



PORT COLBORNE

Subject: 2023 Rates Setting

To: Committee of the Whole - Budget

From: Corporate Services Department

Report Number: 2022-247

Meeting Date: December 7, 2022

Recommendation:

That the Committee of the Whole recommend to Council:

That Corporate Services Department Report 2022-247, **BE RECEIVED**;

That the 2023 Water and Wastewater Rates as outlined on page 3 of Corporate Services Department Report 2022-247, **BE APPROVED**; and

That the 2023 Storm Sewer Rates as outlined on page 5 of Corporate Services Department Report 2022-247, **BE APPROVED**; and

That the draft by-law attached as Appendix A of Corporate Services Report 2022-247 be brought forward to Council for consideration.

Purpose:

The purpose of this report is to present the proposed 2023 water, wastewater, and storm sewer rates to the Budget Committee of the Whole.

A separate report has been prepared and presented to the Committee of the Whole – Budget entitled, 2023 Rates Budget Report 2022-246, to establish water, wastewater, and storm sewer budgets.

Background:

The City of Port Colborne (the “City”) water and wastewater system is operated under a two-tier municipal governance model. The Niagara Region is responsible for cleaning and providing drinking water and treating all wastewater. The City is responsible for water distribution and wastewater collection. The City is also responsible for billing,

retains all collection risk and, except for some shared volume risk with water, is responsible for the risk associated with volume under or over usage from budget.

The Niagara Region bills the municipality for all water that leaves their water plant and for all wastewater that enters the treatment plant. As noted in the report, 2023 Rate Budgets, Report 2022-246, water billed in 2022 is projected at 64.0% suggesting a 36.0% water loss rate. Directionally this figure should be closer to 15%. In the same report it can be identified the amount of wastewater that is sent to the Niagara Region treatment plants is approximately double the amount of clean drinking water purchased. These figures identify the current linear assets (the pipes) transporting water and wastewater are in need of significant investment. These issues, coupled with the capital investment required, are the most significant drivers of the water and wastewater rates within the City.

The City storm sewers alleviate storm water from the City. An effective storm sewer system can help reduce inflow and infiltration (I&I) in the wastewater system.

Discussion:

The 2023 Rates Budget, Report 2022-246 translates into the following impacts on rates.

Rate Budget Impact

Water and Wastewater

If the proposed 2023 Rates Budget and 2023 Rates Setting reports are approved as presented, the water and wastewater impact to a single-family property will be:

| | \$ Change | % Change |
|-------------------------|-----------|----------|
| Water | \$46.07 | 8.00% |
| Wastewater | Zero | Zero |
| Blended/Combined | \$46.07 | 2.92% |

Storm Sewer

If the proposed 2023 Rates Budget is approved as presented, the storm sewer impact to a single-family property is \$12.71 which represents a 10% increase over the prior year.

Water and Wastewater

In 2022, a number of changes to the water and wastewater billing process occurred:

- The annual fixed charges of water and wastewater were applied on a prorated monthly basis instead of a prorated daily basis. This resulted in the same fixed charge each month instead of the fixed charges changing month to month based on the number of days in a month.

- A \$25 incentive was issued to users who moved their City billings online rather than receiving a mailed bill.
- A \$25 credit was issued to new users who enrolled in Pre-Authorized Payments.

In 2023, staff is proposing to continue offering the \$25 incentives for users that move their City billings online rather than receiving bills and for new users that enroll in Pre-Authorized Payments.

