

REPORT TO COUNTY COUNCIL

Water Capacity Buy-Back Program Update

To: Warden and Members of County Council

From: Director of Public Works

RECOMMENDATION

1. That County Council approve the update to the Water Capacity Buy-Back Program as outlined in Report PW 2024-13.

REPORT HIGHLIGHTS

- The purpose of this report is to seek Council approval of updates to the County's existing Water Capacity Buy-Back Program to more closely align with similar Ontario municipal programs and encourage expanded utilization of the Program incentives.
- The expanded Water Capacity Buy-Back Program will continue to form one facet of the County's Water Efficiency Plan and align with several of the County's Strategic Plan Pillars by incentivizing Industrial, Commercial and Institutional (ICI) and multi-residential customers to implement new water efficiency measures/technologies in their business by offering cost sharing of project expenditures.
- The current Program has been in place for 10 years and realized an average annual savings of 476 m³/day of water capacity. Significant opportunities to expand the Program's application will further gain back levels of municipal water system capacity and serve to help defer the need for more costly water system capacity expansion projects in the future that are required to service customer growth.

IMPLEMENTATION POINTS

Following adoption of the revised Program, County staff will begin a renewed awareness campaign (Figure 1) with eligible stakeholders in Spring 2024. Approval of individual projects will continue to be based on eligibility criteria, availability of funds and on a first come, first served basis.

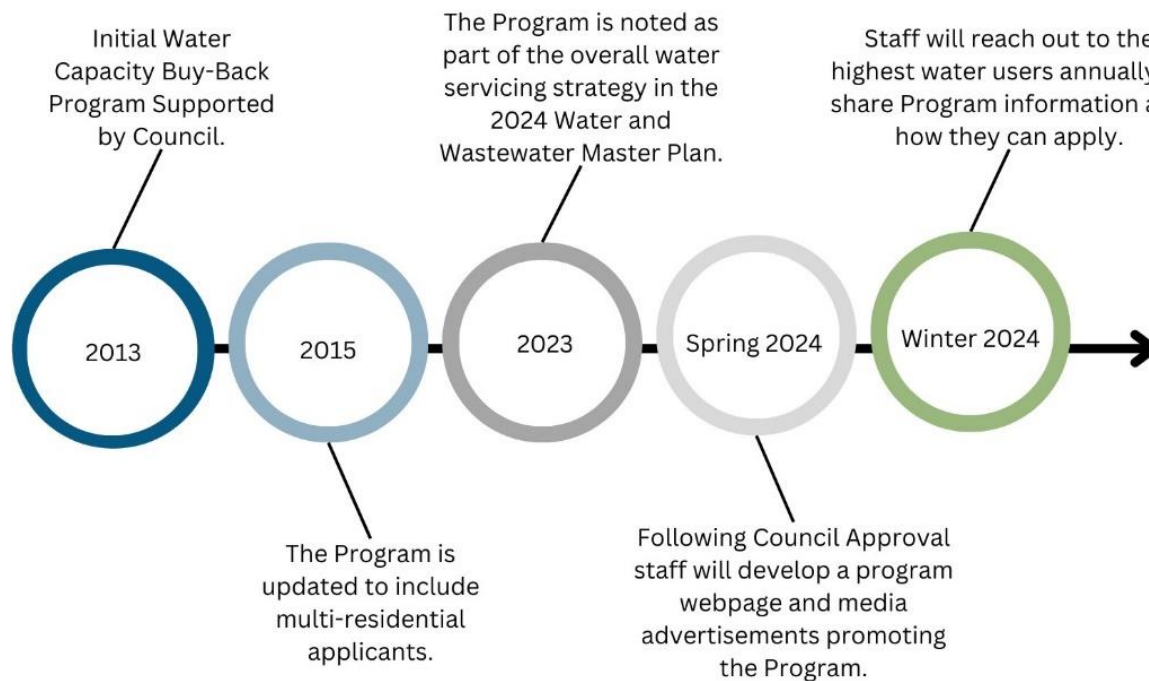


Figure 1: Water Capacity Buy-Back Program Awareness Implementation Plan

Financial Impact

Water Capacity Buy-Back Program incentive funding was included within the 2024 Business Plan and Budget. Accordingly, funding is available to eligible customers within several municipal water-served areas, including those within the County’s water systems in Woodstock (\$100,000), Tillsonburg (\$50,000), Ingersoll (\$50,000) and Township (\$50,000).

