



REPORT

To: Council
From: Les J Halucha, Treasurer
Date: June 4, 2025
Subject: 2025 Water Rate Bylaw Amendment

BACKGROUND

At the May 27th, 2025 regular Council meeting, Sean-Michael Stephen of Watson & Associates Economists Ltd. presented a financial plan for waterworks as part of a submission of maintaining a municipal drinking water licence for the Town's water systems per the Safe Drinking Water Act, 2002 (SDWA) and Ontario Regulation 453/07. This was due June 1st, 2025 and has been submitted. The SDWA requires a plan forecast over a period of at least 6 years but must be submitted every 5 years into the Ministry.

DISCUSSION

The previous financial plan was from 2020. The last full water rate study was completed in January 2015 with water rates to 2024. Council passed a temporary bylaw November 26th, 2024 authorizing the water rates to increase by 2.7% effective January 1st, 2025.

The water rate study proposes an initial water rate increase of the monthly flat charge to \$25 from \$5.13 effective July 1st, 2025 with no increase to the per cubic metre water rate. The proposed rates are to increase total annual water billing by 13.2% for the next 5 years starting January 1st, 2026.

The water financial plan approved by Council for the water licence renewal is supported by the calculated water rates proposed. Council is required to pass the attached amended water rate bylaw in keeping with the 2025 Water Financial Plan submitted.

RECOMMENDATION

That Council pass the amending water rate bylaw.

Attachments:

1. Watson & Associates Economists Ltd Water Rate Study & Presentation
2. 2025 Amending Water Rate Bylaw



Town of Mono 2025 Water and Wastewater Rate Study

Council Presentation

May 27, 2025

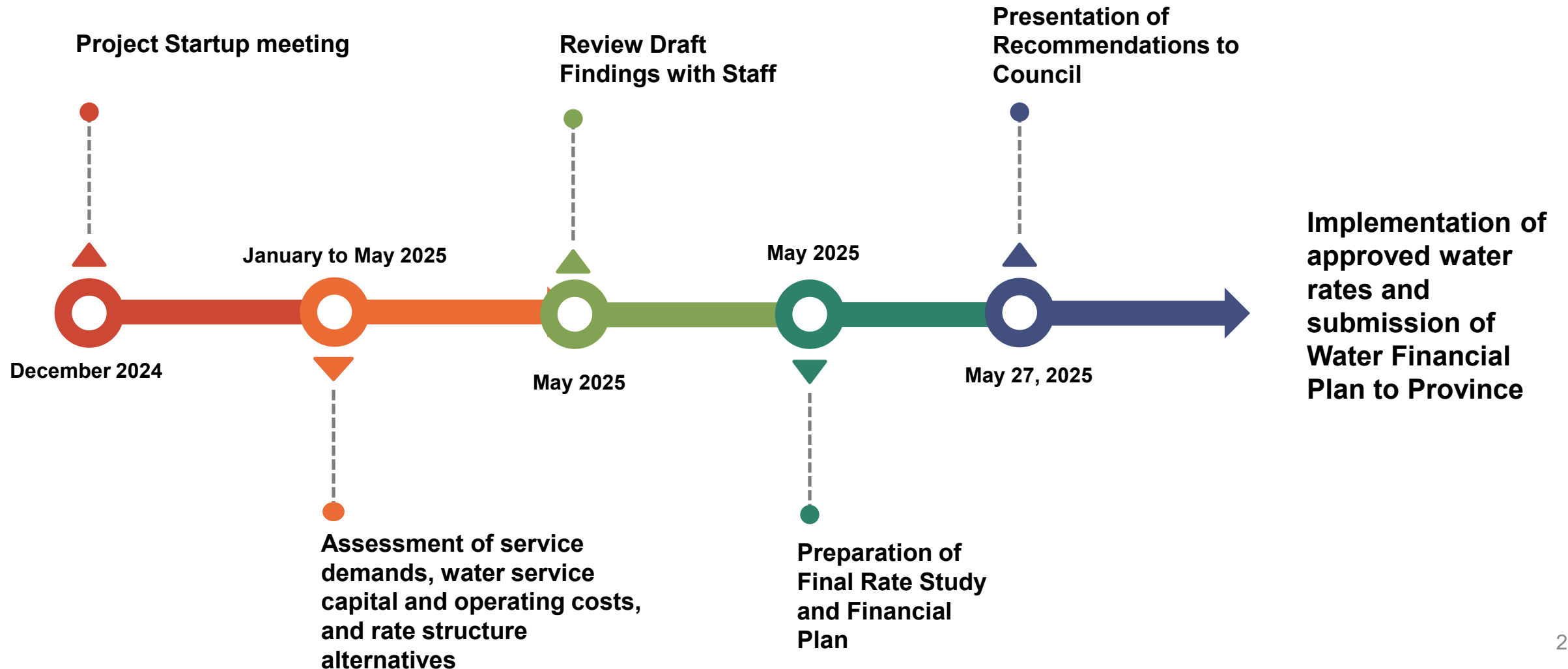
Introduction

2025 Water & Wastewater Rate Study & O.Reg. 453/07 Water Financial Plan



- Watson & Associates Economists Ltd. (Watson) has been retained by the Town to undertake a Water & Wastewater Rate Study and O.Reg. 453/07 Water Financial Plan
 - This presentation is review the findings of the Water Rate Study and Water Financial Plan only
- Water Rate Study Objectives:
 - Forecast water service demands;
 - Prepare assessment of capital needs and funding sources;
 - Assess operating costs and revenues;
 - Undertake rate calculations and structure analysis;
- Water Financial Plan Objectives
 - Prepare financial plan in accordance with O.Reg. 453/07 as part of the water license renewal application submission requirements

Study Process



Customer & Consumption Growth Forecast



Water Customer Forecast	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076
New - Growth	-	-	-	-	-	-	2	6	10	14	18
Total	1,076	1,076	1,076	1,076	1,076	1,076	1,078	1,082	1,086	1,090	1,094

- 18 new connections anticipated in later portion of forecast period
 - New customers assumed to consume 245m³ per year (Current average is 262m³ per year)
 - Total annual water consumption to remain relatively constant at ~280,000 m³/year (accounting for growth and conservation from existing households)

Capital Needs



- 2025-2035 capital needs total \$18.5 million (\$1.7 million per year)
 - Includes \$7.2 million for New Tower and \$7.8 million for arsenic remediation
- Average annual lifecycle costs to rehabilitate and replace infrastructure over its lifecycle are \$859,000

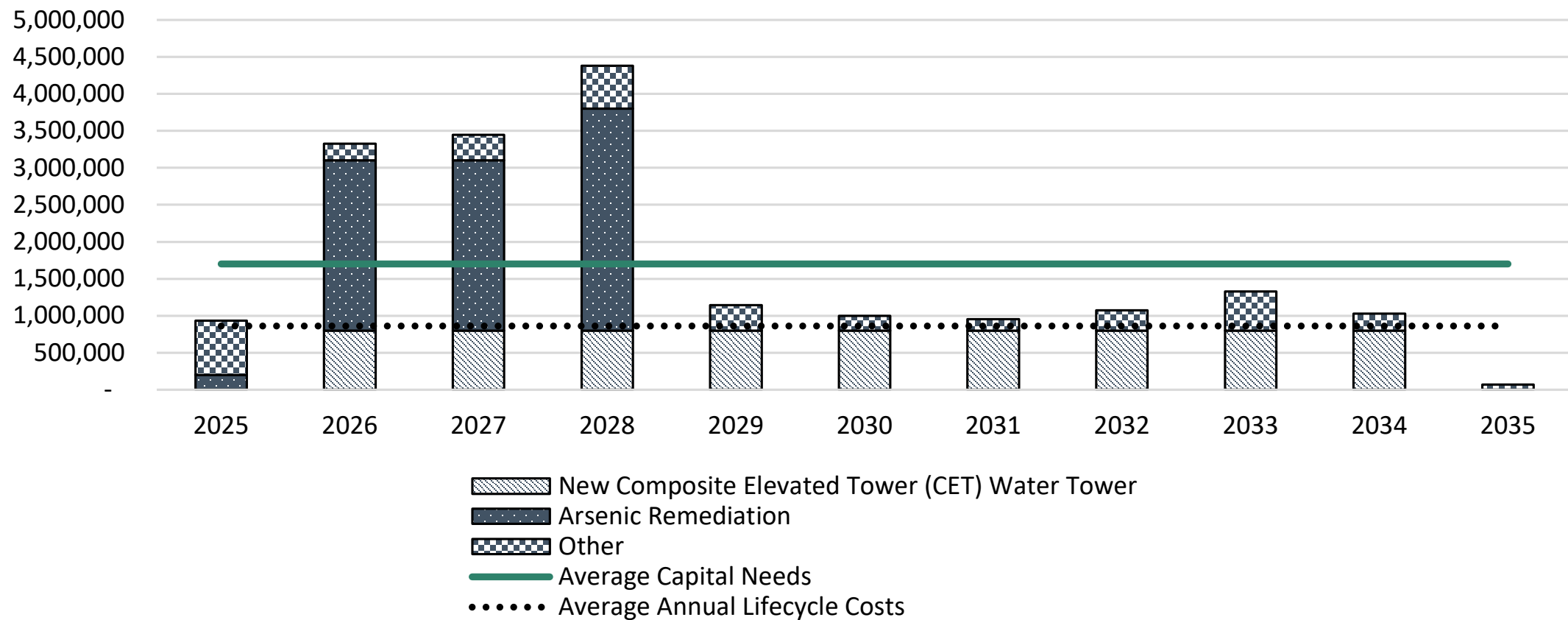
Description	Total Replacement Cost (2025\$)	Target for Rate Study	Comments/Notes
Facilities	18,707,666	392,861	Annual contribution target for rate study based on Mid range end of CIRC reinvestment
Watermains	22,707,858	283,848	
Meters	1,249,482	83,299	Annual contribution target for rate study based on straight line approach.
SCADA	1,516,877	99,136	
Total	\$44,181,884	\$859,145	

*CIRC - Canadian Infrastructure Report Card

Capital Needs & Funding



Forecast Capital Needs



Capital Needs & Funding



- Capital Needs have been inflated by 4.4% per year for capital funding purposes

Capital Financing	2025-2035
Provincial/Federal Grants	4,962,801
Non-Growth Related Debenture Requirements	9,802,423
OSTAR Reserve Fund	845,595
Water Reserve	6,149,381
Total Capital Financing	21,760,200

- Capital funding sources product of available rate revenue and reserves associated with rate forecast
- Debt forecast at 3.9% per year and 20-year term

Reserve Forecast



Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	1,602,166	883,776	213,327	-	-	-	-	-	-	-	-
Transfer from Operating	14,810	248,956	374,048	421,052	356,811	473,782	523,061	593,436	676,649	754,611	668,700
Transfer to Capital	733,200	919,405	587,375	421,052	356,811	473,782	523,061	593,436	676,649	754,611	110,000
Transfer to Operating		-	-	-				-	-	-	-
Closing Balance	883,776	213,327	-	-	-	-	-	-	-	-	558,700

Operating Budget Forecast

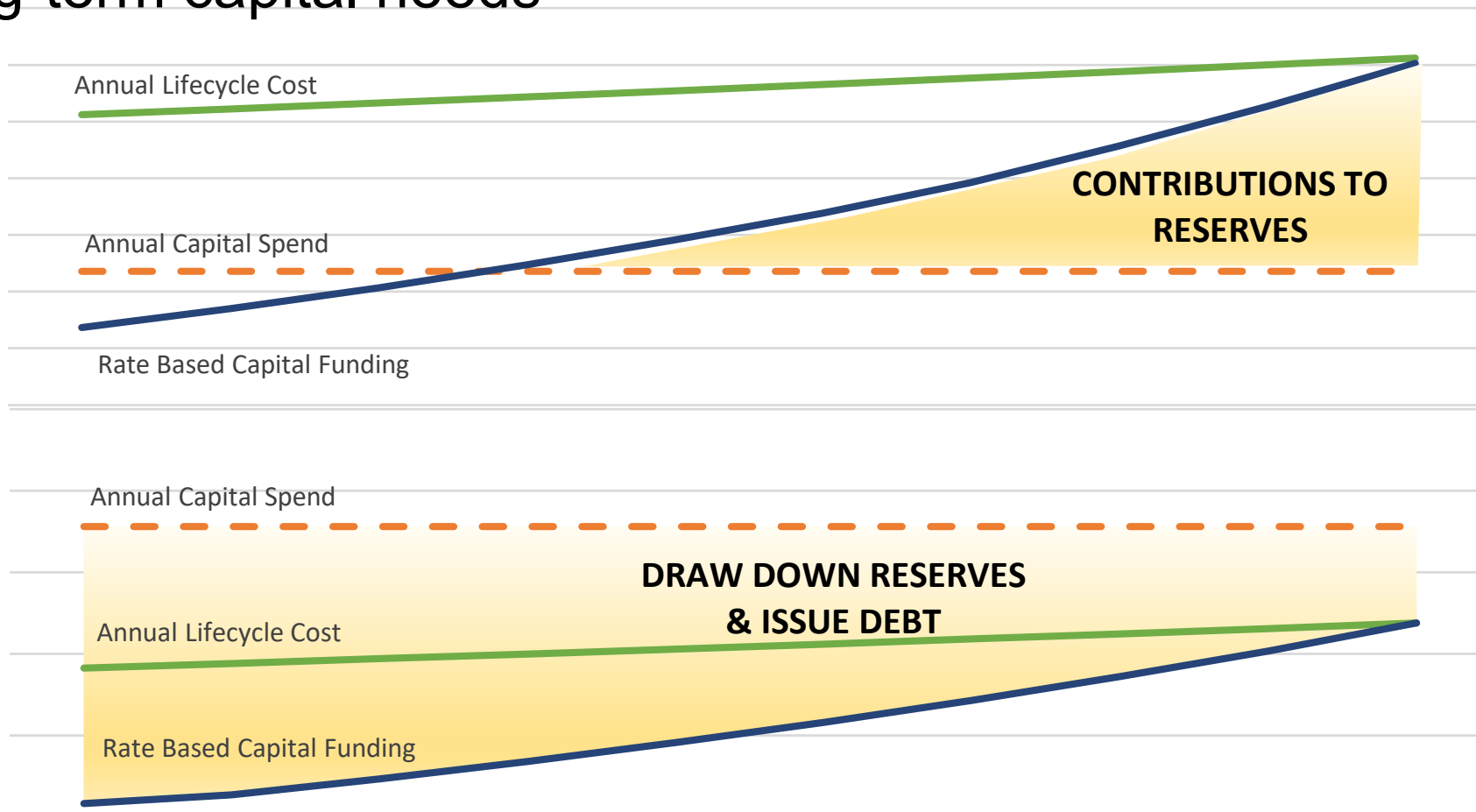


- Operating costs forecast to increase at inflationary levels
 - Salaries, contracts, professional fees – 2.5% per year
 - Other – 3.3% per year
 - Hydro & Heating – 5% per year
 - Insurance – 10% per year
- Operating costs to increase from \$1.02 million per year to \$1.41 million in 2035 (3.2% average annual increase)

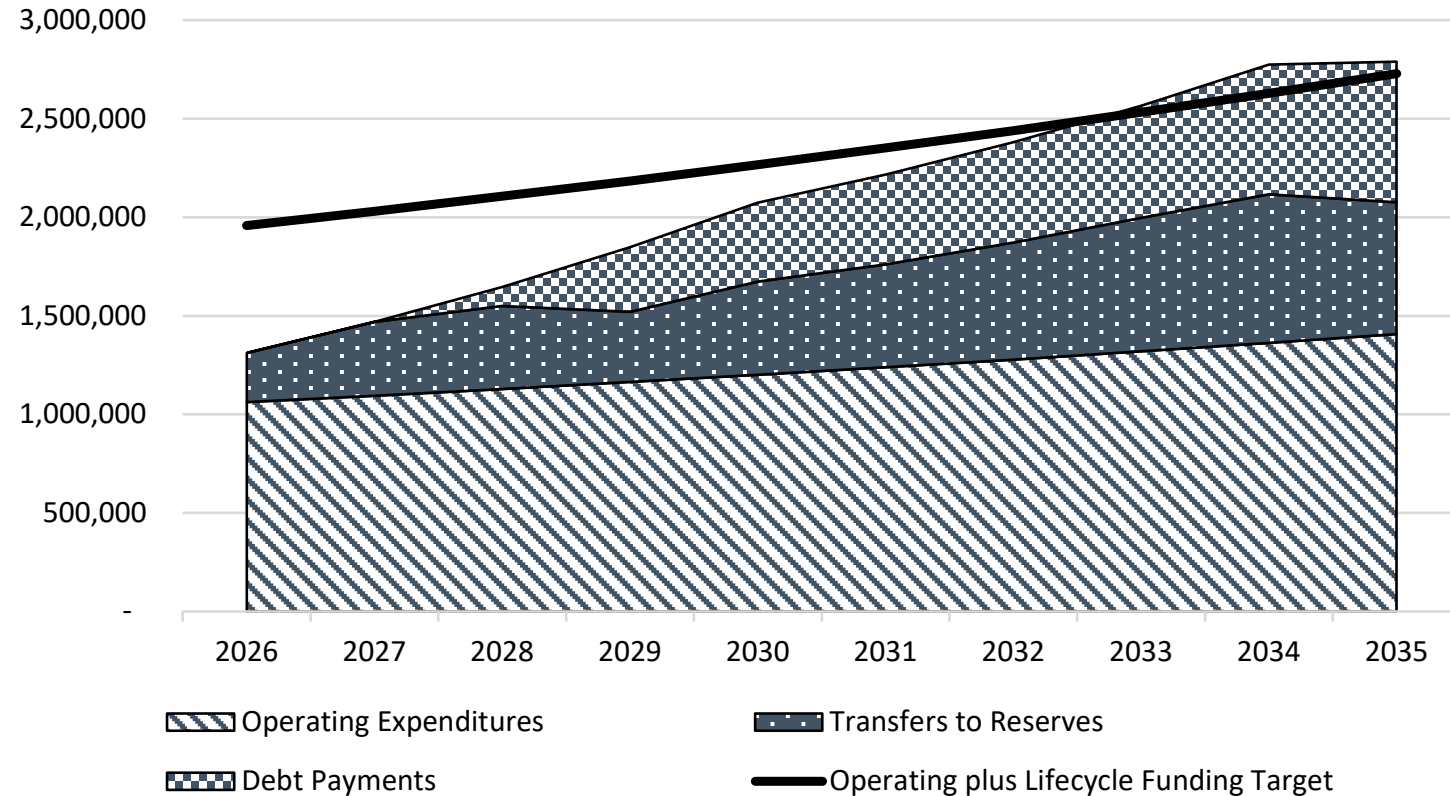
Rate Setting Approach



- Billing revenue should be increased over forecast to fund operating costs and long-term capital needs



Capital and Operating Funding Plan



- Gross annual operating costs to increase by \$1.7 million (10.3% per year)
 - 78% (\$1.3 million) of increase related to increasing capital expenditures for lifecycle purposes

Rate Structure



- Current rate structure maintained with an emphasis on increasing revenue from the monthly base charge to improve revenue stability and recover fixed costs (capital) of service
- Rate increases imposed mid-year 2025 with emphasis on higher increases in near term (2026 to 2030)
- Volumetric rates increase based on water consumption levels (higher rates for higher levels of consumption). It is proposed to lower the consumption levels in each threshold to improve water conservation

Cubic Metres per Year	
Current	Revised
1-350	1-275
351-500	276-425
501-650	426-575
651-800	576-725
801-1,000	726-875
1,001 and over	876 & Over

Rate Forecast



Base Charge	Jan-Jun 2025	July-Dec 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Metered Users												
Monthly Base Charge	\$5.13	\$25.00	\$28.86	\$33.32	\$38.46	\$44.40	\$51.26	\$59.17	\$68.31	\$78.86	\$91.04	\$105.09
% Increase			15.4%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%
Volume Charge (per Cubic Metre)												
Cubic Metres per Year												
1-275	\$2.44	\$2.44	\$2.73	\$3.06	\$3.43	\$3.84	\$4.30	\$4.41	\$4.52	\$4.64	\$4.76	\$4.88
276-425	\$2.87	\$2.87	\$3.21	\$3.60	\$4.03	\$4.52	\$5.06	\$5.19	\$5.32	\$5.46	\$5.60	\$5.74
426-575	\$3.10	\$3.10	\$3.47	\$3.89	\$4.36	\$4.88	\$5.46	\$5.60	\$5.75	\$5.90	\$6.05	\$6.21
576-725	\$3.30	\$3.30	\$3.70	\$4.14	\$4.64	\$5.19	\$5.82	\$5.97	\$6.12	\$6.28	\$6.44	\$6.61
726-875	\$3.50	\$3.50	\$3.92	\$4.39	\$4.92	\$5.51	\$6.17	\$6.33	\$6.49	\$6.66	\$6.83	\$7.01
876 & Over	\$3.70	\$3.70	\$4.14	\$4.64	\$5.20	\$5.82	\$6.52	\$6.69	\$6.86	\$7.04	\$7.22	\$7.41
% Increase			12.0%	12.0%	12.0%	12.0%	12.0%	2.6%	2.6%	2.6%	2.6%	2.6%
Unmetered Users												
Flat Rate (monthly)	\$123.00	\$142.87	\$160.87	\$181.17	\$204.06	\$229.87	\$258.98	\$272.26	\$286.89	\$303.08	\$321.04	\$341.03
% Increase			12.6%	12.6%	12.6%	12.6%	12.7%	5.1%	5.4%	5.6%	5.9%	6.2%

