



The Corporation of the Township of King Report to Council

From: Public Works and Finance

Report Number: JR-2024-003

Date: Tuesday, November 12, 2024

Title: **2025 Water and Wastewater Budget**

Recommendation

1. That Council approve the recommended 2025 Water and Wastewater Rates, as outlined in Schedule A attached hereto, effective January 1, 2025; and
2. That By-law 2024-092 be enacted to establish water and wastewater rates and charges for those properties on municipal water and wastewater services, effective January 1, 2025.

1. Report Highlights

- The blended water/wastewater rate proposed increase for 2025 is 2.17% (0% increase on the fixed portion and 3.35% for the variable portion of the charge). This includes the 3.30% water/wastewater rate increase from York Region.
- This results in an estimated annual increase of \$42.62 per household based on average usage over 2024.
- In accordance with provincial regulations, York Region's (wholesale) and the Township's (retail) water and wastewater rate setting processes are predicated on the requirement that rates achieve full cost recovery for the delivery of water and wastewater services.
- The goal of the Township is to be fully cost recoverable over the full 10-Year Capital Plan to reach financial sustainability in accordance with Council's goal and legislated requirements.

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, 2025.

3. Background

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 from York Region's water treatment and transmission 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 billing structure consists of a fixed rate and variable rate. The intent of a blended fixed/variable rate structure is to ensure access to adequate financial resources for purposes of supporting scheduled infrastructure maintenance and long-term rehabilitation of the Township's water system assets as well as for operating costs such as Township staff, water supplied and treated by York Region, and contracted services to support emergency repairs (e.g., watermain breaks).

The Township's fixed rate charge is dependent on the size (diameter) of the private side supply connected to a property. The rate structure for the fixed fee related to infrastructure is noted in Schedule "A" of this report.

The Township's variable rate is dependent on the metered quantity consumed by the property each period. The variable rate has three tiers. The tiers encourage conservation and sustainability by charging a low rate on the first 43 cubic units used. This approach aligns with the Township's Strategic plan and goals of a Green and Sustainable Future by encouraging conservation and reducing waste. Also, of great significance the tiered system ensures the lowest rate or costs are assigned to meeting basic human needs such as drinking, cooking, bathing, and washing.

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.

There is no change to the base charge planned for 2025 for any pipe sizes for 2025. To maintain compliance with new provincial legislation, an additional Environmental Technologist position is required in 2025. This position will be a shared cost to water, wastewater and stormwater. Recent legislative requirements requiring consolidation of linear infrastructure environmental compliance approvals (CLI ECA), introduce new compliance monitoring and reporting requirements exceeding the capacity of the current staffing complement. The increased cost related to this position is \$82,778 and represents an impact to the variable rate of .50 per cubic metre. A full business case is attached as Schedule B to this report.

The Township is in line with neighbouring municipalities and is collecting enough to cover the cost to repair and replace linear infrastructure in the future.

York Region - wholesale cost of water and treatment of wastewater

York Region and its nine local municipalities are responsible for providing and delivering drinking water and safely managing wastewater for more than one million residents. The Region sets a blended rate for water and wastewater that is charged to local municipalities. On September 23, 2021, Regional Council approved a combined water and wastewater rate by 3.3% each year from April 1, 2022, to March 31, 2028. This assists in creating a rate that will stabilize reserves to cover short-term fluctuations and allows rates to be adjusted if longer-term trends appear different than forecasts. The proposed rates enable York Region to

maintain full cost recovery while promoting intergenerational equity and reducing reliance on debt. It is important to note the increased cost from York Region represents 72% of the overall rate increase for the Township.

Table 1: Represents the increases to Township's portion of the water and wastewater rates cost from the Region.

Rates per m ³ (\$)	2025 Budget ¹	Outlook ²	
	01-Apr-25	01-Apr-26	01-Apr-27
Water	1.4734	1.5088	1.5683
Wastewater	2.0273	2.1074	2.1672
Combined	3.5007	3.6162	3.7355
Combined Increase (%)	3.30%	3.30%	3.30%

Table 2: Proposed Bi-Monthly Water and Wastewater Base Maintenance Charge by Supply Size from 2024 to 2025 represent NO change for any of the sizes.

