



2012 Water / Wastewater Budget

**Finance Committee
November 24th, 2011
Presented by: Lorella Hayes**

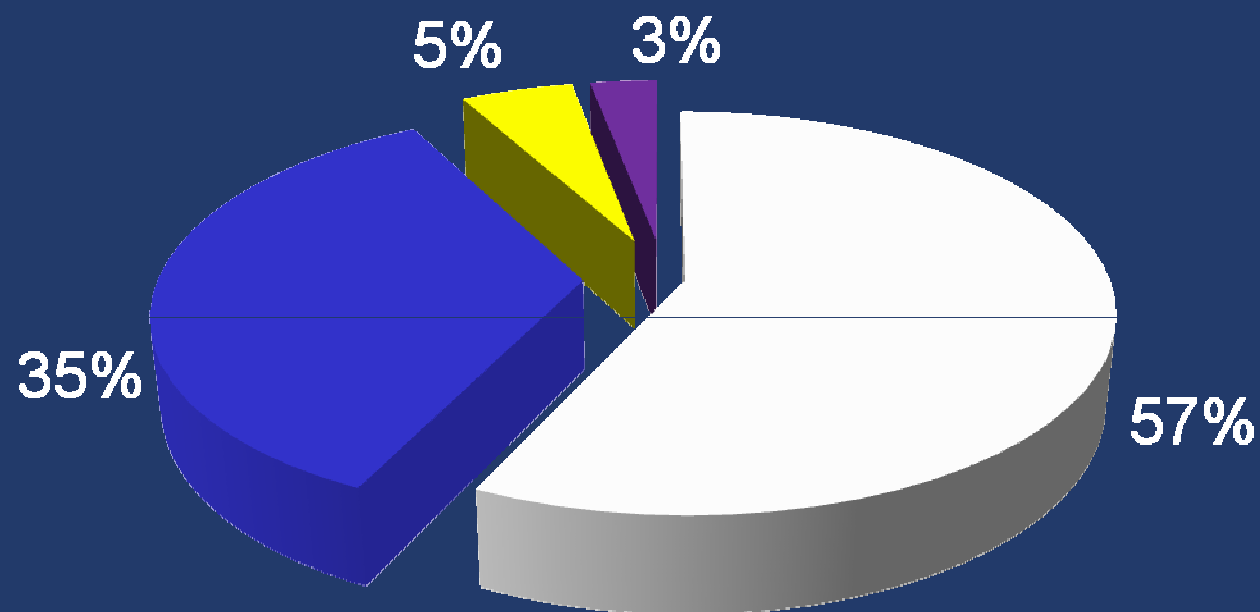


Agenda

- 1) 2012 Base Budget and WWW Rates
- 2) Report on Monthly Fixed Meter Charge
- 3) 2012 Budget Enhancements and WWW Rates



