



STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG

Corporate, Finance, and Legislative Standing Committee

Report to: Mayor, Deputy Mayor, and Councillors

From: Adam Giddings, Director of Corporate Services/Treasurer
Laurie Wills, Director of Public Works & Engineering

Standing Committee Date: November 28, 2024

Report Number: COR-2024-021

Council Meeting Date: December 18, 2024

Subject: **Water / Wastewater Rates – January 2025 and Water /
Wastewater Connection Charge By-law Amalgamation**

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1. Recommendation:

WHEREAS the Committee adopt the following recommendation and refer to Regular Council for final approval; and

WHEREAS Council authorized a by-law be prepared for presentation to Council to increase both the monthly base charge and consumptive rate charge of the Water and Wastewater Rates in accordance with the schedules provided in the 2020 Town of Cobourg Water and Wastewater Rate Study as prepared by Watson and Associates Economists Ltd. and adopted by Council Resolution 010-21 dated January 11, 2021; and

WHEREAS Council authorized that within the same by-law owners of buildings be required to connect such buildings to the municipality's sewage works.

NOW THEREFORE BE IT RESOLVED THAT Council enact a by-law to allow Lakefront Utility Services Inc. to implement these rate increases, with an effective date of January 1, 2025.

2. Executive Summary:

Legislation requires that the water and wastewater systems operate on a full-cost recovery basis. The Town of Cobourg's Water and Wastewater Rates Study was prepared by Watson and Associates Economists Ltd. and presented to Council on January 4, 2021 and was adopted by Council Resolution 010-21 dated January 11, 2021. The 2021 rate study was prepared in December 2020 for rates effective 2021 to 2025 and the rates have been forecast such that they will be sufficient to fund the long-term capital needs of the systems, providing for the sustainable replacement of infrastructure and ongoing operating and maintenance of the systems.

By-law 51-94 is a by-law requiring owners of buildings to connect such buildings to the municipality's sewage works where they are available. The content of this by-law has been updated and amalgamated into the water and wastewater rates by-law, consistent with the water connection charges already being included in the water and wastewater rates by-law.

3. Background

The Water and Wastewater Rates Study was prepared by Watson and Associates Economists Ltd. and presented to Council on January 4, 2021 and was adopted by Council Resolution 010-21 dated January 11, 2021.

The purpose of this report is to update Council and the public on the proposed water and wastewater rates to be effective January 1, 2025, as provided in the ten-year rate forecast as previously approved by Council.

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 license renewal application which was completed in 2021.

The results of the study provide the basis for the current rates schedule for the years 2021 through 2030. The 2021 rate study was prepared in December 2020 for rates effective 2021 to 2025 and the rates have been forecast such that they will be sufficient to fund the long-term capital needs of the systems, providing for the sustainable replacement of infrastructure and ongoing operating and maintenance of the systems.

The next rate study for years effective 2026 to 2030 will be prepared in 2025 to determine if the rate increases are keeping pace with cost increases.

By-law 51-94 is a by-law to require owners of buildings to connect such buildings to the municipality's sewage works. This by-law will be repealed and the contents included in the new water/wastewater rates and connection fee by-law. The point of this by-law is to encourage property owners to connect to the municipal sewage system when it is available. Sewers are designed to convey a pre-determined amount of flow and do not function as well when flows are lower than anticipated. Having all properties connected to the sewer aids in the movement of sewage and reduces maintenance issues.

The connection by-law permits the Town to collect a base monthly sewage charge after one (1) year of a sewer becoming available to the property where a building exists. The Owner has up to one year to connect to the sewer following construction, after which time a base monthly charge applies.

4. Discussion:

Operating Costs Compared to Rate Study

Revenues collected for the provision of wastewater services is used to meet the needs of those services. A sustainable level of revenue allows for reliable service that meets or exceeds standards, while providing sufficient resources for future rehabilitation and replacement needs.

The table below compares the operating costs included in the rate study to the actual wastewater operating costs.

