



PORT COLBORNE

Subject: 2024 Rates Setting

To: Committee of the Whole - Budget

From: Corporate Services Department

Report Number: 2023-165

Meeting Date: November 22, 2023

Recommendation:

That Corporate Services Report 2023-165, **BE RECEIVED**;

That the 2024 Water and Wastewater Rates as outlined in Corporate Services Department Report 2023-165, **BE APPROVED**; and

That the 2024 Storm Sewer Rates as outlined in Corporate Services Department 2023-165, **BE APPROVED**; and

That the by-law attached as Appendix A of Corporate **BE APPROVED**.

Purpose:

The purpose of this report is to present the proposed 2024 water, wastewater, and storm sewer rates to the Budget Committee of the Whole.

A separate report has been prepared and presented to the Committee of the Whole – Budget entitled, 2024 Rates Budget Report 2023-164, to establish water, wastewater, and storm sewer budgets.

Background:

The City of Port Colborne (the “City”) water and wastewater system is operated under a two-tier municipal governance model. The Niagara Region is responsible for cleaning and providing drinking water and treating all wastewater. The City is responsible for water distribution and wastewater collection. The City is also responsible for billing, retains all collection risk and, except for some shared volume risk with water, is responsible for the risk associated with volume under or over usage from budget.

The Niagara Region bills the municipality for all water that leaves their water plant and for all wastewater that enters the treatment plant. As noted in the report, 2024 Rate Budgets, Report 2023-164, water billed in 2023 is projected at 56.6% suggesting a 43.4% water loss rate. Directionally this figure should be closer to 15%. In the same report it can be identified the amount of wastewater that is sent to the Niagara Region treatment plants is approximately 2.7 times the amount of clean drinking water metered. These figures identify the current linear assets (the pipes) transporting water and wastewater are in need of significant investment. The Niagara Region charge, water loss and inflow and infiltration (I&I), coupled with the capital investment required, are the most significant drivers of the water and wastewater rates within the City.

The City storm sewers alleviate storm water from the City. An effective storm sewer system can help reduce inflow and infiltration (I&I) in the wastewater system.

Discussion:

The 2024 Rates Budget, Report 2023-164 translates into the following impacts on rates.

Rate Budget Impact

Water and Wastewater

If the proposed 2024 Rates Budget and 2024 Rates Setting reports are approved as presented, the water and wastewater impact to a single-family property use 188 m3 of water will be:

	\$ Change	% Change
Water	\$81.05 per year	12%
Wastewater	\$120.29 per year	12%
Blended/Combined	\$201.34 per year	12%
	\$16.78 per month	

This increase is required to offset the Niagara Region anticipated water and wastewater increases as presented at the Niagara Region's Budget Review Committee of the Whole – November 16, 2023 and to fund City of Port Colborne capital projects to reduce water loss and inflow and infiltration (I&I). Reduced water loss and I&I would result in lower charges from the Niagara Region, all things being equal.

Storm Sewer

If the proposed 2024 Rates Budget is approved as presented, the storm sewer impact to a single-family property is \$55.90 per year or \$4.66 per month which represents a 40% increase over the prior year.

This increase is part of the approved Disaster Mitigation Adaptation Fund (DMAF) grant application (Report 2023-39) to address storm sewer outlet protection, outlet pumping, and sump pump drains in storm sewer districts 6, 7, and 13 which are at highest risk of storm seiche events.

Water and Wastewater

As identified during the 2024 Rates Budget, a 12% increase to the 2024 Water Rates was forecasted and has been recommended in this report. The chart below shows the proposed rates for 2024:

Variable			
	Rate per m3		
Water (all meter types)	1.5814		
Wastewater (5/8 to 3/4 residential meters)	0.0000		
Wastewater (all non-5/8 to 3/4 residential meter types)	2.1123		
	3.6937		
Fixed			
Meter	Water	Wastewater	Combined
Residential properties with 2 or less units [19 mm (3/4") or smaller]	\$ 459.31	\$ 1,122.67	\$ 1,581.97
Residential properties with 3 or more units	\$ 229.65 per unit	\$ 561.33 per unit	\$ 790.98 per unit
N 5/8 to 3/4 - Non-Residential	\$459.31	\$826.59	\$ 1,285.90
N 1	\$ 643.02	\$ 1,157.23	\$ 1,800.25
N 1 1/2	\$ 826.75	\$ 1,487.85	\$ 2,314.60
N 2	\$ 1,331.99	\$ 2,397.11	\$ 3,729.10
N 3	\$ 5,052.35	\$ 9,092.48	\$ 14,144.84
N 4	\$ 6,430.27	\$ 11,572.24	\$ 18,002.51
N 6	\$ 9,645.41	\$ 17,358.38	\$ 27,003.79
N 8	\$ 13,319.85	\$ 23,971.08	\$ 37,290.93
N 10	\$ 18,372.20	\$ 33,063.56	\$ 51,435.77

The rates above will result in the average residential user using 188 cubic meters of water per year paying \$156.61 per month.

