



City of North Bay Supplemental Report to Council

Report No: CORP-2023-020

Date: January 9, 2023

Originator: Margaret Karpenko

Business Unit:

Department:

Corporate Services

Financial Services Department

Subject: 2023 Water and Wastewater Calculated Rates

Closed Session: yes no

Recommendation

That the revised 2023 Water and Wastewater Calculated Rates as outlined in Report to Council CORP 2023-020 be received by the General Government Committee.

Background

Preliminary Water and Wastewater rates were calculated and presented to Council through Report to Council CORP 2023-009. These rates were calculated based on an Operating Budget increase of 5.53%.

Special Committee Meetings were held on January 4th and 9th, 2023 during which the 2023 Water and Wastewater Operating Budget was reduced by \$619,600 by utilizing additional capital reserves. It was also recommended that staff undertake a review of the 50% Fixed / 50% Variable methodology in advance of the 2024 budget process with the objective of reviewing the impact of a shift to increase the variable component and reduce the fixed rate component. The results of the review will be brought forward to Council for consideration in mid-2023.

Water and Wastewater Rates are calculated based on a full cost recovery model which means that the rates are calculated so that sufficient revenues are generated to meet the net operating expenses. Since the rates are a function of the net operating budget, new rates have been calculated in order to reflect the recommended change to the 2023 Water and Wastewater Operating Budget.

Financial/Legal Implications

See Options/Analysis for Financial Implications.

Corporate Strategic Plan

- Natural North and Near
- Economic Prosperity
- Affordable Balanced Growth
- Spirited Safe Community
- Responsible and Responsive Government

Specific Objectives

- Provide smart, cost effective services and programs to residents and businesses.
- Ensure that Council and staff have a shared perception of goals.

Options Analysis

The 2023 Water and Wastewater Calculated Rates presented in Appendix A are based on a 50% Fixed / 50% Variable methodology. It is recommended that the rates become effective January 1, 2023.

The net budget is broken down as follows:

Net Budget for the Water System is \$12.81m

Net Budget for the Wastewater System is \$12.17m

In order to calculate the rates in Appendix A to this report, administration was required to make predictions regarding future consumption patterns. It is important to recognize that the City will continue to experience changes in consumption patterns based on seasonal trends, changing weather patterns and conservation initiatives undertaken by customers. Deviations between actual consumption and projected consumption will be monitored throughout the fiscal year and any significant changes will be communicated to Council. As per CORP 2023-009 total consumption is estimated as follows:

- Average residential consumption over the last 4 years of 2.6 million cubic meters; and
- ICI (Industrial, Commercial, and Institutional) projected total consumption based on cumulative average of 1.8 million cubic meters.

Recommended Option

That the revised 2023 Water and Wastewater calculated rates as outlined in Report to Council CORP 2023-20 be received by the General Government Committee.

Respectfully submitted,

Name: Margaret Karpenko, CPA, CMA

Title: Director, Financial Services / Deputy Treasurer

I concur with this report and recommendation

Name John Severino, P.Eng., MBA

Title: Interim Chief Administrative Officer

Personnel designated for continuance:

Margaret Karpenko, CPA, CMA

Chief Financial Officer /Treasurer