

2023 Rate Budget

December 7, 2022



Agenda

- ☐ Recommendation
- ☐ Rates Impacts
- ☐ Highlights
- ☐ Risks
- ☐ Current Updates
- ☐ Inflation and City Growth
- ☐ Process
- ☐ Comparisons
- ☐ Debt/Reserve Outlook
- ☐ In-Year Operating Activity
- ☐ Metrics
- ☐ Rate Budgets
- ☐ Risks
- ☐ Looking Forward
- ☐ Thank You
- ☐ Recommendation



In preparing the 2023 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.



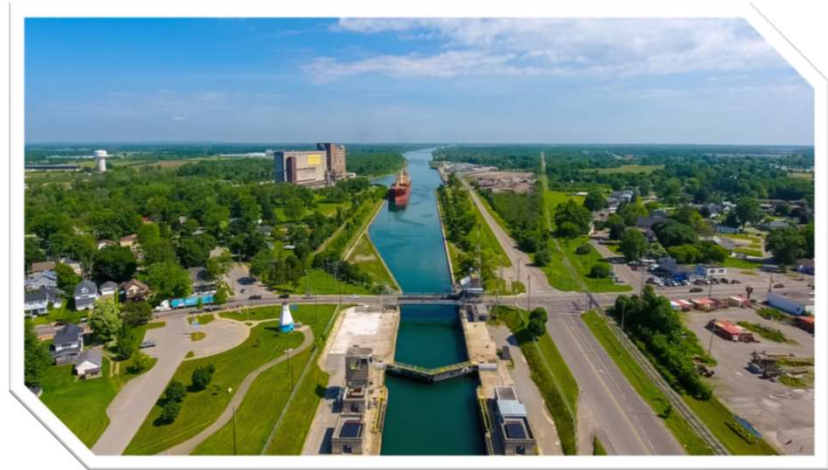
PORT COLBORNE

Recommendation

2023 Rates Budget

That Corporate Services Department Report 2023-246,
BE RECEIVED; and

That the 2023 Rates Budget as outlined in Appendix B to
Corporate Services Department Report 2023-246, **BE
APPROVED**.



PORT COLBORNE

Rate Impacts

Water

8% increase to the variable and fixed rates

Wastewater

No change in wastewater rates

Storm Sewer

Single Family Property change equals \$12.71 or 10%.

Combined increase is 2.92% or \$46.07 per average household using 150 cubic meters of water

This increase absorbs the Niagara Region anticipated increase communicated at their Budget Review Committee of the Whole – July 21, 2022

Highlights

Connecting the City

- Re-implement a backflow (\$1,000) and disconnect (\$2,500) grant program at a budgeted value of \$25,000.
- Maintain the Guaranteed Income Supplement (GIS) grant introduced in 2021 for wastewater charges.
- Maintain water and wastewater lateral replacement grant program introduced in 2022.
- Maintain the pre-authorized payment and move to online billing incentives introduced in 2021 and 2022.
- Covers forecasted increases in Niagara Region charges of \$357,000, representing 105.5% of the year over year increase in rate expenses.
- \$2.045 million in new Water, Wastewater and Storm Water projects
 - \$500,000 for new linings of wastewater pipes
 - \$500,000 for inventorying, cleaning, and condition assessments of the storm water system
 - \$300,000 storm water outlet backflow control
- No new debt is proposed...water debt paid down by \$298,700 and Storm Sewer debt paid down by \$246,000



PORT COLBORNE



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:

- Changes to legislation, including rules and regulation
 - i.e. Bill 39, Better Municipal Governance Act, 2022 was introduced subsequent to the development of this budget and is still being reviewed at the time of printing this presentation
- Decisions of other levels of government
 - i.e. i.e. Ministry of the Environment, Conservation and Parks
 - i.e. Niagara Region water and wastewater charges have not been published or approved, only guidance from July 21, 2022 has been shared
- Economic weakness or other unforeseen factors impacting changes in past patterns of facility and service usage and/or goods purchased by users and customers
- Inflation advancing more than anticipated – note inflation was budgeted differently for different expenses ranging from 0% to the 35% range (fuel costs increased 70% over 2 years)
- Interest rates declining which impact investment income
- Higher precipitation and lake levels compared to 2022 increasing inflow and infiltration or changing water usage
- Unexpected changes or usage in infrastructure
- Unbudgeted and/or unexpected changes in needs or wants of residents resulting in Council approved changes in service levels or goods and service offerings
- A resurgence in COVID-19 or other epidemics, pandemics or other public health crisis event



