

TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON DECEMBER 3, 2012
FROM:	JOHN BRAAM, P. ENG. MANAGING DIRECTOR, ENGINEERING AND CITY ENGINEER
SUBJECT:	2013 NEW FUNDING MODEL BY-LAW FOR WATER AND WASTEWATER SERVICES

RECOMMENDATION

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

- 1) the following actions be taken:
 - a) all rates and charges related to the provision of Water Services **BE MODIFIED** to reflect the new funding model effective March 1, 2013; and
 - b) the proposed by-law to amend By-law No. WM-7 "A by-law to provide for the setting of rates and charges for water supply in the City of London" (Appendix A) **BE INTRODUCED** at the Municipal Council meeting on December 11, 2012 to effect the rates and charges noted in (a), above.

- 2) the following actions be taken:
 - a) all rates and charges related to the provision of Wastewater and Treatment Services **BE MODIFIED** to reflect the new funding model effective March 1, 2013;
 - b) changes to the storm drainage charge **BE PHASED-IN** over a three year period for residential, commercial and institutional customers (Appendix B2); and
 - c) the proposed by-law to amend the By-law No. WM 26 "A by-law to establish the Schedule of Sewer System Fees and Charges." (Appendix B1 or B2) **BE INTRODUCED** at the Municipal Council meeting on December 11, 2012 to effect the rates and charges noted in (a), above.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
--

- [Link to Julian Questions and Answers on the New Funding Model](#)
- [New "Value Based" Funding Model for Water and Wastewater Services, November 12, Civic Works Committee, Agenda Item #8](#) and [17th Report of the Civic Works Committee Item #8](#)
- 2013 Water and Wastewater Budgets, October 29, 2012, Strategic Priorities and Policy Committee, Agenda Item #3
- [New "Value Based" Funding Model for Water and Wastewater Services, Civic Works Committee, October 22, 2102, Agenda #7](#)

BACKGROUND

Consideration of a new funding model for the Water and Wastewater and Treatment utilities has been the subject of several reports over the last few months. A public participation meeting was held at the November 12th Civic Works Committee. Numerous customer group meetings have also been held including one-on-one customer meetings to review how the proposed funding model would affect that customer. The capital and operating expenditure levels presented in the 2013 budget documents will not change if this new funding model is adopted. The new funding model will however improve financial stability and achieve financially sustainable utilities sooner

than the current financial plan utilizing the existing rate structure and also results in a lower annualized rate increase for all our customers compared with staying with the existing model.

[The Water Service Area Financial Plan](#) was submitted to the Ministry of Municipal Affairs and Housing (MMAH) in June 2011. According to Ontario Regulation 453/07 *Financial Plans* under the *Safe Drinking Water Act, 2002*, the plan is to be updated every 5 years, or when substantive changes are made to the plan. By achieving sustainability in a similar (or even earlier) timeframe and spending essentially the same amount on infrastructure renewal, the changes may not be viewed as substantive. We intend to contact MMAH in 2013 to determine whether the plan requires re-submission.

Additional revenues from the new fire protection charge (table 4.2 in Appendix A) would be used for infrastructure renewal and maintenance of fire protection infrastructure associated with the water distribution system. Any funds not spent on these efforts, would be returned into the water reserve funds to improve stability of these funds.

A new dedicated reserve fund would be established for low income benefits, customer assistance and conservation rebates. Details of the administration of this fund and programs will be developed in parallel with the London Hydro implementation of the changes to the billing system. A new table 4.3 is added to the by-law in Appendix A to generate the revenues to support the fund. Participation in the customer assistance component of the fund is optional for small commercial and low density multi-family residential. Rules regarding the application process and qualifying customers will be written as part of the implementation phase noted above.

Some of the largest customer impacts arise from the changes in the storm drainage charges and relate to larger commercial and institutional customers who currently pay a small flat charge and who would be moving to an area charge (per hectare). It is recommended that the storm charges for these customers be phased-in over 3 years. These customers have benefitted from the existing model, while residential customers have paid for this benefit. To maintain a neutral revenue situation the reduction in the storm charge for residential customers should also be phased-in. There is a desire on the part of the adversely impacted customers to have these charges phased-in and previous Councils have felt this approach would spread the impact over 3 years instead of all in one year. The two options (no phase-in versus a 3 year phase-in) are included in the proposed by-laws Appendix B1 and B2 respectively. Committee and Council will need to select their preferred approach.

