

Report to Council

Report Title:	2026-2031 Water and Wastewater Financial Plans		
Prepared By:	Nicholas Schnurr, Director of Operations		
Department:	Operations - Utilities		
Date:	October 14, 2025		
Report Number:	UT2025-12	File Number:	C110P
Attachments:	Water Works Financial Plan Wastewater System Financial Plan		

Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number UT2025-12 - 2026-2031 Water and Wastewater Financial Plans, prepared by Nicholas Schnurr, Director of Operations and in doing so approves the 2026-2031 Water Works and Wastewater System Financial Plans with an increase of 4.8% and 4.9% per year, respectively.

Report:

Background:

Financial Plans for municipal drinking water systems are mandated by Ontario Regulation 453/07, under the Ontario Safe Drinking Water Act. There is no such parallel mandate for wastewater systems, however, Brockton, recognize the linkage ratepayers make between water and wastewater charges and also recognize the benefits of long-term financial planning for all municipal services.

Every 5 years, the municipality undertakes or updates the financial study for water and wastewater works to determine the actual cost of operating the collection and distribution systems. A consulting engineer was asked to provide an update to the plan to ensure that Brockton is providing the utilities at a price that is reflective of actual costs of the program, while meeting the requirements of the regulation. Ryan DeVries will present the plans at the October 14, 2025, council meeting for council's consideration, in support of this staff report.

With no increase in revenue, the current rate of reserve fund growth combined with the proposed capital replacement program will result in an 8% decrease in the financial position and an increase in the rate of replacement to 245 years for water and a 9% decrease in the financial position and an increase in the replacement to 240 years for sanitary.

Analysis:

Options for council's consideration have been prepared by the engineer as follows.

Water Works Financial Plan Options

1) Water Option 1: No Increase in Revenue

With no increase in revenue, the current rate of reserve fund growth combined with the proposed capital replacement program will result in an 8% decrease in the financial position and an increase in the rate of replacement to 245 years. This would be unsustainable in the long term for core infrastructure.

2) Water Option 2: Increasing Revenue by 4.8%

Increasing revenue by 4.8% per year (i.e. maintaining current Rate of Replacement) will result in a small improvement to the financial position by 2031 and projected positive reserves of approximately \$1.0 million.

3) Water Option 3: Increasing Revenue by 7.7%

Selecting a 7.7% annual rate increase, would result in an 11% increase in the financial position and result in a rate of replacement of 45 years (approximately matching the current weighted average remaining life expectancy of the assets). This would be considered the most sustainable approach between the three options for the water financial plan.

Wastewater Financial Plan Options

1) Wastewater Option 1: No Increase in Revenue

With no increase in revenue, the current rate of reserve fund growth combined with the proposed capital replacement will result in a 9% increase in the financial position but a decrease in the rate of replacement to 240 years. This is not a sustainable approach and is not recommended. The only reason the financial position increases are because we have applied a 4.8% revenue increase to 2026 (as previously endorsed) and incorporated growth of 33 new customers per year.

2) Wastewater Option 2: Increasing Revenue by 3%

Increasing revenue by 3.0% per year (i.e. target a rate of replacement of 67 years by 2031) will improve the financial position and result in projected reserves of \$1.3M by 2031.

3) Wastewater Option 3: Increasing Revenue by 4.9%

Setting a 4.9% annual rate increase would result in a 35% increase in the financial position and result in a rate of replacement of 45 years (approximately matching Option 3 presented in the Water Financial Plan report).

4) Wastewater Option 4: Increasing revenue by 6.8%

Increasing revenue by 6.8% per year (i.e. target a rate of replacement of 33 years by 2031) will further improve the financial position and result in projected reserves of \$2.5M by 2031. This is considered to be the most sustainable approach of the options suggested.

For context, a single water project can be a significant expense, noting that the trunk main project cost \$2.7 million and the projected cost of a new water tower to support growth in one of the newly incorporated settlement areas was estimated at \$15 million.

Strategic Action Plan Checklist:

What aspect of the Brockton Strategic Action Plan does the content/recommendations in this report help advance?

- Recommendations help move the Municipality closer to its Vision Yes
- Recommendations contribute to achieving Heritage, Culture, and Community Yes
- Recommendations contribute to achieving Quality of Life Yes
- Recommendations contribute to achieving Land Use Planning and the Natural Environment Yes
- Recommendations contribute to achieving Economic Development Yes
- Recommendations contribute to achieving Municipal Governance Yes

Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective? Yes

The approved water and wastewater financial plans will impact the water and wastewater rates from 2026 through to 2031 and how the Municipality is able to continue to fund water and wastewater infrastructure.

Reviewed By:



Trish Serratore, Chief Financial Officer

Respectfully Submitted by:



Nicholas Schnurr, Director of Operations

Reviewed By:



Sonya Watson, Chief Administrative Officer