
Subject: 2025 Budget – Water and Wastewater Operating Budget, Rate Setting and Requisition

Report to: Budget Review Committee of the Whole

Report date: Thursday, November 7, 2024

Recommendations

1. That the 2025 Water & Wastewater net operating base budget increase of \$5,751,426 (or 3.72%) plus \$11,160,869 (or 7.22%) for capital financing over the 2024 operating budget **BE APPROVED**;
2. That an increase of \$2,053,502 (or 1.33%) over the 2024 operating budget **BE APPROVED** to support additional staffing resources for service delivery;
3. That the 2025 Water Operations gross operating budget of \$57,615,260 and net budget in the amount of \$57,071,267 for the Water Budget, Rates and Requisition **BE APPROVED**;
4. That the proposed fixed water requisition shown in Appendix 3 of Report CSD 48-2024, based on 25% of the Region's water net operating budget for the year and divided by 12 to determine the monthly charge, to be billed to each of the serviced Local Area Municipalities starting January 1, 2025, apportioned based on their previous three year's average water supply volumes, **BE APPROVED**;
5. That the Region's proposed 2025 variable water rate of \$0.751 shown in Table 2 of Report CSD 48-2024, to be effective January 1, 2025 and calculated by taking 75% of the Region's water net operating budget and dividing by the estimated supply volume, to be billed on a monthly basis to each serviced Local Area Municipality based on the previous month's metered flows, **BE APPROVED**;
6. That the 2025 Wastewater Operations gross operating budget of \$121,023,619 and net budget in the amount of \$116,477,200 for the Wastewater Budget, Rates and Requisition **BE APPROVED**;
7. That the proposed 2025 fixed wastewater requisition as shown in Appendix 5 of Report CSD 48-2024, based on 100% of the Region's net operating budget for the year and divided by 12 to determine the monthly charge, to be billed to each of the

Local Area Municipalities starting January 1, 2025, apportioned based on their previous three year's average wastewater supply volumes, **BE APPROVED**;

8. That the 2025 wastewater monthly bills **INCLUDE** the reconciliation for the 2023 net requisition allocation based on actual wastewater flows versus the estimated flows, as shown in Appendix 6 of Report CSD 48-2024;
9. That the necessary by-laws **BE PREPARED** and **PRESENTED** to Council for consideration; and
10. That a copy of Report CSD 48-2024 **BE CIRCULATED** to the Local Area Municipalities.

Key Facts

- The proposed Water net budget represents a \$3.8 million increase, or 7.06% over 2024; the proposed Wastewater net budget represents a \$15.2 million increase, or 15.01% over 2024, for a combined Water & Wastewater budget increase of 12.27% as shown in Table 1.
- Key drivers to the 2025 budget include: reinstatement of the historical CSO program budget, inflation, contract pressures, people strategy support, required repairs and maintenance on equipment and facilities, building condition assessments and the inclusion of additional hauled sewage revenues.
- The 2025 Budget Strategy proposed a total Water and Wastewater budget increase of 12.59% (4.11% for base budget expenditures, 7.22% for capital financing and 1.26% for program changes), however the revised budget estimates, primarily related to incremental hauled sewage revenue included in base services, has decreased the proposed combined increase to 12.27% (3.72% for base budget expenditures, 7.22% for capital financing and 1.33% for program changes)
- The approved 2021 Asset Management Plan (AMP) recommends a yearly increase of 7.22% on the combined water and wastewater rate and requisition for enhanced capital financing over a 10 year period to work towards achieving asset sustainability in the future which has been included in the proposed 2025 Water and Wastewater operating budget.

- The 2025 Budget includes a number of incremental staff to assist in service delivery and risk mitigation which are identified in recommendation 2 (See Appendix 7 to Report CSD 48-2024 for a list of the proposed staffing positions).
- The requisition methodology conforms to Council's approved cost recovery methodology from 2011, which was reaffirmed through Report CSD 61-2015, on July 2, 2015. The methodology apportions to the LAMs water at 75% variable rate and 25% as a fixed component and wastewater 100% fixed. The current methodology will be subject to review in 2025 based on feedback received from LAM partners.
- The proposed variable water rate is increased to \$0.751 (2024 = \$0.701) attributed to the budget increase with no projected change in water flows for 2025.

Financial Considerations

The Water and Wastewater Division's proposed 2025 net budget amount of \$173.5 million represents a \$19.0 million net increase or 12.27% (3.72% for base operating, 7.22% for enhanced capital financing, and 1.33% for staffing program changes) from the 2024 budget, as shown in Table 1. The total net cost related to the Water program is \$57.1 million, representing a net increase of \$3.8 million, or 7.06% from 2024. The remaining \$116.5 million relates to the Wastewater program, which has increased by \$15.2 million, or 15.01% from 2024. The proposed gross budget and comparison to the 2024 net budget are outlined in Table 1.

