



City of Port Colborne
Special Meeting of Council 09-18
Monday, April 16, 2018 – 6:30 p.m.
Council Chambers, 3rd Floor, 66 Charlotte Street

Agenda

1. **Call to Order:** Mayor John Maloney
2. **Introduction of Addendum Items:**
3. **Confirmation of Agenda:**
4. **Disclosures of Interest:**
5. **Delegations:**
None at the time of printing.
6. **Item(s) for Consideration:**

Notes	Item	Description / Recommendation												
JDM BB RB	1.	<p>Corporate Services, Finance Division, Report No. 2018-52, Subject: <u>Proposed 2018 Water and Wastewater Rates</u></p> <p>That the 2018 Water and Wastewater Rates be approved as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Water Usage Rate</td> <td style="text-align: right; padding-left: 20px;">\$ 1.274</td> <td style="padding-left: 20px;">per m³</td> </tr> <tr> <td style="padding-left: 20px;">Water Service Fixed Charge</td> <td style="text-align: right; padding-left: 20px;">\$ 369.33</td> <td style="padding-left: 20px;">annual fixed rate</td> </tr> <tr> <td style="padding-left: 20px;">Wastewater Usage Rate</td> <td style="text-align: right; padding-left: 20px;">\$ 1.295</td> <td style="padding-left: 20px;">per m³</td> </tr> <tr> <td style="padding-left: 20px;">Wastewater Service Fixed Charge</td> <td style="text-align: right; padding-left: 20px;">\$ 471.98</td> <td style="padding-left: 20px;">annual fixed rate; and</td> </tr> </table> <p>That the 2018 Water and Wastewater budgets as presented in Corporate Services Department, Finance Division Report 2018-52, be approved; and</p> <p>That the Water and Wastewater Rates by-laws be approved.</p> <p><u>Presentation:</u></p> <ul style="list-style-type: none"> ➤ Peter Senese, Director of Corporate Services, will provide a PowerPoint presentation concerning the above report. 	Water Usage Rate	\$ 1.274	per m ³	Water Service Fixed Charge	\$ 369.33	annual fixed rate	Wastewater Usage Rate	\$ 1.295	per m ³	Wastewater Service Fixed Charge	\$ 471.98	annual fixed rate; and
Water Usage Rate	\$ 1.274	per m ³												
Water Service Fixed Charge	\$ 369.33	annual fixed rate												
Wastewater Usage Rate	\$ 1.295	per m ³												
Wastewater Service Fixed Charge	\$ 471.98	annual fixed rate; and												
AD FD YD														
DE BK JM														

7. Consideration of By-laws:

By-law No.	Title
6568/23/18	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
6569/24/18	Being a By-Law to 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
6570/25/18	Being a By-law to Adopt, Ratify and Confirm the Proceedings of the Council of The Corporation of the City of Port Colborne at its Special Meeting of April 16, 2018

8. Adjournment:

Report Number: 2018 - 52

Date: April 16, 2018

SUBJECT: PROPOSED 2018 WATER AND WASTEWATER RATES

1) PURPOSE:

This report is prepared to present to City Council the proposed 2018 Water and Wastewater Rates for the municipality.

2) HISTORY, BACKGROUND, COUNCIL POLICY, PRACTICES

The water and wastewater rate structures are fairly complex calculations which incorporate all of the components of the total expenditure and revenues, including historical flows, maintenance items, capital components, Regional rates for purchase of water, Regional costs for wastewater treatment, unbilled/unaccounted for water and wastewater calculations, increases to salaries and operating costs, administrative charges and takes into consideration the Water Financial Plan approved by Council on June 28, 2010. As in the past, typical low, average and high consumption households are compared to indicate the impact of any rate increases.

3) STAFF COMMENTS AND DISCUSSIONS

In preparation of the 2018 budget, a review of the 2017 year end was required to determine where changes were needed to continue to meet a financially stable water and wastewater budget in 2018 and future years. This will also pave the way for staff to prepare the next Water Financial Plan for the next 10 years which, under the requirements of the Safe Drinking Water Act, 2002, must be updated, approved by Council and submitted to the Ministry of Municipal Affairs and Housing in the spring of 2019, prior to renewing the City's Municipal Drinking Water Licence and Drinking Water Works Permit.

Over the past years, as Council is aware, the amount of cubic metres being used by customers, and thus the revenues from the sale of water, have declined. Over the past 10 years, water rates have been kept at minimal increases of about 2% per year, with the exception of 2012 and 2013, where contrary to the recommendations of the Water Financial Plan, water rates were actually reduced, but have now caught up to us in that actual sales revenue have not met the budgeted revenue and are not covering all expenses.

In 2017, our actual water revenue was \$542,000 under the budget and caused a deficit of \$351,000. To avoid the deficit, budgeted capital funds were not allocated to the capital reserves.

The shortfall in water revenue is partly attributed to the difference between the predicted annual water sales to our customers and the actual annual water sales. Projected annual water sales of 2.1 million cubic meters were budgeted, while the actual water sales over the past few years have declined to between 1.7 and 1.9 million cubic meters. This equals

about \$500,000 in revenue, and therefore the rates in 2017 were not high enough to generate the predicted revenues.

Additionally, while the average amount of water purchased from the Region annually has levelled out at approximately 3 million cubic meters, the water sales to our customers has continued to decline, resulting in what is believed to be a higher amount of unaccounted for water than expected and budgeted. The City pays the Region for the unaccounted for water flows but does not recoup any sales.

Wastewater flows, as Council is aware, are very unpredictable, with weather having the greatest impact on annual fluctuations (Table 1). The wastewater costs charged by the Region are based on a 3 year rolling average of flows to the treatment facility and must be reconciled each year based on actual flows. Additionally, the Region determines the percentage share each local municipality contributes to the Region's total annual costs to treat wastewater and issues either an additional charge or a credit each year upon reconciliation. Therefore, depending upon the wastewater flows in a given year, and the percentage share assigned by the Region, customer sales revenue may not cover all expenses. It is very challenging to budget correctly and ensure the wastewater rates are enough to cover costs.

Weather has the greatest impact on flows due to extraneous flow, or inflow and infiltration, into the City's sanitary collection system. Extraneous flow is otherwise clean storm water or groundwater getting into the sanitary system. Extraneous flows enter the sanitary sewer by a number of pathways, some intentional, some not:

- infiltration of groundwater through cracks, unsealed pipe joints and other defects in the underground pipe network, including the sewer mains, manholes and sewer laterals
- inflow of water from inadvertent cross-connections with the storm sewer system or from surface drainage in through manhole lids
- inflow and infiltration of water from private-side sources including rooftop drainage (downspouts) and foundation drainage (connected weeping tile or sump pumps)

Table 1: Comparison of Total Annual Wastewater Volumes vs. Total Annual Precipitation – 2010-2017

Year	Total Wastewater Volume (m ³)	Year over Year % Increase (Decrease)	Three Year Rolling Average (m3)	Total Annual Precipitation (mm)	Year over Year % Increase (Decrease)
2010	3,784,855			902	
2011	4,953,455	31		1115	24
2012	3,870,263	(22)	4,313,000	628	(44)
2013	5,062,028	31	4,202,858	1191	89
2014	4,462,442	(12)	4,628,582	908	(24)
2015	4,401,125	(1.5)	4,464,911	862	(5)
2016	3,330,377	(24)	4,641,865	721	(16)
2017	4,388,882	32	4,064,648	1072	33

Table 1, above, illustrates the relationship between precipitation and wastewater flows, which can be directly attributed to extraneous flows. Note that there is not always a direct correlation between the percent change in precipitation and the percent change in wastewater volume. The amount of extraneous flow that enters the wastewater collection system may depend upon whether the precipitation occurred in the form of snow, freezing rain or rain and whether or not the ground was frozen. However, although the percentages may not directly match, in general, years with more precipitation experience higher wastewater volumes, while years with less precipitation experience lower wastewater volumes.

The challenge the City, and most other municipalities in the Province, face is the fact that the storm sewer system is not as extensive or robust as it should be to enable sources of extraneous flows (downspouts, sump pumps) to be disconnected from the sanitary sewer system. For instance, in the urban area of Port Colborne, less than 40% of the City is serviced by storm sewer infrastructure, therefore, many homes and businesses discharge their downspouts, sump pumps etc. into the sanitary sewer system, and during years with high amounts of precipitation, the flows the City sends to the Region's wastewater treatment facility increase, and the City pays more. Properties cannot simply be forced to disconnect their downspouts etc from the sanitary system, as there is not sufficient capacity in the existing ditches, soak away drains etc. to efficiently remove the excess stormwater – and flooding would likely occur.

A dedicated storm sewer fund is required to build the much needed infrastructure so that extraneous flows, and the associated wastewater treatment costs, can be reduced. Engineering staff have been leveraging funding whenever practical and available, in order to either disconnect sources of extraneous flow from the sanitary sewer system, or build storm sewer infrastructure. The Nickel Storm project, which is currently in the final stages, in addition to the Arena project that was completed in 2011-2012, are two recent examples of projects that have been undertaken to reduce extraneous flows. Staff will be coming forward either later in 2018, or in early 2019 with a report to council detailing the need for a storm sewer fund, and providing options for different funding models. Investments in storm sewers will have direct benefits in reducing extraneous flows.