Current Capital and Related Projects Status

Project Name	Project ID	Adjusted Budget	Project Spending To Date as of Nov 16 2022	Remaining Funding as at Nov 16 2022*	Project Timeline
Erie St Watermain Replacement Project	21C-PW-R48	2,078,216	(1,100,203)	978,013	2023
Neff St Outlet Retrofit	22C-SS-B64	300,000	(23,186)	276,814	2023
Electrical Motor SoftStart	22C-SS-B65	5,600	-	5,600	2022
Trailer Mount 6" Pump	22C-SS-B66	74,000	(20,696)	53,304	2023
CLI-ECAs Studies	22C-SS-B67	120,000	-	120,000	2023
Pumping Station Upgrades	22C-SS-B68	35,000	-	35,000	2023
Storm Pond Cleaning & Maintenance	22C-SS-B69	75,000	-	75,000	2023
Cube Van - WT/WW	22C-WW-B25	90,000	-	90,000	2023
Trailer Mount 6" Pump	22C-WW-B66	67,000	(20,696)	46,304	2023
Clarke Area inflow reduction	22C-WW-B72	640,000	-	640,000	2023
Passenger Truck - WT/WW	22C-WW-B26	46,000	-	46,000	2023
Watermain Replacement	22C-WW-B73	5,000,000	-	5,000,000	2026
Stormwater Management Strategy	22C-WW-R06	200,000	-	200,000	2023
Investigation & Remediation	22C-WW-R07	298,000	(99,165)	198,835	2023
Public Education Campaign	22C-WW-R08	30,000	-	30,000	2023
Pollution Prevention	22C-WW-R09	250,000	-	250,000	2025
Maintenance Hole & Mainline Sewer	22C-WW-R10	300,000	-	300,000	2022
		9,608,816	(1,263,947)	8,344,869	
Future Funding - 266,700 from 2023 to 2026 budgets				(1,066,800)	
Fully Funded amount at November 16, 2022				7,278,069	

*Reaming funds are before any commitments that have been contracted not been paid.

Project Management



Clearing the Backlog

- 2022 experienced a restructuring of Public Works
- All previously approved projects were reviewed by staff and several recommended for closure as the new team assessed greatest need, risks facing infrastructure, and funding requirements
- Continued review of Public Works identified the need for two Project Managers.
 - Currently the City has no Project Managers. Project Managers are common in organizations to oversee all aspects of capital and related projects. These individuals will not supervise other employees although they will work with team members from across the City
 - The City has posted for one Senior Project Manager and one Junior Project Manager
 - These positions will not add to the headcount or full-time equivalents (FTEs) of the City as other vacant jobs will be declared redundant



PORT COLBORNE

Inflation Environment



Industrial Product Price Index

9.0%

Annualized September 2022*

Consumer Price Index

6.9%

Annualized September 2022*



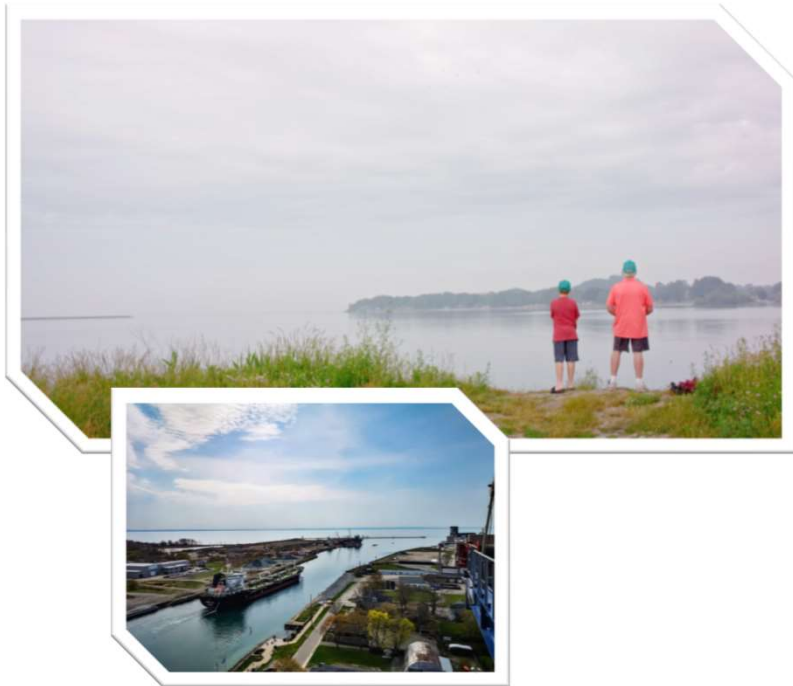


Process

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

	Capital	Levy	Rate
Final to Financial Services	September 1st	October 6th	October 6th
Final Senior Leadership Review	September 15th	November 15th	November 15th
Budget Committee Package	November 23rd	November 23rd	November 23rd
Committee of the Whole Budget Meeting	December 7th	December 7th	December 7th
Council Approval	December 13th	December 13th	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



PORT COLBORNE

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



PORT COLBORNE



Themes - Focus

Economic Prosperity

Environmental Sustainability

Welcoming and livable community

Increase and enhance housing options

Competitive Advantage

- People
- Processes – getting to simple (moving towards)
- Community – Connecting
- Location

- Service Levels
- Growth – Achieve Economies of Scale
- Impact of leading a reduction in the Infrastructure Deficit



