

2022 Rate Budget

December 6, 2021



Agenda

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- ☐ Highlights
- ☐ Inflation and City Growth
- ☐ Process
- ☐ Comparisons
- ☐ Debt/Reserves Outlook
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In preparing the 2022 Rates Budget and Rate Setting, 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.



Recommendation

2022 Rates Budget

That Corporate Services Department Report 2021-311, BE RECEIVED; and

That the 2022 Rates Budget as outlined in Appendix B to Corporate Services Department Report 2021-311, BE APPROVED.



Rate Impacts

Water

No change in water rates

Wastewater

No change in wastewater rates

Storm Sewer

Single Family Property change equals \$11.50 or 10% per year.



Highlights

Connecting the City

- Introducing new water (\$25,000) and wastewater (\$25,000) replacement grants
- Maintain the pre-authorized payment incentive of \$25 and introduce a new \$25 incentive to move to online billing.
- Maintain the Guaranteed Income Supplement (GIS) grant implemented in 2021 for wastewater charges.
- \$7.2 million in Water, Wastewater and Storm Water projects
- Erie St. water project approved recently by Council through Report 2021-205 for \$1.88 million.
- No new debt is proposed...water debt paid down by \$290,000 and Storm Sewer debt paid down by \$240,000



Inflation Environment



Consumer Price Index

~~3.7%~~ 4.7%

Past Year*



Potential Growth Outlook

Preliminary, pre-consultation or draft plan approvals

3,207 units



8,017 new residents

Assuming 2.5 persons per household



Other development opportunities total 1,585 units representing potentially 3,962 new residents



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Process

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

| | Capital | Levy | Rate |
|---------------------------------------|----------------|----------------|--------------------------|
| Final to Financial Services | August 12th | September 23rd | October 28th |
| Final Senior Leadership Review | August 26th | October 7th | November 10th |
| Draft Package Available | September 2nd | October 14th | November 18th |
| Budget Committee Package | September 9th | October 21st | November 25th 26th |
| Committee of the Whole Budget Meeting | September 16th | October 28th | December 2nd 6th |
| Council Approval | September 27th | November 8th | December 13th |



Vision/Mission/Values



Vision Statement:

A vision statement expresses an organization's desires for the future. This is our vision statement:

A vibrant waterfront community embracing growth for future generations

Mission Statement:

A mission statement expresses the immediate goals of an organization, clearly and concisely. This is our mission statement:

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

Corporate Values:

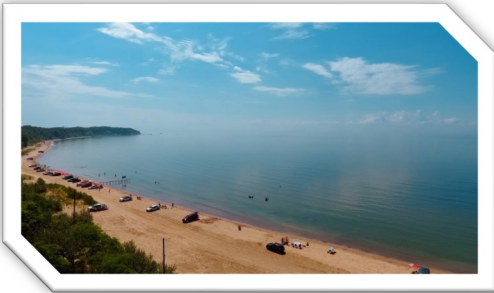
Corporate Values are guiding principles and beliefs supported by everyone in an organization so that they can work toward common goals in a cohesive and positive way. These are our corporate values:

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



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Strategic Pillars



Community Pillars

These pillars are areas that directly benefit our residents, businesses, and visitors.

1. Service and Simplicity - Quality and Innovative Delivery of Customer Services
2. Attracting Business Investment and Tourists to Port Colborne
3. City-Wide Investment in Infrastructure and Recreational/Cultural Spaces

Corporate Pillars

These pillars are the day-to-day practices, processes, and governance that Council and staff are focused on to ensure maximum value and benefit for our residents.

1. Value: Financial Management to Achieve Financial Sustainability
2. People: Supporting and Investing in Human Capital
3. Governance: Communications, Engagement, and Decision-Making



Process

Staff based their recommendations after considering:

- ✓ Vision/Mission/Values/Strategic Pillars
- ✓ Organization capacity to complete the Capital and Related Projects Budget
- ✓ A need to connect the community
- ✓ Organizational financial flexibility
- ✓ A desire to come out of the COVID-19 pandemic stronger
- ✓ Planning and building for growth



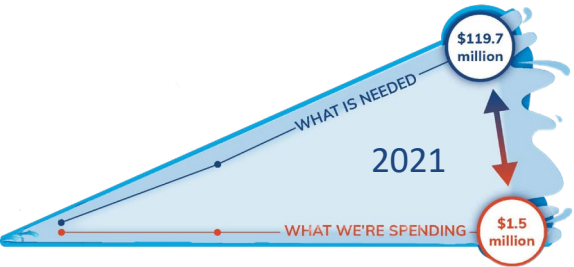
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Comparison: Water and Wastewater Rate



| | Avg. Usage | Water | Wastewater | Total | |
|-----------------------|------------|-------|------------|---------|-------|
| LAMs | 150 m3 | \$469 | \$589 | \$1,040 | \$538 |
| City of Port Colborne | 150 m3 | \$576 | \$1,002 | \$1,578 | |
| Next Closest LAM | 150 m3 | \$523 | \$804 | \$1,328 | \$250 |