As identified during the 2023 Rates Budget, an 8% increase to the 2023 Water Rates and a 0% increase to the Wastewater Rates was forecasted and has been recommended in this report. The chart below shows the proposed rates for 2023:

| Variable | | | |
|---|--------------------|-------------------|-----------------|
| | Rate per m3 | | |
| Water (all meter types) | 1.4120 | | |
| Wastewater (5/8 to 3/4 residential meters) | 0.0000 | | |
| Wastewater (all non-5/8 to 3/4 residential meter types) | 1.8860 | | |
| | 3.2980 | | |
| Fixed | | | |
| Meter | Water | Wastewater | Combined |
| N 5/8 to 3/4 - Residential | \$ 410.10 | \$ 1,002.38 | \$ 1,412.48 |
| N 5/8 to 3/4 - Non-Residential | \$ 410.10 | \$ 738.03 | \$ 1,148.13 |
| N 1 | \$ 574.13 | \$ 1,033.24 | \$ 1,607.37 |
| N 1 1/2 | \$ 738.17 | \$ 1,328.44 | \$ 2,066.61 |
| N 2 | \$ 1,189.27 | \$ 2,140.28 | \$ 3,329.55 |
| N 3 | \$ 4,511.03 | \$ 8,118.29 | \$ 12,629.32 |
| N 4 | \$ 5,741.31 | \$ 10,332.36 | \$ 16,073.67 |
| N 6 | \$ 8,611.97 | \$ 15,498.55 | \$ 24,110.52 |
| N 8 | \$ 11,892.72 | \$ 21,402.75 | \$ 33,295.47 |
| N 10 | \$ 16,403.75 | \$ 29,521.04 | \$ 45,924.79 |

The rates above will result in the average residential user with a 5/8 to 3/4 meter that uses 150 cubic meters of water per year paying \$135.36 per month.

While the 2023 rates of other local area municipalities are not available at the time of writing this report, the chart below breaks down the 2022 monthly charge between water and wastewater:

| | City of Port Colborne | Local Area Municipality Average |
|-------------------|------------------------------|--|
| Water | \$47.99 | \$38.86 |
| Wastewater | \$83.53 | \$51.03 |
| Total | \$131.52 | \$89.89 |

As identified above the monthly charge for wastewater in 2022 is approximately 93% of the combined water and wastewater charge for the average local area municipality.

The primary reason for this is the inflow and infiltration in the wastewater system. The City is built on rock and along the lake and canal. When there is a weather event the wastewater system captures a significant amount of that water and sends it to the Niagara Region wastewater treatment plant to be cleaned. A salient fact is for every 1 litre of clean water individuals and business use in the City, the wastewater system collects and sends back to the Niagara Region 2.67 litres to be treated (based on the three-year average). The Niagara Region bills local area municipalities for treating that wastewater by taking the Niagara Region's total cost for the whole wastewater system and allocating those costs to each local area municipality based on the amount of wastewater each local area municipality sends to the Niagara Region treatment plants.

In 2022, the City of Port Colborne three-year average wastewater flow to Niagara Region wastewater facilities was 5.9% of all local area municipality wastewater flows. This is despite the fact the 2021 census shows that the City of Port Colborne has only 4.1% of the Niagara Region population. In making this comparison staff recognize not all individuals within the City and other cities within the Niagara Region are water and wastewater users. This comparison also does not factor in the impacts of different commercial and industrial activities within different cities. The comparison does directionally indicate the City's portion of Niagara Region wastewater charges are high compared to other municipalities. As identified in the 2023 Rates Budget report, the Niagara Region portion of the wastewater bill represents 70.0% of the total wastewater charge.

In response to the inflow and infiltration experienced in the wastewater system, Council directed staff to develop a long-term solution to water and wastewater rates. To do this staff have/are working to:

- Completed and updated the City's asset management plan in June 2022 to meet Provincial planning and reporting obligations, including an infrastructure needs assessment of all linear assets.
- Based on the completion of the Infrastructure Needs Study, develop a five (5) year linear capital projects plan that incorporates all linear assets such as water, wastewater, and storm sewer for recommended reconstruction and upgrades.

In addition to upgrading the infrastructure, growth within the City of Port Colborne, whether it be residential, commercial, or industrial can also be very impactful as it shares the cost of the system over more users.

