



Water and Wastewater Utility Rates Strategy

Electoral Division: All

File:

Date:	March 4, 2025
Presenter:	Byron Riemann, Chief Operations Officer
Department:	Utility Services

REPORT SUMMARY

This report proposes a full cost rate recovery strategy for the County's Water and Wastewater Utilities. The strategy outlines additional rate options for Council's consideration and incorporates costs that were developed utilizing Deloitte's work from the Council report Preparation and Evaluation of Financial Statements for the County's Water, Wastewater, and Storm Drainage Utilities and the resulting income statement. The proposed rate design for all included scenarios follows standard rate making principles and industry best practice and align with Council's direction of full cost recovery for the delivery of the County's water and wastewater utilities.

Adopting an effective rate strategy enables County administration to monitor and protect systems, maintain infrastructure appropriately, address service needs and manage system resiliency and efficiency.

Administration recommends implementation of a Blended Rate structure to achieve full cost recovery for the County's water and wastewater systems by 2027, as per Council's direction.

In the analysis section, several scenarios have been provided to illustrate the impacts and timeframes that were asked for from the January 27 workshop. Due to timing for the rates analysis the Master Rates Bylaw went to Council on February 18, 2025, with the 2024 rates, to be updated pending Council's direction from this this report.

ADMINISTRATION'S RECOMMENDATION

THAT Council direct Administration to implement the Blended Rate Structure for water and wastewater utilities to achieve full cost recovery with the 2027 rates and return to Council with amendments to the Master Rates Bylaw by the end of May 2025

BACKGROUND

The Master Rates Bylaw consolidates the established list of fees assigned to certain County services and is reviewed annually as part of the County's budgeting process. Utilities will be updating the Master Rates Bylaw after this report based on Council's direction.

At the November 29th, 2023, Special Council Meeting, Council requested a timeline of full cost recovery in three years.

MOVED by Deputy Reeve Kochan that in accordance with User Fee policy C-224, full cost recovery be established for utility customers and that they be implemented over the next three-year period;

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At the January 7, 2025, Council Meeting, Council received the financial statements for the County’s Water, Wastewater as prepared by Deloitte for the year 2023 which identified an operating deficit of \$3.0M.

MOVED by Deputy Reeve Kochan that Council receives the compiled income statement and partial balance sheet of Rocky View County’s water and wastewater utilities for information.

On January 27, 2025, Council held a workshop to discuss options on how to bring rate options back to council for consideration and in preparation for the 2025 *Master Rates Bylaw*.

ANALYSIS

Administration is providing alternative scenarios for full cost recovery over 3, 5, and 10 years. Rates showing both a Blended Rate structure and Individual System Rates are included. Two classes of customers have been used to represent their different water use patterns, and type, for residential and non-residential.

The table below summarized the impact of various rate scenarios at a high level, across customer classes and over the different time periods, with more detailed examples provided in Attachment A.

Timeline	Rate Structure	Avg. % Annual Impact
3 year	Individual	36%
3 year	Blended	14%
5 year	Individual	23%
5 Year	Blended	9%
10 Year	Individual	13%
10 year	Blended	6%

Alternative Direction 1 is an across the board increase of 10 percent to all customers.

	Timeline	Rate Structure	Percent Increase for 2025
Option 1	1 Year	Individual	10%

COMMUNICATIONS / ENGAGEMENT

When the *Master Rates Bylaw* is updated based on Council direction, it will be published on the County’s website to ensure it is accessible to the public, along with additional customer communication and notification.

IMPLICATIONS

Financial

Should Council support the recommended rate strategy, fees and revenue from the utility operations will increase to achieve the current direction of Council.

Customers

Customers will see an increase, in some cases stay about the same or see a small decrease in their water bill based on scenario and time frame selected. Selecting a blended rate smooths the impacts for the customers across the systems.

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STRATEGIC ALIGNMENT

Key Performance Indicators		Strategic Alignment
Effective Service Delivery	SD2: Services are resourced and delivered to specific groups as intended, and citizens are satisfied with the outcomes	SD2.3: Services achieving defined service level targets
Financial Prosperity	FP2: Ensuring County remains financially sustainable for future generations	Choose an item.
		Full cost recovery would ensure consistent funding for utilities maintenance and replacement over time, decreasing the likelihood of catastrophic service interruptions.
		Full cost recovery would ensure a financially sustainable utility model.

ALTERNATE DIRECTION

Alternate Direction 1

That Council direct Administration to implement a 10% increase to the **Individual System Structure** for the water and wastewater utilities for 2025 and return to Council with amendments to the *Master Rates Bylaw* by the end of May 2025.

The Alternate Direction option applies a 10% increase to all customer groups resulting in all customers receiving the same percentage increase to the flat fee and variable consumption charges.

ATTACHMENTS

Attachment A: Presentation of scenarios for rate options individual system and blended rate approaches.

APPROVALS

Manager:	Desiree Vetter
Executive Director/Director:	Byron Riemann
Chief Administrative Officer:	Reegan McCullough