Rate Impacts



Annual Customer Water Bill - Based on 245 m³ of usage and 5/8" or 3/4" meter

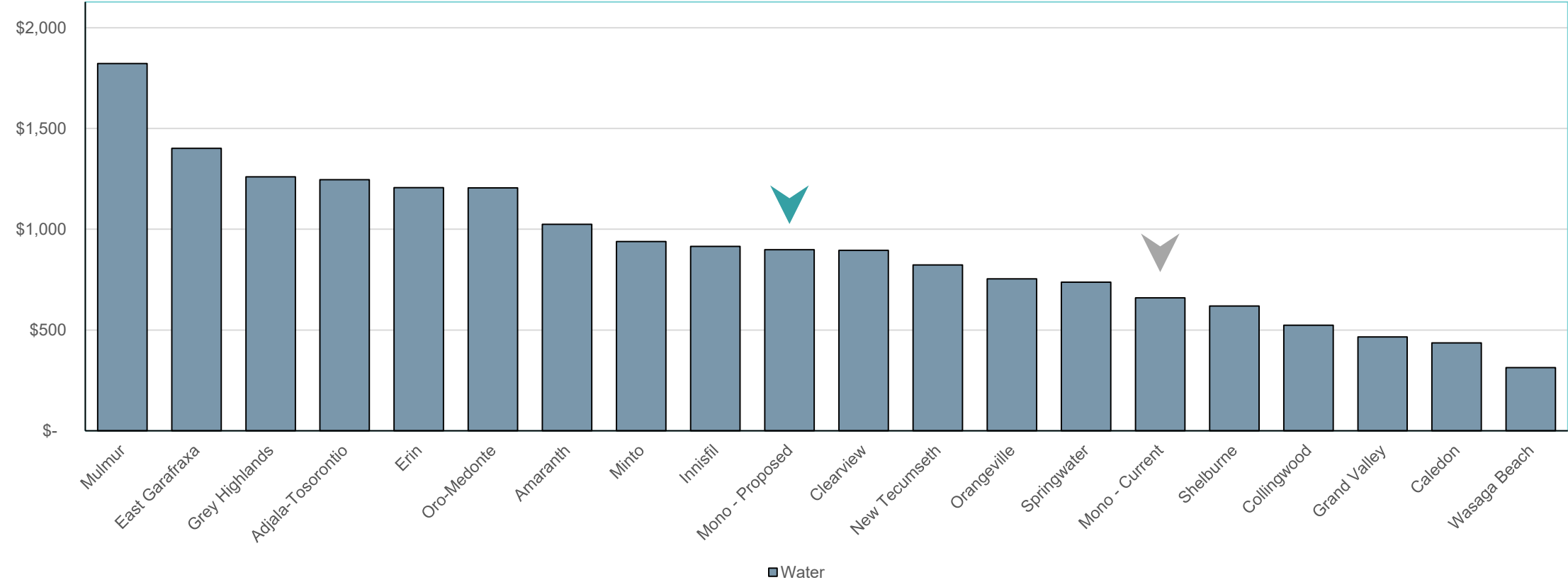
Description	2025	Mid-2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Monthly Base Rate	\$5.13	\$25.00	\$28.86	\$33.32	\$38.46	\$44.40	\$51.26	\$59.17	\$68.31	\$78.86	\$91.04	\$105.09
Block 1 Rate	\$2.44	\$2.44	\$2.73	\$3.06	\$3.43	\$3.84	\$4.30	\$4.41	\$4.52	\$4.64	\$4.76	\$4.88
Annual Base Rate Bill	\$62	\$300	\$346	\$400	\$462	\$533	\$615	\$710	\$820	\$946	\$1,092	\$1,261
Volume	245	245	245	245	245	245	245	245	245	245	245	245
Annual Volume Bill	\$598	\$598	\$670	\$750	\$840	\$941	\$1,054	\$1,081	\$1,109	\$1,137	\$1,167	\$1,197
Total Annual Bill	\$659	\$898	\$1,016	\$1,150	\$1,301	\$1,473	\$1,669	\$1,791	\$1,928	\$2,083	\$2,259	\$2,458
% Increase - Base Rate		387.3%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%
% Increase - Volume Rate		0.0%	12.0%	12.0%	12.0%	12.0%	12.0%	2.6%	2.6%	2.6%	2.6%	2.6%
% Increase - Total Annual Bill		36.2%	13.2%	13.2%	13.2%	13.2%	13.2%	7.3%	7.7%	8.0%	8.4%	8.8%
\$ Increase - Total Annual Bill		\$238	\$118	\$134	\$152	\$172	\$195	\$122	\$138	\$155	\$175	\$199

- Average annual water bills to increase by 10.6% per year (\$156 per year)
 - Approximately 40% of increase related to inflationary increases

Customer Impacts



Survey of Annual Residential Water Bill - 245 m³ of Annual Consumption on 5/8" Meter



Recommendations

Rate Study



1. That Council provide for the recovery of all water costs through full cost recovery rates
2. That Council approve the 2025 water rate increase and forecast
3. That Council maintain the Capital (lifecycle) Reserve Funds for water services as discussed in the final report
4. That Council direct staff to review the Rate Study in five years to validate Study results and make any necessary rate adjustments



Recommendations

O.Reg. 453/07 Water Financial Plan

1. The Town of Mono Financial Plan prepared by Watson & Associates Economists Ltd. dated May 22, 2025 be approved;
2. Notice of availability of the Financial Plan be advertised;
3. The Financial Plan, the Council Resolution approving the Financial Plan, and the Water & Wastewater Rate Study underpinning the Financial Plan be submitted to the Ministry of Municipal Affairs and Housing. (O.Reg. 453/07, Section 3 (1) 6); and
4. The Council Resolution approving the Financial Plan be submitted to the Ministry of the Environment, satisfying the requirements under the Safe Drinking Water Act. (S.D.W.A. Section 32 (5) 2 ii))



2025 Water Rate Study

Town of Mono

Final Report

May 22, 2025

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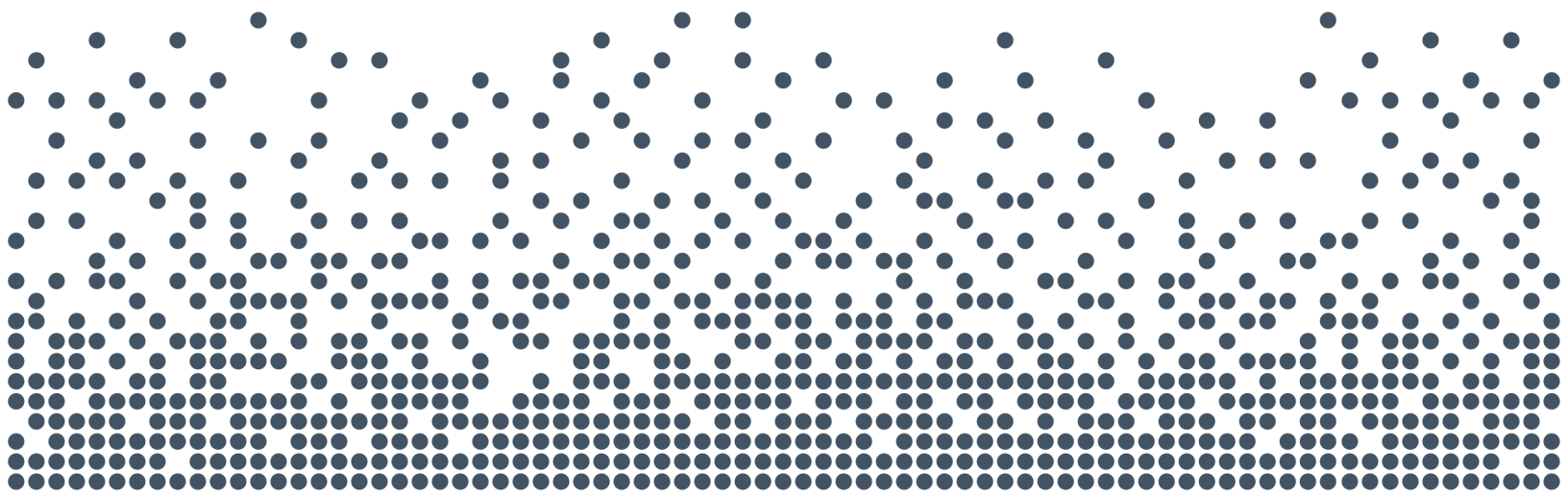
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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
D.C.	Development Charges
MECP	Ministry of the Environment, Conservation and Parks
MMAH	Ministry of Municipal Affairs and Housing
OCIF	Ontario Community Infrastructure Fund
O. Reg.	Ontario Regulation
PSAB	Public Sector Accounting Board
S.D.W.A.	Safe Drinking Water Act
T.C.A.	Tangible Capital Assets
W.O.A.	Water Opportunities Act



Report



Chapter 1

Introduction



1. Introduction

1.1 Background

The Town of Mono (Town) provides municipal water services through two drinking water distribution systems, Cardinal Woods and Island Lake. As of 2024, the Cardinal Woods and Island Lake systems service 452 and 624 water customers, respectively.

Across both of the Town's water systems, the bill rates imposed are uniform. The structure employed by the Town for metered customers is comprised of a monthly base charges and an increasing block structure where the \$ per m³ charge increases as monthly consumption increases. There is also a flat rate charge of \$123 per month for all non-metered customers.

Table 1-1 displays the Town's water rates in 2025.

Table 1-1
2025 Water Rates

Town of Mono	
2025 - Water Billing Rates	
Base Charge	
Monthly Base Charge	\$5.13
Volume Charge (per m ³)	
Cubic Metres per Year	Charge per Cubic Metre
1-350	\$2.44
351-500	\$2.87
501-650	\$3.10
651-800	\$3.30
801-1,000	\$3.50
1,001 and over	\$3.70
Unmetered Users	
Flat Rate (monthly)	\$123.00

1.2 Study Process

Watson & Associates Economists Ltd. (Watson) was retained by the Town to undertake a comprehensive Water and Wastewater Rate Study (Rate Study) with the wastewater rate study portion to be prepared at a later date. This Rate Study has been prepared to



assess the water rates in the Town over the period from 2025-2034. Watson has also been retained to prepare a Water Financial Plan which will form part of the Town's drinking water license renewal application. The O.Reg. 453/07 water financial plan has been prepared based on the findings of the Rate Study and is attached as Appendix B to this report. The objectives of the study and the steps involved in carrying out this assignment are summarized below:

- Update water service demand assumptions based on analysis of historical consumption and recent trends;
- Estimate future consumption levels by applying revised demand assumptions to forecast growth based on anticipated growth historical growth in the serviced areas of the Town in recent years and forecast growth in the Town's ongoing Development Charges (D.C.) Background Study;
- Identify all current and future water and wastewater system capital needs to assess the immediate and longer-term implications;
- Build a capital program that blends lifecycle needs arising from the Town's Asset Management Plan and asset inventory with the annual capital spending required over the forecast period;
- Identify potential methods of cost recovery from the capital needs listing. These recovery methods may include other statutory authorities (e.g. *Development Charges Act, 1997* (D.C.A.), *Municipal Act*, etc.) as an offset to recovery through the water rates;
- Forecast annual operating costs and rate-based funding requirements;
- Provide an impact assessment on the rate payers; and
- Develop a long-term water rate forecast and present findings to staff and Council for their consideration;

In approaching this study, the following analysis is provided herein:

Chapter 1 – Introduction

Chapter 2 – Forecast Growth and Service Demands

Chapter 3 – Capital Infrastructure Needs

Chapter 4 – Capital Cost Financing Options

Chapter 5 – Operating Expenditure Forecast



Chapter 6 – Forecast Water Rates

Chapter 7 - Recommendations

1.3 Regulatory Changes in Ontario

Resulting from the water crisis in Walkerton, significant regulatory changes have been made in Ontario. These changes arose as a result of the Walkerton Commission and the 93 recommendations made by the Walkerton Inquiry Part II report. Areas of recommendation included:

- watershed management and source protection;
- quality management;
- preventative maintenance;
- research and development;
- new performance standards;
- sustainable asset management; and
- lifecycle costing.

The following sections describe significant applicable regulatory areas.

1.4 Sustainable Water and Sewage Systems Act

The *Sustainable Water and Sewage Systems Act* was passed on December 13, 2002. The intent of the Act was to introduce the requirement for municipalities to undertake an assessment of the “full cost” of providing their water and the wastewater services. In total, there were 40 areas within the Act to which the Minister may make regulations, however regulations were never issued. On December 31, 2012, the *Sustainable Water and Sewage Systems Act* was repealed.

1.5 Safe Drinking Water Act

The *Safe Drinking Water Act* was passed in December 2002. The *Safe Drinking Water Act* provides for 50 of the 93 Walkerton Part II recommendations. It focuses on the administrative and operational aspects of the provision of water.



The purposes of the *Safe Drinking Water Act* are to “recognize that the people of Ontario are entitled to expect their drinking water to be safe and to provide for the protection of human health and the prevention of drinking water health hazards through the control and regulation of drinking water systems and drinking water testing. 2002, c. 32, s. 1.”

The following is a brief summary of the key elements included in the *Safe Drinking Water Act*:

- Mandatory licensing and accreditation of testing laboratories;
- New standards for treatment, distribution quality and testing;
- Mandatory operator training and certification;
- Mandatory licensing of municipal water providers;
- Stronger enforcement and compliance provisions; and
- “Standard of care” requirements for municipalities.

This legislation impacts the costs of operating a water system with the need for higher skilled operators including increased training costs, increased reporting protocols and requirements, continuing enhancements to quality standards and the costs to license each water system.

1.6 Financial Plans Regulation

On August 16, 2007, the Ministry of Environment introduced O.Reg. 453/07 which requires the preparation of financial plans for water systems (and municipalities are encouraged to prepare plans for wastewater systems). The Ministry of Environment has also provided a Financial Plan Guideline to assist municipalities with preparing the plans. A brief summary of the key elements of the regulation is provided below:

- The financial plan will represent one of the key elements to obtain a Drinking Water License.
- The plan is to be completed, approved by Council Resolution, and submitted to the Ministry of Municipal Affairs and Housing as part of the application for receiving approval of a water license.
- The financial plans shall be for a period of at least six years but longer planning horizons are encouraged.



- As the regulation is under the *Safe Drinking Water Act*, the preparation of the plan is mandatory for water services and encouraged for wastewater services.
- The plan is considered a living document (i.e. can be updated if there are significant changes to budgets) but will need to be undertaken at a minimum every five years.
- The plans generally require the forecasting of capital, operating and reserve fund positions, and providing detailed capital inventories. In addition, Public Sector Accounting Board full accrual information on the system must be provided for each year of the forecast (i.e. total non-financial assets, tangible capital asset acquisitions, tangible capital asset construction, betterments, write-downs, disposals, total liabilities, net debt, etc.).
- The financial plans must be made available to the public (at no charge) upon request and be available on the Town's website. The availability of this information must also be advertised.

In general, the financial principles of this regulation follow the intent of the *Sustainable Water and Sewage Systems Act*, 2002 to move municipalities towards financial sustainability for water services. However, many of the prescriptive requirements have been removed (e.g. preparation of two separate documents for provincial approval, auditor opinions, engineer certifications, etc.).

A guideline ("Towards Financially Sustainable Drinking-Water and Wastewater Systems") has been developed to assist municipalities in understanding the Province's direction and provides a detailed discussion on possible approaches to sustainability. The Province's Principles of Financially Sustainable Water and Wastewater Services are provided below:

- Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system(s) to which they relate.
- Principle #2: An integrated approach to planning among water, wastewater, and storm water systems is desirable given the inherent relationship among these services.
- Principle #3: Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of those services.



- Principle #4: Lifecycle planning with mid-course corrections is preferable to planning over the short-term, or not planning at all.
- Principle #5: An asset management plan is a key input to the development of a financial plan.
- Principle #6: A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs.
- Principle #7: Ensuring users pay for the services they are provided leads to equitable outcomes and can improve conservation. In general, metering and the use of rates can help ensure users pay for services received.
- Principle #8: Financial Plans are “living” documents that require continuous improvement. Comparing the accuracy of financial projections with actual results can lead to improved planning in the future.
- Principle #9: Financial plans benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff, and municipal council.

1.7 Water Opportunities Act

The *Water Opportunities Act* received Royal Assent on November 29, 2010. The Act provides for the following elements:

- Foster innovative water, wastewater and stormwater technologies, services and practices in the private and public sectors;
- Prepare water conservation plans to achieve water conservation targets established by the regulations; and
- Prepare sustainability plans for municipal water services, municipal wastewater services and municipal stormwater services.

With regard to the sustainability plans:

- The Bill extends from the water financial plan and requires a more detailed review of the water financial plan and requires a full plan for wastewater and stormwater services; and



- Regulations (when issued) will provide performance targets for each service – these targets may vary based on the jurisdiction of the regulated entity or the class of entity.

The Financial Plan shall include:

- An asset management plan for the physical infrastructure;
- Financial Plan;
- For water, a water conservation plan;
- Assessment of risks that may interfere with the future delivery of the municipal service, including, if required by the regulations, the risks posed by climate change and a plan to deal with those risks; and
- Strategies for maintaining and improving the municipal service, including strategies to ensure the municipal service can satisfy future demand, consider technologies, services and practices that promote the efficient use of water and reduce negative impacts on Ontario's water resources, and increase co-operation with other municipal service providers.

Performance indicators will be established by service:

- May relate to the financing, operation or maintenance of a municipal service or to any other matter in respect of which information may be required to be included in a plan; and
- May be different for different municipal service providers or for municipal services in different areas of the Province.

Regulations will prescribe:

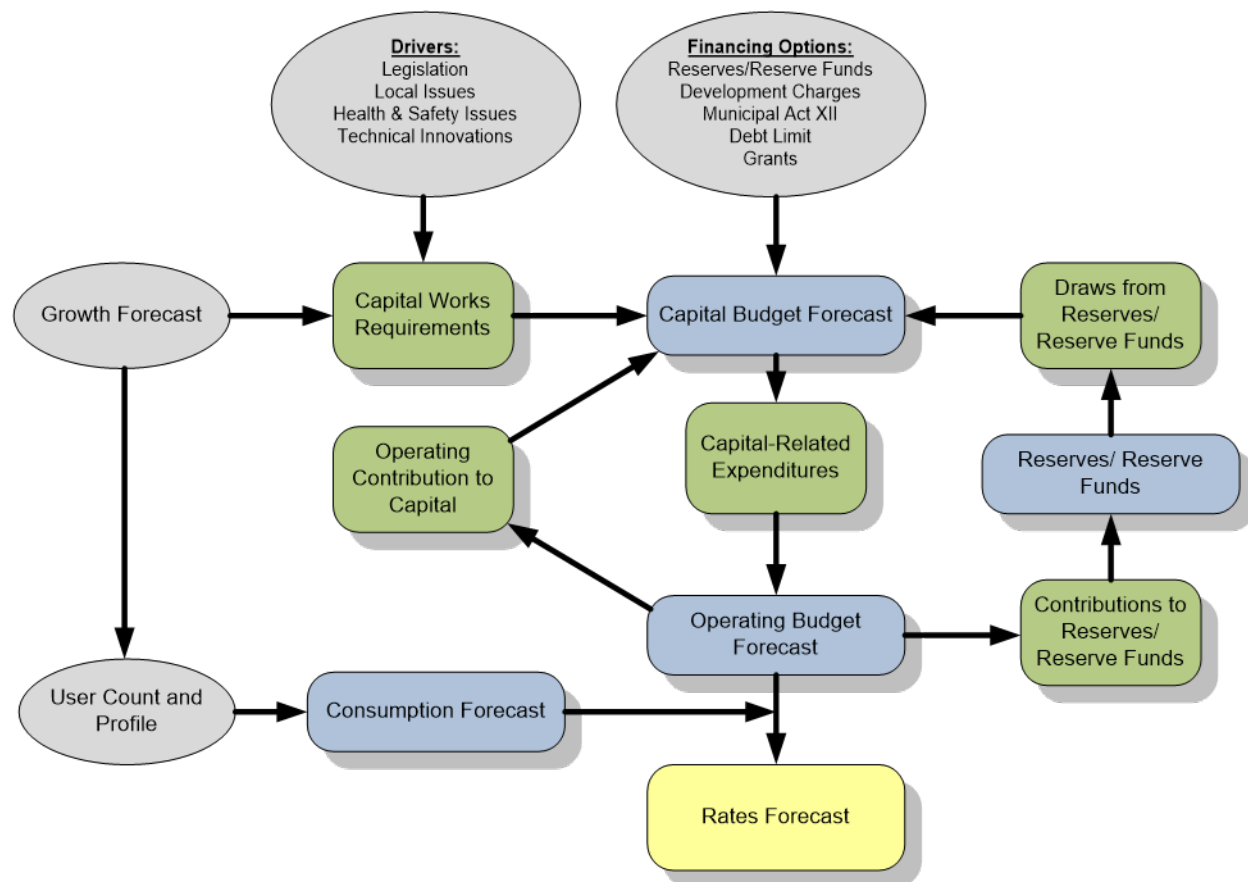
- Timing;
- Contents of the plans;
- Identifying what portions of the plan will require certification;
- Public consultation process; and
- Limitations, updates, refinements, etc.



1.8 Water Rate Calculation Methodology

Figure 1-1 illustrates the general methodology used in determining the full cost recovery water rate forecast.

