

TWENTY25

NIAGARA REGION BUDGET

Water & Wastewater Operating Budget,
Rate Setting & Requisition

November 7, 2024

2025 Water & Wastewater Operating Budget

Key Themes

- Recommending 12.27% increase
 - Investment in Capital contributions – recommended increase of 7.22% contribution to capital in alignment with 2021 Asset Management Plan
 - Sustainment of core services - recommended increase of 5.05% for investment in core Water and Wastewater services

Regional share is an average incremental increase of \$0.24 per household per day equating to \$7.40 per month over 2024

2025 Water & Wastewater Operating Budget, Rate Setting and Requisition

What we're going to cover:

- Key Drivers
- Operating Budget Highlights
- Multi-Year Budget
- Budget Variance Risks
- Requisition to Municipalities
- Next Steps

2025 Key Drivers

2021 Asset Management Plan (AMP)

- Water and Wastewater Capital represents 52% or \$5.1 Billion of assets in the Region's 2021 AMP

Per Asset Management Plan	Per Budget
Recommends average annual renewal investment of \$164 Million	2024 Operating Budget included Capital funding for renewal of \$54 Million

2025 Operating Budget Strategy Proposes Total Contributions to Capital of **\$65 Million**

2025 Key Drivers

2023 Water and Wastewater Financial Plan

Given Niagara Region affordability challenges, the 2023 Financial Plan recommended increasing annual contributions to capital of 5.15% (AMP recommended 7.22%)

Historical contributions to capital have fallen short of both the 2021 Asset Management Plan and the 2023 Financial Plan

Year	Capital Increase Approved
2024	4.10%
2023	5.00%
2022	3.15%
2021	1.00%
2020	3.15%

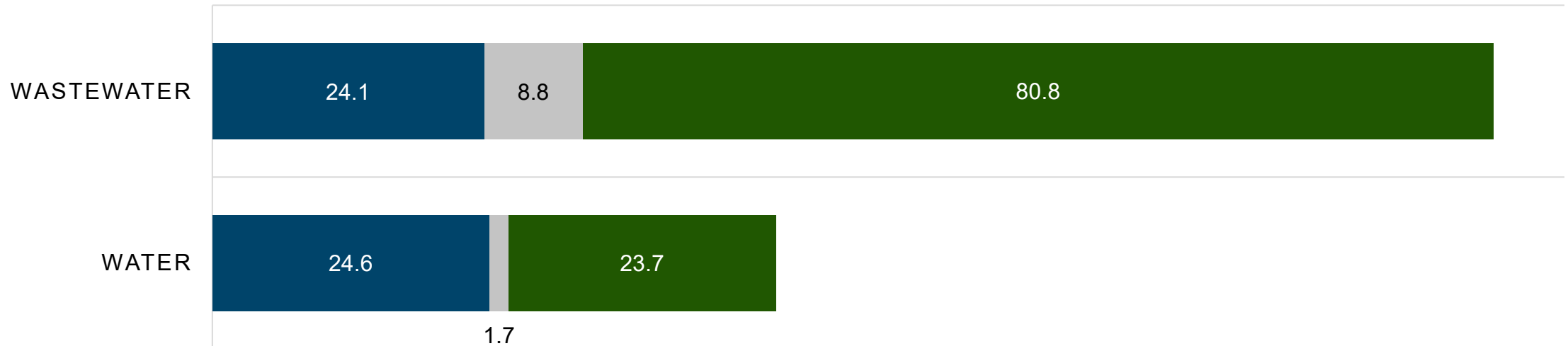
2025 Key Drivers

2021 Asset Management Plan (AMP)

- Water – 44% of plant assets in Poor to Very Poor Condition and Declining
- Wastewater – 49% of plant assets in Poor to Very Poor Condition and Declining

