

Directed to: Councillor Jeff Kohler and Members of the Board of Management of the St. Thomas Area Secondary Water Supply System

Date Authored:
October 1, 2020
Meeting Date:
October 22, 2020

Department: Environmental Services

Attachment

Prepared By: Karel Kamerman, B.Sc.
Compliance Coordinator

Subject: **St. Thomas Area Secondary Water Supply System – 2021 Water Rate**

Recommendation:

THAT: Report SWB 05-20, St. Thomas Area Secondary Water Supply System – 2021 Water Rate, be received for information; and further,

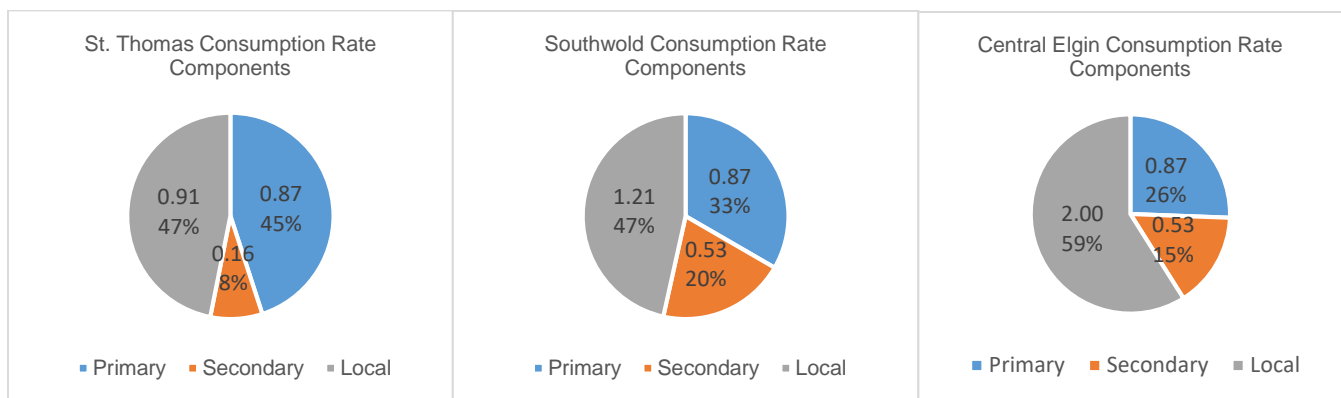
THAT: The Secondary Rate for the St. Thomas Area Secondary Water Supply System of \$0.5597/m³, effective January 1, 2021, be approved.

Origin:

The St. Thomas Area Secondary Water Supply System (STASWSS), which obtains water from the Elgin Area Primary Water Supply System (EAPWSS), provides drinking water to the City of St. Thomas, the Municipality of Central Elgin and the Township of Southwold.

In order to recover the costs related to the maintenance and operations of the infrastructure, as well as meet the requirements of provincial water legislation and build an adequate reserve balance to help fund future rehabilitation and renewal projects for the St. Thomas Area Secondary Water Supply System infrastructure, each benefitting municipality must establish water rates that include cost recovery for the use of the EAPWSS and STASWSS infrastructure.

In 2020, each of the benefitting municipalities charged their users a consumption rate, consisting of different components, in order to recover expenses arising from the use of the Primary System, Secondary System and Local distribution systems, as follows:



It should be noted that the City of St. Thomas obtains 70% of their water demands directly from the Primary System, and as such, their rate structure reflects a lower contribution percentage to the Secondary.

In 2020, The City of St. Thomas completed a Water Rate Study to forecast the full costs (including infrastructure renewal and rehabilitation) of supplying water through the STASWSS to the year 2031. The Study recommends the *Secondary Rates* that are required in order for the system to be financially self-sustaining, based on anticipated flows to the various benefitting municipalities. The full version of the 2020 Secondary Rate Study is available on the City of St. Thomas website.

Analysis and Financial Considerations:

The EAPWSS Joint Board of Management approved the 2020 Primary Rate at their October 8, 2020 meeting. Effective January 1, 2021, the *Primary Rate* will be increased by 4%, and is scheduled to be changed from \$0.8704/m³ to \$0.9052/m³.

In order to meet the requirements of provincial water legislation and build an adequate reserve balance to help fund future rehabilitation and renewal projects, the *Secondary Rate* is recommended to increase from \$0.5255/m³ to \$0.5597/m³, a 6.5% increase. The *Secondary Rate* increase being recommended is aligned with the STASWSS

Water Rate Study completed in 2020.

The proposed rate increase will result in a total bill increase for the average user (167m3/year) of 0.32%, 0.88% and 0.72% for the users located in St. Thomas, Southwold, and Central Elgin, respectively.



Respectfully,



Karel Kamerman, B.Sc.
Compliance Coordinator



Nathan Bokma, P. Eng.
Manager of Development and Compliance

Reviewed By:   _____
ES Treasury HR City Clerk City Manager