

The Corporation of the City of Kawartha Lakes

Council Report

Report Number WWW2018-006

Date: March 6, 2018
Time: 2:00 p.m.
Place: Council Chambers

Ward Community Identifier: All

Subject: A By-law to Regulate Water & Wastewater Services in the City of Kawartha Lakes - Update

Author Name and Title: Amber Hayter, Supervisor of Water & Wastewater Operations

Recommendation(s):

RESOLVED THAT Report WWW2018-006, “**A By-law to Regulate Water and Wastewater Services in the City of Kawartha Lakes – Update**”, be received;

THAT the by-law “A By-Law to Regulate Water & Wastewater Services in the City of Kawartha Lakes”, substantially in the form attached as Appendix ‘A’ and Appendix ‘B’-Option 1 to Report WWW2018-006 to be included as Schedule ‘A’ to the by-law, be approved and adopted by Council; and

THAT a by-law to repeal By-Law 2011-260 “A By-Law to Govern Water & Wastewater Services in the City of Kawartha Lakes” be brought forward for adoption.

Department Head:_____

Financial/Legal/HR/Other:_____

Chief Administrative Officer:_____

Background:

At the Council Meeting of January 30, 2018, Council adopted the following resolution:

10.3.27 WWW2018-004

A By-Law to Regulate Water & Wastewater Services in the City of Kawartha Lakes

Amber Hayter, Supervisor Water and Wastewater

Moved By Councillor Breadner

Seconded By Councillor Dunn

That Report WWW2018-004, **A By-Law to Regulate Water & Wastewater Services in the City of Kawartha Lakes**, be received;

That Schedule A to the Draft By-law be amended to revise the Bulk Water Fees to include the Calculated Annual Flat Rate Fee to a 2018 amount of \$4.6789 per cubic meter;

That the by-law entitled A By-Law to Regulate Water and Wastewater Services in the City of Kawartha Lakes, substantially in the form attached as Appendix A to Report WWW2018-004, as amended, be approved and adopted by Council; and

That a by-law to repeal By-Law 2011-260 being A By-law to Govern Water and Wastewater Services in the City of Kawartha Lakes, be brought forward for adoption.

CR2018-046

Moved By Councillor Stauble

Seconded By Councillor Strangway

That the motion be referred to staff to provide additional detail and alternatives for revision of the Bulk Water Fees.

CARRIED

In the draft by-law presented to Council on January 30th, 2018, staff proposed a bulk water rate of \$3.26064/m³ which is a 20% surcharge over the 2018 water consumption rate of \$2.7172/m³. Staff further recommended two phased increases to the surcharge, with 30% surcharge over the consumption rate for 2019 and 40% surcharge over the consumption rate for 2020.

During the Council meeting, Councillor Breadner proposed a motion to increase the Bulk Water Fee to \$4.6789 per cubic meter, which was calculated using the calculated annual flat rate of \$832.86/annum based on an average consumptive usage of 178 m³. This motion failed with the resolution above being passed. This report addresses the resolution passed and is to provide additional details and alternatives for the revision of the Bulk Water Fees.

The original staff report taken to Council January 30th is attached as Appendix 'C' to this report for information regarding the other changes made to the by-law.

Rationale:

As previously mentioned in the report brought to Council on January 30th, it is recognized that most surrounding municipalities charge a higher rate for bulk water than their general consumption rate. The general water user in the City pays both the consumption rate and the fixed rate portions of the adopted water rates. The consumption rate generates revenue collected to support the production of drinking water. Fixed rates generate revenue to fund ongoing maintenance, replacement, renewal and upgrades to infrastructure required to produce and transport safe drinking water.

There are maintenance and infrastructure upgrade costs that are inherent to providing bulk water services. Currently, those using the bulk water stations are not contributing financially to these costs since they are only paying the consumption rate, which funds the cost of producing the water. In 2017, approximately \$3400 was spent specifically on breakdown maintenance costs of the dispensing units at the three bulk locations. It is usual that there are significant annual repair costs to the dispensing stations as the stations are heavily used by the public and commercial operators. These repair costs are borne by the general user as opposed to the specific users of the bulk water stations. It is therefore the intention of this staff report to support a more even distribution of the maintenance costs to the actual users of those systems.

As a result of Councillor Breadner's proposed increase to the bulk water rate to \$4.6789/m³, which is \$1.9617/m³ over the consumption rate, Council referred the report and by-law back to staff for more information in order to support a new increased bulk water rate.

As previously mentioned, as a result of a survey it was determined that the majority of municipalities throughout Ontario were charging a higher rate for bulk water than the general consumption rate. Below is a summary in more detail of bulk water rates from our neighbouring municipalities:

Peterborough Utilities - \$1.00/800 litres (equivalent to \$1.25/m³)
Millbrook - \$2.95/m³ (2018), \$3.55/m³ (2019) and \$4.26/m³ (2020)
Durham Region (Port Perry) - \$3.00/m³

It is important to note that these three municipalities each have one bulk water station as opposed to CKL who has three stations. Therefore it is reasonable that CKL's fee per cubic meter of water is slightly higher in comparison.

To further support the increase in fee the following rationale is provided. The average tanker truck used to haul water has a capacity of approximately 13 cubic meters. With current rates set to the consumption rate of \$2.7172/m³ it costs a commercial hauler approximately \$35.32 to fill their tank. With the first step of the originally proposed increase of 20% or \$0.54344/m³ in the Jan 30th staff report it would cost the hauler an additional \$7.06 per load. However an increase to \$4.6789/m³ would be an additional \$25.50 per load based on a 13 m³ tank capacity. Although there is merit in doing a one time raising of rates staff recommend that this be done in a phased approach (in this case 3 yrs) to ease in the transition similar to the way user rates have been increased.

