

PETERBOROUGH UTILITIES COMMISSION

November 5, 2024

Commission Agenda
2024:11:12

Notice & Agenda

A meeting of the Peterborough Utilities Commission will be held on **Tuesday, November 12, 2024**. The meeting will be held at 2:00 P.M. in the Doris Room at 500 George St, N Peterborough, Ontario.

0.01 Call to Order

0.02 Declaration of Pecuniary Interest

1. Consent Agenda

1.01 Minutes – April 11, 2024

2. Reports

2.01 2025 Operating and Capital Budget and Rate Schedule

3. Communication

3.01 2025 Meeting Schedule - TBD

4. Date of Next Meeting

November 18, 2024

5. Adjournment

MINUTES OF THE MEETING OF THE PETERBOROUGH UTILITIES COMMISSION
HELD ON **THURSDAY, APRIL 11, 2024 AT 4:00 P.M.** IN THE BOARDROOM AT 1867
ASHBURNHAM DRIVE, PETERBOROUGH, ONTARIO.

0.01 **CALL TO ORDER**

0.02 **DECLARATION OF PECUNIARY INTEREST**

1. **CONSENT AGENDA**

1. **CONSENT AGENDA**

1.01 MINUTES – DECEMBER 7, 2023

1.02 OPERATING REPORTS - SEPTEMBER 2023
- OCTOBER 2023
- NOVEMBER 2023
- DECEMBER 2023
- JANUARY 2024
- FEBRUARY 2024

2. **REPORTS**

2.01 2023 SUMARY REPORT FOR MUNICIPALITIES PETERBOROUGH WATER
TREATMENT PLANT

2.02 FISCAL 2023 AUDITOR'S REPORT

2.03 FISCAL 2023 AUDITED FINANCIAL RESULTS

2.04 WATER DEVELOPMENT CHARGES FOR THE YEAR ENDING DECEMBER
31, 2003

2.05 TENDER CONTRACT W-2024-01
CLEANING AND CEMENT MORTOR LINING EXISITING WATER MAINS

3. **COMMUNICATIONS**

4. **DATE OF NEXT MEETING**

TBD

5. **ADJOURNMENT**

MINUTES OF THE MEETING OF THE PETERBOROUGH UTILITIES COMMISSION
HELD ON **THURSDAY, APRIL 11, 2024 AT 4:00 P.M.** IN THE BOARDROOM AT 1867
ASHBURNHAM DRIVE, PETERBOROUGH, ONTARIO.

Present: Mayor Jeff Leal
Councillor Lesley Parnell
Councillor Don Vassiliadis
Councillor Dave Haacke
Councillor Keith Riel

Staff members present: Mr. John Stephenson, President and CEO
Mr. Kyle Davis, CFO, VP Corporate Services
Mr. Pat Devlin, VP, Water Utility and Customer Service
Ms. Patricia Skopelianos, Water Quality Assurance
Coordinator

0.01 **CALL TO ORDER**

The Chair called the meeting to order at 4:00 p.m.

0.02 **DECLARATION OF PECUNIARY INTEREST**

None

1. **CONSENT AGENDA**

1.02 **MINUTES – DECEMBER 7, 2023**

1.03 **OPERATING REPORTS**

- SEPTEMBER 2023
- OCTOBER 2023
- NOVEMBER 2023
- DECEMBER 2023
- JANUARY 2024
- FEBRUARY 2024

It was moved by Councillor L. Parnell, seconded by Councillor D. Haacke, and carried:

“THAT the consent agenda be approved.”

2. REPORTS

2.01 2023 SUMMARY REPORT FOR MUNICIPALITIES PETERBOROUGH WATER TREATMENT PLANT

Ms. P. Skopelianos provided an overview of the above report.

It was moved by Councillor L. Parnell, seconded by Councillor K. Riel, and carried:

“THAT the report be received for information.”

2.02 FISCAL 2023 AUDITOR’S REPORT

It was moved by Councillor D. Haacke, seconded by Councillor K. Riel, and carried:

“THAT the report be received for information.”

2.03 FISCAL 2023 AUDITED FINANCIAL RESULTS

It was moved by Councillor K. Riel, seconded by Councillor L. Parnell, and carried:

“THAT the report be received for information.”

2.04 WATER DEVELOPMENT CHARGES FOR THE YEAR ENDING DECEMBER 31, 2023

It was moved by Councillor D. Haacke, seconded by Councillor D. Vassiliadis, and carried:

“THAT the report be received for information.”

2.05 TENDER CONTRACT W-2024-01 CLEANING AND CEMENT MORTAR LINING EXISTING WATER MAINS

It was moved by Councillor L. Parnell, seconded by Councillor K. Riel, and carried:

“**THAT** tender W-2024-01 for the Cleaning and Cement Mortar Lining of Existing Water Mains be awarded to **New Tide Construction** for the tendered amount of **\$1,491,479.40.**”

3. **COMMUNICATIONS**

4. **DATE OF NEXT MEETINGS**

TBD

5. **ADJOURNMENT**

The Chair accepted a motion of adjournment by Councillor D. Vassiliadis seconded by Councillor D. Haacke at 4:20 p.m.

PETERBOROUGH UTILITIES COMMISSION REPORT

November 1, 2024

COMMISSION AGENDA
2024.11.12

2.01

2025 Operating and Capital Budget and Rate Schedule

RECOMMENDATION

THAT the 2025 operating and capital budget reflecting a water rate increase of 2.4%, an operating surplus of \$4.33 million, and capital expenditures of \$10.66 million be approved by the Commission for inclusion in the City's Draft 2025 Budget.

Prepared by: Richard Freymond, City of Peterborough Commissioner, Finance and Corporate Support Services and

Patrick Devlin, Vice-President Water Utility Services

Submitted by: Yvette Peplinskie, City of Peterborough, Director, Financial Services

Approved for Submission by: _____
City of Peterborough, CAO

Background

Peterborough Utilities Commission (PUC) is a business operated under the City of Peterborough Holdings Inc (CoPHI) where the City of Peterborough is the sole shareowner. On December 11, 2023, council approved in principle that the City become directly responsible for the water supply and distribution system. Further on June 24, 2024, Council resolved, among other items, that the transfer of the water system to the City be approved as outlined in Report CAO024-004 dated June 17, 2024.

The transfer of ownership of the water system is to be completed April 1, 2025 until which time the PUC remains responsible for its ongoing operation including the approval of the Capital and Operating budget. The 2025 water rate, operating and capital budget for the water utility and Riverview Park and Zoo have been included in the City's draft 2025 budget as presented to the Commission in this report. The approved budget and water rate will be included in the City's final approved 2025 budget.

The 2025 operating and capital budget is provided for the Commission's first reading. A public meeting is scheduled for Monday, November 18, 2024, to provide opportunity for comments from the community. At this time the Commission can approve the budget or defer approval pending changes requested.

Summary

The goal of the PUC budget is to ensure sufficient cash flows to run a safe and efficient water utility, while also minimizing the rate increases on customers. Management utilizes a 10-year operating and capital plan along with historical trends to forecast the utilities future operating requirements. Under this approach, Management has been able to maintain consistently low annual rate increases in the face of above normal inflationary pressure over the past two years.

The proposed budget for 2025 includes a water rate increase of 2.4%. The different areas impacting the rate increase will be discussed in greater detail throughout the report, with key items influencing the rates as follows:

- Contracted labour rates increases are below 2% annually for the remainder of the collective agreement expiring March 31, 2026. Labour makes up approximately 60% of total costs.
- Our most recent debenture was taken in December 2020 at a favourable interest rate of 2.04%.
- The combination of these factors has allowed Management to maintain the consistently low rate increases experienced since 2020.
- Operations of the Water Utility and RPZ have been budgeted with no significant changes planned as these transition to the City of Peterborough during 2025

A summary of the statement of Financial Activities for the 2025 budget is as follows:

Table 1

Statement of Financial Activities							
	2023	2024	2024	2025	Budget	Budget	
(\$ thousands)	Actual	Budget	Projected	Budget	Change	\$	Change %
Revenue							
Water	19,242	19,460	20,244	20,730	1,270		6.5%
Other	3,939	3,716	3,674	3,579	(137)		-3.7%
	23,181	23,176	23,918	24,309	1,133		4.9%
Expenses							
Operating Expenses	13,509	14,136	14,363	13,358	(778)		-5.5%
Interest	307	300	300	250	(50)		-16.7%
Amortization	6,231	6,375	6,375	6,375	-		0.0%
	20,047	20,811	21,038	19,983	(828)		-4.0%
Surplus	3,134	2,365	2,880	4,325	1,960		82.9%

Key Assumptions

The 2025 budget is based on the following key assumptions:

1. Water rates increase by 2.4%, (2024 increase 2.29%, 2023 increase 2.19%).
2. Wage escalation for union staff is budgeted at a rate of 1.5% as per the IBEW collective agreement signed in 2022 (2024 - 1.8%) and 3.0% for management staff based on City of Peterborough rates.
3. Benefit costs have remained consistent with the 2024 budget plus inflation.
4. Purchases have been prepared in detailed departmental budgets and are based on Management’s best estimates for future operational requirements and related cost escalations.
5. Interest rate on cash balances, 5.0% (2024 – 5.0%)
6. Growth in residential customers, 0.5% (2024 – 0.5%)

Water Rates

For 2025, the proposed rate schedule provides for a 2.4% increase to all metered water fixed rates and volumetric charges. The current basic monthly meter charge of \$23.87 per month for most residential customers (5/8” and 3/4” meters) would increase to \$24.44.

