



City of Thompson Water Utility

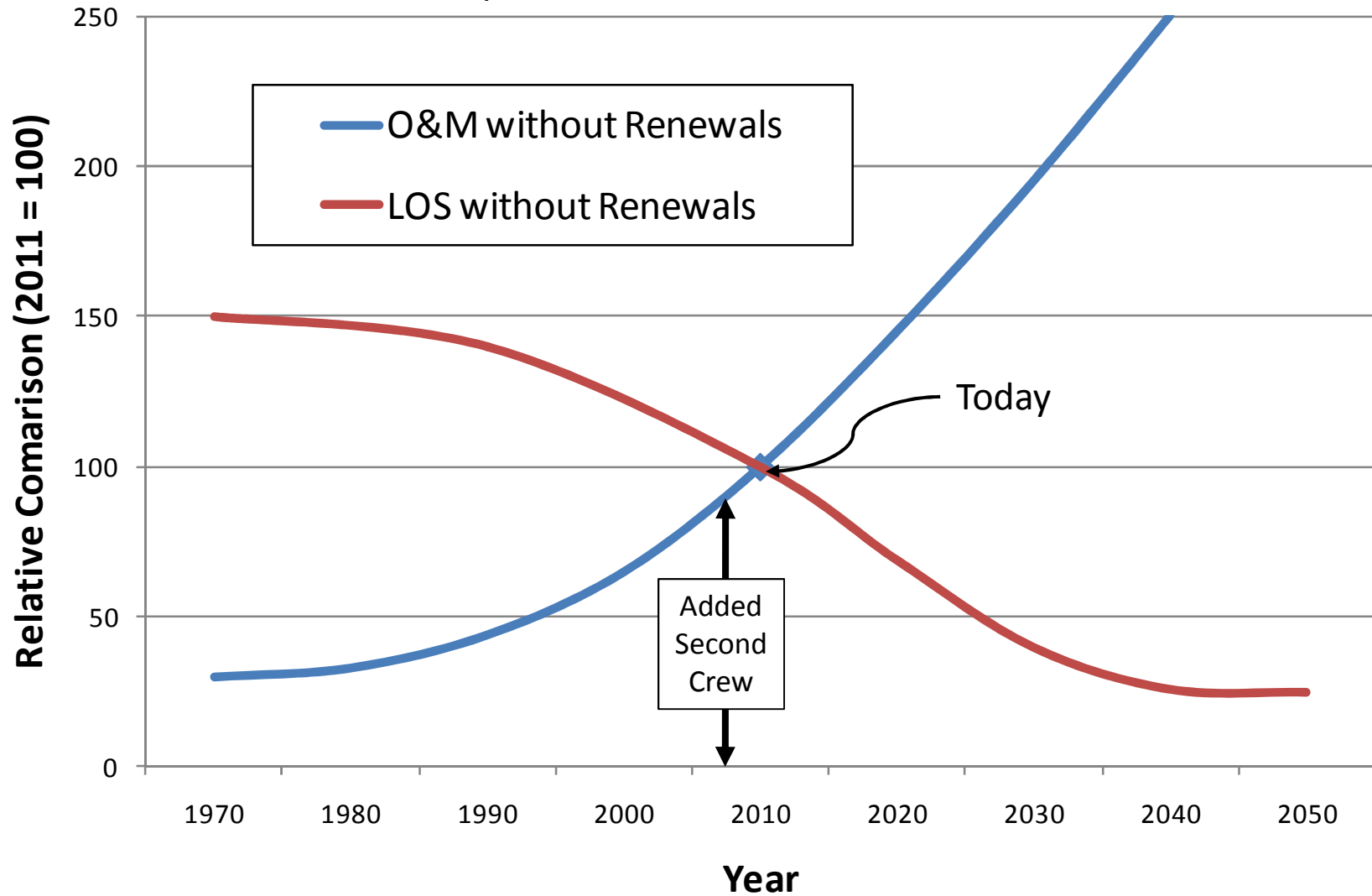
City Council Meeting
October 12, 2010

Water Rates Presentation

- Water Utility Project
- Water Rate Setting Process
 - Proposed Water Rates
- Rationale for Programs
- Water Utility By-laws

