

# Guelph's Financial Strategy 2014



# GUELPH'S FINANCIAL STRATEGY

## >> Introduction

Guelph is one of Canada's most livable cities - a testament to this community's commitment to Guelph's vision:

**“Be a city that makes a difference acting locally and globally to improve the lives of residents, the broader community and the world.”**

Guelph is a dynamic, collaborative and innovative urban centre offering a high quality of life for residents, and a sustainable, prosperous environment for businesses and community benefit organizations.

Despite several years of global economic crisis, Guelph's financial position remains strong and stable, and steadily improves as reflected in its increasing credit rating. Because the City integrates strategic and financial planning, Guelph has a solid foundation that drives the decisions which sustain our local competitive edge, and attract diversity, talent, and innovative business opportunities.

This solid foundation is built on Guelph's Corporate Strategic Plan—a transformational plan focused on shaping an exceptional community. It anticipates a range of capital projects and programs and services ensuring Guelph continues to be a well-designed, safe, inclusive and appealing city. The plan includes an ambitious program for change in local government with focus on innovation; delivering exceptional municipal service, value and excellence; and running an exceptional municipal government. It sets priorities and provides a road map of strategic directions and key performance indicators to guide Council's annual budget decision making.

Guelph's Financial Strategy brings together several capital and operating strategies informed by the work of the Corporation including Council-approved strategies, master plans, program and service assessments, reports and workshops. It includes expenses and revenues which are tax-supported, non-tax-supported and secured from other funding sources, and explains the City's controllable and uncontrollable obligations. The strategy includes the budgets of Local Boards and Shared Service agencies which meet their capital and operating needs according to a range of strategies, plans and proposals.

Together, the Corporate Strategic Plan and Guelph's Financial Strategy seek to balance a wide range of competing needs within a multi-year budget framework built to provide greater transparency, confidence, predictability and prosperity for residents today and for the generations to come.

Guelph's Financial Strategy will be presented to City Council in four sections:

- **Capital Investment Strategy:** 2014-2023 proposed Capital Budget and Forecast
- **Non Tax-supported Strategy:** 2014 proposed Operating and Capital Budget and Forecast
- **Tax-supported Operating Strategy:** 2014 proposed Operating Budget and Forecast
- **Local Boards and Shared Services Strategy:** 2014 proposed Operating and Capital Budget

# Non-tax-supported Strategy

2014 proposed Operating and Capital Budget and Forecast

# 2014 PROPOSED OPERATING AND CAPITAL BUDGET AND FORECAST

## >> Introduction

The 2014 Proposed Non-tax-supported Operating and Capital Budget, 2015–2017 Non-tax supported operating Budget, and the 2015–2023 capital forecast reflects Guelph's legislative requirements, direction from Guelph City Council, continued input from community members, and the strategic focus areas of the City's Corporate Strategic Plan—organizational excellence, innovation in local government and city building.

Guelph's non-tax-supported budget includes Water Services, Wastewater Services, Ontario Building Code Administration (OBC), and Court Services. The operating and capital costs associated with these service areas is 100 per cent recovered through user fees and other, non-tax-supported, revenues; it does not require a property tax transfer.

## >> Budget approach

The City used a collaborative approach to develop the 2014 Non-tax-supported strategy in order to:

- Align services and projects with Guelph's Corporate Strategic Plan and the City's mission to build an exceptional city by providing outstanding municipal service and value
- Enhance City's decision-making processes by developing and presenting service-based budgets; show the direct, indirect and capital costs of each service provided
- Ensure all capital projects are fully funded in accordance with debt and reserve management best practices, and strive for a balance between infrastructure maintenance and growth
- Ensure compliance with regulatory or legislative requirements

### **Taking care of what we own**

Like most cities in Canada, Guelph faces a continued struggle to renew and replace aging buildings, water and wastewater treatment systems and equipment, vehicles, and other capital assets. For example, Guelph continues encouraging residents and businesses to use water wisely as the City must continue investing in municipal infrastructure to reduce the risk of system failures, prevent expensive emergency repairs and prepare for future growth.

# 2014 PROPOSED OPERATING AND CAPITAL BUDGET AND FORECAST

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## **Enhancing City services**

The City continues using technology to improve and enhance service to the community. Examples in the Building Services department include online permit applications, and enhanced development application review systems. Court Services identified efficiencies in its operations, and plans to implement convenient e-ticket processes.

Water Services continues its efforts to reduce water loss by piloting automated meter-reading and district metered areas, and Wastewater Services continues optimizing its operations using new technology.

# WATER AND WASTEWATER RATE OVERVIEW

## >> Rate summary

Successful conservation programs and preventative maintenance help keep water and wastewater rates low; when people use less water, the City can postpone expensive infrastructure renewal, replacement and expansion projects as the City continues to grow.

Water and wastewater rates are a combination of variable rates (based on volume used) and fixed rates (basic service charges). In 2014, the following rates are proposed:

### Summary of rate changes: impact on average annual residential water/wastewater bill (365 days)

	2013	2014	Change
Water volume charge - \$/cubic metre (m3)	\$1.38	\$1.43	\$0.05
Water basic charge - \$/day	\$0.24	\$0.25	\$0.01
Wastewater volume charge - \$/cubic metre (m3)	\$1.52	\$1.59	\$0.07
Wastewater basic charge - \$/day	\$0.31	\$0.31	\$0.00
Average residential annual bill (200 m3* consumption, January 1 rate change)	\$781	\$808	\$27 or 3.5%

*\*City estimate of average annual volume of water consumed by a Guelph family of 3 people  
Note: the 2014 rates reflect January-December billing cycle*

The operating budgets are increasing by 2.6 per cent (Water Services) and 1.8 per cent (Wastewater Services), net of capital financing and expansions. Capital finances, internal charges, and compensation represent the largest increases to the budgets, and are the main drivers of the 3.5 per cent average residential annual bill increase.

For both Water and Wastewater Services, all debt has been retired, and the projected rates assume no new rate-supported debt financing over the 10-year forecast.

The City's goal is to keep water and wastewater rates in Guelph similar, on average, to rates in comparable municipalities.

# WATER AND WASTEWATER

The 2012 Water and Wastewater Operating Budgets closed with revenue surpluses. Water rate revenue exceeded the budget projection by approximately 3.9 per cent or \$808,000, while Wastewater collected approximately 3 per cent or \$710,000 more rate revenue than forecast. This positive year end position is consistent with the trend over the past three years, and funds are used to mitigate future rate increases, fund capital projects, or address revenue shortfalls.

## Water and Wastewater Demand Forecasting Methodology

Each year, the City collects and analyzes customer consumption data and growth estimates to forecast water and wastewater demand and set water and wastewater rates. The methodology used to develop demand and revenue forecasts considers several factors including

- historic residential, industrial, commercial, and institutional (ICI) consumption trends, and growth forecasts for these sectors
- impacts based on climate and changing economic pressures
- conservation and efficiency program gains

ICI consumption has changed due to economic impacts of the recent recession. Guelph has also experienced abnormally wet and dry peak seasonal conditions. These changing variables make it challenging to forecast demand for water and wastewater services.

To improve the accuracy of rate forecasting, staff developed a comprehensive and conservative water and wastewater demand forecasting methodology to incorporate additional data analysis, trending, and variance-tracking

## Detailed Demand Forecasting Methodology

### Year-to-date revenue analysis and year end forecasting

- separate and analyze individual revenue streams (i.e. water and wastewater, volume and basic revenue streams by utility, residential and ICI revenue streams)
- evaluate year-to-date revenue versus historic trends and current progress towards annual billable volume and other financial targets
- correct for known impacts/abnormalities in revenue

# WATER AND WASTEWATER

## Revenue stream growth evaluation and forecast

- evaluate residential growth-based indicators (building permits, meter installations, planning approvals, etc.)
- evaluate account start-ups and demand maturation among residential growth
- consult with other city departments (Economic Development, Engineering) regarding new ICI growth and changes to current customer servicing agreements
- contact large ICI customers regarding planned business expansions and/or process changes

## Accuracy assessment and revenue stream adjustment

- assess past revenue volatility and historic projections compared to actual year-end billable revenues
- adjust or correct revenue projections for past undercounts as observed through analysis
- reduce anticipated billable revenues in alignment with Council-approved annual water reduction targets
- evaluate demand management program performance and future trends

## 2014 billable revenue forecast development

- converge analysis and formation of forecasts by revenue stream
- define progress measurement approach for future budget tracking
- develop multi-year budget forecasts

## 2014 Water and Wastewater Demand and Related Billable Consumption Projections

The 2014 demand projections and related billable consumption for water and wastewater are estimated to be one per cent higher in both cases than projected 2013 actuals. This estimate considers additional new billable water demands from modest new residential growth, as confirmed by Planning and Building Services, and flat ICI customer growth, as confirmed by Engineering Services.

## Water and Wastewater Rate Stabilization Reserves – Funding and Use

The water and wastewater stabilization reserves are funded from operating budget surpluses, and are used to prevent sudden rate increases or cover revenue shortfalls. These reserves are important tools for providing affordability for ratepayers, and financial stability and sustainability for the organization. The reserves are reviewed each year to ensure compliance with Council policies. Using the rate model, past year rate surpluses or deficits are factored into the calculation of future rates. The stabilization reserve balances have increased in recent years, but remain below the 10 per cent target recommended in the Council-approved Water and Wastewater Long Range Financial Plan (2010).

# WATER AND WASTEWATER

## Water Rate Projections and Reserves

To provide safe drinking water, ensure the timely replacement of Guelph's water infrastructure, and to accommodate Guelph's continued growth, water rate projections over the next four years show an increase to approximately \$1.69 per cubic metre.

The rate stabilization reserve is increasing but remains below the Council-approved target. The capital reserve is also increasing and is below Council-approved targets with respect to accumulated depreciation of our infrastructure, based on for projected actual replacement costs.

## Wastewater Rate Projections and Reserves

To maintain the legislated level of treatment for wastewater, ensure the timely replacement of the wastewater infrastructure, and service growth, wastewater rate projections over the next four years show an increase to \$1.89 per cubic metre.

The rate stabilization reserve is increasing, but remains below the Council-approved target. The capital reserve is also increasing, but is well below target with respect to accumulated depreciation of our infrastructure, based on projected actual replacement costs.

The following table shows past and projected trends for the volumetric rates and residential customer bills:

	2009	2010	2011	2012	2013	2014 Proposed	2015 Projected*	2016 Projected*	2017 Projected*
Water volume charge (per m3)	\$0.97	\$1.07	\$1.17	\$1.30	\$1.38	\$1.43	\$1.53	\$1.61	\$1.69
Wastewater volume charge (per m3)	\$1.05	\$1.15	\$1.26	\$1.41	\$1.41	\$1.59	\$1.71	\$1.80	\$1.89
Annual average residential bill percent increase**	15.4%	10.4%	10.0%	8.5%	8.0%	3.5%	5.2%	3.8%	3.7%

Notes:

\*Forecast based on current service level and legislation

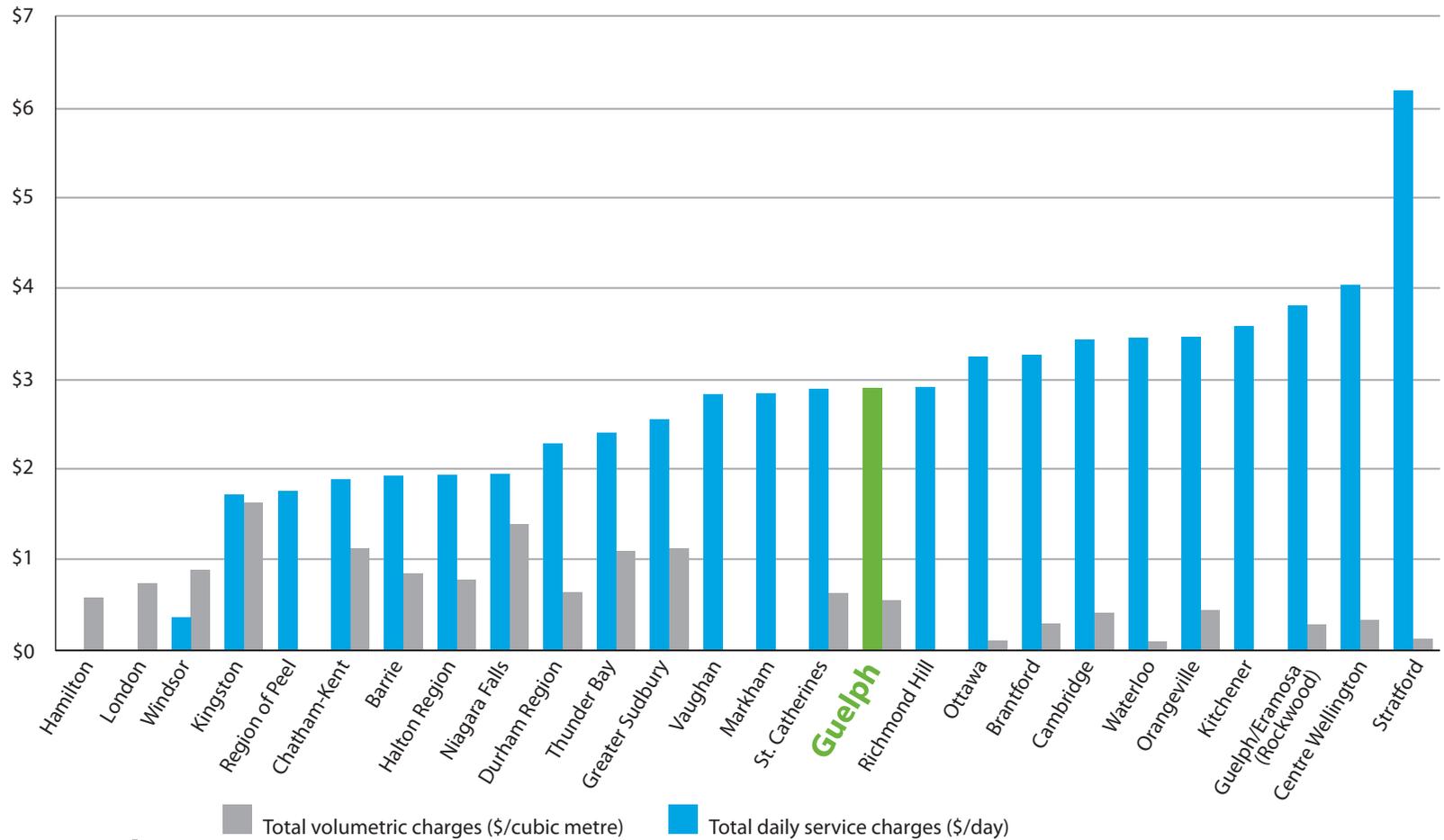
\*\*Projected residential bill increase calculated assuming stable basic service charges

To address the issue of water and wastewater system sustainability, Toronto, Barrie, Hamilton, and the Regional Municipality of York support multi-year, uniform approach to increasing rates. This approach is approved by Guelph City Council and employed as a recommendation of the Water and Wastewater Long Range Financial Plan (WWLRFP). This approach will be considered for future budgets as part of the WWLRFP update.

# WATER WASTEWATER RATE COMPARISON

The 2012 water and wastewater budget introduced a simplified rate comparison between municipalities showing the number of factors impacting a water and wastewater bill. The following chart compares Guelph's approved 2013 combined water and wastewater rates with those of our Council-approved comparator municipalities:

**Comparison of residential water/wastewater total volumetric and service charges by municipality (2013 rates)**



Comparison based on combined volume charges for the first cubic metre of water consumption, wastewater treatment and daily service charges.

# WATER WASTEWATER RATE COMPARISON

The following chart summarizes financial indicators and targets based on Council's financial policies and the Council-approved Water and Wastewater Long Range Financial Plan. The proposed 2014 budgets ensure both Water and Wastewater Services will continue progressing toward these financial targets.

## 2014 Water and Wastewater Financial Indicators

	Target	2014 predictions from Water LRFP	Actuals Water	2014 predictions from Wastewater LTRP	Actuals Wastewater
Debt to total reserve ratio	< 1:1	0.0:1	0.0:1	0.0:1	0.0:1
Operating reserves as a % of own source revenue	8–10% of revenues	10.0%	8.0%	9.9%	8.3%
Operating surplus ratio	Positive	Positive	Positive	Positive	Positive
Asset consumption ratio	35%	n/a	35.7%	n/a	45.5%
Capital reserves as a % of historical asset value	2–3%	5.8%	7.2%	5.8%	7.2%
Capital reserves as a % of asset replacement value	2–3%		1.8%		1.9%

\*LRFP = Long Range Financial Plan as approved by Council

**Debt to total reserve ratio:** compares the direct debt of the operation to the total of all rate-supported reserves and reserve funds. The generally accepted target is 1:1. (Note - Water and Wastewater Services are debt free.)

**Operating reserves as a percentage of own source revenue:** focuses specifically on the stabilization reserves compared to own revenues. Having operating reserves within the benchmark will allow both areas to avoid spikes in the user rates, if faced with dramatic change such as an economic decline or new legislation.

Operating reserves for both Water and Wastewater Services are within the target range, but below the 10 per cent target recommended in the Council-approved Water and Wastewater Long Range Financial Plan (2010).

**Operating surplus ratio:** provides insight on how much of the departments' own source revenues were available after normal operations to fund reserves. In 2014, both Water and Wastewater Services are budgeting higher reserve contributions than in 2013.

# WATER WASTEWATER RATE COMPARISON

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**Asset consumption ratio:** compares the condition of a municipality's assets and the potential replacement needs. A higher ratio may indicate significant replacement needs, however, if a replacement plan is in place and followed, a high ratio is not necessarily cause for concern. Ratios for both Water and Wastewater indicate an aging infrastructure, making contributions to reserve critical to meet current and future replacement needs. The asset consumption ratios are measured using historical asset costs. A more appropriate measure is replacement cost. Use of replacement cost will cause these measures to look significantly worse.

**Capital reserves as a percentage of asset value:** provides insight on the level of reserve funding for future capital projects compared to the total value of depreciable assets. Capital reserve contributions should be approximately 2-3 per cent of the total asset value. This prevents sudden spikes in user rates by spreading the cost of infrastructure over several years, and provides contingency for significant unexpected infrastructure costs.

Capital reserves as a percentage of asset value are shown using both historical and replacement value. Historical asset values are low as they are based on original purchase value and not replacement value. For this reason, capital reserves as a percentage of asset replacement value is lower and more accurate.

# WATER SERVICES BUDGET

The Water Services department ensures a safe, secure and sustainable water supply for residential, business, recreation and firefighting purposes.

## Customer Service and Conservation

- Revenue forecasting
- Mandatory staff training and development
- Compliance and conformance programs
- Promoting and supporting the efficient use of water resources; implementing water conservation programs
- Supporting continuous improvement initiatives, including utility benchmarking and performance evaluation
- Providing customer service, support and engagement

## Supply, treatment and Protection

- Provide secure, treated supply of water to the water distribution system
- Implement programs to ensure environmental compliance
- Implement programs to comply with Provincially mandated groundwater
- Protection requirements
- Implement backflow prevention programs
- Perform infrastructure planning, capacity
- Management, and construction related to supply assets

## Distribution and Metering

- Provide secure, continuous supply of water to all customers and for fire fighting
- Operate and maintain related infrastructure including bulk water supply
- Perform infrastructure planning, replacement, capacity management, and construction related to non-linear assets

*Note: The capital budget for the Engineering Services department includes expenditures associated with planning, designing, building and replacing water linear infrastructure*

# WATER SERVICES BUDGET

## >> 2013 accomplishments

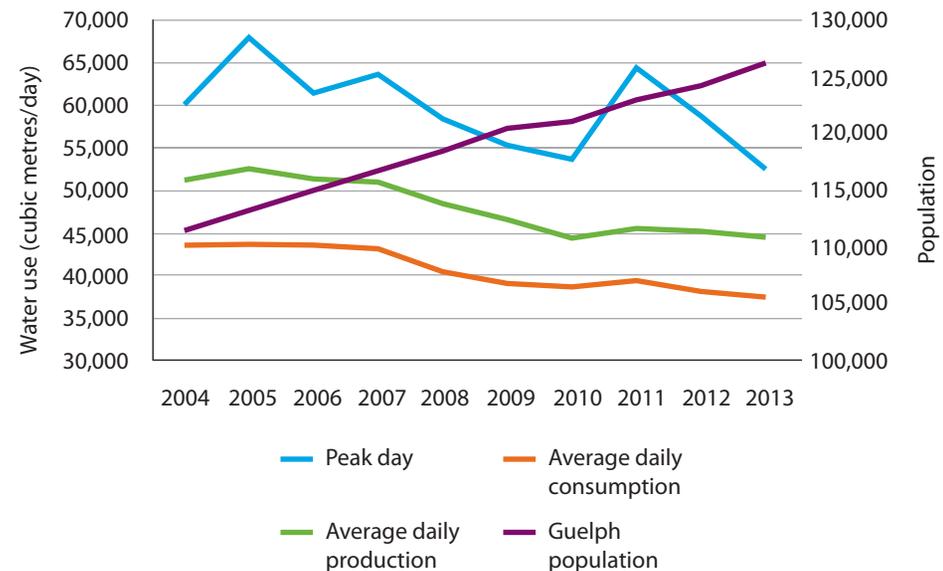
- Continued high scores for Ministry of the Environment Compliance Inspection
- Obtained full accreditation under the Ontario Drinking Water Quality Management System
- Reclaimed approximately 1,100 m<sup>3</sup>/day in water service capacity through the Water Conservation and Efficiency Program, including a 470 m<sup>3</sup>/day reduction through the Leak Detection Pilot Program; lower operating costs and deferred capital upgrades to service growth
- Completed Outdoor Water Use By-law Review
- Completed Guelph's portion of the draft Source Protection Plan for the Grand River Watershed as mandated by the Clean Water Act
- Ongoing implementation of the Arkell Adaptive Management Plan to secure sustainable new groundwater supplies to accommodate development growth
- Continued implementation of initiatives under Provincial Showcasing Water Innovation Program: installed real-time water source energy monitors and distribution system district meters as part of Guelph's Water Distribution System Efficiency Project
- Introduced nine local events as part of Canada Water Week including the inaugural H2O Go Festival (partnership with University of Guelph, local not-for profit organizations and community volunteers featuring water-themed presentations, information booths and children's activities)
- Introduced Guelph Water Wagon and provided Guelph tap water at 14 large scale-community events
- Continued significant progress in delivering the provincially-mandated lead reduction program
- Completed design, field investigation, and tender of Paisley-Clythe Feedermain
- Ongoing implementation of Water/Wastewater Servicing Master Plan projects
- Completed Clair Tower water quality upgrades and painting, Arkell Recharge Dam repairs
- Completed organizational and management structure review

# WATER SERVICES BUDGET

## >> Key performance measures

### Water Pumpage and Consumption

Guelph water production vs. water consumption vs. population



#### Source

Average daily production and peak day production data is measured by operational water supply source meters. Average day production is calculated by dividing annual total source production in cubic metres by the number of days in each calendar year. Peak day production is the highest amount of water produced in one given day within the calendar year.

Annual water consumption is measured by customer billing meters. Average daily consumption is calculated by dividing the total annual consumption in cubic meters by the number of days in each calendar year. The reported 2013 water production, consumption, and population information is based on data from the period of January 1 to July 31, 2013. Population estimations were provided by the City's Planning Services department.

