SUBJECT: Wastewater Abatement Program Amendments (FCS09058) (City Wide) - Item N of Audit & Administration Outstanding Business List

RECOMMENDATION:

(a) That the Wastewater Abatement Program amendments to provide commercial food growers the opportunity for an exemption from the payment of the wastewater charge for water not returned to the City’s sewer system be approved with the same requirements as potential participants from the commercial and industrial sectors;

(b) That all necessary amendments be made to the following City of Hamilton By-laws to reflect the Program amendments referred to in recommendation (a):
   (i) the City’s Waterworks By-law R84-026, as amended; and
   (ii) the City’s Sanitary Surcharge and Wastewater Abatement By-law No. 03-272, as amended; and

(c) That Item N be removed from the Audit & Administration Outstanding Business List.

Roberto Rossini
General Manager
Finance and Corporate Services
EXECUTIVE SUMMARY:

The Wastewater Abatement Program (WAP) takes into account the differences that occur when water flows are not discharged to the sanitary or combined sewer system but are instead consumed by the user's product or process.

For many commercial and industrial ratepayers, there can be a considerable difference between metered water consumption and effluent discharged into the City's wastewater system. Differences occur when water flows are not discharged to the sanitary or combined sewer system but are instead consumed by the user's product or process.

The WAP takes these differences into consideration. Eligible commercial and industrial ratepayers are able to apply for an assessment of the flow differential between water use and effluent discharged to the City's sanitary sewer and combined sewer systems. In some circumstances, a ratepayer's sewer surcharge may be abated (allows for a credit on the Sewer Surcharge amount of the water bill paid by the ratepayer) to more accurately reflect their use of the City's sewer systems. This program was approved by the City in 2003 (refer to report FCS02125/TOE02201) and was phased in over a three year period.

Staff have been directed to report back on the issue of water\wastewater pricing as it relates to the irrigation requirements for tender fruit production. The City is a community partner in Hamilton Eat Local which was formed in 2005 by Environment Hamilton. A key objective of Hamilton Eat Local is to encourage Hamiltonians to buy food grown by local farmers. As such, it is recommended to amend the WAP to allow commercial food growers (farms) the opportunity for an exemption from the payment of the wastewater charge for water not returned to the City's sewer system with the same WAP requirements as potential program participants from the commercial/industrial sector.

BACKGROUND:

The Wastewater Abatement Program (WAP) currently recognizes the potential difference between water consumption and effluent discharge may be significant and is usually sustained throughout the year for a limited number of businesses in the commercial/industrial sector.

The WAP requires a minimum 25% diversion threshold and eligible participants may be eligible for a 75% maximum abatement. The minimum 25% sewer surcharge would be applied since the sewer system must be maintained even if the discharge is low. Sewer systems are provided based on zoning and also involve more infrastructure for larger customers. The minimum charge ensures that large customers with large flow differentials continue to contribute some funds to the sanitary sewer system. Since the WAP was approved in 2003, a total of 3 industrial firms have applied and qualified for an abatement ranging from 7% to 67% of their sewer surcharge.
The City is a founding community partner in Hamilton Eat Local which was formed in 2005 by Environment Hamilton. Among its objectives is to encourage Hamiltonians to buy food grown by local farmers. In order to support this goal, staff are recommending that the WAP be amended to allow commercial food growers the opportunity for an exemption from the payment of the wastewater charge for water not returned to the City’s sewer system. Potential commercial food growers would have to meet the same program eligibility requirements as other commercial/industrial WAP applicants.

**ANALYSIS/RATIONALE:**

The Wastewater Abatement Program (WAP) has been limited exclusively to businesses in the commercial/industrial sector since its inception and the irrigation needs for commercial food growers (farms) had not been considered.

Given Council direction to investigate the issue of water/wastewater pricing for local commercial food production, staff have conducted a limited review of area food growers. Most area farms are located on the outer limits of the City’s geographic boundaries and do not currently have the ability to connect to the City’s water and/or wastewater systems. As a result, amending the WAP to allow commercial food growers the opportunity for an exemption from the payment of the wastewater charge for water not returned to the City’s sewer system is not anticipated to result in a significant financial impact to the City’s wastewater revenues. Based on the limited number (3 to date) of WAP participants from the currently allowed commercial/industrial sector, it is very difficult to estimate what financial impact would result from commercial food growers participating in the WAP.

The recommended extension of the WAP to commercial food growers does support the City’s partnership with Hamilton Eat Local’s with its objective to encourage Hamiltonians to buy food grown by local farmers. Those farmers who do have connection (or who may have opportunity to connect) may qualify under the WAP for a sewer surcharge abatement. This abatement would provide some financial relief for crop irrigation costs that may benefit both local food growers and consumers.

**ALTERNATIVES FOR CONSIDERATION:**

Status Quo – Continue to restrict the potential participation in the Wastewater Abatement Program to businesses in the commercial/industrial sector and exclude local commercial food production irrigation water requirements from the program. This option is not recommended since this would not support the City’s partnership with Hamilton Eat Local’s objective to encourage Hamiltonians to buy food grown by local farmers. Additionally, if a commercial food grower can demonstrate that a significant amount of its metered water consumption is not returned to the City’s sewer system then, based on fairness, an abatement is appropriate.
FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial - Amending the WAP to allow commercial food growers the opportunity for an exemption from the payment of the wastewater charge for water not returned to the City’s sewer system is not anticipated to result in a significant financial impact to the City’s wastewater revenues.

Staffing – N/A.

Legal - If the proposed changes to the Wastewater Abatement Program are approved, amendments to both the City's Waterworks By-law and the Sanitary Surcharge and Wastewater Abatement By-law will be required.

POLICIES AFFECTING PROPOSAL:

N/A.

RELEVANT CONSULTATION:

Public Works - Water and Wastewater Division, Superintendent Compliance and Regulations Section

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No
The amendments to the Wastewater Abatement Program would assist to create a more supportive environment for local farmers.

Environmental Well-Being is enhanced. ☑ Yes ☐ No
The consumption of locally grown food reduces greenhouse gas emissions with less transportation required to have food go from field to consumer.

Economic Well-Being is enhanced. ☑ Yes ☐ No
While amendments to the Wastewater Abatement Program may result in some reduced wastewater revenues, the proposed changes would enhance the economic competitiveness of local commercial food companies.

Does the option you are recommending create value across all three bottom lines? ☑ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☐ Yes ☑ No