

Water Wastewater Long Range Financial Plan

Presented To:	Finance and Administration Committee
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Type:	Presentations
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Recommended by:	General Manager of Corporate Services

Report Summary

This report and presentation provides a recommendation regarding the Water and Wastewater Long Range Financial Plan that must be updated to comply with Ontario Regulation 453/07. BMA Management Consulting Inc. (BMA) was engaged to perform that update and Jim Bruzzese President of BMA will present the Plan to the Finance and Administration Committee.

Resolution

THAT the City of Greater Sudbury approves the Water and Wastewater Long Range Financial Plan in compliance with Ontario Regulation 453/07, as outlined in the report entitled “Water Wastewater Long Range Financial Plan”, from the General Manager of Corporate Services, presented at the Finance and Administration Committee meeting on April 22, 2025; which indicates that the City of Greater Sudbury drinking water and wastewater system is financially viable;

AND THAT staff submit the Water and Wastewater Long-Range Financial Plan to the Province;

AND THAT staff be directed to incorporate the recommended Plan and annual rate increase of 6% into the 2026-2027 Budget.

Relationship to the Strategic Plan, Health Impact Assessment and Climate Action Plans

This report refers to the sustainable infrastructure priority of the Corporate Strategic Plan.

Financial Implications

If approved, recommendations within this plan will form part of the 2026 and 2027 annual budget for water and wastewater subject to Council approval during budget deliberations. The Plan provides the City with a realistic and informed view of the Water and Wastewater operating and capital expenditures needed over time to maintain the integrity and health of its physical infrastructure and to accommodate growth and new environmental standards. The setting of rates and amount of capital budgets for Water and Wastewater will be subject to Council's review and approval during the budget process.

Background

In 2011, Council endorsed a 10-year Financial Plan for Water and Wastewater as financially viable and approved that plan in compliance with Ontario Regulation 453/07. That Plan covered the period 2012-2021 and recommended annual rate increases of 7.4% to achieve sustainability. That rate was subject to Council approval during budget deliberations. Council approved a 7.4% increase in each of the four years 2016 through 2019.

In 2019, the Plan was updated so that the timeframe of the Plan covered a minimum six-year period commencing in the year in which the existing municipal drinking water licence expires. At that time the City's licences were set to expire in 2020, so the Plan, at a minimum, had to be updated to cover the period ending 2026. The update was prepared with a 10-year timeframe. During 2019 Budget deliberations, the Finance and Administration Committee requested that options for 15, 20 and 25 years be prepared as well. BMA Management Consulting Inc. was engaged to update the Plan and the recommended timeframe for the Plan was 20 years covering 2020 through 2039 with an annual rate increase of 4.8%. This was to achieve sustainability but also deemed to be affordable to the water users. That rate increase has been approved in the budget years for the years 2020 through 2025.

The Auditor General performed audits of Wastewater Treatment (Nov 24th, 2020) and Water Treatment (May 18th, 2021). In both cases it was recommended that the City update its Water Wastewater Financial Plan. Although the Plan does not require updating as the 20-year timeframe covers the current drinking water licences of 2024 through 2029, staff agree with the Auditor General that it is appropriate to update the Plan sooner than later.

In addition to incorporating recommendations from the latest Asset Management Plan, this update recognizes several large water projects that have been identified during recent Budget deliberations. These include, but are not limited to, the Wanapitei Trunk Watermain Upgrade and Garson Water Servicing. While these projects serve as key examples, it is important to highlight that numerous other upgrades, as outlined in the Water and Wastewater Master Plan and the updated Asset Management Plan, contribute to ongoing financial pressures on the capital plan. Collectively, these documents stress the significant strain on the budget. It is also worth noting that inflation has exceeded the rate increase on multiple occasions over the past five years. With substantial increases in operating costs, our capacity for capital funding has been further compromised.

BMA Consulting Inc. has been retained to update the Plan and will be presenting their findings to Committee at the April 22, 2025, meeting.

Summary

The recommended timeframe of the Water Wastewater Long Range Financial Plan update is 15 years for the period 2026 through 2041 with an annual overall rate increase of 6.0% each year during that period.

Resources Cited

Ontario Regulation 453/07

<https://www.ontario.ca/laws/regulation/R07453>

2019 Financial Plan for Water and Wastewater

<https://pub-greatersudbury.escribemeetings.com/filestream.ashx?documentid=2998>

Auditor General audits of Wastewater Treatment

<https://pub-greatersudbury.escribemeetings.com/filestream.ashx?documentid=38527>

Auditor General audits of Water Treatment

<https://pub-greatersudbury.escribemeetings.com/FileStream.ashx?DocumentId=40073>