

2024 Rate Budget

Budget Committee of the Whole: November 22, 2023



PORT COLBORNE

2024 Rate Budget

In preparing the **2024 Rate Budget**, certain assumptions and estimates are necessary.

They are based on information available to staff at the time.

Actual results will vary although, as regulated through the Municipal Act, **a balanced budget is required.**



Agenda

- 1 2024 Budget Summary
- 2 City Fundamentals
- 3 Budget Details
- 4 Billing Change
- 5 Thank You

Agenda

1 2024 Budget Summary

2 City Fundamentals

3 Budget Details

4 Billing Change

5 Thank You

- Recommendation
- Vision, Mission & Corporate Values
- Alignment with the Strategic Plan
- Budget Highlights
- Process
- Rate impacts
- Tax and rate comparisons
- Risks to the budget

Recommendation

That the Corporate Services Department, Financial Services Division, Report No. 2023-164 Subject: 2024 Rate Budget, **BE RECEIVED**; And

That the 2024 Rate Budget as outlined in Report 2023-164, **BE APPROVED**.



Vision, Mission & Corporate Values

Vision Statement:

A healthy and vibrant waterfront community embracing growth for future generations.

Mission Statement:

To provide an exceptional small-town experience in a big way.

Corporate Values

- **Integrity** – We interact with others ethically and honourably
- **Respect** – We treat each other with empathy and understanding
- **Inclusion** – We welcome everyone
- **Responsibility** – We make tomorrow better
- **Collaboration** – We are better together



Alignment with the Strategic Plan



**Environment
& Climate
Change**



**Welcoming,
Livable &
Healthy
Community**



**Economic
Prosperity**



**Increased
Housing
Options**



**Sustainable
& Resilient
Infrastructure**

PEOPLE  **SIMPLE**  **VALUE**  **CUSTOMER**

Sustainable & Resilient Infrastructure



Goal:

To sustainably renew and improve infrastructure.

Measures:

- All stormwater assets to have a remaining asset life of 20% or greater by 2030. Currently 96%
- All wastewater assets to have a remaining asset life of 20% or greater by 2030. Currently 80%
- All water assets to have a remaining asset life of 20% or greater by 2040. Currently 64%

Approach:

- **\$32 million** application to the Disaster Mitigation & Adaptation Fund (DMAF)
- **\$10 million** investment to reline 1/3 of the City
- **Erie Street plus \$5 million** Fed/Prov Grant Program (water projects)

Reminder:

- 20% or less is **very** poor.

	Storm	Wastewater	Water	Total
Very Poor	6,676,630	48,626,018	83,995,037	139,297,685
Poor	19,207,416	34,072,821	11,534,660	64,814,897
	25,884,046	82,698,839	95,529,697	204,112,582

Investment required in the system

2024 base funding = 2.8 million + 655 thousand in new debt payments
 2023 base funding = 1.8 million



Sustainable & Resilient Infrastructure



Goal:

To implement capital projects required for the sustainability of the water, wastewater, and storm water rate systems.

Measures:

- Reduce the wastewater to water ratio to 1 by 2040.
Currently 2.17
- Reduce the water loss rate to 15% by 2040.
Currently 35%

Update for 2023 = 2.7

Update for 2023 = 30.7% (unaccounted)

Update:

- Approx 80% of all wastewater treated is resulting from inflow and infiltration
- The City needs a storm sewer system



Sustainable & Resilient Infrastructure



Goal:

To fund infrastructure resulting from growth.

Measures:

- Complete a Development Charges (DCs) study and implement new DCs



Approach:

- Development Charge study is underway and estimated to be complete by spring 2024



Budget Highlights

Guaranteed Income Supplement (GIS) Grant

134 participants



\$35K



\$25K



Backflow and Disconnect Grant
\$1,000 backflow and \$2,500 disconnect



Lateral Replacement Grant

Incentivise both laterals with an additional \$1,000 grant (cancel loan program)



\$75K



Pre-authorized payment (PAP) and online billing incentive

1,658 or 26.9% of properties are PAP; 889 or 14.4% are online billing



\$8K



Wastewater Lateral Lining

1/3 of the City's infrastructure



\$10M



DMAF[^] Grant

To mitigate impacts of storm surges related to storm sewer (phased funding over 2 years)



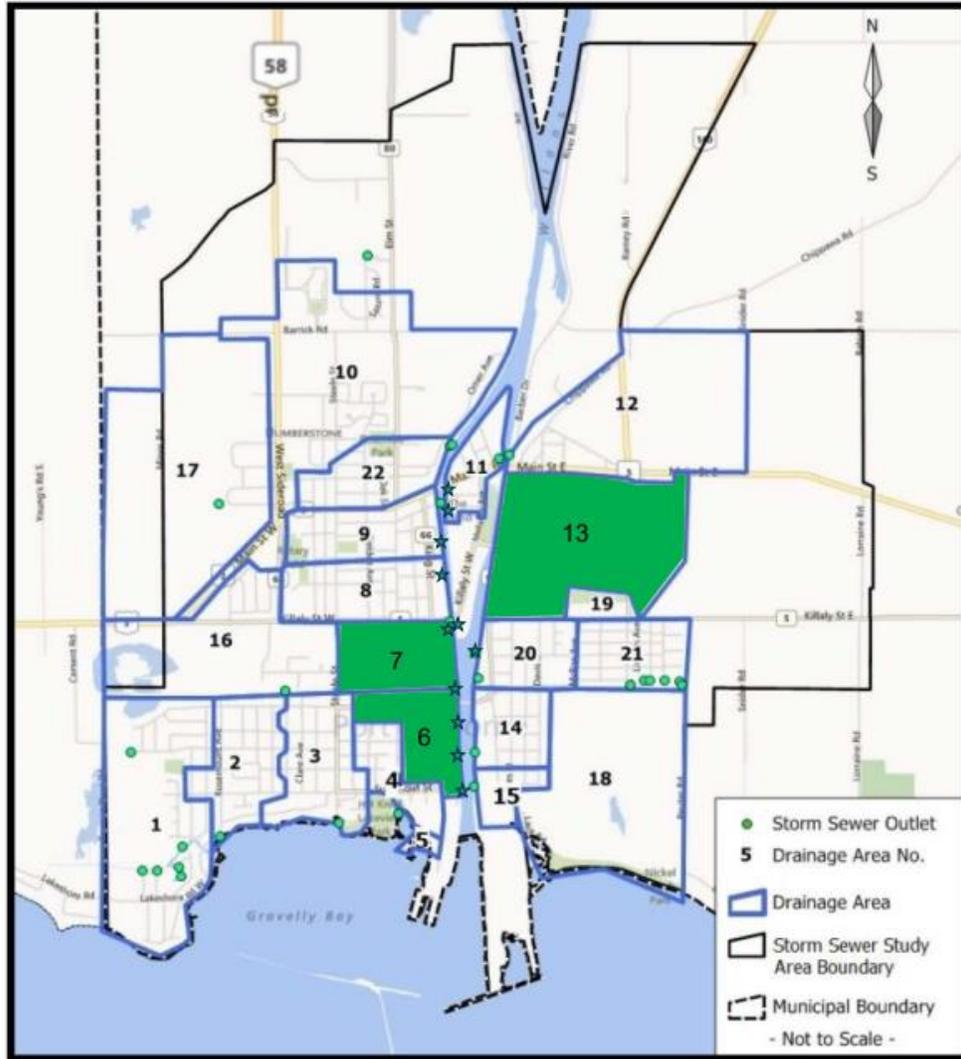
\$32M



Supports ongoing operational improvements (see previous Public Works departmental presentation)

[^]Disaster Mitigation and Adaptation Fund

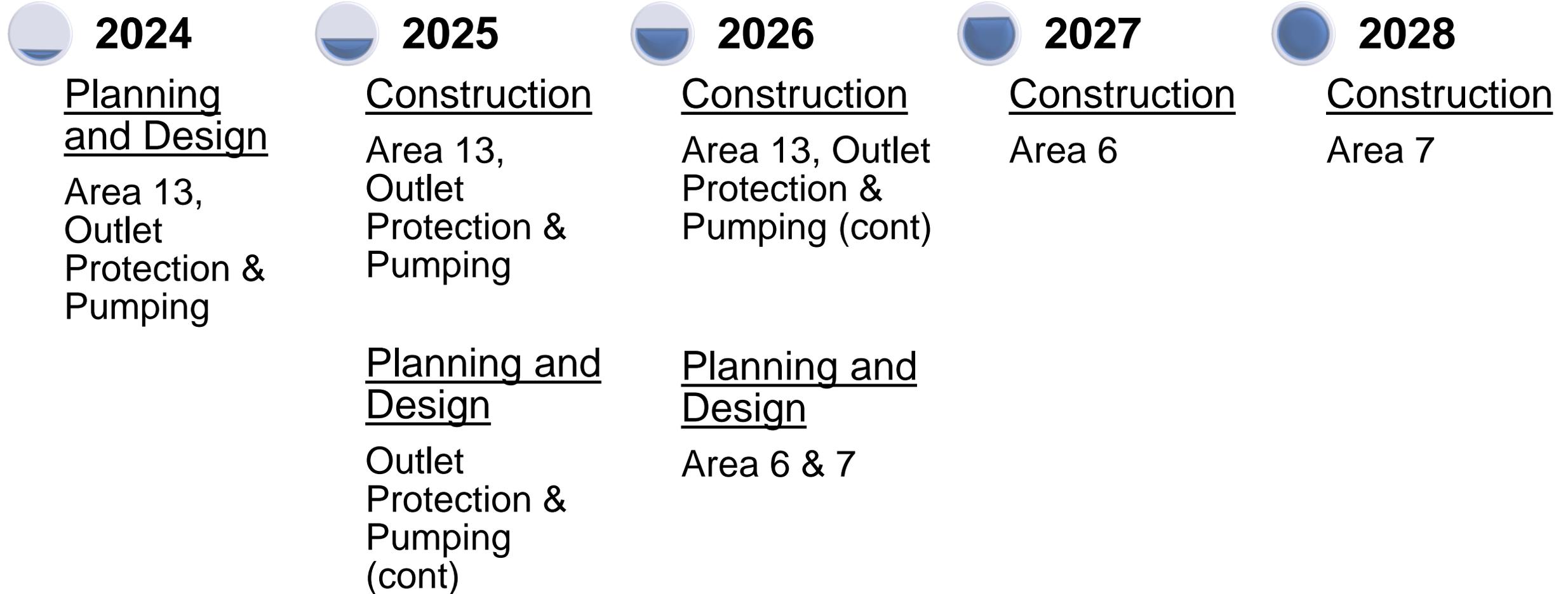
DMAF – Project



- Total estimated cost is \$32 million (40% would be grant)
- **Projects include:**
 - Storm sewer outlet protection
 - Storm sewer outlet pumping
 - Storm sewer and sump pump drains

