



City of Richmond

Report to Committee

To: Finance Committee **Date:** October 2, 2024
From: Roeland Zwaag, P.Eng. **File:** 10-6060-01/2024-Vol
 General Manager, Engineering and Public Works 01
 Jerry Chong, CPA, CA
 General Manager, Finance and Corporate Services

Re: **2025 Utility Budgets and Rates**

Staff Recommendation

That the 2025 utility budgets presented in Option 2 for Water (page 7), Option 2 for Sewer (page 14), Option 2 for Flood Protection (page 22), and Option 2 for Solid Waste and Recycling (page 29), as detailed in the staff report titled, "2025 Utility Budgets and Rates", dated October 2, 2024, from the General Manager of Engineering and Public Works and the General Manager of Finance and Corporate Services be approved as the foundation for establishing the 2025 utility rates and be included in the Consolidated 5 Year Financial Plan (2025-2029).

Roeland Zwaag, P.Eng.
 General Manager,
 Engineering and Public Works

Jerry Chong, CPA, CA
 General Manager,
 Finance and Corporate Services

Att. 1

REPORT CONCURRENCE	
REVIEWED BY SMT	INITIALS: <i>FJ4</i>
APPROVED BY CAO <i>Sen</i>	

Staff Report

Executive Summary

Utility fees provide dedicated funding for the delivery of Water, Sewer, Flood Protection and Solid Waste and Recycling services within Richmond. This includes Council-endorsed programs and initiatives, and funding for the operation, maintenance and upgrade of the associated infrastructure and assets. Richmond's utilities include:

- **Water:** The Water Utility provides distribution of water to Richmond's residents and businesses. Bulk drinking water supply is purchased from Metro Vancouver and distributed through the City's pressure reducing valve stations and watermain network. This utility also supports programs to encourage water conservation within the City.
- **Sewer:** The Sewer Utility provides sewer service for properties within the regional sewerage boundaries. Sewage is collected through the City's sanitary infrastructure and conveyed to Metro Vancouver's trunk sewer system and wastewater treatment plants for treatment and discharge. Richmond pays Metro Vancouver for treatment and conveyance services each year.
- **Flood Protection:** The Flood Protection Utility provides flood protection services for Richmond, which includes a diking network to protect the City from coastal flooding, and drainage infrastructure to convey and discharge rainwater out of the City. This utility supports infrastructure upgrades to protect the City against climate change induced sea level rise and atmospheric events.
- **Solid Waste and Recycling:** The Solid Waste and Recycling Utility includes garbage and recycling collection services and programs designed to advance broader waste reduction and recycling objectives. The City's programs and initiatives have allowed the City to remain a leader in providing robust recycling programs, currently diverting 79% of single-family residential waste.

The Water, Sewer, Flood Protection and Solid Waste and Recycling utilities have dedicated reserve bylaws to secure funding for infrastructure upgrades and any related items that support the respective utilities.

Key Cost Drivers for the 2025 Utility Budgets and Rates

Metro Vancouver Cost Increases

Metro Vancouver's 2025 cost increases, as presented in their proposed 2025-2029 Financial Plan, are the primary drivers for the City's 2025 utility rates for the majority of these services. Metro Vancouver's proposed rate increases for 2025 are as follows:

- **Water:** Metro Vancouver's proposed 2025 water rate increase is 7.2%. Metro Vancouver water purchase cost represents 58% of the City's Water Utility user fee budget (Figure 1 on the following page).

- **Sewer:** Metro Vancouver’s proposed 2025 sewer levy increase is 43.2%. This increase includes an average annual levy of \$11.9M over a 15 year period, totalling \$179M for Richmond’s allocated debt servicing for the North Shore Wastewater Treatment Plant project. Metro Vancouver’s sewer levy cost represents 76% of the City’s Sewer Utility user fee budget (Figure 2).
- **Solid Waste:** The Metro Vancouver solid waste tipping fees are increasing by \$7, equating to a 5.2% increase, from \$134 to \$141 per tonne, plus an unchanged transaction fee of \$5 per load. A tiered structure based on load size/weight will continue to be used for small vehicles and commercial customers.

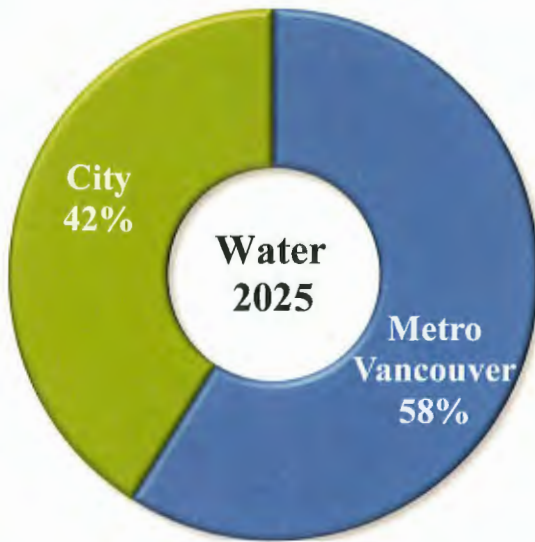


Figure 1: Proposed 2025 Water Utility Cost Breakdown

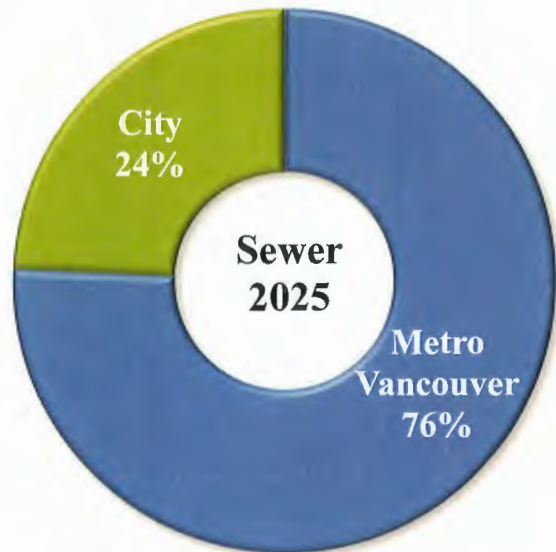


Figure 2: Proposed 2025 Sewer Utility Cost Breakdown

Accelerated Flood Protection Program (Flood Protection Utility)

Climate change scientists predict up to 1 metre of sea level rise and 0.2 metres of ground settlement by 2100. At the April 12, 2021 Regular Council Meeting, Council adopted a 50-year implementation period for an accelerated flood protection program with the objective of upgrading the City’s dikes within 50 years. As outlined in the staff report titled “Accelerated Flood Protection Program Concept and Flood Protection Rate Structure Review”, dated February 26, 2021, the program was estimated to require \$30M in annual capital funding within the Flood Protection Utility by 2032, which will allow the City to upgrade flood protection infrastructure well in advance of current anticipated climate change impacts. Implementation of the new rates began in 2023. The Flood Protection Utility presented in this report reflects the continuation of the program acceleration.

Ageing Infrastructure Replacement

Another component of the City's utility budget relates to the replacement of ageing municipal infrastructure. Annual funding levels required to maintain and replace the City's utility infrastructure are assessed in the report titled "Ageing Utility and Road Infrastructure Planning – 2022 Update", dated June 8, 2022 and was received for information at the July 25, 2022 Regular Council Meeting. This report identifies additional annual funding requirements that are currently at \$2.4M for water and \$5.4M for sanitary infrastructure. While this funding gap does not impact short term service levels, bridging the funding gap will be required to replace infrastructure that is nearing the end of its service life.

The 2025 utility budget includes recommendations to reduce the funding gap for water and sewer utilities.

Solid Waste and Recycling Service Agreements and Market Conditions

Key cost drivers for the Solid Waste and Recycling Utility include additional costs and resources that are required to meet the City's contractual obligations, including processing facility changes. This includes inflationary contract costs stipulated in existing contracts, disposal cost increases, cross-docking and hauling increases, and overall growth in the number of units to be serviced.

Utility Budgets and Rates Options

Recognizing the challenges of cost increases outside of the City's control and those associated with maintaining City infrastructure, staff have presented various budget and rate options for 2025. This includes three different options for each of the City's utilities.

In accordance with Council's Budget & 5-Year Financial Plan Preparation Policy (Policy 3016), Option 1 presents a same level of service budget with non-discretionary increases specified in contractual agreements and rate regulated increases (e.g. regional or other government agency increases). Option 1 for Flood Protection also includes the continuation of the Council-approved Accelerated Flood Protection Program and the inclusion of having Flood Protection programs, such as the Dike Brushing and Repair program, paid for by the utility, and not from property taxes. Option 2 and Option 3 present actions the City can take to increase the rates and improve levels of service depending on the varying circumstances and needs within each budget area. The three options for each of the City utilities are presented in this report.

Staff recommend Option 2 for Water (page 7), Option 2 for Sewer (page 14), Option 2 for Flood Protection (page 22), and Option 2 for Solid Waste and Recycling (page 29). The proposed 2025 rates are summarized in Table 18 (page 36) and Table 19 (page 37).

Comparison of Utility Rates with Neighbouring Municipalities

The City's utility budgets are carefully managed to provide high levels of service to Richmond's residents, despite external increases that are outside of the City's control. Figure 3 on the next page compares Richmond's current utility rates with neighbouring municipalities. The 2024 rates are presented as 2025 rates have not been established yet for neighbouring municipalities.

2024 Rates for Richmond and Neighbouring Municipalities



Figure 3: Comparison of Average Single Family Dwelling Utility Rates for Richmond with Neighbouring Municipalities (2024 Rates)

Unlike neighbouring municipalities, Richmond’s flat topography, high water table and proximity to the water places unique challenges on the City’s utility infrastructure, resulting in larger and deeper pipes, the need for 193 drainage and sanitary pump stations and the need for an extensive flood protection system that includes 49 kilometres of perimeter dikes. In addition, the City has made substantial investments to upgrade flood protection infrastructure in advance of anticipated climate change impacts through the ongoing accelerated flood protection program. This significantly increases demand for capital and operating costs. Despite these challenges and the additional infrastructure needs, the City of Richmond continues to offer a high level of service and maintain competitive fees for utility services.

Detailed budget and rate information for each utility, with options for Council’s consideration, are presented in this report.

Origin

This report presents the recommended 2025 utility budgets and rates for Water, Sewer, Flood Protection, and Solid Waste and Recycling.

Should the utility budgets and rates presented in this report be endorsed by the Finance Committee, a subsequent report will be presented to Council to introduce amendment bylaws that reflect the approved utility rates. The report will be presented at subsequent Regular Council Meetings to give the amendment bylaws first, second, and third readings prior to adoption. The utility rates are required to be established by December 31, 2024 to take effect on January 1, 2025. Staff anticipate that the Metro Vancouver Board will review the Metro Vancouver rates in November, and staff will report back to Council for further consideration if the approved rates differ substantially from Metro Vancouver’s projected rates.

This report supports the following strategies within Council's Strategic Plan 2022-2026:

Strategy #3 A Safe and Prepared Community:

Community safety and preparedness through effective planning, strategic partnerships and proactive programs.

3.1 Advance proactive, sustainable, and accelerated flood protection in collaboration with other governments and agencies.

3.2 Leverage strategic partnerships and community-based approaches for comprehensive safety services.

3.3 Ensure the community is collectively prepared for emergencies and potential disasters.

3.4 Ensure civic infrastructure, assets and resources are effectively maintained and continue to meet the needs of the community as it grows.

Strategy #4 Responsible Financial Management and Governance:

Responsible financial management and efficient use of public resources to meet the needs of the community.