Storm Sewer

As identified during the 2023 Capital and Related Project budget process a 10% increase to the storm sewer charge of a single-family property was forecasted and has been recommended in this report. This equals a \$12.71 year over year increase. During the same process it was identified staff were looking at the multiplier rates of other

properties. The chart below shows proposed new multipliers and their related fees for non-single-family properties:

| Bylaw Code | Property Type | Multiplier | | Flat Fee Per Year (\$) | |
|------------|------------------------------------|-------------|-------------|------------------------|-------------|
| | | 2022 | 2023 | 2022 | 2023 |
| SS01 | Single Family Properties | 1 | 1 | \$ 127.05 | \$ 139.76 |
| SS02 | Multi-Residential 2 to 5 Units | 5 | 5 | \$ 635.25 | \$ 698.78 |
| SS03 | Multi-Residential 6 to 9 Units | 10 | 10 | \$1,270.50 | \$ 1,397.55 |
| SS05 | Institutional/Multi Res > 10 units | 20 | 20 | \$2,541.00 | \$ 2,795.10 |
| SS05A | 112 Charlotte St Condo 23 units | 90% SS01 | 90% SS01 | \$ 114.35 | \$ 125.78 |
| SS05B | 112 Sugarloaf St Condo 22 Units | 90% SS01 | 90% SS01 | \$ 114.35 | \$ 125.78 |
| SS05C | 72 Main St E Condo 31 Units | 90% SS01 | 90% SS01 | \$ 114.35 | \$ 125.78 |
| SS06 | Small Commercial | 5 | 5 | \$ 635.25 | \$ 698.78 |
| SS07 | Medium Commercial | 10 | 10 | \$1,270.50 | \$ 1,397.55 |
| SS08 | Large Commercial | 20 | 20 | \$2,541.00 | \$ 2,795.10 |
| SS09 | Light Industrial | 10 | 10 | \$1,270.50 | \$ 1,397.55 |
| SS10 | Heavy Industrial | 40 | 40 | \$5,082.00 | \$ 5,590.20 |
| SS12 | CNPI Owned | 20 | 20 | \$2,541.00 | \$ 2,795.10 |
| SS13 | Hydro One Owned | 20 | 20 | \$2,541.00 | \$ 2,795.10 |
| SS15 | Niagara Region | 20 | 20 | \$2,541.00 | \$ 2,795.10 |

Council and users of this report will identify multipliers from an identified base exist in other municipal billing models such as property tax and water and wastewater. In the storm sewer charge the multiplier base charge is a single-family property. Multipliers exist for a variety of reasons, some of which may include to:

- Account for usage, causation, impact and/or benefit.
- Acknowledge ability to pay and/or promote a degree of social equity.
- Encourage or discourage certain types of actions and/or activity.
- Acknowledge and/or normalize for other related or unrelated benefits or disadvantages.

Looking Forward

As identified on many occasions, “everyday is budget day” in a municipality. Corporate Services continues to identify continuous improvement is a process. Looking forward to 2023, staff identify the following activities, in addition to those identified during the 2023 Levy and Rates Budget processes, that will help determine the financial outcomes of the City going into the 2024 budget process:

- Continue the review of water and wastewater fixed charge equity between single family properties and other property classifications.
 - Continue the review of properties with significant and specified water, wastewater, and storm sewer usage and discharge rights and associated fees regarding those rights.
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Internal Consultations:

As stated, Financial Services would like to thank Public Works for their leadership and support in setting the 2023 water, wastewater, and storm sewer rates.

Financial Implications:

Financial Services identifies the proposed 2023 water, wastewater, and storm sewer rates are a staff recommendation that Council can adjust, if required.

Public Engagement:

The 2023 Rates Setting report was published on the City's website on November 28, 2022 through the agenda process. The 2023 Rates Setting report will be considered by the Committee of the Whole – Budget on December 7, 2022. If approved by the Committee of the Whole – Budget, the 2023 Rates Setting report will be considered by Council on December 13, 2022.

Following the budget process, staff will continue to review service levels and operations. Should changes be requested or sought, staff will seek input and, where necessary, approval from Council.

