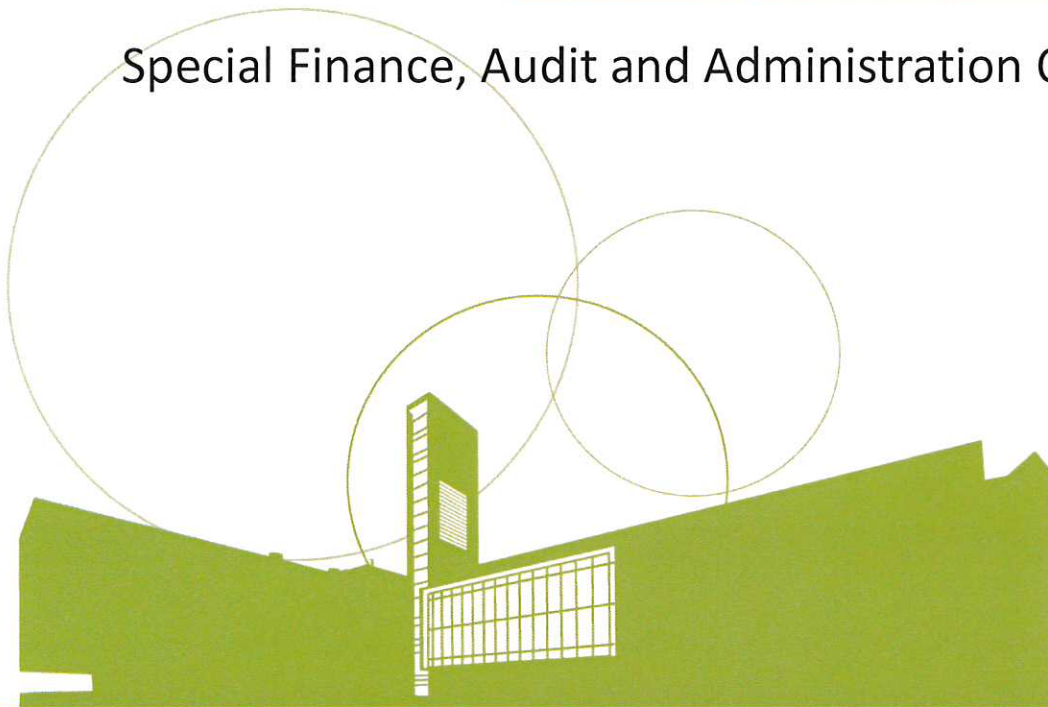


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Water/Wastewater/Stormwater 2016 Draft Budget

Special Finance, Audit and Administration Committee - February 2, 2016



Agenda

- Budget Objective
- Legislative Requirements
- Budget Overview
- 2016 Draft Rate
- Questions

Budget Objective

- **To ensure financially viable and sustainable water, wastewater and stormwater services for both the short and long-term**
 - ✓ Safe drinking water
 - ✓ Effective wastewater collection
 - ✓ Stormwater management

Water/Wastewater Legislative Requirements

| Legislation | Description |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sustainable Water and Sewage Systems Act | Municipalities must assess the costs of providing water and sewage utilities and prepare a method to finance the full cost of providing these services |
| Safe Drinking Water Act | Quality management standards and financial plans required – approved by MOECC |
| Clean Water Act | Stipulates quality and quantity for groundwater and surface water sources |

Budget Overview

| (\$M) | 2015 Actuals/ Forecast | 2016 Budget | % of Budget | Change |
|----------------------|------------------------------|----------------|----------------|--------|
| Region Purchases* | 86.0 | 93.7 | 73% | 7.7 |
| City Expenditures | 20.3 | 20.9 | 16% | 0.6 |
| Reserve Contribution | 12.8 | 16.2 | 13% | 3.4 |
| Other Revenue | (2.1) | (1.9) | -1% | 0.2 |
| Rate Requirement | 117.0 | 128.9 | 100% | 11.9 |

*Bulk water and wastewater treatment costs

Based on the 2016 draft rate, the average household that consumes 267 cubic metres will pay an additional \$88.94 annually or \$7.41 per month

For 2016 the combined draft rate is \$3.7241/m³ representing a 9.82% increase over 2015.

