

TO:	CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING ON OCTOBER 29, 2012
FROM:	JOHN BRAAM, P. ENG. MANAGING DIRECTOR, ENGINEERING AND CITY ENGINEER
SUBJECT:	2013 WATER AND WASTEWATER BUDGETS

RECOMMENDATION

That, on the recommendation of the Managing Director, Engineering and City Engineer:

- 1) the following actions be taken with respect to the 2013 Operating Budget, 2013 Capital Budget and associated forecasts for Water Services:
 - a) the 2013 Operating Budget for Water Services **BE APPROVED** as submitted;
 - b) the 2014 - 2017 Operating Forecast for Water Services **BE RECEIVED** for information;
 - c) the 2013 Capital Budget for Water Services **BE APPROVED** as submitted;
 - d) the 2014 - 2022 Capital Forecast for Water Services **BE RECEIVED** for information;
 - e) all rates and charges related to the provision of Water Services **BE INCREASED** by 8%, effective January 1, 2013; and
 - f) the proposed by-law to amend the Water Rates and Charges By-law (Appendix A) **BE INTRODUCED** at the Municipal Council meeting on November 20, 2012 to effect the rates and charges noted in (e), above.

- 2) the following actions be taken with respect to the 2013 Operating Budget, 2013 Capital Budget and associated forecasts for Wastewater and Treatment Services:
 - a) the 2013 Operating Budget for Wastewater and Treatment Services **BE APPROVED** as submitted;
 - b) the 2014 - 2017 Operating Forecast for Wastewater and Treatment Services **BE RECEIVED** for information;
 - c) the 2013 Capital Budget for Wastewater and Treatment Services **BE APPROVED** as submitted;
 - d) the 2014 - 2022 Capital Forecast for Wastewater and Treatment Services **BE RECEIVED** for information;
 - e) all rates and charges related to the provision of Wastewater and Treatment Services **BE INCREASED** by 7%, effective January 1, 2013; and
 - f) the proposed by-law to amend the Wastewater and Treatment Rates and Charges By-law (Appendix B) **BE INTRODUCED** at the Municipal Council meeting on November 20, 2012 to effect the rates and charges noted in (e), above.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- Water and Wastewater 2012 Budgets, November 8, 2011, Committee of the Whole, Public Participation Meeting (budget documents tabled Oct 4, 2011, Committee of the Whole, Agenda Item #1 and #2),
- Water Service Area Financial Plans, May 17, 2010, City Council
- Infrastructure Deficit, January 28, 2008, Environment and Transportation Committee, Agenda Item #11
- Wastewater & Treatment – 20 Year Sewer System Plan Background Report, September 26, 2005, Environment and Transportation Committee, Agenda Item #14

BACKGROUND

Water and Wastewater and Treatment utilities deliver water to our customers' doors, provide fire protection and take the sewage and stormwater away and treat it properly before discharging it back to the environment 24/7 all for \$2.11 per day for the average residential customer. The 2013 budget will increase that by 16 cents per day, \$4.83 per month or \$58 per year. The combined Water and Wastewater and Treatment utility requested budget increase from 2012 to 2013 is 4.8 percent and the effective rate increase is 7.4 percent. When compared to the property tax budget as the base, the requested 2013 budget increases for Water and Wastewater and Treatment represents an equivalent increase of approximately 1%.

A significant portion of those funds are being used to invest in infrastructure renewal to attempt to reduce the infrastructure gap for the utilities which is in excess of \$450 million. Continuation of the 20 year plans for Water and Wastewater and Treatment are critical to maintain our utilities in an operational state now and into the future. This discipline will ensure the safety of our drinking water, protection of the environment, maintenance of our quality of life, fire protection and attract economic development and retain current jobs. Reduction in this investment will result in higher costs that future generations will be faced with. It is important that this generation pays its fair share.

