

Municipality of Brockton

2026-2031 Water Works Financial Plan

Presentation
October 14, 2025



Water Financial Plan

Background:

- Financial Plans for Water Works are required by O.Reg. 453/07.
- A Financial Plan for Wastewater is being done as a companion to the Water Plan.
- A previous Plan was completed for the water system for 2021 to 2026.
- The current Plan is for 2026 to 2031.

Background Cont'd:

- Plan timing is linked to MDW License Renewal.
- Renewal is required by Jan. 21/26.
- Application must include a Resolution of Council adopting a plan for at least 2026 to 2031.
- Plans can be adjusted at any time.

Background Cont'd:

- There are 2520 (2024) customers.
- Net Book Value of assets = \$14.4 M
- Replacement cost of assets (2024) = \$35.2 M
- Average life expectancy of assets = 75 years
- Average (weighted) remaining life = 47 years
- Current rate of replacement = 68 years

Background Cont'd:

- Recent Rate Changes:
 - 2021 – 2.0%
 - 2022 to 2026 – 3.8%/yr

The Current Situation:

- Revenue \$1.4M /yr.
- Cost of operations \$1.3M /yr.
- Amortization expense = \$0.32M /year.
- \$3.2M debt.
- Reserves (end of 2024) = \$0.6M.

Plan Assumptions:

Annual Adjustments:

- Increase in Operating Costs = 2%
- Increase in hydro = 5%
- Increase in Contracted service costs = 3%
- Growth assumed at 33 households/yr
(consistent with previous 2-yr average)
- Assumed earned interest rate of = 2%

Plan Assumptions Cont'd:

Annual Adjustments:

- ~1.0M in capital upgrades over 2026-2031 period.
- 2025 revenue and expenses were based on the budgeted 2025 amount.

Plan Goals:

Develop a “Cost Recovery Plan” to ensure adequate funding to operate, maintain and replace infrastructure.

Approaches to Meeting Goal:

- Option 1 – A 0% rate increase
- Option 2 – A 4.8% annual rate increase
(i.e. set RoR at 68 years, matching previous 3-year average)
- Option 3 – A 7.7% annual rate increase
(i.e. reduce RoR to match current average remaining life expectancy of assets – 45 yrs)

Recommendation

- Suggested resolution can be in the form of: **“That the Municipality of Brockton adopts a Drinking Water Financial Plan for the period 2026 to 2031 based on a ____% annual increase in revenue beginning in 2027”.**



Wastewater Financial Plan

Background:

- Net Book Value of assets = \$6.4 M
- Replacement cost of assets (2024) = \$24.9 M
- Average life expectancy of assets = 67 years
- Average (weighted) remaining life = 33 years
- Current rate of replacement = 146 years

Background Cont'd:

- Recent Rate Changes:
 - 2021 – 2.0%/yr
 - 2022 to 2026 – 4.8%/yr

The Current Situation:

- Revenue \$1.6M /yr.
- Cost of operations \$1.4M /yr.
- Amortization expense = \$0.16M /year.
- \$1.4M debt.
- Reserves (end of 2024) = \$0.6M.

Plan Assumptions:

Annual Adjustments:

- Increase in Operating Costs = 2%
- Increase in Energy Costs = 5%
- Increase in Contracted service costs = 3%
- Growth assumed at 33 households/yr
(consistent with previous 2-yr average)
- Assumed earned interest rate of = 2%

Plan Assumptions Cont'd:

Annual Adjustments:

- \$0.5+M in capital upgrades over 2026-2031 period.
- 2025 revenue and expenses were based on the budgeted 2025 amount.

Plan Goals:

Develop a “Cost Recovery Plan” to ensure adequate funding to operate, maintain and replace infrastructure.

Approaches to Meeting Goal:

- Option 1 – A 0% rate increase (base case)
- Option 2 – A 3.0% annual rate increase
(i.e. RoR matching current average life expectancy – 67 yrs)
- Option 3 – A 4.9% annual rate increase
(i.e. RoR matching Option 3 presented in Water Financial Plan – 45 yrs)
- Option 4 – A 6.8% annual rate increase
(i.e. RoR matching average remaining life expectancy of the wastewater assets – 33 yrs)

Recommendation

- Suggested resolution can be in the form of: **“That the Municipality of Brockton adopts a Wastewater Financial Plan for the period 2026 to 2031 based on a ____% annual increase in revenue beginning in 2027”.**



Thank You

Questions?