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Town of Aurora
Committee of the Whole Report
No. OPS25-005

Subject: Bulk Water Fees – Development Operations

Prepared by: Luigi Colangelo, Manager of Public Works

Department: Operational Services

Date: March 4, 2025

Recommendation

1. That Report No. OPS25-005 be received; and
2. That the proposed amendments to the Fees and Charges By-law Number 6656-24 for Bulk Water Fees for Construction Water be approved; and
3. That a by-law to amend By-law No. 6656-24 – 2025-26 Fees and Charges By-law be brought forward for enactment.

Executive Summary

This report recommends an amendment to the Fees and Charges By-law Number 6656-24 to increase the fees for the bulk water used in construction. The proposed changes aim to ensure that the fees reflect the current costs associated with providing this service and to support the Town of Aurora's (the Town's) financial sustainability:

- Water loss is an issue the Town experiences for a variety of reasons and tries to mitigate through ongoing improvements to its distribution system.
- The Town's Fees and Charges By-law's included fee for bulk water usage has not kept pace with the rate of water consumption in the construction of homes by developers.
- Significant discrepancy discovered within bulk water construction charges related to the fees the Town imposes for water use versus the actual amount of water consumed by developers.

- Proposed fee increase will help the Town to recover some of the costs associated with water loss and support our financial sustainability in providing water services.

Background

Water loss is an issue the Town experiences for a variety of reasons and tries to mitigate through ongoing improvements to its distribution system.

Water loss is a significant challenge faced by all municipalities, including the Town, due to factors such as aging infrastructure, unauthorized water usage, and inaccuracies in water metering. Any underbilling for bulk water contributes to the Town's overall reported water loss. To address these issues and to reduce water loss, Operational Services has implemented several key measures aimed at improving the efficiency and integrity of the distribution system.

One notable improvement was the removal of by-pass lines for larger water meters. These by-pass lines previously allowed the Town to change the water meter without disruption in water supply. This posed a risk of building owners opening the by-pass valve contributing to unaccounted-for water usage, water loss and revenue shortfalls. By eliminating these by-pass lines, the Town has ensured that all water consumption is accurately recorded through the water meters, reducing opportunities for unauthorized or unmetered usage.

Another initiative has been the replacement of old water meters with smart water meters which are significantly more accurate than their predecessors and provide real-time data on water consumption. This enhanced accuracy allows the Town to identify and to address potential leaks or discrepancies more quickly, thereby minimizing water loss and improving overall system efficiency.

The Town has also taken steps to monitor new developments to prevent unauthorized water usage, such as stealing water from fire hydrants. Regular inspections and stringent enforcement ensure that developers and builders adhere to regulations and use water resources responsibly. This proactive approach helps to safeguard the integrity of the water distribution system and maintain fairness in water usage.

Additionally, Operational Services will make timely repairs to the distribution system when watermain breaks are found. Prompt repair of these breaks minimizes water loss and ensures the reliability of the water supply system.

Through these ongoing efforts, the Town continues to make progress in mitigating water loss, ensuring sustainable water management, and improving the efficiency of the distribution system for the benefit of all residents and businesses.

The Town's Fees and Charges By-law's included fee for bulk water usage has not kept pace with the rate of water consumption in the construction of homes by developers.

The Town's Fees and Charges By-law Number 6656-24 establishes the schedule of fees for various municipal services, including bulk water for construction. While the fees charged for construction water have increased over the years, the reality is that developers are using approximately ten times more water than what is currently being charged. Current bulk water fee for construction of \$175 does not cover the actual costs incurred by the Town.

Table 1: Current Fees for Bulk Water (construction)

| Description of Service for Fee or Service Charge | Unit of Measure | 2025* | 2026* |
|--|--|-------|-------|
| Bulk Water Fee (during construction) | per residential/town house unit | \$175 | \$179 |
| | per high density/apartment unit | \$98 | \$100 |
| | non-residential (per 100m ²) | \$67 | \$68 |

*includes HST where applicable

Analysis

Significant discrepancy discovered within bulk water construction charges related to the fees the Town imposes for water use versus what the actual amount of water consumed by developers.

The proposed amendment includes an increase to the bulk water fees for construction to better reflect the costs associated with water provision, infrastructure maintenance, and administrative expenses. The new fee structure has been benchmarked against neighbouring municipalities to ensure competitiveness and fairness.

Staff conducted a survey of surrounding municipalities and found that they all charge developers different amounts for construction water (Table 2).

