



2023 Water, Wastewater and Stormwater 10-Year Financial Plans



Presenter: Andrea Tang | June 19, 2023

2023 Financial Plan Objectives

- Address recommendations from the Fiscal Strategy:
 - carry out a comprehensive rate setting study ;
 - employ strategies to increase contributions to reserves to build them to more appropriate levels (this includes the Asset Replacement Fund and Rate Stabilization);
 - develop detailed ten-year financial plans
- Incorporate capital inflation supplement



Capital Inflation Supplement

April 3 Council direction:

. . . in advance of the next budget, Staff report to Council with options for addressing the 3.3 % Capital Inflation Supplement for Council's consideration;

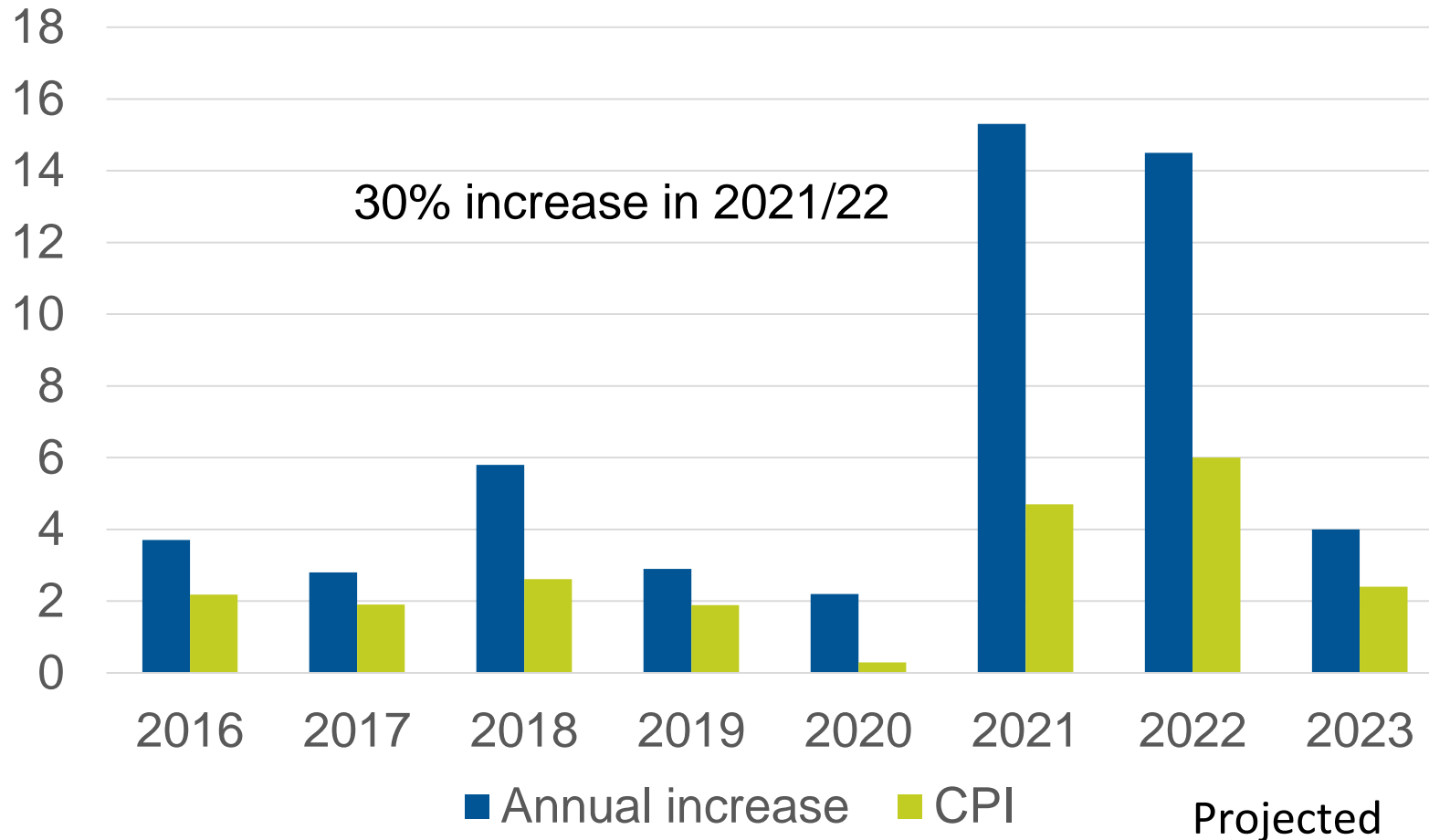


ARF is a large part of the rate-supported budgets

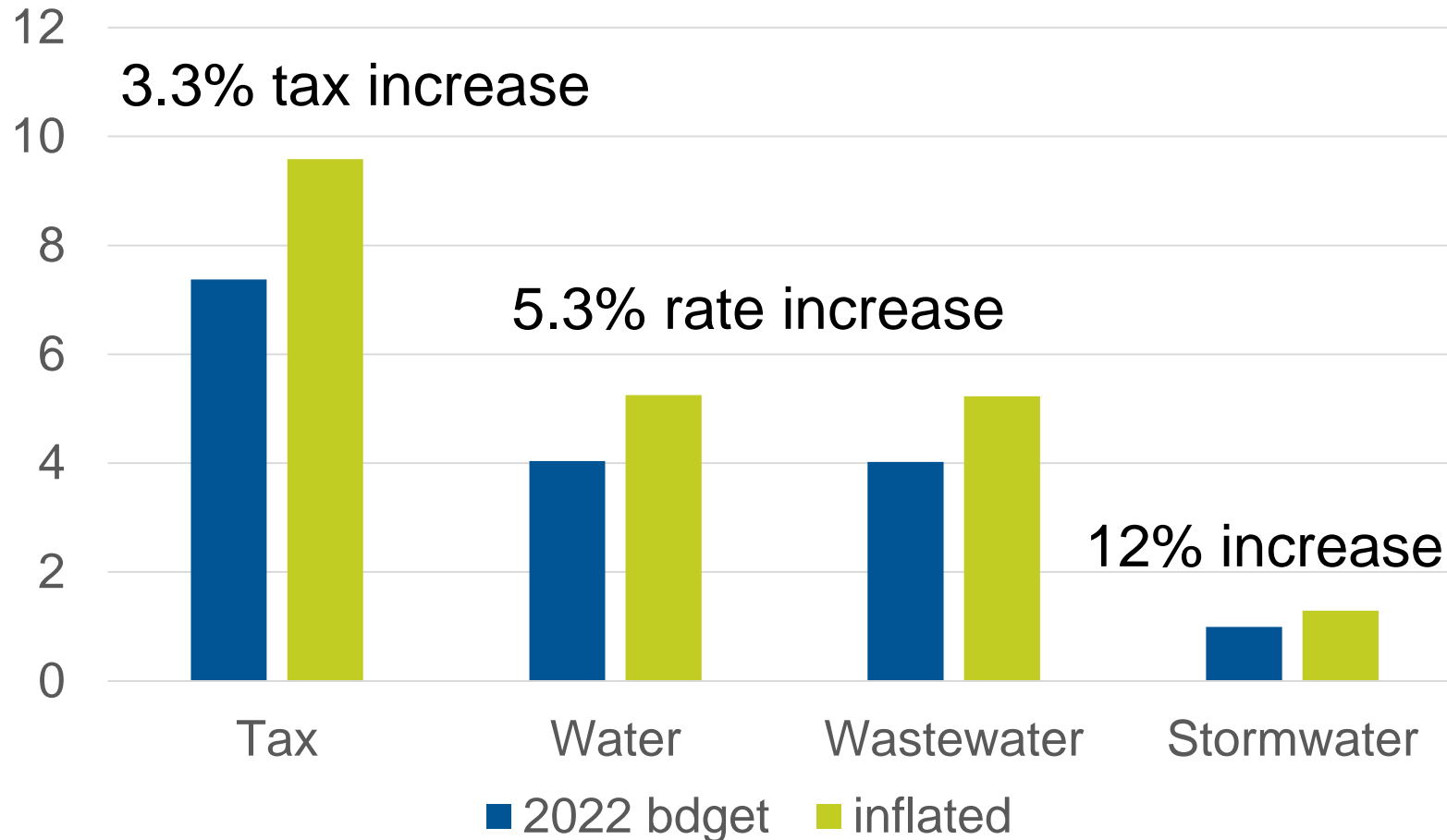
2023 Budget	Revenue	ARF Contribution	ARF % of Budget
	In \$ millions		
Water	\$ 21.6	\$ 3.4	15.7 %
Wastewater	\$ 24.9	\$ 2.9	11.6%
Stormwater	\$ 3.0	\$ 0.8	26.7 %
Tax-supported	\$94.9	\$5.5	5.7%



