



# City of Greater Sudbury Water and Wastewater Financial Plan 2012-2021

Presentation to Council  
March 3, 2011

# Presentation Agenda

- Background
- Key assumptions
- Financial plan results
- Conclusion
- Questions

# Financial Planning for Water and Wastewater Services

## Background

# Financial Planning for Water and Wastewater Services

## *Regulatory Framework*

- Licensing of water systems in Ontario is a requirement under the *Safe Water Drinking Act, 2002*
- A condition of licensing is the preparation of a financial plan
  - Form and content of the plan is prescribed under Ontario Regulation 453/07
  - Required to be approved by Council
- Public communication is a required element

# Financial Planning for Water and Wastewater Services

## *What is a Financial Plan?*

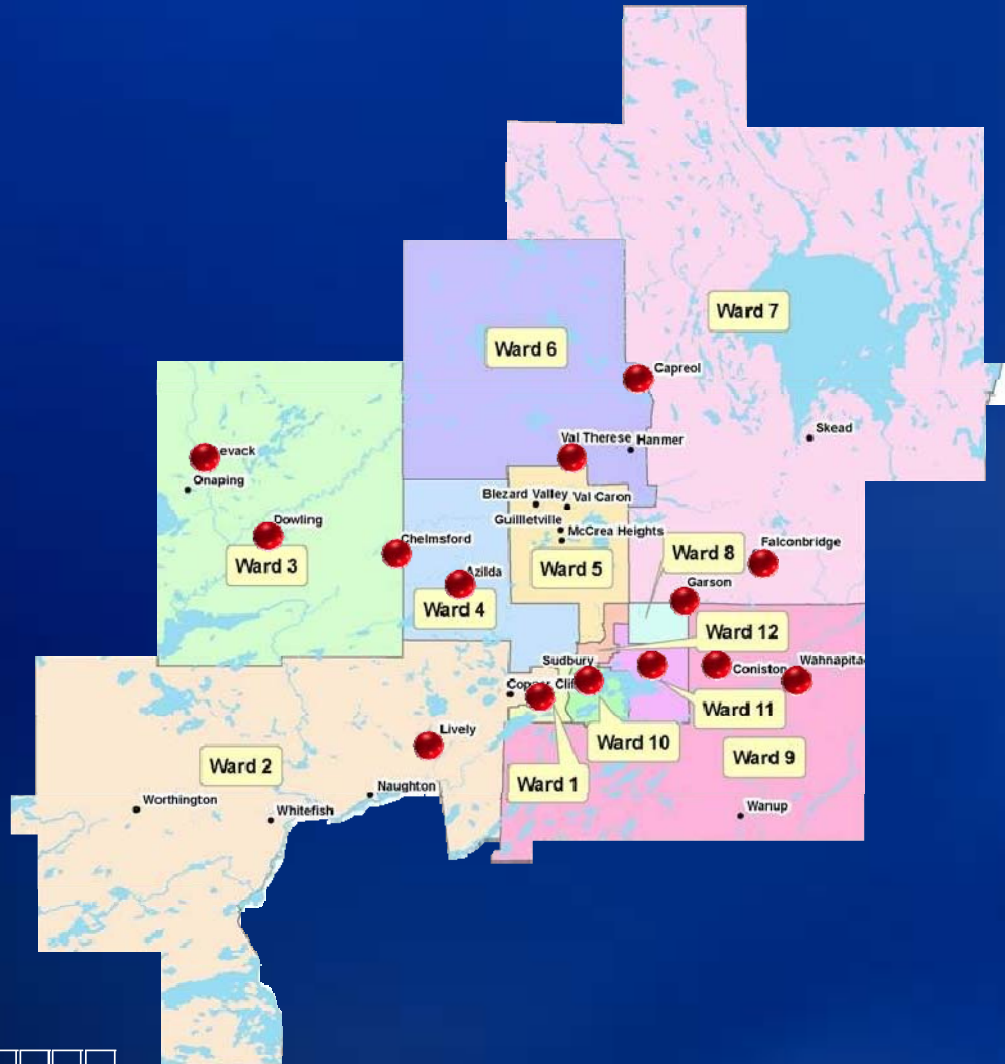
- Estimate of future financial outcomes based on actual experience and estimated future economic conditions
- Comprehensive financial strategy to achieve future goals
- Benchmark to measure progress
- Dynamic

# Financial Planning for Water and Wastewater Services

## *What is Financial Sustainability?*

- Revenues that are sufficient to provide for:
  - Operating costs
  - Debt servicing costs
  - Capital rehabilitation and replacement
- Meet or exceed regulatory and environmental protection standards
- Capital expenditures equal to 2% of replacement value

