

Irrigation Water Rates for Meters Serving More Than Four Multi-Unit Dwellings

ISSUE

The purpose of this report is to provide a response to the motion put forward by Councillor Jeffries, at its meeting of City Council held on November 30, 2020, “That Administration report back regarding water rates charged to condos with water meters that are deemed to serve more than four units as a result of irrigation use. Please include information about the history and rationale behind the policy and options to change this policy along with associated impacts”.

BACKGROUND

In the 2009 report Water, Wastewater, and Infrastructure Rates 2010, 2011, 2012, the City of Saskatoon (City) created a separate category for multi-unit residential water meters. This was in response to issues faced by Condominium owners, as indicated in Appendix 1. Also, in the referenced report is information as follows:

In the spring of 2009, Administration met with the association representing Saskatoon condominium owners to get a better understanding of the issues they were facing. Based on this discussion, Administration reviewed the impact of moving all condominium units to equivalent residential rates. This analysis showed that if this approach were implemented, condominium owners would pay an additional \$288,000 in water and wastewater bills per year. Developments that have very few large meters serving many residential units were likely to see an increase in cost, while developments with many meters in addition to irrigation meters were likely to see a decrease in costs.

A separate category for multi-unit dwellings will be established. This will enable the City to properly label this group on their bills and will segregate this customer group for its own unique rate in the future. The multi-unit dwelling category will be for residential dwellings with more than four dwelling units that are not individually metered. Multi-unit dwellings, where the number of dwelling units per meter is four or less, will be charged the residential rate. Multi-unit dwellings, where the number of dwelling units per meter is more than four, will be charged the commercial rate.

The separate rate structure from the 2010 report was established in Bylaw No. 7567, The Waterworks Bylaw, 1996, (the Waterworks Bylaw) Schedule A part II.

CURRENT STATUS

In the Waterworks Bylaw where the ratio of dwelling units to the meter is greater than four, the commercial service charges and volumetric water and infrastructure charges

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shall apply to that meter. Individually metered condominiums with separately metered irrigation services shall pay the residential volumetric water and infrastructure charges per meter for the irrigation service meter(s) and there shall be no service charge for the irrigation meters. Where the ratio of dwelling units to the meter is four or less, the residential volumetric water and infrastructure charges shall apply.

Where a property is served by multiple meters, each of those meters are treated as a separate account by the City. In some multi-family condominium corporations, these bills are the responsibility of individual units and in some cases the bills are consolidated and paid by the condominium corporation. Billing a property for multiple meter services is consistent in the City, for example, a residential single-family property that added a grandmother suite would have another water meter added to that property, or if a garage was built with separate electrical service, although these properties are already serviced at the home, a second meter would be added and second meter charge incurred.

Where a meter is solely for irrigation use and is turned off in the winter months, this meter is charged a different rate and can be exempted from meter fees in the winter and in some cases can be exempted from sewer charges.

DISCUSSION/ANALYSIS

The Administration reviewed the 2009 report and then used actual 2020 water consumption and meter billing actuals to consider two alternatives for charging meters in multi-family residences. The options below describe what would have happened in 2020 if a different approach was taken to billing.

Status Quo

In 2020, a total of \$3.94 million in fixed and \$1.77 million in volumetric revenue were collected from multi-family residences with meters serving four or less properties. A total of \$8.97 million in fixed and \$18.36 million in volumetric revenue were collected from multi-family residences where meters serve more than four units. There were approximately 1840 meters in service in 2020 that served four or less, and 3200 meters that served more than four properties.

Explored Alternatives

The Administration explored both the option of switching all multi-family residences to commercial or all multi-family residences to residential structures as any change in the ratio would lie somewhere between these options. The impact of these options can be seen in Table 1.

Table 1: Impact of switching meter structure for multi-family residences

	City Revenue Impact		Average Annual Meter Impact	
	<i>MF > 4</i>	<i>MF ≤ 4</i>	<i>MF > 4</i>	<i>MF ≤ 4</i>
Residential	\$899,514.37	-	\$475.18	-
Commercial	-	\$2,121,917.75	-	\$663.31

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As displayed in table 1, a switch to treating all multi-family properties as residential customers would have an annual cost increase of \$475.18 per meter for those currently under the commercial (greater than four) structure, as there would be savings on the meter fees but it is outweighed by the increase in volumetric charges. Similarly, switching all properties to the commercial structure would result in those currently under the residential structure with some savings in their volumetric charges, however, these would be outweighed by the fixed meter costs. The overall financial impact per year per meter for this scenario is \$663.31.

The analysis indicates that the status quo is the lowest cost scenario for average multi-family residents.

Both alternative options that were explored would increase the water utility's overall revenue.

FINANCIAL IMPLICATIONS

Should City Council direct the Administration to change the Waterworks Bylaw, a more detailed financial assessment would be recommended.

OTHER IMPLICATIONS

The residential inclining block rate is intended to aid in the City's water conservation initiatives, changing that application to a different scope of properties could have an impact on water conservation.

Report Approval

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