

FINANCE AND ADMINISTRATION COMMITTEE – APRIL 2, 2012

COMMUNICATIONS

Distributed April 2, 2012

Item No.

C1. Presentation Material, 2012 Proposed Water and Wastewater Operating Budget, dated April 2, 2012

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Item 2 C1

F+A - Apr 2/12.



2012 Proposed Water and Wastewater Operating Budget

Presentation to the
Finance & Administration
Committee

April 2nd, 2012

Vaughan Vision 20|20

LOOKING TO OUR FUTURE





Agenda

- Water and Wastewater Fast Facts
- Budget Highlights
- Budget Overview
- Region of York – Water and Wastewater Rate Increases
- Water and Wastewater Rate Increase Breakdown
- 2012 Municipal Comparison
- Water and Wastewater Rate Increase Forecast
- Annual Contribution to Reserves
- City and Region Annual Rate Increases



Water and Wastewater Fast Facts

- ✓ The City owns and operates two distribution systems: Vaughan Water Distribution System and Kleinburg Water Distribution System.
- ✓ In 2011 the Vaughan and Kleinburg systems distributed 36,300,000 m³ of billed water.
- ✓ The City of Vaughan is responsible for the maintenance and repair of:
 - 865 kilometers of water mains
 - 846 kilometers of sanitary sewer mains
 - 827 kilometers storm sewers mains
- ✓ Water and Wastewater billing was in excess of \$83M in 2011 and Contribution to Reserves was \$10.8M.



Water and Wastewater Fast Facts - continued

- ✓ Vaughan purchases its drinking water from the Region of York, who purchases it from the City of Toronto and from the Region of Peel.
- ✓ Average household water consumption has decreased from 338 m³ in 2007 to 287 m³ in 2011 attributable to conservation efforts and weather patterns.
- ✓ Water and Wastewater billing revenues fund water purchases, wastewater services, asset maintenance, administration, overhead, financing, other operating costs and most importantly funding future infrastructure requirements.



Budget Highlights

- ✓ The City's combined water / wastewater proposed rate increase is 8.97%.
 - ❖ Region's portion is 6.17%
 - ❖ City's portion is 2.8%
- ✓ Region of York increased their water rate by 7.7% and their wastewater rate by 12.0 % for a combined rate increase of 10.0%.
- ✓ The City's Water and Wastewater effective rate increase – June 2012.
- ✓ The residential impact on an average household consumption of 300 m³ of water per year is an additional \$64.80 or \$5.40 per month.
- ✓ Vaughan is continuing to move towards Full Cost Recovery as demonstrated in the presentation.

