

City of Ottawa Water, Wastewater and Stormwater Rate Structure Review

The City of Ottawa is developing a new rate structure to fund its water, wastewater and stormwater infrastructure. We need your help to ensure that the new structure will fund the cost of operating and maintaining Ottawa's infrastructure in a way that is sustainable, fair and affordable.

This document presents some brief background information on how Ottawa currently pays for these services, and the changes that are being considered. We invite you to contribute your comments on these changes. You can participate in one of two ways: 1) attend one of the consultation sessions; or 2) complete an online survey. You will find the information on how to participate at the end of this document.

What services are included in my Water and Sewer Rate?

Drinking Water Services provides world-class drinking water to over 865,000 Ottawa residents. To ensure that safe and reliable water is there when you turn on the tap, the City operates and maintains two water purification plants, five community wells, and a network of pipes, pumping stations and reservoirs to treat and deliver water to your bathroom, kitchen, shower and hose.

Waste Water Services transports and treats wastewater. The City operates and maintains a network of sewer pipes, pumping stations, odour control facilities and one of the largest wastewater treatment plants in Canada to ensure that Ottawa's wastewater is contained and treated to the point where it can be safely returned to the Ottawa River.

Stormwater Services manages the safe transportation of rain and meltwater across Ottawa. To protect roads, properties and local waterways from flooding and erosion, the City maintains a vast network of stormwater pipes, culverts, catchbasins, ditches and stormwater ponds.

What is not included in the Water and Sewer Rate?

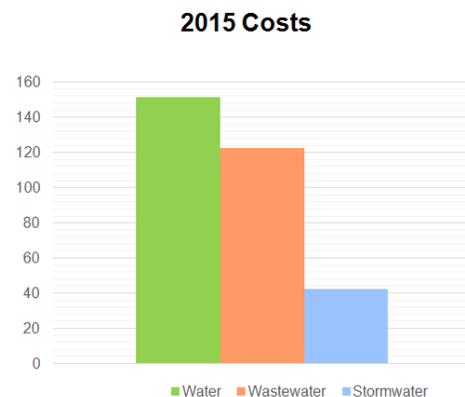
Fire Hydrants - the City operates and maintains a network of over 20,200 fire hydrants that keep Ottawa properties safe in case of fire. This is a separate fee on the water bill based on your water meter size.

Municipal Drains are primarily located in rural areas. The municipality is responsible for constructing and maintaining them and property owners pay their proportional share of the cost based on the portion of the drain that runs through their property. This is paid for on the property owner's taxes.

User fees for specific one-time services such as service connection, thawing, inspections, service calls, water meter installations and replacements. These are charged per use.

What is the cost of delivering these services?

The total annual budget for water, wastewater and stormwater services is \$316M. Approximately half of that amount goes towards operating costs that pay for staff, materials and other support services. The remaining half covers the cost of rehabilitating and replacing capital infrastructure. Almost all (90%) of the operating and capital costs are fixed and do not vary with changes in water consumption. Water services consume 48% of the total costs (\$152M), wastewater services consume 39% (\$122M), and stormwater services consume 13% (\$42M). Of the \$42M spent on stormwater management, 81% (\$33M) is spent in the urban areas and 19% (\$8M) in the rural areas.



How does Ottawa currently pay for these services?

