

TO:	STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING ON NOVEMBER 21, 2016
FROM:	KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL AND ENGINEERING SERVICES & CITY ENGINEER AND MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES & CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	MULTI-YEAR WATER AND WASTEWATER RATES

RECOMMENDATION

That, on the recommendation of the Managing Director, Environmental and Engineering Services & City Engineer, and the Managing Director, Corporate Services & City Treasurer, Chief Financial Officer:

- (a) all rates and charges related to the provision of Water Services, with the exception of the Customer Assistance charge, **BE INCREASED** by 3% effective January 1, 2017, 3% effective January 1, 2018, and 3% effective January 1, 2019;
- (b) all rates and charges related to the provision of Wastewater and Treatment Services, with the exception of charges related to the installation or replacement of Private Drain Connections, **BE INCREASED** by 3% effective January 1, 2017, 3% effective January 1, 2018, and 3% effective January 1, 2019;
- (c) the proposed by-law to amend the Water By-law **BE INTRODUCED** at the Municipal Council meeting on November 22, 2016 to effect the rates and charges noted in (a), above; and
- (d) the proposed by-law to amend the Wastewater & Stormwater By-law **BE INTRODUCED** at the Municipal Council meeting on November 22, 2016 to effect the rates and charges noted in (b), above.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

- [2016-2019 Approved Water and Wastewater & Treatment Budget](#) approved March 10, 2016
- [2017 Annual Budget Update – Water and Wastewater & Treatment](#) – submitted to Strategic Priorities & Policy Committee, November 7, 2016