A copy of the complete 2025 water rate schedule is provided as Appendix B to this Report.

The following table details the monthly water costs for an average residential customer (note residential customers are billed every two months).

Table 2

Residential Rate Impact					
	2023	2024	2025	Budget	Budget
	Actual	Budget	Budget	Change \$	Change %
<u>Monthly Bill calculation (5/8 meter)</u>					
Meter Charge (A)	23.34	23.87	24.44	0.57	2.40%
Average Residential Consumption (m ³)	13.5	13.5	13.50	-	0.00%
Consumption rate (\$/m ³)	1.5234	1.5583	1.5957	0.04	2.40%
Consumption charge (B)	20.57	21.04	21.54	0.50	2.38%
Total monthly water bill (A+B)	43.91	44.91	45.98	1.07	2.39%

From the table we see the average monthly residential customer bill (water portion only) will increase by \$1.07 per month in 2025 compared to the 2024 budget.

Sources and Uses of Cash

The total budgeted capital and operating cash requirement for 2025 is \$24.17 million as summarized in the table below:

Table 3

Total Operating and Capital Expenditures						
Cash Requirement						
	2023	2024	2024	2025	Budget	Budget
(\$ thousands)	Actual	Budget	Projected	Budget	Change \$	Change %
Operating	13,509	14,139	14,294	13,358	(781)	-5.5%
Financial	307	300	300	250	(50)	-16.7%
Capital	9,237	9,969	6,832	10,663	694	7.0%
Debt retirement	1,072	1,087	1,072	1,102	15	1.4%
Cash required by (from) working capital	(257)	(1,678)	1,317	(1,200)	478	-28.5%
Total	23,868	23,817	23,815	24,173	356	1.5%

Overall, the cash requirement is consistent with the results from the prior two years. The decrease in the operating expenditures due to change in allocated support services costs from the City after the transition. Capital costs return to pre-pandemic levels of work in 2024 and 2025.

Given the cash requirements budgeted for 2025, staff do not forecast requiring any additional debt during the year.

The cash resources as provided in the following table for 2025 are budgeted at \$24.17 million, which will result in a \$135 thousand increase in cash balances during the year.

Table 4

Cash Resources and Projected Change in Cash						
(\$ thousands)	2023 Actual	2024 Budget	2024 Projected	2025 Budget	Budget Change \$	Budget Change %
Sale of water	19,242	19,460	20,244	20,730	1,270	6.5%
Capital installation charges	131	125	20	125	0	0.0%
Development charges	35	268	10	170	(98)	-36.6%
Contributions to RP&Z Reserves	81	80	80	-	(80)	-100.0%
Fire protection	650	650	650	650	0	0.0%
Sewer surcharge billings	448	457	457	457	0	0.0%
Riverview Park and Zoo	335	321	282	362	41	12.8%
Interest	1,493	1,050	1,233	1,050	0	0.0%
Other	474	415	495	415	0	0.0%
Electricity	291	350	447	350	0	0.0%
	23,180	23,176	23,918	24,309	1,133	4.9%
Debt issuance	0	0	0	0	0	
Total Sources of Cash	23,180	23,176	23,918	24,309	1,133	4.9%
Cash Requirements	23,868	25,328	23,815	24,173	(1,155)	-4.6%
Increase (Decrease) in Cash	(688)	(2,152)	103	135	2,287	-106.3%

Revenue from the sale of water is budgeted to be \$20.73 million in 2025, an increase of \$1.27 million above the 2024 budget. This increase is the result of the 2.4% water rate increase budgeted to begin on January 1, 2025 and 2024 consumption levels as projected. Consumption levels in 2025 are expected to remain consistent with actual consumption in 2024.

Capital installation charges represent the value of capital projects completed by builders during the year, assumed by the Commission. Historically this number has been difficult to estimate accurately as it depends on the progression of development by third parties in the community. As non-cash revenue, impacting capital addition levels booked only, this reduction does not represent a financial risk to the utility.

The PUC Development Charge Study was updated during 2024. Development charges are budgeted at \$170 thousand for 2025. Development charges are forecast to be minimal over the upcoming years, with the next large scale development project not expected to occur until 2026/2027.

Electricity revenue represents generation of electricity under a Hydroelectric Contract Initiative (HCI) from the Water Street pump house.

Sewer surcharge billing fees charged to the City of Peterborough for administration and

collection of the sewer surcharge are budgeted at \$457 thousand in 2025, remaining the same as 2024. This will become in Interfunctional charge once the transition to the City is complete so staff are not recommending any increase for 2025.

