

# Memo



**Date:** April 26, 2011  
**File:** 0245-60  
**To:** City Manager  
**From:** General Manager, Community Services  
**Subject:** 2011 Sewer Rates

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## **Recommendation:**

THAT Council receives, for information, the report from the General Manager, Community Services dated April 26, 2011 with respect to the 2011 Sewer Rate Increase;

AND THAT Bylaw No. 10504 being "Amendment No. 31 to Sewerage System Bylaw No. 3480 be forwarded to Council for reading consideration.

## **Purpose:**

To provide Council with information on Sewer costs and revenues to obtain approval for a 2011 Sewer rate increase.

## **Background:**

A review was conducted by the Infrastructure Planning, Design and Construction, and Civic Operations Departments on the Sewer Utility revenues and expenditures, based on our most recent projections. This review considered the timing and expenses of Capital improvements such as Treatment Facility expansions as well as new trunk mains. Also considered were the expenses of ongoing infrastructure replacement, the operation of our Bio-Solids program, treatment plant, lift station and pipe network operation & maintenance. The City Financial Services Department has prepared a pro forma statement of Revenues & Expenditures for the Sewer Utility that is a 10-year projection, based on the present year Budget figures and future Capital and Operating expenditures in all areas of the Utility. This method of rate setting allows the balancing of Debt and large Capital expenditures, with the accumulated Utility surplus, to establish a stable Utility rate structure.

Sewer Utility revenues from our residential customer base come from the monthly flat rate user rate. A minimum charge coupled with a volumetric usage charge is applied to Industrial/Commercial/Institutional (ICI) customers recognizing the potential different wastewater production based on the type of operation. The effect of the new rates on residential customers, based on the fact that the rate will be effective in June, is a slight increase of \$4.94 for the year. The overall adjustment generally represents a 2.3% increase in the revenues established in 2010.

The new rates are proposed to be in effect for the first billing cycle in July 2011 and will appear on the July 16th sewer bill and subsequent bills for customers receiving a utility bill. For those customers who are billed for sewer only on their Tax notices, the annual rate will be included on

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their notice. Our customers will be provided with notice of the rate change, to be printed on our customer sewer bills, prior to the rate coming into effect.

|                                   | <u>(Existing) 2010</u>   | <u>(New) 2011</u>        |
|-----------------------------------|--------------------------|--------------------------|
| <b>Residential</b>                |                          |                          |
| - Flat Rate                       | \$ 17.79/ month          | \$ 18.19 / month         |
| <b>Commercial (I/C/I)</b>         |                          |                          |
| - Metered base rate (per month)   | \$ 9.70                  | \$ 9.90                  |
| - All usage (per m <sup>3</sup> ) | \$ 0.79 / m <sup>3</sup> | \$ 0.81 / m <sup>3</sup> |

The following table illustrates the effect of the proposed rate adjustment for this year on single family residential customers:

|            | MONTHLY User<br>Rate                     | Total Annual<br>Sewer Charges |
|------------|--|-------------------------------|
| 2010 Rates | Blended 2009/2010                        | \$210.94                      |
| 2011 Rates | \$17.79 /mo. x 6 +<br>\$18.19 /mo. x 6 = | \$215.88                      |

**INTERNAL CIRCULATION TO:**

Director-Financial Services, Revenue Manager, City Clerks office, Director-Design and Construction, Director-Infrastructure Planning

**LEGAL/STATUTORY AUTHORITY:**

Provincial Legislation

**LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:**

Bylaw amendments.

**FINANCIAL/BUDGETARY CONSIDERATIONS:**

The recommended rates are consistent with the 10-year Utility Financial Plan

Considerations that were not applicable to this report:

**PERSONNEL IMPLICATIONS:**

**EXISTING POLICY:**

**TECHNICAL REQUIREMENTS:**

**EXTERNAL AGENCY/PUBLIC COMMENTS:**

**ALTERNATE RECOMMENDATION:**

Submitted by:



John Vos, P. Eng  
General Manager – Community Services

cc: Financial Planning Manager  
Revenue Manager  
Utilities Manager