



AGENDA ITEM

Mirror, Lakeview Estates, Aspelund Industrial Park and Sylvan Lake Utility Rates

December 12, 2019

BACKGROUND

Lacombe County provides municipal utilities to a growing number of areas throughout the County. Currently services are provided to the following:

1. Lakeview Estates (West Side of Gull Lake); Water
2. Aspelund Industrial Park (West of Blackfalds on Highway 2) – Water and Wastewater;
3. Hamlet of Mirror – Water, Wastewater and Solid Waste
4. Four Lakeshore residential subdivisions around Sylvan Lake (Blissful Beach, Kuusamo Krest, Palm Cove and Yuill) – Wastewater

The 2020 Interim Operating Budget outlines the expected operating costs for each of the above utilities. Each utility operates as a separate utility with its own budget and monthly utility rate charges.

Administration is presenting for Council's consideration and approval the following utility bylaws:

1. Bylaw 1312/19, a bylaw to establish 2020 water rates for Lakeview Estates;
2. Bylaw 1313/19, a bylaw to establish 2020 water and wastewater rates for Aspelund Industrial Park;
3. Bylaw 1314/19, a bylaw to establish 2020 water, wastewater and solid waste rates for the Hamlet of Mirror; and
4. Bylaw 1315/19, a bylaw to establish 2020 wastewater rates for the Sylvan Lake Subdivisions that are part of the Sylvan Lake Communal Sewer System

Pending approval by Council, rates are proposed to take effect on January 1, 2020.

No major changes have been made to the regulation sections of the bylaws themselves

Copies of all of the bylaw are attached.



ANALYSIS

As part of the 2020 budgeting process, Staff developed rates based on the proposed operating costs for the year as well as reserve requirements for future capital requirements.

Lakeview Estates– Bylaw 1312/19

- Water

Based on costs provided for in the 2020 interim operating budget, a 2.00% increase to the monthly flat rate is proposed for customers connected to the Lakeview Estate water utility. A larger increase to the consumption rate is also proposed at 2.21%. The dollar value increases and the impact on a typical residential household using 15 cubic metres is provided below.

| Lakeview Estates Water Rates - 2019/2020 Comparison | | | | |
|---|----------|----------|-----------|----------|
| Monthly Rates | 2019 | 2020 | \$ Change | % Change |
| Flat Fee | \$125.65 | \$128.16 | \$2.51 | 2.00% |
| Consumption Charge (m ³) | \$1.81 | \$1.85 | \$0.04 | 2.21% |
| Monthly utility cost based on 15 cubic meters consumption | \$152.80 | \$155.91 | \$3.11 | 2.04% |

Aspelund Industrial Park – Bylaw 1313/19

1. Water

Based on costs provided by the Town of Blackfalds and costs of operating the distribution system in Aspelund Industrial Park, customers will see an increase of 2.51% in the monthly flat fee from \$43.08 to \$44.16 per month. The consumption rate will see a similar increase of 2.19% as it increases from \$2.74 to \$2.80 per cubic meter of water used. The capital infrastructure fee which is paid to the Town of Blackfalds will increase by 1.92% from \$10.40 to \$10.60 per month.

2. Wastewater

Wastewater rates will continue to see increases as the Park is now serviced by the North Red Deer Regional Wastewater Commission (via the Town of Blackfalds). With the Commission now operational, the per cubic meter treatment rate will increase from \$2.237 to \$2.297 per cubic meter of wastewater received, a 2.68% increase. The monthly fee will increase by 5% from \$25.04 per month to \$26.29 per month. Even with these increases, this utility will continue to operate in a deficit position.



A typical customer in the industrial park will see an increase of \$11.17 per month or 2.56% increase from 2019 as illustrated below.

| Aspelund Industrial Park Water & Wastewater Rates - 2019/2020 Comparison | | | | |
|--|---|----------|------------|----------|
| | | Water | Wastewater | Total |
| 2020 PROPOSED RATES | Monthly Rates | | | |
| | Flat Fee | \$44.16 | \$26.29 | - |
| | Capital Infrastructure Fund | \$10.60 | | |
| | Consumption Charge (m ³) | \$2.80 | \$2.297 | - |
| | Monthly utility cost based on 72 cubic meters consumption | \$256.36 | \$191.67 | \$448.03 |
| 2019 RATES | Flat Fee | \$43.08 | \$25.04 | |
| | Capital Infrastructure Fund | \$10.40 | | |
| | Consumption Charge (m ³) | \$2.74 | \$2.237 | - |
| | Monthly utility cost based on 72 cubic meters consumption | \$250.76 | \$186.10 | \$436.86 |
| | Monthly Increase (\$) | \$5.60 | \$5.57 | \$11.17 |
| | Monthly Increase (%) | 2.23% | 2.99% | 2.56% |

Hamlet of Mirror – Bylaw 1314/19

1. Water

Water rates are proposed to increase from \$65.54 to \$66.85 for the monthly flat fee. This increase of 2% is necessary due to rising operating costs of the water utility. The consumption rate will also change as the rate charged by the regional water commission has increased. The consumption rate changes from \$3.38 to \$3.48 per cubic metre, a 2.96% increase. This is the first time this rate has change since 2017.

