

Water & Wastewater Financial Plan Update

Finance and Corporate Services Committee
May 23, 2012

- Safe Drinking Water Act - Provincial Regulation 453/07
- Financial Plan Key Assumptions & Inputs
- Comparing Capital Plans
- Historical Cost vs. Replacement Values
- Reserve Balance Scenarios
- Amortization Expenses
- Affordability Thresholds
- Summary of Recommendation
- Q & A

The Province's Principles of Financially Sustainable For Water and Wastewater Services include:

“A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs” and growth.

“An Asset management plan is a key input to the development of a financial plan”.

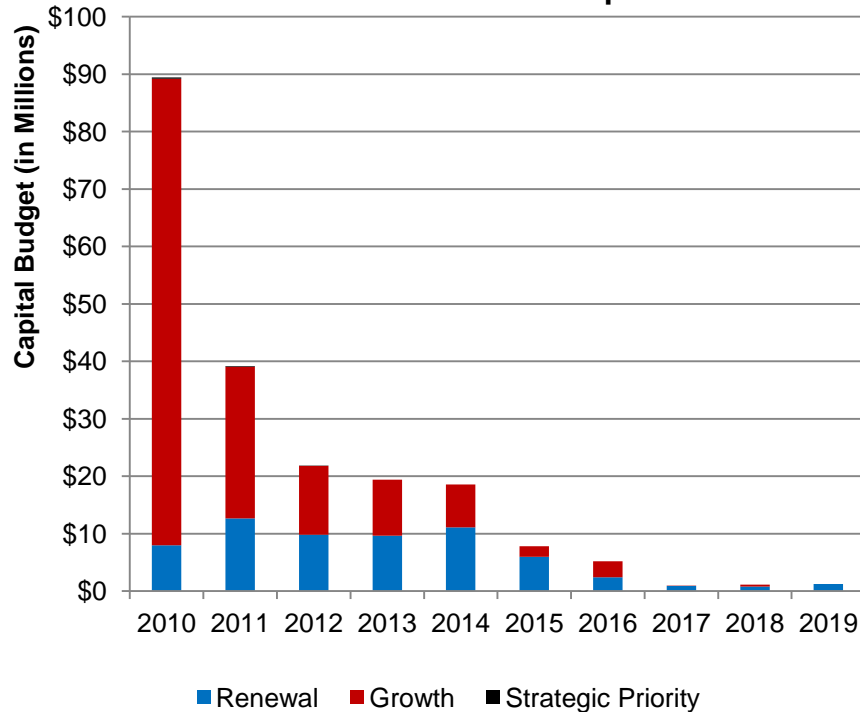
“Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of those services.”

SDWA, Section 11 – Owners and operators are responsible for ensuring their drinking water systems operate in accordance with the Act and its regulations, and are kept in a fit state of repair.

