

The City of Port Colborne

2017

PROPOSED WATER AND WASTEWATER
BUDGET AND RATES



Issues to be Addressed

1. Increasing annual capital allocation of funds by 2%
2. Funding 2016 water deficit through rate stabilization reserve
3. Allocation of 2016 wastewater surplus to rate stabilization reserve
4. Increased costs with decreasing revenues
5. Addition of one Certified Water/Wastewater Operator to base operating budget



Base Operating Budget Water and Wastewater

- ❖ Total annual increase to an average residential user
is \$34.73 or \$2.90 a month – 2.52%
- Water fixed and usage increase – 1.43%
Annual increase is \$9.37 or \$0.78 a month
- Wastewater fixed and usage increase – 3.51%
Annual increase is \$25.36 or \$2.12 a month

Operating Budget

Water and Wastewater

(with Certified Water/Wastewater Operator)

- ❖ Total annual increase to an average residential user
is \$45.43 or \$3.78 a month – 3.29%
- Water fixed and usage increase – 2.40%
Annual increase is \$15.76 or \$1.31 a month
- Wastewater fixed and usage increase – 4.10%
Annual increase is \$29.67 or \$2.47 a month

Operating Budget Comparison Water and Wastewater

	Annual Budget Increase with Operator	Annual Base Budget Increase	Annual Increase to Base Budget	Increase per Month
Water	\$15.76	\$9.37	\$6.39	
Wastewater	\$29.67	\$25.36	\$4.31	
Total	\$45.43	\$34.73	\$10.70	\$0.90



Water Operations

Usage Rates

- Usage rate increase \$1.147 to \$1.173 – 2.30%
- Water Financial Plan rate for 2017 – \$1.315
- Average annual increase - \$7.22

Fixed Service Charge

- Capital rate increase \$342.58 to \$351.12 – 2.49%
- Average annual increase - \$8.54

Blended Change

- Water fixed and usage increase – 2.40%
Annual increase is \$15.76 or \$1.32 a month

Water Operations

- Regional water purchase decrease - \$13,648 to \$2,265,352 (47% of budget)
- City operating increase - \$48,570 at \$1,368,688 (29% of budget)
- City capital increase - \$56,968 to \$1,135,569 (24% of budget)
- Non billable water loss between 27% & 35%
- 3 year average reduced 24,290m³ to 3,068,803m³
- Budgeted fixed costs at 47%
- Budgeted Regional costs fixed at 49%

Water Rates Comparison for 2017

	Water Financial Plan	Proposed Rates
Usage Cost per m3	1.315	1.173
Annual Usage Cost - 0.75 m3 per day	359.98	321.22
Annual Fixed Charge	<u>330.61</u>	<u>351.12</u>
Total Annual Cost	690.59	672.34



Water Rate Calculation

	Total Costs	Consumption Costs	Fixed Costs
Amortization/Capital	492,575		492,575
2014 Deficit/Capital	285,226		285,226
Contract Services	139,346	139,346	
Salaries and benefits	661,524	661,524	
Regional Water Purchases	2,265,352	1,142,479	1,122,873
Interdepartmental			
Administration	252,569	183,316	69,253
Fleet Charges	59,015	59,015	
Long term debt	88,963		88,963
New Long term debt	328,805	102,761	226,044
General Admin	52,822	52,822	
Materials and supplies			
Utilities and telephone	9,595	9,595	
Repairs and Maintenance	140,500	140,500	
Materials, parts and supplies	58,298	58,298	
Other	24,294	24,294	
Small Tools/Equipment	25,000	25,000	
	4,883,884	2,598,950	2,284,934
Other Revenues	- 114,275	- 78,275	- 36,000
	4,769,609	2,520,675	2,248,934
Estimated Annual Water Sold - m3		2,148,162	
Total Customers			6,405
Water Usage Rate		1.173	
Annual Water Service Fixed Charge			351.12