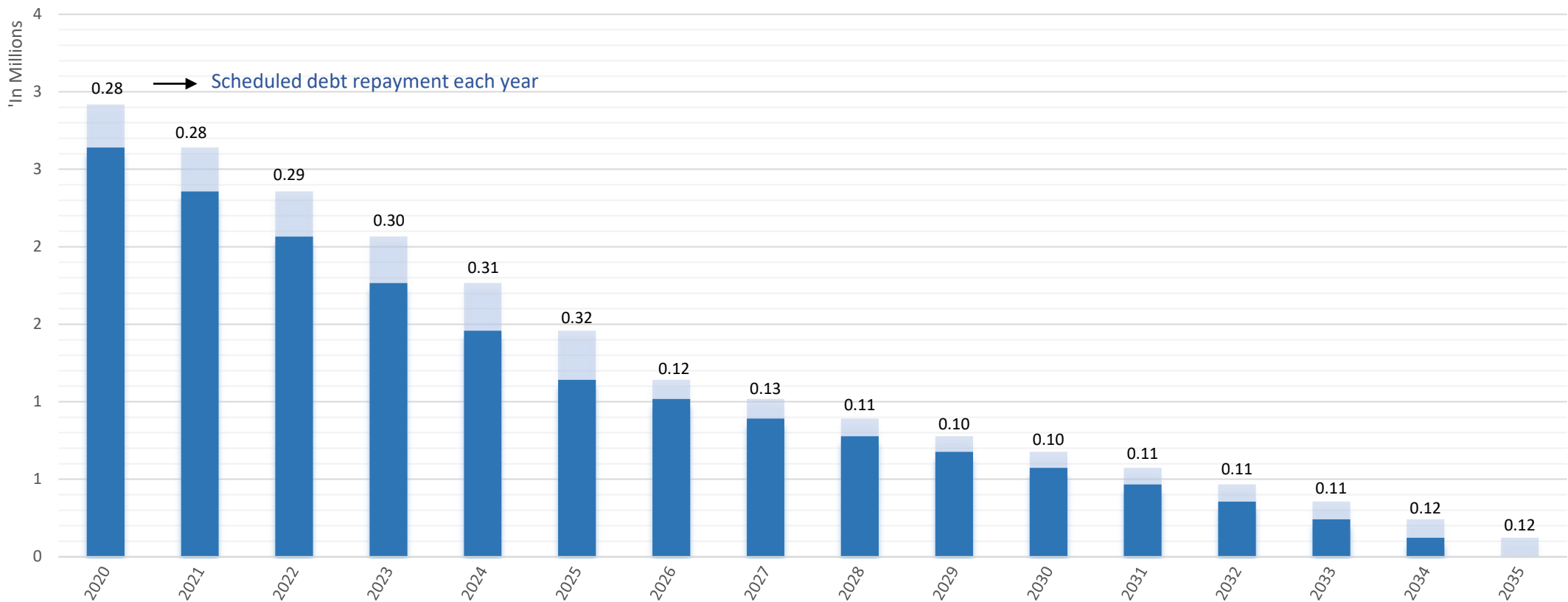
The above figures are based on 150 m3 and will change as water usage changes



70.9% of this cost is Niagara Region charges to clean the wastewater. The volume being cleaned is at a ratio of 2.69 m3 per 1 m3 of water billed. Illustrating the majority of wastewater is from inflow and infiltration.



