



Durham Budget

2025

2025 Consolidated Water Supply and Sanitary Sewerage Systems User Rates and Business Plans and Budget

Special Committee of the Whole Meeting – December 12, 2024



Durham Budget

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2025 User Rates

COMPONENTS



Water Supply and
Sanitary Sewerage



Utility Finance

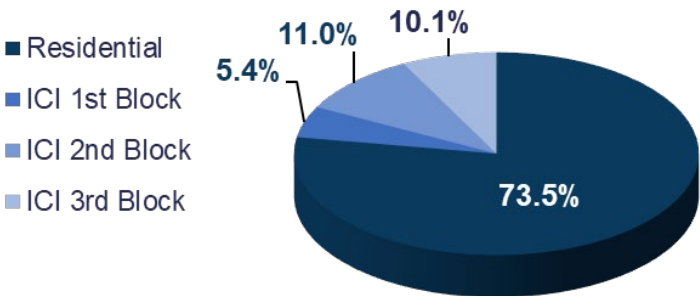


Corporate Items

CONSUMPTION

WATER CONSUMPTION PATTERNS

Share of Total Consumption 2023



CUSTOMERS

NUMBER OF CUSTOMERS Projected

Water: 189,033
Sewer: 184,185

POLICY

USER PAY PHILOSOPHY

No Contribution from
Property Tax



PROJECTED RESIDENTIAL WATER CONSUMPTION

Residential base consumption:
225 m³/customer/year (2024 budget – 220 m³)

Seasonal usage:
15 m³/customer/year (2024 budget – 13 m³)

PROJECTED NON-RESIDENTIAL (ICI) CONSUMPTION

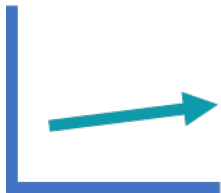
1st Block: water no change; sewer 2.0% decrease from 2024 budget

2nd Block: water 6.7%; sewer 7.4% increase from 2024 budget

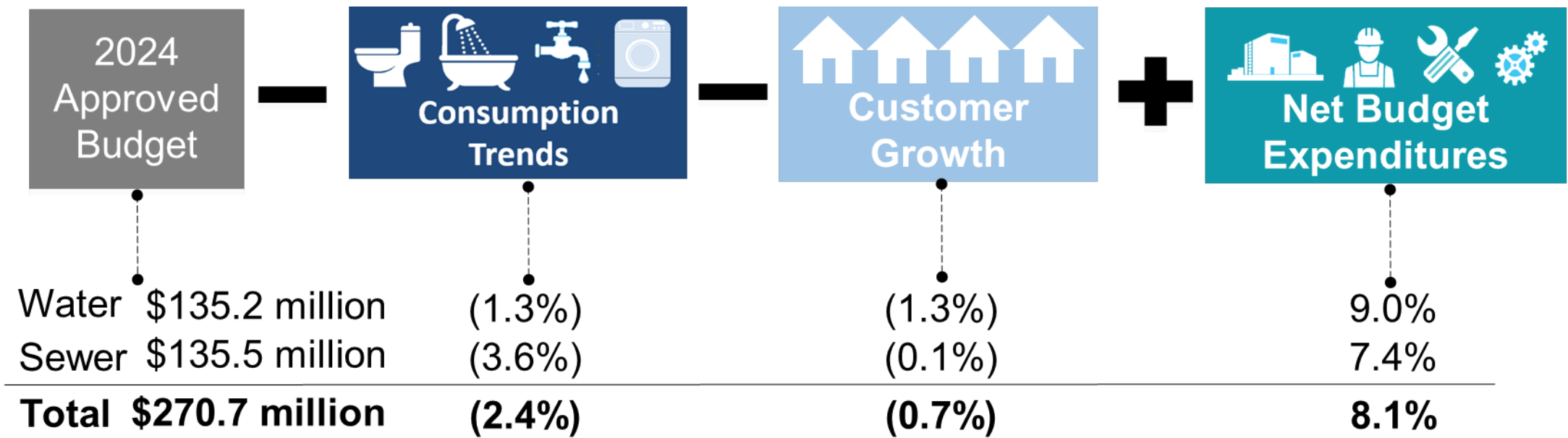
3rd Block: water 6.2%; sewer 4.7% increase from 2024 budget

