TOWNSHIP OF ESSA
CONSENT AGENDA
WEDNESDAY, OCTOBER 1, 2025

A – ITEMS RECEIVED AS INFORMATION

1. Correspondence from the County of Simcoe:
   - p. 1 a) September 11, 2025 – Statement – Strong Foundations and Planning Enable County's Swift Response to City of Barrie Encampment Actions.
   - p. 3 b) September 11, 2025 – Release – County of Simcoe Paramedic Services Launch Enhanced Driver Training Program.
   - p. 4 c) September 12, 2025 – Statement – Update on Barrie Encampment Measures.
   - p. 6 d) September 15, 2025 – Release – County Welcomes New Canadians at Official Citizenship Ceremony.
   - p. 7 e) September 15, 2025 – Release – How Prepared is Your Household? Simcoe County Launches Emergency Readiness Survey.

2. p. 8 Correspondence from the Simcoe Muskoka District Health Unit dated September 18, 2025, re: 2024 Annual Report.

3. p. 23 Correspondence from the Township of Clearview dated September 23, 2025, re: Opposing Use of Clearview Township's Agricultural Lands for National Defence's A-OTHR Received Site.

4. p. 25 Nottawasaga Futures Newsletter – September 2025.

5. p. 36 Correspondence from Watson & Associates Economists Ltd. dated September 23, 2025, re: Essa 2025 Water Financial Plan 453/07.

6. p. 69 Correspondence from Watson & Associates Economists Ltd. dated September 23, 2025, re: Essa Water and Wastewater Rate Study.

7. p. 158 Correspondence from RockStock Music Festival Executors dated September 23, 2025, re: Permit Request – RockStock Charity Rock Festival.

B – ITEMS RECEIVED AND REFERRED TO SERVICE AREA FOR ACTION

None.

C – ITEMS RECEIVED AND REFERRED TO SERVICE AREA FOR REVIEW AND REPORT TO COUNCIL

None.

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Statement

County of Simcoe, Office of the Warden and CAO
1110 Highway 26, Midhurst, Ontario L9X 1N6
simcoe.ca

FOR IMMEDIATE RELEASE

Strong foundations and planning enable County's swift response to City of Barrie encampment actions

Midhurst/September 11, 2025 – The County is prepared today, and over the coming weeks and months, to support individuals being relocated from encampments, including the one on Mulcaster.

This rapid response is made possible by the County's proactive efforts since launching its 10-point Homelessness Prevention Plan in 2024. As the needs and visibility of homelessness has risen across Canada, the County's plan has delivered strong results in housing individuals who are willing to accept support – whether through shelter beds, temporary accommodations, or permanent housing solutions.

Ongoing efforts by the County's Homelessness Services Team, County-funded outreach teams, shelter providers, and HART of Simcoe County Navigation teams have been working diligently to engage and support those residing in tents along Mulcaster Street.

Outreach and HART of Simcoe County teams have engaged with **44** individuals at the site. Of those:

- 23 individuals have been successfully supported with housing and shelter options and have since relocated to the spaces.
- As of September 10, approximately 15-20 individuals remain on-site (using point in time calculations), all of whom have been triaged and matched with spaces within our current shelter system, should they be willing to accept the offers.
- The County's 24-hour triage center at 117 Tiffin Street has remained open and will have increased staffing and support individuals, triaging them to alternative housing options. While this is a 24-hour center, the County is not permitted to provide sleeping arrangements (i.e. cots) in this location due to local by-law restrictions.
- Individuals being engaged are being offered:
    - Access to housing/shelter
    - Homelessness outreach services
    - Wellness checks
    - Connection to services including the HART of Simcoe County navigators
    - Temporary storage of personal belongings
    - Transportation between the sites from the City of Barrie
    - Food, clothing and personal care products

Continue expanded capacity - October 2025

To support ongoing encampment enforcement and prepare for colder weather, the County has secured an additional **161 spaces** across the system, including:

- 69 rooms across three hotels to support individuals with pets and/or larger family units
- 20 beds in a seniors' retirement facility (supportive units)
- 20 apartments through head leases for long-term supportive housing programs
- 52 beds in two modular facilities for overnight staffed shelter programming

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Winter investment by the County
Once permits are received from the city, the County will install and open two modular housing options previously purchased:

- A 40-bed modular at Tiffin Street anticipated this winter (pending permits)
- A new 16-bed modular currently being procured (pending land and permits approvals)

These modular facilities are in addition to the two modulars currently located at Blake Street, being utilized by Youth Haven during their delayed renovation and HART of Simcoe County focused transitional housing.

The County is prepared to expedite its winter response strategy in support of the mayor's order. The County remains hopeful that these pre-established initiatives can be fast-tracked at the city-level to deliver both immediate and sustainable support to the community.

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Release

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FOR IMMEDIATE RELEASE

County of Simcoe Paramedic Services launch enhanced Driver Training Program

Midhurst/September 11, 2025 — County of Simcoe Paramedic Services has unveiled their Paramedic Driving Enhancement Program (PDEP), a new initiative aimed at strengthening the driving skills of paramedics. This advanced training program is designed to elevate driver proficiency and ultimately enhance road safety across the community.

Developed in partnership with the Canada Safety Council and Hamilton Paramedic Services, PDEP delivers targeted instruction tailored to the unique driving conditions faced by paramedics. The program includes five hours of classroom education and two hours of supervised, in-vehicle training, followed by a graduated driving matrix that ensures new recruits are assessed and signed off before transporting patients independently.

"Our paramedic vehicles travel an average of 3.8 million kilometers per year, often in heightened situations when seconds matter," said Warden Basil Clarke. "This innovative initiative sets a new standard for operational excellence and safety, not just for our staff, but for the communities we serve."

Key features of the PDEP include:

- Instruction by CSPS Platoon Supervisors certified through the Canada Safety Council and Infrastructure Health and Safety Association
- Access to closed training zones at Canadian Forces Base Borden for realistic, hands-on learning
- Proactive training for high-risk staff and future expansion to all operational personnel
- Advocacy for province-wide adoption through collaboration with the Ontario Association of Paramedic Chiefs (OAPC)

CSPS is also working with the Safety Council of Canada to develop a standardized driver safety curriculum for paramedic colleges across Ontario.

"We're very excited to partner with the Canada Safety Council and Hamilton Paramedic Services to offer this first of its kind program to our staff," added Sarah Mills, Director and Chief, County of Simcoe Paramedic Services. "This program isn't just about training drivers; it's about expanding our culture of safety to ensure our team has the training they need to provide the highest level of care to our communities."

County of Simcoe is composed of sixteen member municipalities and provides crucial public services to County residents in addition to providing paramedic and social services to the separated cities of Barrie and Orillia. Visit our website at simcoe.ca.

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Statement

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FOR IMMEDIATE RELEASE

Update on Barrie encampment measures

36 individuals provided accommodations through outreach efforts

Midhurst/September 12, 2025 – The County has provided the following update to the community on efforts to relocate individuals from Mulcaster encampment in Barrie.

Outreach and HART of Simcoe County teams have engaged with 44 individuals at the site. Of those:

- **36 individuals have been successfully supported with accommodation options** and have since relocated to the spaces. The County and its partners were able to offer these spaces by moving appropriate shelter participants to other housing and shelter programs where possible.
- As of the end of day on September 11, eight individuals from the Mulcaster encampment have declined appropriate offers for shelter spaces and chose to move out of the encampment enforcement area.
- We rely on a holistic system of services and options which are offered to individuals based on their individual needs. Permanent housing options remain the County's long-term goal for all individuals.
- For those that did not choose to accept an available space, County outreach teams will continue to engage with them daily (7 days/week) with the hope they will accept offers of accommodation, supports and services tailored specifically for each individual.
- The County's 24-hour triage centre at 113 Tiffin Street remains open with increased staffing and support for individuals. While this is a 24-hour centre, the County is not permitted to provide sleeping arrangements (i.e. cots) in this location due to local by-law restrictions.
- Individuals engaged have been offered:
    - Access to housing/shelter
    - Homelessness outreach services
    - Wellness checks
    - Connection to services including the HART of Simcoe County navigators
    - Temporary storage of personal belongings
    - Transportation between the sites from the City of Barrie
    - Food, clothing and personal care products

For those facing mental health or addiction challenges (which is not all people living in these situations), maintaining access to longer-term housing often depends on the foundation of receiving supportive housing and shelter system services first. Without these essential supports, responses risk being short-term and ineffective—offering only temporary, band-aid solutions rather than permanent outcomes.

In response to growing concerns around homelessness and the upcoming colder season, the County is intensifying its efforts to provide safe and supportive housing options. This builds on the foundation laid by the County's 10-point Homelessness Prevention Plan, launched in 2024,

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which has made meaningful progress in connecting individuals to shelter, transitional housing, and permanent accommodations.

Continued expanded capacity - October 2025
To bolster enforcement around encampments and ensure readiness for the colder months, the County has secured 161 additional spaces across its housing system, including:

- **69 hotel rooms** across three locations, to accommodate families and/or those with pets
- **20 supportive beds** in a seniors' retirement facility
- **20 leased apartments** for long-term supportive housing programs
- **52 beds** in two modular units offering overnight shelter with on-site staffing

Winter investment by the County
Earlier this year, the County began investing in additional infrastructure to meet urgent needs ahead of the 2025/26 winter season. In addition to expanding warming centre access and outreach services, two new modular housing projects are planned for Barrie, pending permit approvals:

- 40-bed modular facility at Tiffin Street, pending permit approvals
- 16-bed modular unit currently in procurement, contingent on land and permit approvals

These new modulars will complement the existing ones located on Blake Street, which are currently serving Youth Haven during renovations and the HART of Simcoe County's transitional housing program.

The County is actively working with city partners to expedite approvals and ensure these additional housing options are available prior to the arrival of winter. With a clear commitment to both immediate relief and long-term solutions, the County remains ready to expedite its winter strategy in alignment with the mayor's directive.

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simcoe.ca

FOR IMMEDIATE RELEASE

County welcomes new Canadians at official Citizenship Ceremony

Midhurst/September 15, 2025 – Earlier today, the County of Simcoe kicked off its third annual Week of Welcome through its partnership with Immigration, Refugees and Citizenship Canada, hosting a meaningful Citizenship Ceremony.

During the ceremony, 36 new Canadians from 14 different countries officially received their Canadian citizenship. Many of these new Canadians have been active members of communities across Simcoe County while working toward this milestone.

"The County of Simcoe is proud to welcome these new citizens and be among the first to say congratulations on this incredible milestone," said Warden Basil Clarke. "It was an honour to be asked to host this ceremony in collaboration with Immigration, Refugees and Citizenship Canada."

Today's ceremony marked the third Citizenship Ceremony hosted by the County, with the first held in County Council Chambers in June 2023. The event is part of a broader celebration taking place throughout the 2025 Week of Welcome, running from September 15 to 19. This regional initiative highlights the rich cultural diversity of Simcoe County and extends a heartfelt invitation to newcomers as they begin their journey in our communities.

About the 2025 Week of Welcome
Throughout the week, a variety of events are being held to support and celebrate new Canadians including educational workshops, social service and job fairs, and Municipal Open Houses across the region, all designed to foster connection, inclusion, and opportunity. For full event details, visit simcoe.ca/WeekofWelcome.

About Simcoe County Local Immigration Partnership
The Simcoe County Local Immigration Partnership (SCLIP) is a community partnership focused on the development of settlement strategies for newcomers. These strategies will bring together and support service delivery to newcomers in Simcoe County while promoting positive relationships, opportunity, and use of local resources effectively.

About the County of Simcoe
The County of Simcoe is composed of sixteen member municipalities and provides crucial public services to County residents in addition to providing paramedic and social services to the separated cities of Barrie and Orillia. Visit our website at simcoe.ca.

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simcoe.ca

FOR IMMEDIATE RELEASE

How prepared is your household?

Simcoe County launches emergency readiness survey

Midhurst/September 15, 2025 – Simcoe County is calling on residents to take part in a new survey aimed at strengthening community resilience. The County's Emergency Management department wants to know: "When disaster strikes, how ready are you?"

From wildfires and floods to power outages and tornadoes, emergencies can happen anytime. This survey invites households across Simcoe County to share their preparedness plans, helping the County better understand local readiness and tailor support where it's needed most.

The survey is now live at **simcoe.ca/BePrepared** and open to all residents. Responses will guide future emergency initiatives and ensure rapid, informed action when it matters most.

The survey will remain open until October 31, 2025. Your input could make all the difference. Take part today to help us build a safer, stronger Simcoe County.

About the County of Simcoe's Emergency Management program

The County's emergency management program encompasses both emergency planning and the administration of 9-1-1 services with the aim of fostering disaster resilient communities ready to meet the challenges of emergencies that arise in municipalities in our region.

The program is built upon the five pillars of community emergency management (prevention, mitigation, preparedness, response, and recovery) to meet legislated requirements under Ontario's Emergency Management and Civil Protection Act.

About the County of Simcoe

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From: Nickason, Melissa <Melissa.Nickason@smdhu.org>
Sent: Thursday, September 18, 2025 1:44 PM
Subject: SMDHU 2024 Annual Report

Sending on behalf of Ann-Marie Kungl, Chair, Board of Health for Simcoe Muskoka District Health Unit

Please distribute to Mayor, Council and Chief Administrative Officer

On behalf of the Board of Health of the Simcoe Muskoka District Health Unit (SMDHU), I am pleased to share our *2024 Annual Report*, highlighting a year of progress in protecting and promoting public health across our region. Throughout 2024, SMDHU remained focused on delivering core public health services that support the health and well-being of those who live in, work in, and visit our communities. With the full resumption of core programming, particular attention was given to immunization and helping school-aged students catch up on vaccines required under the *Immunization of School Pupils Act* (ISPA).

In 2024, SMDHU's senior leadership and members of the Board provided input into the review of the Ontario Public Health Standards (OPHS) that are to be implemented in 2026. To prepare for the upcoming OPHS, the Board extended the 2023–2024 Strategic Plan through 2025, ensuring flexibility and readiness for future provincial directions. The Board also approved an organizational restructuring to strengthen capacity in key areas such as infectious disease and immunization, with implementation beginning in January 2025.

Recognizing the importance of accessible information, we began development of a refreshed Health Professional Resources site and introduced "SAM," a generative AI assistant designed to enhance public access to timely, accurate public health information.

In our commitment to reconciliation, the Board initiated meetings with leadership from First Nations and Métis communities across Simcoe Muskoka late in the year, laying the foundation for respectful and ongoing relationships.

These accomplishments reflect the dedication of our staff, leadership, and Board members and we encourage you to share our 2024 Annual Report with others inside and outside of your organization. If you have any questions, comments or concerns about public health issues or topics in your community, please contact the health unit at 705-721-7520 or 1-877-721-7520 between 8:30 a.m. to 4:30 p.m., Monday to Friday, or through the online contact form on our website.

Sincerely,

Ann-Marie Kungl
Chair, Board of Health

Melissa Nickason
Executive Assistant to the Office of the Medical Officer of Health
t: 705-721-7520 **or** 1-877-721-7520 **x:** 7079
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Simcoe Muskoka District Health Unit, 15 Sperling Dr, Barrie, ON L4M 6K9

A2

simcoe muskoka
DISTRICT HEALTH UNIT

Tel: 705-721-7520
Toll free: 1-877-721-7520
www.simcoemuskokahealth.org
Your Health Connection

ANNUAL REPORT 2024

The Simcoe Muskoka District Health Unit works with individuals, families, agencies, and communities across the region to promote and protect health, and to prevent disease and injury. Through a wide range of public health programs and services, and in collaboration with community partners, we support policies and initiatives that foster health and well-being for all.

The health unit is governed by a Board of Health and funded by both municipal and provincial governments. Guided by the Ontario Public Health Standards and our organizational values, we remain focused on our mission and vision for a healthier Simcoe Muskoka.

This annual report shares highlights of our work and achievements in 2024.

Message from the Board of Health Chair

Ann-Marie Kungl, Board of Health Chair

In 2024, the Simcoe Muskoka District Health Unit (SMDHU) continued to play a **critical role in protecting and promoting the health of communities across the region**. Among its many public health initiatives, SMDHU prioritized programs that responded to the most pressing community needs. For example, the agency's immunization program helped ensure that residents—particularly school-aged children—remained protected against vaccine-preventable diseases like measles and whooping cough through clinics, school-based programs, and public education of immunization reporting requirements. These and other programs were supported by a dedicated Board of Health whose members continued a proud legacy of public health leadership. In 2024, the Board endorsed an organizational restructuring to strengthen capa areas, particularly infectious disease and immunization, in response to increasing demand. This reorgan the realignment of programs within departments to maximize efficiency and effectiveness across the agency.

Need help?

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In anticipation of the commencement of new Ontario Public Health Standards in 2026, the Board of Health extended the 2023–2024 Strategic Plan through the coming year. This decision allows the agency to remain agile and responsive while preparing for the implementation of new provincial requirements.

Late in the year, the Board of Health initiated meaningful engagement with the leadership of Indigenous communities across Simcoe Muskoka, seeking to build respectful, reciprocal and ongoing relationships—an important step in the agency's commitment to reconciliation.

These accomplishments reflect the dedication of the people behind the work. On behalf of the Board of Health, sincere appreciation is extended to Dr. Charles Gardner, the senior leadership team, and all SMDHU staff for their continued commitment to the health and well-being of Simcoe Muskoka residents and visitors. Your work is valued and deeply appreciated.

Message from the Medical Officer of Health

Dr. Charles Gardner, Medical Officer of Health

Throughout much of 2024, the Simcoe Muskoka District Health Unit remained focused on the delivery of core public health services that support the health and well-being of those who live in, work in, and visit our communities. With the full resumption of core programming, particular attention was given to immunization, including efforts to help students catch up on vaccines required under the *Immunization of School Pupils Act* (ISPA).

The health unit also contributed to shaping the future of public health in Ontario by providing input—through senior management and the Board of Health—into the provincial review of the Ontario Public Health Standards (OPHS). These updated standards, expected to commence in 2026, will guide public health programming for years to come. In preparation for their implementation, the Board of Health approved the extension of the agency's 2023–2024 Strategic Plan through to the end of 2025. This extension ensured organizational flexibility to adapt swiftly and strategically to new provincial directions. In addition, the health unit undertook planning for an organizational restructuring to ensure adequate capacity in priority areas of growing demand such as infectious disease and immunization, and to improve overall efficiency and program alignment. Implementation of the new organizational structure took effect in January 2025, positioning the agency to respond effectively to current demands and future provincial expectations.

Access to timely and accurate information remains essential to maintaining community health. In 2024, the health unit focused on improving access to information for local health care providers and the public. Work began on a refreshed centralized hub for health care professionals, known as the Health Professional Resources (HPR) site, designed to streamline access to clinical guidelines, public health updates, and program resources. We also prepared to welcome "SAM," a generative AI web assistant named after Simcoe and Muskoka, which launched in early 2025. Created through cross-

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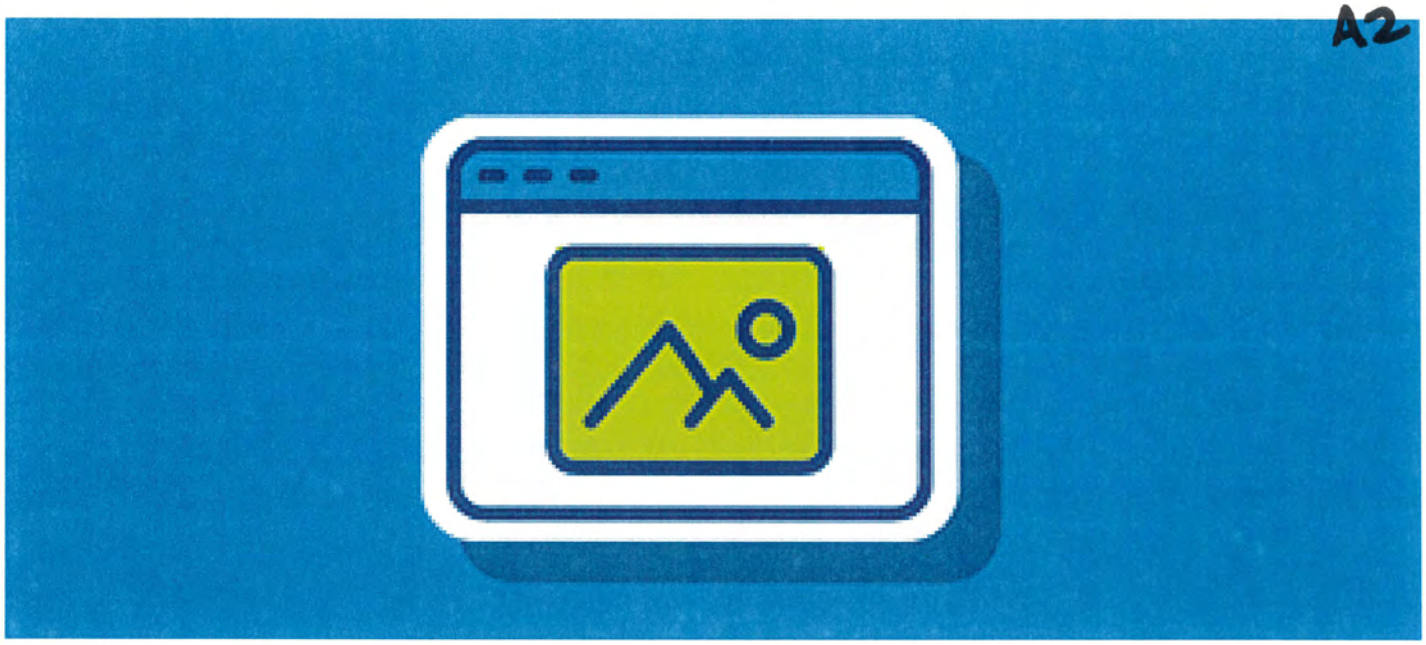
departmental collaboration and supported by the University of Waterloo, SAM is designed to enhance the client experience by providing timely, accurate public health information. Built with safety, privacy, and SMDHU's values at its core, SAM will support both the public and staff by responding to routine inquiries and streamlining service delivery.
Together, these initiatives reflect our ongoing commitment to delivering responsive, evidence-informed public health programs and services that meet the evolving needs of our communities.

Strategic Plan Outcomes Scorecard Results

The Strategic Plan Outcomes Scorecard measures progress on the 2024–2025 SMDHU strategic plan for each of its strategic objectives of *programs and services, people, partnerships, and future.*

The illustration below notes that SMDHU made considerable progress towards our strategic plan goals and objectives in 2024.

Operational Highlights



4,369

social media posts

6,750,401

reach/impressions

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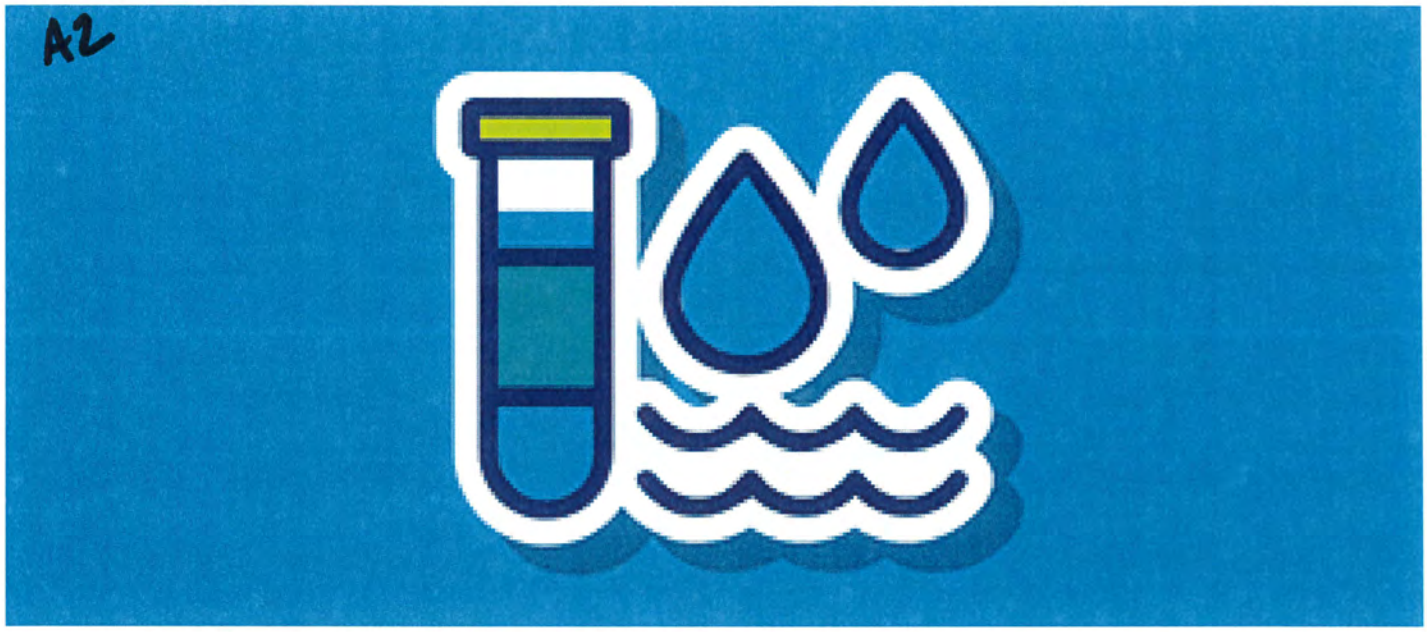
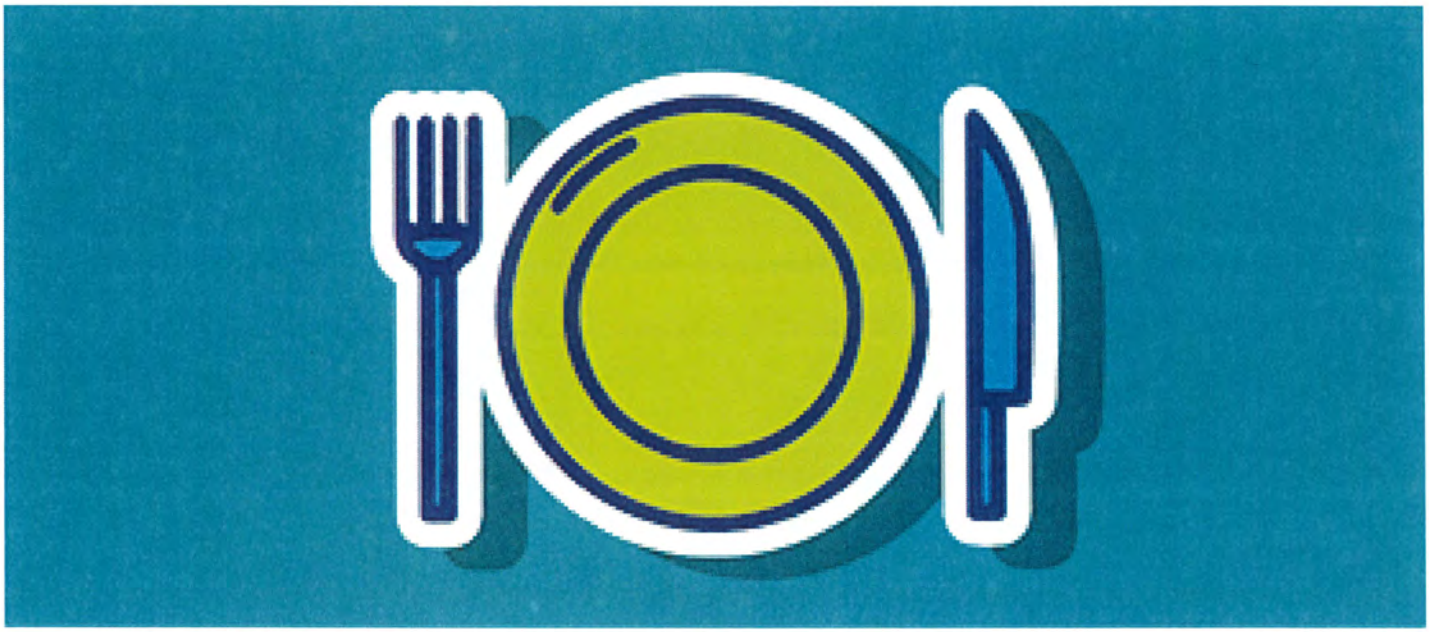


