



Town of Markham

2009 Proposed Water/Wastewater Rates

Public Meeting
November 18, 2008



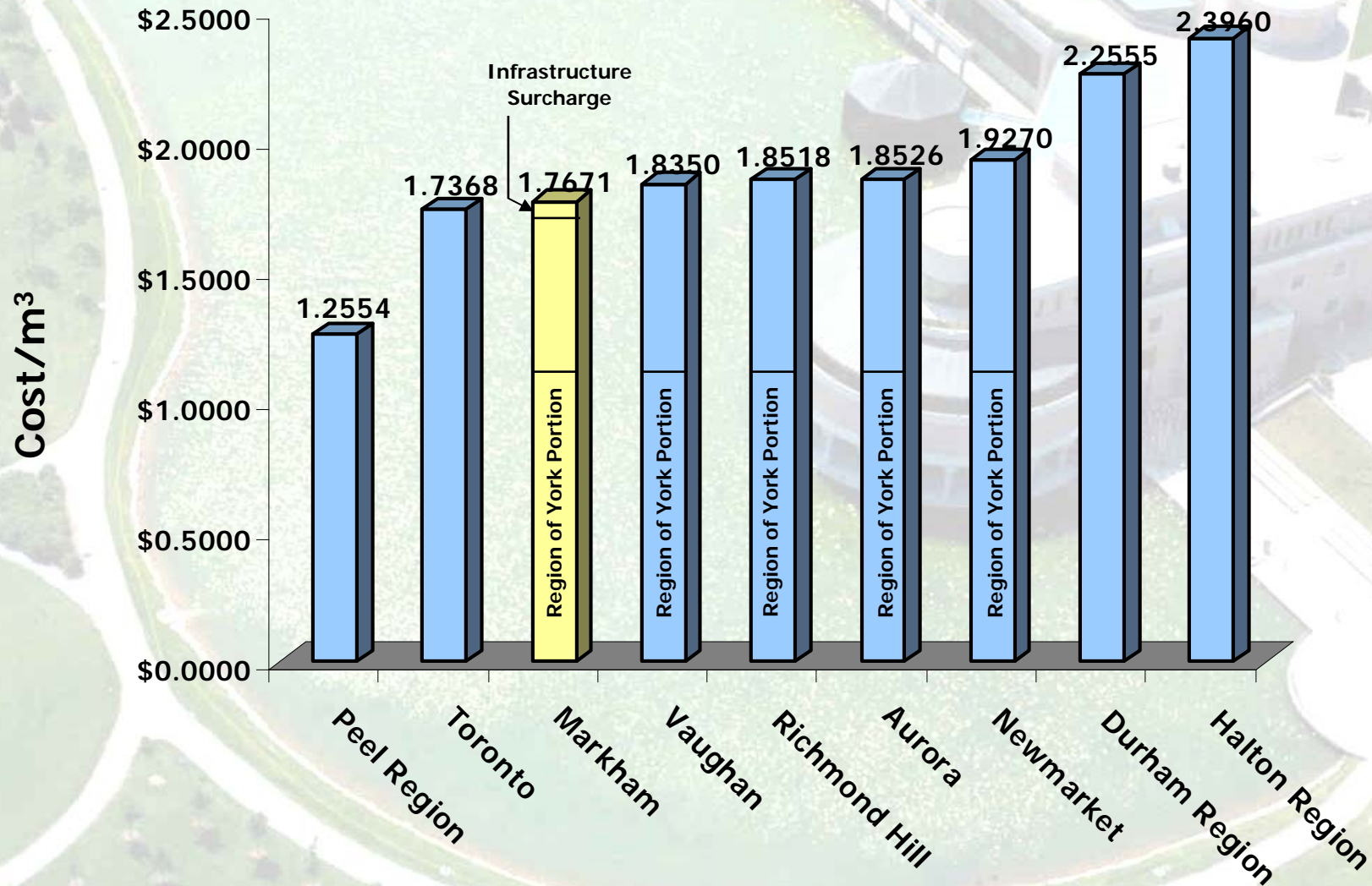
Public Meeting Agenda

- Presentation by Joel Lustig, Director of Financial & Client Services
 - 2008 Water/Wastewater Rates
 - Region of York 2009 Proposed Water/Wastewater Rates
 - Town of Markham's Water Rate Pressures
 - Water/Wastewater Reserve Study and Infrastructure Surcharge
 - Combined Water/Wastewater Rate and Impacts
 - Options to Mitigate Water Rate Increase
- Questions from Public
- Questions from Council

