

A Letter to Norfolk Council

RE 2018 Rate Supported Operating Budget

November 2017

Since Council's decision to increase the blended rate for the treatment of holding and septic waste this past June, a petition to Council has been signed by 812 Norfolk residents. It asks for relief from the rate of \$20.26 per m³ that is proposed for implementation commencing in January of 2018. The rationale behind this request is somewhat complex and requires the explanation which is offered below.

1. The proposed rate is based upon the DFA consultants' report, commissioned by Council, that offers no mathematical support for the proposed holding tank rate of \$33.82 /m³. The report provides much data on volumes and loading but makes no attempt to mathematically deduce their proposed rate from that information.
2. The average annual cost to a residence with a holding tank would escalate to an amount beyond that which normal household budgeting can accommodate and whose impact would be substantial no matter how gradual the introduction. Thus, it represents an undue financial burden on our rural residents.
3. The increase in revenue to offset the life cycle cost of the additional treatment required of holding tank waste would be insignificant. This is a reflection of the fact that less than 1% of the total volume of waste treated at Norfolk plants comes from septic and holding tanks.
4. There is an inherent injustice present since part of the waste water treatment costs that are supported by the revenue from the tax base. Urban and rural residents alike pay taxes, a portion of which are used to support these treatment costs. Those rural residents who use septic tanks, (that require infrequent pumping), are therefore subsidizing, through their taxes, the costs of treating urban waste water. Yet they are being required to pay a second time when their waste is hauled to the treatment plant.
5. Businesses have been particularly vocal in their dismay over the proposed rate increase. Campgrounds, trailer parks, marinas and others who offer services to tourists say that they cannot simply absorb the greater cost and that passing those costs on would put them and Norfolk in a position of economic disadvantage. They plead the same case that other urban industrial users make in that partial relief from such charges results in local economic activity and jobs.
6. Property values are impacted by household operating costs. When lower property values result from higher operating costs, (higher treatment costs), it presents a headwind to economic growth and jobs. It's possible that the true future impact of the higher rates


could diminish or exceed the net revenues from those higher rates when viewed from a global perspective.

7. Council appears to have, perhaps unknowingly, introduced a system of charges which is inherently discriminatory. On one hand, the urban users are charged based upon the *volume* of wastewater they produce. On the other hand, the residents who produce hauled waste water are being surcharged because of its "*loading*" or concentration. Neither calculation method, by volume or by concentration, is more inherently correct, but to operate two rate systems where the users of each are a discrete subset of a single County entity appears to be disadvantageous to one group or the other. It appears to be as inherently unfair to discriminate between waste water producers as it would be if some residents were to be charged more for solid waste removal because their garbage was more concentrated and put a greater load on the solid waste facilities. The entire system of local government depends on the concept that some individuals may avail themselves of some services to a greater degree on some occasions but that, over the entire range of services and over the long haul, things balance out.

A Proposal

At present, urban residents are charged a base monthly amount plus \$1.60 per m³ for municipal sewage treatment. This is used to offset the total cost, (including capital costs), of \$3.73 per m³ to treat that sewage. The current rate for holding tank waste is \$10.00 per m³. This means that, because it is more concentrated, the charge to residents with holding tanks is just under three times greater than the charge to municipal users. Those of us on holding tanks can live with this current rate. It may be more or it may be less than the mathematical amount that we should be paying based on loading. Regardless, that rate of \$10/m³ has been found to be manageable by the majority of those who pay it. But Council has voted to increase that in 2018 by 102%, a rate we find unduly onerous. As a compromise, we propose that the 2018 rate for holding waste be set at the *current* rate of \$10.00 per m³ with the addition of an annual increase that follows and offsets inflation. To this end, we ask that Council pass a resolution permitting a "re-consideration" of the 2018 rate set at its meeting of June 2017.

Signatories to the Hauled Waste Water Petition



ERIC GUNNELL, CHAIR