

November 20, 2015

**CL 17-2015, November 12, 2015
BRCOTW 04-2016, October 29, 2015
Report CSD 76-2015**

LOCAL AREA MUNICIPALITIES

SENT ELECTRONICALLY

**2016 Budget - Water & Wastewater Rate Setting & Requisition
CSD 76-2015**

Regional Council, at its meeting of November 12, 2015, approved the following recommendations of its Budget Review Committee of the Whole Committee:

That Report CSD 76-2015, dated October 29, 2015, respecting 2016 Budget – Water & Wastewater Operating Budget, Rate Setting & Requisition, **BE RECEIVED** and the recommendations contained therein **BE APPROVED**:

1. That the combined Water and Wastewater gross operating budget of \$113,505,928 and the net budget of \$108,089,228, representing a 0.03% decrease over 2015, **BE APPROVED**.

Water Budget, Rate & Requisition:

2. That the 2016 gross operating budget of \$42,417,972 and the net operating budget of \$42,095,472, representing a 0.3% increase over 2015, **BE APPROVED**.
3. That the proposed fixed water requisition, 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, 2016, apportioned based on their previous 3 year's average water supply volumes (October 2012 through September 2015), **BE APPROVED**.

Fixed Water Requisition for 2016 Net Budget			
Municipality	3-Year Avg. (%)	Allocation (\$)	Monthly (\$)
Fort Erie	8.01%	843,429	70,286
Grimsby	5.86%	616,478	51,373
Lincoln	3.91%	411,398	34,283
Niagara Falls	26.68%	2,807,774	233,981
Niagara-on-the-Lake	4.87%	512,469	42,706
Pelham	2.44%	256,824	21,402
Port Colborne	5.37%	565,427	47,119
St. Catharines	26.97%	2,838,202	236,517
Thorold	3.42%	360,254	30,021
Welland	11.04%	1,161,370	96,781
West Lincoln	1.43%	150,244	12,520
Total	100.00%	10,523,868	876,989

4. That the Region's proposed 2016 variable water rate of \$0.554, to be effective January 1, 2016 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**.

Variable Water Rate	
Variable Allocation (75%*42,095,472)	\$31,571,604
Water Flow Forecast 2016 (m ³)	57,000,000
Variable Rate (\$/m ³)	\$0.554

Wastewater Budget, Rate & Requisition:

5. That the 2016 gross wastewater operating budget of \$71,087,956 and the net requisition of \$65,993,756, representing a 0.2% decrease from 2015, **BE APPROVED**.
6. That the proposed 2016 fixed wastewater requisition, 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, 2016, apportioned based on their previous 3 year's average wastewater supply volumes (October 2012 – September 2015), **BE APPROVED**.

Fixed Wastewater Requisition for 2016 Net Budget			
Municipality	3-Year Avg. (%)	Allocation (\$)	Monthly (\$)
Fort Erie	9.58%	\$ 6,325,322	\$ 527,110
Grimsby	4.93%	3,250,974	270,915
Lincoln	3.50%	2,311,423	192,619
Niagara Falls	19.52%	12,881,653	1,073,471
Niagara-on-the-Lake	3.64%	2,399,342	199,945
Pelham	1.84%	1,213,601	101,133
Port Colborne	6.08%	4,010,003	334,167
St. Catharines	29.53%	19,488,520	1,624,043
Thorold	4.50%	2,967,691	247,308
Welland	15.41%	10,172,257	847,688
West Lincoln	1.47%	972,969	81,081
Total	100.00%	\$ 65,993,756	\$ 5,499,480

7. That the 2016 Wastewater monthly bills **INCLUDE** reconciliation of the 2014 net requisition allocation based on actual wastewater flows versus the estimated flows.

Wastewater Reconciliation (2014)			
Municipality	Reconciliation (\$)	Monthly Rebate (\$)	Monthly Payment (\$)
Fort Erie	935,127		77,927
Grimsby	194,281		16,190
Lincoln	(289,759)	(24,147)	
Niagara Falls	(1,233,862)	(102,822)	
Niagara on the Lake	360,932		30,078
Pelham	27,492		2,291
Port Colborne	213,677		17,806
St. Catharines	(31,169)	(2,597)	
Thorold	(18,845)	(1,570)	
Welland	(239,579)	(19,965)	
West Lincoln	81,705		6,809
Total	0	(151,101)	151,101

Budget, Rate & Requisition By-laws:

8. That the necessary By-Laws **BE PREPARED** and **PRESENTED** to Council for consideration;
9. That the report **BE CIRCULATED** to the Local Area Municipalities.

A copy of By-law 90-2015, By-law 91-2015 and Report CSD 76-2015 are enclosed for your information.

For further information on these matters, please contact Maurice (Mo) Lewis, Commissioner, Corporate Services at (905) 685-4225, ext. 3292.