ANNUAL FUNDING VS. NEED

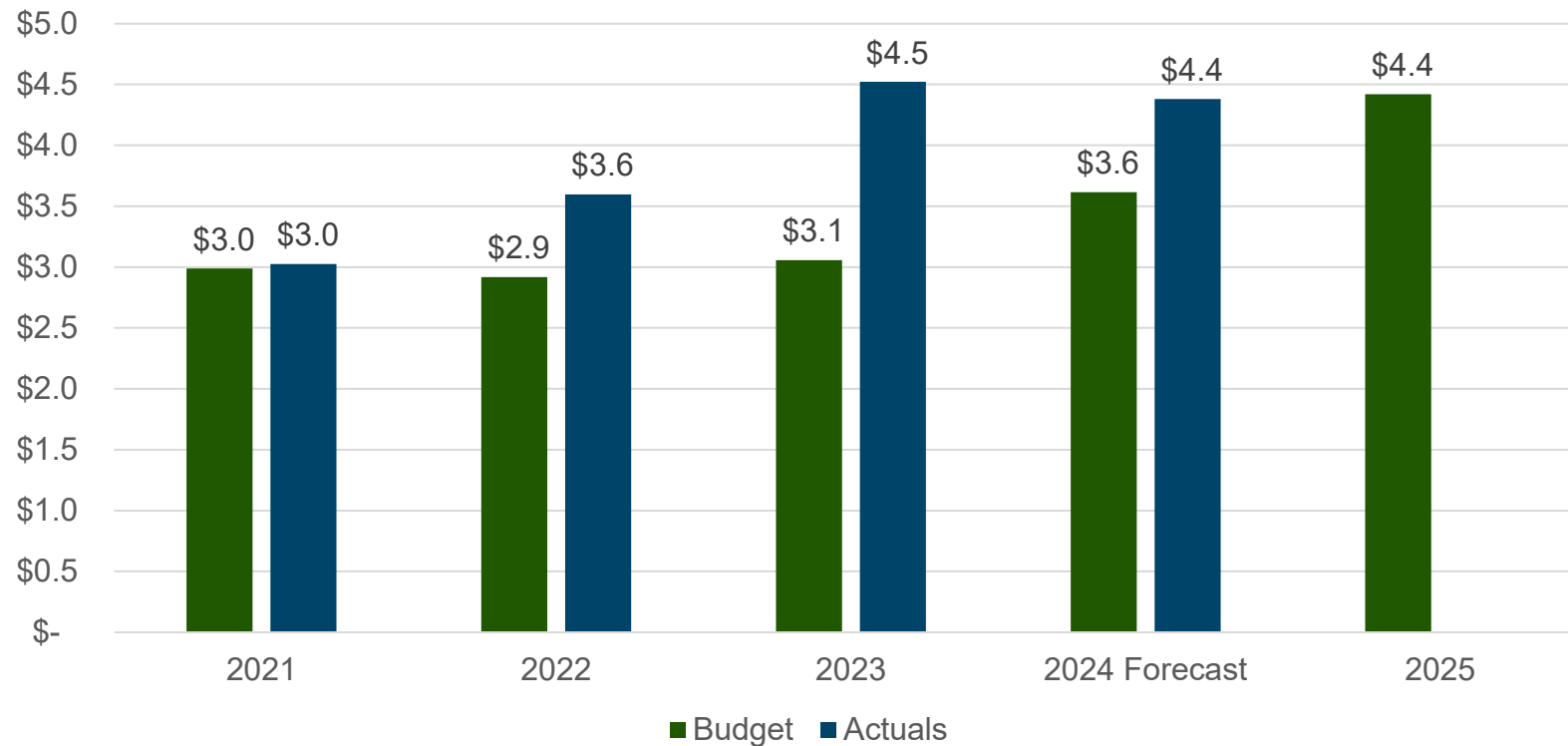
■ 2024 ■ Proposed 2025 ■ 2021 AMP



2025 Key Drivers





Wastewater Equipment Repairs and Maintenance

WW R&M Equipment Budget vs. Actual Trend
(in millions)



- 2024 WW Forecasted R&M deficit - **\$0.8 M**
- 2025 Budget proposes to invest in R&M in alignment with historical spend
- Prioritize preventative maintenance activities

