



MUNICIPALITY OF **West Elgin**

Staff Report

Report To: Council Meeting
From: Magda Badura, CAO/Treasurer
Date: 2020-12-17
Subject: Water and Sewage Flat Rate Analysis

Recommendation:

That West Elgin Council hereby receives the report from M. Badura, CAO/Treasurer regarding Water & Sewage Flat Rate Analysis; and

That West Elgin Council hereby chooses one of the following four options:

Option 1 – Do nothing.

Option 2 – Provide Relief to All Multi-Residential Property Owners and offset lost revenue to residential, commercial and industrial class.

Option 3 – Adopt Township of Southwold Model for Multi-Residential Property Owners.

Option 4 – Adopt Township of Malahide model for Multi-Residential property owners.

Purpose:

The purpose of this report is to provide Council information on current water and sewage rates so staff can respond to the multi-residential property owners concerns with regards to November 12 2020 delegation.

Background:

On November 12, 2020 Council received a delegation from a Multi-Residential property owner in West Elgin seeking:

1. Notification of potential increases for future years
2. Rebate equal to the increases for both flat and usage rates for 2019, 2020 and 2021
3. Reconsideration of increases

Council requested a report back from staff to provide information on the costs for these requests as well as a comparison of what other municipalities do.

The Municipality of West Elgin retained the services of Sharratt Water Management Ltd. to develop water/sewage rates and provide a Financial Plan under Ontario Regulation 453/07 for the West Elgin Water System.

Setting the water/sewage rates involved a number of steps:

1. Development of a capital and major maintenance plan 2019-2029
2. Projection of Capital investment needs to replace current aging infrastructure.

3. Projection of future water use and the number of user paying the fixed (flat) component of the water bill to 2029.
4. Estimation of future water/sewage use and the number of users paying the fixed component of the water bill to 2029.
5. Development a fair two-part rate structure that has a fixed component to cover metering and billing charges and a variable charge placed on every meter of water sold 2019-2029.

Municipality of West Elgin is using Two Part Constant Unit rate, as this type of rate is commonly used and it was proposed that this rate be continued.

The Municipality of West Elgin also retained the services of Ontario Clean Water Agency to provide rate structure for the Rodney Sewage. This report considered the projected expenditures and revenue sources and combine them into a long-range sustainable cost recovery plan that would provide funds for all capital and operating expenditures when they are needed over the next ten years.

Based on Rodney WWTP 20 Year Capital Plan it was noted that the wastewater system will require significant capital expenditures in the upcoming years. These capital expenditures will consume the reserve fund and may require the use of debentures or other sources of capital to cover the additional expenses.

In order to return the system to a healthy fiscal state, aggressive wastewater rates were proposed and approved by Council, since government grants could not be guaranteed at that time.

2020-2021 – 12% wastewater rate increase
 2022-2023 – 10% wastewater rate increase
 2024 8% wastewater rate increase
 2025-2026 – 6% wastewater rate increase

Both of these reports can be found on the municipal website and public meetings were held and notice of the public meeting provided, prior to the setting of the 2019 and 2020 rates.

Staff researched the other two requests and have developed the following options for Council consideration:

Option 1 – Do nothing. All water/sewage rates are supported by Ken Sharratt Water Management plan and OCWA Rodney Sewage structure report. It is in best interest of the Municipality to follow the plans as recommended in order to cover all anticipated operational and capital costs.

Option 2 – Provide Relief to All Multi-Residential Property Owners and offset the lost revenue to residential, commercial and industrial class. The below is the loss of revenue if West Elgin charged on a per meter basis instead of per unit.

Loss of Revenue per billing run:

Rodney Sewage:	\$ 2,559.60
West Lorne Sewage	\$ 4,450.35
West Elgin Water	<u>\$ 5,155.92</u>
	<u>\$ 12,165.87</u>

	Increase	Current Rate	Increased Rate
Rodney Sewage Flat Rate	\$ 5.90	\$ 71.10	\$ 77.00
West Lorne Sewage Flat Rate	\$ 7.90	\$ 68.19	\$ 76.09
West Elgin Water Flat Rate	\$ 2.95	\$ 41.58	\$ 44.53

Option 3 – Adopt Township of Southwold Model

Below is an excerpt from Township of Southwold By-Law 2014-65

Every meter shall have the basic quarterly charge imposed. Where multiple dwelling units in multiple buildings are serviced by a single meter, each dwelling unit shall have the basic quarterly charge imposed.

- Where there is more than one dwelling unit but less than 7 dwelling units in a building and serviced by a single meter, each dwelling unit shall have the basic quarterly charge imposed.*
- Where there are more than 6 dwelling units in a building and serviced by a single meter each dwelling unit shall have 50% of the quarterly charge imposed.*

	Increase	Current Rate	Increased Rate
Rodney Sewage	\$ 1.93	\$ 71.10	\$ 73.03
West Lorne Sewage	\$ 4.24	\$ 68.19	\$ 72.43
West Elgin Water Flat Rate	\$ 1.13	\$ 41.58	\$ 42.71

Option 4 – Adopt Township of Malahide Model

	Increase	Current Rate	Increased Rate
Sewage			
<i>Single Family Dwelling \$164.61</i>			
Rodney Sewer	\$ 93.51	\$ 71.10	\$ 164.61
West Lorne Sewer	\$ 96.42	\$ 68.19	\$ 164.61
<i>Duplex or two houses on one account \$328.21</i>			
Rodney Sewer	\$ 186.01	\$ 142.20	\$ 328.21
West Lorne Sewer	\$ 191.83	\$ 136.38	\$ 328.21
<i>Fourplex \$334.75</i>			
Rodney Sewer	\$ 50.35	\$ 284.40	\$ 334.75
West Lorne Sewer	\$ 61.99	\$ 272.76	\$ 334.75
<i>Large User \$656.40 (more than 6 units)</i>			
Rodney Sewer	-\$ 196.80	\$ 853.20	\$ 656.40
West Lorne Sewer	-\$ 161.88	\$ 818.28	\$ 656.40
Water			
West Elgin Water	\$ 7.84	\$ 41.58	\$ 49.42

The cost of providing Multi-Residential property owners a rebate of the increases to the flat rate is estimated to be:

Flat Rate Increases	2019 Increase	2020 Increase	221 Jane	All Multi-residential properties
Water	\$ -	\$ 3.47	\$ 124.92	\$ 1,592.73
Rodney Sewage	\$ 1.53	\$ 12.79	\$ 1,546.56	\$ 4,798.47
West Lorne Sewage	\$ 6.10	\$ 12.55	\$ 2,014.20	\$ 12,337.50
Total Increase			\$ 3,685.68	\$ 18,728.70

Policies/Legislation:

By-law 2020-40