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## Memorandum

**CL-C 111-2024**

**Subject:** Hauled Sewage Rates - Outline of Fee Options, Costs, and Impacts

**Date:** December 12, 2024

**To:** Regional Council

**From:** Phill Lambert, Director Water & Wastewater Services

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The purpose of this memo is to report back to Council based on direction provided at Public Works Committee on December 3, 2024, which provided the following recommendations:

That the Public Works Committee **RECOMMEND** to the Budget Review Committee of the Whole the following:

1. That the low concentration hauled sewage rate of \$71/1000 gallons (2025 fee number PW 49) as outlined the Draft 2025 Schedule of Fees and Charges attached as Appendix 1 to Report CSD 57-2024 **BE APPROVED**;
2. That Regional staff **BE DIRECTED** to undertake focused consultation with those wineries most impacted by the high concentration rate before the Council meeting on December 12, prior to approval of the 2025 Fees and Charges By-law (specifically, wineries with reported high concentration annual volumes of greater than 170,000 imperial gallons resulting in a total Regional hauled sewage fee increase of \$20,000 or more); and
3. That Regional staff **REPORT BACK** to Council on December 12, 2024, to provide alternatives for addressing the high concentration hauled sewage rate (2025 fee number PW-50) as outlined in Appendix 1 to Report CSD 57-2024 respecting 2025 Schedule of Fees and Charges.

Based on this direction, staff coordinated focused consultation on December 10 with wineries most impacted by the high concentration rates as noted above. Stakeholder feedback indicated a preference for a phased rate increase with a blended single rate. Considering the feedback received, the following alternatives are provided:

## **Alternatives Reviewed**

### **1. Two-Tier Rate, full cost recovery (originally proposed)**

Hauled sewage rates of \$71 per 1,000 gallons for low-concentration and \$165 per 1,000 gallons for high-concentration sewage were included in the 2025 Water and Wastewater Operating Budget. This approach represents full cost recovery, however many stakeholders expressed concern regarding the complexity of a dual rate.

### **2. Single Blended Rate of \$89/1000 gal**

A number of generators and haulers have suggested that a blended rate would be the preferred option. The advantage of this approach is that it simplifies the administration of fees for generators, haulers, and the Region. A blended rate of \$89 per 1,000 gallons would ensure cost recovery. However, stakeholders pointed out that implementing such a significant change within a single year would be a challenging adjustment for businesses.

### **3. Single Blended Rate of \$89/1000 gal, phased-in over three years (Recommended)**

Stakeholders preferred the blended rate; however, they require time to adjust. On that basis, staff recommend proceeding with a blended rate of \$71 in 2025, \$77 in 2026, \$83 in 2027, and \$89 in 2028.

This strategy would achieve cost recovery over a four-year period with the aforementioned annual increase of rate over that time. The shortfall of approximately \$0.48 M from the 2025 budgeted hauled sewage revenue would be funded through cost savings or through reserves in 2025. For 2026 and beyond, the hauled sewage revenue projections will be set in the annual budget process to align with the phased in rates. The impact of reducing the revenue forecast in the budget in 2026 will be distributed through the rate and allocated to the local area municipalities for billing to customers. Note that these amounts are expressed in 2024 dollars and staff will assess if an inflationary increase should be proposed annually after the phase in period is complete in 2028. Staff will also consider a full model recalculation to validate rates on more regular basis to ensure the rate continues to be fair and up to date with current costs.

#### 4. Maintain Status Quo – Single Rate of \$46/1000 gallons

All generators and haulers expressed support for the maintaining the existing single hauled rate. While this maintains the existing cost of hauled sewage services for all generators, it shifts the financial burden to ratepayers, who would be required to subsidize the hauled sewage generators.

##### **Staff Recommendation**

Based on stakeholder feedback received throughout consultation, staff recommends moving forward with Alternative 3. The blended rate was preferred by the wine industry and haulers, and will be simpler to administer for all, including the Region. An incremental increase over four years recognizes the feedback from wineries and will allow for more time to adjust to the new rate, while achieving cost recovery over a four-year period.

If Council supports this approach, the following motion would be appropriate:

That the draft Fees and Charges By-law **BE AMENDED** to rename fee PW-49 from “Hauled Sewage – Disposal Fee – Low Concentration” to “Hauled Sewage – Disposal Fee” and to delete fee PW-50 Hauled Sewage - Disposal Fee - High Concentration; and

That the 2025 rate for fee PW-49 **BE APPROVED** at \$71/1000 gallons with an equal phased annual increase to the rate of \$89/1000 gallons by January 1, 2028.

Staff will continue to monitor the hauled sewage program and will make the required adjustments in the 2026 Water and Wastewater Operating Budget next year.

Respectfully submitted and signed by

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Phill Lambert, P.Eng.  
Director, Water & Wastewater Services