



**2021 Consolidated Water Supply and Sanitary
Sewerage Systems User Rates and
Business Plans and Budgets**

Finance and Administration Committee

December 8, 2020

- 2021 User Rates
- Budget Overview
- Capital Program Overview
- 2021 Capital Budget
- Summary
- Questions



Durham Budget

2021

2021 User Rates

POLICY

USER PAY PHILOSOPHY

No Contribution from Property Tax



GROWTH PAYS FOR GROWTH



Growth Capital Projects & Debt Servicing Costs

- \$64.3 million DC funding in 2021

CUSTOMERS

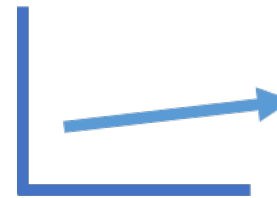
OUR CUSTOMERS

Projected

Water – 181,293
Sewer – 176,592



CUSTOMER GROWTH



Customer growth projected at:

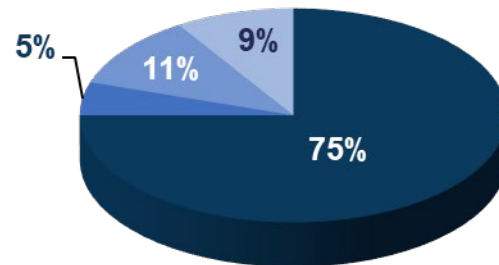
- Water – 1.00 per cent
- Sewer – 1.05 per cent

CONSUMPTION

CONSUMPTION PATTERNS

Share of Total Consumption 2019

- Residential
- ICI 1st Block
- ICI 2nd Block
- ICI 3rd Block



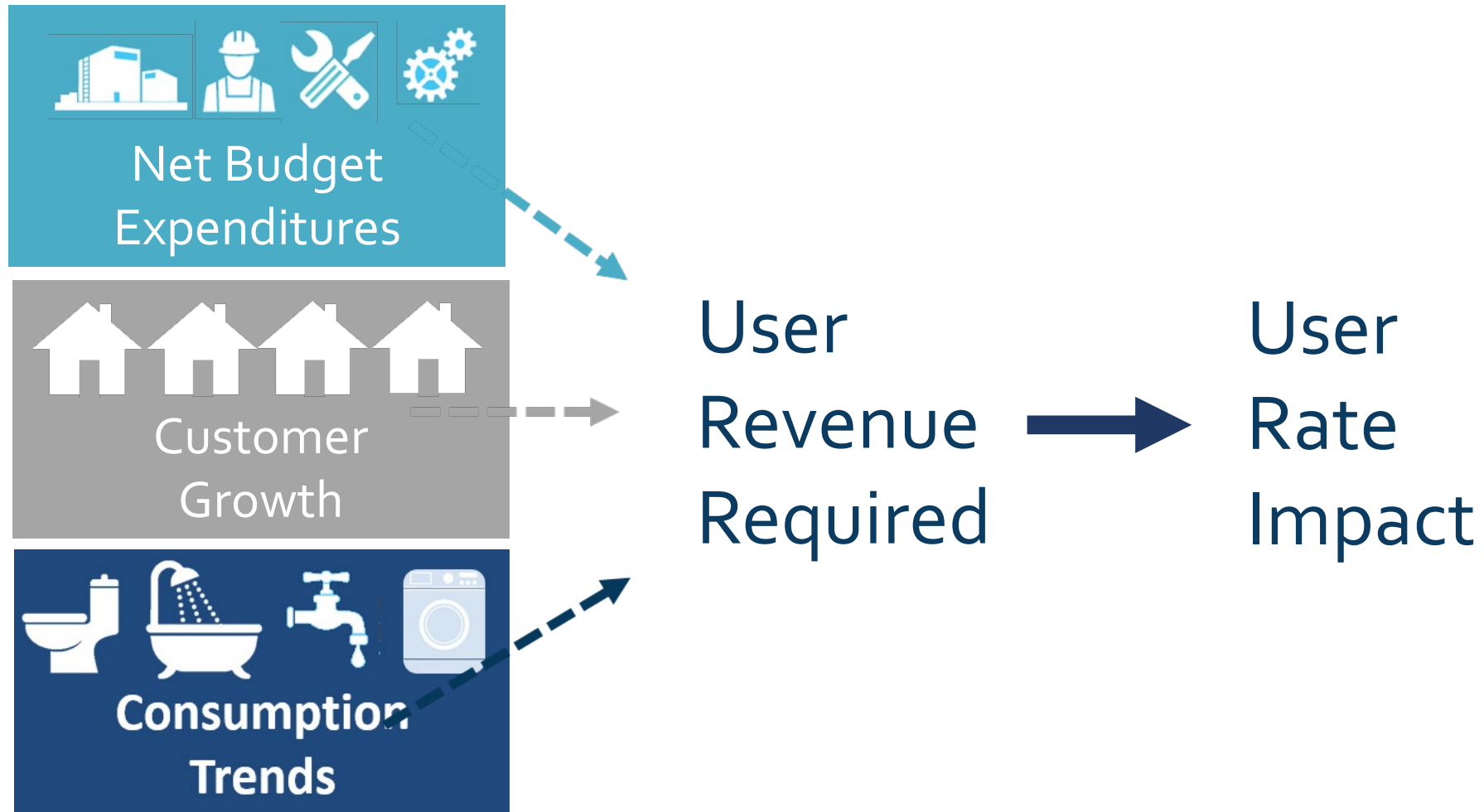
Projected Residential Water Consumption

- Residential base consumption – 230 m³/customer/year
- Seasonal usage – 10 m³/customer/year

Projected Non-Residential (ICI) Consumption

- Water – 5.0 per cent decrease
- Sewer – 5.5 per cent decrease

Factors Impacting User Rates



Factors Impacting 2021 Proposed User Rates

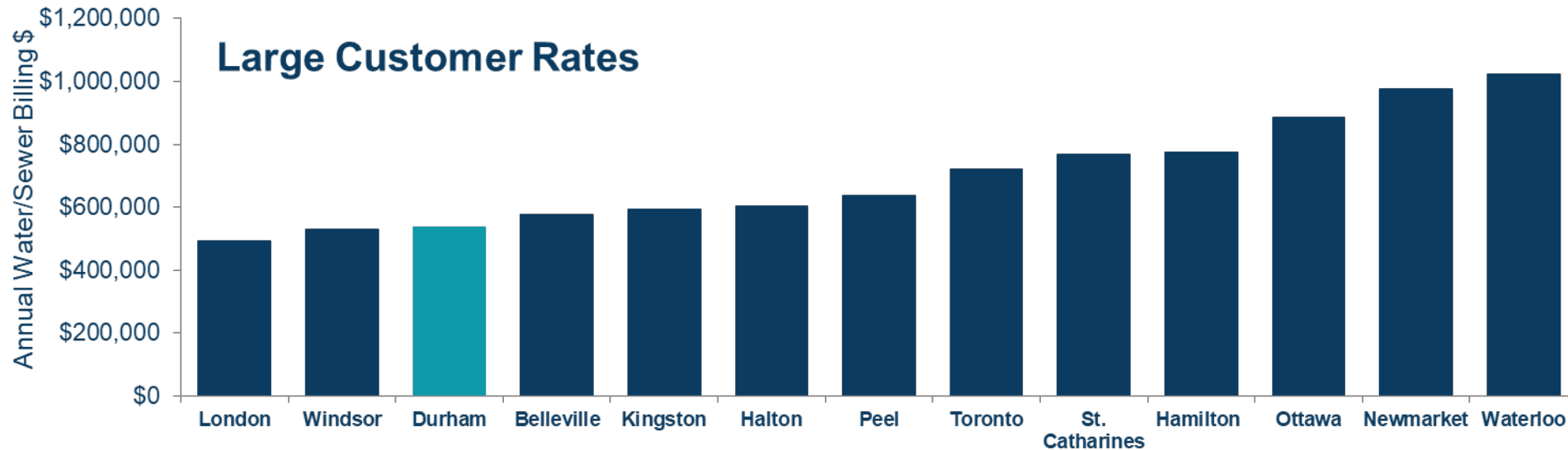
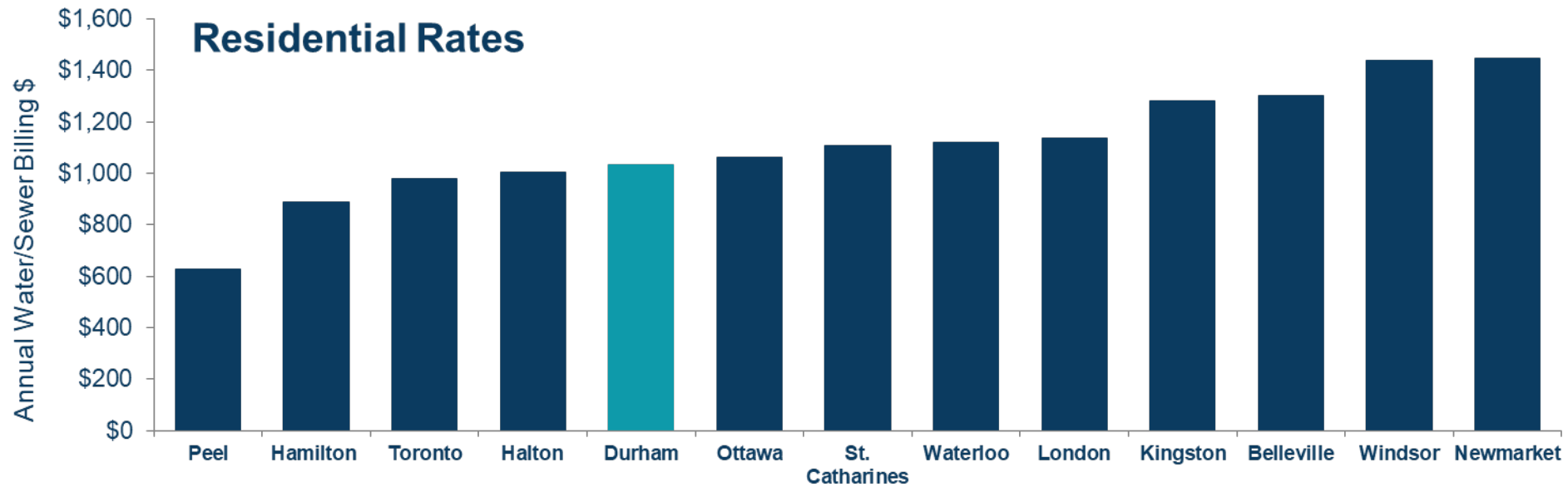
	<u>Water</u> %	<u>Sewer</u> %
Total Net Expenditures Increase	3.28	4.91
Customer Growth	(0.42)	(0.07)
Consumption	<u>(2.46)</u>	<u>(3.78)</u>
User Rate Increase	<u>0.40</u>	<u>1.06</u>
Combined Rate Increase	0.75%	

**Recommend 2021
combined water
supply and sanitary
sewer user rate
increase by 0.75%
over 2020**

**CHARGES TO CUSTOMERS USING
240 CUBIC METERS / YEAR
(Based on Quarterly Billings)**

	Billings		Increase	
	2020 Actual	2021 Proposed	\$	%
	\$	\$		
Quarterly Bill				
Water	125.57	126.09	0.52	0.40
Sewer	132.57	133.98	1.41	1.06
Total	258.14	260.07	1.93	0.75
Annual Cost	1,032.56	1,040.28	7.72	0.75

How Do the Region's 2020 Rates Compare?





Durham Budget

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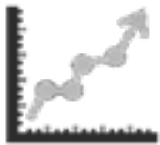
Budget Overview



Environmental Sustainability – to protect the environment for the future by demonstrating leadership in sustainability and addressing climate change



Community Vitality – to foster an exceptional quality of life with services that contribute to strong neighbourhoods, vibrant and diverse communities, and influence our safety and well-being



Economic Prosperity – to build a strong and resilient economy that maximizes opportunities for business and employment growth, innovation and partnership



Social Investment – to ensure a range of programs, services and supports are available and accessible to those in need, so that no individual is left behind



Service Excellence – to provide exceptional value to Durham taxpayers through responsive, effective and fiscally sustainable service delivery



COVID 19 Response – continue to respond to COVID-19 impacts and advance the Region's Recovery Plan

Water



181,293
Customers



2,554 kms of
Watermains



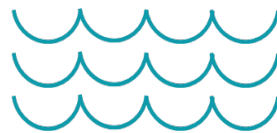
177,032
Water Meters



16,291
Fire Hydrants



Total Infrastructure Value
\$4.64 Billion



2 Lake Water Supplies
and 8 Groundwater
Aquifer Supplies

Sewer



176,592
Customers



2,215 kms of
Sanitary Sewers



31,092
Maintenance Holes



Total Infrastructure Value
\$5.18 Billion



2 Receiving Lakes
and 3 Receiving
Rivers

Utility Finance

Receive, deposit and record
approximately 787,000 water
and sanitary sewerage payments



Respond to over 100,000
telephone inquiries, 24,000 emails
and over 1,000 in-person inquiries

PERIOD BILLED:		SERVICE ADDRESS:	
FROM:	TO:	Average Residential Customer	
ACCOUNT NUMBER:		DESCRIPTION:	AMOUNT:
▲ YOUR COPY WILL REMAIN WITH READING		Water Consumption	\$61.60
CURRENT WATER METER READING:		Water Service Charge	\$55.44
PREVIOUS WATER METER READING:		Total Water Charges	\$117.04
CONSUMPTION:		Sanitary Sewer Usage Charge	\$98.56
Typical Quarterly Average		Sanitary Sewer Service Charge	\$20.20
(\$5 cubic metres)		Total Sewer Charges	\$119.26
WATER METER SIZE:		AMOUNT DUE NOW	\$236.30
UNMETERED FINE (LINE SIZE):		2% LATE PAYMENT CHARGE EFFECTIVE AFTER	
		AMOUNT DUE AFTER DATE SHOWN	

