



## The Corporation of the Town of Tecumseh

Public Works & Environmental Services

**To:** Mayor and Members of Council

**From:** Phil Bartnik, Director Public Works & Environmental Services

**Date to Council:** December 10, 2019

**Report Number:** PWES-2019-53

**Subject:** Water and Wastewater Rates for 2020

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### Recommendations

It is recommended:

**That** a By-law **be prepared** for consideration at the December 10, 2019 Regular Meeting of Council to establish water and wastewater rates for the year 2020, based on the recommendations of the 2015 Town of Tecumseh Water and Wastewater Rate Study, the Mediation Agreement with the Windsor Utilities Commission and the discussions in this report, as follows:

- (a) Metered water consumption charge with usage under 10,200 cubic meters per month at \$1.2250 per cubic meter, or \$5.5689 per 1,000 imperial gallons;
- (b) Metered water consumption charge with usage over 10,200 cubic meters per month at \$0.8855 per cubic meter, or \$4.0255 per 1,000 imperial gallons;
- (c) metered wastewater collection and treatment charges at \$1.2583 per cubic meter, or \$5.7202 per 1,000 imperial gallons;
- (d) wastewater collection and treatment charges for Bonduelle North America at \$0.8389 per cubic meter, \$3.8136 per 1,000 imperial gallons;
- (e) fixed charge for water and wastewater service connections at:

METER SIZE	2020
5/8" & 3/4"	\$15.94
1"	\$27.65
1.5"	\$54.28
2"	\$80.87
3"	\$135.78
4"	\$219.16
6"	\$389.73

- (f) flat rate water unmetered consumption charge at \$47.49 per month;
- (g) flat rate unmetered wastewater collection and treatment charge at \$48.71 per month;
- (h) meter connection charge at \$545.00 per meter;
- (i) meter reconnection charge at \$91.00 per meter;
- (j) hydrant rental at \$91.00 per day;
- (k) Oasis Water Filling Station at \$2.15 per cubic meter; and
- (l) Miscellaneous charge at \$15.00

## Background

At the Regular Meeting of Council held on November 24, 2015, Council received an updated Water and Wastewater Rate Study (Rate Study) prepared by the Town's Financial Services Department. At this meeting, the Director of Financial Services presented the new proposed water and wastewater rate structure. Based upon the rate review that was carried out, an updated rate schedule for water and wastewater was recommended commencing 2016, and for successive years to 2024. The rate forecasts can be found in Attachment 1 – Water and Wastewater Rate Forecasts (figures extracted from the Rate Study).

During 2018, the Town was advised by the Windsor Utilities Commission (WUC) that WUC would pursue an increase to the bulk water rate charged to the Town. The bulk water purchase agreement between the Town and WUC allows for rate adjustments, where warranted, at 10-year intervals of the 50-year agreement. Through a mediation process, it was agreed that a rate adjustment of 9% would be applied to the 2017 rate and would be effective January 1, 2017 through to December 31, 2026.

This increase was not anticipated during the preparation of the 2015 Water and Wastewater Rate Study. A financial analysis was subsequently performed and Administration recommends

that the increased costs going forward necessitate a deviation from the Rate Study with respect to the metered water consumption charge and that retroactive costs be funded by the Water Rate Stabilization Reserve.

Specifically, the Rate Study recommends a 1% increase to the metered water consumption charge. Administration recommends a 3% increase to the metered water consumption charge for years 2019 and 2020 to cover this increased cost of bulk water supply.

The Town's Water and Wastewater Rate Study is reviewed every five years and is due for review in 2020, following which a rate schedule will be recommended for the next 10-year period.

In order to inform the public that Council intends to give consideration to a by-law to establish water and wastewater rates for the year 2020 a notice was published in the Shoreline, Essex Free Press, Town's website, Facebook page and Twitter.

## **Comments**

### **2020 Water and Wastewater Rates**

Based on the review of capital servicing, capital financing, operating expenditures and for water/wastewater services provided by the Windsor Utilities Commission (water) and City of Windsor (wastewater), Financial Services, on November 24, 2015, recommended a rate schedule for water and wastewater.

The proposed 2020 water rates continue:

- 1) The declining block rate structure for large (over 10,200 cubic meters per month) volume water usage, and
- 2) The 2016 \$0.0165 rate reduction to reallocate funding to the sanitary system.

The proposed 2020 water rates be amended:

- 3) The 2020 rate increase as proposed in the Rate Study be amended to 3% (as opposed to 1%).

Water rates proposed for 2020 are:

Usage in cubic meters	2020 Proposed <sup>1</sup>	2019 Actual <sup>2</sup>	\$ Change	% Change
Less than 10,200	\$1.2250	\$1.1893	\$0.0357	3.0%
Greater than 10,200	\$0.8855	\$0.8597	\$0.0258	3.0%

The proposed 2020 wastewater rates continue:

- 1) the reduction in the sewer charge for Bonduelle North America (Bonduelle) at 2/3 of the wastewater rate charged to residential consumers. A discounted rate for Bonduelle is provided on the wastewater volume charge to recognize the high proportion of water which is used in their processing that does not go back into the wastewater system,
- 2) the 2012 \$0.04 addition to the rates to support subsidy programs implemented to assist homeowners in reducing inflow and infiltration into the sanitary system,
- 3) the 2016 \$0.0200 rate increase reallocating funding from the water system, and
- 4) the 2020 rate increase as proposed in the Rate Study.