2025 Recommended Budget (in millions)

	Water (\$)	Wastewater (\$)	Total (\$)
Water & Wastewater 2025 Budget Summary			
2024 Net Requisition	53.3	101.3	154.6
2025 Budget:			
Total Operating Expenses	26.3	62.5	88.8
Business Support	2.6	4.2	6.8
Reserve Transfer & Debt Charges	26.2	43.6	69.8
2025 Base Gross Budget Total	55.1	110.3	165.4
Less: Revenues	(0.5)	(4.5)	(5.0)
2025 Net Base Budget	54.5	105.8	160.3
% Change	2.28%	4.48%	3.72% 
Enhanced Capital Financing (7.22%) 	2.3	8.9	11.2
Program Changes – Staffing (1.33%) 	0.3	1.8	2.1
2025 Net Requisition	57.1	116.5	173.6
Percentage Change	7.06%	15.01%	12.27% 

2025 Recommended Budget (in millions) Continued

Recommended budget increase of **12.27%** (\$19.0M increase)

- 3.72% or \$5.7M for base operating costs
- 7.22% or \$11.2M for enhanced capital financing
- 1.33% or \$2.1M for staffing resources

2025 Budget Snapshot

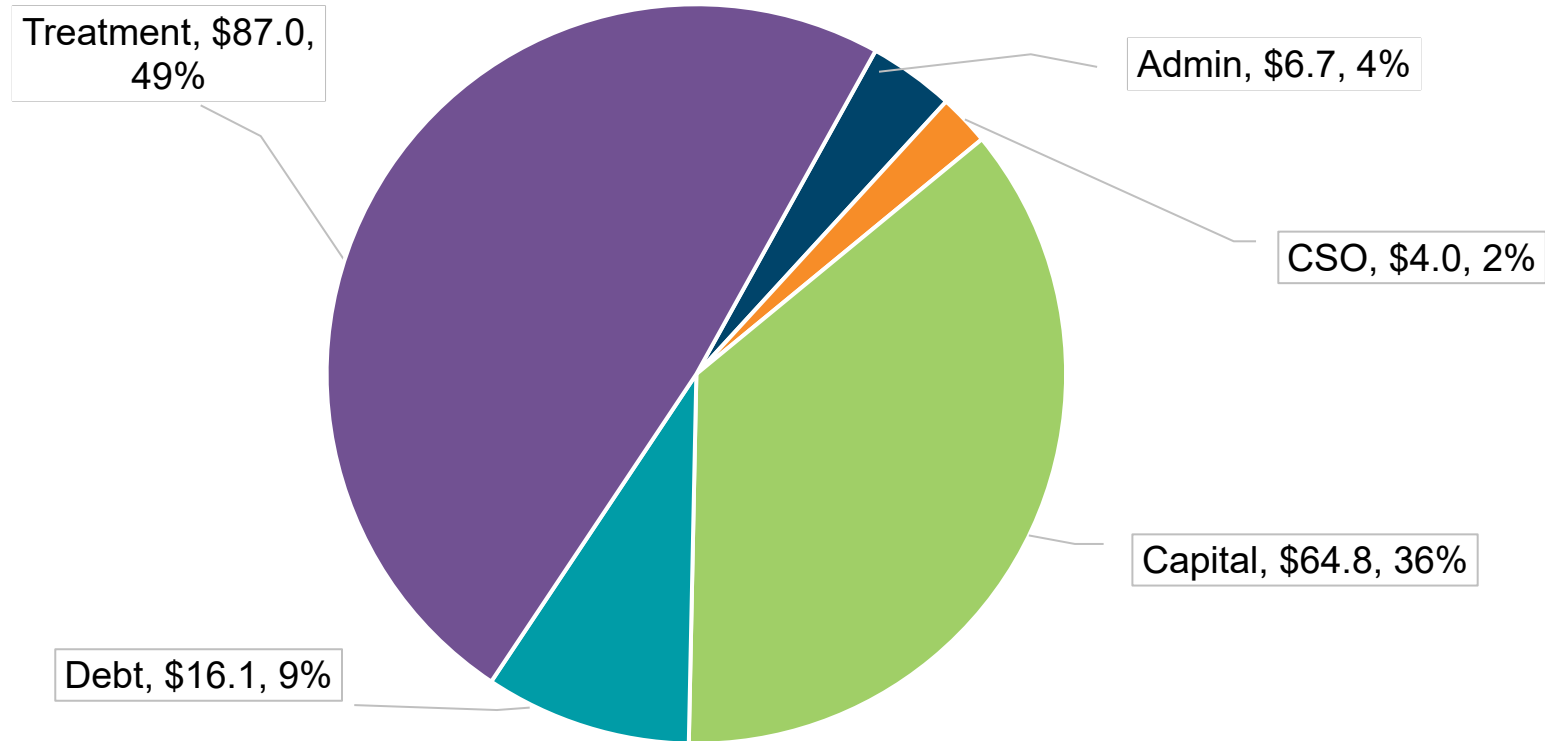
Budget Categories	Per Budget Strategy (%)	Proposed Budget (%)	Change (%)
Base Services	4.11%	3.72%	(0.39)%
Capital Financing	7.22%	7.22%	0.00%
Program Changes	1.26%	1.33%	0.07%
Total	12.59%	12.27%	(0.32)%