Figure 1-1
Water Rate Calculation Methodology



The methodology employed generally consists of 5 major elements.

1. Customer Demands and Consumption Forecast

As noted in section 1.1, the Town employs rate structures consisting of a monthly base charge, and consumptive rates.

This first step in the analysis is important as it produces the current base revenue by source for service charges and assumptions for forecasting purposes. The customer profile forecast is modeled based on the annual growth identified in the



Town's 2024 D.C. Background Study. Furthermore, this level of growth is consistent with historical growth in the Town's over the past four years (2020 to 2024).

The water consumption forecast is prepared by applying average annual consumption estimates to future development. The forecast may adjust the base consumption levels for anticipated water conservation based on historical trends and industry witnessed practices. Consumption estimates are based on average consumption levels by customer type drawn from municipal billing records over multiple years. The non-residential consumption estimates are generally adjusted to net out large consuming water customers that may skew anticipated consumption levels of future growth.

2. Capital Needs Forecast

The capital needs forecast is developed to measure program/service level adjustments, lifecycle requirements and growth-related needs. The Town provided outstanding funding requirements to be funded from future water rates as well as the average annual capital needs that are anticipated over the 10-year forecast period. Capital expenditures are forecast with inflationary adjustments based on capital costs indices.

3. Capital Funding Plan

The capital funding plan considers the potential funding sources available to address the capital needs forecast. The sources of capital funding include rate-based support, reserves/reserve funds, grants, and debt for program/service level improvements. The use of rate-based funding is measured against the revenue projections and affordability impacts. The reserve/reserve fund sources are measured against the sustainability of these funds, relative to lifecycle demands, revenue projections and affordability impacts. Debt financing is typically considered for significant capital expenditures, where funding is required beyond long-term lifecycle needs or to facilitate rate transition policies. Debt financing is measured against the Town's debt policies and annual repayment limits to ensure a practical and sustainable funding mix.



4. Operating Budget Forecast

The operating budget forecast considers adjustments to the Town's base budget reflecting program/service level changes, operating fund impacts associated with infrastructure, and financing for capital needs. The operating expenditures are forecast with inflationary adjustments and growth in service demand, based on fixed and variable cost characteristics. The operating budget forecast ties the capital funding plan and reserve/reserve fund continuity forecast to the rate-based revenue projections. This ensures sufficient funding for both the ongoing annual operation and maintenance of water services, as well as the capital cost requirements to ensure service sustainability. Operating revenues are projected to identify the rate components net of anticipated operating revenues, such as hydrant rentals, fees and penalties, and other miscellaneous revenues.

5. Rate Forecast and Structure

The rate forecast and structure component of the analysis considers various rate structures to recover the forecast rate-based revenue from the projected customer demands. At this stage in the analysis the full costs of service are measured against the customer growth and consumption demands to determine full cost recovery rates. The analysis may consider alternative structures for minimum bill and consumptive components of the rates, consistent with municipal policies/strategies, industry practice and customer affordability. Providing context to the rate forecast, the results are quantified to measure the impacts on a range of customer types and in relation to other municipalities



Chapter 2

Forecast Growth and Service Demands



2. Forecast Growth and Service Demands

2.1 Current Service Demands

In preparing the demands forecast for water services, information on the number of customer and water consumption volumes was obtained from the Town for the period of 2020-2024. As of 2024, the total number of metered water customers serviced by the Town was 1,076. Table 2-1 provides a breakdown of the customer count by system.

Table 2-1
Metered Customers by System

System	Water
Cardinal Woods	452
Island Lake	624
Total	1,076

Water consumption across the Town in 2024 is estimated at 283,000 m³ across the 1,076 metered customers. It is noteworthy that the consumption in 2024 was the lowest of the 2020-2024 period.

2.2 Forecast Service Demands

In order to forecast service demand over the period of 2026-2035 the expected development over the period had to be estimated. In determining the growth forecast estimates, minor new connections to the water system are anticipated. There is no growth expected to occur within the Town over the first half of the forecast period (2026-2030), after which is it estimated that there will be an additional four water users added to the customer base annually. This results in expected growth of 18 over the period 2026-2035. Table 2-2 provides the detailed growth forecast for the period.

Annual water demands per customer have decreased from 291 m³ per customer in 2020 to 262 m³ per customer in 2024. For the purposes of this study we have estimated average water consumption per new water connection to be 245 m³. Furthermore it is anticipated that average water consumption levels for existing connections will continue to decline with water conservation efforts and that average



annual water consumption will decrease to 255 m³ per year after accounting for conservation and growth in connections.

The forecast growth along with average consumption assumptions project total water consumption in 2035 to be 278,900 m³.



Table 2-2
Water Customer Forecast

Water Customer Forecast	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076
New - Growth	-	-	-	-	-	-	2	6	10	14	18
Total	1,076	1,076	1,076	1,076	1,076	1,076	1,078	1,082	1,086	1,090	1,094

Table 2-3
Water Consumption Forecast

Water Volume Forecast (m³)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	283,194	283,194	283,194	283,194	283,194	283,194	283,194	283,194	283,194	283,194	283,194
Adjustment for Conservation	(1,191)	(1,925)	(2,662)	(3,401)	(4,142)	(4,885)	(5,630)	(6,378)	(7,128)	(7,880)	(8,634)
New	-	-	-	-	-	-	490	1,470	2,450	3,430	4,410
Total	282,003	281,269	280,532	279,793	279,052	278,309	278,054	278,286	278,516	278,744	278,970



Chapter 3

Capital Infrastructure Needs



3. Capital Infrastructure Needs

3.1 Introduction

Capital infrastructure needs address program/service level adjustments, lifecycle requirements and growth-related needs. The following subsections address the approaches to lifecycle costing and the forecast capital needs over the 2025 to 2035 period.

3.2 Overview of Lifecycle Costing

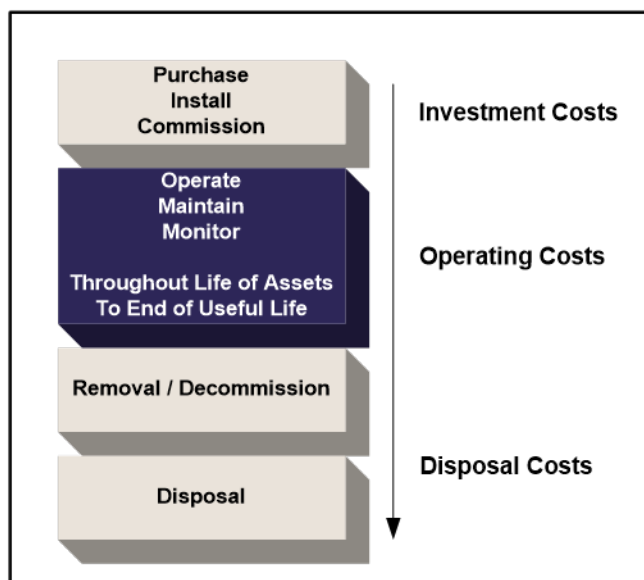
3.2.1 *Definition*

For many years, lifecycle costing has been used in the field of maintenance engineering and to evaluate the advantages of using alternative materials in construction or production design. The method has gained wider acceptance and use in the areas of industrial decision-making and the management of physical assets.

By definition, lifecycle costs are all the costs which are incurred during the lifecycle of a physical asset, from the time its acquisition is first considered, to the time it is taken out of service for disposal or redeployment. The stages which the asset goes through in its lifecycle are specification, design, manufacture (or build), installation, commissioning, operation, maintenance and disposal. Figure 3-1 depicts these stages in a schematic form.



Figure 3-1
Lifecycle Costing



3.2.2 *Financing Costs*

This section will focus on financing mechanisms in place to fund the costs incurred throughout the assets life.

In a municipal context, services are provided to benefit tax/rate payers. Acquisition of assets is normally timed in relation to direct needs within the community. At times, economies of scale or technical efficiencies will lead to oversizing an asset to accommodate future growth within the municipality. Over the past few decades, new financing techniques such as development charges and *Municipal Act* capital charges have been employed based on the underlying principle of having tax/rate payers who benefit directly from the service paying for that service. Operating costs which reflect the cost of the service for that year are charged directly to all existing tax/rate payers who have received the benefit. Operating costs are normally charged through the tax base or user rates.

Capital expenditures are recouped through several methods, the most common being operating budget contributions, development charges, reserves, developer contributions and debentures.



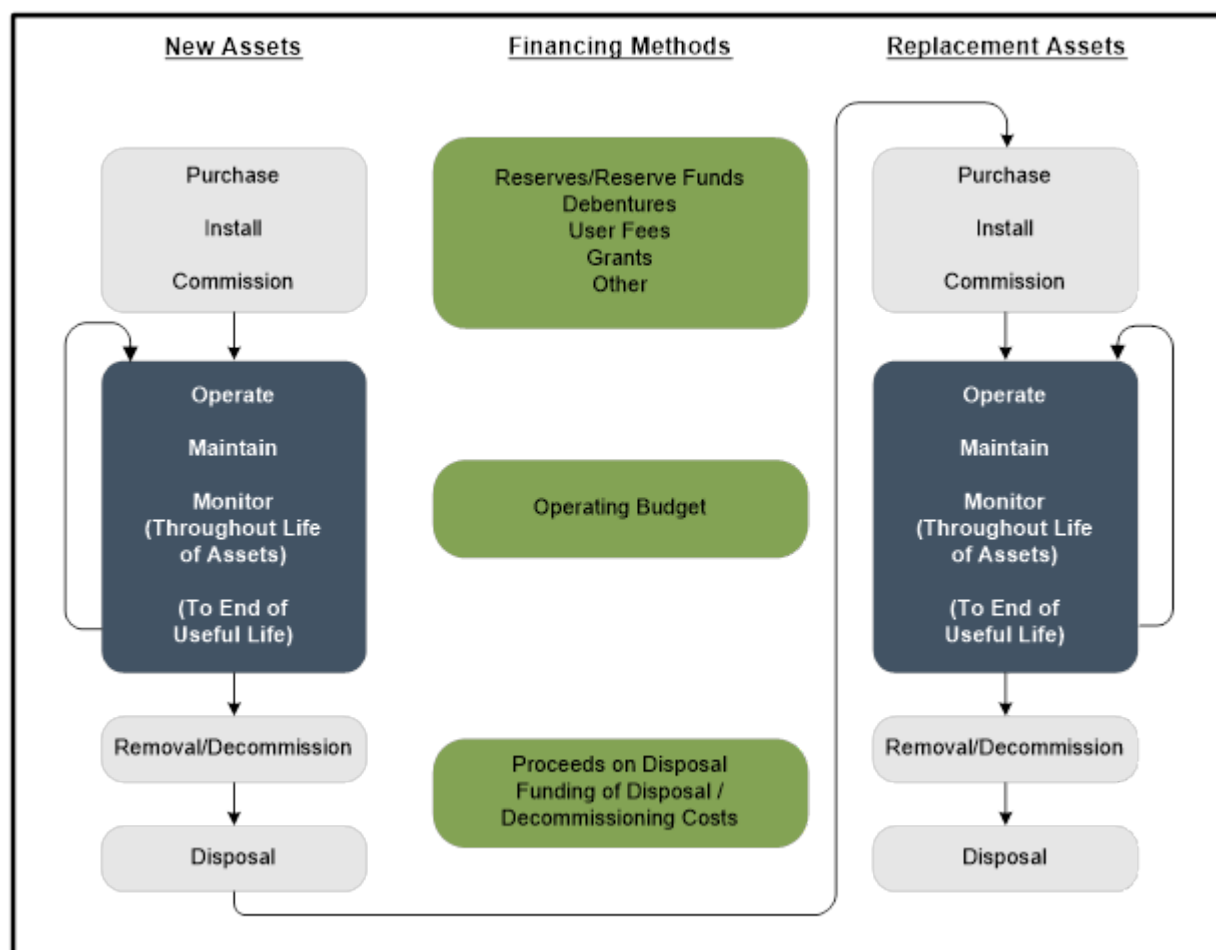
New construction related to growth could produce development charges, capital charges, and developer contributions (e.g. works internal to a subdivision which are the responsibility of the developer to construct) to fund a significant portion of projects, where new assets are being acquired to allow growth within the municipality to continue. As well, debentures could be used to fund such works, with the debt charge carrying costs recouped from taxpayers in the future.

However, capital construction to replace existing infrastructure is largely not growth-related and will therefore not yield development charges or developer contributions to assist in financing these works. Hence, a municipality will be dependent upon debentures, reserves and contributions from the operating budget to fund these works.

Figure 3-2 depicts the costs of an asset from its initial conception through to replacement and then continues to follow the associated costs through to the next replacement.



Figure 3-2
Financing Lifecycle Costs



As referred to earlier, growth-related financing methods such as development charges and developer contributions could be utilized to finance the growth-related component of the new asset. These revenues are collected (indirectly) from the new homeowner who benefits directly from the installation of this asset. Other financing methods may be used as well to finance the non-growth-related component of this project; reserves which have been collected from past tax/rate payers, operating budget contributions which are collected from existing tax/rate payers, connection charges and debenturing which will be carried by future tax/rate payers. Ongoing costs for monitoring, operating and maintaining the asset will be charged annually to the existing tax/rate payer.

When the asset requires replacement, the sources of financing will be limited to reserves, debentures and contributions from the operating budget. At this point, the



question is raised; "If the cost of replacement is to be assessed against the tax/rate payer who benefits from the replacement of the asset, should the past tax/rate payer pay for this cost or should future rate payers assume this cost?" If the position is taken that the past user has used up the asset, hence they should pay for the cost of replacement, then a charge should be assessed annually, through the life of the asset to have funds available to replace it when the time comes. If the position is taken that the future tax/rate payer should assume this cost, then debenturing and, possibly, a contribution from the operating budget should be used to fund this work.

Charging for the cost of using up of an asset is the fundamental concept behind amortization methods utilized by the private sector. This concept allows for expending the asset as it is used up in the production process. The tracking of these costs forms part of the product's selling price and hence end users are charged for the asset's amortization. The same concept can be applied in a municipal setting to charge existing users for the asset's use and set those funds aside in a reserve to finance the cost of replacing the asset in the future.

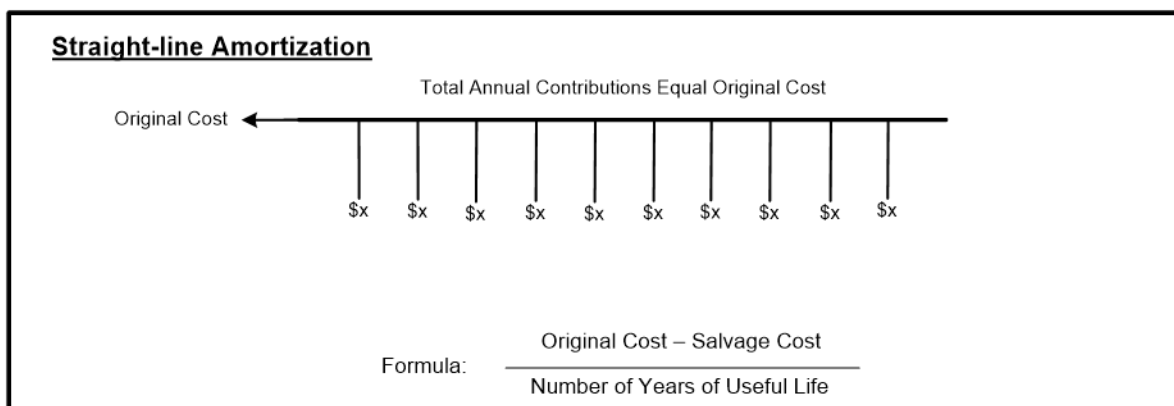
3.2.3 Costing Methods

There are two fundamental methods of calculating the cost of the usage of an asset and for the provision of the revenue required when the time comes to retire and replace it. The first method is the Amortization Method. This method recognizes the reduction in the value of the asset through wear and tear, and aging. There are two commonly used forms of amortization: the straight-line method and the sinking fund method.

The straight-line method is calculated by taking the original cost of the asset, subtracting its estimated salvage value (estimated value of the asset at the time it is disposed of) and dividing this by the estimated number of years of useful life. The reducing balance method is calculated by utilizing a fixed percentage rate and this rate is applied annually to the undepreciated balance of the asset value.

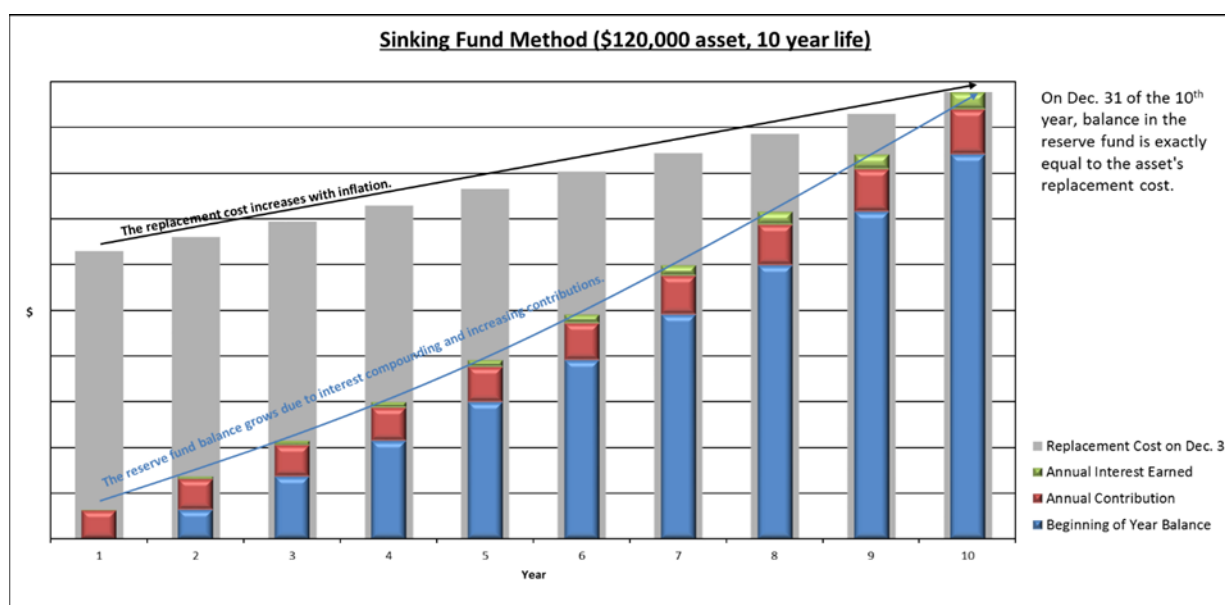


Figure 3-3
Straight-line Amortization Methodology



The second method of lifecycle costing is the sinking fund method. This method first estimates the future value of the asset at the time of replacement. This is done by inflating the original cost of the asset at an assumed annual inflation rate. A calculation is then performed to determine annual contributions (equal or otherwise) which, when invested, will grow with interest to equal the future replacement cost.

Figure 3-4
Sinking Fund Amortization Methodology





A combination of the sinking fund and straight-line amortization method has been used herein for lifecycle costing, where the straight line approach has been used for Meters and SCADA equipment and the sinking fund method has been approximated using the mid-range of the Canada Infrastructure Report Card reinvestment rate for water facilities and mains. These calculations

3.3 Asset Inventory

Lifecycle contribution amounts for the infrastructure have been calculated to determine the level of capital investment to be included in the full cost assessment and rate forecast. Table 3-1 summarizes the current asset replacement value and long-term annual lifecycle replacement needs, in 2025 dollars. Total annual lifecycle costs are estimated to be \$860,000 for water assets..

Table 3-1
Summary of Water Infrastructure (2025\$)

Description	Total Replacement Cost (2025\$)	Target for Rate Study	Comments/Notes
Facilities	18,707,666	392,861	Annual contribution target for rate study based on Mid range end of CIRC reinvestment
Watermains	22,707,858	283,848	
Meters	1,249,482	83,299	Annual contribution target for rate study based on straight line approach.
SCADA	1,516,877	99,136	
Total	\$44,181,884	\$859,145	

*CIRC - Canadian Infrastructure Report Card

3.4 Capital Forecast

10-year capital forecasts have been developed for the water system to address the funding required to complete 10-year capital forecast for the Cardinal Woods and Island Lake systems and general needs and studies. Over the 10-year forecast, these needs total \$17.6 million in 2025\$ valuations of which the most significant share is related to the New Composite Elevated Water Tower (\$7.2 million) and the Arsenic Remediation (\$7.6 million).



