

STAFF REPORT: Financial Services



REPORT TO: Council
MEETING DATE: January 15, 2009
REPORT NO.: FS.09.03
SUBJECT: Water and Wastewater Rate Options
PREPARED BY: Ruth Prince, Manager of Revenue

A. Recommendations

THAT Council receive Staff Report #FS.09.03, "Water and Wastewater Rate Options";

AND THAT Council authorize staff to proceed to the Public Information Session that proposes the 2009 estimate of sums of \$2,933,147 required for the water system being funded and \$2,101,607 required for the wastewater system being funded; and

Option 1:

FURTHER THAT the estimates of \$2,933,147 for the water system are funded by the current rate model plus a 6% increase in fixed and usage rates; and,

THAT the estimates of \$2,101,607 required for the wastewater system are funded by the current rate model plus a 4% increase in fixed and usage rates.

- OR -

Option 2:

FURTHER THAT the estimates of \$2,933,147 for the water system are funded by an \$8/month increase (66%) to the fixed rate that includes 5 m³ / month and 1% increase in consumption rate; and,

THAT the estimates of \$2,101,607 for the wastewater system are funded by a revised rate model that includes a 66% increase to the fixed charge that includes 5 m³ / month and no change in usage rates.

B. Background

2008 Revenues

2008 year-end projected revenues show a deficit of \$448,000 for water and a deficit of \$146,000 for wastewater. Actual revenue, expenditures and transfers have not yet been finalized for 2008, so final year-end results have not yet been determined.

Consumption

For 2009, estimated water and wastewater consumption is 3% less than what was budgeted in 2008. Conservation by residents and a lower than expected usage of connections has resulted in a decrease in the consumption estimates for 2009.

Proposed 2009 Water and Wastewater Charges

2009 proposed utility rates are based on the following assumptions:

- 2009 proposed rates take into consideration estimated units of growth during 2009 based on building permit projections and service extension projections – 80 water units, 80 wastewater units.
- User charges cover operating costs and the current users' share of capital repairs, capital replacement and non-growth related upgrades to the existing infrastructure.
- No part of the annual water and wastewater user fee goes towards paying for growth. Development Charges are levied on growth-related development (new construction) to recover the cost of expanding the water and wastewater infrastructure, or to cover the cost of excess capacity that has been provided for that growth.
- Contributions to Asset Replacement Reserve Funds in 2009 are \$205,630 for water and \$500,000 for wastewater.
- Any final 2008 year end surplus or deficit will be transferred to or funded from the respective water or wastewater reserves and reserve funds.
- Any additional revenue generated from the Option #2 models will be used to draw down the 2008 deficit.

Revenue Requirements / # of Units / Proposed Rates Option#1

	<u>2008</u>	<u>2009</u>	<u>Diff</u>	<u>%Chge</u>
Water Budget – Req'd Revs	\$2,852,117	\$2,933,147	\$81,030	+2.8%
# of units – used to set rates	5,717	5,811	94	+1.5%
Water consumption billed	1,144,000m ³	1,109,895m ³	(34,105)	-3.0%
Proposed Annual Water Chge (5/8" meter, 180m³/yr)	\$433	\$458	\$25	+ 6%
Wastewater Budget – Req'd Revs	\$2,059,738	\$2,101,607	\$173,000	+2.0%
# of units – used to set rates	4,426	4,546	120	+2.7%
Water consumption billed	869,000m ³	845,873m ³	(23,127)	-2.7%
Proposed Annual WW Chge (5/8" meter, 180m³/yr)	\$406	\$422	\$16	+ 4%

Revenue Requirements / # of Units / Proposed Rates Option#2 Fixed 5 m3

	<u>2008</u>	<u>2009</u>	<u>Diff%</u>	<u>Chge</u>
Water Budget – Req'd Revs	\$2,852,117	\$2,933,147	\$81,030	+2.8%
# of units – used to set rates	5,717	5,811	94	+1.5%
Water consumption billed	1,144,000m ³	1,109,895m ³	(34,105)	-3.0%
Proposed Annual Water Chge (5/8" meter, 180m³/yr)	\$433	\$437	\$4	+1%
Wastewater Budget – Req'd Revs	\$2,059,738	\$2,101,607	\$173,000	+2.0%
# of units – used to set rates	4,426	4,546	120	+2.7%
Water consumption billed	869,000m ³	845,873m ³	(23,127)	-2.7%
Proposed Annual WW Chge (5/8" meter, 180m³/yr)	\$406	\$406	\$0	0%