Extraneous flows are essential “lost revenue” as we cannot meter wastewater flows (with the exception of some large industrial customers who have separate flow meters) and can only bill our customers for wastewater based on their metered water usage.

In 2017, our actual wastewater revenue was \$1,280,000 under the budgeted revenue and caused a deficit of \$872,000. To avoid the deficit, budgeted capital funds were not allocated to the capital reserves.

Wastewater usage revenues, based on metered water volumes, and on separately metered industrial customers, have in the past been predicted to be approximately 2.8 million cubic metres whereas revenue have now declined from 2.4 million to 1.8 million cubic metres in 2016, 1.4 million in 2017 and predicted to be 1.2 million in 2018. The decline in actual revenue is due in part from industrial facilities reducing and/or eliminating wastewater flows into the system which helped subsidize the unaccounted for flows. The industrial sector that once contributed approximately 50% of wastewater flows is now down to 6% and has an impact on the rates to generate enough revenue to cover the cost of unaccounted for wastewater.

In 2017, a major industrial customer came off the wastewater system by building their own treatment plant which accounted for approximately 500,000 cubic metres and \$600,000 in less revenue. This contributed to the 2017 deficit of \$872,000. This will have a large impact on the wastewater budget for 2018 in an approximate amount of lost revenue of \$900,000 which will increase the rates considerably in 2018 as we do not see our costs being reduced proportionally.

To soften the increases required to generate sufficient revenue for both water and wastewater budgets to be sustainable in the future and in anticipation of a new 10 year Water Financial Plan in 2019, staff are phasing in the actual unaccounted for water and wastewater percentages, especially with not knowing the full effect of the industrial facilities coming off the system, phasing in the known sales revenue reductions, phasing in the staff addition requested, reducing operating expenditures for both water and wastewater budgets, no increase any capital contributions and applying the wastewater rate stabilization reserve to the 2018 wastewater capital budget.

Water and Wastewater Rate Structure

As discussed above, there are many issues to consider for the 2018 budget and future budgets to ensure a sustainable financial model. The following issues are being addressed in this budget as recommended by staff:

- The base budget before any new staff, sales reductions accounted for, reduction in industrial wastewater flows, allocation of unaccounted for water and wastewater flows, allocation of reserves, a cost of living increase was applied for both water and wastewater for a combined increase of 2.37% or an annual increase of \$34
- There was no increase in the 2018 capital allocation of funds to limit expense increases, although capital increases are required in future budgets for capital asset management purposes to reduce the infrastructure deficit of what the City currently funds for capital to what is required under the City's Asset Management Plan for future capital replacements.
- Increased staff for one Certified Water/Wastewater Operator as discussed in the 2017 budget to increase Operators by one staff in 2017 and in 2018. The budgets include the cost of a new Operator for 3 months to be hired in the last quarter of 2018
- Staff reduced expenditures in both water and wastewater budgets by \$45,000 and \$34,500 respectively
- Applied the wastewater rate stabilization reserve to the 2018 wastewater capital budget for \$300,000
- Region increase in water purchase rate of 2.17% and wastewater purchase rate of 4.22% based on the 3 year rolling average and percentage allocated to the City of the total Regional flows is incorporated into the budget

Staff recommends rate increases in 2018 for the base operating budget of 2.37% or \$34 annually as a starting base and recommends the addition of one Certified Water/Wastewater Operator to be hired in the last quarter of the year. In 2015, Council approved the rate stabilization funding into reserves to be added to the fixed charge to remain on the rates and be allocated in future years to either increase the rate stabilization reserve, the wastewater reconciliation reserve and/or future capital. The 2018 budget requires the allocation of \$300,000 from the wastewater rate stabilization reserve to the wastewater capital budget. Staff have phased in the actual unaccounted for water and

wastewater percentages, phased in the known sales revenue reductions, phased in the staff addition requested and reduced operating expenditures for both water and wastewater budgets.

The proposed operating budget rates for 2018 have an overall annual increase of \$119.12 or 8.36% for the average user of 0.75 cubic metres per day. This incorporates an increase to the water usage rate from \$1.173 to \$1.274 or \$27.51 annually, an increase to the annual water fixed charge from \$351.12 to \$369.33 (\$18.21), the wastewater usage rate from \$1.250 to \$1.295 or \$12.18 annually and the annual wastewater fixed charge from \$410.76 to \$471.98 (\$61.22).

This is an overall annual estimated increase of \$85.32 (\$7.11/month) from the base budget increase of \$33.80 (\$2.82/month) to \$119.12 (\$9.93/month) or 8.36% increase for the average user of 0.75 cubic metres per day.

Water System

Usage Rates

The proposed usage rates for the water system were generated by incorporating the 2018 Regional water rate, which is increased by 2.17% from \$0.554/m³ to \$0.566/m³. The fact that the 3 year average water flow forecast has increased slightly from 3,068,803 m³ to 3,085,923 m³ (17,120m³) and the Regional water rate to the municipalities increased, there is a slight increase in the cost of water purchased from the Region amounting to \$51,405.

The proposed usage rates include the City's 2018 budget expenditures in general operations and administration with a net operating budget decrease of \$21,662 (2017-increase of \$48,570). The actual budget decrease in operations is the result of a 2% cost of living increase, net of expense reductions and the cost (3 months) for one new Certified Water/Wastewater Operator in operating expenditures.

The City's non billable and unaccounted for water loss has fluctuated between 27% and 40% over the last few years and therefore the 2018 rate structure is compiled based on a 36% (2017-30%) unbilled water flow projections. The annual water purchase volumes have stabilized around 3 million m³. Although, 2016 water flows were down to approximately 2.8 million m³ and 3.2 million m³ in 2017, the 3 year average still calculated at 3 million m³.

In 2011 to 2013, the water volumes stabilized at 2.9 million m³. The volumes again increased in 2014 and 2015 to above 3 million m³. In establishing the 2018 estimated water purchases, staff used the 3 year average of water volumes at 3,085,923 (2017 - 3,068,803m³) to establish the usage rate.

Comparison to Water Financial Plan

Based on the Regional and City expenditures, and the required changes discussed previously in this report, the water usage rate has increased to \$1.274 from \$1.173, an increase of \$0.101 (2017 - \$0.026) or 8.57% (\$27.51) above 2017 rates. This rate is considerably lower than the Water Financial Plan proposed for 2018 at \$1.340 per cubic

metre. Although, with the increase it does bring the rate closer to the plan. This is due to water purchases being considerably higher than anticipated in the Plan and the fact that the water purchases have stabilized at a higher water volume than what was anticipated. In addition, as discussed previously, the actual sales have been considerably lower than the predicted and budgeted sales. See Schedule B and C attached.

The fixed cost charge in the proposed budget has an increase from \$351.12 to \$369.33 or \$18.21 (2017 - \$8.54) or 5.18% which is slightly higher than the Financial Plan of 3.27%. The Water Financial Plan proposed a 2.56% increase to the overall cost to the average consumer, including the fixed cost, which would have been comparable to the cost of living budget increase of 2.37%.

Overall, the proposed budget estimates that an average user will have an annual cost of approximately \$718.07 (2017-\$672.34) in comparison to the Water Financial Plan for 2018 with an annual cost of \$708.26 (2017-690.59). Therefore, the proposed rate structure and budget is actually more in line with the anticipated annual cost to the average user from the Water Financial Plan approved by Council in 2010. See Schedule C attached.

Fixed Charge

The water service fixed charge for capital projects/programs that includes vehicle replacements, debentures, unbilled/unaccounted for water flows, capital projects, fixed administration and Regional fixed water purchases will increase from \$351.12 to \$369.33. This is an annual increase of \$18.21 or \$1.52 a month.

The fixed charge annual increases are based on the 2010 Water Financial Plan, which allocates an increase of net costs to the fixed charge over the next 10 years to 50% of costs. This budget increases the net fixed costs to 48.5% from 47% of total budget costs in 2018 (Schedule B). This is related to the Region moving towards water purchases being a fixed cost to the municipality, which was 49.6% in 2017 and 51.7% in 2018 of the Regional cost of water purchases being allocated to the fixed charge. The \$369.33 proposed fixed charge rate is slightly higher than the Council approved Water Financial Plan proposed rate at \$341.43 and closer to the 2019 proposed rate of \$345.01 (Schedule C). This proposal of fixed charges better aligns with meeting the Asset Management Plan, the current Infrastructure Needs Study and PSAB capital allocations for replacement of infrastructure in the future. It also takes into account the additional debenture cost for the completion of the meter replacement program.

In 2009, the Region of Niagara introduced a new water rate setting and cost recovery method to be charged to the lower tier municipalities. In previous years the Region billed the City for actual flow usage based on a unit rate. In 2009, the Region established a cost recovery based on 25% fixed cost recovery plus the remaining 75% costs, recovered from a unit rate based on actual water volume usage.

