



2020 Water and Sanitary Sewer Long Term Financial Plan Updates

January 22, 2020



2020 Water Long Term Financial Plan Update

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Water Long Term Financial Plan (LTFP)

Background:

- Building on the Aquifer Mapping Study, since 2012 we have been working with Econics to develop a sustainable long term financial plan for the Water Fund.

Challenges:

- Underfunded water system
- Declining reserves
- Rate stabilization requirement as water use per capita declined
- The need to raise awareness of the cost to sustainably operate and maintain a water system

Water Long Term Financial Plan (LTFP)

Progress to date:

- 2012: Extensive review of rate structure, equity among customer categories, asset inventory and funding requirements
- 2013-2018: implemented overall annual rate increases of ~ 10% - 15% per year, supported by regular communication to users
- In 2019: Council continued to support the goals of the LTFP and approved an overall annual rate increase of 5%
- We are no longer in a deficit position, are reducing our reliance on the Gas Tax funding and beginning to build reserves
- Annual use of the WaterWorth program to ensure we continue to be on track

Water Long Term Financial Plan (LTFP)

Goal:

- To achieve a self-sustaining water 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: 10% of sale of annual parcel taxes & user fees
 - Capital Reserve: 3% of Total asset replacement value

Water LTFP Significant Items

O&M Expenses:

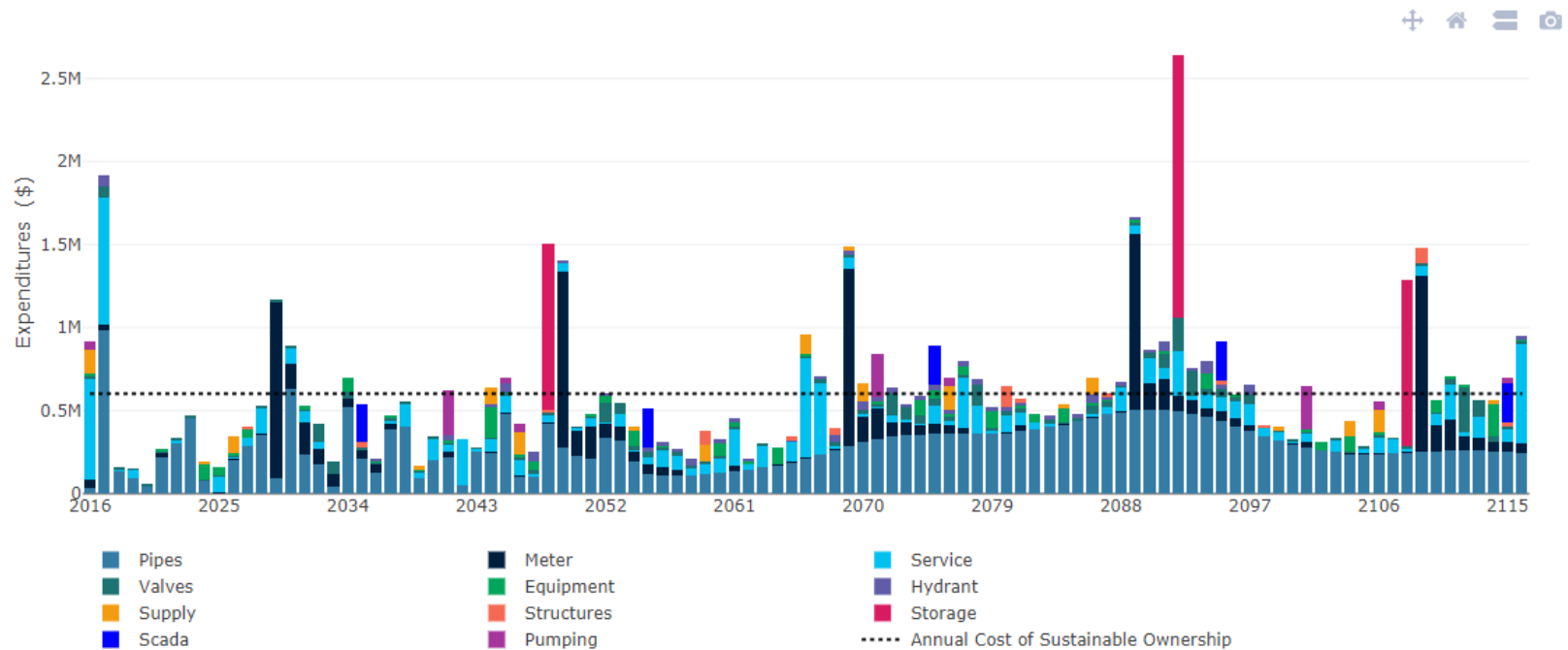
- Based on 2020 Preliminary Budget
- Inflation rate increases range from 1%-3% to account for:
 - Cost of Living
 - Population growth
 - Increased operations and maintenance costs as the Town's infrastructure expands
- Zone 3 Aquifer Expansion related changes
 - Phased in reduction of water purchase costs & associated increase to water pumping costs
 - The overall reduction in purchasing SCRD bulk water offset the costs associated with the debt funding for the expansion

