Agenda
Operations Committee

April 17, 2025, 5:30 p.m.
City Hall - 808 2nd Avenue East - Council Chambers

The public can attend meetings in person. Meetings will also be livestreamed on the City's Council and Committee webpage. If there are technical issues with the livestream that can't be fixed within 15 minutes, the meeting will continue, and a recording will be available later, on the webpage or by contacting the City Clerk. People who can't attend the meeting in person for Public Forum, should send their comments to the Recording Secretary one business day before the meeting. These comments will be shared with members and included in the updated agenda.

8.c Public Works

None.

8.d Transit

None.

8.e Water and Wastewater

9. MATTERS POSTPONED

There are no matters postponed.

10. MOTIONS FOR WHICH NOTICE WAS PREVIOUSLY GIVEN

There are no motions for which notice was previously given.

11. CORRESPONDENCE PROVIDED FOR INFORMATION

There are no correspondence items being presented for information.

12. DISCUSSION OF ADDITIONAL BUSINESS

13. NOTICES OF MOTION

14. ADJOURNMENT

Minutes

Operations Committee

March 20, 2025, 5:30 p.m.
City Hall - 808 2nd Avenue East - Council Chambers

MEMBERS PRESENT:	Chair Scott Greig Vice Chair Carol Merton Member Donald Anderson Member Mike Crone Member Robert Droine Councillor Brock Hamley (via video) Member Michele Hawkins
MEMBERS ABSENT/REGRETS:	Member Arlene Blue Indoe Councillor Suneet Kukreja
STAFF PRESENT:	Tim Simmonds, City Manager Lara Widdifield, Director of Public Works and Engineering Chris Webb, Manager of Engineering Services Bryce McDonald, Manager of Water & Wastewater Spencer Hamill, Engineering Technologist Manon Monga, Engineering Technologist Ashley Ford, Water and Wastewater Administrative Assistant

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1. CALL TO ORDER

Chair Deputy Mayor Greig called the meeting to order at 5:30 p.m.

2. CALL FOR ADDITIONAL BUSINESS

2.a Councillor Merton Re: Acknowledgement of King Charles III's Coronation Medal

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. CONFIRMATION OF MINUTES

4.a Minutes of the Operations Committee meeting held on February 20, 2025

OP-250320-001
Moved by Member Hawkins

"THAT the Operations Committee approves the minutes of the meeting held on February 20, 2025."

Carried.

5. DEPUTATIONS AND PRESENTATIONS

5.a Deputation from Tatham Engineering Re: 9th Avenue East Rehabilitation - Superior Street to 6th Street East

The Manager of Engineering Services introduced Mark Figueroa of Tatham Engineering to provide the deputation regarding 9th Avenue East rehabilitation.

In response to a question from Committee, Mr. Figueroa confirmed that they will consider the accessibility component regarding the location of the audible buttons on the new poles.

In response to a question from Committee, staff confirmed that they would request that the consultant review the presentation files for accessibility going forward.

In response to a question from Committee, staff explained that the project is currently being proposed as a multi-year capital project, but depending on the contractor's staffing and ability, there is a chance it could be completed in one construction year similar to the Alpha Street project.

Committee raised concerns with leaving some lanes open. Staff explained that there is only one access street (6th Street East) for all the businesses on that road, so they need to maintain through access.

Staff noted that considering recent tariffs, staff would like to recognize that Tatham Engineering is a Collingwood based, Canadian-owned company, and the engineering fees associated with this project are supporting a Canadian engineering firm.

6. PUBLIC FORUM

There were no questions or comments from the public.

7. CORRESPONDENCE RECEIVED FOR WHICH DIRECTION IS REQUIRED

7.a Correspondence from City of Toronto - Request for Expression of Interest (REOI) - Residual Waste

The Director of Public Works and Engineering summarized the Request for Expression of Interest (REOI) – Residual Waste.

OP-250320-002
Moved by Member Hawkins

"THAT in consideration of correspondence provided from City of Toronto - Request for Expression of Interest (REOI) - Residual Waste, the Operations Committee recommends that City Council receive the correspondence for information purposes."

Carried.

8. REPORTS OF CITY STAFF

8.a Engineering

8.a.1 Report OP-25-006 from Manager of Engineering Services Re: 2025-2026 Road Rehabilitation Locations

The Manager of Engineering provided an overview of the report.

In response to a question from the Committee, staff confirmed that they can bring back an update on the Road Condition Assessments to compare to the previous report (2021) at the next meeting.

OP-250320-003
Moved by Councillor Hamley

"THAT in consideration of Staff Report OP-25-006 respecting 2025-2026 Road Rehabilitation Locations, the Operations Committee recommends that City Council receive the report for information purposes."

Carried.

8.a.2 Report OP-25-011 from Director of Public Works and Engineering Re: 2024 Collision Statistics

The Director of Public Works and Engineering provided an overview of the report.

In response to concerns from Committee regarding the cyclist data, staff explained that these statistics are provided by the Police to City staff to interpret. Staff could reach out to the Police on what fields they are tracking and offer suggestions on how this data could be more aimed at safe streets.

OP-250320-004
Moved by Vice Chair Merton

"THAT in consideration of Staff Report OP-25-011 respecting 2024 Collision Statistics, the Operations Committee recommends that City Council receive the report for information purposes."

Carried.

8.b Environment

None.

8.c Public Works

None.

8.d Transit

None.

8.e Water and Wastewater

8.e.1 Report OP-25-002 from Manager of Water and Wastewater Re: 2024 Annual Wastewater Reports (Collection and Treatment)

The Manager of Water and Wastewater provided an overview of the report.

OP-250320-005
Moved by Member Anderson

"THAT in consideration of Staff Report OP-24-002 respecting the 2024 Annual Wastewater Reports, the Operations Committee recommends that City Council receive the report for information purposes."

Carried.

8.e.2 Report OP-25-001 from Manager of Water and Wastewater Re: DWQMS Audit Report - January 1, 2024 to December 31, 2024

The Manager of Water and Wastewater provided an overview of the report.

OP-250320-006
Moved by Vice Chair Merton

"THAT in consideration of Staff Report OP-25-001 respecting DWQMS Audit Report – January 1, 2024 to December 31, 2024, the

Operations Committee recommends that City Council receive the report for information purposes."

Carried.

9. MATTERS POSTPONED

There were no matters postponed.

10. MOTIONS FOR WHICH NOTICE WAS PREVIOUSLY GIVEN

10.a Motion for Which Notice was Previously Given by Councillor Merton at the February 10, 2025 Regular Council meeting Re: Snow Windrow Clearing Program

OP-250320-007
Moved by Vice Chair Merton

"WHEREAS the average annual snowfall in Owen Sound is the most in Ontario at 130.1 inches;

AND WHEREAS 27.2% of the population of the City of Owen Sound is over the age of 65, compared with 18.3% of the population of Ontario and 19% in Canada overall;

AND WHEREAS other municipalities have implemented a snow windrow clearing program for older adults/seniors and those with physical disabilities to remove the accumulation of snow at the end of residential driveways resulting from road plowing operations;

NOW THEREFORE BE IT RESOLVED THAT City Council directs staff to bring forward a report back to Council within three (3) months outlining the options and cost of implementing a snow windrow clearing program for older adults/seniors and those with disabilities."

Prior to a vote on the motion, Vice Chair Merton requested a recorded vote.

	In Favour	Opposed
Member Anderson	X	
Member Crone		X
Member Droine	X	
Member Hawkins	X	
Councillor Hamley	X	
Vice Chair Merton	X	
Chair Deputy Mayor Greig		X

The resolution was carried with five (5) votes in favour and two (2) votes opposed.

11. CORRESPONDENCE PROVIDED FOR INFORMATION

There were no correspondence items presented for information.

12. DISCUSSION OF ADDITIONAL BUSINESS

12.a King Charles III's Coronation Medal

Councillor Merton congratulated Member Anderson as he was nominated by the Canadian National Institute of the Blind and was awarded the King Charles III's Coronation Medal.

13. NOTICES OF MOTION

There were no notices of motion.

14. ADJOURNMENT

The business contained on the agenda having been completed, Chair Deputy Mayor Greig adjourned the meeting at 7:02 p.m.

OPERATIONS COMMITTEE MEETING

32ND STREET EAST AND EAST BAYSHORE ROAD WATERMAIN REPLACEMENT PRESENTATION

CITY OF OWEN SOUND

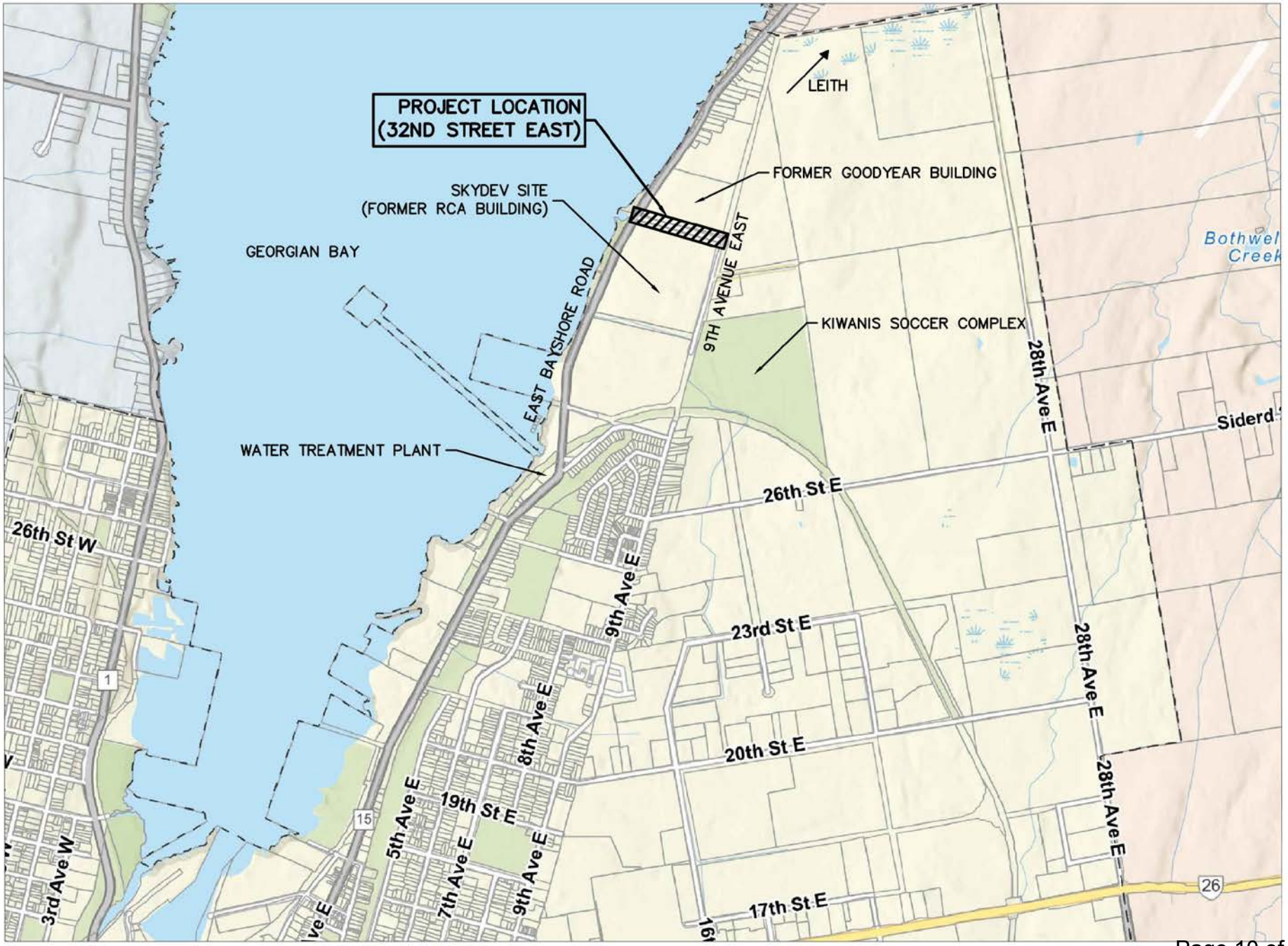
THURSDAY, APRIL 17TH, 2025

25-006

owen sound
where you *want* to live

ENGINEERING
CONSULTANTS LTD

SITE LOCATION: 32ND STREET EAST



EXISTING SITE, WATERMAINS, AND PRESSURE ZONES

- Former Goodyear building to the north, SkyDev development site (8 multi-storey apartment buildings proposed) to the south, Georgian Bay to the west, vacant land to the east.
- West portion of 32nd Street East has 130 m of 250 mm diameter ductile iron watermain on Municipal Pressure Zone (MPZ). Water pressure approximately 91 psi.
- East portion of 32nd Street East has 230 m of 300 mm diameter asbestos cement (AC) watermain on Industrial Pressure Zone (IPZ). Water pressure approximately 128 psi.
- Currently the two sections of watermain are not connected.
- 300 mm diameter PVC watermain on East Bayshore Road currently diverts around the end of a concrete box culvert.

EXISTING 32ND STREET EAST WATERMAIN

WATERMAIN REPLACEMENT PHASED APPROACH

- Phase 1: Replace west portion of 32nd Street East watermain (from East Bayshore Road to former Goodyear building service), with 135 m of 300 mm diameter PVC.
- Phase 2: Replace east portion of 32nd Street East watermain and north portion of 9th Avenue East Watermain, with 390 m of 300 mm diameter PVC.
- Phase 2 includes installation of a new pressure reducing valve, on 9th Avenue East, to connect the Municipal Pressure Zone (MPZ) and the Industrial Pressure Zone (IPZ).
- Phase 3: Replace and realign 55 m of 300 mm diameter PVC watermain on East Bayshore Road to avoid future culvert extension.
- Phased approach maintains water servicing along 32nd Street East, 9th Avenue East, and East Bayshore Road including the water supply to Leith.
- This project also includes three new fire hydrants along 32nd Street East, replacement of sanitary sewer manholes on 32nd Street East, and replacement of a culvert at the corner of 9th Avenue East and 32nd Street East.

32ND STREET EAST WATERMAIN PROPOSED REPLACEMENT

BENEFITS OF THIS PROJECT

- Improved watermain infrastructure for servicing of proposed and future development including the SkyDev development.
- Pressure reducing valve allows the higher-pressure Industrial Zone to provide backup pressure and flow to the lower-pressure Municipal Zone during large demands such as fire flows.
- Provides a backup feed to the northeast portion of Owen Sound and Leith if East Bayshore Road watermain is down (Municipal Pressure Zone).
- New fire hydrants increase fire protection ability within project area.

PRELIMINARY CONSTRUCTION COST ESTIMATE

Total Cost Phase 1 – 32nd Street East (West End)	$319,000
Total Cost Phase 2 – 32nd Street East (East End) and 9th Avenue East (North End). Including PRV Chamber.	$980,000
Total Cost Phase 3 – East Bayshore Road	$157,000
Additional Sanitary Sewer Work	$75,000
TOTAL COST (EXCLUDING HST)	**$1,531,000**
Approved Total Housing Enabling Water System Funding	**$2,409,000**

TENTATIVE PROJECT SCHEDULE

- Submission of 100% Detailed Design: April 18th, 2025
- Submission of Contract Tender Documents: April 23rd, 2025
- Issuance of Tender: April 28th, 2025
- Tender Close: May 27th, 2025
- Award of Construction Contract: June 16th, 2025
- Construction Commencement: June 30th, 2025
- Construction Substantial Completion: September 1st, 2025

Thank you for your interest!

We would appreciate any questions.

Water and Wastewater Rate Study: Council Presentation

CITY OF OWEN SOUND

April 17, 2025

Discussion Topics

- Background and Rate Setting Approach
- Overview of Analysis:
  - Projection of Billed Water
  - Operating and Capital Cost Projections
  - Asset Management Contributions
  - Calculated Water and Wastewater Rates
  - Reserve Fund Management
- Benchmarking and Next steps

Study Background

- The last Water and Wastewater Rate Study was completed in 2020 with the view of updating the study in 5 years.
- The City has initiated an updated study prior to the 5 years mark to respond to increasing costs, a revised asset management plan and a more robust non-growth-related capital plan to maintain system operations
- A Water Financial Plan is required to maintain the City's drinking water licence
- A 10-year projection of water and wastewater rates will underpin the Water Financial Plan.

Existing Water and Wastewater Rate and Rate Structure

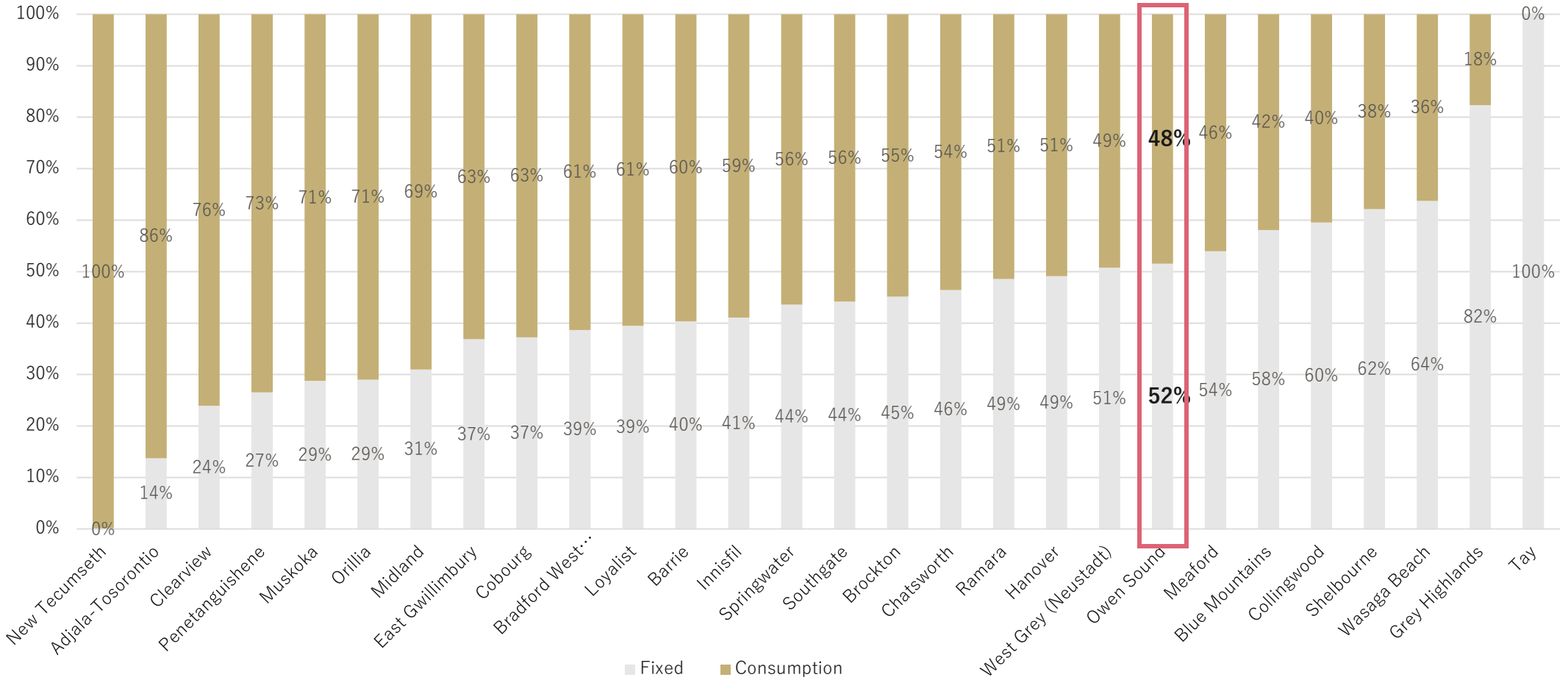
2024 Water Rates (July 1st)	
Fixed Charge per month (15mm)	$30.38 per month
Variable Rate (Block 1)	$1.71 per m^3
Variable Rate (Block 2)	$1.92 per m^3

2024 Wastewater Rates (July 1st)	
124% Surcharge of Water Rates	
Fixed Charge per month (15mm)	$37.67 per month
Variable Rate (Block 1)	$2.12 per m^3
Variable Rate (Block 2)	$2.38 per m^3

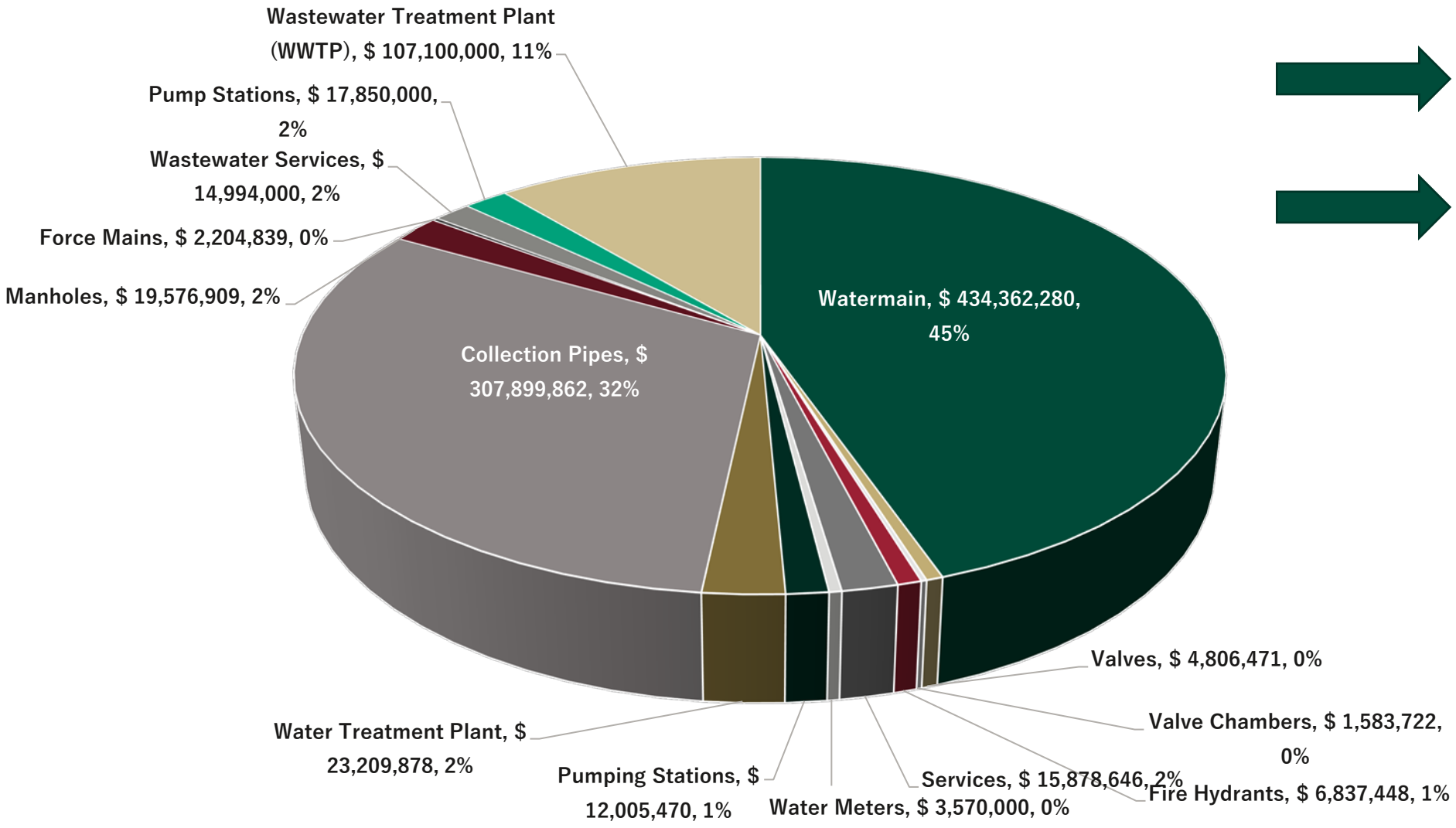
General Rate Observations:

