

# City of Niagara Falls 2018 Water & Wastewater Budget



***February 13, 2018***

# Overview

- 2018 Utility Budget includes water and wastewater
- Two (2) tiered service delivery (Region/City of Niagara Falls)
- City expenditures for 2018
- Identification of 2018 Capital program
- Proposed 2018 rates and impacts on users
- Comparison to other municipalities in Ontario
- Looking to approve budget and rates tonight
- Public engagement process identified residents valued quality of service and importance to the public

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# Region of Niagara

- Responsible for water/wastewater treatment plant
- Responsible for part of distribution system in City
- Region completed a review of its costs with Regional lower tier in 2014
- Region rate structure to City for water is 75% variable, 25% fixed, uniform pricing to all lower tier municipalities
- Region rate structure to City for wastewater is 100% fixed
- Regional costs are 56% of water and 60% of wastewater
- Co-contributor to some capital projects through combined sewer overflow (CSO) program

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# City's Responsibilities

- Provide maintenance and replacement of distribution network
- Responsibility to directly charge residents for water and wastewater systems
- Fully funded budgets from rates and related ancillary revenues
- City resumed billing responsibility in 2014 and have continued improvements in efficiency and information sharing exhibited by implementation of water dashboard in 2016

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# 2018 Water Budget - Expenditures

Expenses	2018	2017
Regional Charges	11,591,946	11,276,966
Fixed Capital Charges	4,100,000	4,100,000
Net City Operating Charges	4,395,842	4,575,014
<b>TOTAL EXPENSES</b>	<b>\$20,087,788</b>	<b>\$19,951,980</b>

Less than 1% increase year over year (0.68%) in expenses  
Due to cost control and ancillary revenue increases



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# 2018 Water Expenditures – Key Points

- Regional costs in 2018 based on 75% volume (\$8,696,024) 25% fixed (\$2,895,922)
- Realigned staff costs of administration – still significant reduction in costs since 2014
- Reduction in contracted services in infrastructure due to project completion
- Increase in flat charge revenue due to growth in new housing
- All new builds and meter change outs are required to purchase radio read meters– 604 accounts at December 31, 2017
- Although capital spending is \$4.1 million in budget, this is still lower than AMP requirements of \$5,767,410. Partially offset by use of OLG contribution funds
- Annual amortization is \$3,709,547

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# 2018 Wastewater Budget - Expenditures

Expenses	2018	2017
Regional Charges	13,310,667	13,078,909
Fixed Capital Charges	4,730,000	4,730,000
Net City Operating Charges	3,980,247	3,473,119
<b>Total Expenses</b>	<b>\$22,020,914</b>	<b>\$21,282,028</b>

Increase of 3.4% mostly due to \$500,000 investment in drainage to fix chronic problems at Council direction



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# 2018 Wastewater Expenditures – Key Points

- Annual treatment costs from Region are 100% fixed adjusted for prior years reconciliation and use of prior years surplus/deficits
- City is utilizing reserves to offset annual reconciliation of sewer flows amongst municipalities. This reconciliation was initiated in 2012
- Net operating costs increased due to cost increases in maintaining distribution system, specifically increases in drainage program
- Debit Servicing offset by contribution from DC reserves
- Although capital spending is \$4.73 million in budget, this is still lower than AMP requirements of \$6,448,000.
- Annual Amortization is \$3,709,547

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# Municipal Capital Programs – Water/Sewer

- No change in funding (\$4.73 million-sewer/\$4.1 million-water)
- Positive impact by CWWF application; construction ongoing
- Offset municipal contribution with federal/provincial funding
- Key projects in 2018
  - Harvard Ave Sewer Replacement \$1,000,000
  - Sanitary Sewer Network Assessments (Phase 2) \$1,200,000
  - Drummond Rd Water main Replacement \$882,500
  - Main St Water main Replacement \$720,000
  - Various Design Projects

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# Rebate Programs

- Senior's Water Rebate
- WRAP Program
- High-water Consumption Program
- Industrial Sewer Rebate Program
- Low-flow toilet Rebate Program

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# 2018 Rate Structure

- Rate review completed late 2016 resulted in positive results, Council kept 2016 rates the same as 2015
- Staff direction to move towards 60/40 revenue collection between variable/fixed charges
- 2018 allocation is 61/39 between variable/ fixed charges



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# Volumetric Rates Combined – Rate Impact

	2018	2017
Water Rate per cubic meter	1.011	0.983
Sewer Rate per cubic meter	1.205	1.205
<b>Total</b>	<b>2.216</b>	<b>2.188</b>

Increase of 0.028 (1.2%)



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# Number of Active Accounts

	2017	2016	
Class Code	Active	Active	Change
C1 – Commercial 5/8 x 3/4"	183	184	(1)
C10 – Commercial 10"	1	2	(1)
C3 – Commercial 1"	111	108	3
C4 – Commercial 1 1/2"	140	141	(1)
C5 – Commercial 2"	220	222	(2)
C6 – Commercial 3"	80	80	0
C7 – Commercial 4"	35	35	0
C8 – Commercial 6"	21	20	1
C9 – Commercial 8"	3	2	2
R1 – Residential 5/8 x 3/4"	28,885	27,952	933
R3 – Residential 1"	230	230	0
R4 – Residential 1 1/2"	100	99	1
R5 – Residential 2"	68	68	0
<b>Grand Total</b>	<b>30,077</b>	<b>29,143</b>	<b>934</b>

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# Fixed Rate Combined – Rate Impact on Residential Meter

	2018	2017
Water Rate per month (residential account)	\$19.72	\$20.13
Sewer Rate per month (residential account)	\$19.67	\$19.53
<b>Total</b>	<b>\$39.39</b>	<b>\$39.66</b>

- A **reduction** of \$0.27/account or 0.7%
- Reduced because of increase in number of meters
- Sewer Service Charge increased because of the implementation of drainage program

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# Impact on Average Residential User

- Three (3) scenarios:
  - High Water User (300m<sup>3</sup>)
  - Low water User (100m<sup>3</sup>)
  - Average Water User (182m<sup>3</sup>)
- Commercial accounts impact varies between increases (1.06%-1.25%) depending on consumption patterns

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# Impact on Users

Rate Comparison	2018	2017	2018	2017	2018	2017
Usage (per year)	100		182		300	
Water Service Rate	236.67	241.56	236.67	241.56	236.67	241.56
Sewer Service Rate	236.04	234.36	236.04	234.36	236.04	234.36
Water Volumetric Rate	101.10	98.30	184.00	178.91	303.30	294.90
Sewer Volumetric Rate	120.50	120.50	219.31	219.31	361.50	361.50
Total Yearly Charge	694.31	694.72	876.02	874.14	1,137.51	1,132.32
Difference	\$(0.41)		\$1.88		\$5.19	
% Change	>0%		<1%		<1%	

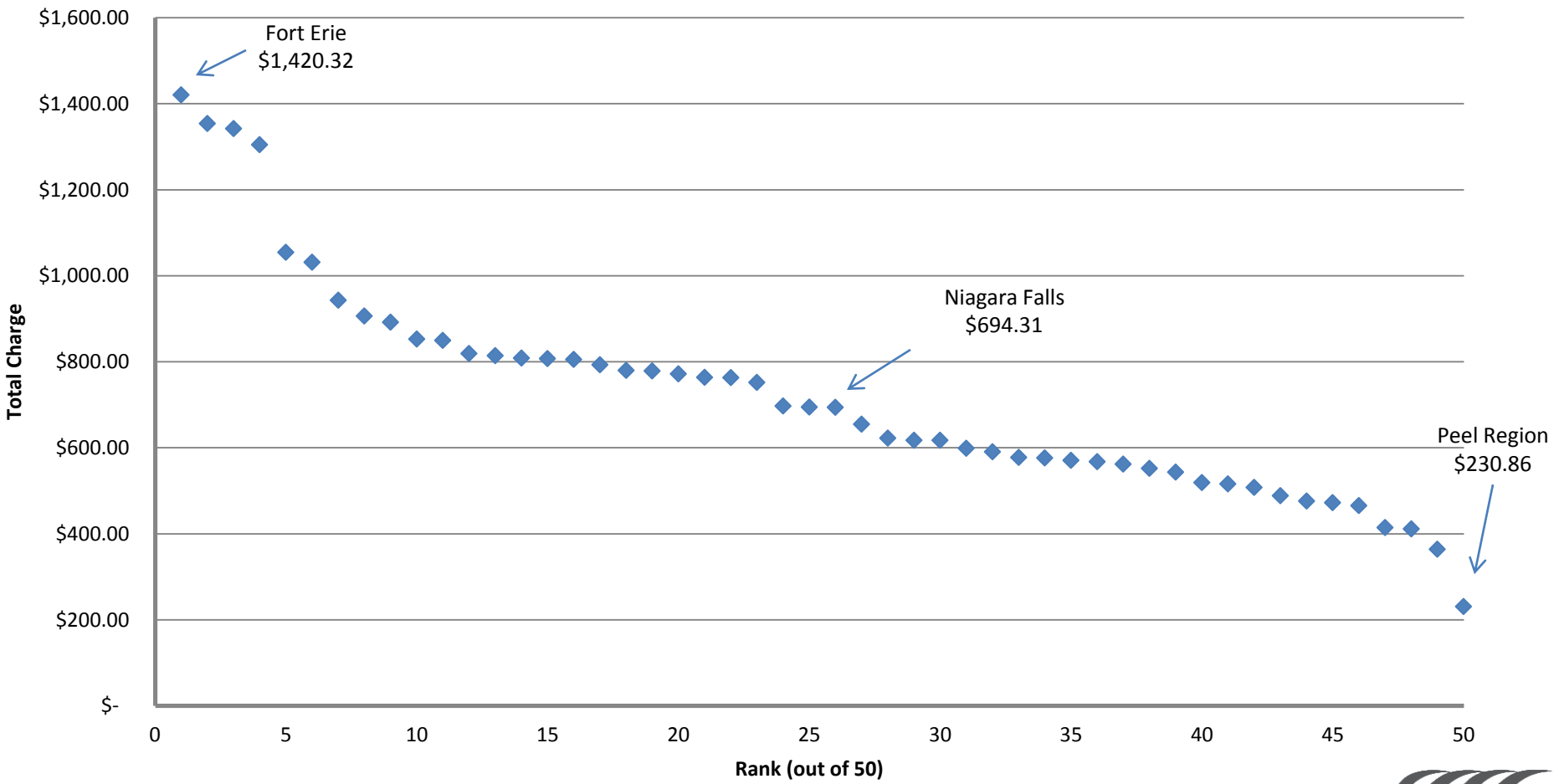
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# Comparison Impact on Residential Water Users