Strategic Plan Alignment:

The initiative contained within this report supports the following pillar(s) of the strategic plan:

- Service and Simplicity - Quality and Innovative Delivery of Customer Services
- Attracting Business Investment and Tourists to Port Colborne
- City-Wide Investments in Infrastructure and Recreational/Cultural Spaces
- Value: Financial Management to Achieve Financial Sustainability
- People: Supporting and Investing in Human Capital
- Governance: Communications, Engagement, and Decision-Making

Conclusion:

Staff recommend Council approve the 2023 water, wastewater, and storm sewer rates identified in this report.

The storm sewer rates will be updated by way of the 2023 Property Tax Rates by-law once tax policy decisions are finalized by the Niagara Region in early 2023.

Appendices:

- a. Draft By-Law – 2023 Water and Wastewater Rates

Respectfully submitted,

Bryan Boles, CPA, CA, MBA
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Report Approval:

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final review and approval by the Chief Administrative Officer.

The Corporation of the City of Port Colborne

By-law No.

Being a By-law to

Amend By-Law No. 3151/22/95, as Amended, Being a By-Law to Regulate the Supply of Water and to Provide for the Maintenance and Management of the Water Works and for the Imposition and Collection of Water Rates

and

Amend By-Law No. 3424/6/97, as Amended, Being a By-Law for the Imposition and Collection of Sewage Service Rates and Sewer Rates

Whereas at its meeting of December 13, 2022, the Council of The Corporation of the City of Port Colborne (Council) approved the recommendations of the Corporate Services Department Report No. 2022-247, Subject: 2023 Rates Setting, and resolved the following be effective January 1, 2023:

- Residential Users (Meter 19 mm (3/4") or smaller)
 - Water usage rate be set at \$1.4120 per cubic meter
 - Water fixed service charge be set at \$410.10 per year per year
 - Wastewater fixed service charge be set at \$1,002.38 per year

- All Other Users
 - Water usage rate be set at \$1.4120 per cubic meter of water usage
 - Wastewater usage rate be set at \$1.886 per cubic meter of water usage
 - Water fixed service charge be set at \$410.10 per year multiplied by meter factor
 - Wastewater fixed service charge be set at \$738.03 per year multiplied by meter factor

Whereas Council is desirous of amending By-Law 3151/22/95, as Amended, Being a By-Law for the Imposition and Collection of Water Rates and By-Law 3424/6/97, as Amended, Being a By-Law for the Imposition and Collection of Sewage Service Rates and Sewer Rates.

Now therefore the Council of The Corporation of the City of Port Colborne enacts as follows:

1. That By-Law 3151/22/95, as Amended, Being a By-Law to Regulate the Supply of Water and to Provide for the Maintenance and Management of the Water Works and for the Imposition and Collection of Water Rates and By-Law 3424/6/97, as Amended, Being a By-Law for the Imposition and Collection of Sewage Service Rates and Sewer Rates, be further amended by replacing Schedule "A" thereto with Schedule "A" hereto.
2. The usage and fixed rates established by this By-Law shall be effective January 1, 2023.
3. That by-law 6873/21/21 be repealed.

Enacted and passed this 13th day of December, 2022.

William C. Steele
Mayor

Nicole Rubli
Acting City Clerk

Schedule "A" to By-Law No.
And By-Law No. 3151/22/95, As Amended and By-Law No. 3424/6/97, As Amended

Water and Wastewater Rates

1. Metered Consumption Rates

All users, including Residential, Institutional / Commercial / Industrial ("ICI") are subject to a metered consumption rate for water of \$1.4120 per cubic meter of water usage.

All users, with the exception of Residential users on a 19 mm (3/4") meter or smaller are subject to a metered consumption rate for wastewater of \$1.8860 per cubic meter of water usage.

There is no minimum charge per billing period.

2. Bulk Water Sales

The metered rate for bulk water sales is \$1.4120 per cubic meter.

The service charge is based on a 75mm (3") meter regardless of the actual meter used. The fixed service charge is \$4,511.03 per year.