- Rate structure consistent with many communities across the province
- Increasing block structure: block 1 limit of 110m^3 per month
- Approximately 50% of total costs are recovered from the variable rate

Evaluation of Existing Rate Structure



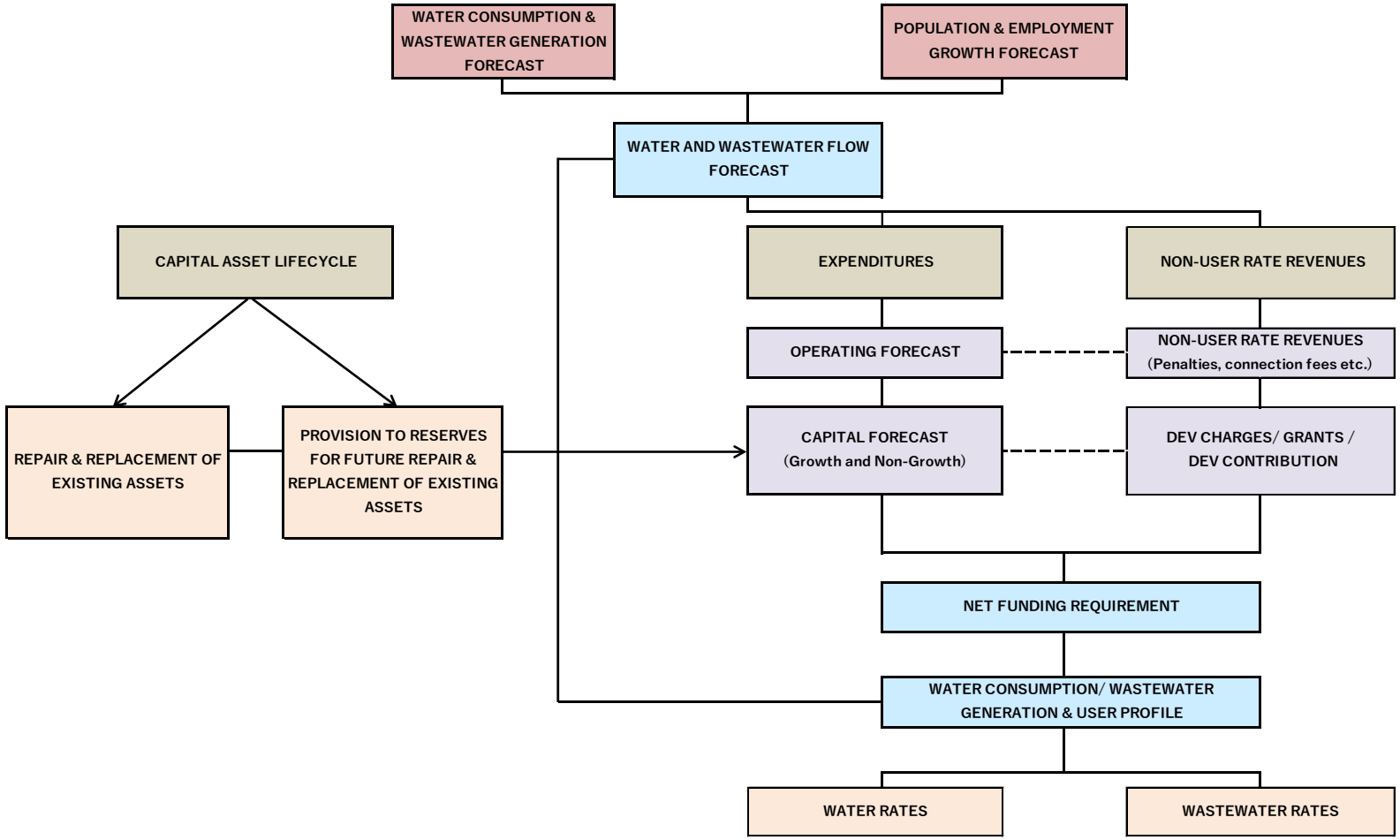
Asset Replacement Value = $971 Million



- Water = $502 M
- Sewer = $470 M
- Annual Capital Asset Replacement provision estimated at:
  - **$18 million** per year for Water Assets; and
  - **$11 million** per year for sewer Assets (2025$)

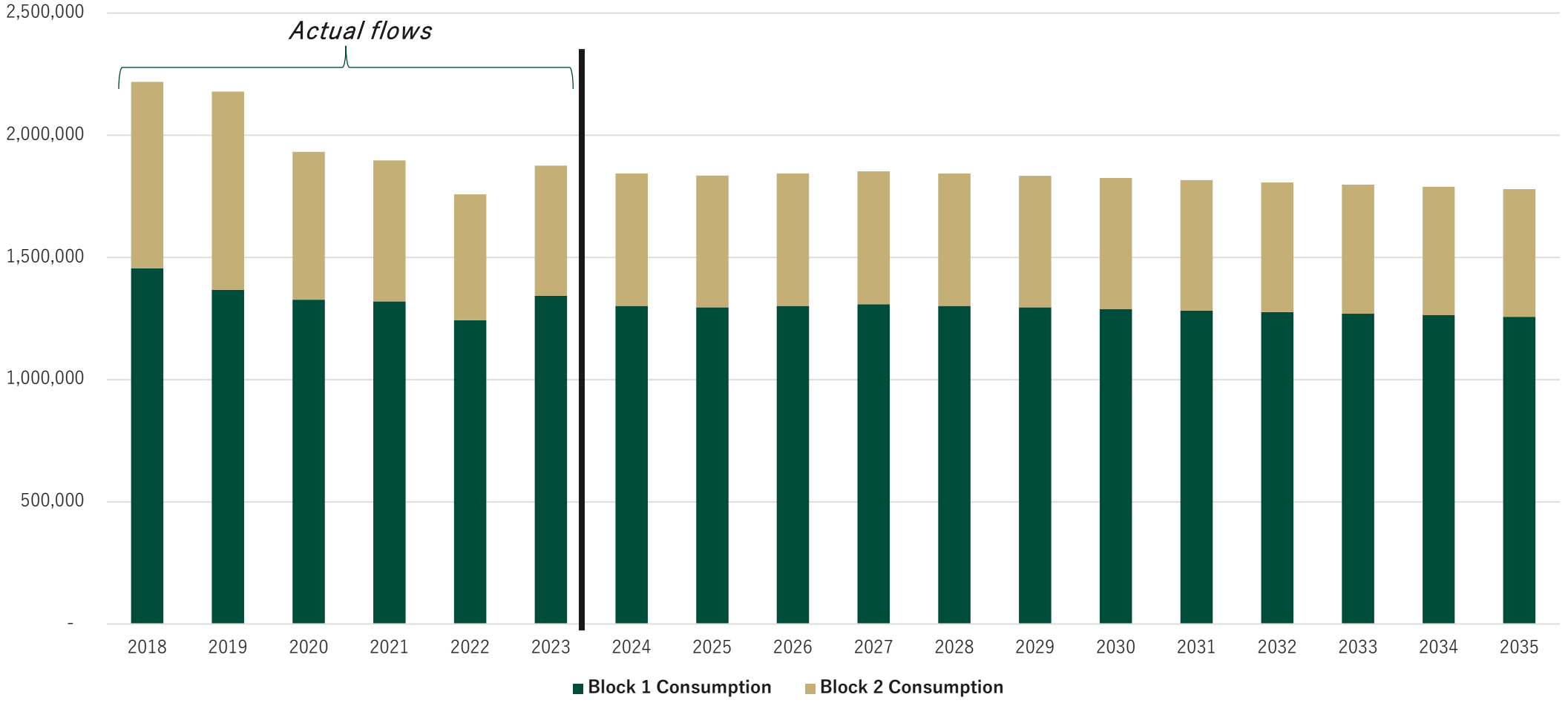
Source: 2022 Core AMP and adjusted for inflation to 2025$ using the NRCPI.

Water and Wastewater Rate Setting Approach



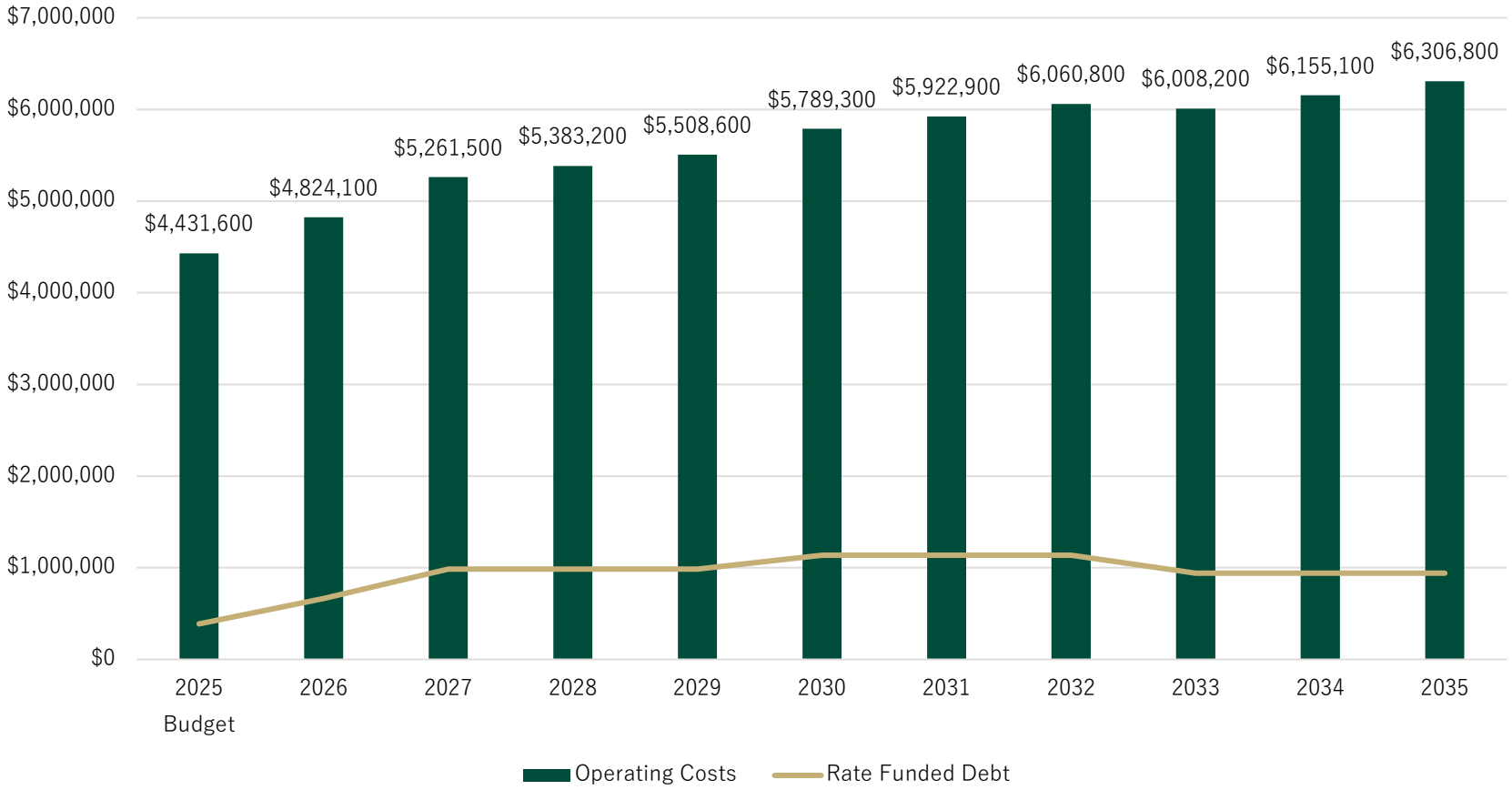
1. Full recovery of operating costs
2. Full recovery of annual capital needs
3. Contribution to Reserve for future asset replacement

Consumptions Forecast – Tier 1 and Tier 2 – Historical vs. Forecast (m^3)



Note: billed consumption has been adjusted upwards by 1% in 2026 and a further 1% in 2027 to reflect anticipated increased billings following the metering replacement project (i.e. more accurate billings)

Operating Budget Forecast - Water

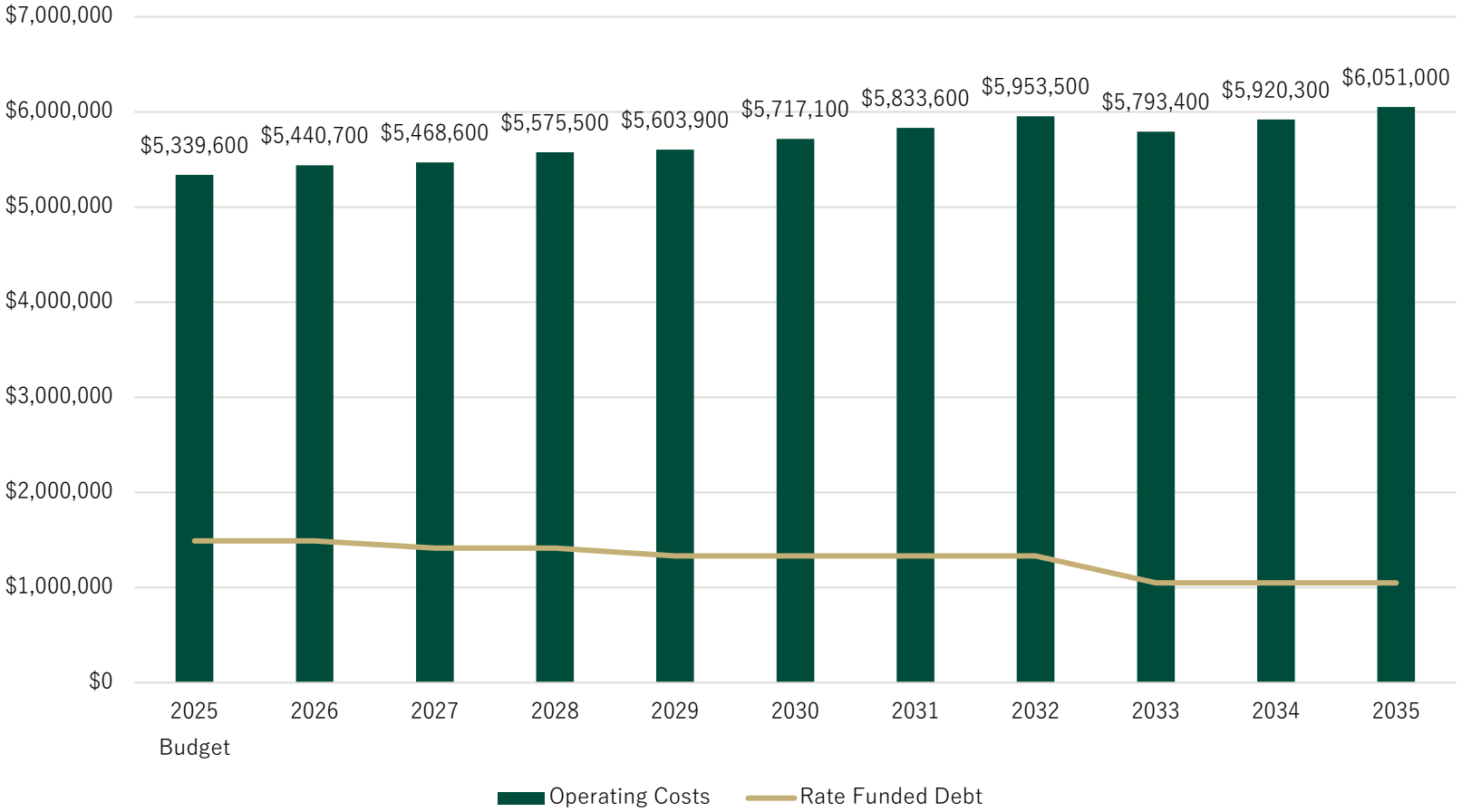


Forecast based 2025 Budget

Cost Centre	Assumed Year over Year Cost Increase
Salaries and Benefits	3%
Materials, Service, Repairs	2%
Hydro/Utilities	5%
Insurance, Contracted Services	4%

Operating costs only relate to: salaries and benefits; parts, materials, and repairs; contracted services and insurance; and hydro/utilities ,debt but excludes capital and transfer to reserves. Non-rate revenues are excluded from this graph

Operating Budget Forecast - Wastewater



Forecast based 2025 budget

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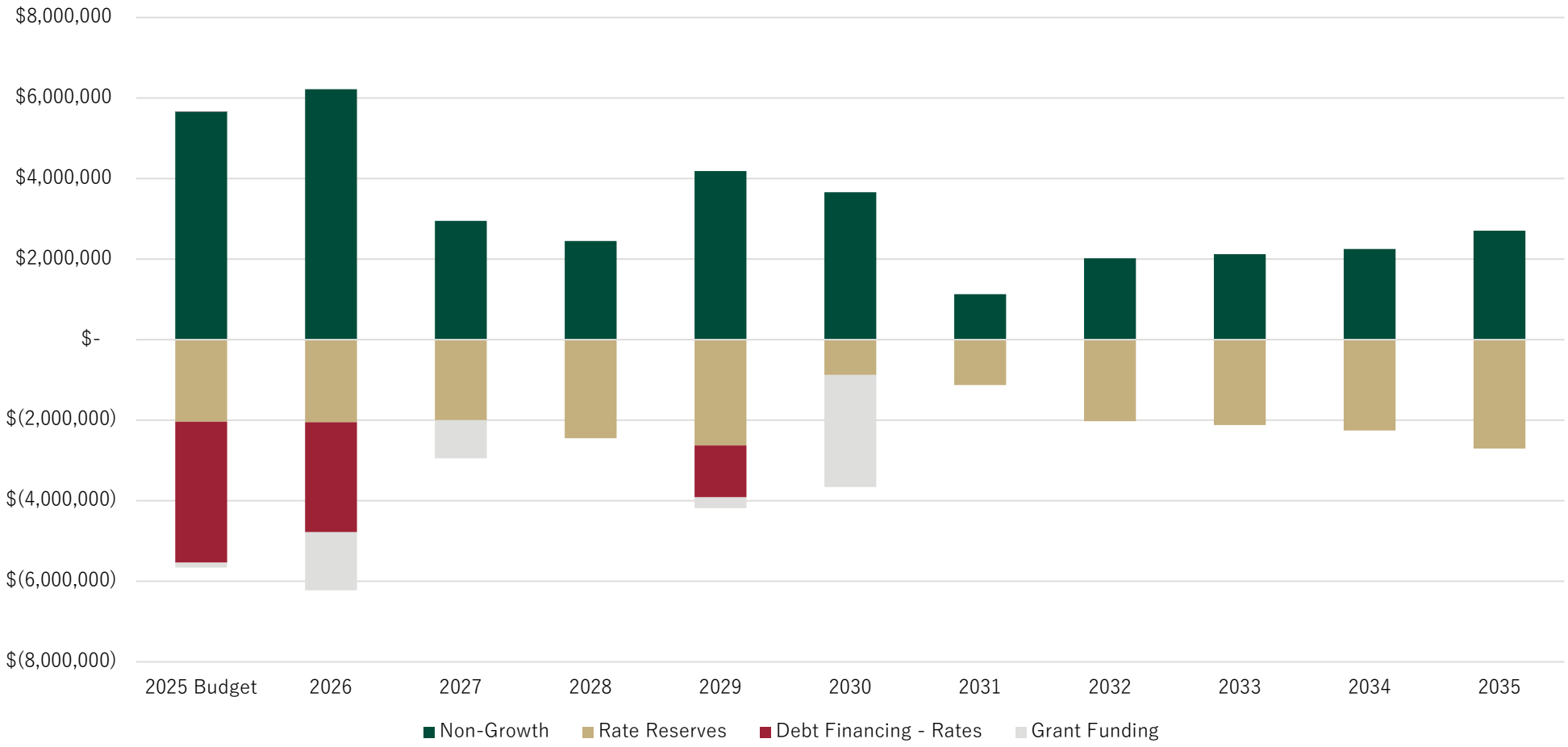
Operating costs only relate to: salaries and benefits; parts, materials, and repairs; contracted services and insurance; and hydro/utilities ,debt but excludes capital and transfer to reserves. Non-rate revenues are excluded from this graph