Challenges

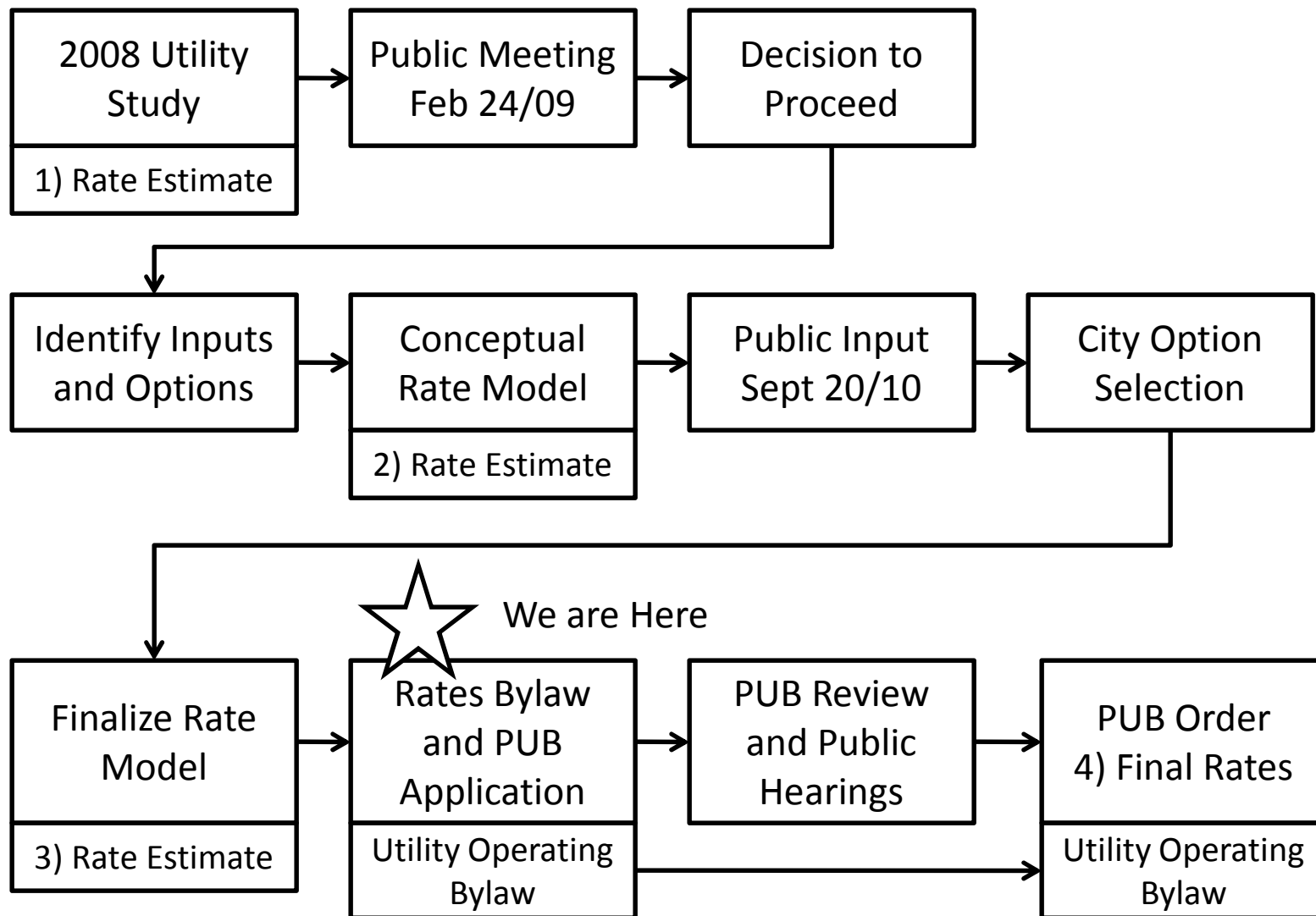
Metallic Pipe Level of Service and O&M Trends



Roles and Responsibilities

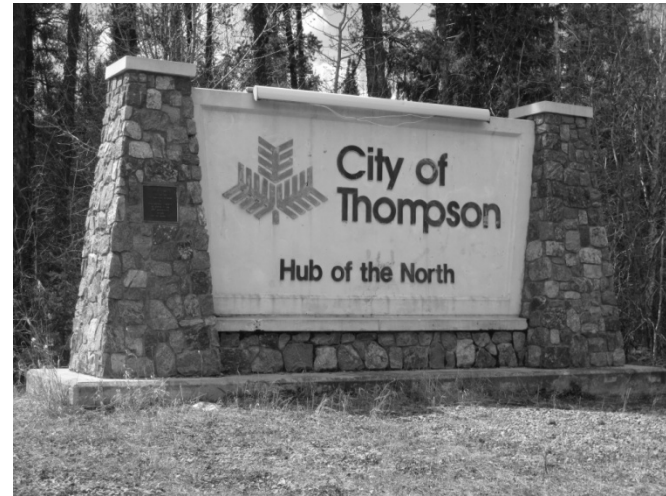
- City Council
 - Assess Challenges
 - Develop Vision
 - Set Direction
- City of Thompson Administration
 - Service Delivery
 - Identify Issues
 - Manage Projects
- CH2M HILL
 - Evaluations and Plans
 - Make Recommendations

Water Utility Project



Departmental Water Utility

- Current service will become a Public Water Utility
- To be Owned and Operated by the City
- Mandatory Regulation by Public Utilities Board (PUB)
- City must comply with PUB Orders
- City will continue to be responsible for operations



- ***Water Revenue to be used only for the Water Utility***

Water Rate Setting

- Public Water Utilities
 - Must operate on a break-even basis
 - Revenue from water must equal utility expenses

