



2025 Water & Wastewater Budget

Council-in-Budget Committee

Report [CBC-03-2025](#)

December 4, 2024



Presentation Agenda

- 1) Service Delivery Overview
- 2) Budget - Inputs
- 3) Budget - Rate Setting
- 4) Risks & Opportunities
- 5) Budget Timelines
- 6) Presentation Questions



1) Service Delivery Overview: System

- Customers: 14,215 (95% res + 5% ICI)
- System:
 - 282 km watermains
 - 200 km sanitary sewers
- Safe Drinking Water Act
- Legislated Full Cost Recovery
- Reliable system (safe, availability, flow & pressure)
- Quality of Life
 - Eliminate basement flooding/sewer backups
 - Protection of natural environment
 - Cost control



1) Service Delivery Overview: Responsibilities

- Municipal Officials
 - Legislative resources (e.g., “Taking Care of Your Drinking Water – A Guide For Members Of Municipal Councils”)
 - Training (e.g., “Standard of Care” presentation for all municipal Councils coordinated by Region).
- Corporate & Community Services
 - Billing & Collections, Information Technology
 - Customer Service
- Infrastructure Services
 - Engineering & Capital
 - Operations & Maintenance, Compliance
 - Customer Service

1) Service Delivery Overview: Operational Commitments

✓ Legislative Compliance

- Conformance and Maintenance of Accreditation.

✓ Reduce Infiltration to Sanitary Sewer System

- Capital investment, extraneous flow programs such as targeted sewer and maintenance hole relining, capturing new development issues before they start, sewer flow monitoring.

✓ Reduce 'Non-Revenue' Water Volumes

- Capital investment, Water Meter Exchange program, leak detection, tracking, maintenance programs, smart hydrants pressure monitoring and acoustic detection.



1) Service Delivery Overview: Operational Challenges

- **Geography & Geology:** relatively low customer density to support vast infrastructure.
- **Watermain breaks:** 35 in 2024, 25 in 2022, 33 in 2022 compared to historical average of 50.
- **Legislative requirements:** CLI/ECA Wastewater Storm Sewers, Excess Soils (O.Reg 406/19), Getting Ontario Connected Act (Bill 93).
- **Meter program:** Commercial and industrial meter replacement. 2024 program initiated in 2023 due to supply issues.
- **Work orders:** outstanding meter & billing issues; collections from connected, vacant developments.

2) Budget - Inputs: Overview

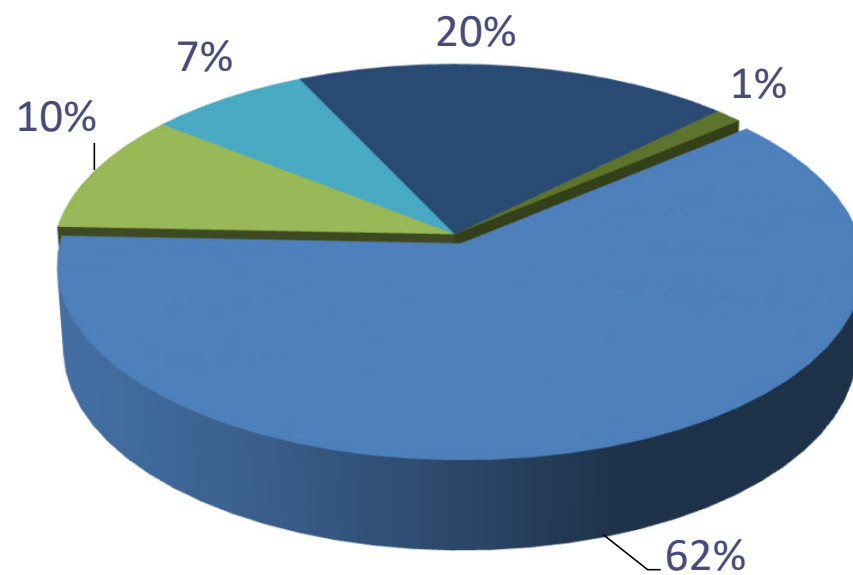
Customer Rates are a function of:

1. Expenses & Other Revenues
 - a) Region - Treatment Costs
 - b) Town - Expenses (i.e., operations, billing) and other revenues
 - c) Town - Financing & Transfers
2. Rate Setting
 - a) Customer volumes
 - b) Town's billing methodology



2) Budget - Inputs: Total Expenses (incl Supp)

Expense	Amount	%
Region Treatment	\$15,944,880	62%
Wages & Benefits	2,583,796	10%
Materials & Supplies	1,886,110	7%
Reserve transfers	5,081,902	20%
Debt Costs	327,595	1%
Total	\$25,824,283	100%



Note: [CBC-03-2025](#) Appendix “1” contains the above information for prior actual/budget and forecast periods. Appendix “2” contains highlights of budget changes.

2) Budget - Inputs: Region Treatment Costs

- Regional billing methodology:
 - **To be reviewed in 2025** as per Regional Report [CSD 59-2024](#) to ensure fair, equitable and stable allocation of costs to Local Area Municipalities.
 - **Water** charge: 75% variable and 25% fixed.
 - **Wastewater** charge
 - 100% 1yr 'fixed' converts to full variable over 3-year with average volumes.
 - 2025 reconciliation adjustment for 2023 actual flows is a credit of **\$788,000** as volumes were lower than estimated.
 - 2026 estimate is credit using 2024 YTD actual flows.
 - **Fort Erie** responsible for risk of collections and volumes (e.g., system losses), other than some shared risk with water.

2) Budget - Inputs: Region Treatment Costs

Increase in Regional treatment costs = \$1,461,231 or 6.25%

- Increased \$206,578 to reflect volumes:
 - FE water volume share: up **0.7%**.
 - FE wastewater volume share: down **4.4%**.
- >62% of Town's budget
- Region: Budget Review Nov 7 & Council By-law Nov 14.
 - Net budget increase: **12.27%** (Water **7.06%** Wastewater **15.01%**).
 - FE Budget includes **9.24%** for 2026 and **8.86%** for 2027 to 2030 forecasts.

2) Budget - Inputs: Town Expenses & Other Revenue

Increase in budget of \$362,465 or 1.56%

- Decreased other revenue: expired local improvement charges, reduced grants.
- Increased wages & benefits of \$235K including full phase-in of 2024 position.
- Increased materials & services of \$84K with focus on reducing non-revenue water and extraneous wastewater flows. Includes overhead costs (e.g., CSU, finance, fleet, insurance, asset management).
- Debt charges stable (no matured debt to repurpose). Next debt maturities are in 2025 for Water (Crescent Park improvements) and 2031 for Wastewater (Frenchman's Creek improvements).

2) Budget - Inputs: Town Program Expenses

Financial Assistance Programs

- Water Emergency Relief Fund (WERF): \$10,000 for low-income families.
- Seniors Utility Relief Fund (SURF): \$35,000 for low-income seniors.
(increased credit from \$125 to \$140 for 2025)
- Extraneous Flow Reduction Program: \$40,000 for customer subsidy for works to reduce inflow and infiltration.

2) Budget - Inputs: Town Financing & Transfers

Rate Stabilization Reserves (RSR) are key to mitigating annual increases due to:

- Unknown Regional budget increases.
- Unknown proportionate share changes.
- Unknown future treated volumes (e.g., 2026 adjustment expected to be credit).

