CITY OF WETASKIWIN UTILITY RATES EXPLAINED

What Happened in the Past

Historically, the City of Wetaskiwin only ever charged ratepayers for what was needed to cover the cost of consumption (including water treatment). This remained the case until the 10-year capital plan was approved by City Council in 2017. No funds were being directed to a water/wastewater reserve for emergencies and future asset management. Repairs were made only when required, and many of these were not done properly—further impacting our infrastructure and driving up replacement costs.

Until 2018, the following charges were being applied to utility bills:

Water

- Flat Fee (based on meter size)
- Consumption Charge (calculated by m3)

Wastewater

- Flat Fee (this covered operational and capital expenses but there was no extra for future planning).
    - Note: Everyone paid the same flat fee, with no differentiation made between commercial and residential users.

Storm

- This was not separated out and came from revenue collected from water charges (also no funds set aside for future requirements).

What is Happening Now

The following change was made to utility bills as of Oct. 1, 2018:

- New wastewater consumption charge (the user can control these costs by their use), which funds the treatment of our wastewater.
    - $1.00/m3 for residential users
    - $1.25/m3 for commercial users
      (The commercial rate is higher because they have different affluent due to increased chemical use, etc.)

What is Being Proposed

In order to build up our utility reserves, increases to user fees must occur. This is especially important as the City of Wetaskiwin must upgrade its wastewater treatment plant (as mandated by Alberta Environment and Parks). The total expected cost of this project is $40 million. If we fail to upgrade

our water treatment plant, heavy fines could be placed on the City, further impacting our ability to save for the upgrade.

Predicted Maintenance and Utility Growth Expenditures

2019	**2020**
Maintenance costs: $10,303,000	Maintenance costs: $29,000,000
Utility growth costs: $215,000	Utility growth costs: $133,000
Total cost for 2019: $10,518,000	**Total cost for 2020: $29,133,000**
2021	**2022**
Maintenance costs: $28,500,000	Maintenance costs: $6,600,000
Utility growth costs: $125,000	Utility growth costs: $125,000
Total cost for 2021: $28,625,000	**Total cost for 2022: $6,725,000**
2023	
Maintenance costs: $7,100,000	
Utility growth costs: $125,000	
Total cost for 2023: $7,225,000	

It is important to note that the proposed rates DO NOT INCLUDE the $40 million required upgrade to our wastewater treatment plant. These only convey the expense of required repairs, as well as attempting to save for future needs. Wetaskiwin City Council is lobbying both the provincial and federal government to cover 90% of the $40 million required. The remaining 10% would be collected through the increased user fees.

How We Can Work with Ratepayers

There are a variety of ways we can help reduce utility costs for ratepayers. Some of the ideas currently being considered are:

- Moving toward a true user-pay system (the less you use, the less it costs)
- Moving toward a pay-per-use system for garbage. This means the user is not charged for that week's collection if they do not put their trash out for pick-up (this will require RFI tags or even a paper subscription where they stop service for a specific block of time).
- Allowing 'snowbirds' to disconnect utility service for the months they travel south. There would be a fee to process but could save a lot on consumption.
- Advertise ways that the average household can reduce their water usage on our website, on social media, etc.

Reducing Overall Utility Costs

Here are some ways the City is working to reduce overall utility costs:

- Source control to stop heavy polluters that cause damage to our wastewater system.