1,342

safe water inspections



8,801

food premise inspections

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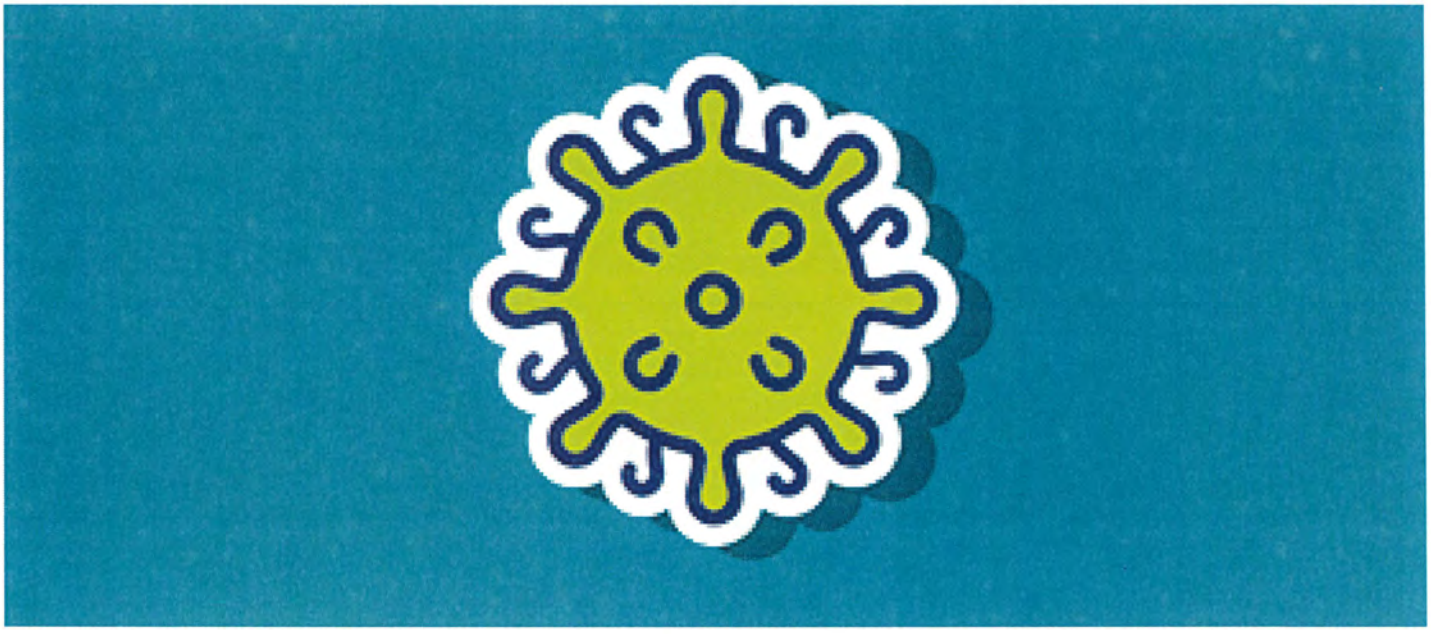
995

personal service settings and child care inspections



165

community and institutional outbreak investigations

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13,180

vaccines given during public immunization clinics

22,853

vaccines given at school-based clinics

2,965

sexual health clinic appointments

1,287

doses of STBBI medications distributed to SMDHU HCPs

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2,084

sexual health-related phone calls received from the community

2,369

home visits by public health nurses and/or family home visitors

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27,040

students, staff and parent/caregivers reached with vaping programming

51,000

engagements on NotAnExperiment.ca (youth vaping website)

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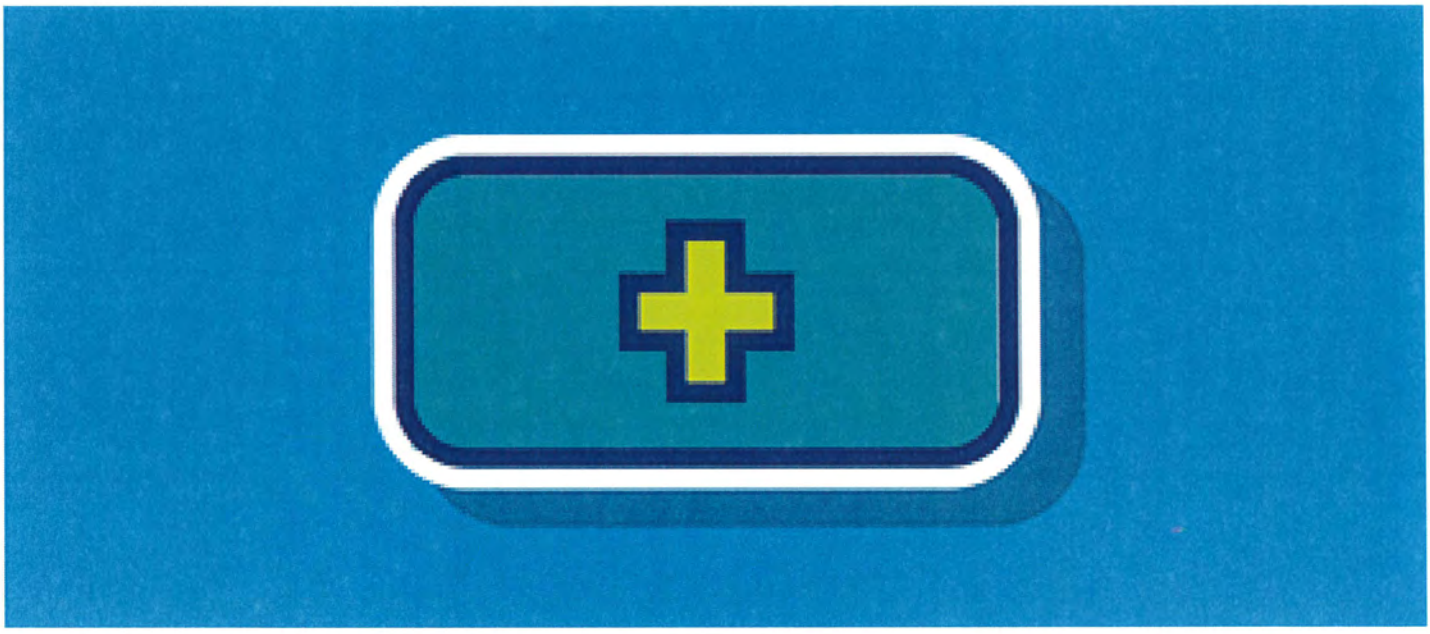
374

SFOA test shopping of vape retailers



8,318

naloxalone kits distributed by SMDHU nurses and contracted partners

1,804

rabies investigations

Providing Clinical Services

Oral Health Program

The Oral Health Program runs fully operational dental clinics in Barrie and Gravenhurst under different provincial assistance programs. In 2024, our clinic team completed 7,175 appointments, The program also provided screening for children in our region and throughout the 2023/2024 school year. The community team screened 37,000 children in schools and 1,500 in childcare, with further follow up offered to families to ensure children have access to oral health care services.

Immunization Program

To ensure high immunization rates in our communities, the program enforced Immunization of Student Pupils Act suspensions for elementary students for the first time since the COVID-19 pandemic, reviewing more than 20,000 immunization records of students born in 2013, 2014 and 2015. The health unit also supported over 400 healthcare providers, pharmacies, hospitals and long-term care facilities by distributing publicly funded vaccines. Immunization nurses also conducted inspections on vaccine fridges and monitored adverse events following immunization.

Infectious Disease Program

In 2024, the Infectious Diseases Program focused on preventing the spread of critical public health threats such as tuberculosis and invasive group A streptococcal infection in our community. The team supported local acute care, long-term care, retirement homes and child care centres in managing more than 500 outbreaks of respiratory or gastrointestinal diseases. Public health inspectors inspected personal service and child care settings regarding food safety and infection prevention.

Sexual Health Program

Sexual health clinical services were offered in health unit offices, local high schools and in the community. Nearly 3,000 clinic appointments were completed at health unit offices and in the community, providing testing and treatment for sexually transmitted and blood borne infections (STBBIs), and prescribing and dispensing contraception and emergency contraception. Sexual health nurses also conducted a higher-than-normal number of case and contact investigations of STBBIs, including 32 HIV cases and 117 syphilis cases. Public health nurses also supported emergency response personnel, healthcare professionals, and corrections staff with Mandatory Blood Testing Act (MBTA) applications.

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Maintaining Healthy Environments

Smoke-Free Program

Responding to the youth vaping crisis required both education and enforcement efforts throughout 2024. Through the Smoke-Free program, all 53 secondary schools in Simcoe Muskoka received support, reaching 27,040 students, school staff, and parents/caregivers with vaping education. Tobacco enforcement officers conducted 411 youth access inspections and 374 display and promotion inspections at 374 vapour product retailers, resulting in 25 charges. Oversight was also maintained for 69 specialty vape stores and two tobacconists, reflecting the program's expanding regulatory responsibilities under the Tobacco, Vapour and Smoke Protocol.

Safe Water Program

Safe water initiatives remained a priority, with proactive inspections conducted of small drinking water systems and recreational water facilities, and engagement with operators.

Rabies Program

In 2024, the Rabies Prevention program conducted 1,804 investigations and supported both vaccinations and post-exposure prophylaxis. To strengthen timely response, rabies vaccine was also prepositioned in four acute care facilities.

Healthy Environments Program

In response to increasing hazards caused by climate change, the Healthy Environments program strengthened community preparedness through extreme heat and air quality alerts and co-developed guidance on integrating health equity into climate adaptation. Vector-borne disease surveillance confirmed 54 human cases, including Lyme disease, West Nile virus, and newly reportable tickborne illnesses.

Food Safety Program

Food safety efforts in Simcoe Muskoka included nearly 10,500 inspections and the introduction of new online tools to strengthen oversight of special events. Enforcement actions resulted in 19 closures and 32 charges, underscoring the department's ongoing commitment to protecting public health.

Supporting Community and Family Health

Chronic Disease Prevention

In 2024, the Chronic Disease Prevention program used a comprehensive health promotion approach and worked in collaboration with municipalities, school boards, schools and community partners to support healthy public policies and programs that reduce poverty and household food insecurity. The program also led the *Simcoe Muskoka On The Move* initiative to encourage walking and wheeling to school. Input was also provided on a variety of municipal land use planning documents to enhance healthy community design.

Substance Use and Injury Prevention

In 2024, the Substance Use and Injury Prevention program distributed 8,318 naloxone kits through SMDHU nurses and contracted partners. The program issued five community-based drug alerts to inform partners working with people who use drugs. Internally, 270 SMDHU staff, representing 93.8 percent of all employees, were trained in opioid overdose response.

Healthy Growth and Development

The Healthy Growth and Development program continued to support families through various services in 2024, including in-person breastfeeding support groups, clinical appointments and postpartum calls. It offered prenatal education in online, virtual and in-person formats, as well as infant nutrition sessions. Capacity-building activities were carried out through Community Action Program for Children, Canada Prenatal Nutrition Program, and EarlyON programs. Additionally, families in need received car seat vouchers through partnerships with Honda Canada and Canadian Tire. The program also supported community events in response to service requests from local partners.

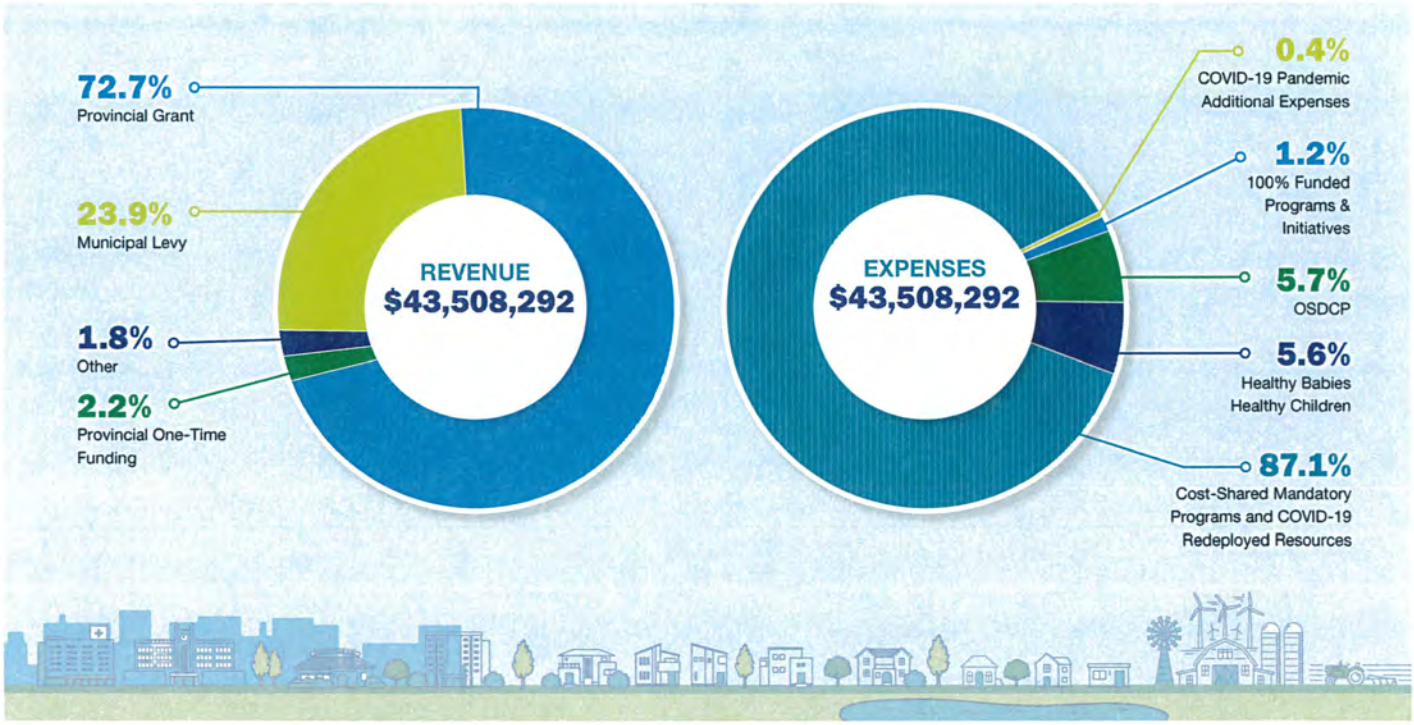
Healthy Babies Healthy Children

From January to December 2024, the Healthy Babies Healthy Children (HBHC) program completed 2,369 home visits. Public health nurses administered Ages and Stages Questionnaires (ASQs) with all consenting families to screen for potential developmental or social-emotional delays and help identify areas where children and families may need support. In 2024, HBHC joined a national ASQ database initiative in partnership with SickKids Hospital and Queen's University. This project aims to improve understanding of child development milestones across Canada and inform future programming and policies based on aggregated data.

School Health

Throughout the 2023-2024 school year, public health nurses (PHNs) in the School Health Program worked as liaisons between the SMDHU and local school boards to enable streamlined communication, collaboration, and partnership in support of comprehensive school health. At a school level, School Health PHNs conducted outreach visits, and worked with schools and school communities on Healthy Schools initiatives to address local priorities including, but not limited to, mental health promotion and school food and nutrition. SMDHU nutrition staff provided consultation to assist with promoting healthy school food policies, environments, and Student Nutrition Programs.

Financial Information



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CLEARVIEW TOWNSHIP

Clerk's Department
Township of Clearview
Box 200, 217 Gideon Street
Stayner, Ontario L0M 1S0
clerks@clearview.ca | www.clearview.ca
Phone: 705-428-6230

September 23, 2025

The Honourable David J. McGuinty
Minister of National Defence
House of Commons
Ottawa, ON, K1A 0A6

Sent by Email: david.mcguinty@parl.gc.ca

RE: Opposing Use of Clearview Township's Agricultural Lands for National Defence's A-OTHR Receive Site

Please be advised that at its meeting held on September 22, 2025, Council of the Township of Clearview passed the following resolution regarding the use of Clearview Township's Agricultural Lands for National Defence's A-OTHR Receive Site:

> Moved by Councillor Beelen, Seconded by Councillor Dineen, Be It Resolved that Council of the Township of Clearview hereby receive report COU-001-2025 (Opposing Use of Agricultural Lands for National Defence's A-OTHR Receive Site) dated September 22, 2025; and,
>
> 1) That Council, in recognizing the importance of national defence and supporting Canada's efforts to keep pace with new and emerging threats such as hypersonic weapons and advanced cruise missiles, respectfully opposes the use of valuable agricultural land in Clearview Township for the use of a Receive Site for National Defence's Arctic Over-The-Horizon (A-OTHR) project; and,
>
> 2) That Council direct staff to send a letter outlining the above to The Honourable David J. McGuinty, Minister of National Defence, with copies to The Honourable Heath MacDonald, Minister of Agriculture and Agri-Food; The Honourable Julie Dabrusin, Minister of Environment and Climate Change; Simcoe-Grey MP Terry Dowdall; Nottawasaga Valley Conservation Authority, Township of Essa, Township of Springwater and the Town of Wasaga Beach, Keith Currie, President of Canadian Federation of Agriculture, and Senator Rob Black, Chair of Standing Senate Committee on Agriculture and Forestry. Motion Carried.

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Agricultural land is vital to feed our communities and is currently the top economic driver in Clearview Township. Growing as a sustainable community, Clearview continues to prioritize the protection, restoration, and enhancement of our natural environment. All residents of Clearview deserve to live in and enjoy a healthy natural environment that provides opportunities for recreation and that promotes a diverse and innovative agricultural sector, with an eye to supporting future generations of farmers.

If you have any questions regarding the above resolution, please do not hesitate to contact the undersigned.

Sincerely,

Sasha Helmkay-Playter, B.A., Dipl. M.A., AOMC
Clerk/Director of Legislative Services

cc: Heath MacDonald, Minister of Agriculture and Agri-Food
Julie Dabrusin, Minister of Environment and Climate Change
Terry Dowdall, Member of Parliament Simcoe-Grey
Nottawasaga Valley Conservation Authority (NVCA)
Township of Essa
Township of Springwater
Town of Wasaga Beach
Keith Currie, President of Canadian Federation of Agriculture
Rob Black, Chair of Standing Senate Committee on Agriculture and Forestry
Township of Clearview Council

A4

Subject: FW: Nottawasaga Futures Newsletter

From: Robin Brown <robin@nottawasaga.com>
Sent: Tuesday, September 23, 2025 8:35 AM
To: Sarah Corbett <scorbett@essatownship.on.ca>
Subject: Nottawasaga Futures Newsletter

Nottawasaga Futures is a community economic development agency serving the South Simcoe Area.

Nottawasaga Futures Business Loans

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Every day, entrepreneurs are starting and growing great businesses in our community.

To find out more about working with our team, contact us:
www.nottawasaga.com , 705-502-0311, ced@nottawasaga.com

Serving our local business community since 2004.

Small Business Week 2025

Nottawasaga Futures

Small Business Week 2025

Thursday Oct 30, 2025
8:30 am - 4:00 pm

The Gibson Centre for Community, Arts & Culture
63 Tupper St. W, Alliston, ON L9R 1E4

Featured Workshop: MIND OVER MONEY

"Unlock hidden wealth, overcome money roadblocks, and set your business up for long-term success!"

– Nick Rezzara, Co-Found Wealth

Register by

Email: robin@nottawasaga.com
Phone: 705-502-0311

Learn about programs and supports from our partners, and ***How to Start a Small Business*** by Nottawasaga Futures.

Free with donation to our local Food Bank.

In partnership with...

Adjala-Tosorontio · BWG Economic Development · County of Simcoe · Innisfil Economic Development · New Tecumseth Alliston · Beeton · Tottenham

Join us for our Small Business Week Event!

Mind Over Money with Nicholas Rezzara

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- Uncover how money beliefs and cognitive biases shape business decisions
- Learn how to manage emotions in high-stakes situations
- Use a structured approach to hiring, delegating, and letting go
- Understand key financial metrics (burn rate, runway, break-even, etc.)
- Apply tools to improve clarity, reduce overwhelm, and build long-term wealth

How to Start a Small Business with Nottawasaga Futures

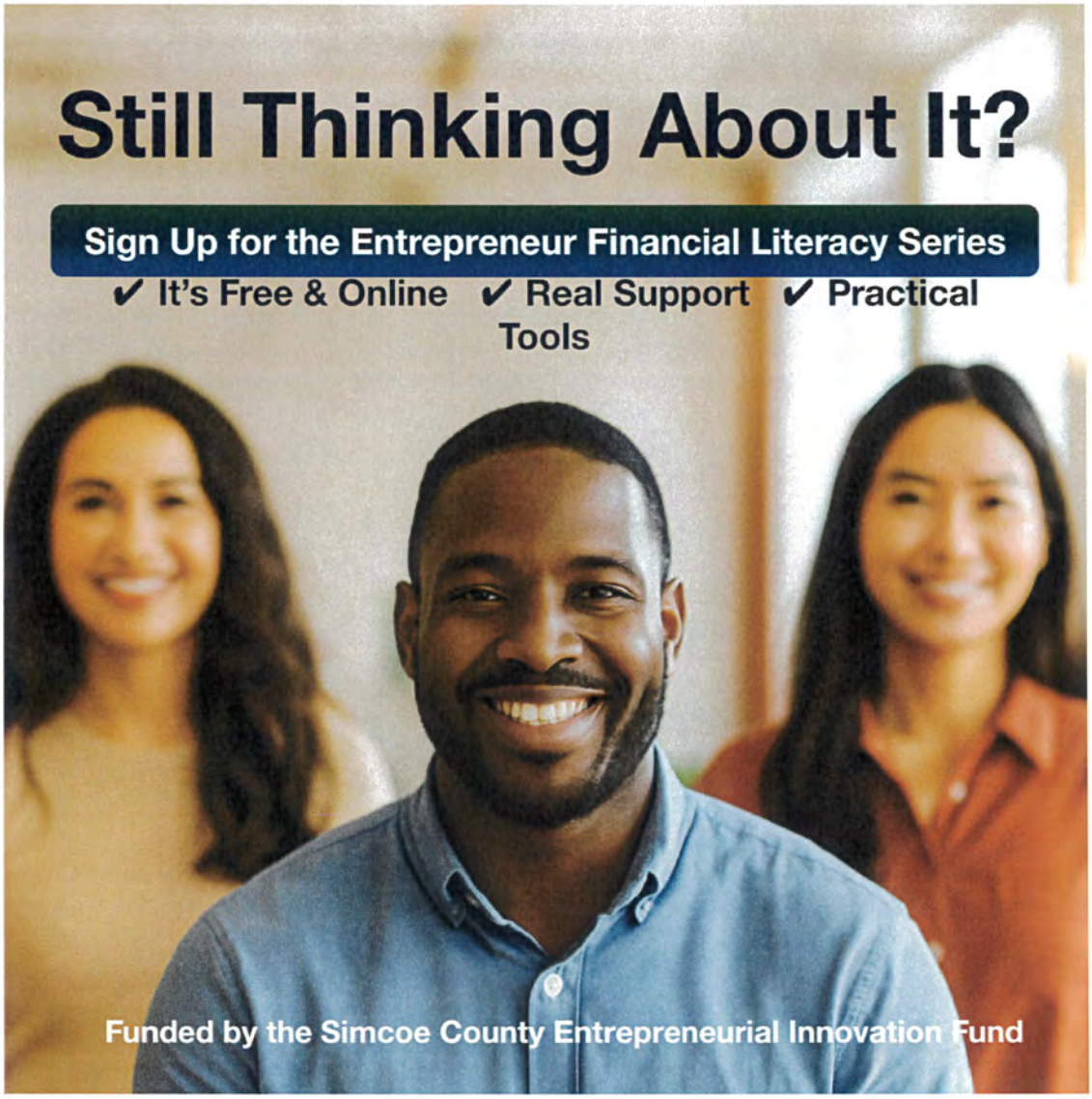
And.... news and updates from our municipalities.

Admission is a donation to our local Food Banks
Bring three items and enter the draw for some great swag.
Bring a cash donation of $10 or more and receive two tickets.

We'll be serving coffee and tea, goodies from Bake My Day in the morning and lunch from the Pink Peony.

Register: robin@nottawasaga.com

Professional Development



Nottawasaga Futures Entrepreneur Financial Literacy Series

It's not too late to register!

- ☑ Live + recorded sessions
- ☑ Free for entrepreneurs in Simcoe County
- ☑ Includes real 1-on-1 mentorship to help you apply what you learn

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🎯 This isn't just another course — it's a local, practical, supportive way to build financial confidence!

🗓️ Runs Sept–Nov | Live + recorded access

🔗 Register now: https://payhip.com/nfefls

Made possible by the Simcoe County Entrepreneurial Innovation Fund

#EntrepreneurSupport #FinanceMadeSimple #SimcoeCounty #SmallBusinessTraining #FinancialLiteracy

South Simcoe Streams Network

Tree Planting Volunteer Opportunity!

The South Simcoe Streams Network partnered with the Nottawasaga Valley Conservation Authority on two exciting stream restoration projects this summer. '

Come join us to find out more and support rehabilitation by helping to plant potted trees and shrubs along the newly restored riverbanks.

A great way for students to earn community service hours!

Event Dates

- Saturday, October 4th
- Saturday, October 25th

From 9:30am to 12:30pm in Adjala-Tosorontio southwest of Alliston

Please pre-register at: https://www.surveymonkey.com/r/BB37P3J

For inquiries contact: theresa@nottawasga.com

Hope to see you at one of our events!

Thank You to our project supporters Somerville Nurseries Inc. & The Ontario Federation of Anglers and Hunters.

Are you not able to make it out to a volunteer event, but you would still like to support the Network? Donations can easily be made through our Go Fund Me page, contributions can be made here: https://gofund.me/ff24e22d

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Upcoming Events

Early Bird registration is now open for the 2025 Municipal Agriculture Economic Development and Planning Forum.
Held in Simcoe County on **October 22–23, 2025**, the event brings together municipal leaders, planners, economic developers, farmers, and agri-business professionals to explore how land-use planning and economic development can support resilient rural communities and sustainable agri-food systems.

Day one features an agri-business tour, while day two offers a full conference. This year's theme, "Cultivating Common Ground,"

highlights collaboration and innovation in agriculture.

📮 ✨MOBILE MASTERPIECES: The Artistry of Postcards Featuring Alliston and other places in the Simcoe Region

✨ 📮 Step into a world of nostalgia and artistry with our new exhibit at the Museum! This charming temporary exhibit celebrates the beauty and cultural impact of postcards—those tiny yet powerful pieces of art that once connected hearts across distances 🖼️ 💌

Whether you're a history enthusiast, an art admirer, or simply curious about local heritage, this collection invites you to explore the stories, creativity, and community spirit captured in every postcard.

Learn more at newtecumseth.ca/Exhibits

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💙 Like, follow, and subscribe! Get started at newtecumseth.ca/followus

NT Temps

At NT Temps, we believe there is a job for everyone in our community.

We are available from 8:30 am - 4:30 pm Monday to Friday

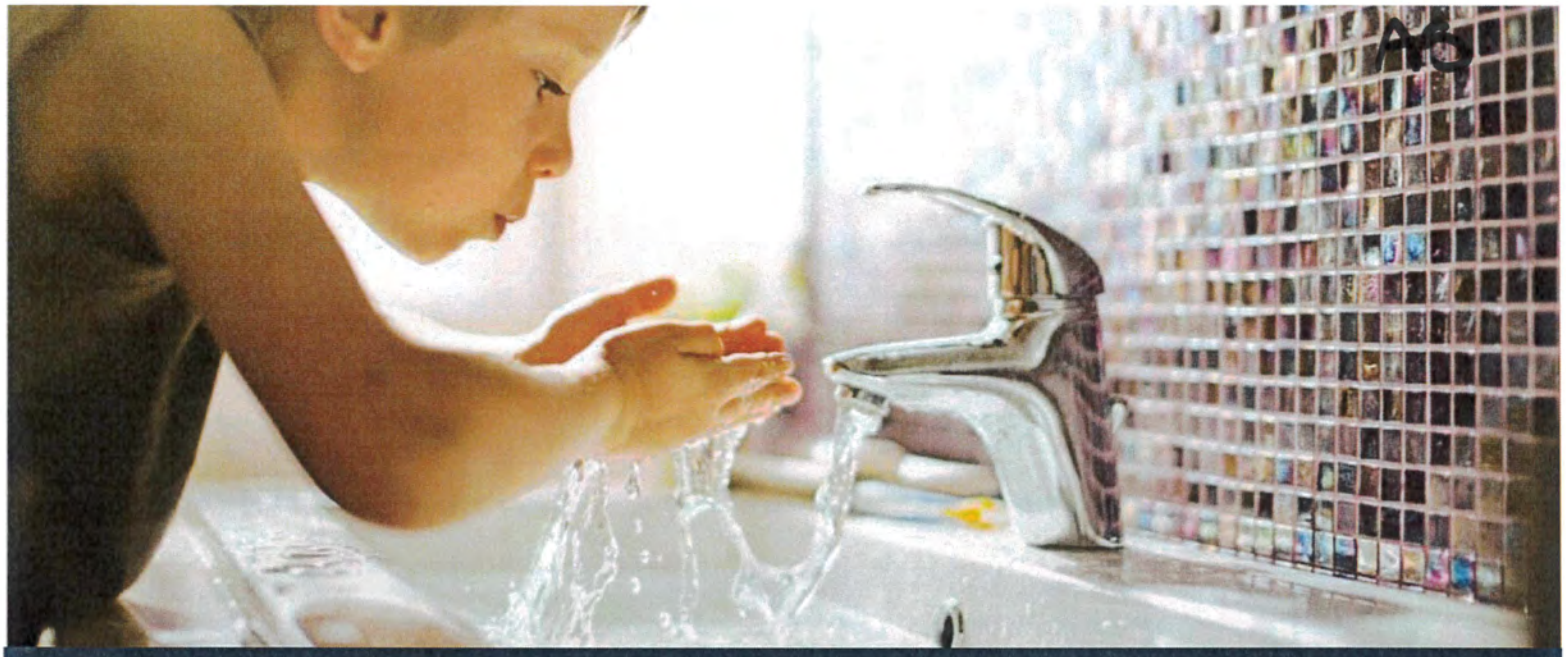
Contact us today at (705) 502-0311 or colleen@nttemps.com.

For more information on NT Temps click here www.nttemps.com.

