



Mississippi
Mills

2019 WATER & SEWER BUDGET



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Introduction

Water and Sewer is an essential service provided to users connected to the municipal system which is represented by approximately 3,060 water and sewer accounts. The system is managed and maintained by the public works department responsible for providing clean and safe drinking water and the treatment of wastewater for those living and working in the serviced area of Mississippi Mills.

The operating and capital costs to provide this service is recovered fully through water billings issued every two months after applying all other water and sewer related revenues such as Federal and Provincial grants, development charges, interest on overdue accounts, etc. **No funding for water and sewer services is provided through municipal taxation.**

Council's responsibility is to provide wise stewardship of all assets; human, financial and physical which includes all water and sewer related assets. Financial decisions will be required that meet the needs of the community while still providing quality services. It is Council's responsibility to make the best use of public funds to ensure that the residents are getting the most out of the rates they pay for this service.

Council also needs to ensure that their decisions are in keeping with legislation, municipal by-laws, policies and Federal and Provincial regulations. In addition to the *Municipal Act*, the key legislation applicable to water and sewer is as follows:

- ▶ *Occupational Health & Safety Act*
- ▶ *Safe Drinking Water Act*
- ▶ *Clean Water Act*
- ▶ *Ontario Water Resources Act*
- ▶ *Wastewater Systems Effluent Regulation (Federal)*
- ▶ *Development Charges Act*
- ▶ *Employment Standards Act*

2019 Budget Assumptions & Challenges

Municipalities are prevented from having budgets that do not balance per Section 290 (2) (b) of the *Municipal Act*. Unlike Federal and Provincial budgets that can be approved with a deficit, a municipality's annual revenues and expenses must be equal. Expenses and revenues must also be kept separate and not netted against each other. This is an important concept in understanding and following the budget document.

The 2019 water and sewer budget includes the following:

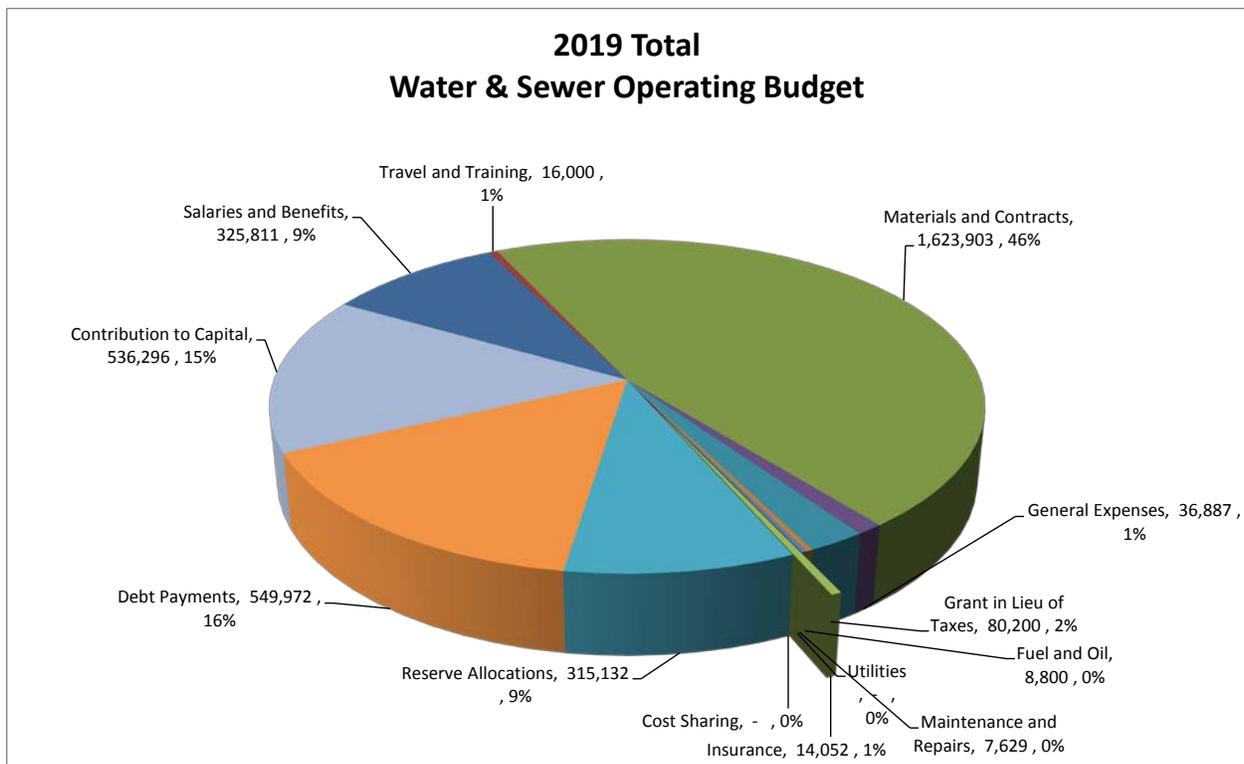
- 1) Hydro revenue is shared with the municipal budget based on By-law 15-128. For 2019 the allocation is 37% water and sewer and 63% municipal.
- 2) The water and sewer rate increase is established at 3% as per the approved Water and Sewer rate study.
- 3) Previously approved internally financed projects will be repaid to reserves plus an additional \$200,000 allocation for future capital replacement needs. The Ottawa St./Honeyborne St. looping project is also being proposed to be internally financed from reserves.
- 4) The work on Victoria St. is to be long term financed. No other long term financing is included with the exception of the detailed design for the Almonte Downtown renewal project which is a carryover from the approved 2018 budget (and shared with the municipal budget).
- 5) Reserve and development charge allocations are as outlined in the capital budget document.

Executive Summary

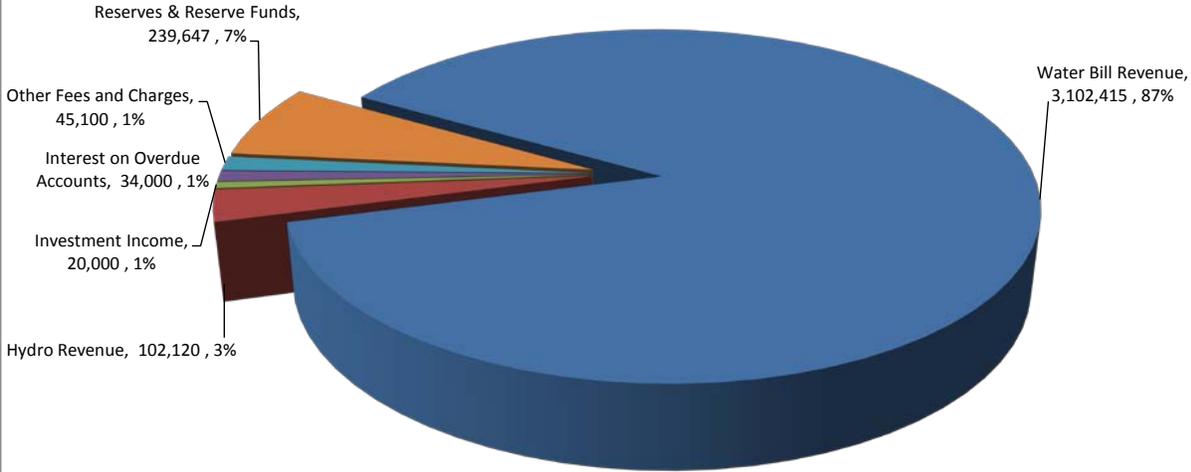
The 2019 budget is broken down into two parts; operating and capital:

- 1) The operating budget of \$3,543,282 includes the day to day requirements to manage and operate the water and sewer system for those residents and businesses connected to this service. It includes such items as salaries and benefits, contracts with the Ontario Clean Water Agency (OCWA) and material and supplies, etc. More specifically, the operating costs relate to inspection, cleaning and repairs to the sanitary collection system and the water distribution system.