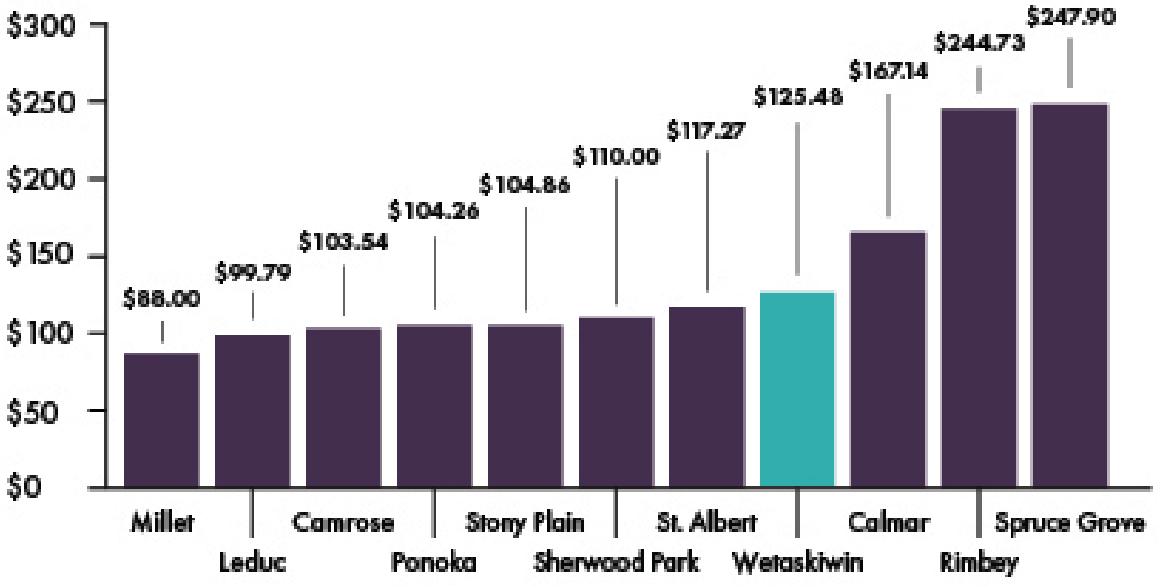
- Proper asset management to ensure projects are completed before failure (which reduces costs by 30%).
- Proposing to make high polluters pay more so others are not subsidizing them.
- Proactively finding new initiatives to reduce costs in waste and water.
- Developing a proper storm water management plan to deal with climate change issues (this includes the use of bio-swales and rain gardens that cost the same as traditional storm water structures but can process higher volumes of storm water and are drought tolerant).
- Update the engineering standards to be in line with industry best practice. One example of this is in residential roads we will have slightly more narrow streets which will be less costs when it comes to a local improvement down the road.
- We have implemented overlays to extend the life of the road by 10 to 15 years rather than just reconstructing 2 blocks per year.
- We have implemented cheaper utility structure repairs such as cured-in-place lining (this gives us a new pipe with another 50 years for 1/3 less cost).
- Implementing/enforcing stricter rules to control water use and reduce treatment costs for storm water (i.e. not washing your car in the road, etc.).

Breakdown of Current Utility Costs

Below is the breakdown of the monthly utility invoice based on today's costs (with the new wastewater consumption fee of $1/m3 for residential and $1.25/m3 for non-residential).

	2018	
	Residential	Non Residential
	Actual Rate	Actual Rate
Water Flat Rate	$28.83-$44.14	$82.44-$346.88
Water Consumption / m³	$2.50	$2.50
Water Capital (Supplemental)	$0.00	$0.00
Wastewater Flat Rate	$26.65	$49.60
Wastewater Usage / m³	$0.00	$0.00
Wastewater Capital (Supplemental)	$1.00	$1.25
Storm Flat Rate	$0.00	$0.00
Storm Capital (Supplemental)	$0.00	$0.00
UTILITY RATE TOTAL:	$125.48	$207.04

The following graph illustrates the average monthly utility costs (as of October 1, 2018 that includes the new wastewater fee) for Wetaskiwin and surrounding communities. As you can see, compared to other Alberta Municipalities, Wetaskiwin is still below the average of $137.54.



Anticipated Future Costs to Residential Ratepayers

Assuming a 13.5% increase to utility rates in 2019, an average 4-person household (residential) could expect to pay the following amounts, based on their water consumption.

