to be specified).

9.0 Conclusion

This report recommends the adoption of Sewer and Drainage fees for 2025. Staff propose a hybrid approach to cost recovery for the portion of the MV Levy associated with upfront capital construction costs for the NSWWT. The hybrid approach combines the use of rate increases in the sewer fund for the base cost of the project along with a levy for the incremental cost, thereby allowing for deferral of this portion of the levy if the ratepayer so desires. Accordingly, staff recommend that a Sewer Utility Fund revenue increase of 5.0% for the Local Levy and 15% for the Regional Levy (combined overall 9.6%) be approved for 2025.

Author:



Fatemeh Mansoori, Senior Manager Engineering
Utilities Planning, Design and Project Delivery

Concurrence



Isabel Gordon, Director, Finance & Corporate
Services

Appendices:

- Appendix A – Sewer Utility – Five-Year Financial Plan (2025-2029)
- Appendix B – Planned 2025 Utilities Capital Vehicle and Equipment Purchases
- Appendix C - Sewer and Drainage Regulation Bylaw No. 5263, 2023,
Amendment Bylaw No. 5350, 2024

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District of West Vancouver
Sewer Utility - Five-Year Financial Plan
Summary

APPENDIX A

LOCAL Revenue Requirements	2024 FORECASTED	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Revenues						
Utility Fee Revenue	\$ 17,391,433	\$ 17,391,433	\$ 17,391,433	\$ 17,391,433	\$ 17,391,433	\$ 17,391,433
Utility Fee Early Pay Discount	\$ (1,739,143)	\$ (1,739,143)	\$ (1,739,143)	\$ (1,739,143)	\$ (1,739,143)	\$ (1,739,143)
Internal / Equipment Recoveries	\$ 150,000	\$ 228,200	\$ 228,200	\$ 228,200	\$ 228,200	\$ 228,200
Transfer from Reserves	\$ 310,000	\$ 2,397,500	\$ 2,544,500	\$ 2,467,500	\$ 2,107,000	\$ 2,530,000
Total Revenues	\$ 16,112,290	\$ 18,277,990	\$ 18,424,990	\$ 18,347,990	\$ 17,987,490	\$ 18,410,490
Expenses						
Operating Expenses	\$ 3,646,951	\$ 3,888,638	\$ 3,994,198	\$ 4,102,923	\$ 4,214,911	\$ 4,330,258
Infrastructure Replacement	\$ 11,473,000	\$ 12,006,500	\$ 12,618,500	\$ 13,024,500	\$ 13,166,000	\$ 14,111,000
Contribution to Reserve Funds	\$ 682,339	\$ 767,966	\$ 872,152	\$ 1,220,258	\$ 1,510,355	\$ 1,009,900
Total Expenses	\$ 15,802,290	\$ 16,663,104	\$ 17,484,849	\$ 18,347,682	\$ 18,891,266	\$ 19,451,158
Net Revenue Required from Rate Increases	\$ 310,000	\$ (1,614,886)	\$ (940,140)	\$ (308)	\$ 903,777	\$ 1,040,669
Annual Rate Revenue Requirement		5.0%	5.0%	5.0%	3.0%	3.0%
Cumulative Annual Rate Adjustment	0.0%	5.0%	10.0%	15.0%	18.0%	21.0%

Operating Expenses	2024	2025	2026	2027	2028	2029
Administration Fee	\$ 370,000	\$ 370,000	\$ 370,000	\$ 370,000	\$ 370,000	\$ 370,000
Sanitary Operating & Maintenance	\$ 2,160,998	\$ 2,153,834	\$ 2,218,449	\$ 2,285,002	\$ 2,353,553	\$ 2,424,159
Storm Operating & Maintenance	\$ 1,115,953	\$ 1,364,804	\$ 1,405,749	\$ 1,447,921	\$ 1,491,359	\$ 1,536,099
Total	\$ 3,646,951	\$ 3,888,638	\$ 3,994,198	\$ 4,102,923	\$ 4,214,911	\$ 4,330,258

