

# 2024 – 2028 Water & Sewer Rate Review

January 9, 2024

The following recommendations were passed by Council for 2023 – 2027 regarding **water** rates:

- *Chemainus water metered minimum and parcel tax increase by 5% per year for five years;*
- *Crofton water metered minimum and parcel tax increase by 5% per year for five years;*
- *South End water metered minimum and parcel tax increase by 3% per year for five years; and*
- *Metered water rates increase by 3% per year for five years.*

The following recommendations were passed by Council for 2023 – 2027 regarding **sewer** rates:

- *Chemainus sewer parcel tax and user fee increase by 2% per year for four years beginning in 2024;*
- *Crofton sewer parcel tax and user fee increase by 3% per year for five years;*
- *South End sewer parcel tax and user fee increase by 5% per year for five years; and*
- *Maple Bay sewer treatment plant user fee increase by 3% per year for five years.*

# Asset Management

Asset Management is an integrated business approach involving all departments to effectively manage existing and new infrastructure to maximize benefits, reduce risk and provide satisfactory levels of service to community users in a socially, environmentally, and economically sustainable manner.

Backlog represents any repairs/replacements on infrastructure past its useful life that has not taken place.

Average Annual Life Cycle Investment represents the annual investment needed to sustain existing infrastructure over its service life.

# Assumptions & Caveats

- There will be at least a 1% growth in all systems;
- Water usage will remain unchanged for the sake of this presentation;
- Grants and partnerships with other organizations are not considered;
- Staff utilized the best information available at the time of this presentation; and
- There are many variables that come into play when setting rates and it is assumed that all things remain static.

# Chemainus Water – Status Quo (5%)

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget
Parcel Tax	891,296	944,156	1,000,350	1,060,375	1,123,920
Sale of Service	1,088,326	1,137,114	1,188,178	1,241,628	1,297,577
Amortization	330,880	337,500	340,000	340,000	340,000
<b>Total</b>	<b>\$ 2,310,502</b>	<b>\$ 2,418,770</b>	<b>\$ 2,528,528</b>	<b>\$ 2,642,003</b>	<b>\$ 2,761,497</b>
Maint. & Admin	1,311,983	1,263,039	1,158,495	1,179,364	1,210,619
Debt Servicing	139,749	139,749	139,749	139,749	139,749
Amortization	330,880	337,500	340,000	340,000	340,000
<b>Total</b>	<b>\$ 1,782,612</b>	<b>\$ 1,740,288</b>	<b>\$ 1,638,244</b>	<b>\$ 1,659,113</b>	<b>\$ 1,690,368</b>
Avail. to fund backlog	527,890	678,482	890,284	982,890	1,071,129
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Remaining Backlog</b>	<b>\$ 16,822,110</b>	<b>\$ 16,143,628</b>	<b>\$ 15,253,344</b>	<b>\$ 14,270,454</b>	<b>\$ 13,199,325</b>

Annual Average Life Cycle Investment - \$2,240,000  
 Backlog - \$17,350,000

# Chemainus Water Conservation

Staff recommend increasing excess water charges from 3% to 6% in 2024 for both residential and commercial and an additional 0.5% every year thereafter to promote water conservation.

Water Excess Charges						
	2023	2024	2025	2026	2027	2028
<b>Approved</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>
Excess Water Fees	\$ 245,823	\$ 253,198	\$ 260,794	\$ 268,618	\$ 276,677	\$ 284,977
<b>Proposed</b>		<b>6.0%</b>	<b>6.5%</b>	<b>7.0%</b>	<b>7.5%</b>	<b>8.0%</b>
Excess Water Fees	\$ -	\$ 260,572	\$ 277,509	\$ 296,934	\$ 319,204	\$ 344,740

# Chemainus Water Rate Comparison

	2023 Rates	5% - Parcel Tax	6% - Parcel Tax	11% - Parcel Tax	8% - Parcel Tax
		5% User Fee	5% User Fee	5% User Fee	8% User Fee
No. of Parcels	2,414	2,422	2,422	2,422	2,422
Annual Parcel Tax	350	368	371	389	378
Parcel Tax Revenue	\$ 844,900	\$ 891,296	\$ 898,562	\$ 942,158	\$ 915,516
Annual Parcel Tax	350	368	371	389	378
Annual Minimum Fee	285	299	299	299	308
Total Annual Charge	<b>\$ 635</b>	<b>\$ 667</b>	<b>\$ 670</b>	<b>\$ 688</b>	<b>\$ 686</b>
Annual Increase		\$32	\$35	\$53	\$19
% Increase		5%	6%	8%	8%
<b>Backlog Cleared by</b>		<b>2038</b>	<b>2037</b>	<b>2034</b>	<b>2034</b>