4.1 Ensure effective financial planning to support a sustainable future for the City.

4.2 Seek improvements and efficiencies in all aspects of City business.

4.3 Foster community trust through open, transparent and accountable budgeting practices and processes.

4.4 Work with all levels of governments for grant and funding opportunities.

Strategy #5 A Leader in Environmental Sustainability:

Leadership in environmental sustainability through innovative, sustainable and proactive solutions that mitigate climate change and other environmental impacts.

5.1 Continue to demonstrate leadership in proactive climate action and environmental sustainability.

5.2 Support the preservation and enhancement of Richmond's natural environment.

5.3 Encourage waste reduction and sustainable choices in the City and community.

Analysis

Water Utility

The three budget options for the Water Utility are shown in Table 1 below. Italicized values represent the difference between the 2024 rates and the 2025 rate options. The 2025 base budget for each option is equal to the sum of the 2024 base budget plus the changes in italics. Rows in green denote the key budget areas with options, which are further discussed in subsequent sub-sections of this report.

Table 1: 2025 Water Utility Budget

Key Budget Areas	2024 Base Level Budget (Restated for Comparison ¹)	Option 1 Non-discretionary increases	Option 2 (Recommended) Option 1 + \$0.5M increase to the capital infrastructure program	Option 3 Option 1 + \$1M increase to the capital infrastructure program
Expenditures				
Salary	\$7,344,900	\$474,800	\$474,800	\$474,800
Operating Expenditures	\$3,889,700	\$55,800	\$55,800	\$55,800
Water Meter Reading and Maintenance	\$182,400	\$0	\$0	\$0
Toilet Rebate Program	\$100,000	\$0	\$0	\$0
GVWD Water Purchases (Metro Vancouver) ²	\$31,881,100	\$2,007,600	\$2,007,600	\$2,007,600
Capital Infrastructure Replacement Program	\$8,000,000	\$0	\$500,000	\$1,000,000
Residential Water Metering Program	\$3,085,900	\$0	\$0	\$0
Construction Period Allocation	\$0	\$500,000	\$500,000	\$500,000
Firm Price/Receivable	\$2,971,100	\$218,400	\$218,400	\$218,400
Overhead Allocation	\$1,167,700	\$23,600	\$23,600	\$23,600
Total Base Level Expenditure Budget	\$58,622,800	\$61,903,000	\$62,403,000	\$62,903,000
Revenues				
Provision (Rate Stabilization)	\$0	\$0	\$0	\$0
Investment Income	-\$264,000	\$0	\$0	\$0
Firm Price/Receivable	-\$2,971,100	-\$218,400	-\$218,400	-\$218,400
Meter Rental	-\$2,047,700	\$0	\$0	\$0
YVR Maintenance	-\$30,000	\$0	\$0	\$0
Provision (Toilet Rebate/Flushing)	-\$308,000	\$9,400	\$9,400	\$9,400
Meter Re-Reads and Other Services	-\$233,300	\$0	\$0	\$0
Reserve (Residential Water Metering Program)	-\$450,000	\$0	\$0	\$0
Construction Period Revenues	\$0	-\$500,000	-\$500,000	-\$500,000
Total Base Level Revenue Budget	-\$6,304,100	-\$7,013,100	-\$7,013,100	-\$7,013,100
Net Budget	\$52,318,700	\$54,889,900	\$55,389,900	\$55,889,900
Net Difference Over 2024 Base Level Budget		\$2,571,200	\$3,071,200	\$3,571,200

¹ The 2024 Base Level budget has been restated to include approved operating budget impacts.

² Richmond's Water Purchases budget is based on a 3 year average of City-wide water consumption and differs from values found within Metro Vancouver's 2025 Summary of Annual Municipal Levies, Water Sales and Other Charges.

The expenditures and revenues for the Water Utility budget reductions and increases given in Table 1 are outlined below.

Expenditures

The key driver for the Water Utility is Metro Vancouver Water Purchases. Secondary drivers include Capital Infrastructure Replacement, Salary and Operating expenditures.

Metro Vancouver Water Purchases

Bulk water is purchased from Metro Vancouver on a volumetric basis. Metro Vancouver’s water rate will increase by 7.2%. The City’s 2025 Water Purchase budget is increasing by \$2.0M to \$33.9M based on Metro Vancouver’s rate increase and adjusted for average usage in peak and off-peak months, which forms the basis of water purchase projections based on a 3 year average of City-wide water consumption. This is an overall increase of 6.3% from the City’s 2024 Water Purchase budget and differs from Metro Vancouver’s projected increase of 6.6% in total water sales for Richmond. Staff have reached out to Metro Vancouver to reconcile the differences between water purchase projections. Based on the City’s detailed forecast and Council endorsed ongoing water conservation program, staff anticipate that the budgeted water purchases will be lower than Metro Vancouver calculations.

Metro Vancouver Water Purchases accounts for the majority of the 2025 non-discretionary expenditure increase. The City’s 2025 water rates are based on Metro Vancouver’s proposed 2025-2029 Financial Plan (Table 2).

Table 2: Metro Vancouver Water Rate Projection - Proposed 2025-2029 Financial Plan

	2025	2026	2027	2028	2029
Blended Rate (\$/m ³)	\$1.0002	\$1.0655	\$1.0975	\$1.1233	\$1.1380
% Change	7.2%	6.5%	3.0%	2.4%	1.3%

Since 2006, the Metro Vancouver water rate has increased by 244%, or an average annual increase of 6.7%. These increases are notably higher than the City’s water utility rates, which increased by 62%, or an average annual increase of 2.6%, over the same period.

Due to these increases, Metro Vancouver costs have increased from accounting for 44% of Richmond’s water utility rate in 2006 to 58% in 2025 (Figure 4). The increases in Metro Vancouver costs are a primary budget driver for the Water Utility.

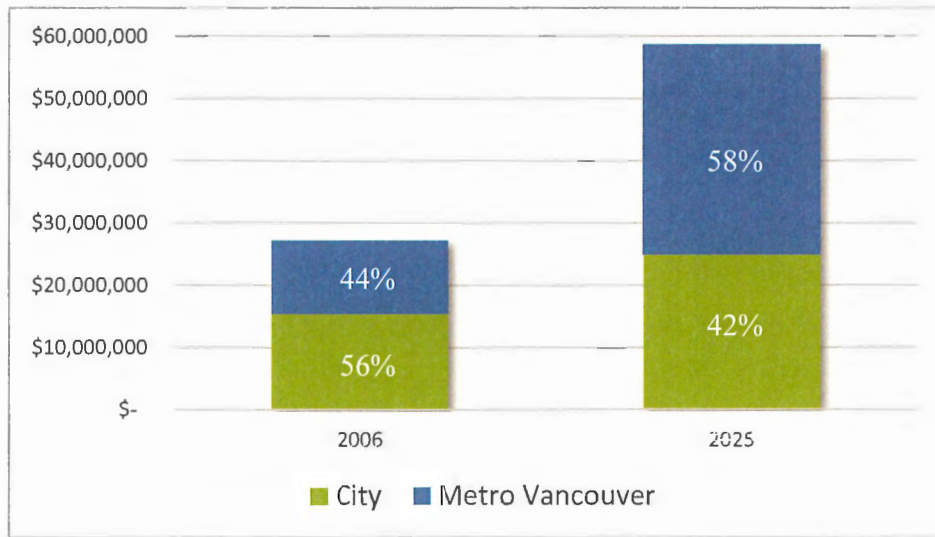


Figure 4: 2006 vs 2025 Water Utility User Fee Breakdown

Water Capital Infrastructure Replacement Program Contribution

The Water Capital Infrastructure Replacement Program facilitates proactive management of the City’s water assets, which allows the City to maintain a high level of service by minimizing watermain breaks and service disruptions. Through proactive management of ageing infrastructure and implementation of the City’s water pressure management program, the City has successfully reduced water losses due to pipe leakage in the water distribution system. This has resulted in additional cost savings from avoided Metro Vancouver water purchase costs as well as associated emergency response expenditures. Council’s proactive approach to infrastructure replacement is also a sound preventative maintenance strategy.

The annual capital contribution for water infrastructure replacement is currently \$8.0M, excluding the amount currently dedicated to the water metering program. The “Ageing Utility and Road Infrastructure Planning – 2022 Update” report identified a long-term annual funding requirement of \$10.4M. Option 2 and Option 3 include increases to the Water Capital Infrastructure Replacement Program in the amount of \$500,000 and \$1,000,000, respectively, at Council’s discretion to bridge the gap between current and targeted funding levels. Bridging the funding gap between current and targeted funding levels supports proactive infrastructure replacement, thereby offsetting financial obligations for future years. This will continue to be an important consideration in future utility budgets.

Water Metering (Avoided Water Purchase Costs)

Water metering plays an essential role in the City’s water demand management program, which improves equity to ratepayers by providing volume-based user fees and reduces bulk water purchase costs by promoting water conservation and reducing private-side leakage.

Since the inception of the program in 2003, the City's total water use has decreased by 15% despite an increase in population of 32%. The reduction in per capita water usage is estimated to result in annual savings of \$15M in avoided water purchase cost.

The City has made significant advances in water metering since the program was first introduced. Approximately 83% of the City's water use is currently metered. All single-family and Industrial, Commercial and Institutional (ICI) properties are metered and 60% of multi-family units are metered.

Water Salary and Operating Expenditures

The main cost drivers for the operating expenditure increase include the following:

- Salary and fringe benefit impacts per union agreements;
- Senior government increases such as changes to WorkSafeBC rates; and
- Material, vehicle replacements, contracts, and postage cost increases.

The City's operating expenditures are carefully managed and considerable measures have been taken to minimize cost increases where possible. The average annual increase to the City's non-discretionary operating expenditures since 2021 has been 2.7%.

Included in the 2024 budget was an estimate for salary and benefits which were under negotiation. The collective bargaining process for CUPE 394 and 718 concluded in May 2024. The 2025 budget includes a 4.0% rate increase for 2025, increased fringe benefits rates, and a 1.0% rate differential for 2024 relative to what was estimated in the 2024 budget.

Revenues

Water Levy Provision for Rate Stabilization

The Water Levy Provision was established by Council as a funding source for water rate stabilization. The Provision has a balance of \$14.2M as of September 30, 2024, and is intended to offset significant future increases in regional water purchase costs.

The annual funding from the Water Levy Provision was eliminated in the 2023 utility budget to preserve the Provision for the future, when larger Metro Vancouver water purchase rate increases are anticipated. None of the options for 2025 include a planned drawdown from the Water Levy Provision, and staff recommend that the Provision continue to be preserved in anticipation of future large Metro Vancouver rate increases.

Reserve (Residential Water Metering Program)

At the November 8, 2021 Regular Council Meeting, through the 2022 Utility Budgets and Rates report, Council endorsed increasing the annual funding level for the water metering program to \$3M to implement a Universal Multi-Family Water Metering Program. The increased funding was to be achieved through a phased annual 1% increase to the water rate over four years, along with utilization of the Watermain Replacement Reserve to make up the difference over that period.

Through the first few years of program implementation, staff and in-house construction crews have identified and realized significant efficiencies and cost savings. This has resulted in program costs to date being lower than previous estimations, which were based on historical external contractor pricing. As a result, the additional 1% annual rate increase (\$450,000) has been excluded in 2025, and staff will continue to monitor and review costs and update Council if any changes are required in future years.

Construction Period Revenues

The City receives construction period revenues from development for water use during construction. The revenue can vary significantly from year to year depending on construction activity. Due to the instability of this revenue source, it is not utilized as a funding source for operational activity. Any actual revenue received is transferred to the Water Levy Stabilization provision for future rate stabilization funding. An estimate is included in the budget based on the last three full years of activity with an offsetting transfer to provision for reference.

Impact on 2025 Water Rates

The impact of the three budget options on water rates is shown in Table 3 below and Table 5 on the next page. Table 3 shows the options for metered customers and Table 5 shows the options for flat rate customers. The rates presented include fixed costs for metering, such as meter reading, billing and maintenance. The italicized numbers represent the difference between 2024 rates and the rate options for 2025.

Option 1 represents non-discretionary increases that are required to maintain existing levels of services. Option 2 is the recommended option and includes everything in Option 1 and a \$500,000 increase to the Water Capital Infrastructure Replacement Program. Option 3 includes everything in Option 1 and a \$1,000,000 increase to the Water Capital Infrastructure Replacement Program.

Table 3: 2025 Metered Rate Water Options (Net of Discount)

Customer Class	2024 Rates	Option 1	Option 2 (Recommended)	Option 3
Single-Family Dwelling (based on 325 m ³ average consumption)	\$550.85	\$578.02 <i>\$27.17</i>	\$583.12 <i>\$32.27</i>	\$588.23 <i>\$37.38</i>
Townhouse (based on 218 m ³ average consumption)	\$376.52	\$394.74 <i>\$18.22</i>	\$398.16 <i>\$21.64</i>	\$401.59 <i>\$25.07</i>
Apartment (based on 157 m ³ average consumption)	\$254.23	\$267.36 <i>\$13.13</i>	\$269.82 <i>\$15.59</i>	\$272.29 <i>\$18.06</i>
Metered Rate (\$/m ³)	\$1.5620	\$1.6456 <i>\$0.0836</i>	\$1.6613 <i>\$0.0993</i>	\$1.6770 <i>\$0.1150</i>
<i>Metro Vancouver % Change</i>		<i>4.2%</i>	<i>4.2%</i>	<i>4.2%</i>
<i>City % Change</i>		<i>1.2%</i>	<i>2.2%</i>	<i>3.2%</i>
<i>Total % Change</i>		<i>5.4%</i>	<i>6.4%</i>	<i>7.4%</i>

Note: The italicized numbers represent the difference between 2024 rates and the rate options for 2025.

Table 4 below shows the Metro Vancouver and City portion of the rate impacts for each of the metered rate options. The Metro Vancouver rate impacts are italicized on the left and the City rate impacts are italicized on the right.

Table 4: Cost Increase Broken Down by Metro Vancouver vs City Rate Impacts for 2025 Metered Rate Water Options (Net of Discount)

Customer Class	Option 1		Option 2 (Recommended)		Option 3	
	Total		Total		Total	
	<i>MV</i>	<i>City</i>	<i>MV</i>	<i>City</i>	<i>MV</i>	<i>City</i>
Single-Family Dwelling (based on 325 m ³ average consumption)	\$27.17 <i>\$21.21</i>	<i>\$5.96</i>	\$32.27 <i>\$21.21</i>	<i>\$11.06</i>	\$37.38 <i>\$21.21</i>	<i>\$16.17</i>
Townhouse (based on 218 m ³ average consumption)	\$18.22 <i>\$14.23</i>	<i>\$3.99</i>	\$21.64 <i>\$14.23</i>	<i>\$7.41</i>	\$25.07 <i>\$14.23</i>	<i>\$10.84</i>
Apartment (based on 157 m ³ average consumption)	\$13.13 <i>\$10.25</i>	<i>\$2.88</i>	\$15.59 <i>\$10.25</i>	<i>\$5.34</i>	\$18.06 <i>\$10.25</i>	<i>\$7.81</i>
Metered Rate (\$/m ³)	\$0.0836 <i>\$0.0653</i>	<i>\$0.0183</i>	\$0.0993 <i>\$0.0653</i>	<i>\$0.0340</i>	\$0.1150 <i>\$0.0653</i>	<i>\$0.0497</i>

Table 5: 2025 Flat Rate Water Options (Net of Discount)

Customer Class	2024 Rates	Option 1	Option 2 (Recommended)	Option 3
Single-Family Dwelling	\$829.47	\$873.86 <i>\$44.39</i>	\$882.20 <i>\$52.73</i>	\$890.54 <i>\$61.07</i>
Townhouse	\$678.98	\$715.32 <i>\$36.34</i>	\$722.14 <i>\$43.16</i>	\$728.97 <i>\$49.99</i>
Apartment	\$437.54	\$460.96 <i>\$23.42</i>	\$465.35 <i>\$27.81</i>	\$469.75 <i>\$32.21</i>
<i>Metro Vancouver % Change</i>		4.2%	4.2%	4.2%
<i>City % Change</i>		1.2%	2.2%	3.2%
<i>Total % Change</i>		5.4%	6.4%	7.4%

Note: The italicized numbers represent the difference between 2024 rates and the rate options for 2025.

Table 6 on the following page shows the Metro Vancouver and City portion of the rate impacts for each of the flat rate options. The Metro Vancouver rate impacts are italicized on the left and the City rate impacts are italicized on the right.

Table 6: Cost Increase Broken Down by Metro Vancouver vs. City Rate Impacts for 2025 Flat Rate Water Options (Net of Discount)

Customer Class	Option 1		Option 2 (Recommended)		Option 3	
	Total		Total		Total	
	<i>MV</i>	<i>City</i>	<i>MV</i>	<i>City</i>	<i>MV</i>	<i>City</i>
Single-Family Dwelling	\$44.39		\$52.73		\$61.07	
	\$34.32	\$10.07	\$34.32	\$18.41	\$34.32	\$26.75
Townhouse	\$36.34		\$43.16		\$49.99	
	\$28.10	\$8.24	\$28.10	\$15.06	\$28.10	\$21.89
Apartment	\$23.42		\$27.81		\$32.21	
	\$18.10	\$5.32	\$18.10	\$9.71	\$18.10	\$14.11

The City’s Waterworks and Water Rates Bylaw No. 5637 provides a 10% discount for utility bills paid prior to the due date. To achieve full cost recovery, the rates shown in the bylaw will be before the 10% discount is applied. The rates outlined in Table 3 and Table 5 are net discounted rates.

Water Utility Options Summary

The following is a summary of the Water Utility budgets and rates for Option 1:

Option 1

- Represents the minimum increase necessary to maintain the current level of service.

The following is a summary of the Water Utility budgets and rates for Option 2:

Option 2 (Recommended)

- Includes everything in Option 1; and
- Increases the Water Capital Infrastructure Replacement Program by \$500,000.

The following is a summary of the Water Utility budgets and rates for Option 3:

Option 3

- Includes everything in Option 1; and
- Increases the Water Capital Infrastructure Replacement Program by \$1,000,000.

Water Utility Recommended Option

Staff recommend the budgets and rates identified in Option 2 for the Water Utility. This option includes an increase to the Water Capital Infrastructure Replacement Program to facilitate the proactive replacement of ageing infrastructure.

Sewer Utility

The three budget options for the Sewer Utility are shown in Table 7 below. Italicized values represent the difference between the 2024 rates and the 2025 rate options. The 2025 base budget for each option is equal to the sum of the 2024 base budget plus the changes in italics. Rows in green denote the key budget areas with options, which are further discussed in subsequent sub-sections of this report.

Table 7: 2025 Sewer Utility Budget

Key Budget Areas	2024 Base Level Budget (Restated for Comparison ¹)	Option 1 Non-Discretionary Increases	Option 2 (Recommended) Option 1 + \$0.5M increase to the capital infrastructure program + \$241,000 Increase for Pump Station Grease Management	Option 3 Option 1 + \$1M increase to the capital infrastructure program + \$241,000 Increase for Pump Station Grease Management
Expenditures				
Salary	\$4,130,400	\$264,900	\$292,400	\$292,400
Operating Expenditures	\$2,960,100	\$108,500	\$322,300	\$322,300
Metro Vancouver Sewer Levy (Debt Component)	\$5,602,900	\$1,842,500	\$1,842,500	\$1,842,500
Metro Vancouver Sewer Levy (O&M Component)	\$28,796,200	\$1,103,800	\$1,103,800	\$1,103,800
Metro Vancouver North Shore Wastewater Treatment Plant Levy	\$0	\$11,900,000	\$11,900,000	\$11,900,000
Capital Infrastructure Replacement Program	\$6,806,400	\$0	\$500,000	\$1,000,000
Construction Period Allocation	\$0	\$500,000	\$500,000	\$500,000
Firm Price/Receivable	\$708,600	\$76,900	\$76,900	\$76,900
Overhead Allocation	\$777,900	\$5,700	\$5,700	\$5,700
Total Base Level Expenditure Budget	\$49,782,500	\$65,584,800	\$66,326,100	\$66,826,100
Revenues				
Provision (Rate Stabilization)	\$0	\$0	\$0	\$0
Construction Period Revenue	\$0	-\$500,000	-\$500,000	-\$500,000
Investment Income	-\$102,000	\$0	\$0	\$0
Firm Price/Receivable	-\$708,600	-\$76,900	-\$76,900	-\$76,900
Total Base Level Revenue Budget	-\$810,600	-\$1,387,500	-\$1,387,500	-\$1,387,500
Net Budget	\$48,971,900	\$64,197,300	\$64,938,600	\$65,438,600
Net Difference Over 2023 Base Level Budget		\$15,225,400	\$15,966,700	\$16,466,700

¹ The 2024 Base Level budget has been restated to include approved budget reallocations.

The expenditures and revenues for the Sewer Utility budget reductions and increases given in Table 7 are outlined on the next page.

Expenditures

The key driver for the Sewer Utility is the Metro Vancouver Sewer Levy cost. Secondary drivers include Salary and Operating expenditures (including Pump Station Grease Management) and the Capital Infrastructure Replacement Program.

Metro Vancouver Sewer Levy

Richmond pays Metro Vancouver a Sewer Levy for bulk transmission and treatment of liquid waste on a flat rate basis. This levy is broken down into Operations & Maintenance and Debt components for the City's contribution of liquid waste to the following three Metro Vancouver sewerage areas:

- Lulu Island West Sewerage Area (LIWSA);
- Vancouver Sewerage Area (VSA) – for sewage from Mitchell Island; and
- Fraser Sewerage Area (FSA) – for sewage from Fraserwood Industrial and Hamilton.

In 2025, the Operations & Maintenance component is increasing by \$1.1M to \$29.9M and the Debt component is increasing by \$1.8M to \$7.4M.

North Shore Wastewater Treatment Plant (NSWWTP) Project

Metro Vancouver's NSWWTP Project is currently expected to be completed in 2030 at a total cost of \$3.9B. At the May 31, 2024 Metro Vancouver Board Budget Workshop, the Board provided direction for the funding model to cover the additional \$2.8B project cost.

Starting in 2025, as part of the Metro Vancouver Sewer Levy, an annual \$11.9M is now included as Richmond's allocated debt servicing for the NSWWTP upgrade. The annual \$11.9M debt servicing is Richmond's apportionment for a regional 15-year amortized payment plan to complete Metro Vancouver's NSWWTP project.

Total Metro Vancouver Sewer Costs

The overall levy is funded through utility rates and is increasing by \$15M (43.2%) to \$49.2M in 2025. In comparison, the 2024 Sewer Levy increased by \$3.2M (10.3%) to \$34.4M. Metro Vancouver's 2025 increase accounts for 98% of the non-discretionary expenditure increases proposed for the 2025 sewer rates. Richmond's 2025 sewer rates are based on Metro Vancouver's sewer levy from the proposed 2025-2029 Financial Plan (Table 8 on the next page).

