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# RECOMMENDATIONS

ALL AMOUNTS REPORTED IN THOUSANDS (\$000's)

## Water and Wastewater & Treatment 2016-2019 Multi-Year Budget – 2019 Annual Budget Update

- a) That the following actions be taken with regards to the Water capital budget amendment cases impacting the capital budget, it being noted that financing can be accommodated within the capital plan without impacting the water rates.
- i) Changes to 2019 of the multi-year budget period, representing a decrease of \$0.3 million **BE APPROVED**, and
  - ii) Changes to the 2020-2025 forecast period, representing an increase of \$1.5 million **BE APPROVED** in principle.

<b>Capital Budget Amendments</b>				
Case #	Description	2019	2020-2025	Total
<b>Lifecycle</b>				
1	<b>EW3553 - Arva Huron Watermain Environmental Assessment</b> <b>Rationale:</b> Environmental Assessment needed to determine the short and long-term plans for maintenance of the Huron-Arva Water Supply Pipeline.	600	-	600
<b>Growth</b>				
	<b>Water Engineering</b> <b>Rationale:</b> Revise timing of select Water Engineering projects to meet demand or align with other work in same area.			
	<b>Advance Projects:</b>			
2	EW3581 Pond Mills Road (Wilton Grove Road to Southdale Road)	585	-	585
	<b>Defer Projects:</b>			
3	EW3654 Arva Pumping Station Upgrade	(332)	332	-
4	EW3675 Summercrest Southdale High Level	(1,131)	1,131	-
<b>Total Amendments</b>		<b>(278)</b>	<b>1,463</b>	<b>1,185</b>
<b>Total Revenue</b>		<b>278</b>	<b>(1,463)</b>	<b>(1,185)</b>
<b>Total Rate Impact</b>		<b>-</b>	<b>-</b>	<b>-</b>

Note: Capital budget amendments reflect requested investment, it being noted that financing can be accommodated within the capital plan without impacting rates.

- b) That the reconciliation of the tabled Water budget to the Public Sector Accounting Board financial statement budget **BE RECEIVED** for information (page 20).
- c) That, in accordance with section 291(4)(c) of the Municipal Act, 2001 as amended, the Water operating budget reflecting an annual rate increase of 3% for the 2019 period **BE READOPTED** with no net change.
- d) That, in accordance with section 291(4)(c) of the Municipal Act, 2001 as amended, the following actions be taken with respect to the Water capital budget:
  - i) The revised 2019 capital budget **BE READOPTED** in the amount of \$XX;
  - ii) The revised 2020-2025 capital forecast **BE APPROVED** in principle in the amount of \$XX.
- e) That the Water Reserves and Reserve Funds Overview **BE APPROVED**, it being noted projections are subject to annual review and adjustment.

- f) That the following actions be taken with regards to the Wastewater & Treatment capital budget amendment cases impacting the capital budget, it being noted that financing can be accommodated within the capital plan without impacting Wastewater & Treatment rates.
- i) Changes to 2019 of the multi-year budget period, representing a decrease of \$8.7 million **BE APPROVED**, and
  - ii) Changes to the 2020-2025 forecast period, representing an increase of \$9.8 million **BE APPROVED** in principle.

<b>Capital Budget Amendments</b>				
Case #	Description	2019	2020-2025	Total
<b>Lifecycle Renewal</b>				
5	<b>ES2428 - Erosion Remediation in Open Watercourses Management and Reclamation</b> <b>Rationale:</b> Increase budget to allow for Low Impact Development (LID) projects.	320	-	320
6	<b>ES5084 - Replacement Equipment Wastewater Treatment Plants</b> <b>Rationale:</b> Budget increase for the maintenance and replacement of wastewater treatment assets.	690	-	690
7	<b>ESSWM-STMRM - Dingman Creek and Other Stream Remediation</b> <b>Rationale:</b> Schedule change to coordinate project with completion of Dingman Creek Environmental Assessment.	(1,796)	1,796	-
<b>Growth</b>				
	<b>Stormwater Management</b> <b>Rationale:</b> Revise select Stormwater Management Growth projects to coordinate with completion of Dingman Creek Environmental Assessment.			
	<b>Defer Projects:</b>			-
8	ES2475 - Dingman Creek Main Channel Remediation	(2,300)	2,300	-
9	ES3202 - Dingman On-line SWM Facility #2	(4,290)	4,290	-

<b>Capital Budget Amendments</b>				
Case #	Description	2019	2020-2025	Total
<b>Service Improvement</b>				
<b>10</b>	<b>ES3013 - Carling Creek Trunk Storm Sewer Phase IV</b> <b>Rationale:</b> Construction schedule change to align with infrastructure renewal project.	(1,350)	1,450	100
<b>Total Amendments</b>		<b>(8,726)</b>	<b>9,836</b>	<b>1,110</b>
<b>Total Revenue</b>		<b>8,726</b>	<b>(9,836)</b>	<b>(1,110)</b>
<b>Total Rate Impact</b>		<b>-</b>	<b>-</b>	<b>-</b>

Note: Capital budget amendments reflect requested investment, it being noted that financing can be accommodated within the capital plan without impacting rates.

- iii) That the following Wastewater & Treatment capital budget adjustments only impacting the 2020-2025 forecast period **BE APPROVED** in principle, it being noted that the changes to the forecast represent an increase of \$6.8 million.

<b>Capital Budget Amendments - 2020-2025</b>	
Description	2020-2025
<b>Growth</b>	
<b>ES2435 - PDC's Installed with Claimable Remediation Works</b> <b>Rationale:</b> Project cancelled as Claimable Urban Works phased out.	(100)
<b>Service Improvement</b>	
<b>ES3098 - Greenway Wastewater Treatment Plant Flood Proofing and Effluent Pumping Station</b> <b>Rationale:</b> Budget increase for Greenway flood proofing, effluent pumping station and disinfection upgrades.	6,850
<b>Total Budget Amendments</b>	<b>6,750</b>
<b>Total Rate Impact</b>	<b>-</b>

Note: A budget amendment case is not required since these capital project adjustments do not impact the 2016-2019 Multi-Year Budget period.

- g) That the reconciliation of the tabled Wastewater & Treatment budget to the Public Sector Accounting Board financial statement budget **BE RECEIVED** for information (page 47).
- h) That, in accordance with section 291(4)(c) of the Municipal Act, 2001 as amended, the Wastewater & Treatment operating budget reflecting an annual rate increase of 3% for the 2019 period **BE READOPTED** with no net change.
- i) That, in accordance with section 291(4)(c) of the Municipal Act, 2001 as amended, the following actions be taken with respect to the Wastewater & Treatment capital budget:
  - i) The revised 2019 capital budget **BE READOPTED** in the amount of \$XX;
  - ii) The revised 2020-2025 capital forecast **BE APPROVED** in principle in the amount of \$XX.
- j) That the Wastewater & Treatment Reserves and Reserve Funds Overview **BE APPROVED**, it being noted projections are subject to annual review and adjustment.

# 2019 UPDATE TO THE 2016-2019 MULTI-YEAR BUDGET

## SUMMARY - WATER

There are no operating budget amendments recommended for the 2019 Budget Update. It should be noted that in 2019 the City will be paying 1% less than previously forecasted (2% increase instead of 3%) for water purchased from the Lake Huron Primary Water Supply System. However, this is offset by a rate increase 1% higher than previously forecasted in each of 2018 and 2019 for water purchased from the Elgin Area Primary Water Supply System (4% increase instead of 3%). The combined impact is a reduction of water purchase costs of \$35 thousand. The purchase of water costs make up approximately 30% of the City's total water distribution budget.

There are four capital budget amendments for this service area resulting in a \$0.3 million decrease in the 2016-2019 approved budget and a \$1.5 million increase to the 2020-2025 capital forecast adopted in the 2016-2019 capital budget. These budget amendments are detailed beginning on page 23.

There are a number of anticipated pressures on the Water budget going into the next multi-year budget period. These include the infrastructure gap that will be determined by the 2018 Corporate Asset Management Plan which will include reservoir replacements, the addition of growth related core area work to provide adequate servicing and ensuring the supply of water into the City is protected. During the ongoing development of the 2018 Corporate Asset Management Plan an external analysis of the replacement values of our linear assets was completed. The resultant replacement values have significantly increased from previous estimates due to the improved accuracy of asset data and unit cost assumptions. Further information will be presented to Municipal Council as part of the newest 2018 Corporate Asset Management Plan. Another major budget pressure is the need to replace one of London's major reservoirs. The Springbank Reservoir No. 2 is nearing the end of its useful life and an environmental assessment is currently underway that will consider options to replace the reservoir. The environmental assessment will also consider the long-term storage needs required to service anticipated urban growth within the City as a whole. The Core Area Servicing Studies provide a plan to provide servicing for intensification related development within the built-out City. The plan includes \$9 million in water works with a City funded share of \$0.6 million and will be finalized as part of the 2019 Development Charges Background Study process. The Arva-Huron Pipeline is the most critical supply of water into the City of London, supplying approximately 85% of water used by all customers. An environmental assessment is currently scheduled to determine the long-term strategy for replacing this key component of the City's water system. The timing and funding of the projects identified in this plan will be considered as part of the multi-year budget process.

Administration is currently reviewing the existing 20-year plans for water and wastewater assets and developing a strategy for addressing the pressures noted above and will bring forward recommendations as part of the 2020-2023 Multi-Year Budget process.

