



The Corporation of the City of Cornwall
Regular Meeting of Council
Report

Department: Infrastructure and Municipal Works
Division: Environment
Report Number: 2020-389-Infrastructure and Municipal Works
Prepared By: Owen O'Keefe, Water Purification Plant Supervisor
Meeting Date: October 13, 2020
Subject: Update on the Water Conservation and Servicing Master Plan

Purpose

To provide Council with a presentation on the 2020 Water and Wastewater Rate Study being completed by Watson and Associates Economists Ltd. Sean Michael Stephen, Manager at Watson will lead the presentation.

Recommendation

- a. That Council direct Administration to complete the Financial Plan report for subsequent approval using the current flat rate structure but indicating that a transition to volume-based rate structure may be implemented over the next five year period;
- b. That Council direct Administration to commission Watson and Associates Economists Ltd. to conduct a public consultation based on the three proposed rate structure options;
- c. That Council direct Administration to commission the St. Lawrence River Institute of Environmental Sciences to conduct a public outreach program to promote water conservation measures;

- d. That Council direct Administration to commission Watson & Associates Economists Ltd. to complete the Water Conservation and Servicing Master Plan complete with final recommendations following the obtainment of feedback from the public consultation and public outreach programs.

Financial Implications

There are no financial implications at this time. Council previously directed Administration to develop a Water Conservation and Servicing Master Plan utilizing funds from the Water Works Reserve. Should Council approve Recommendations 3, 4 and 5 of this report, Administration will negotiate with both Watson and Associates Economists Ltd. and the St. Lawrence River Institute of Environmental Sciences to carry out the specified tasks. It is anticipated that the cost associated with this work will be well within the expense approval limits of Administration.

Strategic Priority Implications

Being leaders in sustainability and climate change impact.

3. Water Meters

Background / Discussion

At the November 12, 2019 Council meeting, Council received Report 2019-235-IMW and directed Administration to develop a Water Conservation and Servicing Master Plan. This report is attached for reference. As part of that Council report, the following items were listed as components of a Water Conservation and Servicing Master Plan:

- Community outreach is a fundamental first step for increasing awareness and gaining public support for water demand management. Community outreach also plays a fundamental role in enhancing the planning and implementation success for most Water Demand Management (WDM) initiatives. In other words, community outreach is a cross cutting and ongoing WDM initiative. The community outreach would become part of the annual conservation program.
- Develop a timeline.
- Develop a volume-based rate structure.
- Determine a financing model.
- Develop business plans.
- Develop procurement methodology ie Request for Proposals, Tenders etc.



- Develop an implementation plan.
- Provide extensive consultation with the public and stakeholders.
- Conservation Incentive and Rebate Plan.

Financing model and volume-based rate structure

The City retained Watson and Associates Economists Ltd. (Watson) to complete a financing model which involved an in-depth financial analysis to develop alternate rate structures that would provide a sustainable level of revenue to cover operating costs, capital needs, lifecycle planning and growth forecast for the operation of the water and wastewater systems.

As part of this model, alternative rate structures were explored. This included the consideration of a volume-based rate structure which could be implemented for potential transition to City-wide water metering. Presently, all residential and most Industrial, Commercial, and Institutional (IC&I) locations within the City have water and sewer rates based on a flat rate fixture-based billing structure.

As indicated in the rate study presentation by Watson, currently the residential sector is subsidizing the non-residential (IC&I) sector in the order of 16%. It is therefore deemed necessary to consider a new rate structure which would reflect equity between the residential and non-residential sectors.

The present rate structure does not promote water conservation and does not provide the end user any incentive to reduce usage/billings, unlike other utilities such as electricity and natural gas. During the 2018-2019 Drinking Water Inspection, the Ministry of the Environment, Conservation and Parks (MECP) recommended implementing water conservation measures. The City has maintained a 100% Inspection Rating from the MECP, for the past 11 consecutive years. Implementation of the MECP's recommendation of water conservation measures is considered a continual improvement as defined in the Drinking Water Quality Management System (DWQMS). The DWQMS is the Quality Management Standard approved under s. 21 of the Safe Drinking Water Act and complements this legislative and regulatory framework by endorsing a proactive and preventive approach to assuring drinking water quality.

According to the MECP, Cornwall is the only municipality of its size in Canada which does not have volume-based rate structure measured by water meters.

Financial Plan

On August 16, 2007, the Province of Ontario approved Ontario Regulation 453/07 which requires all Ontario municipalities who provide water services to prepare financial plans as "a key step in the long-term stability for municipal residential drinking water systems". The financial plan is part of the required documents to be filed as part of the City obtaining its Municipal Drinking Water License (MDWL) to operate water systems. The City's financial plan needs to be submitted to the Province by the end of 2020. It is proposed at this time to develop the financial plan based on the current flat rate structure but indicating that a transition to volume-based rate structure may be implemented over the course of the next five-year period. In this manner, the Province will have an understanding that a financial transition within the next five-year reporting period may occur should the City opt to move to a volume-based rate structure.

Next Steps

With the completion of the financing model and three proposed rate structures identified, Administration recommends that the next step would be to present the proposed rate structures to the public via community consultation. It is recommended that the rate structure consultation program be developed and conducted by Watson and Associates Economists Ltd. in conjunction with Environmental Services staff and the City's Public Information Coordinator.

Concurrently, it is proposed that a public outreach program regarding water conservation and incentive programs be undertaken through a partnership with the St. Lawrence River Institute of Environmental Sciences. Again, this program will be conducted in conjunction with Environmental Services staff and the City's Public Information Coordinator.

The public consultation and outreach findings will then be incorporated into the Water Conservation and Servicing Master Plan report. It is proposed that Watson and Associates be commissioned to finalize the master plan in conjunction with City Administration. The completed Water Conservation and Servicing Master Plan, including final recommendations, will be presented to Council at a subsequent meeting in early 2021.

Accessibility Impact

Public Consultation and Public Outreach will incorporate accessibility needs during development of the consultation and outreach methods.

Report Approval Details

Document Title:	Water Servicing Plan Update - 2020-389-Infrastructure and Municipal Works.docx
Attachments:	<ul style="list-style-type: none">- Water Meters, Conservation and Sustainability Options- 2019-235-Infrastructure and Municipal Works.pdf- Council October 13 2020 - Presentation Final.pdf
Final Approval Date:	Oct 6, 2020

This report and all of its attachments were approved and signed as outlined below:

Bill de Wit - Oct 6, 2020 - 4:21 PM

Tracey Bailey - Oct 6, 2020 - 5:04 PM

Maureen Adams - Oct 6, 2020 - 7:13 PM