C. The Blue Mountains' Strategic Plan

Ensuring long-term financial sustainability

D. Environmental Impacts

Supporting Environmentally sound decisions

E. Budget Impact

Option #1 proposed rates reflect an increase of 6% to the annual water charge and an increase of 4% to the annual wastewater charge.

Option #2 proposed rates reflect a 66% increase to the fixed charge that includes 5 m³ / month and no change to the usage rates.

F. Attached

- F1. Water Rates Calculation
- F2. Proposed 2009 Water Supply Rates
- F3. Wastewater Rate Calculation
- F4. Proposed 2009 Wastewater Supply Rates

Respectfully submitted,

Ruth Prince, Manager of Revenue

WATER RATES CALCULATION

(m³ = cubic metres)

Fixed (5 m³)
2008

Budget

Fixed (5 m³)
2009

Gross Expenditures	\$1,579,746
Transfers to Capital	\$908,592
Interfunctional Transfers	\$223,062
Contribution to Asset Replacement Reserves	\$202,575
Transfer from Reserves	\$0
Revenue Requirement	\$2,913,975
Less Non-User Rate Revenues	\$61,858
Net Expenditures - Rate Funded	<u>\$2,852,117</u>

Gross Expenditures	\$1,822,056
Transfers to Capital	\$753,611
Interfunctional Transfers	\$266,463
Contribution to Asset Replacement Reserves	\$205,630
Transfer from Reserves	\$110,623
Revenue Requirement	\$3,158,383
Less Non-User Rate Revenues	\$225,236
Net Expenditures - Rate Funded	<u>\$2,933,147</u>

Share to be funded from Fixed Monthly Charges	\$1,404,419	47%
Share to be funded from Consumption Charges	\$1,577,901	53%
Total Revenues Through Rates	<u>\$2,982,321</u>	<u>100%</u>
	\$130,204	

Share to be funded from Fixed Monthly Charges	\$1,434,194	49%
Share to be funded from Consumption Charges	\$1,511,382	51%
Total Revenues Through Rates	<u>\$2,945,576</u>	<u>100%</u>
	\$12,429	

Fixed Charge		
Meter Size	# of Meters	Per Month Revenue
5/8"	5,597 multiply by	\$20.11
3/4"	17	\$21.32
1"	43	\$24.95
1 1/2"	24	\$29.80
2"	30	\$43.12
3"	3	\$141.22
4"	2	\$177.55
6"	1	\$262.32
Total # of Meters	<u>5,717</u>	<u>\$1,404,419</u>

Fixed Charge		
Meter Size	# of Meters	Per Month Revenue
5/8"	5,686 multiply by	\$20.21
3/4"	19	\$21.42
1"	46	\$25.05
1 1/2"	25	\$29.90
2"	29	\$43.22
3"	3	\$141.32
4"	2	\$177.65
6"	1	\$262.42
Total # of Meters	<u>5,811</u>	<u>\$1,434,194</u>

Estimated Total Annual Water Consumption (m ³)	1,143,301 m ³	
<u>total annual m³</u>	<u>Rate per m³</u>	
0 - 11 m ³	264,989 multiply by \$1.60	\$0
11 - 30 m ³	345,467	\$1.60
31 - 60 m ³	190,067	\$1.75
61 - 90 m ³	67,713	\$1.90
above 90 m ³	275,064	\$2.05
	<u>1,143,301</u>	<u>\$563,882</u>
		<u>\$1,577,901</u>
		53%

