

THE WAY WE FINANCE

Drainage Utilities 2012 Budget

City Council

December 5, 2011

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Utility Committee Motion

	Potential Reduction	Method	Impact on Service level
2012 Budget for Sanitary Drainage	\$875,000	lower projected interest rates, on an ongoing basis	No
2012 Budget for Sanitary Drainage	\$2,588,000	reduce the Return on Rate Base from 4% to 3.5%, on a one-time basis	No
2012 Budget for Stormwater Drainage	\$661,000	lower projected interest rates, on an ongoing basis	No



Implications to Sanitary Drainage

	As Presented in 2012 Budget Binder	Impact of Reduced Interest Assumption	Additional Impact of Reducing the Return on Rate Base in 2012
Return on Rate Base	4.00%	4.00%	3.50%
Net Income (in \$ millions)	19	19	16.7
Impact to Customer Rate	\$4.77/month	\$4.60/month	\$4.03/month
Implications to Local Access Fee/Tax Levy	none	(\$69,000)	(\$277,000)

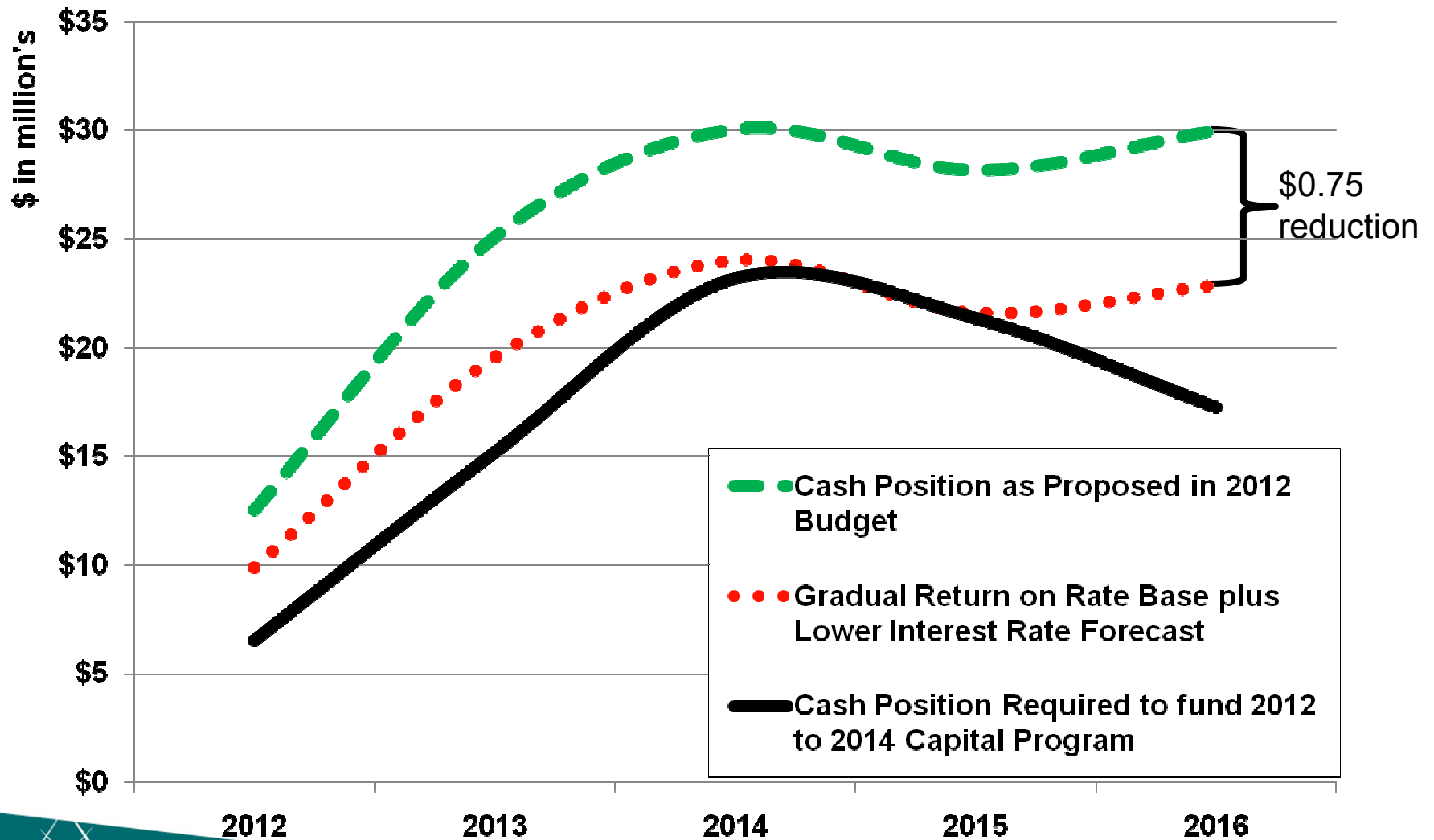


Implications to Stormwater Drainage

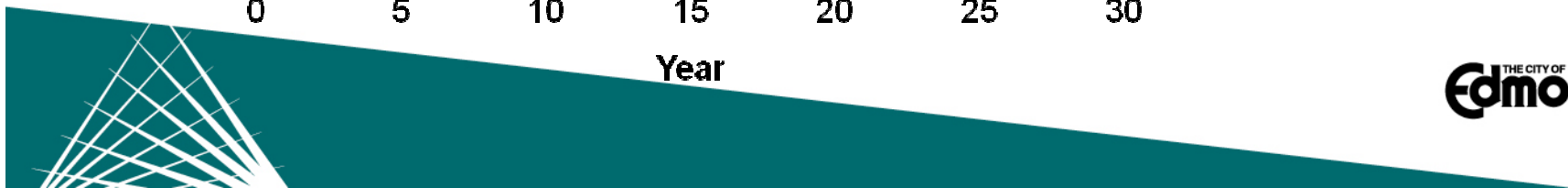
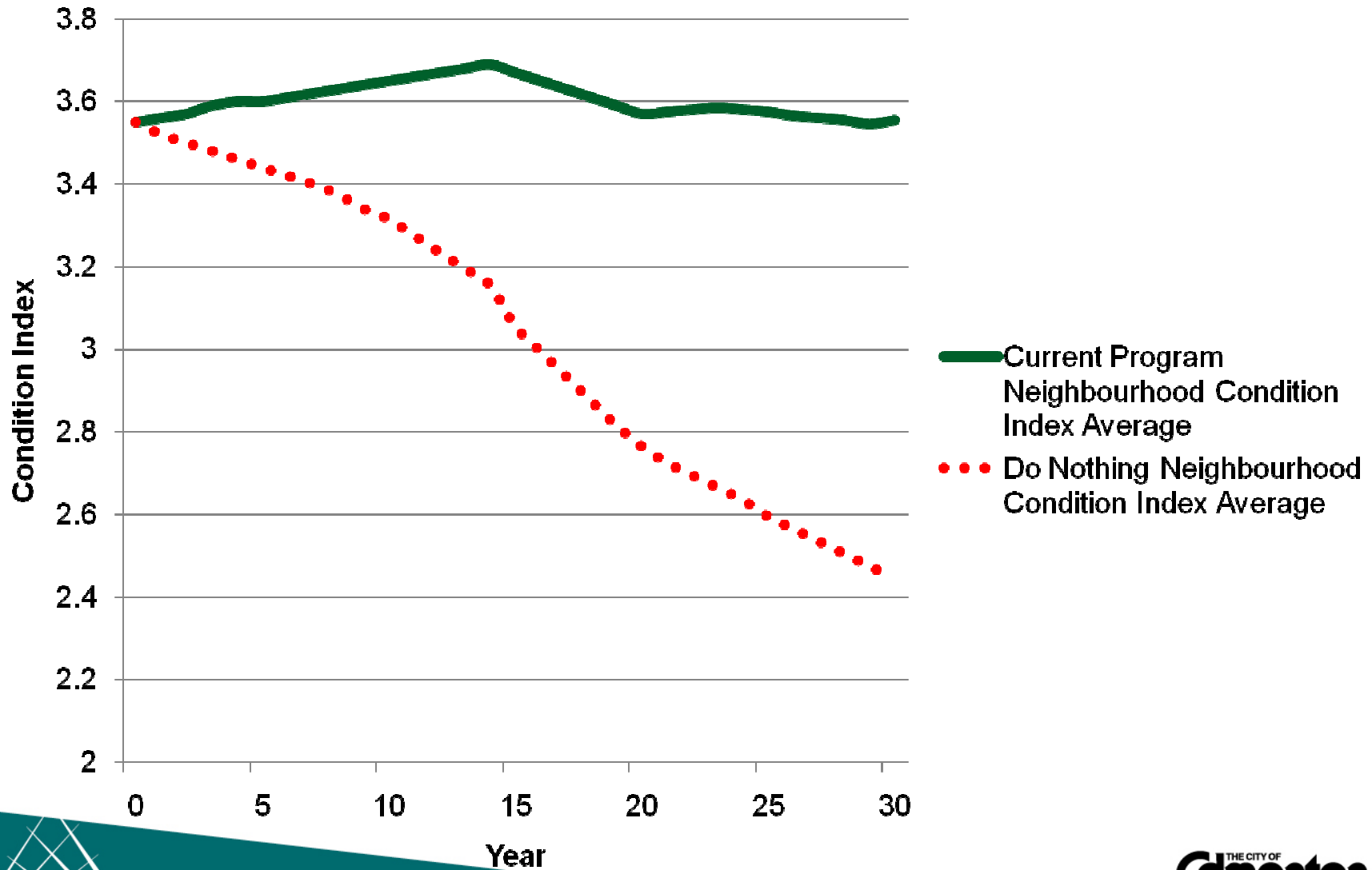
	As Presented in 2012 Budget Binder	Impact of Reduced Interest Assumption
Return on Rate Base	7.00%	7.00%
Net Income (in \$ millions)	12.6	12.6
Impact to Customer Rate	\$1.46/month	\$1.34/mo



