

Municipality of Trent Hills
2018 Water and Wastewater Budget
Approved: December 19, 2017



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Overview

The Municipality of Trent Hills has drinking water and sewage systems located in the communities of Campbellford, Hastings and Warkworth. These systems are considered “user pay” therefore only those properties utilizing municipal water and wastewater services are subject to the applicable rates, fees and charges. The systems service approximately 2,625 water customers and 2,175 sewer customers.

The Municipal drinking water system is operated by the Municipality and following a Service Delivery Review in 2016, the Municipality assumed operating authority of the remaining wastewater treatment facilities from the Ontario Clean Water Agency and the function of wastewater collection systems was transferred from the Roads Department to the Water and Wastewater Department effective 2017.

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Rates - Historical Background

Following the formation of a single area municipal government on January 1, 2001, Trent Hills moved towards an improved regional funding model for the three local water and sewage systems. Reports submitted in early 2005 and 2006 dealing with cost recovery for the local systems were prepared, adopted and implemented by Council. In 2009, further reports were submitted with recommendations to move toward uniform rates for both water and sewer customers, regardless of Trent Hills community. These recommendations were adopted and implemented over the period 2009-2013.

During the period of implementation of uniform water and sewer rates, revenues generated through rates were meeting the combined budgets of all water and sewer systems and capital spending was constrained to mitigate increases to rates and balance budgets.

Commencing in 2018, rates will be adjusted so that revenues meet the expenditures of each of the unified water and unified sanitary sewer systems. Water system revenue will be sufficient to meet water system expenditures and sewer system revenue will be sufficient to meet sewer system expenditures.

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Factors Affecting 2018 Rate Structure

- Ensure cost recovery within each of the unified water and sanitary sewer systems
- Meet financial commitments for infrastructure improvements
- Increased emphasis on asset management planning
- Ability to leverage Provincial and/or Federal funds through grant opportunities
- Increase Reserves
- Reduce reliance on debt financing

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Method of User Rate Calculations

Prior Years-Combined Budgets

Water Budget + Sewer Budget = Total Expenditures
Service Charge + Consumption + Fees + Sewer Surcharge = Total Revenue

2018 and Beyond-Independent Budgets

Water Budget = Total Expenditures
Service Charge + Consumption + Fees = Total Revenue

Sewer Budget = Total Expenditures
Sewer Surcharge + Fees = Total Revenue

Rates will be adjusted so that revenues meet the expenditures of each of the unified water and unified sanitary sewer systems. Reserve revenue not included in above illustration.

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**Comparison of 2017 and Proposed 2018
Monthly Water General Service Charge Rates**

Description	% of Customers	2017 Rate	2018 Rate	Y:Y Change
Service Charge 19mm	97.03%	19.41	26.16	6.75
Service Charge 25mm	1.45%	43.68	58.85	15.17
Service Charge 37mm	.53%	100.85	135.89	35.04
Service Charge 50mm	.80%	239.94	323.32	83.38
Service Charge 75mm	.15%	427.54	576.11	148.57
Service Charge 100mm	.04%	851.30	1147.12	295.82
Service Charge 150mm	0%	1600.15	2156.20	556.05

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**Comparison of 2017 and Proposed 2018
Water Volumetric Rate (Consumption)**

Description	2017	2018	Y:Y Change
Volumetric Rate	1.103	1.125	.022

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**Comparison of 2017 and Proposed 2018
Sewer Surcharge**

Description	2017	2018	Y:Y Change
Sewer Surcharge	210%	172%	(38%)

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**Comparison of 2017 and Proposed 2018
 Other Rates, Fees, Charges**

Description	2017	2018	Y:Y Change
Water Disconnect/Reconnect Fee-Regular hours	35.00	40.00	5.00
Water Disconnect/Reconnect Fee-After hours	138.00	158.00	20.00
Bulk Water Charge (m3)	2.76	2.81	.05
Non Metered Seasonal Water & Sewer per month	71.00	81.00	10.00
Basic Sewer Surcharge	75.51	74.02	(1.49)

Above items are reviewed annually for consideration of employee hourly rates (disconnect and reconnect fees) and current year service charges, volumetric and sewer surcharge rates.

