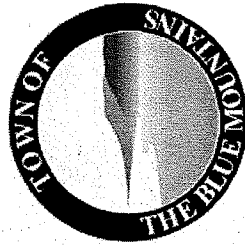


STAFF REPORT: Financial Services



REPORT TO: Council
MEETING DATE: April 23, 2007
REPORT NO.: FS.07.17
SUBJECT: Water and Wastewater Rates
PREPARED BY: Robert Cummings, Acting
Director of Finance
Teresa Oakley, Manager of
Revenue

A. Recommendations

THAT council set the Town Water rates and Town Sewer rates based on Option # 3, 25% annual asset replacement contribution, and Alternative # 2, tiered rates, as presented Wednesday April 11, 2007 at Town Council meeting by Craig Binning, Hemson Consulting Ltd. with 50% of the revenue requirements being recovered through a fixed/flat charge, and the remaining 50% of the revenue requirements being recovered through consumption rates;

AND THAT the 2007 transfer to Water reserves and reserve funds be increased by \$101,000 for the purposes of meeting 25% of the calculated annual contribution required for future asset replacement as set out in the above rate recommendation;

AND THAT the 2007 transfer to Sewer reserves and reserve funds be increased by \$83,300 for the purposes of meeting 25% of the calculated annual contribution required for future asset replacement as set out in the above rate recommendation;

AND THAT Council enact a By-law imposing water charges and sewer charges, effective January 1, 2007.

B. Background

The goals of billing for water and sewer services based on water flows include, amongst many others: (1) water conservation; (2) equity amongst utility customers; (3) reduced flows per unit which may result in lower capital costs from smaller future infrastructure expansions; and (4) identify water loss problems more quickly by comparing production and consumption.

Prior to 2007 the Town recovered water and wastewater charges from residential property owners based on a per unit, flat rate system. Most commercial accounts were billed based on water consumption.

Residential user fees were, for the most part, consistent throughout the service area. The commercial user fees varied by service area due to historical billing practices in the former municipalities. For instance the 2006 commercial metered water charge in the Thornbury service area was \$3.34/1000 gallons vs the commercial metered water charge in the CCCL service area of \$5.40/1000 gallons. The implementation of a uniform rate throughout the services areas will result in a greater increase for the Thornbury service area commercial consumers, generally speaking.

Water meters have been installed in the vast majority of residential dwellings and commercial buildings connected to municipal services. This will enable the municipality to bill all properties receiving utility services on a bi-monthly cycle based on water consumption and using the same rate structure throughout the service areas.

The move from utility billings based on both flat rate and metered water to billings based 100% on metered water will result in shifts of financial responsibility amongst all utility customers. Preliminary analysis of the 2007 Options presented by Hemson Consulting Ltd. showed that the commercial sector will experience, on average, approximately the same cost for all water and wastewater services as in 2006, whereas the residential sector will experience increases reflecting the actual cost of services. Costs will be recovered based on proportional water consumption amongst all utility customers.

2007 Utility Invoices

The proposed schedule of utility invoices for 2007 is as follows:

Utility Period	Invoices Mailed By	Due Date
January and February	April 25	May 23
March and April	May 16	June 27
May and June	July 11	August 8
July and August	September 12	October 10
September and October	November 14	December 12
November and December	January 9, 2008	February 11, 2008

For the year 2007 payment options will be by way of cash or cheque only. We anticipate that in 2008 we will offer various payment options to the customers. With a year of billing history behind us we will be able to set up budget payment options as well.

Communications

An Open House was held on April 17, 2007 from 5:00 p.m. to 8:00 p.m. at the Municipal Offices. The proposed rates were posted on the Town's website on Friday, April 13th. Information was also available at the Town Office.

Subsequent discussions on the matter at the Finance and Administration Committee on Tuesday April 17; and the Open House held on April 17, 2007 from 5:00 p.m. to 8:00 p.m; and at the Council Workshop at the Town offices have supported lower tiered consumption rates and a higher annual fixed charge than what was presented Wednesday April 11, 2007 at Town Council meeting by Craig Binning, Hemson Consulting Ltd. (50%/50% vs. 70%/30%)

This rate structure will be in effect for January through June 2007, with Council to review the results of the charges based on actual water consumption, and to consider any feedback received from the public, in July. Adjustments may be made at that time to the rate structure or rate quantum, to be in effect for the remainder of the year.

C. Budget Impact (cc: Treasury if required)

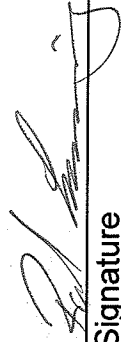
The Council recommendation of Alternative 2 and Option 3 would require an increase to the 2007 approved Town budget(adopted by By-Law 2007-15) of \$101,000 (water) and \$83,300 (sewer). This will require an amendment to By-Law 2007-15.

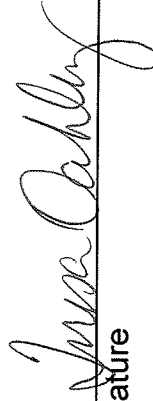
NOTE: with the adoption of any rate structure and schedule of charges there will be financial responsibility shifts between individual utility customers.

D. Attached (Relevant documentation not personal information about an identifiable person)

1. Draft By-Law 2007-
2. Sample Residential Flows based on Alternative 2, Option 3, 50% costs recovered through fixed charge, 50% costs recovered through consumption based charge.
3. Feedback from the Open House on Tuesday April 14, 2007.