# Water and Wastewater Services Infrastructure



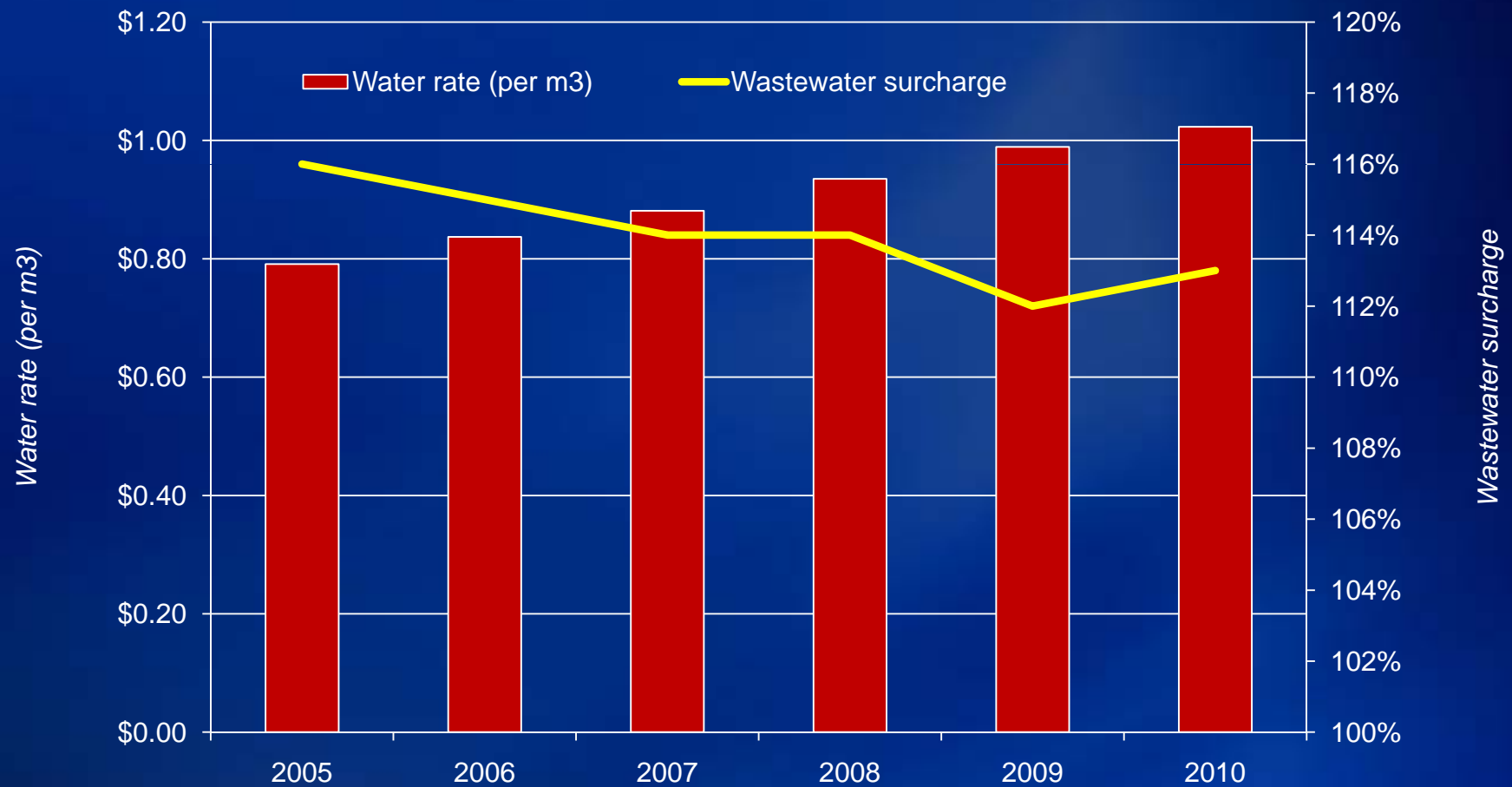
- 12 treatment facilities
- 1,700 km of mains
- Replacement value of \$2.3 billion