Infrastructure Management	2024	2025	2026	2027	2028	2029
Long Term - Infrastructure Management						
Storm Infrastructure Management Program	\$ 5,452,000	\$ 5,670,000	\$ 5,897,000	\$ 6,133,000	\$ 6,378,000	\$ 6,633,000
Sanitary Infrastructure Management Program	\$ 5,711,000	\$ 5,939,000	\$ 6,177,000	\$ 6,424,000	\$ 6,681,000	\$ 6,948,000
Equipment Replacement	\$ 310,000	\$ 397,500	\$ 544,500	\$ 467,500	\$ 107,000	\$ 530,000
Total	\$ 11,473,000	\$ 12,006,500	\$ 12,618,500	\$ 13,024,500	\$ 13,166,000	\$ 14,111,000
Funding Sources						
Infrastructure Replacement Funding	\$ 11,163,000	\$ 9,609,000	\$ 10,074,000	\$ 10,557,000	\$ 11,059,000	\$ 11,581,000
Internal Equipment Recoveries	\$ 150,000	\$ 228,200	\$ 228,200	\$ 228,200	\$ 228,200	\$ 228,200
Use of Capital Reserves	\$ 160,000	\$ 2,169,300	\$ 2,316,300	\$ 2,239,300	\$ 1,878,800	\$ 2,301,800
Total	\$ 11,473,000	\$ 12,006,500	\$ 12,618,500	\$ 13,024,500	\$ 13,166,000	\$ 14,111,000

Equipment Renewal	2024	2025	2026	2027	2028	2029
Acquisitions	\$ 310,000	\$ 397,500	\$ 544,500	\$ 467,500	\$ 107,000	\$ 530,000
Recoveries	\$ (150,000)	\$ (228,200)	\$ (228,200)	\$ (228,200)	\$ (228,200)	\$ (228,200)
Total Expense from / (to) Capital Reserve	\$ 160,000	\$ 169,300	\$ 316,300	\$ 239,300	\$ (121,200)	\$ 301,800

REGIONAL Revenue Requirements	2024 FORECASTED	2025 Projection	2026 Projection	2027 Projection	2028 Projection	2029 Projection
Regional Levy Revenue	\$ 13,365,318	\$ 15,370,115	\$ 17,521,931	\$ 19,799,783	\$ 22,373,754	\$ 23,154,390
NSWWTP Levy Revenue	\$ -	\$ 2,755,000	\$ 6,960,000	\$ 10,440,000	\$ 13,920,000	\$ 17,400,000
Current Metro Vancouver Levy	\$ (11,100,000)	\$ (16,020,000)	\$ (19,940,000)	\$ (22,160,000)	\$ (22,479,990)	\$ (23,154,390)
NSWWTP Additional Costs	\$ -	\$ (2,755,000)	\$ (6,960,000)	\$ (10,440,000)	\$ (13,920,000)	\$ (17,400,000)
Transfer to/(from) Reserves	\$ 2,265,318	\$ (649,885)	\$ (2,418,068)	\$ (2,360,217)	\$ (106,236)	\$ -
Annual Regional Rate Adjustment Requirement		15.0%	14.0%	13.0%	13.0%	3.5%
Cumulative Regional Rate Adjustment	0.0%	15.0%	29.0%	42.0%	55.0%	58.5%
Metro Vancouver Rate Increase		44.3%	24.5%	11.1%	1.4%	3.0%
Cumulative Metro Rate Increase		44.3%	68.8%	79.9%	81.4%	84.4%

TOTAL Revenue Requirements	2024	2025	2026	2027	2028	2029
Total Revenue before Required Increase	\$ 29,477,607	\$ 29,377,990	\$ 35,946,921	\$ 38,147,772	\$ 40,361,244	\$ 41,564,880
Total Expenditures	\$ 26,902,290	\$ 32,683,104	\$ 37,424,849	\$ 40,507,682	\$ 41,371,256	\$ 42,605,548
Net Revenue from Required Increases	\$ (2,575,318)	\$ 3,305,114	\$ 1,477,928	\$ 2,359,909	\$ 1,010,013	\$ 1,040,669
Annual Composite Revenue Adjustment Requirement		9.6%	9.3%	9.0%	8.2%	3.3%
Cumulative Composite Revenue Adjustment		9.6%	19.0%	28.0%	36.2%	39.5%