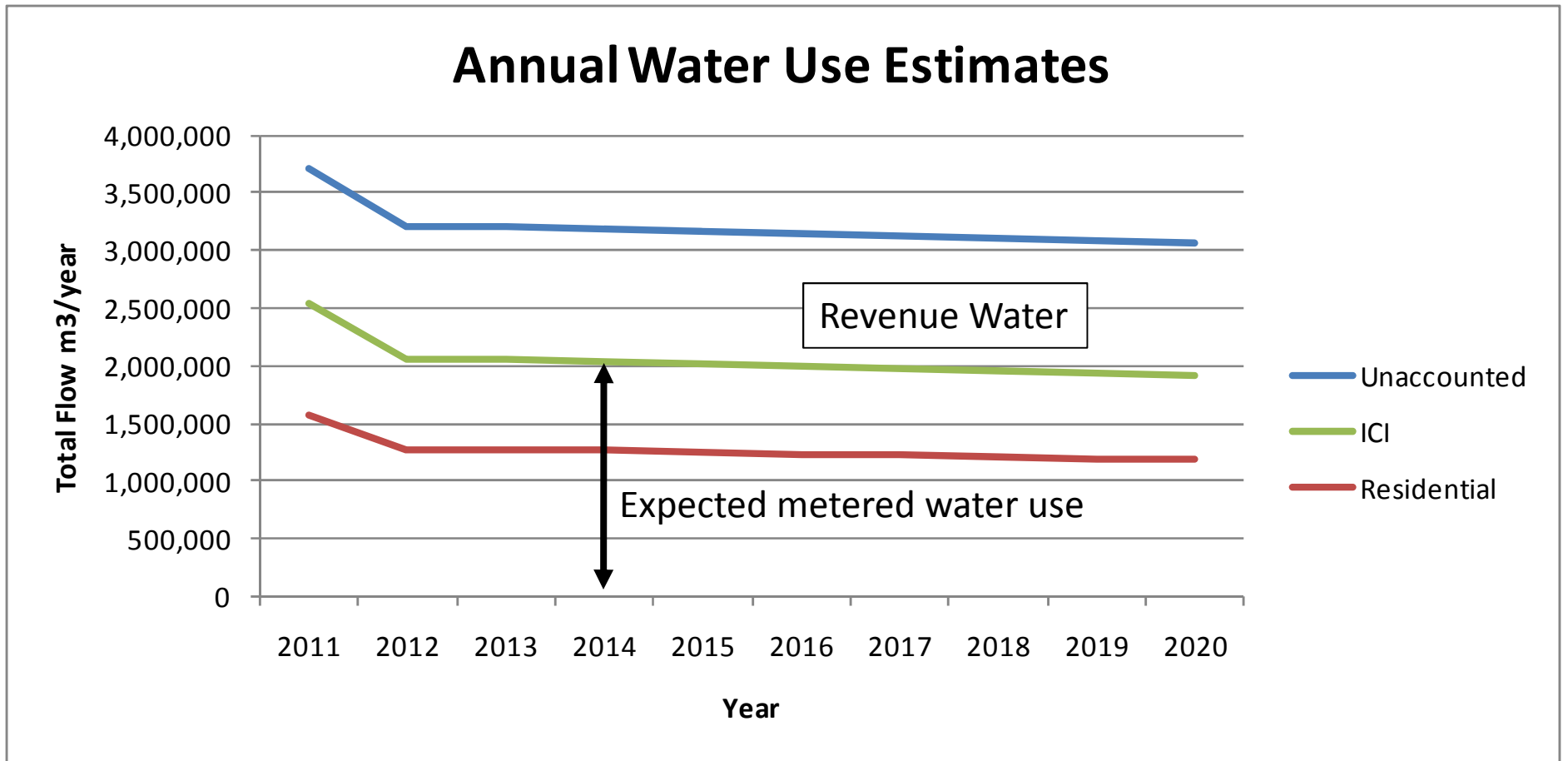
Revenue = Expenses

- Water Rate setting is **far more** than just transitioning to water bills
 - Involves planning for the future
 - ***Policy Direction***

