



Report to: General Committee

Date Report Authored: March 6, 2012

SUBJECT: Amendment of Waterworks Fees
PREPARED BY: Noris Dela Cruz, Ext. 4800

RECOMMENDATION:

- 1) That the report titled “Amendment of Waterworks Fees” be received;
- 2) And that the proposed fees outlined in Attachment ‘A’ for services provided by the Waterworks Division be approved effective June 1, 2012;
- 3) And that By-Law No. 2002-276 be amended to update the user fees set under ‘Community Services – Water’ section of Schedule A, with fees outlined in Attachment ‘A’;
- 4) And that the Director of the department be authorized to set future increases annually based on the change in the Consumer Price Index (Toronto All Items September – September) with such increases effective January 1 and rounded to the nearest half dollar; and
- 5) And that Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

Not applicable.

PURPOSE:

The purpose of this report is to obtain approval to amend waterworks user fees with fees outlined in Attachment ‘A’ effective June 1, 2012.

BACKGROUND:

Waterworks user fees were last amended in October 1, 2010. A review of the fees was initiated in Q4 2011 and Staff considers it necessary to amend the fees based on updated cost of delivering service. Staff reviews these fees periodically and recommends necessary fees and adjustment to ensure equitable and fair recovery of service cost.

OPTIONS/ DISCUSSION:

Rationale

The Town of Markham engages and promotes full cost accounting and recovery of its Waterworks services:

- It funds Waterworks lifecycle costing and regional water and wastewater charges through the water/wastewater sales revenue.
- It recovers the cost of providing user specific products and services identified in Attachment ‘A’ through fees assessment. The user fees contribute to maintaining fiscal balance by recovering the cost of providing ad hoc products and services that would otherwise be funded by the water/wastewater sales revenue.

This process has allowed Waterworks to maintain fiscal balance. Waterworks also endeavors to improve its funding mechanism by constantly seeking and adopting industry best practices in setting out rates and fees, and aligns its programs and actions with those of the Greenprint priorities (i.e. water efficiency, conservation, etc.)

New Fees & Amended Fees

New Fees

The following services are recommended for fees assessment:

1. Discharge Request Fee – Fee of \$1,165.00 per discharge request to recover the cost of Waterworks engineering review and approval. This process is in keeping with our Sewer User By-Law, ensure sufficient system capacity and prevent sewer backup.
2. Drinking Waterworks Permit Approval Fee – Fee of \$900 to recover the cost of Waterworks engineering review and approval processing per permit payable upon application. This process entails permit for adding, modifying, replacing or extending an existing watermain system and is in keeping with the provisions of the Safe Drinking Water Act.

Amended Fees

3. Sampling Sanitary Sewage Effluent – Fee of \$300 instead of “Cost-plus” to recover cost of wastewater sampling and testing for compliance with Markham’s Sewer Use By-Law. Staff has reviewed current processes and determined the average cost to providing this service is \$300, which have been consistent with the previously charged “cost-plus” fees.

Customer Satisfaction

As pointed out in a previous report to General Committee, staff has continued to monitor customer satisfaction for water On/Off services. Since January 2010, the overall customer satisfaction remained “Very Satisfied”. The survey had a 27% response ratio.

CPI Annual Adjustment

Authority to increase fees within the By-Law 2002-276 based on the annual change in the Consumer Price Index (CPI) was approved by Council previously for Legislative Services, Finance, Waste, Fire, Recreation and Culture departments. To maintain consistency, Waterworks fees will be adjusted annually based on CPI on a go forward basis.

FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)

The additional cost recovery in the approximate amount of \$66K will be added to the 2012 Operating surplus and the 2013 Waterworks Revenues Budget will be increased accordingly. Future fee amendments will be incorporated as part of the annual budget process.

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

- Municipal Services – assures adequate funding of mandated Waterworks services.

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- Growth Management – allows sustainable funding of increasing service needs and infrastructure lifecycle replacement.
 - Environment – supports Greenprint sustainability plan by sustaining programs that support environmental health, water efficiency and net zero water by 2050.

BUSINESS UNITS CONSULTED AND AFFECTED:

- Financial Services – for fees review, revenue collection and financial reporting.

RECOMMENDED BY:

22/03/2012

3/21/2012

X 

Peter Loukes
Director, Environmental Services

X 

Brenda Librecz
Commissioner, Community and Fire Services

ATTACHMENTS:

Attachment 'A' – Waterworks Service Fees