Table 8: Metro Vancouver 5-Year Projected Total Sewer Levy Cost (from the Proposed 2025-2029 Financial Plan)

	2025	2026	2027	2028	2029
O&M and Debt	\$37.3M	\$43.5M	\$48.3M	\$50.6M	\$53.0M
Average Annual NSWWTP Debt Servicing	\$11.9M	\$11.9M	\$11.9M	\$11.9M	\$11.9M
Total Levy	\$49.2M	\$ 55.4M	\$60.2M	\$62.5M	\$64.9M
% Change	43.2%	12.6%	8.7%	3.8%	3.8%

Metro Vancouver rate increases for Richmond are significant, and are anticipated to continue rising in future years due to the Gilbert Trunk Sewer project and Iona Wastewater Treatment Plant Upgrade project for which some costs are shared by all sewerage areas. Since the projected costs for Metro Vancouver’s major infrastructure projects throughout the region have increased by billions of dollars in recent years, the impact to Richmond’s rates will be significant even with the majority of costs being allocated to other sewerage areas.

Metro Vancouver’s Sewer Levy has increased by 270% since 2006, which is an average annual increase of 7.1%. This is notably higher than the City’s sewer utility rate increases, which have increased by 105%, an average annual increase of 3.8%, over the same period.

Due to these increases, Metro Vancouver’s Sewer Levy costs have increased from accounting for 63% of Richmond’s sewer utility budget in 2006 to 76% in 2025 (Figure 5). The increases in Metro Vancouver costs are a primary budget driver for the Sewer Utility.

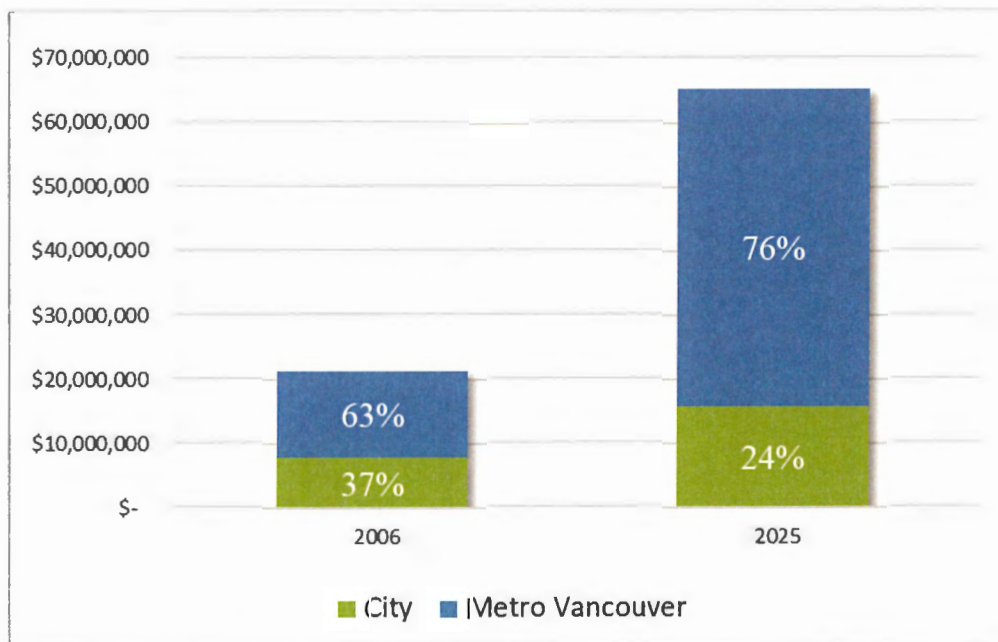


Figure 5: 2006 vs 2025 Sewer Utility User Fee Breakdown

Sewer Salary and Operating Expenditures

The main cost drivers for the operating expenditure increase include the following:

- Salary and fringe benefit impacts per union agreements;
- Senior government increases such as changes to WorkSafeBC rates;
- Electricity increases; and
- Equipment cost increases.

The City's operating expenditures are carefully managed and considerable measures have been taken to minimize cost increases where possible. The average increase to the City's operating expenditures (excluding Metro Vancouver costs and increases to the funding levels for the capital infrastructure program) since 2021 has been 5.4%.

Included in the 2024 budget was an estimate for salary and benefits which were under negotiation. The collective bargaining process for CUPE 394 and 718 concluded in May 2024. The 2025 budget includes a 4.0% rate increase for 2025, increased fringe benefits rates, and a 1.0% rate differential for 2024 relative to what was estimated in the 2024 budget.

Pump Station Grease Management

Option 2 and Option 3 include additional funding for pump station grease management resulting from growth in population and the commercial food industry. The objective of this program is to extend the service life of sewer infrastructure through preventative maintenance measures. As the City's growth rate increases, additional flushing is required to maintain service levels and avoid unplanned and costly repairs. In recent years, staff have identified sanitary pump stations within City Centre where regular flushing and cleaning is required to prevent blockages and grease buildup within the sewer system beyond the existing program budget. Without additional utility funding for pump station grease management, there is an increased risk of unplanned repair work and costly service disruptions.

Sewer Capital Infrastructure Replacement Program

The Sewer Capital Infrastructure Replacement Program facilitates proactive management of the City's sewer assets, which allows the City to maintain a high level of service by minimizing sewer breaks and service disruptions.

The annual capital contribution for sewer infrastructure replacement is currently \$6.8M. The "Ageing Utility and Road Infrastructure Planning – 2022 Update" report identified a long-term annual funding requirement of \$12.2M. Option 2 includes a \$500,000 increase to the Sewer Capital Infrastructure Replacement Program. Option 3 includes a \$1,000,000 increase to the Sewer Capital Infrastructure Replacement Program. These increases are for the replacement of ageing infrastructure to bridge the gap between current and targeted funding levels. Bridging the funding gap increases the level of proactive infrastructure replacement, thereby offsetting financial obligations for future years. This will continue to be an important consideration in future utility budgets.

Revenues

Sewer Levy Provision for Rate Stabilization

The Sewer Levy Provision was established by Council as a funding source for sewer rate stabilization. The Provision has a balance of \$9.0M as of September 30, 2024 and is intended to offset increases in regional sewer collection and treatment costs.

The drawdown from the Sewer Levy Provision is ideally suited to address short term rate fluctuations and was eliminated in the 2022 utility budget to preserve the Provision for the future. The current increases caused by Metro Vancouver's 15-year debt servicing plan for the NSWWTP are larger than the amount of funds available in the Provision. Utilizing rate stabilization this year would result in the majority of the Provision being spent this year and would restrict the ability to address short term rate fluctuations in the future. As such, staff do not recommend using rate stabilization options at this time. All options maintain a \$0 drawdown from the Sewer Levy Provision.

Construction Period Revenues

The City receives construction period revenues from development for sewer use during construction. The revenue can vary significantly from year to year depending on construction activity. Due to the instability of this revenue source, it is not utilized as a funding source for operational activity. Any actual revenue received is transferred to the Sewer Levy Stabilization provision for future rate stabilization funding. An estimate is included in the budget based on the last three full years of activity with an offsetting transfer to provision for reference.

Impact on 2025 Sewer Rates

The impact of the three budget options on sewer rates is shown in Table 9 on the next page and Table 11 on page 20. Table 9 shows the options for metered customers and Table 11 shows the options for flat rate customers. The italicized numbers represent the difference between 2024 and the rate options for 2025.

Option 1 represents non-discretionary increases that are required to meet demands placed on the City by factors outside of the City's direct control. Option 2 is the recommended option and includes everything in Option 1, a \$500,000 increase to the Sanitary Capital Infrastructure Replacement Program, and a \$241,000 increase for pump station grease management. Option 3 includes everything in Option 1, a \$1,000,000 increase to the Sanitary Capital Infrastructure Replacement Program, and a \$241,000 increase for pump station grease management.

Table 9: 2025 Metered Rate Sewer Options (Net of Discount)

Customer Class	2024 Rates	Option 1	Option 2 (Recommended)	Option 3
Single-Family Dwelling (based on 325 m ³ average consumption)	\$562.12	\$740.38 <i>\$178.26</i>	\$749.03 <i>\$186.91</i>	\$754.88 <i>\$192.76</i>
Townhouse (based on 218 m ³ average consumption)	\$377.05	\$496.63 <i>\$119.58</i>	\$502.42 <i>\$125.37</i>	\$506.35 <i>\$129.30</i>
Apartment (based on 157 m ³ average consumption)	\$271.55	\$357.66 <i>\$86.11</i>	\$361.84 <i>\$90.29</i>	\$364.66 <i>\$93.11</i>
Metered Rate (\$/m ³)	\$1.7296	\$2.2781 <i>\$0.5485</i>	\$2.3047 <i>\$0.5751</i>	\$2.3227 <i>\$0.5931</i>
<i>Metro Vancouver % Change</i>		<i>30.9%</i>	<i>30.9%</i>	<i>30.9%</i>
<i>City % Change</i>		<i>0.8%</i>	<i>2.3%</i>	<i>3.4%</i>
<i>Total % Change</i>		<i>31.7%</i>	<i>33.2%</i>	<i>34.3%</i>

Note: The italicized numbers represent the difference between 2024 rates and the rate options for 2025.

Table 10 below shows the Metro Vancouver and City portion of the rate impacts for each of the metered rate options. The Metro Vancouver rate impacts are italicized on the left and the City rate impacts are italicized on the right.

Table 10: Cost Increase Broken Down by Metro Vancouver vs City Rate Impacts for 2025 Metered Rate Sewer Options (Net of Discount)

Customer Class	Option 1		Option 2 (Recommended)		Option 3	
	Total		Total		Total	
	<i>MV</i>	<i>City</i>	<i>MV</i>	<i>City</i>	<i>MV</i>	<i>City</i>
Single-Family Dwelling (based on 325 m ³ average consumption)	\$178.26 <i>\$173.83</i> <i>\$4.43</i>		\$186.91 <i>\$173.83</i> <i>\$13.08</i>		\$192.76 <i>\$173.83</i> <i>\$18.93</i>	
Townhouse (based on 218 m ³ average consumption)	\$119.58 <i>\$116.60</i> <i>\$2.98</i>		\$125.37 <i>\$116.60</i> <i>\$8.77</i>		\$129.30 <i>\$116.60</i> <i>\$12.70</i>	
Apartment (based on 157 m ³ average consumption)	\$86.11 <i>\$83.97</i> <i>\$2.14</i>		\$90.29 <i>\$83.97</i> <i>\$6.32</i>		\$93.11 <i>\$83.97</i> <i>\$9.14</i>	
Metered Rate (\$/m ³)	\$0.5485 <i>\$0.5348</i> <i>\$0.0137</i>		\$0.5751 <i>\$0.5348</i> <i>\$0.0403</i>		\$0.5931 <i>\$0.5348</i> <i>\$0.0583</i>	

Table 11: 2025 Flat Rate Sewer Options (Net of Discount)

Customer Class	2024 Rates	Option 1	Option 2 (Recommended)	Option 3
Single-Family Dwelling	\$709.13	\$934.02 <i>\$224.89</i>	\$944.93 <i>\$235.80</i>	\$952.29 <i>\$243.16</i>
Townhouse	\$648.83	\$854.60 <i>\$205.77</i>	\$864.58 <i>\$215.75</i>	\$871.32 <i>\$222.49</i>
Apartment	\$540.38	\$711.75 <i>\$171.37</i>	\$720.07 <i>\$179.69</i>	\$725.68 <i>\$185.30</i>
<i>Metro Vancouver % Change</i>		<i>30.9%</i>	<i>30.9%</i>	<i>30.9%</i>
<i>City % Change</i>		<i>0.8%</i>	<i>2.3%</i>	<i>3.4%</i>
<i>Total % Change</i>		<i>31.7%</i>	<i>33.2%</i>	<i>34.3%</i>

Note: The italicized numbers represent the difference between 2024 rates and the rate options for 2025.

Table 12 below shows the Metro Vancouver and City portion of the rate impacts for each of the flat rate options. The Metro Vancouver rate impacts are italicized on the left and the City rate impacts are italicized on the right.

