

# Report

To: Waterworks Committee  
From: Administration  
File #: CT-200-5  
Date: October 13, 2009  
Re: **Utility Rates for 2010 and on**



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## ISSUE:

To adopt By-Law No. #09-8448 to amend the water & sewer rates for 2010 and on.

## ALTERNATIVES:

1. Give the By-law first reading.
2. Do not give the By-law first reading.

## BACKGROUND:

Utility rates have been reviewed for the next 3 years. The City's Debt Management Plan in 2009 included rate increases for nutrient removal. Manitoba Conservation entered into discussions with the City to remove nutrients from the wastewater prior to discharging it into the Assiniboine River. Brandon and Winnipeg have been issued the order and are raising their rates to accommodate this enormous undertaking. The cost of this project is estimated at \$51 Million and an application for funding 2/3 of this project through grants has been submitted to the Canada Manitoba Infrastructure. The City's share of \$17 Million has been built into the 10 year capital plan, with funding sources of \$14.2 Million from its reserves and \$2.8 Million issued as debt. The project is scheduled to take place over the next 5 years, with engineering and design work in 2011 and 2012 and construction from 2012 to 2014.

Rate increases in this plan propose to increase sewer rates for capital purposes by 9% in Step 1 (domestic level) and 13 % in Step 2 (wholesale and variable levels) in each of the years 2010 to 2012 inclusive. The proposed rates will generate an additional \$1.7 million in annual revenues by the end of year 2012 for the nutrient removal project. Additional rate increases for 2013 and 2014 will also be required for the project but will be reviewed in a later study.

Also included in the rates for operating costs in water and sewer rates are 1% for first 2 steps (Domestic and Intermediate levels) and 3% per year at the 3<sup>rd</sup> and 4<sup>th</sup> steps (higher level users). This will generate an annual \$694,274 to meet operating increases.

By-Law 09-8448 lists the utility rates for 2010, 2011 and 2012 and on. Rate increases from the 2009 utility rates are as follows:

Schedule of  
Quarterly  
Rates:

|                             | 2009<br>Current | 2010<br>Proposed | 2011<br>Proposed | 2012+<br>Proposed |
|-----------------------------|-----------------|------------------|------------------|-------------------|
| Increase in Service Charges |                 | 2%               | 2%               | 2%                |
| <b>Proposed Water</b>       |                 |                  |                  |                   |
| 1st & 2nd Step              |                 | 1%               | 1%               | 1%                |
| 3rd & 4th Step              |                 | 3%               | 3%               | 3%                |
| <b>Proposed Sewer</b>       |                 |                  |                  |                   |
| 1st Step                    |                 | 10%              | 10%              | 10%               |
| 2nd Step                    |                 | 16%              | 16%              | 16%               |

- Impact

**CITY OF PORTAGE LA PRAIRIE  
SEWER & WATER UTILITY RATE  
REVIEW**

Impact on a family with consumption of 15,000 gallons per quarter

|                               | 2009<br>Annual | 2010<br>Annual | 2011<br>Annual | 2012<br>Annual |                    |
|-------------------------------|----------------|----------------|----------------|----------------|--------------------|
| Water & Sewer Annual Increase | \$683          | \$722          | \$765          | \$811          |                    |
| Increase Per Year             |                | \$39           | \$43           | \$46           |                    |
|                               |                | 5.7%           | 5.9%           | 6%             | <u>Avg</u><br>5.9% |

Impact on a mid -sized industry with consumption of 1,000,000 gallons per quarter

|                               | 2009<br>Annual | 2010<br>Annual | 2011<br>Annual | 2012<br>Annual |                    |
|-------------------------------|----------------|----------------|----------------|----------------|--------------------|
| Water & Sewer Annual Increase | \$32,076       | \$34,560       | \$37,343       | \$40,446       |                    |
| Increase Per Year             |                | \$2,484        | \$2,783        | \$3,103        |                    |
|                               |                | 7.7%           | 8.1%           | 8.3%           | <u>Avg</u><br>8.0% |

Impact on Large Industry based on 76 million gallons per quarter

|                            | 2009<br>Annual | 2010<br>Annual | 2011<br>Annual | 2012<br>Annual |                     |
|----------------------------|----------------|----------------|----------------|----------------|---------------------|
| Water &<br>Sewer<br>Annual | \$1,429,579    | \$1,603,451    | \$1,801,714    | \$2,030,260    |                     |
| Increase                   |                | \$173,872      | \$198,263      | \$228,546      |                     |
| Increase Per Year          |                | 12.2%          | 12.4%          | 12.7%          | <u>Avg</u><br>12.4% |

- Comparison – In 2012, the following listing indicates how these users compare in price to Portage users:

Compare in 2012 to Portage:

|                           |      |
|---------------------------|------|
| Domestic - Brandon        | -9%  |
| Domestic - Winnipeg       | 24%  |
| Mid Size - Brandon        | 4%   |
| Mid Size - Winnipeg       | 48%  |
| Large Industry - Brandon  | 54%  |
| Large Industry - Winnipeg | 116% |

The PUB strongly suggests that the rate differential between the users should be narrowed. The proposed rates are structured for higher percentage increases for the larger volume users than the domestic level users. The previous utility rate increases were set up this way as well.

- Process

Once Council gives first reading to the by-law, the PUB will review the proposal and call for either a returnable date notice (mailing) or a public hearing. Thereafter, the PUB will make its decision (through an order) regarding the proposed rate increases. The current timeline with the PUB is about 3 months. Should there be a delay in approval; rate increases will take effect at a later date than January 1, 2010.

The enclosed study includes the by-law and several reports and schedules that will be forwarded to the PUB.

**RECOMMENDATION:**

**October 13, 2009:**

THAT By-Law No. 09-8448 being a by-law to authorize the change in water and sewer rates effective January 1, 2010 be given first reading

*(First reading took place on October 13, 2009)*