

CITY COUNCIL AGENDA



DATE **October 19, 2011 – 6 p.m. – Council Chambers**

Please turn off or place on non-audible all cell phones, PDAs, Blackberrys and pagers during the meeting.

O Canada
Silent Prayer
Disclosure of Pecuniary Interest

2012 ENTERPRISE FUNDED (NON-TAX SUPPORTED) OPERATING AND CAPITAL BUDGETS

THAT Council approve:

For Water and Wastewater Services

1. the proposed expansion packages in the net amounts of \$150,000 for Water and \$89,980 for Wastewater;
2. the 2012 Water and Wastewater Operating Budgets in the amounts of \$22,544,050 and \$24,602,984 respectively, inclusive of expansions;
3. the 2012 Water and Wastewater Capital Budgets and 2013 - 2021 Forecasts in the amounts of \$195,027,500 and \$234,756,800 respectively;
4. the City of Guelph water volume charge of \$1.30 cents per cubic metre effective March 1, 2012 and the wastewater volume charge of \$1.41 cents per cubic metre, effective March 1, 2012;
5. the City of Guelph water and wastewater basic service charges and various fees and charges, be increased as per attached schedule "A" effective March 1, 2012;
6. the Waterworks Fees and Services By-law be passed;

For Court Services

1. the 2012 Court Services Operating Budgets in the amount of \$3,580,960;
2. the 2012 Court Services Capital Budget and 2013-2021 Capital Forecast in the amount of \$572,700;

For Ontario Building Code Administration

1. the 2012 Ontario Building Code Administration Operating Budget in the amount of \$2,400,000.

ADJOURNMENT

COUNCIL REPORT



O **Guelph City Council**

SERVICE AREA Office of the CAO
DATE October 19, 2011

**SUBJECT 2012 Enterprise Funded (Non-Tax Supported)
Operating and Capital Budgets**

REPORT NUMBER FIN-11-49

SUMMARY

Purpose of Report: To present the 2012 Enterprise Funded Operating and Capital Budgets.

Council Action: Council approve the 2012 Enterprise Funded Operating and Capital Budgets.

RECOMMENDATION

THAT Council approve:

For Water and Wastewater Services

1. the proposed expansion packages in the net amounts of \$150,000 for Water and \$89,980 for Wastewater;
2. the 2012 Water and Wastewater Operating Budgets in the amounts of \$22,544,050 and \$24,602,984 respectively, inclusive of expansions;
3. the 2012 Water and Wastewater Capital Budgets and 2013 - 2021 Forecasts in the amounts of \$195,027,500 and \$234,756,800 respectively;
4. the City of Guelph water volume charge of \$1.30 cents per cubic metre effective March 1, 2012 and the wastewater volume charge of \$1.41 cents per cubic metre, effective March 1, 2012;
5. the City of Guelph water and wastewater basic service charges and various fees and charges, be increased as per attached schedule "A" effective March 1, 2012;
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2. the 2012 Court Services Capital Budget and 2013-2021 Capital Forecast in the amount of \$572,700;

For Ontario Building Code Administration

1. the 2012 Ontario Building Code Administration Operating Budget in the amount of \$2,400,000.

BACKGROUND

The City of Guelph's Enterprise Funded (Non-Tax Supported) budget includes Water Services, Wastewater, Court Services and the Ontario Building Code (OBC) Administration budgets. An Enterprise funded budget is a budget that is self-supporting and does not require a transfer from property taxes. For the City of Guelph, the costs of the respective services will be 100% recovered through user fees and other non-tax supported revenues.

The 2012 Enterprise funded budgets mark the first step in a corporate transition to service based budgeting. Service based budgeting provides the opportunity to assist Council and management in decision making by providing information about the alignment of services provided with the Strategic Plan, facilitate improved corporate and departmental business planning, develop service performance measurement and provide the ability to analyze optimal organization structure and alternative methods of service delivery.

The proposed 2012 Operating Budgets for all four departments reflect operating increases including compensation, goods and services, internal support costs and contributions to reserves and reserve funds. Where required, various expansions have been requested to allow for more efficient and effective service delivery.

In addition, a 2012-2021 Capital Budget and Forecast has been included for Water, Wastewater and Court Services. For Water and Wastewater, the capital budget and forecast reflect the capital costs related to both growth and aging infrastructure. The Court Services capital budget and forecast includes the lifecycle replacement costs for maintaining the Court facility and information technology infrastructure.

