



MEETING DATE: December 3, 2024

TO: Mayor and Members of Council
FROM: Kathryn Langendyk, Director of Finance/Treasurer
Jeff Little, Director of Public Works,
REPORT NO.: FIN-14-2024
SUBJECT: Water & Wastewater Rate Proposal

RECOMMENDATION:

THAT Report No. FIN-14-2024 be received;

AND THAT Council adopt the projected five year (2025 through 2030) water and wastewater rates as outlined in the Water and Wastewater Rate Study completed by Watson & Associates Economists Ltd. and presented on November 19, 2024;

AND THAT Council approve the 2025-2034 Water Financial Plan as prepared and presented by Watson & Associates Economists Ltd. on November 19, 2024, for the renewal of the Municipal Drinking Water License in accordance with subsection 3(1) 1 of O.Reg. 453/07.

PURPOSE:

The purpose of this report is to request Council's adoption of the 2025 through 2030 water and wastewater rates for Lucan Biddulph and to obtain Council's approval of the water financial plan prepared by Watson & Associates Economists Ltd. in 2024.

BACKGROUND:

Under Ontario Regulation 453/07, all municipalities are required to prepare a minimum six (6) year Water Financial Plan for all municipal drinking water systems. Council must endorse the plan.

In 2024, Watson & Associates Economists Ltd. was engaged to undertake a Water and Wastewater rate study as well as a Long Range Financial Plan for water. The report was presented to Council on November 19, 2024. There were a number of recommendations for consideration in this report.

The Township's existing rate structure includes a flat fee, a capital fee, and a usage charge for both water and wastewater customers. The flat fee for multi-unit dwellings varies based on the number of units.

The motivation to complete a water and wastewater rate study was to ensure funding of the system was fair yet adequate, to gauge best practices, and to see a comparison to our neighbouring municipalities' rates and rate structure.

DISCUSSION:

This report is intended to supplement the Watson and Associates Economists Ltd's presentation to Council, at its November 19th meeting, regarding the 2024 Water and Wastewater Rate Study and Water Financial Plan.

The goal of this study was to determine the fairness of the system. The system was and still is largely a residential system but in recent years, larger users and users that are more reliant on the system have connected. Through the study, the fairness to residential customers vs. these larger users was addressed through a recommendation of using rates based on meter size. This is in line with Ontario best practices. Staff agrees with this recommendation.

The rate study proposed a monthly base charge that would include a capital component (rather than showing them separate), simplifying the set fees. Staff agrees with this recommendation.

The ratio between the base charge and consumption charge was also identified. The Township has a base charge ratio that is higher than industry standard. The recommendation was, that over the ten year planning horizon, the ratio would be adjusted by keeping the water base charge constant and increasing the consumption charge. Staff agrees with this recommendation.

The proposed rate changes are:

- Water – 6% annual consumption charge increase, 0% base charge increase.
- Wastewater – 5% increase for 2025 and 2026, 4% in 2027, and 2% each year after. This would apply to both the consumption rate and the base charge.

Township of Lucan Biddulph					
Water Billing Rates					
	2025	2026	2027	2028	2029
Monthly Base Charges					
5/8" or 3/4" Meter Size	\$ 30.52	\$ 30.52	\$ 30.52	\$ 30.52	\$ 30.52
1" Meter Size	\$ 76.30	\$ 76.30	\$ 76.30	\$ 76.30	\$ 76.30
2" Meter Size	\$ 244.16	\$ 244.16	\$ 244.16	\$ 244.16	\$ 244.16
3" Meter Size	\$ 488.32	\$ 488.32	\$ 488.32	\$ 488.32	\$ 488.32
Volume Charges (per cu.m.)					
Bulk Water	\$ 2.44	\$ 2.59	\$ 2.75	\$ 2.92	\$ 3.10
Residential, Rural, Commercial and Industrial	\$ 0.88	\$ 0.93	\$ 0.99	\$ 1.05	\$ 1.11

Township of Lucan Biddulph					
Wastewater Billing Rates					
	2025	2026	2027	2028	2029
Monthly Base Charges					
5/8" or 3/4" Meter Size	\$ 49.68	\$ 52.16	\$ 54.25	\$ 55.34	\$ 56.45
1" Meter Size	\$ 124.20	\$ 130.41	\$ 135.63	\$ 138.34	\$ 141.11
2" Meter Size	\$ 397.42	\$ 417.29	\$ 433.98	\$ 442.66	\$ 451.51
3" Meter Size	\$ 794.85	\$ 834.59	\$ 867.97	\$ 885.33	\$ 903.04
Volume Charges (per cu.m.)					
Residential, Rural, Commercial and Industrial	\$ 0.92	\$ 0.97	\$ 1.01	\$ 1.03	\$ 1.05

The rate study included two rate scenarios for wastewater, depending on the timing of the LWWTP expansion. The two scenarios are not materially different in terms of the rates. Therefore, staff would recommend that the rates provided in scenario 1 be used.

The average user (on the 5/8" or 3/4" meter size) will see a small decrease in 2025, whereas the users with the larger meter sizes will see an increase in 2025. The increases offset the decreases when looking at the base charge.

Staff would recommend that Council adopt the water and wastewater rates for a period of five (5) years (i.e. 2025 through 2029). In 2029, an updated rate study and water financial plan should be done to set rates for 2030 and subsequent years in the planning horizon. Each year, the rates will be reviewed during budget and included in the annual fees & charges by-law for approval.

The rate report also reviewed fees that are associated with water and wastewater. There was a comparison of surrounding municipalities done. Based on the report's recommendations we have introduced the following fees:

1. Water Meter Read Request (off-cycle), \$25.00 to cover administration costs.
2. Private Hydrant inspection/Testing, \$150.00. We have three private sites that have requested this service.

Note there was a recommendation to introduce an application fee for a water service account. Staff is not introducing this fee. The Township includes an administration cost in the water meter installation fee. This installation fee is high but when reviewed with other municipalities that have both fees listed out, the Township falls in line with our neighbours.

The information gathered in the water rate study was used to prepare the long range water financial plan. Staff recommends that Council adopt/approve the plan prepared by the consultant. Approval is required under O. Reg 453/07.

IMPACT TO BUDGET:

The two studies can be used to set the budgets for both systems.

STRATEGIC PLAN:

This item does not align with any specific action item in the strategic plan.

COMMUNITY SAFETY & WELLBEING PLAN (CSWB):

This topic is not specifically dealt with in the Community Safety & Wellbeing Plan.

ATTACHMENTS:

Lucan Biddulph 2024 W,WW Rate Study – Final Report

Lucan Biddulph 2024 Water Financial Plan

Respectfully submitted by:

Jeff Little

Jeff Little
Director of Public Works

Kathryn Langendyk

Kathryn Langendyk, CPA, CMA
Director of Finance/Treasurer