PORT COLBORNE

Comparison: Water and Wastewater Rate

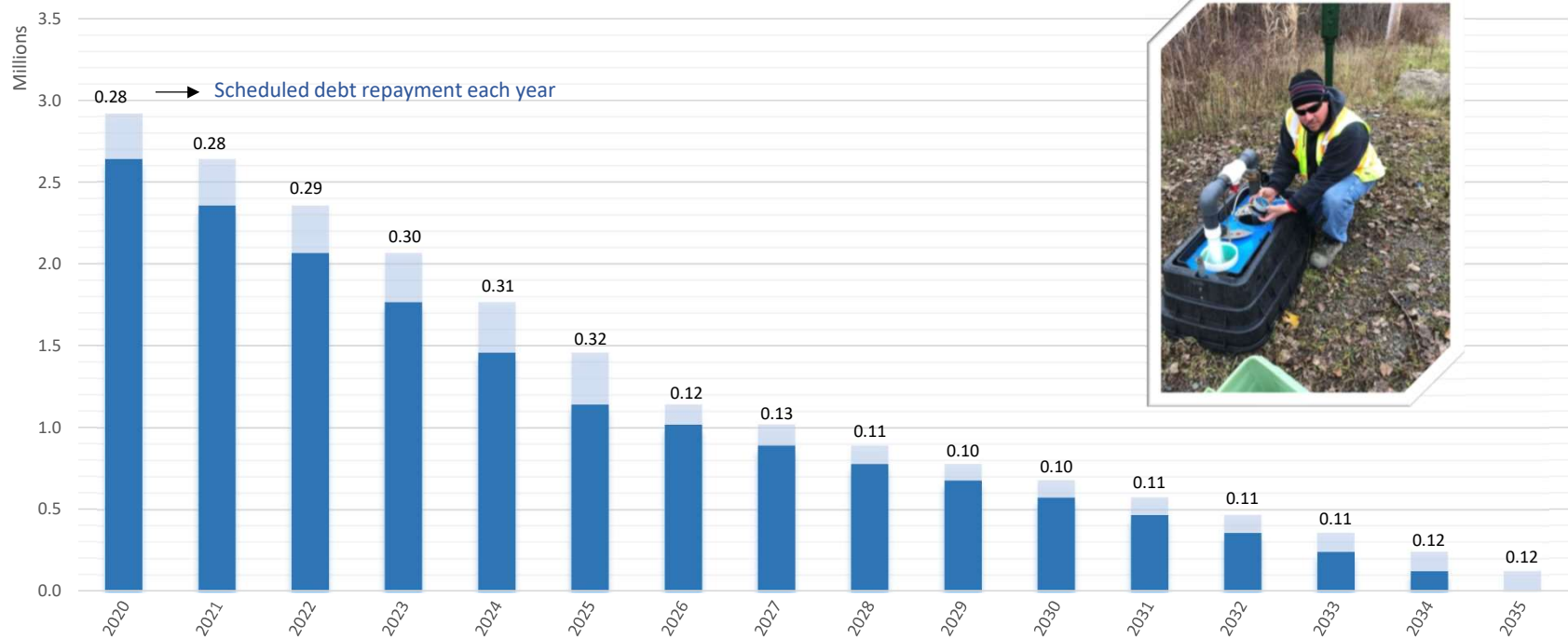


	Avg. Usage	Water	Wastewater	Total	
LAMs – 2021	150 m ³	\$469	\$589	\$1,040	5%
LAMs – 2022	150 m ³	\$466	\$613	\$1,079	
Port Colborne – 2021 & 2022	150 m³	\$576	\$1,002	\$1,578	2.92%
Port Colborne – 2023	150 m³	\$622	\$1,002	\$1,624	
Next Closest LAM – 2021	150 m ³	\$523	\$804	\$1,328	
Next Closest LAM – 2022	150 m ³	\$523	\$847	\$1,370	

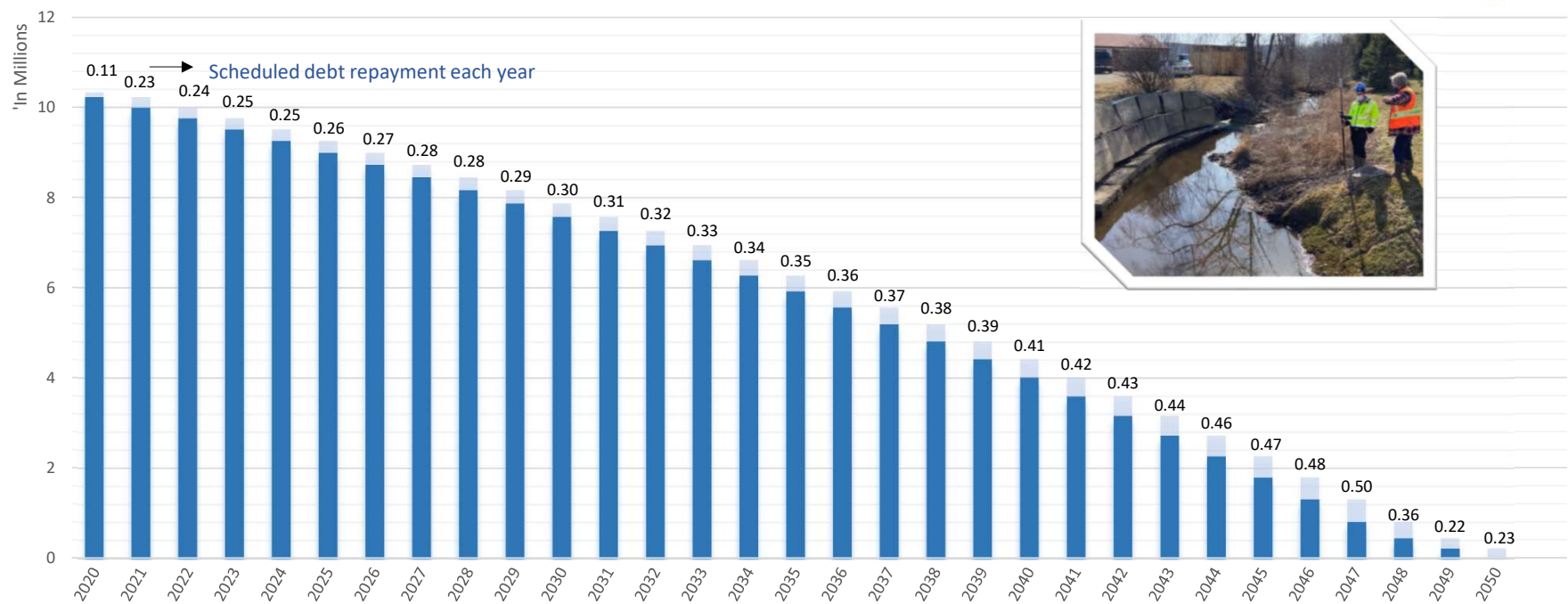
The above figures are based on 150 m³ and will change as water usage changes

70% of this cost is Niagara Region charges to clean the wastewater. The volume being cleaned is at a ratio of 2.67 m³ per 1 m³ of water billed (3-year average). Illustrating the majority of wastewater is from inflow and infiltration.

Debt Outlook - Water



Debt Outlook – Storm Sewer



Reserve Outlook



Should this budget be approved, and the 2023 budget = actual, and the 2022 forecast = forecast at year end, the forecasted rate reserves would be as follows come the end of 2023 (provided there are no new projects approved):

- Water forecasted at \$1,227,000
- Wastewater forecasted at \$2,065,000
- Storm Sewer forecasted at \$554,000

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



In-Year Operating Activity

2022 to Date



Water

- 21 (9 – 2021) watermain breaks
- 7 (19 – 2021) complaints
- 1,956 (716 – 2021) chlorine samples
- 350 (368-2021) microbiological samples
- 640 (640 – 2021) hydrants inspected twice
- 302 (274 – 2021) valves turned
- 7 (21 – 2021) water services installed
- 44 (41 – 2021) curb boxes repaired
- 16 (15 – 2021) dead ends flushed weekly
- Bi-weekly flushing of new subdivision

Wastewater/Storm

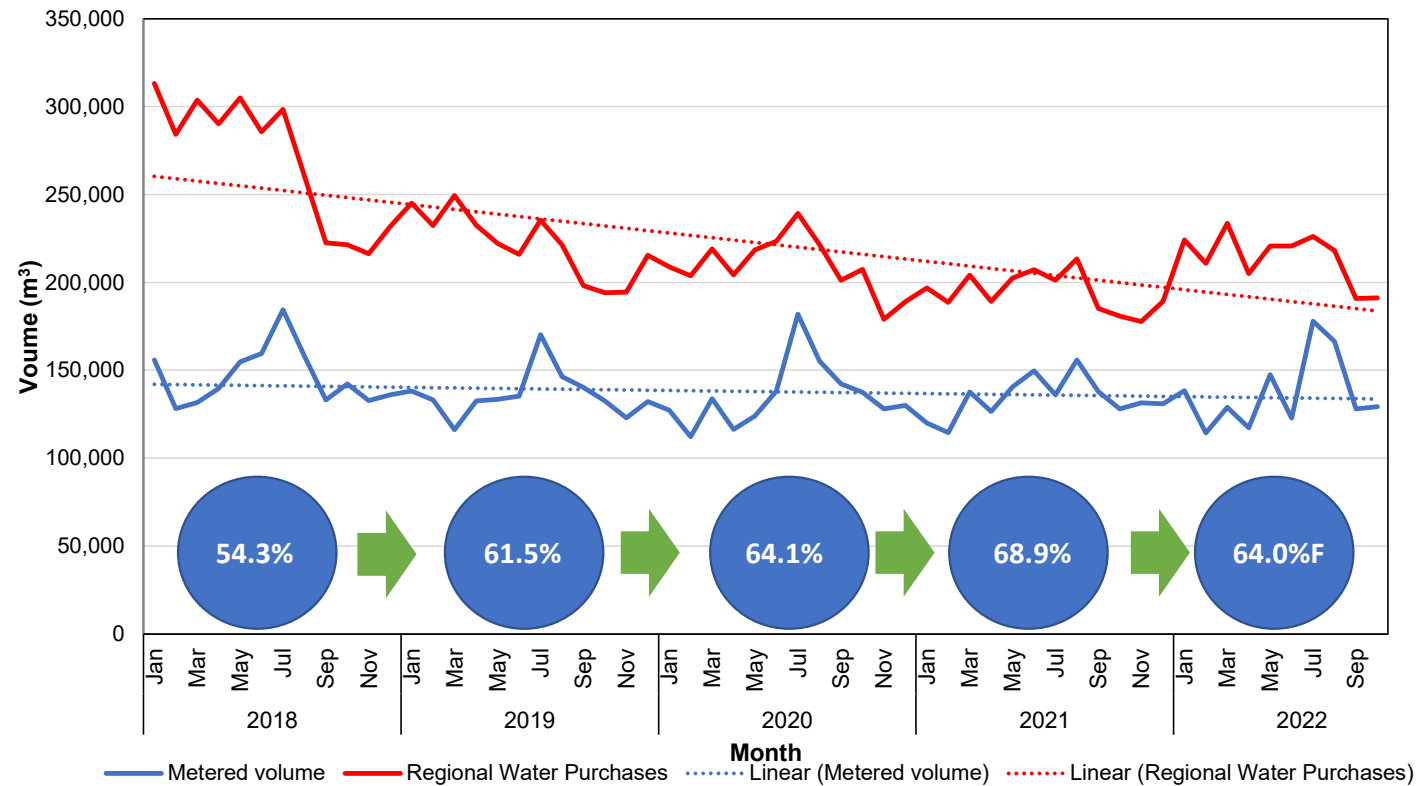
- 519 (543 – 2021) maintenance holes inspected
- 25 (50 – 2021) sewer lateral backups
- 2 (12 – 2021) sanitary laterals installed
- 33 (25 – 2021) clean out repairs
- 3 (1 – 2021) catchbasin replacement
- 22.5 km (3.2km – 2021) CCTV inspection of sanitary pipes and storm pipes



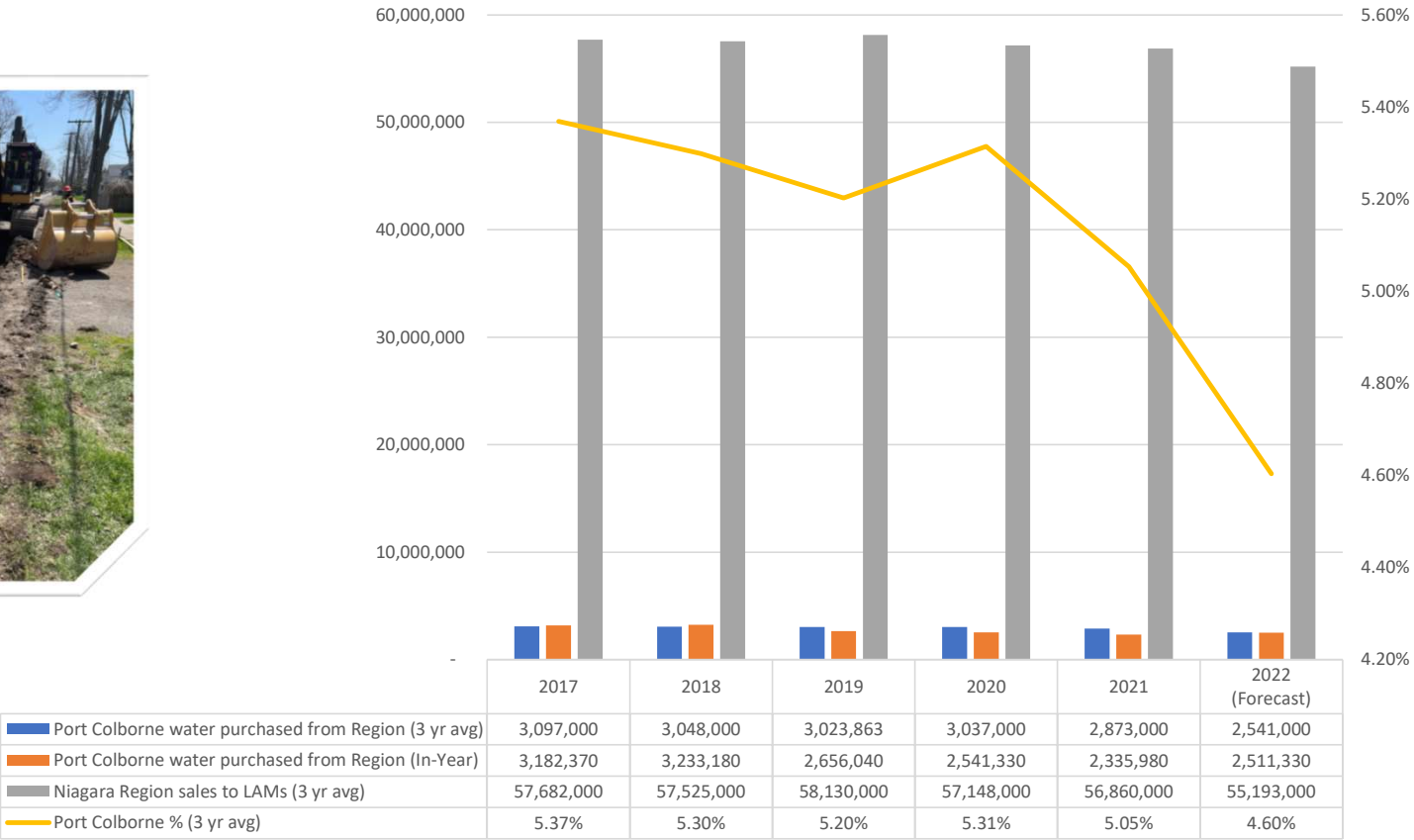
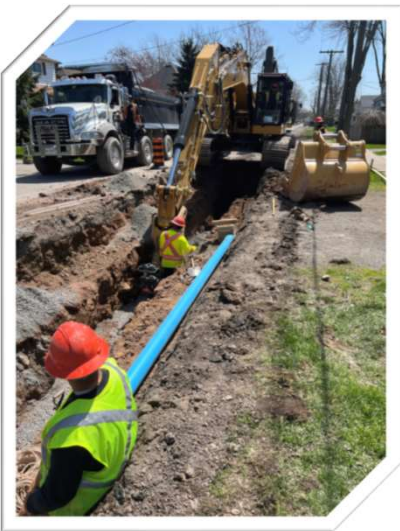
PORT COLBORNE

Note: 2021 statistics are compared consistently over the same year to date period as prior year

Water Purchased vs. Water Billed



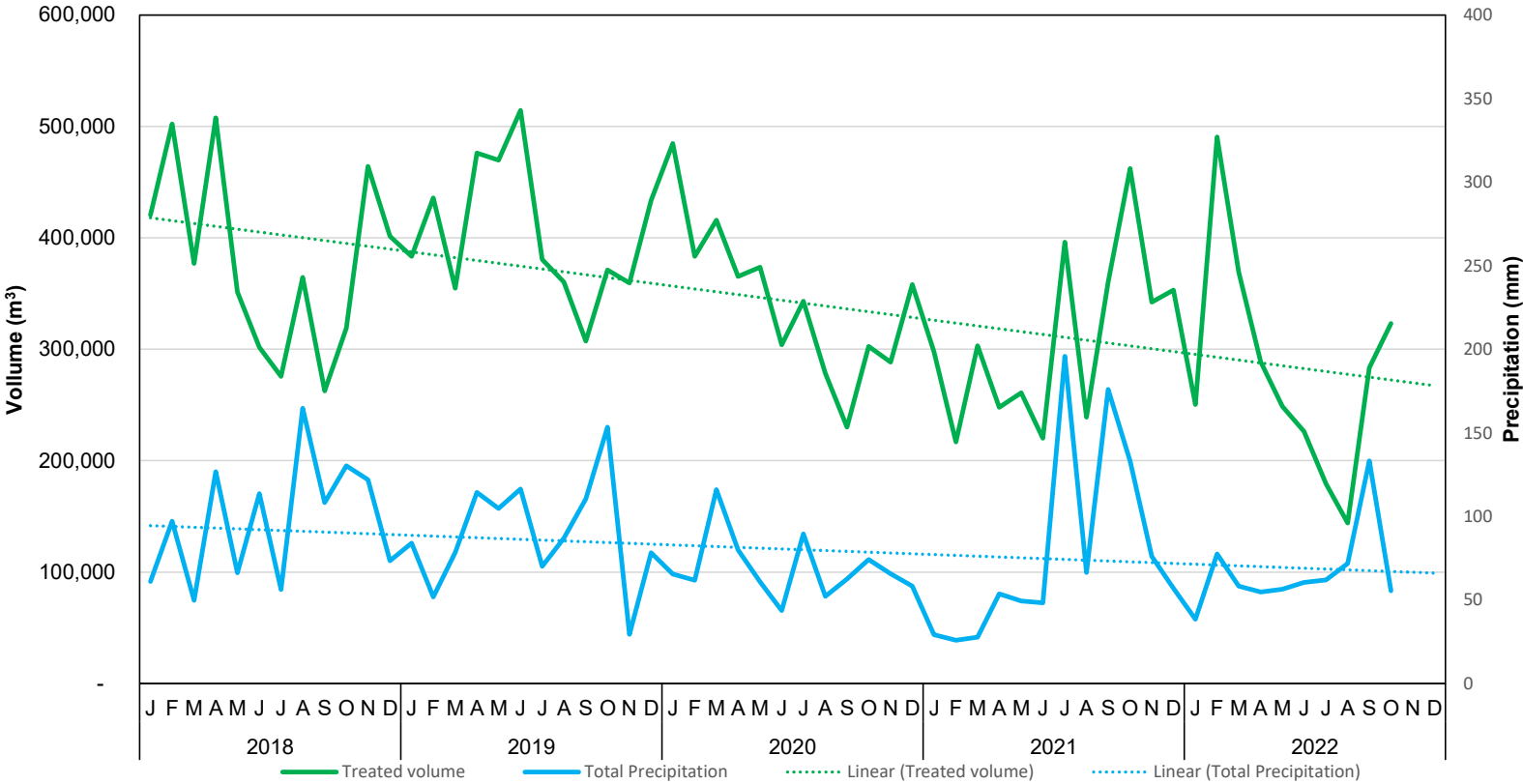
Water Volumes (m³)