REPORT

Water and Wastewater Services

Both Water and Wastewater continue to project significant increases in user rates for 2012 and beyond. As communicated to Council during past budget processes, staff continue to recommend rate increases driving an annual residential bill increase of 10 per cent for the years 2011 to 2013. The 2012 increase is primarily caused by the factors listed below.

Significant changes to the Water Services Operating Budget include:

- capital financing increased by \$1,101,000 over 2011 to pay for the City's portion of current and future capital expenditures. These funds are transferred to Water Services Capital and DC Exemption reserve funds; and

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- a second year of significant internal charges increases with a 2012 increase of \$538,270 over 2011, largely due to the on-going transition to full cost recovery of support area costs; and
 - compensation increases for union and non-union staff due to planned negotiated increases and the cost of one and one-third additional FTEs.

Significant changes to Wastewater Services Operating Budget include:

- capital financing increased by \$1,264,000 over 2011 to pay for the City's portion of current and future capital expenditures. These funds are transferred to Wastewater Services Capital and DC Exemption reserve funds; and
- internal charges increased by \$220,377 over 2011, largely due to the on-going transition to full cost recovery of support area costs; and
- compensation increases for union and non-union staff due to planned negotiated increases.

Highlights of the 2012 Water Services Capital Budget and Forecast include:

- funding for various new water supply studies as outlined in the Water Supply Master Plan, not including construction funding which has been deferred to 2015 and beyond; and
- funding for various linear infrastructure upgrades as outlined in the Water/Wastewater Servicing Master Plan, including the installation of transmission mains, reservoirs, water towers, and new and upgraded pumping stations.

Highlights of the 2012 Wastewater Services Capital Budget and Forecast include:

- a weighting towards growth related projects including side stream treatment and future plant expansion with the use of development charge debt to help fund the large capital outlay required to fund the expansion; and
- funding for various linear infrastructure upgrades as outlined in the Water/Wastewater Servicing Master Plan, including the installation of local and trunk sewers.

Court Services

2012 marks the first year that Court Services is not part of the City's tax supported operating budget. The major impact as a result of this transition is ensuring that appropriate reserve contributions are being made to support both current and future capital needs as well as provide sufficient contingency funds for any unforeseen operating budget shortfalls. Historically, Court Services' capital requirements would have been included within other departments' capital budgets.

Other changes to the Court Services proposed operating budget include:

- compensation increases for union and non-union staff primary due to the incorporation of negotiated increases and corrections from job evaluations
- increases to purchased services due to rising interpreter costs
- decrease to internal charges due to the on-going transition to full cost recovery of support area costs

3) Ontario Building Code Administration

Similar to Court Services, 2012 marks the first year the OBC Administration budget is presented separate from the City's tax supported operating budget. The 2012 proposed OBC Administration budget reflects a decrease in revenue over 2011 levels due to the expectation that building permit sales will plateau. This has resulted in a decrease to the amount of funding available to be transferred to reserves. Other changes to the OBC Administration budget include:

- Internal charges have increased by \$45,750. This increase is due to a \$158,450 increase to direct costs associated with the administration of the Ontario Building Code, such as compensation and... This is offset by a \$112,700 decrease in interdepartmental service area support costs due to the transition to the allocation of these costs in accordance with the Ontario Municipal Benchmarking Initiative methodology.

SUMMARY

In summary, all areas have prepared their budgets using a strategy where both sound financial planning and financial tools are used to ensure expenditure reductions, reserve management, avoidance of debt financing and sourcing of external funding where appropriate. In addition, water and wastewater budgets are prepared to keep local water bills near the average of the City's list of comparable municipalities, while ensuring regulatory compliance.

CORPORATE STRATEGIC PLAN

Goal 1: An attractive, well-functioning and sustainable city.

1.2 Municipal sustainability practices that become the benchmark against which other cities are measured.

Goal 5: A community-focused, responsive and accountable government.

5.3 Open, accountable and transparent conduct of municipal business.

Goal 6: A leader in conservation and resource protection/enhancement.

6.1 Coordinated management of parks, the natural environment and the watershed.

6.3 A safe and reliable local water supply.

6.5 Less energy and water per capita use than any comparable Canadian city.

FINANCIAL IMPLICATIONS

Water and Wastewater Services

The 2012 Operating and Capital Budgets align with the **2010 Water and Wastewater Long-Range Financial Plan** and reserve funding policies and targets.

Operating and capital requirements identified in the attached budget are funded through rates as outlined in the table below.