DMAF - Project Timeline

Phasing reduces risk



Rate Impacts



Rate Impacts

For average residential water usage of 188m³

Storm:	↑ 40.0%	\$55.90	\$4.66
Wastewater:	↑ 12.0%	\$120.29	\$10.03
Water:	↑ 12.0%	\$81.05	\$6.75
		\$257.24	\$21.44
		Yearly	Monthly

Drivers of increase:

- Capital infrastructure
- Treatment costs (Niagara Region)

Process

Developed through a process that obtained input from both Council and Staff

Current Value Assessment	Capital	Levy	Rate
Submissions to Finance	June 31, 2023	June 31, 2023	September 29, 2023
Staff Review	August 10, 2023	September 13, 2023	November 1, 2023
Budget Committee Package	September 6, 2023	October 4, 2023	November 8 & 17, 2023
Budget Committee of the Whole	September 20, 2023	October 18, 2023	November 22, 2023
Council Approval	September 26, 2023	October 24, 2023	November 28, 2023

Comparison: Property Taxes

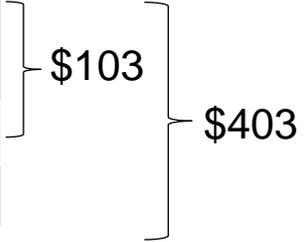
	CVA	Niagara Region	City	Education	Total	
City of Port Colborne (ALL)	\$213,407	\$1,630	\$2,193	\$327	\$4,150	+ Storm \$139.76
Average						
City of Port Colborne (Standard)	\$199,897	\$1,527	\$2,055	\$306	\$3,887	+ Storm \$139.76
Weighted Average Local Area Municipality (LAMs)	\$297,431	\$2,272	\$1,783	\$455	\$4,510	
Median						
City of Port Colborne (Standard)	\$179,000	\$1,367	\$1,840	\$274	\$3,481	+ Storm \$139.76
Weighted Average Local Area Municipality (LAMs)	\$274,053	\$2,096	\$1,640	\$420	\$4,156	

Driven by assessment

Full-time fire department vs. volunteer; and Focus on capital (17% of levy in 2023)

Comparison: Water and Wastewater Rates

	Avg. Usage	Water	Wastewater	Total
City of Port Colborne (ALL)	188 m3	\$676	\$1,002	\$1,678
Next Closest LAM	188 m3	\$601	\$974	\$1,575
Average LAM	188 m3	\$564	\$711	\$1,275



Wastewater differential is driven by inflow and infiltration



Comparison: Total Cost

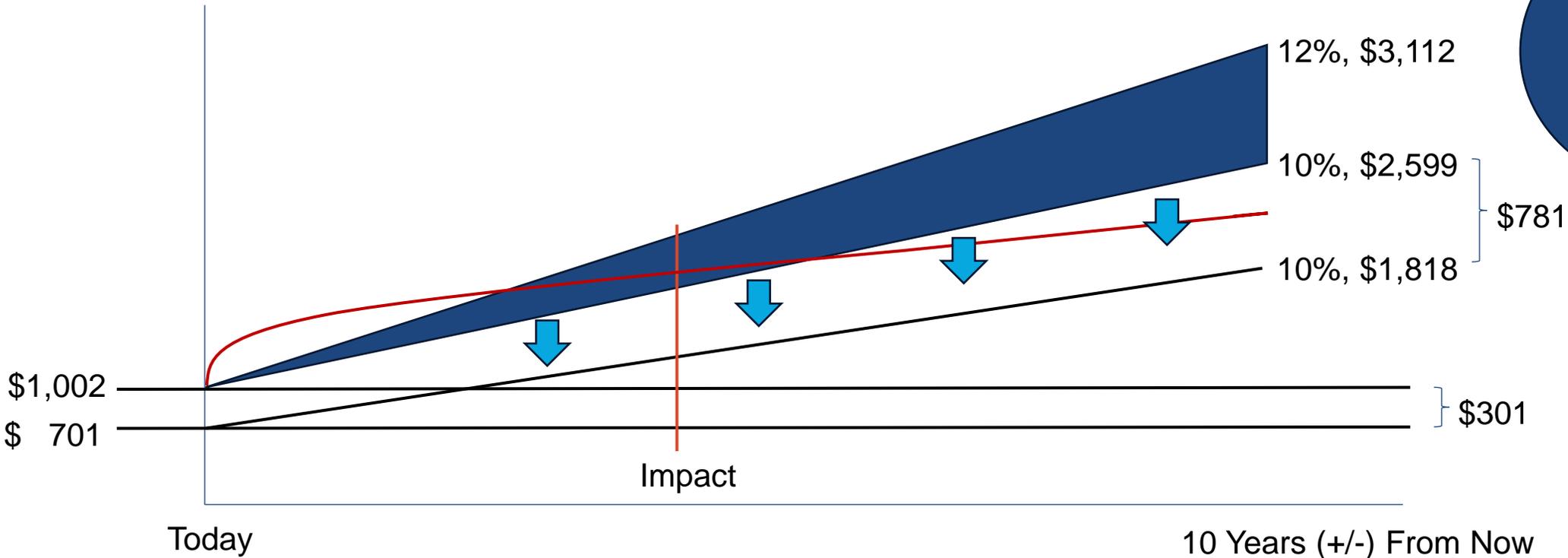
CVA	Port Colborne	Local Area Municipalities	Delta
Property Tax	3,887	4,510	(623)
Storm Sewer	140	Included in above	140
	4,027	4,510	(483)
Water and Wastewater	1,678	1,275	403
Total	5,705	5,785	(80)

Net “all-in” average household cost is slightly below average



Impact of Doing Nothing

Illustration - Annual Wastewater Payment per Average Residential Property

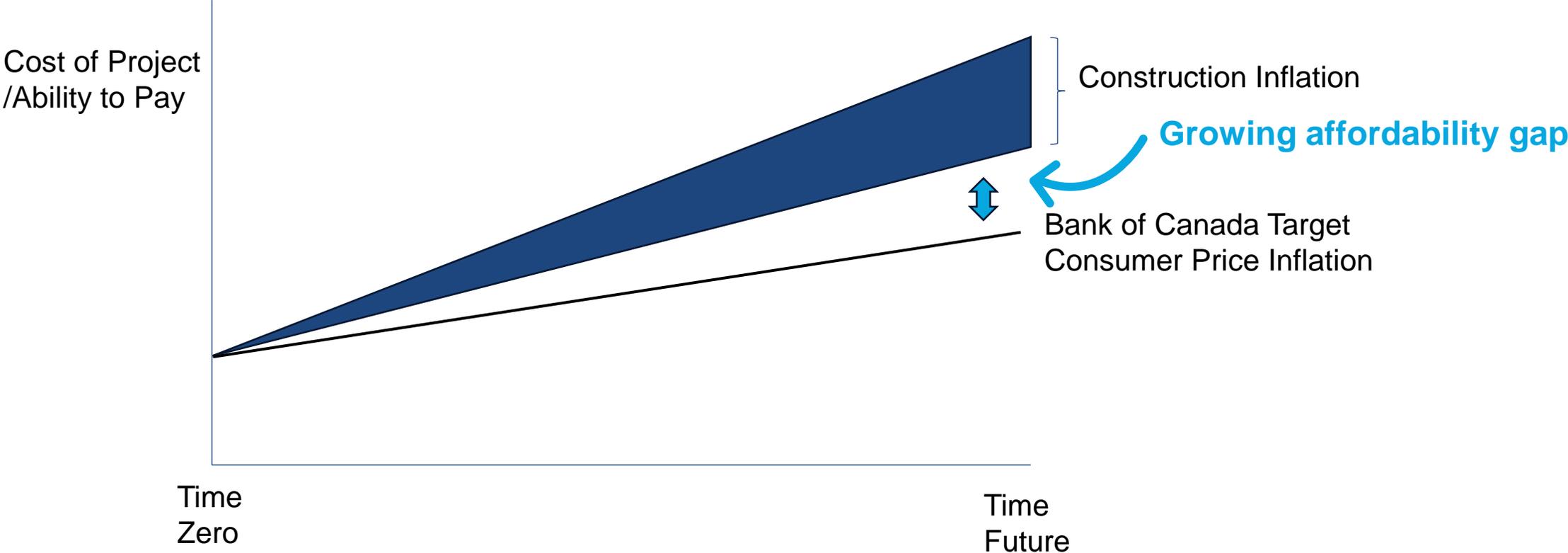


≈ 67% of bill is Niagara Region

↓ **Combined effort** – Address the 2/3 of the city without storm sewers and replace and/or reline wastewater pipes

