

December 3, 2021

CL 21-2021, November 18, 2021
BRCOTW 5-2021, November 4, 2021
CSD 68-2021, November 4, 2021

LOCAL AREA MUNICIPALITIES

SENT ELECTRONICALLY

RE: Report CSD 68-2021 – 2022 Budget – Water and Wastewater Operating Budget, Rate Setting and Requisition

Regional Council, at its meeting of November 18, 2021, approved the following recommendation of its Budget Review Committee of the Whole:

That Report CSD 68-2021, dated November 4, 2021, respecting 2022 Budget-Water and Wastewater Operating Budget, Rate Setting and Requisition, **BE RECEIVED** and the following recommendations **BE APPROVED**:

1. That the 2022 Water & Wastewater net operating base budget increase of \$2,508,401 (or 2%) for Operating plus \$3,950,509 (or 3.15%) for Capital Financing over the 2021 operating budget **BE APPROVED** in accordance with the Safe Drinking Water Act (SDWA) Financial Plan;
2. That the 2022 Water Operations gross operating budget of \$48,895,951 and net budget in the amount of \$48,517,726 for the Water Budget, Rates and Requisition **BE APPROVED**;
3. That the proposed fixed water requisition shown in Table 3 of Report CSD 68-2021, based on 25% of the Region's water net operating budget for the year and divided by 12 to determine the monthly charge, to be billed to each of the serviced Local Area Municipalities starting January 1, 2022, apportioned based on their previous three year's average water supply volumes, **BE APPROVED**;
4. That the Region's proposed 2022 variable water rate of \$0.636, shown in Table 4 of Report CSD 68-2021, to be effective January 1, 2022 and calculated by taking 75% of the Region's water net operating budget and dividing by the estimated supply volume, to be billed on a monthly basis to each serviced Local Area Municipality based on the previous month's metered flows, **BE APPROVED**;
5. That the 2022 Wastewater Operations gross operating budget of \$86,535,117 and net budget in the amount of \$83,341,487 for the Wastewater Budget, Rates and Requisition **BE APPROVED**;

6. That the proposed 2022 fixed wastewater requisition as shown in Table 5 of Report CSD 68-2021, based on 100% of the Region's net operating budget for the year and divided by 12 to determine the monthly charge, to be billed to each of the Local Area Municipalities starting January 1, 2022, apportioned based on their previous three year's average wastewater supply volumes, **BE APPROVED**;
7. That the 2022 wastewater monthly bills **INCLUDE** the reconciliation for the 2020 net requisition allocation based on actual wastewater flows versus the estimated flows, as shown in Table 6 of Report CSD 68-2021;
8. That the necessary by-laws **BE PREPARED** and **PRESENTED** to Council for consideration; and
9. That a copy of Report CSD 68-2021 **BE CIRCULATED** to the Local Area Municipalities.

A copy of Report CSD 68-2021 and By-laws 2021-90 and 2021-91 are enclosed for your information.

Yours truly,



Ann-Marie Norio
Regional Clerk

CLK-C 2021-181

Distribution List:

H. Chamberlain, Director, Financial Management & Planning/Deputy Treasurer
T. Harrison, Commissioner, Corporate Services/Treasurer
K. Beach, Executive Assistant, Commissioner, Corporate Services

Subject: 2022 Budget-Water and Wastewater Operating Budget, Rate Setting and Requisition

Report to: Budget Review Committee of the Whole

Report date: Thursday, November 4, 2021

Recommendations

1. That the 2022 Water & Wastewater net operating base budget increase of \$2,508,401 (or 2%) for Operating plus \$3,950,509 (or 3.15%) for Capital Financing over the 2021 operating budget **BE APPROVED** in accordance with the Safe Drinking Water Act (SDWA) Financial Plan;
2. That the 2022 Water Operations gross operating budget of \$48,895,951 and net budget in the amount of \$48,517,726 for the Water Budget, Rates and Requisition **BE APPROVED**;
3. That the proposed fixed water requisition shown in Table 3 of Report CSD 68-2021, based on 25% of the Region's water net operating budget for the year and divided by 12 to determine the monthly charge, to be billed to each of the serviced Local Area Municipalities starting January 1, 2022, apportioned based on their previous three year's average water supply volumes, **BE APPROVED**;
4. That the Region's proposed 2022 variable water rate of \$0.636, shown in Table 4 of Report CSD 68-2021, to be effective January 1, 2022 and calculated by taking 75% of the Region's water net operating budget and dividing by the estimated supply volume, to be billed on a monthly basis to each serviced Local Area Municipality based on the previous month's metered flows, **BE APPROVED**;
5. That the 2022 Wastewater Operations gross operating budget of \$86,535,117 and net budget in the amount of \$83,341,487 for the Wastewater Budget, Rates and Requisition **BE APPROVED**;
6. That the proposed 2022 fixed wastewater requisition as shown in Table 5 of Report CSD 68-2021, based on 100% of the Region's net operating budget for the year and divided by 12 to determine the monthly charge, to be billed to each of the Local Area Municipalities starting January 1, 2022, apportioned based on their previous three year's average wastewater supply volumes, **BE APPROVED**;

7. That the 2022 wastewater monthly bills **INCLUDE** the reconciliation for the 2020 net requisition allocation based on actual wastewater flows versus the estimated flows, as shown in Table 6 of Report CSD 68-2021;
8. That the necessary by-laws **BE PREPARED** and **PRESENTED** to Council for consideration; and
9. That a copy of Report CSD 68-2021 **BE CIRCULATED** to the Local Area Municipalities.

