



Non-tax-supported Strategy

2015 approved Operating and Capital Budget and Forecast

WATER AND WASTEWATER

Budget development

Annual operating budget development for water and wastewater is based on net-zero funding principles, as defined by the Municipal Act, 2001, where revenues and expenses, including funding for capital reserves, are balanced. For Water and Wastewater Services, this approach to budget development involves the following steps:

- 1) Forecasting water demand volumes and wastewater treatment volumes in cubic metres (m³), and water and wastewater basic charges based on trends in current revenue streams and known changes to customer groups;
- 2) Analysis and forecasting of current year actuals and their impacts on future year expenditures;
- 3) Assessment and summation of all operating expenses that contribute to the budget expenditure total; and
- 4) Bringing together all expenditures and demand forecasts in a rate model to determine the rates required to fund the budgets. This step includes determining adjustments to various funding reserves in order to achieve financial goals including the reduction of infrastructure funding gaps.

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Summary of approved 2015 Water and Wastewater rates

Approved 2015 Water and Wastewater rates are calculated based on 2014 consumption and revenues available at the time of budget development; 2015 revenue forecasts; and total operating and capital budget funding requirements. Additional information on demand forecasting can be found below under About demand forecasting.

Water and Wastewater rates are a combination of variable rates (based on volume used or produced) and fixed rates (basic service charges). Based on Council–approved policy, volume rates capture the bulk of revenue required to fund the Water and Wastewater budgets (approximately 85 per cent of total required revenues). Basic service charges fund the balance including some of the fixed, administrative costs of providing services (e.g. billing and collection, customer service, fire protection, regulatory compliance). With this rate structure, the majority of a customer’s bill costs are driven directly by their use of the service. By managing their water use, customers maintain control of their bills and efficiency is encouraged.

WATER AND WASTEWATER

The following volumetric rates and basic service charges are approved for 2015:

Summary of Rate Changes and Impact on Average Residential Water/Wastewater Annual Bill (365 days)			
	2014	2015	Change
Water Volume Charge \$/cubic metre	\$1.43	\$1.52	\$0.09
Water Basic Charge \$/day	\$0.25	\$0.26	\$0.01
Wastewater Volume Charge \$/cubic metre	\$1.59	\$1.66	\$0.07
Wastewater Basic Charge \$/day	\$0.31	\$0.32	\$0.01
Average Residential Annual Bill (185* cubic metre)	\$763	\$794	\$31 or 4.1%

Notes:

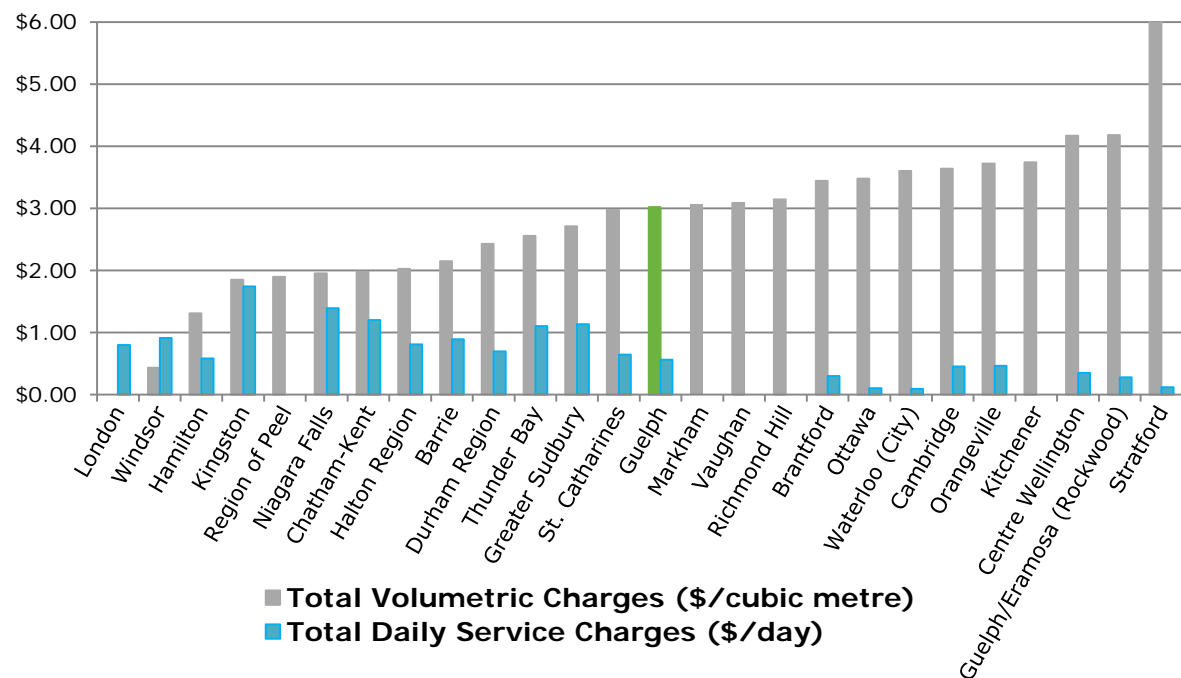
Average annual volume of water consumed by a three-person household in Guelph is estimated at 185 m³. The 2015 rates came into effect on March 1, 2015. The 2015 average annual residential bill is calculated based on two months of existing rates (January and February) and 10 months of increased rates (March to December).

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Water and wastewater rate comparisons

This chart compares Guelph's approved 2014 combined water and wastewater rates with the rates of our Council-approved comparator municipalities for the same year. For 2014 volumetric water/wastewater rates, Guelph ranks 14th among the comparator group (26 municipalities). Guelph is \$0.02 above group median.

Residential water/wastewater total volumetric and service charges by municipality (2014 rates)



Notes: The volumetric rate shown here represents the rate charged for the first cubic metre of water used each month.

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About demand forecasting

Each year the City collects and analyzes customer consumption data and estimates of growth to forecast water and wastewater billable demands. The method used to develop demand and revenue forecasts considers several factors, most notably:

- historical consumption trends
- forecasts for residential and ICI (industrial, commercial and institutional) growth
- climate impacts
- economic pressures
- conservation and efficiency program projections

In recent years, ICI consumption has recovered from the decline experienced during the 2008–2012 economic recession. Guelph continues to experience abnormally wet (2013 and 2014) and dry (2012) summer peak season weather conditions. These changing variables, as well as varying customer demand, make demand forecasting a challenging undertaking.

In recognition of this challenge, the City performs detailed evaluations of these demand drivers and continuously looks for opportunities to improve demand and revenue forecasting with a goal of being within one per cent of actuals. The table below provides a summary of the methods used for demand forecasting.

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Detailed demand forecasting methodology

Year-to-date revenue analysis and yearend forecasting	<ul style="list-style-type: none"> • break out and analyze individual revenue streams (e.g. water from wastewater, volume from basic, residential from ICI) • evaluate year-to-date revenue versus historic trends, and current progress towards annual billable volume targets • correct for known impacts/abnormalities in revenue • develop yearend billable volume estimates based on best available information
Revenue stream growth evaluation and forecast	<ul style="list-style-type: none"> • evaluate residential growth-based indicators (e.g. building permits, meter installations, planning approvals) • evaluate new account start-ups and growth among actual residential accounts • consult other city departments (Economic Development, Engineering) regarding new ICI growth forecasts and changes to customer servicing requirements • contact large ICI customers regarding planned business expansions/reductions and/or process changes which may impact demand
Accuracy assessment and revenue stream adjustment	<ul style="list-style-type: none"> • assess past revenue volatility and historic projections versus actual yearend billable revenues • adjust or correct revenue projections for past shortfalls 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
2015 revenue forecast development	<ul style="list-style-type: none"> • calculate total forecasted revenue as the sum of the volumetric and basic revenue streams • define measurement approaches for future budget variance tracking • develop multi-year budget forecasts with best available information

2015 demand projections

2015 demand projections and related billable consumption by volume for water and wastewater are estimated to be 2.35 per cent lower on average than projected 2014 volumetric consumption. This estimate includes additional billable water demands from modest residential growth with no significant ICI customer growth expected. These estimates are based on direct consultation with large customers, and consultation with other City departments, notably Planning and Building Services, Engineering Services and Economic Development. Primary factors influencing the lower projection include reduced peak summer season revenues in 2014, lower

demands from new growth, and demand decreases associated with customer conservation actions.

Future year rates

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 \$1.87 per cubic metre.

To maintain legislated wastewater treatment levels, ensure the timely replacement of wastewater infrastructure, and to accommodate service growth, wastewater rate projections over the next four years show an increase to \$1.95 per cubic metre.

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Table 2 shows past actuals and projected increases for volumetric rates (dollars per cubic metre) and overall impact to residential customer bills (percentage).

Table 2:

Historic, proposed, and projected rates and residential bill impacts									
	2010	2011	2012	2013	2014	2015 Approved	2016 Projected*	2017 Projected*	2018 Projected*
Water volume charge (per m ³)	\$1.07	\$1.17	\$1.30	\$1.38	\$1.43	\$1.52	\$1.62	\$1.73	\$1.87
Wastewater volume charge (per m ³)	\$1.15	\$1.26	\$1.41	\$1.52	\$1.59	\$1.66	\$1.71	\$1.82	\$1.95
Annual average residential bill (percentage change increase**)	9.9%	9.5%	11.5%	8.0%	3.5%	4.1%	4.3%	4.8%	5.8%

Notes:

*Forecasts based on current service levels and legislation

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

To address the issue of water and wastewater system sustainability and rate stability, Toronto, Barrie, Hamilton, and the Regional Municipality of York support a multi-year, uniform approach to increasing rates. This approach is also approved by Guelph City Council and is employed as a recommendation of the 2014 Water and Wastewater Long Range Financial Plan.

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Financial performance indicators

Chart 7 summarizes Water and Wastewater financial indicators and targets based on Council's financial policies and the Council-approved Water and Wastewater Long Range Financial Plan (LRFP). The approved 2015 water and wastewater budgets support each service area's continued progress towards these financial objectives. Definitions for the indicators are provided below.

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2015 Water and Wastewater financial indicators

Chart 7:

	Target	2015 Predictions from Water LRFP	Actuals Water	2015 Predictions from Wastewater LRFP	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	8.0%	9.4%	9.9%	9.0%
Operating Surplus Ratio	Positive	Positive	Positive	Positive	Positive
Asset Consumption Ratio	35%	n/a	36.8%	n/a	46.1%
Capital Reserves as a % of Historical Asset Value	2-3%	4.5%	7.8%	4.0%	7.8%
Capital Reserves as a % of Asset Replacement Value	2-3%		2.0%		2.0%

LRFP = Long Range Financial Plan as 2014 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. Both Water and Wastewater Services are currently debt free.

Operating reserves as a percentage of own source revenue: focuses specifically on the rate stabilization reserves for water and wastewater compared to each service's own revenues. Having operating reserves within the benchmark allows both service areas to avoid spikes in user rates that may result from unexpected and dramatic changes such as an economic decline or new legislation.

Operating reserves for both water and wastewater are within the target range, but below the 10 per cent target recommended in the Council-approved LRFP (2014).

Operating surplus ratio: provides insight on how much of each service area's own source revenues were available to fund reserves after the coverage of normal operations. In 2015, both Water and Wastewater Services are budgeting higher reserve contributions than in 2014.

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

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Water and Wastewater Services indicate an aging infrastructure, making reserve fund contributions critical for meeting current and future replacement needs. The asset consumption ratios are measured using historical asset costs. A more appropriate measure is replacement cost. The 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 two to three 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.

Note: 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 more accurate.

Water and Wastewater Services Reserves and Reserve Funds

Both Water and Wastewater Services maintain a number of reserves and reserve funds as tools to support financial goals. These reserves are subject to Council-approved management policies and provide flexibility for dealing with revenue and expenditure variations and for funding service growth.

The Water and Wastewater **Operating Rate Stabilization Reserves** are funded from operating budget surpluses and are used to prevent sudden rate increases or to cover

revenue shortfalls. These reserves are important tools for providing affordability for rate payers, and financial stability and sustainability for the City. The reserves are reviewed each year and adjustments made 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 rate stabilization reserve balances have increased in recent years, and remain below the 10 per cent target recommended in the Council-approved Water and Wastewater Long Range Financial Plan (2014).

For 2015 the water rate stabilization reserve has a projected balance of 9.3 per cent of total operating revenues (\$182,463 below the best-practice target of 10 per cent). **Note:** no new contributions are being made in 2015.

For 2015, the wastewater rate stabilization reserve has a projected balance of 8.9 per cent of total operating revenues (\$327,213 below the best-practice target of 10 per cent). **Note:** no new contributions are being made in 2015.

The Water and Wastewater **Capital Reserve Funds** are funded with contributions from the respective operating budgets and are used to fund the completion of current and future capital projects. These projects are typically expensive, long-term investment projects to create or maintain capital assets and, in the City's case, are focused on municipal infrastructure including roads, buildings, water and wastewater treatment, and water, sanitary, and storm piping. These reserves are also reviewed each year and adjustments made to ensure compliance with levels for capital asset replacement and sustainability as outlined in the Council-approved Water and Wastewater Long Range Financial Plan (2014).

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Development Charge Reserve Funds (DC and DC Exempt)

The Water and Wastewater **Development Charge Reserve Funds** are funded by Development Charges collected from

developers and are used to pay for the growth-related component of water and wastewater projects as approved by council in the capital budget. The amount collected will be in proportion to the percentages as laid out in the Development Charges Background Study approved by Council.

The **Development Charge Exempt Reserve Fund** is funded through water and wastewater rates and is maintained to repay any Council-approved or legislated exemptions that reduce the amount of development charges collected.

Charts 8 and 9 describe the purpose of each reserve and reserve fund, the forecasted 2015 ending balance, the target, and the 2015 forecasted target.

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Chart 8:

Reserve or Reserve Fund	Purpose	2015 Forecasted Balance	Target	2015 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.	\$ 2,310,499.96	8-10% of gross operating revenue	9.3%
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.	\$ 12,849,372.45	> = 100% of annual depreciation expense	100%
Water Service DC Exempt Reserve Fund	Funds transferred in as contributions from the operating budget. This reserve fund is used to fund approved growth related costs not eligible under the Development Charges Act. Annual contributions should equal the last known value of Council approved exemptions.	\$ 242,081.57	100% of last known value of Council approved exemptions	100%
Water Services Development Charges Reserve Fund	Funds are transferred in as collected from developers. The reserve fund is used to fund the growth-related component of water projects identified in the Development Charges Background Study and approved in the capital budget.	\$ 17,713,982.00	Monitor that DC collections are occurring as forecast	Updated reserve fund forecasts quarterly
Water Services Contingency Reserve	This reserve is funded by the operating surplus. Funds are transferred out to help the department to respond to emergency or unplanned expenses.	\$220,000	8% to 10% of gross purchased goods and services expenditures	4%

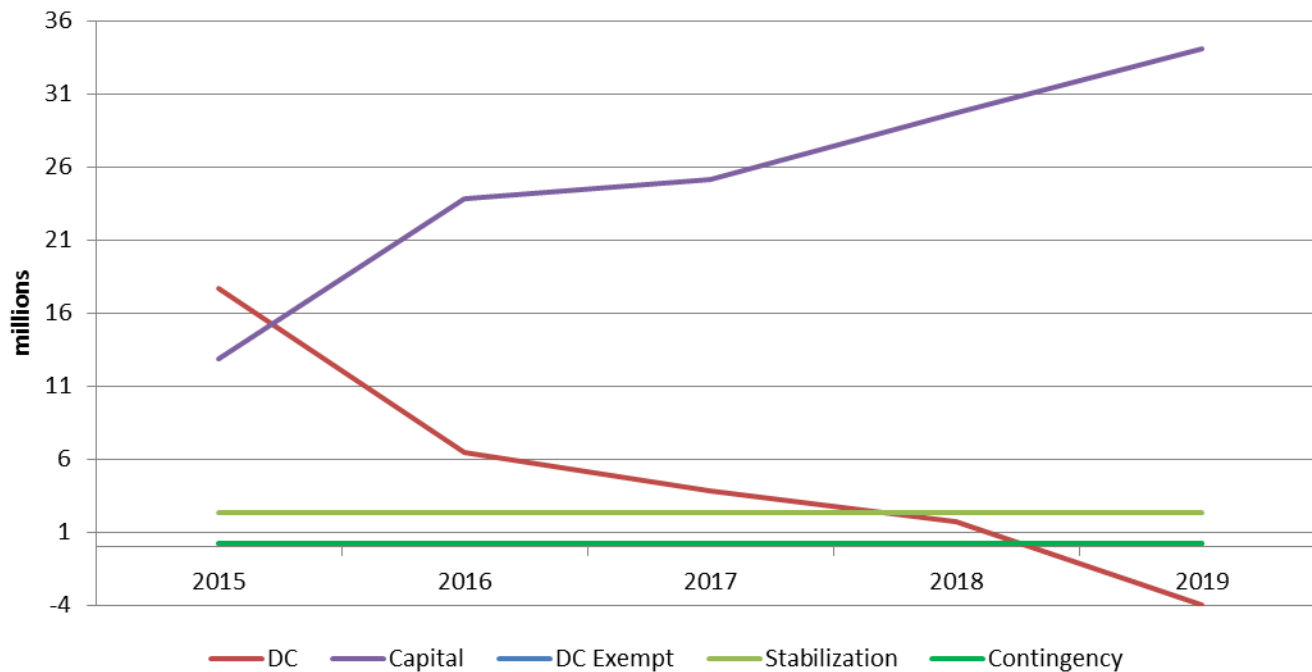
WATER AND WASTEWATER

2015–2019 Water Services Reserves and Reserve Funds (projected balances)

Graph 4 shows the five-year (2015-2019) forecasted balance for reserves and reserve funds.

Graph 4:

2015 - 2019 Water Services Reserves and Reserve Funds (Projected Balances)



to project requirements will be addressed through that process.

Note: The balance for the Water Services Development Charges Reserve Fund goes into a negative position in 2019. This corresponds with the timing of the next update of the Development Charge Study and By-law and shortfalls related

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Chart 9:

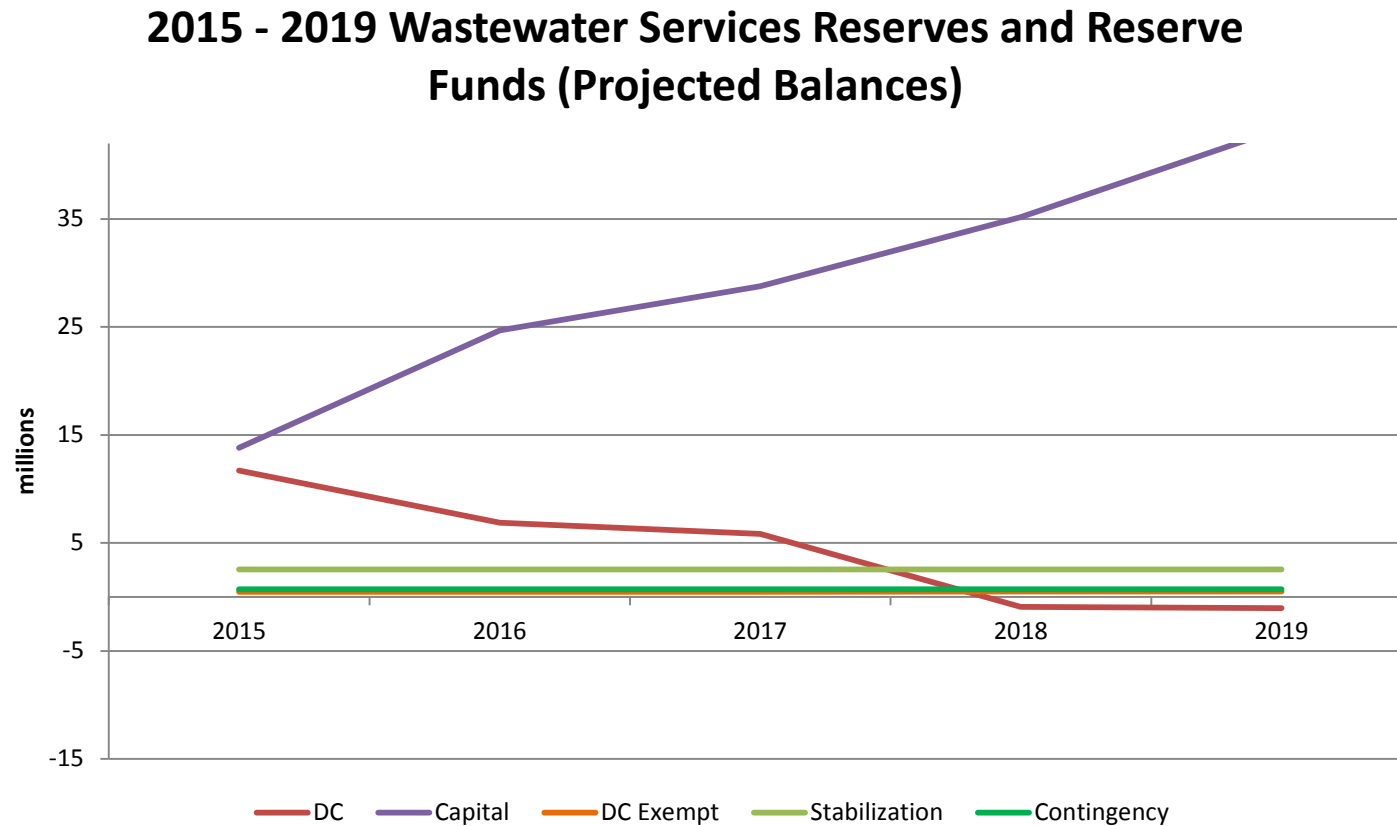
Reserve or Reserve Fund	Purpose	2015 Forecasted Balance	Target	2015 Forecast
Wastewater Services Stabilization Reserve	The reserve is funded from operating surpluses. Funds are transferred out at the direction of Council to help stabilize the rate as part of the annual budget process, to fund a year-end operating deficit or to pay for capital projects that will result in operating savings. The balance in this reserve should be 8-10% of gross operating revenue.	\$ 2,550,094.98	8-10% of gross operating revenue	8.9%
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.	\$ 13,815,218.42	> = 100% of annual depreciation expense	100%
Wastewater Service DC Exempt Reserve Fund	Funds are transferred in as contributions from the operating budget. This reserve fund is used to fund approved growth related costs not eligible under the Development Charges Act. Annual contributions should equal the last known value of Council approved exemptions.	\$ 467,554.17	100% of last known value of Council approved exemptions	100%
Wastewater Services Development Charges Reserve Fund	Funds are transferred in as collected from developers. The reserve fund is used to fund the growth-related component of wastewater projects identified in the Development Charges Background Study and approved in the capital budget.	\$ 11,710,443.50	Monitor that DC collections are occurring as forecast	Updated reserve fund forecasts quarterly
Waste water Services Contingency Reserve	This reserve is funded by the operating surplus. Funds are transferred out to help the department to respond to emergency or unplanned expenses.	\$714,500	8% to 10% of gross purchased goods and services expenditures	10%

WATER AND WASTEWATER

2015–2019 Wastewater Services Reserves and Reserve Funds (projected balances)

Graph 5 shows the five-year (2015-2019) forecasted balance for reserves and reserve funds.