The Region would like to move to a larger fixed component for billing of water stating, "that the majority of the Region's system costs are fixed, in the event that actual volumes are less than the forecast, the Region will incur a requisition deficit because billings to area municipalities will be inadequate to fund the Region's system operating and capital costs." The Region continued to use the above method for 2010 to 2017 and has approved the same methodology in 2018. The Region revisited the methodology for the 2018 budget with Area Treasurers with the result being to keep the status quo in methodology.

The Regional fixed cost component attributed to the City of Port Colborne should not have a great impact on the consumer water rate as the City's proposed rate structure currently recovers approximately 48.5% (47% in 2017) of the total cost on the fixed charge of \$369.33 per customer. The remaining 51.5% is recovered from the water usage rates passed on to the consumer. As it is anticipated that the Region may progress toward at least a 50% fixed cost to municipalities from the current 25%, staff have prepared the budget, phasing in the fixed cost over a number of years as approved in Council's Water Financial Plan.

Average User Annual Cost

The water rate has a blended increase for capital and usage rates of 6.80% for the average residential user, which is based on a usage rate increase of 8.57% or \$27.51 and the fixed cost charge increase of \$18.21 or 5.18%. The total increase amounts to a \$45.72 annual increase or \$3.81 a month.

Schedules

In addition to Schedule C, the Water Financial Plan, attached to this report are Schedules B, D and E. The Analysis of Water Systems Costs (Schedule B) provided some comparisons year over year which shows that the overall budget increase in net costs is 2.35% (2017 – 1.96%) compared to the increase proposed in the Water Financial Plan of 2.56%. The Water System Budget Review (Schedule D) compares 2012 to 2017 actual results and a comparison between the 2017 and 2018 budgets. The Water Rate Calculations 2018 (Schedule E) provides a simple display of the 2018 water budget with costs allocated for consumption (usage rate) and fixed costs (fixed charge rate) to calculate both the usage and fixed charge rates.

Wastewater System

Usage Rates

The proposed rates for the wastewater system were generated by incorporating the 2018 Regional wastewater budgeted costs. The overall fixed cost to the City for wastewater treatment decreased \$95,586 from \$4,005,249 to \$3,909,663 (-2.39%).

As mentioned previously, and illustrated in Table 1, the wastewater flows are based on a 3 year rolling average and are affected by weather condition fluctuations from year to year, which affects the extraneous flows being directed to the wastewater system.

The 3 year average decreased from approximately 4,313,000 m³ in 2012 to 4,202,858 m³ in 2013, increased to 4,628,582 m³ in 2014, reduced to 4,464,911 m³ in 2015 and increased to 4,641,865 in 2016 and reduced again in 2017 to 4,064,648 m³. The 3 year average based on 2015, 2016 and 2017 flows has decreased to 4,040,128 m³. As per the above, wastewater flows continue to fluctuate year to year making it difficult to predict. The Region is billing the City in 2018 based on 3,934,000 m³, down from 4,200,000 m³ in 2017 and is included in the 2018 budget.

The proposed rates include the City 2018 budget (Schedule F) decrease to general operations with a net operating budget decrease of \$15,025. The actual budget decrease in operations is the result of a 2% cost of living increase, net of expense reductions and the cost (3 months) for one new Certified Water/Wastewater Operator in operating expenditures. Although the Regional and City operating costs decreased, the matters previously discussed regarding the meeting of budgeted revenues, customer sales revenue which are not covering all expenses, other sources of unaccounted for wastewater flows and the decline in actual revenue due in part from industrial facilities reducing and/or eliminating wastewater flows into the system (a shift of industrial lost revenue amounting to \$415,000), the wastewater usage rate has increased to \$1.295 from \$1.250 per cubic metre, an increase of \$0.045 (2017 - \$0.018) above 2017 rates. This is reflected in the usage rate increase of 3.56% or \$12.18 (2017 - \$5.12) to the average user in 2018.

Fixed Charge

The wastewater service fixed charge for capital projects, rate stabilization, equipment, extraneous flows, CSO Programs and debentures increased 14.90% or \$61.22 from \$410.76 to \$471.98. This increase is mainly due to a shift in Regional costs for extraneous flows from the usage rate to the fixed rate in the amount of \$687,725 less the \$300,000 allocated from the rate stabilization reserve to account for the inconsistency of the 3 year averages for the treatment of wastewater, unaccounted for wastewater and the reduction in industrial wastewater revenue.

The Regional cost recovery model for wastewater bases the charges to the City on a 100% fixed cost. As previously mentioned, it is based on previous 3 year average wastewater volumes (October 2014 through September 2017). The decrease in the 2017 wastewater flows caused a decrease to the City's share of Regional costs with a slightly lower 3 year average being 3,934,000 m³ (2017 - 4,200,000 m³) for 2018.

The City's unaccounted for and unbilled wastewater flows have fluctuated between 35% and 50% over the years and therefore the 2018 rate structure is compiled based on a 56% (2017-35%) unbilled wastewater flow projections.

Average User Annual Cost

The wastewater rate has a blended increase for capital and usage rates of 9.75% for the average residential user which is based on a usage rate increase of 3.56% or \$12.18 and the fixed cost charge in the proposed budget increase of \$61.22 or 14.90%. The total increase amounts to a \$73.40 annual increase or \$6.12 a month.

2018 Rates

The rates proposed in this report for the average user consuming 0.75 m³ per day, will have an approximate increase of \$119.12 (2017 - \$45.42) for the year or \$9.93 (2017 - \$3.79) per month or 8.36% (2017 - 3.29%) increase. Schedule A provides the impact on the cubic metre usage for various users for the proposed changes for 2018 compared to 2017.

4) OPTIONS AND FINANCIAL CONSIDERATIONS:

a) Do nothing.

The water and wastewater rates would remain at the 2017 levels resulting in a shortage of revenues and a deficit to the water and wastewater operating systems.

(Not recommended)

b) Other Options

1. Council can approve alternate rates for water and wastewater and not approve the new Water/Wastewater Operator. This is not recommended in order to have enough resources in Water/Wastewater Operators to meet the needs of the Division and legislation.
2. Staff is presenting for Council's consideration a budget and rate structure which takes into consideration the generation of sufficient revenue for both water and wastewater budgets to be sustainable in the future and in anticipation of the new 10 year Water Financial Plan to be prepared by staff and presented to Council for approval in 2019, phasing in the actual unaccounted for water and wastewater percentages, especially with not knowing the full effect of the industrial facilities coming off the system, phasing in the known sales revenue reductions, phasing in the staff addition requested, reduced operating expenditures for both water and wastewater budgets, did not increase any capital contributions and applying the wastewater rate stabilization reserve to the 2018 wastewater capital budget. The water rates were adjusted in accordance with the Water Financial Plan approved by Council.

5) COMPLIANCE WITH STRATEGIC PLAN INITIATIVES

To comply with the June 21, 2010 Water Financial Plan as approved by Council.

6) ATTACHMENTS

- Schedule A - Proposed Water & Wastewater Rates (typical consumptions)
- Schedule B - Analysis of Water System Costs
- Schedule C - Anticipated Future Water Rates (Water Financial Plan-2010)
- Schedule D - Water System Budget Review
- Schedule E - Water Rate Calculations 2018
- Schedule F - Wastewater System Budget Review
- Schedule G - Water and Wastewater Reserves at December 31, 2017
- Memo re: 2017 and 2018 Additional staff Requirements
- Memo re: 2018 Budget
- Memo re: 2018 Water/Sewer Budget

7) **RECOMMENDATION**

That the 2018 Water and Wastewater Rates be approved as follows:

<i>Water Usage Rate</i>	<i>\$ 1.274</i>	<i>per m³</i>
<i>Water Service Fixed Charge</i>	<i>\$ 369.33</i>	<i>annual fixed rate</i>
<i>Wastewater Usage Rate</i>	<i>\$ 1.295</i>	<i>per m³</i>
<i>Wastewater Service Fixed Charge</i>	<i>\$ 471.98</i>	<i>annual fixed rate; and</i>

That the 2018 Water and Wastewater budgets as presented in Corporate Services Department, Finance Division Report 2018-52, be approved; and

That the Water and Wastewater Rates by-laws be approved.

