

Utility Fees

Utility Fees

Introduction

- Many utility organizations dealing with increased costs due:
 - Replacement of aging infrastructure
 - Improving environmental standards
- Cities are pursuing Federal/Provincial funding

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Introduction (continued)

Historically consumers did not pay for much of the costs of utility infrastructure:

- Initial costs paid by developers through lot sales
- History of greater levels of government funding

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Utility Fiscal Policies:

- Established in 2003
- Self sustaining utility fund
- Full cost recovery from Municipal Operating Budget
- Include replacement of existing infrastructure
- No negative reserve balances
- No new debt after 2005

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Utility rate setting model

- Based on 100 year utility life cycle
- Projects population and consumption
- Includes:
 - All operating and capital costs
 - Developer levies, grants and utility fees
 - Capital projects, debt and reserve balances

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Impact of infrastructure review:

- Risk of increased capital costs noted when fiscal policies adopted
- Phase 1 identified \$38 million in costs
- Significant pressure on rates
- No debt principle challenged without ongoing Federal/Provincial funding

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Rates before infrastructure review

- Stable rate \$60/month
- Planned new debt \$1.8 million

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008-14</u>	<u>Total</u>
Capital	\$7.0	\$1.6	\$1.3	\$33.1	\$43.0
New Debt	\$1.8	-	-	-	\$ 1.8
Rates/Month	\$55	\$57	\$57	\$60	

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Numerous financing options by using different combinations and timing of:

- Rate increases
- Internal borrowing
- External borrowing
- Government funding

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Recommended financing option:

- Fund most urgent capital costs with internal borrowing and \$8/month utility bill increase
 - Complies with fiscal policies
 - Allows time to pursue Federal/Provincial funding
 - Average St. Albert bill 90% of Edmonton's

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Rates after infrastructure review

- Stable rate \$81/month
- Planned new debt
 - \$1.6 in 2005 (internal)
 - \$1.8 in 2005 (external)
 - \$3.5 in 2006
 - \$3.1 in 2008

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008-14</u>	<u>Total</u>
Capital	\$4.8	\$5.1	\$3.9	\$51.6	\$65.4
New Debt	\$3.4	\$3.5	-	\$3.1	\$10.0
Rates/Month	\$62	\$70	\$78	\$81	

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Supplier costs:

- Water supplied by EPCOR and waste water treated by Alberta Capital Region Wastewater Commission
- Suppliers' rates also increasing to fund infrastructure
- Since budget printed stable rate increased from \$78 to \$81 due to increase in cost of water supply.

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Utility increase residential properties:

<u>Utility</u>	<u>2005</u>	<u>Monthly</u>	<u>Annual</u>
Water	\$ 22.55	\$ 1.41	\$17
Wastewater	\$ 24.60	\$ 5.66	\$68
Storm	\$ 5.20	\$ 0.70	\$ 8
Solid Waste	\$ 9.55	\$ 0.30	\$ 4
	\$ 61.90	\$ 8.07	\$97

* Based on 20 cu. m and 1 bag/2 can subscription

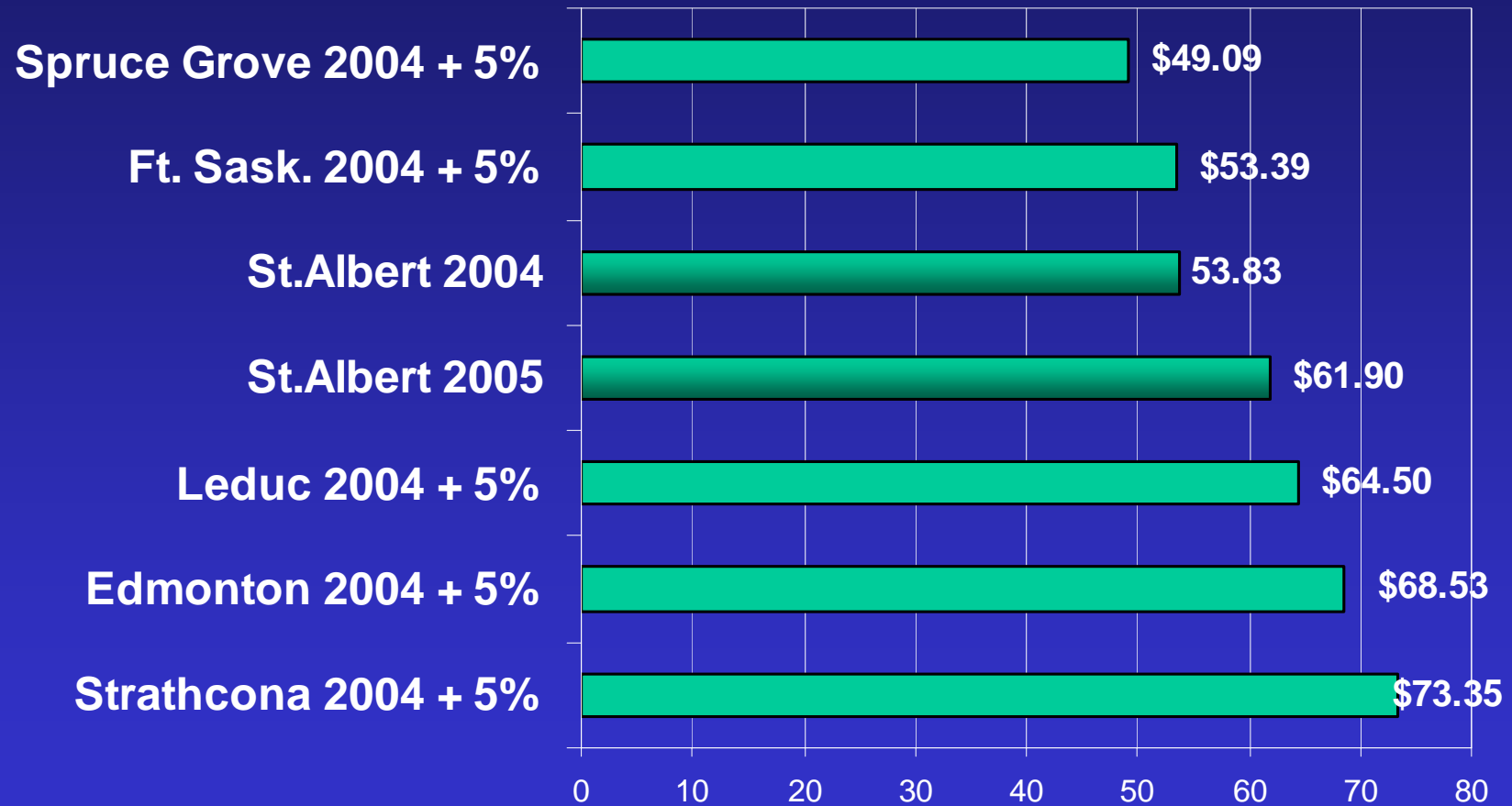
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Utility increase non-residential properties:

<u>Property</u>	<u>2005</u>	<u>Monthly</u>	<u>Annual</u>
Low use	\$ 159	\$ 17	\$ 204
Medium use	\$ 355	\$ 32	\$ 384
High use	\$1,253	\$103	\$1,236

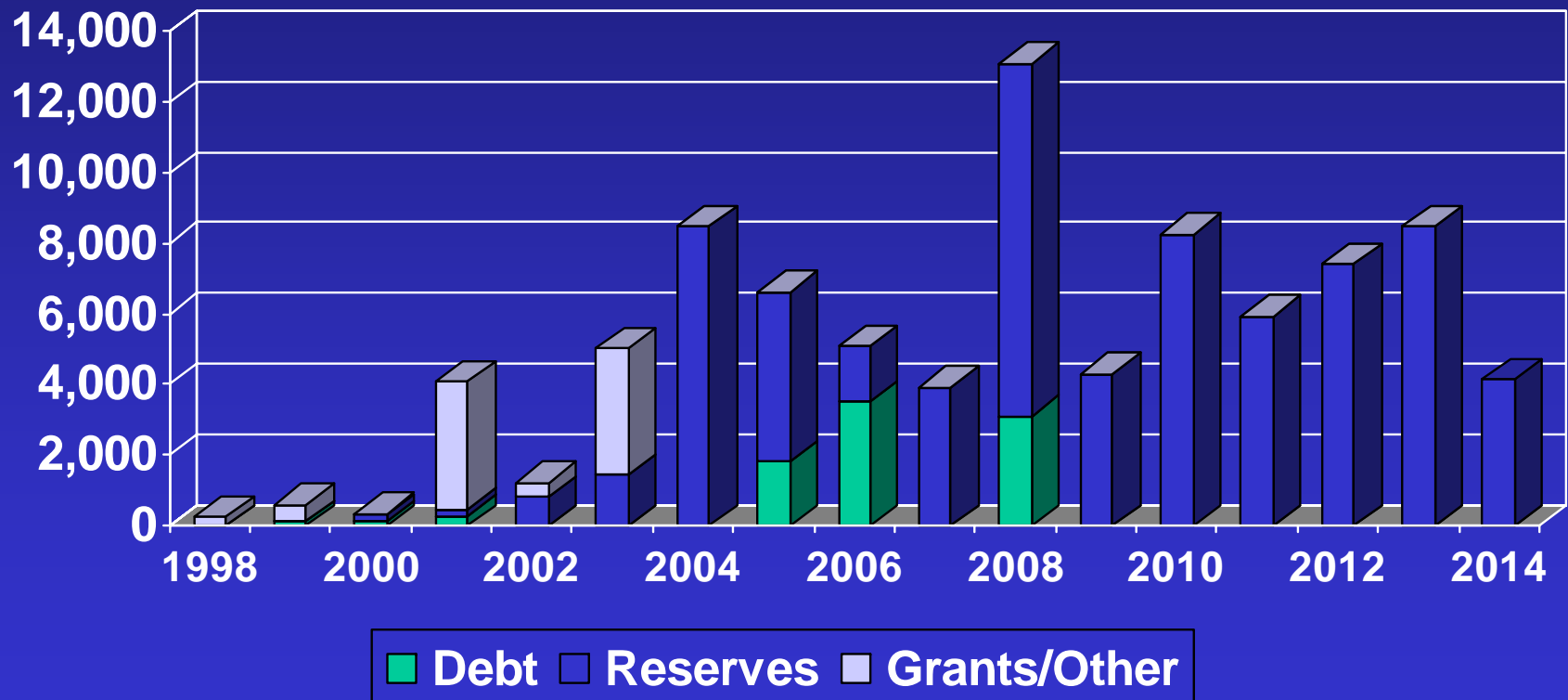
* Consumption based at 80cu.m, 200 cu.m and 750 cu.m respectively