Developers and builders use significant amounts of water for various construction activities, which involve numerous trades, each requiring water for their specific tasks:

1. **Masonry Trades:** Bricklayers often require water for mixing mortar and keeping bricks moist during installation. Additionally, in winter months, water is left running 24/7 to prevent freezing in service lines, which significantly contributes to overall water usage.
2. **Landscaping Trades:** Landscaping crews use substantial amounts of water to irrigate newly laid sod, shrubs, and trees. Watering is critical to ensure proper root establishment and growth in the initial stages of landscaping.
3. **Cleaning and Finishing Trades:** Cleaning crews use water for pressure washing and cleaning surfaces of homes and construction areas before occupancy. Interior finishing crews may also use water for cleaning paint brushes, tools, and surfaces during final touch-ups.
4. **Street Maintenance Trades:** Road and site cleaning crews utilize water for dust suppression and street cleaning around construction sites to maintain safety and cleanliness. This process is vital to reduce airborne particles and debris that could impact neighbouring areas.
5. **Concrete and Foundation Trades:** Water is essential for mixing concrete and curing it after pouring foundations, driveways, and walkways. Proper curing is critical for ensuring the durability and strength of the concrete structures.
6. **Plumbing Trades:** Plumbers often require water for testing and flushing out plumbing systems to ensure they function correctly before homes are occupied. This includes testing water pressure and ensuring that all fixtures and pipelines are operational.
7. **HVAC and Mechanical Trades:** Mechanical system installations, such as HVAC units, often require water for testing cooling systems and hydronic heating components.

These trades collectively contribute to the significant consumption of water during construction. Despite this extensive usage, the Town currently does not receive compensation that reflects the true volume of water used. By adjusting the bulk water fees, the Town can better align charges with actual water usage, ensuring that all trades contribute their fair share to cover the costs of water provision, infrastructure maintenance, and wastewater fees paid to The Region of York (the Region).

Despite these extensive water usage practices, the Town is not receiving payment for every cubic metre of water provided. In a recent instance involving a private condo development, it was determined the developer was charged for only 5 per cent of the actual water used in the construction of a 200-townhome development over two years.

This discrepancy highlights the need for an amendment to the current fee structure. By increasing the bulk water fees for construction, the Town can ensure its fees are reflective of the actual costs incurred. This adjustment will help cover the costs of water provision, infrastructure maintenance, and administrative expenses, thereby supporting the Town's financial sustainability, ensuring the equitable cost sharing amongst all water users, including developers and their builders.

Table 2: Neighbouring Municipalities Bulk Water Rates

| Description of Service for Fee or Service Charge | Unit of Measure | 2025* |
|--|--|---|
| Aurora | per residential/town house unit | \$175 |
| | per high density/apartment unit | \$98 |
| | non-residential (per 100m ²) | \$67 |
| Whitchurch-Stouffville | per residential/town house unit | \$487.48 |
| | per high density/apartment unit | \$243.74 |
| | non-residential (per 1000ft ² or 93m ³) | \$602.18 |
| East Gwillimbury | per residential/town house unit | \$62.30 |
| | per high density/apartment unit | Metered rate – hydrant meter to be charges at prevailing water rate |
| | non-residential | |
| King | per residential/town house unit | \$155 |
| | per high density/apartment unit | Unavailable |
| | non-residential (per 100m ²) | Unavailable |
| Newmarket | per residential/town house unit | Metered rate – hydrant meter & BFP until permanent meter installed + \$634.69/service |
| | per high density/apartment unit | |
| | non-residential (per 100m ²) | |
| Durham (for Ajax, Whitby, Oshawa) | All Building Purposes (per service) | \$243 |
| Markham | per residential/town house unit | \$135 |
| | per high density/apartment unit | \$68.05 |
| | non-residential (per 100m ²) | \$45.40 per 100m ² |

| Description of Service for Fee or Service Charge | Unit of Measure | 2025* |
|--|--|-------|
| Richmond Hill | per residential/town house unit | \$137 |
| | per high density/apartment unit | \$63 |
| | non-residential (per 100m ²) | \$53 |

*includes HST where applicable

Proposed fee increase will help the Town to recover some of the costs associated with water loss and support our financial sustainability in providing water services.

The proposed fee increase outlined in Table 3 is an essential step toward ensuring the Town’s financial sustainability in its provision of water services. By aligning charges with current market rates and operational costs, the Town can better address the financial impacts of water loss, including the cost of repairs, system upgrades, and other mitigation measures.

A significant portion of water-related expenses arise from water and wastewater fees paid to the Region, which are calculated based on the total volume of water supplied to the Town. When water is lost due to leaks, unauthorized usage, outdated infrastructure, or when bulk water is underbilled, the Town is still required by York Region to pay its associated wholesale water and wastewater fees for this consumption. The proposed bulk water fee adjustments will help to ensure a better recovery of these costs, from developers/builders for construction water ensuring that the financial burden of water loss is distributed more equitably among users.