2008 Combined Water/Wastewater Rates

- Markham's current Retail Rate - \$1.7671/m³
 - Water/Wastewater rate \$1.6844/m³
 - Infrastructure surcharge \$0.0827/m³
- Region of York's Wholesale Rate - \$1.1174/m³
- Region of York purchases water from the City of Toronto and the Region of Peel
- In 2008, the Region of York's charge is 63.23% of Markham's retail rate. This leaves 36.77% (or \$0.6497/m³) to fund Markham's capital and operating costs.

Comparative 2008 Water/Wastewater Rates (\$/m³)

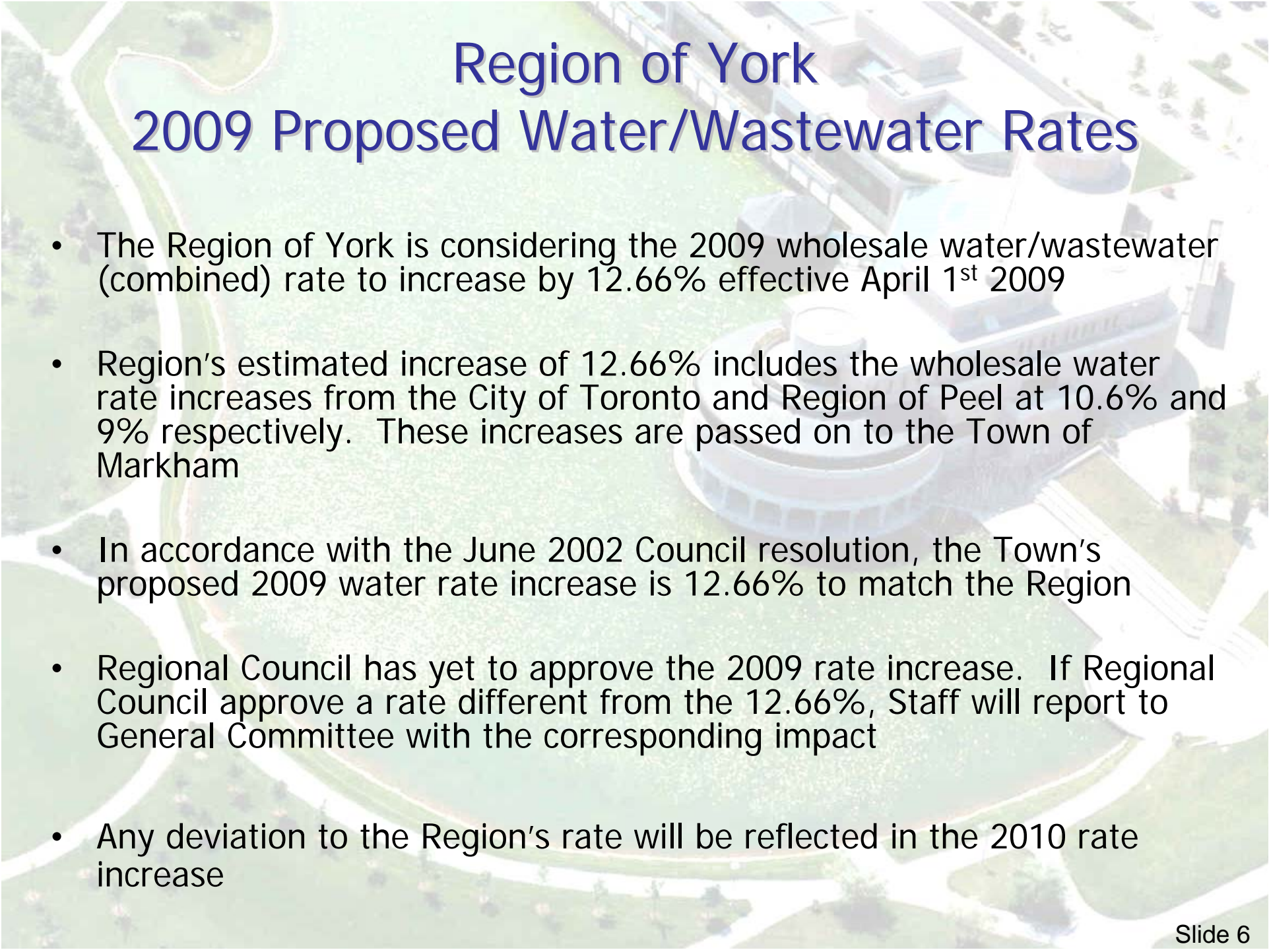


- Toronto has various rates, based on consumption. The rate shown here represents an average based upon projected consumption for a residential home.
- Durham Region includes a service charge of \$14.27/month. Halton Region includes a service charge of \$19.61/month
- York Region's wholesale rate is \$1.1174/m³



Council Resolution

- On June 11, 2002, Council passed the following resolution:
"And that all further rate increases by the Region of York be automatically met by the Town of Markham with a percentage increase equal to that of the Region"



Region of York

2009 Proposed Water/Wastewater Rates