The annual increase is \$3 more with a 6% increase to parcel taxes and water minimum charges remaining at 5%

# Things to consider....

- The AALCI for Chemainus Water is \$2.24M and the backlog is \$17.35M;
- Charging more for excess water should effectively promote water conservation with residents and businesses;
- If parcel taxes increase to 6% and excess water charges increase from 3% to 6% the backlog will be cleared by 2037;
- Annual water minimum rates remain the same;
- Increasing parcel taxes to 6% is a mere \$3 more annually; and
- Parcel taxes can be deferred if elected by our aging residents.

# 2024 – 2028 Chemainus Water Proposed Budget

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget
Parcel Tax	898,562	961,278	1,029,990	1,102,790	1,181,880
Sale of Service	1,095,700	1,153,829	1,216,494	1,284,155	1,357,340
Amortization	330,880	337,500	340,000	340,000	340,000
<b>Total</b>	<b>\$ 2,325,142</b>	<b>\$ 2,452,607</b>	<b>\$ 2,586,484</b>	<b>\$ 2,726,945</b>	<b>\$ 2,879,220</b>
Maint. & Admin	1,311,983	1,263,039	1,158,495	1,179,364	1,210,619
Debt Servicing	139,749	139,749	139,749	139,749	139,749
Amortization	330,880	337,500	340,000	340,000	340,000
<b>Total</b>	<b>\$ 1,782,612</b>	<b>\$ 1,740,288</b>	<b>\$ 1,638,244</b>	<b>\$ 1,659,113</b>	<b>\$ 1,690,368</b>
Capital	550,000	1,285,000	2,371,000	750,000	1,425,000
<b>Surplus (Deficit)</b>	<b>\$ (7,470)</b>	<b>\$ (572,681)</b>	<b>\$ (1,422,760)</b>	<b>\$ 317,832</b>	<b>\$ (236,148)</b>

# Chemainus Sewer – Status Quo (2%)

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget
Parcel Tax & LIF	\$ 970,710	\$ 1,000,360	\$ 1,023,533	\$ 1,053,983	\$ 1,084,833
Sales of Service	\$ 374,916	\$ 382,334	\$ 389,901	\$ 397,619	\$ 405,491
Interest	\$ 2,850	\$ 4,020	\$ 4,980	\$ 2,860	\$ 4,390
Amortization	\$ 321,300	\$ 327,730	\$ 330,000	\$ 330,000	\$ 330,000
<b>Total</b>	<b>\$ 1,669,776</b>	<b>\$ 1,714,444</b>	<b>\$ 1,748,414</b>	<b>\$ 1,784,462</b>	<b>\$ 1,824,714</b>
Maintenance & Admin	\$ 484,534	\$ 494,123	\$ 504,109	\$ 514,191	\$ 524,475
Treatment	\$ 481,816	\$ 491,452	\$ 501,281	\$ 511,307	\$ 521,533
LIF Debt Charge	\$ 6,877	\$ 6,877	\$ -	\$ -	\$ -
Amortization	\$ 321,300	\$ 327,730	\$ 330,000	\$ 330,000	\$ 330,000
<b>Total</b>	<b>\$ 1,294,527</b>	<b>\$ 1,320,182</b>	<b>\$ 1,335,390</b>	<b>\$ 1,355,498</b>	<b>\$ 1,376,008</b>
Avail. to fund backlog	\$ 375,249	\$ 394,262	\$ 413,024	\$ 428,964	\$ 448,706
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Remaining Backlog</b>	<b>\$ 6,144,751</b>	<b>\$ 5,750,489</b>	<b>\$ 5,337,465</b>	<b>\$ 4,908,501</b>	<b>\$ 4,459,795</b>

Annual Average Life Cycle Investment - \$1,370,000

Backlog - \$6,520,000

# Chemainus Sewer Rate Comparisons

	2023 Rates	2% - Parcel Tax	3% - Parcel Tax	4% - Parcel Tax
		2% User Fee	2% User Fee	2% User Fee
No. of Parcels	1,955	1,963	1,963	1,963
Annual Parcel Tax	481	491	495	500
Parcel Tax Revenue	\$ 940,355	\$ 963,833	\$ 971,685	\$ 981,500
Annual Parcel Tax	481	491	495	500
Annual Sewer User Fee	152	155	155	155
<b>Total Annual Charge</b>	<b>\$ 633</b>	<b>\$ 646</b>	<b>\$ 650</b>	<b>\$ 655</b>
Annual Increase		\$13	\$17	\$22
% Increase		2%	3%	3%
<b>Backlog Cleared by</b>		<b>2037</b>	<b>2035</b>	<b>2034</b>