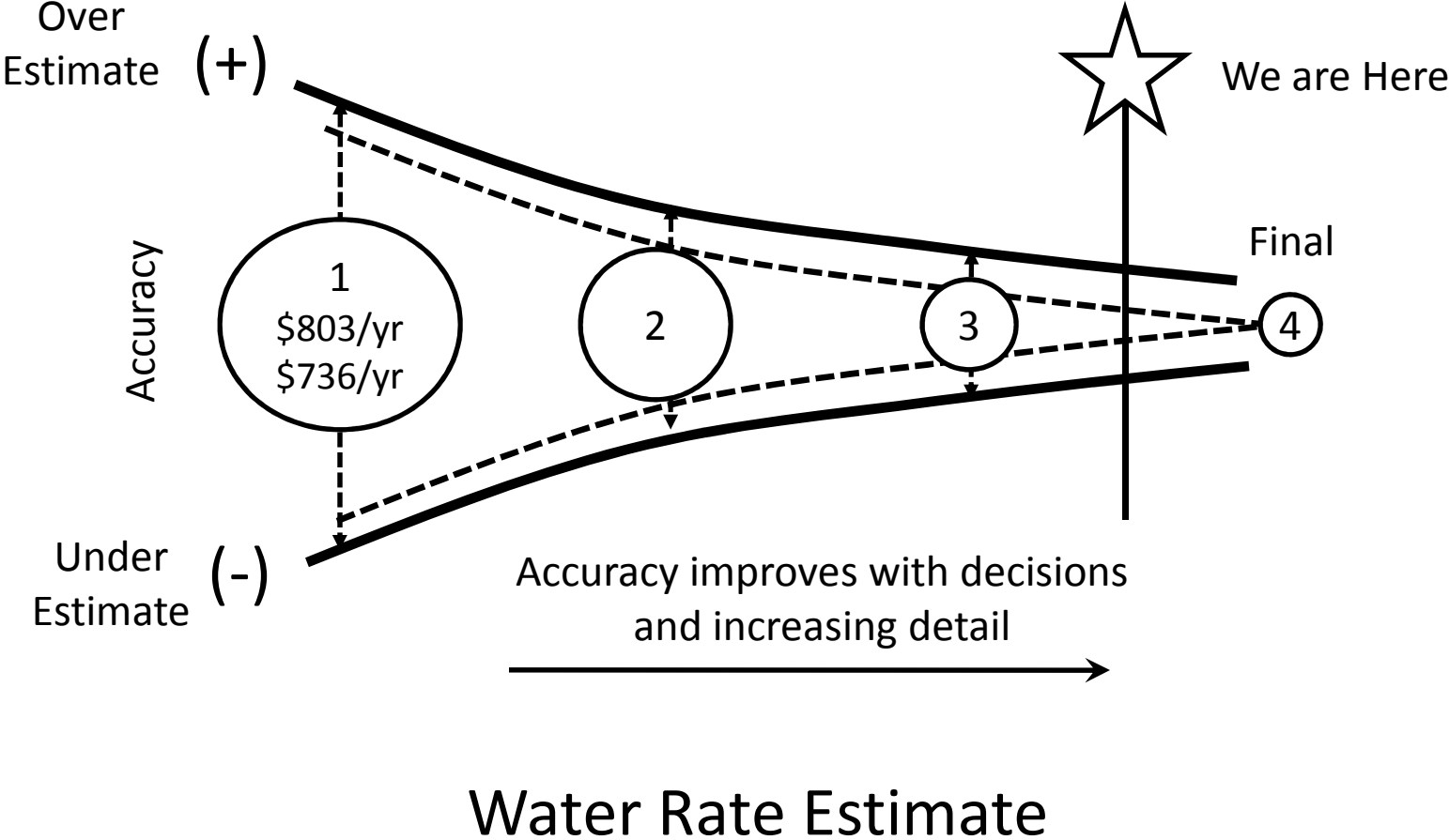
Change in Program

Before Utility	With Water Utility
Vale Water Supply	No Change
Administration	Administration – Minor change
Operations and Maintenance	Continue Operations and Maintenance
	Install and Maintain Water Meters
	Enhance Maintenance Programs
	Water Billing and Customer Support
	Annual Capital Renewals
	Capital Program Management
	Wastewater Treatment Plant Upgrade
	Increased WWTP Operations and Maintenance

