



The Corporation of the Township of Huron-Kinloss

Staff Report

Report Title: Water System Financial Plan 2021 to 2026

Prepared By: Jodi MacArthur, Treasurer

Department: Treasury

Date: Sep. 21, 2020

Report Number: TR-2020-09-63

File Number:

200-Reports

Attachments: 2021 to 2026 Water System Financial Plan

Recommendation:

That Township of Huron-Kinloss Council hereby receives Report Number TR2020-09-63 prepared by Jodi MacArthur, Treasurer and approves the 2021 to 2026 water system financial plan prepared in accordance with Ontario Regulation 453/07 as presented.

Background:

The Township is in the process of renewing our current municipal drinking water license. Ontario Regulation 453/07 requires a financial plan to be prepared and approved as part of the renewal process. The plan will be posted on the Township's website.

Discussion:

The current water system financial plan for 2016 to 2020 had identified a need for a 6.5% annual rate increase to match the rate of replacement to the average age of our assets. We implemented these increases and this has improved the sustainability of the water system. A review of our estimated replacement cost of water system assets and required rates to match the average age of those assets requires a 1.8% annual rate increase over the next 5 years.

It is important to note the adoption of the financial plan indicates Council's intentions, but is not binding. The actual rate increases will be decided annually taking into account any new or updated information.

Financial Impacts:

Based on our current annual water service rate of \$475.00, a 1.8% increase would result in an increase of \$8.55. On the total combined water charges, including the waterworks distribution rate; a 1.8% increase would increase the annual charge from \$705.00 to \$717.69. We typically round the numbers up or down to keep the fees at even dollars.

In the calculations, we have been conservative with growth estimates and built in some flexibility with the phase in of the lakeshore area waterworks distribution rate. We will continue to review system needs annually and adjust our plans appropriately.

Strategic Alignment / Link:

The information provide in this report is consistent with and in keeping with the municipality's Vision & Mission.

We are a prosperous community that continues to grow in a sustainable manner by investing in infrastructure;

We are an accessible community that offers opportunities for everyone by having amenities and services nearby and being open and transparent; and

We are an environmentally conscious community that are good stewards of our natural environment by protecting our natural assets, using our resources wisely and being aware and taking responsibility.

Respectfully Submitted By:

Jodi MacArthur, Treasurer

Approved By:

Mary Rose Walden, Chief Administrative Officer