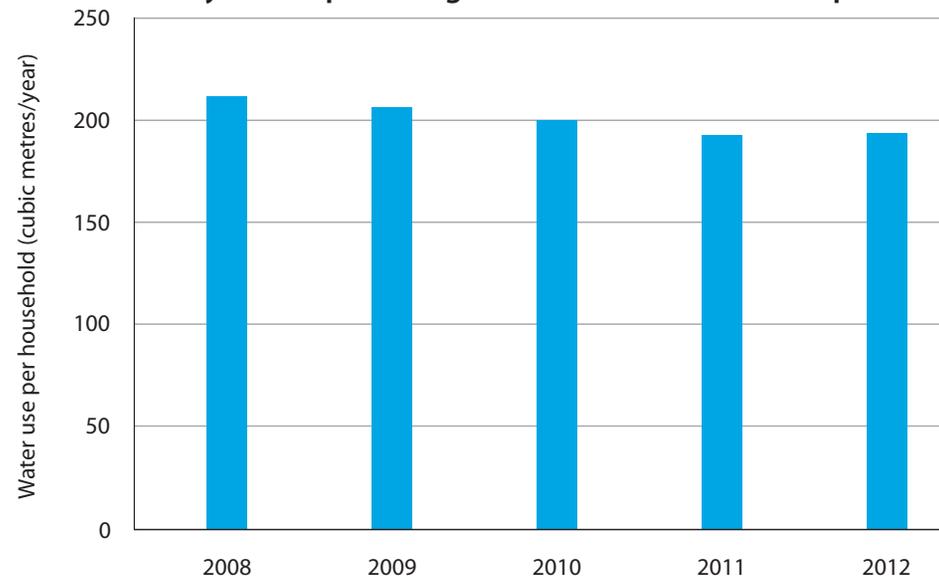
# WATER SERVICES BUDGET

## Explanation of Trend

Since 2004 there has been an overall reduction in average daily water production of 13 per cent (6,700 m<sup>3</sup>/day) and a reduction in average daily water consumption of 14 per cent (almost 6,100 m<sup>3</sup>/day), while population has steadily increased by 14,750 people (13.5 per cent). To date, peak daily water production for 2013 is 6,200 m<sup>3</sup> less than 2012 peak day demand. Year to date, average daily consumption is 1.7 per cent (650 m<sup>3</sup>/day) lower than last year. This drop in demand can largely be attributed to temperature and precipitation received this year being consistent with long-term seasonal averages and no change in Outside Water Use program levels during peak season. 2012 was an unseasonably warm and dry year, and saw elevated Outside Water Use program levels during the peak season, and heightened pressures to reduce outside water demand.

## Residential Water Consumption Per Capita

City of Guelph average household water consumption



*Notes: The year-to-year household water consumption methodology has been revised to better reflect the average household consumption data of single family homes; medium and high density residential consumption data has been removed due to confidence in per capita demand for these dwellings. Data regarding average 2013 residential water demand was not available at time of budget publication.*

# WATER SERVICES BUDGET

## Source

Residential water consumption data is measured by customer billing meters.

## Explanation of Trend

The average single family home's annual water consumption has decreased 8 per cent (17 cubic metres, or 17,000 litres, per year) between 2008 and 2012; the most recent year over year comparison saw an incremental increase in annual consumption of 0.6 per cent (1.16 cubic metres or 1160 litres). This increase may be attributed to the peak seasonal demands experienced throughout the hot and dry weather conditions of much of 2012. Applying the assumption of three people per household, the average daily per capita water use in Guelph is 177.4 litres. Guelph's residential consumption is lower than the provincial and national averages of 225 and 274 litres per capita per day, respectively.

## Annual Provincial Compliance Inspection Results

Year	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
City System	100%	91.97%	93.74%	97.38%	100%	96%
Gazer Mooney System	100%	100%	98.84%	100%	100%	100%

## Source

Annual Ministry of the Environment water compliance inspection results with respect to requirements of the Provincial legislation: Clean Water Act, 2006, Ontario Water Resources Act, 1990, Safe Drinking Water Act, 2002, and Water Opportunities and Conservation Act, 2010. Results for 2013 were not available in time for the preparation of this year's budget.

## Explanation of Trend

To receive a perfect score, Water Services must successfully schedule, collect, analyze, and report on over 20,000 sampling events each year. Results of less than 100 per cent typically result from administrative non-compliance with the timing of sample scheduling.

# WATER SERVICES BUDGET

## >> 2014 objectives

- Complete Water Supply Master Plan update
- Seek Ontario Ministry of Environment (MOE) approval for the Water and Wastewater Long Range Financial Plan
- Continue to update and develop financing strategies to support Facility Master Plan and Property Acquisition Strategy
- Revise Water By-law to improve business process and customer service
- Complete water and wastewater rate review study
- Initiate update of Water Conservation and Efficiency Strategy
- Continue implementation of district metered areas to reduce water lost during delivery to customers
- Initiate pilot of automated meter-reading infrastructure
- Begin second phase of Arkell Adaptive Management Plan - increase water takings from Arkell Spring grounds as part of the process to finalize the Arkell Wellfield Permit to Take Water
- Continued watermain replacement in conjunction with road reconstruction projects

## >> Key changes in 2014

- A one per cent growth forecast for 2014 sales of water
- Increased costs for compensation of \$299,790 (grid moves and economic adjustment) includes \$143,000 for Water Services Manager position expansion
- Transition of Wastewater Services' share of funding for Conservation and Efficiency Program to be consistent with the internal charges process—expenditure neutral
- \$65,300 reduction to purchased goods and services due to increases in costs for electricity, fibre-optic leases, property taxes, external legal support, Guelph Hydro meter-reading and billing, and equipment. These increases are offset by a \$125,000 reduction in water conservation rebate program funding, and a \$75,000 transfer of eligible conservation program administration costs to Development Charges
- Increased other transfer costs for both Water and Wastewater Services for the annual Grand River Conservation Authority (GRCA) levy \$73,800
- Increased internal charges of \$222,150 related to minor changes to source protection, fuel, insurance, and legal costs
- Increased capital financing by \$1,183,700 to pay for the City's portion of current and future capital expenditures. These funds are transferred to Water Services capital and Development Charge Exemption reserve funds and compensate for a \$281,000 reduction in Federal Gas Tax funding.

# WATER SERVICES BUDGET

## >> Proposed 2014 operating budget

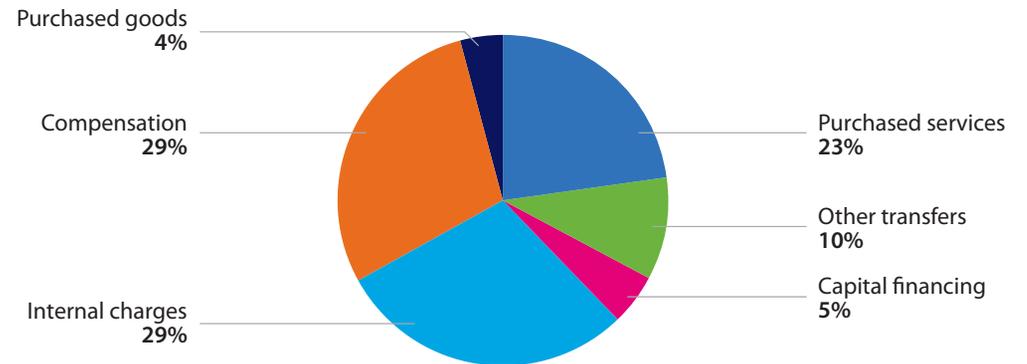
The proposed 2014 Water Services Operating Budget has gross expenditures of \$26,351,480, including internal charges and transfers to reserves. Water Services operating expenditures (not including capital financing and expansions) are proposed to increase by 2.64 per cent over 2013.

### 2014 Water Services proposed operating budget (by service area)

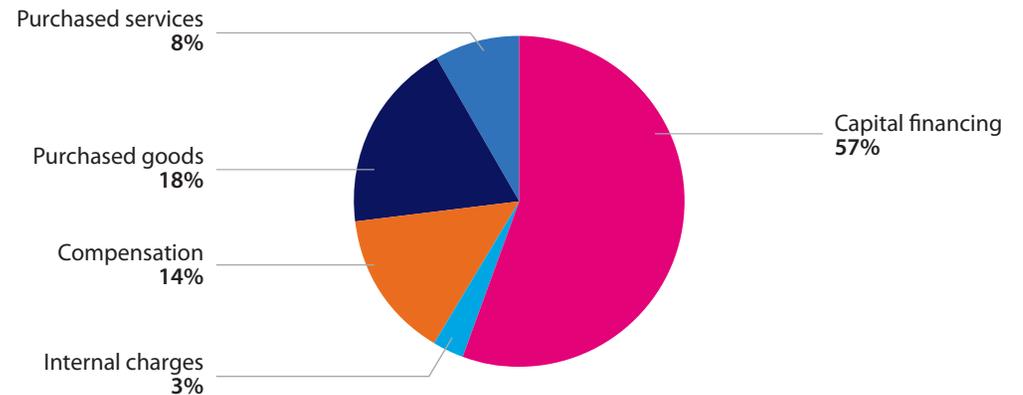
	2013 Approved budget	2014 requested (by service area)				2014 total requested budget	Year/year change (\$)	Year/year change (%)
		Customer service and conservation	Supply, treatment and protection	Distribution and metering				
<b>Revenue</b>								
User fees and service charges	-\$22,791,940	-\$24,218,680	\$0	\$0	-\$24,218,680	-\$1,426,740	6.3%	
Product sales	-\$5,000	-\$27,000	\$0	\$0	-\$27,000	-\$22,000	440.0%	
Licenses and permits	-\$14,500	-\$50,000	\$0	\$0	-\$50,000	-\$35,500	244.8%	
Interest and penalties	-\$13,000	-\$13,000	\$0	\$0	-\$13,000	\$0	0.0%	
External recoveries	-\$1,037,300	-\$257,800	-\$76,100	-\$703,400	-\$1,037,300	\$0	0.0%	
Internal recoveries	-\$775,600	-\$1,005,000	\$0	-\$500	-\$1,005,500	-\$229,900	29.6%	
<b>Total revenue</b>	<b>-\$24,637,340</b>	<b>-\$25,571,480</b>	<b>-\$76,100</b>	<b>-\$703,900</b>	<b>-\$26,351,480</b>	<b>-\$1,714,140</b>	<b>7.0%</b>	
<b>Expenditure</b>								
Compensation	\$5,159,610	\$1,991,600	\$1,486,200	\$1,981,600	\$5,459,400	\$299,790	5.8%	
Purchased goods	\$3,044,000	\$294,600	\$1,860,200	\$971,200	\$3,126,000	\$82,000	2.7%	
Purchased services	\$3,235,280	\$1,566,800	\$859,680	\$661,500	\$3,087,980	-\$147,300	-4.6%	
Other transfers	\$595,200	\$669,000	\$0	\$0	\$669,000	\$73,800	12.4%	
Internal charges	\$2,673,250	\$1,988,400	\$286,100	\$620,900	\$2,895,400	\$222,150	8.3%	
<b>Sub-total (before capital expenditure)</b>	<b>\$14,707,340</b>	<b>\$6,510,400</b>	<b>\$4,492,180</b>	<b>\$4,235,200</b>	<b>\$15,237,780</b>	<b>\$530,440</b>	<b>3.6%</b>	
Capital financing	\$9,930,000	\$338,683	\$5,816,952	\$4,958,065	\$11,113,700	\$1,183,700	11.9%	
<b>Total expenditure</b>	<b>\$24,637,340</b>	<b>\$6,849,083</b>	<b>\$10,309,132</b>	<b>\$9,193,265</b>	<b>\$26,351,480</b>	<b>\$1,714,140</b>	<b>7.0%</b>	
<b>Net budget</b>	<b>\$0</b>	<b>-\$18,722,397</b>	<b>\$10,233,032</b>	<b>\$8,489,365</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	
<b>Full time equivalents</b>	<b>54.5</b>	<b>19.8</b>	<b>14.8</b>	<b>20.9</b>	<b>55.5</b>	<b>1</b>		

# WATER SERVICES BUDGET

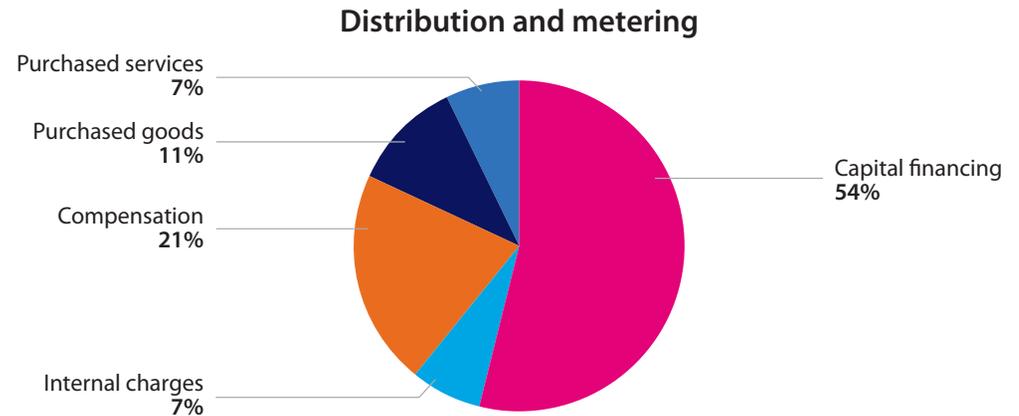
## Customer service and conservation



## Supply, treatment and protection



# WATER SERVICES BUDGET



The 2014 Water Services Budget includes an additional Full Time Equivalent (FTE) management staff position to support the recommendations of a comprehensive management organizational review. The review was completed with the guidance of consultants with expertise in water utility management.

The review confirmed the need to modify the team's structure—one that has been in place since the year 2000 (prior to the Walkerton water tragedy). The review also recognizes current management staffing ratios are well in excess of best practice, and makes recommendations designed to:

- maximize employee productivity through effective supervisory staffing ratios
- reduce corporate risk
- minimize health and safety risks
- support increased compliance requirements
- deliver exceptional customer service
- support corporate and employee development and engagement
- ensure realistic workloads for management staff

Review recommendations will be implemented in phases. The City will repurpose existing positions as opportunities arise (without jeopardizing key work), and any recommended new management positions will be added through Council-approved budget expansions. Staff will evaluate the effectiveness of all management positions before pursuing additions.

The addition of one position will improve management staff reporting ratios as recommended by the Corporate Organizational Review and industry standards for water utilities. Further information is provided in the FTE request summary table at the end of the Water Services section.

# WATER SERVICES BUDGET

## >> Proposed multi-year operating budget

Water Services' multi-year budget considers major budget expense drivers including compensation, energy costs, inflation and anticipated program expansions. Staff will work to further refine this forecast in future budgets. The summary table below is being provided for information only.

	2014 total requested budget	2015 projected budget	2016 projected budget	2017 projected budget
<b>Revenue</b>				
User fees and service charges	-\$24,218,680	-\$26,144,404	-\$27,859,306	-\$29,599,686
Product sales	-\$27,000	-\$27,000	-\$27,000	-\$27,000
Licenses and permits	-\$50,000	-\$50,000	-\$50,000	-\$50,000
Interest and penalties	-\$13,000	-\$13,000	-\$13,000	-\$13,000
External recoveries	-\$1,037,300	-\$1,037,300	-\$1,037,300	-\$1,037,300
Internal recoveries	-\$1,005,500	-\$1,005,500	-\$1,005,500	-\$1,005,500
<b>Total revenue</b>	<b>-\$26,351,480</b>	<b>-\$28,277,204</b>	<b>-\$29,992,106</b>	<b>-\$31,732,486</b>
<b>Expenditure</b>				
Compensation	\$5,459,400	\$5,903,014	\$6,339,135	\$6,792,700
Purchased goods	\$3,126,000	\$3,188,520	\$3,284,176	\$3,382,701
Purchased services	\$3,087,980	\$3,149,740	\$3,244,232	\$3,341,559
Other transfers	\$669,000	\$695,760	\$723,590	\$752,534
Internal charges	\$2,895,400	\$3,040,170	\$3,100,973	\$3,162,993
<b>Sub-total (before capital expenditure)</b>	<b>\$15,237,780</b>	<b>\$15,977,204</b>	<b>\$16,692,106</b>	<b>\$17,432,486</b>
Capital financing	\$11,113,700	\$12,300,000	\$13,300,000	\$14,300,000
<b>Total expenditure</b>	<b>\$26,351,480</b>	<b>\$28,277,204</b>	<b>\$29,992,106</b>	<b>\$31,732,486</b>
<b>Net budget</b>				
<b>Forecast rates (per m3)</b>	<b>\$1.43</b>	<b>\$1.53</b>	<b>\$1.61</b>	<b>\$1.69</b>
<b>Full time equivalents</b>	<b>55.5</b>	<b>57.5</b>	<b>59.5</b>	<b>61.5</b>

# WATER SERVICES BUDGET

## >> Proposed 2014 capital budget

The 2014 capital budget and forecast identifies the most appropriate timing for capital work, project costs and funding sources. Total expenditure for the Water Services' 2014 capital budget is \$17,510,000, and the nine-year forecast is \$176,318,200.

### 2014–2023 Water Services capital budget and forecast – service based ('000s)

Project category	Project cost	Funding sources				
		Federal gas tax	Development charges	Partner contribution	Grants and subsidies	Capital reserves
<b>Growth</b>						
Customer service and conservation	\$5,845.0	\$0.0	\$5,845.0	\$0.0	\$0.0	\$0.0
Supply, treatment and protection	\$53,870.0	\$0.0	\$46,243.6	\$0.0	\$0.0	\$7,626.4
Distribution and metering	\$53,296.0	\$0.0	\$32,347.4	\$0.0	\$0.0	\$20,948.6
<b>Total growth</b>	<b>\$113,011.0</b>	<b>\$0.0</b>	<b>\$84,436.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$28,575.0</b>
<b>Infrastructure replacement</b>						
Customer service and conservation	\$61.8	\$0.0	\$0.0	\$28.7	\$30.9	\$2.2
Supply, treatment and protection	\$47,580.4	\$0.0	\$0.0	\$0.0	\$0.0	\$47,580.4
Distribution and metering	\$33,175.0	\$0.0	\$0.0	\$0.0	\$0.0	\$33,175.0
<b>Total infrastructure replacement</b>	<b>\$80,817.2</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$28.7</b>	<b>\$30.9</b>	<b>\$80,757.6</b>
<b>Total capital budget</b>	<b>\$193,828.2</b>	<b>\$0.0</b>	<b>\$84,436.0</b>	<b>\$28.7</b>	<b>\$30.9</b>	<b>\$109,332.6</b>

It's essential for Water Services to balance its capital budget in terms of infrastructure renewal and replacement, and preparing for continued growth. Most projects in the budget and forecast are scheduled and funded according to Council-approved Master Plans including the Water Supply Master Plan, Conservation and Efficiency Strategy, and Water/Wastewater Servicing Master Plan. The department is also updating Master Plans to include the full cost of property acquisition.

# WATER SERVICES BUDGET

## Taking care of what we own

The Province has enacted Bill 175, the Sustainable Water and Sewage Systems Act 2000, which mandates accelerated replacement schedules for all water and wastewater infrastructure. Over 80 per cent of the City's water system is underground. The underground infrastructure replacement program is managed and administered by Engineering Services, which allows for road and water/wastewater infrastructure replacement to occur concurrently and cost-effectively.

The 2014 capital budget includes funding for Engineering Services to work towards industry standards and mandatory replacement schedules for all linear infrastructure. In 2012, Engineering Services completed a Sustainable Infrastructure Report that includes updates on the water system. The report highlights the \$23.5 million lifecycle costs of sustaining the City's water system, and a backlog of approximately \$46 million. Based on the proposed 2014 Water Services Operating and Capital Budget of \$26.4 million, minus approximately \$3 million for various programs unrelated to infrastructure (conservation, source water protection etc.), the annual water infrastructure spending gap continues to close.

Capital funding must continue increasing to achieve the sustainability target and help address the estimated \$46 million infrastructure backlog for water system assets which have theoretically reached the end of their lifecycle.

## Preparing for continued growth

In preparation for the scheduled update to Guelph's Development Charge (DC) By-law, Water Services, Wastewater Services, and Finance used feedback from the Development Charges Update to revise DC-funded project schedules. These project schedules are included in the 2014 proposed capital budget and forecast in advance of the DC By-law approval, however DC-funded projects will not be initiated until the DC By-law is approved by Council and funding is in place.

Water Services is updating the Council-approved 2007 Water Supply Master Plan (WSMP) that identified a number of short-term options, including water efficiency and conservation, optimization of existing groundwater, and new local groundwater supplies to satisfy future demand and provide more redundancy of supply for existing customers. The completion of Environmental Assessments and related studies for these short-term groundwater options, as approved in the WSMP, are included in the capital budget (WT0002 New Water Supply). However, related capital funding for construction of infrastructure continues to be deferred until 2015 and beyond based on slower growth, less Development Charge revenue than forecast, and the comprehensive, ongoing review of these factors under the WSMP Update. By 2015 Water Services will complete the WSMP Update and provide recommendations for new supply projects, timing, and funding requirements. These recommendations may also drive updates to the DC project schedules and the DC By-law.

The Council-approved 2009 Water/Wastewater Servicing Master Plan (WWSMP) has identified a number of significant infrastructure upgrades required in the short-term to service growth, including the installation in new transmission mains, reservoirs and water towers, and new and upgraded pumping stations. In 2014, more than \$7.2 million is budgeted for growth related upgrades for water storage and distribution.

# WATER SERVICES BUDGET

## Regulatory Compliance

Finally, to ensure the security and reliability of the City's groundwater dependent water supply, the 2014 capital budget and forecast includes approximately \$4.2 million in funding over the next five years to support a host of groundwater protection initiatives driven by the Province's Clean Water Act and the proposed Grand River Source Protection Plan (WT0009 – Groundwater Protection).

A detailed list of capital projects is included at the end of this section.

## >> Reserves and Reserve Funds

The City maintains a reserves and reserve fund used to fund Water Services capital works and operations. The following chart describes the purpose of each reserve, the forecasted 2014 ending balance, the target and 2014 forecasted target.

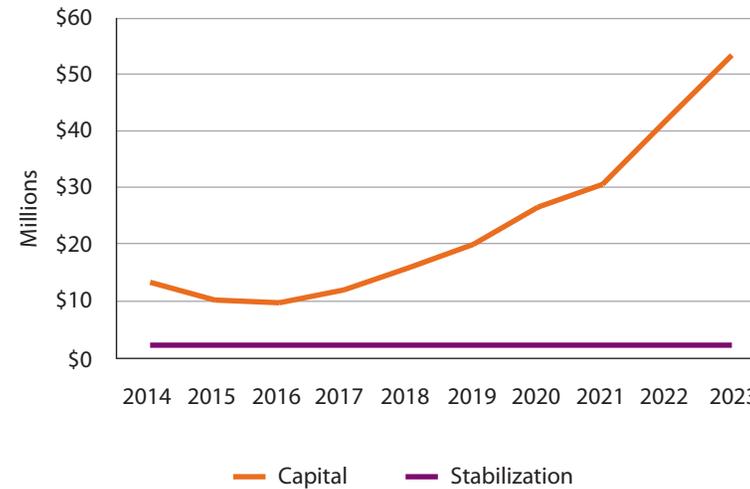
### Water Services Reserves and Reserve Funds

Reserve or reserve fund	Purpose	2014 forecasted balance	Target	2014 forecast
Water Services stabilization reserve	The reserve is funded from operating surpluses. Funds are transferred out at the direction of Council to help stabilize the rate as part of the annual budget process, to fund a year-end operating deficit or to pay for capital projects that will result in operating savings. The balance in this reserve should be 8-10% of gross operating revenue.	\$2,114,186.96	8-10% of gross operating revenue	8%
Water Services capital reserve fund	Funds are transferred in as contributions from the operating budget or any remaining surplus not committed to another reserve upon closing individual capital projects. This reserve is used to fund the City's share of capital works related to Water Services infrastructure. Annual contributions to this reserve should, at a minimum, equal depreciation expense.	\$13,288,507.86	> = 100% of annual depreciation expense	100%

# WATER SERVICES BUDGET

The following graph shows 2014-23 forecasted balance for reserves and reserve funds.

