Report to
Rapport au:

Environment Committee
Comité de l'environnement
19 May 2015 / 19 mai 2015

and Council
et au Conseil
27 May 2015 / 27 mai 2015

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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE

File Number: ACS2015-CMR-FIN-0025

SUBJECT: Water, Wastewater, and Stormwater Rate Structure Review

OBJET: Examen du barème de redevances pour l'eau, les eaux usées et les eaux pluviales

REPORT RECOMMENDATIONS

That the Environment Committee recommend Council:

1. **Direct staff to return to Council by Q1 2016 with an updated water, wastewater, and stormwater rate structure for Council's consideration and;**
2. **Approve that the overall guiding principles, in order of importance, for this review are as follows:**

a) **Is fair and equitable to users of the service.**

b) **Increases financial sustainability.**

c) **Ensures that the basic level of consumption is affordable for residential customers.**

d) **Is transparent and understandable.**

e) **Preserves conservation.**

f) **Supports Economic Development.**

RECOMMANDATIONS DU RAPPORT

Que le Comité de l'environnement recommande au Conseil municipal :

1. **D'enjoindre au personnel de remettre au Conseil municipal, d'ici le premier trimestre de 2016, un nouveau barème de redevances pour l'eau, les eaux usées et les eaux pluviales aux fins d'examen et;**

2. **D'approuver que les principes directeurs généraux à appliquer dans cet examen, par ordre d'importance, soient les suivants:**

   a) **Le barème doit être juste et équitable pour les utilisateurs.**

   b) **Le barème doit accroître la viabilité financière des services.**

   c) **Le barème doit assurer un niveau de consommation de base abordable aux consommateurs résidentiels.**

   d) **Le barème doit être transparent et compréhensible.**

   e) **Le barème doit contribuer à la conservation de l'eau.**

   f) **Le barème doit favoriser le développement économique.**

EXECUTIVE SUMMARY

Assumption and Analysis

The purpose of this report is to seek Council's approval and prioritization of guiding principles which will be used to evaluate and recommend a new rate structure for Council's consideration by Q1 of 2016.

This follows Executive Committee's commitment during the 2015 Rate Supported Budget discussions earlier this year to undertake a Rate Structure Review.

Prior reports on the City's rate structure have indicated that there is a need to review the current structure where revenues vary directly with water consumption while water, wastewater, and stormwater expenditures are largely fixed in nature.

The need for this review has been further prompted by the declining and unpredictable levels of water consumption which the City and other municipalities have experienced over the past several years despite continued growth in the number of households being serviced. The decreasing level of consumption has been attributed to a number of factors including the increased availability of water efficient appliances and fixtures, changes in building codes, and greater conservation awareness, etc. If the shortcomings of the City's rate structure are left unaddressed the financial sustainability of the city's water and wastewater services will be adversely impacted.

Guiding Principles

A rate structure establishes how the users that benefit from a service share in the overall cost of that service. Selecting the most appropriate rate structure is a function of the unique circumstances and objectives of each municipality and no one rate structure meets all objectives equally. In fact, different objectives may at times prove at odds with each other, for instance a municipality may establish lower rates for high volume commercial users to promote economic development which, in turn, conflicts with the principles of water conservation. By seeking Council's approval of a prioritized list of objectives or "guiding principles" of the City's Review, Staff will have a clear framework for assessing potential rate models to identify those that best meets the City's goals.

This review will include a study of the effectiveness of the existing rate structures, a review of practices employed across Ontario, industry best practice research, and development of a recommended rate structure including an analysis of the impact of the new rate structure on residential and commercial clients.

Common Rate Structure Options

There are a number of water and wastewater rate structures used by municipalities. Most Ontario municipalities utilize a two-part water and wastewater rate structure to recover service costs from a fixed service charge and a volumetric charge. This type of structure also conforms to guidelines published by the Canadian Water Works Association (CWWA) and the American Water Works Association (AWWA).

A growing number of municipalities are also establishing stormwater fees, segregated from wastewater fees, as a dedicated funding source towards stormwater management operations and infrastructure.

