

Public Information Session

Water and Wastewater Rate Study and Financial Plans



CITY OF BRANTFORD

December 13th, 2021



Study Background and Objectives

- The City has been fiscally prudent in the management of water and wastewater services.
 - Regular utility rate reviews have been undertaken to ensure sufficient revenues are generated to cover costs.
- The last Water and Wastewater Rate Study and corresponding Financial Plans were completed in 2015.
- A Water Financial Plan is required to support the City's drinking water licence renewal application
- A 10-year projection of water and wastewater rates will underpin the Financial Plans.
 - Financial model covers an eleven-year period: 2022-2032

Rate Setting Approach

Rates calculated based on the following:

1. Full recovery of operating costs
 - Based on the City's 2021 budget and adjusted to account for the effects of inflation
 - Annual debt payments (existing and projected)
2. Full recovery of annual capital needs
 - In-year capital requirements identified by the draft 2022 10-year capital plan
3. Provision for future asset repair/replacement to reserves

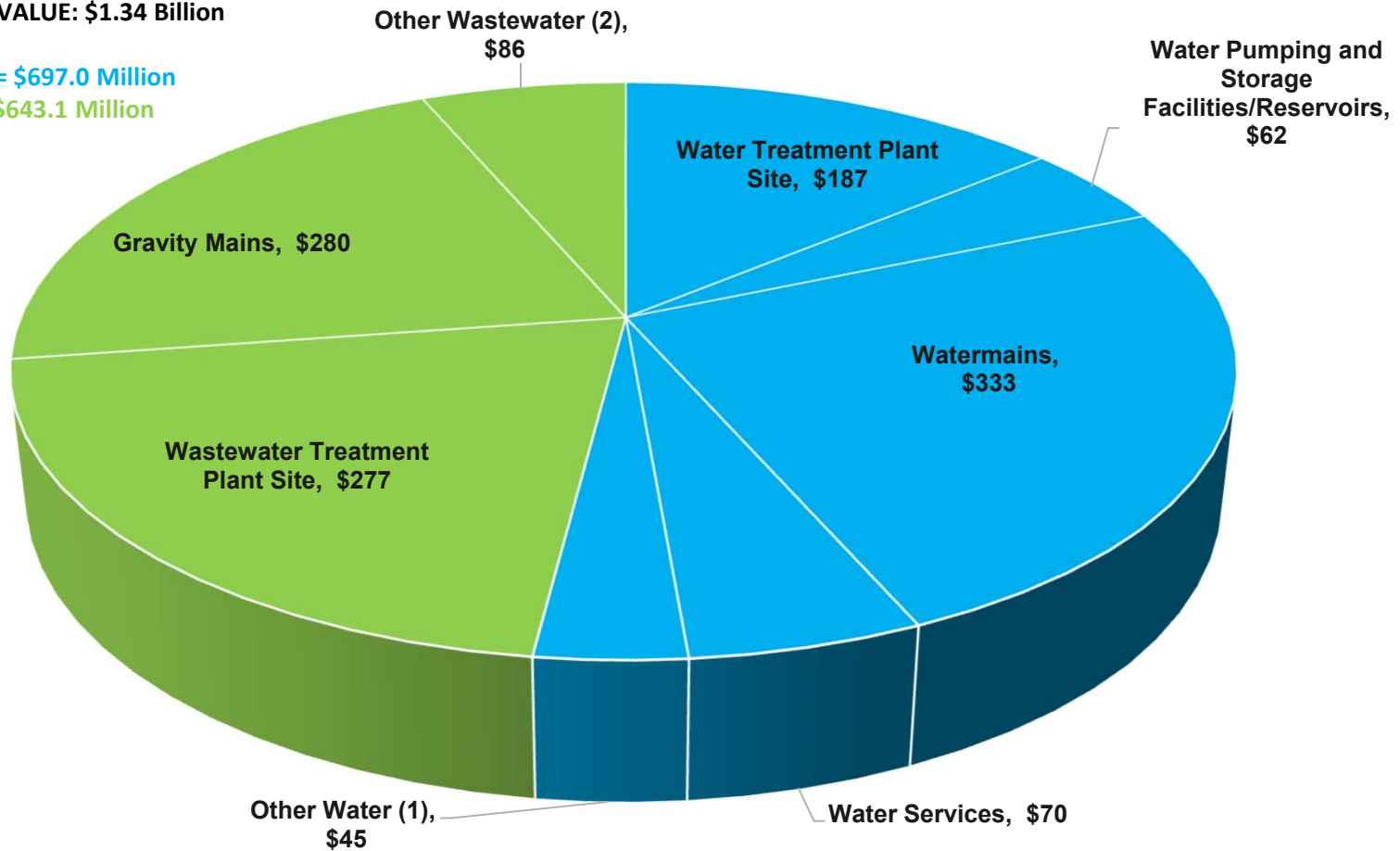
Note: Calculation of the utility rates also considers change in the number of users and consumption patterns over the planning period

