



2016 WATER WASTEWATER/STORM RATE BUDGET

November 27, 2015



OVERVIEW

- Capital Program
- Rates Increase
- Forecast Consumption

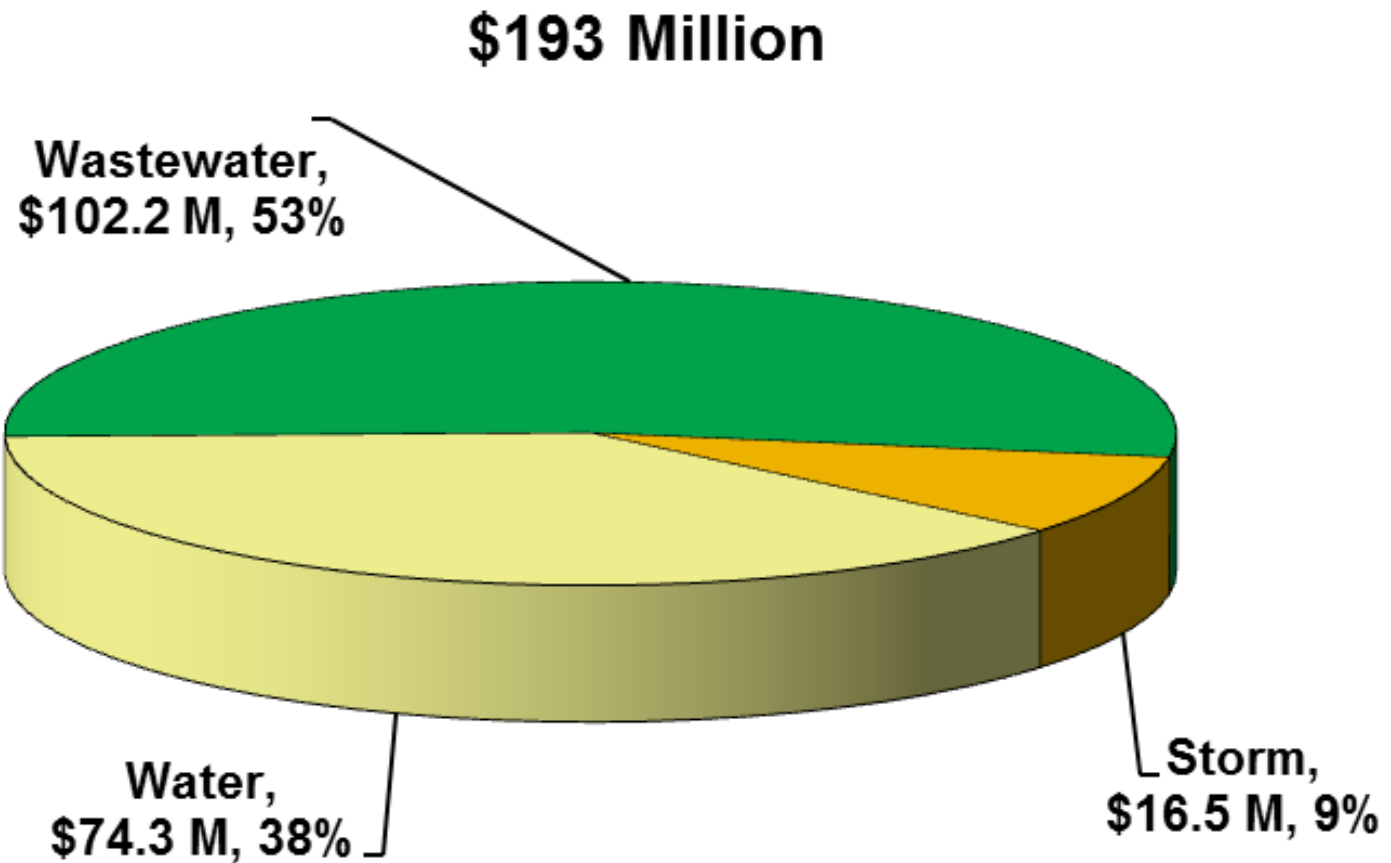


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2016 Capital Program



2016 CAPITAL PROGRAM





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2016 CAPITAL PROGRAM

(\$000's)

	<u>Water</u>	<u>Wastewater</u>	<u>Storm</u>	<u>Total</u>
Master Plans	23,690	47,070	-	70,760
Rehab., Replacement & Upgrade Projects	22,292	23,695	7,240	53,227
Treatment Plant/Outstations Projects	14,010	28,015	-	42,025
Projects Coordinated with Roads Program	8,800	3,100	1,260	13,160
SERG Projects	-		3,530	3,530
Development \ Extension Projects	5,500	280	4,440	10,220
Total	<u>74,292</u>	<u>102,160</u>	<u>16,470</u>	<u>192,922</u>

