



The Corporation of the Town of Tecumseh

Public Works & Engineering Services

To: Mayor and Members of Council

From: Phil Bartnik, Director Public Works & Engineering Services

Date to Council: December 14, 2021

Report Number: PWES-2021-47

Subject: Water and Wastewater Rates for 2022

Recommendations

It is recommended:

That By-law No. 2021-105, being a by-law to adopt the water and wastewater rates for 2022, based on the recommendations of the 2015 Town of Tecumseh Water and Wastewater Rate Study, and the Mediation Agreement and discussions with the Windsor Utilities Commission, be adopted.

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 Windsor Utilities Commission (WUC) advised the Town 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 recommended that the increased costs going forward necessitated a deviation from the Rate Study with respect to the metered water consumption charge for years 2019 and 2020 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. A 3% increase to this rate was applied in 2019 and 2020 to account for the rate adjustment.

The Town's Water and Wastewater Rate Study is reviewed every five years and was due for review in 2020. Given the current COVID-19 pandemic impacts along with efforts focused on the preparation of emergency response plans due to the potential for lake flooding from high lake levels in 2021 and the ongoing study for updating the Town's sanitary sewer model, the updated Water and Wastewater Rate Study will be completed in 2022.

The proposed rate increases for 2022 are based on a continuum of the 2015 Rate Study, which although updated every five years, is designed for a 10-year timeframe.

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 2022 a notice is to be published in the Essex Free Press, Town's website, Facebook page and Twitter.

Comments

2022 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 2022 water rates continue:

- 1) the declining block rate structure for large (over 10,200 cubic meters per month) volume water usage;
- 2) the 2016 \$0.0165 rate reduction to reallocate funding to the sanitary system; and
- 3) the 2022 rate increase as proposed in the Rate Study is 1%.

Water rates proposed for 2022 are:

Usage in cubic meters	2022 Proposed	2021 Actual	\$ Change	% Change
Less than 10,200	\$1.2496	\$1.2373	\$0.0123	1%
Greater than 10,200	\$0.9032	\$0.8944	\$0.0088	1%

The proposed 2022 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 2022 rate increase as proposed in the Rate Study.

Wastewater rates proposed for 2022 are:

User	2022 Proposed	2021 Actual	\$ Change	% Change
General	\$1.3092	\$1.2836	\$0.0256	2%
Bonduelle	\$0.8728	\$0.8556	\$0.0172	2%

Analysis of the data included in the Rate Study indicates 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 \$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 servicing the property. This charge ensures a contribution to the water and wastewater system regardless of consumption levels. The proposed Fixed Charged Rates for 2022

represent a 6% (2021 – 6%) increase over 2021 levels. The chart below depicts the 2021 rates as well as the proposed 2022 rates for each of water and wastewater and service connections.

Meter Size	2022	2021
5/8" & 3/4"	\$17.91	\$16.90
1"	\$31.08	\$29.32
1.5"	\$60.99	\$57.54
2"	\$90.86	\$85.72

Meter Size	2022	2021
3"	\$152.57	\$143.93
4"	\$246.25	\$232.31
6"	\$437.90	\$413.11

Other Charges

The Town has previously applied a regular annual increase to a number of charges within the Water and Wastewater Rates By-law.

The 2022 water rate for the Oasis Water Filling Station is recommended to be increased at the prevailing CPI rate of 4%, or \$0.09, to \$2.24 per cubic meter (\$2.15 in 2021).

Rates for unmetered users are based on a monthly consumption of 330 cubic meters, as well as the fixed rate changes, 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 \$53.92 (2021 - \$52.20) and the flat rate water un-metered consumption charge be established at \$52.28 (2021 - \$50.93) per month for 2022.

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 2022 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 rates increases would increase the cost to a homeowner using 240 cubic metres from \$1010.62 to \$1,044.00, an increase of 3.3%.

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:

Dana Reid
Public Works & Engineering Services Assistant

Reviewed by:

Brad Dupuis, C. Tech.
Manager Water Services

Reviewed by:

Laura Moy, Dipl. M.M.
Director Legislative Services & Clerk

Reviewed by:

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

Reviewed by:

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

Recommended by:

Marg Misk-Evans MCIP, RRP
Chief Administrative Officer

Attachment Number	Attachment Name
1	PWES-2021-47 Attachment 1 Proposed Water and Wastewater Rates as extracted from the 2015 Water and Wastewater Rates Study