CUSTOMER GROWTH Projected

Water: 1.05 per cent
Sewer: 1.05 per cent



2025 Proposed User Rates



== Total Proposed Water Supply and Sanitary Sewerage 2025 User Rate Impact

	Impact
Water Supply	6.4%
Sanitary Sewerage	3.7%
Combined User Rate Impact	5.0%

**Recommend 2025
combined water
supply and sanitary
sewer user rate
increase of 5.0%
over 2024**

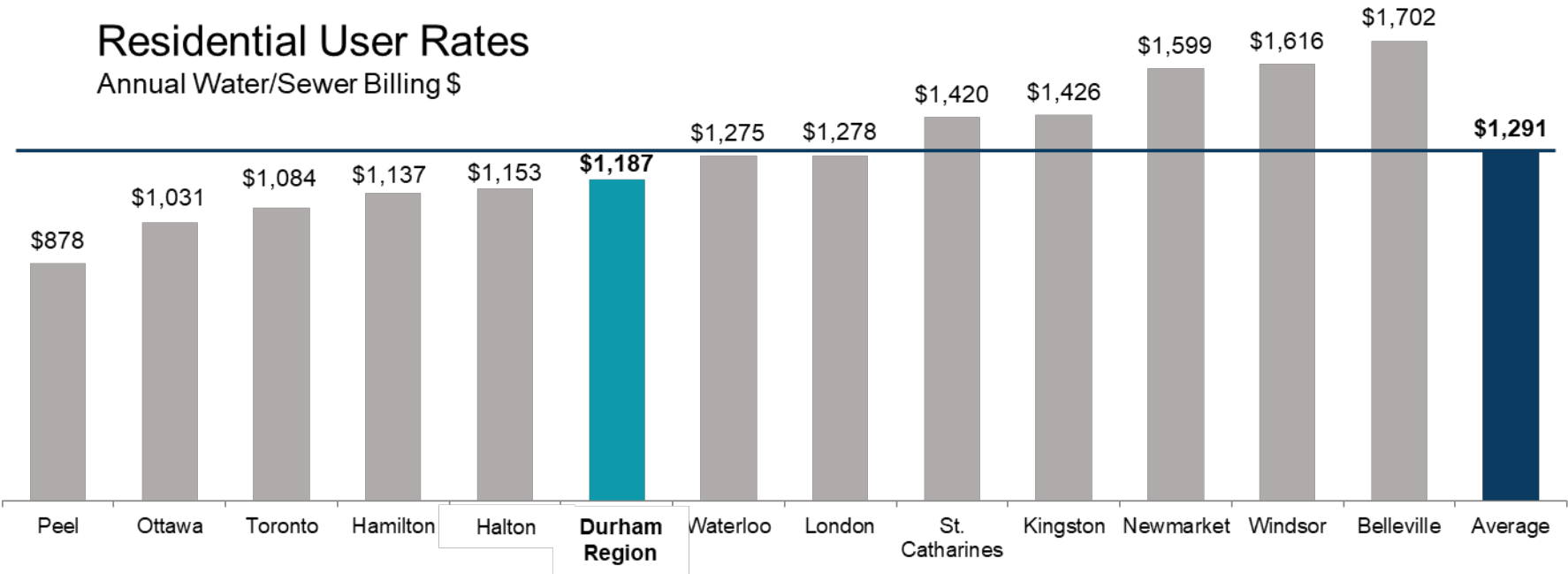
(Based on Quarterly Billings)

	<i>Billings</i>		<i>Increase</i>	
	2024 Actual \$	2025 Proposed \$	\$	%
Quarterly Bill				
Water	140.88	149.89	9.01	6.4
Sewer	155.82	161.60	5.78	3.7
Total	296.70	311.49	14.79	5.0
Annual Cost	1,186.80	1,245.96	59.16	5.0

