

## REPORT TO COUNTY COUNCIL

# Water and Wastewater Rates Policy

**To:** Warden and Members of County Council

**From:** Director of Corporate Services

## RECOMMENDATION

---

1. That the Water and Wastewater Rates Policy 6.22, as attached to Report No. CS 2023-38, be approved and included in the County's General Policy Manual, effective October 25, 2023.

## REPORT HIGHLIGHTS

---

- The proposed Water and Wastewater Rates Policy will be used as a basis of calculation for staff to recommend annual rates for Council's consideration

## IMPLEMENTATION POINTS

---

Upon Council's adoption of the recommendation contained in this report, the Water and Wastewater policy will take effect on October 25, 2023. On an annual basis, a report and related by-law will be brought to Council for final approval of the water and wastewater rates.

## Financial Impact

There are no financial implications associated with the recommendations contained in this report beyond what has been approved in the current year's budget. Internal resources will maintain the financial model; saving water and wastewater consultant fees previously related to rate updates.

## Communications

The policy will be added to the [County's Water and Wastewater webpage](#). As annual rates are approved they will be shared with water and wastewater users and our billing agents.

## 2023-2026 STRATEGIC PLAN

---

Oxford County Council approved the [2023-2026 Strategic Plan](#) on September 13, 2023. The Plan outlines 39 goals across three strategic pillars that advance Council's vision of "Working together for a healthy, vibrant, and sustainable future." These pillars are: (1) *Promoting community vitality*, (2) *Enhancing environmental sustainability*, and (3) *Fostering progressive government*.

The recommendations in this report supports the following strategic goals.

### Strategic Plan Pillars and Goals

PILLAR 1	PILLAR 2	PILLAR 3
		
<b>Promoting community vitality</b>	<b>Enhancing environmental sustainability</b>	<b>Fostering progressive government</b>
Goal 1.2 – Sustainable infrastructure and development		Goal 3.1 – Continuous improvement and results-driven solutions Goal 3.4 – Financial sustainability

See: [Oxford County 2023-2026 Strategic Plan](#)

## DISCUSSION

---

### Background

The County is responsible for the provision of water and wastewater services; currently operating 17 water systems and 11 wastewater systems. The 17 water systems are grouped into four financial systems for rates: Woodstock, Tillsonburg, Ingersoll and Townships. Each of the four water financial systems is managed as a fiscally independent entity with unique rates, revenues, debts and operating expenses. The 11 wastewater financial systems are each managed as a fiscally independent entity with unique rates, revenues, debts and operating expenses.

In 2020, Oxford County retained Hemson Consultants to undertake a water and wastewater rate study. The study provided recommendations in setting the water rates for 2021 to 2024.

The rates were approved for a four-year term, however staff were committed to reviewing the rate by-law during the term given the inability to predict the impact of the pandemic on the economy and water/wastewater financial systems. The rate consumption patterns have

changed along with growth trends over the past few years that affect both operating and capital project cost.

## Comments

As mentioned, the County's current rate by-law was established in 2020, for a four-year period ending in 2024. Since this time, the economy has changed significantly to the point that the water and wastewater rates model established in 2020 is no longer effective in financially supporting some of the systems. More specifically, the predominate pressures impacting the financial status of the systems include:

- Commercial and industrial consumption changes
- Residential growth
- Pandemic
- Inflation
- Asset Management Plan
- Master Plans
- Interest rates
- Reserve balances

To calculate water and wastewater rates in the most transparent and efficient manner, staff are recommending that a Water and Wastewater Rates policy be approved by Council. Establishing a basis for the calculation will ensure the rates remain fair, accountable, transparent, efficient to administer and improve overall financial sustainability.

Attachment 1 to this report sets out the proposed Water and Wastewater Rates Policy. The policy proposes that water and wastewater rates setting becomes part of the annual budget process to ensure rates remain relevant and avoid future significant fluctuations in the rates. Subject to approval of the policy, staff will bring forward a report, including recommended rates based on the draft 2024 Budget for approval during the 2024 Budget process.

The draft Water and Wastewater Rates Policy outlines the current rate setting process with a few notable provisions including:

- Establishes a practice of reviewing and updating water and wastewater rates aligned with the annual budget process;
- Consumption (variable) rate tied to inflation (current practice has been to use an arbitrary 2% rate); and
- Recommended rate increases in a sustainable way by setting a minimum increase to the Capital Renewable Contribution (Capital Reserves) of the annual construction inflation rate to find a balance between affordability and funding infrastructure with reserves, as many of the financial systems have growing infrastructure funding gaps.

## CONCLUSIONS

---

The development of a Water and Wastewater Rates Policy will establish effective and efficient delivery of the rate setting process, while incorporating long-term financial planning. The policy helps to ensure that the County's water resources and wastewater systems are protected by establishing rate practices that promote conservation. Incorporating the Asset Management Plan requirements in this policy will ensure that our infrastructure is funded in a sustainable manner.

## SIGNATURES

---

### Report author:

Original signed by

---

Carolyn King, CPA, CA  
Manager of Finance

### Departmental approval:

Original signed by

---

Lynn S. Buchner, CPA, CGA  
Director of Corporate Services

### Approved for submission:

Original signed by

---

Benjamin R. Addley  
Chief Administrative Officer

## ATTACHMENT

---

Attachment 1 – Water and Wastewater Rates Policy 6.22 (Draft)