Construction Price Increases spiked in 2021/22



Consideration was given to increasing ARF as a Capital Inflation Supplement



Current Financial Position

Reserve / Reserve Fund	Stormwater	Water	Wastewater
	\$ in millions		
Rate Stabilization*	\$1.6	\$3.2	\$2.6
Asset Replacement Fund* (ARF)	\$1.3	\$31.2	\$35.1
Revenues (2023 Budget)	\$3.0	\$21.6	\$24.9



* - Reserve / Reserve Fund Balance as at December 31, 2022

Stormwater

- Previous update was completed in 2019
- The updated plan incorporates the following:
 - Asset replacement requirements as identified in the Asset Management Plan
 - Stormwater management pond cleaning costs
 - Capital inflation supplement
 - Use of Ontario Community Infrastructure Fund (OCIF) as a funding source



Stormwater

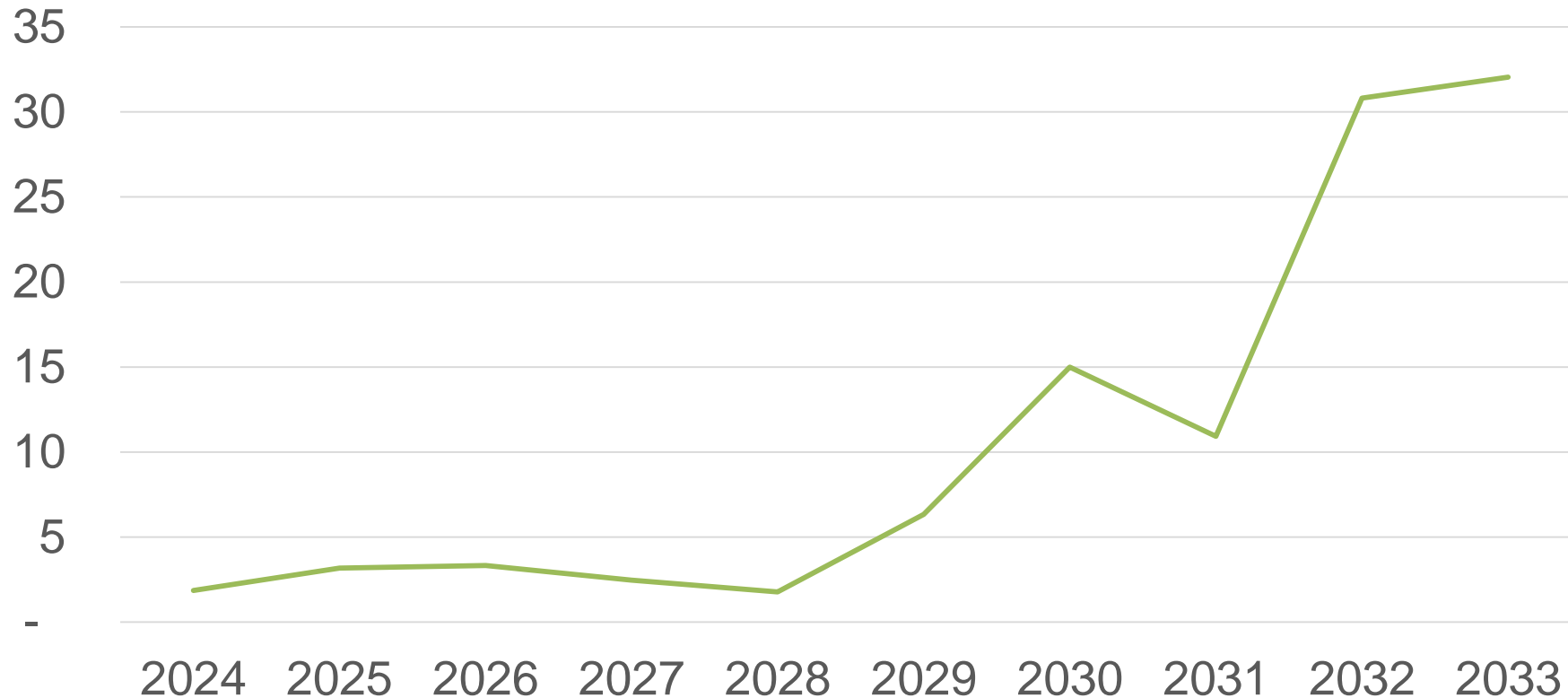
Reserve / Reserve Fund	\$ in millions
Rate Stabilization*	\$1.6
Asset Replacement Fund* (ARF)	\$1.3
Revenues (2023 Budget)	\$3.0

