

**'REVISED'**  
**Finance Committee**  
**AGENDA**

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*TWENTY-EIGHTH MEETING OF THE FINANCE COMMITTEE  
TO BE HELD ON WEDNESDAY, DECEMBER 7, 2005 AT 5:30 P.M.  
IN THE COUNCIL CHAMBER, TOM DAVIES SQUARE*

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**COUNCILLOR GAINER, CHAIR**

***(PLEASE ENSURE CELL PHONES AND PAGERS ARE TURNED OFF)***

The Council Chamber of Tom Davies Square is wheelchair accessible. Please speak to the City Clerk prior to the meeting if you require a hearing amplification device. Persons requiring assistance are requested to contact the City Clerk's Office at least 24 hours in advance of the meeting if special arrangements are required. Please call (705) 671-2489, extension 2471. Telecommunications Device for the Deaf (TTY) (705) 688-3919. Copies of Agendas can be viewed on the City's web site at [www.greatersudbury.ca](http://www.greatersudbury.ca).

1. Declarations of Pecuniary Interest

**PRESENTATIONS/DELEGATIONS**

**PAGE NO.**

{NONE}

**ROUTINE MANAGEMENT REPORTS**

{NONE}

**CORRESPONDENCE - INFORMATION ONLY**

- 3. Report dated 2005-12-05, with attachments, from the CFO/Treasurer regarding 2006 Water and Wastewater Rates and Charges.  
(FOR INFORMATION ONLY)

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**MANAGERS' REPORTS**

{NONE}

**2006 CURRENT BUDGET REVIEW**

- 4. The Chair of the Finance Committee will continue the review of the 2006 Current Budget.
- 5. Review of Options and Councillor Requested Options.
- 6. Review Additional Options Requested by Council.  
*(Must receive consensus of the Finance Committee to be included.)*

**2006 PARKING LOT REVIEW - IF REQUIRED**

- 7. The Chair of the Finance Committee will review each of the items placed in the Parking Lot during the meeting. The consensus of Council will be required for each item listed in the Parking Lot.
  - Councillor Eldon Gainer, Chair, Finance Committee

**NEXT FINANCE COMMITTEE MEETING**

**DATE: TUESDAY, DECEMBER 13, 2005**  
**TIME: 5:30 P.M.**  
**PLACE: COUNCIL CHAMBER**

**10:00 P.M. ADJOURNMENT** (RESOLUTION PREPARED)

**COUNCILLOR ELDON GAINER  
CHAIR, FINANCE COMMITTEE**

**CORRIE-JO CAPORALE  
COUNCIL SECRETARY**

# Request for Recommendation Finance Committee



### Type of Decision

Meeting Date	December 7, 2005				Report Date	December 5, 2005			
Decision Requested		Yes	x	No	Priority	x	High		Low
	Direction Only				Type of Meeting	x	Open		Closed

### Report Title

2006 Water and Wastewater Rates and Charges

### Policy Implication & Budget Impact

X	This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified.
N/A	
X	<b>Background Attached</b>

### Recommendation

FOR INFORMATION ONLY	
	<b>Recommendation Continued</b>

### Recommended by the Department

  
Lorella Hayes, H.B. Comm., C.F.  
Chief Financial Officer/Treasurer

### Recommended by the C.A.O.

  
Mark Mieto  
Chief Administrative Officer

Date:

**Report Authored By**

*for*    
 C. Mahaffy, CGA, AMTC  
 Manager of Financial Planning & Policy/Deputy Treasurer

**Division Review**

**BACKGROUND**

Under By-law 2001-138F (updated by By-law 2005-24F), Council established a rate structure policy that provides for the full recovery of both water and wastewater costs and allows for a Sustainable Capital Asset Management Plan (SCAMP). The established policy is in accordance with Provincial legislation which indicates that user fees are to be set so as to recover 100% of the costs of providing water and wastewater services.

In accordance with this policy and by-law, the water and wastewater rates for 2006 are projected to be as follows:

Water rates	-	per cubic metre service charge	\$0.837 representing a 5.9% increase (2005 - 7.7% increase) various rates, depending on meter size but all reflecting the 3.4% rate of inflation used in the current budget. (2005 - 7.7% increase)
		miscellaneous	various charges (e.g. sprinkler, hydrant charges) all reflecting the same inflationary increase over projected actual revenues for 2005.

Wastewater rate returned to 115% (from 116% in 2005) of the water bill.

