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# **WATER & WASTEWATER RATE STUDY & FINANCIAL PLAN**

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**COPORATE DEVELOPMENT COMMITTEE**  
**June 7, 2010**

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# Topics

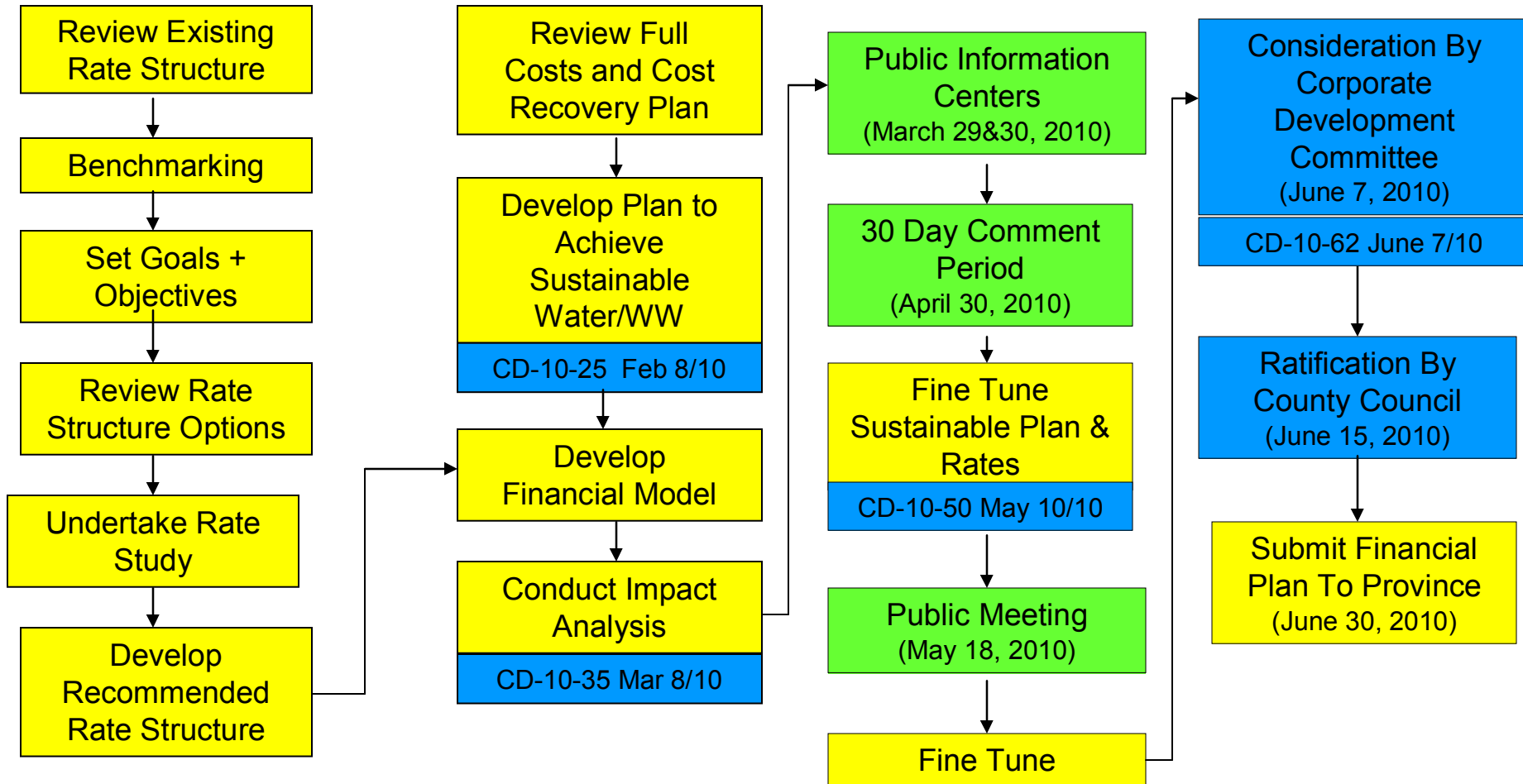
1. Process
2. Goals & Objectives of Rate Structure
3. Basis of Rate Structure
4. Basis of Financial Plan
5. Recent Comments from Consultation Process
  - a) Billing for wastewater based on water consumption
  - b) Multiple buildings on one property
6. Proposed New Rates
7. Bulk Fill
8. Reserve Funds
9. Debt Management
10. Next Steps

