



Durham Budget

2026

2026 Consolidated Water Supply and Sanitary Sewerage Systems User Rates and Business Plans and Budget

Special Committee of the Whole Meeting – December 11, 2025



Durham Budget

2026

2026 User Rates

COMPONENTS



Water Supply and
Sanitary Sewerage



Utility Finance



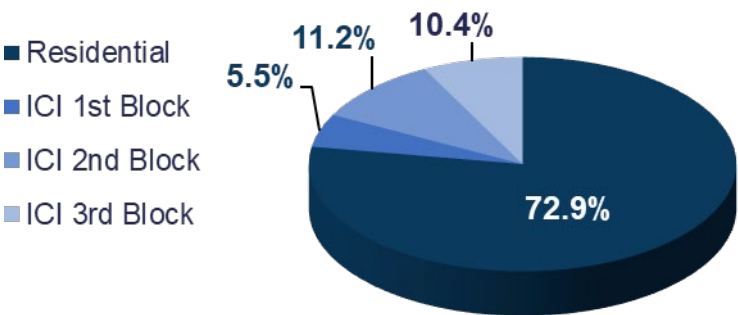
Corporate Items

CONSUMPTION

WATER CONSUMPTION

PATTERNS

Share of Total Consumption 2024



CUSTOMERS

NUMBER OF CUSTOMERS

Projected

Water: 191,108

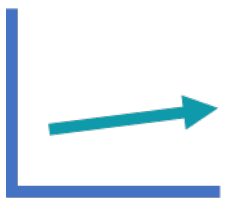
Sewer: 186,201

CUSTOMER GROWTH

Projected

Water: 1.05 per cent

Sewer: 1.05 per cent



POLICY

USER PAY PHILOSOPHY

No Contribution from
Property Tax



PROJECTED RESIDENTIAL WATER CONSUMPTION

Residential base consumption:

229 m³/customer/year (2025 budget – 225 m³)

Seasonal usage:

15 m³/customer/year (2025 budget – 15 m³)

