

City of North Vancouver – Water Utility Rates Review



Earth Tech was retained by the City of North Vancouver to review their current Water Utility Rates, and the full cost recovery strategy used to determine those rates. The main objectives of the study to determine fair and equitable water rates for the City's mix of residential and ICI customers, and to ensure that rates are transparent and defensible. Finally the City wanted to implement strategies ensure that social and environmental stewardship goals were being met.

Leveraging from the Water Loss Reduction Program, and Water System Condition Assessment Study, also recently prepared by Earth Tech, the City is advanced in the discipline of asset management, and proactive towards financial planning. This enabled access to comprehensive data about how water is distributed throughout the city, and what condition the distribution system is in.

Through analysing water use data, we saw that 39% of water use is by ICI customers, and were able to discern that industry's water consumption was being heavily subsidized by that of residents, especially those living in multi-family units. The main challenge was therefore how to address this imbalance, considering factors such as the additional benefits residents receive from a water distribution system, which may be above the needs and desires of industry (low density distribution system, maintained fire protection, irrigation of public areas). Another challenge was to ensure the future funding requirements of the utility were accurate and robust, such that adequate funding for future renewal of the distribution network was considered, and the phasing of new rates would be appropriate.

Such factors were considered via internal and public consultation sessions before final recommendations were made. The end result providing both equity and a clear and defensible rate structure, with the ability to address funding gaps through equitable rate increase. equitable

PROJECT DETAILS

Client: City of North Vancouver
LOCATION: Lower Mainland, BC

REFERENCE INFORMATION

NAME: Tony Barber, P. Eng. -
Assistant City Engineer -
Engineering, Parks &
Environment
TEL: 604-983-7338

PROBLEM

The City was concerned that its utility water rates were inequitable towards some of its customers, and may not be fully aligned with its environmental stewardship objectives.

CHALLENGES

To determine the current extent of equitability, and ensure adequate future funding for capital renewal projects and O&M costs were available. Stakeholder awareness of environmental objectives.

SOLUTION

Provide a rate structure that has the ability to provide full cost recovery for the City, with public and private consultation to ensure buy in and education of all key stakeholders.

BENEFITS

Increased equality in a predominantly flat rate billing structure. Provided clear and defensible rates, with education of stakeholders as to how the water utility is funded, and the future financial challenges it faces. An immediate opportunity to address funding gaps for future capital renewal and O&M activities. An opportunity to raise the awareness of environmental objectives with stakeholders.