Water Treatment & Water Distribution System Overview

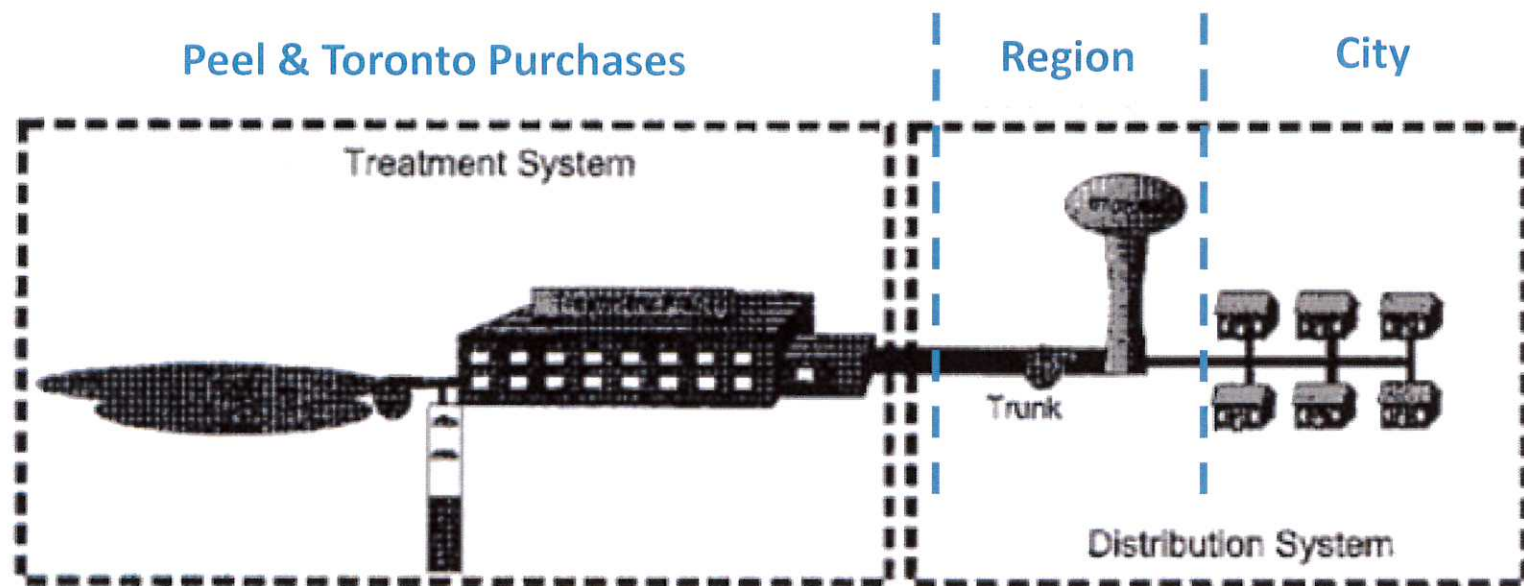
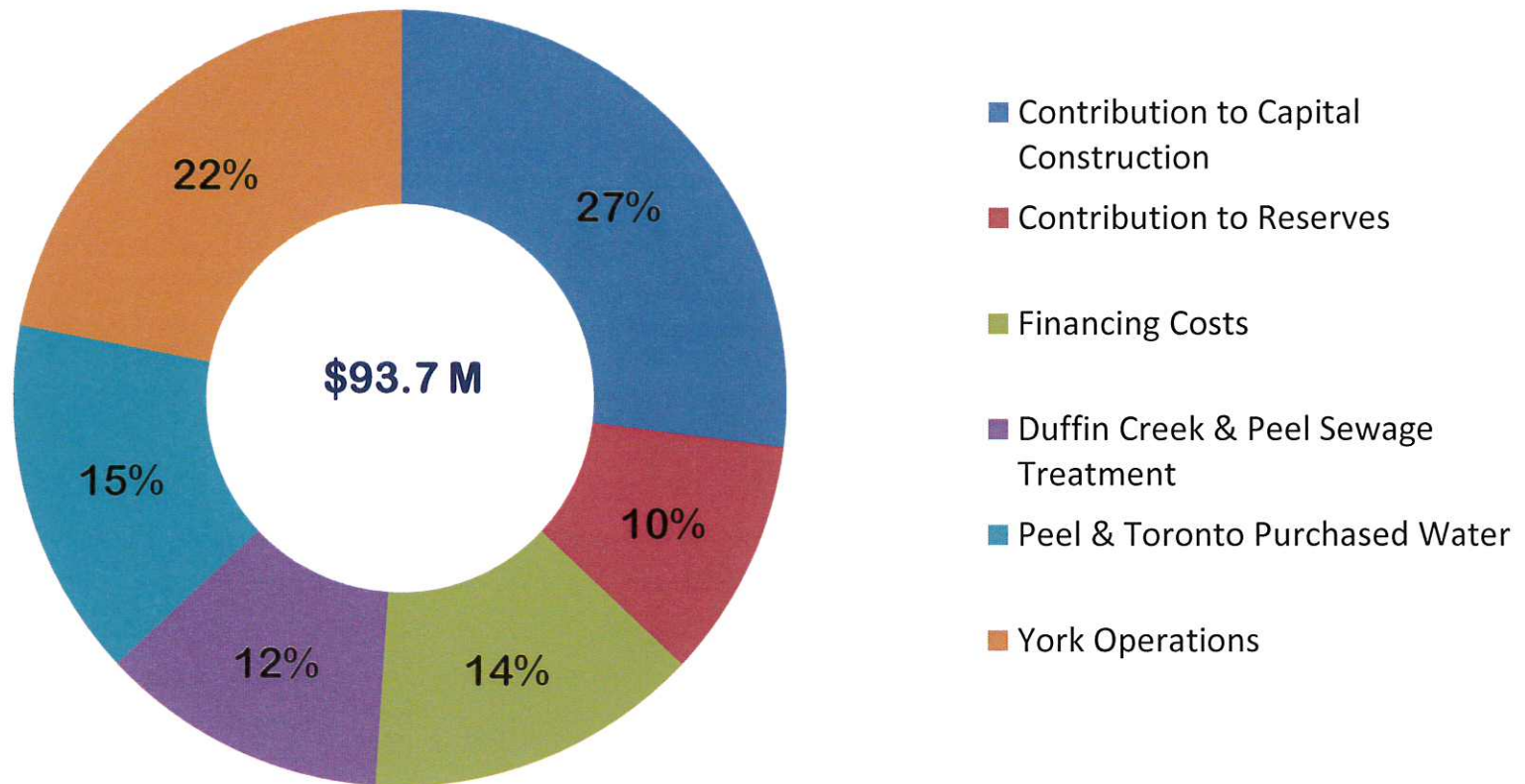