Service Improvements and Awards

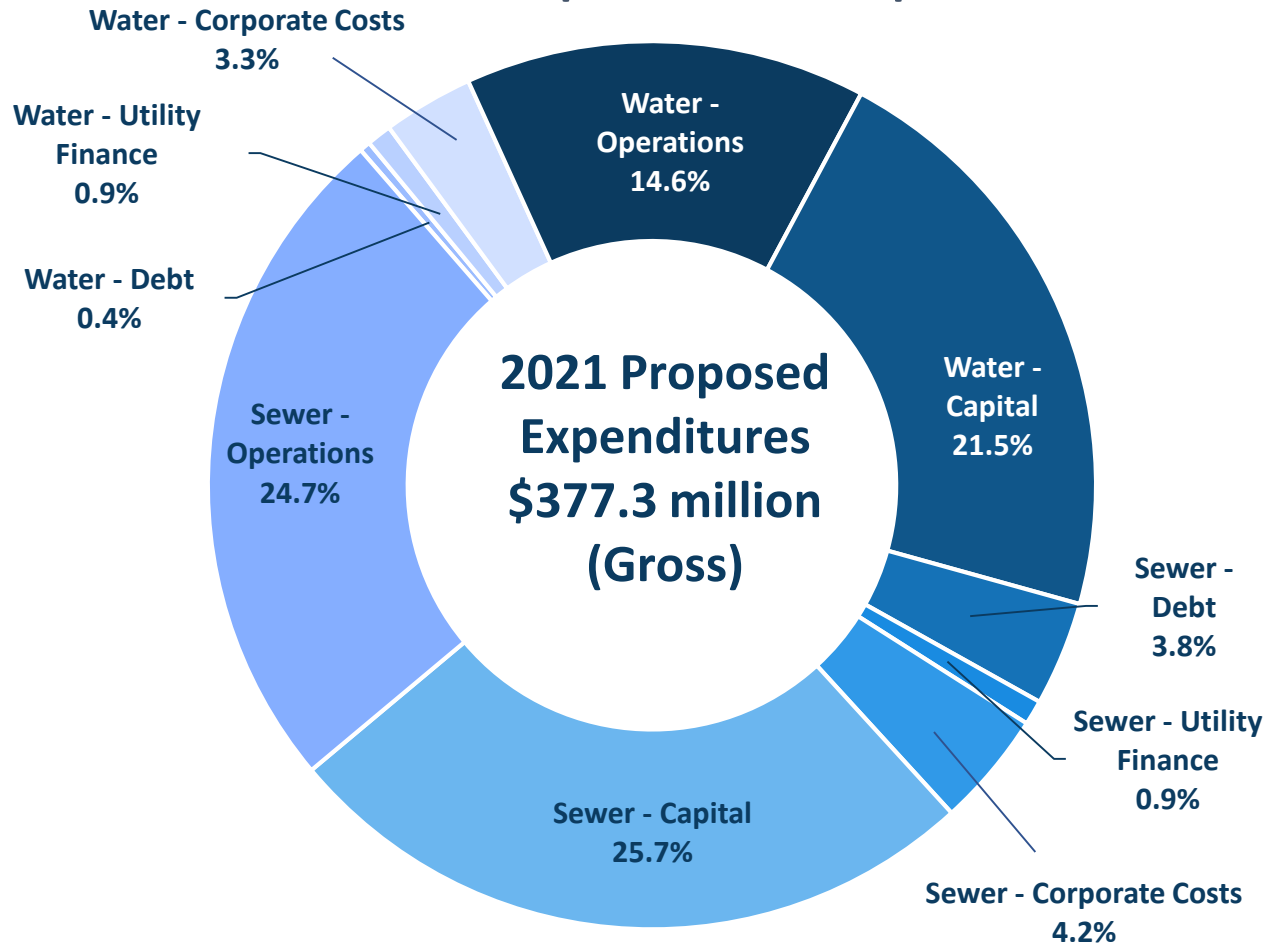
- 19 water supply and sanitary sewerage projects in construction
- Total project value implemented approximately \$152.2 million
- Launched web-based customer portal, “My Durham Water”
- Received North American award from CS Week for the Best Customer Information System Implementation for the Region’s new water billing system and customer portal

Customer Service

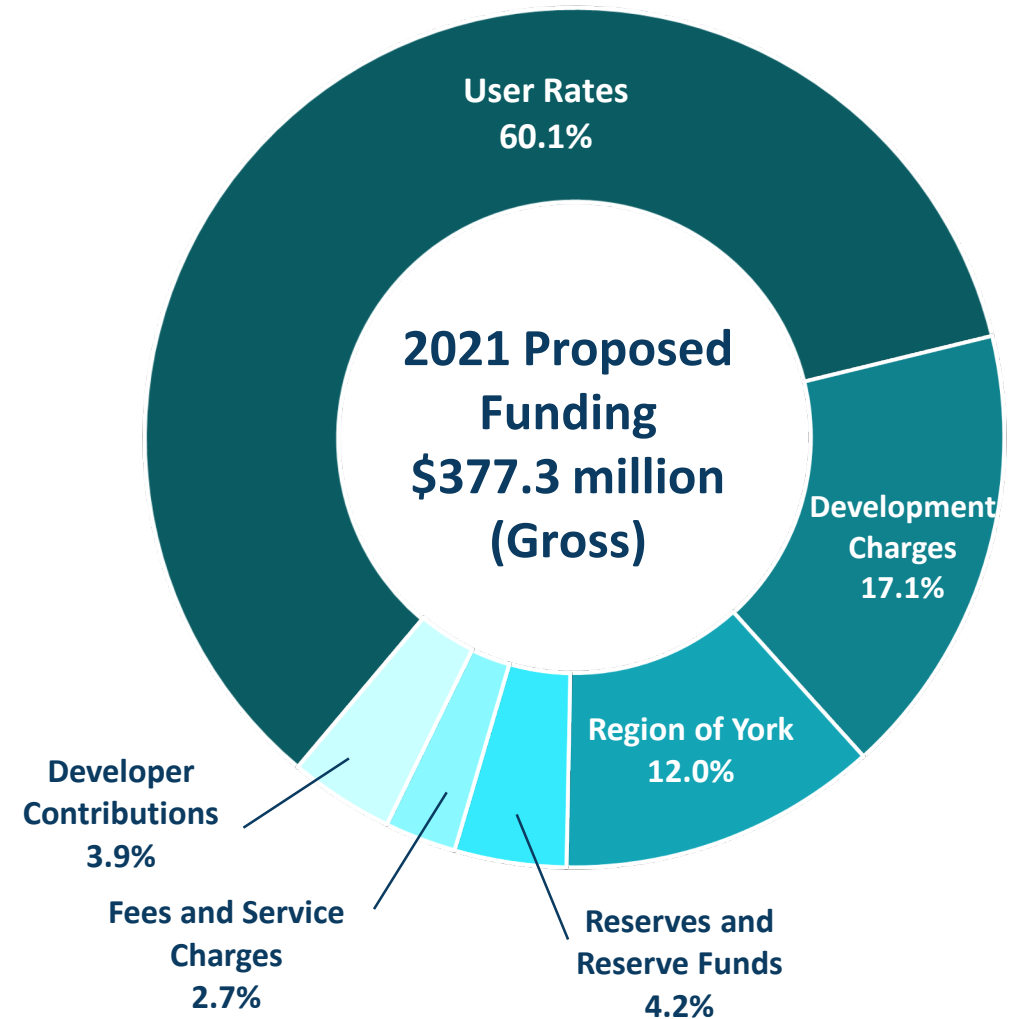
- 0 Boil Water Advisories
- 99.97 % compliance of drinking water test results
- 0 sanitary sewage by-pass events
- 100 % compliance of wastewater effluent results to protect the water environment

2021 Proposed Water Supply and Sanitary Sewerage Expenditures and Financing

2021 Proposed Gross Expenditures



2021 Proposed Gross Funding



Operating

- \$226.8 million user rate requirement (Water \$115.5 million and Sewer \$111.3 million)
- Annualization of 6.601 FTE positions approved in 2020
- Additional temporary resources to deliver priority facility projects and support the eRIS project implementation for the modernization of data management at Corbett Creek WPCP
- Septic inspections to meet Source Water Protection regulatory requirements (required once every five years)
- Research and development of the “Durham Standard” for the construction and renovation of Regional Facilities
- Modernization of the Region’s Business Planning and Budget process including system modernization
- Continued transition to automatic meter readers