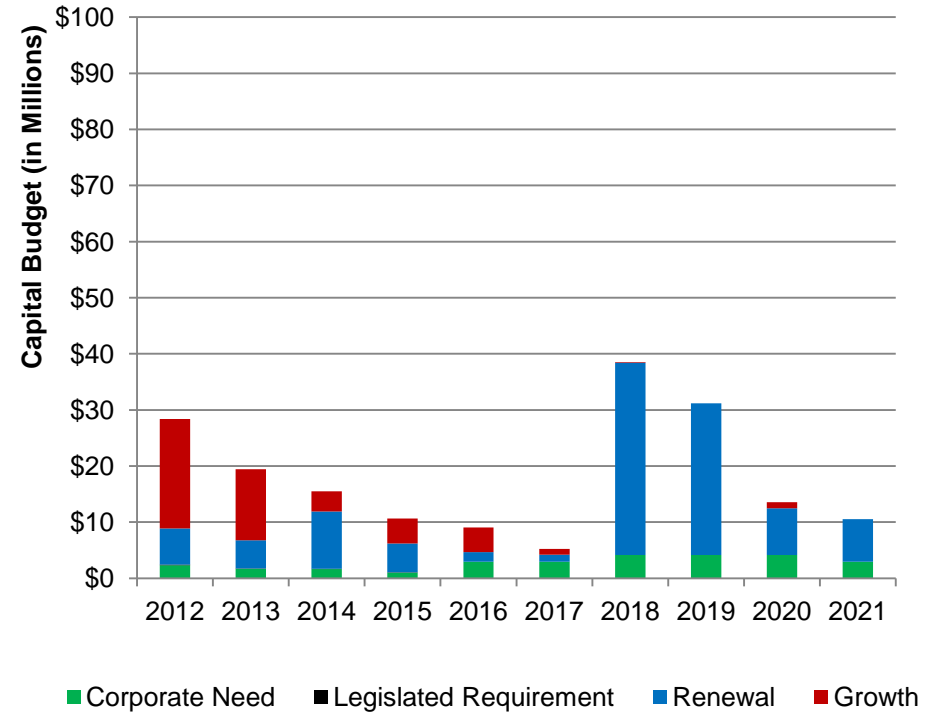
- Salary and benefit increases of 2% per year
- Hydro rate increase of 5% per year
- General Operating increase of 2% per year
- Approved 2012 -10 year Capital Plan including effects of in-year changes
- Updated reserve balances as of December 31, 2011
- Realized financing costs associated with the SWTP
- Annual debenture costs for Water and Wastewater funded 44% and 60% respectively from Development Charges
- Annual consumption flow increases of 1%

