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Date: February 22, 2021
To: Mayor and Council
Author: Ryan Mcleod
RE: 2021 Water and Wastewater Rates
Report No.: FS-2021-06

AIM

To increase municipal water and wastewater rates to ensure sufficient revenue is available to finance the current and long-term needs of the Town's water distribution and wastewater processing systems.

BACKGROUND

Water

The Town's current water rate structure consists of 3 components; a wholesale rate, a distribution rate, and a quarterly capital charge. The wholesale rate is intended to cover the cost of water supplied by the Union Water Supply System (UWSS). The distribution rate funds the municipal water department's operating expenses. The quarterly capital charge is intended to fund future capital projects such as water main replacements.

Wastewater

On August 12, 2019, Council approved a new wastewater rate structure which provides residents with the ability to have some control over their wastewater charges. Over the past few years, many residents had expressed frustration with the flat rate structure, particularly those who live alone and use a minimal amount of water and those who only live in Kingsville on a seasonal basis. As steady increases to the base charges would be required over the next decade, the flat rate structure may have also become an affordability issue for some residents. The new rate structure, which includes a combination of fixed and volume based charges, will encourage and reward residents who make efforts to conserve water.

The rates approved on August 12, 2019 are as follows:

- A minimum base charge of \$60 / quarter for each residential unit.
- Volume charges of \$0.60 / m³ for Kingsville / Lakeshore West and \$0.65 / m³ for Cottam.
- A maximum wastewater charge or “cap” of \$120 / quarter per residential unit.

Due to COVID-19, the new rate structure for residential wastewater accounts were delayed as per by-law 48-2020 with the following effective dates:

- Sewage Area 1 Rates (Cottam Facility) – effective Jan 15, 2021
- Sewage Area 2 Rates (Lakeshore West Facility) – effective March 15, 2021
- Sewage Area 3 Rates (Kingsville Facility) – effective February 15, 2021

Non-residential wastewater rate structure comprises of a volume based charge for multi-residential, commercial and industrial customers.

Separate rates are established for each sewage service area based on the operating and capital costs associated with each area. As the Kingsville and Lakeshore West (KLW) facilities are integrated, these service areas share common rates.

Wastewater charges include an allocation for future capital costs. Based on the current sewage rate by-law, 25% of sewage revenue is to be allocated to reserves for future capital expenditures. The balance of the rates are intended to fund operating expenditures.

DISCUSSION

Water

Administration is proposing the following amendments to the Town's current water rates.

Type	Proposed	Current	Increase
Wholesale Rate (UWSS)	\$0.68 per m ³	\$0.65 per m ³	\$0.03 per m ³
Distribution Rate	\$0.36 per m ³	\$0.35 per m ³	\$0.01 per m ³
Total	\$1.04 per m³	\$1.00 per m³	\$0.04 per m³
Quarterly Capital Charge	\$22.89 per Quarter	\$21.55 per Quarter	\$1.34 per Quarter

The increase to the wholesale rate is necessary to keep pace with the rates established by UWSS. On December 16, 2020, the UWSS Board increased their water rates to \$0.6716 per cubic metre, effective January 1, 2021.

The increase to the quarterly capital charge is necessary to ensure sufficient funds are available to replace the Town's existing infrastructure as required.

Based on a median household consumption of 15 m³ per month, the proposed rates would increase the average household's water bill by \$1.05 per month.

Wastewater

Administration is proposing no changes to the residential wastewater rates. With the delay of the new wastewater rate structure, residents have not had an opportunity to realize the benefits of the new structure and the control they have on their wastewater charges based on water usage. By maintaining the same rate, residents can focus on understanding the advantage of the new structure.

The proposed residential wastewater rates will remain at:

- A minimum base charge of \$60 / quarter for each residential unit.
- Volume charges of \$0.60 / m³ for Kingsville / Lakeshore West and \$0.65 / m³ for Cottam.
- A maximum wastewater charge or “cap” of \$120 / quarter per residential unit.

The following changes are being proposed for non-residential wastewater rates:

Area 1 Cottam Facility

Type of Building	Proposed Fee	Current Fee
Multi-Residential, Commercial, Industrial	\$1.52 per m ³ of water volume	\$1.46 per m ³ of water volume
Greenhouse	\$1.52 per m ³ of sewage discharge	\$1.46 per m ³ of sewage discharge
Worker Housing	If metered: \$20.00 per occupant + \$0.65 per m ³ of water volume If not metered: \$27.85 per occupant	\$20.00 per occupant + \$0.65 per m ³ of water volume

Area 2 & 3: Kingsville/Lakeshore West Facility

Type of Building	Proposed Fee	Current Fee
Multi-Residential, Commercial, Industrial	\$1.41 per m3 of water volume	\$1.35 per m3 of water volume
Greenhouse	\$1.41 per m3 of sewage discharge	\$1.35 per m3 of sewage discharge
Worker Housing	If metered: \$20.00 per occupant + \$0.60 per m3 of water volume If not metered: \$27.20 per occupant	\$20.00 per occupant + \$0.60 per m3 of water volume

All significant changes to the Water and Sewage Rate by-law have been discussed above. Please refer to the Draft By-law 17-2021 attached to this report for full details on all proposed changes.

LINK TO STRATEGIC PLAN

Effectively manage corporate resources and maximize performance in day-to-day operations.

To become a leader in sustainable infrastructure renewal and development.

FINANCIAL CONSIDERATIONS

Appendix A illustrates a comparison of water and wastewater charges for a residential home using 20m³/mo in 2020. Kingsville continues to have the lowest fees amongst Essex County.

The proposed fee changes will help ensure the long-term financial sustainability of the Town's Water and Wastewater systems.

CONSULTATIONS

Senior Management Team

RECOMMENDATION

That Council adopts By-Law 17-2021, being a by-law to impose a water rate and sewage rates.

Ryan Mcleod

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