- The Region of York is considering the 2009 wholesale water/wastewater (combined) rate to increase by 12.66% effective April 1st 2009
- Region's estimated increase of 12.66% includes the wholesale water rate increases from the City of Toronto and Region of Peel at 10.6% and 9% respectively. These increases are passed on to the Town of Markham
- In accordance with the June 2002 Council resolution, the Town's proposed 2009 water rate increase is 12.66% to match the Region
- Regional Council has yet to approve the 2009 rate increase. If Regional Council approve a rate different from the 12.66%, Staff will report to General Committee with the corresponding impact
- Any deviation to the Region's rate will be reflected in the 2010 rate increase

Water Rate Pressures

Markham's 12.66% rate increase effective January 1, 2009 will be utilized to fund:

- Higher wholesale water costs from the Region of York
- Cost increases on materials & services such as: water quality sampling & testing, wastewater hydraulic model maintenance, water sewer system repairs, water meter installation & replacement

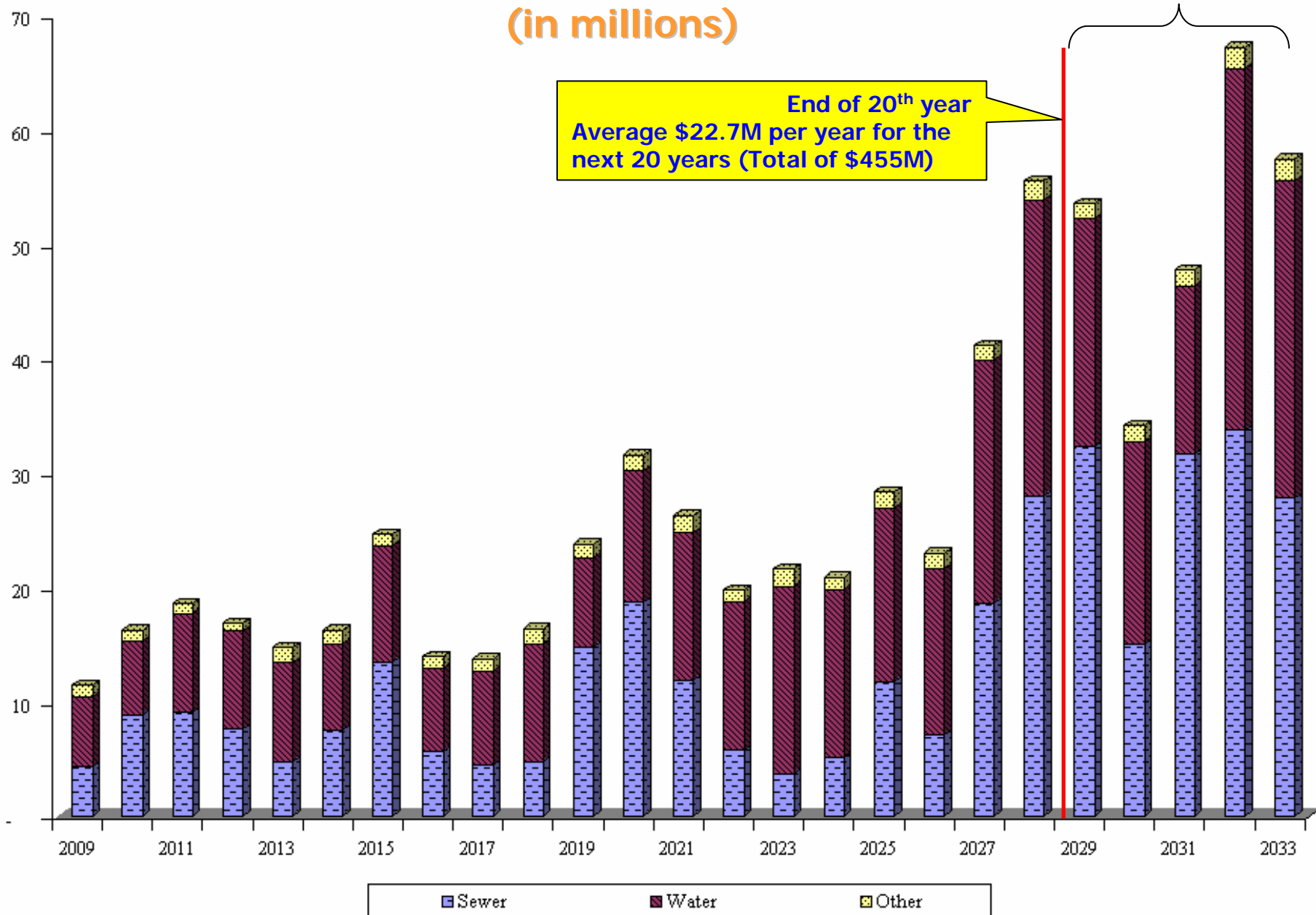
Water & Wastewater Reserve Study and Infrastructure Surcharge

