

The City of Port Colborne

2018

PROPOSED WATER AND WASTEWATER
BUDGET AND RATES



Issues Affecting 2018 Budget

- 2017 water deficit funded – budgeted capital not allocated to capital reserves
- 2017 wastewater deficit funded – budgeted capital not allocated to capital reserves
- Increasing annual capital allocation of funds by 2% to 5% - no increase in 2018
- Increased costs and decreasing revenues which are not meeting budgeted revenue
- Actual annual water sales not meeting projected annual revenue - \$500,000 - usage rates too low

Issues Affecting 2018 Budget

- Potentially higher unaccounted for water than expected and budgeted
- Wastewater flows are very unpredictable – extraneous flows are high mainly due to weather
- Wastewater revenues currently not enough to cover all expenses – rates are too low
- More extensive Storm Sewer Systems may reduce sources of extraneous flows



Issues Affecting 2018 Budget

- Industrial facilities reducing/eliminating wastewater flows – from 50% to 6%
- Impacts rates to generate revenues required for the cost of unaccounted for wastewater
- Major industrial customer came off the wastewater system in 2017 - \$600,000 – 2018 effect is \$900,000
- Actual annual wastewater sales not meeting projected annual revenues - \$1,000,000 - usage rates too low
- New 10 year Water Financial Plan required in 2019

Mitigation of Changes

- Phasing in actual unaccounted for water and wastewater
- Phasing in known sales revenue shortfalls
- Reducing operating expenses for water (\$45,000) and wastewater budgets (\$34,500)
- No increase to capital contributions
- Phasing in the addition of one Certified Water/Wastewater Operator to operating budget – last quarter of the year (3 months)
- Applying Wastewater rate stabilization reserve to capital for \$300,000

Base Operating Budget Water and Wastewater

- ❖ Total annual increase to an average residential user
is \$33.80 or \$2.82 a month – 2.37%
- Water fixed and usage increase – 3.00%
Annual increase is \$20.19 or \$1.68 a month
- Wastewater fixed and usage increase – 1.81%
Annual increase is \$13.61 or \$1.14 a month

Operating Budget

Water and Wastewater

(with all proposed changes)

- ❖ Total annual increase to an average residential user
is \$119.12 or \$9.93 a month – 8.36%
- Water fixed and usage increase – 6.80%
Annual increase is \$45.72 or \$3.81 a month
- Wastewater fixed and usage increase – 9.75%
Annual increase is \$73.40 or \$6.12 a month

Operating Budget Comparison Water and Wastewater

	Annual Budget Increase with Changes	Annual Base Budget Increase	Annual Increase to Base Budget	Increase per Month
Water	\$45.72	\$20.19	\$25.53	
Wastewater	\$73.40	\$13.61	\$59.79	
Total	\$119.12	\$33.80	\$85.32	\$7.11



Water Operations

Usage Rates

- Usage rate increase \$1.173 to \$1.274 – 8.57%
- Water Financial Plan rate for 2018 – \$1.340
- Ave annual increase - \$27.51 or \$2.29 a month

Fixed Service Charge

- Capital rate increase \$351.12 to \$369.33 – 5.18%
- Ave annual increase - \$18.21 or \$1.52 a month

Blended Change

- Water fixed and usage increase – 6.80%
Annual increase is \$45.72 or \$3.81 a month

Water Operations

- Regional water purchase increase - \$51,405 to \$2,316,757 (47.46% of budget)
- City operating decrease - \$21,662 at \$1,347,026 (27.59% of budget)
- City capital increase - \$22,161 (new debenture) to \$1,217,730 (24.95% of budget)
- Non billable water loss between 27% & 40% - budgeted 36% from 30% in 2017
- 3 year average increased 17,120m³ to 3,085,923m³
- Budgeted fixed costs at 48.5%
- Budgeted Regional costs fixed at 51.7%

Water Rates Comparison for 2018

	Water Financial Plan	Proposed Rates
Usage Cost per m3	1.340	1.274
Annual Usage Cost - 0.75 m3 per day	366.83	348.76
Annual Fixed Charge	<u>341.43</u>	<u>369.33</u>
Total Annual Cost	708.26	718.09