Ottawa's Rate Structure

The current rate structure for water and wastewater services is based on a 100% volumetric basis. Additionally, a fixed annual fire supply charge is included on each property's water bill based upon meter size; the majority of properties are charged $39.98 for the year (2015 rates - 15 mm meters). Water charges and a sewer surcharge (for recovery of both wastewater and stormwater services) are billed based upon metered water usage. One exception to this is the Village of Richmond which is serviced by City sanitary sewers despite the fact that the majority of residences and businesses have their own working wells. For these properties, the City uses the average water consumption per family dwelling to impute a sewer surcharge for inclusion on the property tax bills.

The City's current rate structure has two principal limitations. Only those customers who pay for water and/or sewer services contribute to the cost of stormwater operations and infrastructure, however, stormwater services benefits the entire community. Also, revenues for stormwater services are based on metered water consumption volumes whereas the cost driver for stormwater management is related to runoff from properties. This lack of correlation between revenue and expenditures does not provide an equitable basis for allocating costs.

Financial Implications

Detailed customer impact analyses will be undertaken as part of the Review to ensure that the guiding principles are met and that Council and customers are fully informed of the implications of any rate structure recommendations.

The feasibility of implementing each structure will also be assessed as part of the Review to ensure that the benefits of the new structure outweigh any incremental administrative costs.

Public Consultation/Input

Public engagement activities will be planned for the fall of 2015 once further analysis is completed. These public engagement sessions will offer the City an opportunity to explain the various rate options studied, how the options were evaluated, and the estimated impact to various customer groups.

RÉSUMÉ

Hypothèse et analyse

Le présent rapport vise à obtenir l'approbation du Conseil et à établir l'ordre de priorité des principes directeurs qui seront utilisés pour évaluer et proposer au Conseil un nouveau barème de redevances d'ici le premier trimestre de 2016.

Le présent rapport est déposé dans la foulée de l'engagement pris antérieurement cette année par le Comité exécutif lors des discussions sur le budget soutenu par les redevances de 2015, c'est-à-dire procéder à un examen du barème de redevances.

Les rapports antérieurs sur le barème de redevances de la Ville ont révélé qu'un examen du barème en vigueur était nécessaire parce que les revenus générés par la municipalité fluctuent en fonction de la consommation d'eau, alors que les dépenses engendrées par le traitement de l'eau, des eaux usées et des eaux pluviales sont en grande partie fixes.

La nécessité de procéder à cet examen fait également suite à la baisse et à l'imprévisibilité des niveaux de consommation d'eau que la Ville d'Ottawa et d'autres municipalités ont connu au cours des dernières années, et ce, malgré l'augmentation du nombre de ménages qui utilisent les services. La diminution des niveaux de consommation est attribuée à plusieurs facteurs, dont la multiplication des dispositifs d'économie de l'eau, les changements apportés au code du bâtiment et la sensibilisation accrue de la population. Si les lacunes du barème de redevances ne sont pas corrigées, la viabilité financière des services de traitement de l'eau et des eaux usées sera menacée.

Principes directeurs

Un barème de redevances sert à fixer le montant que les utilisateurs d'un service doivent payer par rapport au coût global de ce service. Le choix du meilleur barème dépend des circonstances particulières et des objectifs de chaque municipalité, et aucun barème ne satisfait à tous les objectifs de la même façon. En fait, certains objectifs peuvent même parfois être contradictoires. Par exemple, une municipalité peut fixer des redevances préférentielles pour les gros consommateurs commerciaux afin de promouvoir son développement économique, ce qui va à l'encontre du principe de la conservation. En cherchant à obtenir l'approbation du Conseil pour la liste des objectifs, ou « principes directeurs », classés par ordre de priorité, de l'examen de la Ville, le personnel disposera d'un cadre clair pour évaluer des barèmes possibles et trouver ceux qui remplissent le mieux les objectifs de la Ville.

L’examen comprendra une étude de l’efficacité du barème actuel, un tour d’horizon des pratiques utilisées en Ontario, une recherche sur les pratiques exemplaires et la recommandation d’un barème, accompagnée d’une analyse des répercussions sur les clients résidentiels et commerciaux.

