

Sewerage Treatment

General

The general idea is that costs to the Town for sewerage treatment provided by Trans Aqua are simply flowed through to the ratepayers with no markup for overhead for Town Administration. Therefore the budgeted revenues from ratepayers should be equal to the budgeted costs from Trans Aqua. It is the ratepayers that will be required to cover the increased costs for Sewerage Treatment based upon this flow through methodology.

Proposed rate changes result in a reduction in costs for Moncton and an increase for Dieppe and Riverview with no net impact on Trans Aqua's overall budget. Because this will be phased in over two years Trans Aqua has agreed to absorb any shortfall in the first year of the phase in.

Summary of Riverview's Sewerage Treatment Budget

	<u>Customers</u>	<u>2017 Dollars</u>	
Residential	6,450	\$1,349,670	80%
Metered	300	334,400	20%
Total		<u>\$1,684,070</u>	

Metered customers make up 20% of Sewerage Treatment budget.

Financial Impact on Riverview

The proposed amendment results in a rate adjustment phased over two years for Riverview as follows:

		<u>Sewer Treatment Costs</u>		
<u>Metered Customers</u>		Actual <u>2017</u>	Proposed <u>2018</u>	Proposed <u>2019</u>
Per cubic metre	\$	0.76	\$ 0.815 7%	\$ 0.87 7%
<u>Residential Customers</u>		\$210	\$210	\$210

Examples of the financial impact to typical metered commercial properties are as follows:

- a) Local restaurant - Annual current total water and sewer bill \$15,576; increased amount resulting from the above will be approximately \$279.00 in 2018.
- b) Small strip mall - Annual current total water and sewer bill \$4,213; increased amount from the above will be approximately \$75 in 2018.

The above change represents an increased cost (to the Town) of \$40,000 (2.4%) of which 1/2 or \$20,000 (1.2%) will take effect in 2018 with the second phase of an additional \$20,000 (1.2%) in 2019

As noted above a \$20,000 increase in the total sewerage treatment budget represents 1.2% in 2018.

A \$20,000 increase applied to just the metered accounts will represent a 7% increase in rates for 2018 with a cumulative increase of 14% by 2019.

Because the residential users are going to continue with a fixed rate of \$210.00 per year for sewerage treatment the above proposed extra costs will be borne by the metered users. While this may be a relatively high increase to absorb, the metered users may also take steps to reduce volumes to help offset the increases in rates.

To put the above financial impact into perspective, the above results in approximately a 1/5 of 1% increase in the overall Utility Fund (Water, Sewer and Serwerage Treatment) budget.