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 on this topic 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, Matt Feldberg, Water Demand Manager and Jason Senese, Financial Business Administrator.

PREPARED BY:
JOHN BRAAM, P. ENG. MANAGING DIRECTOR, ENGINEERING AND CITY ENGINEER

ATTACHMENTS

- Appendix A – Proposed Water Rates and Charges By-law
- Appendix B – Proposed Wastewater and Treatment Rates and Charges By-law
 - Appendix B1 – no phase-in
 - Appendix B2 – Storm charges phased-in over 3 years

APPENDIX A

Bill No.
2013

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)
0 - 7	-
8 - 15	1.7304
16 -25	2.2248
26 - 35	2.4720
36 - 250	0.9394
251 - 7,000	0.8899
7,001 - 50,000	0.8109
50,001+	0.7219

2. Section 3.2 of By-law W-7 is amended by deleting the existing table.

3. Part 4 of By-Law W-7 is amended by deleting:

Part 4 Rates and Charges for Equipment

and replacing Part 4 of By-Law W-7 with:

Part 4 Monthly Fixed Charges and Rates

4. 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 Capital Renewal Charge (Based on Meter Size)	Monthly Rate (\$)
16 mm	12.15
19 mm	18.22
25 mm	30.37
40 mm	60.75
50 mm	97.20
76 mm	212.61
100 mm	364.48
150 mm	850.46
200 mm	1,457.92
250 mm	1,822.50

5. Part 4 of By-law W-7 is amended by adding section 4.2 as follows:

4.2 Monthly Fire Protection Charge for all customers

All customers shall be charged a fire protection charge as per the table below:

Rate Classification	Monthly Rate (\$)
Residential	1.25
Institutional, Commercial, Industrial under 5.0 hectares	8.33
Institutional, Commercial, Industrial 5.01 hectares and over	41.67

6. Part 4 of By-law W-7 is amended by adding section 4.3 as follows

4.3 Low Income Crisis Support, Crisis Prevention, and Customer Assistance Fund

- a) All residential customers shall pay the charges as per the table below:

Rate Classification	Monthly Rate (\$)
Residential	0.25

- b) Small commercial and multi-family customers who wish to pay into the fund shall provide written confirmation of their intent to participate and shall pay the charges as per the table below:

Rate Classification	Qualification	Monthly Rate (\$)
Commercial	Meter sizes 16mm, 19mm	0.25
LDM (i.e. Multi-Family)	Up to and including 5 units	0.25

7. 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	Current Charge (\$)
Single Family	45.00
Duplex	45.00
Up to 4 Units	56.23
5 to 10 Units	84.31
11 to 15 Units	112.43
16 to 20 Units	140.58
21 to 25 Units	169.25
26 to 30 Units	196.74
31 to 35 Units	224.97
36 to 40 Units	253.08
41 to 50 Units	281.16
Over 50 Units	5.69 per unit

Other Structures	\$11.44 per 93 m ² of floor space (min charge \$28.60)
Bulk water users Smart Card (per card purchase cost) Cost of Water per 1,000 L	\$34.99 \$2.89
Inspecting waterworks installations/disconnections	\$96.94 per hour

8. 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

9. 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 After regular hours	\$31.81 \$50.17
Arrears Certificate charges (non-payment/arrears)	\$50 per property
Disconnect and Reconnect meter at customer request Up to 25 mm Over 25 mm	\$159.88 \$272.13
Install water meter and remote read-out unit at customer request	\$244.94
Repair damaged water 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 metres) Commercial, Institutional and Industrial	\$175.77 per metre \$186.94 per metre

10. Section 5.3 of By-law W-7 is amended by inserting two **NEW** items in the table as follows:

Illegal Connection Charge	\$500.00/offence + water consumption
Temporary Hydrant Connection	
Hydrant connection/disconnection	\$185
Hydrant occupancy	\$35/week
Water consumption	
Minimum charge (up to 300 m3)	\$800
All additional m3	\$2.68/m3

11. This by-law comes into force and effect on March 1, 2013.

PASSED in Open Council December 11, 2012

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First Reading – December 11, 2012
Second Reading – December 11, 2012
Third Reading - December 11, 2012.

