

## Town of Markham

# 2010 Proposed Water/Wastewater Rates

General Committee  
October 19, 2009

# Agenda

- Background
- 2009 Water/Wastewater Rates
- Comparative Water/Wastewater Rates (\$/m<sup>3</sup>)
- 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 (\$/m<sup>3</sup>)
- 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 3<sup>rd</sup> and 4<sup>th</sup> 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/m<sup>3</sup> 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

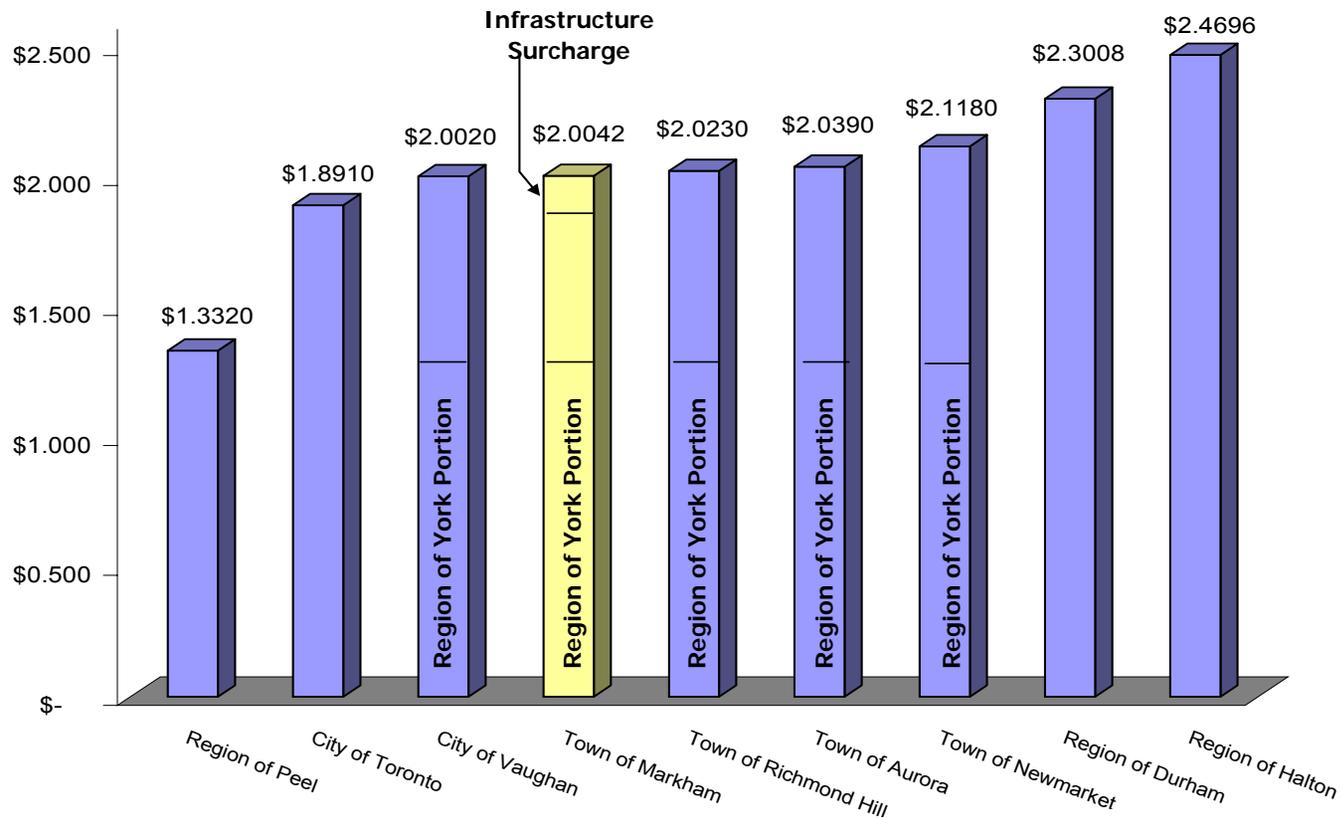
## 2009 Water/Wastewater Rates

- Markham's current retail rate:

	<u>\$/m<sup>3</sup></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/m<sup>3</sup>
- Region of York purchases water from the City of Toronto and the Region of Peel

# Comparative 2009 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 \$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/m<sup>3</sup>.

## 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 18<sup>th</sup>, 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

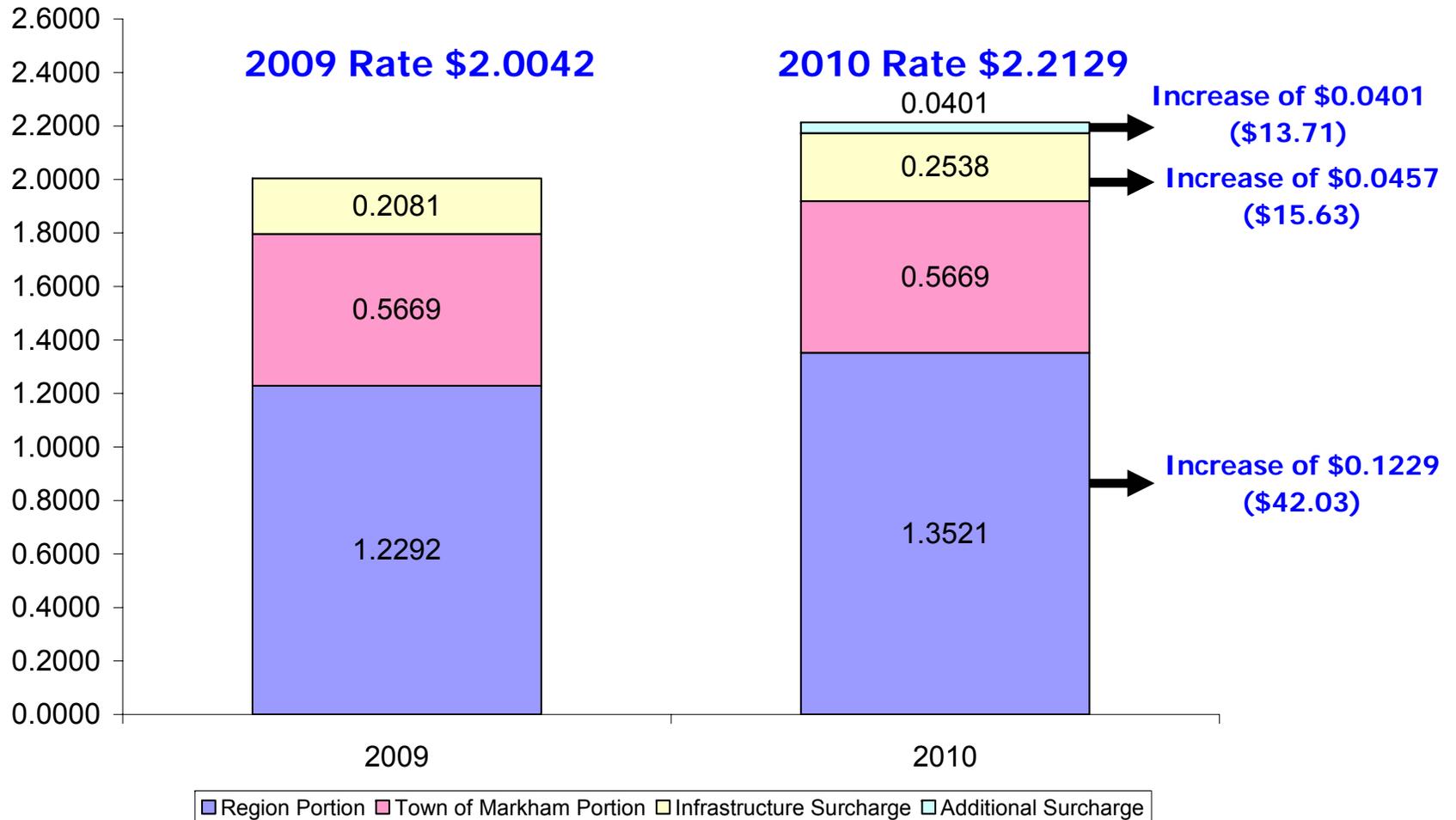
## Proposed 2010 Water/Wastewater Rates

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

	\$/m <sup>3</sup>
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 (\$/m<sup>3</sup>)

**Impact to Residents - Total Increase of \$0.2087/m<sup>3</sup> or \$71.38 increase**  
 (based on average household consumption of 342m<sup>3</sup> 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)

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

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 27<sup>th</sup>, 2009
- And that feedback from the Public Meeting be brought forward to the General Committee on November 9, 2009