

Water and Wastewater & Treatment 2016 – 2019 Budgets



Agenda



1. Supporting Council's Strategic Plan
2. Core Business Objectives
3. Operating Budgets
4. Revenue Overview
5. Capital Budgets
6. Capital Financing
7. Summary

Supporting Council's Strategic Plan



Strengthening Our Community

Healthy, safe, and accessible city

Building A Sustainable City

Robust Infrastructure

Strong and healthy environment

Responsible growth

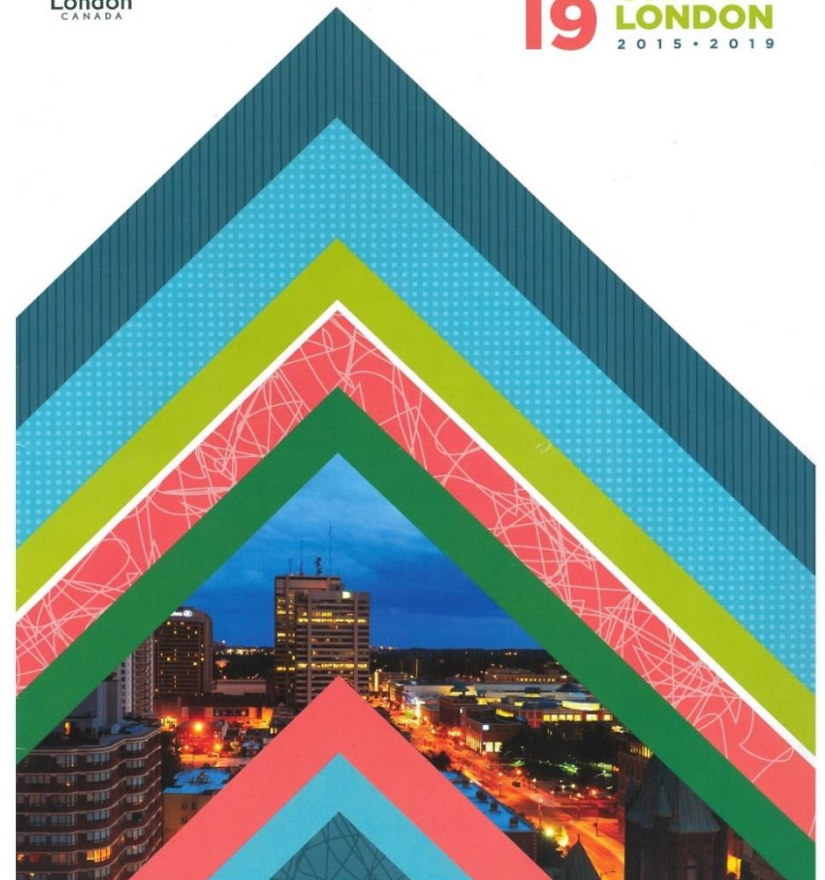
Growing Our Economy

Urban Regeneration

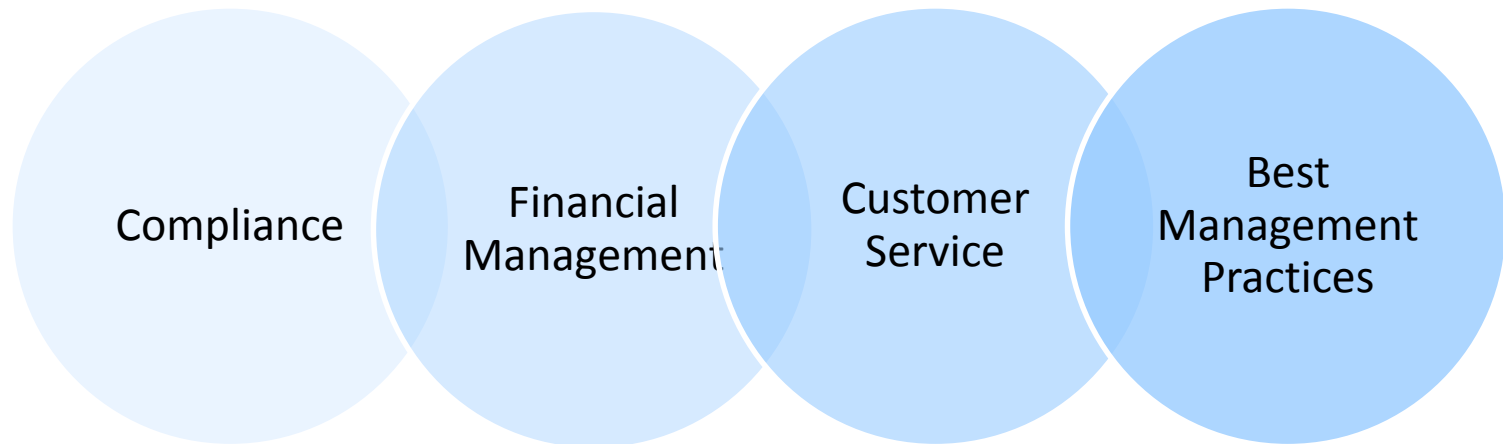
Local, regional, and global innovation

Leading in Public Service

Proactive financial management



Four Core Business Objectives



Compliance Goals

Safe Drinking Water Act effective January 1, 2013 imposes “Standard of Care” on elected officials