Water Capital Program

- Current contributions - \$1,195,569
- Proposed annual increase of \$56,968
- Annual requirement based on replacement cost is \$2.3 million

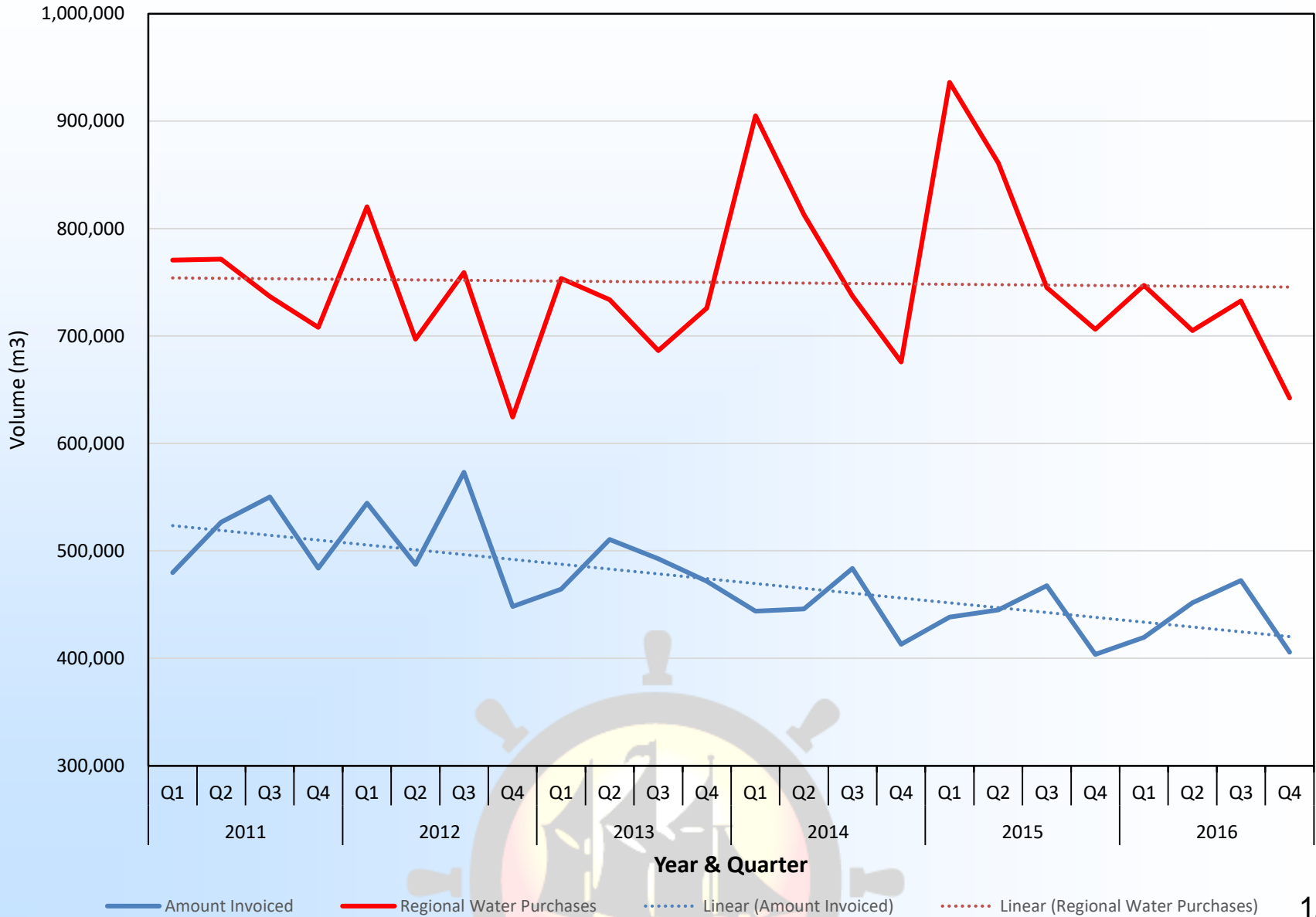


Water Capital Projects

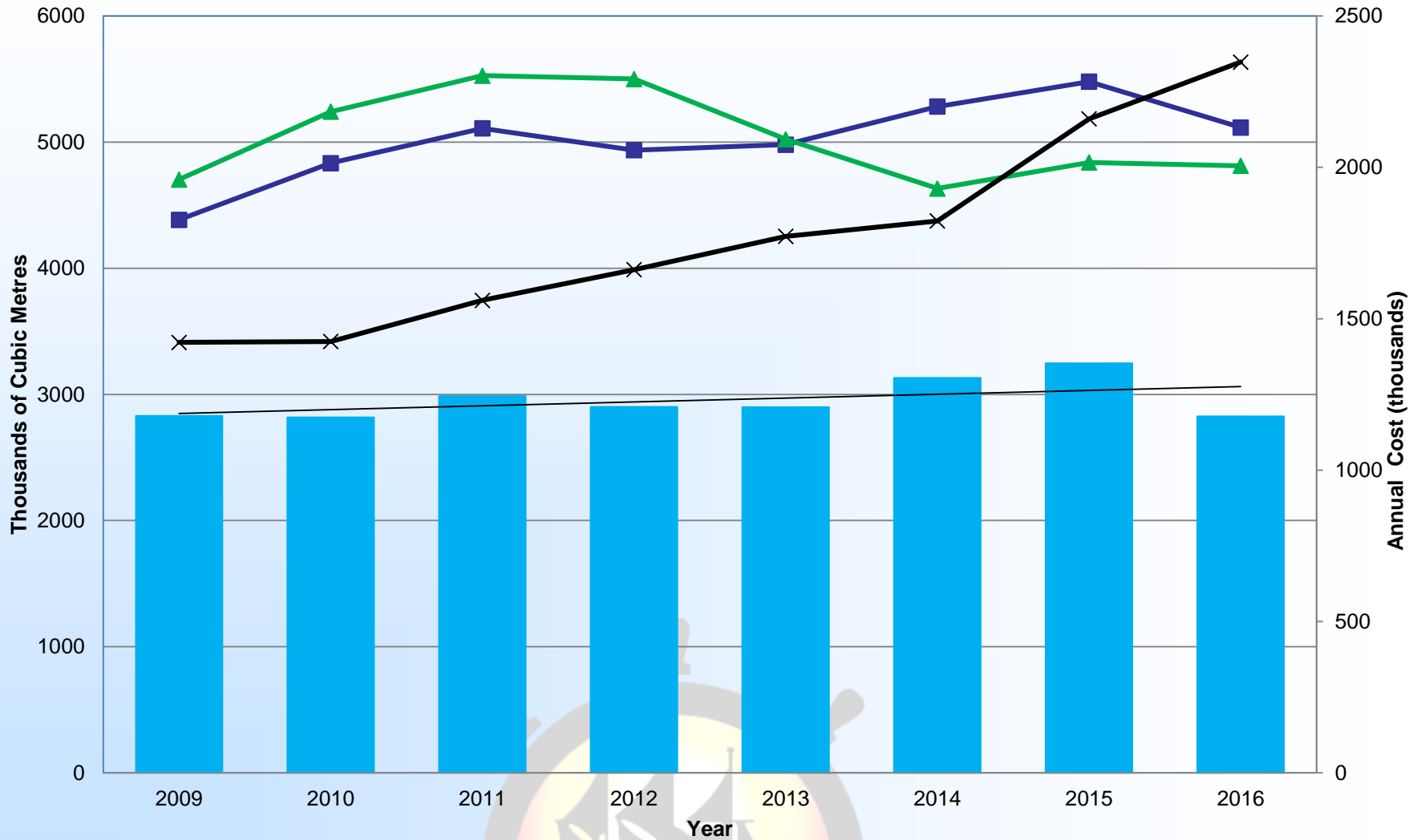
- Elm St Bulk Water Station - \$270,000
- Vehicles/Equipment - \$53,000
- Nickel Area Watermains
- Replacement of Frozen Services - \$256,000
- Fire Service meters – industrial - \$200,000
- Carter St – Net cost of CWWF grant - \$74,000
- Janet St – Net cost of CWWF grant - \$95,000



