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Date: January 6, 2017

To: Mayor and Council

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RE: 2017 Water Rates

Report No.: FS-2017-002

AIM

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

BACKGROUND

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.

DISCUSSION

Based on our 3-year average sales volumes and projected expenses for 2017, Administration is proposing the following increase to our water rates;

	Current	Proposed	Increase
Wholesale Rate (UWSS)	\$0.59 / m3	\$0.60 / m3	\$0.01 / m3
Distribution Rate	\$0.31 / m3	\$0.32 / m3	\$0.01 / m3
Total	\$0.90 / m3	\$0.92 / m3	\$0.02 / m3
Quarterly Capital Charge	\$17.00 / Quarter	\$18.00 / Quarter	\$1 / Quarter

The increase to the wholesale rate is necessary to keep pace with the rates established by the UWSS. On December 21, 2016, the UWSS Board approved a recommendation to increase their water rates to \$0.5978 per cubic metre, effective April 1, 2017.

The increase to the distribution rate is necessary to keep pace with rising operating costs, resume contributions to our fleet replacement reserve, and to protect the municipality from unexpected fluctuations in sales volumes, water losses or maintenance expenses.

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

Overall, the proposed rates for 2017 are in line with the recommendations set out in our 2010 water rate study. According to this study, the average household consumes 27 m³ of water / month. Based on this consumption volume, the proposed fee increase would equate to an additional \$0.87 / month in water charges.

Despite this increase, the average Kingsville resident will continue to enjoy the lowest annualized water charges in the county. See appendix A for a comparison of local municipal water 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 following water rates, effective April 1, 2017.

Type of Rate	Rate per m³	Capital Surcharge Rate per Quarter
Wholesale	\$0.60	N/A
Distribution	\$0.32	\$18.00
TOTAL	\$0.92	\$18.00

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