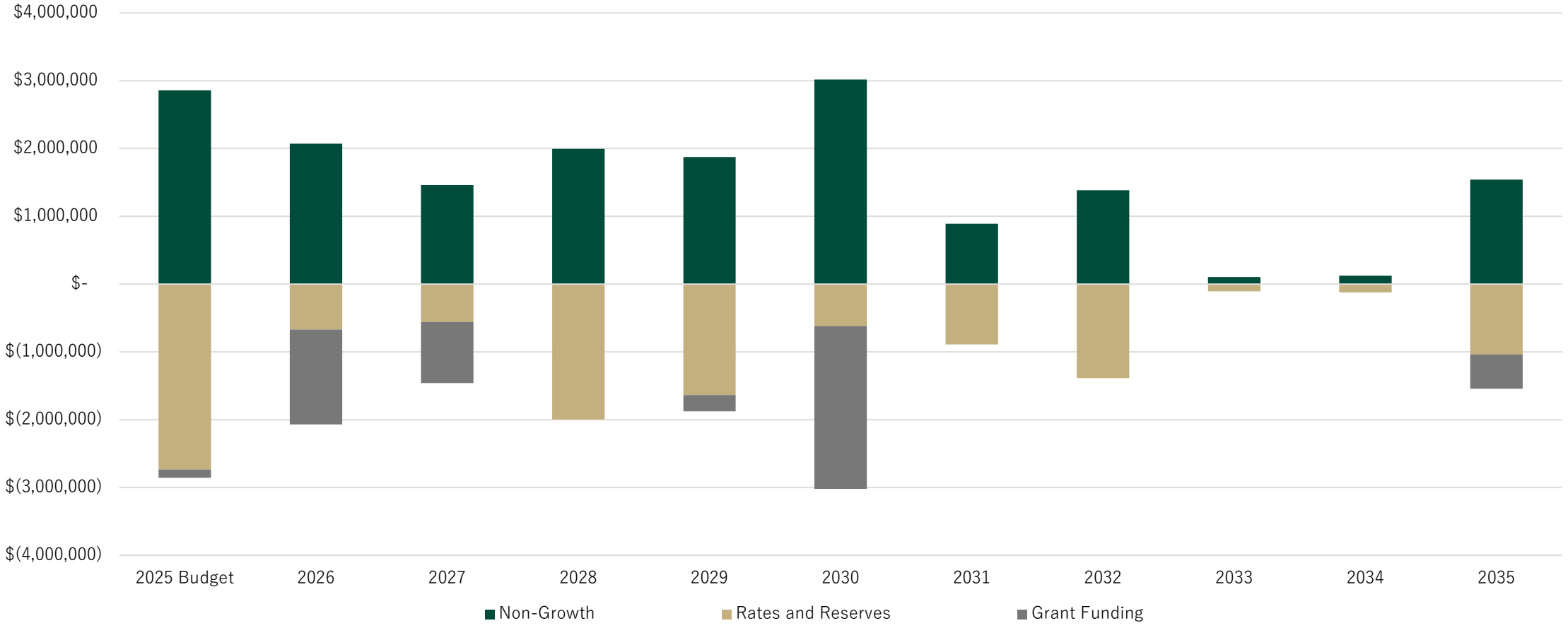
Capital Forecast Water 2026 – 2035: Totals $29.7 million



- Assumed Debt financing for Water Meter Replacement #25N.5 ($3.5M in 2025), 9th Ave. E #25P.10 ($2.8M in 2026), and 9th Ave. E #28P.5 ($1.3M in 2029)
  - Terms: 3.0% interest at 10 years
  - All future debt assumed to be funded through water rates
- Non-growth capital in 2035 is assumed to be the average of the capital spend from 2025-2034

Note: Capital Forecast is inflated to the $ year in which the work is being undertaken

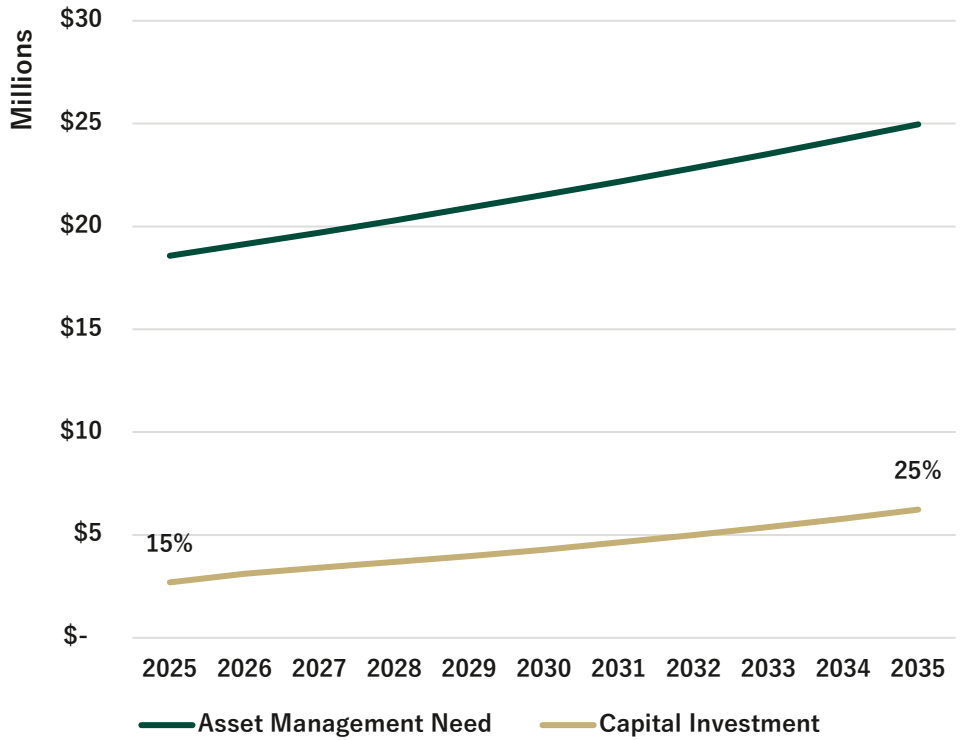
Capital Forecast Wastewater 2026 – 2035: Totals $14.5 million



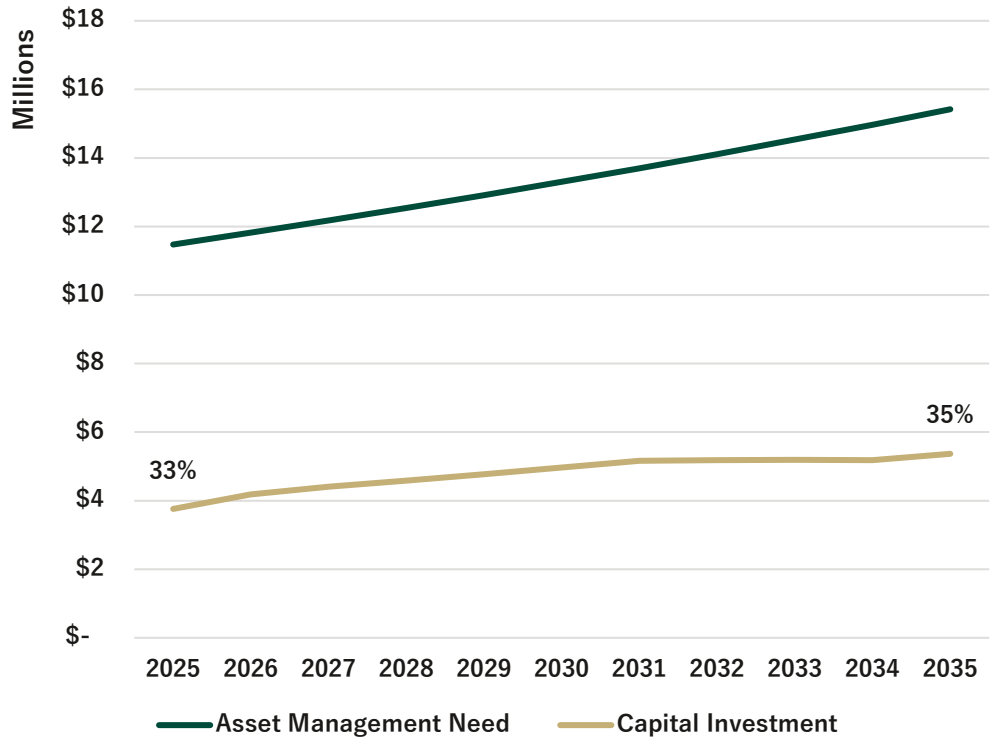
Note: Capital Forecast is inflated to the $ year in which the work is being undertaken

Capital Investment vs. Asset Management Needs

Water



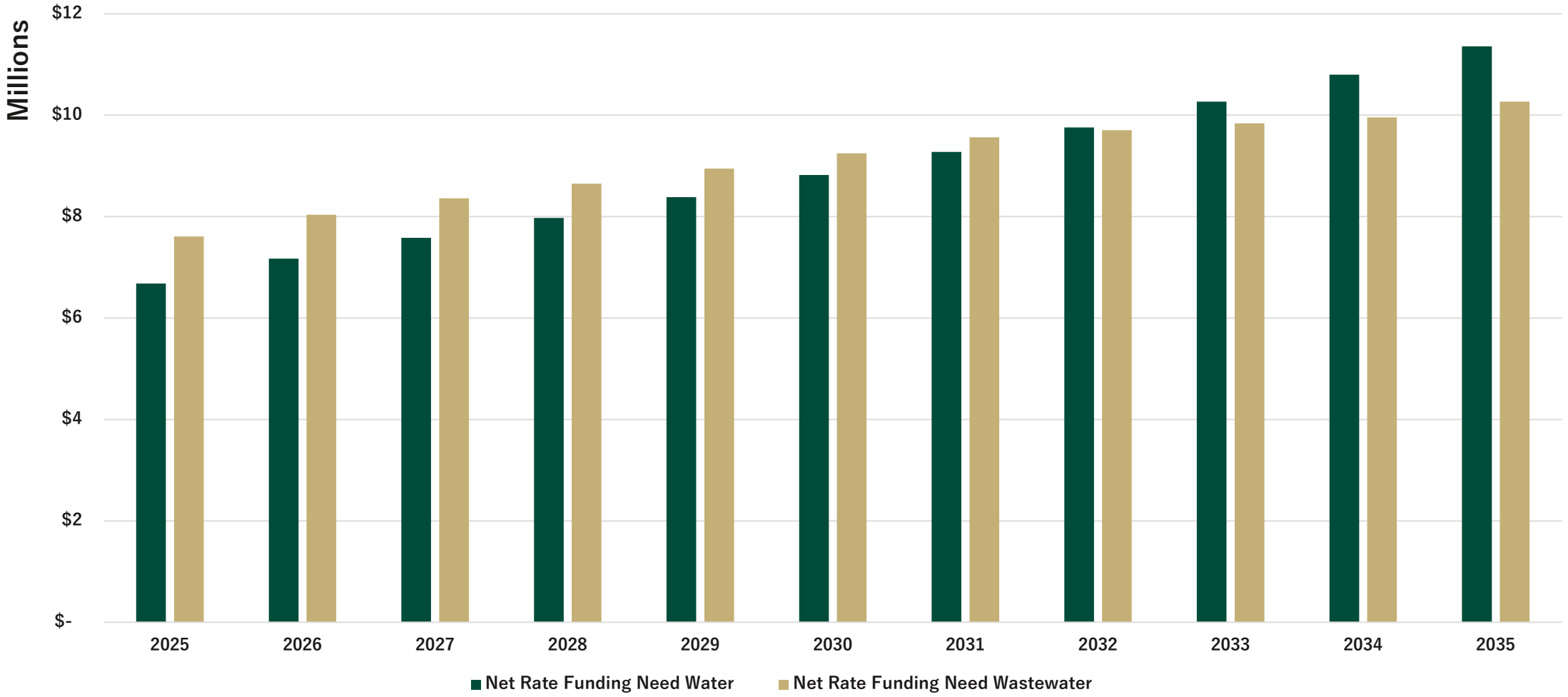
Wastewater



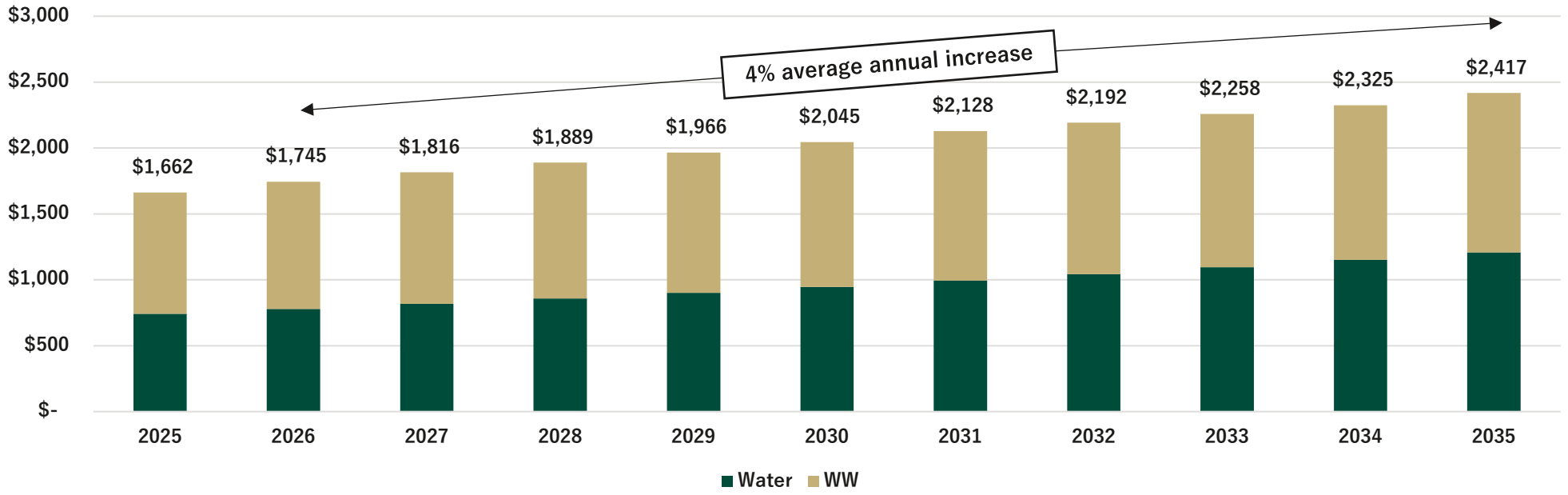
Total Cumulative Capital Investment represents **30%** of the total AM need by 2035

Note: Asset Management Need is based on 2022 Core AMP and adjusted for inflation to 2025$ using the NRCPI. 3% annual inflation adjustment thereafter.

Net Rate Funding Need



Annual Rate Impact per Typical Metered User (200 m^3 per Annum)

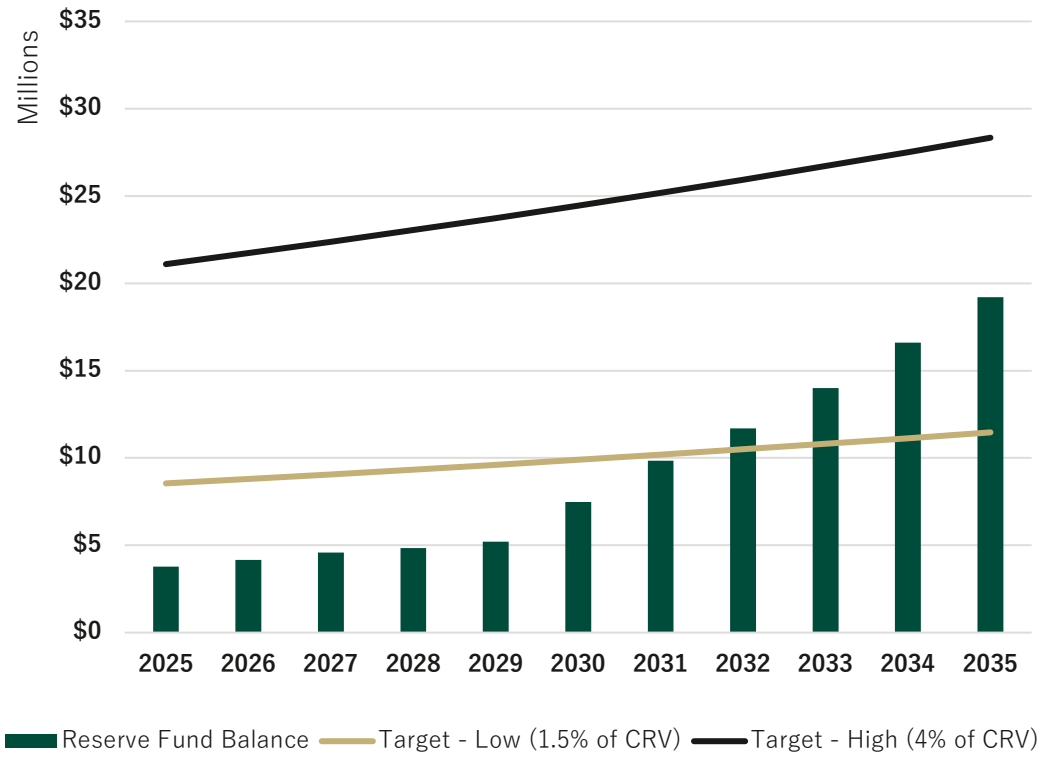


		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
WATER	Fixed and Variable	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
SEWER	Surcharge on Water	124%	124%	122%	120%	118%	116%	114%	110%	106%	102%	100%

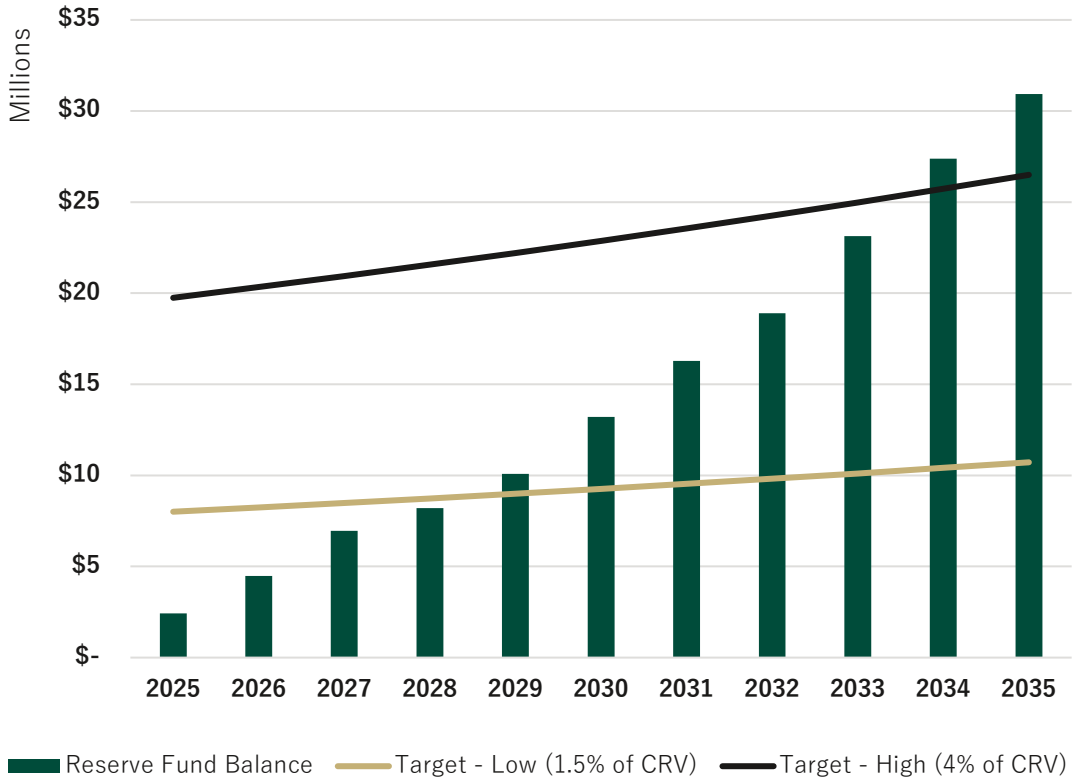
Note 1: A typical user for the purposes of this analysis has been assumed to use 200 cubic meters of water per year.
Note 2: Because of the declining sewer surcharge, we are displaying the % increase in a typical household bill as an average over the 10-year period.

Reserve Fund Policy Considerations

Water

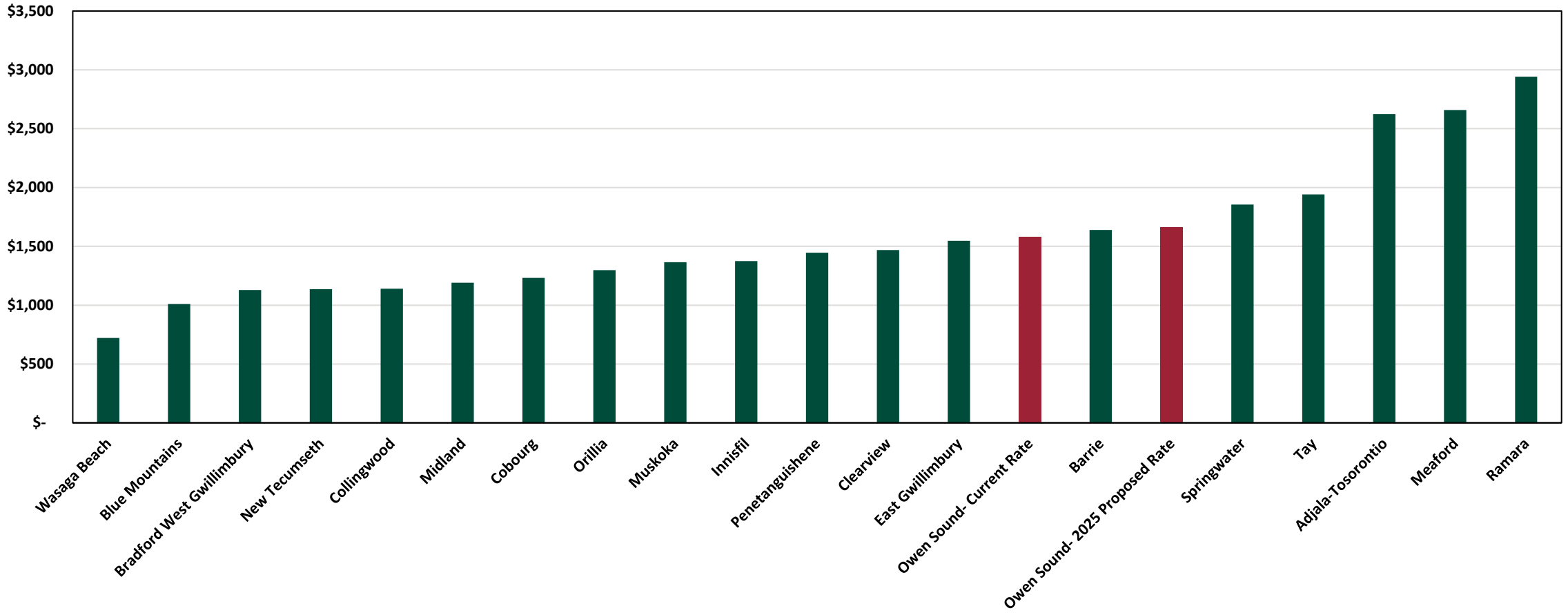


Wastewater



Note: Asset Management contribution based on 2022 Core AMP and adjusted for inflation to 2025$ using the NRCPI. 3% annual inflation adjustment thereafter.