Inputs into the Financial Plan are the Drivers of the Results

2010 Water & Wastewater Capital Plan



2012 Water & Wastewater Capital Plan

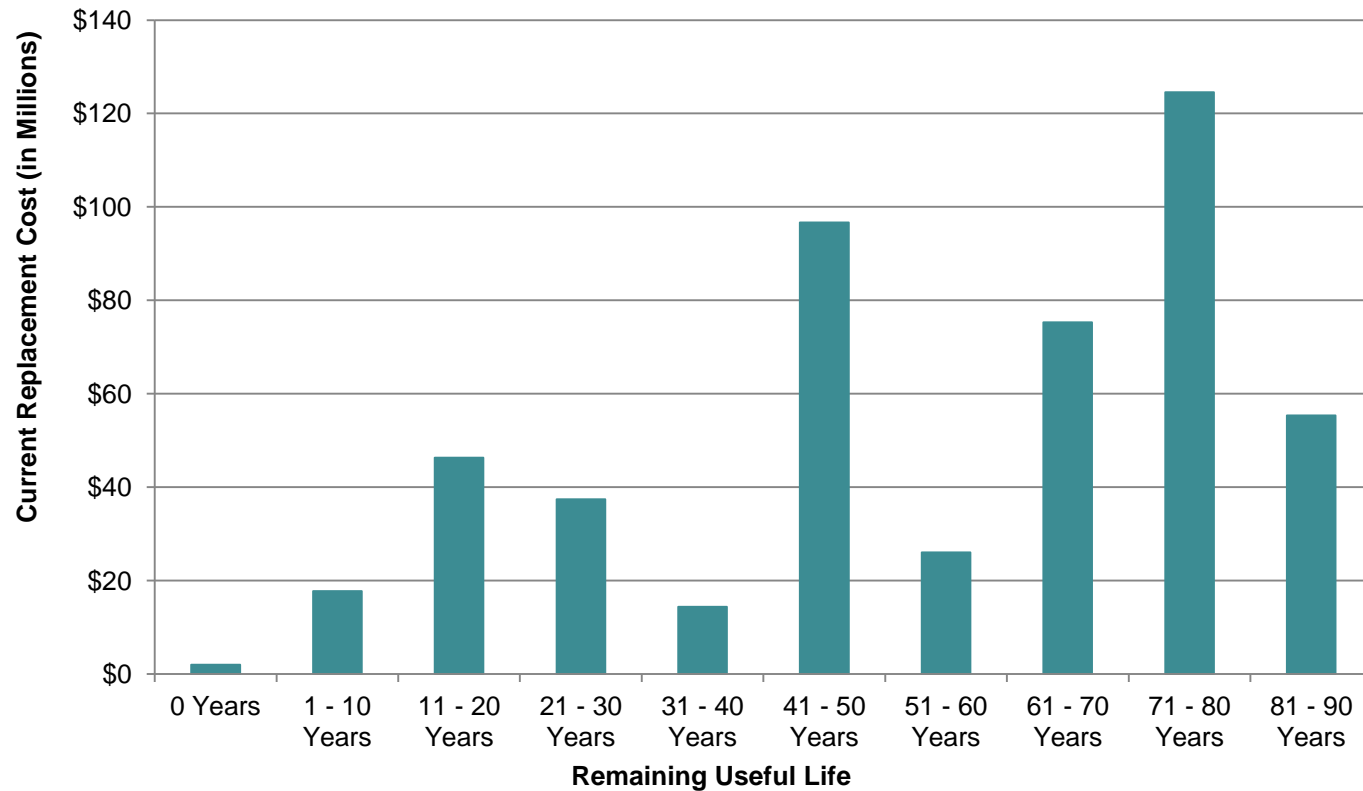


Annexed Lands Secondary Plan/Infrastructure Master Plans will be incorporated into the 2014 10-year Capital Plan

Assets	Historical Costs	Replacement Values
Water	\$362 Million	\$496 Million
Wastewater	\$515 Million	\$880 Million
Total Assets	\$877 Million	\$1.4 Billion

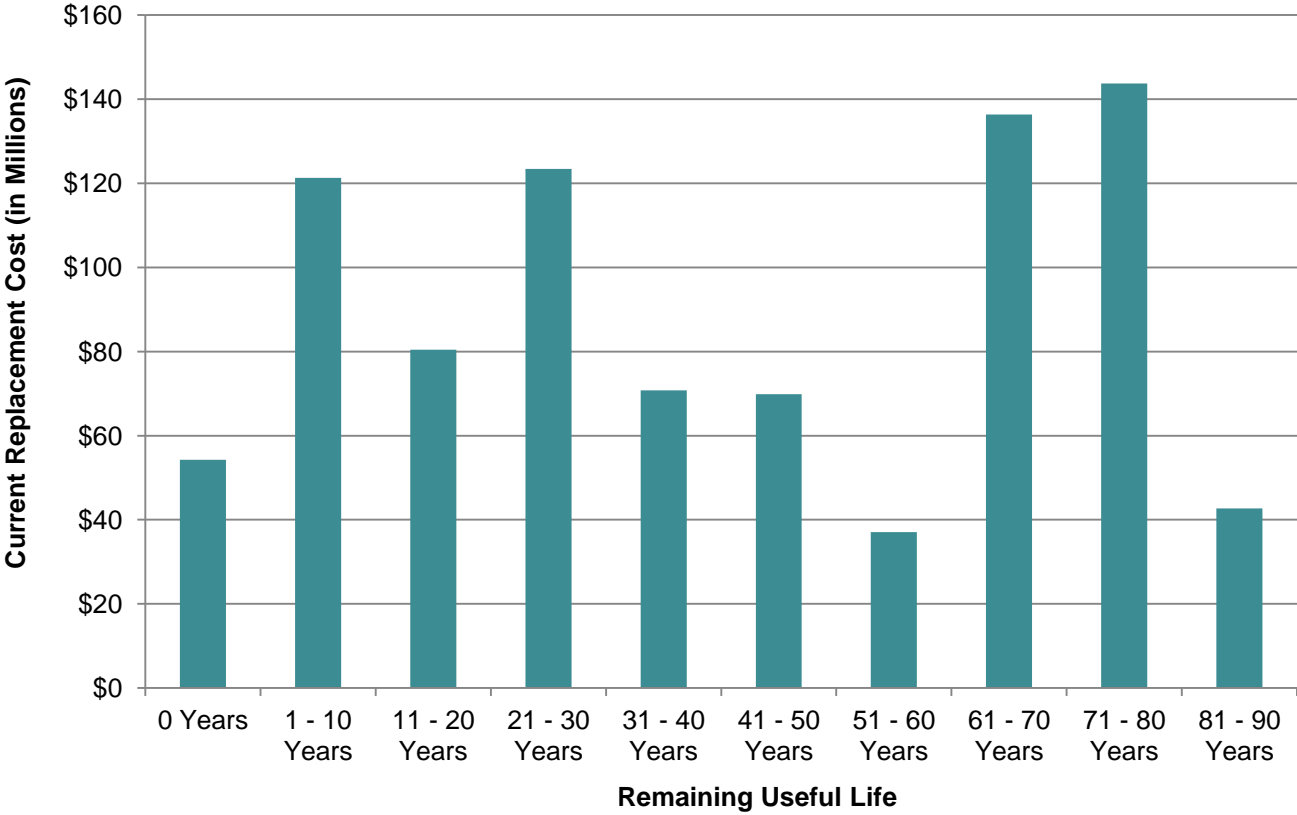
Replacement Values Represent Today's Cost to Replace Existing Assets