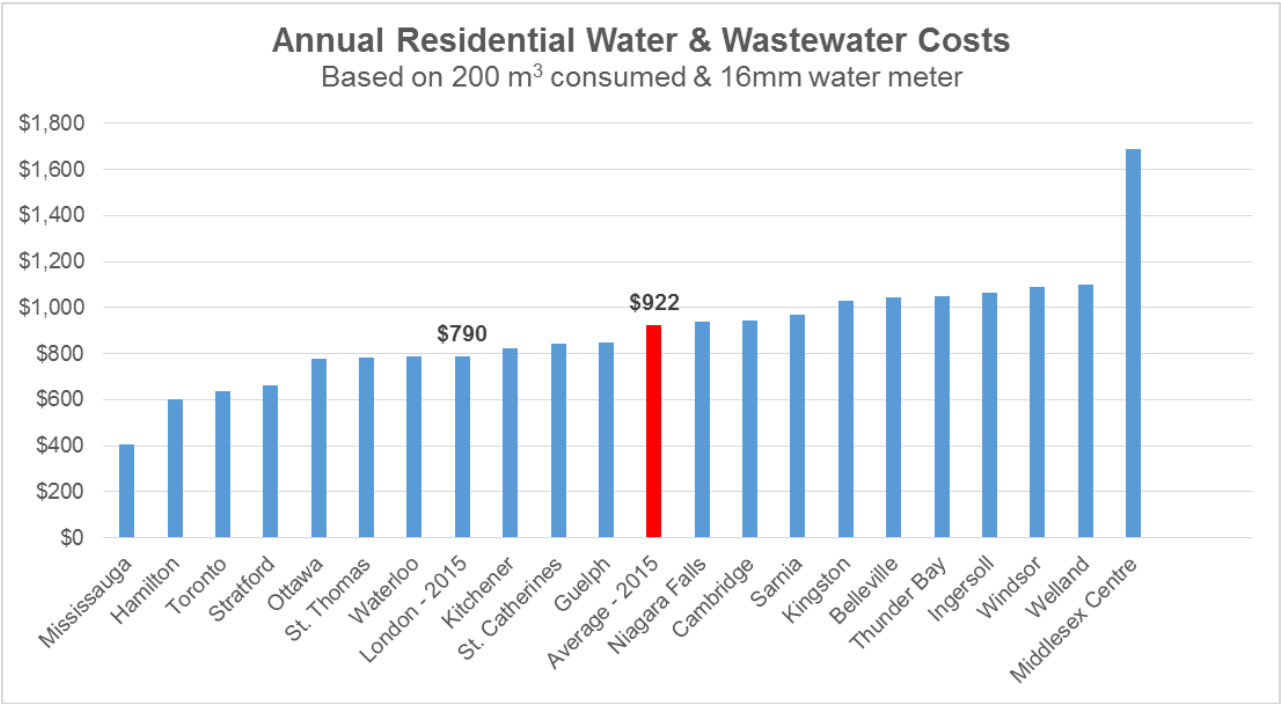
BACKGROUND

PURPOSE

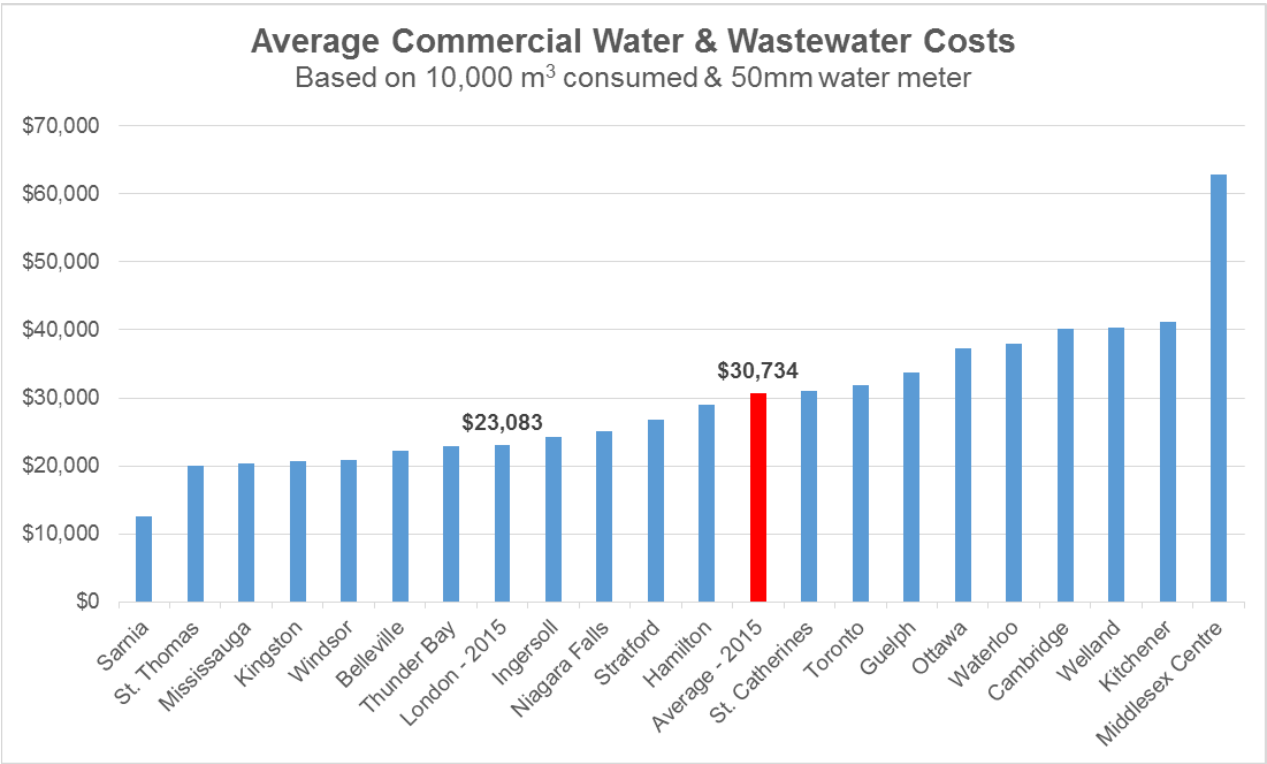
This report requests the approval of the Municipal Council to implement changes to Water and Wastewater rates and charges effective January 1st of 2017, 2018 and 2019.

