



## **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 13, 2022

**Report Number:** PWES-2022-40

**Subject:** Water and Wastewater Rates for 2023

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### **Recommendations**

It is recommended:

**That** By-law No. 2022-102, being a by-law to adopt the water and wastewater rates for 2023, based on the recommendation 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**

The purpose of the Town of Tecumseh Water and Wastewater Rate Study (Rate Study) is to update water and wastewater rates and charges to ensure a full cost recovery of these services. Full cost recovery is the generation of sufficient revenues to cover the cost of providing water and wastewater services to Town of Tecumseh customers. These services include operations, capital works and the appropriate reserve contributions necessary for asset lifecycle replacement and growth.

The Town's Financial Services department last updated the Rate Study in 2015. The Rate Study is reviewed every five years and was due for a review in 2020. Given the impacts of the COVID-19 pandemic in addition to staff efforts focused on the preparation of emergency response plans due to the potential for lake flooding from high lake levels in 2021, the updated Water and Wastewater Rate Study was deferred and is being presented to Council in the first quarter of 2023.

The Town purchases bulk water from the City of Windsor, which is operated by the Windsor Utilities Commission, via a 50-year agreement signed in 2004. In 2018, Windsor Utilities Commission applied a rate adjustment of 9% to the water rate effective January 1, 2017 through to December 31, 2026. This rate adjustment is discussed in further detail in Financial Services Report No. [FS-2018-14](#).

Future water and wastewater rate increases are reviewed by Council on an annual basis. Typically rate increases are based on the recommendations found in the last updated Rate Study, the Mediation Agreement and discussions with the Windsor Utilities Commission. It is customary for rate adjustments to occur in conjunction with the Town's annual budget process. As the 2023 Rate Study update is not yet adopted, the 2015 Rate Study continues to apply as a guide as it made projections over a 10-year period. Council is advised that the results of the 2023 update are very similar to the 2015 rate structure and projections.

Annual adjustments to the rate study are given public notice. Each year a notice is published in the Essex Free Press and on the Town's website and social media platforms to inform the public of Council's intention to give consideration to a by-law to establish water and wastewater rates for the given year.

## Comments

### 2023 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 2023 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 2023 rate increase as proposed in the Rate Study is 2%.

Usage in cubic meters	2023 Proposed	2022 Actual	\$ Change	% Change
Less than 10,200	\$1.2747	\$1.2496	0.0251	2%
Greater than 10,200	0.9214	0.9032	0.0182	2%

The proposed 2023 wastewater rates continue:

1. the reduction in the sewer charge for Bonduelle North America (recently renamed to Nortera Foods) 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 2023 rate increase as proposed in the Rate Study.

Wastewater rates proposed for 2023 are:

User				
General	\$1.3354	\$1.3092	\$0.0262	2%
Bonduelle	\$0.8902	0.8728	\$0.0174	2%

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 Charge Rates for 2023 represent a 6% increase over 2022 levels. The chart below depicts the 2022 rates as well as the proposed 2023 rates for each of water and wastewater and service connections.

Meter Size	2023	2022
5/8" & 3/4"	\$18.98	\$17.91
1"	\$32.93	\$31.08
1.5"	\$64.65	\$60.99
2"	\$96.32	\$90.86
3"	\$161.71	\$152.57
4"	\$261.02	\$246.25
6"	\$464.18	\$437.90

## 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 2023 water rate for the **Oasis Water Filling Station** is recommended to be increased at the prevailing CPI rate of 6.9%, or \$0.15, to \$2.39 per cubic meter (\$2.24 in 2022).

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 \$55.71 (2022 - \$53.92) and the **flat rate water un-metered consumption charge** be established at \$54.03 (2022 - \$52.28) per month for 2023.

## Consultations

Financial Services  
Legislative Services & Clerk

## Financial Implications

The recommended water and wastewater rates for 2023 will recover the Town's operating and capital servicing costs including an allowance for lifecycle replacement of capital infrastructure.

The impact of the proposed rate increases would increase the cost to a homeowner using 240 cubic meters from \$1,044.00 (2022) to \$1,081.97 (2023), 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  
Project Technician

Reviewed by:

Brad Dupuis, C. Tech.  
Manager Water Services

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:

Margaret Misek-Evans, MCIP, RPP  
Chief Administrative Officer

<b>Attachment Number</b>	<b>Attachment Name</b>
1	Water and Wastewater Recommended Charges per the 2015 Water and Wastewater Rate Study