



FINANCE COMMITTEE AGENDA

to be held on
Wednesday, January 14, 2004
at
6:00 p.m.

**Councillor
Ted Callaghan
Chair**



**Councillor
Eldon Gainer
Vice-Chair**



 **Greater | Grand
Sudbury**TM
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Finance Committee AGENDA

**SECOND MEETING OF THE FINANCE COMMITTEE
TO BE HELD ON WEDNESDAY, JANUARY 14, 2004 AT 6:00 P.M.
IN COMMITTEE ROOM C-11, TOM DAVIES SQUARE**

(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 2475. 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.

PUBLIC HEARING IN REGARD TO 2004 WATER & WASTEWATER RATES & CHARGES

COUNCILLOR GAINER, IN THE CHAIR

1. Declarations of Pecuniary Interest

PUBLIC HEARING

PAGE NO.

[As of Friday, January 9, 2004, no requests were made to address the Committee.]

2. Introductory Remarks: Councillor Eldon Gainer, Chair

CORRESPONDENCE - INFORMATION ONLY

3. Report dated 2003-12-12, with attachments, from the General Manager of Corporate Services regarding 2004 Water and Wastewater Rates and Charges. **1 - 6**
(FOR INFORMATION ONLY)
4. Report dated 2004-01-07, with attachments, from the General Manager of Corporate Services regarding Notice of Public Meeting, 2004 Water and Wastewater Rates and Charges. **7 - 9**
(FOR INFORMATION ONLY)

MANAGERS' REPORTS

{NONE}

ADJOURNMENT (6:55 P.M.) (RESOLUTION PREPARED)

2004-01-09

**COUNCILLOR GAINER
CHAIR**

**CORRIE-JO CAPORALE
COUNCIL SECRETARY**

Correspondence and Information

Request for Recommendation Finance Committee



Type of Decision

Meeting Date	December 18, 2003			Report Date	December 12, 2003		
Decision Requested	Yes	<input checked="" type="checkbox"/>	No	Priority	<input checked="" type="checkbox"/>	High	Low
	Direction Only			Type of Meeting	<input checked="" type="checkbox"/>	Open	Closed

Report Title

2004 Water and Wastewater Rates and Charges

Policy Implication + Budget Impact

This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified.

N/A

Background Attached

Recommendation

FOR INFORMATION ONLY

Recommendation Continued

Recommended by the General Manager

D. Wuksinic
General Manager of Corporate Services

Recommended by the C.A.O.

M. Mieto
Chief Administrative Officer

Date: December 12, 2003

Report Prepared By

C. Mahaffy
 Manager of Financial Planning & Policy/Deputy Treasurer

Division Review

S. Jonasson
 Director of Finance/City Treasurer

BACKGROUND

Under By-law 2001-138F (updated by By-law 2003-113F), Council established a new 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). In accordance with this policy and by-law, the water and wastewater rates for 2004 are projected to be as follows:

Water rates	- per cubic metre service charge	\$0.734 representing a 9.6% increase various rates, depending on meter size but all reflecting the same 9.6% increase
	miscellaneous	various charges (e.g. sprinkler, hydrant charges) all reflecting the same increase of 9.6%
Wastewater rate		reduced to 115% (from 116%) of the water bill.

For 2004, the costs for Water are expected to be \$22.1 million, which is an increase of \$1.4 million or 7.3% over the 2003 budget of \$20.7 million.

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. In addition, a number of factors have caused the water rates to increase by a greater amount than inflation, chiefly:

- ▶ Increases in salaries and benefits mainly due to increased staffing and the reintroduction of OMERS - \$275,000 or 20% of the increase
- ▶ Maintaining the sustainable capital assets management plan - \$400,000 or 29% of the increase
- ▶ Increases in energy costs - \$146,000 or 10% of the increase
- ▶ Inflationary increases, the finalization of grant money from Inco and Falconbridge in 2003, and other miscellaneous increases account for the balance of the increase - \$579,000 or the remaining 41% of the increase.

There has also been a small decrease in consumption predicted for 2004, based on the average consumption over the past three years. It should be pointed out that with the exception of some energy and chemical costs, there is no direct correlation between decreased consumption and costs. Many of the costs are fixed, regardless of consumption.

Date: December 12, 2003

Similar to Water, Wastewater costs are projected to be \$21.1 million, which is an increase of 7.2% over the 2003 budget of \$19.7 million. The major factors contributing to this \$1.4 million increase are:

- ▶ Increases in salaries and benefits, mainly from the reintroduction of OMERS - \$164,000 or 12% of the increase
- ▶ Substantial increases in energy costs (wastewater treatment uses considerably more energy than water treatment) - \$205,000 or 15% of the increase
- ▶ Maintaining the sustainable capital assets management plan - \$440,000 or 31% of the increase
- ▶ Inflationary increases, the finalization of grant money from Inco and Falconbridge in 2003 and other miscellaneous increases account for the balance of the increase - \$591,000 or the remaining 42% of the increase.

The calculations to reach these new rates are attached . Also attached is a chart showing the impact to the average household. Similar to last year, the average residence will see a \$55 increase in 2004, based on the same consumption as 2003.

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 \$2.5 million of water costs, related to the provision of fire protection for publicly funded institutions (universities, etc.), which remain on the municipal levy.

For 2004, 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 is scheduled to go in The Sudbury Star and Le Voyageur on Saturday, December 20th, 2003, advising the public of the proposed 2004 Water and Wastewater Rates, and advertising that a public meeting will be held in Tom Davies Square prior to the Priorities Committee meeting on January 14th, 2004.

