
CITY OF KELOWNA

MEMORANDUM

Date: December 12, 2006
File No.: 1824-02
To: City Manager
From: Wastewater Manager
Subject: **2007 Sewer Rates**

RECOMMENDATION:

THAT Council approve the proposed Residential and Industrial/Commercial/Institutional (ICI) Sewer rates as shown below:

	<u>(Existing) 2005</u>	<u>(New) 2007</u>
Residential		
- Flat Rate	\$ 14.20 / month	\$ 14.90 / month
Commercial (I/C/I)		
- Metered base rate (per month)	\$ 9.50	\$ 9.50
- All usage (per m ³)	\$ 0.75 / m ³	\$ 0.75 / m ³
Parcel Tax (all serviced parcels)	\$ 40.00 /parcel /year	\$ 30.00 /parcel /year

AND THAT Council direct staff to prepare an amended Sewer Service Parcel Tax bylaw for approval.

BACKGROUND:

Sewer Utility revenues from our customer base come from two types of charges; the monthly user rate and an annual parcel tax. The user rate is a flat rate per month for our residential customers. A minimum charge coupled with a volumetric usage charge is applied to Commercial (Industrial/Commercial/Institutional) customers. The annual Parcel Tax makes up the other component of our sewer charge and is presently \$40.⁰⁰ per year, per parcel that is capable of being serviced with sewer. The proposed new rates continue to incorporate a reduction of the Parcel Tax component of the Utility billing for the fourth year, and this is proposed to continue for 3 more years until the Parcel Tax has been eliminated.

The effect of the new rates, on residential customers is a reduction of \$1.60 per year. The overall adjustment represents a small decrease in revenue from the rates established for 2006.

The costs of operating the Utility will increase in 2007, and additional revenue is required, however this revenue is projected to be obtained through the substantial growth in our customer base. The Utility is expanding through both new development and by the extension of the sewer system into existing neighbourhoods.

The following table illustrates the effect of the proposed rate adjustment for this year on residential customers:

	Annual Parcel Tax	MONTHLY User Rate	Total Annual Sewer Charges
2006 Rates	\$40. ⁰⁰	\$14. ²⁰ /mo. x 12	\$210. ⁴⁰
2007 Rates	\$30. ⁰⁰	\$14. ⁹⁰ /mo. x 12	\$208. ⁸⁰

The Parcel Tax change will take effect in 2007.

W.J. Berry, P.Eng.
Wastewater Manager



Approved for inclusion:
John Vos
Director of Works & Utilities

WJB/wjb

cc: Revenue Manager
Financial Planning & Systems Manager