Graph 5:



The balance for the Wastewater Services Development Charges Reserve Fund goes into a negative position in 2018 based on projected revenues. The projects being funded by

this reserve will need to be monitored against actual growth through the City and the forecasts adjusted as required.

WATER SERVICES BUDGET DETAIL

Water Services ensures a safe, secure and sustainable water supply for our community including water used for residential, business, recreational and firefighting purposes. The department is responsible for planning, design, construction, operation, maintenance and overall management of over \$541.5 million in water infrastructure assets. To meet these needs and to care for its infrastructure, the Water Services operating budget provides funding for the following key functions:

Customer Service and Conservation

- Customer service and support
- Utility administration and revenue management
- Staff training and development
- Compliance and conformance programs
- Customer education, engagement and support for the efficient use of water resources, including the implementation of water conservation programs
- Capital components of conservation programs (e.g. leak detection in municipal watermains)
- Continuous service improvement including utility benchmarking and performance evaluation initiatives

Supply, Treatment and Protection

- Provision of a secure, reliable and continuous supply of water to the water distribution system
- Operation and maintenance of related infrastructure including disinfection systems, supply facilities, towers, pumping stations, and reservoirs
- Implementation of programs to ensure operational and environmental compliance
- Sponsorship of provincially mandated Source Water Protection program implemented by Engineering Services

- Sponsorship of backflow prevention program implemented by Building Services
- Planning for infrastructure, capacity and emergency response
- Management and replacement of water supply assets with support from Engineering Services

Distribution and Metering

- Provision of a secure, reliable, and continuous supply of water to customers and for fire protection
- Operations and maintenance of infrastructure including watermains, valves, hydrants and service lines
- Installation of new water meters, replacement of aging meters, and transition to automated meter reading technology
- Planning for infrastructure, capacity and emergency response
- Management and replacement of distribution system assets with support from Engineering Services

WATER SERVICES BUDGET DETAIL

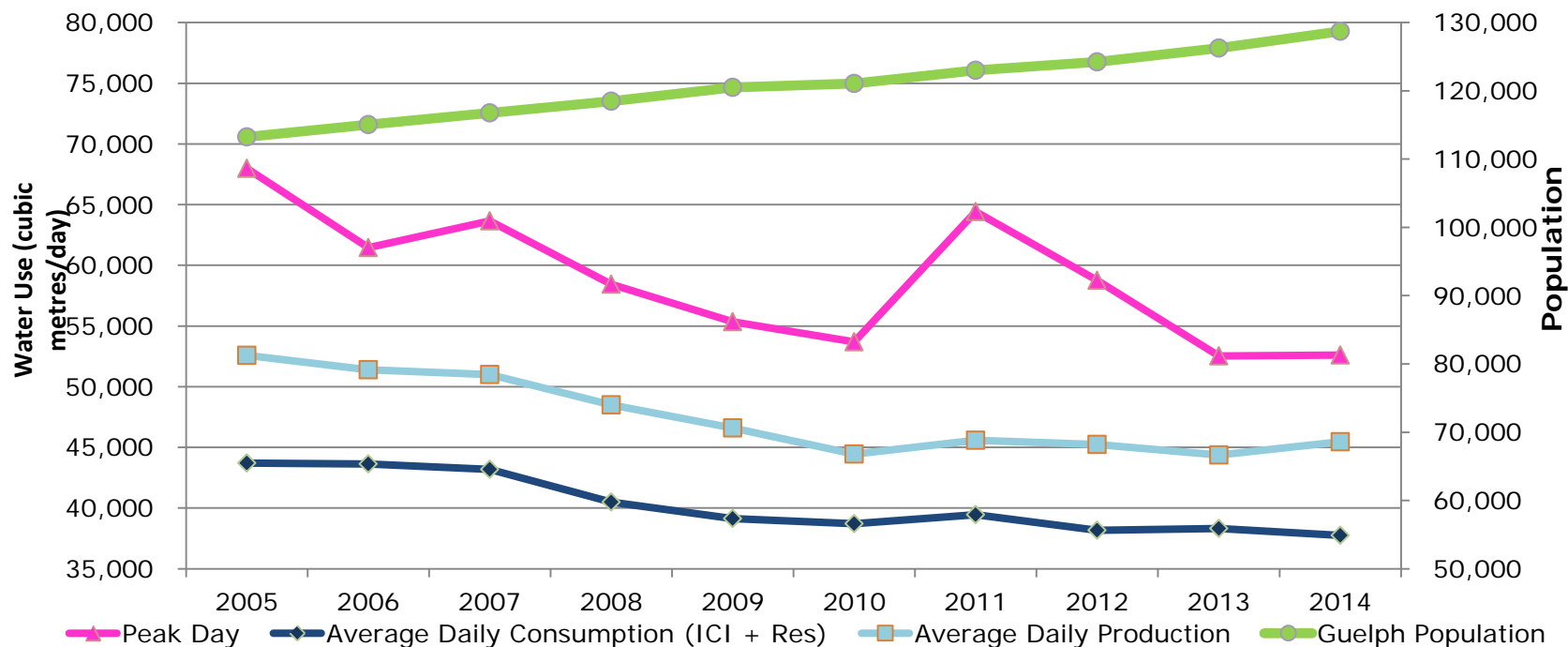
2014 accomplishments

- Continued high scores on Ministry of Environment and Climate Change compliance inspection, and passed annual, third party Drinking Water Quality Management Standard accreditation audit with no further action required
- Reclaimed approximately 1,120 m³/day in water service capacity through the Water Conservation and Efficiency Program, including over 600 m³/day reduction in water loss through the annual Leak Detection Program, resulting in lower operating costs and deferred capital upgrades for service growth
- Completed and received Council approval for the Water Supply Master Plan Update
- Continued implementation of the Arkell Adaptive Management Plan to secure sustainable, new groundwater supplies for service growth
- Improved water safety and security at the F.M. Woods Pumping Station through updated security card access and new security camera system
- Continued implementation of initiatives under provincial *Showcasing Water Innovation Program*:
 - installed real-time water source energy monitors and six distribution system district metered areas to monitor and manage resource use
 - constructed a large-scale rainwater harvesting system at Guelph Transit to reduce the use of potable water for bus washing
- Engaged community, including youth, in the protection and conservation of water resources through local education events:
 - second annual H2O Go Festival: a collaborative event between the City, local not-for profit organizations, water-based businesses, and community volunteers
 - H2Awesome: a collaborative event between the City, Wellington Water Watchers, the University of Guelph, Engineers Without Borders and local school boards for grade eight students from schools across Guelph
- Continued promotion of Guelph tap water with the Guelph Water Wagon attending 16 large-scale community events
- Developed and launched the Water Services Critical Customer Enrollment System aimed at improving emergency response
- Received Council and Ministry of Environment and Climate Change approval of the 2014 Water and Wastewater Long Range Financial Plan
- Initiated an update to the City's 2009 Water Conservation and Efficiency Strategy
- Modified the infrastructure locates program to comply with provincial ON1Call requirements
- Continued implementation recommendations of the approved Water Services management structure review
- Increased electrical power system reliability via electrical upgrades at pumping stations, and tree removals at wells
- Completed repairs on Arkell Dam and the Speedvale water tower

WATER SERVICES BUDGET DETAIL

Key performance measures

Water pumpage and consumption: Guelph water production vs. water consumption vs. population



Notes: Population estimates were provided by Planning Services through to the end of 2014.

Source: Average daily production and peak day production data is measured by 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.

Average day production = total source production (m³)/365*

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 metres by the number of days in each calendar year.

Average daily consumption = total annual consumption (m³)/365*

*366 in a leap year

WATER SERVICES BUDGET DETAIL

Explanation of trend

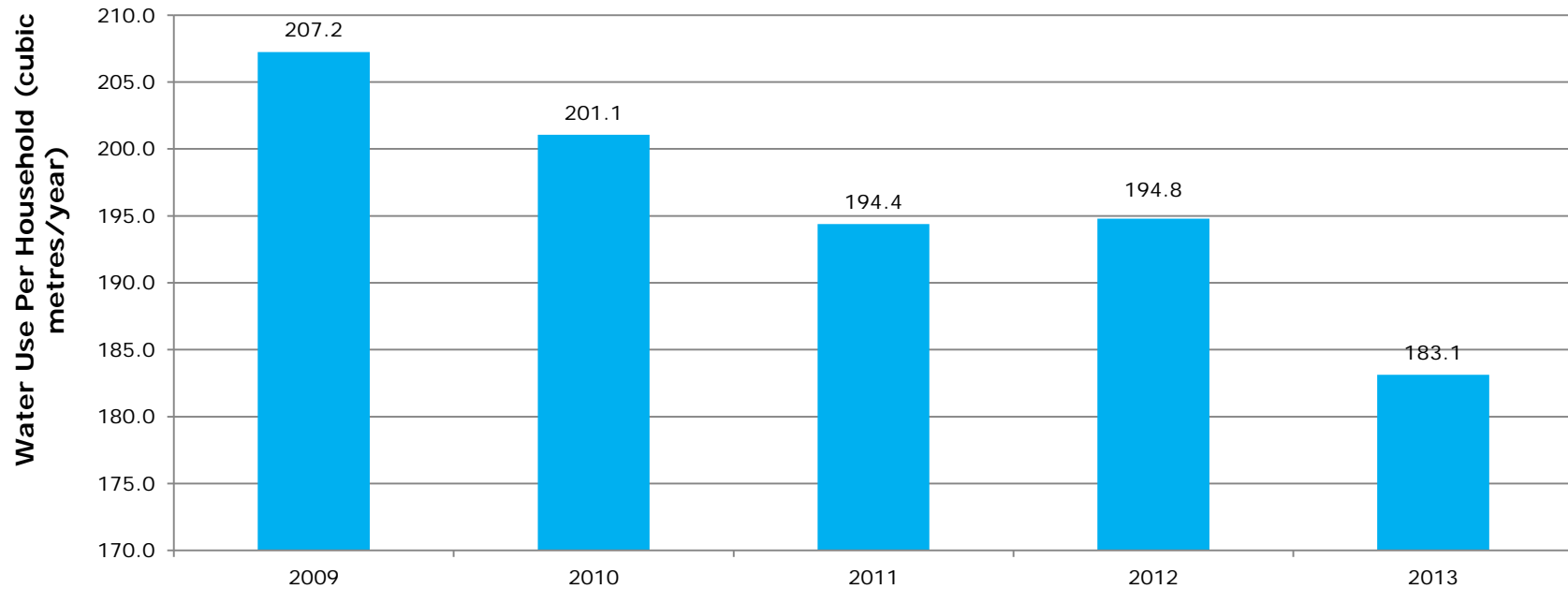
Since 2005 there has been an overall reduction in average daily water production of 12.3 per cent (almost 6,451 m³/day) and a reduction in average daily water consumption of 13.3 per cent (almost 5,807 m³/day), while population has steadily increased by 13.6 per cent (15,460 people). To date, peak daily water production for 2014 is 75 m³/day more than 2013 peak day demand.

Year-to-date average daily consumption is 1.1 per cent (425 m³/day) lower than 2013. This drop in demand can be attributed to the ongoing success of the City's water conservation programs as well as cooler seasonal temperatures and above-average precipitation in the spring and summer of 2014.

Year-to-date average daily production is 3.9 per cent (1,750 m³/day) higher than last year. The increase can, in part, be attributed to system losses associated with frozen and leaking services during an unseasonably cold winter. Prolonged cold temperatures and the penetration of frost to increased soil depths disrupted water services to approximately 80 homes and businesses for significant durations. Furthermore, from January 1 to October 31, 2014, there were 69 reported watermain breaks with many of these events (45) stemming from these severe winter conditions. This is higher than the total number of main breaks experienced during 2013 (39), and water loss reclaimed from repairs of Q1 2014 winter-based breaks and failures alone totaled more than 158,000 m³ of treated drinking water.

WATER SERVICES BUDGET DETAIL

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 average household consumption data of single family homes; medium and high density residential consumption data has been broken out to better reflect differences resulting from household types. Data regarding average 2014 residential water demand was not available at time of budget publication.

Source: Residential water consumption data is measured by customer billing meters.

WATER SERVICES BUDGET DETAIL

Explanation of trend

Between 2009 and 2013, the average single family home's annual water consumption has decreased by 11.6 per cent (24.1 m³ or 24,100 litres per household); the most recent year-over-year comparison saw a substantial decrease in annual consumption of 6.0 per cent (11.7 m³ or 11,700 litres). This decrease may be attributed to the drop in peak seasonal demands seen throughout the cool and wet weather conditions of 2013, a contrast to the hot and dry weather experienced through much of 2012.

Applying the assumption of three people per household, average daily per capita water use in Guelph is 167.2 litres. Guelph's residential consumption is significantly lower than the last reported (2011) provincial and national averages of 207.6 and 251 litres per capita per day, respectively.

Non-revenue water management to reclaim supply capacity for growth

Non-revenue water describes the volume of treated water that is lost within the water distribution piping system; this water never finds its way through a water meter to be used directly by a customer. Non-revenue water is a metric developed for the International Water Association (IWA) Water Balance Audit to evaluate water distribution system performance. This and other IWA Water Balance metrics have become industry best practice for evaluating the efficiency of water distribution systems and have replaced dated and misleading metrics like "unaccounted for" or "per cent lost" water.

Basic factors driving the amount of non-revenue water experienced by a utility include infrastructure age and materials, soil conditions, climate, system pressures, and utility maintenance practices. No water system is without a volume of non-revenue water. The IWA assigns two streams of non-revenue water: unavoidable and avoidable.

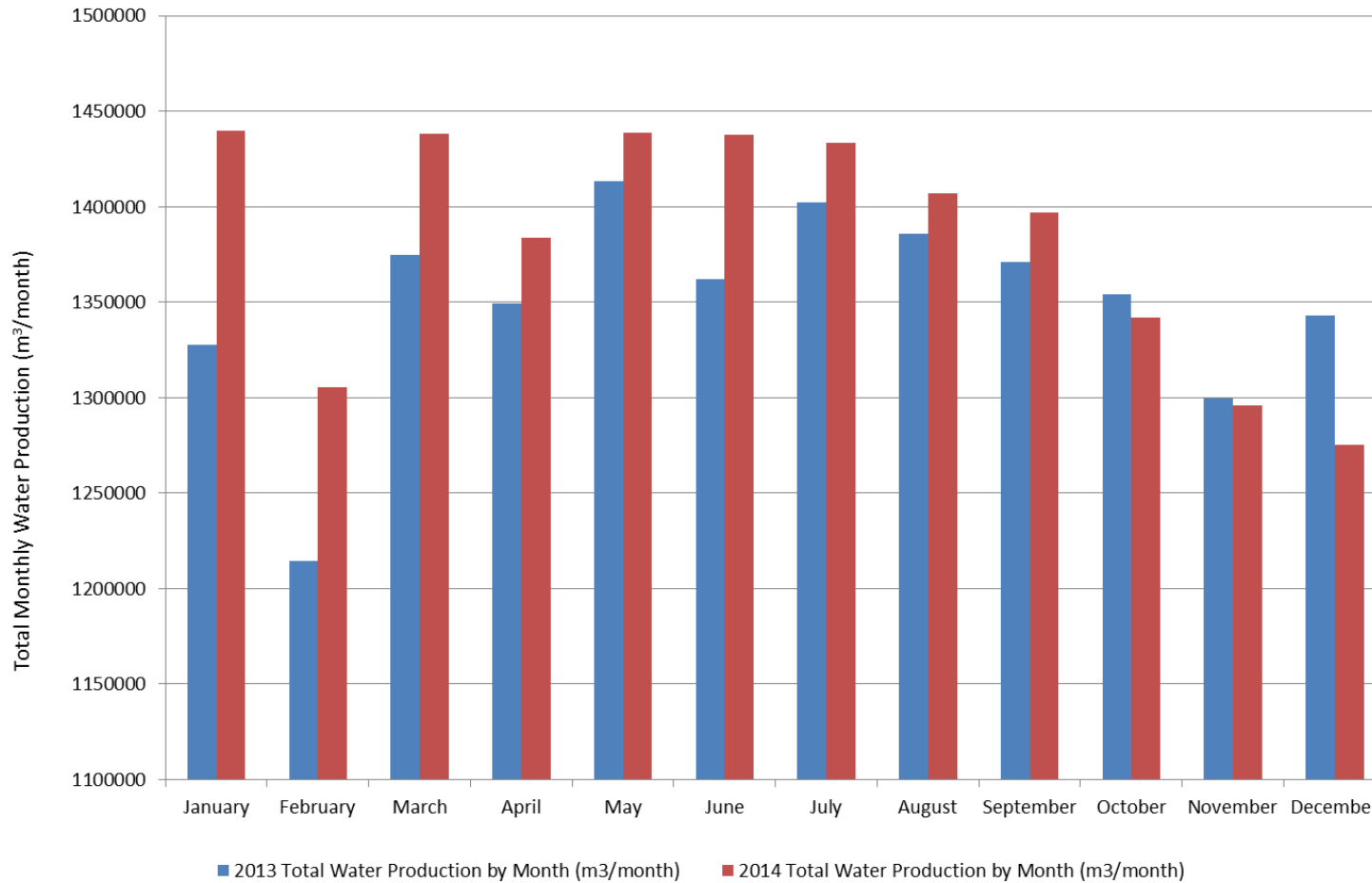
Unavoidable non-revenue volumes are assigned to each system based on the characteristics of the system. For instance, the Guelph system is assigned a non-revenue volume of 813,000 m³ annually at a cost of \$146,000 (pumping and treatment at current expense levels). At this time, it is not considered economically feasible for systems to eliminate this unavoidable water loss.

Reductions in avoidable non-revenue water, however, can lead to significant savings in pumping and treatment costs, and can free up supply and distribution system capacity. As a result of maintenance efforts and infrastructure renewal, Guelph's volume of avoidable non-revenue water has been trending downward since 2009. Severe weather conditions and a resulting increase in leaks and frozen services during the 2013/2014 winter season resulted in an uncharacteristic increase in non-revenue water volume in 2014.

