

Water & Wastewater Rate Study

Rate Structure

County of Brant
December 2009



Water/Wastewater Study

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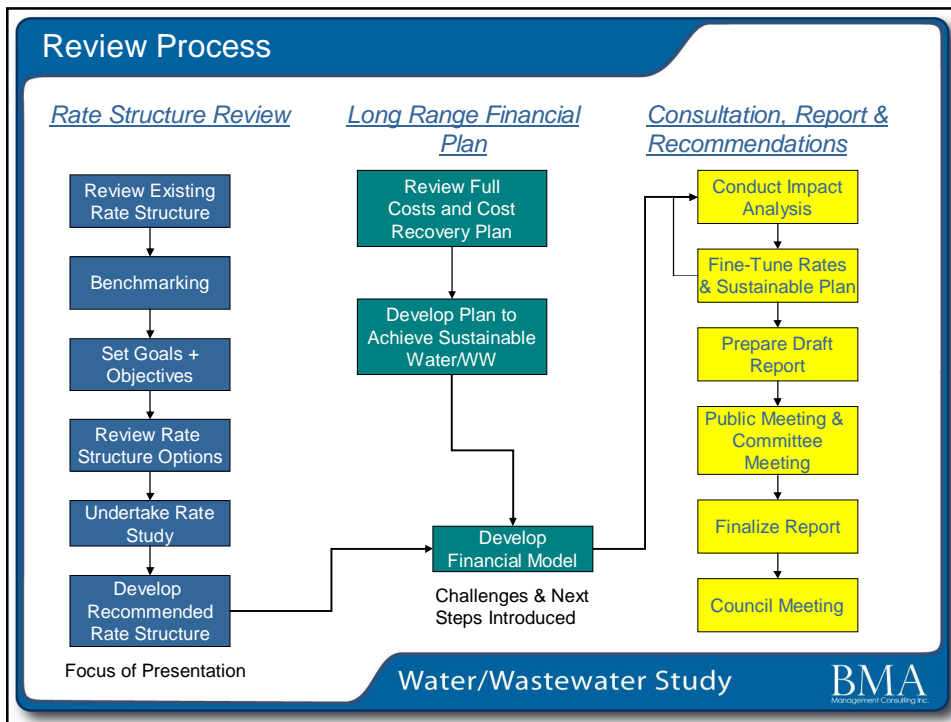
Agenda

- Review Process
- Potential Goals and Objectives
- Current Rate Structure Overview
 - General Observations
- Recommended Rate Structure
 - Description
 - Impact Analysis by Customer Class
 - Comparison Against Goals and Objectives
- Next Steps



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Current Water/WW Rate Structure

- Complex Water/WW Rate structure
 - Different volumetric rates for Residential and Non-Residential customers
 - Different monthly charge for same size Residential and Non-Residential Meter (for 5/8 meter)
 - Different m³ of consumption included in the fixed minimum by meter size
 - Different rate structure for different uses in multiple occupancy buildings
- High fixed monthly fee supports *revenue stability* and *economic development* but poses a challenge for *affordability*

WATER RESIDENTIAL

	Included in Minimum Bill (m ³)	VOLUMETRIC Per m ³
Monthly 2009	5	\$ 0.59
\$	46.62	

WATER NON-RESIDENTIAL

Meter Size	Monthly 2009	Included in Minimum Bill (m ³)	VOLUMETRIC Per m ³
5/8 "	\$ 48.43	5	\$ 0.65
3/4 "	\$ 51.77	10	\$ 0.65
1 "	\$ 84.07	20	\$ 0.65
1 1/2 "	\$ 151.95	41	\$ 0.65
2 "	\$ 253.77	72	\$ 0.65
3 "	\$ 548.05	163	\$ 0.65
4 "	\$ 960.33	291	\$ 0.65
6 "	\$ 2,135.42	654	\$ 0.65

WASTEWATER RESIDENTIAL

	VOLUMETRIC Per m ³
Monthly 2009	\$ 0.85
\$	13.75

WASTEWATER NON-RESIDENTIAL

93.5% of total Water Charge

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Current Water/WW Rate Structure

Benchmarking

- Brant County has a unique rate structure
 - Blend from former municipalities prior to amalgamation
- Of the 80+ Ontario municipalities surveyed
 - Only 7 have different volumetric rates based on customer class
 - Only 2 municipalities include a minimum (m³) in the monthly charge
 - Like Brant, most use the fixed meter charge to differentiate and allocate costs to the different sizes of customers
 - Multiple occupancy buildings are generally charged based on a master meter



