

# Township of Wellington North

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## Water and Wastewater Rate Study

December 7, 2015

# Study Purpose

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- ❑ Identify all current and future water and wastewater system capital needs;
- ❑ Identify cost recovery options for capital;
- ❑ Estimate future operating costs over the next 6 years; and
- ❑ Recommend new rates to recover the cost of the water and wastewater systems.

# Present Rate Structure

Township of Wellington-North	
2015 - Water Billing Rates	

Township of Wellington-North	
2015 - Wastewater Billing Rates	

Flat Rate - Monthly		
\$	45.67	Per Residential
\$	54.75	Per Non-Residential

Flat Rate - Monthly		
\$	56.17	Per Residential
\$	67.33	Per Non-Residential

Volume Charge		
\$	2.010	per m <sup>3</sup>

Volume Charge		
\$	2.470	per m <sup>3</sup>

# Capital Infrastructure

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- Capital needs were developed by Township staff
- Works were identified based on 2014 actual and 2015 to 2021 capital forecast and review of capital infrastructure replacement
- Capital works were identified by
  - Need;
  - Timing; and
  - Costs.
- The following capital listing is provided – costs have been spread evenly over the forecast period

# Water Capital System Needs 2015 – 2021 (\$17.1 million - Inflated)

Description	Total (2015 - 2021)	Years Undertaken
<b>Capital Expenditures</b>		
King St W (Main- Queen St W) eng & const	\$134,000	2015, 2016
Eliza St. (Frederick St E-Bellefield Cr) eng. & const	\$212,000	2015, 2016
2007 Pick Up Truck Replacement	\$35,000	2015
Water System Scada upgrades	\$182,000	2015
Francis St (Charles St W- George St) eng & construction	\$241,000	2016, 2017
James St (Queen St W - North Water St) eng & const	\$300,000	2016, 2017
Elgin St (Wellington St- King St W) eng & const	\$136,000	2016, 2017
2008 Pick Up Truck Replacement	\$36,000	2016
Cork St. (Waterloo- Princess St)	\$121,000	2016
Charles St E (George St-Isabella St) eng & const	\$151,000	2017, 2018
Fergus St (King St E- Wellington St E)eng & const	\$151,000	2017, 2018
Williams St (Queen St- N. Water St) eng & const	\$336,000	2018, 2019
Walton St (Clark St- Tucker St) eng & const	\$134,000	2018, 2019
New Trunk Line to MF Water Tower	\$424,000	2018
Water Meters	\$1,380,000	2018
2010 Pick Up Truck Replacement	\$37,000	2018
Isabella St (Frederick St- John Eliza) eng	\$47,000	2019
John St. (Queen-Waterloo St) eng	\$21,000	2019
<b>Growth Related:</b>		
MF Water Tower/Booster station - Standpipe/Southend	\$2,165,000	2019
AV Frederick St.(Joint Project with County)	\$537,000	2015
Miller/John/North Water St.	\$487,000	2015
Wells St. (Domville St. to Eliza St.)	\$746,000	2020
Sligo Road (Church St. to London Rd.)	\$293,000	2020
London Road (Sligo Rd. to Wellington St.)	\$348,000	2020
Durham St. (London Road Westerly)	\$40,000	2020
Murphy Lands (Bristol St./Bentley St.)	\$568,000	2016, 2021
<b>Studies:</b>		
Water and Wastewater Rate Study	\$35,000	2015, 2020
<b>Lifecycle:</b>		
Water Facilities	\$2,372,000	2019 - 2021
Arthur Water Distribution	\$2,256,000	2019 - 2021
Mt Forest Water Distribution	\$3,171,000	2019 - 2021
<b>Total</b>	<b>\$17,096,000</b>	

