

STAFF REPORT: Financial and Information Services

REPORT TO: Council
MEETING DATE: January 11, 2010
REPORT NO.: FIS.10.01
SUBJECT: Establishment of Water and Wastewater Rates Effective January 1, 2010
PREPARED BY: Ruth Prince, Manager of Revenue

A. Recommendations

THAT Council receives Staff Report FIS.10.01, "Establishment of Water and Wastewater Rates Effective January 1, 2010" for information purposes; and,

FURTHER THAT Council enact a By-law to impose water charges and sewer charges effective January 1, 2010.

B. Background

At the November 23, 2009 Budget Meeting, Council approved the proposed 2010 Water and Wastewater Budgets for release to the public and authorized staff to schedule a public meeting to discuss the proposed budgets and rates at the next regular Council meeting of December 14, 2009. One comment was received at the public meeting in regards to the 2010 water and wastewater budget and rates.

The 2010 budget estimate of \$2,978,671 for the water system is funded by a 2% increase to the fixed rate (includes 5m³ / month) and 2% increase in consumption rate.

The 2010 budget estimate of \$2,193,430 for the wastewater system is funded by the current fixed rate (includes 5 m³ / month) and the current consumption rate.

Water consumption and sanitary sewage flows for 2010 are projected to remain constant from the 2009 budget levels. The water consumption and sanitary sewer flows consider expected consumption for normal summer weather.

The water and wastewater systems are dependent on the revenues generated from the water and wastewater rates. The 2010 budget includes a contribution to a Rate Stabilization Reserve. There is \$33,377 being generated through the water rates and \$86,979 being generated through wastewater rates. Reserves will be used to equalize the fluctuation in the annual rate and the annual surplus or deficit.

Based on the current budget projections, consumption patterns and growth forecasts, it is forecasted that water rate increases of 2% for 2011 and 2012 will meet the current expenditure estimates. Wastewater rates will remain unchanged for 2011 and 2012.

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 2% 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

- F1. 2010 Water Rates Calculation
- F2. 2010 Wastewater Rates Calculation

Respectfully submitted,

Signature

For more information, please contact:

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2010 WATER RATES CALCULATION (2% Increase)

<u>BUDGET</u>	<u>2%</u> <u>2010</u>	<u>2%</u> <u>2011</u>	<u>2%</u> <u>2012</u>
Gross Expenditures	\$2,014,451	\$1,939,907	\$1,932,164
Transfers to Capital	\$750,182	\$776,836	\$841,464
Interfunctional Transfers	\$288,069	\$296,227	\$306,747
Contribution to Asset Replacement Reserves	\$175,592	\$182,354	\$157,846
Transfer to Reserves	\$33,377	\$38,183	\$31,089
Revenue Requirement	<u>\$3,261,671</u>	<u>\$3,233,507</u>	<u>\$3,269,310</u>
Less Non-User Rate Revenues	<u>\$283,000</u>	<u>\$157,250</u>	<u>\$92,250</u>
Net Expenditures - Rate Funded	<u><u>\$2,978,671</u></u>	<u><u>\$3,076,257</u></u>	<u><u>\$3,177,060</u></u>
Share to be funded from Fixed Monthly Charges	\$1,496,198	\$1,549,014	\$1,603,694
Share to be funded from Consumption Charges	\$1,482,473	\$1,527,244	\$1,573,366
Total Revenues Through Rates	<u><u>\$2,978,671</u></u>	<u><u>\$3,076,257</u></u>	<u><u>\$3,177,060</u></u>