Table 1 – Summary of Proposed Water and Wastewater Budget (in millions)

Water & Wastewater 2025 Budget Summary	Water (\$)	Wastewater (\$)	Total (\$)
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%

Analysis

The 2025 Water and Wastewater budgets were developed giving consideration to current inflation, historical results (2023 actuals, 2024 forecast), operational concerns, legislative compliance, standard operating procedures and cross-divisional and corporate business support costs. The 2025 recommended budget is lower than the Budget Strategy estimated budget increase of 12.59% primarily due to the inclusion in the base budget of additional hauled sewage revenue in the amount of \$0.9 million. The inclusion of this incremental revenue was not factored into the Water and Wastewater 2025 Budget Strategy anticipated budget increase. This is discussed further below in the “Budget for Base Services” section of Report CSD 48-2024.

Budget for Base Services

The 2025 Budget Strategy estimated a base services increase of \$6.4 million (4.11%) on the 2024 Water and Wastewater combined rate and requisition. The 2025 Budget Strategy considered the impact of base services including chemical costs, repairs and maintenance, biosolids haulage, utilities and labour related costs. The actual proposed increase for base services is \$5.8 million (3.72%) or a difference of \$0.6 million (0.39%) from the 2025 Budget Strategy.

The 2025 Budget Strategy did not contemplate a new multi-rate cost recovery structure for hauled sewage revenues introduced at the September Public Works Committee meeting via Report PW 26-2024. Staff have included \$0.9 million of incremental hauled sewage revenues in the proposed 2025 operating budget in alignment with the new multi-rate cost recovery structure outlined in Report PW 26-2024. If this incremental revenue was not included in the 2025 Water and Wastewater operating budget, an additional 0.58% would be added to the base services pressures for a total increase of 4.30% to those pressures and overall increase to the proposed 2025 rate and requisition of 12.85%. The difference between the 2025 Base Budget Strategy (4.11%) and the actual proposed 2025 base budget increase excluding the incremental hauled sewage revenue (4.30%) is approximately \$0.3 million. This is primarily a result of additional budget for necessary repairs and maintenance activities on aging equipment and facilities in excess of the original 2025 Budget Strategy estimates.

Given the largely fixed cost nature of the operations (i.e., chemicals, utilities, biosolids haulage and disposal, property tax, previously approved debt charges), inflationary impacts on program delivery have been significant with limited opportunity for budget mitigation without risking core service delivery. Of the total gross budget amount of \$178.6 million for 2025, approximately 94% of the total amount is fixed as it relates to treatment of Water and Wastewater and capital financing. The remaining 6% can be classified as discretionary expenditures that does not specifically relate to Water/Wastewater treatment (i.e., CSO grants, certain building maintenance such as snow removal and grass cutting).

The base pressures to the budget of \$5.8 million (3.72%) are largely due to the following:

- \$1.0 million net increase in the CSO Program. This would increase the gross program budget from \$2 million to \$4 million with 50% of the gross costs funded by Development Charges
- \$1.4 million or 4.8% increase to labour related costs as per current labour contracts and policies
- \$0.8 million or 8.48% increase in chemical costs as a result of contractual price increases and an increase in consumption
- \$0.4 million or 9.29% increase in grounds/building repairs and maintenance due to contractual increases
- \$0.7 million or 11.56% increase in equipment repairs and maintenance due to rising costs and an increase demand in repairing aging infrastructure
- \$0.7 million or 5.39% inflationary increases in utilities and property taxes

- \$0.7 million or 7.95% increase for Regional sludge disposal primarily due to anticipated increases in the annual contract rate and haulage volumes
- \$0.4 million or 44.0% increase in external consulting to support building condition assessments critical for optimal asset management of Water and Wastewater infrastructure

The base pressures noted above were partially offset by identified savings noted below:

- \$0.9 million increase in hauled sewage revenue charged under a proposed multi-rate cost recovery fee structure for commercial and residential customers as per report PW 26-2024

Budget for Capital Financing

In October 2023, Council endorsed a 5.15% annual contribution to capital increase in alignment with the Safe Drinking Water Act (SDWA) Financial Plan for the 2024 budget. The SDWA Financial Plan proposed yearly budget increases of 5.15% for capital and a 2% increase for other operating expenses over a 10 year period. Per the 2021 AMP, achieving capital sustainability requires an annual capital contribution increase of 7.22% to the combined Water and Wastewater rate and requisition over a ten year period. When developing the updated SDWA Financial Plan, staff proposed a contribution to capital increase less than the 2021 AMP recommendation in recognition of ratepayer affordability, staffing and supply chain issues.

While the capital program has been progressing toward sustainability, an increase in backlog, replacement values, and revised capital project estimates require budget increases in excess of those proposed in the SDWA Financial Plan. The 2023 SDWA Financial Plan identified that with a yearly budget increase of 5.15% contributions to capital, approximately \$648 million of Water and Wastewater capital proposed in the AMP would still need to be deferred.

Staff have begun working on the 2025 AMP and early indications show a continued decline in the state of assets along with increased renewal costs since the previous 2021 AMP and the SDWA Financial Plan. The requirement to continue to increase investment to adequately sustain the water and wastewater system are real and present. The 2025 AMP will propose levels of service and financing strategies, including contributions to capital, to be reflected in future budgets.

In anticipation of the 2025 AMP recommendations, staff are proposing an incremental contribution to capital of 7.22% in alignment with the 2021 AMP for the 2025 operating budget. This contribution to capital rate from 2025-2032 would provide approximately \$168 million more in capital funding compared to the SDWA Financial Plan contribution to capital recommendation of 5.15% as shown in Appendix 2 to CSD 48-2024.