Water Asset Replacement Costs by Remaining Useful Life

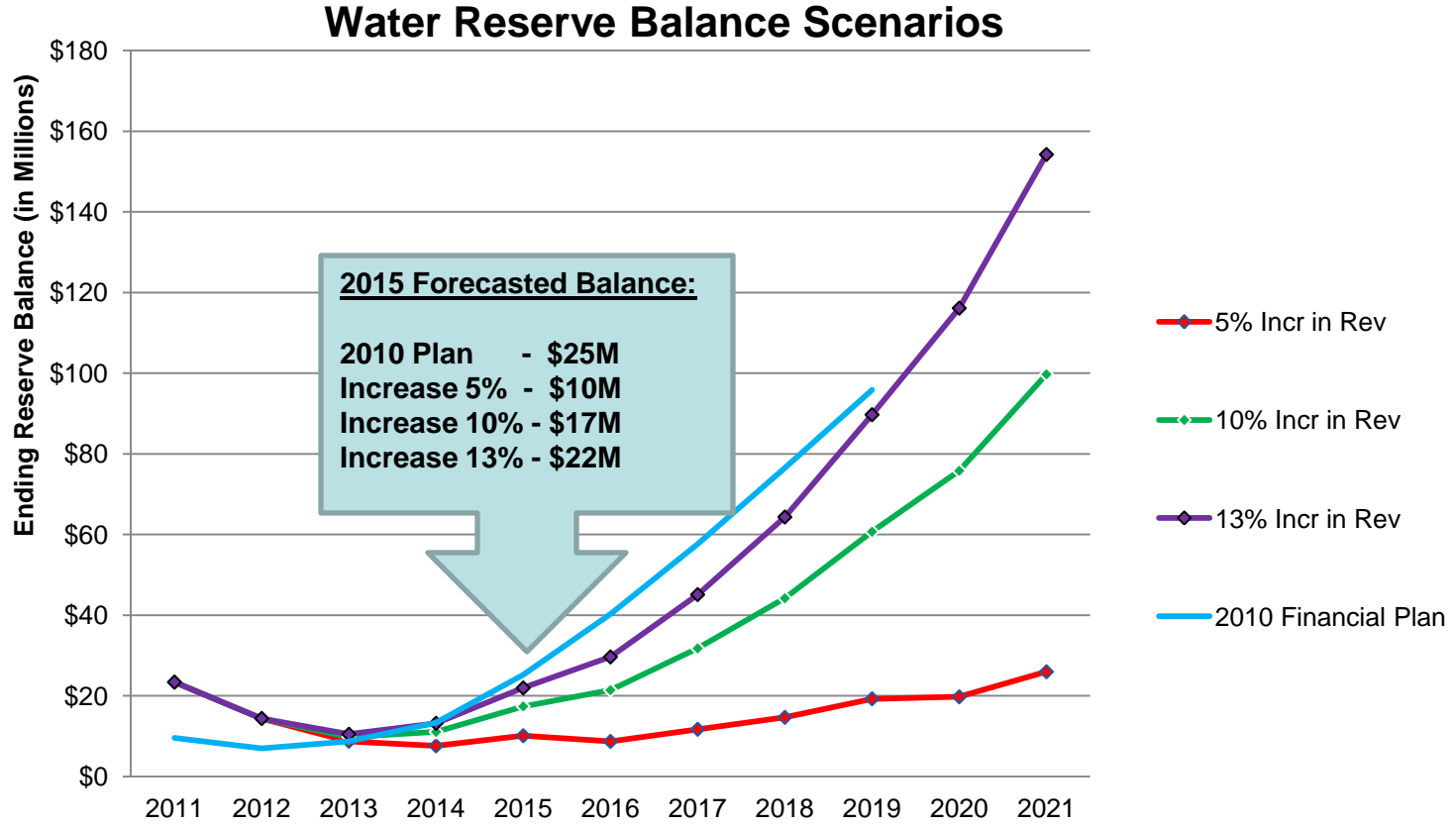


Total Estimated Water Asset Replacement Values are \$496M.