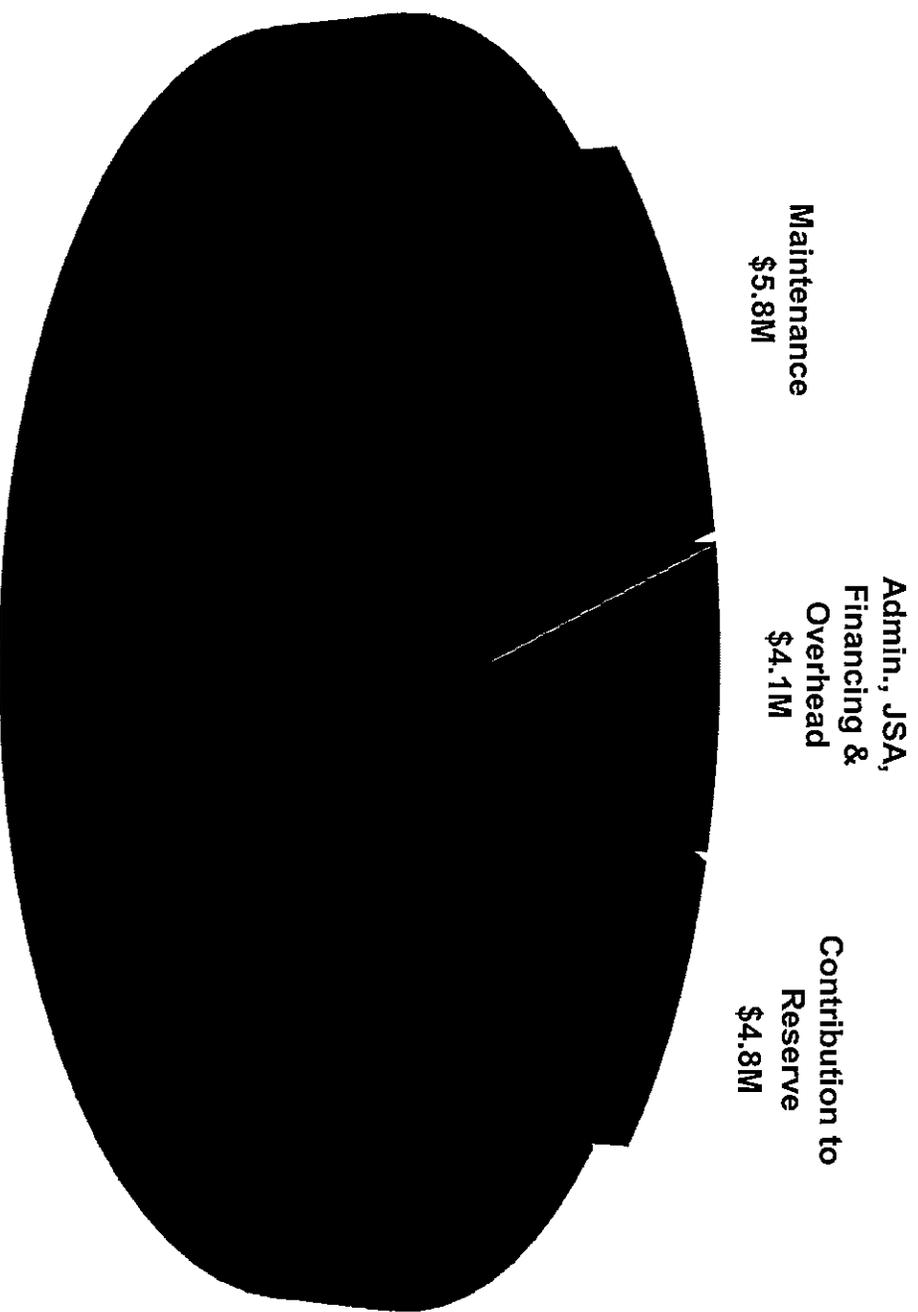


Budget Overview - Water

	<u>Proposed 2012 Budget</u>	<u>2011 Budget</u>	<u>Change</u>	<u>Growth / Rate Increase</u>
Water Revenues	\$45.0M	\$40.8M	10.3%	
Water Purchases	31.6	28.7	10.1%	Region of York 7.7% rate increase / growth
Gross Margin	13.4	12.1	10.7%	
Other Revenues	1.3	1.3	----	
Maintenance	5.8	5.5	5.5%	
Administration, Financing and Overhead	4.1	3.9	4.1%	
Contribution to Reserve	\$4.8M	\$4.0M	20.0%	



2012 Proposed Budget - Water Expenses



Region of York
Water Purchases
\$31.6M

Maintenance
\$5.8M

Admin., JSA,
Financing &
Overhead
\$4.1M

Contribution to
Reserve
\$4.8M

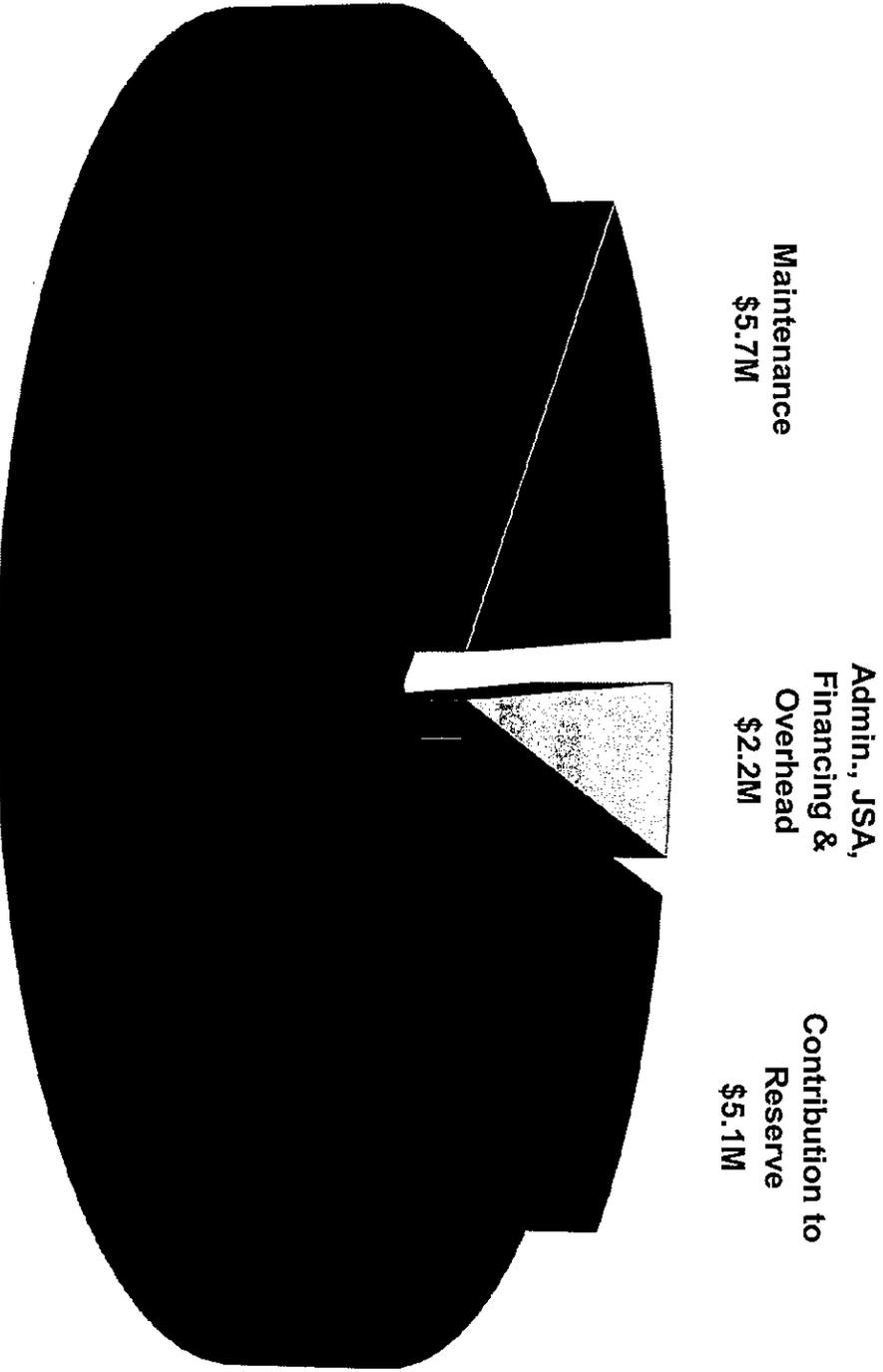


Budget Overview – Wastewater and Storm

	<u>Proposed 2012 Budget</u>	<u>2011 Budget</u>	<u>Change</u>	<u>Growth / Rate Increase</u>
Wastewater Revenues	\$48.8M	\$42.6M	14.5%	Growth / Rate Increase
Wastewater Expenses	36.4	31.6	15.2%	Region of York 12.0% rate increase / growth
Gross Margin	12.4	11.0	12.7%	
Other Revenues	0.6	0.7	(14.3)%	
Maintenance	5.7	5.8	(1.7)%	
Administration, Financing and Overhead	2.2	2.2	----	
Contribution to Reserve	\$5.1M	\$3.7M	37.8%	



2012 Proposed Budget - Wastewater and Storm Expenses





Region of York Water and Wastewater Rate Increases

- ✓ At the Regional Council Meeting of May 5, 2011, the Finance and Administration Committee recommended Council approve:
 - An annual blended rate increase of 10% for water and wastewater user fees for the four year period from April 1, 2012 to March 31, 2016.
- ✓ Factors driving the rate increase include:
 - increased cost of purchased water from Toronto and Peel,
 - need to build reserves for capital asset replacement and rate stabilization and
 - decreased water consumption per capita



Breakdown of the Combined Water and Wastewater Rate Increase

Water and Wastewater Purchased Services from York Region	6.17%	6.17%	69%
Unmetered Water	0.34%		
Maintenance	0.19%		
Administration, Financing and Overheads	0.18%	0.72%	8%
Joint Services	0.01%		
Contribution to Reserves	<u>2.08%</u>	<u>2.08%</u>	<u>23%</u>
2012 Increase	<u>8.97%</u>	<u>8.97%</u>	<u>100%</u>