The budgeted amount for fire protection remains unchanged in 2025 at \$650 thousand. This fee charged to the City and included in the Fire budget, represents the ongoing cost of maintaining the larger distribution necessary for fire hydrants than would otherwise be required for drinking water needs. This will become in Interfunctional charge once the transition to the City is complete.

Interest income is budgeted at the same level as 2024, expecting lower market rates but funds will be invested with the City's funds to take advantage of volume rates.

Other income, as presented in the table above includes miscellaneous items such as change of occupancy fees, customer late payment interest, water vendor revenues, and rental from communication towers installed on PUC property. These are all budgeted at the same levels as 2024. Collection of these fees returned to normal levels in 2024 following a period of waiving these charges to offer further customer assistance in response of the pandemic from 2020 to late 2022.

Operating Expenses

Total expenses in the 2025 budget are \$19.98 million which is \$831 thousand or 4.0% lower than the 2024 budget. The changes in expenses for individual operating activities are detailed and discussed more fully below.

Table 5

Operations and Administration Expense						
	2023	2024	2024	2025	Budget	Budget
(\$ thousands)	Actual	Budget	Projected	Budget	Change \$	Change %
Water treatment and storage	4,617	4,928	4,793	4,948	20	0.4%
Distribution systems	2,136	2,488	2,454	3,049	561	22.5%
Administrative	1,716	1,698	1,686	1,279	(419)	-24.7%
Support Services	2,923	2,935	2,864	1,909	(1,026)	-35.0%
Riverview Park and Zoo	2,117	2,090	1,911	2,173	83	4.0%
Total operating expenses	13,509	14,139	13,708	13,358	(781)	-5.5%
Financial	307	300	360	250	(50)	-16.7%
Amortization	6,231	6,375	6,375	6,375	-	0.0%
Total Expenses	20,047	20,814	20,443	19,983	(831)	-4.0%

Water treatment and storage

The 2025 budget for the cost of water treatment and storage has increased \$20 thousand or 0.4% from the 2024 budget.

Operations within the water treatment plant are consistent with the prior year. Apart from labour, the largest item within this budget remains the cost of treatment chemicals. In 2022 we saw significant increases in the cost of chemicals, as well as the associated transport costs to bring them to site. While this has levelled out in 2024, this commodities prices remains the largest risk area with the treatment budget. As in the prior year, Management will continue to work with the purchasing department to ensure adequate supply and cost controls given the importance to the operations of the Water Treatment Plant.

Distribution Systems

The operating budget has increased by \$561 thousand or 22.4% to \$2.49 million in 2025. The water distribution operating costs are sensitive to weather conditions, such as extreme cold events, as well as the freezing and thawing cycles. Following several years of increasing break activity, relatively stable weather in both 2023 and 2024 has resulted in below normal weather-related incidents. The 2025 budget forecasts breaks at the historical average, while also including increased costs for the associated materials due to inflationary increases.

Administrative

Total Administrative expenses are budgeted at \$1.28 million, a decrease of \$419 thousand or 24.7% from the 2024 budget. This includes insurance, building rent to PUSI, various professional fees, memberships, and licensing costs. The reduction in this expense is a result of the transition to the City which will eliminate the cost of equipment rental as those assets will be transferred to the City, and PUC board costs which also will not be required after the transition.

Insurance expense has been budgeted at 2024 plus an inflationary increase. As operations transition to the City, staff will work with the City's insurance providers to ensure adequate coverage to meet business needs for Water and the Zoo.

Support Services

PUG Services Corp. provided administrative services for both the PUC and Peterborough Utilities Inc. (generation companies). For 2025, the budget has been prepared with administrative services being provided by the City of Peterborough. These costs include a portion of staff time from various City departments which will support the Water and Zoo operations and capital projects, including IT, finance, human resources, customer service, public works, and facilities.

An upgrade is required to the water billing system infrastructure. This work began in late 2024 and is expected to be completed in Q2 2025. As part of this upgrade, the customer interface will be redesigned to allow for greater user convenience, both decreasing the demands on the customer service department and encouraging more customers to switch to the online billing option.

The support cost attributable to the PUC for 2025 is budgeted at \$1.91 million, a decrease of \$1.03 million. As operations transition to the City during 2025, the administrative overhead costs required from the City will be refined.

Riverview Park & Zoo Operations

Riverview Park and Zoo (“RPZ”) budgeted expenses are \$2.17 million compared to \$2.09 in the previous year, for an increase of \$83 thousand, a 4% increase. This is partially funded by \$362,000 of the Zoo’s own revenues. The 2025 RPZ budget includes \$1.81 million in water revenue. This is within the maximum allowable water revenue of 9%.

