

**City of Port Colborne
Special Council Meeting 09-18
Minutes**

Date: April 16, 2018

Time: 6:30 p.m.

Place: Council Chambers, Municipal Offices, 66 Charlotte Street, Port Colborne

Members Present: B. Butters, Councillor
A. Desmarais, Councillor
Y. Doucet, Councillor
D. Elliott, Councillor
B. Kenny, Councillor
J. Maloney, Mayor (presiding officer)
J. Mayne, Councillor

Absent: R. Bodner, Councillor (due to vacation)
F. Danch, Councillor (due to vacation)

Staff Present: A. LaPointe, Manager of Legislative Services/City Clerk
C. Lee, Director of Engineering & Operations
S. Luey, Chief Administrative Officer
P. Senese, Director of Corporate Services
D. Suddard, Environmental Compliance Supervisor

Also in attendance were interested citizens, members of the news media and WeeStream.

1. Call to Order:

Mayor Maloney called the meeting to order.

2. Introduction of Addendum Items:

Nil.

3. Confirmation of Agenda:

No. 54 Moved by Councillor J. Mayne
Seconded by Councillor A. Desmarais

That the agenda dated April 16, 2018 be confirmed, as
circulated or as amended.

CARRIED.

4. Disclosures of Interest:

Nil.

5. Delegations:

Nil.

6. Items for Consideration:

**1. Corporate Services, Finance Division, Report No. 2018-52, Subject:
Proposed 2018 Water and Wastewater Rates**

The Director of Corporate Services provided a presentation regarding the proposed water and wastewater rates, as outlined in Corporate Services

Department Report No. 2018-52, Subject: Proposed 2018 Water and Wastewater Rates. A copy of the presentation is attached.

No. 55 Moved by Councillor A. Desmarais
 Seconded by Councillor B. Butters

That the 2018 Water and Wastewater Rates be approved as follows:

Water Usage Rate	\$ 1.274	per m ³
Water Service Fixed Charge	\$ 369.33	annual fixed rate
Wastewater Usage Rate	\$ 1.295	per m ³
Wastewater Service Fixed Charge	\$ 471.98	annual fixed rate; and

That the 2018 Water and Wastewater budgets as presented in Corporate Services Department, Finance Division Report 2018-52, be approved; and

That the Water and Wastewater Rates by-laws be approved.

CARRIED.

7. Consideration of By-laws:

No. 56 Moved by Councillor J. Mayne
 Seconded by Councillor A. Desmarais

That the following by-laws be enacted and passed:

- 6568/23/18 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
- 6569/24/18 Being a By-Law 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
- 6570/25/18 Being a By-law to Adopt, Ratify and Confirm the Proceedings of the Council of The Corporation of the City of Port Colborne at its Special Meeting of April 16, 2018

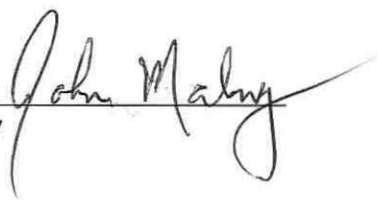
CARRIED.

8. Adjournment:


No. 57 Moved by Councillor A. Desmarais
 Seconded by Councillor Y. Doucet

That the Council meeting be adjourned at approximately 8:24 p.m.

CARRIED.



John Maloney
Mayor



Amber LaPointe
City Clerk

AL/

4/10/2018

RE: Water Budget

Dear Councilors Desmarais / Doucet

In light of the upcoming Water Budget I would like you to consider a few points.

As we all know Port Colborne has the highest fixed Water-Wastewater costs in the Niagara region.

Factoring in the fixed costs for water and waste water, low water users in Port Colborne are paying a considerable higher amount for Water and Wastewater per m³ compared to high water users .

For example a household that uses 50 m³ per 3month pays effectively \$ 2.92 per m³ of Water and \$ 3.30 per m³ for Wastewater.

A household that uses 20 m³ (more than likely seniors and single parents) in the same time frame pays \$ 5.56 per m³ for Water and \$ 6.38 per m³ for Wastewater.

