

STAFF REPORT: Financial Services

REPORT TO: Council
MEETING DATE: April 15, 2009
REPORT NO.: FIS.09.17
SUBJECT: 2009 Water and Wastewater Rate By-law and Public Comments
PREPARED BY: Ruth Prince, Manager of Revenue

A. Recommendations

THAT Council receive Staff Report FIS.09.17 “2009 Water and Wastewater Rate By-law and Public Comments” for their consideration in finalizing the 2009 Water and Wastewater Charges; and,

FURTHER THAT Council enact a By-law to impose water charges and sewer charges effective March 1, 2009.

B. Background

Financial Services presented Report No. FS.09.06, “Establishment of Water and Wastewater Rates Effective January 1, 2009”, to Council on February 9th, 2009. As a result of budget direction from that meeting, the water and wastewater rates will be effective for March 1, 2009.

The Public Information Session was held at the L.E. Shore Library on February 21, 2009 and a Public Meeting was held on March 23, 2009.

Public Information Session

Eight members of the public attended the Public Information Session. Information relating to the proposed 2009 rate calculations, the history of the rate structure, challenges of water/wastewater in The Blue Mountains, budget changes and comparisons with other municipalities was provided.

Public Meeting

Minutes of the Public Meeting have been prepared by the Clerk’s Office and circulated to members of Council. The questions, comments and concerns raised by the public at the Public Meeting have been grouped together in common topics and responses have been prepared.

Municipal Comparisons

Ron Mikulik, 148 Cameron Street – Mr. Mikulik spoke, noting the fixed rate increase is ridiculous and represents a significant increase and most municipalities are holding the line on rate increases.

Response – For 2009, the City of Owen Sound is increasing their water rates by 5% (fixed and consumption) and the wastewater rate is increasing by 2.5%. The Town of Collingwood and the Municipality of Meaford have not set their rates at this time. The City of Guelph had a 19% increase in their water and wastewater consumption rates and an 8% increase in the fixed rate for water and wastewater. The City of Barrie has an increase of 11% for water and 15% for wastewater for rates effective April 1, 2009.

Communication

Gord Skultety – Mr. Skultety commented on the lack of communication and that the rates did not actually change, as a free 5m³ has been factored into the price.

Response – An advertised public information session on the proposed water and wastewater rates was held on February 23, 2009. An insert on the proposed rate information was included in the utility billing that was mailed in January 2009 and a second insert was included in the utility billing in March 2009. The Town welcomes public participation in this process and continually strives to improve the communication that is provided to the public.

Proposed Rate Structure

Ron Mikulik, 148 Cameron Street – Mr. Mikulik noted that provided no more than 5m³ per month was used, which he did not use in his last bill, the rate would increase. He also questioned the fixed rate increase from \$12 to \$21 and asked if the increased funding was for purchase or installation of particular infrastructure. He further commented that he believed that those who use water should pay based on consumption.

Gord Skultety – Mr. Skultety noted in 2003 he paid \$214.12 annually, in 2004 he paid \$218.70 and in 2005 he paid \$225, further noting when the municipality first went to a metered rate, the monthly fixed charge went down and the usage rate went up and it now seems to be moving the opposite way, which is opposed to conservation, and the usage rate should be boosted and the fixed rate lowered.

Jim Farmilo – Mr. Farmilo spoke on behalf of a local small business using 2 m³ of water per month, noting the direction appears to be moving away from consumption charges and it will be difficult for small businesses to face increased charges, adding those who use more water should pay more rather than increasing the fixed rate portion of billing. He also noted there may be excessive use if 10 m³ of water is provided per billing period at no charge.

Response - The current rate structure includes a fixed monthly service charge and a tiered volumetric charge based on consumption for both water and wastewater. While a high allocation to volume promotes water efficiency, there are costs that exist regardless of volume consumed and therefore should be paid for across the entire customer base.

By including the 5 m³ in the fixed charge and charging on consumption when the minimum volume is exceeded, utility revenues are protected and an equitable allocation of costs is shared among all users.

The proposed rate structure includes 5 m³ of water per month in the fixed charge. A consumption charge will not be charged on the first 5 m³ per month used.