# Water and Wastewater Services

## Historical Rates

### Water and wastewater rates



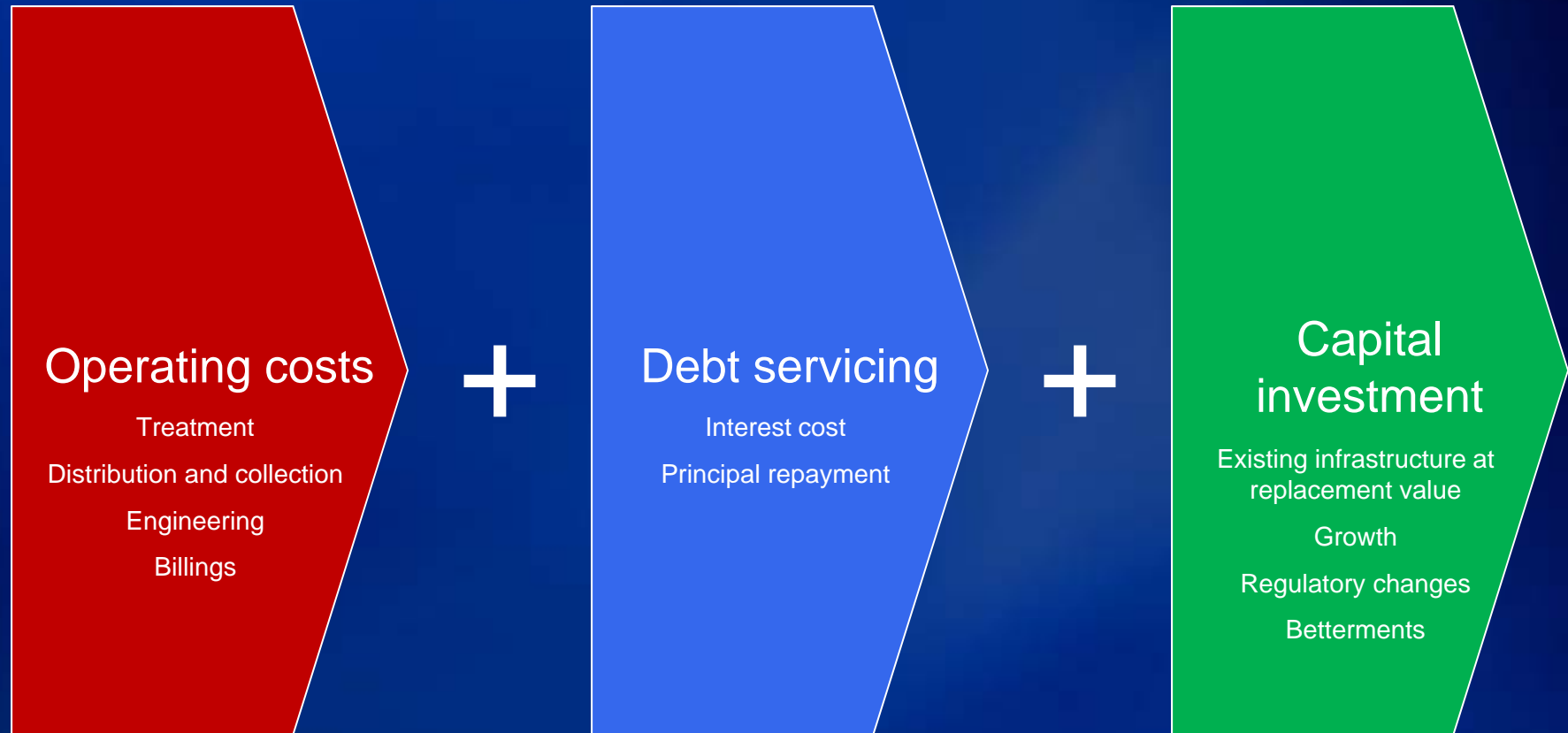


# Financial Planning for Water and Wastewater Services

## Key Assumptions

# Building the Water and Wastewater Financial Plan

## *Plan Components*



# Building the Water and Wastewater