WATER SERVICES BUDGET DETAIL

2013 to 2014 water production comparison

2013 to 2014 Water Production Comparison



WATER SERVICES BUDGET DETAIL

In response to the increase in avoidable non-revenue water loss in 2014, Water Services continued implementation of an enhanced leak detection program including an acoustic sounding evaluation of 300 km of metallic distribution system piping resulting in the reclamation of approximately 1,000 m³/day of treated water supply capacity. Water Services further expanded leak detection work in 2014 with the implementation of six district metered areas (DMAs) to allow for the direct measurement of system losses in predetermined areas and in real time. The DMA initiative received support from Ontario's *Showcasing Water Innovation Program* for the proactive nature and long-term benefits of this best practice approach to water loss management. Included within the approved 2015 Capital budget and forecast is a plan for Water and Engineering Services to install an additional 20 DMAs over the next four years at a cost of approximately \$3.2 million. This work is supported through local development charges with reclaimed water supply capacity supporting the needs of community growth.

Annual provincial compliance inspection results

To ensure the safety of the water provided to customers and ongoing compliance with strict provincial water legislation, each year the Provincial Ministry of the Environment and Climate Change (MOECC) performs a drinking water compliance inspection of Guelph Water Services. These multi-week inspections audit all actions taken to deliver safe water and involve the review of thousands of pieces of compliance and water quality data. At the end of the inspection the MOECC determines an inspection grade (see table of results below) for the utility based on the occurrence any non-compliances over the inspection period. Generally, found non-compliances are administrative in nature (e.g. water sample collected outside of a regulatory schedule) and result in the loss of minor inspection marks from the overall compliance score. The utility is required to put corrective actions in place to prevent recurrence of all non-compliances.

MOECC annual water system inspection scores								
Year	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-2014
City System	100%	91.97%	93.74%	97.38%	100%	96%	94.49%	100%
Gazer Mooney System	100%	100%	98.84%	100%	100%	100%	100%	100%

WATER SERVICES BUDGET DETAIL

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 events that do not impact water quality or the delivery of safe water.

2015 objectives

- Continue to update and develop financing strategies to support the Facility Master Plan and Property Acquisition Strategy
- Revise Water By-law to improve business processes and customer service
- Complete water and wastewater rate review study
- Complete Water Conservation and Efficiency Strategy Update
- Continue implementation of proactive leak detection program including sounding/correlation condition assessment surveys and district metered areas to identify and reduce water losses throughout the system
- Complete pilot of automated meter reading infrastructure
- Complete 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
- Respond to new provincial regulations that will require additional water treatment methods based on a re-evaluation of the source water supply

- Develop water quality management plan for volatile organic compounds
- Continue sponsorship of the Source Water Protection program implemented by Engineering Services

Key changes in 2015

- Increased compensation costs of \$537,200 including \$120,200 for Supervisor of Supply Maintenance position expansion, and \$238,700 ON1Call infrastructure locates services positions expansion
- Decrease in purchased goods and purchased services of \$363,100 and \$183,200 respectively to align budgets with historical spending
- \$220,000 increase to contingency reserve; this reserve is new in 2015 and was created to provide funds to allow the department to respond to emergency or unplanned expenses
- Increased internal charges of \$107,410 charged by other city departments for fuel, computing, advertising, and legal costs
- Increased Capital financing transfer of \$386,000

Total budget expense increase for above changes is \$713,450 or 2.7 per cent.

WATER SERVICES BUDGET DETAIL

2015 Water Services operating budget

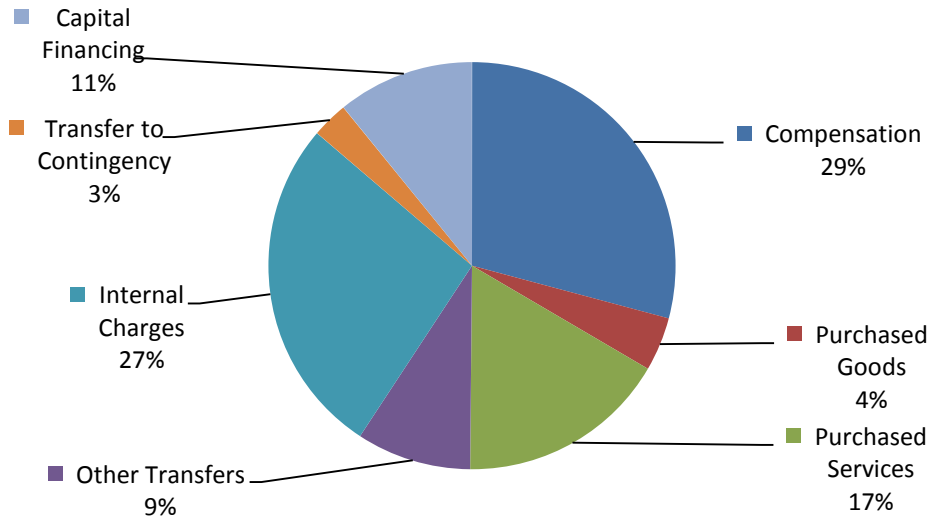
The 2015 Water Services operating budget has gross expenditures of \$27,064,930 including internal charges and transfers to reserves and reserve funds.

2015 approved Water Services operating budget (by functional area)

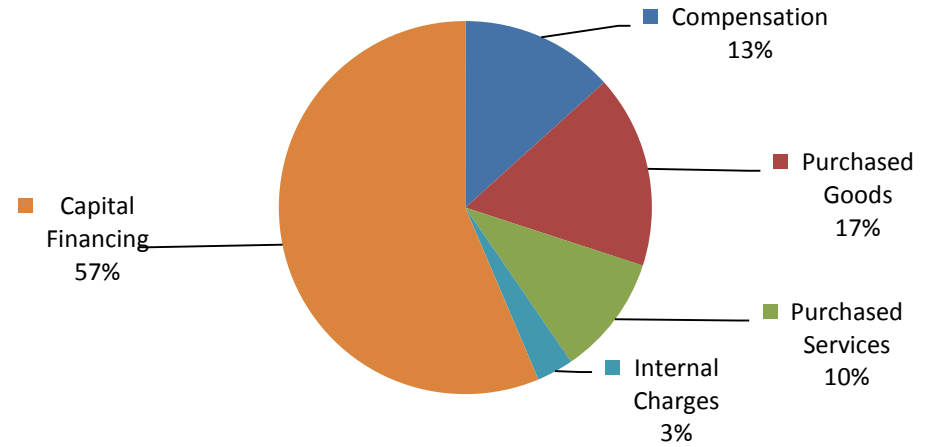
	2014 Approved Budget	Customer Service and Conservation	Supply, Treatment and Protection	Distribution and Metering	2015 Total Approved Budget	Year/Year Change (\$)	Year/Year Change (%)
Revenue							
User Fees & Service Charges	(\$24,218,680)	(\$24,929,630)	\$0	\$0	(\$24,929,630)	(\$710,950)	2.9%
Product Sales	(\$27,000)	(\$14,800)	\$0	\$0	(\$14,800)	\$12,200	-45.2%
Licenses & Permits	(\$50,000)	(\$45,000)	\$0	\$0	(\$45,000)	\$5,000	-10.0%
Interest & Penalties	(\$13,000)	(\$13,000)	\$0	\$0	(\$13,000)	\$0	0.0%
External Recoveries	(\$1,037,300)	(\$270,000)	(\$76,100)	(\$709,600)	(\$1,055,700)	(\$18,400)	1.8%
Internal Recoveries	(\$1,005,500)	(\$1,006,200)	\$0	(\$600)	(\$1,006,800)	(\$1,300)	0.1%
Total Revenue	(\$26,351,480)	(\$26,278,630)	(\$76,100)	(\$710,200)	(\$27,064,930)	(\$713,450)	2.7%
Expenditure							
Compensation	\$5,445,500	\$2,227,500	\$1,325,200	\$2,430,000	\$5,982,700	\$537,200	9.9%
Purchased Goods	\$3,127,000	\$325,700	\$1,659,700	\$778,500	\$2,763,900	(\$363,100)	-11.6%
Purchased Services	\$3,092,480	\$1,277,100	\$1,034,980	\$597,200	\$2,909,280	(\$183,200)	-5.9%
Other Transfers	\$669,000	\$677,840	\$0	\$0	\$677,840	\$8,840	1.3%
Internal charges	\$2,903,800	\$2,061,850	\$316,170	\$633,190	\$3,011,210	\$107,410	3.7%
Transfer to Contingency	\$0	\$220,000	\$0	\$0	\$220,000	\$220,000	100.0%
Sub-total (Before Capital Expenditure and Expansion)	\$15,237,780	\$6,789,990	\$4,336,050	\$4,438,890	\$15,564,930	\$327,150	2.15%
Capital Financing	\$11,113,700	\$838,920	\$5,675,249	\$4,985,831	\$11,500,000	\$386,300	3.5%
Total Expenditure	\$26,351,480	\$7,628,910	\$10,011,299	\$9,424,721	\$27,064,930	\$713,450	2.7%
Net Budget	\$0	(\$18,649,720)	\$9,935,199	\$8,714,521	\$0	\$0	0.0%
Full Time Equivalent	57.0	21.0	15.0	24.0	60.0	3.0	

WATER SERVICES BUDGET DETAIL

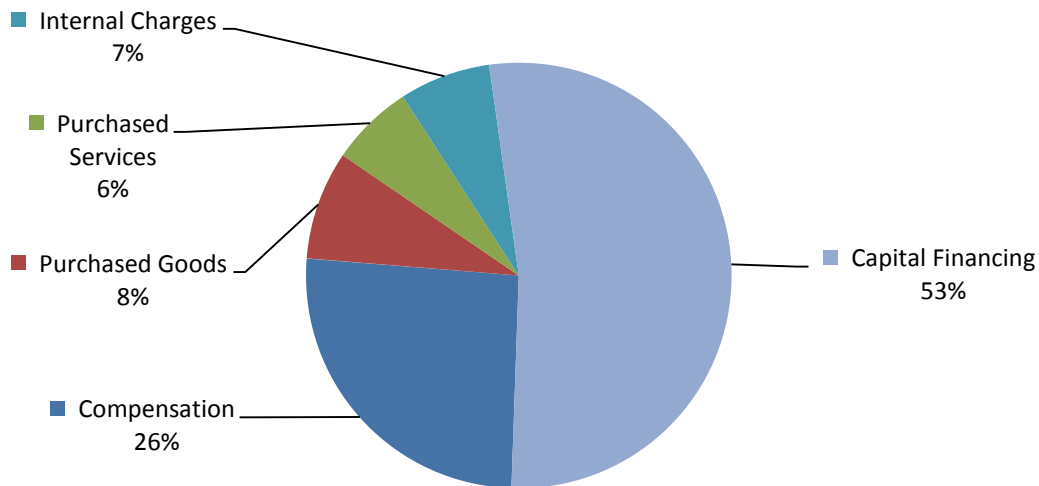
Customer Service and Conservation



Supply, Treatment and Protection



Distribution and Metering



WATER SERVICES BUDGET DETAIL

Water Services operating budget expansions

Management reorganization: Supervisor of Supply Maintenance

The approved 2015 Water Services operating budget includes an additional Full Time Equivalent (FTE) management staff position to support the recommendations of the comprehensive management organizational review conducted in 2013/2014. 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

Recommendations of the review are being 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 in 2015 will improve management staff reporting ratios as recommended by the

Corporate Organizational Review and industry standards for water utilities.

Further information on this expansion is provided in Appendix 4.

Infrastructure locates expansion: Locates Technical Coordinator and Lead Hand

The Ontario Underground Infrastructure Notification System Act (the Act) was passed in 2012. The Act mandates that all owners of underground infrastructure must be a member of Ontario One Call (ON1Call), a not-for-profit corporation created to operate a call center for locate requests to all underground infrastructure owners responsible for providing locates. ON1Call determines both membership fees and locate routing fees. ON1Call also has the legislative ability to fine members for not meeting provincial performance standards for providing a locate, including expected response times.

Historically, the City has provided locate services for buried City infrastructure as a critical core service in Water Services, Wastewater Services and Public Works. This core service has been supported with electronic mapping and infrastructure information provided by Engineering Services. Infrastructure damage caused by unauthorized excavating is a significant threat to the City's provision of essential services and, in the past, has resulted in loss of service, created safety threats to the public and City staff, and resulted in public and private property damage. Similarly, improper locates can result in damaged utilities which may result in negative impacts to the wider community.

The City's mandatory registration with ON1Call in June 2014 has resulted in a doubling in the number of utility locates coming in for response by the City (from approximately 4,500 in 2013). This doubling of locate requests has resulted in the need to defer important maintenance programs (watermain,

WATER SERVICES BUDGET DETAIL

sanitary sewer, water service, storm ditch, traffic signal) with the reassignment of resources and staffing to meet ON1Call performance guidelines. Even with these program deferrals, the City has been unable to meet ON1Call performance guidelines for 15 per cent of the locates provided since June 2014.

Water Services, Wastewater Services, Public Works and Engineering Services, prompted by the transition to ON1Call, have formed a team (the Team) to develop and implement a strategy for addressing the changes to the utility locate services provided by the City. This ongoing effort for improving locate services will increase efficiency, compliance and customer service while making the best use of existing staff, phasing in changes over a reasonable period of time, and building on a climate of teamwork and mutual support.

Ongoing improvement efforts are focused on the following actions:

- Acquiring technology to support utility locates processes (initiated in 2014 with funding from approved 2014 budget, continuing in 2015)
- Implementing a designated City Utility Locates Area that supports and coordinates locate services provided by Water Services, Wastewater Services and Public Works in order to reduce fees paid by the City to ON1Call (beginning in 2015) for member support (from approximately \$62,000 to \$15,000 annually)
- Developing field staff skills to allow for the completion of locates for all municipal infrastructures in one visit (planned for 2015)
- Updating utility resources that used by field staff to support locate services, including improved mapping, technology, and documentation (initiated in 2014, continuing in 2015)

To implement the above actions, the Team has identified the need for a Locates Technical Coordinator in 2015 at an annual

cost of \$104,700. This position will coordinate the City's utility locate services including staff training, management of emergency locates, locate pre-clearing, and coordination of GIS mapping requirements with Engineering Services. The Locates Technical Coordinator will also manage the temporary staffing resources required to meet peak demand periods (spring locate requests are seven times higher than in winter). The performance of the program will also be tracked by the Coordinator (including average time for locate completion and number of locates exceeding mandatory completion time).

The Team has also identified the need for a Locates Lead Hand to drive the move to multiple infrastructure locates (water, sewer, storm, traffic) being completed during a single field visit, a best practice followed by other municipalities. At an annual cost of \$134,000, this position will assist with the development and implementation of a training program that will minimize risk and include enhancements in field technology, electronic mapping and supporting information.

Prior to registration with ON1Call, and with a reduced locate ticket request volume, the City of Guelph's utility locates program cost approximately \$400,000 per year funded across Water Services, Wastewater Services and Public Works (Operations). With the doubling of locate ticket requests following the transition to ON1Call, staff forecast that program costs will rise to approximately \$850,000 annually. It is forecasted that the addition of these two new locate expansions, and the potential \$250,000 in annual savings they are expected to generate, will reduce annual locate program costs to \$600,000 by 2018. The efficiencies driving these savings include effective locate request pre-screening, improved electronic mapping, updated office and field technology, field-locator cross training, and program coordination. Savings from these combined efficiencies are expected to almost offset the costs of these two expansions.

Failure to obtain these additional resources will result in risk for the City in terms of the continued deferral of important

WATER SERVICES BUDGET DETAIL

maintenance programs, prolonged and significant

inefficiencies in service delivery, excessive fees and performance fines paid to ON1Call, related reputational damage, increased customer dissatisfaction, and increased risk of damage to critical City-owned buried infrastructure.

Further information on this expansion is provided in Appendix 4.

WATER SERVICES BUDGET DETAIL

Multi-year Water Services operating budget

The multi-year Water Services operating 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.

2015–2018 multi-year Water Services operating budget

	2014 Approved Budget	2015 Total Approved Budget	2016 Projected Budget	2017 Projected Budget	2018 Projected Budget
Revenue					
User Fees & Service Charges	(\$24,218,680)	(\$24,929,630)	(\$26,371,050)	(\$27,792,200)	(\$29,543,100)
Product Sales	(\$27,000)	(\$14,800)	(\$14,800)	(\$14,800)	(\$14,800)
Licenses & Permits	(\$50,000)	(\$45,000)	(\$45,000)	(\$45,000)	(\$45,000)
Interest & Penalties	(\$13,000)	(\$13,000)	(\$13,000)	(\$13,000)	(\$13,000)
External Recoveries	(\$1,037,300)	(\$1,055,700)	(\$1,055,700)	(\$1,055,700)	(\$1,055,700)
Internal Recoveries	(\$1,005,500)	(\$1,006,800)	(\$1,100,050)	(\$1,101,800)	(\$1,104,650)
Total Revenue	(\$26,351,480)	(\$27,064,930)	(\$28,599,600)	(\$30,022,500)	(\$31,776,250)
Expenditure					
Compensation	\$5,445,500	\$5,982,700	\$6,442,200	\$6,914,300	\$7,173,000
Purchased Goods	\$3,127,000	\$2,763,900	\$3,050,600	\$3,249,300	\$3,353,600
Purchased Services	\$3,092,480	\$2,909,280	\$3,050,200	\$3,094,100	\$3,215,950
Other Transfers	\$669,000	\$677,840	\$705,000	\$733,200	\$769,900
Internal Charges	\$2,903,800	\$3,011,210	\$3,031,600	\$3,031,600	\$3,163,800
Transfer to Contingency	\$0	\$220,000	\$220,000	\$0	\$0
Sub-total (Before Capital Expenditure)	\$15,237,780	\$15,564,930	\$16,499,600	\$17,022,500	\$17,676,250
Capital Financing	\$11,113,700	\$11,500,000	\$12,100,000	\$13,000,000	\$14,100,000
Total Expenditure	\$26,351,480	\$27,064,930	\$28,599,600	\$30,022,500	\$31,776,250
Net Budget	\$0	\$0	\$0	\$0	\$0
Forecast Rates (per m3)	\$1.43	\$1.52	\$1.62	\$1.73	\$1.87
Full Time Equivalents	57.0	60.0	63.0	66.0	66.0

WATER SERVICES BUDGET DETAIL

2015 Water Services capital budget

The approved 2015 Water Services capital budget and forecast identifies the most appropriate timing for capital work, project costs and funding sources. Total expenditures for the Water Services' 2015 capital budget is \$15,915,100, and the nine-year forecast is \$190,717,100.

2015 - 2024 Water Services Capital Budget & Forecast - Service Based ('000s)

Project Category	Project Cost	Federal Gas Tax	Development Charges	Partner Contribution	Grants & Subsidies	Capital Reserves
Growth						
Customer Service & Conservation	7,612.0	0.0	7,612.0	0.0	0.0	0.0
Supply, Treatment & Protection	62,535.6	0.0	55,295.6	0.0	0.0	7,240.0
Distribution & Metering	58,785.0	0.0	36,488.5	0.0	0.0	22,296.5
Total Growth	128,932.6	0.0	99,396.1	0.0	0.0	29,536.5
Infrastructure Replacement						
Customer Service & Conservation	0.0	0.0	0.0	0.0	0.0	0.0
Supply, Treatment & Protection	48,749.6	0.0	0.0	0.0	0.0	48,749.6
Distribution & Metering	28,950.0	0.0	450.0	0.0	0.0	28,500.0
Total Infrastructure Replacement	77,699.6	0.0	450.0	0.0	0.0	77,249.6
Total Capital Budget	206,632.2	0.0	99,846.1	0.0	0.0	106,786.1

Water Services needs to balance the capital budget in terms of infrastructure renewal and enhancing services for both existing and new customers. Most projects in the budget and forecast are scheduled and funded according to Council-approved Master Plans. Water Services is also updating Master Plans to include the full cost of property acquisition.

Taking care of what we own

The Province 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-

WATER SERVICES BUDGET DETAIL

effectively with other infrastructure replacements and scheduled road work.

The approved 2015 Water Services capital budget includes funding for Water and Engineering Services to work towards industry standards and mandatory replacement schedules for all water and wastewater infrastructure. In 2012, Engineering Services completed a Sustainable Infrastructure Report that included 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 approved 2015 Water Services operating and capital budget of \$27.1 million, minus approximately \$3.5 million for various programs unrelated to infrastructure (e.g. conservation, source water protection), the annual water infrastructure spending gap continues to close.

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

In 2015, more than \$7 million is budgeted for infrastructure upgrades including vehicles, technology, facilities, leakage reduction and watermain replacement.