As noted in previous reports, the continuing decline in the water and sanitary revenue base (water consumption) has exceeded assumptions which were used in the 20 year models. This reduction in consumption benefits our customers with lower utility bills and extends the life of our treatment plants, reservoirs, pumping stations and major pipelines, assuming they are properly maintained. In the long-term this is very beneficial for the City and will result in lower utility costs. The problem for the utilities is one of short-term revenue over the next 5 years, as much of our pipe infrastructure reaches the end of its useful life and then begins to break more frequently resulting in higher costs to repair as well as private property damage. Administration has revisited their budgets in significant detail to keep the rate increases as identified in the 20 year plans. To accomplish this, Administration has deferred capital projects, eliminated some future expenditures completely, relied on innovative technologies to deliver a similar level of service and sought operational efficiencies in an effort to offset inflationary costs for materials, electricity and labour. A significant amount of our expenditures are focussed on meeting provincial legislation which regulate these utilities, and the cost of these requirements are increasing every year.

Consideration of a new funding model for the Water and Wastewater and Treatment utilities will be addressed in a separate report. The expenditure levels presented in these budget documents will not change if a new funding model is adopted. The new funding model will however improve financial stability and achieve financially sustainable utilities.

Commencing December 31, 2012, Section 19 of the Safe Drinking Water Act will require that London's Municipal Council be held to a statutory standard of care with respect to their oversight responsibilities toward the operation of the City of London's drinking-water system. A report was provided to Civic Works Committee on October 22, 2012 which provided additional information. (Financial aspects of the standard of care are described on pages 18 to 20 in the [Ministry of the Environment Guidance Document for Standard of Care](#))

This report was prepared with the assistance of Roland Welker, Manager of Water Engineering and Jason Senese, Business Administrator.

PREPARED BY:	CONCURRED BY:
JOHN BRAAM, P. ENG. MANAGING DIRECTOR, ENGINEERING AND CITY ENGINEER	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

ATTACHMENTS

- Appendix A – Proposed Water Rates and Charges By-law
- Appendix B – Proposed Wastewater and Treatment Rates and Charges By-law

APPENDIX A

Bill No.
2009

By-law No. W-_____

A by-law to amend By-law W-7 entitled, "A by-law to provide for the setting of rates and charges for water supply in the City of London."

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

1. Section 3.1 of By-law W-7 is amended by deleting the existing table and replacing it with a new table as follows:

Water Supply (based on consumption)	Rate (\$/m³)
Residential:	
First 17 m ³	1.74412
Next 40 m ³	1.83335
All additional m ³	1.92122
Minimum monthly charge	5.40

2. Section 3.2 of By-law W-7 is amended by deleting the existing table and replacing it with a new table as follows:

Commercial, Institutional, Industrial, & Multi Family Residential (bulk meter)	Rate (\$/m³)
First 3 m ³	6.67845
Next 708 m ³	1.14350
All additional m ³	0.94440
Minimum monthly charge	5.40

3. Section 4.1 of By-law W-7 is amended by deleting the existing table and replacing it with a new table as follows:

Water Meter Fixed Charge (Based on Meter Size)	Monthly Rate (\$)
16 mm	0.69
19 mm	0.76
25 mm	6.02
40 mm	11.75
50 mm	15.75
76 mm	39.27
100 mm	57.83
150 mm	97.64
200 mm	150.69
250 mm	190.00

4. Section 5.1 of By-law W-7 is amended by deleting the existing table and replacing it with a new table as follows:

Water Rate for Temporary Connection for Construction	Charge (\$)
Single family structure	14.02
Duplex structure – one service line	14.02
Up to 4 units	17.52
5 to 10 units	26.27
11 to 15 units	35.02
16 to 20 units	43.79
21 to 25 units	52.73
26 to 30 units	61.29
31 to 35 units	70.08
36 to 40 units	78.84
41 to 50 units	87.59
Over 50 units	1.77 per unit
Other structures per 93m ² of floor space	\$3.56 (minimum charge \$8.91)
Bulk water users	
Smart Card (per card purchase cost)	\$34.99
Cost of Water per 1,000 L	\$2.89
Inspecting waterworks installations/disconnections	\$96.94 per hour