Key Facts

- The proposed Water net budget represents a \$1.9 million increase, or 3.99% over 2021; the proposed Wastewater net budget represents a \$4.6 million increase, or 5.84% over 2021, for a combined Water & Wastewater Budget increase of 5.15% as shown in Table 1.
- Staff have reinstated the Safe Drinking Water Act (SDWA) Financial Plan annual increase of 5.15%, inclusive of enhanced capital financing of 3.15%, aligning with the 2022 Budget Planning Strategy.
- Incorporated in the base operating 2% increase for the 2022 operating budget is the additional requirement for debt servicing cost associated with the increased to the South Niagara Falls Wastewater treatment facility project. This has been accommodated with a reduction in the transfer to the capital reserve which will be re-established through future commitments to the 5.15% increase in accordance with the SDWA Financial Plan.
- The requisition methodology conforms to Councils approved cost recovery methodology from 2011, which was reaffirmed through report CSD 61-2015, on July 2, 2015. The methodology apportions to the LAMs water at 75% variable rate and 25% as a fixed component and wastewater 100% fixed.
- The proposed variable water rate is increased to \$0.636 (2021 = \$0.611) attributed to the budget increase with no projected change in water flows for 2022.

Financial Considerations

The Water and Wastewater Division's proposed 2022 net budget amount of \$131.9 million represents a \$6.5 million net increase or 5.15% (2% for base operating and 3.15% for enhanced capital financing) from the 2021 budget, as shown in Table 1. The total net cost related to the Wastewater program is \$83.3 million, representing a net increase of \$4.6 million, or 5.84% from 2021. The remaining \$48.5 million relates to the

Water program, which has increased by \$1.9 million, or 3.99% from 2021. The proposed gross budget and comparison to the 2021 net budget are outlined in Table 1.

Table 1 – Summary of Proposed Water and Wastewater Budget ('000)

Water & Wastewater 2022 Budget Summary	Water (\$)	Wastewater (\$)	Total (\$)
2021 Net Requisition	46,656	78,744	125,401
2022 Budget:			
Total Operating Expenses	22,704	50,043	72,747
Business Support	1,946	3,559	5,504
Reserve Transfer & Debt Charges	23,446	29,784	53,230
2022 Gross Budget Total - Before Enhanced Capital Financing	48,096	83,385	131,481
Enhanced Capital Financing (3.15%)	800	3,150	3,950
2022 Gross Budget Total	48,896	86,535	135,431
Less: Revenues	(354)	(3,110)	(3,464)
Less: COVID-19 Costs Funded from Reserve	(24)	(84)	(108)
2022 Net Requisition	48,518	83,341	131,859
Percentage Change	3.99%	5.84%	5.15%

Analysis

The 2022 Water and Wastewater budgets were developed giving consideration to historical results (2020 actuals, 2021 forecast), operational concerns, legislative compliance, standard operating procedures, impacts as a result of COVID-19 and cross-divisional and corporate business support costs. In Table 2, the increases/pressures identified for 2022 are \$3.1 million before recommended mitigation measures totaling \$0.6 million.

Table 2 – Summary of Proposed Water and Wastewater Budget with Pressures and Mitigations ('000)

Water & Wastewater 2022 Budget Summary	Water \$	Wastewater \$	Total \$	Total %
2021 Net Requisition	46,656	78,744	125,401	
Gross Increase/Pressures	1,086	1,981	3,067	
Base Subtotal	47,742	80,725	128,467	2.44%
Mitigations	0	(450)	(450)	
COVID-19 Costs Funded from Reserve	(24)	(84)	(108)	
Net Operating Increase	1,062	1,447	2,508	
Base Total	47,718	80,191	127,910	2.00%
Enhanced Capital Financing	800	3,150	3,950	3.15%
2022 Net Requisition	48,518	83,341	131,860	5.15%

Council previously adopted a 5.15% increase as per the SDWA financial plan. This has allowed for a budget increase of \$6.5 million overall of which only \$2.5 million or 2% being for operating with the remainder being allocated to capital financing. Based on the 2022 Budget Strategy, staff propose \$0.5 million or 0.36% in mitigation measures as outlined in Table 2. Given the largely fixed cost nature of the operations (i.e., chemicals, utilities, property tax, previously approved debt charges) staff needed to identify mitigations options within the very small budget of discretionary spending so not to impact the daily operations of the services. Of the total requisition amount of \$132M for 2022 approximately 94% of the total amount is fixed as it relates to treatment of water and wastewater and capital financing. The remaining 6% can be classified as discretionary expenditures that does not specifically relate to water/wastewater treatment (i.e., CSO grants, certain building maintenance such as snow removal and grass cutting). The proposed mitigations will decrease the net requisition increase from 5.59% or \$7.0 million to the budget planning strategy amount of 5.15% or \$6.5 million.

