



MEMO

DATE: September 27, 2017
TO: City Council
FROM: Scott Mathers, Director Water and Wastewater
RE: **Arva Sanitary and Water Servicing
Additional Information**

At the September 25, 2017 Planning and Environment Committee meeting, a request was made for additional information related to the costs associated with the provision of servicing the Arva settlement area within the Municipality of Middlesex Centre. Below you will find cost details related Arva's 2016 water and wastewater revenues and development charges.

Water and Wastewater Revenues

Arva, similar to the other Middlesex Centre settlement areas, are billed in accordance with the City of London's current monthly water utility rates, as a large water user. Below you will also find an estimate of the approximate potential revenue to the City if Middlesex Centre were to be billed on a property by property basis. It should be noted that amendments will be required to both that Arva wastewater servicing agreement and the consolidated water supply agreement with the Municipality of Middlesex Centre in order to renegotiate the current billing fee arrangement.

Table 1 2016 Arva Water and Wastewater Revenue (billed as large water user)

Source	2016 Revenue
Water Revenue	67,294.67
Wastewater Revenue	44,099.05
Total Revenue	111,393.72

Table 2 Estimated Arva Water and Wastewater Revenue if billed on a property-by-property basis

Source	Estimated Revenue
Water Revenue	\$122,000
Wastewater Revenue	\$107,000
Total Revenue	\$229,000

Notes:

- (1) Number of residences based on June 2, 2011 Middlesex Centre memo titled: "Arva wastewater servicing and growth potential".
- (2) Property by property water usage calculated based on an Arva's average 2016 monthly usage divided by the number of Arva residences.
- (3) Calculation performed using 2017 water and wastewater rates.

Development Charge Related Costs

Revenue from Development Charges (DCs) supports the expansion of servicing and provides capacity to facilitate future development. In order to construct a single family residential home in London, a builder must pay \$29,561 (2017) in DCs. Of this cost, \$4,716 supports the capital costs of providing water and wastewater servicing. If additional units are allowed to proceed beyond those initially anticipated by the agreement, it is suggested that there may be a corresponding loss in DCs revenue due to additional construction levels in Arva drawing demand from the City. The following table provides an estimate of the lost revenue in the event that the 39 additional units beyond 2000 forecasted build-out, are allowed to proceed with accelerated timing.

Table 3 Estimated Loss of Development Charge Revenue

Development Charge Component	Cost per Single Detached Dwelling (1)	Cost For Units Beyond 2000 Forecasted Build-Out (39 Units)
Water Distribution	\$3,543	\$138,177
Sanitary Sewerage	\$1,173	\$45,747
Total	\$4,716	\$183,924

Notes:

(1) Water and wastewater development charge components are calculated based on the 2017 single detached dwelling pro-rated by the water and wastewater rates presented in the 2014 Development Charges Background Study.

CC: Kelly Scherr
John Fleming
Paul Yeoman
Gregg Barrett