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DATE: November 20, 2024

File No.

TO: Mayor and Council

FROM: John Kurvink, Chief Financial Officer

RE: Impact of Capital Plan on Utility Rates

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**RATIONALE:**

Annually, Council is required to develop a five-year financial plan (2025-2029) which includes both Operating and Capital expenditures.

Any change to the utility rate bylaws (Water, Sewer, Parcel Tax) needs to be adopted before December 31<sup>st</sup>.

This report summarizes the capital expenditures planned for our water and sewer services in the 2025-2029 period and proposes a range of scenarios for Council's consideration in order to sustain the capital plan as proposed.

**OPTIONS:**

- 1) Council can accept the recommended plan as proposed by staff and request staff prepare updates to water, parcel tax and sewer bylaws for consideration at the December 2<sup>nd</sup>, 2025 Special Open Council Meeting.
- 2) Council can ask staff to re-work the plan based on Council/Staff input and request staff prepare updates to water, parcel tax and sewer rate bylaws for consideration at the December 2<sup>nd</sup>, 2025 Special Open Council Meeting.
- 3) Council can choose to not consider rate increases for utilities in 2025.

**RECOMMENDATION:**

That Council accept the 2025-2029 capital plan for water and sewer expenditures and request staff to prepare updates to 2025 water and sewer rate bylaws based on a 6% increase in domestic and irrigation water rates and 0% increase in sewer.

**RECOMMENDATION IMPLICATIONS:**

Capital spending plan and funding sources for water and sewer services will impact the utility rates set by the Town and the balances in our reserve accounts.

**BACKGROUND:**

The infrastructure budget is the important first step in developing the five-year Operating and Capital budget for the Town.

Rate setting for utility services (water, sewer & irrigation) are driven by the operating costs of the service and the capital expenditures required to maintain service delivery.

The principle underlying utility services is that users of the services should bear the costs of service delivery.

The infrastructure spending plan was developed by Public Works staff critically assessing the current state of our infrastructure and developing a series of projects to address current and future risks to the continuity of service delivery into the future while also addressing strategic objectives identified by Council.

Projects were slotted into each year depending on a determination of when optimal timing of expenditures should take place. The costs for planning and design of major projects were front-loaded to be in the best position to capitalize on any grant funding opportunities that might become available over the lifetime of the plan.

Public Works also looked at where it was efficient to add projects categorized under the general capital fund category where it was cost-effective to do the work at the same time. For example, resurfacing a roadway at the same time as the underlying water and sewer infrastructure is replaced.

The draft infrastructure plan for water and sewer has spending totalling \$13.13M over five years or an average of \$2.62M per year.

TCA	(All)						
<b>Sum of 25-34</b>	<b>Column Labels</b>						
<b>Row Labels</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>Grand Total</b>	
Sewer	872.5	1,166.0	1,625.0	855.0	495.0	5,013.5	
Water	823.0	2,591.0	2,245.0	1,010.0	1,450.0	8,119.0	
<b>Grand Total</b>	<b>1,695.5</b>	<b>3,757.0</b>	<b>3,870.0</b>	<b>1,865.0</b>	<b>1,945.0</b>	<b>13,132.5</b>	

Once approved, the capital and operating budgets for water and sewer services will be incorporated into the 2025-2029 Financial Plan for the Town.

*General:* N/A

*Organizational:* N/A

*Financial:* N/A

*Legal/Statutory Authority:* N/A

***Strategic Plan:*** Good Governance

**REFERRALS:**

**PUBLIC PROCESS:**

**COUNCIL REPORT/RESOLUTION HISTORY:**

**CAO COMMENTS:**

## Report Approval Details

Document Title:	Capital Plan Impacts on Utility Rates.docx
Attachments:	- 2025 Capital Project Review and Proposed Utility .pdf
Final Approval Date:	Nov 21, 2024

This report and all of its attachments were approved and signed as outlined below:

**Rochelle Lougheed - Nov 21, 2024 - 3:54 PM**

**Wayne Anderson - Nov 21, 2024 - 5:26 PM**