Table 3-2
Water Services
Capital Forecast – Uninflated (\$2025)

Description	Total	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Capital Expenditures											
Cardinal Woods:											
PRV Replace	-	-	-	-	-	-	-	-	-	-	-
CW HLPs	-	-	-	-	-	-	-	-	-	-	-
CW UV Well1 (2026) and MW4 (2032)	240,000	-	120,000	-	-	-	-	120,000	-	-	-
CW Woods Monitoring Wells	131,500	-	-	-	17,000	-	4,500	-	-	110,000	-
CW Reservoirs (Rehab)	150,000	-	-	-	150,000	-	-	-	-	-	-
CW Bypass and Distribution Flow Meter Replacement and Valving Upgrades	-	-	-	-	-	-	-	-	-	-	-
CW Chlorine Analyser	15,000	-	-	-	-	-	-	-	15,000	-	-
Equipment (backup generator set)	151,000	-	-	-	-	-	-	-	76,000	75,000	-
Dosing Pumps (3 at Cardinal Woods pumphouse)	15,000	-	15,000	-	-	-	-	-	-	-	-
New Composite Elevated Tower (CET) Water Tower	7,200,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	-
Remote Operated Vehicle (ROV) Reservoir Inspection	-	-	-	-	-	-	-	-	-	-	-
CW Reservoir Drain, Clean, Engineering Inspection	25,000	-	-	-	-	25,000	-	-	-	-	-
CW Sample Station	-	-	-	-	-	-	-	-	-	-	-
Island Lake:											
Coles Water Tower (Interior Liner)	50,000	50,000	-	-	-	-	-	-	-	-	-
Coles Water Tower (Paint Exterior)	100,000	100,000	-	-	-	-	-	-	-	-	-
Dosing Pumps (One at Coles pumphouse)	5,000	-	5,000	-	-	-	-	-	-	-	-
Remote Operated Vehicle (ROV) Tower Inspection	-	-	-	-	-	-	-	-	-	-	-
Coles Tower Drain, Clean, Engineering Inspection	25,000	-	-	-	-	-	25,000	-	-	-	-
General:											
SCADA (both systems)	756,000	-	-	378,000	-	-	-	-	378,000	-	-
SCADA Licences	96,000	-	-	96,000	-	-	-	-	-	-	-
Production Wells & Pumps (Rehab Report)	350,000	30,000	25,000	30,000	30,000	60,000	35,000	35,000	35,000	35,000	35,000
Water Meters	612,000	19,000	39,000	70,000	145,000	86,000	115,000	94,000	24,000	9,000	11,000
Arsenic Remediation	7,600,000	2,300,000	2,300,000	3,000,000	-	-	-	-	-	-	-
Studies:											
Water Rate Study	38,000	-	-	-	-	19,000	-	-	-	-	19,000
Water Financial Plan (Ontario Regulation 453/07)	12,400	-	-	-	-	6,200	-	-	-	-	6,200
Total Capital Expenditures	17,571,900	3,299,000	3,304,000	4,374,000	1,142,000	996,200	979,500	1,049,000	1,328,000	1,029,000	71,200



Chapter 4

Capital Cost Financing Options



4. Capital Cost Financing Options

4.1 Summary of Capital Cost Financing Alternatives

Historically, the powers that municipalities have had to raise alternative revenues to taxation to fund capital services have been restrictive. Over the past number of years, legislative reforms have been introduced. Some of these have expanded municipal powers (e.g. Bill 130 providing for natural person powers for fees and charges bylaws); while others appear to restrict them (Bill 98 in 1997 providing amendments to the D.C.A.).

The most recent *Municipal Act* came into force on January 1, 2003, with significant amendments in 2006 through the *Municipal Statute Law Amendment Act*. Part XII of the Act and Ontario Reg. 584/06, govern a Municipality's ability to impose fees and charges. This Act provides municipalities with broadly defined powers and provides the ability to impose fees for both operating and capital purposes. Under s.484 of the *Municipal Act*, 2001, the Local Improvement Act was repealed with the in-force date of the Municipal Act (January 1, 2003). The municipal powers granted under the *Local Improvement Act* now fall under the jurisdiction of the *Municipal Act*.

The methods of capital cost recovery available to municipalities are provided as follows:

Recovery Methods	Section Reference
• D.C.A., 1997	4.2
• <i>Municipal Act</i>	
○ Fees and Charge	4.3
○ Local Improvements	
• Grant Funding	4.4
• Reserves/Reserve Funds	4.5
• Debenture Financing	4.6



4.2 Development Charges Act, 1997

The D.C.A. received royal assent on December 8, 1997, replacing the previous act, which had been in-force since November 23, 1989.

The Province's stated intentions were to "create new construction jobs and make home ownership more affordable" by reducing the charges and to "make municipal Council decisions more accountable and more cost effective." The basis for this Act is to allow municipalities to recover the growth-related capital cost of infrastructure necessary to accommodate new growth within the municipality. The D.C.A. provides for limitations and ceilings on services that can be included in the charges.

D.C.s imposed in the Town do not include costs for water services. As such, D.C.s have not been included as a source of capital financing in the financial plan.

4.3 Municipal Act

Part XII of the *Municipal Act* provides municipalities with broad powers to impose fees and charges via passage of a by-law. These powers, as presented in s. 391 (1), include imposing fees or charges:

- "for services or activities provided or done by or on behalf of it;
- for costs payable by it for services or activities provided or done by or on behalf of any other municipality or local board; and
- for the use of its property including property under its control."

Restrictions are provided to ensure that the form of the charge is not akin to a poll tax. Any charges not paid under this authority may be added to the tax roll and collected in a like manner. The fees and charges imposed under this part are not appealable to the Ontario Municipal Board.

s. 391 (2) of the *Municipal Act* permits municipalities to impose charges to recover capital costs, by by-law, from owners or occupants of land who receive an immediate benefit or a benefit at some later point in time. For a by-law imposed under this section of the Act:



- A variety of different means could be used to establish the rate, and recovery of the costs could be imposed by a number of methods at the discretion of Council (i.e. lot size, frontage, number of benefiting properties, etc.);
- Rates could be imposed in respect to costs of major capital works, even though an immediate benefit is not enjoyed;
- Non-abutting owners could be charged;
- Recovery could be authorized against existing works, where new infrastructure was added to such works, "notwithstanding that the capital costs of existing works has in whole or in part been paid";
- Charges on individual parcels could be deferred;
- Exemptions could be established; and
- Ontario Municipal Board approval is not required.

Under the previous *Local Improvement Act*:

- A variety of different types of works could be undertaken, such as watermain, storm and sanitary sewer projects, supply of electrical light or power, bridge construction, sidewalks, road widening and paving;
- Council could pass a by-law for undertaking such work on petition of a majority of benefiting taxpayers, on a 2/3 vote of Council and on sanitary grounds, based on the recommendation of the Minister of Health. The by-law was required to go to the Ontario Municipal Board, which might hold hearings and alter the by-law, particularly if there were objections;
- The entire cost of a work was assessed only upon the lots abutting directly on the work, according to the extent of their respective frontages, using an equal special rate per meter of frontage; and
- As noted, this Act was repealed as of April 1, 2003; however, Ontario Reg. 119/03 was enacted on April 19, 2003 which restores many of the previous *Local Improvement Act* provisions; however, the authority is now provided under the *Municipal Act*.

Additional revenues from connection charges under the *Municipal Act* have not been included in this assessment.



4.4 Grant Funding Availability

In August 2012, the Province of Ontario initiated the Municipal Infrastructure Investment Initiative. In supporting the efforts of communities to restore and revitalize their public infrastructure, this initiative provides one-time provincial funding to improve asset management planning in small municipalities and local service boards. In addition, funding will be made available for municipal infrastructure projects under this initiative. Any municipality or local service board seeking capital funding in the future must demonstrate how its proposed project fits within a detailed asset management plan. To assist in defining the components of an asset management plan, the Province produced a document entitled, “Building Together: Guide for Municipal Asset Management Plans.” This guide documents the components, information and analysis that are required to be included in the Town’s asset management plan under this initiative.

The Town will be receiving \$5.0 million in grant funding towards the Arsenic Remediation costs over the 2025 to 2028 period.

4.5 Existing Reserves/Reserve Funds

The Town has established reserves and reserve funds for water capital costs. The established water reserves have been used in the capital funding forecast for rate-based needs.

The total opening balance of water reserves in 2025 was \$2.4 million. Table 4-1 provides a summary of the opening balances of the Town’s water related reserves.

Table 4-1
Reserve Summary

Reserve	Dec. 31 2024
Water	
Waterworks Reserve	1,602,166
OSTAR Upgrades Reserve	845,595

4.6 Debenture Financing

Although it is not a direct method of minimizing the overall cost to the ratepayer, debentures are used by municipalities to assist in cash flowing large capital expenditures



The Ministry of Municipal Affairs regulates the level of debt incurred by Ontario municipalities, through its powers established under the *Municipal Act*. Ontario Reg. 403/02 provides the current rules respecting municipal debt and financial obligations. Through the rules established under these regulations, a municipality's debt capacity is capped at a level where no more than 25% of the municipality's own source revenue may be allotted for servicing the debt (i.e. annual debt charges).

The capital financing plan anticipates the issuance of \$9.8 million in the forecast period. Based on the 2023 Financial Information Return for the Town, the annual debt repayment limit (i.e., annual debt financing costs allowed within the 25% of own source revenue cap) is \$2.8 million. By 2035, the annual financing costs associated with the \$9.8 million new debt is \$713,000 (based on 3.9% annual interest and a 20-year term). As such these financing costs are well within the Town's available debt capacity.

4.7 Recommended Approach

In undertaking the Rate Study, consideration must be given to the Town's Debt Management Policy, the sufficiency of reserves, and the affordability of recommended rate increases while setting full cost recovery water rates.

The following table summarizes the recommended capital funding sources supporting the capital needs forecast, for consideration by the Town of Mono.

Table 4-2
2025-2035 Water Capital Funding Program (Inflated \$)

Capital Financing	2025-2035
Provincial/Federal Grants	4,962,801
Non-Growth Related Debenture Requirements	9,802,423
OSTAR Reserve Fund	845,595
Water Reserve	6,149,381
Total Capital Financing	21,760,200

Table 4-3 provides for the full capital expenditure and funding program by year. These capital funding plans are provided in inflated dollars.

Based on the capital funding plan identified in Table 4-3 and the 2025 water reserve balance in Section 4.5, the water reserve continuity schedule is presented in Table 4-4. By 2035, the reserve balance will be \$558,700.



Table 4-3
Water Services
Capital Budget Forecast – Inflated \$

Description	Budget 2025	Total	Forecast									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Capital Expenditures												
Cardinal Woods:												
PRV Replace	15,000	-	-	-	-	-	-	-	-	-	-	-
CW HLPs	300,000	-	-	-	-	-	-	-	-	-	-	-
CW UV Well1 (2026) and MW4 (2032)	-	294,000	-	131,000	-	-	-	-	163,000	-	-	-
CW Woods Monitoring Wells	-	189,000	-	-	-	20,000	-	6,000	-	-	163,000	-
CW Reservoirs (Rehab)	-	178,000	-	-	-	178,000	-	-	-	-	-	-
CW Bypass and Distribution Flow Meter Replacement and Val	100,000	-	-	-	-	-	-	-	-	-	-	-
CW Chlorine Analyser	15,000	21,000	-	-	-	-	-	-	-	21,000	-	-
Equipment (backup generator set)	37,000	219,000	-	-	-	-	-	-	-	108,000	111,000	-
Dosing Pumps (3 at Cardinal Woods pumphouse)	-	16,000	-	16,000	-	-	-	-	-	-	-	-
New Composite Elevated Tower (CET) Water Tower	-	9,000,000	835,000	872,000	911,000	952,000	994,000	1,038,000	1,084,000	1,132,000	1,182,000	-
Remote Operated Vehicle (ROV) Reservoir Inspection	5,000	-	-	-	-	-	-	-	-	-	-	-
CW Reservoir Drain, Clean, Engineering Inspection	-	31,000	-	-	-	-	31,000	-	-	-	-	-
CW Sample Station	11,000	-	-	-	-	-	-	-	-	-	-	-
Island Lake:												
Coles Water Tower (Interior Liner)	-	52,000	52,000	-	-	-	-	-	-	-	-	-
Coles Water Tower (Paint Exterior)	-	104,000	104,000	-	-	-	-	-	-	-	-	-
Dosing Pumps (One at Coles pumphouse)	-	5,000	-	5,000	-	-	-	-	-	-	-	-
Remote Operated Vehicle (ROV) Tower Inspection	5,000	-	-	-	-	-	-	-	-	-	-	-
Coles Tower Drain, Clean, Engineering Inspection	-	32,000	-	-	-	-	-	32,000	-	-	-	-
General:												
SCADA (both systems)	120,000	966,000	-	-	431,000	-	-	-	-	535,000	-	-
SCADA Licences	-	109,000	-	-	109,000	-	-	-	-	-	-	-
Production Wells & Pumps (Rehab Report)	90,000	451,000	31,000	27,000	34,000	36,000	75,000	45,000	47,000	50,000	52,000	54,000
Water Meters	10,000	762,000	20,000	43,000	80,000	172,000	107,000	149,000	127,000	34,000	13,000	17,000
Arsenic Remediation	200,000	8,327,000	2,402,000	2,508,000	3,417,000	-	-	-	-	-	-	-
Studies:												
Water Rate Study	19,000	53,000	-	-	-	-	24,000	-	-	-	-	29,000
Water Financial Plan (Ontario Regulation 453/07)	6,200	18,000	-	-	-	-	8,000	-	-	-	-	10,000
	0	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	933,200	20,827,000	3,444,000	3,602,000	4,982,000	1,358,000	1,239,000	1,270,000	1,421,000	1,880,000	1,521,000	110,000
Capital Financing												
Provincial/Federal Grants	200,000	4,762,801	1,679,000	1,679,000	1,404,801	-	-	-	-	-	-	-
Development Charges Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	11,361,461	-	1,444,470	3,286,553	1,197,181	1,041,024	1,003,158	1,058,812	1,403,077	927,184	-
Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Lifecycle Reserve Fund	-	845,595	845,595	-	-	-	-	-	-	-	-	-
Water Reserve	733,200	3,857,143	919,405	478,530	290,646	160,819	197,976	266,842	362,188	476,923	593,816	110,000
Total Capital Financing	933,200	20,827,000	3,444,000	3,602,000	4,982,000	1,358,000	1,239,000	1,270,000	1,421,000	1,880,000	1,521,000	110,000



Table 4-4
Water Reserve Continuity – Inflated \$

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	1,602,166	883,776	213,327	-	-	-	-	-	-	-	-
Transfer from Operating	14,810	248,956	374,048	421,052	356,811	473,782	523,061	593,436	676,649	754,611	668,700
Transfer to Capital	733,200	919,405	587,375	421,052	356,811	473,782	523,061	593,436	676,649	754,611	110,000
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	883,776	213,327	-	-	-	-	-	-	-	-	558,700



Chapter 5

Operating Expenditure Forecast



5. Operating Expenditure Forecast

5.1 Operating Expenditures

In this report the forecasted operating budget figures for water services are based on the Town's 2025 operating budget. The expenditures for each component of the operating budget have been reviewed with staff to establish inflationary adjustments. Through these discussions annual inflationary estimates were applied to each costing group, these inflation estimates range from 2.5% for salary, wages, and benefits to 10% for insurance costs.

Capital related annual expenditures in the forecast include annual debt repayments and contributions to reserves and reserve funds to support the capital forecast and future needs. While operating aspects identified above generally increase with inflation over the period, the capital-related aspects tend to increase more specifically with the increase in capital funding requirements.

As a result of the inflationary and capital-related expenditure increases, the operating expenditures are anticipated to increase over the forecast period.

5.1.1 Water Services

Operating expenditures (net of transfers to reserves and debt financing costs) are forecast to increase from \$1.0 million in 2025 to \$1.4 million in 2035. Debt repayment costs are expected to increase to \$713,000 in 2035 and transfers to reserves are planned to increase from \$15,000 to \$668,700 by 2025 to meet the long-term average annual lifecycle costs.

Overall, gross operating expenditures for water services are expected to increase from \$1.0 million in 2025 to \$2.8 million in 2035 (i.e., 10% average annual increase).

5.2 Operating Revenues

Water rate revenue from the Town's monthly service charges and volumetric rates (i.e. \$/m³ of water consumption), along with miscellaneous revenue and the repayment of the Hwy 9 debt make up the operating revenues that are anticipated over the forecast period. Hwy 9 debt repayments are forecast to end in 2034 after which the base charge



and volumetric charge revenue makes up almost the entirety of the operating revenues for the water system (i.e., >99% of revenues)

Tables 5-1 provides the water operating budget forecast (2025-2035) which is presented in inflated dollars.



Table 5-1
Water Services
Operating Budget Forecast – Inflated \$

Description	Budget 2025	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Expenditures											
<u>Operating Costs</u>											
Salaries P/T - Admin	89,300	91,500	93,800	96,100	98,500	101,000	103,500	106,100	108,800	111,500	114,300
Benefits P/T - Admin	35,717	36,600	37,500	38,400	39,400	40,400	41,400	42,400	43,500	44,600	45,700
Mileage	660	1,000	1,030	1,060	1,100	1,140	1,180	1,220	1,260	1,300	1,340
Well Hydro & Heating	101,860	107,000	112,400	118,000	123,900	130,100	136,600	143,400	150,600	158,100	166,000
Computer Operations	37,400	38,600	39,900	41,200	42,600	44,000	45,500	47,000	48,600	50,200	51,900
SCADA Operations	120,000	123,000	126,100	129,300	132,500	135,800	139,200	142,700	146,300	150,000	153,800
Material & Supplies	6,000	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600	7,900	8,200
Legal	15,000	15,500	16,000	16,500	17,000	17,600	18,200	18,800	19,400	20,000	20,700
Prof. fees/consulting (1)	325,000	333,100	341,400	349,900	358,600	367,600	376,800	386,200	395,900	405,800	415,900
Training	1,000	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,400
Fire safety service	-	-	-	-	-	-	-	-	-	-	-
Telephone/Communications	3,900	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,800	5,000	5,200
Insurance	35,000	38,500	42,400	46,600	51,300	56,400	62,000	68,200	75,000	82,500	90,800
Other Services (Contract - Orangeville)	250,000	256,300	262,700	269,300	276,000	282,900	290,000	297,300	304,700	312,300	320,100
Lawn Maintenance	7,000	7,200	7,400	7,600	7,900	8,200	8,500	8,800	9,100	9,400	9,700
Sub Total Operating	1,027,837	1,062,000	1,094,730	1,128,460	1,163,700	1,200,440	1,238,580	1,278,220	1,319,760	1,362,900	1,408,040
<u>Capital-Related</u>											
New Non-Growth Related Debt (Principal)	-	-	-	45,414	154,491	194,528	228,095	262,342	300,660	353,242	393,006
New Non-Growth Related Debt (Interest)	-	-	-	51,822	172,519	205,371	227,513	247,645	269,575	304,600	320,630
Transfer to Capital	-	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve	14,810	248,956	374,048	421,052	356,811	473,782	523,061	593,436	676,649	754,611	668,700
Sub Total Capital Related	14,810	248,956	374,048	518,288	683,821	873,681	978,669	1,103,423	1,246,884	1,412,453	1,382,336
Total Expenditures	1,042,647	1,310,956	1,468,778	1,646,748	1,847,521	2,074,121	2,217,249	2,381,643	2,566,644	2,775,353	2,790,376
Revenues											
Base Charge	194,519	372,646	430,190	496,619	573,306	661,836	765,455	886,935	1,027,679	1,190,742	1,379,659
Other Revenue	1,000	1,030	1,060	1,100	1,140	1,180	1,220	1,260	1,300	1,340	1,380
Hwy 9 Loan Repayment	135,660	142,443	149,565	157,043	164,896	173,140	181,797	190,887	200,432	210,453	-
Contributions from Development Charges Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Contributions from Reserves / Reserve Funds	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	331,179	516,119	580,815	654,763	739,342	836,156	948,473	1,079,082	1,229,411	1,402,535	1,381,039
Water Billing Recovery - Operating	711,467	794,837	887,963	991,986	1,108,179	1,237,965	1,268,776	1,302,561	1,337,233	1,372,818	1,409,337



Chapter 6

Forecast Water Rates



6. Forecast Water Rates

6.1 Introduction

To summarize the analysis undertaken thus far, Chapter 3 reviewed capital infrastructure needs within the water system and responds to the lifecycle needs of the Town. Chapter 4 provided a review of capital financing options of which internal sources (i.e. reserve fund transfers) will be the predominant basis for financing future capital needs. Chapter 5 established the 10-year operating forecast of expenditures for the Town of Mono's water systems. The following calculations will be based on the net operating expenditures provided in Chapter 5, divided by the customers and volumes forecast provided in Chapter 2.

The Town's current water rate structure is compromised of a monthly base charge and an increasing block rate volumetric charge where the \$ per m³ charge increases as the customer's consumption surpasses set thresholds. For customers where a meter reading is not allowed, the Town imposes a monthly flat rate charge.

The forecast water rates are discussed in Section 6.2, with further analysis of the customer billing impacts in Section 6.3.

6.2 Water Rates

It is recommended that the current rate structure imposed by the Town for water services remain in place with the exception that the increasing block rate thresholds be revised. Based on Town direction, the billing blocks have been updated as presented in Table 6-1.

Table 6-1
Cubic Metres per Year by Billing Block

Cubic Metres per Year	
Current	Revised
1-350	1-275
351-500	276-425
501-650	426-575
651-800	576-725
801-1,000	726-875
1,001 and over	876 & Over



It is recommended that the Town adjust the rates in July 2025, after which rate increases would occur on January 1 of subsequent years and be of similar magnitude each year. In July, it is recommended that the Town increase their monthly base charge from \$5.13 to \$25 (387% increase), to increase revenue stability and recognize the fixed costs of service provided. The flat rate for non-metered customers would also be increased from \$123 to \$143 (16% increase). Starting January 1, 2026 the Town would increase their monthly base charge by 15% per year, the volumetric charges for all rate blocks by 7%, and the non-metered flat rate by 9%.

Table 6-1 displays the forecasted water rates for over the forecast period.