Debt Outlook - Water

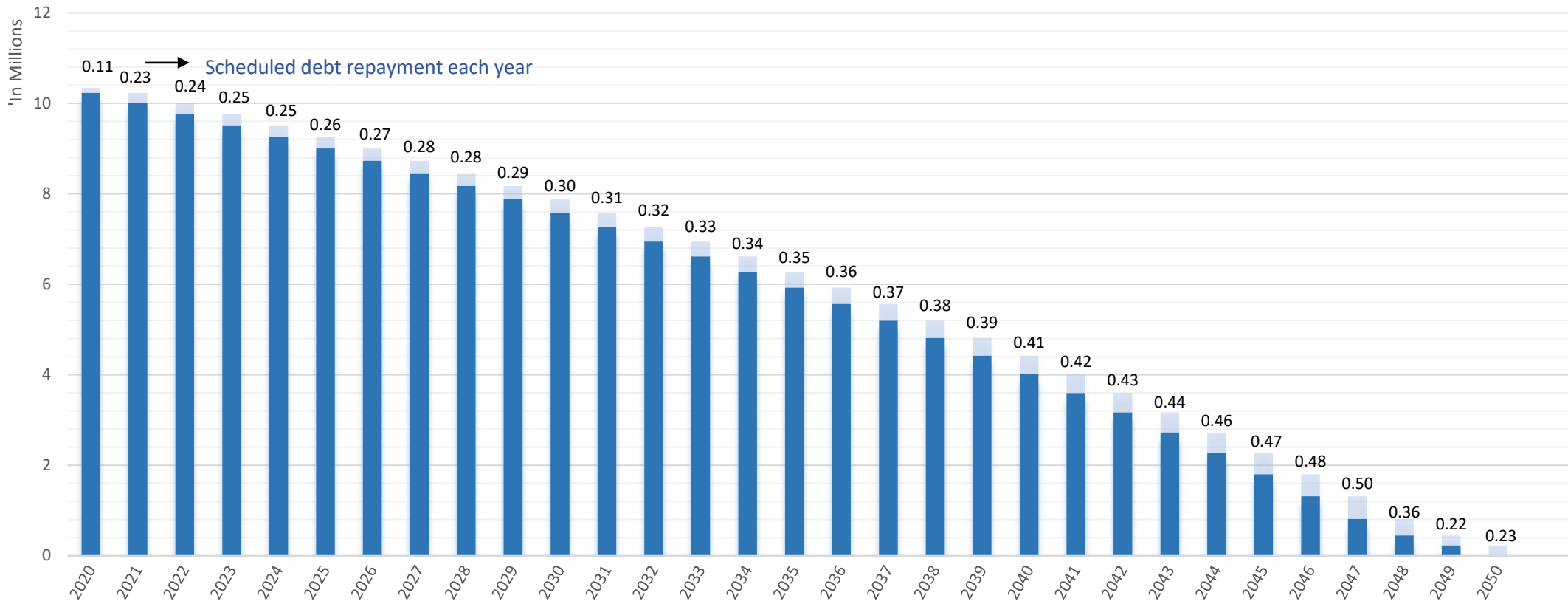


* Excludes Niagara Falls and Wainfleet as their 2019 FIRs are not yet available.





Debt Outlook – Storm Sewer



Reserve Outlook



Should this budget be approved and budget = actual in 2022 and the 2021 forecast = forecast at year end. The rate reserves would be as follows come the end of 2022:

- Water forecasted at \$516,300
- Wastewater forecasted at \$760,700
- Storm Sewer forecasted at \$482,700

Reserves are used in case of an emergency, to cover a budget shortfall in-year and to support future capital works.



In-Year Operating Activity

2021 to Date

Water

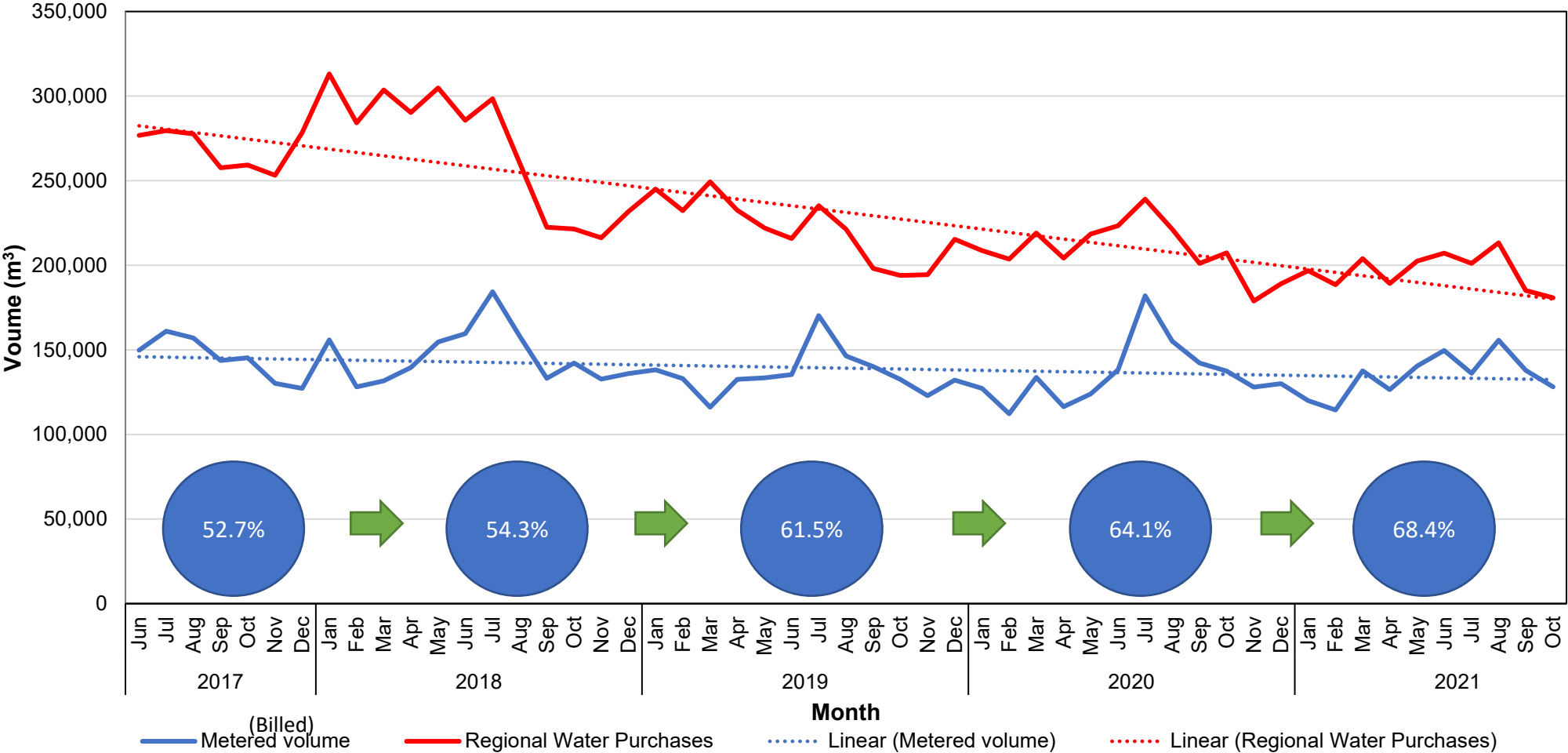
- 9 watermain breaks
- 19 complaints
- 716 chlorine samples
- 50 turbidity samples
- 368 microbiological samples
- 640 hydrants inspected twice
- 274 valves turned
- 21 water services installed
- 41 curb boxes repaired
- 12-15 dead ends flushed weekly
- Bi-weekly flushing of new subdivision