The increases/pressures to the budget of \$3.1 million are largely due to the following:

- \$1.0 million or 2% increase to the base capital financing budget of \$52.2 million.
- \$1.0 million net (Gross = \$2.0M) or 100% increase to reinstate CSO program that was funded from reserves in 2021 as part of COVID-19 mitigation measures.
- \$0.7 million or 15% increase for sludge/haulage for increased volumes due to compliance issues and annual contract rate.
- \$0.4 million or 2% increase to labour related costs. Wage and benefit pressures total \$0.3 million and the balance of \$0.1 million is to add back in the water wagon program (\$0.1 million) which was deferred in 2021. Student positions that were deferred in 2021 as part of COVID-19 mitigation measures will continue to

be deferred into 2022. The budget includes a request to convert 9 FTE from temporary to permanent. These funding for these positions has already been approved in prior year base budget at a total gross cost of \$0.8 million (net \$0.6 million after \$0.2 million allocation to capital).

- \$0.4 million or 7% increase to business support (i.e. facilities, finance, insurance, etc.)
- \$0.2 million or 48% reduction in repair and maintenance trunk sewer as a result of reduced spend in 2021.
- \$0.2 million or 2% reduction in electricity as a result of projected 2021 expenditures.

The mitigations of \$0.5 million are comprised of the following:

- \$0.5 million net (Gross = -\$0.9M) or 23% decrease to CSO program from annual level of \$4.0 million (\$2.0 million funded from the rate requisition and \$2.0 million funded from Development Charges) to \$3.1 million. The initial awarded CSO grants for 2021 was \$3.25 million of the \$4.0 million budget which aligns with the recommended budget for 2022.

Reserve Management - Capital/Infrastructure

The proposed 2022 budget adheres to the Council approved SDWA Financial Plan which proposed combined water/wastewater capital financing increase of 3.15% for 2022. The Budget Strategy recommended that the financial plan be reinstated for 2022 in order to address both the asset renewal backlog as well as the Region's annual funding gap of \$77 million (10 year Average Annual Renewal Investment – AARI) that had been identified in the 2017 Council approved comprehensive Asset Management Plan (AMP). The SDWA Financial Plan recommended annual increases to capital financing from 2019 to 2028. The projected annual capital financing contribution until 2028 have been included as Appendix 1 to this report. Appendix 1 also includes the target based on the 2017 AMP for comparison.

The transfer to reserve is being temporarily reduced to accommodate the new South Niagara Falls WWTP debt charges and operating costs budget within a 2% overall budget increase. However, until the plant is operational, this budget (placeholder) will continue to fund pay-as-you-go capital projects (in accordance with the Budget Planning By-law) to invest in critical infrastructure similar to the transfer to capital reserve.

South Niagara Falls Wastewater Treatment Facility

As identified in report PW 39-2020 – South Niagara Falls Update, the SNF WWTP capital projects required debt financing of \$3.8 million and annual operating costs of \$5.4 million which were accommodated in the base budget through a temporary reduction in the transfer to the WW capital reserve. As a result of PW 39-2021, the debt charges associated with the project were increased by an additional \$0.6 million due to revised capital project estimates which have also been accommodated through an additional temporary decrease in reserve contributions.

COVID-19 Impacts

Staff have identified \$0.1 million in COVID-19 related expenditures that will be funded from any remaining 2021 Safe Restart funding or Water and Wastewater stabilization reserves in the absence of external funding. These amounts primarily relate to enhanced cleaning and social distancing measures for Regional staff.

Fixed Water Requisition

As per Council's approved methodology, \$12,129,432 (25%) of the net Water budget will be recovered from fixed monthly requisitions to the local municipalities based on historical flows. The historical water flows and percentages utilized are included in Appendix 2 and 3. This annual amount based on the historical flows is then divided by 12 to determine the monthly charge to be billed to each of the services LAMs starting January 1, 2022. Also included as part of Appendix 2, is the annual impact on the fixed water requisition between 2021 and 2022 for each LAM. Table 3 summarizes the fixed amounts to be billed to each LAM based on the above methodology.

Table 3 – Fixed Water Requisition for 2022 Net Budget

Municipality	3-Year Avg. (%)	Allocation (\$)	Monthly (\$)
Fort Erie	7.48%	\$907,590	\$75,633
Grimsby	5.55%	\$672,776	\$56,065
Lincoln	4.37%	\$530,067	\$44,172
Niagara Falls	24.68%	\$2,993,791	\$249,483
Niagara-on-the-Lake	5.77%	\$699,367	\$58,281
Pelham	2.49%	\$301,906	\$25,159
Port Colborne	4.60%	\$558,477	\$46,540
St. Catharines	25.98%	\$3,151,522	\$262,627
Thorold	4.18%	\$507,327	\$42,277
Welland	13.04%	\$1,581,938	\$131,828
West Lincoln	1.85%	\$224,670	\$18,722
Total	100.00%	\$12,129,432	\$1,010,786

Variable Water Rate

The remaining \$36,388,295 (75%) will be charged through the variable rate. The recommended variable rate of \$0.636 per cubic metre as outlined in Table 4 is based on a water forecast using the past three year average flows plus an anticipated growth factor. Despite above average growth for the Region in recent years the flow estimates are still volatile and are dependent on weather conditions and most recently impacts related to COVID-19. The resulting estimate for 2022 is an overall volume consistent with the amount used for the 2021 budget. An overview of the water trends and related risk is outlined in more detail in Appendix 3. The proposed variable water rate increase is \$0.025 (4.0%) (2020 = \$0.611) which is attributed only to the budget increase. Any variation in water flows that result from COVID-19 will be mitigated at 2022 year-end with Safe Restart funding held in the taxpayer relief reserve if available.

