

HALDIMAND COUNTY

2023 Draft Rate Supported Operating Budget & Capital Forecast Water & Wastewater

Special Council | December 8, 2022

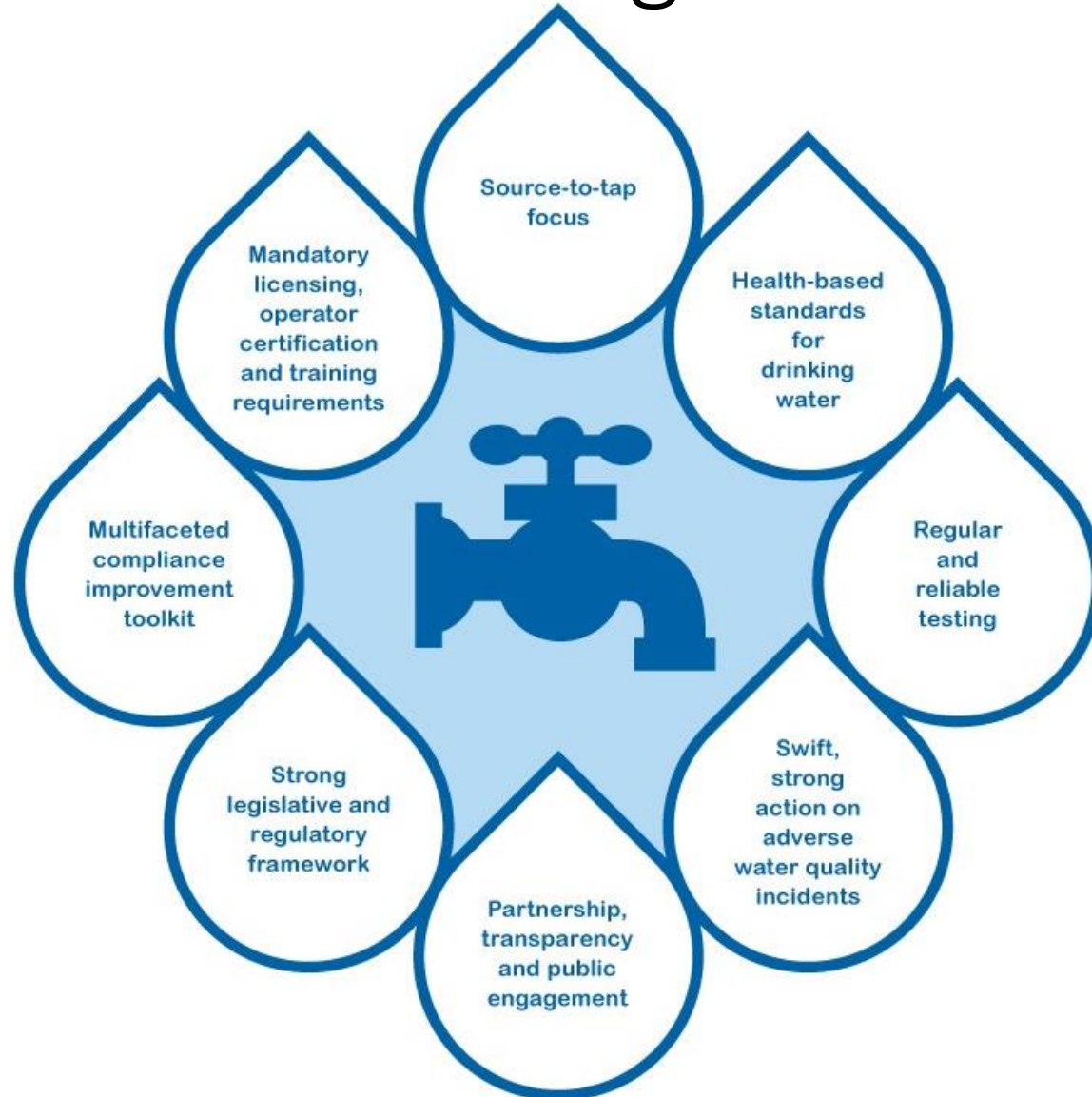


Agenda

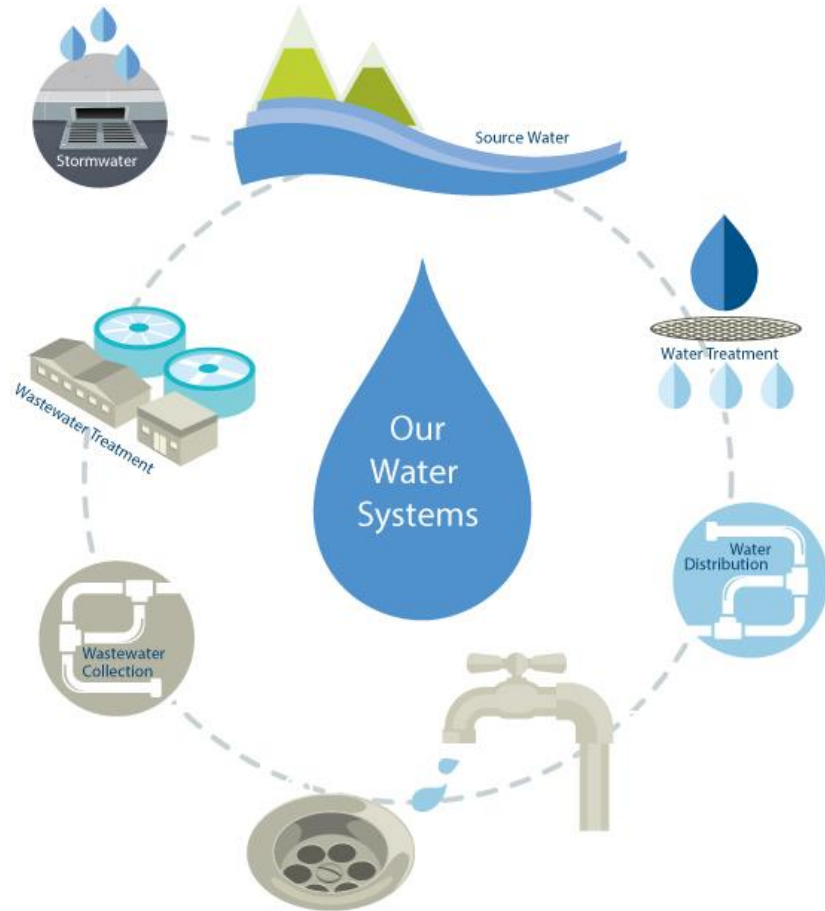
- Legislative Framework and Budget Principles
- Proposed Rate and Funding Impacts
- Current and Future Budget Drivers

Legislative Framework and Budget Principles

Legislative Environment



Water and Wastewater Systems



Budget Principles and Guidelines

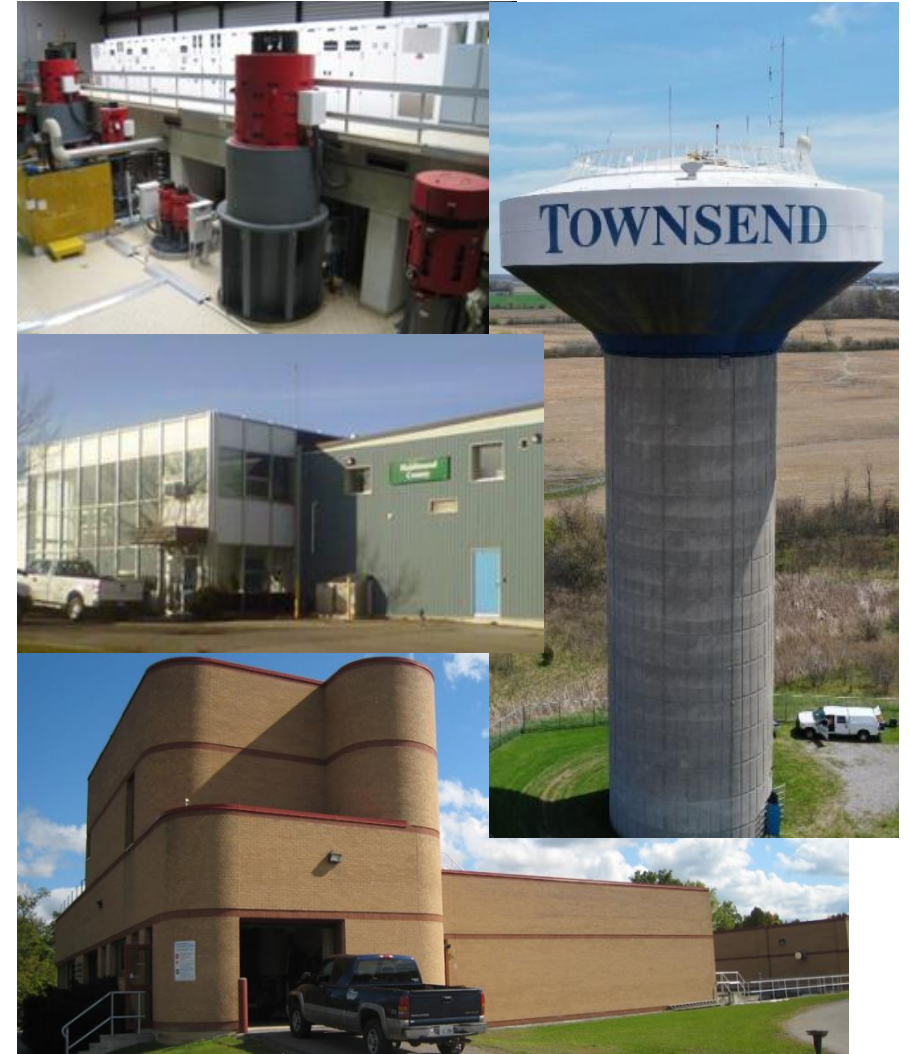


- Full cost recovery directly from users
- Aggregate net costs funded 50/50 from fixed and variable revenues
- Annual indexing/review of certain fees
- Rate Stabilization Reserve considerations
- Long term capital financing plans
- Continuous improvements and efficiencies

Capital Budget Principles

Focus on Long-Term Service and Financial Plans

- Replacement/Rehabilitation Focus
- Studies/Reviews
- Provide Service Capacity for Anticipated Growth
- Focus on Financing of Projects over the forecast – Water vs. Wastewater