**2016-2019 WATER OPERATING BUDGET OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

<b>2019 Budget Update Summary Impact on Rates</b>	Net Budget (\$000's)				Average Annual %	Avg. Annual Rate Payer Impact <sup>2</sup>
	2016	2017	2018	2019		
Approved % Increase From Rates	3.0%	3.0%	3.0%	3.0%	3.0%	\$ 11
Approved Net Budget <sup>1</sup>	73,687	75,780	77,932	79,896		
Cumulative Amendment	-	-	-	-		
<b>Revised Net Budget</b>	<b>73,687</b>	<b>75,780</b>	<b>77,932</b>	<b>79,896</b>		
<b>Incremental Net Increase / (Decrease)</b>	-	-	-	-		
<b>Revised % Increase From Rates</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>\$ 11</b>

*Subject to rounding*

Notes:

1. Amounts reported in the Approved Net Budget include housekeeping budget adjustments.
2. Based on residential consumption of 165.4m<sup>3</sup> per year

SERVICE	2016-2019 Approved Net Budget <sup>1</sup>	2016 Approved Net Budget <sup>1</sup>	2017 Approved Net Budget <sup>1</sup>	2018 Approved Net Budget <sup>1</sup>	Annual Update	2016-2019 Revised Net Budget	2016-2019 Net Budget Inc/(Dec)
					2019 Amended Net Budget		
Engineering	7,599	1,748	1,847	2,318	2,321	8,234	635
Water Operations	57,160	13,771	14,308	14,654	14,876	57,609	449
Purchase of Water	93,607	22,608	23,202	23,684	24,113	93,607	-
General Administration	11,855	2,728	2,662	2,851	3,075	11,316	(539)
Billings & Customer Service	10,379	2,514	2,564	2,618	2,673	10,369	(10)
Financial Expenses	126,695	30,318	31,197	31,807	32,838	126,160	(535)
<b>WATER RATE SUPPORTED BUDGET</b>	<b>307,295</b>	<b>73,687</b>	<b>75,780</b>	<b>77,932</b>	<b>79,896</b>	<b>307,295</b>	<b>-</b>

*Subject to rounding*

Notes:

1. Amounts reported include housekeeping budget adjustments.

**2016-2019 WATER STAFFING CHANGES OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE**

<i>Staffing Changes</i>	Full-Time Employees (FT)				Full-Time Equivalents (FTE)			
	2016	2017	2018	2019	2016	2017	2018	2019
Total Approved Staffing <sup>1</sup>	85	86	87	87	96.7	97.7	103.5	103.5
<b>Budget Amendments</b>								
<b>Revised Total Staffing</b>	<b>85</b>	<b>86</b>	<b>87</b>	<b>87</b>	<b>96.7</b>	<b>97.7</b>	<b>103.5</b>	<b>103.5</b>
<b>Incremental Increase / (Decrease)</b>	-	-	-	-	-	-	-	-

Note 1: Total Approved Staffing numbers include positions approved as part of the 2016-2019 Multi-Year Budget and housekeeping budget adjustments.

**2016-2019 WATER CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

***Capital Budget Summary (\$000's)***

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Total Approved Budget	42,564	40,778	28,242	28,580	140,164	229,538	369,702
Total Revised Budget	42,564	40,778	28,242	28,302	139,886	231,001	370,887
<b>Total Capital Expense Increase/(Decrease)<sup>1</sup></b>	-	-	-	(278)	(278)	1,463	1,185
<b>Sources of Financing</b>							
Capital Rate (CR)	-	-	-	-	-	-	-
Debenture (D)	-	-	-	-	-	-	-
Reserve Fund (RF)	-	-	-	434	434	166	600
Other (O)	-	-	-	-	-	-	-
Non-rate Supported (NRS)	-	-	-	(712)	(712)	1,297	585
<b>Total Revenue Increase/(Decrease)</b>	-	-	-	(278)	(278)	1,463	1,185
<b>Net Rate Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

Notes:

1. Includes adjustments for Budget Amendments 1-4 supported by 2019 budget amendment cases.

**2016-2019 WATER CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

***Lifecycle Renewal Capital Budget (\$000's)***

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Lifecycle Renewal Approved Budget	37,701	35,019	25,873	26,057	124,650	182,280	306,930
Lifecycle Renewal Revised Budget	37,701	35,019	25,873	26,657	125,250	182,280	307,530
<b>Increase/(Decrease)</b>	-	-	-	600	600	-	600
<b>Sources of Financing</b>							
Capital Rate (CR)	-	-	-	-	-	-	-
Debenture (D)	-	-	-	-	-	-	-
Reserve Fund (RF)	-	-	-	600	600	-	600
Other (O)	-	-	-	-	-	-	-
Non-rate Supported (NRS)	-	-	-	-	-	-	-
<b>Total Revenue Increase/(Decrease)</b>	-	-	-	600	600	-	600
<b>Net Rate Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

**2016-2019 WATER CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

***Lifecycle Renewal Capital Budget (\$000's) (continued)***

**2016-2019 Multi-Year Budget Amendments (Business Cases Submitted)**

		2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
		2016	2017	2018	2019	Total		
<b>Amendments</b>	<b>Budget Amendment Case #1</b>							
	<b>EW3553 Arva Huron Watermain Environmental Assessment</b> <b>Rationale:</b> Environmental Assessment needed to determine the short and long-term plans for maintenance of the Huron-Arva Water Supply Pipeline.	-	-	-	600	600	-	600
	<b>Source of Financing:</b> Waterworks Reserve Fund				RF	RF		RF
<b>Total 2016-2019 Budget Amendments (Inc/(Dec))</b>		-	-	-	600	600	-	600
<b>2020-2025 Budget Amendments - Business Cases Not Required (Inc/(Dec))</b>							-	-
<b>Total Lifecycle Renewal Budget Amendments (Inc/(Dec))</b>		-	-	-	600	600	-	600

**2016-2019 WATER CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

***Growth Capital Budget (\$000's)***

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Growth Approved Budget	3,443	4,472	1,253	2,473	11,641	42,608	54,249
Growth Revised Budget	3,443	4,472	1,253	1,595	10,763	44,071	54,834
<b>Increase/(Decrease)</b>	-	-	-	(878)	(878)	1,463	585
<b>Sources of Financing</b>							
Capital Rate (CR)	-	-	-	-	-	-	-
Debenture (D)	-	-	-	-	-	-	-
Reserve Fund (RF)	-	-	-	(166)	(166)	166	-
Other (O)	-	-	-	-	-	-	-
Non-rate Supported (NRS)	-	-	-	(712)	(712)	1,297	585
<b>Total Revenue Increase/(Decrease)</b>	-	-	-	(878)	(878)	1,463	585
<b>Net Rate Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

**2016-2019 WATER CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

***Growth Capital Budget (\$000's) (continued)***

**2016-2019 Multi-Year Budget Amendments (Business Cases Submitted)**

	2016-2019 Multi-Year Budget					2020-2025	2016-2025
	2016	2017	2018	2019	Total	Forecast	Capital Plan
<b>Amendments</b>	<b>Budget Amendment Case #2</b>						
	<b>EW3581 Pond Mills Road (Wilton Grove Road to Southdale Road)</b>						
	<b>Rationale:</b> Schedule change to align with Transportation project timing.	-	-	-	585	-	585
	<b>Source of Financing:</b> City Services - Water Reserve Fund				NRS		NRS
	<b>Budget Amendment Case #3</b>						
	<b>EW3654 Arva Pumping Station Upgrade</b>						
	<b>Rationale:</b> Schedule change for upgrades to Arva Pumping Station.	-	-	-	(332)	332	-
	<b>Source of Financing:</b> Waterworks Reserve Fund, City Services - Water Reserve Fund				RF, NRS	RF, NRS	
	<b>Budget Amendment Case #4</b>						
	<b>EW3675 Summercrest Southdale High Level</b>						
	<b>Rationale:</b> Construction schedule change to align with Transportation project timing.	-	-	-	(1,131)	1,131	-
	<b>Source of Financing:</b> City Services - Water Reserve Fund				NRS	NRS	
<b>Total 2016-2019 Budget Amendments (Inc/(Dec))</b>		-	-	-	(878)	(878)	585
<b>2020-2025 Budget Amendments - Business Cases Not Required (Inc/(Dec))</b>						-	-
<b>Total Growth Budget Amendments (Inc/(Dec))</b>		-	-	-	(878)	(878)	585

**2016-2019 WATER CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

***Service Improvement Capital Budget (\$000's)***

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Service Improvement Approved Budget	1,420	1,287	1,116	50	3,873	4,650	8,523
Service Improvement Revised Budget	1,420	1,287	1,116	50	3,873	4,650	8,523
<b>Increase/(Decrease)</b>	-	-	-	-	-	-	-
<b>Sources of Financing</b>							
Capital Rate (CR)	-	-	-	-	-	-	-
Debenture (D)	-	-	-	-	-	-	-
Reserve Fund (RF)	-	-	-	-	-	-	-
Other (O)	-	-	-	-	-	-	-
Non-rate Supported (NRS)	-	-	-	-	-	-	-
<b>Total Revenue Increase/(Decrease)</b>	-	-	-	-	-	-	-
<b>Net Rate Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

**2016-2019 WATER CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

**CAPITAL BUDGET BY CLASSIFICATION**

Classification	2016 Approved Budget	2017 Approved Budget	2018 Approved Budget	Annual Update	Revised 2016-2019 Budget	2019 Budget Increase/ (Decrease)	2020-2025 Revised Forecast	2020-2025 Budget Increase/ (Decrease)	Total Revised Ten Year Plan
				2019 Amended					
Lifecycle Renewal	37,701	35,019	25,873	26,657	125,250	600	182,280	-	307,530
Growth	3,443	4,472	1,253	1,595	10,763	(878)	44,071	1,463	54,834
Service Improvement	1,420	1,287	1,116	50	3,873	-	4,650	-	8,523
<b>Total Expenditures</b> <sup>1-3</sup>	<b>42,564</b>	<b>40,778</b>	<b>28,242</b>	<b>28,302</b>	<b>139,886</b>	<b>(278)</b>	<b>231,001</b>	<b>1,463</b>	<b>370,887</b>

*Subject to rounding*

Notes:

1. Amounts reported in the 2016 to 2025 Capital Budget include housekeeping budget adjustments.
2. The 2016 to 2025 Capital Budget includes Non-TCA expenditures that will not result in the creation of a tangible asset (having physical substance). Non-TCA expenditures are reported annually through the Financial Statement reporting process.
3. Amounts reported include adjustments for budget amendments 1-4.

