

Water, Wastewater and Infrastructure Rates for 2022 & 2023

RECOMMENDATION

1. That the proposed 2022 and 2023 water and wastewater rate changes, as included in the 2022/2023 Preliminary Business Plan and Budget, be approved effective January 1 of each year;
2. That the 2022 and 2023 infrastructure rate change be approved effective January 1 of each year; and
3. That the City Solicitor be instructed to draft the appropriate amendments to Bylaw No. 7567, The Waterworks Bylaw, and Bylaw No. 9466, The Sewer Use Bylaw.

ISSUE

This is to request approval for the proposed 2022 and 2023 water, wastewater, and infrastructure levy rates. The request supports the long-term strategies to reduce the gap in funding required to rehabilitate and maintain City of Saskatoon (City) infrastructure under the Strategic Goal of Asset and Financial Sustainability.

BACKGROUND

Rate increases for water, wastewater, and the infrastructure levy are designed to cover all operating costs, fund current and future capital requirements, and provide a return on investment (ROI) to the City. Rates are designed using an inclining block strategy to promote conservation for residential customers and a uniform rate structure for commercial properties.

The rate structure consists of the following components:

- Water volumetric charges;
- Water service charge – fixed charge based on water meter size;
- Wastewater volumetric charges;
- Wastewater service charge – fixed charge based on water meter size;
- Wastewater volumetric surcharge – where applicable, commercial customers are surcharged for extra strength wastewater discharged to the collection system; and
- Infrastructure Levy – a volumetric charge for the capital replacement of the water distribution and wastewater collection systems.

DISCUSSION/ANALYSIS

In order to meet the current and future needs of the City and customers, an overall average rate increase of 2.5% is being requested in 2022 and 3.4% in 2023.

In 2022, there will be an estimated 76,000 water meters, of which, 92% are residential and 8% are commercial. Volumetric sales are expected to be 34.0 ML, a decrease from prior years as increases realized from population growth no longer offset conservation. Revenues realized from the proposed rate increase will be used to offset increases in operating costs, to fund capital improvements and to support an ROI to the City. Capital budget requests for water and wastewater treatment are a combined \$98.1 million in the 2022 and 2023 budget years. Revenues realized from the Infrastructure Levy support the proposed capital spending plan of \$62.0 million over the next two years for the water distribution and sewer collection systems. ROI will be based upon 10% of metered revenues, including the Infrastructure Levy.

Conservation orientated rates continue to be proposed for 2022 and 2023, originally introduced in 2007. The City's rate structure for residential customers is an inclining block structure, which encourages conservation through higher rates with higher water usage. While conservation remains in the best interest of the City and its citizens, conservation does create a risk for the utility of not realizing sufficient revenue to adequately fund on-going operating requirements and capital programs. For commercial customers, a uniform rate structure continues to be proposed with each unit of water charged at the same rate, regardless of overall usage. The City fully transitioned to this rate structure in 2015. Industry standards do not favour the use of an inclining block structure for commercial customers so that customers are not penalized due to the nature of their business.

The proposed Infrastructure Levy rate is based on a uniform rate structure for both residential and commercial customers in both 2022 and 2023.

In 2022, a residential customer with a 15mm (5/8") water meter and 25.5 cubic meters (900 cubic feet) consumption will see an increase of \$3.25 (2.63%) on their monthly bill. A residential customer with the same meter size and a water usage of 17.0 cubic meters (600 cubic feet), which is considered the top of the basic human needs tier, would realize a monthly increase of \$2.27 (2.54%).

Table 1 below shows a comparison of the residential volumetric increases:

	2021	2022	Increase
First 600 cubic feet	10.657	10.958	0.30
Next 600 cubic feet	11.563	11.891	0.33
Over 1200 cubic feet	14.110	14.508	0.40

Table 2 shows the commercial combined volumetric rate:

	2021	2022
All Volumes	9.974	10.251

Table 3 below shows a comparison of utility bill with other comparable prairie cities:

Meter Size	5/8"(15mm)	3/4"(20mm)	3"(75mm)
Monthly Consumption	25.5 m ³ (900 ft ³)	85 m ³ (3,000 ft ³)	1416 m ³ (50,000 ft ³)
Customer Type	Residential	Commercial	Commercial
Calgary (2022)	\$118.27	\$351.20	\$4,923.71
Saskatoon (2022)	\$127.08	\$406.34	\$6,638.40
Regina (2021)	\$137.74	\$374.00	\$5,990.47
Winnipeg (2022)	\$144.93	\$435.00	\$6,999.06
Edmonton (2022)	\$150.41	\$400.98	\$5,948.45

At its meeting on October 28, 2019, City Council approved the creation of a new reseller rate for regional customers. The Administration's report indicated that:

“the new reseller rate for 2020 and 2021 be ‘frozen’ at the rate paid by SaskWater in 2019. Following the completion of the 2020-21 rate cycle, the reseller rate will be re-evaluated and the next rate cycle will be recalculated for approval by Council.