While the 2024 rates of other local area municipalities are not available at the time of writing this report, the chart below breaks down the 2023 monthly charge between water and wastewater:

	City of Port Colborne (Proposed 2024)	Local Area Municipality Average (2023)
Water	\$63.05	\$45.66
Wastewater	\$93.56	\$59.88
Total	\$156.61	\$105.54

The monthly charge for wastewater in 2024 is approximately 88% (93.56/105.54) of the combined water and wastewater charge for the average local area municipality.

The primary reason for this is the inflow and infiltration in the wastewater system. The City is built on rock, on a water table and along the lake and canal. While the City is planning improvements and expansions of the storm sewer system, a significant portion of the City does not have a designed storm sewer. When there is a weather event the wastewater system captures a significant amount of that water and sends it to the Niagara Region wastewater treatment plant to be cleaned. A salient fact is for every 1 litre of clean water individuals and business use in the City, the wastewater system collects and sends back to the Niagara Region 2.7 litres to be treated. The Niagara Region bills local area municipalities for treating that wastewater by taking the Niagara Region's total cost for the whole wastewater system and allocating those costs to each local area municipality based on the amount of wastewater each local area municipality sends to the Niagara Region treatment plants.

In 2023, the City of Port Colborne three-year average wastewater flow to Niagara Region wastewater facilities was 6.1% of all local area municipality wastewater flows. This is despite the fact the 2021 census shows that the City of Port Colborne has only 4.1% of the Niagara Region population. In making this comparison staff recognize not all individuals within the City and other cities within the Niagara Region are water and wastewater users. This comparison also does not factor in the impacts of different commercial and industrial activities within different cities. The comparison does directionally indicate the City's portion of Niagara Region wastewater charges are high compared to other municipalities. As identified in the 2024 Rates Budget report, the Niagara Region portion of the wastewater bill represents 66.7% of the total wastewater charge.

In response to the inflow and infiltration experienced in the wastewater system this budget, as highlighted in the Rates Budget, includes:

- \$10 million in wastewater lateral lining (1/3 the City)
- \$32 million Disaster Mitigation Adaptation Fund (DMAF) Grant Application to address storm sewer outlet protection, outlet pumping, and sump pump drains in

storm sewer districts 6, 7, and 13 which are at highest risk of storm seiche events.

The City's Infrastructure Needs Study (INS) that is in the completion phase will provide recommendations for reconstruction and upgrade the wastewater system.

In addition to upgrading the infrastructure, growth within the City of Port Colborne, whether it be residential, commercial, or industrial, can also be very impactful as it shares the cost of the system over more users.

Storm Sewer

As identified during the 2024 Rates Budget and 2024 Capital and Related Project budget process a storm sewer charge increase was proposed. The increase is to fund the DMAF Grant Application work. The proposed increase of 40% on a single-family property is \$55.90 per year or \$4.66 per month.

The proposed rates maintain the same multipliers for calculating the storm sewer fee on properties in the storm sewer boundary as the prior year except with respect to multi-residential houses where it is recommended the City moves to a per unit charge where there is 3 or more units. A similar approach was approved by Council on June 27, 2023, with respect to water and wastewater. This approach replaces the grouping of multi-residential properties into grouping of units. The discount applied to multi-residential properties when these multipliers were established is recommended to be maintained. That discount is 10%. This change will result in a savings that will vary by property from what otherwise would have been paid for multi-residential properties with under 20 units.

In the case of multi-residential properties with one property tax bill, the property owner will receive one consolidated fee. This process will be the same as 2023 and prior. The only difference is the fee will be based on the rate times the number of units where in 2023 it was based on the multi-residential grouping the multi-residential property was classified in.

In the case of multi-residential properties where each unit receives a tax bill (ie. condos) there will be no change in their storm sewer fee calculation or billing process from 2023.

