



Session: Progressive Planning for Financially Robust Water Systems

“Paying for Water in Ontario’s Cities”

Presentation to 2017 Blue Cities Conference

Michael Fenn

Senior Advisor, StrategyCorp and
President, Fenn Advisory Services Inc.



May 17 2017

CLEAN WATER IS EVERYBODY'S BUSINESS









**Bringing sustainability to
Ontario's water systems:**
A quarter-century of progress,
with much left to do

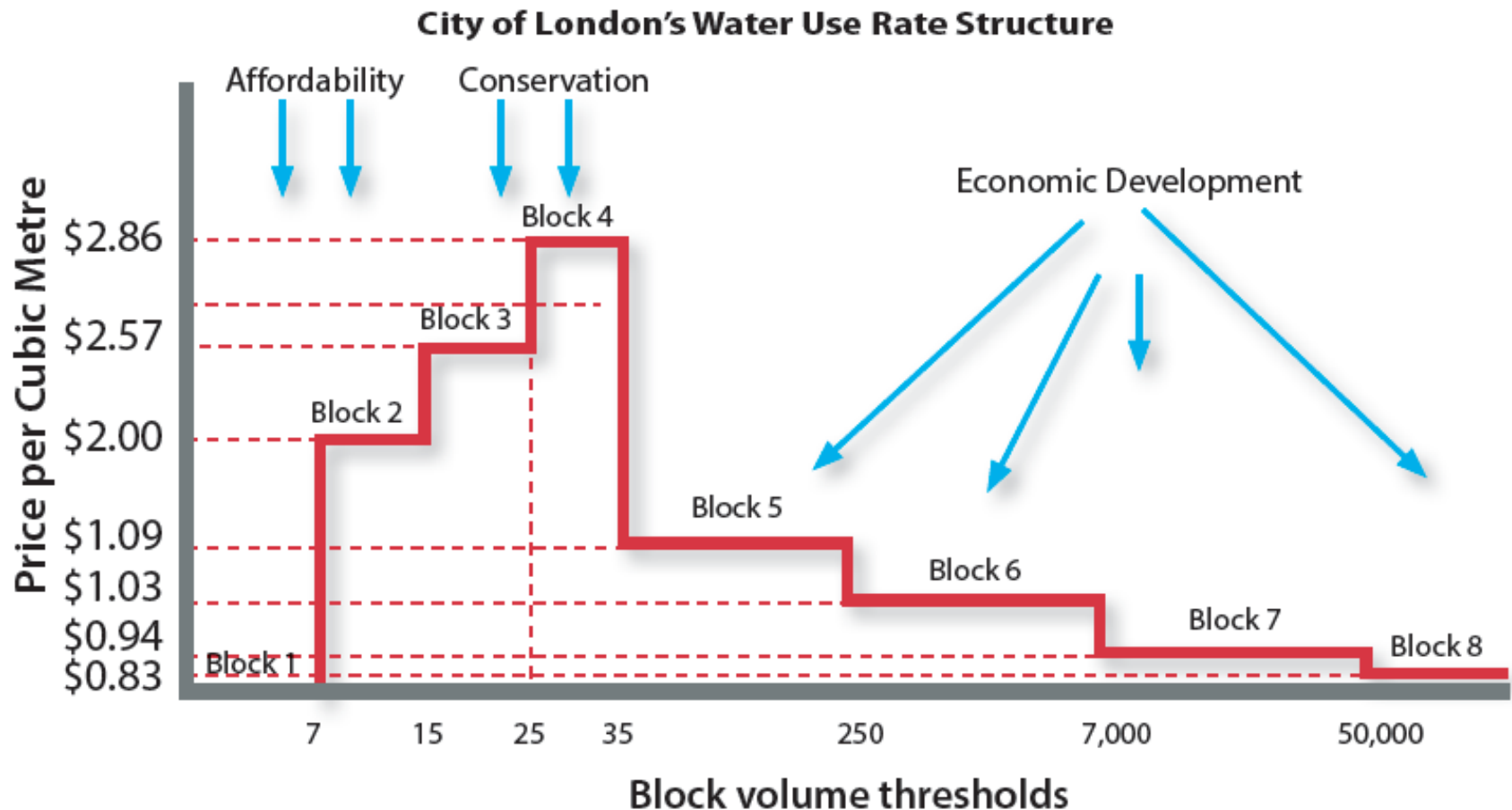
OSWCA commissions Fenn and Kitchen study

-  The May 2016 report is available at www.OSWCA.org
-  Much of the material in today's presentation is discussed in more detail in the above mentioned publication