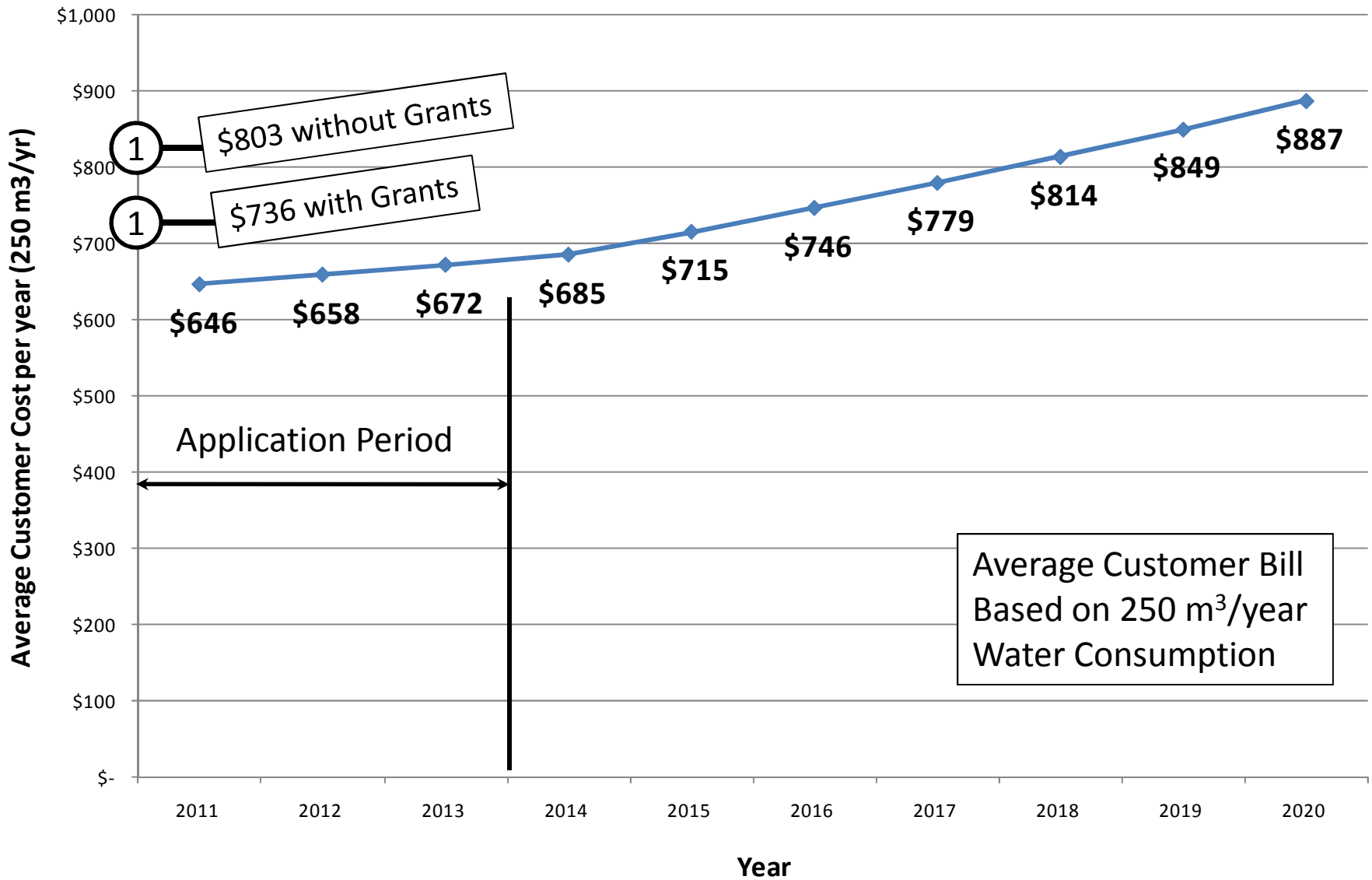
Revenue Water



Rate Estimates



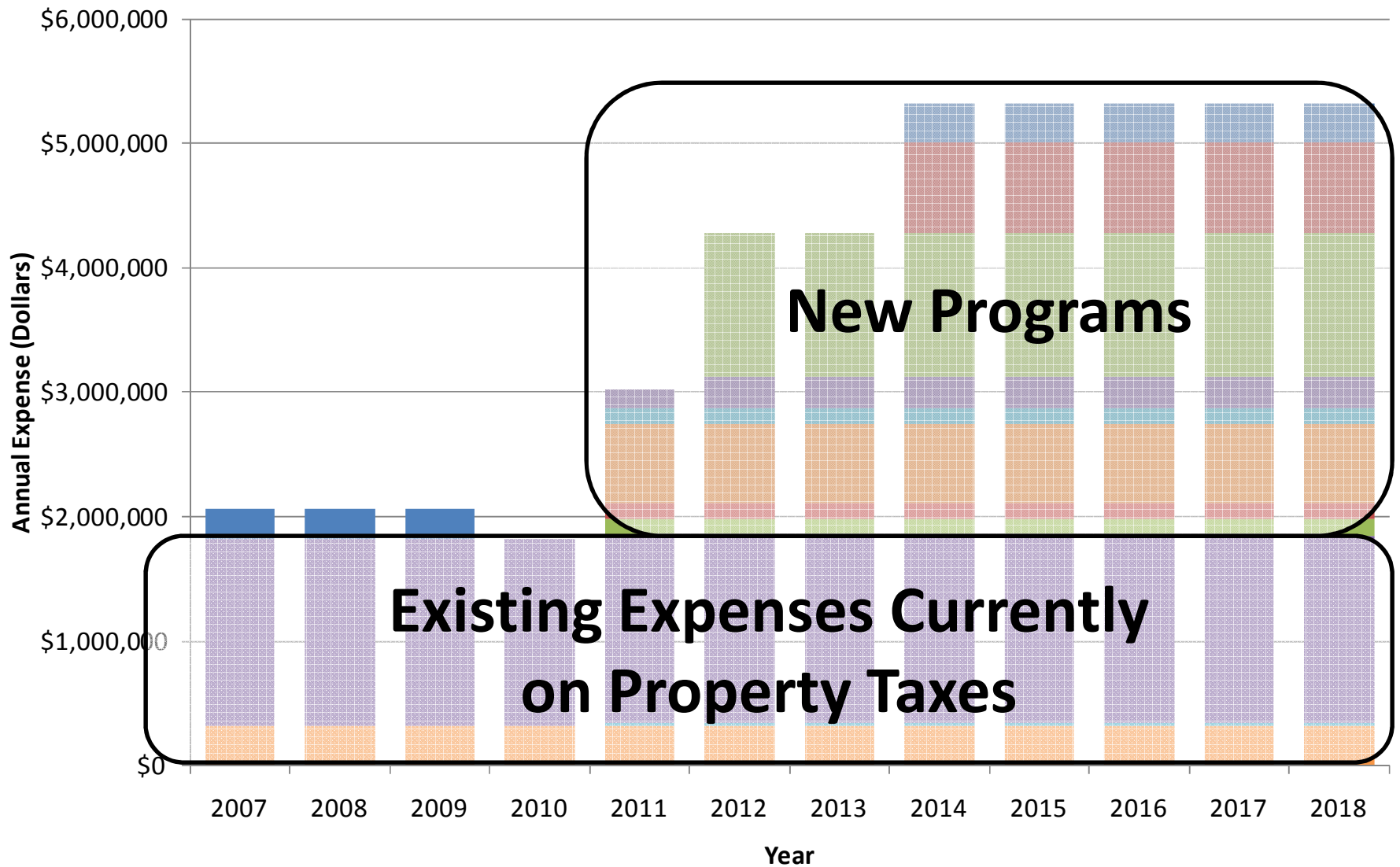
Average Customer Water Rates



Included in Rates

Item	Assumption
Administration Costs	Allocated from Existing
O&M Costs	Billing and Meter Maintenance Additional Repair and Preventive Maintenance
Service Line Special Service	Not included in Water Rates - Bylaw 1826-2010
Water Meter Contract	Under Budget – Balance to be Unspent 60% Provincial Grant
PSAB Expense Accounting	New
Annual Capital Program	Recommended - Capital Improvement Plan
Capital Program Management	New – Recommended to Effectively Manage Spending
Wastewater Treatment Plant	Delayed Start to 2015 and Cost Escalation 60% Grant Principal and Interest - Rate 5.25%
Water Rate Stabilization	Next 3 years limited to 2%/year (with WWTP included)
Water Consumption	Estimated – Water conservation expected

Annual Expense Estimates (\$2011)