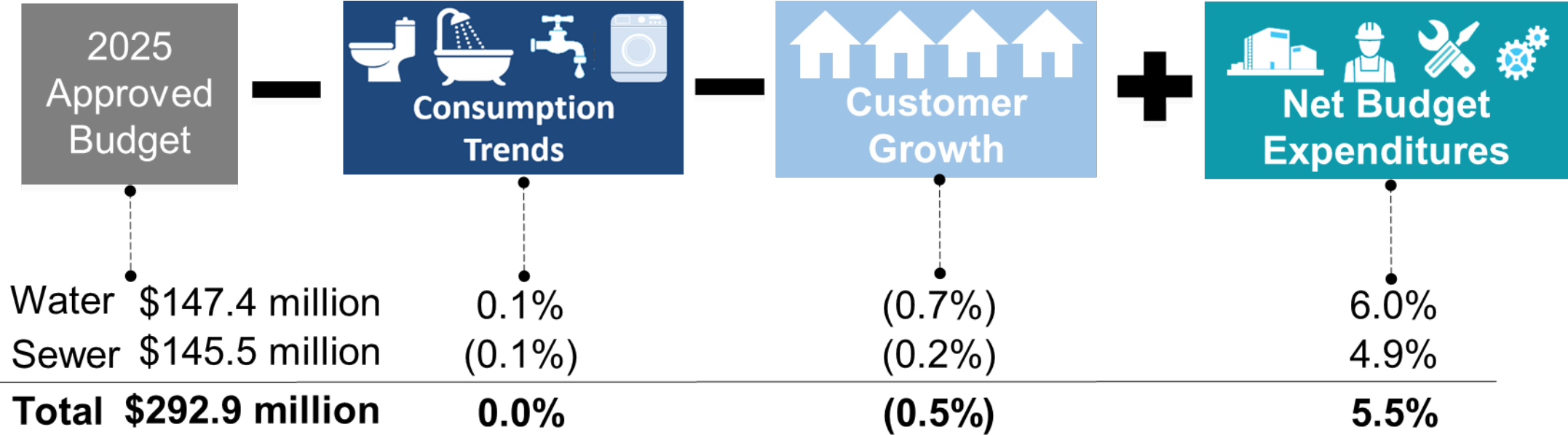
PROJECTED NON-RESIDENTIAL (ICI) CONSUMPTION

1st Block: water 1.6% increase; sewer 0.7% increase from 2025 budget

2nd Block: water 0.8% increase; sewer 1.1% decrease from 2025 budget

3rd Block: water 21.9% decrease; sewer 23.2% decrease from 2025 budget

2026 Proposed User Rates



== Total Proposed Water Supply and Sanitary Sewerage 2026 User Rate Impact

	Impact
Water Supply	5.4%
Sanitary Sewerage	4.6%
Combined User Rate Impact	5.0%

**Recommended 2026
combined water
supply and sanitary
sewer user rate
increase of 5.0%
over 2025**

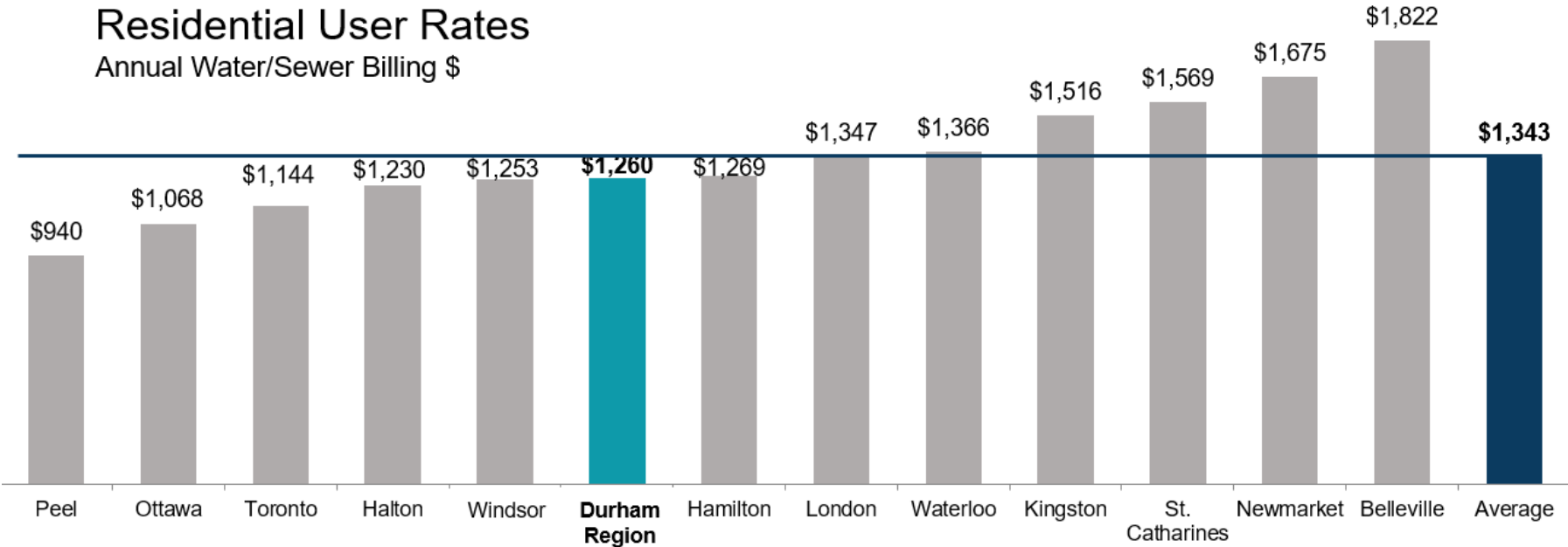
(Based on Quarterly Billings)

	<i>Billings</i>		<i>Increase</i>	
	2025 Actual \$	2026 Proposed \$	\$	%
Quarterly Bill				
Water	151.24	159.40	8.16	5.4
Sewer	163.85	171.40	7.55	4.6
Total	315.09	330.80	15.71	5.0
Annual Cost	1,260.36	1,323.20	62.84	5.0