Wastewater/Storm

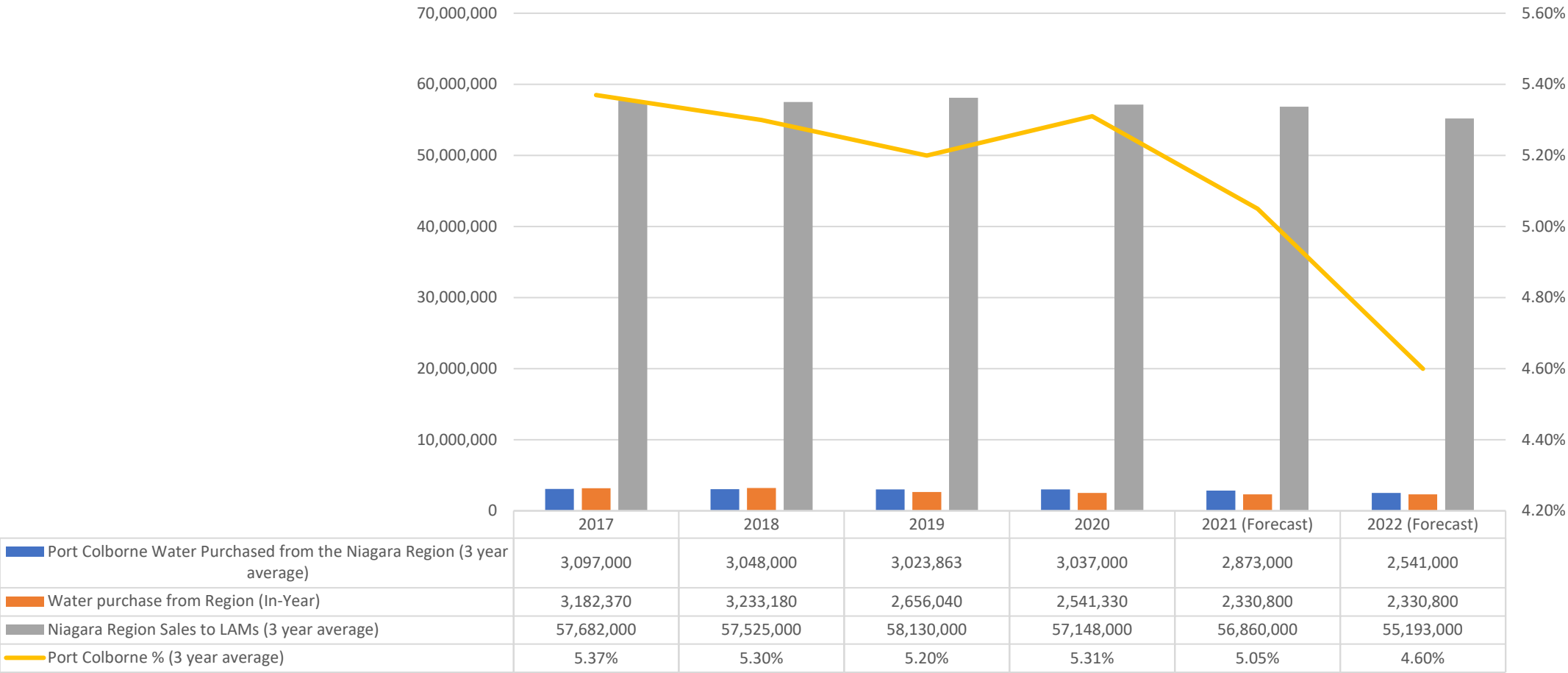
- 543 maintenance holes inspected
- 50 sewer back ups
- 12 sanitary laterals installed
- 25 clean out repairs
- 10 storm system repairs
- 1 catchbasin replacement
- Pump deployment at Neff outfall and Bartok
- 3.2km CCTV inspection of sanitary pipes and storm pipes



Water Purchased vs. Water Billed



Water Volumes (m³)