The annual increase is \$9 more with a 4% increase to parcel taxes and sewer user fees remaining at 2%

# Things to consider....

- The AALCI for Chemainus Sewer is \$1.37M and the backlog is \$6.52M;
- If sewer parcel taxes increase to 4% the backlog will be cleared by 2034;
- Annual sewer user rates remain the same;
- Increasing parcel taxes to 4% is a mere \$9 more annually; and
- Parcel taxes can be deferred if elected by our aging residents.

# 2024 – 2028 Chemainus Sewer Proposed Budget

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget
Parcel Tax & LIF	\$ 981,500	\$ 1,031,160	\$ 1,083,623	\$ 1,138,949	\$ 1,197,198
Sales of Service	\$ 374,916	\$ 382,334	\$ 389,901	\$ 397,619	\$ 405,491
Interest	\$ 2,850	\$ 4,020	\$ 4,980	\$ 2,860	\$ 4,390
Amortization	\$ 321,300	\$ 327,730	\$ 330,000	\$ 330,000	\$ 330,000
<b>Total</b>	<b>\$ 1,680,566</b>	<b>\$ 1,745,244</b>	<b>\$ 1,808,504</b>	<b>\$ 1,869,428</b>	<b>\$ 1,937,079</b>
Maintenance & Admin	\$ 484,534	\$ 494,123	\$ 504,109	\$ 514,191	\$ 524,475
Treatment	\$ 481,816	\$ 491,452	\$ 501,281	\$ 511,307	\$ 521,533
LIF Debt Charge	\$ 6,877	\$ 6,877	\$ -	\$ -	\$ -
Amortization	\$ 321,300	\$ 327,730	\$ 330,000	\$ 330,000	\$ 330,000
<b>Total</b>	<b>\$ 1,294,527</b>	<b>\$ 1,320,182</b>	<b>\$ 1,335,390</b>	<b>\$ 1,355,498</b>	<b>\$ 1,376,008</b>
Capital	\$ 230,000	\$ 300,000	\$ 690,000	\$ 250,000	\$ 250,000
<b>Surplus (Deficit)</b>	<b>\$ 156,039</b>	<b>\$ 125,062</b>	<b>\$ (216,886)</b>	<b>\$ 263,930</b>	<b>\$ 311,071</b>

# Capital Projects (2024 – 2028)

## Chemainus Water:

- River Road Reservoir Stage 2
- Chemainus Alternate Water Supply
- Willow Street Watermain
- Various pipe replacements

*Totaling \$6.38M over the next five years*

## Chemainus Sewer:

- Pipe replacements
- Willow Street Sewer replacement
- Croft Street upgrades

*Totaling \$1.72M over the next five years*

# Recommendation

THAT it be recommended to Council to increase:

- Chemainus water parcel taxes by 6% per year for ten years;
- Chemainus sewer parcel taxes by 4% per year for ten years; and
- Increase Chemainus excess metered water to 6% in 2024 and 0.5% every year thereafter for nine years.

# Crofton Water - Status Quo (5%)

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget
Parcel Tax	267,288	283,424	300,872	318,900	338,310
Sale of Service	606,289	635,438	666,014	698,088	731,736
Amortization	190,700	194,510	200,000	200,000	200,000
<b>Total</b>	<b>\$ 1,064,277</b>	<b>\$ 1,113,372</b>	<b>\$ 1,166,886</b>	<b>\$ 1,216,988</b>	<b>\$ 1,270,046</b>
Maint. & Admin	565,602	572,002	583,207	594,670	606,342
Debt Servicing	29,723	29,723	29,723	29,723	29,723
Amortization	190,700	194,510	200,000	200,000	200,000
<b>Total</b>	<b>\$ 786,025</b>	<b>\$ 796,235</b>	<b>\$ 812,930</b>	<b>\$ 824,393</b>	<b>\$ 836,065</b>
Avail. to fund backlog	278,252	317,137	353,956	392,595	433,981
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Remaining Backlog</b>	<b>\$ 461,748</b>	<b>\$ 144,611</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Annual Average Life Cycle Investment - \$560,000  
 Backlog - \$740,000

# Crofton Water Conservation

Staff are proposing increasing excess water charges from 3% to 6% in 2024 for both residential and commercial and 0.5% every year thereafter to promote water conservation.