Of note, the cost to the end user, that being the customer requesting the bulk water, is dependent on the individual haulage rates which include delivery charges. The cost per delivery varies based on travel distance and most companies quote their customers based on each job. It is unlikely that raising the rates over 3 years will cause a significant drop in use of the city's bulk stations as there is a cost to haulers in additional time, fuel and vehicle wear and tear to haul water from an outside municipality into the City. However, staff will continue to monitor annual volumes of water purchased from bulk water stations in order to assess trends in use.

Staff are maintaining a recommendation of a 20% surcharge over the consumption rate for 2018, setting the bulk water rate at \$3.26064/m³ and continue to further recommend the two further increases reflected in Schedule A of the By-law presented in this report as "Appendix B – Option 1".

The proposed rate is within 10% of two neighbouring municipalities (Durham Region and Millbrook), which is where some local water haulers already obtain water from for customers located in the southern area of the City. The increase would help the City generate more revenue necessary to help fund the ongoing maintenance and infrastructure costs, while keeping the City in the competitive market with other municipalities and reducing the risk of haulers going elsewhere to obtain water. The proposed phased increase is a reasonable increase that would have minimal impact on the customers who require the delivery of a secure potable water source.

Other Alternatives Considered:

Council could choose to adopt the new by-law with the exception of raising the Bulk Water fees and leave the fee the same as the Consumption Rate already included in the existing by-law however this would put an uneven financial burden on the general user of the water systems who do not usually use the bulk

water stations. If Council choses this alternative, the alternate resolution would be to remove:

“THAT the by-law “A By-Law to Regulate Water & Wastewater Services in the City of Kawartha Lakes”, substantially in the form attached as Appendix ‘A’ and Appendix ‘B’-Option 1 to Report WWW2018-006 to be included as Schedule ‘A’ to the by-law, be approved and adopted by Council;.

And replace with:

“THAT the by-law “A By-Law to Regulate Water & Wastewater Services in the City of Kawartha Lakes”, substantially in the form attached as Appendix ‘A’ and Appendix ‘B’ – Option 3 to Report WWW2018-006 to be included as Schedule ‘A’ to the by-law, be approved and adopted by Council;”.

Council could also choose to adopt a one time hike in the Bulk Water Fee to \$4.6789/m³ and adopt the By-law substantially in the form as attached as Appendix A and Schedule A to the by-law attached to this report as Appendix ‘B’ – Option 2. If Council choses this alternative, the alternate resolution would be to remove:

“THAT the by-law “A By-Law to Regulate Water & Wastewater Services in the City of Kawartha Lakes”, substantially in the form attached as Appendix ‘A’ and Appendix ‘B’-Option 1 to Report WWW2018-006 to be included as Schedule ‘A’ to the by-law, be approved and adopted by Council;”.

And replace with:

“THAT the by-law “A By-Law to Regulate Water & Wastewater Services in the City of Kawartha Lakes”, substantially in the form attached as Appendix ‘A’ and Appendix ‘B’-Option 2 to Report WWW2018-006 to be included as Schedule ‘A’ to the by-law, be approved and adopted by Council;”.

Financial/Operation Impacts:

Financial impacts related to the proposed new Bulk Water Fee could result in additional annual revenue of approximately \$28,800 based on updated quantities of water sold from the bulk water stations in 2017. Additional revenue was posted to the revenue account for 2017 since report brought to Council January 30th, 2018. This additional revenue would support the ongoing maintenance and upgrades required for both the bulk water dispensing equipment and facility infrastructure required to produce and transport the drinking water.

Financial impacts on the commercial water haulers and private individuals who purchase water, as mentioned above would be approximately \$7.06 more per fill or less based on the volume of the tank being filled. The financial impact to the

average user of the system that fills up several 5 gallon-containers of water at the stations is minimal (approximately \$0.06 per 5 gal container).

Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:

Ensuring that the by-law is kept current with various legislation, guidelines, policies and procedures will further help the City's Goal of A Healthy Environment, specifically protecting and enhancing water quality.

The by-law helps support Enabler 4.3: Environmentally efficient municipal infrastructure with the development of operations and procedures that foster environmentally efficient municipal infrastructure.

Consultations:

Manager, Environmental Services

Attachments:

Appendix A: By-law 2018-XXX "A By-Law to Regulate Water and Wastewater Services in the City of Kawartha Lakes"



Appendix A - Report
WWW2018-006 - 1.pd



Appendix A - Report
WWW2018-006 - 2.pd

Appendix B – Option 1: Schedule A to By-law 2018-XXX "A By-Law to Regulate Water and Wastewater Services in the City of Kawartha Lakes"



Appendix B - Option 1
- Report WWW2018-0

Appendix B – Option 2: Schedule A to By-law 2018-XXX "A By-Law to Regulate Water and Wastewater Services in the City of Kawartha Lakes"



Appendix B - Option 2
- Report WWW2018-0

Appendix B – Option 3: Schedule A to By-law 2018-XXX "A By-Law to Regulate Water and Wastewater Services in the City of Kawartha Lakes"



Appendix B - Option 3
- Report WWW2018-0

Appendix C: Report WWW2018-004 "A By-law to Regulate Water & Wastewater Services in the City of Kawartha Lakes" (January 30, 2018)



Appendix C - Report
WWW2018-006.pdf

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Department Head: Bryan Robinson