Fund Balances	2024	2025	2026	2027	2028	2029
Sewer - Operating Surplus Beginning Balance	\$ 4,121,072	\$ 3,626,299	\$ 4,394,265	\$ 5,266,417	\$ 6,475,789	\$ 6,564,320
plus: Net Cash Flow after Rate Increase	\$ 682,339	\$ 767,966	\$ 872,152	\$ 1,220,258	\$ 1,510,355	\$ 1,009,900
less: Transfer of surplus to Capital and Rate Smoothing	\$ (1,177,111)	\$ -	\$ -	\$ (10,886)	\$ (1,421,824)	\$ (797,183)
Ending Balance	\$ 3,626,299	\$ 4,394,265	\$ 5,266,417	\$ 6,475,789	\$ 6,564,320	\$ 6,777,037
Regional Rate Smoothing Beginning Balance	\$ 3,422,841	\$ 5,688,159	\$ 5,038,274	\$ 2,620,206	\$ 259,988	\$ 153,752
plus: Regional Rate Revenue	\$ 13,365,318	\$ 15,370,115	\$ 17,521,931	\$ 19,799,783	\$ 22,373,754	\$ 23,154,390
plus: NSWWTP Levy Revenue	\$ -	\$ 2,755,000	\$ 6,960,000	\$ 10,440,000	\$ 13,920,000	\$ 17,400,000
less: Payment of NSWWTP Additional Costs	\$ -	\$ (2,755,000)	\$ (6,960,000)	\$ (10,440,000)	\$ (13,920,000)	\$ (17,400,000)
less: Payment of Regional Levy	\$ (11,100,000)	\$ (16,020,000)	\$ (19,940,000)	\$ (22,160,000)	\$ (22,479,990)	\$ (23,154,390)
Ending Balance	\$ 5,688,159	\$ 5,038,274	\$ 2,620,206	\$ 259,988	\$ 153,752	\$ 153,752
Sewer Capital Fund Beginning Balance	\$ 16,077,023	\$ 10,560,583	\$ 11,246,681	\$ 10,547,548	\$ 9,419,974	\$ 8,281,886
plus: Infrastructure Replacement from Rates	\$ 11,163,000	\$ 11,473,000	\$ 10,733,000	\$ 10,733,000	\$ 10,733,000	\$ 10,733,000
plus: Internal / Equipment Recoveries	\$ 228,200	\$ 228,200	\$ 228,200	\$ 228,200	\$ 228,200	\$ 95,000
plus: Transfers from Operating Fund	\$ 1,140,056	\$ 193,884	\$ -	\$ 246,537	\$ 617,463	\$ 780,495
plus: Interest Earnings	\$ 241,886	\$ 264,015	\$ 281,167	\$ 263,689	\$ 235,499	\$ 207,047
less: Capital Expenditures	\$ (11,178,000)	\$ (11,473,000)	\$ (11,941,500)	\$ (12,599,000)	\$ (12,952,250)	\$ (13,154,000)
Ending Balance	\$ 10,560,583	\$ 11,246,681	\$ 10,547,548	\$ 9,419,974	\$ 8,281,886	\$ 6,943,428
Total - Reserves	\$ 19,875,041	\$ 20,679,220	\$ 18,434,171	\$ 16,155,751	\$ 14,999,958	\$ 13,874,217

Current Five-Year Plan Includes the following Assumptions
Estimated contractual staff/labour increases
4% Increases to infrastructure replacement for five years 2025-2029
Increases to the Metro Vancouver Sewer Levy as provided by Metro Vancouver (See above)