Proposed Storm Sewer fees are as follows:

Bylaw Code	Property Type	Multiplier		Flat Fee Per Year (\$)	
		2023	2024	2023	2024
SS01	Single Family Properties	1	1	\$ 139.76	NA
SS01	Residential properties with 2 or less units	NA	1	NA	\$195.66
SS02	Residential properties with 3 or more units (including condo's)	NA	90% SS01 per unit	NA	\$176.09
SS02	Multi-Residential 2 to 5 Units	5	5	\$ 698.78	NA
SS03	Multi-Residential 6 to 10 Units	10	10	\$1,397.55	NA
SS05	Institutional/Multi-Res > 10 units	20	20	\$2,795.10	NA
SS05A	112 Charlotte St Condo 23 units	90% SS01	90% SS01	\$ 125.78	NA
SS05B	112 Sugarloaf St Condo 22 Units	90% SS01	90% SS01	\$ 125.78	NA
SS05C	72 Main St E Condo 31 Units	90% SS01	90% SS01	\$ 125.78	NA
SS06	Small Commercial	5	5	\$ 698.78	\$ 978.29
SS07	Medium Commercial	10	10	\$1,397.55	\$1,956.57
SS08	Large Commercial	20	20	\$2,795.10	\$3,913.14
SS09	Light Industrial	10	10	\$1,397.55	\$1,956.57
SS10	Heavy Industrial	40	40	\$5,590.20	\$7,826.28
SS12	CNPI Owned	20	20	\$2,795.10	\$3,913.14
SS13	Hydro One Owned	20	20	\$2,795.10	\$3,913.14
SS15	Niagara Region	20	20	\$2,795.10	\$3,913.14

To simplify storm sewer billing moving forward, it is recommended that properties that do not receive a property tax bill, but are within the storm sewer fee boundry, receive their storm sewer charge on their water and wastewater bill on an amortized basis over 12 months.

Looking Forward

As identified on many occasions, “everyday is budget day” in a municipality. Corporate Services continues to identify continuous improvement is a process. Looking forward to 2024, staff identify the following activities, in addition to those identified during the 2024

Levy and Rates Budget processes, that will help determine the financial outcomes of the City going into the 2025 budget process:

- Review the storm sewer boundary in-light of recent and planned growth within the City.
 - Continue the review of properties with significant and specified water, wastewater, and storm sewer usage and discharge rights and associated fees regarding those rights.
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Internal Consultations:

As stated, Financial Services would like to thank Public Works for their leadership and support in setting the 2024 water, wastewater, and storm sewer rates.

Financial Implications:

Financial Services identifies the proposed 2024 water, wastewater, and storm sewer rates are a staff recommendation that Council can adjust, if required.

Public Engagement:

The 2024 Rates Setting report was published on the City's website on November 17, 2023, through the agenda process. The 2024 Rates Setting report will be considered by the Committee of the Whole – Budget on November 22, 2023. If approved by the Committee of the Whole – Budget, the 2024 Rates Setting report will be considered by Council on November 28, 2023.

Following the budget process, staff will continue to review service levels and operations. Should changes be requested or sought, staff will seek input and, where necessary, approval from Council.

Strategic Plan Alignment:

The initiative contained within this report supports the following pillar(s) of the strategic plan:

- Environment and Climate Change
- Welcoming, Livable, Healthy Community
- Economic Prosperity

- Increased Housing Options
 - Sustainable and Resilient Infrastructure
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Conclusion:

Staff recommend Council approve the 2024 water, wastewater, and storm sewer rates identified in this report.

The storm sewer rates will be updated by way of the 2024 Property Tax Rates by-law once tax policy decisions are finalized by the Niagara Region in early 2024.

Appendices:

- a. Draft By-Law – 2024 Water and Wastewater Rates

Respectfully submitted,

Bryan Boles, CPA, CA, MBA
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Report Approval:

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final review and approval by the Chief Administrative Officer.