Table 6-1
Water Services
Forecasted Rates

Base Charge	Jan-Jun 2025	July-Dec 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Metered Users												
Monthly Base Charge	\$5.13	\$25.00	\$28.86	\$33.32	\$38.46	\$44.40	\$51.26	\$59.17	\$68.31	\$78.86	\$91.04	\$105.09
Volume Charge (per Cubic Metre)												
Cubic Metres per Year												
1-275	\$2.44	\$2.44	\$2.73	\$3.06	\$3.43	\$3.84	\$4.30	\$4.41	\$4.52	\$4.64	\$4.76	\$4.88
276-425	\$2.87	\$2.87	\$3.21	\$3.60	\$4.03	\$4.52	\$5.06	\$5.19	\$5.32	\$5.46	\$5.60	\$5.74
426-575	\$3.10	\$3.10	\$3.47	\$3.89	\$4.36	\$4.88	\$5.46	\$5.60	\$5.75	\$5.90	\$6.05	\$6.21
576-725	\$3.30	\$3.30	\$3.70	\$4.14	\$4.64	\$5.19	\$5.82	\$5.97	\$6.12	\$6.28	\$6.44	\$6.61
726-875	\$3.50	\$3.50	\$3.92	\$4.39	\$4.92	\$5.51	\$6.17	\$6.33	\$6.49	\$6.66	\$6.83	\$7.01
876 & Over	\$3.70	\$3.70	\$4.14	\$4.64	\$5.20	\$5.82	\$6.52	\$6.69	\$6.86	\$7.04	\$7.22	\$7.41
Unmetered Users												
Flat Rate (monthly)	\$123.00	\$142.87	\$160.87	\$181.17	\$204.06	\$229.87	\$258.98	\$272.26	\$286.89	\$303.08	\$321.04	\$341.03



6.3 Water Rates Annual Impacts

Table 6-3 summarizes the annual impact of these rate increases on the typical residential water customer. Table 6-3 assumes average annual water consumption of 245 m³. A typical customer with these demand patterns would have an annual water bill of \$659 in 2025.

The July adjustment of rates would result in annual water bills increasing by 36.2% or \$20 per month. Beginning in 2026 the average annual increase in water bills is 13.2% (or \$154 per year) between 2026 and 2030. From 2031 to 2034 the average annual bill would increase by 8.1% or \$158 per year. The annual percentage rate increases are greater over the first 5 years of the forecast period to accelerate water rate revenues and mitigate additional debt financing required for major capital projects.



Table 6-3
Water Services
Annual Customer Water Bill – Based on 245 m³ of Usage

Description	2025	Mid-2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Monthly Base Rate	\$5.13	\$25.00	\$28.86	\$33.32	\$38.46	\$44.40	\$51.26	\$59.17	\$68.31	\$78.86	\$91.04	\$105.09
Block 1 Rate	\$2.44	\$2.44	\$2.73	\$3.06	\$3.43	\$3.84	\$4.30	\$4.41	\$4.52	\$4.64	\$4.76	\$4.88
Annual Base Rate Bill	\$62	\$300	\$346	\$400	\$462	\$533	\$615	\$710	\$820	\$946	\$1,092	\$1,261
Volume	245	245	245	245	245	245	245	245	245	245	245	245
Annual Volume Bill	\$598	\$598	\$670	\$750	\$840	\$941	\$1,054	\$1,081	\$1,109	\$1,137	\$1,167	\$1,197
Total Annual Bill	\$659	\$898	\$1,016	\$1,150	\$1,301	\$1,473	\$1,669	\$1,791	\$1,928	\$2,083	\$2,259	\$2,458
% Increase - Base Rate		387.3%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%
% Increase - Volume Rate		0.0%	12.0%	12.0%	12.0%	12.0%	12.0%	2.6%	2.6%	2.6%	2.6%	2.6%
% Increase - Total Annual Bill		36.2%	13.2%	13.2%	13.2%	13.2%	13.2%	7.3%	7.7%	8.0%	8.4%	8.8%
\$ Increase - Total Annual Bill		\$238	\$118	\$134	\$152	\$172	\$195	\$122	\$138	\$155	\$175	\$199



Chapter 7

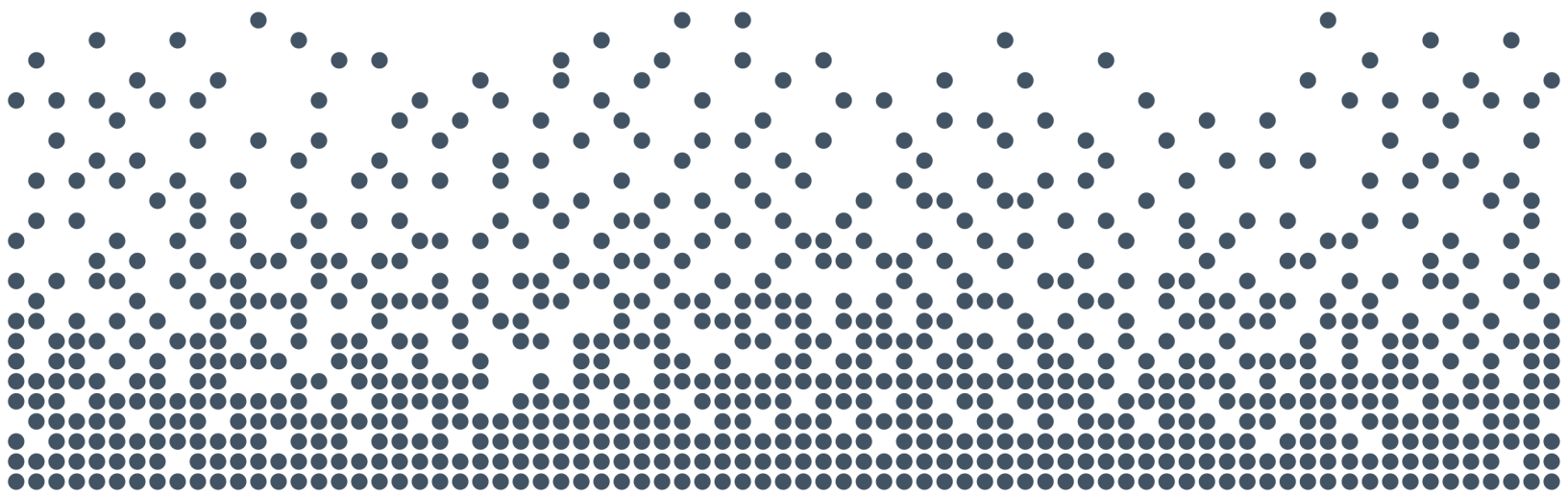
Recommendations



7. Recommendations

Based upon the above analysis, the following recommendations are put forth for Council's consideration

1. That Council approve the Financial Plan contained in this Rate Study and included as Appendix B
2. That Council provide for the recovery of all water system costs through full cost recovery rates;
3. That Council maintain the reserves and reserve funds for water services as discussed in section 4.5; and
4. That Council direct staff to review Rate Study in five years to validate Study results and make any necessary rate adjustments.



Appendices



Appendix A

Water Services

Table A-1
Town of Mono
Water Service
Capital Budget Forecast
Inflated \$

Description	Budget 2025	Total	Forecast									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Capital Expenditures												
Cardinal Woods:												
PRV Replace	15,000	-	-	-	-	-	-	-	-	-	-	-
CW HLPs	300,000	-	-	-	-	-	-	-	-	-	-	-
CW UV Well1 (2026) and MW4 (2032)	-	294,000	-	131,000	-	-	-	-	163,000	-	-	-
CW Woods Monitoring Wells	-	189,000	-	-	-	20,000	-	6,000	-	-	163,000	-
CW Reservoirs (Rehab)	-	178,000	-	-	-	178,000	-	-	-	-	-	-
CW Bypass and Distrubtion Flow Meter Replacement and Valving Upgrades	100,000	-	-	-	-	-	-	-	-	-	-	-
CW Chlorine Analyser	15,000	21,000	-	-	-	-	-	-	-	21,000	-	-
Equipment (backup generator set)	37,000	219,000	-	-	-	-	-	-	-	108,000	111,000	-
Dosing Pumps (3 at Cardinal Woods pumphouse)	-	16,000	-	16,000	-	-	-	-	-	-	-	-
New Composite Elevated Tower (CET) Water Tower	-	9,000,000	835,000	872,000	911,000	952,000	994,000	1,038,000	1,084,000	1,132,000	1,182,000	-
Remote Operated Vehicle (ROV) Reservoir Inspection	5,000	-	-	-	-	-	-	-	-	-	-	-
CW Reservoir Drain, Clean, Engineering Inspection	-	31,000	-	-	-	-	31,000	-	-	-	-	-
CW Sample Station	11,000	-	-	-	-	-	-	-	-	-	-	-
Island Lake:												
Coles Water Tower (Interior Liner)	-	52,000	52,000	-	-	-	-	-	-	-	-	-
Coles Water Tower (Paint Exterior)	-	104,000	104,000	-	-	-	-	-	-	-	-	-
Dosing Pumps (One at Coles pumphouse)	-	5,000	-	5,000	-	-	-	-	-	-	-	-
Remote Operated Vehicle (ROV) Tower Inspection	5,000	-	-	-	-	-	-	-	-	-	-	-
Coles Tower Drain, Clean, Engineering Inspection	-	32,000	-	-	-	-	-	32,000	-	-	-	-
General:												
SCADA (both systems)	120,000	966,000	-	-	431,000	-	-	-	-	535,000	-	-
SCADA Licences	-	109,000	-	-	109,000	-	-	-	-	-	-	-
Production Wells & Pumps (Rehab Report)	90,000	451,000	31,000	27,000	34,000	36,000	75,000	45,000	47,000	50,000	52,000	54,000
Water Meters	10,000	762,000	20,000	43,000	80,000	172,000	107,000	149,000	127,000	34,000	13,000	17,000
Arsenic Remediation	200,000	8,327,000	2,402,000	2,508,000	3,417,000	-	-	-	-	-	-	-
Studies:												
Water Rate Study	19,000	53,000	-	-	-	-	24,000	-	-	-	-	29,000
Water Financial Plan (Ontario Regulation 453/07)	6,200	18,000	-	-	-	-	8,000	-	-	-	-	10,000
Total Capital Expenditures	933,200	20,827,000	3,444,000	3,602,000	4,982,000	1,358,000	1,239,000	1,270,000	1,421,000	1,880,000	1,521,000	110,000
Capital Financing												
Provincial/Federal Grants	200,000	4,762,801	1,679,000	1,679,000	1,404,801	-	-	-	-	-	-	-
Development Charges Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	9,802,423	-	1,335,625	3,156,147	1,001,189	765,218	746,939	827,564	1,203,351	766,389	-
Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Lifecycle Reserve Fund	-	845,595	845,595	-	-	-	-	-	-	-	-	-
Water Reserve	733,200	5,416,181	919,405	587,375	421,052	356,811	473,782	523,061	593,436	676,649	754,611	110,000
Total Capital Financing	933,200	20,827,000	3,444,000	3,602,000	4,982,000	1,358,000	1,239,000	1,270,000	1,421,000	1,880,000	1,521,000	110,000

Table A-2
Town of Mono
Water Service
Schedule of Non-Growth Related Debenture Repayments
Inflated \$

Debenture Year	2025	Principal (Inflated)	Forecast									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
2026		-		-	-	-	-	-	-	-	-	-
2027		1,335,625			97,236	97,236	97,236	97,236	97,236	97,236	97,236	97,236
2028		3,156,147				229,774	229,774	229,774	229,774	229,774	229,774	229,774
2029		1,001,189					72,889	72,889	72,889	72,889	72,889	72,889
2030		765,218						55,709	55,709	55,709	55,709	55,709
2031		746,939							54,379	54,379	54,379	54,379
2032		827,564								60,248	60,248	60,248
2033		1,203,351									87,606	87,606
2034		766,389										55,795
2035		-										
Total Annual Debt Charges	-	9,802,423	-	-	97,236	327,010	399,899	455,608	509,987	570,235	657,841	713,636

Table A-3
Town of Mono
Water Service
Waterworks Reserves/ Reserve Funds Continuity
Inflated \$

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	1,602,166	883,776	213,327	-	-	-	-	-	-	-	-
Transfer from Operating	14,810	248,956	374,048	421,052	356,811	473,782	523,061	593,436	676,649	754,611	668,700
Transfer to Capital	733,200	919,405	587,375	421,052	356,811	473,782	523,061	593,436	676,649	754,611	110,000
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	883,776	213,327	-	-	-	-	-	-	-	-	558,700
Interest											

Table A-4
Town of Mono
Water Service
OSTAR Reserve Fund Continuity
Inflated \$

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	845,595	845,595	-	-	-	-	-	-	-	-	-
Transfer from Operating	-	-	-	-	-	-	-	-	-	-	-
Transfer to Capital	-	845,595	-	-	-	-	-	-	-	-	-
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	845,595	-	-	-	-	-	-	-	-	-	-
Interest											

Table A-5
Town of Mono
Water Services
Operating Budget Forecast
Inflated \$

Description	Budget 2025	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Expenditures											
Operating Costs											
Salaries P/T - Admin	89,300	91,500	93,800	96,100	98,500	101,000	103,500	106,100	108,800	111,500	114,300
Benefits P/T - Admin	35,717	36,600	37,500	38,400	39,400	40,400	41,400	42,400	43,500	44,600	45,700
Mileage	660	1,000	1,030	1,060	1,100	1,140	1,180	1,220	1,260	1,300	1,340
Well Hydro & Heating	101,860	107,000	112,400	118,000	123,900	130,100	136,600	143,400	150,600	158,100	166,000
Computer Operations	37,400	38,600	39,900	41,200	42,600	44,000	45,500	47,000	48,600	50,200	51,900
SCADA Operations	120,000	123,000	126,100	129,300	132,500	135,800	139,200	142,700	146,300	150,000	153,800
Material & Supplies	6,000	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600	7,900	8,200
Legal	15,000	15,500	16,000	16,500	17,000	17,600	18,200	18,800	19,400	20,000	20,700
Prof. fees/consulting (1)	325,000	333,100	341,400	349,900	358,600	367,600	376,800	386,200	395,900	405,800	415,900
Training	1,000	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,400
Fire safety service	-	-	-	-	-	-	-	-	-	-	-
Telephone/Communications	3,900	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,800	5,000	5,200
Insurance	35,000	38,500	42,400	46,600	51,300	56,400	62,000	68,200	75,000	82,500	90,800
Other Services (Contract - Orangeville)	250,000	256,300	262,700	269,300	276,000	282,900	290,000	297,300	304,700	312,300	320,100
Lawn Maintenance	7,000	7,200	7,400	7,600	7,900	8,200	8,500	8,800	9,100	9,400	9,700
Sub Total Operating	1,027,837	1,062,000	1,094,730	1,128,460	1,163,700	1,200,440	1,238,580	1,278,220	1,319,760	1,362,900	1,408,040
Capital-Related											
New Non-Growth Related Debt (Principal)	-	-	-	45,414	154,491	194,528	228,095	262,342	300,660	353,242	393,006
New Non-Growth Related Debt (Interest)	-	-	-	51,822	172,519	205,371	227,513	247,645	269,575	304,600	320,630
Transfer to Capital	-	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve	14,810	248,956	374,048	421,052	356,811	473,782	523,061	593,436	676,649	754,611	668,700
Sub Total Capital Related	14,810	248,956	374,048	518,288	683,821	873,681	978,669	1,103,423	1,246,884	1,412,453	1,382,336
Total Expenditures	1,042,647	1,310,956	1,468,778	1,646,748	1,847,521	2,074,121	2,217,249	2,381,643	2,566,644	2,775,353	2,790,376
Revenues											
Base Charge	194,519	372,646	430,190	496,619	573,306	661,836	765,455	886,935	1,027,679	1,190,742	1,379,659
Other Revenue	1,000	1,030	1,060	1,100	1,140	1,180	1,220	1,260	1,300	1,340	1,380
Hwy 9 Loan Repayment	135,660	142,443	149,565	157,043	164,896	173,140	181,797	190,887	200,432	210,453	-
Contributions from Development Charges Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Contributions from Reserves / Reserve Funds	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	331,179	516,119	580,815	654,763	739,342	836,156	948,473	1,079,082	1,229,411	1,402,535	1,381,039
Water Billing Recovery - Operating	711,467	794,837	887,963	991,986	1,108,179	1,237,965	1,268,776	1,302,561	1,337,233	1,372,818	1,409,337
Lifecycle Reserve Contribution (\$)											
Water Billing Recovery - Total	711,467	794,837	887,963	991,986	1,108,179	1,237,965	1,268,776	1,302,561	1,337,233	1,372,818	1,409,337



Appendix B

Ontario Regulation 453/07

Water Financial Plan



 **Watson
& Associates**
ECONOMISTS LTD.

Water Ontario Regulation 453/07 Financial Plan

Town of Mono

Financial Plan #107-301A

May 22, 2025

Watson & Associates Economists Ltd.
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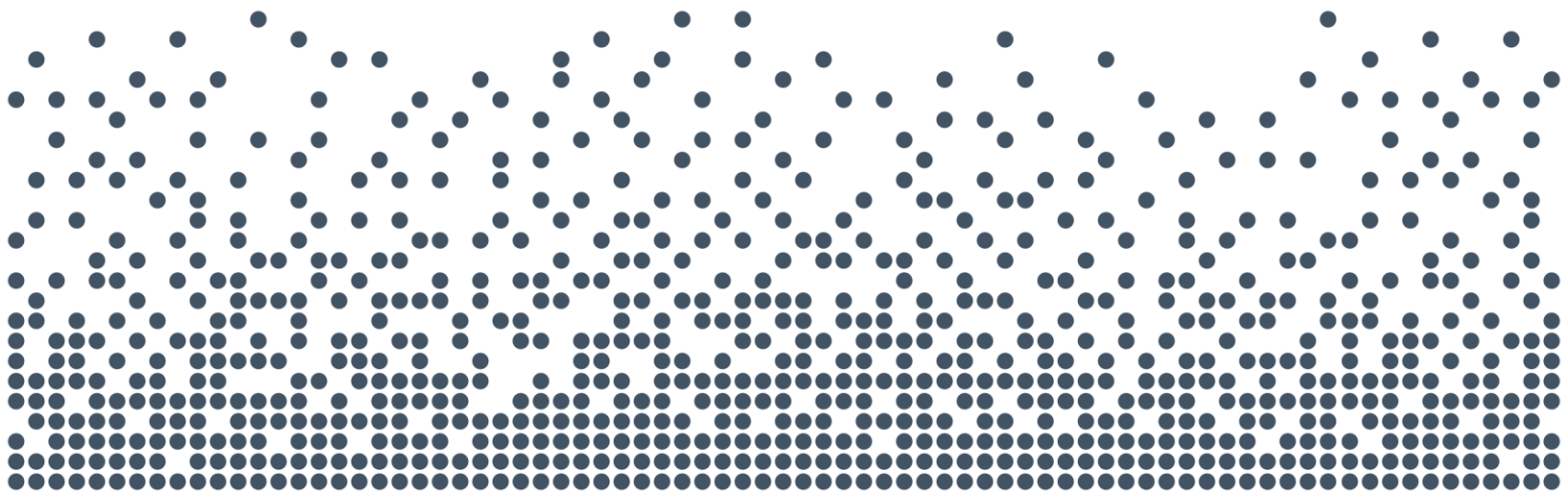
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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
MECP	Ministry of the Environment, Conservation and Parks
MMAH	Ministry of Municipal Affairs and Housing
O. Reg.	Ontario Regulation
P.S.A.B.	Public Sector Accounting Board
S.D.W.A.	<i>Safe Drinking Water Act, 2002</i>
W.O.A.	<i>Water Opportunities Act, 2010</i>



Report



Chapter 1

Introduction



1. Introduction

1.1 Study Purpose

The Town of Mono (Town) retained Watson & Associates Economists Ltd. (Watson) to prepare a Water Financial Plan as part of the five submission requirements for the purposes of obtaining a municipal drinking water licence as per the *Safe Drinking Water Act, 2002*. In general, a financial plan requires an in-depth analysis of capital and operating needs, a review of current and future demand versus supply, and consideration of available funding sources. This detailed financial planning and forecasting regarding the Town's water system has been based on the Town's Budget and Forecast, along with asset management data.

The objective of the report provided herein is to convert the findings of the 2025 to 2035 approved Budget and Forecast, as provided in the 2025 Water and Wastewater Rate Study (2025 Rate Study), into the prescribed reporting requirements for a financial plan as defined by Ontario Regulation (O. Reg.) 453/07. The capital and operating expenditures and revenues forecast have been provided for the 2025 budget year and over a 10-year forecast period 2026 to 2035 for the purposes of the financial plan. The financial plan has been developed for the period starting in 2025, as the financial plan must begin in the year of licence expiry in accordance with O. Reg. 453/07. This Financial Plan will then form part of the submission for the Town's application to renew its Municipal Drinking Water Licence.

1.2 Background

The *Safe Drinking Water Act, 2002* (S.D.W.A.) was passed in December 2002 in order to address some of the recommendations made by the Walkerton Inquiry Part II report. One of the main requirements of the Act is the mandatory licensing of municipal water providers. Section 31 (1) specifically states,

"No person shall,

- a) establish a new municipal drinking water system or replace or carry out an alteration to a municipal drinking water system except under the authority of and in accordance with an approval under this Part or a drinking water works permit;
- or



- b) use or operate a municipal drinking water system that was established before or after this section comes into force except under the authority of and in accordance with an approval under this Part or municipal drinking water licence.”

