



THE CORPORATION OF THE TOWNSHIP OF KING

BY-LAW NUMBER 2019-002

**A BY-LAW TO ESTABLISH WATER AND SEWER SYSTEM RATES
AND CHARGES THROUGHOUT THE TOWNSHIP OF KING**

WHEREAS Section 391(1) of the *Municipal Act, 2001*, provides that a local municipality may pass by-laws imposing fees or charges on any class of persons for services or activities provided or done by or on behalf of it;

AND WHEREAS public notice has been given with respect to the proposed fees and charges;


NOW THEREFORE the Council of the Corporation of the Township of King **HEREBY ENACTS AS FOLLOWS:**

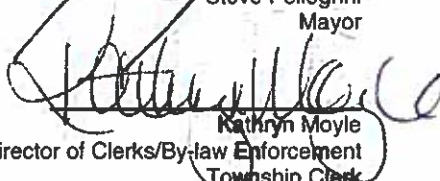
1. **THAT** Council has adopted full life cycle costs for the replacement of water and wastewater infrastructure subject to the requirements of the *Water Opportunities Act*;
2. **THAT** the water meters shall be read, and the water and sewer rates shall be billed quarterly;
3. **THAT** the rates and charges for the supply of municipal water to any residential or commercial unit, and the rate for collection and transmission of sanitary sewage for any residential or commercial unit in the sewer service area connected to or that should be connected to the sanitary sewer system, shall be as shown on Schedule "A" attached hereto and Schedule "A" shall form part of this By-law;
4. **THAT** the Bulk Metered rates and charges for the supply of municipal water to any new subdivision development within the Township, and the rate for collection and transmission of sanitary sewage for any new subdivision development in the sewer service area connected to or that should be connected to the sanitary sewer system, shall be payable to the Township from the Developer as shown on Schedule "A" attached hereto and Schedule "A" shall form part of this By-law;
5. (a) In the event that the consumption of municipal supplied water cannot be determined by reason of a manufacturer's fault in the meter or a mechanical or electrical failure of the meter register, calculation of the bill for the supply of municipal water and sewer services shall be based on the average of the previous three bills for the same billing period, if available.
If a previous billing has not occurred, then the flat rate as shown on Schedule "A" to this By-law shall apply.
- (b) In the event that the consumption of municipal water cannot be determined because of tampering or disconnecting of the meter or meter register by any person, and in addition to any other action that the Township may take, the calculation of the bill for the supply of municipal water and sewer service shall be based on the annual flat rate as shown on Schedule "A" attached hereto.

6. (a) That a penalty of ten percent (10%) of the gross bill for the supply of municipal water and Sewer Service shall be added in the event of the failure to pay Water and Sewer Service rates or charges as and when they become due and that the gross amount plus penalty shall be shown on the bill.
- (b) Payment of bills for the supply of municipal water shall be the responsibility of the owner of the premises. In the event of failure to pay water/wastewater rates or charges as and when they become due, the provisions contained in By-law Number 2019-006 (being a By-law to establish fees and/or charges for services) shall apply. Any amount remaining uncollected at the end of a calendar year may be added to the Tax Roll and collected in the same manner as municipal property taxes.
7. **THAT** any premises for which an application is made for the supply of municipal water shall include payment for the supply and installation of a water meter and the water meter shall register consumption of water in cubic metres;
- (a) A deposit, in addition to the supply and installation of a water meter charge, may be required to be paid to the Treasurer by the owner of the premises at the time of application for the supply of municipal water to ensure that the required meter is installed and that adequate provision is made during the installation of the plumbing in the premises to accommodate the installation of the meter. The deposit shall be refundable upon completion of the installation of the meter less any costs incurred by the Township by reason of the owner failing to ensure adequate accommodation for the meter.
8. **THAT** this By-law shall be reviewed in conjunction with the next scheduled review of wholesale water and wastewater rates set by the Regional Municipality of York or as otherwise directed by the Council of the Township of King;
9. **THAT** By-law Number 2017-102 is hereby repealed; and
10. **THAT** this By-law shall be deemed to have come into force and effect on the 1st day of January, 2019.