8) **SIGNATURES**

Prepared on April 9, 2018 by:

Reviewed by:



Peter Senese
Director of Corporate Services

Chris Lee
Director of Engineering & Operations

Reviewed and Respectfully Submitted:



C. Scott Luey
Chief Administrative Officer

2018 Proposed Water and Wastewater Rates

SCHEDULE A

total fixed water costs at 48.5% includes Regional costs fixed at 51.7%

2017		2018		Annual Increase	Total %			
Annual Cost	Rate	Rate	Annual cost					
Average User .75 Cubic Meter Per Day				budget with 3 mths new operator adjustments & expense reductions		2018 Base budget		
\$1,425.43			\$1,544.55	\$119.12	8.36%	\$ 33.80	2.37%	
\$321.22	\$1.173	WATER USAGE RATE	\$1.274	\$348.74	\$27.51	8.57%	\$ 8.68	2.70%
\$351.12	\$351.12	WATER SERVICE FIXED CHARGE	\$369.33	\$369.33	\$18.20	5.18%	\$ 11.51	3.28%
\$342.32	\$1.250	SEWER USAGE RATE	\$1.295	\$354.50	\$12.18	3.56%	\$ 8.22	2.40%
\$410.76	\$410.76	SEWER SERVICE FIXED CHARGE	\$471.98	\$471.98	\$61.22	14.90%	\$ 5.39	1.31%
High Usage 1.2 Cubic Meter Per Day								
\$1,823.56			\$1,966.49	\$142.94	7.84%			
\$513.95	\$1.173	WATER USAGE RATE	\$1.274	\$557.98	\$44.02			
\$351.12	\$351.12	WATER SERVICE FIXED CHARGE	\$369.33	\$369.33	\$18.20			
\$547.72	\$1.250	SEWER USAGE RATE	\$1.295	\$567.21	\$19.49			
\$410.76	\$410.76	SEWER SERVICE FIXED CHARGE	\$471.98	\$471.98	\$61.22			
Low Usage 0.58 Cubic Meter Per day								
\$1,275.03			\$1,385.15	\$110.12	8.64%			
\$248.41	\$1.173	WATER USAGE RATE	\$1.274	\$269.69	\$21.28			
\$351.12	\$351.12	WATER SERVICE FIXED CHARGE	\$369.33	\$369.33	\$18.20			
\$264.73	\$1.250	SEWER USAGE RATE	\$1.295	\$274.15	\$9.42			
\$410.76	\$410.76	SEWER SERVICE FIXED CHARGE	\$471.98	\$471.98	\$61.22			
Single User .25 Cubic Meter Per day								
\$983.07			\$1,075.72	\$92.66	9.43%			
\$107.07	\$1.173	WATER USAGE RATE	\$1.274	\$116.25	\$9.17			
\$351.12	\$351.12	WATER SERVICE FIXED CHARGE	\$369.33	\$369.33	\$18.20			
\$114.11	\$1.250	SEWER USAGE RATE	\$1.295	\$118.17	\$4.06			
\$410.76	\$410.76	SEWER SERVICE FIXED CHARGE	\$471.98	\$471.98	\$61.22			
One Cubic Meter Per day								
\$1,646.61			\$1,778.96	\$132.35	8.04%			
\$428.29	\$1.173	WATER USAGE RATE	\$1.274	\$464.98	\$36.69			
\$351.12	\$351.12	WATER SERVICE FIXED CHARGE	\$369.33	\$369.33	\$18.20			
\$456.43	\$1.250	SEWER USAGE RATE	\$1.295	\$472.67	\$16.24			
\$410.76	\$410.76	SEWER SERVICE FIXED CHARGE	\$471.98	\$471.98	\$61.22			

SCHEDULE B

City of Port Colborne
Analysis of Water System Costs

	Budgeted 2016		Budgeted 2017		Budgeted 2018		2016		2017		2018		2019	
Budgeted Expenditures														
City Operating costs	1,371,935	28.4%	1,422,963	29.1%	1,394,626	28.3%	1,272,061	28.1%	1,310,221	28.2%	1,349,530	28.3%	1,390,015	
Regional Water Purchases	2,279,000	47.2%	2,265,352	46.4%	2,316,757	47.0%	2,505,485	55.4%	2,580,649	55.5%	2,658,069	55.8%	2,737,811	
Capital Contribution-deficit	279,633	5.8%	285,226	5.8%	285,930	5.8%								
Capital Contribution	810,386	16.8%	821,380	16.8%	497,320	10.1%		0.0%	210,209	4.5%	214,414	4.5%	218,702	
Amortization		0.0%		0.0%		0.0%	374,800	8.3%	379,465	8.2%	377,295	7.9%	377,758	
Water Study	-	0.0%	-	0.0%	-	0.0%	206,000	4.6%		0.0%		0.0%		
Long Term Debt Payments	88,582	1.8%	88,963	1.8%	434,480	8.8%	166,255	3.7%	166,635	3.6%	165,788	3.5%	77,672	
Total Costs	4,829,536	100%	4,883,884	100%	4,929,113	100%	4,524,601	100%	4,647,179	100%	4,765,096	100%	4,801,958	
Other Revenue	-151,817		-114,275		-47,600		-72,183		-72,905		-73,634		-74,371	
Net Costs	4,677,719		4,769,609		4,881,513		4,452,418		4,574,274		4,691,462		4,727,587	
Percentage Increase in Net Costs	3.61%		1.96%		2.35%		2.57%		2.74%		2.56%		0.77%	
Net Costs allocated to Fixed Rate	46.90%		47.20%		48.50%		45.67%		46.13%		46.45%		46.57%	
Net Costs allocated to Usage Rate	53.10%		52.80%		51.50%		54.33%		53.87%		53.55%		53.43%	
Fixed Regional Water Purchases	48.70%		49.60%		51.70%		51.34%		52.45%		53.48%		55.80%	
Water Consumptions														
Estimated Water Purchases m3	3,093,093		3,068,803		3,085,923		2,640,000		2,640,000		2,640,000		2,640,000	
Unbilled UFW m3	927,928	30%	920,641	30%	1,110,932	36%	765,600	29%	765,600	29%	765,600	29%	765,600	
Estimated Water Sold m3	2,165,165	2.43%	2,148,162	-0.79%	1,974,991	-8.06%	1,874,400	0.00%	1,874,400	0.00%	1,874,400	0.00%	1,874,400	0.00%

SCHEDULE C

City of Port Colborne
Anticipated Future Water Rates

	Actual	Actual	Actual	Actual	Actual	Actual	Proposed	Financial Plan Approved By Council in 2010								
	2012	2013	2014	2015	2016	2017	2018	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cost per cu.m	\$1.095	\$1.071	\$1.093	\$1.123	\$1.147	\$1.173	\$1.274	\$1.148	\$1.181	\$1.216	\$1.242	\$1.268	\$1.291	\$1.315	\$1.340	\$1.348
		-2.19%	2.05%	2.74%	2.14%	2.27%	8.61%		2.87%	2.96%	2.14%	2.09%	1.81%	1.86%	1.90%	0.60%
Annual fixed cost	\$259.44	\$276.09	\$282.82	\$334.14	\$342.58	\$351.12	\$369.33	\$247.42	\$264.10	\$284.31	\$296.33	\$307.82	\$318.62	\$330.61	\$341.43	\$345.01
		6.42%	2.44%	18.15%	2.53%	2.49%	5.19%	-4.63%	6.74%	7.65%	4.23%	3.88%	3.51%	3.76%	3.27%	1.05%
Annual Cost .75 m3 per day	\$299.76	\$293.19	\$299.21	\$307.42	\$313.99	\$321.11	\$348.76	\$314.27	\$323.30	\$332.88	\$340.00	\$347.12	\$353.41	\$359.98	\$366.83	\$369.02
Total Annual cost	\$559.20	\$569.28	\$582.03	\$641.56	\$656.57	\$672.23	\$718.09	\$561.69	\$587.40	\$617.19	\$636.33	\$654.94	\$672.03	\$690.59	\$708.26	\$714.03
Percentage Increase		1.80%	2.24%	10.23%	2.34%	2.38%	6.82%		4.58%	5.07%	3.10%	2.92%	2.61%	2.76%	2.56%	0.81%

