



Water and Wastewater Rate Study and Long-Range Financial Plan

In Accordance with O.Reg. 453/07



Municipality of Strathroy-Caradoc

November 2024

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*Introduction - Water and Wastewater Financial Plan and
Rate Study*



Water/Wastewater Long Range Financial Plan

Introduction

The Ministry of Environment (MOE) passed the Safe Drinking Water Act, 2002 (SDWA) which requires owners of municipal drinking water systems to apply for and obtain a Municipal Drinking Water Licence. There are five elements that must be in place in order for the owner of a drinking water system to obtain a licence:

1. A Drinking Water Works Permit to establish or alter a drinking water system.
2. An accepted operational plan. The Drinking Water Quality Management Standard (DWQMS) is the standard upon which operational plans are based. The plan documents an operating authority's quality management system (QMS).
3. An Accredited Operating Authority. A third-party audit of an operating authority's QMS is the basis for accreditation.
4. A permit to take water.
5. A financial plan that must be prepared, based on up-to-date rates, and approved in accordance with the prescribed requirements in the financial plans regulation. This is one of the main purposes of this project.

Several other provisions are also set out in the regulation that must be met by a municipality:

- Financial plans must be approved by Council resolution (or governing body) indicating that the drinking water system is financially viable;
- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six-year period (commencing when the system first serves the public);
- 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 PSAB) for each year in which the financial plans apply;
- 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 plans must be given to Ministry of Municipal Affairs and Housing.

Once a system is licensed, a financial plan is required to be updated every 5 years, in conjunction with every application for licence renewal.

The categories to be included in the financial plan can be found in three statements: Statement of Operations, Statement of Cash Flows and Statement of Financial Position. These will be discussed later in the report.

The categories of financial information have been developed:

- to ensure that they provide a sound picture of the financial position of a drinking water system;
- to ensure that they are aligned with municipal financial statements prepared on a full accrual accounting basis; and

- to be a balance between encouraging more comprehensive and consistent financial planning for municipal water services, and accommodating existing municipal practices.

This financial plan has been prepared in accordance with the financial plan regulation (O. Reg. 453/07) made under the Safe Drinking Water Act, as well as the provisions of the financial planning guidelines published by the MOE in August 2007, entitled “Toward Financially Sustainable Drinking-Water and Wastewater Systems”.

While the regulations are directed at water systems, the approach undertaken by the Municipality was to undertake a similar process for the Municipality’s wastewater systems to ensure transparency and sustainability of the system. The wastewater system is experiencing greater fiscal challenges related to both sustainability and growth.

The goal of this financial plan is to provide the Municipality with a realistic and informed view of operating and capital expenditures needed over time to maintain the integrity and health of its physical infrastructure and accommodate growth. The financial plan is not binding on Council, however, it provides a framework for guiding future operating and capital budgets.

Sustainable Financial Planning

The Ministry of the Environment, Conservation and Parks released a guideline (“Towards Financially Sustainable Drinking-Water and Wastewater Systems”) that outlines suggested principles for Water and Wastewater and provides possible approaches to achieving sustainability. The Province’s Principles of Financially Sustainable Water and Wastewater Services are provided below:

- **Principle #1:** Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system(s) to which they relate.
- **Principle #2:** An integrated approach to planning among Water, Wastewater, and Storm Water systems is desirable given the inherent relationship among these services.
- **Principle #3:** Revenues collected for the provision of Water and Wastewater services should ultimately be used to meet the needs of those services.
- **Principle #4:** 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.

Guiding Principles

The following guiding principles were used as the basis for the creation of the Water and Wastewater financial plans to meet the requirements of O. Reg 453/07:

- Smoothed rate increases over the period;
- A fair sharing in the distribution of resources between current and future ratepayers;
- Growth pays for growth;
- Provide for sustainable cash flows in the long term;
- Pay as you go financing for lifecycle expenditures;
- Use of debt to smooth out funding requirements for large system improvement projects;
- Maintain programs and services at their desired levels; and
- Maintain affordable water and wastewater rates.

General Approach to Preparing the Municipality's Financial Plan

The financial plan identifies the key financial strategies required to achieve a sustainable long-term financial future for the Water and Wastewater operations. The financial plan includes:

- Expected operating and capital outlays for each year of the plan;
- Expected revenues for each year and their source;
- Performance metrics to enable assessment of the financial plan; and
- Assumptions that have been used in the development of the financial plan.

This financial plan will be instrumental in the Municipality's ability to meet the Provincial reporting requirements included in O.Reg. 453/07 for Water and Wastewater operations and has been developed in recognition of the above noted principles.



The Financial Plan is Dynamic

Although great effort has been made to present accurate financial projections, based upon the data available at this time, the financial plan is a dynamic document and should be updated and re-evaluated, on an ongoing basis.

There are many circumstances that could occur within the six year timeframe that would affect the assumptions in the projections for operating and capital. Council priorities, planning policies, changes to service levels, consumption projections and infrastructure requirements, will certainly lead to changes and the financial plan should be adjusted to reflect these changes as they occur.

It is anticipated that updates to the financial plan will:

- Amend the assumptions, projections and strategies, as required, based on changes in the municipal environment;
- Continue building awareness of future changes in current operating and capital spending and funding levels;
- Assist the Municipality in determining the extent of its financial challenges;

- Reconfirm the key financial goals and strategies that should guide future planning; and
- Spur the development of actions in future business plans that would respond to the strategies.



*Water and Wastewater Rates and Affordability
Analysis*



Water Historical Rates

The following table reflects the water rates over the past six years:

		2019	2020	2021	2022	2023	2024
Water							
Water Usage Charge (Volumetric) per m3 - 0 to 11 m3		no additional charge	no additional charge	no additional charge	no additional charge	no additional charge	no additional charge
Water Usage Charge (Volumetric) per m3 - 12 to 3,000 m3		\$ 1.78	\$ 1.84	\$ 1.90	\$ 1.96	\$ 2.00	\$ 2.04
Water Usage Charge (Volumetric) per m3 - exceeding 3,000 m3		\$ 0.88	\$ 0.90	\$ 0.93	\$ 0.96	\$ 1.15	\$ 1.38
Water Charge based on Meter Size - Monthly	1.5" or less	\$ 30.35	\$ 31.35	\$ 32.39	\$ 33.46	\$ 34.13	\$ 34.81
	2"	\$ 37.65	\$ 38.89	\$ 40.18	\$ 41.51	\$ 42.34	\$ 43.18
	3"	\$ 44.57	\$ 46.04	\$ 47.56	\$ 49.13	\$ 50.11	\$ 51.11
	4"	\$ 116.91	\$ 120.77	\$ 124.75	\$ 128.87	\$ 131.44	\$ 134.07
	5"	\$ 148.20	\$ 153.09	\$ 158.14	\$ 163.36	\$ 166.63	\$ 169.96
	6"	\$ 180.77	\$ 186.74	\$ 192.40	\$ 198.75	\$ 202.72	\$ 206.78
	8"	\$ 259.06	\$ 267.61	\$ 276.44	\$ 285.56	\$ 291.27	\$ 297.10
	10"	\$ 582.80	\$ 602.03	\$ 621.90	\$ 642.42	\$ 655.27	\$ 668.38
Volumetric Rate Change (Tier 2)		4.0%	3.5%	3.3%	3.2%	2.0%	2.0%
Volumetric Rate Change (Tier 3)		4.5%	2.9%	3.3%	3.2%	19.8%	20.0%
Fixed Rate Change		3.5%	3.3%	3.3%	3.3%	2.0%	2.0%

- From 2019-2022 there has been a 3.3-3.5% annual increase in the fixed monthly rates and a 3.2-4% increase in the volumetric rates tiers.
- From 2023-2024 there was a 2% increase for volumetric and the fixed rates. During this same time there were increases in the third tier of approximately 20% annually to gradually phase out the declining rate structure as approved by Council in the previous study.

Wastewater Historical Rates

- The following table reflects the rates over the past six years:

		2019	2020	2021	2022	2023	2024
Wastewater							
Water Usage Charge (Volumetric) per m3 - 0 to 11 m3		no additional charge	no additional charge	no additional charge	no additional charge	no additional charge	no additional charge
Water Usage Charge (Volumetric) per m3 - 12 to 3,000 m3		\$ 1.61	\$ 1.87	\$ 2.17	\$ 2.52	\$ 2.57	\$ 2.62
Water Usage Charge (Volumetric) per m3 - exceeding 3,000 m3		\$ 0.79	\$ 0.92	\$ 1.06	\$ 1.23	\$ 1.48	\$ 1.77
Wastewater Charge based on Meter Size - Monthly	1.5" or less	\$ 26.79	\$ 31.08	\$ 36.05	\$ 41.82	\$ 42.65	\$ 43.51
	2"	\$ 33.21	\$ 38.52	\$ 38.55	\$ 44.72	\$ 45.61	\$ 46.52
	3"	\$ 39.29	\$ 45.58	\$ 45.64	\$ 52.94	\$ 54.00	\$ 55.08
	4"	\$ 103.04	\$ 119.53	\$ 119.71	\$ 138.86	\$ 141.64	\$ 144.47
	5"	\$ 130.66	\$ 151.57	\$ 175.82	\$ 203.95	\$ 208.03	\$ 212.19
	6"	\$ 159.38	\$ 184.88	\$ 185.10	\$ 214.72	\$ 219.01	\$ 223.39
	8"	\$ 228.42	\$ 264.97	\$ 265.26	\$ 307.70	\$ 313.86	\$ 320.13
	10"	\$ 513.83	\$ 596.04	\$ 691.41	\$ 802.03	\$ 818.07	\$ 834.43
Volumetric Rate Change (Tier 2)		5.0%	16.1%	16.0%	16.1%	2.0%	1.9%
Volumetric Rate Change (Tier 3)		6.0%	16.3%	15.2%	16.0%	20.3%	19.6%
Fixed Rate Change		2.0%	16.0%	16.0%	16.0%	2.0%	2.0%

- Wastewater experienced higher increases than water due to a need for fund capital projects and building the reserve. In 2023-2024, consistent as the practice in water, an increase of approximately 20% annually in the third tier of volumetric rates to phase out the declining rate structure.

Cost of Service

- An analysis of the 2024 water and wastewater rates in Strathroy-Caradoc was undertaken against other peer municipalities in Southwestern Ontario.
- As shown in the table, the customer cost of water/ww services in Strathroy-Caradoc is approximately 12% lower than the peer average for a residential customer that consumes 200 m³ per year. In Strathroy-Caradoc, a customer would pay \$1,257 annually compared with the peer average of \$1,422.
- For non-residential customers, the cost of service in Strathroy-Caradoc ranges from 1-13% higher than the peer average for small to mid usage customers and 10% lower than the peer average for large customers.
- Differences in rates are impacted by the overall age of the system, the condition of the infrastructure, the complexity of the system and the strategies used to address infrastructure gaps.
- Further, the rate structures vary across the survey of peer municipalities which creates differences in terms of the relative position. For example, Strathroy-Caradoc has a lower cost of service (10%) for customers larger quantities of water (100,000 m³ annually) due to its declining three tier rate structure which is being phased out.