Table 12: Cost Increase Broken Down by Metro Vancouver vs City Rate Impacts for 2025 Flat Rate Sewer Options (Net of Discount)

Customer Class	Option 1		Option 2 (Recommended)		Option 3	
	Total		Total		Total	
	<i>MV</i>	<i>City</i>	<i>MV</i>	<i>City</i>	<i>MV</i>	<i>City</i>
Single-Family Dwelling	\$224.89		\$235.80		\$243.16	
	<i>\$219.29</i>	<i>\$5.60</i>	<i>\$219.29</i>	<i>\$16.51</i>	<i>\$219.29</i>	<i>\$23.87</i>
Townhouse	\$205.77		\$215.75		\$222.49	
	<i>\$200.65</i>	<i>\$5.12</i>	<i>\$200.65</i>	<i>\$15.10</i>	<i>\$200.65</i>	<i>\$21.84</i>
Apartment	\$171.37		\$179.69		\$185.30	
	<i>\$167.10</i>	<i>\$4.27</i>	<i>\$167.10</i>	<i>\$12.59</i>	<i>\$167.10</i>	<i>\$18.20</i>

The City’s Sanitary Sewer Bylaw No. 10427 provides a 10% discount for utility bills paid prior to the due date. To achieve full cost recovery, the rates shown in the bylaw will be before the 10% discount is applied. The rates outlined in Table 9 and Table 11 are net discounted rates.

Sewer Utility Options Summary

The following is a summary of the Sewer Utility budgets and rates for Option 1:

Option 1

- Represents the minimum increase necessary to maintain the current level of service.

The following is a summary of the Sewer Utility budgets and rates for Option 2:

Option 2 (Recommended)

- Includes everything in Option 1;
- Increases the Sewer Capital Infrastructure Replacement Program by \$500,000; and
- Includes a \$241,000 increase to enhance pump station grease management to maintain service levels as part of preventative maintenance programs.

The following is a summary of the Sewer Utility budgets and rates for Option 3:

Option 3

- Includes everything in Option 1;
- Increases the Sewer Capital Infrastructure Replacement Program by \$1,000,000; and
- Includes a \$241,000 increase to enhance pump station grease management to maintain service levels as part of preventative maintenance programs.

Sewer Utility Recommended Option

Staff recommend the budgets and rates identified in Option 2 for the Sewer Utility. With a significant increase to the utility fee due to Metro Vancouver's Sewer Levy, this option continues to support the City's preventative maintenance programs while minimizing the impact to sewer utility users.

Flood Protection Utility

The three budget options for the Flood Protection Utility are shown in Table 13 below. Italicized values represent the difference between the 2024 rates and the 2025 rate options. The 2025 base budget for each option is equal to the sum of the 2024 base budget plus the changes in italics. Rows in green denote the key budget areas with options, which are further discussed in subsequent sub-sections of this report.

Table 13: 2025 Flood Protection Utility Budget

	2024 Base Level Budget (Restated for Comparison¹)	Option 1	Option 2 (Recommended)	Option 3
Key Budget Areas		Non-discretionary increases + Capital budget increases per the Council directed Accelerated Flood Protection Program + \$831,000 Transfer of the Dike Brushing & Repair Program to Flood Protection O&M	Option 1 + \$118,000 Increase for Drainage Mainline Flushing + \$48,200 Increase for Level Sensors + \$52,000 Increase for Catch Basin Cleaning	Option 2 + \$118,100 Increase for the Project Engagement Associate position + \$171,000 Increase for the Project Manager position + \$121,000 Increase for the Project Coordinator position
Expenditures				
Salary	\$5,006,600	\$271,400	\$382,700	\$500,800
Operating Expenditures	\$2,377,700	\$783,100	\$890,000	\$890,000
Capital Infrastructure Replacement Program	\$15,779,500	\$1,777,600	\$1,777,600	\$1,777,600
Firm Price/Receivable	\$528,900	\$144,800	\$144,800	\$144,800
Total Base Level Expenditure Budget	\$23,692,700	\$26,669,600	\$26,887,800	\$27,005,900
Revenues				
Firm Price/Receivable	-\$528,900	-\$144,800	-\$144,800	-\$144,800
Total Base Level Revenue Budget	-\$528,900	-\$673,700	-\$673,700	-\$673,700
Net Budget	\$23,163,800	\$25,995,900	\$26,214,100	\$26,332,200
Net Difference Over 2024 Base Level Budget		\$2,832,100	\$3,050,300	\$3,168,400

¹ The 2024 Base Level budget has been restated to include approved operating budget impacts.

The expenditures and revenues for the Flood Protection Utility budget reductions and increases given in Table 13 are outlined below.

Expenditures

The key driver for the Flood Protection Utility is the Capital Infrastructure Replacement Program increases as part of the Accelerated Flood Protection Program. Secondary drivers include Salary and Operating expenditures.

Accelerated Flood Protection Program

Climate change scientists predict up to 1 m of sea level rise and 0.2 m of ground settlement by 2100. The City’s Flood Protection Management Strategy identifies the need to raise the City’s dikes by approximately 1.2 m to protect the City against flooding. At the April 12, 2021 Regular Council Meeting, Council adopted a 50-year implementation period for an accelerated flood protection program with the objective of upgrading the City’s dikes within 50 years. As outlined in the staff report titled “Accelerated Flood Protection Program Concept and Flood Protection Rate Structure Review”, dated February 26, 2021, the program was estimated to require \$30M in annual capital funding within the Flood Protection Utility by 2032 (Figure 6), which will allow the City to upgrade flood protection infrastructure well in advance of current anticipated climate change impacts. Implementation of the new rates began in 2023. All utility options presented in the report include increasing the annual capital budget from \$15.8M to \$17.6M to support acceleration of this program as a component of the overall flood protection budget.

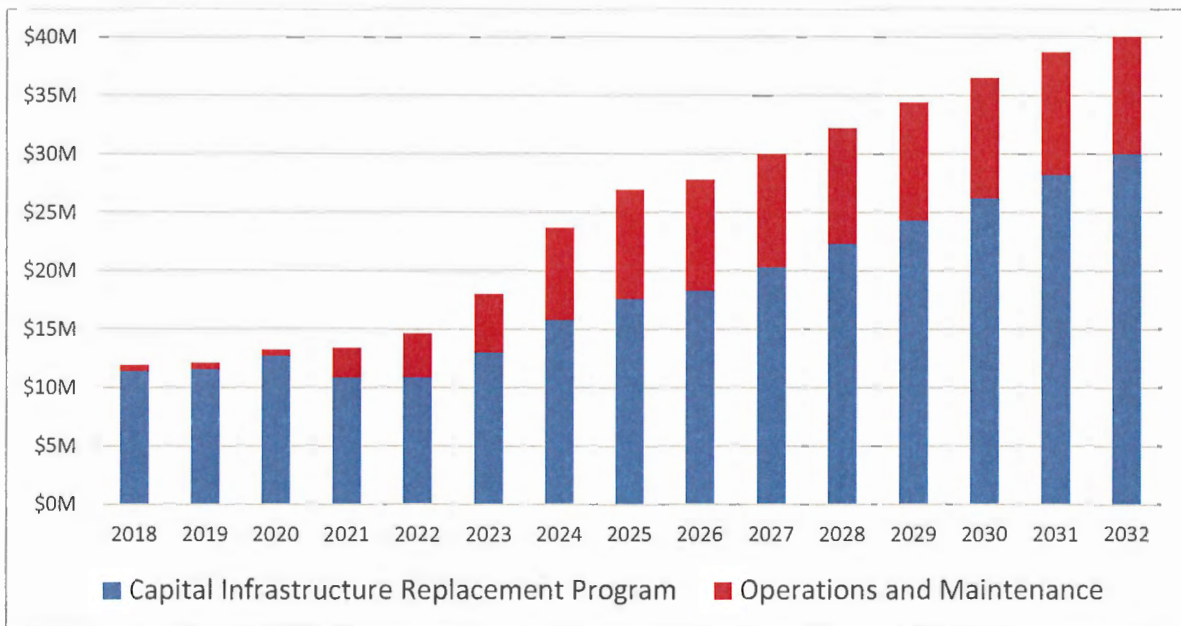


Figure 6: Flood Protection Utility Projections per Accelerated Flood Protection Program

Figure 6 includes the Flood Protection Utility funding for the Capital Infrastructure Replacement Program and Operations and Maintenance. Before 2021, the majority of the flood protection operations and maintenance costs were funded from the operating budget. Since 2021, these costs have been gradually re-allocated from the operating budget to the Flood Protection Utility as part of a multi-year phased approach.

Given the City’s proactive flood protection planning efforts, the City has been successful in obtaining approximately \$54.0M in senior government grants since 2010 to support the advancement of this work. A strong capital program allows the City to continue leveraging opportunities to secure grant funding, such that money collected from Richmond’s residents is multiplied and provides greater value for investments into Richmond’s flood protection infrastructure.

Resources for Implementation of the Accelerated Flood Protection Program

As outlined in the report titled “Accelerated Flood Protection Program Concept and Flood Protection Rate Structure Review” dated February 26, 2021 and endorsed at the April 12, 2021 Regular Council Meeting, implementation of the accelerated flood protection program requires additional regular full-time staff to manage the design, environmental permitting, compensation, and monitoring, regulatory permitting, property and legal negotiations, and project management for this program. Since 2023, nine positions have been created to support the program. Three additional positions have been identified as required to support flood protection infrastructure upgrades that are completed through the ongoing accelerated flood protection program.

The three positions listed below are included within the three options for the Flood Protection Utility options.

Project Engagement Associate: Successful project delivery requires ongoing community and stakeholder engagement. This position will lead project engagement efforts to engage stakeholders and support the planning and delivery of flood protection capital projects.

Project Manager: This position will lead project teams with the delivery of dike upgrade projects and managing regulatory approvals and permitting requirements. This position will ensure projects proceed and are completed according to the approved schedule.

Project Coordinator: This position will assist with the delivery of dike upgrade projects, including administration of grant funding and managing regulatory approvals and permitting requirements. Requirements from regulatory bodies such as the Ministry of Forests and the Department of Fisheries and Oceans have increased in recent years. Long lead times associated with these permit applications have significantly delayed the implementation of flood protection upgrade projects. This position will help ensure that permits are initiated early in the process and allow implementation of the program to proceed according to the approved schedule.

Funding for the Project Engagement Associate will be from the flood protection operations and maintenance budget, and is captured in Option 3. Funding for the Project Manager and Project Coordinator position will be through the capital budget and is captured within the capital budget increase in Option 3.

Additional positions required to support this program may be requested as part of future budget processes.

Flood Protection Salary and Operating Expenditures

The main cost drivers for the operating expenditure increase include the following:

- Salary and fringe benefit impacts per union agreements;
- Senior government increases such as changes to WorkSafeBC rates;
- Material, vehicle replacements, and contracts cost increases; and
- Electricity increases.

The City's operating expenditures are carefully managed and considerable measures have been taken to minimize cost increases where possible. Included in the 2024 budget was an estimate for salary and benefits which were under negotiation. The collective bargaining process for CUPE 394 and 718 concluded in May 2024. The 2025 budget includes a 4.0% rate increase for 2025, increased fringe benefits rates, and a 1.0% rate differential for 2024 relative to what was estimated in the 2024 budget.

Transfer of Operations and Maintenance Costs to the Flood Protection Utility

The City's operating expenditures are carefully managed and considerable measures have been taken to minimize cost increases where possible. As part of the 2024 budget, the total cost of flood protection operations and maintenance was transferred from the City's Operating Budget to the Flood Protection Utility.

The Dike Brushing and Repair Program is currently within Roads operations and maintenance expenditures within the Operating Budget. With program activities directly related to maintaining flood protection infrastructure, it is appropriate that this program is reorganized under the Flood Protection operations and maintenance budget.