As operating and capital costs at the RPZ continue to rise, it has put increased pressure on the established funding model. Through discussions with its Advisory Committee, the RPZ has begun to identify potential options for increasing its operating revenues and lowering the dependence on the water rate. The budget includes \$100 thousand will be used for the acquisition of marketing and fundraising services that will allow the RPZ to expand its review of external funding sources. This increase in operating budget will not have a material impact on the PUC water rates, nor is the RPZ budgeted to exceed the funding formula in 2025.

Financial Expense

Financial expense relates primarily to interest on long-term debenture debt, as well as interest paid on customer security deposits and construction security deposits. The 2025 budget is \$250 thousand as compared to the 2024 budget of \$300 thousand.

2025 Capital Budget

The long-term work plan considered in the 2025 capital budget is based on the following:

- Facility condition assessments, including analysis and risk consideration;
- Planned City of Peterborough Projects;
- The 2022 Water Utility Asset Management Plan: and,
- The Long-Term Water Utility Master Plan completed in 2019.

The 2022 Water Utility Asset Management Plan (AMP) examined all core water assets including the 472,000 metres of existing water main and associated appurtenances, the Water Treatment Plant (WTP), the Water Street Pumphouse and Dam, reservoirs and tanks, booster pumping stations and the RP&Z and includes asset condition assessments and replacement/rehabilitation recommendations. The AMP integrates previous planning documents including the Water Utility Master Plan completed in 2019. Regulatory risks and emerging issues are examined and evaluated to determine the long-term need for new capital works.

The schedule of proposed capital projects for 2025 has been grouped according to functional areas. The timing of some projects, for which the Commission budgets monies, depends on decisions and timing of City projects and private sector development.

A summary of budgeted expenditures by function area and related commentary, is provided below:

Table 6

Capital Expenditures			
(\$ thousands)	2023 Actual	2024 Budget	2025 Budget
Water Treatment Plant, Pumphouse and Dam	2,605	1,210	3,160
Trunkmains	2,181	425	25
New Mains - Subdivisions and Streets	189	345	280
New Services	155	246	246
Distribution Rehabilitation	3,468	6,725	5,600
Hydrants	13	80	60
Meters	244	339	619
Riverview Park and Zoo	511	599	673
Total Expenses	9,366	9,969	10,663

Water Treatment Plant, Pumphouse and Dam

Water Treatment Plant

The total capital budget of \$3.16 Million consists of replacing Supervisory Control and Data Acquisition System (SCADA) in a multi-year project. The 2025 capital budget also includes the replacement of anthracite with Granular Activated Carbon in four of the eleven Water Treatment Plant filters.

Pumphouse and Dam

A comprehensive rehabilitation to repair the trash rack structures was completed late in 2023 to early 2024. The focus in 2025 will be Dam and Pier rehabilitation identified by D.M. Wills. The cost would include tendering and contract administration.

Booster Pumping Stations, Reservoirs and Elevated Water Storage Tanks

In 2025 Consulting fees for design and tendering on new Milroy elevated tank – An inspection in April 2024 identified that the Milroy tank requires remediation or replacement. This cost will allow for the design of a new elevated tank with construction in 2026.

Trunk Mains

Trunk water mains deliver large amounts of water throughout the city, and they are the delivery infrastructure to supply local distribution mains. There is no major work planned for trunk water mains in 2025.

Distribution Rehabilitation

The 472,000 metres of underground piping infrastructure represents a larger asset replacement cost than the entire WTP. Our piping system is consistent with an older community with the oldest in-service pipe being 1883 vintage.

Distribution Rehabilitation is generally consistent with the Water Utility Asset Management Plan, which was recently updated in 2022. This plan addresses the replacement of a backlog of pipe theoretically beyond its useful life. The Plan establishes full cement-mortar lining rehabilitation by the end of 2025. After this time, the cement-mortar lining program will cease, and replacement or structural lining would be the prevalent programs to ensure distribution system sustainability. Synergy between City of Peterborough projects and PUC projects is a priority to increase overall efficiencies with project costs as well as reduce disruption to the public/transportation.

The 2025 program proposes cement mortar lining of 2,300 metres of watermain (including provisional locations) as well as structural lining of 430 metres of watermain on The Queensway between Erskine and Crown.

Watermain and water service replacements with the City of Peterborough is in process for Brealey Drive (project completion anticipated in 2025).

Water Meters

There are over 26,000 water meters installed in the water distribution system and they are responsible for measuring water consumption for billing purposes. Consumption data from the existing water meters is remotely captured through an existing Honeywell Advanced Metering Infrastructure (AMI) system, which uses radio modules that are hard wired to each individual water meter.

An assessment of the existing AMI system is planned for 2025 which includes a review of the sustainability of the current system along with an evaluation of alternatives and associated costs.

Riverview Park & Zoo

The planned 2025 capital program for the Park and Zoo continues to focus on improved safety and accessibility of the grounds and facilities in addition to preparation for the onsite CAZA reaccreditation process due in 2025.