Financial Support and Resources

- Nottawasaga Futures Community Investment Fund
- Steps to Consider Before Starting a Business
- Canada - Ontario Job Grant
- Ontario Business Registry
- Business Benefits Finder
- Canada Business App
- Delia: Funding for Women-owned Enterprises
- Ontario Automotive Modernization Program
- Southwestern Ontario Development Fund
- Business advisory services for small & medium-sized businesses
- Business Continuity Plan
- Youth Small Business Program
- Starting a Business in Canada
- Canada Tariff Information

Book a Free Consultation



Water Ontario Regulation 453/07 Financial Plan

Township of Essa

Financial Plan #118-301A

Watson & Associates Economists Ltd.
905-272-3600
info@watsonecon.ca

September 23, 2025

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Table of Contents

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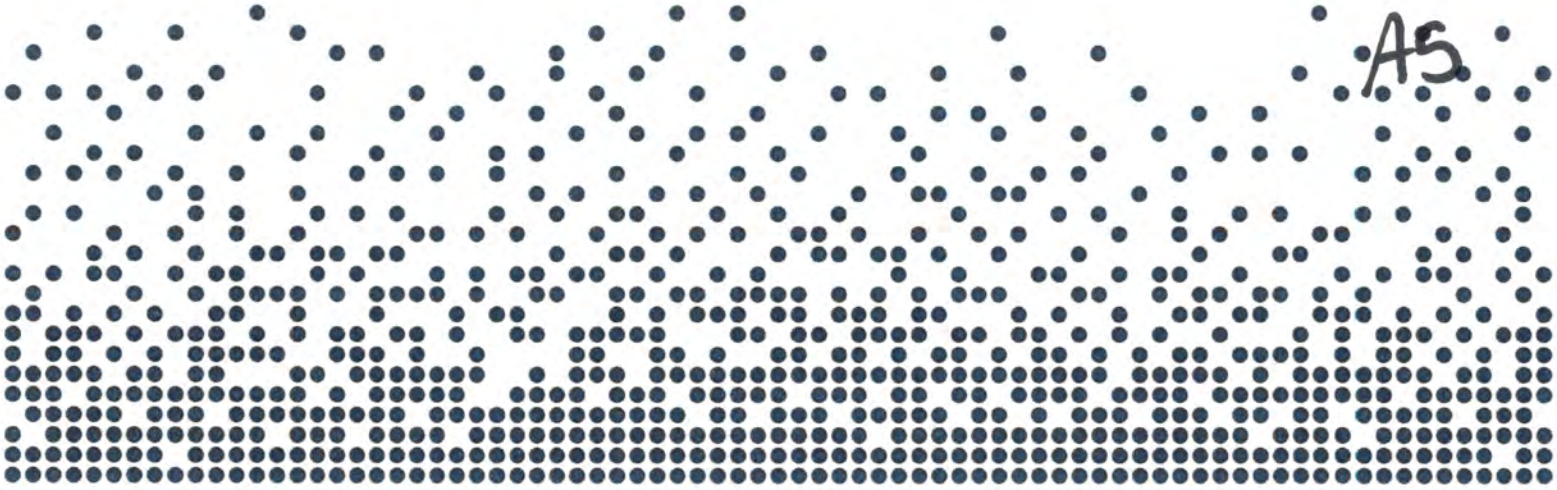
List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
A.M.P.	Asset Management Plan
D.C.	Development Charges
F.I.R.	Financial Information Return
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

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Chapter 1
Introduction

1. Introduction

1.1 Study Purpose

Watson & Associates Economists Ltd. (Watson) was retained by the Township of Essa (Township) to prepare a water financial plan as part of the five submission requirements for the purposes of renewing a municipal drinking water license 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 in regard to the Township's water system has already been completed and documented by Watson within the "Township of Essa Water and Wastewater Rate Study" (2025 Rate Study). The objective of the report provided herein is to convert the findings of the 2025 Rate Study into the prescribed reporting requirements for a financial plan as defined by Ontario Regulation 453/07 (O. Reg. 453/07).

1.2 Assumptions for the Financial Plan

The Township's residents and businesses are serviced with drinking water from three separate systems, which include:

1. Thornton (Glen Avenue) Drinking Water System
2. Angus Drinking Water System
3. Baxter Distribution System.

This Financial Plan #118-301A is a combined financial plan for all three water systems

1.3 Background

The *Safe Drinking Water Act* (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. Subsection 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 subsection 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.

1.3.1 Financial Plan Defined

Section 30 of the S.D.W.A. provides the following definition of financial plans:

> "financial plans" means financial plans that satisfy the requirements prescribed by the Minister.

These requirements are outlined in O. Reg. 453/07 and are examined in detail below.

1.3.2 Financial Plan Requirements – Existing System (Licence Renewal)

O. Reg. 453/07 provides details on the requirements for existing water systems (licence renewal), which are summarized as follows:

- Financial plans must be approved by resolution of Council (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);

- 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 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.

1.3.3 Financial Plan Requirements – General

Given that the requirement for a financial plan is legislated under the S.D.W.A., a financial plan is mandatory for water systems. The financial plans shall be for a forecast period of at least six years but longer planning horizons are encouraged. The 10-year forecast included in this financial plan goes above and beyond the minimum requirement. The financial plan is to be completed and approved by resolution of Council or the governing body in accordance with subsection 3 (1), paragraph 1 of O. Reg. 453/07. Confirmation of approval of the financial plan must be submitted at the time of municipal drinking water license renewal (i.e., six months prior to license 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.

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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.

1.3.4 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 for. 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

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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 Sustainable Water and Sewage Systems Act

The *Sustainable Water and Sewage Systems Act* (S.W.S.S.A.) 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 wastewater services. In total, there were 40 areas within the Act to which the Minister could have made Regulations. It is noted that the regulations, which accompany the Act, were not issued and the Act was repealed on December 31, 2012.

2.3 Water Opportunities Act, 2010

Since the passage of the *Safe Drinking Water Act*, changes and refinements to the legislation have been introduced, including the *Water Opportunities Act* (W.O.A). 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 storm water 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 (A.M.P.) 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.

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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 in regard to 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.

2.4 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* (I.J.P.A.) which, over time, will require municipalities to undertake and implement A.M.P.s for all 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 measured by standard metrics; and
        - Costs to maintain levels of service.
- Phase 2 – Asset Management Plan (by July 1, 2024):
    - Same elements 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
        - Lifecycle management and Financial strategy.

In relation to water (which is considered a core asset), municipalities will need to have an A.M.P. that addresses the related infrastructure by July 1, 2022 (Phase 1). O. Reg. 588/17 specifies that the Township's A.M.P. 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 A.M.P.
- 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 Township'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 would need to be undertaken to maintain the current levels of service.

The Township completed an A.M.P. in 2025 which included a review of the Township's water and wastewater infrastructure. The Township will need to consider the impacts of funding the lifecycle requirements identified in the A.M.P. during the annual budget and forecast process.

2.5 Water Forecast

The Township has already completed financial planning through the 2025 Rate Study. The forecast was designed to address "full cost" principles and reflect the guiding principles toward sustainable financial planning.

As a result of employing this process, the 2025 Rate Study provides the basis for a financial plan for the Township's water system by including:

- 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 and the system's growth;
- An analysis of required water rates that ensure revenues are equitable and sufficient to meet the system's needs; and
- A public process that involves consultation with the main stakeholders including the Township'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 financial plan.

The background information and details of the financial plan are contained within the Township's 2025 Rate Study.

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Chapter 3
Approach

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3. Approach

3.1 Overview

The 2025 Rate Study has been used as a starting point to prepare the water financial plan. The water forecast contained in the 2025 Rate Study was 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.

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 assets, an inventory has already been compiled and summarized as part of the Township's 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. 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 forecast period.

Future water capital needs have also been determined and summarized within the 2025 Rate Study. However, these estimates only represent future assets that the Township anticipates purchasing or constructing. At present, the Township does not anticipate any assets will be contributed by developers and other parties (at no or partial cost to the Township). 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 to 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 (see Table 3-1). 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 DR	Adjustments CR	Full Accrual Budget 2025	Accrual Basis
Revenues					**Revenues**
Base Charge Revenue	346,028			346,028	Base Charge Revenue
Rate Based Revenue	1,821,246			1,821,246	Rate Based Revenue
			320,000	320,000	Earned Development Charges Revenue
Other Revenue	199,897		156,994	356,891	Other Revenue
Total Revenues	**2,367,171**			**2,844,165**	**Total Revenues**
Expenditures					**Expenses**
Operating	1,162,213	407,750		1,569,963	Operating Expenses
Capital					
Transfers to Reserves	1,204,958		1,204,958		
		360,986		360,986	Amortization
Total Expenditures	**2,367,171**			**1,930,949**	**Total Expenses**
Net Expenditures	**-**			**913,216**	**Annual Surplus/(Deficit)**
Increase (decrease) in amounts to be recovered	-			25,114,065	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	**-**	**913,216**	**-**	**26,027,281**	**Accumulated Surplus/(Deficit), end of year**
TOTAL ADJUSTMENTS		**1,681,952**	**1,681,952**		

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). As noted earlier, the applicable balances from the Statement of Capital and the Statement of Reserve and Reserve Funds will need to be transferred to this statement. 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 Township and as such, it may 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 Township 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 new 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, additional 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 DR	Adjustments CR	Full Accrual Budget 2025	Accrual Basis
ASSETS					**ASSETS**
Financial Assets					**Financial Assets**
Cash	9,853,184			9,853,184	Cash
Accounts Receivable	172,909			172,909	Accounts Receivable
Total Financial Assets	**10,026,093**			**10,026,093**	**Total Financial Assets**
LIABILITIES					**Liabilities**
Accounts Payable & Accrued Liabilities	337,016			337,016	Accounts Payable & Accrued Liabilities
Deferred Revenue	3,252,338			3,252,338	Deferred Revenue
Total Liabilities	**3,589,354**			**3,589,354**	**Total Liabilities**
Net Assets/(Debt)	**6,436,739**			**6,436,739**	**Net Financial Assets/(Debt)**
		19,998,292	407,750	19,590,542	**Non-Financial Assets** Tangible Capital Assets
				19,590,542	**Total Non-Financial Assets**
Municipal Position					
Water Reserves	6,436,739	6,436,739	-		
Total Municipal Position	**6,436,739**		26,027,281	**26,027,281**	**Accumulated Surplus/(Deficit), end of year**
TOTAL ADJUSTMENTS		**29,687,369**	**29,687,369**		

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 of the statements created by the previous steps are in balance. The Statement of Financial Position summarizes the resources and obligations of the Township 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 is 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 Township's ledgers. However, it may not 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 Township's amortization policy. Otherwise, an assumption will need to be made and applied consistently throughout the financial plan.

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 Rate Study.

d) Contributed Assets – As noted earlier, contributed assets could represent a significant part of the Township'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 previously deferred (i.e. development charge revenues) and/or accrued revenues (developer contributions), and/or other minor miscellaneous revenues.

Chapter 4
Financial Plan

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4. Financial Plan

4.1 Introduction

The following tables provide the complete financial plan for the Township'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 Township's water system. It is not an audited document[1] and contains various estimates as detailed in the "Notes to the Financial Plan" section below.

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 Township'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 for 2025, the Township's water system will be in a net financial asset position of approximately $6.44 million. The Township's net financial asset position is projected to decrease to a net debt position of approximately $5.52 million by the end of the forecast.

Another important indicator on 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:

- Tangible capital assets such as water mains and treatment plants are imperative to water service delivery.

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

- 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.
- 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 Township 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. A 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 tangible capital assets are expected to grow by approximately $30.27 million over the 10-year forecast period. This indicates that the Township has plans to invest in tangible capital assets in excess of the anticipated use of existing assets over the forecast period.

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 the ratio of expenses to revenues decreasing over the forecast period, from 68% in 2025 to 65% by 2034. An annual surplus position is forecasted for all years within the forecast period, with an ending annual surplus of approximately $1.81 million by 2034. It is important to note that an annual surplus is beneficial to ensure funding is available for non-expense costs such as tangible capital asset acquisitions, reserve/reserve fund transfers and debt principal payments.

Another important indicator on 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 proposes to add approximately $19.07 million to an opening 2025 accumulated surplus of $25.11 million over the forecast period. This accumulated surplus, as indicated in Table 4-2, is predominantly

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made up of up of reserve and reserve fund balances as well as 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 in most years, forecasted tangible capital asset acquisitions (net of amortization for the year) exceed forecasted annual surplus, resulting in an overall decrease to the net financial asset balance to a net debt position by 2034. The overall decrease to net financial asset balance is the result of capital asset acquisitions over the forecast period, allowing for a long-term plan of funding capital asset acquisitions through accumulated surplus (i.e., reserves and reserve funds). The ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions is forecasted to decrease over the forecast period, from 2.46 in 2025 to 0.70 by 2034 (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 Township'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) and build internal reserves and reserve funds over the forecast period. The financial plan projects the cash position of the Township's water system to decrease from a positive balance of approximately $8.49 million at the beginning of 2025 to a positive balance of approximately $7.61 million by the end of 2034. 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
2025-2034

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Financial Assets											
Cash	1	9,853,184	10,565,028	9,354,049	6,247,746	6,831,354	6,738,349	6,723,888	6,836,858	7,120,180	7,609,902
Accounts Receivable	1	172,909	182,815	193,575	204,530	246,612	313,400	316,544	330,181	344,383	360,418
Accounts Receivable - Other	3	-	-	-	-	-	-	-	-	-	-
Total Financial Assets		**10,026,093**	**10,747,843**	**9,547,624**	**6,452,276**	**7,077,966**	**7,051,749**	**7,040,432**	**7,167,039**	**7,464,563**	**7,970,320**
Liabilities											
Bank Indebtedness		-	-	-	-	-	-	-	-	-	-
Accounts Payable & Accrued Liabilities	1	337,016	348,960	361,342	374,159	387,556	401,388	415,713	430,530	445,986	462,051
Debt (Principal only)	2	-	-	-	5,480,000	15,116,953	14,620,638	14,102,089	13,560,310	12,994,258	12,402,847
Deferred Revenue	3	3,252,338	4,259,013	3,139,944	38,710	589,055	450,008	372,455	360,722	441,231	623,749
Total Liabilities		**3,589,354**	**4,607,973**	**3,501,286**	**5,892,869**	**16,093,564**	**15,472,034**	**14,890,257**	**14,351,562**	**13,881,475**	**13,488,647**
Net Financial Assets/(Debt)		**6,436,739**	**6,139,870**	**6,046,338**	**559,407**	**(9,015,598)**	**(8,420,285)**	**(7,849,825)**	**(7,184,523)**	**(6,416,912)**	**(5,518,327)**
Non-Financial Assets											
Tangible Capital Assets	4	19,590,542	20,903,096	24,059,540	34,649,419	45,421,106	46,225,580	47,056,739	47,912,101	48,795,538	49,703,477
Total Non-Financial Assets		**19,590,542**	**20,903,096**	**24,059,540**	**34,649,419**	**45,421,106**	**46,225,580**	**47,056,739**	**47,912,101**	**48,795,538**	**49,703,477**
Accumulated Surplus/(Deficit)	5	**26,027,281**	**27,042,966**	**30,105,878**	**35,208,826**	**36,405,508**	**37,805,295**	**39,206,914**	**40,727,578**	**42,378,626**	**44,185,150**

Financial Indicators	**Total Change**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
1) Increase/(Decrease) in Net Financial Assets	(11,198,864)	756,202	(296,869)	(93,532)	(5,486,931)	(9,575,005)	595,313	570,460	665,302	767,611	898,585
2) Increase/(Decrease) in Tangible Capital Assets	30,269,949	157,014	1,312,554	3,156,444	10,589,879	10,771,687	804,474	831,159	855,362	883,437	907,939
3) Increase/(Decrease) in Accumulated Surplus	19,071,085	913,216	1,015,685	3,062,912	5,102,948	1,196,682	1,399,787	1,401,619	1,520,664	1,651,048	1,806,524

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Table 4-2
Statement of Operations: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Water Revenue											
Base Charge Revenue		346,028	369,478	393,375	418,213	444,567	472,524	502,348	533,446	566,598	602,508
Rate Based Revenue		1,821,246	1,935,134	2,060,283	2,187,143	2,318,085	2,453,191	2,606,370	2,761,969	2,923,238	3,106,851
Earned Development Charges Revenue	3	320,000	-	2,035,000	4,000,000	420,551	1,173,554	1,173,554	1,173,554	1,173,554	1,173,554
Other Revenue	6	356,891	347,919	343,910	342,013	341,796	342,483	203,793	206,807	211,723	219,215
Total Revenues		**2,844,165**	**2,652,531**	**4,832,568**	**6,947,369**	**3,524,999**	**4,441,752**	**4,486,065**	**4,675,776**	**4,875,113**	**5,102,128**
Water Expenses											
Operating Expenses	Sch. 4-1	1,569,963	1,252,400	1,350,100	1,356,300	1,390,500	1,461,200	1,490,600	1,547,700	1,603,000	1,660,400
Interest on Debt	2	-	-	-	-	245,504	677,239	655,005	631,774	607,502	582,143
Amortization	4	360,986	384,446	419,556	488,121	692,313	903,526	938,841	975,638	1,013,563	1,053,061
Loss on Disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Total Expenses		**1,930,949**	**1,636,846**	**1,769,656**	**1,844,421**	**2,328,317**	**3,041,965**	**3,084,446**	**3,155,112**	**3,224,065**	**3,295,604**
Annual Surplus/(Deficit)		**913,216**	**1,015,685**	**3,062,912**	**5,102,948**	**1,196,682**	**1,399,787**	**1,401,619**	**1,520,664**	**1,651,048**	**1,806,524**
Accumulated Surplus/(Deficit), beginning of year	5	25,114,065	26,027,281	27,042,966	30,105,878	35,208,826	36,405,508	37,805,295	39,206,914	40,727,578	42,378,626
Accumulated Surplus/(Deficit), end of year		26,027,281	27,042,966	30,105,878	35,208,826	36,405,508	37,805,295	39,206,914	40,727,578	42,378,626	44,185,150
Note 5:											
Accumulated Surplus/(Deficit) Reconciliation:		**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
Reserve Balances											
Reserves: Development Charges		3,252,338	4,259,013	3,139,944	38,710	589,055	450,008	372,455	360,722	441,231	623,749
Reserves: Gas Tax/Canada Community Building Fund		-	-	-	-	-	-	-	-	-	-
Reserves: Capital/Other		6,436,739	6,139,870	6,046,338	6,039,407	6,101,355	6,200,353	6,252,264	6,375,787	6,577,346	6,884,520
Total Reserves Balance		**9,689,077**	**10,398,883**	**9,186,282**	**6,078,117**	**6,690,410**	**6,650,361**	**6,624,719**	**6,736,509**	**7,018,577**	**7,508,269**
Less: Debt Obligations and Deferred Revenue		(3,252,338)	(4,259,013)	(3,139,944)	(5,518,710)	(15,706,008)	(15,070,646)	(14,474,544)	(13,921,032)	(13,435,489)	(13,026,596)
Add: Tangible Capital Assets	4	19,590,542	20,903,096	24,059,540	34,649,419	45,421,106	46,225,580	47,056,739	47,912,101	48,795,538	49,703,477
Total Ending Balance		**26,027,281**	**27,042,966**	**30,105,878**	**35,208,826**	**36,405,508**	**37,805,295**	**39,206,914**	**40,727,578**	**42,378,626**	**44,185,150**

Financial Indicators	**Total Change**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
1) Expense to Revenue Ratio		68%	62%	37%	27%	66%	68%	69%	67%	66%	65%
2) Increase/(Decrease) in Accumulated Surplus	19,071,085	913,216	1,015,685	3,062,912	5,102,948	1,196,682	1,399,787	1,401,619	1,520,664	1,651,048	1,806,524

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Schedule 4-1
Statement of Operating Expenses: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Expenses											
6000 - Salaries/Wages		127,981	132,500	137,100	141,900	146,900	152,000	157,300	162,800	168,500	174,400
6012 - Wages & Benefits Transfer		6,110	6,300	6,500	6,700	6,900	7,100	7,300	7,600	7,900	8,200
6020 - Employee Benefits Full Time		7,232	7,500	7,800	8,100	8,400	8,700	9,000	9,300	9,600	9,900
6026 - Extended Health Benefits		14,413	14,900	15,400	15,900	16,500	17,100	17,700	18,300	18,900	19,600
6030 - Employee Health Tax		2,339	2,400	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200
6031 - Employee Assistance Plan		76	100	100	100	100	100	100	100	100	100
6032 - OMERS		12,093	12,500	12,900	13,400	13,900	14,400	14,900	15,400	15,900	16,500
6033 - WSIB		3,272	3,400	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200
6035 - Mileage		1,500	1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400
6050 - Office Supplies		10,200	10,600	11,000	11,400	11,800	12,200	12,600	13,000	13,500	14,000
6052 - Postage		16,993	17,600	18,200	18,800	19,500	20,200	20,900	21,600	22,400	23,200
6062 - Advertising		1,500	1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400
6063 - Insurance		8,052	8,300	8,600	8,900	9,200	9,500	9,800	10,100	10,500	10,900
6275 - Snow Removal		5,671	5,900	6,100	6,300	6,500	6,700	6,900	7,100	7,300	7,600
6283 - OCWA Operating Budget		654,000	676,900	700,600	725,100	750,500	776,800	804,000	832,100	861,200	891,300
6054 - Telephone Communications		7,344	7,600	7,900	8,200	8,500	8,800	9,100	9,400	9,700	10,000
6055 - Hydro		147,737	155,100	162,900	171,000	179,600	188,600	198,000	207,900	218,300	229,200
6072 - Software Maintenance		40,000	41,400	42,800	44,300	45,900	47,500	49,200	50,900	52,700	54,500
6081 - Other Write-offs		3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,500
Misc Works - from Capital		50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
6350 - Meter Reads		6,500	6,700	6,900	7,100	7,300	7,600	7,900	8,200	8,500	8,800
6355 - Pipeline Consumption		35,700	36,900	38,200	39,500	40,900	42,300	43,800	45,300	46,900	48,500
Non TCA - Expenses from Capital Budget	7	407,750	49,000	104,000	66,000	54,000	77,000	57,000	63,000	65,000	67,000
TOTAL OPERATING EXPENSES		**1,569,963**	**1,252,400**	**1,350,100**	**1,356,300**	**1,390,500**	**1,461,200**	**1,490,600**	**1,547,700**	**1,603,000**	**1,660,400**

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Table 4-3
Statement of Changes in Net Financial Assets/Debt: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Annual Surplus/(Deficit)		913,216	1,015,685	3,062,912	5,102,948	1,196,682	1,399,787	1,401,619	1,520,664	1,651,048	1,806,524
Less: Acquisition of Tangible Capital Assets	4	(518,000)	(1,697,000)	(3,576,000)	(11,078,000)	(11,464,000)	(1,708,000)	(1,770,000)	(1,831,000)	(1,897,000)	(1,961,000)
Add: Amortization of Tangible Capital Assets	4	360,986	384,446	419,556	488,121	692,313	903,526	938,841	975,638	1,013,563	1,053,061
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Proceeds on Sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Add: Write-downs of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
		(157,014)	(1,312,554)	(3,156,444)	(10,589,879)	(10,771,687)	(804,474)	(831,159)	(855,362)	(883,437)	(907,939)
Less: Acquisition of Supplies Inventory		-	-	-	-	-	-	-	-	-	-
Less: Acquisition of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
Add: Consumption of Supplies Inventory		-	-	-	-	-	-	-	-	-	-
Add: Use of Prepaid Expenses		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Net Financial Assets/(Net Debt)		**756,202**	**(296,869)**	**(93,532)**	**(5,486,931)**	**(9,575,005)**	**595,313**	**570,460**	**665,302**	**767,611**	**898,585**
Net Financial Assets/(Net Debt), beginning of year		5,680,537	6,436,739	6,139,870	6,046,338	559,407	(9,015,598)	(8,420,285)	(7,849,825)	(7,184,523)	(6,416,912)
Net Financial Assets/(Net Debt), end of year		**6,436,739**	**6,139,870**	**6,046,338**	**559,407**	**(9,015,598)**	**(8,420,285)**	**(7,849,825)**	**(7,184,523)**	**(6,416,912)**	**(5,518,327)**

Financial Indicators	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
1) Acquisition of Tangible Capital Assets (Cumulative)	518,000	2,215,000	5,791,000	16,869,000	28,333,000	30,041,000	31,811,000	33,642,000	35,539,000	37,500,000
2) Annual Surplus/Deficit before Amortization (Cumulative)	1,274,202	2,674,333	6,156,801	11,747,870	13,636,865	15,940,178	18,280,638	20,776,940	23,441,551	26,301,136
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)	2.46	1.21	1.06	0.70	0.48	0.53	0.57	0.62	0.66	0.70

Table 4-4
Statement of Cash Flow – Indirect Method: Water Services
UNAUDITED: For Financial Planning Purposes Only
2025-2034

	Notes	Forecast									
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Transactions											
Annual Surplus/Deficit		913,216	1,015,685	3,062,912	5,102,948	1,196,682	1,399,787	1,401,619	1,520,664	1,651,048	1,806,524
Add: Amortization of TCA's	4	360,986	384,446	419,556	488,121	692,313	903,526	938,841	975,638	1,013,563	1,053,061
(Gain)/Loss on disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Earned Deferred Revenue	3	(320,000)	-	(2,035,000)	(4,000,000)	(420,551)	(1,173,554)	(1,173,554)	(1,173,554)	(1,173,554)	(1,173,554)
Less: Developer Contributions		-	-	-	-	-	-	-	-	-	-
Add: Deferred Revenue Proceeds		930,836	1,006,675	915,931	898,766	970,897	1,034,506	1,096,001	1,161,822	1,254,063	1,356,072
Change in A/R (Increase)/Decrease		-	(9,906)	(10,760)	(10,955)	(42,083)	(66,788)	(3,144)	(13,637)	(14,202)	(16,035)
Change in A/P Increase/(Decrease)		-	11,944	12,382	12,817	13,397	13,832	14,325	14,817	15,456	16,065
Less: Interest Proceeds		(156,994)	(149,753)	(147,472)	(147,303)	(148,814)	(151,228)	(152,494)	(155,507)	(160,423)	(167,915)
Cash Provided by Operating Transactions		**1,728,044**	**2,259,091**	**2,217,549**	**2,344,394**	**2,261,841**	**1,960,081**	**2,121,594**	**2,330,243**	**2,585,951**	**2,874,218**
Capital Transactions											
Proceeds on sale of Tangible Capital Assets		-	-	-	-	-	-	-	-	-	-
Less: Cash Used to acquire Tangible Capital Assets	4	(518,000)	(1,697,000)	(3,576,000)	(11,078,000)	(11,464,000)	(1,708,000)	(1,770,000)	(1,831,000)	(1,897,000)	(1,961,000)
Cash Applied to Capital Transactions		**(518,000)**	**(1,697,000)**	**(3,576,000)**	**(11,078,000)**	**(11,464,000)**	**(1,708,000)**	**(1,770,000)**	**(1,831,000)**	**(1,897,000)**	**(1,961,000)**
Investing Transactions											
Proceeds from Investments		156,994	149,753	147,472	147,303	148,814	151,228	152,494	155,507	160,423	167,915
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-	-
Cash Provided by (applied to) Investing Transactions		**156,994**	**149,753**	**147,472**	**147,303**	**148,814**	**151,228**	**152,494**	**155,507**	**160,423**	**167,915**
Financing Transactions											
Proceeds from Debt Issue	2	-	-	-	5,480,000	9,812,000	-	-	-	-	-
Less: Debt Repayment (Principal only)	2	-	-	-	-	(175,047)	(496,314)	(518,549)	(541,780)	(566,052)	(591,411)
Cash Applied to Financing Transactions		**-**	**-**	**-**	**5,480,000**	**9,636,953**	**(496,314)**	**(518,549)**	**(541,780)**	**(566,052)**	**(591,411)**
Increase in Cash and Cash Equivalents		1,367,038	711,844	(1,210,979)	(3,106,303)	583,608	(93,005)	(14,461)	112,970	283,322	489,722
Cash and Cash Equivalents, beginning of year	1	8,486,146	9,853,184	10,565,028	9,354,049	6,247,746	6,831,354	6,738,349	6,723,888	6,836,858	7,120,180
Cash and Cash Equivalents, end of year	1	**9,853,184**	**10,565,028**	**9,354,049**	**6,247,746**	**6,831,354**	**6,738,349**	**6,723,888**	**6,836,858**	**7,120,180**	**7,609,902**

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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, subsection 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 i 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 i 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 that 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 Township, some of the items listed above have been estimated given that the Township 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

   Receivable and payable balances were estimated for each year of the forecast based on the following factors:

   a) Receivables: Based on ratios of Township-wide receivables as a percentage of annual Township-wide revenues (using the Township's financial information return data); and

   b) Payables: Based on ratios of Township-wide payables as a percentage of annual Township-wide expenses (using the Township's financial information return data).

2. **Debt**

   The Township does not currently have outstanding debt. The 2025 Rate Study anticipates $15.29 million in growth-related debt over the forecast period. The following provides a summary of the principal payments:

Year	Principal Payments
2025	-
2026	-
2027	-
2028	-
2029	175,047
2030	496,314
2031	518,549
2032	541,780
2033	566,052
2034	591,411
Total	**2,889,153**

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3. Deferred Revenue

Deferred revenue is typically made up of water development charge reserve 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. In years when the water development charge reserve fund balance is negative, it is shown as an asset (accounts receivable – other) for financial reporting purposes, representing future amounts to be collected from developers. Deferred revenue can also represent grant funding that has not been earned as revenue in any given year. For the purposes of this financial plan it is assumed all grant funding received will be earned in the year it is received.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water related assets, based on information contained with the Township's asset database.
- Amortization is calculated based on the straight-line approach with amortization applied in the year of acquisition or construction.
- Given the planned asset replacement forecast in the 2025 Rate Study, useful life on acquisitions is assumed to be equal to typical values assigned by the Township for each asset category.
- 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, unless the asset is documented as a new asset. The value of each asset disposal is calculated by estimating the original purchase/construction date and deflating current replacement cost values to those estimated dates in order to calculate original historical cost.
- 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 Township is unaware of any specific lead service piping in the municipal water system.