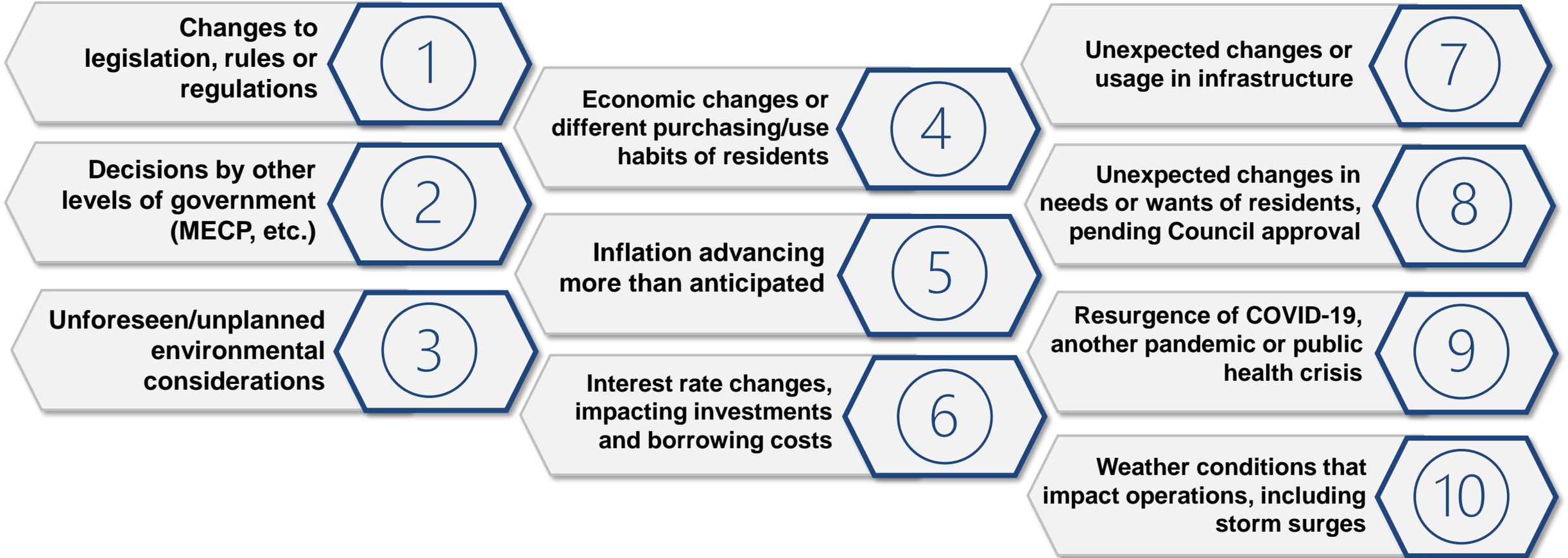
Impact of Doing Nothing

Illustration – Timing of Construction Projections



Risks to the Budget

Actual events and results can be substantially different from what is expected or implied as a result of risk, uncertainties, and other factors, many of which are beyond our control, including, but not limited to:



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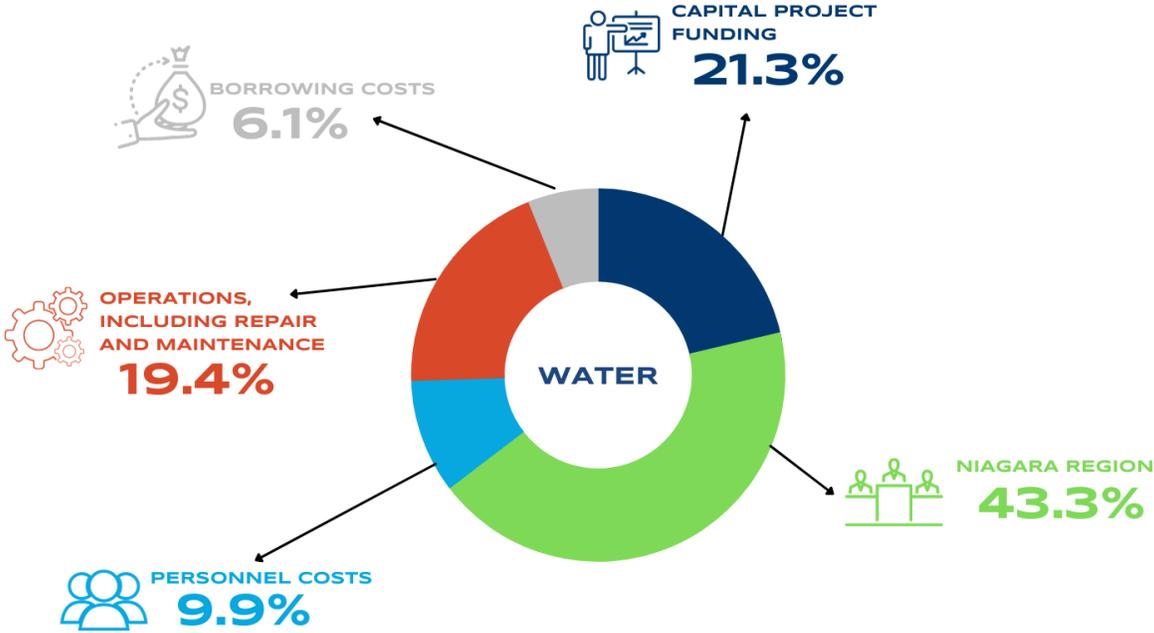
4 Billing Change

5 Thank You

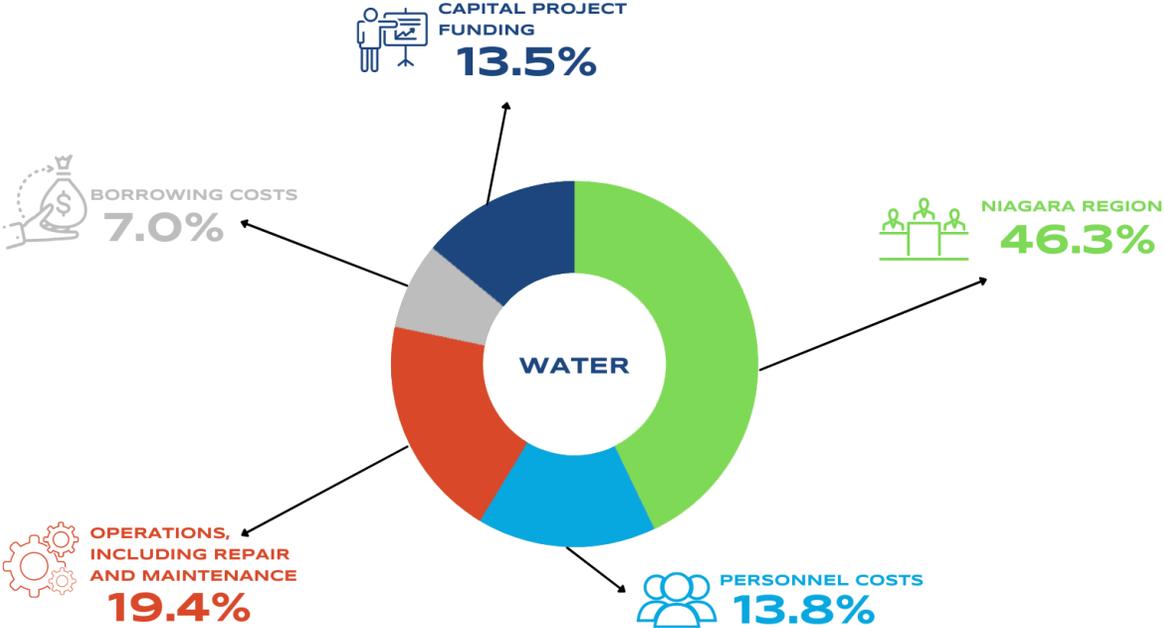
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- What rate dollars support ...
 - City growth projections
 - 2023 Forecast
 - Debt outlook
 - Reserves

What water dollars support ...