## 2014–2023 Water Services reserves and reserve funds



Water Services continues to monitor revenue collections, defer or scale back non-essential capital projects as required, and maintain healthy reserve balances.

## Appendix 2: Qualitative Information Form

<b>Budget Column (click blue to select):</b>	Growth
<b>Capital Project # (if Budget Column is Impact from Capital)</b>	
<b>FTE Position Title/Service Description:</b>	Water Services Manager of Technical Services
<b>Department &amp; Division:</b>	Water Services Department
<b>Business Unit # and Name:</b>	721-6110 Water Services Administration
<b>Department Priority Ranking:</b>	First Priority
<b>Summary:</b>	
<p>The Water Services management team initiated a management organizational review in 2012/2013 to address management performance, workload, and the related engagement issues identified through the 2012 engagement survey. The review has confirmed the need to increase management team staffing beyond levels previously established in 2007 to ensure effective supervisory staffing ratios that will maximize employee production, deliver exceptional customer service, minimize health and safety risks, support corporate and employee development and engagement, and ensure realistic workloads for management staff.</p>	
<b>Link to Strategic Directions:</b>	
<p>1.1 Engage Employees through leadership                  2.1 Build an adaptive environment for government innovation to ensure fiscal and service sustainability                  2.2 Deliver public service better</p>	
<b>Background &amp; Context:</b>	
<p>The current Water Services management team structure was first implemented in 2000 prior to the Walkerton water tragedy, with 3 management staff responsible for supervising the work of 17 system operators, 2 clerical staff. This complement was further increased by the addition of approximately 8 summer students.</p> <p>In 2013, 5 management staff are responsible for approximately 53 staff including operators, trades people, clerks, technicians, and full, part time, and contract professional program and project coordinators and managers. This complement is further increased through the annual addition of approximately 12 summer temporary and contract employees. Peak season staffing ratios are an unmanageable 30:1 for the Supervisor of Distribution and 22:1 for the Supervisor of Supply. Also unchanged since 2007, the current structure has no Manager positions and therefore no staff are able to manage Water Services in the absence of the General Manager. Adding this position will reduce corporate risk.</p> <p>Management workloads have increased since Walkerton to meet the heightened expectations of compliance and quality management systems, health and safety, and customer service. As well, corporate business processes have evolved to become more sophisticated and complex with increased management involvement in areas of corporate development, human resources, financial management, risk mitigation, infrastructure planning, community engagement, and business development.</p> <p>As well as less than desirable performance, the net result of high management staffing ratios with increasing management workload has been periods of work/life unbalance for management staff. This situation is not sustainable and does not provide an environment that supports effective succession planning, and engenders further risk to the organization.</p> <p>To address these many issues which continue to increase with time, staff initiated an internal comprehensive review (the Review) of the Water Services management team structure and staffing levels in 2013. The Review was conducted under the guidance of consultants with expertise in water utility management. Over the course of the Review, the following information was used to develop recommendations for a new management structure and management staffing levels:</p> <ol style="list-style-type: none"> <li>1. Current spans of program accountability and number of reports for management team;</li> </ol>	

## Appendix 2: Qualitative Information Form

2. Current departmental structure in terms of both internal functions and connections to the corporation proper;
3. Management team identified challenges with the existing staffing levels and structure and areas of growth in programs and services;
4. Related results of employee engagement surveys and interviews;
5. Corporate staffing ratio policy and current ratios and structures of related City departments, including information from the recent Corporate Organizational Review;
6. Current staffing ratios and structures of comparative municipal water utilities;
7. Opportunities for growing the management team through internal succession planning; and
8. Broader industry benchmarks for staffing ratios and industry best practices for organizational structures for water utilities.

Without surprise, the Review recommends that the departmental organizational structure grow and change to better delineate operation and maintenance (O & M) services and the separate support services that help sustain O & M activities, that O & M services be divided further to reflect recommended corporate staffing ratios, and that manager positions be added to the structure.

Senior management staff have developed a phased implementation strategy for these recommendations that looks to repurpose existing positions as opportunities arise (without putting key work in jeopardy), as well as the gradual addition, through phased budget expansion, of new management positions. One position is currently being repurposed in 2013 to support the Review recommendations. A second new management position is being requested through this expansion package for the 2014 Water Services operating budget.

Staff will evaluate the effectiveness of all new management positions added before pursuing future management staff additions as recommended by the Review.

### Qualitative Benefits:

Increased management staffing levels are expected to provide the following benefits:

1. Increased opportunities for management to support employee engagement and development through actions like regular performance discussions and presence in the workplace;
2. Increased opportunities for management staff to directly monitor and mitigate employee health and safety risks;
3. Increased opportunities to ensure employees are performing at peak levels;
4. Increased opportunities to ensure a consistent and adequate level of customer service is provided by employees;
5. Increased opportunities for management to participate in and support various corporate strategic initiatives; and
6. Increase opportunities for balancing work and life commitments for management team members.

### Quantitative Benefit Assumptions:

Increased management staffing levels are expected to result in increased employee engagement and productivity. Future engagement survey results should be positively influenced through implementation of the Review recommendations.

### Risks:

## Appendix 2: Qualitative Information Form

Failure to implement the recommendations of the internal management organizational review in a timely manner will ultimately lead to continued or worsening staff engagement, increased health and safety risks, lower productivity, spotty customer service, lack of participation in corporate initiatives, and burnt-out management staff.

### Alternatives:

It is not possible to use unionized employees, consultants, or contractors to replace full time management staff. As stated above, with the results of the Review in mind, management staff will review all future vacancies looking for opportunities to repurpose positions to support the recommendations of the Review.

Furthermore, management will re-evaluate the addition of each position added to the management team in light of the need for future positions. With a good understanding of staffing benchmarks from both the corporation and from comparative utilities in mind, the recommendations of the Review seek to provide right-sizing of the management team and not support over-sizing.

## Appendix 2: Quantitative Information

NOTE: Do not type in shaded cells

Budget Step (click blue to select): Growth  
 FTE Position Title/Description: Water Services Management Position  
 Department & Division: PBEE, Water Services Department  
 Business Unit # and Name: 721-6110

Object Code	2014	2015	2016	Explanation
<b>Estimated Expenditures</b>				
<b>Compensation:</b>				
• Wages (annual for 1 FTE)	\$102,125	\$104,100	\$106,100	-NUME level 7-5 with 1% increase over July 1, 2013
• # of Months budgeted	12	12	12	(based on Org review implementation, position may be Manager Level 7 or Supervisor Level 6)
• Union Type (click blue to select)	NUME			
• # of FTE's	1			
• Total Wages 1110	\$102,100	\$104,100	\$106,100	
• Total Benefits 1510	\$26,900 26%	\$27,400 26%	\$27,900 26%	
Total Compensation	\$129,000	\$131,500	\$134,000	
<b>Purchased Goods:</b>				
• Reference material 2101				
• Office supplies 2102	\$500			
• Uniforms 2801	\$500			
• Other (provide explanation)				
• Other (provide explanation)				
Total Purchased Goods	\$1,000	\$0	\$0	
<b>Purchased Services:</b>				
• Recruitment (Advertising) 3307	\$1,000			
• Mileage 3404	\$1,000			
• Training 3412	\$2,500			
• Other (provide explanation)				
• Other (provide explanation)				
Total Purchased Services:	\$4,500	\$0	\$0	
<b>Capital Expenses: funding budgeted here will be transferred to a capital project for purchasing the asset</b>				
• Vehicle 4903				
• Furniture 4903	\$1,200			
• Phone 4903	\$1,000			
• Computer 4903	\$5,000			
• Cell Phone 4903	\$700			
• PPE Equipment 4903	\$500			
Total Minor Capital:	\$8,400	\$0	\$0	
<b>Expenditure Reductions: 1) Enter as a negative amount 2) provide an explanation of reductions complete with BU &amp; object code</b>				
• Reduction in expenditure				
Total Expenditure Reductions	\$0	\$0	\$0	
Total Expenditures	\$142,900	\$131,500	\$134,000	

<b>Estimated Revenues: 1) Enter as a negative amount 2) provide an explanation of revenues</b>				
• Internal Recoveries 7100's				
• Grant 8101 - 8106				
• Partnership contribution 8505				
• External recoveries 8514				
• Other (provide explanation)				
Total Revenue	\$0	\$0	\$0	

	2014	2015	2016
Budget \$ impact:	\$142,900	\$131,500	\$134,000
Budget FTE impact:	1	N/A	N/A

## PLANNING, BUILDING, ENGINEERING AND ENVIRONMENT

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### WATER SERVICES

The non-tax supported 2014 Water Services Capital Budget and 2015 to 2023 Forecast (the Budget) identifies the most appropriate timing for capital work, project costs and funding sources. The total expenditure for the Water Services' 2014 Budget is \$17,509,000, and the nine-year forecast is \$176,372,300.

It's essential for Water Services to balance the Budget in terms of infrastructure renewal and replacement, and prepare for continued growth. Most projects in the Budget are scheduled and funded according to Council-approved Master Plans including the Water Supply Master Plan (WSMP), Conservation and Efficiency Strategy (CES), and Water/Wastewater Servicing Master Plan (WWSMP). The department is updating Master Plans to include the full cost of property acquisition.

Funding sources for water capital projects include water rates, development charges, capital reserves, and provincial and federal grants. All projects included in the Budget have been prioritized and reviewed for timing and funding levels. Projects that are driven by growth have been identified in the Development Charges (DC) By-law. Scheduling of water linear projects (watermains) has been aligned to coincide with wastewater and roads projects to realize economies and to minimize customer disruption. Projects are often funded with preliminary engineering design work occurring in the years prior to the commencement of construction. Large scale projects are funded over multiple years to accommodate phased financing and allow for construction of the project without the need for debt funding. The Budget does not rely on any debt funding.

### 2014 Capital Project Themes

#### *Taking care of what we own*

The Province has enacted Bill 175, the Sustainable Water and Sewage Systems Act 2000, which mandates accelerated replacement schedules for all water and wastewater infrastructure. Over 80 per cent of the City's water system is underground. The underground infrastructure replacement program is managed and administered by Engineering Services, which allows for road and water/wastewater infrastructure replacement to occur concurrently and cost-effectively.

The Budget includes funding for Engineering Services to work towards industry standards and mandatory replacement schedules for all linear infrastructure. In 2012, Engineering Services completed a Sustainable Infrastructure Report that includes updates on the water system. The report highlights the \$23.5 million lifecycle costs of sustaining the City's water system, and a backlog of approximately \$46 million. Based on the proposed 2014 proposed Budget of \$26.35 million, minus approximately \$3 million for various programs unrelated to infrastructure (conservation, source water protection etc.), the annual water infrastructure spending gap continues to close.

Capital funding must continue increasing to achieve the sustainability target and help address the estimated \$ 46 million infrastructure backlog for water system assets which have theoretically reached the end of their lifecycle.

#### *Preparing for continued growth*

In preparation for the scheduled update to Guelph's DC By-law, Water Services, Wastewater Services, and Finance used feedback from the DC Update Peer Review Team to revise DC-funded project schedules. These project schedules are included the Budget in advance of the DC By-law approval, however DC-funded projects will not be initiated until the DC By-law is approved by Council and funding is in place.

Water Services is updating the Council-approved 2007 WSMP that identified a number of short-term options, including water

efficiency and conservation, optimization of existing groundwater, and new local groundwater supplies to satisfy future demand and provide more redundancy of supply for existing customers. The completion of Environmental Assessments (EA) and related studies for these short-term groundwater options, as approved in the WSMP, are included in the capital budget (WT0002 New Water Supply). However, related capital funding for construction of infrastructure continues to be deferred until 2015 and beyond based on slower growth, less DC revenue than forecast, and the comprehensive, ongoing review of these factors under the WSMP Update. By 2015 Water Services will complete the WSMP Update and provide recommendations for new supply projects, timing, and funding requirements. These recommendations may also drive updates to the DC project schedules and the DC By-law.

The Council-approved 2009 WWSMP has identified a number of significant infrastructure upgrades required in the short-term to service growth, including the installation in new transmission mains, reservoirs and water towers, and new and upgraded pumping stations. In 2014, more than \$7.2 million is budgeted for growth related upgrades for water storage and distribution.

### ***Regulatory Compliance***

To ensure the security and reliability of the City's groundwater dependent water supply, the Budget includes approximately \$4.2 million in funding over the next five years to support a host of groundwater protection initiatives driven by the Province's Clean Water Act and the proposed Grand River Source Protection Plan (WT0009 – Groundwater Protection).

The following listing provides a brief summary of the various projects in the 2014 Water Services Non-Tax Supported Capital Budget:

### **2014 Projects**

#### **WW0106 Conservation and Efficiency**

- Various subprojects approved in CES and continue over the duration of the forecast
- For 2014 and beyond, funding for subprojects has

moved from rates to DC's under the update to the DC By-law

- 2014 subprojects include: Update of the City's Water Conservation and Efficiency Strategy, continued implementation of district metered areas as part of ongoing water loss mitigation activities, as well as funding for customer rebates and associated program administration costs of the Royal Flush and Smart Wash Water Conservation Rebate Programs.

#### **WT0002 New Supply**

- Various subprojects approved in the WSMP, funded from DC's, and project continues over the duration of the forecast
- Until 2015, due to reduced DC revenue, only the studies portion of New Supply projects are being completed
- 2014 projects include: Completion of Clythe Creek Well Class EA project, initiation of the Logan Well Groundwater investigation and, if the Dolime Quarry issues are resolved, completion of the Southwest Quadrant Class EA
- Completion of the WSMP Update project (see below) will update the project list, prioritize projects and update the New Supply budget

#### **WT0003 WF3 Clythe Booster Upgrade**

- Project approved in the WSMP and funded by a combination of DC's and rates. To be completed in 2016
- Ongoing Class EA to provide improved pumping and storage for the northeast portion of Guelph, being conducted together with the Class EA to provide sulphur removal treatment for the Clythe well and return the well to active service
- Property acquisition may be required to complete the project

#### **WT0004 WF5 Quality Upgrades-Corrosion-CI2**

- Various linear upgrades approved in the WWSMP to

improve water quality

- Includes various watermain upgrades to reducing dead-end piping and stagnant water
- Includes actions to better regulate the levels of chlorine added to the City water supply
- Project continues over the duration of the forecast

#### **WT0005 WF6 Zone 1A/1B BPS & Reservoir**

- Project identified in WWSMP and tied to WSMP work for zone split and booster pumping station
- Construction of north – south transmission main in conjunction with possible future south west quadrant wells

#### **WT0020 Clair Tower Booster Commission**

- Project identified in WWSMP includes work to develop a new pressure water distribution system fed by the Clair Booster Station to service customers south of Clair Road

#### **WT0105 WS1-7 Masterplan Studies**

- Various studies identified in WWSMP to facilitate linear infrastructure improvements and upgrades
- Includes on-going water model calibration, water quality assessment, asset management, performance and criticality review, energy and pumping efficiency and master plan update
- In 2014, the WSMP Update project will be completed and will confirm water supply demand (from population growth estimates) and define water supply projects that can meet future demands (see above).

#### **WD0002 WI3 Hanlon – Wellington to Clair**

- Project identified in WWSMP to improve north – south transmission
- Environmental Assessment to determine preferred route expected to be completed in 2014

#### **WD0007 WI9 Wellington – Hanlon to Watson**

- Project identified in WWSMP to improve east – west transmission between Clythe and Paisley pumping stations
- Construction of first phase in conjunction with York Trunk Sewer in 2014

#### **WD0018 East Side Transmission Main**

- Project identified in East Side Study as recommended by WWSMP
- To be completed in conjunction with WD0019 and WT0012 to improve transmission in north east section of water distribution system

#### **WD0019 East Side Zone 2 Upgrades**

##### **WT0012 East Side Elevated Tank**

- Project identified in East Side Study as recommended by WWSMP to be completed in 2015
- Includes Environmental Assessment siting and installation of new elevated water storage tank to provide pressure regulation and fire flows to north east section of water distribution system

#### **WT0016 SWI Water Efficiency**

- Last year of multi-year project funded from rates and federal/provincial grant
- Project involves the installation of equipment to monitor and record real time energy use of the water supply and distribution system
- Project also involves installation of flow meters in water distribution system to allow for real time leakage monitoring

#### **GG0202 Water Services Fleet Replacement**

- Project administered by Fleet Services involves ongoing funding for replacement of the Water Services vehicle fleet, consisting of cars, pickup trucks, specialty vans, dump trucks, and a backhoe
- Project continues over the duration of the forecast

#### **IT0021 WW ITS Replacement**

- Project administered by Information Technology

Services involves funding for replacement of the Water Services inventory of personal computers, laptops, printers, servers, and related network equipment

- Project continues over the duration of the forecast

#### **WT0007 Water Facility Upgrades and Studies**

- Project funds various subprojects related to special studies and projects, and related upgrades for Administration, Water Supply, Water Distribution, and Conservation
- Includes funding contributions to WT0013 Burke Treatment Upgrade
- Project continues over the duration of the forecast

#### **WT0008 UFW Remedial Action Plan**

- Project funds annual system leakage surveys and complements District Metered Area installations supported by SWI project
- Project continues over the duration of the forecast

#### **WT0009 Groundwater Protection**

- Project funds all provincially mandated water source protection initiatives, including the implementation of the Guelph Portion of the Grand River Source Protection Plan
- As part of its Source Protection Program, Guelph Water Services is developing a groundwater monitoring network in the area of the Emma and Membro Wells. The monitoring program will establish four multi-level monitoring wells in strategic locations in the immediate area of each well and define geologic and hydrogeologic properties of the bedrock and overburden with the intent of improving the understanding of groundwater flow in the area of the well. The project shall result in a sentry well network for the long-term monitoring of groundwater levels and water quality in the area of each well
- Project continues over the duration of the forecast

#### **WT0010 Lead Replacement**

- Project funds the provincially mandated Lead Reduction Program with the goal of reducing customer lead exposure from the water supply
- Project is progressing on schedule and forecast to be completed in 2015

#### **WT0011 WF1 Paisley Pump Upgrades**

- Project approved in WWSMP and involves pump replacements and upgrades to the Paisley Booster station commissioned in the early 70's

#### **WT0013 Burke Treatment**

- Project to install filtration treatment at the Burke well to remove naturally occurring iron and manganese from the well water
- Funding for this project is also included in project WT0007
- Project is rate funded and costly and therefore funded over a number of years in the forecast
- Project to be completed in 2016

#### **WD0016 WI16 Hanlon Crossing - Paisley**

- Project identified in WWSMP to improve east – west transmission between Clythe and Paisley pumping stations in conjunction with WD0007
- Construction of first phase in conjunction with servicing of Silvercreek development lands in 2014

#### **WT0021 WI-7 Zone 1/2 Boundary North of Speed**

- Project identified in WWSMP to improve pressures in north east section of water distribution system in
- Project related to WD0005 Speedvale and WT0003 Clythe Booster Upgrade

#### **WD0022 Downtown CIP**

- Project integrated with road, storm water and wastewater infrastructure upgrades to support the implementation of the Downtown Secondary Plan

### **Remaining Major Projects In Forecast**

There are a number of projects that will be ongoing during the 2015 to 2023 forecast period. The following listing provides a brief summary of these major projects:

#### **WT0006 WF7 Zone 3 Elevated Tank**

- Project identified in WWSMP and tied to WSMP to support expected future south end growth

#### **WD0005 WI6 Speedvale – Watson to Westmount**

- Project identified in WWSMP to improve east – west transmission
- Project has been implemented in stages and will continue to be constructed in conjunction with Speedvale Avenue full road reconstruction

#### **WD0014 Watermain Replacement**

- Project integrated with road, storm water and wastewater infrastructure upgrades in road reconstruction projects

#### **WD0015 Ward One Watermain Replacement**

- Project integrated with road, storm water and wastewater infrastructure upgrades to support St. Patrick's Ward Community Improvement Plan

#### **WD0013 W-I-18 Exhibition/Dublin**

- Project identified in WWSMP to accommodate future growth and intensification

#### **WD0020 WI-13 Carter Aquaduct**

- WWSMP approved project to replace the ageing raw water transmission main from Carter wells to the Scout Camp station