		Water Excess Charges										
<b>Approved</b>		<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>					
Excess Water Fees	\$	31,240	\$	32,177	\$	33,143	\$	34,138	\$	35,162	\$	36,217
<b>Proposed</b>			<b>6.0%</b>	<b>6.5%</b>	<b>7.0%</b>	<b>7.5%</b>	<b>8.0%</b>					
Excess Water Fees	\$	-	\$	33,115	\$	35,267	\$	37,735	\$	40,656	\$	43,811

# Crofton Water Rates

	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget
No. of Parcels	1,031	1,032	1,042	1,052	1,063	1,074
Annual Parcel Tax	\$ 247	\$ 259	\$ 272	\$ 286	\$ 300	\$ 315
<b>Parcel Tax Revenue</b>	<b>\$ 254,657</b>	<b>\$ 267,288</b>	<b>\$ 283,424</b>	<b>\$ 300,872</b>	<b>\$ 318,900</b>	<b>\$ 338,310</b>
Annual Parcel Tax	\$ 247	\$ 259	\$ 272	\$ 286	\$ 300	\$ 315
Annual Water User Fee	\$ 491	\$ 516	\$ 542	\$ 569	\$ 597	\$ 627
<b>Total Annual Charge</b>	<b>\$ 738</b>	<b>\$ 775</b>	<b>\$ 814</b>	<b>\$ 855</b>	<b>\$ 897</b>	<b>\$ 942</b>
<b>Annual Increase</b>		\$ 37	\$ 39	\$ 41	\$ 42	\$ 45
<b>% Increase</b>		<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>

Staff are proposing keeping the parcel taxes at a 5% increase as previously approved by Council.

# Things to consider....

- The AALCI for Crofton Water is \$560K and the backlog is \$740K;
- Maintaining annual 5% increases clears backlog by 2026 and achieves the AALCI by 2030;
- Charging more for excess water should effectively promote water conservation with residents and businesses; and
- Annual water minimum rates remain the same.

# 2024 – 2028 Crofton Water Proposed Budget

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget
Parcel Tax	267,288	283,424	300,872	318,900	338,310
Sale of Service	607,227	637,562	559,611	703,491	739,330
Amortization	190,700	194,510	200,000	200,000	200,000
<b>Total</b>	<b>\$ 1,065,215</b>	<b>\$ 1,115,496</b>	<b>\$ 1,060,483</b>	<b>\$ 1,222,391</b>	<b>\$ 1,277,640</b>
Maint. & Admin	565,602	572,002	583,207	594,670	606,342
Debt Servicing	29,723	29,723	29,723	29,723	29,723
Amortization	190,700	194,510	200,000	200,000	200,000
<b>Total</b>	<b>\$ 786,025</b>	<b>\$ 796,235</b>	<b>\$ 812,930</b>	<b>\$ 824,393</b>	<b>\$ 836,065</b>
Capital	210,000	230,000	100,000	1,100,000	102,000
<b>Surplus (Deficit)</b>	<b>\$ 69,190</b>	<b>\$ 89,261</b>	<b>\$ 147,553</b>	<b>\$ (702,002)</b>	<b>\$ 339,575</b>

# Crofton Sewer - Status Quo (3%)

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget
Parcel Tax & LIF	\$ 430,389	\$ 448,056	\$ 465,993	\$ 485,100	\$ 504,495
Sales of Service	\$ 410,653	\$ 422,867	\$ 435,447	\$ 448,411	\$ 461,756
Interest	\$ 11,960	\$ 12,199	\$ 12,443	\$ 12,692	\$ 12,946
Amortization	\$ 179,870	\$ 183,470	\$ 185,000	\$ 185,000	\$ 185,000
<b>Total</b>	<b>\$ 1,032,872</b>	<b>\$ 1,066,592</b>	<b>\$ 1,098,883</b>	<b>\$ 1,131,203</b>	<b>\$ 1,164,197</b>
Maintenance & Admin	\$ 359,055	\$ 361,102	\$ 368,470	\$ 375,710	\$ 383,101
Treatment	\$ 249,638	\$ 254,575	\$ 259,601	\$ 264,726	\$ 269,961
Amortization	\$ 179,870	\$ 183,470	\$ 185,000	\$ 185,000	\$ 185,000
<b>Total</b>	<b>\$ 788,563</b>	<b>\$ 799,147</b>	<b>\$ 813,071</b>	<b>\$ 825,436</b>	<b>\$ 838,062</b>
Avail. to fund backlog	\$ 244,309	\$ 267,445	\$ 285,812	\$ 305,767	\$ 326,135
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Remaining Backlog</b>	<b>\$ 1,525,691</b>	<b>\$ 1,258,246</b>	<b>\$ 972,434</b>	<b>\$ 666,667</b>	<b>\$ 340,532</b>

