

Meeting Date: November 20, 2023
Department: Engineering and Public Works
Report No.: EPW-2023-55
Submitted by: Jake Straus, Director of Engineering & Public Works
Approved by: Trisha McKibbin, Chief Administrative Officer
SUBJECT: **2024 Water and Wastewater Rates**

RECOMMENDATION:

THAT: Council receive Report EPW 2023-55 regarding the 2024 Water and Wastewater Rates, and further;

THAT: Council approve updates to fees and charges in schedules A through F for the 2024 Water and Wastewater rates effective February 1, 2024, and further;

THAT: Bylaw 74-23 be referred to the Consideration of By-laws for approval.

BACKGROUND:

In April 2019, Council awarded BMA Consultants the project of preparing a Long Range Financial Plan for the setting of the water and wastewater rates. The Long Range Financial Plan is required under the Safe Drinking Water Act, and must be updated every 5 years.

In November 2020, Council was presented with two options for the setting of Water and Wastewater rates. These options were to have a 10-year phase in plan or a 3-year phase in plan. Council directed staff to proceed with Option 2 for the setting of Water and Wastewater rates with a 3-year phase of the larger rate increase needs.

Currently, water and wastewater customers pay according to the existing two-part rate structure, Fixed Monthly Charge + Volumetric per cubic meter charge. This is the core methodology for the setting of rates proposed by the Canadian Water Wastewater Association.

The updated Long Range Financial Plan study establishes an understanding of the Municipality's current water and wastewater rates, asset values, reserves and annual operating budgets. Further it analyzes, current population, existing demands and asset values. The study also forecasts anticipated growth and requirements for water and wastewater in the future. Based on this analysis, the current and future financial position of the Municipality's water/wastewater system was determined and compared with the fiscal requirements of the *Act*.

COMMENTS:

The table below identifies the proposed rate adjustments following the 3-year phase in concept:

	Annual Rate Increase					
	2024	2025	2026	2027	2028	2029
Total Rate Requirement Annual Increase	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Based on these projections from the BMA Long Range Financial Plan and the Water/Wastewater Rates Study the proposed 2024 water and wastewater rates are below.

The Rates Study completed by BMA Consultants also recommended the complete phase out of the Block 2 rate. The proposed rates below include the rate increase to reduce the subsidization of a few Industries by the water and wastewater rate paying residents. Staff recommend that over the next three years this gap is continued to be reduced.

Schedule A

Strathroy/Mount Brydges Water proposed rate increase:

			2023 Rate (Up to 1.5" Residential)	2024 Rate (Up to 1.5" Residential)
Base Rate Increase	(0 – 11 m3/month)	2 % increase	\$34.13	\$34.81
Block #1	(12 – 3,000 m3/month)	2 % increase	\$2.00	\$2.04
Block #2	(>3,000 m3/month)	20 % increase	\$1.20	\$1.38

Schedule B

The Strathroy Water System currently includes services for portions of the Township of Adelaide Metcalfe. The rate paid by the Township of Adelaide Metcalfe users will be one and a half times the rate calculated in Schedule A.

Schedule C

Strathroy/Mount Brydges Wastewater proposed rate increase:

			2023 Rate (Up to 1.5" Residential)	2024 Rate (Up to 1.5" Residential)
Base Rate Increase	(0 – 11 m3/month)	2 % increase	\$42.65	\$43.51
Block #1	(12 – 3,000 m3/month)	2 % increase	\$2.57	\$2.62
Block #2	(>3,000 m3/month)	20 % increase	\$1.54	\$1.77

Schedule D

The Strathroy Wastewater System currently includes services for portions of the Township of Adelaide Metcalfe. The rate paid by the Township of Adelaide Metcalfe users will be the same rate as calculated in Schedule C pursuant to the Endorsement of Justice A.K. Mitchell of the Superior Court of Justice dated July 20, 2022 in London Court File No. 22/649.

Schedule E

Schedule E, most items increased the same amount as the combined water/wastewater rates of approximately 2% from the 2023 rate schedule.

Schedule F

Schedule F, most items increased the same amount as the combined water/wastewater rates of approximately 2% from the 2023 rate schedule. There was also a fixed rate added for hydrant flow testing, bill re-prints and transfer to taxes.

CONSULTATION:

The preparation of this report and recommendation was completed in consultation with:

Chief Administrative Officer
Director of Financial Services
Manager of Environmental Services

FINANCIAL IMPLICATIONS:

The proposed 2024 water and wastewater rates above show a 2.0% increase for water and wastewater.

The overall increase has the following impact to the average customer using 200m³/year of:

Monthly Increase \$2.05 / month

STRATEGIC PLAN ALIGNMENT:

This matter is in accord with the following strategic priorities:

- Local Infrastructure - Households and businesses in Strathroy-Caradoc are supported by reliable, financially responsible and well-maintained infrastructure networks.

ATTACHMENTS:

- Schedules A,B,C,D,E & F
- November 2019 Water and Wastewater Rate Study and Long-Range Financial Plan