2024 Volume Meter Size	Residential 200 m ³ 5/8"	Commercial 10,000 m ³ 2"	Industrial 30,000 m ³ 3"	Industrial 100,000 m ³ 4"
Tillsonburg	\$ 999	\$ 26,838	\$ 77,998	\$ 242,772
London	\$ 1,023	\$ 29,969	\$ 84,253	\$ 262,281
Brantford	\$ 1,027	\$ 45,936	\$ 137,655	\$ 458,295
Haldimand	\$ 1,100	\$ 32,595	\$ 88,745	\$ 278,567
Sarnia	\$ 1,189	\$ 30,211	\$ 78,008	\$ 220,022
Chatham-Kent	\$ 1,269	\$ 30,515	\$ 82,056	\$ 203,883
Ingersoll	\$ 1,275	\$ 27,621	\$ 80,969	\$ 246,553
Cambridge	\$ 1,300	\$ 55,672	\$ 165,575	\$ 545,644
Woolwich	\$ 1,412	\$ 56,512	\$ 166,512	\$ 556,060
Centre Wellington	\$ 1,416	\$ 57,081	\$ 167,816	\$ 554,835
Wellesley	\$ 1,432	\$ 59,252	\$ 177,252	\$ 590,252
Owen Sound	\$ 1,583	\$ 46,048	\$ 134,419	\$ 438,429
Brant	\$ 1,573	\$ 46,155	\$ 131,948	N/A
North Middlesex	\$ 1,919	\$ 80,498	N/A	N/A
Lambton Shores	\$ 1,857	\$ 74,338	\$ 219,308	\$ 719,899
Middlesex Centre	\$ 1,862	\$ 74,280	N/A	\$ 720,424
Grey Highlands	\$ 1,947	\$ 30,022	\$ 75,641	\$ 212,068
Average	\$ 1,422	\$ 47,267	\$ 124,544	\$ 416,665
Median	\$ 1,412	\$ 46,048	\$ 131,948	\$ 438,429
Strathroy-Caradoc	\$ 1,257	\$ 47,579	\$ 141,072	\$ 373,696
Difference to Average	\$ (166)	\$ 312	\$ 16,529	\$ (42,969)
% Difference to Average	-12%	1%	13%	-10%

Ratepayer Affordability

- There are a number of sources which are used in the industry to establish a benchmark upon which affordability is measured. The most common approach is water/wastewater costs as a percentage of average income. The threshold value, which is expressed as a percent, is applied to a measure of income to determine the point at which the cost of water/wastewater becomes unaffordable.
- There is no one benchmark percentage established in the industry. Depending on the source used, the range typically is from 1.5%-3.0% of household income, beyond which, affordability is questionable.
- The following table compares the cost of water/ww services in relation to household income for 2024.
- As shown in the table, using this affordability metric, Strathroy-Caradoc the water/ww costs as a percentage of income in Strathroy-Caradoc is 1.1% compared with the survey average of 1.2%.

Water/WW Affordability	2024 Est. Avg.		2024 Residential	
	Household Income		Water/WW Costs 200 m3	Affordability Metric
Woolwich	\$ 149,838	\$	1,412	0.9%
Wellesley	\$ 156,403	\$	1,432	0.9%
London	\$ 104,214	\$	1,023	1.0%
Haldimand	\$ 113,526	\$	1,100	1.0%
Brantford	\$ 100,287	\$	1,027	1.0%
Tillsonburg	\$ 94,621	\$	999	1.1%
Centre Wellington	\$ 135,649	\$	1,416	1.0%
Sarnia	\$ 110,283	\$	1,189	1.1%
Cambridge	\$ 117,575	\$	1,300	1.1%
Middlesex Centre	\$ 164,795	\$	1,862	1.1%
Ingersoll	\$ 107,700	\$	1,275	1.2%
Brant	\$ 138,477	\$	1,573	1.1%
Chatham-Kent	\$ 91,628	\$	1,269	1.4%
Grey Highlands	\$ 118,453	\$	1,947	1.6%
North Middlesex	\$ 110,860	\$	1,919	1.7%
Lambton Shores	\$ 103,246	\$	1,857	1.8%
Owen Sound	\$ 81,331	\$	1,583	1.9%
Average	\$ 117,582	\$	1,422	1.2%
Median	\$ 110,860	\$	1,412	1.1%
Strathroy-Caradoc	\$ 112,187	\$	1,257	1.1%
Difference to Average	\$ (5,395)	\$	(166)	-0.1%
% Difference to Average	-4.6%		-11.6%	-9.6%

Source: 2024 rate by-laws, 2024 income Manifold Data Mining.

Rate Structure - Goals and Objectives

The following provides a set of goals and objectives that were considered in developing changes to the water/wastewater rate structure:

- **Affordability**—The rate structure should incorporate policies that support affordable water and wastewater services for all customers while at the same time ensuring that the full cost of service are being recovered.
- **Revenue Stability and Rate Predictability**—The rate structure should provide for a steady and predictable stream of revenues such that the City is capable of meeting its current financial requirements. To the extent possible, cash flows should be matched with expenditures. Any rate setting practice employed by the Municipality will consider the impact on revenue stability and take the appropriate actions to maintain/improve revenue stability.
- **Fairness and Equity**—The rate structure should ensure that customers are contributing equitably towards revenue requirements. Equity should be based on the user pay principle.
- **Conservation**—The rate structure should encourage the efficient and justifiable uses of water as well as assist in managing system demand. Programs that promote efficient water usage may reduce operating costs and capital investment needs over time. The less water consumed and hence less sewage generated will result in deferral of plant expansions, thereby avoiding capital expenditures for all customers.
- **Practical (Simple to Understand and Update)** - The rate structure should support principles of fairness and equity but at the same time it should be simple to understand, rational and easy to update and administer.
- **Economic Development** - The rate structure should align with other economic development initiatives and should consider the competitive positioning of commercial and industrial properties within the Municipality and its ability to attract new business to the community.

Rate Structure Options—Fixed Vs. Volumetric

- As stated by the Canadian WaterWorks Association (CWWA) , at the heart of the methodology for setting water rates is the concept of a two-part rate structure; a volumetric charge and a fixed charge.
- Consistent with the approach in Strathroy-Caradoc over 90% of 100+ Ontario municipalities surveyed have a fixed and volumetric rate structure.
- The extent to which the amount recovered from a fixed monthly fee varies considerably across Ontario based on the overall objectives of the municipality.
- For example, a high allocation to the fixed charge is not recommended if water efficiency is an important objective in rate setting. Although a high allocation to the volumetric rate will promote water efficiency, there is increased revenue risk brought about by the increased reliance on the volumetric charge to recover costs if consumption drops.

2024	Water	WW	Total
Rate Revenues	% of Total		
Fixed	65%	64%	64%
Volumetric	35%	36%	36%
Total	100%	100%	100%

- As shown in the table, approximately 65% of the water costs are recovered from the fixed monthly charge and 64% of the wastewater costs are recovered from the monthly charge. Given that much of the operating costs are relatively fixed and do not vary based on consumption, maintaining a mid to high cost recovery from the fixed monthly fee to support revenue stability is appropriate. It should be noted that the fixed charge includes the first 0-11 m³ per month of consumption.
- Any reduction in the fixed allocation would increase revenue instability and any increase in the fixed allocation would increase the cost of service to low volume customers.
- No change to the allocation of costs to fixed in Strathroy-Caradoc is recommended.

Rate Structure Options

The following summarizes the types of rate structures across Ontario 120+ Ontario municipalities:

- Uniform Rate Structure—The most common rate structure is the uniform rate for water and wastewater services. A uniform rate structure means that the price per unit remains constant despite consumption and despite the class of user. The cost is calculated by dividing the total cost of the service by the total volume used by customers. This is the recommended approach for Strathroy-Caradoc through a gradual phase out strategy over the next three years.
- Declining Block Rate Structure — In a declining block rate structure, the unit price of water decreases as the volume consumed increases. This structure charges low volume users the highest rate, which is often residential consumers. Declining rate structures are the second most common type of rate structure.
- Inclining Rate Structure —The main objective of an increasing block structure is to encourage conservation. The rates in an inclining (progressive) rate structure increase as consumption increases by establishing thresholds or blocks at which the rate would change.

- Humpback Rate Structure —A humpback rate structure uses a combination of increasing and decreasing block rates: rates first increase, then decrease in steps as consumption increases. This approach targets high volume users, and then provides lower cost for very high volume users.
- The following table summarizes the approach used across Ontario municipalities.

Municipality	Water Residential	Water Non-Res.	WW Residential	WW Non-Res.
Uniform	60%	68%	68%	72%
Declining	9%	12%	9%	11%
Inclining	17%	11%	10%	8%
Humpback	9%	9%	9%	9%
Flat	5%	0%	3%	0%
Total	100%	100%	100%	100%

Strathroy-Caradoc has a declining rate structure as follows (2024):

- **Tier 1:** 0-11 m³ – included in fixed charge which varies by meter size
- **Tier 2:** 12-3,000³ – uniform volumetric rate charged
- **Tier 3:** Exceeding 3,000 m³ – 32% discount in volumetric rates

- The existing block rate structure which has a large discount on the third tier benefits primarily two customers and is being charged at a rate lower than the cost of service.
- The third tier block is also relatively low in relation to other municipalities surveyed. As such, the previous report in 2019 recommended a gradual eliminate of the third tier rate which, if approved by Council in 2024 will be eliminated by 2027.

Recommendations—Future Rate Structure

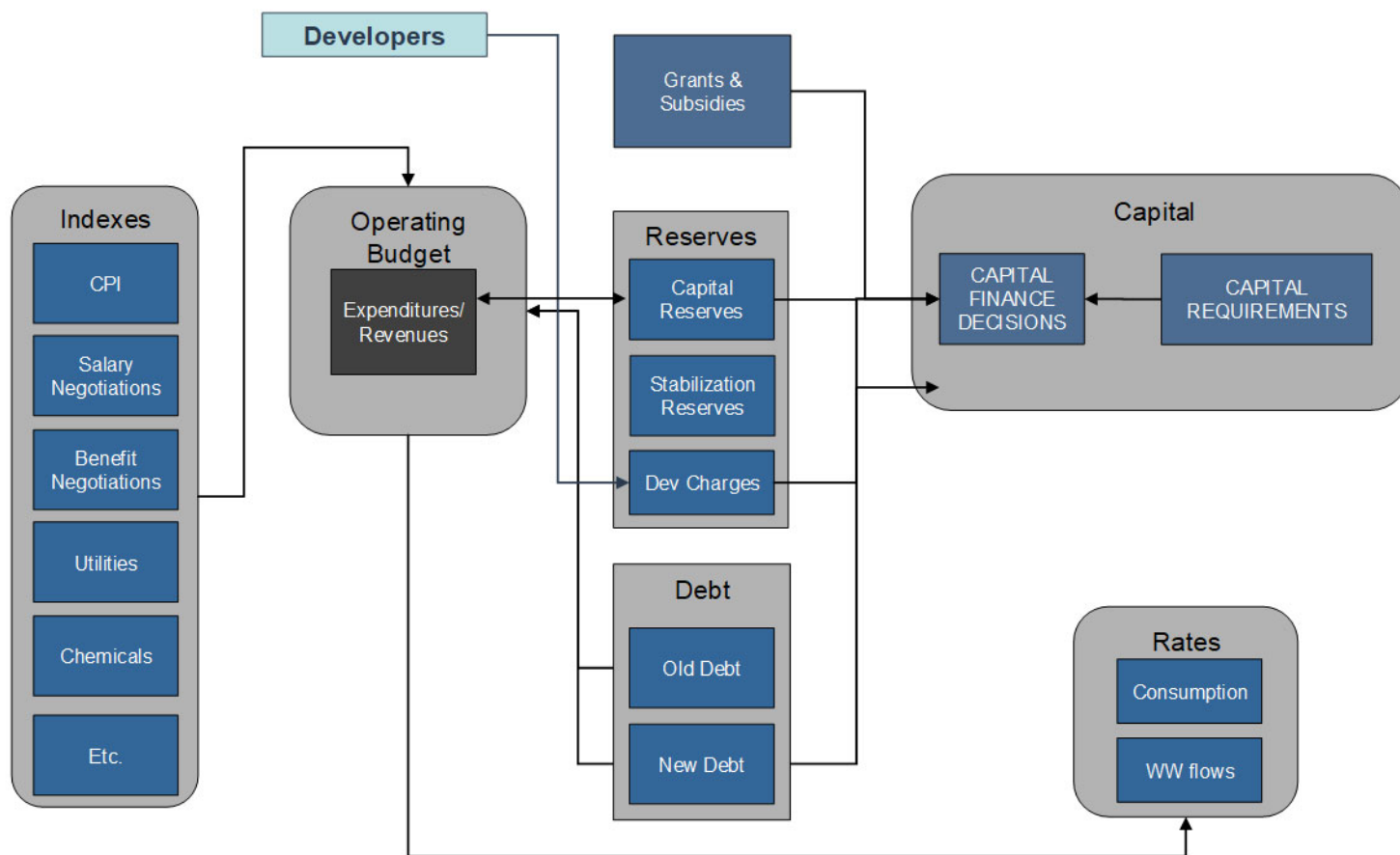
- ***Gradually reduce/eliminate the discount for the third tier by 2027 and move to a uniform volumetric rate structure for all customers.***

Summary of Financial Environment and Assumptions
Water and Wastewater Financial Plan



Model Development

The financial plan was developed based on an analysis of all factors impacting the water and wastewater capital and operating budgets. As shown below, due to the inter-relationship between all components of the plan, changes in any of the assumptions will potentially have an impact throughout the financial plan.



Challenges/Risks/Opportunities

The following summarizes the key challenges, risks and opportunities to long-term financial sustainability which have been addressed as part of the plan:

- **Complex Water and Wastewater System**—Water and wastewater systems are extremely capital intensive. These assets have a replacement value in excess of \$200 million in water and \$135 million in wastewater. These assets are aging and many require upgrades or replacement over the next six years
- **Availability of Capital Reserves**—At the end of 2023, the Water Capital Reserve has a balance of \$17.9 million (net of commitments) and the Wastewater Capital Reserve has a negative balance of \$3.6 million (net of commitments). The significant capital requirements over the next 10 years requires a need to gradually increase the Water and Wastewater Capital Reserve contributions.
- **Increasing Capital and Operating Costs** – The costs of operations and capital replacement are increasing faster than the rate of inflation.
- **Interest Rates**—Municipal borrowing rates have increased over the past two years. The currently borrowing rates is 4.5% for a 20-year debenture. This will result in higher debt payments funded from the Operating Budget.
- **Increased Reliance on Debt Financing**—The financial plan includes the issuance of debt in wastewater operations to address capital replacement needs over the next 10 years. From 2025 onwards, the financial plan includes \$22 million.
- **Managing Risk**—The Financial Plan manages risk in terms of debt management and reserves as well as affordability. However, should capital construction costs increase faster than what has been budgeted or an emergency situation arises, there may be a need to issue additional debt, still within the debt capacity limit. In addition, cash flows will need to be closely monitored.

Regulatory and Legislative Environment

Legislative and regulatory changes will continue to be a factor that drives the cost of service well into the future. There are numerous statutes and associated regulations that dictate service and service levels including:

- Municipal Act;
- Clean Water Act;
- Water Opportunities Act;
- Ontario Water Resources Act;
- Safe Drinking Water Act (SDWA);
- Environmental Protection Act;
- Environmental Assessment Act;
- PSAB 3150, Tangible Capital Assets Reporting; and
- More Housing Built Faster Act.

Summary of Financial Environment and Forecast Assumptions

- **Expenditure Increases**—3% annually.
- **Other Revenues**— 2% annually.
- **Reserves**—Water/WW Reserve projected opening balance 2024 which took into consideration any commitments from previous years.
- **Operating Budget**—The Municipality provided the 2024 Operating Budgets for Water and Wastewater which were used extensively and forecast assumptions were included for the remainder of the forecast period.
- **Capital Budget**—The proposed 10-year Capital Budget included sources of financing. Sources in funding from future development charges for growth related capital, rates through contributions from reserves and the issuance of debt in Wastewater. The total capital **replacement budget** for the 10 year period is as follows funded from rates:
 - Water—\$39.9 million
 - Wastewater—\$60.6 million
- **Debt Schedules**—Debt schedules were provided for existing debt in the water and wastewater operations. New debt in Wastewater was issued over the 10-year forecast period in the of \$22 million (20 year debt at 4.5%).
- **Consumption**—Consumption trends were provided by the Municipality to determine an appropriate assumption with respect to rate setting. The consumption in 2025 is based on trends over the past 3-5 years, taking into consideration growth with a 2025 consumption of 1.85 million m³.
- **Customer Accounts and Meters by Size**—The Municipality provided customer account information by meter size.
- **Service Standards**—The existing service standards for water and wastewater programs are maintained at their current level.
- **Financial Information Return 2023**—The Municipality's FIR was used in the preparation of the O. Regs. with respect to amortization information.

Water Revenue and Expenditure Analysis

The following summarizes the revenues and expenditures over the next 10 years.

Water	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues										
Billing Revenue - Strathroy-Caradoc	\$ 5,510,708	\$ 5,731,136	\$ 5,954,650	\$ 6,151,154	\$ 6,354,142	\$ 6,563,829	\$ 6,780,435	\$ 6,970,287	\$ 7,165,455	\$ 7,373,253
Billing Revenue - Adel - Metcalfe	\$ 115,265	\$ 119,876	\$ 124,551	\$ 128,661	\$ 132,907	\$ 137,293	\$ 141,823	\$ 145,794	\$ 149,877	\$ 154,223
Billing Revenue - Meter Fees	\$ 75,000	\$ 77,250	\$ 79,568	\$ 81,955	\$ 84,413	\$ 86,946	\$ 89,554	\$ 92,241	\$ 95,008	\$ 97,858
Other Revenue	\$ 55,000	\$ 56,650	\$ 58,350	\$ 60,100	\$ 61,903	\$ 63,760	\$ 65,673	\$ 67,643	\$ 69,672	\$ 71,763
Total Revenues	\$ 5,755,973	\$ 5,984,912	\$ 6,217,118	\$ 6,421,869	\$ 6,633,365	\$ 6,851,827	\$ 7,077,485	\$ 7,275,965	\$ 7,480,012	\$ 7,697,097
EXPENSES										
Salaries, Wages, Benefits	\$ 731,000	\$ 752,930	\$ 775,518	\$ 798,783	\$ 822,747	\$ 847,429	\$ 872,852	\$ 899,038	\$ 926,009	\$ 953,789
Admin OH Fee	\$ 150,000	\$ 154,500	\$ 159,135	\$ 163,909	\$ 168,826	\$ 173,891	\$ 179,108	\$ 184,481	\$ 190,016	\$ 195,716
Distribution System - Maintenance	\$ 85,000	\$ 87,550	\$ 90,177	\$ 92,882	\$ 95,668	\$ 98,538	\$ 101,494	\$ 104,539	\$ 107,675	\$ 110,906
Other Expenses	\$ 444,200	\$ 457,526	\$ 471,252	\$ 485,389	\$ 499,951	\$ 514,950	\$ 530,398	\$ 546,310	\$ 562,699	\$ 579,580
Utilities	\$ 111,500	\$ 114,845	\$ 118,290	\$ 121,839	\$ 125,494	\$ 129,259	\$ 133,137	\$ 137,131	\$ 141,245	\$ 145,482
Water Purchases	\$ 1,222,000	\$ 1,258,660	\$ 1,296,420	\$ 1,335,312	\$ 1,375,372	\$ 1,416,633	\$ 1,459,132	\$ 1,502,906	\$ 1,547,993	\$ 1,594,433
Transfer to Water Reserve Fund	\$ 2,837,273	\$ 2,978,651	\$ 3,120,669	\$ 3,232,527	\$ 3,348,342	\$ 3,468,253	\$ 3,592,404	\$ 3,686,332	\$ 3,782,690	\$ 3,888,855
Transfer to Other Reserves	\$ 175,000	\$ 180,250	\$ 185,658	\$ 191,227	\$ 196,964	\$ 202,873	\$ 208,959	\$ 215,228	\$ 221,685	\$ 228,335
Debt Charges - Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Charges - Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 5,755,973	\$ 5,984,912	\$ 6,217,118	\$ 6,421,869	\$ 6,633,365	\$ 6,851,827	\$ 7,077,485	\$ 7,275,965	\$ 7,480,012	\$ 7,697,097
NET Spending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Revenue Requirements % Change		4.0%	3.9%	3.3%	3.3%	3.3%	3.3%	2.8%	2.8%	2.9%

Adelaide-Metcalfe Rates are based upon the rate based upon a July 20, 2022 interim order as what may occur in respect of revenue/expense in future is unknown until the legal dispute concludes.

Wastewater Revenue and Expenditure Analysis

The following summarizes the revenues and expenditures over the next 10 years.

WW	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues										
Billing Revenue - Strathroy-Caradoc	\$ 6,328,451	\$ 6,980,281	\$ 7,699,250	\$ 8,430,679	\$ 9,240,024	\$ 10,127,066	\$ 10,997,994	\$ 11,877,834	\$ 12,828,060	\$ 13,854,305
Billing Revenue - Adel - Metcalfe	\$ 36,181	\$ 39,908	\$ 44,018	\$ 48,200	\$ 52,827	\$ 57,899	\$ 62,878	\$ 67,908	\$ 73,341	\$ 79,208
Other Revenue	\$ 8,000	\$ 8,240	\$ 8,487	\$ 8,742	\$ 9,004	\$ 9,274	\$ 9,552	\$ 9,839	\$ 10,134	\$ 10,438
Total Revenues	\$ 6,372,632	\$ 7,028,429	\$ 7,751,756	\$ 8,487,621	\$ 9,301,856	\$ 10,194,239	\$ 11,070,425	\$ 11,955,581	\$ 12,911,535	\$ 13,943,952
EXPENSES										
Salaries, Wages, Benefits	\$ 711,000	\$ 732,330	\$ 754,300	\$ 776,929	\$ 800,237	\$ 824,244	\$ 848,971	\$ 874,440	\$ 900,674	\$ 927,694
Admin OH Fee	\$ 150,000	\$ 154,500	\$ 159,135	\$ 163,909	\$ 168,826	\$ 173,891	\$ 179,108	\$ 184,481	\$ 190,016	\$ 195,716
Coll System - Maintenance	\$ 35,000	\$ 36,050	\$ 37,132	\$ 38,245	\$ 39,393	\$ 40,575	\$ 41,792	\$ 43,046	\$ 44,337	\$ 45,667
Pump Station - Maintenance	\$ 100,000	\$ 103,000	\$ 106,090	\$ 109,273	\$ 112,551	\$ 115,927	\$ 119,405	\$ 122,987	\$ 126,677	\$ 130,477
Treatment Plant - Maintenance	\$ 325,000	\$ 334,750	\$ 344,793	\$ 355,136	\$ 365,790	\$ 376,764	\$ 388,067	\$ 399,709	\$ 411,700	\$ 424,051
Other Expenses	\$ 887,100	\$ 913,713	\$ 941,124	\$ 969,358	\$ 998,439	\$ 1,028,392	\$ 1,059,244	\$ 1,091,021	\$ 1,123,752	\$ 1,157,464
Utilities	\$ 467,000	\$ 481,010	\$ 495,440	\$ 510,304	\$ 525,613	\$ 541,381	\$ 557,622	\$ 574,351	\$ 591,582	\$ 609,329
Transfer to WW Reserve Fund	\$ 3,667,532	\$ 3,780,919	\$ 3,651,897	\$ 4,301,667	\$ 4,565,966	\$ 5,367,012	\$ 6,149,119	\$ 6,937,374	\$ 7,793,521	\$ 8,723,135
Transfer to Other Reserves	\$ 30,000	\$ 30,900	\$ 31,827	\$ 32,782	\$ 33,765	\$ 34,778	\$ 35,822	\$ 36,896	\$ 38,003	\$ 39,143
Debt Charges - Principal	\$ -	\$ 191,257	\$ 518,625	\$ 541,963	\$ 757,608	\$ 791,701	\$ 827,327	\$ 864,557	\$ 903,462	\$ 944,118
Debt Charges - Interest	\$ -	\$ 270,000	\$ 711,393	\$ 688,055	\$ 933,667	\$ 899,575	\$ 863,948	\$ 826,718	\$ 787,813	\$ 747,158
Total Expenses	\$ 6,372,632	\$ 7,028,429	\$ 7,751,756	\$ 8,487,621	\$ 9,301,856	\$ 10,194,239	\$ 11,070,425	\$ 11,955,581	\$ 12,911,535	\$ 13,943,952
NET Spending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Revenue Requirements % Change		10.3%	10.3%	9.5%	9.6%	9.6%	8.6%	8.0%	8.0%	8.0%

