Draft Results for Council

Water and Sewer Rate Study and Water Financial Plan

JULY 20, 2026

Town of Blind River

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Topics for Discussion

BACKGROUND AND OBJECTIVES

FINANCIAL FORECAST AND PROJECTED RATES

RATE BENCHMARKS

TAX FUNDING SCENARIO

NEXT STEPS

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Summary of Key Findings

Typical residential bill is projected to increase by about 8.2% per year over the next 10-years

Rate increases driven by the need to maintain infrastructure in state of good repair

Without upper-level government funding, it will be challenging for the Town to undertake capital program without substantial rate increases or project deferral

The Town could consider phasing-out tax supported contributions for water and wastewater services over the long-term

No changes are proposed to the Town's current rate structure

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Town is Undertaking this Rate Study as Part of Good Fiscal Planning

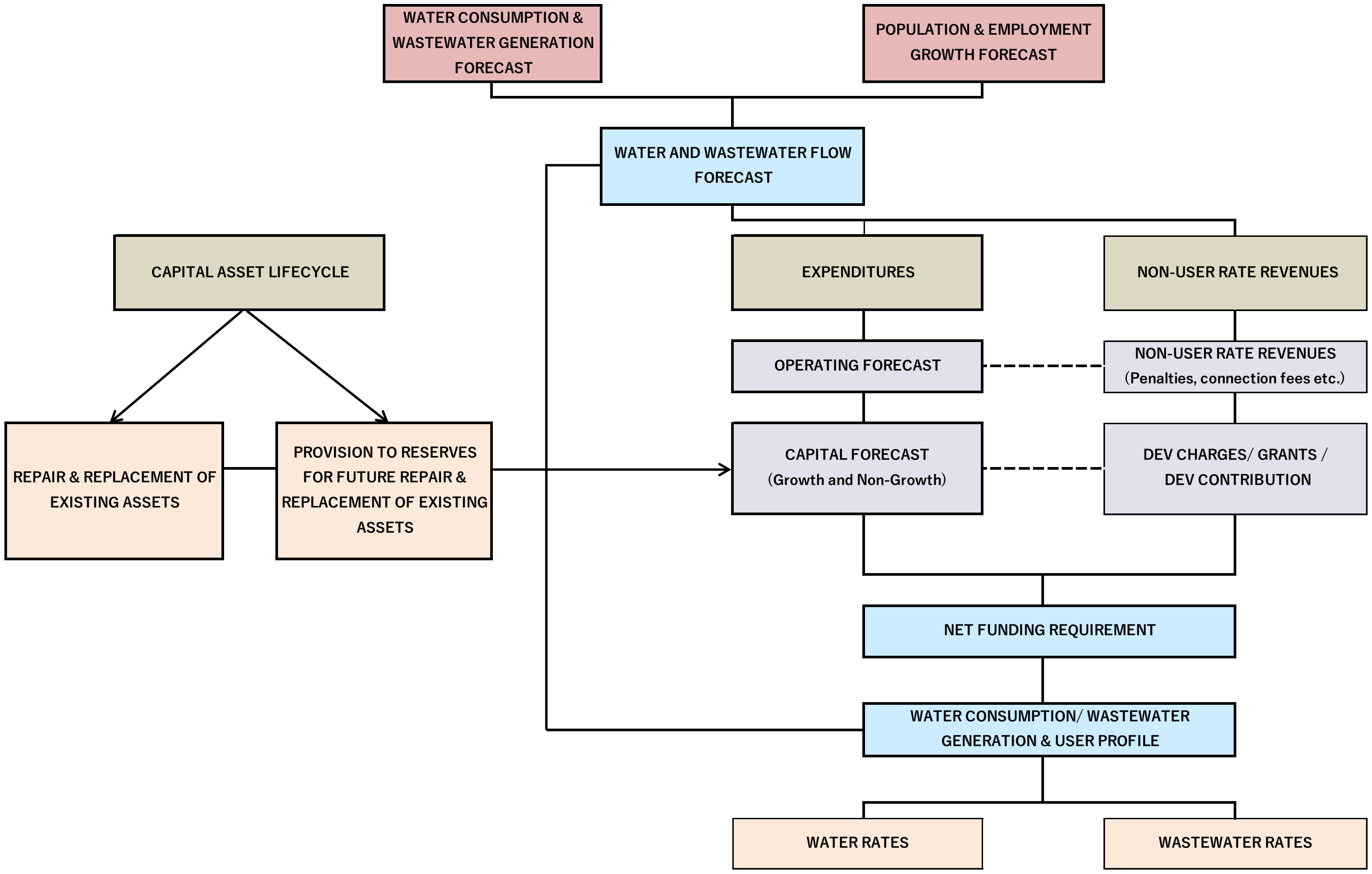
The Town completed a Water and Wastewater Financial Plan in 2021

The 2026 Water and Sewer Rate Study is being undertaken as part of regular review of utility rates

The Town’s rate model is developed on a 10-year horizon to help understand the changes in reserves and user rates over time (to 2036)

A Water Financial Plan to meet O. Reg 453/07 requirements will be prepared separately

Rate Study is based on Achieving Full Cost Recovery over the Long-Term



- Full recovery of operating costs
  - Based on the Town's 2026 budget and adjusted to account for the effects of inflation
- Full recovery of annual capital needs
- Contribution to reserves for future asset replacement

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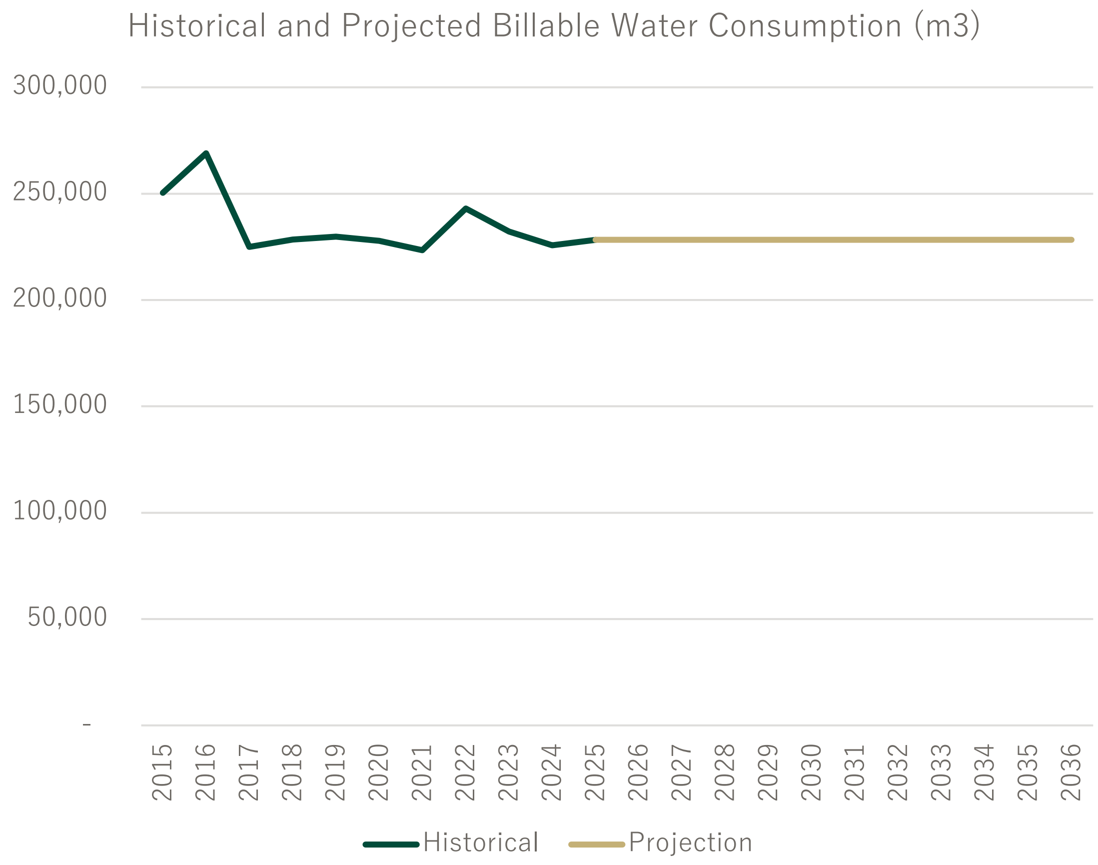
Billable Water Consumption Projected to Remain Relatively Flat while Connections Grow Moderately



- Billable consumption has been relatively stable last few years with a slight decline
  - Projection of about 228,000 m^3 per year
- Ratio of wastewater billable to water about 92%
- About 30 new connections per year (300 units over 10 years)
  - All less than 1” metres
- One new 2” metre for a new hotel in 2028

Note: Some anomaly years in the consumption data in 2016, 2020 and 2030 with abnormally high consumption on residential addresses have been removed.

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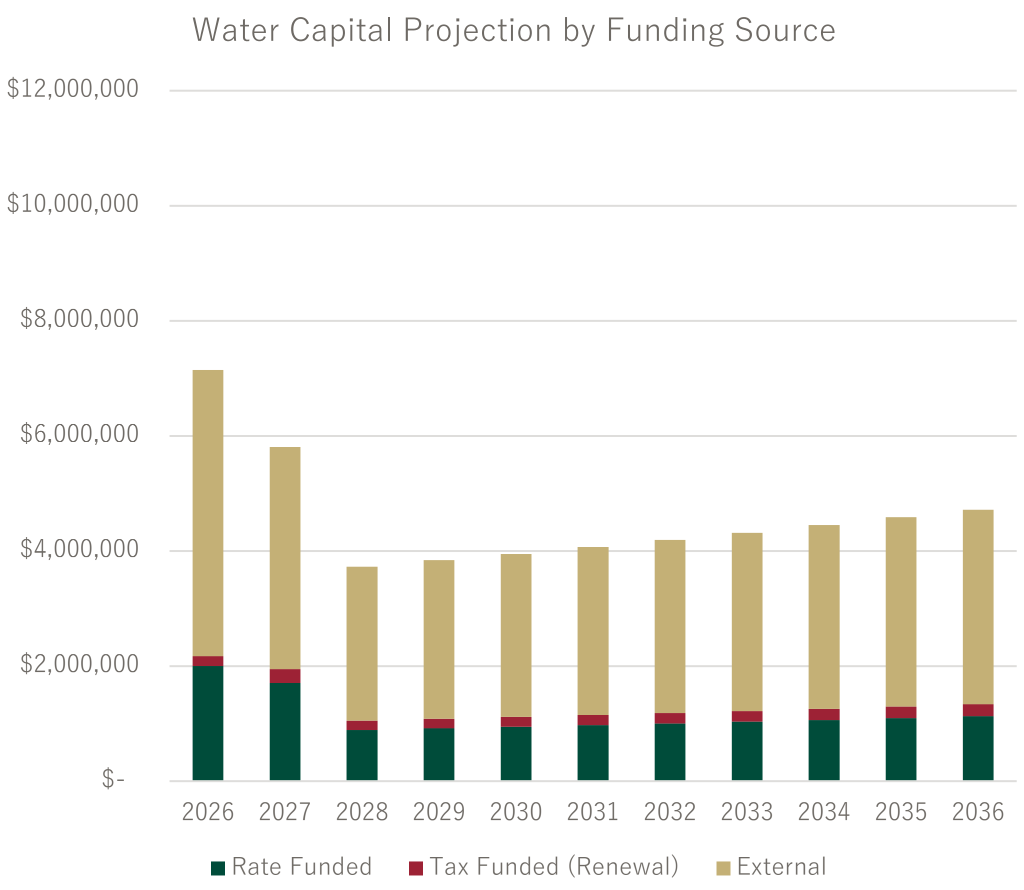
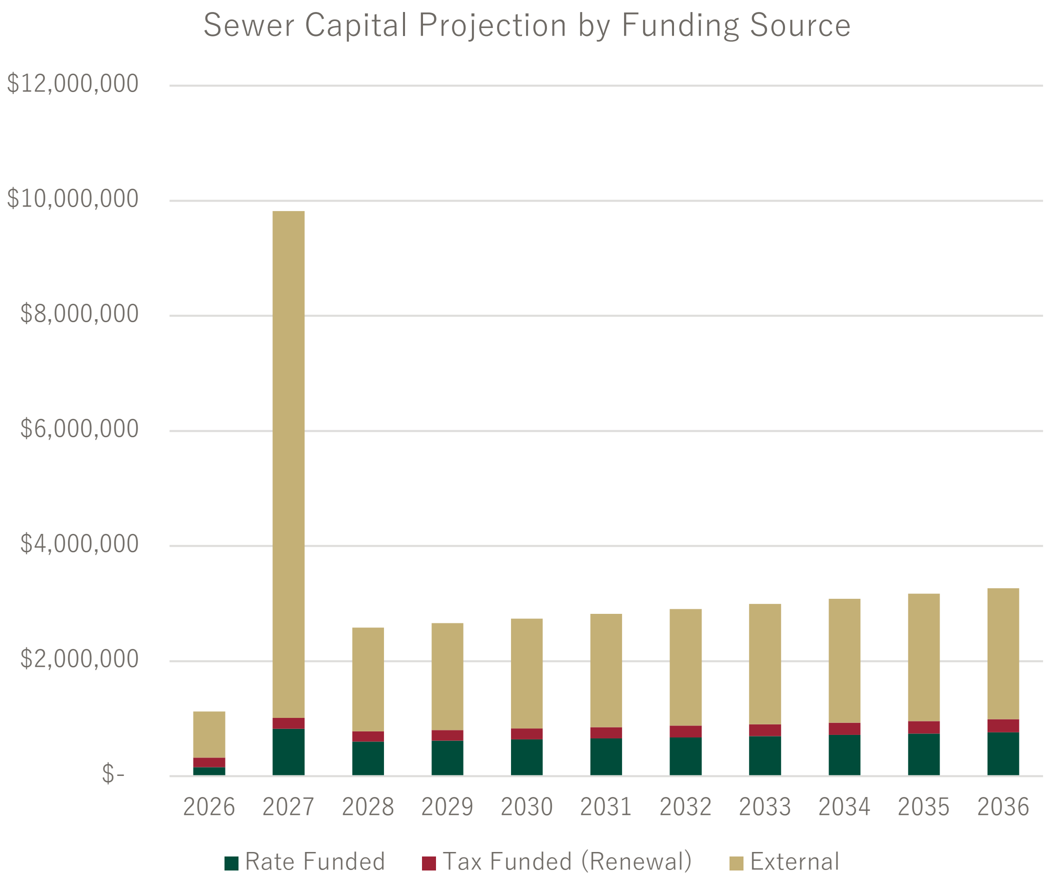
Water Capital Program Totals $50.8 Million (2026-2036)



Note: Capital costs are inflated by 3% annually.

- 2026 new water source project totals $7.0 million and largely funded from grants
- 2027 water tower replacement project totals $5.0 million and assumed to be largely grant funded
- Post 2027 – capital based on 10-year needs identified in AMP but spread over 20-years
  - Assumed 75% grant funded, 25% rate funded
- Share for renewal funded from tax averaging about $186,000 per year
- Additional $5.7 million in rate funded debt financing assumed over period

Sewer Capital Program Totals $37.2 Million (2026-2036)



Note: Capital costs are inflated by 3% annually.