Staffing

- 9 priority positions (7.956 FTEs)
- 3 positions are shared with Works – General Tax and Solid Waste Management
- Project Manager position (1 FTE) responsible for the delivery of employment lands servicing projects received pre-budget approval in principle (2020-COW-23)
- 2021 cost of \$713k or \$1.123 million annualized for the Water Supply and Sanitary Sewerage Systems share



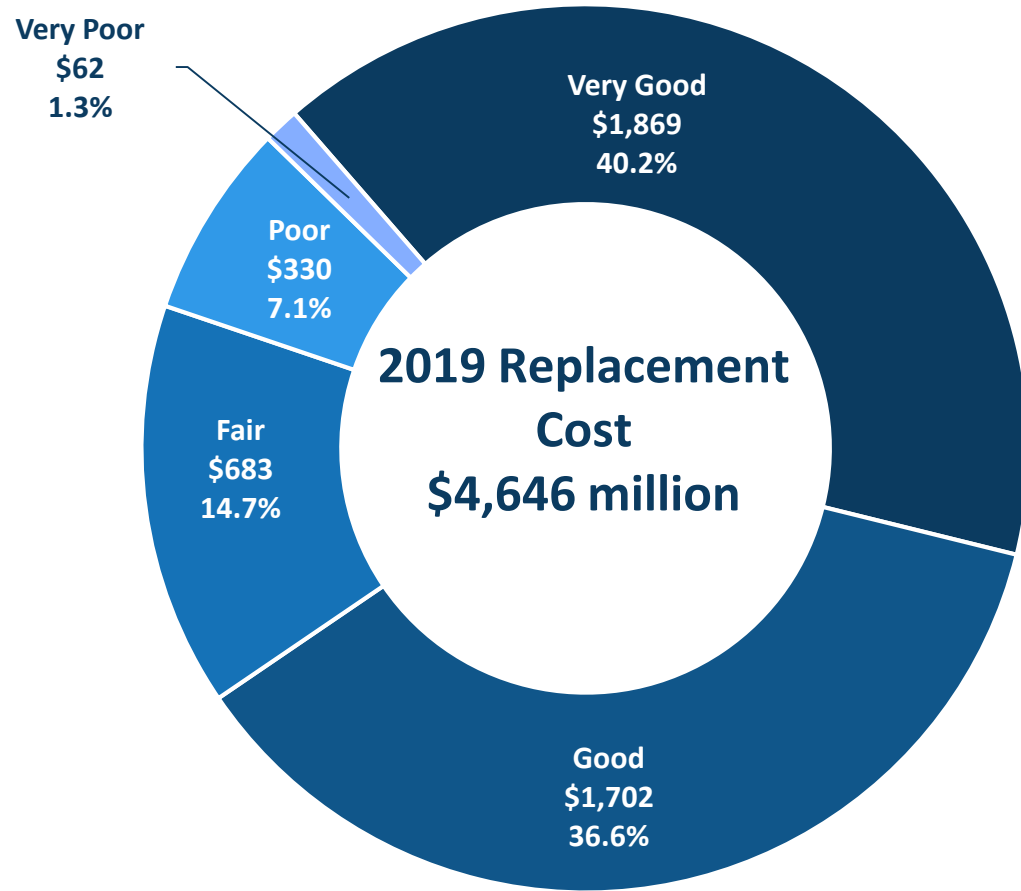
Durham Budget

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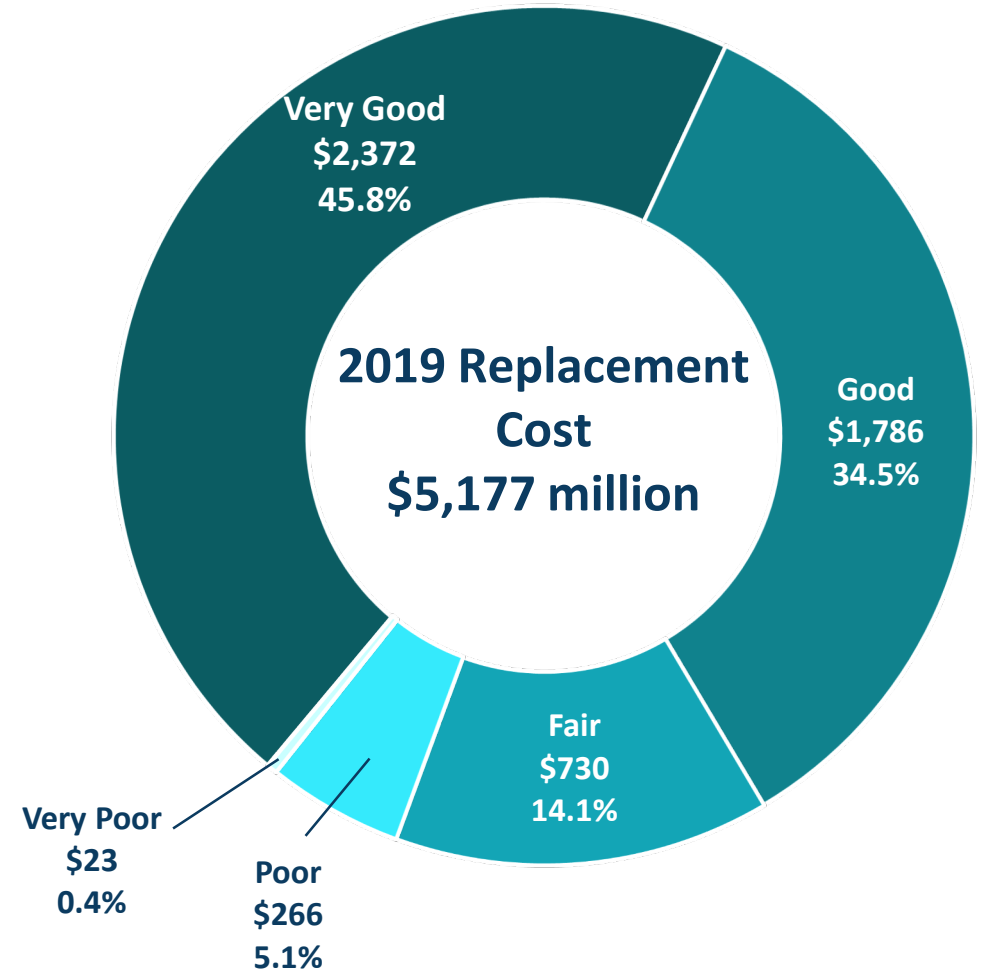
Capital Overview

Asset Condition Ratings (2019)

Water Supply (\$ millions)



Sanitary Sewer (\$ millions)



(in millions)	2021	2022	2023	2024	2025	2026 – 2030	2021 - 2030
Water Supply	81.2	235.4	166.8	326.9	124.9	413.9	1,349.2
Sanitary Sewerage	96.9	288.6	220.0	162.9	122.8	904.7	1,796.0
Total	178.1	524.0	386.8	489.9	247.7	1,318.6	3,145.2

Rows and columns may not add due to rounding

- Invest in new infrastructure to address anticipated growth
- Council’s pre-budget approval of servicing of employment land projects
- Address infrastructure rehabilitation, renewal and replacement requirements based on an asset management approach
- Ensure regulatory compliance
- Invest in infrastructure addressing climate change mitigation and adaptation
- Allow all capital projects ready for construction to proceed