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**Illustration of Residential Customer Account (19mm)
 Monthly water consumption of 15 cubic metres**

Description	2017	2018	Y:Y Change
Water Service Charge 19mm	19.41	26.16	6.75
Water Volumetric Charge	<u>16.55</u>	<u>16.88</u>	<u>.33</u>
Total Water	35.96	43.04	7.08
Sewer Surcharge	210% <u>75.52</u>	172% <u>74.02</u>	<u>(1.50)</u>
Total Monthly	111.48	117.06	5.58
Total Annual	1337.76	1404.72	66.96
Annual Percent Increase			5%

Overall impact of rates will vary due to water consumption per customer account

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Comparison of Gross Revenues & Expenditures 2017 to 2018

WATER

Description	2017	2018
Operating	1,583,033	1,577,230
Transfers & Capital	<u>6,384,326</u>	<u>4,394,782</u>
Total Expenditures	7,967,359	5,972,012
Other Source Revenue	(6,285,346)	(4,267,012)
Water Rate Revenue	(1,423,277)	(1,705,000)
Sewer Rate Revenue	(258,736)	0
Total Revenue	(7,967,359)	(5,972,012)

Other source revenue consists of fees/charges, Reserves, Federal/Provincial Grants.

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Comparison of Gross Revenues & Expenditures 2017 to 2018

SEWER

Description	2017	2018
Operating	1,685,802	1,724,300
Transfers & Capital	<u>537,632</u>	<u>500,000</u>
Total Expenditures	2,223,434	2,224,300
Other Source Revenue	(315,224)	(104,300)
Sewer Rate Revenue	(2,166,946)	(2,120,000)
Water Rate Revenue	258,736	0
Total Revenue	(2,223,434)	(2,224,300)

Other source revenue consists of fees/charges, Reserves, Federal/Provincial Grants.

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**Capital & Transfer to Reserves
 Project Details-Water**

DESCRIPTION	EXPENDITURE Project Cost	REVENUE		
		Grants/ Debt Proceeds	Reserve Transfer	Rate Impact
Campbellford Water				
Doxsee Ave	27,069	-	-	27,069
Water Distribution/Tower Upgrades	4,194,782	4,094,782	-	100,000
Other-TBD	157,931	-	-	157,931
Transfer-Vehicle Replacement	15,000	-	-	15,000
Total Campbellford Water	4,394,782	4,094,782	-	300,000

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**Capital & Transfer to Reserves
 Project Details-Wastewater (Sewer)**

DESCRIPTION	EXPENDITURE Project Cost	REVENUE		
		Grants/ Debt Proceeds	Reserve Transfer	Rate Impact
Campbellford Wastewater				
Sludge Flow Meter	10,000	-	-	10,000
UV/Disinfection Upgrade	25,000	-	-	25,000
Diesel Tank UPgrades	10,000	-	-	10,000
Submersible Pumps-Dry pit, Main Pumping Stn (2)	40,000	-	-	40,000
Panel Upgrades-Main Pumping Stn 1	20,000	-	-	20,000
Panel Upgrades-Trent Dr Pumping Station	10,500	-	-	10,500
Panel Upgrades-Inkerman Pumping Station	10,500	-	-	10,500
Doxsee Ave	29,000	-	-	29,000
Total Campbellford Wastewater	155,000	-	-	155,000

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**Capital & Transfer to Reserves
 Project Details-Wastewater (Sewer)**

DESCRIPTION	EXPENDITURE Project Cost	REVENUE		
		Grants/ Debt Proceeds	Reserve Transfer	Rate Impact
Warkworth Wastewater				
Generator at East St Pumping Sation	35,000	-	-	35,000
General Equipment Replacement	10,000	-	-	10,000
Total Warkworth Wastewater	45,000	-	-	45,000
Hastings Wastewater				
Generator at Plant	200,000	-	100,000	100,000
UV/Disinfection Upgrade	50,000	-	-	50,000
Generator-North Pumping Stn	35,000	-	-	35,000
Total Hastings Wastewater	285,000	-	100,000	185,000

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**Capital & Transfer to Reserves
 Project Details-Wastewater (Sewer)**

DESCRIPTION	EXPENDITURE	REVENUE		
	Project Cost	Grants/ Debt Proceeds	Reserve Transfer	Rate Impact
Transfers				
Vehicle Replacement	15,000	-	-	15,000
Summary of Wastewater Capital and Transfers	500,000	-	100,000	400,000

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Debt as a Percentage of Operating Budget

Description	2018 Principal & Interest	% of 2018 Operating Budget
Water	326,793	20.7%
Sewer	604,391	35.1%

Water-four existing loans; expiring in years 2024, 2026, 2027, 2030

Sewer-five existing loans; expiring in years 2024, 2027, 2030, 2031, 2033