Impact on Sanitary Drainage Utility

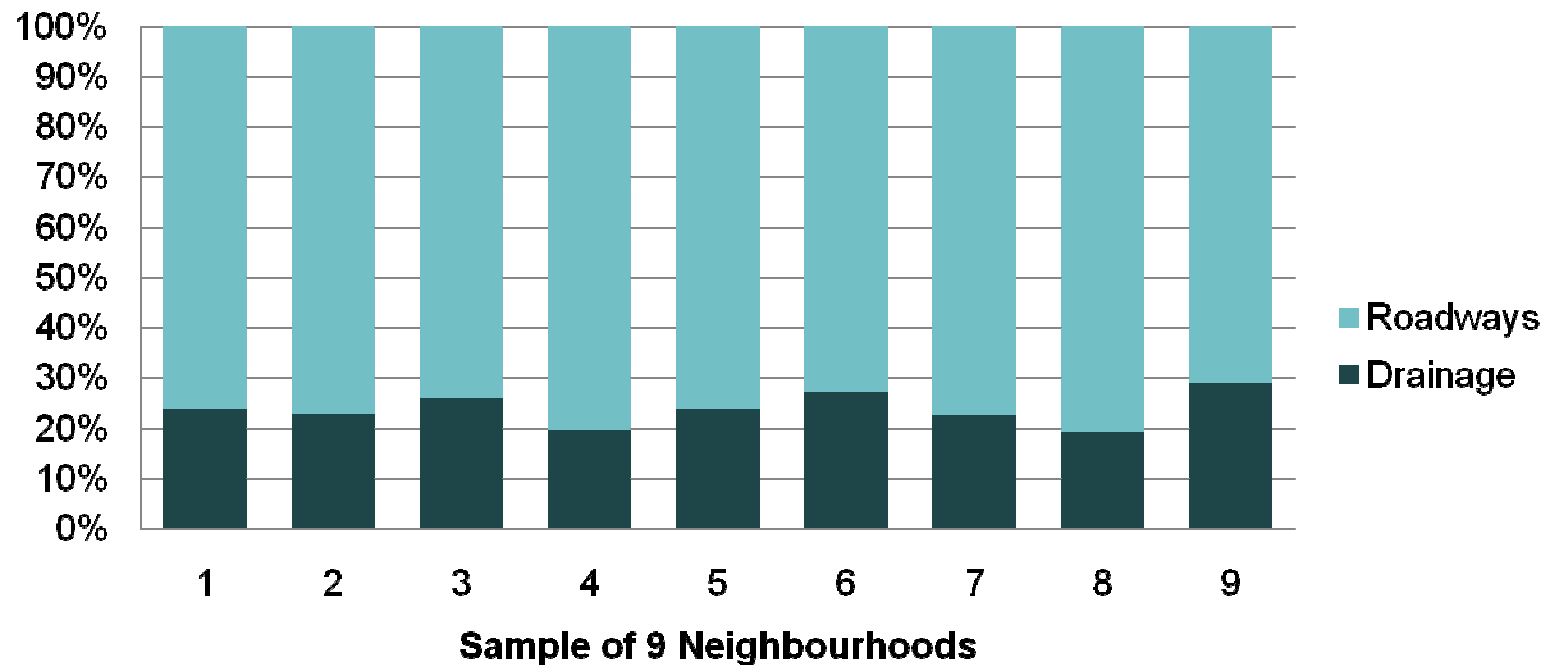


Neighbourhood Sewer Condition Index



Neighbourhood Renewal Program

2012 to 2014 Drainage Neighbourhood Renewal



Drainage Rate Impact - \$0.12 per neighbourhood per month



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Waste Management Utility 2012 Budget

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Presentation Outline

- Reduction Opportunities
- Recommended Monthly Rates
- Recommended Facility Rates
- 2012 Milestones



2012 Monthly Rate Increase Recommended by Utility Committee

➤ End use of retained earnings	\$1.00	\$1.00
➤ Depreciation and debt repayment	\$0.55	\$0.27
➤ Operating requirements	\$0.50	\$0.38
➤ Shared services	<u>\$0.21</u>	<u>\$0.21</u>
	\$2.26	\$1.86

Revised Single Family Rate Increase **\$1.86** per month

2012 Monthly Rate Increase Recommended by Utility Committee

➤ End use of retained earnings	\$1.00	\$1.00
➤ Depreciation and debt repayment	\$0.55	\$0.27
➤ Operating requirements	\$0.50	\$0.38
➤ Shared services	<u>\$0.21</u>	<u>\$0.21</u>
	\$2.26	\$1.86

	\$0.55
➤ 1. Remove Aurum land purchase	= (\$0.12)
➤ 2. Borrowing rate reduction	= <u>(\$0.16)</u>
	\$0.27



2012 Monthly Rate Increase Recommended by Utility Committee

➤ End use of retained earnings	\$1.00	\$1.00
➤ Depreciation and debt repayment	\$0.55	\$0.27
➤ Operating requirements	\$0.50	\$0.38
➤ Shared services	<u>\$0.21</u>	<u>\$0.21</u>
	\$2.26	\$1.86

		\$0.50
➤ 3. Revised date new collection contracts	<u>(\$0.12)</u>	