Program Changes – Staffing

The recommended 2025 Water and Wastewater operating budget includes the request for 20.4 incremental permanent full-time equivalent (FTE) staff on a path towards minimum staff levels to support program delivery, focus on preventative maintenance activities, compliance with regulators, an increasing capital portfolio, and best industry health and safety practices. These resources result in an incremental budget impact of \$2.1 million (1.33% of the 2024 Water and Wastewater budget). Appendix 7 details the position titles, rationale for positions, and budget related impacts per position.

Reserves and Debt

Operating reserves - The Water and Wastewater Divisions utilize stabilization reserves to mitigate operating deficits and fund one-time expenditures. The Wastewater Stabilization Reserve is forecasted to have a balance at the end of 2024 in the amount of \$0.1 million and the Water Stabilization Reserve is forecasted to have a balance of \$4.0 million. Based on the reserve targets of 10% to 15% of operating expenses, the minimum 2025 target for these reserves is \$7.9 million and \$3.0 million respectively for Wastewater and Water. The Wastewater Stabilization Reserve is considered underfunded and could impact the ability to mitigate risks.

Capital reserves - The projected annual capital reserve contributions until 2032 based on the 2021 AMP recommendations have been included in Appendix 2 to Report CSD 48-2024. This Appendix also includes the projected annual capital reserve contributions until 2032 based on 2023 SDWA Financial Plan recommendation for comparison.

Debt - Council previously approved debt of \$253 million for South Niagara Falls WWTP with \$75.56 million to be funded from the Wastewater rates and the balance from Development Charges. In accordance with Budget Policy, the 2025 budget includes the debt charge placeholder of \$4.6 million which will be used on an annual basis to substitute the rate supported debt approved for the project until project is complete, and debentures issued in approximately 2029. This strategy was supported by Council with the approval of the 2024 Water and Wastewater operating budget recommendations. This will reduce rate supported debt from \$75 million to approximately \$45 million by 2029 and will allow

previously initiated funding for the project of \$38 million to be largely funded with reserve as a risk mitigation measure to the reliance on outstanding Federal and Provincial contribution required to move construction forward. The strategy continues to allow for future debt charges to be reduced, may mitigate increased project capital costs/inflation, manage overall Regional debt capacity and provide greater operating budget flexibility.

Water Requisition

Fixed Water - As per Council’s approved methodology, \$14,267,817 (25%) of the net Water budget will be recovered from fixed monthly requisitions to the local municipalities based on historical flows. Appendix 3 to Report CSD 48-2024 summarizes the fixed amounts to be billed to each LAM based on this methodology.

The historical water flows and percentages utilized are included in Appendices 3 and 4 to Report CSD 48-2024. This annual amount based on the historical flows is then divided by 12 to determine the monthly charge to be billed to each of the services LAMs starting January 1, 2025. Also included as part of Appendix 3 to Report CSD-48-2024 is the annual impact on the fixed water requisition between 2024 and 2025 for each LAM.

Variable Water - The remaining \$42,803,450 (75%) will be charged through the variable rate. The recommended variable rate of \$0.751 per cubic metre as outlined in Table 3 is based on a water forecast using the past three year average flows. Despite growth for the Region in recent years the flow estimates are still volatile and are dependent on weather conditions. The resulting estimate for 2025 is an overall volume consistent with the amount used for the 2024 budget. An overview of the water trends and related risk is outlined in more detail in Appendix 4 to Report CSD 48-2024. The proposed variable water rate increase is \$0.0499 (7.12%) (2024 = \$0.701) which is attributed only to the budget increase.

Table 3 – Variable Water Rate for 2025 Net Budget

2025 Variable Water Rate	\$/Volume
Variable Allocation (75% x \$57,071,267)	\$42,803,450
2025 Water Flow Forecast (m ³)	57,000,000
Variable Rate (\$/m ³)	\$0.751

Wastewater Requisition

The wastewater net requisition is recovered 100% from fixed monthly requisitions to the local municipalities, apportioned based on the historical three year average flows. The annual amount is divided by twelve to determine the monthly charge to each of the serviced LAMs starting January 1, 2025. Appendix 5 to Report CSD 48-2024 provides the fixed amounts to be billed to each LAM based on this methodology as well as the historical wastewater flows and apportionments and the comparison of the fixed wastewater requisition amount between 2024 and 2025 for each LAM.

As per Council's approved cost recovery methodology, the 2025 monthly Wastewater charges will include reconciliation of the 2023 Wastewater requisition payments. Municipal 2023 rebates or charges will be based on their respective share of actual flows versus the estimated share used to initially allocate the 2023 charges. This reconciliation results in a total of \$347,514 in payments to, and \$347,514 in rebates from, the local municipalities included as Appendix 6 to Report CSD 48-2024. Tables outlining the calculation of the reconciliation and the total charge including the 2025 requisition and 2023 reconciliation by local municipality have been included in Appendix 6 to Report CSD 48-2024 as well.

