



THE CITY OF DAWSON

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NOTICE OF SPECIAL MEETING COMMITTEE OF WHOLE #CW18-04

This is to inform you that a special meeting of Committee of the Whole has been requested.

DATE OF MEETING: FEBRUARY 7, 2018
PLACE OF MEETING: COUNCIL CHAMBERS, CITY OFFICE
TIME OF MEETING: 7:00 PM

PURPOSE OF MEETING:

- a) 2018 Budget Presentations

DATE MEETING REQUESTED: January 25, 2018
MEETING REQUESTED BY: Wayne Potoroka, Mayor

Original signed by: _____ January 25, 2018
Christine Smith, Interim CAO Date

THE CITY OF DAWSON

Request for Direction



TO: Mayor and Council
FROM: Louis Gerberding
DATE: February 5, 2018
SUBJECT: **Water and Sewer Rates**

REQUEST FOR DIRECTION

Council to advise management of the direction they wish to take regarding water and sewer rates for 2018

Options:

1. Leave fees as they are
2. Increase all rates based on the CPI of 1.4%
3. Increase specific rates

PURPOSE

To receive direction from Council in establishing 2018 water and sewer rates.

BACKGROUND

DFA Infrastructure International Inc. was hired in 2015 to prepare a water and sewer rate study analysis. Their report indicated the following: "The portion of revenue currently generated from the residential sector appears reasonable as it matches the portion of consumption by the residential customers based on the assumed consumption. This would also suggest that the remaining portion of revenue from the non-residential sector as a whole is reasonable. However, within the non-residential sector it is difficult to derive any defensible correlation between the current revenues generated and the assumed consumption. This is particularly the case for hotels and commercial customers." The "Table 1: Possible Changes to Customer Costs" suggests the following:

- hotels would experience an increase from 48%-466%
- Restaurants would experience an increase from 56.3%-242.9%
- Schools would experience an increase from 76.6%-103.4%
- Campgrounds would experience an increase from 11.7%-194%.

Refer to Appendix A: DFA Infrastructure International Inc. Water and Wastewater Rate Study - Additional Research and Analysis for more information.

In 2016, water and sewer rates for non-residential customers were increased by a 15% correction where the DFA study showed they were significantly low in comparison to estimated consumption. A further 3% increase was then applied to all fees except the non-private owned residential rate which was not increased. This rate was higher than the private owned residential rate.

In April, 2017 water and sewer rates for non-residential customers were increased by another 15%. In June, 2017 Council rolled back the non-residential rates to the 2016 non-residential rates. The first quarterly billing in 2017 was at the April rate and those accounts that paid were adjusted to reflect the corrected and now current rate.

Refer to Appendix B: Water and Sewer 15 Year Rate History for more information.

CURRENT STATUS

In 2018, without a rate adjustment, the water and sewer service would have an estimated deficit in the amount of approximately \$174,514 equal to 13% of the total water and sewer revenue.

Table 1: Revenue Generated by Customer Class vs. Assumed Consumption

Customer class	Assumed % of water consumed	% Revenue generated through charges in 2015 as presented by DFA	Actual revenue generated through current charges in 2017	% Revenue generated through current charges as presented by PW Superintendent
Hotels	38%	13%	\$87,894.30	6%
Residential	36%	36%	\$762,153.20	55%
School	5%	3%	\$35,970.00	3%
Restaurant	2%	1%	\$42,319.60	3%
Commercial	15%	45%	\$425,862.11	31%
Campground	4%	3%	\$20,202.50	1%

Total Water and Sewer service revenues collected in 2017 = \$1,374,401.71.

CONSIDERATIONS / DISCUSSION

It is apparent from the above table that the findings of the DFA report with respect to the percent revenue generated through charges in 2015 were not accurate. The percent of water consumed per customer class can still be assumed to be correct however.

Administration is targeting an increase in total water and sewer revenues of \$20,000. It seems as though the residential sector, commercial sector and restaurants are paying

enough at this time. Increasing hotel, school and campground water and sewer rates may be appropriate.