All options include transferring \$831,000 for the Dike Brushing and Repair Program from the Roads Operations and Maintenance budget to the Flood Protection Operations and Maintenance budget, whereby funding is collected through the Flood Protection Utility instead of the Operating Budget. There will be a corresponding reduction of \$831,000 in the City's 2025 Operating Budget.

Operating Budget Increase for the Drainage Mainline Flushing, Level Sensor Maintenance and Catch Basin Maintenance Programs

Increasing rainfall intensity and duration, along with land development, has resulted in increased demands on the City's drainage system, impacting existing flood protection operating service levels. As a result, the following programs require additional budget in order to maintain current levels of service:

Drainage Mainline Flushing: Flushing removes sediment accumulated in drainage mains and improves flows within the City's drainage system. The current service level as part of the Drainage Mainline Flushing Program to maintain the City's drainage infrastructure is a 10-year maintenance cycle. With increasing frequency of intense rainfall events, the amount of sedimentation found in drainage mainlines have increased and the existing budget is not sufficient to achieve the 10-year maintenance schedule. To provide the level of service, a budget increase of \$118,000 is required and is included in Option 2 and Option 3.

Level Sensor Maintenance: To predict weather and flooding events and improve community safety by providing timely early warning alerts, 47 new sensors that capture rainfall totals, river levels, canal levels, box culvert levels and river salinity have been installed through various grant and capital funding. These level sensors allow staff to monitor and predict potential impacts to the City's flood protection system to ensure appropriate measures can be put in place associated with storm events. Maintenance costs

for these sensors vary significantly based on their install location and operating funding is required to maintain and complete minor repairs to ensure functionality. To ensure these new sensors are adequately maintained, a budget increase of \$96,400 is required. Option 2 and Option 3 include \$48,200 as a phased approach.

Catch Basin Maintenance: There are over 11,700 catch basins within the City serviced on a 10-year cycle. With increasing frequency of intense rainfall events, a service level review of the Catch Basin Maintenance Program has identified the need to accelerate the schedule to adequately service regular flood prone locations, like Mitchell Island. To ensure the program can maintain its annual service level and reduce the risk of road pooling in flood prone locations, a budget increase of \$52,000 is required and is included in Option 2 and Option 3.

Impact on 2025 Flood Protection Rates

Starting in 2016, Council has endorsed the creation of flood protection rate classes that differentiated between the various types of property in the City. Prior to this, all accounts paid the same rate regardless of parcel size or assessed value. Creating equity between these rate classes is an ongoing effort as property values, land use and construction costs continue to evolve. The proposed flood protection rates continue to improve the balance between the rate classes. In general, groups with higher value assets will be contributing more to flood protection and the rate increases reflect the different levels of demand that properties place on the City's flood protection system. Staff will continue to review the business rate classes to further improve balance and equity and will bring forward any resulting recommendations for Council's consideration.

The impact of the three budget options on flood protection rates is shown in Table 14 on the next page. The italicized numbers represent the difference between 2024 and the rate options for 2025.

Option 1 represents non-discretionary increases that are required to meet demands placed on the City by factors outside of the City's direct control, includes increases to the capital infrastructure replacement program per the Accelerated Flood Protection Program, and includes \$831,000 transfer from the Roads operating and maintenance budget to the Flood Protection operating and maintenance budget. Option 2 is the recommended option and includes everything in Option 1, and operating budget increases of \$118,000 for the Drainage Mainline Flushing Program, \$48,200 for the Level Sensor Maintenance Program, and \$52,000 for the Catch Basin Maintenance Program. Option 3 includes everything in Option 2, one regular full-time Project Engagement Associate, one regular full-time Project Manager, and one regular full-time Project Coordinator. The Project Engagement Associate position will be funded from flood protection operations and maintenance with a corresponding rate impact and the Project Manager and Project Coordinator position will be funded from the capital infrastructure program.

Table 14: 2025 Flood Protection Rate Options (Net of Discount)

Rate Class	2024 Rates	Option 1	Option 2 (Recommended)	Option 3
Single-family Residential ¹	\$269.91	\$302.90 <i>\$32.99</i>	\$305.92 <i>\$36.01</i>	\$307.55 <i>\$37.64</i>
Agricultural	\$269.91	\$302.90 <i>\$32.99</i>	\$305.92 <i>\$36.01</i>	\$307.55 <i>\$37.64</i>
Multi-family Residential ¹	\$194.61	\$205.60 <i>\$10.99</i>	\$206.61 <i>\$12.00</i>	\$207.15 <i>\$12.54</i>
Small or Stratified ICI (less than 800m ²)	\$269.91	\$302.90 <i>\$32.99</i>	\$305.92 <i>\$36.01</i>	\$307.55 <i>\$37.64</i>
Non-Stratified ICI (between 800m ² and 2,000m ²)	\$540.68	\$546.18 <i>\$5.50</i>	\$546.68 <i>\$6.00</i>	\$546.95 <i>\$6.27</i>
Medium Non-Stratified ICI (between 2,000m ² and 10,000m ²)	\$991.55	\$1,145.51 <i>\$153.96</i>	\$1,159.60 <i>\$168.05</i>	\$1,167.23 <i>\$175.68</i>
Large Non-Stratified ICI (between 10,000m ² and 20,000m ²)	\$2,833.58	\$3,273.48 <i>\$439.90</i>	\$3,313.74 <i>\$480.16</i>	\$3,335.52 <i>\$501.94</i>
Large Non-Stratified ICI (between 20,000m ² and 50,000m ²)	\$6,028.76	\$7,304.47 <i>\$1,275.71</i>	\$7,421.23 <i>\$1,392.47</i>	\$7,484.40 <i>\$1,455.64</i>
Large Non-Stratified ICI (between 50,000m ² and 100,000m ²)	\$8,292.40	\$10,975.79 <i>\$2,683.39</i>	\$11,221.39 <i>\$2,928.99</i>	\$11,354.25 <i>\$3,061.85</i>
Large Non-Stratified ICI (between 100,000m ² and 500,000m ²)	\$12,140.94	\$16,880.86 <i>\$4,739.92</i>	\$17,314.68 <i>\$5,173.74</i>	\$17,549.38 <i>\$5,408.44</i>
Largest Non-Stratified ICI (above 500,000m ²)	\$18,105.10	\$26,529.18 <i>\$8,424.08</i>	\$27,300.19 <i>\$9,195.09</i>	\$27,717.31 <i>\$9,612.21</i>
Residential % Change ¹		8.9%	9.8%	10.2%

Note: The italicized numbers represent the difference between 2024 rates and the rate options for 2025.

¹ The Residential % Change is the average increase to the rates for single-family dwelling, townhouse, and apartment only.

The City’s Flood Protection Bylaw No. 10426 provides a 10% discount for utility bills paid prior to the due date. To achieve full cost recovery, the rates shown in the bylaw will be before the 10% discount is applied. The rates outlined in Table 14 are net discounted rates.

Flood Protection Utility Options Summary

The following is a summary of the Flood Protection Utility budgets and rates for Option 1:

Option 1

- Represents the minimum increase necessary to maintain the current level of service;
- Increases the Flood Protection Capital Infrastructure Replacement Program by \$1.8M; and
- Includes an \$831,000 transfer of the Dike Brushing and Repair Program from the Roads Operations and Maintenance budget to the Flood Protection Operations and Maintenance budget. There will be a corresponding reduction of \$831,000 in the City's 2025 Operating Budget.

The following is a summary of the Flood Protection Utility budgets and rates for Option 2:

Option 2 (Recommended)

- Includes everything in Option 1; and
- Includes increases to the operating budget for the Drainage Mainline Flushing Program, Level Sensor Maintenance Program, and Catch Basin Maintenance Program.

The following is a summary of the Flood Protection Utility budgets and rates for Option 3:

Option 3

- Includes everything in Option 2;
- Includes one new regular full-time Project Engagement Associate position that is required to support the acceleration of the flood protection program. This position will be funded from the flood protection operations and maintenance budget; and
- Includes two new regular full-time Project Manager and Project Coordinator positions to help support the acceleration of the flood protection program. These positions will be funded from the Flood Protection Capital Infrastructure Program.

Recommended Option

Staff recommend the budgets and rates identified in Option 2 for the Flood Protection Utility. This option includes increased contributions to capital infrastructure in accordance with the Council-approved Accelerated Flood Protection Program and increases to the operating budget to enhance existing operating programs. Additional capital budget increases will be added in future years, which may require new positions to support the acceleration of the flood protection program.

Solid Waste and Recycling Utility

Table 15 below presents three budget options for the Solid Waste and Recycling Utility. Rows in green denote the key budget areas with options, which are further discussed in subsequent sub-sections.

Table 15: 2025 Solid Waste and Recycling Budget

Key Budget Areas	2024 Base Level Budget (Restated for Comparison ¹)	Option 1 Base Level Services	Option 2 (Recommended) Option 1 + \$250,000 additional contribution to reserve	Option 3 Option 2 + \$174,600 Increase for the Program Manager, Recycling & Waste Recovery
Expenditures				
Salaries	\$5,533,100	\$296,600	\$296,600	\$471,200
Contracts	\$11,239,900	\$512,000	\$512,000	\$512,000
Equipment/Materials	\$1,350,800	\$47,200	\$47,200	\$47,200
Disposal Costs	\$1,638,200	\$73,000	\$73,000	\$73,000
Recycling Materials Processing	\$4,800,200	-\$251,800	-\$251,800	-\$251,800
Container Rental/Collection	\$428,700	\$102,600	\$102,600	\$102,600
Operating Expenditures	\$483,400	-\$13,900	-\$13,900	-\$13,900
Agreements	\$95,000	\$0	\$0	\$0
Rate Stabilization	\$668,400	\$0	\$0	\$0
Construction Period Allocation	\$0	\$20,000	\$20,000	\$20,000
Transfer to Reserve	\$250,000	\$0	\$250,000	\$250,000
Total Base Level Expenditure Budget	\$26,487,700	\$27,273,400	\$27,523,400	\$27,698,000
Revenues				
General Application Fees	-\$112,600	\$0	\$0	\$0
Recycling Materials	-\$416,500	-\$99,500	-\$99,500	-\$99,500
Garbage Tags	-\$20,000	\$0	\$0	\$0
Unrealized Discounts	-\$110,000	\$0	\$0	\$0
Revenue Sharing Grant/Other	-\$102,600	-\$1,000	-\$1,000	-\$1,000
Recycling Commission	-\$300,900	-\$20,600	-\$20,600	-\$20,600
Recycle BC Incentive	-\$2,788,300	-\$169,100	-\$169,100	-\$169,100
Construction Period Revenue	\$0	-\$20,000	-\$20,000	-\$20,000
Provision (Pilot Initiatives)	-\$633,100	\$56,500	\$56,500	\$56,500
Base Level Revenue Budget	-\$4,484,000	-\$253,700	-\$253,700	-\$253,700
Net Budget	\$22,003,700	\$22,535,700	\$22,785,700	\$22,960,300
Net Difference Over 2024 Base Level Budget		\$532,000	\$782,000	\$956,600

¹ The 2024 Base Level budget has been restated to include approved budget reallocations.

An explanation of the budget reductions and increases outlined in Table 15 is below.

Expenditures

Salaries

Included in the 2024 budget was an estimate for salary and benefits which were under negotiation. The collective bargaining process for CUPE 394 and 718 concluded in May 2024. The 2025 budget includes a 4.0% rate increase for 2025, increased fringe benefits rates, and a 1.0% rate differential for 2024 relative to what was estimated in the 2024 budget.

Increases observed under Option 3 are associated with the addition of a new Program Manager position to administer the City's multiple existing programs, monitor the future state landscape to identify impacts and opportunities in support of circular waste management and recycling practices and ensure efficient management of staffing portfolios. The total cost for this position is \$174,600.

