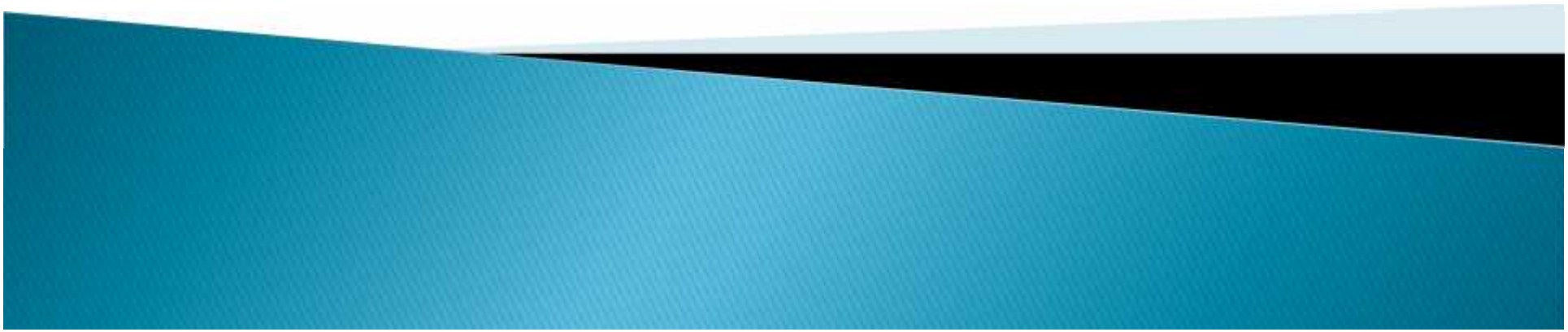
Township of Bonnechere Valley

Water/Wastewater Rate Presentation
January 18th, 2016



Agenda

- Present consumption breakdown for consumption from 0 to 17 m3
- Present rate comparisons across other Municipalities
- Present capital expenditure schedule for next 7 years
- Present operating expenditures for the next 7 years.

Agenda (cont)

- Put forward options for rates based on Councils concerns
- Submit recommendations
- Council to approve rate options

Avg YTD Consumption Breakdown

Cons Level	Qty	%	Cum %	Cons Level	Qty	%	Cum %
0	28	5%	5%	>10<10.01	28	5%	58%
>0<1.01	20	4%	9%	>11<12.01	24	5%	63%
>1<2.01	18	3%	12%	>12<13.01	23	5%	67%
>2<3.01	20	4%	16%	>13<14.01	21	4%	72%
>3<4.01	20	4%	20%	>14<15.01	18	3%	75%
>4<5.01	27	5%	25%	>15<16.01	17	3%	78%
>5<6.01	26	5%	30%	>16<17.01	13	3%	81%
>6<7.01	27	5%	35%	>17<22.01	45	9%	90%
>7<8.01	33	6%	41%	>22	54	10%	100%
>8<9.01	32	6%	47%	Total	526		100%
>9<10.01	32	6%	53%				

Ranking	Municipality	Year	Monthly Rate to 17m3
1	Carleton Place	2015	$71.89
2	Arnprior	2015	$74.92
3	Village of Casselman	2015	$76.28
4	Deep River	2015	$86.00
5	Kingston	2015	$86.57
6	Laurential Hills	2015	$87.25
7	Killaloe	2015	$87.44
8	Smith Falls	2015	$88.84
9	White Water Township	2015	$95.28
10	North Grenville	2015	$97.96
11	Township of BV	2015	$102.98
12	Renfrew	2015	$109.14
13	Merrickville	2014	$118.53
14	Pembroke	2014	$141.86
15	Madawaska Valley	2015	$150.27

Ranking	Municipality	Year	Monthly Rate to 10m3
1	Arnprior	2015	$54.20
2	Village of Casselman	2015	$61.86
3	Carleton Place	2015	$71.89
4	Kingston	2015	$72.69
5	North Grenville	2015	$75.77
6	Renfrew	2015	$79.25
7	Smith Falls	2015	$82.96
8	Deep River	2015	$86.00
9	Laurentian Hills	2015	$87.25
10	Killaloe	2015	$87.44
11	Madawaska Valley	2015	$88.46
12	Merrickville	2014	$89.13
13	White Water Township	2015	$95.27
14	Township of BV	2015	$102.98
15	Pembroke	2014	$117.62