- In 2007, Staff established the Water & Wastewater Reserve Study with the purpose to address the ongoing replacements and rehabilitation requirements for Waterworks Infrastructure and other Waterworks related capital assets over their useful lives (i.e. Fleet, Facilities, ITS infrastructure)
- On November 27, 2007, Council approved the infrastructure surcharge of \$0.4137/ m³ to be phased-in over 10 years with an increase of \$0.0827/m³ (20% of the total increase) in 2008, and an increase of \$0.0621/m³ (15% of total increase) in 2009. The remaining 65% increase of \$0.2689/m³ will be spread evenly over the following 8 years, which is equivalent to an increase of \$0.0336/m³ per year from 2010 to 2017 inclusive
- With the approved Infrastructure Surcharge, the Water & Wastewater Reserve will accumulate sufficient funds over the next 20 years (2009 to 2028) to fund capital and operating costs for the next 5 years from 2029 to 2033
- The 2009 cumulative infrastructure surcharge will be \$0.1448/m³
- The Reserve Study is updated on an annual basis to account for new assets as well as adjustments to existing assets

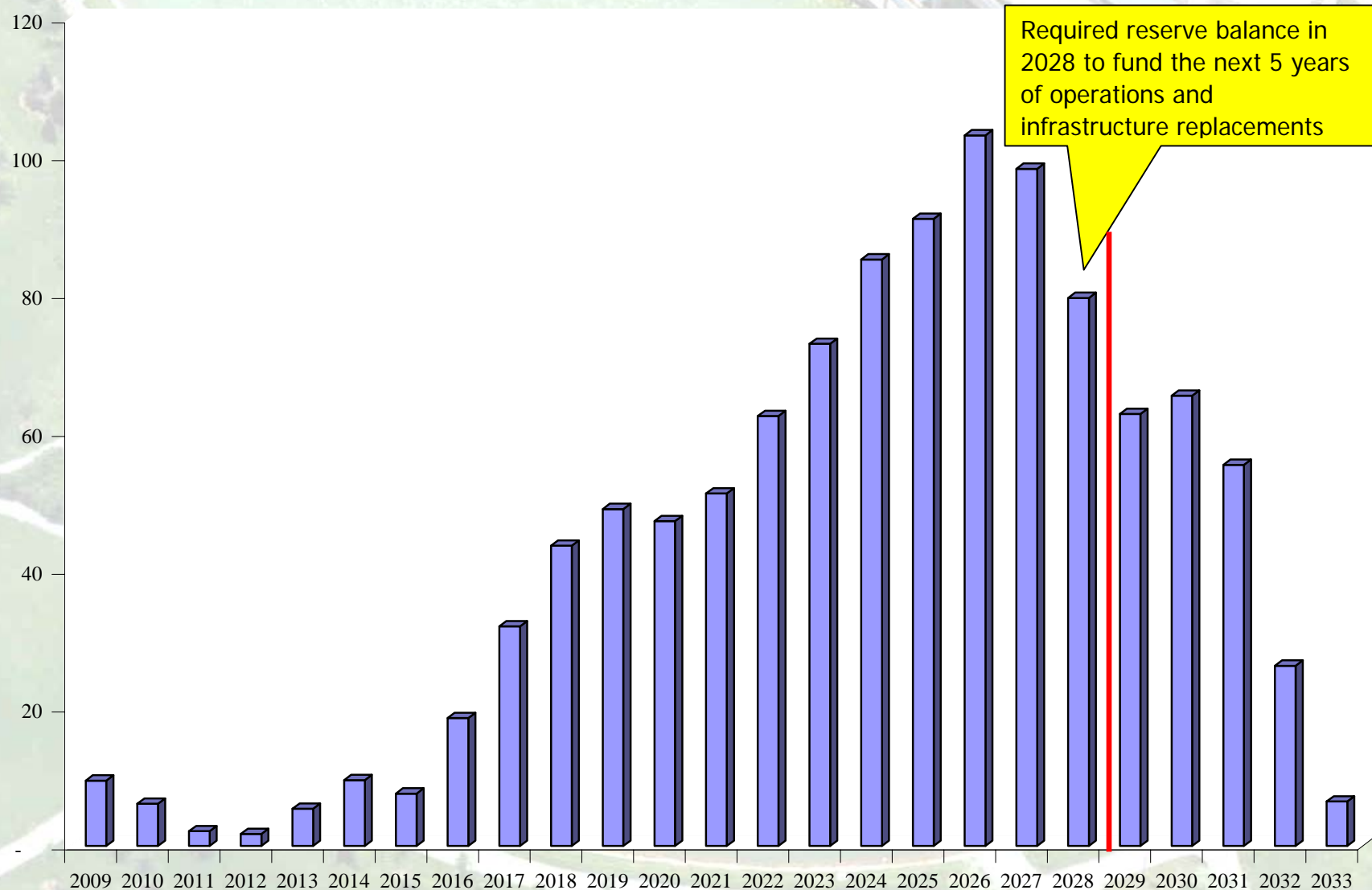
Total Replacement/Rehabilitation Costs from 2009-2033 (in millions)

After 2028, average \$52M per year for the next 5 years (Total \$260M)

End of 20th year
Average \$22.7M per year for the next 20 years (Total of \$455M)