Legal obligation to exercise a level of care, diligence and skill with regard to a municipal drinking water system that a reasonably prudent person would be expected to exercise in a similar situation.

Pending regulations for wastewater.



Compliance

Recent Accomplishments



Drinking Water

Final Inspection Rating of 100% for 2015 on our MOECC Drinking Water System audits

Thames River

Chemically Enhanced Primary Treatment at Vauxhall, now Greenway



Compliance

Compliance

2016 - 2019



Drinking Water

Lead and frozen service mitigation

Computerized Maintenance Management for records and reporting

Thames River

Bill 66 to effect a 40% reduction in phosphorus
Pollution Prevention and Control Plan, and
Thames River Clear Water Revival

\$162M (2016-19) and \$517M over next 10 years

Water is only part of the story...



Jeremiah

Thames River
Water Services



Compliance

Financial Management Goal

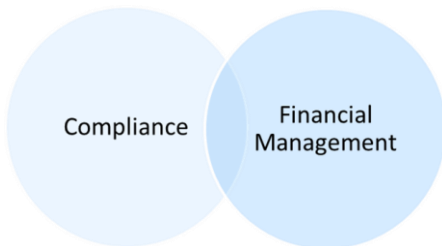
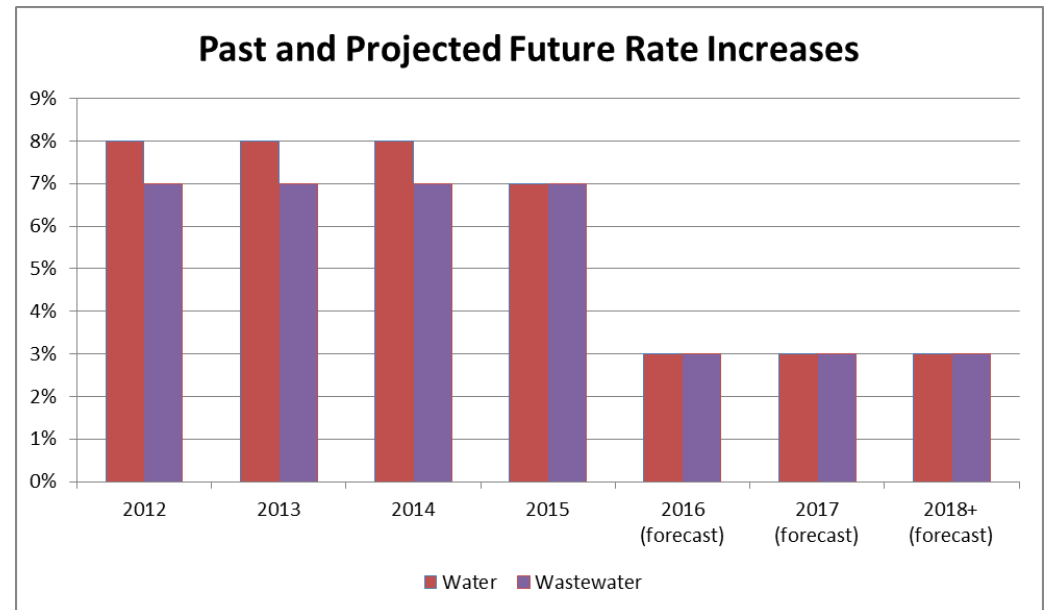