Table 4 – Variable Water Rate for 2022 Net Budget

2022 Variable Water Rate	\$/Volume
Variable Allocation (75% x \$48,517,726)	\$36,388,295
2022 Water Flow Forecast (m ³)	57,250,000
Variable Rate (\$/m ³)	\$0.636

Wastewater Requisition

The wastewater net requisition is recovered 100% from fixed monthly requisitions to the local municipalities, apportioned based on the historical three year average flows. The annual amount is divided by twelve to determine the monthly charge to each of the serviced LAMs starting January 1, 2022. The historical wastewater flows and apportionments are included in Appendix 4 as well as the comparison of the fixed wastewater requisition amount between 2021 and 2022 for each LAM. Table 5 provides the fixed amounts to be billed to each LAM based on the above methodology.

Table 5 – Fixed wastewater Requisition for 2022 Net Budget

Municipality	3-Year Avg. (%)	Allocation (\$)	Monthly (\$)
Fort Erie	10.37%	\$8,645,876	\$720,490
Grimsby	4.00%	\$3,335,979	\$277,998
Lincoln	3.87%	\$3,222,926	\$268,577
Niagara Falls	18.21%	\$15,174,167	\$1,264,514
Niagara-on-the-Lake	3.91%	\$3,258,940	\$271,578
Pelham	1.88%	\$1,566,779	\$130,565
Port Colborne	5.90%	\$4,920,879	\$410,073
St. Catharines	29.34%	\$24,454,734	\$2,037,894
Thorold	5.84%	\$4,869,086	\$405,757
Welland	14.88%	\$12,404,268	\$1,033,689
West Lincoln	1.79%	\$1,487,851	\$123,988
Total	100.00%	\$83,341,487	\$6,945,124

As per Council's approved cost recovery methodology, the 2022 monthly Wastewater charges will include reconciliation of the 2020 Wastewater requisition payments. Municipal 2020 rebates or charges will be based on their respective share of actual flows versus the estimated share used to initially allocate the 2020 charges. This reconciliation results in a total of \$2,596,581 in payments to, and \$2,596,581 in rebates from, the local municipalities. Tables outlining the calculation of the reconciliation have been included as Appendix 5, and the total charge including the 2022 requisition and 2020 reconciliation by local municipality has been included as Appendix 6.

Table 6 – Wastewater Reconciliation for 2020 included in 2022 Requisition

Municipality	Reconciliation (\$)	Monthly Rebate (\$)	Monthly Payment (\$)
Fort Erie	100,828	0	8,402
Grimsby	(851,170)	(70,931)	0
Lincoln	90,646	0	7,554
Niagara Falls	(1,579,048)	(131,587)	0
Niagara-on-the-Lake	(166,363)	(13,864)	0
Pelham	119,823	0	9,985
Port Colborne	46,516	0	3,876
St. Catharines	996,145	0	83,012
Thorold	614,024	0	51,169
Welland	419,680	0	34,973
West Lincoln	208,919	0	17,410
Total	0	(216,382)	216,382

Risks & Opportunities

- Water/wastewater flows are weather dependant and therefore subject to fluctuations that are outside the Region's control.
- COVID-19 has also caused reductions in water flows. Any variation in water flows as a result of COVID-19 will be offset at year-end 2022 with Safe Restart funding (taxpayer relief reserve).
- Unanticipated equipment and underground infrastructure failure may impact operating expenditures.

Alternatives Reviewed

None.

Relationship to Council Strategic Priorities

The 2022 Water and Wastewater proposed budgets support Council's strategic priorities of organizational excellence, by meeting or exceeding legislative requirements and having 42% of the total program costs related to infrastructure renewal and replacement.

Other Pertinent Reports

PW 4-2019	Safe Drinking Water Act Financial Plan
PW 39-2020	South Niagara Falls WWTP Update
PW 39-2021	South Niagara Falls Wastewater Treatment Plant - Budget and Property

Prepared by:

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Director, Financial Management &
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Recommended by:

Todd Harrison, CPA, CMA
Commissioner/Treasurer
Corporate Services

Submitted by:

Ron Tripp, P.Eng.
Chief Administrative Officer

This report was prepared by Rob Fleming, Senior Tax & Revenue Analyst, in consultation with Pam Hamilton, Program Financial Specialist in consultation with Margaret Murphy, Associate Director, Budget Planning & Strategy.

Appendices

Appendix 1	Forecasted Water and Wastewater Capital Financing
Appendix 2	Water Flows and Fixed Water Requisition by Local Area Municipality
Appendix 3	Water Volume Analysis
Appendix 4	Wastewater Flows and Fixed Wastewater Requisition by Local Area Municipality
Appendix 5	2020 By-law Wastewater Reconciliation
Appendix 6	Fixed Wastewater Requisition including Reconciliation by Local Area Municipality
Appendix 7	2022 Water and Wastewater Schedule of Revenues and Expenditures by Object of Expenditure

Forecasted Water and Wastewater Capital Financing (\$Millions)

Capital Financing (\$M)	2021	2022	2023	2024	2025	2026	2027	2028	Target Balance
Water	\$23	\$24	\$24	\$24	\$25	\$27	\$28	\$30	\$38
Wastewater	\$29	\$33	\$36	\$39	\$48	\$50	\$55	\$60	\$97
Total	\$52	\$57	\$59	\$63	\$74	\$76	\$83	\$90	\$135