- 2026-2027 plant expansion project totals $10.2 million and largely funded from grants
- Post 2027 – capital based on 10-year needs identified in AMP but spread over 20-years
  - Assumed 75% grant funded, 25% rate funded
- Share for renewal funded from tax averaging about $198,000 per year
- Additional $2.2 million in rate funded debt financing assumed over period

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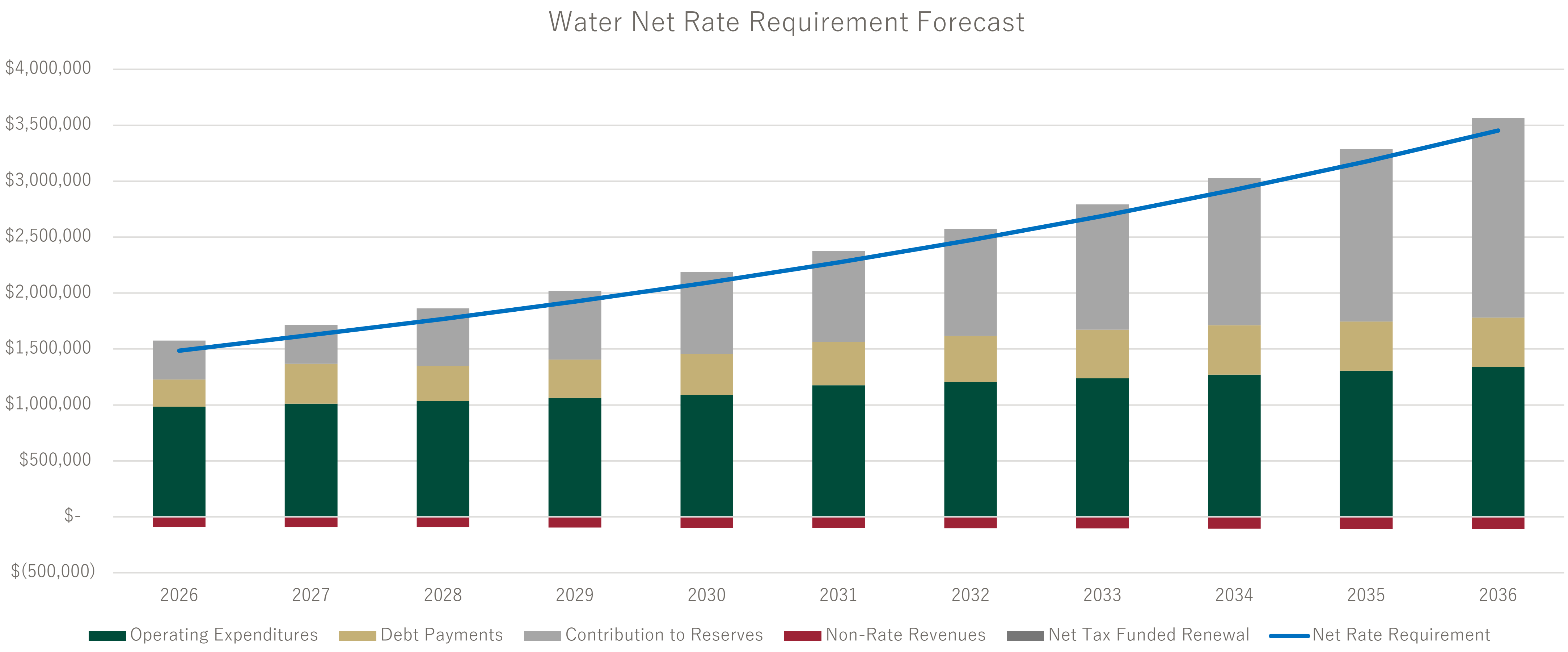
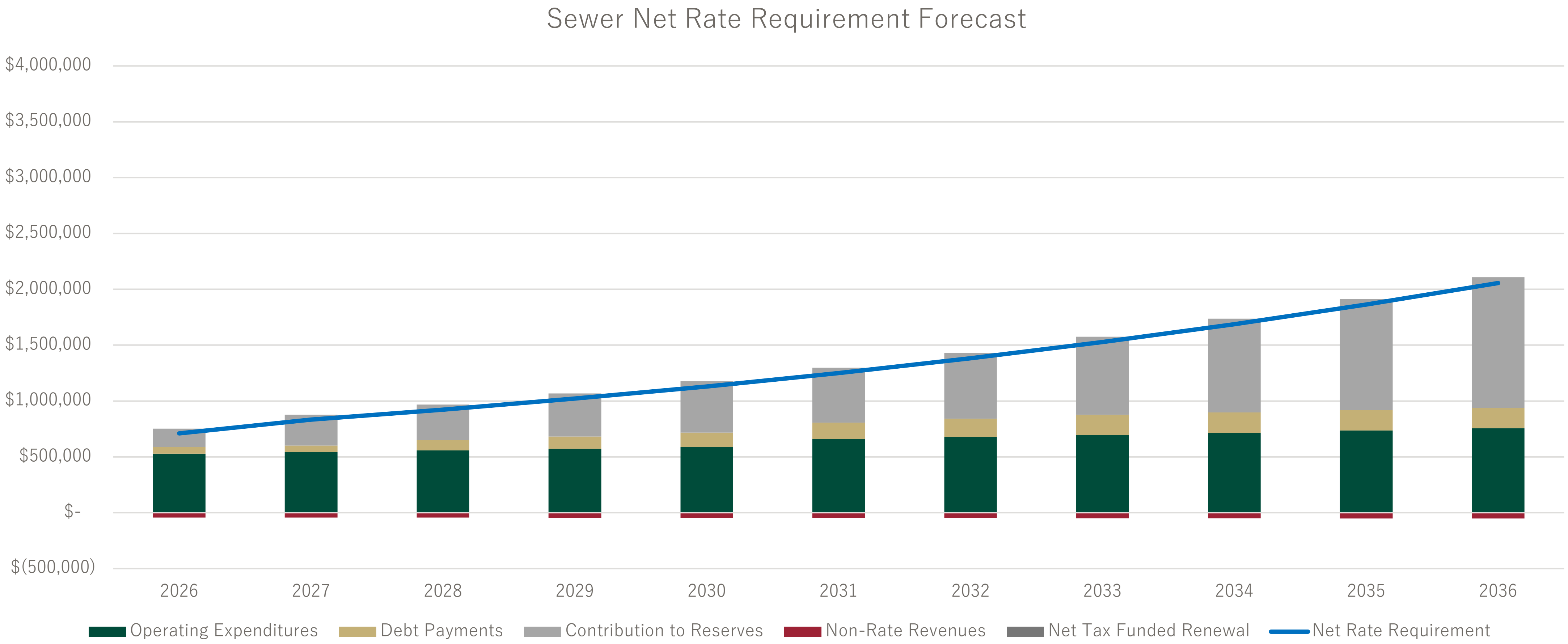
Water Net Rate Requirement Projected to Reach about $3.5 Million by 2036