Water Rate Calculation

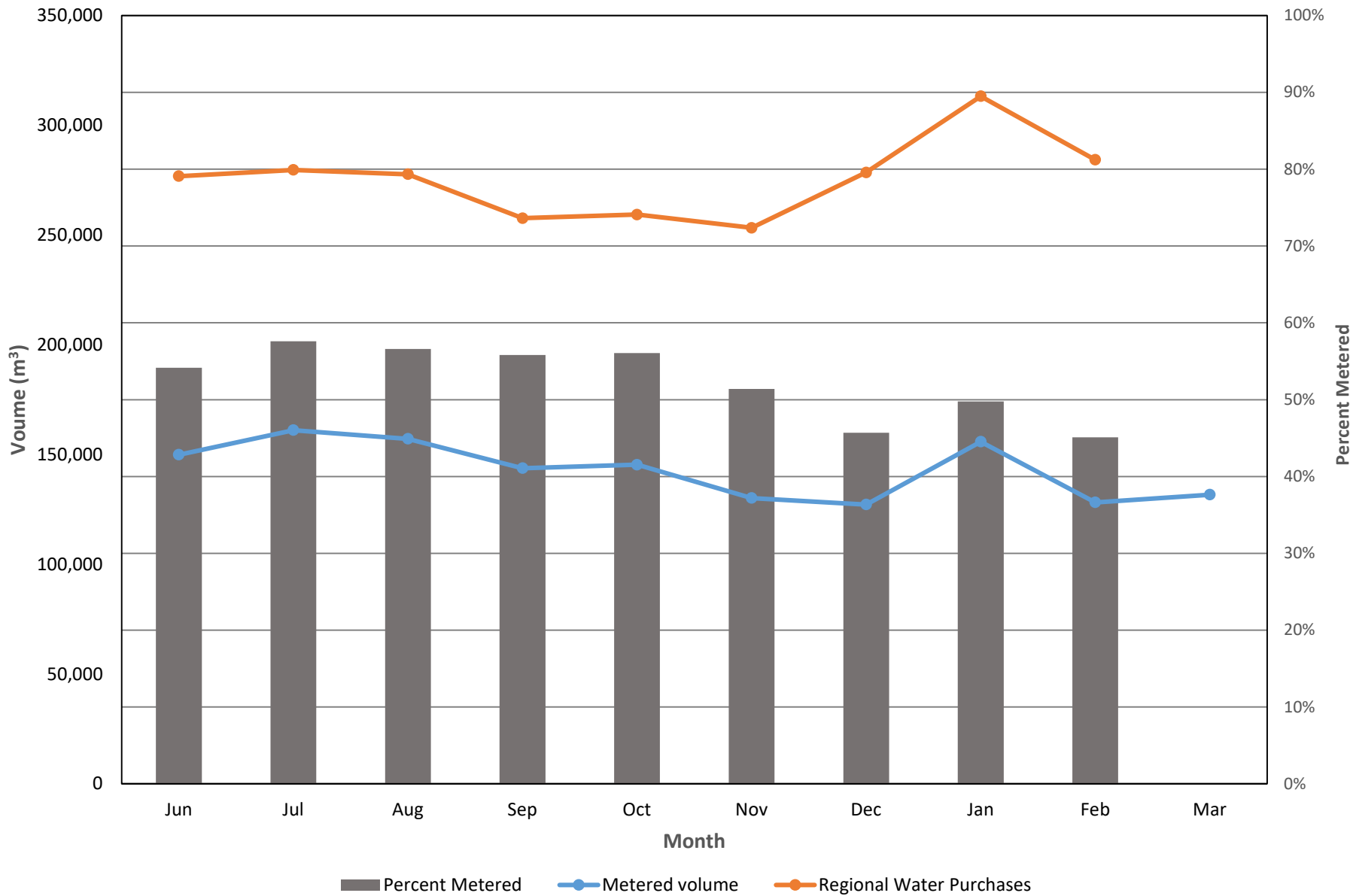
	Total Costs	Consumption Costs	Fixed Costs
Amortization/Capital	497,320		497,320
Rate Stabilization/Capital	285,930		285,930
Contract Services	133,600	133,600	
Salaries and benefits	688,565	688,565	
Regional Water Purchases	2,316,757	1,117,845	1,198,912
Interdepartmental			
Administration	257,620	188,407	69,213
Fleet Charges	60,197	60,197	
Long term debt	88,116		88,116
New Long term debt	346,364	120,320	226,044
General Admin	46,030	46,030	
Materials and supplies			
Utilities and telephone	7,910	7,910	
Repairs and Maintenance	120,000	120,000	
Materials, parts and supplies	49,854	49,854	
Other	16,850	16,850	
Small Tools/Equipment	14,000	14,000	
	4,929,113	2,563,578	2,365,535
Other Revenues	- 47,600	- 47,600	-
	4,881,513	2,515,978	2,365,535
Estimated Annual Water Sold - m3		1,974,991	
Total Customers			6,405
Water Usage Rate		1.274	
Annual Water Service Fixed Charge			369.33

