

HALDIMAND COUNTY

2024 Draft Rate Supported Operating Budget & Capital Forecast Water & Wastewater

Special Council | December 7, 2023



Agenda

- Proposed Rate and Funding Impacts
- Current and Future Budget Drivers

Draft Budget and Proposed Rates

Rate Drivers

- Cost Increases/(Decreases)
- Miscellaneous Revenues
- Growth/Consumption

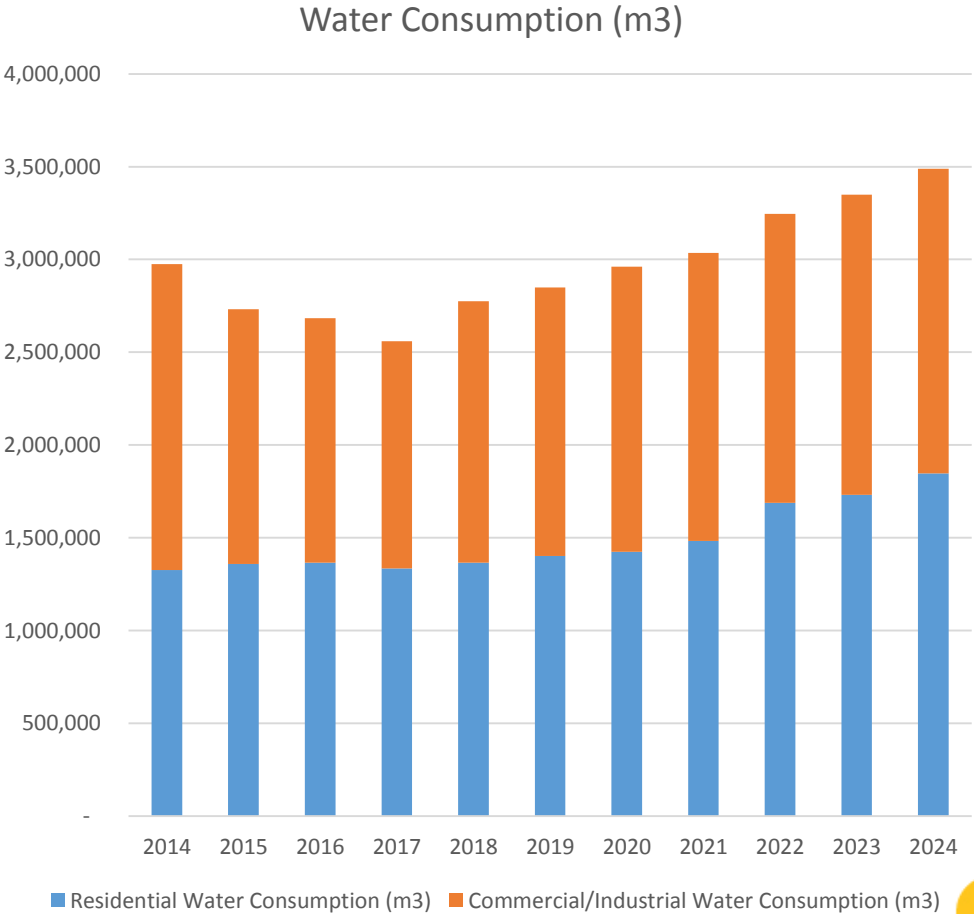
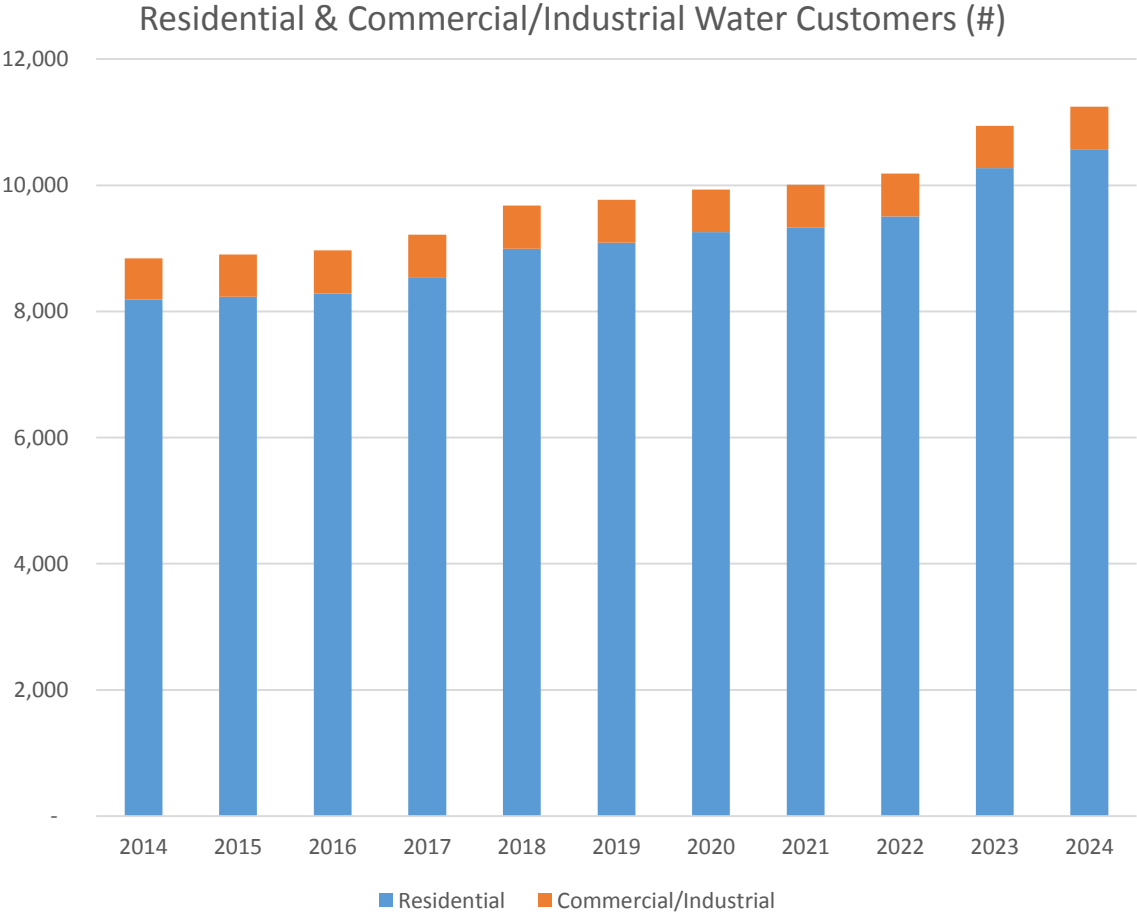