Maintain stable rate increases

Healthier reserve funds for unknowns

Cost control measures -- short and long term sustainable

Revenue stability

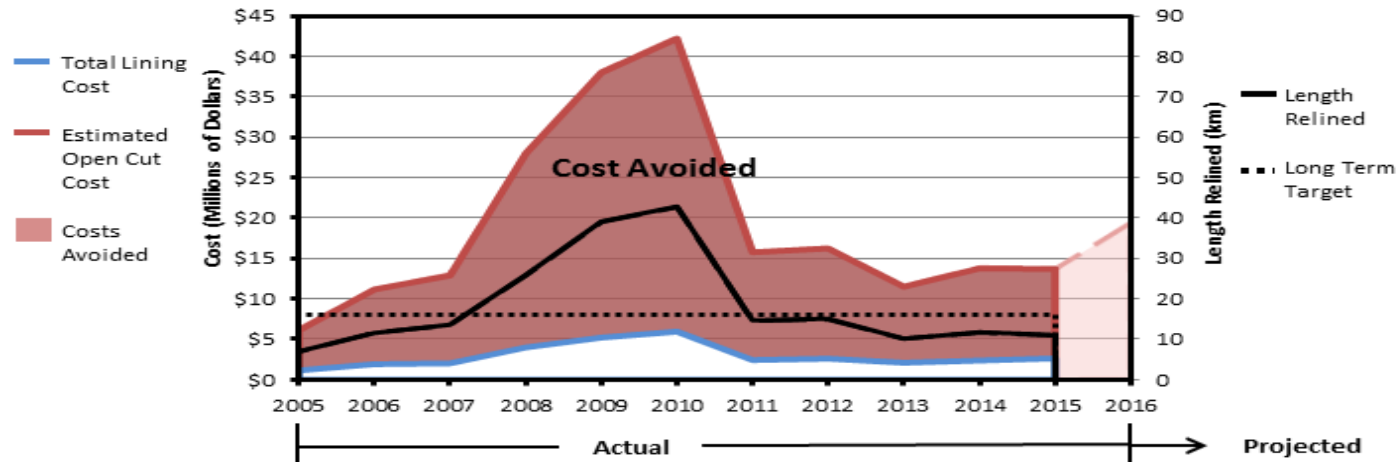


Financial Management

Recent Accomplishments

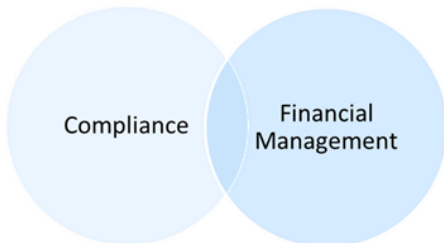


Avoided \$177 million in last 11 years – relining instead of replacing



Equipment -- \$230k / yr. electricity savings

Greenway sludge management -- \$700k / yr.



Financial Management

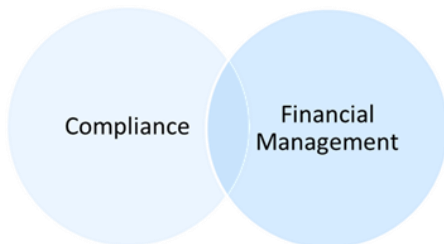
2016 - 2019



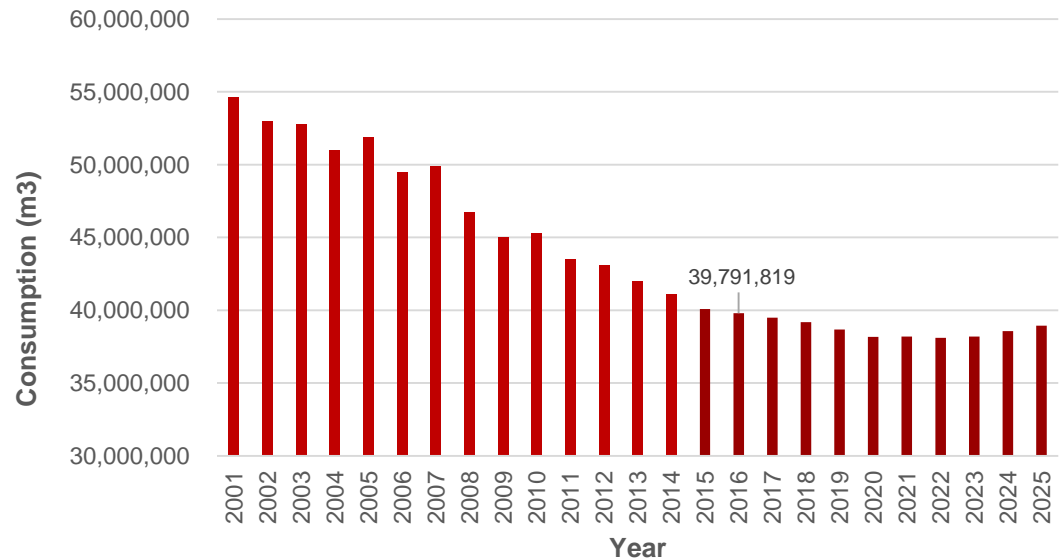
Computerized Maintenance Management System