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Assessment of Current Rate Structure

Goal and Objective	Assessment	Current Rate Structure Observations
Fairness and Equity	<i>Fair</i> <i>Improvements Recommended</i>	Different rates for classes consuming the same volume Charging a different fixed charge for the same size service for Res/Non-Res. Customers. Minimum charge to tenants without meters. No charge private fire lines.
Affordability	<i>Fair</i> <i>Improvements Recommended</i>	Residential properties are above the survey average. Non-Res. customers well below the survey average. This is a result of the existing rate structure.
Conservation	<i>Good</i> <i>Minor</i> <i>Improvements Recommended</i>	With a high allocation of costs to fixed, the current rate structure does not support water conservation however the average Residential consumption is low.
Economic Development	<i>Very Good</i>	Low Non-Residential water/sewer costs.
Practical (Simple to Understand and Update)	<i>Poor</i> <i>Improvements Recommended</i>	Current rate structure is too complex.

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How Can Improvements Be Made?

<i>Possible Goals and Objectives</i>	<i>Type of Rate Structure</i>	<i>Possible Conflicts with Other Goals and Objectives</i>
<i>Fairness and Equity</i>	Fine tune allocation of costs to be recovered from fixed. Consistent volumetric rates. Eliminate minimum charge to tenants.	Conservation. Economic Development.
<i>Affordability</i>	Lower the fixed cost to support. Residential affordability. Consistent volumetric charges.	Economic Development.
<i>Conservation</i>	Seasonal or Inclining Block Rate Structure. Lowering the allocation of costs to the fixed monthly charge.	Revenue Stability. Practical (Simple to Understand). Economic Development. Affordability.
<i>Economic Development</i>	Declining Rate Structure.	Conservation.
<i>Practical (Simple to Understand and Update)</i>	Two-Part Rate Structure. Uniform Rate.	Conservation.

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**Goal and Objective:
Fairness and Equity**



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Existing challenges to *Fairness & Equity*

1. Allocation of Costs to Fixed
2. Meter Size Differentials
3. Different Rates for Residential and Non-Residential Customers
4. Inclusion of Minimum Monthly Usage
5. Multi-Use Properties
6. Fire Line Charge



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Challenges with *Fairness & Equity*

1. *Allocation of Costs to Fixed*

- The County's ratio of fixed to volumetric charge is very high
- Current practice of determining fixed costs is historical and should be reviewed

% of Total Revenues	Current Fixed	Current Volumetric
Water	79%	21%
Wastewater	45%	55%



Practice across Ontario ranges from 0% to 76% (not necessary to equate fixed costs with fixed portion of the bill)
High fixed costs improves revenue stability (Stabilization Reserve)

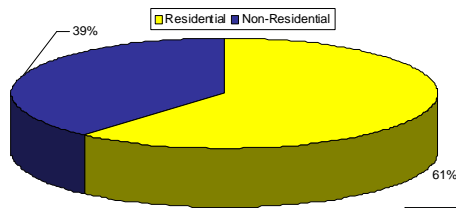
Survey average of 34%
Median of 32%

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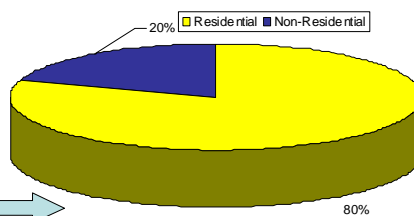
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Current Water/WW Rate Structure

Water Consumption – 2 year average (2007, 2008)



Water Revenue – 2 year average (2007, 2008)



92 % of customers are Residential

- Residential customers consume 61% of the water but they pay for 80% of the costs
- This is the result of a large allocation of the costs to be recovered from fixed rates
- High volume customers in the Non-Residential class benefit because the volumetric rate charged is lower

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Fairness & Equity

Recommended Approach

- Used CWWA recommended approach
 - Analysis of the water and wastewater expenditures
 - Consider costs to fixed and volumetric based on whether the cost varies by water consumed or whether it is fixed, regardless of the water consumed
 - Consider the balance with other goals and objectives such as *affordability, conservation and revenue stability*