2024

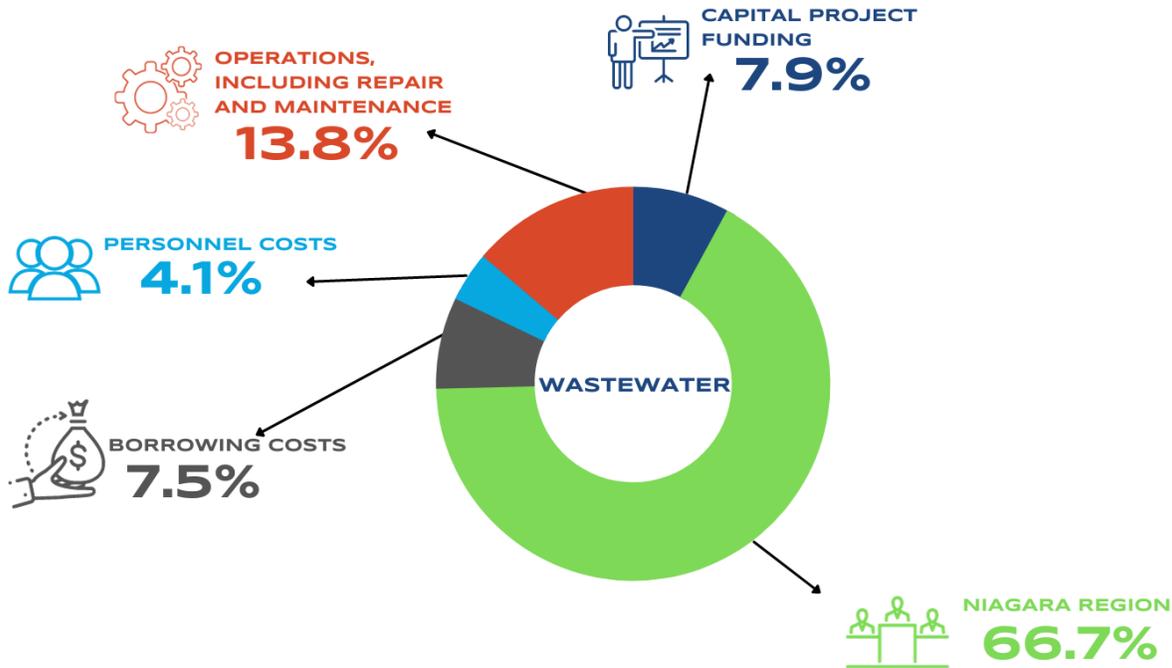


2023

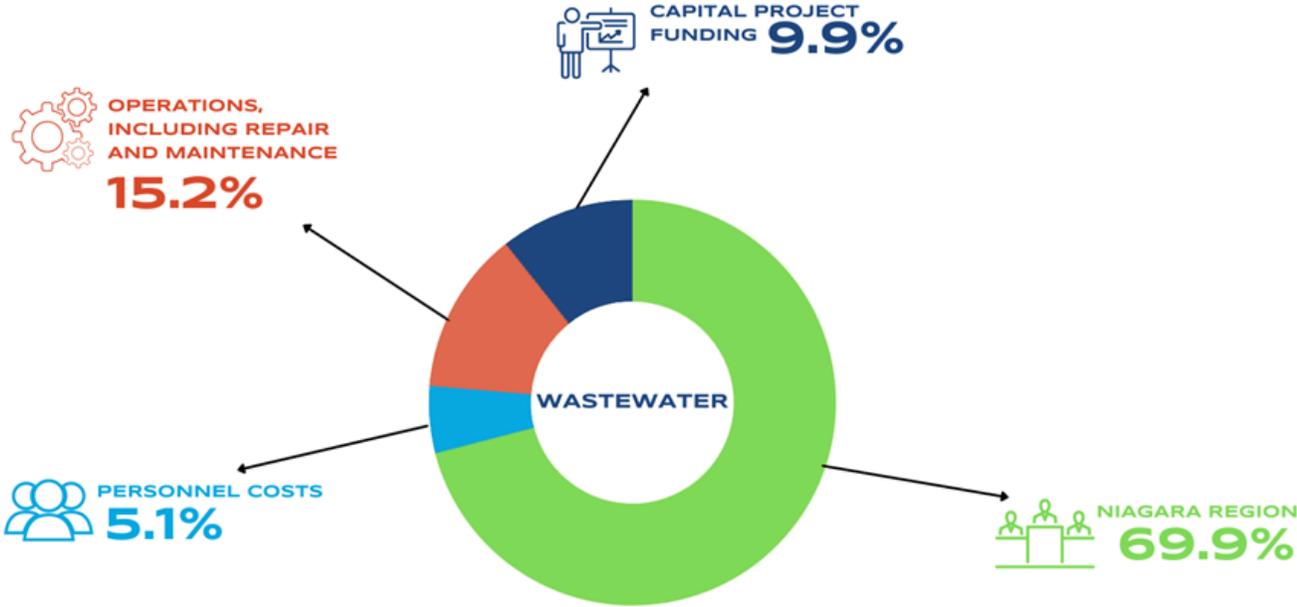


What wastewater dollars support ...

2024

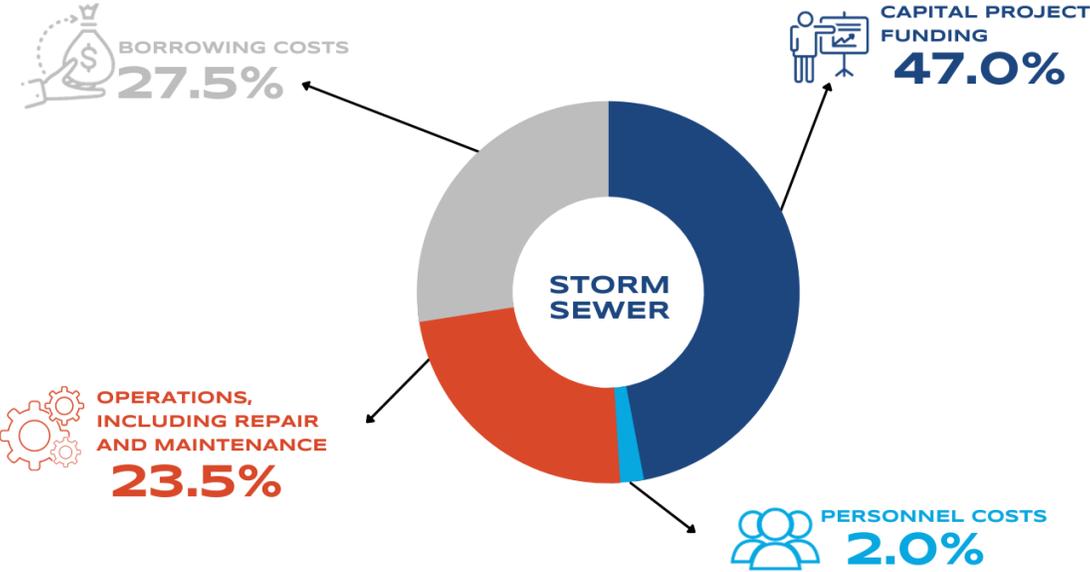


2023

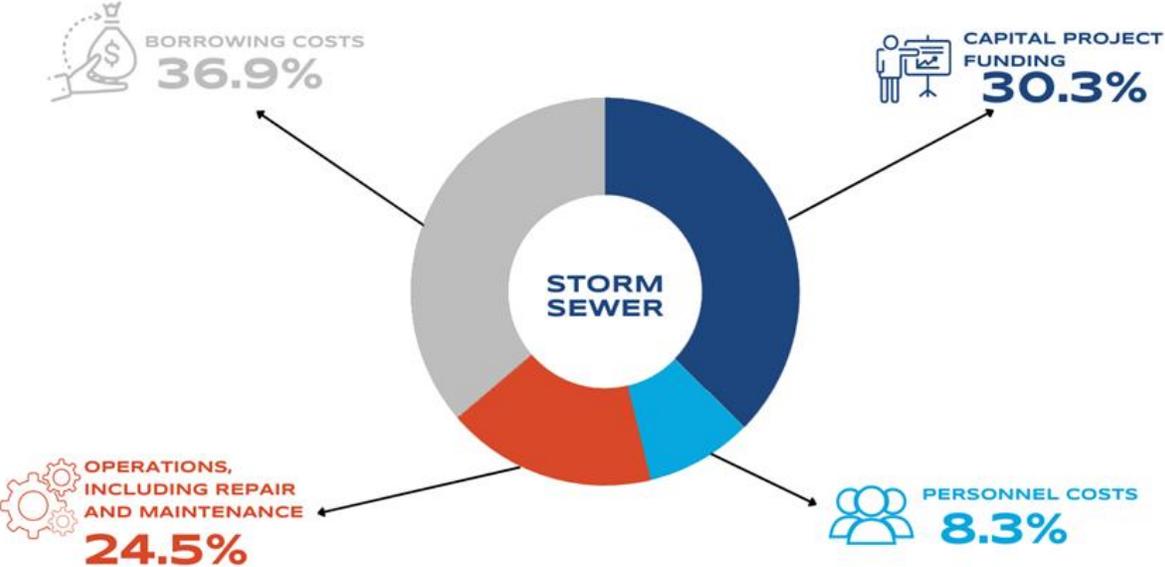


What storm water dollars support ...

2024



2023



City Growth Projections

Capacity for residential development



=

Development pipeline



+

Vacant land potential

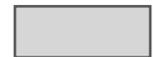


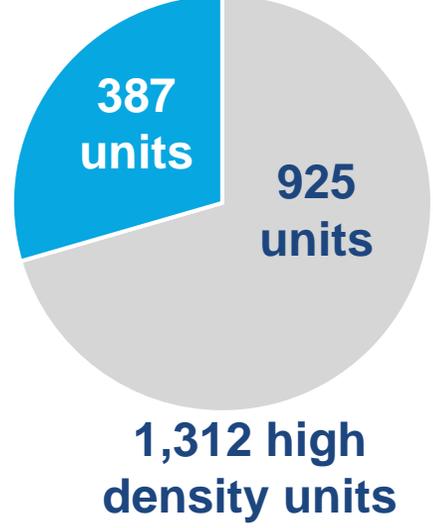
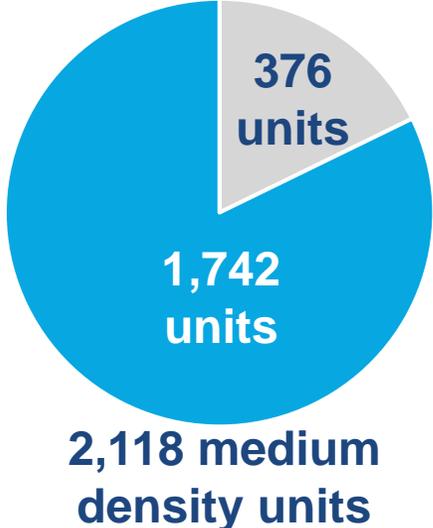
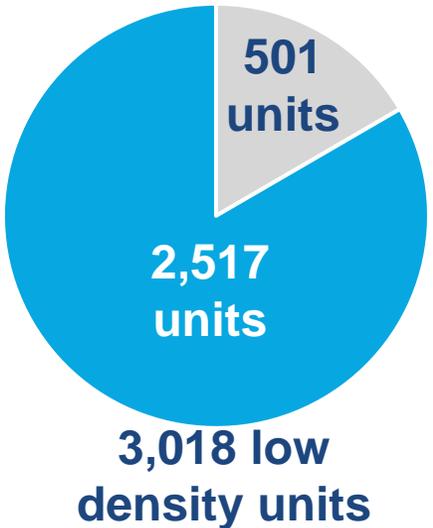
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Intensification



Breakdown of 6,448 units by Policy Area:

 DGA
 BUA



DGA = Designated Greenfield Areas
 BUA = Built up Areas



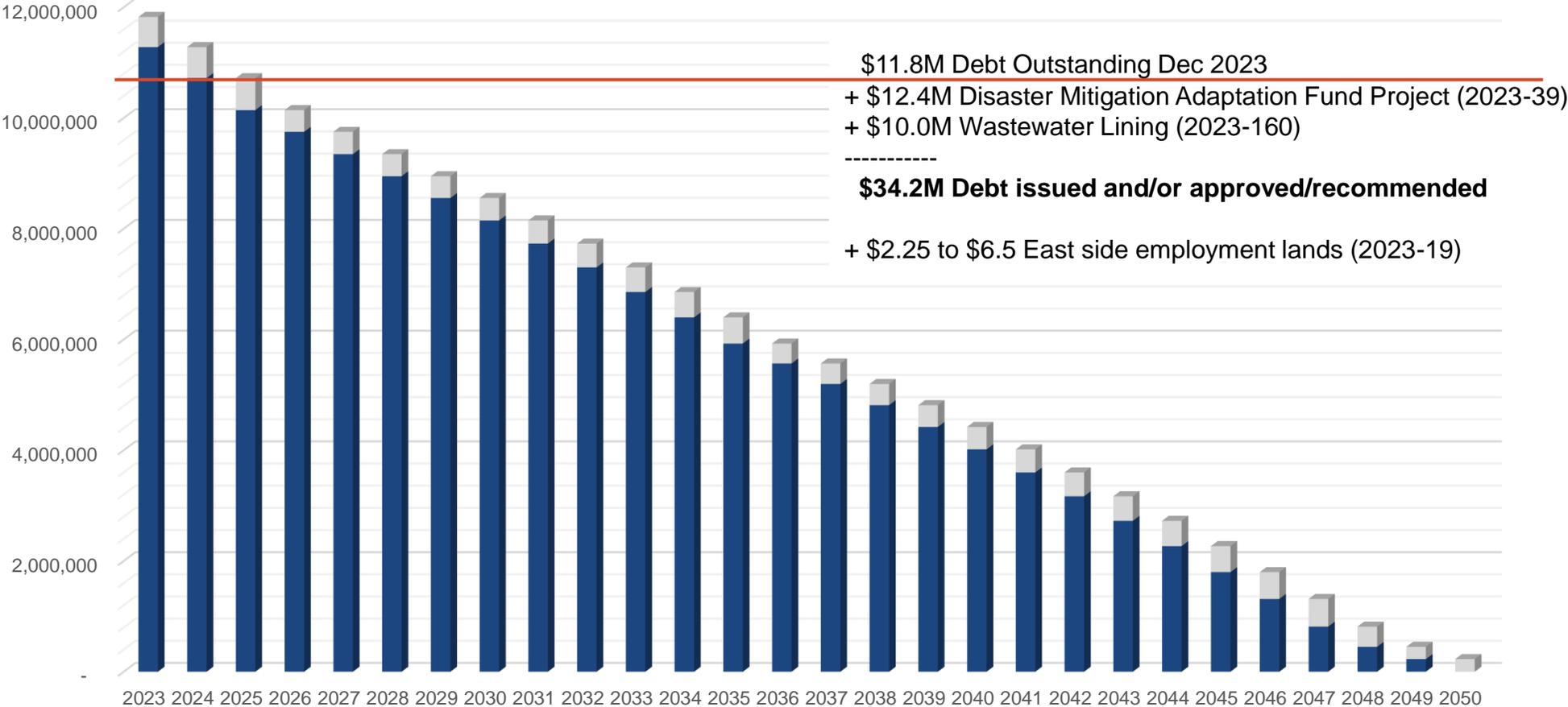
2024 Budget and 2023 Forecast

	Budget		Forecast	Change from Budget		Change from Forecast	
	2024	2023	2023	\$	%	\$	%
Revenue	16,559,613	13,661,100	13,495,820	2,898,513	21.2%	3,063,793	22.7%
Personnel Expenses	983,800	1,190,900	1,094,800	(207,100)	(17.4%)	(111,000)	(10.1%)
Operating Expenses	2,801,634	2,423,929	2,238,519	377,705	15.6%	563,115	25.2%
Borrowing Expenses	1,546,000	895,481	895,481	650,519	72.6%	650,519	72.6%
Niagara Region	8,370,179	7,319,079	7,507,600	1,051,100	14.4%	862,579	11.5%
Total Expenses	13,701,613	11,829,389	11,736,400	1,872,224	15.8%	1,965,213	16.7%
Surplus/(Deficit) Before Capital Transfers	2,858,000	1,831,711	1,759,420	1,026,289	56.0%	1,098,580	62.4%
Transfer to/(from) Capital	896,700	2,311,700	2,311,700	(1,415,000)	(61.2%)	(1,415,000)	(61.2%)
Transfer to/(from) Reserves	1,961,300	(479,989)	(479,989)	2,441,289	508.6%	2,441,289	(508.6%)
Surplus/(Deficit)	-	-	(72,291)	-	-	72,291	-

A
B
C
D
E
F

- A – Rate increase plus June 27, 2023 Water and wastewater by-law updated
- B – Operating down two headcount (9 in 2024 vs. 11 in 2023)
- C – Phasing in grant program (see future slide) and shared service cost review complete
- D – Borrowing cost for project to reline 1/3 of the City’s wastewater linear assets
- E – Niagara Region rate increases plus increased inflow and infiltrating (see future slide) and water loss (see future slide)
- F – Net increase of capital and reserves is \$1,026,289. Funds temporarily reserved for \$32 million dollar Disaster Mitigation Adaptation Fund (DMAF) application.

Current Debt Position



Reserves

	2022 Year-End Reserve Balance	2023 Forecasted Year-End Reserve Balance	2024 Budgeted Reserve Transfer	2024 Forecasted Reserve Balance
Storm Sewer Reserve	557,323	155,348	884,000	1,039,348
Waste Water Reserve	2,479,933	2,420,906	384,000	2,804,906
Water Reserve	807,614	832,456	693,300	1,525,756
	3,844,870	3,408,710	1,961,300	5,370,010

Capital Funding Levels

Storm = 26% of required capital funding level

Wastewater = 28% of required capital funding level

Water = 78% of required capital funding level

Funding Level

Required Funding per Asset Management Plan

in millions	2024	2025	2026	2027	2028
Storm					
Projected	910	1,546	1,839	2,169	2,541
Required	3,458	3,631	3,812	4,003	4,203
	(2,547)	(2,085)	(1,973)	(1,834)	(1,662)
Funding Gap	74%	57%	52%	46%	40%
Wastewater					
Projected	1,336	1,695	2,055	2,461	2,915
Required	4,759	4,997	5,247	5,509	5,785
	(3,423)	(3,302)	(3,192)	(3,048)	(2,870)
Funding Gap	72%	66%	61%	55%	50%
Water					
Projected	1,262	1,795	2,427	2,913	3,444
Required	5,792	6,081	6,386	6,705	7,040
	(4,530)	(4,286)	(3,959)	(3,792)	(3,596)
Funding Gap	78%	70%	62%	57%	51%

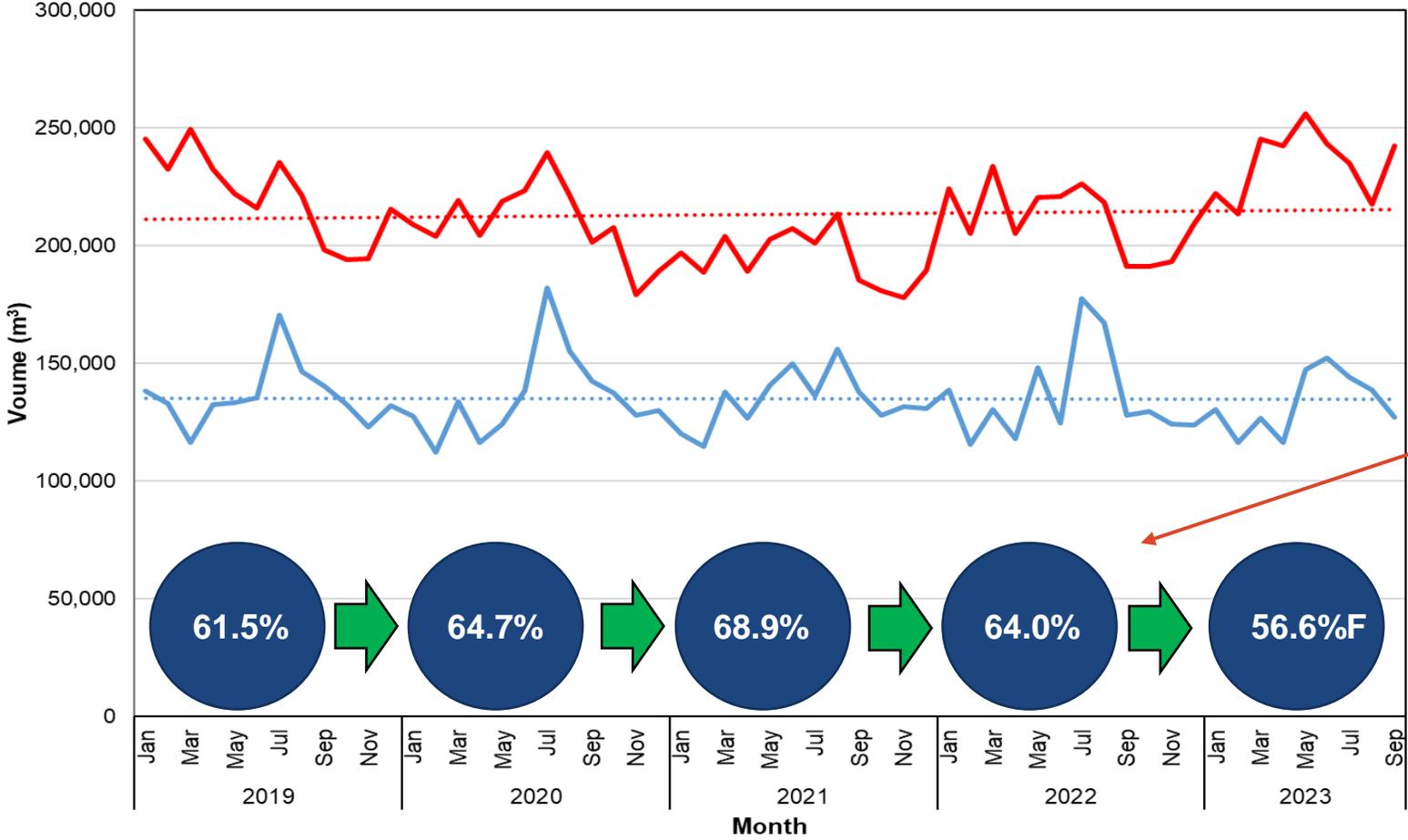
In-Year Operating Activity

Water	2022	2023*	Trend
Watermain breaks	21	7	↓
Complaints	7	14	↑
Chlorine samples	1,956	2,281	↑
Microbiological samples	350	352	↑
Hydrant inspections	1,631	1,844	↑
Valves turned	302	649	↑
Water services installed	7	6	→
Curb boxes repaired	44	34	↓
Dead end flushing	684	570	→
New subdivision flushing	60	60	→

Waste/Storm Water	2022	2023*	Trend
Maintenance holes inspected	519	2,055	↑
Sewer lateral backups	25	15	↓
Wastewater lateral installations	2	1	→
Clean out repairs	33	25	↓
Catch basin/manhole repairs	3	38	↑
Water meter repairs or replacements	75	96	↑
Final Meter Reads	368	311	→
Fire Flow Testing	110	229	↑
Acoustic Leak Detection Locations & Leaks Found	751 locations 10 leaks	1,298 locations 2 Leaks	↑
CCTV inspections	22.5 km	12.5 km	↓

