Water Pricing is a ‘Dropdown’ Within An Overall Strategy

“The RDN’s Action for Action illustrates the connection between conservation, providing for future growth and the ecological impacts of water consumption.”

Mike Donnelly
Manager of Water Services
Drinking Water and Watershed Protection & Water Utility Pricing

Making the Connection
Population Growth in our Region

- 1991: 100,000
- 1996: 150,000
- 2001: 200,000
- 2006: 250,000
- 2011: 300,000
- 2016: 350,000
- 2021: 400,000
- 2026: 450,000
- 2031: 500,000
- 2036: 550,000

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Daily Use Per Capita

- BC
- USA
- Canada
- Italy
- Sweden
- France
- Isreal
Our Water Use

• On average we are at 320 litres per day per person.
• BC Average is 440
• Canada’s average is 326
• In BC we use more water on average than they do in the USA, the top water consumers on the planet.
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Healthy Water

Reducing Risks

Understanding Risks

Wise Use

Improving Awareness
DWWP Activity

- Ground water vulnerability mapping
- Observation well network expansion
- Team WaterSMART program expansion
- Surface Water Quality monitoring program
- WellSMART program development
- Comprehensive community consultation
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**DWWP PROGRAM**

- Provide a sustainable water supply
- Reduce impacts on water resources
- Reduce ecological impacts
- Improve land-use decision making

**WATER PRICING**

- Set rates to cover costs, present and future
- Reduce demand to minimize capital costs
- Places a value on water
Average Daily Summer Water Use - All RDN Water Systems

All RDN Water System Customers - Sorted by consumption level
Rate Setting Goals

- 75/25  User Rate vs Parcel Tax
- Inclined block structure
- Incentive to reduce use
- Higher pricing for higher users
- Managed increases where necessary
- Standardized pricing based on avg. cost to deliver water (75% x 1.15)
Some things to remember

- People don’t like change
- People respond to fairness and clarity
- People don’t give a fig about heavy water users
Your Audience

- Political Representatives
- The Customer
- Organization’s Leadership

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## Previous Rate Structures

<table>
<thead>
<tr>
<th>Service Area</th>
<th>Minimum Daily Rate</th>
<th>Rate per Cubic Meter Per Day</th>
<th>Up to 0.9</th>
<th>.91 to 2.0</th>
<th>2.01 to 3.0</th>
<th>3.01 to 4.0</th>
<th>over 4.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>French Creek</td>
<td>$0.15</td>
<td>$0.35</td>
<td>$0.65</td>
<td>$1.01</td>
<td>$1.98</td>
<td>$2.35</td>
<td></td>
</tr>
<tr>
<td>Surfside</td>
<td>$0.15</td>
<td>$0.35</td>
<td>$0.65</td>
<td>$1.01</td>
<td>$1.98</td>
<td>$2.35</td>
<td></td>
</tr>
<tr>
<td>Nanoose Bay Peninsula</td>
<td>$0.24</td>
<td>$0.54</td>
<td>$1.08</td>
<td>$1.62</td>
<td>$1.98</td>
<td>$2.35</td>
<td></td>
</tr>
<tr>
<td>Decourcey</td>
<td>$0.24</td>
<td>$0.54</td>
<td>$1.08</td>
<td>$1.62</td>
<td>$1.98</td>
<td>$2.35</td>
<td></td>
</tr>
<tr>
<td>San Pareil</td>
<td>$0.93</td>
<td>$0.55</td>
<td>$1.10</td>
<td>$1.65</td>
<td>$2.20</td>
<td>$2.75</td>
<td></td>
</tr>
<tr>
<td>Englishman River</td>
<td>$0.82</td>
<td>$1.06</td>
<td>$1.37</td>
<td>$1.87</td>
<td>$2.80</td>
<td>$4.00</td>
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</tbody>
</table>
New Rate Structure

<table>
<thead>
<tr>
<th>Minimum Daily Rate</th>
<th>Up to 0.7</th>
<th>.71 to 1.4</th>
<th>1.41 to 2.1</th>
<th>2.11 to 2.8</th>
<th>2.81 to 3.5</th>
<th>over 3.51</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.00</td>
<td>$0.50</td>
<td>$1.00</td>
<td>$1.50</td>
<td>$2.00</td>
<td>$2.50</td>
<td>$3.00</td>
</tr>
</tbody>
</table>
# Rate Increase Impact

<table>
<thead>
<tr>
<th>Users</th>
<th>Winter</th>
<th>Summer</th>
<th>Old Rates</th>
<th>New Rates</th>
<th>Parcel Tax</th>
<th>Total</th>
<th>Incr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>0.25</td>
<td>0.5</td>
<td>$93</td>
<td>$114</td>
<td>$260</td>
<td>$374</td>
<td>6%</td>
</tr>
<tr>
<td>Medium</td>
<td>0.5</td>
<td>1.3</td>
<td>$189</td>
<td>$256</td>
<td>$260</td>
<td>$516</td>
<td>13%</td>
</tr>
<tr>
<td>High</td>
<td>1</td>
<td>3</td>
<td>$547</td>
<td>$679</td>
<td>$260</td>
<td>$939</td>
<td>14%</td>
</tr>
</tbody>
</table>

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San Pareil Well Production
2001-2009

Water Production (m³)

Month

January  February  March  April  May  June  July  August  September  October  November  December

*Flushing in March
*2005/06/07/08 Consumption inaccurate due to plugged meter.*

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Daily Use per Capita (litres)

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What did we achieve?

😊75/25 split, user rates and parcel tax
😊Inclined block modified
😊Good incentive to reduce use
😊Higher pricing for higher users
😊Standardized pricing based on avg. cost to deliver water (75% x 1.15), was 45% of cost.
What we aren’t sure about

😊Will it reduce consumption over the long term?
😊Will it produce price bumps with reduced use?
😊Are the price points adequate?
What can I take away?

1. Conservation based pricing seems to work
2. Relating the price of water to the cost to provide it makes sense to people
3. Higher prices for higher users gets support
4. Providing a low daily rate helps encourage conservation and supports low income families