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Water, Wastewater and Stormwater Rates Staff Report to Council

Report Number: 2022-45

Department(s): Financial Services

Author(s): Andrea Tang, Manager, Finance & Accounting / Deputy Treasurer

Meeting Date: June 20, 2022

Recommendations

1. That the report entitled “Water, Wastewater and Stormwater Rates” dated June 20, 2022 be received; and,
2. That a portion of the government grants from Canada Community Building Fund and Ontario Community Infrastructure Fund be allocated as funding sources to support stormwater capital requirements be approved; and,
3. That conversion of the Data Analyst position from contract to full-time be approved; and,
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Purpose

The purpose of the report is to confirm the 2023 water, wastewater and stormwater rate increases as identified in their respective financial plans effective January 1, 2023.

As well, the report identifies items to be incorporated in the financial plan updates, including the recommendation of allocating a portion of the Canada Community Building Fund (formerly the Federal Gas Tax Fund) and Ontario Community Infrastructure Fund (“OCIF”) as additional funding sources for stormwater.

In addition, the report also seeks Council approval to convert the Data Analyst position from contract to full-time as identified in the Advanced Metering Initiative (“AMI” aka Smart Meter) business case.

Background

The Town has comprehensive financial plans for its water, wastewater and stormwater infrastructure. Currently, the financial plans include a six-year forecast. As identified in the Fiscal Strategy, the recommendation is to extend the financial plans to include a 10-year forecast which will be consistent with the Council approved Asset Management Plan.

This report confirms the 2023 rate increases for water and wastewater at 3.8% and stormwater at 9%. Results from the financial plan updates will be tabled to Committee of the Whole (CoW) in December 2022 / January 2023.

Discussion

Upon initial update of the financial plans, it is confirmed that the 2023 increases at 3.8% for water and wastewater rates combined and 9% for stormwater rate as per their respective financial plans are sufficient for their capital and operating requirements in 2023.

The following items will be updated and considered in the update of the financial plans:

- Extend the forecast from 6-year to 10-year as recommended by the Fiscal Strategy; and
- Incorporate the refined capital requirements as identified in the Asset Management Plan; and
- Account for the supply chain inflation driven by the pandemic and recent world events. Construction building prices have increased by at least 30% since the pandemic. Supply chain inflation also impacts the operating budget.

As the stormwater rate was only introduced in 2017, the build-up of reserves for stormwater is not as established as the water and wastewater reserves. A mitigating strategy is to identify additional funding sources in order to alleviate pressures on the stormwater rate. Therefore, it is recommended that a portion of the annual Canada Building Fund and OCIF will be allocated to fund stormwater replacements. Specific details will be provided, tying into the projected capital expenditures over the next 10 years. Because of the recent and upcoming revisions to these plans, it should be possible to fund stormwater capital without impacting current funding commitments.

Currently, there is a Data Analyst position on a contract basis to facilitate the AMI implementation. As outlined in the AMI business case, the contract position will be converted to full-time in order to support the ongoing operations, data management and analysis. This position is critical to further enhancement of the leak detection and other water billing initiatives.

Results from the water, wastewater and stormwater financial plan updates will be tabled in December 2022 / January 2023.

Conclusion

The 2023 increases for Water & Wastewater and Stormwater will remain at 3.8% and 9% as identified in their respective financial plans. The increases will be effective January 1, 2023.

Business Plan and Strategic Plan Linkages

This report aligns with the Council priority under the strategic pillar of Long Term Financial Sustainability. As recommended in the Fiscal Strategy, the financial plan updates will extend the forecast horizon from 6-year to 10-year. As well, the update will incorporate the capital requirements as identified in the Asset Management Plan. The plans will also identify the necessary rate increases in order to sustain and support the capital and operating requirements over the 10-year period.

Consultation

The Director, Strategic Initiatives and Innovation has provided input on the Data Analyst position. Engineering Services and Asset Management Office have been consulted on the capital and operating requirements.

Human Resource Considerations

This report seeks Council approval to convert the Data Analyst position from contract to full-time as identified in the AMI business case.

Budget Impact

The fee increases will be incorporated in the 2023 rate-supported operating budgets.

Attachments

None.

Approval

Mike Mayes, CPA, CGA, DPA

Director of Financial Services

Esther Armchuk, LL.B

Commissioner, Corporate Services

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