The balance of tangible capital assets is summarized on Table 4-5, as follows:

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Table 4-5
Tangible Capital Asset Summary

Asset Historical Cost	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Tangible Capital Asset Balance	27,345,292	27,728,312	29,284,993	32,735,919	43,673,754	54,988,038	56,537,576	58,124,644	59,745,113	61,408,192
Acquisitions	518,000	1,697,000	3,576,000	11,078,000	11,464,000	1,708,000	1,770,000	1,831,000	1,897,000	1,961,000
Disposals	134,980	140,319	125,074	140,165	149,716	158,462	182,932	210,531	233,921	245,998
Closing Tangible Capital Asset Balance	**27,728,312**	**29,284,993**	**32,735,919**	**43,673,754**	**54,988,038**	**56,537,576**	**58,124,644**	**59,745,113**	**61,408,192**	**63,123,194**
Opening Accumulated Amortization	7,911,764	8,137,770	8,381,897	8,676,379	9,024,335	9,566,932	10,311,996	11,067,905	11,833,012	12,612,654
Amortization Expense	360,986	384,446	419,556	488,121	692,313	903,526	938,841	975,638	1,013,563	1,053,061
Amortization on Disposal	134,980	140,319	125,074	140,165	149,716	158,462	182,932	210,531	233,921	245,998
Ending Accumulated Amortization	**8,137,770**	**8,381,897**	**8,676,379**	**9,024,335**	**9,566,932**	**10,311,996**	**11,067,905**	**11,833,012**	**12,612,654**	**13,419,717**
Net Book Value	**19,590,542**	**20,903,096**	**24,059,540**	**34,649,419**	**45,421,106**	**46,225,580**	**47,056,739**	**47,912,101**	**48,795,538**	**49,703,477**

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5. Accumulated Surplus

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

Water	2025 Opening Accumulated Surplus
Reserve Balances	
Reserves: Development Charges	2,641,502
Reserves: Capital/Other	5,680,537
Total Reserves Balance	**8,322,039**
Less: Debt Obligations and Deferred Revenue	(2,641,502)
Add: Tangible Capital Assets	19,433,528
Total Opening Balance	**25,114,065**

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

6. Other Revenue

Other revenue includes revenues collected from permits, penalties, connection fees, and other miscellaneous charges.

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.

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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, subsection 3 (1), paragraph 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, subsection 3 (1), paragraph 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, subsection 3 (1), paragraph 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*. (S.D.W.A. subsection 32 (5), subparagraph 2 ii).

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Chapter 6
Recommendations

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6. Recommendations

This report presents the water financial plan for the Township of Essa in accordance with the mandatory reporting formats for water system as detailed in O. Reg. 453/07. It is important to note that while mandatory, 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 2025 Rate Study. Nevertheless, Council is required to pass certain resolutions with regard to this plan and regulations and it is recommended that:

1. The Township of Essa Water Financial Plan prepared by Watson & Associates Economists Ltd. dated September 23, 2025 be approved.

2. Notice of availability of the Financial Plan be advertised.

3. The Water Financial Plan dated September 23, 2025 be submitted to the Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, subsection 3 (1), paragraph 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*. (S.D.W.A. subsection 32 (5), subparagraph 2 ii).

Water and Wastewater Rate Study

Township of Essa

September 23, 2025

Watson & Associates Economists Ltd.
905-272-3600
info@watsonecon.ca

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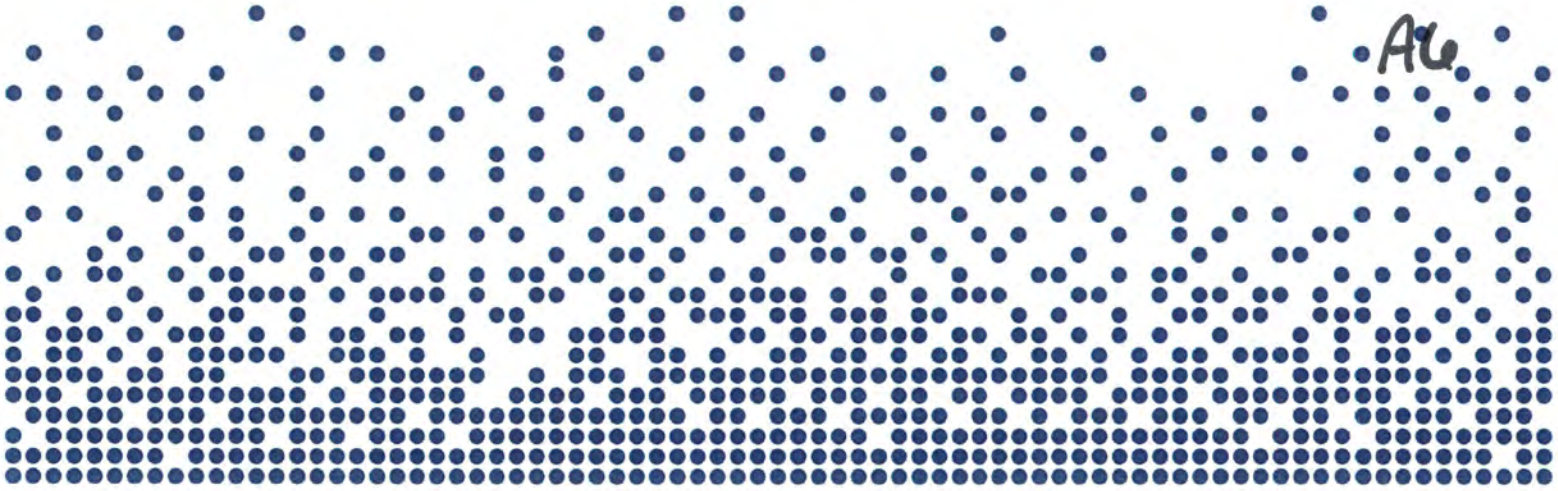
List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
A.M.O.	Association of Municipalities of Ontario
C.W.W.F.	Clean Water and Wastewater Fund
D.C.A.	Development Charges Act, 1997
F.I.R.	Financial Information Return
H.E.W.S.F.	Housing-Enabling Water Systems Fund
I.J.P.A.	Infrastructure for Jobs and Prosperity Act, 2015
I.O.	Infrastructure Ontario
M.O.E.	Ministry of Environment
O.C.I.F.	Ontario Community Infrastructure Fund
OLT	Ontario Land Tribunal
O. Reg.	Ontario Regulation
O.S.I.F.A.	Ontario Strategic Infrastructure Financing Authority
P.S.A.B.	Public Sector Accounting Board
P.T.I.F.	Public Transit Infrastructure Fund
S.W.S.S.A.	Sustainable Water and Sewage Systems Act, 2002



Executive Summary

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Executive Summary

The Township of Essa (Township) retained Watson & Associates Economists Ltd. (Watson) to undertake a water and wastewater rate study. This study aims to provide an analysis of current and future capital and operating costs, costing for lifecycle cost requirements, water and wastewater volumes and customer profiles. The results of this analysis provide the Township with updated water and wastewater base charges and volume rates. The rate analysis contained herein provides fiscally responsible practices that are in line with current provincial legislation at a level of rate increases that are reasonable.

The analysis presented herein provides the following:

- The Township currently serves 4,389 water customers and 4,394 wastewater customers. 1,358 new water and wastewater customers are assumed to be added over 2035 forecast period.
- The 2025 to 2035 capital spending program for water and wastewater is $40.63 million and $47.11 million (inflated), respectively.
- The forecasted operating expenditures (for water and wastewater) have been adjusted to recognize inflation:
    - For utilities, chemicals, and hydro – assumed 5% per year
    - For all other operating expenditures – assumed 3.5% per year
- The present rate structure of a quarterly base charge and volume rates are proposed to be continued.

To meet these expenditure requirements, the following water and wastewater rate increases are suggested:

- The quarterly base charges and volume rates for water are projected to increase by 4% annually over the forecast period.
- The wastewater quarterly base charges and volume rates to remain at 136.3% of the corresponding water bill over the forecast period.

Based on the above, the combined water/wastewater bill is anticipated to increase by an average of 4% annually over the 2025 to 2035 forecast period. This represents an average annual increase of $43.40 for residential customers on the combined water and wastewater bill (based on 199 cubic metres of usage and a ⅝" meter.)

Tables ES-1 and ES-2 summarizes the recommended water and wastewater rates and average annual bill, respectively, (assuming an annual volume of 199 cubic metres) based on the analysis provided herein over the forecast period.

Table ES-3 provides the combined water and wastewater bills.

Table ES-1
Township of Essa
Water Rate Summary
Based on a ⅝" Meter and Annual Volume of 199 cubic metres

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Quarterly Base Rate	$16.86	$17.53	$18.24	$18.97	$19.72	$20.51	$21.33	$22.19	$23.07	$24.00	$24.96
Constant Rate	$1.58	$1.64	$1.71	$1.78	$1.85	$1.92	$2.00	$2.08	$2.16	$2.25	$2.34
Annual Base Rate Bill	**$67.44**	**$70.14**	**$72.94**	**$75.86**	**$78.90**	**$82.05**	**$85.33**	**$88.75**	**$92.30**	**$95.99**	**$99.83**
Volume	199	199	199	199	199	199	199	199	199	199	199
Annual Volume Bill	**$314.53**	**$326.48**	**$340.41**	**$354.35**	**$368.28**	**$382.22**	**$398.14**	**$414.07**	**$429.99**	**$447.91**	**$465.83**
Total Annual Bill	**$381.97**	**$396.61**	**$413.35**	**$430.21**	**$447.18**	**$464.27**	**$483.48**	**$502.81**	**$522.29**	**$543.90**	**$565.65**
% Increase - Total Annual Bill		4%	4%	4%	4%	4%	4%	4%	4%	4%	4%

Table ES-2
Township of Essa
Wastewater Rate Summary
Based on a ⅝" Meter and Annual Volume of 199 cubic metres

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Quarterly Base Rate	$22.98	$23.90	$24.86	$25.85	$26.88	$27.96	$29.08	$30.24	$31.45	$32.71	$34.02
Constant Rate	$2.15	$2.24	$2.33	$2.43	$2.52	$2.62	$2.73	$2.84	$2.94	$3.07	$3.19
Annual Base Rate Bill	**$91.92**	**$95.60**	**$99.42**	**$103.40**	**$107.53**	**$111.84**	**$116.31**	**$120.96**	**$125.80**	**$130.83**	**$136.07**
Volume	199	199	199	199	199	199	199	199	199	199	199
Annual Volume Bill	**$428.71**	**$444.99**	**$463.98**	**$482.97**	**$501.97**	**$520.96**	**$542.67**	**$564.37**	**$586.08**	**$610.50**	**$634.92**
Total Annual Bill	**$520.63**	**$540.59**	**$563.40**	**$586.37**	**$609.50**	**$632.80**	**$658.98**	**$685.34**	**$711.88**	**$741.33**	**$770.99**
% Increase - Total Annual Bill		4%	4%	4%	4%	4%	4%	4%	4%	4%	4%

Table ES-3
Township of Essa
Water and Wastewater Rate Summary
Total Combined Customer Bill – Based on a ⅝" Meter and Annual Volume of 199 cubic metres

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Annual Water Bill	$381.97	$396.61	$413.35	$430.21	$447.18	$464.27	$483.48	$502.81	$522.29	$543.90	$565.65
Annual Wastewater Bill	$520.63	$540.59	$563.40	$586.37	$609.50	$632.80	$658.98	$685.34	$711.88	$741.33	$770.99
Total Annual Bill	**$902.60**	**$937.20**	**$976.76**	**$1,016.58**	**$1,056.68**	**$1,097.06**	**$1,142.45**	**$1,188.15**	**$1,234.17**	**$1,285.23**	**$1,336.64**
% Increase - Total Annual Bill		4%	4%	4%	4%	4%	4%	4%	4%	4%	4%

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Report

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Chapter 1
Introduction

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1. Introduction

1.1 Background

The Township of Essa provides municipal water services to residents through the McGeorge, Mill St., Brownley, Baxter, and Thornton drinking water systems. Wastewater is collected and conveyed to the Angus treatment facility operated by the Township, where it is treated in accordance with provincial standards before being safely discharged to the environment.

Currently, there are 4,389 water customers and 4,394 wastewater customers within the Township. These users are billed a quarterly charge as well as a volume rate based on their water consumption. Revenues received from the charges directly fund the capital and operating budgets.

Table 1-1 provides the existing rates currently in effect.

Table 1-1
Township of Essa
Water and Wastewater Rates – 2025

2025 - Water Billing Rates	
Quarterly Base Charge	
5/8"	16.86
1"	23.68
1 ½"	30.45
2"	49.05
3"	186.05
Volume Charge	
$ 1.58	per m^3

2025 - Wastewater Billing Rates	
Quarterly Base Charge	
5/8"	22.98
1"	32.28
1 ½"	41.50
2"	66.86
3"	253.59
Volume Charge	
$ 2.15	per m^3

Since the Walkerton crisis, the Province has continued to make legislative changes for municipal water and wastewater systems. Noted below are the historical changes along with pending legislation anticipated to be implemented in the future. Watson & Associates Economists Ltd. (Watson) was retained by the Township to assist in addressing these changes in a proactive manner as they relate to the water and wastewater systems. The assessment provided herein addresses changes

recommended to the water and wastewater rates based on the most current information and forecasts the implications over the forecast period.

1.2 Study Process

The objectives of the study and the steps involved in carrying out this assignment are summarized below:

- Identify all current and future water and wastewater system capital needs to assess the immediate and longer-term implications;
- 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 and wastewater rates;
- Identify existing operating costs by component and estimate future operating costs over the next ten years. This assessment identifies fixed and variable costs in order to project those costs sensitive to changes to the existing infrastructure inventory, as well as costs which may increase commensurate with growth; and
- Provide staff and Council the findings to assist in gaining approval of the rates for 2026 and future years.

1.3 Regulatory Changes in Ontario

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

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

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The legislation which would have most impacted municipal water and wastewater rates was the *Sustainable Water and Sewage Systems Act* (S.W.S.S.A.) which would have required municipalities to implement full cost pricing. The legislation was enacted in 2002, however, it had not been implemented pending the approval of its regulations. The Act was repealed as of January 1, 2013. It is expected that the provisions of the *Water Opportunities Act* will implement the fundamental requirements of S.W.S.S.A. Furthermore, on December 27, 2017, O. Reg. 588/17 was released under the *Infrastructure for Jobs and Prosperity Act, 2015* (I.J.P.A.), which outlines the requirements for asset management for municipalities. The results of the asset management review under this Act will need to be considered in light of the recent investments undertaken by the Township and the capital spending plan provided herein. The following sections describe these various resulting changes.

1.4 Sustainable Water and Sewage Systems Act

As noted earlier, the S.W.S.S.A. 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 wastewater services. It is noted, however, that this Act has been repealed. To provide broader context and understanding to other legislation discussed herein, a description of the Act is provided below.

Full costs for water service was defined in subsection 3(7) of the Act and included "...source protection costs, operating costs, financing costs, renewal and replacement costs and improvement costs associated with extracting, treating or distributing water to the public and such other costs which may be specified by regulation." Similar provisions were made for wastewater services in subsection 4(7) with respect to "...collecting, treating or discharging waste water."

The Act would have required the preparation of two reports for submission to the Ministry of the Environment (or such other member of the Executive Council as may be assigned the administration of this Act under the *Executive Council Act*). The first report was on the "full cost of services" and the second was the "cost recovery plan." Once these reports were reviewed and approved by the Ministry, the municipality would have been required to implement the plans within a specified time period.

In regard to the **full cost of services** report, the municipality (deemed a regulated entity under the Act) would prepare and approve a report concerning the provision of water

and sewage services. This report was to include an inventory of the infrastructure, a management plan providing for the long-term integrity of the systems, and would address the full cost of providing the services (other matters may be specified by the regulations) along with the revenue obtained to provide them. A professional engineer would certify the inventory and management plan portion of the report. The municipality's auditor would be required to provide a written opinion on the report. The report was to be approved by the municipality and then be forwarded to the Ministry along with the engineer's certification and the auditor's opinion. The regulations would stipulate the timing for this report.

The second report was referred to as a **cost recovery plan** and would address how the municipality intended to pay for the full costs of providing the service. The regulations were to specify limitations on what sources of revenue the municipality may use. The regulations may have also provided limits as to the level of increases any customer or class of customer may experience over any period of time. Provision was made for the municipality to implement increases above these limits; however, ministerial approval would be required first. Similar to the first report, the municipal auditor would provide a written opinion on the report prior to Council's adoption, and this opinion must accompany the report when submitted to the Province.

The Act provided the Minister the power to approve or not approve the plans. If the Minister was not satisfied with the report or if a municipality did not submit a plan, the Minister may have a plan prepared. The cost to the Crown for preparing the plan would be recovered from the municipality. As well, the Minister may direct two or more regulated municipalities to prepare a joint plan. This joint plan may be directed at the onset or be directed by the Minister after receiving the individual plans from the municipalities.

The Minister also had the power to order a municipality to generate revenue from a specific revenue source or in a specified manner. The Minister may have also ordered a regulated entity to do or refrain from doing such things as the Minister considered advisable to ensure that the entity pays the full cost of providing the services to the public.

Once the plans were approved and in place, the municipality would be required to submit progress reports. The timing of these reports and the information to be contained therein would be established by the regulations. A municipal auditor's

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opinion must be provided with the progress report. Municipalities would also revise the plans if they deem the estimate does not reflect the full cost of providing the services, as a result of a change in circumstances, regulatory or other changes that affect their plan, etc. The municipality would then revise its prior plan, provide an auditor's opinion, and submit the plan to the Minister.

1.5 Financial Plans Regulation

On August 16, 2007, the M.O.E. passed O. Reg 453/07 which requires the preparation of financial plans for water (and wastewater) systems. The M.O.E. has also provided a Financial Plan Guidance Document to assist in 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 for the municipality to obtain its Drinking Water Licence;
- 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, 2002*, the preparation of the plan is mandatory for water and encouraged for wastewater;
- The plan is considered a living document (i.e. will be updated as annual budgets are prepared) 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, providing detailed inventories, forecasting future users and volume usage and corresponding calculation of rates. In addition, P.S.A.B. 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 and net debt);
- The financial plans must be made available to the public (at no charge) upon request and be available on the municipality's website. The availability of this information must also be advertised; and
- The financial plans are to be approved by Resolution of the Council or governing body indicating that the drinking water system is financially viable.

In general, the financial principles of the draft regulations follow the intent of S.W.S.S.A. to move municipalities towards financial sustainability. Many of the prescriptive

requirements, however, have been removed (e.g. preparation of two separate documents for provincial approval, auditor opinions, engineer certifications, etc.).

A Guideline ("Towards Financially Sustainable Drinking Shores – Water and Wastewater Systems") had been developed to assist municipalities in understanding the Province's direction and provided 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 stormwater 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.

1.6 Water Opportunities Act, 2010

As noted earlier, since the passage of the *Safe Drinking Water Act, 2002*, continuing changes and refinements to the legislation have been introduced. Some of these Bills have found their way into law, while others have not been approved. Bill 72, the *Water Opportunities Act, 2010*, was introduced into legislation on May 18, 2010 and received Royal Assent on November 29, 2010.

The Act provides for the following elements:

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

With regard to the sustainability plans:

- The Act extends from the water financial plans and requires a more detailed review of the water financial plan and requires a full plan for wastewater and stormwater services; and
- Regulations 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;
- A financial plan;
- For water, a water conservation plan;
- An 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, with the following considerations:

- May relate to the financing, operation or maintenance of a municipal service or to any other matter in respect of what information may be required to be included in a plan;
- 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;
- Which identified portions of the plan will require certification;
- Public consultation process; and
- Limitations, updates, refinements, etc.

As noted earlier, it is expected that this Act will implement the principles of the S.W.S.S.A. once all regulations are put in place.

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

On June 4, 2015, the Province of Ontario passed the I.J.P.A. which, over time, will require municipalities to undertake and implement asset management plans for all infrastructure they own. On December 27, 2017, the Province released Ontario Regulation 588/17 under the I.J.P.A. which has three phases that municipalities must meet:

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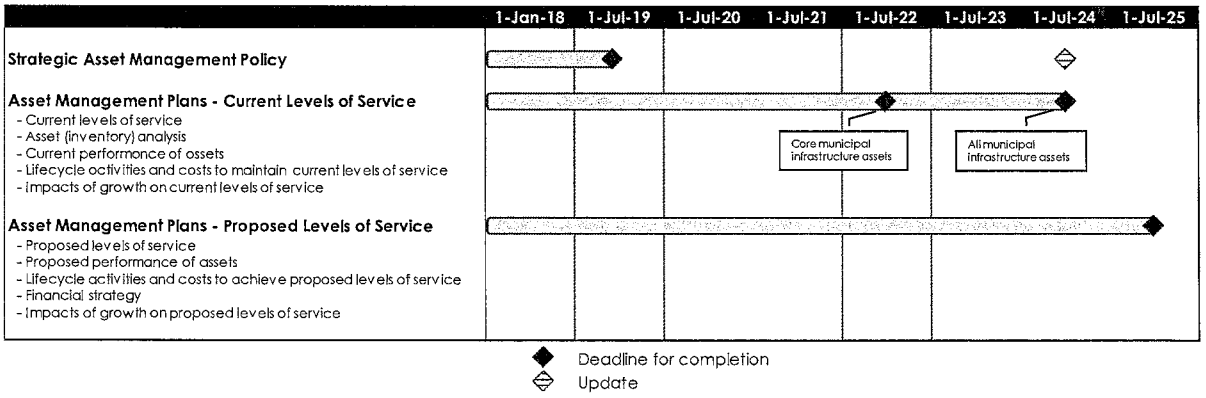
Figure 1-1
Legislative Timelines set out by the Infrastructure for Jobs and Prosperity Act
Legislation related to Asset Management Plans



Note: on March 15, 2021, the Province filed Regulation 193/21 to extend all of the timelines of Regulation 588/17 by one year (reflected in the table above).

Every municipality in Ontario was to have prepared 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 measured by standard metrics; and
    - Costs to maintain 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
    - Lifecycle management and financial strategy.

In relation to water and wastewater (which is considered a core asset), municipalities were to have an asset management plan that addresses 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, including:
    - 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 would need to be undertaken to maintain the current levels of service.

1.8 Forecast Growth and Servicing Requirements

As described earlier in this chapter, the Township services 4,389 water customers and 4,394 wastewater customers. Information on the existing number of customers and existing billable volumes was obtained from the Township.

For future water and wastewater customers to be added to the systems, consideration has been given to the potential new developments identified in the Development Charges Background Study over the forecast period between 2025 to 2035

The forecast assumes the addition of 1,358 water and wastewater customers over the forecast period. For operating revenue purposes, it would be undesirable to forecast too high as it could produce a potential operating deficit should the growth in the water and wastewater systems not materialize.

Based on historical information, the Township's volumes per customer is 199 m^3 per year. For forecasting purposes, the assumed billable volumes per customer will be based on that figure.

Table 1-2 provides for the forecast of water users and volumes, while Table 1-3 provides the forecast of wastewater users and volumes.

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Table 1-2
Township of Essa
Water System Forecast

Year	Total Users	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
2025	141	71	141	141	141	141	141	141	141	141	141	141
2026	133		67	133	133	133	133	133	133	133	133	133
2027	118			59	118	118	118	118	118	118	118	118
2028	121				61	121	121	121	121	121	121	121
2029	123					62	123	123	123	123	123	123
2030	126						63	126	126	126	126	126
2031	129							65	129	129	129	129
2032	119								60	119	119	119
2033	137									69	137	137
2034	140										70	140
2035	142											71
Total	**1,429**	**71**	**208**	**333**	**453**	**575**	**699**	**827**	**951**	**1,079**	**1,217**	**1,358**
m^3/user	199	199	199	199	199	199	199	199	199	199	199	199
Annual Flow		**14,134**	**41,407**	**66,291**	**90,179**	**114,466**	**139,151**	**164,632**	**189,317**	**214,798**	**242,270**	**270,339**

Water Customer Forecast	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing-Angus	4,389	4,389	4,389	4,389	4,389	4,389	4,389	4,389	4,389	4,389	4,389
Existing-Baxter	55	55	55	55	55	55	55	55	55	55	55
Existing-Thornton	528	528	528	528	528	528	528	528	528	528	528
New - Growth	71	208	333	453	575	699	827	951	1,079	1,217	1,358
Total	**5,043**	**5,180**	**5,305**	**5,425**	**5,547**	**5,671**	**5,799**	**5,923**	**6,051**	**6,189**	**6,330**

Water Volume Forecast (m^3)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	1,138,553	1,138,553	1,138,553	1,138,553	1,138,553	1,138,553	1,138,553	1,138,553	1,138,553	1,138,553	1,138,553
New	14,134	41,407	66,291	90,179	114,466	139,151	164,632	189,317	214,798	242,270	270,339
Total	**1,152,687**	**1,179,960**	**1,204,844**	**1,228,732**	**1,253,019**	**1,277,704**	**1,303,185**	**1,327,870**	**1,353,351**	**1,380,823**	**1,408,892**

Table 1-3
Township of Essa
Wastewater System Forecast

Year	Total Users	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
2025	141	71	141	141	141	141	141	141	141	141	141	141
2026	133		67	133	133	133	133	133	133	133	133	133
2027	118			59	118	118	118	118	118	118	118	118
2028	121				61	121	121	121	121	121	121	121
2029	123					62	123	123	123	123	123	123
2030	126						63	126	126	126	126	126
2031	129							65	129	129	129	129
2032	119								60	119	119	119
2033	137									69	137	137
2034	140										70	140
2035	142											71
Total	**1,429**	**71**	**208**	**333**	**453**	**575**	**699**	**827**	**951**	**1,079**	**1,217**	**1,358**
m^3/user	199	199	199	199	199	199	199	199	199	199	199	199
Annual Flow		**14,134**	**41,407**	**66,291**	**90,179**	**114,466**	**139,151**	**164,632**	**189,317**	**214,798**	**242,270**	**270,339**

Wastewater Customer Forecast	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394
New - Growth	71	208	333	453	575	699	827	951	1,079	1,217	1,358
Total	**4,465**	**4,602**	**4,727**	**4,847**	**4,969**	**5,093**	**5,221**	**5,345**	**5,473**	**5,611**	**5,752**

Wastewater Flows Forecast (m^3)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	1,132,343	1,132,343	1,132,343	1,132,343	1,132,343	1,132,343	1,132,343	1,132,343	1,132,343	1,132,343	1,132,343
New	14,134	41,407	66,291	90,179	114,466	139,151	164,632	189,317	214,798	242,270	270,339
Total	**1,146,477**	**1,173,750**	**1,198,634**	**1,222,522**	**1,246,809**	**1,271,494**	**1,296,975**	**1,321,660**	**1,347,141**	**1,374,613**	**1,402,682**

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Chapter 2
Capital Infrastructure Needs

2. Capital Infrastructure Needs

2.1 Capital Forecast

Capital forecasts have been provided for the water and wastewater systems and are presented in Tables 2-1 and 2-2 (note: the costs are in inflated dollars). The basis for these forecasts include the Township's capital requirements, projects identified by the Ontario Clean Water Association (OCWA), projects identified in the development charges background study, as well as other lifecycle-related works. It is noted that the inflation assumption for the capital program is assumed to be 3.5% per year.

For water, the capital costs over the forecast period totals $40.63 million. For wastewater, the capital costs over the forecast period totals $47.11 million.

