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Date: January 6, 2017
To: Mayor and Council
Author: Ryan McLeod, CPA, CA, Manager of Financial Services
RE: 2017 Wastewater Rates
Report No.: FS-2017-003

AIM

To increase the 2017 wastewater rates to ensure we are able to meet the current and long-term financial obligations of our wastewater collection and treatment system.

BACKGROUND

The Town's sewage rate structure is comprised of a flat rate charge for residential homes and a consumption 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 of the area. As the Kingsville and Lakeshore West facilities are integrated, these service areas share common rates.

Proportionately, the Cottam Facility services the fewest people when compared to the number of people serviced by the Kingsville and Lakeshore West Facilities. Due to economies of scale, the individual cost to customers in the Cottam service area is typically higher than those charged to customers serviced by the other two facilities.

The flat rate and consumption based charges include an allocation for future capital costs. Based on our current sewage rate by-law, 16.5% of sewage revenue is to be allocated to reserves for capital expenditures. The balance of this levy is intended to fund operating expenditures.

The Town's current sewage rates are as follows;

BUILDING	AREA 1: COTTAM FACILITY	AREAS 2 & 3: KINGSVILLE / LAKESHORE WEST FACILITY	
Residential	\$78.16	\$73.55	per quarter per residential unit
Multi-Residential, Commercial, Industrial	130%	130%	of total water charges
Greenhouse	\$1.17	\$1.17	per m3 of sewage discharge
Foreign Worker Housing	Occupant Load / 3.2 x \$78.16	Occupant Load / 3.2 x \$73.55	per quarter

DISCUSSION

Rate increases in 2016 have allowed the Kingsville / Lakeshore West Sewage Facility to achieve approximately “break even” status for the year. However, the extensive 5-year capital and major maintenance forecast prepared by OCWA (see appendix B) requires further increases to our rates in 2017 to ensure the long-term sustainability of our sewage collection and treatment systems.

The Cottam Facility continues to generate annual operating surpluses, however, in addition to the significant capital and maintenance forecast prepared by OCWA, the facility has significant deficits from prior year capital projects which need to be repaid.

Based on our 2017 draft budget, administration is proposing the following sewage rates to be implemented as of April 1, 2017;

BUILDING	AREA 1: COTTAM FACILITY	AREAS 2 & 3: KINGSVILLE / LAKESHORE WEST FACILITY	
Residential	\$82.00	\$80.00	per quarter per residential unit
Multi-Residential, Commercial, Industrial	130%	130%	of total water charges
Greenhouse	\$1.20	\$1.20	per m3 of sewage discharge
Foreign Worker Housing	Occupant Load / 3.2 x \$82.00	Occupant Load / 3.2 x \$80.00	per quarter

The proposed fee increase will result in an additional \$3.84 / quarter (or \$1.28 / month) for residential households serviced by the Cottam facility.

The proposed fee increase will result in an additional \$6.45 / quarter (or \$2.15 / month) for residential households serviced by the Kingsville / Lakeshore West Sewage Facilities.

Despite these increases, average Kingsville residents will continue to enjoy the lowest sewage rates in the county. See appendix A for a comparison of local municipal water and sewage rates.

LINK TO STRATEGIC PLAN

To be recognized as a municipal leader in responsible fiscal management, through manageable water and sewage rate increases.

FINANCIAL CONSIDERATIONS

See above

CONSULTATIONS

Andrew Plancke, Civil Eng.Tech (Env), Director of Municipal Services

RECOMMENDATION

Council to approve the wastewater rates as proposed, effective April 1, 2017.

Ryan McLeod

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Manager of Financial Services

Sandra Zwiers

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Director of Financial Services

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