Financial Plan

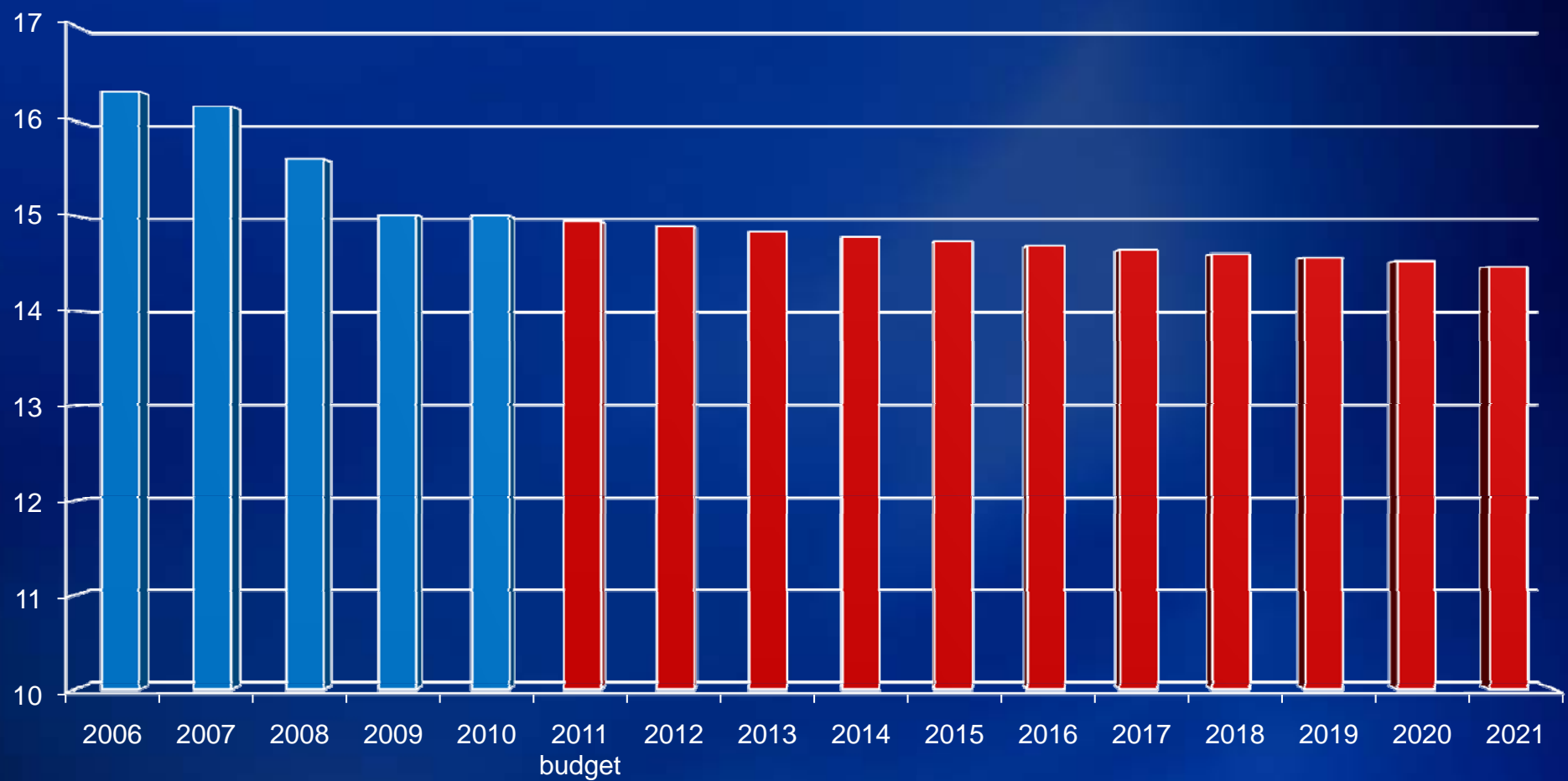
## *Key Assumptions*

1. Consumption
2. Operating costs
3. Capital expenditures
4. Transition timeframes

# Key Assumptions

## Consumption

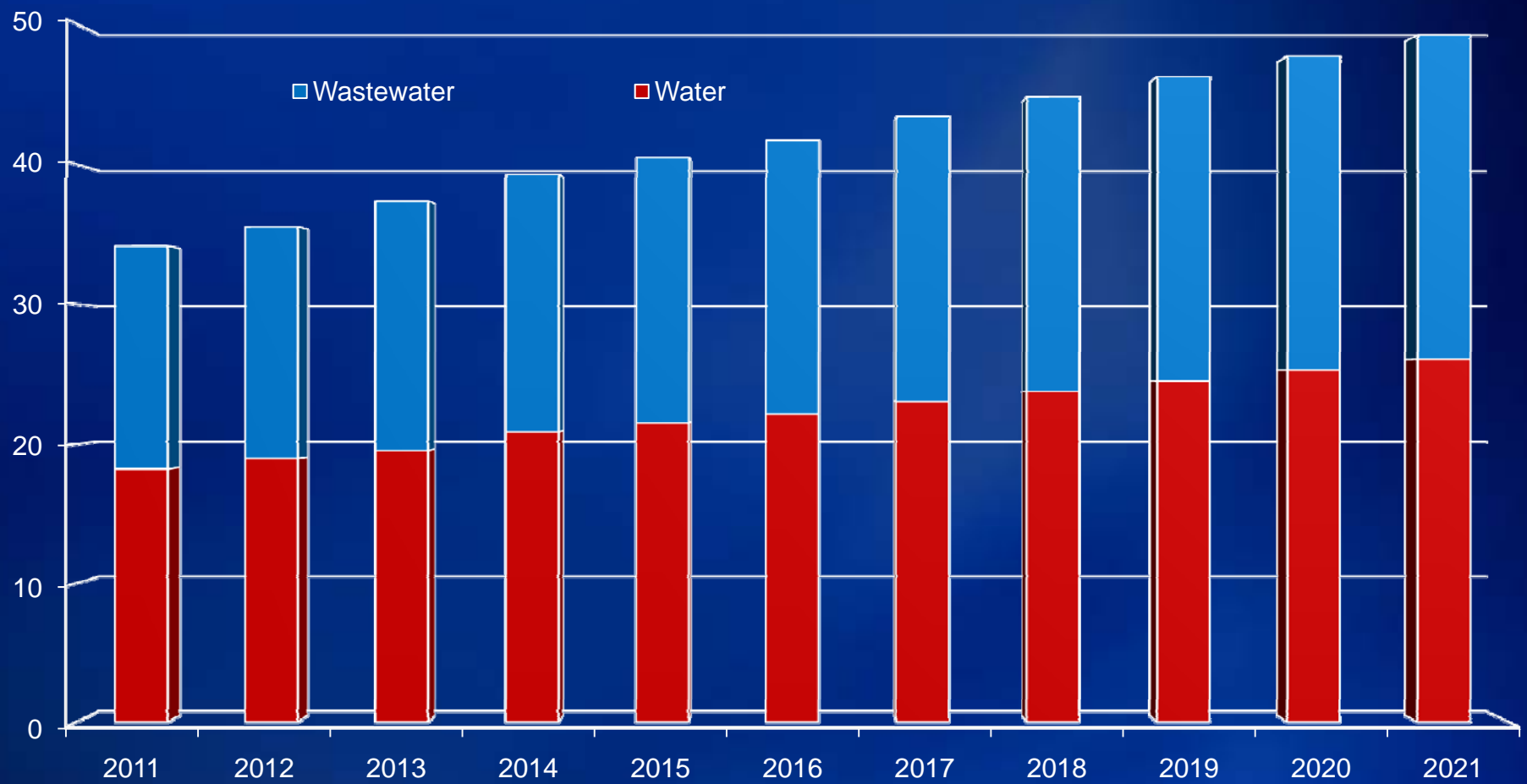
*Historical and forecasted consumption (in millions of m<sup>3</sup>)*



