

Town of Markham

2010 Proposed Water/Wastewater Rates

General Committee
October 19, 2009

Agenda

- Background
- 2009 Water/Wastewater Rates
- Comparative Water/Wastewater Rates (\$/m³)
- Region of York 2010 Proposed Water/Wastewater Rates
- 2009 Water/Wastewater Reserve Study Update
- Proposed 2010 Water/Wastewater Rates
- Comparative 2009 & 2010 Water/Wastewater Rates (\$/m³)
- Impact to residents and top 10 ICI customers
- Proposed 2010 Waterworks Operating Budget
- Next Steps
- General Committee Approval

Background

- Markham Waterworks serves:
 - 69,000 Residential homes, and;
 - 2,470 ICI businesses and offices
- Markham Waterworks will have distributed more than 30,000,000 cu.m. of water in 2009
- We are responsible for the maintenance and state of good repair of 963km of watermains and 812km of sanitary sewers

Background (continued)

Highlights for 2009

- Achieved QMS Accreditation and one of the Provinces first Municipalities to receive full licensing under the SDWA
- Rolled out the first phase of the backflow prevention by-law to 600 Town businesses
- Completed the 3rd and 4th rounds of lead testing in 150 homes with no reportable incidents and 100% customer satisfaction
- Completed the rollout of 14 handheld mobile work units to Operators to improved productivity, information flow, and customer service
- Completed the pilot of the “Every Downspout Counts” program in Thornhill with 43 homes having their downspouts disconnected from the sanitary sewer.

Background (continued)

- As part of the 2009 Water/Wastewater increase, Council passed a resolution to increase the Town's rate to reflect the matching of the Region's monetary increase
- As a result, the Infrastructure Surcharge included in the 2009 Water/Wastewater rate was increased by \$0.0633/m³ in order for the reserve to be in the same financial position as it would have been under the previous policy of matching to the Region's percentage increase
- In addition, staff was requested to investigate the viability of implementing the 2010 rate increase effective April 2010 similar to that of the Region
- On June 15, 2009, the 2009 Water & Wastewater Reserve Study Update was presented to General Committee outlining the details of the 2010 proposed rate increase