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Fairness & Equity

- Recommended cost recovery allocation

Expenditure	Volumetric	Fixed
General Administration	50%	50%
Collection System/Watermains	50%	50%
Treatment Plants, Pumping Stations, Reservoirs, Lagoons, Flushing	100%	
Hydrants		100%
Valves and Connections		100%
Overstrength Sampling		100%
Debt Charges		100%
Transfers to Reserves		100%

- Increases the allocation of water and wastewater costs to volumetric
- Results in a decrease in cost to Residential customers and an increase in costs to mid-large volume non-residential customers

2 Year Average	Recommended Volumetric	Recommended Fixed	Current Volumetric	Current Fixed
Water	50%	50%	21%	79%
Wastewater	63%	37%	55%	45%

Should be reviewed every 5 years

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Challenges with Fairness & Equity

2. Calculating Fixed Costs by Meter Size

- Weighting factors are used to determine the monthly service charges by service size
- Brant's weighting factors have not been updated in a number of years - currently blend of factors used by municipalities prior to amalgamation
- Current wastewater 5/8" minimum monthly meter charge is:
 - \$13.75 for Residential customers
 - \$45.28 for Non-Residential customers
- Many municipalities rely on industry standard meter equivalent ratios set out by CWWA/AWWA to establish the appropriate weighting factors
- Recommend the County use CWWA/AWWA standards

Meter/Service Size	Current Implied Water ME Ratios	Current Implied WW ME Ratios	Proposed ME CWWA/AWWA
5/8" R	1.0	1.0	1.0
5/8" C	1.0	3.1	1.0
3/4"	1.0	3.1	1.5
1"	1.6	4.8	2.5
1.5"	2.9	8.5	5.0
2"	4.7	14.1	8.0
3"	10.1	30.1	9.0
4"	17.7	52.4	25.0
6"	39.2	116.3	50.0

ME= meter equivalency

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Challenges with Fairness & Equity

3. Different Volumetric Rates

- Current County policy of charging different volumetric rates for Residential and Non-Residential customers cannot be justified from a *fairness and equity* perspective
- While there are recognized differences in the cost to service different customer classes, these distinctions have been largely reflected through the costs that are recovered from the fixed minimum monthly charges using meter equivalencies
- Recommend same volumetric rates for all customers



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Challenges with Fairness & Equity

4. Inclusion of Minimum Usage

- The County is unique in that its minimum charge fee includes the first $x \text{ m}^3$ of consumption
- Only 2 of the 80+ municipalities surveyed continue to use this practice
- Overly complex and redundant when there is a fixed minimum monthly fee, as is the case in the County of Brant
- Recommend - eliminating this practice

	Meter Size	Water m^3 monthly Included in Minimum Bill
Residential	5/8 "	5
Commercial	5/8 "	5
	3/4 "	10
	1 "	20
	1 1/2 "	41
	2 "	72
	3 "	163
	4 "	291
	6 "	654
Total		

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Challenges with Fairness & Equity

5. Multiple Occupancy Properties

- The current County policy is to charge the minimum charge to each tenant in multiple occupancy properties
- Only the County and one other municipality in a survey of 80+ Ontario municipalities employ this practice
- Charging each tenant creates administrative issues and it is difficult to collect arrears, therefore, it is recommended that this practice be eliminated



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Challenges with Fairness & Equity

6. Fire Line Charge

- A number of commercial and industrial properties have their own fire prevention system which are serviced by unmetered fire lines
- The County has to oversize services to these properties and the County is not charging for these fire lines for the ultimate replacement of the oversized infrastructure requirements
- Currently, very few municipalities are charging a fire line fee, however, to improve *fairness and equity*, the County should investigate the feasibility of instituting a fee for private unmetered fire lines in its 5 year plan



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Proposed Recommendations

1. Allocate 50% of the Water and 37% of the Wastewater rate revenue requirements to be recovered from the fixed monthly minimum charge
2. Use CWWA/AWWA standards to calculate the fixed costs by meter size for both water and wastewater
3. Charge the same water volumetric rate to all customer classes and use the minimum fixed monthly charge by meter size to differentiate fixed costs by customer class
4. Charge the same wastewater volumetric rate to all customer classes and use the minimum fixed monthly charge by meter size to differentiate fixed costs by customer class
5. Exclude a consumption component in the minimum monthly charge to improve fairness and equity and ease of understanding
6. Calculate the minimum charge on multi-use properties based on the meter or meters servicing the property and not on the number of tenants
7. Consider the implementation of a fire line charge in the 5 year plan