Water System Budget Review

3 year ave flows 3 year ave flows

	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	47.2% fixed 2017 Budget	48.5% fixed 2018 Budget
water usage rate	\$1.095	\$1.071	\$1.093	\$1.123	\$1.147	\$1.173	\$1.173	\$1.274
water service fixed charge (Annual)	\$259.44	\$276.09	\$282.82	\$334.14	\$342.58	\$351.12	\$351.12	\$369.33
Water Purchase Volumes (m3)	2,900,986	2,899,770	3,131,010	3,248,500	2,826,900	3,182,370	3,068,803	3,085,923
Fees	\$825	\$775	\$800	\$475	\$555	\$550	\$750	\$600
Other	\$3,680	\$3,789	\$1,386	\$19,468	\$6,659	\$12,163	\$4,000	\$6,000
Capital Reserve	\$129,426	\$145,864	\$135,717	\$33,203	\$14,530	\$29,123		
Operating Reserve	\$138,660		\$149,620	\$0	\$0	\$0		
Grants	\$151,100		\$72,900	\$0	\$0	\$0		
Recovery of unbilled revenue							\$60,000	\$0
Water Revenue - RATE	\$2,292,355	\$2,093,338	\$1,930,018	\$2,016,172	\$2,005,155	\$1,978,271	\$2,520,675	\$2,515,978
Water Revenue - FIXED	\$1,661,798	\$1,771,660	\$1,822,626	\$2,159,927	\$2,347,970	\$2,282,776	\$2,248,934	\$2,365,535
Water Revenue - OTHER	\$44,978	\$50,089	\$53,628	\$52,529	\$53,550	\$35,055	\$49,525	\$41,000
TOTAL REVENUE	\$4,422,822	\$4,065,515	\$4,166,695	\$4,281,774	\$4,428,419	\$4,337,938	\$4,883,884	\$4,929,113
Purchase Water - Region	\$1,551,301	\$1,557,176	\$1,681,352	\$1,744,445	\$1,566,103	\$1,763,033	\$1,700,117	\$1,746,633
Fixed Water Purchases - Region	\$506,345	\$517,719	\$520,087	\$538,656	\$565,427	\$565,235	\$565,235	\$570,124
Vehicle operation	\$45,849	\$58,856	\$66,544	\$55,546	\$54,325	\$72,259	\$62,048	\$59,634
Mains Maintenance	\$209,487	\$180,125	\$150,101	\$142,285	\$154,296	\$131,768	\$215,954	\$213,843
Fire Hydrants	\$66,695	\$42,486	\$58,651	\$71,297	\$57,634	\$51,129	\$76,417	\$76,535
Meters	\$102,287	\$120,575	\$138,214	\$100,230	\$81,863	\$106,383	\$105,825	\$92,271
Services (including thaws)	\$90,483	\$74,646	\$203,178	\$481,330	\$123,648	\$82,014	\$139,006	\$129,189
Leak	\$95,393	\$50,838	\$34,570	\$20,487	\$28,996	\$21,997	\$51,900	\$46,537
Leak Repairs	\$107,324	\$118,495	\$96,947	\$98,320	\$73,827	\$41,953	\$99,163	\$96,276
Billing and Collection	\$136,001	\$136,995	\$142,729	\$153,498	\$199,303	\$149,523	\$153,895	\$153,807
Locates	\$22,858	\$41,955	\$50,325	\$54,146	\$51,177	\$51,489	\$10,227	\$7,702
Admin	\$346,657	\$367,256	\$358,417	\$472,373	\$400,317	\$446,052	\$484,964	\$497,297
Admin overbilling	\$138,660	\$0						
Capital study	\$129,426	\$35,161	\$22,098	\$0	\$0	\$0	\$0	\$0
Capital Debentures	\$87,587	\$87,734	\$89,146	\$88,986	\$86,907	\$88,964	\$88,963	\$88,116
Capital - tsf to Reserve (deficit)	\$65,156	\$20,000		\$279,633	\$279,633	\$0	\$285,226	\$285,930
Capital Projects/Programs	\$85,944	\$101,847	\$186,519	\$93,203	\$71,000	\$0	\$72,420	\$72,368
Capital Construction/Debentures	\$542,000	\$542,000	\$542,000	\$542,000	\$671,324	\$755,641	\$680,620	\$703,215
Capital Vehicle Replacement	\$51,000	\$51,000	\$51,000	\$51,000	\$52,000	\$0	\$53,040	\$53,101
Capital Water Meter Replacement Prog			\$40,000	\$40,000	\$15,000	\$0	\$15,300	\$15,000
Water recoverable	\$3,692	\$7,830	\$6,819	\$8,828	\$4,951	\$2,254	\$7,072	\$6,673
Elm Street	\$21,544	\$3,405	\$3,166	\$2,965	\$4,459	\$2,626	\$8,611	\$7,531
Elizabeth St	\$23,848	\$14,391	\$4,465	\$5,003	\$5,309	\$5,618	\$7,881	\$7,331
TOTAL EXPENDITURE	\$4,429,537	\$4,130,490	\$4,446,328	\$5,044,231	\$4,547,499	\$4,337,938	\$4,883,884	\$4,929,113
Surplus (Deficit)	- 6,715	(64,975)	(279,633)	(762,457)	(119,080)	-	\$0	\$0
City Operations	\$1,361,295	\$1,163,200	\$1,148,692	\$1,593,836	\$1,179,341	\$1,088,174	\$1,368,688	\$1,347,026
City Capital	\$961,113	\$691,878	\$682,146	\$1,061,619	\$1,161,334	\$844,605	\$1,135,569	\$1,217,730
Regional costs	\$2,057,646	\$2,074,895	\$2,201,439	\$2,283,101	\$2,131,530	\$2,328,268	\$2,265,352	\$2,316,757
Total costs net of other revenue	\$4,380,054	\$3,929,973	\$4,032,277	\$4,938,556	\$4,472,205	\$4,261,047	\$4,769,609	\$4,881,513
Region Share of costs	46.98%	52.80%	54.60%	46.23%	47.66%	54.64%	47.50%	47.46%
City Share of costs	53.02%	47.20%	45.40%	53.77%	52.34%	45.36%	52.50%	52.54%

SCHEDULE E

**City of Port Colborne
Water Rate Calculations
2018**

	Total Costs	Consumption Costs	Fixed Costs
Amortization/Capital	497,320		497,320
Rate Stabilization/Capital	285,930		285,930
Contract Services	133,600	133,600	
Salaries and benefits	688,565	688,565	
Regional Water Purchases	2,316,757	1,117,845	1,198,912
Interdepartmental			
Administration	257,620	188,407	69,213
Fleet Charges	60,197	60,197	
Long term debt	88,116		88,116
New Long term debt	346,364	120,320	226,044
General Admin	46,030	46,030	
Materials and supplies			
Utilities and telephone	7,910	7,910	
Repairs and Maintenance	120,000	120,000	
Materials, parts and supplies	49,854	49,854	
Other	16,850	16,850	
Small Tools/Equipment	14,000	14,000	
	4,929,113	2,563,578	2,365,535
Other Revenues	- 47,600	- 47,600	-
	4,881,513	2,515,978	2,365,535
Estimated Annual Water Sold - m3		1,974,991	
Total Customers			6,405
Water Usage Rate		1.274	
Annual Water Service Fixed Charge			369.33

SCHEDULE F

City of Port Colborne Wastewater System Budget Review	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2017 Budget	2018 Budget
Fees	\$6,871	\$4,628	\$10,373	\$2,735	\$534	\$1,335	\$5,000	\$2,500
Sewer Revenue - RATE	\$2,690,305	\$2,635,210	\$2,660,198	\$2,645,041	\$2,323,346	\$1,727,933	\$3,008,635	\$2,145,617
Sewer Revenue - FIXED	\$1,895,850	\$2,002,305	\$2,049,590	\$2,380,452	\$2,605,353	\$2,612,682	\$2,608,347	\$3,061,771
Rate Stabilization Reserve								\$300,000
Operating reserve			\$67,151	\$0	\$0	\$0		
Reconciliation Reserve		\$384,000						
Sewer Revenue - OTHER	\$6,452	\$9,511	\$10,440	\$7,450	\$5,774	\$10,045	\$7,000	\$8,000
TOTAL REVENUE	\$4,599,478	\$5,035,654	\$4,797,752	\$5,035,678	\$4,935,007	\$4,351,995	\$5,628,982	\$5,517,888
Wastewater treated - Region	\$3,341,522	\$3,870,558	\$3,584,169	\$3,771,549	\$3,959,718	\$3,929,621	\$4,005,249	\$3,909,663
Reconciliation cost - Region		\$199,000	\$214,000	\$456,000	-\$544,000	-\$181,000		
Johnson Pumping station	\$23,854	\$21,744	\$33,573	\$17,603	\$16,697	\$24,148	\$42,506	\$37,837
Sugarloaf Pumping station	\$3,398	\$7,823	\$18,884	\$1,894	\$3,681	\$10,527	\$11,601	\$10,704
Scholfield Pumping station			\$17,943	\$27,562	\$14,941	\$21,441	\$41,000	\$36,300
Vehicle operations	\$1,868	\$13,979	\$12,716	\$6,696	\$19,707	\$18,628	\$22,609	\$20,490
sewer mains	\$22,052	\$33,500	\$21,057	\$11,252	\$16,664	\$5,940	\$29,861	\$27,118
laterals	\$113,081	\$84,563	\$72,665	\$58,434	\$56,500	\$56,023	\$105,976	\$100,175
manholes	\$6,878	\$33,707	\$31,081	\$34,999	\$83,999	\$9,161	\$80,373	\$74,251
Locates	\$22,254	\$28,059	\$38,692	\$37,555	\$39,326	\$37,018	\$68,604	\$68,646
general operation	\$256,962	\$251,277	\$282,525	\$303,702	\$287,832	\$251,093	\$343,078	\$348,018
recoverable works	\$1,500	\$2,130	\$3,474	\$1,532	\$1,578	\$1,595	\$3,068	\$3,129
extraneous flows	\$182,252	\$154,451	\$159,661	\$113,095	\$123,369	\$107,992	\$124,144	\$129,627
Tsf to Reconciliation Reserve	\$67,098							
Capital - tsf to Reserve (deficit)				\$202,189	\$202,189	\$59,808	\$206,233	\$206,357
Capital Main Construction	\$270,000	\$270,000	\$270,000	\$270,000	\$283,000	\$0	\$288,660	\$288,433
Capital Projects-equip	\$14,500	\$34,500	\$34,500	\$34,500	\$36,000	\$0	\$36,720	\$36,720
Capital Projects	\$204,840	\$205,000	\$205,000	\$205,000	\$215,000	\$0	\$219,300	\$220,420
Capital Debentures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURE	\$4,532,059	\$5,210,291	\$4,999,940	\$5,553,562	\$4,816,201	\$4,351,995	\$5,628,982	\$5,517,888
Surplus (Deficit)	\$67,419	-\$174,637	-202,188	-517,884	118,806	0	\$0	\$0
City Operations	\$825,616	\$617,094	\$671,458	\$604,139	\$657,986	\$532,186	\$860,820	\$845,795
City Capital	\$284,500	\$509,500	\$509,500	\$711,689	\$736,189	\$59,808	\$750,913	\$751,930
Regional costs	\$3,341,522	\$4,069,558	\$3,798,169	\$4,227,549	\$3,415,718	\$3,748,621	\$4,005,249	\$3,909,663
Total costs net of other revenue	\$4,451,638	\$5,196,152	\$4,979,127	\$5,543,377	\$4,809,893	\$4,340,615	\$5,616,982	\$5,507,388
Region Share of costs	75.06%	78.32%	76.28%	76.26%	71.01%	86.36%	71.31%	70.99%
City Share of costs	24.94%	21.68%	23.72%	23.74%	28.99%	13.64%	28.69%	29.01%