# Wastewater Capital System Needs 2015–2021 (\$18.2 million - Inflated)

Description	Total (2015 - 2021)	Years Undertaken
<b>Capital Expenditures</b>		
Miller/John/North Water St	\$368,000	2015
King St W (Main- Queen St W) eng & const	\$150,000	2015, 2016
Eliza St. (Frederick St E-Bellefield Cr) eng. & const	\$239,000	2015, 2016
2007 Pick Up Truck Replacement	\$5,000	2015
Francis St (Charles St W- George St) eng & construction	\$270,000	2016, 2017
James St (Queen St W - North Water St) eng & const	\$336,000	2016, 2017
Elgin St (Wellington St- King St W) eng & const	\$152,000	2016, 2017
2008 Pick Up Truck Replacement	\$5,000	2016
Cork St. (Waterloo- Princess St)	\$35,000	2016
South Water St PS/Sanitary Main	\$810,000	2017
Charles St E (George St-Isabella St) eng & const	\$169,000	2017, 2018
Durham St E	\$68,000	2017
Fergus St (King St E- Wellington St E)eng & const	\$169,000	2017, 2018
Scada Upgrades at MFWWTP	\$175,000	2017
Williams St (Queen St- N. Water St) eng & const	\$376,000	2018, 2019
Walton St (Clark St- Tucker St) eng & const	\$150,000	2018, 2019
2010 Pick Up Truck Replacement	\$5,000	2018
Isabella St (Frederick St- John Eliza) eng	\$53,000	2019
John St. (Queen-Waterloo St) eng	\$24,000	2019
<b>Growth Related:</b>		
<b>Wastewater Facilities:</b>		
Re-Rating of Arthur WPCP Including Lagoon Expansion	\$10,067,000	2016 - 2018
<b>Arthur:</b>		
AV Frederick St.(Joint Project with County)	\$639,000	2015
Wells St. (McCauley to Domville)	\$680,000	2021
<b>Mount Forest:</b>		
Sligo Road (Chruch St. to London Road)	\$516,000	2020
London Road (Sligo Rd. to Wellington St.)	\$764,000	2020
Durham St. (London Rd. Westerly)	\$51,000	2020
Bentley St.	\$746,000	2021
Bristol St	\$720,000	2021
<b>Studies:</b>		
Water & Wastewater Rate Study	\$21,000	2015, 2020
<b>Lifecycle:</b>		
Wastewater Facilities	\$391,000	2019 - 2021
<b>Total</b>	<b>\$18,154,000</b>	

# Capital Financing Options

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- ✓ Reserves
- ✓ Debt
- ✓ Operating Budget Transfers
- ✓ Development Charges
- ✓ Grants
- ❑ Municipal Act (Part 12)

# Proposed Capital Financing Programs 2015–2021 (Inflated \$)

Description	Total Water (2015 - 2021)	Total Wastewater (2015 - 2021)
<b>Capital Financing</b>		
Development Charges Reserve Fund*	\$ 856,733	\$ 9,556,409
Non-Growth Related Debenture Requirements	\$ 3,991,450	\$ -
Growth Related Debenture Requirements	\$ 1,544,550	\$ 1,968,855
Operating Contributions	\$ -	\$ -
Lifecycle Reserve Fund	\$ 2,200,000	\$ 1,672,250
Water/Wastewater Reserve	\$ 8,145,035	\$ 4,020,018
<b>Total Capital Financing</b>	<b>\$ 17,096,000</b>	<b>\$ 18,154,000</b>