Supply Size	Water		Wastewater	
	2024 Bi-Monthly Base Charge	2025 Proposed Bi-Monthly Base Charge	2024 Bi-Monthly Base Charge	2025 Proposed Bi-Monthly Base Charge
System Base Maintenance Charge per Billing Cycle				
<1.5"	\$46.49	\$46.49	\$69.17	\$69.17
2"	\$129.52	\$129.52	\$184.99	\$184.99
>3" - 5"	\$298.49	\$298.49	\$294.17	\$294.17
>6	\$579.33	\$579.33	\$633.33	\$633.33

Table 3: Consolidated rate for water and wastewater supply size for 2025:

Supply Size	2024 Bi-Monthly	2025 Bi-Monthly
<1.5"	\$ 115.67	\$ 115.67
2"	\$ 314.51	\$ 314.51
>3" - 5"	\$ 592.66	\$ 592.66
>6	\$ 1,212.66	\$ 1,212.66

Table 4: Proposed Variable Water and Wastewater rates:

Water Consumption per cubic meter (m3)	Water		Wastewater	
	2024	2025	2024	2025
Tier 1: up to 49 m3	\$ 2.11	\$ 2.24	N/A	N/A
Tier 2: 50 to 70 m3	3.65	3.87	N/A	N/A
Tier 3: over 71 m3	4.74	5.03	N/A	N/A
Wastewater Consumption per cubic meter (m3)	N/A	N/A	\$ 2.60	\$ 2.63

The proposed increases in the Township's rates represent an increase of 6.25% for water and 1% for wastewater, for a combined increase for the variable rate of 3.35%. This includes the York Region's blended increase of 3.30% for water (supply) and wastewater (treatment) services. Below is a summary of the combined rate for water and wastewater for the 3-tiered system.

Table 5: Combined water and wastewater rate:

Combined Rate Water and Wastewater Variable Rate	2024	2025
Tier 1: up to 49 m3	\$ 4.71	\$ 4.87
Tier 2: 50 to 70 m3	\$ 6.25	\$ 6.50
Tier 3: over 71 m3	\$ 7.33	\$ 7.66

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

The Township initiated a strategy of boundary insertion meters in recent years in response to un-accounted for water usage by new home construction in unassumed residential subdivision sites. Volumes/flows of water into and out of the subdivision are metered and these measurements could then be used to apportion costs back to Developers. Additionally, these measurements could be used to rationalize a "per lot" fee to be applied to future Subdivision Agreements and paid-up front as a requirement for the execution of the agreement. The program principles are conceptually sound, however the accuracy and mechanics of implementing on subdivisions with multiple connections to the Municipal water distribution system have shown to be problematic.

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 with a 6.25% increase recommended for 2025:

Table 6: Bulk Metered Rate 'Water' Only

	2024	2025
	per m ³	per m ³
Bulk Metered Rate – Water ONLY	\$ 3.68	\$ 3.91

Flat rate

The Township's Water and Wastewater Bylaw requires that all properties benefiting from municipal water supply or treatment must have a functioning meter. It is common for meters to lose signal or malfunction from time to time, in which case staff notify the homeowners of the problem and request a time be set up so a technician can come on site and fix the meter. In cases where the property owner does not allow staff to fix the meter, and actual consumption is unknown, a 'Flat Fee' (will change from \$995.23 to \$1027.33 (3.125% increase)) per billing cycle will be charged. The Flat Fee is intended to act as an incentive for the owner to call the

Township and have the meter fixed. If the property owner allows the Township to fix the meter before the next billing, Staff will use the fixed meter to correct the bill based on the actual consumption read.

Average Annual Cost

As shown in the chart below, annual increases for 2025 for the typical residential water and wastewater user (based on annual consumption of 270 m³) are projected at \$42.62 for combined water and wastewater services. The water portion would be 6.25% and wastewater is 1% for a blended increase of 3.35%. No change is recommended on the base charge for the annual maintenance charge. ***The overall blended rate increase for water and wastewater services is estimated at an annual increase of \$42.62 (or 2.17%) over 2024.***

Table 7: Estimated overall Impact

Based on using Tier 1 limit for Cubic Meters of consumption for the year (variable rate)				
	270	270		
	2024	2025	Increase (\$)	Average Increase (%)
Water & Wastewater Rate per Cubic Meter	\$ 1,271.55	\$ 1,314.17	\$ 42.62	3.35%
Base Annual Maintenance Charge (Per Year)	\$694.00	\$694.00	\$ -	0.00%
Total Annual Water & Wastewater	\$ 1,965.55	\$ 2,008.17	\$ 42.62	2.17%

(Based Annual Maintenance Charge based on 1.5" pipe size)

Some of the assumptions used in calculating the rate for 2025-2034

- 10 Year Forecasted Capital Plan
- Asset management assumptions for both water and wastewater based on the Watson Study which include \$1,650,000 for water and \$1,500,000 wastewater
- Region water supply and treatment rates and projections
- Growth forecasts
- The 2025 Operating Budget for water and wastewater
- Additional resource for an Environmental Technologist