Water Purchased vs. Water Billed

Monthly Regional Water Purchases vs. Monthly Metered Consumption
January 2019 to September 2023



New Developments Estimate vs. Actual

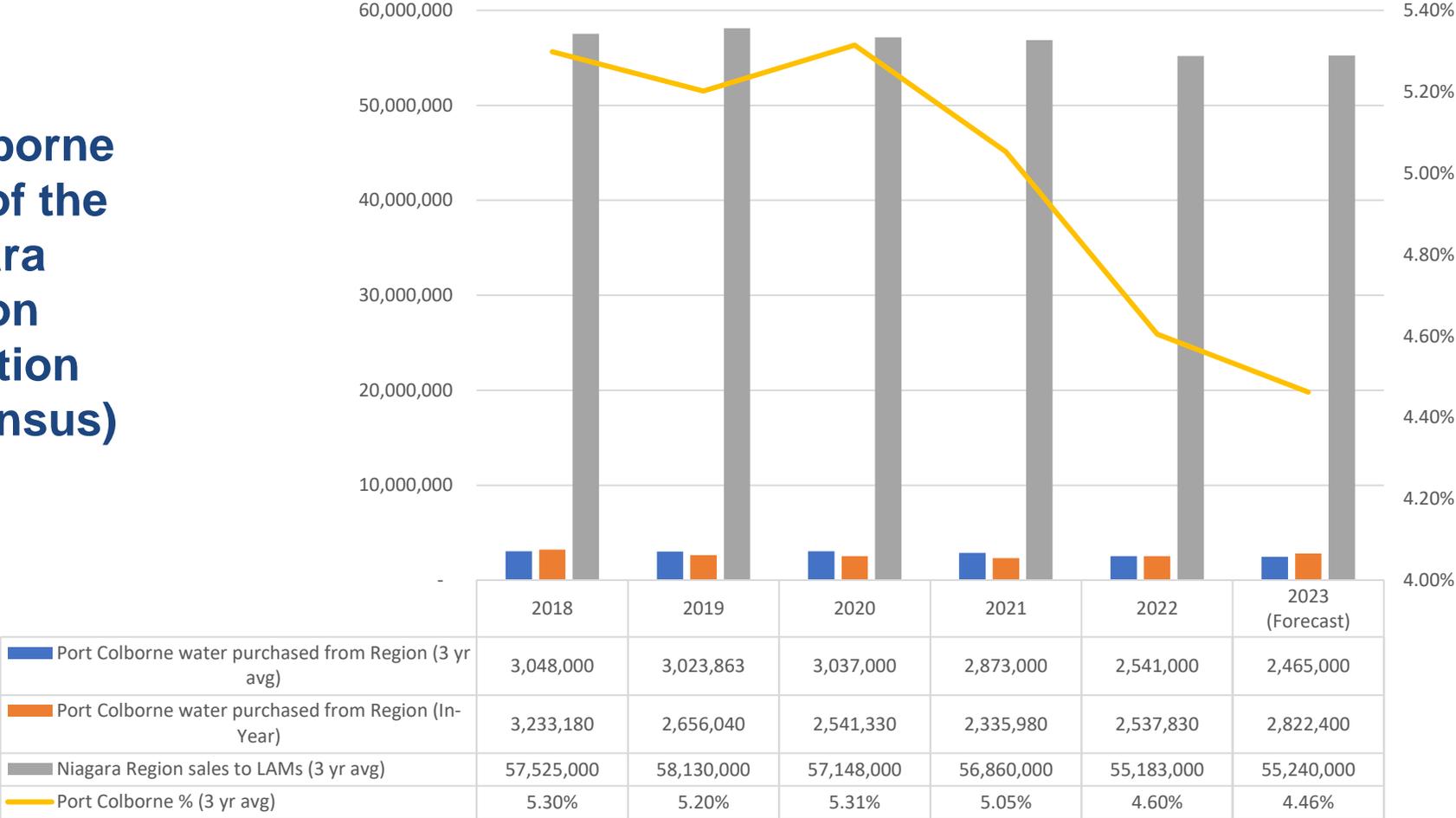
Fixed Charge in Bylaw Amendments June 27, 2023

New Water and Wastewater by-law in development to measure development

— Metered volume — Regional Water Purchases - - - - Linear (Metered volume) - - - - Linear (Regional Water Purchases)

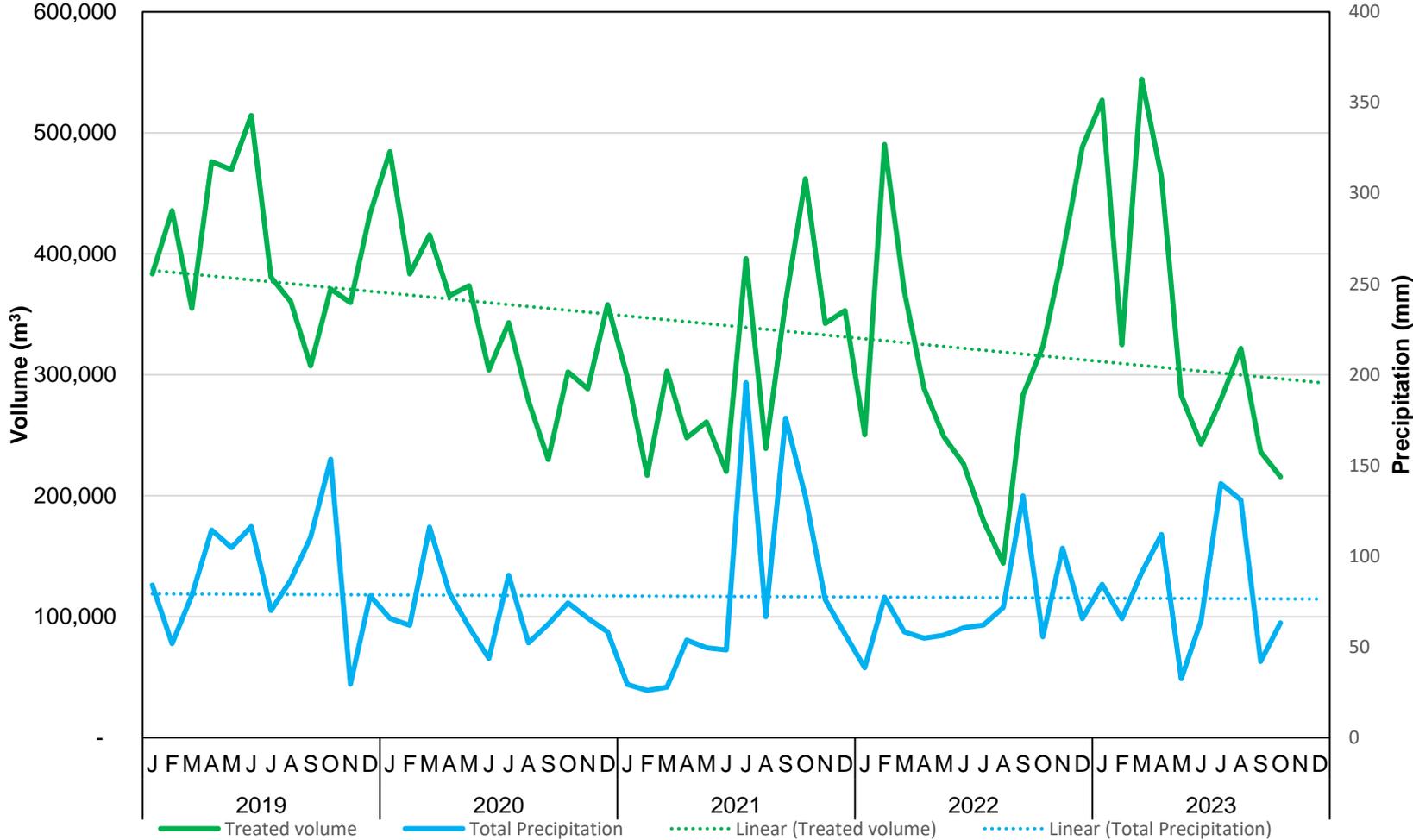
Water Volumes (m³)

Port Colborne is 4.1% of the Niagara Region Population (2021 Census)



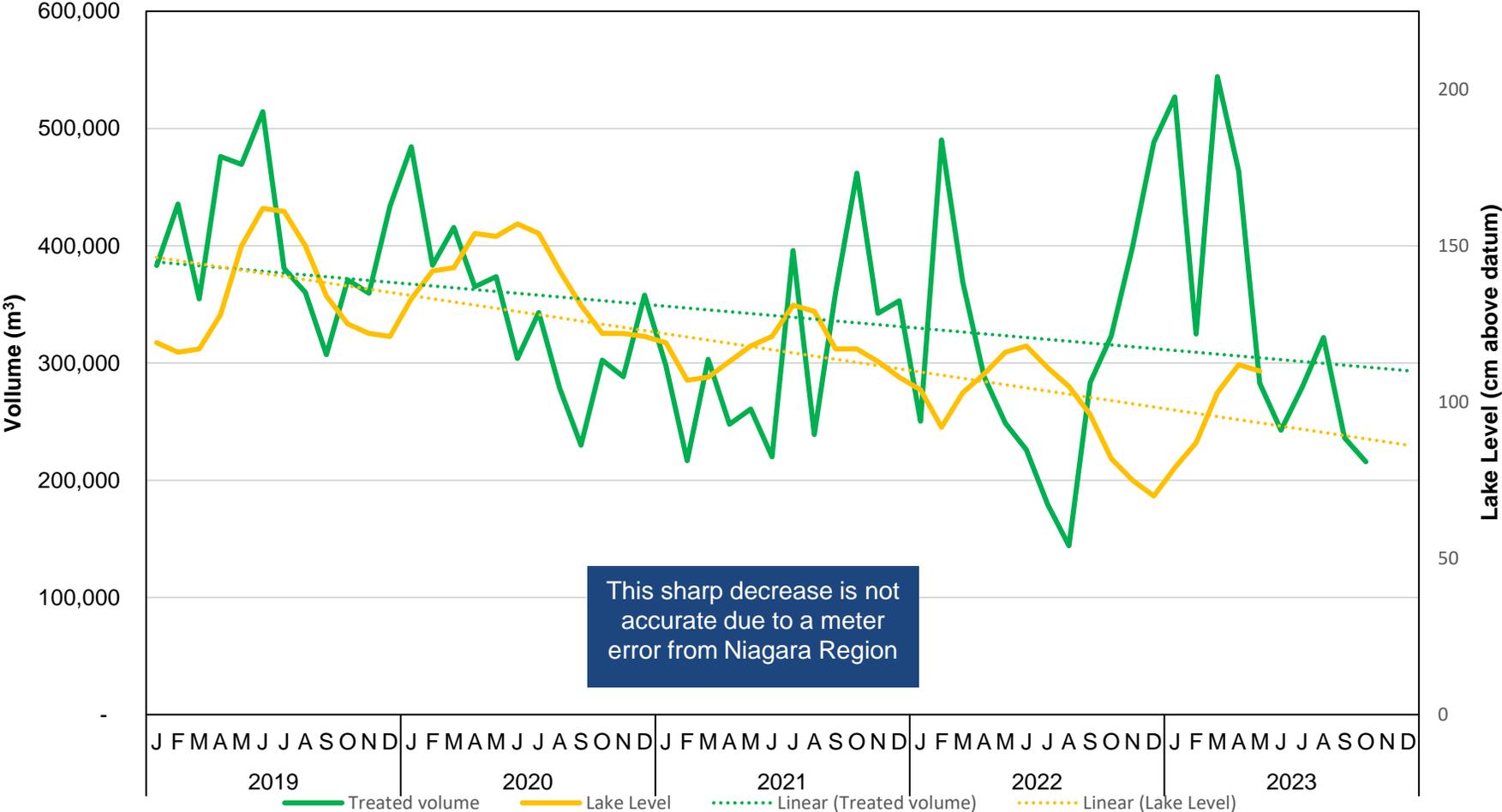
Wastewater Treated Volumes vs. Precipitation