**2016-2019 WATER CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

**CAPITAL BUDGET BY SOURCE OF FINANCING**

Source of Financing	2016 Approved Budget	2017 Approved Budget	2018 Approved Budget	Annual Update 2019 Amended	Revised 2016-2019 Budget	2019 Budget Increase/ (Decrease)	2020-2025 Revised Forecast	2020-2025 Budget Increase/ (Decrease)	Total Revised Ten Year Plan
<b>Rate Supported</b>									
Capital Rate	18,823	19,764	19,761	20,100	78,448	-	133,000	-	211,448
Debenture	-	-	-	-	-	-	-	-	-
Reserve Fund	18,940	13,285	5,886	5,996	44,107	434	51,448	166	95,555
Other	-	-	-	-	-	-	-	-	-
<b>Sub-total Rate Supported</b>	<b>37,763</b>	<b>33,049</b>	<b>25,647</b>	<b>26,096</b>	<b>122,555</b>	<b>434</b>	<b>184,448</b>	<b>166</b>	<b>307,003</b>
<b>Non-Rate Supported</b>									
Debenture	-	-	-	-	-	-	-	-	-
Reserve Fund	2,907	2,438	909	1,245	7,499	(712)	36,002	1,297	43,501
Federal Gas Tax	1,634	3,564	3,195	961	9,354	-	8,429	-	17,783
Provincial Grants <sup>3</sup>	-	1,727	(780)	-	947	-	-	-	947
Senior Government <sup>3</sup>	-	-	(1,563)	-	(1,563)	-	-	-	(1,563)
Other	260	-	834	-	1,094	-	2,122	-	3,216
<b>Sub-total Non-Rate Supported</b>	<b>4,801</b>	<b>7,729</b>	<b>2,595</b>	<b>2,206</b>	<b>17,331</b>	<b>(712)</b>	<b>46,553</b>	<b>1,297</b>	<b>63,884</b>
<b>Total Sources of Financing<sup>1-2</sup></b>	<b>42,564</b>	<b>40,778</b>	<b>28,242</b>	<b>28,302</b>	<b>139,886</b>	<b>(278)</b>	<b>231,001</b>	<b>1,463</b>	<b>370,887</b>

*Subject to rounding*

Notes:

1. Amounts reported in the 2016 to 2025 Capital Budget include housekeeping budget adjustments.
2. Amounts reported include adjustments for budget amendments 1-4.
3. Negative amounts in 2018 relate to Clean Water and Wastewater Fund financing reallocated between the Water Capital Budget and the Wastewater & Treatment Capital Budget.

**2026-2028 WATER CAPITAL BUDGET FORECAST**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

Classification / Source of Financing	2026 Forecast	2027 Forecast	2028 Forecast	2019-2028 Rolling Capital Plan
<b>CAPITAL BUDGET BY CLASSIFICATION</b>				
Lifecycle Renewal	28,126	27,133	26,648	290,844
Growth	3,525	950	1,658	51,799
Service Improvement	970	50	-	5,720
<b>Total Expenditures</b>	<b>32,621</b>	<b>28,133</b>	<b>28,306</b>	<b>348,363</b>
<b>CAPITAL BUDGET BY SOURCE OF FINANCING</b>				
<b>Rate Supported</b>				
Capital Rate	23,000	23,000	23,000	222,100
Debenture	-	-	-	-
Reserve Fund	4,917	2,988	2,955	68,304
Other	-	-	-	-
<b>Sub-total Rate Supported</b>	<b>27,917</b>	<b>25,988</b>	<b>25,955</b>	<b>290,404</b>
<b>Non-Rate Supported</b>				
Debenture	-	-	-	-
Reserve Fund	3,176	600	1,126	42,149
Federal Gas Tax	1,108	1,545	1,225	13,268
Provincial Grants	-	-	-	-
Senior Government	-	-	-	-
Other	420	-	-	2,542
<b>Sub-total Non-Rate Supported</b>	<b>4,704</b>	<b>2,145</b>	<b>2,351</b>	<b>57,959</b>
<b>Total Sources of Financing</b>	<b>32,621</b>	<b>28,133</b>	<b>28,306</b>	<b>348,363</b>

*Subject to rounding*

**2026-2028 WATER CAPITAL BUDGET FORECAST**  
**2019 ANNUAL BUDGET UPDATE**  
**(\$000's)**

The following section highlights key capital projects contained within the 2026-2028 periods of the 10 year capital plan. These capital projects are subject to annual reviews and adjustments.

<b>Major Capital Works In 2026-2028</b>	<b>2026 Forecast</b>	<b>2027 Forecast</b>	<b>2028 Forecast</b>
<b>LIFECYCLE RENEWAL</b>			
EW3765 - Water Infrastructure Lifecycle Renewal	12,000	12,405	12,405
EW3563 - Main Rehabilitation	6,173	6,173	6,173
EW3787 - Main Replacement with Major Roadworks	2,800	2,800	2,800
EW3710 - Downtown Watermain Replacement	108	1,545	-
EW3579 - Fanshawe Park Road East (Highbury Ave. to Clarke Road) Watermain	-	-	1,225
EW1627 - Meter Replacement Program	1,000	1,000	1,000
<b>GROWTH</b>			
EW3625-2 - Dingman-Wonderland Feeder Watermain A20 Phase II	2,576	-	-
<b>SERVICE IMPROVEMENT</b>			
EW3743 - Watermain Extensions	840	-	-

**2016-2019 WATER MULTI-YEAR BUDGET RESERVE & RESERVE FUND OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

<b>Reserves &amp; Reserve Funds Forecast<sup>1</sup></b>	<b>Actuals</b>		<b>Budget</b>		<b>Forecast</b>					
	<b>2016<sup>2</sup></b>	<b>2017<sup>2</sup></b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Waterworks Reserve Fund	43,381	47,627	29,405	35,557	40,512	44,629	44,648	38,754	39,027	44,148
City Services - Water Reserve Fund	16,426	19,091	14,651	17,403	17,237	5,954	5,982	8,470	5,766	4,359
Industrial Oversizing Water Reserve Fund	1,805	330	74	75	76	78	79	81	82	84
Industrial DC Incentive Program Reserve Fund	5,020	6,410	6,099	5,733	5,360	4,982	4,596	4,707	4,835	4,964
Lead Service Replacement Program Reserve Fund	113	107	117	129	140	152	163	172	181	189
Water Customer Assistance Reserve Fund	363	412	419	427	435	442	450	458	467	475
Water Efficiency, Effectiveness & Economy Reserve	1,247	1,490	1,818	2,158	2,498	2,838	3,178	3,518	3,858	4,198
<b>Total Water Revised Projected Balance</b>	<b>68,355</b>	<b>75,467</b>	<b>52,583</b>	<b>61,482</b>	<b>66,258</b>	<b>59,075</b>	<b>59,096</b>	<b>56,160</b>	<b>54,216</b>	<b>58,417</b>

*Subject to rounding*

Notes:

1. Amounts reported include the recommended 2019 Annual Budget Update amendments.
2. Amounts reported for 2016 and 2017 represent actual activity versus budget.
3. The overall increase in reserve and reserve fund balances is primarily attributable to savings aimed at managing the City's forecasted \$466.1 million 10 year infrastructure gap. As part of the 2020-2023 Multi-Year Budget development, Civic Administration will incorporate the results of the 2018 Corporate Asset Management Plan (AMP) into the 10-year capital plan, which will impact the projected drawdowns.

## RECONCILIATION OF TABLED WATER BUDGET TO PUBLIC SECTOR ACCOUNTING BOARD (PSAB) FINANCIAL STATEMENT BUDGET

Ontario municipalities must adhere to Public Sector Accounting Board (PSAB) accounting standards and reporting requirements, however, with the introduction of PS1200 in 2009, the Province of Ontario enacted a regulation, Ontario Regulation 284/09, allowing for certain items to be excluded from their budgets, as long as it was disclosed. Typical PSAB items, such as costs related to amortization expense, post-employment benefit expense and solid waste landfill closure and post-closure expense can be excluded, however, the regulation does require that the municipality report to Council on the impact of these excluded costs prior to budget approval.

The regulation requires that the report contain information regarding:

1. An estimate of the change in the accumulated surplus of the municipality to the end of the year resulting from the exclusion of any of those expenses; and
2. An analysis of the estimated impact of the exclusion of any of those expenses on the future tangible capital asset funding requirements of the municipality or local board.

London's 2019 draft Water operating budget as tabled, excludes the following expenses:

1. Expenses for the amortization of tangible capital assets, estimated to be \$16.9 million for 2019, are excluded. The budget does include reserve fund contributions of \$12.2 million for 2019 and pay as you go contributions of \$20.2 million for 2019 for capital asset additions.
2. The budget does not contain the current year's post-employment benefit expense for early retirement and accrued sick leave, estimated to total \$154 thousand for 2019, for employees that are eligible for these benefits. The Corporation's consolidated liability as at December 31, 2017 was \$154.9 million. Reserve fund balances as of December 31, 2017 of \$20.4 million are available to offset this obligation.
3. The City also makes contributions to an additional corporate reserve to offset the liabilities created from the post-employment expenses (point 2 above) and landfill closure and post-closure expenses depending upon generated surpluses, including personnel cost savings. The balance in this corporate reserve as of December 31, 2017 was \$70.4 million.

If the above items were included in the 2019 budget, the projected annual PSAB surplus would decrease.

Table 1 on the following page shows the 2019 draft Water operating budget and the 2018 approved revised budget and Table 2 reconciles the surplus in PSAB format to the Water operating budgets.

**RECONCILIATION OF TABLED WATER BUDGET TO  
PUBLIC SECTOR ACCOUNTING BOARD (PSAB)  
FINANCIAL STATEMENT BUDGET (\$000's)**

<b>Table 1</b>	<b>2018 Water Revised Budget</b>	<b>2019 Draft Budget</b>
<b>REVENUES</b>		
Property Tax	-	-
Property Tax - Proposed budget amendments	-	-
Government Grants & Subsidies	-	-
User Fees	77,778	79,742
Municipal Revenues - Other	154	154
Municipal Revenues - Transfers from Capital	-	-
Municipal Revenues - Transfers from Reserves and Reserve Funds	-	-
<b>Total Revenues</b>	<b>77,932</b>	<b>79,896</b>
<b>EXPENSES</b>		
Personnel Costs	10,825	9,774
Administrative Expenses	2,440	2,510
Financial Expenses - Other	73	74
Financial Expenses - Interest & Discount on Long-term Debt	58	46
Financial Expenses - Debt Principal Repayments	349	360
Financial Expenses - Transfers to Reserves and Reserve Funds	11,311	12,242
Financial Expenses - Transfers to Capital	20,090	20,190
Purchased Services	3,178	3,132
Materials & Supplies	26,303	26,818
Vehicle & Equipment	1,937	1,969
Transfers	-	-
Other Expenses	2,869	2,927
Recovered Expenses	(1,500)	(146)
<b>Total Expenses</b>	<b>77,932</b>	<b>79,896</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>-</b>	<b>-</b>

**RECONCILIATION OF TABLED WATER BUDGET TO  
PUBLIC SECTOR ACCOUNTING BOARD (PSAB)  
FINANCIAL STATEMENT BUDGET (\$000's)**

<b>Table 2</b>	<b>2018 Water PSAB Adjustments</b>	<b>2019 Water PSAB Adjstments</b>
<b>PROJECTED NET PSAB SURPLUS</b>	<b>17,628</b>	<b>18,751</b>
<b>PSAB REPORTING REQUIREMENTS:</b>		
<b>Addback to revenues:</b>		
Transfers from Capital	-	-
Transfers from Reserves and Reserve Funds	-	-
<b>Deduct from expenses:</b>		
Transfers to Reserves and Reserve Funds	(11,311)	(12,242)
Transfers to Capital	(20,090)	(20,190)
Debt principal repayments	(349)	(360)
<b>PSAB adjustments:</b>		
Capital program funding earned in year <sup>(1)</sup>	(113)	(961)
Capital projects not resulting in tangible capital assets <sup>(2)</sup>	3,097	4,186
Amortization <sup>(3)</sup>	16,327	16,327
Developer contributions of assumed tangible capital assets <sup>(4)</sup>	(5,824)	(5,202)
Loss on disposal of tangible capital assets <sup>(5)</sup>	822	886
Obligatory reserve fund deferred revenue earned in year - DC, Gas Tax <sup>(6)</sup>	(345)	(1,330)
Employee future benefit liability <sup>(7)</sup>	158	135
<b>NET SURPLUS (DEFICIT) PER DRAFT BUDGET</b>	<b>-</b>	<b>-</b>

**Footnotes and Assumptions**

1) Represents capital revenue such as provincial and federal grants and other contributions. Does not include debenture financing, transfers from operating or reserve funds. Estimate based on 5 year average of actuals from 2013 - 2017.