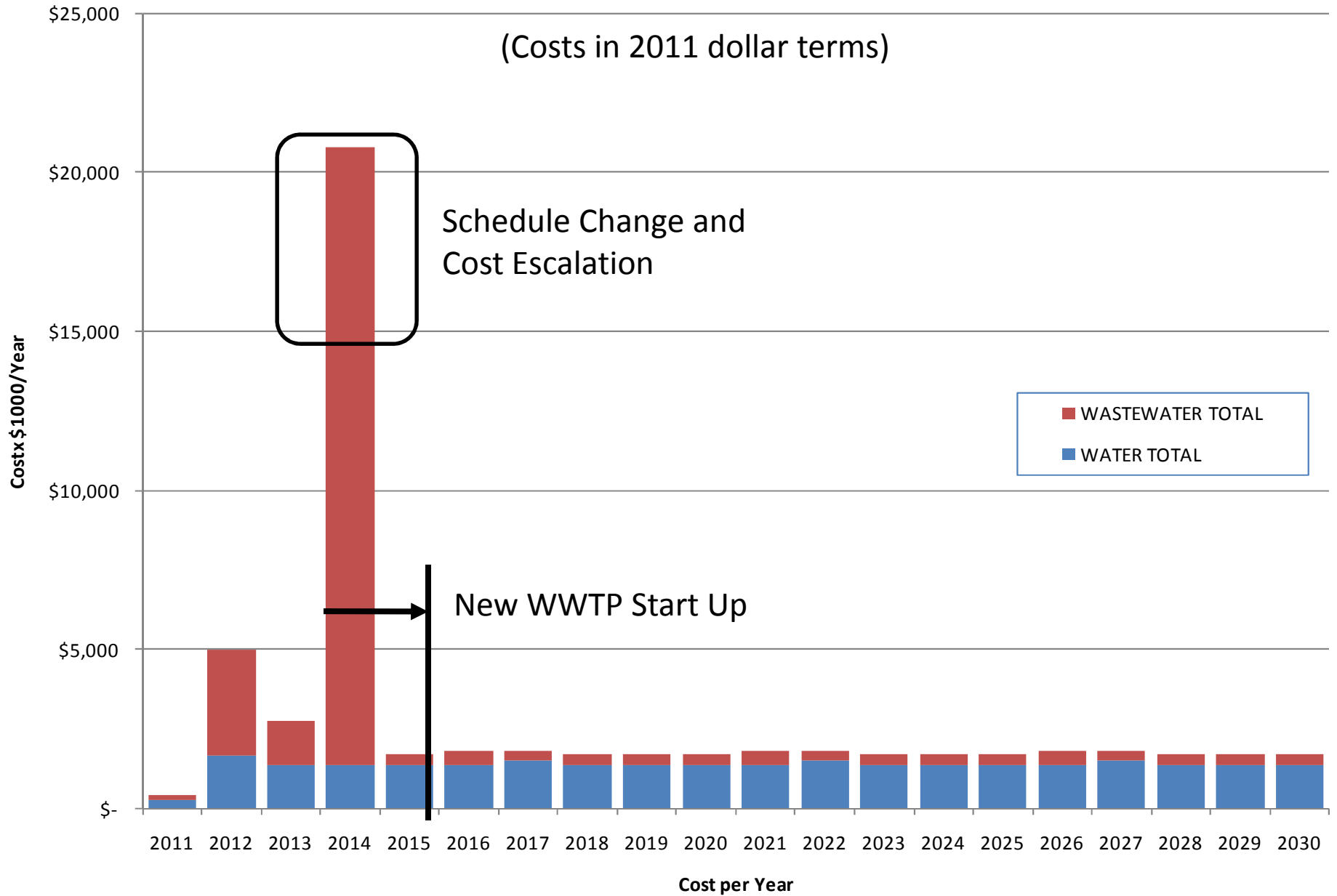


Rationale for Capital Program

- Sufficient Capital Investment
 - Focus on Priority Areas
 - Economically Responsible
- Include Regulatory Licensing
 - Wastewater Treatment Plant
 - Water Distribution System Upgrading
- Provision for Effective Program Management

Thompson Water Utility Capital Improvement Plan

(Costs in 2011 dollar terms)



Annual Capital Renewals

- Addresses Infrastructure Deficit
- Sized and coordinated to produce results
- Program Management and Optimization
 - Condition Assessment
 - Engineering Options
 - Strategic Planning
 - Asset Management
 - Construction Administration

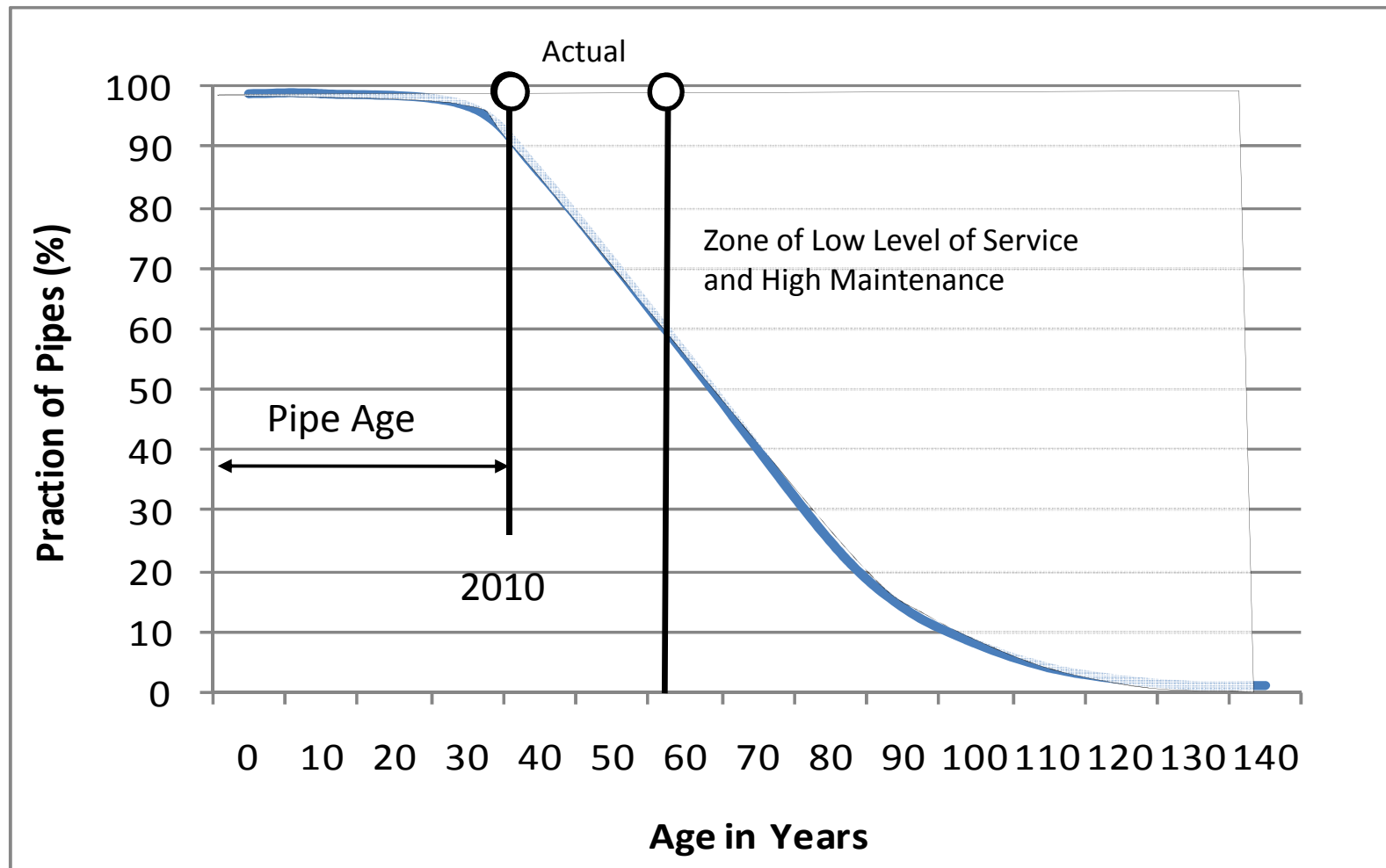
Annual Capital Renewals

- Water Main Renewal
 - Least cost balance of repair/replacement
 - Avoids major level of service decline
 - Metallic water main program
 - \$1,600,000/year
 - Replace 40% in 20 years
 - About 1.5 km/year with City service lines/valves
- Other – nominal routine upgrading