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Affordability

- **Challenge to the County of Brant**
 - 6 water service areas and 4 wastewater collection systems
 - High standards and rigorous enforcement by MOE
 - All areas considered separate systems (basic activities must be done for each system while large urban systems only do each activity once)
 - Limited opportunity for economies of scale
 - Low customer density (low number of users per km of pipe)

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Goal/Objective: Affordability

Municipality - Water & Sewer Costs Volume	Residential		
	250 m ³	300 m ³	360 m ³
Brantford	\$ 700	\$ 822	\$ 969
Chatham-Kent	\$ 692	\$ 765	\$ 853
Guelph	\$ 656	\$ 757	\$ 878
Hamilton	\$ 574	\$ 677	\$ 802
Kawartha Lakes	\$ 1,055	\$ 1,193	\$ 1,359
Kitchener	\$ 751	\$ 901	\$ 1,081
Middlesex Centre	\$ 1,011	\$ 1,214	\$ 1,456
Norfolk	\$ 1,105	\$ 1,256	\$ 1,438
Prince Edward County	\$ 1,057	\$ 1,143	\$ 1,246
St. Catharines	\$ 778	\$ 893	\$ 1,031
St. Thomas	\$ 810	\$ 938	\$ 1,090
Stratford	\$ 628	\$ 732	\$ 856
Tilsonburg	\$ 727	\$ 811	\$ 912
Waterloo	\$ 631	\$ 751	\$ 895
Wilmot	\$ 764	\$ 888	\$ 1,037
Woolwich	\$ 992	\$ 1,128	\$ 1,291
Average	\$ 808	\$ 929	\$ 1,075
Median	\$ 757	\$ 891	\$ 1,034
Brant	\$ 1,049	\$ 1,121	\$ 1,207
Difference to Group Average	\$ 241	\$ 192	\$ 133
% Difference to Group Average	30%	21%	12%

- The cost structure results in Residential costs higher than the survey average of the group of municipal comparators
- The cost is comparable to similar municipalities
- 30% higher for Residential consuming 250 m³ than the group average

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Affordability

	Residential 250 m ³	2009 Average Household Income	Water/WW Costs as a % of Income 250 m ³
Waterloo	\$ 631	\$ 101,500	0.6%
Hamilton	\$ 574	\$ 77,000	0.7%
Wilmot	\$ 764	\$ 100,400	0.8%
Guelph	\$ 656	\$ 85,200	0.8%
Woolwich	\$ 992	\$ 126,200	0.8%
Middlesex Centre	\$ 1,011	\$ 115,100	0.9%
Stratford	\$ 628	\$ 71,400	0.9%
Kitchener	\$ 751	\$ 80,500	0.9%
Brantford	\$ 700	\$ 71,200	1.0%
Chatham-Kent	\$ 692	\$ 67,500	1.0%
Tilsonburg	\$ 727	\$ 69,300	1.0%
St. Catharines	\$ 778	\$ 69,300	1.1%
St. Thomas	\$ 810	\$ 69,300	1.2%
Kawartha Lakes	\$ 1,055	\$ 73,700	1.4%
Prince Edward County	\$ 1,057	\$ 73,300	1.4%
Norfolk	\$ 1,105	\$ 71,400	1.5%
Average	\$ 808	\$ 82,644	1.0%
Median	\$ 757	\$ 73,500	1.0%
Brant	\$ 1,049	\$ 71,200	1.5%
Proposed 2009 Brant Restated	\$ 960	\$ 71,200	1.3%

- Costs as a % of household income, higher than the survey average
- Proposed rate structure contained in this report will lower the Residential cost in Brant by \$89 (using 2009 budgets)
- Costs as a % of income would move Brant from 1.5% to 1.3%, improving Residential **affordability**
- Must also consider overall cost of municipal services

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Goal/Objective: Conservation

- Brant has been successful in promoting conservation:
 - ✓ **Watering Use Regulations**—Summer restrictions (only permitted to water lawns every other day). Restricts the time in which residents may water their lawns to reduce peak hour demand
 - ✓ **Education and Awareness**—Regularly releases information about water conservation using a multi-faceted communication strategy including bill inserts, website, radio, newspapers and school programs
 - ✓ **Metering Properties**—Virtually all properties in the County are metered. Research reflects that metering reduces end-user consumption by 20%
 - ✓ **Meter Replacement Programs**—Proactive replacement program
 - ✓ **Unaccounted for Water**—Below the target of 10%