In practice, the impact to ratepayers will be less than noted above due to the decline in consumption that is forecast to continue in the near term. In the examples above, consumption was held constant to better compare the effects of the requested rate increase. Consumption decreases have been accounted for within the 3% rate increase

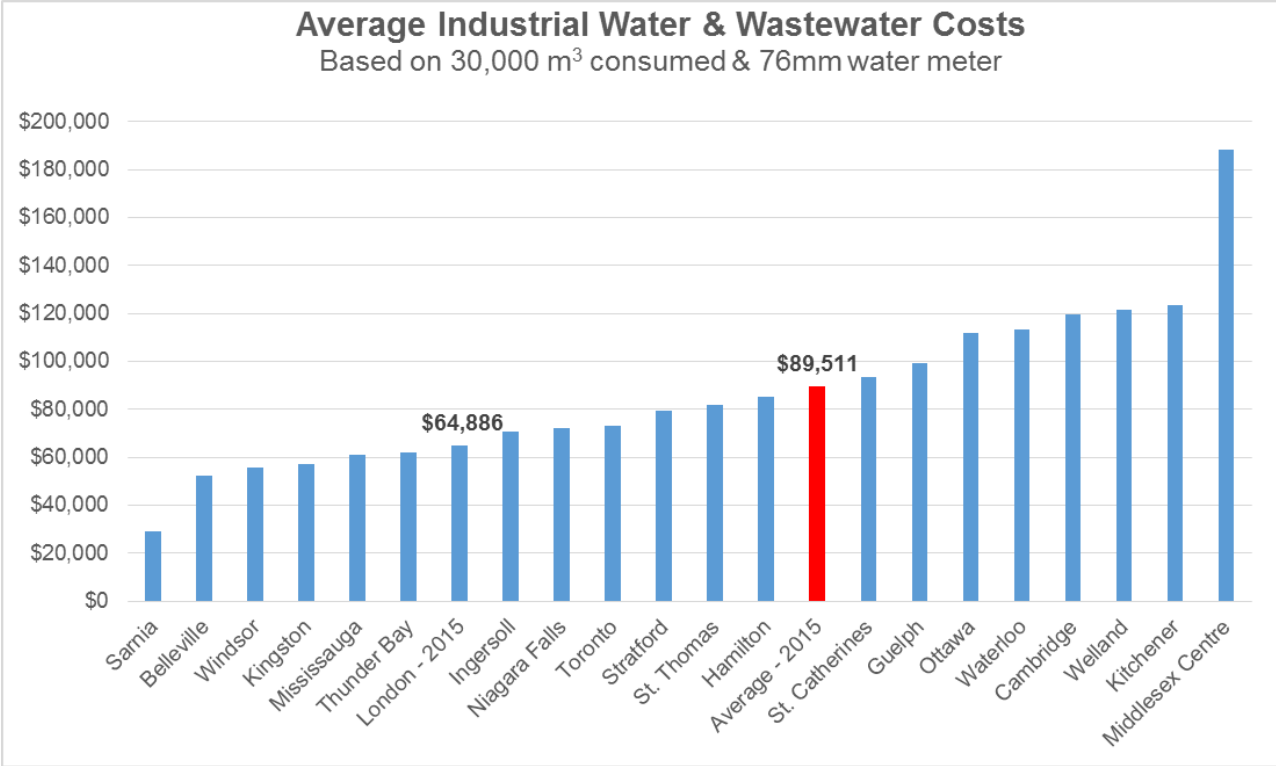
The following charts, based on the 2015 BMA Study data, illustrate London’s very competitive water and wastewater rates for residential, commercial and industrial customers relative to other Ontario municipalities. These figures are based on a standard consumption for each group and exclude stormwater charges, as many municipalities incorporate these charges into their property tax rates.