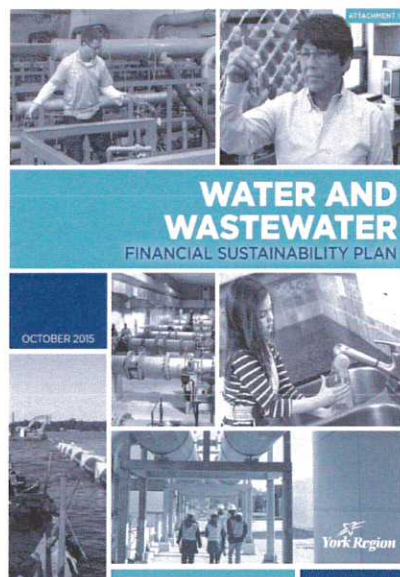
Diagram Source: Ontario Ministry of Environment and Climate Change

2016 Regional Purchases



Percentages based on the Region's approved 2016 budget.

Water and Wastewater Financial Sustainability Plan 2015 – The Regional Municipality of York



OBJECTIVES & PRINCIPLES

Realizing Operational Excellence

Provide clean and safe drinking water to over 1.1 million residents

Keep over \$5.3B of capital infrastructure in good condition

Comply with complex provincial environmental regulations

**EFFECTIVE
DELIVERY OF
WATER AND
WASTEWATER
SERVICES**

Moving Towards Financial Sustainability

Set prices to achieve full cost recovery

Build reserves for future capital rehabilitation and replacement

Establish rate stabilization reserves

- Combined water and wastewater rates from the Region have increased at 10% per year since 2012.
- Based on the Report above, Regional Council has approved combined water and wastewater increases at 9% for 2016 - 2020 and 2.9% for 2021.

City Responsibilities

Water Services

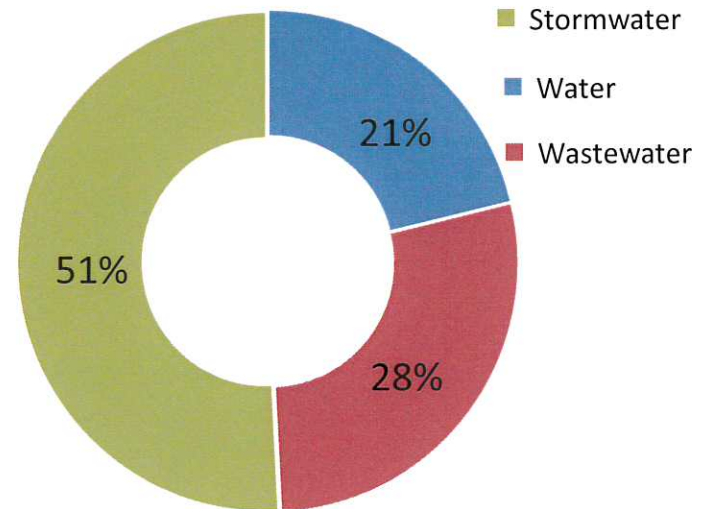
- Provide safe drinking water to the 78,000 residences and 3,100 businesses of Vaughan
- Take approximately 2,000 water samples per year
- Develop a leak detection program to find system efficiencies
- Plan and program capital budget
- Water master planning (DC funded)
- 9,484 Customer Service Calls in 2015

Wastewater/Stormwater Services

- Collect wastewater from 78,000 residences and 3,000 businesses
- Develop an inflow and infiltration program to ensure system efficiency
- Pond cleaning
- Plan and program capital budget
- Wastewater/Stormwater master planning (DC funded)
- 4,661 Customer Service Calls in 2015

Contribution to Reserves

- Replacement value of the City's water, wastewater and stormwater assets is over \$2 billion
- Contributions are to ensure that funding is available when infrastructure renewal is necessary
- Stormwater infrastructure will have the most significant capital replacement requirements. In order to fund the stormwater program , staff will be presenting to Council, in 2016, a stormwater infrastructure funding study

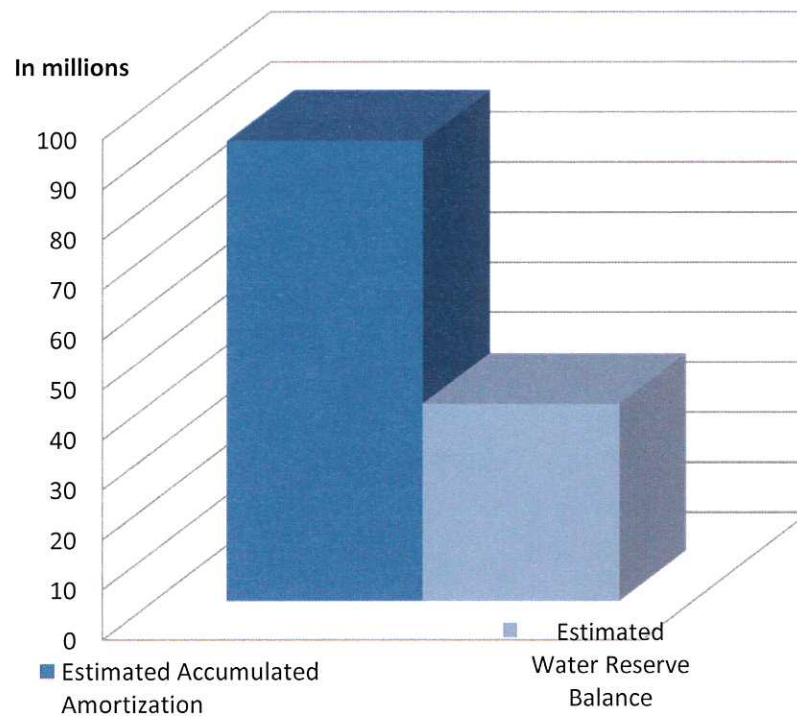


*2014 Corporate Asset Management Strategy

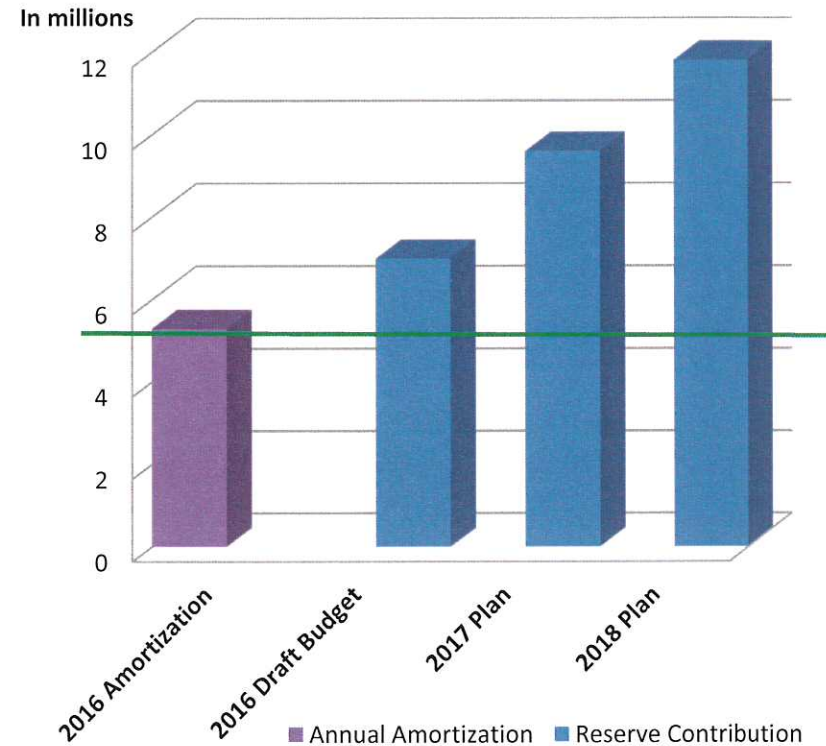
Contribution to Reserves

2016 Water Reserves Contribution Plan

Reserve Balance vs. Accumulated Amortization



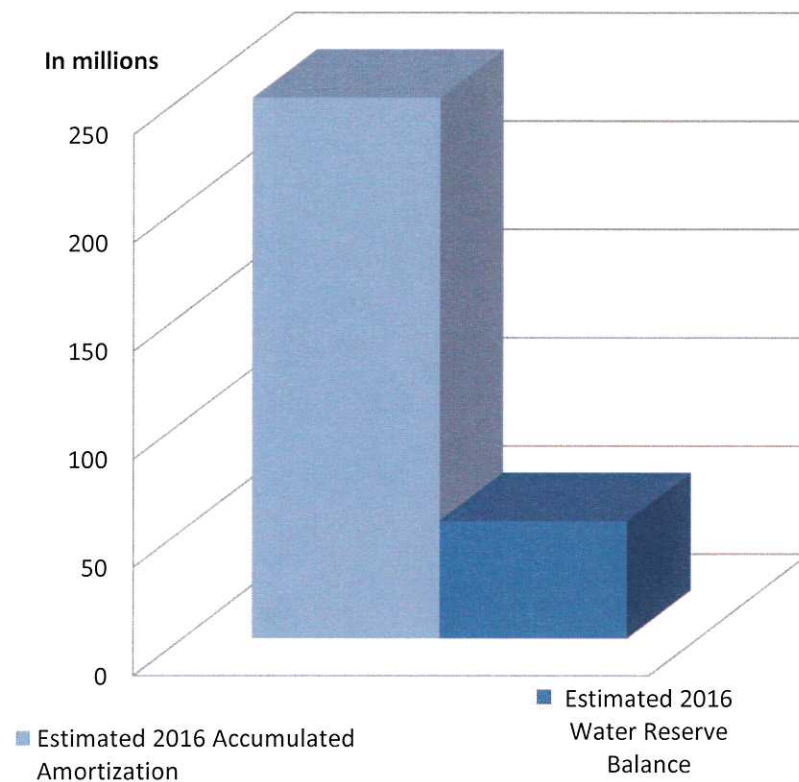
Annual Amortization vs. Reserve Contribution