2) For PSAB purposes, expenses not considered to be part of the cost of a tangible capital asset are expensed as operating expenses although funded through capital. Estimated based on 14.79% of capital expenditure budget, based on 2017 actuals.

3) Represents the annual writedown of the tangible capital assets over the useful life of the asset. Estimated 3.83% annual increase based on 2013 - 2017 actuals.

4) Contributed tangible capital assets are tangible capital assets that become the ownership of the City when a subdivision is assumed by the City. These assets are recognized at fair market value during the year of assumption. Estimate based on 5 year average of actuals.

5) When an asset is replaced prior to the end of its useful life, an adjustment must be made to expense the remaining book value. Amount fluctuates from year to year. Estimate based on 5 year average of actuals from 2013 - 2017.

6) Transactions recorded directly to reserve funds must be accounted for through the operating or capital fund. This includes recognition of development charge levies and federal gas tax earned in the year.

7) Represents the annual change in the estimated future costs of employee benefits. Estimate based on 5 year average.

# 2016 | MULTI-YEAR 2019 | BUDGET



## AMENDMENT FORM – CASE # 1

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY

**INITIATIVE:** ARVA HURON WATERMAIN ENVIRONMENTAL ASSESSMENT

**SERVICE(S):** WATER

**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER

**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	\$600	\$600
Revenue	\$0	\$0	\$0	(\$600)	(\$600)
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

## AMENDMENT 1: ENVIRONMENTAL ASSESSMENT NEEDED TO DETERMINE THE MAINTENANCE OF THE HURON-ARVA WATER SUPPLY PIPELINE

Capital Budget Table (\$000's)

EW3553 – Arva Huron Watermain Environmental Assessment		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	0	0
Cumulative Amendment					600	0
Revised Budget					600	0
Source of Financing						
Approved Budget		0	0	0	0	0
Amendments	Capital Rates					
	Debenture					
	Reserve Fund				(600)	
	Other					
	Non-rate Supported					
Revised Budget					(600)	0

2026 Capital Gross Expenditure: \$0

2027 Capital Gross Expenditure: \$0

2028 Capital Gross Expenditure: \$0

### What is the reason(s) for the budget amendment(s)?

An Environmental Assessment (EA) is needed to determine the short and long term plans for maintaining the City of London's most critical water supply pipeline, the Arva-Huron Watermain. This project will review the options for the maintenance or replacement of the existing watermain between the Arva Reservoir and Huron Street. There are numerous challenges with traditional methods of accessing or twinning this watermain so an environmental assessment is being proposed to identify options for the future. The risks associated with not proceeding with this project are that the City would fail to have a long term plan for this aging critical infrastructure. The budget of \$600 thousand is fully offset by the unused budget from EW3576 Arva-Huron Pipeline Replacement project in 2018 which will be released as part of the 2018 Year-end Capital Monitoring Report (as of December 31, 2018).

# 2016 | MULTI-YEAR 2019 | BUDGET



**London**  
CANADA

## AMENDMENT FORM – CASE # 2

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY  
**INITIATIVE:** SCHEDULE CHANGE – NEW WATERMAIN POND MILLS ROAD  
**SERVICE(S):** WATER  
**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER  
**TYPE OF AMENDMENT:** NEW COUNCIL DIRECTION

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	\$585	\$585
Revenue	\$0	\$0	\$0	(\$585)	(\$585)
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

## AMENDMENT 1: SCHEDULE CHANGE TO ALIGN WITH TRANSPORTATION PROJECT TIMING

Capital Budget Table (\$000's)

EW3581 – Pond Mills Road (Wilton Grove Road to Southdale Road)		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	0	0
Cumulative Amendment					585	0
Revised Budget					585	0
Source of Financing						
Approved Budget		0	0	0	0	0
Amendments	Capital Rates					
	Debenture					
	Reserve Fund					
	Other					
	Non-rate Supported				(585)	
Revised Budget					(585)	0

2026 Capital Gross Expenditure: \$0

2027 Capital Gross Expenditure: \$0

2028 Capital Gross Expenditure: \$274

2029 Capital Gross Expenditure: \$1,885

### What is the reason(s) for the budget amendment(s)?

Advancement of \$585 thousand of a \$2.7 million project in order to accommodate design and construction of a new watermain in coordination with Ministry of Transportation Ontario (MTO) and Transportation projects associated with widening Highway 401 and the bridge over Pond Mills Road. The 2014 Water Master Plan Update identified a future watermain to replace the existing one in 2029; however, it has been identified that the existing watermain is in conflict with the proposed lengthening of the bridge over Pond Mills Road. Relocation of the watermain needs to be advanced in the vicinity of the Pond Mills/Highway 401 bridge in order to facilitate the subsequent transportation project.

Pertinent Reports: October 24, 2017, Civic Works Committee Meeting

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=34118>

# 2016 | MULTI-YEAR 2019 | BUDGET



**London**  
CANADA

## AMENDMENT FORM – CASE # 3

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY  
**INITIATIVE:** SCHEDULE CHANGE – ARVA PUMPING STATION UPGRADE  
**SERVICE(S):** WATER  
**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER  
**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	(\$332)	(\$332)
Revenue	\$0	\$0	\$0	\$332	\$332
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

## AMENDMENT 1: SCHEDULE CHANGE FOR UPGRADES TO ARVA PUMPING STATION

Capital Budget Table (\$000's)

EW3654 – Arva Pumping Station Upgrade		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	332	2,988
Cumulative Amendment					(332)	332
Revised Budget					0	3,320
Source of Financing						
Approved Budget		0	0	0	(332)	(2,988)
Amendments	Capital Rates					
	Debenture					
	Reserve Fund				166	(166)
	Other					
	Non-rate Supported				166	(166)
Revised Budget					0	(3,320)

2026 Capital Gross Expenditure: \$0

2027 Capital Gross Expenditure: \$0

2028 Capital Gross Expenditure: \$0

### What is the reason(s) for the budget amendment(s)?

This project was scheduled to be constructed in 2020 with design beginning in 2019. Pumping demands at the Arva Pump Station have not been increasing at a rate that would justify an upgrade in capacity in 2020 and as such the project is recommended to be deferred. Previous studies indicated the expansion would be needed in 2020 but as growth demands have not outpaced water conservation efforts, this project can be deferred to future years. Expanding the capacity of this pump station prematurely will reduce the station's energy efficiency and has the potential to cause maintenance issues in the future.

# 2016 | MULTI-YEAR 2019 | BUDGET



**London**  
CANADA

## AMENDMENT FORM – CASE # 4

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY  
**INITIATIVE:** SCHEDULE CHANGE – NEW WATERMAIN SUMMERCREST SOUTHDALE  
**SERVICE(S):** WATER  
**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER  
**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	(\$1,131)	(\$1,131)
Revenue	\$0	\$0	\$0	\$1,131	\$1,131
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

## AMENDMENT 1: SCHEDULE CHANGE TO ALIGN CONSTRUCTION WITH TRANSPORTATION PROJECT TIMING

Capital Budget Table (\$000's)

EW3675 – Summercrest Southdale High Level (2004)		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	1,131	0
Cumulative Amendment					(1,131)	1,131
Revised Budget					0	1,131
Source of Financing						
Approved Budget		0	0	0	(1,131)	0
Amendments	Capital Rates					
	Debenture					
	Reserve Fund					
	Other					
	Non-rate Supported				1,131	(1,131)
Revised Budget					0	(1,131)

2026 Capital Gross Expenditure: \$0

2027 Capital Gross Expenditure: \$0

2028 Capital Gross Expenditure: \$0

### What is the reason(s) for the budget amendment(s)?

This project will be deferred until 2020 and will be carried out in conjunction with Transportation project TS1407 to upgrade Southdale Road between Wickerson Road and Bramblewood Place. The timing of the Water project needs to correspond to the most current status of the Transportation project. Aligning the project schedules is beneficial to the City by causing less interruption for road users.

# 2019 UPDATE TO THE 2016-2019 MULTI-YEAR BUDGET

## SUMMARY - WASTEWATER & TREATMENT

There are no operating budget amendments and eight capital budget amendments for this service area resulting in an \$8.7 million decrease in the 2016-2019 approved budget. There is also a \$16.6 million increase to the 2020-2025 capital forecast adopted in the 2016-2019 approved budget. These budget amendments are detailed beginning on page 50.

The Wastewater & Treatment budget will face many pressures in the near future including funding needs to address the updated infrastructure gap determined by the 2018 Corporate Asset Management Plan, work required as part of the Canada-Ontario Lake Erie Action Plan, reducing sewer system overflows and eliminating combined sewers, and providing service for growth either in new areas or intensification of existing neighbourhoods. The following paragraphs discuss these pressures in more detail.

During the ongoing 2018 Corporate Asset Management Plan development, an external analysis of the replacement values of our linear assets was completed. The resultant replacement values have significantly increased from previous estimates due to the improved asset data accuracy and updated unit cost assumptions. Further information will be presented to Council as part of the newest 2018 Corporate Asset Management Plan.

The Great Lakes Water Quality Agreement requires the United States and Canada to reduce phosphorus levels that contribute to algae blooms in Lake Erie by 40% based on levels measured in 2008 with the Thames River Watershed identified as a priority. The final Canada-Ontario Lake Erie Action Plan was issued by the Federal government in February 2018. The plan includes a series of specific actions to be undertaken by the City of London that were endorsed by Council in Q4-2017. The City's ability to support these actions has been tied to receiving partial federal and provincial funding.

