



Town of Niagara-on-the-lake

Water & Wastewater Rate Study and O.Reg. 453/07 Financial Plans

Presentation to Council

July 30, 2024



Agenda

- Background
- Water System Customers, Costs & Rates
- Wastewater System Customers, Costs & Rates
- O.Reg. 453/07 Water Financial Plan
- O.Reg. 453/07 Equivalent Wastewater Financial Plan
- Recommendations

Drinking Water Licence

SDW Act - O.Reg 188/07

Requirements for Town:

- Water Financial Plan No.069-301A to be submitted to MMAH for License Renewal (Expires March 13th 2025)
- Water Financial Plan must meet O.Reg. 453/07 requirement to cover a minimum 6-year Period: 2025 – 2030 (As this plan includes 2024, the plan as presented will be for 7-years)
- Wastewater Financial Plan not mandatory but considered best practice

Asset Management Regulation

O.Reg 588/17

Requirements for Town:

- Financial plans must give consideration to and be aligned with the Town's Asset Management Plan

Purpose of Rate Study

Full Cost Recovery = Financial Sustainability

1. Identify the Full Costs of the Water & Wastewater Systems (10-Year Outlook = 2025 to 2034)
2. Implement Water & Wastewater Rates for Full Cost Recovery

Water System

Customers, Consumption, Costs & Rates

2024 Water Customers and Consumption

Water Customers by Meter Size	2024
up to 3/4"	7,360
1"	230
1.5"	80
2"	84
3"	26
4"	18
6"	6
8"	1
12"	-
Total Water Customers	7,805
Projected Water Consumption (Cubic Metres)	2,300,726

Water Customers and Consumption (2025-2034)

Water Customers by Meter Size	2025	2026	2027	2028	2029
up to 3/4"	7,541	7,721	7,859	7,997	8,136
1"	230	230	230	230	230
1.5"	80	80	80	80	80
2"	86	88	90	91	92
3"	26	26	26	26	26
4"	18	18	18	18	18
6"	6	6	6	6	6
8"	1	1	1	1	1
12"	-	-	-	-	-
Total Water Customers	7,988	8,170	8,310	8,449	8,589
Projected Water Consumption (Cubic Metres)	2,352,185	2,403,452	2,438,789	2,474,125	2,505,833

Water Customers by Meter Size	2030	2031	2032	2033	2034
up to 3/4"	8,274	8,412	8,555	8,697	8,839
1"	230	231	231	231	231
1.5"	80	80	80	80	80
2"	93	94	95	97	99
3"	26	26	26	26	26
4"	18	18	18	18	18
6"	6	6	6	6	6
8"	1	1	1	1	1
12"	-	-	-	-	-
Total Water Customers	8,728	8,868	9,012	9,156	9,300
Projected Water Consumption (Cubic Metres)	2,537,349	2,569,405	2,602,755	2,635,913	2,672,891

Full Cost of Water System

Cost Component	2024 Costs		Average Annual (2025-2034) Cost		%
O&M	\$	2,011,150	\$	2,330,724	25.5%
Regional Charge	\$	2,865,844	\$	3,800,398	41.6%
Capital	\$	2,172,449	\$	2,997,449	32.8%
Debt Servicing	\$	-	\$	-	0.0%
Total Gross Costs	\$	7,049,444	\$	9,128,572	100.0%
Non-Rate Revenue	\$	176,210	\$	196,804	
Net Water Costs to be Recovered From Users	\$	6,873,234	\$	8,931,768	

2024 Water Rates

Rate Component	Meter Size	Rates Water
Uniform Rate (\$/M ³ of Metered Water Consumed)		\$ 1.7086
Fixed Annual charge Based on Meter Size (\$/Year)	up to 3/4"	\$ 335.72
	1"	\$ 470.41
	1.5"	\$ 604.70
	2"	\$ 974.20
	3"	\$ 3,695.36
	4"	\$ 4,703.06
	6"	\$ 7,054.46
	8"	\$ 9,741.98
12"	\$ 13,437.20	

Projected Water Rates (2025 – 2034)