3. Fixed Service Charge

All users are subject to a fixed service charge based on user type or meter size.

| Meter Size | Meter Factor | Water | Wastewater |
|---|----------------------------|-------------|-------------|
| 19 mm (3/4") or smaller - Residential | 1 (Water) N/A (Wastewater) | \$410.10 | \$1,002.38 |
| 19 mm (3/4") or smaller - non-Residential | 1 | \$410.10 | \$738.03 |
| 25 mm (1") | 1.4 | \$574.13 | \$1,033.24 |
| 38 mm (1 1/2") | 1.8 | \$738.17 | \$1,328.44 |
| 50 mm (2") | 2.9 | \$1,189.27 | \$2,140.28 |
| 75 mm (3") | 11.0 | \$4,511.03 | \$8,118.29 |
| 100 mm (4") | 14.0 | \$5,741.31 | \$10,332.36 |
| 150 mm (6") | 21.0 | \$8,611.97 | \$15,498.55 |
| 200 mm (8") | 29.0 | \$11,892.72 | \$21,402.75 |
| 250 mm (10") | 40.0 | \$16,403.75 | \$29,521.04 |

All vacant land directly abutting the water distribution and/or wastewater collection system will be charged the fixed service charge for wastewater of \$1,002.38 through the property tax billing system.

4. Flat Rate (Residential)

During any month where an accurate meter reading cannot be recorded, a Residential user account will be charged a monthly flat rate of \$148.00 for water and \$150.00 for wastewater will be charged.

Examples of when a meter reading cannot be recorded are as follows:

- where a service connection has been turned on at the property line but where no meter has been installed (water meter refusal);
- refusing to provide a meter reading and / or providing access to read a water meter or reading device;
- refusing to remove any obstruction to reading a meter or reading device;
- refusing to provide for meter or reading device repairs for accurate meter

- readings;
- the tampering with or alteration of the water meter or reading device and meter readings cannot be obtained.

Flat Rate (ICI)

During a period where an accurate meter reading cannot be recorded, an ICI user account will be charged a monthly flat rate for water and wastewater. The flat rate will be calculated as two (2) times the current fixed service charge per Section 3 (the fixed service charge will be dependent on meter size) above PLUS two (2) times the monthly average of the previous 12 months' available consumption at the metered consumption rates per Section 1 above.

Examples of when a meter reading cannot be recorded are the same as those outlined under "Residential" above.

5. Water for New Construction Rates

During periods of new construction where there is no water meter the following rates are charged:

- Residential properties are subject to a \$226.00 flat fee.
- ICI properties are subject to a \$379.00 flat fee.

Upon final inspection or once a water meter has been installed and is operational, rates are no longer subject to this section. Rates are to be charged based on Sections 1 to 4 above.

6. Administration Charges

- Issuing a water shut off tag shall be charged to the property owner at a fee of \$50.00;
- Water account inquiries will be provided at a fee of \$7.00;
- Reading of analog meters due to refusal to upgrade to RF meters will be provided at a fee of \$50.00 per scheduled reading date.
- Customer request to change out from an RF meter to an analog meter will be at the customer's expense to cover the actual cost of the new analog meter plus removal and installation costs.

7. User Charges

There are certain user charges with respect to water and wastewater that are included in the User Fee By-Law. These include such topics as water turn on / off and installation of water services.

User fees may be billed individually, included in a user's water and wastewater bill or charged and collected through a building permit.

8. Late Payment Fees

Interest on water and wastewater accounts to begin accruing at one and one fourth (1 ¼) percent of the amount due and unpaid starting on the first day of default.

At the discretion of the Director, Corporate Services / Treasurer a payment can be backdated any payment to the due date on any accounts receivable balance received within five business days of the due date provided a reasonable explanation for the late payment has been provided by the account holder.

The Director, Corporate Services / Treasurer is approved to move any unpaid water and wastewater balances to the property tax roll of the related property.

9. Billing Cycle

Vacant land will be billed semi-annually on the property tax bill.

All water and wastewater meter users will be billed monthly.

10. Exemptions from Billing for Sanitary Sewer Costs

- Bulk water haulers accessing City bulk water facilities;
- Port Colborne Poultry Limited;
- Any property that does not directly abut any part of the wastewater sewer system;
- Any other property that is covered by a separate By-Law enacted by Council.