Three master studies recently undertaken to address various needs have identified \$450 million worth of capital projects that could be completed in the near to mid future. The Pollution Prevention and Control Plan outlined \$290 million worth of projects to reduce sewer system overflows. The Core Area Servicing Studies provides servicing for intensification related development within the City and includes a City funded share of \$111 million in stormwater and wastewater works. The East London Sanitary Servicing Study identified a plan to provide growth wastewater servicing to east London at a cost of \$34 million to \$74.5 million.

Flood proofing of several of the City's wastewater treatment plants and flood control dykes have been identified in the 2015-2019 corporate Strategic Plan. It was anticipated that funding would be available as part of the Federal/Provincial infrastructure program; however, the application window for the next round of funding has been delayed by over one year. If the next round of anticipated federal/provincial funding is further delayed, a strategy for addressing this need will be established as part of the 2020-2023 Multi-Year Budget process.

In Budget 2016, the Federal Government announced the *Investing in Canada Plan* to invest more than \$120 billion in infrastructure over 10 years, including \$60 billion in new funding for public transit, green infrastructure, and community, culture and recreation infrastructure. Included in the green infrastructure stream was the Clean Water and Wastewater Fund (CWWF) that was to be delivered in partnership with the Province of Ontario. The first round of program funding was released in 2016 with the expectation that future rounds would be available to complete multi-phase projects. Notwithstanding the announcement of public transit funding in early 2018, no further funding has been announced for the green infrastructure stream, resulting in continued uncertainty for water and wastewater projects within the capital plan. The City of London continues to urge the provincial and federal governments to move forward with the next round of funding as soon as possible. As one of the criteria to qualify for the funding was that the project was “incremental”, (i.e. not previously budgeted), the remaining phases of several projects are not currently budgeted and represent an additional budget pressure.

Administration is currently reviewing the existing 20-year plans for water and wastewater assets and developing a strategy for addressing the pressures noted above and will bring forward recommendations as part of the 2020-2023 Multi-Year Budget process.

**2016-2019 WASTEWATER & TREATMENT OPERATING BUDGET OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

<b>2019 Budget Update Summary Impact on Rates</b>	Net Budget (\$000's)				Average Annual %	Avg. Annual Rate Payer Impact <sup>2</sup>
	2016	2017	2018	2019		
Approved % Increase From Rates	3.0%	3.0%	3.0%	3.0%	3.0%	\$ 14
Approved Net Budget <sup>1</sup>	89,720	92,525	95,415	98,182		
Cumulative Amendment	-	-	-	-		
<b>Revised Net Budget</b>	<b>89,720</b>	<b>92,525</b>	<b>95,415</b>	<b>98,182</b>		
<b>Incremental Net Increase / (Decrease)</b>	-	-	-	-		
<b>Revised % Increase From Rates</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>\$ 14</b>

*Subject to rounding*

Notes:

1. Amounts reported in the Approved Net Budget include housekeeping budget adjustments.
2. Based on residential consumption of 165.4m<sup>3</sup> per year

SERVICE	2016-2019 Approved Net Budget <sup>1</sup>	2016 Approved Net Budget <sup>1</sup>	2017 Approved Net Budget <sup>1</sup>	2018 Approved Net Budget <sup>1</sup>	Annual Update	2016-2019 Revised Net Budget	2016-2019 Net Budget Inc/(Dec)
					2019 Amended Net Budget		
Wastewater & Drainage Engineering & Stormwater Engineering	11,656	2,951	2,954	3,767	3,753	13,425	1,769
Sewer Operations	35,552	8,673	8,878	8,983	9,117	35,651	99
Wastewater & Treatment Operations	80,581	19,296	19,869	20,912	21,394	81,471	890
General Administration	17,111	3,879	3,930	4,406	4,708	16,923	(188)
Billings & Customer Service	9,006	2,176	2,226	2,276	2,328	9,006	-
Financial Expenses	221,936	52,745	54,668	55,071	56,882	219,366	(2,570)
<b>WASTEWATER &amp; TREATMENT RATE SUPPORTED BUDGET</b>	<b>375,842</b>	<b>89,720</b>	<b>92,525</b>	<b>95,415</b>	<b>98,182</b>	<b>375,842</b>	<b>-</b>

*Subject to rounding*

Notes:

1. Amounts reported include housekeeping budget adjustments.

**2016-2019 WASTEWATER & TREATMENT STAFFING CHANGES OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE**

<i>Staffing Changes</i>	Full-Time Employees (FT)				Full-Time Equivalents (FTE)			
	2016	2017	2018	2019	2016	2017	2018	2019
Total Approved Staffing <sup>1</sup>	163	163	173	173	169.0	169.0	178.7	178.7
<b>Budget Amendments</b>								
<b>Revised Total Staffing</b>	<b>163</b>	<b>163</b>	<b>173</b>	<b>173</b>	<b>169.0</b>	<b>169.0</b>	<b>178.7</b>	<b>178.7</b>
<b>Incremental Increase / (Decrease)</b>	-	-	-	-	-	-	-	-

Note 1: Total Approved Staffing numbers include positions approved as part of the 2016-2019 Multi-Year Budget and housekeeping budget adjustments.

**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

***Capital Budget Summary (\$000's)***

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Total Approved Budget	69,511	100,238	112,638	52,268	334,655	357,105	691,760
Total Revised Budget	69,511	100,238	112,638	43,542	325,929	373,691	699,620
<b>Total Capital Expense Increase/(Decrease)<sup>1</sup></b>	-	-	-	(8,726)	(8,726)	16,586	7,860
<b>Sources of Financing</b>							
Capital Rate (CR)	-	-	-	-	-	-	-
Debenture (D)	-	-	-	-	-	-	-
Reserve Fund (RF)	-	-	-	(7,760)	(7,760)	15,620	7,860
Other (O)	-	-	-	-	-	-	-
Non-rate Supported (NRS)	-	-	-	(966)	(966)	966	-
<b>Total Revenue Increase/(Decrease)</b>	-	-	-	(8,726)	(8,726)	16,586	7,860
<b>Net Rate Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

Notes:

1. Includes adjustments for Budget Amendments 5-10 supported by 2019 business cases and 2020-2025 budget adjustments that do not require any budget amendment cases as there is no impact to the 2016-2019 Multi-Year Budget period.

**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

***Lifecycle Renewal Capital Budget (\$000's)***

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Lifecycle Renewal Approved Budget	26,144	45,482	26,852	26,168	124,646	176,225	300,871
Lifecycle Renewal Revised Budget	26,144	45,482	26,852	25,382	123,860	178,021	301,881
<b>Increase/(Decrease)</b>	-	-	-	(786)	(786)	1,796	1,010
<b>Sources of Financing</b>							
Capital Rate (CR)		-	-	-	-	-	-
Debenture (D)	-	-	-	-	-	-	-
Reserve Fund (RF)	-	-	-	(786)	(786)	1,796	1,010
Other (O)	-	-	-	-	-	-	-
Non-rate Supported (NRS)	-	-	-	-	-	-	-
<b>Total Revenue Increase/(Decrease)</b>	-	-	-	(786)	(786)	1,796	1,010
<b>Net Rate Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

***Lifecycle Renewal Capital Budget (\$000's) (continued)***

**2016-2019 Multi-Year Budget Amendments (Business Cases Submitted)**

		2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
		2016	2017	2018	2019	Total		
<b>Amendments</b>	<b>Budget Amendment Case #5</b>							
	<b>ES2428 - Erosion Remediation in Open Watercourses Management and Reclamation</b>							
	<b>Rationale:</b> Increase budget to allow for Low Impact Development (LID) projects.	-	-	-	320	320	-	320
	<b>Source of Financing:</b> Sewage Works Reserve Fund				RF	RF		RF
	<b>Budget Amendment Case #6</b>							
	<b>ES5084 - Replacement Equipment Wastewater Treatment Plants</b>							
	<b>Rationale:</b> Budget increase for the maintenance and replacement of wastewater treatment assets.	-	-	-	690	690	-	690
	<b>Source of Financing:</b> Sewage Works Reserve Fund				RF	RF		RF
	<b>Budget Amendment Case #7</b>							
	<b>ESSWM-STMRM - Dingman Creek and Other Stream Remediation</b>							
	<b>Rationale:</b> Schedule change to coordinate project with completion of Dingman Creek Environmental Assessment.	-	-	-	(1,796)	(1,796)	1,796	-
	<b>Source of Financing:</b> Sewage Works Reserve Fund				RF	RF	RF	
<b>Total 2016-2019 Budget Amendments (Inc/(Dec))</b>		-	-	-	(786)	(786)	1,796	1,010
<b>2020-2025 Budget Amendments - Business Cases Not Required (Inc/(Dec))</b>							-	-
<b>Total Lifecycle Renewal Budget Amendments (Inc/(Dec))</b>		-	-	-	(786)	(786)	1,796	1,010

**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

**Growth Capital Budget (\$000's)**

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Growth Approved Budget	33,109	23,318	72,527	16,438	145,392	85,985	231,377
Growth Revised Budget	33,109	23,318	72,527	9,848	138,802	92,475	231,277
<b>Increase/(Decrease)</b>	-	-	-	(6,590)	(6,590)	6,490	(100)
<b>Sources of Financing</b>							
Capital Rate (CR)	-	-	-	-	-	-	-
Debenture (D)	-	-	-	-	-	-	-
Reserve Fund (RF)	-	-	-	(5,624)	(5,624)	5,524	(100)
Other (O)	-	-	-	-	-	-	-
Non-rate Supported (NRS)	-	-	-	(966)	(966)	966	-
<b>Total Revenue Increase/(Decrease)</b>	-	-	-	(6,590)	(6,590)	6,490	(100)
<b>Net Rate Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

**2016-2019 Multi-Year Budget Amendments (Business Cases Submitted)**

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
<b>Budget Amendment Case #8</b>							
<b>ES2475 - Dingman Creek Main Channel Remediation Works</b>							
<b>Rationale:</b> Schedule change to coordinate project with completion of Dingman Creek Environmental Assessment.	-	-	-	(2,300)	(2,300)	2,300	-
<b>Source of Financing:</b> Sewage Works Reserve Fund, City Services - Major SWM Reserve Fund				RF, NRS	RF, NRS	RF, NRS	

