

# STAFF REPORT

## THE CORPORATION OF THE TOWN OF COBOURG



<b>Report to:</b>	Mayor and Council Members	<b>Priority:</b>	<input checked="" type="checkbox"/> High <input type="checkbox"/> Low
<b>Submitted by:</b>	<b>Ian D. Davey, BBA CPA CA</b> <b>Treasurer</b> <b>Director of Corporate Services</b> <a href="mailto:idavey@cobourg.ca">idavey@cobourg.ca</a>	<b>Meeting Type:</b>  Open Session <input checked="" type="checkbox"/> Closed Session <input type="checkbox"/>	
<b>Meeting Date:</b>	January 4, 2021		
<b>Report No.:</b>	Corporate Services-011-21		
<a href="#">Submit comments to Council</a>			

**Subject/Title:** 2020 Water and Wastewater Rate Study and Financial Plan

### RECOMMENDATION:

THAT Council receive the following reports for information purposes:

- 1) Town of Cobourg 2020 Water and Wastewater Rate Study
- 2) Town of Cobourg Water Ontario Regulation 453/07 Financial Plan
- 3) A presentation from Sean-Michael Stephen of Watson and Associates Economists Ltd., the author of these reports
- 4) The recommendation as approved by the Board of Lakefront Utility Services Inc. (LUSI)

AND

FURTHER THAT Council approve the adoption of the 2020 Water and Wastewater Rate Study and the Water Ontario Regulation 453/07 Financial Plan

### 1. STRATEGIC PLAN

Not Applicable

### 2. PUBLIC ENGAGEMENT

The Water and Wastewater Rates Study and Water Financial Plan has been published as part of this agenda package.

### **3. PURPOSE**

The purpose of this report is to introduce the Water and Wastewater Rates Study and Water Financial Plan to Council and the Public. The study has been prepared by Watson & Associates Economists Ltd. and has been reviewed by staff and the Lakefront Utilities Services Inc. Board of Directors.

### **4. ORIGIN AND LEGISLATION**

Legislation requires that the Water and Wastewater systems operate on a full cost recovery basis. The purpose of the rates study is to establish rates that will provide for operating, capital and lifecycle replacement costs.

In addition, a Water Financial Plan, meeting the requirements of O.Reg 453/07 is one of the requirements of the Town's water licence renewal application which is due in February 2021.

### **5. BACKGROUND**

The previous Water and Wastewater Rate Study was prepared by Watson & Associates Economists Ltd. and the results were presented to Council on January 20, 2014. The results of that study had provided the basis for the current rate schedule for the years 2014 through 2023.

The requirement for a Water Financial Plan as part of the licence renewal application and the fact that the current rate schedule has not had a formal review since it was adopted necessitated the rates study being completed at this time.

### **6. ANALYSIS**

The results of the study will be presented by the consultant who will be available to answer any questions on the methodology used to create the rate schedule.

The water rates are suggested to increase by 7.2% per year for the years 2021 through 2030.

The wastewater rates are suggested to increase by 4.6% per year for the years 2021 through 2030.

The combined impact will see a 5.8% annual increase in water and wastewater rates over the next ten years. Over the first five years of the plan the average residential customer will see an average increase of \$4 per month.

As indicated in the presentation, the average annual residential water and wastewater bill for the Town of Cobourg will still be lower than most of the comparators.

It is anticipated that the rate study will be updated within five years to determine if further modifications are required.

## 7. FINANCIAL IMPLICATIONS/BUDGET IMPACTS

The adoption of this rate structure and financial plan will ensure that both the water and wastewater systems continue to operate in a safe and efficient manner.

There will be no impact on property tax rates as both the water and wastewater systems are fully funded by water and sewer usage rates.

## 8. CONCLUSION

In conclusion, the rate study and financial plan were completed by Watson & Associates Economists Ltd. to support the rate schedule being recommended in their report.

### Report Approval Details

Document Title:	2020 Water and Wastewater Rate Study and Financial Plan
Attachments:	
Final Approval Date:	Dec 28, 2020

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

**Brent Larmer, Municipal Clerk / Manager of Legislative Services - Dec 28, 2020 - 9:28 AM.**

**Tracey Vaughan, Chief Administrative Officer - Dec 28, 2020 – 11:28 AM.**