# Process

## Consultation, Report & Recommendations

### Rate Structure Review

### Long Range Financial Plan



# RATES – GOALS & OBJECTIVES

Goals and Objectives	Description
Fairness and Equity	Ensure that customers are contributing equitably towards revenue requirements. Equity should be based on the user pay principle. Fair sharing in the distribution of resources between current and future ratepayers will be employed.
Affordability	Incorporate policies that support affordable water and wastewater services for all customers while, at the same time, ensuring that the full cost of service is being recovered.
Conservation	Encourage the efficient use of water as well as assist in managing system demand. Programs that promote efficient water usage may reduce operating costs and capital investment needs over time. The less water consumed, and hence less sewage generated, will result in deferral of plant expansions, thereby avoiding capital expenditures for all customers.
Economic Development	Align with other economic development initiatives. Consider the competitive position of commercial and industrial properties in Brant and the County's ability to maintain existing business and attract new business to the community.
Practical	Simple to understand, rational, and easy to update and administer.

# Basis of Rate Structure

1. Allocate 50% of the Water and 37% of the Wastewater rate revenue requirements to be recovered from the fixed monthly minimum fee.

2 Year Average	Recommended Volumetric	Recommended Fixed	Current Volumetric	Current Fixed
Water	50%	50%	21%	79%
Wastewater	63%	37%	55%	45%

2. Use CWWA/AWWA standards to calculate the fixed costs by meter size for both water and wastewater.
3. Charge the same water volumetric rate to all customer types and use the minimum fixed monthly fee by meter size to differentiate fixed costs by customer type.
4. Charge the same wastewater volumetric rate to all customer types and use the minimum fixed monthly fee by meter size to differentiate fixed costs by customer type.
5. Eliminate the consumption component in the minimum monthly fee to improve fairness and equity, conservation, and ease of understanding
6. Calculate the minimum fee on multi-use properties based on the ownership and not on the number of occupancies.
  - Discretion for multiple separate buildings on one property – (see panel 8).
7. Consider the implementation of a fire line charge in the 5 year plan.

# Basis of Financial Plan

1. Water and wastewater debt charges do not exceed 25% of own revenue.
2. Target minimum balance of the Water and Wastewater Capital Reserves is 15% of gross expenditures.
3. The target contribution to reserves is at or above the annual amortization of the current capital assets.
4. Amortize capital assets based on historical costs in the first year and move toward basing on replacement costs over time.
5. Debenture for the growth-related portion of capital projects only after all developer related capital funding arrangements that are available within the Development Charges Act have been exhausted.
6. Modification and refinement as new information becomes available that could materially change the forecast.

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# Consultation Process

## 1. Billing for Wastewater based on water consumption

- Age old debate.
- Of approximately 80 municipalities surveyed all but 6 bill same as Brant.

### Concerns with requested change

- 1.Does not support conservation.
- 2.Reductions increase the price for everyone.
- 3.Administratively burdensome.
- 4.Fairness and equity with ICI sector.

### Recommendation

- Maintain practice of billing for wastewater based on water consumption.

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# Consultation Process (cont'd)

## 2. Multiple buildings on one property

1. By-law provides for all buildings fronting watermain to have separate service, thus separate water meter.
2. Consistency and fairness – associated fixed costs of O & M.
3. Often separate and very different usage – different tenants.

## Recommendation

- Individual water and sewer bill to each building fronting watermain.