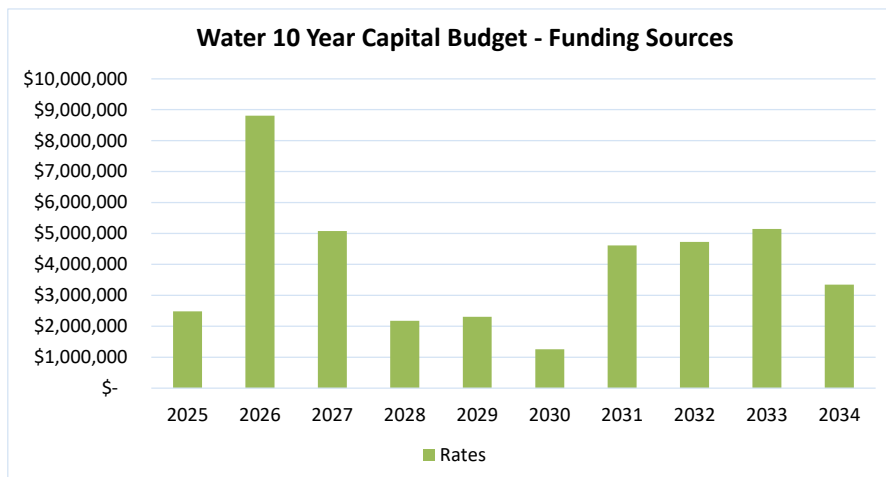
Adelaide-Metcalfe Rates are based upon the rate based upon a July 20, 2022 interim order as what may occur in respect of revenue/expense in future is unknown until the legal dispute concludes.

Water and Wastewater Rate Revenue Requirements

Rate Revenue Requirements (000s)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Water	\$ 5,626	\$ 5,851	\$ 6,079	\$ 6,280	\$ 6,487	\$ 6,701	\$ 6,922	\$ 7,116	\$ 7,315	\$ 7,527
WW	\$ 6,365	\$ 7,020	\$ 7,743	\$ 8,479	\$ 9,293	\$ 10,185	\$ 11,061	\$ 11,946	\$ 12,901	\$ 13,934
Total	\$ 11,991	\$ 12,871	\$ 13,822	\$ 14,759	\$ 15,780	\$ 16,886	\$ 17,983	\$ 19,062	\$ 20,217	\$ 21,461
Water		4.0%	3.9%	3.3%	3.3%	3.3%	3.3%	2.8%	2.8%	2.9%
WW		10.3%	10.3%	9.5%	9.6%	9.6%	8.6%	8.0%	8.0%	8.0%
Total		7.3%	7.4%	6.8%	6.9%	7.0%	6.5%	6.0%	6.1%	6.2%

The graph above provides a summary of the rate revenue requirements over the next 10 years. Note that this is the rate revenue requirements and does not reflect the water and wastewater rate increases as the rate calculations also take into consideration growth in the number of customers and consumption.

Water 10 Year Capital Budget

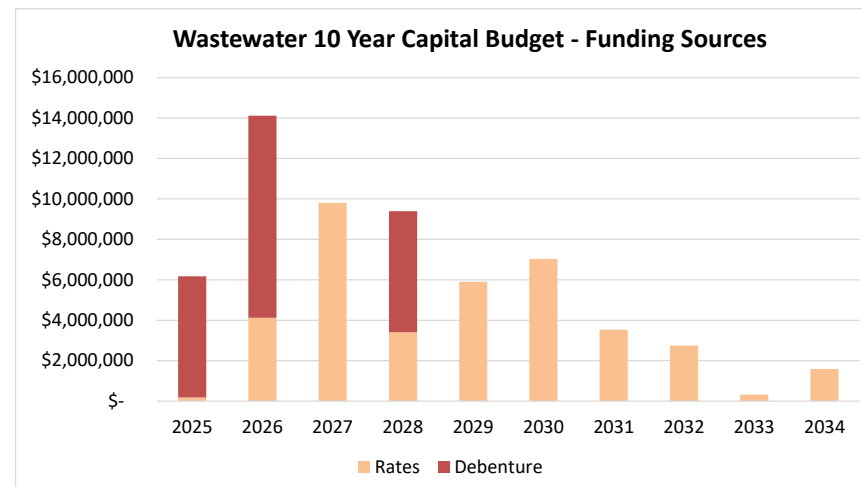


Includes \$39.9 million for Water over the next 10 years. The following provides highlights:

- \$13.8 million of the spending over the next 10 years related to roads related Capital expenditures
- \$26.1 million of the spending over the next 10 years related to upgrades of the existing system

Appendix A provides the 10 year details for water and wastewater capital budget.

Wastewater 10 Year Capital Budget



Includes \$60.6 million for Wastewater over the next 10 years. The following provides highlights:

- \$13.8 million of the spending over the next 10 years related to roads related Capital expenditures
- \$46.8 million of the spending over the next 10 years related to upgrades of the existing system

Reserves and Revenue Stability Strategies

The Water and Wastewater Reserve were established to provide funding to mitigate the impact of unforeseen circumstances that may create financial difficulties. They are also used to fund the replacement of capital infrastructure. The effective use and management of these reserves are a critical aspect of the water and wastewater financial plans. Maintaining reserves:

- To provide for rate stabilization;
- To provide financing for one-time or emerging requirements;
- To make provisions for replacements/renewals/acquisitions of assets/infrastructure that are currently being consumed;
- To avoid spikes in funding requirements for large capital projects by reducing their reliance on long-term debt borrowings;
- To provide a source of internal financing;
- To ensure adequate and sustainable cash flows; and
- To provide **financial sustainability**

- The following principles were used in preparing the Financial Plan:

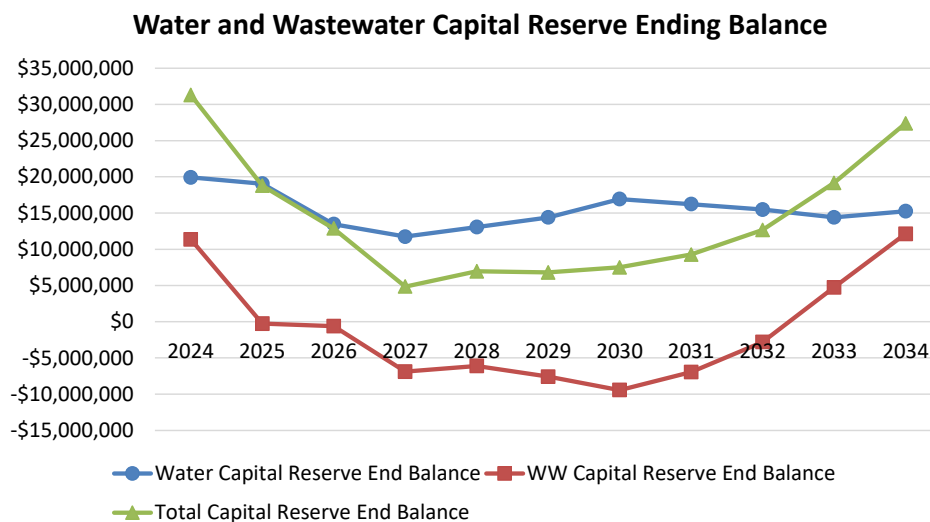
Reserve and Revenue Stability Strategies

- *The Municipality will maintain all infrastructure in a state of good repair by implementing life cycle costing and providing adequate annual contributions to the replacement reserves to fund the future rehabilitation/replacement of assets.*
- *The Municipality will target setting aside a contribution to the Water and Wastewater Reserve based on average annual capital spending requirements and in consideration of the annual amortization expense.*
- *A phase-in strategy has been implemented to gradually move the Municipality toward capital reserve contributions that will support financial sustainability.*



Water and Wastewater Reserve Ending Balances Forecast

In the Financial Plan, Water and Wastewater Reserves have been used with an objective of maintaining a positive combined reserve balance. Inter-reserve lending was used to fund a portion of the wastewater capital expenditures from funds borrowed from the Water Capital Reserve. This was done to minimize the debenture requirements and mitigate the impact on user rates. The following graph reflect the availability of capital reserves.



- As shown above, the total combined reserve position decreases from 2024 to 2027, however remains in a positive position and then gradually increases over the remainder of the forecast period.
- The Water Capital Reserves remain in a positive position throughout the forecast period which allows for internally borrowing between the Water and Wastewater Reserves.

Debt Financing Strategies

Debt management may be defined as the process of providing for the payment of interest and principal payments on existing debt and the planning for new debt issuance at a level which will optimize borrowing cost and not impair the financial position of the municipality.

The prudent use of debt is acknowledged as a fundamental component to well developed and credible financial management and supports financial discipline and stability.

Adherence to a debt management plan signals to credit rating agencies and capital markets that the municipality is well managed and should meet its obligations.

Municipalities need to strike a balance with the use of debt. Too little debt can severely restrict the funds available for financing infrastructure, while too much debt may be fiscally unsustainable over the long-term.

Hence, municipalities need to ensure that:

- Future debt service payments can be made in full and on time, without jeopardizing the provision of essential services;
- Outstanding debt obligations will not threaten long-term financial stability of the municipality; and
- The amount of outstanding debt will not place undue burden on residents and businesses.

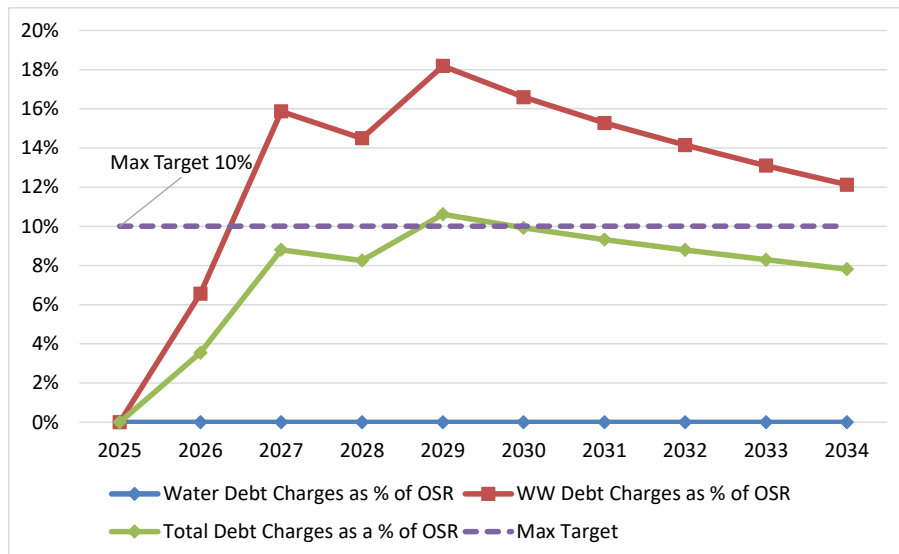
The Province regulates the amount of debt by setting a repayment limit of 25% of own source revenue. If the Municipality were to reach that limit, future operating budgets would be severely constrained or revenues would have to increase significantly.

