



Financial Plan 2025-2030

Marsville Subdivision Drinking Water System

Introduction

The Township of East Garafraxa has prepared this water financial plan as part of the five submission requirements for the purpose of obtaining a municipal drinking water license as per the Safe Drinking Water Act, 2002. In general, a financial plan requires an in-depth analysis of capital and operating needs, a review of current and future demand versus supply, and consideration of available funding sources. The detailed financial planning and forecasting regarding the Township's water systems has been completed based on these factors. The objective of the report provided herein is to meet the requirements for a financial plan as defined by Ontario Regulation 453/07 (O. Reg. 453/07).

The Township is currently in the process of renewing the drinking water license (243-101 for the Marsville Subdivision Drinking Water System) and the previous version of the financial plan no longer meets the requirements as it must apply to a period of at least six years beginning in the year that the licenses would otherwise expire. The Township's application renewal deadline is June 1, 2025.

Planned Growth and Rate adjustments

At present there has been no expansion to the water system since it was built in the 1970's, it still services only the original 33 houses. There are currently several housing developments in various stages of planning, with none expected to build houses in the next 6 years. Therefore, this financial plan will only include the 33 houses currently serviced.

Customers are being charged an annual flat rate of \$1,401 for water, which is billed monthly. This rate has remained unchanged since 2016. When considering inflation to the operating budget and the need for capital spending, this financial plan will include a 9% annual increase to the flat rate starting in 2026 and continuing through 2030. This is meant to cover all costs while attempting to limit how much the reserve is reduced by. Maintaining the reserve is important to cover any unexpected cost arising from reactive repair to system components.

Projected Financial Position

The following **Table 1 (System replacement costs)** is a summary of the total water system replacement cost in 2025 dollars generated by an outside engineering company. This provides an overall value for all tangible assets that are non-monetary in nature.

Table 1: System replacement costs

Marsville system replacement costs 2025				
Capital Components	Unit	Quantity	Unit cost	Total Cost
250mm Chlorine Contact Piping	m	120	\$600	\$72,000
Process Piping and Valves	LS	1	\$2,500	\$2,500
Flow Meter	ea.	1	\$1,000	\$1,000
Pressure tanks	ea.	4	\$300	\$1,200
chemical feed system	LS	1	\$2,500	\$2,500
Chlorine Analyzer and feed pipe	LS	1	\$2,500	\$2,500
Well Pump/Motor and raw pipe	LS	1	\$6,000	\$6,000
Electrical Power / Controllers	LS	1	\$100,000	\$100,000
150 mm Watermain	m	640	\$600	\$384,000
Valve & boxes	ea.	6	\$4,000	\$24,000
Hydrants	ea.	5	\$12,000	\$60,000
Building	ea.	1	\$350,000	\$350,000
Total Tangible assets				\$1,005,700

The following **Table 2 (Statement of Financial Position 2025-2030)** Consolidated all Financial assets, Tangible assets, and liabilities into one accumulated surplus. This represents the total cash value of the entire works after an annual 5% depreciation of assets. It's Important to note that the township does not expect to have any new infrastructure additions or any donations of any kind leading up to 2030. As well there is no expected disposal of assets and the only write downs will be the predicted 5% depreciation as mentioned on physical assets.

Table 2: Statement of Financial Position 2025-2030

Financial Position						
	2025	2026	2027	2028	2029	2030
Financial assets						
Cash	\$145,000	\$146,233	\$126,193	\$125,103	\$117,961	\$119,590
Accounts Receivable	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Total Financial Assets	\$165,000	\$166,233	\$146,193	\$145,103	\$137,961	\$139,590
Liabilities						
Bank indebtedness	\$0	\$0	\$0	\$0	\$0	\$0
Accounts Payable & Accrued liabilities	\$0	\$0	\$0	\$0	\$0	\$0
Debt (Principal only)	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$0	\$0	\$0	\$0	\$0
Net Financial Assets	\$165,000	\$166,233	\$146,193	\$145,103	\$137,961	\$139,590
Non-Financial Assets						
Tangible Capital Assets	\$1,005,700	\$1,000,700	\$995,700	\$990,700	\$985,700	\$980,700
Total non-financial assets	\$1,005,700	\$1,000,700	\$995,700	\$990,700	\$985,700	\$980,700
Accumulated Surplus	\$1,170,700	\$1,166,933	\$1,141,893	\$1,135,803	\$1,123,661	\$1,120,290

Projected Financial Operations

The following capital costs are estimates based on 2025 dollars and inflation adjusted at 4% for each year through 2030. **Table 3 (Capital Forecast 2025-2030)** shows all items budgeted for each year and their cost. These are repairs, equipment, or servicing of equipment that are deemed to be needed to maintain the facility in a normal functioning state or repair. As well as complying with all Provincial legislation. As there is no user rate adjustment proposed for 2025, any capital spending has been deferred to future years in order to align better with revenue.