Enhancing City services: preparing for continued growth

The 2014 Council-approved Development Charge By-law includes updated projects and scheduling consistent with recommendations of the various water-related and Council-approved master plans and studies, namely the 2009 Water/Wastewater Servicing Master Plan, 2009 Water Conservation and Efficiency Strategy Update, and 2014 Water Supply Master Plan Update. The latter master plan includes a number of short-term options for addressing community growth and building supply redundancy including water efficiency and conservation, optimization of existing

groundwater sources, and new, local groundwater wells. The completion of Environmental Assessments and related studies for these short-term groundwater options continue to be included in the capital budget and forecast (WT0002 New Water Supply). However, related capital funding for construction of infrastructure, including both water supply infrastructure and distribution system infrastructure, continues to be deferred until 2016 and beyond based on slower-than-forecasted growth rates and lower Development Charge revenue.

In 2015, more than \$8.7 million is budgeted for growth-related upgrades for conservation and efficiency, new supply, storage and piping.

Ensuring regulatory compliance

To ensure the security and reliability of the City's finite groundwater source, the 2015 capital budget includes \$7.2 million over the forecast to fund 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 City's lead reduction program has been successful in meeting provincial guidelines for limiting the amount of lead in tap water and is funded for a remaining \$200,000 in 2015.

Water Services is also anticipating the need to provide treatment upgrades to some water supply wells based on the outcome of the province's update to the Source Characterization Guidelines. Water Services will keep Council informed of these pending changes and will incorporate related upgrades into future capital budgets.

WATER SERVICES BUDGET DETAIL

Project Number & Description	2015	2016	2017	2018	2019	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
Growth																	
Use & Awareness																	
WW0106 CONSERVATION & EFFICIENCY	1,161.0	1,161.0	2,000.0	470.0	470.0	2,350.0	7,612.0				7,612.0						
Total Use & Awareness	1,161.0	1,161.0	2,000.0	470.0	470.0	2,350.0	7,612.0										
Plant Operations																	
WT0002 NEW SUPPLY	1,777.0	2,431.0	1,230.3	2,826.2	2,304.8	11,336.3	21,905.6				21,905.6						
WT0003 WF3 CLYTHE BOOSTER UPGRADE			4,300.0	3,375.0			7,675.0						3,837.5		3,837.5		
WT0005 WF6 ZONE 1A/1B BPS & RESERVOIR	500.0	12,000.0	500.0				13,000.0				11,700.0		1,300.0		1,300.0		
WT0022 WF5 QUALITY UPGRADES & CORROSION CONT	200.0	200.0	200.0	200.0	200.0	1,000.0	2,000.0				1,300.0		700.0		700.0		
WT0023 WS1-7 MASTERPLAN STUDIES			280.0			450.0	730.0				730.0						
WT0025 EAST SIDE BPS & RESERVOIR					500.0	13,525.0	14,025.0				12,622.5		1,402.5		1,402.5		
WT0026 ZONE 2E ELEVATED TANK				500.0	2,700.0		3,200.0				3,200.0						
Total Plant Operations	2,477.0	14,631.0	6,510.3	6,901.2	5,704.8	26,311.3	62,535.6				55,295.6		7,240.0		7,240.0		
Distribution & Transmission																	
WD0001 GORDON-CLAIR TO MALTBY				707.5	707.5		1,415.0				1,273.5		141.5		141.5		
WD0002 W13 HANLON- WELLINGTON-CLAIR					3,500.0	7,250.0	10,750.0				7,955.0		2,795.0		2,795.0		
WD0003 W14 EDINBURGH TO KORTRIGHT					400.0	1,275.0	1,675.0				1,239.5		435.5		435.5		
WD0004 W15 KORTRIGHT- EDINBURGH TO GORDON						1,000.0	1,000.0				740.0		260.0		260.0		
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	4,200.0		1,900.0				6,100.0				3,050.0		3,050.0		3,050.0		
WD0008 W112 ZONE A/B SPLIT						500.0	500.0				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					400.0	1,000.0	1,400.0				1,036.0		364.0		364.0		
WD0013 W1-18 EXHIBITION/DUBLIN					310.0	7,590.0	7,900.0				5,846.0		2,054.0		2,054.0		
WD0017 W1-15 WATSON- SPEEDVALE TO HWY 25						975.0	975.0				877.5		97.5		97.5		
WD0018 EAST SIDE TRANSMISSION LINE				1,000.0	800.0		1,800.0				1,800.0						
WD0019 EAST SIDE ZONE 2 UPGRADES				200.0	220.0		420.0						189.0		189.0		
WD0025 W-1-2 SCOUT CAMP AQUEDUCT TIE-IN					1,100.0	1,400.0	2,500.0				1,250.0		1,250.0		1,250.0		
WD0026 W1-26 EAST SIDE TRANSMISSION LINE (STANT)			100.0	900.0	900.0		1,900.0				1,710.0		190.0		190.0		
WD0027 DISTRIBUTION SYSTEM WATER QUALITY ASSE				150.0			150.0				110.0		40.0		40.0		
WD0028 PROPERTY NEEDS STUDY	150.0						150.0				75.0		75.0		75.0		
WD0029 PERFORMANCE/BENCHMARKING/CRITICALITY			250.0				250.0				250.0						
WD0031 WW-1-26 CLYTHE FEEDERMAINS				600.0	600.0	1,200.0	2,400.0						2,400.0		2,400.0		
WT0027 WF2 VERNEY/CLAIR CONTROL UPGRD	200.0						200.0				145.0		55.0		55.0		
Total Distribution & Transmission	5,150.0	600.0	2,850.0	4,557.5	9,937.5	35,690.0	58,785.0				36,488.5		22,296.5		22,296.5		
Total Growth	8,788.0	16,392.0	11,360.3	11,928.7	16,112.3	64,351.3	128,932.6				99,396.1		29,536.5		29,536.5		
Infrastructure Replacement																	
Plant Operations																	
GG0202 WATERWORKS FLEET REPL	299.4	348.3	350.3	298.6	347.0	1,655.8	3,299.4						3,299.4		3,299.4		
IT0021 WW ITS REPLACEMENT	82.0	79.0	87.0	55.0	92.0	445.0	840.0						840.0		840.0		
IT0030 IT STRATEGIC PLAN - WATER	35.7	36.5	15.4	2.6	16.6	66.4	173.2						173.2		173.2		
IT0034 PAGING SYSTEM REPLACEMENT - WATER SERV		60.0					60.0						60.0		60.0		
WT0007 WATER FACILITY UPG AND STUDIES	4,020.0	1,600.0	2,650.0	2,700.0	2,750.0	13,500.0	27,220.0						27,220.0		27,220.0		
WT0008 UFW REMEDIAL ACTION PLAN	40.0	145.0	150.0	155.0	160.0	865.0	1,515.0						1,515.0		1,515.0		
WT0009 GROUNDWATER PROTECTION	700.0	925.0	700.0	800.0	700.0	3,400.0	7,225.0						7,225.0		7,225.0		
WT0010 LEAD REPLACEMENT	200.0						200.0						200.0		200.0		
WT0013 BURKE TREATMENT		692.0	1,025.0				1,717.0						1,717.0		1,717.0		
WT0015 WF-4 ROBERTSON BOOSTER UPGRADES					1,500.0	5,000.0	6,500.0						6,500.0		6,500.0		
Total Plant Operations	5,377.1	3,885.8	4,977.7	4,011.2	5,565.6	24,932.2	48,749.6						48,749.6		48,749.6		
Distribution & Transmission																	
WD0015 WARD ONE - WATERMAIN REPLACEMENT	750.0	1,500.0	1,000.0	1,000.0	750.0	3,750.0	8,750.0						8,750.0		8,750.0		
WD0016 W116 HANLON CROSSING - PAISLEY		500.0					500.0				450.0		50.0		50.0		
WD0020 W1-13 CARTER AQUADUCT						3,000.0	3,000.0						3,000.0		3,000.0		
WD0021 W1-7 ZONE 1/2 BOUNDARY NORTH OF SPEED	250.0						250.0						250.0		250.0		
WD0022 DOWNTOWN CIP		500.0	500.0	200.0	200.0	800.0	2,200.0						2,200.0		2,200.0		
WD0024 WATERMAIN REPLACEMENT	750.0	1,500.0	1,500.0	1,500.0	1,500.0	7,500.0	14,250.0						14,250.0		14,250.0		
Total Distribution & Transmission	1,750.0	4,000.0	3,000.0	2,700.0	2,450.0	15,050.0	28,950.0				450.0		28,500.0		28,500.0		
Total Infrastructure Replacement	7,127.1	7,885.8	7,977.7	6,711.2	8,015.6	39,982.2	77,699.6				450.0		77,249.6		77,249.6		
Total Water Services	15,915.1	24,277.8	19,338.0	18,639.9	24,127.9	104,333.5	206,632.2				99,846.1		106,786.1		106,786.1		

WATER SERVICES BUDGET DETAIL

The following listing provides a brief summary of the various projects in the 2015 Water Services Non-Tax Supported Capital Budget.

WW0106 Conservation and Efficiency

- Various subprojects approved in CES and continue over the duration of the forecast
- For 2015 and beyond, funding for subprojects has moved from rates to DC's under the update to the DC By-law
- 2015 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
- 2015 projects include: Completion of Clyde 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

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

WT0022 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

WD0005 WI 6 Speedvale – Watson to Westmount

- Project identified in WWSMP to improve east – west transmission
- Construction to be integrated with road reconstruction of Speedvale Avenue between Stevenson and Woolwich

WD0007 WI 9 Wellington – Hanlon to Watson

- Project identified in WWSMP to improve east – west transmission between Clyde and Paisley pumping stations
- Construction of second phase in conjunction with York Trunk Sewer in 2015/2016

WD0028 Property Needs Study

- Various Master Plans which provide high level planning only did not include detailed studies to identify the need for and potential costs of property acquisition for new facilities, and to a limited extent, for easements for new linear infrastructure
- Goal of Property Needs Study is to identify and cost these needs to support the ongoing work of the Master Plans
- Staff anticipate that property acquisition costs will increase the current costs of many projects in the Capital Forecast

WATER SERVICES BUDGET DETAIL

WT00027 WF2 Verney/Clair Control Upgrades

- Project includes control valve upgrades to both Verney and Clair Towers in conjunction with the installation of a flow distribution facility on Dodds Avenue to equalize flows to both water towers
- Equalizing flows between the towers will allow for better use of elevated storage, pressure regulation across the lower pressure zone, and reduced pumping costs

GG0202 Waterworks 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

IT0030 IT Strategic Plan - Water

- Project administered by Information Technology Services involves funding Water Services portions of the Council approved IT Strategic Plan
- 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
- Also funds development of a groundwater monitoring network including monitors in the area of the Emma and Membro Wells. The program will improve the understanding of groundwater flow and 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

WD0015 Ward One Watermain Replacement

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

WATER SERVICES BUDGET DETAIL

WD0021 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

WD0024 Watermain Replacement

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

Remaining Major Projects in Forecast

There are a number of projects that will be on-going during the 2016 to 2024 forecast period. The following listing provides a brief summary of these major projects:

WT0003 WF3 Clythe Booster Upgrade

- Project approved in the WSMP and funded by a combination of DC's and rates. To be completed in 2017
- 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

WT0025 East Side Booster Pumping Station and Reservoir

- Project approved in WWSMP and funded by a combination of DC's and rates.
- Studies underway to determine timing and location of station and reservoir in combination with Clythe Booster and Zone 2E Elevated Tank

WD0002 WI 3 Hanlon – Wellington to Clair

- Project identified in WWSMP to improve north – south transmission
- Environmental Assessment to determine preferred route expected to be completed in 2015

WD0009 WI 14 Arkell Well Transmission Main

- Project identified in WWSMP to provide redundancy in transmission of water from the Arkell Spring Grounds into the City and to service growth in the southern portion of the City

WASTEWATER SERVICES BUDGET DETAIL

Wastewater Services delivers reliable sanitary services and high-quality effluent that meets or does better than regulatory requirements. The department is responsible for planning, design, construction, operation, maintenance and overall management of over \$545.1 million in wastewater infrastructure assets. To meet these needs and care for its infrastructure, the Wastewater Services operating budget provides funding for the following key functions:

Customer Service and Conservation

- Customer service and support
- Customer education about wastewater systems and proper use of toilets and drains
- Staff training and development
- Customer education, engagement and support for the efficient use of water resources, including the implementation of water conservation programs

Plant Operations and Maintenance

- Operation, maintenance and optimization of the Wastewater treatment plant
- Management, planning and compliance of the biosolids program
- Planning and implementation of new capital projects to upgrade the treatment process
- Laboratory testing and services

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

- Enforcing Guelph's Sewer Use By-Law
- Responding to spills

- Addressing sewer blocks and conducting sewer inspections, repairs and flushing
- Planning infrastructure replacements and expansions

2014 Accomplishments

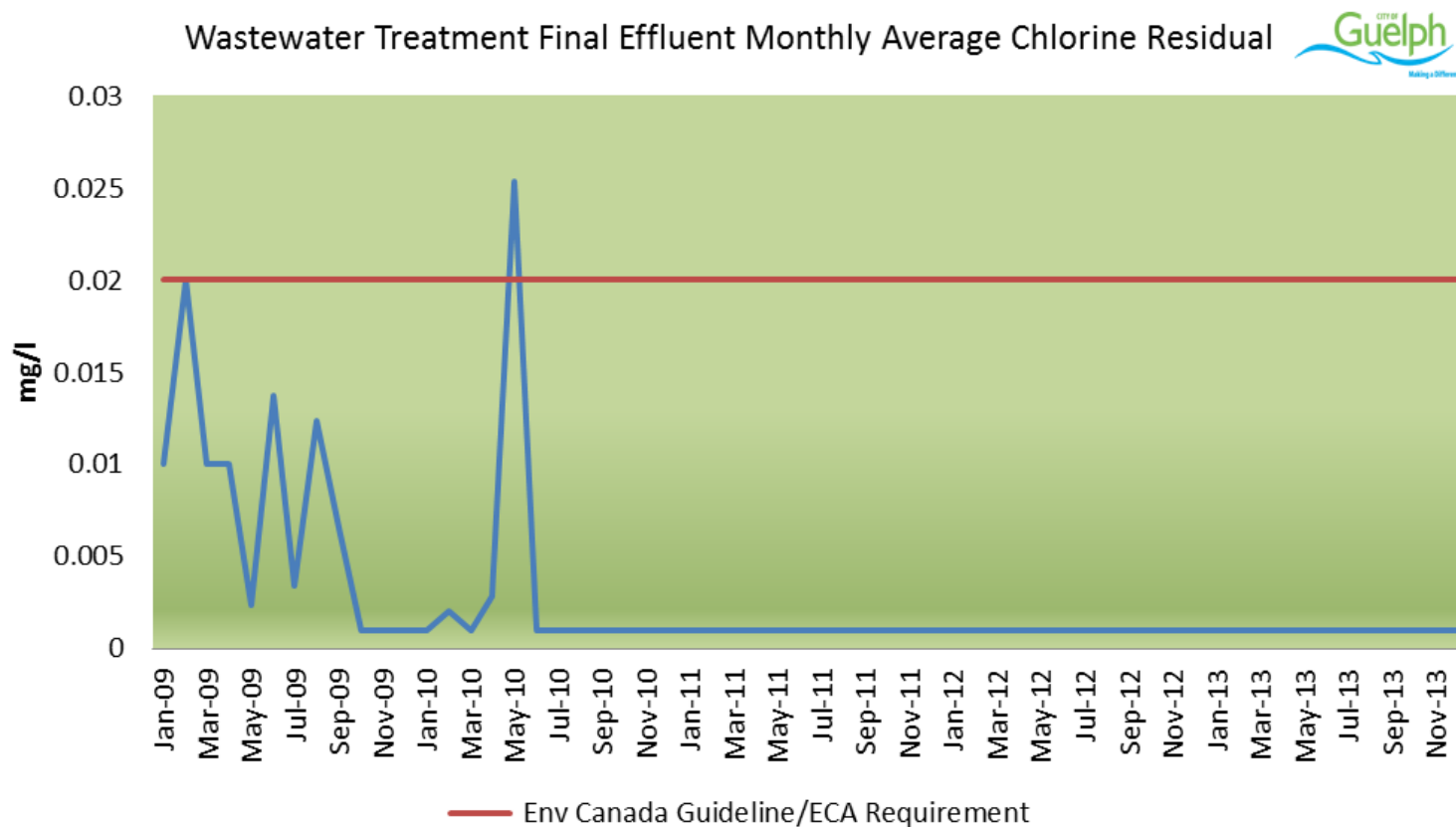
- Evaluated standby power requirements for emergency preparedness; phase II budgeted for 2015
- Started construction for anammox treatment project under the provincial *Showcasing Water Innovation Program*
- Continued capacity demonstration and submitted plant rerating pre-approval application to the Ministry of the Environment and Climate Change
- Received CALA accreditation for Wastewater Lab for ISO 17025 Quality Management System Standard
- Continued to support and co-lead a pilot project to optimize wastewater facilities throughout the Grand River watershed, a project based on Guelph's own success with its optimization program
- Started construction of the Process Operations Centre / Wastewater Services Administration building
- Continued replacement and upgrades to wastewater conveyance system to ensure system reliability
- Finalized tender for biosolids storage facility
- Continued cleaning of digesters
- Successfully implemented transition to provincially legislated ON1Call central locates service
- Started first-stage construction of York Trunk Sanitary Sewer to improve system reliability and capacity

WASTEWATER SERVICES BUDGET DETAIL

Key performance measures

The Guelph wastewater treatment plant is an advanced tertiary treatment plant that discharges into the Speed River. Graph 6 shows the results of the optimization process initiated in March 2008. Enhanced process control has been achieved resulting in a significant drop in monthly chlorine residuals to meet Environment Canada guidelines.

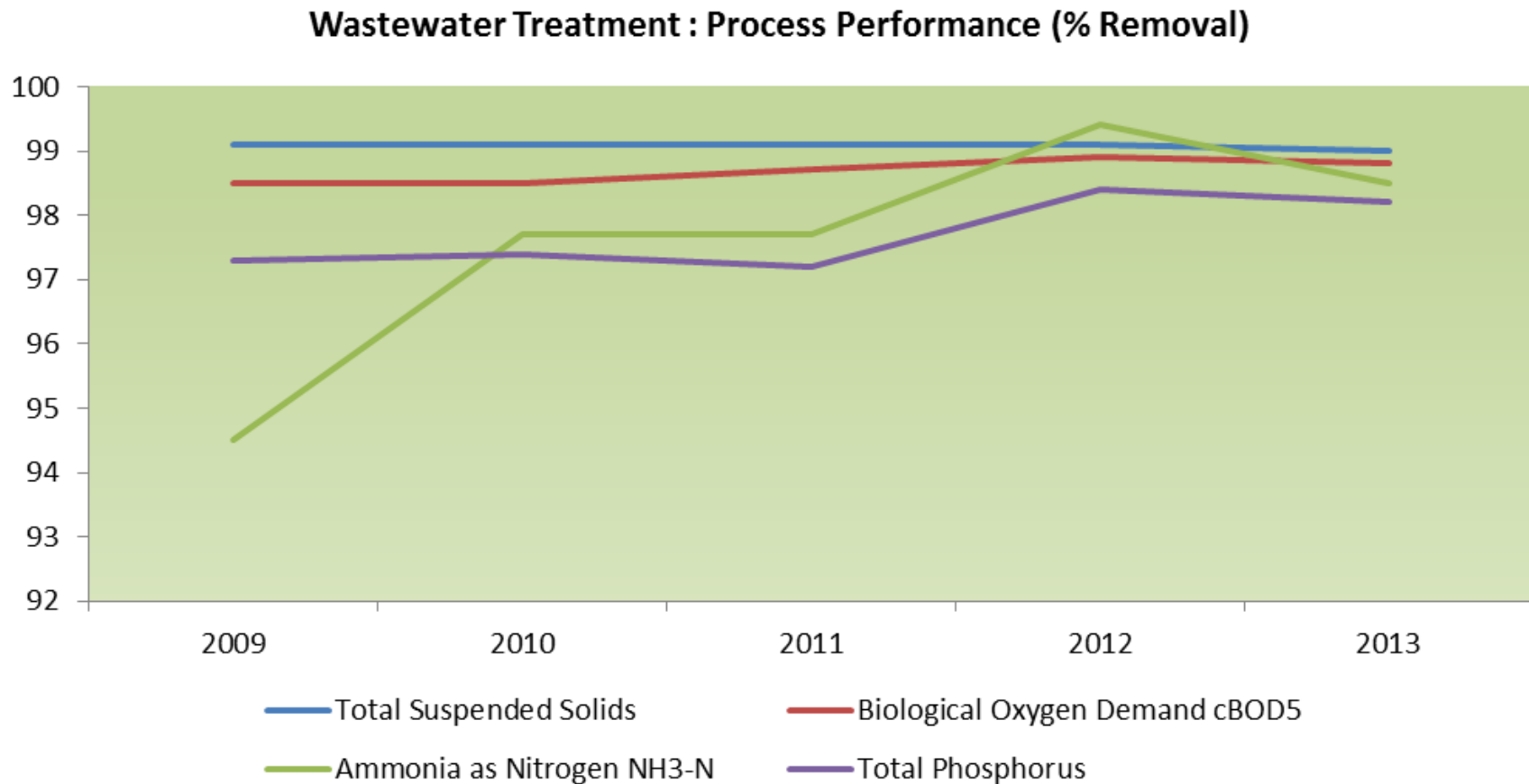
Graph 6:



WASTEWATER SERVICES BUDGET DETAIL

Graph 7 shows exemplary performance from the City's wastewater treatment infrastructure. In particular it shows a consistently high level of ammonia removal which demonstrates improved process control and results in better performance and regulatory compliance.