Incinerator electricity generation

Investigate revenue forecasting factors



Consumption Trends - 2001 to 2025



Customer Service -- Goals



Large customers -- the information they desire

Homeowners -- understand their billing

Complete suite of education curriculum

New service for a growing City



Customer Service

Recent Accomplishments



Developed a frozen water service response plan

New Services in SW London

New Billing Service Agreement with enhancements



Customer Service

2016 - 2019



Expanding water education curriculum

Basement flooding program review

Large customers and homeowners access to billing details on line – this spring



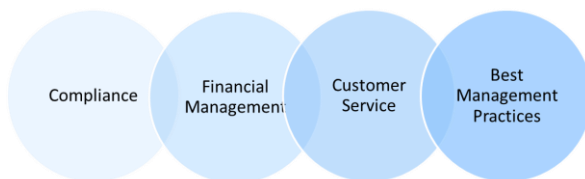
Best Management Practices-- Goals



Being prepared to meet
changing regulations

Managing water from all
sources supportively

Protect; Conserve; Treat
Long Term Sustainability



Best Management Practices

Recent Accomplishments



Support research

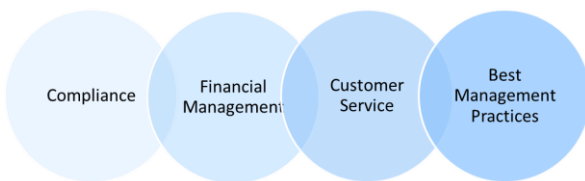
Thames River Experimental
Stream Science facility

Greenway commercialization /
research facility

Applied new technology

Greenway and Vauxhall CEPT

Burbrook trunk sewer
microtunneling



Best Management Practices

2016 - 2019



Innovation

Incinerator electricity business case and pilot

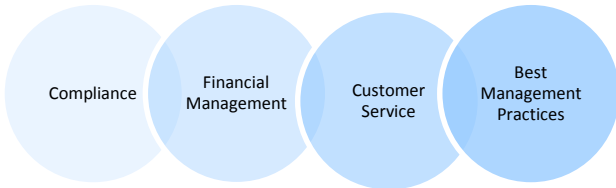
New technology business case for blowers



One Water theme

Managing water in all its forms to one ethic

Quality Management system,
communication, transparency



Operating Budget - Water



Water Budget 2016 – 2019

Total Operating Budget	Average Annual Net Increase	Average Impact on Rate	Average Residential Impact (165.4m ³)
\$307.6m	\$1.6m	3%	\$11

Average Increase over Prior year Budget 2.1%

Average Impact of Reduced Water Consumption & Increase in Other Revenues 0.9%

Budget Pressures

- Declining consumption revenues
- 1 new FTE in 2016 to meet additional demands; 1 new FTE in 2017 and 1 new FTE in 2018 for the Backflow Prevention program
- Increases in utility and water costs (eg. Electricity at average of 6.8% annually, purchase of water ranging from 9% to 3%)

Operating Budget - Wastewater



Wastewater Budget 2016 – 2019

Total Operating Budget	Average Annual Net Increase	Average Impact on Rate	Average Residential Impact (165.4m ³)
\$376.8m	\$2.3m	3%	\$14

Average Increase over Prior year Budget 2.5%

Average Impact of Reduced Water Consumption & Growth in Number of Connections 0.5%

Budget Pressures

- Declining consumption revenue
- Increases in utility and chemical costs (eg. Electricity at average of 6.8% annually)
- Wage, salary and benefit increases due to existing employment agreements
- Increases in capital levy to progress toward target of funding 75% of lifecycle projects

Revenue Overview



Water Revenues 2016-2019 (\$ millions)

