

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 23, 2013**

Item 3, Report No. 6, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on April 23, 2013.

#### **3                    2013 DRAFT WATER AND WASTEWATER/STORM OPERATING BUDGETS**

**The Finance and Administration Committee recommends:**

- 1)        That recommendations 1) and 2) contained in the following report of the City Manager, the Commissioner of Finance/City Treasurer, the Commissioner of Engineering and Public Works, the Director of Public Works and the Director of Financial Services, dated April 15, 2013, be approved;**
- 2)        That a Special Council meeting be held on Tuesday, April 30, 2013 at ±7:00 p.m., to receive public deputations and to consider for final approval the 2013 Draft Water & Wastewater Operating Budgets and corresponding rate increases;**
- 3)        That Council ratify any action taken in advance of its approval of these recommendations on April 23, 2013; and**
- 4)        That the presentation by the Acting City Manager/Commissioner of Finance & City Treasurer, and C4, presentation material, be received;**

#### **Recommendation**

The City Manager, the Commissioner of Finance/City Treasurer, the Commissioner of Engineering and Public Works, the Director of Public Works and the Director of Financial Services recommend:

- 1)        That the draft consumption rates for Water and Wastewater and the draft Water and Wastewater Operating Budgets reflecting the Regional rate increase, City operating expenses and City capital be received for discussion purposes; and
- 2)        That staff be directed to provide a report and presentation to a Special Council meeting setting out the draft 2013 Water and Wastewater/Storm Operating Budgets, corresponding consumption rates and service fees subject to Finance and Administration Committee comments and;
- 3)        That the City Clerk be directed to schedule an evening Special Council Meeting to receive public deputations and to consider for final approval the 2013 Draft Water & Wastewater Operating Budgets and corresponding rate increases.

#### **Contribution to Sustainability**

The 2013 draft consumption rates will continue to provide sufficient funds to maintain the City's water and wastewater system in the future in accordance with the Safe Drinking Water Act.

#### **Economic Impact**

For 2013 the City's share of the draft water/wastewater rate increase is 1.77% and the Region of York's share for purchased services is 6.25% resulting in a combined rate increase of 8.02%. The annual residential impact on an average household consumption of 300 cubic meters of water per year is an additional \$63.22 or \$5.27 per month.

The sales of water will generate a net contribution of \$5.2 million to the water reserve and wastewater services will generate \$5.9 million to the wastewater reserve thereby providing the

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necessary funds to maintain a financially sustainable water and wastewater systems for the future as required by the Safe Drinking Water Act (SDWA).

The draft consumption rates for water and wastewater are supported by the rate study conducted by Watson and Associates in 2009.

Following is a summary of the combined water and wastewater increase by major components:

| INCREASE SUMMARY<br>BY PERCENT & CENTS                  |              |              |          |
|---|--------------|--------------|----------|
| Region of York Cost of Water & Wastewater               | 6.25%        | 16.39        | ¢        |
| City of Vaughan Operating Costs                         | 0.66%        | 1.73         | ¢        |
| City of Vaughan Infrastructure Contribution to Reserves | 1.11%        | 2.91         | ¢        |
| <b>TOTAL 2013 INCREASE</b>                              | <b>8.02%</b> | <b>21.03</b> | <b>¢</b> |

#### Communications Plan

The approved Water and Wastewater rates will be advertised per City policy in the local newspapers and the City's web site. Staff is also developing a list of questions and answers to respond to the public and media with the Corporate Communications department. The City of Vaughan 2013 Water/Wastewater/Storm Budget and draft 2013 rates were prepared in alignment with mandated provincial legislation for a financial plan for water systems, and guidelines for financially sustainable drinking water and wastewater systems as well as to ensure the highest quality of water in the City of Vaughan.

#### Purpose

To provide the water and wastewater/storm operating budgets and the corresponding draft consumption rates and service fees to the Finance and Administration Committee for discussion.

The 2013 draft water rate increase is 6.90% and wastewater rate increase is 9.05%. Both rates incorporate the Region of York increases and the City's operating, maintenance and infrastructure reserve increases. The combined rate increase is 8.02% of which 6.25% (78%) is attributable to Region of York.

The draft consumption rates are based on the 2009 rate study report that supports the move towards full cost recovery as required by the Safe Drinking Water Act.

The City's consumption rates are still very competitive as demonstrated on Attachment No. 2.

#### Background Analysis and Options

#### SUMMARY - 2013 WATER AND WASTEWATER DRAFT CONSUMPTION RATES

The major source of revenue for water and wastewater operations is consumption rates, totalling \$103.2 million for 2013 of which \$75.6 million is paid to the Region of York. The consumption rate

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revenues net of operating costs and Region of York purchases are transferred to the City's respective water and wastewater reserves. The net earnings provide for the future renewal and replacement of the City's underground and aboveground infrastructure which currently has a depreciated value of \$1.2 billion.

The draft 2013 water and wastewater/storm budgets are attached including the draft 2012 actuals. The 2012 water and wastewater operating and capital financial results form part of the City's consolidated Financial Statements.

The following attachments are included: 2013 Draft Water and Wastewater/Storm Budgets including the draft 2012 Actuals Attachment No. 1, the Municipal Rate Comparison Attachment No. 2, Service Fees Attachment No. 3 and Water, Wastewater & Drainage 2013 Business Plan Attachment No. 4.

#### **Annual Residential Impact**

The average residential customer with a consumption of 300 cubic meters of water per annum will see a combined increase of \$63.22 (\$49.17 is the Region of York portion) or 8.02%. The increase in the water and wastewater rates on a monthly basis is \$5.27.

The 2013 budgets include an annual rate increase of 6.9% for water and a 9.05% increase for wastewater for a combined increase of 8.02%.

The rate increase impact is the result of:

- The Regional increase of 7.7% for the cost of potable water and an increase of 12% for wastewater services. This increase is based on Regional water and wastewater reserve adequacy study.
- The impact of inflationary pressures.
- The net increases in maintenance, administration, additional staffing resources and other expenditures.
- The required increase in the contribution to the water and wastewater reserves.

Following is a detailed breakdown of the combined water and wastewater increase and the Region of York and City of Vaughan's relative share of that increase:

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| <b>INCREASE SUMMARY<br/>BY PERCENT &amp; CENTS</b>      |              |              |          |
|---|--------------|--------------|----------|
| Region of York Cost of Water & Wastewater               | 6.25%        | 16.39        | ¢        |
| City of Vaughan Operating Costs:                        |              |              |          |
| Unmetered Water   | 0.32%        | 0.84         | ¢        |
| Maintenance   | -0.59%       | -1.55        | ¢        |
| Administration, financing and Overheads                 | 0.90%        | 2.37         | ¢        |
| Joint Services  | 0.03%        | 0.07         | ¢        |
| Total City of Vaughan Operating Costs Increase          | 0.66%        | 1.73         | ¢        |
| City of Vaughan Infrastructure Contribution to Reserves | 1.11%        | 2.91         | ¢        |
| <b>TOTAL 2013 INCREASE</b>                              | <b>8.02%</b> | <b>21.03</b> | <b>¢</b> |

**Rate Components**

The largest cost component of the consumption rate is the purchase of potable water and wastewater services from the Region as shown below. Water purchases and wastewater purchased services in particular have gone up over the past number of years by approximately 10% annually. Both increases are primarily due to the need to build reserves for future Regional infrastructure requirements.

The City, like the Region, needs to ensure that sufficient reserves will be available for future infrastructure replacement. A significant component of the draft consumption rates is "Contribution to Reserves". These are the funds that are transferred to the reserves each year for the future water & wastewater infrastructure replacement. The City consumption rates are moving in the direction of full cost recovery and are supported by the 2009 Rate Study.

The 2013 water and wastewater rate components are as follows:

|                                  | <b>Water</b>    | <b>Wastewater</b> | <b>Combined</b> |
|----------------------------------|-----------------|-------------------|-----------------|
| Regional Purchased Services      | \$0.8087        | \$0.9910          | \$1.7997        |
| Unmetered Water                  | 0.1188          | 0.00              | 0.1188          |
| Maintenance                      | 0.1283          | 0.1319            | 0.2602          |
| Other                            | 0.1257          | 0.0704            | 0.1961          |
| Lifecycle Contribution - Reserve | 0.1483          | 0.3116            | 0.4599          |
| <b>Total</b>                     | <b>\$1.3298</b> | <b>\$1.5049</b>   | <b>\$2.8347</b> |

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##### **Service Fees**

Attachment 3 includes existing fees that are being transferred to the water and wastewater fee schedule By-law from the City's general fee By-law. In addition, there are some new fees that need to be implemented in order to ensure that sufficient funds can be recovered for work relating to the approval of watermain extensions and alterations related to new development.

##### **The Safe Drinking Water Act (SDWA) – Licencing Requirements**

The Safe Drinking Water Act (SDWA) is comprehensive in its legislative requirements and was enacted to place all legislation and regulations relating to the treatment and distribution of drinking water into one Act. The SDWA expands on existing policy and practices and introduces new regulations to protect drinking water. It includes certification of drinking water system operators and analysts and puts in place certain financial reporting requirements and the need for municipalities to develop financially sustainable water treatment and distribution systems.

##### **Drinking Water Quality Management Standard (DWQMS)**

Fourteen of the recommendations Mr. Justice Dennis O'Connor made, in the final report of the Walkerton Commission of Inquiry, relate to the development of the new approvals framework for municipal residential drinking water systems. The new program, the Municipal Drinking Water License Program, is based on Recommendation No. 71 of the Walkerton Commission of Inquiry Part Two Report: As part of obtaining a Drinking Water Licence for the system(s), there is a requirement to have a Financial Plan in place. The Sustainable Water and Sewage Systems Act (SWSSA) requires that the approved financial plan must apply for a period of at least six years, and include details of the drinking water system's proposed or projected:

- Financial Position
- Financial Operations
- Gross Cash Receipts & Gross Cash Payments

The City's financial plan was approved by Council on June 11, 2010, submitted to the Ministry of the Environment on June 18, 2010, and submitted to the Ministry of Municipal Affairs and Housing on June 25, 2010.

##### **Storm Water Infrastructure Priority Projects**

A well-maintained storm drainage system is integral to:

- Minimizing the risk of flooding on city streets and private properties;
- Enhancing water quality treatment initiatives;
- Supporting monitoring and maintenance practices;
- Meeting current and future regulatory requirements; and,
- Adapting to the demands of climate change.

Work completed to date on the City-Wide Drainage & Stormwater Management Study and Stormwater/Drainage Master Plan has led staff to identify several upcoming priority maintenance and capital projects within the City's stormwater management program. These projects range in size and scale from service level enhancements in the Thornhill area to storm pond cleaning across the City. Similarly, high intensity storm events of recent years in the Concord and Thornhill areas have shown a need for changes in how the storm water system is managed.

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In keeping with the City's commitment to sound asset management principles, a new study will be initiated to evaluate and update maintenance and replacement cost projections for the City's existing and future stormwater infrastructure. Although there was some research conducted on this issue as part of the 2009 Water and Wastewater Rate Study, this earlier work needs to be updated to better quantify the potential future costs of proactive stormwater management.

#### **Water Conservation**

Water conservation is an important issue for the future growth and development of York Region. As part of the Ministry of the Environment's approval to York Region for the twinning of the South-East Collector Trunk Sewer, and the inter-basin water transfer, the Region, and all of its area municipalities, must implement a water conservation program, along with a sewage inflow/infiltration program. Combined, these two strategies must show a 10% reduction in peak flows to the treatment facility.

Recent work undertaken by York Region and the local municipalities has shown that the average household's consumption of water has been steadily decreasing over the past few years. This is no doubt in part due to more public awareness about water conservation, as well as changes in plumbing fixtures and home appliances. Low flush toilets, low flow shower heads, and high efficiency washing machines are just a few examples of where changes in design have allowed for significantly less water to be used per household.

Public Works has undertaken a number of initiatives to reduce unmetered water use. Although flushing of watermain is required to ensure water quality is maintained in areas with low consumption, the water sampling protocol in place allows for better identification of when this needs to occur.

The banding of hydrants in new development areas has reduced unauthorized water taking, and encourages water haulers to source water from one of the City's four water filling stations.

The anode protection program for iron watermain, initiated in 2005 and still underway today, continues to perform very well, yielding a 50% decrease in the number of water main breaks in the water distribution system.

In the fall of 2010, Public Works initiated an industrial/commercial/institutional (ICI) water meter calibration program. The goals of this project were to:

- ensure that the large ICI water meters are registering within the AWWA approved limits;
- ensure that the large ICI water meters are not being by-passed;
- determine the amount of water that has not been captured for billing purposes, as a result of large ICI water meters that may not be registering within the AWWA limits.

There are a total of 2,951 ICI water meters. At the end of 2011, a total of 1,358 water meters had been inspected, and at the end of 2012 the remainder of the meters had been inspected.

The large water meters that could be re-calibrated to meet AWWA limits were done so at the time of the inspection. There are 524 water meters that cannot be re-calibrated and have been identified for replacement. Funds are included in the 2013 Water Operating Budget to start replacing these meters.