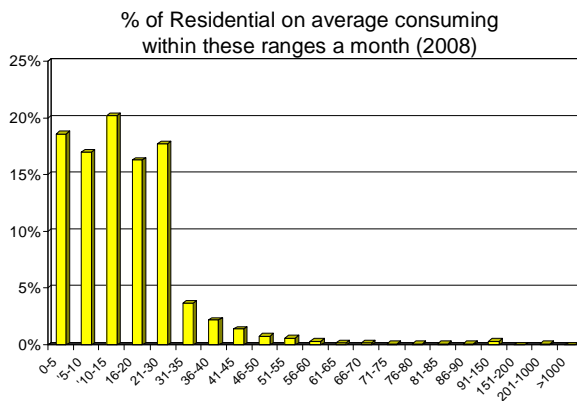


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Conservation

- ✓ **Low Average Residential Consumption** - Average Residential consumption per household is approximately 230 m³ per year. The following table reflects the percentage of customers consuming within various ranges per month (m³)



72% of the Residential customers are consuming below 240 m³ per year

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Conservation Rate Structure Options

- Inclining – Rates increase as consumption increases by establishing thresholds or blocks at which the rate would change. Can be complicated and subject to claims of unfair allocation of charges/thresholds. Inclining rates generally present *affordability* issues for large low income families
- Seasonal - Same as inclining but only during summer months. To be effective, need to charge premiums on water and wastewater which can be controversial (watering lawns, pools)
- Eliminate/Reduce Fixed Monthly Fee - Reducing or eliminating the monthly fixed fee promotes conservation, however, eliminating the fixed monthly fee reduces *revenue stability* and is not *fair and equitable* as there are costs that are fixed that all customers should contribute to on a monthly basis, regardless of consumption.
 - Small reductions to the fixed fee, with corresponding increase to volumetric portion, have been recommended in the report to help promote the concept of *conservation*

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Conservation

Table summarizes the average residential consumption in municipalities with conservation rate structures

	Average Residential m3 per year	Type of Rate Structure
Barrie	225	Inclining - Significant premiums for all properties
Sault Ste. Marie	235	Inclining
Kingston	240	Inclining on Residential water only
London	250	Inclining on Residential water only
Halton	272	Humpback to assist large users
Windsor	294	Excess use charge but with large fixed component
Owen Sound	300	Inclining all properties with low premiums
Average	259	

- If existing programs are successful, discretionary usage is minimized and there tends to be limited additional ability to further lower consumption levels.
- Average Residential household in Brant consumes approximately 230 m³ which is lower than the survey average
- Water/ww is relatively inelastic. Elasticity studies reflect a reduction in water use of 2-4% for every 10% increase in the average monthly bill

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Conservation Summary

- Brant has achieved reductions and water efficiencies through a range of existing programs and initiatives
- Average Residential consumption is being effectively managed
- Anticipate limitations on the extent to which a conservation rate structure will achieve any further reductions in water consumption – only effective on discretionary use
- By lowering the fixed component of the bill and eliminating the minimum monthly m³ (recommended in this report), conservation objectives are supported



Conservation rate structure is not recommended

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Goal/Objective Economic Development

	Commercial	Industrial
	10,000 m ³	30,000 m ³
Waterloo	\$ 24,142	\$ 72,435
Hamilton	\$ 21,649	\$ 64,113
Wilmot	\$ 24,953	\$ 74,571
Guelph	\$ 21,561	\$ 63,401
Woolwich	\$ 28,712	\$ 85,380
Middlesex Centre	\$ 39,200	\$ 117,600
Stratford	\$ 21,074	\$ 62,596
Kitchener	\$ 30,022	\$ 90,066
Brantford	\$ 24,587	\$ 73,587
Chatham-Kent	\$ 15,654	\$ 40,813
Tillsonburg	\$ 19,334	\$ 56,172
St. Catharines	\$ 23,174	\$ 69,114
St. Thomas	\$ 16,294	\$ 67,090
Kawartha Lakes	\$ 28,750	\$ 87,084
Prince Edward County	\$ 18,796	\$ 54,103
Norfolk	\$ 24,148	\$ 66,826
Average	\$ 23,878	\$ 71,559
Median	\$ 23,658	\$ 68,102
Brant	\$ 17,383	\$ 47,998
Proposed 2009 Brant Restated	\$ 22,279	\$ 59,328