Current Rate Comparison



Rates shown are the expected annual water and wastewater bill for a residential household consuming 200 m^3 per Annum.

Concluding Comments

- Annual increases to the utility rates are needed to support capital needs and operating costs of the system
- Extensive capital works required over the planning period
  - Debt financing measures and use of reserves need to be carefully monitored to ensure sustainable reserve levels, and self imposed (or provincially mandated) debt limitations are not exceeded
- Rates remain competitive with surrounding municipalities

Staff Report

Report To: Operations Committee

Report From: Heidi Jennen, Supervisor of Environmental Services

Meeting Date: April 17, 2025

Report Code: OP-25-018

Subject: Circular Materials Eligible Community Recycling Calendars Agreements

Recommendations:

THAT in consideration of Staff Report OP-25-018 respecting Circular Materials Eligible Community Recycling Calendars Agreements, the Operations Committee recommends that City Council:

1. Direct staff to bring forward a by-law to authorize the Mayor and Clerk to execute an Agreement for Eligible Communities with Circular Materials for 2026, as outlined in the report; and
2. Direct staff to bring forward a by-law to authorize the Mayor and Clerk to execute an Amending Agreement for Eligible Communities with Circular Materials for the remainder of 2025 as outlined in the report.

Highlights:

- Circular Materials is offering municipalities an Agreement to continue promoting recycling collection through their waste calendar and the website until December 31, 2026. The City will receive $0.35 per household to support the creation and distribution of the waste calendar.
- The City will launch the Recycling Coach 'What Goes Where' tool on the Waste Management and Green Bin webpages, as well as through an app, in May as part of the Green Bin program. This

interactive platform will provide residents with clear, easy-to-follow guidance on waste disposal, covering green bin materials, garbage, hazardous waste, recycling, and yard waste.

- As part of its agreement with Circular Materials, the City will receive an additional $0.15 per household for integrating recycling information into the Recycling Coach app, which helps offset implementation costs and enhances waste diversion efforts.

Strategic Plan Alignment:

Strategic Plan Priority: Green City by promoting waste diversion through the new green bin program and introducing innovative tools like the Recycling Coach app as part of the City's ongoing efforts to reduce our environmental footprint.

Climate and Environmental Implications:

This supports the objectives of the City's Corporate Climate Change Adaptation Plan by considering climate adaptation in the development of the City's strategies, plans and policies.

Previous Report/Authority:

OP-23-025 Agreement for Eligible Community Promotion and Education

Background:

The City currently has an agreement with Circular Materials to promote recycling collection through the waste calendar and the City's website. As part of this agreement, the City also provides residents with information about Circular Materials, including how to access their website for recycling guidelines.

As part of the City's efforts to enhance waste diversion and public education, the Recycling Coach app will be introduced to City residents in May, coinciding with the launch of the Green Bin program. Recycling Coach provides an interactive platform that offers residents clear and accessible information on waste management. This platform will also be available online through the Waste Management and Green Bin web pages. Key features of the app include:

What goes where: Residents can search for specific items to find detailed instructions on how to dispose of them properly. This includes guidance on green bin materials, garbage, hazardous waste, and yard waste.

Image Recognition Technology: Users can take a picture of an item, and the app will identify it and recommend appropriate disposal options.

Reuse and Donation Suggestions: For items in good condition, the app may suggest donating them to local organizations or participating in community reuse events, such as Goods Exchange Day.

Circular Materials selected Recycle Coach as their official app through an RFP process. This app will provide residents with up-to-date information on what is recyclable under their program. Since the City is implementing the Recycle Coach app, Circular Materials will compensate the City an additional $0.15 per household for the remainder of this year and all of 2026. This funding will help offset the costs associated with implementing the app and conducting public education efforts.

Analysis:

Circular Materials recognizes that residents prefer to have all waste-related information in one place and has offered municipalities an Agreement to continue promoting recycling collection through their waste calendar and the website from January 1, 2026, to December 31, 2026. This agreement extends the City’s current Agreement with Circular Materials during the transition period, which is set to end on December 31, 2025.

Under the 2026 agreement for eligible community recycling calendars, the City will receive $0.35 per household to support the design, printing, and distribution of waste calendars. In addition, the City will receive an extra $0.15 per household, provided Circular Materials is given a list of addresses and waste collection dates in Excel format. This data, which can be extracted from the City's GIS system, will be utilized in the Recycle Coach app to assist residents in locating their recycling collection schedules. No confidential information will be shared.

To qualify for the additional $0.15 per household, an amending agreement for 2025 will be required, with the funding prorated accordingly.

Financial Implications:

The City will receive $0.35 per eligible source to help offset the costs of designing, developing, printing, and distributing waste calendars for 2026. With approximately 9,630 eligible sources in the City, this will result in a payment of $3,370.50 for 2026.

The City will also receive an extra $0.15 per household for the integration into Recycle Coach, totalling $1,445 for 2026. Upon signing the amending agreement, the City will also receive a one-time, prorated payment of approximately $722.50 for 2025.

Communication Strategy:

The Circular Material website for Owen Sound can be found at Owen Sound | Circular Materials.

The introduction of the Recycling Coach app will be featured on the City's Waste Management webpage and the Green Bin webpage and will also be promoted through social media posts.

Consultation:

None.

Attachments:

None.

Recommended by:
Heidi Jennen, Supervisor of Environmental Services
Lara Widdifield, Director of Public Works and Engineering

Submission approved by:
Tim Simmonds, City Manager

For more information on this report, please contact Heidi Jennen, Supervisor of Environmental Services, at hjennen@owensound.ca or 519-376-4440 Ext 3223.

Staff Report

Report To: Operations Committee

Report From: Heidi Jennen, Supervisor of Environmental Services

Meeting Date: April 17, 2025

Report Code: OP-25-012

Subject: Product Care Association of Canada – Municipality Services Agreement

Recommendations:

THAT in consideration of Staff Report OP-25-012 respecting Product Care Association of Canada – Municipality Services Agreement, the Operations Committee recommends that City Council direct staff to bring forward a by-law to authorize the Mayor and Clerk to execute the Services Agreement with Product Care Association of Canada for the collection and processing of hazardous and special products as outlined in the report.

Highlights:

- Product Care has provided a new agreement with the City, effective January 1, 2025, to December 31, 2026, with automatic one-year renewals and updated pricing for collected materials.
- Pressurized non-refillable containers and refillable propane tanks are no longer classified as HSP products under the HSP Regulation (O. Reg. 449/21), resulting in the loss of funding for these materials.
- Product Care will provide a one-time supplementary retroactive payment equal to 4% of the total 2024 Collection Services payments, estimated at $1,200, which will be distributed among participating municipalities on a prorated basis.

Strategic Plan Alignment:

This report supports the delivery of Core Service.

Climate and Environmental Implications:

This supports the City's Climate Mitigation Plan objective to reduce waste produced at City facilities by reducing packaging, reusing items and diverting waste from landfills, including the diversion of organic waste.

Previous Report/Authority:

OP-21-033 Service Agreements for Municipal Hazardous and Special Products

OP-23-049 Product Care Ontario Lighting 2023 Municipal Agreement

Background:

The City provides hazardous and special products (HSP) collection and disposal services in partnership with surrounding municipalities. All funding received through agreements with Producer Responsibility Organizations (PROs) is distributed among participating municipalities based on their proportional rate in the events.

The City has agreements with the following PROs for designated materials:

- Product Care for paints, solvents, pesticides, and flammables.
- Call2Recycle for batteries.
- Automotive Materials Stewardship (AMS) for antifreeze, oil filters, and oil containers.
- Product Care for lighting (an additional agreement approved in 2024).

Following the transition to the Individual Producer Responsibility (IPR) framework, municipalities believed that PROs would fully fund HSP events or that producers of hazardous products would be obligated to take back hazardous materials.

In 2023, the Resource Productivity and Recovery Authority (RPRA) launched a 'Where to Recycle' website that allowed residents to enter the material they wished to dispose of, along with their location and preferred driving distance, to find drop-off sites for items such as paint, pesticides, and batteries - all at no charge. Over time, the list of available drop-off locations

has significantly decreased, with some materials, such as waste paint, no longer having any designated drop-off sites. This has increased the importance of the City's HSP collection events.

In addition to the materials covered under PRO agreements, the City also collects acids, caustics, fertilizers, pharmaceuticals, oxidizers, and bulk oil at HSP events. The collection and disposal of these materials are not currently funded by any PROs.

Analysis:

The City's most recent Amending Agreement with Product Care was approved in 2021, with a one-year term and automatic renewal. In March 2025, Product Care approached the City to propose a new agreement with updated pricing.

The proposed agreement will be in effect until December 31, 2026, with automatic one-year renewals unless terminated with 90 days' notice. While the general terms and conditions remain unchanged, the agreement introduces revised pricing for materials collected.

Financial Implications:

Under the proposed agreement, the City will receive the following updated rates:

Material	New Rate (per kg)	2022 Rate (per kg)	Increase per kg
Paints and Coatings	$1.56	$1.20	$0.36
Pesticides	$2.21	$1.20	$1.01
Solvents	$1.94	$1.20	$0.74

Under the HSP Regulation (O. Reg. 449/21), Pressurized non-refillable containers and refillable propane tanks are no longer classified as HSP products. Funding for these materials ended in late 2023 under the previous agreement.

As part of the new agreement, Product Care will provide a one-time supplementary retroactive payment to the City, equivalent to 4% of the total payments made for HSP materials in 2024. This payment will be issued

within 60 days of the agreement's execution, pending any necessary verification by Product Care. The City anticipates receiving approximately $1,200, which will be distributed to each participating municipality on a prorated basis.

Communication Strategy:

Public communication and awareness of this new agreement will be facilitated through the publication of Council and Committee agendas and minutes.

Consultation:

N/A

Attachments:

N/A

Recommended by:
Heidi Jennen, Supervisor of Environmental Services
Lara Widdifield, Director of Public Works and Engineering

Submission approved by:
Tim Simmonds, City Manager

For more information on this report, please contact Heidi Jennen, Supervisor of Environmental Services at hjennen@owensound.ca or 519-376-4440 Ext 3223.

Staff Report

Report To: Operations Committee

Report From: Kate Allan, Director of Corporate Services

Meeting Date: April 17, 2025

Report Code: CR-25-043

Subject: 2025 Water Rate and Sewer Surcharge Update

Recommendations:

THAT in consideration of Staff Report CR-25-043 respecting 2025 Water Rate and Sewer Surcharge Update, the Operations Committee recommends that City Council:

1. Approve the financial plan as presented;
2. Direct staff to bring forward an amendment to the Fees and Charges By-law which includes:
    a. A five percent (5%) increase to water rates in the 2025 Fees and Charges By-law, effective July 1, 2025; and
    b. Maintaining the wastewater surcharge at 124% of the water rate; and
3. Direct staff to provide notice of the water rate increase and continued wastewater surcharge in accordance with the City's notice provisions.

Highlights:

- The rate adjustment supports the continued delivery of safe, reliable, and high-quality drinking water and wastewater treatment for Owen Sound residents and businesses, including critical capital projects.
- By addressing aging infrastructure vulnerabilities, the investment enabled by this rate increase helps make Owen Sound's water and wastewater systems more resilient to climate impacts.

- Staff continue to prioritize gradual predictable increases to minimize the impact of volatile changes in external markets and annual investment requirements.
- The update ensures that the system continues to operate under a full-cost recovery model, meeting regulatory requirements and maintaining healthy reserves to smooth future rate adjustments, reduce reliance on debt and protect the system from unexpected capital or operating pressures.

Strategic Plan Alignment:

Strategic Plan Priority: Green City.

Climate and Environmental Implications:

This supports the objectives of the City's Corporate Climate Change Adaptation Plan by strengthening the resiliency of City infrastructure or services.

Previous Report/Authority:

N/A.

Background:

Water treatment and distribution and wastewater collection and treatment services are essential to the health and safety of Owen Sound residents and businesses. The City is responsible for maintaining a significant municipal water and wastewater network with an estimated replacement value of $971 million.

These services are funded entirely through user fees, not property taxes. This user-pay model ensures that only system users pay for the services they receive, consistent with provincial legislation under the Safe Drinking Water Act, 2002 and Ontario Regulation 453/07.

To ensure long-term sustainability, the City engaged Hemson Consulting Ltd. to prepare a full Water and Wastewater Rate Study. The study, included as an attachment to this report, provides a financial model and full-cost recovery rates to guide the City's utility funding strategy over the next five years.

Analysis:

Input Data:

The recommended rates are informed by several key inputs:

1. Capital Plan

The City's water and wastewater capital plans are approved annually as part of the comprehensive capital update in June. Capital plans identify necessary investments to maintain, rehabilitate, and expand the system. These plans will be reviewed again on June 23, 2025, as part of the full capital review, and are attached for Council's reference.

Major Projects include:

- The City-wide water meter replacement project
- Watermain and pumping station rehabilitation
- Water treatment infrastructure
- Wastewater collection and treatment system improvements

2. Operating Budgets

Operating budgets for water and wastewater were presented to Council during the 2025 levy-setting process but received limited discussion as they are fully funded by user fees. These budgets are attached for Council's information and can be reviewed at this time.

Key Points:

- The water and wastewater divisions are staffed by 20 full time employees fully funded from user fees.
- Oversight is provided by the Director of Public Works and Engineering.
- Insurance savings of approximately $230,000 have been realized following a change in providers.
- Any annual surplus after operating and capital costs is directed to reserves to offset future capital needs and stabilize future rate increases.

3. Usage Data

The rate model is also informed by current and projected usage data including:

- The number of users (equivalent connections)
- Historical and forecasted water consumption

- Anticipated changes due to conservation and efficiency trends
- Expected accuracy improvements from the upcoming water meter replacement project

Rationale for Rate Adjustment:

1. Why User Fees?

User fees:

- Fund 100% of water and wastewater operations.
- Ensure equity by charging users directly based on consumption and connection.
- Comply with Provincial requirements to achieve full cost recovery.

2. Why a Mixed Rate Structure?

The City uses a two-part rate:

- A **fixed charge** based on meter size, reflecting system availability and infrastructure.
- A **variable charge** based on consumption, encouraging responsible water use.

This structure balances fairness, conservation, and revenue stability.

3. Why a 5% Water Rate Increase and 124% Surcharge?

The Hemson Rate Study recommends a **5%** increase to both fixed and consumption-based water charges to:

- Support operating costs.
- Address significant capital investment needs.
- Contribute to reserves to offset future capital costs.

Staff recommend maintaining the **124% wastewater surcharge**, consistent with prior years.

Financial Implications:

For a typical residential customer using **200 m³** of water annually:

- The combined water and wastewater bill will increase by approximately **5%**.
- This equals an additional **$6.70 per month** or **$80 per year**.

This adjustment supports continued system maintenance, regulatory compliance, capital renewal, and reserve contributions while avoiding sharp, unplanned rate spikes in the future.

Communication Strategy:

Public notice in accordance with City's notice provision.

Water rate tables are available on the City's website.

The water financial plan will be posted to Plans and Studies on the City's website.

Consultation:

Staff in water distribution, treatment and revenue collection.

Hemson Consultants

Attachments:

1. Draft 2025 Hemson Rate Study
2. 2025 Water and Wastewater Operating Budgets
3. 10-Year Water Capital Plan
4. 10-Year Wastewater Capital Plan
5. 10-Year Water and Wastewater Combined Infrastructure Capital Plan

Recommended by:
Kate Allan, Director of Corporate Services

Submission approved by:
Tim Simmonds, City Manager

For more information on this report, please contact Natalie Stephens at nstephens@owensound.ca or (519) 376-4440 ext. 1243.

DRAFT REPORT

PREPARED BY HEMSON FOR THE CITY OF OWEN SOUND

CITY OF OWEN SOUND WATER AND WASTEWATER RATE STUDY

March 28, 2025

HEMSON

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CONTENTS

EXECUTIVE SUMMARY

The City of Owen Sound's water and wastewater systems provide service to municipal residents and the non-residential customer base through an extensive municipal network valued at $971 million (2025$). The City of Owen Sound is responsible for the costs of distribution, maintenance, and general operations of maintaining the system and charges utility rates to the end-users directly based on the principles of full-cost recovery.

The City has initiated this Water and Wastewater Rate Study as part of its 5-year review of the water and wastewater rate forecast. The scope of the assignment is to deliver a long-term water and wastewater financial recovery plan to fund current and future operations (direct and indirect), growth related capital expansion (and associated financing costs), and the rehabilitation and eventual replacement of existing infrastructure. Furthermore, the analysis will ensure that the water and wastewater rate structure will allow the City to meet its financial obligations and ensure long-term sustainability.

In undertaking the analysis, a long-term financial planning model covering a ten-year period from 2026 to 2035 was developed, with 2025 as a budget base year. As the City moves forward and cost and revenue assumptions are expected to change, it is recommended that the City review the rate study every five years as details surrounding growth and costs become more refined. Although this analysis includes the ten-year period, City staff and Council should consider the immediate three-to-five years for rate setting purposes. The analysis was prepared using 2025 budget information to inform new utility rates for July 1, 2025, as the July 1, 2024, to June 30, 2025, rates were already approved by City Council prior to initiating the study. The study recommends that utility rates increase to fund operating costs, the non-growth capital program and also makes a provision to reserves for future asset repair and replacement.

The key proposed changes include:

- For establishing July 1st, 2025, rates, the water fixed and consumptive charges are proposed to increase by 5.0%, and this increase is proposed for the entire planning period.
- For wastewater, the surcharge (as a percentage of the total water charge) is proposed to decrease from 124% down to 100% by the end of the period.
- Section 6 and Appendix A provide a detailed breakdown of changes in fixed and consumption charges for water and wastewater over the next 5 years.
- No changes to the City's rate structure are proposed in this update.

Taking into consideration the key changes above, the full cost recovery rate analysis reveals:

- The required user rate revenue in 2026 is forecast to be about $7.2 million for water and $8.0 million for wastewater. This is the amount of revenue that must be collected through the sale of water to fully recover the operating, capital, rehabilitation and replacement costs of the water and wastewater systems.

- Over the long-term, the net rate funding requirements for both the City's water and wastewater systems are expected to increase. The cost increases can largely be attributed to carrying out the capital asset repair and replacement program, increasing operational costs, as well as increased capital asset management contributions. The water and wastewater net rate funding requirements are projected to increase to about $11.4 million and $10.3 million respectively by 2035.

In order for the City to recover the costs associated with providing these services, necessary adjustments to the utility rates are required. The table below provides a snapshot of the calculated utility rates required over the immediate 5-year calculation period (post 2025). A few important findings and considerations:

- On average, the typical bill increases for a household consuming 200 m^3 would be approximately 4.4% per annum over the immediate 5-year period from 2025-2029. The City maintains sufficient reserves over the planning period to manage expenses. By 2035, the analysis estimates the reserve balances to be approximately $19.2 million and $30.9 million for water and wastewater, respectively. That being said, due to the significant capital requirements in the short-term and continued cost pressures on the operating budget, the water reserves are maintained at stable and near current levels for the next few years with much of the reserves accumulating towards the end of the planning period. The balances may be reduced if any rate-funded capital projects are added to the 10-year capital plan above what has been identified.

Calculated Utility Rates, July 1st (5-Year Projection)					
All Accounts	**2025**	**2026**	**2027**	**2028**	**2029**
Fixed Charge: $/Month					
15 mm	$ 31.90	$ 33.49	$ 35.17	$ 36.93	$ 38.77
18 mm	$ 38.85	$ 40.80	$ 42.84	$ 44.98	$ 47.23
25 mm	$ 50.26	$ 52.78	$ 55.42	$ 58.19	$ 61.10
38 mm	$ 73.38	$ 77.05	$ 80.90	$ 84.95	$ 89.20
50 mm	$ 143.00	$ 150.15	$ 157.65	$ 165.54	$ 173.81
75 mm	$ 234.99	$ 246.74	$ 259.07	$ 272.03	$ 285.63
100 mm	$ 350.38	$ 367.90	$ 386.29	$ 405.61	$ 425.89
150 mm	$ 465.76	$ 489.05	$ 513.50	$ 539.18	$ 566.13
200 mm	$ 696.54	$ 731.37	$ 767.94	$ 806.34	$ 846.65
Consumption Charge: $/m³					
Tier 1: 0-110 m³/month	$ 1.80	$ 1.89	$ 1.98	$ 2.08	$ 2.18
Tier 2: >110 m³/month	$ 2.02	$ 2.12	$ 2.22	$ 2.33	$ 2.45
Wastewater Surcharge (% of Water Bill)	124%	124%	122%	120%	118%
Rural Area Charges:	*Twice the Urban Rates Above*				

Staff have been provided with the utility rate setting full-cost model to monitor costs and revenues and assist with future rate updates. It is recommended the City undertake a comprehensive review every three to five years to ensure that a nexus between costs and revenues is maintained over time and that rates remain competitive with surrounding municipalities.

1. BACKGROUND AND STUDY OBJECTIVE

A. BACKGROUND

The City of Owen Sound provides potable water and distribution services to residents while also providing wastewater collection and treatment services. As of 2024, Owen Sound provides water services to approximately 7,475 customers. The City's water runs through a network consisting of one water treatment plant, two pump stations, as well as distribution infrastructure including hydrants, valves, and linear pipelines. The City's wastewater collection system consists of 8 pump stations and wastewater linear assets that transfers collected wastewater to the City's Wastewater Treatment Plant. The City is responsible for all monitoring, quality assurance, quality control, reporting, inspecting, collection and maintenance of the water and wastewater networks. The water and wastewater infrastructure is extensive, valued at $971.9 million (2025$).

