

Report to Council



Date: October 2, 2017

File: 0610-01

To: City Manager

From: Utility Services Manager

Subject: Amendment No. 35 to Sewerage System User Bylaw No. 3480

Report Prepared by: Ed Hoppe, Water Quality & Customer Care Supervisor

Recommendation:

THAT Council receives, for information, the Report from the Utility Services Manager dated September 18, 2017 regarding amendments to the Sewerage System User Bylaw to incorporate changes to the sanitary sewer credit program;

AND THAT Bylaw No. 11439, Amendment No. 35 to Sewerage System User Bylaw No. 3480, be forwarded for reading consideration;

AND THAT Council authorizes the City to enter into a Sanitary Sewerage Agreement with the University of British Columbia Okanagan (UBCO) in the form attached to the Report of the Utility Services Manager dated October 16, 2017;

AND FURTHER THAT the Mayor and City Clerk be authorized to execute the Sanitary Agreement.

Purpose:

To amend the City of Kelowna's Sewerage System User Bylaw in order to allow the City to charge the University of British Columbia Okanagan (UBCO) a volumetric sanitary sewer rate based on the metered volume of discharge instead of the volume of water delivered to the property. And to increase the authority of the Utility Manager to accommodate the occasional variance to the Sewer Credit program within the bylaw.

Background:

Commercial sanitary customers are charged for the use of the sanitary system based on the meter reading of the incoming Utility water. Sanitary bills are calculated assuming that all the water entering the site is subsequently discharged to sanitary unless there is water use on property that does not discharge to sanitary i.e. irrigation or beverage manufacturing. Consumptive uses that do not return to sewer are typically measured by a sewer credit meter (deduct meter) and that measured volume is deducted from the sanitary sewer charges.

UBCO conducted a water usage study that examined the volume of incoming water, provided by the Glenmore Ellison Improvement District, relative to the sewer discharge and found that only 60% of their water is disposed of to the sanitary system. UBCO approached the City of Kelowna to consider installing multiple deduct meters on site for their irrigation systems to more accurately reflect the lower volume of water discharged to sanitary. This is consistent with our current Bylaw. After examining the state of their total irrigation system, it was noted that due to the manner in which the irrigation infrastructure was built over various phases, it would not be practical to install, read, and calculate the 25 + deduct meters needed to measure their irrigation consumption. Standard City of Kelowna policy is to approve only one point of connection for irrigation credit metering.

An alternative proposal involves a direct measurement and calculation of their sanitary sewer charges based on a flow meter installed in the path of sanitary sewage being discharged. The sanitary sewer meter would measure the actual volume flowing from the property into the City of Kelowna collection system.

In order to fairly and equitably charge UBCO for actual sanitary usage, staff are recommending that a bylaw amendment allowing the utility to charge sanitary sewer rates based on volume measured by a sanitary sewer meter as the most practical option.

Due to the unique nature of the University infrastructure, the approach of sanitary billing from a sanitary meter would be an exception specifically applied for UBCO and is not intended to be applied to any other commercial or residential customer. It would not be practical or cost effective to consider installing sanitary meters for all Utility customers.

Several alternate arrangements were considered for application of sanitary billing rates for UBCO:

1. Applying a rate reduction equivalent to ~40% difference between water delivered to premise relative to volume of sanitary leaving the property. This is not ideal as it is presumptive, can fluctuate over time, and accuracy is not assured for either party. This would still result in a revenue reduction and would be a deviation from existing billing calculations.
2. No modifications to existing policy or bylaw. This does not follow the practice of fair and equitable billing for sanitary services provided in this instance.

3. Require that UBCO reconfigure and consolidate their irrigation system to reduce the number of credit meters required for billing purposes. This has already been considered and due to the nature of the irrigation infrastructure, this would be complex and costly to undertake on behalf of UBCO. Considering that provincial tax dollars support post secondary institution expenses, it is felt that this is not in the best interest of taxpayers.

In regards to the change in wording to Section 11 of the bylaw, additional approval flexibility is requested for the Utility Manager related to how sanitary credit calculations are accepted for circumstances that cannot be currently captured by the existing credit metering system as defined by Bylaw.

For example, two larger breweries in Kelowna have applied to have the volume of water used for product production and bottling be exempt for sanitary charges. Since the water consumed for this purpose is not returning to the City sanitary collection system, a form of sanitary credit would be considered fair and equitable. However, due to the configuration of the current water systems in these facilities and the complexity of plumbing for bottling, a traditional credit meter is not considered a practical method of calculating the credit amount due. In place of this, there are currently written agreements that accepts the submission of monthly federal excise tax receipts by the breweries, which indicate the volume of brew that is bottled and shipped off-site. This amount is deducted from the consumption calculation and subsequently reflected in the sanitary bill.

This practice is not currently captured in the sewerage user bylaw and therefore additional authority language is requested to have the Utility Manager thoroughly evaluate and either deny or approve submitted, alternate credit processes that are consistent with the language and intent of the sewer credit program.

Internal Circulation:

Utility Services Manager
Divisional Director, Financial Services
Revenue Supervisor
Communications Supervisor

Financial/Budgetary Considerations:

Based on actual sanitary usage, there would be a reduction in the Utility revenue received from UBCO in the amount of approximately \$10,000 for the remainder of 2017 and \$50,000/year subsequently (from \$130,000 billed in 2016). This aligns with City policies that strives to provide fair billing practices with Utility services rendered.

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Personnel Implications:

External Agency/Public Comments:

Communications Comments:

Alternate Recommendation:

Submitted by:

K. Van Vliet, Utility Services Manager

Approved for inclusion:

A square box containing a handwritten signature in blue ink, which appears to be 'J. Creron'.

J. Creron, Deputy City Manager.

CC:

Cross Connection Control Program Coordinator