The operating budget is recovered through revenue sources like water and sewer billings, development charges, hydro revenue sharing, interest on overdue accounts, water meter sales and other miscellaneous revenues.



2019 Total Water & Sewer Operating Revenues



Municipality of Mississippi Mills
 2019 Water and Sewer Budget Summary

	A	B	C	D=B + C	E= C/B	
	2017 Actual	2018 Approved Budget	2019 Program Change	2019 Requested Budget	% 2019 Requested/2018 Budget	
Expenditures:						
Remuneration, Salaries & Benefits	320,742	310,385	15,426	325,811	4.97%	Includes Step increase, CPI, Union hourly rates
Travel & Training	19,432	16,000	-	16,000	0.00%	
Materials & Contracts	1,596,135	1,592,857	31,046	1,623,903	1.95%	Includes contract increases for OCWA
General Operating Expenses	17,420	33,250	3,637	36,887	10.94%	Includes Postage, Office Supplies, Professional fees etc.
Fuel & Oil	7,275	8,300	500	8,800	6.02%	
M&R (facilities, fleet etc.)	4,238	7,481	148	7,629	1.98%	
Grant in Lieu of Taxes	79,107	79,200	1,000	80,200	1.26%	
Insurance	22,742	16,716	(2,664)	14,052	-15.94%	
Machine Time	24,561	28,700	(100)	28,600	-0.35%	
Transfers to Reserves	617,193	362,091	(46,959)	315,132	-12.97%	
Debt Repayments	490,127	495,197	54,775	549,972	11.06%	WWTP, Perth/Country/Bridge, SCADA/State and Martin
Capital Expenditures	315,306	546,635	(10,339)	536,296	-1.89%	Refer to capital budget for details
Total Expenditures	3,514,278	3,496,812	46,470	3,543,282	1.33%	
Revenues						
Water Bill Revenue	2,829,633	2,861,065	241,350	3,102,415	8.44%	Estimate based on proposed rate changes, consumption and #users
Hydro Revenue	299,049	150,480	(48,360)	102,120	-32.14%	Interest only, no dividend
Investment Income	31,490	35,000	(15,000)	20,000	-42.86%	
Interest on overdue water accounts	35,220	32,520	1,480	34,000	4.55%	
Other Fees & Charges	79,239	43,100	2,000	45,100	4.64%	
Transfer from Reserves	-	135,000	(135,000)	-	0.00%	
Transfer from DCs	239,647	239,647		239,647	0.00%	Per updated rate study for WWTP debt
Total Revenues	3,514,278	3,496,812	46,470	3,543,282	1.33%	
Net	-	-	-	-	0.00%	

Water and Sewer											
2019 Budget											
Line #	Description	2019 Budget	2018 Budget	\$ Change	% Change	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual	2013 Actual
Revenue											
1	Interest & Dividends-ORPC	- 44,400.00	- 64,680.00	20,280.00	-31%	- 54,056.56	- 70,788.57	- 81,878.90	- 92,911.39	- 91,256.37	- 118,652.12
2	Interest and Dividends-MRPC	- 44,400.00	- 66,000.00	21,600.00	-33%	- 189,750.00	- 206,660.00	- 224,250.00	- 84,000.00	- 90,000.00	- 96,000.00
3	Rental Income-MRPC	- 13,320.00	- 19,800.00	6,480.00	-33%	- 19,800.00	- 21,600.00	- 23,400.00	- 25,200.00	- 27,000.00	- 19,200.00
4	Water Bill Revenue	- 3,102,415.00	- 2,861,065.00	- 241,350.00	8%	- 3,077,574.35	- 2,829,633.41	- 2,741,491.26	- 2,519,578.19	- 2,220,603.59	- 2,094,048.93
5	Miscellaneous Waterworks	-	-	-	0%	- 37,597.97	-	- 10,312.17	-	-	-
6	Waterworks-Remote meters	- 32,500.00	- 31,000.00	- 1,500.00	5%	- 47,182.03	- 60,894.31	- 32,133.94	- 37,399.46	- 22,427.49	- 34,831.12
7	Waterworks-W&S Connections	- 9,000.00	- 8,500.00	- 500.00	6%	- 9,600.00	- 14,724.78	- 8,900.00	- 10,153.98	- 5,700.00	- 9,450.00
8	Waterworks-Hydrant Rental	- 3,500.00	- 3,500.00	-	0%	- 3,500.00	- 3,500.00	- 3,500.00	- 3,500.00	- 3,500.00	- 3,500.00
9	Waterworks-Other Fees & S/C	- 100.00	- 100.00	-	0%	- 60.00	- 120.00	- 90.00	- 120.00	- 90.00	- 60.00
10	Interest on overdue water accounts	- 34,000.00	- 32,520.00	- 1,480.00	5%	- 42,363.66	- 35,219.86	- 34,209.23	- 33,633.70	- 28,840.93	- 29,565.31
11	Interest Income	- 20,000.00	- 35,000.00	15,000.00	-43%	- 39,130.00	- 31,490.00	- 16,865.00	- 14,125.22	- 31,214.00	- 31,050.00
12	Reserves	-	- 135,000.00	135,000.00	-	- 135,000.00	-	-	-	-	-
13	Reserve Funds	- 239,647.00	- 239,647.00	-	0%	- 239,647.00	- 239,647.00	- 210,385.00	- 267,547.00	- 280,000.00	- 50,000.00
	Total Revenue	- 3,543,282.00	- 3,496,812.00	- 46,470.00	1%	- 3,895,261.57	- 3,514,277.93	- 3,387,415.50	- 3,088,168.94	- 2,800,632.38	- 2,486,357.48
Expenditures											
General Expenses											
14	Salaries, Wages and Benefits	170,261.00	166,429.00	3,832.00	2%	181,873.53	171,488.34	141,569.03	135,094.71	132,423.93	131,808.68
15	Long Term Debt Charges	549,972.00	495,197.00	54,775.00	11%	494,020.43	490,126.71	470,580.60	470,625.11	349,788.85	27,464.28
16	Postage & Courier Services	1,000.00	1,000.00	-	0%	153.19	115.43	721.28	286.97	466.83	852.89
17	Telephone	3,300.00	2,300.00	1,000.00	43%	2,200.13	2,073.85	2,020.15	1,878.52	495.45	574.42
18	Audit Fees	2,000.00	2,000.00	-	0%	2,205.01	1,272.00	1,272.00	1,786.19	1,272.00	2,126.43
19	Other Professional Fees	12,500.00	12,500.00	-	0%	1,098.16	5,516.66	17,664.55	9,763.40	9,945.64	13,671.05
20	Advertising	1,000.00	1,000.00	-	0%	-	-	-	636.00	-	517.95
21	Insurance (Building Etc.)	12,360.00	15,500.00	- 3,140.00	-20%	12,273.12	21,097.80	21,140.81	20,341.80	19,334.15	19,195.94
22	Personnel (Clothing, Etc.)	2,050.00	2,050.00	-	0%	703.12	1,331.48	1,906.95	719.35	1,079.03	1,012.83
23	Technical Courses	15,000.00	15,000.00	-	0%	13,928.77	17,925.36	20,000.75	13,325.50	19,395.86	12,504.46
24	Personnel (Courses/Memberships, Etc.)	1,000.00	1,000.00	-	0%	252.70	175.00	1,027.04	765.27	923.69	721.63
25	Machine Rental (town)	-	-	-	0%	-	-	-	-	-	-
26	Capital Expenditure	536,296.00	546,635.00	- 10,339.00	-2%	312,041.18	315,305.79	320,459.98	303,103.25	334,492.88	296,170.52
27	To Reserves	315,132.00	362,091.00	- 46,959.00	-13%	1,014,022.14	617,193.04	737,069.85	337,625.63	400,558.25	495,663.09
	Total General Expenses	1,621,871.00	1,622,702.00	- 831.00	0%	2,034,771.48	1,643,621.46	1,735,432.99	1,295,951.70	1,270,176.56	1,002,284.17