Water Meters at Intrawest

Woody Cress - Mr. Cress noted he believed there were no water meters in the Intrawest development. Mr. Mikulik questioned the meter size rate charged to each condominium unit.

Response - Each condominium building in Intrawest is metered. For those condominium units with one meter, the fixed rate for a 5/8" meter is charged for each unit as well as the consumption rate. It would be cost-prohibitive to retrofit older developments. Some of the condominium units have individual meters (usually newer development).

Water Revenue

Woody Cress – Mr. Cress questioned the cost of a water meter and installation as well as system revenue increases since they were installed. He also questioned the amount of revenue in 2005 versus 2008.

Response – The current fee for a water meter is \$220. This fee covers the cost of the water meter, valves and also includes the applicable taxes.

In 2005, \$1.344 million was generated from water rates and \$931,000 was generated from wastewater rates. These rates however, did not cover all of the expenditures related to water and wastewater. In 2009 the amount of revenue required from the water rates is \$2.9 million and the wastewater rate is \$2.1 million.

Water/Wastewater Challenges

Selina Lawcock – Ms. Lawcock noted that all municipalities have the same regulation and questioned why residents are paying more than in other municipalities.

Response - Long, thin and stretched out water distribution and sewage collection systems require more pumping stations, pressure zones due to significant elevation changes, reservoirs and appurtenances. More kilometres of pipe per unit mean that we lose economies of scale. There are significant ground elevation changes throughout the

system. For water purposes, every 20 metres of vertical rise results in a new pressure zone (new system) which leads to higher operating and maintenance costs. For sanitary sewer purposes, more kilometres of pipe per unit results in the need for more pumping stations. Much of the system is installed in rock, which increases the capital costs significantly, and also forces more pumping stations to be installed which leads to higher operational costs. Larger residential lots and more open space results in more kilometres of pipe per unit which then leads to higher operational costs. Surface water sources (for us, Nottawasaga Bay) cost more per litre to treat than a groundwater source, because groundwater is not subject to the same level of contaminants that surface water is. More contaminants result in higher treatment costs.

C. The Blue Mountains' Strategic Plan

Ensuring long-term financial sustainability

D. Environmental Impacts

Supporting Environmentally sound decisions

E. Budget Impact

Proposed rates reflect an increase of 1% to the water consumption rate and no change to the wastewater consumption rate. 5 m³ per month will be included in the fixed rate for water and wastewater and a consumption rate will be charged once the 5m³ per month is exceeded.

F. Attached

1. By-law

Respectfully submitted,

Ruth Prince, Manager of Revenue

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

By-Law No. 2009-

BEING A BY-LAW TO IMPOSE WATER CHARGES AND SEWER CHARGES

WHEREAS the Water By-law provides for the operation of the water system, the requirements for the supply of water to properties, the installation of water meters on properties, the imposition of rates and charges for the supply of water to properties and other water related matters;

WHEREAS sections 9, 11 and Part XII of the *Municipal Act, 2001*, as amended, (the *Act*) and the *Regulations* thereto enable a municipality to impose by by-law fees or charges on persons for the supply of water and the use of a sewage system;

AND WHEREAS *Ontario Regulation 581/06* provides that fees or charges imposed for the supply of water and the use of a sewage system under the Act and added to the tax roll under subsection 398(2) of the Act have priority lien status as described in section 1 of the Act;

AND WHEREAS the Council deems it necessary, to impose upon the owners water charges for the supply of water to pay the costs of providing the water system and supplying water to the owners;

AND WHEREAS the Council deems it necessary, to impose upon the owners sewer charges for the use of the sewage system to pay the costs providing the sewage system for the use of the owners;

AND WHEREAS the Town has held a public meeting before passing this by-law and has provided notice of the public meeting and its intention to pass this by-law and made available to members of the public information with respect to the water charges and the sewer charges.