Note: Net tax funded renewal costs are assumed to be zero. It is assumed that tax funding for renewal costs would continue over the forecast period and therefore have no rate impact.

Sewer Net Rate Requirement Projected to Reach about $2.1 Million by 2036



Note: Net tax funded renewal costs are assumed to be zero. It is assumed that tax funding for renewal costs would continue over the forecast period and therefore have no rate impact.

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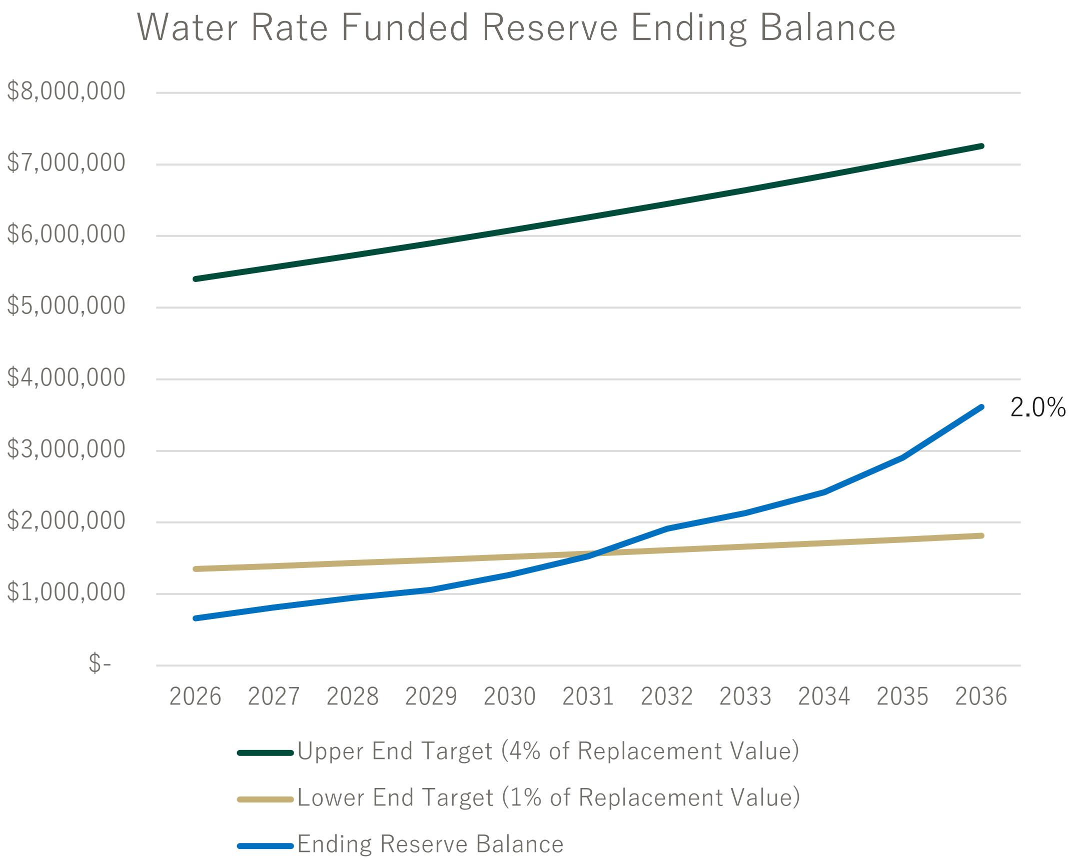
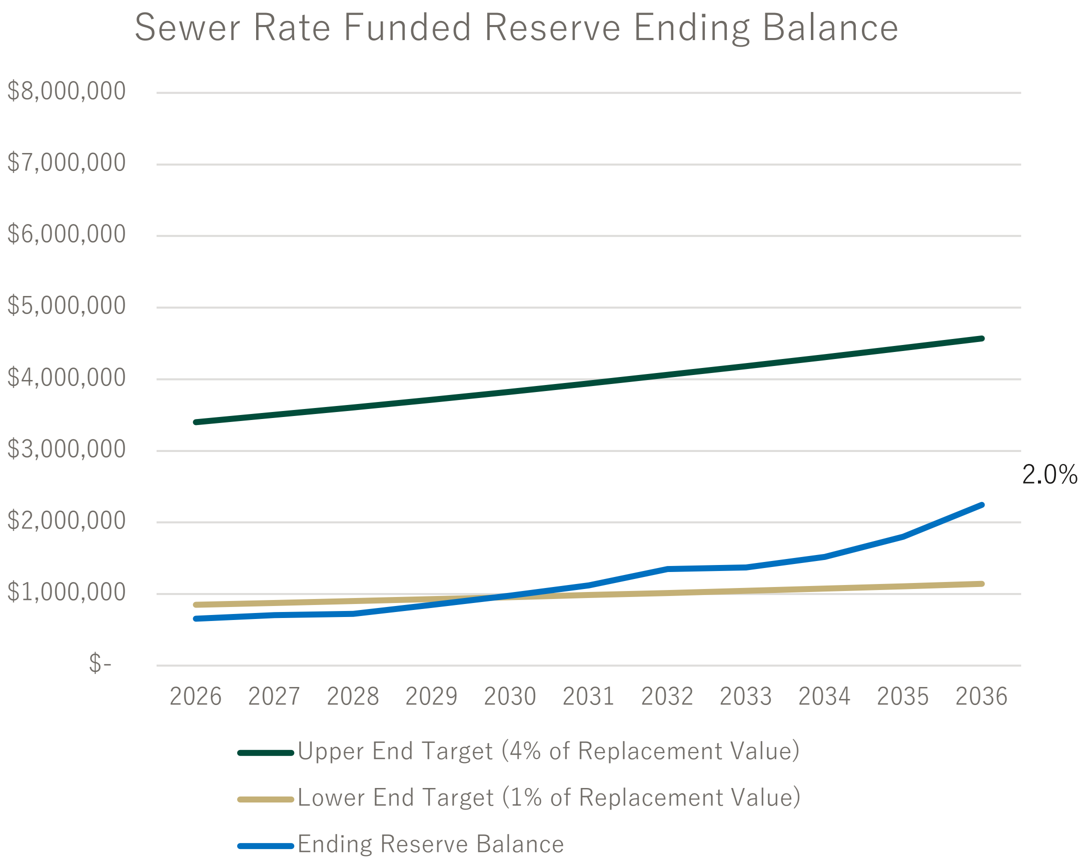
Rate Funded Reserves Projected to Reach Minimum Target over 5-Year Period





Note: Percent in box represents ending reserve balance as a percentage of asset replacement value. Asset replacement values are inflated annually at 3% per year.

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Typical Residential Bill to Increase by About 8.2% per Year

Water Services	2026	2027	2028	2029	2030	2031	2032-2036
Fixed Monthly Fee per Connection[1]							
Up to 1 inch (per month)	$48.77	$52.43	$56.36	$60.59	$65.13	$70.01	
