



Report to: General Committee – Finance & Administrative Date of Meeting: 2011-11-21

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**SUBJECT:** 2012 Water/Wastewater Rate Increase  
**PREPARED BY:** Andrea Tang, Manager, Financial Planning

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**RECOMMENDATION:**

That the report dated November 21, 2011 entitled “2012 Water/Wastewater Rate Increase” be received;

AND THAT the minutes from the public meeting held on October 25, 2011 with respect to the 2012 Water/Wastewater Rate Increase be received;

AND THAT the 2012 Town of Markham’s (“Town”) Water/Wastewater rate increase be equivalent to the Region of York’s (“Region”) monetary increase of \$0.1487 per cubic metre (m<sup>3</sup>) based on Region’s approved increase of 10%;

AND THAT in addition to the Region’s increase, the 2012 Water/Wastewater rate increase includes a surcharge of \$0.0626/m<sup>3</sup>;

AND THAT effective April 1, 2012, the 2012 Water/Wastewater rate will be \$2.6277/m<sup>3</sup>, an increase of \$0.2113/m<sup>3</sup>;

AND THAT Staff be authorized and directed to do things necessary to give effect to this resolution.

**PURPOSE:**

The purpose of the report is to obtain approval to increase the Town’s Water/Wastewater rate by \$0.2113/m<sup>3</sup> from \$2.4164/m<sup>3</sup> to \$2.6277/m<sup>3</sup>.

**BACKGROUND:**

At the October 3, 2011 General Committee, Staff brought forward a report entitled “2012 Water/Wastewater Rate Increase” proposing a water & wastewater rate increase of \$0.2113/m<sup>3</sup>, from \$2.4164/m<sup>3</sup> to \$2.6277/m<sup>3</sup>. In addition, Staff obtained approval to hold a public meeting on October 25, 2011.

At the October 25, 2011 public meeting, questions were raised regarding the water & wastewater rate increases over the years. Staff explained that Markham purchases its water from the Region of York and the Region purchases water from the City of Toronto and the Region of Peel. The cost of purchasing water has increased due to aging infrastructure and the Region has approved increases of 10% per year for the years from 2012 to 2015.

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**OPTIONS/DISCUSSIONS:****Region's Increase**

The Region provides water supply and wastewater treatment to the nine municipalities within the Region. The Region approved a blended rate increase of 10% in the 2012.

The Region's increase will support the following ongoing infrastructure requirements including:

- Rehabilitation and replacement of aging infrastructure
- Rehabilitation and replacement of assets built in the future
- Funding the non-growth component of new infrastructures (i.e. upgrades)
- Any portion of growth-related infrastructure not eligible to be recovered from development charges
- Increased Regulation/Legislation
- Costs associated with operating water and wastewater services
- Market trend changes

As per the Town's policy, the Town will match the Region's monetary increase of \$0.1487/m<sup>3</sup> based on Region's approved increase of 10%.

**Water/Wastewater Infrastructure Surcharge**

In addition to the Region's approved increase, the 2012 rate will include a surcharge of \$0.0626 that comprises of the following:

- The fifth year of the approved 10 year phase-in of the Water/Wastewater Infrastructure Surcharge to address the ongoing replacement & rehabilitation requirements for Waterworks infrastructure;
- Cost increases due to inflation;
- Population growth adjustment

**FINANCIAL CONSIDERATIONS:**

The 2012 Water/Wastewater rate will be increased by \$0.2113/m<sup>3</sup> from \$2.4164/m<sup>3</sup> to \$2.6277/m<sup>3</sup>. The breakdown of the 2012 rate is outlined below:

**TABLE A – Water/Wastewater Rate**

		<i>per cubic metre</i>			
		<b>2011 Rate (\$)</b>	<b>2012 Rate (\$)</b>	<b>\$ change</b>	<b>% change</b>
<b>Region of York</b>					
	Water	0.6973	0.7512	0.0539	7.7%
	Wastewater	0.7900	0.8848	0.0948	12.0%
<b>Wholesale Rate</b>		<b>1.4873</b>	<b>1.6360</b>	<b>0.1487</b>	<b>10.0%</b>
<b>Town of Markham</b>					
	Water	1.1382	1.1921	0.0539	4.7%
	Wastewater	0.9160	1.0108	0.0948	10.3%
<b>Retail Rate</b>		<b>2.0542</b>	<b>2.2029</b>	<b>0.1487</b>	<b>7.2%</b>
<b>Surcharge</b>		<b>0.3622</b>	<b>0.4248</b>	<b>0.0626</b>	<b>17.3%</b>
<b>Total Town of Markham</b>		<b>2.4164</b>	<b>2.6277</b>	<b>0.2113</b>	<b>8.7%</b>

**Impact to Residents & ICI Customers**

Based on an average household water consumption of 288m<sup>3</sup> per year, there will be an increase of approximately \$60.85 to an average household bill.

The impact to the top 10 ICI customers, including a health care provider, manufacturers, and hospitality providers, will range from \$11K to \$32K per year (Region's increase \$7K to \$19K and the Town's increase \$4K to \$13K).

**RECOMMENDED BY:**

11/11/2011

11/11/2011

X 

Joel Lustig  
Treasurer

X 

Nasir Kenea  
Acting Commissioner of Corporate Services

**Attachment:**

[Appendix A – Public Information Meeting Minutes October 25, 2011](#)