

# **The Corporation of the City of Kawartha Lakes**

## **Council Report**

**Report Number EA2019-016**

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**Meeting Date:** November 26, 2019

**Title:** Proposed 2020 Water-Wastewater Operating and Capital Budgets

**Description:** This report presents Council with proposed 2020 water-wastewater operating and capital budgets.

**Ward Number:** All Wards

**Author and Title:** Adam Found, Manager of Corporate Assets

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### **Recommendation(s):**

**That** Report EA2019-016, **Proposed 2020 Water-Wastewater Operating and Capital Budgets**, be received;

**That** the 2020 Water-Wastewater Capital Budget, attached as Appendix A to Report EA2019-016, be adopted; and

**That** the 2020 Water-Wastewater Operating Budget, attached as Appendix B to Report EA2019-016, be adopted.

**Department Head:**\_\_\_\_\_

**Financial/Legal/HR/Other:**\_\_\_\_\_

**Chief Administrative Officer:**\_\_\_\_\_

## **Background:**

On July 11, 2017, Council adopted the City's first Long-Term Financial Plan (LTFP) based on the Corporate Strategic Plan, Asset Management Plan and Development Charges Background Study. This plan guided preparation of the proposed 2020 Water-Wastewater Capital Budget and 2020 Water-Wastewater Operating Budget, attached hereto as Appendices A and B, respectively, and released to Council, staff and the public on November 1, 2019. This report presents Council with these budgets for deliberation and approval.

## **Rationale:**

Staff continues to work within the framework set out by LTFP, and aims to update the plan in early 2020 given new information and changing financial circumstances. Staff has worked extensively over the past several months to develop proposed 2020 budgets that align with the LTFP as much as practicable, address the City's needs within resource constraints and account for new financial circumstances such as provincial funding reductions. The following water-wastewater budget highlights are worth noting (all financial figures below are rounded):

- An unprecedented \$30.0M in total capital investment, of which approximately 11% is for water assets and 89% is for wastewater assets.
- Continuation of downtown Lindsay reconstruction and revitalization with a \$3.5M investment to replace aging water and sewer mains under Lindsay Street (from Russell St. to Bridge) and Kent Street (from Lindsay Street to William Street).
- Continuation of the 2017-2021 Lindsay cast iron watermain replacement program with a \$2.4M investment, of which \$1.6M is funded by the \$5.8M Small Communities Fund grant.
- A \$2.5M investment to replace aging water and sewer mains under Colborne Street (from William Street to Adelaide Street) in Lindsay.
- A \$22.4M investment to upgrade and expand the Lindsay Water Pollution Control Plant to improve regulatory compliance, comply with a provincial order and expand capacity to meet the demands of future growth and development.
- Reliance on a \$10.1M special debenture beyond the water-wastewater debt ceiling to make the Lindsay Water Pollution Control Plant project financially feasible.

- Healthy contributions of \$1.6M and \$1.8M to water and wastewater reserves, respectively, to support future capital needs in alignment with the LTFP.
- Operational funding and capital investment aligned with regulatory compliance needs, provision of clean water and other service level expectations.
- Continuation of a strong revenue growth trend that remains higher than that forecasted in the LTFP.
- An average water-wastewater user rate increase of 0.74% as compared to the 3.0% forecasted for 2020 as per the LTFP, representing an increase of \$10.92 on an estimated 2019 bill of \$1,473.44 for the average water-wastewater user.

Capital budgets (tax-supported and water-wastewater) continue to be organized on the principle of program-based budgeting whereby similar capital projects are logically grouped into programs. Program level pooling of capital projects streamlines budget presentation, enhances project management flexibility, mitigates the risk of project cost overruns and provides for greater administrative efficiency.

### **Other Alternatives Considered:**

As the proposed 2020 Water-Wastewater Capital Budget and 2020 Water-Wastewater Operating Budget align with the LTFP and best meet the City's needs, staff is recommending Council adopt these budgets. Council may, however, consider modifications to either budget during deliberations.

### **Financial/Operation Impacts:**

The proposed 2020 budgets indicate their financial implications. All 2020 budgets (tax-supported and water-wastewater), as revised and approved, will be consolidated into a single document made available on the City's website.

### **Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:**

The recommendations of this report align with the following goals of the Corporate Strategic Plan:

- Goal 1 – A Vibrant and Growing Economy: Effective budgets help support municipal services essential for a prosperous and growing economy.

- Goal 2 – An Exceptional Quality of Life: Effective budgets help support municipal services essential for the quality of life of residents.
- Goal 3 – A Healthy Environment: Effective budgets help support municipal services essential for a healthy environment and provision of clean water.

## **Consultations:**

Senior Management Team  
City Treasurer

## **Attachments:**

Appendix A: Proposed 2020 Water-Wastewater Capital Budget



Proposed 2020  
Water-Wastewater Capital Budget

Appendix B: Proposed 2020 Water-Wastewater Operating Budget



Proposed 2020  
Water-Wastewater Operating Budget

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**Department Head:** Juan Rojas, Director of Engineering and Corporate Assets