Options courantes

Il existe plusieurs barèmes de redevances pour l’eau et les eaux usées en usage dans les municipalités. La plupart des municipalités de l’Ontario recourent à un barème binôme (eau et eaux usées) qui leur permet de recouvrer leurs coûts grâce à des frais de service fixes et à des frais liés au volume. C’est d’ailleurs le modèle préconisé par l’Association canadienne des eaux potables et usées (ACEPU) et l’American Water Works Association (AWWA).

Un nombre croissant de municipalités fixent pour les eaux pluviales un tarif distinct de celui des eaux usées. Les recettes qui en sont tirées sont exclusivement consacrées à la gestion et à l’infrastructure de traitement des eaux pluviales.

Barème de redevances de la Ville d’Ottawa

Le barème de redevances actuellement utilisé pour les services de traitement de l’eau et des eaux usées est entièrement établi en fonction de la base volumétrique. De plus, une redevance d’eau – incendies est incluse dans chaque facture de services d’eau de toute propriété en fonction de la taille du compteur; la plupart des propriétés est facturé un montant de 39,98 $ pour l’année (taux de 2015 - compteur de 15 mm). Les frais des services d’eau et la surtaxe d’égout (pour le recouvrement des services de traitement des eaux usées et des eaux pluviales) sont facturés en fonction de la consommation d’eau affichée au compteur. Fait exception le village de Richmond, dont tous les résidents bénéficient du réseau d’égouts sanitaires municipal bien que la majorité des résidences et des entreprises aient leur propre puits. La Ville d’Ottawa utilise la consommation d’eau moyenne par foyer familial pour calculer la surtaxe d’égout à indiquer sur les relevés d’impôt foncier des résidents de ce village.

Le barème de redevances de la Ville en vigueur comporte deux inconvénients importants. Seuls les consommateurs qui bénéficient des services d’eau et d’égout paient pour les coûts de gestion et d’infrastructure liés au traitement des eaux pluviales; toutefois, toute la communauté profite des services. De plus, les revenus des services de traitement des eaux pluviales sont générés d’après la consommation d’eau affichée au compteur, alors que l’inducteur de coût de la gestion des eaux pluviales est lié au débit d’eaux pluviales provenant des propriétés. Ce manque de corrélation entre les revenus et les dépenses n’offre pas une base équitable pour la répartition des coûts.

Répercussions financières

L'examen comportera une analyse détaillée des répercussions sur les consommateurs afin que les principes directeurs soient respectés et que le Conseil et les consommateurs soient pleinement informés des conséquences de toute recommandation sur le barème de redevances.

La faisabilité de chaque barème sera également évaluée afin qu'une augmentation éventuelle des frais d'administration soit compensée par les avantages du nouveau barème.

Consultation publique/commentaires

Une consultation publique aura lieu à l'automne 2015, après un approfondissement de l'analyse. Dans le cadre de ces activités, la Ville pourra expliquer les barèmes examinés, la façon dont les options ont été évaluées et les répercussions prévues pour les différentes clientèles.

BACKGROUND

In 2001 the new City of Ottawa approved a harmonized sewer surcharge as the basis for financing stormwater management and sanitary sewage programs. This was a departure for some of the former municipalities who, prior to amalgamation, funded a portion of sanitary and/or stormwater through property taxes. Provision of water services remained at the regional level and continued to be charged on a 100% uniform volumetric charge basis, i.e. a set dollar amount for each cubic meter of metered water usage. The annual fire supply charge was included on the property tax bill and recovered on the basis of the property's unweighted assessment value.

In 2006, Council approved that the fire supply charge be moved to the water bill as a fixed charge based on meter size.

In 2008, the Office of the Auditor General conducted an audit of the City of Ottawa Water Rate. The final audit report recommended "that the City consider establishing water rates based on a fixed meter charge plus a consumption charge as this will provide the Water and Wastewater Services Branch a more predictable and stable cash flow. In this fashion, a customer that may not consume any water for a prolonged period (e.g., vacant building) would have a minimal meter charge that should cover the cost of the basic infrastructure that is required to provide water to the property."

The rate structure was next reviewed by the Planning and Environment Committee in 2010. The report recommendations were deferred until such time as the City's advanced metering infrastructure was to be implemented and remained an outstanding

deliverable of the 2010-2014 Term of Council Priorities. The metering project is now nearing completion and together with a new and flexible water billing system which will be implemented by the end of 2016, the City will now have the appropriate technology in place to support alternative rate structures.