Average Monthly Impact on Users

	Approved Budget							Draft	Projections	
<u>Projection Based on Proposed 2023 Budget</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Rate Revenue Requirement	4.03%	0.17%	1.94%	2.68%	3.13%	13.53%	10.02%	5.47%	3.93%	3.49%
Growth/Consumption Impacts	0.73%	3.07%	3.14%	1.94%	2.68%	11.44%	8.19%	3.83%	1.97%	1.06%
Average Monthly Impact on Users	3.30%	-2.90%	-1.20%	0.74%	0.45%	2.09%	1.83%	1.64%	1.96%	2.43%

**Note: A 1% increase in user rates is approximately \$152K - \$77K Water; \$77K Wastewater*

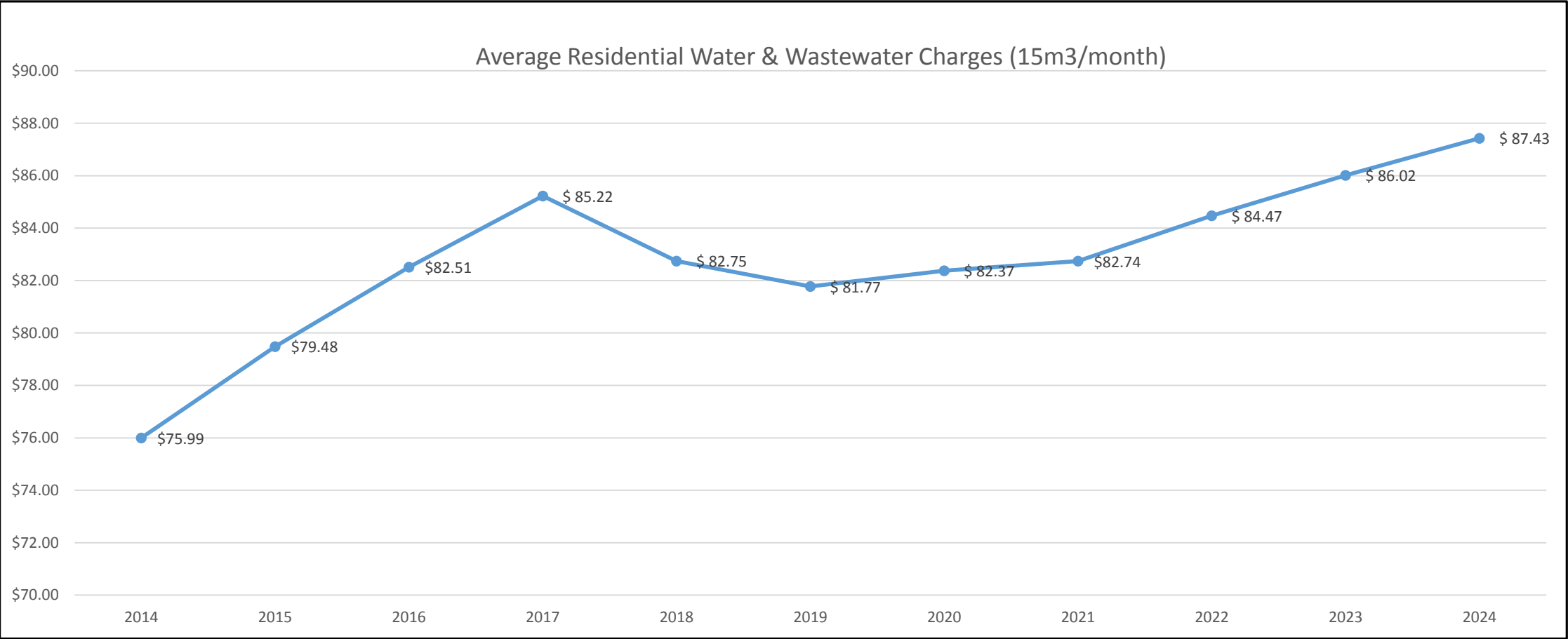
Rate Model - Customers and Consumption



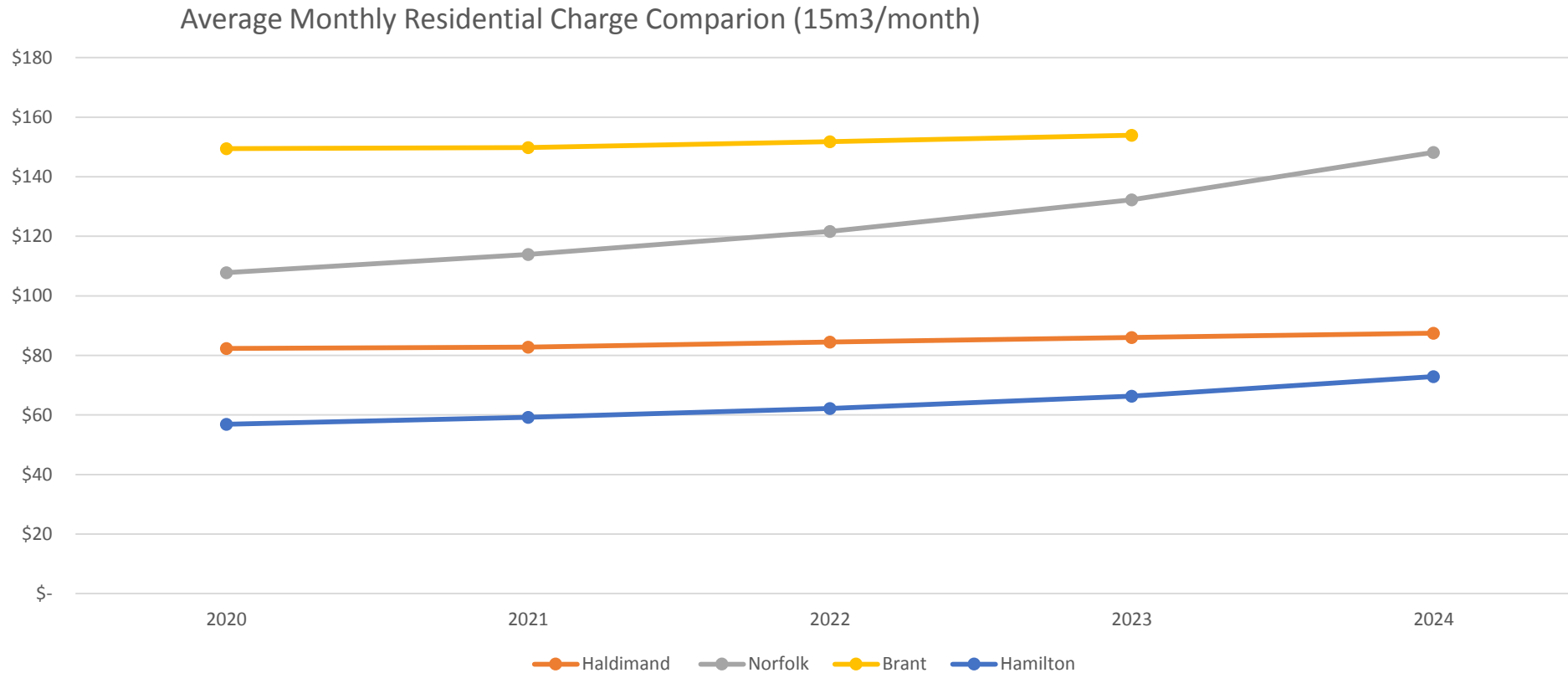
2024 Proposed Rates

Average Monthly Residential Customer Impact (15 m3)				
	2023	2024	\$	%
Total Water	\$41.12	\$43.76	\$2.64	
Total Wastewater	\$44.90	\$43.67	(\$1.23)	
Total	\$86.02	\$87.43	\$1.41	1.64%

