



Town of Newmarket
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2020 Water and Wastewater Rates Staff Report to Council

Report Number: 2019-125

Department(s): Financial Services

Author(s): Financial Analyst

Meeting Date: November 25, 2019

Recommendations

1. That the report entitled 2020 Water and Wastewater Rates dated November 25, 2019 be received; and,
2. That the attached Schedule "A" being the Town of Newmarket Water and Wastewater Rates be approved and adopted by by-law; and,
3. That the Water and Wastewater Rates adjustments come into full force and effect as of January 1, 2020.

Executive Summary

See below.

Purpose

The purpose of this report is to propose adjustments to the Town's Water and Wastewater Rates in 2020. The average residential increase is 4.92%.

Background

Based on the Service Pricing Policy, water and wastewater rates are categorized as Consumer Goods. The categorization establishes a cost recovery target level of 100% to recover the full cost of providing the service by the municipality. In addition, the Sustainable Water and Sewage System Act, 2002 (SWSSA) requires that both water and wastewater systems are financially self-sustaining.

The ability of a municipality to establish water and wastewater rates is prescribed under the Municipal Act. The proposed water and wastewater rate increases are in line with the Town's 2017 Six Year Water and Wastewater Financial Plan approved by Council in Corporate Services – Financial Services Report 2017-26.

Tiered Water Rates

The Town entered the first phase of implementing the new tiered water rate structure in 2017. The tiered rate structure means that those with larger water meters pay a larger monthly fee. The rate structure helps ensure fairness when it comes to water and wastewater rate charges. The tiered rates are being phased in over 4 years. This is the last year for the tiered rate structure.

The tiered rate structure being phased in is helping make water and wastewater more affordable for residences and small businesses.

Since implementing the rate structure, there has been a minor uptake from businesses reducing their meter size. Reducing the meter size results in businesses paying a lower monthly fixed rate while saving the Town maintenance costs of a larger meter.

Cost Drivers

The water and wastewater utilities are subject to many cost drivers. The main drivers for the increases are:

- A 9% increase in Regional charges for the treatment and distribution of water and the collection and treatment of wastewater
- A 10.7% increase to the Town's annual Asset Replacement Fund contribution amount for long-term financial sustainability
- Conservation measures and weather have resulted in a less constant stream of revenue
- Costs related to additional flushing of the water system
- Inflationary pressures

The result of these cost drivers are reflected in the attached rate change for 2020.

The Smart Meter replacement project will help the Town better measure water consumption. This planned replacement is expected to commence in 2021.

Discussion

The proposed fee adjustments include an increase in consumption fees of 6.49% for water and 3.45% for wastewater. It is proposed that the water monthly fixed fee increases by \$1.05 for the basic monthly charge. It is also recommended that the utility continue to transition to a tiered fixed rate to be completed by 2020.

Conclusion

Impact of Water and Wastewater Rate Changes in 2020

	Annual Consumption	2019 Average Bill	2020 Average Bill	Change
2" Residential and Non-Residential Customer	200 m ³	\$1,216	\$1,276	4.92%
2" Industrial, Institutional, Commercial Customer	4,600 m ³	\$21,076	\$22,960	8.94%
3" Industrial, Institutional, Commercial Customer	6,900 m ³	\$32,526	\$35,714	9.80%
4" Industrial, Institutional, Commercial Customer	22,000 m ³	\$96,767	\$104,170	7.65%

Business Plan and Strategic Plan Linkages

The adoption of the Fees and Charges by-law to implement adjustments to Water and Wastewater Rates is in alignment with Council's Strategic Priority of Long-Term Financial Sustainability by utilizing ongoing community engagement to help inform program, services and financial planning.

Consultation

The Municipal Act stipulates public notice requirements for changes to Water and Wastewater Rates. Advertisement on the Town of Newmarket's website has been provided in accordance with the Town's Procedure By-law and distribution of the Committee of the Whole agendas. In addition, notice has been given through advertisement in the Town Page of the local newspaper in advance of Council's consideration.

Human Resource Considerations

Not applicable to this report.

Budget Impact

Operating Budget: There is no impact on the tax base. The proposed fee adjustments include increases to both consumption fees and changes to the monthly fixed charge for water and wastewater. For an average resident consuming 200 cubic metres of water per year, the increase will be 4.92% or \$60. Average increases for non-residential properties range from 7.65% to 9.80%, depending on meter size.

Attachments

Schedule "A" – Water and Wastewater Rates

Approval

Mike Mayes, CPA, CGA, DPA
Director, Financial Services/Treasurer

Esther Armchuk, LL.B
Commissioner of Corporate Services

Contact

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