Contracts

Contract costs under Option 1 are increased in accordance with overall growth in the number of units serviced and escalation clauses as stipulated in the City's various solid waste and recycling service contracts. Additionally, at the Regular Council meeting held on July 22, 2024, the staff report titled, "8321NOITC – Mattress and Upholstered Furniture Recycling Services" was approved for the handling and recycling of mattresses and upholstered furniture. Increased costs are associated with the closure of a local recycling facility, which resulted in the need to cross-dock within the Works Yard and transport materials to the only remaining processing facility located in Hope, B.C.

Equipment and Material Costs

Equipment and material cost increases under all options are adjusted associated with inflationary cost factors to support items for litter collection, receptacles for residents and Recycling Depot operations.

Disposal Costs

The Metro Vancouver regional tipping fee for local governments is increased by \$7 per tonne, or from \$134 per tonne in 2024 to \$141 per tonne in 2025.

Recycling Materials Processing

Recycling materials processing costs increased due to higher amounts of organics tonnage dropped off at Ecowaste by residents and authorized commercial users under the City's contract coupled with increased loads of recyclables received at the Recycling Depot. These increases are offset by cost savings associated with successful staff negotiations for reduced rates through the City's curbside organics processing contract. Those negotiations resulted in considerable processing cost savings overall.

Container Collection Costs

Container collection costs have increased primarily due to costs associated with the hauling of mattresses and upholstered furniture to the new processing facility in Hope B.C.

Operating Expenditures

The decrease reflects a reduction in expenditures related to the Multi-Family Grease Collection Pilot program as actual tonnage collected and processed is lower than anticipated at the launch of the pilot.

In an effort to increase usage, staff expanded the scope of materials permitted in the pilot in 2024 by including fats such as yogurt, salad dressing, gravies and mayonnaise, etc. This has resulted in a 14% increase in material collected, year over year.

General Solid Waste & Recycling Rate Stabilization Provision (Rate Options)

The General Solid Waste and Recycling Provision was established by Council as a funding source for rate stabilization. The provision has a balance of \$9.9M as of September 30, 2024. Staff do not recommend utilizing rate stabilization beyond what is currently allocated for the key projects summarized below.

Transfer to Reserve

The creation of the Solid Waste and Recycling Reserve Fund Establishment Bylaw No. 10417 was approved at the November 14, 2022 Council meeting. Option 1 would maintain the contribution of \$250,000 to the reserve and Option 2 and 3 would increase that contribution to \$500,000 for future funding needs for Solid Waste and Recycling programs. The current annual reserve target is \$3.5 million and is required to ensure a funding source for facilities, equipment and infrastructure for City services including the Recycling Depot, litter operations and collection receptacles used by residents.

Revenues

Recycling Materials

Recycling material revenue increased as the market has begun to stabilize for commodities collected at the Recycling Depot. The increased revenues are primarily related to an increase in revenue for scrap metal and cardboard, as well as, an increase in the amount of scrap metal received. Overall, revenue from recycling materials is used to offset program costs, helping to reduce the rates charged to residents.

Unrealized Discounts

Residents are entitled to a 10% utility bill discount if the amount owing is paid on or before the due date. Unrealized discounts are comprised of late payments wherein the owner did not receive the discount, therefore the discount amount is then considered a revenue for the City. These revenues are estimated by the Finance Department based on the trend of historic payments.

Other Revenues

This marginal increase is associated with the increased sale of Garbage Vouchers for Richmond residents to dispose of additional materials at the Vancouver Landfill.

Recycling Commission

Since 2022, the City has received funding from Metro Vancouver for allowing regional customers to drop off base recycling materials at the Recycling Depot. The increase for 2025 represents a CPI adjustment as outlined in the agreement.

Recycle BC Incentive

Revenue from the Recycle BC Incentive is applied to offset inflationary cost increases in order to maintain no net impact in the Blue Box/Multi-Family Recycling rate.

Overall, the Recycle BC program is expected to generate net revenues of approximately \$145,000 for 2025 and can be deposited into *General Solid Waste and Recycling* provision account subject to Council approval. This is in alignment with previous Council direction (November 25, 2013) when the decision to join Recycle BC was made.

Construction Period Revenues

The City receives construction period revenues from development for solid waste and recycling during construction. The revenue can vary significantly from year to year depending on construction activity. Due to the instability of this revenue source, it is not utilized as a funding source for operational activity. Any actual revenue received is transferred to the General Solid Waste and Recycling provision for future rate stabilization funding. An estimate is included in the budget based on the last three full years of activity with an offsetting transfer to provision for reference.

Provision

The draw from Provision is reduced to correspond with offsetting reductions in costs for programs including the Multi-Family Grease Collection pilot costs and Collec'Thor.

Impact on 2025 Solid Waste and Recycling Rates

The impact of the budget options to ratepayers is provided in Table 16 and Table 17 on the next page. The principal reason for the increase in 2025 relates to salary increases per negotiated agreements, inflationary contract costs stipulated in existing contracts, an increase in the regional tipping fee, and the requirement for increased handling and hauling of mattresses and upholstered furniture. Numbers in italics represent the difference between 2024 rates and the various rate options for 2025.

Table 16 provides total costs based on standard garbage cart sizes for single-family (240L) and townhouse (120L). Table 17 provides a more detailed breakdown of recommended Option 2 rates based on the four different garbage cart size options that are available to residents in single-family and townhouse units. The percentage of container sizes subscribed by each customer class

is also presented for reference. Residents are able to reduce or increase the amount they pay based on the cart size they select for garbage collection services.

Table 16: 2025 Solid Waste and Recycling Rate Options (Net of Discount)

Customer Class	2024 Rates	Option 1	Option 2 (Recommended)	Option 3
Single-Family Dwelling (Standard 240L Cart)	\$428.70	\$434.55 <i>\$5.85</i>	\$437.20 <i>\$8.50</i>	\$440.45 <i>\$11.75</i>
Townhouse (Standard 120L Cart)	\$302.75	\$308.60 <i>\$5.85</i>	\$311.25 <i>\$8.50</i>	\$312.50 <i>\$9.75</i>
Apartment	\$148.10	\$150.45 <i>\$2.35</i>	\$153.10 <i>\$5.00</i>	\$154.35 <i>\$6.25</i>
Business Rate	\$48.76	\$49.79 <i>\$1.03</i>	\$52.44 <i>\$3.68</i>	\$53.17 <i>\$4.41</i>
<i>Total % Change</i>		<i>1.8%</i>	<i>3.9%</i>	<i>4.8%</i>

Note: The italicized numbers represent the difference between 2024 rates and the rate options for 2025.

Table 17: 2025 Single-Family and Townhouse Net Rates by Garbage Cart Size (Per Recommended Option 2)

Cart Size	Single Family		Townhomes	
	Full Service Rate (Including Recycling, Organics, Other Services)	Approximate Percent - Subscribed Size	Full Service Rate (Including Recycling, Organics, Other Services)	Approximate Percent - Subscribed Size
80L	\$379.70	4%	\$282.75	14%
120L	\$408.20	10%	\$311.25	75%
240L	\$437.20	78%	\$340.25	10%
360L	\$558.95	8%	\$462.00	1%

The rates outlined in Table 16 and Table 17 are net rates. The *Solid Waste & Recycling Regulation Bylaw* provides a 10% discount for utility bills paid prior to the due date. The rates shown in the bylaw will be before the 10% discount is applied, in order to achieve full cost recovery.

Regional Issues

In addition to standard operating programs, Metro Vancouver is continuing consultation on the preparation of an updated solid waste management plan, which is currently in the “Idea Generation” phase.

Staff have been involved throughout this process and will attend the November 15th idea generation workshop to provide input on actions and strategies for an updated plan. Next steps in this process include options analysis and development of a draft plan. Staff will provide information to Council along this process.

Metro Vancouver has continued to focus on reuse by expanding reuse services at the United Boulevard and Central Surrey Recycling and Waste Centres. In late fall 2024, Metro Vancouver will launch a 12-month pilot at the two facilities. Reuse service providers will be on-site to collect materials directly. This expansion will run on a pilot basis for 12 months. This is encouraging, as the City looks to further invite residents to rethink, repair and reuse items where possible. Regional campaigns remain focused on textiles, single-use items, food waste, illegal dumping, holiday waste, the annual Zero Waste Conference and related initiatives. Metro Vancouver continues to support the National Zero Waste Council in promoting waste reduction, reuse, and circularity both within the region and across Canada.

Impacts from the new provincial Small-Scale Multi-Unit Housing (SSMUH) program have remained of interest regionally, as municipalities work together to discern how best to service this new housing type.

Solid Waste and Recycling Options Summary

The following is a summary of the Solid Waste and Recycling Utility budgets and rates for Option 1:

Option 1

- Represents full recovery via rates of all program costs, including costs associated with managing increasing operating costs, disposal costs and recycling material processing fees;
- Meets the City's contractual obligations related to inflationary aspects of agreements and contracts; and
- Continues the work of Council approved pilot initiatives such as the Commercial Business Recycling Resources Program, textile recycling program, bike reuse pilot and grease collection pilot, offset by provision funding.

The following is a summary of the Solid Waste and Recycling Utility budgets and rates for Option 2:

Option 2 (Recommended)

- Includes everything in Option 1; and
- Includes an increased contribution to the Solid Waste and Recycling Reserve Fund from \$250,000 to \$500,000 for future solid waste and recycling programming inclusive of Recycling Depot improvement and replacement costs, facilities and equipment to support services to the community, and initiatives designed to further circular economy objectives.

The following is a summary of the Solid Waste and Recycling Utility budgets and rates for Option 3:

Option 3

- Includes everything in Option 2; and
- Includes a new exempt Program Manager position which will support effective management of existing programs, identify the future opportunities landscape for waste circularity, and ensure efficient management of existing waste and recycling portfolios.

Recommended Option

Staff recommend the budget and rates identified in Option 2 for Solid Waste and Recycling. This option provides full funding for all existing programs and ensures appropriate resources are in place to support these programs and future solid waste and recycling programming.

Total Recommended 2025 Utility Rate Option

In light of the significant challenges associated with the impacts of regional costs and new programs in the City, staff recommend the budget and rate options as follows:

- Option 2 is recommended for Water
- Option 2 is recommended for Sewer
- Option 2 is recommended for Flood Protection
- Option 2 is recommended for Solid Waste and Recycling

Table 18 below summarizes the estimated total metered rate utility charge, based on average water and sewer consumption. Table 19 on the next page summarizes the total flat rate utility charge. Numbers in italics represent the difference between 2024 rates and 2025 proposed rates.

Table 18: 2025 Estimated Total Net Rates to Metered Customers

Customer Class	2024 Estimated Net Metered Rates	2025 Estimated Net Metered Rates	% Change
Single-Family Dwelling	\$1,811.58	\$2,075.27 <i>\$263.69</i>	14.6%
Townhouse (on City garbage service)	\$1,250.93	\$1,418.44 <i>\$167.51</i>	13.4%
Townhouse (not on City garbage service)	\$1,146.68	\$1,310.19 <i>\$163.51</i>	14.3%
Apartment	\$868.49	\$991.37 <i>\$122.88</i>	14.1%
Metered Water (\$/m ³)	\$1.5620	\$1.6613 <i>\$0.0993</i>	6.4%
Metered Sewer (\$/m ³)	\$1.7296	\$2.3047 <i>\$0.5751</i>	33.3%

Note: The italicized numbers represent the difference between 2024 rates and the rate options for 2025.