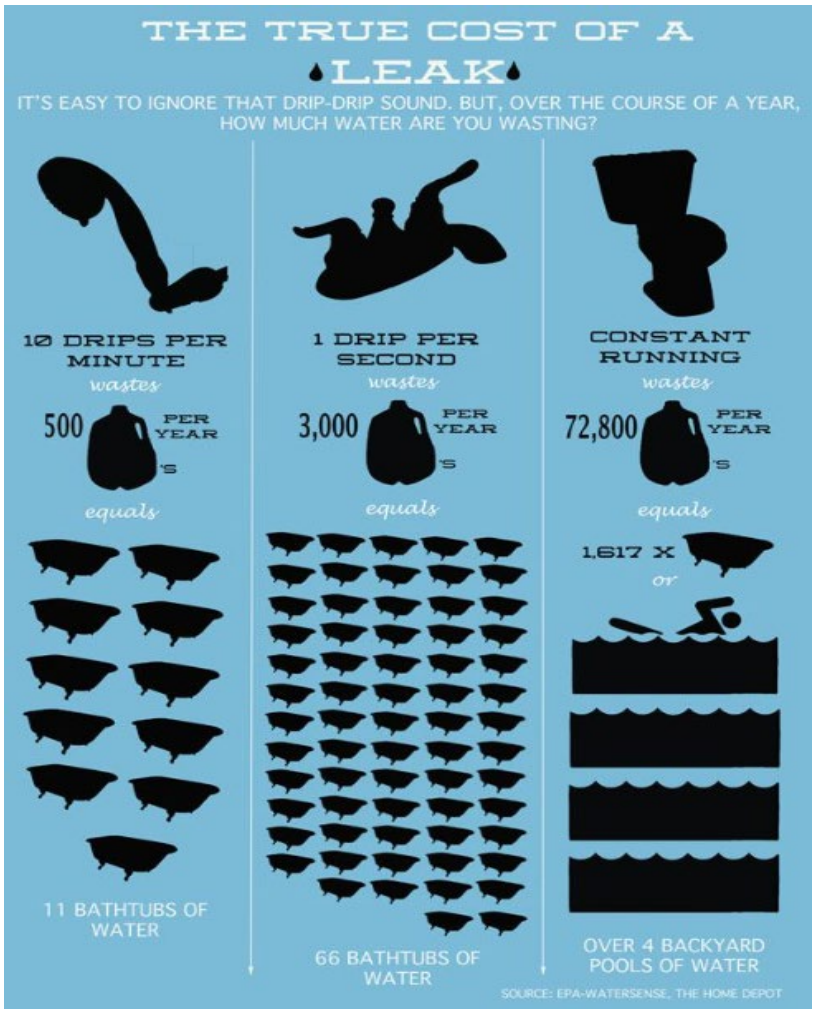
	2019		2020		2021		2022		2023	
Monthly water consumption & wastewater usage	Monthly Bill	Monthly Savings	Monthly Bill	Monthly Savings	Monthly Bill	Monthly Savings	Monthly Bill	Monthly Savings	Monthly Bill	Monthly Savings
20 m^3 (average)	$142.33	--	$192.08	--	$226.63	--	$245.95	--	$266.85	--
15 m^3	$122.08	**$20.25**	$161.08	**$31.00**	$189.13	**$37.50**	$205.15	**$40.50**	$221.70	**$45.15**
10 m^3	$101.83	**$40.50**	$130.08	**$62.00**	$151.63	**$75.00**	$164.35	**$81.60**	$176.55	**$90.30**
5 m^3	$81.58	**$60.75**	$99.08	**$93.00**	$114.13	**$112.50**	$123.55	**$122.40**	$131.40	**$135.45**

The average monthly bill is based on 20m^3 of water use and the medium garbage subscription. The current rate works out to be $4.18/day and the proposed increase is $4.74/day which is less than a Starbucks coffee or the equivalent to 2 Tim Horton's coffees per day.

Part of this education piece will also show how much water is wasted during every day activities such as showering, or if you have a leaky tap, etc.

As you can see, significant monthly savings can occur if ratepayers moderate their water consumption. The City can help educate ratepayers on methods to save water, including:

- Watering gardens and lawns with water collected in rain barrels
- Only flushing toilets when necessary (not using it as a dust bin, etc.).
- Shortening shower times, and collecting shower water to use on houseplants, etc.
- Waiting to do laundry until you have a full load
- Using a cup to hold water for shaving or brushing your teeth instead of letting the tap run
- Defrosting foods in the fridge instead of using running water
- Switch to efficient appliances as able, including shower heads, toilets, etc.



Did You Know? You only need 67 Litres of water per day to meet your basic needs. Even if you increased that amount to 100 L per day, you would still only be using **3 m^3** of water per month.

Moving Forward

Timely and on-going communication with ratepayers on this topic is important. The City now has a page on its website dedicated solely to updating the public on utility rates (found under 'What's New'). Any new information will be added to this web page as it becomes available.