Water Capital Program

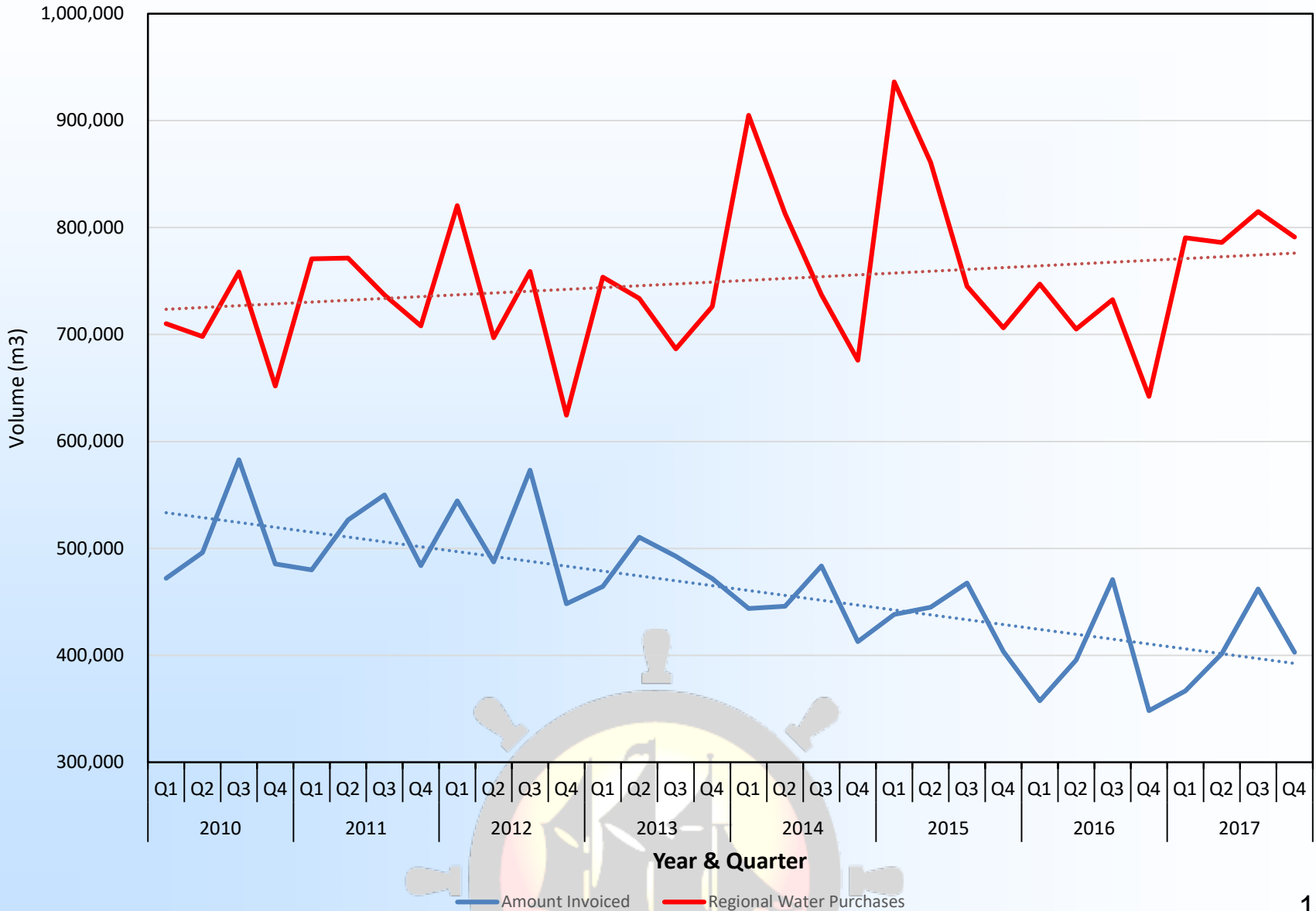
- Current contributions - \$1,217,730
- Proposed annual increase of \$ NIL
- Added 2017 debenture payment of \$22,161
- Annual requirement based on replacement cost is \$2.3 million