As to not skew the cost in disfavor of the low user even more, all the required increases in the new budget should be applied to the Water and Wastewater Consumption Rates

Best regards,

Horst Jakob

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The City of Port Colborne

2018

PROPOSED WATER AND WASTEWATER
BUDGET AND RATES

4/16/2018

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Issues Affecting 2018 Budget

- 2017 water deficit funded – budgeted capital not allocated to capital reserves
- 2017 wastewater deficit funded – budgeted capital not allocated to capital reserves
- Increasing annual capital allocation of funds by 2% to 5% - no increase in 2018
- Increased costs and decreasing revenues which are not meeting budgeted revenue
- Actual annual water sales not meeting projected annual revenue - \$500,000 - usage rates too low

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Issues Affecting 2018 Budget

- Potentially higher unaccounted for water than expected and budgeted
- Wastewater flows are very unpredictable – extraneous flows are high mainly due to weather
- Wastewater revenues currently not enough to cover all expenses – rates are too low
- More extensive Storm Sewer Systems may reduce sources of extraneous flows

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Issues Affecting 2018 Budget

- Industrial facilities reducing/eliminating wastewater flows – from 50% to 6%
- Impacts rates to generate revenues required for the cost of unaccounted for wastewater
- Major industrial customer came off the wastewater system in 2017 - \$600,000 – 2018 effect is \$900,000
- Actual annual wastewater sales not meeting projected annual revenues - \$1,000,000 - usage rates too low
- New 10 year Water Financial Plan required in 2019

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Mitigation of Changes

- Phasing in actual unaccounted for water and wastewater
- Phasing in known sales revenue shortfalls
- Reducing operating expenses for water (\$45,000) and wastewater budgets (\$34,500)
- No increase to capital contributions
- Phasing in the addition of one Certified Water/Wastewater Operator to operating budget – last quarter of the year (3 months)
- Applying Wastewater rate stabilization reserve to capital for \$300,000

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Base Operating Budget Water and Wastewater

- ❖ Total annual increase to an average residential user is \$33.80 or \$2.82 a month – 2.37%
- Water fixed and usage increase – 3.00%
Annual increase is \$20.19 or \$1.68 a month
- Wastewater fixed and usage increase – 1.81%
Annual increase is \$13.61 or \$1.14 a month

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Operating Budget Water and Wastewater (with all proposed changes)

- ❖ Total annual increase to an average residential user is \$119.12 or \$9.93 a month – 8.36%
 - Water fixed and usage increase – 6.80%
Annual increase is \$45.72 or \$3.81 a month
 - Wastewater fixed and usage increase – 9.75%
Annual increase is \$73.40 or \$6.12 a month

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Operating Budget Comparison Water and Wastewater

	Annual Budget Increase with Changes	Annual Base Budget Increase	Annual Increase to Base Budget	Increase per Month
Water	\$45.72	\$20.19	\$25.53	
Wastewater	\$73.40	\$13.61	\$59.79	
Total	\$119.12	\$33.80	\$85.32	\$7.11

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Water Operations

Usage Rates

- Usage rate increase \$1.173 to \$1.274 – 8.57%
- Water Financial Plan rate for 2018 – \$1.340
- Ave annual increase - \$27.51 or \$2.29 a month

Fixed Service Charge

- Capital rate increase \$351.12 to \$369.33 – 5.18%
- Ave annual increase - \$18.21 or \$1.52 a month

Blended Change

- Water fixed and usage increase – 6.80%
- Annual increase is \$45.72 or \$3.81 a month

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Water Operations

- Regional water purchase increase - \$51,405 to \$2,316,757 (47.46% of budget)
- City operating decrease - \$21,662 at \$1,347,026 (27.59% of budget)
- City capital increase - \$22,161 (new debenture) to \$1,217,730 (24.95% of budget)
- Non billable water loss between 27% & 40% - budgeted 36% from 30% in 2017
- 3 year average increased 17,120m³ to 3,085,923m³
- Budgeted fixed costs at 48.5%
- Budgeted Regional costs fixed at 51.7%

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Water Rates Comparison for 2018

	Water Financial Plan	Proposed Rates
Usage Cost per m3	1.340	1.274
Annual Usage Cost - 0.75 m3 per day	366.83	348.76
Annual Fixed Charge	<u>341.43</u>	<u>369.33</u>
Total Annual Cost	708.26	718.09

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Water Rate Calculation

	Total Costs	Consumption Costs	Fixed Costs
Amortization/Capital	497,320		497,320
Rate Stabilization/Capital	285,930		285,930
Contract Services	133,600	133,600	
Salaries and benefits	688,565	688,565	
Regional Water Purchases	2,316,757	1,117,845	1,198,912
Interdepartmental			
Administration	257,620	188,407	69,213
Fleet Charges	60,197	60,197	
Long term debt	88,116		88,116
New Long term debt	346,364	120,320	226,044
General Admin	46,030	46,030	
Materials and supplies			
Utilities and telephone	7,910	7,910	
Repairs and Maintenance	120,000	120,000	
Materials, parts and supplies	49,854	49,854	
Other	16,850	16,850	
Small Tools/Equipment	14,000	14,000	
	4,929,113	2,563,578	2,365,535
Other Revenues	- 47,600 -	47,600	-
	<u>4,881,513</u>	<u>2,515,978</u>	<u>2,365,535</u>
Estimated Annual Water Sold - m3		1,974,991	
Total Customers			6,405
Water Usage Rate		1.274	
Annual Water Service Fixed Charge			369.33