Total Yearly Charge - 100m<sup>3</sup>

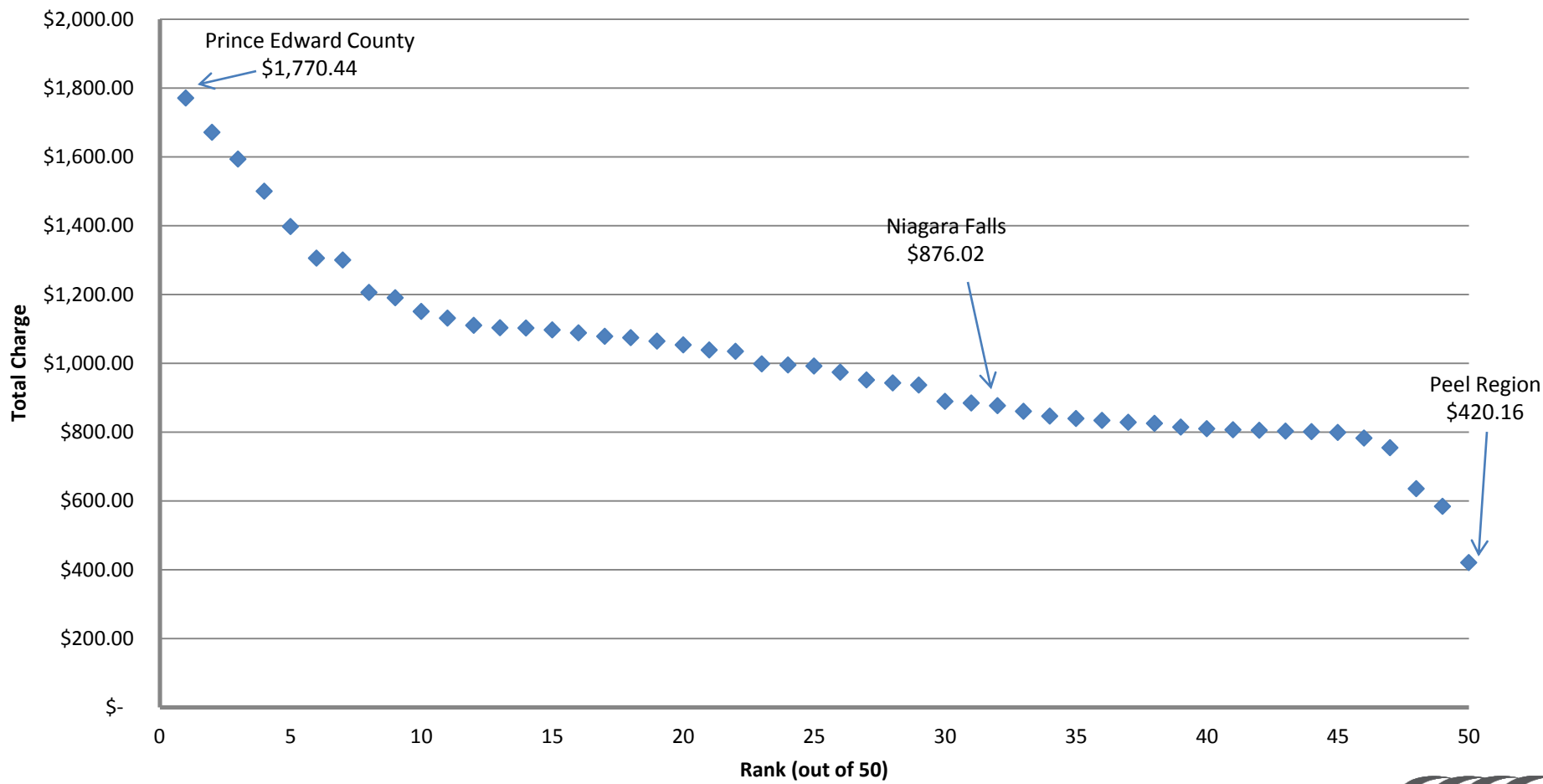


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# Comparison Impact on Residential Water Users