Annual Average Life Cycle Investment -\$670,000  
Backlog - \$1,770,000

# Crofton Sewer Rate Comparisons

	2023 Rates	3% - Parcel Tax 3% User Fee	5% - Parcel Tax 3% User Fee	6% - Parcel Tax 3% User Fee
No. of Parcels	872	873	873	873
Annual Parcel Tax	479	493	503	508
Parcel Tax Revenue	\$ 417,688	\$ 430,389	\$ 439,119	\$ 443,484
Annual Parcel Tax	479	493	503	508
Annual Sewer User Fee	309	318	318	318
<b>Total Annual Charge</b>	<b>\$ 788</b>	<b>\$ 811</b>	<b>\$ 821</b>	<b>\$ 826</b>
Annual Increase		\$23	\$33	\$38
% Increase		3%	4%	5%
<b>Backlog Cleared by</b>		<b>2029</b>	<b>2029</b>	<b>2029</b>

The annual increase is \$15 (\$38 total) more with a 6% increase to parcel taxes and sewer user fees remaining at 3%

# Things to consider....

- The AALCI for Crofton Sewer is \$670K and the backlog is \$1.77M;
- It may appear that Crofton Sewer has a surplus however, \$5.65M in capital is scheduled over the next 3 years;
- If sewer parcel taxes increase to 6% the backlog will be cleared by 2029 and the AALCI will be achieved by 2033;
- Annual sewer user rates remain the same;
- Increasing parcel taxes to 6% is a mere \$15 more annually; and
- Parcel taxes can be deferred if elected by our aging residents.

# 2024 – 2028 Crofton Sewer Proposed Budget

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget
Parcel Tax & LIF	\$ 443,484	\$ 474,516	\$ 507,870	\$ 543,600	\$ 581,760
Sales of Service	\$ 410,653	\$ 422,867	\$ 435,447	\$ 448,411	\$ 461,756
Interest	\$ 11,960	\$ 12,199	\$ 12,443	\$ 12,692	\$ 12,946
Amortization	\$ 179,870	\$ 183,470	\$ 185,000	\$ 185,000	\$ 185,000
<b>Total</b>	<b>\$ 1,045,967</b>	<b>\$ 1,093,052</b>	<b>\$ 1,140,760</b>	<b>\$ 1,189,703</b>	<b>\$ 1,241,462</b>
Maintenance & Admin	\$ 359,055	\$ 361,102	\$ 368,470	\$ 375,710	\$ 383,101
Treatment	\$ 249,638	\$ 254,575	\$ 259,601	\$ 264,726	\$ 269,961
Amortization	\$ 179,870	\$ 183,470	\$ 185,000	\$ 185,000	\$ 185,000
<b>Total</b>	<b>\$ 788,563</b>	<b>\$ 799,147</b>	<b>\$ 813,071</b>	<b>\$ 825,436</b>	<b>\$ 838,062</b>
Capital	\$ 1,700,000	\$ 2,343,000	\$ 1,159,159	\$ 250,000	\$ 200,000
<b>Surplus (Deficit)</b>	<b>\$ (1,442,596)</b>	<b>\$ (2,049,095)</b>	<b>\$ (831,470)</b>	<b>\$ 114,267</b>	<b>\$ 203,400</b>

# Capital Projects (2024 – 2028)

## Crofton Water:

- Crofton Road
- Chilco Reservoir Decommissioning
- Various pipe replacements

*Totaling \$1.74M over the next five years*

## Crofton Sewer:

- Pipe replacements
- Babine Sanitary Sewer Extension
- Dyke Road PS replacement
- STP Clarifier

*Totaling \$5.65M over the next five years*

# Recommendation

THAT it be recommended to Council to increase:

- Crofton sewer parcel taxes by 6% per year for ten years; and
- Increase Crofton excess metered water to 6% in 2024 and 0.5% every year thereafter for nine years.