Line #	Description	2019 Budget	2018 Budget	\$ Change	% Change	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual	2013 Actual
Vehicles & Equipment											
28	Labour	2,000.00	1,445.00	555.00	38%	417.38	356.79	2,071.50	951.79	1,366.41	620.09
29	Overtime	-	-	-	0%	-	-	-	-	106.02	-
30	Insurance	1,692.00	1,215.00	477.00	39%	1,644.00	1,644.00	1,610.43	1,667.00	1,789.05	1,666.98
31	M&R Parts	6,200.00	6,200.00	-	0%	2,817.96	2,803.45	3,841.80	3,833.94	6,051.25	3,573.67
32	Fuel & Oil	8,800.00	8,300.00	500.00	6%	8,854.07	7,275.29	5,917.17	6,349.98	7,521.69	8,198.90
33	Licences	1,429.00	1,281.00	148.00	12%	1,428.50	1,434.41	1,257.00	1,429.19	1,169.00	1,116.62
	Total Vehicles and Equipment	20,121.00	18,441.00	1,680.00	9%	15,161.91	13,513.94	14,697.90	14,231.90	18,003.42	15,176.26
Sanitary Collection											
34	Sanitary Collection Labour	13,000.00	13,000.00	-	0%	15,724.18	12,534.40	11,555.41	11,027.12	12,811.67	12,652.79
35	Sanitary Collection Overtime	1,600.00	1,500.00	100.00	7%	3,972.84	3,334.28	1,545.63	3,529.20	1,339.25	1,940.12
36	Sanitary Collection Machine Rental (town)	3,000.00	3,100.00	-100.00	-3%	3,810.90	2,717.40	2,310.10	3,242.05	2,311.50	2,707.80
37	Sanitary Collection Materials	16,000.00	16,000.00	-	0%	11,491.44	16,800.50	16,257.40	13,610.53	8,507.14	19,861.64
38	Sanitary Collection Contract	23,500.00	23,500.00	-	0%	26,491.40	19,009.87	37,084.31	35,565.35	27,185.41	27,699.66
	Total	57,100.00	57,100.00	-	0%	61,490.76	54,396.45	68,752.85	66,974.25	52,154.97	64,862.01
Water Distribution											
39	Water Distribution Postage & Courier Services	7,337.00	5,000.00	2,337.00	47%	10,634.94	5,259.57	5,631.00	5,427.16	4,687.86	3,432.05
Maintenance & Repairs											
40	Maintenance & Repairs Labour	90,000.00	80,775.00	9,225.00	11%	112,131.74	97,978.68	78,169.60	92,819.67	97,662.37	92,278.46
41	Maintenance & Repairs Overtime	10,000.00	10,000.00	-	0%	15,392.62	7,084.05	17,825.43	18,185.47	6,157.40	8,105.25
42	Maintenance & Repairs Hydro	-	-	-	0%	-	-	-	-	-	-
43	Maintenance & Repairs Machine Rental (town)	17,000.00	17,000.00	-	0%	17,401.65	14,241.85	15,932.95	22,277.70	17,370.30	18,077.65
44	Maintenance & Repairs Materials	40,000.00	35,000.00	5,000.00	14%	29,832.84	48,299.24	41,616.16	44,260.00	37,317.77	24,866.90
45	Maintenance & Repairs Contract	46,000.00	46,000.00	-	0%	49,029.01	20,603.91	54,566.14	65,358.94	26,370.46	47,626.93
	Total	203,000.00	188,775.00	14,225.00	0.26	223,787.86	188,207.73	208,110.28	242,901.78	184,878.30	190,955.19
Valve Inspection & Maint.											
46	Valve Inspection & Maint. Labour	11,400.00	11,406.00	-6.00	0%	4,212.35	5,073.36	10,908.46	195.54	8,076.07	6,449.37
47	Valve Inspection & Maint. Labour	500.00	500.00	-	0%	377.26	901.74	686.36	137.07	237.00	1,108.93
48	Valve Inspection Machine Rental (town)	2,000.00	2,000.00	-	0%	1,359.00	1,276.30	1,975.15	63.00	3,367.50	1,391.20
49	Valve Inspection & Maint. Materials	15,000.00	15,000.00	-	0%	14,103.48	6,847.95	5,134.49	12,866.76	9,131.94	14,588.98
	Total	28,900.00	28,906.00	-6.00	0%	20,052.09	14,099.35	18,704.46	13,262.37	20,812.51	23,538.48
Meter Install, Maint. & Replacement											
50	Meter Install, Maint. & Replacement Labour	6,000.00	6,000.00	-	0%	3,380.22	3,713.30	4,534.76	6,101.33	4,193.05	4,544.11
51	Meter Install, Maint. & Replacement Overtime	450.00	450.00	-	0%	268.60	231.21	436.93	292.52	346.83	185.59
52	Meter Install, Maint. & Repl. Machine Rental (town)	1,800.00	1,800.00	-	0%	2,998.57	930.00	1,236.90	2,110.50	759.00	1,050.30
53	Meter Install, Maint. & Replacement Materials	33,000.00	33,000.00	-	0%	51,049.98	39,206.43	32,760.95	57,881.05	38,288.84	19,396.02
	Total	41,250.00	41,250.00	-	0%	57,697.37	44,080.94	38,969.54	66,385.40	43,587.72	25,176.02