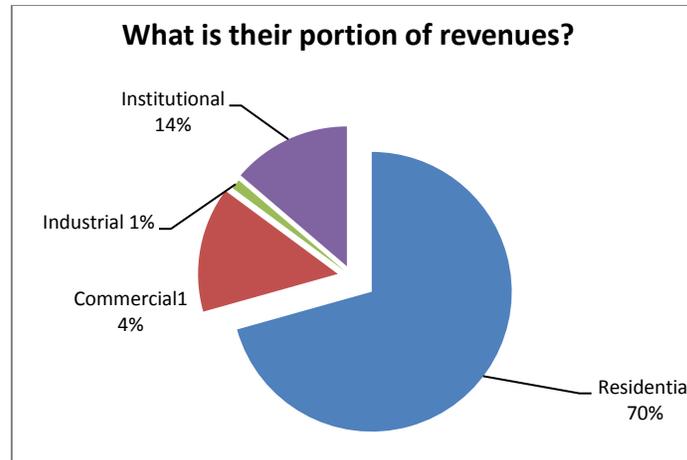
The City funds the operation and maintenance of Ottawa's water, wastewater and stormwater infrastructure through revenue from water bills. The current water bill is based on the amount of cubic metres (m^3 , equivalent to 1,000 litres) of water consumed. The City charges the same price for every cubic metre to every customer, plus a sewer surcharge of 117% for wastewater and storm systems. In 2015, the water rate was set at \$1.699/ m^3 and the sewer surcharge was \$1.988/ m^3 .

Prior to amalgamation, all or part of the cost of maintaining stormwater infrastructure was funded through the local property tax bill. At amalgamation, these charges were transferred to the water bill and combined with the sewer costs.

Who currently pays for water, wastewater and stormwater services?

Because the current system funds all water, wastewater and stormwater services through the water bill system, only properties that are connected to the City's water and wastewater systems, pay for those services. Those that pay for these services can be categorized as follows:

- Residential – single and semi-detached homes, townhouses, apartments, duplexes, triplexes, etc.
- Non-Residential – Industrial, Commercial, and Institutional buildings (ICI).



There are a number of properties, however, that contribute to stormwater run-off and/or benefit from stormwater management services but do not currently receive a water bill. These include properties with private well and septic systems, as well as some businesses such as parking lots.

Why is the City reviewing the water rate structure?

The objective of the rate review is to establish a new rate structure focused on fairness and equity that ensures a stable revenue stream for the City in order to provide quality service and to maintain water and sewer assets and related infrastructure in a good state of repair.

The current rate structure has several flaws:

- Revenue is based on consumption and is declining
- 90% of the cost to deliver these services does not fluctuate with consumption levels
- There is no correlation between the stormwater service costs and the way in which it is currently charged based on water consumption. Stormwater is created by runoff from paved or impervious surfaces.

As a result, the current rate structure and revenue stream does not reflect the actual cost of service delivery and is inequitable and unsustainable.

What are the key guiding principles for developing a new rate structure?

In 2015, Ottawa City Council approved a list of six key principles to guide the development of a new rate structure.

The new rate structure should:

- ensure that everyone who benefits from a service pays their fair share (Fairness and Equity)
- provide a stable source of funding that fully recovers the cost to provide services (Financial Sustainability and Revenue Stability)
- be affordable at the level of consumption that meets basic needs (Affordability)
- be relatively easy to understand and implement (Transparency)
- encourage water conservation and help to manage demand (Promote Conservation)
- attract local businesses by being comparable to other rates in the province (Support Economic Development).

What changes are being proposed to the rate structure?

The City is proposing two major changes to the way Ottawans pay for water, wastewater and stormwater services:

1. A new, separate **stormwater fee** that would be charged to all residents and businesses who benefit from stormwater services.
2. A new **rate structure for water and wastewater** that combines a fixed fee and a consumption-based charge. This would only be charged to properties that are connected to the City's water and wastewater systems.

What is the proposed new rate structure for Stormwater Services?

Currently, the cost of maintaining stormwater infrastructure is included in the water and wastewater rate. However, stormwater costs are not linked to water consumption and many properties that benefit from stormwater infrastructure do not pay a water bill.

The City is proposing to introduce a separate fixed stormwater charge that would be charged to all residences and businesses in Ottawa. The City has developed three potential formulas for calculating this fee. The proposed stormwater options are all based on a 60-40 split of stormwater revenue for residential and non-residential properties, which better reflects the relative impervious area covered by these customer categories. That means that 60% of the \$42M stormwater costs will be allocated to residential properties and the remaining 40% to non-residential. The three options that the City has developed for calculating the fixed charge are:

- **Flat Fee** – The cost of stormwater services are divided equally. All properties pay the same rate
- **Assessment Based Fee** – Stormwater costs are allocated to properties based on the assessed value of each property.
- **Impervious Surface** – An average impervious surface is calculated for three categories of residences: single detached home, townhouse (including duplex, triplex and semi-detached) and apartments. A different rate would be charged for

each category. Non-residential customers would pay based on the actual calculated impervious area of their property.