Hotels:

Customer Class / rate type	# of Users	2017 rates	5% increase to rate	10% increase to rate	15% increase to rate
Hotel water rate / rentable room	538	\$95.00	\$99.75	\$104.50	\$109.25
Hotel sewer rate / rentable room	531	\$70.00	\$73.50	\$77.00	\$80.50
Total Increase to Revenues			\$4414.00	\$8828.00	\$13242.00

It would require a 16% increase to both hotel water and sewer rates to generate 1% more of our total water and sewer revenue.

Schools:

Customer Class / rate type	# of Users	2017 rates	5% increase to rate	10% increase to rate	15% increase to rate
School water rate / class room	22	\$935.00	\$981.75	\$1028.50	\$1075.25
School sewer rate / class room	22	\$700.00	\$735.00	\$770.00	\$805.00
Total Increase to Revenues			\$1798.50	\$3597.00	\$5395.50

It would require a 38% increase to both School water and sewer rates to generate 1% more of our total water and sewer revenue.

Campgrounds:

Customer Class / rate type	# of Users	2017 rates	5% increase to rate	10% increase to rate	15% increase to rate
Campground water rate / serviced space	160	\$85.00	\$89.25	\$93.50	\$97.75
Campground sewer rate / serviced space	139	\$47.50	\$49.88	\$52.25	\$54.63
Total Increase to Revenues			\$1010.82	\$2020.25	\$3031.07

It would require a 68% increase to both Campground water and sewer rates to generate 1% more of our total water and sewer revenue.

A 15% increase to hotel, school and campground water and sewer rates would increase total revenues by \$21,668.57 per year.

A CPI increase of 1.4% to all customer classes would increase total revenues by \$19,241.62 per year.

IMPLICATIONS

General: As the cost of providing services increases, so too should the revenues that we generate from those services.

Financial: Rate increases will assist in balancing the final operating budget.

Follow up Action: This request is part of final budget deliberations. If service revenues are not increased, a tax increase may be required.

Communication: To be presented to the public during budget deliberations. Suggest posting a notice advising the public of any rate increase decision.

ALIGNMENT TO OFFICIAL COMMUNITY PLAN & MUNICIPAL PRIORITIES

Municipal Act: The Municipality has the right to set rates for the services provided.

Official Community Plan: Under Municipal Finances: "Conduct annual reviews of water and sewer rates in order to pay for ongoing operations and maintenance, as well as ensuring adequate reserves are available for future infrastructure rehabilitation and expansion."

Integrated Community Sustainability Plan: Water and sewer services are an essential service provided by the City to the community.

OPTIONS

- #1: Leave water and sewer rates at 2017 rates;
- #2: Increase all rates based on the CPI of 1.4%
- #3: Increase specific rates

APPENDICES / SCHEDULES

Appendix A: DFA Infrastructure International Inc. Water and Wastewater Rate Study -
Additional Research and Analysis

Appendix B: Water and Sewer 15 Year Rate History

APPROVAL & CAO COMMENTS

I have reviewed and support this request for direction from Council.

Christine Smith, A/CAO

Date: February 5, 2018



DFA Infrastructure International Inc.

33 Raymond Street St. Catharines Ontario Canada L2R 2T3

Telephone: (905) 938 -0965 Fax: (905) 937-6568

January 12, 2016

Joanne Van Nostrand, CMA
Senior Financial Officer
City of Dawson
1336 Front Street
Dawson, YT
Y0B 1G0

Dear Joanne,

Re: Water and Wastewater Rate Study - Additional Research on Consumption

Further to your request, we conducted additional research to determine the consumption levels by customer type in other jurisdictions for consideration by Council in setting the 2016 water and wastewater rates and charges and are pleased to submit our findings. The methodology used and the results derived are presented below.

1. Methodology

This involved the following main steps:

1. Categorizing Dawson City's customers into the following six (6) customer classes;
 - Hotels;
 - Commercial;
 - Schools;
 - Residential;
 - Campgrounds; and
 - Restaurants.