Line #	Description	2019 Budget	2018 Budget	\$ Change	% Change	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual	2013 Actual
	Meter Reading & Billing										
54	Meter Reading & Billing Labour	6,600.00	6,580.00	20.00	0%	6,942.65	5,612.38	7,561.18	5,958.80	5,442.25	8,810.02
55	Meter Reading & Billing Overtime			-	0%	67.70	19.40	141.61	19.74	234.42	
56	Meter Reading & Billing Office Supplies	3,400.00	3,400.00	-	0%	231.61			3,429.31	4,764.51	397.96
57	Meter Reading & Billing Machine Rental (town)	3,300.00	3,300.00	-	0%	1,796.70	1,836.90	2,328.60	1,989.76	5,149.44	10,655.49
	Total	13,300.00	13,280.00	20.00	0%	9,038.66	7,468.68	10,031.39	11,397.61	15,590.62	19,863.47
	Pump Houses, Lift Stns.										
58	Pump Houses, Lift Stns. Labour	1,500.00	1,500.00	-	0%	277.54	154.95	1,433.23		112.68	1,088.40
59	Pump Houses, Lift Stns. Overtime	500.00	500.00	-	0%	135.41	434.93	369.22	257.76		226.81
60	Pump Houses, Lift Stns. Engineering Fees	4,000.00	4,000.00	-	0%	205.20	118.40	758.80	3,654.96	19.80	348.50
61	Contract-OCWA (WT & SPS) Fixed Cost	1,450,403.00	1,424,058.00	26,345.00	2%	1,365,720.77	432,499.38	379,176.97	445,810.76	417,152.95	407,326.59
62	Contract-OCWA (WWTP) Cost Plus		-	-	0%		1,011,640.07	803,551.36	833,514.49	698,179.44	637,511.37
63	Pump Houses, Lift Stns Grant in Lieu	80,200.00	79,200.00	1,000.00	1%	78,746.14	79,107.37	78,868.04	76,528.86	75,275.55	94,568.16
	Total	1,536,603.00	1,509,258.00	27,345.00	2%	1,445,085.06	1,523,955.10	1,264,157.62	1,359,766.83	1,190,740.42	1,141,069.83
	Ontario One Call										
64	Ontario One Call Labour	11,700.00	10,000.00	1,700.00	17%	12,948.56	14,283.82	18,179.88	8,590.71		
65	Ontario One Call Overtime	300.00	300.00	-	0%	579.73	604.53	340.24	242.79		
66	Ontario One Call Materials	300.00	300.00	-	0%	17.29	264.58	70.60			
67	Ontario One Call Machine Rental (town)	1,500.00	1,500.00	-	0%	3,141.00	3,558.30	3,422.70	1,553.40		
68	Ontario One Call Contract	-	-	-	0%	854.86	963.48	914.05	1,483.04		
	Total	13,800.00	12,100.00	1,700.00	17%	17,541.44	19,674.71	22,927.47	11,869.94	-	-
	Total Expenditures	3,543,282.00	3,496,812.00	46,470.00	1%	3,895,261.57	3,514,277.93	3,387,415.50	3,088,168.94	2,800,632.38	2,486,357.48
	NET WATER & SEWER	-	-	-		-	-	-	-	-	-

- 2) The capital budget for 2019 is \$3,938,500 and includes major maintenance, rehabilitation and replacement of assets needed to provide water and sewer services to residents and businesses. **Refer to the detailed capital budget for project information and costs. The amounts shown in the immediate right hand column represent the amounts that need to be paid from W&S rates and general operating revenues after all other capital revenue sources (grants, development charges, reserves, etc.) have been considered. The total of the right hand column are then included in the operating budget under line entitled "Capital Expenditure" (line 26).**

Water and Sewer 2019 Capital Budget									
Line #	DESCRIPTION OF PROJECT	BUDGET ITEM	TOTAL COST	CANADA GRANTS	OTHER SOURCES OF FINANCING			BANK FINANCING	19 BUDGET
					PROV. GRANTS	RESERVES	DEVELOPMENT CHARGES		
		WATER & SEWER							
1	Maintenance items	OCWA-WATER TREATMENT CAPITAL PER LTFF	39,000.00						39,000.00
2	Maintenance items	OCWA-SANITARY PUMP STATION CAPITAL PER LTFF	78,500.00						78,500.00
3	Maintenance items	OCWA-WASTEWATER TREATMENT PLANT CAPITAL PER LTFF	26,500.00						26,500.00
4	Inspection and Maintenance	WATER TOWER	55,000.00						55,000.00
5	Maintenance and Surge Protection	WELL 3 MAINTENANCE AND SURGE PROTECTION	70,000.00						70,000.00
6	Repairs to pump	WWTP PUMP REPAIRS	41,000.00						41,000.00
7	Roof repairs to address leaks	WWTP ROOF REPAIRS	60,000.00			60,000.00			0.00
8	Maintenance	CLARIFIER BAFFLES	5,000.00			5,000.00			0.00
9	Watermain Installation	OTTAWA/HONEYBOURNE STS. LOOPING	352,000.00			295,680.00	56,320.00		0.00
10	Capacity upgrade to Riverfront Estates	SPRING ST. PUMPING STATION IMPELLER UPGRADES	10,000.00			10,000.00			0.00
11	Carry over from 2018	ENGINEERING MID TERM STORAGE OPTION W2	336,500.00			77,850.00	208,630.00		50,020.00
12	Maintenance	STRUCTURAL/ARCHITECTURAL REPAIRS WELL HOUSES	6,000.00			6,000.00			0.00
13	Dependent on grant funding	ENGINEERING DESIGN/MOECG APPROVAL FARM ST W&S REPLACEMENT	73,000.00			50,000.00			23,000.00
14	Engineering Design	WATER/SEWER VICTORIA ST	2,401,000.00				384,160.00	2,016,840.00	0.00
15	Annual cleaning and CCTV program	ANNUAL CLEANING AND CCTV PROGRAM-INFILTRATION PER LTFF	40,000.00						40,000.00
16	Annual meter program	RADIO FREQUENCY METER CONVERSION PER LTFF	38,000.00						38,000.00
17	Sampling between lagoons and Well 5	SAMPLE MONITORING WELLS UPSTREAM OF WELL 5 (REGULATORY)	13,000.00						13,000.00
18	Maintenance	MECHANICAL-WELL SITES PER LTFF	43,000.00			43,000.00			0.00
19	Maintenance	ELECTRICAL/INSTRUMENTATION/CONTROLS -WELL SITES	16,000.00			13,724.00			2,276.00
20	Carry over from 2018	ENGINEERING/DESIGN/MOECG APPROVALS DOWNTOWN DETAILED DESIGN 50%	175,000.00			86,285.00		88,715.00	0.00
21	Update to rate study	W&S RATE STUDY/FINANCIAL PLAN UPDATE	25,000.00						25,000.00
22	Back/Short Bridge	FORCEMAIN REPAIR	35,000.00						35,000.00
		TOTAL W & S	3,938,500.00	0.00	0.00	647,539.00	649,110.00	2,105,555.00	536,296.00