2025 User Rates - Comparisons

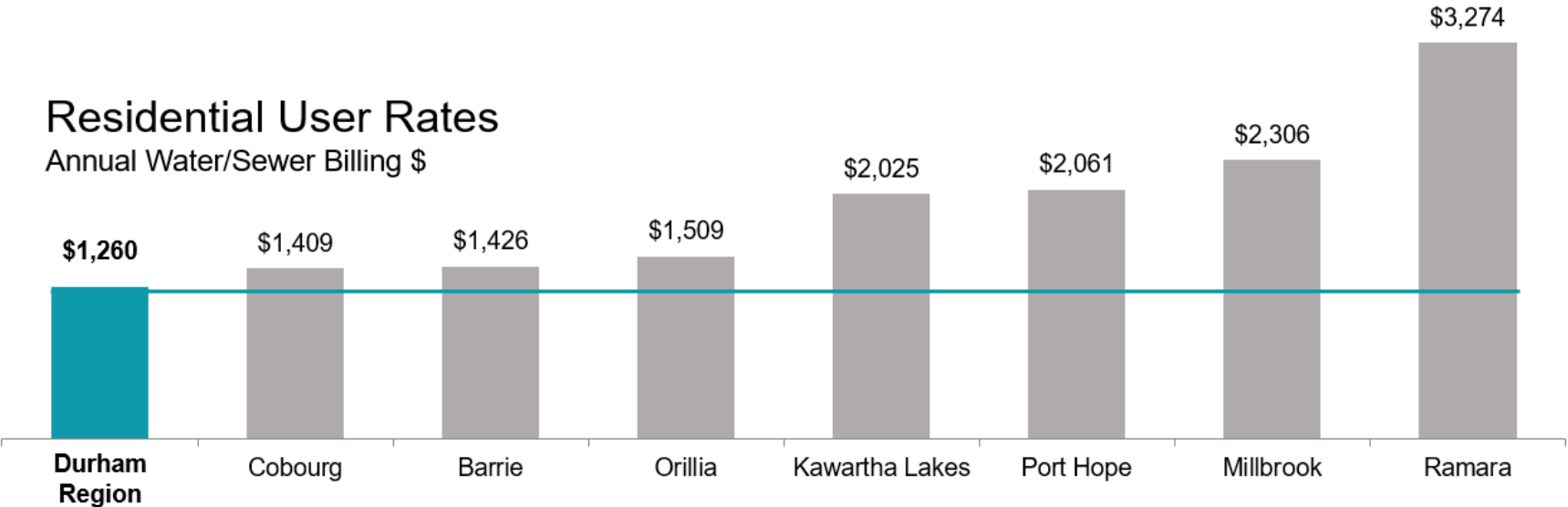


Residential User Rates
Annual Water/Sewer Billing \$



Durham ranks **sixth lowest** against similar municipalities

Residential User Rates
Annual Water/Sewer Billing \$