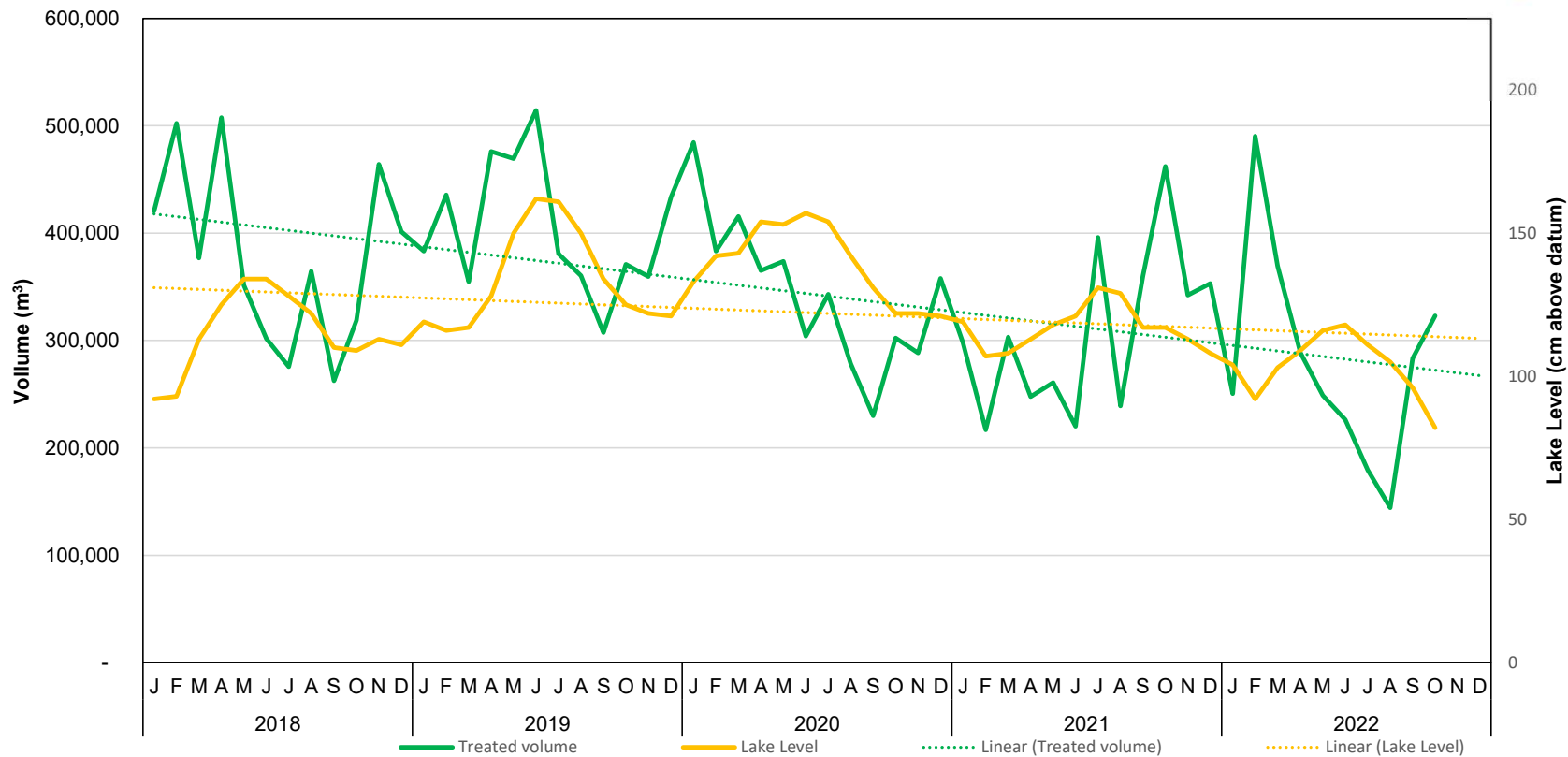
PORT COLBORNE

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

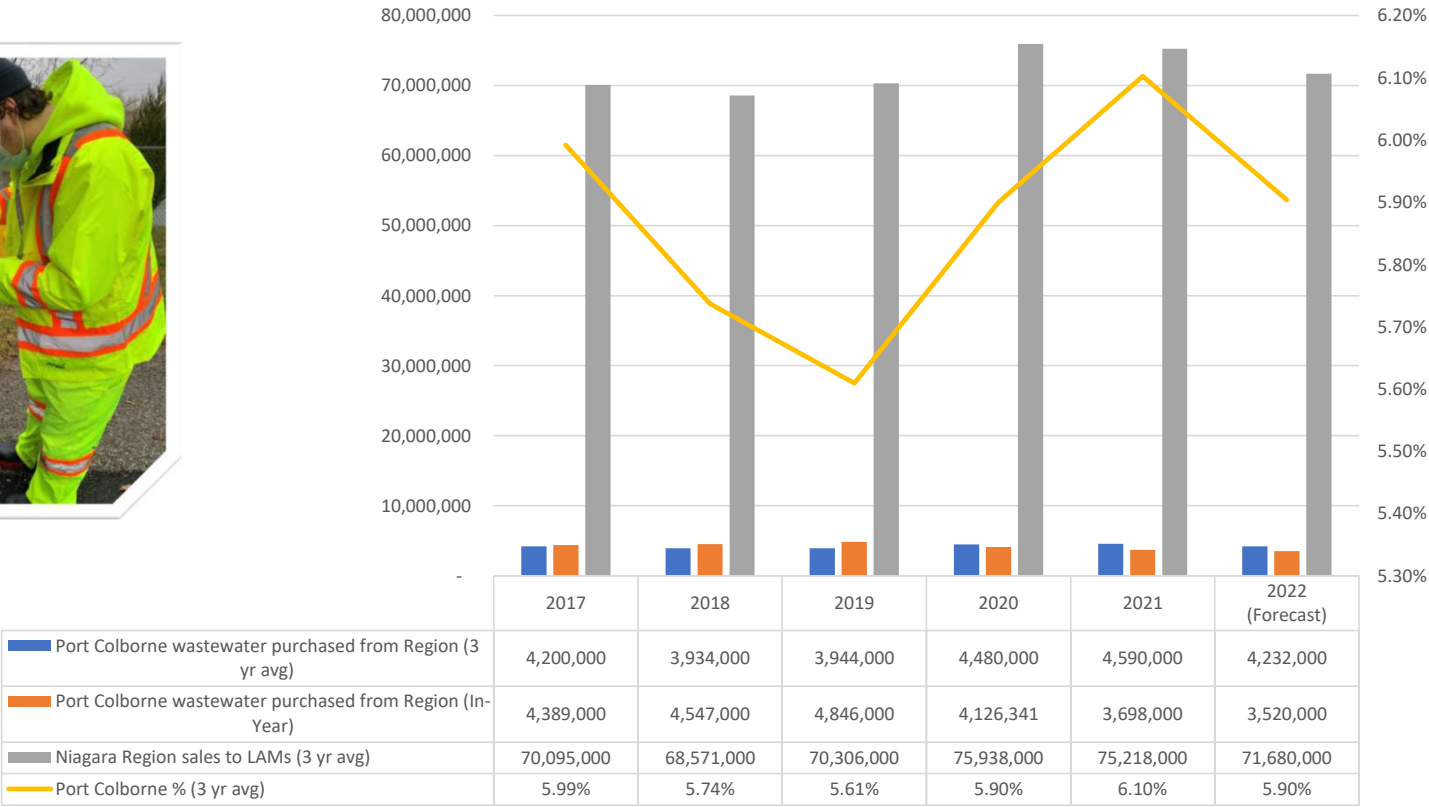
Wastewater Treated Volumes vs Precipitation