2014 to 2023 Capital Budget Water Services

Project Number & Description	Gross Project Cost ('000s)							Sources of External Funding									
	2014	2015	2016	2017	2018	Next 5 Years	Total Project Cost	Grants & Subsidies	Federal Gas Tax	Other	Development Charges	DC Debt	Net Cost to City	Equipment Replacement	Capital Envelope	Other Capital	Debt
<b>Growth</b>																	
Use & Awareness																	
WW0105 CONSERVATION & EFFICIENCY	1,311.0	1,161.0	1,161.0	1,107.0	342.0	763.0	5,845.0				5,845.0						
<b>Total Use &amp; Awareness</b>	<b>1,311.0</b>	<b>1,161.0</b>	<b>1,161.0</b>	<b>1,107.0</b>	<b>342.0</b>	<b>763.0</b>	<b>5,845.0</b>				<b>5,845.0</b>						
Plant Operations																	
WT0002 NEW SUPPLY	500.0	3,050.0	2,700.0	2,800.0	2,500.0	14,500.0	26,050.0				26,050.0						
WT0003 WF3 CLYTHE BOOSTER UPGRADE	1,125.0	3,375.0	4,300.0				8,800.0				4,400.0		4,400.0		4,400.0		
WT0004 WF5 QUALITY UPGRADE- CORROSION CL	200.0	200.0	200.0	200.0	200.0	800.0	1,800.0				594.0		1,206.0		1,206.0		
WT0005 WF6 ZONE 1A/1B BPS & RESERVOIR	500.0	1,000.0	12,000.0				13,500.0				12,150.0		1,350.0		1,350.0		
WT0006 WF7 ZONE 3 ELEVATED TANK			500.0	2,200.0			2,700.0				2,700.0						
WT0020 CLAIR TOWER BOOSTER COMMISSION	120.0						120.0				120.0						
WW0105 WS1-7 MASTERPLAN STUDIES	450.0					450.0	900.0				621.0		279.0		279.0		
<b>Total Plant Operations</b>	<b>2,895.0</b>	<b>7,625.0</b>	<b>19,700.0</b>	<b>5,200.0</b>	<b>2,700.0</b>	<b>15,750.0</b>	<b>53,870.0</b>				<b>46,635.0</b>		<b>7,235.0</b>		<b>7,235.0</b>		
Distribution & Transmission																	
WD0001 GORDON- CLAIR TO MALTBY			1,415.0				1,415.0				1,415.0						
WD0002 W13 HANLON- WELLINGTON-CLAIR	500.0	3,000.0	3,000.0	3,000.0			9,500.0				7,600.0		1,900.0		1,900.0		
WD0003 W14 EDINBURGH TO KORTRIGHT						1,200.0	1,200.0				960.0		240.0		240.0		
WD0004 W15 KORTRIGHT- EDINBURGH TO GORDO						1,500.0	1,500.0				1,200.0		300.0		300.0		
WD0005 W16 SPEEDVALE-WATSON-WESTMOUNT		600.0	600.0	600.0	1,000.0		2,800.0				1,400.0		1,400.0		1,400.0		
WD0007 W19 WELLINGTON: HANLON-WATSON	4,300.0	2,100.0	2,100.0	1,900.0			10,400.0				5,200.0		5,200.0		5,200.0		
WD0008 W112 ZONE A/B SPLIT						500.0	500.0				250.0		250.0		250.0		
WD0009 W114 ARKELL WELL TRANSMISSION MAIN					1,000.0	13,500.0	14,500.0				7,250.0		7,250.0		7,250.0		
WD0011 W111 KORTRIGHT IB EDIN TO RICKSON				486.0			486.0				388.8		97.2		97.2		
WD0013 W1-18 EXHIBITION/DUBLIN						5,060.0	5,060.0				5,060.0						
WD0017 W1-15 WATSON: SPEEDVALE TO HWY 25						975.0	975.0				975.0						
WD0018 EAST SIDE TRANSMISSION LINE	800.0	800.0					1,600.0				800.0		800.0		800.0		
WD0019 EAST SIDE ZONE 2 UPGRADES	180.0	180.0					360.0				180.0		180.0		180.0		
WT0012 EAST SIDE ELEVATION TANK	1,500.0	1,500.0					3,000.0				1,500.0		1,500.0		1,500.0		
<b>Total Distribution &amp; Transmission</b>	<b>7,280.0</b>	<b>8,180.0</b>	<b>7,115.0</b>	<b>5,986.0</b>	<b>2,000.0</b>	<b>22,735.0</b>	<b>53,296.0</b>				<b>34,178.8</b>		<b>19,117.2</b>		<b>19,117.2</b>		
<b>Total Growth</b>	<b>11,486.0</b>	<b>16,966.0</b>	<b>27,976.0</b>	<b>12,293.0</b>	<b>5,042.0</b>	<b>39,246.0</b>	<b>113,011.0</b>				<b>86,658.8</b>		<b>26,352.2</b>		<b>26,352.2</b>		
<b>Infrastructure Replacement</b>																	
Use & Awareness																	
WT0016 SWI WATER EFFICIENCY	61.8						61.8	30.9		28.7			2.2		2.2		
<b>Total Use &amp; Awareness</b>	<b>61.8</b>						<b>61.8</b>	<b>30.9</b>		<b>28.7</b>			<b>2.2</b>		<b>2.2</b>		
Plant Operations																	
GG0202 WATERWORKS FLEET REPL	195.2	254.0	287.7	207.9	313.1	1,645.5	2,903.4						2,903.4		2,903.4		
IT0021 WW ITS REPLACEMENT	40.0	43.7	73.4	60.4	35.7	390.9	644.1						644.1		644.1		
IT0030 IT STRATEGIC PLAN - WATER	8.0	26.5	9.3	9.3			53.1						53.1		53.1		
IT0034 PAGING SYSTEM REPLACEMENT - WATER		59.9					59.9						59.9		59.9		
WT0007 WATER FACILITY UPG AND STUDIES	1,200.0	2,550.0	1,800.0	2,650.0	2,700.0	14,250.0	24,950.0						24,950.0		24,950.0		
WT0008 UFW REMEDIAL ACTION PLAN	140.0	140.0	145.0	150.0	155.0	845.0	1,575.0						1,575.0		1,575.0		
WT0009 GROUNDWATER PROTECTION	875.0	900.0	925.0	700.0	800.0	3,400.0	7,600.0						7,600.0		7,600.0		
WT0010 LEAD REPLACEMENT	578.0	578.0					1,156.0						1,156.0		1,156.0		
WT0011 WF1 PAISLEY PUMP UPGRADES	750.0						750.0						750.0		750.0		
WT0013 BURKE TREATMENT	650.0	1,000.0	692.0				2,342.0						2,342.0		2,342.0		
WT0015 WF-4 ROBERTSON BOOSTER UPGRADES			600.0	1,500.0	2,000.0	1,500.0	5,600.0						5,600.0		5,600.0		

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2014 to 2023 Capital Budget Water Services

Project Number & Description	Gross Project Cost ('000s)						Sources of External Funding										
	2014	2015	2016	2017	2018	Next 5 Years	Total Project Cost	Grants & Subsidies	Federal Gas Tax	Other	Development Charges	DC Debt	Net Cost to City	Equipment Replacement	Capital Envelope	Other Capital	Debt
<b>Total Plant Operations</b>	4,436.2	5,552.1	4,332.4	5,277.6	6,003.8	22,031.4	47,633.5						47,633.5		47,633.5		
Distribution & Transmission																	
WD0014 WATERMAIN REPLACEMENT		1,750.0	1,750.0	1,750.0	1,750.0	8,750.0	15,750.0						15,750.0		15,750.0		
WD0015 WARD ONE -WATERMAIN REPLACEMENT		1,000.0	1,000.0	1,000.0	1,000.0	5,000.0	9,000.0						9,000.0		9,000.0		
WD0016 WI16 HANLON CROSSING - PAISLEY	825.0	500.0					1,325.0						1,325.0		1,325.0		
WD0020 WI-13 CARTER AQUADUCT						4,000.0	4,000.0						4,000.0		4,000.0		
WD0021 WI-7 ZONE 1/2 BOUNDARY NORTH OF SPE	200.0	200.0					400.0						400.0		400.0		
WD0022 DOWNTOWN CIP	500.0	500.0		500.0	200.0	1,000.0	2,700.0						2,700.0		2,700.0		
<b>Total Distribution &amp; Transmission</b>	1,525.0	3,950.0	2,750.0	3,250.0	2,950.0	18,750.0	33,175.0						33,175.0		33,175.0		
<b>Total Infrastructure Replacement</b>	6,023.0	9,502.1	7,082.4	8,527.6	8,953.8	40,781.4	80,870.3	30.9		28.7			80,810.7		80,810.7		
<b>Total Water Services</b>	<b>17,509.0</b>	<b>26,468.1</b>	<b>35,058.4</b>	<b>20,820.8</b>	<b>13,995.8</b>	<b>80,029.4</b>	<b>193,881.3</b>	<b>30.9</b>		<b>28.7</b>	<b>86,658.8</b>		<b>107,162.9</b>		<b>107,162.9</b>		

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2019 TO 2023 Capital Budget Water Services

Project Number & Description	Gross Project Cost ('000s)					Sources of External Funding										
	2019	2020	2021	2022	2023	Total Project Cost (2018-2022)	Grants & Subsidies	Federal Gas Tax	Other	Development Charges	DC Debt	Net Cost to City	Equipment Replacement	Capital Envelope	Other Capital	Debt
<b>Growth</b>																
Use & Awareness																
WW0106 CONSERVATION & EFFICIENCY	233.0	190.0	115.0	113.0	112.0	763.0				763.0						
<b>Total Use &amp; Awareness</b>	233.0	190.0	115.0	113.0	112.0	763.0				763.0						
<b>Plant Operations</b>																
WT0002 NEW SUPPLY	2,750.0	2,750.0	2,750.0	2,750.0	3,500.0	14,500.0				14,500.0						
WT0004 WF5 QUALITY UPGRADE- CORROSION CL.	200.0	200.0	200.0	200.0		800.0				264.0		536.0		536.0		
WW0105 WS1-7 MASTERPLAN STUDIES	450.0					450.0				310.5		139.5		139.5		
<b>Total Plant Operations</b>	3,400.0	2,950.0	2,950.0	2,950.0	3,500.0	15,750.0				15,074.5		675.5		675.5		
<b>Distribution &amp; Transmission</b>																
WD0003 WI4 EDINBURGH TO KORTRIGHT	300.0	300.0	300.0	300.0		1,200.0				960.0		240.0		240.0		
WD0004 WI5 KORTRIGHT- EDINBURGH TO GORDO	500.0	500.0	500.0			1,500.0				1,200.0		300.0		300.0		
WD0008 WI12 ZONE A/B SPLIT		500.0				500.0				250.0		250.0		250.0		
WD0009 WI14 ARKELL WELL TRANSMISSION MAIN	4,500.0	4,500.0	4,500.0			13,500.0				6,750.0		6,750.0		6,750.0		
WD0013 WI-18 EXHIBITION/DUBLIN		2,530.0	2,530.0			5,060.0				5,060.0						
WD0017 WI-15 WATSON; SPEEDVALE TO HWY 25			975.0			975.0				975.0						
<b>Total Distribution &amp; Transmission</b>	5,300.0	8,330.0	8,805.0	300.0		22,735.0				15,195.0		7,540.0		7,540.0		
<b>Total Growth</b>	8,933.0	11,470.0	11,870.0	3,363.0	3,612.0	39,248.0				31,032.5		8,215.5		8,215.5		
<b>Infrastructure Replacement</b>																
<b>Plant Operations</b>																
GG0202 WATERWORKS FLEET REPL	189.8	238.2	239.7	326.3	651.5	1,645.5						1,645.5		1,645.5		
IT0021 WW ITS REPLACEMENT	80.6	91.6	62.5	52.2	104.0	390.9						390.9		390.9		
WT0007 WATER FACILITY UPG AND STUDIES	2,750.0	2,800.0	2,850.0	2,900.0	2,950.0	14,250.0						14,250.0		14,250.0		
WT0008 UFW REMEDIAL ACTION PLAN	160.0	165.0	170.0	175.0	175.0	845.0						845.0		845.0		
WT0009 GROUNDWATER PROTECTION	700.0	700.0	700.0	600.0	700.0	3,400.0						3,400.0		3,400.0		
WT0015 WF-4 ROBERTSON BOOSTER UPGRADES	1,500.0					1,500.0						1,500.0		1,500.0		
<b>Total Plant Operations</b>	5,380.4	3,994.8	4,022.2	4,053.5	4,580.5	22,031.4						22,031.4		22,031.4		
<b>Distribution &amp; Transmission</b>																
WD0014 WATERMAIN REPLACEMENT	1,750.0	1,750.0	1,750.0	1,750.0	1,750.0	8,750.0						8,750.0		8,750.0		
WD0015 WARD ONE -WATERMAIN REPLACEMENT	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	5,000.0						5,000.0		5,000.0		
WD0020 WI-13 CARTER AQUADUCT			4,000.0			4,000.0						4,000.0		4,000.0		
WD0022 DOWNTOWN CIP	200.0	200.0	200.0	200.0	200.0	1,000.0						1,000.0		1,000.0		
<b>Total Distribution &amp; Transmission</b>	2,950.0	2,950.0	6,950.0	2,950.0	2,950.0	18,750.0						18,750.0		18,750.0		
<b>Total Infrastructure Replacement</b>	8,330.4	6,944.8	10,972.2	7,003.5	7,530.5	40,781.4						40,781.4		40,781.4		
<b>Total Water Services</b>	17,263.4	18,414.8	22,842.2	10,366.5	11,142.5	80,029.4				31,032.5		48,996.9		48,996.9		

# WASTEWATER SERVICES BUDGET

Wastewater Services delivers reliable sanitary services and high-quality effluent that meets or exceeds regulatory requirements. The department is responsible for planning, design, construction, operation, maintenance and overall management of over \$530 million in wastewater infrastructure assets.

## Customer Service and Water Conservation

- Educate, promote and support efficient use of water resources, and implement water conservation programs
- Provide customer service, education, promotion and communications
- Safety program, mandatory training and development

## Plant Operations and Maintenance

- Operate, maintain and optimize Wastewater Treatment Plant
- Manage biosolids program, planning and compliance
- Perform new capital projects to upgrade the treatment process
- Perform laboratory services

## Spills Response, Sewer Use By-law Enforcement, Wastewater Services Collection System Operations and Management

- Enforce Guelph's Sewer Use By-law
- Respond to spills, address sewer blocks, conduct video sewer inspections and repairs, conduct sewer flushing
- Address issues at road interface
- Perform infrastructure planning and replacement

*Note: The Engineering Services department provides capital design and construction services for the wastewater conveyance system. These activities are included in the Engineering Services capital budget.*

# WASTEWATER SERVICES BUDGET

## >> 2013 Accomplishments

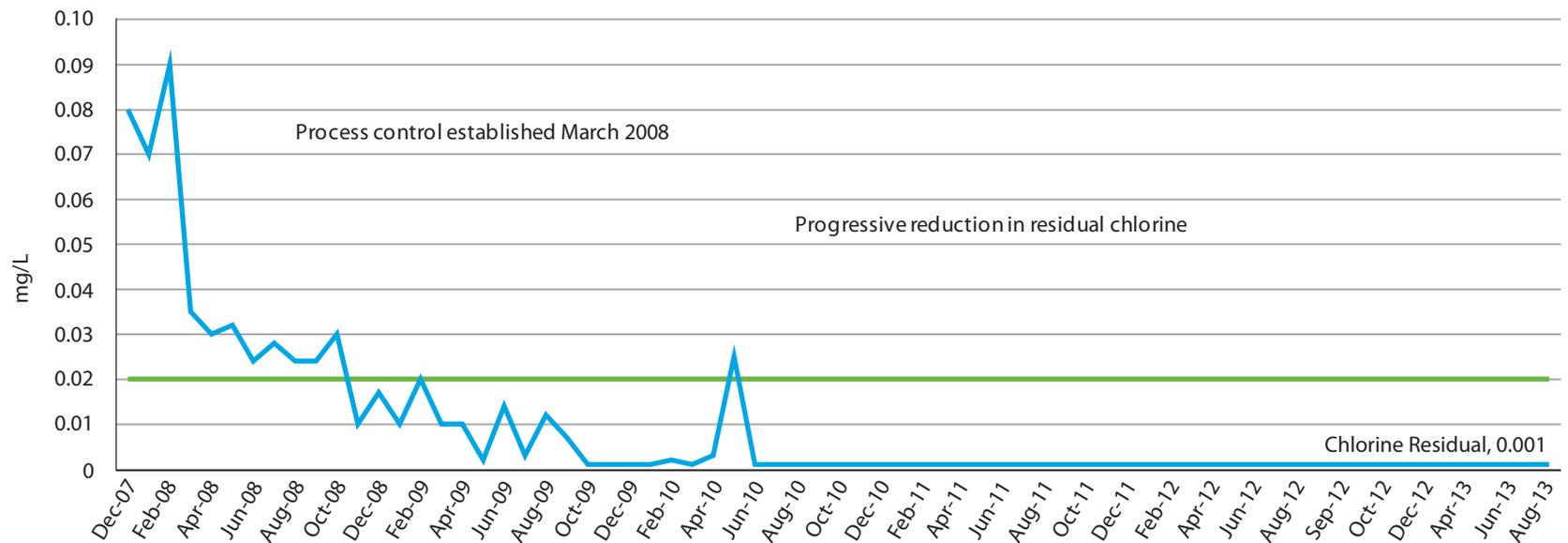
- Successful Ministry of Environment (MOE) compliance inspection; new, more rigorous and complex process
- Partnered with Grand River Conservation Authority to facilitate a training program to optimize wastewater facilities throughout the watershed as part of the Grand River watershed-wide wastewater optimization pilot project—project was based on the success of Guelph's own optimization program
- Helped develop the Southern Ontario Water Consortium (SOWC) Pilot Project, including a demonstration at the Wastewater Treatment Plant, aimed at innovation in wastewater and drinking water management—a partnership with eight Universities, 70 private sector partners, supported by a \$60 million Federal Development grant and over \$20 million in private sector funding
- Demonstrating increased capacity using existing infrastructure that could defer an estimated \$14 million facility expansion (pending MOE approval)
- Ongoing replacement and upgrades to wastewater conveyance system to ensure system reliability
- Completed wastewater collection system inflow and infiltration study aimed at improving system efficiency
- Began construction of the Process Operations Centre
- Completed design of the Biosolids storage facility—awaiting MOE approval to proceed with construction

# WASTEWATER SERVICES BUDGET

## >> Key Performance Measures

The Guelph Wastewater Treatment Plant is an advanced tertiary treatment plant that discharges into the Speed River. The following graph shows the results of the optimization process initiated in 2008. Monthly chlorine residuals have dropped significantly and exceed future Environment Canada compliance guidelines.

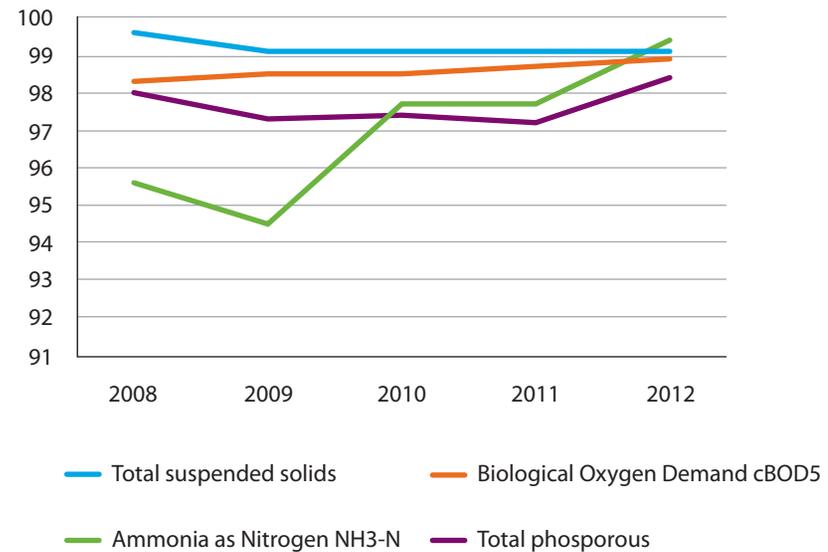
**Final effluent monthly average chlorine residual  
2008 to 2013**



# WASTEWATER SERVICES BUDGET

The following graph shows exemplary performance from the City's Wastewater Treatment infrastructure. In particular, the consistent high level of Ammonia removal demonstrates improved process control, better performance and regulatory compliance.

**Wastewater treatment: process performance  
(% removal)**



# WASTEWATER SERVICES BUDGET

## Megalitres of Wastewater Treated

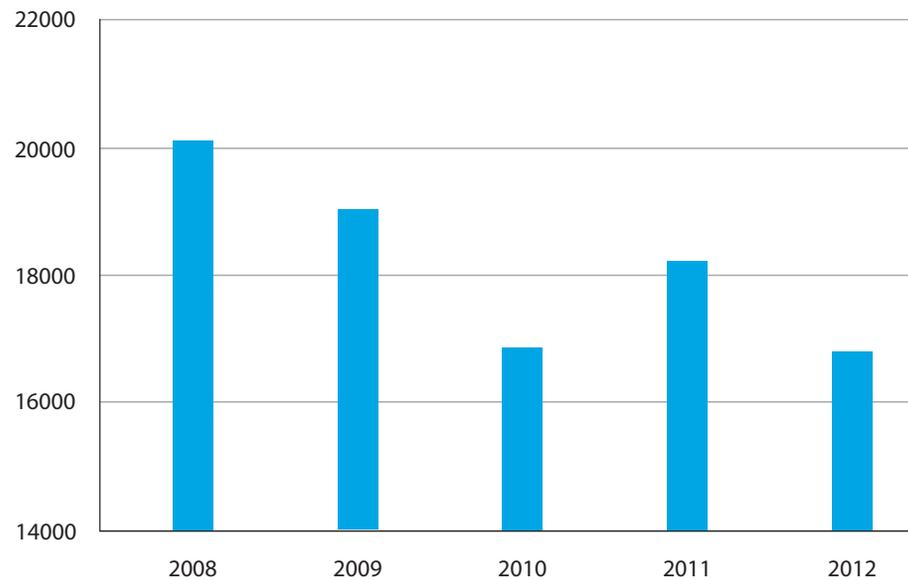
The rated capacity of the existing Wastewater Treatment Plant (WWTP) is 64 million litres per day (MLD). A proposed future capital expansion of the treatment plant would increase the rated capacity to 73.3 MLD. However, Wastewater Services can demonstrate that 73.3 MLD can be treated with the existing infrastructure, thereby avoiding the need for expansion.

If the MOE approves the results of the capacity demonstration, Wastewater Services could defer an estimated \$13 million plant expansion.

Over the past five years, customer use and climate events have created fluctuations of flows to the WWTP. An increase in flows to the facility in 2011 was due to several severe rainfall events and a year-over-year increase in industrial flows.

## Wastewater Treatment Plant Annual Flow Treated (MLD)

Wastewater treatment : total flow (megalitres)

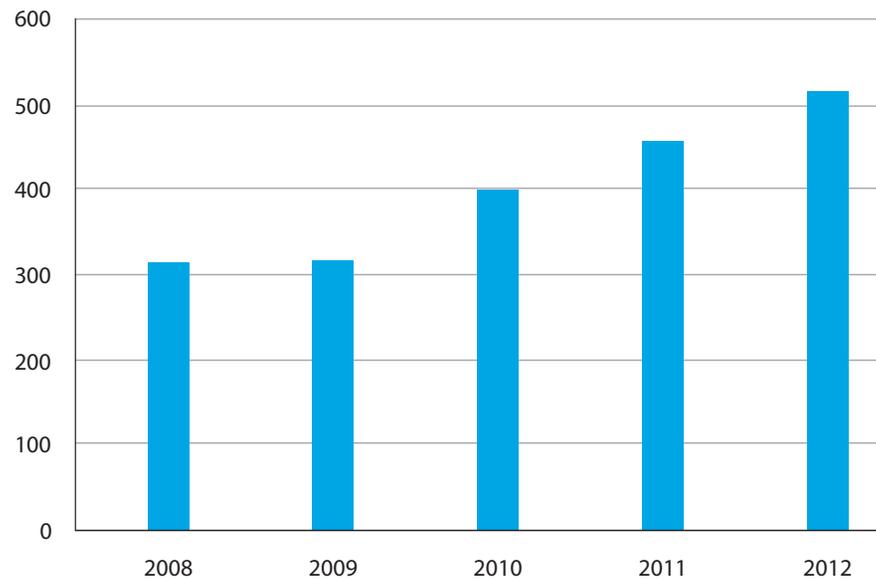


# WASTEWATER SERVICES BUDGET

## Customer Service

The following graph shows the demand for spill response over the past 5 years. Increased awareness about the importance of reporting spills is contributing to the number of spills reported.

**Wastewater treatment: spills response**



# WASTEWATER SERVICES BUDGET

## >> 2014 Objectives

- Continue supporting Southern Ontario Water Consortium pilot facility
- Complete construction of the Anammox side stream treatment project to improve ammonia removal
- Continue process to obtain MOE approval for rerating the wastewater facility to 73.3 MLD, and defer \$13 million capital expansion
- Complete construction of the Process Operations Centre
- Complete construction of Biosolids storage facility to enable more beneficial reuse of biosolids (i.e. land application)
- Complete the Wastewater Treatment Master Plan Update and the Biosolids Management Master Plan Update
- Begin construction on York Trunk Sanitary Sewer to improve system reliability
- Continue sewer condition assessments to ensure system reliability
- Ongoing replacement and upgrades to wastewater conveyance system and the wastewater treatment facility

## >> Key Changes in 2014

- In conjunction with Water Services, the department forecasts a slight increase in 2014 billable consumption
- Transfers to the capital reserve and the DC-exempt reserve increased by \$1,006,300 to address the infrastructure deficit and to fund current and future capital work
- Purchased goods decreased by \$17,160 due to a reduction in fuel and chemical expenses; partially offset by an increase in utility costs
- Purchased services decreased by \$87,590 due to budget realignment for conservation initiatives and a reduction in equipment rental expenses
- Internal charges increased by \$336,450 due to budget realignment of conservation initiatives and charges from other City departments (Human Resources, Information Technology, Legal Services etc.)
- Increased costs for compensation of \$184,440, mainly due to the economic adjustment, grid moves and Wastewater Services Administrative Assistant position

# WASTEWATER SERVICES BUDGET

## >> Proposed 2014 operating budget

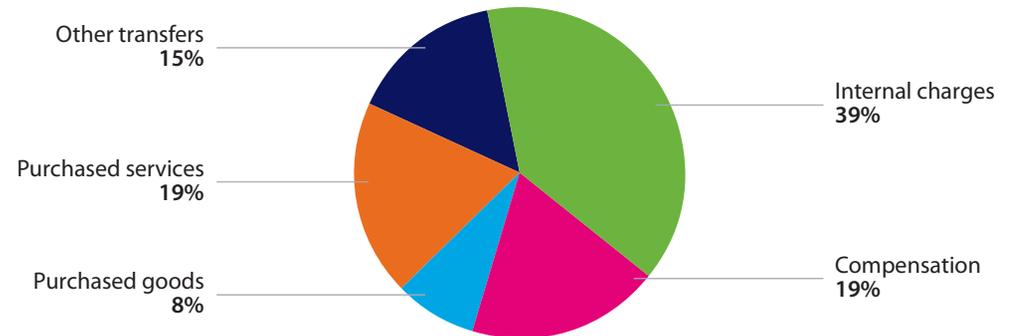
The 2014 Wastewater Services Operating Budget includes gross expenditures of \$28,293,090 including internal charges and transfers to reserves. Wastewater Services operating expenditures (not including capital financing and expansion requests) are proposed to increase by 1.83 per cent.