		\$0.38



2012 Monthly Rate Increase Recommended by Utility Committee

Increase in Single Family Monthly Rate

➤ End use of retained earnings	\$1.00	} Financial
➤ Depreciation and debt repayment	\$0.27	
➤ Operating requirements	\$0.38	} Operating
➤ Shared services	<u>\$0.21</u>	
	\$1.86	

Utility Committee Rate Recommendation

Monthly Rates			
	2011	Change	2012
Single Family	\$31.34	\$1.86	\$33.20
Multi-family	\$20.37	\$1.21	\$21.58

Rate Increase 5.9%

Waste Management Utility



Recommended Facility User Rate Increases

- No Change in homeowner disposal rates at all facilities
- Only Rates at EWMC Change



	2011	2012
Commercial Waste	\$68/t	\$75/t
Mixed Construction Waste	\$44/t	\$60/t
Segregated Construction Waste	\$35/t	\$40/t
Commercial Minimum Charge	\$35/t	\$40/t

What's new in 2012

In addition to ongoing services that are unchanged.....



- Public input on low volume rates
- Greys Facility commissioned
- Design and Tender NE Eco Station
- Biofuels Facility constructed
- Final stage of Integrated Processing and Transfer Facility commissioned
- Construction and Demolition Waste Recycling Facility Opened

Summary of Rate Recommendations

- **Single Family Monthly Rate \$33.20**
- **Multi-family Monthly Rate \$21.58**
- **EWMC Commercial Waste Fee \$75 per tonne**
- **EWMC Mixed C&D Waste Fee \$60 per tonne**
- **EWMC Segregated C&D Waste Fee \$40 per tonne**
- **EWMC Minimum Commercial Waste Charge \$40 per tonne**



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