

SPECIAL COUNCIL MEETING –JUNE 14, 2011

COMMUNICATIONS

Distributed June 14, 2011

Item No.

C1	Commissioner of Finance/City Treasurer, Presentation Material, dated June 14, 2011	1
-----------	---	----------

Please note there may be further Communications.



Special Council
COMMUNICATION C-1
Date: June 14/11 ITEM NO. 1

2011 Proposed Water and Wastewater Operating Budget

Special Council Meeting

June 14th, 2011

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
- 2011 Municipal Comparison



Water and Wastewater Fast Facts

- ✓ The City owns and operates two distribution systems: Vaughan Water Distribution System and Kleinburg Water Distribution System.
- ✓ The City of Vaughan provides services to 74,000 Residential homes and 2,950 Institutional, Commercial and Industrial (ICI) customers.
- ✓ Residential customers are invoiced bi-monthly and ICI customers are billed monthly by the City's billing agent PowerStream.
- ✓ In 2010 the Vaughan and Kleinburg systems distributed 36,000,000 m³ of water.
- ✓ The City of Vaughan is responsible for the maintenance and repair of:
 - 858 kilometers of water mains
 - 839 kilometers of sanitary sewer mains
 - 820 kilometers storm sewers mains
- ✓ Revenue generated from Water and Wastewater billing was in excess of \$76M in 2010.



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.
- ✓ Water comes from Lake Ontario and through City of Toronto water treatment facilities it is purified for domestic consumption – “Potable Water”.
- ✓ Average household water consumption has decreased from 338 m³ in 2007 to 295 m³ in 2010 attributable to conservation efforts and weather patterns.
- ✓ Water and Wastewater billing revenues fund water purchases, wastewater services, asset rehabilitation/renewal, administration, overhead, financing, other operating costs and most importantly infrastructure lifecycle funding.



Budget Highlights

- ✓ The combined water / wastewater proposed rate increase is 9.94%.
- ✓ Region of York increasing both their water and wastewater rates by 10%.
- ✓ The residential impact on an average household consumption of 300 m³ of water per year is an additional \$65.31 or \$5.44 per month.
- ✓ Vaughan is continuing to move towards Full Cost Recovery – 2009 Watson Rate Study Report. (Current target to achieve full cost recovery – 2021).
- ✓ Water and Wastewater effective rate increase - July 1, 2011.
- ✓ The Water and Wastewater budget is prepared through a collaborative partnership between Public Works and Financial Services.
- ✓ Vaughan's residential account growth of 3.0% and ICI growth of 1.75% will generate 36,500,000 m³ of water consumption.

