



2025 Budget Request

Request: Water Rates Study

From: Samantha Buchanan, Treasurer

Department: Development & Infrastructure

Total Financial Ask: \$75,000

Type of Budget Request: One-Time Project

This document and its attachments are public and available in an accessible format upon request.

Background and Strategic Priority

In 2021 the Township approved a Drinking water system financial plan #083-301A (<https://pub-georgianbluffs.escribemeetings.com/filestream.ashx?DocumentId=4721>) to fulfill its requirements under the O. Reg. 453/07 made under the Safe Drinking Water Act. Since the passing of the Township's financial plan the Town of South Bruce Peninsula completed a Water and Wastewater Rates study. The water rates included in this study directly impact the Oxenden water system and unfortunately are not reflective of the information included in the Township's approved plan.

Due to the changing needs and shifts in the Township, a water rate study is recommended to prioritize the financial sustainability and best practices, as highlighted in Council's 2019-2024 Strategic Plan.

Analysis

A water rate study is a financial review of a water system that projects future revenue and expenses, usually for the next five years. This type of study is used to determine whether the operating revenues of the water system are sufficient to meet the expenditures required to operate the system. These expenditures include regular operations, maintenance, upcoming or needed replacements and debt services, and to help make capital improvements during the implementation plan period. Determining the



water revenue requirement is foundational to setting the overall rate that needs to be applied and charge to users.

Without adequate revenues, quality of services often deteriorates due to a lack of property maintenance and system improvements. A lack of revenue also makes it extremely difficult for a water system to be financially and operationally sustainable. Revenue stability and predictability can assist the water system in achieving long-term success and provide an accurate financial understanding of fixed assets, inventory and the processes required to meet system needs.

It will be a condition of the Township's Municipal Drinking Water License renewal in 2026 to submit a financial sustainability report to cover a minimum 5-year period from 2026 to 2031. The information provided in this study will be included as support during the renewal process.

Through the water rate system, the Township, if interested, can also explore the option of having one consistent water rate for all water systems. Currently each water system has the same water consumption rate (2024 water consumption rate is \$3.92/cubic meter consumed) but have differing base rates (ranging from \$1,847.28/year to \$277.32/year).

The updating of the water rates will provide Council with a financial plan when setting annual water billing rates. It is the Township's intention to ensure that water is financial sustainable through rates and that taxation is not used to offset any of the cost of providing water services.

Financial Impact

Staff recommend budgeting \$75,000 to complete the water rates study, the proposed funding would be proportionate (based on number of users) of each water system.



Report Approval Details

Document Title:	2025 Budget Request - Water Rates Study.docx
Attachments:	
Final Approval Date:	Sep 11, 2024

This report and all of its attachments were approved and signed as outlined below:

Niall Loble, Chief Administrative Officer