



**POLICY TITLE: Water and Wastewater/Storm User Service Fee and Charges Policy**

POLICY NO: PP-0010

LAST REVISION DATE: February 13, 2013

EFFECTIVE DATE: February 13, 2013

MANAGER REVIEWED: Tom Hewiston

TO BE REVIEWED: January 2023

MAINTENANCE RESPONSIBILITY: Senior Policy Advisor, Financial Planning & Policy Section

**I GENERAL**

The Water and Wastewater/Storm User Fee and Charges Policy sets out a consistent and transparent approach for establishing and managing user fees in compliance with best practices. The Policy promotes fairness and equity by recovering the cost of services from those who receive direct benefits from the service. The Policy requires periodic review and update of user fees based on factors such as inflation, other cost increases, service level changes and delivery methods, and the need to ensure that user fee revenues do not exceed the cost of providing the respective services.

**II BACKGROUND**

User fees and charges are applicable for various Water and Wastewater/Storm related services provided on an individual basis to customers such as water turn on or off, laboratory services, etc. These fees are necessary to recover the full costs of such Water and Wastewater/Storm services otherwise these services would be subsidized by water consumers at large. Similar to water rates, service fees require periodic review and amendments, as necessary, to ensure equitable rates & fees, sustain adequate reserve funds and maintain fiscal balance.

The Water and Wastewater/Storm User Fee and Charges Policy was adopted to act as a framework for setting/reviewing Water and Wastewater/Storm service fees and charges on a regular basis.

**III POLICY**

The Water and Wastewater/Storm User Fee and Charges Policy incorporates the following elements:

**Establishing Fees**

The following principles are considered in developing and implementing service charges:

1. Revenue fees should not exceed the reasonable cost of providing the service.
2. Cost recovery goals should be based on the total cost of delivering the service, including direct costs, departmental administration costs, and organization-wide support costs such as accounting, personnel, data processing, vehicle maintenance and insurance.
3. The method of assessing and collecting fees should be as simple as possible so that the administration cost of collection is reduced.
4. The fee/charge structure should be sensitive to the marketplace for similar services, as well as, to smaller, infrequent users of the service.

### **Other Community Comparison**

In setting service fees and charges in Water and Wastewater/Storm, the City considers fees charged in other jurisdictions. Surveying the comparability of the City's fees to other communities provides useful background information in setting fees for the following reasons:

1. They reflect the market for these fees and can aid in assessing the reasonableness of the City's fees.
2. If analyzed thoroughly, they can serve as a benchmark to gauge the cost-effectiveness of City provided services.

However, it should be noted that fee surveys are not the sole or primary criteria in setting the City's fees as there are many factors that affect how and why other communities have set their fees at their cost levels.

### **Review Requirements**

Service fees and charges are to be reviewed on an annual basis normally in conjunction with the annual budget process to ensure that they keep pace with changes in the cost-of-living and for any changes in methods, technologies or levels of service delivery.