Wastewater Asset Replacement Costs by Remaining Useful Life

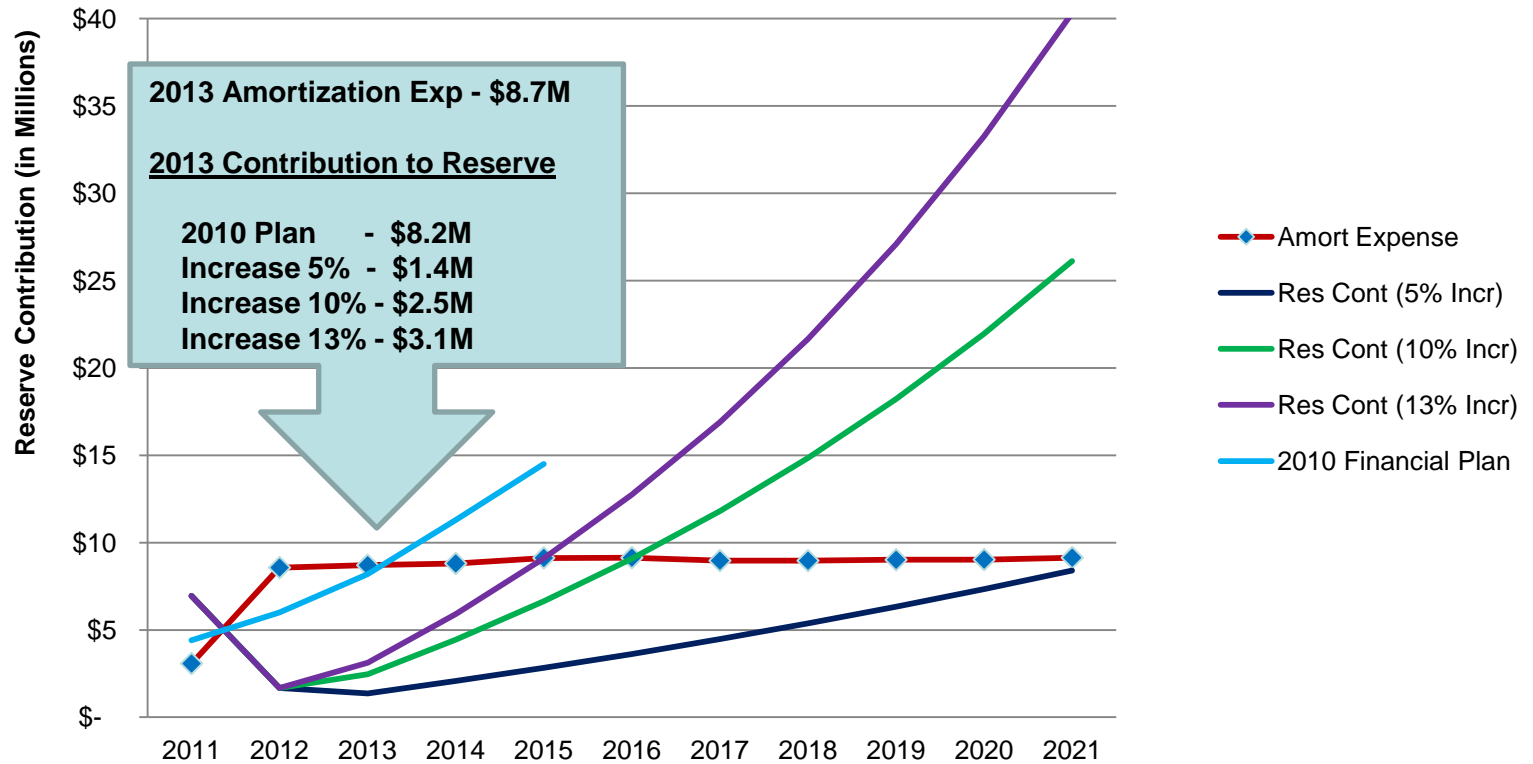


Total Estimated Wastewater Asset Replacement Values are \$880M.



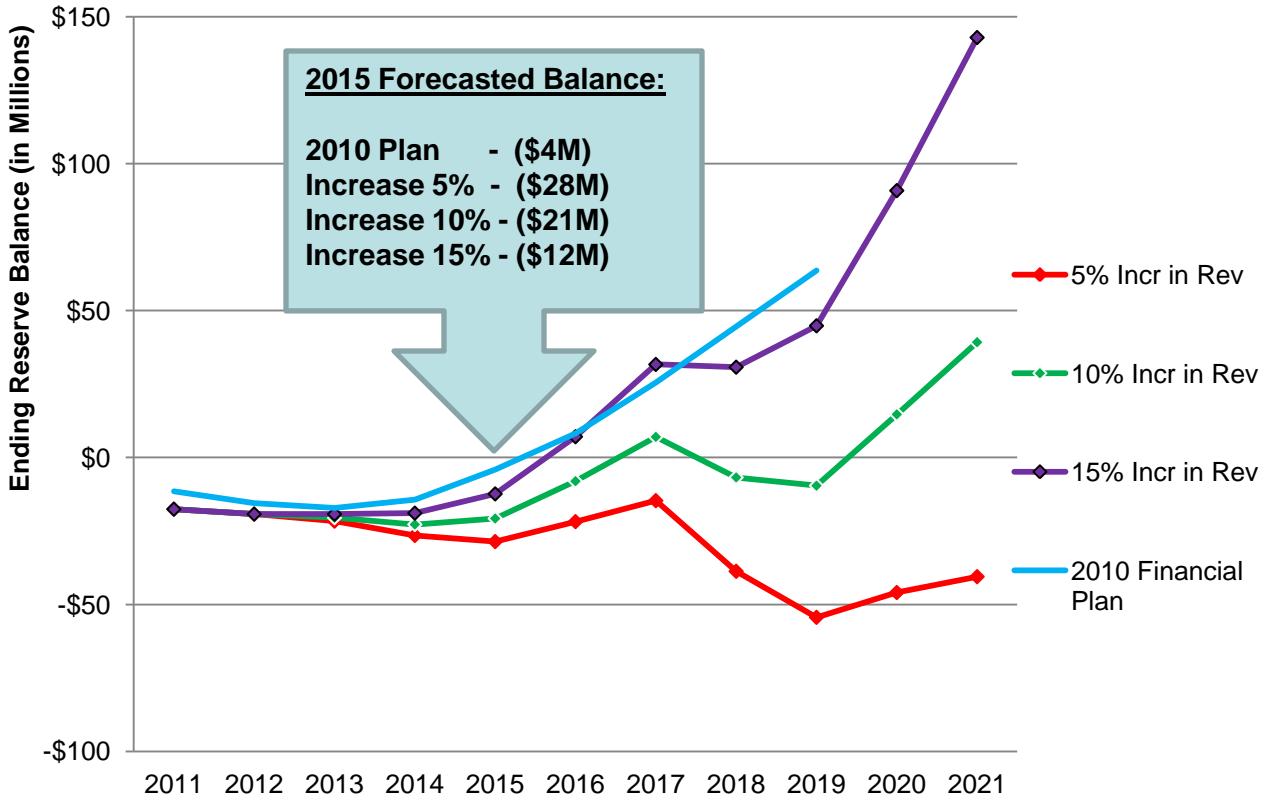
York Region's 2011 Water and Wastewater Rate Review Identified an Optimal Reserve Balance to be 20% of Replacement Values. For the City of Barrie this equates to approx \$100M for Water Assets.