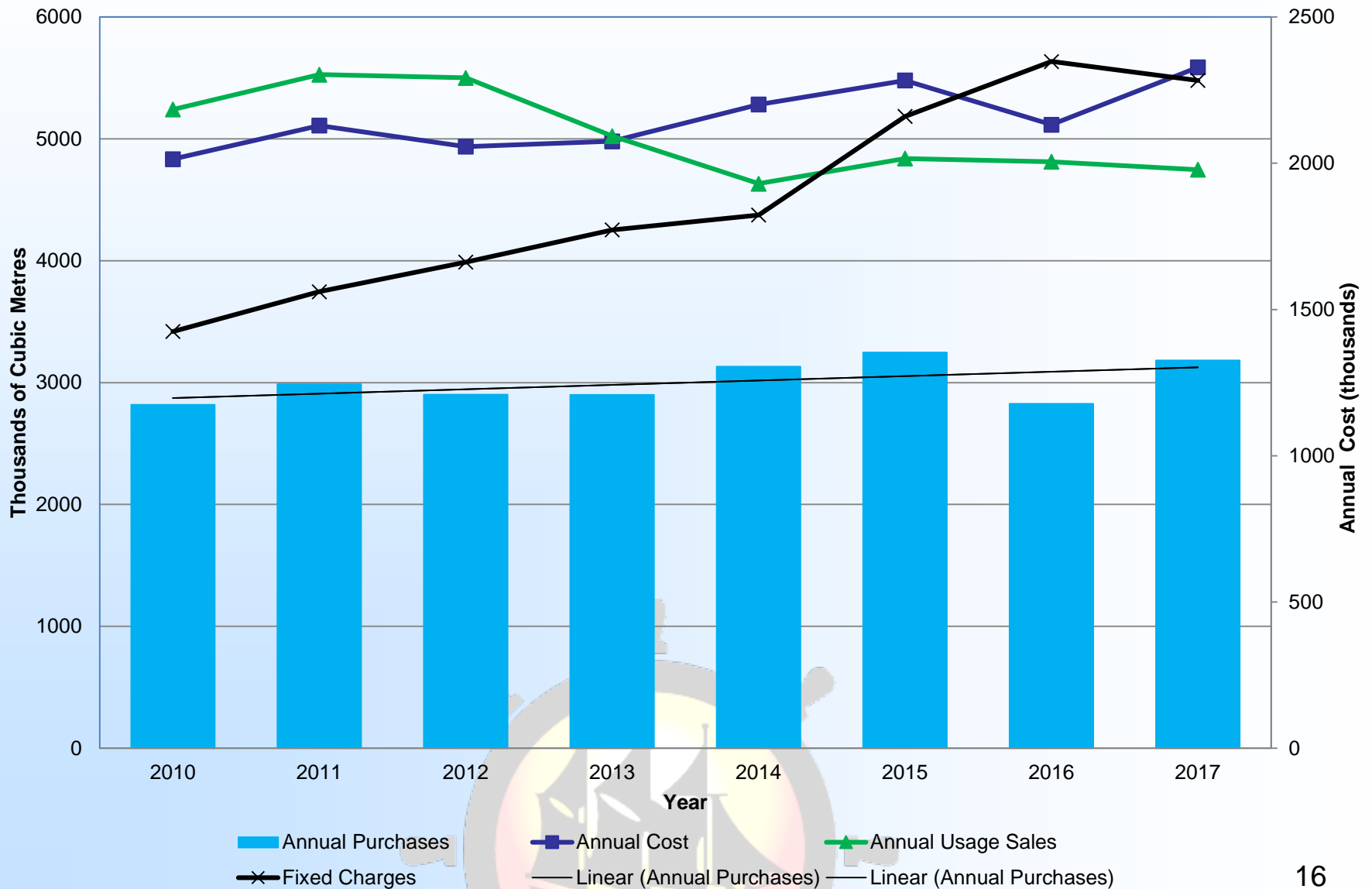
Monthly Regional Water Purchases vs. Monthly Metered Consumption