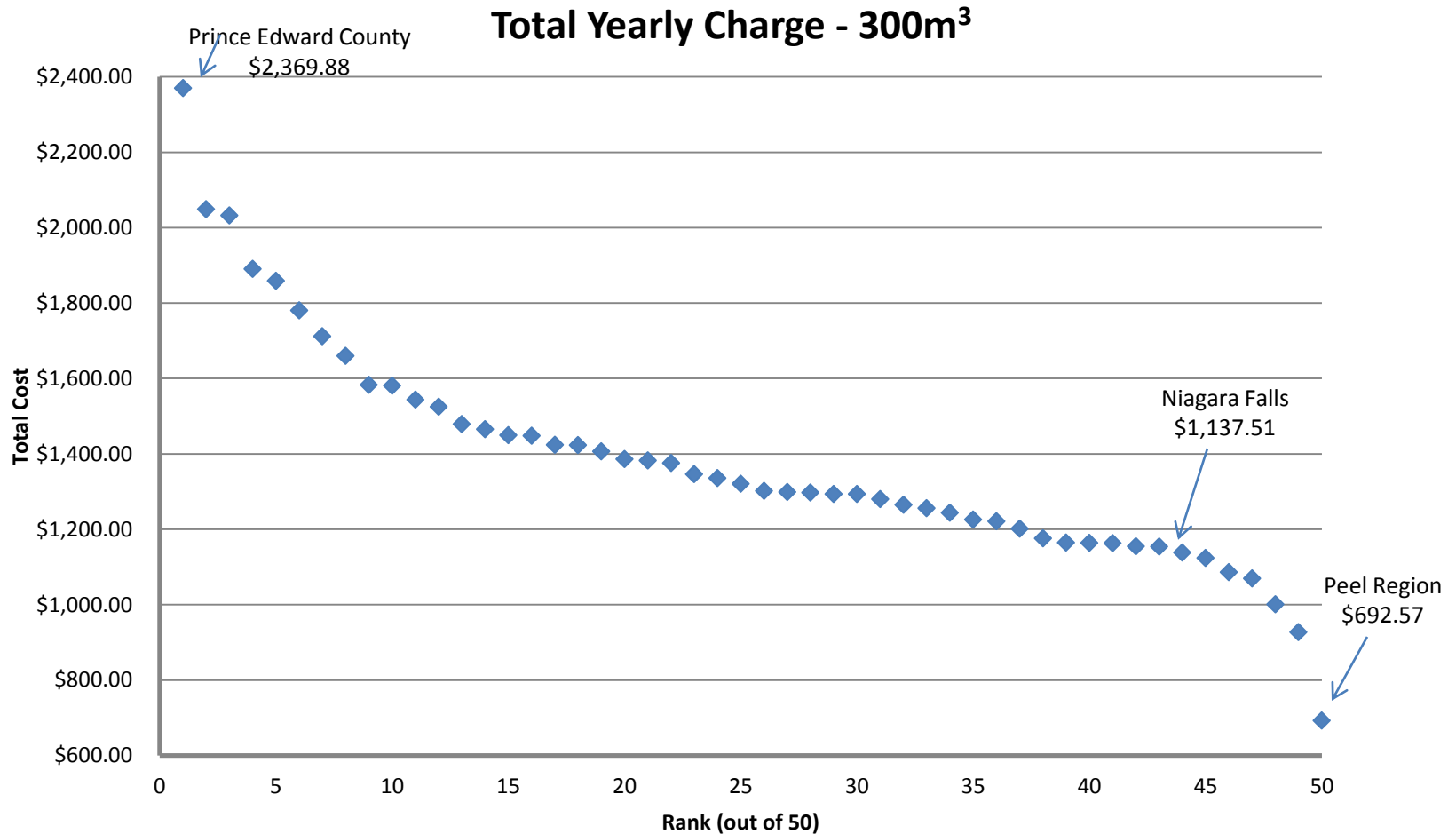
Total Yearly Charge - 182m<sup>3</sup>



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# Comparison Impact on Residential Water Users



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# Annual Residential Charges Comparison (by Water Volumes)

City/Town	Cost per 100m3	City/Town	Cost per 300m3
Fort Erie	\$1,420.32	Fort Erie	\$2,032.32
Port Colborne	1,304.46	Port Colborne	1,780.26
Niagara on the Lake	849.64	Welland	1,659.24
Pelham	807.50	Lincoln	1,406.43
Welland	763.80	Niagara on the Lake	1,346.04
<b>Niagara Falls</b>	<b>694.28</b>	Pelham	1,255.38
West Lincoln	617.28	West Lincoln	1,175.28
Thorold	576.06	St. Catharines	1,163.40
St. Catharines	551.80	<b>Niagara Falls</b>	<b>1,137.48</b>
Lincoln	519.13	Thorold	1,123.86
<b>Average</b>	<b>\$810.43</b>	<b>Average</b>	<b>\$1,407.97</b>

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# Next Steps

- Approve new rates with effective date of March 1, 2018
- Impacts on account holders vary by consumption pattern, however all owners impact below inflation with similar consumption in 2018
- Staff to provide update on AMP as it relates to water/wastewater assets in 2019 budget