- Cost of service for Non-Residential customers is much lower than the average of other municipalities surveyed (30%)
- Driven by the high allocation of costs to fixed which increases the costs to the Residential class
- Recommendations have been made to improve *fairness and equity* which will increase the cost to Non-Residential customers but will continue to place Brant at a competitive position, below the survey average

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Goal/Objective: Simple to Understand

- Recommendations contained in this report significantly improve the ease of understanding by:
 - Rationalizing the allocation of costs to be recovered from the fixed monthly fee;
 - Using CWWA/AWWA standards to determine the allocation of fixed costs by meter size;
 - Eliminating the minimum consumption from the monthly charge;
 - Charging the same volumetric rate for all customers; and
 - Eliminating the practice of charging tenants in multiple occupancy buildings



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*Summary of
Proposed Goals
and Objectives*

*Recommended
Rate Structure*



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Rate Structure Analysis

- The approach was to:
 - Rationalize the recommended rate structure
 - Ensure consistency in treatment of customers
 - Seek consistency in rate structure between water/ww
 - Continue to support revenue stability
 - Rationalize ME differentials – these are the different monthly rates charged to customer classes based on their meter size to improve fairness and equity



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Recommendations

Goal and Objective	Current Assessment	Revised Assessment	Changes Recommended
Fairness and Equity	<i>Fair</i>	<i>Excellent</i>	Consistent volumetric rates for Residential and Non-Residential customers. Allocating costs by meter size based on CWWA/AWWA standard. Rationalize the allocation of costs to fixed. Eliminate minimum monthly m ³ . Eliminating practice of charging tenants in multiple occupancy building.
Affordability	<i>Fair</i>	<i>Good</i>	Lower allocation of costs to be recovered from fixed improves residential affordability.
Conservation	<i>Good</i>	<i>Very Good</i>	Lower allocation of costs to be recovered from fixed supports conservation.
Economic Development	<i>Very Good</i>	<i>Good</i>	Non-Residential costs increase but the costs remain below the comparator survey average.
Practical	<i>Poor</i>	<i>Very Good</i>	Eliminated complexity with current rate structure (different minimums, different volumetric rates for customers).

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Impact Analysis

- Assumes same revenues to be recovered as 2009

Volume Meter Size	Residential 250 m3 5/8"	Residential 300 m3 5/8"	Commercial 10,000 m3 2"	Industrial 30,000 m3 3"	Industrial 100,000 m3 3"
Current Water - 2009	\$ 672	\$ 701	\$ 8,984	\$ 24,805	\$ 74,254
Current Wastewater - 2009	\$ 378	\$ 420	\$ 8,400	\$ 23,193	\$ 69,428
Total Current	\$ 1,049	\$ 1,121	\$ 17,383	\$ 47,998	\$ 143,682
Recommended Water - 2009	\$ 599	\$ 651	\$ 12,918	\$ 33,624	\$ 106,412
Recommended Wastewater - 2009	\$ 361	\$ 401	\$ 9,361	\$ 25,704	\$ 82,348
Total Recommended - 2009	\$ 960	\$ 1,053	\$ 22,279	\$ 59,328	\$ 188,760
Total \$ change Recomm. To Current	\$ (89)	\$ (68)	\$ 4,896	\$ 11,329	\$ 45,078
Total % change Restated	-8.5%	-6.1%	28.2%	23.6%	31.4%
Benchmarking Group Average 2009	\$ 808	\$ 929	\$ 23,878	\$ 71,559	\$ 225,722
Benchmarking Group Average 2009 Recomm.	19%	13%	-7%	-17%	-16%

Future budgets will include additional capital requirements and an implementation plan

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Long Range Financial Plan



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What is a Long Range Financial Plan?

- A LRFP is a framework to guide the municipality in planning and decision making
- It is a strategic process that provides a municipality with the insights and information they need to make choices necessary to establish financial sustainability
- A LRFP:
 - Identifies fiscal issues and opportunities
 - Establishes fiscal policies and goals
 - Examines fiscal trends
 - Produces a financial forecast
 - Provides for feasible solutions



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LRFP and O.Reg 453/07

- O.Reg 453/07 requires municipalities to develop comprehensive long range financial plans by July 2010
- Will link short and long range decisions and provide an understanding of the implications on:
 - Operating Budgets
 - Capital Budgets
 - Reserves/Debts
 - Assets