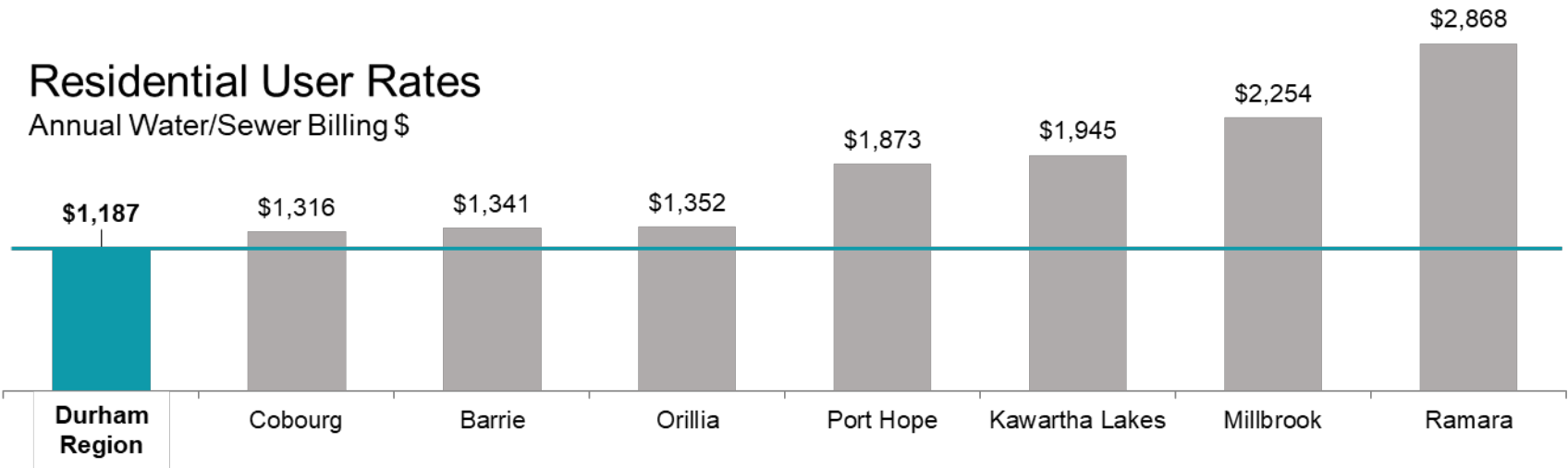
2024 User Rates - Comparisons



Durham ranks
sixth lowest against
similar municipalities



Durham ranks
lowest against
neighbouring
municipalities



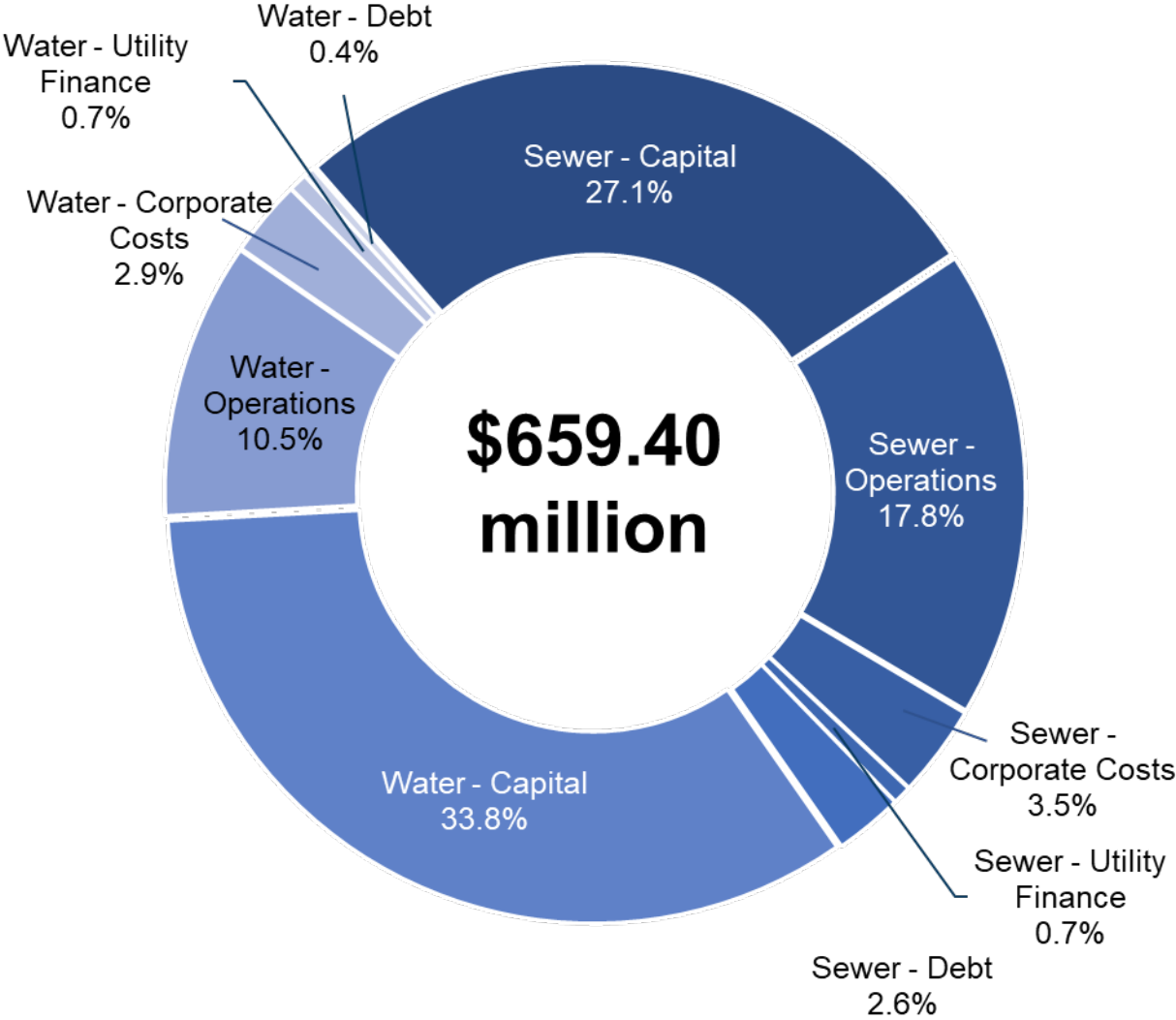


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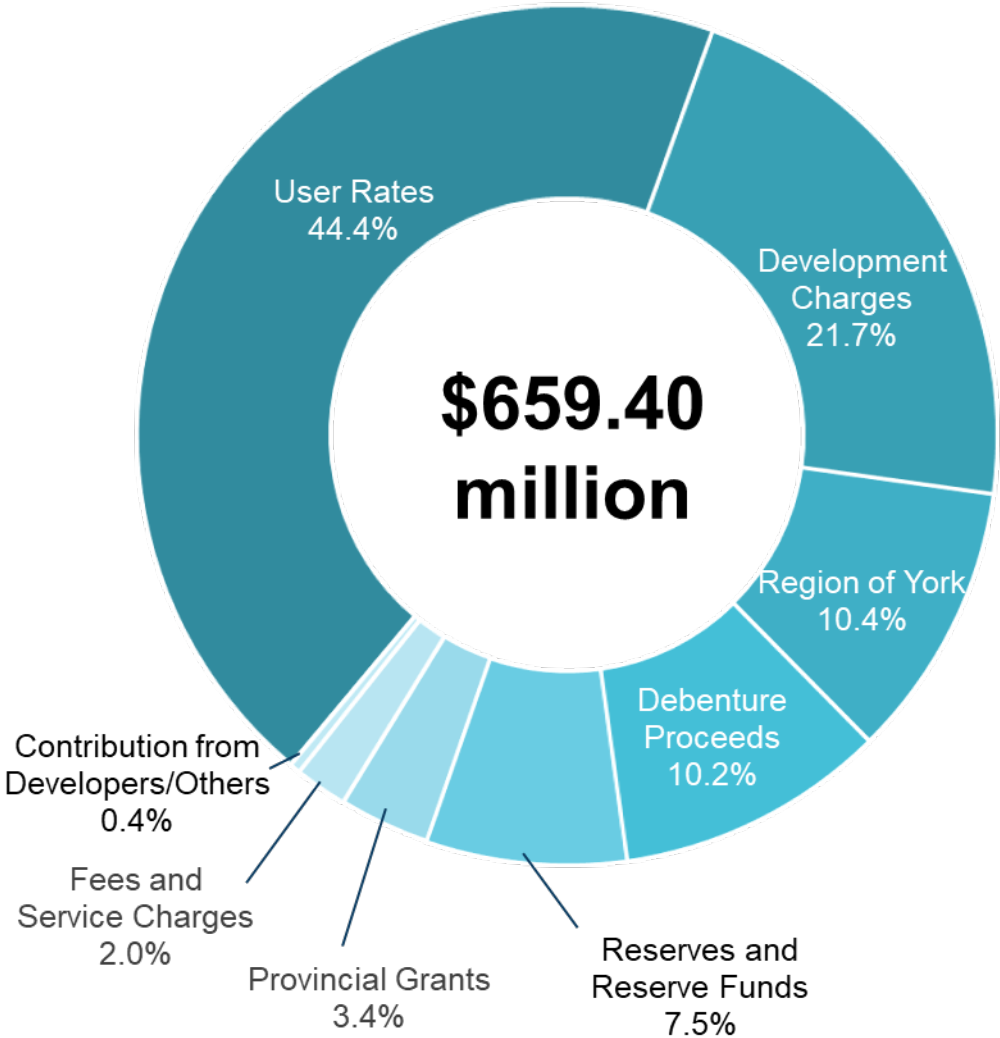
2025

Details of the 2025 Business Plans and Budget

2025 Proposed Gross Expenditures



2025 Proposed Gross Financing



- Annualization of 24.88 FTEs approved in 2024
- Significant inflationary and contractual increases including utilities (\$2.23 million – 19.2% increase) – a portion of this increase is recovered from the Region of York for their share of the Duffin Creek Water Pollution Control Plant operating costs
