



## Staff Report

---

**Report To:** Council Meeting  
**From:** Emma Nilsson, Manager of Corporate Services/Treasurer  
**Date:** 2026-05-28  
**Subject:** 2026 Draft Water & Wastewater Budgets Summary

---

### **Recommendation:**

THAT West Elgin Council hereby receives the report from E. Nilsson, Manager of Corporate Services/Treasurer titled “West Elgin 2026 Draft Water & Wastewater Budgets Summary”, dated May 28, 2026, be received for discussion;

AND THAT Council provide direction to staff regarding any revisions prior to final budget adoption.

### **Purpose:**

The purpose of this report is to provide Council with a summary overview of the 2026 Draft Water & Wastewater Budgets, including key assumptions and financial pressures.

### **Background:**

In accordance with Section 290(1) of the Municipal Act, 2001, municipalities are required to adopt a balanced budget that includes estimates of all expenditures required for the year. The 2026 Water & Wastewater Budgets were developed to support service delivery, respond to inflationary pressures, and invest in key areas of growth and organizational capacity. This report will discuss the highlights of these departmental budgets.

### **Financial Implications:**

Water and Wastewater operate as a self-funded services, with all related costs recovered through user rates rather than property taxation. Accordingly, the revenues and expenses of these departments are separate from the tax-supported budget and do not affect the municipal levy.

The budget incorporates the use of reserves and reserve funds to support capital projects while maintaining reserve balances at sustainable levels.

Continued reliance on external funding sources, including the Ontario Community Infrastructure Fund (OCIF) and ICIP – Green Stream, remains critical in supporting ongoing capital projects. Overall, the financial plan reflects a balanced approach between fiscal responsibility and long-term sustainability.

**Policies/Legislation:**

Municipal Act, 2001

**Alignment with Strategic Priorities:**

Infrastructure Improvement	Recreation	Economic Development	Community Engagement
<input checked="" type="checkbox"/> To improve West Elgin's infrastructure to support long-term growth.	<input checked="" type="checkbox"/> To provide recreation and leisure activities to attract and retain residents.	<input checked="" type="checkbox"/> To ensure a strong economy that supports growth and maintains a lower cost of living.	<input checked="" type="checkbox"/> To enhance communication with residents.

**Discussion:****Water**

- Revenue- \$1,669,104
  - Sources: Residential water rates, non-residential – commercial and industrial, flat charge, bulk water sales, water connection fees, other (penalties, disconnect/reconnect fees).
  - This revenue level can be achieved through a recommended 2% flat fee and 2% rate increase effective July 1, 2026. To support ongoing infrastructure improvements and capital replacements within the Tri-County system, a flat fee (\$36 per year) will continue from 2025. These proposed fee increases would result in a \$2.83 bi-monthly increase experienced for the average household using 20m<sup>3</sup> of water per month.
- Operating Expenditures- \$1,488,048
  - Major components include contracted services, wages & benefits, equipment maintenance and administrative costs.
  - There is a \$64,860 annual capital contribution to Tri-County Water Board until 2030 to help fund West Lorne Standpipe Refurbishment for \$2.5M (scheduled for 2028) and other estimated \$3M capital replacements. Refurbishing the water tower is essential to ensure safe drinking water, maintain strong water pressure (especially for fire protection) and extend the life of the structure.
- Capital Projects- \$385,000
  - The budgeted capital projects include:
    - AMR Software & Hardware

- Truck Replacement
- Chestnut Watermain (Graham to Ridge)
- These projects are funded through previous reserve transfers.
- Ending Reserve Balance- \$1,814,052
  - This level of reserves reflects the municipality's continued commitment to maintaining a financially sustainable water system. Maintaining a strong reserve balance is important in a user-funded utility as it helps ensure funds are available for future capital repairs, asset replacement, while also reducing reliance on sudden rate increases.

### **Rodney Wastewater system**

- Revenue- \$1,870,343
  - Sources: Sewer billings, flat charge, grant funding (ICIP Green Stream – Intake 1).
  - This revenue level can be achieved through a recommended 2% flat fee and 2% rate increase effective July 1, 2026. These proposed fee increases would result in a \$3.91 bi-monthly increase experienced for the average household using 20m<sup>3</sup> of water per month.
- Operating Expenditures- \$363,474
  - Major components include utilities, sewer maintenance and contracted services.
  - 13% increase in total budgeted operating expenditures, mainly attributed to \$40,000 increase in sewer maintenance requirements.
- Capital Projects- \$2,648,356
  - The budgeted capital project is the rehabilitation of the Rodney Wastewater Treatment plant
  - This project will be funded with OCIF and ICIP- Green Stream grants, with the remaining \$1,202,188 funded by reserves.
- Ending Reserve Balance- \$67,689
  - This projected ending balance reflects the planned use of reserves to support the current year's rehabilitation of the sewage system. While this level is lower than typically desired, it is expected given the significant investment in infrastructure underway. The use of reserves in this manner aligns with their intended purpose of funding major capital repairs; however, the reduced balance highlights the need to rebuild the reserve over time to ensure sufficient funds are available for future maintenance, replacements, and unexpected system needs.

## West Lorne Wastewater systems

- Revenue- \$568,337
  - Sources: Sewer billings and flat charge.
  - This revenue level can be achieved through a recommended 2% flat fee and 2% rate increase effective July 1, 2026. These proposed fee increases would result in a \$3.67 bi-monthly increase experienced for the average household using 20m<sup>3</sup> of water per month.
- Operating Expenditures- \$345,307
  - Major components include utilities, sewer maintenance and contracted services.
  - Costs remain in line with 2025 budgeted operating expenditures.
- Capital Projects- \$127,000
  - The budgeted capital projects include:
    - Sanitary Manhole Repair
    - Scum Pump Rebuild
    - HVAC System Upgrade
    - Pump Station Rebuild
    - Addition of tie in from filter- by-pass lagoon
  - These projects are funded through previous reserve transfers.
- Ending Reserve Balance- \$831,804
  - This level of reserves reflects the municipality's continued commitment to maintaining a financially sustainable wastewater system. Maintaining a strong reserve balance is important in a user-funded utility as it helps ensure funds are available for future capital repairs, asset replacement, while also reducing reliance on sudden user rate increases.

All 2025-2026 reserve fund balances are currently estimates and remain subject to final year-end adjustments.

## **Conclusion**

The 2026 Water and Wastewater Budgets have been developed in accordance with the principle of full cost recovery, ensuring that each system remains financially self-sustaining and fully supported through user fees rather than property taxation. The budgets reflect current operating requirements, planned capital investments, and ongoing regulatory obligations, while maintaining appropriate reserve levels to support long-term asset management and infrastructure replacement.

While pressures such as inflation and aging infrastructure continue to impact costs, the proposed budgets balance financial sustainability with rate stability for users. Continued contributions to reserves will be important to ensure the municipality remains well-positioned to fund future capital needs and avoid significant user rate increases.

Council’s review and approval will support the continued delivery of safe, reliable, and environmentally responsible water and wastewater services to the community.

Respectfully submitted by,

Emma Nilsson  
Manager of Corporate Services/Treasurer

**Report Approval Details**

Document Title:	2026 Draft Water & Wastewater Budget Summary -Corporate Services Finance.docx
Attachments:	2026 Draft Water & Wastewater Budgets.xlsx 2026 Water & Wastewater Budget – May 28, 2026 Council Meeting.pptx
Final Approval Date:	

This report and all of its attachments were approved and signed as outlined below: