



TOWN OF MINTO

DATE: April 5, 2016
REPORT TO: Mayor and Council
FROM: Gordon Duff, Treasurer
SUBJECT: Water and Wastewater Rate Review

STRATEGIC PLAN:

11.1 Implement financial plans to ensure water distribution and treatment, and sewage collection and treatment systems are operated effectively and efficiently, costs are allocated fairly based on residential and non-residential metered rates and operations, maintenance and future capital replacement is planned for and financed.

11.2 Continue to operate water treatment and distribution with the highest standards of public safety in mind and according to Provincial requirements using highly trained Town staff, and maintain cross training and enhanced duties.

BACKGROUND:

The Town completed a multi-year project to install water meters in virtually all customers' service addresses in early 2015. Council approved a declining block rate structure based upon estimated consumption levels which was implemented in the summer of 2015. This structure included a base rate charge and a consumption charge for low, medium and high users. The declining block allowed higher water consumption at a lower cost so that bills for medium and high users were not grossly different than under previous billing rates.

While the rates were adopted following a public meeting, it was always the intention to review the workings of this structure by comparing actual results to projections after a certain period. Council adopted the Water and Wastewater Financial Plans based on these projections on December 1, 2015.

COMMENTS:

In response to a February 22, 2016 report, Watson and Associates Economists Ltd. were asked to prepare a modified rate schedule, which would achieve the requirement of full cost recovery in water and wastewater operations and address a substantial drop in water and wastewater revenue (see Table 5):

Table 5
 Town of Minto
 Comparison of Customers' Bi-Monthly Bill

	m ³ per 2 Months	Bi-Monthly Bill Analysis		
		2014 Equivalent Bill (before rate structure change)	2015 Current Rates	2016 Proposed Rates
Average Residential Home	25.7	\$ 212.50	\$ 165.85	\$ 195.78
Residential Home - Low Consumption	18.0	\$ 212.50	\$ 131.74	\$ 159.88
Residential Home - Med. Consumption	38.9	\$ 212.50	\$ 224.33	\$ 257.27
Residential - 12 units	240.0	\$ 1,458.48	\$ 1,503.20	\$ 1,562.40
Non-Residential - Low Consumption	25.0	\$ 262.00	\$ 190.75	\$ 200.50
Non-Residential - Medium Consumption	265.0	\$ 877.45	\$ 1,238.50	\$ 1,301.80
Non-Residential - High Consumption	3,450.0	\$ 10,882.50	\$ 10,628.50	\$ 10,086.00

The need to adjust water and wastewater rates was discussed at Council and in several articles in the media. Citizens were encouraged to attend the Budget Open House held on March 15, 2016 to ask questions and express any concerns. A few people did attend and staff and Council explained the changes. Almost all who indicated concern had much less concern when it was confirmed that not all users would be increased to what had been identified as an average user at that time.

The adjustments to the rate schedule have been incorporated in Schedule I of the Minto Fees and Charges By-Law which is to be considered by Council.

FINANCIAL CONSIDERATIONS:

The rates shown in Table 5 are slightly lower than was proposed in February. For example a home consuming 25.7 cubic metres every two months would pay \$195.76 instead of \$199.87 proposed in February. If present rates are not increased, an already tight cash position will further deteriorate and the Town will lose the ability to fund long term capital to maintain the system.

RECOMMENDATION:

THAT Council receives the April 5, 2016 Treasurer's Report regarding Water and Wastewater Rate Review, and consider the adoption of the amendments to Schedule I of the Fees and Charges By-Law in open session.

Gordon Duff, CPA, CGA
Treasurer