



City of North Bay Report to Council

Report No: CORP-2025-002

Date: December 13, 2024

Originator: Margaret Karpenko

Business Unit: Corporate Services

Department: Financial Services Department

Subject: 2025 Preliminary Water and Wastewater Calculated Rates

Closed Session: yes no

Recommendation

That Council:

1. receive Report to Council CORP 2025-002, 2025 Preliminary Water and Wastewater Calculated Rates dated December 13, 2024, from Margaret Karpenko; and
2. hold a public meeting on January 14, 2025, with respect to Water and Wastewater calculated Rates as per Appendix A to Report to Council CORP 2025-002.

Background

User rates are calculated on a full cost recovery model based on consumption and meter size. The 2025 rates are based on the expenditures contained within the preliminary 2025 Water and Wastewater Operating Budget as per Report to Council CORP 2025-001. Should changes occur to the preliminary Water and Wastewater Operating Budget during budget deliberations, then the preliminary rates outlined in Appendix A will need to be updated accordingly.

Financial/Legal Implications

Full cost recovery principles used to calculate rates is consistent with Provincial legislation and formed the basis of the City's Water Financial Plan that was endorsed by Council Resolution No. 2020-338 in November 2020 to meet the requirements of the City's water operating license.

The City's water and wastewater systems are driven by demand placed on the systems by its consumers. The following are key highlights of the systems:

- In 2025, it is anticipated that the City will bill 16,894 connections for water services.
- Not all users connected to the municipal Water System receive wastewater services; therefore, the number of wastewater customers is marginally lower at 16,759 connections.
- The water and wastewater general operation and maintenance costs used in the rate calculations are based on the 2025 Water & Wastewater Operating Budget as submitted in Report to Council CORP 2025-001. The total net budget for the Water System is projected to be approximately \$13.76 million and the total net budget for the Wastewater System is approximately \$13.78 million.

- Average residential consumption remained in the range of 13 to 14 cubic meters per month during 2024. On average, since the inception of the metered system, household consumption has been in the 14 to 15 cubic meters range. Changes in weather during the early to late summer months in particular (May to August) continue to have the greatest impact on residential consumption fluctuations. The attached 2025 rates have been calculated using residential consumption over the last 4 years of 2.6 million cubic meters.
- ICI (Industrial, Commercial and Institutional) operations were impacted by COVID-19 restrictions during the last 4 years; therefore, the rates have been calculated using a 3-year average of 1.99 million cubic meters.
- According to the 2023 BMA Study, North Bay ranks 4th lowest in total residential water/wastewater rate costs among the 11 northern municipalities that participated. The yearly residential water/wastewater costs for the consumption of 200 cubic meters (m³) of water in North Bay was \$1,173. This was \$284 less than the average for northern communities and \$129 less than the Ontario average. Below is a table outlining the 2023 BMA study for the five large Northern Municipalities.

City	Annual Water & Wastewater Cost (200 m³ annual consumption)
Greater Sudbury	\$1,533
Thunder Bay	\$1,354
North Bay	\$1,173
Timmins	\$1,076
Sault St. Marie	\$1,010

- At the time of writing this report, \$55,250 has been applied as credits to various accounts from the \$50.00 rebates issued for the replacement of older fixtures with WaterSense low-flow toilets. Administration is recommending that the program continue until the initial reserve transfer of \$100,000 is fully applied and is also recommending that the limit be maintained at two low-flow toilets per account. This program assists customers with conservation and helps to prevent unexpected high water bills.
- In accordance with the 2025 Budget Schedule as outlined in Report to Council CORP 2024-093, the 2025 Water and Wastewater Rates are proposed to be approved in January and come into effect on January 1, 2025, so that no annualization of rates is required.

Corporate Strategic Plan

- | | |
|---|--|
| <input type="checkbox"/> Natural North and Near | <input type="checkbox"/> Economic Prosperity |
| <input checked="" type="checkbox"/> Affordable Balanced Growth | <input type="checkbox"/> Spirited Safe Community |
| <input checked="" type="checkbox"/> 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.
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Options Analysis

During the 2023 budget deliberations Council provided direction to shift the fixed /variable closer to 40% fixed and 60% variable. As such, the 2024 rates were calculated at 45% fixed and 55% variable and the 2025 rates have been calculated with a 40% fixed /60% variable, thereby reaching Councils objective. Appendix B provides an overview of a residential customer bill.

The Water and Wastewater operating reserves are below the range of the City's reserve target policy (before any 2024 year-end transfers) as explained in Report to Council CORP 2025-001. Increasing the variable component would put more risk on the City should either consumption behaviours change, or weather conditions continue to vary significantly.

Recommended Option

That Council:

1. receive Report to Council CORP 2025-002, 2025 Preliminary Water and Wastewater Calculated Rates dated December 13, 2024, from Margaret Karpenko; and
2. hold a public meeting on January 14, 2025, with respect to Water and Wastewater calculated Rates as per Appendix A to Report to Council CORP 2025-002.

Respectfully submitted,

Name: Margaret Karpenko, CPA, CMA
Title: Chief Financial Officer /Treasurer

I concur with this report and recommendation

Name: Alan Korell, P.Eng.
Title: Interim City Engineer

Name: John Severino, P.Eng., MBA
Title: Chief Administrative Officer

Personnel designated for continuance:

Name: Dan Robinson
Title: Manager, Revenues & Taxation

Attachments: Appendix A 2025 Preliminary Water & Wastewater Rates
Appendix B Residential Sample Invoice