# South End Water - Status Quo (3%)

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget
Parcel Tax	1,401,140	1,459,884	1,519,745	1,580,744	1,642,653
Sale of Service	1,721,744	1,772,748	1,825,269	1,879,351	1,935,043
Amortization	746,880	761,820	770,000	770,000	770,000
<b>Total</b>	<b>\$ 3,869,764</b>	<b>\$ 3,994,452</b>	<b>\$ 4,115,014</b>	<b>\$ 4,230,095</b>	<b>\$ 4,347,696</b>
Maint. & Admin	2,020,798	2,030,808	2,071,038	2,112,004	2,153,752
Amortization	746,880	761,820	770,000	770,000	770,000
<b>Total</b>	<b>2,767,678</b>	<b>2,792,628</b>	<b>2,841,038</b>	<b>2,882,004</b>	<b>2,923,752</b>
Avail. to fund backlog	1,102,086	1,201,824	1,273,976	1,348,091	1,423,944
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Remaining AALCI</b>	<b>\$ -</b>	<b>\$ 2,478,176</b>	<b>\$ 2,406,024</b>	<b>\$ 2,331,909</b>	<b>\$ 2,256,056</b>

Annual Average Life Cycle Investment - \$3,680,000  
 Backlog - \$660,000

# South End Water Conservation

Staff are proposing increasing excess water charges from 3% to 6% in 2024 for both residential and commercial and 0.5% every year thereafter to promote water conservation.

Water Excess Charges										
<b>Approved</b>		<b>3%</b>		<b>3%</b>		<b>3%</b>		<b>3%</b>		<b>3%</b>
Excess Water Fees	\$	361,951	\$	372,809	\$	383,994	\$	395,514	\$	419,601
<b>Proposed</b>				<b>6.0%</b>		<b>6.5%</b>		<b>7.0%</b>		<b>7.5%</b>
Excess Water Fees	\$	-	\$	383,668	\$	408,607	\$	437,210	\$	507,600

# South End Water Rate Comparisons

	2023 Rates	3% - Parcel Tax	5% - Parcel Tax	7% - Parcel Tax	9% - Parcel Tax	7% - Parcel Tax
		3% User Fee	3% User Fee	3% User Fee	3% User Fee	7% User Fee
No. of Parcels	6,278	6,340	6,340	6,340	6,340	6,340
Annual Parcel Tax	215	221	226	230	245	237
Parcel Tax Revenue	\$ 1,349,770	\$ 1,401,140	\$ 1,432,840	\$ 1,458,200	\$ 1,553,300	\$ 1,502,580
Annual Parcel Tax	215	221	226	230	245	237
Annual Minimum Fee	188	194	194	194	194	207
<b>Total Annual Charge</b>	<b>\$ 403</b>	<b>\$ 415</b>	<b>\$ 420</b>	<b>\$ 424</b>	<b>\$ 439</b>	<b>\$ 444</b>
Annual Increase		\$12	\$17	\$21	\$24	\$29
% Increase		3%	4%	5%	6%	7%
<b>AALCI Achieved</b>		<b>2047</b>	<b>2040</b>	<b>2036</b>	<b>2034</b>	<b>2034</b>

The annual increase is \$9 more (\$21 total) with a 7% increase to parcel taxes and 3% increase to annual minimum water

# Things to consider....

- The AALCI for South End Water is \$3.68M and the backlog is \$660K;
- Charging more for excess water should effectively promote water conservation with residents and businesses;
- If parcel taxes increase to 7% and excess water charges increase from 3% to 6% the backlog will be cleared in 2024 and the AALCI (\$3.68M) will be achieved by 2036;
- Annual water minimum rates remain the same;
- Increasing parcel taxes to 7% is a mere \$9 more annually; and
- Parcel taxes can be deferred if elected by our aging residents.

# 2024 – 2028 South End Water Proposed Budget

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget
Parcel Tax	1,458,200	1,575,138	1,700,821	1,835,492	1,985,697
Sale of Service	1,732,603	1,797,361	1,866,965	1,941,972	2,023,042
Amortization	746,880	761,820	770,000	770,000	770,000
<b>Total</b>	<b>\$ 3,937,683</b>	<b>\$ 4,134,319</b>	<b>\$ 4,337,786</b>	<b>\$ 4,547,464</b>	<b>\$ 4,778,739</b>
Maint. & Admin	2,020,798	2,030,808	2,071,038	2,112,004	2,153,752
Amortization	746,880	761,820	770,000	770,000	770,000
<b>Total</b>	<b>2,767,678</b>	<b>2,792,628</b>	<b>2,841,038</b>	<b>2,882,004</b>	<b>2,923,752</b>
Capital	4,059,500	9,635,000	1,500,000	400,000	400,000
<b>Surplus/(Deficit)</b>	<b>\$ (2,889,495)</b>	<b>\$ (8,293,309)</b>	<b>\$ (3,252)</b>	<b>\$ 1,265,460</b>	<b>\$ 1,454,987</b>