The following principle was used in preparing the Financial Plan:

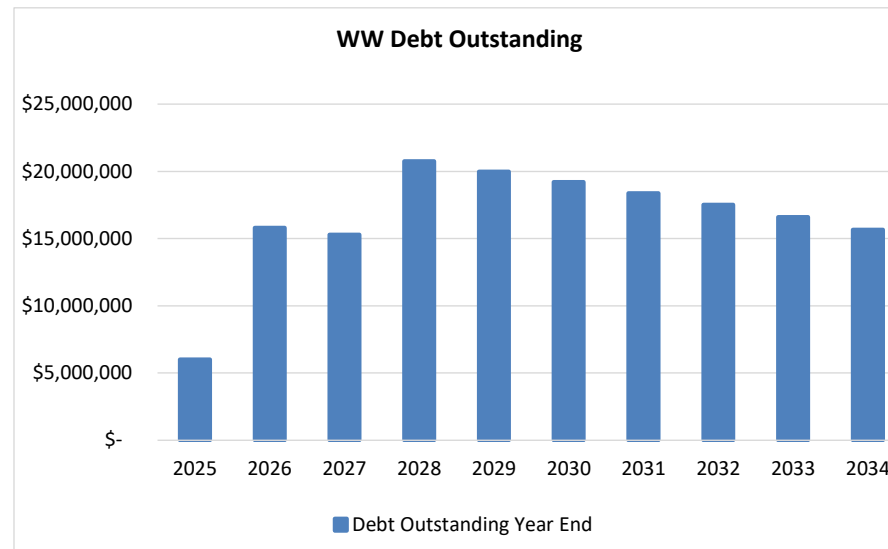
Debt Financing Strategies

- Principal and interest for water and wastewater rate supported debt on a consolidated basis will not to exceed 25% of own source revenues with an optimal target of 10%. This maintains sufficient financial flexibility.

Debt Charges as a % of Own Source Revenues



Water & Wastewater Debt Outstanding



- As shown above, the debt charges as a percentage of own source revenues, on a consolidated basis, remains below the maximum recommended target of 10% throughout the forecast period. This provides the financial flexibility to issue debt in case of unforeseen circumstances.

- No new debt is required in water over the next 10 years but there will be a requirement to issue \$22 million over the next 10 years for wastewater capital replacement requirements. Wastewater debt outstanding peaks in 2028, then gradually decreases over the forecast period.

Water Rates Forecast

		2025	2026	2027	2028	2029	2030
Water							
Water Usage Charge (Volumetric) per m3 - 0 to 11 m3		no additional charge	no additional charge	no additional charge	no additional charge	no additional charge	no additional charge
Water Usage Charge (Volumetric) per m3 - 12 to 3,000 m3		\$ 2.08	\$ 2.12	\$ 2.16	\$ 2.21	\$ 2.25	\$ 2.30
Water Usage Charge (Volumetric) per m3 - exceeding 3,000 m3		\$ 1.63	\$ 1.89	\$ 2.16	\$ 2.21	\$ 2.25	\$ 2.30
Water Charge based on Meter Size - Monthly	1.5" or less	\$ 35.51	\$ 36.22	\$ 36.93	\$ 37.68	\$ 38.44	\$ 39.21
	2"	\$ 44.05	\$ 44.93	\$ 45.81	\$ 46.74	\$ 47.68	\$ 48.64
	3"	\$ 52.14	\$ 53.18	\$ 54.22	\$ 55.33	\$ 56.44	\$ 57.57
	4"	\$ 136.76	\$ 139.51	\$ 142.23	\$ 145.13	\$ 148.06	\$ 151.01
	5"	\$ 173.37	\$ 176.85	\$ 180.31	\$ 183.98	\$ 187.69	\$ 191.44
	6"	\$ 210.93	\$ 215.16	\$ 219.37	\$ 223.84	\$ 228.35	\$ 232.91
	8"	\$ 303.06	\$ 309.15	\$ 315.19	\$ 321.61	\$ 328.09	\$ 334.65
	10"	\$ 681.79	\$ 695.48	\$ 709.08	\$ 723.52	\$ 738.11	\$ 752.85
Volumetric Rate Change (12 - 3,000 m3)		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Volumetric Rate Change (3,000 m3 +)		18.3%	16.0%	14.3%	2.0%	2.0%	2.0%
Fixed Rate Change		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

- As shown above, the water rates are forecast to increase approximately 2.0% annually with a phase out of the third tier volumetric rate in 2027 and then the volumetric rate is uniform for all customers.

Wastewater Rates Forecast

		2025	2026	2027	2028	2029	2030
Wastewater							
Water Usage Charge (Volumetric) per m3 - 0 to 11 m3		no additional charge	no additional charge	no additional charge	no additional charge	no additional charge	no additional charge
Water Usage Charge (Volumetric) per m3 - 12 to 3,000 m3		\$ 2.83	\$ 3.05	\$ 3.30	\$ 3.56	\$ 3.85	\$ 4.16
Water Usage Charge (Volumetric) per m3 - exceeding 3,000 m3		\$ 2.22	\$ 2.72	\$ 3.30	\$ 3.56	\$ 3.85	\$ 4.16
Wastewater Charge based on Meter Size - Monthly	1.5" or less	\$ 46.98	\$ 50.72	\$ 54.78	\$ 59.14	\$ 63.89	\$ 69.01
	2"	\$ 50.23	\$ 54.23	\$ 58.57	\$ 63.23	\$ 68.31	\$ 73.78
	3"	\$ 59.48	\$ 64.21	\$ 69.35	\$ 74.87	\$ 80.88	\$ 87.35
	4"	\$ 156.00	\$ 168.41	\$ 181.90	\$ 196.37	\$ 212.13	\$ 229.12
	5"	\$ 229.13	\$ 247.35	\$ 267.17	\$ 288.42	\$ 311.57	\$ 336.53
	6"	\$ 241.22	\$ 260.41	\$ 281.27	\$ 303.64	\$ 328.02	\$ 354.29
	8"	\$ 345.68	\$ 373.18	\$ 403.08	\$ 435.13	\$ 470.07	\$ 507.71
	10"	\$ 901.04	\$ 972.70	\$ 1,050.64	\$ 1,134.19	\$ 1,225.25	\$ 1,323.38
Volumetric Rate Change (12 - 3,000 m3)		8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Volumetric Rate Change (3,000 m3 +)		25.3%	22.9%	21.1%	8.0%	8.0%	8.0%
Fixed Rate Change		8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

- As shown above, the wastewater rates are forecast to increase approximately 8.0% annually until 2031, 7.0% annually thereafter, with a phase out of the third tier volumetric rate in 2027 and then the volumetric rate is uniform for all customers.

Combined Water and Wastewater Rates

		2025	2026	2027	2028	2029	2030
Water & Wastewater							
Water Usage Charge (Volumetric) per m3 - 0 to 11 m3		no additional charge	no additional charge	no additional charge	no additional charge	no additional charge	no additional charge
Water Usage Charge (Volumetric) per m3 - 12 to 3,000 m3		\$ 4.91	\$ 5.18	\$ 5.46	\$ 5.77	\$ 6.10	\$ 6.45
Water Usage Charge (Volumetric) per m3 - exceeding 3,000 m3		\$ 3.85	\$ 4.62	\$ 5.46	\$ 5.77	\$ 6.10	\$ 6.45
Charge based on Meter Size - Monthly	1.5" or less	\$ 82.49	\$ 86.94	\$ 91.71	\$ 96.82	\$ 102.33	\$ 108.21
	2"	\$ 94.28	\$ 99.16	\$ 104.38	\$ 109.97	\$ 115.99	\$ 122.42
	3"	\$ 111.61	\$ 117.39	\$ 123.57	\$ 130.19	\$ 137.32	\$ 144.92
	4"	\$ 292.76	\$ 307.92	\$ 324.14	\$ 341.50	\$ 360.19	\$ 380.14
	5"	\$ 402.50	\$ 424.20	\$ 447.48	\$ 472.40	\$ 499.26	\$ 527.96
	6"	\$ 452.15	\$ 475.57	\$ 500.65	\$ 527.48	\$ 556.37	\$ 587.20
	8"	\$ 648.74	\$ 682.33	\$ 718.27	\$ 756.75	\$ 798.16	\$ 842.36
	10"	\$ 1,582.82	\$ 1,668.18	\$ 1,759.72	\$ 1,857.71	\$ 1,963.35	\$ 2,076.22
Volumetric Rate Change (12 - 3,000 m3)		5.4%	5.4%	5.5%	5.6%	5.7%	5.8%
Volumetric Rate Change (3,000 m3 +)		22.2%	20.0%	18.3%	5.6%	5.7%	5.8%
Fixed Rate Change		5.3%	5.4%	5.5%	5.6%	5.7%	5.8%

- As shown above, the combined rates are forecast to increase approximately 5.3-5.8% annually for residential customers over the next six years.

Customer Impact Analysis

200 m ³ residential impact - 1.5" or less						
Annual Cost of service						
Year	Water	WW	Total	Cost (\$) Increase From Prior Year	Percentage Increase From Prior Year	
2024	\$ 556	\$ 700	\$ 1,257			
2025	\$ 568	\$ 756	\$ 1,324	\$ 67.1	5.3%	
2026	\$ 579	\$ 816	\$ 1,395	\$ 71.5	5.4%	
2027	\$ 590	\$ 882	\$ 1,472	\$ 76.7	5.5%	
2028	\$ 602	\$ 952	\$ 1,554	\$ 82.1	5.6%	
2029	\$ 614	\$ 1,028	\$ 1,643	\$ 88.6	5.7%	
2030	\$ 627	\$ 1,111	\$ 1,737	\$ 94.6	5.8%	
2031	\$ 639	\$ 1,188	\$ 1,828	\$ 90.1	5.2%	
2032	\$ 652	\$ 1,271	\$ 1,923	\$ 95.5	5.2%	
2033	\$ 664	\$ 1,360	\$ 2,024	\$ 101.4	5.3%	
2034	\$ 678	\$ 1,455	\$ 2,133	\$ 108.4	5.4%	

- As shown above, the water combined water and wastewater cost of service for a residential customer consuming 200 m³ annually is in the range of 5.3-5.8% over the 10 year forecast period. This is required to build the necessary base for the reserves to fund the capital replacement program.

Summary

Water and Wastewater operations are extremely capital intensive and Strathroy-Caradoc, as experienced in other municipalities, is challenged by a significant infrastructure backlog and relatively low reserve balances especially in the Wastewater operations. As such, a number of financing options were considered.

Ultimately the proposed Water and Wastewater Financial Plan establishes a revenue framework to sustain continued operations and required infrastructure investment while maintaining ratepayer affordability. A number of strategies were employed which included:

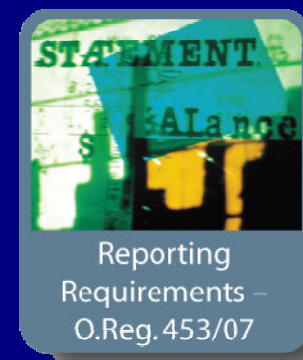
- Debenture financing for large Wastewater infrastructure projects which maintaining debt levels below policy targets;
- Inter-fund Reserve borrowing to limit debenture financing and reduce interest costs;
- A gradual increase the reserve contributions to fund future asset replacement costs; and
- Elimination of the third tier volume metric rate discount and the establishment a uniform volumetric rate for all customers.