Multi-Year Forecast

Staff have prepared the multi-year forecast using the 7.22% annual contribution to capital increase recommended in the 2021 AMP as well as inflationary impacts of other operating expenditures. The forecast reflects annual increases of 9.24% in 2026 and 8.86% in 2027. The key assumptions impacting the multi-year forecast are the continued investments in the People Strategy, inflation on contracted services and supplies, and annual increases of contributions to capital of 7.22% as noted above. The recommended contributions to capital will change with the 2025 AMP and will be considered as part of future budget processes. There are many assumptions and unknowns included in these forecasts, and staff will re-evaluate the long-term budget and capital strategies with the budget cycle each year.

It is important to note that the Water and Wastewater division is currently undergoing a number of studies on process and procedure optimization in its various sections. These studies will provide further recommendations on incremental resources to be considered as part of future budget processes. Staff will bring forth these recommendations from these studies once known. As these recommendations are unknown at this time, estimates have not been quantified or included as part of the multi-year operating budget.

Risks & Opportunities

- Unanticipated equipment and underground infrastructure failure may impact repairs and maintenance expenditures which are becoming more frequent given the age and condition of the infrastructure. The Wastewater Stabilization Reserve is underfunded which limits the ability to mitigate these impacts.
- Inflation and/or global supply chain challenges may have a budget impact on expenditures required to support program delivery.
- The implementation of a multi-rate cost recovery fee structure for commercial and residential hauled sewage customers is contingent on Council approval of the fees and charges by-law in December 2024. Should these fees not be approved, the budgeted incremental revenues from these amounts will need to be mitigated throughout 2025.
- Water/wastewater flows are weather dependent creating volatility in treatment costs and directly impact the variable portion of the water rate billed to LAM's

Alternatives Reviewed

The 2025 budget is in alignment with the budget strategy received by Council to sustain core services and maintain base service delivery.

At the discretion of the Council, programs can be identified for elimination from or addition to the budget. If this action is taken, staff request the opportunity to provide impacts/ risks with these decisions.

Relationship to Council Strategic Priorities

The 2025 Water and Wastewater proposed budgets support Council's strategic priorities of Effective Region by delivering fiscally responsible and sustainable services.

Other Pertinent Reports

[PW 45-2023 Safe Drinking Water Act Financial Plan](https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=6018a681-cfa7-46df-a06b-7c56447bcf99&Agenda=Agenda&lang=English&Item=15&Tab=attachments)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=6018a681-cfa7-46df-a06b-7c56447bcf99&Agenda=Agenda&lang=English&Item=15&Tab=attachments>)

[PW 39-2020 South Niagara Falls WWTP Update](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=f8747f43-9163-45b8-b0aa-6bd3e7d59a34&Agenda=Agenda&lang=English&Item=11>)

[PW 39-2021 South Niagara Falls Wastewater Treatment Plant- Budget and Property](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=456972bd-bf1e-4aa0-afac-55d158224dd3&Agenda=Merged&lang=English&Item=11>)

[CSD 29-2024 2025 Budget Strategy](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=5ea2c44e-e03a-4ef1-91b8-f5f6a188db45&Agenda=Agenda&lang=English&Item=13&Tab=attachmentst>)

[PW 26-2024 Hauled Sewage Rate Setting](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=5976cbfd-e4c5-49ed-9647-7b39d5dd7d97&Agenda=Merged&lang=English&Item=14&Tab=attachments>)

[CSD 7-2022 2021 Corporate Asset Management Plan](#)

(<https://www.microsoft.com/en-us/edge/welcome?mb05=true&form=MT004S&slide=ie-mode&esf=1>)

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Appendices

- Appendix 1 2025 Water and Wastewater Schedule of Revenues and Expenditures by Object of Expenditure

- Appendix 2 Forecasted Water and Wastewater Transfers to Capital Reserves

- Appendix 3 Fixed Water Requisition by Municipality
- Appendix 4 Water Volume Analysis

- Appendix 5 Fixed Wastewater Requisition by Municipality

- Appendix 6 Wastewater Flows by LAM, and 2023 Fixed Wastewater Requisition Including Reconciliation by Municipality

- Appendix 7 Water and Wastewater 2025 Program Changes - Staffing

2025 Water and Wastewater Schedule of Revenue and Expenditures by Object of Expenditure

Object of Expenditure	2024 Water Budget Total (\$)	2024 Wastewater Budget Total (\$)	2024 Combined Total (\$)	2025 Water Budget Total (\$)	2025 Wastewater Budget Total (\$)	2025 Combined Total (\$)	Combined Total Variance (\$)	Total Combined Variance (%)	Note
A_40000AB Compensation	8,721,339	12,634,052	21,355,391	9,167,033	14,603,786	23,770,819	2,415,428	11.3%	(1)
A_41000AB Administrative	495,276	1,192,850	1,688,126	522,757	769,632	1,292,389	(395,737)	(23.4%)	(2)
A_44000AB Operational & Supply	3,139,508	16,695,419	19,834,927	3,292,643	18,059,924	21,352,567	1,517,640	7.7%	(3)
A_50000AB Occupancy & Infrastructure	5,994,936	12,189,751	18,184,687	6,265,455	12,989,978	19,255,433	1,070,746	5.9%	(4)
A_52000AB Equipment, Vehicles, Technology	1,701,453	3,824,099	5,525,552	1,501,731	4,600,904	6,102,635	577,083	10.4%	(5)
A_56000AB Partnership, Rebate, Exemption	91,850	2,000,000	2,091,850	96,900	4,000,000	4,096,900	2,005,050	95.9%	(6)