Draft Budget and Proposed Rates

Rate Drivers

- Cost Increases/(Decreases)
- Miscellaneous Revenues
- Growth/Consumption

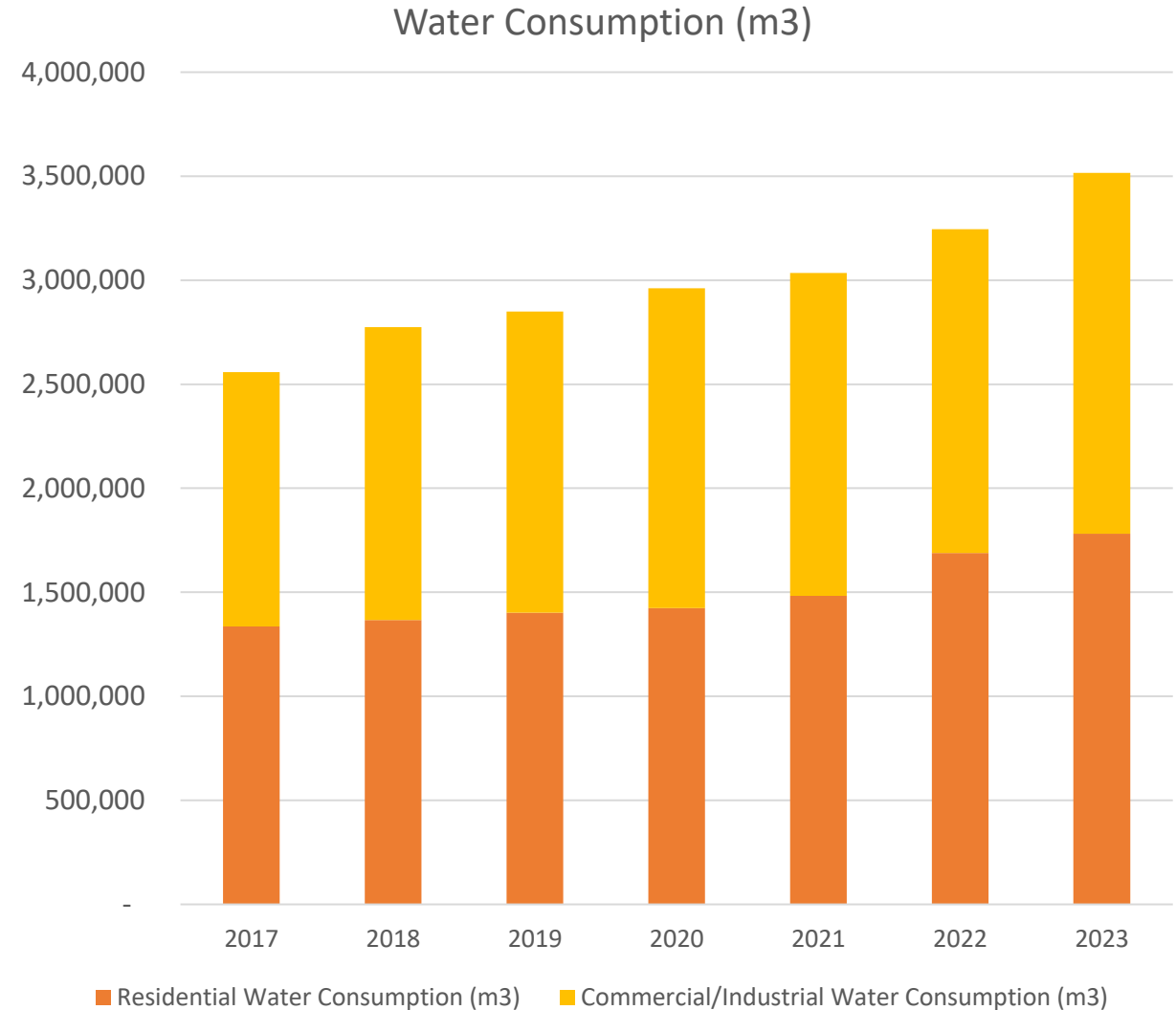
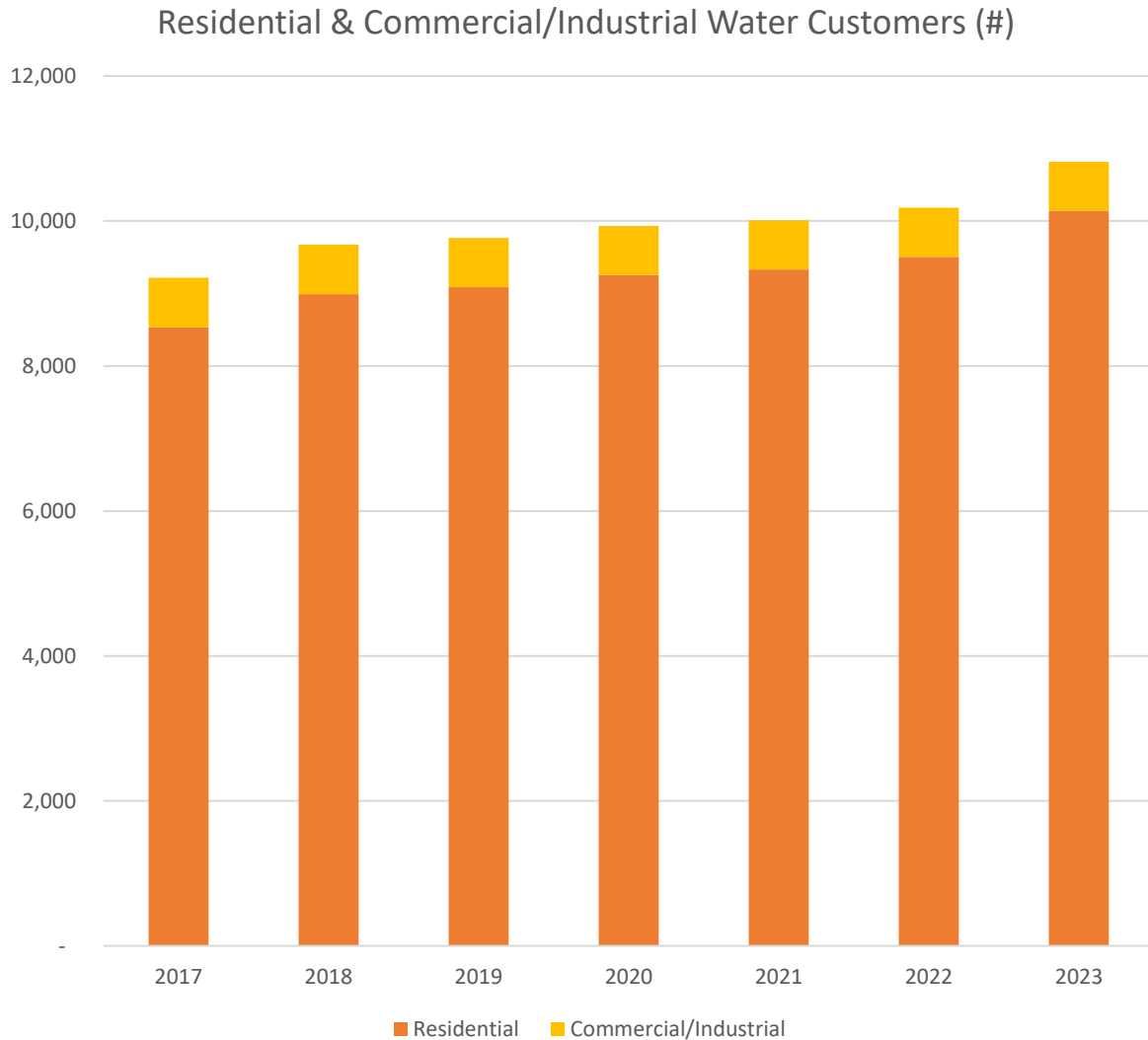