NOW THEREFORE the Council of The Corporation of the Town of The Blue Mountains hereby enacts as follows:

Definitions

1. In this by-law, including the recitals thereto:

“Act” means the *Municipal Act, 2001*, S.O. 2001, c.25, as amended;

“charges” means the water charges or the sewer charges or both and includes late payment charges;

“Council” means the Council of The Corporation of the Town of The Blue Mountains;

“land” includes buildings and structures;

“owner” or “property owner” means the a person who is the registered owner of an estate in fee simple of a property;

“person” includes a corporation and the heirs, executors, administrators, successors, assigns or other legal representatives of a person to whom the context can apply according to law;

“potable water” means water that is fit for human consumption;

“property” means a separately assessed parcel of land connected to or fronting on the

water system or the sewage system or both and includes a condominium unit in a condominium corporation and the common elements in a condominium corporation:

“sewage system” means the Town’s municipal sewage system which includes works for the collection, transmission, treatment and disposal of sewage

“sewer charges” means the sewer use rates and the sewer related charges imposed on the owners by this by-law for the use of the sewage system at the rates and in the amounts set out in Schedule “B”;

“sewer related services” means the sewer related services described in Schedule “B”;

“Town” means The Corporation of the Town of The Blue Mountains;

“Treasurer” means the person holding the title of Director of Financial and Information Services (Treasurer) for the Town or designate;

“water” shall mean potable water supplied by the Town:

“Water By-law” means the Town’s by-law for the regulation of the water supply in the Town in force at any given time;

“water charges” means the water supply rates and the water related charges imposed on the owners by this by-law for the supply of water at the rates and in the amounts set out in Schedule “A”;

“water meter” means the water meter supplied and owned by the Town or a water meter owned by an owner and approved by the Town used to measure the quantity of water supplied to the owner;

“water related services” means the water related services described in Schedule “A”;

“water system” means the Town’s municipal drinking-water system as defined in the Safe Drinking Water Act, 2002, S.O. 2002, c.32, as amended and includes works for the collection, production, treatment, storage, supply and distribution of water;

Unless the context otherwise requires in this by-law, words importing the singular include the plural and vice versa.

Water and Sewer Charges

2. The water charges set out in Schedule “A”, which are all charges for the supply of water and the sewer charges set out in Schedule “B”, which are all charges the use of the sewage system, are approved and imposed on the owners commencing March 1, 2009, save and except the charges for bulk water sales, holding tank water and septage waste, which will be imposed commencing May 1, 2009.

Water Supply Rates and Sewer Use Rates

3. The rates for the water supplied to all properties and the rates charged for the use of the sewage system shall be charged to the owners on a per cubic meter basis measured by the water meter on the property, a flat rate basis or a minimum rate basis as the case may be at the rates shown on Schedules “A” and “B” respectively.

Water Related Charges and Sewer Related Charges

4. The water related charges for the water related services and the sewer related charges for the sewer related services applicable to a property shall be charged to the property owner in the amounts shown on Schedules “A” and “B”

respectively.

Charges Due and Payable

5. The charges imposed by this by-law are due and payable:
 - (a) upon the due date specified in any invoice issued by the Town to any owner in connection with a charge imposed by this by-law; or
 - (b) at the time of the transaction for which a charge is imposed by this by-law.

Late Payment Charges and Interest Charges on Payments in Default

6. A late payment charge of 1.25 percent of the amount due and unpaid shall be imposed on all charges which are in default on the day following the due date. An interest charge of 1.25 percent of the amount of the charge due and unpaid will be imposed each month thereafter for the non-payment of charges, but will not start to accrue before the first day of default.

Non-payment of Charges

7. The charges imposed by this by-law constitute a debt of the owner to the Town, may be added by the Treasurer to the tax roll for the owner's property and collected in the same manner as municipal taxes in accordance with subsection 398(2) of the Act. The charges added to the tax rolls under subsection 398(2) of the Act have priority lien status as described in section 1 of the Act.
8. The Treasurer is hereby authorized to add the charges which are in default to the tax rolls for properties to which the water was supplied or which used the sewage system.
9. On all charges which are in default and added to the tax roll by the Treasurer in accordance with section 8, a penalty of 1.25% per month will be added on the first day of each and every month the default continues until December 31 in the current year. On all charges in default on January 1 of the following year, interest will be added at the rate of 1.25% per month for each month or fraction thereof of default.
10. The Town may in accordance with section 81 of the Act shut off the supply of water to a property if the water charges or the sewer charges or both payable by the property owner are overdue and in default.