Table 3: Capital Forecast 2025-2030

Item	Capital Forecast					
	2025	2026	2027	2028	2029	2030
Camera inspection of well casing				\$3,375		
Well Pump replacement						\$17,548
Water main repairs						
Replace pressure gauges				\$225		
Service flow control valve		\$3,000				
Process pipe repairs					\$1,812	
Replace raw water meter						
Chemical metering pump		\$4,000				
Discharge piping/valves				\$1,622		
Centerline injectors		\$1,500	\$1,560	\$1,622	\$1,687	\$1,755
Replace pressure tank		\$3,000				
Replace free CL analyzer		\$7,280				
Replace laptop						
Replace data logger				\$2,812		
Distribution leak repair			\$2,704		\$2,500	
Hydrant repair		\$2,600		\$2,812		\$3,042
Home services repair			\$1,622		\$1,755	
Valve repair		\$1,560		\$1,622		\$1,755
Total	\$0	\$22,940	\$5,886	\$14,091	\$7,754	\$24,099

The following Operational cost are estimates based on 2025 dollars and inflation adjusted for each year through 2030, Commodity Price index of 5.8% was used **Table 4 (Operational Forecast 2025-2030)** are fixed costs that must be paid each year to keep the water facility operational. These costs are non-negotiable and cannot be skip or deferred to another year. As such these are the bare minimum costs that rate fees must cover. Without a rate increase starting in 2026 user fees will no longer cover these costs, therefore it is essential that a rate increase take effect in 2026 and continue through 2030 at a minimum to cover the inflationary increase to operations.

Table 4: Operational Forecast 2025-2030

Item	Operational Forecast 5.8% annual increase					
	2025	2026	2027	2028	2029	2030
Annual Insurance Premium	\$3,500	\$3,703	\$3,918	\$4,145	\$4,385	\$4,640
Minor items	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Electricity	\$2,350	\$2,486	\$2,631	\$2,783	\$2,944	\$3,115
Bell Canada	\$1,150	\$1,217	\$1,287	\$1,362	\$1,441	\$1,524
Consumables/Extras	\$11,000	\$11,638	\$12,313	\$13,027	\$13,783	\$14,582
Contractor Fee	\$25,000	\$26,450	\$27,984	\$29,607	\$31,324	\$33,141
Total	\$45,000	\$47,494	\$50,133	\$52,924	\$55,878	\$59,003

The following **Table 5 (Revenue Forecast 2025-2030)** shows the % increase and corresponding cost increase to each rate payer each year through 2030, as well as the total revenue generated yearly from all 33 users.

Table 5: Revenue Forecast 2025-2030

Bill info	Revenue Forecast					
	2025	2026	2027	2028	2029	2030
Monthly flat rate	\$117	\$127	\$139	\$151	\$165	\$180
Annual flat rate	\$1,401	\$1,527	\$1,665	\$1,814	\$1,978	\$2,156
% increase to annual bill	0%	9%	9%	9%	9%	9%
\$ increase to annual bill	\$0	\$126	\$137	\$150	\$163	\$178
Total annual Revenue	\$46,233	\$50,394	\$54,929	\$59,873	\$65,262	\$71,135

The following **Table 6 (Reserve Forecast 2025-2030)** shows the Reserve balance for each year as well as any surplus or deficit for each year through 2030. Even with the proposed user rate increase of 9% annually, the reserve will be less in 2030 than it is currently in 2025. This is in part due to there being no rate increases for the last 9 years.

Table 6: Reserve Forecast 2025-2030

Transfers	Reserve Forecast					
	2025	2026	2027	2028	2029	2030
Reserve Opening Balance	\$165,000	\$166,233	\$146,193	\$145,103	\$137,961	\$139,590
Revenue	\$46,233	\$50,394	\$54,929	\$59,873	\$65,262	\$71,135
Capital Cost	\$0	\$22,940	\$5,886	\$14,091	\$7,754	\$24,099
Operating Cost	\$45,000	\$47,494	\$50,133	\$52,924	\$55,878	\$59,003
Reserve Closing Balance	\$166,233	\$146,193	\$145,103	\$137,961	\$139,590	\$127,623
Surplus	\$1,233				\$1,629	
Deficit		\$20,040	\$1,090	\$7,143		\$11,967

Projected Gross cash receipts and payments

Referring to Table 5 (Revenue Forecast 2025-2030) you can also see the cash received from revenue as well as the cash paid out for operating expenses and capital items. As the Township has not taken on any debt for the water system there are no financing expenses or debt repayment. Not shown on a graph are the sale of tangible capital assets, Investments transactions or disposal of investments as well as any financing transactions that are proceeds from the issuance of debt and debt repayment since none of these scenarios are expected to happen in the next 6 years.

Addition notes

The township is unaware of any lead service pipes in the system that would need to be replaced as defined in section 15.1- 3 of Schedule 15.1 to Ontario Regulation 170/03 (Drinking Water Systems), made under the Act.

Recommendations

1. The Township of East Garafraxa's Water Financial Plan be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan be submitted to the Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, section 3 (1) 6).
4. The resolution of Council approving the Financial Plan be submitted to the MECP, satisfying the requirements under the Safe Drinking Water Act. (S.D.W.A. section 32 (5) 2.ii.).1