In order to become licensed, a municipality must satisfy five key requirements as per section 44 (1):

1. Obtain a drinking water works permit.
2. Acceptance of the operational plan for the system based on the Drinking Water Quality Management Standard.
3. Accreditation of the Operating Authority.
4. Prepare and provide a financial plan.
5. Obtain permit to take water.

The preparation of a financial plan is a key requirement for licensing and as such, must be undertaken by all water providers.

1.2.1 Financial Plan Defined

Subsection 30 of the Act provides the following definition of financial plans:

“financial plans” means financial plans that satisfy the requirements prescribed by the Minister. 2017, c. 2, Sched. 11, s. 6 (3)

As of time of writing, the *Sustainable Water and Sewage Systems Act, 2002* has been repealed (see Section 2.2 of this report) however, the standards that it directs underpin the specific requirements of s.30 as they are outlined in O. Reg. 453/07, and which will be examined in detail below.

1.2.2 Financial Plan Requirements – Existing System

O. Reg. 453/07 also provides details with regard to s.30 (1) part b of the S.D.W.A. for existing water systems. The requirements for existing systems are summarized as follows:

- Financial plans must be approved by Council resolution (or governing body);



- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six-year period, commencing in the year of licence expiry (i.e., 2025 for the Town);
- Financial plans must include detail regarding proposed or projected financial operations itemized by total revenues, total expenses, annual surplus/deficit, and accumulated surplus/deficit (i.e. the components of a “Statement of Operations” as per the Public Section Accounting Board (P.S.A.B.)) for each year in which the financial plans apply;
- Financial plans must present financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets (i.e. the components of a “Statement of Financial Position” as per P.S.A.B.) for each year in which the financial plans apply;
- Gross cash receipts/payments itemized by operating transactions, capital transactions, investing transactions and financial transactions (i.e. the components of a “Statement of Cash Flow” as per P.S.A.B.) for each year in which the financial plans apply;
- Financial plans applicable to two or more solely owned drinking water systems can be prepared as if they are for one drinking water system;
- Financial plans are to be made available to the public upon request and at no charge;
- If a website is maintained, financial plans are to be made available to the public through publication on the Internet at no charge;
- Notice of the availability of the financial plans is to be given to the public; and
- Financial plan is to be submitted to the Ministry of Municipal Affairs and Housing.

1.2.3 Financial Plan Requirements – General

Given that the requirement for a financial plan is legislated under the Act, a financial plan is mandatory for water systems. The financial plan shall be for a forecast period of at least six years but longer planning horizons are encouraged. The 2025 to 2035 budget and forecast included in this financial plan exceeds the legislative requirement. The financial plan is to be completed and approved by resolution of Council or the governing body in accordance with subsection 3 (1) 1 of O. Reg. 453/07. Confirmation of approval of the financial plan must be submitted at the time of municipal drinking water licence renewal (i.e., six months prior to licence expiry).



A copy of the financial plan must be submitted to the Ministry of Municipal Affairs and Housing (MMAH). The financial plan does not need to be submitted to the Ministry of the Environment, Conservation, and Parks (MECP); however, the MECP may request it in the course of review of the licence renewal. Financial plans may be amended and additional information beyond what is prescribed can be included if deemed necessary. The financial plan must contain on the front page, the appropriate financial plan number as set out in Schedule A of the Municipal Drinking Water Licence.

1.2.4 Public Sector Accounting Board (P.S.A.B.) Requirements

The components of the financial plans indicated by the regulation are consistent with the requirements for financial statement presentation as set out in section PS1201 of the Canadian Institute of Chartered Accountants Public Sector Accounting Handbook:

“Financial statements should include a Statement of Financial Position, a Statement of Operations, a Statement of Change in Net Debt, and a Statement of Cash Flow.”

The format required is to conform to the requirements of PS1201 and PS3150. The financial statements are to be reported on a full accrual accounting basis. The accrual accounting method recognizes revenues and expenses in the same period as the activities that give rise to them regardless of when they are actually paid. Since an exchange of cash is not necessary to report a financial transaction, the accrual method is meant to provide a more accurate picture of financial position.

The accounting treatment of tangible capital assets is prescribed under section PS3150. Tangible capital assets are to be capitalized to ensure an inventory of the assets owned is recorded and to account for their ability to provide future benefits.

The Statement of Cash Flow and the Statement of Change in Net Financial Assets/Debt are required statements. The Statement of Change in Net Financial Assets/Debt reports on whether enough revenue was generated in a period to cover the expenses in the period and whether sufficient resources have been generated to support current and future activities. The Statement of Cash Flow reports on how activities were financed for a given period providing a measure of the changes in cash for that period.



Chapter 2

Sustainable Financial Planning



2. Sustainable Financial Planning

2.1 Introduction

In general, sustainability refers to the ability to maintain a certain position over time. While the S.D.W.A. requires a declaration of the financial plan's sustainability, it does not give a clear definition of what would be considered sustainable. Instead, the MECP released a guideline ("Towards Financially Sustainable Drinking-Water and Wastewater Systems") that provides possible approaches to achieving sustainability. The Province's Principles of Financially Sustainable Water Services are provided below:

- Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system to which they relate.
- Principle #2: An integrated approach to planning among water, wastewater, and storm water systems is desirable given the inherent relationship among these services.
- Principle #3: Revenues collected for the provision of water services should ultimately be used to meet the needs of those services.
- Principle #4: Life-cycle planning with mid-course corrections is preferable to planning over the short-term or not planning at all.
- Principle #5: An asset management plan is a key input to the development of a financial plan.
- Principle #6: A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs.
- Principle #7: Ensuring users pay for the services they are provided leads to equitable outcomes and can improve conservation. In general, metering and the use of rates can help ensure users pay for services received.
- Principle #8: Financial plans are "living" documents that require continuous improvement. Comparing the accuracy of financial projections with actual results can lead to improved planning in the future.



Principle #9: Financial plans benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff, and municipal council.

2.2 Water Opportunities Act, 2010

Since the passage of the *Safe Drinking Water Act, 2002*, changes and refinements to the legislation have been introduced, including the *Water Opportunities Act, 2010* (W.O.A). The W.O.A. was introduced into legislation on May 18, 2010, and received Royal Assent on November 29, 2010.

The purposes of the W.O.A. are to foster innovative water, wastewater and stormwater technologies, services, and practices; create opportunities for economic development and clean-technology jobs; and conserve and sustain water resources. To achieve this, the W.O.A. provides for the creation of performance targets (financial, operational and maintenance related), which will vary by service type and location, and the required submission of conservation and sustainability plans for water, wastewater, and stormwater.

The sustainability plan in the W.O.A. expands on interim legislation for financial plans included in O. Reg. 453/07, to include the following:

- an asset management plan for the physical infrastructure;
- financial plan;
- water conservation plan (for water service only);
- a risk assessment;
- a strategy for maintaining and improving the services; and
- additional information considered advisable.

Where a Board has jurisdiction over a service, the plan (and any plan amendments) must be approved by the municipality in which the municipal service is provided before submission to the Minister. The Minister may also direct preparation of joint or partially joint plans.

Regulations (still forthcoming) will prescribe details regarding any time periods or time limits, contents of the plans, identifying which portions of the plan will require



certification, the public consultation process (if required), limitations updates and refinements.

2.3 Infrastructure for Jobs and Prosperity Act (I.J.P.A.), 2015

On June 4, 2015, the Province passed the *Infrastructure for Jobs and Prosperity Act, 2015* (I.J.P.A.) which, over time, will require municipalities to undertake and implement asset management plans for all the infrastructure they own. On December 27, 2017, the Province of Ontario released O. Reg. 588/17 under I.J.P.A. which has three phases that municipalities must meet. The timelines associated with the three phases were later extended by O. Reg. 193/21 which was filed on March 15, 2021.

Every municipality in Ontario will have to prepare a strategic asset management policy by July 1, 2019. Municipalities will be required to review their strategic asset management policies at least every five years and make updates, as necessary. The subsequent phases are as follows:

- Phase 1 – Asset Management Plan (by July 1, 2022):
 - For core assets – Municipalities must have the following:
 - Inventory of assets;
 - Current levels of service, including some prescribed measures; and
 - Lifecycle management strategies and associated costs to maintain current levels of service.
- Phase 2 – Asset Management Plan (by July 1, 2024):
 - Same steps as Phase 1 but for all assets.
- Phase 3 – Asset Management Plan (by July 1, 2025):
 - Builds on Phase 1 and 2 by adding:
 - Proposed levels of service; and
 - Financial strategy that supports achieving proposed levels of service.

In relation to water (which is considered a core asset), municipalities needed to have an asset management plan that addressed the related infrastructure by July 1, 2022 (Phase 1). O. Reg. 588/17 specifies that the municipality's asset management plan must include the following for each asset category:

- the current levels of service being provided;



- determined in accordance with the following qualitative descriptions and technical metrics and based on data from at most the two calendar years prior to the year in which all information required under this section is included in the asset management plan.
- the current performance of each asset category;
- a summary of the assets in the category;
- the replacement cost of the assets in the category;
- the average age of the assets in the category, determined by assessing the average age of the components of the assets;
- the information available on the condition of the assets in the category;
- a description of the municipality's approach to assessing the condition of the assets in the category, based on recognized and generally accepted good engineering practices where appropriate; and
- the lifecycle activities that need to be undertaken to maintain the current levels of service.

The Town completed an Asset Management Plan (A.M.P.) in 2024. The A.M.P. included a review of the Town's water infrastructure. The Town will need to consider the impacts of funding the lifecycle requirements identified in the A.M.P. during the annual budget and forecast periods.

2.4 Water Forecast

The Town has already completed their financial planning through its 2025 Rate Study. The purpose of this study was to address the "full cost recovery" principles identified in the legislation noted above and provide for sufficient water rate funding to ensure sustainable financial planning. As noted in the introduction, the forecast period considered in the 2025 Rate Study extends to 2035.

As a result of employing this process, the 2025 Rate Study 2025 capital budget and ten-year forecast (2026 to 2035) provides the basis for a sound financial plan for the Town's water system by assessing:

- A detailed assessment of current and future capital needs including an analysis of potential funding sources;
- An analysis of operating costs in order to determine how they will be impacted by evolving infrastructure needs;



- A review and recommendation on rates that ensure revenues are equitable and sufficient to meet system needs; and
- A public process that involved consultation with the main stakeholders including the Town's staff, Council, the general public (specifically the users of the system) and others with the aim of gaining input and collaboration on the sustainability of the water systems.

The details of the financial plan arising from the 2025 Rate Study are contained in Appendix A.



Chapter 3

Approach



3. Approach

3.1 Overview

The Town's 2025 Rate Study, along with additional detailed information provided by Town Staff, has been used as a starting point to prepare the Financial Plan for the municipal water system. The water forecast is prepared on a modified cash basis; therefore, a conversion is required in order to present a full accrual financial plan for the purposes of this report. The conversion process used will help to establish the structure of the financial plan along with the opening balances that will underpin the forecast. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the Financial Plan for the municipal water system.

3.2 Conversion Process

The conversion from the existing modified cash basis financial plan to the full accrual reporting format required under O. Reg. 453/07 can be summarized in the following steps:

1. Calculate Tangible Capital Asset Balances
2. Convert Statement of Operations
3. Convert Statement of Financial Position
4. Convert Statement of Cash Flow and Net Assets/Debt
5. Verification and Note Preparation

3.2.1 Calculate Tangible Capital Asset Balances

In calculating tangible capital asset balances, existing and future purchased, developed, and/or contributed assets will need to be considered. For existing water and assets, an inventory has already been compiled and summarized by the Town as part of their annual P.S.A.B. 3150 compliance processes. As required, for P.S.A.B. 3150 reporting purposes, the asset inventory listing included historical cost (which is the original cost to purchase, develop, or construct each asset) along with an estimated useful life for each asset and any anticipated salvage value is recorded. The following calculations are made to determine net book value:

- Accumulated amortization up to the year prior to the first forecast year.



- Amortization expense on existing assets for each year of the forecast period.
- Acquisition of new assets for each year of the forecast period.
- Disposals and related gains or losses for each year of the forecast period.

Future water capital needs have also been determined and summarized by Municipal staff. However, these estimates only represent future assets that the Town anticipates purchasing or constructing. At present, the Town does not anticipate any assets will be contributed by developers and other parties (at no or partial cost to the Town). If, over the forecast period, additional capital needs arise or contributed assets are anticipated, the financial plan may need to be adjusted to properly account for these transactions. Once the sequence and total asset acquisition has been determined for the forecast period, annual amortization of these assets for each year is calculated in a similar manner as that used for existing assets.

Once the historical cost, accumulated amortization, and amortization expenses are calculated as described above, the total net book value of the tangible capital assets can be determined and recorded on the Statement of Financial Position.

3.2.2 Convert Statement of Operations

A wide range of adjustments will be considered, dependent on the size and complexity of the system, in order to convert from the cash to full accrual basis. For example, debt repayment costs relating to the principal payment portion only need to be removed under the accrual basis, as they no longer qualify as an expense for reporting purposes. Principal payments are reported as a decrease in debt liability on the Statement of Financial Position. Transfers to and from reserves are removed as these transactions are represented by changes in cash and accumulated surplus. Finally, expenses relating to tangible capital assets, such as amortization, write-offs, and (gain)/loss on disposal of assets are reported on the Statement of Operations in order to capture the allocation of the cost of these assets to operating activities over their useful lives and therefore are added in under the accrual basis.



Table 3-1
Conversion Adjustments
Statement of Operations - Water

Modified Cash Basis	Budget 2025	Adjustments		Full Accrual Budget 2025	Accrual Basis
		DR	CR		
Revenues					Revenues
Base Charge Revenue	194,519			194,519	Base Charge Revenue
Rate Based Revenue	711,467			711,467	Rate Based Revenue
Transfers from Reserves	-	-			
Other Revenue	136,660		200,000	336,660	Other Revenue
Total Revenues	1,042,646			1,242,646	Total Revenues
Expenditures					Expenses
Operating	1,027,837	35,200		1,063,037	Operating Expenses
Capital					
Transfers to Reserves	14,809		14,809		
Transfers to Capital	-		-		
		236,061		236,061	Amortization
		-		-	Loss on Disposal of Tangible Capital Assets
Total Expenditures	1,042,646			1,299,098	Total Expenses
Net Expenditures	-			(56,452)	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			16,431,857	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-	-	56,452	16,375,405	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		271,261	271,261		

Note: The combined adjustments above should be balanced and net to \$0 (i.e. Total DR = Total CR)



3.2.3 Convert Statement of Financial Position

Once the Statement of Operations has been converted and the net book value of tangible capital assets has been recorded, balances for the remaining items on the Statement of Financial Position are determined and recorded (see Table 3-2). The opening/actual balances for the remaining accounts such as accounts receivable, inventory, accounts payable, outstanding debt (principal only), are recorded and classified according to the structure of the Statement of Financial Position as outlined in PS1201.

It is acknowledged that some of the balances required on the Statement of Financial Position will be consolidated across the Town and as such, will be difficult to isolate the information that is relevant to water. An example of this is accounts receivable, which may be administered centrally by the Finance Department. O. Reg. 453/07 allows for the exclusion of these numbers if they are not known at the time of preparing the financial plan. Please refer to the Financial Plan Notes in Chapter 4 for more details.

3.2.4 Convert Statement of Cash Flow and Net Financial Assets/Debt

The Statement of Cash Flow summarizes how the Town financed its activities or in other words, how the costs of providing services were recovered. The statement is derived using comparative Statement of Financial Position, the current Statement of Operations and other available transaction data.

The Statement of Change in Net Financial Assets/Debt is a statement which reconciles the difference between the surplus or deficit from current operations and the change in net financial assets/debt for the year. This is significant, as net debt provides an indication of future revenue requirements. In order to complete the Statement of Net Financial Assets/Debt, information regarding any gains/losses on disposals of assets, asset write-downs, acquisition/use of supplies inventory, and the acquisition use of prepaid expenses is necessary, (if applicable). Although the Statement of Change in Net Financial Assets/Debt is not required under O. Reg. 453/07, it has been included in this report as a further indicator of financial viability.



Table 3-2
Conversion Adjustments
Statements of Financial Position - Water

Modified Cash Basis	Budget 2025	Adjustments		Full Accrual Budget 2025	Accrual Basis
		DR	CR		
ASSETS					ASSETS
Financial Assets					Financial Assets
Cash	1,711,169			1,711,169	Cash
Accounts Receivable	124,732			124,732	Accounts Receivable
Total Financial Assets	1,835,901			1,835,901	Total Financial Assets
Non-Financial Assets					
Prepaid Expenses	-		-		
Total Non-Financial Assets	-				
LIABILITIES					Liabilities
Accounts Payable & Accrued Liabilities	106,530			106,530	Accounts Payable & Accrued Liabilities
Total Liabilities	106,530			106,530	Total Liabilities
Net Assets/(Debt)	1,729,371			1,729,371	Net Financial Assets/(Debt)
		14,681,234	35,200	14,646,034	Non-Financial Assets
		-		-	Tangible Capital Assets
					Prepaid Expenses
				14,646,034	Total Non-Financial Assets
Municipal Position					
Water Reserves	1,729,371	1,729,371	-		
Total Municipal Position	1,729,371		16,375,405	16,375,405	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		16,410,605	16,410,605		

Note: The combined adjustments above should be balanced and net to \$0 (i.e. Total DR = Total CR)



3.2.5 Verification and Note Preparation

The final step in the conversion process is to ensure that all the statements created by the previous steps are in balance. The Statement of Financial Position summarizes the resources and obligations of the Town at a set point in time. The Statement of Operations summarizes how these resources and obligations changed over the reporting period. To this end, the accumulated surplus/deficit reported on the Statement of Financial Position should equal the accumulated surplus/deficit reported on the Statement of Operations.

The Statement of Change in Net Financial Assets/Debt and the Statement of Financial Position are also linked in terms of reporting on net financial assets/debt. On the Statement of Financial Position, net financial assets/debt are equal to the difference between financial assets and liabilities and should equal net financial assets/debt as calculated, on the Statement of Net Financial Assets/Debt.

While not part of the financial plan, the accompanying notes are important to summarize the assumptions and estimates made in preparing the financial plan. Some of the significant assumptions that need to be addressed within the financial plan are as follows:

- a) Opening Cash Balances – Opening cash balances are necessary to complete the Statement of Cash Flows and balance the Statement of Financial Position. Preferably, opening cash balances should be derived from actual information contained within the Town's ledgers. It may not, however, be possible to extract this information from the ledgers for water alone; therefore, a reasonable proxy will be needed. One approach is to assume that opening cash balances equal ending reserve and reserve fund balances from the previous year adjusted for accrual-based transactions reflected by accounts receivable/payable balances. The following equation outlines this approach:

Ending Reserve/Reserve Fund Balance
Plus: Ending Accounts Payable Balance
Less: Ending Accounts Receivable Balance
Equals: Approximate Ending Cash Balance

- b) Amortization Expense – The method and timing of amortization should be based on the Town's amortization policy.



- c) Accumulated Amortization – Will be based on the culmination of accumulated amortization expenses throughout the life of each asset however derived, along with information on construction/acquisition date and useful life obtained from the 2025 capital budget and forecast and adjusted for 2025 projected amortization.
- d) Contributed Assets – As noted earlier, contributed assets could represent a significant part of the Town's infrastructure acquisitions. As such, a reasonable estimate of value and timing of acquisition/donation may be required in order to adequately capture these assets. In the case where contributed assets are deemed to be insignificant or unknown, an assumption of “no contributed assets within the forecast period” will be made.
- e) Accumulated Surplus – The magnitude of the surplus in this area may precipitate the need for additional explanation especially in the first year of reporting. This Accumulated Surplus captures the historical infrastructure investment which has not been reported in the past but has accumulated to significant levels. It also includes all water reserve and reserve fund balances.
- f) Other Revenues – Will represent the recognition of revenues such as those from miscellaneous water charges and other minor miscellaneous revenues.



Chapter 4

Financial Plan



4. Financial Plan

4.1 Introduction

The following tables provide the complete financial plan for the Town's water system. A brief description and analysis of each table is provided below. It is important to note that the financial plan that follows is a forward look at the financial position of the Town's water system. It is not an audited document¹ and contains various estimates as detailed in the "Notes to the Financial Plan" section below.

Similar tables and analysis for the Town's water financial plan are included in Appendix A.

4.2 Water Financial Plan

4.2.1 Statement of Financial Position (Table 4-1)

The Statement of Financial Position provides information that describes the assets, liabilities, and accumulated surplus of the Town's water system. The first important indicator is net financial assets/(debt), which is defined as the difference between financial assets and liabilities. This indicator provides an indication of the system's "future revenue requirement." A net financial asset position is where financial assets are greater than liabilities and implies that the system has the resources to finance future operations. Conversely, a net debt position implies that the future revenues generated by the system will be needed to finance past transactions, as well as future operations. Table 4-1 indicates that in 2025, the Town's water system will be in a net financial asset position of approximately \$1.73 million. The Town's net financial asset position is projected to decrease to a net debt position of approximately \$7.31 million by the end of the forecast period.

Another important indicator in the Statement of Financial Position is the tangible capital asset balance. As noted earlier, providing this information is a requirement for municipalities as part of PS3150 compliance and is significant from a financial planning perspective for the following reasons:

¹ O. Reg. 453/07 does not require an audited financial plan.