Water & Sewer Budget 2019 Budget

REVENUES

<u>INTEREST & DIVIDENDS-ORPC</u>	\$44,400.00
INTEREST ON PROMISSARY NOTE AND DIVIDENDS RECEIVED FROM OTTAWA RIVER POWER CORPORATION-SHARED WITH THE MUNICIPAL BUDGET PER BY-LAW	
<u>INTEREST & DIVIDENDS-MRPC</u>	\$44,400.00
INTEREST ON PROMISSARY NOTE AND DIVIDENDS RECEIVED FROM MISSISSIPPI RIVER POWER CORPORATION-SHARED WITH THE MUNICIPAL BUDGET PER BY-LAW	
<u>RENTAL INCOME-MRPC</u>	\$13,320.00
ANNUAL RENT RECEIVED FROM MISSISSIPPI RIVER POWER CORPORATION-SHARED WITH THE MUNICIPAL BUDGET PER BY-LAW	
<u>WATER BILL REVENUE</u>	\$3,102,415.00
WATER AND SEWER REVENUE, INCLUDES BASE CHARGE AND CONSUMPTION CHARGE	
<u>WATERWORKS-REMOTE METERS</u>	\$32,500.00
REVENUE FROM SALE OF RADIO FREQUENCY (RF) METERS	
<u>WATERWORKS-W&S CONNECTIONS</u>	\$9,000.00
REVENUE COLLECTED ON BUILDING PERMITS FOR WATER CONNECTIONS	
<u>WATERWORKS-HYDRANT RENTAL</u>	\$3,500.00
REVENUE FROM FIRE DEPARTMENT FOR HYDRANT USAGE	
<u>WATERWORKS-OTHER FEES AND S/C</u>	\$100.00
REVENUE FROM SERVICE CHARGES IMPOSED ON WATER ACCOUNTS	
<u>INTEREST ON OVERDUE WATER ACCOUNTS</u>	\$34,000.00
INTEREST CHARGED ON PAST DUE ACCOUNTS	
<u>INTEREST INCOME</u>	\$20,000.00
INTEREST EARNED ON WATER AND SEWER RESERVE BALANCES	

RESERVE FUNDS \$239,647.00

DEVELOPMENT CHARGES COLLECTED TO OFFSET DEBT ON WASTE WATER
TREATMENT PLANT

EXPENDITURES

ADMINISTRATION

SALARIES, WAGES & BENEFITS \$170,261.00

SALARIES AND BENEFITS ASSOCIATED WITH THE ADMINISTRATION OF THE WATER
AND SEWER DEPARTMENT

LONG TERM DEBT CHARGES \$549,972.00

LONG TERM DEBT CHARGES ON WASTE WATER TREATMENT PLANT, SCADA
EQUIPMENT, PERTH/COUNTRY/BRIDGE AND OTHER W&S PROJECTS

POSTAGE & COURIER \$1,000.00

AS REQUIRED

TELEPHONE \$3,300.00

CELL PHONES

AUDIT FEES \$2,000.00

ANNUAL AUDIT

OTHER PROFESSIONAL FEES \$12,500.00

AS REQUIRED FOR ENGINEERING, CONSULTANTS, ETC.

ADVERTISING \$1,000.00

ADVERTISEMENTS AS REQUIRED

INSURANCE \$15,500.00

INSURANCE FOR WATER DISTRIBUTION AND SEWAGE COLLECTION

PERSONNEL (CLOTHING, ETC.) \$2,050.00

BOOT AND CLOTHING ALLOWANCE

TECHNICAL COURSES \$15,000.00

THE MUNICIPALITY IS REQUIRED TO HAVE LICENSED OPERATORS UNDER THE SAFE DRINKING WATER ACT AND THE ONTARIO WATER RESOURCES ACT. STAFF REQUIRE A MINIMUM OF 40 HOURS OF TRAINING PER YEAR

PERSONNEL (COURSES/MEMBERSHIPS, ETC.) \$1,000.00

PROFESSIONAL MEMBERSHIPS, EXAM FEES, ETC.

CAPITAL EXPENDITURE \$536,296.00

TO RESERVES \$315,132.00

VEHICLES AND EQUIPMENT \$20,121.00

INCLUDES FUEL AND OIL, MAINTENANCE, LICENSES, INSURANCE, ETC.

SANITARY COLLECTION \$57,100.00

INCLUDES:

INSPECTION-TELEVISION ALL SEWERS AT LEAST ONCE EVERY FOUR YEARS TO DETERMINE CONDITION OF PIPE, INSPECT MANHOLES AT LEAST EVERY FOUR YEARS TO DETERMINE CONDITION OF MANHOLE

CLEANING-FLUSHING OF SEWERS TO MINIMIZE BLOCKAGES AND REMOVE GREASE, MAINTAIN CAPACITY, REDUCE ODOURS, ETC., REMOVE DEBRIS IN MANHOLES AND PROVIDE A CONTINUOUS FLUSHING PROGRAM FOR PROBLEM AREAS

REPAIRS-MINOR STRUCTURAL PROBLEMS, ROOT REMOVAL, GREASE, PREVENTATIVE MAINTENANCE, EMERGENCY REPAIRS

WATER DISTRIBUTION \$231,900.00

INCLUDES:

INSPECTION-FIRE HYDRANTS ARE INSPECTED ANNUALLY PER THE FIRE CODE, HYDRANT FLOW TESTS ARE COMPLETED EVERY TWO YEARS TO DETERMINE THE EFFICIENCY AND ADEQUACY OF THE SYSTEM, LEAK DETECTION LOCATES ARE PERFORMED AT TIME OF HYDRANT INSPECTION, VALVE TURNING PROGRAM COMPLETED ONCE EVERY TWO YEARS

CLEANING-FLUSHING OF WATER MAINS TO REMOVE METAL OXIDES, SEDIMENT AND OTHER PRECIPITATES FROM THE PIPE NETWORK TWICE PER YEAR, CLEAN ISOLATION VALVES WHEN DEBRIS PREVENTS OR IMPEDES PROPER ACCESS TO THE OPERATING NUT WITHIN THE VALVE BOX

REPAIRS-REPLACE HYDRANTS AND VALVES THAT ARE NO LONGER FUNCTIONAL, PREVENTATIVE MAINTENANCE, EMERGENCY REPAIRS TO THE DISTRIBUTION SYSTEM

METER INSTALLATION, MAINTENANCE AND REPLACEMENT \$41,250.00

METERS SHOULD BE REPLACED AS REQUIRED (LIFE IS APPROX. 25 YEARS). OLDER METERS TEND TO BE LESS ACCURATE, NO LEAK DETECTION. METERS SHOULD BE CHECKED EVERY 10 YEARS OR AS REQUIRED WITH THE REPLACEMENT OF OLDER METERS WITH RADIO FREQUENCY METERS WHICH ARE MORE ACCURATE AND PROVIDE LEAK DETECTION AND LESS TIME TO READ BECAUSE DONE REMOTELY.

METER READING AND BILLING \$13,300.00

STAFF TIME TO READ METERS AND COSTS OF MAILING BILLS TO RESIDENTS

PUMP HOUSE, LIFT STATION & TREATMENT PLANT \$1,536,603.00

INCLUDES CONTRACT WITH THE ONTARIO CLEAN WATER AGENCY (OCWA) AND A GRANT IN LIEU OF TAXES FOR THE WASTE WATER TREATMENT PLANT.

THE OCWA CONTRACT INCLUDES:

THE OPERATION OF THE WASTEWATER TREATMENT PLANT INCLUDING LABOUR, CHEMICALS, ENERGY COSTS, SAMPLING OF RAW AND FINAL EFFLUENT, REVIEW OF CHEMICAL ADDITIVES, PROCESS ADJUSTMENTS, RESPONDING TO ALARMS AND COMPLIANCE REPORTING. WEEKLY EXTERNAL LABORATORY SERVICES FOR TESTING AND REPORTING OF PARAMATERS REQUIRED TO BE REPORTED UNDER THE ONTARIO WATER RESOURCES ACT ARE ALSO INCLUDED.

WEEKLY INSPECTIONS FOR MINOR SANITARY PUMP STATIONS AND THREE TIMES PER WEEK FOR THE GEMMILL'S BAY PUMP STATION, REVIEWS OF PUMP OPERATION LOGS, CLEANING OF COURSE BAR SCREENS, FACILITIES, PROCESS ADJUSTMENTS, RESPONDING TO ALARMS AND COMPLIANCE REPORTING.

INSPECTION OF ALL WELL SITES THREE TIMES PER WEEK, SAMPLING OF RAW AND TREATED WATER PARAMATERS, REVIEW OF CHLORINATION PUMP SYSTEMS INCLUDING SUPPLY OF SODIUM HYPOCHLORITE, RESIDUAL CHLORINE AND TURBIDITY ANALYZERS, FACILITIES, PROCESS ADJUSTMENTS, RESPONDING TO ALARMS, AND COMPLIANCE REPORTING INCLUDING LEGISLATED REPORTING.

REVIEW OF WATER STORAGE RECORDS FOR TRENDING AND ANOMOLIES THAT MAY INDICATE SIGNIFICANT LEAKS

WEEKLY EXTERNAL LABORATORY SERVICES FOR TESTING AND REPORTING ALL PARAMATERS REQUIRED TO BE REPORTED UNDER THE SAFE DRINKING WATER ACT.

ONTARIO ONE CALL \$13,800.00

CALL CENTRE FOR LOCATES

LONG TERM PLANNING

The Municipality completed a water and sewer rate study several years ago which provides direction with regards to increases in water and sewer rates each year based on assumptions about growth, consumption and expected operating and capital needs. The study can be found at <https://www.mississippimills.ca/en/townhall/resources/2015-MM-W-S-Rate-Study.pdf>. An update to the rate study is required and is included in the 2019 budget.

The rate study incorporates a number of other documents such as the water and sewer master plan (available from the public works department) and the development charges study (<https://www.mississippimills.ca/en/townhall/developmentcharges.asp>) and is essentially the long term financial plan for the water and sewer system.

Rate changes for the last number of years have followed the direction of the Water and Sewer Rate Study as follows:

	2014	2015	2016	2017	2018
Average Consumption in gallons	32,200	32,200	32,200	32,200	32,200
Rate per 1,000 gallons	\$10.89	\$11.17	\$11.35	\$11.53	\$11.71
Average consumption charge	\$350.66	\$359.67	\$365.47	\$371.27	\$377.06
Annual base charge	\$486.96	\$504.33	\$540.90	\$562.54	\$585.00
Total average billing	\$837.62	\$864.00	\$906.37	\$933.81	\$962.06
Increase over previous year		\$26.38	\$42.37	\$27.44	\$28.25
% Increase over previous year		3.15%	4.90%	3.03%	3.03%
Increase per month		\$2.20	\$3.53	\$2.87	\$2.35

The 2019 proposed rates also follow the water and sewer rate study recommendations and are calculated as follows:

Proposed 2019 Water and Sewer Rates

	2018	2019	Increase
Annual Base Charge	\$585.00	\$608.00	3.93% or \$23.00
Consumption Rate	\$11.71/1,000 gallons	\$11.90/1,000 gallons	1.62% or \$0.19/1,000 gallons
Average Annual Billing (32,200 gallons / year)	\$962.06 (\$80.17 per month = \$160.34 per each 2 month billing)	\$991.18 (\$82.60 per month = \$165.20 per each 2 month billing)	\$29.12 (3.02%, \$2.43 per month = \$4.86 per each 2 month billing)

NOTE: BILLING CYCLE EVERY TWO MONTHS

ASSET MANAGEMENT

In 2017, a new Asset Management Regulation was passed by the Province of Ontario requiring municipalities to complete asset management policies and plans by specified dates.

(<https://www.ontario.ca/laws/regulation/170588?search=asset+management+regulation>)

An approved **Asset Management Plan** provides Council with detailed information on the state of municipal infrastructure so that informed resource allocation decisions can be made. Staff are then able to plan in advance for asset replacement and rehabilitation and communicate this to residents along with annual progress updates as to improvements in this area. The infrastructure replacement needs identified within the asset management plan can then be included in the rate study and the annual budget. **An up to date Asset Management Plan is required in order to obtain any infrastructure grant funding from the Province.**

The Municipality's current Asset Management Plan can be found at

<https://www.mississippimills.ca/en/townhall/resources/Asset-Management-Plan-December-2016.pdf>

The Municipality is responsible for the following water and sewer assets:

36.5 km of watermains

34 km of sanitary sewers

1 Wastewater treatment plant

1 Water tower

8 sewage pumping stations

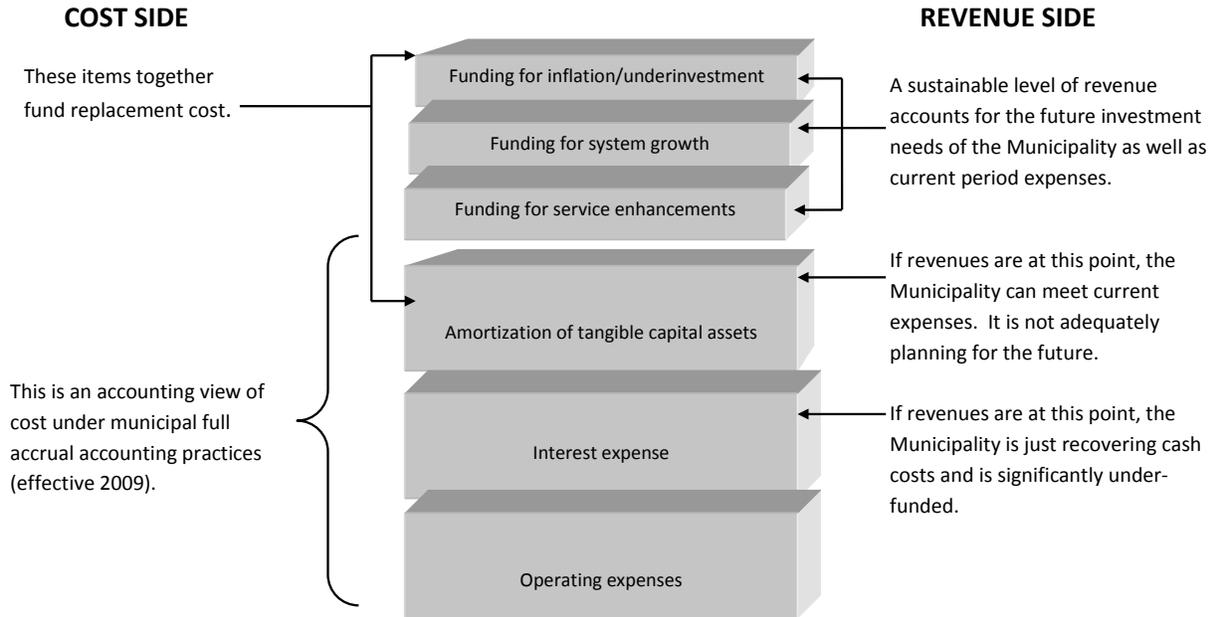
5 wells

SCADA equipment

3 water system vehicles

Catchbasins, storm sewers, manholes, water meters, instrumentation and controls, other equipment

SUSTAINABLE ASSET MANAGEMENT



To be sustainable the municipality must ensure that it is spending/investing appropriately on capital improvements and preparing and planning for future capital including growth related needs, technological improvements or changes required as a result of climate change along with all other applicable operating needs for water and sewer.

DEBT AND RESERVES

When determining how to pay for asset replacement, the municipality considers the following options:

- 1) Out of the current budget (pay as you go). This means that the residents of today pay the full cost
- 2) By a long term financing arrangement (debt). This means that future residents pay the majority of the cost as they are also the ones who benefit from assets with long lives.
- 3) Out of reserves. This means that those residents in the past paid for the asset through a previous allocation to reserves.
- 4) By an internal financing arrangement. This means that funds are taken out of reserves in the current year and repaid over time. Again, this means that future residents pay the cost of the asset but it also protects the reserve from being depleted.
- 5) By other revenue sources such as the fundraising, Federal, Provincial and County grants, development charges, etc.

Which option is chosen depends on the funding source outlined in financial plans and other planning documents, the availability of reserves, grants and other revenues or as approved by Council.

DEBT:

The Municipality has taken advantage of lower interest rates over the last few years to address the backlog of capital replacement. Debt is considered for assets with expected lives in excess of 10 years with terms not to exceed 20 years.

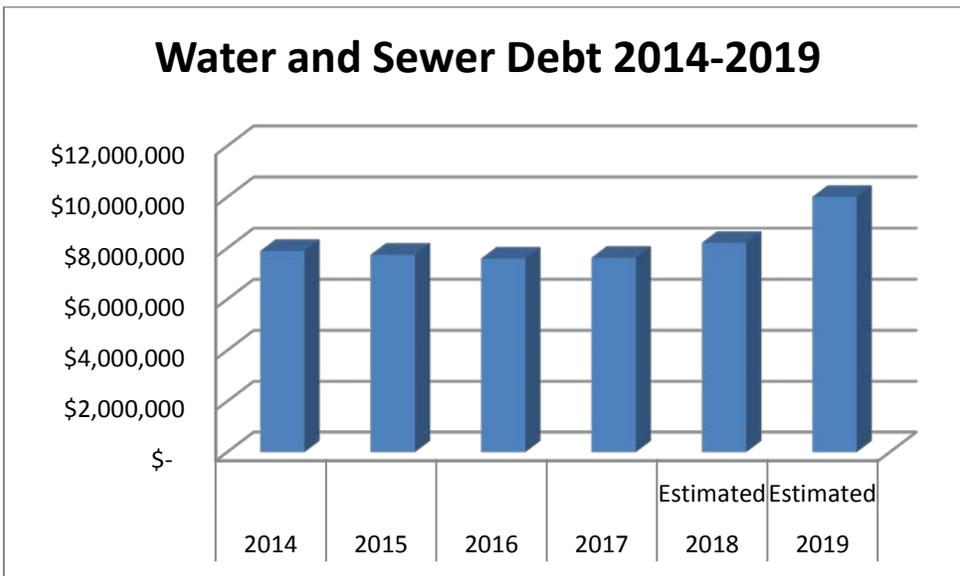
There is an exception for the construction of the wastewater treatment plant. The debt term for this asset is 30 years to try to keep water and sewer rates down while still completing other capital projects. The construction of this asset was over \$27 million with 2/3 funding received from the Federal and Provincial governments. Its construction allowed for growth in the community which was otherwise limited by capacity issues at the lagoons.

Debt allows for the cost of an asset to be repaid over the life of the asset and not paid all at once. It also means that rate implications are smoothed out and prevents large spikes in water and sewer rates in years where major capital replacement is required. Annual debt repayments included in the budget are also considered an investment in capital. Over time, as debt is repaid, the principal and interest payments already included in the budget can be

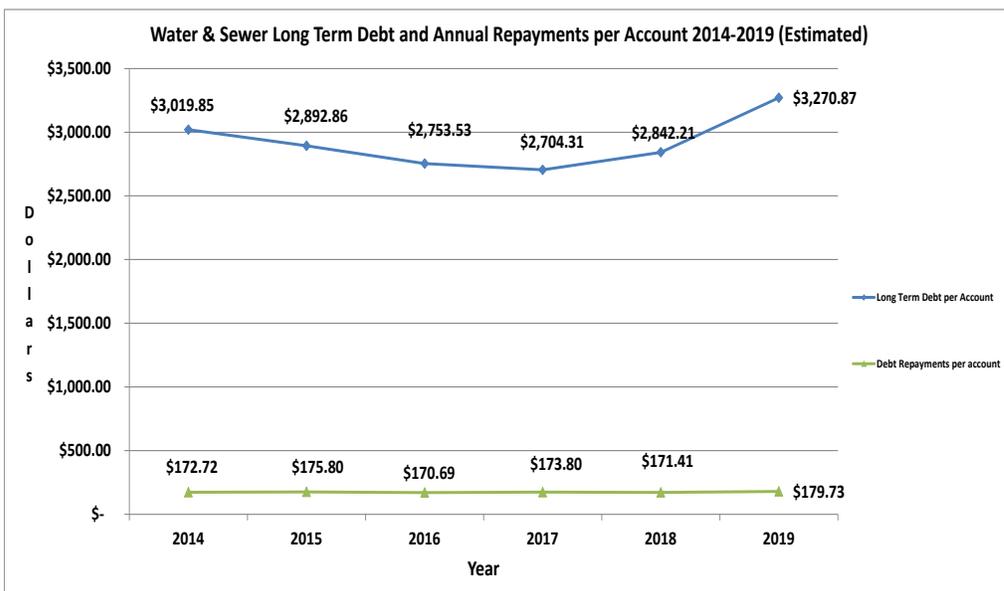
reallocated to replacement needs in that year or be allocated to reserves for future replacement to minimize rate increases.

The only project being recommended from long term financing is for water and sewer on Victoria St. in conjunction with the transportation budget (refer to the transportation capital budget). The financial plan for water recommends financing for capital replacement needs unlike the municipal plan where long term financing is to end after 2018.