A number of other advancements since 2010 will also facilitate this review. The introduction of a Surface Water Management Branch within Environmental Services with its own budget has provided more emphasis and transparency regarding stormwater expenditures.

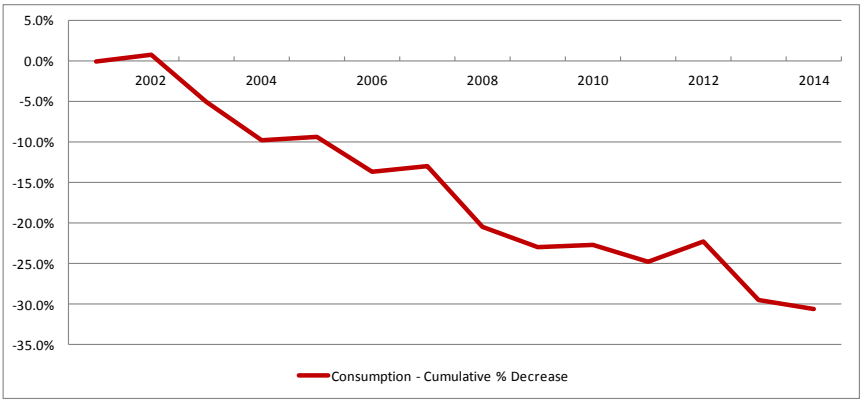
The new rate structure is planned to be implemented in 2017 pending approval by Council and once the City's current water billing software has been replaced. New billing software will provide more flexible options and will be capable of supporting industry best practices.

DISCUSSION

Ottawa and other municipalities across North America have experienced declining and unpredictable levels of water consumption over the past several years despite continued growth in the number of households being serviced. The decreasing level of consumption has been attributed to a number of factors including the increased availability of water efficient appliances and fixtures, changes in building codes, and greater conservation awareness, etc.

This decline has led to annual deficits in water and/or wastewater revenues in recent years which is unsustainable and will impact the City's ability to maintain water and wastewater assets in a state of good repair; and/or call for continued large rate increases; and/or necessitate the City to extend its use of debt beyond current approved fiscal framework levels and potentially impact the City's credit rating.

City of Ottawa – Average Annual Consumption (Single Family Dwelling)



The City of Ottawa provides Water and Wastewater Services to residents, commercial and institutional organizations, as well as water services to the Township of Russell, on a full cost recovery basis, thereby ensuring that there is no cross subsidization between property taxes and water/wastewater fees. Municipalities are authorized to charge fees for water and wastewater services under Section 391 of the Municipal Act which authorizes a municipality to impose fees or charges "for services or activities provided or done by or on behalf of it". Additionally, the City's own Fiscal Framework objective states that "capital and operating costs for water [and] sewer….be 100% recovered by fees including associated development charges".

Rate related user fees per the 2015 budget are $320M and account for 99% of rate supported operating budget revenues. Over 95% of the City's approximately 220,000 active billing accounts represent residential customers. Of the total rate revenues billed approximately 70% are from residential customers, with the remaining 30% attributable to commercial, institutional and industrial customers, and the Township of Russell.

All direct costs (compensation, materials, hydro, contribution to reserves to fund infrastructure requirements, debt service costs, etc) and indirect costs (corporate support services such as communication, finance, human resources, etc) attributable to water, sanitary, and stormwater services are allocated to determine the full cost of each individual service. Capital reserve contributions and debt service costs are being reported separately for wastewater and stormwater for purposes of this exercise.

The current rate structure for water and wastewater services is based on a 100% volumetric charge basis. The exception to this is the village of Richmond where there are no meters in place and the average city-wide water usage per family dwelling is used to impute the sewer surcharge for inclusion on the property tax bill.

A fixed annual fire supply charge is included on each property's water bill based upon meter size. The fire supply charge is meant to recover all costs associated with the fire protection service to the community provided by the water system. This charge typically includes all direct and indirect costs for the water system infrastructure that is related to providing fire protection, such as: fire hydrants, over-sizing of water mains, over-sizing of pumping stations, over-sizing of water storage reservoirs, and over-sizing of water treatment plants. The charge also includes all activities related to the operations and maintenance of this additional infrastructure.