Source: 2015 BMA Municipal Study



Source: 2015 BMA Municipal Study

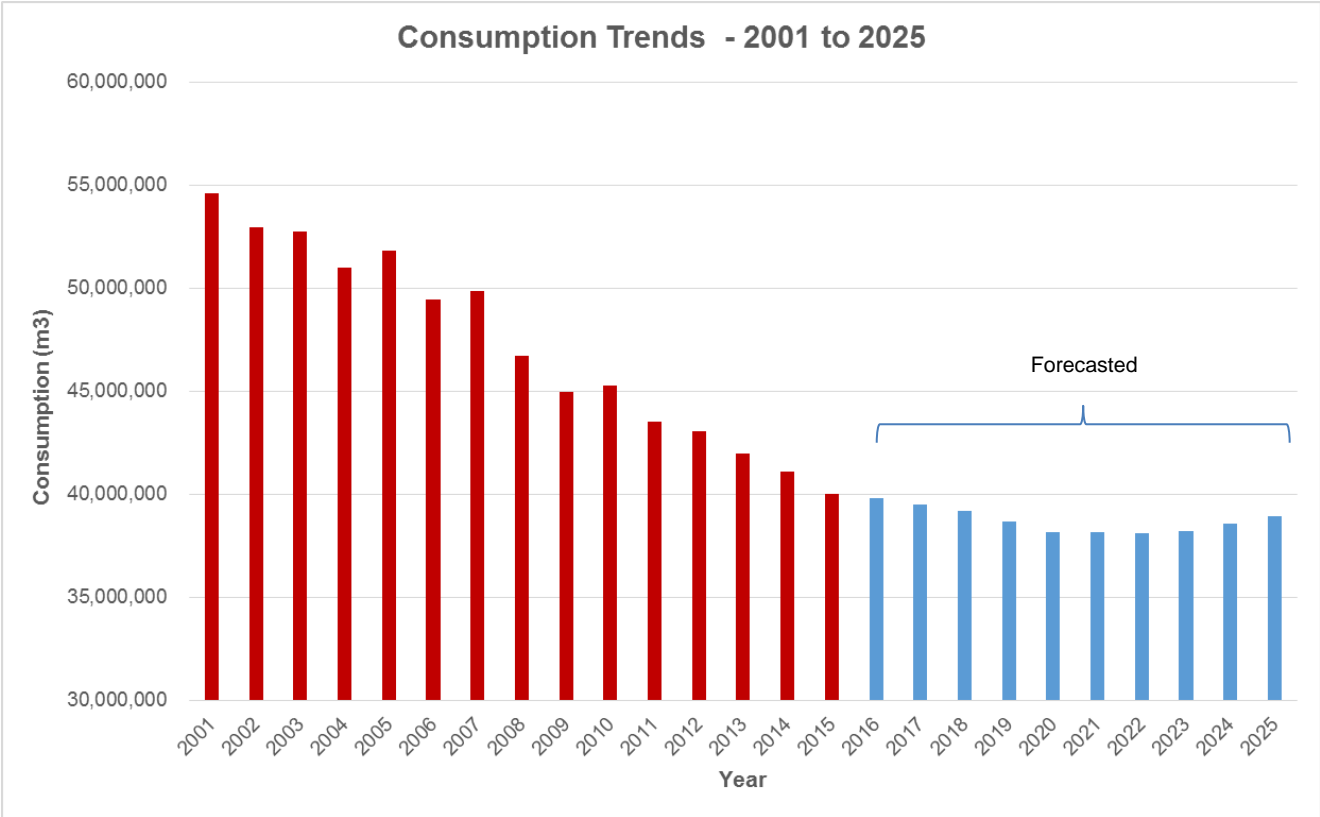


Source: 2015 BMA Municipal Study

Moving Forward

The following drivers are the primary current and future challenges that will impact the Water and Wastewater rates.

Recent trends have continued to show a decline in total water consumption which outpaces the growth in number of households. Average residential consumption has decreased approximately 35% in the past 15 years, from a peak of approximately 253.4 m³/year in 2001 to approximately 165.4 m³/year in 2016. Many factors affect the consumption of water and the associated revenue estimates and a more clear understanding of how these factors affect revenue is needed. As directed in the 2016-2019 budget recommendations, Civic Administration is currently completing a consumption and revenue forecast review.



Note: includes consumption by all rate groups as projected in the approved 2016-2019 budget

London’s Water and Wastewater rates and forecasts for future rates have been based on expenditure projections included in a 20 Year Plan. Recent budget updates to Council have flagged changes that could be expected, and that could be buffered with healthy reserve funds: regulatory changes, Rapid Transit and rising energy costs, for example. A number of changes are now before these services that affect what needs to be accomplished in the near and mid (10 year) term.

Council has approved a number of projects as part of the application process for infrastructure funding under the Clean Water and Wastewater Fund (CWWF). In doing so, staff was directed to report back on the sustained resources needed to meet the 10 year program of accelerated infrastructure spending. The resource plan is under development, and includes management structure modifications, and technical, inspection and administrative staffing. The plan will be challenging because the demand for resources is coming during a period of high attrition and existing service growth pressures. The benefit of the CWWF is its proposed 10 year life and high level of capital funding that it will make available to improve services.

The Civic Works Committee is about to receive a report on a proposed Domestic Action Plan (DAP) that responds to Federal and Provincial commitments to reduce the phosphorous loading to Lake Erie. Under this plan, the Thames River is targeted for an overall 40% reduction. The DAP references the CWWF as a source of partial funding to address this commitment. The challenge for London will be in meeting an acceleration of its own priorities, being the purpose of the Fund, while also addressing the commitment for phosphorus reduction being imposed on us.

Rapid Transit will be the single largest project in London’s history. The project costs include direct utility costs to support the project; however, indirect or induced costs are expected that will have to be integrated into Water and Wastewater’s capital programs. These will become known as the project progresses through design.

Updates to the Development Charges Study are about to begin. The technical focus will include new Transit nodes and corridors, the largest being Downtown. Technical studies

are underway to determine the servicing needs of intensification. These are being coordinated with the Pollution Prevention and Control Plan that also has a focus on the central, older part of London. Meeting the requirements of both of these are not mutually exclusive.

20 Year Plan Update

When taken as a whole, it is apparent that there are many changes that will affect the present 20 Year Plans for Water and Wastewater, in both operating and capital programs. Much will be better understood before the next Multi-year Budget (2020-23) with the completion of studies now in progress, results of applications to CWWF, completion of the DC update and directions received under the Domestic Action Plan. All of these will form the basis for a 20 year Water and Wastewater Plan update and rate forecast. It is recognized that there are many common elements and objectives in the foregoing changes that can be integrated and stacked in the plan, as well as stacking of funding sources.

SUMMARY:

The proposed annual 3% increases in Water and Wastewater rates and charges for the 2017, 2018 and 2019 years are still appropriate to meet the near term. Challenges to both the revenue and expenditure side of the budget are recognized and continue to be evaluated as better information becomes available.

The proposed rate increases are consistent with that forecasted in the 2016-2019 approved budget, with the Water rate increases being consistent with its regulatory Financial Plan. The longer term forecast for rates are proposed to be considered within 20 Year Plan Updates as outlined in this report.

Acknowledgements:

This report was prepared with the assistance of Debbie Gibson, Financial Business Administrator.

PREPARED BY:	
JOHN LUCAS, P.ENG DIRECTOR, WATER & WASTEWATER	
RECOMMENDED BY:	RECOMMENDED BY:
KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES & CITY TREASURER, CHIEF FINANCIAL OFFICER

Bill No.

By-law No. W-8-

A by-law to amend By-law W-8 entitled, “Regulation of Water Supply in the City of London.”

The Municipal Council of The Corporation of the City of London enacts as follows:

1. Section 1 of Schedule A of By-law W-8 is amended by deleting the existing table and replacing it with a new table as follows:

Range within Block (m³)	Monthly Water Consumption (m³)	January 1, 2017 Rate (\$/m³)	January 1, 2018 Rate (\$/m³)	January 1, 2019 Rate (\$/m³)
0 - 7	First 7	-	-	-
8 - 15	Next 8	\$2.1214	\$2.1850	\$2.2506
16 -25	Next 10	\$2.7275	\$2.8093	\$2.8936
26 - 35	Next 10	\$3.0307	\$3.1216	\$3.2152
36 - 250	Next 215	\$1.1517	\$1.1863	\$1.2219
251 - 7,000	Next 6,750	\$1.0911	\$1.1238	\$1.1575
7,001 - 50,000	Next 43,000	\$0.9942	\$1.0240	\$1.0547
50,001+	Over 50,000	\$0.8851	\$0.9117	\$0.9391

2. Section 2.1 of Schedule A of By-law W-8 is amended by deleting the existing table and replacing it with a new table as follows:

Meter Size (mm)	January 1, 2017 Monthly Charge (\$)	January 1, 2018 Monthly Charge (\$)	January 1, 2019 Monthly Charge (\$)
16	\$14.89	\$15.34	\$15.80
19	\$22.34	\$23.01	\$23.70
25	\$37.23	\$38.35	\$39.50
40	\$74.48	\$76.71	\$79.01
50	\$119.17	\$122.75	\$126.43
76	\$260.65	\$268.47	\$276.52
100	\$446.84	\$460.25	\$474.06
150	\$1,042.65	\$1,073.93	\$1,106.15
200	\$1,787.37	\$1,840.99	\$1,896.22
250	\$2,234.34	\$2,301.37	\$2,370.41

3. Section 2.2 of Schedule A of By-law W-8 is amended by deleting the existing table and replacing it with a new table as follows:

Property Classification	January 1, 2017 Monthly Charge (\$)	January 1, 2018 Monthly Charge (\$)	January 1, 2019 Monthly Charge (\$)
Residential and Low-density Residential	\$1.52	\$1.57	\$1.62
Institutional, Commercial, Industrial, Medium-density	\$10.22	\$10.53	\$10.85

Residential, High Rise under 5.0 hectares			
Institutional, Commercial, Industrial, Medium-density Residential, High Rise 5.0 hectares and over	\$51.08	\$52.61	\$54.19

4. Section 3.1 of Schedule A of By-law W-8 is amended by deleting the existing table and replacing it with a new table as follows:

Building Type	January 1, 2017 Charge (\$)	January 1, 2018 Charge (\$)	January 1, 2019 Charge (\$)
Single Family	\$55.17	\$56.83	\$58.53
Duplex	\$55.17	\$56.83	\$58.53
Up to 4 Units	\$68.94	\$71.01	\$73.14
5 to 10 Units	\$103.35	\$106.45	\$109.64
11 to 15 Units	\$137.83	\$141.96	\$146.22
16 to 20 Units	\$172.35	\$177.52	\$182.85
21 to 25 Units	\$207.50	\$213.73	\$220.14
26 to 30 Units	\$241.20	\$248.44	\$255.89
31 to 35 Units	\$275.81	\$284.08	\$292.60
36 to 40 Units	\$310.27	\$319.58	\$329.17
41 to 50 Units	\$344.70	\$355.04	\$365.69
Over 50 Units	\$6.98 per unit	\$7.19 per unit	\$7.41 per unit
Other Buildings	\$14.04 per 93 m ² of floor space (min charge \$35.06)	\$14.46 per 93 m ² of floor space (min charge \$36.11)	\$14.89 per 93 m ² of floor space (min charge \$37.19)

5. Section 3.2 of Schedule A of By-law W-8 is amended by deleting the existing table and inserting new table as follows:

Type of Main Tap	January 1, 2017 Charge (\$)	January 1, 2018 Charge (\$)	January 1, 2019 Charge (\$)
Tap size 50 mm or less	\$331.01	\$340.94	\$351.17
Tap size greater than 50 mm	\$662.02	\$681.88	\$702.34
Tapping concrete Mains or tap size of greater than 300 mm	\$1,986.08	\$2,045.66	\$2,107.03

6. Section 3.3 of Schedule A of By-law W-8 is amended by deleting the existing table and inserting new table as follows:

Service or Activity	January 1, 2017 Charge	January 1, 2018 Charge	January 1, 2019 Charge
Change of occupancy/ Account set-up/ Security deposit	As set by London Hydro	As set by London Hydro	As set by London Hydro
Late payment	As set by London Hydro	As set by London Hydro	As set by London Hydro
NSF cheques	As set by London Hydro	As set by London Hydro	As set by London Hydro
Collection charges	As set by London Hydro	As set by London Hydro	As set by London Hydro

Bulk Water User charges			
Smart Card (per card purchase cost)	\$42.90	\$44.19	\$45.52
Cost of Water per 1,000 litres	\$3.54	\$3.65	\$3.76
Inspecting Waterworks installations/ disconnections	\$118.85 per hour	\$122.42 per hour	\$126.09 per hour
Disconnection of Water Service			
During regular hours	\$35.00	\$35.00	\$35.00
After regular hours	\$185.00	\$185.00	\$185.00
Arrears Certificate charges (non-payment/arrears)	\$50.00 per property	\$50.00 per property	\$50.00 per property
Disconnect and Reconnect Meter at customer request			
16 and 19 mm	\$196.01	\$201.89	\$207.95
25 mm and larger	\$333.62	\$343.63	\$353.94
Install Water Meter and Remote Read-Out Unit at customer request	\$300.30	\$309.31	\$318.59
Repair damaged Water Meter			
16 and 19 mm	\$206.43	\$212.62	\$219.00
25 mm and larger	Time and Material	Time and Material	Time and Material
Meter checked for accuracy at customer's request and found to be accurate			
16 and 19 mm	\$154.28	\$158.91	\$163.68
25 mm and larger	\$208.51	\$214.77	\$221.21
Builder and Developer Frontage Charges: (based on actual frontage which directly abuts City right-of-way)			
Residential (maximum 50 metres)	\$215.49 per metre	\$221.95 per metre	\$228.61 per metre
Commercial, Institutional and Industrial	\$229.19 per metre	\$236.07 per metre	\$243.15 per metre
Illegal Hydrant Connection	\$612.98/offence + water Consumption	\$631.37/offence + water Consumption	\$650.31/offence + water Consumption
Temporary Hydrant Connection			
Hydrant connection/disconnection	\$226.81	\$233.61	\$240.62
Hydrant occupancy	\$42.91/week	\$44.20/week	\$45.53/week
Water consumption			
Minimum charge (up to 300 m ³)	\$980.78	\$1,010.20	\$1,040.51
All additional m ³	\$3.28/m ³	\$3.38/m ³	\$3.48/m ³

7. This by-law comes into force and effect on January 1, 2017.

PASSED in Open Council November 22, 2016.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First Reading – November 22, 2016
Second Reading – November 22, 2016
Third Reading – November 22, 2016

Bill No.

By-law No. WM-28-

A by-law to amend By-law WM-28 entitled, “A by-law for regulation of wastewater and stormwater drainage systems in the City of London.”