Overall, the increase in a water/wastewater bill will be 4.5% for 2006. (2005 overall increase - 7.5%)

For 2006, it is necessary to raise \$21.6 million through water user fees. This represents an increase of \$0.8 million or 3.7% over 2005. However, some of the other revenues, namely penalty charges, have decreased, causing the necessary rates to be greater than inflation. In addition, the Sustainable Capital Assets Management Plan (SCAMP) increases the contribution to capital by \$400,000 annually, which accounts for approximately half of the increase in 2006.

The expenses related to compliance with the onerous regulations passed by the Province after the Walkerton Inquiry, with regard to water treatment, remain a key factor in the costs of water production. Although there has been a decrease in staffing, energy and chemical costs have increased at a rate higher than inflation.

A minor downwards adjustment to consumption has been predicted for 2006, based on a three-year running average. Although consumption is down, revenues from fixed water charges have been higher than budgeted, possibly due to new housing units. Consequently, service charges were increased at only the rate of inflation based on projected actual revenues, rather than budgeted revenues.

Date:

Wastewater revenues are budgeted to be \$23.5 million in 2006. This represents an increase of \$0.9 million over the 2005 budget, or 4.1%. A key contributor to this increase is the Sustainable Capital Assets Management Plan (SCAMP) of \$440,000 or about half of the increase.

The wastewater rate has once again returned to the 115% of water charges. For 2005, this rate was 116%.

The calculations to reach these new rates are attached . Also attached is a chart showing the impact to the average household. The average residence will see a \$32 increase in 2006, based on the same consumption as 2005.

Under Provincial legislation, and by Council policy, 100% of Water and Wastewater costs are to be recovered through the Water/Wastewater rates, with the exception of \$2.6 million of water costs, related to the provision of fire protection for publicly funded institutions (universities, etc.), which remain on the municipal levy.

For 2005, under the new Municipal Act, for any increase to water and wastewater fees:

- ▶ There must be at least one public meeting regarding the proposed increase
- ▶ Notice must be given to the public of the meeting, at least 21 days before the meeting is to be held.

Consequently, the notice will appear in The Sudbury Star and Le Voyageur advising the public of the proposed 2006 Water and Wastewater Rates, and advertising that a public meeting will be held in Tom Davies Square at a date to be determined.

**RECOMMENDED  
WATER AND WASTEWATER RATES  
2006  
Water**

	\$	
Budgeted 2006 Water Costs	24,475,992	
Less:		
Fire protection charges financed through municipal levy	<u>2,640,324</u>	
Total water costs to be financed	21,835,668	
Less:		
Other revenue sources		
Frontage Charges	252,285	
Hydrant, Sprinkler and Penalty Charges	374,040	
Other Recoveries	<u>13,160</u>	
	<u>639,485</u>	
Required Water Revenue	21,196,183	
Estimated Revenue to be collected through fixed water charge (including 3.4% increase)	<u>7,086,664</u>	
Water Revenue to be collected through variable consumption charge	14,109,519	A
2006 Projected Consumption in cubic meters (Based on historical averages)	<u>16,850,000</u>	B
<b>2006 Recommended Water Rate</b>	<b>0.837</b>	A divided by B
2005 Water Rate	0.791	
<b>Percentage Increase</b>	<b>5.9%</b>	

**CITY OF GREATER SUDBURY  
RECOMMENDED  
WATER AND WASTEWATER RATES  
2006  
Wastewater**

	\$	
Budgeted 2006 Wastewater Costs	<u>23,775,909</u>	
Less:		
Other revenue sources		
Frontage Charges	<u>309,135</u>	
Required Wastewater Revenue	<u>23,466,774</u>	A
Total Water Revenue	21,196,183	
Less:		
Portion not receiving Wastewater Services (4.0%)	<u>847,847</u>	
	<u>20,348,336</u>	B
<b>Required Wastewater Surcharge as a percentage of Water Revenue</b>	<b><u>115%</u></b>	A divided by B

**CITY OF GREATER SUDBURY  
RECOMMENDED  
WATER AND WASTEWATER RATES  
2006  
Impact on Residential Homeowners**

*Estimated Water and Wastewater Costs - Typical Residential Property Owner - 240 cubic metres of Water Consumed*

	<b>2005</b>	<b>2006</b>	<b>Annual</b>	<b>Annual</b>
	<b>\$</b>	<b>\$</b>	<b>Increase</b>	<b>Increase</b>
			<b>\$</b>	<b>%</b>
Variable water consumption charges	189.79	200.99	11.20	5.90
Monthly fixed charges	141.18	145.92	4.74	3.36
Wastewater charges	<u>383.86</u>	<u>400.07</u>	<u>16.21</u>	<u>4.22</u>
<b>Total water and wastewater costs</b>	<u><b>714.83</b></u>	<u><b>746.97</b></u>	<u><b>32.14</b></u>	<u><b>4.50</b></u>