The Corporation of the City of Port Colborne

By-law No. _____

Being a By-law to Amend By-Law No. 3151/22/95, as Amended, Being a By-Law to Regulate the Supply of Water and to Provide for the Maintenance and Management of the Water Works and for the Imposition and Collection of Water Rates

and to

Amend By-Law No. 3424/6/97, as Amended, Being a By-Law for the Imposition and Collection of Sewage Service Rates and Sewer Rates

Whereas at its meeting of November 28, 2023, the Council of The Corporation of the City of Port Colborne (Council) approved the recommendations of the Corporate Services Department Report No. 2023-165, Subject: 2024 Rates Setting; and

Whereas Council resolved the following be effective January 1, 2024:

- Residential properties with 2 or less units [19 mm (3/4") or smaller]
 - Water usage rate be set at \$1.5814 per cubic meter
 - Water fixed service charge be set at \$459.31 per year per year
 - Wastewater fixed service charge be set at \$1,122.67 per year
- Residential properties with 3 or more units
 - Water usage rate be set at \$1.5814 per cubic meter
 - Water fixed service charge be set at \$229.65 per year, per unit
 - Wastewater fixed service charge be set at \$561.33 per year, per unit
- Any users that has or had approval to draw or remove water from the lake or canal.
 - Water usage rate be set at \$1.5814 per cubic meter of water usage
 - Wastewater usage rate be set at \$2.1123 per cubic meter of water usage. If metered wastewater usage is larger than metered water usage for the 12 months ending December 31, the difference, multiplied by 2.1123 per cubic meters will be added to the January water and wastewater bill.
 - Water fixed service charge be set at \$459.31 per year multiplied by meter factor
 - Wastewater fixed service charge be set at \$826.59 per year multiplied by meter factor
- All other users
 - Water usage rate be set at \$1.5814 per cubic meter of water usage
 - Wastewater usage rate be set at \$2.1123 per cubic meter of water usage
 - Water fixed service charge be set at \$459.31 per year multiplied by meter factor
 - Wastewater fixed service charge be set at \$826.59 per year multiplied by meter factor

Whereas any rate in this by-law is subject to change through future amendments, including rate changes due to, but not limited to future budget changes.

Whereas Council is desirous of amending By-Law 3151/22/95, as Amended, Being a By-Law for the Imposition and Collection of Water Rates and By-Law 3424/6/97, as Amended, Being a By-Law for the Imposition and Collection of Sewage Service Rates and Sewer Rates.

Now therefore the Council of The Corporation of the City of Port Colborne enacts as follows:

1. That By-Law 3151/22/95, as Amended, Being a By-Law to Regulate the Supply of Water and to Provide for the Maintenance and Management of the Water Works and for the Imposition and Collection of Water Rates and By-Law 3424/6/97, as Amended, Being a By-Law for the Imposition and Collection of Sewage Service Rates and Sewer Rates, be further amended by replacing Schedule "A" thereto with Schedule "A" hereto.
2. The usage and fixed rates established by this By-Law's all be effective January 1, 2024.
3. That by-law 7107/49/23 be repealed.

Enacted and passed this _____ day of _____, 2023

William C. Steele
Mayor

Saima Tufail
Acting City Clerk

Water and Wastewater Rates

1. Metered Consumption Rates

All users, including Residential, Institutional/ Commercial/ Industrial ("ICI") are subject to a metered consumption rate for water of \$1.5814 per cubic meter of water usage.

All users, with the exception of Residential properties, are subject to a metered consumption rate for wastewater of \$2.1123 per cubic meter of water usage.

If a user has or had the ability to draw or remove water from the lake or canal and metered wastewater usage is larger than metered water usage for the 12 months ending December 31, the difference, multiplied by 2.1123 per cubic meters will be added to the January water and wastewater bill.

There is no minimum charge per billing period.

2. Bulk Water Sales

The metered rate for bulk water sales is \$1.5814 per cubic meter.

The service charge is based on a 75mm (3") meter regardless of the actual meter used. The fixed service charge is \$5,052.35 per year.

3. Fixed Service Charge

Residential properties are subject to a fixed service charges as follows:

Meter Size	Meter Factor	Water	Wastewater
Residential properties with 2 or less units [19 mm (3/4") or smaller]	NA	\$ 459.31	\$ 1,122.67
Residential properties with 3 or more units	NA	\$ 229.65 per unit	\$ 561.33 per unit

All other users are subject to a fixed service charge based on user type or meter size:

Meter Size	Meter Factor	Water	Wastewater
19 mm (3/4") or smaller 1 - non-Residential	1	\$ 459.31	\$ 826.59
25 mm (1")	1.4	\$ 643.02	\$ 1,157.23
38 mm (1 1/2")	1.8	\$ 826.75	\$ 1,487.85
50 mm (2")	2.9	\$ 1,331.99	\$ 2,397.11
75 mm (3")	11.0	\$ 5,052.35	\$ 9,092.48
100 mm (4")	14.0	\$ 6,430.27	\$ 11,572.24
150 mm (6")	21.0	\$ 9,645.41	\$ 17,358.38
200 mm (8")	29.0	\$ 13,319.85	\$ 23,971.08
250 mm (10")	40.0	\$ 18,372.20	\$ 33,063.56

All developable vacant land directly abutting the water distribution and/or wastewater collection system will be charged the fixed service charge for water and wastewater through the property tax billing system unless the property is assessed undevelopable by the City's Planning department.