Meter Size	2025	2026	2027	2028	2029
Annual Increase %Increases	3.00%	3.00%	3.00%	3.00%	3.00%
up to 3/4"	\$ 345.79	\$ 356.17	\$ 366.85	\$ 377.86	\$ 389.19
1"	\$ 484.52	\$ 499.06	\$ 514.03	\$ 529.45	\$ 545.33
1.5"	\$ 622.84	\$ 641.53	\$ 660.77	\$ 680.60	\$ 701.01
2"	\$ 1,003.43	\$ 1,033.53	\$ 1,064.53	\$ 1,096.47	\$ 1,129.36
3"	\$ 3,806.22	\$ 3,920.41	\$ 4,038.02	\$ 4,159.16	\$ 4,283.94
4"	\$ 4,844.15	\$ 4,989.48	\$ 5,139.16	\$ 5,293.34	\$ 5,452.14
6"	\$ 7,266.09	\$ 7,484.08	\$ 7,708.60	\$ 7,939.86	\$ 8,178.05
8"	\$10,034.24	\$10,335.27	\$10,645.32	\$10,964.68	\$11,293.62
12"	\$13,840.32	\$14,255.53	\$14,683.19	\$15,123.69	\$15,577.40
Uniform Rate per Cubic Metre	\$ 1.7599	\$ 1.8127	\$ 1.8671	\$ 1.9231	\$ 1.9808

Meter Size	2030	2031	2032	2033	2034
Annual Increase %Increases	3.00%	3.00%	3.00%	3.00%	3.00%
up to 3/4"	\$ 400.87	\$ 412.89	\$ 425.28	\$ 438.04	\$ 451.18
1"	\$ 561.69	\$ 578.54	\$ 595.90	\$ 613.78	\$ 632.19
1.5"	\$ 722.04	\$ 743.70	\$ 766.02	\$ 789.00	\$ 812.67
2"	\$ 1,163.25	\$ 1,198.14	\$ 1,234.09	\$ 1,271.11	\$ 1,309.24
3"	\$ 4,412.45	\$ 4,544.83	\$ 4,681.17	\$ 4,821.61	\$ 4,966.25
4"	\$ 5,615.70	\$ 5,784.17	\$ 5,957.70	\$ 6,136.43	\$ 6,320.52
6"	\$ 8,423.39	\$ 8,676.10	\$ 8,936.38	\$ 9,204.47	\$ 9,480.60
8"	\$11,632.43	\$11,981.41	\$12,340.85	\$12,711.07	\$13,092.41
12"	\$16,044.72	\$16,526.06	\$17,021.84	\$17,532.50	\$18,058.47
Uniform Rate per Cubic Metre	\$ 2.0402	\$ 2.1014	\$ 2.1645	\$ 2.2294	\$ 2.2963

Wastewater System

Customers, Volumes, Costs & Rates

2024 Wastewater Customers and Volumes

Wastewater Customers by Meter Size	2024
up to 3/4"	5,977
1"	164
1.5"	63
2"	68
3"	21
4"	16
6"	4
8"	1
12"	-
Total Wastewater Customers	6,314
Projected Wastewater Volume (Cubic Metres)	1,540,591

Wastewater Customers and Volumes (2025 - 2034)

Wastewater Customers by Meter Size	2025	2026	2027	2028	2029
up to 3/4"	6,158	6,338	6,476	6,614	6,753
1"	164	164	164	164	164
1.5"	63	63	63	63	63
2"	70	72	74	75	76
3"	21	21	21	21	21
4"	16	16	16	16	16
6"	4	4	4	4	4
8"	1	1	1	1	1
12"	-	-	-	-	-
Total Wastewater Customers	6,497	6,679	6,819	6,958	7,098
Projected Wastewater Volume (Cubic Metres)	1,592,050	1,643,317	1,678,654	1,710,169	1,741,877

Wastewater Customers by Meter Size	2030	2031	2032	2033	2034
up to 3/4"	6,891	7,029	7,172	7,314	7,456
1"	164	165	165	165	165
1.5"	63	63	63	63	63
2"	77	78	79	81	83
3"	21	21	21	21	21
4"	16	16	16	16	16
6"	4	4	4	4	4
8"	1	1	1	1	1
12"	-	-	-	-	-
Total Wastewater Customers	7,237	7,377	7,521	7,665	7,809
Projected Wastewater Volume (Cubic Metres)	1,773,393	1,804,909	1,838,800	1,875,778	1,912,756

Full Cost of Wastewater System

Cost Component	2024 Costs		Average Annual (2025-2034) Cost		%
O&M	\$	954,468	\$	1,165,797	11.2%
Regional Charge	\$	4,221,000	\$	7,381,799	70.7%
Capital	\$	374,372	\$	1,886,872	18.1%
Debt Servicing	\$	71,964	\$	6,877	0.1%
Total Gross Costs	\$	5,621,804	\$	10,441,345	100.0%
Non-Rate Revenue	\$	365,252	\$	336,840	
Net Wastewater Costs to be Recovered From Users	\$	5,256,552	\$	10,104,505	