Table 19: 2025 Total Net Rates to Flat Rate Customers

Customer Class	2024 Net Flat Rates	2025 Net Flat Rates	% Change
Single-Family Dwelling	\$2,237.21	\$2,570.25 <i>\$333.04</i>	14.9%
Townhouse (on City garbage service)	\$1,825.17	\$2,104.58 <i>\$279.41</i>	15.3%
Townhouse (not on City garbage service)	\$1,720.92	\$1,996.33 <i>\$275.41</i>	16.0%
Apartment	\$1,320.63	\$1,545.13 <i>\$224.50</i>	17.0%

Note: The italicized numbers represent the difference between 2024 rates and the rate options for 2025.

The rates outlined in Table 18 and Table 19 are net rates. The bylaws provide a 10% discount for utility bills paid prior to the due date. To achieve full cost recovery, the rates shown in the bylaw will be before the 10% discount is applied. The gross rates charged to residents are outlined in Attachment 1. These rates would be reflected in the amending bylaws for each utility area, should they be approved by Council.

Flat Rate and Metered Customers

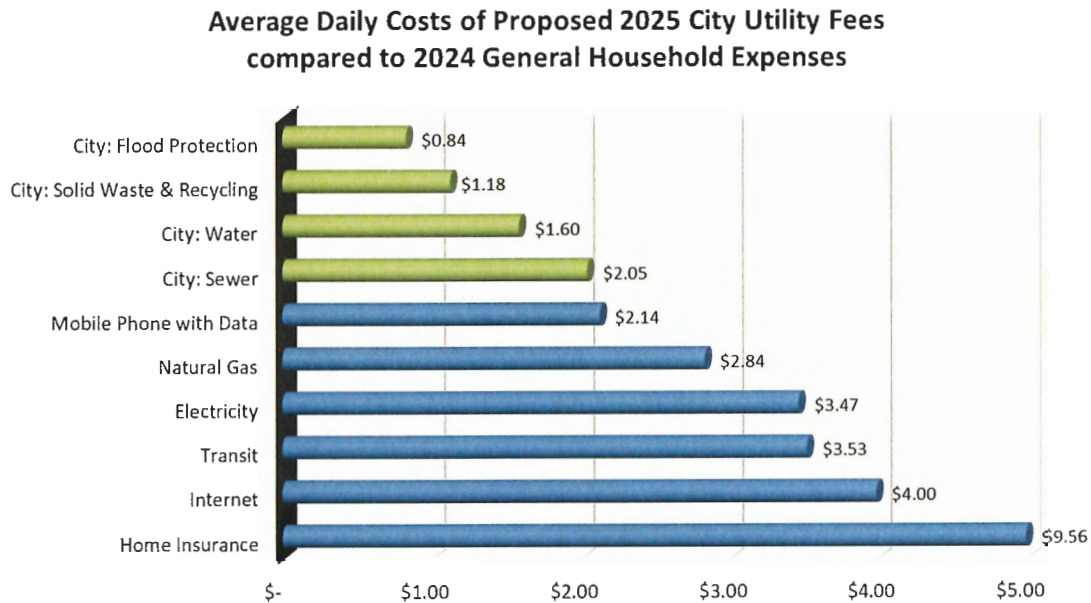
All single-family and ICI properties in the City are metered. The single-family residential flat rate will continue to apply to duplex units that share one water service. These units require significant internal plumbing separation work to facilitate metering and were not included in the universal metering program. 40% of townhouses and apartments are still on flat rate utility services. However, the number of units with meters will continue to increase with ongoing implementation of the universal multi-family water metering program. The number of units by customer class is presented in Table 20.

Table 20: Flat Rate and Metered Property Unit Counts

	2024 percentages (Mid-Year)	2024 Counts (Mid-Year)	2025 Counts (Mid-Year Estimated)	Difference
Single-Family Residential	Flat Rate (3%)	753	753	0
	Metered (97%)	28,038	28,038	0
Townhouse	Flat Rate (57%)	9,812	8,854	-958
	Metered (43%)	8,765	9,797	1,032
Apartment	Flat Rate (38%)	12,750	11,499	-1,251
	Metered (62%)	25,481	27,438	1,957
Total Residential Units		85,599	86,379	780
Commercial Units	Metered	3,545	3,555	10
Farms	Metered	51	51	0

Comparison of 2025 City Utility Rates to Other Major Household Expenses

The proposed 2025 City utility fees account for approximately 18% of total household expenses (2024 values) and represent good value. Water, sewer, solid waste and recycling, and flood protection services are fundamental to the quality of life for residents and necessary infrastructure to support the local economy. Figure 7 illustrates the value of these services based on the proposed 2025 rates when compared to 2024 costs for other common daily household expenses.



Sources: BC Hydro, Fortis BC, Rogers, Shaw, TD Insurance, and TransLink
 Figure 7: Cost Comparison of Main Household Expenses for a Single-Family Dwelling

Comparison of City Utility Rates with Neighbouring Municipality Utility Fees

The City’s utility budgets are carefully managed to provide high levels of service to Richmond’s residents, despite external increases that are outside of the City’s control. Figure 8 on the next page provides a comparison between the City’s average single-family dwelling utility fees with fees for neighbouring municipalities in 2024.

All utility fees presented below are net of applicable discounts. Richmond and Surrey water and sewer rates include applicable metering costs and are based on average annual consumptions. All other neighbouring municipalities are predominately charging a flat rate for water and sewer services. Funding sources for Blue box, waste management, and Large Item Pick-up programs vary amongst neighbouring municipalities, these fees have been excluded for Richmond’s garbage and organics fee for comparison purposes. Unlike neighbouring municipalities, Richmond’s flat topography, high water table and proximity to the water places unique challenges on the City’s utility infrastructure, resulting in larger and deeper pipes, the need for over 193 drainage and sanitary pump stations and the need for an extensive flood protection system that includes 49 kilometres of perimeter dikes.

In addition, the City has made substantial investments to upgrade flood protection infrastructure in advance of anticipated climate change impacts through the ongoing accelerated flood protection program. This significantly increases demand for capital and operating costs. Despite these challenges and the additional infrastructure needs, the City of Richmond continues to offer a high level of service with the proposed utility fees.

2024 Rates for Richmond and Neighbouring Municipalities



Figure 8: Comparison of Average Single Family Dwelling Utility Rates for Richmond with Neighbouring Municipalities (2024 Rates)

Sources:

- City of Surrey - Based on metered rate
 - Waterworks Regulation and Charges By-law 2007, No. 16337 ; Amendment Bylaw No. 21150
 - Sanitary Sewer Regulation and Charges By-law 2008, No. 16611; Amendment Bylaw No. 21147
 - Waste Management Regulations and Charges Bylaw 2015, No. 18412; Amendment Bylaw No. 21149
 - Drainage Parcel Tax By-law 2001, No. 14593; Amendment Bylaw No. 21146
- City of Coquitlam - Based on flat rate
 - Water Distribution Bylaw No. 4428; Amendment Bylaw No. 5364
 - Sewer and Drainage Bylaw No. 4429; Amendment Bylaw No. 5363
 - Solid Waste Management Bylaw No. 4679; Amendment Bylaw No. 5358
- City of Burnaby - Based on metered rate
 - Burnaby Consolidated Fees and Charges Bylaw Amendment Bylaw No. 14666
 - Waterworks Regulation Bylaw No. 1953 ; Amendment Bylaw No. 14642
 - Sewer Charge Bylaw No. 1961; Amendment Bylaw No. 14626
 - Solid Waste & Recycling Bylaw No. 2010; Amendment Bylaw No. 14630
 - Sewer Parcel Tax Bylaw No. 1994; Amendment Bylaw No. 14534
- City of Vancouver - Based on flat rate
 - Water Works By-law No. 4848; Amendment Bylaw No. 13870
 - Sewer & Watercourse By-law No. 8093; Amendment Bylaw No. 13871
 - Solid Waste By-law No. 8417; Amendment Bylaw No. 13872
- City of New Westminster
 - Fees Bylaw No. 6186, 1994
 - Water Works By-law No. 7631, 2013
 - Sewerage System User Charge By-law No. 4525, 1971
 - Solid Waste Regulation By-law No. 7634, 2014

Financial Impact

The budget and rate impacts associated with each option are outlined in detail in this report. In all options, the budgets and rates represent full cost recovery for each City service.

Staff recommend the following budgets by utility:

- Option 2 is recommended for Water, for a net budget of \$55.4M;
- Option 2 is recommended for Sewer, for a net budget of \$64.9M;
- Option 2 is recommended for Flood Protection, for a net budget of \$26.2M;
- Option 2 is recommended for Solid Waste and Recycling, for a net budget of \$22.8M;
- and
- An overall net utility budget of \$169.3M.

Considerable effort has been made to minimize City costs and other costs within the City’s control to minimize the impact to property owners.

Conclusion

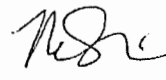
This report presents the 2025 proposed utility budgets and rates for City services relating to the provision of water, sewer, flood protection, as well as solid waste and recycling. Considerable measures have been taken to reduce costs where possible to minimize rate increases. A significant portion of the City’s costs relate to impacts from influences outside of the City’s direct control, such as regional and contract cost impacts. Regional costs are expected to continue increasing to meet demands for high quality drinking water and sewer treatment. Staff recommend that the budgets and rates, as outlined in this report, be approved and that the appropriate amending bylaws be brought forward to Council to bring these rates into effect.



Jason Ho, P.Eng.
Manager,
Engineering Planning



Kristina Grozdanich
Manager,
Recycling & Waste Recovery



Melissa Shiau, CPA, CA
Manager,
Financial Planning and
Analysis

Att. 1: 2025 Annual Utility Charges – Recommended Gross Rates per Bylaw

2025 Annual Utility Charges – Recommended Gross Rates per Bylaw (Estimated Metered and Actual Flat Rate)

<i>10% discount applied to gross rates for utility bills paid prior to due date</i>	Water	Sewer	Flood Protection	Garbage/ Recycling	Total
Metered (Based on Average Consumption)					
Single-Family Dwelling	\$647.91	\$832.26	\$339.91	\$485.79	\$2,305.87
Townhouse (with City garbage)	\$442.40	\$558.24	\$229.57	\$345.85	\$1,576.06
Townhouse (no City garbage)	\$442.40	\$558.24	\$229.57	\$225.57	\$1,455.78
Apartment	\$299.80	\$402.04	\$229.57	\$170.12	\$1,101.53
Flat Rate (Actual)					
Single-Family Dwelling	\$980.22	\$1,049.92	\$339.91	\$485.79	\$2,855.84
Townhouse (with City garbage)	\$802.38	\$960.64	\$229.57	\$345.85	\$2,338.44
Townhouse (no City garbage)	\$802.38	\$960.64	\$229.57	\$225.57	\$2,218.16
Apartment (no City garbage)	\$517.06	\$800.08	\$229.57	\$170.12	\$1,716.83
General – Other/Business					
Metered Water (\$/m ³)	\$1.8459				
Metered Sewer (\$/m ³)		\$2.5608			
Business: Garbage				\$58.27	
Small or Stratified ICI (less than 800m ²)			\$339.91		
Non-Stratified ICI (between 800m ² and 2,000m ²)*			\$607.42		
Medium Non-Stratified ICI (between 2,000m ² and 10,000m ²)*			\$1,288.44		
Large Non-Stratified ICI (between 10,000m ² and 20,000m ²)*			\$3,681.93		
Large Non-Stratified ICI (between 20,000m ² and 50,000m ²)*			\$8,245.81		
Large Non-Stratified ICI (between 50,000m ² and 100,000m ²)*			\$12,468.21		
Large Non-Stratified ICI (between 100,000m ² and 500,000m ²)*			\$19,238.53		
Largest Non-Stratified ICI (above 500,000m ²)*			\$30,333.54		
ICI: Flood Protection (Others)			\$339.91		