The Municipal Council of The Corporation of the City of London enacts as follows:

1. Section 1 of Schedule A of By-law WM-28 is amended by deleting the existing table and replacing it with a new table as follows:

Range within Block (m³)	Monthly Water Consumption (m³)	January 1, 2017 Rate (\$/m³)	January 1, 2018 Rate (\$/m³)	January 1, 2019 Rate (\$/m³)
0 - 7	First 7	-		
8 - 15	Next 8	\$1.8854	\$1.9420	\$2.0003
16 -25	Next 10	\$2.4242	\$2.4969	\$2.5718
26 - 35	Next 10	\$2.6936	\$2.7744	\$2.8576
36 - 250	Next 215	\$1.0234	\$1.0541	\$1.0857
251 - 7,000	Next 6,750	\$0.9696	\$0.9987	\$1.0287
7,001 - 50,000	Next 43,000	\$0.8835	\$0.9100	\$0.9373
50,001+	Over 50,000	\$0.7865	\$0.8101	\$0.8344

2. Section 2 of Schedule A of By-law WM-28 is amended by deleting the existing table and replacing it with a new table as follows:

Meter Size (mm)	January 1, 2017 Monthly Charge (\$)	January 1, 2018 Monthly Charge (\$)	January 1, 2019 Monthly Charge (\$)
16	\$12.62	\$13.00	\$13.39
19	\$18.91	\$19.48	\$20.06
25	\$31.51	\$32.46	\$33.43
40	\$63.02	\$64.91	\$66.86
50	\$100.83	\$103.85	\$106.97
76	\$220.55	\$227.17	\$233.99
100	\$378.08	\$389.42	\$401.10
150	\$882.22	\$908.69	\$935.95
200	\$1,512.37	\$1,557.74	\$1,604.47
250	\$1,890.99	\$1,947.72	\$2,006.15

3. Section 3 of Schedule A of By-law WM-28 is amended by deleting the existing table and replacing it with a new table as follows:

Property Type & Size	January 1, 2017 Storm Drainage Charge	January 1, 2018 Storm Drainage Charge	January 1, 2019 Storm Drainage Charge
Residential, Land area equal to or below 0.40 hectares without storm sewer within 90m of property	\$11.54 (\$/Month)	\$11.89 (\$/Month)	\$12.25 (\$/Month)
Land area equal to or below 0.40 hectares	\$15.37 (\$/Month)	\$15.83 (\$/Month)	\$16.30 (\$/Month)
Land area above 0.40 hectares	\$127.92 (\$/hectare/Month)	\$131.76 (\$/hectare/Month)	\$135.71 (\$/hectare/Month)

4. Section 4.1 of Schedule A of By-law WM-28 is amended by deleting the existing table and replacing it with a new table as follows:

Type of Sewer Connection	January 1, 2017 Frontage Charge (\$ per metre of calculated frontage)	January 1, 2018 Frontage Charge (\$ per metre of calculated frontage)	January 1, 2019 Frontage Charge (\$ per metre of calculated frontage)
Sanitary Sewer	\$234.54	\$241.58	\$248.83
Storm Sewer – Residential	\$217.14	\$223.65	\$230.36
Storm Sewer – All Lands, excluding Residential	\$434.28	\$447.31	\$460.73

5. Section 4.3 of Schedule A of By-law WM-28 is amended by deleting the existing table and replacing it with a new table as follows:

Type of Waste	January 1, 2017 Rate (\$ per 1,000 litres)	January 1, 2018 Rate (\$ per 1,000 litres)	January 1, 2019 Rate (\$ per 1,000 litres)
Hauled Liquid Waste, excluding Leachate	\$13.36	\$13.76	\$14.17
Leachate	\$24.60	\$25.34	\$26.10

6. Section 4.4 of Schedule A of By-law WM-28 is amended by deleting the existing table and replacing it with a new table as follows:

Type of Service	January 1, 2017 Rate (\$ per m³)	January 1, 2018 Rate (\$ per m³)	January 1, 2019 Rate (\$ per m³)
High Strength Sewage Service	\$0.618	\$0.637	\$0.656

7. This by-law comes into force and effect on January 1, 2017.

PASSED in Open Council November 22, 2016.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First Reading – November 22, 2016
Second Reading – November 22, 2016
Third Reading – November 22, 2016