Summary of Rate Changes and Impact on Average Residential Water/Wastewater Annual Bill (365 Days)			
	2011	2012	Change
Water Volume Charge \$/cubic metre	\$1.17	\$1.30	\$0.13
Water Basic Charge \$/day	\$0.21	\$0.22	\$0.01
Wastewater Volume Charge \$/cubic metre	\$1.26	\$1.41	\$0.15
Wastewater Basic Charge \$/day	\$0.30	\$0.30	\$0
Average Residential Annual Bill (200* cubic metres, March 1 rate change)	\$667	\$723	\$56 or 8.5%
<p>*This volume (200 cubic metres/year) is lower than the industry benchmark of 250 cubic metres for annual average residential consumption that has been used previously for quantifying bill impact and comparing residential water and wastewater bills between municipalities, and is based on actual decreased average residential consumption in Guelph. Based on the proposed rate change, residential bills calculated based on 250 cubic metres of annual consumption will be increasing by \$75 dollars or 9.6% when compared to 2011 bills calculated with the same volume.</p>			

Court Services

Historically, surplus non-tax supported revenues from Court Services have been used as a funding source for the tax supported operating budget (2011 Tax Supported Budget - \$342,720). As a result of structuring Court Services as an Enterprise Fund, a transition from this practice will be recommended to ensure that Court Services has adequate reserves to be self-funding. For the 2012, Tax Supported Budget, \$165,000 has been budgeted as revenue from Court Services.

Ontario Building Code

N/A

DEPARTMENTAL CONSULTATION

Budget development was a coordinated effort by the Planning, Engineering and Environmental Services, Operations & Transit, Court Services, Building and Planning, and Finance Departments.

COMMUNICATIONS

Public meeting notification was placed in local newspapers.

ATTACHMENTS

Appendix A – Water and Wastewater Basic Service Fees
 2012 Water Operating Budget
 2012 Wastewater Operating Budget
 2012 Water Capital Budget and Forecast

2012 Wastewater Capital Budget and Forecast
2012 Court Services Operating Budget
2012 Court Services Capital Budget and Forecast
2012 Ontario Building Code Operating Budget

“original signed by Sarah Purton”

Prepared By:

Sarah Purton
Senior Corporate Analyst- Budget Services

“original signed by Peter Busatto”

Prepared By:

Peter Busatto
General Manager of Water Services

“original signed by Kiran Suresh”

Prepared By:

Kiran Suresh
Acting General Manager of
Wastewater Services

“original signed by Brad Coutts”

Prepared By

Brad Coutts
Manager Court Services

“original signed by Bruce Poole”

Prepared By:

Bruce Poole
Chief Building Official

“original signed by Susan Aram”

Recommended By:

Susan Aram
Acting Treasurer

“original signed by Janet Laird”

Recommended By:

Janet Laird
Executive Director
Planning, Engineering, and
Environmental Services

“original signed by Mark Amorosi”

Recommended By:

Mark Amorosi
Executive Director, Corporate &
Human Resources

THE CORPORATION OF THE CITY OF GUELPH

By-law Number (2011)-xxxxx

A By-law to impose water and wastewater service rates and charges in the City of Guelph, and to adopt Municipal Code Amendment #XXX which amends Chapter 291, Article II of the Corporation of the City of Guelph's Municipal Code and to repeal By-law Number (2011)-19150.

WHEREAS Section 391 of the Municipal Act, 2001, S.O. 2001, c.25, as amended, allows municipalities to pass by-laws imposing fees or charges for services provided by the municipality;

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE CITY OF GUELPH ENACTS AS FOLLOWS:

1. Schedule "A" attached hereto sets out The Corporation of the City of Guelph's Water and Wastewater Service Rates and related charges.
2. This By-law is hereby adopted as Municipal Code Amendment #XXX. The attached Schedule "A" deletes and replaces the Schedule "A" of Chapter 291, Article II, of the Corporation of the City of Guelph's Municipal Code.
3. By-law Number (2011)-19150 is hereby repealed.
4. This By-law shall come into effect at 12:01 a.m. on the first day of March, 2011.

PASSED this 24th day of OCTOBER, 2011.

KAREN FARBRIDGE – MAYOR

TINA AGNELLO – ACTING CLERK

**SCHEDULE “A”
to By-law Number (2011)-XXXXX**

1. Water and Wastewater Daily Basic Service Charges

Water Meter Size		Water Basic	Wastewater Basic
In Inches	In Millimetres		
5/8	15	\$0.22	\$0.30
¾	20	\$0.22	\$0.30
1	25	\$0.31	\$0.49
1 ½	40	\$0.79	\$1.29
2	50	\$1.72	\$2.91
3	75	\$3.64	\$5.91
4	100	\$6.28	\$10.57
6	150	\$11.76	\$19.87
8	200	\$20.49	\$35.00
10	250	\$33.83	\$58.32

2. Water and Wastewater Volume Charges

Water Volume Charge **\$1.30** per cubic metre of water supplied
Wastewater Volume Charge **\$1.41** per cubic metre of water supplied

3. Late Payment Charges

All rates payable directly to Guelph Hydro on behalf of the City of Guelph are subject to a late payment charge if accounts are not paid in full on or before the due date. Late payment charges for overdue bills may be adjusted from time to time, but in any event, the amount charged shall be **1.5%** per month on the total amount

4. Pro-rata Rate

In the event a billing period commences before and ends beyond the day that this Schedule comes into effect, the charges set out on the bill for that period shall be assessed *pro rata* based on the number of days water was supplied before and after the day the this Schedule came into effect.

**SCHEDULE “A”
to By-law Number (2011)-XXXXX**

5. Meter Connection Charges

**Table A
Meter Connection Charges**

Meter Connection Charge		
Meter Size		Meter Charge
5/8"	15 mm	\$302
3/4"	20 mm	\$376
1"	25 mm	\$426
1 1/2"	40 mm	\$3,858
2"	50 mm	\$3,760
3"	75 mm	\$3,834
4"	100 mm	\$4,847
6"	150 mm	\$7,179
8"	200 mm	\$10,080
10"	250 mm	\$12,130

Meter connection charges do include applicable taxes and are payable by cash or cheque prior to the issuance of a building permit or the installation of water meters by Water Services staff. Meter types are chosen by Water Services to ensure accurate customer metering and billing.

6. Bulk Water Service Rate Charge and Key Deposit Charges

The charge for all bulk water sales by the City from the municipal water supply, including bulk water sold from City of Guelph filling stations or directly from City of Guelph fire hydrants shall be at the rate of **\$2.89** per cubic metre of water supplied. This charge does include applicable taxes and is payable by cash or cheque within 20 days of the receipt of an invoice.

All City of Guelph bulk water filling station customers are to provide a **deposit** by cheque or cash equal to **\$250.00** for the first key and **\$100.00** for each additional key at the time of account application. The deposit will be returned to the customer when the key is returned to Water Services staff in good condition, taking into regard normal wear and tear, and Water Services has confirmed that the key control box is in good, working order. Should the key not be returned or should the key be lost, stolen or damaged, or if the key-control box is damaged, the deposit shall be forfeited to the City. A key that has been lost, stolen or damaged will be replaced and the customer must pay the above deposit for the re-issued key.

7. Meter Related Charges

The meter related charges below do not include applicable taxes and are payable by cash or cheque within 20 days of the receipt of an invoice.

- i. The charge for replacing a frozen water meter, or repairing a water meter damaged by a customer, is based on the meter size to be replaced, and shall be at a rate equal to the corresponding Meter Connection Charge listed in Table A.

**SCHEDULE “A”
to By-law Number (2011)-XXXXX**

- ii. Where the water meter is equipped with a remote read out unit of any type and a discrepancy occurs between the reading at the register on the water meter itself and the reading on the read out device, the City will consider the reading at the register to be correct, and will adjust and correct the customer’s account accordingly for billing purposes.

8. Fire Hydrant Related Charges

The fire hydrant related charges below do not include applicable taxes and are payable by cash or cheque within 20 days of the receipt of an invoice.

- i. Fire Hydrant Meter Installation, Rental and Water Supply Charges
 - a. The charge for a Fire Hydrant Meter Installation and Rental is based on actual labour costs, payroll burden costs, overhead and administration costs, vehicle, equipment, materials, and all property restoration costs.
 - b. The monthly rental charge for each fire hydrant meter and backflow preventer combination is \$50.00.
 - c. The water volume charge is **\$2.89** per cubic metre of water supplied from the fire hydrant meter and back flow preventor combination.
- ii. Fire Hydrant Meter and/or Backflow Preventor Repair/Replacement
The charge to repair or replace a lost or damaged fire hydrant meter or backflow preventor is based on actual labour costs, payroll burden costs, overhead and administration costs, vehicle, equipment, materials, and all property restoration costs.
- iii. Fire Hydrant Relocation
All customer requested fire hydrant relocations require a written agreement between the requesting customer and Water Services. The charge for relocation of a fire hydrant as requested by a customer is based on actual labour costs, payroll burden costs, overhead and administration costs, vehicle, equipment, materials, and all property restoration costs. As the relocation of an existing fire hydrant may result in loss of fire protection for existing customers, the related costs of maintaining fire protection to these affected customers will be borne by the original customer requesting and paying for the fire hydrant relocation.
- iv. Repair of Fire Hydrant Damage
The charge to repair a damaged fire hydrant is based on actual labour costs, payroll burden costs, overhead and administration costs, vehicle, equipment, materials, and all property restoration costs.

9. Charges for Distribution System Infrastructure Installation and Maintenance

The distribution system infrastructure installation and maintenance charges below do not include applicable taxes and are payable by cash or cheque within 20 days of the receipt of an invoice.

During regular business hours of Monday to Friday, 8:00 a.m. to 4:00 p.m., excluding statutory holidays, the following services are charged based on actual labour costs, payroll burden costs, overhead and administration costs, vehicle, equipment, materials, and all property restoration costs:

- i. Watermain tapping services;
- ii. Water service replacements;
- iii. New subdivision connections, inspections, shutdowns, and bacteriological testing;
- iv. Thawing frozen water services on private property;
- v. Locating and/or leak detecting private services on private property; and

**SCHEDULE “A”
to By-law Number (2011)-XXXXX**

- vi. Supervision of the private repair of water services and watermains;

10. Minimum Charge for Services Provided Outside of Regular Business Hours

The charges below for providing services outside of regular business hours do not include applicable taxes and are payable by cash or cheque within 20 days of the receipt of an invoice.

For **all** services required outside of the regular business hours of Monday to Friday, 8:00 a.m. to 4:00 p.m., including statutory holidays observed by the City, customers will be charged a minimum 2 hour labour cost, payroll burden cost and vehicle cost at the prevailing City of Guelph overtime rate.

The minimum charge for services provided outside of regular business hours outlined above will be in addition to the standard rates and fess described in this bylaw. .

11. Deposit Fees for Storm, Sanitary, and Water Service Installation

All deposit fees paid for storm, sanitary, and water service installation, excluding the deposit fees listed in Table B, do not include applicable taxes and are payable by cash or cheque within 20 days of the receipt of an invoice.

All customers applying for storm, sanitary, and water service installations are to provide, at the time of application for a building permit, a deposit by certified cheque or cash as outlined in the following Table B Deposit Fees for Sanitary, Storm, and Water Service Installations. Customers agree and acknowledge this is a deposit only and will be fully responsible for payment of all progress and/or final invoices issued by the City. If the actual costs of installation are less than the deposit, the balance of the deposit will be returned to the customer after completion of the work.

All progress invoices and/or final invoices are charged absed on actual installation costs, based on labour costs, payroll burden costs, overhead and administration costs, vehicle, equipment, materials, tendered contracts and property restoration costs. Costs may vary depending on factors like traffic control, weather conditions, local underground conditions, depth of frost, need for dewatering, and soil disposal requirements.

**SCHEDULE “A”
to By-law Number (2011)-XXXXX**

**Table B
Deposit Fees for Sanitary, Storm, and Water Service Installations**

Size and Type of Connection		Type of Connection	One Service	Two Services	Three Services
In Inches	In Millimetres				
5	125	Sanitary	\$9,259	\$6,192	\$5,075
6	150	Sanitary	\$9,592	\$6,445	\$5,380
8	200	Sanitary	\$10,099	\$6,801	\$5,735
6	150	Storm	\$9,287	\$6,400	\$5,075
8	200	Storm	\$9,927	\$6,877	\$5,380
10	250	Storm	\$10,566	\$7,308	\$5,735
12	300	Storm	\$11,206	\$7,714	\$6,141
15	375	Storm	\$12,007	\$8,323	\$6,496
18	450	Storm	\$12,819	\$8,780	\$6,851
21	525	Storm	\$13,780	\$9,592	\$7,359
24	600	Storm	\$14,906	\$10,353	\$7,866
27	675	Storm	\$16,348	\$11,470	\$8,425
30	750	Storm	\$17,948	\$12,637	\$9,034
3/4	20	Water	\$9,338	\$6,400	\$5,227
1	25	Water	\$9,490	\$6,877	\$5,532
1 1/2	40	Water	\$9,805	\$7,308	\$5,887
2	50	Water	\$10,130	\$7,714	\$6,344
4	100	Water	\$11,043	\$8,323	\$6,801
6	150	Water	\$12,170	\$8,780	\$7,207
8	200	Water	\$13,388	\$9,592	\$7,765
10	250	Water	\$14,565	\$10,353	\$8,323
12	300	Water	\$16,088	\$11,470	\$8,932