Average Monthly Impact on Users

<i>Projection Based on Proposed 2023 Budget</i>	<i>Approved Budget</i>						<i>Draft Budget</i>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Net Revenues Required from User Rates	4.03%	0.17%	1.94%	2.68%	3.13%	13.53%	10.02%
Growth/Consumption Impacts	0.73%	3.07%	3.14%	1.94%	2.68%	11.44%	8.19%
Average Monthly Impact on Users	3.30%	-2.90%	-1.20%	0.74%	0.45%	2.09%	1.83%

**Note: A 1% increase in user rates is approximately \$138K - \$66K Water; \$72K Wastewater)*

Rate Model - Customers and Consumption

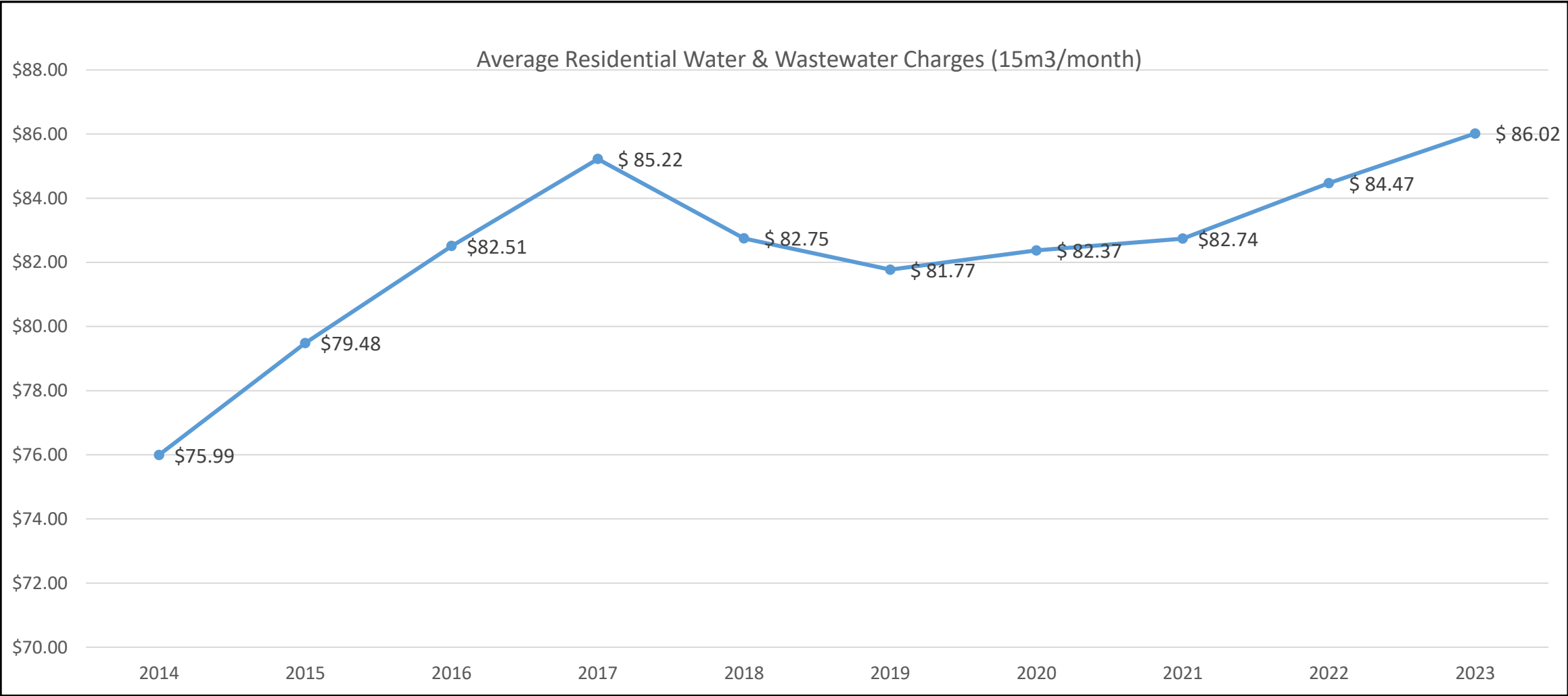


2023 Proposed Rates

Average Monthly Residential Customer Impact (15 m3)				
	2022	2023	\$	%
Total Water	\$37.56	\$41.12	\$3.56	
Total Wastewater	\$46.91	\$44.90	(\$2.02)	
Total	\$84.47	\$86.02	\$1.54	1.83%

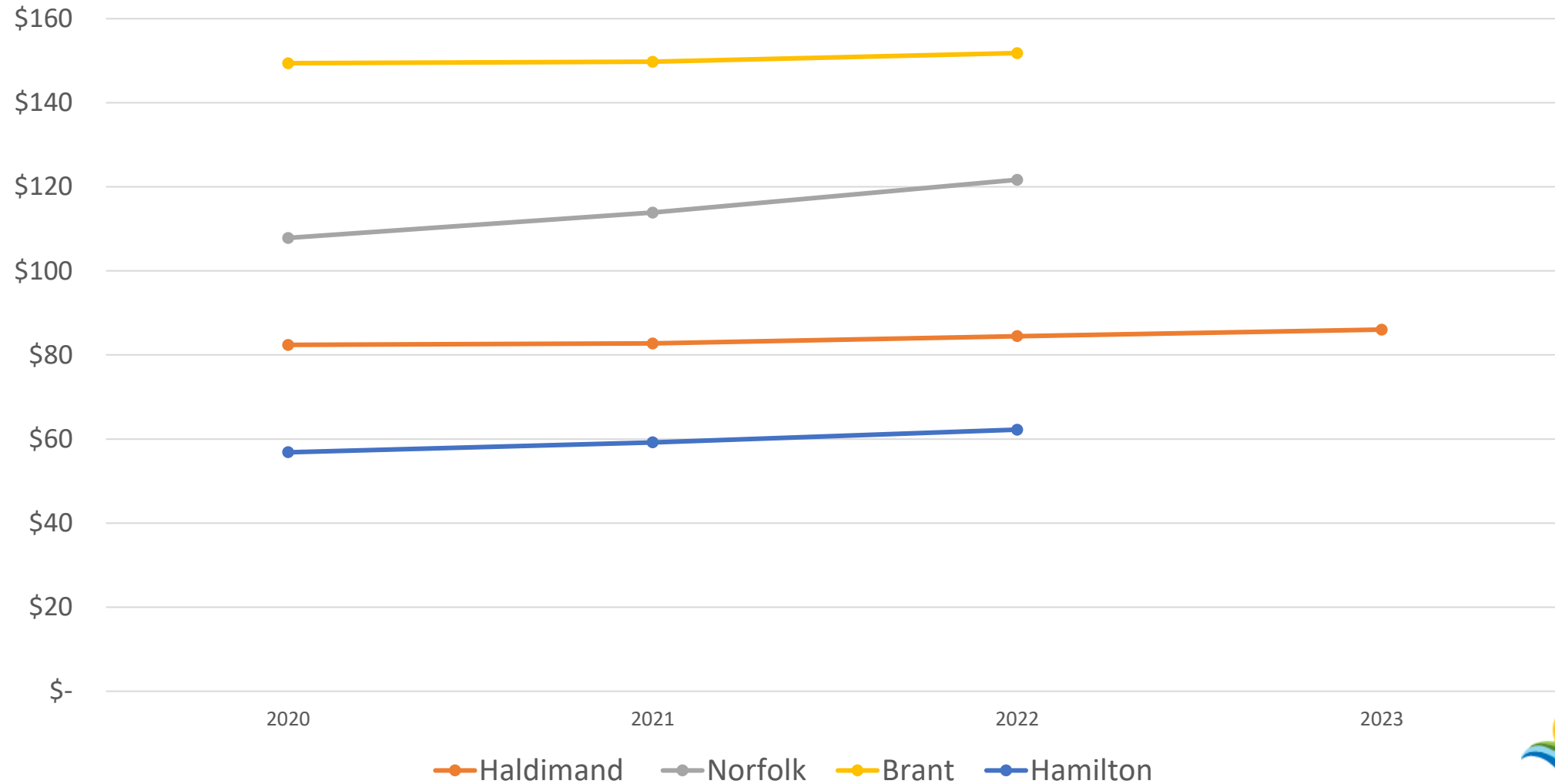
Average Monthly Impact on Users

Average Residential Water & Wastewater Charges (15m3/month)