The City's water and wastewater systems are built and maintained to meet all regulatory standards of quality. Maintaining these systems to regulatory standards requires significant operating and capital investment on an ongoing basis. Therefore, the City funds its water and wastewater costs through user fees charged to its customers on the basis of a full cost recovery system. The fee structure for water and wastewater services in the City includes a fixed charge which is differentiated by meter size, and volumetric based charge for each cubic metre of water consumed. For the consumption-based charge, the City employs a two-tier consumption block structure for monthly use below 110m^3 and above this threshold). Water bills are issued quarterly for all properties.

Consistent with the requirements of the *Safe Drinking Water Act, 2002* (the SDWA) and its associated regulation *Ontario Regulation 453/07* (O. Reg. 453/07), the City completed its last Water and Wastewater Rate Study and Financial Plan in 2020. Therefore, this Water and Wastewater Rate Study is a major update to the work completed in prior years and calculates full cost recovery water and wastewater rates to maintain both systems in a sustainable way. Water Financial Plans consistent with *Ontario Regulation 453/07* are informed by the information developed through this rate study and available under separate cover.

B. STUDY OBJECTIVE

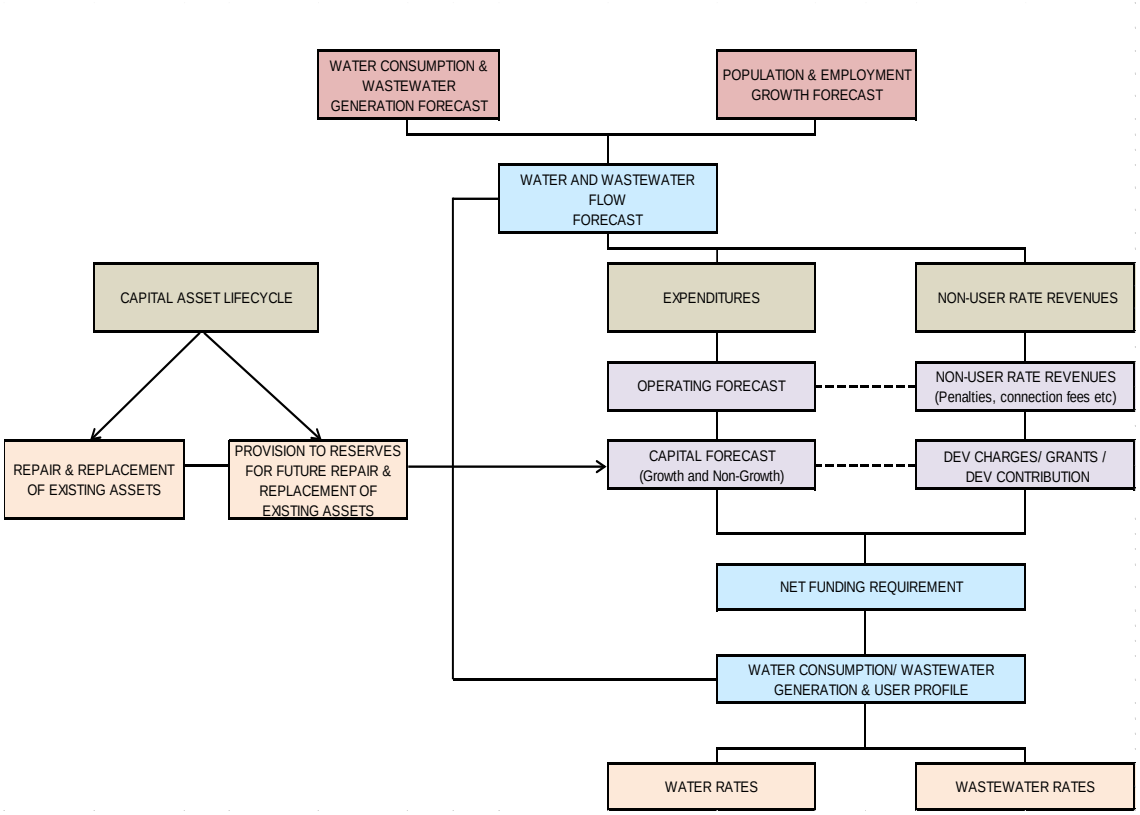
The objective of this study is to review the existing rate structure and calculate full cost recovery rates consistent with the City's overall cost recovery policies. The utility rates are expected to be

brought forward annually for formal approval through the City's regular water and wastewater rate approval process.

The first step in the study is to establish a forecast of new users as this is the basis for determining anticipated water consumption and wastewater generation levels. The study examines the forecast period from 2026 through 2035. The study and analysis were prepared using 2025 budget information and uses 2025 as a base year. Following the demographic analysis, the current water and wastewater rates, reserves and annual operating and capital budgets are analyzed. Based on this analysis, the financial position of the City's water and wastewater systems is determined. The next step in the study process is to examine the existing rate structure and calculate full cost recovery rates. The final step in the process is to evaluate the impacts of implementing the full cost recovery rates to the residents of the City.

In undertaking this analysis, an Excel financial model was developed and serves as a dynamic rate setting tool. Using the model, the City is able to perform sensitivity analyses of the water and wastewater rates. The model calculates future capital expenditure requirements and projects future operating and maintenance costs. It also calculates the water and wastewater rates necessary to recover the full costs of the water and wastewater systems. The following diagram (Figure 1) illustrates the overall approach.

Figure 1: Utility Rate Setting Model



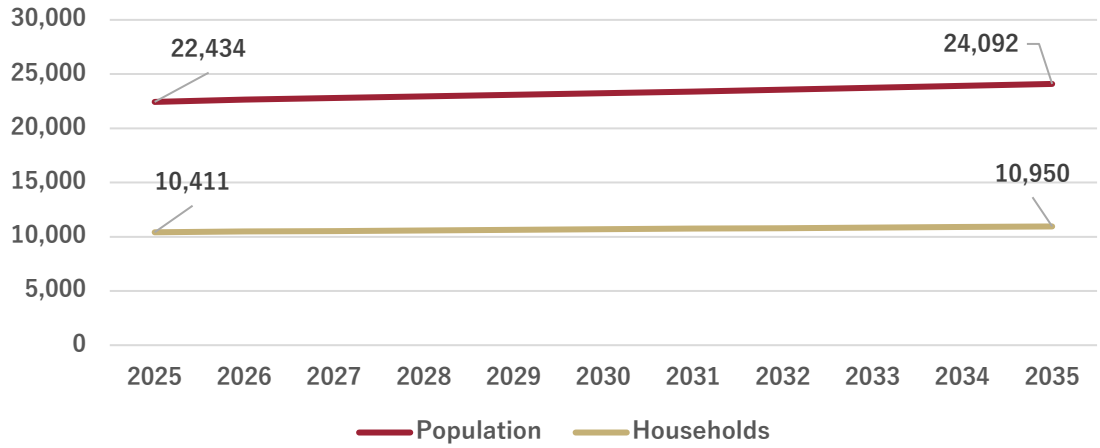
2. DEMAND ANALYSIS

Demand from water consumers will primarily drive future costs of the City's water and wastewater systems. Therefore, a forecast of future demand has been developed to inform this analysis.

A. GROWTH FORECAST

The population and employment projections used in this study were based on the City's 2023 Development Charges Background Study. The City's current estimated census population of approximately 22,400 persons is expected to increase to about 24,100 persons by 2035. The total number of households is expected to increase from about 10,400 to 10,950 over the same period. Figure 2 below illustrates the projected growth in population and households over the planning period.

Figure 2: Population and Household Forecast



Note: Population reflects census population. Estimates are based on the City's 2023 Development Charges Background Study.

B. PROJECTION OF NEW CONNECTIONS

The consumption and connection data from the previous five years (2020-2024), combined with the Population and Household Forecast contained in the DC Study along with discussions with City staff regarding future development activity, helped inform the forecast of new connections contained in this study.

It is estimated the City will have about 8,340 equivalent billable connections that are anticipated to receive water services in 2025. By the end of the planning period, in 2035, it is expected that the number of equivalent billable water connections will increase to about 9,200 which equates to an average increase of about 80 new equivalent water connections per year over the planning horizon.

C. CONSUMPTION FORECAST

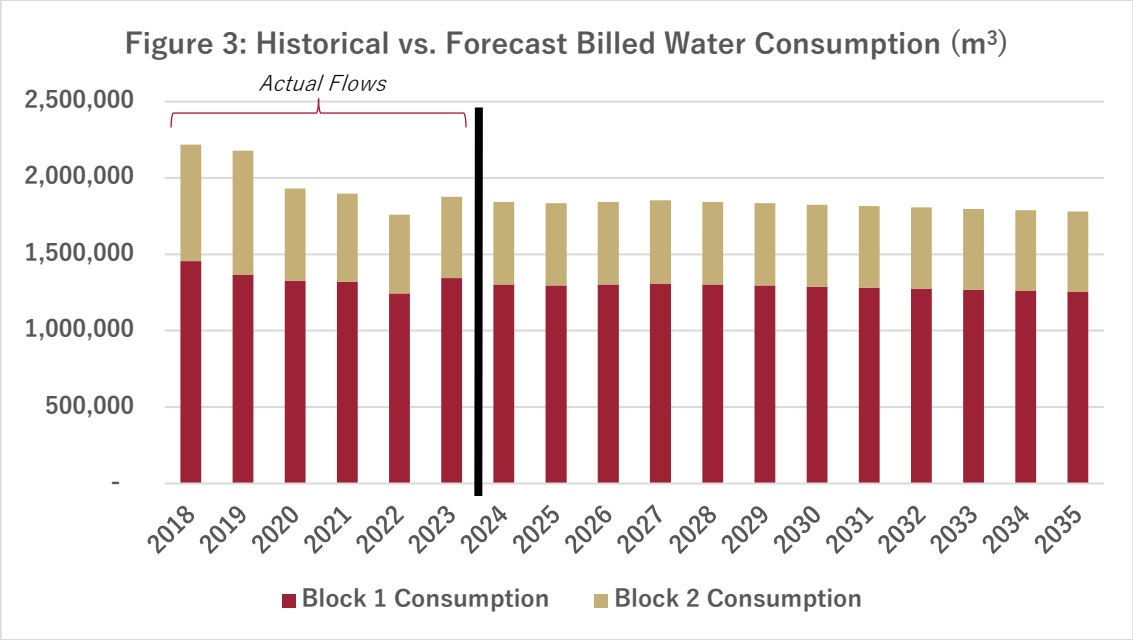
The water demand forecast over the planning period of 2025-2035 was developed using actual recent metered consumption data.

In our most recent water and wastewater rate studies, we have found that customer profiles have been changing over time: generally, water consumption patterns have been declining, even with the addition of new residential and non-residential units. This trend can be seen in the City and other jurisdictions across the province. The reduced level of water consumption can largely be related to:

- Demographic changes and household formation sizes – there are fewer people residing in each dwelling unit, ultimately reducing the water use in each household;
- Initiatives by industrial/commercial operations – non-residential users continue to adapt their business processes to be more efficient and environmentally friendly; and
- Efficiency improvements for household appliances – technological improvements have noticeably reduced demand; present-day dishwashers and washing machines are very economical in terms of water use.

Generally, water consumption is projected to decline slightly over the planning period by approximately 0.5% per year for both block 1 and block 2 consumption tiers. Figure 3 illustrates the historical pattern and forecast of metered water throughout the planning period to 2035. In 2025, the City is anticipated to bill approximately 1.30 million m^3 of water in the first tier, and another 540,000 m^3 in the second tier.

Notwithstanding the overall declining trend, a modest increase in billable water flow as been assumed in the first few years of the forecast following the completion of the water meter replacement program as the City could have a better read on water flows with the new equipment than the current readings with the existing infrastructure. Of relevance, the new water meter billings will be important to monitor and will help inform the consumption forecast in the next rate study.



Details regarding the connections and forecast of consumption for the water and wastewater systems are set out in the detailed rate calculations illustrated in Appendix A.

3. Operation and Maintenance Costs

The City of Owen Sound incurs costs to ensure the utility systems are operated in accordance with Provincial legislation that guarantees safety and quality. Operating expenditures include salaries and benefits, materials, contracts, services, hydro, utility costs, debt-servicing costs and costs associated to water supply and wastewater collection.

A. Operating Expenditures

Table 1 summarizes the total forecasted operating expenditures for water services. The total operating expenditures for the water system in 2025 were budgeted to be about $9.2 million and anticipated to increase to $13.4 million by 2035.

TABLE 1: FORECAST OF WATER OPERATING EXPENDITURES ($000)

Expense Category	Inflation Factor	2025 Budget	2026 Projected	2030 Projected	2035 Projected
Operating Expenditures	2.0% - 5.0%	$4,043.9	$4,158.2	$4,652.6	$5,364.9
Debt Payments	-	$387.7	$665.9	$1,136.7	$941.9
Total		**$4,431.6**	**$4,824.1**	**$5,789.3**	**$6,306.8**

Table 2 summarizes the total forecasted operating expenditures for wastewater services. The total operating expenditures for the wastewater system in 2024 is budgeted to be about $5.3 million and are expected to increase to about $6.1 million by 2034.

TABLE 2: FORECAST OF WASTEWATER OPERATING EXPENDITURES ($000)

Expense Category	Inflation Factor	2025 Budget	2026 Projected	2030 Projected	2035 Projected
Operating Expenditures	2.0% - 5.0%	$3,849.2	$3,950.3	$4,384.7	$5,002.1
Debt Payments	-	$1,490.4	$1,490.4	$1,332.4	$1,048.9
Total		**$5,339.6**	**$5,440.7**	**$5,717.1**	**$6,051.0**

The escalation in costs for both water and wastewater over the long-term can generally be attributed to:

- a general increase in operational expenditures due to inflation;

- an increase in water rate-funded debt payments over the short-term needed to undertake repair and replacement works and to maintain adequate reserve levels;

i. General Operating Expenditures

Using the City's 2025 operating budget, operating expenditures are assumed to increase annually by an adjustment factor depending on the expense category. Salaries, employee benefits, are assumed to increase at an annual rate of 3%. Contracted services (including insurance) are assumed to increase at 4% per annum, while hydro and utility costs are assumed to increase at 5% per annum. All remaining operating costs are assumed to increase at 2% per annum.

ii. Debt - Principal and Interest Payments

The City has existing rate funded debt obligations for both water and wastewater services. In 2025, the City will make principal and interest payments of about $388,000 for water and $1.49 million for wastewater. Some of the debt that comprises these blended payments will fully retired over the next ten years, however, some of the principal and interest payments will continue to extend beyond this planning period.

The rate calculation assumes that three water services projects will be fully financed with rate-funded debt, the terms of which are laid out below:

- 2025: Water Meters Replacement Project
    - $3,500,000 Debenture – 3.0% for 10 years
- 2026: 9th Ave E - Superior St to 10th St E Watermain Replacement
    - $2,276,000 Debenture – 3.0% for 10 years
- 2029: 9th Ave E - 32nd St E to Kenny Drain - Watermain Replacement, PRV Installation, Road Rehab
    - $1,290,000 Debenture – 3.0% for 10 years

A financing provision was included to offset those years (2025, 2026, and 2029) in which the planned capital expenditures were particularly high due to the projects listed above. The annual principal and interest payments associated with this debt have been included in the analysis and funded through the water rates. As a result, by 2035 the water rate-funded debt payments are forecast to increase to about $942,000.

No additional debt has been forecast for wastewater services. Since some debt will be fully retired by the end of the planning period, the wastewater rate-funded debt payments are forecast to decrease to about $1.0 million by 2035.

Further discussion on the need for debt financing in future years is discussed in Section 4.

B. NON-USER RATE REVENUES

Non-rate revenues are budget items which decrease the net operating budget and are not recovered through the City's water or wastewater user rates.

All budgeted non-user rate revenues were adjusted at a rate of 2% in the forecast period to account for inflation. Non-user rate revenues are set out in the detailed rate calculations illustrated in Appendix A.

Table 3 shows the City is expecting to recover approximately $60,000 for water services through non-user rate revenues in 2025. By 2035, this amount is anticipated to represent approximately $73,100 for water services. For wastewater, $100,000 in DC revenues is assumed to be used to fund the existing growth-related debt payments included for in the analysis. No other non-user rate revenue was budgeted for wastewater services.

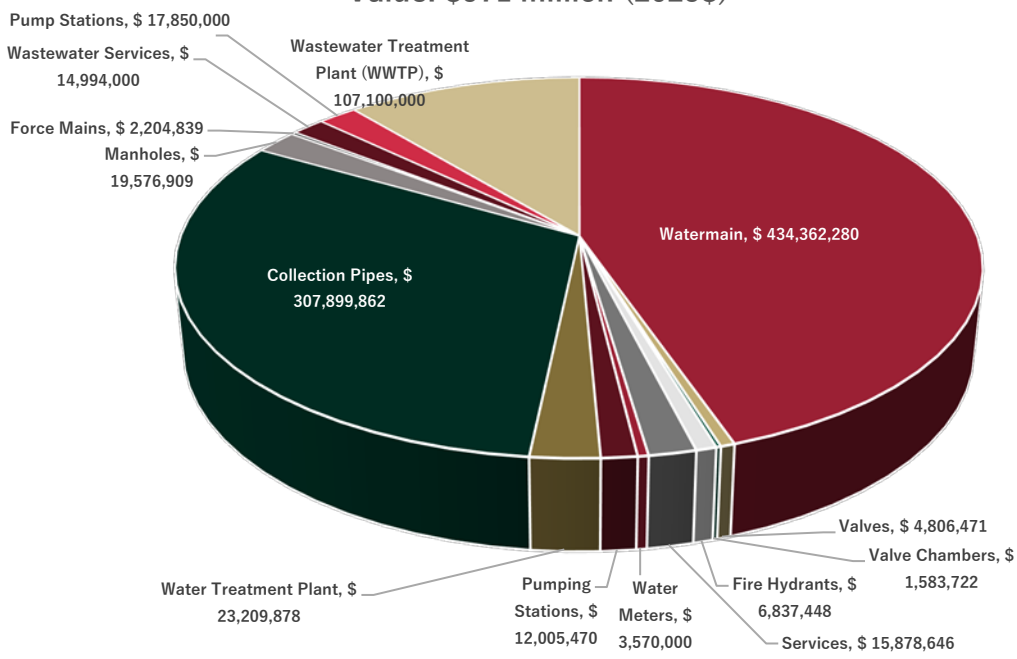
TABLE 3: PROJECTED NON-USER RATE REVENUES ($000)

System	2025 Budget	2026 Forecast	2030 Forecast	2035 Forecast
Water	$60	$61.2	$66.2	$73.1
Wastewater	$ -	$ 100	$ 100	$ 100
Total	**$60**	**$161.2**	**$166.2**	**$173.1**

4. INFRASTRUCTURE AND CAPITAL

The City's water and wastewater infrastructure is extensive. The City's entire water and wastewater system has a replacement value estimated at about $971 million. Of this value, about $502 million (51.7%) is related to water assets and $470 million (48.3%) is associated to wastewater infrastructure[1]. Figure 4 below depicts breakdown of the total replacement value of water and wastewater infrastructure by asset category.

Figure 4: Total Water and Wastewater Network Replacement Value: $971 million (2025$)



Over the next ten-year period (2026-2035), infrastructure investments will be required to support new growth in the City and maintain the existing infrastructure network. Infrastructure related to growth will receive funding through development charge revenues and other developer contributions. Capital improvements and financing costs related to non-growth related infrastructure are the responsibility of the City. These costs will need to be funded through the user rates. For this reason, this section outlines the capital requirements, and funding needs, over the period from 2026 to 2035.

[1] The information was obtained from the City's existing 2022 Asset Management Plan and updated to reflect 2025 dollars.

A. CAPITAL AND CONTRIBUTIONS TO RESERVES

The 2025 operating budget, the City's 10-year capital plan, and discussions with City staff formed the basis for preparing the 10-year capital forecast. In addition to the in-year capital requirements, Hemson has included annual contributions to reserves, which would allow the City to prepare for the future repair and replacement of existing infrastructure.

i. Projected Non-Growth Capital Expenditures

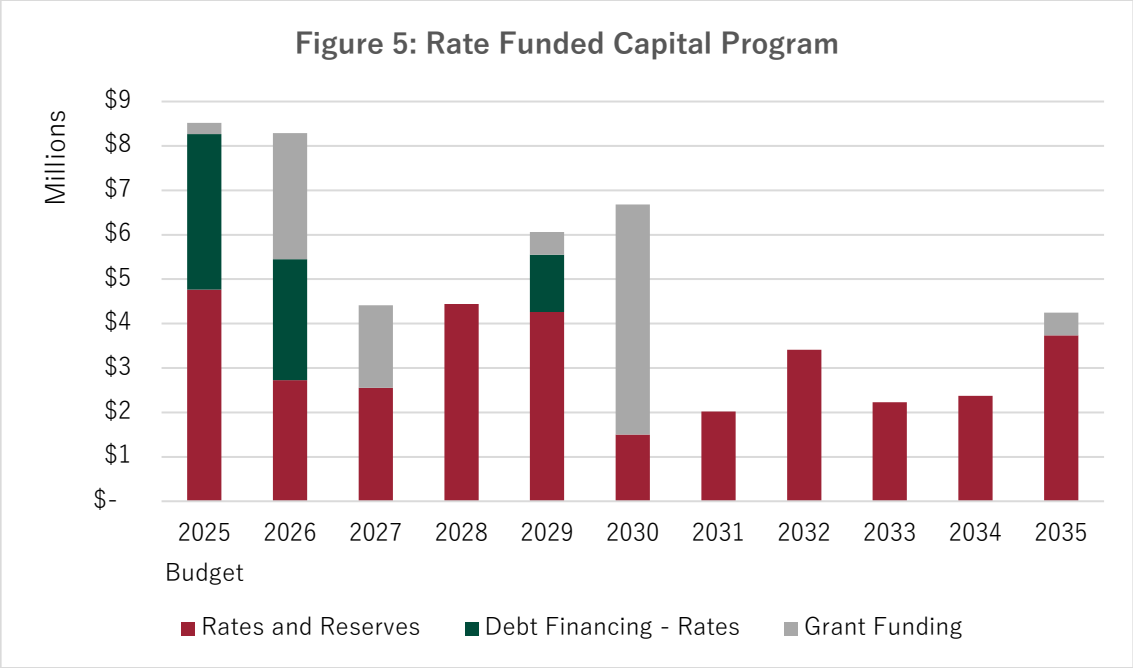
The total rate funded (non-growth related) capital program for the City is summarized in Figure 5 below including the base budget year of 2025 for reference. Over the 2026-2035 period, about $44,2 million in rate-funded capital projects is required to support both water and wastewater services. This is made up of:

- About $29.7 million in rate-funded capital projects is required to support water services with about $20.2 million funded from rates/reserves, $5.4 million in grant funding, and about $4.0 million requiring debt financing.[2]
- About $14.5 million in rate-funded capital projects is required to support the wastewater services with about $9.0 million funded from rates/reserves and about $5.5 million in grant funding.