Key change drivers:

- Incremental hauled sewage revenue offsetting base increase pressures for R&M

2025 Gross Operating Budget (\$178.6M)

Expenditures by Area (in millions of dollars)



94% of costs associated with essential treatment and capital needs

■ Admin ■ CSO ■ Capital ■ Debt ■ Treatment

2025 Budget Summary

Base Increase of \$5.7M on Net Requisition

Pressures mainly attributed to:

- \$1.0M net increase in re-instatement of CSO Program (\$2M gross to \$4M gross)
- \$1.1M increase in repairs and maintenance in line with historical actuals/cost increases
- \$1.4M increase in labour related costs to support the people strategy and union increases
- \$0.4M increase in consulting for building condition assessments

2025 Budget Summary

Base Increase of \$5.7M on Net Requisition Continued

Pressures mainly attributed to (continued):

- \$2.2M inflationary pressures related to chemicals \$0.8M, biosolids haulage and disposal \$0.7M, utilities and property taxes \$0.7M
- \$0.5M in levy related internal and corporate support costs/debt servicing

Pressures offset by:

- \$0.9M additional hauled sewage collection revenue

2025 Operating Budget Staff Summary

in Full Time Equivalents (FTE)

Details	Perm	Temp
2024 - Total	280.6	4.0
2025 – New staffing requests to support program delivery	20.4	-
2025 – Total	301.0	4.0

2025 Program Investments

Staffing Resources – 20.4 FTE

Description/ Title	Operating Impact (\$)	FTE
Systems Maintenance Person	284,528	3.0
Pumping Station Crews	437,452	4.0
Area 1 Operators	200,726	2.0
NOTL Wastewater Operator	100,363	1.0
Crystal Beach Wastewater Operator	100,363	1.0
Senior Project Manager- WWW	45,420	1.0
Project Manager	40,419	1.0
Laboratory Technician II	38,649	0.4
Environmental Compliance Analyst	98,748	1.0
Environmental Sampling Technician	91,050	1.0
SCADA technician	237,895	2.0
W-WW Infrastructure Analyst	251,927	2.0
Security Program Manager	125,963	1.0
	2,053,503	20.4

Staff resources proposed to support preventative maintenance, operations, program delivery, regulatory and compliance requirements, and cyber security.