It is important to note that the effect of a rate freeze does not result in a lower water rate for customers outside Saskatoon. In addition to the Saskatoon water costs, all other water customers must pay a local water rate to their municipality to cover the costs of distribution, a local connection cost, and also pay any applicable costs charged by SaskWater. In all municipalities outside Saskatoon, water customers will continue to have higher water rates than customers within Saskatoon.”

The proposed reseller rate for 2022 and 2023 is included on page 7 (Table V).

Service Charges

Wastewater Surcharge

The commercial volumetric wastewater charges are surcharged based on the wastewater strength in excess of the allowable loadings of biological oxygen demand, total suspended solids, grease, and phosphorous. Various budget cost components of the treatment process are applied to treating the extra strength wastewater, and the formula is adjusted periodically to ensure full cost recovery – see page 5 (Table II) and page 7 (Table IV).

In order for the surcharge to function as a cost recovery tool and to provide effective protection of the treatment process and the collection system, rates are designed to reflect increased costs of treatment.

Liquid Waste Hauler Charge

The liquid waste hauler charge is a direct charge per 1,000 gallons to companies that truck liquid wastes directly to the Wastewater Treatment Plant (ending in 2022) or Marquis Waste Haulers Station. This charge is currently \$69.13 per 1,000 gallons. It is proposed the rate be increased to \$70.51 per 1,000 gallons in 2022, and \$71.92 per 1,000 gallons in 2023, to offset cost required to meet stringent regulations in disposal of grit material – see page 6 (Table II) and pages 6 and 7 (Table IV). The rate increase will provide additional annual average cost recovery of 2% each year.

Heavy Grit Facility Charge

The Heavy Grit Facility charge is also a direct charge per 1,000 gallons to companies that truck liquid wastes with heavy grit directly to the Heavy Grit Facility or Marquis Waste Haulers Station. This charge is currently \$98.99 per 1,000 gallons. It is proposed that the rate be increased to \$100.97 per 1,000 gallons for 2022 and \$102.99 per 1,000 gallons for 2023.

Service Charge Adjustments

The Water Meter Shop provides a variety of services related to meter installation, service connections, and meter testing, and Water and Sewer Operations provide services related to hydrant meters for construction purposes. Adjustments are required to ensure cost recovery – see page 8 (Table VII).

POLICY IMPLICATIONS

The revision of rates would require an amendment to Bylaw No. 7567, The Waterworks Bylaw, and Bylaw No. 9466, The Sewer Use Bylaw.

FINANCIAL IMPLICATIONS

The proposed rate increase to the water, wastewater, and infrastructure levy rates in 2022 and 2023 is expected to generate a revenue increase of \$4.26 million and \$5.48 million, respectively, to ensure the utility is fully cost recovered.

When setting rates, affordability of water and wastewater services is considered. The three tiers in the residential rate structure distinguish between basic human need consumption and discretionary spending consumption.

See below tables for the current and proposed rate charges:

Table I: Water Rates – 2022

Service Charges (\$/month)	RESIDENTIAL	
	2021	2022
Meter Size		
5/8" (15mm)	\$12.58	\$ 12.81
3/4" (20mm)	\$18.87	\$ 19.22
1" (25mm)	\$37.74	\$ 38.43
1 ½"(40mm)	\$75.48	\$ 76.86
2" (50mm)	\$125.80	\$ 128.10
Volumetric Charges (\$/month)	\$/100 ft³	\$/100 ft³
First 600 cu.ft./ First 17 m3	\$4.700	\$4.836
Next 600 cu.ft./ Next 17 m3	\$5.297	\$5.451
Greater than 1,200 cu.ft./ Greater Than 34 m3	\$6.975	\$7.177