In all instances, water and wastewater rates/reserve funds are prioritized to be used to fund the in-year capital expenditure requirements. Instances in which in-year expenditures exceed the reserve fund balance in any year of the planning period, debt financing is assumed to ensure that the balances of both the water and wastewater reserve funds will remain in a healthy position to fund operations. There is anticipated need for debt financing for rate-funded water projects as shown in Figure 5. The City has the authority and ability to utilize debt to fund system costs and any financing costs would be funded through the utility rates going forward. The need for debt financing may be considered by Council on an annual basis through the budget process.

In addition to the known capital works, an annual contribution to reserves is included in the rate calculations to save for future repair and eventual replacement of existing assets while paying for the capital requirements identified in Figure 5.

[2] New debt is assumed using interest rate of 3% over 10 years.



Note: The capital costs represented in this figure are adjusted for inflation to reflect the cost of the works in the year in which the work is anticipated.

ii. Capital Contribution Requirements

The asset rehabilitation and replacement needs were developed using the City's existing 2022 Asset Management Plan and updated to reflect 2025 dollars.

The calculated full cost average annual contribution requirement amounts to $25.0 million for water services and $15.4 million for wastewater services by 2035. This calculation is based on the infrastructure needs outlined in the 2022 AMP, inflated at 3% per year. The annual contribution requirements have been identified in this analysis and detailed in Appendix A.

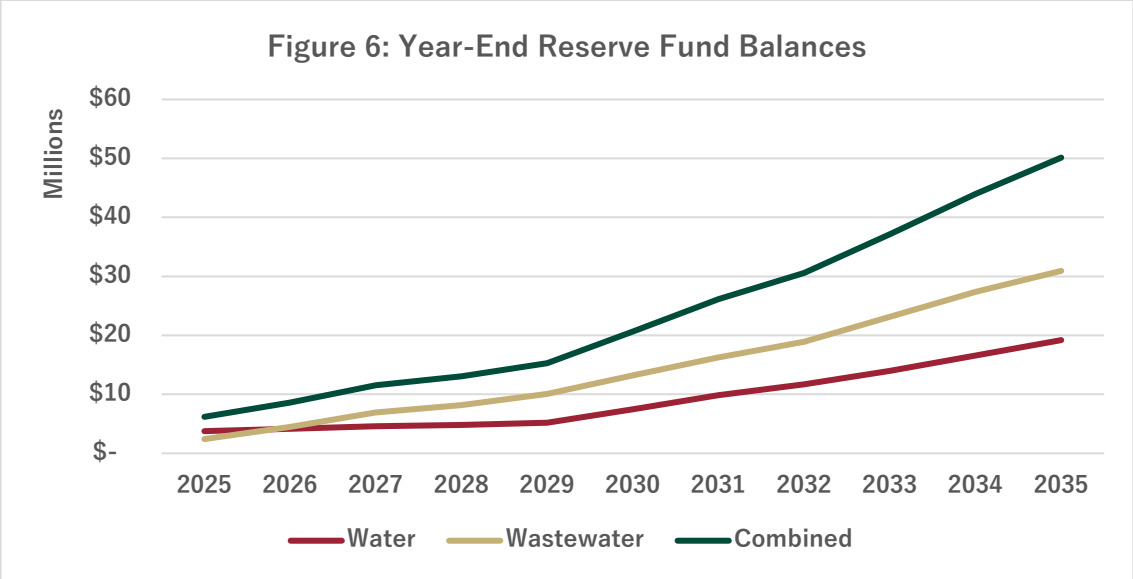
To mitigate an impractical increase of the user rates, reserve fund contributions are phased in gradually and managed in the context of the City's existing accumulated funds. Table 4 provides a snapshot of the rate funded capital contribution by 2034 relative to the calculated annual capital investment needed by service. As illustrated in the table, the City would be contributing at approximately 29% of the total annual calculated need by 2035. This represents a step towards achieving full cost recovery, without placing an immediate and excessive burden on the ratepayers to achieve full-cost recovery in the short-term. Additional details on reserve funds are discussed in the next section.

TABLE 4: RATE FUNDED CONTRIBUTION RELATIVE TO CALCULATED ANNUAL CAPITAL CONTRIBUTION (2035)		
System	**Rate Funded Contribution[1]**	**Calculated Full Cost Contribution**
Water	$6,233,750 *(25% of total Calculated)*	$24,965,000
Wastewater	$5,367,500 *(35% of total Calculated)*	$15,419,600
Total	**$11,601,250** *(29% of total Calculated)*	**$40,384,600**

Note 1: Includes rate funded debt payments for the share of non-growth-related capital expenditure.

iii. Reserve Fund Balances

As the non-growth capital expenditures shown in Figure 5 are expected to be funded through the City's utility rate, it is important to ensure that sufficient funds are available to 2035. Figure 6 illustrates the cumulative water and wastewater reserve balances resulting from both the contributions to reserves and proposed capital program to 2035. The estimated year-end 2025 reserve fund balance is expected to be about $3.8 million for water services and about $2.4 million for wastewater services. The analysis estimates the 2035 reserve balances to be approximately $19.2 million and $30.9 million for water and wastewater, respectively (total of $50.1 million for both services). It is important to note that although the reserve balances grow quickly towards the end of the planning period, the balances will be reduced if any rate-funded capital projects are added to the 10-year capital plan above what has been identified. Furthermore, the reserve balances assume that debt financing will be utilized for a portion of the capital program as previously discussed, to keep reserve levels stable over the period. Also of relevance, for context, while the reserves grow to $50 million by 2035, this is still a relatively small share of the water and wastewater asset value, which by 2035 could be estimated to be in excess of $1.3 billion.



iv. Projected Growth Capital Expenditures

The utility rate analysis only captures the non-growth-related shares of the City's water and wastewater infrastructure. Infrastructure related to growth will receive funding through development charge revenues and other developer contributions and this capital is not funded from the water and wastewater rates in this study. Notably, this rate analysis does capture the non-growth-related shares of water and wastewater infrastructure outlined in the City's 2021 DC Background Study as this infrastructure has been captured through the City's 10-year capital plan.

5. Rate Structure Analysis

Various water and wastewater rate structures are in place across Ontario municipalities. These include flat rates, constant rates, humpback block rates, declining block rates and inclining block rates. Rate structures often include fixed or minimum charges in addition to the consumption-based charges. The implementation of a particular rate structure depends on several aspects including administrative and financial factors. Emphasis should be placed on identifying a rate structure that satisfies changing water use patterns and demographic trends while being fiscally responsible and sustainable from a service delivery standpoint.

As shown in Table 5, the City of Owen Sound has a two-part rate structure in place:

1) A fixed charge that is levied relative to the meter size (and independent of use); and

2) A consumption-based charge that is applied to each cubic meter of water consumed. The consumption charge is based on a two-tier inclining block rate structure – under this structure the cost per cubic meter of water increases as more water is consumed beyond 110 m^3 per month.

The rates shown in Table 5 reflect the rates for urban servicing. Rural customers outside the City limits are charged twice the fixed and consumption water rates. Wastewater rates are calculated as a 124 percent surcharge of the water bill.

Table 5: In-Force Utility Rates (July 1st, 2024 to June 30th, 2025)

All Accounts	Water	Wastewater (124% Surcharge)
Fixed Charge: $/Month		
15 mm	$ 30.38	$ 37.67
18 mm	$ 37.00	$ 45.88
25 mm	$ 47.87	$ 59.36
38 mm	$ 69.89	$ 86.66
50 mm	$ 136.19	$ 168.87
75 mm	$ 223.80	$ 277.51
100 mm	$ 333.69	$ 413.78
150 mm	$ 443.58	$ 550.04
200 mm	$ 663.37	$ 822.58
Consumption Charge: $/$m^3$		
Tier 1: 0-110 m^3/month	$ 1.71	$ 2.12

Tier 2: >110 m^3/month	$ 1.92	$ 2.28
Rural Area Charges:	*Twice the Urban Rates Above*	

Note: Customers are billed quarterly.

A. ISSUES TO CONSIDER

i. Cost Recovery

In determining water and wastewater rates, the full cost of providing services are recovered. The costs are to include, operation and maintenance, periodic rehabilitation and contributions to reserves for the eventual repair and ultimate replacement of water and wastewater infrastructure.

ii. Equity

A 'user-pay' approach was used in selecting a rate structure and calculating water and wastewater rates.

iii. Conservation

It is important to consider measures that promote water conservation when determining a rate structure. It is also important to recognize that not all users have the ability to change their levels of consumption and, as such, should not be penalized.

iv. Administration

A rate structure should be transparent and easy to understand by both the users and service provider. Also, easing administrative requirements may reduce the overall administrative cost, which would ultimately provide for a reduction of rates.

v. Economic Development

While recognizing the importance of the above objectives, it is also important to maintain the City's attractiveness to industries that may rely heavily on water and/or wastewater services. The rate structure must allow the City to continue to be competitive from an economic development perspective.

B. MOVING FORWARD

After consultation with City staff and analysis of neighbouring municipalities and best practices, the recommendation is to maintain the current rate structure, however, the surcharge for wastewater services is recommended to decrease over time. Currently, the fixed charge generates about 50% of the total water and wastewater revenue, while the

variable rate funds the remaining 50% of expenses. From a fiscal sustainability standpoint, it is important that the City continues to ensure the fixed charge represents a reasonable share of total costs to secure sufficient revenues to properly run the system.

6. CALCULATED RATES

In calculating the water and wastewater rates, a number of assumptions were applied. The water and wastewater rates are calculated to fully recover the cost of operating the system and identified in-year capital needs (inclusive of any rate-funded debt servicing requirements). Furthermore, the rates continue to provide for contributions to asset replacement reserves. An immediate implementation of a rate that fully funded the calculated asset rehabilitation and replacement contributions would result in significant impacts to all users in the City. The analysis is based on providing for a gradual movement towards full rates. These contributions, when combined with the City's ongoing capital works, will demonstrate a significant movement to long-term full cost recovery rates.

Table 6 below provides a summary of the 2026 forecasted net rate funding requirement for each of the water and wastewater systems. The net rate funding need represents the amount of money that must be funded through the utility rates.

TABLE 6: CALCULATION OF THE 2026 NET RATE FUNDING REQUIREMENT ($000)

Ref	Category	Water	Wastewater
1	Operating Expenditures (including debt payments)	$4,824.1	$5,440.7
2	Rate funded in-year capital	$2,053.2	$670.3
3	Contribution To/(From) Reserves	$353.8	$2,026.7
4	*Less: Non-Rate Revenue*	*($61.2)*	*($100.0)*
	Total Net Rate Funding Need = (1+2+3+4)	**$7,169.9**	**$8,037.7**

i. Calculated 2025 Utility Rates

Based on the information from Table 6, the required water and wastewater user rate revenue in 2026 is forecast to be about $7.2 million and $8.0 million respectively. This is the amount of revenue which must be collected through the sale of water and collection of wastewater to fully recover the operating, capital, rehabilitation and replacement costs of the systems.

The calculated rates for July 1st, 2025 are outlined in Table 7 below and the detailed calculations of the water and wastewater rates are outlined in Appendix A for the entire period to 2035. For determining the rate to be introduced in July 2025, the water fixed and consumptive charges are proposed to increase by 5.0%. For wastewater, the surcharge (as a percentage of the total water bill) is proposed to remain at 124%.

TABLE 7: CALCULATED 2025-2026 UTILITY RATES		
All Accounts	**Water**	**Wastewater[3]**
Fixed Charge: $/month		
15 mm	$ 31.90	$ 39.56
18 mm	$ 38.85	$ 48.17
25 mm	$ 50.26	$ 62.32
38 mm	$ 73.38	$ 90.99
50 mm	$ 143.00	$ 177.32
75 mm	$ 234.99	$ 291.39
100 mm	$ 350.38	$ 434.47
150 mm	$ 465.76	$ 577.54
200 mm	$ 696.54	$ 863.71
Consumption Charge: $/m³		
Tier 1: 0-110 m³/month	$ 1.80	$ 2.23
Tier 2: >110 m³/month	$ 2.02	$2.50
Rural Area Charges:	*Twice the Urban Rates Above*	

ii. Utility Rate Projection

Over the long-term, the net rate funding requirements for both the water and wastewater system are expected to increase. The cost increases can largely be attributed to carrying out the capital program and operational related cost increases to manage inflationary impacts. These costs are required for the City to continue to adapt to ongoing maintenance requirements and customer demands. The water and wastewater net rate funding requirements are projected to increase to about $11.4 million and $10.3 million over the ten-year period. Figure 7 below provides a snapshot of the annual year-over-year projections to 2035.

[3] Wastewater rates shown represent a 124% surcharge on the proposed water rates.

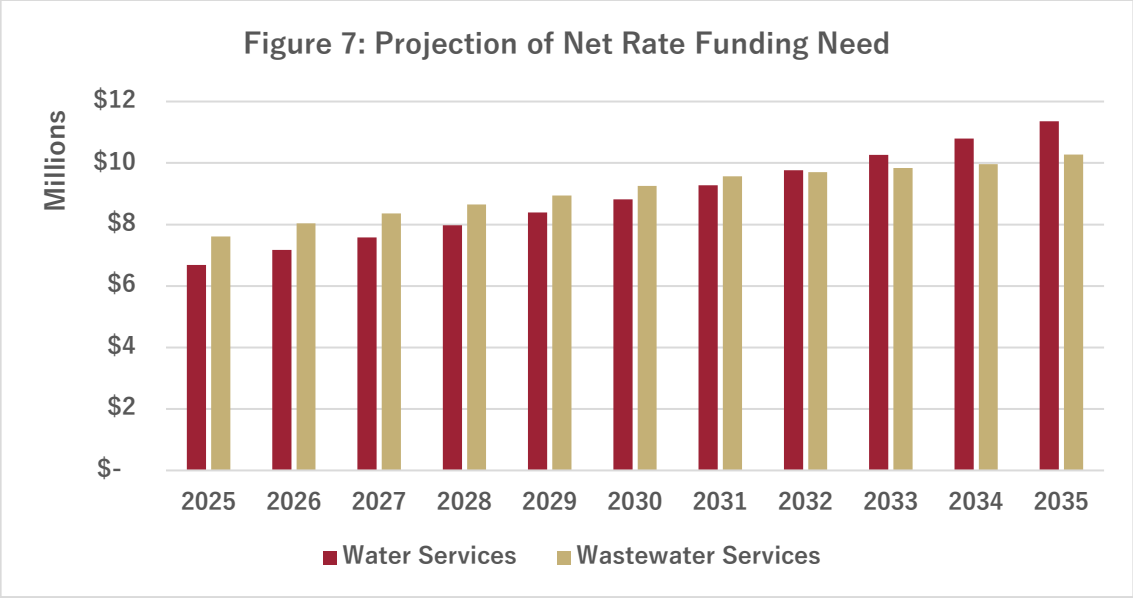


Table 8 below outlines the proposed utility rates required over the immediate 5-year period to support the system and the typical annual water and wastewater bill. A few important considerations:

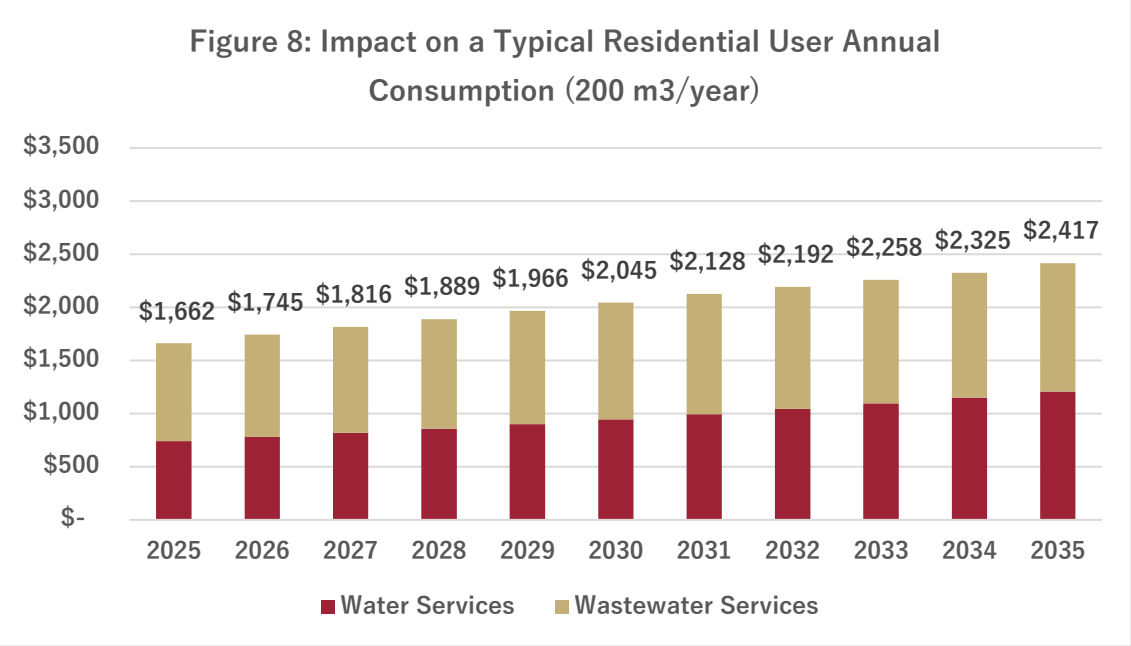
- Water fixed monthly rates and are proposed to increase by 5.0% in each of the next 10 years.
- Water consumption monthly rates (for both tiers) and are proposed to increase by 5.0% in each of the next 10 years.
- Wastewater surcharge is proposed to remain at 124% for 2025 and 2026. The surcharge is then proposed to decrease by 2% per year from 2027-2031, followed by a 4% decrease in each year from 2032-2034. In 2035, the surcharge is proposed to be reduced a further 2% to achieve and equal charge for both water and wastewater in 2035.

TABLE 8: Calculated Utility Rates (5-Year Projection)

All Accounts	2025	2026	2027	2028	2029
Fixed Charge: $/Month					
15 mm	$ 31.90	$ 33.49	$ 35.17	$ 36.93	$ 38.77
18 mm	$ 38.85	$ 40.80	$ 42.84	$ 44.98	$ 47.23
25 mm	$ 50.26	$ 52.78	$ 55.42	$ 58.19	$ 61.10
38 mm	$ 73.38	$ 77.05	$ 80.90	$ 84.95	$ 89.20
50 mm	$ 143.00	$ 150.15	$ 157.65	$ 165.54	$ 173.81
75 mm	$ 234.99	$ 246.74	$ 259.07	$ 272.03	$ 285.63

TABLE 8: Calculated Utility Rates (5-Year Projection)					
100 mm	$ 350.38	$ 367.90	$ 386.29	$ 405.61	$ 425.89
150 mm	$ 465.76	$ 489.05	$ 513.50	$ 539.18	$ 566.13
200 mm	$ 696.54	$ 731.37	$ 767.94	$ 806.34	$ 846.65
Consumption Charge: $/m³					
Tier 1: 0-110 m³/month	$ 1.80	$ 1.89	$ 1.98	$ 2.08	$ 2.18
Tier 2: >110 m³/month	$ 2.02	$ 2.12	$ 2.22	$ 2.33	$ 2.45
Wastewater Surcharge (% of Water Bill)	124%	124%	122%	120%	118%
Rural Area Charges:	*Twice the Urban Rates Above*				

On average, the typical bill increases for a household consuming 200 m³ would be an average of 4.4% per annum over the 5-year period shown above[4]. As shown in Figure 8, the total charge per typical household is expected to reach $2,045 by 2030 and $2,417 by 2035.



iii. Impact on Reserve and Reserve Funds

It is important to consider the implications of the calculated user rates on the City's water and wastewater reserves. The City's projected 2025 ending water and wastewater reserves are about

[4] The average bill increases over the first three years would be at approximately 4.4% per annum before moderating at an average of 3.6% for the remaining 7 years.

$3.8 million and $2.4 million, respectively (excluding DC reserve funds). The City's reserves have been calculated over the 10-year period with the goal of ensuring the reserve balance maintains a positive position compared to a benchmarked "minimum balance" illustrated below in Figure 9[5]. For the purposes of this analysis, we will present two minimum balance targets.

In the conservative scenario, the minimum balance was determined to represent:

1. 4% of the City's water and wastewater asset replacement value; plus
2. 3 months of operational expenses.

In the lower-target scenario, the minimum balance was determined to represent:

1. 1.5% of the City's water and wastewater asset replacement value; plus
2. 3 months of operational expenses.