# Proposed New Rates

	<b>Water</b>	<b>Wastewater</b>
<b>Volumetric (m<sup>3</sup>)</b>	\$0.709	\$0.975
<b>Fixed Monthly</b>		
5/8"	\$44.86	\$16.83
3/4"	\$66.27	\$25.25
1"	\$109.07	\$42.08
1 1/2"	\$216.09	\$84.17
2"	\$344.51	\$134.67
3"	\$387.32	\$622.86
<b>Bulk Fill (m<sup>3</sup>)</b>	\$1.93	N/A

# Proposed New Rates

- Apply to all customers.
- Phase-in over 4 years.
- Implement January 1, 2011

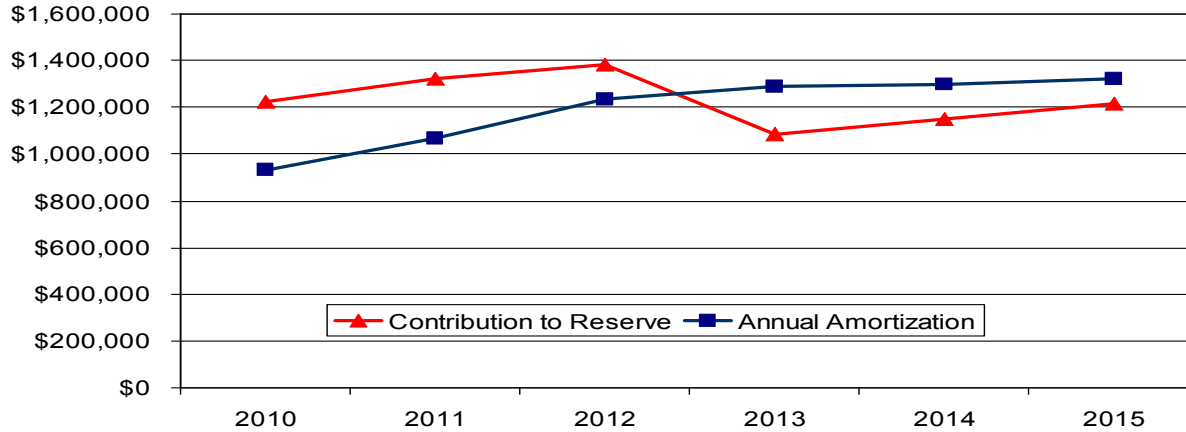
<b>RESIDENTIAL CONSUMER (20 cu.m/month)</b>			
	<b>Water</b>	<b>Wastewater</b>	<b>TOTAL</b>
<b>Current</b>	\$55.47	\$31.76	\$87.23
<b>2011</b>	\$59.04	\$36.33	\$95.37

# Bulk Fill

<b>Municipality</b>	<b>Rate (m<sup>3</sup>)</b>
Hamilton (Ancaster)	\$1.61
Brant ( Mt. Pleasant & St. George)	\$1.93
Haldimand	\$2.51
Brantford	\$2.60