Overview of City Water and Wastewater Infrastructure (in Millions)

TOTAL VALUE: \$1.34 Billion

Water = \$697.0 Million

WW = \$643.1 Million

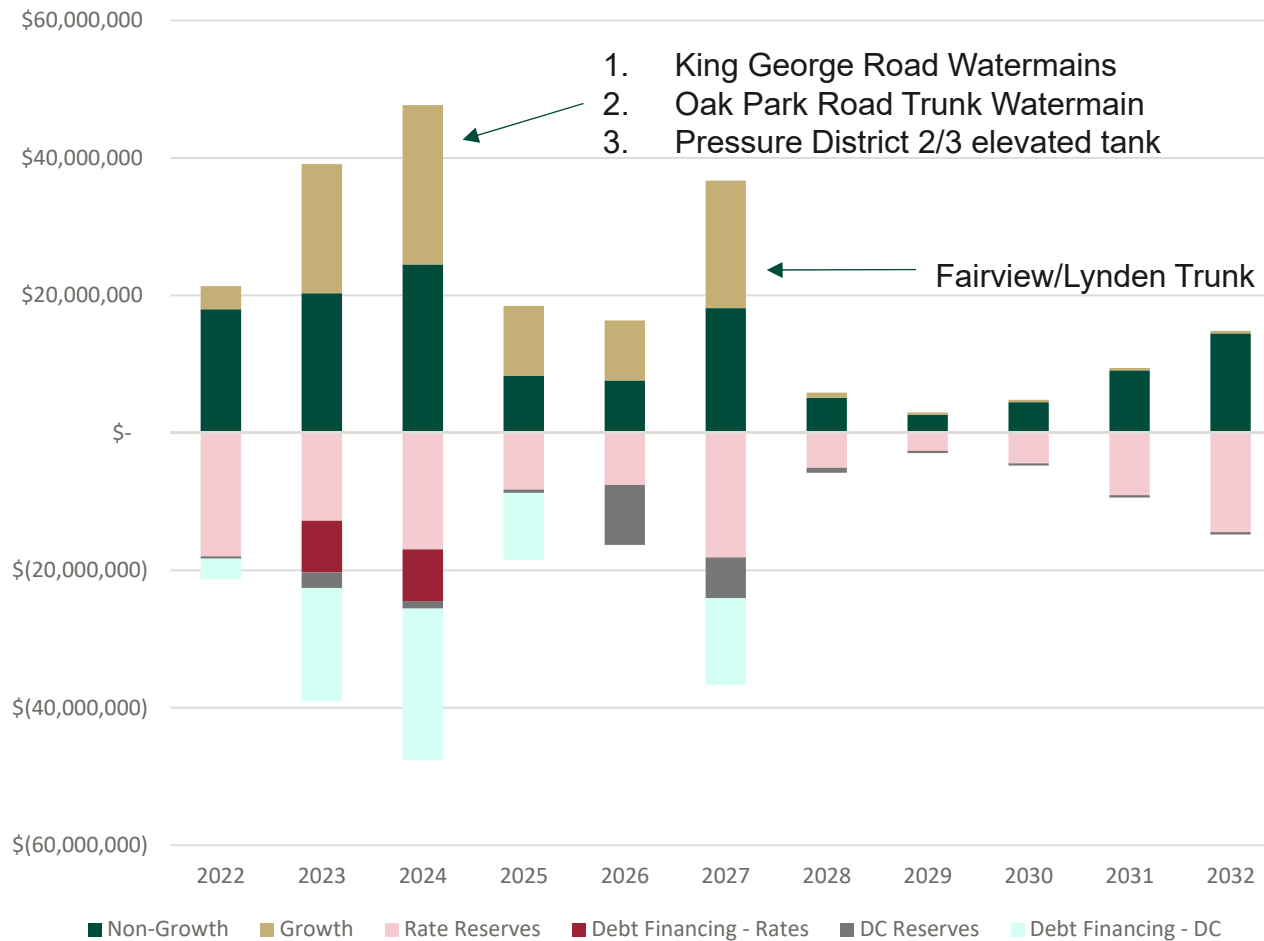


Source: City of Brantford 2021 Asset Management Plan for Environmental Services

Note 1: "Other Water" includes: Hydrants, Chambers, Valves and Water Meters

Note 2: "Other Wastewater" includes: Pump Stations, Forcemains, WW Services, Maintenance Holes and Siphons

Water Capital Program totals \$217 Million (to 2032)