Table 2-1
Township of Essa
2025 to 2035 Water Capital Forecast Summary (Inflated $)

Description	Total 2025-2035	Years Undertaken
Capital Expenditures		
Rate Study	63,500	2025, 2030, 2035
Angus Mill Street DWS		
Diesel Generator Repairs and Load Testing	66,000	2025-2035
Annual TSSA Inspections of Diesel Fuel Tanks and Generators as Requested by MECP	26,000	2025-2035
Chemical System Rebuild Kits (Silicate Pumps, Chlorine Pumps, Analzyer Probes and Membrane Caps)	59,500	2025-2035
PLC Upgrades Mill St, McGeorge, Brownley	220,000	2025
Mill Street Reservoir Cleaning	20,000	2025
Well#1 Downwell Inspection and Flow Test and Cleaning	27,000	2027
Angus Brownley DWS		
Diesel Generator Repairs and Load Testing	66,000	2025-2035
Annual TSSA Inspections of Diesel Fuel Tanks and Generators as Requested by MECP	26,000	2025-2035
Chemical System Rebuild Kits (Silicate Pumps, Chlorine Pumps, Analzyer Probes and Membrane Caps)	59,500	2025-2035
Angus McGeorge DWS		
Diesel Generator Repairs and Load Testing	66,000	2025-2035
Annual TSSA Inspections of Diesel Fuel Tanks and Generators as Requested by MECP	26,000	2025-2035
Chemical System Rebuild Kits (Silicate Pumps, Chlorine Pumps, Analzyer Probes and Membrane Caps)	59,500	2025-2035
New Generator	257,000	2025-2026
New Chlorine Tranfer Pump	5,500	
Well #1 & Well #2 Downwell Inspections, Flow Tests and Cleaning	27,000	2027
Baxter DWS		
Chemical System Rebuild Kits (Silicate Pumps, Chlorine Pumps, Analzyer Probes and Membrane Caps)	59,500	2025-2035
Diesel Generator Repairs and Load Testing	66,000	2025-2035

Description	Total 2025-2035	Years Undertaken
Thornton DWS		
Chemical System Rebuild Kits (Silicate Pumps, Chlorine Pumps, Analzyer Probes and Membrane Caps)	59,500	2025-2035
Flow Meter and Surronding Pipework Replacement	35,000	2025
Diesel Generator Repairs and Load Testing	66,000	2025-2035
Water Storage Tower Inspections (3rd Party recommended Greatario)	11,000	2028
Essa Water Distribution System		
Hydrant Painting	66,000	2025-2035
Swabbing(5 - 8 kms)	460,000	2025-2035
Fire Hydrant Replacements	526,000	2025-2035
Main Valve Repairs/Service Repairs/Hydrant Repairs	590,000	2025-2035
General		
Unplanned/Emergency Essa Water Distribution Repairs	345,000	2025-2035
Unplanned/Emergency Drinking Water System Repairs	330,000	2025-2035
Building Maintenance for Mill, McGeorge, Brownley, Baxter, and Thornton)(heaters, soffits, doors, locks etc.)	131,000	2025-2035
Permit to Take Water (PTTW) renewal Thornton	750	2025
DWQMS Audits (2025) Reaccreditation Year	29,500	2025-2035
Lifecycle:		
Water AMP lifecycle annual replacement	15,132,000	2025-2035
Growth Related:		
Increase PTTW and Existing Well Capacity	4,490,000	2027-2029
New Water Storage Tanks (3) (Southwest, Northwest, and Northeast)	11,224,000	2027-2029
Water Distribution Network Expansion (Linear Infrasructure)	5,613,000	2027-2029
Mill Street Wellfield Investigation	320,000	2025
Total Capital Expenditures	**40,628,750**	

Table 2-2
Township of Essa
2025 to 2035 Wastewater Capital Forecast Summary (Inflated $)

Description	Total 2025-2035	Years Undertaken
Capital Expenditures		
Rate Study	63,500	2025, 2030, 2035
Angus Wastewater Treatment Facility		
Diesel Generator Repairs, Inspections and Annual Load Testing (3 Generators)	106,000	2025-2035
General Building Maintenance(HVAC service, cleaning etc..)	262,000	2025-2035
Vac Truck for Clarifier Cleanings (3 to 4 times per year)	197,000	2025-2035
Snow Plowing and Grass Cutting	301,000	2025-2035
General Pump and Piping Replacement	394,000	2025-2035
Bio Solids Hauling	1,971,000	2025-2035
Disc Filter Cloths	92,000	2025-2035
Clarifier Brushes	45,000	2025
Rebuild Sludge Recirculating Pumps(Sludge Storage Tower pumps)	40,000	2025
Rebuild Reject Pumps	17,000	2028
Blower Rebuilds of Motors, Piping and Compressors	262,000	2025-2035
UV Ballasts Rebuilds	131,000	2025-2035
Egger Iris Valves Installation	100,000	2025
SCADA Upgrades	262,000	2025-2035
New Auto Sampler	9,000	2025
Rebuild Clarifier #1	40,000	2025
Aeration Tank #2 Rebuild	25,000	2025

Description	Total 2025-2035	Years Undertaken
Angus Wastewater Collection		
Pump Station Cleanings	460,000	2025-2035
Vac Trucks for Sewer Back Ups and Clogs	131,000	2025-2035
Sewer Flushing and CCTV (approximately 4k/km.)	460,000	2025-2035
Sewer Repairs	262,000	2025-2035
Storm Water Pump Station #4 Pump Rebuilds	9,000	2027
Pump Station #1 Upgrades & Bar Screen Upgrade	469,000	2026-2027
General		
Unplanned/Emergency Angus WWTP Repairs	460,000	2025-2035
Unplanned/Emergency Angus Wastewater Collection System Repairs	460,000	2025-2035
Seacan for Storage at Angus WWTP	5,000	2025
MDWL/DWWP Renewal Angus, Thornton, Baxter.	1,350	2025
Lifecycle:		
Wastewater AMP lifecycle annual replacement	21,250,000	2025-2035
Growth Related:		
Expand Existing Wastewater Treatment Plant	11,786,000	2027-2029
Area 1 Sanitary Collection Upgrades	2,245,000	2027-2029
Area 2 Sanitary Collection Upgrades	4,490,000	2027-2029
Angus Wastewater EA	300,000	2025
Total Capital Expenditures	**47,105,850**	

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Chapter 3
Lifecycle Costing

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3. Lifecycle Costing

3.1 Overview of Lifecycle Costing

3.1.1 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), install, commission, operate, maintain and disposal. Figure 3-1 depicts these stages in a schematic form.

3.1.2 Financing Costs

This section will focus on financing mechanisms in place to fund the costs incurred throughout the asset's 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 Township. Over the past few decades, new financing techniques such as development 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, with operating budget contributions, development charges, reserves, developer contributions and debentures, being the most common.

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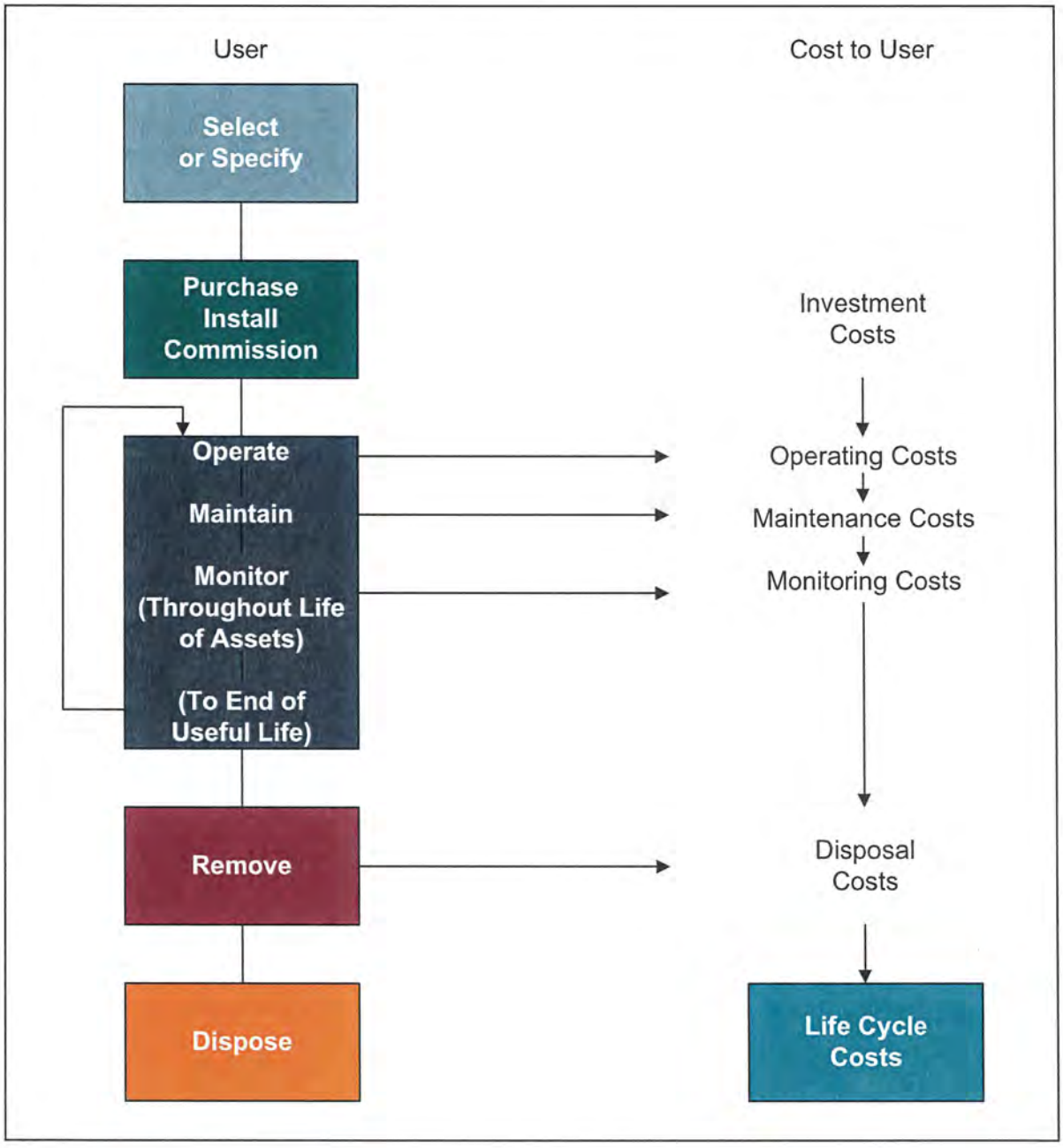
Figure 3-1
Lifecycle Costing



New construction related to growth could produce development 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 Township to continue. As well, debentures could be used to fund such works, with the debt charge carrying costs recouped from taxpayers in the future.

Capital construction to replace existing infrastructure, however, 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.

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, such as reserves which have been collected from past tax/rate payers, operating budget contributions which are collected from existing tax/rate payers 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 he 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 an asset is the fundamental concept behind depreciation 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

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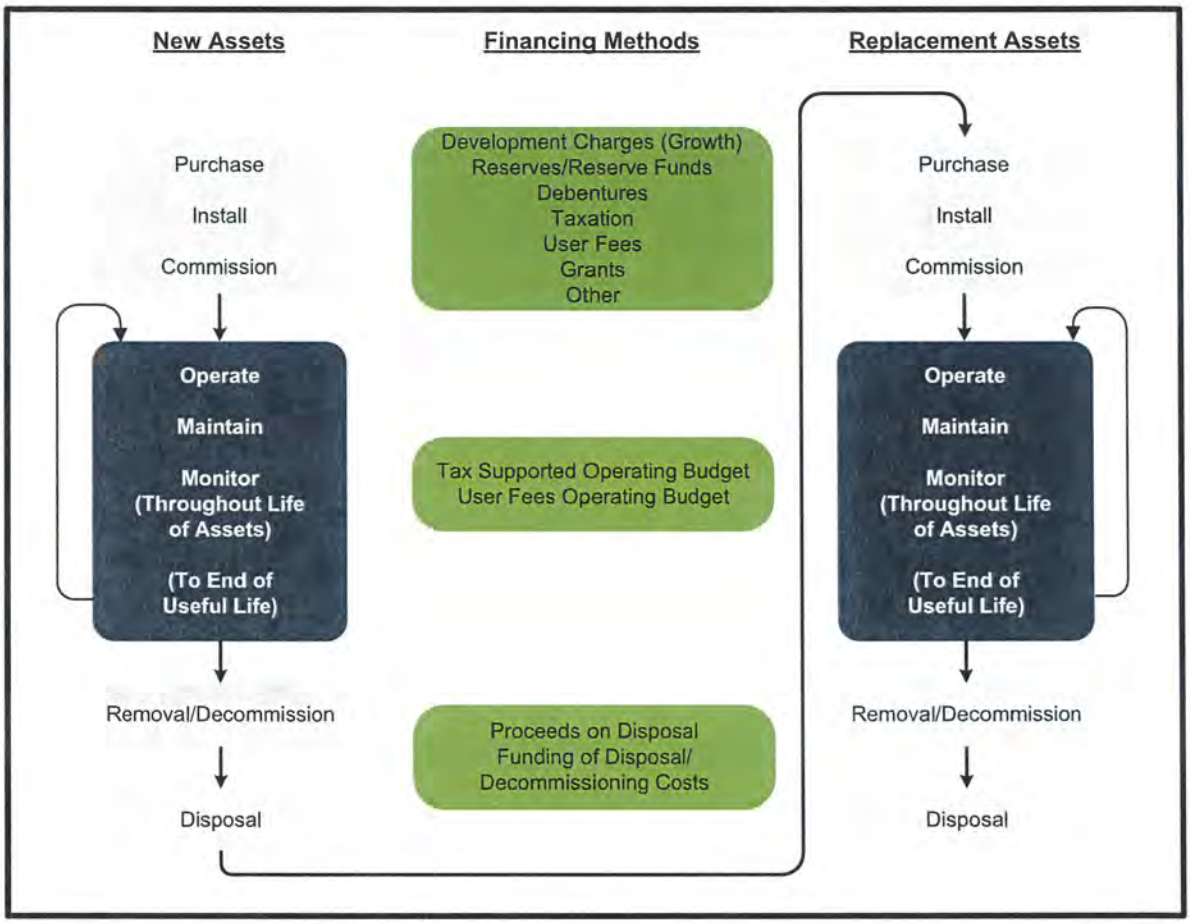
part of the product's selling price and, hence, end-users are charged for the asset's depreciation. The same concept can be applied in a municipal setting to charge existing users for the asset's use and set those funds aside in a reserve to finance the cost of replacing the asset in the future.

Figure 3-2
Financing Lifecycle Costs



3.1.3 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 Depreciation 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 depreciation: the straight-line method and the reducing balance method (shown graphically in Figure 3-3).

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.

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.

The preferred method used herein for forecasting purposes is the sinking fund method of lifecycle costing.

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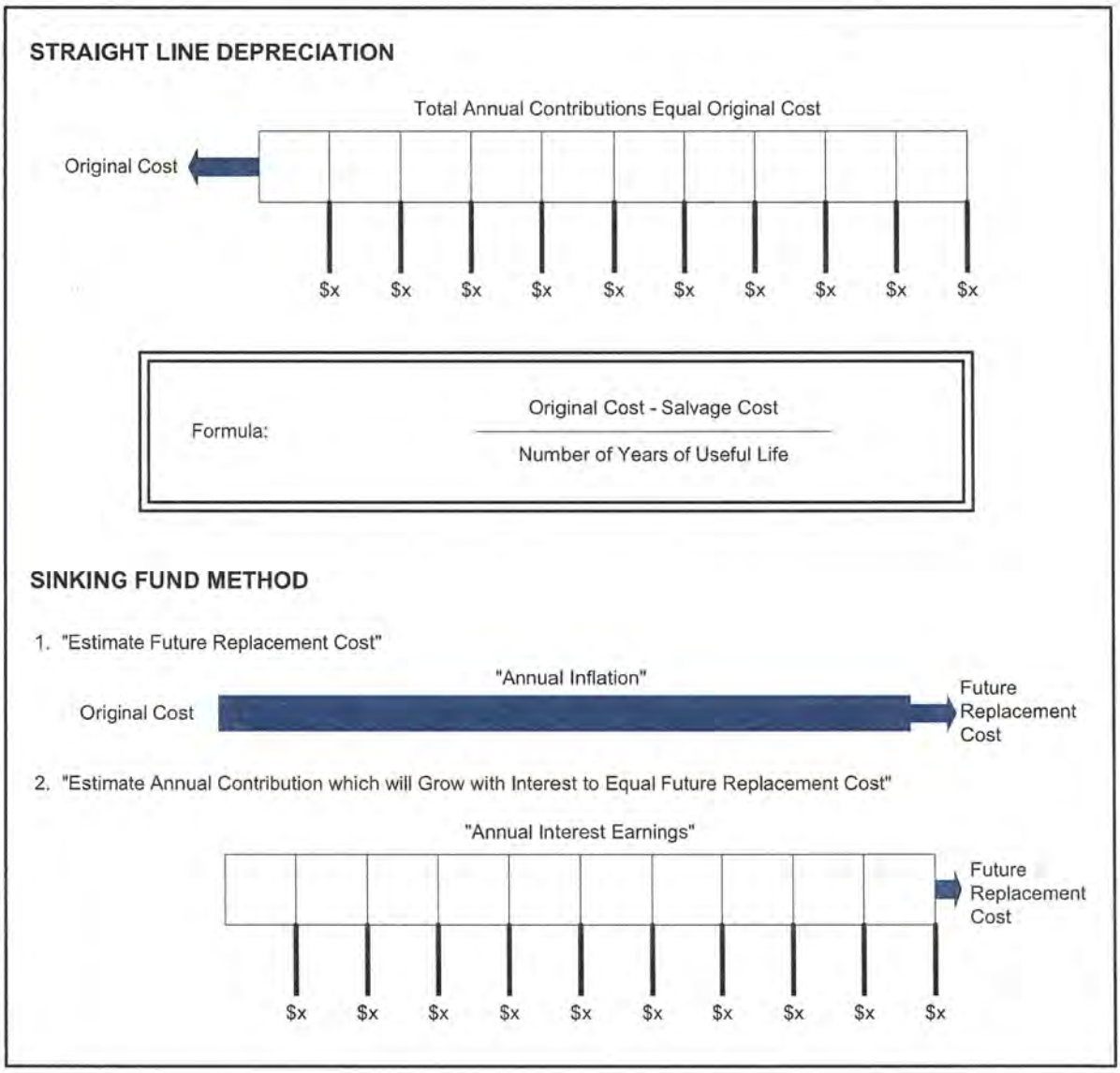
Figure 3-3



3.2 Impact on Budgets

Based on the Township's review of its water and wastewater assets, an annual replacement program has been established to address the aging water and wastewater infrastructure. These amounts are identified through the Township's Asset Management Plan and are included in the capital costs identified in section 2.1.

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Chapter 4
Capital Cost Financing Options

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4. Capital Cost Financing Options

4.1 Summary of Capital Cost Financing Alternatives

Historically, the powers that municipalities had to raise alternative revenues to taxation to fund capital services have been restrictive. Over the past decade, legislative reforms have been introduced. Some of these have expanded municipal powers (e.g. Bill 26 introduced in 1996 to provide for expanded powers for imposing fees and charges), while others appear to restrict them (Bill 98 in 1997 providing amendments to the D.C.A. along with recently proposed changes through Bill 23, *More Homes Built Faster Act*, 2022).

The Province passed a new *Municipal Act* which came into force on January 1, 2003. Part XII of the Act and O. Reg. 584/06 govern a municipality's ability to impose fees and charges. In contrast to the previous *Municipal Act*, this Act provides municipalities with broadly defined powers and does not differentiate between fees for operating and capital purposes. It is anticipated that the powers to recover capital costs under the previous *Municipal Act* will continue within the new Statutes and Regulations, as indicated by s.9(2) and s.452 of the new *Municipal Act*.

Under s.484 of *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*. To this end, on December 20, 2002, O. Reg. 390/02 was filed, which allowed for the *Local Improvement Act* to be deemed to remain in force until April 1, 2003. O. Reg. 119/03 was enacted on April 19, 2003, which restored many of the previous *Local Improvement Act* provisions; however, the authority is now provided under the *Municipal Act*.

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

Recovery Methods	Section Reference
• *Development Charges Act, 1997*	4.2
• *Municipal Act*	4.3
○ Fees and Charges	
○ Sewer and Water Area Charges	
○ Connection Fees	

Recovery Methods	Section Reference
○ Local Improvements	
• Historical Grant Funding Availability	4.4
• Existing Reserves/Reserve Funds	4.5
• Debenture Financing	4.6
• Infrastructure Ontario	4.7

4.2 Development Charges Act, 1997

In November, 1996, the Ontario Government introduced Bill 98, a new *Development Charges Act*. 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. Generally, the Act provided the following changes to the former Act:

- Replace those sections of the 1989 Act that govern municipal development charges;
- Limit services which can be financed from development charges, specifically excluding parkland acquisition, administration buildings, and cultural, entertainment, tourism, solid waste management and hospital facilities;
- Ensure that the level of service used in the calculation of capital costs will not exceed the average level of service over the previous decade. Level of service is to be measured from both a quality and quantity perspective;
- Provide that uncommitted excess capacity available in existing municipal facilities and benefits to existing residents are removed from the calculation of the charge;
- Ensure that the development charge revenues collected by municipalities are spent only on those capital costs identified in the calculation of the development charge;
- Require municipalities to contribute funds (e.g. taxes, user charges or other non-development charge revenues) to the financing of certain projects primarily funded from development charges. The municipal contribution is 10 percent for services such as recreation, parkland development, libraries, etc.;

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- Permit (but apparently not require) municipalities to grant developers credits for the direct provision of services identified in the development charge calculation and, when credits are granted, require the municipality to reimburse the developer for the costs the municipality would have incurred if the project had been financed from the development charge reserve fund;
- Set out provisions for front-end financing capital projects (limited to essential services) required to service new development; and
- Set out provisions for appeals and complaints.

In late 2015, the Province approved amendments to the D.C.A. With respect to water and wastewater, the only changes are for the municipality to provide an asset management calculation for the growth-related works and for the Council to consider (but not necessarily approve) area-specific rates.

Since 2019, a number of further amendments to the D.C.A. have occurred. With respect to water and wastewater, a few changes may impact D.C. revenue collections:

1. Timing of Collection:

    a. D.C. Rate Freeze - For developments proceeding through site plan or zoning by-law amendment, the D.C. rate is frozen at the time the application is submitted. The D.C. remains frozen for eighteen months after the application is approved. Should the D.C. study be updated to increase water and wastewater D.C. rates during this period, the Township would not be able to collect for this increase.

    b. D.C. Installment Payments - For rental housing and institutional development D.C.s are paid over five years. This provides a delay in receipt of D.C. revenues which will need to be cash-flowed by the Township.

2. Mandatory Exemptions:

    a. The ability to add additional units to new and existing homes without incurring D.C. payment.

    b. Developments of land intended for use by a university that receives operating funds from the Government.

c. Affordable/Attainable Housing based on the thresholds set by the Province.

d. Non-Profit housing.

e. Discounts for rental housing (which range from 15% to 25%) depending on the number of bedrooms.

Consideration for these exemptions and discounts should be made during the D.C. study process to ensure all capacity available to growth is allocated appropriately.

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 Land Tribunal (OLT, formerly known as Local Planning Appeal Tribunal (LPAT)).

Section 221 of the previous *Municipal Act* permitted municipalities to impose charges, by by-law, on owners or occupants of land who would or might derive benefit from the construction of sewage (storm and sanitary) or water works being authorized (in a specific benefit area). For a by-law imposed under this section of the previous Act:

- A variety of different means could be used to establish the rate and recovery of the costs and 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 with respect to costs of major capital works, even though an immediate benefit was not enjoyed;

- Non-abutting owners could be charged;
- Recovery was authorized against existing works, where a new water or sewer main 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;
- Repayment was secured; and
- OLT approval was not required.

While under the new *Municipal Act* no provisions are provided specific to the previous s.221, the intent to allow capital cost recovery through fees and charges is embraced within s.391. The new *Municipal Act* also maintains the ability of municipalities to impose capital charges for water and sewer services on landowners not receiving an immediate benefit from the works. Under s.391(2) of the Act, "a fee or charge imposed under subsection (1) for capital costs related to sewage or water services or activities may be imposed on persons not receiving an immediate benefit from the services or activities but who will receive a benefit at some later point in time." Also, capital charges imposed under s.391 are not appealable to the OLT on the grounds that the charges are "unfair or unjust."

Section 222 of the previous *Municipal Act* permitted municipalities to pass a by-law requiring buildings to connect to the municipality's sewer and water systems, charging the owner for the cost of constructing services from the mains to the property line. Under the new *Municipal Act*, this power still exists under Part II, General Municipal Powers (s.9 (3) b of the *Municipal Act*). Enforcement and penalties for this use of power are contained in s.427 (1) of the *Municipal Act*.

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 OLT, 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 metre of frontage; and
- As noted, this Act was repealed as of April 1, 2003; however, O. 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*.

4.4 Grant Funding Availability

Federal Infrastructure Funding

Phase 1 (April 1, 2016 to March 31, 2018)

Funding was provided by the Government of Canada to expressly help municipalities with repair and rehabilitation projects. Funding was mainly provided through the Clean Water and Wastewater Fund (C.W.W.F.) and Public Transit Infrastructure Fund (P.T.I.F.) in Federal Phase 1 projects. The C.W.W.F. was announced in Ontario on September 15, 2016. The Fund is $1.1 billion for water, wastewater, and storm water systems in Ontario. The federal government provided $569 million and Ontario and municipal governments provided $275 million each.

Over 1,300 water, wastewater, and storm water projects have been approved in Ontario through the C.W.W.F. In Ontario, P.T.I.F. accounted for nearly $1.5 billion of the national total of $3.4 billion. The program was allocated by ridership numbers from the Canadian Urban Transit Association. The Association of Municipalities of Ontario (A.M.O.) understands that $1 billion of Ontario's share has been approved.

Phase 2: Next Steps

The federal government announced Phase 2 of its infrastructure funding plan with a total of $180 billion spent over 11 years. In addition to the balance of funding for previous green, social, and public transit infrastructure funds ($20 billion each, including Phase 1), the government has added $10.1 billion for trade and transportation infrastructure and $2 billion for rural and northern communities. This funding must be implemented by agreements with each Province and Territory.

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In Phase 2, Ontario will be eligible for $11.8 billion including $8.3 billion for transit, $2.8 billion for green infrastructure, $407 million for community, culture and recreation and $250 million for rural and northern communities.

Federal Gas Tax

The federal Gas Tax is a permanent source of funding provided up front, twice-a-year, to Provinces and Territories, who in turn flow this funding to their municipalities to support local infrastructure priorities. Municipalities can pool, bank and borrow against this funding, providing significant financial flexibility. Every year, the federal Gas Tax provides over $2 billion and supports approximately 2,500 projects in communities across Canada. Each municipality selects how best to direct the funds with the flexibility provided to make strategic investments across 18 different project categories, which include other water and wastewater servicing.

Ontario Government

The Province has taken steps to increase municipal infrastructure funding. The Ontario Community Infrastructure Fund (O.C.I.F.) was increased in 2016 with formula-based support growing to $200 million, and application funding growing to $100 million annually. As well, $15 million annually will go to the new Connecting Links program to help pay for the construction and repair costs of municipal roads that connect communities to provincial highways. This is on top of the Building Ontario Up investment of $130 billion in public infrastructure over 10 years starting in 2015.

Housing-Enabling Water Systems Fund

In Ontario's 2023 Fall Economic Statement, the Province announced the Housing-Enabling Water Systems Fund (H.E.W.S.F.), which aims to invests a total of $200 million over three years towards the repair, rehabilitation, and expansion of core water, wastewater, and stormwater infrastructure to promote growth and enable new housing development. The H.E.W.S.F. is a competitive application-based funding program and the program guidelines were release on January 29, 2024.

Eligible Asset types include:

- Drinking water assets (e.g., treatment plants, reservoirs, local pipes including the distribution system watermain and the municipal portion of service lines, pump stations)
- Wastewater assets (e.g., lagoon systems, pump stations, lift station, linear assets, treatment plants, storage tanks and collection systems)
- Stormwater assets (e.g., management facilities, linear assets including conveyance piping/ditches/culverts)

The first round of funding initially started with $200 million and subsequently increased to $825 million, with an application deadline of April 19, 2024. Under the first intake, the Province announced that the H.E.W.S.F. was allocated to 54 infrastructure projects across 60 municipalities that will help enable the construction of more than 500,000 new homes across Ontario.

Given the high demand for this program, the Province announced a second round of funding with an additional $250 million. The application deadline for this round was November 1, 2024.

Grant Funding

For this study process, grant funding has not been identified. However, if the status of the grant funding changes, the rate study may need to be amended to reflect the appropriate funding sources.

4.5 Existing Reserves/Reserve Funds

The Township has established reserves and reserve funds for water and wastewater. The estimated balances to the end of December 31, 2024 are presented in Table 4-1:

Table 4-1
Water and Wastewater Reserves and Reserve Funds
Estimated as of December 31, 2024

Reserve	Dec. 31 2024
Water	
Capital Reserve	5,680,537
Development Charges Reserve Fund	2,641,502
Wastewater	
Capital Reserve	1,979,134
Development Charges Reserve Fund	6,781,411

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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 Regulation 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 purpose revenue may be allotted for servicing the debt (i.e. debt charges). The Township of Essa's calculation on Debt Capacity is shown on Schedule 81 of the Township's most recent Financial Information Return (F.I.R.). This calculates to the Township's estimated annual repayment limit of approximately $5.05 million. Based upon 20-year financing at an assumed rate of 4.5%, the available debt for the Township is approximately $65.72 million. Based on the calculations provided herein, it is assumed that the Township will require approximately $23 million of growth-related debt to finance D.C. related capital projects over the forecast period.

4.7 Infrastructure Ontario

Infrastructure Ontario (I.O.) is an arms-length crown corporation, which has been set up as a tool to offer low-cost and longer-term financing to assist municipalities in renewing their infrastructure (this corporation has merged the former O.S.I.F.A. into its operations). I.O. combines the infrastructure renewal needs of municipalities into an infrastructure investment "pool." I.O. will raise investment capital to finance loans to the public sector by selling a new investment product called Infrastructure Renewal Bonds to individual and institutional investors.

I.O. provides access to infrastructure capital that would not otherwise be available to smaller borrowers. Larger borrowers receive a longer term on their loans than they could obtain in the financial markets, and can also benefit from significant savings on transaction costs such as legal costs and underwriting commissions. Under the I.O. approach, all borrowers receive the same low interest rate. I.O. will enter into a

financial agreement with each municipality subject to technical and credit reviews, for a loan up to the maximum amount of the loan request.

The first round of the former O.S.I.F.A.'s 2004/2005 infrastructure renewal program was focused on municipal priorities of clean water infrastructure, sewage treatment facilities, municipal roads and bridges, public transit and waste management infrastructure. The focus of the program was expanded in 2005/2006 somewhat to include:

- clean water infrastructure;
- sewage infrastructure;
- waste management infrastructure;
- municipal roads and bridges;
- public transit;
- municipal long-term care homes;
- renewal of municipal social housing and culture; and
- tourism and recreation infrastructure.

With the merging of O.S.I.F.A. and I.O., the program was broadened in late 2006 to also include municipal administrative buildings, local police and fire stations, emergency vehicles and equipment, ferries, docks and municipal airports.

To be eligible to receive these loans, municipalities must submit a formal application along with pertinent financial information. Allotments are prioritized and distributed based upon the Province's assessment of need.