Maintenance
Operations
Engineering
Lab and Compliance
SCADA and Security

2025 Budget Summary

Reserve Balances

Reserve (In Millions)	Estimated Opening Balance	Interest	Annual Contribution	Usage	Estimated Closing Balance	2025 Target Balance
Wastewater Capital	\$27.80	\$0.70	\$38.40	(\$38.00)	\$27.60	Below target in 2021 Asset Management Plan
Water Capital	\$43.40	\$0.50	\$26.40	(\$50.50)	\$19.30	Below target in 2021 Asset Management Plan
Wastewater Stabilization	\$0.10				\$0.10	\$7.9 - \$11.9 Below Target
Water Stabilization	\$4.00	\$0.10			\$4.10	\$3.0 - \$4.5 Within Target

Below target reserve balances limit our ability to address emerging risks

Water and Wastewater Multi-Year Budget

(in millions of dollars)

Water and Wastewater Requisition	2025	2026	2027
Net Requisition	\$173.5	\$189.6	\$206.4
% Increase	12.27%	9.24%	8.86%

Continued incremental contributions to capital (7.22% assumption based on 2021 Asset Management Plan).

Other pressures consist of investments in the People Strategy and inflation on contractual services and supplies.

2025 Water & Wastewater Budget

Budget Variance Risks

- Wastewater stabilization reserve is inadequately funded
 - Equipment and underground infrastructure failure may impact repair and maintenance expenses
- Approval of rates and fees by-law – hauled sewage rate structure
 - Should this not be approved, would require mitigation in 2025 and any resulting deficit would be funded through stabilization reserve
- Inflation and/or global supply chain challenges
- Flows are weather dependent

2025 Water Requisition

Methodology

- In place since 2009, reaffirmed in 2011 for 2012-2015, and reaffirmed again in 2015
- 25% Fixed Requisition
 - Based on three-year average volume
- 75% Variable Rate
 - Projected water sales of 57.00 M m³ (same as prior year)
 - 75% of \$57.0 million budget divided by 57.00 M m³
 - Variable rate increased to \$0.751 per m³ (2024 rate \$0.701)

2025 Water Requisition

25% Fixed Distribution to Municipality

Municipality	2024 (\$000)	2025 (\$000)	Difference (\$000)	Difference (%)
Fort Erie	1,087	1,172	85	7.83%
Grimsby	711	734	23	3.20%
Lincoln	607	641	34	5.64%
Niagara Falls	3,336	3,660	324	9.71%
Niagara-on-the-Lake	731	762	31	4.30%
Pelham	362	378	16	4.28%
Port Colborne	608	677	69	11.37%
St. Catharines	3,336	3,587	251	7.52%
Thorold	586	620	34	5.76%
Welland	1,734	1,803	69	4.00%
West Lincoln	228	234	6	2.48%
Total	13,327	14,268	942	7.06%

Budget increase
of 7.06%
Varies based on
historical volume
driven by growth
in each
municipality

2025 Wastewater Requisition

Methodology

- 100% fixed since 2007
- 2011 established for 2012 to 2015, and reaffirmed in 2015, the reconciliation and adjustment for actual flows
 - Budget based on 3 years average to September
 - Actual based on 1 year to December
- Reconciliation of 2023 budget included in the 2025 requisition

2025 Wastewater Requisition

100% Fixed Distribution to Municipality

Municipality	2024 (\$000)	2025 (\$000)	Difference (\$000)	Difference (%)
Fort Erie	10,260	11,281	1,021	9.95%
Grimsby	4,231	6,367	2,136	50.49%
Lincoln	4,549	4,535	(14)	-0.31%
Niagara Falls	19,330	23,183	3,853	19.93%
Niagara-on-the-Lake	4,221	5,056	835	19.77%
Pelham	2,054	2,421	367	17.86%
Port Colborne	5,478	6,081	603	11.01%
St. Catharines	27,559	30,861	3,302	11.98%
Thorold	6,620	7,439	819	12.37%
Welland	15,248	17,297	2,049	13.44%
West Lincoln	1,727	1,957	230	13.33%
Total	101,276	116,477	15,200	15.01%

Budget
increase of
15.01%
Varies based on
historical
volume driven
by growth in
each
municipality

2025 Water & Wastewater Cost per Household

BMA Study Average (Includes Region & Local)

Cost per Household	2019	2020	2021	2022	2023	2024 (est)
BMA Survey Average	\$1,103	\$1,151	1,174	1,237	1,302	1,405
Niagara Average	\$1,123	\$1,164	1,202	1,251	1,292	1,398
Variance \$	\$20	\$13	\$28	\$14	-\$11	-\$7
Variance %	2%	1%	2%	1%	1%	1%