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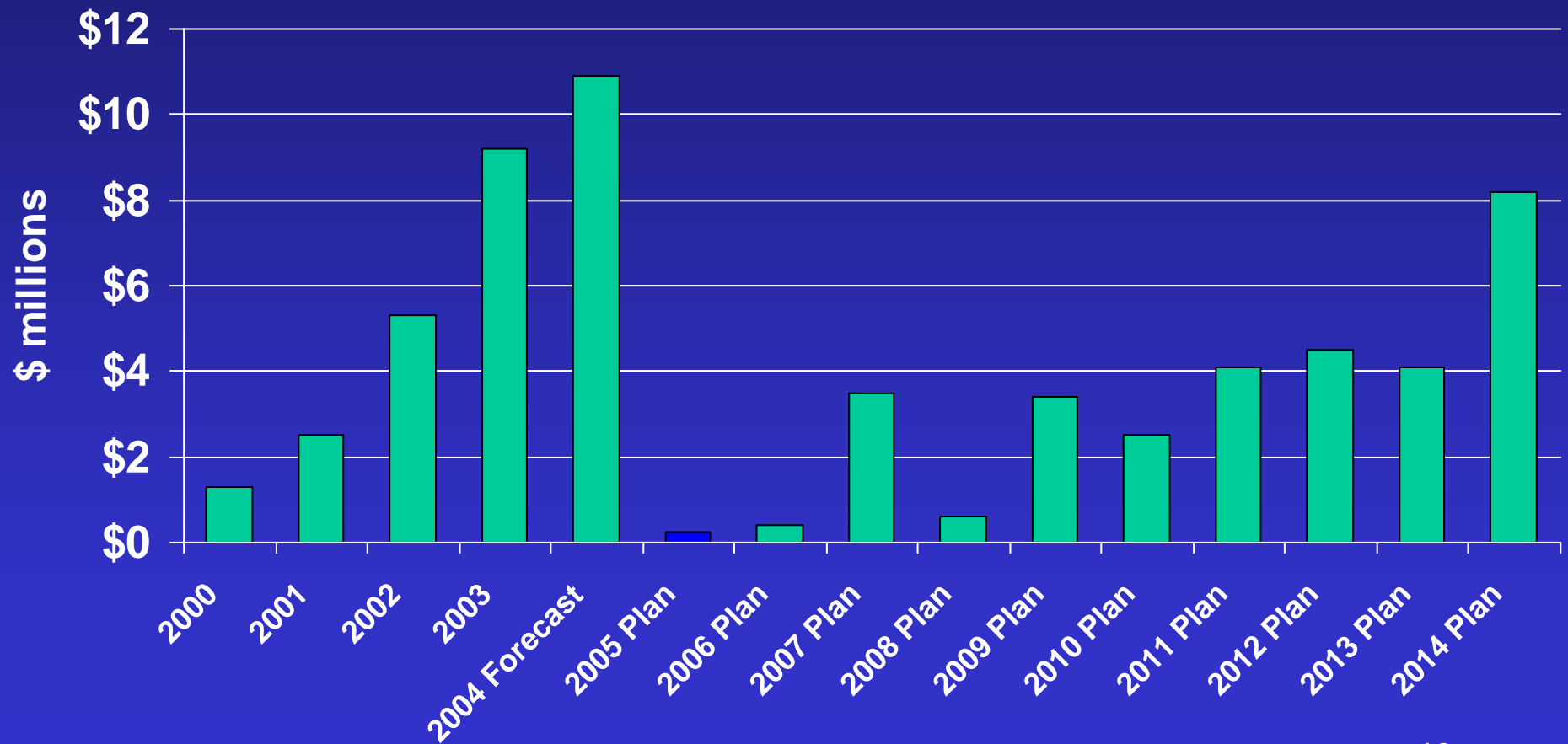
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Utility Capital



Utility Fees

Utility Reserves



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Fixed & variable rates:

- Fixed rate equals the average cost per customer of administration, billing & collection
- Variable rate set using the 100 year model such that a stable relationship exists between rates, reserve balances and debt

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Change In fixed rates:

	2004	2005	Change
Water	5.00	6.00	1.00
Wastewater	5.00	8.50	3.50
Storm	4.50	5.20	.70
Solid Waste	3.35	3.65	.30
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