Conclusions

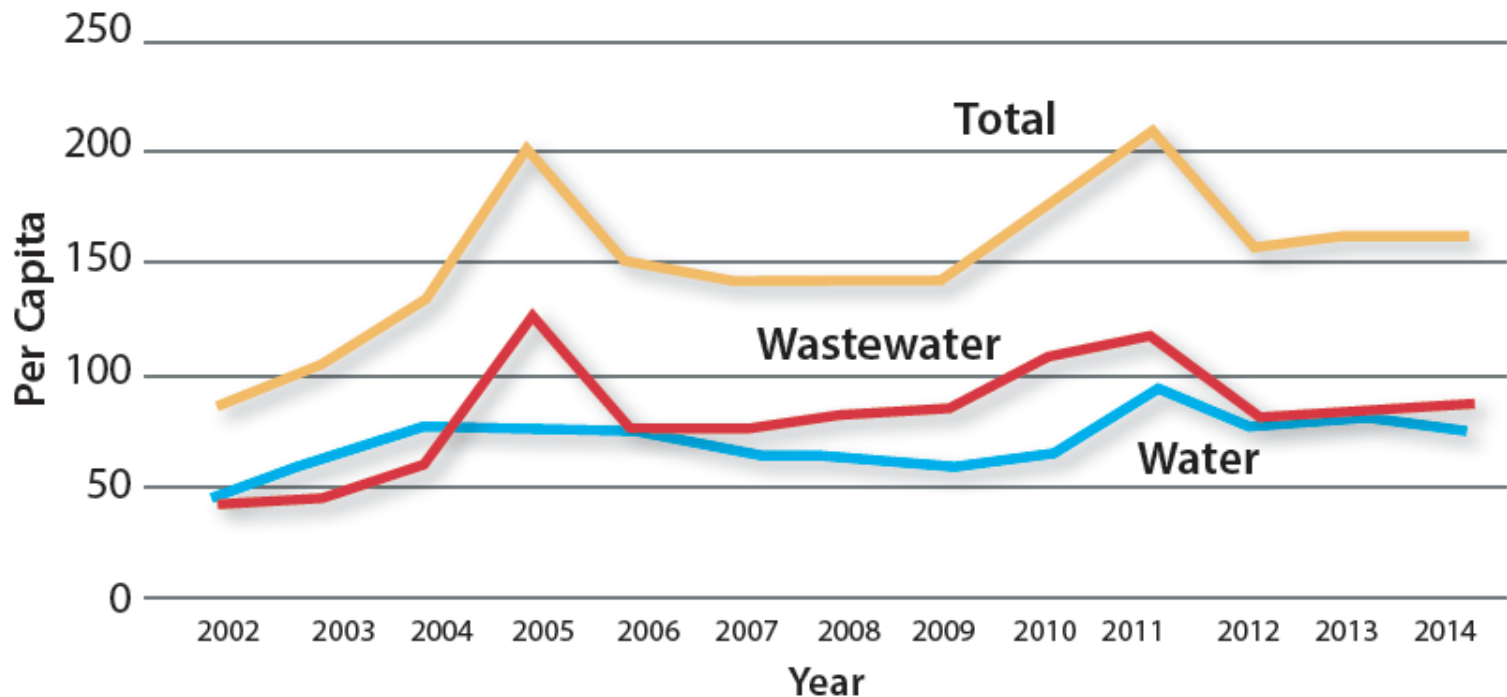
-  Water metering is nearly universal
-  Meters promote volumetric rates
-  Smart meters expand pricing options
-  Water is still inexpensive in Ontario
-  Steady growth in full-cost pricing
-  Pricing to make water sustainable

Canadian Municipal Water Consortium 2015 Report: Humpback block rate – affordability & economic development



Infrastructure spending on water and wastewater

Figure 5: Capital Spending Per Capita in Ontario in Constant Dollars, 2002 to 2014



Governance - who should be responsible?

- Local municipal responsibilities since 1800s.
- Watersheds** ignore political boundaries
- Beyond technical and financial capacity of many small operators
- Need for widespread **consolidation and integration** of small systems and facilities
- Or, local systems contracted to operators with **technical and financial capacity**








The politics of water

- 🌐 Easier to focus on training and regulation, than on good governance and integration
- 🌐 Easier to simply maintain systems and charge low rates, while awaiting episodic Provincial and Federal capital grants programs
- 🌐 Confusion about Walkerton's lessons: keeping water public and local, versus making water regional, self-supporting and resilient
- 🌐 Reluctance to accept full cost and independent regulator, even with asset management plans

Regulating water rates?

- 🌐 Unregulated rates = reluctance to raise municipal rates
- 🌐 Low rates = insufficient revenues for capital and operating purposes
- 🌐 **Regulatory framework for rate approvals** to sustain water systems?
- 🌐 May be a need to impose some form of **administrative tribunal process** on those unable or unwilling to comply.

Policy directions

-  Improve quality assurance
-  Conservation, re-use, loss reduction
-  Reduce waterworks' energy consumption
-  New technologies, skills, delivery partners
-  Innovation, adaptability, set priorities
-  Leverage Ontario's 'water advantage' in economic growth plans
-  Investment will be large, to catch-up

An evidence-based action agenda...

1. Full-cost recovery and well-designed water rates
2. Pick right infrastructure projects
 - Bundling? Manage supply / demands
3. Adopt the Utility Model
 - An Ontario Water Board
 - Regulating rates and investments

An evidence-based action agenda...

4. Invest in waterworks, wastewater services and stormwater systems
 - ✓ Federal/Provincial “line item” for water in infrastructure program budgets
 - ✓ New technology and climate change impacts
 - ✓ Watershed approach and the private sector
 - ✓ Integrating water, wastewater, stormwater
5. Make Ontario leader in water policy
 - ✓ *And begin with better data*



Presentation to Blue Cities Conference by **Michael Fenn**

President, Fenn Advisory Services Inc.
mfenn@cogeco.ca

Thank you!
Questions?C
omments?

May 17 2017