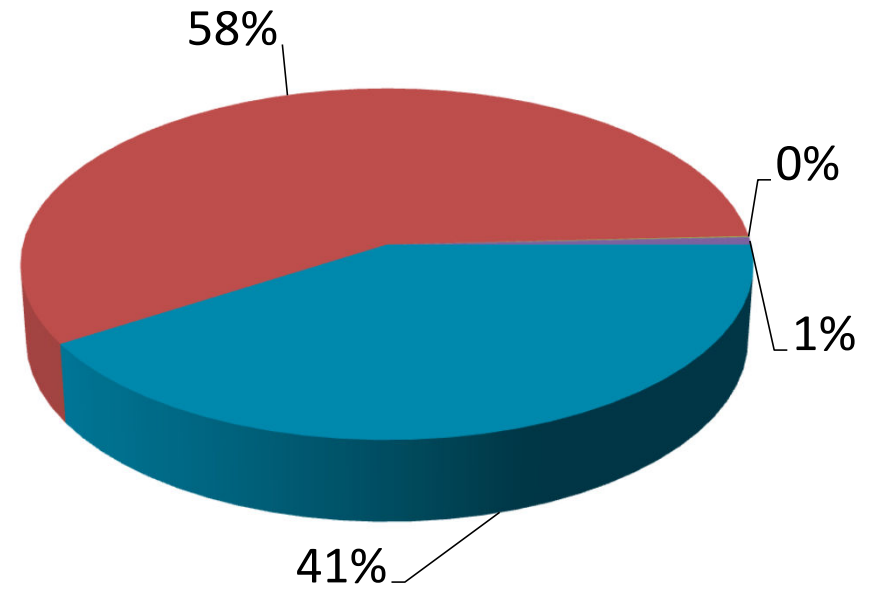
2) Budget - Inputs: Town Financing & Transfers

Increase in budget of \$309,660 or 1.32%

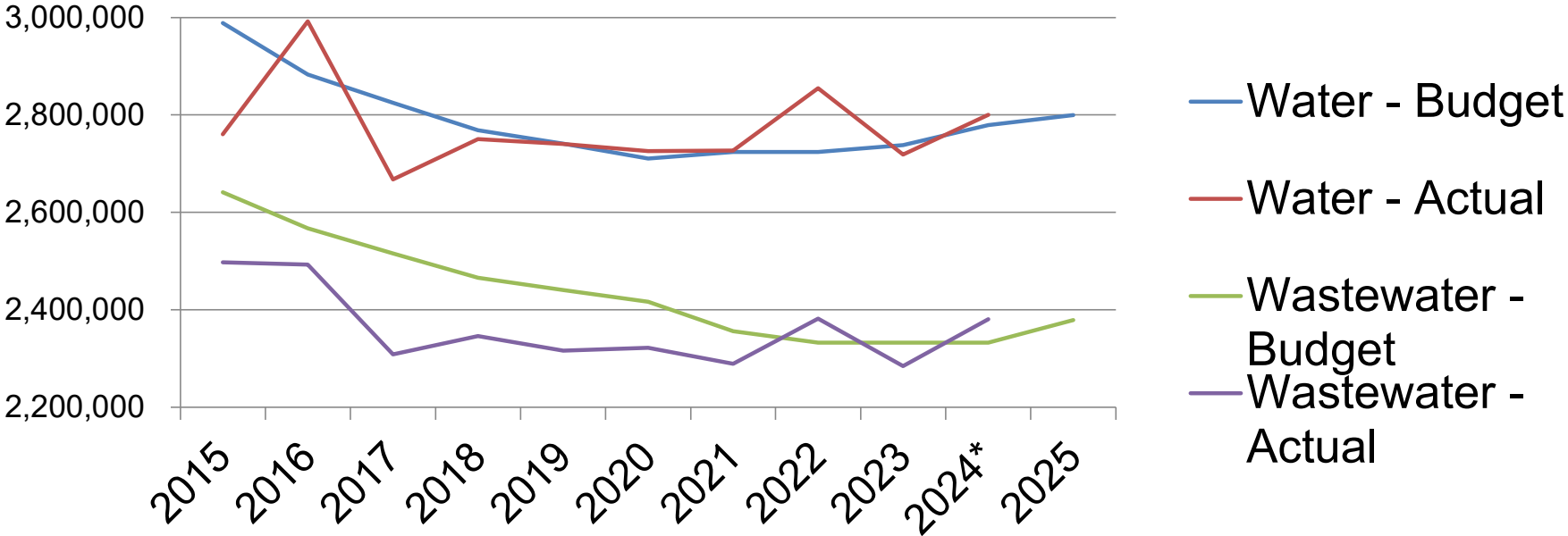
- Decrease net RSR transfers of \$21,700 related to stabilization efforts net of changes in studies/works (e.g., flow monitoring, sanitary CCTV inspection).
- Increase in AMP capital contributions of \$287,960 for gap/inflation. Matches 2024 Budget in absence of updated Financial Strategy.
- Capital Budget presented to Council November 25.
- Proposed 2025 changes adds \$22,613 of new amortization.
- 2024 AMP Update. 2025 to present financial strategy.