2024 Wastewater Rates

Rate Component	Meter Size	Rates Wastewater
Uniform Rate (\$/M ³ of Metered Water Consumed)		\$ 1.5646
Fixed Annual charge Based on Meter Size (\$/Year)	up to 3/4"	\$ 401.88
	1"	\$ 562.56
	1.5"	\$ 723.36
	2"	\$ 1,148.76
	3"	\$ 4,419.96
	4"	\$ 5,625.72
	6"	\$ 8,438.40
	8"	\$ 11,653.20
	12"	\$ 16,073.28

Projected Wastewater Rates (2025 – 2034)

Meter Size	2025	2026	2027	2028	2029
Annual Increase % Increases	10.00%	10.00%	10.00%	9.00%	9.00%
up to 3/4"	\$ 442.04	\$ 486.25	\$ 534.87	\$ 583.01	\$ 635.48
1"	\$ 618.86	\$ 680.74	\$ 748.82	\$ 816.21	\$ 889.67
1.5"	\$ 795.67	\$ 875.24	\$ 962.77	\$ 1,049.42	\$ 1,143.86
2"	\$ 1,263.59	\$ 1,389.95	\$ 1,528.94	\$ 1,666.55	\$ 1,816.54
3"	\$ 4,862.01	\$ 5,348.22	\$ 5,883.04	\$ 6,412.51	\$ 6,989.64
4"	\$ 6,188.29	\$ 6,807.12	\$ 7,487.83	\$ 8,161.73	\$ 8,896.29
6"	\$ 9,282.28	\$10,210.51	\$11,231.56	\$12,242.40	\$13,344.22
8"	\$12,818.47	\$14,100.31	\$15,510.35	\$16,906.28	\$18,427.84
12"	\$17,680.63	\$19,448.69	\$21,393.56	\$23,318.98	\$25,417.69
Uniform Rate per Cubic Metre	\$ 1.7211	\$ 1.8932	\$ 2.0825	\$ 2.2700	\$ 2.4743

Meter Size	2030	2031	2032	2033	2034
Annual Increase % Increases	9.00%	8.00%	8.00%	8.00%	8.00%
up to 3/4"	\$ 692.67	\$ 748.09	\$ 807.93	\$ 872.57	\$ 942.37
1"	\$ 969.74	\$ 1,047.32	\$ 1,131.11	\$ 1,221.60	\$ 1,319.32
1.5"	\$ 1,246.81	\$ 1,346.56	\$ 1,454.28	\$ 1,570.62	\$ 1,696.27
2"	\$ 1,980.02	\$ 2,138.43	\$ 2,309.50	\$ 2,494.26	\$ 2,693.80
3"	\$ 7,618.70	\$ 8,228.20	\$ 8,886.46	\$ 9,597.37	\$10,365.16
4"	\$ 9,696.95	\$10,472.71	\$11,310.53	\$12,215.37	\$13,192.60
6"	\$14,545.20	\$15,708.81	\$16,965.52	\$18,322.76	\$19,788.58
8"	\$20,086.35	\$21,693.25	\$23,428.72	\$25,303.01	\$27,327.25
12"	\$27,705.28	\$29,921.70	\$32,315.44	\$34,900.68	\$37,692.73
Uniform Rate per Cubic Metre	\$ 2.6969	\$ 2.9127	\$ 3.1457	\$ 3.3974	\$ 3.6692

Water Financial Plan No. 069-301A & Wastewater Financial Plan

O. Reg. 453/07 Financial Plans

- **Financial Plan must include the following:**
 - **Statement of Financial Position**
 - **Statement of Cash Flow**
 - **Statement of Operations**

Water Financial Statements

Item	2024-2030
Net Financial Assets	\$6.0 - \$4.4 Million
Non-Financial Assets	\$55.8 - \$66.8 Million
Accumulated Surplus	\$61.8 - \$71.2 Million
Average Asset Remaining Life	73%
Average Annual Surplus	\$1.5 million
<u>GOOD-EXCELLENT FINANCIAL CONDITION</u>	

Wastewater Financial Statements

Item	2024-2030
Net Financial Assets	\$4.5 -\$1.0 Million
Non-Financial Assets	\$28.6 -\$36.5 Million
Accumulated Surplus	\$33.1 -\$37.5 Million
Average Asset Remaining Life	68%
Average Annual Surplus	\$0.4 - \$0.6 million

GOOD-EXCELLENT FINANCIAL CONDITION

RECOMMENDATIONS

- 1. Increase water rates by 3% in 2025**
- 2. Increase wastewater rates by 10% in 2025**
- 3. Approve the Water System Financial Plan # 069-301A**
- 4. Approve Wastewater System Financial Plan**
- 5. Other specific recommendations as identified in the Rate Study**

Questions?