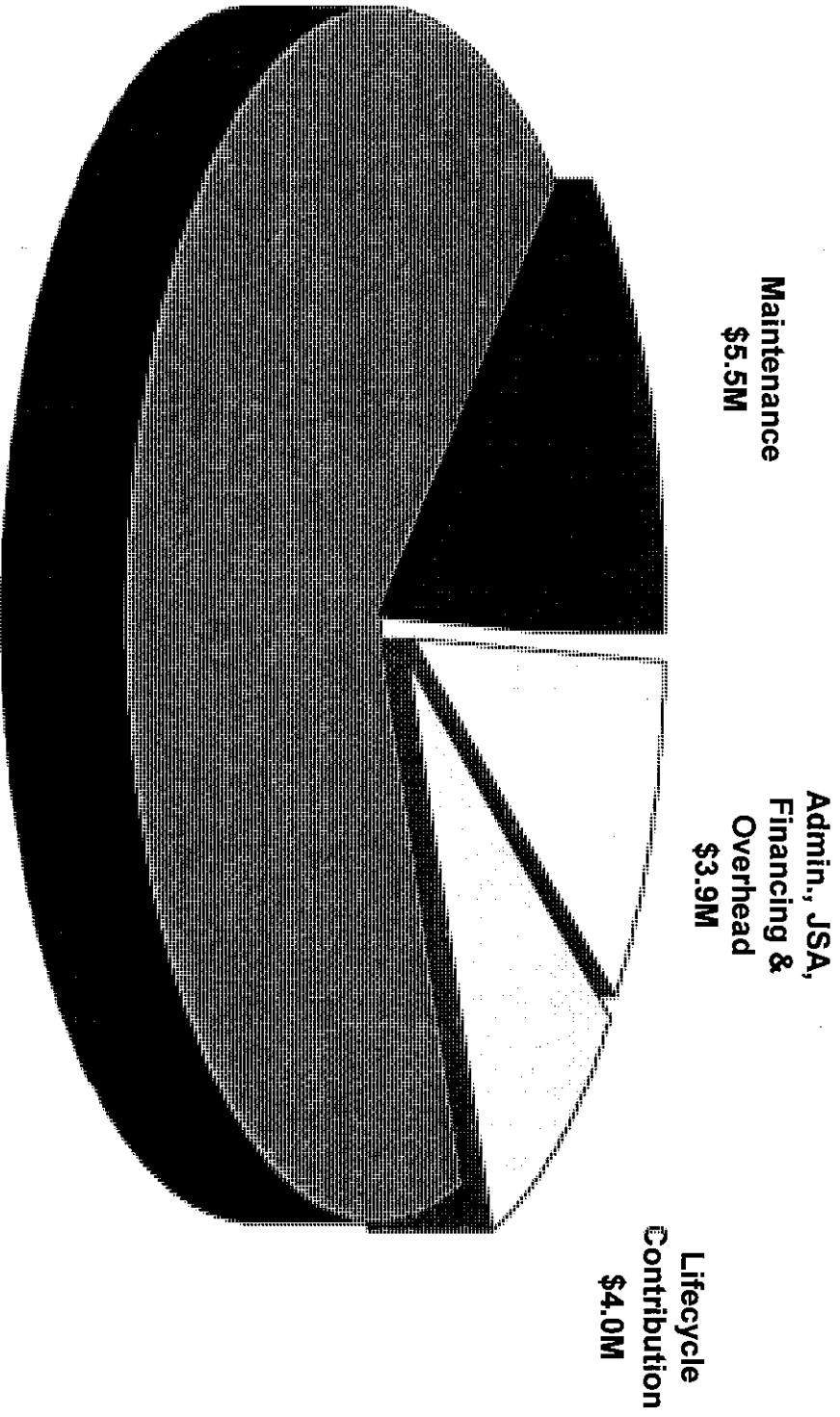


Budget Overview - Water

	<u>Proposed 2011 Budget</u>	<u>2010 Budget</u>	<u>Change</u>	<u>Growth / Rate Increase</u>
Water Revenues	\$40.8M	\$36.6M	11.5%	Region of York 10% rate increase / growth
Water Purchases	28.7	25.3	13.4	
Gross Margin	12.1	11.3	7.1	
Other Revenues	1.3	1.2	8.3	
Maintenance	5.5	5.2	5.8	2011 ARRs
Administration, Financing and Overhead	3.9	4.1	(4.9)	Renegotiated Joint Services Agreement
Lifecycle Contribution	\$4.0M	\$3.2M	25.0%	



