

MEMORANDUM

DATE: January 29, 2007
TO: Chair and Members of the Works and Infrastructure Committee
RE: WATER RATES

The city has traditionally granted lower water rates to industrial and other large process water users. These groups are currently seeking lower water rates.

All of our water comes from the same pool. Just as industry has complained that they are subsidizing residential tax payers by paying higher property tax rates, it can be equally argued that residential water users pay higher water rates to subsidize industrial water users. Unfortunately, there are no stakeholder or lobby groups representing residential water users.

This was less significant when water was cheap. Now that we are increasing the cost of water by more than 114% over the next ten years, it is time to review our bulk pricing practices and the extent of these subsidies to industrial users. Last year, Council adopted a revised property tax rate plan that lowered the proportion of municipal taxes paid by businesses to be phased in over a fifteen year period. This will eliminate the cross subsidization of residential property taxes by the commercial sector.

When a charitable, arts or other community-based organization asks for a grant from the city, our rules demand that they open their books and provide extensive data about their organization. Yet when we subsidize the cost of water to industry, we make no demands whatsoever.

I am not suggesting that there may not be good reason to provide subsidized water to large corporations, but it ought not to be a blank cheque. The city promotes water conservation and demands it of its own agencies but does the opposite with industrial users. The rate structure is such that it encourages wasteful water use. At the very least we should demand, as a condition of receiving a water subsidy, that companies must develop water conservation plans acceptable to the city.

Secondly, we must examine the rate structure itself. Under the present regime, the more water you use, and the more water you waste, the lower the price. There ought to be a cap on water prices and a rate structure ought to be devised that diminishes the price for bulk use to a defined point and that subsequently increases it when that threshold is reached. This would encourage conservation practices. Perhaps it need to be different for different categories of users.

In any case, I would like these matters addressed when our staff reports on rates for industrial and large process water users. At the very least, there ought to be a mandatory requirement to engage in conservation practices and a condition for receiving bulk rates. In a recent email I have asked staff to quantify this practice.

Parallel to this, I would ask the Committee to review the policy we have for permitting industries to discharge effluent into the sewer system. At the very least, no company that over dumps or violates its discharge agreement ought to be entitled to a bulk water rate.

Thank you for your consideration of this matter.

A handwritten signature in black ink that reads "Howard Moscoe". The signature is written in a cursive, flowing style.

HOWARDS MOSCOE,
Chair – City Standards
Ids/Works & Infrastructure Com/Water rates