4.8 Recommended Capital Financing Approach

Of the various funding alternatives provided in this section, the following are recommended for further consideration by the Township for the capital expenditures (inflated) provided in Chapter 2:

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Table 4-2
Township of Essa
Capital Forecasting Financing Sources
Inflated $

Description	Water	[illegible]
Capital Financing		
Development Charges Transfer To Capital	6,035,000	11,000,000
Growth Related Debenture Requirements	15,612,000	7,821,000
Reserve Fund Transfer to Capital	18,981,750	28,284,850
Total Capital Financing	**40,628,750**	**47,105,850**

Tables 4-3 and 4-4 provide for the full capital expenditure and funding program by year for water and wastewater, respectively.

Table 4-3
Township of Essa
Capital Budget Forecast – Water (inflated $)

Description	Budget	Total	Forecast									
	2025		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Capital Expenditures												
Rate Study	17,500	46,000	-	-	-	-	21,000	-	-	-	-	25,000
Angus Mill Street DWS			-	-	-	-	-	-	-	-	-	-
Diesel Generator Repairs and Load Testing	5,000	61,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000	7,000	7,000	7,000
Annual TSSA Inspections of Diesel Fuel Tanks and Generators as Requested by MECP	2,000	24,000	2,000	2,000	2,000	2,000	2,000	2,000	3,000	3,000	3,000	3,000
Chemical System Rebuild Kits (Silicate Pumps, Chlorine Pumps, Analzyer Probes and Membrane Caps)	4,500	55,000	5,000	5,000	5,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000
PLC Upgrades Mill St, McGeorge, Brownley	220,000	-	-	-	-	-	-	-	-	-	-	-
Mill Street Reservoir Cleaning	20,000	-	-	-	-	-	-	-	-	-	-	-
Well#1 Downwell Inspection and Flow Test and Cleaning	-	27,000	-	27,000	-	-	-	-	-	-	-	-
Angus Brownley DWS			-	-	-	-	-	-	-	-	-	-
Diesel Generator Repairs and Load Testing	5,000	61,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000	7,000	7,000	7,000
Annual TSSA Inspections of Diesel Fuel Tanks and Generators as Requested by MECP	2,000	24,000	2,000	2,000	2,000	2,000	2,000	2,000	3,000	3,000	3,000	3,000
Chemical System Rebuild Kits (Silicate Pumps, Chlorine Pumps, Analzyer Probes and Membrane Caps)	4,500	55,000	5,000	5,000	5,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000
Angus McGeorge DWS			-	-	-	-	-	-	-	-	-	-
Diesel Generator Repairs and Load Testing	5,000	61,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000	7,000	7,000	7,000
Annual TSSA Inspections of Diesel Fuel Tanks and Generators as Requested by MECP	2,000	24,000	2,000	2,000	2,000	2,000	2,000	2,000	3,000	3,000	3,000	3,000
Chemical System Rebuild Kits (Silicate Pumps, Chlorine Pumps, Analzyer Probes and Membrane Caps)	4,500	55,000	5,000	5,000	5,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000
New Generator	50,000	207,000	207,000	-	-	-	-	-	-	-	-	-
New Chlorine Tranfer Pump	5,500	-	-	-	-	-	-	-	-	-	-	-
Well #1 & Well #2 Downwell Inspections, Flow Tests and Cleaning	-	27,000	-	27,000	-	-	-	-	-	-	-	-
Baxter DWS	-	-	-	-	-	-	-	-	-	-	-	-
Chemical System Rebuild Kits (Silicate Pumps, Chlorine Pumps, Analzyer Probes and Membrane Caps)	4,500	55,000	5,000	5,000	5,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000
Diesel Generator Repairs and Load Testing	5,000	61,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000	7,000	7,000	7,000

Table 4-3
Township of Essa
Capital Budget Forecast – Water (inflated $) Continued

Description	Budget 2025	Total	Forecast 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Thornton DWS			-	-	-	-	-	-	-	-	-	-
Chemical System Rebuild Kits (Silicate Pumps, Chlorine Pumps, Analzyer Probes and Membrane Caps)	4,500	55,000	5,000	5,000	5,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000
Flow Meter and Surronding Pipework Replacement	35,000	-	-	-	-	-	-	-	-	-	-	-
Diesel Generator Repairs and Load Testing	5,000	61,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000	7,000	7,000	7,000
Water Storage Tower Inspections (3rd Party recommended Greatario)	-	11,000	-	-	11,000	-	-	-	-	-	-	-
Essa Water Distribution System			-	-	-	-	-	-	-	-	-	-
Hydrant Painting	5,000	61,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000	7,000	7,000	7,000
Swabbing(5 - 8 kms)	35,000	425,000	36,000	37,000	39,000	40,000	42,000	43,000	45,000	46,000	48,000	49,000
Fire Hydrant Replacements	40,000	486,000	41,000	43,000	44,000	46,000	48,000	49,000	51,000	53,000	55,000	56,000
Main Valve Repairs/Service Repairs/Hydrant Repairs	45,000	545,000	47,000	48,000	50,000	52,000	53,000	55,000	57,000	59,000	61,000	63,000
General			-	-	-	-	-	-	-	-	-	-
Unplanned/Emergency Essa Water Distribution Repairs	40,000	305,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000	34,000	35,000
Unplanned/Emergency Drinking Water System Repairs	25,000	305,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000	34,000	35,000
Building Maintenance for Mill, McGeorge, Brownley, Baxter, and Thornton)(heaters, soffits, doors, locks etc.)	10,000	121,000	10,000	11,000	11,000	11,000	12,000	12,000	13,000	13,000	14,000	14,000
Permit to Take Water (PTTW) renewal Thornton	750	-	-	-	-	-	-	-	-	-	-	-
DWQMS Audits (2025) Reaccreditation Year	3,500	26,000	2,000	2,000	4,000	2,000	2,000	2,000	3,000	3,000	3,000	3,000
Lifecycle:			-	-	-	-	-	-	-	-	-	-
Water AMP lifecycle annual replacement	-	15,132,000	1,290,000	1,335,000	1,382,000	1,430,000	1,480,000	1,532,000	1,586,000	1,641,000	1,698,000	1,758,000
Growth Related:		-	-	-	-	-	-	-	-	-	-	-
Increase PTTW and Existing Well Capacity	-	4,490,000	-	428,000	1,996,000	2,066,000	-	-	-	-	-	-
New Water Storage Tanks (3) (Southwest, Northwest, and Northeast)	-	11,224,000	-	1,071,000	4,989,000	5,164,000	-	-	-	-	-	-
Water Distribution Network Expansion (Linear Infrasructure)	-	5,613,000	-	536,000	2,495,000	2,582,000	-	-	-	-	-	-
Mill Street Wellfield Investigation	320,000	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	**925,750**	**39,703,000**	**1,746,000**	**3,680,000**	**11,144,000**	**11,518,000**	**1,785,000**	**1,827,000**	**1,894,000**	**1,962,000**	**2,028,000**	**2,119,000**
Capital Financing												
Development Charges Reserve Fund	-	6,035,000	-	2,035,000	4,000,000	-	-	-	-	-	-	-
Growth Related Debenture Requirements	320,000	15,292,000	-	-	5,480,000	9,812,000	-	-	-	-	-	-
Water Reserve	605,750	18,376,000	1,746,000	1,645,000	1,664,000	1,706,000	1,785,000	1,827,000	1,894,000	1,962,000	2,028,000	2,119,000
Total Capital Financing	**925,750**	**39,703,000**	**1,746,000**	**3,680,000**	**11,144,000**	**11,518,000**	**1,785,000**	**1,827,000**	**1,894,000**	**1,962,000**	**2,028,000**	**2,119,000**

Table 4-4
Township of Essa
Capital Budget Forecast – Wastewater (inflated $)

Description	Budget 2025	Total	Forecast 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Capital Expenditures												
Rate Study	17,500	46,000	-	-	-	-	21,000	-	-	-	-	25,000
Angus Wastewater Treatment Facility	-	-	-	-	-	-	-	-	-	-	-	-
Diesel Generator Repairs, Inspections and Annual Load Testing (3 Generators)	8,000	98,000	8,000	9,000	9,000	9,000	10,000	10,000	10,000	11,000	11,000	11,000
General Building Maintenance(HVAC service, cleaning etc..)	20,000	242,000	21,000	21,000	22,000	23,000	24,000	25,000	25,000	26,000	27,000	28,000
Vac Truck for Clarifier Cleanings (3 to 4 times per year)	15,000	182,000	16,000	16,000	17,000	17,000	18,000	18,000	19,000	20,000	20,000	21,000
Snow Plowing and Grass Cutting	23,000	278,000	24,000	25,000	26,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000
General Pump and Piping Replacement	30,000	364,000	31,000	32,000	33,000	34,000	36,000	37,000	38,000	40,000	41,000	42,000
Bio Solids Hauling	150,000	1,821,000	155,000	161,000	166,000	172,000	178,000	184,000	191,000	198,000	204,000	212,000
Disc Filter Cloths	7,000	85,000	7,000	7,000	8,000	8,000	8,000	9,000	9,000	9,000	10,000	10,000
Clarifier Brushes	45,000	-	-	-	-	-	-	-	-	-	-	-
Rebuild Sludge Recirculating Pumps(Sludge Storage Tower pumps)	40,000	-	-	-	-	-	-	-	-	-	-	-
Rebuild Reject Pumps	-	17,000	-	-	17,000	-	-	-	-	-	-	-
Blower Rebuilds of Motors, Piping and Compressors	20,000	242,000	21,000	21,000	22,000	23,000	24,000	25,000	25,000	26,000	27,000	28,000
UV Ballasts Rebuilds	10,000	121,000	10,000	11,000	11,000	11,000	12,000	12,000	13,000	13,000	14,000	14,000
Egger Iris Valves Installation	100,000	-	-	-	-	-	-	-	-	-	-	-
SCADA Upgrades	20,000	242,000	21,000	21,000	22,000	23,000	24,000	25,000	25,000	26,000	27,000	28,000
New Auto Sampler	9,000	-	-	-	-	-	-	-	-	-	-	-
Rebuild Clarifier #1	40,000	-	-	-	-	-	-	-	-	-	-	-
Aeration Tank #2 Rebuild	25,000	-	-	-	-	-	-	-	-	-	-	-
Angus Wastewater Collection	-	-	-	-	-	-	-	-	-	-	-	-
Pump Station Cleanings	35,000	425,000	36,000	37,000	39,000	40,000	42,000	43,000	45,000	46,000	48,000	49,000
Vac Trucks for Sewer Back Ups and Clogs	10,000	121,000	10,000	11,000	11,000	11,000	12,000	12,000	13,000	13,000	14,000	14,000
Sewer Flushing and CCTV (approximately 4k/km.)	35,000	425,000	36,000	37,000	39,000	40,000	42,000	43,000	45,000	46,000	48,000	49,000
Sewer Repairs	20,000	242,000	21,000	21,000	22,000	23,000	24,000	25,000	25,000	26,000	27,000	28,000
Storm Water Pump Station #4 Pump Rebuilds	-	9,000	-	9,000	-	-	-	-	-	-	-	-
Pump Station #1 Upgrades & Bar Screen Upgrade	-	469,000	41,000	428,000	-	-	-	-	-	-	-	-
General	-	-	-	-	-	-	-	-	-	-	-	-
Unplanned/Emergency Angus WWTP Repairs	35,000	425,000	36,000	37,000	39,000	40,000	42,000	43,000	45,000	46,000	48,000	49,000
Unplanned/Emergency Angus Wastewater Collection System Repairs	35,000	425,000	36,000	37,000	39,000	40,000	42,000	43,000	45,000	46,000	48,000	49,000
Seacan for Storage at Angus WWTP	5,000	-	-	-	-	-	-	-	-	-	-	-
MDWL/DWWP Renewal Angus, Thornton, Baxter.	1,350	-	-	-	-	-	-	-	-	-	-	-
Lifecycle:		-	-	-	-	-	-	-	-	-	-	-
Wastewater AMP lifecycle annual replacement	-	21,250,000	1,811,000	1,875,000	1,940,000	2,008,000	2,079,000	2,151,000	2,227,000	2,305,000	2,385,000	2,469,000
Growth Related:		-	-	-	-	-	-	-	-	-	-	-
Expand Existing Wastewater Treatment Plant	-	11,786,000	-	1,125,000	5,239,000	5,422,000	-	-	-	-	-	-
Area 1 Sanitary Collection Upgrades	-	2,245,000	-	214,000	998,000	1,033,000	-	-	-	-	-	-
Area 2 Sanitary Collection Upgrades	-	4,490,000	-	428,000	1,996,000	2,066,000	-	-	-	-	-	-
Angus Wastewater EA	300,000	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	**1,055,850**	**46,050,000**	**2,341,000**	**4,583,000**	**10,715,000**	**11,069,000**	**2,665,000**	**2,733,000**	**2,829,000**	**2,927,000**	**3,030,000**	**3,158,000**
Capital Financing												
Development Charges Reserve Fund	-	11,000,000	-	1,767,000	8,233,000	1,000,000	-	-	-	-	-	-
Growth Related Debenture Requirements	300,000	7,521,000	-	-	-	7,521,000	-	-	-	-	-	-
Wastewater Reserve	755,850	27,529,000	2,341,000	2,816,000	2,482,000	2,548,000	2,665,000	2,733,000	2,829,000	2,927,000	3,030,000	3,158,000
Total Capital Financing	**1,055,850**	**46,050,000**	**2,341,000**	**4,583,000**	**10,715,000**	**11,069,000**	**2,665,000**	**2,733,000**	**2,829,000**	**2,927,000**	**3,030,000**	**3,158,000**

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Chapter 5
Overview of Expenditures and Revenues

5. Overview of Expenditures and Revenues

5.1 Water Operating Expenditures

In this report, the forecast water budget figures (2025 to 2035) are based on the 2025 operating budgets. The costs for each component of the operating budget have been reviewed with staff to establish forecast inflationary adjustments. Utilities and chemicals are assumed to increase at 5% per year, while all other operating expenditures have been assumed to increase at 3.5% per year.

In addition, existing debenture payments and contributions to the water reserve funds have been included. The water reserve fund transfers are used to fund the water capital program identified in Chapter 2, as well as build-up the reserve balance for future lifecycle requirements.

5.2 Water Operating Revenues

The Township has base charges and miscellaneous revenue sources to help contribute towards operating expenditures. These miscellaneous revenues, include items such as service connections, permits, penalties, etc. Miscellaneous revenues have been assumed to remain constant.

The water base charges are further discussed in section 6.5 of this study.

Note that the operating revenue presented herein represents the fixed component of the total operating revenue. The shortfall of the fixed revenue from the operating expenditures is what is used to calculate the recovery from the water volume rates, which is presented in Chapter 7. Table 5-1 provides for the water operating budget for the Township.

Table 5-1
Township of Essa
Operating Budget Forecast – Water (inflated $)

Description	Budget 2025	Forecast 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Expenditures											
Operating Costs											
Administration											
6000 - Salaries/Wages	127,981	132,500	137,100	141,900	146,900	152,000	157,300	162,800	168,500	174,400	180,500
6012 - Wages & Benefits Transfer	6,110	6,300	6,500	6,700	6,900	7,100	7,300	7,600	7,900	8,200	8,500
6020 - Employee Benefits Full Time	7,232	7,500	7,800	8,100	8,400	8,700	9,000	9,300	9,600	9,900	10,200
6026 - Extended Health Benefits	14,413	14,900	15,400	15,900	16,500	17,100	17,700	18,300	18,900	19,600	20,300
6030 - Employee Health Tax	2,339	2,400	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300
6031 - Employee Assistance Plan	76	100	100	100	100	100	100	100	100	100	100
6032 - OMERS	12,093	12,500	12,900	13,400	13,900	14,400	14,900	15,400	15,900	16,500	17,100
6033 - WSIB	3,272	3,400	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300
6035 - Mileage	1,500	1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,500
6050 - Office Supplies	10,200	10,600	11,000	11,400	11,800	12,200	12,600	13,000	13,500	14,000	14,500
6052 - Postage	16,993	17,600	18,200	18,800	19,500	20,200	20,900	21,600	22,400	23,200	24,000
6062 - Advertising	1,500	1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,500
6063 - Insurance	8,052	8,300	8,600	8,900	9,200	9,500	9,800	10,100	10,500	10,900	11,300
6275 - Snow Removal	5,671	5,900	6,100	6,300	6,500	6,700	6,900	7,100	7,300	7,600	7,900
6283 - OCWA Operating Budget	654,000	676,900	700,600	725,100	750,500	776,800	804,000	832,100	861,200	891,300	922,500
Operations											
6054 - Telephone Communications	7,344	7,600	7,900	8,200	8,500	8,800	9,100	9,400	9,700	10,000	10,400
6055 - Hydro	147,737	155,100	162,900	171,000	179,600	188,600	198,000	207,900	218,300	229,200	240,700
6072 - Software Maintenance	40,000	41,400	42,800	44,300	45,900	47,500	49,200	50,900	52,700	54,500	56,400
6081 - Other Write-offs	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,500	4,700
Misc Works - from Capital	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
6350 - Meter Reads	6,500	6,700	6,900	7,100	7,300	7,600	7,900	8,200	8,500	8,800	9,100
6355 - Pipeline Consumption	35,700	36,900	38,200	39,500	40,900	42,300	43,800	45,300	46,900	48,500	50,200
Sub Total Operating	1,162,213	1,203,400	1,246,100	1,290,300	1,336,500	1,384,200	1,433,600	1,484,700	1,538,000	1,593,400	1,651,000
Capital-Related											
New Growth Related Debt (Principal)		-	-	-	175,047	496,314	518,549	541,780	566,052	591,411	617,906
New Growth Related Debt (Interest)		-	-	-	245,504	677,239	655,005	631,774	607,502	582,143	555,648
Transfer to Capital Reserve	1,204,958	1,299,378	1,403,996	1,509,767	1,619,135	1,732,770	1,726,417	1,862,015	2,003,136	2,167,259	2,337,791
Sub Total Capital Related	1,204,958	1,299,378	1,403,996	1,509,767	2,039,687	2,906,324	2,899,971	3,035,569	3,176,689	3,340,813	3,511,344
Total Expenditures	2,367,171	2,502,778	2,650,096	2,800,067	3,376,187	4,290,524	4,333,571	4,520,269	4,714,689	4,934,213	5,162,344
Revenues											
Base Charge	346,028	369,478	393,375	418,213	444,567	472,524	502,348	533,446	566,598	602,508	640,684
4702 - Penalties & Interest	20,934	20,900	20,900	20,900	20,900	20,900	20,900	20,900	20,900	20,900	20,900
4707 - Miscellaneous Revenue	15,300	15,300	15,300	15,300	15,300	15,300	15,300	15,300	15,300	15,300	15,300
4862 - Water Permit	4,080	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
4863 - Final Water Reading Certificat	1,020	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
4865 - Connection Fees	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Revenues from Planning for Internal loan	148,564	146,866	145,138	143,410	141,683	139,955					
Contributions from Development Charges Reserve Fund		-	-	-	420,551	1,173,554	1,173,554	1,173,554	1,173,554	1,173,554	1,173,554
Total Operating Revenue	545,926	567,644	589,813	612,923	1,058,101	1,837,333	1,727,201	1,758,300	1,791,451	1,827,362	1,865,538
Water Billing Recovery - Total	1,821,246	1,935,134	2,060,283	2,187,143	2,318,085	2,453,191	2,606,370	2,761,969	2,923,238	3,106,851	3,296,807

5.3 Wastewater Operating Expenditures

Similar to water expenditures, the wastewater operating expenditures have been adjusted over the forecast period to reflect the current inflationary pressures in Ontario. Utilities and chemicals are assumed to increase at 5% per year, while all other operating expenditures have been assumed to increase at 3.5% per year

In addition, existing debt payments and contributions to the wastewater reserve funds have been included. The wastewater reserve fund transfers are used to fund the wastewater capital program identified in Chapter 2, as well as build-up the reserve balance for future lifecycle requirements.

5.4 Wastewater Operating Revenues

The Township's fixed revenue sources are generated primarily from base charges and miscellaneous sources, which includes connection fees, permits, and penalties. Similar to water, miscellaneous revenues have been assumed to remain constant over the forecast period.

The wastewater base charges are further discussed in section 6.5 of this study.

As noted in the section above, the operating revenue presented herein represents the fixed component of the total operating revenue. The shortfall of the fixed revenue from the operating expenditures is what is used to calculate the recovery from the wastewater volume rates, which is presented in Chapter 7. Table 5-2 provides for the wastewater operating budget for the Township.

Table 5-2
Township of Essa
Operating Budget Forecast – Wastewater (inflated $)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Expenditures											
Operating Costs											
Adminstration											
6000 - Salaries/Wages	40,362	41,800	43,300	44,800	46,400	48,000	49,700	51,400	53,200	55,100	57,000
6002 - Salaries/Wages Part Time	15,300	15,800	16,400	17,000	17,600	18,200	18,800	19,500	20,200	20,900	21,600
6012 - Wages & Benefits Transfer	6,109	6,300	6,500	6,700	6,900	7,100	7,300	7,600	7,900	8,200	8,500
6020 - Employee Benefits Full Time	2,149	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000	3,100
6026 - Extended Health Benefits	4,492	4,600	4,800	5,000	5,200	5,400	5,600	5,800	6,000	6,200	6,400
6030 - Employee Health Tax	738	800	800	800	800	800	800	800	800	800	800
6031 - Employee Assistance Plan	24	-	-	-	-	-	-	-	-	-	-
6032 - OMERS	3,940	4,100	4,200	4,300	4,500	4,700	4,900	5,100	5,300	5,500	5,700
6033 - WSIB	923	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
6283 - OCWA Operating Budget	578,500	598,700	619,700	641,400	663,800	687,000	711,000	735,900	761,700	788,400	816,000
Operations	166,464	172,300	178,300	184,500	191,000	197,700	204,600	211,800	219,200	226,900	234,800
6056 - Heat	6,000	6,300	6,600	6,900	7,200	7,600	8,000	8,400	8,800	9,200	9,700
6072 - Software Maintenance	40,000	40,800	41,600	42,400	43,200	44,100	45,000	45,900	46,800	47,700	48,700
6081 - Other Write-offs	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,500	4,700
Sub Total Operating	**868,501**	**898,300**	**929,200**	**961,000**	**994,000**	**1,028,200**	**1,063,500**	**1,100,200**	**1,138,100**	**1,177,400**	**1,218,000**
Capital-Related											
New Growth Related Debt (Principal)		-	-	-	-	240,243	251,006	262,251	274,000	286,275	299,100
New Growth Related Debt (Interest)		-	-	-	-	336,941	326,178	314,933	303,184	290,909	278,084
Existing Debt (Principal) - Non-Growth Related	258,240	270,731	283,827	297,556	311,949	327,039	169,405	-	-	-	-
Existing Debt (Interest) - Non-Growth Related	88,667	76,175	63,080	49,351	34,957	19,868	8,003	-	-	-	-
Transfer to Capital Reserve	1,734,630	1,889,303	2,058,692	2,230,706	2,409,055	2,593,966	2,974,267	3,366,007	3,589,556	3,845,720	4,112,198
Sub Total Capital Related	**2,081,536**	**2,236,209**	**2,405,598**	**2,577,613**	**2,755,961**	**3,518,057**	**3,728,859**	**3,943,191**	**4,166,740**	**4,422,904**	**4,689,382**
Total Expenditures	**2,950,037**	**3,134,509**	**3,334,798**	**3,538,613**	**3,749,961**	**4,546,257**	**4,792,359**	**5,043,391**	**5,304,840**	**5,600,304**	**5,907,382**
Revenues											
Base Charge	417,121	446,903	477,207	508,703	542,170	577,724	615,721	655,349	697,665	743,627	792,557
Other Revenue											
4702 - Penalties & Interest	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
4861 - Sewer Permit	5,620	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600
4865 - Connection Fees	36,312	36,300	36,300	36,300	36,300	36,300	36,300	36,300	36,300	36,300	36,300
Contributions from Development Charges Reserve Fund	-	-	-	-	-	577,184	577,184	577,184	577,184	577,184	577,184
Total Operating Revenue	**481,053**	**510,803**	**541,107**	**572,603**	**606,070**	**1,218,808**	**1,256,805**	**1,296,433**	**1,338,749**	**1,384,711**	**1,433,641**
Wastewater Billing Recovery - Total	**2,468,984**	**2,623,706**	**2,793,692**	**2,966,010**	**3,143,891**	**3,327,448**	**3,535,554**	**3,746,958**	**3,966,091**	**4,215,594**	**4,473,741**

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Chapter 6
Pricing Structures

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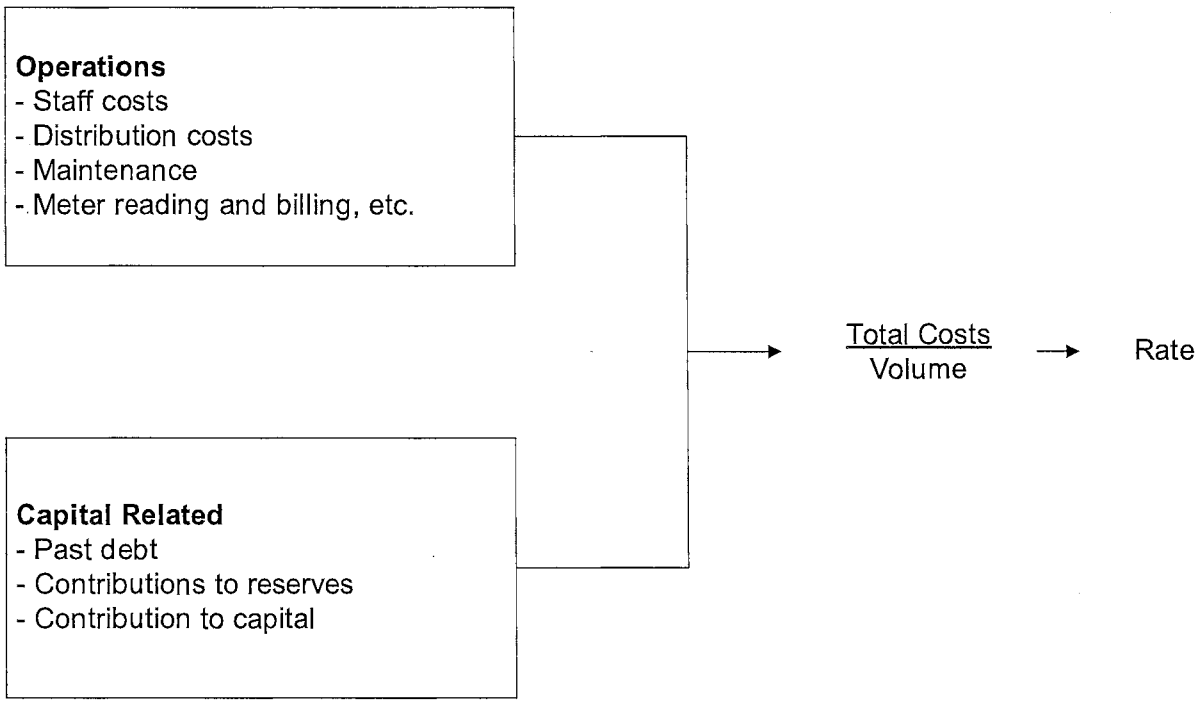
6. Pricing Structures

6.1 Introduction

Rates, in their simplest form, can be defined as total costs to maintain the utility function divided by the total expected volume to be generated for the period. Total costs are usually a combination of operating costs (e.g. staff costs, distribution costs, maintenance, administration, etc.) and capital-related costs (e.g. past debt to finance capital projects, transfers to reserves to finance future expenditures, etc.). The schematic below provides a simplified illustration of the rate calculation for water.

"Annual Costs"



These operating and capital expenditures will vary over time. Examples of factors that will affect the expenditures over time are provided below.

Operations

- Inflation;

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- Increased maintenance as system ages; and
- Changes to provincial legislation.

Capital Related

- New capital will be built as areas expand;
- Replacement capital needed as system ages; and
- Financing of capital costs are a function of policy regarding reserves and direct financing from rates (pay as you go), debt and user pay methods (development charges, *Municipal Act*).

6.2 Alternative Pricing Structures

Throughout Ontario, and as well, Canada, the use of pricing mechanisms varies between municipalities. The use of a particular form of pricing depends upon numerous factors, including Council preference, administrative structure, surplus/deficit system capacities, economic/demographic conditions, to name a few.

Municipalities within Ontario have two basic forms of collecting revenues for water purposes, those being through incorporation of the costs within the tax rate charged on property assessment and/or through the establishment of a specific water rate billed to the customer. Within the rate methods, there are five basic rate structures employed along with other variations:

- Flat Rate (non-metered customers);
- Constant Rate;
- Declining Block Rate;
- Increasing (or Inverted) Block Rate;
- Hump Back Block Rate; and
- Base Charges.

The definitions and general application of the various methods are as follows:

Property Assessment: This method incorporates the total costs of providing water into the general requisition or the assessment base of the municipality. This form of collection is a "wealth tax," as payment increases directly with the value of property owned and bears no necessary relationship to actual consumption. This form is easy to

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administer as the costs to be recovered are incorporated in the calculation for all general services, normally collected through property taxes.

Flat Rate: This rate is a constant charge applicable to all customers served. The charge is calculated by dividing the total number of user households and other entities (e.g. businesses) into the costs to be recovered. This method does not recognize differences in actual consumption but provides for a uniform spreading of costs across all users. Some municipalities define users into different classes of similar consumption patterns, that is, a commercial user, residential user and industrial user, and charge a flat rate by class. Each user is then billed on a periodic basis. No meters are required to facilitate this method, but an accurate estimate of the number of users is required. This method ensures set revenue for the collection period but is not sensitive to consumption, hence may cause a shortfall or surplus of revenues collected.