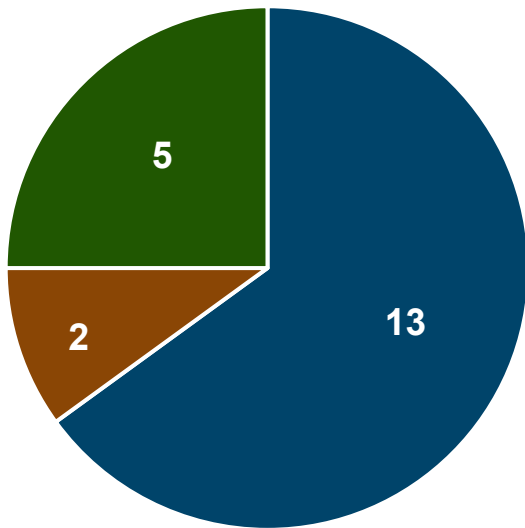
Niagara Region has significantly more infrastructure than its comparators along with a smaller population

Lower average means less investment in aging infrastructure including critical repairs and maintenance

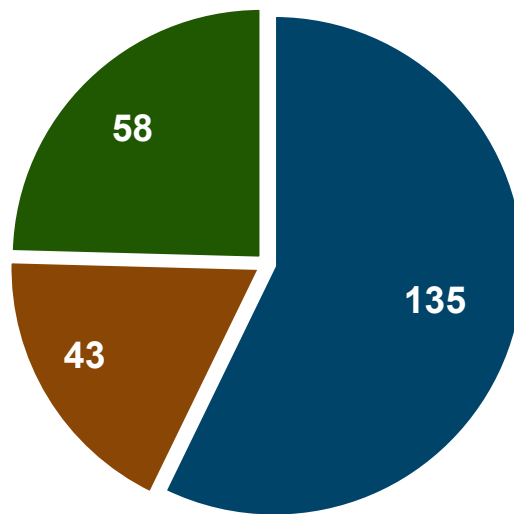
How We Compare – Water & Wastewater

- Niagara Region has significantly more vertical infrastructure than its comparators
- Niagara Region has a smaller population, resulting in a heavier per capita burden

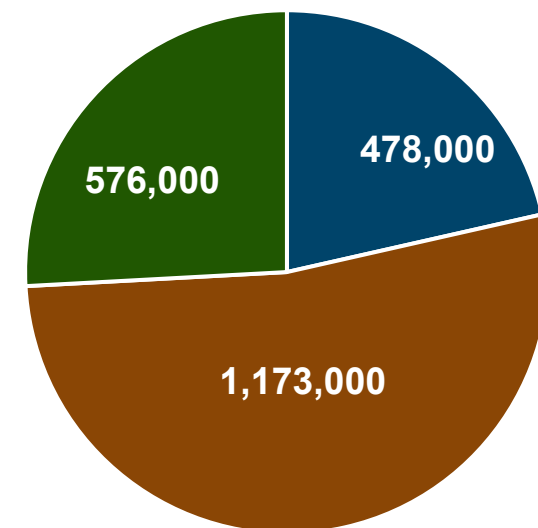
Large Plants (>10MLD)



Pumping Stations



Population



- Niagara Region
- York Region
- Waterloo Region

2025 Water & Wastewater Cost per Household

Estimated Annual Average Impact of Regional Share on Household

50% Region	2024	2025	Incr. (\$)	Incr.(%)
Water & Wastewater	\$699	\$785	\$86	12.27%

Estimated Regional increase ranges from \$69 to \$103 annually
(40%- 60% Regional portion)

Next Steps

Approval & Requisition

- Discussion, review and approval of CSD 48-2024 today
- Council approval of budget and requisitions (including by-laws) on November 21st, 2024
- Communication to LAMs of budget approval and wholesale requisitions which are effective for January flows billed in February
- LAM set their individual fixed and variable rates for their customers

Questions?