2. Identifying other municipalities that may have some similarities with Dawson City in terms of potential water consumption. The municipalities identified were as follows:
 - Thompson, Manitoba;
 - Rossland, British Columbia; and
 - Niagara-on-the-Lake, Ontario (NOTL)

These were selected for the following reasons:

- They are located in different Provinces to provide a broader geographical representation and have metered consumption records;
 - Thompson also bleeds its water system due to the high potential for freezing i.e. similar to Dawson;
 - Rossland and Niagara-on-the-Lake are tourist destinations and have similar customer classes to those in Dawson City. Rossland has relatively few non-residential customers compared to residential customers and these include hotels and restaurants.
3. Researching the consumption (in m³ per year) by customer class in each municipality;
 4. Determining the average consumption by customer class for the researched municipalities;
 5. Applying the average consumption by customer class (from the researched municipalities) to each customer in Dawson City to calculate their potential consumption if water meters were to be implemented, assuming that customers' consumption levels would be similar to those in the researched municipalities;
 6. Calculating each customer's percentage of the total consumption and applying the same percentage to the 2014 revenue recovered by Dawson City to determine (hypothetically) the charge to each customer based on the assigned consumption.
 7. Assessing the correlations, if any, and their reasonableness.

However, it should be noted that there are some major differences and limitations to the research that would affect consumption relative to Dawson City:

- Rossland also has a high visitor population during the winter due to the nearby ski resort and NOTL due to its location, wineries and related attractions i.e. different from Dawson City which has a low winter population;
- Outdoor water use is a major part of consumption especially in Rossland and NOTL;
- The consumption information obtained from the researched municipalities for some of the customer classes (e.g. hotels, schools, campgrounds) was verbal and could not be verified.
- The hotels researched are different in terms of number of rooms, number of attached restaurants and seating capacity.
- Each municipality is exposed to different climatic conditions compared to Dawson City that influence customer behaviour and consumption levels.

2. Results of Research

The results of the research and analyses are provided in the attached spreadsheet (previously emailed on December 23, 2015) and summarized below:

Table 1 indicates the possible changes to customers’ bills if they were to be charged according to their respective percentage of consumption (i.e. their respective percentages of the City’s 2014 revenue requirement).

Table 1: Possible Changes to Customer Costs

Customer Type	Observations
Residential	The cost to residential customers would increase by approximately 0.4% which is minimal. This may suggest that the current residential charge is reasonable being almost equal to the charge calculated for assumed consumption.
Commercial	The cost to commercial customers would vary significantly from increases of approximately 300% to decreases of approximately 100% with an average decrease of 8.3% for all commercial customers.
Hotels	The cost increases to Hotels would be major. The minimum bill increase would be 48% and the maximum 466%. The average bill increase would be 230%.
Restaurants	The cost increases to Restaurants would be significant. Bill increases would range from 56.3% to 242.9% with an average of 117.7%. There is one restaurant (exception) that would see a decrease of 18.5%
Campgrounds	Bill increases would range from 11.7% to 194%
Schools	Bill increases would range from 76.6% to 103.4%.

As shown the cost increases to the non-residential customers would vary widely within each customer class if the assumed consumption were to be used to calculate the respective customer charges. The reasons for these wide variations are difficult to identify due to the limitation of the research information and the number of variables.

Table 2 compares the respective percentages of the 2014 total revenue generated from each customer class and compares these to the assumed water consumption by customer class. This is to assess whether or not the revenues currently generated would align with the assumed consumption from the researched municipalities.

The portion of revenue currently generated from the residential sector appears to be reasonable as it matches the portion of consumption by the residential customers based on the assumed consumption. This would also suggest that the remaining portion of revenue from the non-residential sector as a whole is reasonable. However, within the non-residential sector it is difficult to derive any defensible correlation between the current revenues generated and the assumed consumption. This is particularly the case for hotels and commercial customers.