Quarterly Regional Water Purchases vs. Quarterly Billed



Annual Water Volumes Sales and Costs 2009 - 2016



■ Annual Purchases
 ■ Annual Cost
 ▲ Annual Usage Sales
 × Fixed Charges
 — Linear (Annual Purchases)

Wastewater Operations

Usage Rates

- Usage rate increase \$1.232 to \$1.250 – 1.52%
- Average annual increase - \$5.12

Fixed Service Charge

- Capital rate increase \$386.22 to \$410.76
- Average annual increase - \$24.55

Blended Change

- Wastewater fixed and usage increase – 4.10%
Annual increase is \$29.67 or \$2.48 a month

Wastewater Operations

- Regional fixed cost decrease - \$4,754 to \$4,005,249 (71.3% of budget)
- City operating increase - \$24,576 to \$860,820 (15.3% of budget)
- City capital increase - \$14,724 to \$750,913 (13.4% of budget)
- Regional 3 year rolling average of flows – decreased 363,000 m³
- 3 year average at 4,200,000 m³
- Non billable flows estimated at 35%

Wastewater Capital Program

- Current contributions - \$750,913
- Proposed annual increase of \$14,724
- Annual requirement based on replacement cost is \$1.2 million

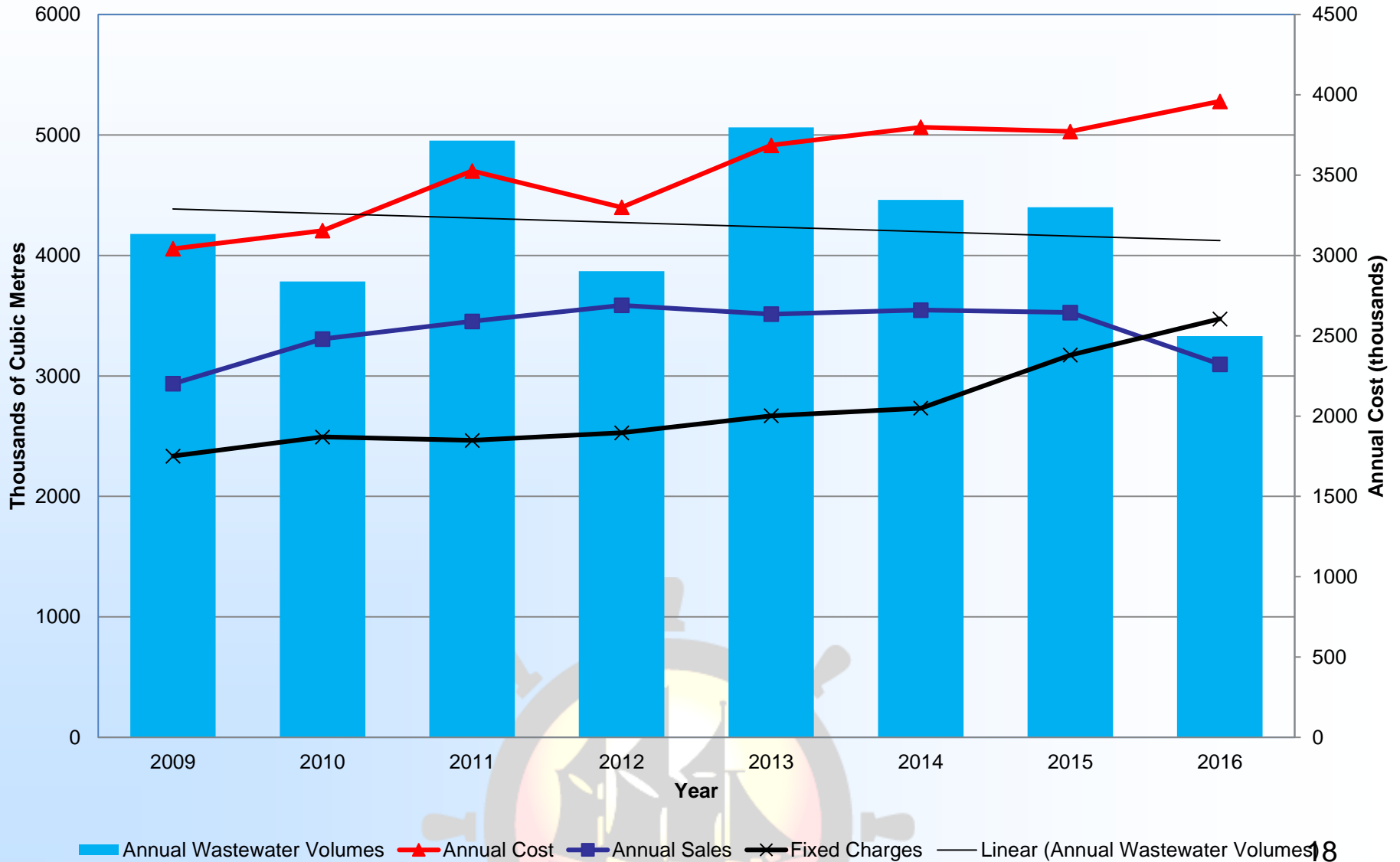


Wastewater Capital Projects

- CSO Program/Refurbishments - \$270,000
- Infrastructure Needs Study (2018) - \$150,000
- Storm Sewer outlet on Elm St – part of the CSO Program – \$270,000
- Vehicles/Equipment - \$36,000
- Janet St – net cost of CWWF grant - \$96,500
- Durham St – part of Nickel Area Project



Annual Wastewater Volumes Sales and Costs 2009 - 2016



2016 Year End

Water Deficit \$119,000

