



**Subject: Water and Wastewater By-Law Update**

**To: Council**

**From: Corporate Services Department**

Report Number: 2023-119

Meeting Date: June 27, 2023

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**Recommendation:**

That Corporate Services Department Report 2023-119 be received;

That the proposed Water and Wastewater Rates By-law updates as outlined in Appendix A as well as the corresponding Water and Wastewater Rates By-law attached as Appendix B to Corporate Services Department Report 2023-119, be approved; and

That the financial impacts of the proposed Water and Wastewater Rates By-law updates be directed to the water and wastewater capital budgets when they become effective.

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**Purpose:**

This report is presented to address equity considerations in the water and wastewater rates by-law.

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**Background:**

There are three proposed updates in this report:

Background to Update #1 - Properties are billed for water and wastewater based on meter size. In a residential property scenario, this can lead to situations where single-family homes pay 3x the cost of a unit in a multi-residential property. While the argument for a differential or lower charge to multi-residential properties is strong as a result of intensification arguments, it needs to balance factors such as water usage and the fact that wastewater costs of the City are 80% dependent on inflow and infiltration rather than usage.

Background to Update #2 – There are two properties that currently have the ability or had the ability to draw water from the lake/canal. These properties have had their wastewater billed on wastewater usage instead of water usage as a result of past agreements and/or practices. These agreements and/or practices were established to ensure the companies had an incentive not to push lake/canal water through the wastewater system. In past years water usage and wastewater usage has been approximately the same for these properties and as a result billing on wastewater usage was basically the same as billing wastewater on waste usage as set out in the water and wastewater rates bylaw. Recently, it has been identified that one of these properties' wastewater usage has significantly reduced. This has established an equity concern compared to how all other properties are billed for wastewater.

Background to Update #3 – The vacant land fixed charge exists in recognition of the fact the infrastructure abutting the vacant land is depreciating, the land it abuts normally experiences an increase in value and it is normally in the community's interest for such land to be developed. The current water and wastewater by-law only charges the vacant land fixed charge for wastewater, charges all property types the same charge, provides no mechanism to prorate the vacant land fixed charge, has the potential for a double charge once a property moves from undeveloped to developed, and undeveloped land is technically subject to the vacant land fixed charged.

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## **Discussion:**

The attached presentation outlines recommendations to address the equity considerations identified as part of the background to this report.

### **Update #1 – Multi-residential**

This update to the water and wastewater bylaw is modelled from the City of Welland. Effective January 1, 2024, multi-residential properties will pay 50% of the fixed charge of a single-family property if they have => 3 units (Welland charges at 70% to 86%). The 50% rate is recommended based on the following:

- In 2022 a multi-residential unit is estimated to use approximately 45% (on average) or 70% (of the median) of the water of a single- family home in the City.
- Providing a +/- for fluctuations in water usage.
- Ensures a duplex property is charged no less than a single-family property
- Working from the average (50% minimum floor) vs. median provides continued incentive for intensification developments within the City.

### **Update #2 – Lake/Canal Draw**

This update to the water and wastewater by-law only impacts companies that can or have had the ability to pull water from the lake/canal.

Effective July 1, 2023, companies/properties that can or have had the ability to pull water from the lake/canal will be billed based on water usage through normal billing practices with the following caveats:

- Wastewater activity to be monitored.
- Water usage vs. wastewater usage to be reconciled annually on the December billing.
- If wastewater usage is higher than water usage the volume difference will be billed on the December bill at the prevailing wastewater rate.
- If water usage is higher than wastewater no volume differential change on the December bill will occur as none will be necessary.

### **Update #3 – Vacant Land Fixed Charges**

This update to the water and wastewater by-law only impacts vacant land.

Effective immediately, all developable vacant land directly abutting the water distribution and/or wastewater collection system to 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 Division. (Unless otherwise stated – water not to be charged until 2024)

Effective January 1, 2024, the fixed service charge applied to developable vacant land will be charged based on property classification as follows:

<b>Property Type</b>	<b>Water</b>	<b>Wastewater</b>
Residential	\$410.10	\$1,002.38
Commercial/Institutional	\$1,189.27	\$2,140.28
Industrial	\$4,511.03	\$8,118.29

Effective immediately, 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.

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### **Internal Consultations:**

This report is a collaborative effort of Corporate Services and Public Works.

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### **Financial Implications:**

The combined financial impact of the proposed updates is \$653,600 (Water = \$233,700; Wastewater = \$419,900).

In project terms, a 300mm wastewater pipe costs approximately \$300,000 per km to re-line. The City has 90 km of wastewater pipes.

Recognizing the most recent asset management plan identified \$84 million in assets within the water system with a rating of “very poor” and \$48.6 million in assets within the wastewater system with a rating of “very poor” it is recommended funding resulting from the proposed updates in this report be directed to the water and wastewater capital budgets.

Users of this report will note the current 2023 capital budget for water is \$700,000 and wastewater is \$695,000.

The City’s asset management plan identifies the average spend in water and wastewater to replace existing infrastructure should be \$5.5 million for water and \$4.5 million for wastewater annually.

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### **Public Engagement:**

This report is part of the public engagement processes. This report has been written in response to questions staff have received with respect to water and wastewater billing.

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### **Strategic Plan Alignment:**

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

- Service and Simplicity - Quality and Innovative Delivery of Customer Services
- Attracting Business Investment and Tourists to Port Colborne
- City-Wide Investments in Infrastructure and Recreational/Cultural Spaces
- Value: Financial Management to Achieve Financial Sustainability
- Governance: Communications, Engagement, and Decision-Making

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### **Conclusion:**

That the recommendations in Appendix A and corresponding Water and Wastewater Rates By-law attached as Appendix B be approved.

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### **Appendices:**

- a. Presentation: Water and Wastewater Rates By-Law Update
- b. Water and Wastewater Rates By-Law

c. Water and Wastewater Rates By-Law (Redlined)

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.