Estimated Total Annual Water Consumption (m ³)	1,109,895 m ³	
<u>total annual m³</u>	<u>Rate per m³</u>	
0 - 10 m ³	256,184	\$1.62
11 - 30 m ³	455,013 multiply by	\$1.62
31 - 60 m ³	150,165	\$1.77
61 - 90 m ³	47,987	\$1.92
above 90 m ³	200,546	\$2.08
	<u>1,109,895</u>	<u>\$416,333</u>
		<u>\$1,511,382</u>
		51%



TOWN OF THE BLUE MOUNTAINS

Proposed 2009 Water Supply Rates

SUMMARY OF CALCULATED RATES

Fixed Monthly Rates

		Charge Per Month		
		5 m3	6%	
Meter Size		2009	2009	2008
5/8"		\$ 20.21	\$ 12.84	12.11
3/4"		\$ 21.42	\$ 14.12	13.32
1"		\$ 25.05	\$ 17.97	16.95
1 1/2"		\$ 29.90	\$ 23.11	21.80
2"		\$ 43.22	\$ 37.23	35.12
3"		\$ 141.32	\$ 141.21	133.22
4"		\$ 177.65	\$ 179.72	169.55
6"		\$ 262.42	\$ 269.58	254.32

Consumption Charges

		Charge Per Cubic Metre		
		5 m3	6%	
Bi-Monthly Consumption		2009	2009	2008
0 - 10	m ³	\$ -		
11-30	m ³	\$ 1.62	\$ 1.69	\$ 1.60
31-60	m ³	\$ 1.77	\$ 1.85	\$ 1.75
61-90	m ³	\$ 1.92	\$ 2.01	\$ 1.90
above 90	m ³	\$ 2.08	\$ 2.17	\$ 2.05

Annual Rates for 5/8 " meter Users

		Annual Water Bill		
		5 m3	6%	2008
Annual Consumption		2009	2009	
0		\$ 243	\$ 154	\$ 145
180	m ³	\$ 437	\$ 458	\$ 433
540	m ³	\$ 1,101	\$ 1,153	\$ 1,090
1,000	m ³	\$ 2,053	\$ 2,151	\$ 2,033

		Annual Water Bill		
		2009	2008	
0 m ³ /year		\$ 243	\$ 154	\$ 145
Change from current rates	67%	6%	0%	
180 m ³ /year		\$ 437	\$ 458	\$ 433
Change from current rates	1%	6%		
540 m ³ / year		\$ 1,101	\$ 1,153	\$ 1,090
Change from current rates	1%	6%		
1,000 m ³ / year		\$ 2,053	\$ 2,151	\$ 2,033
Change from current rates	1%	6%		

(F3)

WASTEWATER RATES CALCULATION

(m³ = cubic metres)

	<u>Budget</u>	<u>2008</u>		<u>Budget</u>		<u>2009</u>
		Fixed (5 m ³)				Fixed (5 m ³)
Gross Expenditures		\$1,068,036		Gross Expenditures		\$1,121,220
Transfers to Capital		\$223,913		Transfers to Capital		\$160,612
Interfunctional Transfers		\$221,751		Interfunctional Transfers		\$277,121
Contribution to Asset Replacement Reserves		\$443,959		Contribution to Asset Replacement Reserves		\$500,000
Transfer from Reserves		\$136,429		Transfer to Reserves		\$187,004
Revenue Requirement		\$2,094,088		Revenue Requirement		\$2,245,957
Less Non-User Rate Revenues		\$34,350		Less Non-User Rate Revenues		\$144,350
Net Expenditures - Rate Funded		<u>\$2,059,738</u>		Net Expenditures - Rate Funded		<u>\$2,101,607</u>
Share to be funded from Fixed Monthly Charges		\$1,016,185	49%	Share to be funded from Fixed Monthly Charges		\$1,043,232
Share to be funded from Consumption Charges		\$1,131,833	55%	Share to be funded from Consumption Charges		\$1,138,584
Total Revenues Through Rates		<u>\$2,148,018</u>	<u>104%</u>	Total Revenues Through Rates		<u>\$2,181,817</u>
		<u>\$88,280</u>				<u>\$80,210</u>