Planned 2025 Utilities Capital Vehicle and Equipment Purchases

Type	Details	Cost	Water	Sewer	Disposal Proceeds
Replace 2015 Tandem Crane Truck	Replace a 2015 Western Star tandem crane truck. The District lifecycle replacement schedule for this class of vehicle is 10 years, meaning the existing vehicle is proposed for replacement consistent with its recommended useful life The vehicle is used to transport equipment and supplies for various functions in Engineering, including water and sewer general maintenance, capital projects, and third party requests.	\$600,000	\$292,500	\$292,500	\$15,000
Replace 2016 Ford F-250 Unit M017	Replace a 2016 Ford F-250 and service canopy. The District lifecycle replacement schedule for this class of vehicle is 9- 10 years, meaning the existing vehicle is proposed for replacement consistent with its recommended useful life. The truck is utilized to transport staff and equipment to perform a variety of functions in the sewer utilities Engineering department.	\$107,000		\$105,000	\$2,000
Total Vehicles & Equipment		\$707,000	\$292,500	\$397,500	\$17,000

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District of West Vancouver

**Sewerage and Drainage Regulation
Bylaw No. 5263, 2023,
Amendment Bylaw No. 5350, 2024**

Effective Date:

**Sewer and Drainage Regulation
Bylaw No. 5263, 2023,
Amendment Bylaw No. 5350, 2024**

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District of West Vancouver

Sewer and Drainage Regulation Bylaw No. 5263, 2023, Amendment Bylaw No. 5350, 2024

A bylaw to amend the fees related to the use of the Municipal Sewerage and Drainage System

Previous amendments: Amendment Bylaw 5284.

WHEREAS the Council of The Corporation of the District of West Vancouver deems it expedient to amend the Sewerage and Drainage Regulation Bylaw No. 5263, 2023;

NOW THEREFORE, the Council of The Corporation of the District of West Vancouver enacts as follows:

Part 1 Citation

- 1.1 This bylaw may be cited as Sewerage and Drainage Regulation Bylaw No. 5263, 2023, Amendment Bylaw No. 5350, 2024.

Part 2 Severability

- 2.1 If a portion of this bylaw is held invalid by a Court of competent jurisdiction, then the invalid portion must be severed and the remainder of this bylaw is deemed to have been adopted without the severed section, subsection, paragraph, subparagraph, clause or phrase.

Part 3 Amendments

- 3.1 Sewerage and Drainage Regulation Bylaw No. 5263, 2023 is amended as follows:

Deleting Schedules "A" and "B" and replacing with new Schedules A and B, as attached hereto.

Part 4 Effective Date

- 4.1 Sewerage and Drainage Regulation Bylaw No. 5263, 2023, Amendment Bylaw No. 5350, 2024 will be effective on January 1, 2025.

Schedules

Schedule A – Sewer Meter Base Rates
Schedule B – Sewer Meter Volume Rates

READ A FIRST TIME on [Date]

READ A SECOND TIME on [Date]

READ A THIRD TIME on [Date]

ADOPTED by the Council on [Date].

Mayor

Corporate Officer

Schedule A – Sewer Meter Base Rates

Sewer Base Charge Per Unit (Quarterly)

Customer Class	Sanitary Local Levy	Sanitary Regional Levy	Drainage Levy	Quarterly Fixed Charge: Total
Single Family Residential	\$22.96	\$46.40	\$162.42	\$231.78
Multi-Family Residential	\$22.96	\$46.40	\$162.42	\$231.78
Commercial	\$22.96	\$46.40	\$162.42	\$231.78
No Water Sewer*				\$406.08

*No Water Sewer” customers, who are not charged metered water, pay a flat rate based on the median SFR quarterly bill.

Schedule B – Sewer Meter Volume Rates

Metered Sewer Volume Rates Based on Quarterly Consumption

Customer Class	Volume Charge Per Cubic Metre (m ³) Local	Volume Charge Per Cubic Metre (m ³) Regional
Single Family Residential*	\$1.80	\$2.92
Multi-Family Residential**	\$1.80	\$2.92
Commercial**	\$1.80	\$2.92

*Single Family Residential Volume Rate applied quarterly to average winter period usage.

**All other class rates applied to total water usage.

For discharge of contaminated groundwater to the sewer system the fee is \$1.50 per cubic meter for groundwater discharged.

Per section 15.2.1 of “Sewerage and Drainage Regulation Bylaw No. 5263, 2023” the rates shown in Schedule “A” and Schedule “B” shall be subject to a discount of ten (10) per cent, provided full payment for the current billing is made on or before the close of business on the due date set out on the billing form.