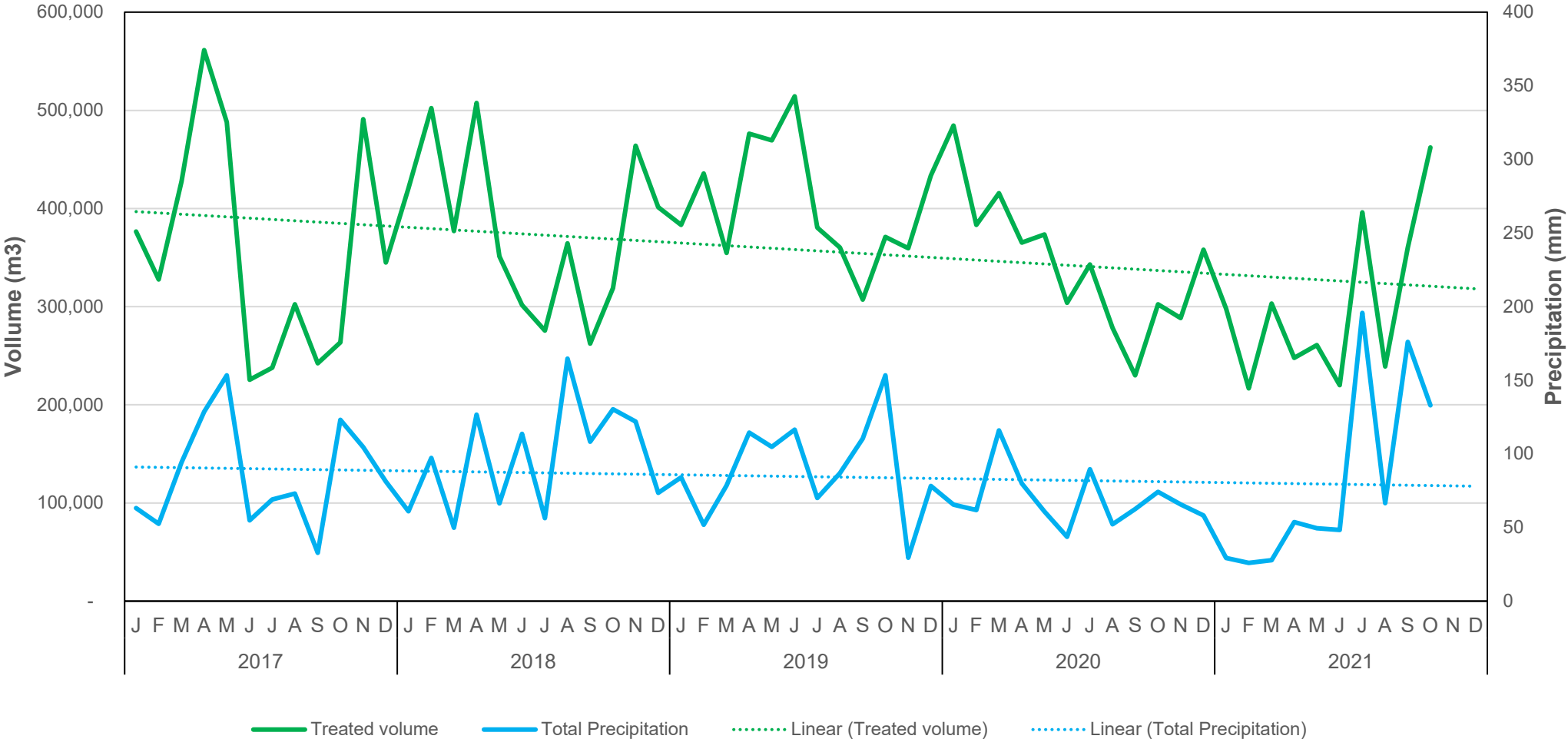


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Port Colborne is 4.1% of the Niagara Region Population (2016 Census)