Graph 7:



WASTEWATER SERVICES BUDGET DETAIL

Megalitres of wastewater treated

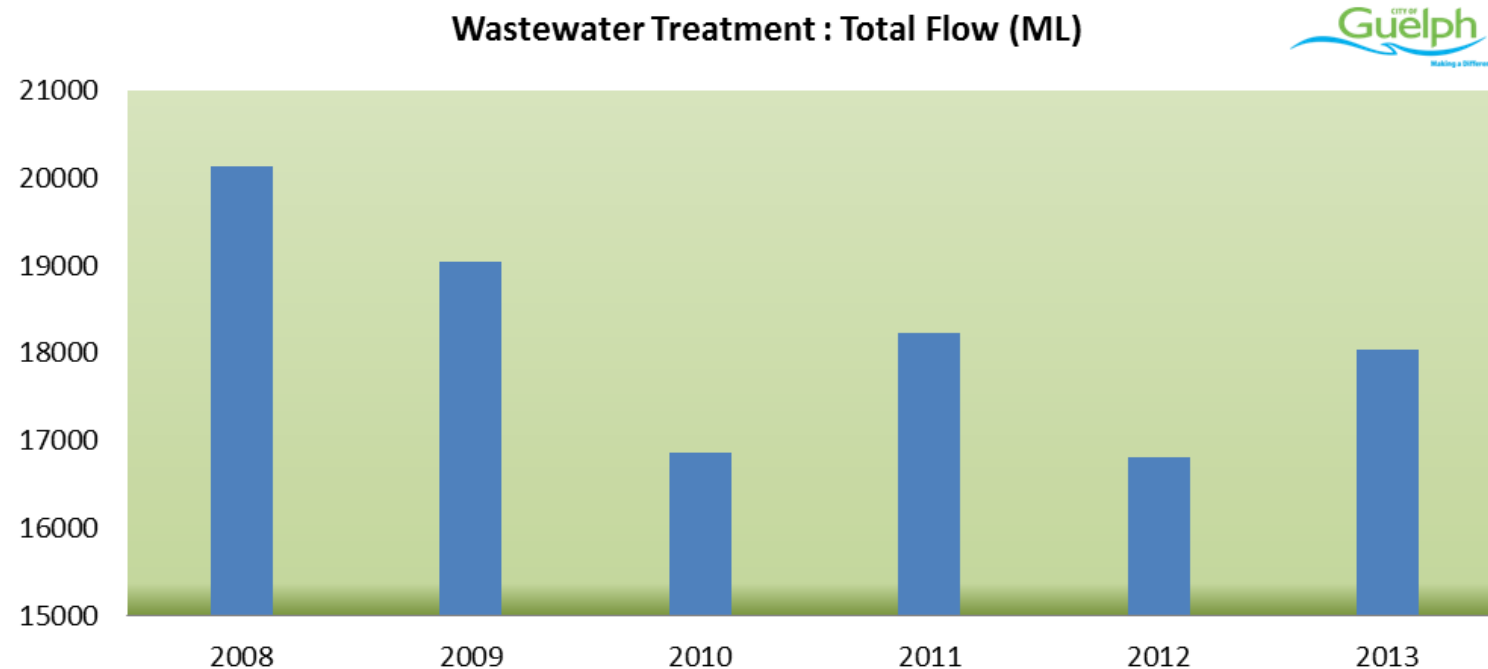
The rated capacity of the existing wastewater treatment plant is 64 million litres per day (MLD). A proposed future capital expansion of the treatment plant would increase the rated capacity to 73.3 MLD. However, Wastewater Services has demonstrated that 73.3 MLD can be treated with the existing infrastructure,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

Once the Ministry of the Environment and Climate Change approves the results of the capacity demonstration,

Wastewater treatment plant annual flow treated (MLD)

Wastewater Services expects to be able to defer an estimated \$14 million plant expansion.

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

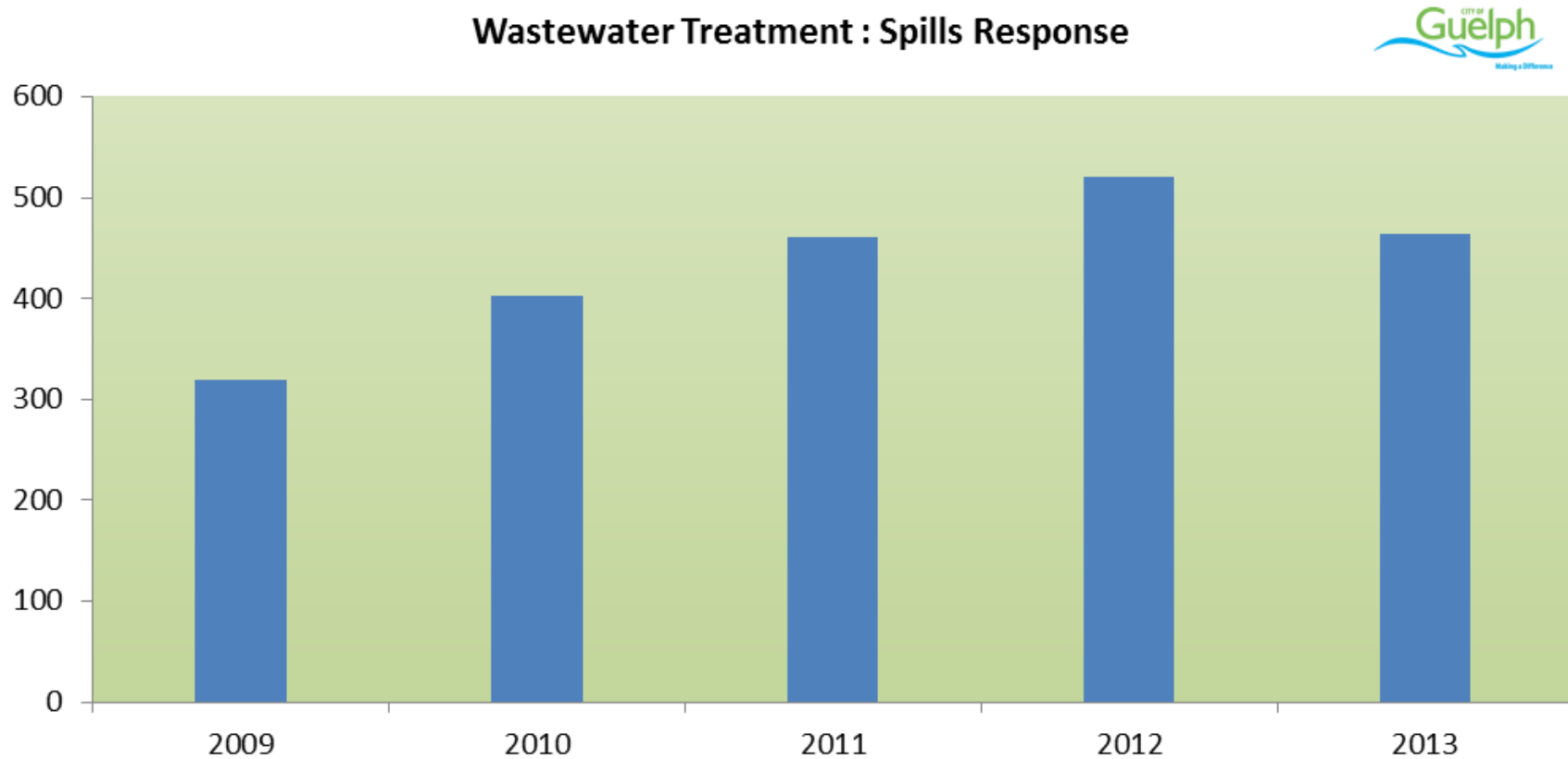


WASTEWATER SERVICES BUDGET DETAIL

Customer service

Graph 8 shows the demand for spill response over the past five years. Increased awareness about the importance of reporting spills is contributing to the overall increase in the number of spills reported.

Graph 8:



WASTEWATER SERVICES BUDGET DETAIL

2015 objectives

- Continue to support the Southern Ontario Water Consortium pilot-scale demonstration facility
- Complete construction of the anammox side stream treatment project, and pilot it on the main stream treatment system
- Seek approval from the Ministry of the Environment and Climate Change for rerating the wastewater facility to 73.3 MLD thereby deferring an estimated \$14 million in infrastructure expansion costs
- Complete construction of the Process Operations Centre/Wastewater Administration building
- Tender and complete construction of biosolids storage facility to enable more beneficial reuse of biosolids (e.g. land application)
- Begin second stage construction of York Trunk Sanitary Sewer to improve system reliability and capacity
- Continue sewer condition assessments to ensure system reliability
- Continue replacement of and upgrades to wastewater conveyance system and the wastewater treatment facility

Key changes in 2015

- Increased compensation costs of \$237,500 including salary grid moves and economic adjustment and two part-time, seasonal wastewater collection operator positions expansion.
- Decrease in purchased goods and purchased services of \$786,000 and \$499,750 respectively to align budgets with historical spending
- \$714,500 increase to contingency reserve; this reserve is new in 2015 and was created to provide funds to allow the department to respond to emergency or unplanned expenses
- Increased internal charges of \$221,792 charged by other city departments for fuel, vehicle maintenance, computing, and legal costs
- Increased Capital financing transfer of \$619,128

Total budget expense increase for above changes is \$518,688 or 1.8 per cent.

WASTEWATER SERVICES BUDGET DETAIL

2015 Wastewater Services operating budget

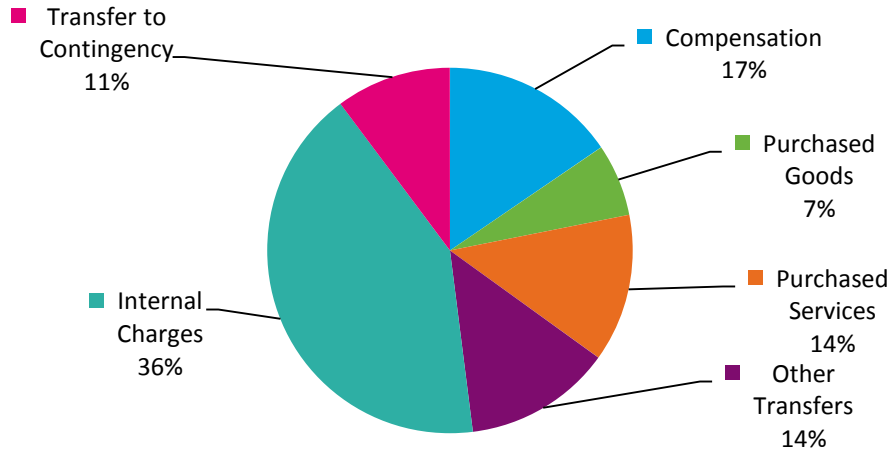
The 2015 Wastewater Services operating budget has gross expenditures of \$28,811,778 including internal charges and transfers to reserves. Chart 8 shows the cost by functional area.

Chart 8:
(by functional area)

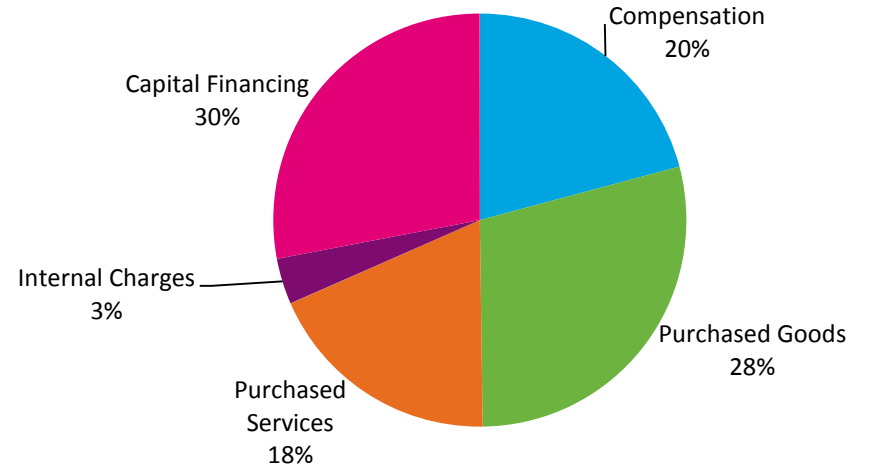
	2014 Approved Budget	Customer Service and Conservation	Plant Operations and Maintenance	Spills Response, Sewer use, Enforcement and Wastewater Collections	2015 Total Approved Budget	Year/Year Change (\$)	Year/Year Change (%)
Revenue							
User Fees & Service Charges	(\$28,222,890)	(\$28,773,078)	\$0	\$0	(\$28,773,078)	(\$550,188)	1.9%
Interest & Penalties	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
External Recoveries	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Internal Recoveries	(\$70,200)	(\$30,000)	(\$8,700)	\$0	(\$38,700)	\$31,500	-44.9%
Total Revenue	(\$28,293,090)	(\$28,803,078)	(\$8,700)	\$0	(\$28,811,778)	(\$518,688)	1.8%
Expenditure							
Compensation	\$4,816,700	\$1,082,300	\$2,535,400	\$1,436,500	\$5,054,200	\$237,500	4.9%
Purchased Goods	\$4,933,200	\$447,100	\$3,522,900	\$177,200	\$4,147,200	(\$786,000)	-15.9%
Purchased Services	\$3,823,818	\$915,420	\$2,265,048	\$143,600	\$3,324,068	(\$499,750)	-13.1%
Other Transfers	\$878,500	\$890,018	\$0	\$0	\$890,018	\$11,518	1.3%
Internal Charges	\$2,760,000	\$2,323,560	\$437,132	\$221,100	\$2,981,792	\$221,792	8.0%
Transfer to Contingency	\$0	\$714,500	\$0	\$0	\$714,500	\$714,500	100.0%
Sub-total (Before Capital Expenditure and Expansion)	\$17,212,218	\$6,372,898	\$8,760,480	\$1,978,400	\$17,111,778	(\$100,440)	-0.6%
Capital Financing	\$11,080,872	\$0	\$3,987,003	\$7,712,997	\$11,700,000	\$619,128	5.6%
Total Expenditure	\$28,293,090	\$6,372,898	\$12,747,483	\$9,691,397	\$28,811,778	\$518,688	1.8%
Net Budget	\$0	(\$22,430,180)	\$12,738,783	\$9,691,397	\$0	\$0	0.0%
Full Time Equivalents	52	9	14	29.69	52.69	.69	

WASTEWATER SERVICES BUDGET DETAIL

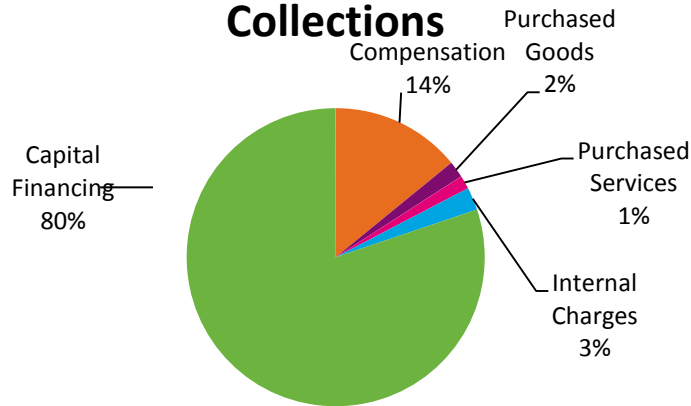
Customer Service and Conservation



Plant Operations and Maintenance



Spills Response, Sewer Use, Enforcement and Wastewater Collections



WASTEWATER SERVICES BUDGET DETAIL

2015 Wastewater Services operating budget expansions

In response to the need to meet to mandated turnaround times of the provincially legislated ON1Call central locate service while continuing regular wastewater collection duties, the approved 2015 Wastewater Services operating budget includes two additional part-time wastewater collection operators for a four-month, peak locate season period. These two positions will perform waste collection duties, including proactive video scans (CCTV) of sanitary mains, and will free up regular full-time staff to perform locates when the demand is highest between May and September.

Further information on this expansion is provided in Appendix 4.

WASTEWATER SERVICES BUDGET DETAIL

Multi-year Wastewater Services operating budget

The multi-year Wastewater Services operating budget is based on forecasted compensation, energy costs and inflation. Staff will work to refine this forecast in future budgets and will include anticipated program expansions. The Table 3 summary below is provided for information only.

Table 3:

	2014 Approved Budget	2015 Total Approved Budget	2016 Projected Budget	2017 Projected Budget	2018 Projected Budget
Revenue					
User Fees & Service Charges	(\$28,222,890)	(\$28,773,078)	(\$29,553,750)	(\$30,952,900)	(\$32,588,806)
Interest & Penalties	\$0	\$0	\$0	\$0	\$0
External Recoveries	\$0	\$0	\$0	\$0	\$0
Internal Recoveries	(\$70,200)	(\$38,700)	(\$38,700)	(\$38,700)	(\$38,700)
Total Revenue	(\$28,293,090)	(\$28,811,778)	(\$29,592,450)	(\$30,991,600)	(\$32,627,506)
Expenditure			\$0		
Compensation	\$4,816,700	\$5,054,200	\$5,203,700	\$5,359,600	\$5,543,350
Purchased Goods	\$4,933,200	\$4,147,200	\$4,281,300	\$4,420,700	\$4,562,657
Purchased Services	\$3,823,818	\$3,324,068	\$3,384,800	\$3,449,900	\$3,572,563
Long Term Debt Charges	\$0	\$0	\$0	\$0	\$0
Other Transfers	\$878,500	\$890,018	\$925,600	\$962,600	\$1,010,700
Internal Charges	\$2,760,000	\$2,981,792	\$3,097,050	\$3,098,800	\$3,238,236
Transfer to Contingency	\$0	\$714,500	\$0	\$0	\$0
Sub-total (Before Capital Expenditure)	\$17,212,218	\$17,111,778	\$16,892,450	\$17,291,600	\$17,927,506
Capital Financing	\$11,080,872	\$11,700,000	\$12,700,000	\$13,700,000	\$14,700,000
Total Expenditure	\$28,293,090	\$28,811,778	\$29,592,450	\$30,991,600	\$32,627,506
Net Budget	\$0	\$0	\$0	\$0	\$0
Forecast Rate (per m3)	\$1.59	\$1.66	\$1.71	\$1.82	\$1.95
Full Time Equivalent	52	52.69	52.69	52.69	52.69

WASTEWATER SERVICES BUDGET DETAIL

2015 Wastewater Services capital budget

The approved 2015 Wastewater Services capital budget and forecast identifies the most appropriate timing for capital work, project costs and funding sources. Total expenditures for the approved 2015 Wastewater Services capital budget is \$19,759,400, and the nine–year forecast is \$172,359,200.

2015 - 2024 Wastewater Services Capital Budget & Forecast - Service Based ('000s)

Project Category	Project Cost	Federal Gas Tax	Development Charges	Developer & Other	Capital Reserves
Growth					
Treatment Plant Operations	75,258.0		61,438.5	906.6	12,913.0
Sewer Use and Collection	58,263.0		25,649.5	0.0	32,613.5
Total Growth	133,521.0	0.0	87,088.0	906.6	45,526.5
Infrastructure Replacement					
Treatment Plant Operations	19,697.6	0.0	0.0	0.0	19,697.6
Sewer Use and Collection	38,900.0	0.0	1,180.0	0.0	37,720.0
Total Infrastructure Replacement	58,597.6	0.0	1,180.0	0.0	57,417.6
Total Capital Budget	192,118.6	0.0	88,268.0	906.6	102,944.1

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

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

WASTEWATER SERVICES BUDGET DETAIL

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 Wastewater and Engineering Services to work towards industry standards and mandatory replacement schedules for all water and wastewater 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 approved 2015 Wastewater Services operating and capital budget of \$28.9 million minus the \$5 million for various programs unrelated to infrastructure, the annual wastewater infrastructure spending gap to sustain this infrastructure is now estimated to be approximately \$ 6 million.