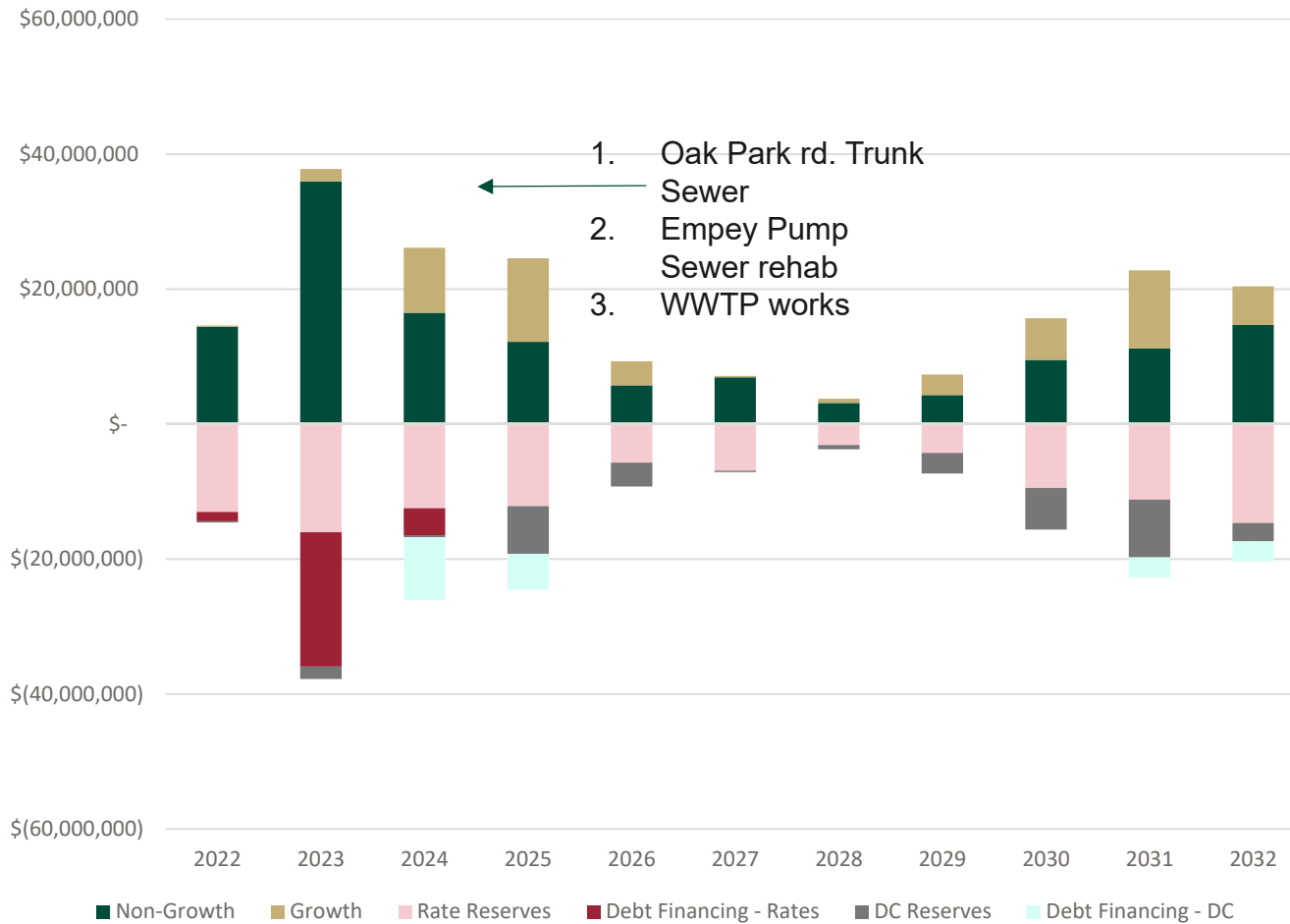


- About 60% of total is for asset R&R while balance is growth-related
- Capital works are front-ended in program (2023 and 2024)
- Debt financing is assumed to carry-out capital

Note 1: Costs are adjusted to account for inflation

Note 2: 2032 capital is assumed based on preceding 10-year average costs

Wastewater Capital Program totals \$189 Million (to 2032)



- About 70% of total is for asset R&R while balance is growth-related
- Fair amount of capital required in the short-term
- Debt financing is assumed to carry-out capital

Note 1: Costs are adjusted to account for inflation

Note 2: 2032 capital is assumed based on preceding 10-year average costs

Summary of Calculated Rates: Water Services

Water Services ⁽¹⁾		
Year	Fixed Charge per month (5/8")	Consumption Charge (\$/m3)
2022	\$9.22	\$2.27
2023	\$9.22	\$2.33
2024	\$9.22	\$2.39
2025	\$9.22	\$2.46
2026	\$9.22	\$2.53
2027	\$9.22	\$2.60
2032	\$9.22	\$2.97



- 2022: Rates as adopted by Council
- Post 2022: No Change to the monthly fixed charge over the planning period
- Post 2022: 2.75% increase per annum applied to variable rates only

Typical HH Impact⁽²⁾: **Average 2.23%** increase per annum over the next 5 years (post 2022)

Note 1: Minimum Bill requirements would still apply

Note 2: Based on consumption of 200m³ per annum

Summary of Calculated Rates: Wastewater Services

Wastewater ⁽¹⁾	
Year	Consumption Charge (\$/m ³) ⁽²⁾
2022	\$2.08
2023	\$2.13
2024	\$2.19
2025	\$2.25
2026	\$2.31
2027	\$2.38
2032	2.72



Wastewater Services:

- 2022: Rates as adopted by Council
- Post 2022: 2.75% increase applied per annum to variable rates