# Key Assumptions

## Operating Costs

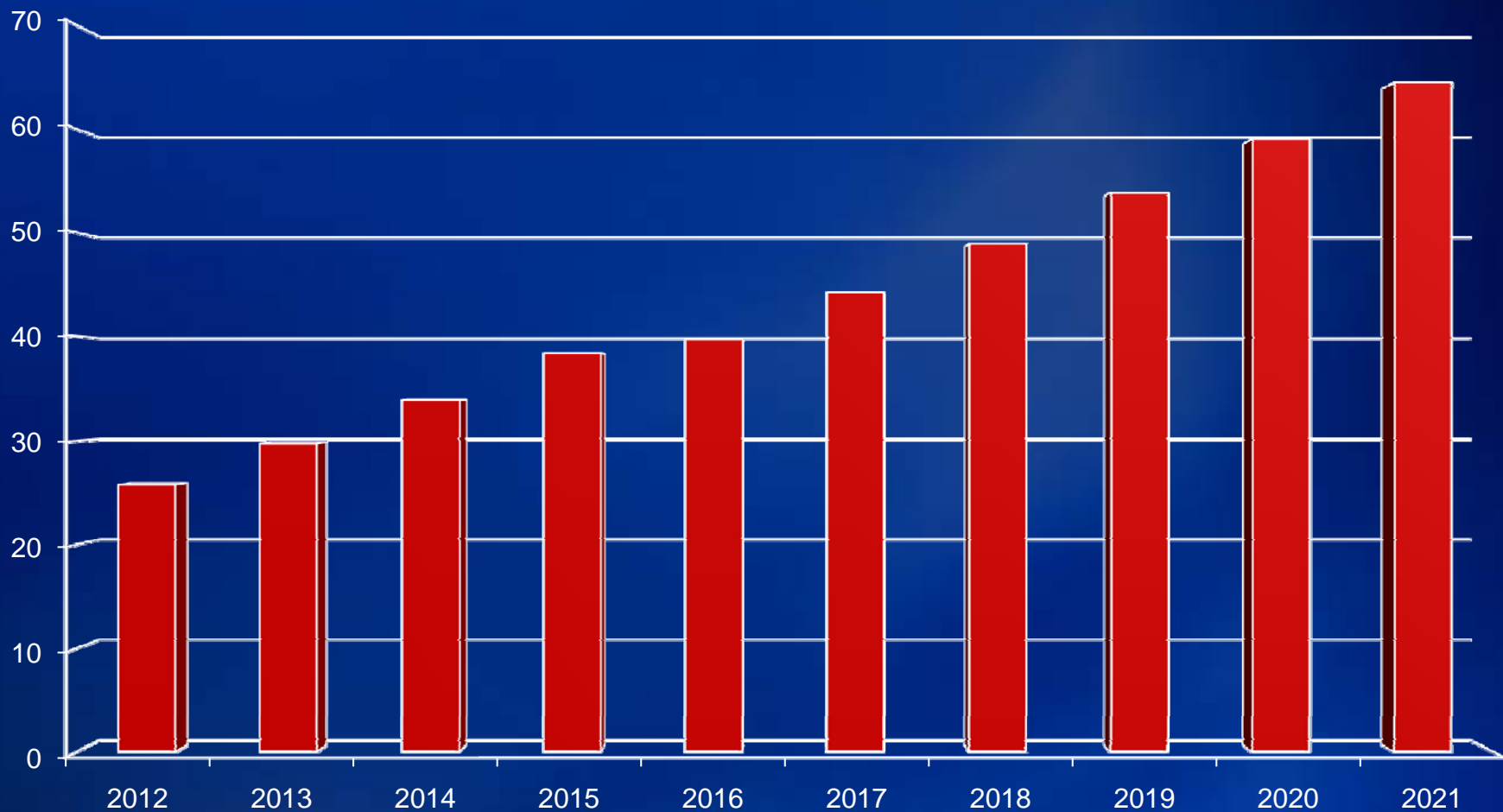
*Projected operating costs (in millions of dollars)*