Increases to capital funding must continue to achieve the sustainability target and help address the remaining estimated \$53 million infrastructure backlog for wastewater system assets which have theoretically reached the end of their lifecycle.

Enhancing City services: 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 Ministry of the Environment and Climate Change approval to rerate the existing

wastewater facility, the approved Wastewater Services capital budget is designed to accomplish the following:

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

Ensuring regulatory compliance

Wastewater Services oversees two Operating Licences on behalf of the Corporation to manage the wastewater treatment facility and wastewater collection systems. As a result of these licences, Wastewater Services provides and delivers services that ensure compliance with the Wastewater Systems Effluent Regulation established under the Fisheries Act. The Ministry of Environment and Climate Change (MOECC) has issued an Environmental Compliance Approval to Wastewater Services which establishes the criteria that effluent being discharged into the Speed River must meet. The MOECC's Environmental Protection Act and Ontario Regulation 675/98 is for spills management.

WASTEWATER SERVICES BUDGET DETAIL

Project Number & Description	2015	2016	2017	2018	2019	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
Growth																	
Treatment & Plant Operations																	
ST0001 PLANT RERATING - PHOS REDN IN						51.0	408.0	459.0			459.0						
ST0002 WWTP - UPGRADES & STUDIES	198.0	198.0	249.0	352.0	198.0		646.0	1,841.0			460.3		1,380.8		1,380.8		
ST0003 WWTP BIOSOLIDS FACILITY UPGRD		500.0	500.0	1,646.0	2,646.0		24,163.0	29,455.0			20,618.5		8,836.5		8,836.5		
ST0004 WWTP PHASE 2 EXPANSION		1,250.0		5,250.0			6,451.0	12,951.0		906.6	12,044.4						
ST0005 WWTP UPGRADES					1,000.0		8,801.0	9,801.0			7,840.8		1,960.2		1,960.2		
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						306.0	408.0			408.0						
ST0019 WWTP EXPANSION TO 85 MLD							6,000.0	6,000.0			6,000.0						
ST0020 PROCESS OPERATIONS CENTRE							400.0	400.0			200.0		200.0		200.0		
ST0021 2024 WWTP BIOSOLIDS FACILITY UPGRD							13,229.0	13,229.0			13,229.0						
Total Treatment & Plant Operations	300.0	2,050.0	851.0	7,350.0	3,997.0		60,710.0	75,258.0		906.6	61,438.5		12,913.0		12,913.0		
Distribution & Transmission																	
SC0003 WW12 STEVENSON - YORK-ERAMOS		900.0	900.0					1,800.0			558.0		1,242.0		1,242.0		
SC0004 WW13 SPEED- HANLON TO ERAMOS				800.0	1,350.0		3,000.0	5,150.0					5,150.0		5,150.0		
SC0005 WW14 WATERLOO- HANLON TO YORKSHIRE					500.0		2,863.0	3,363.0			2,085.1		1,277.9		1,277.9		
SC0006 WW17 SPEEDVL- MARLBORO TO METCALFE		793.0						793.0			87.2		705.8		705.8		
SC0008 WW110 RIVER CROSSING/HANLON EX					400.0		2,000.0	2,400.0			1,032.0		1,368.0		1,368.0		
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					420.0		2,750.0	3,170.0			1,236.3		1,933.7		1,933.7		
SC0018 WW12 SIPHON IMPROVEMENTS	600.0	1,200.0		600.0	600.0		3,350.0	6,350.0			3,175.0		3,175.0		3,175.0		
SC0019 WW114 I&I REDUCTION IMPL		250.0	250.0	250.0	250.0		2,000.0	3,000.0			1,500.0		1,500.0		1,500.0		
SC0020 WW115 NEW GRAVITY SEWERS		250.0		250.0	250.0		750.0	1,250.0			1,125.0		125.0		125.0		
SC0021 WW116 NEW FORCEMAINS		150.0		150.0			450.0	750.0			675.0		75.0		75.0		
SC0023 WWF1 DECOMMISSION GORDON SPS	1,350.0	1,350.0						2,700.0			1,350.0		1,350.0		1,350.0		
SC0027 GORDON- CLAIR TO MALBY				750.0	750.0			1,500.0			1,500.0						
SC0030 WW-S-1 TRUNK SEWER INVESTIGATION	50.0	50.0	50.0	50.0	60.0			260.0			130.0		130.0		130.0		
SC0031 WW-I-1A PARALLEL PIPE EAST OF HANLON TO WWTP					250.0		8,983.0	9,233.0			1,937.0		7,296.0		7,296.0		
SC0032 WW-I-18 YORKSHIRE - BRISTOL TO WATERLOO				243.0				243.0			53.5		189.5		189.5		
SC0033 WW-I-19 WATERWORKS PLACE - YORK TO TRAIL	466.0							466.0			98.0		368.0		368.0		
SC0034 WW-I-20 MONTICELLO - STONE TO DIMSON			150.0	970.0				1,120.0			324.0		796.0		796.0		
SC0035 2015 WW10/WS4 FLOW MONITORING			750.0					750.0			375.0		375.0		375.0		
WS0085 WW11 YORK - HANLON-VICTORIA	7,560.0		1,890.0	1,890.0				11,340.0			5,783.4		5,556.6		5,556.6		
Total Distribution & Transmission	10,026.0	5,243.0	4,765.0	6,728.0	5,355.0		26,146.0	58,263.0			25,649.5		32,613.5		32,613.5		
Total Growth	10,326.0	7,293.0	5,616.0	14,078.0	9,352.0		86,856.0	133,521.0		906.6	87,088.0		45,526.5		45,526.5		
Infrastructure Replacement																	
Treatment & Plant Operations																	
GG0203 WASTEWATER FLEET REPL	287.0	129.4	113.0	111.9	45.8		1,590.5	2,277.6					2,277.6		2,277.6		
IT0022 WS ITS REPLACEMENT	58.5	85.9	78.3	31.0	117.9		304.2	675.8					675.8		675.8		
IT0031 IT STRATEGIC PLAN - WASTEWATER	44.1	45.2	19.1	3.2	20.6		82.2	214.4					214.4		214.4		
IT0035 PAGING SYSTEM REPLACEMENT - WASTEWATER	89.8							89.8					89.8		89.8		
ST0013 DIGESTER CLEANING PROGRAM	204.0	204.0	204.0	204.0	204.0		1,020.0	2,040.0					2,040.0		2,040.0		
ST0014 DIGESTER GAS PROOFING	750.0						2,250.0	3,000.0					3,000.0		3,000.0		
ST0015 REPAIRS TO PROCESS STRUCTURES	1,500.0	1,500.0		500.0	500.0		1,500.0	5,500.0					5,500.0		5,500.0		
ST0017 SCUM TROUGH				100.0			200.0	300.0					300.0		300.0		
ST0018 EQUIP REPLACE & UPGRADES	3,500.0	1,600.0			100.0		400.0	5,600.0					5,600.0		5,600.0		
Total Treatment & Plant Operations	6,433.4	3,564.5	414.4	950.1	988.3		7,346.9	19,697.6					19,697.6		19,697.6		
Distribution & Transmission																	
SC0013 WARD ONE - SEWER REPLACEMENT	750.0	1,500.0	1,000.0	1,000.0	750.0		3,750.0	8,750.0					8,750.0		8,750.0		
SC0014 SEWER REPL VARIOUS	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0		7,500.0	15,000.0					15,000.0		15,000.0		
SC0015 WW18 WATER- MAPLE TO GORDON		150.0	950.0					1,100.0					1,100.0		1,100.0		
SC0016 SANITARY/STORM SEWER UPGRADES					900.0			900.0					900.0		900.0		
SC0025 SEWER INVESTIGATION VARIOUS		300.0	300.0	300.0			900.0	1,800.0					1,800.0		1,800.0		
SC0026 WW113 INFRASTRUCTURE IMPROVE	500.0	600.0	600.0	600.0	600.0		3,000.0	5,900.0			1,180.0		4,720.0		4,720.0		
SC0028 DOWNTOWN SANITARY SEWERS	250.0	500.0	500.0	200.0	200.0		1,000.0	2,650.0					2,650.0		2,650.0		
ST0010 WWF2 SPS/FORCEMAIN IMPROVEMENT		200.0	200.0	200.0	200.0		2,000.0	2,800.0					2,800.0		2,800.0		
Total Distribution & Transmission	3,000.0	4,750.0	5,050.0	3,800.0	4,150.0		18,150.0	38,900.0			1,180.0		37,720.0		37,720.0		
Total Infrastructure Replacement	9,433.4	8,314.5	5,464.4	4,750.1	5,138.3		25,496.9	58,597.6			1,180.0		57,417.6		57,417.6		
Total Wastewater	19,759.4	15,607.5	11,080.4	18,828.1	14,490.3		112,352.9	192,118.6		906.6	88,268.0		102,944.1		102,944.1		

WASTEWATER SERVICES BUDGET DETAIL

The following listing provides a brief summary of the various projects in the 2015 Wastewater Services Non-Tax Supported Capital Budget.

ST0002 WWTP Upgrade and Studies

- Various studies and upgrades recommended from the studies forms part of this project. Hazardous material assessment and abatement, Safety upgrades are planned for 2015.

ST0008 Wastewater Treatment Masterplan Studies

- Project identified in WWSMP to update current master plan and growth related projects

ST0013 Digester Cleaning program

- This involves cleaning the Digesters and checking the condition of the Digester.

ST0014 Digester gas proofing

- Major repairs and gas proofing of the Digester is necessary to extend the lifecycle of the Digester.

ST0015 Repairs to Process Structures

- Various repairs to ageing process structure

ST0018 Equipment replacement and upgrade

- Upgrades to office equipments and standby power and other process equipment

SC0018 WWI 12 Siphon Improvements

- Project identified in WWSMP to improve service and capacity, create redundancy and address current condition
- First project to be implemented is upgrades to Arthur Trunk Sewer siphon design and construction in 2015

SC0023 WWF1 Decommission Gordon SPS

- Project identified in WWSMP to provide sanitary sewer

connection through Hart Farm development lands and decommission sanitary sewer pumping station

- Development lands to be possibly be approved in 2015 to allow for design of sanitary sewer connection in 2015 with subsequent construction in following years

WS0085 WWI 1 York - Hanlon –Victoria

- Project identified in WWSMP to improve service and capacity, create redundancy and address current condition
- Construction of second stage from York Road Park to Victoria Road to commence in 2015

SC0030 WWS1 Trunk Sewer Investigation

- Project identified in WWSMP to improve service and capacity, create redundancy and address current condition
- Condition assessment of trunk sanitary sewer to determine priority upgrades and rehabilitation opportunities

SC0033 WWI 19 Waterworks Place – York to Trail

- Project identified in WWSMP to improve service and capacity, create redundancy and address current condition
- Project to be integrated with WS0085 second stage construction and integrated with Waterworks Place road reconstruction

GG0203 Wastewater Services Fleet Replacement

- Project administered by Fleet Services involves on going funding for replacement of the Wastewater Services vehicle fleet, consisting of, pickup trucks etc.
- Project continues over the duration of the forecast

IT0022 WW ITS Replacement

- Project administered by Information Technology Services involves funding for replacement of the Wastewater Services inventory of personal computers, laptops, printers, servers, and related network equipment
- Project continues over the duration of the forecast

WASTEWATER SERVICES BUDGET DETAIL

IT0035 Paging system replacement

Project administered by Information Technology Services involves funding for replacement of the paging system at the Wastewater Services

SC0013 Ward One: Sewer Replacement

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

SC0014 Sewer Replacement

- Project integrated with road, storm water and water infrastructure upgrades on various reconstruction projects

SC0026 Infrastructure Improvements

- Project identified in WWSMP to improve service and capacity, create redundancy and address current condition such as connections and maintenance holes

SC0028 Downtown Sanitary Sewers

- Project integrated with road, storm water and water infrastructure upgrades on various downtown reconstruction projects

ONTARIO BUILDING CODE 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 (OBC), 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
- Issuing of 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
- Response to all technical inquiries throughout building projects
- Provision of enforcement and initiation of 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 and manages Guelph's termite control and backflow prevention programs. These activities are included in the tax-supported operating budget.

2014 accomplishments

Taking care of what we own

- Continued significant involvement by staff in the corporate assessment and upgrade of the AMANDA Software Program including active participation on the AMANDA Steering Committee and the AMANDA Users Group

Enhancing City services

- Contributed to the Integrated Operational Review (IOR) of Infrastructure, Development and Enterprise designed to improve development application review processes

Ensuring regulatory compliance

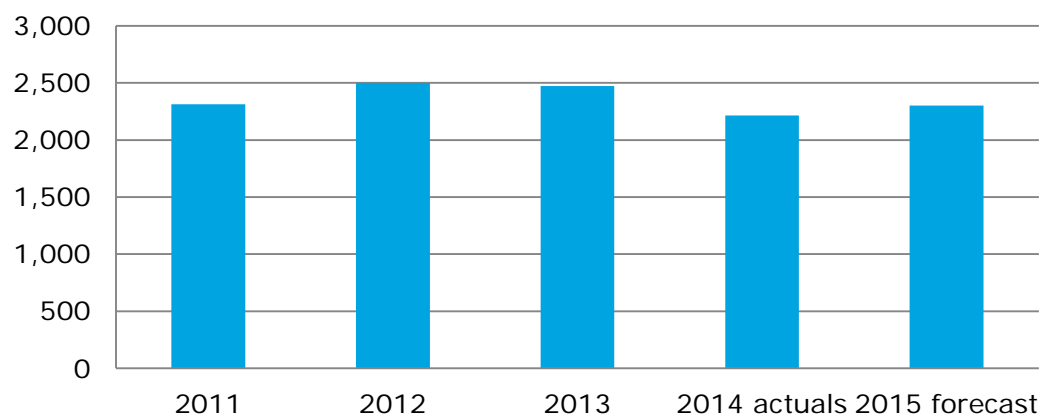
- Launched an effective Legal Proceedings Program which will assist in the enforcement of the Ontario Building Code and various by-laws; this will include such areas as training, reporting, document retention, evidence gathering and issuing penalties
- Assisted external stakeholders with all new Ontario Building Code changes effective January 1, 2014; significant changes included accessibility, energy efficiency, environmental protection, fire protection and water conservation

ONTARIO BUILDING CODE ADMINISTRATION

Key performance measures

Issuing building permits

Permits issued



2014 and 2015 permit volumes reflect a similar level of single detached dwellings (a decrease compared to 2013) and multi-residential units (an increase compared to 2013).

Turnaround times for house permits

	2011	2012	2013	2014 actual	2015 forecast
Permits issued	256	235	149	155	150
Legislated turnaround times (days)	10	10	10	10	10
Average turnaround times (days)	7.6	9.3	9.0	9.0	< 9.0
Permits issued within legislated turnaround times	93%	96%	95%	92%	95%

The average turnaround times for house permits in 2014 remains below the legislated turnaround time of 10 days. It

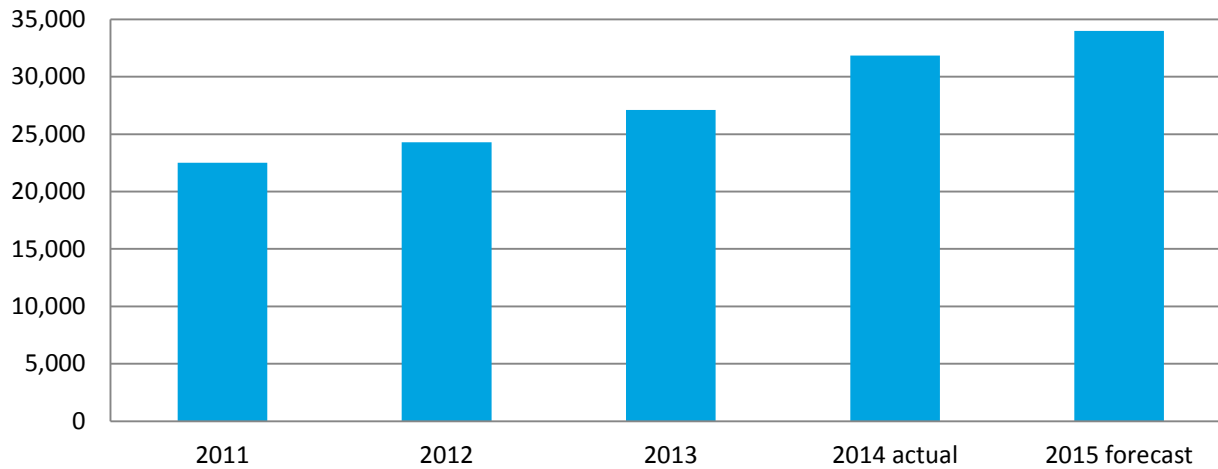
is expected that these turnaround times will further improve in 2015.

ONTARIO BUILDING CODE ADMINISTRATION

Building inspections

In 2015, OBC Administration expects to conduct approximately 34,000 on-site inspections within the provincially legislated 48-hour period. Currently most inspections are performed within 24 hours with Building Services acknowledging that this service level is necessary to accommodate the demanding schedules associated with construction projects.

Building inspections



ONTARIO BUILDING CODE ADMINISTRATION

2015 objectives

Taking care of what we own

- Complete entire upgrade of the corporate AMANDA Software Program to the current web-based version; a significant amount of effort from Building Services staff is required to ensure a successful transition

Enhancing City services: preparing for continued growth

- Final development and implementation of a comprehensive Customer Satisfaction Survey Strategy Plan to ensure our services are meeting the needs of our customers
- Take action on the Integrated Operational Review implementation plan

Ensuring regulatory compliance

- Implement effective changes in the enforcement of the Ontario Building Code and various by-laws; staff will continue to lead a multi-departmental (Legal Services and Court Services) review of a new Legal Proceedings Program
- Begin maintenance program for private sewage systems as required by the *Clean Water Act*
- Continue to implement all aspects of the new Inactive Permits Program developed by staff
- Implement and educate stakeholders on new Ontario Building Code changes to accessibility and mid-rise wood construction requirements, effective January 1, 2015

Key changes in 2015

- Increase of \$50,000 in permit revenues as building activity expected to remain strong in 2015
- Increase in internal charge of \$201,940, including \$132,900 budgeted in non-OBC business unit and cross-charged to OBC Administration for a new Resource Conservation Inspector position dealing with enhanced regulations in the Ontario Building Code
- Increase of transfer from Reserve of \$56,510 to partially fund the Resource Conservation Inspector position

ONTARIO BUILDING CODE ADMINISTRATION

2015 OBC operating budget

The approved 2015 OBC Administration Budget has gross expenditures of \$3,006,510, including internal charges. Chart 9 shows the cost by service area.