Water LTFP Significant Items

Capital Costs:

- 2020-2024 based on preliminary 2020 Five Year Financial Plan
 - with funding and costs relating to Zone 3 Aquifer Expansion project reflected in 2020.
- 2025 onward, based on Annual Cost for Asset Replacement
 - 100 year average of ~ \$600,000 per year.

Water Asset Replacement Schedule



Water LTFP Significant Items cont'd

Funding Sources:

- Parcel Tax and User Fees
- Gas Tax funding
 - Reducing reliance on this grant to \$0 by 2021
 - Funds then available for other projects e.g. road rehabilitation
- Development Cost Charges - \$25,000 per year
 - actual amounts received in future will be incorporated into LTFP
- Approved Borrowing – for Zone 3 Aquifer Expansion Project - \$3.3 Million

Water LTFP Significant Items cont'd

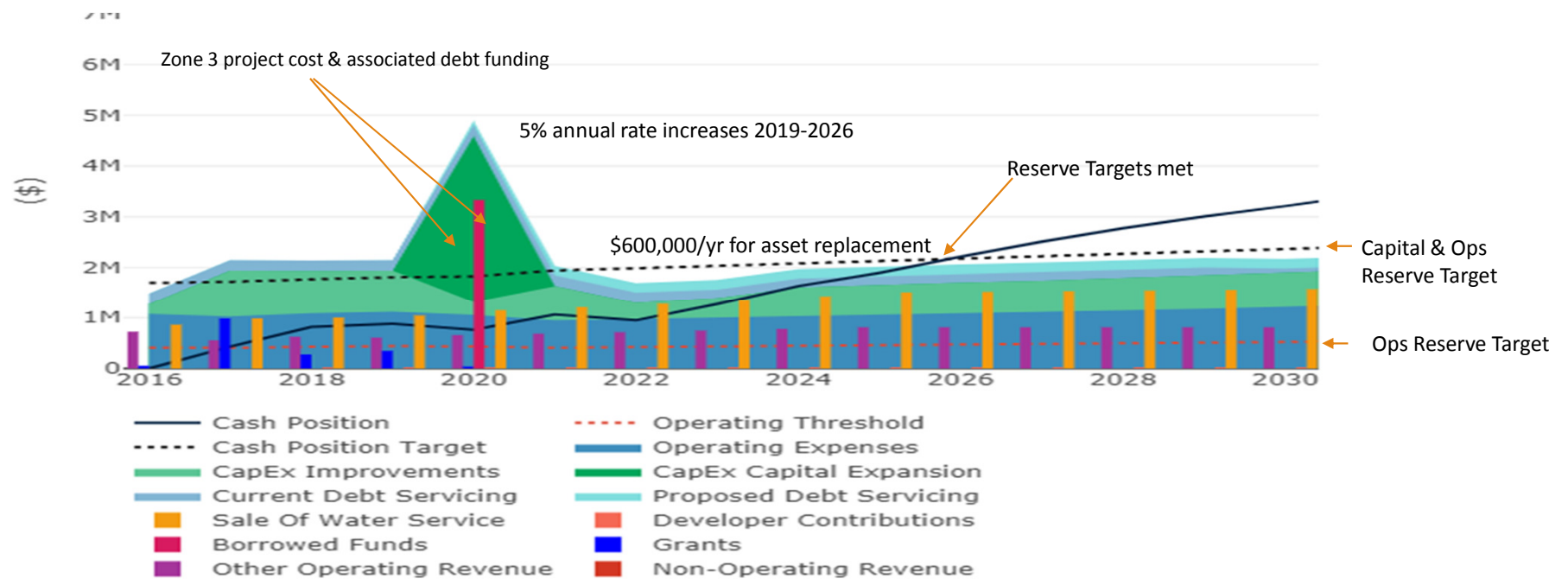
Goal:

