

STAFF REPORT: ENGINEERING AND PUBLIC WORKS DEPARTMENT

REPORT TO: Infrastructure and Recreation
 Committee
MEETING DATE: October 16, 2012
REPORT NO.: EPW.12.061
SUBJECT: Wastewater Rates re: Landscaping &
 Outdoor Watering
PREPARED BY: John Caswell, Manager of Water &
 Wastewater Services/Asst. Director

A. Recommendations

THAT Council receive Staff Report EPW.12.061 entitled 'Wastewater Rates re: Landscaping & Outdoor Watering',

AND THAT Council direct Staff to prepare a policy to allow the installation of a subtraction water meter for landscaping and outdoor water use only for the calculation of sewer charges and which includes a backflow prevention device and an agreement to be executed with the owner to maintain the device as per the policy.

B. Background

Mr. John Leckie, a Lora Bay resident, attended the January 17, 2012 Infrastructure and Recreation Committee (I&R) meeting to discuss sewage rate charges for landscaping. His request was for relief from the sewer charges he incurred during a period in summer 2011 where he had been heavily watering new landscaping.

Staff prepared Staff Report EPW.12.029 for the I&R Committee on April 10, 2012 as a result of Mr. John Leckie's deputation. Several options were considered by Staff and are outlined below.

1. Apply the sewer rate charges based on the water meter reading as is currently Town practice.
2. Inform property owners that bulk water haulers are available in the area to truck water for landscaping or outdoor watering purposes.
3. Allow the installation of a subtraction water meter, for landscaping and outdoor water use, that requires a plumbing permit, a backflow prevention device and an agreement with the owner to maintain the device as per Town direction, and the Town does not apply the sewer charges for the water flow recorded by the subtraction meter.
4. Remove the portion of the sewer rate charge that is greater than the average of the previous two billing period sewer usage. This would only apply if water consumption for landscaping or outdoor water use is in excess of \$500 per billing period.

Council asked that Option #3 and Option #4 be reviewed and that the Finance Department be contacted to determine financial implications.

Background

The method of applying water and sewer rates is based on the water meter readings. Currently the Town operates on a 'Water In is Water Out' policy, as is the case in many local municipalities as well as larger ones including Toronto, Oakville and Hamilton. While this can lead to increased utility bills during dry summer seasons when users irrigate plants, each resident is able to assume responsibility in the control of costs associated specifically in their use of water for landscape and other outdoor watering.

For new landscape requiring extra water, the Town does offer a 'Landscape & Outdoor Watering Permit' that enables the resident to water outside of the water restrictions that are in place to support water conservation. Regardless, sewer charges are applied to the water used for irrigation. In order to mitigate customer dissatisfaction with their potential sewer charges, the permit process was amended for 2012 to ensure each resident purchasing the permit was explicitly aware of the "water in is water out" policy.

Option #3- Subtraction Meters

Option #3 presents a viable solution to allow residents to eliminate watering related sewer charges and better assigns the actual cost of water and sewer use to those utilizing the service. It must be remembered, however, that the wastewater budget is supported by consumption revenue. Decreased consumption will result in rate increases in future years.

The installation of the subtraction meter would cost approximately \$1,000. In addition, residents would be required to be involved in The Town's backflow program each year in order to minimize the risk of contamination of the Town's water supply. Yearly the homeowner will be required to hire an approved tester to certify the backflow device and submit it to the Town for review. An administration fee will apply for each resident involved in this testing, with the possibility of additional administrative costs payable to the Town should the test fail or residents do not comply with this program. It is proposed that all costs will be borne by the resident, and the program self-funded through fees.

If the subtraction meter program experiences high participation, it is likely that the staff resources needed to administer the program will be higher. This will lead to increased costs to inspect and read additional meters, cost for billing production, mailing and payment collection as well as support for residents who have issues. Additionally, it is important to note that the subtraction meters and backflow devices are not Town property, and any costs related to repair and maintenance will be the responsibility of the homeowners, potentially creating very contentious issues in the future.

Considering the saving benefits with Option #3, there is a distinct possibility that the attractiveness of the subtraction meter will entice non-residential accounts to be

interested in a similar program, leading either to a further impact on sewer revenue or disappointed customers who are not able to participate. Therefore, if this strategy is adopted, it would be very important to have strictly worded policies.

Option #4- Rebate for Lawn Watering with Permits

There are several implications to considering a rebate program for residents who purchase the New Landscape & Outdoor Watering permit. It will be a challenge to accurately determine how to calculate the sewer rebate, and costly for the additional Staff resources that will have to be utilized to manually adjust bills.

One way to offer a rebate would be to calculate the amount based on a percentage. However it is foreseen that additional Staff time will be dedicated to customers who are not satisfied with the assessment. One example will be the customer who has missed a rebate minimum by only a few dollars or cubic meters. Additionally there will be a complication with reading meter dates- permits are sold for a month period as of the date of purchase however the billing period does not necessarily coincide with those dates. For example, if a permit is purchased for the months of July and August, and the meter is read on Aug 30th, the owner may not meet the minimum requirements but if the meter was read Sept 10th, they may. It would be a costly challenge to ensure the meters will be recorded for the specific customers to whom this would apply, and then to adjust the bills accordingly.

Conclusion

Both options have since been considered with input from the Finance and IT department. Option #3 better assigns the actual cost of water and sewer use to those who utilize each service. Furthermore with this option all costs will be borne with the resident and the program ideally self-funded through fees. With both Option #3 and Option #4 it must be noted that there are concerns with the change to budgeting of sewage revenue, and additional costs to the Town and subsequently sewer ratepayers. Also, the important theme of conservation is not encouraged in either of these two options.

In considering Options #3 and 4 on balance, if Committee wishes to make a change from the present policy, Staff recommend the installation of a subtraction water meter for landscaping and outdoor water use only. This would include a backflow prevention device and an agreement to be executed with the owner to maintain the device as per a policy. The result would be that sewer charges based on water flow recorded by the subtraction meter not be applied. If a new option is endorsed, Staff do not recommend making any policy change retro-active.

C. The Blue Mountains' Strategic Plan

The generation of this report furthers the Town's Strategic Goal #2 "Addressing the Town's municipal infrastructure needs".

D. Environmental Impacts

None

E. Financial Impact

Both of the options will result in increased staff time to administer the programs and will impact wastewater revenue.

In Option #3, the program will be self-sustaining through fees.

Any reductions in sewer charge will result in rate increases due to lower revenue.

F. In Consultation With

Ruth Prince, Manager of Revenue

Paula Shannon, Utility Coordinator

G. Attached

None

Respectfully submitted,

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