2011 Water Expenses



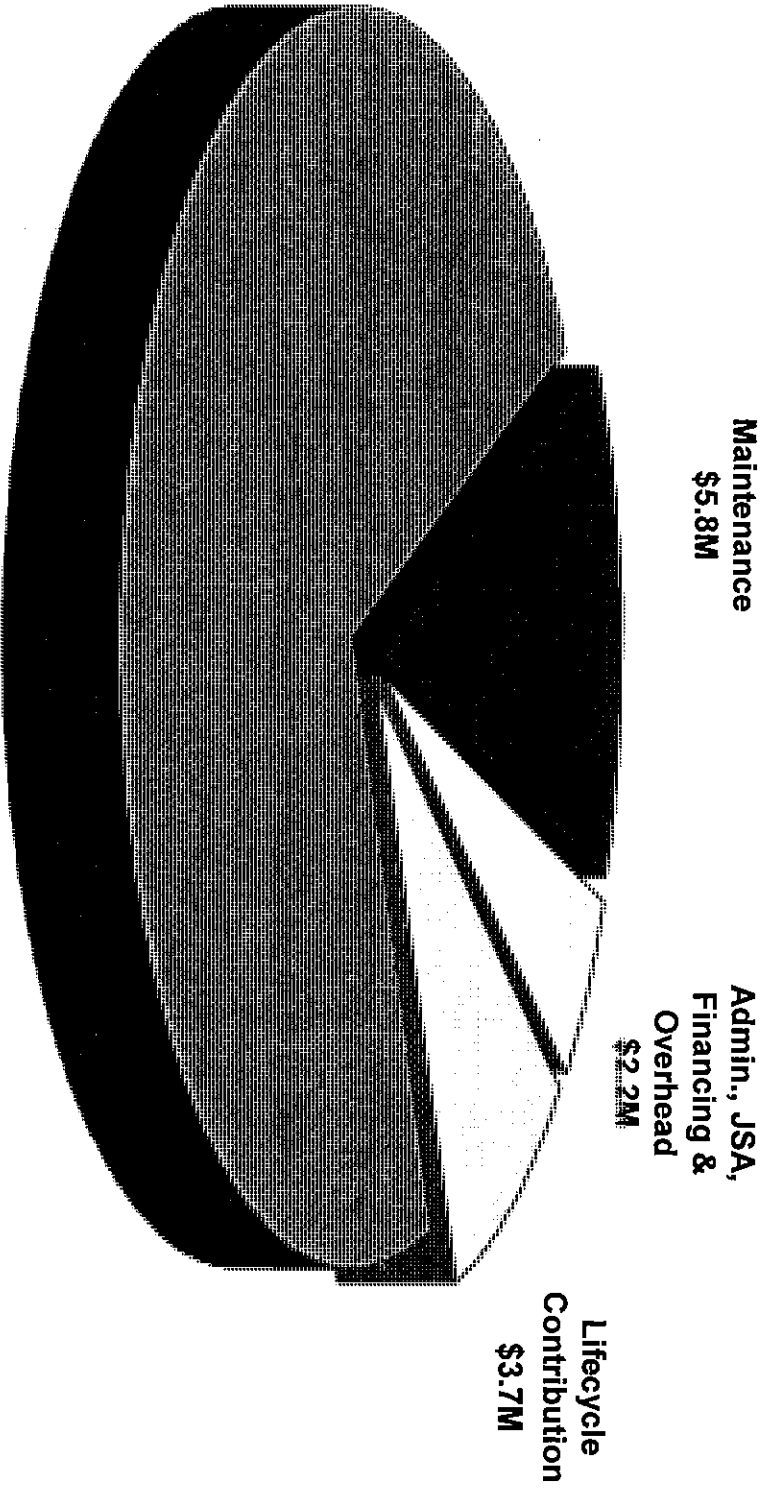


Budget Overview - Wastewater

	<u>Proposed 2011 Budget</u>	<u>2010 Budget</u>	<u>Change</u>	<u>Growth / Rate Increase</u>
Wastewater Revenues	\$42.6M	\$38.3M	11.2%	
Wastewater Expenses	31.6	28.1	12.5	Region of York 10% rate increase / growth
Gross Margin	11.0	10.2	7.8	
Other Revenues	0.7	0.6	16.7	
Maintenance	5.8	5.3	9.4	2011 ARR's
Administration, Financing and Overhead	2.2	2.2	0.0	
Lifecycle Contribution	\$3.7M	\$3.3M	12.1%	



2011 Wastewater Expenses



Region of York
Wastewater Expenses
\$31.6M



Region of York Water and Wastewater Rate Increases

- ✓ York Regional Council approved a water rate study that included increases as follows:
 - a 10% annual increase in water rates for 2009 – 2011, 5% annual increase in 2012 and 2013 and 2% annual increase thereafter,
 - a 10% annual increase in wastewater rates for 2009 – 2013 and a 5% annual increase thereafter.



Breakdown of the Combined Water and Wastewater Rate Increase

Potable Water and Wastewater Purchased Services	6.17%	Region of York
Unmetered Water	0.43%	
Maintenance	0.89%	
Admin., JSA, Financing and Overheads	(0.48)%	
Infrastructure Contribution	<u>2.93%</u>	Reserves
2011 Increase	<u><u>9.94%</u></u>	

<u>Proportionate Share of Rate Increase</u>	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
Region	64%	61%	62%
City	36%	39%	38%

