



# Town of Markham

## 2009 Proposed Water/Wastewater Rates

General Committee  
November 17, 2008

An aerial photograph of a modern architectural complex. The central feature is a large, circular building with a prominent, multi-tiered circular roof. To its right is a long, rectangular building with a flat roof. The foreground is dominated by a large, well-manicured green lawn. In the background, there are more buildings and a parking lot. The overall scene is bright and clear.

# Agenda

- Overview
- 2009 Water/Wastewater Rate Increase – Options
- Staff Recommendation
- November 18<sup>th</sup> Public Meeting Presentation





## Overview

- Staff brought forward the report entitled “2009 Proposed Water/Wastewater Rate Increase” to the November 3<sup>rd</sup> General Committee
- The report outlined the 2009 proposed rate of \$2.0424/m<sup>3</sup> which includes:
  - matching to the Region’s estimated increase of 12.66%, resulting in an increase to the Town’s Water/Wastewater rate of \$0.2132/m<sup>3</sup> to \$1.8976/m<sup>3</sup>
  - the second year phase-in of the Water/Wastewater Infrastructure Surcharge; an increase of \$0.0621/m<sup>3</sup> to \$0.1448/m<sup>3</sup>
- Resolution from the General Committee is to bring back rate increase options for consideration to the November 17<sup>th</sup> General Committee before the public meeting on November 18<sup>th</sup>



# 2009 Proposed Water/Wastewater Rate Increase Options

1. Matching to the Region's increase of 12.66% (as presented at the November 3<sup>rd</sup> General Committee)
2. Town's rate to increase by \$0.1415 equivalent to the Region's increase of \$0.1415



# 2009 Proposed Water/Wastewater Rate Increase

## Option 1: Matching to the Region's increase of 12.66%

Region's Increase to be implemented Apr. 1, 2009

12.66% = \$0.1415

Town's Increase to be implemented Jan. 1, 2009

12.66% = \$0.2132

	2008	2009
Region	1.1174	1.2589
Town's	1.6844	1.8976
Infrastructure Surcharge	0.0827	0.1448
Total Town's Rate	1.7671	2.0424
2009 Average Increase to homeowner		\$94.15
<u>Water Reserve (in 000s)</u>		
Projected 2009 Ending Balance		11,246
2009 Target Ending Balance *		10,150
Variance - 2009 Ending Balance		1,096

\* - as per the 2008 Reserve Study Update

# 2009 Proposed Water/Wastewater Rate Increase

## Option 2: Town's rate to increase by \$0.1415 equivalent to the Region's increase of \$0.1415

	2008	Implement Jan. 2009	Implement Jan. 2009	Implement Apr. 2009	Implement Apr. 2009
Region	1.1174	1.2589	1.2589	1.2589	1.2589
Town's	1.6844	\$1.8259	\$1.8259	\$1.8259	\$1.8259
Infrastructure Surcharge	0.0827	0.1448	0.1783	0.1448	0.2086
Total Town's Rate	1.7671	1.9707	2.0042	1.9707	2.0345
2009 Average Increase to homeowner		\$69.63	\$81.09	\$52.22	\$68.59
<u>Water Reserve (in 000s)</u>					
Projected 2009 Ending Balance		9,190	10,150	8,321	10,150
2009 Target Ending Balance *		10,150	10,150	10,150	10,150
Variance - 2009 Ending Balance		-960	0	-1,829	0

\* - as per the 2008 Reserve Study Update

**Additional infrastructure surcharge is required in 2009 in order to attain the 2009 Target Reserve Ending Balance of \$10.1M (as per the 2008 Reserve Study Update):**

- Town's Rate Increase effective January 1, 2009 – additional \$0.0335 to \$0.1783
- Town's Rate Increase effective April 1, 2009 – additional \$0.0638 to \$0.2086