Monthly Treated Wastewater Volumes vs. Precipitation



Wastewater Treated Volumes vs. Lake Level

Monthly Treated Wastewater Volumes vs. Lake Level



This sharp decrease is not accurate due to a meter error from Niagara Region

Wastewater Volumes (m³)

In 2023 YTD
 1 M³ of water metered = 2.7 M³
 sent to the Niagara Region
 wastewater plant

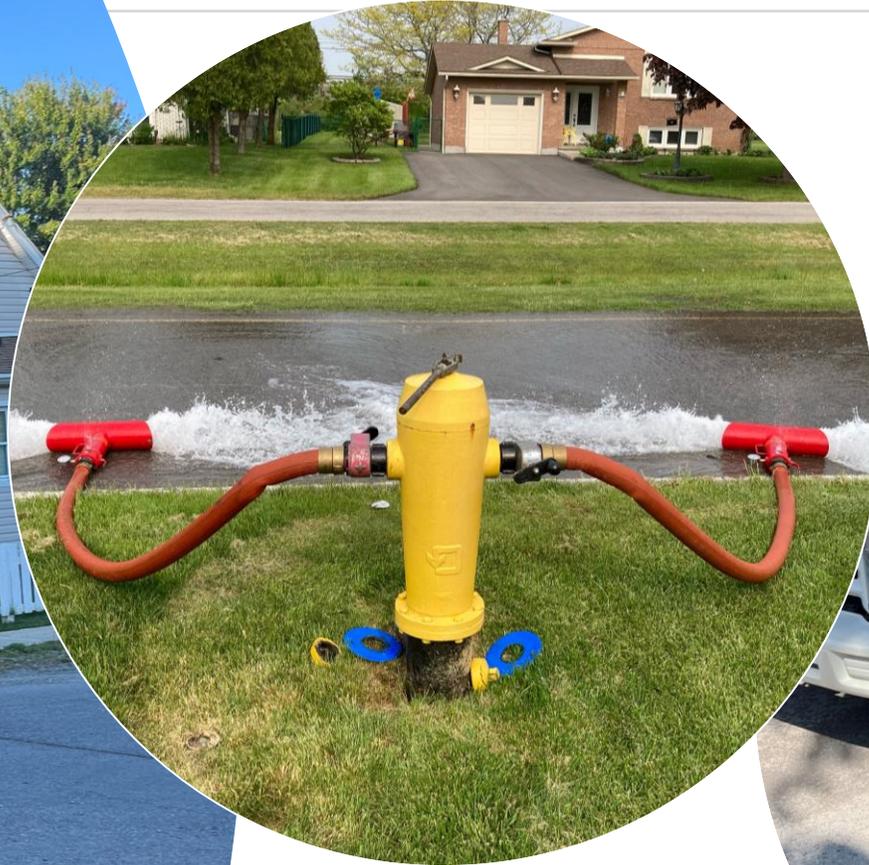
Port Colborne
 is 4.1% of the
 Niagara
 Region
 Population
 (2021 Census)



2023 Initiatives



2023 Initiatives



2023 Initiatives



PORT COLBORNE

2023 Initiatives



Recommended Upgrade

\$44.9M

Recommended Upsize

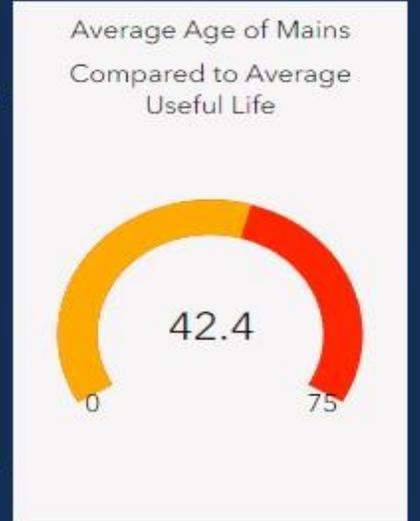
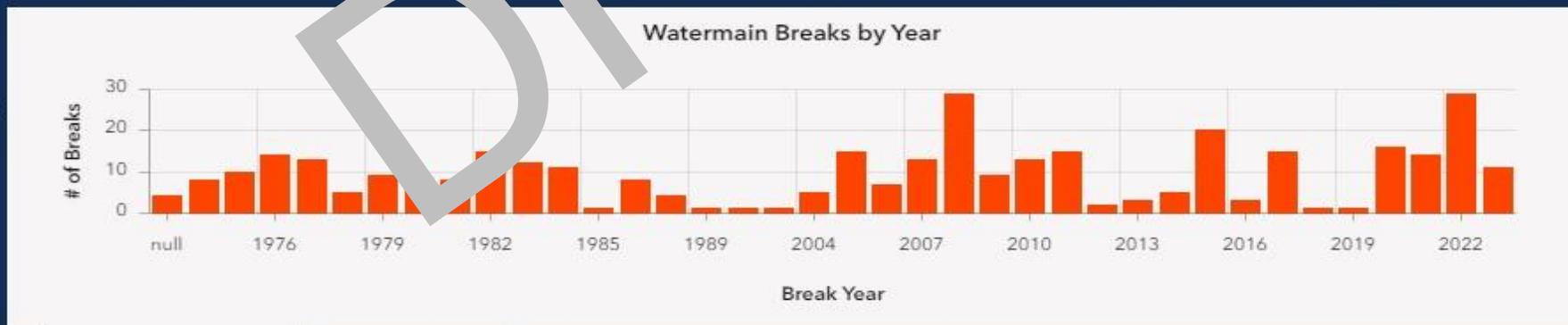
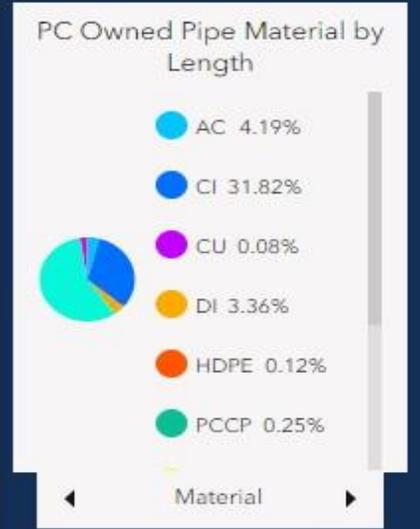
\$11.7M

Total PC Owned Watermain

111.8k

Watermain Breaks This Year

9



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1 2024 Budget Summary

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5 Thank You

- 
- Rate Program Incentives
 - Water
 - Wastewater
 - Storm Water
 - Looking Forward



Rate Program Incentives

Water Service and Wastewater Lateral Replacement Grant Program

Current

Grant portion	Loan program
\$1,000 for water service	\$2,500 for water service
\$1,000 for wastewater lateral	\$2,500 for wastewater lateral

Proposed

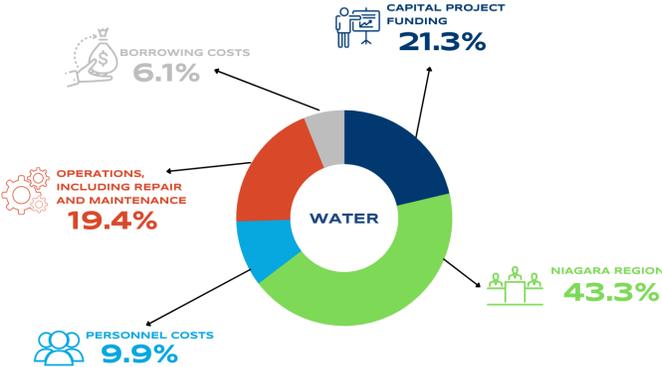
Grant
\$1,000 for only water service
\$1,000 for only wastewater lateral (replacement or lining)
\$3,000 if both water and wastewater are done



Reasons to retire program

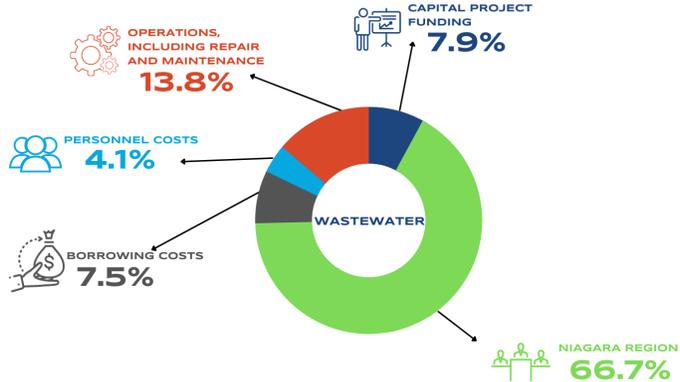
- Complexity
- Collectability
- Interest