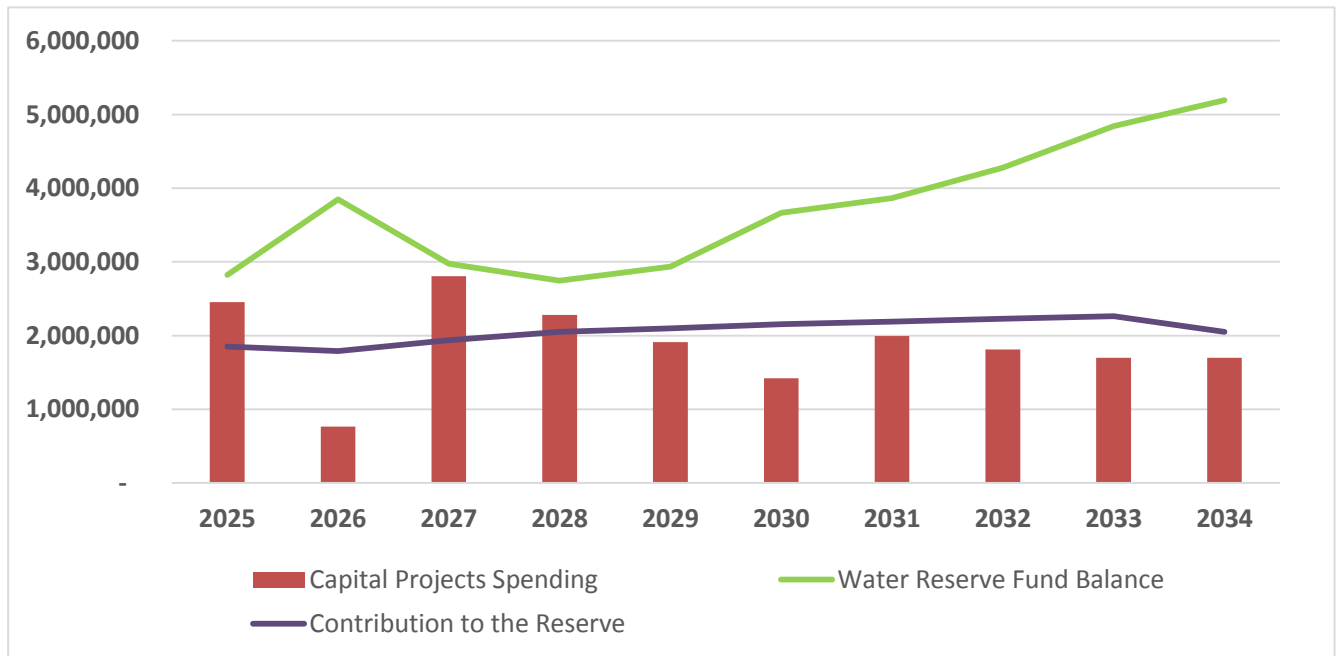
For the year ended December 31, 2023, the Township's Water and Wastewater reserves had a combined balance of \$4,182,286. The projected (unaudited) and uncommitted balance for year ended December 31, 2024, is \$3,942,634. This balance is in line with the long-term funding strategy developed to ensure sufficient funding for the Township's water and wastewater asset management needs.

For **2025 Budget** the following projects will be funded from the water and wastewater rate in 2025:

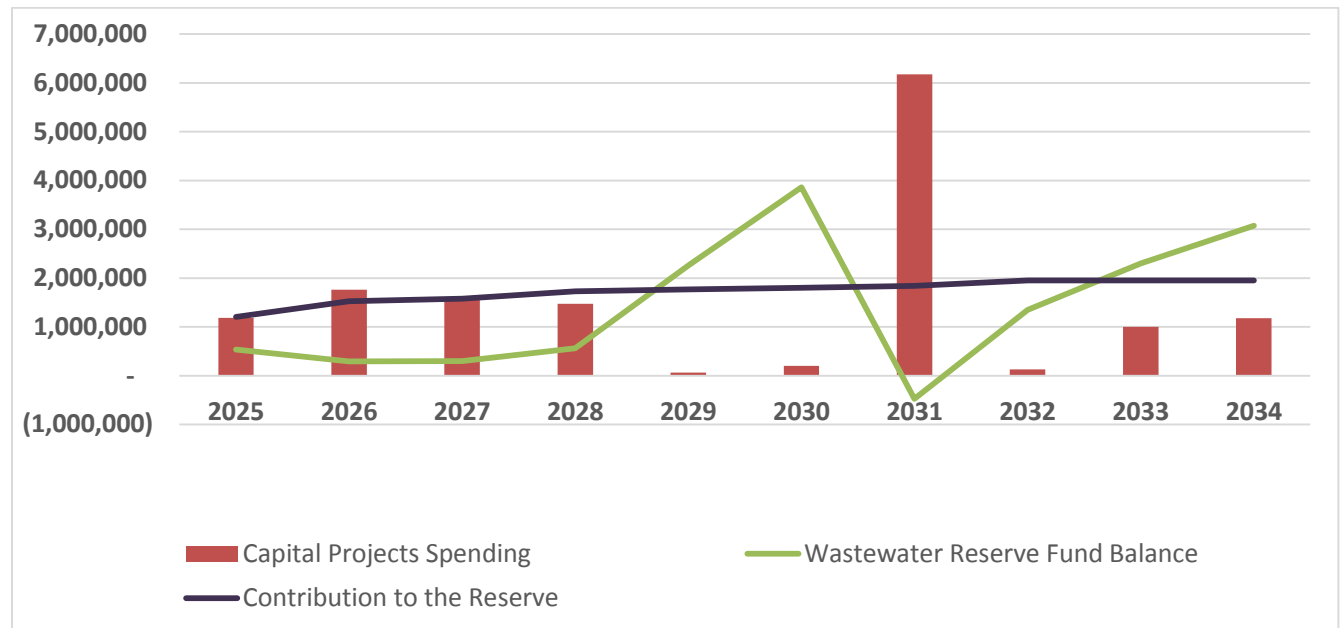
Table 8: 2025 Capital Projects

15-25-35 Annual Relining/Rehabilitation of Bridges - Water Pipe under Bridge	20,000
20-25-30 Watermain Replacement - Nobleton (Parkview, Crestview, Janet, Lynwood)	2,446,121
21-25-31 Supervisory Control and Data Acquisition (SCADA)	1,175,000
Total For Water & Wastewater projects	3,641,121

Table 9 and 10 represent the impact of those assumptions over the 10-year term with the red bars representing the current 10-year Capital Plan, the purple line representing the contributions to the reserve fund and the green line the balance in the water and wastewater reserve funds. Based on the capital spending and the contribution from the water rate the overall balance is positive in the reserve.

Table 9: Water Reserve Fund 10-Year Projections

For table 10 the wastewater reserve is similar result however fewer capital projects projected in the 10-year capital plan and a lower contribution from the wastewater rate the reserve balance shown in green is positive. It is important to note the 10-year capital plan is subject to change and is based on current estimates and projects.

Table 10: Wastewater Reserve Fund 10-Year Projections

In accordance with provincial regulations, York Region's (wholesale) and the Township's (retail) water and wastewater rate setting processes are predicated on the requirement that rates achieve full cost recovery for the delivery of water and wastewater services. The increase projected helps maintain the overall reserve fund balance combining the water and wastewater needs.

5. Financial Considerations

The proposed 2025 water and wastewater rates were developed to ensure that rates support operational requirements of the Township's water and wastewater systems and the long-term asset management needs.

The blended water/wastewater rate proposed increase for 2025 is 2.17% (0% increase on the fixed portion and 3.35% for the variable portion of the charge). This includes the 3.30% water/wastewater rate increase from York Region. This results in an estimated annual increase of \$42.62 per household based on average usage over 2024.

6. Alignment to Strategic Plan

The 2023-2026 Corporate Strategic Plan (CSP) was adopted by Council on June 12, 2023. The CSP reflects the priorities of upmost importance to the community and defines the obligations and commitments of the Township of King to its citizens and to the public. The CSP is aligned with the Townships long-term vision defined in the "Our King" Official Plan. The CSP also aims to ensure that staff initiatives focus on and work towards supporting King's Vision, Mission and Values.

This report is in alignment with the CSP's Priority Area(s), and/or associated Objective(s) and/or Key Results(s):

Priority Area: Sustainable Asset Management

Objective: Develop asset-funding strategies that ensure long-term fiscal sustainability.

Key Result: Create and implement an Asset-Funding Strategy by 2025.

7. Conclusion

The goal of the Township is to be fully cost recoverable in the next few years to ultimately reach financial sustainability in accordance with Council's goal and legislative requirements.

8. Attachments

Schedule "A" – Proposed 2025 Water and Wastewater Rates

Schedule "B" – 2025 Program Change – Environmental Technologist Position

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