Table 2: Revenue Generated by Customer Class (%) vs. Assumed Consumption (%)

Customer Class	Percent of Water Consumed (Assumed from Researched Municipalities)	Percent Revenue Generated through Current Charges
Hotel	38%	13%
Residential	36%	36%
School	5%	3%
Restaurant	2%	1%
Commercial	15%	45%
Campground	4%	3%

Owing to the number of variables related to the assumed consumption for all customer classes we are unable to draw any conclusive correlations between residential and non-residential customers that could be used as the basis for differential rate increases among the six (6) customer classes.

We trust that the foregoing information is useful albeit inconclusive. Please feel free to call us if you have any questions and we would be happy to respond.

Yours truly,

DFA Infrastructure International Inc.



Derek Ali, MBA, P.Eng.
President

Water and Sewer Rates
City of Dawson

	01-08	02-01	06-17	06-17	11-03	11-17	13-05	15-07	16-06	17-06	17 10		
WATER RATES	2001	2002	2006	2008	2011 (April 13)	2011 (July 25)	2013	2015	2016	2017	2017	Total Consumption	Unit
Private owned/occupied Residential (Water)	684.00	798.00	912.00	912.00	600.00	600.00	600.00	600.00	620.00	620.00	620.00	8	per year
Privately owned/rental Residential (water)	684.00	798.00	912.00	912.00	600.00	600.00	600.00	600.00	620.00	620.00	620.00		per year
Tr'ondëk Hwëch'in residential (water)	684.00	798.00	912.00	912.00	600.00	600.00	600.00	600.00	620.00	620.00	620.00		per year
Commercial Residential (water)	684.00	798.00	912.00	912.00	960.00	960.00	960.00	960.00	960.00	960.00	960.00	167	per year
Hotel, motel, Inn, Hostel, Boarding Houses, Bed and Breakfast	73.00	75.00	77.00	77.00	80.00	80.00	80.00	80.00	95.00	107.00	95.00	538	per rentable room per year
Cooking Facility - Lounges, Cafes, Taverns, Dining Room	267.00	275.00	281.00	281.00	295.00	-	-	-	-	-	-		per kitchen per year
Cooking Facility - Commercial	-	-	-	-	-	425.00	425.00	425.00	505.00	569.00	505.00	22	per kitchen per year
Cooking Facility - Institutional Kitchens	-	-	-	-	295.00	425.00	425.00	425.00	505.00	569.00	505.00	6	per kitchen per year
Cooking Facility - Community Halls	-	-	-	-	-	295.00	295.00	295.00	305.00	305.00	305.00	8	per kitchen per year
Staff Kitchen - Per Kitchen	-	-	-	-	-	150.00	150.00	150.00	155.00	155.00	155.00	89	per kitchen per year
Staff Kitchen - Per Sink	133.00	137.00	140.00	140.00	150.00	-	-	-	-	-	-		per sink per year
Staff Kitchen - Per Dishwasher	-	-	-	-	200.00	-	-	-	-	-	-		per dishwasher per year
Washroom - Lounges, Cafes, Taverns, Dining Rooms	320.00	329.00	336.00	336.00	355.00	-	-	-	-	-	-		per washroom per year
Washroom - Restaurant, Lounge, Bar, Tavern, Casino - First (2) Units	-	-	-	-	-	355.00	355.00	355.00	420.00	475.00	420.00	32	per unit per year
Washroom - Restaurant, Lounge, Bar, Tavern, Casino - Additional unit	-	-	-	-	-	115.00	115.00	115.00	135.00	154.00	135.00	82	per unit per year
Washroom - Institutional	780.00	843.00	902.00	902.00	950.00	950.00	950.00	950.00	1,125.00	1,272.00	1,125.00	87	per washroom per year
Washroom - Commercial and all other Non-Residential	160.00	165.00	168.00	168.00	175.00	175.00	175.00	175.00	180.00	180.00	180.00	140	per toilet / urinal per year
Washroom - Community and non-profit	267.00	275.00	281.00	281.00	295.00	-	-	-	-	-	-		per washroom per year
Washroom - Service Station	133.00	137.00	140.00	140.00	150.00	-	-	-	-	-	-		per washroom per year
Laundry Washing Machine - Institutional Washing Machine	780.00	843.00	902.00	902.00	950.00	950.00	950.00	950.00	1,125.00	1,272.00	1,125.00	14	per machine per year
Laundry Washing Machine - Hotel/Motel Washing Machine	-	-	-	-	390.00	780.00	780.00	780.00	925.00	1,044.00	925.00	6	per machine per year
Laundry Washing Machine - Hotel/Motel Guest Washing Machine	-	-	-	-	390.00	390.00	390.00	390.00	460.00	522.00	460.00		per machine per year
Laundry Washing Machine - other Non-Residential Washing Machine	-	-	-	-	390.00	390.00	390.00	390.00	460.00	522.00	460.00	61	per machine per year
Laundry, for first 5 washer, each washer	352.00	363.00	370.00	370.00	-	-	-	-	-	-	-		
Laundry, for the 5 - 11 washers, each washer	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-		
Laundry, for the 12 and additional washer, each washer	352.00	363.00	370.00	370.00	-	-	-	-	-	-	-		
Janitor Room - equipped with water outlet - Institutional	780.00	843.00	902.00	902.00	950.00	950.00	950.00	950.00	1,125.00	1,272.00	1,125.00	20	per janitorial room per year
Janitor Room - equipped with water outlet - Commercial and all other Non-Residential	160.00	165.00	168.00	168.00	175.00	175.00	175.00	175.00	180.00	180.00	180.00	20	per janitorial room per year
R.V. Park/Campground	66.00	68.00	69.00	69.00	72.00	72.00	72.00	72.00	85.00	96.00	85.00	160	per serviced space per year
School	717.00	739.00	754.00	754.00	790.00	790.00	790.00	790.00	935.00	1,058.00	935.00	22	per classroom per year
Car Wash	709.00	731.00	746.00	746.00	785.00	785.00	785.00	785.00	925.00	1,051.00	925.00	4	per year
Sewage Disposal Facility	259.00	267.00	272.00	272.00	285.00	285.00	285.00	285.00	335.00	382.00	335.00	2	per year
Public Shower & Staff Shower	218.00	226.00	231.00	231.00	245.00	245.00	245.00	245.00	290.00	328.00	290.00	30	per shower per year
Stand Alone Sink	-	-	-	-	-	-	150.00	150.00	155.00	155.00	155.00	1	per sink