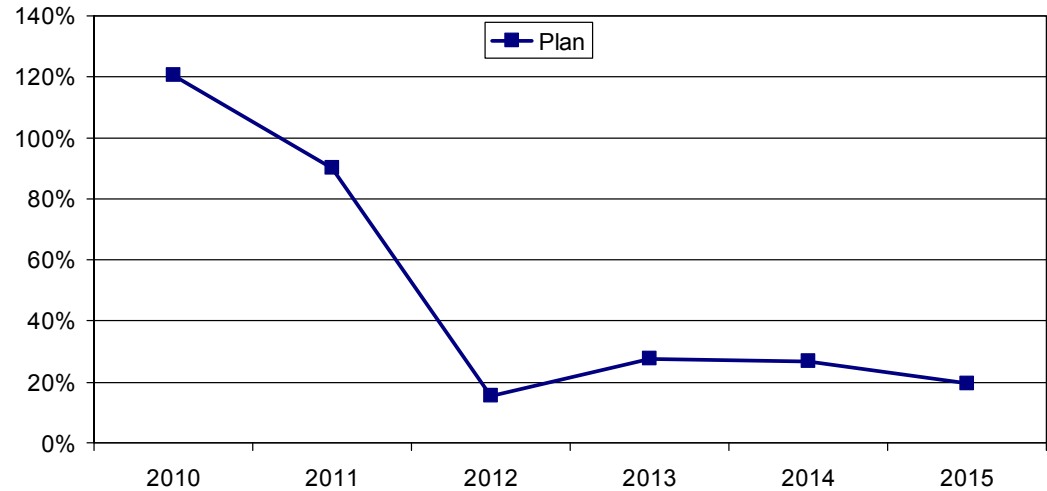
# Reserve Fund - Water

Contributions to Water Reserves



Target contribution to reserves s annual amortization.

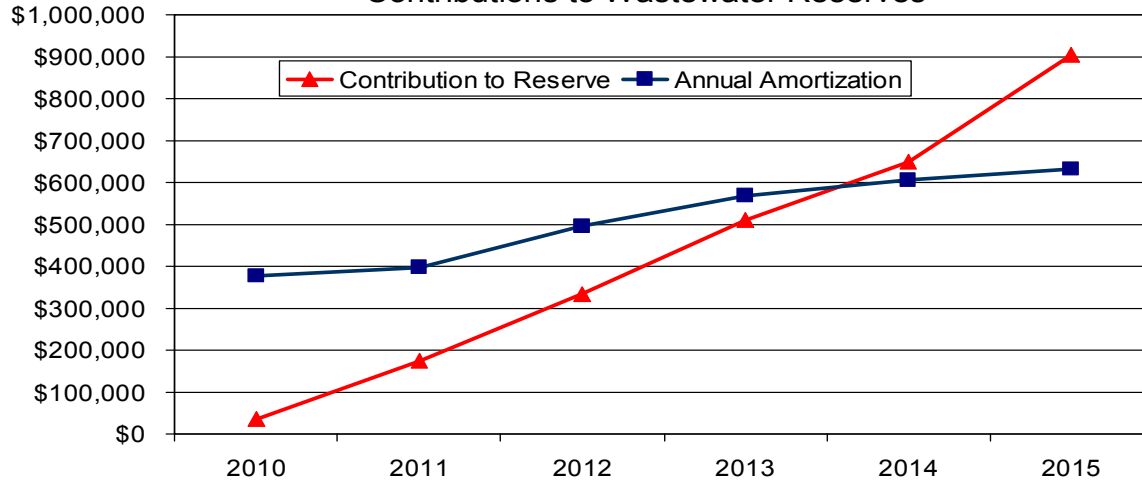
Reserves as a % of Water Gross Expenditures



Target minimum reserve balance 15% of gross expenditures.

# Reserve Fund - Wastewater

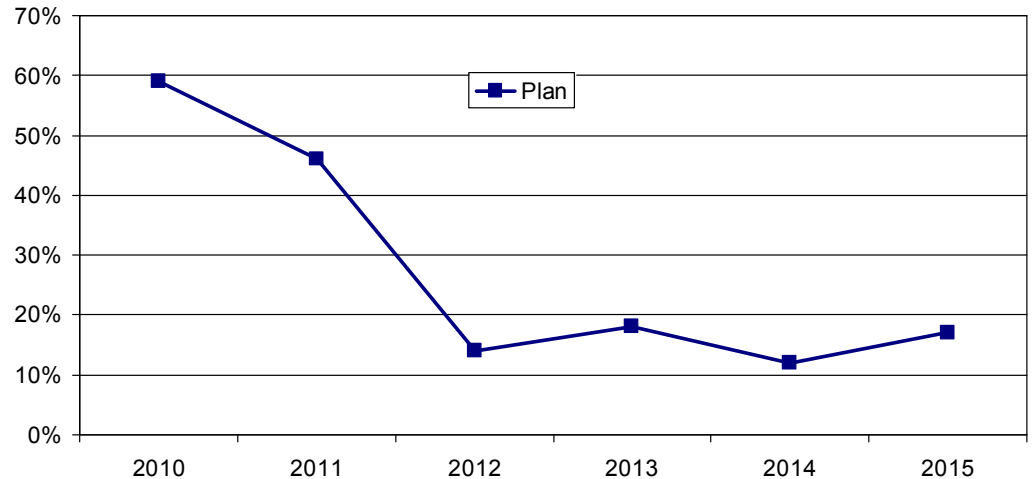
Contributions to Wastewater Reserves



Target contribution to reserves s annual amortization.