### 2014 Wastewater Services proposed operating budget (by service area)

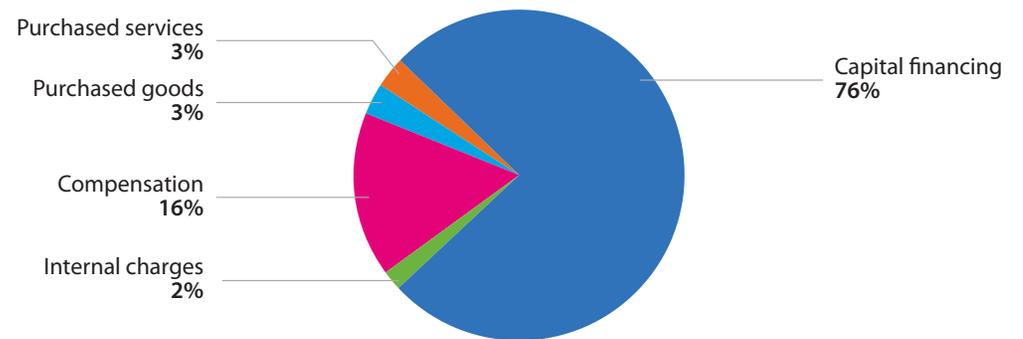
	2014 budget by service						
	2013 approved budget	Customer service and conservation	Plant operations and maintenance	Spills response, sewer use, enforcement and wastewater collections	2014 total requested budget	Year/year change (\$)	Year/year change (%)
<b>Revenue</b>							
User fees and service charges	-\$26,815,950	-\$28,222,890	\$0	\$0	-\$28,222,890	-\$1,406,940	5.2%
Interest and penalties	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
External recoveries	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Internal recoveries	-\$69,000	-\$61,500	-\$8,700	\$0	-\$70,200	-\$1,200	1.7%
<b>Total revenue</b>	<b>-\$26,884,950</b>	<b>-\$28,284,390</b>	<b>-\$8,700</b>	<b>\$0</b>	<b>-\$28,293,090</b>	<b>-\$1,408,140</b>	<b>5.2%</b>
<b>Expenditure</b>							
Compensation	\$4,645,660	\$1,069,300	\$2,434,300	\$1,326,500	\$4,830,100	\$184,440	4.0%
Purchased goods	\$4,949,860	\$463,300	\$4,186,000	\$283,400	\$4,932,700	-\$17,160	-0.3%
Purchased services	\$3,906,908	\$1,066,820	\$2,515,148	\$237,350	\$3,819,318	-\$87,590	-2.2%
Long term debt charges	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Other transfers	\$892,800	\$878,500	\$0	\$0	\$878,500	-\$14,300	-1.6%
Internal charges	\$2,439,722	\$2,205,600	\$438,872	\$131,700	\$2,776,172	\$336,450	13.8%
<b>Sub-total (before capital expenditure)</b>	<b>\$16,834,950</b>	<b>\$5,683,520</b>	<b>\$9,574,320</b>	<b>\$1,978,950</b>	<b>\$17,236,790</b>	<b>\$401,840</b>	<b>2.4%</b>
Capital financing	\$10,050,000	\$0	\$4,643,995	\$6,412,305	\$11,056,300	\$1,006,300	10.0%
<b>Total expenditure</b>	<b>\$26,884,950</b>	<b>\$11,367,040</b>	<b>\$23,792,635</b>	<b>\$10,370,205</b>	<b>\$28,293,090</b>	<b>\$1,408,140</b>	<b>5.2%</b>
Net budget	\$0	-\$16,917,350	\$23,783,935	\$10,370,205	\$0	\$0	0.0%
<b>Full time equivalents</b>	<b>51</b>	<b>9</b>	<b>14</b>	<b>29</b>	<b>52</b>	<b>1</b>	

# WASTEWATER SERVICES BUDGET

## Customer service and conservation

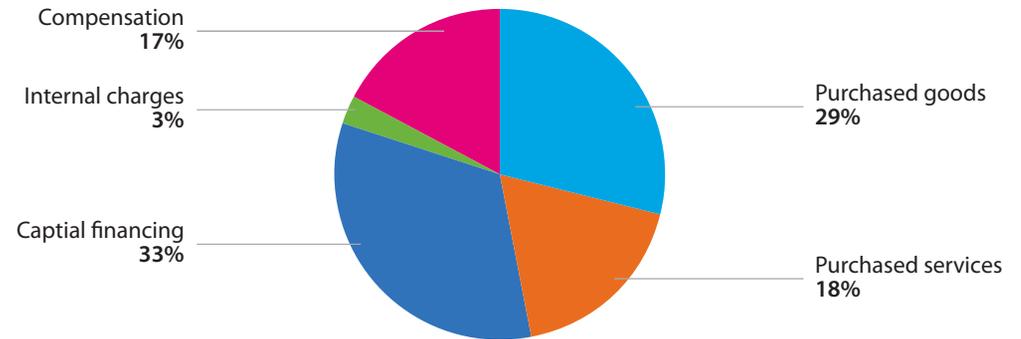


## Spills response, sewer use, enforcement and wastewater collections



# WASTEWATER SERVICES BUDGET

## Plant operations and maintenance



In response to a recognized need for administrative support across the organization (identified in the City-wide Organizational Assessment) the proposed 2014 Wastewater Services budget includes an additional Full Time Equivalent (FTE) administration support position. This position will enable management staff to focus their skills and expertise on strategic projects and leadership rather than administrative tasks, thus increasing productivity, efficiency, employee engagement and job satisfaction.

Further information is provided in the FTE request summary table at the end of the Wastewater Services section.

# WASTEWATER SERVICES BUDGET

## >> Proposed multi-year operating budget

Wastewater Services' multi-year budget is based on forecasted compensation, energy costs and inflation. Staff will work to further refine this forecast in future budgets and will include anticipated program expansions.

The summary below is provided for information only

	2014 total requested budget	2015 projected budget	2016 projected budget	2017 projected budget
<b>Revenue</b>				
User fees and service charges	-\$28,222,890	-\$30,282,677	-\$31,941,439	-\$33,625,382
Interest and penalties	\$0	\$0	\$0	\$0
External recoveries	\$0	\$0	\$0	\$0
Internal recoveries	-\$70,200	-\$70,200	-\$70,200	-\$70,200
<b>Total revenue</b>	<b>-\$28,293,090</b>	<b>-\$30,352,877</b>	<b>-\$32,011,639</b>	<b>-\$33,695,582</b>
<b>Expenditure</b>				
Compensation	\$4,830,100	\$4,996,389	\$5,196,245	\$5,404,094
Purchased goods	\$4,932,700	\$5,093,354	\$5,246,155	\$5,403,539
Purchased services	\$3,819,318	\$3,895,704	\$4,012,575	\$4,132,953
Long term debt charges	\$0	\$0	\$0	\$0
Other transfers	\$878,500	\$913,640	\$950,186	\$988,193
Internal charges	\$2,776,172	\$3,053,789	\$3,206,479	\$3,366,803
<b>Sub-total (before capital expenditure)</b>	<b>\$17,236,790</b>	<b>\$17,952,877</b>	<b>\$18,611,639</b>	<b>\$19,295,582</b>
Capital financing	\$11,056,300	\$12,400,000	\$13,400,000	\$14,400,000
<b>Total expenditure</b>	<b>\$28,293,090</b>	<b>\$30,352,877</b>	<b>\$32,011,639</b>	<b>\$33,695,582</b>
Net budget				
<b>Forecast rate (per m3)</b>	<b>\$1.59</b>	<b>\$1.71</b>	<b>\$1.80</b>	<b>\$1.89</b>
<b>Full time equivalents</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>

# WASTEWATER SERVICES BUDGET

## >> Proposed 2014 Capital Budget and forecast

The capital budget identifies the most appropriate timing for capital work, project costs and funding sources. The total expenditures for the Wastewater Services' 2014 Capital Budget is \$10,267,800. The nine-year forecast is \$155,964,100.

### 2014–2023 Wastewater Services capital budget and forecast – service based ('000s)

Project category	Project cost	Funding sources		
		Development charges	DC debt	Capital reserves
<b>Growth</b>				
Treatment plant operations	\$70,460	\$38,756	\$0	\$31,704
Sewer use and collection	\$50,095	\$27,153	\$0	\$22,943
<b>Total growth</b>	<b>\$120,555</b>	<b>\$65,909</b>	<b>\$0</b>	<b>\$54,647</b>
<b>Infrastructure replacement</b>				
Treatment plant operations	\$12,662	\$0	\$0	\$12,662
Sewer use and collection	\$33,015	\$0	\$0	\$33,015
<b>Total infrastructure replacement</b>	<b>\$45,677</b>	<b>\$0</b>	<b>\$0</b>	<b>\$45,677</b>
<b>Total capital budget</b>	<b>\$166,232</b>	<b>\$65,909</b>	<b>\$0</b>	<b>\$100,324</b>

Despite the City's continued efforts to make the most of its existing infrastructure and defer capital projects, this year's proposed budget includes much-needed investment in growth-related projects due to increased capacity requirements.

*Note: a large plant expansion (approximate cost \$60 million) is anticipated beyond the 10-year forecast. Wastewater Services will monitor the need for this project and reintroduce it into the forecast when required.*

# WASTEWATER SERVICES BUDGET

## Taking care of what we own

Like Water Services, Wastewater Services is subject to the Sustainable Water and Sewage Systems Act (2000), which mandates accelerated replacement schedules for all water and wastewater infrastructure. Over 54 per cent of Guelph's wastewater system is underground, and replacement is managed and administered by Engineering Services.

The capital budget includes funding for Engineering Services to work towards industry standards for replacement and rehabilitation of linear infrastructure. In 2012, Engineering Services completed a Sustainable Infrastructure Report that highlighted the \$30 Million annual lifecycle costs of sustaining Guelph's wastewater system and a \$53 Million backlog.

Based on the proposed 2014 Wastewater Services Operating and Capital Budget of \$28.3 Million, the annual wastewater infrastructure spending gap to sustain this infrastructure is now estimated to be approximately \$1.8 Million, and the annual wastewater infrastructure spending gap continues to close.

Capital funding must continue increasing to achieve the sustainability target and help address the estimated \$53.0 Million infrastructure backlog for wastewater system assets which have theoretically reached the end of their lifecycle.

## Preparing for continued growth

Wastewater will continue optimizing its systems to make the most of existing infrastructure and defer large capital projects. In addition to pursuing MOE approval to re-rate the existing wastewater facility, the proposed Wastewater Services capital budget is designed to accomplish the following:

- Upgrade existing digester and standby power
- Upgrade wastewater treatment plant equipment
- Upgrade linear infrastructure outlined in the Water/Wastewater Servicing Master Plan such as detailed design and phased construction of the York Trunk Sewer
- Replace and rehabilitate existing sewers in conjunction with road reconstruction projects

A complete list of projects is included at the end of the Wastewater Services section.

# WASTEWATER SERVICES BUDGET

## >> Reserves and Reserve Funds

Guelph maintains reserves to fund Wastewater Services capital works and operations. The chart below describes the purpose of each reserve, the forecasted 2014 year-end balance, the target and 2014 forecasted target:

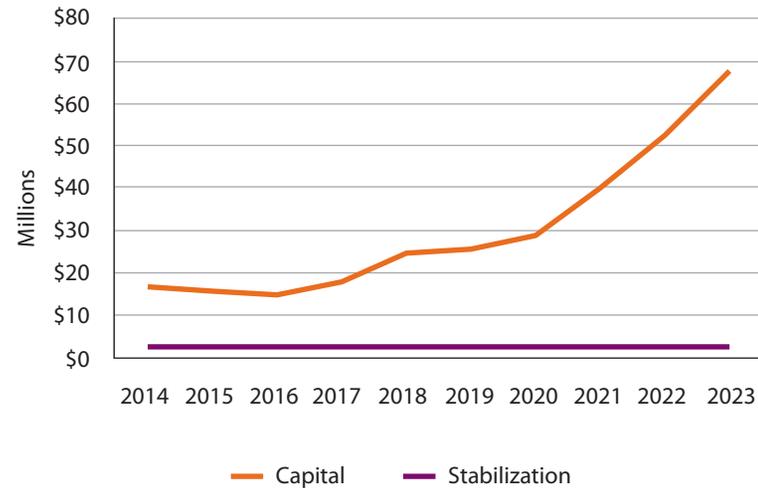
### Wastewater Services reserves and reserve funds

Reserve or reserve fund	Purpose	2014 forecasted balance	Target	2014 forecast
Wastewater services stabilization reserve	The reserve is funded from operating surpluses. Funds are transferred out at the direction of Council to help stabilize the rate as part of the annual budget process, to fund a year-end operating deficit or to pay for capital projects that will result in operating savings. The balance in this reserve should be 8-10 per cent of gross operating revenue.	\$2,342,033.98	8-10% of gross operating revenue	8.3%
Wastewater services capital reserve fund	Funds are transferred in as contributions from the operating budget or any remaining surplus not committed to another reserve upon closing individual capital projects. This reserve is used to fund the City's share of capital works related to Wastewater Services infrastructure. Annual contributions to this reserve should, at a minimum, equal depreciation expense.	\$16,559,492.76	> = 100% of annual depreciation expense	100%

# WASTEWATER SERVICES BUDGET

The following graph shows the forecasted 2014-2023 projected reserve balances. Both reserves are within targeted range, and the department will continue monitoring growth and revenue collections and defer or scale back non-essential capital projects as required.

**2014–2023 Wastewater Services reserves and reserve funds  
(Projected balances)**



## Appendix 2: Qualitative Information Form

<b>Budget Column (click blue to select):</b>	Growth
<b>Capital Project # (if Budget Column is Impact from Capital)</b>	
<b>FTE Position Title/Service Description:</b>	Administrative Assistant
<b>Department &amp; Division:</b>	Wastewater Services Department
<b>Business Unit # and Name:</b>	721-4110 Site Administration
<b>Department Priority Ranking:</b>	1
<b>Summary:</b>	
<p>As identified in the Corporate Organization Capacity Assessment there is a lack of administrative support across the organization. There is particularly true in Wastewater Services department where there are only 2 clerical positions and no administrative/management support for the General Manager, Managers and Supervisors. In addition, the 2 clerical assistants would report to the Administrative Assistant, rather than to the General Manager, as is currently the case.</p>	
<b>Link to Strategic Directions:</b>	
<p>1.3 Build robust systems, structures and frameworks aligned to strategy                  2.2 Deliver public service better                  3.3 Strengthen citizen and stakeholder engagement and communications</p>	
<b>Background &amp; Context:</b>	
<p>This position will provide much needed administrative and management support to the General Manager, Managers and Supervisors of Wastewater Services. This support will enable management staff to spend more of their time on higher value work. This position will also manage the clerical staff by providing supervisory support. The General Manager, Managers and Supervisors currently perform a large number of duties that are administrative in nature; this is not an efficient or effective use of their time.</p>	
<b>Qualitative Benefits:</b>	
<p>Efficient use of time for management staff and ensure time is available for the management staff to support departmental and corporate strategic and operational initiatives (eg. IT Strategic Plan, Asset Management Plan, Employee Engagement Action Plan, Succession Planning, etc) by reducing the amount of time spent by the General Manager, Managers and Supervisors on a large number of minor administrative tasks.</p> <p>Improve administrative processes and find efficiencies by having a dedicated resource to focus on this area.</p> <p>Increase employee engagement by allowing management staff to spend more time with staff and to focus on areas that use their expertise.</p>	

## Appendix 2: Qualitative Information Form

### Quantitative Benefit Assumptions:

There will be improvement in efficiency and time management for all staff in the department. The savings will come in the way of increased managerial and staff productivity. This ultimately translates into improved administrative processes and better service delivery.

### Risks:

Unable to adequately support all the departmental and corporate initiatives and processes.

### Alternatives:

To not create an Administrative Coordinator FTE in Wastewater and continuing to have the GM and other Management staff spending their time on minor administrative work.

## Appendix 2: Quantitative Information

NOTE: Do not type in shaded cells

<b>Budget Step (click blue to select):</b>	Growth
<b>TE Position Title/Description:</b>	Administrative Assistant ,Wastewater services
<b>Department &amp; Division:</b>	PBEE, Water Services Department
<b>Business Unit # and Name:</b>	721-7110

Object Code	2014	2015	2016	Explanation
<b>Estimated Expenditures</b>				
<b>Compensation:</b>				
Wages (annual for 1 FTE)	\$63,399	\$64,600	\$65,800	
# of Months budgeted	12	12	12	
Union Type (click blue to select)	NUME			
# of FTE's	1			
Total Wages 1110	\$63,400	\$64,600	\$65,800	
Total Benefits 1510	\$16,700 26%	\$17,000 26%	\$17,300 26%	
Total Compensation	\$80,100	\$81,600 \$0	\$83,100	
<b>Purchased Goods:</b>				
Reference material 2101				
Office supplies 2102	\$500			
Uniforms 2801				
Other (provide explanation)				
Other (provide explanation)				
Total Purchased Goods	\$500	\$0	\$0	
<b>Purchased Services:</b>				
Recruitment (Advertising) 3307	\$1,000			
Mileage 3404	\$1,000			
Training 3412	\$2,500			
Other (provide explanation)				
Other (provide explanation)				
Total Purchased Services:	\$4,500	\$0	\$0	
<b>Capital Expenses: funding budgeted here will be transferred to a capital project for purchasing the asset</b>				
Vehicle 4903				
Furniture 4903	\$1,200			
Phone 4903	\$1,000			
Computer 4903	\$5,000			
Cell Phone 4903	\$700			
PPE Equipment 4903	\$500			
Total Minor Capital:	\$8,400	\$0	\$0	
<b>Expenditure Reductions: 1) Enter as a negative amount 2) provide an explanation of reductions complete with BU &amp; object code</b>				
Reduction in expenditure				
Total Expenditure Reductions	\$0	\$0	\$0	
Total Expenditures	\$93,500	\$81,600	\$83,100	

<b>Estimated Revenues: 1) Enter as a negative amount 2) provide an explanation of revenues</b>				
Internal Recoveries 7100's				
Grant 8101 - 8106				
Partnership contribution 8505				
External recoveries 8514				
Other (provide explanation)				
Total Revenue	\$0	\$0	\$0	

	2014	2015	2016
Budget \$ impact:	\$93,500	\$81,600	\$83,100
Budget FTE impact:	1	N/A	N/A

## PLANNING, BUILDING, ENGINEERING AND ENVIRONMENT

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### WATER SERVICES

The non-tax supported 2014 Water Services Capital Budget and 2015 to 2023 Forecast (the Budget) identifies the most appropriate timing for capital work, project costs and funding sources. The total expenditure for the Water Services' 2014 Budget is \$17,509,000, and the nine-year forecast is \$176,372,300.

It's essential for Water Services to balance the Budget in terms of infrastructure renewal and replacement, and prepare for continued growth. Most projects in the Budget are scheduled and funded according to Council-approved Master Plans including the Water Supply Master Plan (WSMP), Conservation and Efficiency Strategy (CES), and Water/Wastewater Servicing Master Plan (WWSMP). The department is updating Master Plans to include the full cost of property acquisition.

Funding sources for water capital projects include water rates, development charges, capital reserves, and provincial and federal grants. All projects included in the Budget have been prioritized and reviewed for timing and funding levels. Projects that are driven by growth have been identified in the Development Charges (DC) By-law. Scheduling of water linear projects (watermains) has been aligned to coincide with wastewater and roads projects to realize economies and to minimize customer disruption. Projects are often funded with preliminary engineering design work occurring in the years prior to the commencement of construction. Large scale projects are funded over multiple years to accommodate phased financing and allow for construction of the project without the need for debt funding. The Budget does not rely on any debt funding.

### 2014 Capital Project Themes

#### *Taking care of what we own*

The Province has enacted Bill 175, the Sustainable Water and Sewage Systems Act 2000, which mandates accelerated replacement schedules for all water and wastewater infrastructure. Over 80 per cent of the City's water system is underground. The underground infrastructure replacement program is managed and administered by Engineering Services, which allows for road and water/wastewater infrastructure replacement to occur concurrently and cost-effectively.

The Budget includes funding for Engineering Services to work towards industry standards and mandatory replacement schedules for all linear infrastructure. In 2012, Engineering Services completed a Sustainable Infrastructure Report that includes updates on the water system. The report highlights the \$23.5 million lifecycle costs of sustaining the City's water system, and a backlog of approximately \$46 million. Based on the proposed 2014 proposed Budget of \$26.35 million, minus approximately \$3 million for various programs unrelated to infrastructure (conservation, source water protection etc.), the annual water infrastructure spending gap continues to close.

Capital funding must continue increasing to achieve the sustainability target and help address the estimated \$ 46 million infrastructure backlog for water system assets which have theoretically reached the end of their lifecycle.

#### *Preparing for continued growth*

In preparation for the scheduled update to Guelph's DC By-law, Water Services, Wastewater Services, and Finance used feedback from the DC Update Peer Review Team to revise DC-funded project schedules. These project schedules are included the Budget in advance of the DC By-law approval, however DC-funded projects will not be initiated until the DC By-law is approved by Council and funding is in place.

Water Services is updating the Council-approved 2007 WSMP that identified a number of short-term options, including water

efficiency and conservation, optimization of existing groundwater, and new local groundwater supplies to satisfy future demand and provide more redundancy of supply for existing customers. The completion of Environmental Assessments (EA) and related studies for these short-term groundwater options, as approved in the WSMP, are included in the capital budget (WT0002 New Water Supply). However, related capital funding for construction of infrastructure continues to be deferred until 2015 and beyond based on slower growth, less DC revenue than forecast, and the comprehensive, ongoing review of these factors under the WSMP Update. By 2015 Water Services will complete the WSMP Update and provide recommendations for new supply projects, timing, and funding requirements. These recommendations may also drive updates to the DC project schedules and the DC By-law.

The Council-approved 2009 WWSMP has identified a number of significant infrastructure upgrades required in the short-term to service growth, including the installation in new transmission mains, reservoirs and water towers, and new and upgraded pumping stations. In 2014, more than \$7.2 million is budgeted for growth related upgrades for water storage and distribution.

### ***Regulatory Compliance***

To ensure the security and reliability of the City's groundwater dependent water supply, the Budget includes approximately \$4.2 million in funding over the next five years to support a host of groundwater protection initiatives driven by the Province's Clean Water Act and the proposed Grand River Source Protection Plan (WT0009 – Groundwater Protection).

The following listing provides a brief summary of the various projects in the 2014 Water Services Non-Tax Supported Capital Budget:

### **2014 Projects**

#### **WW0106 Conservation and Efficiency**

- Various subprojects approved in CES and continue over the duration of the forecast
- For 2014 and beyond, funding for subprojects has

moved from rates to DC's under the update to the DC By-law

- 2014 subprojects include: Update of the City's Water Conservation and Efficiency Strategy, continued implementation of district metered areas as part of ongoing water loss mitigation activities, as well as funding for customer rebates and associated program administration costs of the Royal Flush and Smart Wash Water Conservation Rebate Programs.

#### **WT0002 New Supply**

- Various subprojects approved in the WSMP, funded from DC's, and project continues over the duration of the forecast
- Until 2015, due to reduced DC revenue, only the studies portion of New Supply projects are being completed
- 2014 projects include: Completion of Clythe Creek Well Class EA project, initiation of the Logan Well Groundwater investigation and, if the Dolime Quarry issues are resolved, completion of the Southwest Quadrant Class EA
- Completion of the WSMP Update project (see below) will update the project list, prioritize projects and update the New Supply budget

#### **WT0003 WF3 Clythe Booster Upgrade**

- Project approved in the WSMP and funded by a combination of DC's and rates. To be completed in 2016
- Ongoing Class EA to provide improved pumping and storage for the northeast portion of Guelph, being conducted together with the Class EA to provide sulphur removal treatment for the Clythe well and return the well to active service
- Property acquisition may be required to complete the project

#### **WT0004 WF5 Quality Upgrades-Corrosion-CI2**

- Various linear upgrades approved in the WWSMP to

improve water quality

- Includes various watermain upgrades to reducing dead-end piping and stagnant water
- Includes actions to better regulate the levels of chlorine added to the City water supply
- Project continues over the duration of the forecast

#### **WT0005 WF6 Zone 1A/1B BPS & Reservoir**

- Project identified in WWSMP and tied to WSMP work for zone split and booster pumping station
- Construction of north – south transmission main in conjunction with possible future south west quadrant wells

#### **WT0020 Clair Tower Booster Commission**

- Project identified in WWSMP includes work to develop a new pressure water distribution system fed by the Clair Booster Station to service customers south of Clair Road

#### **WT0105 WS1-7 Masterplan Studies**

- Various studies identified in WWSMP to facilitate linear infrastructure improvements and upgrades
- Includes on-going water model calibration, water quality assessment, asset management, performance and criticality review, energy and pumping efficiency and master plan update
- In 2014, the WSMP Update project will be completed and will confirm water supply demand (from population growth estimates) and define water supply projects that can meet future demands (see above).

#### **WD0002 WI3 Hanlon – Wellington to Clair**

- Project identified in WWSMP to improve north – south transmission
- Environmental Assessment to determine preferred route expected to be completed in 2014

#### **WD0007 WI9 Wellington – Hanlon to Watson**

- Project identified in WWSMP to improve east – west transmission between Clythe and Paisley pumping stations
- Construction of first phase in conjunction with York Trunk Sewer in 2014

#### **WD0018 East Side Transmission Main**

- Project identified in East Side Study as recommended by WWSMP
- To be completed in conjunction with WD0019 and WT0012 to improve transmission in north east section of water distribution system

#### **WD0019 East Side Zone 2 Upgrades**

##### **WT0012 East Side Elevated Tank**

- Project identified in East Side Study as recommended by WWSMP to be completed in 2015
- Includes Environmental Assessment siting and installation of new elevated water storage tank to provide pressure regulation and fire flows to north east section of water distribution system

#### **WT0016 SWI Water Efficiency**

- Last year of multi-year project funded from rates and federal/provincial grant
- Project involves the installation of equipment to monitor and record real time energy use of the water supply and distribution system
- Project also involves installation of flow meters in water distribution system to allow for real time leakage monitoring

#### **GG0202 Water Services Fleet Replacement**

- Project administered by Fleet Services involves ongoing funding for replacement of the Water Services vehicle fleet, consisting of cars, pickup trucks, specialty vans, dump trucks, and a backhoe
- Project continues over the duration of the forecast

#### **IT0021 WW ITS Replacement**

- Project administered by Information Technology

Services involves funding for replacement of the Water Services inventory of personal computers, laptops, printers, servers, and related network equipment

- Project continues over the duration of the forecast

#### **WT0007 Water Facility Upgrades and Studies**

- Project funds various subprojects related to special studies and projects, and related upgrades for Administration, Water Supply, Water Distribution, and Conservation
- Includes funding contributions to WT0013 Burke Treatment Upgrade
- Project continues over the duration of the forecast

#### **WT0008 UFW Remedial Action Plan**

- Project funds annual system leakage surveys and complements District Metered Area installations supported by SWI project
- Project continues over the duration of the forecast

#### **WT0009 Groundwater Protection**

- Project funds all provincially mandated water source protection initiatives, including the implementation of the Guelph Portion of the Grand River Source Protection Plan
- As part of its Source Protection Program, Guelph Water Services is developing a groundwater monitoring network in the area of the Emma and Membro Wells. The monitoring program will establish four multi-level monitoring wells in strategic locations in the immediate area of each well and define geologic and hydrogeologic properties of the bedrock and overburden with the intent of improving the understanding of groundwater flow in the area of the well. The project shall result in a sentry well network for the long-term monitoring of groundwater levels and water quality in the area of each well
- Project continues over the duration of the forecast

#### **WT0010 Lead Replacement**

- Project funds the provincially mandated Lead Reduction Program with the goal of reducing customer lead exposure from the water supply
- Project is progressing on schedule and forecast to be completed in 2015

#### **WT0011 WF1 Paisley Pump Upgrades**

- Project approved in WWSMP and involves pump replacements and upgrades to the Paisley Booster station commissioned in the early 70's

#### **WT0013 Burke Treatment**

- Project to install filtration treatment at the Burke well to remove naturally occurring iron and manganese from the well water
- Funding for this project is also included in project WT0007
- Project is rate funded and costly and therefore funded over a number of years in the forecast
- Project to be completed in 2016

#### **WD0016 WI16 Hanlon Crossing - Paisley**

- Project identified in WWSMP to improve east – west transmission between Clythe and Paisley pumping stations in conjunction with WD0007
- Construction of first phase in conjunction with servicing of Silvercreek development lands in 2014

#### **WT0021 WI-7 Zone 1/2 Boundary North of Speed**

- Project identified in WWSMP to improve pressures in north east section of water distribution system in
- Project related to WD0005 Speedvale and WT0003 Clythe Booster Upgrade

#### **WD0022 Downtown CIP**

- Project integrated with road, storm water and wastewater infrastructure upgrades to support the implementation of the Downtown Secondary Plan

### **Remaining Major Projects In Forecast**

There are a number of projects that will be ongoing during the 2015 to 2023 forecast period. The following listing provides a brief summary of these major projects:

#### **WT0006 WF7 Zone 3 Elevated Tank**

- Project identified in WWSMP and tied to WSMP to support expected future south end growth

#### **WD0005 WI6 Speedvale – Watson to Westmount**

- Project identified in WWSMP to improve east – west transmission
- Project has been implemented in stages and will continue to be constructed in conjunction with Speedvale Avenue full road reconstruction

#### **WD0014 Watermain Replacement**

- Project integrated with road, storm water and wastewater infrastructure upgrades in road reconstruction projects

#### **WD0015 Ward One Watermain Replacement**

- Project integrated with road, storm water and wastewater infrastructure upgrades to support St. Patrick's Ward Community Improvement Plan

#### **WD0013 W-I-18 Exhibition/Dublin**

- Project identified in WWSMP to accommodate future growth and intensification

#### **WD0020 WI-13 Carter Aquaduct**

- WWSMP approved project to replace the ageing raw water transmission main from Carter wells to the Scout Camp station

2014 to 2023 Capital Budget Wastewater

Project Number & Description	Gross Project Cost ('000s)						Total Project Cost	Sources of External Funding									
	2014	2015	2016	2017	2018	Next 5 Years		Grants & Subsidies	Federal Gas Tax	Other	Development Charges	DC Debt	Net Cost to City	Equipment Replacement	Capital Envelope	Other Capital	Debt
<b>Growth</b>																	
Treatment & Plant Operations																	
ST0001 PLANT RERATING - PHOS REDN IN	51.0	51.0	51.0	51.0	51.0	306.0	561.0				561.0						
ST0002 WWTP - UPGRADES & STUDIES	198.0	198.0	504.0	249.0	46.0	844.0	2,039.0				509.8	1,529.3		1,529.3			
ST0003 WWTP BIOSOLIDS FACILITY UPGRD	870.0	2,646.0	2,646.0	3,053.0	3,358.0	30,981.0	43,554.0				21,777.0	21,777.0		21,777.0			
ST0004 WWTP PHASE 2 EXPANSION		6,250.0	6,400.0	51.0			12,701.0				12,701.0						
ST0005 WWTP UPGRADES	407.0	3,328.0	5,393.0	724.0	356.0	275.0	10,483.0				2,620.8	7,862.3		7,862.3			
ST0006 SCADA UPGRADES		102.0	102.0	102.0	102.0	306.0	714.0				178.5	535.5		535.5			
ST0008 WASTEWATER MASTERPLAN		102.0	102.0			204.0	408.0				408.0						
ST0019 WWTP EXPANSION TO 85 MLD						3,000.0	3,000.0				3,000.0						
ST0020 PROCESS OPERATIONS CENTRE						200.0	200.0				100.0	100.0		100.0			
<b>Total Treatment &amp; Plant Operations</b>	<b>1,526.0</b>	<b>12,677.0</b>	<b>15,198.0</b>	<b>4,230.0</b>	<b>3,913.0</b>	<b>36,116.0</b>	<b>73,660.0</b>				<b>41,856.1</b>	<b>31,804.1</b>		<b>31,804.1</b>			
Distribution & Transmission																	
SC0002 WW10/WS4 FLOW MONITORING		750.0					750.0				375.0	375.0		375.0			
SC0003 WW12 STEVENSON - YORK-ERAMOSIA	825.0	510.0					1,335.0				280.4	1,054.7		1,054.7			
SC0004 WW13 SPEED- HANLON TO ERAMOSIA			300.0	850.0	775.0	2,325.0	4,250.0				935.0	3,315.0		3,315.0			
SC0005 WW14 WATERLOO- HANLON TO YORKSHIR						1,780.0	1,780.0				623.0	1,157.0		1,157.0			
SC0006 WW17 SPEEDVL- MARLBORO TO METCAL		915.0					915.0				915.0						
SC0007 WW19 DOWNEY- DOWNEY-HZLWD-TEAL						1,620.0	1,620.0				1,620.0						
SC0008 WW10 RIVER CROSSING/HANLON EXP	350.0		350.0	350.0	350.0	1,400.0	2,800.0				1,204.0	1,596.0		1,596.0			
SC0009 WWF3 YORK/SPEED TRUNK EQUALIZN			535.0	535.0		1,070.0	2,140.0				2,140.0						
SC0010 WWS6 WASTEWATER MPLAN UPDATE			300.0				300.0				300.0						
SC0011 YORK RD- VICTORIA TO WATSON				775.0	775.0	775.0	2,325.0				2,325.0						
SC0012 WW-I-5 REPL YORKSHIRE TRUNK						2,760.0	2,760.0				2,760.0						
SC0018 WW12 SIPHON IMPROVEMENTS	600.0	600.0	600.0	600.0	600.0	1,800.0	4,800.0				2,400.0	2,400.0		2,400.0			
SC0019 WW14 I&I REDUCTION IMPL			250.0	250.0	250.0	1,450.0	2,200.0				1,100.0	1,100.0		1,100.0			
SC0020 WW15 NEW GRAVITY SEWERS			250.0	250.0	250.0	1,000.0	1,750.0				1,750.0						
SC0021 WW16 NEW FORCEMANS			150.0	150.0	150.0	600.0	1,050.0				1,050.0						
SC0023 WWF1 DECOMMISSION GORDON SPS		2,700.0					2,700.0				2,700.0						
SC0027 GORDON- CLAIR TO MALTYBY			1,500.0				1,500.0				1,500.0						
WS0085 WW11 YORK - HANLON-VICTORIA	3,780.0	3,780.0	3,780.0	3,780.0			15,120.0				3,175.2	11,944.8		11,944.8			
<b>Total Distribution &amp; Transmission</b>	<b>5,555.0</b>	<b>9,255.0</b>	<b>8,015.0</b>	<b>7,540.0</b>	<b>3,150.0</b>	<b>16,580.0</b>	<b>50,095.0</b>				<b>27,152.6</b>	<b>22,942.5</b>		<b>22,942.5</b>			
<b>Total Growth</b>	<b>7,081.0</b>	<b>21,932.0</b>	<b>23,213.0</b>	<b>11,770.0</b>	<b>7,063.0</b>	<b>52,696.0</b>	<b>123,755.0</b>				<b>69,008.7</b>	<b>54,746.6</b>		<b>54,746.6</b>			
<b>Infrastructure Replacement</b>																	
Treatment & Plant Operations																	
GG0203 WASTEWATER FLEET REPL	628.6	138.4	77.3	271.3	147.2	1,089.3	2,352.1					2,352.1		2,352.1			
IT0022 WS ITS REPLACEMENT	43.2	58.5	85.9	78.3	31.0	422.1	719.0					719.0		719.0			
IT0031 IT STRATEGIC PLAN - WASTEWATER	10.0	32.9	11.5	11.5			65.9					65.9		65.9			
IT0035 PAGING SYSTEM REPLACEMENT - WASTE		89.8					89.8					89.8		89.8			
ST0013 DIGESTER CLEANING PROGRAM	250.0	204.0	204.0	204.0	204.0	1,020.0	2,086.0					2,086.0		2,086.0			
ST0014 DIGESTER GAS PROOFING	1,300.0	750.0					3,550.0				1,500.0	3,550.0		3,550.0			
ST0015 REPAIRS TO PROCESS STRUCTURES		500.0	500.0			500.0	3,000.0				1,500.0	3,000.0		3,000.0			
ST0017 SCUM TROUGH					100.0		100.0					100.0		100.0			
ST0018 EQUIP REPLACE & UPGRADES	565.0	100.0	100.0				765.0					765.0		765.0			
<b>Total Treatment &amp; Plant Operations</b>	<b>2,796.8</b>	<b>1,873.6</b>	<b>978.7</b>	<b>565.1</b>	<b>982.2</b>	<b>5,531.4</b>	<b>12,727.8</b>					<b>12,727.8</b>		<b>12,727.8</b>			
Distribution & Transmission																	

3.22

2014 to 2023 Capital Budget Wastewater

Project Number & Description	Gross Project Cost ('000s)						Sources of External Funding							Net Cost to City	Equipment Replacement	Capital Envelope	Other Capital	Debt
	2014	2015	2016	2017	2018	Next 5 Years	Total Project Cost	Grants & Subsidies	Federal Gas Tax	Other	Development Charges	DC Debt						
SC0013 WARD ONE - SEWER REPLACEMENT		750.0	750.0	750.0	750.0	3,750.0	6,750.0						6,750.0		6,750.0			
SC0014 SEWER REPL VARIOUS		1,500.0	1,500.0	1,500.0	2,000.0	10,000.0	16,500.0						16,500.0		16,500.0			
SC0015 WW18 WATER- MAPLE TO GORDON						865.0	865.0						865.0		865.0			
SC0016 SANITARY/STORM SEWER UPGRADES						900.0	900.0						900.0		900.0			
SC0025 SEWER INVESTIGATION VARIOUS			300.0	300.0	300.0	300.0	1,200.0						1,200.0		1,200.0			
SC0026 WW113 INFRASTRUCTURE IMPROVEMENT	200.0		200.0	200.0	200.0	1,200.0	2,000.0						2,000.0		2,000.0			
SC0028 DOWNTOWN SANITARY SEWERS		500.0		500.0	200.0	1,000.0	2,200.0						2,200.0		2,200.0			
ST0010 WWF2 SPS/FORCEMAIN IMPROVEMENT	200.0		200.0	200.0	200.0	1,800.0	2,600.0						2,600.0		2,600.0			
<b>Total Distribution &amp; Transmission</b>	<b>400.0</b>	<b>2,750.0</b>	<b>2,950.0</b>	<b>3,450.0</b>	<b>3,650.0</b>	<b>19,815.0</b>	<b>33,015.0</b>						<b>33,015.0</b>		<b>33,015.0</b>			
<b>Total Infrastructure Replacement</b>	<b>3,196.8</b>	<b>4,623.6</b>	<b>3,928.7</b>	<b>4,015.1</b>	<b>4,632.2</b>	<b>25,346.4</b>	<b>45,742.8</b>						<b>45,742.8</b>		<b>45,742.8</b>			
<b>Total Wastewater</b>	<b>10,277.8</b>	<b>26,555.6</b>	<b>27,141.7</b>	<b>15,785.1</b>	<b>11,695.2</b>	<b>78,042.4</b>	<b>169,497.8</b>				<b>69,008.7</b>		<b>100,489.4</b>		<b>100,489.4</b>			

3.23



2019 TO 2023 Capital Budget Wastewater

Gross Project Cost ('000s)

Sources of External Funding

Project Number & Description	2019	2020	2021	2022	2023	Total Project Cost (2018-2022)	Grants & Subsidies	Federal Gas Tax	Other	Development Charges	DC Debt	Net Cost to City	Equipment Replacement	Capital Envelope	Other Capital	Debt
<b>Growth</b>																
Treatment & Plant Operations																
ST0001 PLANT RERATING - PHOS REDN IN	51.0	102.0	51.0	51.0	51.0	306.0				306.0						
ST0002 WWTP - UPGRADES & STUDIES	198.0	204.0	198.0	198.0	46.0	844.0				211.0		633.0		633.0		
ST0003 WWTP BIOSOLIDS FACILITY UPGRD	17,752.0	13,229.0				30,981.0				15,490.5		15,490.5		15,490.5		
ST0005 WWTP UPGRADES	275.0					275.0				68.8		206.3		206.3		
ST0006 SCADA UPGRADES	102.0	102.0		102.0		306.0				76.5		229.5		229.5		
ST0008 WASTEWATER MASTERPLAN			102.0	102.0		204.0				204.0						
ST0019 WWTP EXPANSION TO 85 MLD					3,000.0	3,000.0				3,000.0						
ST0020 PROCESS OPERATIONS CENTRE					200.0	200.0				100.0		100.0		100.0		
<b>Total Treatment &amp; Plant Operations</b>	<b>18,378.0</b>	<b>13,637.0</b>	<b>351.0</b>	<b>453.0</b>	<b>3,297.0</b>	<b>36,116.0</b>				<b>19,456.8</b>		<b>16,659.3</b>		<b>16,659.3</b>		
Distribution & Transmission																
SC0004 WWI3 SPEED- HANLON TO ERAMOSIA	775.0	775.0	775.0			2,325.0				511.5		1,813.5		1,813.5		
SC0005 WWI4 WATERLOO- HANLON TO YORKSHIF	180.0	800.0	800.0			1,780.0				623.0		1,157.0		1,157.0		
SC0007 WWI9 DOWNEY- DOWNEY-HZLWD-TEAL				620.0	1,000.0	1,620.0				1,620.0						
SC0008 WWI10 RIVER CROSSING/HANLON EXP	350.0	350.0	350.0	350.0		1,400.0				602.0		798.0		798.0		
SC0009 WWF3 YORK/SPEED TRUNK EQUALIZN	535.0	535.0				1,070.0				1,070.0						
SC0011 YORK RD- VICTORIA TO WATSON	775.0					775.0				775.0						
SC0012 WW-I-5 REPL YORKSHIRE TRUNK		1,380.0		1,380.0		2,760.0				2,760.0						
SC0018 WWI12 SIPHON IMPROVEMENTS	600.0	600.0	600.0			1,800.0				900.0		900.0		900.0		
SC0019 WWI14 I&I REDUCTION IMPL	250.0	400.0	400.0	400.0		1,450.0				725.0		725.0		725.0		
SC0020 WWI15 NEW GRAVITY SEWERS	250.0	250.0	250.0	250.0		1,000.0				1,000.0						
SC0021 WWI16 NEW FORCEMAINS	150.0	150.0	150.0	150.0		600.0				600.0						
<b>Total Distribution &amp; Transmission</b>	<b>3,865.0</b>	<b>5,240.0</b>	<b>3,325.0</b>	<b>3,150.0</b>	<b>1,000.0</b>	<b>16,580.0</b>				<b>11,186.5</b>		<b>5,393.5</b>		<b>5,393.5</b>		
<b>Total Growth</b>	<b>22,243.0</b>	<b>18,877.0</b>	<b>3,676.0</b>	<b>3,603.0</b>	<b>4,297.0</b>	<b>52,696.0</b>				<b>30,643.3</b>		<b>22,052.8</b>		<b>22,052.8</b>		
<b>Infrastructure Replacement</b>																
Treatment & Plant Operations																
GG0203 WASTEWATER FLEET REPL	37.3	311.0	82.5	403.5	255.0	1,089.3						1,089.3		1,089.3		
IT0022 WS ITS REPLACEMENT	117.9	67.3	73.1	69.4	94.4	422.1						422.1		422.1		
ST0013 DIGESTER CLEANING PROGRAM	204.0	204.0	204.0	204.0	204.0	1,020.0						1,020.0		1,020.0		
ST0014 DIGESTER GAS PROOFING				750.0	750.0	1,500.0						1,500.0		1,500.0		
ST0015 REPAIRS TO PROCESS STRUCTURES	500.0		500.0	500.0		1,500.0						1,500.0		1,500.0		
<b>Total Treatment &amp; Plant Operations</b>	<b>859.2</b>	<b>582.3</b>	<b>859.6</b>	<b>1,926.9</b>	<b>1,303.4</b>	<b>5,531.4</b>						<b>5,531.4</b>		<b>5,531.4</b>		
Distribution & Transmission																
SC0013 WARD ONE - SEWER REPLACEMENT	750.0	750.0	750.0	750.0	750.0	3,750.0						3,750.0		3,750.0		
SC0014 SEWER REPL VARIOUS	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	10,000.0						10,000.0		10,000.0		
SC0015 WWI8 WATER- MAPLE TO GORDON		865.0				865.0						865.0		865.0		
SC0016 SANITARY/STORM SEWER UPGRADES	900.0					900.0						900.0		900.0		
SC0025 SEWER INVESTIGATION VARIOUS				300.0		300.0						300.0		300.0		
SC0026 WWI13 INFRASTRUCTURE IMPROVEMENT	200.0	200.0	400.0	400.0		1,200.0						1,200.0		1,200.0		
SC0028 DOWNTOWN SANITARY SEWERS	200.0	200.0	200.0	200.0	200.0	1,000.0						1,000.0		1,000.0		
ST0010 WWF2 SPS/FORCEMAIN IMPROVEMENT	200.0	400.0	600.0	600.0		1,800.0						1,800.0		1,800.0		
<b>Total Distribution &amp; Transmission</b>	<b>4,250.0</b>	<b>4,415.0</b>	<b>3,950.0</b>	<b>4,250.0</b>	<b>2,950.0</b>	<b>19,815.0</b>						<b>19,815.0</b>		<b>19,815.0</b>		

3.24



**2019 TO 2023 Capital Budget Wastewater**

Project Number & Description	Gross Project Cost ('000s)					Sources of External Funding										
	2019	2020	2021	2022	2023	Total Project Cost (2018-2022)	Grants & Subsidies	Federal Gas Tax	Other	Development Charges	DC Debt	Net Cost to City	Equipment Replacement	Capital Envelope	Other Capital	Debt
Total Infrastructure Replacement	5,109.2	4,997.3	4,809.6	6,176.9	4,253.4	25,346.4						25,346.4		25,346.4		
Total Wastewater	27,352.2	23,874.3	8,485.6	9,779.9	8,550.4	78,042.4				30,643.3		47,399.2		47,399.2		

3.25

# ONTARIO BUILDING CODE (OBC) ADMINISTRATION

The City's Building Services department authorizes all building construction and demolition in Guelph. The department is provincially mandated to administer and enforce the Ontario Building Code, and provincial legislation requires staff to maintain certification to meet provincial standards, perform mandatory inspections, and issue permits within mandated time frames.