- g) Tangible capital assets such as water mains and treatment plants are imperative to water service delivery.
- h) These assets represent significant economic resources in terms of their historical and replacement costs. Therefore, ongoing capital asset management is essential to managing significant replacements and repairs.
- i) The annual maintenance required by these assets has an enduring impact on water operational budgets.

In general terms, an increase in the tangible capital asset balance indicates that assets may have been acquired either through purchase by the Town's or donation/contribution by a third party. A decrease in the tangible capital asset balance can indicate a disposal, write down, or use of assets. The use of assets is usually represented by an increase in accumulated amortization due to annual amortization expenses arising as a result of allocating the cost of the asset to operations over the asset's useful life. Table 4-1 shows that the Town's tangible capital assets are expected to increase by approximately \$16.99 million over the forecast period. This indicates that the Town plans to invest in tangible capital assets over the forecast period in excess of the anticipated use of existing assets.

4.2.2 Statement of Operations (Table 4-2)

The Statement of Operations summarizes the revenues and expenses generated by the water system for a given period. The annual surplus/deficit measures whether the revenues generated were sufficient to cover the expenses incurred and in turn, whether net financial assets have been maintained or depleted. Table 4-2 illustrates that the ratio of expenses to revenues is projected to decrease over the forecast period from 105% in 2025 to 70% in 2035. As a result, annual surpluses/deficits are anticipated to fluctuate over the forecast period with minor annual deficits projects in 2025 and 2029, and then increasing to an annual surplus in 2035 of approximately \$841,800. This is due to a general increasing trend in the revenues anticipated over the forecast period and the investment in tangible capital assets. It is important to note that an annual surplus is beneficial to ensure funding is available to non-expense costs such as tangible capital asset acquisitions, reserve/reserve fund transfers and debt principal payments in the future.

Another important indicator in this statement is accumulated surplus/deficit. An accumulated surplus indicates that the available net resources are sufficient to provide future water services. An accumulated deficit indicates that resources are insufficient to



provide future services and that borrowing or rate increases are required to finance annual deficits. From Table 4-2, the financial plan illustrates an increase in accumulated surplus of approximately \$7.23 million will be added to the opening accumulated surplus of approximately \$16.43 million over the forecast period. The existing accumulated surplus, as indicated in Table 4-2, is predominately made up of investments in tangible capital assets.

4.2.3 *Statement of Change in Net Financial Assets/Debt (Table 4-3)*

The Statement of Change in Net Financial Assets/Debt indicates whether revenue generated was sufficient to cover operating and non-financial asset costs (i.e., inventory supplies, prepaid expenses, tangible capital assets, etc.) and in so doing, explains the difference between the annual surplus/deficit and the change in net financial assets/debt for the period.

Table 4-3 indicates that in the years 2025 to 2035, the forecasted tangible capital asset acquisitions are more than the annual surplus, resulting in increases in the net financial asset balance decreasing to a net debt balance over the forecast period. This is due to the amount of capital assets anticipated to be constructed over the forecast period. This is further evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions initially increasing from 0.20 in 2025 to 0.55 in 2035, (note: a desirable ratio is 1:1 or better).

4.2.4 *Statement of Cash Flow (Table 4-4)*

The Statement of Cash Flow summarizes how the Town's water system is expected to generate and use cash resources during the forecast period. The transactions that provide/use cash are classified as operating, capital, investing, and financing activities as shown in Table 4-4. This statement focuses on the cash aspect of these transactions and thus is the link between cash- and accrual-based reporting. Table 4-4 indicates that cash from operations will be used to fund capital transactions (i.e., tangible capital asset acquisitions) over the forecast period. The financial plan projects the cash position of the Town's water system to increase from approximately \$2.44 million at the beginning of 2025 to a negative balance between the years 2027 and 2034, and then increase to a positive cash balance of approximately \$370,800 by the end of 2035. For further discussion on projected cash balances please refer to the Notes to the Financial Plan.



Table 4-1
Statement of Financial Position: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2035

	Notes	Forecast										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Financial Assets												
Cash	1	1,711,169	166,568	-	-	-	-	-	-	-	-	370,822
Accounts Receivable	1	124,732	156,830	175,710	197,001	221,019	248,128	265,250	284,917	307,048	332,016	333,814
Total Financial Assets		1,835,901	323,398	175,710	197,001	221,019	248,128	265,250	284,917	307,048	332,016	704,636
Liabilities												
Bank Indebtedness		-	-	62,247	80,042	100,408	123,709	136,878	152,436	170,262	190,759	-
Accounts Payable & Accrued Liabilities	1	106,530	110,071	113,463	116,959	120,611	124,419	128,372	132,481	136,786	141,257	145,936
Debt (Principal only)	2	-	-	1,335,625	4,446,359	5,293,057	5,863,747	6,382,591	6,947,813	7,850,504	8,263,651	7,870,645
Deferred Revenue	3	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities		106,530	110,071	1,511,335	4,643,360	5,514,076	6,111,875	6,647,841	7,232,730	8,157,552	8,595,667	8,016,581
Net Financial Assets/(Debt)		1,729,371	213,327	(1,335,625)	(4,446,359)	(5,293,057)	(5,863,747)	(6,382,591)	(6,947,813)	(7,850,504)	(8,263,651)	(7,311,945)
Non-Financial Assets												
Tangible Capital Assets	4	14,646,034	17,831,124	21,094,026	25,652,569	26,469,751	27,071,611	27,708,290	28,518,829	29,753,798	31,085,741	30,975,810
Total Non-Financial Assets		14,646,034	17,831,124	21,094,026	25,652,569	26,469,751	27,071,611	27,708,290	28,518,829	29,753,798	31,085,741	30,975,810
Accumulated Surplus/(Deficit)	5	16,375,405	18,044,451	19,758,401	21,206,210	21,176,694	21,207,864	21,325,699	21,571,016	21,903,294	22,822,090	23,663,865
Financial Indicators	Total Change	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1) Increase/(Decrease) in Net Financial Assets	(9,759,707)	(718,391)	(1,516,044)	(1,548,952)	(3,110,734)	(846,698)	(570,690)	(518,844)	(565,222)	(902,691)	(413,147)	951,706
2) Increase/(Decrease) in Tangible Capital Assets	16,991,715	661,939	3,185,090	3,262,902	4,558,543	817,182	601,860	636,679	810,539	1,234,969	1,331,943	(109,931)
3) Increase/(Decrease) in Accumulated Surplus	7,232,008	(56,452)	1,669,046	1,713,950	1,447,809	(29,516)	31,170	117,835	245,317	332,278	918,796	841,775



Table 4-2
Statement of Operations: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2035

	Notes	Forecast										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Water Revenue												
Base Charge Revenue		194,519	372,646	430,190	496,619	573,306	661,836	765,455	886,935	1,027,679	1,190,742	1,379,659
Rate Based Revenue		711,467	794,837	887,963	991,986	1,108,179	1,237,965	1,268,776	1,302,561	1,337,233	1,372,818	1,409,337
Earned Development Charges Revenue	3	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	6	336,660	1,822,473	1,829,625	1,562,943	166,036	174,320	183,018	192,147	201,732	211,793	1,380
Total Revenues		1,242,646	2,989,956	3,147,778	3,051,548	1,847,521	2,074,121	2,217,249	2,381,643	2,566,644	2,775,353	2,790,376
Water Expenses												
Operating Expenses	Sch. 4-1	1,063,037	1,062,000	1,094,730	1,128,460	1,163,700	1,263,440	1,270,580	1,278,220	1,319,760	1,362,900	1,447,040
Interest on Debt	2	-	-	-	51,822	172,519	205,371	227,513	247,645	269,575	304,600	320,630
Amortization	4	236,061	258,910	339,098	423,457	540,818	574,140	601,321	610,461	645,031	189,057	180,931
Total Expenses		1,299,098	1,320,910	1,433,828	1,603,739	1,877,037	2,042,951	2,099,414	2,136,326	2,234,366	1,856,557	1,948,601
Annual Surplus/(Deficit)		(56,452)	1,669,046	1,713,950	1,447,809	(29,516)	31,170	117,835	245,317	332,278	918,796	841,775
Accumulated Surplus/(Deficit), beginning of year	5	16,431,857	16,375,405	18,044,451	19,758,401	21,206,210	21,176,694	21,207,864	21,325,699	21,571,016	21,903,294	22,822,090
Accumulated Surplus/(Deficit), end of year		16,375,405	18,044,451	19,758,401	21,206,210	21,176,694	21,207,864	21,325,699	21,571,016	21,903,294	22,822,090	23,663,865
Note 5:												
Accumulated Surplus/(Deficit) Reconciliation:		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Reserve Balances												
Reserves: Development Charges		-	-	-	-	-	-	-	-	-	-	-
Reserves: Capital/Other		1,729,371	213,327	-	-	-	-	-	-	-	-	558,700
Total Reserves Balance		1,729,371	213,327	-	-	-	-	-	-	-	-	558,700
Less: Debt Obligations and Deferred Revenue		-	-	(1,335,625)	(4,446,359)	(5,293,057)	(5,863,747)	(6,382,591)	(6,947,813)	(7,850,504)	(8,263,651)	(7,870,645)
Add: Tangible Capital Assets	4	14,646,034	17,831,124	21,094,026	25,652,569	26,469,751	27,071,611	27,708,290	28,518,829	29,753,798	31,085,741	30,975,810
Total Ending Balance		16,375,405	18,044,451	19,758,401	21,206,210	21,176,694	21,207,864	21,325,699	21,571,016	21,903,294	22,822,090	23,663,865
Financial Indicators	Total Change	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1) Expense to Revenue Ratio		105%	44%	46%	53%	102%	98%	95%	90%	87%	67%	70%
2) Increase/(Decrease) in Accumulated Surplus	7,232,008	(56,452)	1,669,046	1,713,950	1,447,809	(29,516)	31,170	117,835	245,317	332,278	918,796	841,775



Schedule 4-1
Statement of Operating Expenses: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2035

	Notes	Forecast										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Operating Expenses												
Salaries P/T - Admin		89,300	91,500	93,800	96,100	98,500	101,000	103,500	106,100	108,800	111,500	114,300
Benefits P/T - Admin		35,717	36,600	37,500	38,400	39,400	40,400	41,400	42,400	43,500	44,600	45,700
Mileage		660	1,000	1,030	1,060	1,100	1,140	1,180	1,220	1,260	1,300	1,340
Well Hydro & Heating		101,860	107,000	112,400	118,000	123,900	130,100	136,600	143,400	150,600	158,100	166,000
Diesel for Generator		-	-	-	-	-	-	-	-	-	-	-
Computer Operations		37,400	38,600	39,900	41,200	42,600	44,000	45,500	47,000	48,600	50,200	51,900
SCADA Operations		120,000	123,000	126,100	129,300	132,500	135,800	139,200	142,700	146,300	150,000	153,800
Material & Supplies		6,000	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600	7,900	8,200
Legal		15,000	15,500	16,000	16,500	17,000	17,600	18,200	18,800	19,400	20,000	20,700
Prof. fees/consulting (1)		325,000	333,100	341,400	349,900	358,600	367,600	376,800	386,200	395,900	405,800	415,900
Training		1,000	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,400
Fire safety service		-	-	-	-	-	-	-	-	-	-	-
Telephone/Communications		3,900	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,800	5,000	5,200
Insurance		35,000	38,500	42,400	46,600	51,300	56,400	62,000	68,200	75,000	82,500	90,800
Other Services (Contract - Orangeville)		250,000	256,300	262,700	269,300	276,000	282,900	290,000	297,300	304,700	312,300	320,100
Lawn Maintenance		7,000	7,200	7,400	7,600	7,900	8,200	8,500	8,800	9,100	9,400	9,700
Non TCA - Expenses from Capital Budget	7	35,200	-	-	-	-	63,000	32,000	-	-	-	39,000
TOTAL OPERATING EXPENSES		1,063,037	1,062,000	1,094,730	1,128,460	1,163,700	1,263,440	1,270,580	1,278,220	1,319,760	1,362,900	1,447,040

Table 4-3
Statement of Changes in Net Financial Assets/Debt: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2035

	Notes	Forecast										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Annual Surplus/(Deficit)		(56,452)	1,669,046	1,713,950	1,447,809	(29,516)	31,170	117,835	245,317	332,278	918,796	841,775
Less: Acquisition of Tangible Capital Assets	4	(898,000)	(3,444,000)	(3,602,000)	(4,982,000)	(1,358,000)	(1,176,000)	(1,238,000)	(1,421,000)	(1,880,000)	(1,521,000)	(71,000)
Add: Amortization of Tangible Capital Assets	4	236,061	258,910	339,098	423,457	540,818	574,140	601,321	610,461	645,031	189,057	180,931
Sub-total		(661,939)	(3,185,090)	(3,262,902)	(4,558,543)	(817,182)	(601,860)	(636,679)	(810,539)	(1,234,969)	(1,331,943)	109,931
Less: Acquisition of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-	-
Add: Use of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-	-
Sub-total		-	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Net Financial Assets/(Net Debt)		(718,391)	(1,516,044)	(1,548,952)	(3,110,734)	(846,698)	(570,690)	(518,844)	(565,222)	(902,691)	(413,147)	951,706
Net Financial Assets/(Net Debt), beginning of year		2,447,762	1,729,371	213,327	(1,335,625)	(4,446,359)	(5,293,057)	(5,863,747)	(6,382,591)	(6,947,813)	(7,850,504)	(8,263,651)
Net Financial Assets/(Net Debt), end of year		1,729,371	213,327	(1,335,625)	(4,446,359)	(5,293,057)	(5,863,747)	(6,382,591)	(6,947,813)	(7,850,504)	(8,263,651)	(7,311,945)
Financial Indicators		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1) Acquisition of Tangible Capital Assets (Cumulative)		898,000	4,342,000	7,944,000	12,926,000	14,284,000	15,460,000	16,698,000	18,119,000	19,999,000	21,520,000	21,591,000
2) Annual Surplus/Deficit before Amortization (Cumulative)		179,609	2,107,565	4,160,613	6,031,879	6,543,181	7,148,491	7,867,647	8,723,425	9,700,734	10,808,587	11,831,293
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)		0.20	0.49	0.52	0.47	0.46	0.46	0.47	0.48	0.49	0.50	0.55



Table 4-4
Statement of Cash Flow – Indirect Method: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2035

	Notes	Forecast										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Operating Transactions												
Annual Surplus/Deficit		(56,452)	1,669,046	1,713,950	1,447,809	(29,516)	31,170	117,835	245,317	332,278	918,796	841,775
Add: Amortization of TCA's	4	236,061	258,910	339,098	423,457	540,818	574,140	601,321	610,461	645,031	189,057	180,931
Change in A/R (Increase)/Decrease		(13,057)	(32,098)	(18,880)	(21,291)	(24,018)	(27,109)	(17,122)	(19,667)	(22,131)	(24,968)	(1,798)
Change in A/P Increase/(Decrease)		7,299	3,541	3,392	3,496	3,652	3,808	3,953	4,109	4,305	4,471	4,679
Cash Provided by Operating Transactions		173,851	1,899,399	2,037,560	1,853,472	490,936	582,009	705,987	840,220	959,483	1,087,356	1,025,587
Capital Transactions												
Less: Cash Used to acquire Tangible Capital Assets	4	(898,000)	(3,444,000)	(3,602,000)	(4,982,000)	(1,358,000)	(1,176,000)	(1,238,000)	(1,421,000)	(1,880,000)	(1,521,000)	(71,000)
Cash Applied to Capital Transactions		(898,000)	(3,444,000)	(3,602,000)	(4,982,000)	(1,358,000)	(1,176,000)	(1,238,000)	(1,421,000)	(1,880,000)	(1,521,000)	(71,000)
Investing Transactions												
Proceeds from Investments		-	-	-	-	-	-	-	-	-	-	-
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		-	-	-	-	-	-	-	-	-	-	-
Financing Transactions												
Proceeds from Debt Issue	2	-	-	1,335,625	3,156,147	1,001,189	765,218	746,939	827,564	1,203,351	766,389	-
Less: Debt Repayment (Principal only)	2	-	-	-	(45,414)	(154,491)	(194,528)	(228,095)	(262,342)	(300,660)	(353,242)	(393,006)
Cash Applied to Financing Transactions		-	-	1,335,625	3,110,733	846,698	570,690	518,844	565,222	902,691	413,147	(393,006)
Increase in Cash and Cash Equivalents		(724,149)	(1,544,601)	(228,815)	(17,795)	(20,366)	(23,301)	(13,169)	(15,558)	(17,826)	(20,497)	561,581
Cash and Cash Equivalents, beginning of year	1	2,435,318	1,711,169	166,568	(62,247)	(80,042)	(100,408)	(123,709)	(136,878)	(152,436)	(170,262)	(190,759)
Cash and Cash Equivalents, end of year	1	1,711,169	166,568	(62,247)	(80,042)	(100,408)	(123,709)	(136,878)	(152,436)	(170,262)	(190,759)	370,822



Water

Notes to Financial Plan

The financial plan format as outlined in Chapter 4 closely approximates the full accrual format used by municipalities (2009 onward) on their audited financial statements. However, the financial plan is not an audited document and contains various estimates. In this regard, Section 3 (2) of O. Reg. 453/07 states the following:

“Each of the following sub-subparagraphs applies only if the information referred to in the sub-subparagraph is known to the owner at the time the financial plans are prepared:

1. Sub-subparagraphs 4 a A, B and C of subsection (1)
2. Sub-subparagraphs 4 iii A, C, E and F of subsection (1).”

The information referred to in sub-subparagraphs 4 if A, B and C of subsection (1) includes:

- A. Total financial assets (i.e., cash and receivables);
- B. Total liabilities (i.e., payables, debt, and deferred revenue);
- C. Net debt (i.e., the difference between A and B above).

The information referred to in sub-subparagraphs 4 iii A, C, E and F of subsection (1) includes:

- A. Operating transactions are cash received from revenues, cash paid for operating expenses and finance charges.
- B. Investing transactions that are acquisitions and disposal of investments.
- C. Change in cash and cash equivalents during the year.
- D. Cash and cash equivalents at the beginning and end of the year.

In order to show a balanced financial plan in a full accrual format for the Town, some of the items listed above have been estimated given that the Town does not maintain all financial asset and liability data separately for water. Usually, this type of data is combined with the financial assets and liabilities of other departments and services given that there is not a current obligation to disclose this data separately (as there is with revenue and expenses).



The assumptions used have been documented below:

1. Cash, Receivables and Payables

It is assumed that the opening cash balances required to complete the financial plan are equal to:

Ending Reserve/Reserve Fund Balance
Plus: Ending Accounts Payable Balance
Less: Ending Accounts Receivable Balance
Equals: Approximate Ending Cash Balance

For the Town, receivable and payable balances were estimated for each year of the forecast based on the following factors:

- a) Receivables: Based on historical levels of water receivables (provided by Municipal staff) as a percentage of annual water revenue earned (as per 2022 to 2024 actuals provided by Town staff); and
- b) Payables: Based on historical levels of municipal-wide payables as a percentage of annual municipal-wide expenses incurred (as per the 2022, and 2023, Financial Information Returns) and actual data for 2024, as provided by Town Staff.

2. Debt

There is no outstanding water related debt anticipated at the beginning of 2025. Additional debentures are anticipated to be required over the remainder of the forecast period to assist in funding the growth-related capital infrastructure needs. Principal repayments over the forecast period are scheduled as follows:

Year	Principal Payments
2025	-
2026	-
2027	-
2028	45,414
2029	154,491
2030	194,528
2031	228,095
2032	262,342
2033	300,660
2034	353,242
2035	393,006
Total	\$1,931,778



For financial reporting purposes, debt principal payments represent a decrease in debt liability and the interest payments represent a current year operating expense.

3. Deferred Revenue

Deferred revenue is typically made up of water development charge, connection charge reserve, Canada Community-Building Fund (previously Federal gas tax) fund balances which are considered to be a liability for financial reporting purposes until the funds are used to emplace the works for which they have been collected.

The Town does not collect water development charges currently or use funding from the Canada Community-Building Fund (C.C.B.F) for water services.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water related assets in the following categories:
 - i. Land and Land Improvements;
 - ii. Water Facilities;
 - iii. Water Meters;
 - iv. Water Hydrants;
 - v. Water Valves;
 - vi. Machinery and Equipment; and
 - vii. Watermains.
- Given the planned asset replacement forecast in the 2025 Rate Study, useful life on acquisitions is assumed to be equal to the weighted average useful life for all assets on hand in each respective asset category.
- Amortization is calculated based on the straight-line approach with no amortization in the year of acquisition or construction.
- Write-offs are assumed to equal \$0 for each year in the forecast period.
- Tangible capital assets are shown on a net basis. It is assumed that disposals occur when the asset is being replaced. To calculate the value of each asset disposal, the replacement value (of each new asset that has been identified as a “replacement”) has been deflated (by weighted average useful life for all assets on hand in the respective asset category) to an



estimated historical cost. This figure was used to calculate disposals only.

Future assets are disposed of when fully amortized

- Gains/losses on disposal are assumed to be \$0 (it is assumed that historical cost is equal to accumulated amortization for all disposals).
- Residual value is assumed to be \$0 for all assets contained within the forecast period.
- Contributed Assets, as described in Section 3.2.1, are deemed to be insignificant/ unknown during the forecast period and are therefore assumed to be \$0.
- The Town is unaware of any lead service piping in the municipal water system, however, if during asset replacements, lead services are found, they would be replaced as part of the asset management projects underway.