Quarterly Regional Water Purchases vs. Quarterly Billed



Annual Water Volumes Sales and Regional Costs 2010 - 2017



Wastewater Operations

Usage Rates

- Usage rate increase \$1.250 to \$1.295 – 3.56%
- Ave annual increase - \$12.18 or \$1.02 a month

Fixed Service Charge

- Capital rate increase \$410.76 to \$471.98
- Ave annual increase - \$61.22 or \$5.10 a month

Blended Change

- Wastewater fixed and usage increase – 9.75%
Annual increase is \$73.40 or \$6.12 a month

Wastewater Operations

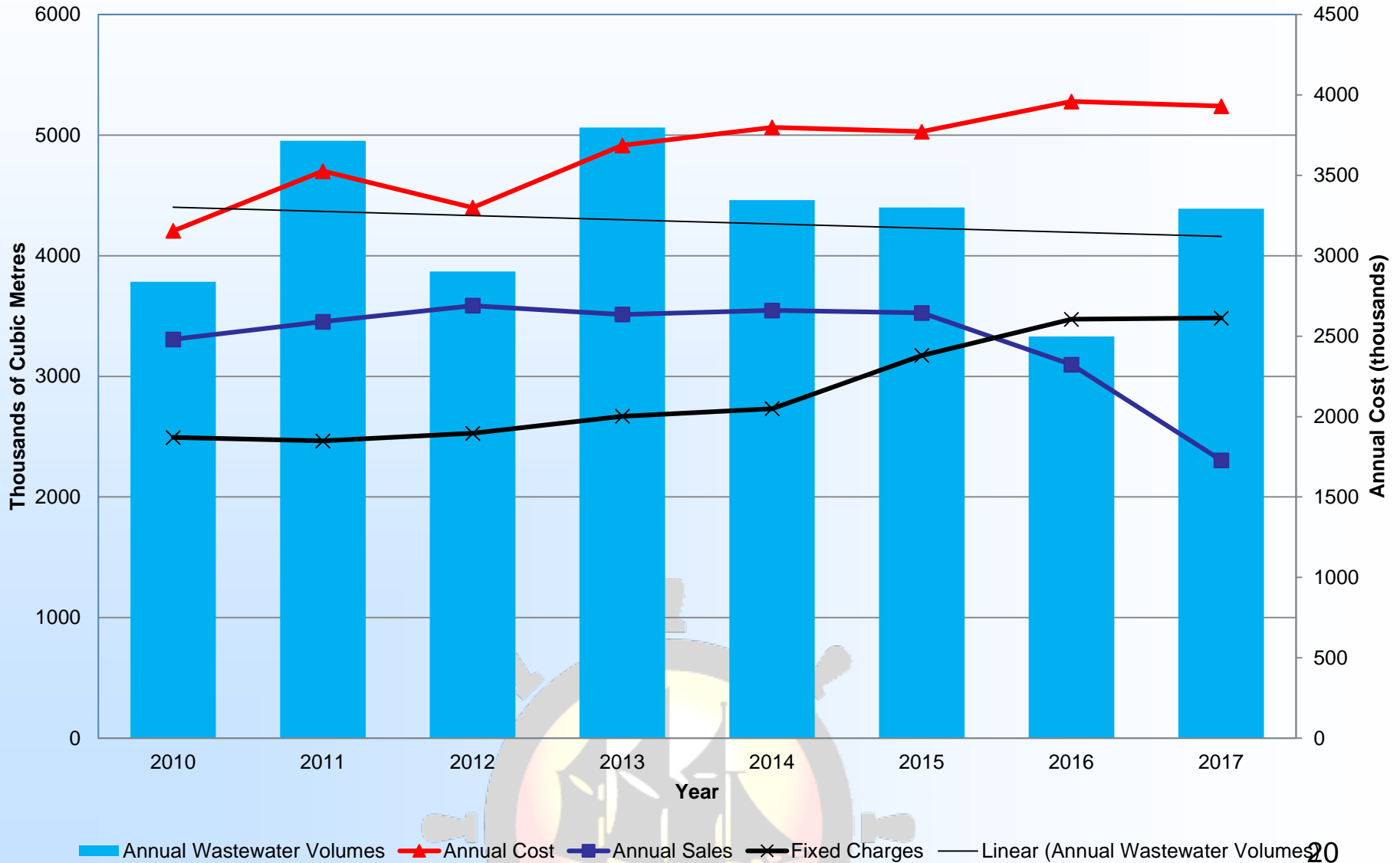
- Regional fixed cost decrease - \$95,586
to \$3,909,663 (71.0% of budget)
- City operating decrease - \$15,025
to \$845,795 (15.3% of budget)
- City capital increase - \$1,017
to \$751,930 (13.7% of budget)
- Regional 3 year rolling average of flows – decreased
266,000 m³ from 4,200,000 m³
- 3 year average at 3,934,000 m³
- Non billable flows estimated between 35% and 50% -
budgeted 56% from 35% in 2017