# Key Assumptions

## *Capital Investment*

*Projected capital expenditures (in millions of dollars)*



# Financial Planning for Water and Wastewater Services

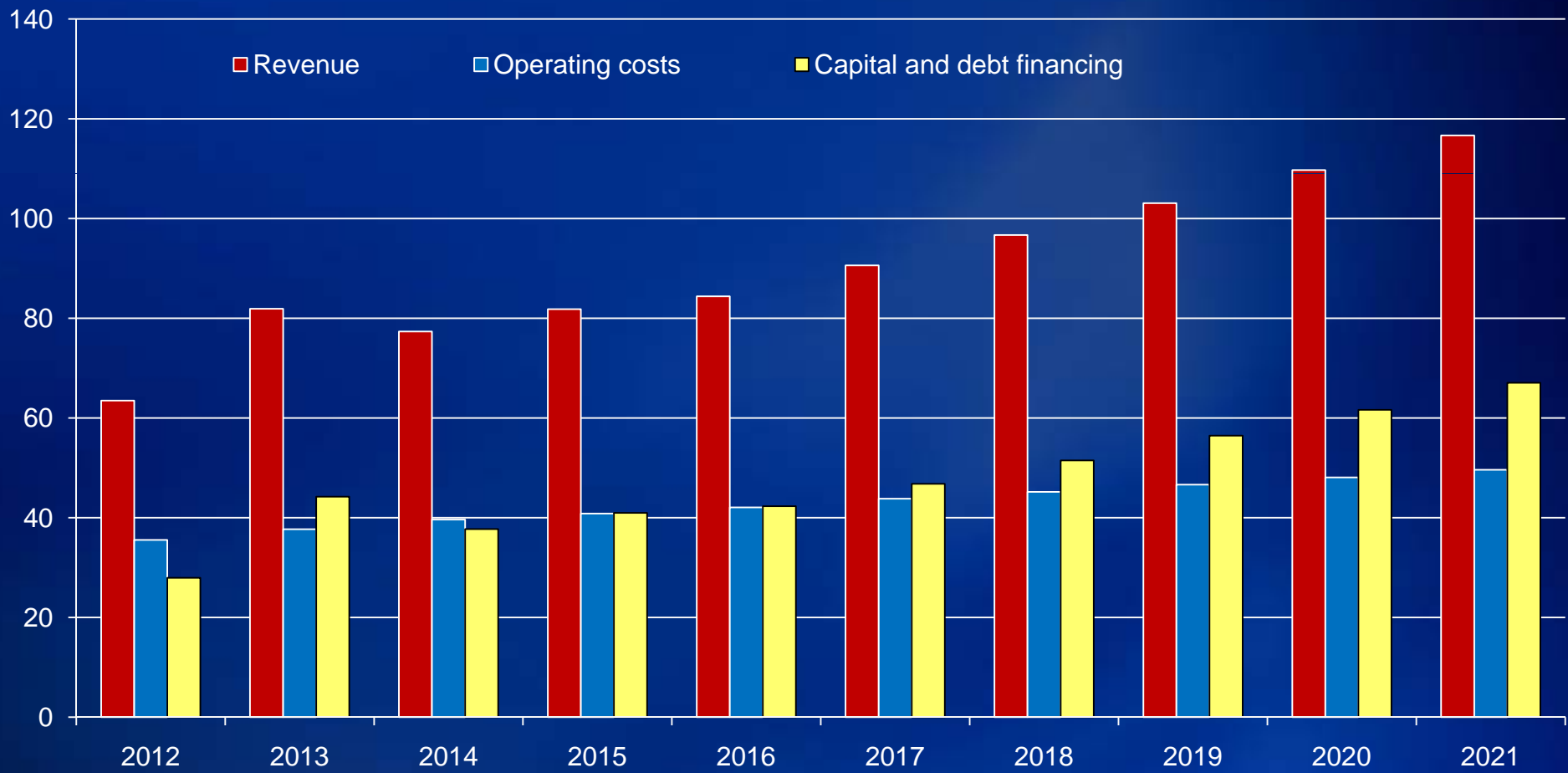
## Financial Plan Results



# Water and Wastewater Financial Plan

## *Projected Financial Performance*

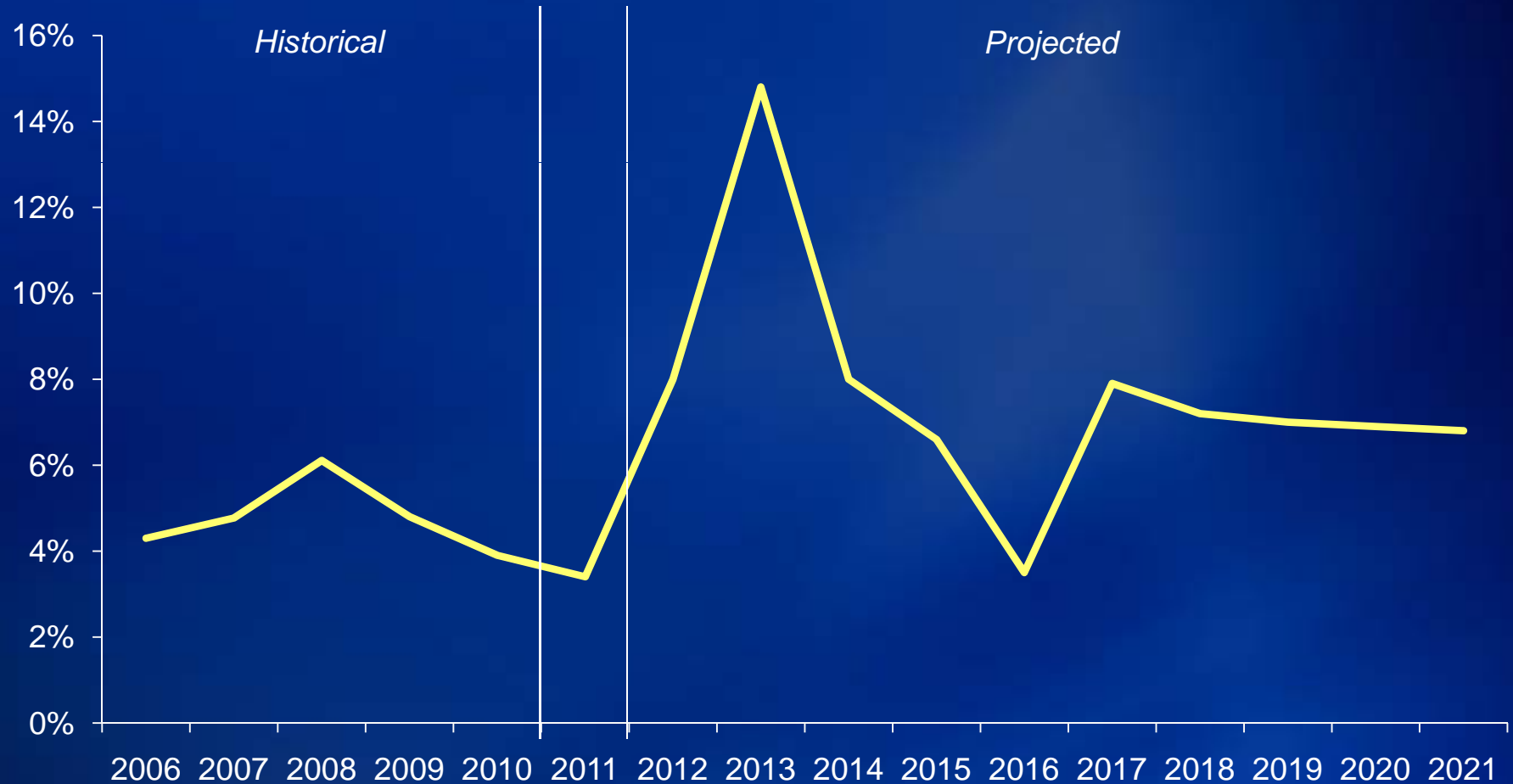
*Projected financial performance (in millions of dollars)*