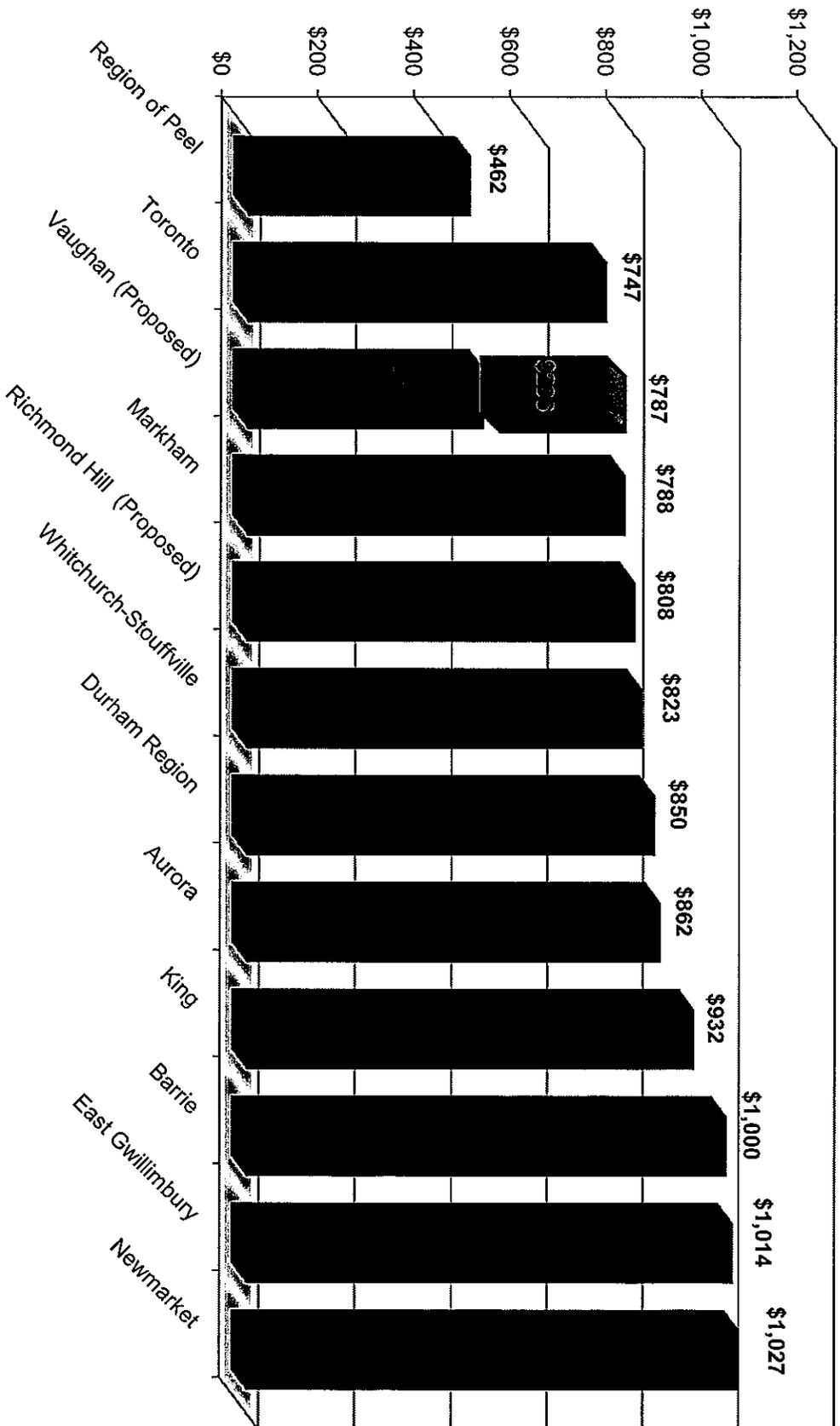


Breakdown of the Water and Wastewater Rate Components

<u>Rate Components</u>	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
Regional Purchased Services	\$0.7510	\$0.8848	\$1.6358
Unmetered Water	0.1104	-----	0.1104
Maintenance	0.1289	0.1469	0.2758
Other	0.1109	0.0607	0.1716
Contribution to Reserves	<u>0.1428</u>	<u>0.2880</u>	<u>0.4308</u>
Total	<u>\$1.2440</u>	<u>\$1.3804</u>	<u>\$2.6244</u>



2012 Municipal Comparison – Total Water/Wastewater bill based on an average household consumption of 300 m³ per year.



Region's proportion of bill.

City's proportion of bill.