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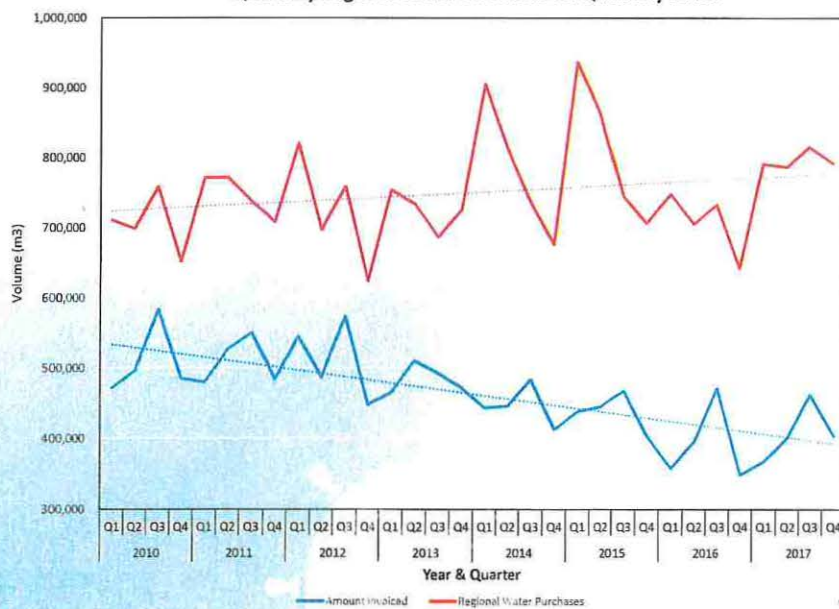
Water Capital Program

- Current contributions - \$1,217,730
- Proposed annual increase of \$ NIL
- Added 2017 debenture payment of \$22,161
- Annual requirement based on replacement cost is \$2.3 million

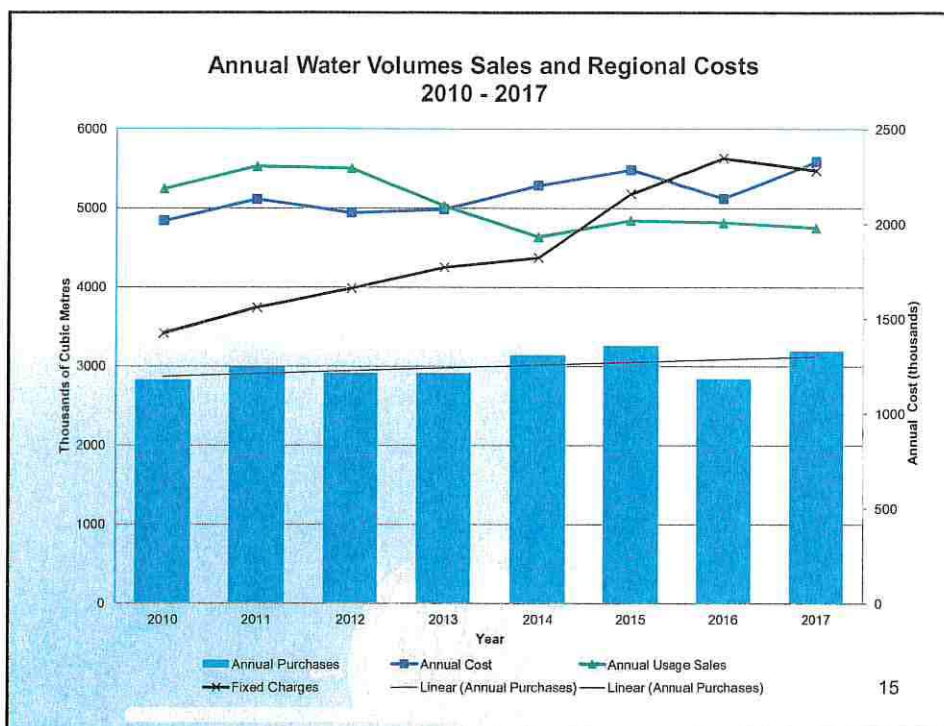
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Quarterly Regional Water Purchases vs. Quarterly Billed



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Wastewater Operations

Usage Rates

- Usage rate increase \$1.250 to \$1.295 – 3.56%
- Ave annual increase - \$12.18 or \$1.02 a month

Fixed Service Charge

- Capital rate increase \$410.76 to \$471.98
- Ave annual increase - \$61.22 or \$5.10 a month

Blended Change

- Wastewater fixed and usage increase – 9.75%
- Annual increase is \$73.40 or \$6.12 a month