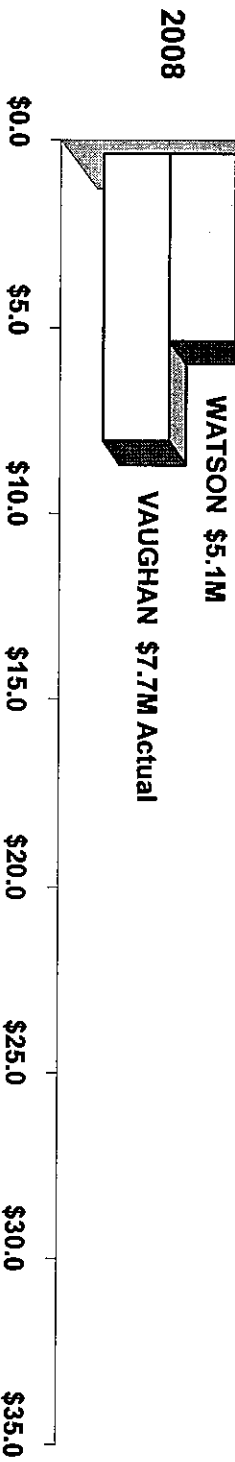


Breakdown of the Water / Wastewater Rate Components and Cost Impacts

<u>Rate Components</u>	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
Regional Purchased Services	\$0.6973	\$0.7900	\$1.4873
Unmetered Water	0.1022	n/a	0.1022
Maintenance	0.1225	0.1486	0.2711
Other	0.1063	0.0609	0.1672
Lifecycle Contribution-Reserve	<u>0.1343</u>	<u>0.2463</u>	<u>0.3806</u>
TOTAL	<u>\$1.1626</u>	<u>\$1.2458</u>	<u>\$2.4084</u>



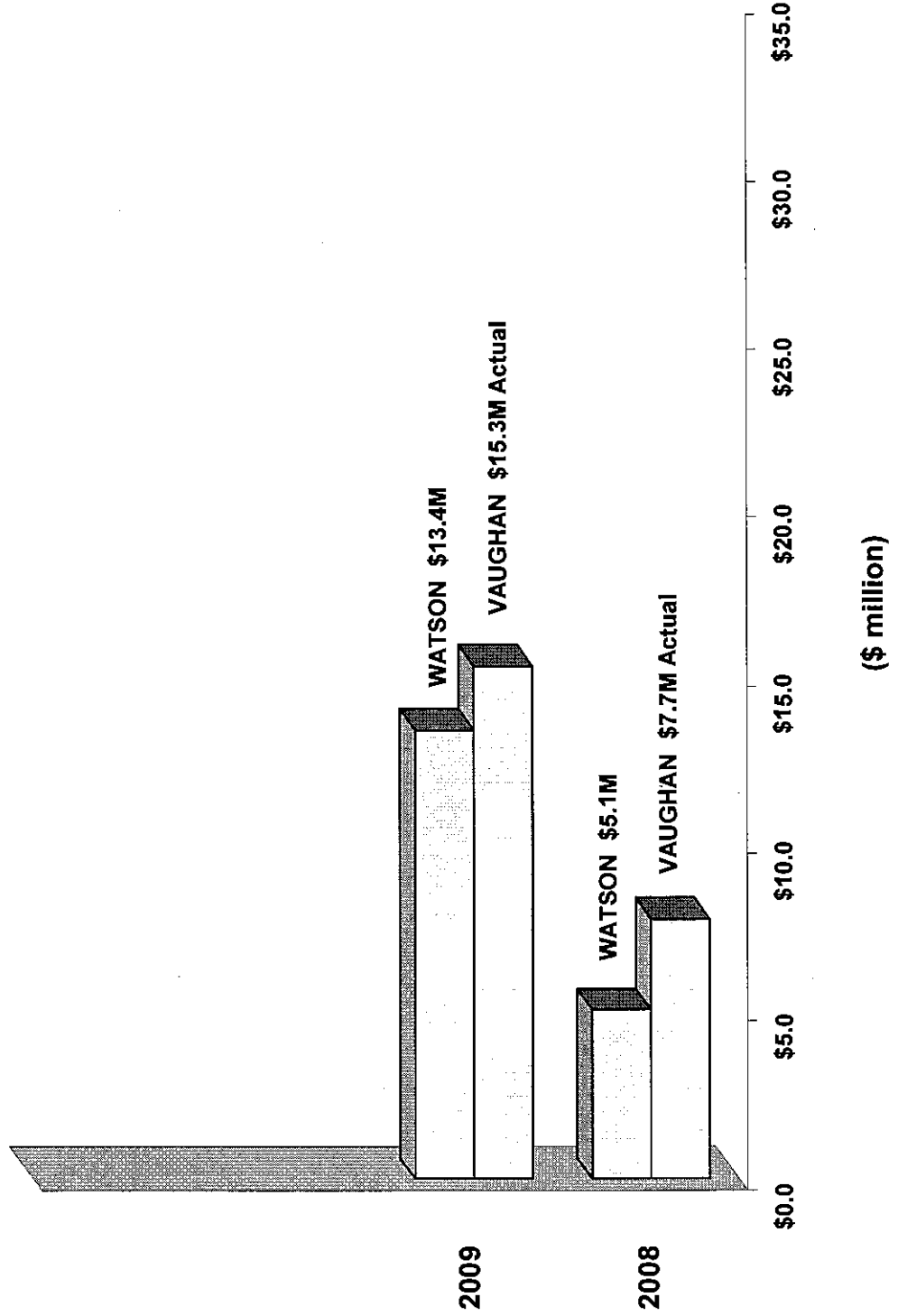
Cumulative Water / Wastewater Lifecycle Contribution Comparison