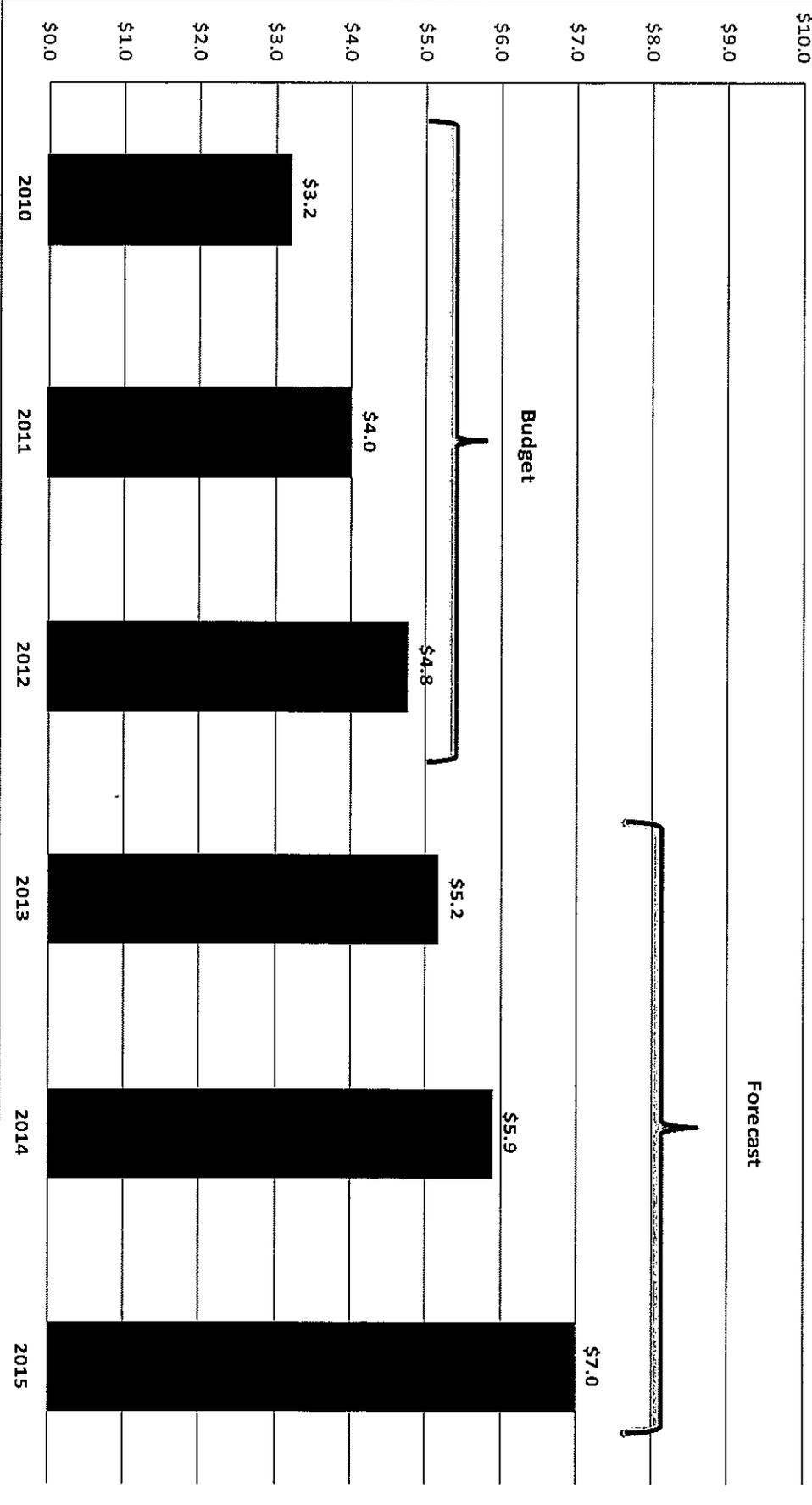
Year-Over-Year Annual Cost for a Household consuming 300 m³

<u>Municipality/Region</u>	<u>2012⁽¹⁾</u>	<u>2011</u>	<u>YOY Change \$</u>	<u>YOY Change %</u>
Region of Peel	\$462	\$426	\$36	8.34%
Toronto	\$747	\$685	\$62	9.00%
Vaughan	\$787	\$723	\$65	8.97%
Markham	\$788	\$725	\$63	8.74%
Richmond Hill (Proposed)	\$808	\$734	\$73	9.99%
Whitchurch-Stouffville	\$823	\$750	\$74	9.81%
Durham Region	\$850	\$800	\$50	6.29%
Aurora	\$862	\$817	\$45	5.55%
King	\$932	\$860	\$72	8.43%
Barrie	\$1,000	\$929	\$71	7.63%
East Gwillimbury	\$1,014	\$930	\$84	9.03%
Newmarket	\$1,027	\$927	\$100	10.77%

(1) Calculations are based on Municipal and Region approved Water and Wastewater rates.