* - Reserve / Reserve Fund Balance as at December 31, 2022



\$108 million Stormwater Capital Expenditures

Capital Expenditures
(\$ in millions - inflated)



Stormwater Initial Findings – 25% annual rate increase

- Due to the following factors:
 - Low reserve balance in ARF
 - Aging infrastructure - \$108 million replacement costs over the 10-year period
 - Low revenue base - 1% increase equates to only \$30,000



The stormwater increases can be mitigated by support from water and wastewater

- Municipal Act (417) 4
 “A Municipality by by-law may provide that the money raised for a reserve fund may be spent, pledged or applied to a purpose other than that for which the fund was established.”

Year	Water ARF	Wastewater ARF	Stormwater ARF	Net
2023	\$0	(\$25) million	\$25 million	\$0
Annual transfer 2024 to 2032	(\$1.5) million	(\$1.5) million	\$3 million	\$0



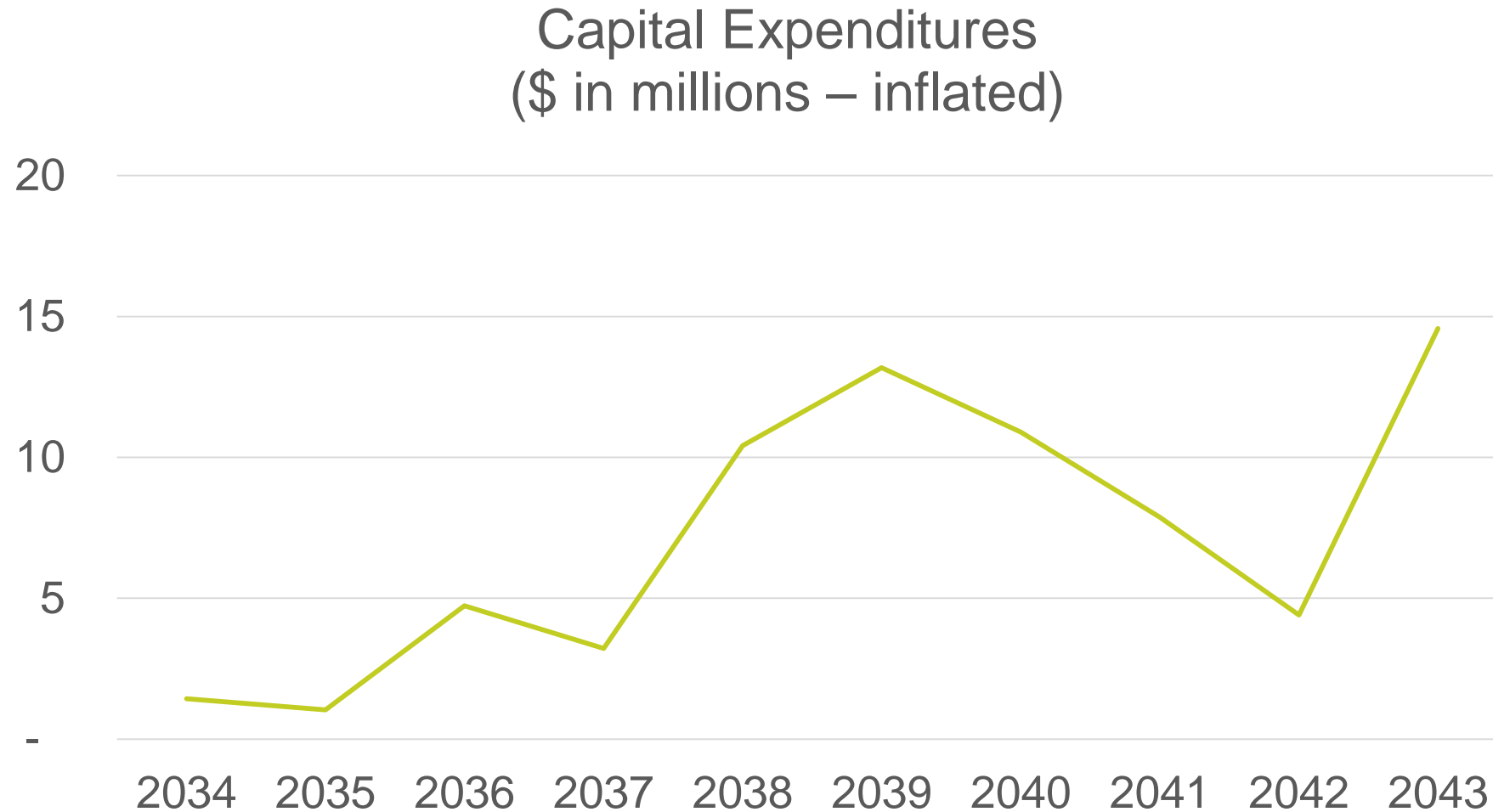
Stormwater annual increase will be reduced from 25% to 10%