Application to the Ontario Municipal Board

11. No application shall be made to the Ontario Municipal Board under clause 71(c) of the *Ontario Municipal Board Act* on the grounds that the water charges imposed under this by-law are unfair or unjust.

Capital Water Charges

12. The water charges and the sewer charges imposed by this by-law are in addition to any capital water charges or capital sewer charges which have been imposed by the Town or may be imposed by the Town in the future to pay the capital costs of the water system or the sewage system or any parts thereof.

Administration

13. This by-law shall be administered and enforced by the Town.

Schedules

14. Schedules "A", "B" and "C" are hereby declared to form part of this by-law.

By-law in Force

15. This by-law shall come into force and take effect on the 1st day of March, 2009.

16. By-law 2008-33 is hereby rescinded and repealed.

ENACTED AND PASSED this 15th day of April, 2009.

The Corporation of the Town of The Blue Mountains

Ellen Anderson, Mayor

Stephen Keast, Clerk

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

By-Law No. 2009 -

Schedule "A"

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WATER SUPPLY RATES

	Rate
Fixed Charge Per Month	
Meter Size	
5/8" (See Note # 1)	\$ 20.21 per month
3/4"	\$ 21.42 per month
1"	\$ 25.05 per month
1 1/2"	\$ 29.90 per month
2"	\$ 43.22 per month
3"	\$ 141.32 per month
4"	\$ 177.65 per month
6"	\$ 262.42 per month
Tiered Incremental Rates Per m³ Per Two Month Period	
>10 – 30 m ³	\$ 1.62 per m ³ per two month period
>30 – 60 m ³	\$ 1.77 per m ³ per two month period
>60 – 90 m ³	\$ 1.92 per m ³ per two month period
over 90 m ³	\$ 2.08 per m ³ per two month period
Bulk water sales	\$ 2.43 per m ³
Unconnected Water Rate (temporary disconnection, unconnected service)	same as "Fixed Charge Per Month"
Flat Rate Charge (no meter installed - newly constructed building)	\$ 28.31 per month, 5/8" meter equivalent unit
Minimum Water charge (water service shut off for non-payment, temporary removal of water meter)	same as "Fixed Charge Per Month"

Note # 1:

Multiple condominium or residential-type units serviced by one meter are deemed to be serviced by one 5/8" meter per condominium unit for the purposes of this by-law

Schedule "A"

(Page 2 of 2)

WATER RELATED CHARGES

	Rate
Service connection application/inspection	\$ 50.00 per connection
Service installation re-inspection	\$ 50.00 per each inspection subsequent to the first inspection
Service disconnection charge	\$ 50.00 per connection
Service reconnection charge	\$ 50.00 per connection
Late payment charge on unpaid billing	1.25% applied to due and unpaid charges on current billing
Interest charge on unpaid billing	1.25% applied each month thereafter to due and unpaid charges
Collection charge - deliver notice of disconnection	\$ 25.00 per connection/billing
Administrative charge - change of ownership or occupant (includes reading meter to final charge)	\$ 30.00 per instance
Temporary removal and reinstallation of meter	\$ 50.00 per removal and reinstallation
Testing meter for accuracy	\$ 50.00 per 5/8" water meter test
Service disconnection inspection	\$ 50.00 per inspection
Hydrant maintenance fee	\$ 96.00 per hydrant per year
5/8" meter and appurtenances	\$ 220.00 per meter
5/8" meter (radio activated)	\$ 430.00 per meter
Landscape watering permit (new landscaping only)	\$ 50.00 per permit
Landscape watering deposit (new landscaping only)	\$ 50.00 per permit
Use of water during restricted/prohibited time	
First instance	\$ - written warning
Second instance	\$ 150.00 per instance
Third and each subsequent instance	\$ 300.00 per each subsequent instance
Utility certificate - account status	\$ 30.00 per account
Other utility related services	time + materials basis

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

By-Law No. 2009 -

Schedule "B"

(page 1 of 2)