READ a FIRST and SECOND time this 14th day of January, 2019.

READ a THIRD time and **FINALLY PASSED** this 14th day of January, 2019.


Steve Pellegrini
Mayor


Kathryn Moyle
Director of Clerks/By-law Enforcement
Township Clerk

SCHEDULE "A" TO BY-LAW NUMBER 2019-002

TOWNSHIP OF KING
WATER AND WASTEWATER (SANITARY SEWER)
RATES AND CHARGES FOR 2019

Service	Water Rates		Wastewater Rates	
	2018	2019	2018	2019
System Base Maintenance Charge per Quarter				
5/8" or 3/4"	\$ 53.34	\$ 58.12	\$ 69.78	\$ 79.64
1.0"	\$ 78.41	\$ 85.44	\$ 97.74	\$ 111.55
1.5"	\$ 100.83	\$ 109.87	\$ 125.68	\$ 143.44
2.0"	\$ 162.46	\$ 177.03	\$ 202.49	\$ 231.10
3.0"	\$ 400.00	\$ 410.00	\$ 400.00	\$ 410.00
4.0"	\$ 400.00	\$ 410.00	\$ 400.00	\$ 410.00
6.0"	\$ 400.00	\$ 410.00	\$ 400.00	\$ 410.00
8.0"	\$ 400.00	\$ 410.00	\$ 400.00	\$ 410.00
10.0"	N / A	\$ 410.00	N / A	\$ 410.00
Water Consumption per cubic meter (m³)				
Tier 1 up to 73 m ³	\$ 1.56	\$ 1.70		
Tier 2 74 M ³ to 105 m ³	\$ 2.66	\$ 2.95	N / A	N / A
Tier 3 over 105 m ³	\$ 3.46	\$ 3.82		
Wastewater Consumption per cubic meter (m³) (constant rate)	N / A	N / A	\$ 1.84	\$ 2.10
Flat Rate per Quarter				
Units without meters	\$ 223.28	\$ 243.31	\$ 276.20	\$ 315.23
Bulk Metered Rate per cubic meter (m³) Developers and Bulk Water Bulk Service Providers	\$ 2.66	\$ 2.95	N / A	N / A



THE CORPORATION OF THE TOWNSHIP OF KING

REPORT TO COMMITTEE OF THE WHOLE

Monday, December 10, 2018

Joint Report: Engineering, Public Works & Building and Finance Department

Report #: JR-2018-06

RE: Proposed 2019 Water and Wastewater Rates and Charges

1. RECOMMENDATIONS:

The Engineering, Public Works & Building and Finance Departments respectfully submit the following recommendations:

- a) That Joint Report JR-2018-06 be received;
- b) That Council approve the recommended 2019 Water and Wastewater Rates, as outlined in Schedule A attached hereto, effective January 1, 2019; and
- c) That Council direct staff to prepare the requisite By-law for consideration in January 2019 that will establish water and wastewater rates and charges for those properties on municipal water and wastewater services, effective January 1, 2019.

2. PURPOSE:

The purpose of this report is to present the recommendation to establish retail water and wastewater rates and charges for implementation effective January 1, 2019.

3. DISCUSSION AND ANALYSIS:

The Township of King provides water services by way of four (4) distribution systems: Ansnorveldt, King City, Nobleton and Schomberg. The Township sources its municipal water supply requirements from the Region of York's water distribution systems. The Township's wastewater systems (within the villages of King City, Nobleton and Schomberg) are supported as either standalone wastewater systems or in the case of the village of King City an integrated Regional wastewater system, commonly known as the York-Durham Sewage System.

The Township's water rate consists of a fixed and variable element. The fixed component represents a base charge that is billed quarterly regardless of level of water consumption/discharge. The intent of a blended fixed/variable rate structure is to ensure access to adequate financial resources for purposes of supporting scheduled infrastructure maintenance that keeps the Township's long-life asset base in an operating condition that meets the needs of current and future King residents. The variable element of the Township water rate structure is directly linked to actual consumption of water / collection and treatment of wastewater per cubic meter. The variable element of the water rate structure ensures direct operating costs (i.e. staff, water supply from the Region, and contracted services) are appropriately resourced.