Year	Operating Costs per Rate Study	Actual Operating Costs	Increase
2021	3,876,900	3,986,324	109,424
2022	3,960,300	4,112,730	152,430
2023	4,045,600	4,248,680	203,080
2024	4,135,400		
2025	3,290,300		

The actual operating costs are consistent with the rate study. An increase is expected as the operating costs included in the rate study were assumed to increase by 2% for annual inflation, whereas actual inflation has increased above the 2% assumption.

The Town of Cobourg imposes wastewater and water rates through monthly base charges reflective of customers' meter size plus an increase block volumetric rate (\$ per cubic meter of usage).

Base Charge

The wastewater rates will increase by 4.57% for a 5/8 x 3/4 meter while the water rates will increase by 7.22%, summarized as follows:

Wastewater Base Charge			
Meter Size	2025	2024	Increase
5/8" to 3/4"	\$18.77	\$17.95	4.57%
1"	\$71.99	\$68.84	4.58%
1.5"	\$103.29	\$98.77	4.58%
2"	\$134.59	\$128.71	4.57%
3"	\$207.92	\$198.83	4.57%
4"	\$289.98	\$277.30	4.57%
6"	\$452.80	\$433.01	4.57%
8"	\$616.79	\$589.82	4.57%

Water Base Charge			
Meter Size	2025	2024	Increase
5/8" to 3/4"	\$19.45	\$18.14	7.22%
1"	\$74.56	\$69.57	7.17%
1.5"	\$106.96	\$99.80	7.17%
2"	\$139.37	\$130.04	7.17%
3"	\$215.31	\$200.89	7.18%
4"	\$300.29	\$280.18	7.18%
6"	\$468.90	\$437.49	7.18%
8"	\$638.69	\$595.92	7.18%

Volumetric Charge

The wastewater volumetric charge will increase by 4.89% while the water volumetric charge will increase by 7.18%, summarized as follows:

Wastewater Volumetric Charge			
Block	2025	2024	Increase
Block 1 per m ³ (up to 22.73 m ³)	1.93	1.84	4.89%
Block 2 per m ³ (over 22.73 m ³)	2.4	2.3	4.35%

Water Volumetric Charge			
Block	2025	2024	Increase
Block 1 per m ³ (up to 22.73 m ³)	1.94	1.81	7.18%
Block 2 per m ³ (22.73 m ³ to 35 m ³)	2.42	2.26	7.08%
Block 3 per m ³ (over 35 m ³)	3.04	2.84	7.04%

Customer Impact

The below compares the monthly increase to an average residential customer with a 5/8 x 3/4 water meter with annual wastewater consumption of 138m³.

Meter Size	2025	2024	Monthly Increase
5/8" to 3/4"	\$40.97	\$39.11	\$1.86
1"	\$94.19	\$90.00	\$4.19
1.5"	\$125.49	\$119.93	\$5.56
2"	\$156.79	\$149.87	\$6.91
3"	\$230.12	\$219.99	\$10.13
4"	\$312.18	\$298.46	\$13.72
6"	\$475.00	\$454.17	\$20.83
8"	\$638.99	\$610.98	\$28.01

As indicated, the average residential customer would see an increase of \$1.86 per month or an annual increase of \$22.26 in their wastewater bill.

5. Financial Impact and Budget

The adoption of the rate structure and the financial plan in 2021 has provided consumers with some level of predictability in their future costs for these essential services while at the same time 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 usage rates.

6. Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:

Thriving Community

Provide the physical infrastructure to support a healthy community that will enable each of us to flourish and reach our full potential

Service Excellence

Sustainability

Enhance our Financial and Asset Management Plans to provide appropriate levels of services and ensure long-term sustainability

7. Public Engagement:

The Water and Wastewater Rates Study and Water Financial Plan were published in January 2021 as part of the January 4, 2021, agenda package and adopted by Council. The study included a 10-year rate forecast through 2030. Further, the approval of the annual water and wastewater rates is done through an open session and encourages public engagement, therefore ongoing public engagement and transparency is built through the annual approval of the water and wastewater rates.

8. Attachments:

Attachment 1 - Note: The Consolidated By-law will be distributed with the Regular Meeting Agenda as it is currently with legal for review.