



2020 Sanitary Sewer Long Term Financial Plan Update

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Sanitary Sewer Long Term Financial Plan (LFTP)

Background:

- Based on the approach used for the Water fund, since 2013 we have been working with the consulting firm Econics to develop a sustainable long-term financial plan for the Sewer Fund.

Challenges:

- Underfunded sanitary sewer system
- Limited reserves
- The need to raise awareness of the cost to sustainably operate and maintain a sanitary sewer system

Sanitary Sewer Long Term Financial Plan (LFTP)

Progress to date:

- Review of funding sources, costs, asset inventory and funding requirements
- 2014-2018 annual rate increases of ~ 5% - 9% supported by regular communication to users
- In 2019: Council continued to support the goals of the LFTP and approved an overall annual rate increase of 5%
- Beginning to build reserves
- Continued use of the WaterWorth program to ensure we stay on track

Sewer Long Term Financial Plan (LTFP)

Goal:

- To achieve a self-sustaining sewer fund with sufficient reserves to address short and long term operational and capital requirements
- Reserves targets:
 - Operational Reserve with contingency: 30% of annual O&M expenses
 - Rate Stabilization: 5% of sale of annual parcel taxes & user fees
 - Capital Reserve: 3% of Total asset replacement value

Sewer LTFP Significant Items

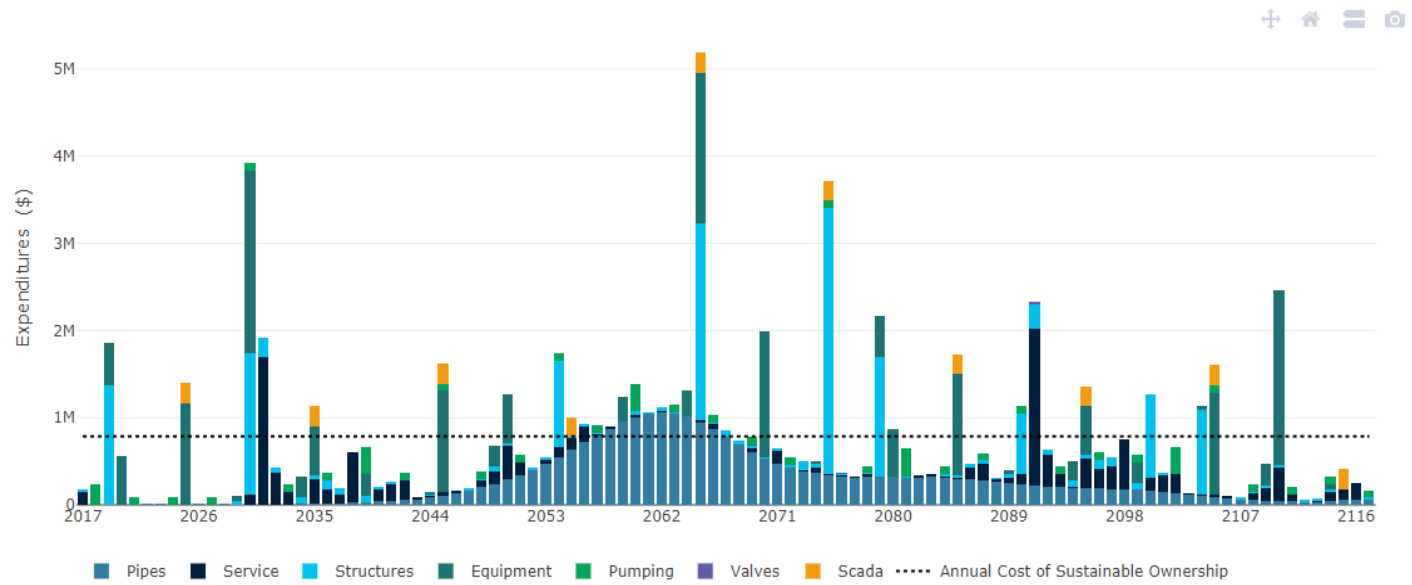
O&M Expenses:

- Based on 2020 Preliminary Budget
- Inflation rate increases range from 1%-3% to account for:
 - Cost of Living
 - Population growth
 - Increased operations and maintenance costs as the Town's infrastructure expands

Capital Costs:

- 2020-2024 based on preliminary 2020 Five Year Financial Plan
 - with funding and costs relating to Prowse Rd Lift Station & WWTP Upgrade projects reflected in 2019 & 2020.
- 2025-2030, gradually increasing up to the Annual Cost for Asset Replacement
 - 100 year average of ~ \$785,000 per year.

Sewer Asset Replacement Schedule



Sewer LTFP Significant Items cont'd

Funding Sources:

- Parcel Tax and User Fees
- Development Cost Charges - \$25,000 per year
 - actual amounts received in future will be incorporated into LTFP
- Approved Borrowing – for Prowse Road Lift Station Upgrade - \$1.76 Million

Sewer LTFP Significant Items cont'd

Goal:

- To achieve a self-sustaining sewer fund with sufficient reserves to address short and long term operational and capital requirements

Proposed Rate Increases:

- Proposed Parcel Tax and User Fee Rate Increases of 5% for 2020
 - 2% cost of living
 - 3% asset replacement/renewal/long term sustainability
- Continue with an overall revenue increase of 5% each year until 2029 (or until reserve targets met)

Sanitary Sewer Long Term Financial Plan

