

**To:** Mayor and Council  
**From:** Paul Gipps, CAO

**Meeting Date:** March 4, 2025  
**Meeting Type:** Regular Council Meeting

**Prepared by:** Kiel Wilkie, Capital Project Manager  
**Department:** Infrastructure & Development Engineering

**Title:** Sanitary Sewer Regulations and Rates Amendment Bylaw 1270, 2025  
**Description:** Bylaw amendments to repeal parcel taxes associated with the sanitary sewer system, along with various rate scenarios presented for Council's consideration.

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### RECOMMENDATION

THAT Sanitary Sewer Regulations and Rates Amendment Bylaw 1270, 2025 as shown on Attachment B (Option 1) of the Report to Council dated March 4, 2025, be read for a first, second, and third time.

### EXECUTIVE SUMMARY

As part of the District's Liquid Waste Management Plan, staff reviewed all upcoming expenses related to capital improvements projects, renewal projects, operational costs, and the associated revenue required to fund these expenses. Currently, the District collects funds from the community to fund the sanitary sewer system through three methods: user fees included in quarterly utility bills and two parcel taxes—the Sewer Service Parcel Tax and the Wastewater Management Plan Parcel Tax (commonly referred to as the 'Environmental Levy').

User fees and the Sewer Service Parcel Tax are charged to properties that either use the sanitary sewer system or have access to it. In contrast, the Environmental Levy that is applied to all properties within the community. In the early phases of the District installing a sanitary sewer collection and treatment system, the District used these parcel taxes as a revenue source to repay a loan that matured in 2024, thus making the timing to evaluate these parcel taxes prudent. Additionally, the rationale for the Environmental Levy included the fact that even properties without direct sewer access still benefit from the system, as all septic waste is processed at the District's wastewater treatment plant.

Typical municipal practice is to recover utility service costs through utility billing, charging only those properties that directly benefit from the service. Staff propose transitioning to this approach by eliminating the parcel taxes and consolidating all costs for the operation, maintenance, and improvements of the sanitary sewer system into user fees collected through the utility billing process. Although this results in an increased user fee, the total annual amount paid by direct users would not significantly change, as parcel taxes would no longer apply.

A current single family home connected to or having access to the sanitary sewer system pays \$600 annually (\$75 Environmental Levy, a \$275 Sewer Service Parcel Tax and a \$250 user fee). This \$600 has not changed since 2015. Attachment A (Urban Systems memorandum, dated February 13, 2025) analyzes the guiding principles for financial stability in the sanitary sewer system, key funding assumptions, and the impacts of transitioning to a strictly user fee-based structure. This change would require a modest rate increase, and the memorandum outlines three rate options for Council's consideration:

#### Option 1: 4-Year Smoothed

This scenario gradually increases annual costs to connected properties over four years, rising from \$600 in 2024 to \$720 by 2028.

**Option 2: Accelerated**

This scenario implements a faster rate increase, raising annual costs from \$600 in 2024 to \$700 in 2025, and then to \$715 by 2028. The earlier increases result in a slightly lower final cost by 2028.

**Option 3: 4-Year Smoothed with Multifamily Rate at 80%**

Similar to Scenario 1, this option gradually increases rates over four years but includes a reduced rate for multifamily properties. To offset the reduced rate for multifamily users, non-multifamily customers would experience a greater rate increase.

Staff recommend Council adopt Scenario 1, as it allows rates to increase gradually over time and avoids disproportionately impacting non-multifamily users compared to multifamily users. Staff also suggest that Council consider waiting to implement a variable sewer rate system, which would allow for a more equitable rate structure rewarding users who discharge less sewage to the system.

Additionally, the proposed bylaw amendment includes a change to when new construction begins incurring sewer service charges. Under the amendment, fully connected user fees would commence at the time of occupancy rather than at the issuance of a building permit.

**DISCUSSION/ANALYSIS**

Staff proposes that Council consider transition funding for the sanitary sewer system by adopting a user fee structure collects all fees through the utility billing process. This following provides additional discussion and analysis of the proposed sanitary sewer billing structure, particularly for non-residential and non-stratified multifamily properties, and highlights differences from residential rates.