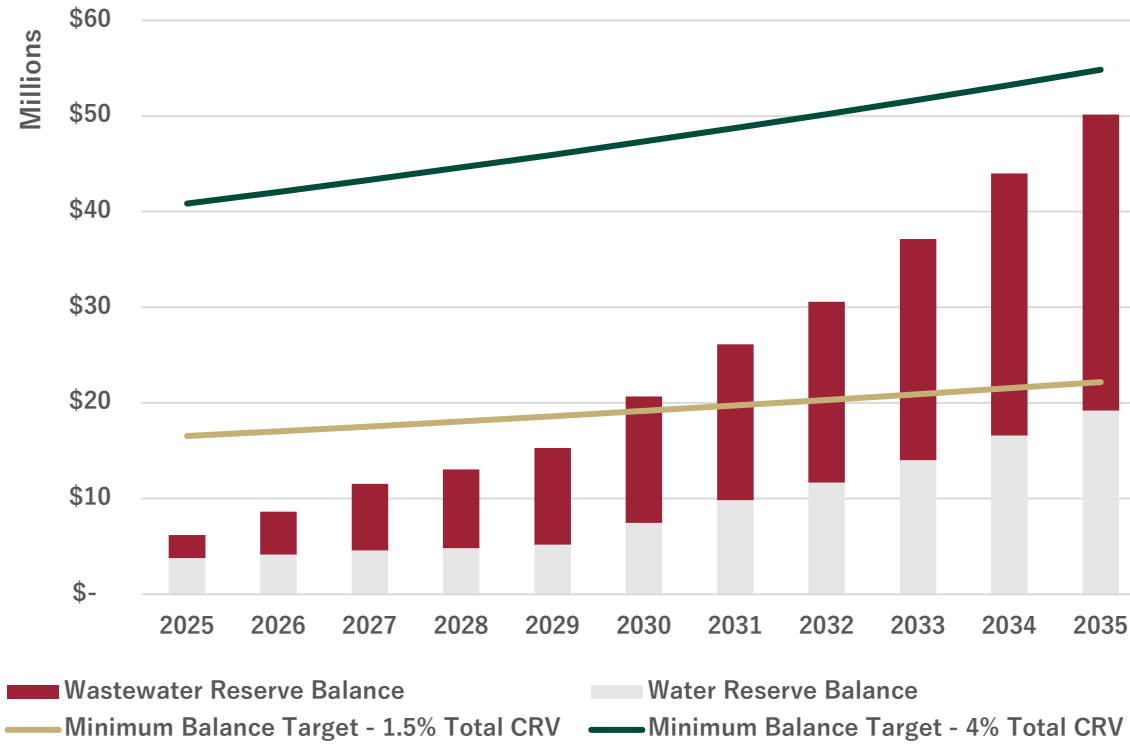
Figure 9 indicates that the City's water and wastewater reserves maintain a positive position throughout the period but remain below the identified conservative asset management threshold due to the drawing on these reserves to carry out the non-growth-related capital program. Debt financing is required over the next five years to carry out the program while ensuring the existing reserves remain stable and increase over the period. The debt financing needed to undertake the 10-year capital program is discussed in Section 4.

Maintaining adequate reserve balances ensures funds are available to manage unexpected capital expenditures or other operational variances, which may be experienced over the planning period (i.e. variations in annual billable consumption). Continued contributions to these reserves to 2035 will ensure that sufficient funds are available to undertake capital works beyond the planning period and that the City will be able to absorb unforeseen expenditures without impacting the utility rates. As indicated in the previous section, although the reserve balances grow towards the end of the planning period, the balances will be reduced if any rate-funded capital projects are added to the 10-year capital plan above what has been identified as the capital plan is matured toward the latter end of the period. Also of relevance, for context, while the reserves grow to $50 million by 2035, this is still a relatively small share of the water and wastewater asset value, which by 2035 can be estimated to be more than $1.3 billion.

[5] The minimum balance is shown for illustrative purposes as a comparative tool, the "minimum" shown has not been endorsed by Council via a formal policy or by-law.

It is recommended that the City continue to monitor and contribute to both the water and wastewater reserve funds over the period to ensure they continue to be sufficient to cover operational and capital expenditures. It is expected that the quantum of the City's reserve funds be reviewed again at the next rate review.

Figure 9: Summary of Water and Wastewater Rate Funded Reserves vs Targets



7. Recommendations and Findings

The calculated rates presented establish water and wastewater rates to all users of the City that are fair and equitable. The analysis included in this report ensures that the water and wastewater rates fully fund all of the City's anticipated annual costs including all operating costs, capital financing needs and debt repayment requirements. It is fiscally prudent that the City continues to contribute to reserves for the eventual repair and ultimate replacement of the water and wastewater infrastructure. The immediate implementation of a rate that fully funds the calculated asset rehabilitation and replacement contributions would result in significant impacts to all users in the City. As a result, the analysis establishes an annual contribution to reserves for asset rehabilitation and replacement that will ensure the City begins to build up its reserves for the long-term achieving close to 30% cost recovery by the end of the period. Importantly, despite the City's contributions growing towards total cost recovery by the end of the period, if the capital program becomes more intensive in the later years of the 10-year forecast, the reserve balances will be impacted. It is expected that the City will review this relationship at the next rate study.

The City is cognizant of the budgetary pressures and that rates need to be increased moving forward in order to maintain operations and to continue to operate a safe and sustainable system. As a result, the total utility bill for the typical user will increase at approximately 4.2% per annum on average over the next 5-years. The calculated utility rates show increases to both the fixed and variable rates each year over the period to manage costs and undertake the necessary capital investments.

The results of this study are in part, Hemson and City staff best estimates of what could transpire in the short-to-medium term using the data available. It is important that the City continue to monitor all consumption data on a monthly basis to identify usage trends and variance in the projections to ensure costs and revenues are managed accordingly. Lastly, it is very important that the City continues to monitor its level of debt especially in years where significant capital projects will need to be financed, and those projects be considered in conjunction with other non-rate related ongoing City capital needs. This will ensure debt levels are maintained within the limitations outlined by the City and provincial limit. It is recommended that this study be reviewed and updated in five years as details surrounding overall growth and costs become more refined.

APPENDIX A

DETAILED RATE CALCULATIONS

APPENDIX A - TABLE 1

CITY OF OWEN SOUND
2025 WATER AND WASTEWATER RATE STUDY
WATER RATE CALCULATIONS

Water Services	2025 Budget	2026 Proj.	2027 Proj.	2028 Proj.	2029 Proj.	2030 Proj.	2031 Proj.	2032 Proj.	2033 Proj.	2034 Proj.	2035 Proj.
1 OPERATING EXPENDITURES											
Salaries and Benefits	$ 1,567,002	$ 1,614,012	$ 1,662,433	$ 1,712,306	$ 1,763,675	$ 1,816,585	$ 1,871,083	$ 1,927,215	$ 1,985,032	$ 2,044,583	$ 2,105,920
Parts/Materials/Repairs	$ 1,807,819	$ 1,843,975	$ 1,880,855	$ 1,918,472	$ 1,956,841	$ 1,995,978	$ 2,035,898	$ 2,076,616	$ 2,118,148	$ 2,160,511	$ 2,203,721
Contracted Services/Insurance	$ 232,750	$ 242,060	$ 251,742	$ 261,812	$ 272,285	$ 283,176	$ 294,503	$ 306,283	$ 318,534	$ 331,276	$ 344,527
Hydro/Utilities	$ 436,300	$ 458,115	$ 481,021	$ 505,072	$ 530,325	$ 556,842	$ 584,684	$ 613,918	$ 644,614	$ 676,845	$ 710,687
Subtotal Operating Expenditures	***$ 4,043,871***	***$ 4,158,163***	***$ 4,276,051***	***$ 4,397,662***	***$ 4,523,126***	***$ 4,652,581***	***$ 4,786,167***	***$ 4,924,032***	***$ 5,066,328***	***$ 5,213,214***	***$ 5,364,855***
2 DEBT PAYMENTS											
Existing Water Debt - Principal and Interest	$ 387,684	$ 255,621	$ 255,621	$ 255,621	$ 255,621	$ 255,621	$ 255,621	$ 255,621	$ 60,796	$ 60,796	$ 60,796
Future Water Debt - Principal and Interest	$ -	$ 410,307	$ 729,877	$ 729,877	$ 729,877	$ 881,104	$ 881,104	$ 881,104	$ 881,104	$ 881,104	$ 881,104
Subtotal Debt Payments	***$ 387,684***	***$ 665,928***	***$ 985,498***	***$ 985,498***	***$ 985,498***	***$ 1,136,725***	***$ 1,136,725***	***$ 1,136,725***	***$ 941,900***	***$ 941,900***	***$ 941,900***
3 CAPITAL EXPENDITURES											
Non-Growth Related Capital Works	$ 5,493,000	$ 4,779,200	$ 1,995,765	$ 2,447,648	$ 3,916,740	$ 879,329	$ 1,128,425	$ 2,023,186	$ 2,121,890	$ 2,252,085	$ 2,703,727
Additional Capital	$ 43,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Grant Funded Capital Works	$ 125,000	$ 1,442,000	$ 954,810	$ -	$ 270,120	$ 2,782,320	$ -	$ -	$ -	$ -	$ -
Transfer from Reserves (for Capital)	$ (43,000)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Debt Financing - non-growth	$ (3,500,000)	$ (2,726,000)	$ -	$ -	$ (1,290,000)	$ -	$ -	$ -	$ -	$ -	$ -
Less: Grant Capital Funding	$ (125,000)	$ (1,442,000)	$ (954,810)	$ -	$ (270,120)	$ (2,782,320)	$ -	$ -	$ -	$ -	$ -
Subtotal Capital Expenditures	***$ 1,993,000***	***$ 2,053,200***	***$ 1,995,765***	***$ 2,447,648***	***$ 2,626,740***	***$ 879,329***	***$ 1,128,425***	***$ 2,023,186***	***$ 2,121,890***	***$ 2,252,085***	***$ 2,703,727***
ANNUAL OPERATING EXPENSES	***$ 6,424,555***	***$ 6,877,291***	***$ 7,257,314***	***$ 7,830,808***	***$ 8,135,365***	***$ 6,668,635***	***$ 7,051,317***	***$ 8,083,943***	***$ 8,130,118***	***$ 8,407,198***	***$ 9,010,481***
Asset Management Requirements - Reference Purpose Only											
Calculated Annual Asset Management Contribution	$ 18,576,359	$ 19,133,650	$ 19,707,659	$ 20,298,889	$ 20,907,856	$ 21,535,091	$ 22,181,144	$ 22,846,578	$ 23,531,976	$ 24,237,935	$ 24,965,073
4 **CONTRIBUTION TO/(FROM) RESERVES**	**$ 314,472**	*$ 353,781*	*$ 385,049*	*$ 205,690*	*$ 315,739*	*$ 2,218,611*	*$ 2,294,733*	*$ 1,744,755*	*$ 2,206,314*	*$ 2,463,365*	*$ 2,421,986*
5 TOTAL ANNUAL EXPENDITURES (1+2+3=4)	***$ 6,739,027***	***$ 7,231,073***	***$ 7,642,364***	***$ 8,036,498***	***$ 8,451,103***	***$ 8,887,246***	***$ 9,346,050***	***$ 9,828,697***	***$ 10,336,432***	***$ 10,870,563***	***$ 11,432,468***
6 NON-RATE REVENUES											
Non-User Rate Revenues	$ (60,000)	$ (61,200)	$ (62,424)	$ (63,672)	$ (64,946)	$ (66,245)	$ (67,570)	$ (68,921)	$ (70,300)	$ (71,706)	$ (73,140)
Subtotal Non-User Rate Revenues	***$ (60,000)***	***$ (61,200)***	***$ (62,424)***	***$ (63,672)***	***$ (64,946)***	***$ (66,245)***	***$ (67,570)***	***$ (68,921)***	***$ (70,300)***	***$ (71,706)***	***$ (73,140)***
Net Rate Funding Need	**$ 6,679,027**	**$ 7,169,873**	**$ 7,579,940**	**$ 7,972,826**	**$ 8,386,157**	**$ 8,821,001**	**$ 9,278,480**	**$ 9,759,776**	**$ 10,266,132**	**$ 10,798,857**	**$ 11,359,328**

APPENDIX A - TABLE 1

CITY OF OWEN SOUND
2025 WATER AND WASTEWATER RATE STUDY
WATER RATE CALCULATIONS

User Rates	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
A) Fixed Monthly Charge per Metre											
Monthly Fixed Fee per Equivalent Unit (Jan-June)	$30.38	$31.90	$33.49	$35.17	$36.93	$38.77	$40.71	$42.75	$44.88	$47.13	$49.48
Increase (%)		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Monthly Fixed Fee per Equivalent Unit (July - Dec)	$31.90	$33.49	$35.17	$36.93	$38.77	$40.71	$42.75	$44.88	$47.13	$49.48	$51.96
Increase (%)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Number of Equivalent Metered Connections	*8,340*	*8,419*	*8,498*	*8,577*	*8,656*	*8,735*	*8,814*	*8,893*	*8,972*	*9,051*	*9,130*
Total Annual Fixed Metered Revenue	**$ 3,116,277**	**$ 3,303,086**	**$ 3,500,784**	**$ 3,709,995**	**$ 3,931,375**	**$ 4,165,618**	**$ 4,413,456**	**$ 4,675,665**	**$ 4,953,061**	**$ 5,246,507**	**$ 5,556,915**
Fixed Monthly Charge per Rural Metre											
Monthly Fixed Fee per Equivalent Unit (Jan-June)	$60.76	$63.79	$66.98	$70.33	$73.85	$77.54	$81.42	$85.49	$89.77	$94.25	$98.97
Monthly Fixed Fee per Equivalent Unit (July-Dec)	$63.79	$66.98	$70.33	$73.85	$77.54	$81.42	$85.49	$89.77	$94.25	$98.97	$103.91
Number of Connections	*262*	*262*	*262*	*262*	*262*	*262*	*262*	*262*	*262*	*262*	*262*
Total Annual Fixed Rural Metered Revenue	**$ 195,795**	**$ 205,585**	**$ 215,864**	**$ 226,657**	**$ 237,990**	**$ 249,889**	**$ 262,384**	**$ 275,503**	**$ 289,278**	**$ 303,742**	**$ 318,929**
B) Block 1 Consumption Charge per cubic m											
City Consumption Revenue	**$ 2,201,281**	**$ 2,322,786**	**$ 2,450,998**	**$ 2,560,680**	**$ 2,675,271**	**$ 2,794,989**	**$ 2,920,065**	**$ 3,050,738**	**$ 3,187,258**	**$ 3,329,888**	**$ 3,478,901**
Total Annual Billed Consumption (m3)	1,255,901	1,262,118	1,268,365	1,262,024	1,255,714	1,249,435	1,243,188	1,236,972	1,230,787	1,224,633	1,218,510
Charge Per Cubic Metre (Jan-June)	$1.71	$1.80	$1.89	$1.98	$2.08	$2.18	$2.29	$2.41	$2.53	$2.65	$2.79
Increase (%)		5.0%	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
Charge Per Cubic Metre (July-Dec)	$1.80	$1.89	$1.98	$2.08	$2.18	$2.29	$2.41	$2.53	$2.65	$2.79	$2.92
Increase (%)	5.0%	5.0%	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
Rural Consumption Revenue	**$139,055**	**$146,730**	**$154,830**	**$161,758**	**$168,997**	**$176,560**	**$184,461**	**$192,715**	**$201,339**	**$210,349**	**$219,762**
Total Annual Billed Consumption (m3)	39,668	39,864	40,061	39,861	39,662	39,463	39,266	39,070	38,874	38,680	38,487
Charge Per Cubic Metre (Jan-Jne)	$3.42	$3.59	$3.77	$3.96	$4.16	$4.36	$4.58	$4.81	$5.05	$5.31	$5.57
Charge Per Cubic Metre (July-Dec)	$3.59	$3.77	$3.96	$4.16	$4.36	$4.58	$4.81	$5.05	$5.31	$5.57	$5.85
C) Block 2 Consumption Charge per cubic m											
City Consumption Revenue	**$ 991,555**	**$ 1,046,287**	**$ 1,104,039**	**$ 1,153,445**	**$ 1,205,062**	**$ 1,258,988**	**$ 1,315,328**	**$ 1,374,189**	**$ 1,435,684**	**$ 1,499,931**	**$ 1,567,052**
Total Annual Billed Consumption (m3)	503,839	506,333	508,839	506,295	503,764	501,245	498,739	496,245	493,764	491,295	488,839
Charge Per Cubic Metre (Jan-June)	$1.92	$2.02	$2.12	$2.22	$2.33	$2.45	$2.57	$2.70	$2.84	$2.98	$3.13
Increase (%)		*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
Charge Per Cubic Metre (July-Dec)	$2.02	$2.12	$2.22	$2.33	$2.45	$2.57	$2.70	$2.84	$2.98	$3.13	$3.28
Increase (%)	5.0%	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
Rural Consumption Revenue	**$137,793**	**$145,399**	**$153,425**	**$160,290**	**$167,463**	**$174,957**	**$182,787**	**$190,966**	**$199,512**	**$208,440**	**$217,768**
Total Annual Billed Consumption (m3)	35,008	35,182	35,356	35,179	35,003	34,828	34,654	34,481	34,308	34,137	33,966
Charge Per Cubic Metre (Jan-June)	$3.84	$4.03	$4.23	$4.45	$4.67	$4.90	$5.15	$5.40	$5.67	$5.96	$6.25
Charge Per Cubic Metre (July-Dec)	$4.03	$4.23	$4.45	$4.67	$4.90	$5.15	$5.40	$5.67	$5.96	$6.25	$6.57
Total Revenue Generated	**$ 6,781,756**	**$ 7,169,873**	**$ 7,579,940**	**$ 7,972,826**	**$ 8,386,157**	**$ 8,821,001**	**$ 9,278,480**	**$ 9,759,776**	**$ 10,266,132**	**$ 10,798,857**	**$ 11,359,328**

APPENDIX A - TABLE 2

CITY OF OWEN SOUND
2025 WATER AND WASTEWATER RATE STUDY
WASTEWATER RATE SETTING

Water Services	2025 Budget	2026 Proj.	2027 Proj.	2028 Proj.	2029 Proj.	2030 Proj.	2031 Proj.	2032 Proj.	2033 Proj.	2034 Proj.	2035 Proj.
1 OPERATING EXPENDITURES											
Salaries and Benefits	$ 984,653	$ 1,014,192	$ 1,044,618	$ 1,075,957	$ 1,108,235	$ 1,141,482	$ 1,175,727	$ 1,210,999	$ 1,247,329	$ 1,284,748	$ 1,323,291
Parts/Materials/Repairs	$ 2,156,818	$ 2,199,954	$ 2,243,953	$ 2,288,832	$ 2,334,609	$ 2,381,301	$ 2,428,927	$ 2,477,505	$ 2,527,055	$ 2,577,597	$ 2,629,149
Contracted Services/Insurance	$ 694,250	$ 722,020	$ 750,901	$ 780,937	$ 812,174	$ 844,661	$ 878,448	$ 913,586	$ 950,129	$ 988,134	$ 1,027,660
Hydro/Utilities	$ 13,500	$ 14,175	$ 14,884	$ 15,628	$ 16,409	$ 17,230	$ 18,091	$ 18,996	$ 19,946	$ 20,943	$ 21,990
Subtotal Operating Expenditures	***$ 3,849,220***	***$ 3,950,341***	***$ 4,054,356***	***$ 4,161,353***	***$ 4,271,428***	***$ 4,384,674***	***$ 4,501,193***	***$ 4,621,085***	***$ 4,744,459***	***$ 4,871,422***	***$ 5,002,089***
2 DEBT PAYMENTS											
Existing Wastewater Debt - Principal and Interest	$ 1,490,396	$ 1,490,396	$ 1,414,196	$ 1,414,196	$ 1,332,432	$ 1,332,432	$ 1,332,432	$ 1,332,432	$ 1,048,902	$ 1,048,902	$ 1,048,902
Future Wastewater Debt - Principal and Interest	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Subtotal Debt Payments	***$ 1,490,396***	***$ 1,490,396***	***$ 1,414,196***	***$ 1,414,196***	***$ 1,332,432***	***$ 1,332,432***	***$ 1,332,432***	***$ 1,332,432***	***$ 1,048,902***	***$ 1,048,902***	***$ 1,048,902***
3 CAPITAL EXPENDITURES											
Non-Growth Related Capital Works	$ 2,363,000	$ 670,300	$ 560,000	$ 1,995,000	$ 1,635,000	$ 620,000	$ 890,000	$ 1,385,000	$ 105,000	$ 123,000	$ 1,034,630
Additional Capital	$ 370,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfer from Reserves (for Capital)	$ (370,000)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Grant Funded Capital Works	$ 125,000	$ 1,400,000	$ 900,000	$ -	$ 240,000	$ 2,400,000	$ -	$ -	$ -	$ -	$ 506,500
Less: Grant Capital Funding	$ (125,000)	$ (1,400,000)	$ (900,000)	$ -	$ (240,000)	$ (2,400,000)	$ -	$ -	$ -	$ -	$ (506,500)
Subtotal Capital Expenditures	***$ 2,363,000***	***$ 670,300***	***$ 560,000***	***$ 1,995,000***	***$ 1,635,000***	***$ 620,000***	***$ 890,000***	***$ 1,385,000***	***$ 105,000***	***$ 123,000***	***$ 1,034,630***
ANNUAL OPERATING EXPENSES	***$ 7,702,616***	***$ 6,111,037***	***$ 6,028,551***	***$ 7,570,549***	***$ 7,238,859***	***$ 6,337,106***	***$ 6,723,624***	***$ 7,338,517***	***$ 5,898,361***	***$ 6,043,325***	***$ 7,085,622***
Asset Management Requirements - Reference Purpose Only											
Calculated Annual Asset Management Contribution	$ 11,473,634	$ 11,817,843	$ 12,172,378	$ 12,537,549	$ 12,913,676	$ 13,301,086	$ 13,700,118	$ 14,111,122	$ 14,534,456	$ 14,970,489	$ 15,419,604
4 **CONTRIBUTION TO/(FROM) RESERVES**	**$ (93,292)**	*$ 2,026,695*	*$ 2,431,827*	*$ 1,179,008*	*$ 1,807,481*	*$ 3,013,629*	*$ 2,939,110*	*$ 2,467,318*	*$ 4,039,781*	*$ 4,014,818*	*$ 3,283,966*
5 TOTAL ANNUAL EXPENDITURES (1+2+3=4)	***$ 7,609,324***	***$ 8,137,731***	***$ 8,460,379***	***$ 8,749,558***	***$ 9,046,340***	***$ 9,350,735***	***$ 9,662,734***	***$ 9,805,835***	***$ 9,938,142***	***$ 10,058,143***	***$ 10,369,588***
6 NON-RATE REVENUES											
DC Receipt for debt payments	$ -	$ (100,000)	$ (100,000)	$ (100,000)	$ (100,000)	$ (100,000)	$ (100,000)	$ (100,000)	$ (100,000)	$ (100,000)	$ (100,000)
Non-User Rate Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Subtotal Non-User Rate Revenues	***$ -***	***$ (100,000)***	***$ (100,000)***	***$ (100,000)***	***$ (100,000)***	***$ (100,000)***	***$ (100,000)***	***$ (100,000)***	***$ (100,000)***	***$ (100,000)***	***$ (100,000)***
Net Rate Funding Need	**$ 7,609,324**	**$ 8,037,731**	**$ 8,360,379**	**$ 8,649,558**	**$ 8,946,340**	**$ 9,250,735**	**$ 9,562,734**	**$ 9,705,835**	**$ 9,838,142**	**$ 9,958,143**	**$ 10,269,588**