- A provision for new staff positions in the Works Department (\$1.3 million) to support the planning, designing and construction of water supply and sanitary sewerage infrastructure required to achieve the provincial 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
- Incremental increase 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 2024 budget

Ten-Year Capital Plan



(\$ millions)	Proposed 2025 Budget	2026	2027	2028	2029	2030-2034	Total 2025 – 2034
Water Supply	\$222.689	\$423.968	\$409.304	\$346.973	\$263.760	\$1,397.176	\$3,063.870
Sanitary Sewerage	\$178.626	\$184.328	\$212.044	\$452.839	\$359.112	\$1,534.954	\$2,921.903
Total Capital Plan	\$401.315	\$608.296	\$621.348	\$799.812	\$622.872	\$2,932.130	\$5,985.773

- Significant capital program that advances growth related capital infrastructure and asset management needs to support provincial 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

Proposed Financing 10-year Capital Plan



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(\$ millions)	Proposed 2025 Budget	2026	2027	2028	2029	2030-2034	Total 2025 - 2034
Development Charges	\$128.156	\$162.761	\$184.057	\$267.601	\$240.563	\$1,402.945	\$2,386.083
Debenture Proceeds	\$67.071	\$124.916	\$20.000	\$281.035	\$145.434	\$144.731	\$783.187
Recovery from York Region	\$28.510	\$1.886	\$77.978	\$34.124	\$7.301	\$460.330	\$610.129
Reserves/Reserve Funds	\$49.253	\$89.317	\$72.101	\$100.022	\$109.246	\$102.332	\$522.271
Provincial Grant	\$22.755	-	-	-	-	-	\$22.755
Contribution from Developers/Other	\$2.750	\$120.266	\$158.400	\$1.975	-	\$133.284	\$416.675
User Rates	\$102.820	\$109.150	\$108.812	\$115.055	\$120.328	\$688.508	\$1,244.673
Total Capital Financing	\$401.315	\$608.296	\$621.348	\$799.812	\$622.872	\$2,932.130	\$5,985.773