# South End Sewer- Status Quo (5%)

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget
Parcel Tax & LIF	\$ 1,547,348	\$ 1,656,588	\$ 1,776,084	\$ 1,899,800	\$ 2,034,774
Sales of Service	\$ 1,387,929	\$ 1,457,650	\$ 1,530,333	\$ 1,606,650	\$ 1,686,783
Interest	\$ 85,600	\$ 69,500	\$ 27,660	\$ 19,470	\$ 15,280
Amortization	\$ 445,930	\$ 454,850	\$ 460,000	\$ 460,000	\$ 840,000
<b>Total</b>	<b>\$ 3,466,807</b>	<b>\$ 3,638,588</b>	<b>\$ 3,794,077</b>	<b>\$ 3,985,920</b>	<b>\$ 4,576,837</b>
Maintenance & Admin	\$ 1,051,066	\$ 1,059,177	\$ 1,080,028	\$ 1,101,390	\$ 1,123,231
Treatment	\$ 757,057	\$ 771,724	\$ 786,679	\$ 802,008	\$ 817,616
Debt Servicing	\$ 41,839	\$ 32,506	\$ 17,946	\$ 8,492	\$ -
Amortization	\$ 445,930	\$ 454,850	\$ 460,000	\$ 460,000	\$ 840,000
<b>Total</b>	<b>\$ 2,295,892</b>	<b>\$ 2,318,257</b>	<b>\$ 2,344,653</b>	<b>\$ 2,371,890</b>	<b>\$ 2,780,847</b>
Avail. to fund backlog	\$ 1,170,915	\$ 1,320,331	\$ 1,449,424	\$ 1,614,030	\$ 1,795,990
<b>Remaining Backlog</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Remaining AALCI</b>	<b>\$ 2,452,895</b>	<b>\$ 1,959,669</b>	<b>\$ 1,830,576</b>	<b>\$ 1,665,970</b>	<b>\$ 1,484,010</b>

Annual Average Life Cycle Investment - \$3,280,000

Backlog - \$270,000

# South End Sewer Rate Comparison

	2023 Rates	5% - Parcel Tax	6% - Parcel Tax	7% - Parcel Tax
		5% User Fee	5% User Fee	5% User Fee
No. of Parcels	6,197	6,394	6,394	6,394
Annual Parcel Tax	230	242	244	246
Parcel Tax Revenue	\$ 1,425,310	\$ 1,547,348	\$ 1,560,136	\$ 1,572,924
Annual Parcel Tax	230	242	244	246
Annual Sewer User Fee	182	191	191	191
<b>Total Annual Charge</b>	<b>\$ 412</b>	<b>\$ 433</b>	<b>\$ 435</b>	<b>\$ 437</b>
Annual Increase		\$21	\$23	\$25
% Increase		5%	6%	6%
<b>AALCI Achieved</b>		<b>2037</b>	<b>2035</b>	<b>2034</b>

The annual increase is \$4 (\$25 total) more with a 7% increase to parcel taxes and sewer user fees remaining at 5%

# Things to consider....

- The AALCI for South End Sewer is \$3.28M and the backlog is \$270K;
- The complete backlog has been expensed in 2024;
- It may appear that South End Sewer has a surplus however, the main contribution is from DCC's and these are project specific;
- If sewer parcel taxes increase to 7% the backlog will be cleared in 2024 and the AALCI (\$3.28M) will be achieved by 2034 ;
- Annual water minimum rates remain the same;
- Increasing parcel taxes to 7% is a mere \$4 more annually; and
- Parcel taxes can be deferred if elected by our aging residents.