Durham ranks **lowest** against neighbouring municipalities



Durham Budget

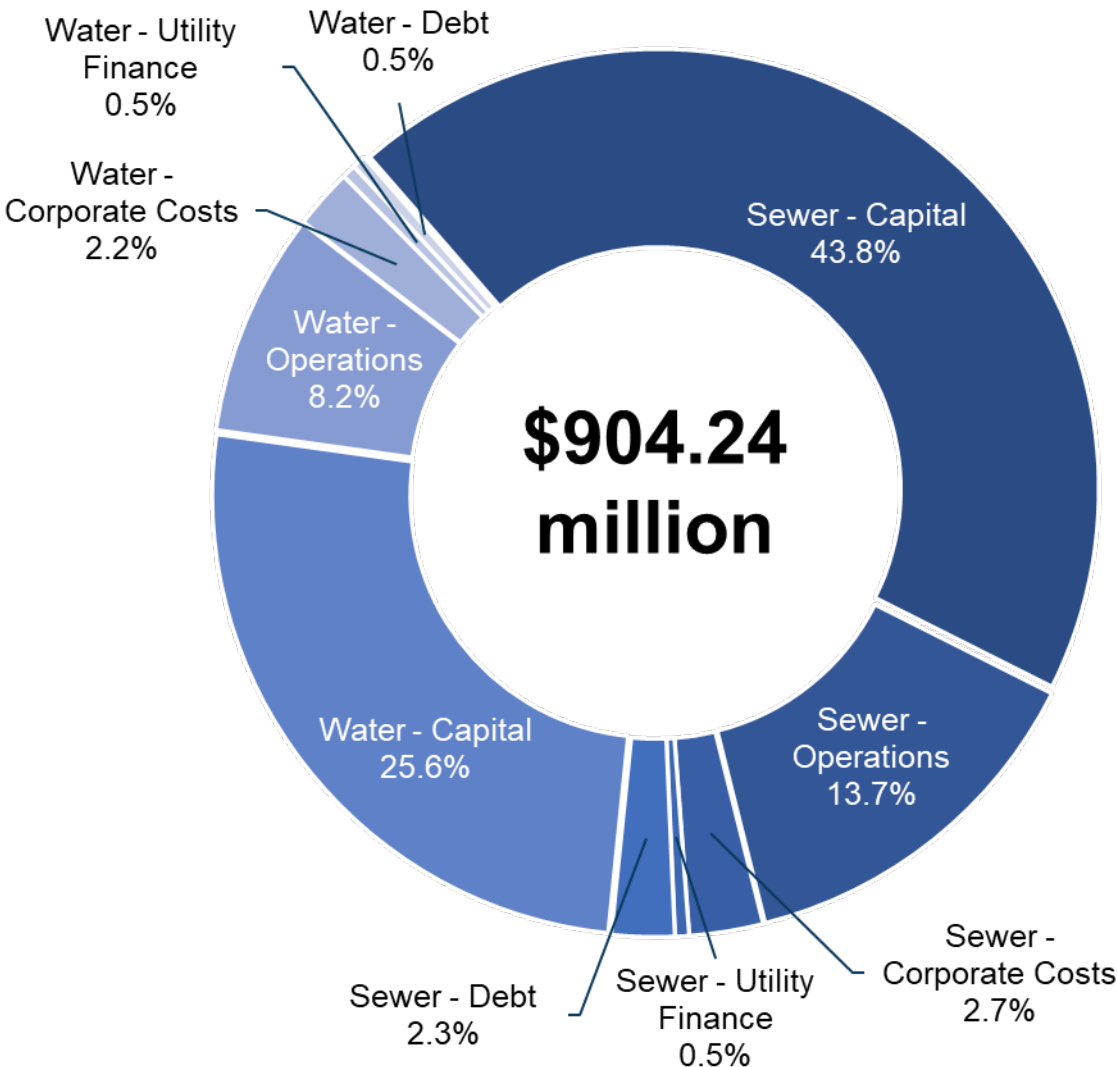
2026

Details of the 2026 Business Plans and Budget

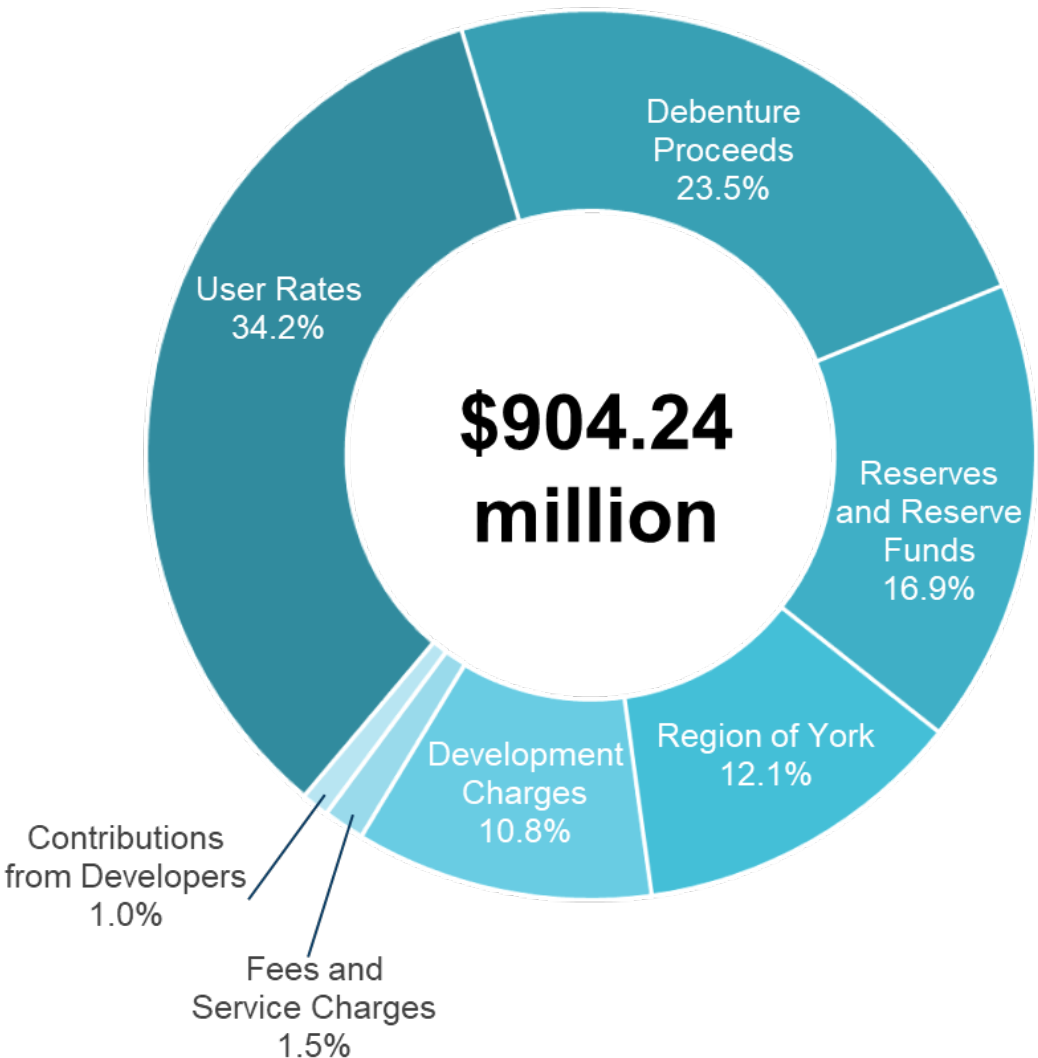
2026 Proposed Expenditures and Financing