2025 Water and Wastewater Schedule of Revenue and Expenditures by Object of Expenditure

Object of Expenditure	2024 Water Budget Total (\$)	2024 Wastewater Budget Total (\$)	2024 Combined Total (\$)	2025 Water Budget Total (\$)	2025 Wastewater Budget Total (\$)	2025 Combined Total (\$)	Combined Total Variance (\$)	Total Combined Variance (%)	Note
A_75100AC Transfers To Funds	24,090,330	29,450,024	53,540,354	26,384,199	38,425,226	64,809,425	11,269,071	21.0%	(7)
A_60000AC Allocation Between Departments	862,667	1,142,710	2,005,377	1,053,891	1,326,049	2,379,940	374,563	18.7%	
A_60260AC Allocation Within Departments	4,163,080	6,830,602	10,993,682	4,626,910	7,993,457	12,620,367	1,626,685	14.8%	(1),(2), (8)
Gross Expenditure Subtotal	49,260,439	85,959,507	135,219,946	52,911,519	102,768,956	155,680,475	20,460,529	15.1%	
A_30000AB Taxation	(53,306,335)	(101,276,335)	(154,582,670)	(57,071,267)	(116,477,200)	(173,548,467)	(18,965,797)	12.3%	
A_32400AB By-Law Charges & Sales	(12,000)	(1,567,278)	(1,579,278)	(24,000)	(2,482,278)	(2,506,278)	(927,000)	58.7%	(9)

2025 Water and Wastewater Schedule of Revenue and Expenditures by Object of Expenditure

Object of Expenditure	2024 Water Budget Total (\$)	2024 Wastewater Budget Total (\$)	2024 Combined Total (\$)	2025 Water Budget Total (\$)	2025 Wastewater Budget Total (\$)	2025 Combined Total (\$)	Combined Total Variance (\$)	Total Combined Variance (%)	Note
A_34950AB Other Revenue	(428,493)	(1,034,140)	(1,462,633)	(489,993)	(2,034,140)	(2,524,133)	(1,061,500)	72.6%	(10)
A_75000AC Transfers From Funds	0	(104,000)	(104,000)	(30,000)	(30,000)	(60,000)	44,000	(42.3%)	
Gross Revenue Subtotal	(53,746,828)	(103,981,753)	(157,728,581)	(57,615,260)	(121,023,618)	(178,638,878)	(20,910,297)	13.3%	
Net Expenditure (revenue) before indirect allocations	(4,486,389)	(18,022,246)	(22,508,635)	(4,703,741)	(18,254,662)	(22,958,403)	(449,768)	2.0%	
A_70000AC Indirect Allocation	2,377,423	3,890,478	6,267,901	2,602,501	4,215,875	6,818,376	550,475	8.8%	

2025 Water and Wastewater Schedule of Revenue and Expenditures by Object of Expenditure

Object of Expenditure	2024 Water Budget Total (\$)	2024 Wastewater Budget Total (\$)	2024 Combined Total (\$)	2025 Water Budget Total (\$)	2025 Wastewater Budget Total (\$)	2025 Combined Total (\$)	Combined Total Variance (\$)	Total Combined Variance (%)	Note
A_70200AC Capital Financing Allocation	2,108,963	14,131,770	16,240,733	2,101,240	14,038,787	16,140,027	(100,706)	(0.6%)	
Allocation Subtotal	4,486,388	18,022,249	22,508,634	4,703,741	18,254,662	22,958,403	449,769	2.0%	
Net Expenditure (revenue) after indirect allocations	0	0	0	0	0	0	0	0	

FTE - Permanen			301.0	20.4
FTE - Temporary	3.9		4.0	0.1
FTE - Total	284.5		305.0	20.5
Student	2.0		2.0	-

Notes:

- (1) Base increases (\$1.1M) in alignment with current labour contracts and policies. Includes \$1.3M in additional program change staff allocated to the Wastewater division. All operating costs associated with Asset Management, Integrated Systems & Engineering are allocated to Water & Wastewater through an Allocation Within Department.
- (2) Decline due to consulting engagements now funded in the Asset Management division instead of the Wastewater division as in the prior year. Offset with increase in Allocation Within Department.
- (3) Increases due to usage trends and contractual pricing for chemicals (\$0.8M) and sludge haulage/disposal (\$0.7M)
- (4) Includes inflationary increase in utilities and property taxes (\$0.7M) and an increase in R&M buildings/grounds due to contractual price increases (\$0.4M)
- (5) Increase primarily related to R&M machinery due to aging infrastructure and cost escalations
- (6) Includes additional gross expenditures (\$2.0M) to restore CSO program to \$4M total
- (7) Includes enhanced capital financing of \$11.2M
- (8) Increase in Allocation Within Department primarily due to additional consulting engagements budgeted in Asset Management - (\$0.6M), as well as additional program change staff budgeted in Integrated Systems (\$0.6M)
- (9) Includes anticipated additional hauled sewage revenue (\$0.9M) due to a multi rate structure
- (10) Includes additional development charge revenue (\$1.0 M) as a result of additional CSO gross expenditures

