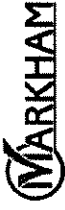


City of Markham

2014 Proposed Water/Wastewater Rates (Supplemental Information)

**Council
December 10, 2013**



Agenda

- Resolution from December 2nd, 2013 General Committee
- Water and Wastewater Reserve Study
- December 2nd General Committee Implications
- Financial Impact
- Summary

Resolution from December 2nd, 2013 General Committee

- On November 18th, 2013, Staff brought forward a report to General Committee entitled "Proposed 2014 Water/Wastewater Rate Increase and 2014 Waterworks Operating Budget", recommending the 2014 water/wastewater rate of \$3.0649/m³ effective April 1, 2014
- A public meeting was held on November 26th, 2013
- A report was brought forward to the December 2nd, 2013 General Committee outlining residents' feedback from the public meeting
- Resolution from the December 2nd, 2013 General Committee:
"Staff to provide a summary outlining the impact of deferring year seven (7) of the ten (10) year phase-in of the infrastructure surcharge that was implemented in 2008"

Water and Wastewater Reserve Study

- The Waterworks Reserve Study is updated annually to:
 - establish the annual water and wastewater rate; and
 - ensure that there is adequate funding in the Waterworks Reserve to sustain future replacement and rehabilitation requirements for the next 25 years

December 2nd General Committee Implications

- The proposed 2014 rate of \$3.0649/m³ includes Infrastructure Surcharge of \$0.0336/m³ (7th year of the 10 year phase-in implemented in 2008 – total 41.37cents)

# of Years	1	2	3	4	5	6	7	8	9	10
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Annual Phase-in (\$/m ³)	0.0827	0.0621	0.0336	0.0336	0.0336	0.0336	0.0336	0.0336	0.0336	0.0336
Cumulative Phase-in (\$/m ³)	0.0827	0.1448	0.1784	0.2120	0.2456	0.2793	0.3129	0.3465	0.3801	0.4137
Remaining Phase-in (\$/m ³)	0.3310	0.2689	0.2353	0.2017	0.1681	0.1344	0.1008	0.0672	0.0336	0.0000

- By deferring the 7th year phase-in, the 2014 rate will be reduced from \$3.0649/m³ to \$3.0313/m³. The remaining phase-in will be implemented in the years 2015 to 2018

# of Years	1	2	3	4	5	6	7	8	9	10	11
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Annual Phase-in (\$/m ³)	0.0827	0.0621	0.0336	0.0336	0.0336	0.0336	0.0000	0.0336	0.0336	0.0336	0.0336
Cumulative Phase-in (\$/m ³)	0.0827	0.1448	0.1784	0.2120	0.2456	0.2793	0.2793	0.3129	0.3465	0.3801	0.4137
Remaining Phase-in (\$/m ³)	0.3310	0.2689	0.2353	0.2017	0.1681	0.1344	0.1344	0.1008	0.0672	0.0336	0.0000

Financial Impact

Assumptions:

1. \$0.0336/m³ reduction in the water rate from 2014 to 2017
2. Total sales volume of 130,306,250m³ from 2014 to 2017

Financial Impact:

$\$0.0336/\text{m}^3 \times 130,306,250\text{m}^3 = \$4,378,290$ of lost revenues over the 25 year period (from 2014 to 2017)

Waterworks Reserve Impact:

The Reserve will have sufficient funds for the next 23 years as opposed to 25 years

Summary

	As presented to GC on December 2nd, 2013	Option: Defer 2014 Infrastructure Surcharge Increase	Variance Increase/ (Decrease)
2014 Rate/m ³	\$3.0649	\$3.0313	(\$0.0336)
% increase from 2013 Rate	8.0%	6.8%	1.2 % pts.
Average residential increase	\$62	\$53	(\$9)
Reserve funding adequacy (in # of years)	25 years	23 years	(2 years)