Water Flows and Fixed Water Requisition by Local Area Municipality

Table 1 - Water Flows by Municipality

Municipality	3-Year Avg. per 2021 By- law (ML)	3-Year Avg. per 2021 By- law (\$)	3-Year Avg. per 2022 By- law (ML)	3-Year Avg. per 2022 By- law (\$)
Fort Erie	4,308	7.58%	4,130	7.48%
Grimsby	3,106	5.46%	3,061	5.55%
Lincoln	2,365	4.16%	2,412	4.37%
Niagara Falls	14,370	25.27%	13,623	24.68%
Niagara-on-the-Lake	3,259	5.73%	3,182	5.77%
Pelham	1,278	2.25%	1,374	2.49%
Port Colborne	2,873	5.05%	2,541	4.60%
St. Catharines	15,099	26.55%	14,340	25.98%
Thorold	2,152	3.78%	2,308	4.18%
Welland	7,062	12.42%	7,198	13.04%
West Lincoln	988	1.74%	1,022	1.85%
Total	56,860	100%	55,193	100%

Table 2 - Fixed Water Requisition by Municipality

Municipality	2021 (\$000)	2022 (\$000)	Difference (\$000)	Difference (%)
Fort Erie	884	908	24	2.69%
Grimsby	637	673	36	5.59%
Lincoln	485	530	45	9.25%
Niagara Falls	2,948	2,994	46	1.56%
Niagara-on-the-Lake	669	699	31	4.60%
Pelham	262	302	40	15.19%
Port Colborne	589	558	(31)	-5.25%
St. Catharines	3,097	3,152	54	1.75%
Thorold	441	507	66	14.94%
Welland	1,449	1,582	133	9.20%
West Lincoln	203	225	22	10.81%
Total	11,664	12,129	465	3.99%

Water Volume Analysis

Flows in ML	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Projected Flows for Rate Setting	59,067	59,067	58,613	57,000	57,000	57,000	57,250	57,250	57,250	57,250
Actual Flows	56,896	56,474	57,622	58,800	56,986	58,491	55,458	55,517	56,211	N/A
Variance	-2,171	-2,593	-991	1,800	-14	1,491	-1,792	-1,733	-1,039	N/A

The 2021 actual flows are estimated to finish the year approximately 1.8% lower than projected flows. The water usage in 2021 is estimated to total 56,211 ML.

The water volume forecast for 2022 has been prepared giving consideration to historical and current trends and has not resulted in a proposed change from 2021.

The volume forecast for 2022 is above the 3-year and 5-year calendar average of 55,729 ML and 56,533 ML, respectively. 2018 flows represent more typical summer weather years. 2016 experienced drought conditions during the summer. 2017 and 2019 experienced very wet summers. The 2020 and 2021 flows are impacted by a dry summer and COVID-19 shutdowns. The 2022 estimate reflects no change over previous year's projection. COVID-19 volatility may continue into 2022. Any variation in flow as a result of COVID-19 that has a negative impact on variable water revenue will be mitigated with reserves/Provincial funding if available.

Variation in water flows may also be experienced as a result of: capital repairs to address water loss at Region and Local levels, growth in user base, and increased conservation efforts.

Wastewater Flows and Fixed Requisition By Local Area Municipality

Table 1 - Wastewater Flows by Municipality

Municipality	3-Year Avg. per 2021 By- law (ML)	3-Year Avg. per 2021 By- law (%)	3-Year Avg. per 2022 By- law (ML)	3-Year Avg. per 2022 By- law (%)
Fort Erie	7,712	10.25%	7,436	10.37%
Grimsby	3,308	4.40%	2,869	4.00%
Lincoln	2,892	3.84%	2,772	3.87%
Niagara Falls	14,069	18.70%	13,051	18.21%
Niagara-on-the-Lake	3,050	4.06%	2,803	3.91%
Pelham	1,378	1.83%	1,348	1.88%
Port Colborne	4,590	6.10%	4,232	5.90%
St. Catharines	21,966	29.20%	21,033	29.34%
Thorold	3,987	5.30%	4,188	5.84%
Welland	10,962	14.57%	10,669	14.88%
West Lincoln	1,303	1.73%	1,280	1.79%
Total	75,218	100%	71,680	100%

Table 2 - Fixed Wastewater Requisition by Municipality

Municipality	2021 (\$000)	2022 (\$000)	Difference (\$000)	Difference (%) ¹
Fort Erie	8,074	8,646	572	7.09%
Grimsby	3,463	3,336	(127)	-3.68%
Lincoln	3,027	3,223	196	6.46%
Niagara Falls	14,729	15,174	445	3.02%
Niagara-on-the-Lake	3,193	3,259	66	2.06%
Pelham	1,443	1,567	124	8.61%
Port Colborne	4,805	4,921	116	2.41%
St. Catharines	22,996	24,455	1,459	6.34%
Thorold	4,173	4,869	696	16.67%
Welland	11,476	12,404	928	8.09%
West Lincoln	1,364	1,488	124	9.06%
Total	78,744	83,341	4,597	5.84%

Note:

(1) Municipalities with increases above the average are generally the municipalities that have the highest assessment growth, meaning that average impact to be expected by the average user will be less than the percentage change noted in the requisition due to the relative increase in the number of users (i.e., properties).