What is the proposed new rate structure for Water and Wastewater Services?

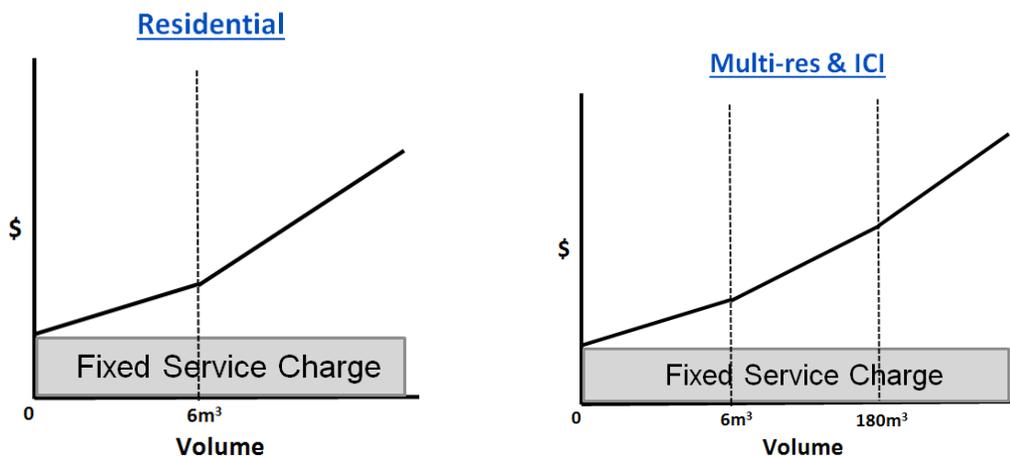
The City is proposing that properties which are connected to the City's water and wastewater systems be charged a new rate that combines a fixed service charge and a volumetric (i.e., a consumption-based charge).

The proposed fixed service charge would be set at 20% of cost and would vary depending on the size of the water meter on the property.

The City is also proposing a volumetric charge that increases as consumption increases. A system of three tiers of progressively higher rates is proposed so that higher-volume users would pay a higher fee.

- **Tier 1** is the lowest rate set at the level of consumption for basic human needs, which is calculated at 6m^3 (6,000 litres) per month. This rate is lower for residential customers than for multi-residential and commercial customers.
- **Tier 2** is the rate paid by residential, multi-residential and commercial customers for all consumption above 6m^3 .
- **Tier 3** is the rate paid by multi-residential and commercial customers that exceed consumption levels above 180m^3 . Residential customers that exceed 180m^3 would pay the Tier 2 rate.

The following graphs provide a summary of the proposed rate for residential and non-residential customers:



How can I participate?

The new rate structure will have an impact on all property owners in Ottawa and will play an important role in ensuring that the City can continue to provide high-level safe and reliable services to all residents. The City wants to hear your thoughts on the proposed new rate structures. How will these proposed changes affect you? Do you feel the proposed options are properly aligned with the guiding principles approved by City Council? Your feedback will help the City to finalize a proposal for City Council.

The City will host consultation sessions across Ottawa between March 21 and April 7, 2016:

Date	Location
March 21, 7:00 pm	Shenkman Arts Centre
March 29, 7:00 pm	West Carleton Community Complex
March 30, 7:00 pm	City Hall
March 31, 7:00 pm	Navan Memorial Community Centre
April 2, 1:30 pm	Metcalfe Community Centre
April 5, 7:00 pm	Alfred Taylor Recreation Centre
April 7, 7:00 pm	Nepean Sportsplex

Each consultation session will feature a presentation from City staff followed by a discussion session in small groups.

Have your say on this important issue by [registering](#) for a consultation session or by completing the [Feedback form](#) (Feedback form available after March 21).