- Forecasted Development Charge receipts based on achievement of optimistic growth forecasts. Further phasing of capital program, user rate increases and additional debenture financing would be required should projected Development Charge receipts not be realized
- 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 and Sewer Rate Stabilization Reserve Fund will be essentially fully utilized and significant Development Charges utilization will occur to accommodate the forecasted growth
- Strategic use of debt proposed over forecast to fund development charge shortfalls for large expansion projects as well as significant renewal projects to smooth user rate increases
- Requires steady annual increase in user rates to fund non-growth related capital forecast and well as financial impacts from Bill 23/Bill 134 and related legislation

Projected Debt Servicing Costs



Water Supply and Sanitary Sewerage – Projected Debt Servicing Costs

Water Supply System (\$,000's)	Proposed 2025	2026	2027	Forecast 2028	2029	2030-2034	Total 2026-2034
Capital Expenditures							
Existing Debenture Payments	2,860	2,860	2,860	2,860	2,860	14,298	25,738
Future Debenture Payments		1,444	9,369	10,974	21,101	144,681	187,569
Capital Expenditures Subtotal	2,860	4,304	12,229	13,834	23,961	158,979	213,307

Capital Financing							
Development Charges	1,164	1,164	6,682	6,682	16,809	123,221	154,558
User Revenue	1,696	3,140	5,547	7,152	7,152	35,758	58,749
Capital Financing Subtotal	2,860	4,304	12,229	13,834	23,961	158,979	213,307

Sanitary Sewerage System (\$,000's)	Proposed 2025	2026	2027	Forecast 2028	2029	2030-2034	Total 2026-2034
Capital Expenditures							
Existing Debenture Payments	17,185	16,680	13,174	10,560	10,557	39,082	90,053
Future Debenture Payments		3,938	6,036	6,036	18,461	141,653	176,124
Capital Expenditures Subtotal	17,185	20,618	19,210	16,596	29,018	180,735	266,177

Capital Financing							
Development Charges	13,567	17,501	16,552	13,956	21,636	129,211	198,856
User Revenue	3,618	3,117	2,658	2,640	7,382	51,524	67,321
Capital Financing Subtotal	17,185	20,618	19,210	16,596	29,018	180,735	266,177