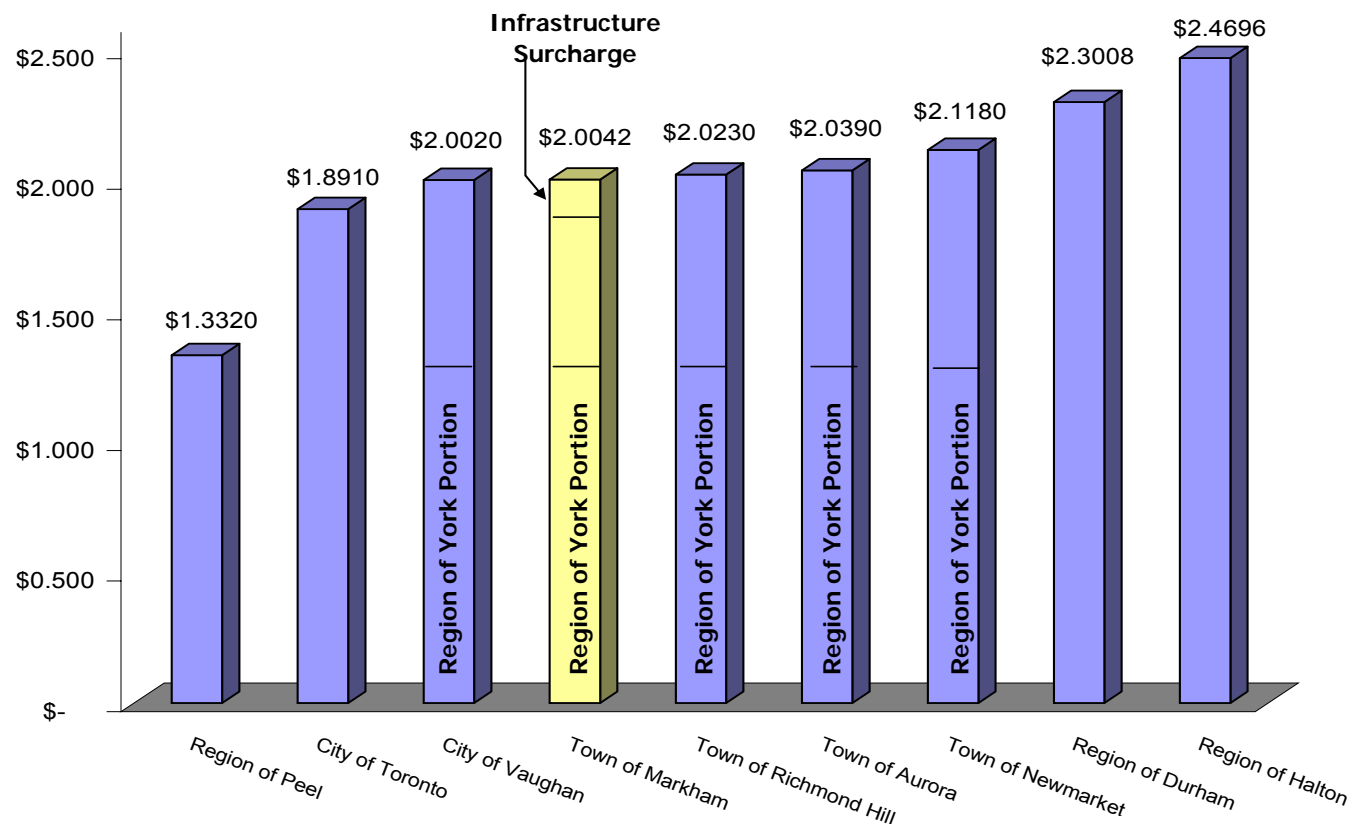
2009 Water/Wastewater Rates

- Markham's current retail rate:

	<u>\$/m³</u>
Water/Wastewater rate	1.7961
Infrastructure Surcharge	<u>0.2081</u>
Markham's 2009 retail rate	<u>2.0042</u>

- Region of York's Wholesale Rate - \$1.2292/m³
- Region of York purchases water from the City of Toronto and the Region of Peel

Comparative 2009 Water/Wastewater Rates (\$/m³)



- Toronto has various rates, based on consumption. The rate shown here represents an average based upon projected consumption for a residential home.
- Durham Region includes a service charge of \$15.44/month.
- Halton Region includes a service charge of \$20.93/month. Halton has a tiered water rate. The rate shown here represents an average based upon projected consumption for a residential home.
- York Region's wholesale rate is \$1.2292/m³.

Region of York 2010 Proposed Water/Wastewater Rates

- The York Region report dated December 18, 2008 identified a 10% increase in the 2010 water and wastewater rates effective April 1, 2010
- Region's estimated increase of 10% includes the wholesale water rate increases from the City of Toronto and Region of Peel. These increases are passed on to the Town of Markham

2009 Water/Wastewater Reserve Study Update

- Incorporated matching the Region's monetary increase rather than the percentage increase
- Incorporated Town's rate increase effective April vs. January to coincide with the Region
- Incorporated changes in assumptions:
 - A. Un-metered usage assumption increased from 7.5% to 10%
 - B. Region's Water/Wastewater rate increase assumptions adjusted from 3% to:
 - o 10% in 2010 & 2011
 - o 8% in 2012 & 2013
 - o 4% starting in 2014 & onwards

(As per York Region's report dated December 18th, 2008)
 - C. Reserve Investment Interest rate adjusted from 4% to:
 - o 1.5% in 2010, 2.5% in 2011, 3.5% in 2012 and 4% starting in 2013