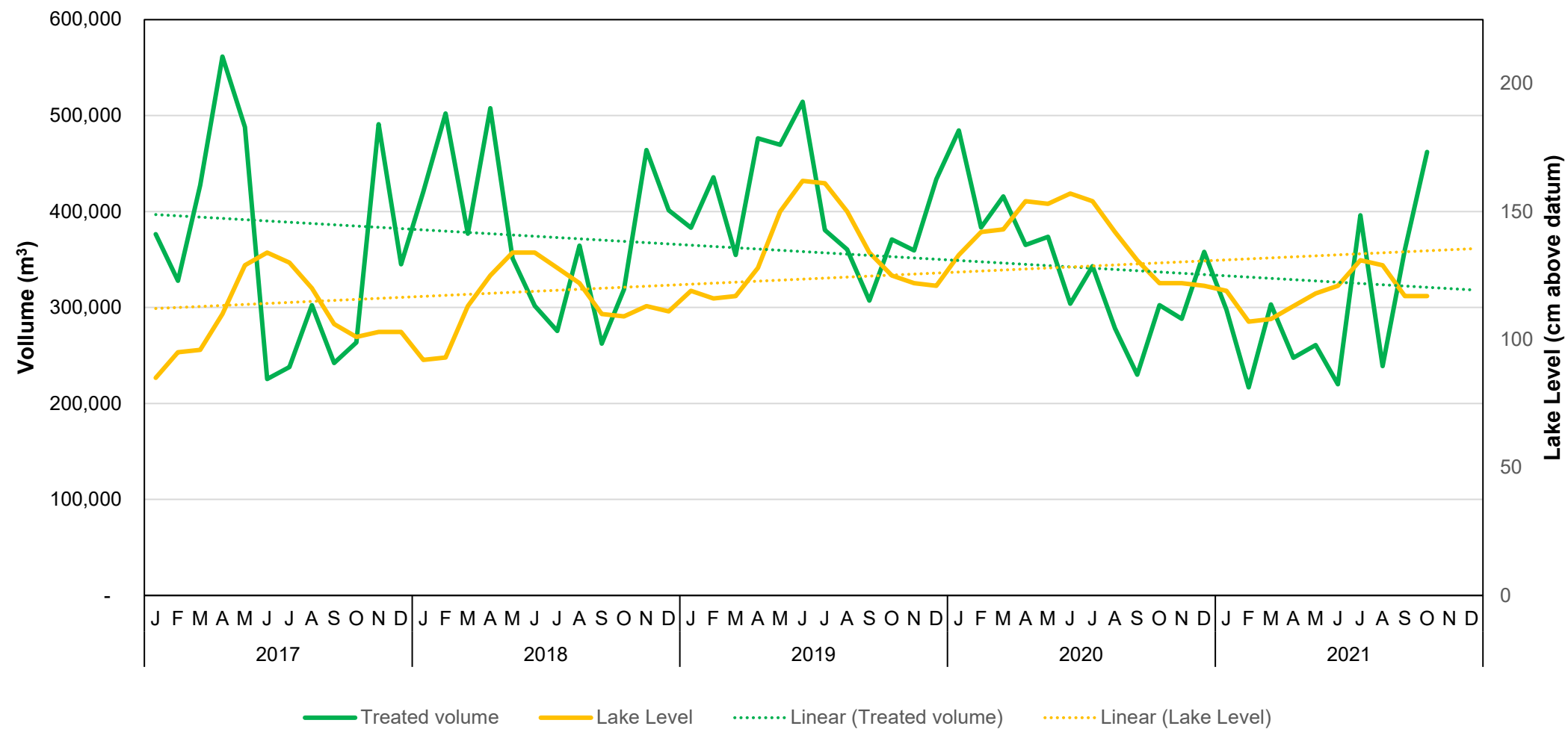


Wastewater Treated Volumes vs Precipitation



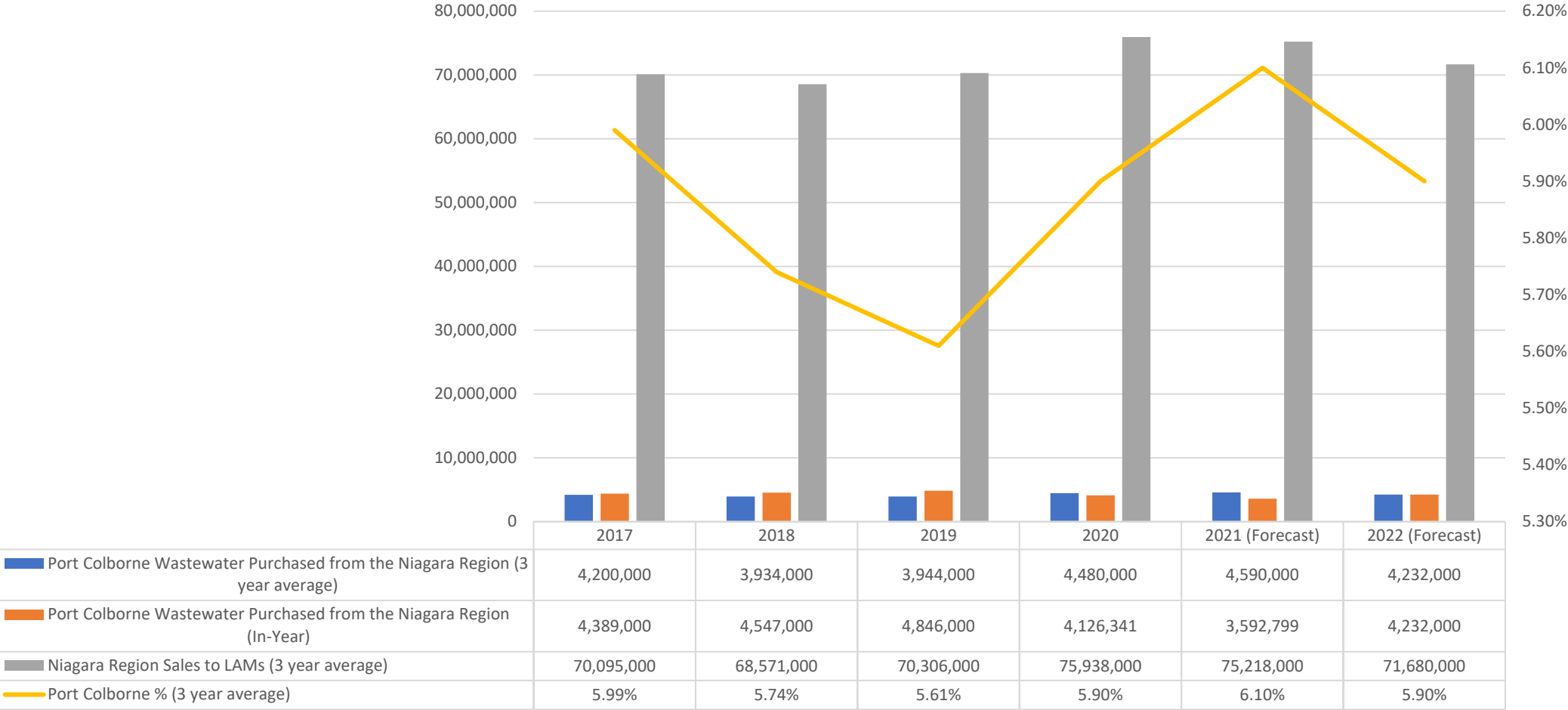


Wastewater Treated Volumes vs Lake Level





Wastewater Volumes (m³)



PORT COLBORNE

Port Colborne is 4.1% of the Niagara Region Population (2016 Census)

Rate Budgets



Administrative changes

- This budget changes the allocation of personnel charges from a 50/50 split between water and wastewater to 60% water/30% wastewater/10% storm sewer to reflect new regulatory changes.
- This budget corrects the allocation/chargebacks between levy and rate as discussed in the Trimester 2 report and during the 2022 Levy Budget presentation. This is the main cause for the change in the rate budgets operation lines identified in the following slides.
- Maintaining the pre-authorized payment incentive of \$25 for new registrations to the program and introduce a new incentive to move to online billing. This new incentive is also proposed at \$25. The water and wastewater budgets each include \$20,000 to support these incentives.