2026 Proposed Gross Expenditures



2026 Proposed Gross Financing

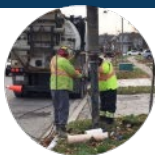


2026 Priorities and Highlights



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Annualization of 24.069 FTEs approved in 2025



Significant inflationary and contractual increases



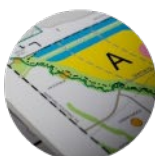
Provision for 18.202 new staff positions in the Works Department to support the planning, designing and construction of water supply and sanitary sewerage infrastructure required to achieve the housing targets and asset management capital works



Phased realignment of internal fleet rates to ensure full cost recovery and accurate activity costing



Ongoing investments to modernize and maintain critical corporate information technology infrastructure



Reduction in the provision to fund water and sanitary sewer user rate impacts resulting from Bill 23, *More Homes Built Faster Act, 2022* and related legislation



Net increase in debt servicing costs for debenture financing approved in 2025 budget



Additional **staff resources** are required to deliver a growing capital program to avoid project delays and ensure timely maintenance activities. New staff requests were significantly curtailed in 2026 due to affordability considerations and capital financing uncertainty



Deferring collection of residential development charges to occupancy has significant cash flow impacts that will need to be modelled. 2026 capital projects will need to be flexible and without senior government funding, 2026 projects may need to be deferred, or additional debt financing incurred. The capital forecasts will be updated in advance of 2027 budget



Senior government funding programs may have financial consequences for the Region



2026 budget does not include constantly changing **potential tariffs**

Ten-Year Capital Plan



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(\$ millions)	Proposed 2026 Budget	2027	2028	2029	2030	2031-2035	Total 2026 – 2035
Water Supply	\$231.413	\$642.900	\$429.437	\$341.258	\$206.165	\$1,128.454	\$2,979.627
Sanitary Sewerage	\$395.993	\$320.694	\$540.326	\$921.000	\$170.780	\$960.452	\$3,309.245
Total Capital Plan	\$627.406	\$963.594	\$969.763	\$1,262.258	\$376.945	\$2,088.906	\$6,288.872

- Significant capital program that advances growth related capital infrastructure and asset management needs to support housing targets
- Addresses infrastructure rehabilitation, renewal and replacement requirements based on an asset management approach and to ensure stability of system during significant capital expansion works required to support provincial housing targets
- Invests in infrastructure that incorporates climate change mitigation and adaptation measures
- Ensures regulatory compliance
- Reflects advancement of Council's strategic investments in water supply and sanitary sewer infrastructure to pre-service designated employment areas
- Allows capital projects ready for construction to proceed
- With the collection of residential development charges deferred to occupancy, the 2026 capital program will need to be flexible to potentially defer capital works or increase borrowing should senior government funding not be advanced