Based on results from the water meters that have been tested, staff indicate this initiative is expected to reduce the amount of non-revenue water by approximately 3 percent.

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Measures are also in place to capture water consumption data from developers who are required to implement a flushing program. Flushing programs ensure that water quality is maintained until sufficient users are in place to ensure a regular changeover of water takes place in watermain. This data is used to charge back the developers for the water they use in this process.

#### **York Region's "Water For Tomorrow" Program**

The "Water for Tomorrow" program continues to provide programs and initiatives to reduce the consumption and loss of drinking water, initiatives undertaken to date include:

- rebates for purchasing and installing a water efficient toilet;
- rebates for purchasing and installing a water efficient furnace humidifier;
- rebates for purchasing water efficient clothes washers;
- water efficient landscape visits and industrial/commercial water audits to encourage water consumers to conserve water use and assists in reducing energy consumption and their carbon footprint; and,
- rebates and incentives for commercial operations aimed at commercial kitchens, laundromats, and large volume industrial users.

The Region of York has released its long term water strategy that outlines the 40 year strategy that will put in place sustainable measures to ensure water conservation is implemented across the Region. The City has recently committed to the strategy, and in the near future, additional programs will be put forward by staff for consideration as part of the budget process. The Region's water conservations strategy can be seen on the Region's web site at: [www.york.ca](http://www.york.ca)

#### **2013 Water Budget / Actual - Revenue & Expenditure Highlights**

##### **2013 Water Budget Factors**

The consumption volume is conservatively estimated and is developed based on current consumption patterns, annual growth estimates noted below and does not reflect any weather predictions. The budgeted 2013 water billing revenue includes a 2.0% (2.0% 2012) growth factor for residential, 1.00% (1.00% 2012) commercial growth factor and a 6.90% water rate increase.

Expenditures generally reflect cost of living increases and inflationary pressures.

##### **Water Rate Forecast**

Over the next three years it is expected that the City's water rate will increase in the range of approximately 7% to 9% annually. This level of rate increase is necessary to provide for the wholesale cost of water, the on-going maintenance of the underground infrastructure and to provide funds for the future renewal of the water distribution system. The Region of York forecast increase in the wholesale cost of water for 2014 and 2015 are 7.5% and 7.4% respectively. The water consumption rate will continue to be developed in conjunction with the 2009 consumption rate study.

Starting in 2014 the draft water and wastewater budgets will be presented with a three year operating statement forecast including consumption rates. This multi-year format is dependent on the availability of the Region's wholesale projections.

##### **2013 Draft Water Budget Highlights**

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Revenues:

The draft water rate of \$1.3298 per cubic meter is based on the draft operating and capital budgets and represents the next step in achieving full cost recovery as supported by the rate study.

The budgeted residential and commercial water billings in 2013 include a 6.90% rate increase combined with new account activity. The revenues are expected to be \$48.7 million with water purchases from the Region at \$34.3 million, including unmetered water, resulting in a gross margin of \$14.4 million.

Other revenue for bulk water sales is budgeted at \$300K up slightly from previous years as 2012 sales experienced a slight increase over budget. Installation activity is expected to be lower than last year's budget at \$726K compared to \$976K in 2012. Interest revenue is expected to exceed 2012 due to a higher reserve balance.

Unmetered (Non-Revenue) Water Consumption

The 2013 budget for unmetered water is at the same level as in the past few years, 13.0%. The actual for 2012 is slightly less than budget at 12.3%.

The City undertook a Water Audit that was completed in 2011 by Fabian Papa & Partners Inc. in accordance with the International Water Association (IWA) and American Water Works Association (AWWA) methodology. For the City's billing year 2010, the audit identified the City's non-revenue water (NRW) consumption to be 13.7% of the total bulk volume supplied to the City.

NRW usage takes place through: fire suppression and fire training, irrigating sports fields, main flushing and maintenance, street sweeping, water main breaks and service leaks, testing and flushing water mains in new developments due to Provincial water regulations.

The NRW can be broken down as:

- Apparent Losses – Customer meter degradation
- Real Losses – Leakage on mains, service connections
- Unbilled Consumption – Fire suppression, irrigation of sports fields

Water/wastewater services are recovered internally for City purposes; such as recreation's swimming pools, City buildings and facilities.

A number of initiatives are currently underway by staff to maintain and reduce (where possible) the overall yearly non-revenue consumption. The highest potential for improvement lies within the apparent and real loss components. As noted earlier, the large Industrial/Commercial / Institutional

(ICI), meter calibration program has taken place, and funds have been allocated to replace those meters that could not be calibrated.