THE CITY OF DAWSON

Request for Direction



TO: Mayor and Council
FROM: Louis Gerberding
DATE: February 5, 2018
SUBJECT: Waste Management Rates

REQUEST FOR DIRECTION

Council to advise management of the direction they wish to take regarding waste management rates for 2018

Options:

1. Leave fees as they are
2. Increase all rates based on the CPI of 1.4%
3. Increase specific rates

PURPOSE

Waste management fees are levied to assist in paying for the management of the landfill.

BACKGROUND

Waste Management Rate 3 Year History:

Customer Class	2015 fees	2016 fees	2017 fees
Commercial Space	\$150.00/yr	\$185.00/yr	\$215.00/yr
Institutional Residential	\$150.00/yr	\$185.00/yr	\$215.00/yr
Non-Vacant Institutional Space	\$150.00/yr	\$185.00/yr	\$215.00/yr
Residential Unit	\$100.00/yr	\$125.00/yr	\$145.00/yr
Mobile Refreshment Stands	\$20.00/week	\$20.00/week	\$20.00/week
Mobile Refreshment Stands	\$50.00/month	\$50.00/month	\$50.00/month
Mobile Refreshment Stands	\$150.00/season	\$150.00/season	\$150.00/season
Vacant Institutional Commercial Lot	\$40.00/yr	\$50.00/yr	\$57.50/yr
Vacant Institutional Residential Lot	\$40.00/yr	\$50.00/yr	\$57.50/yr
Vacant Commercial Lot	\$30.00/yr	\$40.00/yr	\$45.00/yr
Vacant Residential Lot	\$30.00/yr	\$40.00/yr	\$45.00/yr

In 2016, council decided to increase waste management rates to half of the CPI adjusted rates (since 1996). In 2017, council approved the second half of the rate increases.