4. **ANALYSIS:**

The Township's current rate structure for water is comprised of a base (fixed) charge, a tiered block volume (variable) charge for metered customers and a flat rate charge for non-metered customers. The present rate structure (2018) is summarized as follows:

	Water	Wastewater
Base Maintenance Charge		
Quarterly	\$56.90	\$74.43
Consumption Charge/Quarter	per m ³	per m ³
Tier 1 – 0 to 73 m ³	\$1.56	\$1.84
Tier 2 – 74 m ³ to 105 m ³	\$2.66	\$1.84
Tier 3 – over 105 m ³	\$3.46	\$1.84
Flat Charge		
Quarterly	\$223.28	\$276.20

For the year ended December 31, 2017 the Township's Water and Wastewater reserves continue to reflect a deficit position @ \$2,247,661 (2016 @ \$1,384,092). Fiscal drivers contributing to the adverse direction in reserve balances included:

- Spending associated with Capital projects:
 - \$ 768,472 relating to implementation of the automated / remote meter reading solution that has resulted in improved real-time analytical review procedures to detect high or unusual consumption trends
 - \$ 175,933 toward electrical upgrades to sanitary sewer pumping stations
 - \$ 43,015 in support of watermain replacement on Hwy #27
- Non-revenue water flows that include activities such as: flushing watermain lines to maintain water quality; fire flows via hydrants; unmetered water use by developers; etc.

Further analysis of non-revenue water flows is required to ensure accuracy of Regional boundary meters as well as optimization of consumption based water revenues.

Region of York - wholesale cost of water and treatment of wastewater

In accordance with the Region of York's Water and Wastewater Financial Sustainability Plan published in October 2015, wholesale rates for the supply of water and treatment of wastewater will continue to increase at a blended rate of 9% per annum through 2020. This reality is not unique to King Township, as all nine area municipalities within the Region of York are exposed to the same fiscal pressure. However, the reality is felt differently across the nine area municipalities based on the number of residential and non-residential service addresses for which the burden of substantial increases can be distributed. Combine the annual blended rate increase (2012-2015) of 10% with the incremental increase of 9% per annum 2016-2020 in support of upper tier water and wastewater requirements and it isn't difficult to understand why the Township's water/wastewater reserves have struggled to get traction toward a favourable fiscal position. Accordingly, the Township made a conscious decision to strike a balance for its operating and capital requirements to fall within an incremental range of 2-3% per year to simply offset inflationary pressures associated with wages, fuel, materials, etc. with a longer term plan to slowly reduce the deficit reserve positions as capacity in the system is absorbed. A strategy that can be considered reasonable, responsible and appropriate especially for asset classes (watermains and sanitary sewers) that are expected to serve our communities for decades.

It is also important to note that, failure on the part of the Township, to incorporate the increasing costs for Regional water and wastewater services into the Township's retail rates for water and wastewater services will result in an underfunded water and wastewater system.

Water Charges (Base and Increasing Block Volume):

The use of the base (fixed) charge and the increasing block volume (variable) rate is recommended to be continued for all property owners having access to municipal water services.

Wastewater Charges (Base and Constant Volume):

The use of the base (fixed) charge and the constant volume (variable) rate is recommended to be continued for all property owners having access to municipal wastewater services.

For purposes of clarity, the constant wastewater rate represents a volume-based equivalent rate structure, for which the charge is imposed on the basis of water consumed, regardless of volume discharged into the wastewater system.

Proposed Quarterly Water and Wastewater Base Maintenance Charge by Meter Size

# of Existing Customers	Meter Size	Water		Wastewater	
		2018 Quarterly Base Charge	Proposed 2019 Quarterly Base Charge	2018 Quarterly Base Charge	Proposed 2019 Quarterly Base Charge
3,400 +	5/8" or 3/4"	\$ 53.34	\$ 58.12	\$ 69.78	\$ 79.64
7	1"	\$ 78.41	\$ 85.44	\$ 97.74	\$ 111.55
1	1.5"	\$ 100.83	\$ 109.87	\$ 125.68	\$ 143.44
3	2"	\$ 162.46	\$ 177.03	\$ 202.49	\$ 231.10
1	3"	\$ 400.00	\$ 410.00	\$ 400.00	\$ 410.00
-	4"	\$ 400.00	\$ 410.00	\$ 400.00	\$ 410.00
2	6"	\$ 400.00	\$ 410.00	\$ 400.00	\$ 410.00
-	8"	\$ 400.00	\$ 410.00	\$ 400.00	\$ 410.00

As noted within the 2018 water and wastewater rate report, the quarterly base (fixed) charges for large meter installations was adjusted to \$400.00 for both water and wastewater services. At present, there are 6 service locations having a 2" meter size or larger. Following review of the cost to replace the large service meters at end of life, the recommendation to standardize the quarterly base (fixed) charge for large meters will be maintained. For 2019, the quarterly base (fixed) charge for 2" and larger meters is recommended to increase by 2.5%.

Proposed volume (consumption based) and flat rate charges for 2019 are as follows:

	2018		2019	
	Water	Wastewater	Water	Wastewater
Consumption / Charge per Quarter	per m ³	per m ³	per m ³	per m ³
Tier 1 – 0 to 73 m ³	\$ 1.56	\$ 1.70	n/a	n/a
Tier 2 – 74 m ³ to 105 m ³	\$ 2.66	\$ 2.95	n/a	n/a
Tier 3 – over 105 m ³	\$ 3.46	\$ 3.82	n/a	n/a
Constant Block Rate (\$/m ³)	n/a	n/a	\$ 1.84	\$ 2.10
Combined Water (Tier 1) & Wastewater Rate >>			\$ 3.40	\$ 3.80
Year-over-Year Change (%)			+ 11.8%	
Maintenance Charge				
Quarterly (5/8" or 3/4")	\$ 53.34	\$ 58.12	\$ 69.78	\$ 79.64
Flat Charge				
Quarterly	\$ 223.28	\$ 243.31	\$ 276.20	\$ 315.23

The proposed increase in the Township's combined retail rate for water and wastewater services (11.76%) is necessary and directly linked to the Region of York's blended increase of 9% for water (supply) and wastewater (treatment) services. It is also important to note that the Region's multi-year water and wastewater Financial Sustainability Plan requires an annual blended increase of 9% per year through 2020 in order to achieve full-cost recovery for its water and wastewater services.

In the context of the Township's retail water and wastewater rate forecast, staff anticipates sustained total annual increases (between 11-12% per annum) in the blended water and wastewater retail rates until the Region's five-year, 9% per annum regime is completely implemented.

As shown in the chart below, the total annual dollar increase for a typical residential water and wastewater user (based on annual consumption of 250 m³) for 2019 is \$54.12 or 8.97% for water and \$104.44 or 14.13% for wastewater. Combined the estimated annual increase is \$158.56 or an 11.81% increase over 2018.

Average Residential Consumer	Actual 2018	Proposed 2019	Increase \$	Increase %
Cubic Meters of Consumption per Year	250	250	-	-
Water:				
Based on variable rate per Cubic Meter	\$ 390.00	\$ 425.00	\$ 35.00	8.97%
Base Annual Maintenance Charge	213.36	232.48	19.12	8.96%
Total Water	\$ 603.36	\$ 657.48	\$ 54.12	8.97%
	Actual 2018	Proposed 2019	Increase \$	Increase %
Wastewater:				
Constant Block Rate (\$/m ³)	\$ 460.00	\$ 525.00	\$ 65.00	14.13%
Base Annual Maintenance Charge	279.12	318.56	39.44	14.13%
Total Wastewater	\$ 739.12	\$ 843.56	\$ 104.44	14.13%
Total Annual Water & Wastewater	\$ 1,342.48	\$ 1,501.04	\$ 158.56	11.81%
Total per month	\$ 111.87	\$ 125.09	\$ 13.21	11.81%

Bulk Metered Rate (Developers & Bulk Water Delivery Services):

The Township has implemented a strategy of boundary insertion meters in new development sites whereby volumes/flows of water into and out of the site are metered. By measuring these flows staff is able to determine approximate volumes of water used in a development site. This value is then utilized to rationalize a "per lot" fee to be applied to the Subdivision Agreement and paid up front as a requirement for the execution of the agreement.