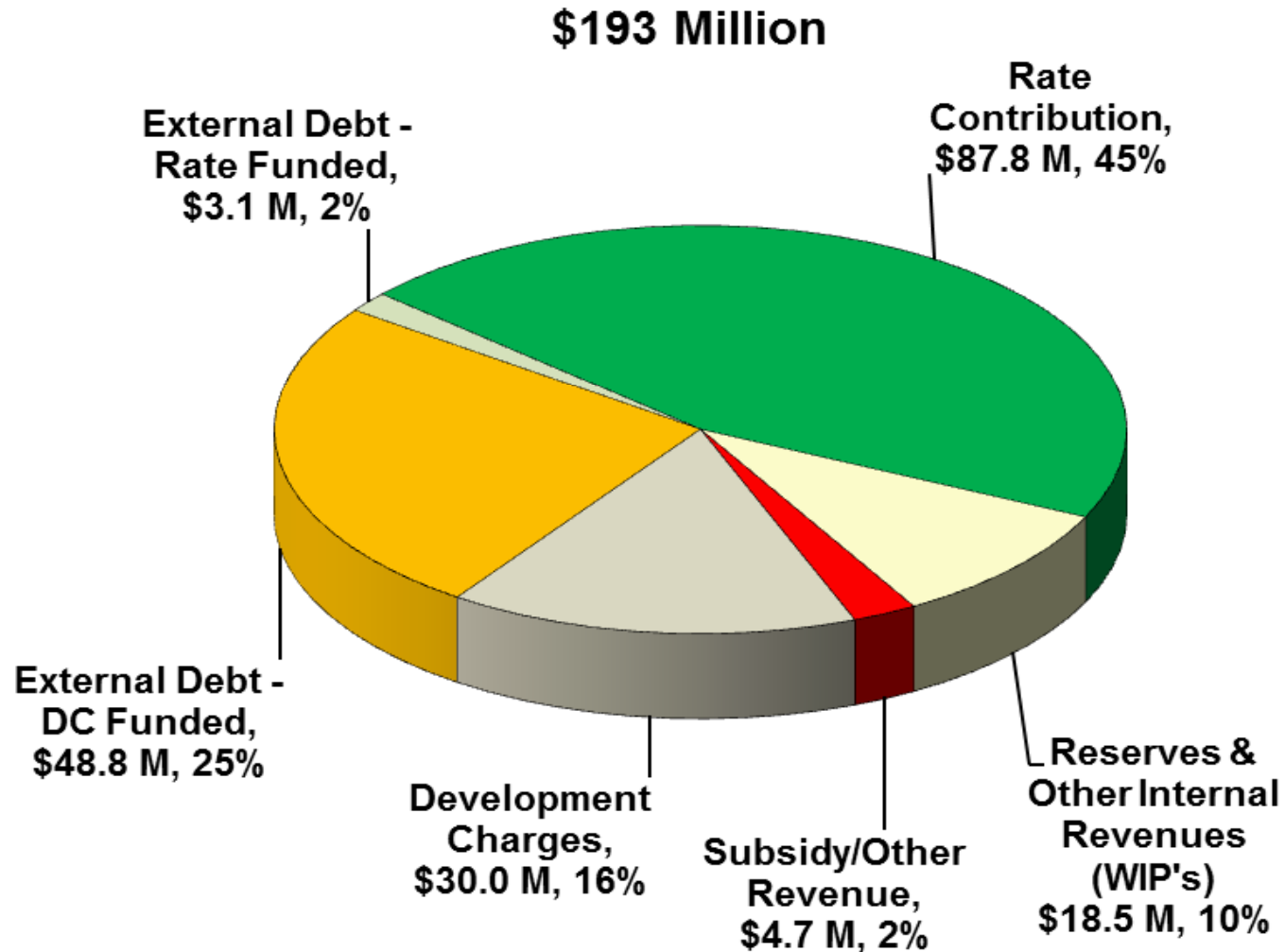


CAPITAL FINANCING STRATEGY

- Future annual rate increases in the 4 – 5% range
- Utilization of reserves in a sustainable manner
- Leverage DC's for growth projects
- Leverage grants from the Provincial/Federal Gov'ts
- Matching of debt to future benefits



2016 CAPITAL FUNDING





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10 Year Capital Strategy



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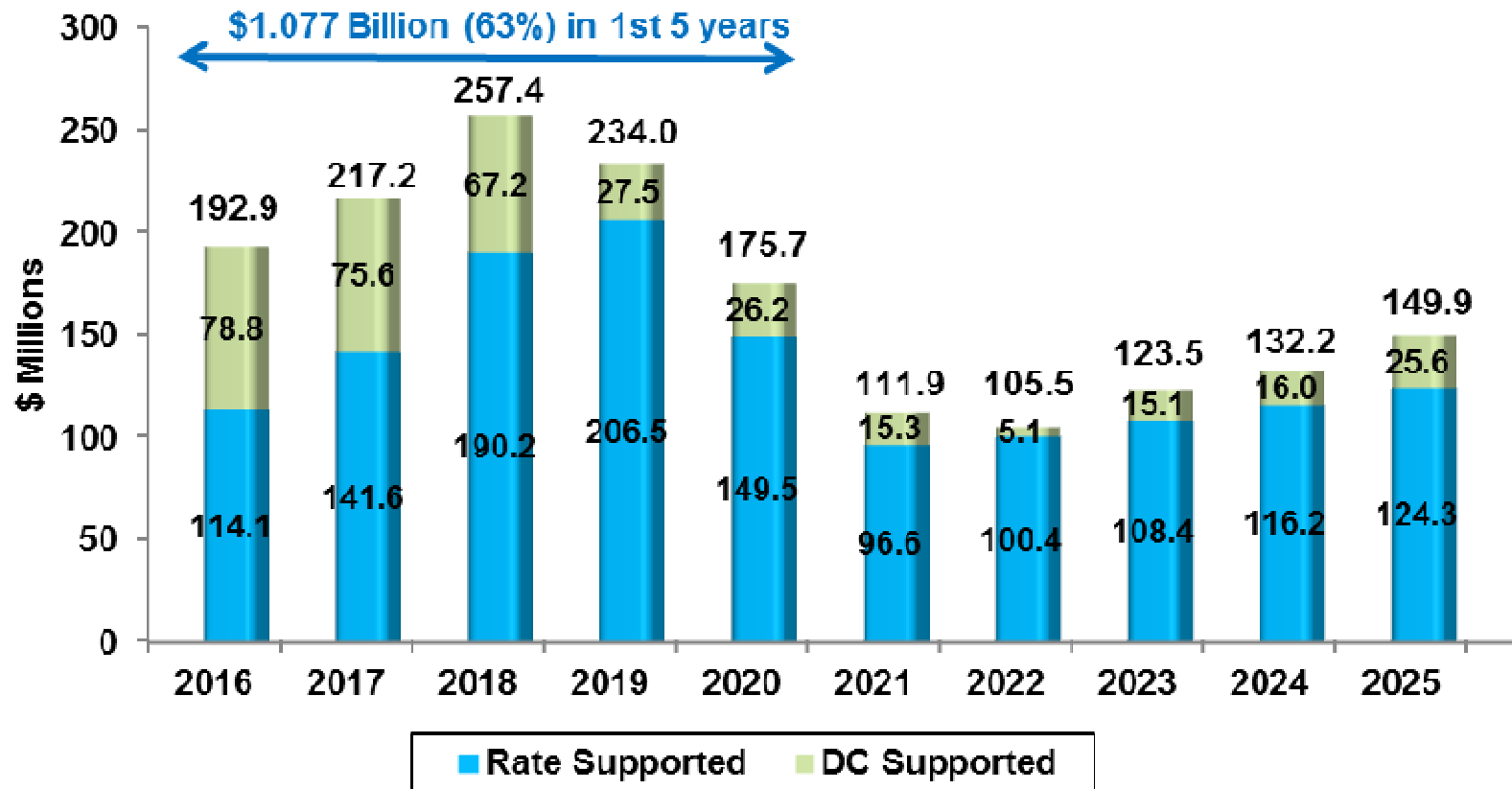
CHANGE IN CAPITAL 10 YEAR FORECAST

\$ Millions	Rate Capital		Change	
	2015 - 2024	2016 - 2025	\$	%
Water	\$ 546.4	\$ 699.5	\$ 153.1	28.0%
Wastewater	874.1	863.8	(10.3)	-1.2%
Storm	152.2	136.9	(15.3)	-10.1%
Total	\$ 1,572.7	\$ 1,700.2	\$ 127.5	8.1%



CAPITAL BUDGET FORECAST

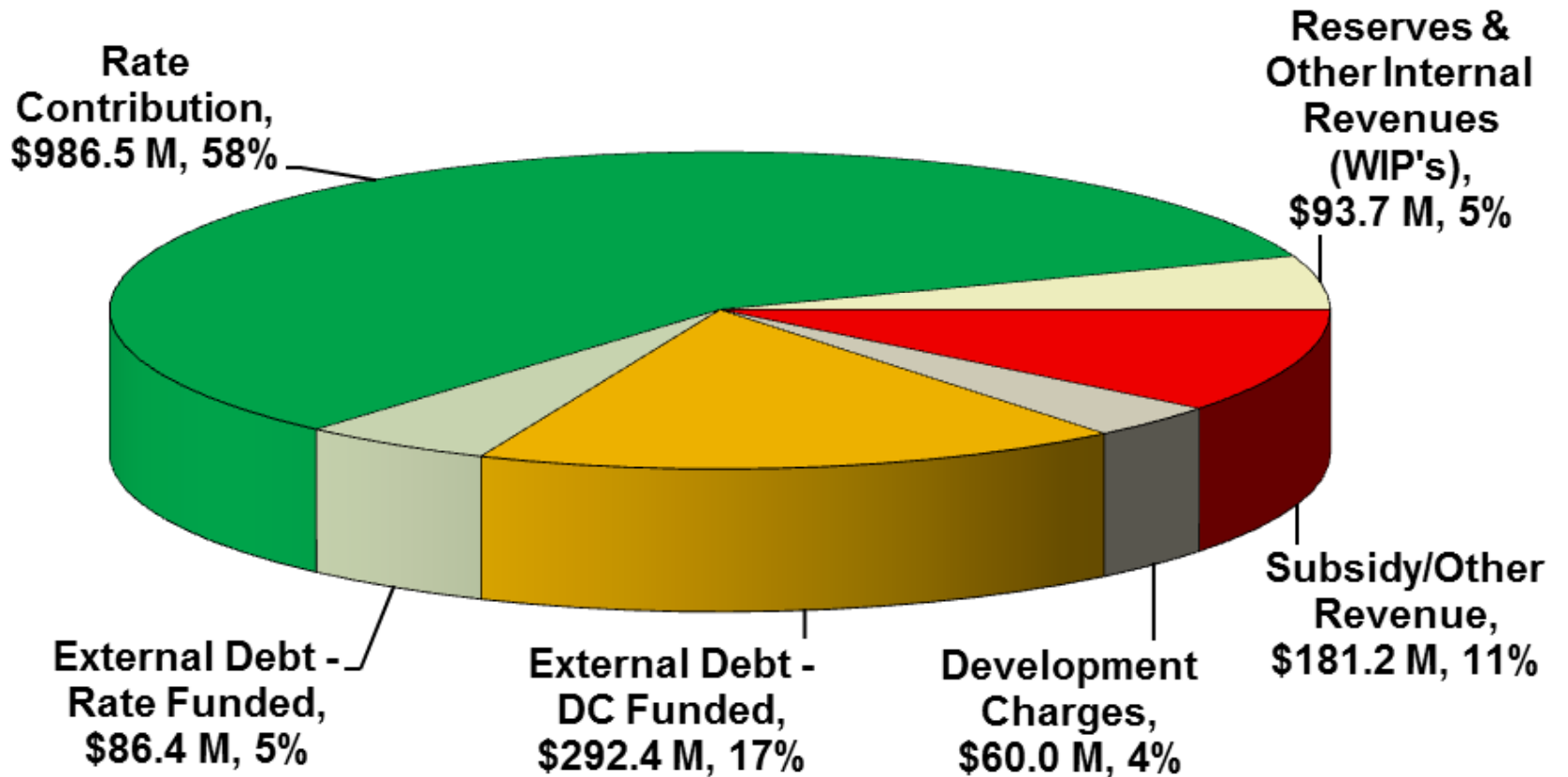
Water / Wastewater / Storm Total 10 Year Capital - \$1.7 Billion





2016–2025 CAPITAL FUNDING

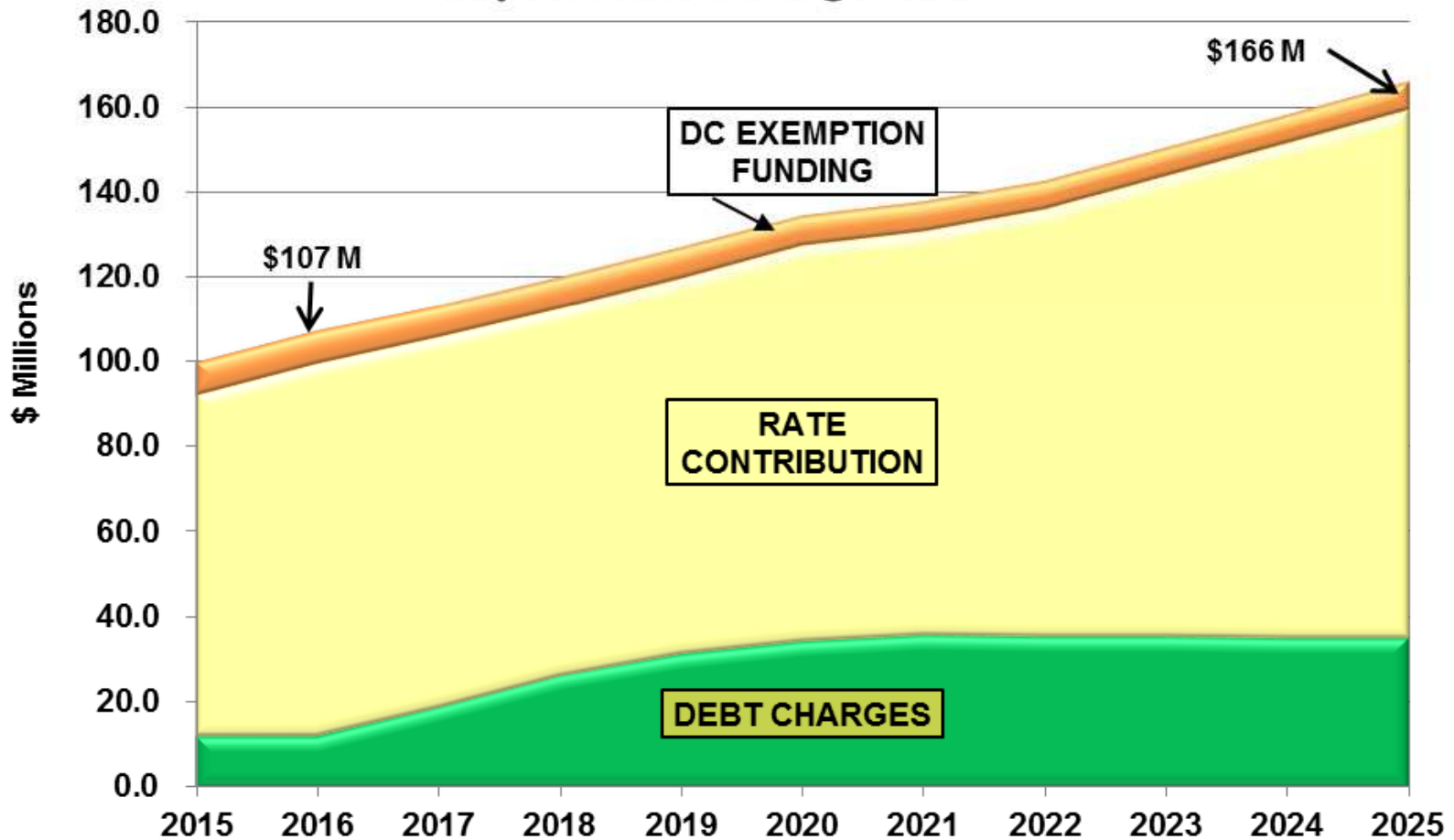
\$1.7 Billion





CAPITAL FINANCING OPERATING IMPACT

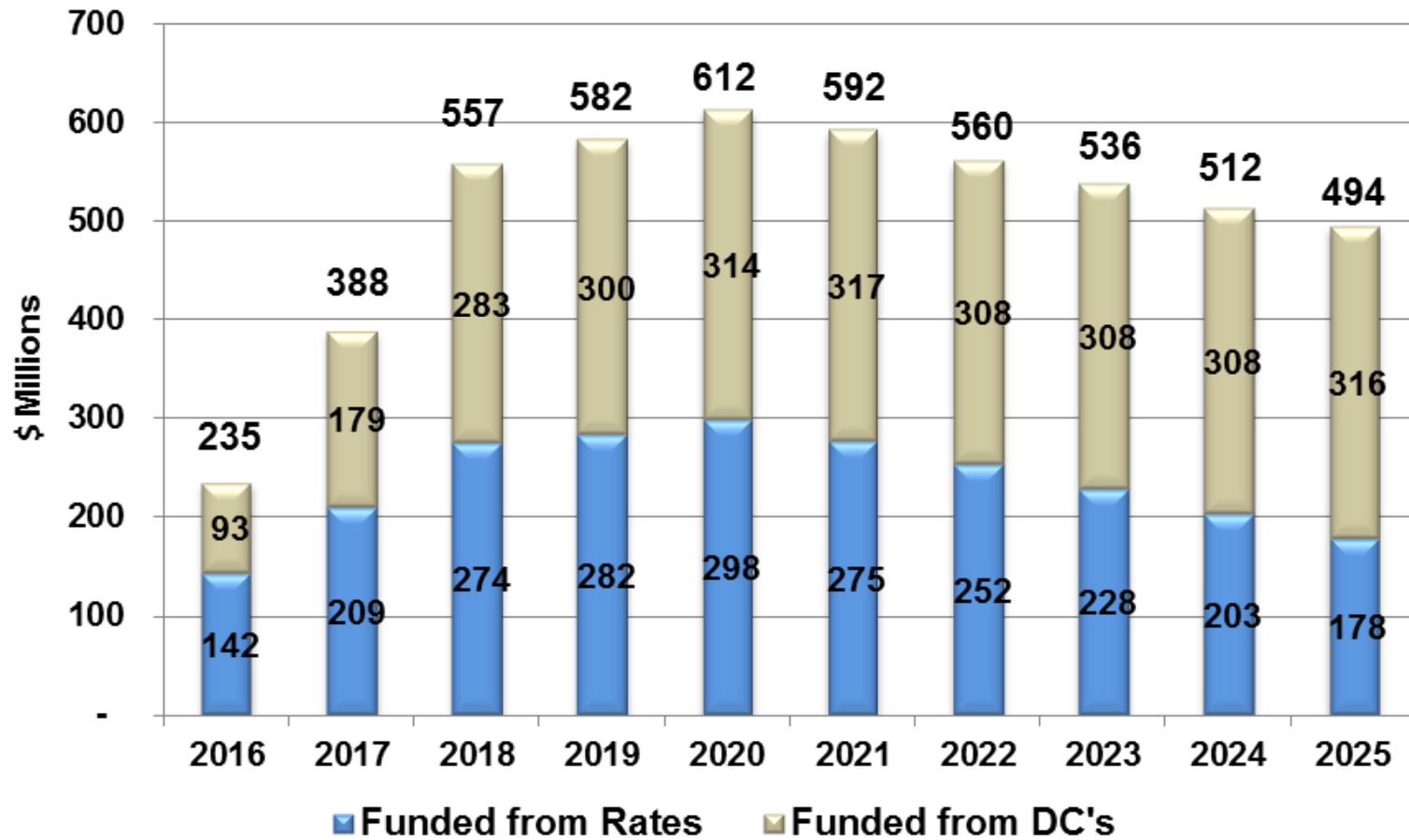
Capital Financing Plan





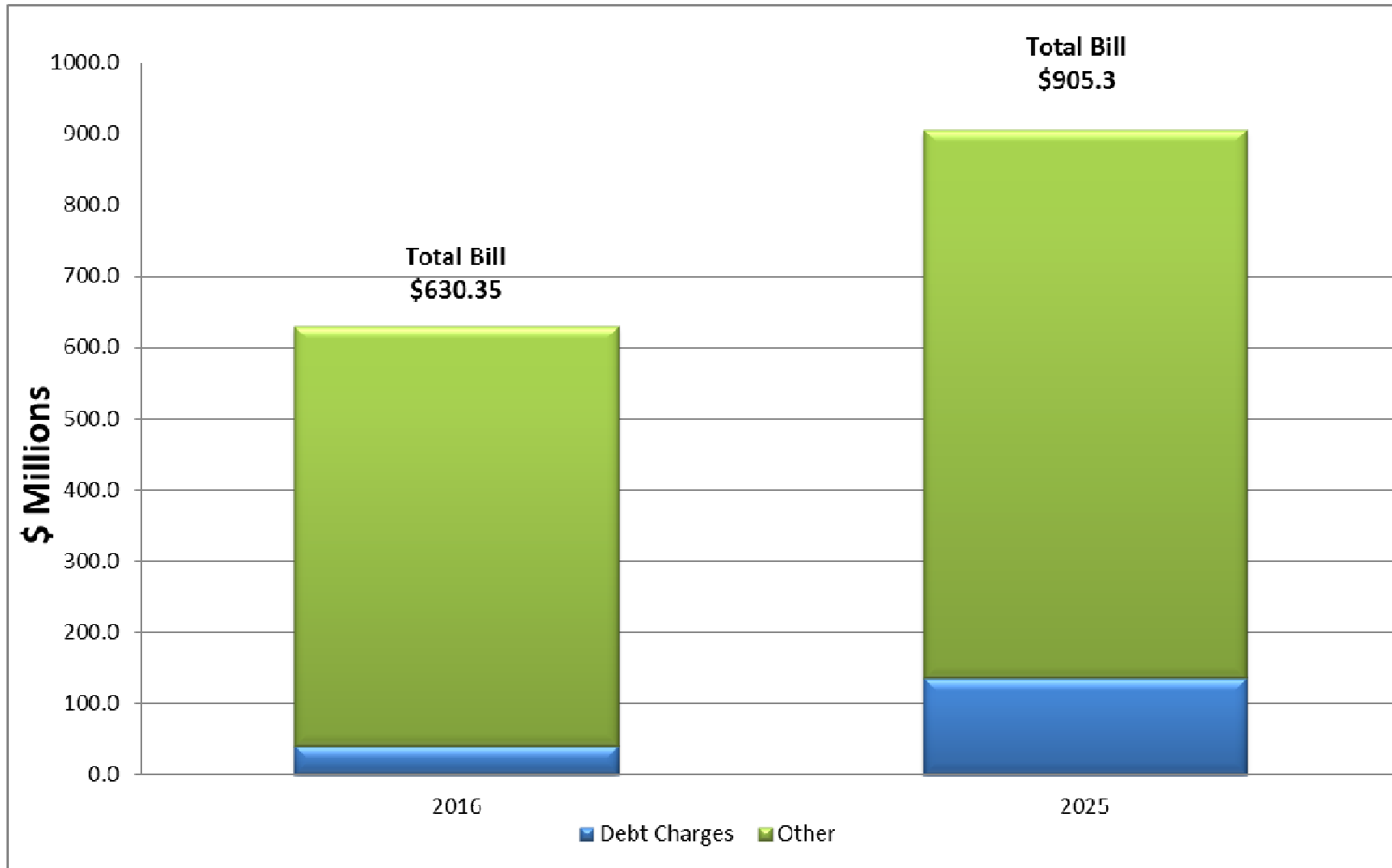
DEBT FORECAST

Water / Wastewater / Storm Outstanding Debt





DEBT CHARGES IMPACT ON AVERAGE RESIDENTIAL BILL





RESERVE PURPOSES

- Rate stabilization – buffer impact of variable factors of changes in consumption, interest rates, grants
- Finance one-time/short-term needs without permanently impacting rates
- Source of internal funding for large capital projects reducing reliance on long-term debt
- Provide for operating/capital emergencies to avoid extensive service interruptions & risk to public safety
- Provide financial sustainability with flexibility to manage debt levels and protect City financial position



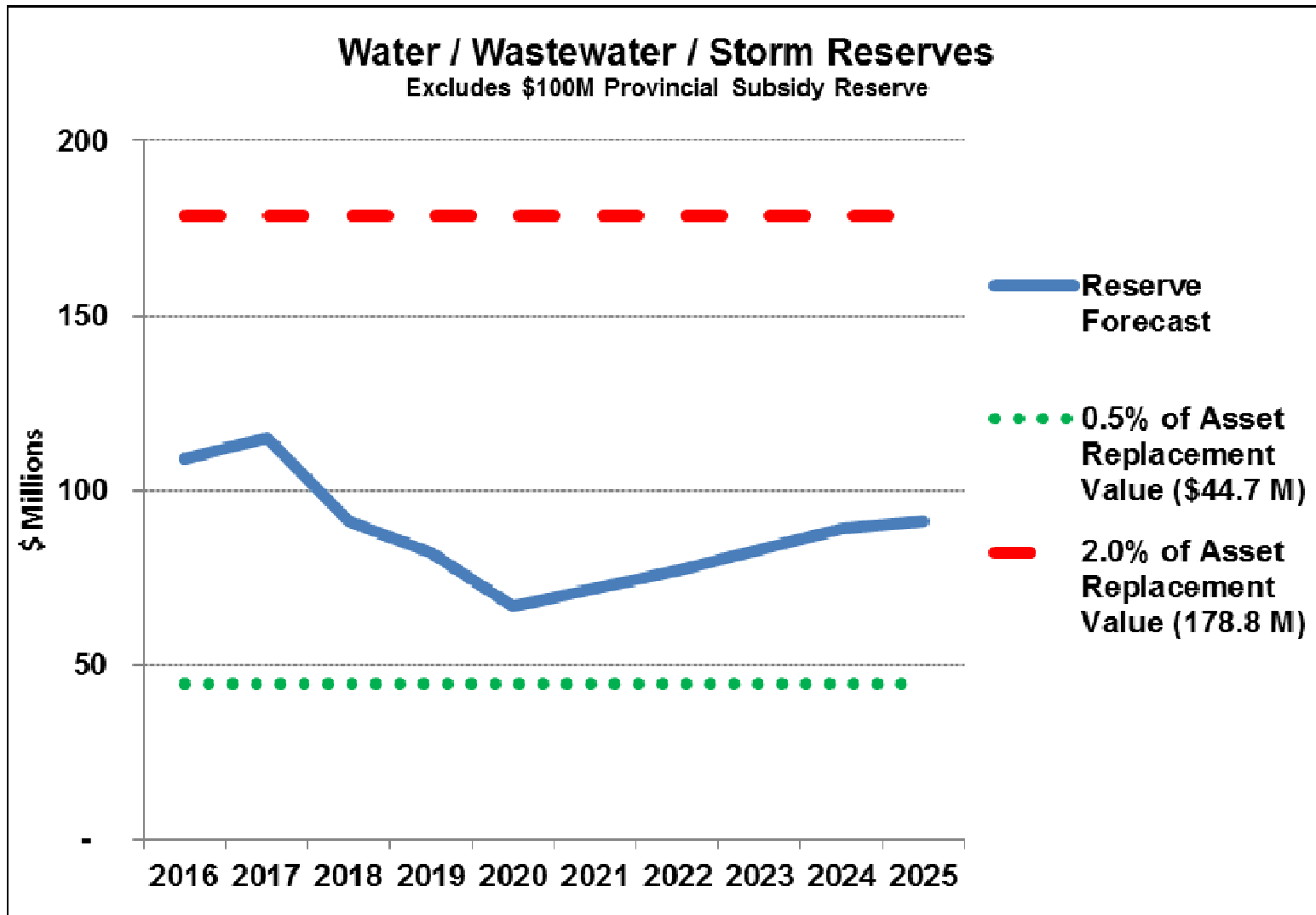
USE OF RATE RESERVES

USE OF RESERVES 2004-2015

Capital Financing	\$	41,158,044
Residential Protective Plumbing Subsidy Program (3P)		13,083,645
2009 & 2010 Annual Deficits		11,474,610
Compassionate Grants - Flooding Disaster Relief		9,326,087
Frozen Water Services and Watermain Repairs		4,850,000
Total	\$	79,892,386
Reserve Financing Commitments 2016-2020	\$	64,150,000



RESERVES COMPARED TO ASSET REPLACEMENT VALUE

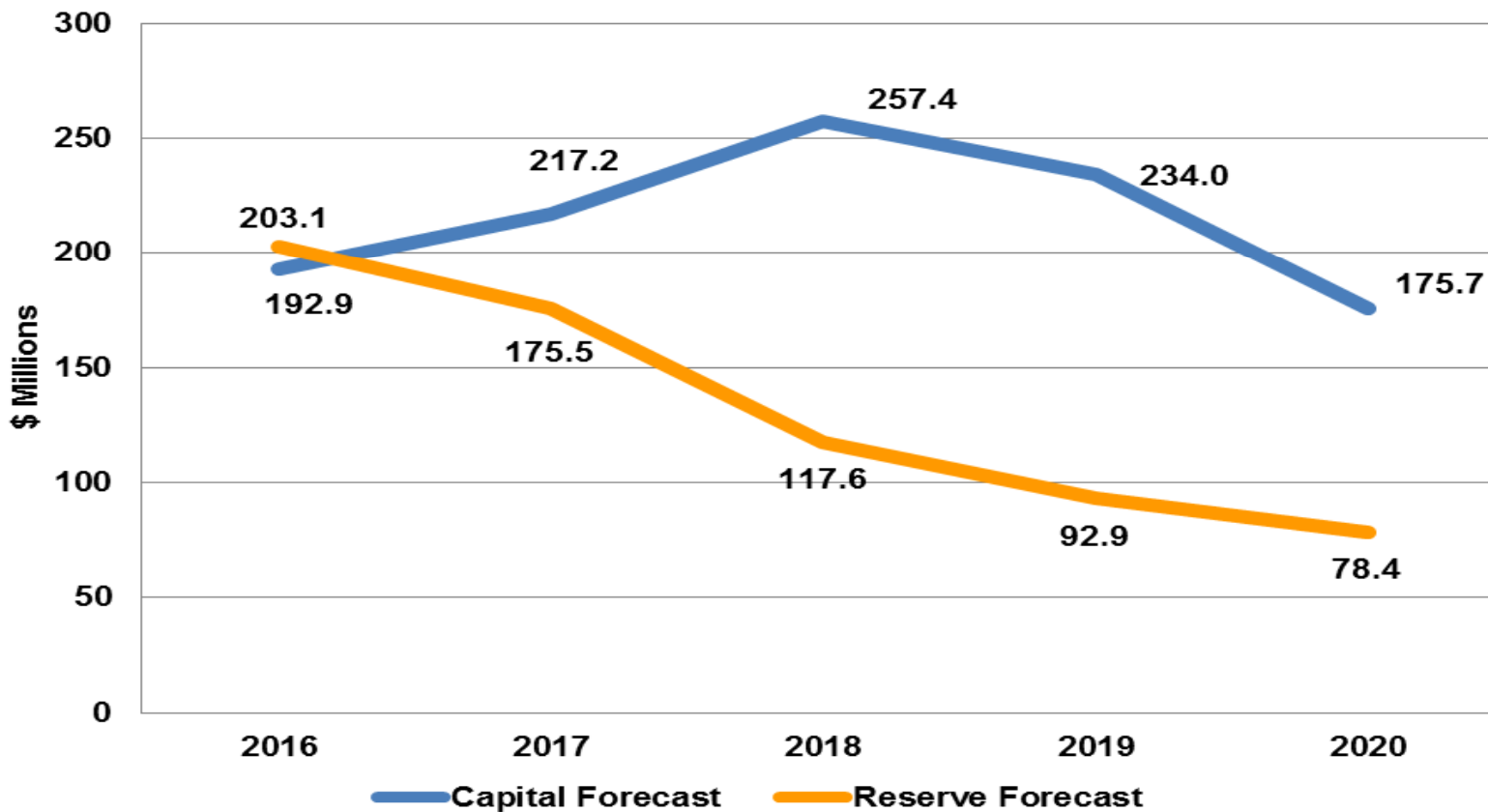




CAPITAL & RESERVE FORECAST

Water / Wastewater / Storm

(Reserve Forecast includes \$100 M Provincial Subsidy)





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REVENUE OVERVIEW

	Water (\$000's)	Wastewater / Storm (\$000's)	Total
2015 Approved Budget	\$89,696	\$94,059	\$183,755
Impact of reduced water consumption *	(\$438)	(\$470)	(\$908)
Change in Other Revenues	(\$31)	\$720	\$689
Additional revenue from 4.7% increase in 2016	\$3,876	\$4,934	\$8,810
2016 Proposed Budget	\$93,103	\$99,243	\$192,346

* Consumption forecasts have been reduced from 57.6 million m³ in 2015 to 57.3 million m³ in 2016 (less than 1% reduction)



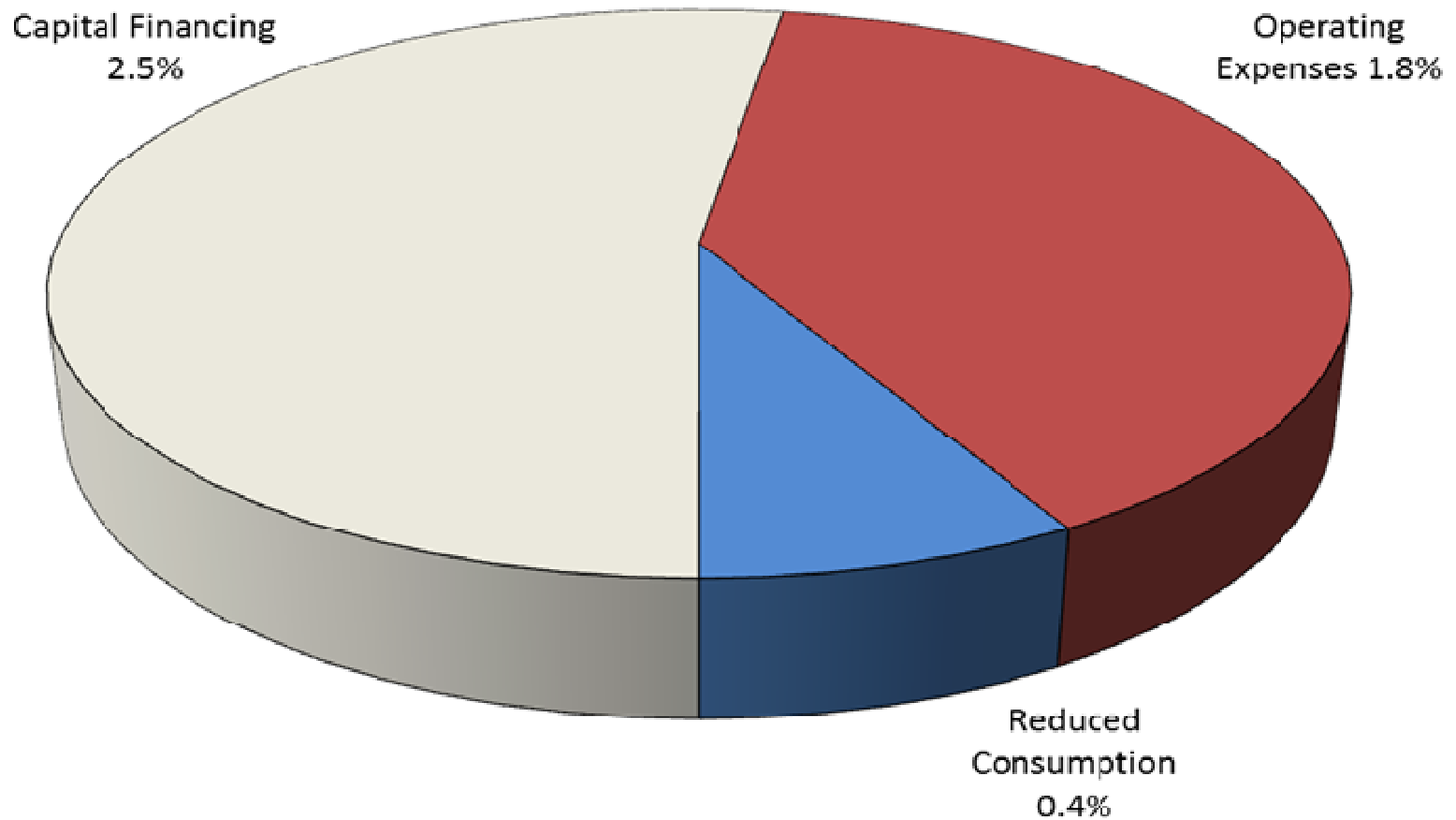
2016 PROPOSED RATES

	2015	2016	Increase	% Increase
Water Fixed Charge (daily) ¹	\$ 0.30	\$ 0.31	\$ 0.01	3.3%
Consumption Charge Block 1 (0-10 m3/month)	\$ 0.66	\$ 0.69	\$ 0.03	4.5%
Consumption Charge Block 2 (>10 m3/month)	\$ 1.32	\$ 1.38	\$ 0.06	4.5%
Wastewater/Storm Fixed Charge (daily) ¹				
	\$ 0.30	\$ 0.32	\$ 0.02	6.7%
Treatment Charge Block 1 (0-10 m3/month)	\$ 0.71	\$ 0.74	\$ 0.03	4.2%
Treatment Charge Block 2 (>10 m3/month)	\$ 1.41	\$ 1.48	\$ 0.07	5.0%
¹ Rate is for a 15-20 mm meter which most residential homes have installed.				



2016 COMBINED INCREASE

Drivers of 4.7% Rate Increase





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MUNICIPAL COMPARISON COMBINED RATE INCREASES

MUNICIPALITY							2016		2010-16
	2010	2011	2012	2013	2014	2015	%	Res \$ / Yr	Avg
Guelph	10.0%	10.0%	8.5%	8.0%	3.5%	4.1%	4.0%	\$ 31.00	6.9%
Halton	0.0%	4.1%	3.5%	4.8%	4.3%	4.9%	5.0% (P)	\$ 42.00	3.8%
London	8.5%	0.0%	7.5%	7.5%	7.5%	7.0%	3.0% (P)	\$ 25.00	5.9%
Norfolk	5.6%	6.2%	6.8%	7.2%	0.4%	2.4%	4.3% (P)	\$ 62.00	4.7%
Toronto	9.0%	9.0%	9.0%	9.0%	9.0%	8.0%	8.0% (P)	\$ 71.00	8.7%
Hamilton	4.0%	4.25%	4.25%	4.25%	4.0%	4.2%	4.7% (P)	\$ 29.00	4.2%
Average	6.2%	5.6%	6.6%	6.8%	4.8%	5.1%	4.8%	\$ 43.33	5.7%

(P) = proposed



2016 RESIDENTIAL AVERAGE BILL *

2014 Residential Bill	\$601.80
2015 Residential Bill	\$630.35
<i>Recommended Change (\$)</i>	<i>\$28.55</i>
<i>Recommended Change (%)</i>	<i>4.74%</i>

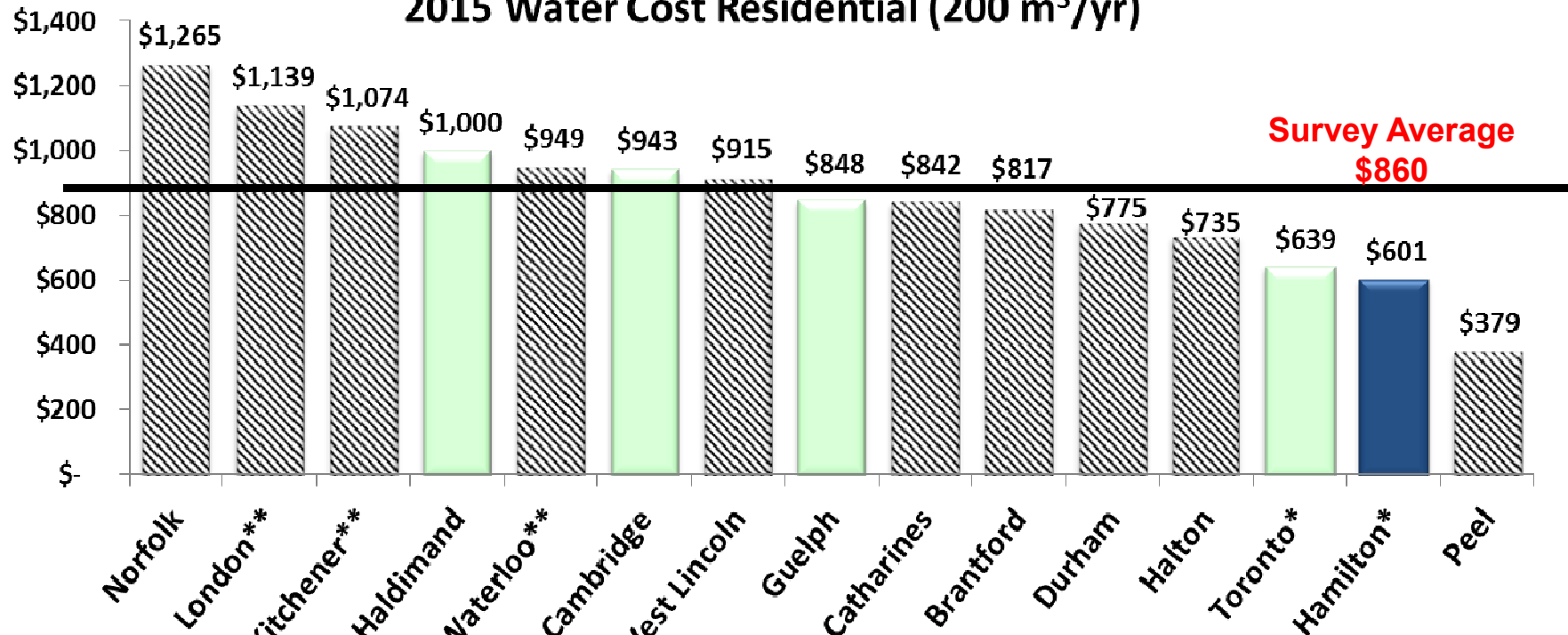
* Based on annual water consumption of 200m³



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HOW DOES HAMILTON COMPARE?

2015 Water Cost Residential (200 m³/yr)



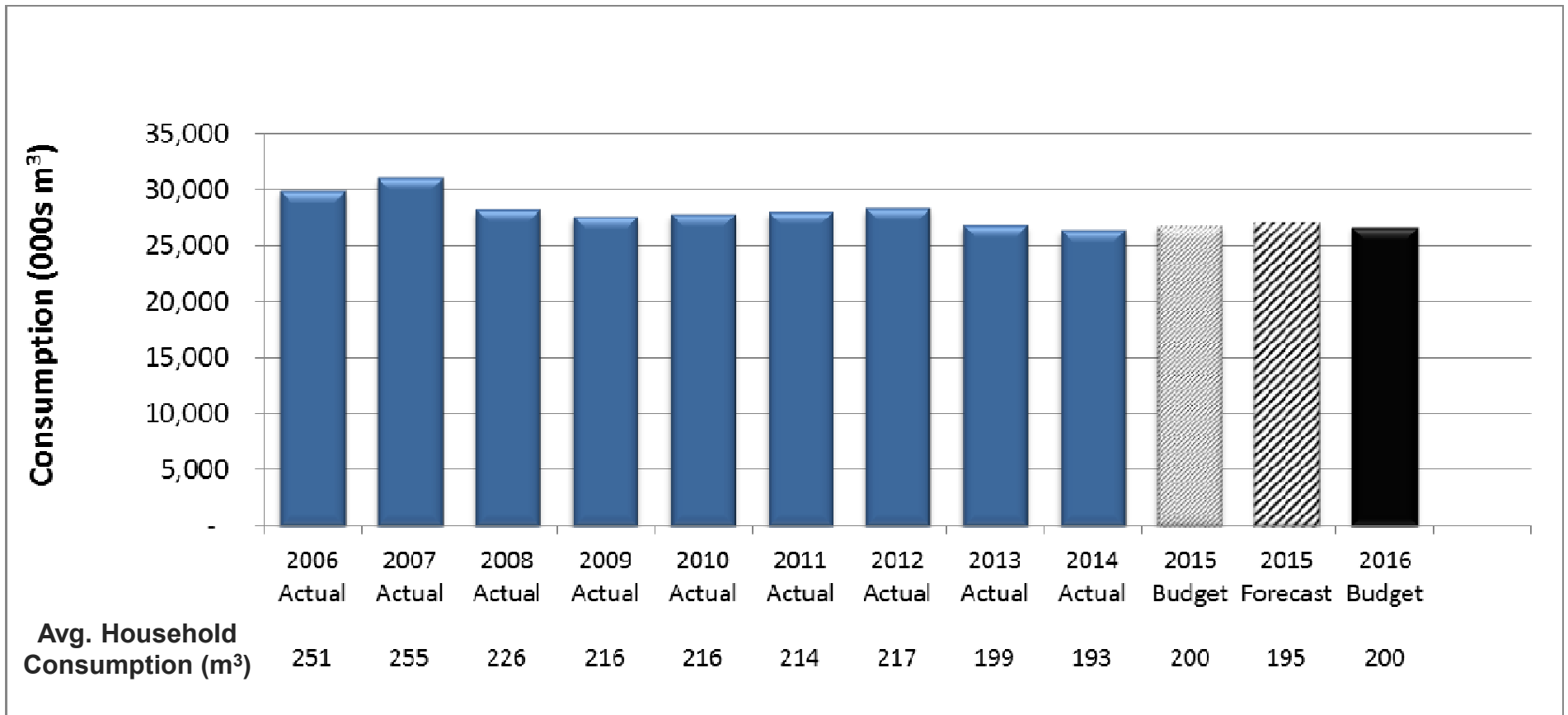
Household Usage (m³/yr)

240	165	250	165	204	204	163	180	180	200	250	274	280	200	290
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Stormwater funded by property taxes



RESIDENTIAL WATER CONSUMPTION (m³)





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ICI COST COMPARISON (2015 \$)

2015 COMBINED METERED WATER/WASTEWATER CHARGE COMPARISON WITH OTHER MUNICIPALITIES				
MUNICIPALITY	AVERAGE RESIDENTIAL 200 M ³		SMALL COMM/IND 325 M ³	
	Annual Charge	Ranking	Annual Charge	Ranking
Norfolk	\$1,265	1	\$1,766	1
London**	\$1,139	2	\$1,663	2
Kitchener**	\$1,074	3	\$1,336	4
Haldimand	\$1,000	4	\$1,291	5
Waterloo**	\$949	5	\$1,257	7
Cambridge	\$943	6	\$1,428	3
West Lincoln	\$915	7	\$1,231	9
Guelph	\$848	8	\$1,245	8
St. Catharines	\$842	9	\$1,220	10
Brantford	\$817	10	\$1,259	6
Durham	\$775	11	\$1,093	11
Halton	\$735	12	\$1,004	13
Toronto*	\$639	13	\$1,038	12
Hamilton*	\$601	14	\$942	14
Peel	\$379	15	\$616	15

D – Declining Block

D

D

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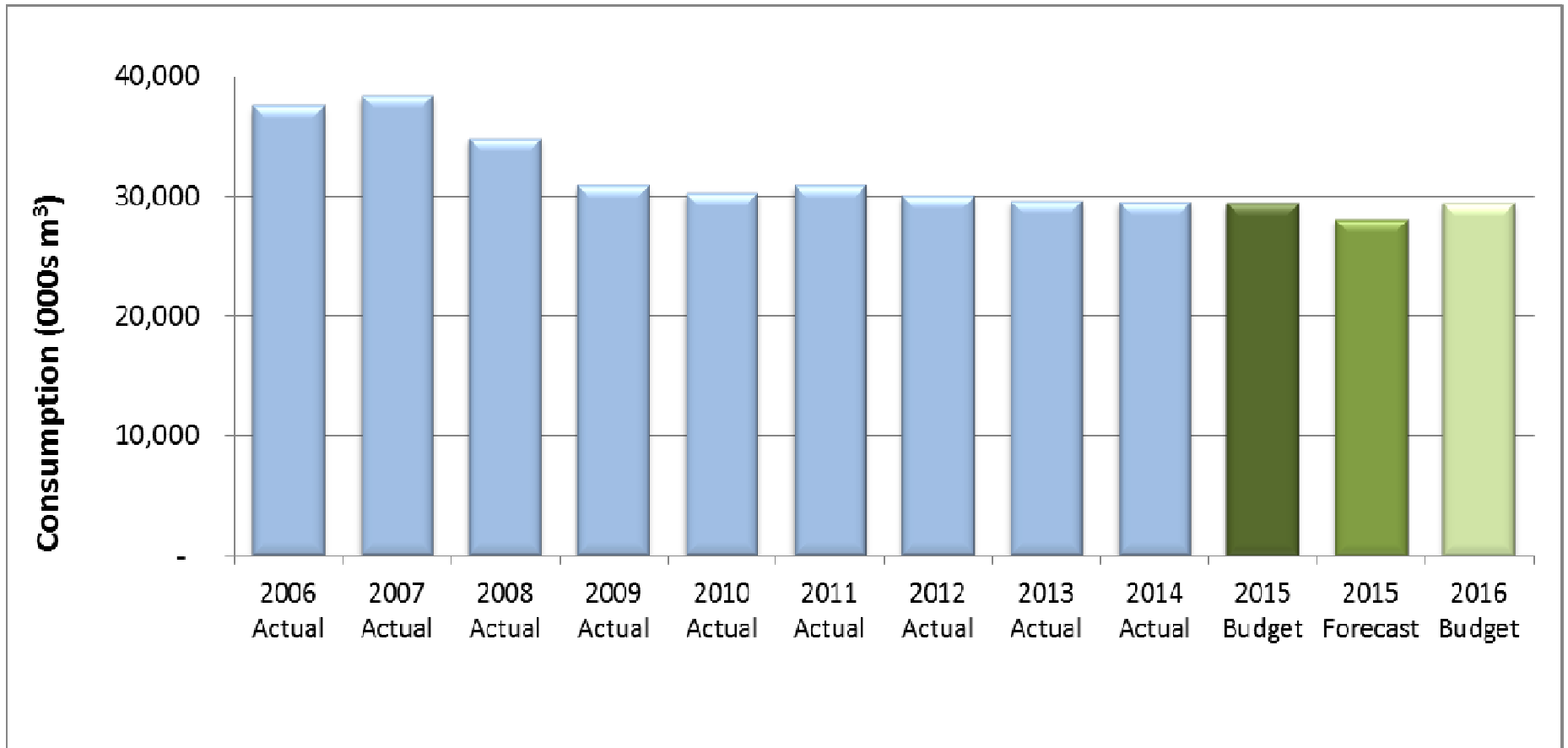
* Include stormwater management in their rates.

** Have dedicated stormwater user fee included within residential rates.

Note: All other municipalities fund stormwater from property taxes.

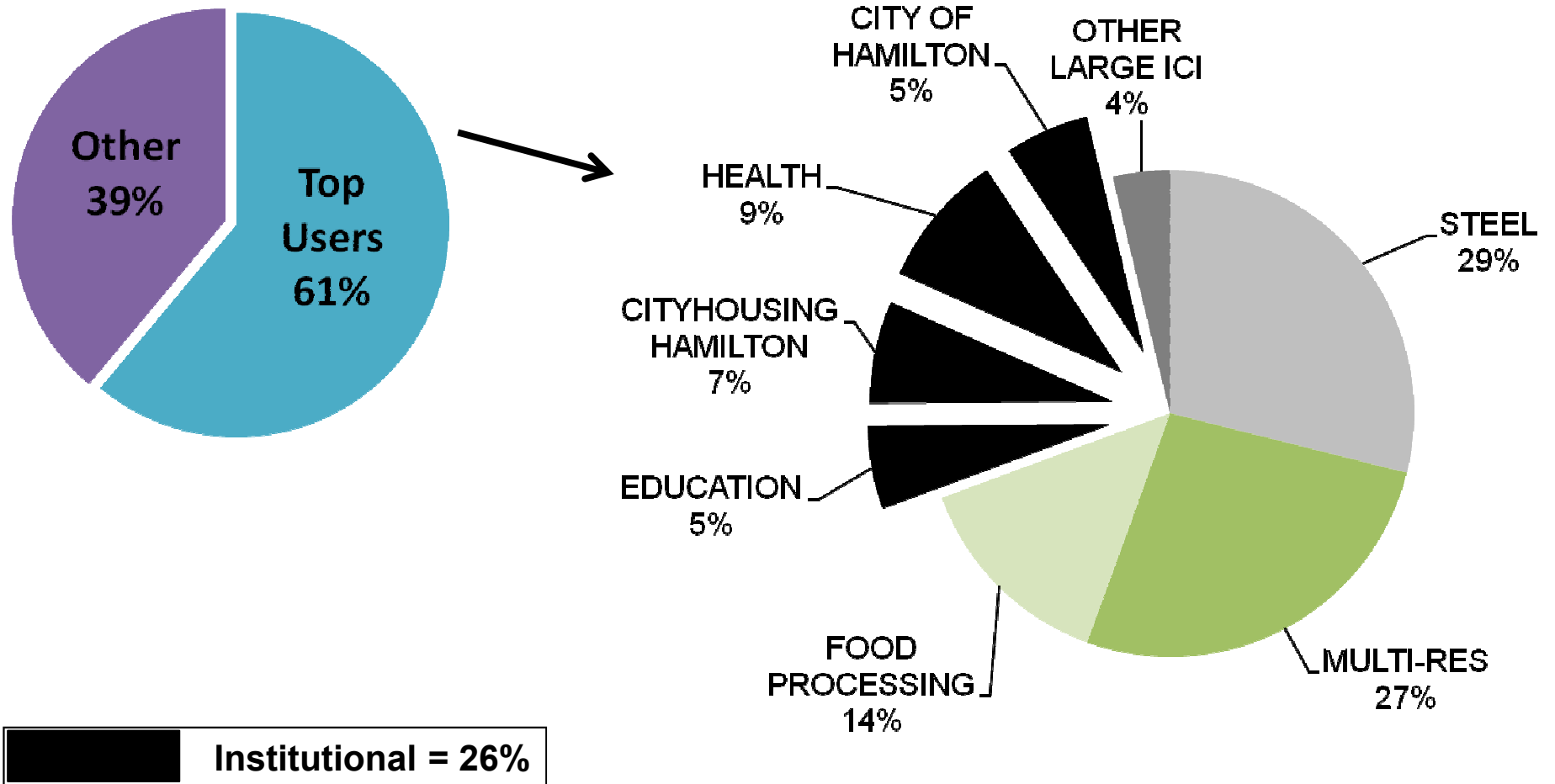


ICI/MULTI-RES CONSUMPTION (m³)





ICI/MULTI-RES COMPOSITION





NEXT STEPS

- GIC – December 4 (if required)
- Council Approval – December 9



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QUESTIONS

- Thank you