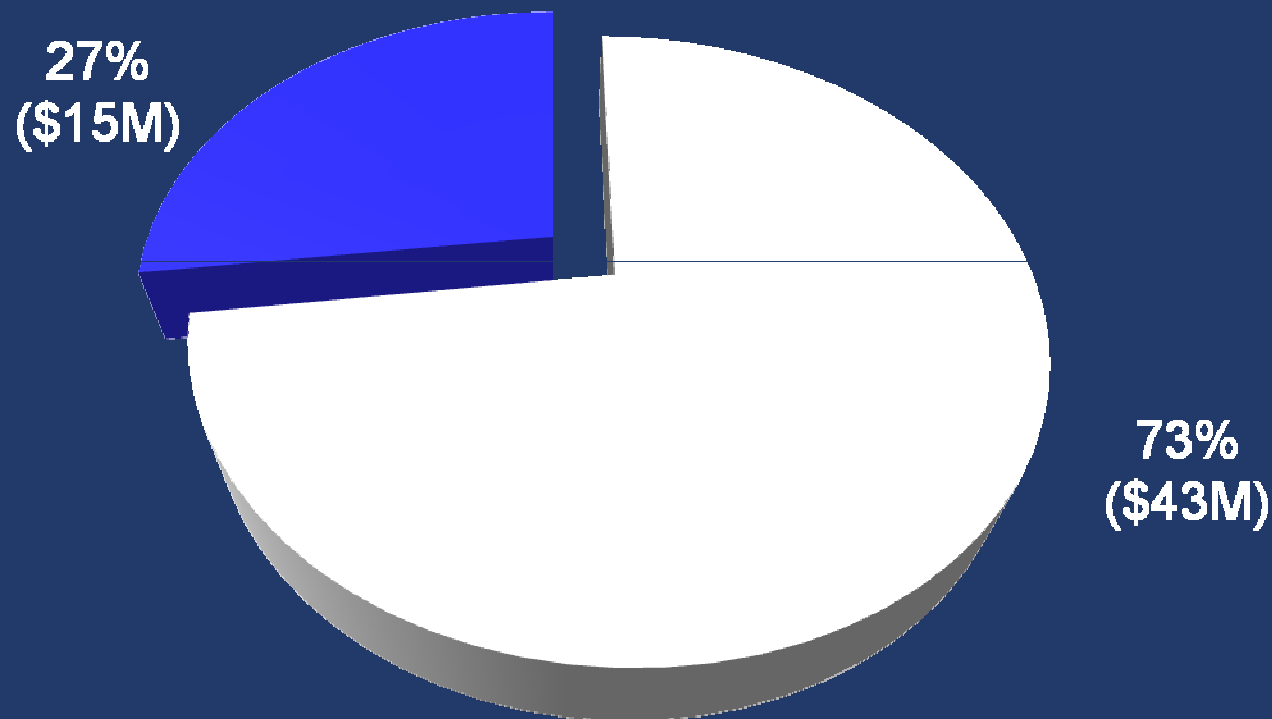
2012 Base Budget: Sources of Revenue \$58.4 Million