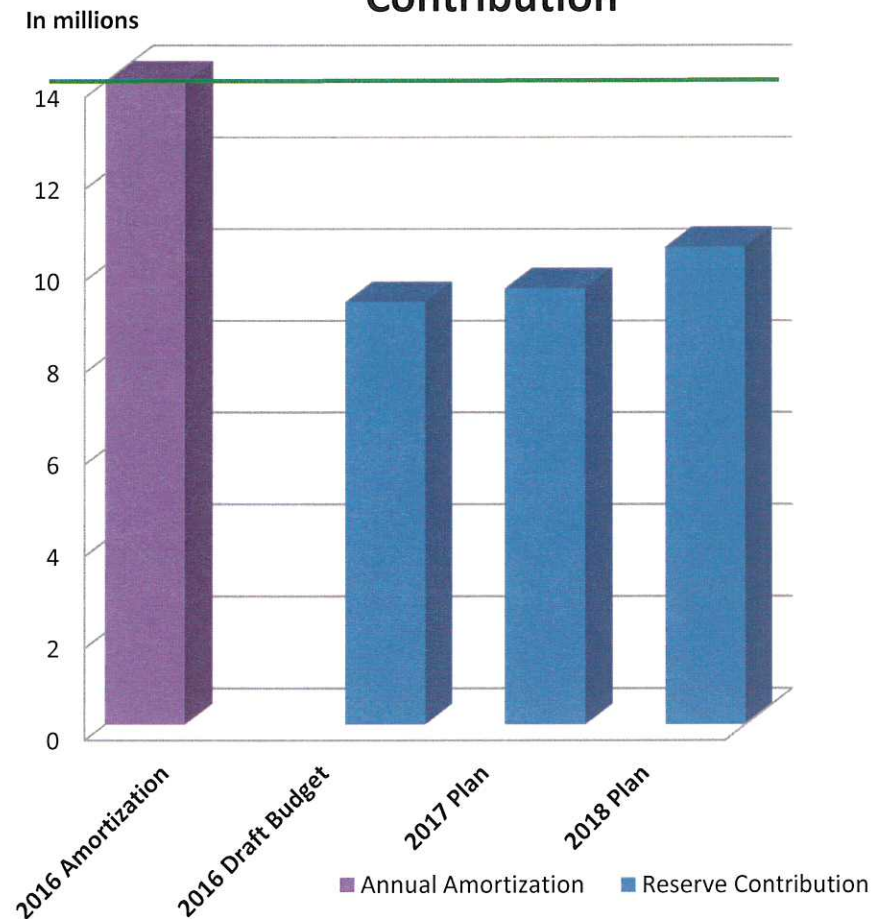
Contribution to Reserves

2016 Wastewater/Stormwater Reserves Contribution Plan

Reserve Balance vs. Accumulated Amortization