Water



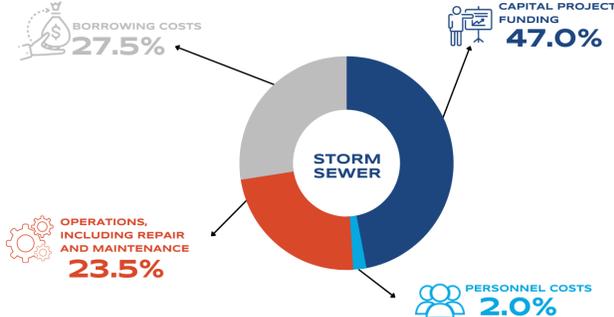
	2020 Actual	2020 Budget	2021 Actual	2021 Budget	2022 Actual	2022 Budget	2023 Forecast	2023 Budget	2024 Budget	\$ Y/Y Budget Change	%
Penalties and other fees	43,773	49,600	118,714	39,998	71,587	97,000	28,700	63,100	28,700	(34,400)	(54.5%)
Variable	2,192,600	2,600,201	2,140,479	2,128,931	2,142,479	2,120,000	2,280,300	2,376,000	2,604,993	228,993	9.6%
Fixed	2,649,521	2,530,023	2,568,152	2,572,569	2,547,531	2,540,000	2,750,920	2,743,200	3,305,420	562,220	20.5%
Total Revenue	4,885,893	5,179,824	4,827,345	4,741,498	4,761,596	4,757,000	5,059,920	5,182,300	5,939,113	756,813	14.60%
Fixed vs. Variable	55%	49%	55%	55%	54%	55%	55%	54%	56%		
Niagara Region	2,124,086	2,430,382	2,013,547	2,212,840	2,172,540	2,040,866	2,455,000	2,398,200	2,572,900	174,700	7.3%
Personnel costs	540,705	790,145	610,954	561,350	649,478	749,300	656,900	714,540	589,900	(124,640)	(17.4%)
Operations	875,788	741,748	774,080	739,260	845,712	935,310	1,067,306	1,003,970	1,149,513	145,543	14.5%
Capital	509,219	509,219	200,000	250,000	266,700	266,700	621,700	621,700	568,700	(53,000)	(8.5%)
Borrowing costs	364,242	364,299	364,392	364,300	364,629	364,629	364,326	364,326	364,800	474	0.1%
Reserve transfers	471,853	344,031	864,372	613,748	462,537	400,195	79,564	79,564	693,300	613,736	771.4%
Total Expenses	4,885,893	5,179,824	4,827,345	4,741,498	4,761,596	4,757,000	5,244,796	5,182,300	5,939,113	756,813	14.60%
Surplus / (Deficit)	-	-	-	-	-	-	(184,876)	-	-	-	-

Wastewater



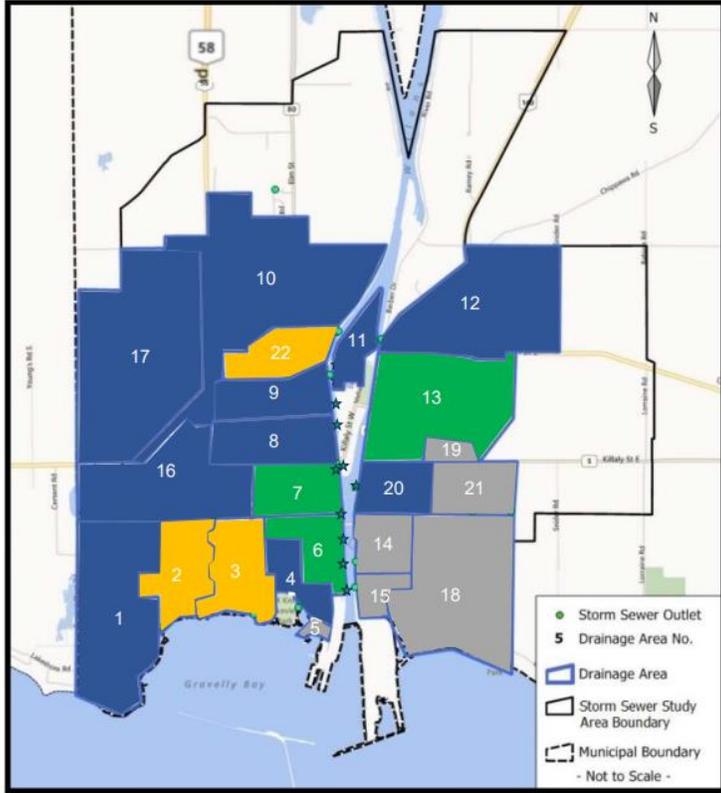
	2020 Actual	2020 Budget	2021 Actual	2021 Budget	2022 Actual	2022 Budget	2023 Forecast	2023 Budget	2024 Budget	\$ Y/Y Budget Change	%
Penalties and other fees	14,306	19,500	63,962	33,000	82,109	14,000	89,800	31,100	31,400	300	1.0%
Variable	1,723,798	2,559,638	1,022,571	2,207,282	632,371	623,067	457,500	640,000	698,400	58,400	9.1%
Fixed	3,521,448	3,409,291	5,624,115	4,519,326	6,345,888	6,300,000	6,505,700	6,370,000	7,955,900	1,585,900	24.9%
Total Revenue	5,259,552	5,988,429	6,710,648	6,759,608	7,060,368	6,937,067	7,053,000	7,041,100	8,685,700	1,644,600	23.36%
Fixed vs. Variable	67%	57%	85%	67%	91%	91%	93%	91%	92%		
Niagara Region	4,531,531	4,544,117	4,265,746	4,805,000	4,209,067	4,920,879	5,052,600	4,920,879	5,797,279	876,400	17.8%
Personnel costs	108,994	354,379	305,477	561,350	324,739	374,600	328,450	357,270	356,025	(1,245)	(0.3%)
Operations	721,460	585,333	768,917	785,050	638,672	903,500	907,312	1,067,997	1,196,396	128,399	12.0%
Capital	545,573	545,573	400,000	350,000	1,124,797	324,897	840,000	840,000	302,000	(538,000)	(64.0%)
Borrowing costs	-	-	-	-	-	-	-	-	650,000	650,000	
Reserve transfers	(648,006)	(40,973)	970,508	258,208	763,093	413,191	(145,046)	(145,046)	384,000	529,046	(364.7%)
Total Expenses	5,259,552	5,988,429	6,710,648	6,759,608	7,060,368	6,937,067	6,983,316	7,041,100	8,685,700	1,644,600	23.36%
Surplus / (Deficit)	0	-	-	-	-	-	69,684	-	-	-	-

Storm Water



	2020	2020	2021	2021	2022	2022	2023	2023	2024	\$	%
	Actual	Budget	Actual	Budget	Actual	Budget	Foercast	Budget	Budget	Y/Y Budget Change	
Installation service fee	(276)	5,000	-	-	120	-	700	-	-	-	-
Rate fees	766,976	770,279	693,086	854,720	1,305,980	1,407,000	1,382,200	1,437,700	1,934,800	497,100	34.58%
Total Revenue	766,700	775,279	693,086	854,720	1,306,100	1,407,000	1,382,900	1,437,700	1,934,800	497,100	34.58%
Personnel costs	-	-	101,826	-	108,487	124,800	109,450	119,090	37,875	(81,215)	(68.20%)
Operations	279,204	248,181	156,948	252,870	128,578	250,100	263,901	351,962	455,725	103,763	29.48%
Capital	39,998	-	23,724	23,724	210,876	110,000	850,000	850,000	26,000	(824,000)	(96.94%)
Borrowing costs	309,823	299,819	531,156	535,819	531,156	531,156	531,155	531,155	531,200	45	0.0%
Reserve transfers	137,675	227,279	(120,567)	42,307	327,003	390,944	(414,507)	(414,507)	884,000	1,298,507	(313.27%)
Total Expenses	766,700	775,279	693,086	854,720	1,306,100	1,407,000	1,339,999	1,437,700	1,934,800	497,100	34.58%
Surplus / (Deficit)	-	-	-	-	-	-	42,901	-	-	-	-

Looking Forward



Stream 1

- Focus Areas:**
- Area 6
 - Area 7
 - Area 13

DMAF

Stream 2

- Focus Areas:**
- Area 2
 - Area 3
 - Area 22

- Dependent on:**
- Infrastructure Needs Study
 - Pollution Prevention Control Plan

Stream 3

- Focus Areas:**
- TBD

- Dependent on:**
- Infrastructure Needs Study
 - Pollution Prevention Control Plan

Stream 4

Not currently required

Looking Forward

- Continue to work on Key Performance Indicators (KPIs) and related benchmarks, where applicable
- Complete the Infrastructure Needs Assessment to support future capital and related project budgets
- Enhancing geographic information systems (GIS) to visualize asset management program
- Update the development charges by-law so growth pays for growth
- Working on a multi-year capital forecast (to follow completion of INS)



Agenda

1 2024 Budget Summary

2 City Fundamentals

3 Budget Details

4 Billing Change

5 Thank You



- Billing Changes

Storm Water - Billing Changes

Properties that do not receive a Property Tax Bill

Current

- Receive a special purpose bill (property tax bill format) for the storm water portion of the bill only

Proposed

- Allocate the applicable storm water charge over 12 months on their water and wastewater bill

Storm Water - Billing Changes

Adjusted Storm Sewer Billing Model for Multi-Residential to Parallel Water and Wastewater

Current

- Fixed charges varies by unit categories
- Categories are 2 to 5 units, 6 to 10 units and >10 units

Proposed

- Fixed charge on 3 units or more
- Fixed charge x number of units

Agenda

1 2024 Budget Summary

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5 Thank You

- Thank You
- Recommendation



Thank You

Recommendation

That the Corporate Service Department, Financial Services Division, Report No. 2023-164 Subject: 2024 Rate Budget, **BE RECEIVED**; And

That the 2024 Rate Budget as outlined in Report 2023-164, **BE APPROVED**.