**Non-Residential Properties:** Non-residential properties (primarily commercial) are subject to an excess discharge fee based on their water consumption during the first quarter of the year. Since the fee's implementation in 2022, each excess discharge fee has been equal to the standard user fee. However, the proposed bylaw amendments recommend setting the excess discharge fee at 40% of the user fee. This percentage reflects the variable cost associated with collecting and treating the additional sewage. Charging at this rate ensures that these customers are not disproportionately impacted and keeps the increases to this customer type in proportion to the other users.

**Non-Stratified Multifamily Properties:** Non-stratified multifamily properties would face significant increases if the parcel taxes and users fees were combined into a single, larger user fee. Currently, these properties pay one parcel tax along with user fees based on the number of individual units. A substantial user fee increase in 2025 would likely have a disproportionate financial impact on these customers. To mitigate this, a phased approach is proposed to gradually increase user fees for this customer type over the next four years. This incremental adjustment allows this customers type time to adapt to the new fee structure.

**FINANCIAL IMPLICATIONS**

None                       Budget Previously Approved     Other (see below)

It is crucial that the services provided are supported by a robust financial plan to ensure the availability of funding for capital improvement projects, renewal initiatives, and operational costs as required. Staff analysis indicates that the current revenue collection methods for the sanitary sewer system are generally sufficient to meet the necessary revenue requirements. However, the existing approach collects funds from properties that do not directly benefit from the sanitary sewer system and was set up when a significant loan was required to create the system and provide overall community benefit in terms of less properties on septic as well as a septage acceptance facility.

Transitioning to a primarily user-based billing structure will necessitate a modest increase in sanitary sewer rates. These rate increases are detailed in the attached Urban Systems memorandum.

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If Council wishes to implement a rate structure that offers reduced rates for multifamily properties, this adjustment would result in a larger increase for other customer categories. The impacts of this approach are outlined in Scenario 3 of the attached Urban Systems memorandum.

**COMMUNICATION**

If Council adopts one of the three proposed bylaw amendments, it will be essential for staff to implement a comprehensive communications strategy to ensure customers are informed about the changes and the rationale behind them. Initially, there may be a perception that fees related to the sanitary sewer system have increased significantly. In reality, while utility bills will be higher and property taxes lower, the total annual amount paid by property owners will not change significantly and for many properties the total tax bill will drop by the \$75 environmental levy with no other changes.

**ALTERNATE RECOMMENDATION(S)**

THAT Sanitary Sewer Regulations and Rates Amendment Bylaw 1270, 2025 as shown on Attachment C (Option 2) of the Report to Council dated March 4, 2025, be read for a first, second, and third time.

THAT Sanitary Sewer Regulations and Rates Amendment Bylaw 1270, 2025 as shown on Attachment D (Option 3) of the Report to Council dated March 4, 2025, be read for a first, second, and third time.

Respectfully Submitted.

**Kiel Wilkie, Capital Project Manager**

## Report Approval Details

Document Title:	Sanitary Sewer Regulations Rates Bylaw Amendment and Sewer Parcel Tax Repeal .docx
Attachments:	<ul style="list-style-type: none"> <li>- Attachment A - 2025-02-13 Liquid Waste Management Plan Financial Analysis.pdf</li> <li>- Attachment B-Sanitary Sewer Regulation and Rate Amending Bylaw 1270, 2025 OPTION 1.pdf</li> <li>- Attachment C-Sanitary Sewer Regulation and Rate Amending Bylaw 1270, 2025 OPTION 2.pdf</li> <li>- Attachment D-Sanitary Sewer Regulation and Rate Amending Bylaw 1270, 2025 OPTION 3.pdf</li> </ul>
Final Approval Date:	Feb 24, 2025

This report and all of its attachments were approved and signed as outlined below:

**Reyna Seabrook, Director of Corporate Services - Feb 21, 2025 - 11:06 AM**

**Trevor James, CFO, Director of Finance & Administration - Feb 24, 2025 - 9:11 AM**

**Paul Gipps, Chief Administrative Officer - Feb 24, 2025 - 12:30 PM**

**Makayla Ablitt, Legislative & FOI Coordinator - Feb 24, 2025 - 2:49 PM**