Tier 1 Consumption Charge ($/m3): 0-20 m^3	$2.30	$2.47	$2.66	$2.86	$3.07	$3.30	
Tier 2 Consumption Charge ($/m3): 20-30 m^3	$3.05	$3.28	$3.53	$3.79	$4.07	$4.38	
Tier 3 Consumption Charge ($/m3): > 30 m^3	$2.73	$2.94	$3.16	$3.39	$3.65	$3.92	
Change (%)		*7.5%*	*7.5%*	*7.5%*	*7.5%*	*7.5%*	*7.5% per year*
Water Bill (160 m^3/year)	$953	$1,025	$1,102	$1,184	$1,273	$1,368	$1,964 by 2036
Change (%)		*7.5%*	*7.5%*	*7.5%*	*7.5%*	*7.5%*	*7.5% per year*
Sewer Services	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032-2036**
Sewer Surcharge	55.0%	56.0%	57.0%	58.0%	59.0%	60.0%	65% by 2036
Sewer Bill (160 m^3/year)	$524	$574	$628	$687	$751	$821	$1,277 by 2036
Change (%)		*9.5%*	*9.4%*	*9.4%*	*9.3%*	*9.3%*	*9.2% avg per year*
Total Water & Sewer	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032-2036**
Total Typical Bill (160 m^3/year)	$1,478	$1,599	$1,730	$1,871	$2,024	$2,189	$3,241 by 2036
Change (%)		*8.2%*	*8.2%*	*8.2%*	*8.2%*	*8.2%*	*8.2% per year*

Note 1: Only the meter size of up to 1 inch is illustrated, however, the percentage rate increase would be applied uniformly to all water meter sizes.