2020 By-law Wastewater Reconciliation

Table 1 - Wastewater Flows by Municipality

Municipality	Prior 3 yr. Avg.	2020 By-Law Period Actual Flows ¹
Fort Erie	7,931	7,319
Grimsby	3,688	2,596
Lincoln	2,907	2,731
Niagara Falls	14,901	12,162
Niagara-on-the-Lake	3,141	2,713
Pelham	1,360	1,347
Port Colborne	4,480	4,125
St. Catharines	21,608	20,590
Thorold	3,845	4,056
Welland	10,858	10,273
West Lincoln	1,220	1,300
Total	75,939	69,213

Table 2 - Wastewater Fixed Allocation Percentages

Municipality	Prior 3-Yr Avg	2020 By-Law Period Actual Flows ¹	Difference
Fort Erie	10.4%	10.6%	0.1%
Grimsby	4.9%	3.8%	-1.1%
Lincoln	3.8%	3.9%	0.1%
Niagara Falls	19.6%	17.6%	-2.0%
Niagara-on-the-Lake	4.1%	3.9%	-0.2%
Pelham	1.8%	1.9%	0.2%
Port Colborne	5.9%	6.0%	0.1%
St. Catharines	28.5%	29.7%	1.3%
Thorold	5.1%	5.9%	0.8%
Welland	14.3%	14.8%	0.5%
West Lincoln	1.6%	1.9%	0.3%
Total	100.0%	100.0%	0.0%

Table 3 - Wastewater Fixed Allocation Charge Reconciliation (\$000)

Municipality	Prior 3-Yr Avg Billed ^{1,2}	2020 By-Law Period Actual Flows ¹	Underpayment/ (Overpayment) ³
Fort Erie	\$ 8,044	\$ 8,145	\$ 101
Grimsby	3,740	2,889	(851)
Lincoln	2,949	3,039	91
Niagara Falls	15,114	13,534	(1,579)
Niagara-on-the-Lake	3,185	3,019	(166)
Pelham	1,379	1,499	120
Port Colborne	4,544	4,591	47
St. Catharines	21,916	22,912	996
Thorold	3,900	4,514	614
Welland	11,012	11,432	420
West Lincoln	1,238	1,446	209
Total	\$ 77,021	\$ 77,021	\$ (0)

Sum of Overpayment: (2,597)
Percentage of Requisition 3.37%

Notes:

1. 2020 By-Law period consists of the 12 month period from January 2020 to December 2020.
2. Charges paid excluded payments made/rebates received for 2018 reconciliation.
3. Underpayments/(Overpayments) based on comparing 2 difference allocation methodologies (3-yr average vs. actual flows during By-law period).

Fixed Wastewater Requisition Including Reconciliation by Municipality Comparison

Municipality	Requisition 2021 By-law (\$000)	Requisition 2022 By-law (\$000)	Reconciliation 2021 By-law (2019 Rec.) (\$000)	Reconciliation 2022 By-law (2020 Rec.) (\$000)	Total Charge 2021 By-law (\$000)	Total Charge 2022 By-law (\$000)	Difference (\$000)	Difference (%)
Fort Erie	8,074	8,646	(299)	101	7,775	8,747	972	12.50%
Grimsby	3,463	3,336	(246)	(851)	3,217	2,485	(732)	-22.76%
Lincoln	3,027	3,223	(65)	91	2,962	3,314	352	11.87%
Niagara Falls	14,729	15,174	(1,272)	(1,579)	13,457	13,595	138	1.03%
Niagara-on-the-Lake	3,193	3,259	63	(166)	3,256	3,093	(163)	-5.01%
Pelham	1,443	1,567	(62)	120	1,381	1,687	306	22.17%
Port Colborne	4,805	4,921	382	47	5,187	4,967	(220)	-4.24%
St. Catharines	22,996	24,455	662	996	23,658	25,451	1,793	7.58%
Thorold	4,173	4,869	451	614	4,624	5,483	859	18.57%
Welland	11,476	12,404	311	420	11,787	12,824	1,037	8.80%
West Lincoln	1,364	1,488	77	209	1,441	1,697	256	17.75%
Total	78,744	83,341	-	-	78,744	83,341	4,597	5.84%