Wastewater Operations

- Regional fixed cost decrease - \$95,586
to \$3,909,663 (71.0% of budget)
- City operating decrease - \$15,025
to \$845,795 (15.3% of budget)
- City capital increase - \$1,017
to \$751,930 (13.7% of budget)
- Regional 3 year rolling average of flows – decreased
266,000 m³ from 4,200,000 m³
- 3 year average at 3,934,000 m³
- Non billable flows estimated between 35% and 50% -
budgeted 56% from 35% in 2017

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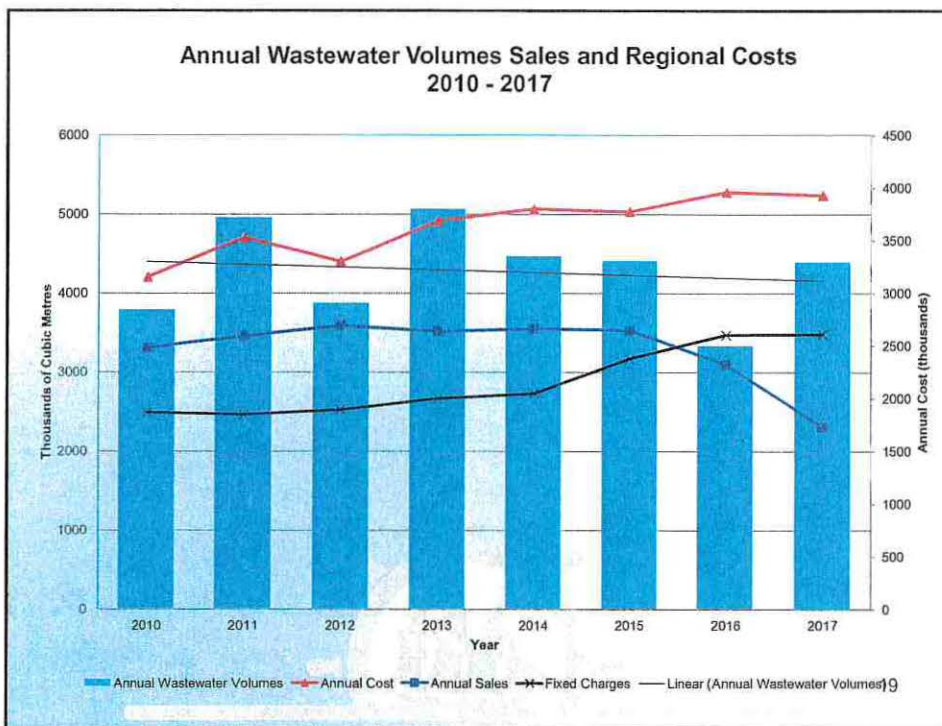
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Wastewater Capital Program

- Current contributions - \$751,930
- Proposed annual increase of \$ NIL
- Annual requirement based on replacement
cost is \$1.2 million

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CITY OF PORT COLBORNE RESERVES AND RESERVE FUNDS December 31, 2017

WATER	
Development charges	-
SCADA Water Study	39,935
Water Rate Stabilization	-
Water Equipment Replacement	30,507
Lorraine Bay	30,420
Bulk Water Station Replacement	269,692
Meter Pits	128,484
Water Capital Projects	-
	499,038
WASTEWATER	
Development charges	6,423
Sewer Rate Stabilization	380,802
Sewer Operations-TV Inspections	160,290
Sewer Equipment Replacement	26,420
CSO Sewer Program (earmarked for Elm St Watermain)	1,062,301
Sewer Capital Projects (earmarked for Elm St Watermain)	1,113,000
	2,749,236

Proposed Annual 2018 Rates

2017 annual cost	2017 rate	Item	2018 rate	2018 annual cost	Annual Increase	Increase
\$	\$		\$	\$	\$	%
1425.42				1544.55	119.12	8.36
321.22	1.173/m ³	Water usage rate	1.274/m ³	348.73	27.51	8.57
351.12	351.12	Water fixed charge	369.33	369.33	18.21	5.18
342.32	1.250/m ³	Sewer usage rate	1.295/m ³	354.50	12.18	3.56
410.76	410.76	Sewer fixed charge	471.98	471.98	61.22	14.90

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Proposed Quarterly 2018 Rates

2017 cost per quarter	2017 rate	Item	2018 rate	2018 cost per quarter	Quarterly Increase	Increase
\$	\$		\$	\$	\$	%
356.35				386.14	29.79	8.36
80.30	1.173/m ³	Water usage rate	1.274/m ³	87.18	6.88	8.57
87.78	351.12	Water fixed charge	369.33	92.33	4.55	5.18
85.58	1.250/m ³	Sewer usage rate	1.295/m ³	88.63	3.05	3.56
102.69	410.76	Sewer fixed charge	471.98	118.00	15.31	14.90

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