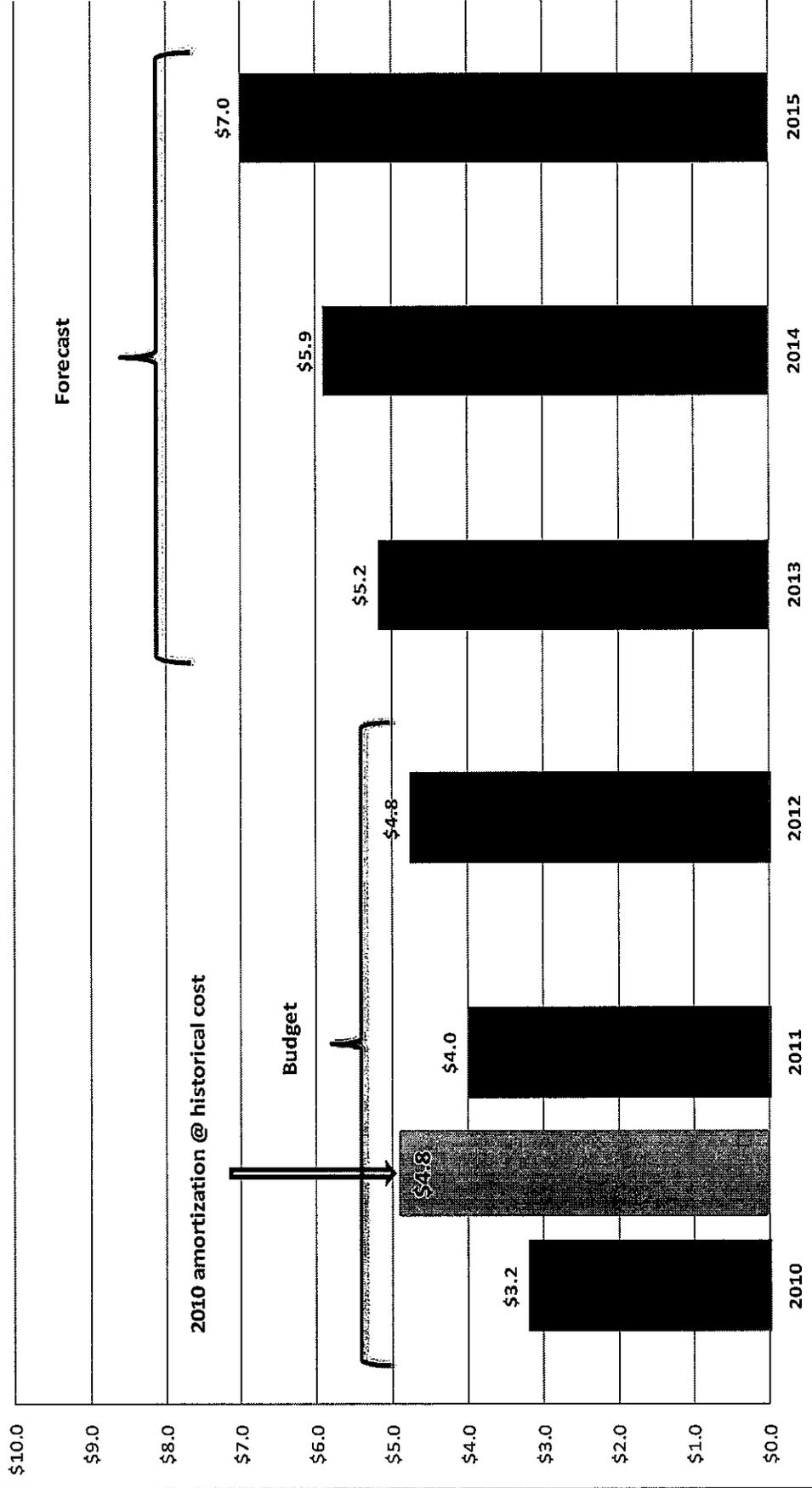


Annual Contribution to Water Reserve (millions)