Capital Expenditure Schedule

- 2016 Capital Expenditure:

• Replace filtered water transfer pumps(1)	$15,000
• Water tower coating rehabilitation	$130,000
• ½ ton Truck – 2WD	$25,000
• C-Factor Testing	$15,000
• Bridge Street Crossing	$600,000
Total	$785,000

Capital Expenditure Schedule

- 2017 Capital Expenditure:

• Replace old polymer system	$15,000
• Replace filtered water pump(2)	$30,000
• Install mixing system	$60,000
• Prev Maint – process system upgrades	$40,000
• Fuel Tank Replacement(2)	$12,000
Total	$195,000

Capital Expenditure Schedule

- 2018 Capital Expenditure:

• Water Tower Coating Rehab Interior	$120,000
• Prev Maint – process system upgrades	$40,000
• Paint Open Web Steel Joists	$15,000
• Install Caustic Soda System	$10,000
• Master Servicing Plan	$50,000
Total	$235,000

Capital Expenditure Schedule

- 2019 Capital Expenditure:
  - Master Servicing Plan $51,000
  - Retaining Wall at Sewage Plant $10,000

  Total $61,000

Capital Expenditure Schedule

- 2020 Capital Expenditure:
  - Replace various analyzers $15,600
  - Replace various transmitters/flow meters $26,000

Total $41,600

Capital Expenditure Schedule

- 2021 Capital Expenditure:
  - Repair 1970's fence $10,000

Total $10,000

Capital Expenditure Schedule

- 2022 Capital Expenditure:
  - Detailed Inspect of High Lift Pumps $10,800

Total $10,800

Capital Expenditure Schedule

- Beyond 2022
  - Water:
    - 7–10 years $ 7,032,400
    - 10 – 15 years $ 4,038,000
    - 15 and beyond $ 109,418

  Subtotal $11,179,818
  - Sewer:
    - 7–10 years $ 6,121,000
    - 10 – 15 years $ 1,140,000
    - 15 and beyond $ 2,639,000

  Subtotal $ 9,990,000

  Total $21,169,818

Operating Expenditure Schedule

Year	Operating	Debt Repayment	Cash reqmts	Current Dep'n	Total
2016	724,318	107,949	832,267	490,312	1,322,579
2017	704,614	82,508	787,122	490,312	1,277,434
2018	717,227	82,508	799,734	490,312	1,290,046
2019	730,218	82,508	812,726	490,312	1,303,038
2020	753,598	82,508	836,106	490,312	1,326,418
2021	782,380	82,508	864,888	490,312	1,355,200
2022	771,266	82,508	853,774	490,312	1,344,086

Options

1. Keep rates the same.
2. Annual increase of 2%
3. Keep current rates, but reduce the minimum consumption of 10m3
4. Establish new rates with new minimum consumption to 10m3 which maintains our current revenue
5. Reduce capital flat rate
6. Allow rates to fluctuate to meet demand with current min levels
7. Straight consumption billing

Review of 2016

- Option 1 – keep rates the same
- Benefits
  - There is no rate increase
  - There is consistent application of our current policy and consumption levels
  - We don't discourage water usage by maintain min levels of 17m3
  - We protect 80% of our revenue base
- Disadvantage:
  - We are not giving any consumer or consumer group a reduction in cost
  - In the face of rising costs, we erode our reserves leaving us vulnerable to unexpected cost

Option 1 rates

- Min 17.00
- Tier 1 22.50
- Min $ 3.94
- Tier 1 $ 4.60
- Tier 2 $ 5.52
- Flat $36.00

Review of 2016 (cont)

- Option 2 – Annual 2% increase
- Benefits
  - There is consistent application of our current policy and consumption levels
  - We don't discourage water usage by maintaining min levels of 17m3
  - We protect our financial position
  - We protects 80% of our revenue base
  - We don't require amounts from Generations or debt
- Disadvantage:
  - We are not giving any consumer or consumer group a reduction in cost

Option 2

- Min 17.00
- Tier 1 22.50
- Min $4.02
- Tier 1 $4.69
- Tier 2 $5.63
- Flat $36.72