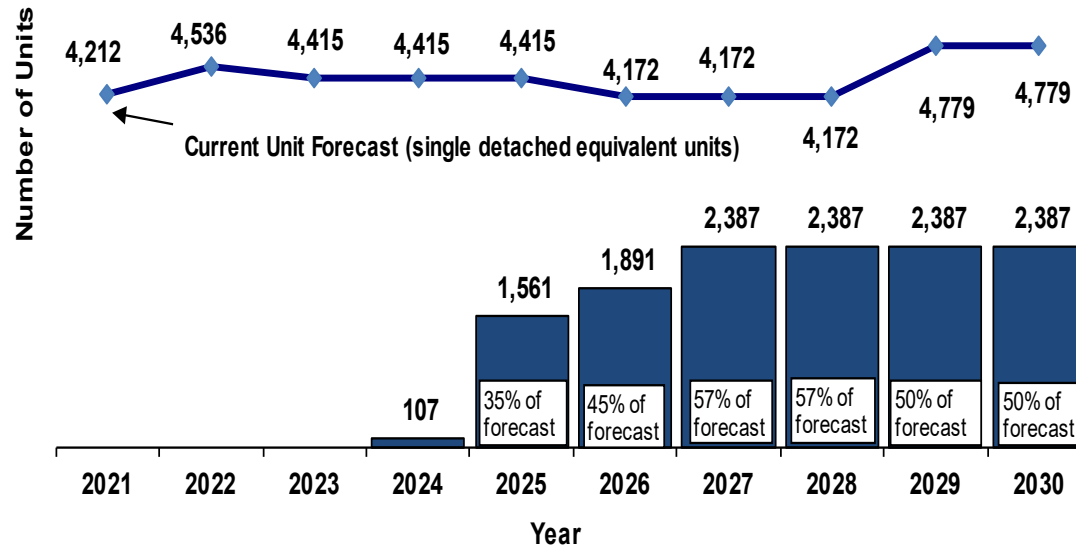
Proposed Financing and 2021 and Nine-Year Forecast

(in millions)	2021	2022	2023	2024	2025	2026 – 2030	2021 - 2030
Development Charges	54.4	189.7	103.5	57.1	43.9	164.8	613.3
Asset Management RF	14.5	27.2	20.2	15.6	16.1	86.4	180.1
Rate Stabilization RF	-	21.1	40.6	69.8	-	84.7	216.2
Servicing of Employment Lands RF	1.2	-	-	-	-	-	1.2
Environmental Lab RF	0.2	-	-	-	-	-	0.2
Debenture Proceeds	-	48.8	63.1	158.8	28.6	163.0	462.4
Other Financing	30.5	121.5	49.9	80.9	17.8	244.6	545.4
User Rates	77.3	115.6	109.5	107.7	141.3	575.1	1,126.4
Total	178.1	524.0	386.8	489.9	247.7	1,318.6	3,145.2

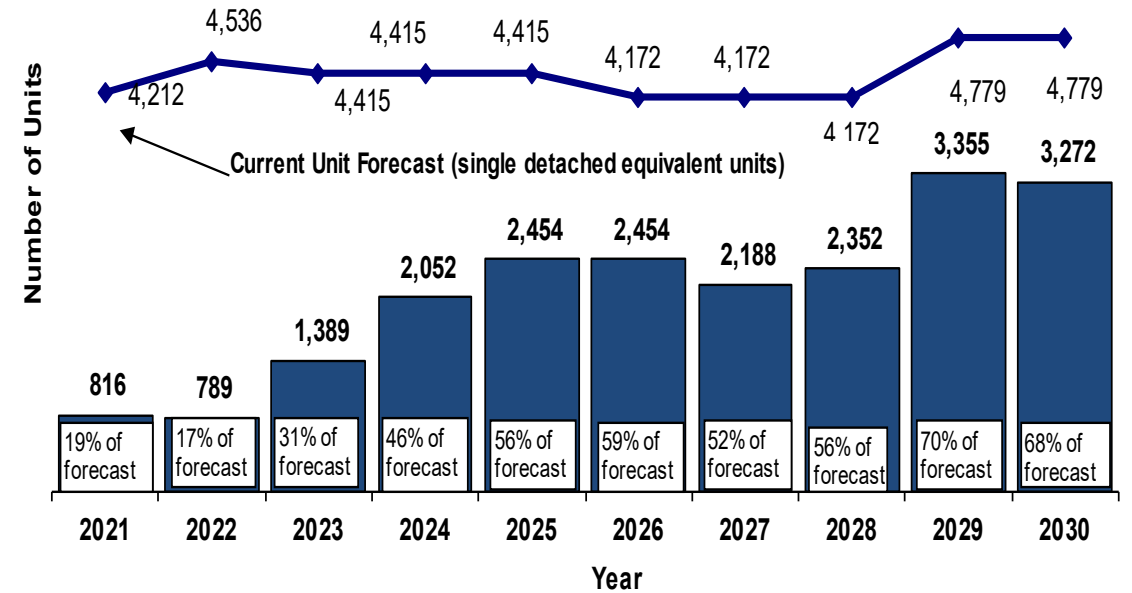
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- Sustainable use of reserve funds proposed to finance major capital projects and those projects required for asset management reasons
- Strategic use of debt proposed over forecast to fund development charge shortfalls for large plant expansions
- Ongoing review of the capital forecast program, the timing of projects and use of financing strategies will be conducted as part of the Region's annual business planning and budget process

Water Supply



Sanitary Sewer





Durham Budget

2021

2021 Capital Budget

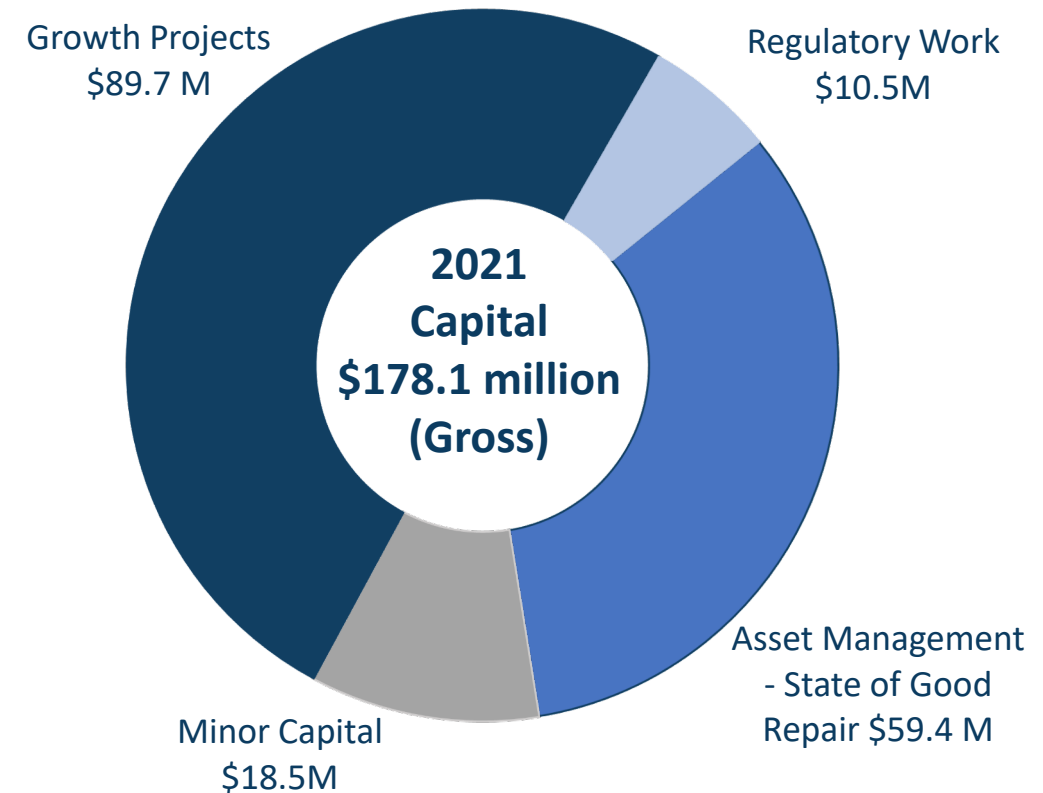
Project Summary by Type:

- Class Environmental Assessments and Studies: \$4.3 million
- Detailed Design: \$33.7 million
- Construction: \$121.6 million
- Minor Capital: \$18.5 million

Watermain and Sanitary Sewer Replacements Summary

- Projects Co-ordinated with the Roads Projects: 8.1 km
- Independent Projects: 6.0 km
- **Total of Replacements: 14.1 km**

Water Supply and Sanitary Sewerage Construction of Municipal Services Capital Projects:



System Expansion:

Trunk Sanitary Sewer – Central Duffin Collector (CDC) on Taunton Rd. from 500 m west of Brock Rd. to Brock Rd. and on Brock Rd. from Taunton Rd. to 200 m North of Whitevale Rd., Pickering

Detailed design has commenced

Tender ready 3rd quarter 2021

2021 budget provision: \$19,500,000

Total estimated project cost: \$30,400,000



Betterment and Replacement:

Watermain and Sanitary Sewer Replacement on:

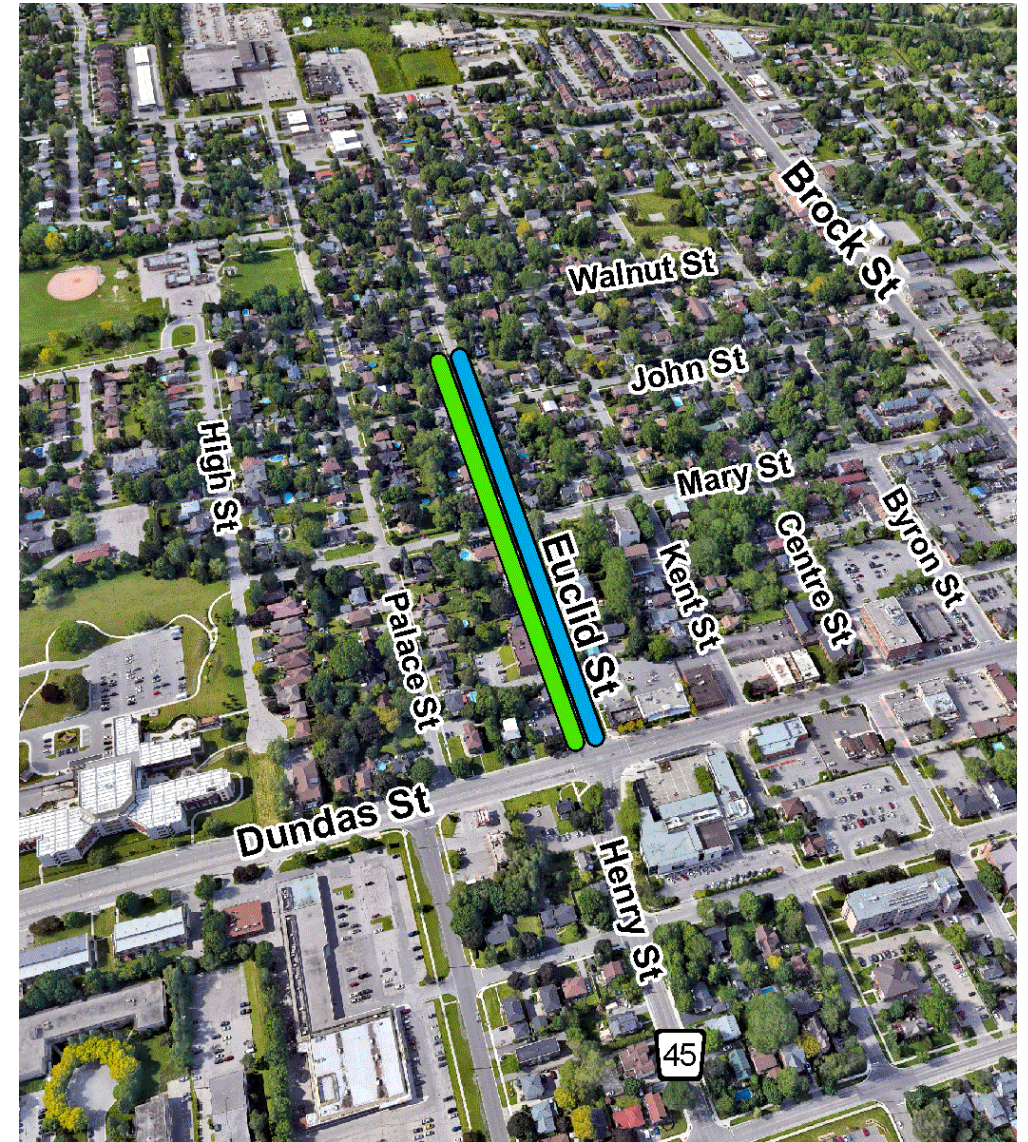
- Euclid St. from Dundas St. to 75 m North of John St., Town of Whitby

Detailed design has commenced

Tender ready 2nd quarter 2021

2021 budget provision: \$380,000

Total estimated project cost: \$500,000



Buildings:

Hortop Water Pumping Station – Replacement,
City of Oshawa

Preliminary and detailed design to commence: 2021

Construction forecast: 2023

2021 budget provision: \$1,000,000

Total estimated project cost: \$10,800,000



System Expansions:

Courtice Feedermain and Sanitary Trunk Sewer Phase 3:

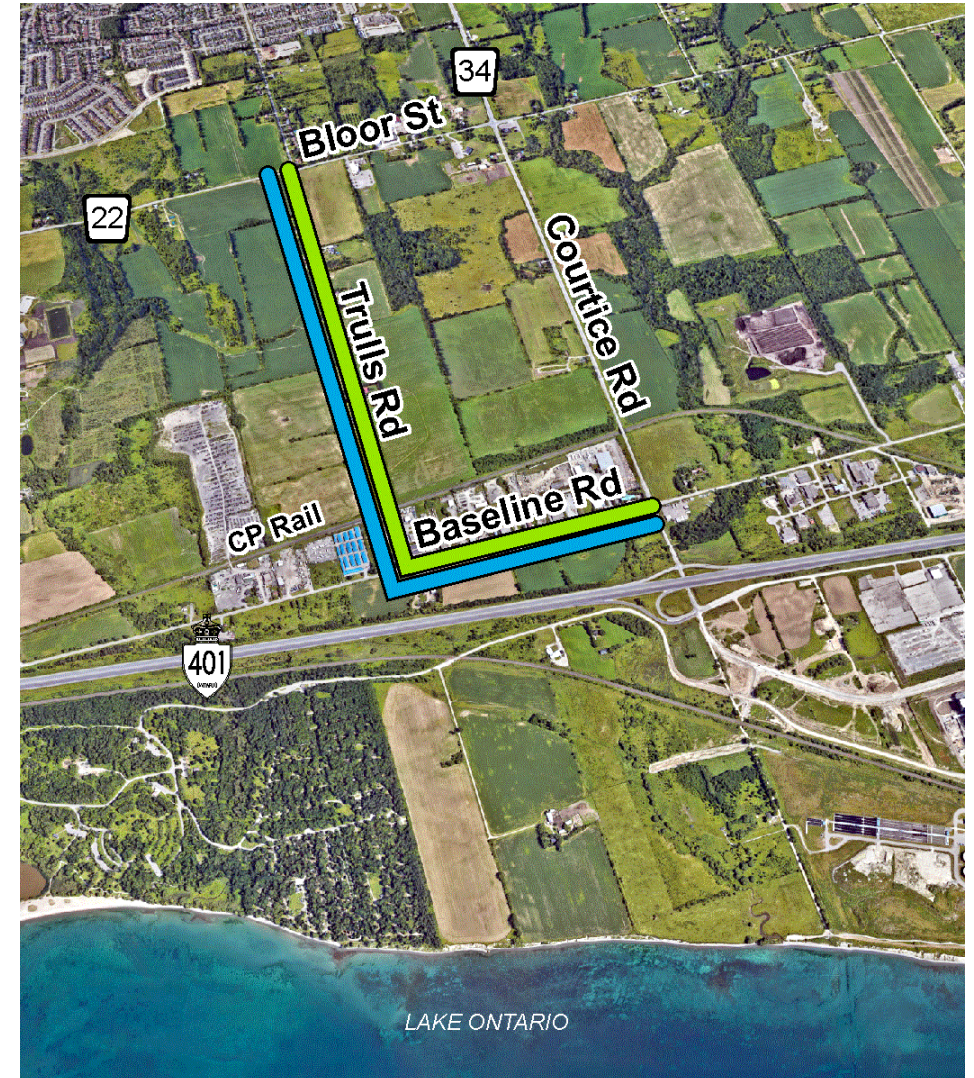
- Baseline Rd. from Courtice Rd. to Trulls Rd. and Trulls Rd. from Baseline Rd. to Bloor St., Municipality of Clarington (Courtice)

Detailed design has commenced

Tender ready 3rd quarter 2021

2021 budget provision: \$5,035,000

Total estimated project cost: \$39,105,000



Machinery and Equipment:

Port Darlington Water Pollution Control Plant –
Major Maintenance Replacement work,
Municipality of Clarington (Bowmanville)

Request for proposal to be created and awarded for
detailed design: 2021

Construction forecast: 2023

2021 budget provision: \$974,000

Total estimated project cost: \$6,174,000



Buildings:

New Water Street Sanitary Sewerage Pumping Station, Township of Scugog (Port Perry)

Detailed design to commence: 2021

Construction target: 2022

2021 budget provision: \$4,100,000

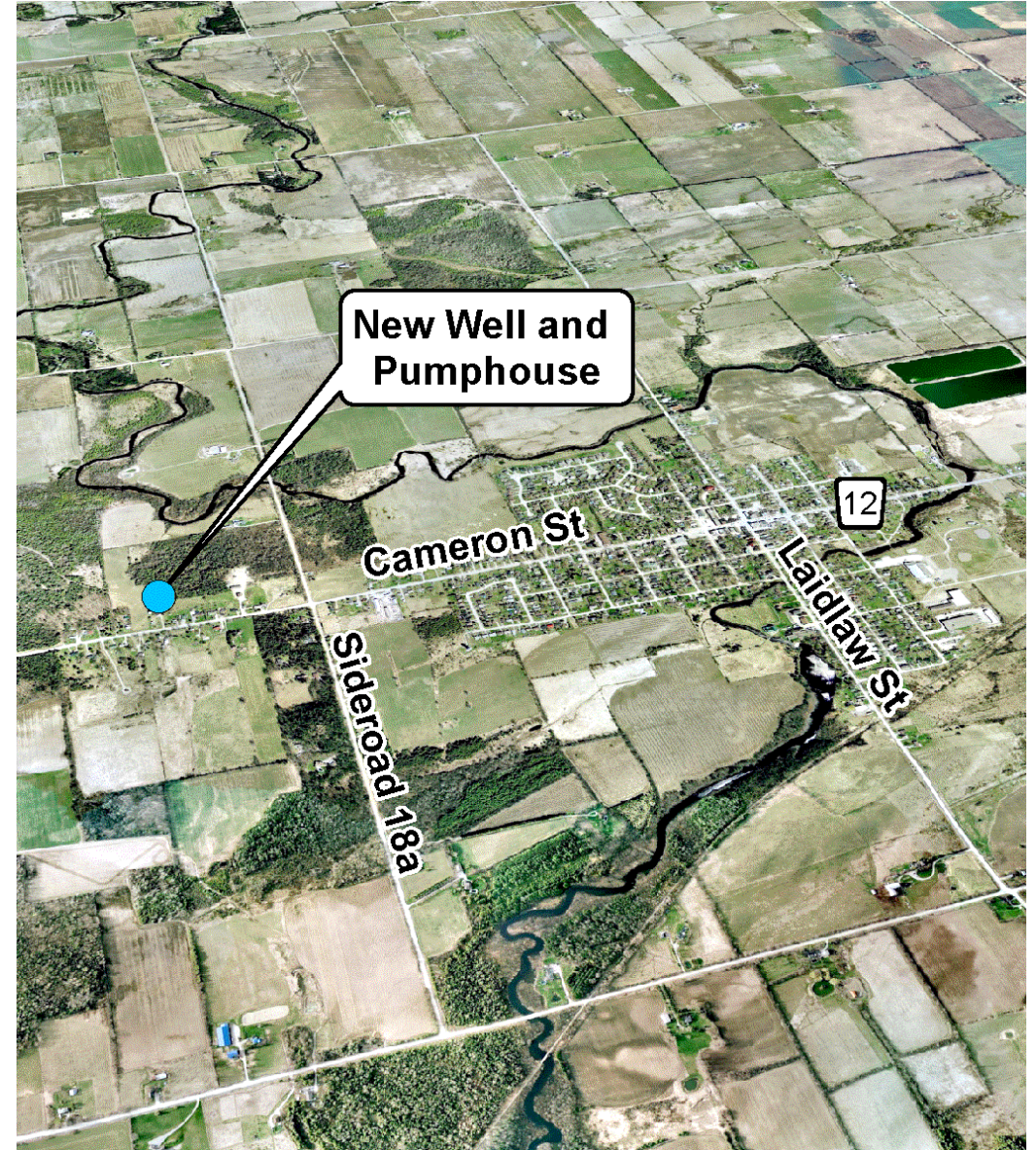
Total estimated project cost: \$24,650,000



Buildings:

Cannington new well and pumphouse,
Township of Brock (Cannington)

Environmental assessment: completed
Detailed design has commenced
Tender ready 2nd quarter 2021
2021 budget provision: \$600,000
Total estimated project cost: \$7,350,000



Betterments and Replacement:

Watermain Replacement in the Township of Brock (Beaverton):