**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

***Growth Capital Budget (\$000's) (continued)***

		2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
		2016	2017	2018	2019	Total		
<b>Amendments</b>	<b>Budget Amendment Case #9</b>							
	<b>ES3202 - Dingman On-line Stormwater Management Flood Control Facility #2</b> <b>Rationale:</b> Schedule change to coordinate project with completion of Dingman Creek Environmental Assessment.	-	-	-	(4,290)	(4,290)	4,290	-
	<b>Source of Financing:</b> Sewage Works Reserve Fund, City Services - Major SWM Reserve Fund				RF, NRS	RF, NRS	RF, NRS	
	<b>Total 2016-2019 Budget Amendments (Inc/(Dec))</b>	-	-	-	(6,590)	(6,590)	6,590	-
<b>2020-2025 Budget Amendments - Business Cases Not Required (Inc/(Dec))</b>							<b>(100)</b>	<b>(100)</b>
<b>Total Growth Budget Amendments (Inc/(Dec))</b>		-	-	-	(6,590)	(6,590)	6,490	(100)

**2020-2025 Budget Amendments (Business Cases Not Required)**

	2020	2021	2022	2023	2024	2025	Total
<b>ES2435 - PDC's Installed with Claimable Remediation Works</b> <b>Rationale:</b> Project cancelled as Claimable Urban Works phased out.	(50)	-	-	(50)	-	-	(100)
<b>Source of Financing:</b> Sewage Works Reserve Fund	RF			RF			RF
<b>Total Growth 2020-2025 Budget Amendments (Inc/(Dec))</b>	<b>(50)</b>	<b>-</b>	<b>-</b>	<b>(50)</b>	<b>-</b>	<b>-</b>	<b>(100)</b>

\* Business cases are not included within the 2019 Annual Budget Update for the 2020-2025 forecast period since these budget amendments do not impact the 2016-2019 Multi-Year Budget.

**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

***Service Improvement Capital Budget (\$000's)***

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
Service Improvement Approved Budget	10,258	31,438	13,259	9,662	64,617	94,895	159,512
Service Improvement Revised Budget	10,258	31,438	13,259	8,312	63,267	103,195	166,462
<b>Increase/(Decrease)</b>	-	-	-	(1,350)	(1,350)	8,300	6,950
<b>Sources of Financing</b>							
Capital Rate (CR)	-	-	-	-	-	-	-
Debenture (D)	-	-	-	-	-	-	-
Reserve Fund (RF)	-	-	-	(1,350)	(1,350)	8,300	6,950
Other (O)	-	-	-	-	-	-	-
Non-rate Supported (NRS)	-	-	-	-	-	-	-
<b>Total Revenue Increase/(Decrease)</b>	-	-	-	(1,350)	(1,350)	8,300	6,950
<b>Net Rate Impact</b>	-	-	-	-	-	-	-

*Subject to rounding*

**2016-2019 Multi-Year Budget Amendments (Business Cases Submitted)**

	2016-2019 Multi-Year Budget					2020-2025 Forecast	2016-2025 Capital Plan
	2016	2017	2018	2019	Total		
<b>Budget Amendment Case #10</b>							
<b>ES3013 - Carling Creek Trunk Storm Sewer Phase IV</b>							
<b>Rationale:</b> Construction schedule change to align with infrastructure renewal project.	-	-	-	(1,350)	(1,350)	1,450	100
<b>Source of Financing:</b> Sewage Works Reserve Fund				RF	RF	RF	RF
<b>Total 2016-2019 Budget Amendments (Inc/(Dec))</b>	-	-	-	(1,350)	(1,350)	1,450	100
<b>2020-2025 Budget Amendments - Business Cases Not Required (Inc/(Dec))</b>						<b>6,850</b>	<b>6,850</b>
<b>Total Service Improvement Budget Amendments (Inc/(Dec))</b>	-	-	-	(1,350)	(1,350)	8,300	6,950

**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

***Service Improvement Capital Budget (\$000's) (continued)***

**2020-2025 Budget Amendments (Business Cases Not Required)**

	2020	2021	2022	2023	2024	2025	Total
<b>ES3098 - Greenway Wastewater Treatment Plant Flood Proofing and Effluent Pumping Station</b>							
<b>Rationale:</b> Budget increase for Greenway flood proofing, effluent pumping station and disinfection upgrades.	6,850	-	-	-	-	-	6,850
<b>Source of Financing:</b> Sewage Works Reserve Fund	RF						RF
<b>Total Service Improvement 2020-2025 Budget Amendments (Inc/(Dec))</b>	<b>6,850</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,850</b>

\* Business cases are not included within the 2019 Annual Budget Update for the 2020-2025 forecast period since these budget amendments do not impact the 2016-2019 Multi-Year Budget.

**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

**CAPITAL BUDGET BY CLASSIFICATION**

Classification	2016 Approved Budget	2017 Approved Budget	2018 Approved Budget	Annual Update	Revised 2016-2019 Budget	2019 Budget Increase/ (Decrease)	2020-2025 Revised Forecast	2020-2025 Budget Increase/ (Decrease)	Total Revised Ten Year Plan
				2019 Amended					
Lifecycle Renewal	26,144	45,482	26,852	25,382	123,860	(786)	178,021	1,796	301,881
Growth	33,109	23,318	72,527	9,848	138,802	(6,590)	92,475	6,490	231,277
Service Improvement	10,258	31,438	13,259	8,312	63,267	(1,350)	103,195	8,300	166,462
<b>Total Expenditures <sup>1-3</sup></b>	<b>69,511</b>	<b>100,238</b>	<b>112,638</b>	<b>43,542</b>	<b>325,929</b>	<b>(8,726)</b>	<b>373,691</b>	<b>16,586</b>	<b>699,620</b>

*Subject to rounding*

Notes:

1. Amounts reported in the 2016 to 2025 Capital Budget include housekeeping budget adjustments.
2. The 2016 to 2025 Capital Budget includes Non-TCA expenditures that will not result in the creation of a tangible asset (having physical substance). Non-TCA expenditures are reported annually through the Financial Statement reporting process.
3. Amounts reported include adjustments for budget amendments 5-10 plus the future period adjustments not requiring business cases.

**2016-2019 WASTEWATER & TREATMENT CAPITAL BUDGET OVERVIEW WITH FORECASTS FOR 2020-2025**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

**CAPITAL BUDGET BY SOURCE OF FINANCING**

Source of Financing	2016 Approved Budget	2017 Approved Budget	2018 Approved Budget	Annual Update 2019 Amended	Revised 2016-2019 Budget	2019 Budget Increase/ (Decrease)	2020-2025 Revised Forecast	2020-2025 Budget Increase/ (Decrease)	Total Revised Ten Year Plan
<b>Rate Supported</b>									
Capital Rate	15,550	16,949	18,606	20,450	71,555	-	134,319	-	205,874
Debenture <sup>1</sup>	(88)	-	(150)	-	(238)	-	-	-	(238)
Reserve Fund	14,637	30,915	16,379	8,533	70,464	(7,760)	131,116	15,620	201,580
Other	-	-	-	-	-	-	-	-	-
<b>Sub-total Rate Supported</b>	<b>30,099</b>	<b>47,864</b>	<b>34,835</b>	<b>28,983</b>	<b>141,781</b>	<b>(7,760)</b>	<b>265,435</b>	<b>15,620</b>	<b>407,216</b>
<b>Non-Rate Supported</b>									
Debenture	19,564	10,572	32,198	2,000	64,334	-	30,371	-	94,705
Reserve Fund	13,224	12,373	31,848	7,415	64,860	(966)	43,201	966	108,061
Federal Gas Tax	4,500	19,767	4,500	4,480	33,247	-	27,000	-	60,247
Provincial Grants	-	7,733	881	100	8,714	-	600	-	9,314
Federal Grants	-	-	1,568	-	1,568	-	-	-	1,568
Other	2,124	1,929	6,808	564	11,425	-	7,084	-	18,509
<b>Sub-total Non-Rate Supported</b>	<b>39,412</b>	<b>52,374</b>	<b>77,803</b>	<b>14,559</b>	<b>184,148</b>	<b>(966)</b>	<b>108,256</b>	<b>966</b>	<b>292,404</b>
<b>Total Sources of Financing <sup>2&amp;3</sup></b>	<b>69,511</b>	<b>100,238</b>	<b>112,638</b>	<b>43,542</b>	<b>325,929</b>	<b>(8,726)</b>	<b>373,691</b>	<b>16,586</b>	<b>699,620</b>

*Subject to rounding*

Notes:

1. Negative amounts in 2016 and 2018 rate supported debenture financing are due to growth housekeeping budget adjustments to maintain growth/non-growth financing splits.
2. Amounts reported in the 2016 to 2025 Capital Budget include housekeeping budget adjustments.
3. Amounts reported include adjustments for budget amendments 5-10 plus the future period adjustments not requiring business cases.

**2026-2028 WASTEWATER & TREATMENT CAPITAL BUDGET FORECAST**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

Classification / Source of Financing	2026 Forecast	2027 Forecast	2028 Forecast	2019-2028 Rolling Capital Plan
<b>CAPITAL BUDGET BY CLASSIFICATION</b>				
Lifecycle Renewal	27,980	28,430	32,280	292,093
Growth	6,447	9,230	4,590	122,590
Service Improvement	12,945	13,343	13,695	151,490
<b>Total Expenditures</b>	<b>47,372</b>	<b>51,003</b>	<b>50,565</b>	<b>566,173</b>
<b>CAPITAL BUDGET BY SOURCE OF FINANCING</b>				
<b>Rate Supported</b>				
Capital Rate	21,350	21,500	21,750	219,369
Debenture	-	-	-	-
Reserve Fund	14,911	15,609	19,561	189,730
Other	-	-	-	-
<b>Sub-total Rate Supported</b>	<b>36,261</b>	<b>37,109</b>	<b>41,311</b>	<b>409,099</b>
<b>Non-Rate Supported</b>				
Debenture	2,817	6,500	-	41,688
Reserve Fund	3,530	2,630	4,490	61,266
Federal Gas Tax	4,500	4,500	4,500	44,980
Provincial Grants	100	100	100	1,000
Senior Government	-	-	-	-
Other	164	164	164	8,140
<b>Sub-total Non-Rate Supported</b>	<b>11,111</b>	<b>13,894</b>	<b>9,254</b>	<b>157,074</b>
<b>Total Sources of Financing</b>	<b>47,372</b>	<b>51,003</b>	<b>50,565</b>	<b>566,173</b>

*Subject to rounding*

**2026-2028 WASTEWATER & TREATMENT CAPITAL BUDGET FORECAST**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

The following section highlights key capital projects contained within the 2026-2028 periods of the 10 year capital plan. These capital projects are subject to annual reviews and adjustments.

