



August 23, 2012

City Council Committee Report

To: Mayor & Council

**Fr: Richard Perchuk, Manager of Operations
Biman Paudel, Water & Sewer Supervisor**

Re: Water Tank Truck Delivery Cost Analysis

Recommendation:

That Council of the City of Kenora hereby accepts the projected rate increase for tank truck water delivery as per Richard Perchuk's cost analysis attached hereto.

Background:

Prior to amalgamation the former townships of Kenora and Keewatin offered water delivery service by tank truck. At amalgamation Council approved the continuation of water delivery by tank truck to residents living within 'Zone 1' the area between the City's west and east Highway 17 boundary lines, north of Lake of the Woods and south of the By-pass and to discontinue the service to residents who resided in the remaining surrounding lands defined as 'Zone 2' due to the cost to service the remote areas. The continuation of service was contingent upon an immediate rate increase and the acknowledgement that future rate increases would be required to offset the service in keeping with the 'user pay' system.

In order to assess the cost of service versus revenue generated the Water and Sewer Supervisor was requested to submit a cost analysis. The attached analysis states that there are an average of 35 customers receiving tank truck water delivery per month at an overall loss of revenue at \$3,085 per month.

A survey of the private sector offering water delivery determined the cost was between \$90.00 to \$100.00 per hour plus the cost of water.

I recommend that Council accept the revised rates outlined in the attached cost analysis, to be phased in over a three year period, in order to continue the service and eliminate the deficit.

Budget: N/A

Notice required.

Communication Plan/Notice By-law Requirements:

Resolution & By-law required.

Distribution: R. Perchuk, Biman Paudel