Annual Renewal Program

Survival Function for Metallic Pipe

- AWWARF Curve adopted for City of Thompson conditions



WWTP Upgrade

- Regulated by Manitoba Environment
 - Environmental License
- From Primary Treatment to:
 - Advanced Treatment
 - Effluent Disinfection
- To be operational by the end of 2015



- ***Water conservation will reduce construction cost***
- ***Grant = 60% - conditional upon water meters***

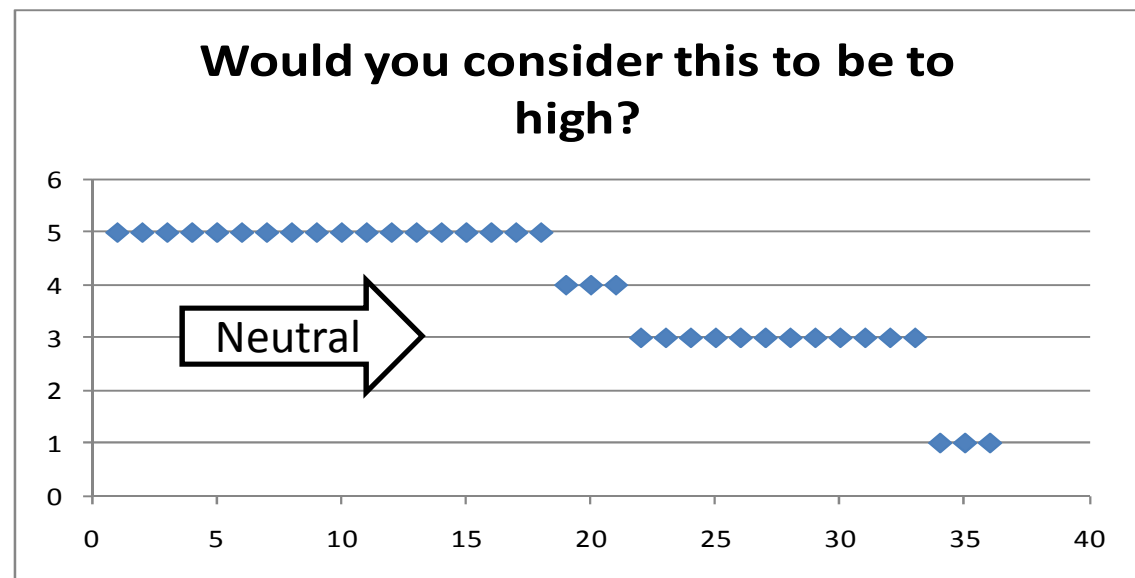
Water Rates Public Meeting

September 20, 2010

- Meeting Format
 - Presentation
 - Question and Answers
 - Survey – Questionnaire
- Survey Results
 - 38 responses (26 at meeting)
 - Most Water Utility services rated about average
 - Strong agreement on infrastructure deficit
 - Strong support for Water Utility approach

Water Bill Survey Results

- 47% (17 out of 36) strongly agree that an \$800 water bill was too high
- 42% (15 out of 36) agree or are neutral with the rate
- No unanimous suggestions for rate reduction
- Dislikes
 - Borrowing
 - Property Tax



Water Bill

- Two parts - Water and Sewer
- Water Bill Components
 - Fixed costs
 - Base Administrative and Customer Costs
 - (e.g. Meter reading, billing, collecting)
 - Commodity Rate (Volumetric - $\$/\text{m}^3$)
 - Metered and measured for each Customer
 - Minimum Charge Recommended by PUB
 - ($5\text{m}^3/\text{month}$ to promote public health)

Water Bill

- PUB Order required prior to start of Billing
- PUB Order will define Billing Approach
 - Quarterly billing cycle
 - Billing of minimum charge in advance
 - Quarterly Billing adjustments
 - Excess charges (credits) based on meter reading

PUB Application

Application

- PUB Application Requirements:
 1. First reading of a Water Rate By-law
 2. Application Forms
- Likely to include public hearings in Thompson
- Schedule
 - PUB Hearings/Order unlikely before Jan 1, 2011
 - City will request an Interim Order to commence
 - PUB has authority to approve retroactive rates

By-laws

1. Water and Wastewater Utility By-law
 - By-law No. 1842-2010
 - Utility operating rules and regulations
2. Water and Wastewater Rates By-law
 - By-law No. 1843-2010
 - Rates, fees, penalties and charges

Benefits Summary

- Multiple Benefits
 - Opportunity to Fix Infrastructure
 - Improvements to the Level of Service
 - Financial Benefits
 - Water Meters are a condition of WWTP Grant
 - Reduces WWTP construction costs
 - Reduces City's cost of WWTP operation
 - Promotes Water Conservation
 - Benefits the Environmental
 - Reduces Vale's cost of water treatment
- It is recommended to proceed

Thank You