Average Monthly Impact on Users



End User Impact Municipal Comparison



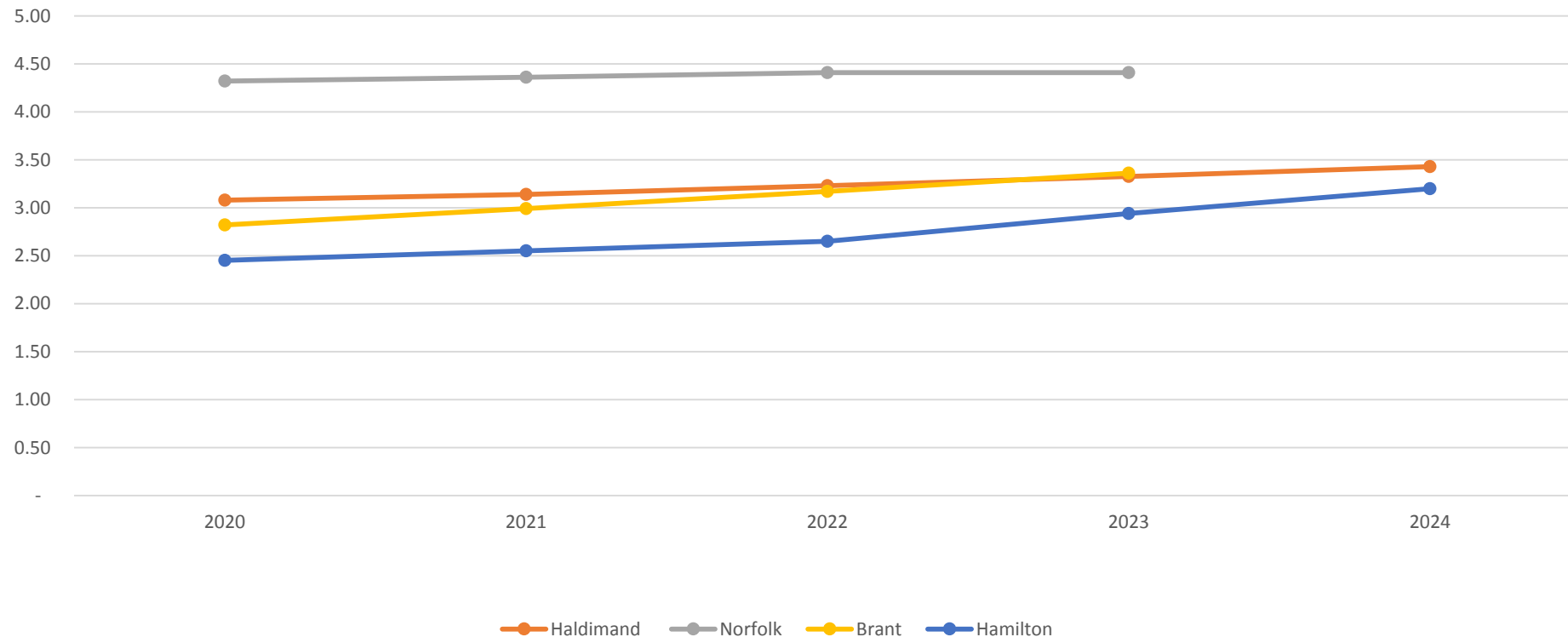
Impact on Bulk Water Rate

Bulk Water Charges Chart

<u>Bulk Water Rate</u>	<u>2023 Rate</u>	<u>2024 Rate</u>	<u>Change</u>	
<i>(per cubic metre)</i>			<i>(\$)</i>	<i>(%)</i>
<u>Controlled by Haldimand County</u>				
Bulk Water Rate (charged to hauler)	<u>\$3.33</u>	<u>\$3.43</u>	<u>\$0.10</u>	<u>3.0%</u>
Monthly Administration Fee (charged to hauler)	<u>\$19.07</u>	<u>\$19.64</u>	<u>\$0.57</u>	<u>3.0%</u>
<u>Per Load Impact on "Typical End User" (13.6 m3 or 3,000 gallon load)</u>				
Water Commodity (determined by Haldimand County)	\$45.38	\$46.74	\$1.36	3.0%
Estimated hauler delivery charge (determined by hauler)	<u>\$85.45</u>	<u>\$85.45</u>	\$0.00	0.0%
Total "End User" estimated cost	<u>\$130.83</u>	<u>\$132.19</u>	<u>\$1.36</u>	<u>1.0%</u>

Municipal Comparison – Bulk Water Charges

Bulk Water Comparison (per cubic metre)



Impact on Holding/Septic Charges

<u>Holding/Septic/Portable Toilet Tank Treatment Charge</u>	<u>2023</u>	<u>2024</u>	<u>Change</u>	
<i>(per cubic metre)</i>			<i>(\$)</i>	<i>(%)</i>
<u>Controlled by Haldimand County:</u>				
Proposed Rate (charged to hauler)	<u>\$15.60</u>	<u>\$16.07</u>	<u>\$0.47</u>	<u>3.0%</u>
Monthly Administration Fee (charged to hauler)	<u>\$18.69</u>	<u>\$19.25</u>	<u>\$0.56</u>	<u>3.0%</u>
<u>Per Load Impact on "Typical End User" (9.1 m3 or 2,000 gallon load)</u>				
Treatment Cost (determined by Haldimand)	\$141.85	\$146.10	<u>\$4.26</u>	<u>3.0%</u>
Estimated hauler delivery charge (determined by Hauler)	<u>\$91.57</u>	<u>\$91.57</u>	<u>\$0.00</u>	<u>0.0%</u>
Total "End User" cost	<u>\$233.42</u>	<u>\$237.67</u>	<u>\$4.26</u>	<u>1.8%</u>