Yours truly,

A handwritten signature in dark ink, appearing to read 'R. Walton', written in a cursive style.

Ralph Walton
Regional Clerk

:cjp

cc: Bonnie Dewar, Executive Assistant Commissioner Corporate Services

THE REGIONAL MUNICIPALITY OF NIAGARA

BY-LAW NO. 90-2015

A BY-LAW TO SET THE REQUISITIONS TO BE CHARGED
FOR WASTEWATER RECEIVED FROM LOWER-TIER
MUNICIPALITIES FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2016

WHEREAS the Council of The Regional Municipality of Niagara is authorized under Part XII of The Municipal Act, 2001, S.O. 2001, c. 25, to impose fees and charges for wastewater received from the lower-tier municipalities; and,

WHEREAS the Council of The Regional Municipality of Niagara passed By-Law 119-2011 which indicated that, consistent with the wastewater reconciliation methodology described in PWA 87-2011, a reconciliation adjustment will commence with the 2013 Budget.

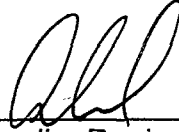
NOW THEREFORE the Council of The Regional Municipality of Niagara enacts as follows:

1. That the 2016 budgeted new wastewater treatment costs be apportioned to the lower-tier municipalities based on their proportionate share of the Region's total three year average historical wastewater flows.
2. That the 2016 wastewater monthly bills also include reconciliation of the 2014 net requisition allocation based on actual wastewater flows versus the estimated flows.
3. That the lower-tier municipalities be requisitioned during the period January 1, 2016 to December 31, 2016 as follows:

Wastewater Requisition (2016 Net Budget + 2014 Reconciliation)				
Municipality	2016 Total Requisition			Monthly Payment
	2016 Net Budget Allocation	2014 Reconciliation	Total	
Fort Erie	\$ 6,325,322	935,127	7,260,449	605,037.43
Grimsby	3,250,974	194,281	3,445,255	287,104.59
Lincoln	2,311,423	(289,759)	2,021,664	168,471.98
Niagara Falls	12,881,653	(1,233,862)	11,647,791	970,649.26
Niagara on the Lake	2,399,342	360,932	2,760,274	230,022.84
Pelham	1,213,601	27,492	1,241,093	103,424.43
Port Colborne	4,010,003	213,677	4,223,680	351,973.34
St. Catharines	19,488,520	(31,169)	19,457,351	1,621,445.88
Thorold	2,967,691	(18,845)	2,948,846	245,737.21
Welland	10,172,257	(239,579)	9,932,678	827,723.20
West Lincoln	972,969	81,705	1,054,674	87,889.52
Total	65,993,756	-	65,993,756	5,499,479.68

4. That the Treasurer of the Regional Corporation shall submit similar invoices on or before the 15th day of each month commencing February 15, 2016 for the monthly requisition. Such monthly invoices shall continue thereafter until the December monthly requisition has been invoiced. Each lower-tier municipality shall remit the amount of each such invoice to the Treasurer of the Regional Corporation on or before the last business day of the month in which such invoice is submitted.
5. That, in the event of default of payment of any monies payable under this by-law by a lower-tier municipality, interest at the rate of 15 percent per annum shall be added to the amount in arrears from the date of default until the date of payment thereof.
6. That this by-law shall come into force and effect on the day upon which it is passed.

THE REGIONAL MUNICIPALITY OF NIAGARA



Alan Caslin, Regional Chair



Ralph Walton, Regional Clerk

Passed: November 12, 2015

THE REGIONAL MUNICIPALITY OF NIAGARA

BY-LAW NO. 91-2015

A BY-LAW TO SET THE RATES AND REQUISITIONS TO
BE CHARGED FOR WATER SUPPLIED TO LOWER-TIER
MUNICIPALITIES DURING THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2016

WHEREAS the Council of The Regional Municipality of Niagara is authorized under Part XII of The Municipal Act, 2001, S.O. 2001, c. 25, to impose fees and charges for water supplied to the lower-tier municipalities,

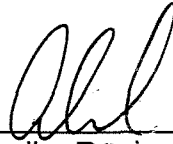
NOW THEREFORE the Council of The Regional Municipality of Niagara enacts as follows:

1. That 75% of Regional water costs be recovered from lower-tier municipalities based on actual metered water flows multiplied by the Region's annually set uniform water rate.
2. That the rate payable by the lower-tier municipalities for treated water supplied by the Regional Waterworks system shall be established at \$0.554 for every cubic meter supplied to each lower-tier municipality for the period January 1, 2016 to December 31, 2016.
3. That 25% of Regional water treatment costs be apportioned to the lower-tier municipalities based on their proportionate share of the Region's total three year average historical water flows.
4. That the following apportionment of total Regional water costs be requisitioned to the lower-tier municipalities for the period of January 1, 2016 to December 31, 2016 as follows:

Fixed Water Requisition for 2016 Net Budget			
Municipality	3-Year Avg. (%)	Allocation (\$)	Monthly (\$)
Fort Erie	8.01%	\$ 843,429	\$ 70,285.78
Grimsby	5.86%	616,478	51,373.14
Lincoln	3.91%	411,398	34,283.14
Niagara Falls	26.68%	2,807,774	233,981.13
Niagara on the Lake	4.87%	512,469	42,705.75
Pelham	2.44%	256,824	21,402.02
Port Colborne	5.37%	565,427	47,118.92
St. Catharines	26.97%	2,838,202	236,516.83
Thorold	3.42%	360,254	30,021.19
Welland	11.04%	1,161,370	96,780.80
West Lincoln	1.43%	150,244	12,520.32
Total	100.00%	\$ 10,523,868	\$ 876,989.00

5. That the Treasurer of the Regional Corporation shall submit similar invoices on or before the 15th day of each month commencing February 15, 2016 for water supplied during the preceding calendar month. Such monthly invoices shall continue thereafter until a by-law is passed to fix the water rate for 2017. Each lower-tier municipality shall remit the amount of each such invoice to the Treasurer of the Regional Corporation on or before the last business day of the month in which such invoice is submitted.
6. That, in the event of default of payment of any monies payable under this by-law by a lower-tier municipality, interest at the rate of 15 percent per annum shall be added to the amount in arrears from the date of default until the date of payment thereof.
7. That this by-law shall come into force and effect on the day upon which it is passed.

THE REGIONAL MUNICIPALITY OF NIAGARA



Alan Caslin, Regional Chair



Ralph Walton, Regional Clerk

Passed: November 12, 2015

REPORT TO: Budget Review Committee Of The Whole

MEETING DATE: Thursday, October 29, 2015

SUBJECT: 2016 Budget – Water & Wastewater Operating Budget, Rate Setting & Requisition

RECOMMENDATIONS

1. That the combined Water and Wastewater gross operating budget of \$113,505,928 and the net budget of \$108,089,228, representing a 0.03% decrease over 2015, **BE APPROVED**.

Water Budget, Rate & Requisition:

2. That the 2016 gross operating budget of \$42,417,972 and the net operating budget of \$42,095,472, representing a 0.3% increase over 2015, **BE APPROVED**.
3. That the proposed fixed water requisition, 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, 2016, apportioned based on their previous 3 year's average water supply volumes (October 2012 through September 2015), **BE APPROVED**.

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Variable Water Rate	
Variable Allocation (75%*42,095,472)	\$31,571,604
Water Flow Forecast 2016 (m ³)	57,000,000
Variable Rate (\$/m ³)	\$0.554

Wastewater Budget, Rate & Requisition:

5. That the 2016 gross wastewater operating budget of \$71,087,956 and the net requisition of \$65,993,756, representing a 0.2% decrease from 2015, **BE APPROVED**.
6. That the proposed 2016 fixed wastewater requisition, 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, 2016, apportioned based on their previous 3 year's average wastewater supply volumes (October 2012 – September 2015), **BE APPROVED**.

Fixed Wastewater Requisition for 2016 Net Budget			
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Total	100.00%	\$ 65,993,756	\$ 5,499,480

7. That the 2016 Wastewater monthly bills **INCLUDE** reconciliation of the 2014 net requisition allocation based on actual wastewater flows versus the estimated flows.

Wastewater Reconciliation (2014)			
Municipality	Reconciliation (\$)	Monthly Rebate (\$)	Monthly Payment (\$)
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Lincoln	(289,759)	(24,147)	
Niagara Falls	(1,233,862)	(102,822)	
Niagara on the Lake	360,932		30,078
Pelham	27,492		2,291
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Thorold	(18,845)	(1,570)	
Welland	(239,579)	(19,965)	
West Lincoln	81,705		6,809
Total	0	(151,101)	151,101

Budget, Rate & Requisition By-laws:

8. That the necessary By-Laws **BE PREPARED** and **PRESENTED** to Council for consideration;
9. That the report **BE CIRCULATED** to the Local Area Municipalities.

KEY FACTS

- The combined Water and Wastewater net budget represents a \$29,466 decrease (0.03%) over 2015, as shown in **Appendix I**, in accordance with Council's budget guidance for 2016.
- The proposed 2016 budget reflects an investment in the sustainability of infrastructure.
- The proposed net Water budget represents a \$128,566 increase (0.31%) over 2015; the proposed net Wastewater budget represents a \$158,032 decrease (0.24%) over 2015;
- Council approved the cost recovery methodology through report CSD 61-2015, on July 2, 2015;

- In order to pursue full cost recovery, the proposed variable water rate is \$0.554 per cubic metre, representing a 3.17% increase over the rate used for the past 3 years and reflective of the recent declining trend in water flows;

CONSIDERATIONS

Financial

The combined Water and Wastewater proposed net budget results in a 0.03% decrease, coming in below the guidance of a 0% increase. Detailed in the Analysis section are the operational pressures and mitigation strategy that minimizes risk to sustainability of the system. In order to mitigate an overall budget increase, the proposed budget includes a \$2.6 M (\$1.95M net) reduction in the Combined Sewer Overflow (CSO) program and elimination of the Water Smart program (\$500,000). The budget also proposes the program change to increase the transfer to the Wastewater capital reserve by \$1,142,470 in order to improve the sustainability of the program by eliminating the projected deficit from the Wastewater Capital Reserve forecast that would result from the status quo.