Chart 9:

	2014 Approved Budget	2015 OBC Approved Budget	Year/Year Change (\$)	Year/Year Change (%)
Revenue				
Licenses and Permits	(\$2,900,000)	(\$2,950,000)	(\$50,000)	2%
Transfer from Reserves	\$0	(\$56,510)	(\$56,510)	100%
Total Revenue	(\$2,900,000)	(\$3,006,510)	(\$106,510)	4%
Expenditures				
Purchased Goods	\$54,100	\$57,300	\$3,200	6%
Purchased Services	\$91,400	\$93,900	\$2,500	3%
Bank Charges	\$20,000	\$20,500	\$500	3%
Internal Charges	\$2,632,870	\$2,834,810	\$201,940	8%
Transfer to Reserves	\$101,630	\$0	(\$101,630)	-100%
Total Expenditures	\$2,900,000	\$3,006,510	\$106,510	4%
Net Budget	\$0	\$0	\$0	0%

Note: Compensation is budgeted in the Non-OBC business unit and then cross charged to the OBC budget based on time spent on building code work

ONTARIO BUILDING CODE ADMINISTRATION

2014-2015 internal charges

	2014	2015	Yr/Yr Change
Compensation Chargeback	\$2,038,100	\$2,225,400	\$187,300
Other Support Costs from Non-OBC Administration	\$84,470	\$82,810	(\$1,660)
Interdepartmental Service Area Support Costs (e.g. Legal, HR, etc)	\$510,300	\$526,600	\$16,300
Total Internal Charges	\$2,632,870	\$2,834,810	\$201,940

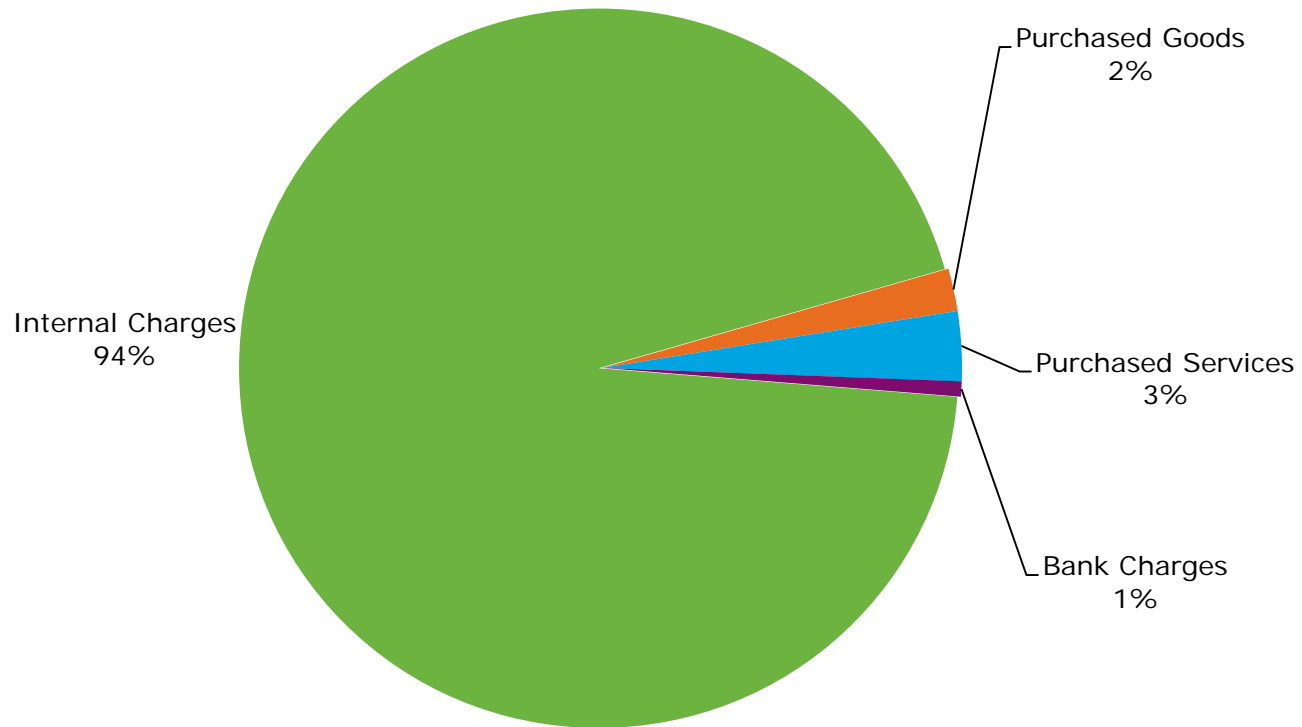
ONTARIO BUILDING CODE ADMINISTRATION

Multi-year OBC operating budget

	2015 OBC Approved Budget	2016 Proposed Budget	2017 Proposed Budget	2018 Proposed Budget
Revenue				
Licenses and Permits	(\$2,950,000)	(\$3,068,000)	(\$3,190,700)	(\$3,318,300)
Transfer from Reserves	(\$56,510)	(\$91,500)	(\$58,700)	(\$166,900)
Total Revenue	(\$3,006,510)	(\$3,159,500)	(\$3,249,400)	(\$3,485,200)
Expenditures				
Purchased Goods	\$57,300	\$58,100	\$58,900	\$59,700
Purchased Services	\$93,900	\$94,300	\$94,700	\$95,100
Bank Charges	\$20,500	\$21,100	\$21,700	\$22,400
Internal Charges	\$2,834,810	\$2,986,000	\$3,074,100	\$3,308,000
Transfer to Reserves	\$0	\$0	\$0	\$0
Total Expenditures	\$3,006,510	\$3,159,500	\$3,249,400	\$3,485,200
Net Budget	\$0	\$0	\$0	\$0

ONTARIO BUILDING CODE ADMINISTRATION

2015 OBC Administration Budget



ONTARIO BUILDING CODE ADMINISTRATION

2015 OBC Capital Budget

The 2015-2024 capital budget and forecast reflects Building Services' contribution to the Corporate Technology Strategy and Implementation Plan.

2015 - 2024 Ontario Building Code Capital Budget & Forecast (\$'000s)

Project Category	Project Cost	Capital Reserves
Strategic Plan		
IT Strategic Plan	166.0	(166.0)
Total Strategic Plan	166.0	(166.0)
Total Capital Budget	166.0	(166.0)

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

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

OBC 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.

ONTARIO BUILDING CODE ADMINISTRATION

Chart 10 describes the purpose of the reserve, the forecasted 2015 year-end balances, and the upset limits.

Chart 10:

Reserve or Reserve Fund	Purpose	2015 Forecasted Balance	Upset Limit	2015 Forecast
Building Services Stabilization Reserve	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.	\$2,025,212	100% of one-year of Operating Costs (not including transfers to reserves)	67%

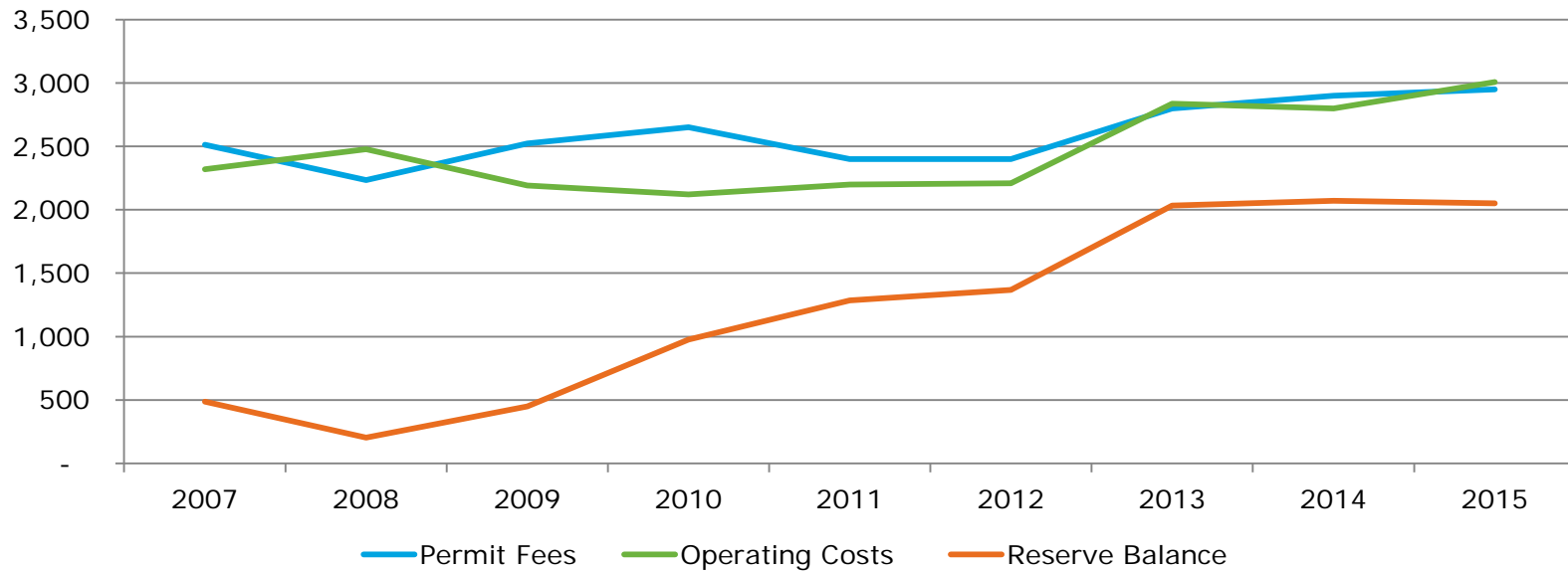
Note: The upset limit is identified in Committee Report 10-24 Annual Report on 2009 Building Permit Fees, Costs and Building Stabilization Reserve

ONTARIO BUILDING CODE ADMINISTRATION

Graph 8 shows the relationship between permit fees, operating costs and reserve activities.

Graph 8:

Permit Fees, Operating Costs & Reserve Activities (\$000s)



2015-2024 Capital Budget

Project Number & Description	2015	2016	2017	2018	2019	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	
OBC Administration																		
OBC Administration																		
IT0029 IT STRATEGIC PLAN - BUILDING	34.2	35.0	14.8	2.5	15.9	63.6	166.0						166.0				166.0	
Total OBC Administration	34.2	35.0	14.8	2.5	15.9	63.6	166.0						166.0				166.0	
Total OBC	34.2	35.0	14.8	2.5	15.9	63.6	166.0						166.0				166.0	

COURT SERVICES

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 as per 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* ("Charter").

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 fully functional, 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

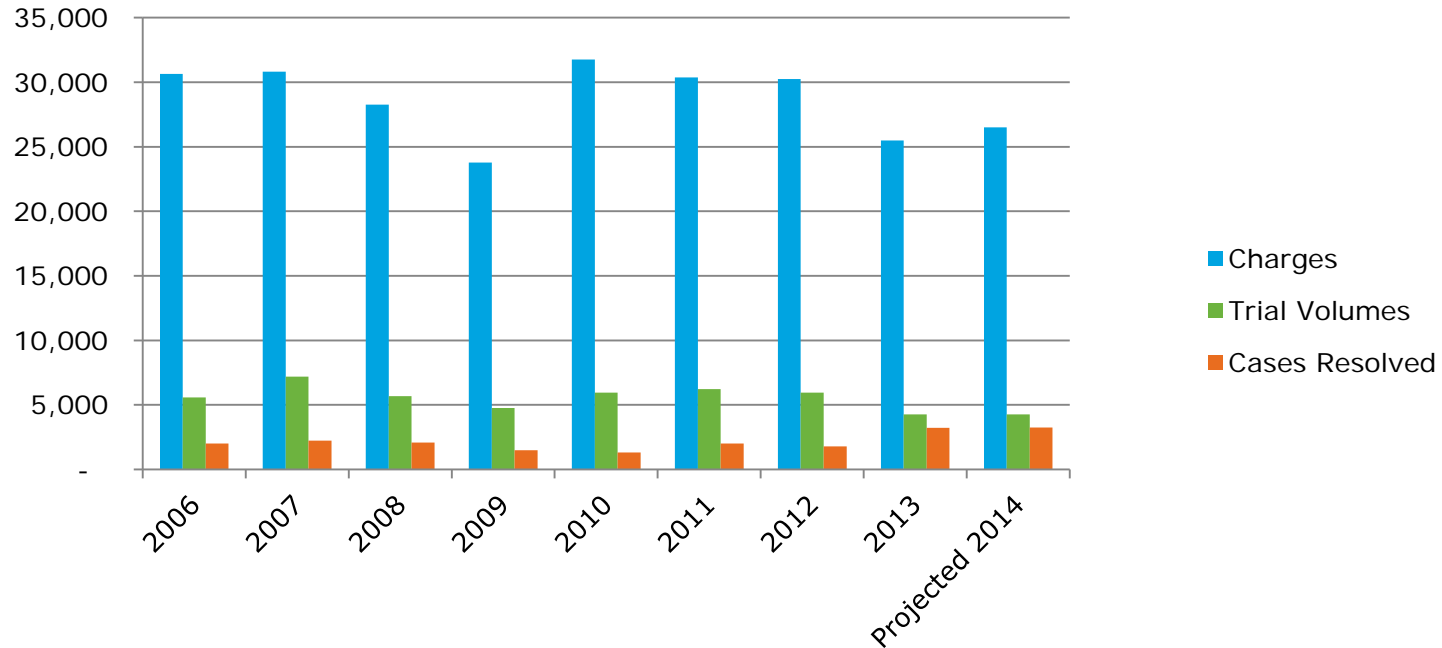
2014 accomplishments

- Revised departmental data systems to enhance real-time understanding of operating and financial trends, and to build capacity by creating efficiencies in the resources required to manage data
- Implemented use of Equifax, MTO and Geowarehouse systems to enhance defaulted fine recoveries
- Worked with Guelph Police Service to implement initial processes associated with e-tickets (electronically issued charges)
- Completed assessment of online fine payment options for implementation in 2015
- Implemented an annual maintenance program to provide corporate operational synergies and mitigate the impacts of maintenance costs
- Enhanced use of court facilities by other provincial courts and tribunals to increase rental income
- Realigned resources within the prosecutorial process resulting in streamlined service (e.g. fewer attendances for court patrons to address trial processes), lower time to trial, and fewer *Charter* challenges regarding delays
- Provided support to increased number of courts and tribunals

COURT SERVICES

Key performance measures

Charges, Trial Volumes and Case Resolutions

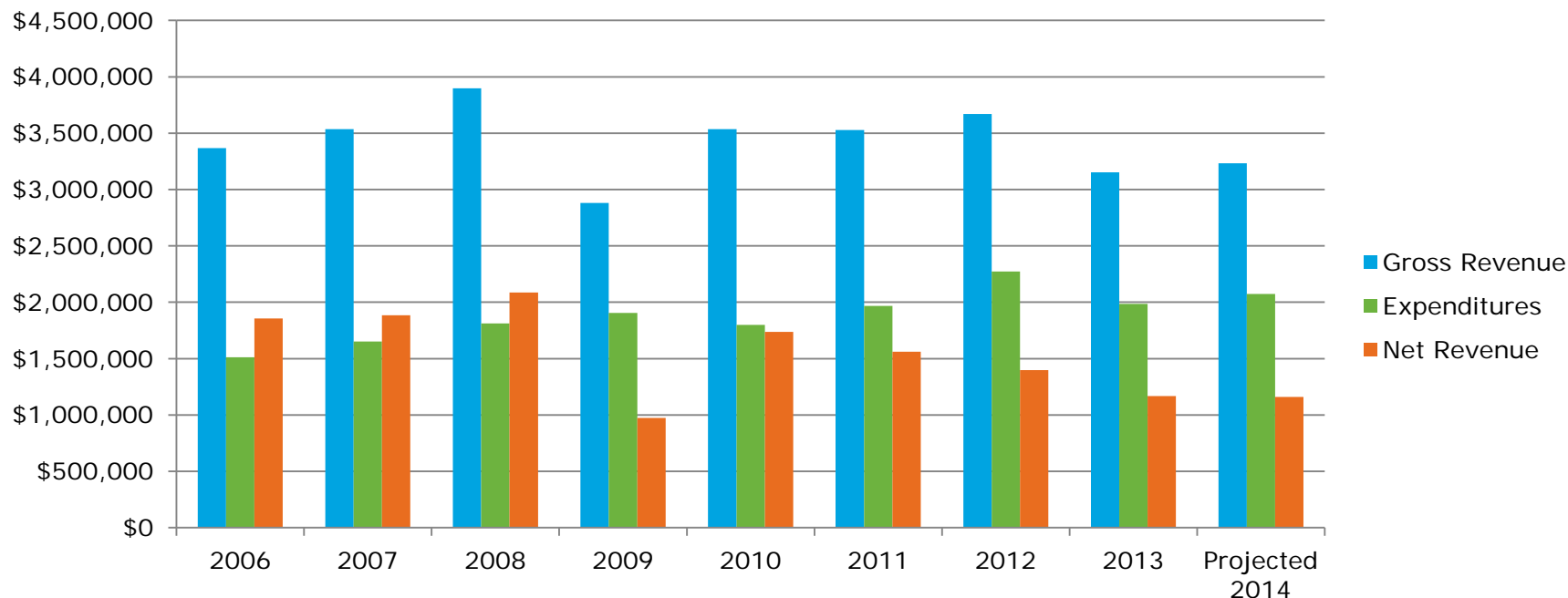


Charges are issued by enforcement agencies and police services within the Court Services area. The volume of charges in Guelph–Wellington in 2014 is projected to be lower than the average 30,000 annual charges (2002-2013). This is the second consecutive year of lower charge volumes.

The average annual trial rate remains in the range of 15-20 per cent of total charges issued. This range has remained consistent since court operations were transferred from the Province to the City in May 2000. In addition, case resolutions continue to rise with the 2014 yearend rate projected to be in line with the 76 per cent rate experienced in 2013.

COURT SERVICES

Revenues and expenditures



Lower charge volumes in 2013 resulted in negative year-end variance. As a result of similar charge volumes in 2014, Court Services is again projecting a negative year-end variance. Based on these reductions, the portion of the 2015 gross revenue related to fines is budgeted at \$287,100 less than previous years.

With cost increases budgeted at 2.0 per cent, and with the reduction in fine revenue, the net revenue for distribution between the City and the County will be \$335,710 less than the 2014 budgeted amount.

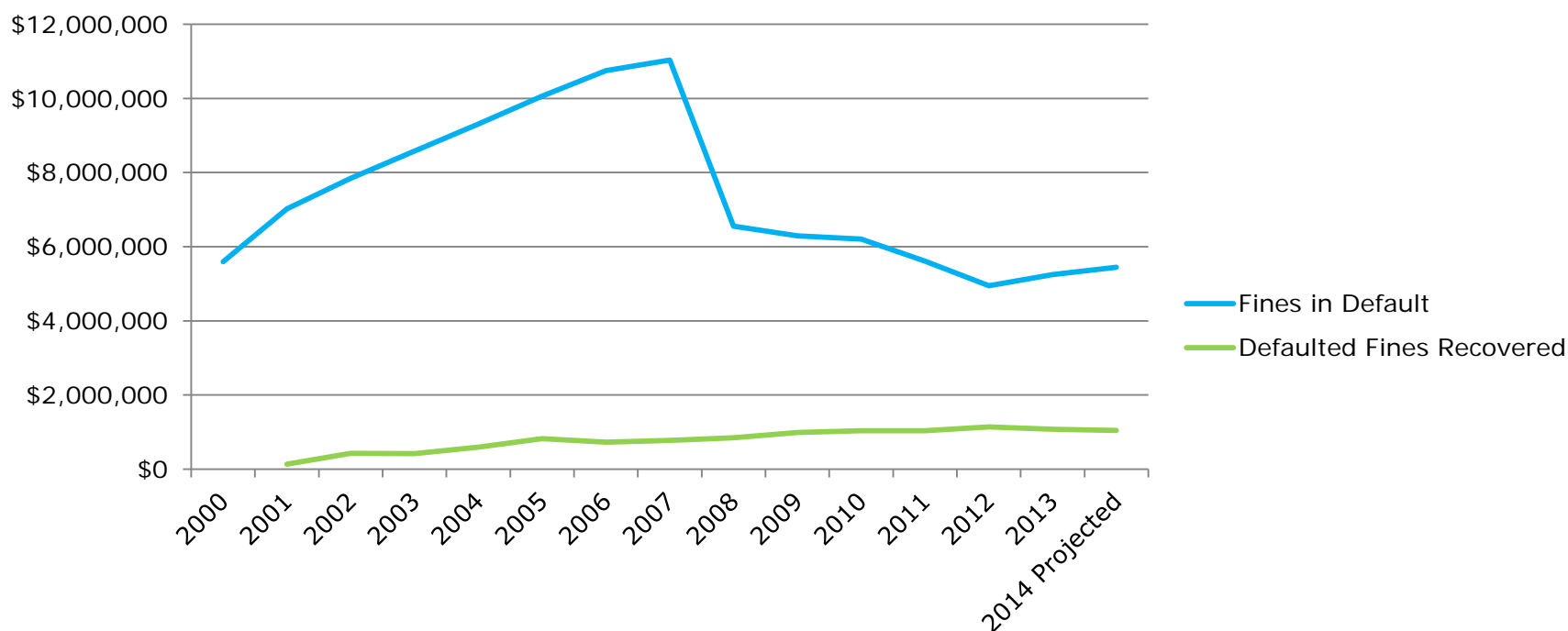
COURT SERVICES

Outstanding fine balance and recoveries

The current total outstanding fines balance is comprised of all unpaid fines (i.e. defaulted fines and written-off fines). As of December 31, 2013, the outstanding fines balance was \$12.9 million (\$5.2 million in defaulted fines; \$7.6 million in written-off fines). In 2008, pursuant to Public Sector Accounting Board (PSAB) principles of accounting, Guelph undertook to write off outstanding fines (years 1950-2002) in the amount of \$5.1 million.

Fine enforcement efforts are undertaken primarily with respect to the balance of defaulted fines. The defaulted fine balance and recovery efforts are reflected in the following graph. Those efforts have resulted in the balance decreasing since 2008. The percentage of annual gross revenue realized through fine enforcement efforts has increased from 22.2 per cent in 2005 to 34.3 per cent in 2013. Since 2010, over \$1 million of Court Services' annual gross revenue is attributable to the enforcement of defaulted fines.