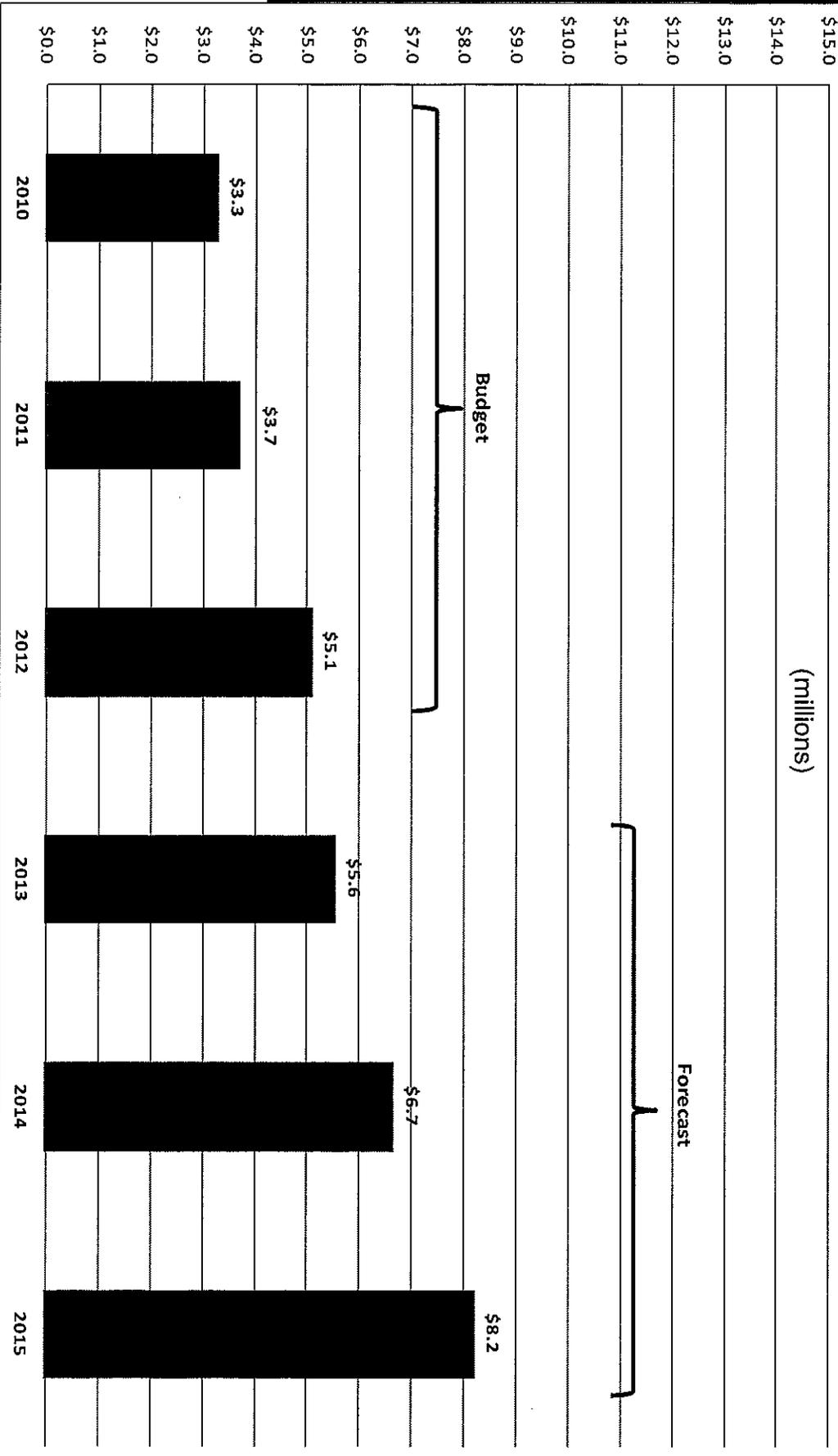
Annual Contribution to Water Reserve (millions)





Annual Contribution to Wastewater / Storm Reserve

(millions)



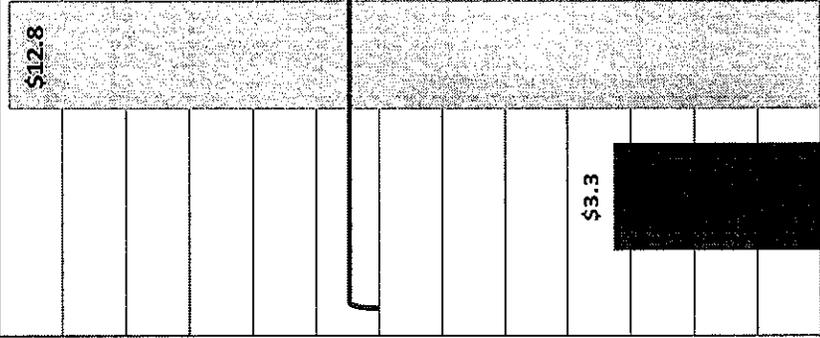


Annual Contribution to Wastewater / Storm Reserve

(millions)