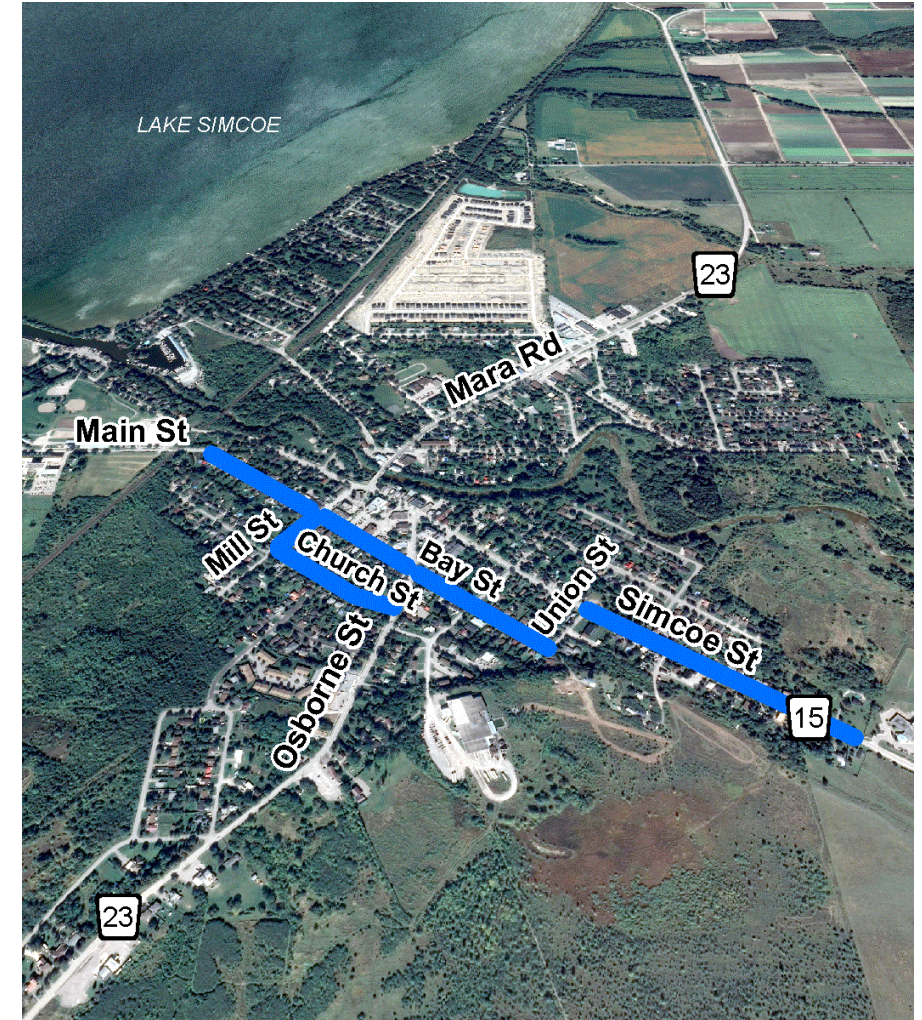
- Simcoe St. from Union St. to 480 m south of Union St.,
- Centre St. from Mara Rd. to James St.
- Bay St. from Union St. to Osborne St.
- Bay St. from Osborne St. to Mill St.
- Church St. from Osborne St. to Mill St.
- Mill St. from Church St. to Bay St.

Detailed design has commenced

Tender ready 3rd quarter 2021

2021 budget provision: \$2,885,000

Total estimated project cost: \$3,325,000



Machinery and Equipment:

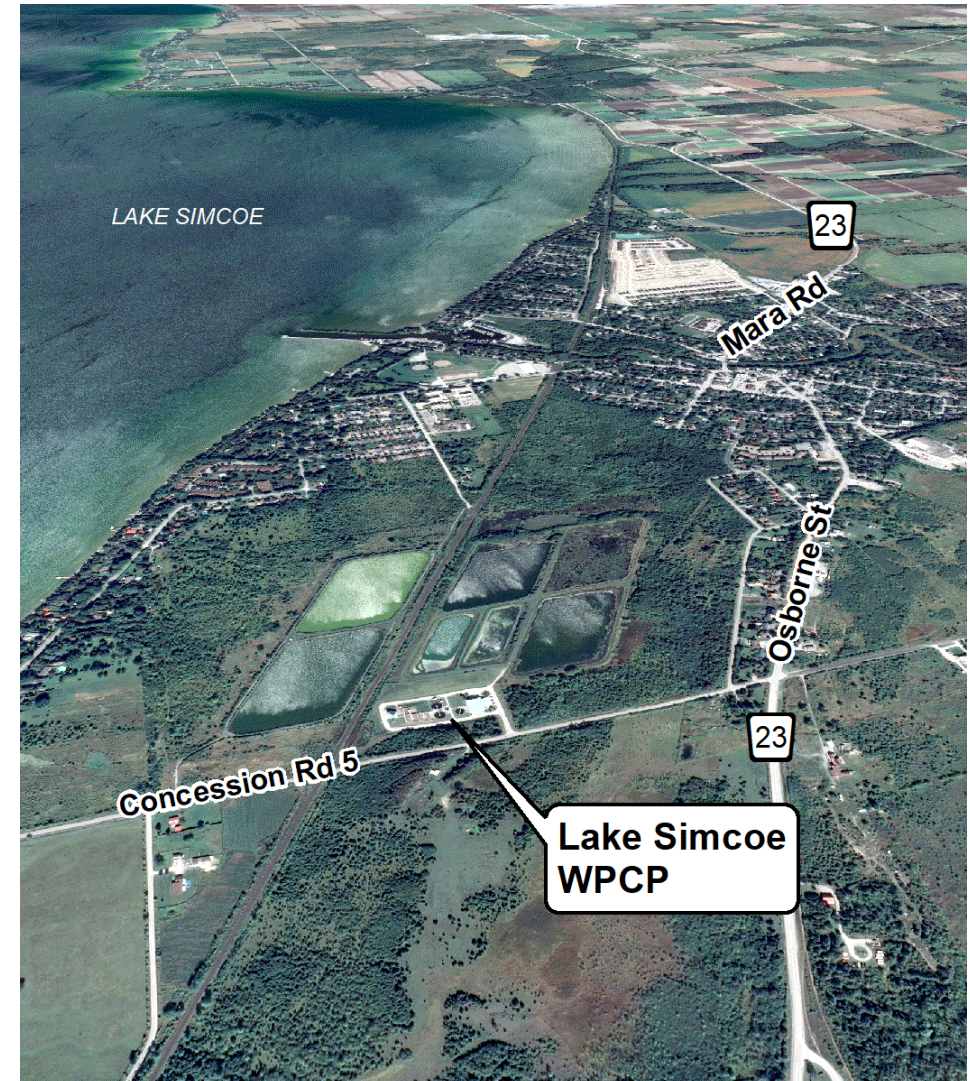
Lake Simcoe Water Pollution Control Plant –
Diffused air system replacement and associated
system upgrades, Township of Brock (Beaverton)

Detailed design has commenced

Tender ready 3rd quarter 2021

2021 budget provision: \$1,200,000

Total estimated project cost: \$4,250,000





Durham Budget

2021

Summary

- Proposed Water Supply and Sanitary Sewer User Rate Increase of 0.75 per cent
 - \$7.72 annual increase for a typical residential customer
 - Residential Consumption projected at 240 m³/customer/year
 - Customer Growth projected at 1.00 percent for water; 1.05 per cent for sewer
- Includes Council's pre-budget approval of servicing of employment land projects
- No deferral of construction-ready projects
- Pressures/Risks on User Rates and Business Plans and Budget over Forecast Period include:
 - Customer/consumption growth
 - Water and sewer debt requirements
 - Growth pressures
 - Increased rehabilitation needs informed by Region's Asset Management Plan
 - Operating cost increases (economic increases, chemicals and utilities)
 - Legislative and regulatory changes from provincial and federal approval agencies



Durham Budget

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Questions