Annual Water Reserve Contribution vs. Amortization Expense



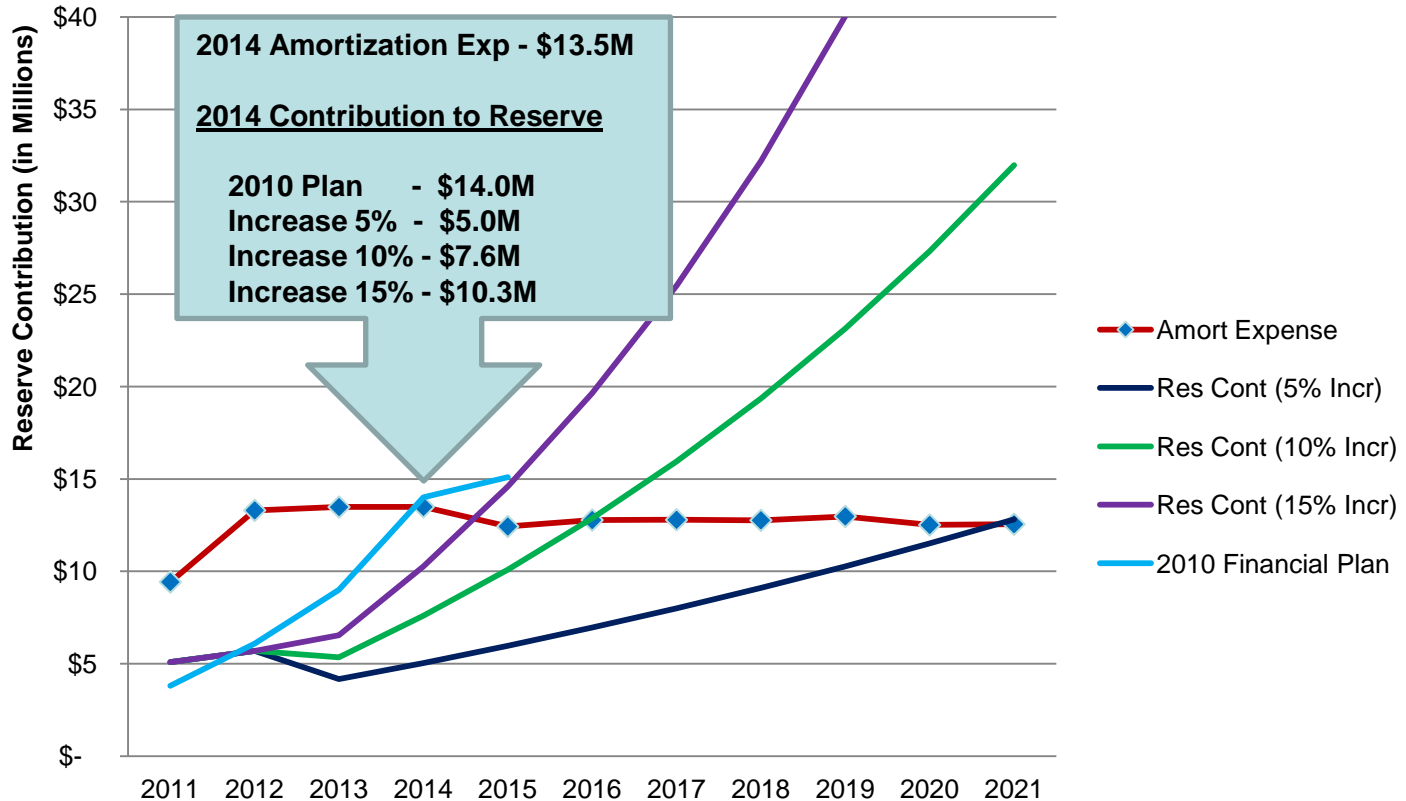
The Original 2010 Financial Plan Forecasted Annual Contribution to Water Reserves would Equal Amortization by 2013.