The proposed rate increase rates will help ensure that water and wastewater rates remain competitive amongst peer municipal comparators.

The Long Range Financial Plan should be reviewed and updated annually to refine Key assumptions and reflect changes to the financial operating environment.



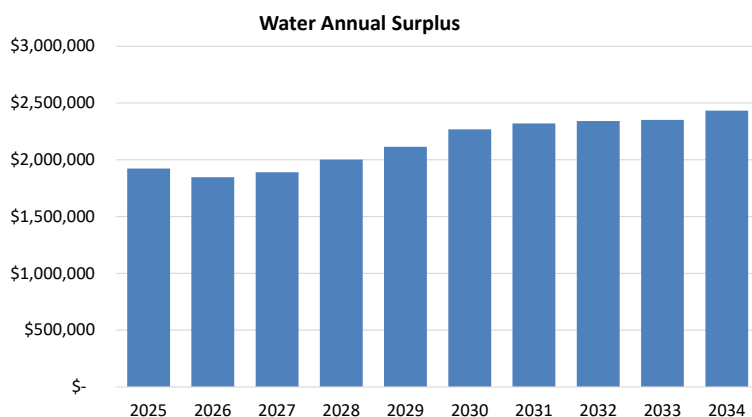
*Reporting Requirements
O. Reg 453/07*



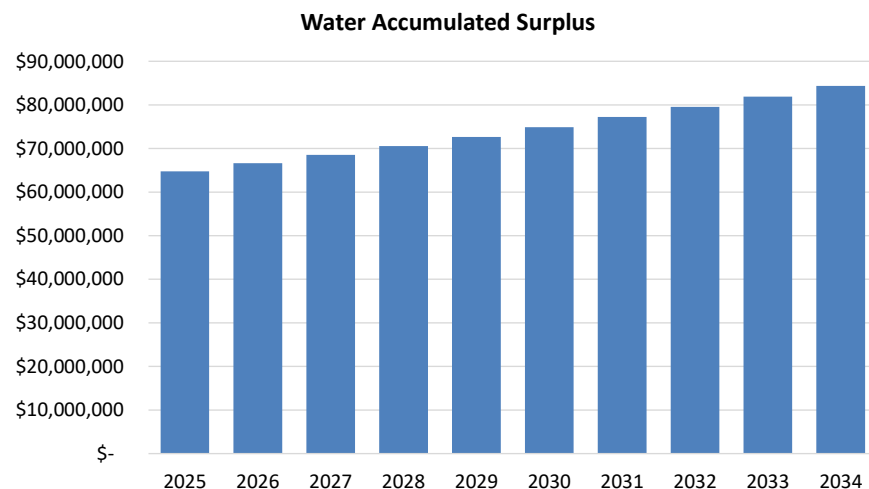
Water Financial Plan—O.Reg. 453/07

The Financial Plan has been prepared in accordance with the regulation (O.Reg. 453/07) made under the Safe Drinking Water Act. The Financial Plan regulation requires that the plans be updated every five years along with the request for the renewal of the drinking water licence. This ongoing update will assist in revisiting the assumptions made to develop the operating and funding plans as well as reassessing the needs for capital renewal and major maintenance expenses.

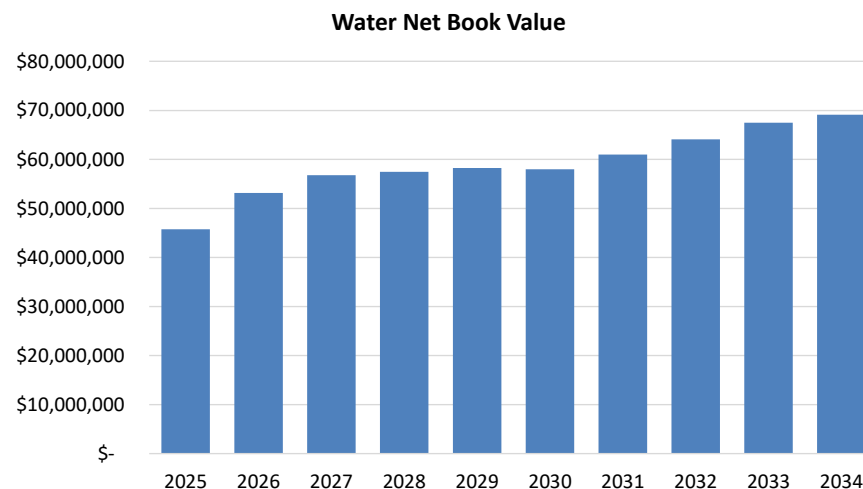
- **Statement of Financial Operations**—This statement summarizes the revenues and expenditures. The expenditures include ongoing operating costs plus asset amortization. This statement indicates that the system and its asset base are projected to be maintained with funds being available each year for future capital renewal or major maintenance. As shown in the statement of financial operations and in the graph below, the Municipality is generating excess revenues over expenses including amortization for water, throughout the forecast period.
- **Cash Receipts or Gross Cash Payments (Cash Flows)** —The cash flow statement summarizes how the water system is expected to generate and utilize cash resources. The transactions that generate and use cash include the projection of cash to be received from revenues, cash to be used for operating expenditures and financing charges, cash projected to be used to acquire capital assets and projected financial transactions that are the proceeds from debt or debt principal repayment. Cash balances are positive throughout the forecast period, as reflected in the Financial Statements.



- **Accumulated Surplus**—Another financial indicator that is reflected in the financial position statement is the accumulated surplus. This indicator represents cash on hand plus the net book value of tangible capital assets less debt. The accumulated surplus is forecast to increase from 2025 to 2034, as shown below and in the Statement of Financial Position. The accumulated surplus is projected to increase for water, from \$64.8 million in 2025 to \$84.4 million in 2034.



- **Tangible Capital Assets (Net Book Value)** - Water systems have a great deal of resources tied up in tangible capital assets and managing these assets is critical to maintaining current and future levels of service. An increase in net book value of tangible capital assets is an indication that assets have been renewed faster than they were used. A decrease in net book value indicates that assets are being used, or amortized, faster than they are renewed. The net book value is projected to increase for water, from \$45.8 million in 2025 to \$69.1 million in 2034.



Statement of Financial Operations—Water

	Projected									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues										
Rate Revenue Requirements	\$ 5,510,708	\$ 5,731,136	\$ 5,954,650	\$ 6,151,154	\$ 6,354,142	\$ 6,563,829	\$ 6,780,435	\$ 6,970,287	\$ 7,165,455	\$ 7,373,253
Adelaide - Metcalfe Revenues	\$ 115,265	\$ 119,876	\$ 124,551	\$ 128,661	\$ 132,907	\$ 137,293	\$ 141,823	\$ 145,794	\$ 149,877	\$ 154,223
Other Revenues	\$ 130,000	\$ 133,900	\$ 137,917	\$ 142,055	\$ 146,316	\$ 150,706	\$ 155,227	\$ 159,884	\$ 164,680	\$ 169,621
Interest Earnings	\$ 373,434	\$ 264,257	\$ 230,416	\$ 256,175	\$ 282,105	\$ 332,032	\$ 318,181	\$ 303,744	\$ 282,580	\$ 299,069
Total Revenues	\$ 6,129,406	\$ 6,249,169	\$ 6,447,534	\$ 6,678,044	\$ 6,915,470	\$ 7,183,859	\$ 7,395,666	\$ 7,579,709	\$ 7,762,592	\$ 7,996,165
Operating Expenses										
Salaries, Wages, Benefits	\$ 731,000	\$ 752,930	\$ 775,518	\$ 798,783	\$ 822,747	\$ 847,429	\$ 872,852	\$ 899,038	\$ 926,009	\$ 953,789
Admin OH Fee	\$ 150,000	\$ 154,500	\$ 159,135	\$ 163,909	\$ 168,826	\$ 173,891	\$ 179,108	\$ 184,481	\$ 190,016	\$ 195,716
Contracted Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses	\$ 640,700	\$ 659,921	\$ 679,719	\$ 700,110	\$ 721,113	\$ 742,747	\$ 765,029	\$ 787,980	\$ 811,620	\$ 835,968
Water Purchases	\$ 1,222,000	\$ 1,258,660	\$ 1,296,420	\$ 1,335,312	\$ 1,375,372	\$ 1,416,633	\$ 1,459,132	\$ 1,502,906	\$ 1,547,993	\$ 1,594,433
Transfer to Other Reserve	\$ 175,000	\$ 180,250	\$ 185,658	\$ 191,227	\$ 196,964	\$ 202,873	\$ 208,959	\$ 215,228	\$ 221,685	\$ 228,335
Total Operating expenses	\$ 2,918,700	\$ 3,006,261	\$ 3,096,449	\$ 3,189,342	\$ 3,285,023	\$ 3,383,573	\$ 3,485,080	\$ 3,589,633	\$ 3,697,322	\$ 3,808,241
Debt Charges										
Debt Charges - Interest Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization Expense										
Amortization of tangible capital assets	\$ 1,287,239	\$ 1,397,375	\$ 1,460,838	\$ 1,488,025	\$ 1,516,875	\$ 1,532,550	\$ 1,590,263	\$ 1,649,342	\$ 1,713,650	\$ 1,755,488
Total Expenses	\$ 4,205,939	\$ 4,403,636	\$ 4,557,286	\$ 4,677,367	\$ 4,801,898	\$ 4,916,123	\$ 5,075,343	\$ 5,238,975	\$ 5,410,972	\$ 5,563,729
Annual Surplus/Deficit	\$ 1,923,468	\$ 1,845,533	\$ 1,890,247	\$ 2,000,677	\$ 2,113,572	\$ 2,267,736	\$ 2,320,323	\$ 2,340,734	\$ 2,351,620	\$ 2,432,436

Adelaide-Metcalfe Rates are based upon the rate based upon a July 20, 2022 interim order as what may occur in respect of revenue/expense in future is unknown until the legal dispute concludes.

Statement of Cash Flow/Cash Receipts—Water

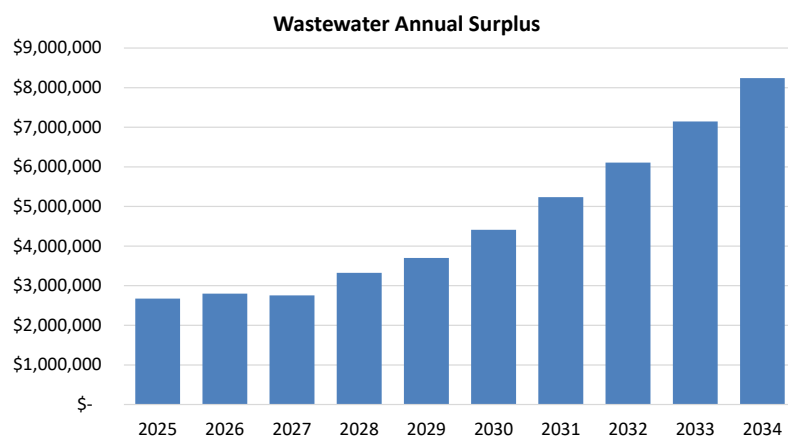
	Projected									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Revenues	\$ 6,129,406	\$ 6,249,169	\$ 6,447,534	\$ 6,678,044	\$ 6,915,470	\$ 7,183,859	\$ 7,395,666	\$ 7,579,709	\$ 7,762,592	\$ 7,996,165
Cash Paid For										
Operating Costs	\$ 2,918,700	\$ 3,006,261	\$ 3,096,449	\$ 3,189,342	\$ 3,285,023	\$ 3,383,573	\$ 3,485,080	\$ 3,589,633	\$ 3,697,322	\$ 3,808,241
Debt Repayment - Debt Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Provided from Operating Transactions	\$ 3,210,706	\$ 3,242,908	\$ 3,351,085	\$ 3,488,702	\$ 3,630,447	\$ 3,800,286	\$ 3,910,585	\$ 3,990,076	\$ 4,065,270	\$ 4,187,924
Capital Transactions										
Acquisition of TCA	\$ 4,095,961	\$ 8,810,909	\$ 5,077,000	\$ 2,175,000	\$ 2,308,000	\$ 1,254,000	\$ 4,617,000	\$ 4,726,364	\$ 5,144,636	\$ 3,347,000
Finance Transactions										
Proceeds from Debt Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from DCs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Principal Repayment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase/(Decrease) in Cash Equivalents	\$ (885,254)	\$ (5,568,001)	\$ (1,725,915)	\$ 1,313,702	\$ 1,322,447	\$ 2,546,286	\$ (706,415)	\$ (736,288)	\$ (1,079,367)	\$ 840,924
Cash and Cash Equivalents at Beginning Balance	\$ 19,930,378	\$ 19,045,124	\$ 13,477,122	\$ 11,751,207	\$ 13,064,909	\$ 14,387,356	\$ 16,933,642	\$ 16,227,227	\$ 15,490,939	\$ 14,411,573
Cash and Cash Equivalents at Ending Balance	\$ 19,045,124	\$ 13,477,122	\$ 11,751,207	\$ 13,064,909	\$ 14,387,356	\$ 16,933,642	\$ 16,227,227	\$ 15,490,939	\$ 14,411,573	\$ 15,252,497