The fixed service charge applied to developable vacant land will be charged based on property classification as follows:

Property Type	Water	Wastewater
Residential	\$ 459.31	\$ 1,122.67
Commercial/Institutional	\$ 1,331.99	\$ 2,397.11
Industrial	\$ 5,052.35	\$ 9,092.48

It is not the intent of this bylaw for a property owner to have paid the developable vacant land fixed service charge on a property for the same time period as the regular fixed service charge for the same period. For any period of duplicate payment, which may occur due to time of billings as a property moves from undeveloped to developed, the City will refund the developable vacant land fixed service charge.

4. Flat Rate (Residential)

During any month where an accurate meter reading cannot be recorded, a Residential user account will be charged a monthly flat rate of \$126.00 for water and \$187.00 for wastewater will be charged.

Examples of when a meter reading cannot be recorded are as follows:

- where a service connection has been turned on at the property line but where no meter has been installed (water meter refusal);
- refusing to provide a meter reading and / or providing access to read a water meter or reading device;
- refusing to remove any obstruction to reading a meter or reading device;
- refusing to provide for meter or reading device repairs for accurate meter readings;
- the tampering with or alteration of the water meter or reading device and meter readings cannot be obtained.

Flat Rate (ICI)

During a period where an accurate meter reading cannot be recorded, an ICI user account will be charged a monthly flat rate for water and wastewater. The flat rate will be calculated as two (2) times the current fixed service charge per Section 3 (the fixed service charge will be dependent on meter size) above PLUS two (2) times the monthly average of the previous 12 months' available consumption at the metered consumption rates per Section 1 above.

Examples of when a meter reading cannot be recorded are the same as those outlined under "Residential" above.

5. Water for New Construction Rates

During periods of new construction where there is no water meter the following rates are charged:

- Residential properties are subject to a \$297.00 flat fee.
- ICI properties are subject to a \$594.00 flat fee.

Upon final inspection or once a water meter has been installed and is operational, rates are no longer subject to this section. Rates are to be charged based on Sections 1 to 4 above.

6. Administration Charges

- Issuing a water shut off tag shall be charged to the property owner at a fee of \$80.00;
- Water account inquiries will be provided at a fee of \$14.00;
- Reading of analog meters due to refusal to upgrade to RF meters will be provided at a fee of \$80.00 per scheduled reading date.
- Customer request to change out from an RF meter to an analog meter will be at the customer's expense to cover the actual cost of the new analog meter plus removal and installation costs.

7. User Charges

There are certain user charges with respect to water and wastewater that are included in the User Fee By-Law. These include such topics as water turn on / off and installation of water services.

User fees may be billed individually, included in a user's water and wastewater bill or charged and collected through a building permit.

8. Late Payment Fees

Payment terms to be a minimum of net 21 days.

Interest on water and wastewater accounts to begin accruing at one and one fourth (1 ¼) percent of the amount due and unpaid starting on the first day of default.

At the discretion of the Director, Corporate Services / Treasurer a payment can be backdated to the due date on any accounts receivable balance received within five business days of the due date provided a reasonable explanation for the late payment has been provided by the account holder.

The Director, Corporate Services / Treasurer is approved to move any unpaid water and wastewater balances to the property tax roll of the related property.

9. Billing Cycle

Identified and developable vacant land subject to the fixed service charge will be billed semi-annually on the property tax bill or through the supplemental tax billing system on a prorated basis.

The water for new construction charge will be billed and collected at the time of building permit before a building permit is issued.

All water and wastewater meter users will be billed monthly on a water and wastewater bill.

10. Exemptions from Billing for Wastewater costs

- Bulk water haulers accessing City bulk water facilities;
- Port Colborne Poultry Limited;
- Any property that does not directly abut any part of the wastewater system;
- Any other property that is covered by a separate By-Law enacted by Council.