The balance of tangible capital assets is summarized as follows:

Asset Historical Cost	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Tangible Capital Asset Balance	20,389,084	20,995,712	23,388,487	25,850,762	29,175,559	29,977,110	30,652,898	31,311,939	32,054,682	33,133,538	34,066,157
Acquisitions	898,000	3,444,000	3,602,000	4,982,000	1,358,000	1,176,000	1,238,000	1,421,000	1,880,000	1,521,000	71,000
Disposals	291,372	1,051,225	1,139,725	1,657,203	556,449	500,212	578,959	678,257	801,144	588,381	22,541
Closing Tangible Capital Asset Balance	20,995,712	23,388,487	25,850,762	29,175,559	29,977,110	30,652,898	31,311,939	32,054,682	33,133,538	34,066,157	34,114,616
Opening Accumulated Amortization	6,404,989	6,349,678	5,557,363	4,756,736	3,522,990	3,507,359	3,581,287	3,603,649	3,535,853	3,379,740	2,980,416
Amortization Expense	236,061	258,910	339,098	423,457	540,818	574,140	601,321	610,461	645,031	189,057	180,931
Amortization on Disposal	291,372	1,051,225	1,139,725	1,657,203	556,449	500,212	578,959	678,257	801,144	588,381	22,541
Ending Accumulated Amortization	6,349,678	5,557,363	4,756,736	3,522,990	3,507,359	3,581,287	3,603,649	3,535,853	3,379,740	2,980,416	3,138,806
Net Book Value	14,646,034	17,831,124	21,094,026	25,652,569	26,469,751	27,071,611	27,708,290	28,518,829	29,753,798	31,085,741	30,975,810



5. Accumulated Surplus

Opening accumulated surplus for the forecast period is reconciled as follows:

Water	2025 Opening Accumulated Surplus
Reserve Balances	
Reserves: Capital/Other	2,447,762
Total Reserves Balance	\$2,447,762
Add: Tangible Capital Assets	13,984,095
Total Opening Balance	\$16,431,857

The accumulated surplus reconciliation for all years within the forecast period is contained in Table 4-2.

6. Other Revenue

Other revenue consists of miscellaneous revenues which have been inflated over the forecast period by approximately 3% annually. Outstanding loan repayment recoveries from landowners are included through to 2034.

7. Operating Expenses

Capital expenditures for items not meeting the definition of tangible capital assets have been reclassified as operating expenses and have been expensed in the year in which they occur.



Chapter 5

Process for Financial Plan Approval and Submission to the Province



5. Process for Financial Plan Approval and Submission to the Province

As mentioned in section 1.2, preparation, and approval of a financial plan for water assets that meets the requirements of the Act is mandatory for municipal water providers. Proof of the plan preparation and approval is a key submission requirement for municipal drinking water licensing and, upon completion, must be submitted to the MECP. The process established for plan approval, public circulation and filing is set out in O. Reg. 453/07 and can be summarized as follows:

1. The financial plan must be approved by resolution of Council of the municipality who owns the drinking water system or the governing body of the owner. (O. Reg. 453/07, section 3 (1) 1).
2. The owner of the drinking water system must provide notice advertising the availability of the financial plan. The plans will be made available to the public upon request and without charge. The plans must also be made available to the public on the municipality's website. (O. Reg. 453/07, section 3 (1) 5).
3. The owner of the drinking water system must provide a copy of the financial plan to the Director of Policy Branch, Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, section 3 (1) 6).
4. The owner of the drinking water system must provide proof satisfactory to the Director that the financial plans for the system satisfy the requirements under the *Safe Drinking Water Act, 2002*. (S.D.W.A. section 32 (5) 2. ii.).



Chapter 6

Recommendations



6. Recommendations

This report presents the water financial plan for the Town in accordance with the mandatory reporting formats for water systems as detailed in O. Reg. 453/07. It is important to note that while mandatory for water, the financial plan is provided for Council's interest and approval however, for decision making purposes, it may be more informative to rely on the information contained within the Town's operating and capital budgets. Nevertheless, Council is required to pass certain resolutions with regard to this plan and regulations, and it is recommended that:

1. The Town of Mono Water Financial Plan prepared by Watson & Associates Economists Ltd. dated May 22, 2025, be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan, dated May 22, 2025, be submitted to the Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, Section 3 (1) 6).
4. The Council Resolution approving the Financial Plan be submitted to the Ministry of the Environment, Conservation, and Parks satisfying the requirements under the Safe Drinking Water Act, 2002. (S.D.W.A, Section 32 (5) 2 ii).



Appendix A

2025 Budget and Forecast



Table A-1
Town of Mono
Water Service
Capital Budget Forecast (Uninflated \$)

Description	Budget 2025	Total	Forecast									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Capital Expenditures												
Cardinal Woods:												
PRV Replace	15,000	-	-	-	-	-	-	-	-	-	-	-
CW HLPs	300,000	-	-	-	-	-	-	-	-	-	-	-
CW UV Well1 (2026) and MW4 (2032)	-	240,000	-	120,000	-	-	-	-	120,000	-	-	-
CW Woods Monitoring Wells	-	131,500	-	-	-	17,000	-	4,500	-	-	110,000	-
CW Reservoirs (Rehab)	-	150,000	-	-	-	150,000	-	-	-	-	-	-
CW Bypass and Distrubtion Flow Meter Replacement and Valving Upgrades	100,000	-	-	-	-	-	-	-	-	-	-	-
CW Chlorine Analyser	15,000	15,000	-	-	-	-	-	-	-	15,000	-	-
Equipment (backup generator set)	37,000	151,000	-	-	-	-	-	-	-	76,000	75,000	-
Dosing Pumps (3 at Cardinal Woods pumphouse)	-	15,000	-	15,000	-	-	-	-	-	-	-	-
New Composite Elevated Tower (CET) Water Tower	-	7,200,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	-
Remote Operated Vehicle (ROV) Reserrior Inspection	5,000	-	-	-	-	-	-	-	-	-	-	-
CW Reservoir Drain, Clean, Engineering Inspection	-	25,000	-	-	-	-	25,000	-	-	-	-	-
CW Sample Station	11,000	-	-	-	-	-	-	-	-	-	-	-
Island Lake:	-	-	-	-	-	-	-	-	-	-	-	-
Coles Water Tower (Interior Liner)	-	50,000	50,000	-	-	-	-	-	-	-	-	-
Coles Water Tower (Paint Exterior)	-	100,000	100,000	-	-	-	-	-	-	-	-	-
Dosing Pumps (One at Coles pumphouse)	-	5,000	-	5,000	-	-	-	-	-	-	-	-
Remote Operated Vehicle (ROV) Tower Inspection	5,000	-	-	-	-	-	-	-	-	-	-	-
Coles Tower Drain, Clean, Engineering Inspection	-	25,000	-	-	-	-	-	25,000	-	-	-	-
General:	-	-	-	-	-	-	-	-	-	-	-	-
SCADA (both systems)	120,000	756,000	-	-	378,000	-	-	-	-	378,000	-	-
SCADA Licences	-	96,000	-	-	96,000	-	-	-	-	-	-	-
Production Wells & Pumps (Rehab Report)	90,000	350,000	30,000	25,000	30,000	30,000	60,000	35,000	35,000	35,000	35,000	35,000
Water Meters	10,000	612,000	19,000	39,000	70,000	145,000	86,000	115,000	94,000	24,000	9,000	11,000
Arsenic Remediation	200,000	7,600,000	2,300,000	2,300,000	3,000,000	-	-	-	-	-	-	-
Studies:	-	-	-	-	-	-	-	-	-	-	-	-
Water Rate Study	19,000	38,000	-	-	-	-	19,000	-	-	-	-	19,000
Water Financial Plan (Ontario Regulation 453/07)	6,200	12,400	-	-	-	-	6,200	-	-	-	-	6,200
Total Capital Expenditures	933,200	17,571,900	3,299,000	3,304,000	4,374,000	1,142,000	996,200	979,500	1,049,000	1,328,000	1,029,000	71,200



Table A-2
Town of Mono
Water Service
Capital Budget Forecast (Inflated \$)

Description	Budget 2025	Total	Forecast									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Capital Expenditures												
Cardinal Woods:												
PRV Replace	15,000	-	-	-	-	-	-	-	-	-	-	-
CW HLPs	300,000	-	-	-	-	-	-	-	-	-	-	-
CW UV Well1 (2026) and MW4 (2032)	-	294,000	-	131,000	-	-	-	-	163,000	-	-	-
CW Woods Monitoring Wells	-	189,000	-	-	-	20,000	-	6,000	-	-	163,000	-
CW Reservoirs (Rehab)	-	178,000	-	-	-	178,000	-	-	-	-	-	-
CW Bypass and Distribution Flow Meter Replacement and Valving Upgrades	100,000	-	-	-	-	-	-	-	-	-	-	-
CW Chlorine Analyser	15,000	21,000	-	-	-	-	-	-	-	21,000	-	-
Equipment (backup generator set)	37,000	219,000	-	-	-	-	-	-	-	108,000	111,000	-
Dosing Pumps (3 at Cardinal Woods pumphouse)	-	16,000	-	16,000	-	-	-	-	-	-	-	-
New Composite Elevated Tower (CET) Water Tower	-	9,000,000	835,000	872,000	911,000	952,000	994,000	1,038,000	1,084,000	1,132,000	1,182,000	-
Remote Operated Vehicle (ROV) Reservoir Inspection	5,000	-	-	-	-	-	-	-	-	-	-	-
CW Reservoir Drain, Clean, Engineering Inspection	-	31,000	-	-	-	-	31,000	-	-	-	-	-
CW Sample Station	11,000	-	-	-	-	-	-	-	-	-	-	-
Island Lake:												
Coles Water Tower (Interior Liner)	-	52,000	52,000	-	-	-	-	-	-	-	-	-
Coles Water Tower (Paint Exterior)	-	104,000	104,000	-	-	-	-	-	-	-	-	-
Dosing Pumps (One at Coles pumphouse)	-	5,000	-	5,000	-	-	-	-	-	-	-	-
Remote Operated Vehicle (ROV) Tower Inspection	5,000	-	-	-	-	-	-	-	-	-	-	-
Coles Tower Drain, Clean, Engineering Inspection	-	32,000	-	-	-	-	-	32,000	-	-	-	-
General:												
SCADA (both systems)	120,000	966,000	-	-	431,000	-	-	-	-	535,000	-	-
SCADA Licences	-	109,000	-	-	109,000	-	-	-	-	-	-	-
Production Wells & Pumps (Rehab Report)	90,000	451,000	31,000	27,000	34,000	36,000	75,000	45,000	47,000	50,000	52,000	54,000
Water Meters	10,000	762,000	20,000	43,000	80,000	172,000	107,000	149,000	127,000	34,000	13,000	17,000
Arsenic Remediation	200,000	8,327,000	2,402,000	2,508,000	3,417,000	-	-	-	-	-	-	-
Studies:												
Water Rate Study	19,000	53,000	-	-	-	-	24,000	-	-	-	-	29,000
Water Financial Plan (Ontario Regulation 453/07)	6,200	18,000	-	-	-	-	8,000	-	-	-	-	10,000
Total Capital Expenditures	933,200	20,827,000	3,444,000	3,602,000	4,982,000	1,358,000	1,239,000	1,270,000	1,421,000	1,880,000	1,521,000	110,000
Capital Financing												
Provincial/Federal Grants	200,000	4,762,801	1,679,000	1,679,000	1,404,801	-	-	-	-	-	-	-
Development Charges Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	11,361,461	-	1,444,470	3,286,553	1,197,181	1,041,024	1,003,158	1,058,812	1,403,077	927,184	-
Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-	-	-
Operating Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Lifecycle Reserve Fund	-	845,595	845,595	-	-	-	-	-	-	-	-	-
Water Reserve	733,200	3,857,143	919,405	478,530	290,646	160,819	197,976	266,842	362,188	476,923	593,816	110,000
Total Capital Financing	933,200	20,827,000	3,444,000	3,602,000	4,982,000	1,358,000	1,239,000	1,270,000	1,421,000	1,880,000	1,521,000	110,000



Table A-3
Town of Mono
Water Service
Schedule of Non-Growth-Related Debenture Repayments (Inflated \$)

Debenture Year	2025	Principal (Inflated)	Forecast									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
2026		-		-	-	-	-	-	-	-	-	-
2027		1,335,625			97,236	97,236	97,236	97,236	97,236	97,236	97,236	97,236
2028		3,156,147				229,774	229,774	229,774	229,774	229,774	229,774	229,774
2029		1,001,189					72,889	72,889	72,889	72,889	72,889	72,889
2030		765,218						55,709	55,709	55,709	55,709	55,709
2031		746,939							54,379	54,379	54,379	54,379
2032		827,564								60,248	60,248	60,248
2033		1,203,351									87,606	87,606
2034		766,389										55,795
2035		-										
Total Annual Debt Charges	-	9,802,423	-	-	97,236	327,010	399,899	455,608	509,987	570,235	657,841	713,636

Table A-4
Town of Mono
Water Service
Water Reserve Continuity (Inflated \$)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	1,602,166	883,776	213,327	-	-	-	-	-	-	-	-
Transfer from Operating	14,810	248,956	374,048	421,052	356,811	473,782	523,061	593,436	676,649	754,611	668,700
Transfer to Capital	733,200	919,405	587,375	421,052	356,811	473,782	523,061	593,436	676,649	754,611	110,000
Transfer to Operating		-	-	-				-	-	-	-
Closing Balance	883,776	213,327	-	-	-	-	-	-	-	-	558,700



Table A-5
Town of Mono
Water Service
OSTAR Reserve Continuity (Inflated \$)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	845,595	845,595	-	-	-	-	-	-	-	-	-
Transfer from Operating	-	-	-	-	-	-	-	-	-	-	-
Transfer to Capital	-	845,595	-	-	-	-	-	-	-	-	-
Transfer to Operating	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	845,595	-	-	-	-	-	-	-	-	-	-



Table A-6
Town of Mono
Water Service
Operating Budget Forecast (Inflated \$)

Description	Budget 2025	Forecast									
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Expenditures											
<u>Operating Costs</u>											
Salaries P/T - Admin	89,300	91,500	93,800	96,100	98,500	101,000	103,500	106,100	108,800	111,500	114,300
Benefits P/T - Admin	35,717	36,600	37,500	38,400	39,400	40,400	41,400	42,400	43,500	44,600	45,700
Mileage	660	1,000	1,030	1,060	1,100	1,140	1,180	1,220	1,260	1,300	1,340
Well Hydro & Heating	101,860	107,000	112,400	118,000	123,900	130,100	136,600	143,400	150,600	158,100	166,000
Computer Operations	37,400	38,600	39,900	41,200	42,600	44,000	45,500	47,000	48,600	50,200	51,900
SCADA Operations	120,000	123,000	126,100	129,300	132,500	135,800	139,200	142,700	146,300	150,000	153,800
Material & Supplies	6,000	6,200	6,400	6,600	6,800	7,000	7,200	7,400	7,600	7,900	8,200
Legal	15,000	15,500	16,000	16,500	17,000	17,600	18,200	18,800	19,400	20,000	20,700
Prof. fees/consulting (1)	325,000	333,100	341,400	349,900	358,600	367,600	376,800	386,200	395,900	405,800	415,900
Training	1,000	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,400
Fire safety service	-	-	-	-	-	-	-	-	-	-	-
Telephone/Communications	3,900	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,800	5,000	5,200
Insurance	35,000	38,500	42,400	46,600	51,300	56,400	62,000	68,200	75,000	82,500	90,800
Other Services (Contract - Orangeville)	250,000	256,300	262,700	269,300	276,000	282,900	290,000	297,300	304,700	312,300	320,100
Lawn Maintenance	7,000	7,200	7,400	7,600	7,900	8,200	8,500	8,800	9,100	9,400	9,700
Sub Total Operating	1,027,837	1,062,000	1,094,730	1,128,460	1,163,700	1,200,440	1,238,580	1,278,220	1,319,760	1,362,900	1,408,040
<u>Capital-Related</u>											
New Non-Growth Related Debt (Principal)	-	-	-	45,414	154,491	194,528	228,095	262,342	300,660	353,242	393,006
New Non-Growth Related Debt (Interest)	-	-	-	51,822	172,519	205,371	227,513	247,645	269,575	304,600	320,630
Transfer to Capital	-	-	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve	14,810	248,956	374,048	421,052	356,811	473,782	523,061	593,436	676,649	754,611	668,700
Sub Total Capital Related	14,810	248,956	374,048	518,288	683,821	873,681	978,669	1,103,423	1,246,884	1,412,453	1,382,336
Total Expenditures	1,042,647	1,310,956	1,468,778	1,646,748	1,847,521	2,074,121	2,217,249	2,381,643	2,566,644	2,775,353	2,790,376
Revenues											
Base Charge	194,519	372,646	430,190	496,619	573,306	661,836	765,455	886,935	1,027,679	1,190,742	1,379,659
Other Revenue	1,000	1,030	1,060	1,100	1,140	1,180	1,220	1,260	1,300	1,340	1,380
Hwy 9 Loan Repayment	135,660	142,443	149,565	157,043	164,896	173,140	181,797	190,887	200,432	210,453	-
Contributions from Development Charges Reserve Fund	-	-	-	-	-	-	-	-	-	-	-
Contributions from Reserves / Reserve Funds	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	331,179	516,119	580,815	654,763	739,342	836,156	948,473	1,079,082	1,229,411	1,402,535	1,381,039
Water Billing Recovery - Operating	711,467	794,837	887,963	991,986	1,108,179	1,237,965	1,268,776	1,302,561	1,337,233	1,372,818	1,409,337
Lifecycle Reserve Contribution (\$)											
Water Billing Recovery - Total	711,467	794,837	887,963	991,986	1,108,179	1,237,965	1,268,776	1,302,561	1,337,233	1,372,818	1,409,337

THE CORPORATION OF THE TOWN OF MONO
BYLAW NUMBER 2025 - xx

**A BYLAW TO AMEND BYLAW 2014-35 TO SET OUT WATER SERVICE RATES
CHARGED BY THE CORPORATION OF THE TOWN OF MONO FOR WATER
SUPPLIED FROM THE MUNICIPAL WATER SYSTEM(S)**

WHEREAS, Council for the Corporation of the Town of Mono passed Bylaw 2014-35 Water Bylaw, as amended, to provide for the operation of the water system, the requirements for the supply of water to properties, the installation of water meters on properties, the imposition of rates and charges for the supply of water to properties and other water related matters;

AND WHEREAS, Sections 9, 11 and Part XII of the Municipal Act, 2001, as amended, (the Act) and the Regulations thereto enable a municipality to impose by Bylaw fees or charges on persons for the supply of water and the use of a sewage system;

AND WHEREAS, Ontario Regulation 581/06 provides that fees or charges imposed for the supply of water and the use of a sewage system under the Act and added to the tax roll under Subsection 398(2) of the Act have priority lien status as described in Section 1 of the Act;

AND WHEREAS, Ontario Regulation 453/07 requires that a municipality periodically update its drinking water system financial plan as a requirement to maintain a municipal drinking water licence pursuant to the Safe Drinking Water Act, 2002, S.O. 2002, c. 32;

AND WHEREAS, the Town held a public meeting before passing this Bylaw and has provided notice of the public meeting and its intention to pass this Bylaw and made available to members of the public information with respect to the water charges.

NOW THEREFORE THE MUNICIPAL COUNCIL OF THE CORPORATION OF THE TOWN OF MONO ENACTS AS FOLLOWS:

1. That Schedule A to Bylaw 2014-35 be amended by:
 - a. Striking out Section 1 and replacing with Schedule A to this bylaw; and
 - b. Striking out Section 3 and replacing with, "In addition to the charges in Section 1 of this Schedule, a flat rate per month per household connected to the Municipal Water System shall apply to cover maintenance costs. This flat rate shall be updated by the Treasurer as of January 1st of each year in accordance with the rate table in 1."

2. That this bylaw shall come into effect on July 1st, 2025.

BYLAW GIVEN THE NECESSARY READINGS AND PASSED IN OPEN COUNCIL
THIS 10th DAY OF JUNE 2025

MAYOR

CLERK

**Schedule A
To Bylaw 2025-xx**

**Schedule A
To Bylaw 2014-35**

Base Charge	July-Dec 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Metered Users											
Monthly Base Charge	\$25.00	\$28.86	\$33.32	\$38.46	\$44.40	\$51.26	\$59.17	\$68.31	\$78.86	\$91.04	\$105.09
Cubic Metres per Year											
1-275	\$2.44	\$2.73	\$3.06	\$3.43	\$3.84	\$4.30	\$4.41	\$4.52	\$4.64	\$4.76	\$4.88
276-425	\$2.87	\$3.21	\$3.60	\$4.03	\$4.52	\$5.06	\$5.19	\$5.32	\$5.46	\$5.60	\$5.74
426-575	\$3.10	\$3.47	\$3.89	\$4.36	\$4.88	\$5.46	\$5.60	\$5.75	\$5.90	\$6.05	\$6.21
576-725	\$3.30	\$3.70	\$4.14	\$4.64	\$5.19	\$5.82	\$5.97	\$6.12	\$6.28	\$6.44	\$6.61
726-875	\$3.50	\$3.92	\$4.39	\$4.92	\$5.51	\$6.17	\$6.33	\$6.49	\$6.66	\$6.83	\$7.01
876 & Over	\$3.70	\$4.14	\$4.64	\$5.20	\$5.82	\$6.52	\$6.69	\$6.86	\$7.04	\$7.22	\$7.41