CURRENT STATUS

Our current cost for managing the landfill is \$375,189. This includes a \$20,000 reserve transfer, \$63,000 cost for waste diversion and \$20,000 for professional fees. In 2017, revenue generated from waste management fees was \$172,567.50. YG also contributes \$75,000 towards operations of the landfill. YG used to contribute \$20,000 to assist with the costs of ground water monitoring. This transfer payment agreement is set to expire and will not be renewed. This budget reflects the landfill operating at a \$202,621.50 deficit.

CONSIDERATIONS / DISCUSSION

Proposed 2018 rates based on the CPI increase of 1.4%:

Customer Class	2017 fees	Rates increased by 1.4%
Commercial Space	\$215.00/yr	\$218.01/yr
Institutional Residential	\$215.00/yr	\$218.01/yr
Non-Vacant Institutional Space	\$215.00/yr	\$218.01/yr
Residential Unit	\$145.00/yr	\$147.03/yr
Mobile Refreshment Stands	\$20.00/week	\$20.28/week
Mobile Refreshment Stands	\$50.00/month	\$50.70/month
Mobile Refreshment Stands	\$150.00/season	\$152.10/season
Vacant Institutional Commercial Lot	\$57.50/yr	\$58.31/yr
Vacant Institutional Residential Lot	\$57.50/yr	\$58.31/yr
Vacant Commercial Lot	\$45.00/yr	\$45.63/yr
Vacant Residential Lot	\$45.00/yr	\$45.63/yr
Total Revenue Increase		\$2,415.95

Increasing the rates based on the CPI of 1.4% would increase revenue for waste management by \$2,415.95. While these rate increases will not generate significant revenues, it is important to consistently increase rates annually to help offset expense increases and avoid having to dramatically increase rates after years of not doing so as was done previously.

Council also indicated that they may wish to explore increasing vacant lot rates to discourage owners from holding onto these properties without developing them. The below table represents the implications of rate changes to vacant lots.

Waste Management Rate Increases to Vacant Lots:

Customer Class	# of Units	Current Rates	Rates Increased by 5%	Rates Increased by 10%	Rates Increased by 15%
Vacant Institutional Lot	9	\$57.50/yr	\$60.38/yr	\$63.25/yr	\$66.13/yr
Vacant Non-Institutional Lot	137	\$45.00/yr	\$47.25/yr	\$49.50/yr	\$51.75/yr
Total Revenue Increase			\$334.17/yr	\$668.26/yr	\$1002.42/yr

Increasing waste management rates for vacant lots may not be the best approach to discouraging owners from holding onto these properties without developing them. This could also be done by increasing taxes to vacant lots. If Council wishes to increase taxes to vacant lots only, a new class of properties may be able to be added to our tax assessment list for vacant lots. A new tax rate could then be applied. Administration would need to do research on the viability of setting up a new tax class.

IMPLICATIONS

General: As the cost of providing services increases, so too should the revenues that we generate from those services.

Financial: Rate increases will assist in balancing the final operating budget.

Follow up Action: This request is part of final budget deliberations. If service revenues are not increased, a tax increase may be required.

Communication: To be presented to the public during budget deliberations. Suggest posting a notice advising the public of any rate increase decision.

ALIGNMENT TO OFFICIAL COMMUNITY PLAN & MUNICIPAL PRIORITIES

Municipal Act: The Municipality has the right to set rates for the services provided.

Official Community Plan: “3.1 Municipal Finance
The primary responsibilities of the municipality are services to property and good government to its residents and taxpayers. Understanding the costs of these services,

implementing sound financial policies and widening and deepening the economic base will help the community achieve its vision.

Long-term goal:

- Enhance the financial sustainability of the municipality over the long term.”

OPTIONS

1. Leave fees as they are
2. Increase all rates based on the CPI of 1.4%
3. Increase specific rates

APPROVAL & CAO COMMENTS

Christine Smith, A/CAO

Date: