



Hamilton

---

# **2017 WATER WASTEWATER/STORM RATE BUDGET**

**November 18, 2016**

---



# OVERVIEW

---

- Capital Program
- Operating Budget Revenue  
& Rate Increase
- Forecast Consumption



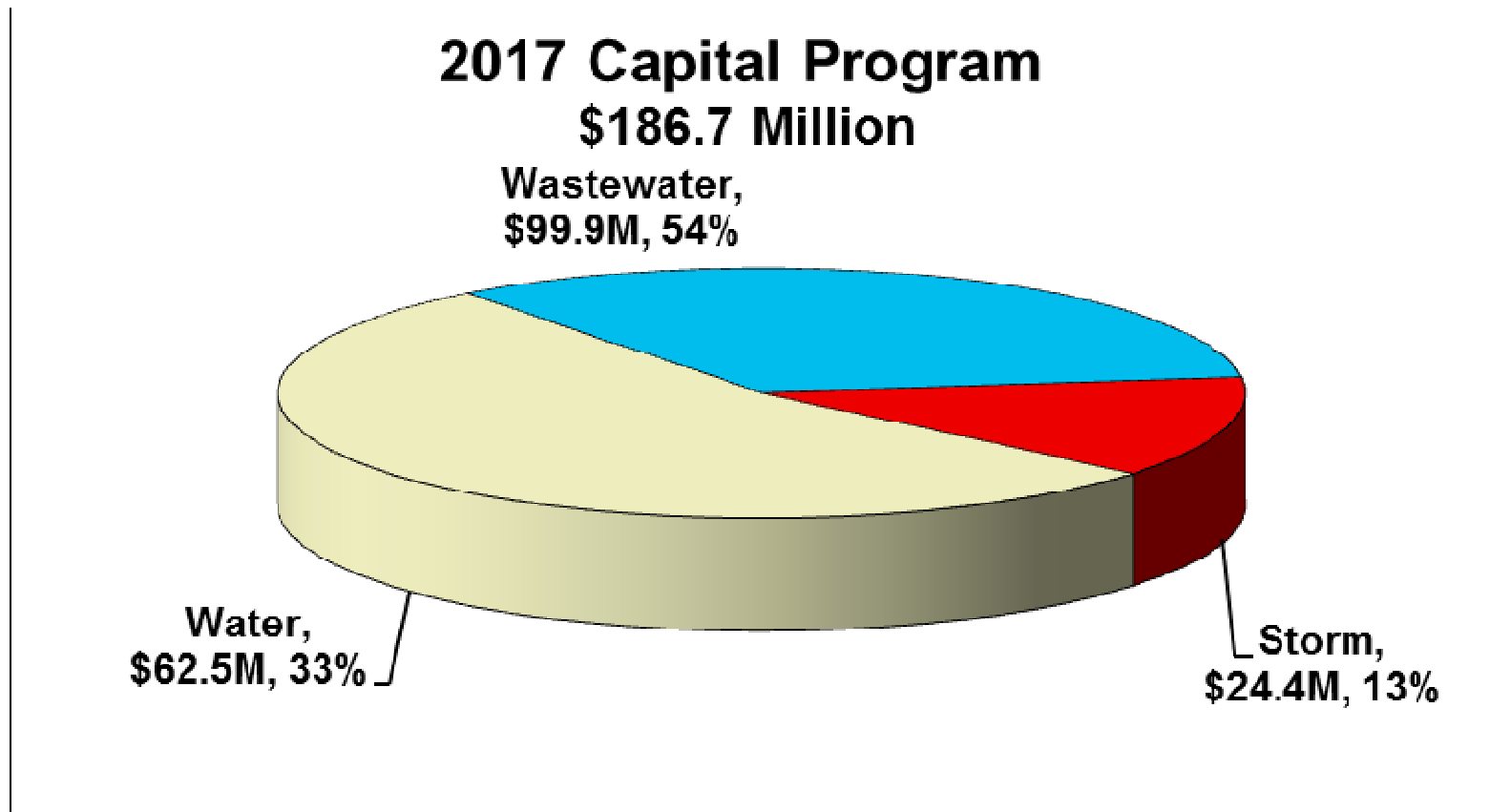
Hamilton

---

# 2017 Capital Program



# 2017 CAPITAL PROGRAM





Hamilton

# 2017 CAPITAL PROGRAM

(\$000's)

	<u>Water</u>	<u>Wastewater</u>	<u>Storm</u>	<u>Total</u>
Master Plans	23,550	8,660	-	32,210
Rehab., Replacement & Upgrade Projects	31,890	25,830	15,320	73,040
Treatment Plant/Outstations Projects	31,650	27,322	-	58,972
Projects Coordinated With Roads Program	7,510	70	670	8,250
SERG Projects	-	-	2,760	2,760
Development/ Extension Projects	5,250	520	5,630	11,400
Equipment	-	50	-	50
Total	99,850	62,452	24,380	186,682

# CAPITAL FINANCING STRATEGY

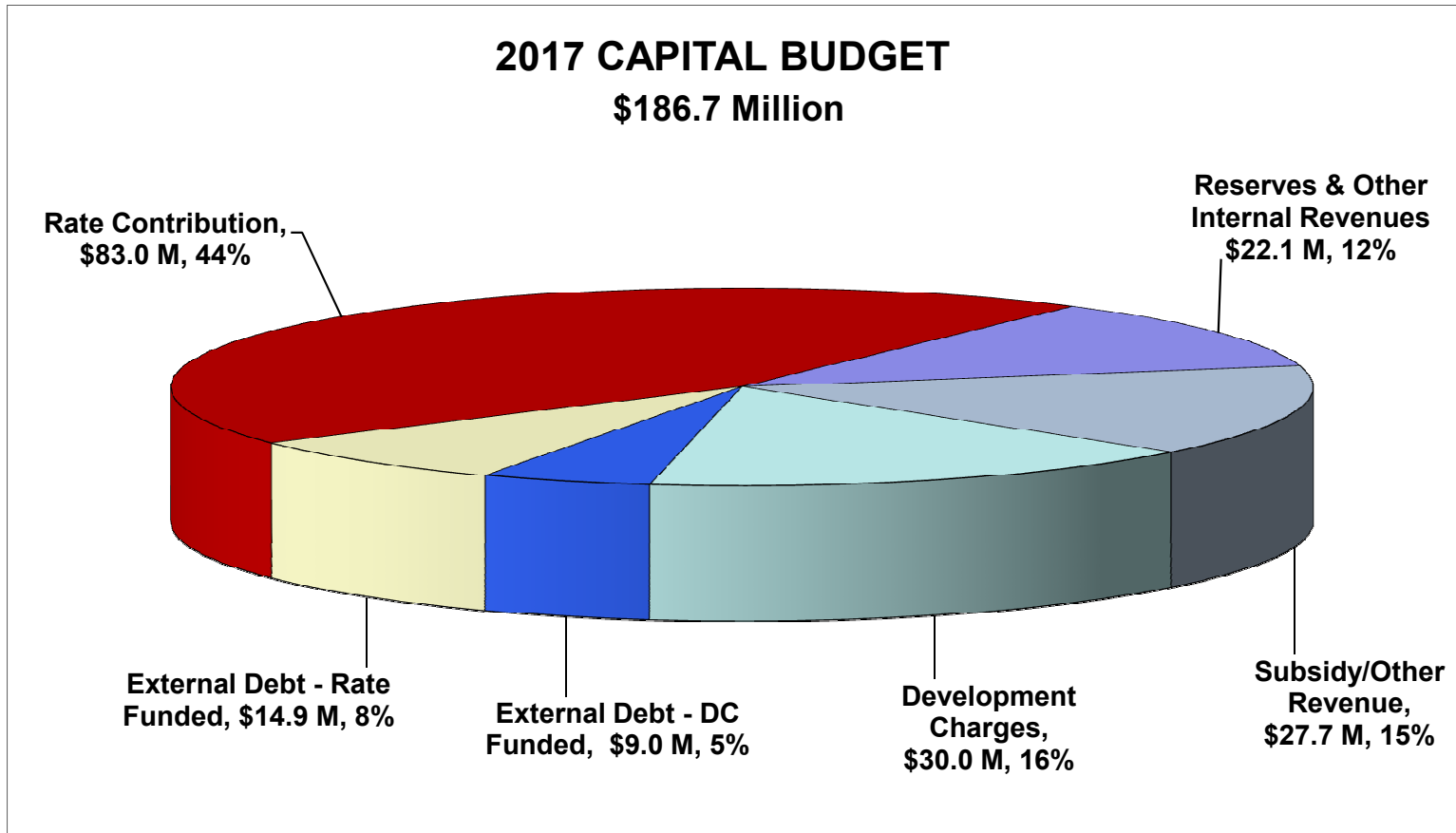
---

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



Hamilton

# 2017 CAPITAL FUNDING





Hamilton

---

# **10 Year Capital Strategy**





Hamilton

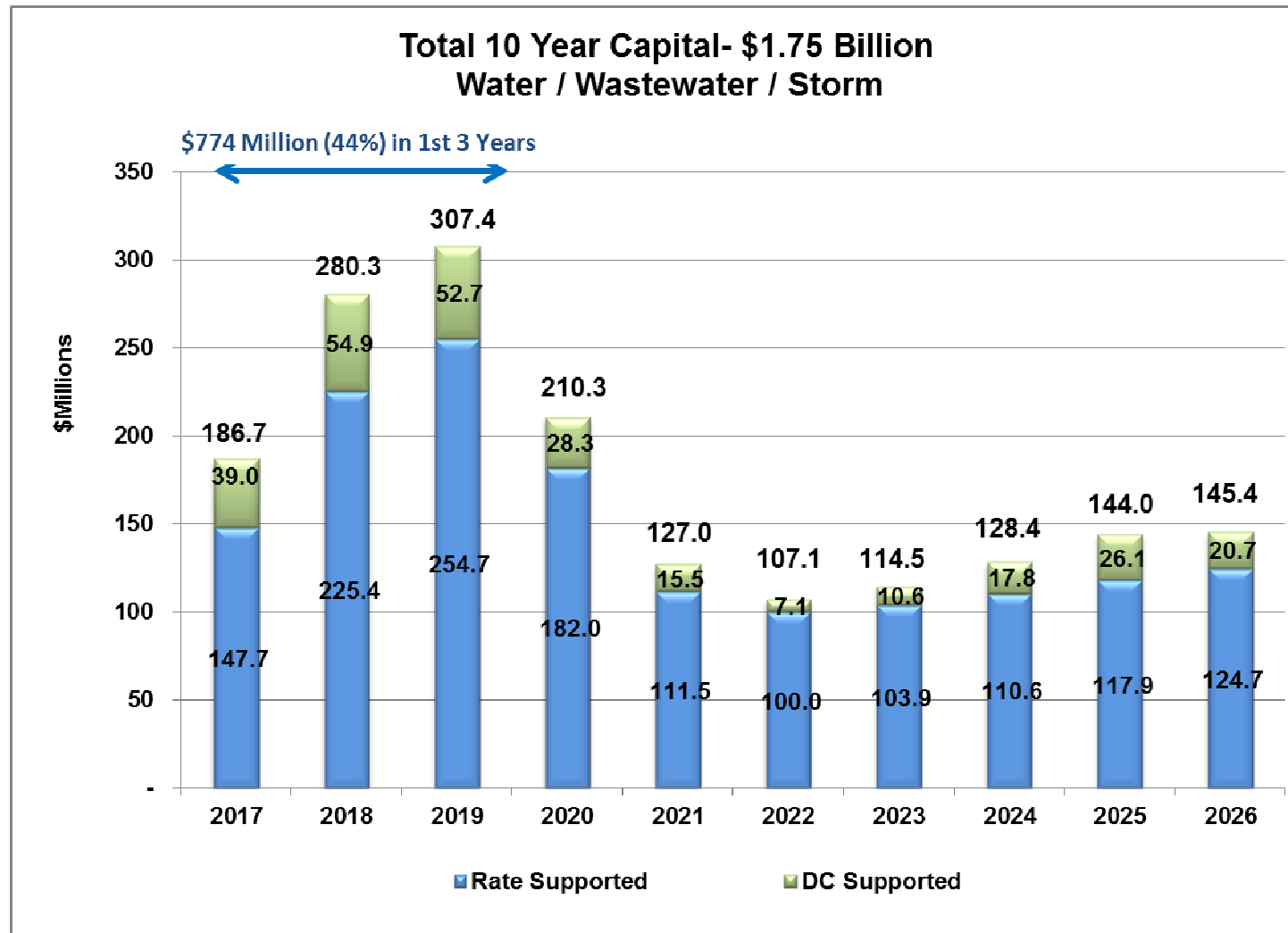
# CHANGE IN CAPITAL 10 YEAR FORECAST

\$ Millions	Rate Capital		Change	
	2016-2025	2017-2026	\$	%
Water	699.5	751.1	51.6	7.4%
Wastewater	863.8	868.7	4.9	0.6%
Storm	136.9	131.3	(5.6)	-4.1%
Total	<u>\$ 1,700.2</u>	<u>\$ 1,751.1</u>	<u>\$ 50.9</u>	<u>3.0%</u>



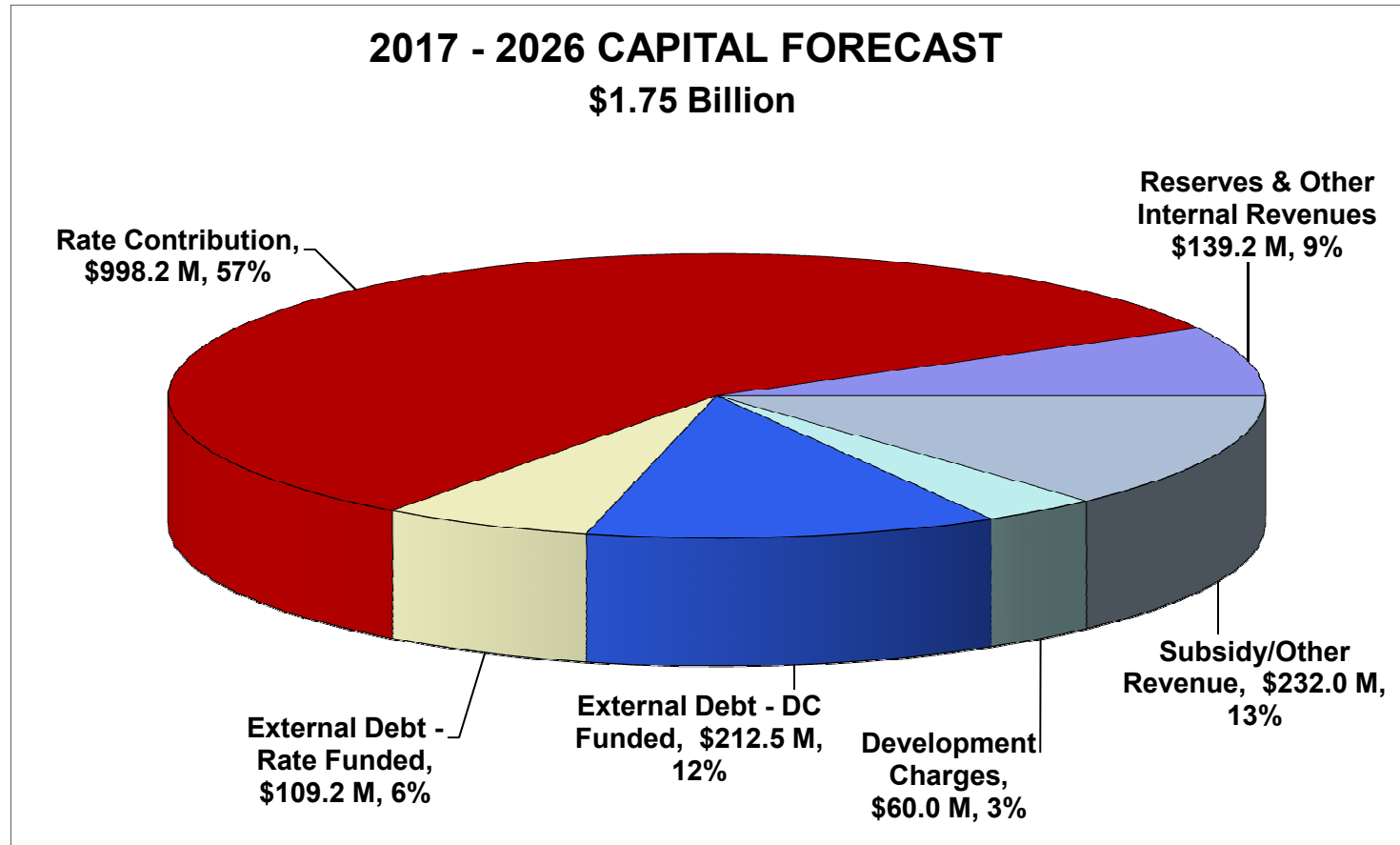
Hamilton

# CAPITAL BUDGET FORECAST

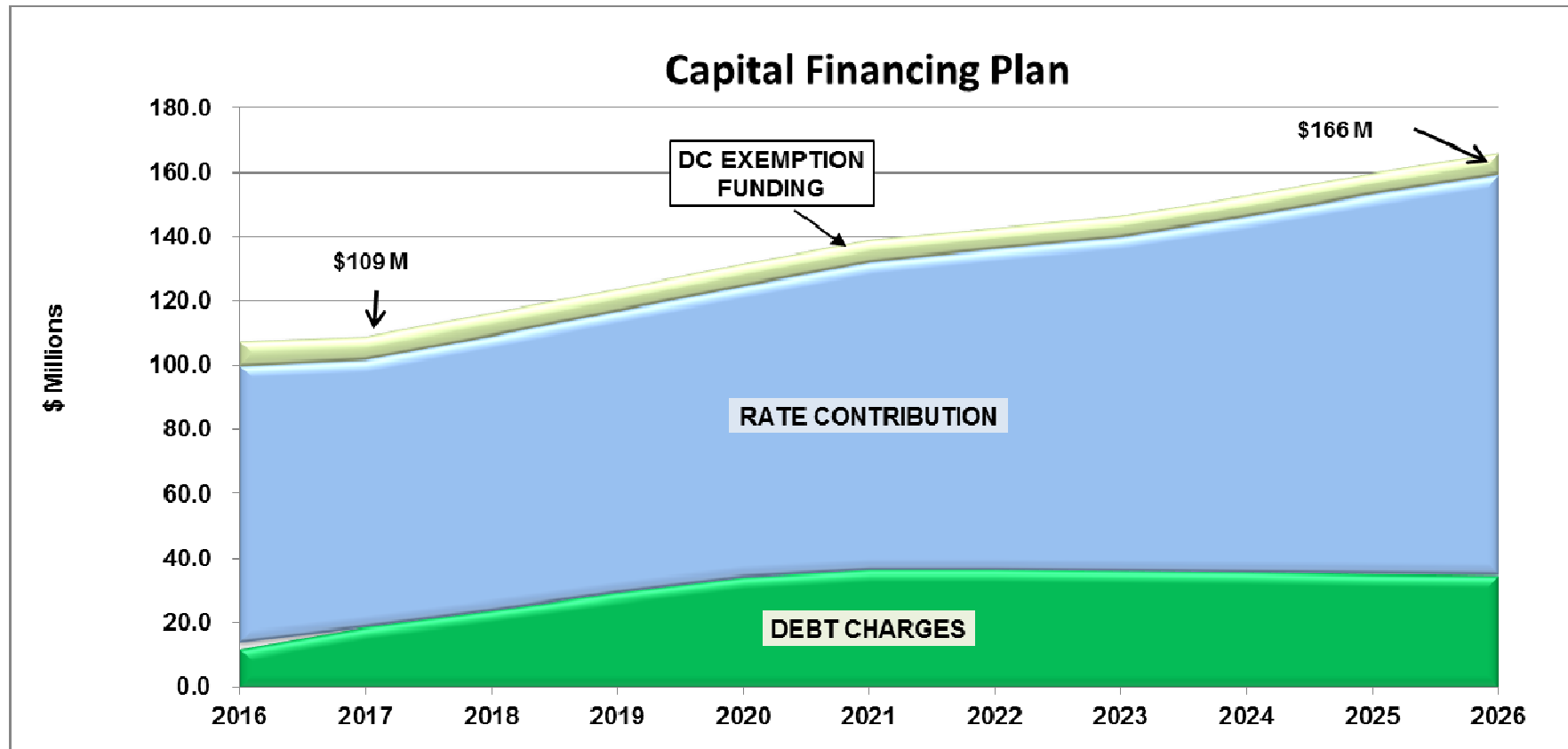




# 2017-2026 CAPITAL FUNDING



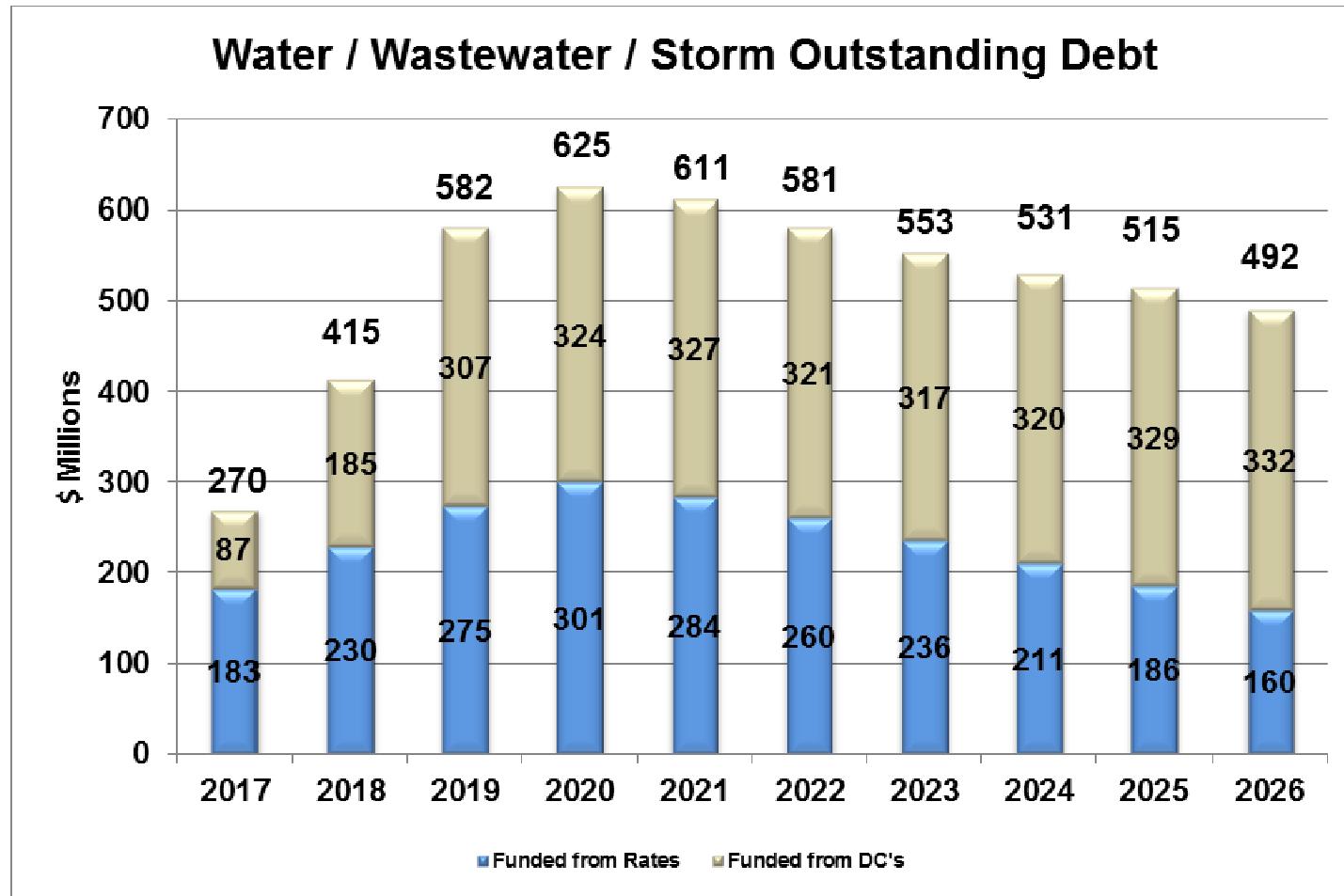
# CAPITAL FINANCING OPERATING IMPACT





Hamilton

# DEBT FORECAST





# RESERVE PURPOSES

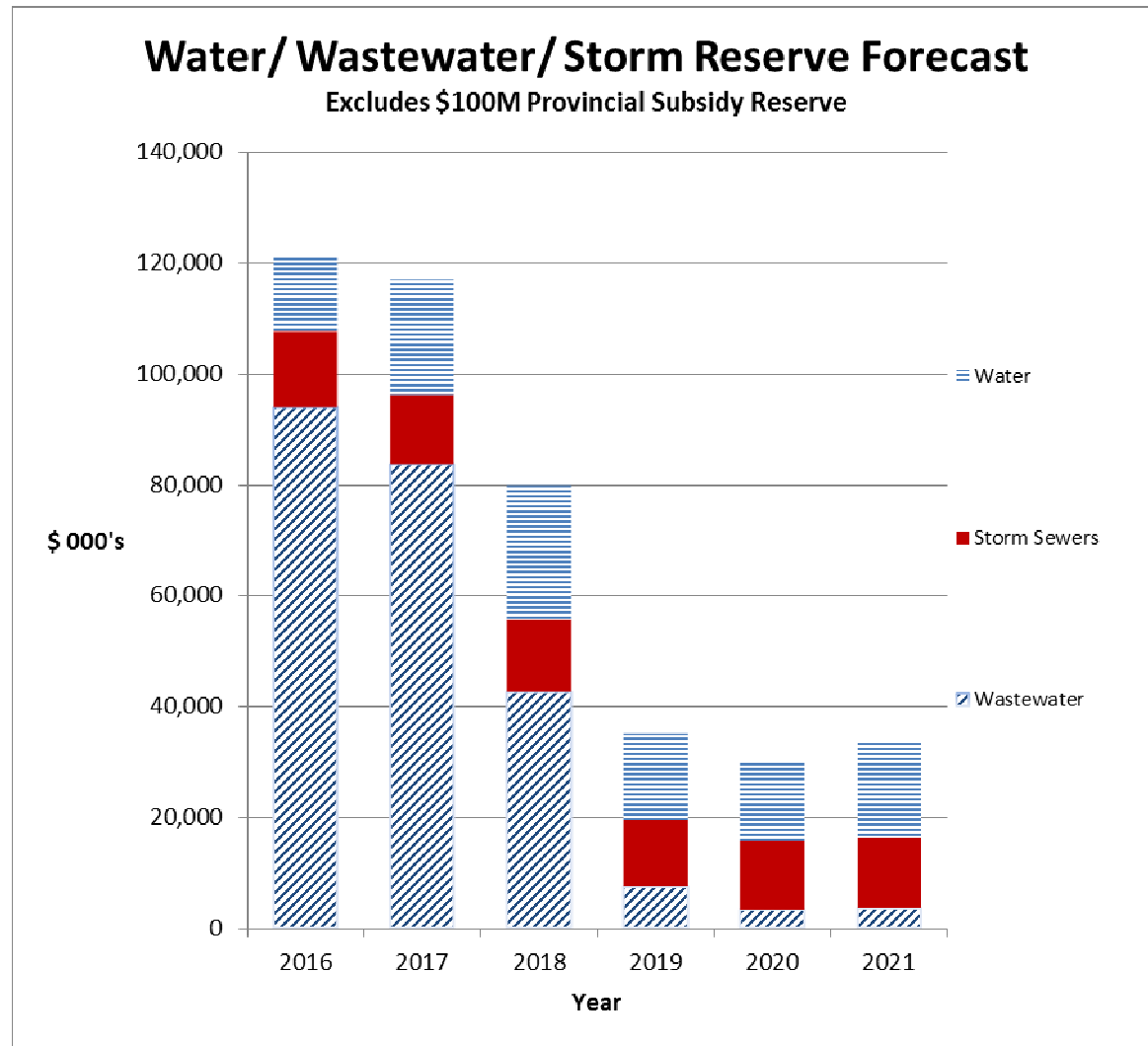
---

- 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
-



Hamilton

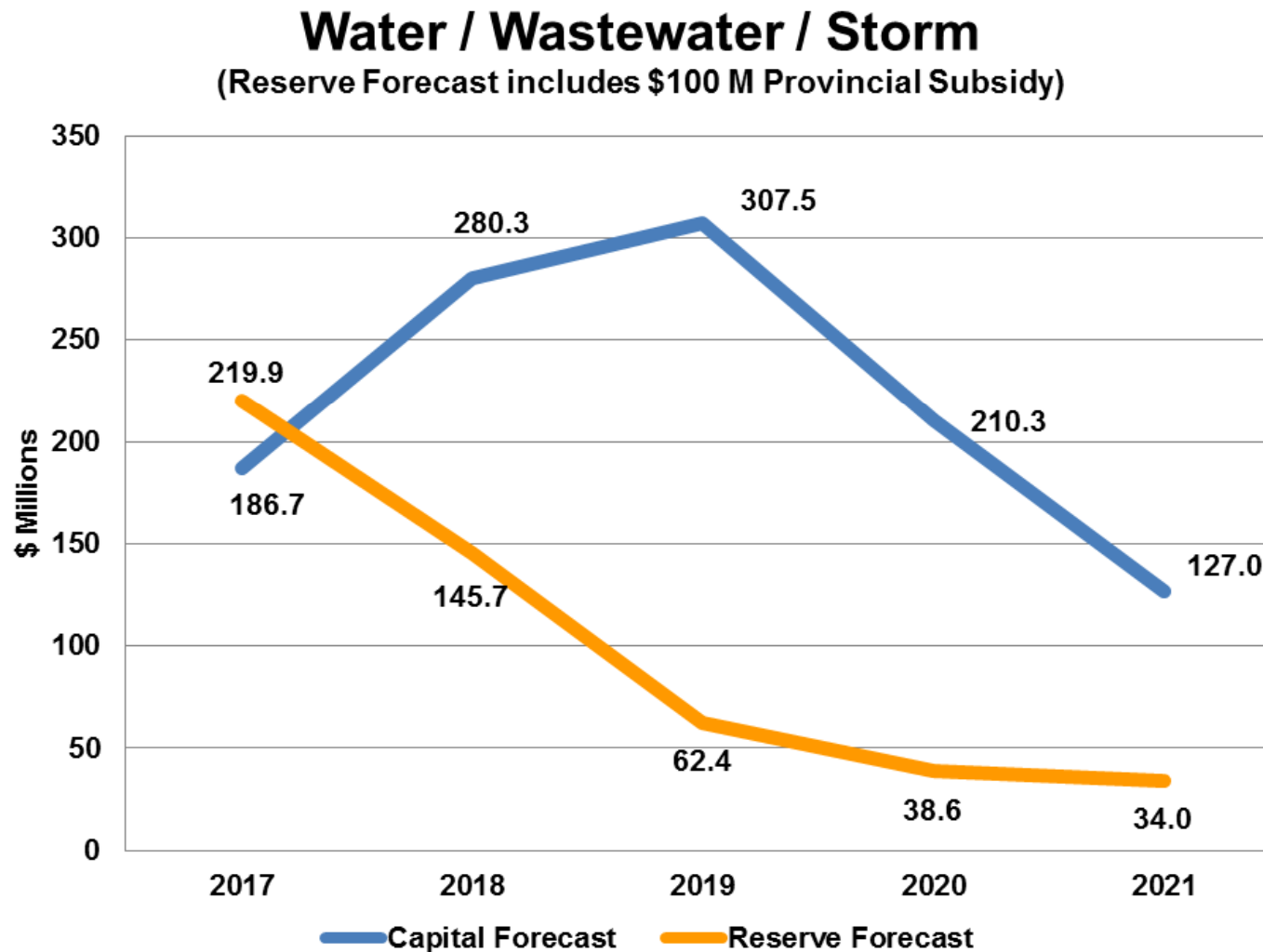
# RESERVE FORECAST





Hamilton

# CAPITAL & COMBINED RESERVE FORECAST







Hamilton

---

# **2017 Operating Budget Revenue and Rates**

---



Hamilton

## OPERATING BUDGET REVENUE OVERVIEW

	<b>Water (\$000's)</b>	<b>Wastewater / Storm (\$000's)</b>	<b>Total</b>
<b>2016 Restated Budget</b>	<b>\$93,064</b>	<b>\$99,250</b>	<b>\$192,314</b>
<b>Rate revenue from 4.85% increase in 2017</b>	<b>\$ 4,146</b>	<b>\$ 4,486</b>	<b>\$ 8,632</b>
<b>Change in Other Revenues</b>	<b>\$ 584</b>	<b>(\$ 861)</b>	<b>(\$ 277)</b>
<b>2017 Proposed Budget</b>	<b>\$97,794</b>	<b>\$102,875</b>	<b>\$200,669</b>



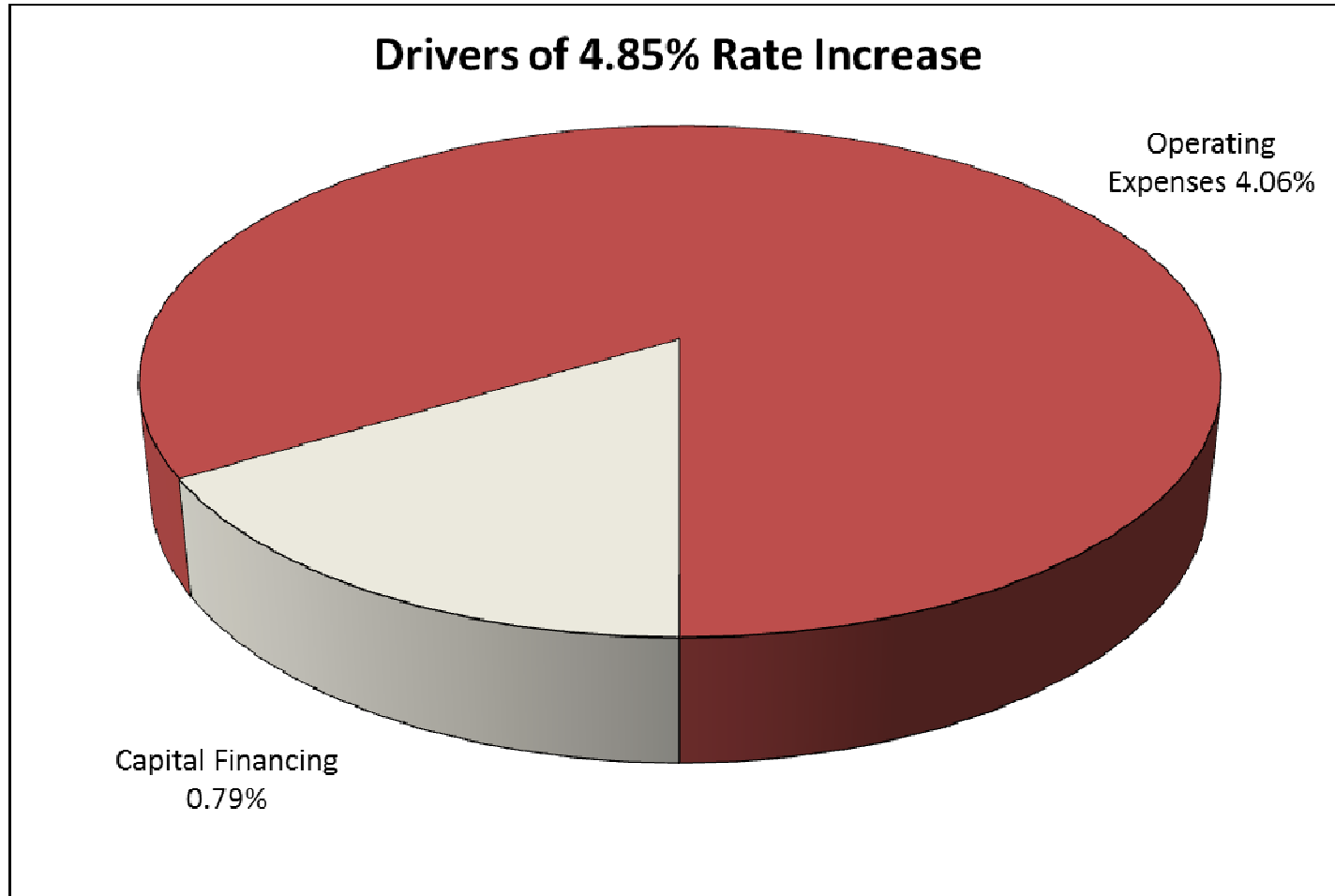
Hamilton

# 2017 PROPOSED RATES

	2016	2017	Increase
<b>Water</b> Fixed Charge (daily) <sup>1</sup>	\$0.31	<b>\$0.33</b>	\$0.02
Consumption Charge Block 1 ( 0-10 cubic metres/month)	\$0.69	<b>\$0.72</b>	\$0.03
Consumption Charge Block 2 ( >10 cubic metres/month)	\$1.38	<b>\$1.43</b>	\$0.05
<b>Wastewater/Storm</b> Fixed Charge (daily) <sup>1</sup>	\$0.32	<b>\$0.34</b>	\$0.02
Treatment Charge Block 1 ( 0-10 cubic metres/month)	\$0.74	<b>\$0.77</b>	\$0.03
Treatment Charge Block 2 ( >10 cubic metres/month)	\$1.48	<b>\$1.54</b>	\$0.06
<sup>1</sup> Rate is for a 15-20 mm meter which most residential homes have installed.			



# 2017 COMBINED RATE INCREASE





Hamilton

# MUNICIPAL COMPARISON COMBINED RATE INCREASES

MUNICIPALITY	2010	2011	2012	2013	2014	2015	2016	2017	2010-17 Avg
<b>Guelph</b>	10.0%	10.0%	8.5%	8.0%	3.5%	5.2%	4.0%	5.0% (P)	6.8%
<b>Halton</b>	0.0%	4.1%	3.5%	4.8%	4.3%	4.9%	5.0%	4.9% (P)	3.9%
<b>London</b>	8.5%	0.0%	7.5%	7.5%	7.5%	7.0%	3.0%	3.0% (P)	5.5%
<b>Norfolk</b>	5.6%	6.2%	6.8%	7.2%	0.4%	3.9%	4.3%	4.3% (P)	4.8%
<b>Toronto</b>	9.0%	9.0%	9.0%	9.0%	9.0%	8.0%	8.0%	8.0% (P)	8.6%
<b>Hamilton</b>	4.0%	4.25%	4.25%	4.25%	4.0%	4.2%	4.7%	4.9% (P)	4.3%
<b>Average</b>	6.2%	5.6%	6.6%	6.8%	4.8%	5.5%	4.8%	5.0% (P)	5.7%

(P) = Proposed



Hamilton

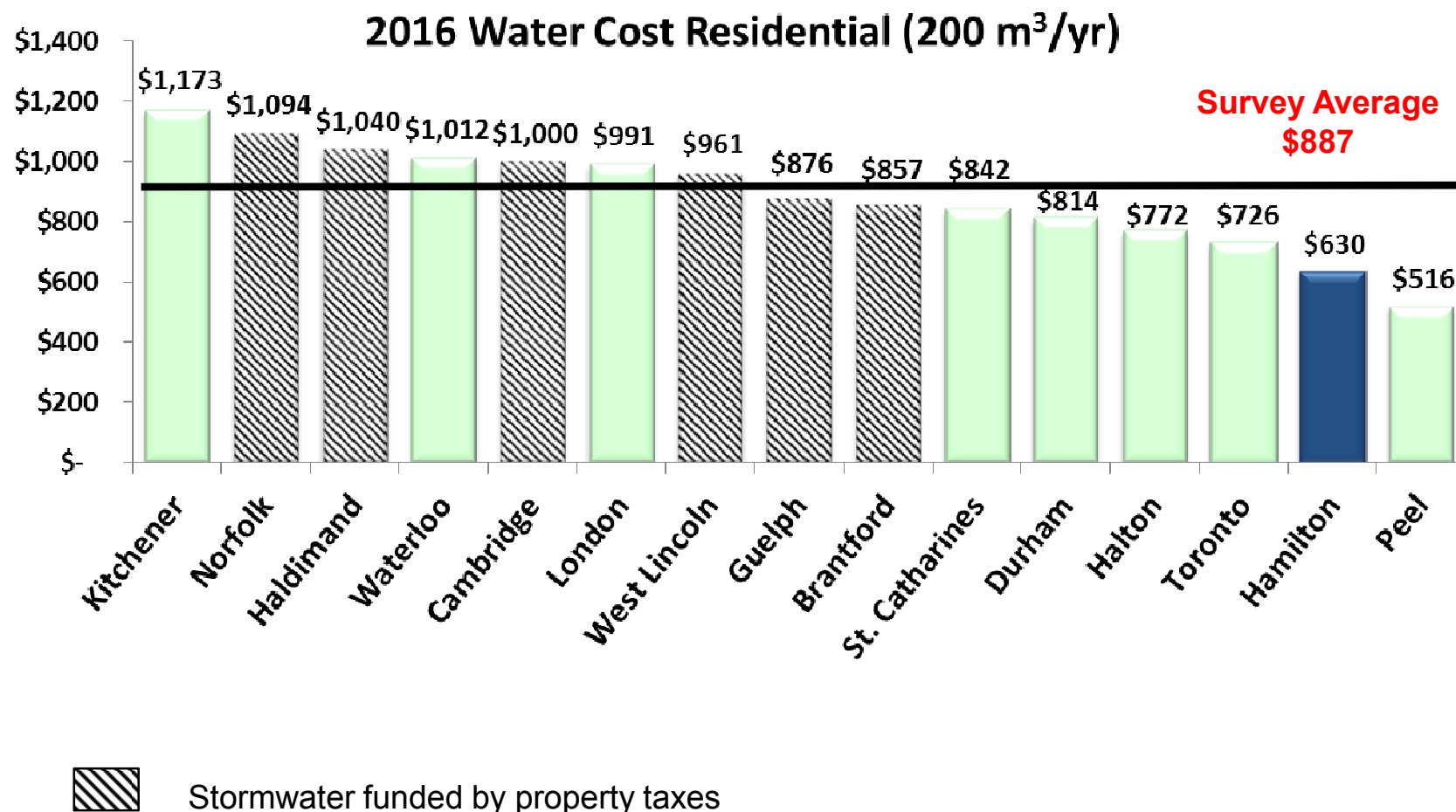
## 2017 RESIDENTIAL AVERAGE BILL \*

---

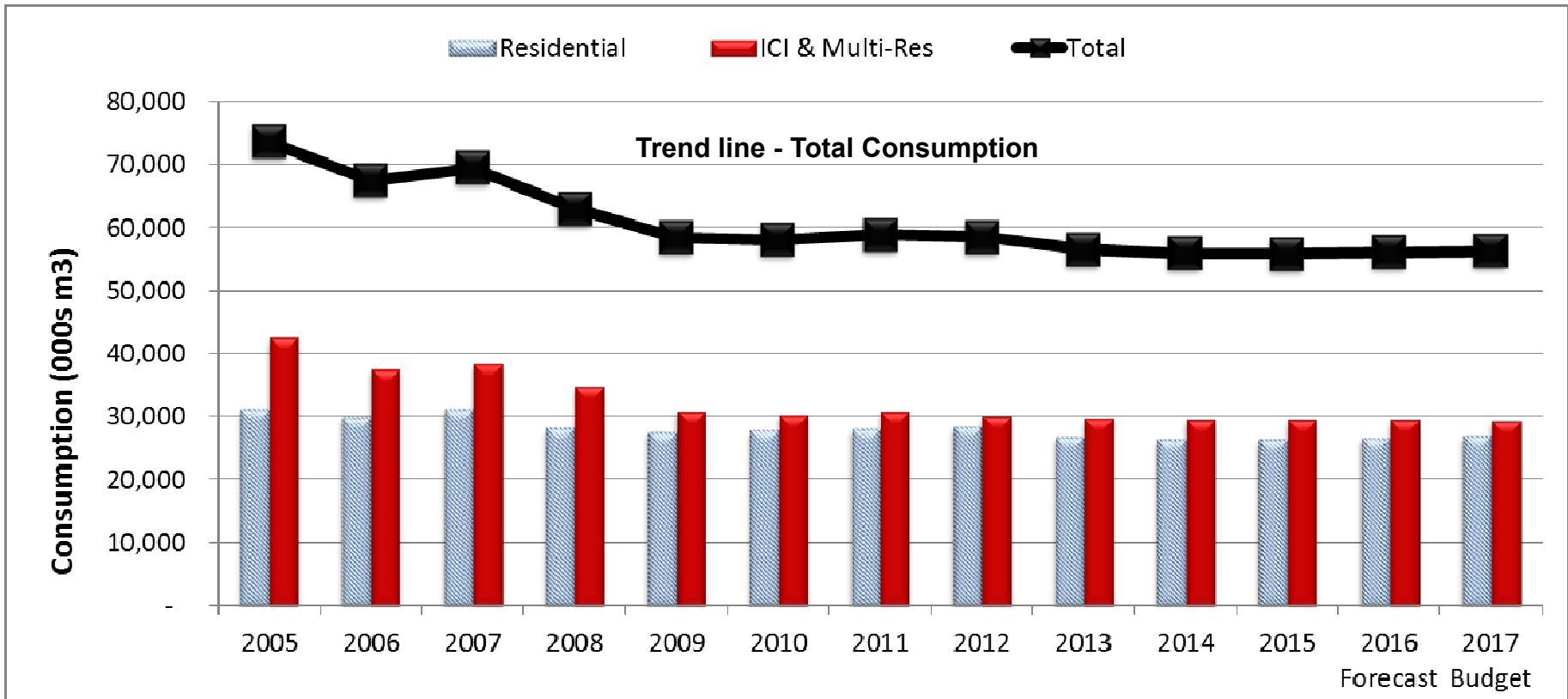
2016 Residential Bill	\$630.35
<b>2017 Residential Bill</b>	<b>\$660.95</b>
<i>Recommended Change (\$)</i>	<i>\$30.60</i>
<b><i>Recommended Change (%)</i></b>	<b><i>4.85%</i></b>

\* Based on annual water consumption of 200m<sup>3</sup>

# HOW DOES HAMILTON COMPARE?



# RESIDENTIAL – ICI/MULTI-RES CONSUMPTION COMPARISON

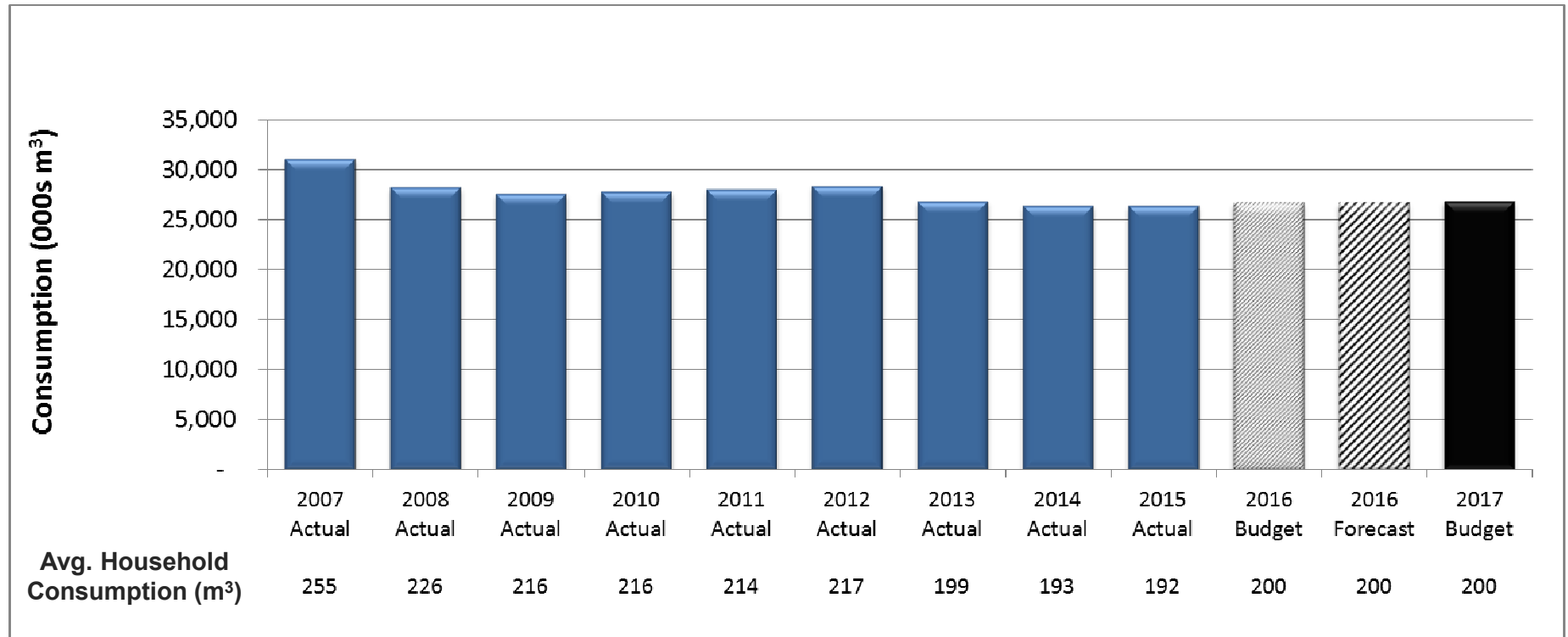






Hamilton

# RESIDENTIAL WATER CONSUMPTION (m<sup>3</sup>)





Hamilton

# ICI COST COMPARISON (2016 \$)

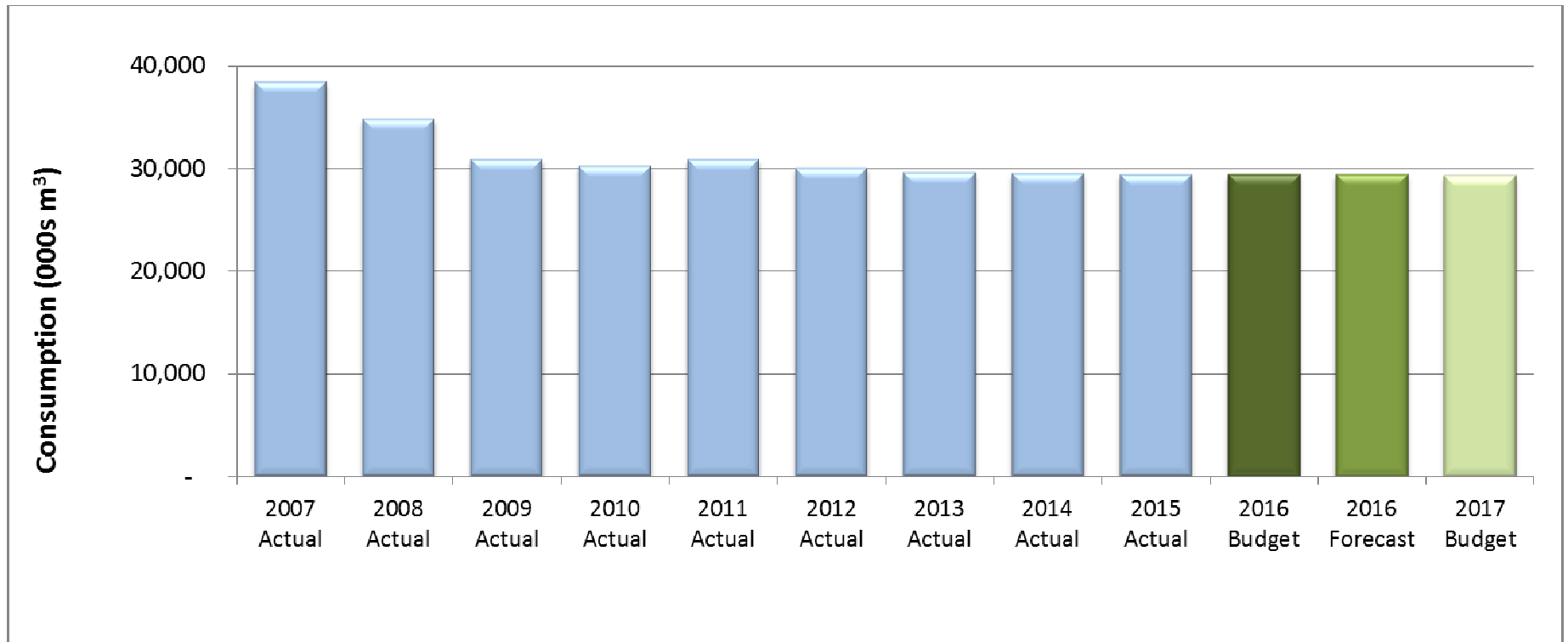
2016 COMBINED METERED WATER/WASTEWATER CHARGE COMPARISON WITH OTHER MUNICIPALITIES				
MUNICIPALITY	MID-SIZE COMM/IND 2,272 M <sup>3</sup>		LARGE COMM/IND 22,727 M <sup>3</sup>	
	Annual Charge	Ranking	Annual Charge	Ranking
Kitchener	\$10,211	1	\$102,140	1
Cambridge*	\$9,709	2	\$94,015	2
Waterloo	\$8,865	3	\$88,375	3
Brantford*	\$8,590	4	\$84,908	4
Toronto	\$8,251	5	\$82,535	6
Guelph*	\$7,861	6	\$77,308	5
Norfolk*	\$7,371	7	\$68,741	8
St. Catharines	\$7,205	8	\$69,436	7
West Lincoln*	\$7,117	9	\$63,889	10
Halton	\$6,582	10	\$55,702	12
<b>Hamilton</b>	<b>\$6,560</b>	<b>11</b>	<b>\$66,324</b>	<b>9</b>
London	\$6,472	12	\$49,239	14
Haldimand*	\$6,193	13	\$63,188	11
Durham	\$5,948	14	\$54,872	13
Peel	\$4,701	15	\$47,022	15

\* Fund stormwater from  
property taxes.



Hamilton

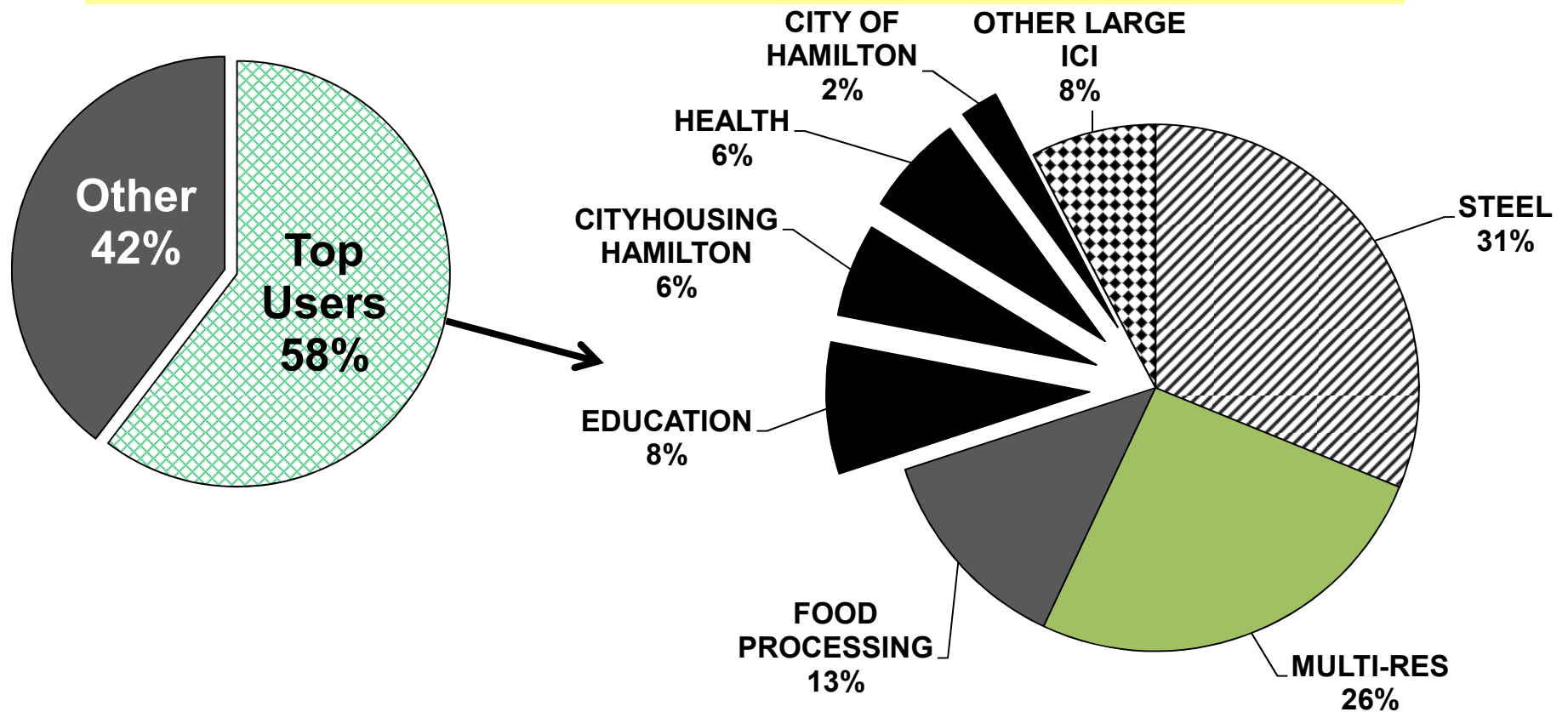
# ICI/MULTI-RES CONSUMPTION (m<sup>3</sup>)





Hamilton

# ICI/MULTI-RES COMPOSITION 2016



 Institutional = 22%



## 2017 RATE BUDGET NEXT STEPS

---

- Council Approval: November 23/16
- If required:
  - GIC: December 2/16
  - Council Approval: December 14/16



# QUESTIONS

---

- Thank you