Proposed Financing 10-year Capital Plan



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(\$ millions)	Proposed 2026 Budget	2027	2028	2029	2030	2031-2035	Total 2026 - 2035
Development Charges	\$87.660	\$157.157	\$180.330	\$136.527	\$101.581	\$339.735	\$1,002.990
Debenture Proceeds	\$212.604	\$499.493	\$411.019	\$618.275	\$44.411	\$125.572	\$1,911.374
Recovery from York Region	\$67.167	\$88.376	\$114.331	\$269.801	\$41.011	\$159.590	\$740.276
Reserves/Reserve Funds	\$144.288	\$87.161	\$140.565	\$105.615	\$43.832	\$364.016	\$885.477
Contribution from Developers/Other	\$8.642	\$6.259	-	\$7.362	\$17.964	\$354.048	\$394.275
User Rates	\$107.045	\$125.148	\$123.518	\$124.678	\$128.146	\$745.945	\$1,354.480
Total Capital Financing	\$627.406	\$963.594	\$969.763	\$1,262.258	\$376.945	\$2,088.906	\$6,288.872

- Available water development charges are fully committed for the 2026 and 2027 capital program and debt servicing costs. Available sewer development charges are fully committed for the 2026 capital program and debt servicing costs. With the deferral of residential development charge collections to occupancy, the use of development charge financing for the capital forecast will need to be reviewed in advance of the 2027 budget
- Significant use of reserves and reserve funds proposed to finance major capital projects including those projects required for asset management. Water Rate Stabilization Reserve Fund, Sewer Rate Stabilization Reserve Fund, Asset Management Reserve Funds and Growth Related Water and Sewer Infrastructure Reserve Funds will be fully utilized to fund to the capital forecast
- Increased use of debt financing is proposed over the forecast to fund development charge shortfalls as well as significant renewal projects and to smooth user rate increases. It is anticipated that additional debt financing may be required to fund additional development charge shortfalls resulting from Bill 17 should senior government funding not be provided
- Requires steady annual increase in user rates to fund the non-growth related capital forecast and well as financial impacts from Bill 23/Bill 134/Bill 17 and related legislation

Projected Debt Servicing Costs



Water Supply and Sanitary Sewerage – Projected Debt Servicing Costs

Water Supply System (\$,000's)	Proposed 2026	2027	2028	Forecast 2029	2030	2031-2035	Total 2027-2035
Capital Expenditures							
Existing Debenture Payments	4,294	4,294	4,294	4,294	4,294	21,469	38,645
Future Debenture Payments		3,802	36,857	56,892	68,411	359,875	525,837
Capital Expenditures Subtotal	4,294	8,096	41,151	61,186	72,705	381,344	564,482
Capital Financing							
Development Charges	1,165	3,362	34,690	48,774	59,218	313,907	459,951
User Revenue	3,129	4,734	6,461	12,412	13,487	67,437	104,531
Capital Financing Subtotal	4,294	8,096	41,151	61,186	72,705	381,344	564,482

Sanitary Sewerage System (\$,000's)	Proposed 2026	2027	2028	Forecast 2029	2030	2031-2035	Total 2027-2035
Capital Expenditures							
Existing Debenture Payments	21,091	17,586	14,972	14,968	12,228	61,138	120,892
Future Debenture Payments		13,258	20,284	33,230	71,322	370,614	508,708
Capital Expenditures Subtotal	21,091	30,844	35,256	48,198	83,550	431,752	629,600
Capital Financing							
Development Charges	17,473	22,755	23,180	30,294	50,012	252,828	379,069
User Revenue	3,618	8,089	12,076	17,904	33,538	178,924	250,531
Capital Financing Subtotal	21,091	30,844	35,256	48,198	83,550	431,752	629,600

It is estimated that the future residential development charge debt requirements could require up to:

- **62 per cent** of future water residential development charge receipts; and
- **50 per cent** of future sanitary sewerage residential development charge receipts.