Type of Revenue	2015 Revised Budget	2019 Proposed Budget	2016-2019 Increase/ (Decrease)
Water Usage Charges	\$ 46.9	\$ 49.1	\$ 2.2
Water Infrastructure Charges	22.6	26.2	3.6
Fire Protection Charges	2.7	3.2	0.5
Customer Assistance Charges	0.3	0.3	0.0
Other Revenues	1.0	1.2	0.2
Total Revenues	\$ 73.6	\$ 80.0	
Increase in Total Revenues			\$ 6.4

Wastewater Revenues 2016-2019 (\$ millions)

Type of Revenue	2015 Revised Budget	2019 Proposed Budget	2016-2019 Increase/ (Decrease)
Wastewater Usage Charge	\$ 41.0	\$ 43.0	\$ 2.0
Wastewater Infrastructure Charge	18.8	21.7	2.9
Storm Drainage System Charge	24.1	28.0	3.9
Other Revenues	5.3	5.7	0.4
Total Revenues	\$ 89.2	\$ 98.4	
Increase in Total Revenues			\$ 9.2

Note: Increases in revenue are based on forecast 3% annual rate increases. Rate increase covers water expenses of 2.1% and wastewater expenses of 2.5%.

Capital Budget - Water



Water Capital Budget (\$ millions)

2016 – 2019 Multi-Year Budget	2020 – 2025 Forecast	Total 2016 -2025
\$153.3	\$223.1	\$376.4

2016 – 2019 Capital Budget by Category

- Watermains \$139.6 million
- Meters \$8.8 million
- Reservoirs & Pumping Stations \$2.4 million
- Other \$2.5 million

Major Projects

Lifecycle

- Main Replacements - \$50.1M
- Main Rehabilitation - \$24.2M
- Water Services Replacement - \$8M

Growth

- Medway-Wonderland Trunk Watermains - \$11M

Capital Budget - Wastewater



Wastewater Capital Budget (\$ millions)

2016 – 2019 Multi-Year Budget	2020 – 2025 Forecast	Total 2016 -2025
\$294.0	\$378.1	\$672.1

2016–2019 Capital Budget by Category

- Sewers \$148.3 million
- Pollution Control Plants & Pumping Stations \$33.5 million
- Stormwater Management Facilities \$110 million
- Other \$2.2 million

Major Projects

Lifecycle

- Sewer Replacement Program - \$61.7M
- Specialized Sewer Repairs - \$17.3M

Growth

- Southwest Area Plan - \$48.3M Stormwater + \$19.8M Sanitary

Service Improvement

- Combined Sewer Separation - \$25.5M

Capital Financing



Water 2016-2019

	Budget (\$ millions)	% of Financing
RATE SUPPORTED		
Capital Levy	78.7	51%
Capital Water Reserve Fund	47.7	31%
Debt	-	0%
Total Rate Supported	\$ 126.4	82%
NON-RATE SUPPORTED		
City Services (Development Charges)	20.3	13%
Federal Gas Tax Grant	5.9	4%
Other Contributions (Provincial Grants, Cash Payments)	0.7	0%
Total Non-Rate Supported	\$ 26.9	18%
Total Sources of Financing	\$ 153.3	100%

Wastewater & Treatment 2016-2019

	Budget (\$ millions)	% of Financing
RATE SUPPORTED		
Capital Levy	70.9	24%
Sewage Works Reserve Fund	89.8	31%
Debt	-	0%
Total Rate Supported	\$ 160.7	55%
NON-RATE SUPPORTED		
City Services (Development Charges)	113.0	38%
Federal Gas Tax Grant	18.0	6%
Other Contributions (Provincial Grants, Cash Payments)	2.4	1%
Total Non-Rate Supported	\$ 133.3	45%
Total Sources of Financing	\$ 294.0	100%

Note: No new Rate Supported Debt to be authorized through 2016-2019
 Authorized but Unissued (Sept/15): Water - \$ 0.5M; Wastewater - \$32.5M

Summary



Strengthening Our Community -- “Help Londoners understand how we provide safe drinking water and protect the Thames River”

Thames River Clear Water Revival and Annual Reporting on drinking water performance

Building a Sustainable City -- “Fund innovative ways to adapt to Climate Change”

Basement flooding reduction review and programs, and flood proofing treatment plants

Growing Our Economy -- “Lead the development of new ways to resource recovery, energy recovery and utility and resource optimization”

Pilot energy from waste incinerator heat, and Greenway Wastewater research Facility

Leading in Public Service -- “Make sure that financial issues are not created and pushed to the future, creating problems for future generations.”

Debt management strategy, pay as you go policies for Life Cycle renewal projects.

QUESTIONS