Water & Wastewater

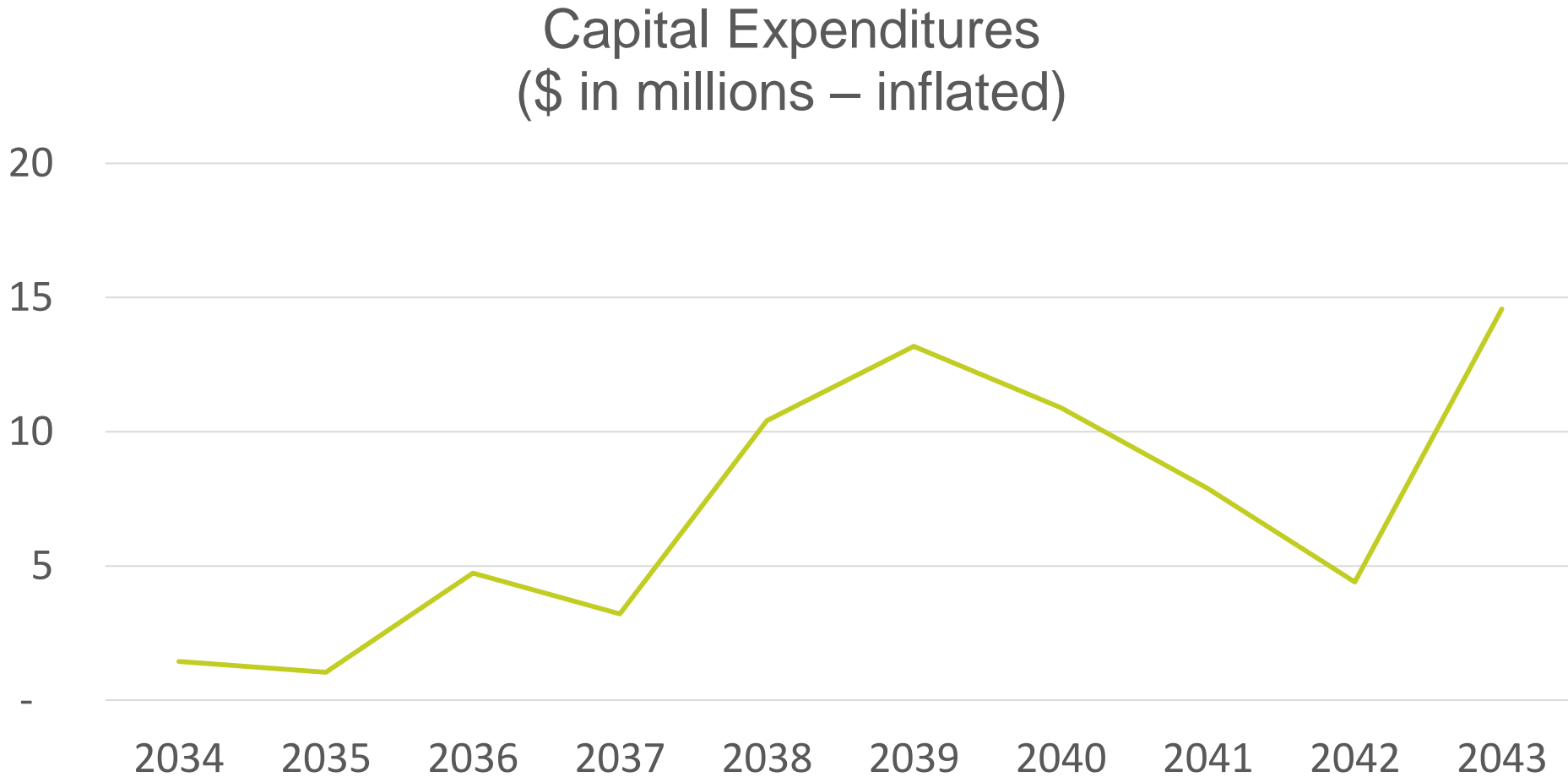
- Previous update was completed in 2021 (for renewal of the Town's Municipal Drinking Water License)
- The updated plan incorporates the following:
 - Asset replacement requirements as identified in the Asset Management Plan
 - Region's approved annual increase
 - Capital inflation supplement
 - Use of Ontario Community Infrastructure Fund (OCIF) as a funding source (Water)