Statement of Financial Position—Water

	Projected									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Financial Assets										
Cash	\$ 19,045,124	\$ 13,477,122	\$ 11,751,207	\$ 13,064,909	\$ 14,387,356	\$ 16,933,642	\$ 16,227,227	\$ 15,490,939	\$ 14,411,573	\$ 15,252,497
Liabilities										
Debt - Principal Outstanding	\$ 42,251	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Financial Assets	\$ 19,002,873	\$ 13,477,122	\$ 11,751,207	\$ 13,064,909	\$ 14,387,356	\$ 16,933,642	\$ 16,227,227	\$ 15,490,939	\$ 14,411,573	\$ 15,252,497
Non-Financial Assets										
Tangible Capital Assets	\$ 74,667,498	\$ 77,144,589	\$ 85,955,498	\$ 91,032,498	\$ 93,207,498	\$ 95,515,498	\$ 96,769,498	\$ 101,386,498	\$ 106,112,862	\$ 111,257,498
Additions to Tangible Capital Assets	\$ 2,477,091	\$ 8,810,909	\$ 5,077,000	\$ 2,175,000	\$ 2,308,000	\$ 1,254,000	\$ 4,617,000	\$ 4,726,364	\$ 5,144,636	\$ 3,347,000
Accumulated Amortization	\$ 31,395,637	\$ 32,793,012	\$ 34,253,849	\$ 35,741,874	\$ 37,258,749	\$ 38,791,299	\$ 40,381,562	\$ 42,030,904	\$ 43,744,554	\$ 45,500,041
Total Non-Financial Assets	\$ 45,748,952	\$ 53,162,486	\$ 56,778,649	\$ 57,465,624	\$ 58,256,749	\$ 57,978,199	\$ 61,004,936	\$ 64,081,958	\$ 67,512,944	\$ 69,104,457
Accumulated Surplus	\$ 64,751,825	\$ 66,639,609	\$ 68,529,856	\$ 70,530,533	\$ 72,644,105	\$ 74,911,841	\$ 77,232,163	\$ 79,572,897	\$ 81,924,517	\$ 84,356,953
Cash as a % of Non-Financial Assets	41.6%	25.4%	20.7%	22.7%	24.7%	29.2%	26.6%	24.2%	21.3%	22.1%
Debt as a % of Non-Financial Assets	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Wastewater Financial Plan—O.Reg. 453/07

- **Statement of Financial Operations**—This statement summarizes the revenues and expenditures. The expenditures include ongoing operating costs plus asset amortization. This statement indicates that the system and its asset base are projected to be maintained with funds being available each year for future capital renewal or major maintenance. As shown in the statement of financial operations and in the graph below, the Municipality is generating excess revenues throughout the forecast period.



- **Cash Receipts or Gross Cash Payments (Cash Flows)** —The cash flow statement summarizes how the wastewater system is expected to generate and utilize cash resources. The transactions that generate and use cash include the projection of cash to be received from revenues, cash to be used for operating expenditures and financing charges, cash projected to be used to acquire capital assets and projected financial transactions that are the proceeds from debt or debt principal repayment. The cash balances are in a negative position however, this is offset by positive water reserve balances, allowing for the opportunity to borrow internally, thereby avoiding higher borrowing interest rates.

- **Accumulated Surplus**—Another financial indicator that is reflected in the financial position statement is the accumulated surplus. This indicator represents cash on hand plus the net book value of tangible capital assets less debt. The accumulated surplus is forecast is shown below and in the Statement of Financial Position. The accumulated surplus is projected to increase for wastewater, from \$45.6 million in 2025 to \$81.3 million in 2034.



- **Tangible Capital Assets (Net Book Value)** - Wastewater systems have a great deal of resources tied up in tangible capital assets and managing these assets is critical to maintaining current and future levels of service. An increase in net book value of tangible capital assets is an indication that assets have been renewed faster than they were used. A decrease in net book value indicates that assets are being used, or amortized, faster than they are renewed. The net book value is projected to increase for wastewater, from \$48.2 million in 2025 to \$89.2 million in 2034.



Statement of Financial Operations—Wastewater

	Projected										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Revenues											
Rate Revenue Requirements	\$ 6,328,451	\$ 6,980,281	\$ 7,699,250	\$ 8,430,679	\$ 9,240,024	\$ 10,127,066	\$ 10,997,994	\$ 11,877,834	\$ 12,828,060	\$ 13,854,305	
Adelaide - Metcalfe Revenues	\$ 36,181	\$ 39,908	\$ 44,018	\$ 48,200	\$ 52,827	\$ 57,899	\$ 62,878	\$ 67,908	\$ 73,341	\$ 79,208	
Other Revenues	\$ 8,000	\$ 8,240	\$ 8,487	\$ 8,742	\$ 9,004	\$ 9,274	\$ 9,552	\$ 9,839	\$ 10,134	\$ 10,438	
Interest Earnings	\$ (5,174)	\$ (12,026)	\$ (135,219)	\$ (119,790)	\$ (148,776)	\$ (185,112)	\$ (136,371)	\$ (55,291)	\$ 93,013	\$ 237,656	
Total Revenues	\$ 6,367,458	\$ 7,016,403	\$ 7,616,537	\$ 8,367,831	\$ 9,153,079	\$ 10,009,128	\$ 10,934,053	\$ 11,900,290	\$ 13,004,549	\$ 14,181,608	
Operating Expenses											
Salaries, Wages, Benefits	\$ 711,000	\$ 732,330	\$ 754,300	\$ 776,929	\$ 800,237	\$ 824,244	\$ 848,971	\$ 874,440	\$ 900,674	\$ 927,694	
Admin OH Fee	\$ 150,000	\$ 154,500	\$ 159,135	\$ 163,909	\$ 168,826	\$ 173,891	\$ 179,108	\$ 184,481	\$ 190,016	\$ 195,716	
Contracted Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Utilities	\$ 467,000	\$ 481,010	\$ 495,440	\$ 510,304	\$ 525,613	\$ 541,381	\$ 557,622	\$ 574,351	\$ 591,582	\$ 609,329	
Other Expenses	\$ 1,347,100	\$ 1,387,513	\$ 1,429,138	\$ 1,472,013	\$ 1,516,173	\$ 1,561,658	\$ 1,608,508	\$ 1,656,763	\$ 1,706,466	\$ 1,757,660	
Transfer to Fleet Reserve	\$ 30,000	\$ 30,900	\$ 31,827	\$ 32,782	\$ 33,765	\$ 34,778	\$ 35,822	\$ 36,896	\$ 38,003	\$ 39,143	
Total Operating expenses	\$ 2,705,100	\$ 2,786,253	\$ 2,869,841	\$ 2,955,936	\$ 3,044,614	\$ 3,135,952	\$ 3,230,031	\$ 3,326,932	\$ 3,426,740	\$ 3,529,542	
Debt Charges											
Debt Charges - Interest Expenses	\$ -	\$ 270,000	\$ 711,393	\$ 688,055	\$ 933,667	\$ 899,575	\$ 863,948	\$ 826,718	\$ 787,813	\$ 747,158	
Amortization Expense											
Amortization of tangible capital assets	\$ 984,478	\$ 1,160,957	\$ 1,283,451	\$ 1,400,889	\$ 1,474,582	\$ 1,562,520	\$ 1,606,607	\$ 1,640,945	\$ 1,644,982	\$ 1,664,782	
Total Expenses	\$ 3,689,578	\$ 4,217,210	\$ 4,864,685	\$ 5,044,880	\$ 5,452,863	\$ 5,598,047	\$ 5,700,586	\$ 5,794,595	\$ 5,859,535	\$ 5,941,482	
Annual Surplus/Deficit	\$ 2,677,880	\$ 2,799,193	\$ 2,751,852	\$ 3,322,951	\$ 3,700,216	\$ 4,411,081	\$ 5,233,467	\$ 6,105,695	\$ 7,145,013	\$ 8,240,126	

Adelaide-Metcalfe Rates are based upon the rate based upon a July 20, 2022 interim order as what may occur in respect of revenue/expense in future is unknown until the legal dispute concludes.

Statement of Cash Flow/Cash Receipts—Wastewater

	Projected										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Total Revenues	\$ 6,367,458	\$ 7,016,403	\$ 7,616,537	\$ 8,367,831	\$ 9,153,079	\$ 10,009,128	\$ 10,934,053	\$ 11,900,290	\$ 13,004,549	\$ 14,181,608	
Cash Paid For											
Operating Costs	\$ 2,705,100	\$ 2,786,253	\$ 2,869,841	\$ 2,955,936	\$ 3,044,614	\$ 3,135,952	\$ 3,230,031	\$ 3,326,932	\$ 3,426,740	\$ 3,529,542	
Debt Repayment - Debt Interest	\$ -	\$ 270,000	\$ 711,393	\$ 688,055	\$ 933,667	\$ 899,575	\$ 863,948	\$ 826,718	\$ 787,813	\$ 747,158	
Cash Provided from Operating Transactions	\$ 3,662,358	\$ 3,960,150	\$ 4,035,303	\$ 4,723,840	\$ 5,174,798	\$ 5,973,601	\$ 6,840,074	\$ 7,746,639	\$ 8,789,996	\$ 9,904,908	
Capital Transactions											
Acquisition of TCA	\$ 21,295,816	\$ 14,118,344	\$ 9,799,500	\$ 9,395,000	\$ 5,895,500	\$ 7,035,000	\$ 3,527,000	\$ 2,747,000	\$ 323,000	\$ 1,584,000	
Finance Transactions											
Proceeds from Debt Issuance	\$ 6,000,000	\$ 10,000,000	\$ -	\$ 6,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Proceeds from DCs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Debt Principal Repayment	\$ -	\$ 191,257	\$ 518,625	\$ 541,963	\$ 757,608	\$ 791,701	\$ 827,327	\$ 864,557	\$ 903,462	\$ 944,118	
Increase/(Decrease) in Cash Equivalents	\$ (11,633,458)	\$ (349,451)	\$ (6,282,822)	\$ 786,877	\$ (1,478,310)	\$ (1,853,100)	\$ 2,485,747	\$ 4,135,083	\$ 7,563,534	\$ 7,376,791	
Cash and Cash Equivalents at Beginning Balance	\$ 11,369,576	\$ (263,882)	\$ (613,333)	\$ (6,896,155)	\$ (6,109,278)	\$ (7,587,588)	\$ (9,440,687)	\$ (6,954,940)	\$ (2,819,857)	\$ 4,743,677	
Cash and Cash Equivalents at Ending Balance	\$ (263,882)	\$ (613,333)	\$ (6,896,155)	\$ (6,109,278)	\$ (7,587,588)	\$ (9,440,687)	\$ (6,954,940)	\$ (2,819,857)	\$ 4,743,677	\$ 12,120,467	