User Rates											
Water Service Rate Supported Expenditures	$ 6,679,027	$7,169,873	$7,579,940	$7,972,826	$8,386,157	$8,821,001	$9,278,480	$9,759,776	$10,266,132	$10,798,857	$11,359,328
Share of Water Expenditures Funded by Sewer Users [1]	**$ 6,038,284**	**$6,482,041**	**$6,852,769**	**$7,207,965**	**$7,581,644**	**$7,974,772**	**$8,388,363**	**$8,823,487**	**$9,281,266**	**$9,762,885**	**$10,269,588**
Sewer Surcharge (Target)	*124%*	*124%*	*122%*	*120%*	*118%*	*116%*	*114%*	*110%*	*106%*	*102%*	*100%*
Total Revenue Generated	**$ 7,487,473**	**$ 8,037,731**	**$ 8,360,379**	**$ 8,649,558**	**$ 8,946,340**	**$ 9,250,735**	**$ 9,562,734**	**$ 9,705,835**	**$ 9,838,142**	**$ 9,958,143**	**$ 10,269,588**

CITY OF OWEN SOUND
WATER
DRAFT 2025 OPERATING BUDGET

		2025 DRAFT BUDGET	2024 BUDGET	2023 BUDGET	VARIANCE
	Water Distribution and Treatment				
		2025	**2024**	**2023**	**Variance**
12 FTE	Salaries and Benefits	**1,540,692**	1,434,008	1,412,150	106,684
	Professional Development	**12,500**	12,500	12,500	-
Water Treatment Super	Conservation Authority Levy	**304,808**	304,808	290,967	-
Water Dist. Supervisor	Insurance	**118,500**	213,500	193,500	(95,000)
9 x Water Cert. Labour	Utilities	**406,300**	406,300	398,800	-
Water Admin Assistant	Treatment Chemicals	**110,000**	110,000	90,000	-
	Distribution System Maintenance	**176,200**	339,000	325,500	(162,800)
	Treatment Plant Maintenance	**25,900**	25,900	25,900	-
Contracts	Fleet and Equipment Maintenance	**49,000**	49,000	39,000	-
DWQMS	Property Taxes	**50,000**	50,000	54,000	-
Testing	Other Materials and Supplies	**178,960**	128,437	123,909	50,523
	Contract Services	**177,500**	132,250	120,250	45,250
	Debt Payments	**387,684**	387,684	387,684	-
	Gross Costs	**3,538,044**	**3,593,386**	**3,357,659**	(55,343)
	Grants	**-**	-	-	-
	Other Revenue	**(6,773,938)**	(6,540,917)	(6,212,581)	(233,021)
	Revenue	**(6,773,938)**	**(6,540,917)**	**(6,212,581)**	(233,021)
	Net Cost	**(3,235,895)**	**(2,947,531)**	**(2,854,922)**	(288,364)
	Reserve Contribution	**416,175**	(1,557,173)	780,669	1,973,348
	Capital Contribution	**1,993,000**	3,553,444	1,165,000	(1,560,444)
	Internal Cost Allocation	**826,721**	951,261	909,253	(124,540)
	Division Levy Requirement	**1**	**1**	**1**	(0)

CITY OF OWEN SOUND
PWNT WASTE WATER
DRAFT 2025 OPERATING BUDGET

		2025 DRAFT BUDGET	2024 BUDGET	2023 BUDGET	VARIANCE
	Waste Water Collection and Treatment				
		2025	2024	2023	**Variance**
7 FTE	Salaries and Benefits	**975,903**	969,867	949,953	6,036
	Professional Development	**6,000**	6,000	6,000	-
PW Manager	Conservation Authority Levy	**-**	-	-	-
Waste Water Super	Insurance	**161,250**	296,250	276,250	(135,000)
5 Certified Labour	Utilities	**532,500**	560,000	515,000	(27,500)
	Treatment Chemicals	**355,000**	360,000	335,000	(5,000)
	Distribution System Maintenance	**81,000**	81,000	56,000	-
Contracts	Treatment Plant Maintenance	**144,500**	104,500	104,500	40,000
Violia	Fleet and Equipment Maintenance	**9,000**	15,500	15,500	(6,500)
Testing	Property Taxes	**165,000**	165,000	165,000	-
	Other Materials and Supplies	**104,249**	72,966	70,511	31,282
	Contract Services	**564,000**	424,000	419,000	140,000
	Debt Payments	**1,490,396**	1,490,396	1,531,132	-
	Gross Costs	**4,588,797**	4,545,479	4,385,846	43,318
	Grants	**-**	-	-	-
	Other Revenue	**(7,609,323)**	(7,232,704)	(6,897,304)	(376,619)
	Revenue	**(7,609,323)**	(7,232,704)	(6,897,304)	(376,619)
	Net Cost	**(3,020,526)**	**(2,687,225)**	**(2,511,458)**	(333,300)
	Reserve Contribution	**(93,292)**	(1,699,015)	229,984	1,605,723
	Capital Contribution	**2,363,000**	3,739,000	1,620,000	(1,376,000)
	Internal Cost Allocation	**750,819**	647,241	661,476	103,578
	Division Levy Requirement	**1**	**1**	**1**	(0)

Water Capital

Project #	Project Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	9 Year Total
	Distribution											
22N.5	Watermain Capital Reinvestment in support of paving program	$ 50,000										$ 50,000
22N.3	Watermain Capital Reinvestment in support of SkyDev											$ -
23N.2	2nd Ave E/Grey Road 5-1st St E (HP Road) to 1st St SW-Selected Watermain Replacement	$ 800,000										$ 800,000
22N.7	Spring Pressure Zone/Looping Closure Strategy											$ -
20N.2	Water System Model Update and Training		$ 15,000			$ 25,000						$ 40,000
22N.2	Cathodic Protection Rehab	$ 275,000	$ 310,000	$ 270,000	$ 300,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000			$ 1,555,000
	Condition Assessment Municipal Reservoir		$ 20,000					$ 20,000				$ 40,000
24N.5	Leak Detection Survey		$ 15,000			$ 15,000			$ 15,000			$ 45,000
22N.1	Cross Connection Control Program	$ 250,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000			$ 390,000
24N.8	Confined Space Equipment					$ 10,000						$ 10,000
	Fire Hydrant Painting			$ 90,000			$ 90,000					$ 180,000
	Fire Hydrant Flow Testing			$ 50,000				$ 50,000				$ 100,000
24N.3	Water Shop Building Roof Extension	$ 75,000										$ 75,000
21N.10	Trunk Main and Valve Chamber Maintenance	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000			$ 800,000
23N.4	Water Distribution System New Valve Chambers		$ 250,000									$ 250,000
25N.5	Water Meters Replacement Tender	$ 3,500,000										$ 3,500,000
23N.5	Water Distribution system SCADA	$ 170,000										$ 170,000
	Zebra Mussel Chlorine Line and Intake Rehabilitation	$ 200,000										$ 200,000
	Bulk Water Fill Station						$ 50,000	$ 200,000				$ 250,000
	Building Condition Assessment Implementation		$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 360,000
	Treatment											$ -
23N.9	Major Pump Replacement (Industrial Pump 3 in 2023)					$ 100,000						$ 100,000
	Valve Replacement*		$ 40,000			$ 40,000						$ 80,000
	Piping rehabilitation/maintenance WTP*		$ 250,000			$ 250,000						$ 500,000
	Instrumentation Replacement WTP*		$ 30,000		$ 30,000			$ 30,000				$ 90,000
22N.4	Filter Refurb i/c Air Scour,Underdrains/Media/Mechanical Phase 1*											$ -
22N.4	Filter Refurb i/c Air Scour,Underdrains/Media/Mechanical Phase 2*											$ -
22N.10	SCADA Computer and Software Upgrade					$ 70,000						$ 70,000
22N.6	Facility Transformer											$ -
24N.2	Facility Maintenance i/c Roof			$ 475,200			$ 93,500					$ 568,700
23N.20	Replacement of Flocculation System	$ 30,000										$ 30,000
	Replacement of Sluice Gates		$ 350,000									$ 350,000
23N.3	Ultraviolet Units Replacement											$ -
	Water Rate Study					$ 50,000					$ 50,000	$ 100,000
	Pump Control Replacements (VFD, Soft Start)*		$ 200,000									$ 200,000
	Storage Facility						$ 50,000	$ 150,000				$ 200,000
	Building Condition Assessment Implementation		$ 300,000	$ 300,000	$ 300,000	$ 300,000	$ 300,000	$ 300,000	$ 300,000	$ 300,000	$ 300,000	$ 2,700,000
		$ 5,450,000	$ 1,940,000	$ 1,345,200	$ 790,000	$ 1,120,000	$ 843,500	$ 1,010,000	$ 575,000	$ 340,000	$ 390,000	$ 13,803,700

Wastewater Capital

Project #	Project Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	10 Year Total
	WWTP											
22O.1	Clarifier mechanical maintenance		$ 50,000		$ 50,000		$ 50,000					$ 150,000
24O.3	Digester Cleanout	$ 300,000			$ 300,000			$ 300,000				$ 900,000
23O.2	Storage Tank Biosolids Cleanout			$ 150,000			$ 150,000					$ 300,000
23O.3	WWTP Site Building, HVAC and Roof Repairs	$ 20,000	$ 40,000	$ 10,000								$ 70,000
22O.2	WWTP Instrumentation/SCADA			$ 150,000			$ 40,000					$ 190,000
22O.3	Process Mechanical i/c Biogas Equipment		$ 220,000									$ 220,000
23O.1	Process Electrical i/c Gas Detection		$ 45,000									$ 45,000
	Process Structural esp Clarifiers		$ 150,000									$ 150,000
22O.4	Intermediate Bar Screens	$ 900,000										$ 900,000
												$ -
	COLLECTION											$ -
16O.4	Storm Water Separation Program	$ 30,000	$ 25,000	$ 30,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000			$ 210,000
21O.1	Collection System Capital Reinvestment	$ 1,400,000				$ 350,000	$ 350,000	$ 350,000	$ 350,000			$ 2,800,000
	Sanitary Collection System TV Inspection	$ 60,000		$ 60,000		$ 60,000		$ 60,000				$ 240,000
21O.2	Minor Pumping Station Rehab				$ 300,000							$ 300,000
	Sanitary Sewer Portable Tracked Camera		$ 60,000									$ 60,000
	27th St. Pumping Station Standby Generator						$ 50,000	$ 200,000				$ 250,000
23O.6	CLI Approval Requirements	$ 20,000		$ 40,000								$ 60,000
		$ 2,730,000	$ 590,000	$ 440,000	$ 675,000	$ 435,000	$ 665,000	$ 935,000	$ 375,000	$ -	$ -	$ 6,845,000

Infrastructure Projects

Project #	Project Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	10 Year Total
	Water											
25P.10	9th Ave E - Superior St to 10th St E Watermain Replacement	$ 56,000	$ 2,670,000									$ 2,726,000
25P.2	4th Ave W - 15th St W to 17th St W (incl. 16th St W - 400 block and 17th St W - 400 block) - Reconstruction	$ 125,000	$ 1,400,000									$ 1,525,000
25P.12	9th Ave E - 20th to 23rd St E - Engineering - Construction	$ 30,000	$ 30,000	$ 416,000								$ 476,000
28P.5	9th Ave E - 32nd St E to Kenny Drain - Watermain Replacement, PRV Installation, Road Rehab				$ 130,000	$ 1,160,000						$ 1,290,000
27P.1	4th Ave W - 17th St W to 20th St W - Reconstruction			$ 900,000								$ 900,000
27P.2	3rd Ave E/GR 15 - 10th St E to 12th St E - Phase 1			$ 120,000	$ 1,200,000							$ 1,320,000
28P.1	3rd Ave E/GR 15 - 12th St E to 14th St E - Phase 2				$ 120,000	$ 1,200,000						$ 1,320,000
29P.1	3rd Ave E/GR 15 - 14th St E to 18th St E - Phase 3 (includes intersection improvements at 15th St E)					$ 240,000	$ 2,400,000					$ 2,640,000
	9th Ave. E. - 6th St. E. to 8th St. E.- Phase 2							$ 35,000	$ 35,000	$ 1,300,000		$ 1,370,000
	9th Ave. E - 8th St. E. to 10th St. E. - Phase 3								$ 35,000	$ 35,000	$ 1,300,000	$ 1,370,000
	9th Av. E. - 15th St. E. To 16th St. E. (Engineering Only - Construction outside of 10 year)										$ 36,000	$ 36,000
	Moores Hill						$ 15,000	$ 150,000				$ 165,000
	15th St. E. - 3rd Ave. E to 6th Ave.							$ 100,000	$ 1,000,000			$ 1,100,000
		$ 211,000	**$ 4,100,000**	**$ 1,436,000**	**$ 1,450,000**	**$ 2,600,000**	**$ 2,415,000**	**$ 285,000**	**$ 1,070,000**	**$ 1,335,000**	**$ 1,336,000**	**$ 16,238,000**
	Wastewater											
25P.10	9th Ave E - Superior St to 10th St E Watermain Replacement	$ 3,000	$ 80,300									$ 83,300
25P.2	4th Ave W - 15th St W to 17th St W (incl. 16th St W - 400 block and 17th St W - 400 block) - Reconstruction	$ 125,000	$ 1,400,000									$ 1,525,000
27P.1	4th Ave W - 17th St W to 20th St W - Reconstruction			$ 900,000								$ 900,000
26P.4	2nd Ave W/GR 1 - 10th St W to 14th St W (675 m)											$ -
27P.2	3rd Ave E/GR 15 - 10th St E to 12th St E - Phase 1			$ 120,000	$ 1,200,000							$ 1,320,000
28P.1	3rd Ave E/GR 15 - 12th St E to 14th St E - Phase 2				$ 120,000	$ 1,200,000						$ 1,320,000
29P.1	3rd Ave E/GR 15 - 14th St E to 18th St E - Phase 3 (includes intersection improvements at 15th St E)					$ 240,000	$ 2,400,000					$ 2,640,000
	9th Ave. E. - 6th St. E. to 8th St. E.- Phase 2							$ 5,000	$ 5,000	$ 100,000		$ 110,000
	9th Ave. E - 8th St. E. to 10th St. E. - Phase 3								$ 5,000	$ 5,000	$ 100,000	$ 110,000
	9th Av. E. - 15th St. E. To 16th St. E. (Engineering Only - Construction outside of 10 year)										$ 23,000	$ 23,000
	Moores Hill						$ 5,000	$ 50,000				$ 55,000
	15th St. E. - 3rd Ave. E to 6th Ave.							$ 100,000	$ 1,000,000			$ 1,100,000
		$ 128,000	**$ 1,480,300**	**$ 1,020,000**	**$ 1,320,000**	**$ 1,440,000**	**$ 2,405,000**	**$ 155,000**	**$ 1,010,000**	**$ 105,000**	**$ 123,000**	**$ 9,186,300**

Staff Report

Report To: Operations Committee

Report From: Bryce McDonald, Manager of Water and Wastewater

Meeting Date: April 17, 2025

Report Code: OP-25-017

Subject: Drinking Water Standard of Care

Recommendations:

THAT in consideration of Staff Report OP-25-017 respecting Drinking Water Standard of Care, the Operations Committee recommends that City Council receive the report for information purposes.

Highlights:

- History – Walkerton Event
- Recommendations and Legislative Changes
- Owner's Responsibilities and Recent Events

Strategic Plan Alignment:

Strategic Plan Priority: Service Excellence.

This report and presentation align with our responsibility and commitment, as outlined in our endorsed Quality Management Systems policy, to deliver quality, sustainability, and continuous improvement.

Climate and Environmental Implications:

This supports the objectives of the City's Corporate Climate Change Adaptation Plan by strengthening the resiliency of City infrastructure or services.

Previous Report/Authority:

N/A

Background:

Following the Walkerton tragedy in the spring of 2000, a thorough investigation and inquiry were conducted, and provincial drinking water legislation was overhauled based on numerous recommendations by Justice Dennis O'Connors. One of the significant additions was related to the Statutory Standard of Care, as outlined in Section 19 of the Safe Drinking Water Act (SDWA) of 2002.

The Standard of Care, which took effect on December 31, 2012, expressly extends legal responsibility to individuals with decision-making authority over municipal drinking water systems. It requires that they exercise the level of care, diligence and skill regarding a municipal drinking water system that a reasonably prudent person would be expected to exercise in a similar situation. It is also likely that they exercise this due diligence honestly, competently and with integrity. Standard of Care legislation applies to municipal councils and management but does not directly apply to certified drinking water operators.

Analysis:

This report and presentation are prepared to provide an overview of the similar Standard of Care training that City councillors receive, with the understanding that the Operations Committee receives information, reviews, and makes recommendations, which are part of our Council's approval processes that may impact resources or operational priorities.

Financial Implications:

There is no direct financial implication for this report and presentation, but a better understanding of the drinking water standard of care may influence future recommendations to the council through this committee.

Communication Strategy:

N/A

Consultation:

This report and presentation were prepared in consultation with the Director of Public Works.

Attachments:

1. Standard of Care – Operations Committee Presentation

Recommended by:

Bryce McDonald, Manager of Water and Wastewater

Lara Widdifield, Director of Public Works

Submission approved by:
Tim Simmonds, City Manager

For more information on this report, please contact Bryce McDonald, Manager of Water and Wastewater, at bmcdonald@owensound.ca or 519-376-4274 Ext. 3224.

Standard of Care – Drinking Water

Operations Committee

April 17, 2025

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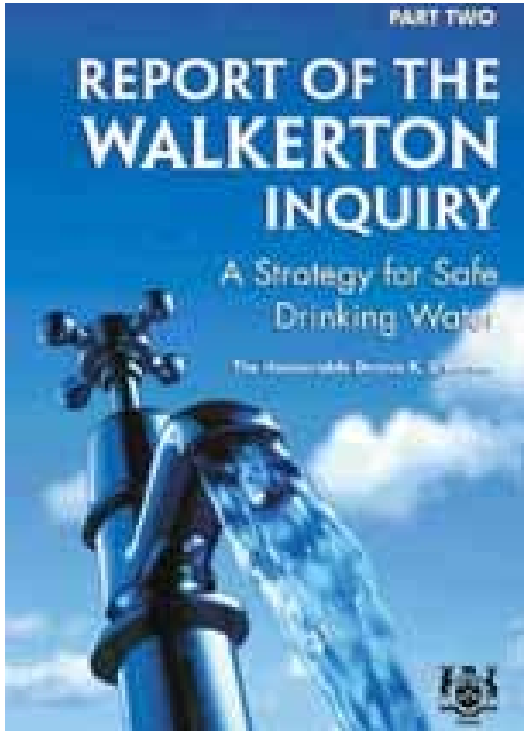
Standard of Care – Drinking Water

In the context of water management, the "standard of care" refers to the legal responsibility of individuals with decision-making authority over municipal drinking water systems to exercise the level of care, diligence, and skill that a reasonably prudent person would in similar circumstances, to protect public health and prevent drinking water hazards.

The Beginning – Walkerton 2000

Key Events

- Heavy rainfall and widespread flooding
- Nearby cattle farm, manure storage and field application
- Run-off and overland flooding
- Improper well construction
- Defective disinfection and monitoring equipment
- Delayed reporting
- Flushing spread contaminated water throughout the system
- Seven deaths over 2300 sick



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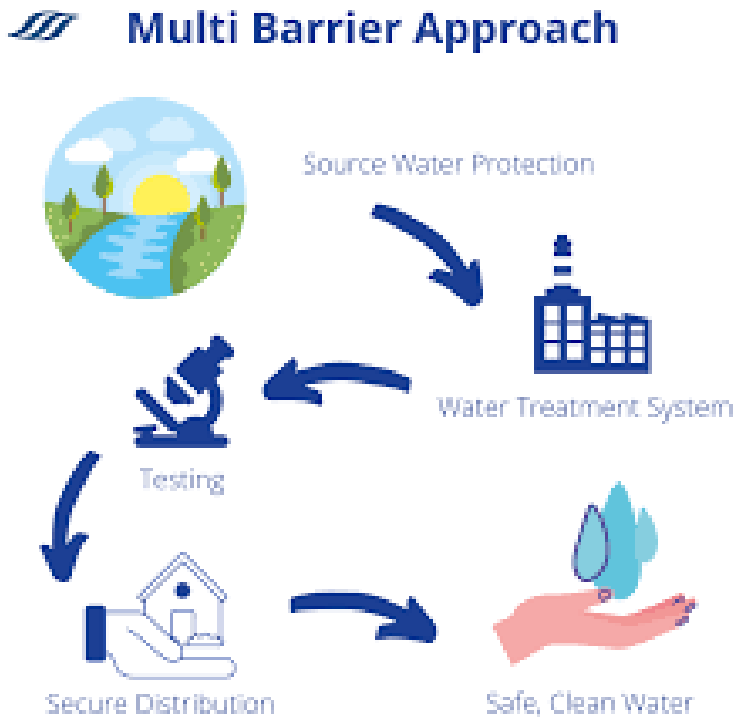
Contributing Factors

There was a multitude of factors that led to the tragedy including;

- Improperly constructed well
- Contaminated water source
- Inadequate training and education of public utilities staff
- Insufficient reporting requirements to the Ministry of the Environment



Recommendation

- 121 recommendations implemented over the next several years (2002 – 2007) underpinned by three new Acts including Safe Drinking Water, Clean Water Act and Nutrient Management Act

Key recommendations include:

- New operator training and certification regulation
- Annual inspections/protocols
- Development of a drinking water inspection protocol
- Time limited Certificates of Approval
- Continuous monitoring of chlorine and turbidity
- Staff training and business process improvements
- Conducting random assessments of public health boards
- Development of the Response to Adverse Drinking Water Quality Incidents
- Improvements to our information management and technology
- Financial requirements for sustainability
- Licensing and accreditation
- Watershed-based source protection

New Legislation

- Safe Drinking Water Act
  - Section 19 (Standard of care, municipal drinking water systems)
  - O. Reg 170 (Operations)
  - O. Reg 169 (Water Quality Standards)
  - O. Reg 128 (Training and Certification)
- Clean Water Act (Formerly Source Water Protection Act)
- Nutrient Management Act
- Sustainable Water and Wastewater Act

Examples of Standard of Care

Although proving standard of care violations is challenging a couple recent high-profile crisis brought owners and political figures into question.

Questions?