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

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

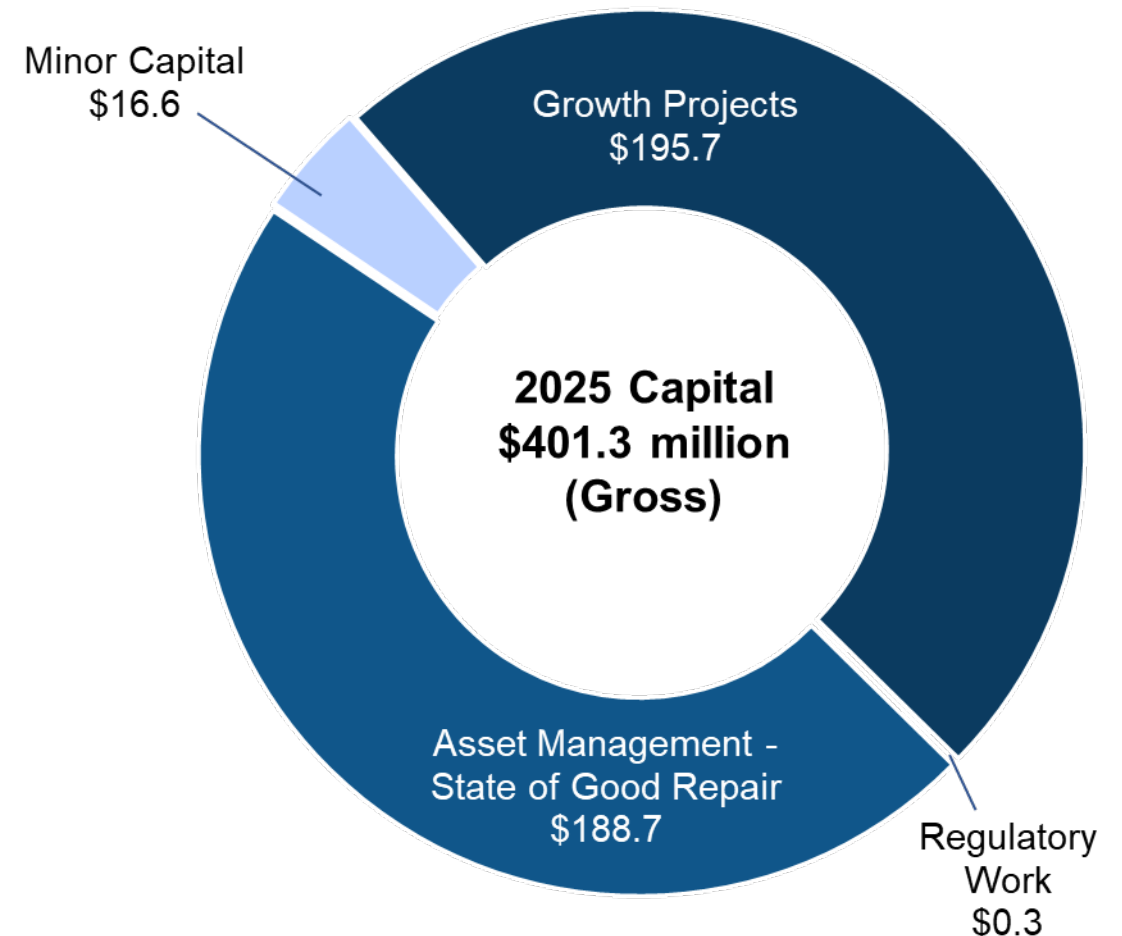
Project Summary by Type:

- Class Environmental Assessments and Studies: \$7.5 million
- Detailed Design: \$39.5 million
- Construction: \$319.5 million
- Other Provisions: \$18.2 million
- Minor Capital: \$16.6 million

Watermain and Sanitary Sewer Replacements Summary:

- Projects Co-ordinated with the Roads Projects: 9.4 km (Transportation/Local Municipalities/Bus Rapid Transit)
- Independent Projects: 16.9 km
- **Total of Replacements: 26.3 km**

Water Supply and Sanitary Sewerage Capital Projects



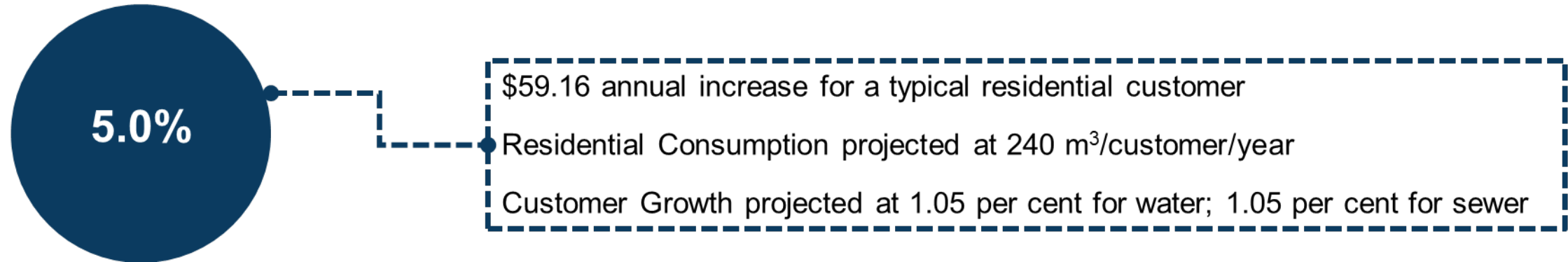


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Summary

Proposed Water Supply and Sanitary Sewer User Rate Increase



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 – provincial housing targets – including sufficient staff resources to deliver expanded and advanced 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 2025 proposed budget decisions including annualization of proposed new staff positions and annual debt servicing costs from the debenture financing proposed in the 2025 Budget

Questions