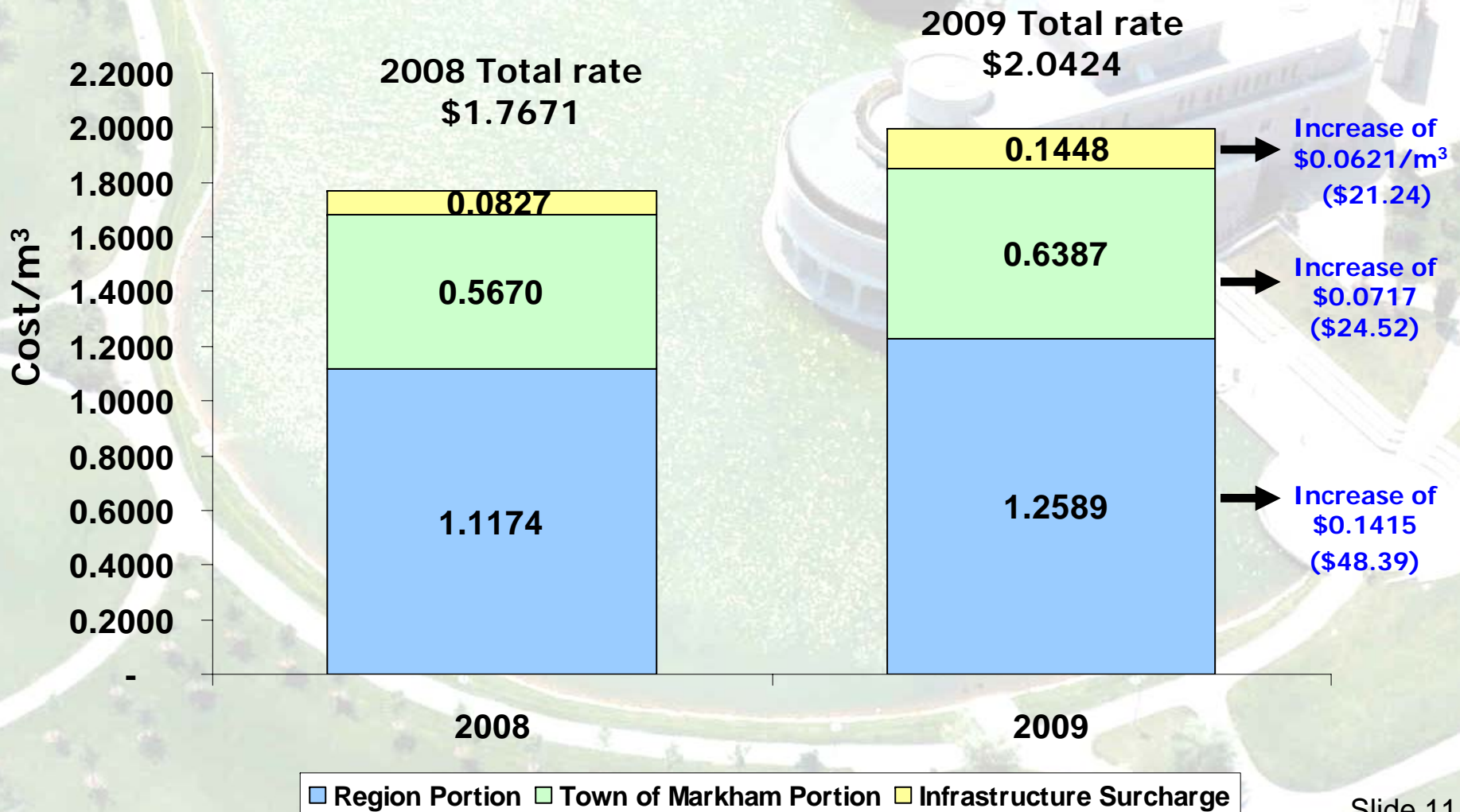
Projected Waterworks Reserve Balance (as per the 2008 Waterworks Reserve Study) (in millions)



- The Reserve Study assumes Region's rate increase of 3.2%/year (Region's 10 year average increase – 3.0%)

Comparative 2008 & 2009 Markham Water/Wastewater Rates (\$/m³)

Total Increase of \$0.2753/m³ or \$94.15 increase



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

Total Rate increase of \$0.2753 in 2009

(Region's rate increase of \$0.1415, Markham's increase \$0.0717 and Markham's Infrastructure Surcharge of \$0.0621)

Average household annual consumption is 342m³



Total Increase of \$94.15 in 2009

(Region's increase \$48.39, Markham's increase \$24.52, Markham's Infrastructure Surcharge \$21.24)

Impact on top 10 ICI customers ranges from \$33K to \$74K

(Region's increase \$17K to \$38K, Markham's increase \$9K to \$19K, Infrastructure Surcharge \$7K to \$17K)

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

Options to Mitigate Water Rate Increase

- Savings can be achieved through fixture upgrades such as:
(based on 3 person/household, water rate at \$2.0424/m³)

Fixture	Annual Savings through Fixtures Upgrade		
	<i>High to Low Flush</i>	<i>High to Medium Flush</i>	<i>Medium to Low Flush</i>
Toilet (based on 3 Flush/Person/day)	\$93.93	\$46.97	\$46.96

Fixture	Annual Savings through Fixtures Upgrade
	<i>High to Low Flow</i>
Shower Head (based on shower time 5 min/Person/Day)	\$156.55

- Further savings can be achieved by using water efficient washing machines, faucet fixtures, dishwashers and changing landscape to low water demand



Next Steps

- Report to be tabled at the November 24, 2008 General Committee
- Report to incorporate feedback from the Public Meeting
- Report to recommend the Water/Wastewater rate be increased by 12.66% in matching to the Region's increase, equivalent to \$0.1415/m³, Markham's increase of \$0.0717/m³ and Markham's Infrastructure Surcharge of \$0.0621/m³
 - (Total increase of \$0.2753/m³)



Town of Markham

2009 Proposed Water/Wastewater Rates

Public Meeting
November 18, 2008