Statement of Financial Position—Wastewater

	Projected									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Financial Assets										
Cash	\$ (263,882)	\$ (613,333)	\$ (6,896,155)	\$ (6,109,278)	\$ (7,587,588)	\$ (9,440,687)	\$ (6,954,940)	\$ (2,819,857)	\$ 4,743,677	\$ 12,120,467
Liabilities										
Debt - Principal Outstanding	\$ 1,331,676	\$ 1,077,467	\$ 878,219	\$ 671,160	\$ 455,985	\$ 6,232,375	\$ 15,808,743	\$ 15,290,118	\$ 20,748,155	\$ 19,990,547
Net Financial Assets	\$ (1,595,558)	\$ (1,690,800)	\$ (7,774,374)	\$ (6,780,438)	\$ (8,043,573)	\$ (15,673,063)	\$ (22,763,683)	\$ (18,109,976)	\$ (16,004,479)	\$ (7,870,080)
Non-Financial Assets										
Tangible Capital Assets	\$ 59,207,113	\$ 65,379,269	\$ 79,497,613	\$ 89,297,113	\$ 98,692,113	\$ 104,587,613	\$ 111,622,613	\$ 115,149,613	\$ 117,896,613	\$ 118,219,613
Additions to Tangible Capital Assets	\$ 6,172,156	\$ 14,118,344	\$ 9,799,500	\$ 9,395,000	\$ 5,895,500	\$ 7,035,000	\$ 3,527,000	\$ 2,747,000	\$ 323,000	\$ 1,584,000
Accumulated Amortization	\$ 17,185,989	\$ 18,346,946	\$ 19,630,397	\$ 21,031,286	\$ 22,505,868	\$ 24,068,388	\$ 25,674,995	\$ 27,315,940	\$ 28,960,922	\$ 30,625,704
Total Non-Financial Assets	\$ 48,193,280	\$ 61,150,667	\$ 69,666,716	\$ 77,660,827	\$ 82,081,745	\$ 87,554,225	\$ 89,474,618	\$ 90,580,673	\$ 89,258,691	\$ 89,177,909
Accumulated Surplus	\$ 46,597,722	\$ 59,459,867	\$ 61,892,342	\$ 70,880,389	\$ 74,038,172	\$ 71,881,163	\$ 66,710,935	\$ 72,470,698	\$ 73,254,212	\$ 81,307,829
Cash as a % of Non-Financial Assets	-0.5%	-1.0%	-9.9%	-7.9%	-9.2%	-10.8%	-7.8%	-3.1%	5.3%	13.6%
Debt as a % of Non-Financial Assets	2.8%	1.8%	1.3%	0.9%	0.6%	7.1%	17.7%	16.9%	23.2%	22.4%

Appendix A—10 Year Capital Budget

Appendix A—Water 10 Year Capital Budget

Capital Project	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total Cost
Adelaide Road Sewer & Water Extension - Construction	\$ -	\$ -	\$ 620,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 620,000
Rougham Road - Glendon to Falconbridge	\$ -	\$ -	\$ 70,000	\$ 700,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 770,000
Downtown Streetscaping Improvements Construction	\$ 200,000	\$ 1,200,000	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,600,000
Adelaide St. Reconstruction - Phase I	\$ 50,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550,000
High St Reconstruction & PS Elimination	\$ 10,000	\$ 1,820,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,830,000
Beech Street Construction	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Head Street Reconstruction	\$ 1,143,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,143,000
Oxford St & Richmond St Reconstruction	\$ -	\$ 1,420,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,420,000
McKellar Ph 2 Reconstruction	\$ -	\$ -	\$ -	\$ 18,000	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 768,000
Pannell Lane Reconstruction - Head to Drury	\$ -	\$ -	\$ -	\$ 64,000	\$ 640,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 704,000
Falconbridge Road Reconstruction - Rougham to Adelaide	\$ -	\$ -	\$ -	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,000
York Street Servicing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,140,000	\$ -	\$ -	\$ -	\$ 1,140,000
Adelaide St. Reconstruction - Phase II	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700,000	\$ -	\$ -	\$ -	\$ 700,000
Alternate Trunk Watermain - MacDonald to Pannell Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000
Albert St San Sewer & County Road- Carrie St to Town Limit	\$ -	\$ 60,000	\$ 590,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650,000
Hydrant Painting	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 120,000
Water Distribution System Assessment	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Instrumentation Upgrades	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Detailed Facility Condition Assessments	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Valve Condition Assessment and Replacement	\$ 175,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,000
Water Facility Inspections 5 year	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ 80,000
Replacements/Repairs from Detailed Facility Condition Assessments	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Mt Brydges Tower Interior Coating	\$ 20,000	\$ 1,100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,120,000
Water Meter Reading Hardware Upgrades	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Strathroy Reservoir Upgrades - Site Servicing, Generator, Electrical, Mechanical	\$ -	\$ 150,000	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,650,000
Mt Brydges Water Reservoir Storage and Electrical Upgrades*	\$ 159,091	\$ 1,590,909	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,750,000
Strathroy Reservoir Cleaning, Upgrades	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Roads Need Study Projects	\$ -	\$ 785,000	\$ 1,052,000	\$ 748,000	\$ 498,000	\$ 982,000	\$ 1,102,000	\$ 1,807,000	\$ 37,000	\$ 368,000	\$ 7,379,000
Masterplan Update	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ 800,000
Concord Drive Watermain Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,000	\$ 684,000	\$ -	\$ -	\$ -	\$ 760,000
Riverview Drive Watermain Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,000	\$ 684,000	\$ -	\$ -	\$ -	\$ 760,000
Centre Street Watermain Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,000	\$ 756,000	\$ -	\$ -	\$ 840,000
Oak Avenue Watermain Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183,000	\$ 1,647,000	\$ -	\$ -	\$ 1,830,000
Redundant Watermain - MacDonald to Pannell*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,364	\$ 1,963,636	\$ -	\$ 2,160,000
North Street Watermain Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177,000	\$ 1,593,000	\$ -	\$ 1,770,000
Locke Heights Watermain Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,000	\$ 1,287,000	\$ -	\$ 1,430,000
Lamore Crescent Watermain Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,000	\$ 1,089,000	\$ 1,210,000
Mill Pond Crescent Watermain Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,000	\$ 1,287,000	\$ 1,430,000
Head Street Watermain Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,000	\$ 203,000
Transfer Station - Safety Railing Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 2,477,091	\$ 8,810,909	\$ 5,077,000	\$ 2,175,000	\$ 2,308,000	\$ 1,254,000	\$ 4,617,000	\$ 4,726,364	\$ 5,144,636	\$ 3,347,000	\$ 39,937,000

NOTE: Projects marked with asterisk (*) are the 10-Year Capital Budget expenditures which exclude anticipated DC-funded financing costs.

Projects marked with double-asterisk (**) are the 10-Year Capital Budget expenditures which only includes currently un-funded expenditures (existing committed are excluded)

Appendix A—Wastewater 10 Year Capital Budget

Capital Project	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total Cost
Adelaide Road Sewer & Water Extension - Construction	\$ -	\$ -	\$ 620,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 620,000
Rougham Road - Glendon to Falconbridge	\$ -	\$ -	\$ 70,000	\$ 700,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 770,000
Downtown Streetscaping Improvements Construction	\$ 200,000	\$ 1,200,000	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,600,000
Adelaide St. Reconstruction - Phase I	\$ 50,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550,000
High St Reconstruction & PS Elimination	\$ 10,000	\$ 1,820,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,830,000
Beech Street Construction	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Head Street Reconstruction	\$ 1,143,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,143,000
Oxford St & Richmond St Reconstruction	\$ -	\$ 1,420,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,420,000
McKellar Ph 2 Reconstruction	\$ -	\$ -	\$ -	\$ 18,000	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 768,000
Pannell Lane Reconstruction - Head to Drury	\$ -	\$ -	\$ -	\$ 64,000	\$ 640,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 704,000
Falconbridge Road Reconstruction - Rougham to Adelaide	\$ -	\$ -	\$ -	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,000
York Street Servicing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,140,000	\$ -	\$ -	\$ -	\$ 1,140,000
Adelaide St. Reconstruction - Phase II	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700,000	\$ -	\$ -	\$ -	\$ 700,000
Albert St San Sewer & County Road- Carrie St to Town Limit	\$ -	\$ 60,000	\$ 590,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650,000
Instrumentation Upgrades	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Collection System Assessment, CCTV Program	\$ 150,000	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450,000
Pump Station Pump Replacement, Spares	\$ 75,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 525,000
Detailed Facility Condition Assessments	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 200,000
Manhole Condition Assessment - Sanitary	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Sewer Rehabilitation from inspection finding	\$ 200,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ 800,000
Sludge Hauling Strathroy WWTF	\$ -	\$ 300,000	\$ -	\$ 300,000	\$ -	\$ 300,000	\$ -	\$ 300,000	\$ -	\$ 300,000	\$ 1,500,000
Mount Brydges WWTF Upgrades - Aeration, Headworks**	\$ 2,272,727	\$ 2,727,273	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000
Mount Brydges Wastewater Servicing: Environmental Assessment**	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mount Brydges Wastewater Servicing: Design & Construction*	\$ -	\$ 190,000	\$ 190,000	\$ 3,078,000	\$ 3,144,500	\$ 3,268,000	\$ -	\$ -	\$ -	\$ -	\$ 9,870,500
Strathroy WWTF Upgrades - Lagoon, Headworks**	\$ 1,071,429	\$ 1,928,571	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000
Facility Repairs - Condition Assessment	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,000
Roads Need Study Projects	\$ -	\$ 935,000	\$ 1,022,000	\$ 460,000	\$ 761,000	\$ 1,317,000	\$ 1,287,000	\$ 1,397,000	\$ 23,000	\$ 234,000	\$ 7,436,000
McNab PS Rehabilitation	\$ -	\$ 100,000	\$ 470,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 570,000
Strathroy WWTF Sludge Handling Facility	\$ -	\$ 300,000	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,300,000
Albert St PS Forcemain Replacement**	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NFPA Upgrades Design/Construction Metcalfe PS & Main PS & Lions Park PS**	\$ 425,000	\$ 1,912,500	\$ 1,912,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,250,000
Strathroy WWTF Lagoon Rehabilitation	\$ -	\$ -	\$ 150,000	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,150,000
Metcalfe PS Incoming Sewer Upgrades	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ 950,000
Mount Brydges Existing Wastewater Servicing Connections	\$ -	\$ -	\$ 250,000	\$ 1,000,000	\$ 250,000	\$ 1,000,000	\$ 250,000	\$ 1,000,000	\$ 250,000	\$ 1,000,000	\$ 5,000,000
Transfer Station - Safety Railing Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 6,172,156	\$ 14,118,344	\$ 9,799,500	\$ 9,395,000	\$ 5,895,500	\$ 7,035,000	\$ 3,527,000	\$ 2,747,000	\$ 323,000	\$ 1,584,000	\$ 60,596,500

NOTE: Projects marked with asterisk (*) are the 10-Year Capital Budget expenditures which exclude anticipated DC-funded financing costs.

Projects marked with double-asterisk (**) are the 10-Year Capital Budget expenditures which only includes currently un-funded expenditures (existing committed are excluded)