



Report to: General Committee – Finance & Administrative Date of Meeting: 2011-10-03

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

RECOMMENDATION:

That the report dated October 3, 2011 entitled “Proposed 2012 Water/Wastewater Rate Increase” be received;

AND THAT staff be authorized to hold a public meeting on October 25, 2011 at 6:30p.m. on the proposed 2012 Water/Wastewater rate increase;

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 (m³) 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/m³;

AND THAT effective April 1, 2012, the 2012 Water/Wastewater rate will be \$2.6277/m³, an increase of \$0.2113/m³;

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:

1. Hold a public meeting on October 25, 2011 at 6:30p.m. to discuss the 2012 proposed Water/Wastewater rate increase;
2. Increase the Town of Markham’s Water/Wastewater rate by \$0.2113/m³ from \$2.4164/m³ to \$2.6277/m³.

BACKGROUND:

Markham owns and operates the water distribution and wastewater collection systems and purchases water supply and wastewater treatment from the Region, which in turn purchases water from City of Toronto and Region of Peel. The Region current wholesale rate is \$1.4873/m³ and Markham’s current retail rate is \$2.4164/m³. Revenues are used to fund regional purchases (i.e. water and wastewater costs) and Waterworks costs (i.e. operating and capital).

As in previous years, a public meeting will be held before passing a by-law imposing a Water/Wastewater fee or charge. The public meeting will be held on October 25, 2011 at 6:30p.m. to discuss the 2012 proposed Water/Wastewater rate increase. Similar to previous years, following approval of this report, staff will advertise notice of the public meeting via the “Town Page” in local newspapers, the Town’s Portal and the Town’s Official Facebook Page.

OPTIONS/DISCUSSIONS:

Region’s Increase

The Region provides water supply and wastewater treatment to the nine municipalities within the Region. The Region report dated May 5, 2011 identified a combined rate increase of 10% in the 2012 water (7.7%) and wastewater rates (12%).

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

- Rehabilitation and replacement of existing assets
- 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
- Costs associated with operating water and wastewater services

As per the Town’s policy, the Town will match the Region’s monetary increase of \$0.1487/m³ 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 Council approved 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 proposed Water/Wastewater rate will be increased by \$0.2113/m³ from \$2.4164/m³ to \$2.6277/m³. The breakdown of the proposed 2012 rate is outlined below:

TABLE A – Water/Wastewater Rate

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

Impact to Residents & ICI Customers

Based on an average household water consumption of 288m³ 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:
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Joel Lustig
Acting Commissioner of Corporate Services

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Andy Taylor
Chief Administrative Officer