

REPORT TO COUNCIL



Date: February 14, 2012
File: 1824-02
To: City Manager
From: General Manager, Community Services
Subject: Sewer Rates

Recommendation:

THAT Council receives, for information, the report from the General Manager, Community Services dated February 14, 2012 with respect to the 2012, 2013, and 2014 Sewer Rates;

AND THAT Council approve Sewer rates for 2012, 2013, and 2014 for the capital, operating and maintenance requirements of the Utility as outlined in the report of the General Manager, Community Services dated February 14, 2012 with the first billing cycle to be in April of each of the 3 years;

AND FURTHER THAT Bylaw No.10657, being Amendment No. 32 to Sewerage System Bylaw No. 3480, be forwarded to Council for reading consideration.

Purpose:

To provide Council with information on Sewer costs and revenues and obtain approval for a 2012, 2013, 2014 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, new trunk mains, expenses of ongoing infrastructure replacement as well as the operation and maintenance of our Bio-Solids program, treatment plant, lift station and pipe network. 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 for 2012, based on the fact that the rate will be effective in April, is a slight increase

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of \$4.32 for the year. The overall adjustment generally represents a 2 % increase in the revenues established in 2011.

The new rates are proposed to be in effect for the first billing cycle in April each year and will appear on the April 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 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) 2011</u>	<u>(New) 2012</u>	<u>2013</u>	<u>2014</u>
Residential				
- Flat Rate (monthly)	\$ 18.19	\$18.43	\$18.86	\$19.21
Commercial (I/C/I)				
- Metered base rate (per month)	\$ 9.90	\$10.10	\$10.30	\$10.50
- All usage (per m ³)	\$ 0.81 / m ³	\$ 0.82	\$ 0.84	\$ 0.86

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

	Total Annual Sewer Charges
2011 Rates	\$215.88
2012 Rates	\$220.20
2013 Rates	\$224.60
2014 Rates	\$229.09

It should be noted that the annual charge is based on 4 months at the previous year rate and 8 months at the current year rate.

There is considerable certainty in the revenue and cost requirements of the sewer utility over the upcoming 3 year period. Approval of these rates will allow the Utility to plan all activities within the cost model.

INTERNAL CIRCULATION TO:

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

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:

EXTERNAL AGENCY/PUBLIC COMMENTS:

COMMUNICATION COMMENTS:

ALTERNATE RECOMMENDATION:

Submitted by:



John Vos, P. Eng.

cc: *Financial Planning Manager*
Revenue Manager
Utilities Manager