Constant Rate: This rate is a volume-based rate, in which the consumer pays the same price per unit consumed, regardless of the volume. The price per unit is calculated by dividing the total cost of the service by the total volume used by total consumers. The bill to the consumer climbs uniformly as the consumption increases. This form of rate requires the use of meters to record the volume consumed by each user. This method closely aligns the revenue recovery with consumption. Revenue collected varies directly with the consumption volume.

Declining Block Rates: This rate structure charges a successively lower price for set volumes, as consumption increases through a series of "blocks." That is to say that within set volume ranges, or blocks, the charge per unit is set at one rate. Within the next volume range, the charge per unit decreases to a lower rate, and so on. Typically, the first, or first and second blocks cover residential and light commercial uses. Subsequent blocks normally are used for heavier commercial and industrial uses. This rate structure requires the use of meters to record the volume consumed by each type of user. This method requires the collection and analysis of consumption patterns by user classification to establish rates at a level which does not over or under collect revenue from rate payers.

Increasing or Inverted Block Rates: The increasing block rate works essentially the same way as the declining block rate, except that the price of water in successive blocks increases rather than declines. Under this method the consumer's bill rises faster with higher volumes used. This rate structure also requires the use of meters to

record the volume consumed by each user. This method requires, as with the declining block structure, the collection and analysis of consumption patterns by user classification to establish rates at a level which does not over or under collect from rate payers.

The Hump Back Rate: The hump back rate is a combination of an increasing block rate and the declining block rate. Under this method the consumer's bill rises with higher volumes used up to a certain level and then begins to fall for volumes in excess of levels set for the increasing block rate.

6.3 Assessment of Alternative Pricing Structures

The adoption by a municipality or utility of any one particular pricing structure is normally a function of a variety of administrative, social, demographic and financial factors. The number of factors, and the weighting each particular factor receives, can vary between municipalities. The following is a review of some of the more prevalent factors.

Cost Recovery

Cost recovery is a prime factor in establishing a particular pricing structure. Costs can be loosely defined into different categories: operations, maintenance, capital, financing and administration. These costs often vary between municipalities and even within a municipality, based on consumption patterns, infrastructure age, economic growth, etc.

The pricing alternatives defined earlier can all achieve the cost recovery goal, but some do so more precisely than others. Fixed pricing structures, such as Property Assessment and Flat Rate, are established on the value of property or on the number of units present in the municipality, but do not adjust in accordance with consumption. Thus, if actual consumption for the year is greater than projected, the municipality incurs a higher cost of production, but the revenue base remains static (since it was determined at the beginning of the year), thus potentially providing a funding shortfall. Conversely, if the consumption level declines below projections, fixed pricing structures will produce more revenue than actual costs incurred.

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The other pricing methods (declining block, constant rate, increasing block) are consumption-based and generally will generate revenues in proportion to actual consumption.

Administration

Administration is defined herein as the staffing, equipment and supplies required to support the undertaking of a particular pricing strategy. This factor not only addresses the physical tangible requirements to support the collection of the revenues, but also the intangible requirements, such as policy development.

The easiest pricing structure to support is the Property Assessment structure. As municipalities undertake the process of calculating property tax bills and the collection process for their general services, the incorporation of the water costs into this calculation would have virtually no impact on the administrative process and structure.

The Flat Rate pricing structure is relatively easy to administer as well. It is normally calculated to collect a set amount, either on a monthly, quarterly, semi-annual or annual basis, and is billed directly to the customer. The impact on administration centres mostly on the accounts receivable or billing area of the municipality, but normally requires minor additional staff or operating costs to undertake.

The three remaining methods, those being Increasing Block Rate, Constant Rate and Declining Block Rate, have a more dramatic effect on administration. These methods are dependent upon actual consumption and hence involve a major structure in place to administer. First, meters must be installed in all existing units in the municipality, and units to be subsequently built must be required to include these meters. Second, meter readings must be undertaken periodically. Hence staff must be available for this purpose or a service contract must be negotiated. Third, the billings process must be expanded to accommodate this process. Billing must be done per a defined period, requiring staff to produce the bills. Lastly, either through increased staffing or by service contract, an annual maintenance program must be set up to ensure meters are working effectively in recording consumed volumes.

The benefit derived from the installation of meters is that information on consumption patterns becomes available. This information provides benefit to administration in calculating rates which will ensure revenue recovery. Additionally, when planning what services are to be constructed in future years, the municipality or utility has documented

consumption patterns distinctive to its own situation, which can be used to project sizing of growth-related works.

Equity

Equity is always a consideration in the establishment of pricing structures but its definition can vary depending on a municipality's circumstances and based on the subjective interpretation of those involved. For example: is the price charged to a particular class of rate payer consistent with those of a similar class in surrounding municipalities; through the pricing structure does one class of rate payer pay more than another class; should one pay based on ability to pay, or on the basis that a unit of water costs the same to supply no matter who consumes it; etc.? There are many interpretations. Equity therefore must be viewed broadly in light of many factors as part of achieving what is best for the municipality as a whole.

Conservation

In today's society, conservation of natural resources is increasingly being more highly valued. Controversy continuously focuses on the preservation of non-renewable resources and on the proper management of renewable resources. Conservation is also a concept which applies to a municipality facing physical limitations in the amount of water which can be supplied to an area. As well, financial constraints can encourage conservation in a municipality where the cost of providing each additional unit is increasing.

Pricing structures such as property assessment and flat rate do not, in themselves, encourage conservation. In fact, depending on the price which is charged, they may even encourage resource "squandering," either because consumers, without the price discipline, consume water at will, or the customer wants to get his money's worth and hence adopts more liberal consumption patterns. The fundamental reason for this is that the price paid for the service bears no direct relationship to the volume consumed and hence is viewed as a "tax," instead of being viewed as the price of a purchased commodity.

The Declining Block Rate provides a decreasing incentive towards conservation. By creating awareness of volumes consumed, the consumer can reduce his total costs by restricting consumption; however, the incentive lessens as more water is consumed, because the marginal cost per unit declines as the consumer enters the next block

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pricing range. Similarly, those whose consumption level is at the top end of a block have less incentive to reduce consumption.

The Constant Rate structure presents the customer with a linear relationship between consumption and the cost thereof. As the consumer pays a fixed cost per unit, his bill will vary directly with the amount consumed. This method presents tangible incentive for consumers to conserve water. As metering provides direct feedback as to usage patterns and the consumer has direct control over the total amount paid for the commodity, the consumer is encouraged to use only those volumes that are reasonably required.

The Inverted Block method presents the most effective pricing method for encouraging conservation. Through this method, the price per unit consumed increases as total volumes consumed grow. The consumer becomes aware of consumption through metering with the charges increasing dramatically with usage. Hence, there normally is awareness that exercising control over usage can produce significant savings. This method not only encourages conservation methods, but may also penalize legitimate high-volume users if not properly structured.

Figure 6-1 provides a schematic representation of the various rate structures (note property tax as a basis for revenue recovery has not been presented for comparison, as the proportion of taxes paid varies in direct proportion to the market value of the property). The graphs on the left-hand side of the figure present the cost per unit for each additional amount of water consumed. The right-hand side of the figure presents the impact on the customer's bill as the volume of water increases. Following the schematic is a table summarizing each rate structure.

Figure 6-1

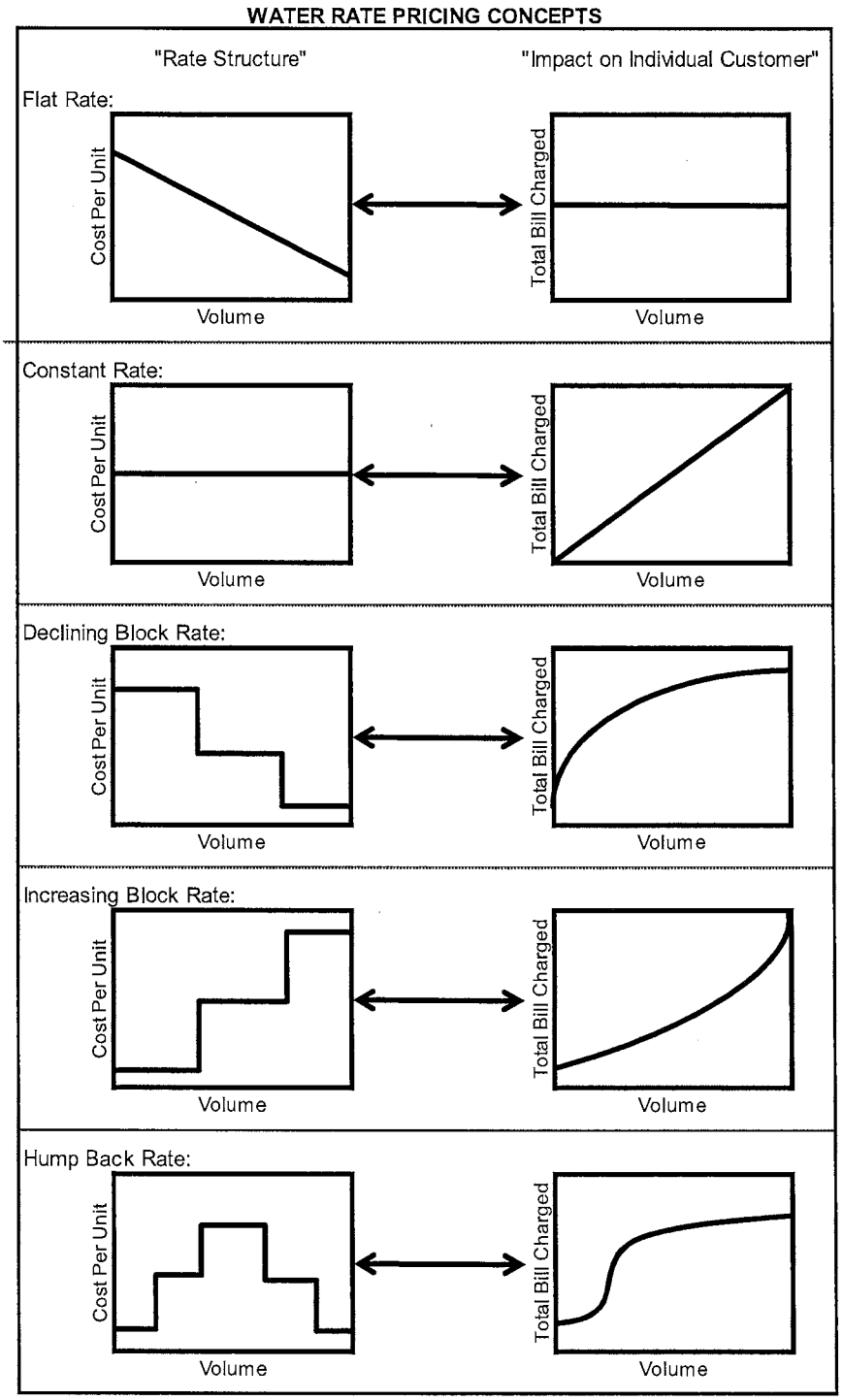
WATER RATE PRICING CONCEPTS
"Rate Structure"
"Impact on Individual Customer"
Flat Rate:
Cost Per Unit
Volume
Total Bill Charged
Volume
Constant Rate:
Cost Per Unit
Volume
Total Bill Charged
Volume
Declining Block Rate:
Cost Per Unit
Volume
Total Bill Charged
Volume
Increasing Block Rate:
Cost Per Unit
Volume
Total Bill Charged
Volume
Hump Back Rate:
Cost Per Unit
Volume
Total Bill Charged
Volume

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Figure 6-2
Summary of Various Rate Structures and their Impact on Customer Bills as Volume Usage Increases

Rate Structure	Cost Per Unit As Volume Increases	Impact On Customer Bill As Volume Increases
Flat Rate	Cost per unit decreases as more volume consumed	Bill remains the same no matter how much volume is consumed
Constant Rate	Cost per unit remains the same	Bill increases in direct proportion to consumption
Declining Block	Cost per unit decreases as threshold targets are achieved	Bill increases at a slower rate as volumes increase
Increasing Block	Cost per unit increases as threshold targets are achieved	Bill increases at a faster rate as volumes increase
Hump Back Rate	Combination of an increasing block at the lower consumption volumes and then converts to a declining block for the high consumption	Bill increases at a faster rate at the lower consumption amounts and then slows as volumes increase

6.4 Rate Structures in Ontario

In a past survey of over 170 municipalities (approximately half of the municipalities who provide water and/or sewer), all forms of rate structures are in use by Ontario municipalities. The most common rate structure is the constant rate (for metered municipalities). Most municipalities (approximately 92%) who have volume rate structures impose a base monthly charge.

Historically, the development of a base charge often reflected either the recovery of meter reading/billing/collection costs, plus administration or those costs plus certain fixed costs (such as capital contributions or reserve contributions). More recently, many municipalities have started to establish base charges based on ensuring a secure

portion of the revenue stream which does not vary with volume consumption. Selection of the quantum of the base charge is a matter of policy selected by individual municipalities.

6.5 Recommended Rate Structures and Base Charges

The Township currently utilizes a base charge and volume rate for its water and wastewater customers. It is recommended that the same rate structures be continued in the future.

In order to provide for the Township's capital expenditures, future asset replacement needs, and the day-to-day operating expenditures, the water base charges are proposed to increase by 4% annually.

With respect to wastewater, the base charges are calculated to remain at 136.3% of the corresponding water charges.

The above increases in the base charges are recommended to ensure that the Township can fund the capital and operating costs without the use of new non-growth related debentures (not recovered from development charges).

The forecasted base charges and corresponding revenues are provided in Tables 6-1 and 6-2.

Table 6-1
Township of Essa
Base Charge Forecast – Water

Water	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	4,972	4,972	4,972	4,972	4,972	4,972	4,972	4,972	4,972	4,972	4,972
New	71	208	333	453	575	699	827	951	1,079	1,217	1,358
Total Customers	**5,043**	**5,180**	**5,305**	**5,425**	**5,547**	**5,671**	**5,799**	**5,923**	**6,051**	**6,189**	**6,330**
Total Annual Revenue	**$346,028**	**$369,478**	**$393,375**	**$418,213**	**$444,567**	**$472,524**	**$502,348**	**$533,446**	**$566,598**	**$602,508**	**$640,684**

5/8" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	4,903	4,903	4,903	4,903	4,903	4,903	4,903	4,903	4,903	4,903	4,903
New	71	208	333	453	575	699	827	951	1,079	1,217	1,358
Subtotal Customers	**4,974**	**5,111**	**5,236**	**5,356**	**5,478**	**5,602**	**5,730**	**5,854**	**5,982**	**6,120**	**6,261**
Quarterly Base Charge	$16.86	$17.53	$18.24	$18.97	$19.72	$20.51	$21.33	$22.19	$23.07	$24.00	$24.96
Annual Base Charge	$67.44	$70.14	$72.94	$75.86	$78.90	$82.05	$85.33	$88.75	$92.30	$95.99	$99.83
Total Annual Revenue	**$335,447**	**$358,473**	**$381,930**	**$406,311**	**$432,188**	**$459,650**	**$488,959**	**$519,522**	**$552,116**	**$587,447**	**$625,021**

1" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	26	26	26	26	26	26	26	26	26	26	26
New											
Subtotal Customers	**26**	**26**	**26**	**26**	**26**	**26**	**26**	**26**	**26**	**26**	**26**
Quarterly Base Charge	$23.68	$24.63	$25.61	$26.64	$27.70	$28.81	$29.96	$31.16	$32.41	$33.70	$35.05
Annual Base Charge	$94.72	$98.51	$102.45	$106.55	$110.81	$115.24	$119.85	$124.65	$129.63	$134.82	$140.21
Total Annual Revenue	**$2,463**	**$2,561**	**$2,664**	**$2,770**	**$2,881**	**$2,996**	**$3,116**	**$3,241**	**$3,370**	**$3,505**	**$3,645**

1 ½" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	19	19	19	19	19	19	19	19	19	19	19
New											
Subtotal Customers	**19**	**19**	**19**	**19**	**19**	**19**	**19**	**19**	**19**	**19**	**19**
Quarterly Base Charge	$30.45	$31.66	$32.93	$34.25	$35.62	$37.04	$38.52	$40.06	$41.67	$43.33	$45.07
Annual Base Charge	$121.78	$126.65	$131.72	$136.99	$142.47	$148.16	$154.09	$160.25	$166.66	$173.33	$180.26
Total Annual Revenue	**$2,314**	**$2,406**	**$2,503**	**$2,603**	**$2,707**	**$2,815**	**$2,928**	**$3,045**	**$3,167**	**$3,293**	**$3,425**

2" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	22	22	22	22	22	22	22	22	22	22	22
New											
Subtotal Customers	**22**	**22**	**22**	**22**	**22**	**22**	**22**	**22**	**22**	**22**	**22**
Quarterly Base Charge	$49.05	$51.01	$53.05	$55.17	$57.38	$59.68	$62.06	$64.55	$67.13	$69.81	$72.61
Annual Base Charge	$196.20	$204.05	$212.21	$220.70	$229.53	$238.71	$248.26	$258.19	$268.51	$279.25	$290.42
Total Annual Revenue	**$4,316**	**$4,489**	**$4,669**	**$4,855**	**$5,050**	**$5,252**	**$5,462**	**$5,680**	**$5,907**	**$6,144**	**$6,389**

3" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	2	2	2	2	2	2	2	2	2	2	2
New											
Subtotal Customers	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Quarterly Base Charge	$186.05	$193.49	$201.23	$209.28	$217.66	$226.36	$235.42	$244.83	$254.63	$264.81	$275.40
Annual Base Charge	$744.21	$773.98	$804.94	$837.14	$870.62	$905.45	$941.66	$979.33	$1,018.50	$1,059.24	$1,101.61
Total Annual Revenue	**$1,488**	**$1,548**	**$1,610**	**$1,674**	**$1,741**	**$1,811**	**$1,883**	**$1,959**	**$2,037**	**$2,118**	**$2,203**

Table 6-2
Township of Essa
Base Charge Forecast – Wastewater

Wastewater	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394
New	71	208	333	453	575	699	827	951	1,079	1,217	1,358
Subtotal Customers	**4,465**	**4,602**	**4,727**	**4,847**	**4,969**	**5,093**	**5,221**	**5,345**	**5,473**	**5,611**	**5,752**
Total Annual Revenue	**$417,121**	**$446,903**	**$477,207**	**$508,703**	**$542,170**	**$577,724**	**$615,721**	**$655,349**	**$697,665**	**$743,627**	**$792,557**

5/8" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	4,330	4,330	4,330	4,330	4,330	4,330	4,330	4,330	4,330	4,330	4,330
New	71	208	333	453	575	699	827	951	1,079	1,217	1,358
Subtotal Customers	**4,401**	**4,538**	**4,663**	**4,783**	**4,905**	**5,029**	**5,157**	**5,281**	**5,409**	**5,547**	**5,688**
Quarterly Base Charge	$22.98	$23.90	$24.86	$25.85	$26.88	$27.96	$29.08	$30.24	$31.45	$32.71	$34.02
Annual Base Charge	$91.92	$95.60	$99.42	$103.40	$107.53	$111.84	$116.31	$120.96	$125.80	$130.83	$136.07
Total Annual Revenue	**$404,543**	**$433,822**	**$463,602**	**$494,554**	**$527,455**	**$562,421**	**$599,806**	**$638,797**	**$680,451**	**$725,724**	**$773,938**

1" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	25	25	25	25	25	25	25	25	25	25	25
New											
Subtotal Customers	**25**	**25**	**25**	**25**	**25**	**25**	**25**	**25**	**25**	**25**	**25**
Quarterly Base Charge	$32.28	$33.57	$34.91	$36.31	$37.76	$39.27	$40.84	$42.47	$44.17	$45.94	$47.78
Annual Base Charge	$129.10	$134.27	$139.64	$145.22	$151.03	$157.07	$163.36	$169.89	$176.69	$183.75	$191.10
Total Annual Revenue	**$3,228**	**$3,357**	**$3,491**	**$3,631**	**$3,776**	**$3,927**	**$4,084**	**$4,247**	**$4,417**	**$4,594**	**$4,778**

1 ½" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	18	18	18	18	18	18	18	18	18	18	18
New											
Subtotal Customers	**18**	**18**	**18**	**18**	**18**	**18**	**18**	**18**	**18**	**18**	**18**
Quarterly Base Charge	$41.50	$43.16	$44.88	$46.68	$48.55	$50.49	$52.51	$54.61	$56.79	$59.06	$61.43
Annual Base Charge	$165.99	$172.63	$179.53	$186.71	$194.18	$201.95	$210.03	$218.43	$227.16	$236.25	$245.70
Total Annual Revenue	**$2,988**	**$3,107**	**$3,232**	**$3,361**	**$3,495**	**$3,635**	**$3,780**	**$3,932**	**$4,089**	**$4,253**	**$4,423**

2" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	20	20	20	20	20	20	20	20	20	20	20
New											
Subtotal Customers	**20**	**20**	**20**	**20**	**20**	**20**	**20**	**20**	**20**	**20**	**20**
Quarterly Base Charge	$66.86	$69.53	$72.31	$75.20	$78.21	$81.34	$84.59	$87.98	$91.50	$95.16	$98.96
Annual Base Charge	$267.42	$278.12	$289.24	$300.81	$312.84	$325.36	$338.37	$351.91	$365.98	$380.62	$395.85
Total Annual Revenue	**$5,348**	**$5,562**	**$5,785**	**$6,016**	**$6,257**	**$6,507**	**$6,767**	**$7,038**	**$7,320**	**$7,612**	**$7,917**

3" Meter Size	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing	1	1	1	1	1	1	1	1	1	1	1
New											
Subtotal Customers	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Quarterly Base Charge	$253.59	$263.73	$274.28	$285.25	$296.66	$308.53	$320.87	$333.71	$347.05	$360.94	$375.37
Annual Base Charge	$1,014.36	$1,054.93	$1,097.13	$1,141.02	$1,186.66	$1,234.12	$1,283.49	$1,334.83	$1,388.22	$1,443.75	$1,501.50
Total Annual Revenue	**$1,014**	**$1,055**	**$1,097**	**$1,141**	**$1,187**	**$1,234**	**$1,283**	**$1,335**	**$1,388**	**$1,444**	**$1,501**

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Chapter 7
Analysis of Water and Wastewater Rates and Policy Matters

7. Analysis of Water and Wastewater Rates and Policy Matters

7.1 Introduction

To summarize the analysis undertaken thus far, Chapter 2 reviewed capital-related issues and responds to the provincial directives to maintain and upgrade infrastructure to required levels. Chapter 4 provided a review of capital financing options to which water and wastewater reserve contributions will be the predominant basis for financing future capital replacement. Chapter 5 established the 10-year operating forecast of expenditures including an annual capital reserve contribution. The base charge revenues identified in Chapter 6 are to ensure that fixed costs are recovered regardless of the amount of volume used by customers. This chapter will provide for the calculation of the volume rates over the forecast period. These calculations will be based on the net operating expenditures (the variable costs) provided in Chapter 5, divided by the water and wastewater volume forecast provided in section 1.8.

7.2 Water Rates

Based on the discussion of rate structures provided in section 6.5 and the recommendation to continue with the present structures, the rates are calculated by taking the net recoverable amounts from Table 5-1 (the product of total expenditures less non-rate revenues and deduct the base charge amounts provided in section 6.5) and completes the calculation by dividing them by the volumes resulting in the forecasted rates. This results in a water volume rate increase of 4%.

These increases are required in order to fund the operating and capital expenditure forecast, while providing reserve fund transfers to prepare for the future lifecycle requirements. Detailed calculations of the volume rates are provided in Appendix A. A summary of the recommended quarterly base charge and volume rates, along with the total annual bill for an average residential user who consumes 199 cubic meters per year, is presented in Table 7-1.

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Table 7-1
Annual Customer Water Bill
Based on 199 cubic metres of usage and 5/8" Meter

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Quarterly Base Rate	$16.86	$17.53	$18.24	$18.97	$19.72	$20.51	$21.33	$22.19	$23.07	$24.00	$24.96
Constant Rate	$1.58	$1.64	$1.71	$1.78	$1.85	$1.92	$2.00	$2.08	$2.16	$2.25	$2.34
Annual Base Rate Bill	**$67.44**	**$70.14**	**$72.94**	**$75.86**	**$78.90**	**$82.05**	**$85.33**	**$88.75**	**$92.30**	**$95.99**	**$99.83**
Volume	199	199	199	199	199	199	199	199	199	199	199
Annual Volume Bill	**$314.53**	**$326.48**	**$340.41**	**$354.35**	**$368.28**	**$382.22**	**$398.14**	**$414.07**	**$429.99**	**$447.91**	**$465.83**
Total Annual Bill	**$381.97**	**$396.61**	**$413.35**	**$430.21**	**$447.18**	**$464.27**	**$483.48**	**$502.81**	**$522.29**	**$543.90**	**$565.65**
% Increase - Total Annual Bill		4%	4%	4%	4%	4%	4%	4%	4%	4%	4%

7.3 Wastewater Rates

Similar to water, the calculation of the wastewater rates takes the net recoverable amounts from Table 5-2 and completes the calculation by dividing them by the volumes, resulting in the forecast rates. Detailed calculations are provided in Appendix B.

Based on the capital and operating needs over the forecast period, the wastewater volume rates are calculated to remain at 136.3% of the corresponding water charge.

Table 7-2 summarizes the recommended rates for wastewater and provides the average annual bill for a residential customer who uses 199 cubic meters per year:

Table 7-2
Annual Customer Wastewater Bill
Based on 199 cubic metres of usage and 5/8" Meter

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Quarterly Base Rate	$22.98	$23.90	$24.86	$25.85	$26.88	$27.96	$29.08	$30.24	$31.45	$32.71	$34.02
Constant Rate	$2.15	$2.24	$2.33	$2.43	$2.52	$2.62	$2.73	$2.84	$2.94	$3.07	$3.19
Annual Base Rate Bill	**$91.92**	**$95.60**	**$99.42**	**$103.40**	**$107.53**	**$111.84**	**$116.31**	**$120.96**	**$125.80**	**$130.83**	**$136.07**
Volume	199	199	199	199	199	199	199	199	199	199	199
Annual Volume Bill	**$428.71**	**$444.99**	**$463.98**	**$482.97**	**$501.97**	**$520.96**	**$542.67**	**$564.37**	**$586.08**	**$610.50**	**$634.92**
Total Annual Bill	**$520.63**	**$540.59**	**$563.40**	**$586.37**	**$609.50**	**$632.80**	**$658.98**	**$685.34**	**$711.88**	**$741.33**	**$770.99**
% Increase - Total Annual Bill		4%	4%	4%	4%	4%	4%	4%	4%	4%	4%

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Chapter 8
Recommendations

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8. Recommendations

As presented within this report, capital and operating expenditures have been identified and forecast over a ten-year period for water and wastewater services.

Based upon the foregoing, the following recommendations are identified for consideration by Council:

1. That Council provide for the recovery of all water and wastewater costs through full cost recovery rates.
2. That Council consider the Capital Plan for water and wastewater as provided in Tables 2-1 and 2-2 and the associated Capital Financing Plan as set out in Tables 4-3 and 4-4.
3. That Council consider the base charges provided in Table 6-1 for water and Table 6-2 for wastewater.
4. That Council consider the volume rates for water and wastewater as provided in Tables 7-1 and 7-2 respectively.