- Deficits must be funded
- Funded through rate stabilization reserve

Deficit Summary

- Declining revenue from water sales



2016 Year End

Wastewater Surplus \$118,800

- Replenish the rate stabilization reserve created in 2015

Surplus Summary

- Reconciliation of actual to budgeted flows
Region's flows decreased along with the City's and percentage share decreased –
Overpayment of \$544,000
- Declining revenue in sales related to declining water sales



CITY OF PORT COLBORNE
RESERVES AND RESERVE FUNDS
December 31, 2016

WATER

Development charges	-	
SCADA Water Study	69,058	
Water Rate Stabilization	-	
Water Equipment Replacement	46,384	
Lorraine Bay	30,420	
Water Meter Replacements	-	
Bulk Water Station Replacement	269,692	
Meter Pits	128,484	
Water Capital Projects	-	
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		<u>544,038</u>

WASTEWATER

Development charges	6,309	
Sewer Rate Stabilization	320,994	
Sewer Operations-TV Inspections	160,290	
Sewer Equipment Replacement	22,885	
CSO Sewer Program	1,062,300	
Sewer Capital Projects	1,113,000	
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		<u>2,685,778</u>

Proposed 2017 Rates

2016 annual cost	2016 rate	Item	2017 rate	2017 annual cost	Annual Increase	Increase
\$	\$		\$	\$	\$	%
1380.00				1425.42	45.42	3.29
314.00	1.147/m ³	Water usage rate	1.173/m ³	321.22	7.22	2.30
342.58	342.58	Water fixed charge	351.12	351.12	8.54	2.49
337.20	1.232/m ³	Sewer usage rate	1.250/m ³	342.32	5.12	1.52
386.22	386.22	Sewer fixed charge	410.76	410.76	24.55	6.36