The invoicing process for rate services is relatively simple given that the City does not distinguish between a number of variables including numerous customer classes (residential, multi-residential, farm, commercial, industrial, Township of Russell).

Currently all customer classes, including water services for the Township of Russell which is governed by a long term agreement with the City, are charged at a set uniform rate per meter cubed of metered water usage. As of May 1, 2015 water rates are $1.699 per cubic meter, the sewer surcharge is set at 117% of the water charge. The annual fire supply charge for the majority of City properties is currently $39.98 for the year (2015 rates based on a 15 mm meter).

Limitations of the current rate structure include the fact that only those customers who pay for water and/or sewer services contribute to the cost of stormwater operations and infrastructure, however, all properties benefit from stormwater services. A review of customer accounts found that in excess of 45,000 properties do not have a water meter and as such are not charged for stormwater or fire protection services.

Also, revenues for stormwater services are based on metered water consumption volumes whereas the cost driver for stormwater management is related to runoff from properties' impervious surfaces. This lack of correlation between revenues and expenditures does not provide an equitable basis for allocating costs.

Rate Review Goal

The overall goal of the Review is to establish a new rate structure that achieves fairness and equity for all customers while also ensuring the system's financial sustainability.

Guiding Principles

A rate structure establishes how the users that benefit from a service share in the overall cost of that service. Selecting the most appropriate rate structure is a function of the unique circumstances and objectives of each municipality and no one rate structure meets all objectives equally. In fact, a municipality's objectives may at times prove at odds with each other, for instance a municipality may for instance a municipality may establish lower rates for high volume commercial users to promote economic development which, in turn, conflicts with the principles of water conservation. By seeking Council's approval of a prioritized list of objectives or "guiding principles" of the City's Review, Staff will have a clear framework for assessing potential rate models to identify those that best meets the City's goals.

The following guiding principles for the Review are being recommended to Council in order of priority:

1.	Fairness and Equity	Customers should pay or contribute for a service in accordance with the benefit they receive
2.	Financial Sustainability	The full cost of operating water, sewer, and stormwater systems and maintaining the infrastructure in a state of good repair should be achieved though a stable user pay approach where practicable.
3.	Affordability	The user pay rate structure should ensure that the level of consumption that meets basic needs is affordable to residential customers.
4.	Transparency	Should be transparent and follows industry best practices. It should be easy for customers to understand and for the City to maintain.
5.	Preserves Conservation	Should continue to encourage water conservation as well as assist in managing system demand.

6.	Supports Economic Development	Should support economic development by being comparable to other rates in the province.

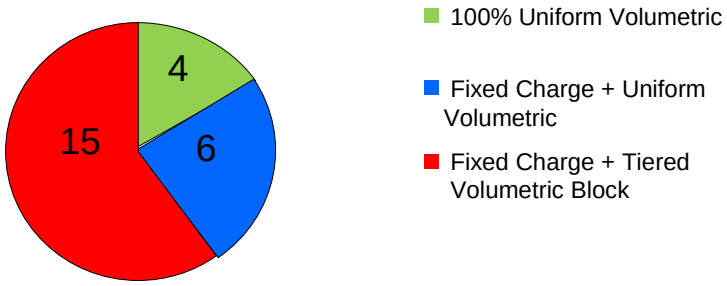
Common Rate Structure Options

There are a number of water and wastewater rate structures used by municipalities. Most Ontario municipalities utilize a two-part water and wastewater rate structure to recover service costs from a fixed service charge and a volumetric charge. This type of structure also conforms to guidelines published by the Canadian Water Works Association (CWWA) and the American Water Works Association (AWWA).

A growing number of municipalities are also establishing stormwater fees, segregated from wastewater fees, as a dedicated funding source towards stormwater management operations and infrastructure.

A study of the largest 25 municipalities within Ontario found that Ottawa's structure is out of step with most other municipalities.

Review of Ontario Municipalities (25 Largest)
Water Rate Structures



The various rate structure options in use are as described below:

Fixed Service Charges

As stated by the Canadian Water Works Association (CWWA), at the heart of the methodology for setting water rates is the concept of a two-part rate structure; a volumetric charge and a fixed service charge. These fixed service charges are flat rates established based on either property type or meter size and are used in combination with a consumption based structure. These can be utilized to cover fixed costs of providing the services and provide the ability to recognize that different property types and/or meter sizes may cost more to administer, maintain, and renew. These rates are charged for both vacant and occupied properties.