Projects include repair of walkways including mitigation of sink holes, safety for pedestrian traffic, and improved connectivity for accessibility.

Engineered design plans have been accepted as the Peterborough Kawartha Rotary Club's next Legacy Project, not yet made public; the launch of the campaign to raise \$500,000 in funding to help upgrade the playground begins in 2025. Scheduled rehabilitation of the 80-foot super slide platform and stairs has been identified as a priority that will complement the repair of the super slide completed in previous years and the ongoing effort to make the playground AODA compliant and more inclusive for all.

Additional capital projects will be dedicated to maintaining infrastructure assets including retention walls in the parking lot and playground, new roof for the Dobbin Building and to transform the security buildings into a tuck shop for vending, and regular replacement of picnic tables and bear proof garbage bins. Improvements to the visitor access of the camel exhibit and stand-off fencing to limit 360-viewing of the animal exhibits are scheduled for upgrade in 2025 to support the Animal Welfare Commitment and CAZA standards. Special emphasis on building safety at the barn will be to improve insulation and remove the old silo to limit pests and increase safety in 2025.

Slope erosion remediation is a priority in the capital budget based on recommendations of engineered studies conducted in 2024. This will prevent further erosion of the embankment and is a part climate readiness following recent weather events.

Finally, a major focus in 2025 is the Miniature Train Engine and Car Replacement procurement. Manufacture and installation of the new train will take 15 months after awarding the contract to the successful proponent. It is anticipated that the new train will cost upwards of \$1,000,000 installed; \$300,000 has already been fundraised from the community (2020 – 2022) to support this initiative, and \$200,000 was approved in the RPZ 2024 capital budget.

Staff are seeking direction from the Commission to move forward with this project in 2025. The project was deferred in 2024, along with the initial investment of \$200,000 at the announcement of the City transfer. The final procurement plan will need to be endorsed and approved to move forward with a contract and capital purchase. Approved procurement plans will support the final public fundraising campaign phase for the new train cost. With the Commission's approval, other 2025 proposed capital projects will be reprioritized to provide the required capital funds for the manufacture of the new train for Riverview Park and Zoo within the requested capital funds for 2025 of \$673 thousand.

RISK EVALUATION

1. Capital Program

The 2025 capital program is based on three main inputs all of which are considered when preparing the budget and when approving the projects.

- a) Requirements as set forth in the Asset Management Plans,
- b) Total cost of the projects and PUC cash flows, and
- c) Project coordination with the City.

Changes in any of the three above noted factors would be considered prior to the commencement of any project and could lead to cancellation or deferral. Changes in the timelines of prospective City projects is the most likely of these items to be impacted, and as such the Water Distribution department regularly discusses ongoing projects with City Engineering to ensure we stay on the same schedule.

2. Revenue Uncertainty

The financial assumptions that carry the most risk are the customer consumption level and the development charges.

There is a risk that consumption levels will decrease as customers embrace conservation programs and higher efficiency products. The effect of changes in consumption is partially mitigated by the fact that approximately 50% of the water revenue is derived from the base charge and is not consumption based. This budget continues to utilize average consumption levels over the past three years, all of which have remained relatively consistent to pre-pandemic levels.

The development charges are based on management's best estimate for the timing and size of future developments. This budget anticipates a minimal level of development activity in 2025.

3. Cost Uncertainty

While the PUC reached a new collective agreement that assures labour cost certainty until March 31, 2026, there remains uncertainty around external costs given the current levels of inflation and the fluctuations in commodities.

The largest example of this is on chemicals used in the water treatment plant, which comprise over 10% of the total water treatment plant department costs. In preparing the budget, Management worked alongside the purchasing department to develop assumptions based on available information and trends to determine the estimated value of chemicals required. While we work with vendors to lock in pricing where available, several of the chemicals used for water treatment have seen significant increases over the last few years, though the fluctuations have leveled off in recent months.

4. Long Term Rate Sustainability

In recent years several utilities across the Province and Country have been forced to implement substantial rate increases to pay for increased infrastructure cost. To mitigate this risk, the PUC utilizes its long-term planning process.

Long-term planning is an integral part of the PUC's financial forecast. The long-term planning process relies on data from the asset management plan and forecasts consumption, revenue, capital, and operating costs over a ten-year horizon to ensure long-term financial viability.

The PUC considers all sources of funding in support of the operating and capital programs with the goal of maintaining stable and reasonable rates and appropriate working capital. The PUC works towards achieving these goals by considering the following factors:

- The transfer of available reserve funds for qualifying capital programs;
- Contributed capital;
- Rate increases; and,

- Long-term borrowing.

When recommending rate increases and long-term borrowing the PUC strives to ensure rate stability as well as equitable allocation of capital costs to both current and future rate payers.