Forecasted Water and Wastewater Transfer to Capital Reserves (\$Millions) - 7.22% Enhanced Capital Financing, 10 year

Table 1

Capital Financing (\$M)	2024	2025	2026	2027	2028	2029	2030	2031	2032	Target Balance
Water	\$24	\$26	\$29	\$32	\$35	\$39	\$42	\$46	\$50	\$50
Wastewater	\$29	\$33	\$43	\$53	\$65	\$78	\$92	\$108	\$125	\$114
Total	\$54	\$59	\$72	\$85	\$100	\$117	\$134	\$154	\$175	\$164

Forecasted Water and Wastewater Transfer to Capital Reserves (\$Millions) - 4.1% in 2024, 5.15% Enhanced Capital Financing, 50 year

Table 2

Capital Financing (\$M)	2024	2025	2026	2027	2028	2029	2030	2031	2032	Target Balance
Water	\$24	\$26	\$27	\$29	\$30	\$32	\$34	\$36	\$38	\$37
Wastewater	\$29	\$30	\$37	\$45	\$54	\$63	\$72	\$82	\$93	\$85
Total	\$54	\$56	\$64	\$74	\$84	\$95	\$106	\$118	\$131	\$122

Difference

\$3	\$8	\$11	\$16	\$22	\$28	\$36	\$44	\$168
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Note - Forecasted transfers do not include the South Niagara Falls operating cost placeholder transferred to the capital reserve

Table 1 - Fixed Water Requisition by Municipality for 2025 Net Budget

Municipality	3-Year Avg. (%)	Allocation (\$)	Monthly (\$)
Fort Erie	8.21%	\$1,172,068	\$97,672
Grimsby	5.14%	\$733,783	\$61,149
Lincoln	4.49%	\$641,261	\$53,438
Niagara Falls	25.65%	\$3,660,015	\$305,001
Niagara-on-the-Lake	5.34%	\$762,399	\$63,533
Pelham	2.65%	\$377,500	\$31,458
Port Colborne	4.75%	\$677,110	\$56,426
St. Catharines	25.14%	\$3,586,885	\$298,907
Thorold	4.34%	\$619,759	\$51,647
Welland	12.64%	\$1,803,388	\$150,282
West Lincoln	1.64%	\$233,649	\$19,471
Total	100%	\$14,267,817	\$1,188,985

Table 2 - Water Flows by Municipality

Municipality	3-Year Avg. per 2024 By-law (ML)	3-Year Avg. per 2024 By-law (%)	3-Year Avg. per 2025 By-law (ML)	3-Year Avg. per 2025 By-law (%)
Fort Erie	4,510	8.16%	4,651	8.21%
Grimsby	2,950	5.34%	2,912	5.14%
Lincoln	2,516	4.55%	2,545	4.49%
Niagara Falls	13,837	25.03%	14,523	25.65%
Niagara-on-the-Lake	3,030	5.48%	3,025	5.34%
Pelham	1,502	2.72%	1,498	2.65%
Port Colborne	2,520	4.56%	2,687	4.75%
St. Catharines	13,834	25.03%	14,233	25.14%
Thorold	2,432	4.40%	2,459	4.34%
Welland	7,193	13.01%	7,156	12.64%
West Lincoln	947	1.71%	927	1.64%
Total	55,272	100%	56,616	100%

Fixed Water Requisition by Municipality

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Table 3 - Fixed Water Requisition by 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%

Water Volume Analysis

Flows in ML	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Projected Flows for Rate Setting	57,000	57,000	57,000	57,250	57,250	57,250	57,250	57,250	57,000	57,000
Actual Flows	58,800	56,986	58,491	55,458	55,517	54,065	56,239	56,474	57,475	N/A
Variance	1,800	-14	1,491	-1,792	-1,733	-3,185	-1,011	-776	475	N/A

The 2024 actual flows are estimated to finish the year slightly higher than projected flows (0.8%). The forecasted water usage in 2024 is estimated to total 57,475 ML.

The water volume forecast for 2025 has been prepared giving consideration to historical trends and current considerations with the same level of flows proposed in 2024 in line with the forecasted flows for the remainder of 2024.

2016 experienced drought conditions during the summer. 2018 flows represented a more typical summer weather year. 2017 and 2019 experienced very wet summers. 2022 and 2023 also experienced wetter than normal summers. The 2020 flows were impacted by a dry summer and COVID-19 shutdowns. The 2021 flows were impacted by a combination of a wet spring/summer and continued COVID-19 related shutdowns through the year.

Variation in water flows may also be experienced as a result of: capital repairs to address water loss at Region and Local levels, growth in user base, and increased conservation efforts.