Corporate

The combined Water and Wastewater proposed budgets will ensure safe and reliable drinking water, sustainability of the systems and related infrastructure at an overall reduction in costs and maintaining the existing staff complement.

Governmental Partners

The net budgets for Water and Wastewater are requisitioned from the local area municipalities. The reduction in the combined Water and Wastewater net budgets results in a reduction to the amounts to be recovered from the local area municipalities. Due to changes in year over year usage, the distribution across municipalities is affected therefore some municipalities will see increases to their individual requisitions, while others will see decreases.

Public and/or Service Users

The local area municipalities are the direct customer of the Niagara Region. The requisitions are one of the costs the local area municipalities will factor into the rates and charges that they set for their customers.

ANALYSIS

Focus of the 2016 Water and Wastewater Budgets & Requisitions

Fostering an Environment for Economic Prosperity

The 2016 Water and Wastewater budget provides funding for safe and reliable drinking water, sustainable operations and investment in infrastructure for sustainability and growth of the Region. The proposed budget will ensure effective operation of the Water and Wastewater systems, supporting an environment for economic prosperity.

Regional Council has established strategic priorities in order to foster an environment for economic growth and prosperity. These strategic priorities are:

- Moving people and goods
- Fostering innovation, investment and entrepreneurship
- Building a labour-ready workforce
- Positioning Niagara globally
- Doing business differently / Organizational excellence

The Water and Wastewater division will be completing the Water and Wastewater Master Servicing Plan through 2016. A significant portion of this work involves determining how to service the new growth that will need to be planned for based on the Niagara 2041 growth plan, which is being developed concurrently. Additionally, in 2016 commissioning of the new Niagara-on-the-Lake wastewater treatment plant will begin. This new plant was funded in part with Provincial and Federal government support and has capacity to accommodate future residential and employment related growth.

The 2016 budget was developed with a focus on organizational excellence as the Region strives to meet the highest standards for compliance through maintaining the current 100% legislative compliance. The current average legislative compliance for municipalities in Ontario is approximately 88%. The 2016 budget also focused on doing business differently, using process optimization in order to identify a reduction in the amount of chemicals required. Doing business differently has allowed the Water and Wastewater division to achieve Council's budget guidance of 0% while maintaining its existing staff complement.

The proposed Water and Wastewater budget is expected to improve key performance indicators. Additional work is in progress, and will be reported at a later date, to measure the outcomes that the investment in the Combined Sewer Overflow (CSO) partnership program with the local area municipalities has had on inflow and infiltration and CSO volumes released.

2016 Water and Wastewater Budget

The Water and Wastewater Division's proposed 2016 net budget amount of \$108,089,228 represents a \$29,466 net decrease (0.03%) from the 2015 budget, as shown in **Appendix I**. \$65,993,756 of this total net cost is related to the Wastewater program, representing a net decrease of \$158,032 (0.24%) from 2015. The remaining \$42,095,472 relates to the Water program, which has increased by \$128,566 (0.31%) from 2015. The proposed gross budget and comparison to the 2015 net budget are outlined in **Table 1**.

Table 1 – Summary of Proposed Water and Wastewater Budgets

2016 Proposed Budget - Gross & Net (\$000s)			
	Water	Wastewater	Total
Personnel Costs	7,813,909	10,502,937	18,316,845
Operational & Supply	1,049,585	9,301,725	10,351,310
Occupancy & Infrastructure	5,593,091	10,205,750	15,798,841
Equipment, Vehicles, Technology	1,860,997	3,154,980	5,015,977
CSO Program	-	4,000,000	4,000,000
Allocation within/between Departments	2,269,966	2,743,088	5,013,054
NPCA, Administrative & Other	1,670,507	1,895,113	3,565,620
Sub-total - Operating	20,258,053	41,803,592	62,061,645
Business Support	1,939,360	2,614,323	4,553,683
Reserve Transfer & Debt Charges	20,220,559	26,670,041	46,890,600
Gross 2016 Budget Total	42,417,972	71,087,956	113,505,928
Less: Revenues	(322,500)	(1,094,200)	(1,416,700)
Less: Reserve Funding (CSO Program)	-	(4,000,000)	(4,000,000)
Net 2016 Budget Requisition	42,095,472	65,993,756	108,089,228
Net 2015 Budget Requisition	41,966,906	66,151,788	108,118,694
% Change in Net Budget Requisition	0.31%	-0.24%	-0.03%

The total program cost includes both operating related expenditures (representing 54.7% of total), as well as transfers to reserve and debt charges in support of the capital program (representing 45.3% of the total). The 2016 budget maintains a complement of 235.6 permanent FTE's, and 7 temporary FTE's.