End User Impact Municipal Comparison

Average Monthly Residential Charge Comparison (15m³/month)



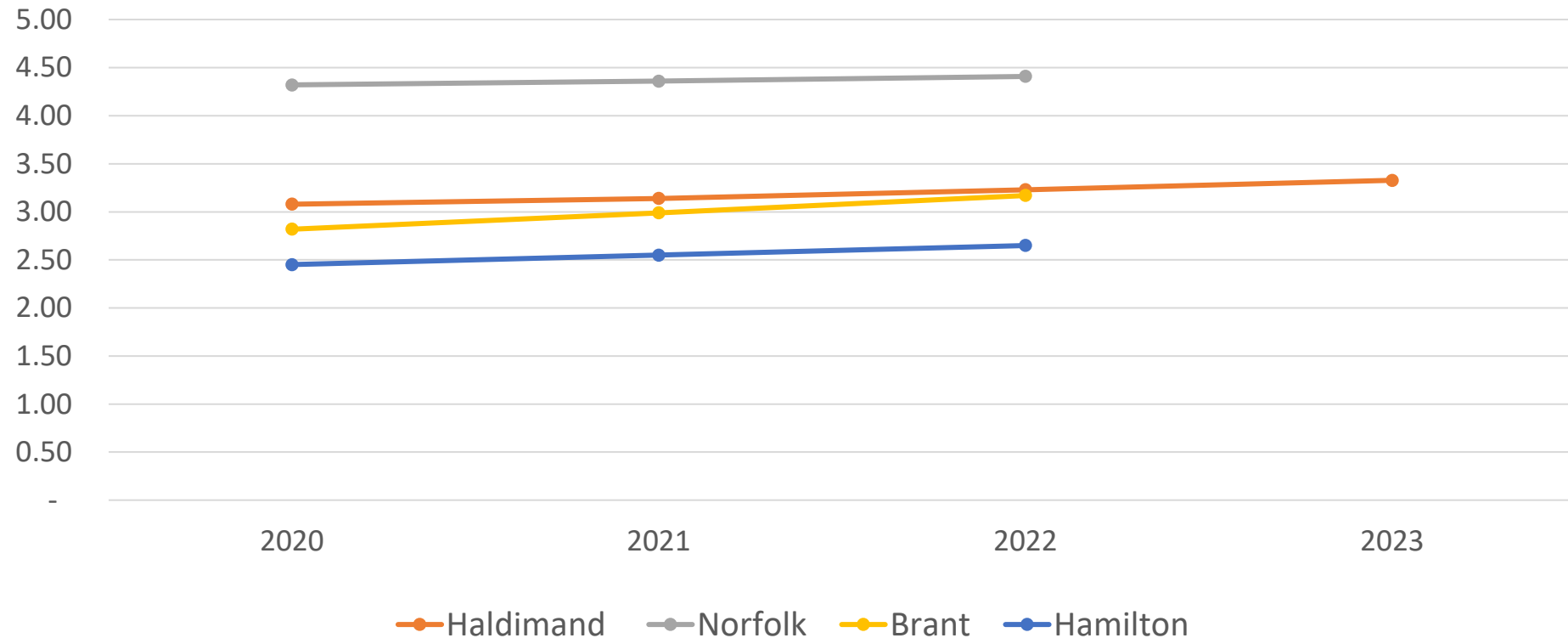
Impact on Bulk Water Rate

Bulk Water Rate (per cubic metre)	2022 RATE	2023 RATE	CHANGE	
			(\$)	(%)
Controlled by Haldimand County				
Bulk Water Rate (charged to hauler)	\$3.23	\$3.33	\$0.10	3.0%
Monthly Administration Fee (charged to hauler)	\$18.51	\$19.07	\$0.56	3.0%
Per Load Impact on "Typical End User" (13.6 m³ or 3,000 gallon load)				
Water Commodity (determined by Haldimand County)	\$44.06	\$45.38	\$1.32	3.0%
Estimated hauler delivery charge (determined by hauler)	\$85.45	\$85.45	\$0.00	0.0%
Total "End User" estimated cost	\$129.51	\$130.83	\$1.32	1.0%

**assumes 3,000 gallons (approximately 13.6 cubic metres), an equivalent increase to the delivery charge, and excludes any administration fees*

Municipal Comparison – Bulk Water Charges

Bulk Water Comparison (per cubic metre)



Impact on Holding/Septic Charges

Holding/Septic/Portable Toilet Tank Treatment Charge (per cubic metre)	2022	2023	Change	
			(\$)	(%)
Controlled by Haldimand County:				
Proposed Rate (charged to hauler)	\$15.15	\$15.60	\$0.45	3.0%
Monthly Administration Fee (charged to hauler)	\$18.15	\$18.69	\$0.54	3.0%
Per Load Impact on "Typical End User" (9.1 m³ or 2,000 gallon load)				
Treatment Cost (determined by Haldimand)	\$137.71	\$141.85	\$4.13	3.0%
Estimated hauler delivery charge (determined by Hauler)	\$91.57	\$91.57	\$0.00	0.0%
Total "End User" cost	\$229.28	\$233.42	\$4.13	1.8%

**based on 2,000 gallon load (approximately 9.1 cubic meters, an equivalent increase to the delivery charge and excludes any administration fees*

