

An aerial photograph of a wastewater treatment plant. A large, circular, light-colored tank is the central feature, surrounded by green grass. To the right, there are several industrial buildings with flat roofs and some smaller circular structures. The background shows more greenery and a road with some trees.

2008 Water & Wastewater Reserve Study Update

General Committee
June 9, 2008

An aerial photograph of a modern architectural complex. The central feature is a large, circular building with a flat roof and a series of columns around its perimeter. To the left of this building is a large, irregularly shaped green lawn. In the background, there are several other buildings, including a long, low structure and a taller, more complex one. The overall scene is well-maintained with green lawns and some trees.

Agenda

- Background
- 2008 Water & Wastewater Reserve Study Update Process
- Total Replacement/Rehabilitation costs from 2009 to 2033
- Projected Reserve Balance
- Summary & Next Steps
- Recommendation

Background

- In October, 2007, Staff presented the Water & Wastewater Reserve Study to General Committee which outlined the need for a Water & Wastewater Infrastructure Surcharge in order to build up the Waterworks Reserves to sustain and address the ongoing replacement and rehabilitation requirements for Waterworks infrastructure
- On November 26, 2007, Council approved a Water & Wastewater Infrastructure Surcharge of \$0.4137/m³ to be phased-in over 10 years effective January 1, 2008
- The 10 year phase-in starts with an increase of \$0.0827/m³ (20% of total increase) in 2008 and an increase of \$0.0621/m³ (15% of total increase) in 2009. The remaining 65% increase of \$0.2689 will be spread evenly over the following 8 years which is equivalent to an increase of \$0.0336/m³ per year from 2010 to 2017 inclusive
- With the approved Infrastructure Surcharge, the Reserve Study identified sufficient funds for the next 25 years to year 2032

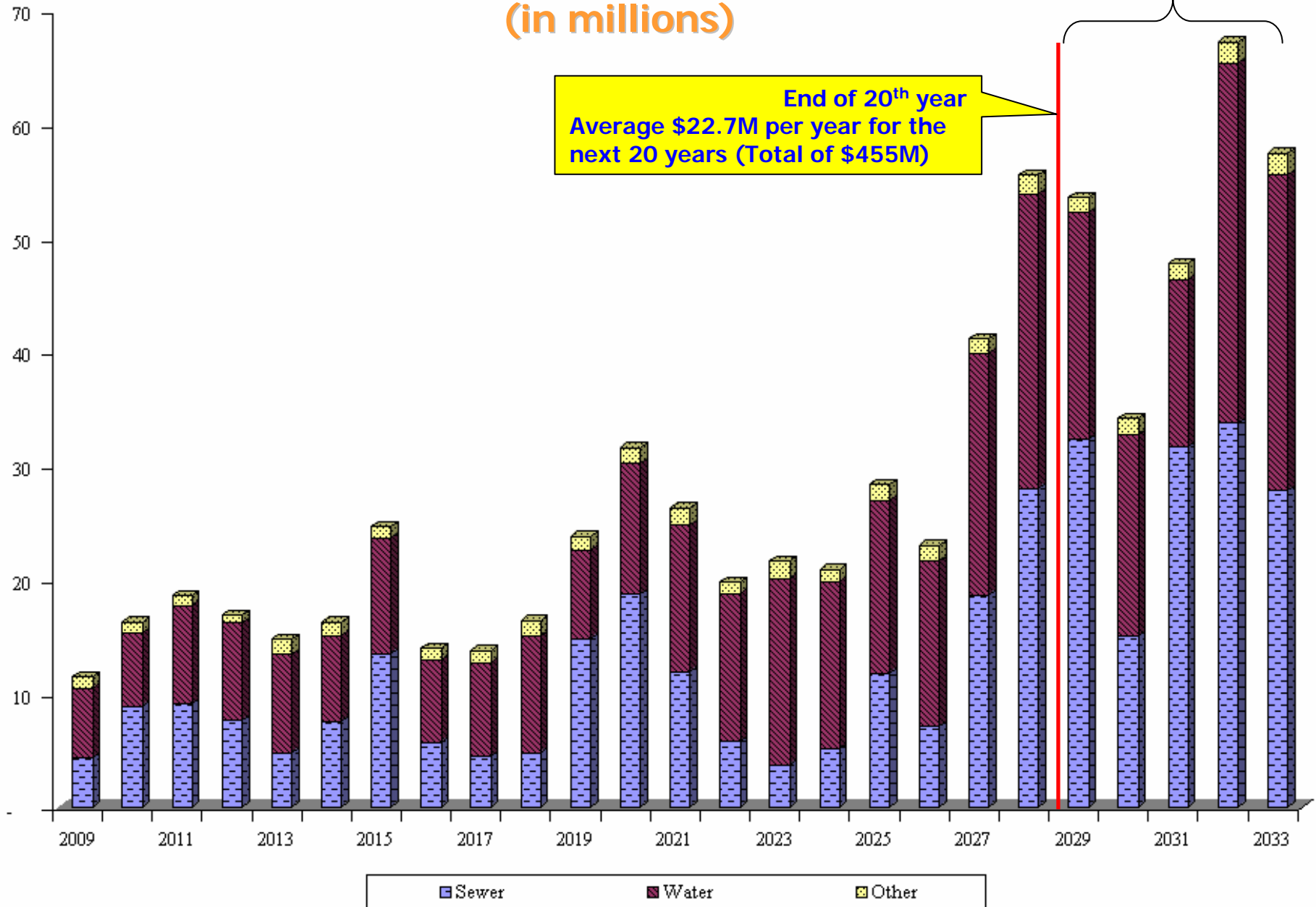
An aerial photograph of a large stadium, likely the University of Michigan's Crisler Arena, featuring a prominent green field and surrounding campus buildings and parking areas.