There are a number of costs that can clearly be linked directly to the number of customers (active services) or the addition of customers served by a water system. These costs include meter replacement and repair, billing and collection and meter reading. The cost of debt service and net capital investment (net of development charges and senior government funding) may also be included in the fixed monthly cost representing the significant capital investment that is made to provide customer access to services and also to ensure service levels are maintained. These charges are often used to stabilize financial results as they are not subject to fluctuation in demand or environmental conditions.

The survey of the 25 largest Ontario municipalities found that on average the fixed service charge component represented 35% of the total water/wastewater charge. Municipalities which set conservation as a high priority tend to have a lower allocation of fixed to volumetric; but this comes at a potential increased risk to financial sustainability. Municipalities that allocate a large percentage of costs to be recovered from the fixed portion of the bill increase revenue stability; however, this increases the costs to low volume residential customers, compromises affordability and reduces the incentive to conserve.

As noted above in the report the City of Ottawa's existing water and wastewater rate structure (excluding fire supply) does not include a fixed service charge.

Volumetric Charges – Options:

a) Uniform Volumetric

A uniform rate structure means that the rate per unit remains constant despite consumption and despite the class of user. The cost is calculated by dividing the total cost of the service by the total volume used by customers. This is the current rate structure for the City of Ottawa for water and wastewater services and excluding the fire supply charge.

This option is easy to implement and is simple for customers to understand. Assuming that there are no clearly defined capacity based issues or costs associated with capacity, the goal of equity is met, such that all ratepayers are treated the same. Conservation is promoted since as water use increases, though the rate stays the same, customer billing increases.

b) Inclining (Progressive) Tiered Block

Water efficiency objectives are relevant to rate setting since the rates can be an important tool in promoting efficient use of water. Customers typically use less water if water is metered and billed out based on the volume used and they also tend to use less water as the volumetric rate increases. The main objective of an increasing block structure is to encourage conservation. The rates in an inclining (progressive) rate structure increase as consumption increases by establishing thresholds or blocks at which the rate would change. For inclining block rate structures, the block (quantity) shift points are generally based upon the unique demand characteristics of each user class and are focused on user demand points to enhance water usage awareness. Customer awareness combined with price incentives, are critical elements in modifying consumption behavior. Challenges exist in identifying a fair approach for establishing thresholds as average consumption will vary based on family size. Typically, block rate thresholds for residential properties try to establish the first block to reflect indoor water use and the second block to reflect outdoor use.

c) Declining (Regressive) Tiered Block

In a declining block rate structure, the unit price of water decreases as the volume consumed increases. This structure charges low volume users the highest rate, which most often are residential consumers. This may be used where large industry has a lower cost of service or to promote economic development, however, this approach does not encourage conservation in the ICI (Industrial, Commercial, and Institutional) sector. This structure is designed to reflect the fact that at a certain level of consumption the cost of providing the service decreases, where the fixed costs of the utility have already been met. A declining rate structure is typically utilized in the commercial class of service where high volumes of water are used in business operations providing local employment.

d) Humpback Tiered Block

A humpback rate structure uses a combination of increasing and decreasing block rates: rates first increase, then decrease in steps as consumption increases. This approach targets high volume users, and then provides lower rates for very high volume users.

e) Lifeline Rate

A reduced rate is established for the usage volume deemed to meet the essential needs of the customer. Some jurisdictions have incorporated the charge associated with this minimal volume into the fixed charge or first tier of the rate structure.

f) Seasonal Rates

An interest in water demand management may lead municipalities to consider a seasonal rate structure. Seasonal rates are used to reflect the different consumption requirements between seasons and encourage water conservation during peak summer demand periods. This can be an effective tool to neutralize the impacts of unexpected environmental impacts.