3) Budget - Rate Setting: Total Revenue (incl Supp)

Revenue	Amount	%
Wastewater Billings	\$14,986,681	58%
Water Billings	10,535,005	41%
Interest, Penalties & user fees	180,200	1%
Local Improvement Charges	22,397	0%
Total	\$25,724,283	100%



3) Budget - Rate Setting: Volume Budget vs. Actual (m3)



* 2024 is estimated using YTD volumes

3) Budget - Rate Setting: Volume Assumptions

- Major historical volume gap addressed over last 10 years.
- Water Consumption: Volume of 2.80M m³ in rate calc
 - Increase 20,842 m³ or 0.75% from 2024 volumes.
 - Just above 3-yr and 5-yr averages.
- Wastewater Treatment: Volume of 2.38M m³ in rate calc
 - Increase 46,652 m³ or 2.00% over 2024 volumes.
 - Just above 3-yr and 5-yr averages.

3) Budget - Rate Setting: Base charge

Base charge for stability and sufficiency:

- 2025 combined monthly base of \$75.16.
- Water: 7.5% increase over 2024.
- Wastewater: 5.0% increase over 2024.

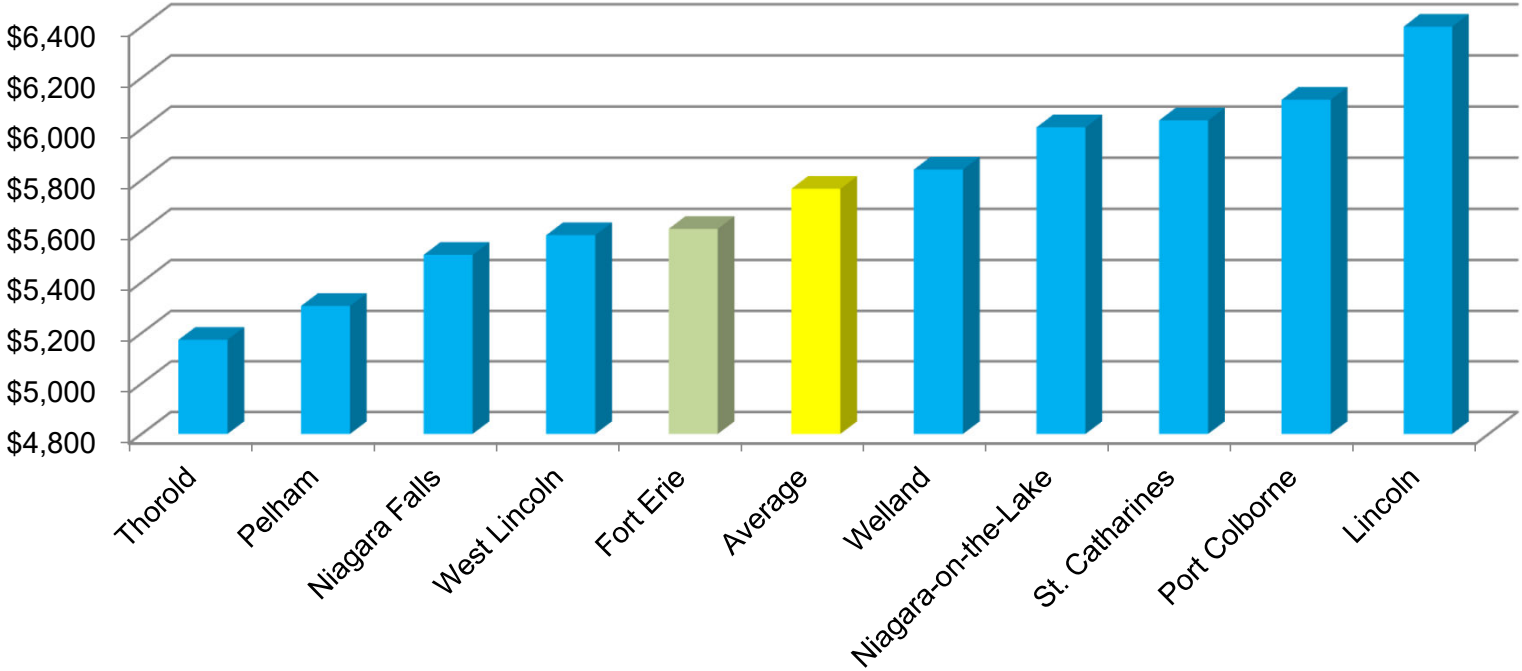
Niagara base average is 45% of monthly bill