■ Variable ■ Fixed ■ Tax Levy ■ Other



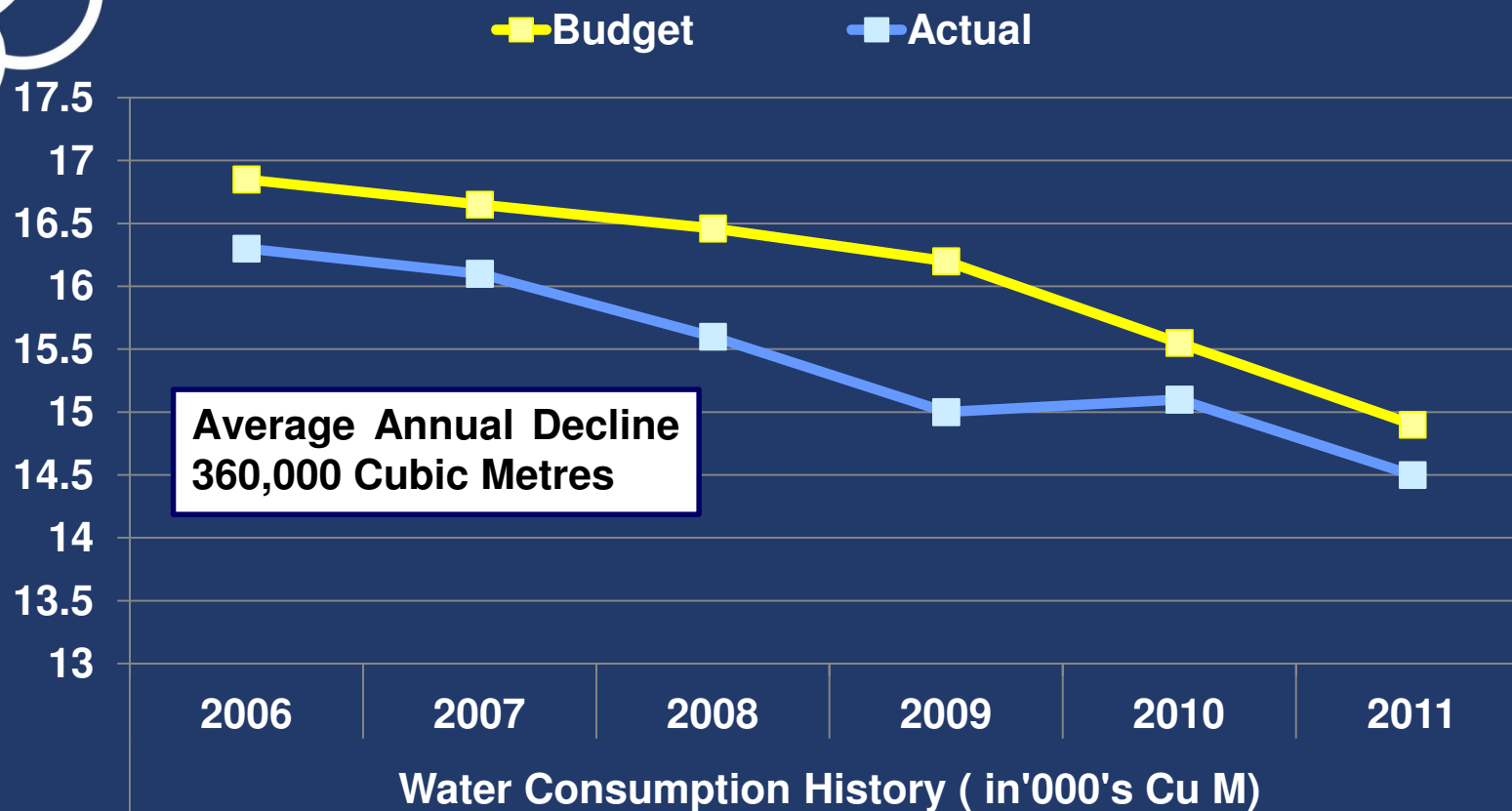
Fixed versus Variable Costs



■ Fixed Costs ■ Variable Costs



Consumption Declines





Water / Wastewater Budget

2012 Base Budget Rates

(Residence using 250 cubic metres)



Water Rate (variable per cubic metre)	\$1.124
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Water Rate (fixed per month)	\$16.34
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Wastewater Surcharge	112.3%
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Water / Wastewater Budget



2012 Base Budget Increases:

(Residence using 250 cubic metres)

Water Rate – Variable	4.0%
Water Rate – Fixed	4.0%
Wastewater Surcharge	4.4%

Overall Increase of 4.2%

Overall Annual Increase of \$41



Water and Wastewater



Breakdown of overall residential increase of 4.2% or \$41 per annum

2012 Base Budget	1.5%	\$1.1M
Projected Consumption Decrease	<u>2.7%</u>	-
Overall WWW Increase	<u>4.2 %</u>	\$1.1M



Rate Structure

FIXED MONTHLY METER CHARGES



Conclusions from 2010 Rate Study Review



- Continue to generate approximately 35% of user fees from fixed charges to ensure revenue stability
- Continue to charge a uniform variable consumption rate for water consumed
- Continue to levy a wastewater surcharge on the fixed and variable water rates



2012 Fixed Water Service Charges



Meter Size (inches)	Monthly Fixed Charge
5/8	\$16.34
1	\$24.18
2	\$65.82



Existing Policy for Fixed Meter Rates



- Water variable rate increase applied to 5/8 inch meter fixed rate
- Equivalency ratios for monthly fixed service charges

5/8 inch meter
= \$16.34 per
month

X
Ratio
of 1.48

1 inch meter
= \$24.18 per
month



Equivalency Ratios

Meter Size (inches)	City Ratio	AWWA Ratios	BMA Survey
5/8	1.00	1.00	1.00
1	1.48	2.50	2.38
1 1/2	2.00	5.00	3.96



Fixed Charge as a % of Total WWW Bill

Meter Size (inches)	Cubic Metres	CGS	BMA Survey
5/8	250	41%	25%
1	1,000	21%	27%
2	10,000	7%	10%



Options Prepared:



Option 1: Staff Recommendation

- Freeze the 2012 monthly service charge for customers using a 5/8 inch meter (mainly residential) to better align with other municipal peers
- Foregone fixed charge revenue passed along to high volume customers