Major Capital Works In 2026-2028	2026 Forecast	2027 Forecast	2028 Forecast
<b>LIFECYCLE RENEWAL</b>			
ES2414 - Sewer Infrastructure Lifecycle Renewal	14,000	14,000	14,000
ES2693 - Specialized Sewer Repairs	4,500	5,000	5,000
ES3080 - Greenway Incinerator	500	500	4,500
ES2478 - Existing Ditches and Open Watercourses	2,200	2,000	2,000
ES5084 - Replacement Equipment at Wastewater Treatment Plants	2,200	2,200	2,200
<b>GROWTH</b>			
ESSWM-WO4 - SWM Facility-White Oaks No 4	-	4,400	-
ESSWM-NLP6 - SWM Facility-North Lambeth	2,400	-	-
ES3022 - Old Oak 2 SWM Facility	416	2,100	-
<b>SERVICE IMPROVEMENT</b>			
ES2464 - Combined Sewer Separation	11,000	12,000	12,000

**2016-2019 WASTEWATER & TREATMENT MULTI-YEAR BUDGET RESERVE & RESERVE FUND OVERVIEW**  
**2019 ANNUAL BUDGET UPDATE**  
(\$000's)

<b>Reserves &amp; Reserve Funds Forecast <sup>1</sup></b>	<b>Actuals</b>		<b>Budget</b>		<b>Forecast</b>					
	<b>2016 <sup>2</sup></b>	<b>2017 <sup>2</sup></b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Revised Projected Balance</b>										
Sewage Works Reserve Fund	73,252	82,075	42,347	57,467	45,511	49,005	53,746	51,509	61,998	72,334
Industrial DC Incentive Program Sewer	3,339	3,872	3,885	3,789	4,700	5,628	6,572	7,533	8,542	9,569
Sewage Treatment Plant Capacity	291	295	301	306	311	317	323	328	334	340
Industrial Oversizing Sewer	6,827	6,920	6,091	6,200	6,312	6,291	6,269	5,958	5,640	5,318
City Services - Sanitary Sewer	14,339	19,400	1,378	6,762	11,908	14,187	15,130	12,033	10,797	8,363
City Services - Major Stormwater Management	33,343	40,649	4,996	10,262	14,382	15,077	11,409	12,126	13,697	15,267
Wastewater Efficiency, Effectiveness & Economy Reserve	2,141	2,571	2,846	3,133	3,420	3,708	3,995	4,282	4,569	4,856
Sump Pump, Sewage Ejector & Storm Private Drain Connection	284	224	228	232	236	240	244	249	254	258
Disconnection of Sewer Cross Connection Loan Program	110	112	114	116	118	120	122	124	127	129
Wastewater Budget Contingency Reserve	2,243	2,313	2,313	2,313	2,313	2,313	2,313	2,313	2,313	2,313
<b>Total Wastewater &amp; Treatment Revised Projected Balance</b>	<b>136,169</b>	<b>158,431</b>	<b>64,499</b>	<b>90,580</b>	<b>89,211</b>	<b>96,886</b>	<b>100,123</b>	<b>96,455</b>	<b>108,271</b>	<b>118,747</b>

*Subject to rounding*

Notes:

1. Amounts reported include the recommended 2019 Annual Budget Update amendments.
2. Amounts reported for 2016 and 2017 represent actual activity versus budget.
3. The overall increase in reserve and reserve fund balances is primarily attributable to savings aimed at managing the City's forecasted \$466.1 million 10 year infrastructure gap. As part of the 2020-2023 Multi-Year Budget development, Civic Administration will incorporate the results of the 2018 Corporate Asset Management Plan (AMP) into the 10-year capital plan, which will impact the projected drawdowns.

## **RECONCILIATION OF TABLED WASTEWATER & TREATMENT BUDGET TO PUBLIC SECTOR ACCOUNTING BOARD (PSAB) FINANCIAL STATEMENT BUDGET**

Ontario municipalities must adhere to Public Sector Accounting Board (PSAB) accounting standards and reporting requirements, however, with the introduction of PS1200 in 2009, the Province of Ontario enacted a regulation, Ontario Regulation 284/09, allowing for certain items to be excluded from their budgets, as long as it was disclosed. Typical PSAB items, such as costs related to amortization expense, post-employment benefit expense and solid waste landfill closure and post-closure expense can be excluded, however, the regulation does require that the municipality report to Council on the impact of these excluded costs prior to budget approval.

The regulation requires that the report contain information regarding:

1. An estimate of the change in the accumulated surplus of the municipality to the end of the year resulting from the exclusion of any of those expenses; and
2. An analysis of the estimated impact of the exclusion of any of those expenses on the future tangible capital asset funding requirements of the municipality or local board.

London's 2019 draft Wastewater operating budget as tabled, excludes the following expenses:

1. Expenses for the amortization of tangible capital assets, estimated to be \$45.5 million for 2019, are excluded. The budget does include reserve fund contributions of \$24.9 million for 2019 and pay as you go contributions of \$20.8 million for 2019 for capital asset additions.
2. The budget does not contain the current year's post-employment benefit expense for early retirement and accrued sick leave, estimated to total \$278 thousand for 2019, for employees that are eligible for these benefits. The Corporation's consolidated liability as at December 31, 2017 was \$154.9 million. Reserve fund balances as of December 31, 2017 of \$20.4 million are available to offset this obligation.
3. The City also makes contributions to an additional corporate reserve to offset the liabilities created from the post-employment expenses (point 2 above) and landfill closure and post-closure expenses depending upon generated surpluses, including personnel cost savings. The balance in this corporate reserve as of December 31, 2017 was \$70.4 million.

If the above items were included in the 2019 budget, the projected annual PSAB surplus would decrease.

Table 1 on the following page shows the 2019 draft Wastewater operating budgets and the 2018 approved revised budget and Table 2 reconciles the surplus in PSAB format to the Wastewater operating budgets.

**RECONCILIATION OF TABLED WASTEWATER & TREATMENT BUDGET TO  
PUBLIC SECTOR ACCOUNTING BOARD (PSAB)  
FINANCIAL STATEMENT BUDGET (\$000's)**

<b>Table 1</b>	<b>2018 Wastewater Revised Budget</b>	<b>2019 Draft Budget</b>
<b>REVENUES</b>		
Property Tax	-	-
Property Tax - Proposed budget amendments	-	-
Government Grants & Subsidies	41	43
User Fees	95,061	97,826
Municipal Revenues - Other	313	313
Municipal Revenues - Transfers from Capital	-	-
Municipal Revenues - Transfers from Reserves and Reserve Funds	-	-
<b>Total Revenues</b>	<b>95,415</b>	<b>98,182</b>
<b>EXPENSES</b>		
Personnel Costs	16,225	16,741
Administrative Expenses	3,619	3,703
Financial Expenses - Other	-	-
Financial Expenses - Interest & Discount on Long-term Debt	1,949	1,675
Financial Expenses - Debt Principal Repayments	9,406	9,554
Financial Expenses - Transfers to Reserves and Reserve Funds	25,608	24,899
Financial Expenses - Transfers to Capital	18,108	20,753
Purchased Services	3,716	3,562
Materials & Supplies	11,257	11,664
Vehicle & Equipment	3,361	3,421
Transfers	-	-
Other Expenses	5,179	5,283
Recovered Expenses	(3,013)	(3,073)
<b>Total Expenses</b>	<b>95,415</b>	<b>98,182</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>-</b>	<b>-</b>

**RECONCILIATION OF TABLED WASTEWATER & TREATMENT BUDGET TO  
PUBLIC SECTOR ACCOUNTING BOARD (PSAB)  
FINANCIAL STATEMENT BUDGET (\$000's)**

<b>Table 2</b>	<b>2018 Wastewater PSAB Adjustments</b>	<b>2019 Wastewater PSAB Adjustments</b>
<b>PROJECTED NET PSAB SURPLUS</b>	<b>36,017</b>	<b>53,296</b>
<b>PSAB REPORTING REQUIREMENTS:</b>		
<b>Addback to revenues:</b>		
Transfers from Capital	-	-
Transfers from Reserves and Reserve Funds	-	-
<b>Deduct from expenses:</b>		
Transfers to Reserves and Reserve Funds	(25,608)	(24,899)
Transfers to Capital	(18,108)	(20,753)
Debt principal repayments	(9,406)	(9,554)
<b>PSAB adjustments:</b>		
Capital program funding earned in year <sup>(1)</sup>	(5,395)	(5,144)
Capital projects not resulting in tangible capital assets <sup>(2)</sup>	6,310	6,439
Amortization <sup>(3)</sup>	43,916	43,916
Developer contributions of assumed tangible capital assets <sup>(4)</sup>	(23,720)	(23,694)
Loss on disposal of tangible capital assets <sup>(5)</sup>	1,174	1,200
Obligatory reserve fund deferred revenue earned in year - DC, Gas Tax <sup>(6)</sup>	(5,466)	(21,050)
Employee future benefit liability <sup>(7)</sup>	286	243
<b>NET SURPLUS (DEFICIT) PER DRAFT BUDGET</b>	<b>-</b>	<b>-</b>

**Footnotes and Assumptions**

1) Represents capital revenue such as provincial and federal grants and other contributions. Does not include debenture financing, transfers from operating or reserve funds. Estimate based on 5 year actuals from 2013 - 2017.

2) For PSAB purposes, expenses not considered to be part of the cost of a tangible capital asset are expensed as operating expenses although funded through capital. Estimated based on 14.79% of capital expenditure budget, based on 2017 actuals.

3) Represents the annual writedown of the tangible capital assets over the useful life of the asset. Estimated 3.83% annual increase based on 2013 - 2017 actuals.

4) Contributed tangible capital assets are tangible capital assets that become the ownership of the City when a subdivision is assumed by the City. These assets are recognized at fair market value during the year of assumption. Estimate based on 5 year average of actuals.

5) When an asset is replaced prior to the end of its useful life, an adjustment must be made to expense the remaining book value. Amount fluctuates from year to year. Estimate based on 5 year average of actuals from 2013 - 2017.

6) Transactions recorded directly to reserve funds must be accounted for through the operating or capital fund. This includes recognition of development charge levies and federal gas tax earned in the year.

7) Represents the annual change in the estimated future costs of employee benefits. Estimate based on 5 year average.