Review of 2016 (cont)

- Option 3 – New Min, current rate
- Benefits
  - It provides a rate reduction to lower consumption users
- Disadvantage:
  - It encourages water conservation because of the lower min levels
  - It erodes our guaranteed revenue stream to 50% or less
  - It does not meet our capital and operating requirements
  - There is no correlation between the min consumption levels and the consumers ability to pay therefore we may not help the targeted group
  - It becomes onerous to consumers over 10m3 as they offset the price reductions to the under 10m3 group

Option 3

- Min 10.00
- Tier 1 15.00
- Min $3.94
- Tier 1 $4.60
- Tier 2 $5.52
- Flat $36.00

Review of 2016 (cont)

- Option 4 – New Min, revised rate
- Benefits
  - It provides a rate reduction to lower consumption users
- Disadvantage:
  - It encourages water conservation because of the lower min levels
  - It erodes our guaranteed revenue stream to 50% or less
  - There is no correlation between consumption levels and consumer's ability to pay therefore may not help targeted group
  - 50% of customers will now be unsatisfied

Option 4

- Min 10.00
- Tier 1 15.00
- Min $5.32
- Tier 1 $5.75
- Tier 2 $5.80
- Flat $36.00

Review of 2016 (cont)

- Option 5 – Reduce capital
- Benefits
  - This option provides a rate reduction to all users
  - There is consistent application of our current policy and consumption levels
  - We don't discourage water usage because we maintain the 17m3 min level
  - We protect 80% revenue base
- Disadvantage:
  - In the face of rising costs, we erode our reserves leaving us vulnerable to unexpected cost
  - It will require a large subsidy from Generations or debt

Option 5

- Min 17.00
- Tier 1 22.50
- Min $3.94
- Tier 1 $4.60
- Tier 2 $5.52
- Flat $30.00

Review of 2016 (cont)

- Option 6 – Rates fluctuate to meet demand – based on 17m3
- Benefits
  - It is a self sustainable system
- Disadvantage:
  - It produces an onerous burden to consumers
  - It creates extreme price fluctuations per year

Option 6

- Min 17.00
- Tier 1 22.50
- Min $5.62
- Tier 1 $6.56
- Tier 2 $7.87
- Flat $38.30

Review of 2016 (cont)

- Option 7 – Straight consumption
- Benefits
  - It is a self sustainable system

- Disadvantage:
  - It produces an onerous burden to consumers
  - It creates extreme price fluctuations per year and per consumer
  - It encourages extreme water conservation

Option 7

- Min
- Tier 1
- Min Tier 1
- Tier 2 $12.08
- Flat

Summary of Rate Options

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7
Min	17.00	17.00	10.00	10.00	17.00	17.00	
Tier 1	22.50	22.50	15.00	15.00	22.50	22.50	
Min	$ 3.94	$ 4.02	$ 3.94	$ 5.32	$ 3.94	$ 5.62	
Tier 1	$ 4.60	$ 4.69	$ 4.60	$ 5.75	$ 4.60	$ 6.56	
Tier 2	$ 5.52	$ 5.63	$ 5.52	$ 5.80	$ 5.52	$ 7.87	$ 12.08
Flat	$ 36.00	$ 36.72	$ 36.00	$ 36.00	$ 30.00	$ 38.30	

		Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
TOTAL REQUIRED FROM GENERATIONS OR DEBT		484,890.87	189,749.47	1,236,371.67	472,181.31	753,522.87	–
AVERAGE REQ FROM GENERATIONS OR DEBT'		69,270.12	27,107.07	176,624.52	67,454.47	107,646.12	–

Recommendation

- Recommendation is a Option 2 – 2% Annual increase
  - Fiscally responsible
  - Maintains our current consumption pattern and billing
  - Customer's will not be motivated to conserve water
  - Limits burden on Generations
  - Maintains 80% of our revenue stream guarantee
  - Protects the consumer from fluctuations in billing

Recommendation

- Maintain 17m3 billing level to maintain 80% guaranteed revenue stream. Limits our exposure to consumption fluctuations
- Monitor revenues and expenditures quarterly to determine if price increases are required
- Maintain an overall annual reserve level of $300,000 for emergencies/contingencies