<u>Meter Size</u>	<u># of Meters</u>	<u>Fixed Charge</u> <u>Per Month</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>
5/8"	5,810	multiply by \$20.61	\$1,437,222	\$1,487,956	\$1,540,481
3/4"	21	\$21.85	\$5,506	\$5,701	\$5,902
1"	50	\$25.56	\$15,334	\$15,875	\$16,435
1 1/2"	26	\$30.50	\$9,515	\$9,851	\$10,199
2"	30	\$44.09	\$15,871	\$16,431	\$17,011
3"	3	\$144.14	\$5,189	\$5,372	\$5,562
4"	2	\$181.20	\$4,349	\$4,502	\$4,661
6"	1	\$267.67	\$3,212	\$3,325	\$3,443
Total # of Meters	<u>5,943</u>		<u>\$1,496,198</u>	<u>\$1,549,014</u>	<u>\$1,603,694</u>
	Total # of Meters		5,943	6,033	6,123
Estimated Total Annual Water Consumption (m ³):			1,109,895 m ³	1,120,994 m ³	1,132,204 m ³
	<u>total annual m³</u>	<u>Rate per m³</u>			
0 - 10 m ³	295,565	\$1.65	Included in fixed charge		
>10 - 30 m ³	388,796	multiply by \$1.65	\$642,447	\$661,849	\$681,837
>30 - 60 m ³	167,816	\$1.81	\$302,975	\$312,125	\$321,551
>60 - 90 m ³	54,496	\$1.96	\$106,725	\$109,948	\$113,268
above 90 m ³	203,222	\$2.12	\$430,326	\$443,322	\$456,710
	<u>1,109,895</u>		<u>\$1,482,473</u>	<u>\$1,527,244</u>	<u>\$1,573,366</u>

2010 WASTEWATER RATES CALCULATION (0% Increase)

<u>BUDGET</u>	<u>0%</u> <u>2010</u>	<u>0%</u> <u>2011</u>	<u>0%</u> <u>2012</u>
Gross Expenditures	\$1,167,400	\$1,226,417	\$1,255,216
Transfers to Capital	\$279,182	\$210,336	\$178,193
Interfunctional Transfers	\$380,219	\$385,104	\$394,175
Contribution to Asset Replacement Reserves	\$500,000	\$500,000	\$500,000
Transfer to Reserves	\$86,979	\$149,178	\$171,059
Revenue Requirement	<u>\$2,413,780</u>	<u>\$2,471,035</u>	<u>\$2,498,643</u>
Less Non-User Rate Revenues	<u>\$220,350</u>	<u>\$250,350</u>	<u>\$250,350</u>
Net Expenditures - Rate Funded	<u><u>\$2,193,430</u></u>	<u><u>\$2,220,685</u></u>	<u><u>\$2,248,293</u></u>
Share to be funded from Fixed Monthly Charges	\$1,064,138	\$1,080,100	\$1,096,301
Share to be funded from Consumption Charges	\$1,129,292	\$1,140,584	\$1,151,990
Total Revenues Through Rates	<u><u>\$2,193,430</u></u>	<u><u>\$2,220,685</u></u>	<u><u>\$2,248,293</u></u>

<u>Meter Size</u>	<u># of Meters</u>	Fixed Charge <u>Per Month</u>	<u>Revenue</u>			
5/8"	4,545	multiply by \$18.83	\$1,026,988	\$1,042,393	\$1,058,029	
3/4"	19	\$19.96	\$4,551	\$4,619	\$4,688	
1"	27	\$23.36	\$7,569	\$7,682	\$7,797	
1 1/2"	23	\$27.90	\$7,700	\$7,816	\$7,933	
2"	21	\$40.36	\$10,171	\$10,323	\$10,478	
3"	2	\$132.15	\$3,172	\$3,219	\$3,267	
4"	2	\$166.14	\$3,987	\$4,047	\$4,108	
6"	0	\$245.46	\$0	\$0	\$0	
Total # of Meters	<u>4,639</u>		<u>\$1,064,138</u>	<u>\$1,080,100</u>	<u>\$1,096,301</u>	
Total # of Meters			4,639	4,709	4,779	
Estimated Total Annual Water Consumption (m ³):			845,873 m ³	854,332 m ³	862,875 m ³	

	<u>total annual m³</u>	<u>Rate per m³</u>				
0 - 10 m ³	164,522	\$1.50	Included in fixed charge			
>10 - 30 m ³	330,970	multiply by \$1.50	\$496,455	\$501,420	\$506,434	
>30 - 60 m ³	147,888	\$1.65	\$244,014	\$246,455	\$248,919	
>60 - 90 m ³	41,363	\$1.80	\$74,454	\$75,198	\$75,950	
above 90 m ³	161,214	\$1.95	\$314,368	\$317,512	\$320,687	
	<u>845,958</u>		<u>\$1,129,292</u>	<u>\$1,140,584</u>	<u>\$1,151,990</u>	