Service Charges (\$/month)	COMMERCIAL	
	2021	2022
Meter Size		
5/8" (15mm)	\$ 32.30	\$ 32.88
3/4" (20mm)	\$ 48.45	\$ 49.32
1" (25mm)	\$ 96.90	\$ 98.64
1 ½"(40mm)	\$ 193.80	\$ 197.28
2" (50mm)	\$ 323.00	\$ 328.80
3" (75mm)	\$ 742.90	\$ 756.24
4" (100mm)	\$1,324.30	\$1,348.08
6" (150mm)	\$2,971.60	\$3,024.96
8" (200mm)	\$5,297.20	\$5,392.32
10" (250mm)	\$8,268.80	\$8,417.28
Volumetric Charges (\$/month)	\$/100 ft³	\$/100 ft³
All Volumes	\$3.919	\$4.069

Table II: Wastewater Rates – 2022

Service Charges (\$/month)	RESIDENTIAL	
	2021	2022
Meter Size		
5/8" (15mm)	\$ 12.58	\$ 12.81
3/4" (20mm)	\$ 18.87	\$ 19.22
1" (25mm)	\$ 37.74	\$ 38.43
1 ½"(40mm)	\$ 75.48	\$ 76.86
2" (50mm)	\$125.80	\$ 128.10
Volumetric Charges (\$/month)	\$/100 ft³	\$/100 ft³
First 17m ³ (600 ft ³)	\$2.435	\$2.499
Next 17m ³ (600 ft ³)	\$2.744	\$2.817
Greater than 34m ³ (1200 ft ³)	\$3.613	\$3.708
Service Charges (\$/month)	COMMERCIAL	
	2021	2022
Meter Size		
5/8" (15mm)	\$ 32.30	\$ 32.88
3/4" (20mm)	\$ 48.45	\$ 49.32
1" (25mm)	\$ 96.90	\$ 98.64
1 ½"(40mm)	\$ 193.80	\$ 197.28
2" (50mm)	\$ 323.00	\$ 328.80
3" (75mm)	\$ 742.90	\$ 756.24
4" (100mm)	\$1,324.30	\$1,348.08
6" (150mm)	\$2,971.60	\$3,024.96
8" (200mm)	\$5,297.20	\$5,392.32
10" (250mm)	\$8,268.80	\$8,417.28
Volumetric Charges (\$/month)	\$/100 ft³	\$/100 ft³
All Volumes	\$3.131	\$3.174

WASTEWATER SURCHARGE (¢/100 ft³ water)

Proposed Formula (2022)

$$24.1 \left(\frac{X}{300} \right) + 25.7 \left(\frac{Y}{300} \right) + 25.1 \left(\frac{Z}{100} \right) + 24.6 \left(\frac{P}{10} \right)$$

- X = BOD units greater than 300
- Y = Suspended Solids units greater than 300
- Z = Grease units greater than 100
- P = Phosphorous units greater than 10

LIQUID WASTE HAULER CHARGE

Current (2021)

Industrial/Commercial & Septic Wastes \$69.13 per 1,000 gallons

Proposed (2022)

Industrial, Commercial & Septic Wastes \$70.51 per 1,000 gallons

HEAVY GRIT FACILITY HAULER CHARGE	
Current (2021)	
Industrial/Commercial & Septic Wastes	\$98.99 per 1,000 gallons
Proposed (2022)	
Industrial, Commercial & Septic Wastes	\$100.97 per 1,000 gallons

Table III: Water Rates – 2023

Service Charges (\$/month)	RESIDENTIAL		Commercial	
	2022	2023	2022	2023
Meter Size				
5/8" (15mm)	\$ 12.81	\$ 13.02	\$ 32.88	\$ 33.43
3/4" (20mm)	\$ 19.22	\$ 19.53	\$ 49.32	\$ 50.15
1" (25mm)	\$ 38.43	\$ 39.06	\$ 98.64	\$ 100.29
1 ½" (40mm)	\$ 76.86	\$ 78.12	\$ 197.28	\$ 200.58
2" (50mm)	\$ 128.10	\$ 130.20	\$ 328.80	\$ 334.30
3" (75mm)			\$ 756.24	\$ 768.89
4" (100mm)			\$1,348.08	\$1,370.63
6" (150mm)			\$3,024.96	\$3,075.56
8" (200mm)			\$5,392.32	\$5,482.52
10" (250mm)			\$8,417.28	\$8,558.08
Volumetric Charges (\$/100 ft³ /month)				
First 17m ³ (600 ft ³)	\$4.836	\$5.068		
Next 17m ³ (600 ft ³)	\$5.451	\$5.713		
Greater than 34m ³ (1200 ft ³)	\$7.177	\$7.521		
All Volumes			\$4.069	\$4.244