CITY OF PORT COLBORNE
RESERVES AND RESERVE FUNDS
December 31, 2017

SCHEDULE G

WATER

Development charges	-	
SCADA Water Study	39,935	
Water Rate Stabilization	-	
Water Equipment Replacement	30,507	
Lorraine Bay Water Study	30,420	
Bulk Water Station Replacement	269,692	
Meter Pits	128,484	
Water Capital Projects	-	
	<hr/>	
		<u>499,038</u>

WASTEWATER

Development charges	6,423	
Sewer Rate Stabilization	380,802	
Sewer Operations-TV Inspections	160,290	
Sewer Equipment Replacement	26,420	
CSO Sewer Program	1,062,301	
Sewer Capital Projects	1,113,000	
	<hr/>	
		<u>2,749,236</u>



City of Port Colborne
Public Works Division
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doug.cressey@city.portcolborne.on.ca

Fax: 905-835-8552

Date: Monday, January 23, 2017
To: Ron Hanson, Director, Engineering & Operations
From: Doug Cressey, Utilities Supervisor
Subject: 2017 and 2018 Additional Staff Requirements

The Utilities Division is in need of additional staff if it's going to continue to operate effectively. It's a challenge to keep up with the increased work load, maintenance activities, etc. Ministry regulations, Training requirements, Operators looking to pursue other positions within the Corporation, availability of other Certified Operators from other departments, vacation and On-Call requirements all have an impact on the Utility as a whole.

We currently have a staff compliment of 8, 4 of which are not Certified Water Distribution and/or Wastewater Collection system Operators. In my opinion the compliment should be a minimum of 10 with 6 of them being certified Operators. This would allow us to meet the demands of the daily work schedules, maintenance programs and emergency calls going forward.

To better help understand this situation I've tried to put things in perspective. Over the past number of years, the Utilities Division has gone through several changes and now has to function more like two divisions than one. One division focuses on construction & maintenance activities and the other focuses on water metering & locates. Within these divisions most if not all supervisors and field staff must have some form of license/certification and experience in order to carry out their daily duties. Both divisions are supervised and managed separately. With the Utility locates now under regulation and water metering moving into the next generation of metering, staff are not as easily accessed and moved around as in the past. And in some cases they may not have the necessary license/certification or expertise to carry out the task.

Background of the Equipment Operator Class III positions, Utilities/Water & Sewer MOE Class 1 certification

The Utilities Division at one time had 2 Equipment Operators Class III positions. But they were different in the sense that one of them (Mike Audit) required MOE Class 1 certification and the other (Gord Weaver) did not. They also had 2 different rates of pay. In or around the time the City and the Union were going through the JJEC process, it had been decided to "grandfather" Gord Weaver into the higher rate of pay because he was helping perform a lot of operator duties alongside other operators. Mike Audit on the other hand spent a lot of his time on loan to the Roads and Parks Dept cutting and trimming trees. But he was still available to the Utilities Division when needed and participated in the Utilities-On Call rotation.

When Mike decided to take a full time position in the Parks Dept as Parks Sub-Foreman this change

eventually had an impact on the Utilities group as a whole. His availability was then limited as an MOE Class I operator and he was removed from the on call rotation as well. On October 27, 2016 a meeting with Mike was also held to determine his intentions with his MOE Class I license renewal. He stated at the meeting he would not be renewing his license. Also along the same line for licensing, a meeting with Glenn Fretz was held on November 9, 2016 to determine his intentions with his MOE Class I licensing. He also stated at the meeting he would not be renewing his license once it expires on January 31, 2017.

The request for new Water/Wastewater Operators is as follows:

1. To fill the vacant Equipment Operator Class III Utilities/Water & Sewer MOE Class I certification position that hasn't been filled.
2. To fill the gap in the Utilities On-Call rotation that was left when the above vacancy was not filled.
3. To fill the gap in operator assistance from other departments that we will be left with when the MOE Class I license for Glenn Fretz expires.
4. Having operators that are committed solely to the Utilities Division as operators and participate in the On-Call rotation will improve morale amongst the operators, provide more flexibility when scheduling mandatory training, meetings, vacation and other activities.
5. Having more operators will benefit all of our maintenance activities and programs.
6. It will benefit the Corporation in the short and long term as these new hires would be part of Succession Planning as it relates to recruitment and the retention of employees.
7. It takes a considerable amount of time (years) for new operators to learn how our Water Distribution and Wastewater Collection systems function. How to operate, make repairs and make adjustments is also another learning curve for new operators that takes time.

In closing I am asking that serious consideration be given for hiring 2 new fully certified Water Distribution and Wastewater Collection system operators. One to be hired in 2017 at an estimated cost of \$69,543 and the other in the spring of 2018.

Signed



Doug Cressey
Utilities Supervisor

cc:

Janice Peyton, Executive Administrative Assistant, DEO
Tammy Morden, Human Resources Coordinator
Paul Peyton, Superintendent, Public Works & Parks
File



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Date: Tuesday, November 21, 2017
To: Chris Lee, Director, Engineering & Operations
From: Doug Cressey, Utilities Supervisor
Subject: 2018 Budget

I have reviewed the department estimates for the 2018 budget as well as the most current 2017 Budget Working Papers dated September 1, 2017. Based on the information provided I am requesting the following changes for 2018.

Operational Services - Water		
6-595-74415 Vehicle/Equipment Operation	2017 Actual	2018 Budget
3204 Auto Supplies – Gas & Oil	\$14,319	\$16,000
3206 Auto Supplies - Parts	\$13,034	\$15,000
3215 Other Types of Materials	\$4,000	\$4,000
3225 License Plate Fees	\$0.00	\$500
3307 Insurance	\$0.00	\$500
3328 Contract Services	\$13,380	\$13,000
6-595-76315 Water Main Maintenance	2017 Actual	2018 Budget
3215 Other Types of Materials	\$6,922	\$15,000
3233 Safety Devices	\$446	\$3,000
3234 Equipment & Tools	\$2,563	\$5,000
3306 Repairs & Maintenance	\$2,364	\$25,000
3323 Water Trax Date MGMT SYS	\$1,433	\$1,600
3328 Contract Services	\$11,987	\$30,000
6-595-76320 Fire Hydrants	2017 Actual	2018 Budget
3215 Other Types of Materials	\$365	\$3,000
3306 Repairs & Maintenance	\$474	\$15,000
3311 Advertising	\$360	\$1,000
3328 Contract Services	\$505	\$26,000
Contract Services. Add an additional \$36,000.00 to the \$26,000.00 for system wide fire flow testing. Letter to follow.		
6-595-76330 Services	2017 Actual	2018 Budget