Wastewater Reserve Balance Scenarios



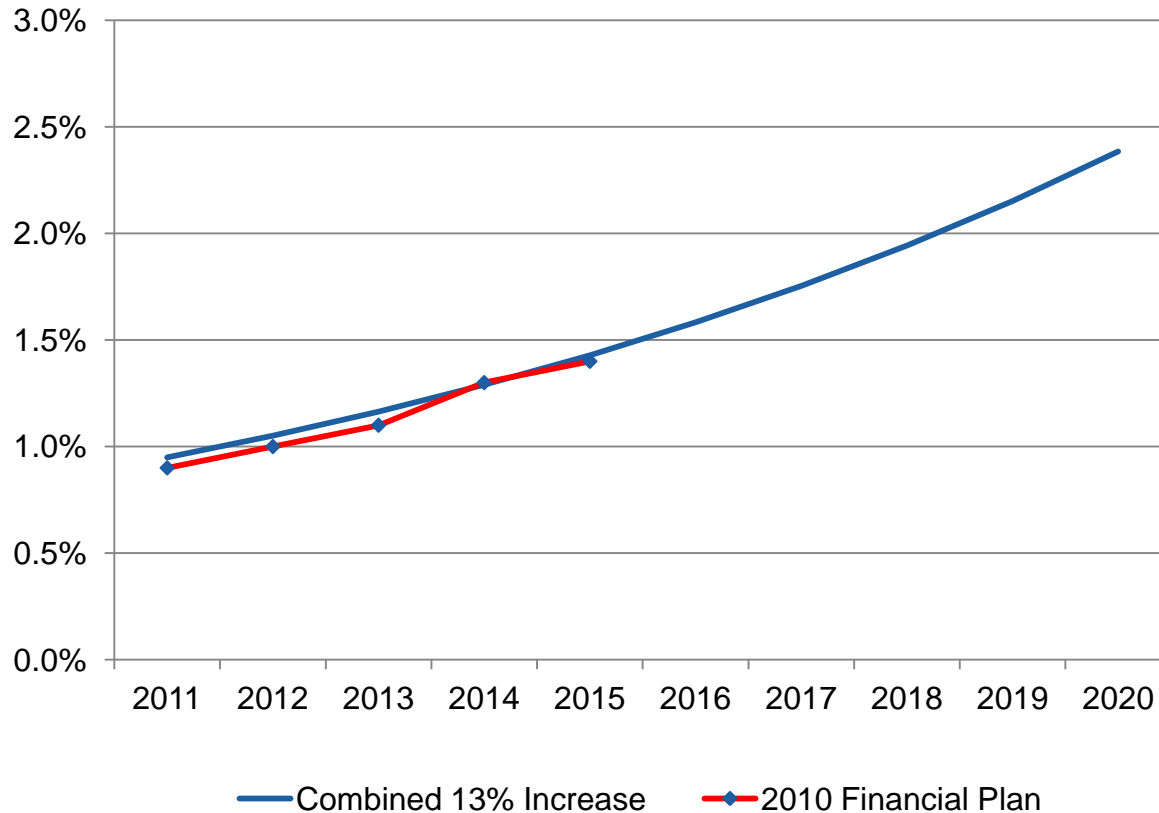
York Region's 2011 Water and Wastewater Rate Review Identified an Optimal Reserve Balance to be 20% of Replacement Values. For the City of Barrie this equates to approx \$176M for Wastewater Assets.

Annual Wastewater Reserve Contribution vs. Amortization Expense



The Original 2010 Financial Plan Forecasted Annual Contribution to Wastewater Reserves would Equal Amortization by 2014.

Water/Wastewater Costs as a Percentage of Household Income



Annual Increases of 10% for Water and 15% for Wastewater keeps Rates within Council's Affordability Threshold of 2.5%, while building Adequate Reserves for Renewal Needs.

	2010 Financial Plan	2012 Financial Plan Update
Water	13% Annual Increases	10% Annual Increases
Wastewater	19% Annual Increases	15% Annual Increase
Annual Reserve Contributions Equal Amortization	Water – 2013 Wastewater - 2014	Water – 2015 Wastewater -2016
Affordability	Within Council Threshold of 2.5%	Within Council Threshold of 2.5%