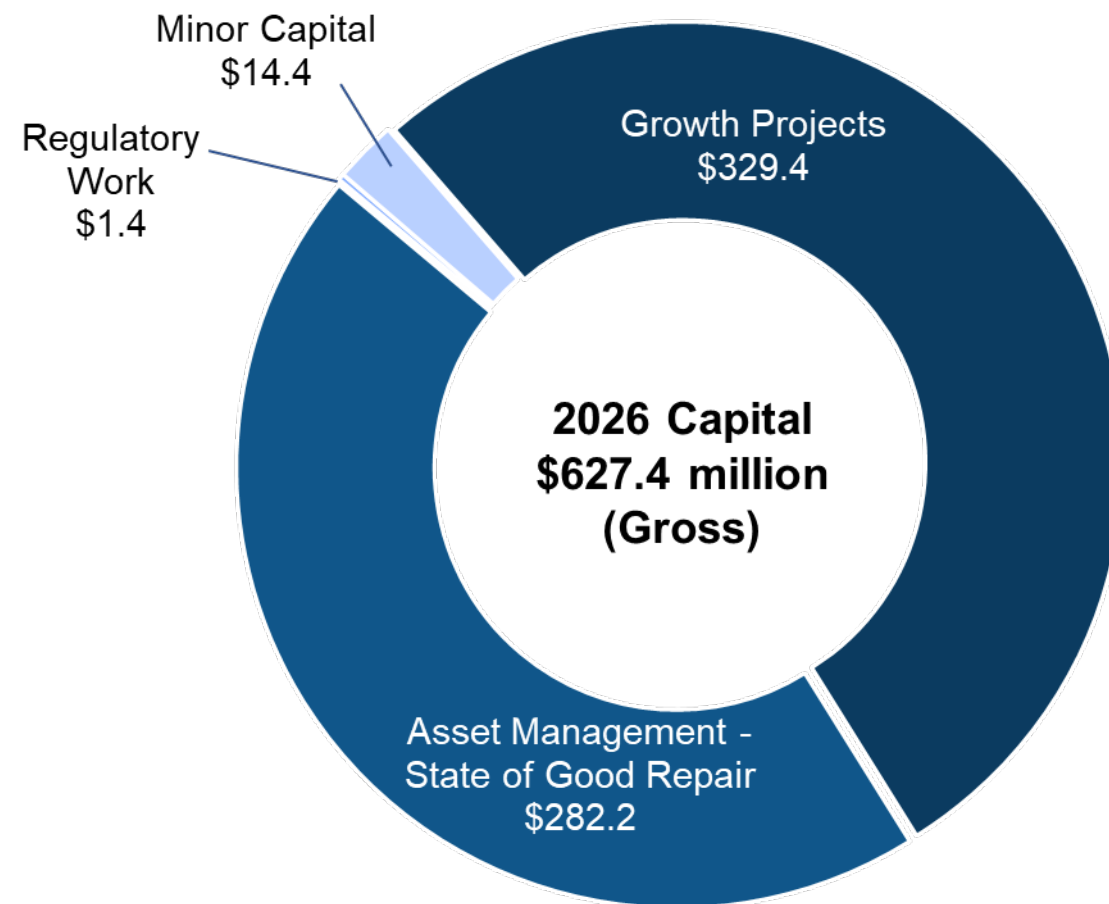
Project Summary by Type:

- Class Environmental Assessments and Studies: \$5.0 million
- Detailed Design: \$54.3 million
- Construction: \$527.0 million
- Other Provisions: \$26.7 million
- Minor Capital: \$14.4 million

Watermain and Sanitary Sewer Replacements Summary:

- Projects Co-ordinated with the Roads Projects: 11.1 km (Transportation/Local Municipalities/Bus Rapid Transit)
- Independent Projects: 8.7 km
- **Total of Replacements: 19.8 km**

Water Supply and Sanitary Sewerage Capital Projects





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Summary

Proposed Water Supply and Sanitary Sewer User Rate Increase

5.0%

\$62.84 annual (\$5.24 per month) increase for a typical residential customer

Residential Consumption projected at 244 m³/customer/year

Customer Growth projected at 1.05 per cent for water; 1.05 per cent for sewer

Exploring all grant funding/financing opportunities for water and sewer growth related capital

Pressures/Risks on User Rates and Business Plans and Budget over Forecast Period:

- Customer/consumption growth
- Significant advancement of capital program to provide servicing required to support growth and housing targets – including sufficient staff resources to deliver expanded and advanced capital program
- Bill 23, Bill 17 and related legislation are expected to significantly reduce available development charge funding for growth related capital projects. Without senior government funding, the Region will need to incur significant additional debt to advance the planned capital program
- Increased rehabilitation needs informed by the Region's Asset Management Plan and expansion projects
- Impact of climate change on infrastructure investment levels including implementing recommendations from the Integrated Resource Recovery Studies and ongoing review of district heating and cooling opportunities
- Operating cost increases related to major facility and system expansions and inflationary/contract increases
- Annualization of 2026 proposed budget decisions including annualization of proposed new staff positions and annual debt servicing costs from the debenture financing proposed in the 2026 Budget

Questions