\$79 million Water Capital Expenditures



\$72 million Wastewater Capital Expenditures



Water & Wastewater Initial Findings

- Based only on the individual funding requirements:
 - Water starting at 5.0% in 2024 progressing to 7.5% (average 6.8%)
 - Wastewater starting at 4.0% in 2024 progressing to 4.5% (average 4.4%)



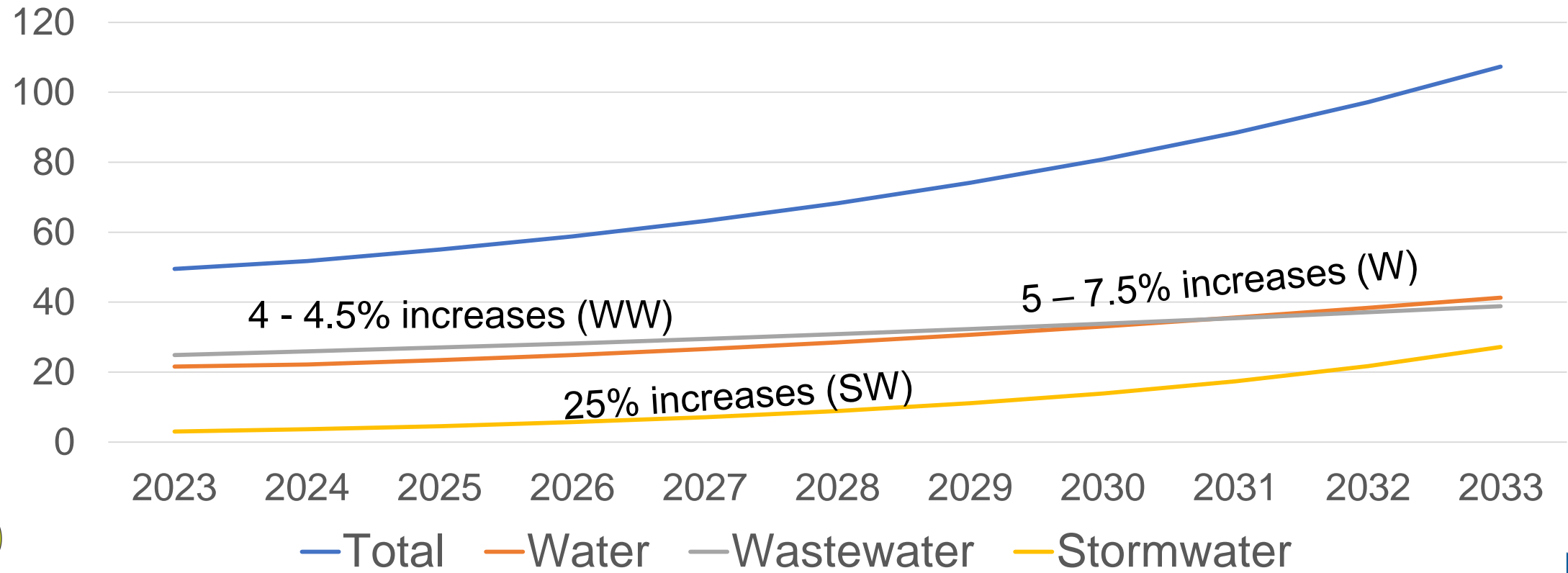
Water & Wastewater – 7% annual rate increase