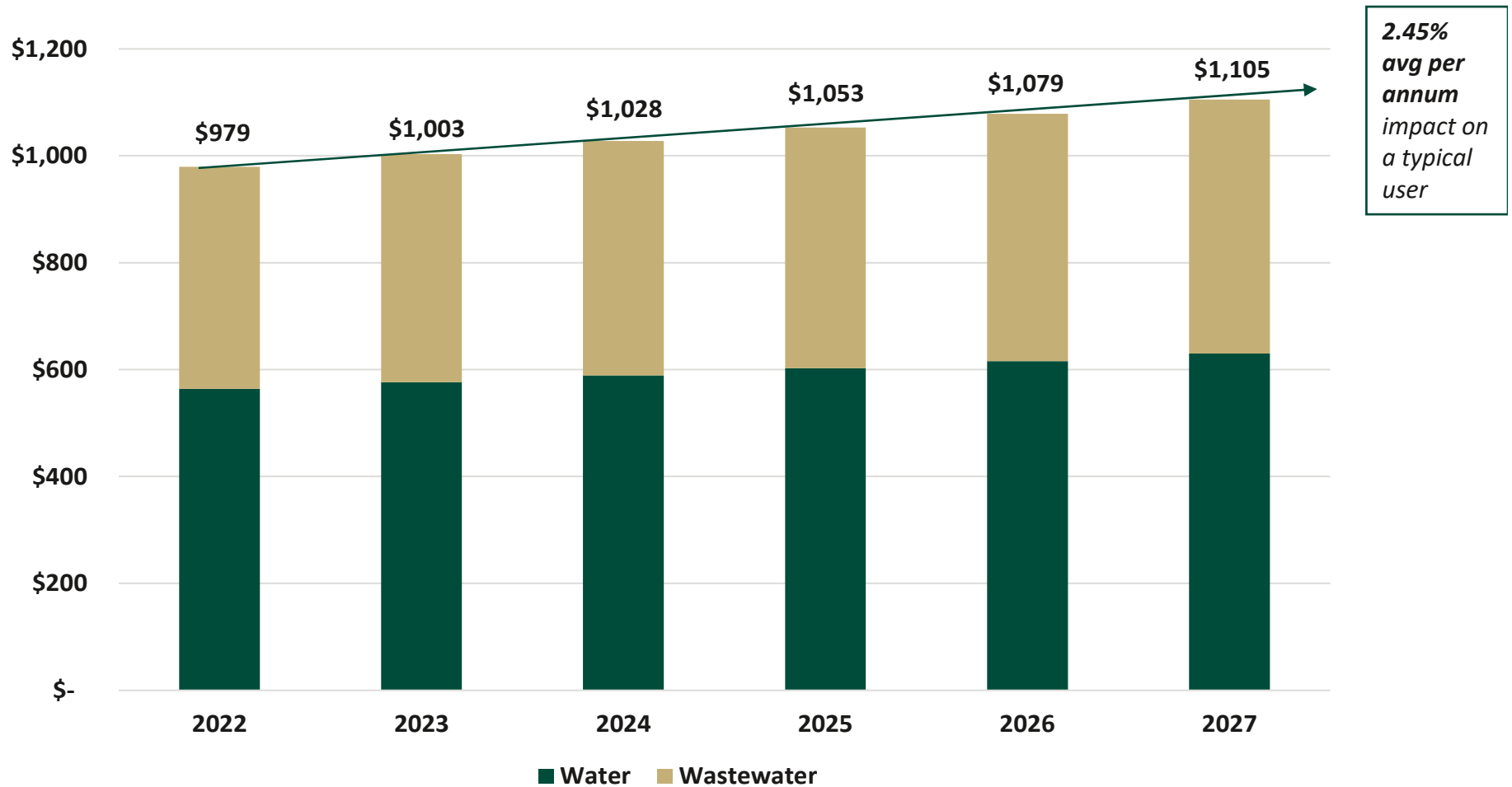
Typical HH Impact ⁽³⁾: **2.75%**
increase per annum over the next 5
Years (post 2022)

Note 1: Minimum Bill requirements would still apply

Note 2: Only applied to consumption under 30m³ per month in the summer months (May 1st – September 30th)