Municipal Comparison – Septic Charges

Septic Rate \$/m3	2023	2024	\$ Change	% Change
Haldimand	15.60	16.07	0.47	3.0%
Norfolk - Holding Tank	13.64	13.94	0.30	2.2%
Norfolk - Septic	68.73	70.24	1.51	2.2%
Hamilton	11.92	12.19	0.28	2.3%

Current and Future Budget Drivers

2024 Rate Budget Drivers

**Water User Net Rate Revenue Increase:
\$645,460**

Revenue Increases/(Decreases):

- Annual Fire Protection Charge - \$73,740

Expenditure Increases:

- Hamilton Water
 - \$344,990 Rate increase
 - \$66,410 Consumption increase
- OCWA Haldimand Share of Contract - \$57,940
- CRRF – Water Contribution - \$142,710

**Wastewater User Net Rate Revenue
Increase: \$186,520**

Revenue Increases:

- Leachate Revenues - \$157,320

Expenditure Increases/(Decreases):

- Veolia Operating Contract
 - 2.6% CPI increase - \$42,410
 - Chemical and fuel increases - \$214,220
 - Asset Maintenance and Improvement Manager approved through ENV-05-2023 - \$178,000
- Hydro Reduction at WWTPs – (\$98,330)

Gross Capital Expenditure Summary

Gross Expenditures	2023 Budget Average Annual Gross Expenditures	2024 Draft Budget Average Annual Gross Expenditures
Water System	\$13.5 Million	\$67.5 Million
Wastewater System	\$9.0 Million	\$3.9 Million
Total	\$22.8 Million	\$71.4 Million

