



Water and Wastewater & Treatment 2014 Budgets



Strategic Priorities & Policy Committee
October 21, 2013



WHAT'S IMPACTING THE BUDGETS?

Legislation

Various legislation dictates what we do and how we do it

- Safe Drinking Water Act/Standard of Care
- Clean Water Act
- Ontario Water Resources Act
- Water Opportunities and Conservation Act
- Environmental Protection Act
- Fire Code – hydrant colour coding
- Building Code – backflow prevention



WHAT'S IMPACTING THE BUDGETS?

Water Regulatory Needs

Compliance requirements addressed within a 2014
operating budget increase of 0.7%

Issue	Remedy
Fire Code Order – hydrant flow rate	Colour coding – maintain
MOE Order – A/V valve chambers – water contamination	Maintenance program – accelerate
Clean Water Act – Source Water Protection	Implementation plan
Accreditation challenges – Licensed Operating Authority	Improve Drinking Water Quality Management System
Support for Orders – reduce operating effort (costs) – system optimization	Technical resources – hydraulic modeling

brute force vs. intelligent approach (optimized, integrated)



WHAT'S IMPACTING THE BUDGETS?

Non-Revenue Water (NRW)

Enhanced efforts to reduce purchase of water costs

ISSUE

- Purchased water not billed – lost due to leakage, construction, water meter inaccuracies, etc.

2006	2007	2008	2009	2010	2011	2012
7.4%	7.7%	7.4%	9.0%	10.2%	10.8%	11.2%

REMEDY

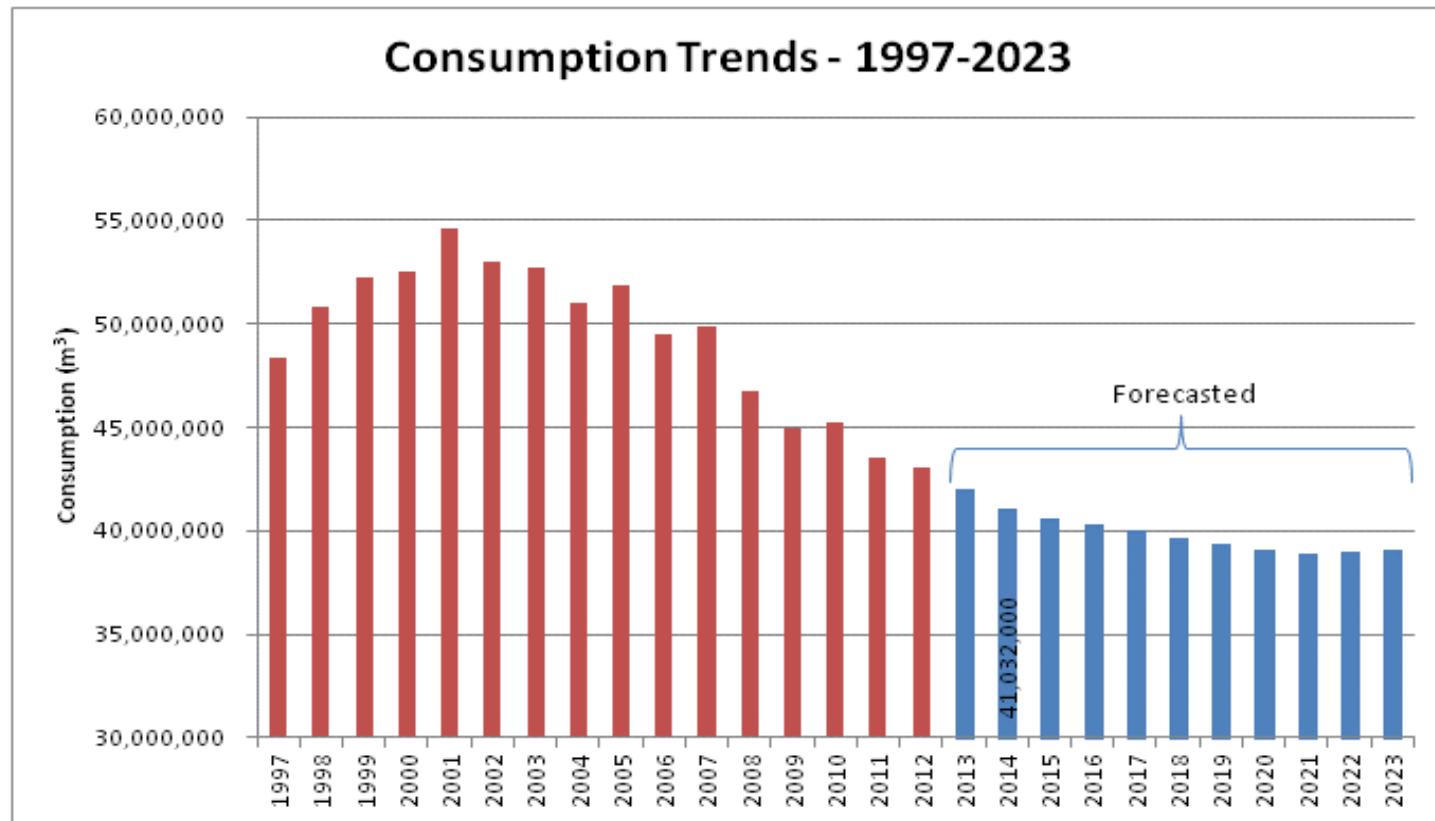
- District Metered Areas - \$2.5M Water capital program
- Distribution system divided into zones (50+) where pressure and flow is monitored to identify leaks requiring repair
- Opportunity for annual savings of \$1M+ compared to status quo



WHAT'S IMPACTING THE BUDGETS?

Consumption

Despite the new rate structure, we remain susceptible to declining consumption

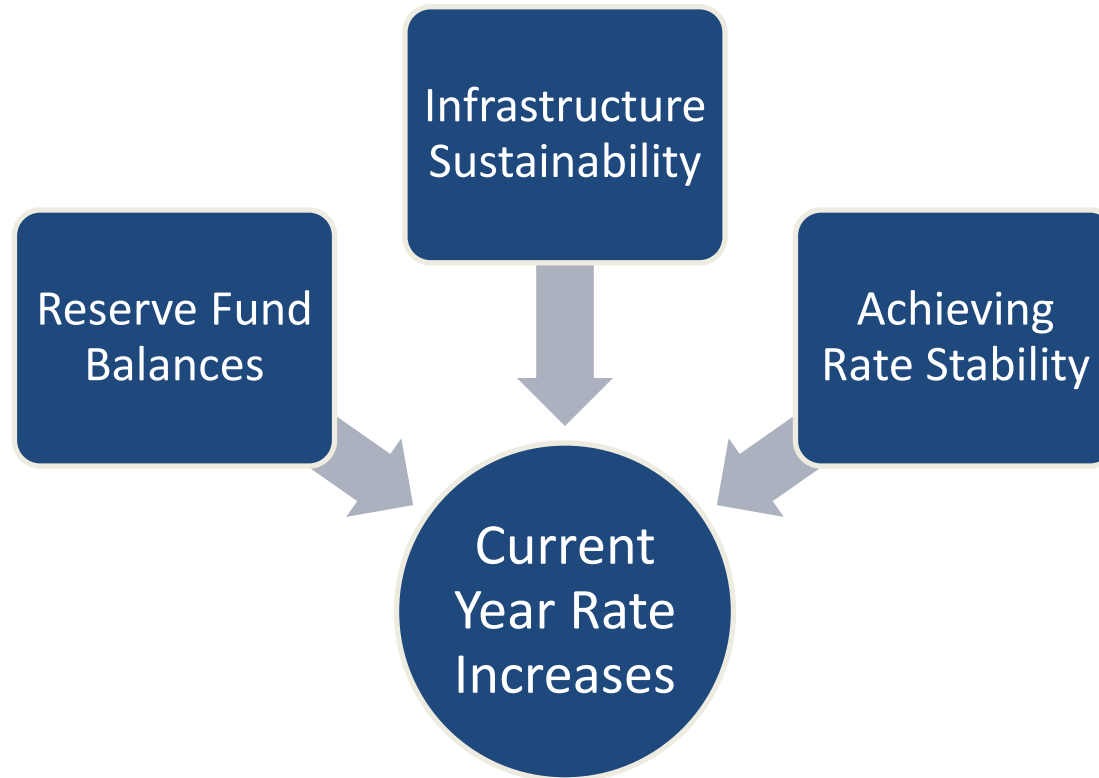




WHAT DO THE 2014 BUDGETS ACHIEVE?

Balances Current & Future Priorities

Rate forecasts strike a balance between our pillars of future planning





WHAT DO THE 2014 BUDGETS ACHIEVE?

