



Town of Newmarket
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2021 Water and Wastewater Rates Staff Report to Council

Report Number: 2020-93

Department(s): Financial Services

Author(s): Anita Gibson, Sr. Financial Analyst

Meeting Date: December 7, 2020

Recommendations

1. That the report entitled 2021 Water and Wastewater Rates dated December 7, 2020 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 rates come into full force and effect on January 1, 2021; and,
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Executive Summary

See below.

Purpose

The purpose of this report is to propose adjustments to the Town's Water and Wastewater Rates in 2021. The average residential increase is 4.00%.

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 to the municipality; also, Ontario's Water Opportunities Act, 2010 requires a municipal water sustainability plan.

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 2017-30](#).

The Town of Newmarket recognizes that some taxpayers are experiencing difficulty in making payments during the Covid crisis. The Town took immediate action at an Emergency Council meeting on March 18, 2020. On May 1, 2020 water & wastewater rates were reversed back to 2019 levels as part of the [Financial Relief Program – Financial Services Report 2020-28](#).

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 rate structure phased-in is helping make water and wastewater more affordable for residences and small businesses. The tiered rates have been phased in over 4 years. The last year for the tiered rate structure is 2021, which has been extended an additional year due to the 2020 Financial Relief Program.

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 2.9% increase in Regional charges for the treatment and distribution of water and the collection and treatment of wastewater (as of April 1, 2021);
- A 4.9% 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 and swabbing of the water system

The result of these cost drivers are reflected in the attached rate change for 2021.

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 0% for water and 7.8% for wastewater. Wastewater repairs and maintenance, including CCTV program

continues to put a strain on the budget and therefore an increase to wastewater rates is proposed. The proposed water monthly fixed fee will remain at \$16.13, and the wastewater monthly fixed fee will increase by \$1.38 to \$19.02.

The tiered rate phase-in for monthly meter increases for water and wastewater is on average 33% and 43%, respectively. The tiered fixed rate transition will be completed in 2021.

Conclusion

Impact of Water and Wastewater Rate Changes in 2021

	Annual Consumption	2019 Average Bill	2021 Average Bill	Change
2" Residential and Non-Residential Customer	200 m ³	\$1,216	\$1,265	4.0%
2" Industrial, Institutional, Commercial Customer	4,600 m ³	\$21,076	\$22,775	8.1%
3" Industrial, Institutional, Commercial Customer	6,900 m ³	\$32,526	\$35,429	8.9%
4" Industrial, Institutional, Commercial Customer	22,000 m ³	\$96,767	\$103,335	6.8%

Business Plan and Strategic Plan Linkages

This report supports the Council Strategic priority of Long-term Financial Sustainability by aligning rate adjustments with multi-year operating and capital plans, as demonstrated by the 6-Year Water and Wastewater Financial Plans adopted by Council in 2017.

Consideration has been given to the recommendations of the Fiscal Strategy:

- Set water rates according to Newmarket's needs
 - Full cost recovery continues to be the target and Asset Replacement requirements are being reviewed and updated
- Commission or carry out a comprehensive rate-setting study that covers water and wastewater rates
 - An update of the 6-year Financial Plans is scheduled for 2021

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.

The proposed changes have been discussed as part of the 2021 budget process.

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 changes to the monthly fixed charge for water and wastewater and increases to consumption fees for wastewater only.

For an average resident consuming 200 cubic metres of water per year, the increase will be 4.0% or \$49. Average increases for non-residential properties range from 6.8% to 8.9%, depending on meter size.

Attachments

Schedule A – 2021 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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