

Water Infrastructure FAQs



» WATER FAST FACTS



1. What is water infrastructure and what is a water utility?

Water infrastructure includes not only the pipes, pumps, wells, reservoirs and meters, but also natural assets such as the Gibsons Aquifer, that move water from the environment and deliver it to your tap. Sanitary sewer infrastructure includes pipes, pumps, the waste water treatment plant and the lift station that collect and treat waste water.

In addition to the water infrastructure, a water *utility* includes the staff and equipment required to operate and maintain the infrastructure as well as supporting water research and conservation programs.

2. What do water charges pay for?

Water charges are comprised of user fees, which are determined by the amount of water you consume, and a water parcel tax. Together these charges contribute to funding the water utility. For example, they cover system maintenance, replacement of ageing infrastructure, purchasing bulk water from the Regional District, and scientific studies related to the Gibsons Aquifer.

3. Why are rates increasing?

Rates are increasing to pay for the maintenance and replacement of water infrastructure, which will improve reliability and reduce the amount of water lost through leaky pipes. Recent studies found that the Town loses approximately 25% of the water pumped through its distribution network because of leaks. An investment in our water supply is an investment in our community. The Town conducts ongoing replacement programs and other infrastructure upgrades to reduce these losses.

4. Why is it important to invest in our infrastructure?

Infrastructure has a lifespan and much of our infrastructure is old. For example, 10 km of our 42 km distribution network is reaching the end of its useful life within in the next 5-10 years. It is estimated to cost at least \$7 million to replace these pipes. Delaying this replacement will result in main breaks and interrupted services, which will cost more to address in the long-run.





5. What are the funding sources for the Town's water utility?

The water utility is funded by water parcel taxes, grants from the provincial and federal governments, borrowed funds, and water user fees. However, grants are becoming less dependable. The Town is moving toward a financial model that relies less on unpredictable external funding and debt to ensure our water supply is sustainable in the long-term.

6. How much money is required to achieve 'sustainable services'?

In 2016, the Town budgeted to spend \$1.5 million on its water utility, including \$0.24 million to replace aging infrastructure. It is expected that the total annual cost of the utility will stabilize around \$1.7 million by 2020. After this, expenses will increase each year with inflation.

7. How did the Town arrive at an overall rate increase of 10% for 2017?

In 2012 the Town worked with a consulting company to assess the infrastructure and revenues of our water utility. This study concluded that an initial increase of 15% in 2013 would make a significant contribution toward the funds required for infrastructure replacement.

The study has been reviewed by staff and the consultant each fall and it was determined that an overall increase of 10% was required in 2014 with a further 11% increase in 2015, 13% in 2016 and 10% in 2017. Lower increases do not provide adequate revenues to perform essential work, meaning there would be a greater risk of system failures and service interruptions. As part of the 2014-2017 rate increases, Council has committed to take steps to address rate equity among customer categories within the Town. (See FAQ #11 for further information on rate equity.)

8. Will there be ongoing rate increases?

Although the initial increases in 2013 to 2017 are a good start, the water utility is still underfunded. Council will continue to revisit rates each spring to determine what further adjustments need to be made to ensure adequate funding is in place to operate our utility. (See FAQ #6)

9. What is the Town doing to keep rates as low as possible?

The Town is investing in infrastructure replacement, which will reduce water losses and avoid the expenses associated with system failures in the future. As well, the Town is reviewing operational practices and looking for improvements in system efficiencies. This includes carefully tracking of water use and budgeting for long-term system sustainability.

10. Are these increases related to metering?

No, the installation of water meters has assisted the Town in tracking and repairing significant leaks. This has resulted in reduced water use, which also saves the associated costs of storage and distribution. By decreasing the overall water demand, metering actually helps to keep costs low for everyone. It also provides a fair way to distribute those costs amongst customers.





11. What is rate equity and how is it being addressed?

The underlying premise for rate equity is that all customer categories should pay the same average system price for water. The study conducted found that the average price paid by the three different customer categories varies and that multi-family customers pay more than the average price paid by single-family and commercial customers. This results in a rate inequity.

Metering has helped to improve equity by tying the amount a customer pays to the quantity of water they use.

As a further step toward addressing rate equity, Council committed to examine options for adjusting rates to ensure that water costs are fairly shared between customer types (i.e. single-family, multi-family and commercial).

When analyzing rate equity, both fixed and variable charges must be taken into consideration. (Fixed charges = parcel taxes and base fees. Variable charges = tiered consumption rates.)

In order to achieve rate equity, Council has approved the following rate adjustments for 2017:

- Parcel tax increase of 2%
- Tiered consumption rates increase by 5% (commercial) and 4% (single-family, multi-family) (effective April 1, 2017)
- Fixed base fees increase or decrease depending on the customer category as follows (effective April 1, 2017):
 - Single family: Increase by 5%
 - Multi-family: Decrease by 10%
 - Commercial: Increase by 21%

These rate changes result in an overall increase to Town revenue of 10%. The impact on individual property owners will depend on their customer category and usage behavior.

12. What can residents and businesses do to lower their water user charges?

Customers pay for the water they use. Implementing effective watering practices for lawns and gardens, installing low-flow toilets and showerheads, and using high efficiency washing machines could save both water and money.

For businesses, using high efficiency appliances and equipping facilities with low flow faucets are easy ways to conserve water. For more individualized recommendations, including estimated returns on investment, businesses may consider conducting a review of their use as well as measures to reduce consumption.

For more ideas, visit our website: www.gibsons.ca/water-conservation





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13. I grow my own food and it's going to cost more if water rates increase. What can I do to reduce my costs?

A good place to start is to ensure that you follow water wise gardening practices. You can also capture rainwater to irrigate the food in your garden instead of using water supplied by the Town.

Additional tips can be found on our website: www.gibsons.ca/water-conservation

14. How are businesses affected by rate increases and rate equity?

There is a significant range in the amount of water used by different commercial customers. Metering allows each business to pay for their fair share, as they pay for what they use. This also means that investment in conservation saves money. Businesses that install efficient fixtures and practice water smart behaviours will have lower water usage and may also have a lower energy bill due to reduced hot water consumption.

15. How do water charges help to protect our aquifer?

Aquifer monitoring and protection are part of our water utility management. Water charges contribute to paying for studies, (such as the recent aquifer mapping project), analyzing water quality, and monitoring the level of the aquifer.

For more information on aquifer mapping, visit: www.gibsons.ca/aquifer.

16. How much money does the Town put aside for aquifer protection?

This amount varies from year to year. The Town's budgeting process ensures money is spent strategically to provide high quality water services. Projects related to the aquifer are prioritized and funded in the same way as maintenance and engineering activities.

17. Where can I find more information?

Information is posted on the Town's website: www.gibsons.ca. As well, our staff can respond to any questions you may have. Drop by for a visit or give us a call.