Total debt for water and sewer is estimated to be \$10 million at the end of 2019 and is depicted from 2014-2019 follows:



As the overall debt level increases, so too does the amount per billing account:



Water and Sewer loan details:

Municipality of Mississippi Mills														
W&S Long Term Debt														
Project	Total LTD Dec 31/17	Total LTD Dec 31/18	Added in 2019	Total LTD Dec 31/19	Financial Institution	Int Rate	Expiry Date of existing loan	Renewal Term	Type of Repayment	Frequency	Annual Repayments Principal-2019	2019 Interest	2019 Total	Department
Perth/Country/Bridge Sts.-Loan #1 (W&S)	23,555.00	21,152.00		18,688.00	RBC	3.10%	2026		Blended P+I	Monthly	2,464.00	632.00	3,096.00	W&S
Perth/Country/Bridge Sts.-Loan #2 (W&S)	31,349.00	25,016.00		18,387.00	OSIFA	4.63%	2022		Blended P+I	Semi-Annual	6,629.00	1,063.00	7,692.00	W&S
WWTP	7,376,819.00	7,219,326.00		7,055,261.00	OSIFA	4.13%	2044		Blended P+I	Semi-Annual	164,065.00	296,481.00	460,546.00	W&S
2016 Scada Equipmt	194,422.00	175,311.00		155,708.00	BMO	2.550%	2027		Blended P+I	Monthly	19,603.00	4,252.00	23,855.00	W&S
2018 Downtown Renewal 50%	-	175,000.00		169,010.00						Estimate only	5,990.00	6,460.00	12,450.00	W&S
W&S Capital	-	595,015.00		574,647.00						Estimate only	20,368.00	21,965.00	42,333.00	W&S
Victoria St. W&S			2,016,840.00	2,016,840.00						None until 2020	-	-	-	W&S
Total	7,626,145.00	8,210,820.00	2,016,840.00	10,008,541.00							219,119.00	330,853.00	549,972.00	

RESERVES:

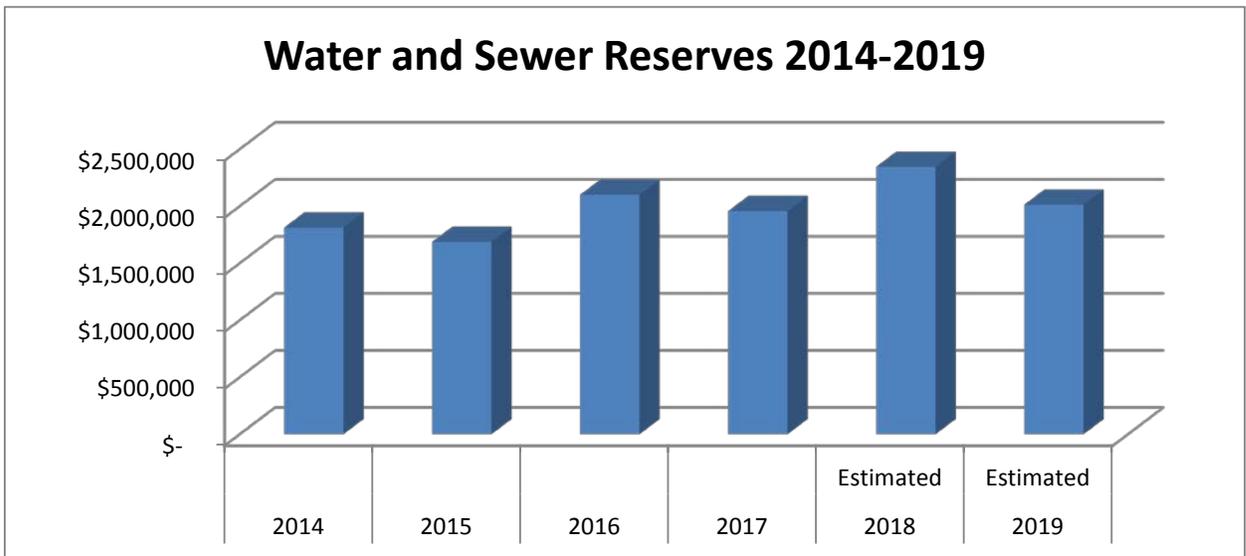
Water and Sewer reserve balances fluctuate annually depending on the availability of funds in the annual budget to build up the reserve and then conversely the use of reserves annually for projects that funds were set aside for.

Reserves are used to plan for future capital replacement needs to try and smooth out rate changes so that large spikes do not occur in years where large capital improvements or replacements are required and/or to avoid long term financing. A common practice of the municipality is to “borrow” funds from reserves to complete a project that is larger in value to avoid external debt financing and as a mechanism to protect the reserve balance in the long term because the amount will be repaid back to reserves over a number of years.

If reserves are depleted in any budget year, then there will be limited funds available in another year to complete required work. This would then equate to a very large increase in water and sewer rates.

Reserves are also needed to address emergency situations that may arise from time to time.

2014-2019 total reserves for water and sewer are depicted as follows:



The above chart includes additions to and the use of reserves for internally financed projects that have already been approved and completed as follows:

	Original Amount	# of years	1st year	last year	2019 Total	Prjoected Bal at Dec 31/19
Water and Sewer						
Water Tower	385,000	10	2014	2023	38,500	154,000
Church St.	325,600	10	2018	2022	32,560	97,680
Victoria St.	127,800	10	2019	2028	12,780	115,020
SCADA Equipment	170,000	10	2019	2028	17,000	153,000
Menzie St.	212,000	10	2019	2028	21,200	190,800
Total (rate based)	1,220,400				122,040	710,500

There is also a proposal in the 2019 budget to “borrow’ from reserves funds to complete the Ottawa St. and Honeyborne St. looping project. The “repayment” back to reserves would start in 2020 and end in 2029.

	Original Amount	# of years	1st year	last year	2019 Total
Water & Sewer (rate based)					
Ottawa/Honeyborne Sts looping	295,680	10	2020	2029	29,568

With an estimated reserve balance at the end of 2019 at \$2.05 million and a future replacement cost of water and sewer infrastructure conservatively estimated at \$79.5 million, in 2019 the municipality is anticipated to only have **2.6%** of the cost up front. This means that when capital replacement is needed in the future, some other funding source will be required and will likely come from rate increases. **It is important that the municipality consider increasing the reserve balance in anticipation of future capital needs.**

Reserves at Dec 31/17 projected to 2019:

	Dec 31/17	Tsf in 2018	Tsf out 2018	Bal at Dec 31/18	Projected Tsf in 2019	Projected Tsf out 2019	Projected Bal at Dec 31/19
Water & Sewer	1,956,514.47	1,014,022.00	(586,765.00)	2,383,771.47	315,132.00	(647,539.00)	2,051,364.47

CONCLUSION

2019 is the first year that the budget is being presented in this format. It is hoped that the information contained in this document will be useful to both Council and the public in understanding the operating and capital needs of the municipality related to water and sewer and how the municipality intends to pay for this service both now and into the future.