2024 Capital Forecast – Major Projects

Water Projects

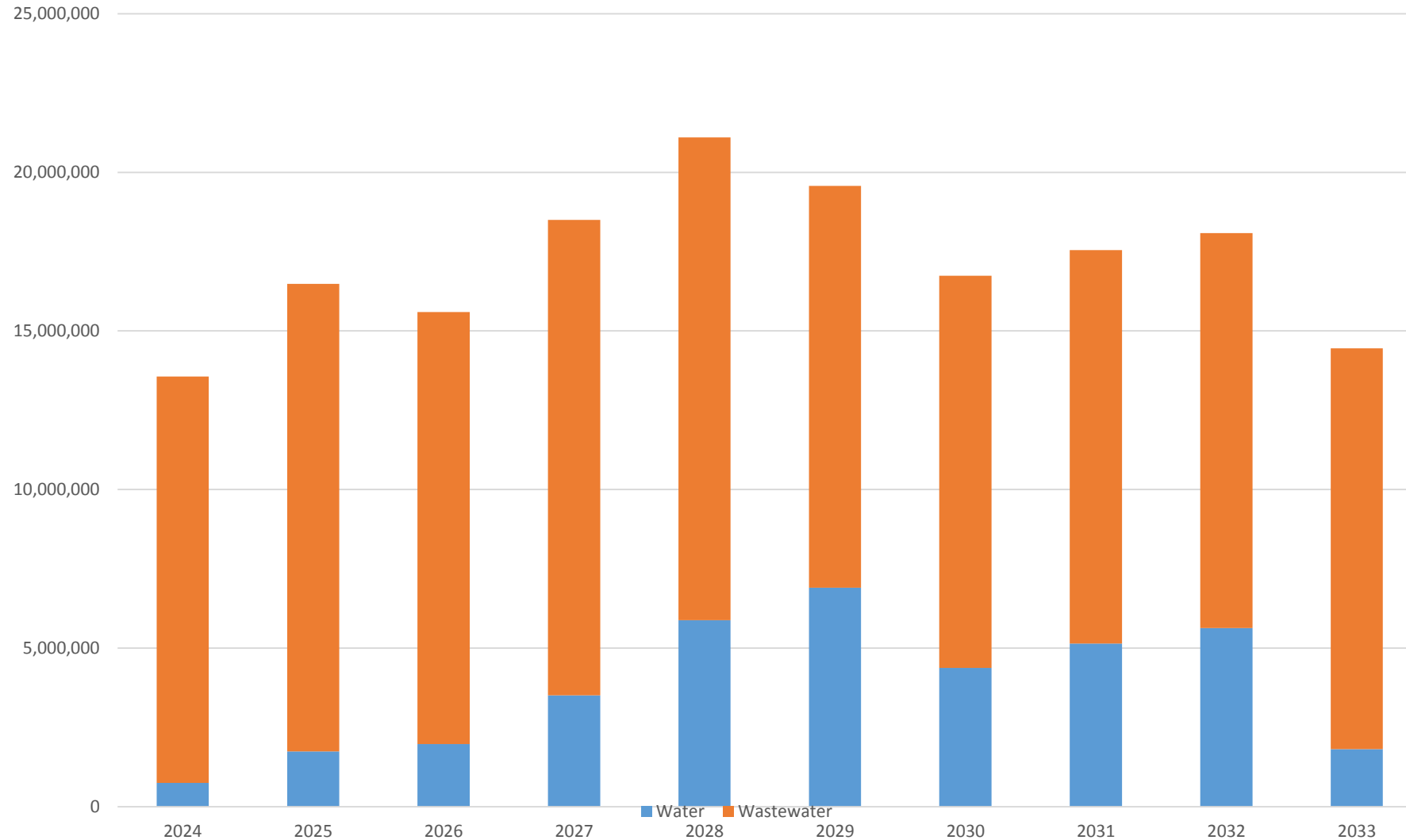
- Nanticoke Water Treatment Plant Capacity Expansion - \$60m (2023 and 2024) – fully recoverable
- Caledonia North Reservoir Expansion - \$8.1m (2024/2025)
- New Elevated Storage Tank in South Caledonia - \$8.7m (2032/2033)
- Highway 6 Transmission Main Twinning - \$11m (2024)

Wastewater Projects

- Caledonia Wastewater Treatment Plan Expansion - \$68.7m (\$8.7 million currently open; \$35m in 2027; \$25m in 2033)
- McClung Road and Nairne Street Sewage Pumping Station Forcemain Extension projects – 4.35m in 2027
- Hagersville WWTP Grit Removal System - \$4m between 2028/2029