\*Wastewater DCs are supplemented with an internal loan from wastewater reserves

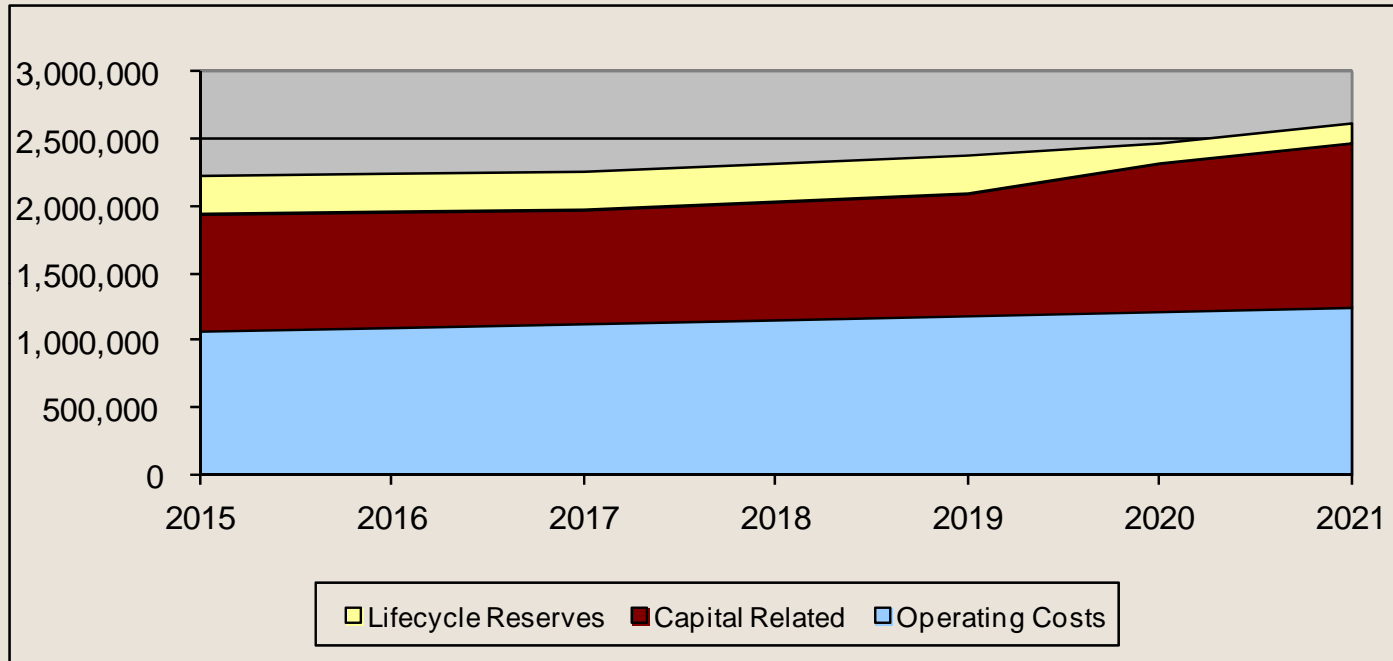


# Operating Budgets

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- Operating expenditures are increasing over the forecast to recognize inflationary impacts as follows:
  - 5% for utilities, fuels, and chemicals; and
  - 2% for all other expenditures.
- Miscellaneous operating revenues are held constant over the forecast.