As this Program was not included in the 2019 Development Charges (DC) Background Study, the 2024 budgeted program costs were funded by rates. Pending approval of the 2024 DC Background Study, the Water Capacity Buy-Back Program is anticipated to be funded 100% through DCs. This means that any regained water capacity realized through the program, which can be reallocated to service future growth or development, will be funded by development rather than by existing ratepayers.

In the event that the annual cumulative incentive awards are in excess of estimated budgets, respective DC Reserves may be considered to address such potential shortfalls.

In the event that a single application incentive is greater than the approved maximum funding dollar value per application, but still meets the conditions of the Program, staff will bring the application to Council for consideration and approval.

Communications

In order to enhance the effectiveness of the existing Water Capacity Buy-Back Program as a key component of the County’s overall Water Efficiency and Water Servicing Strategy, staff have developed a Program Awareness Implementation Plan which focuses on expanded funding/eligibility criteria and improving awareness on the Program across ICI and multi-residential sectors.




Oxford County will further customize its communication for this initiative to the ICI and multi-residential sector. This will include the development of an informational marketing piece and information on the Oxford County website to build general awareness. All materials will be shared with affected Area Municipalities as well.

Pending adoption by County Council, Report PW 2024-13 will be forwarded to Area Municipalities for additional cross promotion of the Program. Additionally, staff will begin engaging with the County’s high ICI and multi-residential water users each year to directly promote the Program and detail the process to apply for the incentive funding.

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 Plan Pillars and Goals:

PILLAR 1	PILLAR 2	PILLAR 3
		
Promoting community vitality	Enhancing environmental sustainability	Fostering progressive government
Goal 1.2 – Sustainable infrastructure and development	Goal 2.1 – Climate change mitigation and adaptation Goal 2.2 – Preserve and enhance our natural environment	Goal 3.2 – Collaborate with our partners and communities Goal 3.4 – Financial sustainability

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

DISCUSSION

Background

Water system capacity is a measure of how much water a municipality/water utility can supply to a community and water demand is a measure of how much water that community consumes. The municipality/water utility ensures that the water capacity of a system is able to meet the communities' needs or water demand. If water demand goes up – through growth, for example – the utility must look at alternatives to service those changing needs.

One option is to increase the capacity in a water system which may involve costly capital infrastructure projects such as new water supplies, water treatment plant/booster pumping stations expansions, and the new addition or upsizing of linear conveyance piping or water storage facilities. Another option is to look at ways to reduce community water demands which may include programs such as leak detection/repair and water demand reduction strategies.

Water Capacity Buy-Back Programs are a water demand management tool. These programs allow municipalities/water utilities to “buy back” their existing water capacity by providing rebates and financial support to existing customers by offering a cost sharing incentive for reducing their water demand.

Typically, these programs are offered to ICI or multi-residential entities that have permanently reduced their operational water use through the following activities:

- **Retrofits** – replacing high water use fixtures (i.e. shower heads, faucets, toilets, dishwashers, or washing, rinse tanks, etc.) with lower-flow options;
- **Upgrades** – implementing grey water reuse or rainwater harvesting projects (i.e. blue roof or cistern for vehicle washing, etc.); and
- **Process optimization** – alteration or change in industrial processes/technologies used to manufacture products (i.e. process water recirculation/recovery, water smart irrigation systems, cooling tower (closed loop) replacement, etc.).