<p>CITY OF GREATER SUDBURY WATER AND WASTEWATER ACCRUAL SCHEDULES RECOMMENDED WATER RATES - 2004 FISCAL YEAR</p>

Budgeted 2004 water costs	\$ 22,146,569
Add (less):	
Fire protection charges financed through municipal levy	(2,489,725)
	(2,489,725)
Total water costs to be financed	19,656,844
Less other revenue sources:	
INCO and Falconbridge donation	-
Frontage fees	(293,543)
Private hydrant charges	(132,616)
Private sprinkler charges	(81,104)
Penalties	(315,648)
Other recoveries	(21,970)
	(844,881)
Required water billing revenue	18,811,963
Estimated revenue collected through water service charge after increase	(6,093,633)
Water revenue to be collected through variable consumption charge	12,718,330
Projected consumption level (in cubic metres):	
2001 consumption level	18,072,762
2002 consumption level	17,416,311
2003 consumption level	16,420,976
Average	17,303,350
Consumption adjustment (see assumptions)	-
Projected consumption	17,303,350
Recommended water rate	\$ 0.734
Current year's water rate	\$ 0.670
Percentage increase	9.60%

<p>CITY OF GREATER SUDBURY WATER AND WASTEWATER ACCRUAL SCHEDULES RECOMMENDED WASTEWATER RATES - 2004 FISCAL YEAR</p>
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Budgeted 2004 wastewater costs	\$ 21,113,632
Add (less):	
Enhanced capital expenditures relating to sustainable capital asset policy	
<u>Inflation adjustment</u>	-
<hr/>	
Total wastewater costs to be financed	21,113,632
Less other revenue sources:	
INCO and Falconbridge donation	
Frontage fees	(364,862)
Private hydrant charges	-
Private sprinkler charges	-
Penalties	-
Other recoveries	-
	<hr/> (364,862)
<hr/>	
Required wastewater billing revenue	20,748,770
<hr/>	
Total water billing revenue	18,811,963
Less: portion not receiving wastewater services	(752,500)
	<hr/> 18,059,463
<hr/>	
Required wastewater surcharge as a percentage of water billings	115%
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CITY OF GREATER SUDBURY
WATER AND WASTEWATER FORECASTED RATES
IMPACT ON RESIDENTIAL HOMEOWNERS

Estimated water and wastewater costs- Typical Residential Property Owner(240 cubic metres of water consumed)

	Annual Cost based on Effective Rate		Annual Increase
	2003	2004	
Variable water consumption charges	\$160.80	\$176.16	\$15.36
Monthly service charges	119.52	130.99	11.47
Wastewater charges	325.17	353.22	28.05
Total water and wastewater costs	\$605.49	\$660.37	\$54.88

Request for Recommendation Finance Committee



Type of Decision

Meeting Date	January 14, 2004			Report Date	January 7, 2004		
Decision Requested	Yes	<input checked="" type="checkbox"/>	No	Priority	<input checked="" type="checkbox"/>	High	Low
	Direction Only			Type of Meeting	<input checked="" type="checkbox"/>	Open	Closed

Report Title

Notice of Public Meeting, 2004 Water and Wastewater Rates and Charges

Policy Implication + Budget Impact

<input checked="" type="checkbox"/>	This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified.
N/A	
<input checked="" type="checkbox"/>	Background Attached

Recommendation

FOR INFORMATION ONLY	
<input type="checkbox"/>	Recommendation Continued

Recommended by the General Manager


Doug Wksinic
General Manager of Corporate Services

Recommended by the C.A.O.


Mark Mieto
Chief Administrative Officer

Report Prepared By



Angie Haché
Deputy City Clerk

Division Review



Ron Swiddle
Director of Legal Services/City Solicitor

In accordance with the Municipal Act and Ontario Regulation 244/02, the attached Notice of Public Meeting regarding 2004 Water and Wastewater Rates and Charges was published in the Sudbury Star on December 20, 2003.

As of the date of writing this report, the City Clerk's Office has not received any requests to make representations at the hearing.

At the meeting, the Chair of the Finance Committee will determine if there is anyone in attendance who would like address the Committee.

Sudbury Star - Dec. 20, 2003

Civic Information

PO BOX 5000 STN A
200 BRADY STREET
SUDBURY ON P3E 5K3

671.CITY

www.city.greatersudbury.on.ca

Orders, Quotations, Proposals and Sales are advertised on the City's Web Page at www.city.greatersudbury.on.ca and MERX at www.merx.cebra.com

Public Notices

NOTICE OF PUBLIC MEETING 2004 WATER AND WASTEWATER RATES AND CHARGES

**TOM DAVIES SQUARE
ROOM C-11
JANUARY 14, 2004
6:00 P.M.**

Under the Municipal Act, and Ontario Regulation 244/02, a Public Hearing must be held before any Water or Wastewater Rate increases are put into effect.

In accordance with the City's Water and Wastewater Rates Policy, these rates must be sufficient to recover the costs of providing water and wastewater services. The estimated rates to ensure these services are self-sustaining have been established for 2004.

Notice is hereby given that the City of Greater Sudbury intends to pass a by-law on January 29, 2004 increasing the water rates and related water charges by 9.6% over the 2003 rates; and charging 115% (effectively a 9.5% increase) of the water bill for wastewater services.

A copy of the report which outlines the anticipated costs of providing water and wastewater services and which shows the calculations of the project rates is available on the City's website www.greatersudbury.ca (Finance Committee Agenda of December 18, 2003) or can be picked up at the City Clerk's office at no charge.

A copy of the draft by-law may also be viewed in the Clerk's Department.

Any person in attendance at this Public Meeting will be provided an opportunity to make representation.