Wastewater Treated Volumes vs Lake Level



Wastewater Volumes (m³)



PORT COLBORNE

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

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

Rate Budgets



Program changes

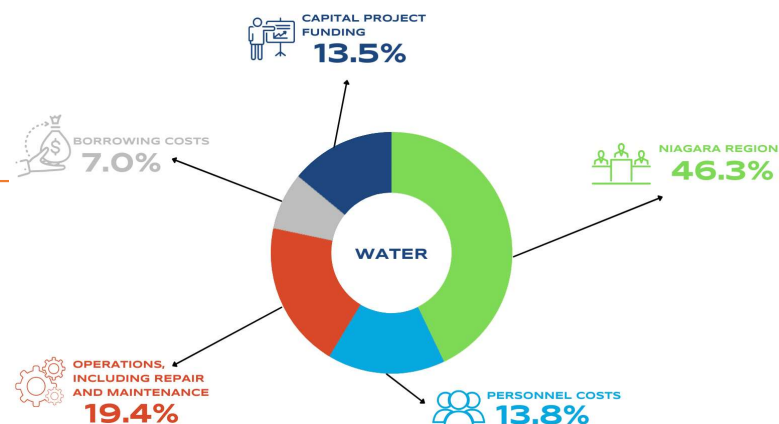


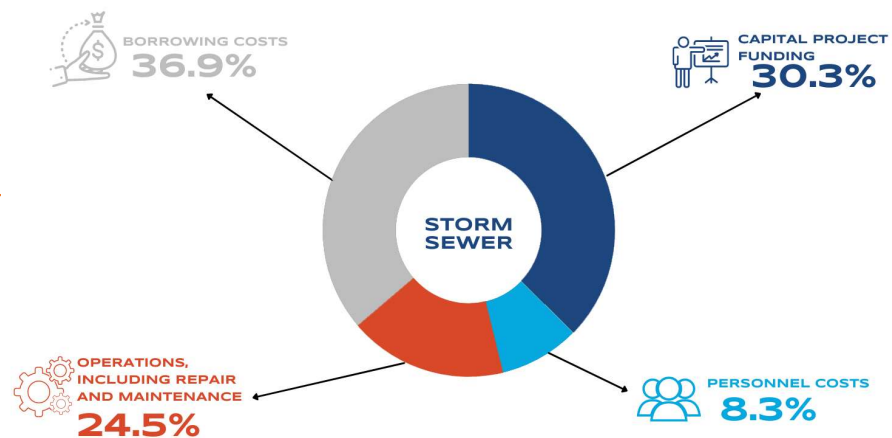
Re-implement wastewater backflow and disconnect grant programs

Item	Grant
Backflow	\$1,000
Disconnect	\$2,500

- These programs are already in the sewer and drainage works bylaw
- This budget provides base funding for the program of \$25,000
- Staff will not turn anyone away (if additional funds are needed, reserves will be utilized)

Water

[illegible]

[illegible]



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:

- Changes to legislation, including rules and regulation
 - i.e. Bill 39, Better Municipal Governance Act, 2022 was introduced subsequent to the development of this budget and is still being reviewed at the time of printing this presentation
- Decisions of other levels of government
 - i.e. i.e. Ministry of the Environment, Conservation and Parks
 - i.e. Niagara Region water and wastewater charges have not been published or approved, only guidance from July 21, 2022 has been shared
- Economic weakness or other unforeseen factors impacting changes in past patterns of facility and service usage and/or goods purchased by users and customers
- Inflation advancing more than anticipated – note inflation was budgeted differently for different expenses ranging from 0% to the 35% range (fuel costs increased 70% over 2 years)
- Interest rates declining which impacts investment income
- Higher precipitation and lake levels compared to 2022 increasing inflow and infiltration or changing water usage
- Unexpected changes or usage in infrastructure
- Unbudgeted and/or unexpected changes in needs or wants of residents resulting in Council approved changes in service levels or goods and service offerings
- A resurgence in COVID-19 or other epidemics, pandemics or other public health crisis event

Looking Forward



- Infrastructure Needs Study (INS) will be completed in the first trimester of 2023. Staff will then 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.
- The 5 year linear capital projects plan will be provided to Council with the 2024 Capital and Related Project Budget in September 2023.
- The INS highlighted the City needs to inventory and perform condition assessments of the storm water system. While water and wastewater inventory and condition assessment is well documented, this has not be done for the storm water system. This project has been included in the 2023 Capital and Related Project Budget.
- Review and update long standing bylaws related to rate budget activities.

Thank You



Recommendation

2023 Rates Budget

That Corporate Services Department Report 2023-246,
BE RECEIVED; and

That the 2023 Rates Budget as outlined in Appendix B to
Corporate Services Department Report 2023-246, **BE
APPROVED**.