# 2024 – 2028 South End Sewer Proposed Budget

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget
Parcel Tax & LIF	\$ 1,572,924	\$ 1,715,286	\$ 1,869,212	\$ 2,042,285	\$ 2,228,562
Sales of Service	\$ 1,387,929	\$ 1,457,650	\$ 1,530,333	\$ 1,606,650	\$ 1,686,783
Interest	\$ 85,600	\$ 69,500	\$ 27,660	\$ 19,470	\$ 15,280
Amortization	\$ 445,930	\$ 454,850	\$ 460,000	\$ 460,000	\$ 460,000
<b>Total</b>	<b>\$ 3,492,383</b>	<b>\$ 3,697,286</b>	<b>\$ 3,887,205</b>	<b>\$ 4,128,405</b>	<b>\$ 4,390,625</b>
Maintenance & Admin	\$ 1,051,066	\$ 1,059,177	\$ 1,080,028	\$ 1,101,390	\$ 1,123,231
Treatment	\$ 757,057	\$ 771,724	\$ 786,679	\$ 802,008	\$ 817,616
Debt Servicing	\$ 41,839	\$ 32,506	\$ 17,946	\$ 8,492	\$ -
Amortization	\$ 445,930	\$ 454,850	\$ 460,000	\$ 460,000	\$ 840,000
<b>Total</b>	<b>\$ 2,295,892</b>	<b>\$ 2,318,257</b>	<b>\$ 2,344,653</b>	<b>\$ 2,371,890</b>	<b>\$ 2,780,847</b>
Capital	\$ 4,060,017	\$ 1,035,000	\$ 1,265,000	\$ 925,000	\$ 7,975,000
<b>Surplus / (Deficit)</b>	<b>\$ (1,764,125)</b>	<b>\$ 1,283,257</b>	<b>\$ 1,079,653</b>	<b>\$ 1,446,890</b>	<b>\$ (5,194,153)</b>

*Capital related to the relocation of the JUB Outfall is not included*

# Capital Projects (2024 – 2028)

## South End Water:

- South End Water Trunk Main
- Calais Road Watermain
- Trillium Terrace Watermain
- South End Hyprescon Trunk Main

*Totaling \$16M over the next five years*

## South End Water:

- Dingwall & Alexander Street sewer replacement
- Howard Ave. sewer replacement
- JUB SBR Conversion
- JUB Diffusers

*Totaling \$15.26M over the next five years*

# Recommendation

THAT it be recommended to Council to increase:

- South End water parcel taxes by 7% per year for ten years;
- South End sewer parcel taxes by 7% per year for ten years; and
- Increase South End excess metered water to 6% in 2024 and 0.5% every year thereafter for nine years.

# Maple Bay Sewer – Status Quo (3%)

	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget
Parcel Tax	\$ 76,840	\$ 79,150	\$ 81,520	\$ 83,970	\$ 86,490
Sales of Service	\$ 40,480	\$ 41,290	\$ 42,120	\$ 42,960	\$ 43,820
Amortization	\$ 98,200	\$ 98,200	\$ 98,200	\$ 98,200	\$ 98,200
<b>Total</b>	<b>\$ 215,520</b>	<b>\$ 218,640</b>	<b>\$ 221,840</b>	<b>\$ 225,130</b>	<b>\$ 228,510</b>
Treatment	\$ 78,350	\$ 79,930	\$ 81,530	\$ 83,160	\$ 84,790
Amortization	\$ 98,200	\$ 98,200	\$ 98,200	\$ 98,200	\$ 98,200
<b>Total</b>	<b>\$ 176,550</b>	<b>\$ 178,130</b>	<b>\$ 179,730</b>	<b>\$ 181,360</b>	<b>\$ 182,990</b>
Surplus / (Deficit)	\$ 38,970	\$ 40,510	\$ 42,110	\$ 43,770	\$ 45,520
Opening Surplus	\$ 223,371	\$ 261,341	\$ 301,851	\$ 343,961	\$ 387,731
<b>Ending Surplus</b>	<b>\$ 262,341</b>	<b>\$ 301,851</b>	<b>\$ 343,961</b>	<b>\$ 387,731</b>	<b>\$ 433,251</b>

# Maple Bay Revenue

	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget
Parcel Tax - Area	20.67	20.67	20.67	20.67	20.67	20.67
Parcel Tax - Rate	\$ 3,609	\$ 3,717	\$ 3,829	\$ 3,943	\$ 4,062	\$ 4,184
<b>Parcel Tax Revenue</b>	<b>\$ 74,600</b>	<b>\$ 76,840</b>	<b>\$ 79,150</b>	<b>\$ 81,520</b>	<b>\$ 83,970</b>	<b>\$ 86,490</b>
Annual Parcel Tax (3%)	\$ 478	\$ 492	\$ 507	\$ 522	\$ 538	\$ 554
Annual Sewer User Fee (3%)	\$ 1,159	\$ 1,194	\$ 1,230	\$ 1,266	\$ 1,304	\$ 1,344
<b>Total Annual Charge</b>	<b>\$ 1,637</b>	<b>\$ 1,686</b>	<b>\$ 1,737</b>	<b>\$ 1,788</b>	<b>\$ 1,842</b>	<b>\$ 1,898</b>
<b>Annual Increase</b>		\$ 49	\$ 51	\$ 51	\$ 54	\$ 56
<b>% Increase</b>		<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>

The annual increase is \$49 with the approved 3% increase to parcel taxes and sewer user fees

# Any Questions?