The use of seasonal charges is implemented by some municipalities to deal with peak demands in the summer months. Seasonal charges are normally used in conjunction with a uniform rate system that is in effect from May to September. The economic theory behind surcharges is that prices during peak demand periods should exceed prices during off-peak periods. It is peak use that strains the capacity of the system and triggers the need for expansion. Therefore, peak users should pay the extra costs associated with system expansion.

g) Excess Use Rate

An excess use rate structure considers the consumption patterns for each user and charges a premium for the consumption in the peak demand season exceeding a threshold (e.g. a customer's winter use). The advantage to this approach is that it encourages conservation since it is purely consumer-driven and takes into consideration differences in family sizes, (only pay a premium over the user's specific winter month average). Unlike a seasonal rate which could be punitive towards the ICI sector which may have a fairly regular consumption pattern throughout the year, an excess use rate structure is fairer. As well, this approach is administratively more challenging, in that the billing software would need to be programmed to calculate each user's winter average.

h) Time of Use Rate

A time of use rate structure measures usage during specific time periods and sets differing rates for peak periods. This approach is difficult to apply with older technology for water meters, since they register only full cubic meter volume on a periodic basis. This is an emerging concept but not implemented in Ontario to date.

Stormwater Fees – Options:

An increasing number of jurisdictions throughout North America and within Ontario have sought to generate funding for stormwater services as a separate and distinct charge in efforts to improve fairness and equity. Several Ontario municipalities such as Kitchener, London, Markham, Toronto, Mississauga, Vaughan, and Richmond Hill have adopted or are in the process of adopting specific stormwater rates to ensure dedicated, sustainable funding.

Municipalities that fund stormwater services through property taxes charge property owners based on their relative assessed value regardless of the amount of runoff their property generates.

Stormwater fees are intended to allow a charge to be levied that is proportional to the cost of stormwater service for a property. The charge is not based on the value of a residential property or metered water usage but typically on the size of the lot, the land zoning type of the property or the estimated stormwater runoff contribution of the property. While this does appear more equitable and promotes stormwater management this is also administratively burdensome and costly to implement and maintain.

As discussed above, the Review requires that an evaluation of cost versus benefit needs to be conducted in order to determine how best to structure stormwater service cost recovery that balances the interest of the City and property owners.

Financial Implications

Detailed customer impact analyses will be undertaken as part of the Review to ensure that the guiding principles are met and that Council and customers are fully informed of the implications of any rate structure recommendations.

The feasibility of implementing each structure will also be assessed as part of the Review to ensure that the benefits of the new structure outweigh any incremental administrative costs.

Existing project authority of $222.5k will be sufficient to cover the anticipated expenditures of the Review. Staff time will be absorbed from existing operating budgets.

RURAL IMPLICATIONS

This Review will potentially impact all property owners, commercial enterprises and institutions both within the urban and rural areas.

CONSULTATION

Public engagement activities will be planned for the fall of 2015 once further analysis is completed. These public engagement sessions will offer the City an opportunity to explain the various rate options studied, how the options were evaluated, and the estimated impact to various customer groups.

COMMENTS BY THE WARD COUNCILLOR(S)

Not applicable.

ADVISORY COMMITTEE(S) COMMENTS

None.

LEGAL IMPLICATIONS

There are no legal impediments to implementing the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

Implementation of any new rate structure recommendations is dependent on the successful completion of the Advanced Metering Infrastructure and new water software billing systems.

ASSET MANAGEMENT IMPLICATIONS

One of the goals of the Review is to improve water and wastewater financial sustainability and thereby ensure that the City is able to invest in the substantial water and wastewater renewal requirements and maintain assets in a state of good repair.

FINANCIAL IMPLICATIONS

The financial implications are identified within the report.

ACCESSIBILITY IMPACTS

Not applicable.

ENVIRONMENTAL IMPLICATIONS

One of the guiding principles of the report is to preserve water conservation. Additionally, as the Review will give consideration as to whether a separate stormwater rate that is better linked to cost drivers such as property run-off is in the City's best interest. As a result, residents and businesses will become more aware of how they can influence stormwater management in regards to their own properties.

TERM OF COUNCIL PRIORITIES

FS1 – Align strategic priorities to council's tax and user fee targets

FS2 – Maintain and enhance the City's financial position

GP3 – Make sustainable choices

ES1 – Improve stormwater management

DISPOSITION

The Finance Department will proceed with the Review in accordance with the guiding principles approved in this report.