Wastewater rates proposed for 2020 are:

User	2020 Proposed*	2019 Actual <sup>3</sup>	\$ Change	% Change
General	\$1.2583	\$1.2336	\$0.0247	2.0%
Bonduelle	\$0.8389	\$0.8224	\$0.0165	2.0%

Analysis of the data included in the Rate Study indicates that the trend of lower revenues due to lower consumption continues.

These recommended rates are part of a long-term plan for financial sustainability of the Town of Tecumseh's water and wastewater system which have a historical cost of \$5.6 million and

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<sup>1</sup> As amended due to WUC rate change

<sup>2</sup> As per the 2015 Water & Wastewater Rate Study

<sup>3</sup> As per the 2015 Water & Wastewater Rate Study

\$4.7 million respectively. Revised long-term projected consumption rates to 2024 are shown on Attachment 1.

## Fixed Charge Rates

The Town's Charge Rate is a fixed monthly charge to all customers based on the size of the meter serving the property. This charge ensures a contribution to the water and wastewater system regardless of consumption levels. The proposed Fixed Charged Rates for 2020 represent a 6% (2019 – 6.0%) increase over 2019 levels. The chart below depicts the 2019 rates as well as the proposed 2020 rates for each of water and wastewater and service connections.

METER SIZE	2020	2019
5/8" & 3/4"	\$15.94	\$15.04
1"	\$27.65	\$26.08
1.5"	\$54.28	\$51.21
2"	\$80.87	\$76.29
3"	\$135.78	\$128.09
4"	\$219.16	\$206.76
6"	\$389.73	\$367.67

## Other Charges

The Town has previously applied a regular annual increase to a number of charges within the Water and Wastewater Rates By-law. With the exception of the Miscellaneous charges (i.e. NSF cheques), Administration recommends the following 1.9 % inflationary increases (rounded) for 2020.

Other Charges	2020	2019	2018
Meter connection charge	\$545.00	\$535.00	\$520.00
Meter reconnection charge	\$91.00	\$89.00	\$87.00
Hydrant rental	\$91.00	\$89.00	\$87.00
Miscellaneous charges (i.e. NSF cheques)	\$15.00	\$15.00	\$15.00

The 2020 water rate for the Oasis Water Filling Station is recommended to be increased by \$0.05 for a total of \$2.15 per cubic meter.

Rates for unmetered users are based on a monthly consumption of 330 cubic metres, as well as the fixed rate charges, and reflect the updated metered rates proposed. It is therefore recommended that the flat rate un-metered wastewater collection and treatment charge be

established at \$48.71 (2019 - \$47.80) per month, and the flat rate water un-metered consumption charge be established at \$47.49 (2019 - \$46.60) per month for 2020.

## Consultations

Corporate Services & Clerk  
Financial Services

## Financial Implications

In accordance with the analysis undertaken by the Financial Services department, adjusted as discussed in this report, the recommended rates for 2020 would recover the Town's operating and capital servicing costs including an allowance for lifecycle replacement of capital infrastructure.

The impact of the proposed water and wastewater rate increases and reallocations would increase the cost to a homeowner using 330 cubic metres from \$1,160.52 to \$1,202.05, an increase of 3.6%.

## Link to Strategic Priorities

Applicable	2019-22 Strategic Priorities
<input type="checkbox"/>	Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
<input checked="" type="checkbox"/>	Ensure that Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision-making.
<input type="checkbox"/>	Integrate the principles of health and wellness into all of Tecumseh's plans and priorities.
<input checked="" type="checkbox"/>	Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.
<input type="checkbox"/>	Demonstrate the Town's leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.

## Communications

Not applicable ☐

Website ☒ Social Media ☒ News Release ☐ Local Newspaper ☒

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Cheryl Curran, BES  
Clerk I Administrative Clerk

Reviewed by:

Denis Berthiaume, ORO  
Manager Water & Wastewater Services

Reviewed by:

Tom Kitsos, CPA, CMA, BComm  
Director Financial Services & Chief Financial Officer

Reviewed by:

Laura Moy, Dipl. M.M., CMMIII HR Professional  
Director Corporate Services & Clerk

Reviewed by:

Phil Bartnik, P.Eng.  
Director Public Works & Environmental Services

Recommended by:

Margaret Misek-Evans, MCIP, RPP  
Chief Administrative Officer

<b>Attachment Number</b>	<b>Attachment Name</b>
1	Proposed Water and Wastewater Rates as extracted from the 2015 Water and Wastewater Rate Study