Wastewater Capital Program

- Current contributions - \$751,930
- Proposed annual increase of \$ NIL
- Annual requirement based on replacement cost is \$1.2 million



Annual Wastewater Volumes Sales and Regional Costs 2010 - 2017



CITY OF PORT COLBORNE
RESERVES AND RESERVE FUNDS
December 31, 2017

WATER

Development charges	-	
SCADA Water Study	39,935	
Water Rate Stabilization	-	
Water Equipment Replacement	30,507	
Lorraine Bay	30,420	
Bulk Water Station Replacement	269,692	
Meter Pits	128,484	
Water Capital Projects	-	
		<u>499,038</u>

WASTEWATER

Development charges	6,423	
Sewer Rate Stabilization	380,802	
Sewer Operations-TV Inspections	160,290	
Sewer Equipment Replacement	26,420	
CSO Sewer Program (earmarked for Elm St Watermain)	1,062,301	
Sewer Capital Projects (earmarked for Elm St Watermain)	1,113,000	
		<u>2,749,236</u>



Proposed Annual 2018 Rates

2017 annual cost	2017 rate	Item	2018 rate	2018 annual cost	Annual Increase	Increase
\$	\$		\$	\$	\$	%
1425.42				1544.55	119.12	8.36
321.22	1.173/m ³	Water usage rate	1.274/m ³	348.73	27.51	8.57
351.12	351.12	Water fixed charge	369.33	369.33	18.21	5.18
342.32	1.250/m ³	Sewer usage rate	1.295/m ³	354.50	12.18	3.56
410.76	410.76	Sewer fixed charge	471.98	471.98	61.22	14.90

Proposed Quarterly 2018 Rates

2017 cost per quarter	2017 rate	Item	2018 rate	2018 cost per quarter	Quarterly Increase	Increase
\$	\$		\$	\$	\$	%
356.35				386.14	29.79	8.36
80.30	1.173/ m ³	Water usage rate	1.274/m ³	87.18	6.88	8.57
87.78	351.12	Water fixed charge	369.33	92.33	4.55	5.18
85.58	1.250/ m ³	Sewer usage rate	1.295/m ³	88.63	3.05	3.56
102.69	410.76	Sewer fixed charge	471.98	118.00	15.31	14.90