SEWER USE RATES

	Rate
Fixed Charge Per Month	
Water Meter Size	
5/8"	\$ 18.83 per month
3/4"	\$ 19.96 per month
1"	\$ 23.36 per month
1 1/2"	\$ 27.90 per month
2"	\$ 40.36 per month
3"	\$ 132.15 per month
4"	\$ 166.14 per month
6"	\$ 245.46 per month
Tiered Incremental Rates Per m³ Water Per Two Month Period	
>10 – 30 m ³	\$ 1.50 per m ³ water per two month period
>30 – 60 m ³	\$ 1.65 per m ³ water per two month period
>60 – 90 m ³	\$ 1.80 per m ³ water per two month period
over 90 m ³	\$ 1.95 per m ³ water per two month period
Unconnected Sewer Rate (temporary disconnection, unconnected service)	same as "Fixed Charge Per Month"
Flat Rate Charge (no meter installed - newly constructed building)	\$ 26.33 per month, 5/8" meter equivalent unit
Minimum Sewer charge (water service shut off for non-payment, temporary removal of water meter)	same as "Fixed Charge Per Month"
Holding Tank Waste Water (originating in Town of The Blue Mountains)	\$ 4.00 per m ³
Septage Waste (originating in Town of The Blue Mountains)	\$ 23.00 per m ³
Holding Tank Waste Water (originating outside Town of The Blue Mountains)	\$ 4.30 per m ³
Septage Waste (originating outside Town of The Blue Mountains)	\$ 25.40 per m ³

Note # 1:

Multiple condominium or residential-type units serviced by one meter are deemed to be serviced by one 5/8" meter per condominium unit for the purposes of this by-law

Schedule "B"
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SEWER RELATED CHARGES

			Rate
Service connection application	\$	50.00	per connection
Service installation re-inspection	\$	50.00	per each inspection subsequent to the first inspection
Late payment charge on unpaid billing		1.25%	applied to due and unpaid charges on current billing
Interest charge on unpaid billing		1.25%	applied each month thereafter to due and unpaid charges
Collection charge (included in water collection charge)			per connection/billing
Administrative charge (included in water admin charge)			per service
Service disconnection inspection	\$	50.00	per inspection

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

By-Law No. 2008-

Schedule "C"

Water Consumption Appeal Process

It is the responsibility of the property owner or the tenant of the property to maintain the property in good repair. Any faulty plumbing should be repaired in a timely manner. From time to time, however, there may be plumbing problems that are not easily detected, which may result in higher than usual water consumption.

The intent of the appeal process is to assist those residential water users previously on flat rate billing, that are either unaware of the fact that they had leaking plumbing, or are unaware of the impact the leaking plumbing will have on their utility bill now based in part on consumption flow. The adjustment will assist the property owner to understand the relationship between the volume of water used and the resulting cost. This appeal process is established to authorize a one-time only reduction to metered water consumption due to a faulty plumbing problem (for example a leaky water faucet or a leaking toilet).

A request for an adjustment to water consumption must be made in writing to the Town; the requester will explain the nature of the problem, the length of time that the problem was in effect, and will confirm that the problem has since been corrected; paid invoices indicating that repairs were made to correct the problem may be required upon the Town's request.

An adjustment may be applied to situations that occur subsequent to the "start" meter reading date for residential billing purposes (ranging from late December, 2006 to early January, 2007)

Water charges and sewer charges are each comprised of a fixed charge and a charge based on metered water consumption. Consideration will be given to reducing the charges based on water consumption only. Any reduction will apply to the water consumption charge and, where applicable, to the sewer charge based on water consumption; the fixed charges will not be adjusted.

The billing adjustment will be the difference between the utility customer's estimated normal water consumption for the period under review and their actual water consumption for that period in cubic metres, multiplied by the total of the water consumption charge plus the sewer charge based on water consumption (where applicable) in effect for that period. The estimated normal water consumption for the period under review will be determined by the Town in consultation with the utility customer, but the Town's determination will be final. Adjustments will not be made where the difference is less than \$5. Any adjustment will be posted to the utility customer's account.

An adjustment may be made to metered water consumption or sewer charges with the approval of the Manager of Revenue.