Respectfully submitted,


Signature


Signature

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

By-Law No. 2007-

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-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 Finance (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 January 1, 2007.

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 on Payments in Default

6. A late payment charge of 5% as shown on Schedules "A" and "B", respectively, shall be added on all charges which are in default on the day following each due date.

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 owners 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 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" and "B" are hereby declared to form part of this by-law.

By-law in Force

15. The water charges and the sewer charges imposed by this by-law shall come into force and take effect on the 1st day of January, 2007.

Repeal

16. By-law 2006-89 is repealed.

ENACTED AND PASSED this 23rd day of April, 2007.

The Corporation of the Town of The Blue Mountains

.....
Mayor

.....
Clerk

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

By-Law No. 2007 -

Schedule "A"
(Page 1 of 2)

WATER SUPPLY RATES

	Rate
Fixed Charge Per Month	
Meter Size	
5/8"	\$ 25.00 per month
3/4"	\$ 28.00 per month
1"	\$ 36.00 per month
1 1/2"	\$ 46.00 per month
2"	\$ 74.00 per month
3"	\$ 280.00 per month
4"	\$ 356.00 per month
6"	\$ 534.00 per month
Tiered Rates Per m³ Per Month	
0 - 15 m ³	\$ 0.907 per m ³ per month
16 - 30 m ³	\$ 1.057 per m ³ per month
31 - 45 m ³	\$ 1.207 per m ³ per month
over 46 m ³	\$ 1.357 per m ³ per month
Bulk water sales	\$ 1.50 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)	\$ 35.00 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"

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 water billing	5% applied to outstanding balance on current billing
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
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. 2007 -

Schedule "B"

(page 1 of 2)

SEWER USE RATES

Fixed Charge Per Month	Rate
Water Meter Size	
5/8"	\$ 34.00 per month
3/4"	\$ 38.00 per month
1"	\$ 48.00 per month
1 1/2"	\$ 62.00 per month
2"	\$ 99.00 per month
3"	\$ 377.00 per month
4"	\$ 480.00 per month
6"	\$ 720.00 per month
Tiered Rates Per m ³ Water Per Month	
0 - 15 m ³	\$ 1.052 per m ³ water per month
16 - 30 m ³	\$ 1.202 per m ³ water per month
31 - 45 m ³	\$ 1.352 per m ³ water per month
over 46 m ³	\$ 1.502 per m ³ water per month
Unconnected Sewer Rate (temporary disconnection, unconnected service)	same as "Fixed Charge Per Month"
Flat Rate Charge (no meter installed - newly constructed building)	\$ 45.00 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

Schedule "B"
 (Page 2 of 2)

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	5% applied to the outstanding balance on current billing
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

January / February Billing Cycle

April 23, 2007

Number of accounts in each range (residential accs only)

% of total accounts	2,665	906	171	113	3,855
Cubic meters per year	0 to 180 m ³	181 to 360 m ³	361 to 540 m ³	541 m ³ +	100%
	69%	24%	4%	3%	

Alternative 2 Option 3

Tiered Rates, 2007 Town Budget

+ 25% asset replacement

50% fixed charge, 50% consumption charges

water	from	\$	300	\$	491	\$	736	\$	1,034
	to	\$	463	\$	681	\$	952		
sewer	from	\$	408	\$	626	\$	896	\$	1,221
	to	\$	597	\$	841	\$	1,138		
total w/s	from	\$	708	\$	1,117	\$	1,632	\$	2,255
	to	\$	1,061	\$	1,521	\$	2,090	\$	-

OPEN HOUSE WATER AND SEWER CHARGES

April 17, 2007, 5:00 p.m. to 8:00 p.m.

An Open House was held on Tuesday, April 17th to present proposed water and wastewater rates information to the public. Fourteen members of the public and one member of Council attended the session.

Copies of the April 11, 2007 HEMSON Consulting Ltd. Council Presentation, and Staff Report # FS.07.15 were handed out. Staff provided a verbal overview of the transition from flat rate residential billing to metered flow billing for water and wastewater, and described the options presented by HEMSON to Council. Individuals were then shown their own water consumption account for the January/February billing period; what the water and wastewater bill would amount to based on Alternative 2 (Tiered Rates) and Option 3 (2007 Town Budget + 25% asset replacement) with 30% of the 2007 revenue requirements being recovered through a fixed charge and 70% of the revenue requirements being recovered through a consumption charge for the two month period; and what the annual bill would amount to if that water consumption pattern was in place for all of 2007.

Individuals representing three households commented that they would support the lower fixed rate as there are only one or two individuals in the house, and their consumption is consistently low. One couple said they are on a fixed income and would be pleased with the highlighted billing structure, with the lower minimum bill. Other comments received reflected support for consumption based charges. One couple indicated support for Option 1, being the 2007 Town Budget, and suggested phasing in the increased contributions to fixed asset reserves over time; they noted that there was already a fairly steep increase in the budget from 2005 to the 2007 base. We received an email on Wednesday from a couple that had reviewed the printed material that was handed out at the Open House. They indicated support for Alternative 2 Option 3, as they "... recognize the need to provide funds for asset replacement and endorse the tiered system which would encourage conservation."