- Fort Erie 2024 was 49%; 2025 is 50%.
- Fort Erie 2nd highest in Niagara in 2024.
Challenge due to low customers per km of infrastructure.
- 5-yr forecast decreases to 48%.



3) Budget - Rate Setting Municipal Burden Comparison

Source: BMA Municipal Study 2024



3) Budget - Rate Setting: Volumetric rate

- Volumetric Rates for **control & conservation**:
 - **\$4.465/m³** 2024 current combined rate
 - **\$4.912/m³** 2025 proposed combined rate, or 10% increase
- Niagara combined volumetric rate for 2024:
 - Average 2024 of **\$3.957/m³**, min of **\$1.581/m³**, max of **\$6.612/m³**.
 - TOFE 2025 of **\$4.912/m³** above 2024 avg.



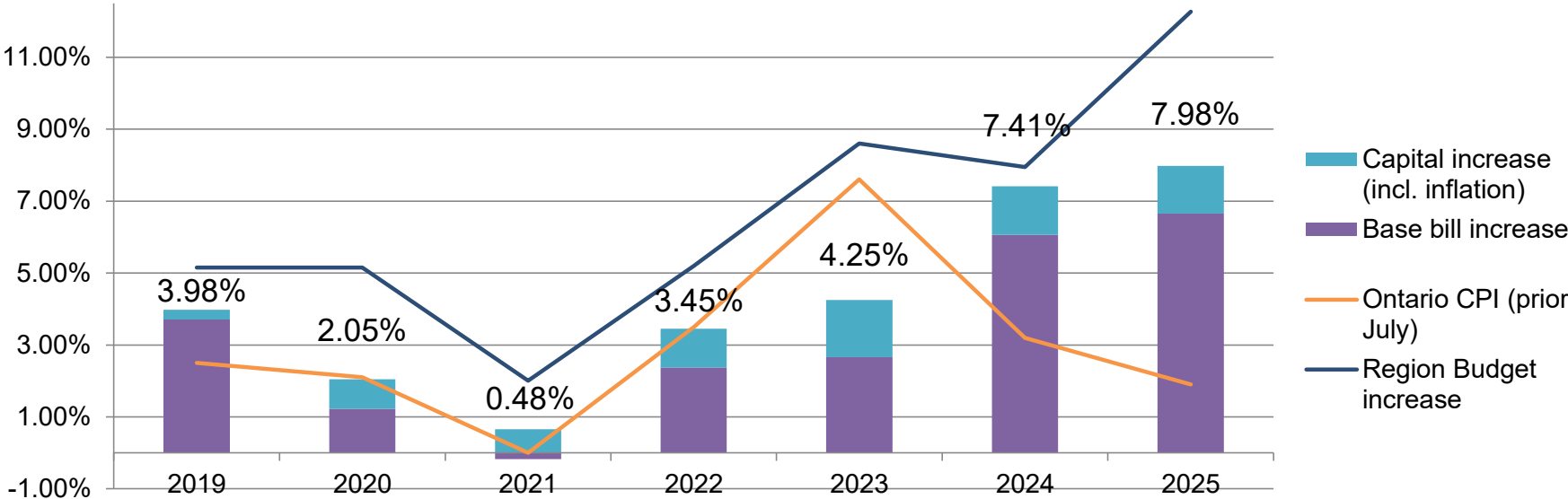
3) Budget - Rate Setting

Avg Monthly Bill	2024	2025	% increase/ (decrease)	\$ increase/ (decrease)
Water base charge	\$26.52	\$28.51	7.50%	\$1.99
Water rate charge: \$1.870 *16m3	\$28.50	\$29.92	5.00%	\$1.42
Water monthly	\$55.02	\$58.43	6.20%	\$3.41
Wastewater base charge	\$44.43	\$46.65	5.00%	\$2.22
Wastewater rate charge: \$3.042 *16m3	\$42.94	\$48.67	13.34%	\$5.73
Wastewater monthly	\$87.37	\$95.32	9.10%	\$7.95
Monthly total	\$142.39	\$153.75	7.98%	\$11.36
Annual total	\$1,709	\$1,845	7.98%	\$136

Household cost of \$5.05 per day
Based on average consumption of 16m³/month

3) Budget - Rate Setting: Rate History & Forecast

Water & Wastewater bill increase by year



Forecast for 2025-2029 is approx. **6.3%** per year (excl capital inflation) and includes Region increase of **8.86%** per year

4) Risks

- **Volumetric rate:** revenue risk from volume variances impacted by consumer shifts such as large consumer changes, aging population use less water per household.
- **Weather:** consumption, treatment volumes & maintenance costs.
