



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: November 28, 2023

Report Number: PWES-2023-74

Subject: Water and Wastewater Rates for 2024

Recommendations

It is recommended:

That Report PWES-2023-74, Water and Wastewater Rates for 2024, **be received;**

And that By-law 2023-113, being a by-law to adopt the water and wastewater rates for 2024, based on the recommendation of the 2023 Town of Tecumseh Water and Wastewater Rate Study, **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 and to guide annual water and wastewater rate increases during the Town's annual budget process for the active period of the study. 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 April 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](#). Terms of the 50-year agreement allow for annual rate adjustments equal to Consumer Price Index (CPI) and periodic rate adjustments to be considered at each 10-year anniversary of the agreement.

Wastewater treatment services are provided by the City of Windsor at both the Little River Pollution Control Plant and Lou Romano Water Reclamation Plant based on a perpetual agreement between the City and the Town first initiated in 1970 with several amending agreements since.

The agreement provides the Town with a share of treatment capacity at both treatment plants and provides for proportionate payment of the operating and maintenance costs, including replacement costs, of the plants on an ongoing basis.

Wastewater treatment rates for both parties are calculated based on prior year actual operating costs of each plant.

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 Bulk Water Mediation Agreement and discussions with the Windsor Utilities Commission and City of Windsor. It is customary for rate adjustments to occur in conjunction with the Town's annual budget process.

Annual adjustments to the rates are given public notice. Each year a notice is published 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

2024 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 recommended a rate schedule for water and wastewater on November 24, 2015.

The proposed 2024 water rates continue:

1. the declining block rate structure for large (over 10,200 cubic meters per month) volume water usage;
2. the 2024 rate increase as proposed in the Rate Study is 3%.

Water rates proposed for 2024 are:

Usage in cubic meters	2024 Proposed	2023 Actual	\$ Change	% Change
Less than 10,200	\$ 1.3129	\$ 1.2747	\$ 0.0382	3 %
Greater than 10,200	\$ 0.9490	\$ 0.9214	\$ 0.0276	3 %

The proposed 2024 wastewater rates continue:

1. the reduction in the sewer charge for Bonduelle North America (recently renamed 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 2024 rate increase as proposed in the Rate Study is 3%.

Wastewater rates proposed for 2024 are:

User	2024	2023 Actual	\$ Change	% Change
General	\$ 1.3756	\$ 1.3355	\$ 0.0401	3 %
Bonduelle	\$ 0.9169	\$ 0.8902	\$ 0.0267	3 %

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 replacement cost of \$163 million and \$169 million respectively (per the 2023 Rate Study). Revised long-term projected consumption rates to 2032 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 2024 represent a 3% increase over 2023 levels. The chart below depicts the 2023 rates as well as the proposed 2024 rates for each of water and wastewater and service connections.

Meter Size	2024	2023
5/8" & 3/4"	\$19.55	\$18.98
1"	\$33.92	\$32.93
1.5"	\$66.59	\$64.65
2"	\$99.21	\$96.32
3"	\$166.56	\$161.71
4"	\$268.85	\$261.02
6"	\$478.11	\$464.18

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 2024 water rate for the **Oasis Water Filling Station** is recommended to be increased at the prevailing CPI rate of 3.8%, or \$0.09, to \$2.48 per cubic meter (\$2.39 in 2023).

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 \$57.38 (2023 - \$55.71) per month and the **flat rate water un-metered consumption charge** be established at \$55.65 (2023 - \$54.03) per month for 2024.

Consultations

Financial Services
Legislative Services & Clerk

Financial Implications

The recommended water and wastewater rates for 2024 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 annual cost to a homeowner using 240 cubic meters from \$1,081.97 (2023) to \$1,114.44 (2024), an increase of \$32.47 or 3%.

Link to Strategic Priorities

Applicable	2023-2026 Strategic Priorities
<input checked="" type="checkbox"/>	Sustainable Growth: Achieve prosperity and a livable community through sustainable growth.
<input type="checkbox"/>	Community Health and Inclusion: Integrate community health and inclusion into our places and spaces and everything we do.
<input type="checkbox"/>	Service Experience: Enhance the experience of Team Tecumseh and our citizens through responsive and respectful service.

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:

Robert Auger, LL.B.
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:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Attachment Number	Attachment Name
1	Water and Wastewater Recommended Charges per the 2023 Water and Wastewater Rate Study