Program changes

- One additional full-time equivalent (FTE) Water/Wastewater Operator and one seasonal Water/Wastewater Operator is proposed in this budget. This increase will support the projects approved through the 2022 Capital and Related Project Budget and repair and maintenance work in year. Total cost is approximately \$120,000. The adjusted Headcount of the Rates (water, wastewater and storm sewer) grouping would increase to 15 and the FTE figure to 13.12. The FTE figure helps identify not all individuals are full-time.
- Update and move the current water meter reading software to the Cloud as the current software is no longer supported. The cost is estimated at \$5,300 annually.

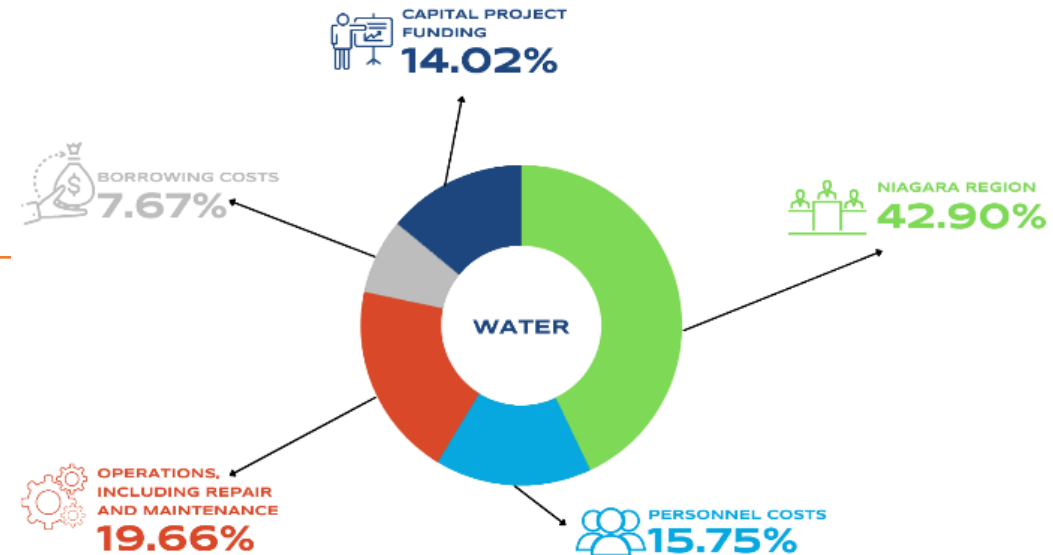
Program changes

Water Service and Wastewater Lateral Replacement Grant Program

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

- First intake – property owners located in watermain/sanitary project area and/or where City is completing an I&I project
- Then opened up to entire City
- Will not turn anyone away (if additional funds are need, reserves to be utilized)