- To achieve a self-sustaining water 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 2026 (reserve targets met).

Water Long Term Financial Plan





2020 Sanitary Sewer Long Term Financial Plan Update

January 22, 2020

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

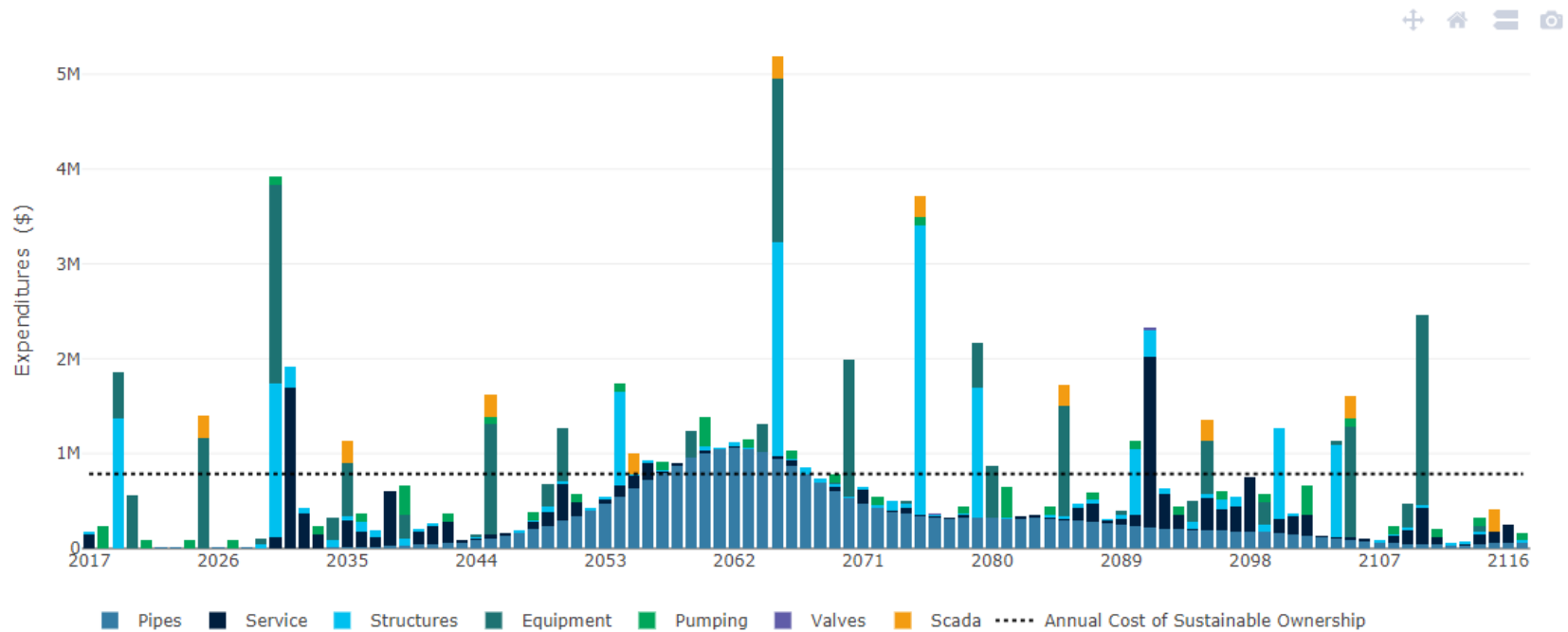
O&M Expenses:

- 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

