



## Report to Council

Department: Infrastructure Services  
Division: Environmental Services  
Date: March 1, 2021  
Prepared by: Kevin Girard, P.Eng., MBA  
Director, Infrastructure Services  
Report Number: Environmental Services-2021-01  
Subject: 2021 Water/Wastewater Rates and Financial Plan  
Number of Pages: 5 (plus 63 attached)

### Recommendation(s)

**That** Environmental Services – 2021 – 01 entitled, “2021 Water and Wastewater Rates and Financial Plan” prepared by Kevin Girard, Director, Infrastructure Services dated March 1, 2021 be received, and

**That** Council approve By-Law Number 1992, being a by-law to establish Water and Wastewater Rates and Charges to be read a first, second, and third time at the Regular Council Meeting on March 1, 2021, and

**That** Council adopt the 2021 Water Financial Plan as presented by Watson & Associates Economists Ltd. at the Special Meeting of Council on February 16, 2021 and as required by Ontario Regulation 453/07.

### Purpose

A By-Law to establish rates and charges must be adopted by Council. In addition, Council adoption of the Water Financial Plan is required under O.Reg 453/07.

## Background and Discussion

On February 16, 2021, Council received a presentation for the completion of a rate study from Watson & Associates Economists Ltd. that determined the rates required for 2021 to 2030. These rates are identified in the attached.

As appended to this report, the 2021 rates are shown in comparison to the current 2020 rates. The proposed rates include a 2% adjustment to the base rate for all wards in both water and wastewater. Whereas the volume rate for Ward 1 & 2 is proposed to be increased by 0.7% and Ward 3 & 4 is proposed to be increased by 1.2%. The volume rate for wastewater also have proposed increases in the individual wards – 2.1% in Ward 1, 3.2% in Ward 3, and 3.1% in Ward 4. It should be noted, that Ward 2 wastewater services and rates are provided directly through the Town of Amherstburg.

The proposed water and wastewater rates shown in the following table:

|                         | 2020      |             | 2021      |             |
|-------------------------|-----------|-------------|-----------|-------------|
|                         | Base Rate | Volume Rate | Base Rate | Volume Rate |
| <b>Water Rates</b>      |           |             |           |             |
| Ward 1 & 2              | \$ 19.69  | \$ 1.45     | \$ 20.08  | \$ 1.46     |
| Ward 3 & 4              | \$ 19.69  | \$ 1.63     | \$ 20.08  | \$ 1.65     |
| <b>Wastewater Rates</b> |           |             |           |             |
| Ward 1                  | \$ 20.68  | \$ 1.44     | \$ 21.09  | \$ 1.47     |
| Ward 3                  | \$ 21.71  | \$ 2.20     | \$ 22.14  | \$ 2.27     |
| Ward 4                  | \$ 20.68  | \$ 1.93     | \$ 21.09  | \$ 1.99     |

## 2021 Financial Plan

In 2007, the Ministry of Environment released regulation 453/07 requiring all municipalities to complete a Financial Plan for their drinking water system as “a key step in the long-term stability

for municipal residential drinking water systems". The Town engaged Watson and Associates Economists Limited to assist in the completion of the Water and Wastewater Financial Plan as presented at the February 16, 2021 Special Meeting of Council. A summary of the key elements required of all financial plans is as follows:

1. All municipal drinking water systems are required to prepare and submit financial plans in order to prove financial viability. The regulations set out the minimum required content but allow municipalities to vary their approach to preparing their plans to suit local needs while also achieve full cost recovery.
2. Financial plans must be developed for a minimum six-year period and must contain details of the financial position, financial operations and cash flow. The plans are required to be approved by a resolution of municipal council.
3. The financial plans are required as a condition of the system's drinking water license and must exhibit the ability to provide safe drinking water in the short term and long term.
4. The financial plans must be made available to users of the water system and updated in conjunction with every application to renew a system's drinking water license.

Appended to this report, is the Water Financial Plan previously received and completed in accordance with Ontario Regulation 453/07. It is recommended that Council adopt this plan in order for the Environmental Services division to renew the Town's Drinking Water License.

## **Financial Impact**

Increases in water and wastewater rates have the effect of offsetting increases in expenses resulting from increases in the Consumer Price Index and providing for the required lifecycle reserves.

## **Consultations**

Jeffrey Morrison, Director, Corporate Services/Treasurer

Andy Graf, Manager, Environmental Services

Robert Auger, Town Solicitor, Legal and Legislative Services/Clerk

## **Link to Strategic Priorities**

- ☒ Manage, invest and plan for sustainable municipal infrastructure which meets current and future needs of the municipality and its citizens.
- ☐ Create a safe, friendly and inclusive community which encourages healthy, active living for people of all ages and abilities.
- ☒ Provide a fiscal stewardship and value for tax dollars to ensure long-term financial health to the municipality.
- ☐ Manage responsible and viable growth while preserving and enhancing the unique rural and small town character of the community.
- ☐ Improve the experiences of individuals, as both citizens and customers, in their interactions with the Town of Essex.
- ☐ Improve the Town's capacity to meet the ongoing and future service needs of its citizens while ensuring the corporation is resilient in the face of unanticipated changes or disruptions.

## Report Approval Details

|                      |   |
|----------------------|---|
| Document Title:      | 2021 Water and Wastewater Rates and Financial Plan - Environmental Services-2021-01.docx                              |
| Attachments:         | <ul style="list-style-type: none"><li>- New Rates.pdf</li><li>- Essex Water Financial Plan Report_Final.pdf</li></ul> |
| Final Approval Date: | Feb 23, 2021  |

This report and all of its attachments were approved and signed as outlined below:

A handwritten signature in black ink, appearing to read "Chris Nepszy". The signature is fluid and cursive, with a period at the end.

**Chris Nepszy, Chief Administrative Officer - Feb 23, 2021 - 10:43 AM**