Pressures in 2016 include increases in utility costs for existing facilities as also reflected in the 2015 operating results (\$1,017,144). In spite of the energy efficiency initiatives and energy audits being conducted the savings have not been sufficient to mitigate utility rate increases. Other pressures include repair and maintenance (\$130,802) and business support costs (\$581,580), and a reduction in sewer surcharge revenues (\$150,000) resulting from a decline in surcharge volumes. These pressures have been partially offset through savings from chemical optimization (\$301,172) and reductions to

the facilities studies and condition assessments budget (\$347,356) to align with historical trends.

Other mitigation efforts being proposed include the elimination of the Water Smart program (\$500,000) and a reduction in the (CSO) program (\$2,600,000 gross, \$1,950,000 net). The Water Smart program invests in projects and public outreach designed to educate the general public on water issues. The risks associated with eliminating this project are limited to a reduction in water based education and less knowledgeable public on water issues. The reduction to the CSO program is based on the limited capacity of the local area municipalities to fully subscribe to the existing program. Since the creation of the program, approximately \$10 M of available funding has not been applied for, and of the \$42 M that has been awarded, \$19 M remains unspent to date. As a result of the policy changes in 2015 to the CSO program we are expecting to see increased take-up in this program in future years and subsequent budgets will be reflective of the future subscriptions to the program.

These mitigation efforts are sufficient also to accommodate the proposed increase in the Wastewater transfer to capital reserve by \$1,142,470 and still ensure an overall zero increase of the combined water and wastewater operations. The increased transfer to the capital reserve is recommended as part of the strategy to support the required long-term capital forecast and maintain targeted capital reserve balances for the rate programs. A business case for this program change has been included in the budget binder.

Water Requisition

As per Council's approved methodology, \$10,523,868 (25%) of the net Water budget will be recovered from fixed monthly requisitions to the local municipalities based on historical flows. The historical water flows and percentages utilized are included in **Appendix II**.

The remaining \$31,571,604 (75%) will be charged through the variable water rates. Staff is recommending that the variable water rate be set at \$0.554 per cubic metre using a water volume forecast based on the average flow volumes that have been realized over the past three years. The reduction to the water volume forecast results in a more moderate risk of not achieving the forecasted flows. An overview of the water trends and related risk is outlined in more detail in **Appendix III**.

Wastewater Requisition

100% of the net wastewater requisition will be recovered from fixed monthly requisitions to the local municipalities. The historical wastewater flows and percentages utilized are included in **Appendix IV**.

As per Council's approved cost recovery methodology, the 2016 monthly wastewater charges will include reconciliation of the 2014 wastewater requisition payments. Municipalities will be rebated or charged based on their respective share of actual flows versus the estimated share used to initially allocate the 2014 charges. This reconciliation results in a total of \$1,813,214 in payments to, and \$1,813,214 in rebates from, the local municipalities. Tables outlining the calculation of the reconciliation have been included as **Appendix V**, and the total charge including the 2016 requisition and 2014 reconciliation by local municipality has been included as **Appendix VI**.

ALTERNATIVES REVIEWED

The proposed net budget and requisition is below the budget guidance of 0%, however if Council chooses to not support the \$1.14 million enhancement to the transfer to the capital reserve, it would jeopardize the ability of the wastewater capital reserve to meet its funding needs over the 10-year forecast. Additionally Council may choose to reconsider some or all of the mitigation strategies and maintain the Water Smart program or the full \$6.6 million of funding for the CSO program. These would have impacts on the net budgets and requisitions to the local area municipalities.

ORIGIN OF REPORT

The Water and Wastewater Budget and Requisition report is prepared annually in order to approve the Water and Wastewater budgets, the fixed Water and Wastewater requisitions to the local area municipalities, and set the variable Water rate.

OTHER PERTINENT REPORTS

- CSD 61-2015, Corporate Services Committee, June 24, 2015

SUBMITTED & SIGNED BY:

Maurice (Mo) Lewis
Commissioner of Corporate Services/
Treasurer

APPROVED & SIGNED BY:

Harry Schlange
Chief Administrative Officer

This report was prepared by Adam Smith, Financial Analyst – Tax & Revenue, in consultation with Michael Leckey, Program Financial Analyst, and reviewed by Mike Janas, Associate Director, Wastewater & Lab Services, Paul Smeltzer, Director, Water & Wastewater, Margaret Murphy, Associate Director, Budget, Planning & Strategy, and Helen Chamberlain, Director, Financial Management & Planning/Deputy Treasurer.