Attachments: Appendix A – 2025 Operating budget
Appendix B – 2025 Water Services Fee Schedule
Appendix C – 2025 Riverview Park & Zoo Fee Schedule

PUC Draft 2025 Operating Budget

	2024 Approved Budget	2025 Draft Budget	\$ Change	% Change
<u>Revenues</u>				
Sale of Water	19,460	20,730	1,270	6.5%
Capital installation charges	125	125	-	0.0%
Development charges	268	170	(98)	-36.6%
Contribution to Zoo Reserve	80	-	(80)	-100.0%
Fire protection	650	650	-	0.0%
Sewer surcharge billings	457	457	-	0.0%
Riverview Park and Zoo	321	362	41	12.8%
Interest	1,050	1,050	-	0.0%
Other	415	415	-	0.0%
Electricity	350	350	-	0.0%
Total Operating Revenues	23,176	24,309	1,133	4.9%
<u>Operating Expenses</u>				
Water treatment and storage	4,928	4,948	20	0.4%
Distribution systems	2,488	3,049	561	22.5%
Administrative	1,698	1,279	(419)	-24.7%
Support Services	2,935	1,909	(1,026)	-35.0%
Riverview Park and Zoo	2,090	2,173	83	4.0%
Total Operations Expenses	14,139	13,358	(781)	-5.5%
Amortization	6,375	6,375	-	0.0%
Financial	300	250	(50)	-16.7%
Total Other Expenses	6,675	6,625	(50)	-0.7%
Total Operating Expenses	20,814	19,983	(831)	-4.0%
Surplus (Deficit)	2,362	4,325		

**Form 6
User Fees and Charges - 2025**

Department	Municipal Operations
Division	Water Utilities
Activity	Water Distribution

G/L Account Number	User Fee Name and Description	Rationale for Fee (i.e. Government mandated, recover all or part of cost to deliver service, recovery of admin charges, etc.)	Unit Basis (Time/Participation Etc.)	HST	Current Rate	2024 Total Budgeted Rev from Fee	Date of change in 2025 if applicable	Proposed Rate for 2025 Budget	2025 Total Budgeted Rev. from Fee
C1	C2	C3	C4	C5	C6	C7	C8	C9	C10

11070-450402	Metered Services								
	Basic Charge 15 mm (5/8")	Charge per Month based on Meter size	Meter Size	N			1-Jan-25	\$ 24.44	
	Basic Charge 20 mm (3/4")	Charge per Month based on Meter size	Meter Size	N			1-Jan-25	\$ 24.44	
	Basic Charge 25 mm (1")	Charge per Month based on Meter size	Meter Size	N			1-Jan-25	\$ 45.04	
	Basic Charge 40 mm (1-1/2")	Charge per Month based on Meter size	Meter Size	N			1-Jan-25	\$ 77.21	
	Basic Charge 50 mm (2")	Charge per Month based on Meter size	Meter Size	N			1-Jan-25	\$ 109.38	
	Basic Charge 75 mm (3")	Charge per Month based on Meter size	Meter Size	N			1-Jan-25	\$ 195.60	
	Basic Charge 100 mm (4")	Charge per Month based on Meter size	Meter Size	N			1-Jan-25	\$ 395.51	
	Basic Charge 150 mm (6")	Charge per Month based on Meter size	Meter Size	N			1-Jan-25	\$ 686.36	
	Basic Charge 200 mm (8")	Charge per Month based on Meter size	Meter Size	N			1-Jan-25	\$ 977.15	
	Basic Charge 250 mm (10")	Charge per Month based on Meter size	Meter Size	N			1-Jan-25	\$ 1,364.77	
	Basic Charge 300 mm (12")	Charge per Month based on Meter size	Meter Size	N			1-Jan-25	\$ 1,937.96	

11070-450402	Consumption Charge								
	0-20 Cubic m ³	Charge per Month based on Consumption	per cubic meter	N			1-Jan-25	\$ 1.60	
	>20-100 m ³	Charge per Month based on Consumption	per cubic meter	N			1-Jan-25	\$ 1.67	
	>100-5,000 m ³	Charge per Month based on Consumption	per cubic meter	N			1-Jan-25	\$ 0.87	
	>5,000 m ³	Charge per Month based on Consumption	per cubic meter	N			1-Jan-25	\$ 0.60	