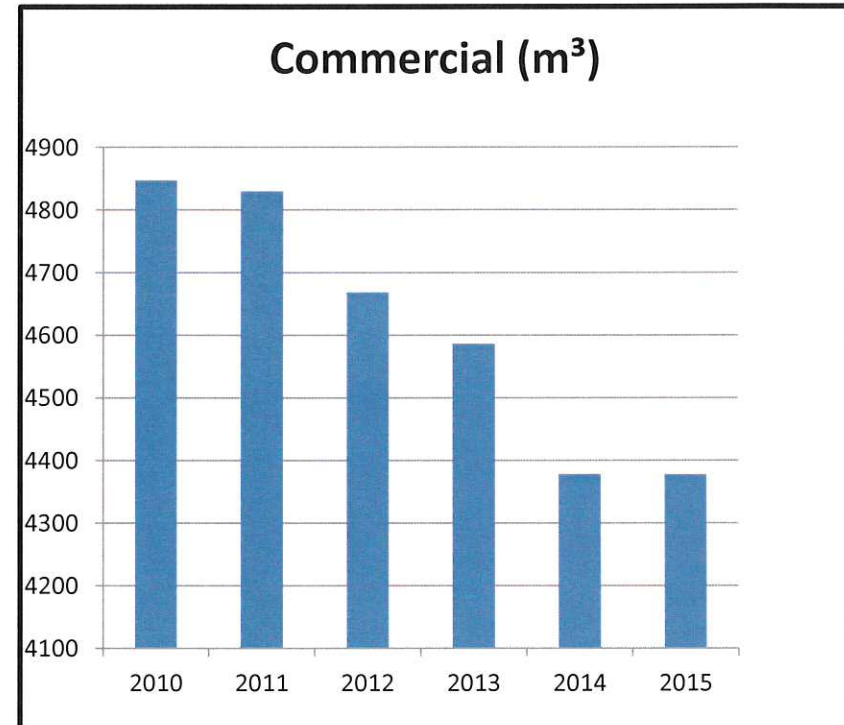
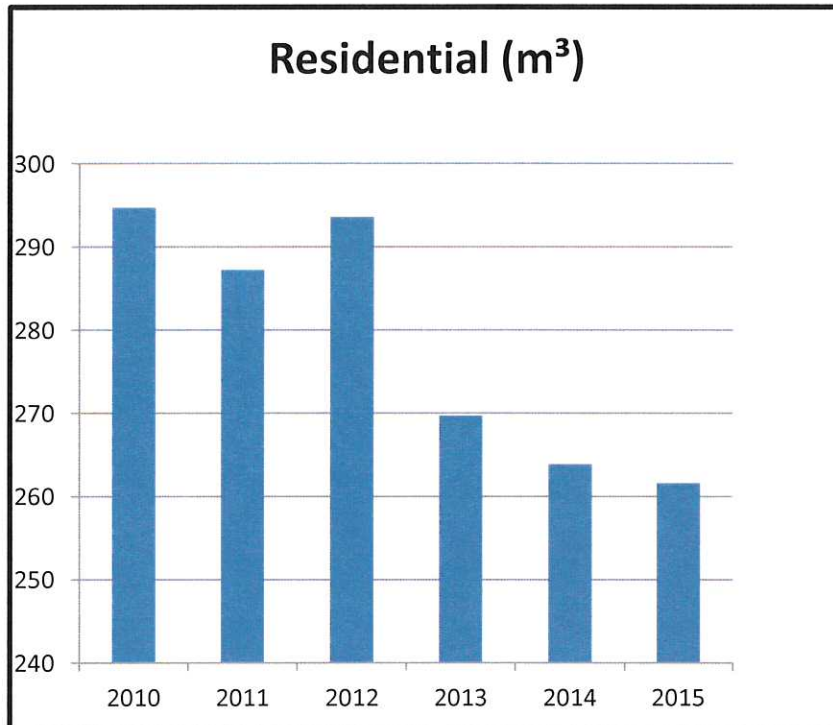
Annual Amortization vs. Reserve Contribution