Defaulted Fines – Enforcement



COURT SERVICES

2015 objectives

- Improve records management; standardize approach to departmental records identification and management
- Implement direct upload of electronic ticket (e-ticket) data to the Province's offence data base
- Implement *Paymentus* online fine payment system
- Establish operating protocols for adding fines to the tax roll
- Replace roof of Court building (2015 Capital project)
- Implement corporate operational synergies (e.g. coordinated snow removal and preventive maintenance programming between City Hall and Courts facilities)
- Provide support to the increased number of courts and tribunals utilizing the facility
- Enhance proactive response initiatives to case file inquiries and trial processes using 2014 resource realignments

Key changes in 2015

- \$292,100 reduction in gross revenue due to the current trend of fewer charges being filed with the Court
- Net revenue to the County reduced by \$105,095 over 2014 amount
- Increased costs associated with interpreters, facility equipment service costs and compensation
- Increased in purchased goods associated with utilities and operating supplies
- Increased internal charges of \$9,500 charged by other city departments for human resources, finance, legal and specialized maintenance support
- Reduced contribution to capital reserve to mitigate anticipated lower revenue due to reduced charge volumes; the proposed contribution to capital reserves is lower than what is suggested by best practices which states that the contribution should be at least equal to annual amortization, however, the capital reserve will not be overtly affected by this short-term measure and there are sufficient reserves to fund the capital work set out in the forecast

COURT SERVICES

2015 operating budget

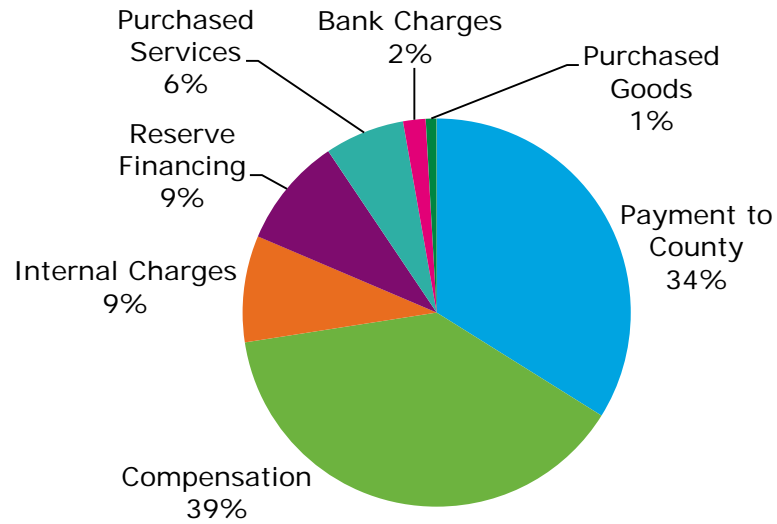
The 2015 Court Services operating budget has gross expenditures of \$3,349,900, including internal charges and transfers to reserves. Chart 10 shows the cost by service area.

Chart 10:

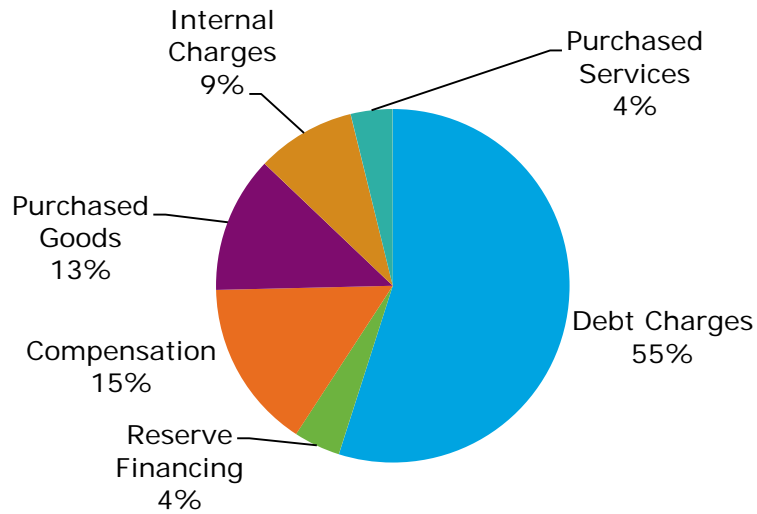
	2014 Approved Budget	2015 Budget by Service					Yr/Yr Change (\$)	Yr/Yr Change (%)
		Court Administration	Court Support	Prosecutions	Facilities	Total		
Revenue								
By-Law Fines	(\$131,200)	(\$111,800)	\$0	\$0	\$0	(\$111,800)	\$19,400	(15%)
POA Fines	(\$3,500,000)	(\$3,232,300)	\$0	\$0	\$0	(\$3,232,300)	\$267,700	(8%)
Facility Rentals	(\$2,300)	\$0	\$0	\$0	(\$2,300)	(\$2,300)	\$0	0%
Transcript Revenue	(\$8,500)	\$0	(\$3,500)	\$0	\$0	(\$3,500)	\$5,000	(59%)
Total Revenues	(\$3,642,000)	(\$3,344,100)	(\$3,500)	\$0	(\$2,300)	(\$3,349,900)	\$292,100	(8%)
Expenditures								
Compensation	\$1,328,600	\$665,136	\$184,494	\$380,930	\$112,340	\$1,342,900	\$14,300	1%
Purchased Goods	\$108,700	\$15,580	\$3,500	\$4,930	\$90,891	\$114,900	\$6,200	6%
Purchased Services	\$358,110	\$114,163	\$198,577	\$29,299	\$27,981	\$370,020	\$11,910	3%
Bank Charges	\$30,500	\$32,200	\$0	\$0	\$0	\$32,200	\$1,700	6%
Payment to County	\$688,395	\$583,300	\$0	\$0	\$0	\$583,300	(\$105,095)	(15%)
Debt Charges	\$400,000	\$0	\$0	\$0	\$400,000	\$400,000	\$0	0%
Internal Charges	\$308,100	\$152,788	\$31,464	\$67,448	\$65,900	\$317,600	\$9,500	3%
Total Expenditures	\$3,222,405	\$1,563,167	\$418,035	\$482,607	\$697,112	\$3,160,920	(\$61,485)	(2%)
Net Budget before Reserve Financing	(\$419,595)	(\$1,780,933)	\$414,535	\$482,607	\$694,812	(\$188,980)	\$230,615	55%
Reserve Financing	\$419,595	\$158,046	\$0	\$0	\$30,934	\$188,980	(\$230,615)	(55%)
Net Budget After Reserve Financing	\$0	(\$1,622,887)	\$414,535	\$482,607	\$725,746	\$0	\$0	0%
Full Time Equivalents	15.8	8.28	2.37	3.8	1.35	15.8	0	

COURT SERVICES

Court Administration

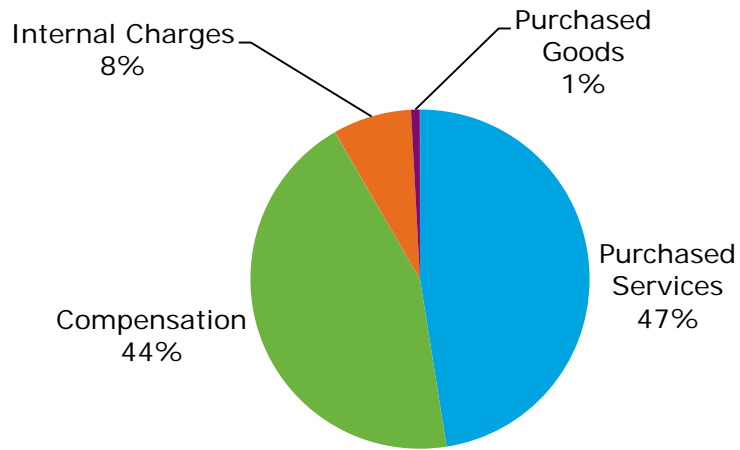


Court Facilities

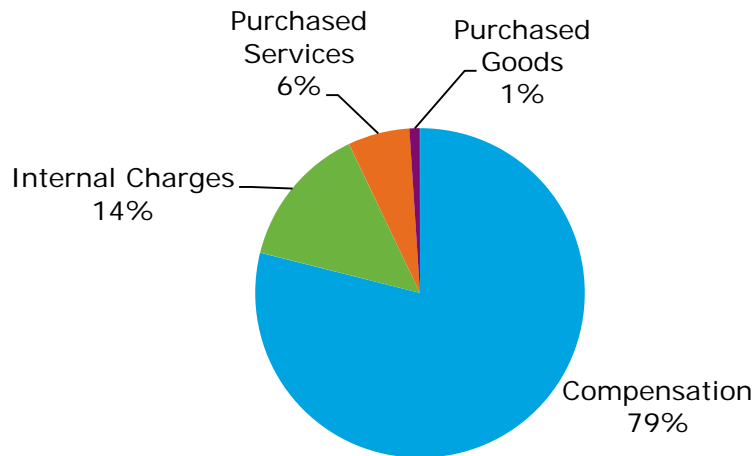


COURT SERVICES

Court Support



Prosecutions



COURT SERVICES

Multi-year operating budget

The following forecast is provided for information only. 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 1.68 per cent for most goods; some cost reductions in purchased goods, e.g. reduced printing costs due to increased use of online services and e-ticketing
- **Purchased services:** annual increases of 1.68 per cent for most services; some cost reductions in provincial charges (adjudication and crown prosecution costs) due to reductions achieved in court time usage
- **Financial expenses:** annual increases based on analysis of historical trends
- **Program support costs:** annual increases in chargeback rates assessed by internal departments
- **Revenues:** expected to be lower due to decreased charge volumes experienced in 2013 and 2014

Multi-year Operating Budget

	2015 Total Approved Budget	Total 2016 Forecasted Budget	Total 2017 Forecasted Budget	Total 2018 Forecasted Budget
Revenue				
By-Law Fines	(\$111,800)	(\$114,000)	(\$116,300)	(\$118,600)
POA Fines	(\$3,232,300)	(\$3,296,900)	(\$3,362,900)	(\$3,430,100)
Facility Rentals	(\$2,300)	(\$2,300)	(\$2,300)	(\$2,300)
Transcript Revenue	(\$3,500)	(\$3,400)	(\$3,300)	(\$3,200)
Total Revenues	(\$3,349,900)	(\$3,416,600)	(\$3,484,800)	(\$3,554,200)
Expenditures				
Compensation	\$1,342,900	\$1,333,750	\$1,359,200	\$1,386,700
Purchased Goods	\$114,900	\$115,700	\$121,200	\$125,800
Purchased Services	\$370,020	\$377,520	\$380,540	\$386,524
Bank Charges	\$32,200	\$32,700	\$33,300	\$33,900
Payment to County	\$583,300	\$594,800	\$606,700	\$618,700
Debt Charges	\$400,000	\$400,000	\$400,000	\$400,000
Internal Charges	\$317,600	\$317,900	\$318,100	\$318,200
Total Expenditures	\$3,160,920	\$3,172,370	\$3,219,040	\$3,269,824
Net Budget before Reserve Financing	(\$188,980)	(\$244,230)	(\$265,760)	(\$284,376)
Reserve Financing	\$188,980	\$244,230	\$265,760	\$284,376
Net Budget After Reserve Financing	\$0	\$0	\$0	\$0
Full Time Equivalents	15.8	15.8	15.8	15.8

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2015 Capital Budget

Court Services capital budget identifies the most appropriate timing for capital investments, project costs and funding sources. In 2015, total capital expenditures are \$302,400 and the nine-year forecast equals \$380,000. The capital budget and forecast is allocated between the following categories and funding sources.

POA Capital Summary ('000s)

Project Category	Project Cost	County Contributions	Capital Reserves
Court Facilities	313.0	156.5	156.5
Court Administration	369.4	184.7	184.7
Total Capital Budget	682.4	341.2	341.2

The 2015 Courts Services capital budget includes regular replacement for information technology equipment, facility lifecycle and equipment and funding for the department's portion of the Corporate Technology Strategy.

Taking care of what we own

In August 2010, the City completed its renovation of the historic former Guelph City Hall for use as the Court facility. This facility has been in Guelph's inventory since 1856. The renovation involved significant interior redesign, a new judicial quadrant added to the southeast corner of the existing structure and some maintenance and upgrades to existing exterior features. To ensure long-term sustainability of the facility, the annual departmental budget

includes contributions to the Capital Reserve to ensure that life cycle work identified within the capital forecast can be carried out. Scheduled work in 2015 includes roof replacement, upgrades to barrier-free door openers throughout the facility, and scheduled battery power replacement in the facility's uninterrupted power supply systems.

Enhancing City services: preparing for continued growth

Improvement in the delivery of court services continues each year through innovative solutions and resource adjustments that streamline processes for justice service stakeholders and members of the public who access the court system. The 2015 budget provides for the

COURT SERVICES

implementation of online fine payments, electronic upload of charges by police, enhanced online disclosure of cases for defence firms, and improvements to court records management systems.

Ensuring regulatory compliance.

The 2015 budget provides for the continued delivery of Provincial Offences Act Court services in Guelph–Wellington within the legislative, agreement and policy framework under which it operates. Part of the court's function is to enforce court–ordered sentences involving regulatory offences. To that end, enhanced fine enforcement measures and tools used by the court in sentence enforcement are supported within the 2015 budget.

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

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Courts 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 2015 ending balance, the reserve or reserve fund target, and 2015 forecasted target.

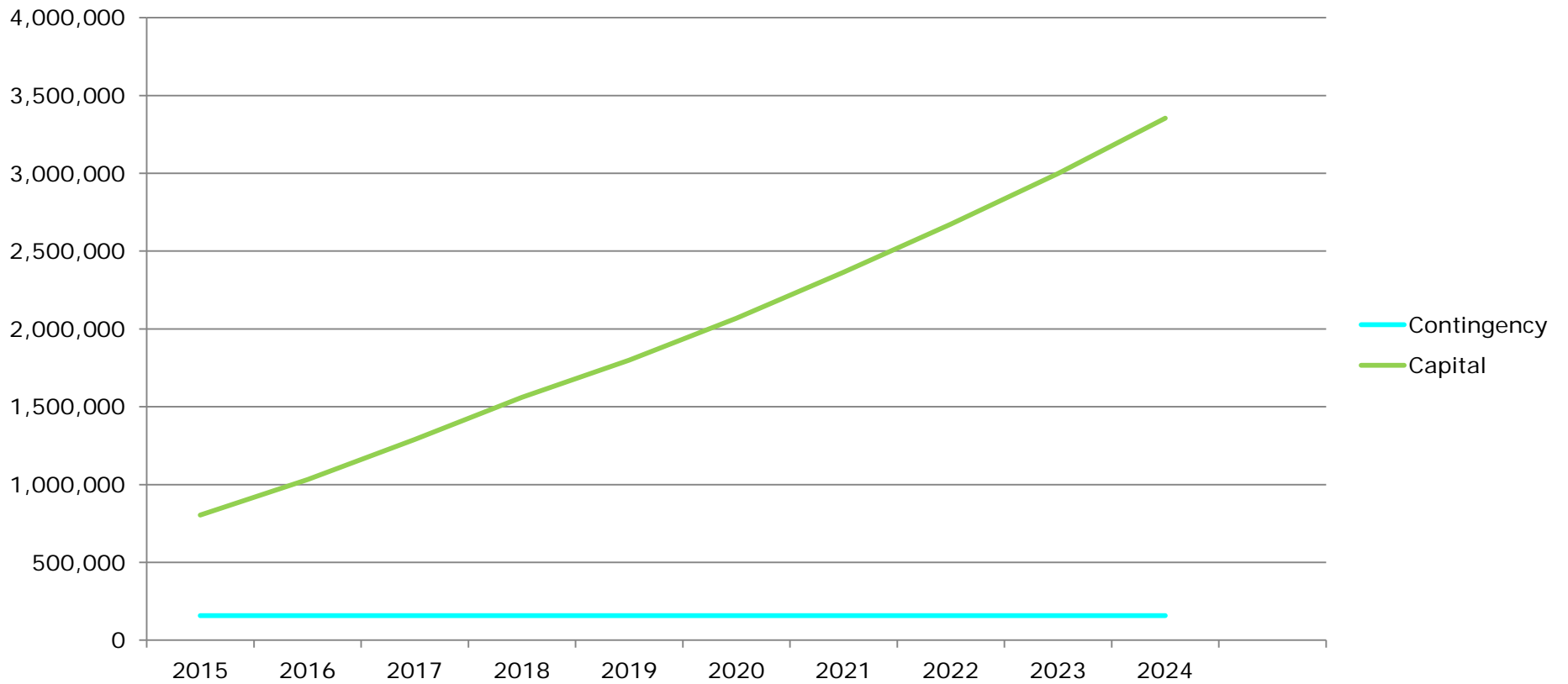
Court Services Reserves and Reserve Funds

Reserve or Reserve Fund	Purpose	2015 forecasted balance	Target	2015 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.	\$158,046	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.	\$901,860	At least 100% of annual depreciation expense	15%

The following graph shows the forecasted 2015-2024 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.

COURT SERVICES

2015 - 2024 Court Services Reserves and Reserve Funds



COURT SERVICES

Capital

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 of replacement and/or improvements:

1. Facility life cycle;
2. Information Technology; and
3. Other equipment and systems (e.g. security infrastructure, scanning equipment, etc.).

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.

Facility Life Cycle

Capital Budget funding is allocated for 2015 and throughout the forecast for the following life cycle upgrades and/or replacements:

2015

- Comprehensive roof replacement on the facility;
- Replacement of barrier-free door operators throughout the facility; and
- Replacement of the batteries supplying the Uninterrupted Power Supply ("UPS") system.

2019

- Interior carpet replacement.

2020

- UPS battery replacement (replaced in 2015, has five-year life cycle).

COURT OPERATIONS

Information Technology

Capital Budget funding is allocated for 2015 and annually throughout the forecast for 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.

Other Equipment and Systems

Capital Budget funding is allocated for 2015 and throughout the forecast for the following equipment and system upgrades and/or replacements:

2015

- Minor snow removal equipment;
- Installation of a publicly accessible defibrillator unit; and
- The Department's proportionate share of funding for the Corporate Technology Strategic Plan ("CTSP").

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2016

- Contribution to the CTSP.

2017

- Contribution to the CTSP.

2020

- Upgrade to security system; and
- Replacement of scanning equipment (acquired in 2013, has seven-year life cycle).

Project Number & Description	2015	2016	2017	2018	2019	Next 5 Years	Total Project Cost	Grants & Subsidies	Federal Gas Tax	Other	DC's	DC Debt	Net Cost to City	Equipmen Replacem	City Reserves	Debt	
2211 Court Facilities																	
GG0158 LIFE CYCLE - POA	267.0				25.0	14.0	306.0			153.0			153.0		153.0		
GG0237 POA FACILITY EQUIPMENT	7.0						7.0			3.5			3.5		3.5		
Total 2211 Court Facilities	274.0				25.0	14.0	313.0			156.5			156.5		156.5		
2212 Court Operations																	
GG0242 POA SCANNING EQUIP REPL 2020						10.0	10.0			5.0			5.0		5.0		
IT0014 POA ITS REPLACEMENT	16.8	26.8	16.0	30.1	63.9	139.5	293.1			146.6			146.6		146.6		
IT0028 IT STRATEGIC PLAN - POA	11.6	11.9	5.0	0.8	5.4	21.6	56.3			28.2			28.2		28.2		
IT0036 SECURITY INFA REPLACEMENT POA						10.0	10.0			5.0			5.0		5.0		
Total 2212 Court Operations	28.4	38.7	21.0	30.9	69.3	181.1	369.4			184.8			184.8		184.8		
Total POA	302.4	38.7	21.0	30.9	94.3	195.1	682.4			341.3			341.3		341.3		

Project Number & Description	2020	2021	2022	2023	2024	Total Project 2020-2024	Grants & Subsidies	Federal Gas Tax	Other	Developm Charges	DC Debt	Net Cost to City	Equipmen Replacem ent	Capital Envelope	Other Capital	Debt	
POA																	
2211 Court Facilities																	
GG0158 LIFE CYCLE - POA	14.0					14.0			7.0			7.0			7.0		
GG0242 POA SCANNING EQUIP REPL 2020	10.0					10.0			5.0			5.0			5.0		
Total 2211 Court Facilities	24.0	0.0	0.0	0.0	0.0	24.0	0.0	0.0	12.0	0.0	0.0	12.0	0.0	0.0	12.0	0.0	0.0
2212 Court Operations																	
IT0014 POA ITS REPLACEMENT	15.9	24.2	42.7	41.8	14.9	139.5			69.8			69.8			69.8		
IT0028 IT STRATEGIC PLAN - POA	10.8	10.8				21.6			10.8			10.8			10.8		
IT0036 SECURITY INFA REPLACEMENT POA	10.0					10.0			5.0			5.0			5.0		
Total 2212 Court Operations	36.7	35.0	42.7	41.8	14.9	171.1	0.0	0.0	85.6	0.0	0.0	85.6	0.0	0.0	85.6	0.0	0.0
Total POA	60.7	35.0	42.7	41.8	14.9	195.1	0.0	0.0	97.6	0.0	0.0	97.6	0.0	0.0	97.6	0.0	0.0