Meter Size # of Meters	Fixed Charge Per Month	Revenue
5/8" 4,341 multiply b)	\$18.83	\$980,892
3/4" 15	\$19.96	\$3,593
1" 21	\$23.36	\$5,887
1 1/2" 21	\$27.90	\$7,031
2" 24	\$40.36	\$11,624
3" 2	\$132.15	\$3,172
4" 2	\$166.14	\$3,987
6" 0	\$245.46	\$0
Total # of Meters	<u>4,476</u>	<u>\$1,016,185</u>
		47%

Meter Size # of Meters	Fixed Charge Per Month	Revenue
5/8" 4,457 multiply b)	\$18.83	\$1,007,104
3/4" 17	\$19.96	\$4,072
1" 24	\$23.36	\$6,728
1 1/2" 21	\$27.90	\$7,031
2" 23	\$40.36	\$11,139
3" 2	\$132.15	\$3,172
4" 2	\$166.14	\$3,987
6" 0	\$245.46	\$0
Total # of Meters	<u>4,546</u>	<u>\$1,043,232</u>
		48%

Estimated Total Annual Water Consumption	869,000 m ³
total annual m³	<u>868,852</u>
0 - 10 m ³ 206,117 multiply b	\$1.50
11 - 30 m ³ 253,727	\$1.50
31 - 60 m ³ 133,047	\$1.65
61 - 90 m ³ 55,981	\$1.80
above 90 m ³ 219,980	\$1.95
	<u>\$429,621</u>
	<u>\$1,131,833</u>
	53%

Estimated Total Annual Water Consumption (m ³):	845,873 m ³
total annual m³	<u>845,873</u>
0 - 10 m ³ 163,708 multiply b	\$1.50
0 to 30 m ³ 333,099	\$1.50
31 - 60 m ³ 121,006	\$1.65
61 - 90 m ³ 36,275	\$1.80
above 90 m ³ 191,785	\$1.95
	<u>\$373,981</u>
	<u>\$1,138,584</u>
	52%

TOWN OF THE BLUE MOUNTAINS

Proposed 2009 Waste Water Treatment Rates

SUMMARY OF CALCULATED RATES

Fixed Monthly Rates

		Charge Per Month		
		5 m3	4%	
Meter Size		2009	2009	2008
5/8"		\$18.83	\$11.78	\$11.33
3/4"		\$19.96	\$12.96	\$12.46
1"		\$23.36	\$16.49	\$15.86
1 1/2"		\$27.90	\$21.22	\$20.40
2"		\$40.36	\$34.17	\$32.86
3"		\$132.15	\$129.64	\$124.65
4"		\$166.14	\$164.99	\$158.64
6"		\$245.46	\$247.48	\$237.96

Consumption Charges

		Charge Per Cubic Metre		
		5 m3	4%	
Bi-Monthly Consumption		2009	2009	2008
0 - 10	m ³	\$0.00	\$1.56	\$1.50
11-30	m ³	\$1.50	\$1.56	\$1.50
31-60	m ³	\$1.65	\$1.72	\$1.65
61-90	m ³	\$1.80	\$1.88	\$1.80
above 90	m ³	\$1.95	\$2.03	\$1.95

Annual Rates for 5/8 " meter Users

		Annual Waste Water Bill		
Annual Water Consumption		5 m3	4%	2008
		2009	2009	
0	m ³	\$ 226	\$ 141	\$ 136
180	m ³	\$ 406	\$ 422	\$ 406
540	m ³	\$ 1,027	\$ 1,070	\$ 1,027
1,000	m ³	\$ 1,924	\$ 2,004	\$ 1,924

		Annual Waste Water Bill		
		5 m3	4%	
		2009	2009	2008
0 m ³ /year		\$226	\$141	\$136
Change from current rates		66%	4%	
180 m ³ / year		\$406	\$422	\$406
Change from current rates		66%	4%	
540 m ³ / year		\$1,027	\$1,070	\$1,027
Change from current rates		\$0	\$0	\$0
1,000 m ³ / year		\$1,924	\$2,004	\$1,924
Change from current rates		\$0	\$0	\$0