APPENDICES

Appendix I	Water and Wastewater Schedule of Revenues And Expenditures by Object of Expenditure	Page 10
Appendix II	Water Flows and Fixed Water Requisition by Local Area Municipality	Page 11
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Appendix IV	Wastewater Flows and Fixed Wastewater Requisition By Local Area Municipality	Page 13
Appendix V	2014 By-law Wastewater Reconciliation	Page 14
Appendix VI	Fixed Wastewater Requisition Including Reconciliation By Local Area Municipality	Page 16

Schedule of Expenditures and Revenues
DeptID: 67000B SOU Water & Wastewater Services
Fiscal Year: 2016

	2015 Budget Total	2016 Budget			
	Base	Base Variance	Base Variance %	Program Change	Total Variance
4010B OE_Compensation	21,370,301	69,890	0.3%	-	69,890
4060B OE_Administrative	3,596,527	(330,908)	(9.2%)	-	(330,908)
4110B OE_Operational & Supply	10,734,744	(383,434)	(3.6%)	-	(383,434)
4160B OE_Occupancy & Infrastructure	14,541,794	1,257,047	8.6%	-	1,257,047
4210B OE_Equipment, Vehicles, Technology	5,153,898	(137,921)	(2.7%)	-	(137,921)
4310B OE_Partnership, Rebate, Exemption	6,600,000	(2,600,000)	(39.4%)	-	(2,600,000)
6013C SUBOE_Transfers to Funds	41,058,601	(1,950,000)	(4.7%)	1,142,470	(807,530)
7011C SUBOE_Allocation between departments	2,216,846	(499,528)	(22.5%)	-	(499,528)
7013C SUBOE_Allocations within departments	186,188	(13,799)	(7.4%)	-	(13,799)
Gross Expenditure Subtotal	105,458,899	(4,588,653)	(4.4%)	1,142,470	(3,446,183)
5010B OE_Taxation	(108,118,694)	1,239,172	(1.1%)	(1,209,706)	29,466
5110B OE_By-Law Charges & Sales	(1,237,950)	171,750	(13.9%)	-	171,750
5160B OE_Other Revenue	(2,058,739)	708,239	(34.4%)	-	708,239
6011C SUBOE_Transfers from Funds	(4,950,000)	1,950,000	(39.4%)	-	1,950,000
Gross Revenue Subtotal	(116,365,383)	4,069,161	(3.5%)	(1,209,706)	2,859,455
Net Expenditure (revenue) before indirect allocations	(10,906,484)	(519,492)	4.8%	(67,236)	(586,728)
7061C SUBOE_Indirect Allocation	3,696,416	112,597	3.0%	67,236	179,833
7063C SUBOE_Capital Financing Allocation	7,210,068	406,895	5.6%	-	406,895
Allocation Subtotal	10,906,484	519,492	4.8%	67,236	586,728
Net Expenditure (revenue) after indirect allocations	0	0	-	-	0
FTE - Reg	235.6	-	-	-	-
FTE - Temp	8.0	(1.0)	(12.5%)	-	(1.0)

