

# Town of Saugeen Shores

**2026-2031**

## **Water & Wastewater Systems Financial Plans**

Presentation

September 22, 2025



# Water Financial Plan

# Background:

- Financial Plans for Water Systems are required by O.Reg. 453/07.
- A Financial Plan for Wastewater is being done as a companion to the Water Plan.
- A previous Plan was completed for the water system for 2019 to 2027.
- The current Plan (water and wastewater) is for 2026 to 2031.

# Background Cont'd:

- Plan timing is linked to MDW License Renewal.
- Renewal application is required by Sept. 18/25.
- Application must be supported by a Resolution of Council adopting a plan for at least 2026 to 2031.
- Plans can be adjusted at any time.

# Background Cont'd:

- There are 6,563 (2024) customers connections.
- Net Book Value of assets = \$39.8 M
- Replacement cost of assets (2025) = \$138 M
- Average life expectancy of assets = 70 years
- Average (weighted) remaining life = 41 years
- Current rate of replacement = 45 years

# Background Cont'd:

- Recent Rate Changes:

Year	2021	2022	2023	2024	2025
Increase per year	6%	6%	4%	3%	4.3%

# The Current Situation:

- Revenue \$5.3M /yr.
- Cost of operations \$1.9M /yr.
- Amortization expense = \$0.85M /year.
- \$2.0M debt (end of 2024).
- Reserves (end of 2024) = \$1.5M.

# Plan Assumptions:

## Annual Adjustments:

- Operating cost projections match the projections used in the Town's business plan.
- Residential growth assumed @ 1.8%
- Assumed earned interest rate of = 2%
- \$35.9+M in capital upgrades over 2026-2031.
- 2025 revenue was based on the budgeted 2025 amount.

# Plan Goals:

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

## Approaches to Meeting Goal:

- Continue to fund annual amortization.
- Maintain positive reserves.
- Based on 2024, the rate at which replacement is currently occurring is approximately once every 45 years.
- We are recommending a rate increase of 4.7% per year to continue to maintain this rate of replacement through 2031.



# Wastewater Financial Plan

# Background:

- There are 6,558 (end of 2024) customer connections.
- Net Book Value of assets = \$30.6 M
- Replacement cost of assets (2025) = \$131 M
- Average life expectancy of assets = 59 years
- Average (weighted) remaining life = 26 years
- Current rate of replacement = 79 years

# Background Cont'd:

- Recent Rate Changes:

Year	2021	2022	2023	2024	2025
Increase per year	8%	8%	8%	3.5%	4.2%

# The Current Situation:

- Revenue \$6.2M /yr.
- Cost of operations \$2.4M /yr.
- Amortization expense = \$0.92M /year.
- \$0.08M debt.
- Reserves (end of 2024) = \$7.5M.

# Plan Assumptions:

## Annual Adjustments:

- Operating cost projections match the projections used in the Town's business plan.
- Residential growth assumed @ 1.8%
- Assumed earned interest rate of = 2%
- \$47.8+M in capital upgrades over 2026-2031.
- 2025 revenue was based on the budgeted 2025 amount.

# Plan Goals:

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

# Approaches to Meeting Goal:

- Continue to fund annual amortization.
- Maintain positive reserves.
- We are recommending a rate increase of 2.5% per year which will achieve the goal of improving the rate of replacement to 45 years through 2031, the same as what is being recommended for the water system.



Thank You

Questions?