## Recommendation

- Recommend an increase of 12.66% from \$1.7671 to \$2.0424 with the assumption of the Region's increase at 12.66%
- The increase of \$0.2753 includes the Region's increase of \$0.2132 and the Infrastructure Surcharge of \$0.0621 (2<sup>nd</sup> year of the 10 year phase-in)
- Based on an average household water consumption of 342m<sup>3</sup> per year, there will be an increase of \$94.15 to an average household bill
- Impact on the top 10 ICI customers ranges from \$33K to \$74K
- Regional Council has yet to approve the 2009 rate increase. If Regional Council approves a rate different from the 12.66%, Staff will report back to General Committee on the corresponding impact
- Any deviation to the Region's rate will be reflected in the 2010 rate increase



# Town of Markham

## 2009 Proposed Water/Wastewater Rates

Public Meeting  
November 18, 2008





# Public Meeting Agenda

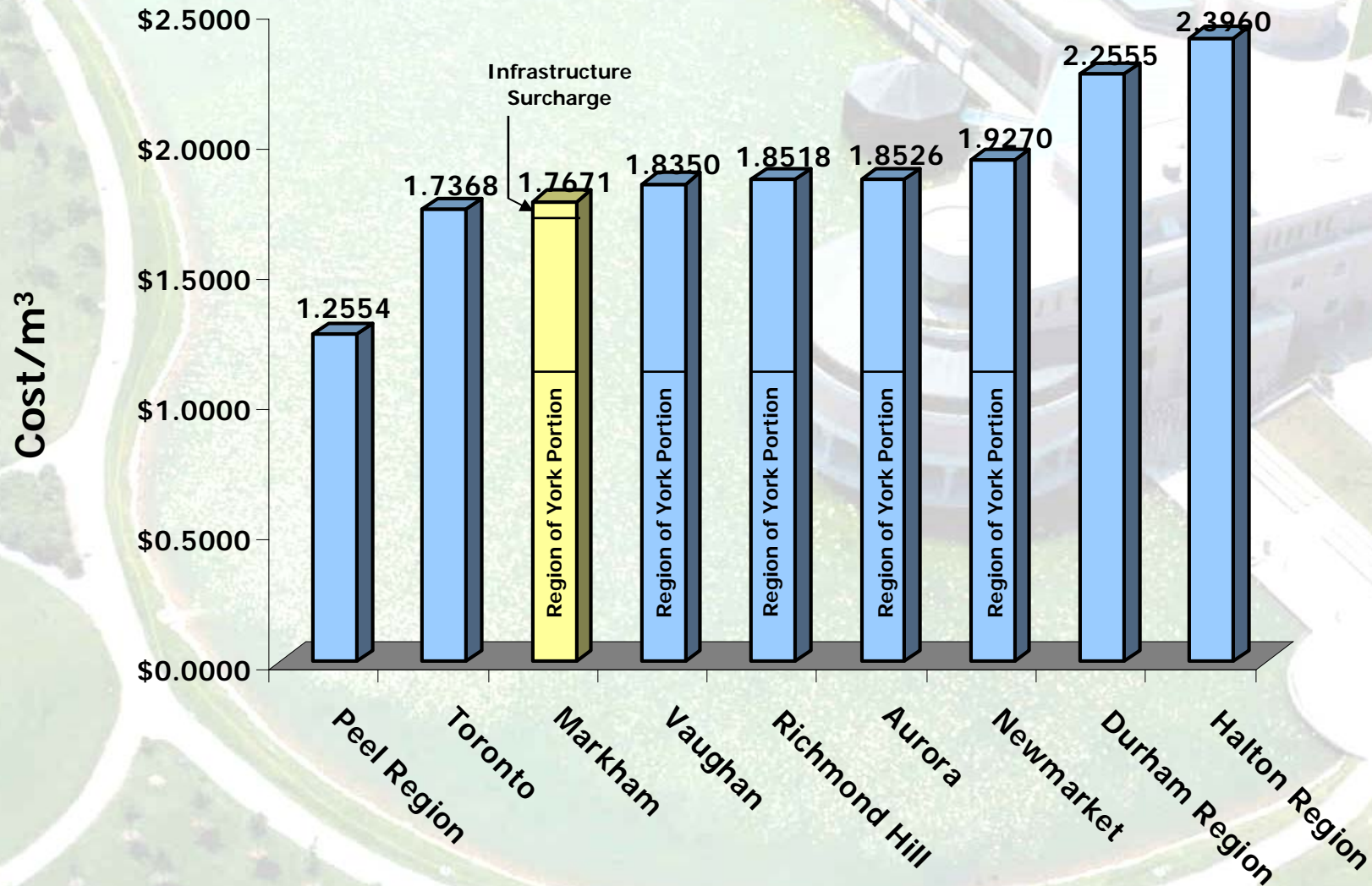
- Presentation by Joel Lustig, Director of Financial & Client Services
  - Region of York 2009 Proposed Water/Wastewater Rates
  - Water/Wastewater Infrastructure Surcharge
- Questions from Public
- Questions from Council

# 2008 Combined Water/Wastewater Rates

- Markham's current Retail Rate - \$1.7671/m<sup>3</sup>
  - Including infrastructure surcharge of \$ 0.0827/m<sup>3</sup>
- Region of York's Wholesale Rate - \$1.1174/m<sup>3</sup>
- The Region of York's charge is 63.23% of Markham's retail rate. This leaves 36.77% (or \$0.6497) per m<sup>3</sup> to fund Markham's capital and operating costs.



# Comparative 2008 Water/Wastewater Rates (\$/m<sup>3</sup>)



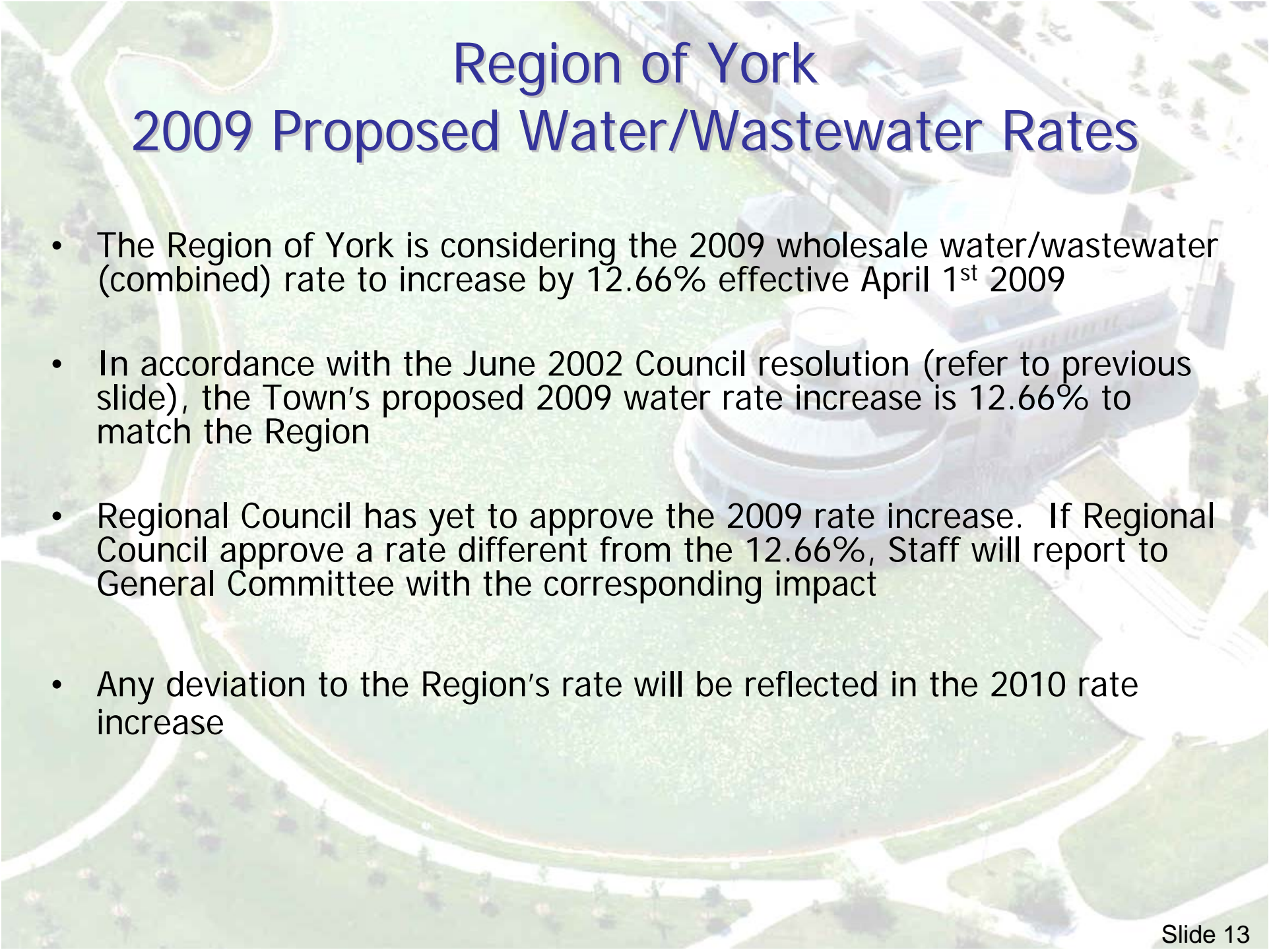
- Toronto has various rates, based on consumption. The rate shown here represents an average based upon projected consumption for a residential home.
- Durham Region includes a service charge of \$14.27/month. Halton Region includes a service charge of \$19.61/month
- York Region's wholesale rate is \$1.1174/m<sup>3</sup>



# 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 1<sup>st</sup> 2009
- In accordance with the June 2002 Council resolution (refer to previous slide), 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
- Cost increases on materials & services such as: water quality sampling & testing, wastewater hydraulic model maintenance, water sewer system repairs, water meter installation & replacement



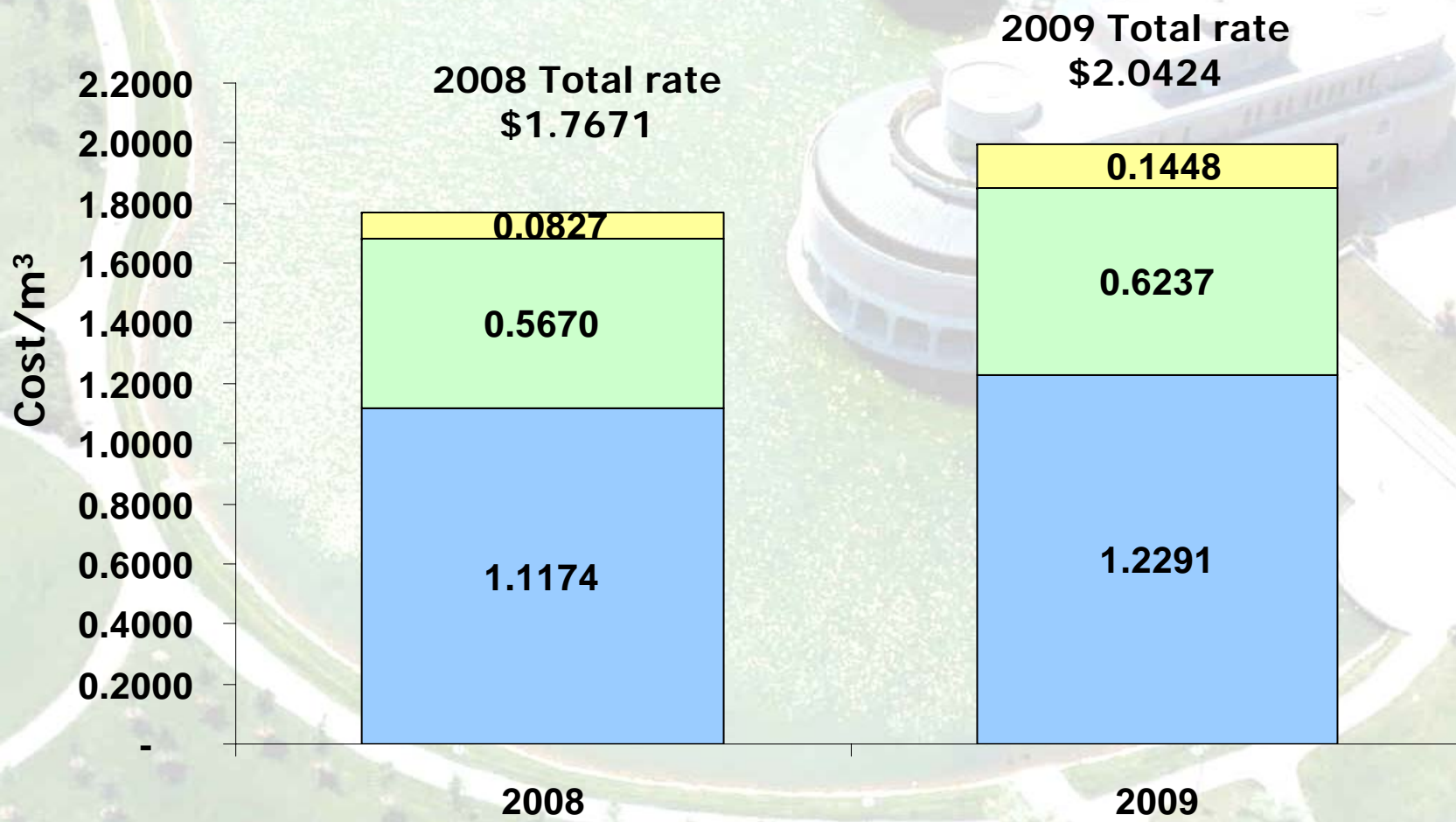


## Infrastructure Surcharge

- In addition to the Region's estimated increase, Council approved a Water/Wastewater infrastructure surcharge on November 27, 2007 to address the ongoing replacement & rehabilitation requirements for Waterworks infrastructure.
- The approved infrastructure surcharge of \$0.4137/ m<sup>3</sup> is to be phased-in over 10 years with an increase of \$0.0827/m<sup>3</sup> (20% of the total increase) in 2008, and an increase of \$0.0621/m<sup>3</sup> (15% of total increase) in 2009. The remaining 65% increase of \$0.2689/m<sup>3</sup> will be spread evenly over the following 8 years, which is equivalent to an increase of \$0.0336/m<sup>3</sup> per year from 2010 to 2017 inclusive.
- Effective January 1, 2009 the infrastructure surcharge will be \$0.1448/m<sup>3</sup>

# Comparative 2008 & 2009 Markham Water/Wastewater Rates (\$/m<sup>3</sup>)

**Total Increase of \$0.2753/m<sup>3</sup>**



■ Region Portion ■ Town of Markham Portion ■ Infrastructure Surcharge



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

Total Rate increase of \$0.2753 in 2009  
(includes Region's rate increase of \$0.2132 and Infrastructure Surcharge of \$0.0621)

**Average household annual consumption is 342m<sup>3</sup>**



**Total Increase of \$94.15 in 2009**  
(Region's increase \$72.91, proposed Infrastructure Surcharge \$21.24)

**Impact on top 10 ICI customers ranges from \$33K to \$74K**  
(Region's increase \$26K to \$57K, proposed Infrastructure Surcharge \$7K to \$17K)  
(Top 10 List includes manufacturers, a health care provider, and hospitality providers)



## 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 \$0.2132/m<sup>3</sup>, and an Infrastructure Surcharge of \$0.0621/m<sup>3</sup>
  - (Total increase of \$0.2753/m<sup>3</sup>)





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Public Meeting  
November 18, 2008