
REPORT TO: Council

DATE OF MEETING: November 30, 2021

SUBMITTED BY: Ryan Hagey, Director of Financial Planning, 519-741-2200 ext. 7353

PREPARED BY: Ryan Hagey, Director of Financial Planning, 519-741-2200 ext. 7353

WARD(S) INVOLVED: All

DATE OF REPORT: November 16, 2021

REPORT NO.: FIN-2021-61

SUBJECT: 2022 Water Utilities Rates

RECOMMENDATION:

THAT the proposed rates contained in the 2022 Water Utilities Rates schedule attached to Financial Services Department Report FIN-2021-61 be approved.

REPORT HIGHLIGHTS:

- The total Water Utilities Rate Increase is 2.2%
- Water and Sanitary Sewer rate increases are completely related to increases in the Regional rate for water supply and sewage processing
- Stormwater increase is required to leverage \$50M of grant funding through the Disaster Mitigation and Adaptation Fund (DMAF)
- New rates come into effect January 1st

BACKGROUND:

The rates for the City's Water Utilities (water, sanitary, and stormwater) are set annually by Council. In 2017, a comprehensive review of the water, sanitary and stormwater infrastructure (the Water Infrastructure Program or WIP) was conducted to evaluate infrastructure investment needs and other factors such as affordability, growth, and sustainability. The WIP report provided information about the infrastructure in each of the utilities and provided Council with investment options for both capital replacement and increased maintenance spending along with 5-year rate options for the utilities. Council's consensus from that discussion provided staff with direction for future investments and rate increases which have been reflected in previous budgets.

REPORT:

The proposed rate increases for the Water Utilities are summarized in the table below, with the more detailed schedule attached to the report. These rate changes will come into effect on January 1st.

Summary of Water Utilities Rate Changes

Utility	Rate Change
Water	1.4%
Sanitary	1.6%
Stormwater	6.0%
Combined	2.2%

The proposed rate increase of 2.2% (combined) is significantly lower than the forecast rate increase (as shown in the table below).

Projected Combined Utility Rate Increases

	2018	2019	2020	2021	2022
Rate Increase Projection from WIP	6.5%	6.5%	4.5%	4.5%	4.5%
Revised Rate Increase Projection	6.5%	6.5%	4.4%	0.9%	2.2%
	✓	✓	✓	✓	

This reduced level of increase is being achieved by not increasing the City's portion of the water and sanitary rates. For these two utilities, only Region of Waterloo increased costs for water supply and sewage processing are being passed through to customers, but nothing else.

Regarding stormwater, a rate is required to fund the City's committed share (\$75M) of projects being significantly funded (\$50M in total) by other levels of government through the Disaster Mitigation and Adaptation Fund (DMAF). A significant portion (75%) of urban areas in the city lack adequate stormwater management. The DMAF funding will implement important stormwater management initiatives that will help mitigate the severity of local flooding that can impact drinking water quality, downstream environments and public and private properties. It is estimated that for every dollar spent by Kitchener ratepayers, they receive a projected return of \$18 in prevented damage costs.

STRATEGIC PLAN ALIGNMENT:

This report supports the delivery of core services.

FINANCIAL IMPLICATIONS:

The total annual impact of the proposed rate changes is \$26 (or 2.2%) as noted in the table below.

Impact on Homeowner				
	2021	2022	\$ Change	% Change
Water	\$421	\$427	\$6	1.4%
Sanitary	\$530	\$538	\$8	1.6%
Stormwater	\$197	\$209	\$12	6.0%
TOTAL	\$1,148	\$1,174	\$26	2.2%

Assumptions:

- Water & Sanitary: water consumption of 170m³ annually
- Stormwater: Residential Single Detached Medium

COMMUNITY ENGAGEMENT:

INFORM – This report has been posted to the City's website with the agenda in advance of the council / committee meeting.

PREVIOUS REPORTS/AUTHORITIES:

- FIN-2021-58 2022 Operating Budget

APPROVED BY: Jonathan Lautenbach, Chief Financial Officer, Financial Services

ATTACHMENTS:

Attachment A – 2022 Water Utilities Rates

Attachment A - 2022 Water Utilities Rates

	2021 Rate	2022 Rate	\$ Change	% Change
Sanitary (per cubic metre)	\$ 3.1546	\$ 3.2051	\$ 0.0505	1.60%
Water (per cubic metre)	\$ 2.5045	\$ 2.5396	\$ 0.0351	1.40%
Stormwater (monthly charge)				
Residential Single Detached Small	\$ 9.82	\$ 10.41	\$ 0.59	6.00%
Residential Single Detached Medium	\$ 16.39	\$ 17.37	\$ 0.98	6.00%
Residential Single Detached Large	\$ 21.54	\$ 22.83	\$ 1.29	6.00%
Residential Townhouse/Semi-Detached	\$ 11.70	\$ 12.40	\$ 0.70	6.00%
Residential Condominium	\$ 6.52	\$ 6.91	\$ 0.39	6.00%
Multi-Residential duplex	\$ 13.11	\$ 13.90	\$ 0.79	6.00%
Multi-Residential triplex	\$ 19.71	\$ 20.89	\$ 1.18	6.00%
Multi-Residential four-plex	\$ 26.20	\$ 27.77	\$ 1.57	6.00%
Multi-Residential five-plex	\$ 32.79	\$ 34.76	\$ 1.97	6.00%
Multi-Residential (>5 units)	\$ 3.29	\$ 3.49	\$ 0.20	6.00%
Non-Residential Smallest	\$ 31.34	\$ 33.22	\$ 1.88	6.00%
Non-Residential Small	\$ 83.81	\$ 88.84	\$ 5.03	6.00%
Non-Residential Medium-Low	\$ 219.60	\$ 232.78	\$ 13.18	6.00%
Non-Residential Medium-High	\$ 641.04	\$ 679.50	\$ 38.46	6.00%
Non-Residential Large	\$ 1,553.64	\$ 1,646.86	\$ 93.22	6.00%
Non-Residential Largest	\$ 3,335.33	\$ 3,535.45	\$ 200.12	6.00%

The minimum charge for water and sanitary sewer is calculated as 1/10 m3 per day

The flat rate sewer charge for properties not connected to the municipal water system is based on the average annual residential consumption of 170 m3 at the current approved sanitary sewer rate and is billed monthly