

SUBMISSION – STRATEGIC PRIORITIES AND POLICY COMMITTEE 2013 11 18
2014 WATER AND WASTEWATER AND TREATMENT BUDGETS

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BACKGROUND with QUESTIONS

- ENVIROWORKS publication January/February 2012 and 2013
- Letter City of London 2013 03 01
“All residential customers will pay a new 25-cent charge on their monthly water bills that will provide for one-time support for homeowners who have experienced a plumbing failure that results in significant water charges. The new 25-cent charge will also contribute to a fund which assists low income Londoners with crisis situations where their utility bills cannot be managed.”

“All water customers will also pay a new \$1.25 monthly fee to help cover the cost of maintaining fire hydrants and the pipes that deliver water for fighting fires. The availability of this service is relied upon by the Fire Department and lowers insurance

Question 1 *As an example of good corporate accountability and openness, how will the yearly revenue, expenses and surplus of the \$.25 surcharge/fee funds to support customers as outlined in paragraph 1 and the \$1.25 fire hydrant fee funds as outlined in paragraph 2 be reported annually to all water customers?*

- London Free Press Monday 2013 09 09 Hefty budget surplus tempts in election year - Page 7 Councillors face temptation over surplus by Chip Martin
“City Treasurer Martin Hayward - report of other surpluses :
 - \$3.4 million on the water budget: Due largely to higher minimum rates now charged to offset reduced water consumption, and
 - \$1.6 million in wastewater and water treatment budget: Again, it’s largely the result of higher rates for various customers that have more than offset reduced sewage production.”

Question 2 *What priorities have been established for using the 2013 surplus of 5 million dollars?*

Question 3 *How much of the surplus is being invested for future extraordinary expenditures?*

- Chair and Members – Strategic Priorities and Policy Committee Meeting on 2013 10 21 from John Braam P. Eng, Managing Director, Environmental and Engineering Services and City Engineer

“The implementation of the new “Value Based” funding model effective March 1, 2013 was a significant accomplishment in the history of the utilities. The new rate structure strikes a balance between conservation and economic efforts, while also achieving future rate increases at an inflationary level by 2016, two years earlier than previously anticipated.”

“Despite shifting a greater proportion of revenues to fixed charges, the utilities remain susceptible to the ongoing trends of reducing water consumption. The water consumption forecast for 2014 has been updated to 41.0 million m³, significantly lower than the 42.9 million .”

“The forecasted 2014 rate increases of 8% for Water and 7% for Wastewater are consistent with the rate plan previously endorsed by Council. In determining these rates, the following ‘pillars’ of future planning were considered:

- Ensuring the long-term sustainability of Water and Wastewater infrastructure,
- Improving the balances of the Water and Wastewater reserve funds, while limiting the use of debt financing, and
- Achieving rate stability as soon as possible.

Question 4	<i>How can the perception that customers are being punished by conserving water be addressed?</i>
Question 5	<i>Because the yearly increase to the Water, Wastewater and Infrastructure Connection Budgets have increased at an annual rate of 15%, many times greater than the rate of inflation since 2000 (see chart below) , what factors will be necessary to guarantee increases in 2016 and beyond at true inflationary levels?.</i>
Question 6	<i>How do the ‘pillars’ of future planning address system economies within work done on behalf of the city?</i>
Question 7	<i>When will detailed descriptors of Water, Wastewater Usage, and Infrastructure Connection charges be incorporated as part of the billing issued each month?</i>

YEARLY LONDON WATER RATE INCREASE 15% / YEARLY INFLATION RATE 2000 – 2013

YEAR	% INFLATION RATE	YEAR	% INFLATION RATE	YEAR	% INFLATION RATE
2000	1.5	2005	1.7	2010	.5
2001	2.5	2006	2.2	2011	1.4
2002	3.0	2007	2.3	2012	2.8
2003	1.6	2008	1.8	2013	1.9
2004	3.3	2009	2.5	2014	.9

Source: Consumer Price Index Inflation Protection Ontario Teachers’ Pension Plan

Thank you in advance for sending me a copy of your final report with recommendations.