Table 1 - Fixed Wastewater Requisition by Municipality for 2025 Net Budget

Municipality	3-Year Avg. (%)	Allocation (\$)	Monthly (\$)
Fort Erie	9.68%	\$11,280,662	\$940,055
Grimsby	5.47%	\$6,367,322	\$530,610
Lincoln	3.89%	\$4,534,756	\$377,896
Niagara Falls	19.90%	\$23,183,235	\$1,931,936
Niagara-on-the-Lake	4.34%	\$5,055,585	\$421,299
Pelham	2.08%	\$2,420,883	\$201,740
Port Colborne	5.22%	\$6,080,856	\$506,738
St. Catharines	26.50%	\$30,861,246	\$2,571,771
Thorold	6.39%	\$7,438,751	\$619,896
Welland	14.85%	\$17,296,735	\$1,441,395
West Lincoln	1.68%	\$1,957,171	\$163,098
Total	100%	\$116,477,200	\$9,706,433

Table 2 - Wastewater Flows by Municipality

Municipality	3-Year Avg. per 2024 By-law (ML)	3-Year Avg. per 2024 By-law (%)	3-Year Avg. per 2025 By-law (ML)	3-Year Avg. per 2025 By-law (%)
Fort Erie	7,239	10.13%	7,243	9.68%
Grimsby	2,985	4.18%	4,088	5.47%
Lincoln	3,210	4.49%	2,912	3.89%
Niagara Falls	13,640	19.09%	14,885	19.90%
Niagara-on-the-Lake	2,979	4.17%	3,246	4.34%
Pelham	1,449	2.03%	1,554	2.08%
Port Colborne	3,865	5.41%	3,904	5.22%
St. Catharines	19,446	27.21%	19,815	26.50%
Thorold	4,671	6.54%	4,776	6.39%
Welland	10,759	15.06%	11,106	14.85%
West Lincoln	1,218	1.71%	1,257	1.68%
Total	71,462	100%	74,786	100%

Table 3 - Fixed Wastewater Requisition by Municipality

Municipality	2024 (\$000)	2025 (\$000)	Difference (\$000)	Difference (%) ¹
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%

Note:

(1) Municipalities with increases above the average are generally the municipalities that have the highest assessment growth, meaning that average impact to be expected by the average user will be less than the percentage change noted in the requisition due to the relative increase in the number of users (i.e, properties).

Wastewater Flows by LAM and 2023 Fixed
Wastewater Requisition Including Reconciliation
by Municipality

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Table 1 - Wastewater Flows by Municipality

Municipality	3-Year Avg. per 2023 By-law (ML)	2023 By-Law Period Actual Flows ¹
Fort Erie	7,086	7,142
Grimsby	2,699	4,395
Lincoln	2,980	2,963
Niagara Falls	12,808	15,285
Niagara-on-the- Lake	2,820	3,377
Pelham	1,379	1,598
Port Colborne	3,823	4,130
St. Catharines	20,106	19,805
Thorold	4,419	4,806
Welland	10,339	11,881
West Lincoln	1,258	1,339
Total	69,717	76,722

Table 2 - Wastewater Fixed Allocation Percentages

Municipality	3-Year Avg. per 2023 By-law (ML)	2023 By-Law Period Actual Flows ¹	Difference
Fort Erie	10.16%	9.31%	-0.86%
Grimsby	3.87%	5.73%	1.86%
Lincoln	4.27%	3.86%	-0.41%
Niagara Falls	18.37%	19.92%	1.55%
Niagara-on-the- Lake	4.04%	4.40%	0.36%
Pelham	1.98%	2.08%	0.10%
Port Colborne	5.48%	5.38%	-0.10%
St. Catharines	28.84%	25.81%	-3.03%
Thorold	6.34%	6.26%	-0.07%
Welland	14.83%	15.49%	0.66%
West Lincoln	1.80%	1.75%	-0.06%
Total	100%	100%	0%

Wastewater Flows by LAM, Allocation Percentages,
2023 Fixed Wastewater Requisition Including
Reconciliation by Municipality

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Table 3 - Wastewater Fixed Allocation Charge Reconciliation (\$000)

Municipality	3-Year Avg. per 2023 By-law (ML) ^{1, 2}	2023 By-Law Period Actual Flows ¹	Underpayment/ (Overpayment) ³
Fort Erie	9,366	8,578	(788)
Grimsby	3,567	5,279	1,712
Lincoln	3,938	3,559	(379)
Niagara Falls	16,929	18,358	1,429
Niagara-on-the-Lake	3,727	4,056	329
Pelham	1,823	1,919	96
Port Colborne	5,053	4,961	(92)
St. Catharines	26,577	23,788	(2,789)
Thorold	5,841	5,773	(68)
Welland	13,666	14,270	604
West Lincoln	1,663	1,609	(54)
Total	92,150	92,150	(0)

Sum of Overpayment: (4,170)
Percentage of Requisition 4.53%

Notes:

- 1 - 2023 By-law period to date consists of the 12 month period from January 2023 to
- 2 - Charges paid excludes payments made/rebates received for 2021 reconciliation
- 3 - Underpayments/(Overpayments) based on comparing 2 different allocation methodologies

Wastewater Flows by LAM, Allocation Percentages,
2023 Fixed Wastewater Requisition Including
Reconciliation by Municipality

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Table 4 - Fixed Wastewater Requisition Including Reconciliation by Municipality Comparison