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Financial Plans are Dynamic

- Financial Plans are “living” documents that require continuous adjustment. It is anticipated that updates to the LRFP will:
 - Amend the assumptions, projections and strategies, as required
 - Continue building awareness of the results of projections of current operating and capital spending and funding levels
 - Assist the County in determining the extent of its financial challenges
 - Reconfirm the key financial goals and strategies that should guide future planning



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Goals/Objectives to Support LRFP

- **Sustainability:** Life-cycle planning and asset management plan is a key input to the development of the Financial Plan and ensures that sustainable levels of revenue are available to meet or exceed environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs.
- **Revenue Stability:** The rate structure and financial plan should provide for a steady and predictable stream of revenues such that the County is capable of meeting its current financial requirements.

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LRFP and *Sustainability*

- **Challenge: Increased Reliance on Debt Financing**—Capital expenditures will need to increase substantially to support the County's plan which will lead to increased debt at a level that is high in relation to the gross expenditures.

Debt Requirements

	2010	2011	2012	2013	Total
Water		\$ 12,300,000	\$ 4,250,000		\$ 16,550,000
Wastewater	\$ 400,000	\$ 500,000	\$ 8,880,000	\$ 2,500,000	\$ 12,280,000

By 2013, debt charges
comprise 22% of the
total expenditures for
water

By 2013, debt charges
comprise 36% of the
total expenditures for
water

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LRFP and *Sustainability*

- **Challenge: Availability of Capital Reserves**—There is a need to ensure planned contributions to capital reserves to support the replacement and refurbishment of assets.

- In water there appears to be opportunities to substitute some debt funding for reserves
- In wastewater, the planned (budgeted) transfer to reserve is low (\$122,337) and should be increased to ensure sufficient reserves are available to fund capital
 - Opportunity to transfer overstrength sewage revenues to reserves



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LRFP and *Sustainability*

- **Challenge: Life-Cycle Asset Renewal/Replacement**—A challenge of the water and wastewater system is defining what should and should not be included when measuring the cost of service provided. Some utilities may be able to cover all their infrastructure capital needs through user fees. Others may not either because of residential affordability or because infrastructure is too costly
- Full costing will vary depending on whether the municipality includes the cost of depreciation on an historical or replacement basis and whether it is budgeting for future service enhancements
- There are generally no accepted benchmarks for full cost pricing and any benchmark belies the fact that there are major variations from one utility to the next
- While current spending is significant, it may not be enough to ensure the delivery of sustainable services in the future
- With relatively low average household incomes and relatively high operating costs, the County would experience difficulties in using life-cycle costing based on replacement costs

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LRFP and *Sustainability*

- Historical versus replacement cost

	Appr Annual Amortization - Historical	Annual Amortization Based on Replacement Cost
Water - Buildings	\$ 89,984	\$ 298,251
Water -Machinery & Equipment	\$ 86,245	\$ 91,826
Water -Land	\$ -	
Water linear	\$ 205,132	\$ 380,037
Water -Land improvements	\$ 14,185	\$ 8,432
Total	\$ 395,547	\$ 778,546

	Appr Annual Amortization - Historical	Annual Amortization Based on Replacement Cost
San.Sewer - non linear	\$ 224,058	\$ 679,516
San Sewer - linear	\$ 89,361	\$ 168,997
Total	\$ 313,419	\$ 848,513

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LRFP and *Sustainability*

- **Challenge: DC Reserve Fund Availability** – The current plan assumes revenues available from DCs of \$146,600 (Water) and \$2.2 million (wastewater) during the 5 year plan but the current reserve balances are negative
 - There is risk associated with lower than anticipated growth as DC revenues

DCs	Projected Balance Dec. 31, 2009
Water	\$ (1,859,255)
Sanitary Sewer	\$ (1,381,125)
Total	\$ (3,240,380)

Water/Wastewater Study

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Next Steps

- Develop a long range financial plan based on the following objectives:
 - There are sufficient reserves available for funding shortfalls, financial emergencies and capital requirements;
 - There is sufficient financial flexibility within the plan;
 - The County is covering the full cost of its operation and not postponing costs to a future period;
 - Rates remain affordable;
 - The capital funding strategies do not negatively impact the County's credit rating; and
 - The County is operating in accordance with Ontario Regulation 453/07 Financial Plans.
- Conduct impact analysis
- Fine tune rates and sustainable plan
- Public Meeting
- Finalize Report

Water/Wastewater Study

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