Rate Model - Capital Replacement Reserve Funds

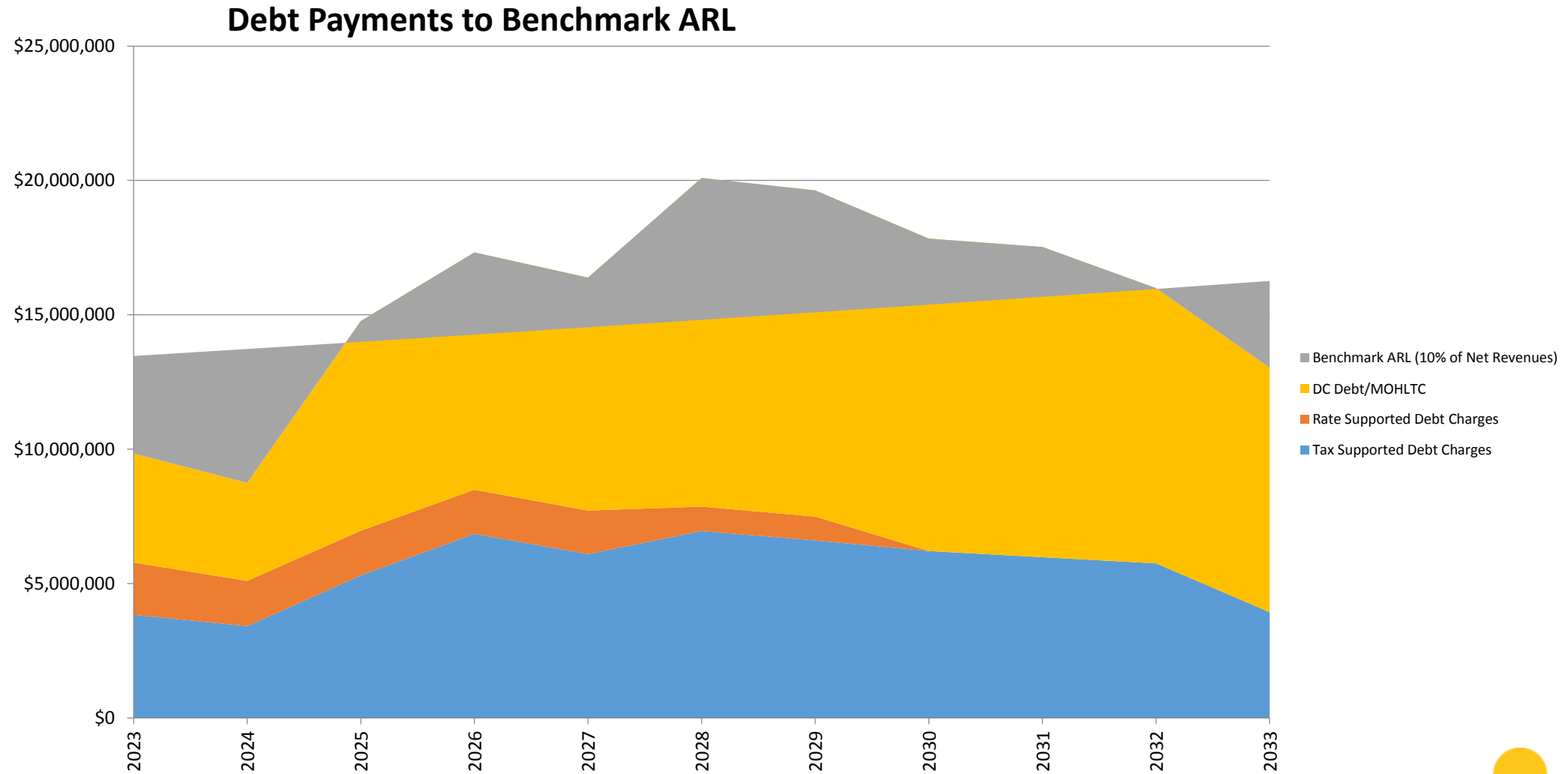
Forecasted Capital Replacement Reserve Fund Balances



Canada Community Building Fund (Federal Gas Tax)

- Historically allocated 50/50 to Water/Wastewater and Tax
- Known Pressures in Tax Capital Reserves
- Propose Phase out of Use of Funds in the Rate Budget Based on the following:
 - Asset Management Plan
 - Water Wastewater is a 'user pay system' – should not rely on external sources

Rate Model - Long Term Debt Payments



Future Issues and Challenges

- Impacts of additional customers and/or consumption patterns related to residential growth
- Impacts of changes in Consumption by Large Industrial Users or conversion to raw water
- Canada Community-Building Fund (CCBF) Allocation – formerly Federal Gas Tax
- Norfolk Water Supply Agreement
- Updated Rate Study
- Long Range Asset Management
- Ongoing Performance Evaluations of Facilities
- Leachate Treatment Volumes
- Available Balances in Capital Replacement and Rate Stabilization Reserves

Key Takeaways

- Ultimate goal is to provide safe, reliable potable water to residents
- Key Financial Principles drive budget development:
 - Full cost recovery from users;
 - Rate Stabilization Reserves maintained at targeted levels;
 - Capital Replacement Reserves meet forecasted infrastructure needs and financial principles.
- Despite Significant financial pressures, modest overall impact to users:
 - Net cost increases driven by inflationary and external influences – totaling over 8%
 - Offset primarily by growth in number of users/consumption
 - Increased overall capital related spending by 1%.
 - Overall impact of 1.64%