(\$ million)

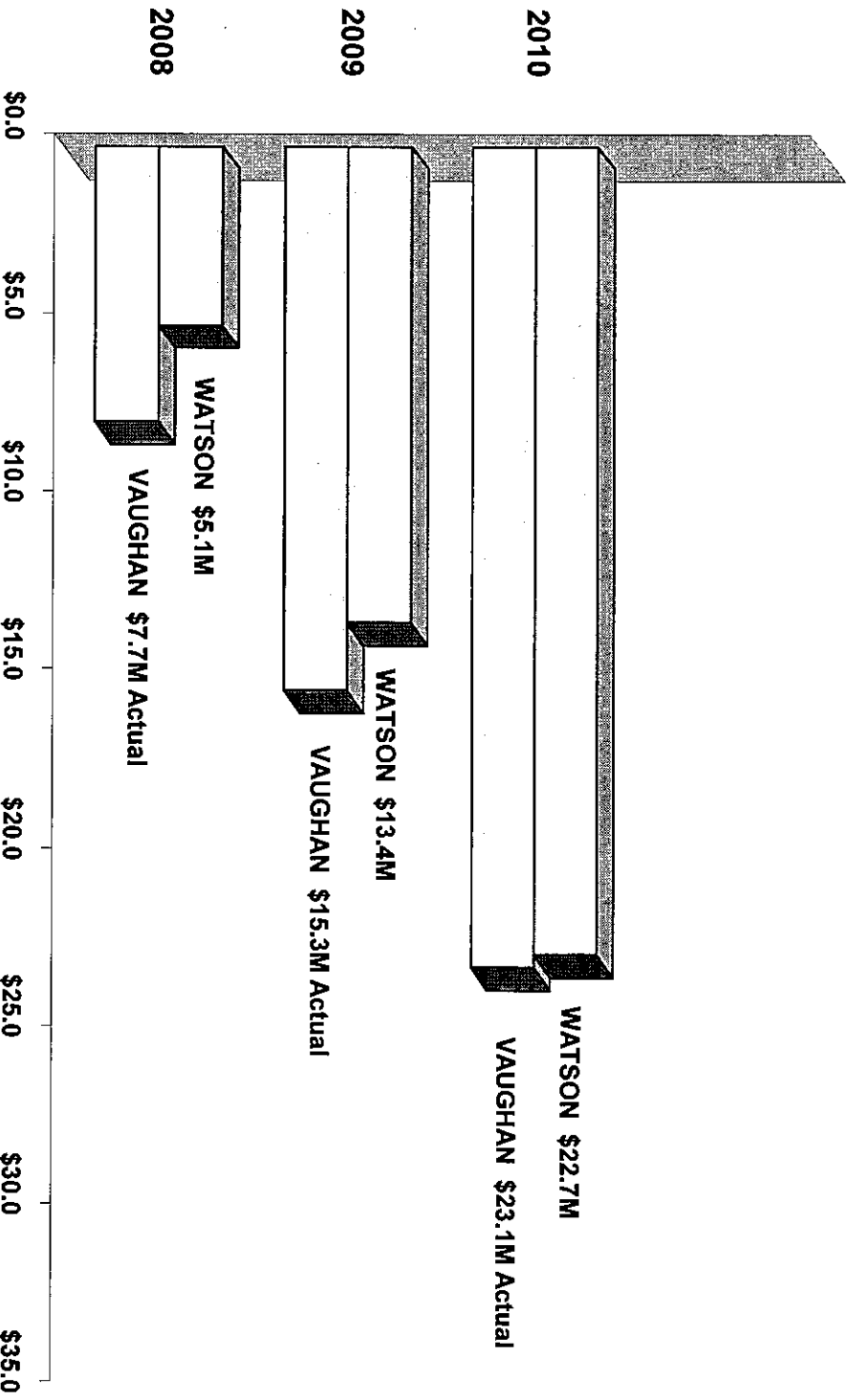


Cumulative Water / Wastewater Lifecycle Contribution Comparison

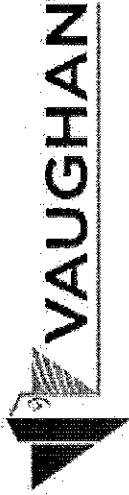




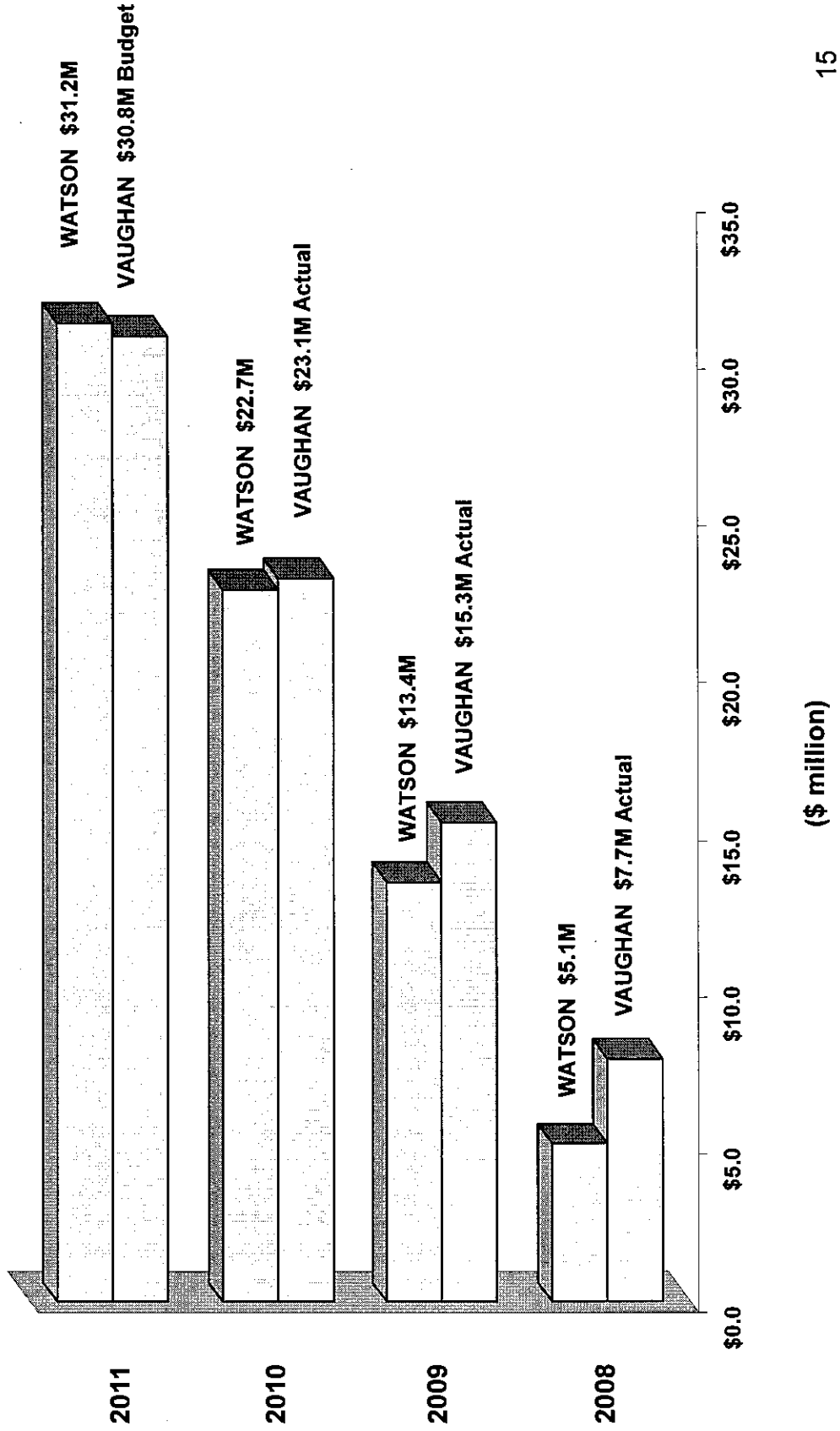
Cumulative Water / Wastewater Lifecycle Contribution Comparison



(\$ million)



Cumulative Water / Wastewater Lifecycle Contribution Comparison





2011 Municipal Comparison (Revised) – Total Water/Wastewater bill based on an average household consumption of 300 m³ per year.