Appendix II – Water Flows and Fixed Water Requisition by Local Area Municipality

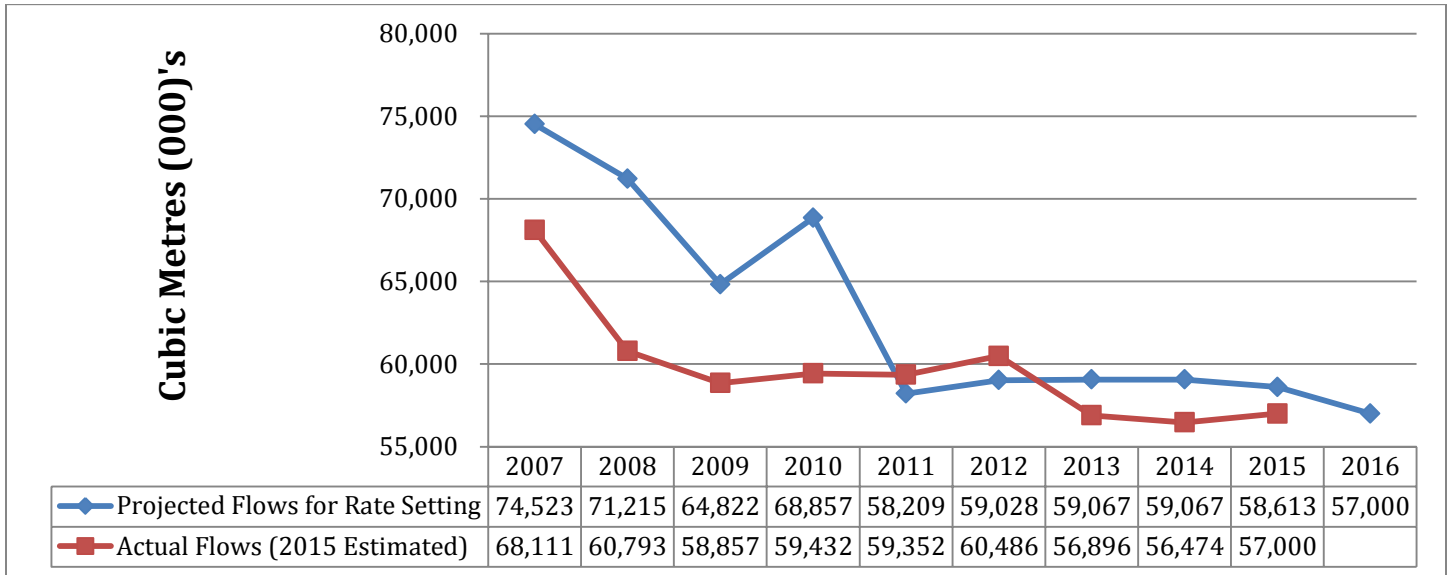
Table 1 – Water Flows by Municipality

Municipality	3-Year Avg. per 2015 By-Law		3-Year Avg. per 2016 By-Law		Difference	
	Megalitres	%	Megalitres	%	Megalitres	%
Fort Erie	4,574	7.86%	4,573	8.01%	(1)	-0.02%
Grimsby	3,103	5.33%	3,343	5.86%	240	7.72%
Lincoln	2,265	3.89%	2,231	3.91%	(34)	-1.51%
Niagara Falls	15,631	26.86%	15,224	26.68%	(407)	-2.60%
Niagara-on-the-Lake	2,752	4.73%	2,779	4.87%	27	0.97%
Pelham	1,430	2.46%	1,393	2.44%	(37)	-2.62%
Port Colborne	2,988	5.13%	3,066	5.37%	78	2.61%
St. Catharines	16,051	27.58%	15,389	26.97%	(662)	-4.12%
Thorold	2,012	3.46%	1,953	3.42%	(59)	-2.91%
Welland	6,607	11.35%	6,297	11.04%	(310)	-4.69%
West Lincoln	786	1.35%	815	1.43%	29	3.65%
Total	58,199	100.00%	57,063	100.00%	(1,136)	-1.95%

Table 2 – Fixed Water Requisition by Municipality

Municipality	Requisition (25% of total Water Requisition)			
	2015 (\$000)	2016 (\$000)	Difference	
			Megalitres	%
Fort Erie	825	843	19	0.03%
Grimsby	559	616	57	0.10%
Lincoln	408	411	3	0.01%
Niagara Falls	2,818	2,808	(10)	-0.02%
Niagara-on-the-Lake	496	512	16	0.03%
Pelham	258	257	(1)	0.00%
Port Colborne	539	565	27	0.05%
St. Catharines	2,894	2,838	(55)	-0.10%
Thorold	363	360	(2)	0.00%
Welland	1,191	1,161	(30)	-0.05%
West Lincoln	142	150	9	0.02%
Total	10,492	10,524	32	0.31%

Appendix III – Water Volume Analysis



The 2015 actual flows are estimated to finish the year approximately 2.8% lower than was projected. Flows are projected to finish the year higher than 2013 and 2014, both of which were considered to be cool and wet compared to normal.

The water volume forecast for 2016 has been prepared giving consideration to input received from local area municipalities as well as historic trends. With 2015 being a more typical summer weather year and most municipalities anticipating small reductions in volumes next year, a flow volume slightly below 2015's estimated volume has been used to calculate the variable water rate. This volume is well below the 5-year average (58,019,000m³), but above the 3-year average (56,790,000m³) which reflects a leveled off trend and more moderate risk of a shortfall in flows.

Appendix IV – Wastewater Flows and Fixed Requisition by Local Area Municipality

Table 1 – Wastewater Flows by Municipality

Municipality	3-Year Avg. per 2015 By-Law		3-Year Avg. per 2016 By-Law		Difference	
	Megalitres	%	Megalitres	%	Megalitres	%
Fort Erie	7,068	9.23%	7,197	9.58%	129	1.83%
Grimsby	3,723	4.86%	3,699	4.93%	(24)	-0.64%
Lincoln	2,890	3.77%	2,630	3.50%	(260)	-9.00%
Niagara Falls	14,929	19.49%	14,657	19.52%	(272)	-1.82%
Niagara-on-the-Lake	2,686	3.51%	2,730	3.64%	44	1.64%
Pelham	1,422	1.86%	1,381	1.84%	(41)	-2.89%
Port Colborne	4,447	5.81%	4,563	6.08%	116	2.60%
St. Catharines	22,837	29.82%	22,174	29.53%	(663)	-2.90%
Thorold	3,485	4.55%	3,377	4.50%	(108)	-3.11%
Welland	12,010	15.68%	11,574	15.41%	(436)	-3.63%
West Lincoln	1,093	1.43%	1,107	1.47%	14	1.29%
Total	76,590	100.00%	75,089	100.00%	(1,501)	-1.96%