# Water Operating Budget



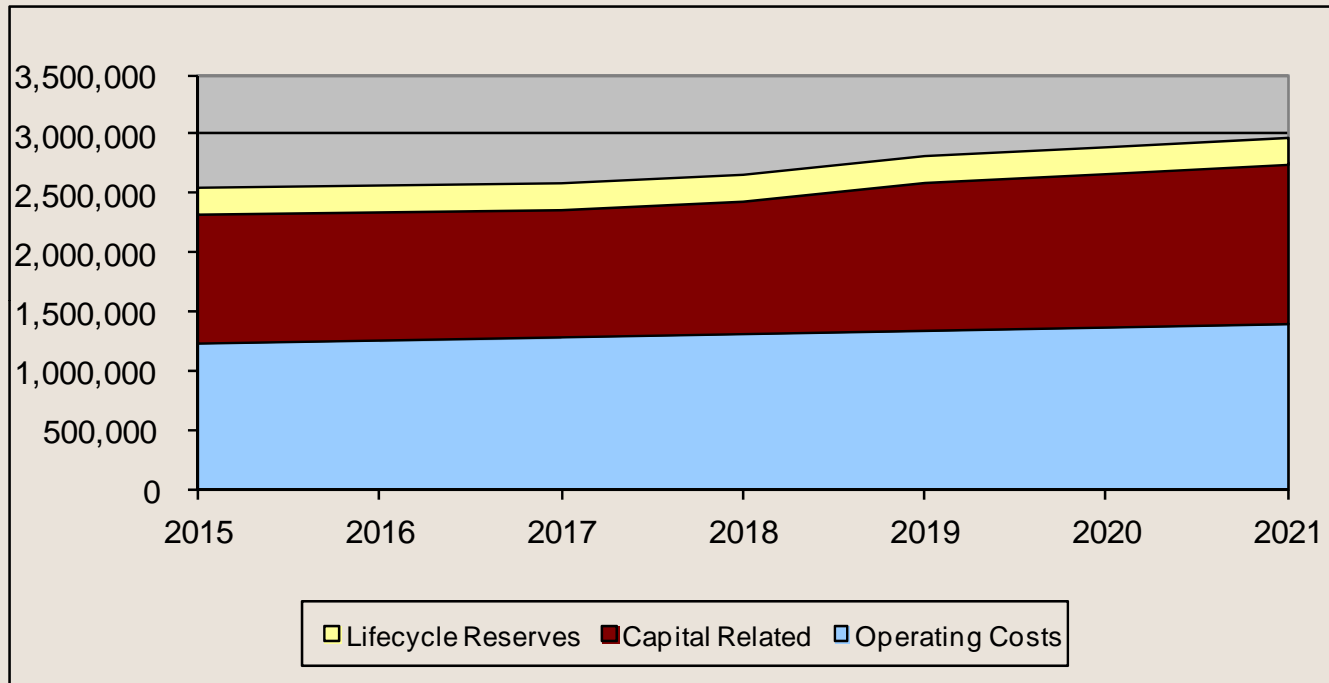
Description	2015	2016	2017	2018	2019	2020	2021
Operating Costs	1,081,000	1,108,200	1,136,200	1,165,000	1,194,600	1,225,500	1,257,200
Capital Related	864,804	853,904	840,840	871,955	903,792	1,097,190	1,215,381
Lifecycle Reserves	284,000	284,000	284,000	284,000	284,000	150,000	150,000
<b>Total</b>	<b>2,229,804</b>	<b>2,246,104</b>	<b>2,261,040</b>	<b>2,320,955</b>	<b>2,382,392</b>	<b>2,472,690</b>	<b>2,622,581</b>

# Water Rate Structure, Rate Forecast & Average Residential Bill

- Recommended changes for the existing system include:
  - Flat Rates – No increases from 2016 to 2017. Increase at 2% per year from 2018 to 2021.
  - Volume Charges – No increases from 2016 to 2017. Increase at 2% per year from 2018 to 2021.

Residential Water	2015 (Existing)	2016 (Proposed)	2017	2018	2019	2020	2021
Monthly Residential Flat Rate	45.67	45.69	45.67	46.58	47.51	48.46	49.43
Annual Residential Flat Rate	548.00	548.33	548.00	558.96	570.14	581.54	593.17
Metered ICI Volume Rates	2.01	2.01	2.01	2.05	2.09	2.13	2.18

# Wastewater Operating Budget



Description	2015	2016	2017	2018	2019	2020	2021
Operating Costs	1,241,000	1,266,600	1,292,900	1,319,800	1,347,300	1,375,300	1,403,800
Capital Related	1,092,820	1,086,092	1,079,338	1,124,191	1,256,171	1,303,636	1,354,715
Lifecycle Reserves	229,593	229,593	229,593	229,593	229,593	229,593	229,593
<b>Total</b>	<b>2,563,413</b>	<b>2,582,285</b>	<b>2,601,831</b>	<b>2,673,584</b>	<b>2,833,064</b>	<b>2,908,529</b>	<b>2,988,108</b>

# Wastewater Rate Structure, Rate Forecast & Average Residential Bill

- Recommended changes for the existing system include:
  - Flat Rates – No increases from 2016 to 2017. Increase at 2% per year from 2018 to 2021.
  - Volume Charges – No increases from 2016 to 2017. Increase at 2% per year from 2018 to 2021.