Municipality	Requisition 2024 By-law (\$000)	Requisition 2025 By-law (\$000)	Reconciliation 2024 By-law (2022 Rec.) (\$000)	Reconciliation 2025 By-law (2023 Rec.) (\$000)	Total Charge 2024 By-law (\$000)	Total Charge 2025 By-law (\$000)	Difference (\$000)	Difference (%)
Fort Erie	10,260	11,281	(218)	(788)	10,042	10,493	451	4.49%
Grimsby	4,231	6,367	275	1,712	4,506	8,080	3,573	79.30%
Lincoln	4,549	4,535	786	(379)	5,335	4,156	(1,179)	-22.10%
Niagara Falls	19,330	23,183	1,193	1,429	20,523	24,613	4,090	19.93%
Niagara-on-the-Lake	4,221	5,056	343	329	4,564	5,384	820	17.97%
Pelham	2,054	2,421	137	96	2,191	2,517	326	14.89%
Port Colborne	5,478	6,081	(602)	(92)	4,876	5,989	1,113	22.82%
St. Catharines	27,559	30,861	(2,223)	(2,789)	25,335	28,072	2,737	10.80%
Thorold	6,620	7,439	643	(68)	7,263	7,371	107	1.48%
Welland	15,248	17,297	(151)	604	15,097	17,900	2,803	18.57%
West Lincoln	1,727	1,957	(183)	(54)	1,544	1,903	359	23.28%
Total	101,276	116,477	-	-	101,276	116,477	15,201	15.01%

Table 5 - 2023 Wastewater Reconciliation by Municipality

Municipality	Reconciliation (\$)	Monthly Rebate (\$)	Monthly Payment (\$)
Fort Erie	(788,429)	(65,702)	
Grimsby	1,712,252		142,688
Lincoln	(379,228)	(31,602)	
Niagara Falls	1,428,992		119,083
Niagara-on-the-Lake	328,702		27,392
Pelham	96,756		8,063
Port Colborne	(91,592)	(7,633)	
St. Catharines	(2,788,445)	(232,370)	
Thorold	(68,347)	(5,696)	
Welland	603,460		50,288
West Lincoln	(54,121)	(4,510)	
Total	-	(347,514)	347,514

Water and Wastewater 2025 Program Changes - Staffing

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Position	FTE	Operating Impact \$ (Millions)	Rationale for Position
Systems Maintenance Person	3.0	\$0.28	Additional staff to support a preventative/performance-based maintenance model to ensure that assets will perform reliably to prevent sewage releases, basement flooding or non-compliance
Pumping Station Crews	4.0	0.44	Staffing resources to assist the WW section with providing reactive and preventative maintenance to Sewage Pumping Stations (SPS) sewage forcemains, odour control facilities and various CSO tanks within the wastewater collection system. Two (2) personnel would be allocated to support each of Area 2 and Area 3
Area 1 Operators	2.0	0.20	Addition of two (2) Wastewater Operators in Wastewater Area I to assist with compliance related issues currently being encountered at the Niagara Falls and Stevensville Lagoon Wastewater Facilities
NOTL Wastewater Operator	1.0	0.10	Addition of one (1) Wastewater Operator will allow the NOTL WWTP to be operated on a 24/7 basis. The NOTL and Crystal Beach plants have only been staffed 40 hours per week due to a lack of staff in the two areas. All other WWTP and WTPs in the Division are staffed 168 hours (24/7) per week
Crystal Beach Wastewater Operator	1.0	0.10	Addition of one (1) Wastewater Operator will allow the Crystal Beach WWTP to be operated on a 24/7 basis. The additional operator will supplement the current staff complement at the Crystal Beach WWTP in Fort Erie. Both the NOTL and Crystal Beach plants have only been staffed 40 hours per week due to a lack of staff in the two areas. All other WWTP and WTPs in the Division are staffed 24/7 (168 hours per week)
Senior Project Manager - WWW	1.0	0.05	The addition of one (1) full time Senior Project Manager to assist in delivering current and projected projects in Area 2
Project Manager	1.0	0.04	The addition of one (1) full time Project Manager is required to deliver the 2025 and beyond water and wastewater capital program

Water and Wastewater 2025 Program Changes - Staffing

Position	FTE	Operating Impact \$ (Millions)	Rationale for Position
Laboratory Technician II	0.4	0.04	The request is to convert the part-time Lab Technician I position into a full-time Lab Technician II position to better suit the laboratory cross training with the other Lab Technician IIs and increase the collaboration effort with the laboratory group
Environmental Compliance Analyst	1.0	0.09	The position will analyze the testing results from samples collected by the Environmental Sampling Technician and Environmental Enforcement Officers to assist the supervisor in coordinating work and inspection efforts. The position will also assist the existing Compliance Supervisor and Compliance Analyst in meeting Provincial regulations
Environmental Sampling Technician	1.0	0.09	The addition of a sampling technician will assume the sampling workload from the 3 Environmental Enforcement Officers and allow them to concentrate on by-law enforcement activities
SCADA Technician	2.0	0.24	The demand for the SCADA group is higher than can be provided by the current complement of staff. The addition of 2 SCADA technicians will support SCADA implementation and technical upgrade activities in WWWW facilities
W-WW Infrastructure Analyst	2.0	0.25	The Infrastructure Analysts will be responsible for servicing, maintaining and applying security patches to W-WW SCADA servers, viewnodes and network hardware. The requested 2 positions will also be responsible for installing and maintaining all Corporate IT hardware in Water/Wastewater facilities
Security Program Manager	1.0	0.13	The W-WW Security Program Manager will be responsible to manage and develop the W-WW security program , implement the Security Master Plan and to deliver the security capital works program
Totals	20.4	\$2.05	