2022 Water and Wastewater Schedule of Revenues and Expenditures by Object of Expenditure

Object of Expenditure	2021 Water Budget Total (\$)	2021 Wastewater Budget Total (\$)	2021 Combined Total (\$)	2022 Water Budget Total (\$)	2022 Wastewater Budget Total (\$)	2022 Combined Total (\$)	Combined Total Variance (\$)	Total Combined Variance (%)	Note
A_40000AB Compensation	7,672,587	10,588,464	18,261,051	7,815,034	10,784,552	18,599,586	338,535	1.9%	(1)
A_41000AB Administrative	488,996	1,084,905	1,573,901	461,076	1,114,395	1,575,471	1,570	0.1%	
A_44000AB Operational & Supply	2,078,986	11,499,124	13,578,110	2,227,801	12,166,665	14,394,466	816,356	6.0%	(2)
A_50000AB Occupancy & Infrastructure	5,999,040	12,032,768	18,031,808	5,915,009	11,831,987	17,746,996	(284,812)	(1.6%)	(3) (4)
A_52000AB Equipment, Vehicles, Technology	1,157,143	3,129,063	4,286,206	1,182,143	3,153,063	4,335,206	49,000	1.1%	
A_56000AB Partnership, Rebate, Exemption	10,000	4,000,000	4,010,000	50,000	3,100,000	3,150,000	(860,000)	(21.4%)	(5)
A_75100AC Transfers To Funds	20,698,764	16,539,843	37,238,607	22,147,810	18,462,196	40,610,006	3,371,399	9.1%	(6)
A_60000AC Allocation Between Departments	613,820	914,836	1,528,656	698,777	970,068	1,668,845	140,189	9.2%	
A_60260AC Allocation Within Departments	4,204,378	6,664,251	10,868,629	4,354,096	6,922,083	11,276,179	407,550	3.7%	
Gross Expenditure Subtotal	42,923,714	66,453,254	109,376,968	44,851,746	68,505,009	113,356,755	3,979,787	3.6%	
A_30000AB Taxation	(46,656,371)	(78,744,319)	(125,400,690)	(48,517,726)	(83,341,487)	(131,859,213)	(6,458,523)	5.2%	
A_32400AB By-Law Charges & Sales	(12,000)	(1,505,443)	(1,517,443)	(12,000)	(1,527,090)	(1,539,090)	(21,647)	1.4%	
A_34950AB Other Revenue	(339,663)	(2,066,894)	(2,406,557)	(342,025)	(1,582,940)	(1,924,965)	481,592	(20.0%)	(5)
A_75000AC Transfers From Funds	(30,950)	(92,900)	(123,850)	(24,200)	(83,600)	(107,800)	16,050	0.0%	
Gross Revenue Subtotal	(47,038,984)	(82,409,556)	(129,448,540)	(48,895,951)	(86,535,117)	(135,431,068)	(5,982,528)	4.6%	
Net Expenditure (revenue) before indirect allocations	(4,115,270)	(15,956,302)	(20,071,572)	(4,044,205)	(18,030,108)	(22,074,313)	(2,002,741)	10.0%	
A_70000AC Indirect Allocation	1,766,598	3,205,914	4,972,511	1,817,936	3,600,142	5,418,078	445,566	9.0%	(7)
A_70200AC Capital Financing Allocation	2,348,673	12,750,389	15,099,061	2,226,269	14,429,967	16,656,236	1,557,174	10.3%	(6)
Allocation Subtotal	4,115,270	15,956,302	20,071,572	4,044,205	18,030,108	22,074,313	2,002,741	10.0%	
Net Expenditure (revenue) after indirect allocations	0	0	0	0	0	0	0	0	

Notes:

- (1) Includes compensation pressure which represents base compensation changes and reintroduction of the water wagon program which was deferred in 2021 which are partially offset by student position deferral for 2022 totaling \$0.4M.
- (2) Includes pressures related sludge and sludge haulage of \$0.7M.
- (3) Includes reduction in R&M Repairs Trunk Sewer of \$(0.2M).
- (4) Includes reduction in electricity of \$(0.2M).
- (5) Includes \$0.9M gross deferral of the 2022 CSO funding of which \$(0.5M) relates to the requisition. Corresponding decrease in Development Charge revenue of \$(0.5M).
- (6) Includes base capital financing increase of \$1.0M, enhanced capital financing of \$4.0M and impacts of SNF WWTP with net impact of \$0.
- (7) Includes pressure related to business support/department allocation (i.e., self supported operations) of \$0.4M.

THE REGIONAL MUNICIPALITY OF NIAGARA

BY-LAW NO. 2021-90

A BY-LAW TO ADOPT THE 2021 WATER BUDGET AND
TO SET THE REQUISITION TO BE CHARGED FOR
WATER SUPPLIED TO LOWER-TIER MUNICIPALITIES
FOR THE PERIOD JANUARY 1, 2022 TO DECEMBER 31,
2022

WHEREAS Section 11 of the Municipal Act, 2001, S.O. 2001, c.25, provides that a municipality may pass by-laws respecting services and things that the municipality is authorized to provide;

WHEREAS section 390 of the Municipal Act, 2001, S.O. 2001, c.25, provides that the definition of a person includes a municipality;

WHEREAS section 391 of the Municipal Act, 2001, S.O. 2001, c.25, provides that a municipality is authorized to impose fees or charges on persons for costs payable by it for services or activities provided or done by or on behalf of any other municipality; and

WHEREAS water supplied to the lower-tier municipalities is a service provided by the Regional Municipality of Niagara on behalf of the lower-tier municipalities within the Niagara Region.

NOW THEREFORE the Council of The Regional Municipality of Niagara enacts as follows:

1. That the 2022 Water Gross Operating Budget of 48,895,951 and Net Operating Budget of \$48,517,726 be and hereby is adopted.
2. That 75% of the Net Operating Budget, \$36,388,295 be recovered from the lower-tier municipalities based on actual metered water flows multiplied by the Region's annually set uniform water rate.
3. That the rate payable by the lower-tier municipalities for treated water supplied by the Regional Waterworks system shall be established at \$0.636 for every cubic meter supplied to each lower-tier municipality for the period of January 1, 2022 to December 31, 2022.
4. That 25% of the Net Operating Budget, \$12,129,432 be apportioned to the lower-tier municipalities based on their proportionate share of the Region's total three year average historical flows.