2. Wastewater

Both the per month flat fee and the volumetric rate are proposed to increase by 5% and 4.55% respectively. This results in the flat rate increasing from \$20.74 per month to \$21.78 per month and the volumetric rate increasing from \$0.63 per cubic metre to \$0.66 per cubic metre. The volumetric rate is charged against the water consumption billed to the particular property.

3. Solid Waste

Rate increases for solid waste reflect the cost of contracted garbage pick up. Based on the contract with Phantom Garbage Services Ltd., the per month flat rate for solid waste collection will increase from \$19.16 to 19.60 per month or \$0.44 (2.30%).

The combined utility monthly increase for a typical residential property in Mirror using 12 cubic metres of water per month is expected to be \$4.35 per month or 2.83%. A summary of the changes is provided below.

| Mirror Water, Wastewater & Waste Pick-up Rates - 2019/2020 Comparison | | | | | |
|---|---|----------|------------|---------|----------|
| | | Water | Wastewater | Garbage | Total |
| 2020 PROPOSED RATES | Monthly Rates | | | | |
| | Flat Fee | \$66.85 | \$21.78 | \$19.60 | - |
| | Consumption Charge (m ³) | \$3.48 | \$0.69 | | - |
| | Monthly utility cost based on 12 cubic meters consumption | \$108.61 | \$30.06 | \$19.60 | \$158.27 |
| 2019 RATES | Flat Fee | \$65.54 | \$20.74 | \$19.16 | - |
| | Consumption Charge (m ³) | \$3.38 | \$0.66 | | - |
| | Monthly utility cost based on 12 cubic meters consumption | \$106.10 | \$28.66 | \$19.16 | \$153.92 |
| | Monthly Increase (\$) | \$2.51 | \$1.40 | \$0.44 | \$4.35 |
| | Monthly Increase (%) | 2.37% | 4.88% | 2.30% | 2.83% |

Sylvan Lake Communal Sewage System – Bylaw 1315/19

- Wastewater

The proposed monthly flat rate for customers of the Sylvan Lake Communal Sewage system will see an increase of 2%. This equates to an increase of \$0.62 per month from \$30.94 to \$31.56 on the flat monthly fee. Volumetric fees will continue to be based on actual monthly costs based on hauling volumes and billed according to water consumption by each household. The estimate per unit charge for 2020 is \$19.56 per cubic metre

The connection fee for new customers will increase in accordance with Bylaw 1315/19 from the 2019 rate of \$6,402 to \$6,815. The increase is based on an annual charge rate of prime plus 2.5%

The low number of customers currently connected to the system means that the County's wastewater reserve will continue to fund the operating shortfall in the amount of \$9,190 in 2020.

| Sylvan Lake Communal Sewage Rates - 2019/2020 Comparison | | | | |
|---|----------|----------|-----------|----------|
| | 2019 | 2020 | \$ Change | % Change |
| Monthly Rates | | | | |
| Flat Fee | \$30.94 | \$31.56 | \$0.62 | 2.00% |
| Consumption Charge (m ³) | \$18.81 | \$19.56 | \$0.75 | 3.99% |
| Monthly utility cost based on 15 cubic meters consumption | \$313.09 | \$324.96 | \$11.87 | 3.79% |



ALTERNATIVES

1. Council can approve the bylaws as presented.
2. Council can decide not to approve the bylaws. In this case the rates established in 2019 would remain in place.
3. Council can provide further direction to Administration.

BUDGET IMPLICATIONS

The proposed utility rates have been incorporated into the County's 2020 interim operating budget.

LEGISLATIVE RESPONSIBILITIES

- Section 3 of the Municipal Government Act (MGA) states the purpose of a municipality are:
 - a) To provide good government,
 - b) To provide services, facilities or other things that, in the opinion of Council, are necessary or desirable for all or part of the municipality, and
 - c) To develop and maintain safe and viable communities.
- Section 7 of the MGA provides Council with the authority to pass bylaws for municipal purposes with respect to:
 - (f) services provided by or on behalf of the municipality; and
 - (g) public utilities.
- Section 180(1) of the MGA states that Council may act only by resolution or bylaw.

PUBLIC PARTICIPATION

The County's public engagement will be limited to informing the public of Council's decision on this matter. This communication will be carried out through the County's Insider newsletter as well as information in the monthly utility for the affected utility customers.

STRATEGIC PLAN

The following elements of the County’s Strategic Plan are relevant to this issue:

Our Vision: “An attractive, balanced and progressive community”.

Our Mission: “Building a safe and vibrant community through leadership, innovation and the development of healthy relationships”.

Key Principles: 1) “Fair and Objective in our decisions and in how we treat individuals”, and 2) “Accountability for our decisions and for our actions”.

Service Delivery Strategy: “Provide appropriate service levels to our citizens”

Key Success Measures – Sustainability: “Current services are maintainable and provide benefits for the future, while minimizing negative impacts on the community”.

RECOMMENDATION

1. Approve all three readings of Bylaw No. 1312/19 - Lakeview Estates Water.
2. Approve all three readings of Bylaw No. 1313/19 – Aspelund Industrial Park Water and Wastewater.
3. Approve all three readings of Bylaw No. 1314/19 - Mirror Water, Wastewater and Garbage Collection.
4. Approve all three readings of Bylaw No. 1315/19 – Sylvan Lake Communal Sewage Services.

PREPARED BY: Michael Minchin, Director of Corporate Services



REVIEWED BY: Tim Timmons, County Manager