Building services provides the following public services associated with the administration and enforcement of the Ontario Building Code:

- Pre-permit consultation, plans examination, technical reviews and application processing
- Issue permits within mandated time frames to ensure conformity to the Ontario Building Code
- On-site inspections to ensure conformity with approved permit drawings, specifications, the Ontario Building Code Act and regulations
- Respond to all technical inquiries throughout building projects
- Provide enforcement and initiate legal proceedings as required

These activities are completely funded by revenues generated from building permit fees.

*Note: Building Services also administers and enforces several City by-laws, facilitates Guelph's Committee of Adjustment and manages Guelph's termite control and backflow prevention programs. These activities are included in the tax-supported operating budget.*

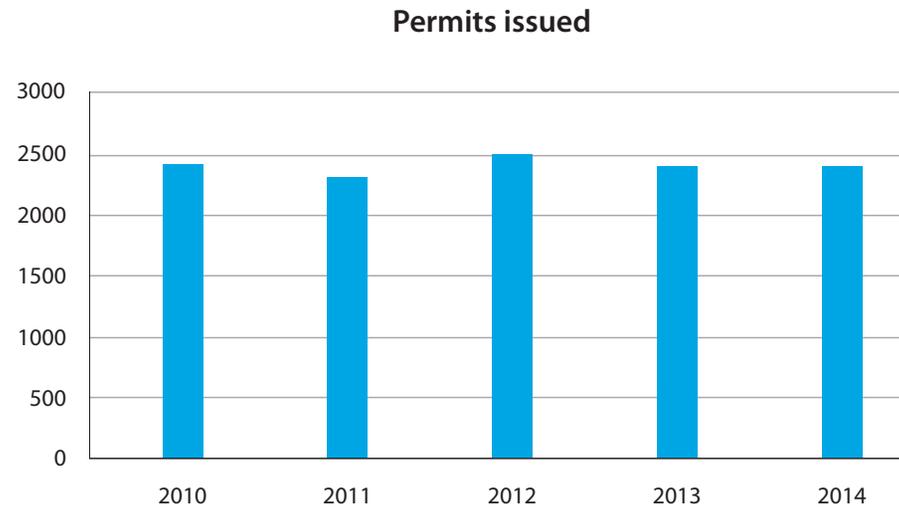
## >> 2013 accomplishments

- Completed a communication plan to inform industry partners about upcoming changes to the Ontario Building Code which come into effect for permit applications after December 31, 2013
- Contributed to Integrated Operational Review (IOR) of Planning, Building, Engineering and Enterprise Services' designed to improve development application review process
- Enhanced Building Services Code of Conduct making it more accessible to the public and including a formal process for lodging and investigating complaints
- Started a comprehensive assessment of AMANDA (electronic permits, inspections and complaints) software program

# ONTARIO BUILDING CODE (OBC) ADMINISTRATION

## >> Key performance measures

### Issuing Building Permits



2013 and 2014 permit volumes reflect a decrease in single detached dwellings and an increase in multi-residential projects.

# ONTARIO BUILDING CODE (OBC) ADMINISTRATION

## Turnaround times for house permits

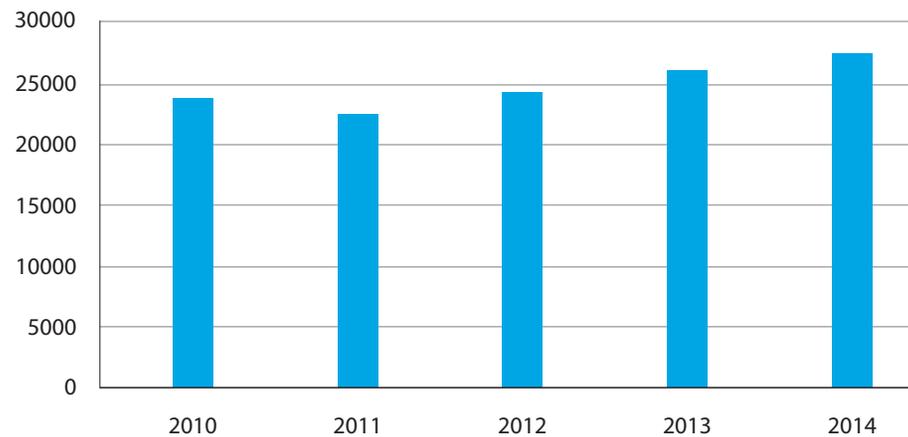
	2010	2011	2012	2013 projected	2014 forecast
Permits issued	359	256	235	140	120
Legislated turnaround time (days)	10	10	10	10	10
Average turnaround times (days)	5.6	7.6	9.3	8.7	7.0
Permits issued within legislated turnaround times	96%	93%	96%	99%	99%

The percentage of house permits not issued within the legislated time frames decreased in 2013 and are predicted to continue at this level (1 per cent) in 2014.

## Building Inspections

In 2014, Building Services expects to conduct approximately 27,500 on-site inspections within the provincially legislated 48-hour period. Currently most inspections are performed within 24 hours, and Building Services feel this service level is necessary to accommodate the demanding schedules associated with construction projects.

### Building inspections



# ONTARIO BUILDING CODE (OBC) ADMINISTRATION

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## >> Key changes in 2014

The proposed 2014 OBC Operating Budget reflects the following drivers:

- Building activity to remain strong in 2014 and corresponding revenue increase of \$100,000
- Reduction in purchased goods of \$68,200 due to the removal of one-time costs
- \$40,000 contribution to Integrated Operational Review (IOR)

## >> 2014 objectives

- Final development and implementation of a comprehensive Customer Satisfaction Survey Strategy Plan to ensure our services are meeting the needs of our customers
- Collaborate with Information Technology department to improve AMANDA system by transitioning to web-based platform that is more efficient for staff and customers, and easier for Information Technology to support
- Begin implementing a program to reduce backlog of dormant permits with outstanding inspections to reduce health and financial risks to the City and the public
- Take action on the Integrated Operational Review implementation plan.
- Begin a Legal Process Review of Ontario Building Code enforcement to find ways to improve procedures and practices

# ONTARIO BUILDING CODE (OBC) ADMINISTRATION

## >> 2014 proposed OBC Operating Budget

The proposed 2014 OBC Administration Budget has gross expenditures of \$2,900,000, including internal charges and transfers to reserves. The following chart shows the cost by service area:

### 2014 OBC administration proposed operating budget (by service area)

	2013 approved budget	2014 OBC requested budget	Year/year change	Year/year change
<b>Revenue</b>				
Licenses and permits	-\$2,800,000	-\$2,900,000	-\$100,000	4%
Transfer from reserves	-\$36,700	\$0	\$36,700	0%
Total revenue	-\$2,836,700	-\$2,900,000	-\$63,300	2%
<b>Expenditures</b>				
Purchased goods	\$122,300	\$54,100	-\$68,200	-56%
Purchased services	\$80,500	\$91,400	\$10,900	14%
Bank charges	\$20,000	\$20,000	\$0	0%
Internal charges	\$2,613,900	\$2,632,870	\$18,970	1%
Transfer to reserves	\$0	\$101,630	\$101,630	0%
Total expenditures	\$2,836,700	\$2,900,000	\$63,300	2%
<b>Net budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>

# ONTARIO BUILDING CODE (OBC) ADMINISTRATION

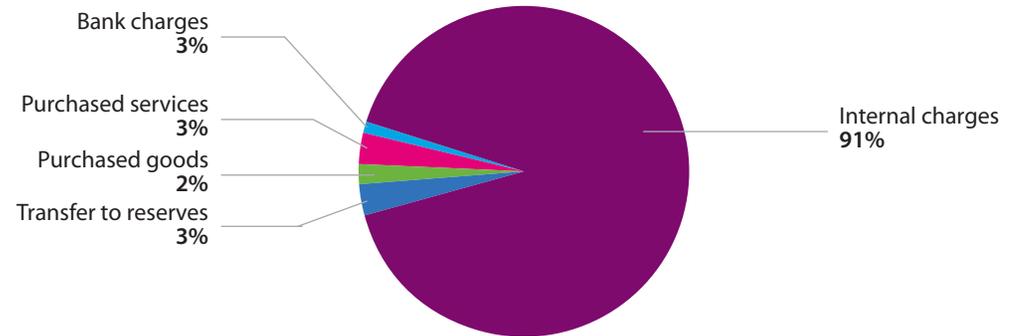
## >> Proposed Multi-year Operating Budget

### 2014 OBC Administration Proposed Operating Budget (by Service Area)

	2014 OBC requested budget	2015 proposed budget	2016 proposed budget	2017 proposed budget
<b>Revenue</b>				
Licenses and permits	-\$2,900,000	-\$3,001,500	-\$3,106,600	-\$3,215,300
Transfer from reserves	\$0	\$0	\$0	\$0
Total revenue	-\$2,900,000	-\$3,001,500	-\$3,106,600	-\$3,215,300
<b>Expenditures</b>				
Purchased goods	\$54,100	\$55,700	\$57,400	\$59,100
Purchased services	\$91,400	\$94,100	\$96,900	\$99,800
Bank charges	\$20,000	\$20,600	\$21,200	\$21,800
Internal charges	\$2,632,870	\$2,711,900	\$2,793,300	\$2,877,100
Transfer to reserves	\$101,630	\$119,200	\$137,800	\$157,500
Total expenditures	\$2,900,000	\$3,001,500	\$3,106,600	\$3,215,300
<b>Net budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# ONTARIO BUILDING CODE (OBC) ADMINISTRATION

2014 OBC administration budget



## 2013–2014 internal charges details

	2013	2014	Year/year change
Direct support costs from non-OBC administration	\$2,155,400	\$2,122,570	-\$32,830
Interdepartmental service area support costs (e.g. legal, HR, etc)	\$458,500	\$510,300	\$51,800
<b>Total internal charges</b>	<b>\$2,613,900</b>	<b>\$2,632,870</b>	<b>\$18,970</b>

Internal charges increased by \$18,970 reflecting a \$32,830 reduction in direct costs, and an increase of \$51,800 in inter-departmental service area support.

# ONTARIO BUILDING CODE (OBC) ADMINISTRATION

## >> 2014 Capital Budget

A recommendation from the Corporate Technology Strategy and Implementation Plan is a review of AMANDA software used in several City departments. Building Services' contribution to this capital project (if approved), will be as follows:

2014	2015	2016	2017
\$7,400	\$24,400	\$8,600	\$8,600

### 2014–2023 OBC capital budget and forecast – service based (\$'000s)

Project category	Project cost	Capital reserves
<b>Strategic Plan</b>		
IT Strategic Plan	\$49	-\$49
Total Strategic Plan	\$49	-\$49
<b>Total capital budget</b>	<b>\$49</b>	<b>-\$49</b>

*The figure represents the 10 year Capital Costs to be funded from OBC*

# ONTARIO BUILDING CODE (OBC) ADMINISTRATION

## >> Reserves and Reserve Funds

The Building Code Act allows municipalities to set permit fees to cover the cost of administering and enforcing the Building Code Act, and make reasonable contributions to a reserve. The reserve can be used to offset periods of low building and construction activity, make service enhancements, and cover unexpected expenses.

To provide an upper limit while maintaining the City's ability to maintain a healthy reserve, Guelph City Council established a maximum reserve limit equal to one year of operating costs.

The following chart describes the purpose of the reserve, the forecasted 2014 to 2023 year-end balances and the upset limits.

### OBC reserves

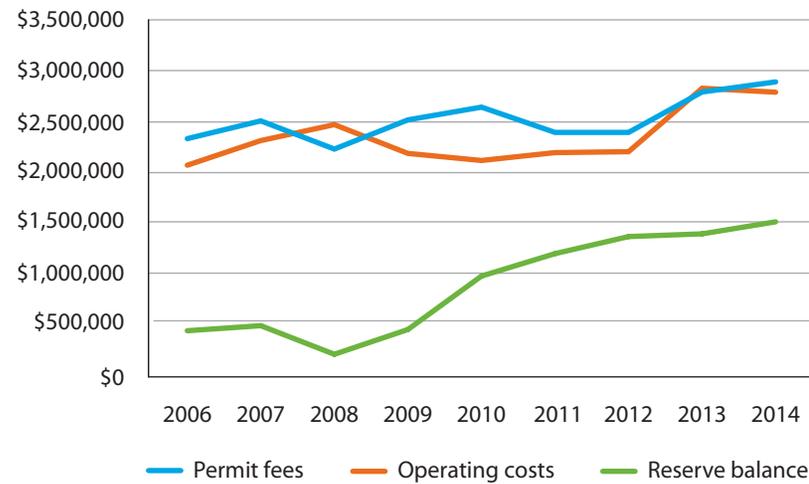
Reserve or reserve fund	Purpose	2014 forecasted balance	Upset limit	2014 forecast
<b>Building Services stabilization reserve</b>	Funds are transferred in from any surplus building permit fee revenues generated as a result of volume. Funds are transferred out, with Council approval, to stabilize revenues in lean years or to cover unexpected expenses such as training, legal fees, staffing needs, and associated support costs.	\$1,515,258	100% of one-year of operating costs (not including transfers to reserves)	54%

*Note: the upset limit is identified in Committee Report 10-24 Annual Report on 2009 Building Permit Fees, Costs and Building Stabilization Reserve*

# ONTARIO BUILDING CODE (OBC) ADMINISTRATION

The following graph shows the inter-relationship between permit fees, operating costs and reserve activities.

**Permit fees, operating costs and reserve activities**



The difference between projected permit fee revenue and operating costs in 2014 is a surplus that is transferred to reserves.

**CITY OF GUELPH  
 2014 TAX SUPPORTED CAPITAL BUDGET  
 2015 TO 2023 TAX SUPPORTED CAPITAL FORECAST  
 OBC**

Project Number & Description	Gross Project Cost \$(000's)					Next 5 Years	Total Project Cost	Sources of External Financing								
	2014	2015	2016	2017	2018			Grants & Subsidies	Federal Gas Tax	Other	DC's	DC Debt	Net Cost to City	Equipment Replacement	City Reserves	Debt
11 OBC Administration																
IT0029 IT STRATEGIC PLAN - BUILDING	7.4	24.4	8.6	8.6			49.0						49.0			49.0
Total 11 OBC Administration	7.4	24.4	8.6	8.6			49.0						49.0			49.0
Total OBC	7.4	24.4	8.6	8.6			49.0						49.0			49.0

4.17

# COURT SERVICES

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The City provides mandatory Court services under its agreement with the province of Ontario. This service is provided in accordance with the principles of justice and legislative and provincial policy requirements. The provincial Offences Act (POA) Court ensures public access to justice within the framework of individual rights guaranteed by the Canadian Charter of rights and Freedoms.

## **Court Administration**

- Administer public service components of court operations and manage stakeholder relations
- Administer charges and court-related processes and manage caseload and court scheduling
- Manage Court financials including fine enforcement
- Maintain provincial charge and statistical databases

## **Court Facilities**

- Maintain enhanced public access to justice through the provision of barrier-free court facilities including public service counters, waiting areas and courtrooms.
- Maintain facilities and amenity areas for judicial, administration, prosecution and in-custody functions

## **Court Support**

- Administer in-court proceedings and maintain the court record
- Provide transcript production and Judicial support services

## **Prosecutions**

- Provide prosecutorial resources and support for trials and appeals of provincial regulatory and municipal offences
- Maintain early resolution initiatives supporting efficiencies in case management and public access to justice
- Manage case work including case law research and the preparation of factums and legal arguments

# COURT SERVICES

## >> 2013 accomplishments

### **Court Administration**

- Improved data entry processes, and built greater capacity to focus on core functions of court operations
- Enhanced online information about Court Services, improving access to court forms and processes.
- Permanently implemented automated telephone court fine reminder system, piloted in November 2012

### **Court Facilities**

- Hired permanent maintenance staff, reduced costs and improved capacity with respect to facility maintenance.

### **Prosecutions**

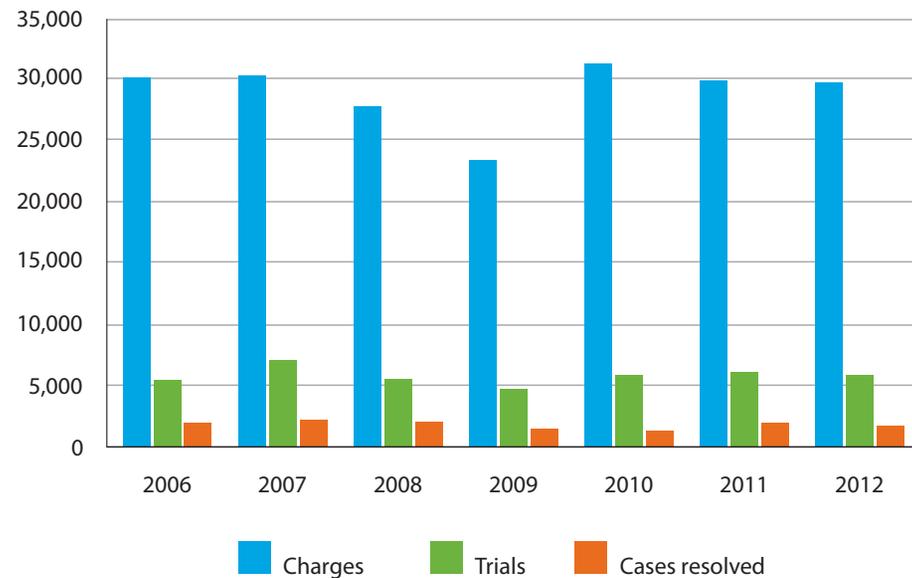
- Achieved operational efficiencies in case resolution and trial courts, and reduced court schedule by one day per week.
- Implemented prosecutorial resource adjustments in keeping with reduced court sittings, which resulted in cost reductions in some purchased services.

### **Court Support**

- Continued encouraging digital transcription for Judicial Officers preparing case judgments

## >> Key performance measures

### Charges, Trial Volumes and Case Resolution

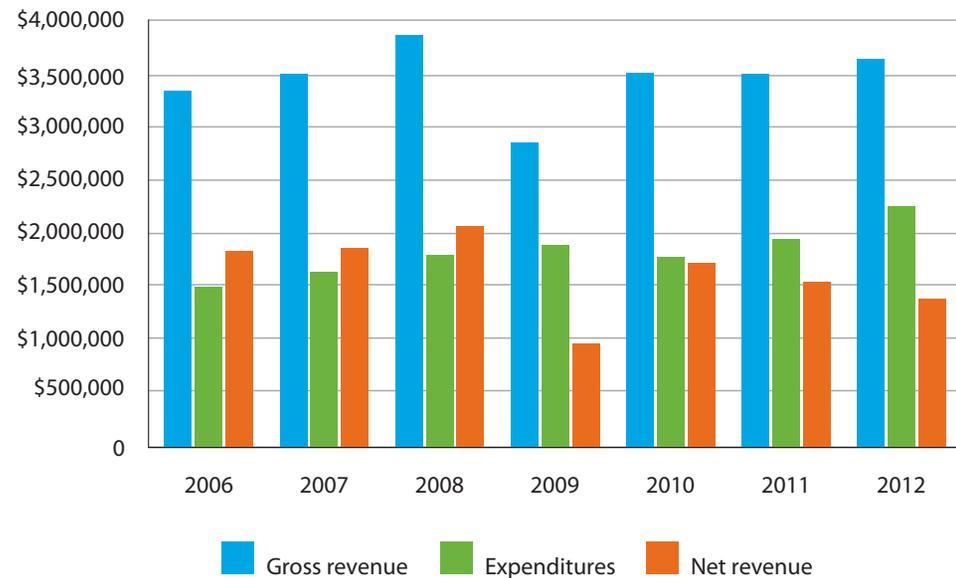


Charges are issued by enforcement agencies and police services within the court service area. The volume of charges in Guelph-Wellington remains relatively stable with the exception of 2009, where the volume decreased by 16% from 2008 levels (24% below the seven-year average).

The average annual trial rate remains at 20%, which is within the provincial average range for trials. In addition, case resolutions continue to stabilize at a higher range than the 2009-2010 rates.

# COURT SERVICES

## Revenue/Expenditure



Gross revenue averages approximately \$3.5 million per year.

2012 Operating costs were approximately 61 per cent of gross revenue, slightly above the 60 percent target.

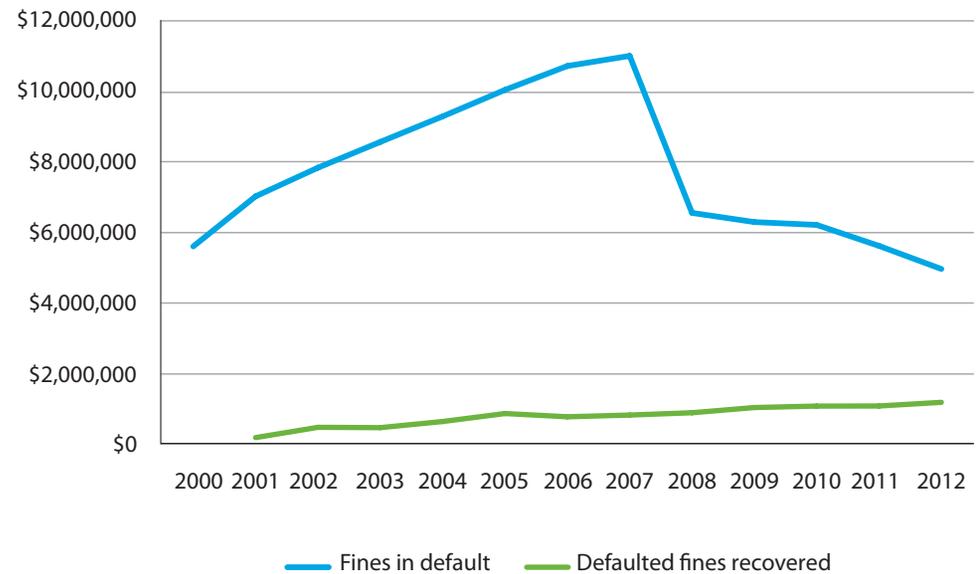
Net revenue for distribution between the City and County averages \$1.64 million per year, which continues to meet the annual target range of revenue distribution to the City and County of \$600,000-\$800,000.

Gross revenue peaked in 2008, due to approximately \$700,000 in fines paid that year related to Occupational Health and Safety charges. In 2009, gross revenue fell by \$600,000 due to a drop in charges filed with the Court and less fine payments being made during the global economic downturn. Gross revenue has stabilized across 2010 to 2012, with a slight increase in 2012 due to \$200,000 in fines paid related to Occupational Health and Safety charges.