- **Reserve reliance:** Budget has maintained a high level of reserve transfers to stabilize rates which has sustainability issues.
- **Billing frequency:** monthly based on AWWA best practice with benefits of assisting with leak detection & customer cash flow.
- **AMP:** demonstrated annual spending gap with higher than typical inflation rates, particularly with capital costs.

4) Opportunities

- **Grant funding:** applying for available programs (HEWSF, HECS, CSO).
- **Extraneous flows:** reduction of extraneous flows, including sewer relining efforts. Reflected in wastewater volume changes.
- **Non-revenue water (NRW):** pg 3 of report.
- **Treatment cost:** review of cost allocation methodology expected to better reflect cost structure for LAMs, providing greater fairness, equity and stability.
- **Condition assessments:** more precise capital investments.



5) Conclusion Key Messages

- **Rates:** When distributed over est. 2025 volumes, the Town increase including Region budget increase of 12.27% results in **7.98%** for the avg household.
- **Supplementary:** None.
- **Capital:** Infrastructure funded with reserve transfers. Water and wastewater was presented/approved November 25.
- **Debt:** No new debt budgeted or forecasted. Existing debt maturing in 2025 and 2031 will provide additional funding options.
- **Further information:** Related resources available on Town website, including 20 "[Frequently Asked Questions](#)".

5) Conclusion Budget Timelines

	Capital	Fees	Rate	Levy
Submissions to Corporate Services	Oct 4	Nov 1	Nov 1	Dec 6
Budget Committee package	Nov 21	Nov 27	Nov 27	Jan 22
Budget Committee meeting	Nov 25	Dec 4	Dec 4	Jan 29
Council approval	Dec 16 & Feb 24	Dec 16	Dec 16	Feb 24

6) Presentation Questions

Please refer to Council Report [CBC-03-2025](#) for recommendations and further information