



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 the Committee of the Whole recommend to Council:

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 draft by-law attached as Appendix A of Corporate Services Report 2023-165 be brought forward to Council for consideration.

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,

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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.