Table 2 – Fixed Wastewater Requisition by Municipality

Municipality	Requisition			
	2015 (\$000)	2016 (\$000)	Difference	
			(\$000)	%
Fort Erie	6,104	6,325	221	3.62%
Grimsby	3,215	3,251	36	1.11%
Lincoln	2,496	2,311	(185)	-7.40%
Niagara Falls	12,894	12,882	(12)	-0.09%
Niagara-on-the-Lake	2,320	2,399	79	3.41%
Pelham	1,228	1,214	(15)	-1.18%
Port Colborne	3,841	4,010	169	4.40%
St. Catharines	19,724	19,489	(236)	-1.20%
Thorold	3,010	2,968	(43)	-1.42%
Welland	10,373	10,172	(201)	-1.94%
West Lincoln	944	973	29	3.03%
Total	66,152	65,994	(158)	-0.24%

Appendix V – 2014 By-law Wastewater Reconciliation

Wastewater Flows (Mega Liters)		
Municipality	Prior 3 yr Avg	2014 By-Law Period Actual Flows¹
Fort Erie	6,984	7,673
Grimsby	3,767	3,788
Lincoln	3,099	2,608
Niagara Falls	15,291	13,090
Niagara on the Lake	2,605	2,876
Pelham	1,437	1,392
Port Colborne	4,365	4,377
St. Catharines	23,220	21,961
Thorold	3,587	3,377
Welland	12,052	11,146
West Lincoln	1,090	1,125
Total	77,499	73,412

Wastewater Fixed Allocation Percentages			
Municipality	Prior 3-yr Avg	2014 By-law Period Actual Flows¹	Difference
Fort Erie	9.0%	10.5%	1.4%
Grimsby	4.9%	5.2%	0.3%
Lincoln	4.0%	3.6%	-0.4%
Niagara Falls	19.7%	17.8%	-1.9%
Niagara on the Lake	3.4%	3.9%	0.6%
Pelham	1.9%	1.9%	0.0%
Port Colborne	5.6%	6.0%	0.3%
St. Catharines	30.0%	29.9%	0.0%
Thorold	4.6%	4.6%	0.0%
Welland	15.6%	15.2%	-0.4%
West Lincoln	1.4%	1.5%	0.1%
Total	100.0%	100.0%	0.0%

Wastewater Fixed Allocation Charges (\$000)			
Municipality	2014 By-law Charges^{1,2}	Charges Based on Actual Flows¹	Underpayment/ (Overpayment)³
Fort Erie	\$5,851	\$6,786	\$935
Grimsby	3,156	3,351	194
Lincoln	2,596	2,307	(290)
Niagara Falls	12,811	11,577	(1,234)
Niagara on the Lake	2,183	2,544	361
Pelham	1,204	1,231	27
Port Colborne	3,657	3,871	214
St. Catharines	19,454	19,423	(31)
Thorold	3,006	2,987	(19)
Welland	10,097	9,858	(240)
West Lincoln	913	995	82
Total	\$64,928	\$64,928	\$0
Sum of Overpayments			(1,813)
Percentage of Requisition			2.79%

**Appendix VI – Fixed Wastewater Requisition Including Reconciliation
By Municipality – Comparison**

Municipality	Requisition		Reconciliation Payment / (Refund)		Total Charge (Requisition + Reconciliation)			
	2015 By-Law	2016 By-Law	2015 (2013 Rec.)	2016 (2014 Rec.)	2015 By-Law	2016 By-Law	Difference	
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	%
Fort Erie	6,104	6,325	(353)	935	5,751	7,260	1,510	26.25%
Grimsby	3,215	3,251	(155)	194	3,060	3,445	385	12.59%
Lincoln	2,496	2,311	(440)	(290)	2,056	2,022	(35)	-1.69%
Niagara Falls	12,894	12,882	428	(1,234)	13,322	11,648	(1,674)	-12.57%
Niagara-on-the-Lake	2,320	2,399	100	361	2,421	2,760	340	14.04%
Pelham	1,228	1,214	(91)	27	1,137	1,241	104	9.13%
Port Colborne	3,841	4,010	199	214	4,040	4,224	184	4.56%
St. Catharines	19,724	19,489	18	(31)	19,742	19,457	(285)	-1.44%
Thorold	3,010	2,968	(133)	(19)	2,878	2,949	71	2.47%
Welland	10,373	10,172	416	(240)	10,790	9,933	(857)	-7.94%
West Lincoln	944	973	10	82	955	1,055	100	10.48%
Total	66,152	65,994	-	-	66,152	65,994	(158)	-0.24%