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No Change is Proposed to the Town’s Current Rate Structure

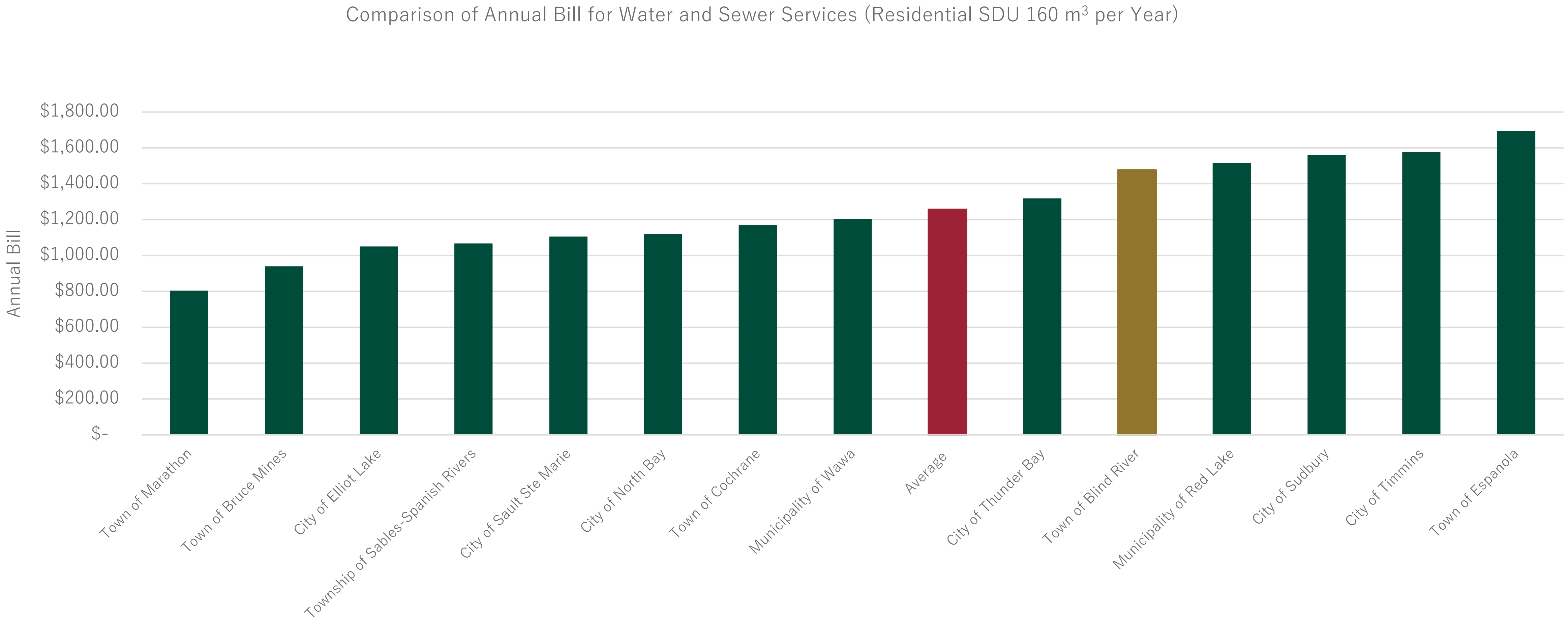
Fixed Charge Based on Metre Size

Humpback Volumetric Rates

Fixed Charge: Provides a level of revenue stability for the Town

Volumetric: Balance control of bills for low volume users while providing economic development incentives for high volume users

Town's Current Rates in the Mid-to-High End of Benchmarks



Note: Benchmark is based on available rate information on municipal websites.
Note: Municipalities on the list use varying approaches including flat rates and rates per number of rooms in the home. Most common approach is fixed plus volumetric.