5. Section 5.2 of By-law W-7 is amended by deleting the existing table and inserting new table as follows:

Watermain Tapping Charges	Charge
Tap size of 50 mm or less	\$270.00
Tap size of greater than 50 mm	\$540.00
Tapping concrete watermains or tap size of greater than 300 mm	\$1,620.00

6. Section 5.3 of By-law W-7 is amended by deleting the existing table and inserting new table as follows:

Miscellaneous Charges	Charge
Change of occupancy/Account set-up fee	\$32.40
Late payment charge	London Hydro billings at 1.5% per month compounded monthly City of London billings at 1.5% per month
NSF cheques	\$14.89 plus bank charges
Collection charges	\$15.47 per trip
Disconnection of Service	
During regular hours	\$31.81
After regular hours	\$50.17
Arrears Certificate charges (non-payment/arrears)	\$50 per property
Disconnect and Reconnect meter at customer request	
Up to 25 mm	\$63.95
Over 25 mm	\$108.85

Install water meter and remote read-out unit at customer request	\$244.94
Repair damaged meter 16 and 19 mm 25 mm and larger	\$168.38 Time and Material
Meter checked for accuracy at customer's request and found to be accurate Up to 25 mm Over 25 mm	\$125.85 \$170.07
Builder and Developer Frontage Charges: (based on actual frontage which directly abuts City right-of-way) Residential (maximum 50 meters) Commercial, Institutional and Industrial	\$175.77 per meter \$186.94 per meter

7. This by-law comes into force and effect on January 1, 2013.

PASSED in Open Council November 20, 2012

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First Reading – November 20, 2012
Second Reading – November 20, 2012
Third Reading - November 20, 2012

APPENDIX B

Bill No.
2009

By-law No. WM-_____

A by-law to amend By-law WM-26 entitled, "A by-law to establish the Schedule of Sewer System Fees and Charges."

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

8. Schedule 1 of By-law WM-26 is amended by deleting Table 1 and replacing it with a new Table 1 as follows:

	Column 1	Column 2
	Sewer System Charge (based on water consumption)	Sanitary Sewer Charge (\$ per m³)
Line 1	Residential	1.77102
Line 2	Commercial	1.07489
Line 3	Institutional	0.78871
Line 4	Institutional over 600,000 m ³	0.64756
Line 5	Industrial	0.72351
Line 6	Industrial over 600,000 and under 1.2 million m ³	0.60763
Line 7	Industrial 1.2 million m ³ and over	0.51329

9. Schedule 1 of By-law WM-26 is amended by deleting Table 2 and replacing it with a new Table 2 as follows:

	Column 1	Column 2	Column 3
	Sewer System Charge	Storm Drainage Charge (\$/Month)	Storm Drainage Charge (Annual \$ per hectare)
Line 1	Residential	13.34	
Line 2	Commercial	16.10	
Line 3	Institutional	12.87	
Line 4	Institutional over 600,000 m ³	12.87	
Line 5	Industrial		1,339.98
Line 6	Industrial over 600,000 and under 1.2 million m ³		1,139.19
Line 7	Industrial 1.2 million m ³ and over		1,139.19

10. Schedule 1 of By-law WM-26 is amended by deleting Table 3 and replacing it with a new Table 3 as follows:

	Sewer Rentals	Charge (\$ per m frontage)
Line 1	Sanitary Main Sewers	193.10
Line 2	Storm Main Sewers – Single Family	178.78
Line 3	Storm Main Sewers – Multi Family	357.54

11. Schedule 1 of By-law WM-26 is amended by deleting Table 4 and replacing it with a new Table 4 as follows:

Hauled Liquid Waste Disposal	Charge (\$ per 1,000 litres)
Hauled Liquid Waste Disposal Rates (except Leachate)	11.00
Leachate	20.24

12. Schedule 1 of By-law WM-26 is amended by deleting Table 6 and replacing it with a new Table 6 as follows:

High Strength Sewage	\$ per m³
High Strength Sewage Service Rate	0.509

13. This by-law comes into force and effect on January 1, 2013.

PASSED in Open Council November 20, 2012

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First Reading – November 20, 2012
Second Reading – November 20, 2012
Third Reading - November 20, 2012.