2016 Draft Rate

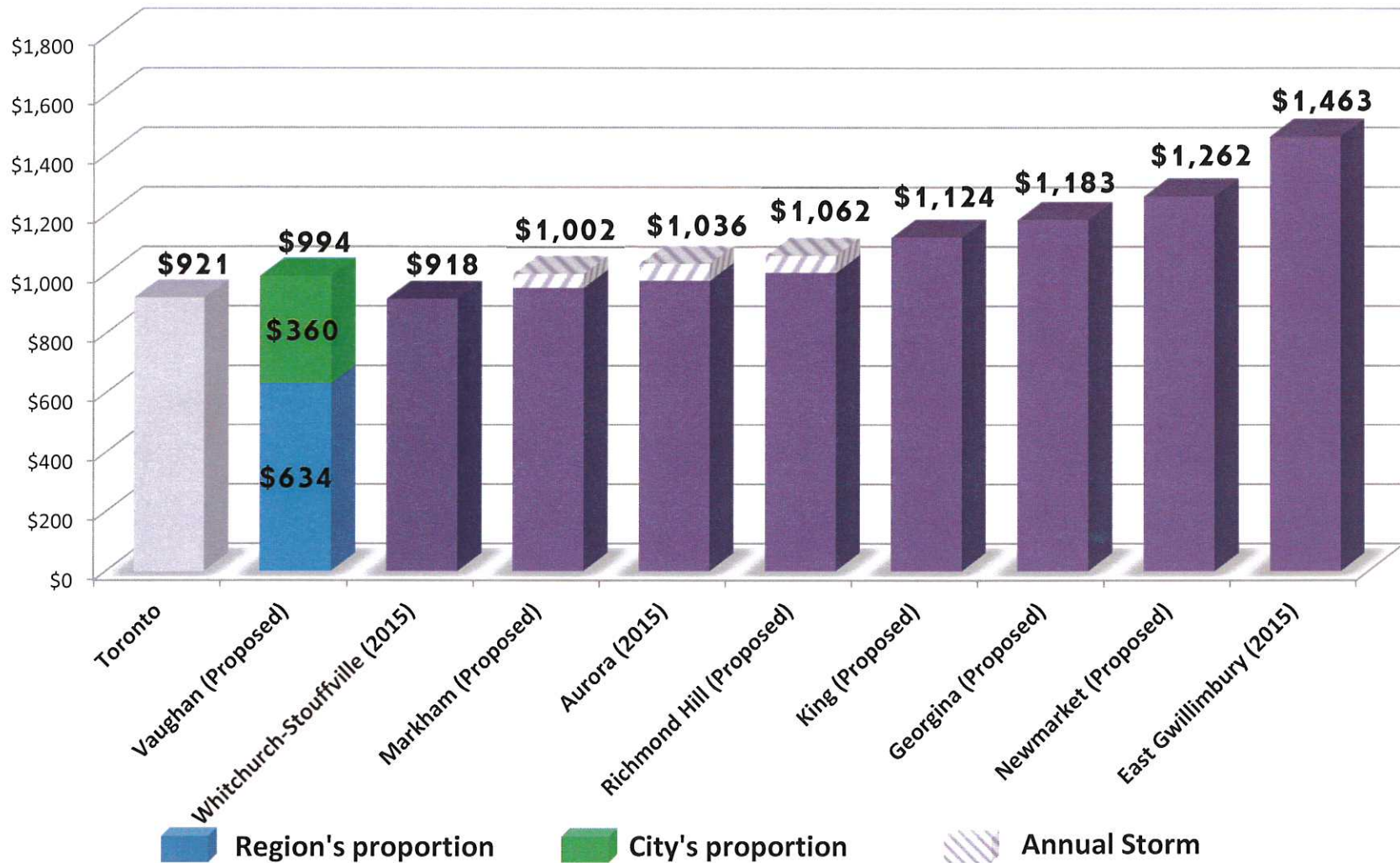
- For 2016 the combined draft rate is \$3.7241/m³ representing a 9.82% increase over 2015.
- This rate allows the City to cover \$128.9 million in purchases, operating and maintenance costs and reserve funding.
- Declining consumption/usage results in an increased cost per cubic metre that the City must charge to residents.
- The increase to the average household that consumes 267 cubic metres will be approximately \$88.94 annually or \$7.41 per month.

Decreasing Water Consumption Per Account



- Consumption/Account has dropped by 11% from 2010 to 2015

Municipal Comparison Annual Cost to the Average Household*



Questions