# 2016 | MULTI-YEAR 2019 | BUDGET



**London**  
CANADA

## AMENDMENT FORM – CASE # 5

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY

**INITIATIVE:** EROSION REMEDIATION IN OPEN WATERCOURSES MANAGEMENT AND RECLAMATION

**SERVICE(S):** WASTEWATER & TREATMENT

**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER

**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	\$320	\$320
Revenue	\$0	\$0	\$0	(\$320)	(\$320)
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

## AMENDMENT 1: INCREASE BUDGET FOR LOW IMPACT DEVELOPMENT (LID) PROJECTS

Capital Budget Table (\$000's)

ES2428 – Erosion Remediation in Open Watercourses Management and Reclamation		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	0	1,920
Cumulative Amendment					320	0
Revised Budget					320	1,920
Source of Financing						
Approved Budget		0	0	0	0	(1920)
Amendments	Capital Rate					
	Debenture					
	Reserve Fund				(320)	
	Other					
	Non-rate Supported					
Revised Budget					(320)	(1,920)

2026 Capital Gross Expenditure: \$320

2027 Capital Gross Expenditure: \$320

2028 Capital Gross Expenditure: \$320

### What is the reason(s) for the budget amendment(s)?

The Ontario Ministry of Environment and Climate Change has been promoting the use of Low Impact Development (LID) in preparation for the release of a new guidance manual for stormwater management LID practices. LIDs are designed as sponges in the municipal right-of-way (ROW) that direct rainwater runoff into the ground prior to releasing into the stream/river, thereby better mirroring the natural water cycle. These LID features were not originally foreseen in the preparation of the 2016-2019 Multi-Year Budget but have a direct benefit to improving erosion in open watercourses. This 2019 budget request will fund LID measures within the scope of four upcoming Infrastructure Renewal Projects (IRP).

# 2016 | MULTI-YEAR 2019 | BUDGET



**London**  
CANADA

## AMENDMENT FORM – CASE # 6

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY

**INITIATIVE:** LIFECYCLE MAINTENANCE AND REPLACEMENT OF WASTEWATER TREATMENT EQUIPMENT

**SERVICE(S):** WASTEWATER & TREATMENT

**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER

**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	\$690	\$690
Revenue	\$0	\$0	\$0	(\$690)	(\$690)
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

# AMENDMENT 1: INCREASE BUDGET FOR THE MAINTENANCE AND REPLACEMENT OF WASTEWATER TREATMENT EQUIPMENT

Capital Budget Table (\$000's)

ES5084 - Replacement Equipment Wastewater Treatment Plans		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	60	6,070
Cumulative Amendment					690	0
Revised Budget					750	6,070
Source of Financing						
Approved Budget		0	0	0	(60)	(6,070)
Amendments	Capital Rate					
	Debenture					
	Reserve Fund				(690)	
	Other					
	Non-rate Supported					
Revised Budget					(750)	(6,070)

2026 Capital Gross Expenditure: \$2,200

2027 Capital Gross Expenditure: \$2,200

2028 Capital Gross Expenditure: \$2,200

## What is the reason(s) for the budget amendment(s)?

This program is used to maintain the assets of the City's five Wastewater Treatment Plants and thirty-six Wastewater Pumping Stations. Some of this work can be planned in advance while some is related to unforeseen equipment failure. The 2019 budget was amended to fund the City's portion of many of the wastewater projects approved under the Clean Water and Wastewater Fund (CWWF) program, which resulted in a revised budget of \$60 thousand. The budget increase will help ensure any repairs and/or replacements can be completed as needed. Insufficient funding may compromise wastewater treatment efficiency and increase the risk of wastewater overflows.

Pertinent Reports: June 7, 2017, Civic Works Committee Meeting

<https://pub-london.escribemeetings.com/filestream.ashx?DocumentId=32128>

# 2016 | MULTI-YEAR 2019 | BUDGET



**London**  
CANADA

## AMENDMENT FORM – CASE # 7

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY

**INITIATIVE:** SCHEDULE CHANGE – DINGMAN CREEK STREAM REMEDIATION / RECLAMATION WORKS

**SERVICE(S):** WASTEWATER & TREATMENT

**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER

**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	(\$1,796)	(\$1,796)
Revenue	\$0	\$0	\$0	\$1,796	\$1,796
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

## AMENDMENT 1: SCHEDULE CHANGE TO COORDINATE PROJECT WITH COMPLETION OF DINGMAN CREEK ENVIRONMENTAL ASSESSMENT

Capital Budget Table (\$000's)

ESSWM-STMRM - Dingman Creek and Other Stream Remediation		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	1,796	2,100
Cumulative Amendment					(1,796)	1,796
Revised Budget					0	3,896
Source of Financing						
Approved Budget		0	0	0	(1,796)	(2,100)
Amendments	Capital Rate					
	Debenture					
	Reserve Fund				1,796	(1,796)
	Other					
	Non-rate Supported					
Revised Budget					0	(3,896)

2026 Capital Gross Expenditure: \$0

2027 Capital Gross Expenditure: \$0

2028 Capital Gross Expenditure: \$0

### What is the reason(s) for the budget amendment(s)?

The construction of the Dingman Creek Stream Remediation/Reclamation works has been deferred until 2020 as it is subject to the completion of the Dingman Creek Environmental Assessment (EA) which is estimated to be completed in Q4 2018.

# 2016 | MULTI-YEAR 2019 | BUDGET



**London**  
CANADA

## AMENDMENT FORM – CASE # 8

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY

**INITIATIVE:** SCHEDULE CHANGE – DINGMAN CREEK MAIN CHANNEL REMEDIATION WORKS

**SERVICE(S):** WASTEWATER & TREATMENT

**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER

**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	(\$2,300)	(\$2,300)
Revenue	\$0	\$0	\$0	\$2,300	\$2,300
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

## AMENDMENT 1: SCHEDULE CHANGE TO COORDINATE PROJECT WITH COMPLETION OF DINGMAN CREEK ENVIRONMENTAL ASSESSMENT

Capital Budget Table (\$000's)

ES2475 – Dingman Creek Main Channel Remediation Works		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	2,300	6,700
Cumulative Amendment					(2,300)	2,300
Revised Budget					0	9,000
Source of Financing						
Approved Budget		0	0	0	(2,300)	(6,700)
Amendments	Capital Rate					
	Debenture					
	Reserve Fund				1,978	(1,978)
	Other					
Non-rate Supported					322	(322)
Revised Budget					0	(9,000)

2026 Capital Gross Expenditure: \$0

2027 Capital Gross Expenditure: \$0

2028 Capital Gross Expenditure: \$0

### What is the reason(s) for the budget amendment(s)?

The construction of the Dingman Creek Main Channel Remediation works has been deferred until 2020 as it is subject to the completion of the Dingman Creek Environmental Assessment (EA) which is estimated to be completed in Q4 2018.

# 2016 | MULTI-YEAR 2019 | BUDGET



**London**  
CANADA

## AMENDMENT FORM – CASE # 9

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY  
**INITIATIVE:** SCHEDULE CHANGE – DINGMAN CREEK REMEDIATION WORKS  
**SERVICE(S):** WASTEWATER & TREATMENT  
**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER  
**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	(\$4,290)	(\$4,290)
Revenue	\$0	\$0	\$0	\$4,290	\$4,290
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

## AMENDMENT 1: SCHEDULE CHANGE TO COORDINATE PROJECT WITH COMPLETION OF DINGMAN CREEK ENVIRONMENTAL ASSESSMENT

Capital Budget Table (\$000's)

ES3202 – Dingman On-line Stormwater Management Flood Control Facility #2		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	4,290	0
Cumulative Amendment					(4,290)	4,290
Revised Budget					0	4,290
Source of Financing						
Approved Budget		0	0	0	(4,290)	0
Amendments	Capital Rate					
	Debenture					
	Reserve Fund				3,646	(3,646)
	Other					
	Non-rate Supported				644	(644)
Revised Budget					0	(4,290)

2026 Capital Gross Expenditure: \$0

2027 Capital Gross Expenditure: \$0

2028 Capital Gross Expenditure: \$0

### What is the reason(s) for the budget amendment(s)?

The construction of the Dingman Creek Online Stormwater Management Flood Control Facility No. 2 has been deferred until 2020 as it is subject to the completion of the Dingman Creek Environmental Assessment (EA) which is estimated to be completed in Q4 2018.

# 2016 | MULTI-YEAR 2019 | BUDGET



**London**  
CANADA

## AMENDMENT FORM – CASE # 10

**STRATEGIC AREA OF FOCUS:** BUILDING A SUSTAINABLE CITY

**INITIATIVE:** SCHEDULE CHANGE – CONSTRUCTION OF CARLING CREEK  
TRUNK STORM SEWER

**SERVICE(S):** WASTEWATER & TREATMENT

**SERVICE LEAD(S):** SCOTT MATHERS, DIRECTOR, WATER AND WASTEWATER

**TYPE OF AMENDMENT:** COST DRIVER

Budget Amendment Rate Impact (\$000's)	2016	2017	2018	2019	2016-2019 TOTAL
Expenditure	\$0	\$0	\$0	(\$1,350)	(\$1,350)
Revenue	\$0	\$0	\$0	\$1,350	\$1,350
Net Requested Rate (Cumulative)	\$0	\$0	\$0	\$0	\$0
Net Incremental Rate	\$0	\$0	\$0	\$0	\$0
Annual Rate Impact % <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	

Note 1: The rate impact is calculated using the approved budget.

## AMENDMENT 1: SCHEDULE CHANGE TO ALIGN CONSTRUCTION WITH INFRASTRUCTURE RENEWAL PROJECT

Capital Budget Table (\$000's)

ES3013 - Carling Creek Trunk Storm Sewer Phase IV		Expenditure				
		2016	2017	2018	2019	2020-2025
Approved Budget		0	0	0	1,350	0
Cumulative Amendment					(1,350)	1,450
Revised Budget					0	1,450
Source of Financing						
Approved Budget		0	0	0	(1,350)	0
Amendments	Capital Rate					
	Debenture					
	Reserve Fund				1,350	(1,450)
	Other					
	Non-rate Supported					
Revised Budget					0	(1,450)

2026 Capital Gross Expenditure: \$0

2027 Capital Gross Expenditure: \$0

2028 Capital Gross Expenditure: \$0

### What is the reason(s) for the budget amendment(s)?

The construction of the Carling Creek Trunk Storm Sewer has been deferred until 2023 and will be carried out in conjunction with the Pall Mall Street Infrastructure Renewal project. This project will make improvements to the last remaining open ditch section between Waterloo Street and Maitland Street. The budget increase of \$100 thousand included in the 2020-2025 period is offset by the unused budget in 2018 which was released as part of the 2018 Mid-year Capital Monitoring Report (as of June 30, 2018).