This ‘freed up’ water capacity can then be used by the municipality/water utility to service new growth and development in the community and delay the need for larger more expensive costs to increase the overall systems water capacity through capital projects.

Current Oxford County Water Capacity Buy-Back Program

The Water Capacity Buy-Back Program was initially presented to County Council in 2010 as part of the County's overall Water Efficiency Plan. It was officially enacted in 2013 (refer to Report PW 2013-34) and last updated in 2015 to allow multi-residential properties to be eligible for the incentive.

The objective of the Program is to effectively manage the County's existing water resources, enhance sustainable water management practices, build relationships with our ICI and multi-residential users through realizing mutual goals in water conservation, and enhance the overall resilience of the County's water supply systems.

Since initiation, the Program has provided \$63,000 in incentives across three ICI projects (2014, 2022, and 2023) of varying size, all within the City of Woodstock, and realized over 476 m³/day of water capacity savings. This volume of water demand reduction represents almost 2% of the maximum daily water demand in the County’s water system in Woodstock.

Comments

Staff have identified areas in the current Program which could be improved based on a municipal comparison of similar programs and feedback from past users. Staff have reviewed multiple municipalities across Ontario that have Capacity Buy-Back Programs in place to increase their respective water capacity. Three other Ontario municipalities (Region of Waterloo, City of Guelph and Region of York) have implemented similar incentives. A comparison of how the programs work in each municipality is provided in Table 1.

Table 1: Water Capacity Buy-Back Program Comparison

Municipality	Maximum Funding Percentage per Application	Maximum Funding Dollar Value per Application	Maximum Funding per Litre per Day per Application	One Time Funding Only
Oxford County (Proposed)	50%	\$100,000 Council approval required for >\$100,000	\$0.75/L	No
Oxford County (2013 – Present)	50%	\$50,000 with Council approval after \$50,000	\$0.30/L	Yes
City of Guelph	50%	\$100,000	\$0.75/L	No
Region of Waterloo	50%	No limit	\$0.40/L	No
Region of York	50%	\$50,000	\$0.75/L	Yes

Rebates are most effective when the value of the financial incentive is high enough to influence customers to purchase a product they would not normally have purchased. In order for the program to remain relevant, the financial incentive offered should be reviewed and adjusted. The current Program limits the incentive from being offered more than once to the same company. However, new initiatives and technology advancements continue to be developed and can provide even further water conservation opportunities.

Based on the comparators (Table 1) and considering the Program's performance since 2013, Staff propose to modify the Water Capacity Buy-Back Program (refer to Attachment 1) as follows:

- Revise the Maximum funding amount to \$100,000 per application for staff approval to account for the higher costs of technology advancements, water conservation projects and increased inflation since the initial program inception.
- Increase the incentive for water savings to a maximum of \$0.75/L of realized water savings.
- Allow users to apply for the program more than once, though not more than once in the same calendar year. Organizations that have previously applied for the incentive may still have additional projects or be eligible for new technology advancements that allow further enhancements in water conservation. Allowing applicants to reapply based on new initiatives supports the County's focus on continuous improvement and commitment to environmental stewardship.

These updates to the existing Program are intended to promote greater utilization of the incentive by ensuring that the funding and eligibility criteria are in alignment with other municipal comparators. Applications involving large projects in excess of \$100,000 that staff feel are in the best interest of the County and that meet the eligibility criteria will be brought to County Council for approval. The County will continue to update Council on this program in the Annual Drinking Water System Performance Reports.

Conclusions

Staff support the updated Water Capacity Buy-Back Program as a means to further encourage customers to implement water demand reduction measures/technologies and reduce municipal water consumption.

By continuing to review and modernize the Program, with increased engagement around the incentive from eligible parties, the Program will continue to benefit the County through the deferral of capacity expansion projects and associated costs.

SIGNATURES

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Original signed by

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Approved for submission:

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ATTACHMENT

Attachment 1: Updated 2024 Water Capacity Buy-Back Program