# Water and Wastewater Financial Plan

## *Projected Increase in Water and Wastewater Costs*

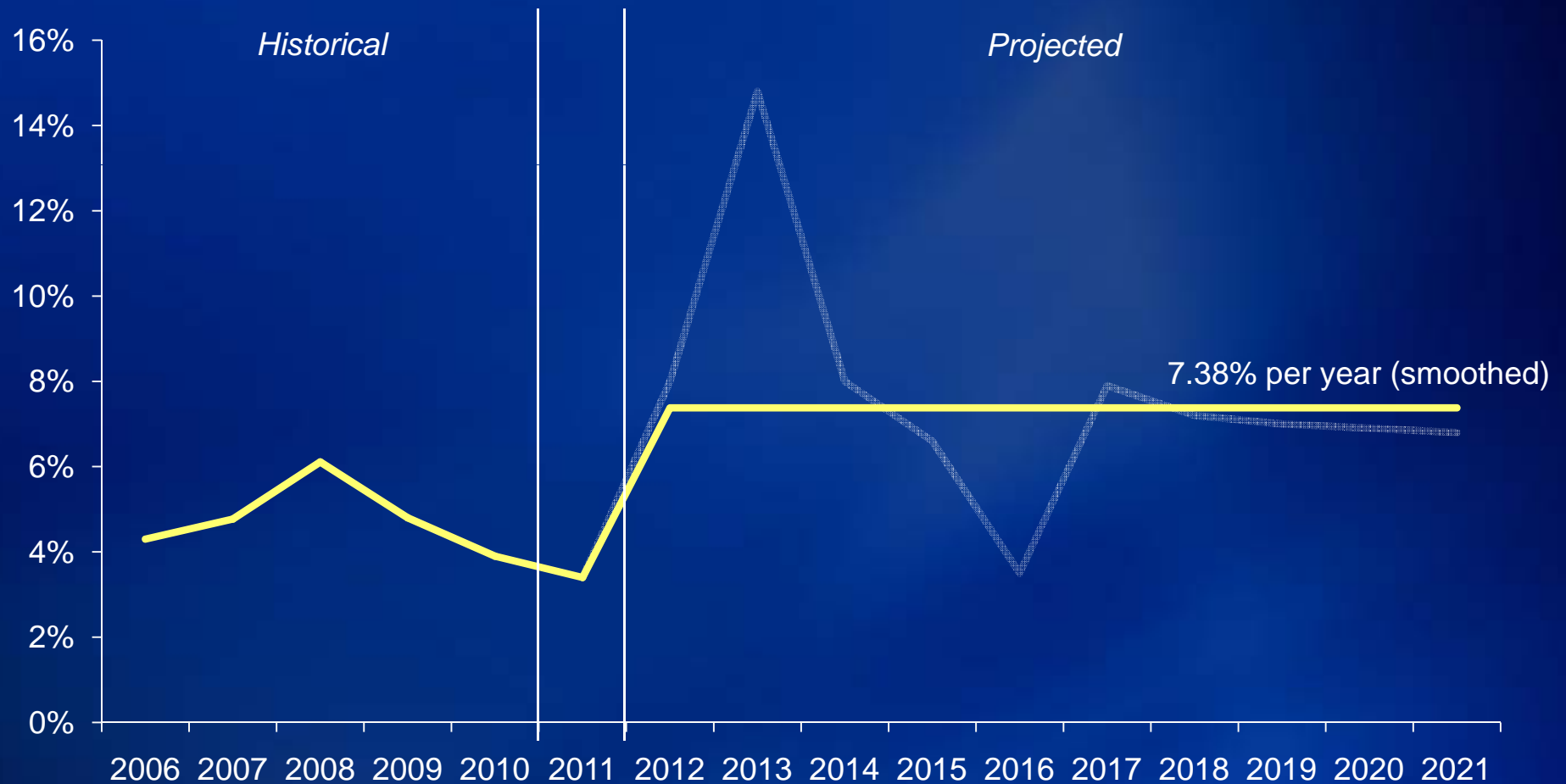
*Percentage increase in annual residential costs (240 m<sup>3</sup> per year)*



# Water and Wastewater Financial Plan

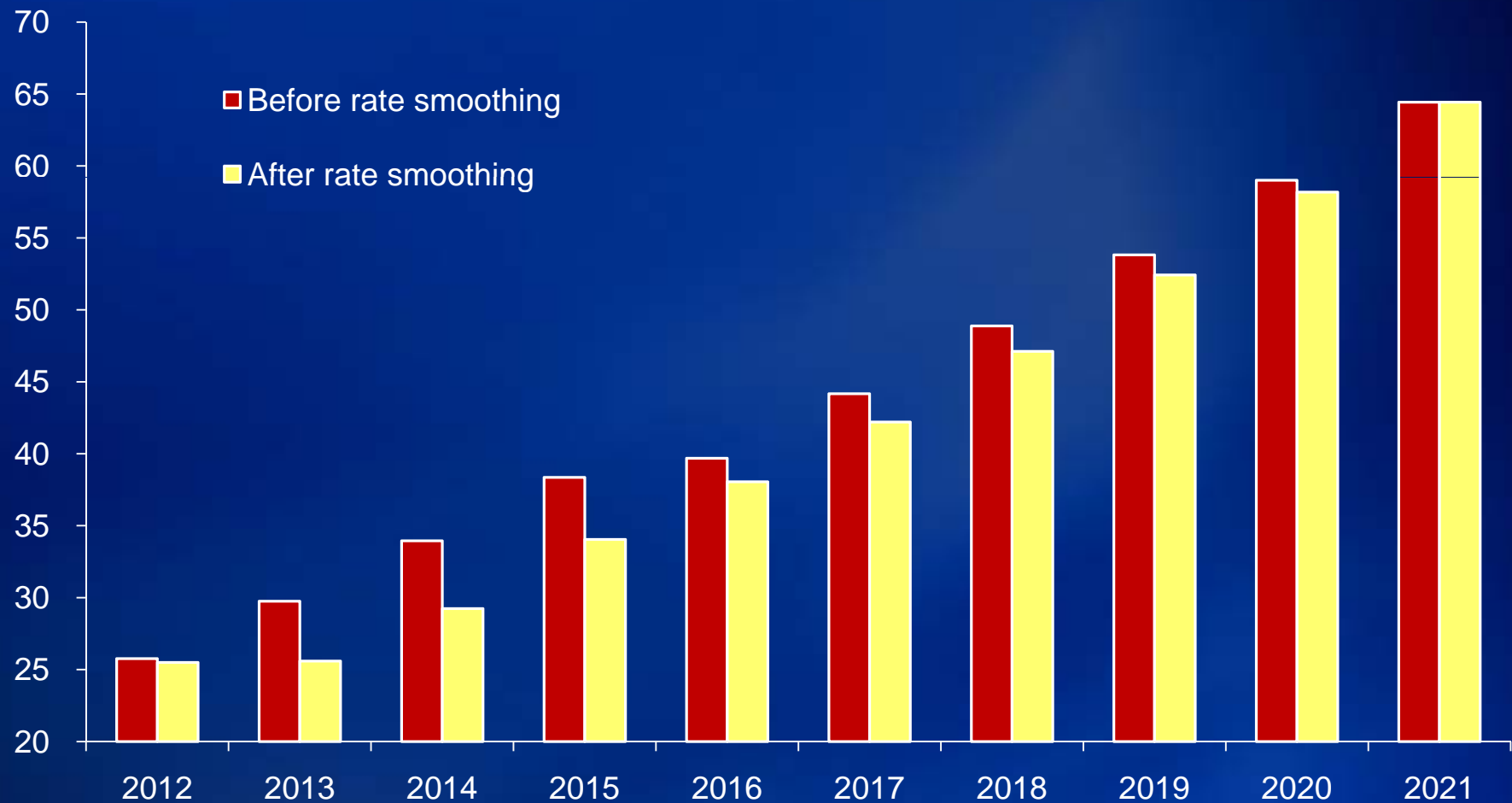
## *Projected Increase in Water and Wastewater Costs*

*Smoothed increase in annual residential costs (240 m<sup>3</sup> per year)*



# Impact of Rate Smoothing on Capital Investment

*Projected capital expenditures (in millions of dollars)*



# Financial Planning for Water and Wastewater Services

## Conclusion

# Water and Wastewater Financial Plan

## *Council Resolution*

- **THAT** the report of the CFO/Treasurer and General Manager of Infrastructure dated March 2, 2011 entitled Financial Plan for Water and Waste Water Services as required under Ontario Regulation 453/07 be received;
- **AND THAT** the Finance Committee recommends that Council endorses the Financial Plan for Water and Wastewater Services as financially viable;
- **AND THAT** the Finance Committee recommends that Council, as the owner of the City of Greater Sudbury municipal drinking water and wastewater systems, approve the Financial Plan for Water and Wastewater Services in compliance with Ontario Regulation 453/07;
- **AND THAT** staff submit the Financial Plan for Water and Wastewater Services to the Province in compliance with Ontario Regulation 453/07;
- **AND THAT** the Financial Plan for Water and Wastewater Services be updated on a regular basis and included in the Water and Waste budgets presented to Council.

# Financial Planning for Water and Wastewater Services

Questions