# COURT SERVICES

## Defaulted Fines – Enforcement

### Default fines enforcement



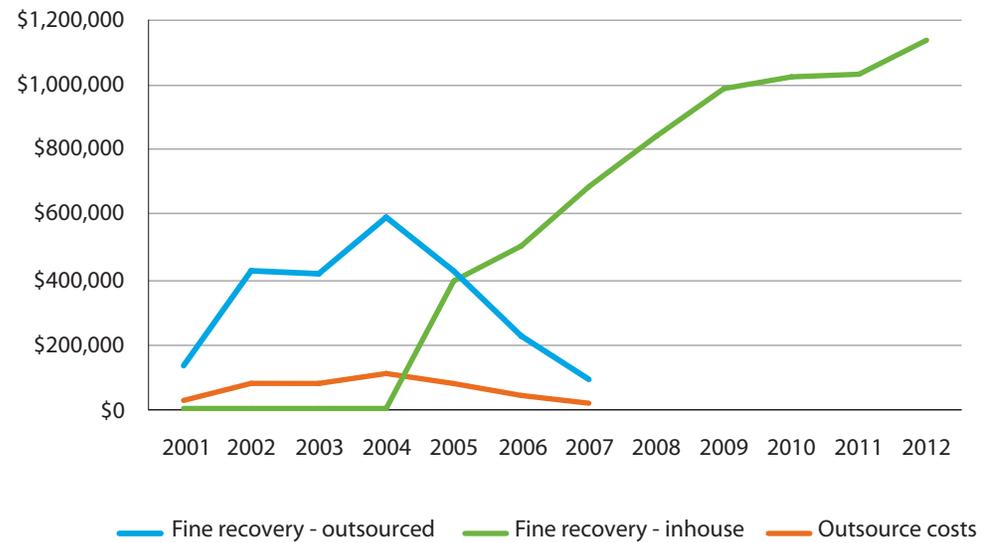
When court operations were transferred from the province to the City in May 2000, the outstanding balance of fines in default was \$6.1 million. Between 2000 and 2007 the City was able to reduce the annual rate of increase from 11.9 per cent to 2.6 per cent, and in 2007 the default balance was \$11 million.

In 2008, the City undertook the write-off of \$5.1 million of defaulted fines in accordance with Public Sector Accounting Board (PSAB) accounting principles. The current default balance is approximately \$4.9 million.

The trend from 2008 to 2012 shows defaulted fines are decreasing, while recovered fine revenue is increasing; Guelph is moving in the right direction.

# COURT SERVICES

## Fine Recovery Trend



The City established in-house fine collection program in 2005, and eliminated outsourcing by the end of 2007. Since then, in-house collection efforts increased revenue recovered from defaulted fines by 73 per cent, and eliminated the costs associated with outsourcing.

# COURT SERVICES

## >> 2014 objectives

### **Court Administration**

- Implement e-ticket processes
- Improve records management; standardize systems, create efficiencies and prepare for planned corporate-wide records management inventory procedures
- Streamline and consolidate statistical data systems to ensure consistency and create efficiencies in data management

### **Court Facilities**

- Completely implement preventive maintenance schedules and programs to ensure City assets are in good repair

### **Court Support**

- Enhance transcript production services using capacity created by adjusting court schedule

### **Prosecutions**

- Use technology to create efficiencies and enhance public access to justice with respect to case resolutions (e.g. electronic images of charges)

## >> Key changes in 2014

- Facility rental income is decreasing due to fewer courtrooms being rented by other levels of court
- The department must address and mitigate the effect of rising energy and commodity prices and compensation costs
- Reduce purchased goods (paper) due to innovation in court docket and report systems
- Master court schedule adjustments will result in reductions in purchased services (i.e. provincial charge backs for adjudication and Crown prosecution costs)
- Bank charges are decreasing due to fewer fine payments being made by credit card
- Projected net revenue remains at 2013 levels. With increased expenditures, the net revenue distribution to the County of Wellington is reduced by \$15,452
- Increase in internal charges; increasing costs assessed by other City departments (e.g. Legal Services, Human Resources, Information Technology)
- The capital budget has been adjusted to accommodate Corporate Technology Strategic Plan and security infrastructure replacement
- The annual cost factor (percentage of expenditures against gross revenue) is projected at 58 per cent, which is below the 60 per cent target and 2 per cent below the 2012 actual cost factor

# COURT SERVICES

## >> 2014 proposed operating budget

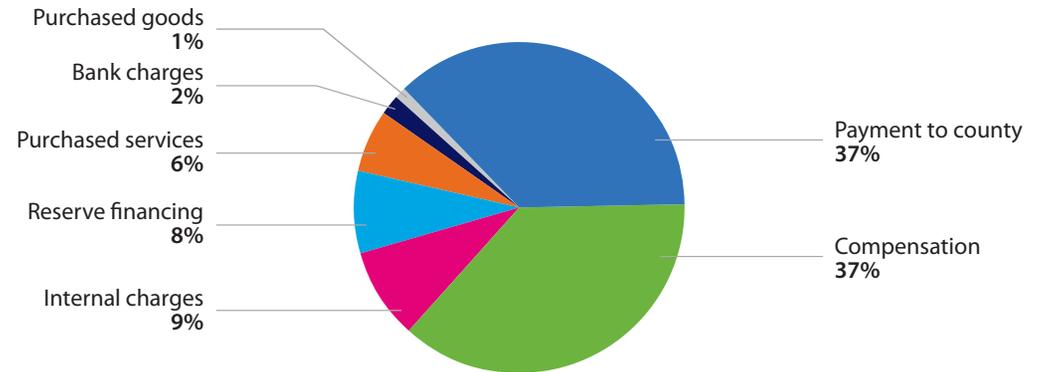
The 2014 Court Services Operating Budget has gross expenditures of \$3,642,000, including internal charges and transfers to reserves. The chart below shows the cost by service:

### 2014 Court Services proposed operating budget (by service area)

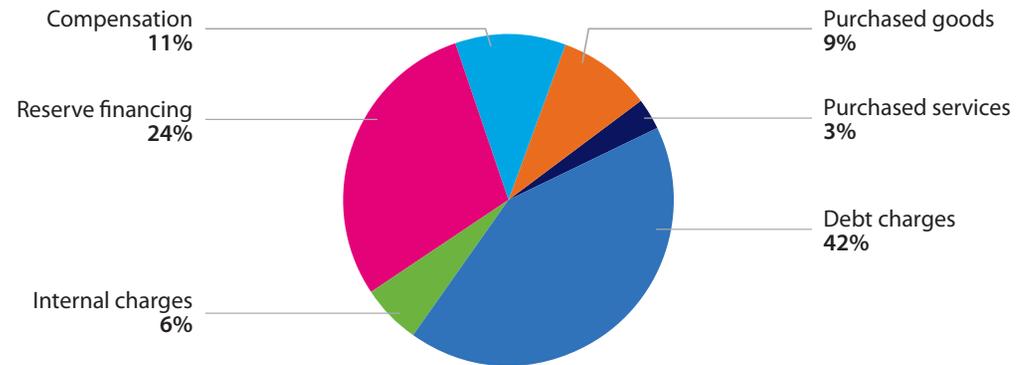
	2013 approved budget	2014 budget by service					Total	Year/year change	Year/year change
		Court administration	Court support	Prosecutions	Facilities				
<b>Revenue</b>									
By-law fines	-\$131,200	-\$131,200	\$0	\$0	\$0	-\$131,200	\$0	0.0%	
POA fines	-\$3,500,000	-\$3,500,000	\$0	\$0	\$0	-\$3,500,000	\$0	0.0%	
Facility rentals	-\$8,500	-\$2,300	\$0	\$0	\$0	-\$2,300	\$6,200	-72.9%	
Transcript revenue	-\$4,500	\$0	-\$8,500	\$0	\$0	-\$8,500	-\$4,000	100.0%	
<b>Total revenues</b>	<b>-\$3,644,200</b>	<b>-\$3,633,500</b>	<b>-\$8,500</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$3,642,000</b>	<b>\$2,200</b>	<b>-0.1%</b>	
<b>Expenditures</b>									
Compensation	\$1,302,367	\$684,707	\$178,827	\$357,251	\$107,816	\$1,328,600	\$26,233	2.0%	
Purchased goods	\$109,690	\$16,480	\$2,993	\$4,535	\$84,692	\$108,700	-\$990	-0.9%	
Purchased services	\$368,669	\$108,171	\$199,658	\$23,946	\$26,336	\$358,110	-\$10,559	-2.9%	
Bank charges	\$39,000	\$30,500	\$0	\$0	\$0	\$30,500	-\$8,500	-21.8%	
Payment to county	\$703,847	\$688,395	\$0	\$0	\$0	\$688,395	-\$15,452	-2.2%	
Debt charges	\$400,000	\$0	\$0	\$0	\$400,000	\$400,000	\$0	0.0%	
Internal charges	\$285,580	\$160,567	\$31,782	\$59,865	\$55,886	\$308,100	\$22,520	7.9%	
<b>Total expenditures</b>	<b>\$3,209,153</b>	<b>\$1,688,820</b>	<b>\$413,259</b>	<b>\$445,597</b>	<b>\$674,729</b>	<b>\$3,222,405</b>	<b>\$13,252</b>	<b>0.4%</b>	
<b>Net budget before reserve financing</b>	<b>-\$435,047</b>	<b>-\$1,944,680</b>	<b>\$404,759</b>	<b>\$445,597</b>	<b>\$674,729</b>	<b>-\$419,595</b>	<b>\$15,452</b>	<b>3.6%</b>	
Reserve financing	\$435,047	\$145,595	\$0	\$0	\$274,000	\$419,595	-\$15,452	3.6%	
<b>Net budget after reserve financing</b>	<b>\$0</b>	<b>-\$1,799,085</b>	<b>\$404,759</b>	<b>\$445,597</b>	<b>\$948,729</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	
<b>Full time equivalents</b>	<b>15.8</b>	<b>8.3</b>	<b>2.4</b>	<b>3.8</b>	<b>1.4</b>	<b>15.8</b>	<b>0</b>		

# COURT SERVICES

## Court Administration

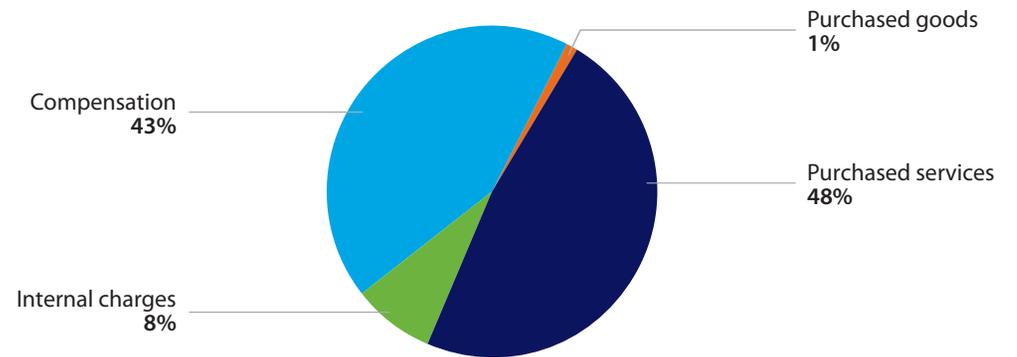


## Court facilities

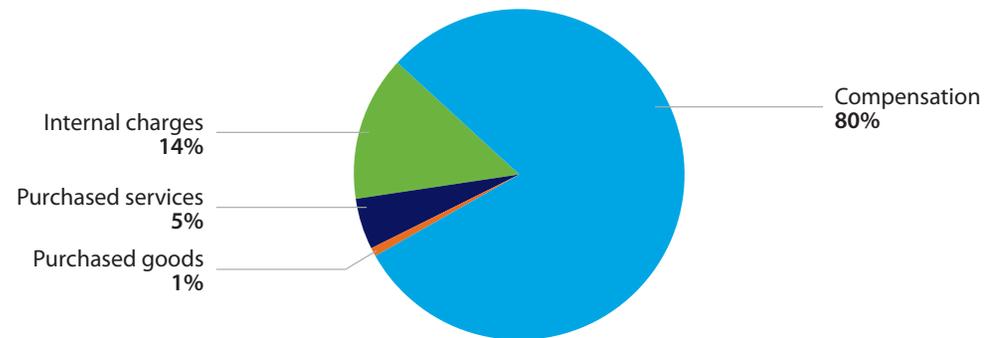


# COURT SERVICES

### Court support



### Prosecutions



## >> Proposed Multi-year Operating Budget

Assumptions used in developing the multi-year operating budget forecast include:

- **Salaries, Wages and Benefits** – annual percentage increases pursuant to collective agreements and increases in required professional trade licence fees
- **Purchased goods** – annual increases of 2 per cent for most goods; some cost reductions in purchased goods e.g. reduced printing costs due to increased use on online services and e-ticketing
- **Purchased services** – annual increases of 2 per cent for most services; some cost reductions in purchased services related to provincial charge backs for court time (adjudication and crown prosecution costs)
- **Financial expenses** – annual increases based on analysis of historical trends
- **Program support costs** – annual increases based on historical increases assessed by most internal departments
- **Revenues** – most expected to remain relatively stable in future years with slight increases due to increased efforts to recover defaulted fines

# COURT SERVICES

The following forecast is provided for information only

## Proposed Multi-year Operating Budget

	2014 total requested budget	Total 2015 forecasted budget	Total 2016 forecasted budget	Total 2017 forecasted budget
<b>Revenue</b>				
By-law fines	-\$131,200	-\$133,824	-\$136,500	-\$139,230
POA fines	-\$3,500,000	-\$3,500,000	-\$3,500,000	-\$3,500,000
Facility rentals	-\$2,300	-\$2,300	-\$2,300	-\$2,300
Transcript revenue	-\$8,500	-\$8,500	-\$8,500	-\$8,500
<b>Total revenues</b>	<b>-\$3,642,000</b>	<b>-\$3,644,624</b>	<b>-\$3,647,300</b>	<b>-\$3,650,030</b>
<b>Expenditures</b>				
Compensation	\$1,328,600	\$1,351,305	\$1,384,013	\$1,417,544
Purchased goods	\$108,700	\$114,794	\$121,286	\$128,202
Purchased services	\$358,110	\$363,821	\$369,648	\$375,594
Bank charges	\$30,500	\$31,110	\$31,732	\$32,367
Payment to county	\$688,395	\$666,214	\$638,629	\$610,212
Debt charges	\$400,000	\$400,000	\$400,000	\$400,000
Internal charges	\$308,100	\$317,343	\$326,863	\$336,669
<b>Total expenditures</b>	<b>\$3,222,405</b>	<b>\$3,244,586</b>	<b>\$3,272,171</b>	<b>\$3,300,588</b>
<b>Net budget before reserve financing</b>	<b>-\$419,595</b>	<b>-\$400,038</b>	<b>-\$375,130</b>	<b>-\$349,443</b>
Reserve financing	\$419,595	\$400,038	\$375,130	\$349,443
<b>Net budget after reserve financing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Full time equivalents</b>	<b>15.8</b>	<b>15.8</b>	<b>15.8</b>	<b>15.8</b>

## >> Proposed 2014 Capital Budget

Court Services' capital budget identifies the most appropriate timing for capital investments, project costs and funding sources. In 2014, total capital expenditures are \$63,000 and the nine year forecast is \$540,000. The capital budget and forecast is allocated between the following categories and funding sources:

### POA Capital Summary

Project category	Project cost	County contributions	Capital reserves
Court facilities	\$325,000	\$162,500	\$162,500
Court administration	\$278,000	\$139,000	\$139,000
<b>Total capital budget</b>	<b>\$603,000</b>	<b>\$301,500</b>	<b>\$301,500</b>

The 2014 Courts Services capital budget includes regular replacement for information technology equipment, and funding for the department's portion of the corporate security system infrastructure replacement and the Corporate Technology Strategy.

A detailed project list is included at the end of this section.

# COURT SERVICES

## >> Reserves and Reserve Funds

The City maintains separate funds for Court Services' capital works and operations. The chart below describes the purpose of each reserve (non-interest earning) and reserve fund (interest earning), the forecasted 2014 ending balance, the reserve or reserve fund target and 2014 forecasted target.

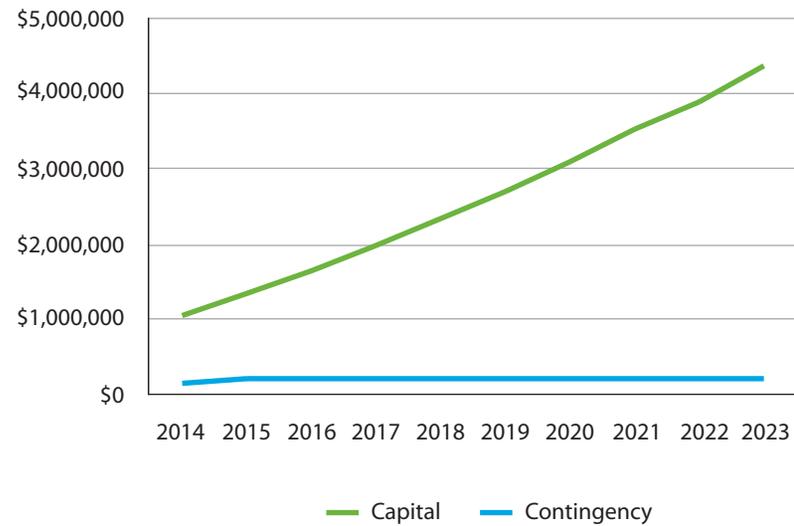
### Court Services Reserves and Reserve Funds

Reserve or reserve fund	Purpose	2014 forecasted balance	Target	2014 forecast
Court Services contingency reserve	The reserve is funded from operating surpluses. Funds are transferred out at the direction of Council to help stabilize the department's annual operating budget, to fund a year-end operating deficit or to pay for capital projects that will result in operating savings. The balance in this reserve should be 10% of gross operating expenditures.	\$129,400	8–10% of gross operating expenditures	10%
Court Services capital reserve fund	Funds are transferred in as contributions from the operating budget or any remaining surplus not committed to another reserve upon closing individual capital projects. This reserve is used to fund the City's share of capital works related to Court Services assets, and pay back loans (service debt) related to Guelph's Provincial Court facility. Annual contributions to this reserve should, at a minimum, equal depreciation expense.	\$1,035,000	At least 100% of annual depreciation expense	100%

# COURT SERVICES

The following graph shows the forecasted 2014-23 balance for each of the reserves and reserve funds. As shown, the balance in the contingency reserve levels out in 2016. As long as the City's share of expenditures is paid for and reserves are adequately funded the City would be eligible to receive a dividend.

**2014–2023 Court Services reserves and reserve funds**



## COURT SERVICES

Capital costs associated with the Court Services operations are funded from the City's portion of the net fine revenue remaining after all operational costs and revenue distribution to the County occurs. The Capital budget is comprised of three primary areas:

1. Facility life cycle and improvements;
2. Information Technology equipment replacement; and
3. Other equipment replacement such as security and building systems.

### COURT FACILITIES

Court facilities include the courthouse itself (former historic Guelph City Hall), the courtyard, planting beds and public access areas in front of the facility as well as the east side secure police in-custody transport area and the judicial parking areas to the rear of the facility.

#### **2014 Facility Projects**

Funding is allocated to repair the building's eaves and downspouts, particularly the areas where seams have come apart. The work will improve water containment and reduce ice build-up occurring on pedestrian access walkways and ramps.

Within the Capital Budget forecast is the following facility work:

**2015** – Roof surface repairs as required.

**2019** – Interior carpet replacement.

**2022**– Comprehensive roof replacement including sheeting and shingles.

### INFORMATION TECHNOLOGY EQUIPMENT

This equipment includes the replacement of existing desktop computers, printers, servers and network equipment. Capital funding is included in each year of the forecast to ensure units are replaced in keeping with the corporate-wide replacement schedule.

#### **2014 IT Projects**

In addition to the regular IT equipment replacement, the 2014 Capital Budget includes the Department's proportionate share of the required funding for implementation of the Corporate Technology Strategic Plan.

### OTHER EQUIPMENT

Certain equipment replacement and upgrades are scheduled to occur at particular points within the forecast.

#### **2014 Equipment Projects**

The 2014 Capital Budget includes the Department's proportionate share of funding towards the corporate security infrastructure replacement.

Within the Capital Budget forecast is the following work:

**2015 and 2020** – Replacement of batteries in the Facility's UPS (Uninterrupted Power Supply) system. The lifecycle of UPS batteries is five years.

**2020** – Replacement of image scanning equipment. This equipment, first acquired in 2013, has a seven-year lifecycle.

**CITY OF GUELPH  
 2014 TAX SUPPORTED CAPITAL BUDGET  
 2015 TO 2023 TAX SUPPORTED CAPITAL FORECAST  
 POA**

Project Number & Description	Gross Project Cost \$(000's)					Sources of External Financing							Net Cost to City	Equipment Replacement	City Reserves	Debt	
	2014	2015	2016	2017	2018	Next 5 Years	Total Project Cost	Grants & Subsidies	Federal Gas Tax	Other	DC's	DC Debt					
<b>11 Court Facilities</b>																	
GG0158 LIFE CYCLE- POA			26.0			239.0	265.0			132.5				132.5		132.5	
<b>Total 11 Court Facilities</b>			26.0			239.0	265.0			132.5				132.5		132.5	
<b>12 Court Administration</b>																	
GG0220 POA SCANNING EQUIPMENT						25.0	25.0			12.5				12.5		12.5	
IT0014 POA ITS REPLACEMENT	10.4	26.5	26.4	21.5	26.3	124.5	235.6			117.8				117.8		117.8	
IT0028 IT STRATEGIC PLAN - POA	2.6	8.7	3.0	3.0			17.3			8.7				8.7		8.7	
IT0035 SECURITY INFA REPLACEMENT - COURTS	50.0					10.0	60.0			30.0				30.0		30.0	
<b>Total 12 Court Administration</b>	63.0	35.2	29.4	24.5	26.3	159.5	337.9			169.0				169.0		169.0	
<b>Total POA</b>	63.0	35.2	55.4	24.5	26.3	398.5	602.9			301.5				301.5		301.5	

5.12

**CITY OF GUELPH  
2019 TO 2023 TAX SUPPORTED CAPITAL FORECASTDETAILS  
POA**

Project Number & Description	Gross Project Cost \$(000's)					Total Project Cost (2019-2023)	Sources of External Financing							
	2019	2020	2021	2022	2023		Grants & Subsidies	Federal Gas Tax	Other	DC's	DC Debt	Net Cost to City	Equipment Replacement	City Reserves
<b>Court Facilities</b>														
GG0158 LIFE CYCLE- POA	25.0	14.0		200.0		239.0			119.5			119.5		119.5
<b>Total Court Facilities</b>	<b>25.0</b>	<b>14.0</b>		<b>200.0</b>		<b>239.0</b>			<b>119.5</b>			<b>119.5</b>		<b>119.5</b>
<b>Court Administration</b>														
GG0220 POA SCANNING EQUIPMENT	25.0					25.0			12.5			12.5		12.5
IT0014 POA ITS REPLACEMENT	19.3	21.0	23.6	18.8	41.8	124.5			62.3			62.3		62.3
IT0036 SECURITY INFA REPLACEMENT - COURTS		10.0				10.0			5.0			5.0		5.0
<b>Total Court Administration</b>	<b>44.3</b>	<b>31.0</b>	<b>23.6</b>	<b>18.8</b>	<b>41.8</b>	<b>159.5</b>			<b>79.8</b>			<b>79.8</b>		<b>79.8</b>
<b>Total POA</b>	<b>69.3</b>	<b>45.0</b>	<b>23.6</b>	<b>218.8</b>	<b>41.8</b>	<b>398.5</b>			<b>199.3</b>			<b>199.3</b>		<b>199.3</b>