Option 2: Status Quo



Impact of Recommendation



- 2012 Proposed Ratio less than AWWA (2.5) and BMA Survey (2.38)

5/8 inch meter
= \$15.71 per
month

X
Ratio
of 2.11

1 inch meter
= \$33.09 per
month



Impact on Res WWW Rates of Freezing 5/8" Fixed Charge (OPTION 1)



44,000 customers	Residential (5/8 inch service)
Overall Rate Increase	4.2%
Impact of Freezing Residential Fixed Service Charge at 2011 Rate (\$16.34 to \$15.71)	(1.7%)
Overall WWW Rate Increase	2.5%



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Impact on Typical Residence WWW Bill

2012 Increase from 2011 (estimated 250 cubic metres)

	2011	2012	Annual Increase \$	Annual Increase %
Water Consumption Charges	\$270.25	\$281.00	\$10.75	4.0%
Monthly Water Fixed Charges	\$188.52	\$188.52	-	0%
Wastewater Charges	\$513.36	\$527.27	\$13.91	2.0%
Total Water and Wastewater Costs	\$972.13	\$996.79	\$24.66	2.5%



Overall Rate Impact: High Volume Customers



Meter Size	# of Customers	Option 1 (Freeze)	Option 2 (Stat Quo)	Impact of Decision \$
1 inch (1,000 cm)	1,092	12%	4.2%	\$ 226
1.5 inch (4,000 cm)	442	7.2%	4.2%	\$ 304
2 inch (10,000 cm)	476	6.7%	4.2%	\$ 613
3 to 6 inch (30 to 50,000 cm)	64	5.9% to 4.4%	4.2%	\$1,219 \$3,058



Water / Wastewater Budget



Impact on Customer with 1 inch Service;
Estimated 1,000 Cubic Metres Per Annum

	2011	2012	Annual Increase \$	Annual Increase %
Water Consumption Charges	\$1,081	\$1,124	\$43	4.0%
Monthly Water Fixed Charges	\$280	\$397	\$117	42%
Wastewater Charges	\$1,522	\$1,708	\$186	12%
Total Water and Wastewater Costs	\$2,883	\$3,229	\$346	12.0%



Fixed Charge as a % of Total WWW Bill

Meter Size (inches)	CGS Option 1 (Freeze)	CGS Option 2 (Status Quo)	BMA Survey
5/8	40%	41%	25%
1	26%	21%	27%
2	8.7%	7%	10%



2012 BUDGET ENHANCEMENTS AND IMPACT ON RATES



Water / Wastewater Budget Enhancements



Five operating budget enhancement options	\$188K	0.3%
Increase inflation on capital envelopes	\$537K	1.0%
Sustainable Capital increase	\$282K	0.6%
Sustainable Capital increase	\$637K	1.3%
Total	\$1.6M	3.2%



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Options for Residential Increases

5/8 inch service (250 cubic metres)

Options	1	2	3	4
2012 Increase	4.2%	4.2%	4.2%	4.2%
Add: 5 Operating Enhancements	-	0.3%	0.3%	0.3%
Add: Inflation on Capital	-	1.0%	1.0%	1.0%
Add: SCAMP	-	-	0.6%	1.9%
Overall Increase	4.2%	5.5%	6.1%	7.4%



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Options for Residential Increases

5/8 inch service (250 cubic metres)



Options	1	2	3	4
Range of Increases	4.2%	5.5%	6.1%	7.4%
Less: Freeze of Fixed Monthly Rate	(1.7%)	(2.2%)	(2.3%)	(2.1%)
2012 Proposed Increases	2.5%	3.3%	3.8%	5.3%



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Options for Residential Increases

5/8 inch service (250 cubic metres)

Options	1	2	3	4
2012 Proposed Increases	2.5%	3.3%	3.8%	5.3%
Increase(\$)	\$25	\$32	\$37	\$52



Next Steps

December 5th

- ☐ Direction from Finance Committee regarding Monthly Fixed Service Charges
- ☐ Voting on Enhancement Options

December 14th

- ☐ WWW Rate By-law approved by Council



Questions?