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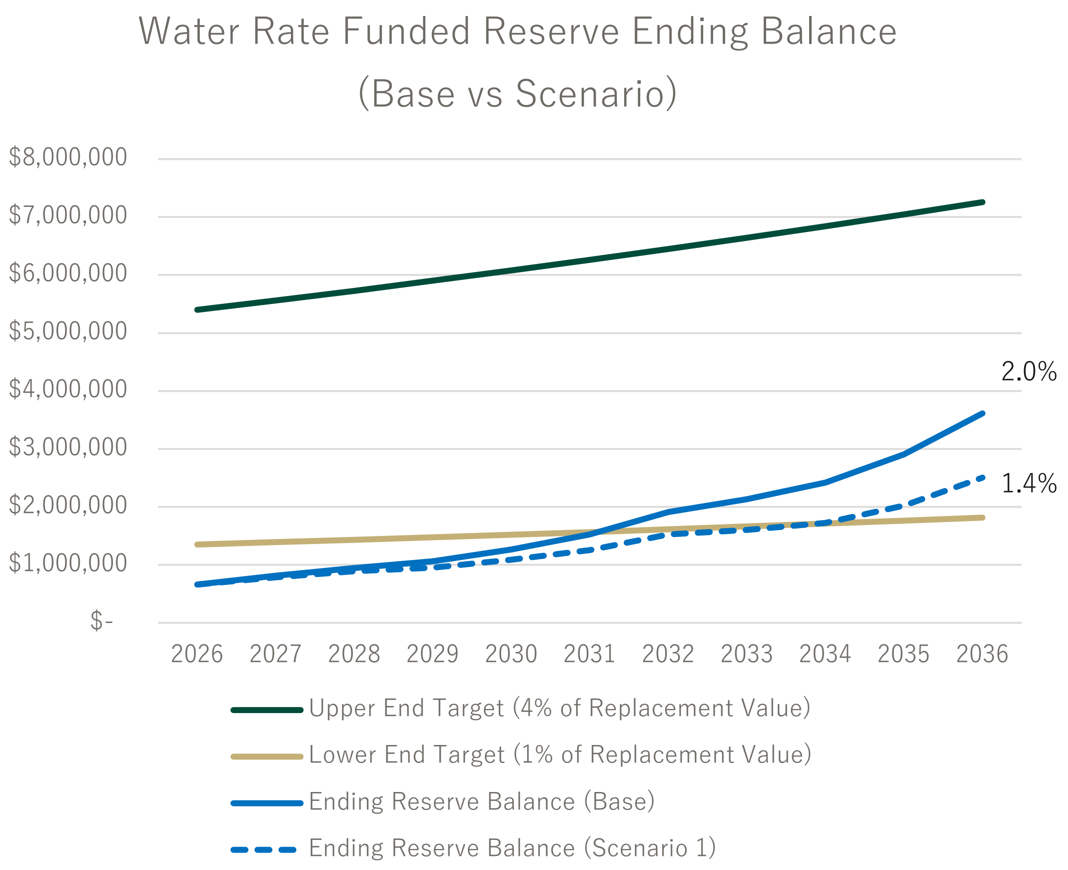
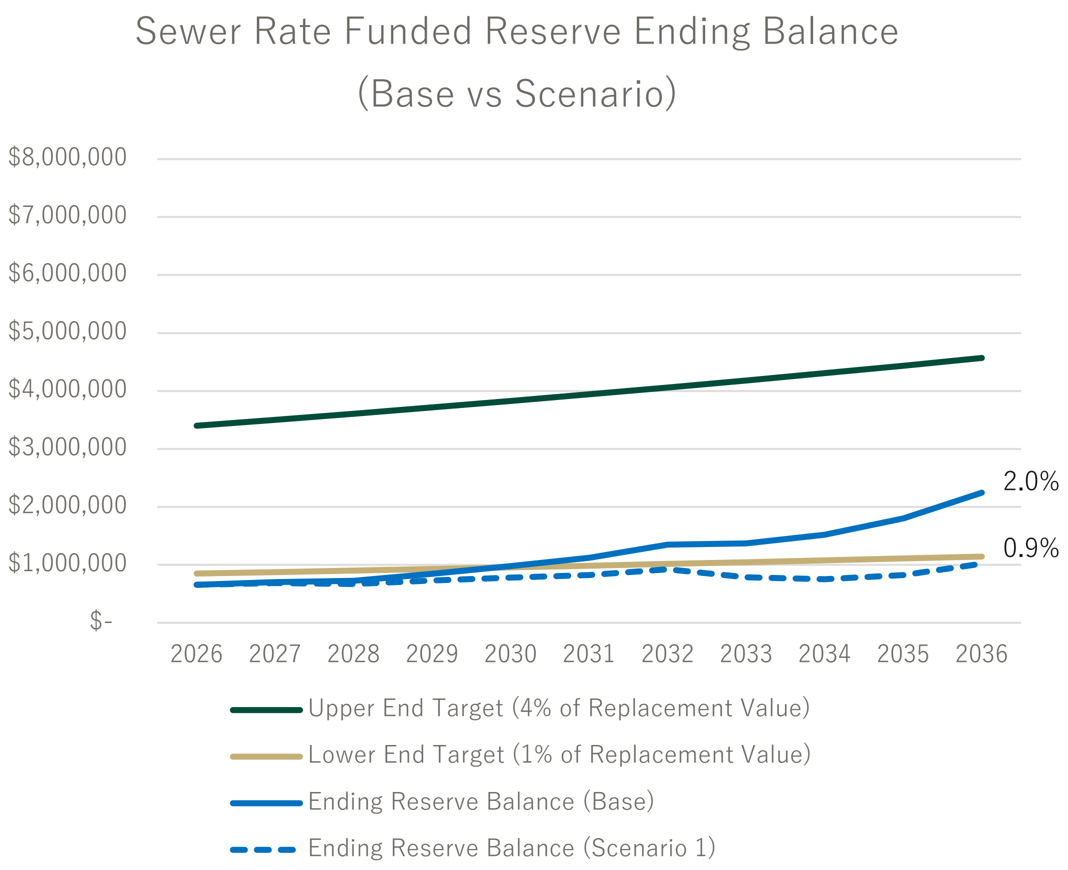
Scenario: Phase-Out Tax Support over 10-Years (by 2036)





Note: Percent in box represents ending reserve balance as a percentage of asset replacement value. Asset replacement values are inflated annually at 3% per year.
Note: Both scenarios assume rate increases shown in the base case.

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Next Steps

Receive Comments from Council and Incorporate Into Analysis

Draft Report and Financial Plan

Adoption of Rates in 2026 for 2027 Implementation