3215 Other Types of Materials	\$5,588	\$9,000 ✓
3234 Equipment & Tools	\$1,262	\$4,000 ✓
3306 Repairs & Maintenance	\$7,917	\$35,000 ✓
3328 Contract Services	\$7,405	\$30,000 ✓
3343 Equipment Rental - Other	\$0.00	\$2,600 ✓
6-595-76335 Leak Detection		
	2017 Actual	2018 Budget
3215 Other Types of Materials	\$0.00	\$3,000
3306 Repairs & Maintenance	\$0.00	\$8,000
3309 Telephone/Modum/Radio	\$0	\$0
3311 Advertising	\$0	\$0
3328 Contract Services	\$2,127	\$5,000 ✓
Create another sub account 3234 Equipment & Tools with a starting limit of \$5,000 for the purpose of purchasing/repairing of small tools used for maintenance & repairs.		
6-595-76336 Leak Detection Repairs		
	2017 Actual	2018 Budget
3215 Other Types of Materials	\$5,801	\$15,000
3328 Contract Services	\$458	\$26,000
3343 Equipment Rental - Other	\$0.00	\$2,500
6-595-76345 General Admin		
	2017 Actual	2018 Budget
3216 Protective Clothing	\$3,101	\$3,250
3222 Inventory Allowance	\$17,665	\$10,000
3313 Staff Development	\$1,033	\$10,000 ✓
Increase Inventory Allowance to cover costs of removing obsolete inventory.		
6-595-76353 Elm St. Bulk Water Depot		
	2017 Actual	2018 Budget
3301 Bldg & Equip Repairs & Maintenance	\$0.00	\$4,000
3309 Telephone/Modum/Radio	\$240	\$500
3328 Contract Services	\$0.00	\$1,500 ✓
6-595-76354 Elizabeth St. Bulk Water Depot		
	2017 Actual	2018 Budget
3301 Bldg & Equip Repairs & Maintenance	\$586	\$2,000
3309 Telephone/Modum/Radio	\$194	\$300
3328 Contract Services	\$0.00	\$1,500 ✓
Operational Services - Sewer		
7-590-74420 Vehicle/Equipment Operation		
	2017 Actual	2018 Budget
3204 Auto Supplies – Gas & Oil	\$683	\$2,000
3206 Auto Supplies - Parts	\$2,396	\$3,000
3215 Other Types of Materials	\$342	\$2,000
3225 License Plate Fees	\$0.00	\$500
3328 Contract Services	\$1,411	\$5,000
7-590-74850 Colborne/Johnson St. Pumping Station		
	2017 Actual	2018 Budget
3301 Bldg & Equip Repairs	\$1,456	\$5,000 ✓

7590 74850 .

3309 Telephone/Modum/Radio	\$345	\$500
3328 Contract Services	\$1.00	\$20,000
7-590-74855 Scholfield Pumping Station		
	2017 Actual	2018 Budget
3301 Bldg & Equip Repairs	\$758	\$5,000
3328 Contract Services	\$1,176	\$5,000
Asset Purchases	\$0.00	\$16,000
7-590-74860 Sugarloaf Pumping Station		
	2017 Actual	2018 Budget
3301 Bldg & Equip Repairs	\$1,647	\$5,000
3328 Contract Services	\$0.00	\$1,500
7-590-76210 Sewer Mains		
	2017 Actual	2018 Budget
3215 Other Types of Materials	\$15.00	\$5,000
3233 Safety Devices	\$0.00	\$2,000
3234 Equipment and Tools	\$0.00	\$4,000
3311 Advertising	\$0.00	\$0
3328 Contract Services	\$0.00	\$6,000
3343 Equipment Rental -Other	\$0.00	\$0
7-590-76220 Sanitary Sewer Laterals		
	2017 Actual	2018 Budget
3215 Other Types of Materials	\$4,289	\$9,000
3301 Repairs & Maintenance	\$1,088	\$20,000
3328 Contract Services	\$5,558	\$25,000
Create another sub account 3234 Equipment & Tools with a starting limit of \$5,000 for the purpose of purchasing/repairing of small tools used for maintenance & repairs.		
7-590-76230 Sanitary Manholes		
	2017 Actual	2018 Budget
3215 Other Types of Materials	\$0.00	\$2,500
3301 Repairs & Maintenance	\$0.00	\$5,000
3328 Contract Services	\$0.00	\$50,000
Create another sub account 3234 Equipment & Tools with a starting limit of \$5,000 for the purpose of purchasing/repairing of small tools used for maintenance & repairs.		
7-590-76240 General Operations		
	2017 Actual	2017
3216 Protective Clothing	\$1,297	\$5,000
3222 Inventory Allowance	\$0.00	\$2,000
3313 Staff Development	\$0.00	\$5,000

Signed

Doug Cressey

Utilities Supervisor

cc: Janice Peyton, Executive Administrative Assistant,

File



Engineering and Operations

905-835-5079

TO: Peter Senese

FROM: Darlene Suddard

COPY: Chris Lee
Doug Cressey

DATE: October 11, 2017

RE: 2018 Water/Sewer Budget

Water/Sewer Accounts

I have reviewed the amounts budgeted for in 2017 and am requesting the following changes/additions for the 2018 water/wastewater budget:

62500 Ontario Grants

	2017	2018
6-595-62500-2900 Grants	Carry forward	Carry forward
Please carry forward any outstanding monies as they must be spent on the flow monitoring project.		

76325 Meters

	2017	2018
6-595-76325-3215 Other Types of Material	Carry forward	2,500
6-595-76325-3234 Equipment and Tools	Carry forward	5,100
6-595-76325-3306 Repairs and Maintenance	Carry forward	15,300
6-595-76325-3311 Advertising	1,000	1,000
6-595-76325-3328 Contract Services	8,000	10,000

Please carry forward remaining funds from sub account 3215 (Other Types of Material) and reduce the 2018 budget to \$2,500.

Also carry forward remaining funds from sub account 3306. As indicated in the 2017 budget memo, there are still 45 meters that need to be updated, at an estimated cost of \$22,000 – plus meter pit installations. There are currently 11 outstanding meter pit installations, estimated to cost \$4,000 each for a total of \$44,000 – for a total estimated cost of \$62,000. To ensure adequate funds are available to replace the remaining outdated meters, please leave this subaccount budget at the suggested level of \$15,300 for 2018.

As our equipment is all new, please continue to carry forward the amount remaining in 3234, and continue to budget the suggested \$5,100 annually to assist with covering repairs to our equipment and budget for replacement.

Please increase the budget for Contract services (76325-3328) to \$10,000. The total cost to calibrate and repair the large meters in 2017 went slightly over budget, and the addition of a large meter at 30 Prosperity, and the pending installation of a large meter at 1555 Elm will mean there are two additional meters to calibrate and service each year.

76342 Locates – Water

		2017	2018
6-595-76342-3234	Equipment and Tools	Carry forward	1,500
6-595-76342-3290	Locate Damage Repair	Carry forward	2,500

76235 Locates – Sanitary Sewer

		2017	2018
7-590-76235-3234	Equipment and Tools	Carry forward	1,500
7-590-76235-3290	Locate Damage Repair	Carry forward	2,500

Please carry forward any amount outstanding for 7-590-76235-3234 and for 6-595-76342-3234, as some locate equipment is wearing and requires repair and/or replacement.

Please carry forward the unused amounts for 6-595-76342-3290 and 7-590-76235-3290. The purpose of this account is to fund the cost of any damages to our water/wastewater/stormwater systems which result from incorrect/inaccurate locates and allow for a method to track the cost of incorrect/inaccurate locates.

76345 General Administration

		2017	2018
6-595-76345-3319	Consultant Fees	Carry forward	Carry forward

As this is a multi-year project, 50% funded by the Province, we request that any funds remaining in this account be carried forward into 2018.

		2017	2018
6-595-76345-3341	Trailer Rental/Expenses	4,000	0
6-595-76345-3369	Water Quality Audit	7,000	8,500

The trailer account can be eliminated in 2018! (finally!). The Water Quality Audit account needs to be increased slightly in 2018 to account for the increased cost of the internal audit – and in 2019 will need to be increased to \$10,000 to account for the mandatory re-accreditation audit which costs more than the interim surveillance audits.

THE CORPORATION OF THE CITY OF PORT COLBORNE

BY-LAW NO. 6568/23/18

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

WHEREAS at its special meeting of April 16, 2018, the Council of The Corporation of the City of Port Colborne (Council) approved the recommendation of Corporate Services Department, Finance Division Report 2018-52, Subject: Proposed 2018 Water and Wastewater Rates, and resolved as follows:

- that the rate for water usage for 2018 be set at \$1.274 per cubic meter
- that the fixed rate for 2018 be set at \$369.33 per year.

AND WHEREAS Council is desirous of amending By-law No. 3151/22/95, as amended, Being a By-law for the Imposition and Collection of Water Rates.

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE CITY OF PORT COLBORNE ENACTS AS FOLLOWS:

1. That 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, be further amended by replacing Schedule "A" thereto with Schedule "A" hereto.
2. The fixed rates established by this By-law shall be effective January 1, 2018 for large users and April 1, 2018 for bulk water haulers and shall be effective for residential and Institutional/Commercial/Industrial (ICI) quarterly billings commencing with the first quarter of 2018 and subsequent billings (subject to further amendments of the By-law).
3. The usage rate established by this By-law shall be effective April 1, 2018 for large users, April 1, 2018 for bulk water haulers and for residential and ICI quarterly billings commencing with the second billing of 2018 and subsequent billings (subject to further amendments of the By-law).

ENACTED AND PASSED THIS 16th DAY OF APRIL 2018.

John Maloney
MAYOR

Amber LaPointe
CITY CLERK

**Schedule "A" to By-law No. 6568/23/18
and By-law No. 3151/22/95, As Amended**

Water Rates

1. Metered Consumption Rates

Residential, Institutional/Commercial/Industrial (ICI) consumption is subject to a metered rate of \$1.274/cubic meter per billing period. No minimum charge per billing period.