Accelerates Financial Sustainability

Despite consumption & operational challenges requiring investment, the new rate structure has accelerated financial sustainability

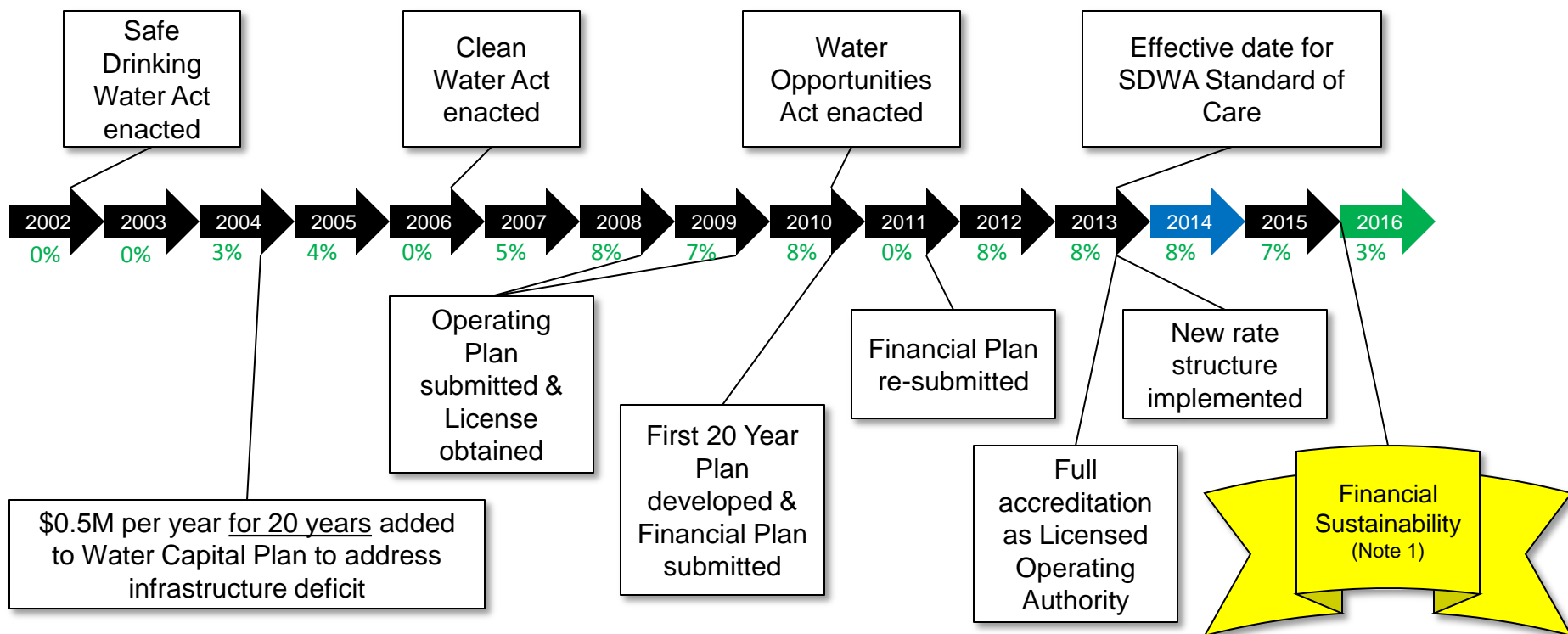
Water	2014	2015	2016	2017	2018	Total
Old Rate Forecast (2013 Budget)	8.0%	8.0%	7.0%	6.5%	3.0%	32.5%
New Rate Forecast	8.0%	7.0%	3.0%	3.0%	3.0%	24.0%
Difference	0.0%	(1.0%)	(4.0%)	(3.5%)	0.0%	(8.5%)

Wastewater	2014	2015	2016	2017	2018	Total
Old Rate Forecast (2013 Budget)	7.0%	7.0%	7.0%	4.0%	3.0%	28.0%
New Rate Forecast	7.0%	7.0%	3.0%	3.0%	3.0%	23.0%
Difference	0.0%	0.0%	(4.0%)	(1.0%)	0.0%	(5.0%)



PUTTING IT INTO PERSPECTIVE

The Bigger Picture



Note 1 – In the utilities context, Financial Sustainability is defined as the movement toward annual rate increases that can be maintained at or near the annual rate of inflation based on a combination of CPI and the Construction Price Index with appropriate use of debt financing, adequate reserve funds and the appropriate investment in capital.



WHERE DO WE GO FROM HERE?

Water & Wastewater Upcoming Budget Schedule

Upcoming Activities	Date
Water and Wastewater Budgets Tabled (SPPC)	October 21
Report to CWC on Proposed Greenway Expansion	October 28
Water and Wastewater Budgets Review (including Public Participation)	November 18
Additional SPPC Meeting (if required)	November 21
Water and Wastewater Budgets Approved (Council)	December 3