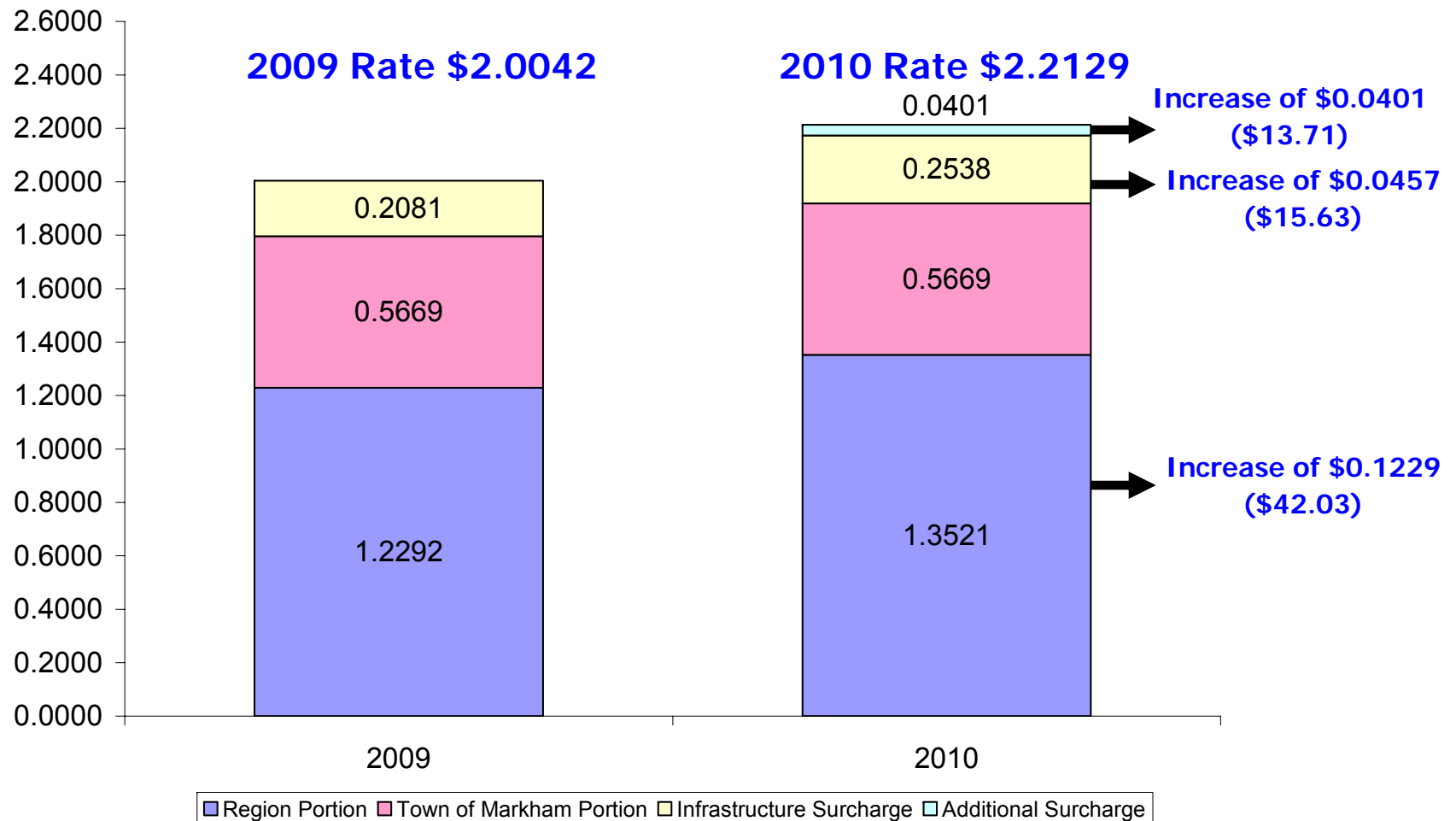
Proposed 2010 Water/Wastewater Rates

- Based on
 - Region's projected monetary rate increase
 - Council approved infrastructure surcharge (Year 3 of 10)
 - Rate increase effective April 1, 2010
 - Assumption changes (un-metered usage, reserve investment interest rate)
- The Proposed 2010 Town's Water/Wastewater rate is:

	$\$/\text{m}^3$
2009 Approved Rate	2.0042
1. Region's Monetary Rate Increase	0.1229
2. Infrastructure Surcharge Increase	0.0457
3. Rate Increase effective April 1, 2010	0.0121
4. Assumption Changes	0.0280
	0.2087
2010 Proposed Rate	2.2129

Comparative 2009 & 2010 Markham Water/Wastewater Rates (\$/m³)

Impact to Residents - Total Increase of \$0.2087/m³ or \$71.38 increase
(based on average household consumption of 342m³ per year)



Impact to Top 10 Institutional, Commercial, Industrial Customers (ICI)

Total Rate increase of \$0.2087 in 2010

(Region's rate increase of \$0.1229, Markham's increase \$0.0858)



Impact on top 10 ICI customers ranges from \$11K to \$32K

(Region's increase \$6K to \$19K, Markham's increase \$5K to \$13)

(Top 10 List includes manufacturers, a health care provider, and hospitality providers)

Proposed 2010 Waterworks Operating Budget (\$ millions)

(Based on the proposed 2010 Water/Wastewater rate of \$2.2129 effective April 1, 2010)

	2010 Proposed Budget
Sales & Purchases of Water	
Water & Sewer Sales	66.80
Less: Purchases	(46.41)
Gross Profit	20.40
Operations	
Other Revenue	0.50
Expenditures	
Less: Personnel	5.25
Non-personnel	6.21
Total Expenditures	11.46
Contribution to Reserves	9.43

The Reserve Study identified sufficient funds to sustain the Waterworks operations for the next 25 years.

Next Steps

- Public meeting - October 27, 2009
- Report to General Committee – November 9, 2009
 - recommendation on the 2010 water/wastewater rate
 - feedback from Public Meeting
- Council Approval – November 10, 2009

General Committee Approval

- That the proposed 2010 Water/Wastewater Rates Presentation be received
- And that Staff be authorized to present the proposed 2010 Water/Wastewater Rate at the Public Meeting on October 27th, 2009
- And that feedback from the Public Meeting be brought forward to the General Committee on November 9, 2009