To further minimize NRW, the City, in partnership with York Region, will be undertaking a leak detection program. This program will help to further identify potential sources of water loss in the underground infrastructure.

Staff are also working with York Region and other local area municipalities to further identify and minimize sources of NRW through more detailed analysis of bulk metering and overall analysis of the system as a whole.



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##### Expenditures:

2013 budgeted expenditures total \$10.2 million covering maintenance, administration, financing, overhead and other costs which are up \$0.4 million from last year's budget. Increases are primarily due to cost of living increases.

##### **2012 Actual Water Highlights**

Actual 2012 total water billings of \$45.2 million came in slightly over budget. Residential billings at \$27.7 million were up slightly by 2.2% and Commercial at \$17.2 million down by 2.8% compared to budget. *Bulk sales were favourable by \$58K.*

*It should be noted that the average household water consumption has declined from 2007 - 2011 where annual consumption per household has decreased from 338m<sup>3</sup> to 287m<sup>3</sup>. In 2012 household average annual consumption increased slightly to 294m<sup>3</sup>.*

Installation service fees came in under budget by \$268K due to activity. Actual maintenance expenditures came in at \$4.4 million, under budget by \$1.1 million. Maintenance is primarily under budget as a result of fewer customer service requests and emergency contracted activity than anticipated. Administration came in at \$1.3 million and is under budget primarily due to engineering staff vacancies. The remaining expenditures came in on budget.

##### **Water Lifecycle Contribution - Reserve**

The 2013 budgeted transfer from water operations to the water reserve is \$5.3 million. These funds will provide for the future requirements of the water infrastructure.

In 2012 through water operations, the net of all revenues and costs resulted in \$6.6 million (\$6.1M 2011) being transferred to the water reserve fund for future capital works. To put the amount of this transfer in perspective the accumulated amortization for water assets totals \$72 million in 2012 compared to the water reserve fund projected balance of \$31 million in 2013. It should be noted that the accumulated amortization is historical dollars and therefore does not represent the future replacement cost.

The forecasted Capital drawdown on the reserve in 2013 for water related infrastructure needs is expected to be \$0.9 million. Committed capital costs represent approved capital projects not yet begun or completed and total \$6.5 million.

The budgeted reserve balance at the end of 2013 is projected to be \$31.4 million (2012 actual \$27.1m) after committed capital projects. These funds will provide for the future requirements of the water infrastructure to ensure the City's drinking water systems are financially sustainable as required under the new Municipal Drinking Water Licence Program.

##### **2013 Wastewater Budget / Actual - Revenue & Expenditure Highlights**

##### **2013 Wastewater Budget Factors**

The budgeted 2013 wastewater billing revenue includes a 2.0% (2.0% 2012) residential, 1.0% (1.0% 2012) commercial growth factor and a 9.05% wastewater rate increase. The volume of wastewater is not metered. The wastewater consumption volume is based on water sold to the consumer.

Expenditures generally reflect cost of living increases and inflationary pressures.

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##### **Wastewater Rate Forecast**

Over the next three years it is expected that the City's wastewater rate will increase in the range of approximately 9% to 11% annually. This level of rate increase is necessary to provide for the wholesale cost of wastewater, on-going maintenance of the underground infrastructure and to provide funds for the future renewal of the wastewater/storm infrastructure system. The Region of York forecast increase in the wholesale cost of wastewater for 2014 and 2015 is 12.0% for each year. The wastewater rate will be developed in conjunction with the 2009 consumption rate study.

Starting in 2014 the draft water and wastewater budgets will be presented with a three year operating statement forecast including consumption rates. This multi-year format is dependent on the availability of the Region's wholesale projections.

##### **2013 Draft Wastewater Budget Highlights**

###### Revenues:

The draft wastewater rate of \$1.5049 per cubic meter is based on the draft operating and capital budgets and represents the next step in achieving full cost recovery as supported by the rate study.

The budgeted residential and commercial wastewater billings in 2013 include a 9.05% rate increase combined with new account activity. The revenues are expected to reach \$54.5 million with the expected wastewater services from the Region at \$41.3 million leaving a gross margin of \$13.1 million. The cost of wastewater disposal service from the Region includes a 12.0% increase. The Region's treatment cost for wastewater is based on potable water purchased by the City.