Residential Wastewater	2015 (Existing)	2016 (Proposed)	2017	2018	2019	2020	2021
Monthly Residential Flat Rate	56.17	56.17	56.17	57.29	58.44	59.60	60.80
Annual Residential Flat Rate	674.00	674.00	674.00	687.48	701.23	715.25	729.56
Metered ICI Volume Rates	2.47	2.47	2.47	2.52	2.57	2.62	2.67

# Comparison of Residential Annual Water and Wastewater Bill (based on 182 m<sup>3</sup>)

As at December 1, 2015

Municipality	Water	Wastewater	Total	Rank
Perth East - Milverton	\$ 675.94	\$ 584.40	\$ 1,260.34	1
Wellington North (Proposed) (2016)	\$ 548.33	\$ 674.00	\$ 1,222.33	2
Wellington North (Current) (2015)	\$ 548.00	\$ 674.00	\$ 1,222.00	3
Minto	\$ 485.42	\$ 632.84	\$ 1,118.26	4
Southgate	\$ 511.98	\$ 575.52	\$ 1,087.50	5
Centre Wellington (2016)	\$ 524.31	\$ 537.66	\$ 1,061.97	6
Woolwich	\$ 459.94	\$ 572.78	\$ 1,032.72	7
Centre Wellington (2015)	\$ 511.52	\$ 516.98	\$ 1,028.50	8
Mapleton - Drayton	\$ 470.86	\$ 547.30	\$ 1,018.16	9
Erin	\$ 965.46	\$ -	\$ 965.46	10
Guelph/Eramosa - Rockwood	\$ 390.74	\$ 530.88	\$ 921.62	11
Wellesley	\$ 492.76	\$ 397.78	\$ 890.54	12
North Perth	\$ 449.46	\$ 434.03	\$ 883.49	13
Orangeville	\$ 429.14	\$ 450.98	\$ 880.12	14
Guelph (2016)	\$ 384.28	\$ 431.66	\$ 815.94	15
Shelburne (2016)	\$ 352.44	\$ 441.62	\$ 794.06	16
Guelph (2015)	\$ 371.54	\$ 418.92	\$ 790.46	17
Shelburne (2015)	\$ 333.70	\$ 421.06	\$ 754.76	18
Grand Valley	\$ 241.00	\$ 450.00	\$ 691.00	19

All rates are for 2015 unless otherwise noted

# Financial Plan

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- Mandatory Requirement to file with MOE and MMAH
- As shown on the next slide, the Water License for the Township of Wellington North will expire on August 1, 2016
- This means the application for License Renewal (submitting the Financial Plan) is due February 1, 2016

# 5 Requirements for Municipal Drinking Water Licence

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1. Drinking Water Works Permit (DWWP)
2. Accepted Operational Plan, based on the Drinking Water Quality Management Standard (DWQMS)
3. Accreditation of the Operating Authority
4. **Financial Plan**
5. Permit to Take Water (PTTW)



# Summary of O. Reg. 453/07 Requirements

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- The plan requires Council approval
- The financial plans must be made available upon request to the public (without charge) and on the municipality's web site
- The availability of this information must also be advertised
- Financial Plan to include annual projections of:
  - Financial Position (financial assets, liabilities, net debt, non-financial assets)
  - Operations (revenues, expenses, annual surplus, accumulated surplus)
  - Cash Flows (cash receipts/payments from operations, capital, investing and financing)

# Matters for Council's Consideration

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1. Consider the Capital Program;
2. Consider the Operating Program;
3. Consider the Proposed Water Rates;
4. Consider the Proposed Wastewater Rates; and
5. Consider the upcoming deadline for the Financial Plan submission (February 1, 2015) and give direction & approval to prepare the Financial Plan Report for submission to the Province.