Current and Future Budget Drivers

2023 Rate Budget Drivers

**Water User Net Rate Revenue Increase:
\$1,109,000**

Revenue Increases/(Decreases):

- Bulk Water Consumption - \$130,000
- Annual Fire Protection Charge - \$72,000
- Reduction in use of Stabilization Reserve – (\$280,000)

Expenditure Increases:

- Hamilton Water
 - \$396,000 Rate increase
 - \$109,000 Consumption increase
- OCWA Haldimand Share of Contract - \$238,000
- Insurance - \$60,000
- CRRF – Water Contribution - \$138,000

**Wastewater User Net Rate Revenue
Increase: \$276,000**

Revenue Increases:

- Overstrength Revenues - \$85,000

Expenditure Increases:

- Veolia Operating Contract - \$259,000
- Property Taxes - \$43,000
- Insurance - \$49,000

Gross Capital Expenditure Summary

Gross Expenditures	2022 Budget Average Annual Gross Expenditures	2023 Draft Budget Average Annual Gross Expenditures
Water System	\$12.8 Million	\$11.9 Million
Wastewater System	\$9.9 Million	\$8.7 Million
Total	\$22.7 Million	\$20.6 Million

2023 Capital Forecast – Major Projects

Water Projects

- Nanticoke Water Treatment Plant Capacity Expansion - \$60 million (2022 and 2023)
- Caledonia North Reservoir Expansion - \$8.7 million
- New Elevated Storage Tank in South Caledonia - \$8.0 million
- Highway 6 Transmission Main Twinning - \$5.4 million (2023)

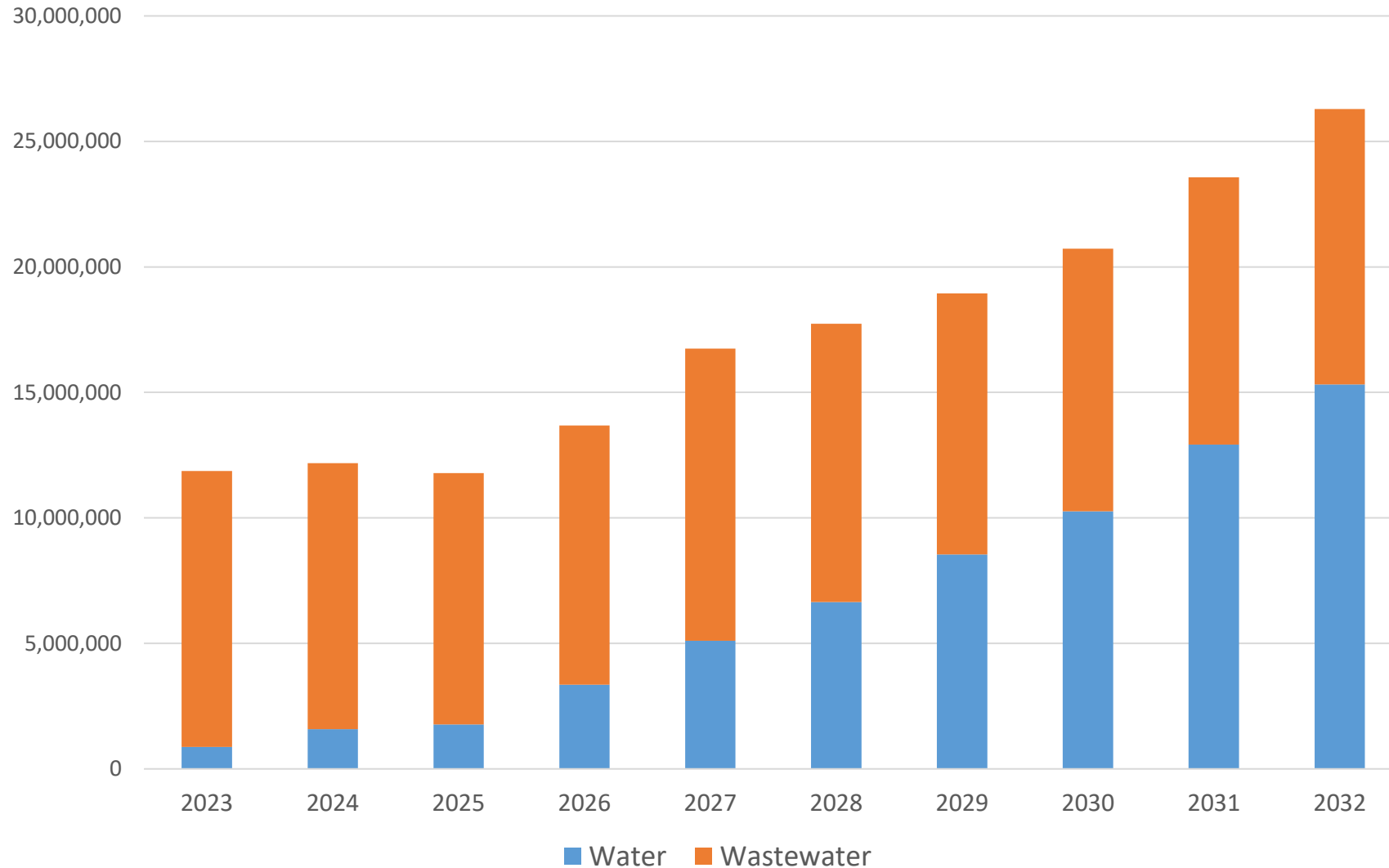
Wastewater Projects

- Caledonia Wastewater Treatment Plan Expansion - \$45 million (2025)