2. Bulk Water Sales Rates

The metered rate for bulk water sales is \$1.274/cubic meter per billing period.

The service charge is based on a 75 mm (3") meter regardless of the actual meter used and is \$4,062.63 per annum or \$338.55 per month.

3. Fixed Rate (Service Charge)

All users are subject to a fixed rate based on meter size. The residential service charge is \$369.33 per annum or \$30.78 per month for a 15mm (5/8") and 19 mm (3/4") meter. The ICI fixed rate is \$369.33 per annum or \$30.78 per month for a 15 mm (5/8") and 19 mm (3/4") meter.

For other size meters, the fixed rate will be based on the following meter factors:

<u>Meter Size</u>	<u>Service Charge Meter Factor</u>
25 mm (1")	1.4
38 mm (1 1/2")	1.8
50 mm (2")	2.9
75 mm (3")	11.0
100 mm (4")	14.0
150 mm (6")	21.0
200 mm (8")	29.0
250 mm (10")	40.0

All vacant land directly abutting the water/sewer distribution system will be charged the annual fixed rate as per the rate set out in the Sewer Rate By-law, as amended.

4. Flat Rate (Residential)

Rate of \$386.00 per billing period (average user) where an accurate meter reading cannot be recorded for the following:

- where 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 obstructions 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 (Commercial)

Rate to be calculated based on the following, where an accurate meter reading cannot be recorded for the same reasons as above for Residential:

2x the current fixed rate per Section 3, PLUS 2x the monthly average of the previous 12 months' consumption history (monthly billings)

OR

2x the current fixed rate per Section 3, PLUS 2x the quarterly average of the previous 3 years of the same billing cycle consumption history (quarterly billings)

5. Water for Construction Rates

Flat Rate:

Residential	\$192.00
Commercial	\$323.00
Industrial	\$323.00
Institutional	\$323.00

Upon final inspection, rates to be charged at the current consumption rates.

6. Administration Charge

- issuing of water shut off tags shall be charged to the property owner at a fee of \$44.00;
- water account inquiries will be provided at a fee of \$8.00;
- Reading of analog meter due to refusal to upgrade to RF meters will be provided at a fee of \$44.00 per scheduled reading dates;
- 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. Late Payment Fee

A two and one half (2 ½%) percent late payment fee is charged on the first day of default to all users. This is a one-time charge on the amount billed and outstanding past the due date. Water payments must be received at the Municipal Office City Hall on or before the due date.

8. On and Off Charges

A single charge for turn off/on will be levied if performed on the same calendar day during regular hours.

A single charge at the after-hours/weekend rate will be levied if the turn off/on is performed within a 4 hour (maximum) period.

9. Meter Testing

All meter testing will require a minimum deposit of \$50.00 and will be billed at actual cost. The minimum deposit will be applied to the bill. If the meter is found to be inaccurate, creating an over billing, the deposit will be refunded.

10. New Water Meter and Remote Reader

5/8" X 3/4" meter complete	actual cost
3/4" meter complete	actual cost
1" meter complete	actual cost
1 1/2" meter complete	actual cost
2" meter complete and larger	actual cost

11. Permits

A fee for new water service installation will be charged based on the current annual Public Works Services Schedule of Rates and Fees, to be collected on the building permit.

12. Billing Cycle

All users with meters greater than 50 mm (2") to be billed monthly. This includes bulk water and large users. All other users to be billed quarterly, meters being read and billed between three defined areas designated by the Corporation.

THE CORPORATION OF THE CITY OF PORT COLBORNE

BY-LAW NO. 6569/24/18

**BEING A BY-LAW TO 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 special meeting of April 16, 2018, the Council of The Corporation of the City of Port Colborne (Council) approved the recommendation of Corporate Services Department, Finance Division Report 2018-52, Subject: Proposed 2018 Water and Wastewater Rates, and resolved as follows:

- that the rate for sewer usage for 2018 be set at \$1.295 per cubic meter.
- that the fixed rate for 2018 be set at \$471.98 per year.

AND WHEREAS Council is desirous of amending By-law No. 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 No. 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 fixed rates established by this By-law shall be effective January 1, 2018 for large users and shall be effective for residential and Institutional/Commercial/Industrial (ICI) quarterly billings commencing with the first quarter of 2018 and subsequent billings (subject to further amendments of the By-law).
3. The usage rate established by this By-law shall be effective April 1, 2018 for large users and shall be effective for residential and ICI quarterly billings commencing with the second billing of 2018 and subsequent billings (subject to further amendments of the By-law).

ENACTED AND PASSED THIS 16th DAY OF APRIL 2018.

John Maloney
MAYOR

Amber LaPointe
CITY CLERK

**Schedule "A" to By-law No. 6569/24/18
and By-law No. 3424/6/97, As Amended**

Rates for Wastewater (Sanitary Sewer) System

(1) **Metered Rates**

- (a) The Wastewater (Sewage Service) Usage Rate is subject to a metered rate of \$1.295 per cubic meter per billing period. No minimum usage charge per billing period. All sectors shall be billed at 100% of water consumed unless otherwise detailed within the by-law.
- (b) Negotiated industrial customers are subject to a metered rate of \$1.295 per cubic meter per billing period.

(2) **Wastewater Fixed Rates (Service Charge)**

- (a) All users are subject to a fixed rate based on meter size. The fixed rate is \$471.98 per annum for a 15 mm (5/8") and 19 mm (3/4") meter.
- (b) For all other meter sizes, the fixed rate will be multiplied by the following factors:

<u>Meter Size</u>	<u>Meter Factor</u>
25 mm (1")	1.4
38 mm (1 1/2")	1.8
50 mm (2")	2.9
75 mm (3")	11.0
100 mm (4")	14.0
150 mm (6")	21.0
200 mm (8")	29.0
250 mm (10")	40.0

All vacant land directly abutting the sanitary sewer system will be charged the annual fixed rate of \$471.98, to be billed through the property tax billing.

(3) **Flat Rate (Residential)**

Rate of \$386.00 per billing period (Average User) where water service is active and connected to the system but the following circumstances do not permit a water meter reading:

- 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 obstructions 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 (Commercial)

Rate to be calculated based on the following, where an accurate meter reading cannot be recorded for the same reasons as above for Residential:

2x the current fixed rate per Section 3, PLUS 2x the monthly average of the previous 12 months' consumption history (monthly billings);

OR

2x the current fixed rate per Section 3, PLUS 2x the quarterly average of the previous three (3) years of the same billing cycle consumption history (quarterly billings).

(4) **Late Payment Fee**

A two and one half (2 ½%) late payment fee is charged on the first day of default to all users. This is a one-time charge on the amount billed and outstanding past the due date. Sewer payments must be received at the Municipal Office on or before the due date.

(5) **Billing Cycle**

- (a) All large users with water meters greater than 50 mm (2") are to be billed monthly.
- (b) All other users are to be billed quarterly, meters being read and billed between three (3) defined areas designated by the Corporation.
- (c) Vacant land properties will be billed annually. Seasonal properties will be billed annually.

(6) **Exemptions from Billing for Sanitary Sewer Costs**

- (a) Bulk water haulers accessing City bulk water facilities.
- (b) Port Colborne Poultry Limited.
- (c) Any property that does not directly about any part of the sanitary sewer system.
- (d) Any other property that is covered by a separate by-law enacted by Council.

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The Corporation of the City of Port Colborne

By-Law No. 6570/25/18

**Being a By-Law to adopt, ratify and confirm
the proceedings of the Council of The
Corporation of the City of Port Colborne at
its Special Meeting of April 16, 2018.**

Whereas Section 5(1) of the *Municipal Act, 2001*, provides that the powers of a municipality shall be exercised by its council; and

Whereas Section 5(3) of the *Municipal Act, 2001* provides that a municipal power, including a municipality's capacity rights, powers and privileges under section 9, shall be exercised by by-law unless the municipality is specifically authorized to do otherwise; and

Whereas it is deemed expedient that the proceedings of the Council of The Corporation of the City of Port Colborne be confirmed and adopted by by-law;

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

1. Every action of the Council of The Corporation of the City of Port Colborne taken at its Special Meeting of April 16, 2018 upon which a vote was taken and passed whether a resolution, recommendations, adoption by reference, or other means, is hereby enacted as a by-law of the City to take effect upon the passing hereof except where the approval of the Ontario Municipal Board is required, in which case the effective date shall be the day after the approval of the Ontario Municipal Board is obtained or such other day as the Ontario Municipal Board may order; and further
2. That the Mayor and Clerk are authorized to execute any documents required on behalf of the City and affix the corporate seal of the City and the Mayor and Clerk, and such other persons as the action directs, are authorized and directed to take the necessary steps to implement the action.

Enacted and passed this 16th day of April, 2018.

John Maloney
Mayor

Amber LaPointe
City Clerk

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