



Town of Newmarket
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2022 Water and Wastewater Rates Staff Report to Council

Report Number: 2021-87

Department(s): Financial Services

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

Meeting Date: December 6, 2021

Recommendations

1. That the report entitled 2022 Water and Wastewater Rates dated December 6, 2021 be received; and,
2. That the attached Appendix A being the Town of Newmarket Water and Wastewater Rates be approved and adopted by-law; and,
3. That the rates come into full force and effect on January 1, 2022; 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 2022. The average residential increase is 3.8%.

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 2021 Six Year Water and Wastewater Financial Plan approved by Council in Corporate Services – Financial Services Report 2021-21.

Tiered Water Rates

The Town implemented a tiered water rate structure in 2017. The rate structure was created to help ensure fairness when it comes to water and wastewater rate charges i.e. those with larger water meters pay a larger monthly fee. The tiered rates have been phased in over 4 years, with the last year being 2021.

Cost Drivers

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

- York Regional Council approved annual water and wastewater user rates from April 1, 2022 to March 31, 2028, equivalent to a 3.3% increase each year. The Regional charges are for the treatment and distribution of water and the collection and treatment of wastewater;
- A 21.8% increase to the Town's annual Asset Replacement Fund contribution amount for long-term financial sustainability which is in-line with the Six Year Water and Wastewater Financial Plan;
- Conservation measures and weather have resulted in a less constant stream of revenue;
- Costs related to additional flushing and swabbing of the water system;
- Inflation and other general cost increases.

The result of these cost drivers are reflected in the attached rate change for 2022.

The Smart Meter replacement project will help the Town better measure water consumption. This planned replacement commenced in 2021.

Discussion

The proposed fee adjustments include an increase in consumption fees of 3.8% for water and wastewater. The proposed water and wastewater monthly fixed fee will increase to \$16.74 and \$19.74, respectively.

Conclusion

Impact of Water and Wastewater Rate Changes in 2022

	Annual Consumption	2021 Average Bill	2022 Average Bill	Change
2" Residential and Non-Residential Customer	200 m ³	\$1,265	\$1,313	3.8%
2" Industrial, Institutional, Commercial Customer	4,600 m ³	\$22,771	\$23,645	3.8%
3" Industrial, Institutional, Commercial Customer	6,900 m ³	\$35,429	\$36,775	3.8%
4" Industrial, Institutional, Commercial Customer	22,000 m ³	\$103,328	\$107,281	3.8%

Business Plan and Strategic Plan Linkages

Supports the Strategic Pillar 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 2021.

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 was completed in 2021 (Report 2021-21)

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 2022 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 and consumption fees for water and wastewater.

For an average resident consuming 200 cubic metres of water per year, the increase will be 3.8% or \$48. Average increases for non-residential properties range from 3.8% to 4.0%, depending on meter size.

Attachments

Appendix A – 2022 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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