In order to maintain a fair and equitable bulk water rate for developers and bulk water delivery suppliers, staff recommends that the Tier 2 water rate apply on the basis of metered consumption as follows.

Bulk Metered Rate 'Water' Only

	2018	2019
	per m ³	per m ³
Bulk Metered Rate – Water ONLY	\$ 2.66	\$ 2.95

5. **FINANCIAL IMPLICATIONS**

The proposed water and wastewater user rates were developed to ensure that user rates support operational requirements of the Township's water and wastewater systems. As the Township's long-term Water and Wastewater Financial Plan is updated, consideration for long-term infrastructure needs, as well as ensuring that Township water and wastewater reserve balances are planned and projected to support the overall long-term sustainability of the associated systems.

The proposed 2019 water and wastewater rates are projected to increase the average annual water bill for a household using 250 cubic meters per year by \$54.12 (8.97%) for water services and \$104.44 (14.13%) for wastewater services. On a blended basis, this equates to a total average annual increase of \$158.56 (or 11.81%) or \$39.63 per quarterly billing period when compared to 2018.

6. **INTEGRATED SUSTAINABILITY PLAN LINKAGE:**

King Township's Integrated Community Sustainability Plan was formally adopted by Council on April 2, 2012. The Sustainability Plan is the Township's overarching guiding document and is based upon common values, priorities, and aspirations of the community.

Finance staff will utilize the Plan to ensure financial sustainability is a key consideration in decision making about the future of the Township.

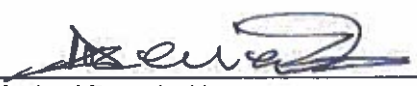
This report links to the Financial Pillar theme of Annual Budget & Business Plan by maintaining a fiscally responsible budget that meets the long term financial sustainability goals of the Township.

7. **ATTACHMENTS**

Schedule "A" – Proposed 2019 Water and Wastewater Rates

Prepared & Submitted by:


Allan Evelyn, M.F.A.C., CPA, CGA
Director of Finance & Treasurer


Andrzej Drzewiecki, M.Sc., P. Eng.
Director of Eng., Public Works & Building

SCHEDULE "A" TO JOINT REPORT JR-2018-06

**TOWNSHIP OF KING
WATER AND WASTEWATER (SANITARY SEWER)
PROPOSED RATES AND CHARGES FOR 2019**

Service	Water Rates		Wastewater Rates	
	2018	2019	2018	2019
System Base Maintenance Charge per Quarter				
5/8" or 3/4"	\$ 53.34	\$ 58.12	\$ 69.78	\$ 79.64
1.0"	\$ 78.41	\$ 85.44	\$ 97.74	\$ 111.55
1.5"	\$ 100.83	\$ 109.87	\$ 125.68	\$ 143.44
2.0"	\$ 162.46	\$ 177.03	\$ 202.49	\$ 231.10
3.0"	\$ 400.00	\$ 410.00	\$ 400.00	\$ 410.00
4.0"	\$ 400.00	\$ 410.00	\$ 400.00	\$ 410.00
6.0"	\$ 400.00	\$ 410.00	\$ 400.00	\$ 410.00
8.0"	\$ 400.00	\$ 410.00	\$ 400.00	\$ 410.00
10.0"	N / A	\$ 410.00	N / A	\$ 410.00
Water Consumption per cubic meter (m³)				
Tier 1 up to 73 m ³	\$ 1.56	\$ 1.70	N / A	N / A
Tier 2 74 M ³ to 105 m ³	\$ 2.66	\$ 2.95		
Tier 3 over 105 m ³	\$ 3.46	\$ 3.82		
Wastewater Consumption per cubic meter (m³) (constant rate)	N / A	N / A	\$ 1.84	\$ 2.10
Fiat Rate per quarter Units (non-metered service)	\$ 223.28	\$ 243.31	\$ 276.20	\$ 315.23
Bulk Metered Rate (Developers) per cubic meter (m³) Developer Bulk Water Rate	\$ 1.30	\$ 1.45	N / A	N / A