11070-450402	Water Utility Services								
	Turn on / Turn off service	during business hours	flat rate	N			1-Jan-25	\$ 65.00	
		repeat during normal business hours	flat rate	N			1-Jan-25	\$ 65.00	
		Repeat of annual after hours	flat rate	N			1-Jan-25	\$ 165.00	
	Temporary Service Disconnection	Disconnection	flat rate	N			1-Jan-25	\$ 65.00	
		Reconnection	flat rate	N			1-Jan-25	\$ 65.00	
	Seasonal Water Meters	Removal	flat rate	N			1-Jan-25	\$ 155.00	
		Re-install	flat rate	N			1-Jan-25	\$ 155.00	
	Fire Flow Tests	During non-freezing periods	flat rate	N			1-Jan-25	\$ 335.00	
		During freezing periods	flat rate	N			1-Jan-25	\$ 335.00	
		Time and materials	minimum	N			1-Jan-25	\$ 335.00	
	Cross Connection Fees	Certified Backflow Prevention Device Tester Registration Fee	per year	N			1-Jan-25	\$ 100.00	
		Transient Certified Backflow Prevention Device Tester Registration Fee	per 30 days	N			1-Jan-25	\$ 50.00	
		Test Tag Fee	flat rate	N			1-Jan-25	\$ 25.00	
	Additional Meter Charges								
	Repair or replace a water meter as a result of freezing, abuse, lack of care, where it is the responsibility of the customer	Regular hours	actual cost + \$80.00	N			1-Jan-25	actual cost + \$80.00	
		After hours	actual cost + \$126.00	N			1-Jan-25	actual cost + \$126.00	
		Repeat occurrence	actual cost	N			1-Jan-25	actual cost	

Form 6
User Fees and Charges - 2025

Department	Community Services
Division	Arts and Culture
Activity	Peterborough Zoo

G/L Account Number	User Fee Name and Description	Rationale for Fee (i.e. Government mandated, recover all or part of cost to deliver service, recovery of admin charges, etc.)	Unit Basis (Time/Participation Etc.)	HST	Current Rate	2024 Total Budgeted Rev from Fee	Date of change in 2025 if applicable	Proposed Rate for 2025 Budget	2025 Total Budgeted Rev. from Fee
C1	C2	C3	C4	C5	C6	C7	C8	C9	C10

10326-450220	RPZ Pavilion Rentals								
	RPZ Pavilion Shelter #3 - up to 30	Hourly Rate - Full Day Only 8 Hours - Non Resident	Hourly	Y	\$0.00		1-Jan-25	\$25.00	
	RPZ Pavilion Shelter #3 - up to 30	Hourly Rate - Full Day Only 8 Hours - Resident	Hourly	Y	\$0.00		1-Jan-25	\$12.50	
	RPZ Pavilion Shelter #3 - up to 30	Hourly Rate - Full Day Only - RPZ Approved Partner	Hourly	Y	\$0.00		2-Jan-25	\$0.00	
	RPZ Pavilion Shelter #2 - up to 35 Accessible	Hourly Rate - Full Day Only 8 Hours - Non Resident	Hourly	Y	\$0.00		1-Jan-25	\$25.00	
	RPZ Pavilion Shelter #2 - up to 35 Accessible	Hourly Rate - Full Day Only 8 Hours - Resident	Hourly	Y	\$0.00		1-Jan-25	\$12.50	
	RPZ Pavilion Shelter #2 - up to 35 Accessible	Hourly Rate - Full Day Only - RPZ Approved Partner	Hourly	Y	\$0.00		1-Jan-25	\$0.00	
	RPZ Pavilion Shelter #1 - up to 100	Hourly Rate - Full Day Only 8 Hours - Non Resident	Hourly	Y	\$0.00		2-Jan-25	\$37.50	
	RPZ Pavilion Shelter #1 - up to 100	Hourly Rate - Full Day Only 8 Hours - Resident	Hourly	Y	\$0.00		1-Jan-25	\$18.75	
	RPZ Pavilion Shelter #1 - up to 100	Hourly Rate - Full Day Only - RPZ Approved Partner	Hourly	Y	\$0.00		1-Jan-25	\$0.00	
	Total					\$0			\$8,000

10326-450320	Room Rental - Riverview Park and Zoo								
	RPZ Rotary Education Centre (8:30 to 4:00)	Cost Recovery - Admin charges	per hour	Y	\$35.00		1-Jan-25	\$35.00	
	RPZ Rotary Education Centre (8:30 to 4:00)	Cost Recovery - Admin charges	per half day (4 hrs)	Y	\$90.00		1-Jan-25	\$90.00	
	RPZ Rotary Education Centre (8:30 to 4:00)	Cost Recovery - Admin charges	per full day max (8 hrs)	Y	\$165.00		2-Jan-25	\$165.00	
	RPZ Rotary Education Centre (8:30 to 4:00)	Cost Recovery - Admin charges	RPZ Approved Partner	Y	\$0.00		1-Jan-25	\$0.00	
	RPZ Rotary Education Centre - Cleaning Fee	Cost Recovery - Admin charges	per booking	Y	\$20.00		1-Jan-25	\$20.00	
	Total					\$2,500			\$2,500