5. That the lower-tier municipalities be requisitioned during the period January 1, 2022 to December 31, 2022 as follows:

Municipality	3-Year Avg. (%)	Allocation (\$)	Monthly (\$)
Fort Erie	7.48%	\$907,590	\$75,633
Grimsby	5.55%	\$672,776	\$56,065
Lincoln	4.37%	\$530,067	\$44,172
Niagara Falls	24.68%	\$2,993,791	\$249,483
Niagara-on-the-Lake	5.77%	\$699,367	\$58,281
Pelham	2.49%	\$301,906	\$25,159
Port Colborne	4.60%	\$558,477	\$46,540
St. Catharines	25.98%	\$3,151,522	\$262,627
Thorold	4.18%	\$507,327	\$42,277
Welland	13.04%	\$1,581,938	\$131,828
West Lincoln	1.85%	\$224,670	\$18,722
Total	100.00%	\$12,129,432	\$1,010,786

6. That the Treasurer of the Regional Corporation shall submit similar invoices on or before the 15th day of each month commencing February 15, 2022 for the monthly requisition. Such monthly invoices shall continue thereafter until the December monthly requisition has been invoiced. Each lower-tier municipality shall remit the amount of each such invoices to the Treasurer of the Regional Corporation on or before the last business date of the month in which such invoice is submitted.
7. That in the event of default of payment of any monies payable under this by-law by a lower-tier municipality, interest at the rate of 15 per cent per annum shall be added to the amount in arrears from the date of default until the date of payment thereof.
8. That this by-law shall come into force and effect on January 1, 2022.

THE REGIONAL MUNICIPALITY OF NIAGARA


James Bradley, Regional Chair


Ann-Marie Norio, Regional Clerk

Passed: November 18, 2021

THE REGIONAL MUNICIPALITY OF NIAGARA

BY-LAW NO. 2021-91

A BY-LAW TO SET THE REQUISITIONS TO BE CHARGED
FOR WASTEWATER RECEIVED FROM THE LOWER –
TIER MUNICIPALITIES FOR THE PERIOD OF JANUARY
1, 2022 TO DECEMBER 31, 2022

WHEREAS section 11 of the *Municipal Act, 2001*, S.O. 2001, c.25, provides that a municipality may pass by-laws respecting services and things that the municipality is authorized to provide;

WHEREAS section 390 of the *Municipal Act, 2001*, S.O. 2001, c.25, provides that the definition of a person includes a municipality;

WHEREAS section 391 of the *Municipal Act, 2001*, S.O. 2001, c.25, provides that a municipality is authorized to impose fees or charges on persons for costs payable by it for services or activities provided or done by or on behalf of any other municipality,

WHEREAS wastewater received from the lower-tier municipalities is a service provided by the Regional Municipality of Niagara on behalf of the lower-tier municipalities within the Niagara Region; and

WHEREAS the Council of the Regional Municipality of Niagara passed By-Law No. 119-2011 which indicated that, consistent with the wastewater reconciliation methodology described in PWA 87-2011, a reconciliation adjustment will commence with the 2013 Budget.

NOW THEREFORE the Council of The Regional Municipality of Niagara enacts as follows:

1. That the 2022 Wastewater Gross Operating Budget of \$86,535,117 and Net Operating Budget of \$83,341,487 be and hereby is adopted.
2. That the 2022 budgeted net wastewater operating budget be apportioned to the lower-tier municipalities based on their proportionate share of the Region's total three year average historical wastewater flows.
3. That the 2022 wastewater bills also include reconciliation of the 2020 net requisition allocated based on actual wastewater flows versus the estimated flows.
4. That the lower-tier municipalities be requisitioned during the period January 1, 2022 to December 31, 2022 as follows:

Municipality	2022 Net Budget Allocation (\$)	2020 Reconciliation (\$)	Total (\$)	Monthly (\$)
Fort Erie	8,645,876	100,828	8,746,704	728,892
Grimsby	3,335,979	(851,170)	2,484,809	207,067
Lincoln	3,222,926	90,646	3,313,571	276,131
Niagara Falls	15,174,167	(1,579,048)	13,595,119	1,132,927
Niagara-on-the-Lake	3,258,940	(166,363)	3,092,577	257,715
Pelham	1,566,779	119,823	1,686,603	140,550
Port Colborne	4,920,879	46,516	4,967,395	413,950
St. Catharines	24,454,734	996,145	25,450,879	2,120,907
Thorold	4,869,086	614,024	5,483,110	456,926
Welland	12,404,268	419,680	12,823,948	1,068,662
West Lincoln	1,487,851	208,919	1,696,771	141,398
Total	83,341,487	-	83,341,487	6,945,125

5. That the Treasurer of the Regional Corporation shall submit similar invoices on or before the 15th day of each month commencing February 15, 2022 for the monthly requisition. Such monthly invoices shall continue thereafter until December monthly requisition has been invoiced. Each lower-tier municipality shall remit the amount on each such invoice to the Treasurer of the Regional Corporation on or before the last business day of the month in which such invoice is submitted.
6. That in the event of default of payment of any monies payable under this by-law by the lower-tier municipality, interest at the rate of 15 per cent per annum shall be added to the amount in arrears from the date of default until the date of payment thereof.
7. That this by-law shall come into force and effect on January 1, 2022

THE REGIONAL MUNICIPALITY OF NIAGARA


James Bradley, Regional Chair


Ann-Marie Norio, Regional Clerk

Passed: November 18, 2021