\$15.0
\$14.0
\$13.0
\$12.0
\$11.0
\$10.0
\$9.0
\$8.0
\$7.0
\$6.0
\$5.0
\$4.0
\$3.0
\$2.0
\$1.0
\$0.0

2010 amortization @ historical cost



Budget

Forecast

2015

2014

2013

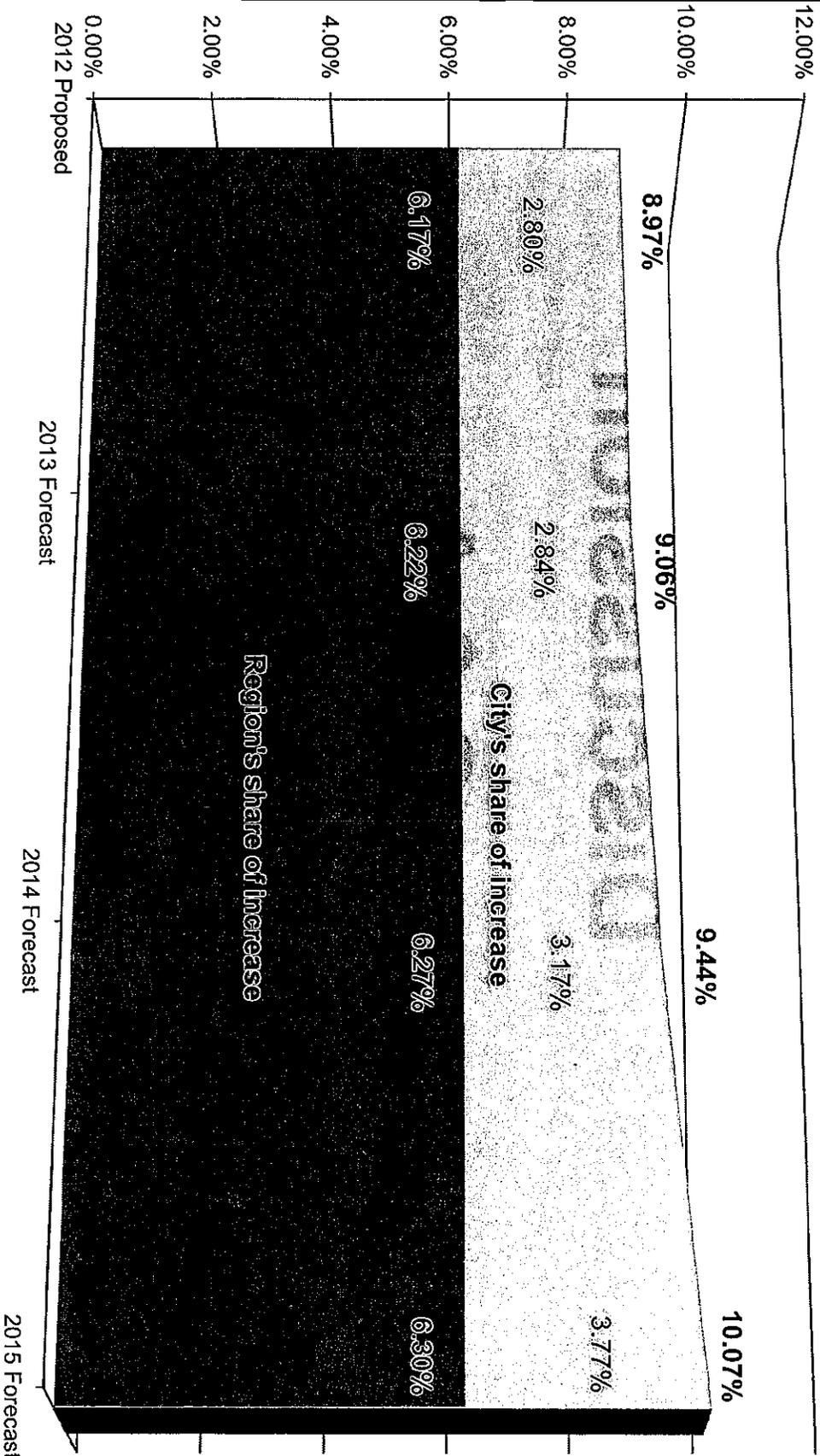
2012

2011

2010



City and Region Annual Forecasted Rate Increases





Discussion

Q & A

Thank You