- To facilitate reducing the Stormwater rate from 25% to 10%, the annual increase for both water and wastewater would be 7%
 - Accounted for the \$25 million transfer from Water ARF to Stormwater ARF
 - Contribution of \$1.5 million each from Water and Wastewater ARF to Stormwater ARF

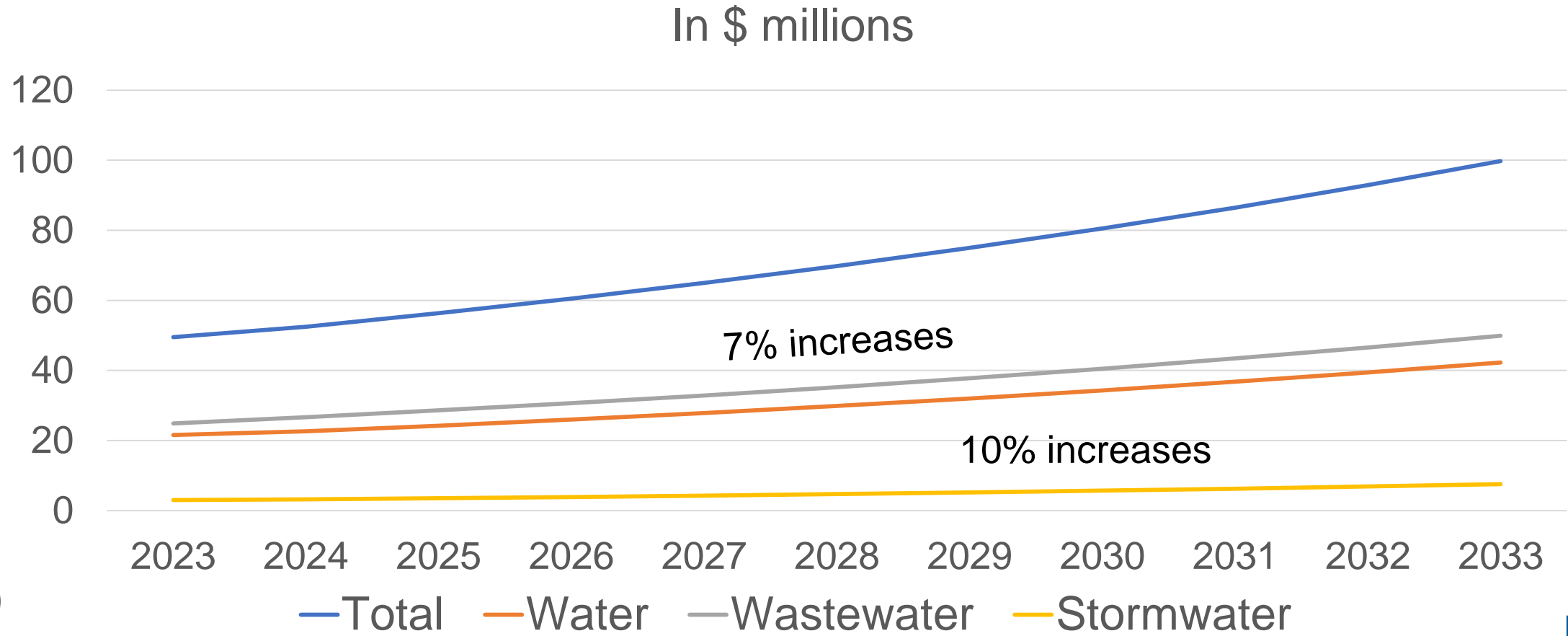


Rate-supported revenue requirements

In \$ millions



Rate-supported revenue requirements (reallocated)



Recommendations

- That Council approve a one-time transfer of \$25 million from the Wastewater Asset Replacement Fund to the Stormwater Asset Replacement Fund to meet the funding requirements as outlined in the plan
- That any year-end surpluses will be allocated in the following manner:
 - first to reserve requirements, if any
 - second to the respective Rate Stabilization Reserves up to the defined levels;
 - any remaining surplus to the respective Asset Replacement Reserve Funds
- That Council approve the defined levels for Rate Stabilization Reserves at 10% of revenues for water and wastewater and 15% for stormwater on an interim basis pending results of the upcoming reserve and reserve funds review

