

**COMMITTEE OF THE WHOLE, JUNE 4, 2001**

**REQUEST FOR A REPORT FOR WATER DISCHARGE RATE AGREEMENT  
(BUDGET SUB-COMMITTEE MEETING OF MAY 23, 2001)**

**Recommendation**

The Budget Sub-Committee recommends:

That the following report of the Director of Finance, dated May 23, 2001, be received and referred to a future Committee of the Whole (Working Session) for further review and analysis.

**Report of the Director of Finance**

The Director of Finance recommends:

That this report be received for information purposes.

**Purpose**

Additional information was requested from the Committee of the Whole Item 31, Report 22, respecting businesses that recycle or consume water in their operation.

**Background - Analysis and Options**

Staff reviewed 52 high water consumers to establish if water is consumed during the manufacturing or processing operation. Based on the review, at least ten (10) companies appear to consume water in their operation. This determination was based on the type of businesses such as food, beverage, processing, floral, etc.

Wastewater is not metered and is based on water consumed. Currently the wastewater rate is 41.4¢ per cubic meter or 74% of the water rate of 55.9¢ per cubic meter. The wastewater rate is discounted to recognize that not all water flows through the wastewater system. Some water both Residential and Commercial is consumed and therefore does not find its way to the wastewater system. For example, water is consumed when it is included in a product such as a beverage or in the case of a business or residence when watering grass.

The ten businesses selected had an annual total water consumption of approximately 900,000 cubic meters. The total amount of water actually consumed in the operation of those 10 businesses is estimated at 75% or 675,000 cubic meters, the balance is assumed to have been discharged into the wastewater system. For the water consumed (75%) the billings would be:

Water	\$377,325	100%	55.9¢	per cubic meter
Wastewater	\$279,450	74%	41.4¢	per cubic meter

If a further discount or reduction in the Wastewater rate beyond the current 26% were given for example 50% or 27.9¢, the wastewater revenue would drop to \$188,325 with a resulting revenue loss of \$91,125 per annum for those 10 customers based on 675,000 cubic meters consumed.

Currently the City has some 48,000 Residential, Commercial and Industrial water and wastewater customers. The potential revenue loss in wastewater would therefore be significant if this discount was offered to all businesses or residences that meet the requirements of the City's wastewater by-law. Additionally it may be necessary to increase the current rate of 41.4¢ per cubic meter to all wastewater customers to maintain the same revenue level as a result of further discounting.

**Conclusion**

As a result of the possible significant impact on the wastewater reserve and the City's ability to meet future wastewater infrastructure needs, staff recommend that no exemption or reduction be granted.

**Attachments**

Committee of the Whole, March 26, 2001, Report 22, Item 31 Additional Information

**Report prepared by:**

Barry Jackson, extension 8272

Respectfully submitted,

Councillor Di Vona  
Chair  
Budget Sub-Committee

# **ATTACHMENT**

March 29, 2001

TO: Mayor & Members of Council

**RE: ADDITIONAL INFORMATION - COMMITTEE OF THE WHOLE  
MARCH 26, 2001 – ITEM NO. 31 – WASTEWATER EXEMPTION**

A request for a wastewater discharge rate exemption has been made by a local Vaughan business. The request for exemption is the result of the nature of the processing involved in the production of the final product. Water is consumed in the process of the product and is not discharged into the wastewater system.

Wastewater billings are based on the volume of water metered on each property. The Residential, Commercial and Industrial wastewater rate currently at 41.4¢ per cubic meter is lower than the water rate at 55.9¢ per cubic meter. The wastewater rate has historically been discounted by approximately 25% when compared to the water rate.

## **Wastewater By-law**

The City's wastewater by-law has a provision which permits Council to reduce the wastewater rate by agreement. The by-law requires that a substantial amount of water being consumed be determinable and be of a permanent nature. This by-law would apply to all properties whether residential, commercial or industrial. It would appear that in this case the criteria for reduction in the wastewater rate would be met.

## **Impact – Wastewater Reserve**

For this business requesting an exemption, the amount of revenue loss to the wastewater reserve would not be significant, however if a reduction in the wastewater rate is approved in this case, there is a potential that many other requests for reduction could come forward. The number of businesses that consume water in production is unknown, however the number could be substantial. This exemption is not restricted to only Commercial or Industrial properties, Residential property owners could be considered.

The financial impact on wastewater revenues and therefore the reserve could be significant. The level of the reserve for wastewater must be maintained in order to provide sufficient funding for operational, maintenance costs and future capital repair costs as the infrastructure ages.

If a significant number of reductions were granted, it is likely that the wastewater rate would have to be increased in the future so as to maintain the level needed in the reserve.

#### Current Exemptions

Currently only three businesses have this exemption and these have been in existence for approximately fifteen (15) or more years. Since that time no other business or residential property has received an exemption. All subsequent inquiries for exemptions were advised by staff that they were not supported and they did not pursue the matter further.

#### Recommendation

As a result of the possible significant impact on the wastewater reserve and the City's ability to meet future wastewater infrastructure needs, staff recommend that no exemption or reduction be granted in respect to this request.

Sincerely,

Barry Jackson  
Director of Finance

c: Scott Somerville, City Manager  
Theresa Caron, Deputy City Manager  
Doris Haas, Commissioner of Community Services  
Bill Robinson, Director of Engineering  
Albert Singh, Director of Finance, HVDI  
John D. Leach, City Clerk