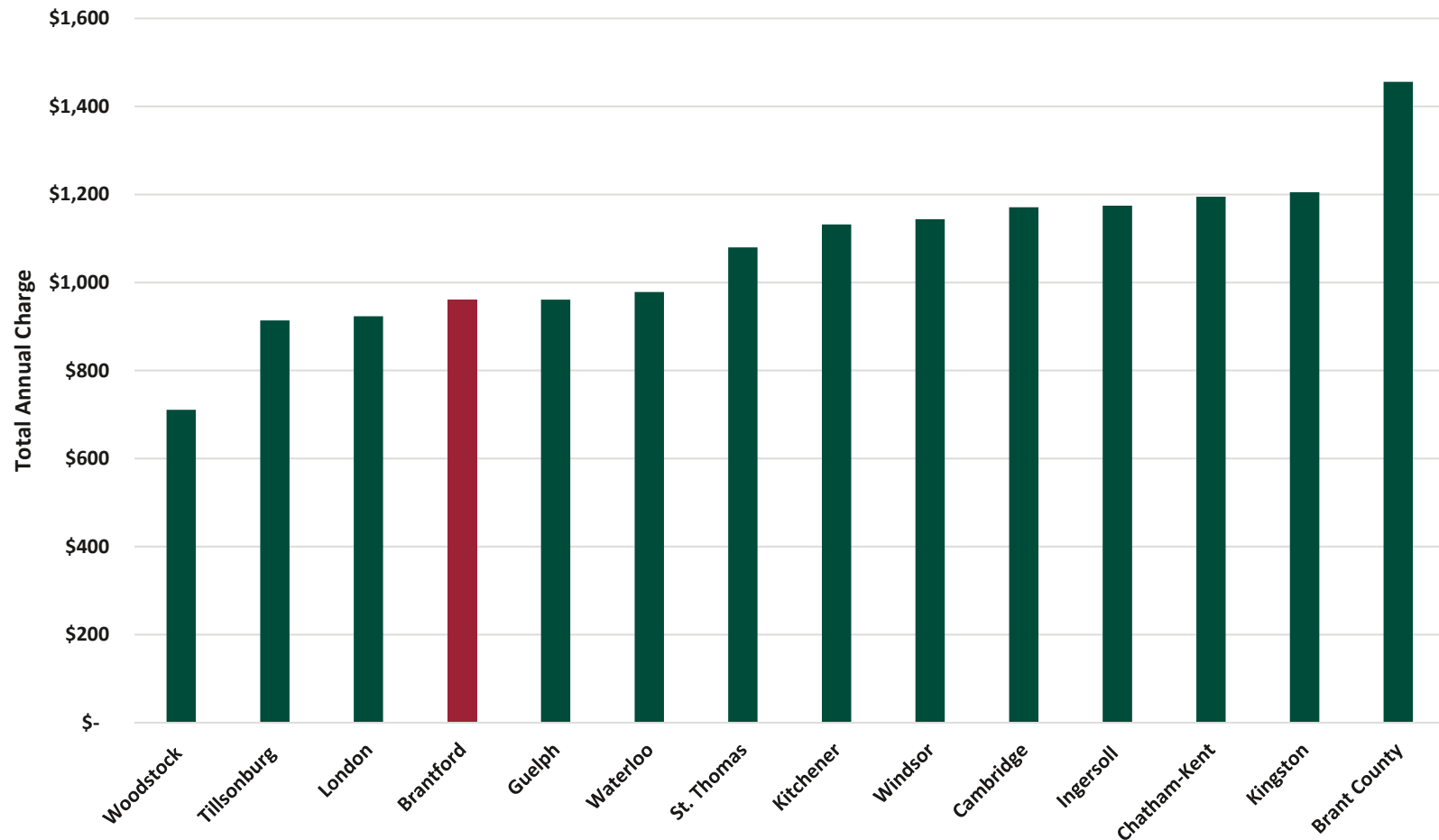
Note 3: Based on consumption of 200m³ per annum

Rate Impact per Typical Household: Consuming 200m³ per Year



Note: 2022 rates have already been approved by Council

Benchmarking Analysis: Total Current Charge per Typical HH in 2021 ⁽¹⁾



Note 1: Based on a user of 200m³ per annum for water and wastewater services. Some municipalities levy dedicated storm water fees and those fees are excluded from this comparison.

Key Outcomes

- Extensive capital works required over the planning period
 - Debt financing measures and use of reserves need to be carefully monitored to ensure sustainable reserve levels and self imposed (or provincially mandated) debt limitations are not exceeded
- Annual increases to the utility rates are needed to support capital needs and operating costs of the system
- Rates remain competitive with surrounding municipalities
- Billed consumption anticipated to modestly increase over the planning period (but declining on a per capita/hh basis)
 - Difficult to quantify COVID-19 related consumption impacts in the short-to-medium term