These adjustments reflect the true cost of providing water services, including the wastewater fees paid to the Region. As construction projects often rely heavily on bulk water usage, these fees ensure that developers and builders contribute their fair share toward the overall cost of maintaining the water distribution system.

In addition to addressing the costs of water loss, the fee increase will support the Town’s ongoing investments in infrastructure improvements. This includes upgrading to more accurate smart meters, replacing aging pipelines, and conducting regular inspections and repairs. These efforts not only reduce water loss but also enhance the reliability and efficiency of the water distribution system, benefiting all residents and businesses.

By implementing this fee increase, the Town is taking a proactive approach to maintaining the long-term sustainability of its water services. This measure ensures

that the necessary resources are available to address current challenges while preparing for future demands on the water distribution system. Ultimately, this helps safeguard a vital service for the community while promoting responsible water management practices.

Table 3: Proposed Fee Increase for Bulk Water (construction)

| Description of Service for Fee or Service Charge | Unit of Measure | 2025* | 2026* |
|--|--|---|-------|
| Bulk Water Fee (during construction) | per residential/town house unit | \$600 | \$700 |
| | per high density/apartment unit | Metered rate – hydrant meter to be charges at prevailing water rate | |
| | non-residential (per 100m ²) | \$400 | \$450 |

*includes HST where applicable

Shown in Table 3: If approved, freehold residential units including town house units will be charged a flat rate per unit at the shown rate. High-density condominium and apartment residential will be charged by meter, at the prevailing water rate, based on the entire building’s use.

While installing a water meter in a freehold subdivision would be the most accurate way to capture the amount of construction water used by a developer or builder, this approach is highly cost prohibitive. These large water meters must be placed within meter chambers, requiring significant upfront installation expenses. Additionally, they necessitate monthly readings and reconciliation against permanent meters once home construction is complete. This process often leads to disputes between builders and the Town, particularly in subdivisions where multiple builders operate simultaneously. The high cost of large chamber meters, combined with the need for re-excavation after subdivision completion, makes this method impractical. The proposed fee increase will help offset the financial burden of water loss while ensuring a more feasible and equitable approach to cost recovery.

Advisory Committee Review

Not applicable.

Legal Considerations

The current Municipal Waterworks Distribution System Bylaw No. 3305-91 states that builders/contractors requiring water for construction purposes shall pay the water rates as determined by the Director.

In addition to the bulk water fee being paid, once a meter is eventually installed on the site, the builder/contractor must then start paying for any metered water at the applicable metered rate.

Financial Implications

The proposed bulk water fee increases will help to ensure the Town maximizes the cost recovery of its water and wastewater costs as they relate to developer water usage.

Prior to the recommended fee changes, the Town's metered water users have unfairly subsidized water users that are subject to bulk water fees. These fee changes will help to ensure a more equitable distribution of the Town's water and wastewater costs across all of its user groups.

Should Council approve these recommended fee changes, staff will initiate the necessary 14-day public notification period. Upon its conclusion, the amended bylaw will be presented to Council for its formal approval.

Communications Considerations

Should Council approve these recommended fee changes, Communications staff will assist with the 14-day public notification period with published notices and once the bylaw is approved, it will be posted online.

Climate Change Considerations

The recommendations from this report does not impact greenhouse gas emissions or impact climate change adaptation.

Link to Strategic Plan

The Bulk Water Fees-Development Operations report supports the Strategic Plan goal of Supporting an Exceptional Quality of Life for All through its accomplishment in satisfying requirements in the following key objective within this goal statement:

Invest in sustainable infrastructure. Maintain and expand infrastructure to support forecasted population growth through technology, waste management, roads, emergency services and accessibility.

Alternative(s) to the Recommendation

1. Maintain the current fee structure, which may result in continued financial shortfalls.
2. Implement a phased fee increase over several years to gradually align with actual costs.
3. Council may provide alternative recommendation(s).

Conclusions

The proposed amendment to the Fees and Charges By-law Number 6656-24 for bulk water fees for construction is necessary to ensure that the fees charged are reflective of the actual costs incurred by the Town. This change will support the Town's financial sustainability and promote efficient water use.

Attachments

None.

Previous Reports

None.

Pre-submission Review

Agenda Management Team review on February 13, 2025.

Approvals

Approved by Sara Tienkamp, Director, Operational Services

Approved by Doug Nadorozny, Chief Administrative Officer