

### STAFF REPORT TREASURY DEPARTMENT

Prepared for Council: December 5<sup>th</sup>, 2013

Agenda Date: December 10<sup>th</sup>, 2013

#### SUBJECT:

#### Sydenham Water Works – Rates and Capital Replacement

#### ANALYSIS:

At the November 12<sup>th</sup> Committee of the Whole meeting, Council directed staff to draft a power point presentation, based on Scenario B, that would be used for a public meeting but which would allow Council an opportunity to review the information in advance.

Scenario B took volumetric costs, consisting largely of hydro costs, and shifted the consumption rate in applying 25% of the cost to residential and 75% to commercial/institutional. It incorporates moving the capital contribution to reserves closer to the yearly depreciation on the plant.

The presentation slides provide the history of the plant along with its funding and existing rate structure as well as the proposed changes to rates. It includes a comparison by year along with the breakdown within the rate of capital, operating and volumetric costs. It also provides the financial forecast for the years 2013 to 2018.

#### Next steps:

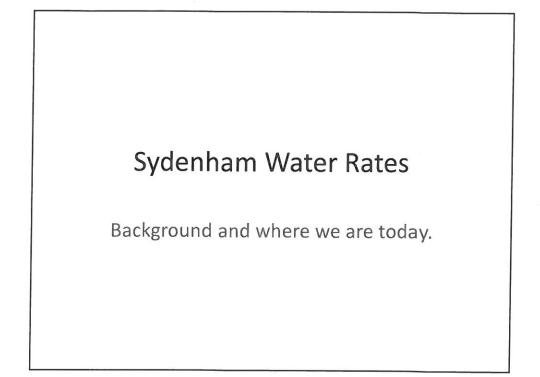
Staff is looking for direction on:

- 1. The scheduling of a public meeting
- 2. Timing of final approval of rates
- 3. Follow up communication to the public at least 60 days in advance of the affected billing to advise of the rate changes and effective dates.

#### **RECOMMENDATION:**

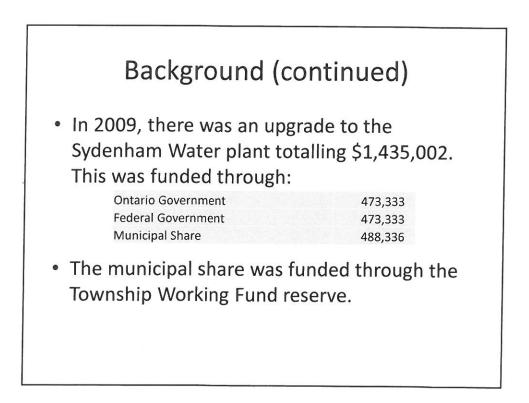
That council receive this report for information and provide direction.

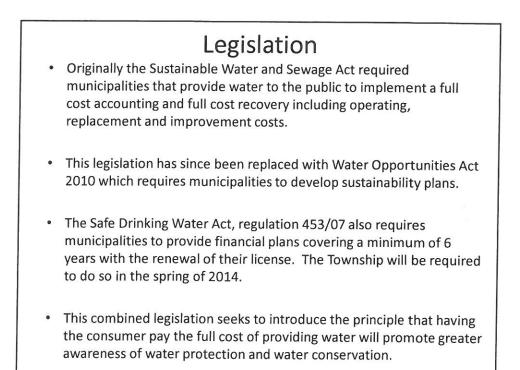
Submitted/approved by: Louise Fragnito, Treasurer Prepared by: Louise Fragnito, Treasurer

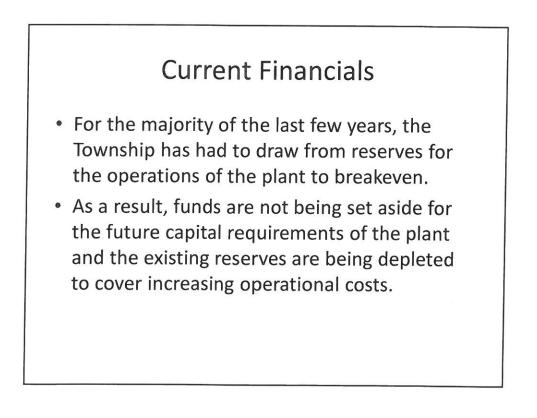


| Backgrou  | nd   |
|---|--|
| <ul> <li>In July 2006, the Sydenham<br/>put into operation.</li> </ul>  | water plant was  |
| <ul> <li>The cost of the original plan</li> </ul>   | t was \$7,763,593.   |
| This was funded through   | n:   |
| Ontario Government<br>Federal Government<br>Limestone School Board<br>Residents<br>Future Growth Liability<br>Municipal Share | 2,520,106<br>2,394,993<br>695,000<br>1,386,890<br>543,000<br>123,604 |

| At that time, monthly rates we                 | ,           |
|--|-------------|
| remain, as follows per dwelling<br>equivalent: |             |
| Base rate for non-exempt                       | \$<br>41.76 |
| Base rate for exempt (3 properties)            | 37.26       |
|  | 0.25        |

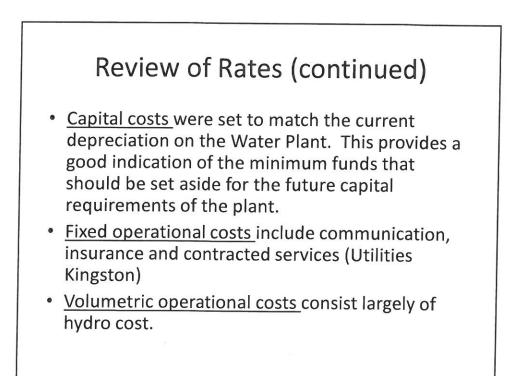






## **Review of Rates**

- Through several meetings with Council, rates scenarios were discussed to bring the plant to a sustainable level while being aware of affordability.
- The rates were reviewed under 3 components
  - Capital costs
  - Fixed operational costs
  - Volumetric operational costs



# Review of Rates (continued)

- Direction received from council spoke to:
  - Phasing increases over 3 years
  - Differentiating consumption rates between the classes of users
- There are two classes of users:
  - Residential including multi-residential units
  - Industrial, Commercial and Institutional