APPENDIX B1

Bill No.
2013

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:

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

Sewer System Charge (based on Consumption)	Rate (\$/m³)
0 - 7	-
8 - 15	1.5522
16 -25	1.9958
26 - 35	2.2176
36 - 250	0.8426
251 - 7,000	0.7983
7,001 - 50,000	0.7274
50,001+	0.6476

- 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 below 0.4 hectares	12.66	
Line 2	Residential below 0.4 hectares without storm sewer within 90m of frontage	9.49	
Line 3	Institutional, Commercial, Industrial below 0.4 hectares	12.66	
Line 4	Residential, Institutional, Commercial, Industrial above 0.4 hectares		1,263.67

- 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

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

Sanitary Capital Renewal Charge (Based on Meter Size)	Monthly Rate (\$)
16 mm	10.38
19 mm	15.57
25 mm	25.94
40 mm	51.88
50 mm	83.01
76 mm	181.58
100 mm	311.28
150 mm	726.33
200 mm	1,245.13
250 mm	1,556.85

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

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

6. Schedule 1 of By-law WM-26 is amended by adding Table 7 as follows:

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

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

PASSED in Open Council December 11, 2012

Joe Fontana
Mayor

Catharine Saunders
City Clerk

APPENDIX B2

Bill No.
2013

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:

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

Sewer System Charge (based on Consumption)	Rate (\$/m³)
0 - 7	-
8 - 15	1.5522
16 -25	1.9958
26 - 35	2.2176
36 - 250	0.8426
251 - 7,000	0.7983
7,001 - 50,000	0.7274
50,001+	0.6476

2. Schedule 1 of By-law WM-26 is amended based on a three year phased-in approach which is amended by deleting Table 2 and replacing it with a new Table 2 as follows, it being noted that the rates in years 2 and 3 are subject to change:

		Column 1	Column 2	Column 3
		Sewer System Charge	Storm Drainage Charge (\$/Month)	Storm Drainage Charge (Annual \$ per hectare)
Year 1	Line 1	Residential below 0.4 hectares	13.11	
Year 1	Line 2	Institutional, Commercial, Industrial below 0.4 hectares	13.11	
Year 1	Line 3	Industrial above 0.4 hectares		1,263.67
Year 1	Line 4	Residential, Institutional, Commercial above 0.4hectares		421.23
Year 2	Line 5	Residential below 0.4 hectares	12.88	
Year 2	Line 6	Institutional, Commercial, Industrial below 0.4 hectares	12.88	
Year 2	Line 7	Industrial above 0.4 hectares		1,263.67
Year 2	Line 8	Residential, Institutional, Commercial above 0.4hectares		842.46
Year 3	Line 9	Residential below 0.4 hectares	12.66	
Year 3	Line 10	Residential below 0.4 hectares without storm sewer within 90m of frontage	9.49	
Year 3	Line 11	Institutional, Commercial, Industrial below 0.4 hectares	12.66	
Year 3	Line 12	Residential, Institutional, Commercial, Industrial above 0.4 hectares		1,263.67

3. 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

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

Sanitary Capital Renewal Charge (Based on Meter Size)	Monthly Rate (\$)
16 mm	10.38
19 mm	15.57
25 mm	25.94
40 mm	51.88
50 mm	83.01
76 mm	181.58
100 mm	311.28
150 mm	726.33
200 mm	1,245.13
250 mm	1,556.85

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

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

6. Schedule 1 of By-law WM-26 is amended by adding Table 7 as follows:

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

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

PASSED in Open Council December 11, 2012

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First Reading – December 11, 2012
Second Reading – December 11, 2012
Third Reading - December 11, 2012.