Target Minimum reserve balance 15% of gross expenditures.

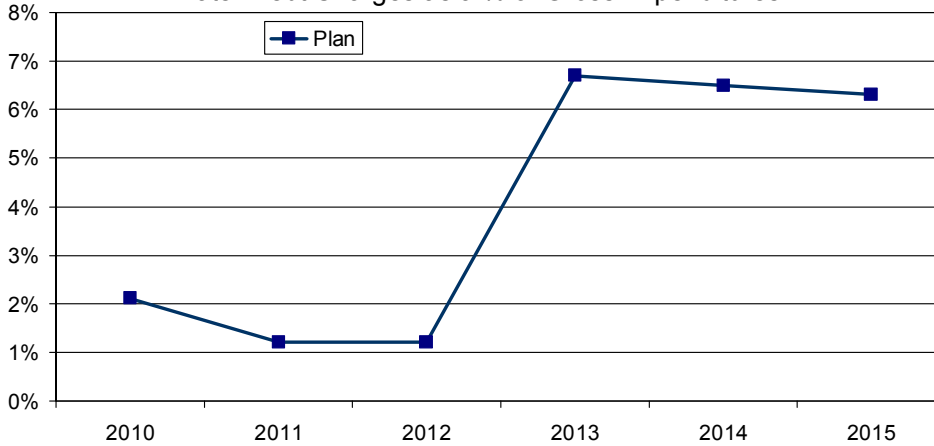
Reserves as a % of Wastewater Gross Expenditures



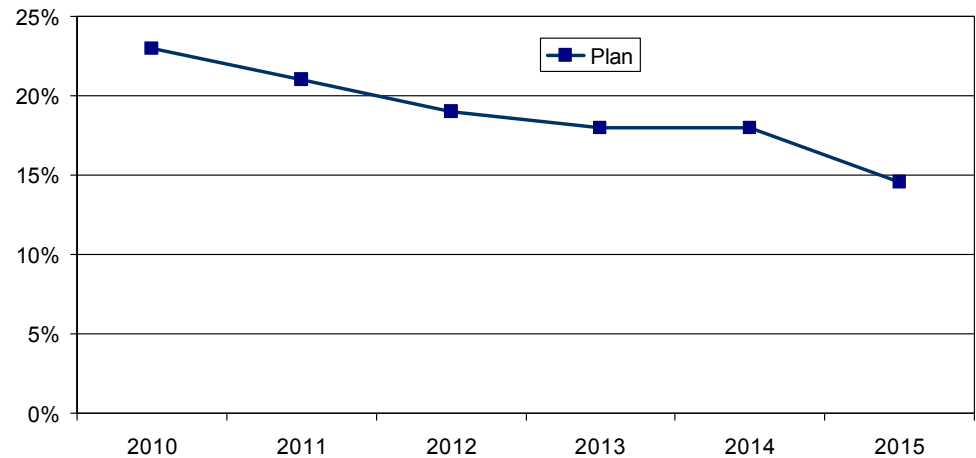
# Debt Management

- Target is that debt charges should not exceed 25% of gross expenditures

Water Debt Charges as a % of Gross Expenditures



Wastewater Debt Charges as a % of Gross Expenditures



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# Next Steps

## 1. Brant County Power

- a) Change account structure.
- b) Identify who receives invoice.
- c) Answer questions.

## 2. Landlords

- a) Identify who to bill.
- b) Determine method to distribute costs amongst tenants.

## 3. Large ICI Consumers

- a) Determine cost considerations of the new rate structure.
- b) Look for water efficiency.
- c) Potentially adjust pricing.