Installation and service fees are expected to be higher at 180K up from \$100K, these are driven by demand. The 2013 local improvement revenue is budgeted at \$213,200 and is offset by the cost of debentures of \$213,200. Interest revenue is expected to exceed 2012 due to a higher reserve balance.

###### Expenditures:

2013 budgeted expenditures total \$7.9 million covering maintenance, administration, storm sewer, financing, joint services, overhead and other costs and are in line compared to last year's budget at \$8.0 million.

###### 2012 Actual Wastewater Highlights

Actual 2012 total wastewater billings of \$49.2 million are slightly over budget by \$0.3 million. Wastewater revenue is billed based on water consumption. There are no meters since they are impractical in this application. Residential actual billings totalled \$29.7 million, over budget by \$0.5 million budget and Commercial and Industrial actual billings totalled \$19.5 million, down slightly by \$0.2 million compared to budget. Installation revenue came in above budget by \$103K. Installation revenues are impacted by demand.

2012 Actual expenditures total \$7.4 million covering maintenance, administration, storm sewer, financing, overhead and other costs, down by 7.0% when compared to budget. Actual maintenance expenditures came in at \$3.4 million, slightly under budget by \$0.1 million as a result of less than anticipated activity. Storm sewer maintenance came in at \$1.6 million under budget by \$0.5 million as a result of less than expected activity. The balance of expenditures came in on budget.

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##### **Back-water Valve Installation Subsidy Program Update**

On May 5, 2009, Council approved the Back-water Valve Installation Subsidy program. The necessary by-law has been enacted, and the program has been advertised to the public. The subsidy allows for a maximum subsidy of \$750 per property. Initially, sufficient funding was budgeted to provide 150 approvals at the maximum subsidy. There were three applications approved in 2010, five in 2011, and there was one application approved in 2012. Based on the historical take-up of this program, the budget allocation has been reduced to provide for a total of ten subsidies at the maximum amount of \$750.

##### **Wastewater/Storm Lifecycle Contribution - Reserve**

The 2013 budgeted transfer of \$6.0 million from wastewater/storm operations to the reserve is higher at \$0.8 million over last year's budget.

In 2012 through wastewater/storm operations, the net of all revenues and costs resulted in \$6.6 million (\$4.8M 2011) being transferred to the wastewater/storm reserve fund for future capital works. To put the amount of this transfer in perspective the accumulated amortization for wastewater/storm assets totals \$194 million in 2012 compared to the wastewater/storm reserve fund projected balance of \$35 million in 2013. It should be noted that the accumulated amortization is historical dollars and therefore does not represent the future replacement cost.

The capital drawdown on the reserve in 2013 is expected to be at \$2.1M. Committed capital costs represent projects not yet begun or completed and totals \$0.7 million.

The budgeted reserve balance at the end of 2013 is projected to be \$35.4 million (2012 actual \$31.6m) after committed capital projects. These funds will provide for the future requirements of the wastewater/storm infrastructure to ensure the City's wastewater/storm system are financially sustainable as required by the SDWA.

##### **Relationship to Vaughan Vision 2020**

Establishes the budget and resources required to maintain service levels and undertake Council priorities in this area. Promote community safety, health and wellness, managing corporate assets and ensure financial sustainability.

##### **Regional Implications**

No Implications

##### **Conclusion**

Based on the rate study review the City's water, wastewater rates are continuing to move towards full cost recovery. The 2013 draft water/wastewater/storm budgets will generate sufficient funds to maintain a financially sustainable reserve for the future thereby meeting the SDWA requirements. Based on the draft rate increase for water and a rate increase for wastewater the impact to the ratepayer that consumes 300 cubic meters per year will be approximately \$63.22 or \$5.27 per month.

It is therefore recommended that the City's water rate be increased to \$1.3298 per cubic meter and that the wastewater rate be increased to \$1.5049 per cubic meter both effective May 2013.

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**Attachments**

|                   |   |
|-------------------|---|
| Attachment No. 1: | The 2013 Draft Water and Wastewater/Storm Budgets including 2012<br>Draft Water and Wastewater/Storm Actual Operating Results |
| Attachment No. 2: | 2013 Water and Wastewater Municipal Rate Comparison   |
| Attachment No. 3: | Service Fees  |
| Attachment No. 4: | Water, Wastewater & Drainage 2013 Business Plan   |

**Report prepared by:**

Barry E. Jackson, CGA  
Director of Financial Services  
Ext. 8272

Carey Greenidge, CMA  
Finance Manager  
Ext. 8486

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)