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Appendices

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Appendix A
Detailed Water Rate Calculations

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Table A-1
Township of Essa
Water Service
Capital Budget Forecast
Inflated $

Description	Budget 2025	Total	Forecast 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Thornton DWS			-	-	-	-	-	-	-	-	-	-
Chemical System Rebuild Kits (Silicate Pumps, Chlorine Pumps, Analzyer Probes and Membrane Caps)	4,500	55,000	5,000	5,000	5,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000
Flow Meter and Surronding Pipework Replacement	35,000	-	-	-	-	-	-	-	-	-	-	-
Diesel Generator Repairs and Load Testing	5,000	61,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000	7,000	7,000	7,000
Water Storage Tower Inspections (3rd Party recommended Greatario)	-	11,000	-	-	11,000	-	-	-	-	-	-	-
Essa Water Distribution System			-	-	-	-	-	-	-	-	-	-
Hydrant Painting	5,000	61,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000	7,000	7,000	7,000
Swabbing(5 - 8 kms)	35,000	425,000	36,000	37,000	39,000	40,000	42,000	43,000	45,000	46,000	48,000	49,000
Fire Hydrant Replacements	40,000	486,000	41,000	43,000	44,000	46,000	48,000	49,000	51,000	53,000	55,000	56,000
Main Valve Repairs/Service Repairs/Hydrant Repairs	45,000	545,000	47,000	48,000	50,000	52,000	53,000	55,000	57,000	59,000	61,000	63,000
General			-	-	-	-	-	-	-	-	-	-
Unplanned/Emergency Essa Water Distribution Repairs	40,000	305,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000	34,000	35,000
Unplanned/Emergency Drinking Water System Repairs	25,000	305,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000	33,000	34,000	35,000
Building Maintenance for Mill, McGeorge, Brownley, Baxter, and Thornton)(heaters, soffits, doors, locks etc.)	10,000	121,000	10,000	11,000	11,000	11,000	12,000	12,000	13,000	13,000	14,000	14,000
Permit to Take Water (PTTW) renewal Thornton	750	-	-	-	-	-	-	-	-	-	-	-
DWQMS Audits (2025) Reaccreditation Year	3,500	26,000	2,000	2,000	4,000	2,000	2,000	2,000	3,000	3,000	3,000	3,000
Lifecycle:			-	-	-	-	-	-	-	-	-	-
Water AMP lifecycle annual replacement	-	15,132,000	1,290,000	1,335,000	1,382,000	1,430,000	1,480,000	1,532,000	1,586,000	1,641,000	1,698,000	1,758,000
Growth Related:		-	-	-	-	-	-	-	-	-	-	-
Increase PTTW and Existing Well Capacity	-	4,490,000	-	428,000	1,996,000	2,066,000	-	-	-	-	-	-
New Water Storage Tanks (3) (Southwest, Northwest, and Northeast)	-	11,224,000	-	1,071,000	4,989,000	5,164,000	-	-	-	-	-	-
Water Distribution Network Expansion (Linear Infrasructure)	-	5,613,000	-	536,000	2,495,000	2,582,000	-	-	-	-	-	-
Mill Street Wellfield Investigation	320,000	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	**925,750**	**39,703,000**	**1,746,000**	**3,680,000**	**11,144,000**	**11,518,000**	**1,785,000**	**1,827,000**	**1,894,000**	**1,962,000**	**2,028,000**	**2,119,000**
Capital Financing												
Development Charges Reserve Fund	-	6,035,000	-	2,035,000	4,000,000	-	-	-	-	-	-	-
Growth Related Debenture Requirements	320,000	15,292,000	-	-	5,480,000	9,812,000	-	-	-	-	-	-
Water Reserve	605,750	18,376,000	1,746,000	1,645,000	1,664,000	1,706,000	1,785,000	1,827,000	1,894,000	1,962,000	2,028,000	2,119,000
Total Capital Financing	**925,750**	**39,703,000**	**1,746,000**	**3,680,000**	**11,144,000**	**11,518,000**	**1,785,000**	**1,827,000**	**1,894,000**	**1,962,000**	**2,028,000**	**2,119,000**

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Table A-2
Township of Essa
Water Service
Water Non-Growth Related Debenture Repayments
Inflated $

Debenture Year	2024	Principal (Inflated)	Forecast 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
2025		-		-	-	-	-	-	-	-	-	-
2026		-			-	-	-	-	-	-	-	-
2027		-				-	-	-	-	-	-	-
2028		-					-	-	-	-	-	-
2029		-						-	-	-	-	-
2030		-							-	-	-	-
2031		-								-	-	-
2032		-									-	-
2033		-										-
2034		-										
Total Annual Debt Charges	-	-	-	-	-	-	-	-	-	-	-	-

Table A-3
Township of Essa
Water Service
Water Growth Related Debenture Repayments
Inflated $

Debenture Year	2025	Principal (Inflated)	Forecast 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
2026		-		-	-	-	-	-	-	-	-	-
2027		-			-	-	-	-	-	-	-	-
2028		5,480,000				420,551	420,551	420,551	420,551	420,551	420,551	420,551
2029		9,812,000					753,002	753,002	753,002	753,002	753,002	753,002
2030		-						-	-	-	-	-
2031		-							-	-	-	-
2032		-								-	-	-
2033		-									-	-
2034		-										-
2035		-										
Total Annual Debt Charges	-	**15,292,000**	-	-	-	420,551	1,173,554	1,173,554	1,173,554	1,173,554	1,173,554	1,173,554

Table A-4
Township of Essa
Water Service
Water Capital Reserve Continuity
Inflated $

Description	2025		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	5,680,537		6,436,739	6,139,870	6,046,337	6,039,407	6,101,355	6,200,353	6,252,265	6,375,787	6,577,346	6,884,520
Transfer from Operating	1,204,958		1,299,378	1,403,996	1,509,767	1,619,135	1,732,770	1,726,417	1,862,015	2,003,136	2,167,259	2,337,791
Transfer to Capital	605,750		1,746,000	1,645,000	1,664,000	1,706,000	1,785,000	1,827,000	1,894,000	1,962,000	2,028,000	2,119,000
Transfer to Operating	-		-	-	-	-	-	-	-	-	-	-
Closing Balance	**6,279,745**		**5,990,117**	**5,898,866**	**5,892,104**	**5,952,542**	**6,049,125**	**6,099,771**	**6,220,280**	**6,416,923**	**6,716,605**	**7,103,311**
Interest	156,994		149,753	147,472	147,303	148,814	151,228	152,494	155,507	160,423	167,915	177,583

Table A-5
Township of Essa
Water Service
Water Development Charges Reserve Fund Continuity
Inflated $

Description	2025		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	2,641,502		3,572,338	4,579,013	3,459,944	358,710	909,055	770,008	692,455	680,722	761,231	943,749
Development Charge Proceeds	843,705		894,992	831,542	890,017	948,725	1,015,725	1,079,111	1,145,218	1,235,496	1,333,053	1,401,223
Transfer to Capital	-		-	2,035,000	4,000,000	-	-	-	-	-	-	-
Transfer to Operating	-		-	-	-	420,551	1,173,554	1,173,554	1,173,554	1,173,554	1,173,554	1,173,554
Closing Balance	**3,485,208**		**4,467,330**	**3,375,555**	**349,961**	**886,883**	**751,227**	**675,566**	**664,119**	**742,664**	**920,730**	**1,171,418**
Interest	87,130		111,683	84,389	8,749	22,172	18,781	16,889	16,603	18,567	23,018	29,285
Required from Development Charges	320,000		-	2,035,000	9,480,000	9,812,000	-	-	-	-	-	-

Table A-6
Township of Essa
Water Service
Operating Budget Forecast
Inflated $

Description	Budget 2025		Forecast 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Expenditures												
Operating Costs												
Administration												
6000 - Salaries/Wages	127,981		132,500	137,100	141,900	146,900	152,000	157,300	162,800	168,500	174,400	180,500
6012 - Wages & Benefits Transfer	6,110		6,300	6,500	6,700	6,900	7,100	7,300	7,600	7,900	8,200	8,500
6020 - Employee Benefits Full Time	7,232		7,500	7,800	8,100	8,400	8,700	9,000	9,300	9,600	9,900	10,200
6026 - Extended Health Benefits	14,413		14,900	15,400	15,900	16,500	17,100	17,700	18,300	18,900	19,600	20,300
6030 - Employee Health Tax	2,339		2,400	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300
6031 - Employee Assistance Plan	76		100	100	100	100	100	100	100	100	100	100
6032 - OMERS	12,093		12,500	12,900	13,400	13,900	14,400	14,900	15,400	15,900	16,500	17,100
6033 - WSIB	3,272		3,400	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300
6035 - Mileage	1,500		1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,500
6050 - Office Supplies	10,200		10,600	11,000	11,400	11,800	12,200	12,600	13,000	13,500	14,000	14,500
6052 - Postage	16,993		17,600	18,200	18,800	19,500	20,200	20,900	21,600	22,400	23,200	24,000
6062 - Advertising	1,500		1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,500
6063 - Insurance	8,052		8,300	8,600	8,900	9,200	9,500	9,800	10,100	10,500	10,900	11,300
6275 - Snow Removal	5,671		5,900	6,100	6,300	6,500	6,700	6,900	7,100	7,300	7,600	7,900
6283 - OCWA Operating Budget	654,000		676,900	700,600	725,100	750,500	776,800	804,000	832,100	861,200	891,300	922,500
Operations												
6054 - Telephone Communications	7,344		7,600	7,900	8,200	8,500	8,800	9,100	9,400	9,700	10,000	10,400
6055 - Hydro	147,737		155,100	162,900	171,000	179,600	188,600	198,000	207,900	218,300	229,200	240,700
6072 - Software Maintenance	40,000		41,400	42,800	44,300	45,900	47,500	49,200	50,900	52,700	54,500	56,400
6081 - Other Write-offs	3,500		3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,500	4,700
Misc Works - from Capital	50,000		50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
6350 - Meter Reads	6,500		6,700	6,900	7,100	7,300	7,600	7,900	8,200	8,500	8,800	9,100
6355 - Pipeline Consumption	35,700		36,900	38,200	39,500	40,900	42,300	43,800	45,300	46,900	48,500	50,200
Sub Total Operating	**1,162,213**		**1,203,400**	**1,246,100**	**1,290,300**	**1,336,500**	**1,384,200**	**1,433,600**	**1,484,700**	**1,538,000**	**1,593,400**	**1,651,000**
Capital-Related												
New Growth Related Debt (Principal)			-	-	-	175,047	496,314	518,549	541,780	566,052	591,411	617,906
New Growth Related Debt (Interest)			-	-	-	245,504	677,239	655,005	631,774	607,502	582,143	555,648
Transfer to Capital Reserve	1,204,958		1,299,378	1,403,996	1,509,767	1,619,135	1,732,770	1,726,417	1,862,015	2,003,136	2,167,259	2,337,791
Sub Total Capital Related	**1,204,958**		**1,299,378**	**1,403,996**	**1,509,767**	**2,039,687**	**2,906,324**	**2,899,971**	**3,035,569**	**3,176,689**	**3,340,813**	**3,511,344**
Total Expenditures	**2,367,171**		**2,502,778**	**2,650,096**	**2,800,067**	**3,376,187**	**4,290,524**	**4,333,571**	**4,520,269**	**4,714,689**	**4,934,213**	**5,162,344**
Revenues												
Base Charge	346,028		369,478	393,375	418,213	444,567	472,524	502,348	533,446	566,598	602,508	640,684
4702 - Penalties & Interest	20,934		20,900	20,900	20,900	20,900	20,900	20,900	20,900	20,900	20,900	20,900
4707 - Miscellaneous Revenue	15,300		15,300	15,300	15,300	15,300	15,300	15,300	15,300	15,300	15,300	15,300
4862 - Water Permit	4,080		4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
4863 - Final Water Reading Certificat	1,020		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
4865 - Connection Fees	10,000		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Revenues from Planning for internal loan	148,564		146,866	145,138	143,410	141,683	139,955					
Contributions from Development Charges Reserve Fund			-	-	-	420,551	1,173,554	1,173,554	1,173,554	1,173,554	1,173,554	1,173,554
Total Operating Revenue	**545,926**		**567,644**	**589,813**	**612,923**	**1,058,101**	**1,837,333**	**1,727,201**	**1,758,300**	**1,791,451**	**1,827,362**	**1,865,538**
Water Billing Recovery - Total	**1,821,246**		**1,935,134**	**2,060,283**	**2,187,143**	**2,318,085**	**2,453,191**	**2,606,370**	**2,761,969**	**2,923,238**	**3,106,851**	**3,296,807**

Table A-5
Township of Essa
Water Rate Forecast
Inflated $

Description	2025		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Total Water Billing Recovery	1,821,246		1,935,134	2,060,283	2,187,143	2,318,085	2,453,191	2,606,370	2,761,969	2,923,238	3,106,851	3,296,807
Total Volume (m^3)	1,152,687		1,179,960	1,204,844	1,228,732	1,253,019	1,277,704	1,303,185	1,327,870	1,353,351	1,380,823	1,408,892
Constant Rate	**1.58**		**1.64**	**1.71**	**1.78**	**1.85**	**1.92**	**2.00**	**2.08**	**2.16**	**2.25**	**2.34**
Annual Percentage Change			**4%**	**4%**	**4%**	**4%**	**4%**	**4%**	**4%**	**4%**	**4%**	**4%**

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Appendix B
Detailed Wastewater Rate Calculations

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Table B-1
Township of Essa
Wastewater Service
Capital Budget Forecast
Inflated $

Description	Budget 2025	Total	Forecast 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Capital Expenditures												
Rate Study	17,500	46,000	-	-	-	-	21,000	-	-	-	-	25,000
Angus Wastewater Treatment Facility	-	-	-	-	-	-	-	-	-	-	-	-
Diesel Generator Repairs, Inspections and Annual Load Testing (3 Generators)	8,000	98,000	8,000	9,000	9,000	9,000	10,000	10,000	10,000	11,000	11,000	11,000
General Building Maintenance(HVAC service, cleaning etc..)	20,000	242,000	21,000	21,000	22,000	23,000	24,000	25,000	25,000	26,000	27,000	28,000
Vac Truck for Clarifier Cleanings (3 to 4 times per year)	15,000	182,000	16,000	16,000	17,000	17,000	18,000	18,000	19,000	20,000	20,000	21,000
Snow Plowing and Grass Cutting	23,000	278,000	24,000	25,000	26,000	26,000	27,000	28,000	29,000	30,000	31,000	32,000
General Pump and Piping Replacement	30,000	364,000	31,000	32,000	33,000	34,000	36,000	37,000	38,000	40,000	41,000	42,000
Bio Solids Hauling	150,000	1,821,000	155,000	161,000	166,000	172,000	178,000	184,000	191,000	198,000	204,000	212,000
Disc Filter Cloths	7,000	85,000	7,000	7,000	8,000	8,000	8,000	9,000	9,000	9,000	10,000	10,000
Clarifier Brushes	45,000	-	-	-	-	-	-	-	-	-	-	-
Rebuild Sludge Recirculating Pumps(Sludge Storage Tower pumps)	40,000	-	-	-	-	-	-	-	-	-	-	-
Rebuild Reject Pumps	-	17,000	-	-	17,000	-	-	-	-	-	-	-
Blower Rebuilds of Motors, Piping and Compressors	20,000	242,000	21,000	21,000	22,000	23,000	24,000	25,000	25,000	26,000	27,000	28,000
UV Ballasts Rebuilds	10,000	121,000	10,000	11,000	11,000	11,000	12,000	12,000	13,000	13,000	14,000	14,000
Egger Iris Valves Installation	100,000	-	-	-	-	-	-	-	-	-	-	-
SCADA Upgrades	20,000	242,000	21,000	21,000	22,000	23,000	24,000	25,000	25,000	26,000	27,000	28,000
New Auto Sampler	9,000	-	-	-	-	-	-	-	-	-	-	-
Rebuild Clarifier #1	40,000	-	-	-	-	-	-	-	-	-	-	-
Aeration Tank #2 Rebuild	25,000	-	-	-	-	-	-	-	-	-	-	-
Angus Wastewater Collection	-	-	-	-	-	-	-	-	-	-	-	-
Pump Station Cleanings	35,000	425,000	36,000	37,000	39,000	40,000	42,000	43,000	45,000	46,000	48,000	49,000
Vac Trucks for Sewer Back Ups and Clogs	10,000	121,000	10,000	11,000	11,000	11,000	12,000	12,000	13,000	13,000	14,000	14,000
Sewer Flushing and CCTV (approximately 4k/km.)	35,000	425,000	36,000	37,000	39,000	40,000	42,000	43,000	45,000	46,000	48,000	49,000
Sewer Repairs	20,000	242,000	21,000	21,000	22,000	23,000	24,000	25,000	25,000	26,000	27,000	28,000
Storm Water Pump Station #4 Pump Rebuilds	-	9,000	-	9,000	-	-	-	-	-	-	-	-
Pump Station #1 Upgrades & Bar Screen Upgrade	-	469,000	41,000	428,000	-	-	-	-	-	-	-	-
General	-	-	-	-	-	-	-	-	-	-	-	-
Unplanned/Emergency Angus WWTP Repairs	35,000	425,000	36,000	37,000	39,000	40,000	42,000	43,000	45,000	46,000	48,000	49,000
Unplanned/Emergency Angus Wastewater Collection System Repairs	35,000	425,000	36,000	37,000	39,000	40,000	42,000	43,000	45,000	46,000	48,000	49,000
Seacan for Storage at Angus WWTP	5,000	-	-	-	-	-	-	-	-	-	-	-
MDWL/DWWP Renewal Angus, Thornton, Baxter.	1,350	-	-	-	-	-	-	-	-	-	-	-
Lifecycle:		-	-	-	-	-	-	-	-	-	-	-
Wastewater AMP lifecycle annual replacement	-	21,250,000	1,811,000	1,875,000	1,940,000	2,008,000	2,079,000	2,151,000	2,227,000	2,305,000	2,385,000	2,469,000
Growth Related:		-	-	-	-	-	-	-	-	-	-	-
Expand Existing Wastewater Treatment Plant	-	11,786,000	-	1,125,000	5,239,000	5,422,000	-	-	-	-	-	-
Area 1 Sanitary Collection Upgrades	-	2,245,000	-	214,000	998,000	1,033,000	-	-	-	-	-	-
Area 2 Sanitary Collection Upgrades	-	4,490,000	-	428,000	1,996,000	2,066,000	-	-	-	-	-	-
Angus Wastewater EA	300,000	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures	**1,055,850**	**46,050,000**	**2,341,000**	**4,583,000**	**10,715,000**	**11,069,000**	**2,665,000**	**2,733,000**	**2,829,000**	**2,927,000**	**3,030,000**	**3,158,000**
Capital Financing												
Development Charges Reserve Fund	-	11,000,000	-	1,767,000	8,233,000	1,000,000	-	-	-	-	-	-
Growth Related Debenture Requirements	300,000	7,521,000	-	-	-	7,521,000	-	-	-	-	-	-
Wastewater Reserve	755,850	27,529,000	2,341,000	2,816,000	2,482,000	2,548,000	2,665,000	2,733,000	2,829,000	2,927,000	3,030,000	3,158,000
Total Capital Financing	**1,055,850**	**46,050,000**	**2,341,000**	**4,583,000**	**10,715,000**	**11,069,000**	**2,665,000**	**2,733,000**	**2,829,000**	**2,927,000**	**3,030,000**	**3,158,000**

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Table B-2
Township of Essa
Wastewater Service
Wastewater Non-Growth Related Debenture Repayments
Inflated $

Debenture Year	2025	Principal (Inflated)	Forecast									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
2026		-		-	-	-	-	-	-	-	-	-
2027		-			-	-	-	-	-	-	-	-
2028		-				-	-	-	-	-	-	-
2029		-					-	-	-	-	-	-
2030		-						-	-	-	-	-
2031		-							-	-	-	-
2032		-								-	-	-
2033		-									-	-
2034		-										-
2035		-										
Total Annual Debt Charges	-	-	-	-	-	-	-	-	-	-	-	-

Table B-3
Township of Essa
Wastewater Service
Wastewater Growth Related Debenture Repayments
Inflated $

Debenture Year	2025	Principal (Inflated)	Forecast									
			2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
2026		-		-	-	-	-	-	-	-	-	-
2027		-			-	-	-	-	-	-	-	-
2028		-				-	-	-	-	-	-	-
2029		7,521,000					577,184	577,184	577,184	577,184	577,184	577,184
2030		-						-	-	-	-	-
2031		-							-	-	-	-
2032		-								-	-	-
2033		-									-	-
2034		-										-
2035		-										
Total Annual Debt Charges	-	7,521,000	-	-	-	-	577,184	577,184	577,184	577,184	577,184	577,184

Table B-4
Township of Essa
Wastewater Service
Wastewater Capital Reserve Continuity
Inflated $

Description	2025		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	1,979,134		3,031,862	2,644,669	1,934,544	1,725,332	1,626,046	1,593,888	1,881,033	2,478,492	3,219,574	4,136,177
Transfer from Operating	1,734,630		1,889,303	2,058,692	2,230,706	2,409,055	2,593,966	2,974,267	3,366,007	3,589,556	3,845,720	4,112,198
Transfer to Capital	755,850		2,341,000	2,816,000	2,482,000	2,548,000	2,665,000	2,733,000	2,829,000	2,927,000	3,030,000	3,158,000
Transfer to Operating	-		-	-	-	-	-	-	-	-	-	-
Closing Balance	**2,957,914**		**2,580,165**	**1,887,360**	**1,683,251**	**1,586,387**	**1,555,013**	**1,835,155**	**2,418,041**	**3,141,048**	**4,035,294**	**5,090,375**
Interest	73,948		64,504	47,184	42,081	39,660	38,875	45,879	60,451	78,526	100,882	127,259

Table B-5
Township of Essa
Wastewater Service
Wastewater Development Charges Reserve Fund Continuity
Inflated $

Description	2025		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	6,781,411		7,669,871	8,612,184	7,800,084	374,371	212,582	517,415	869,004	1,297,089	1,742,303	2,248,563
Development Charge Proceeds	701,390		732,260	764,654	798,155	833,026	869,397	907,577	973,633	979,903	1,028,600	1,066,450
Transfer to Capital	-		-	1,767,000	8,233,000	1,000,000	-	-	-	-	-	-
Transfer to Operating	-		-	-	-	-	577,184	577,184	577,184	577,184	577,184	577,184
Closing Balance	**7,482,801**		**8,402,131**	**7,609,838**	**365,240**	**207,397**	**504,795**	**847,808**	**1,265,453**	**1,699,808**	**2,193,720**	**2,737,829**
Interest	187,070		210,053	190,246	9,131	5,185	12,620	21,195	31,636	42,495	54,843	68,446
Required from Development Charges	300,000		-	1,767,000	8,233,000	8,521,000	-	-	-	-	-	-

Table B-6
Township of Essa
Wastewater Service
Operating Budget Forecast
Inflated $

Description	Budget 2025		Forecast 2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Expenditures												
Operating Costs												
Adminstration												
6000 - Salaries/Wages	40,362		41,800	43,300	44,800	46,400	48,000	49,700	51,400	53,200	55,100	57,000
6002 - Salaries/Wages Part Time	15,300		15,800	16,400	17,000	17,600	18,200	18,800	19,500	20,200	20,900	21,600
6012 - Wages & Benefits Transfer	6,109		6,300	6,500	6,700	6,900	7,100	7,300	7,600	7,900	8,200	8,500
6020 - Employee Benefits Full Time	2,149		2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000	3,100
6026 - Extended Health Benefits	4,492		4,600	4,800	5,000	5,200	5,400	5,600	5,800	6,000	6,200	6,400
6030 - Employee Health Tax	738		800	800	800	800	800	800	800	800	800	800
6031 - Employee Assistance Plan	24		-	-	-	-	-	-	-	-	-	-
6032 - OMERS	3,940		4,100	4,200	4,300	4,500	4,700	4,900	5,100	5,300	5,500	5,700
6033 - WSIB	923		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
6283 - OCWA Operating Budget	578,500		598,700	619,700	641,400	663,800	687,000	711,000	735,900	761,700	788,400	816,000
Operations	166,464		172,300	178,300	184,500	191,000	197,700	204,600	211,800	219,200	226,900	234,800
6056 - Heat	6,000		6,300	6,600	6,900	7,200	7,600	8,000	8,400	8,800	9,200	9,700
6072 - Software Maintenance	40,000		40,800	41,600	42,400	43,200	44,100	45,000	45,900	46,800	47,700	48,700
6081 - Other Write-offs	3,500		3,600	3,700	3,800	3,900	4,000	4,100	4,200	4,300	4,500	4,700
Sub Total Operating	**868,501**		**898,300**	**929,200**	**961,000**	**994,000**	**1,028,200**	**1,063,500**	**1,100,200**	**1,138,100**	**1,177,400**	**1,218,000**
Capital-Related												
New Growth Related Debt (Principal)			-	-	-	-	240,243	251,006	262,251	274,000	286,275	299,100
New Growth Related Debt (Interest)			-	-	-	-	336,941	326,178	314,933	303,184	290,909	278,084
Existing Debt (Principal) - Non-Growth Related	258,240		270,731	283,827	297,556	311,949	327,039	169,405	-	-	-	-
Existing Debt (Interest) - Non-Growth Related	88,667		76,175	63,080	49,351	34,957	19,868	8,003	-	-	-	-
Transfer to Capital Reserve	1,734,630		1,889,303	2,058,692	2,230,706	2,409,055	2,593,966	2,974,267	3,366,007	3,589,556	3,845,720	4,112,198
Sub Total Capital Related	**2,081,536**		**2,236,209**	**2,405,598**	**2,577,613**	**2,755,961**	**3,518,057**	**3,728,859**	**3,943,191**	**4,166,740**	**4,422,904**	**4,689,382**
Total Expenditures	**2,950,037**		**3,134,509**	**3,334,798**	**3,538,613**	**3,749,961**	**4,546,257**	**4,792,359**	**5,043,391**	**5,304,840**	**5,600,304**	**5,907,382**
Revenues												
Base Charge	417,121		446,903	477,207	508,703	542,170	577,724	615,721	655,349	697,665	743,627	792,557
Other Revenue												
4702 - Penalties & Interest	22,000		22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
4861 - Sewer Permit	5,620		5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600
4865 - Connection Fees	36,312		36,300	36,300	36,300	36,300	36,300	36,300	36,300	36,300	36,300	36,300
Contributions from Development Charges Reserve Fund	-		-	-	-	-	577,184	577,184	577,184	577,184	577,184	577,184
Total Operating Revenue	**481,053**		**510,803**	**541,107**	**572,603**	**606,070**	**1,218,808**	**1,256,805**	**1,296,433**	**1,338,749**	**1,384,711**	**1,433,641**
Wastewater Billing Recovery - Total	**2,468,984**		**2,623,706**	**2,793,692**	**2,966,010**	**3,143,891**	**3,327,448**	**3,535,554**	**3,746,958**	**3,966,091**	**4,215,594**	**4,473,741**

Table B-7
Township of Essa
Wastewater Rate Forecast
Inflated $

Description	2025		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Total Wastewater Billing Recovery	2,468,984		2,623,706	2,793,692	2,966,010	3,143,891	3,327,448	3,535,554	3,746,958	3,966,091	4,215,594	4,473,741
Total Volume (m^3)	1,146,477		1,173,750	1,198,634	1,222,522	1,246,809	1,271,494	1,296,975	1,321,660	1,347,141	1,374,613	1,402,682
Constant Rate	**2.15**		**2.24**	**2.33**	**2.43**	**2.52**	**2.62**	**2.73**	**2.84**	**2.94**	**3.07**	**3.19**
Annual Percentage Change			**4%**	**4%**	**4%**	**4%**	**4%**	**4%**	**4%**	**4%**	**4%**	**4%**

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Sept 23rd, 2025

To Mayor Sandie MacDonald, Members of Council, and Administration Staff:
Township of Essa

Re: Permit Request – RockStock Charity Rock Festival

We are writing to formally request a permit to host the first Essa Township **RockStock Charity Festival** on **August 15/16/17th, 2026.** From small towns to major cities, communities everywhere have embraced music festivals as a way to grow pride and connection. The Township of Essa deserves its place on that map Held at the property of Mansford & Rhonda Keeping Property 6037 County Road 10, L9R 1V2. Our goal is to create a safe, respectful, and community-minded event inspired by the spirit of Woodstock—celebrating peace, love, charity, local talent, live music, and raising awareness and funds for organizations that directly affect our communities.

Festival Overview

- **Dates:** Friday, Saturday, Sunday – August 15/16/17th, 2026
- **Charity-driven Programming: Cancer Foundation/Army Families (Base Borden)**
  - *Friday*: 4 established rock bands
  - *Saturday*: 6 established bands, including Kim Mitchell (Or we may choose Headpins)
  - *Sunday*: *RockStock Icon – Emerging Artists Competition (Charity for this event will be for a local Essa charity – perhaps Base Borden Families)*
- **Expected Attendance:** Approximately 1,000 people across the weekend
- **Onsite Amenities:** Camping, artisans, food vendors, and family-friendly activities
- **Beer Gardens:** Hosted by Sidelaunch Brewery Company (They provide a license)
  We understand the City's concerns; however, we respectfully request the opportunity to host beer gardens in full compliance with all required protocols. No alcohol would be served on Sunday.
- **Adequate Fencing Provided by Sure Fence**

Community & Charity

RockStock is designed as a fundraising event with the intention of supporting local charities, including cancer research and support programs, Youth Haven, and a local Essa Township initiative.

In addition to the event we plan on the following to help with this goal

- A **50/50 draw** will run in the months leading up to the festival, raising significant funds for the charities that will go directly to the charities and one lucky winner.

The event will spotlight local talent **through the Emerging Artists Competition, supporting the growth of the music community. Potentially sponsored by Barrie Musical School**

Parking & Traffic Management

We understand that parking and traffic flow are the City's greatest concern, and we are committed to ensuring a smooth and safe experience:

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- The property offers **11 acres onsite**, plus **additional acreage across the street** dedicated to parking. There are 2 designated driveways allowing for enter and exit only!
- We will **hire trained parking attendants (such as supporting local cadets)** to direct vehicles and maintain fluid traffic flow, preventing congestion and will work with the township in whatever capacity necessary.

  We have consulted with the organizers of the Chrome Thunder & Blues Festival—an event that successfully welcomed around 1,000 attendees each year for four consecutive years at this property—to draw on their proven parking and traffic strategies, which resulted in no reported issues during their events.

Insurance & Safety

We will secure **a minimum $5 million liability insurance policy** through our insurance broker (a direct member of our organizing team). We will also implement all necessary safety (fireman, security 24/7, nurse-staffed first-aid station, and crowd management measures to ensure the festival operates respectfully and responsibly.

Closing

We are excited to bring this community-focused event to life and are confident RockStock will reflect positively on Essa Township. With careful planning, experienced management team such as Executives Wayne & Deb Nordeen (previous work with event organization for Geminis, Junos and other film events, Beth Wink (Executive Director, Alliston Potato Festival, Treasurer, Beeton Fall Fair, & Co-chair Beeton Honey Festival) & Event Manager for Schomberg Main Street Christmas) Norm Depetri, head of sales and sponsorships,Wasaga Blues Festival and an incredible team of dedicated lovers of the arts with an emphasis on safety and charity, we are committed to upholding the Township's standards while providing a memorable and meaningful weekend for all.

We respectfully request your support in granting the necessary permits to help bring RockStock to life as soon as possible,, as we are already behind in our planning timeline.

Thank you for your consideration.
Deb & Wayne Nordeen / RockStock Music Festival
Executors

[redacted]
On behalf of RockStock Festival Committee

Here is a link to images of the property - https://drive.google.com/drive/folders/1eb5B-yFfrw2SFL6PfrdU52ALDPaMwBka?usp=sharing