Table IV: Wastewater Rates - 2023

Service Charges (\$/month)	RESIDENTIAL		COMMERCIAL	
	2022	2023	2022	2021
Meter Size				
5/8" (15mm)	\$ 12.81	\$ 13.02	\$ 32.88	\$ 33.43
3/4" (20mm)	\$ 19.22	\$ 19.53	\$ 49.32	\$ 50.15
1" (25mm)	\$ 38.43	\$ 39.06	\$ 98.64	\$ 100.29
1 ½" (40mm)	\$ 76.86	\$ 78.12	\$ 197.28	\$ 200.58
2" (50mm)	\$ 128.10	\$ 130.20	\$ 328.80	\$ 334.30
3" (75mm)			\$ 756.24	\$ 768.89
4" (100mm)			\$1,348.08	\$1,370.63
6" (150mm)			\$3,024.96	\$3,075.56
8" (200mm)			\$5,392.32	\$5,482.52
10" (250mm)			\$8,417.28	\$8,558.08
Volumetric Charges (\$/m³/month)				
First 17m ³ (600 ft ³)	\$2.499	\$2.559		
Next 17m ³ (600 ft ³)	\$2.817	\$2.885		
Greater than 34m ³ (1200 ft ³)	\$3.708	\$3.798		
All Volumes			\$3.174	\$3.311

WASTEWATER SURCHARGE (¢/100 ft³ water)

Proposed Formula (2023)

$$24.5 \left(\frac{X}{300} \right) + 26.1 \left(\frac{Y}{300} \right) + 25.5 \left(\frac{Z}{100} \right) + 25 \left(\frac{P}{10} \right)$$

- X = BOD units greater than 300
- Y = Suspended Solids units greater than 300
- Z = Grease units greater than 100
- P = Phosphorous units greater than 10

LIQUID WASTE HAULER CHARGE

Proposed (2022)

Industrial, Commercial & Septic Wastes \$70.51 per 1,000 gallons

Proposed (2023)

Industrial, Commercial & Septic Wastes \$71.92 per 1,000 gallons

HEAVY GRIT FACILITY HAULER CHARGE

Proposed (2022)

Industrial/Commercial & Septic Wastes \$100.97 per 1,000 gallons

Proposed (2023)

Industrial, Commercial & Septic Wastes \$102.99 per 1,000 gallons

Table V: Water Reseller Rates

	\$/100 ft ³ /month		
	2021	2022	2022
All Volumes	\$7.495	\$7.682	\$7.943

Table VI: Infrastructure Rates 2022, 2023

Infrastructure Levy	Residential			Commercial		
	\$/100 ft ³ /month			\$/100 ft ³ /month		
	2021	2022	2023	2021	2022	2023
All Volumes	\$3.522	\$3.623	\$3.786	\$2.924	\$3.008	\$3.098

**Table VII: Service Charge Adjustments 2022, 2023
(Part of Schedule C in the Bylaw)**

Service Item	Meters	Current	2022 Proposed	2023 Proposed
Application Fee		\$30.00	\$30.00	\$30.00
Service Connect for Arrears		\$80.00	\$80.00	\$80.00
Removal, re-installation, turn on or off of curb stop valve of Service Meters (Not for demolition of building)	15 mm to 25 mm (5/8" to 1") meter	\$80.00	\$84.00	\$88.00
	40 mm (1 1/2") and larger meter	\$120.00	\$126.00	\$132.00
Customer Requested Meter Testing – If found to be accurate	15 mm to 25mm (5/8" to 1") meter	\$70.00	\$76.00	\$82.00
	40mm (1 1/2") meter	\$95.00	\$104.00	\$113.00
	50 mm (2") meter	\$125.00	\$136.00	\$147.00
Installation and Removal of Hydrant Meters for Construction Purposes	Initial installation	\$305.00	\$320.00	\$330.00
	Each additional location install	\$152.50	\$160.00	\$165.00
	Monthly rental (25 mm)	\$145.00	\$170.00	\$195.00
	Monthly rental (50 mm)	\$370.00	\$404.00	\$438.00
Repair of Damaged, Frozen or Stolen Meter	5/8" (15 mm)	\$115.00	\$121.00	\$127.00
	3/4" (20 mm)	\$150.00	\$157.00	\$164.00
	1" (25 mm)	\$205.00	\$215.00	\$225.00

OTHER IMPLICATIONS

There are no legal, social, or environmental implications identified.

Business Line: Utilities