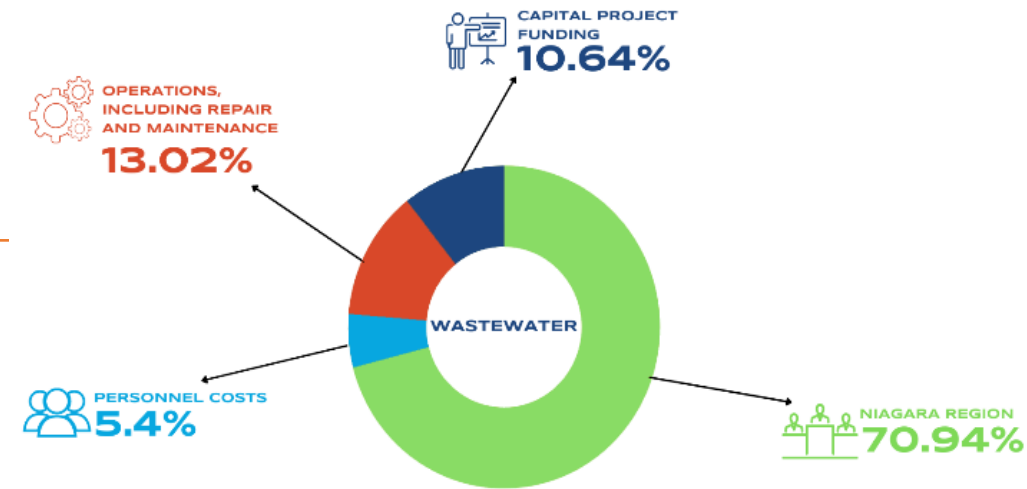
Water



| | 2018 | 2018 | 2019 | 2019 | 2020 | 2020 | 2021 | 2021 | 2022 | \$ | % |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|--------------|
| | Actual | Budget | Actual | Budget | Actual | Budget | Forecast | Budget | Budget | Y/Y Budget Change | |
| Penalties and other fees | 74,022 | 47,600 | 79,870 | 49,600 | 43,773 | 49,600 | 98,200 | 39,998 | 97,000 | 57,002 | 142.5% |
| Variable | 2,199,721 | 2,515,978 | 2,090,175 | 2,545,523 | 2,192,600 | 2,600,201 | 2,200,000 | 2,128,931 | 2,120,000 | (8,931) | (0.4%) |
| Fixed | 2,407,161 | 2,365,535 | 2,529,022 | 2,463,697 | 2,649,521 | 2,530,023 | 2,571,000 | 2,572,569 | 2,540,000 | (32,569) | (1.3%) |
| Total Revenue | 4,680,904 | 4,929,113 | 4,699,067 | 5,058,820 | 4,885,893 | 5,179,824 | 4,869,200 | 4,741,498 | 4,757,000 | 15,502 | 0.33% |

[illegible]

Wastewater



| | 2018 Actual | 2018 Budget | 2019 Actual | 2019 Budget | 2020 Actual | 2020 Budget | 2021 Forecast | 2021 Budget | 2022 Budget | \$ Y/Y Budget Change | % |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------------|--------------|
| Penalties and other fees | 23,689 | 10,500 | 24,563 | 14,000 | 14,306 | 19,500 | 62,000 | 33,000 | 14,000 | (19,000) | (57.6%) |
| Variable | 1,571,404 | 2,210,299 | 1,714,867 | 2,271,636 | 1,723,798 | 2,559,638 | 926,000 | 2,207,282 | 623,067 | (1,584,215) | (71.8%) |
| Fixed | 2,962,497 | 2,997,089 | 3,242,518 | 3,205,857 | 3,521,448 | 3,409,291 | 5,705,000 | 4,519,326 | 6,300,000 | 1,780,674 | 39.4% |
| Total Revenue | 4,557,590 | 5,217,888 | 4,981,948 | 5,491,493 | 5,259,552 | 5,988,429 | 6,693,000 | 6,759,608 | 6,937,067 | 177,459 | 2.63% |

| | | | | | | | | | | | |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|--------------|
| Fixed vs. Variable | 65% | 58% | 65% | 59% | 67% | 57% | 86% | 67% | 91% | | |
| Niagara Region | 3,975,618 | 3,909,663 | 4,367,988 | 4,076,742 | 4,531,531 | 4,544,117 | 4,805,000 | 4,805,000 | 4,920,879 | 115,879 | 2.4% |
| Personnel costs | 90,313 | 327,285 | 49,809 | 326,369 | 108,994 | 354,379 | 423,600 | 561,350 | 374,600 | (186,750) | (33.3%) |
| Operations | 476,584 | 529,010 | 465,105 | 536,452 | 721,460 | 585,333 | 852,051 | 785,050 | 903,500 | 118,450 | 15.1% |
| Capital | 17,620 | 325,153 | 227,348 | 545,573 | 545,573 | 545,573 | 350,000 | 350,000 | 324,897 | (25,103) | (7.2%) |
| Capital Pay-as-you-go (Carry forward) | - | - | - | - | - | - | - | - | - | - | 0.0% |
| Borrowing costs | - | - | - | - | - | - | - | - | - | - | 0.0% |
| Reserve transfers | (2,545) | 126,777 | (128,302) | 6,357 | (648,006) | (40,973) | 262,349 | 258,208 | 413,191 | 154,983 | 60.0% |
| Total Expenses | 4,557,590 | 5,217,888 | 4,981,948 | 5,491,493 | 5,259,552 | 5,988,429 | 6,693,000 | 6,759,608 | 6,937,067 | 177,459 | 2.63% |
| Surplus / (Deficit) | - | - | - | - | 0 | - | - | - | - | - | |

Looking Forward: Capital Projects

- Water: Erie Street watermain replacement. Project cost \$1,880,000.
- Water: Watermain replacement and looping project associated with Davis St., West St, Homewood Ave, Berkley Ave. Project cost \$5,000,000 (grant dependent).
- Wastewater: Clarke Area Sanitary Sewer Remediation associated with the east side sanitary network, north of Killaly St. E. Project cost \$1,000,000 (grant dependent).
- Wastewater: Clarke Area Inflow and Infiltration Reduction Program. Project cost \$500,000 (grant dependent).
- Storm Sewer: Surcharge and flooding along King Street. Project cost \$300,000.
- Storm Sewer: Johnston Street Pumping Station upgrades. Project cost \$35,000.
- Storm Sewer: Johnston Street Storm water pond cleaning and maintenance. Project cost \$75,000.

Looking Forward

- Complete and update the City's asset management plan by June 2022 to meet Provincial planning and reporting obligations, including an infrastructure needs assessment of all linear assets.
- Based on the completion of the Infrastructure Needs Study, develop a five (5) year linear capital projects plan that incorporates all linear assets such as water, wastewater and storm sewer for recommended reconstruction and upgrades.
- Move bulk water revenue and related costs to a separate cost centre to track more accurately as a self-sustaining entity going forward.



Recommendation

2022 Rates Budget

That Corporate Services Department Report 2021-311, BE RECEIVED; and

That the 2022 Rates Budget as outlined in Appendix B to Corporate Services Department Report 2021-311, BE APPROVED.