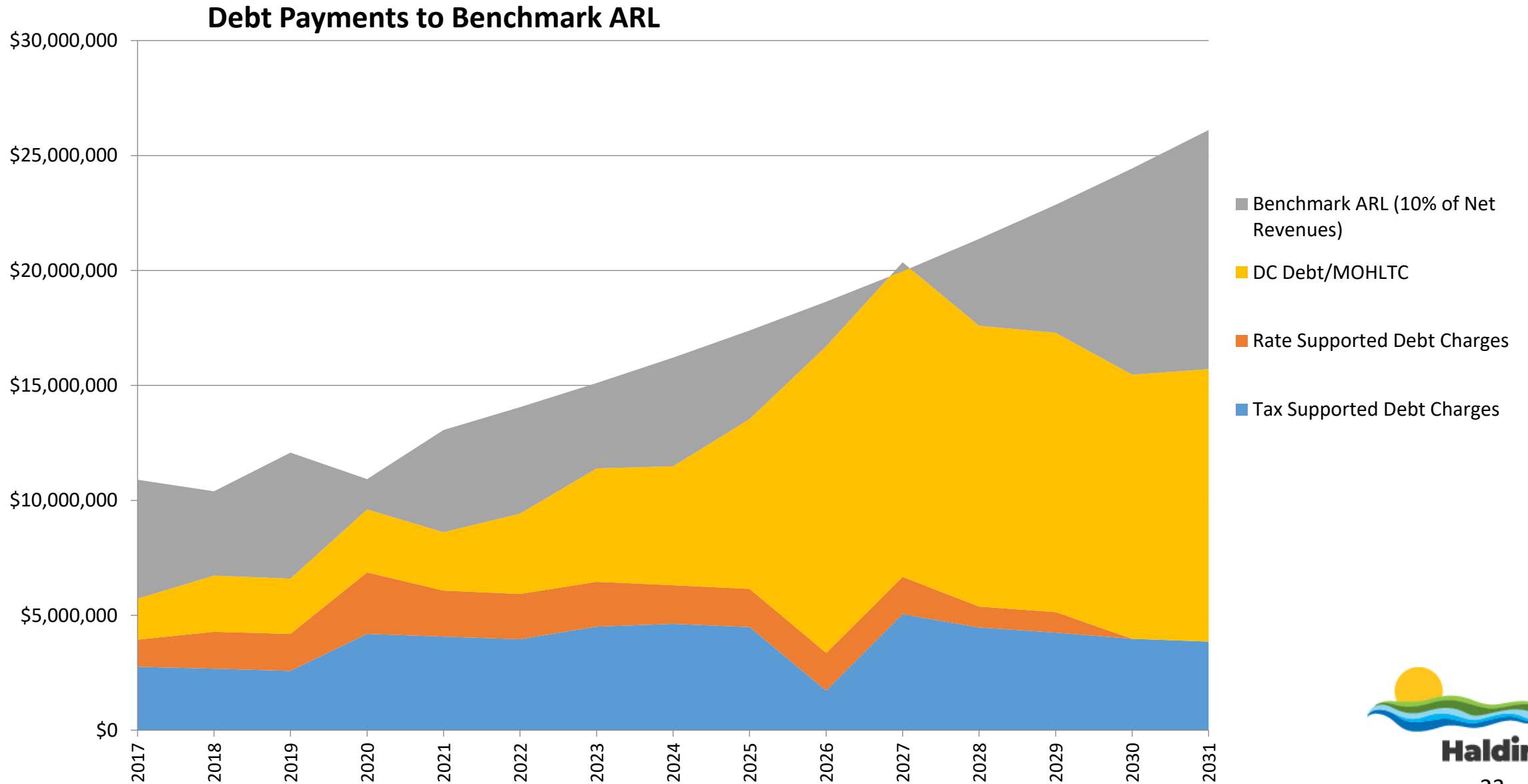


Rate Model - Capital Replacement Reserve Funds

Forecasted Capital Replacement Reserve Fund Balances



Rate Model - Long Term Debt Payments



Future Issues and Challenges

- Impacts of additional customers and/or consumption patterns related to residential growth
- Impacts of changes in Consumption by Large Industrial Users or conversion to raw water
- Canada Community-Building Fund (CCBF) Allocation – formerly Federal Gas Tax
- Norfolk Water Supply Agreement
- Updated Rate Study
- Long Range Asset Management
- Ongoing Performance Evaluations of Facilities
- Leachate Treatment Volumes
- Available Balances in Capital Replacement and Rate Stabilization Reserves



Key Takeaways

- Ultimate goal is to provide safe, reliable potable water to residents
- Key Financial Principles drive budget development:
 - Full cost recovery from users;
 - Rate Stabilization Reserves maintained at targeted levels;
 - Capital Replacement Reserves meet forecasted infrastructure needs and financial principles.
- Despite Significant financial pressures, modest overall impact to users:
 - Net cost increases driven by inflationary and external influences – totaling over 10%
 - Eliminated need to phase-in Hamilton water impacts
 - Offset primarily by growth in number of users/consumption
 - Increased overall capital related spending by 1%.
 - Overall impact of 1.83%