2008 Water & Wastewater Reserve Study Update Process

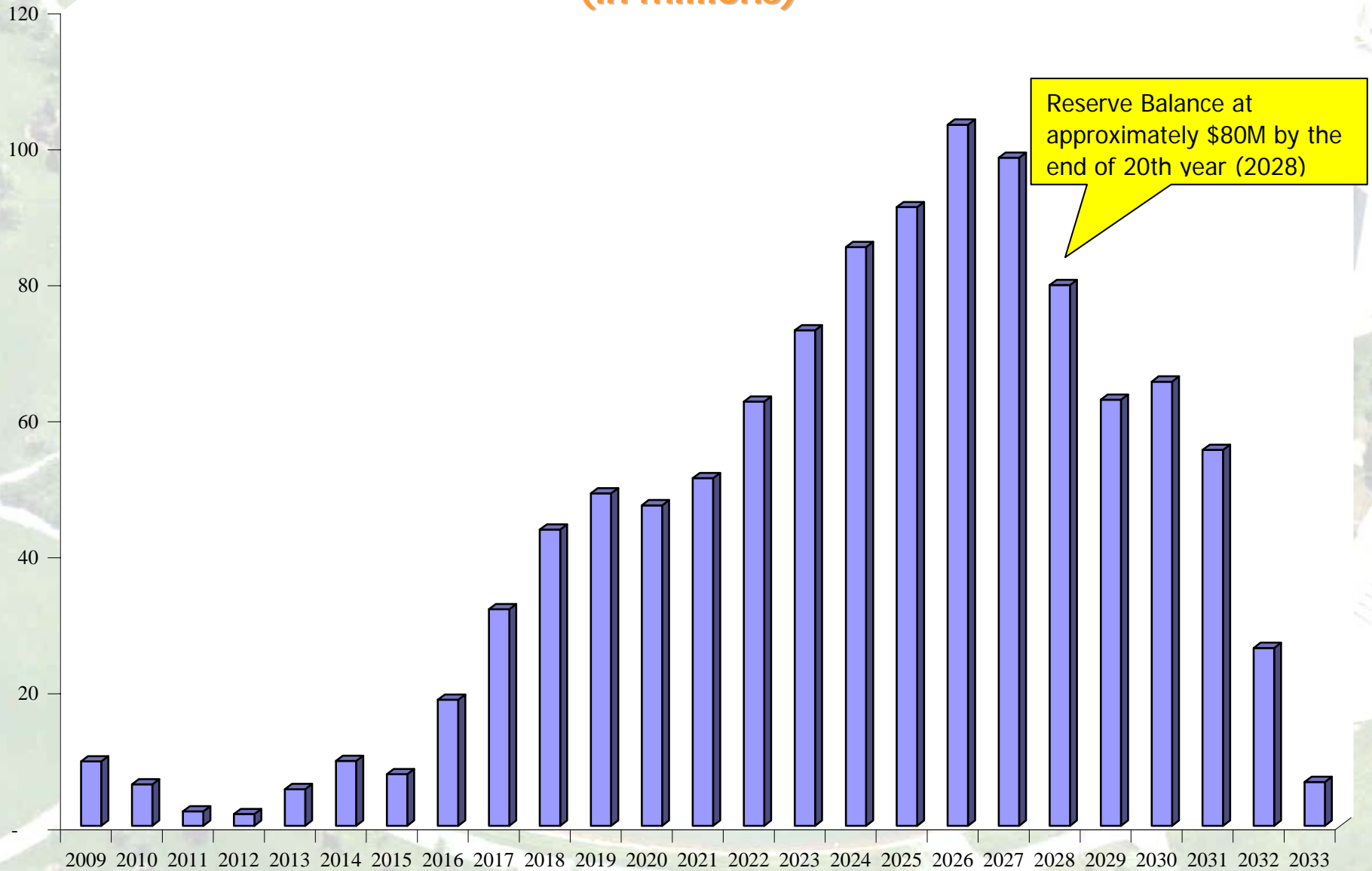
- The 2008 Update covers the next 25 years from 2009 to 2033
- Includes assets to the end of 2007
- Since the Water & Wastewater Reserve Study was approved in November 2007, the 2007 Reserve Study already incorporated the financial implications from the 2008 Operating and Capital Budgets

Total Replacement/Rehabilitation Costs from 2009-2033 (in millions)

After 2028, average \$52M per year for the next 5 years (Total \$260M)



Projected Reserve Balance (in millions)



Summary & Next Steps

Summary

- The 2008 update identified sufficient funds for the next 25 years to year 2033

Next Steps

- The 2009 replacement/rehabilitation requirements as identified in the Reserve Study will establish the basis for the 2009 capital submissions contingent on condition assessments
- Jun. - DHF review of the 2009 proposed capital budget
- Sept. – CCC review of the 2009 proposed capital budget
- Oct. – Meeting with the Mayor and the Budget Chief
- Oct. to Dec. – Budget Sub-Committee review of the 2009 Budget

Recommendations

- That the presentation entitled “2008 Water & Wastewater Reserve Study Update” be received; and,
- That staff be authorized and directed to do all things necessary to give effect to this resolution.