

**City of Orillia  
2021  
Operating Budget Overview  
Issue Detail - Non Tax Based Budget - Water**

Categories	
O - Base Budget Adjustments	Council is required by legislation to take action (i.e. salary wages and benefits)
1 - Legislated/Pre-approved/Committed	Council is required by legislation to take action, generally all should be funded but some flexibility or disclosure is needed (i.e. already approved by Council or required by legislation)
2 - Savings Proposals/Revenue Increases	Savings that result from service level reductions or user fee increases, Council may approve all, some or none based on each change (i.e. fare increases, reduction in service hours)
3 - Cost to Maintain Level of Service	Required to maintain the existing level of service, should be funded to maintain the current level of service
4 - New Level of Service/Projects	New service levels or projects where Council may decide to fund all, some or none based on each issue
5 - Financial Issues	City is facing significant financial challenges or there are high level financial policy issues
6 - Identified and Not Recommended	Issues requiring disclosure to Council, administration is not recommending approval for the stated reasons

Ref #	Cat #	Department	Policy Update/ Additional Motion	Issue Title	Issue Description	Change to 2020 Budget
Net Contribution to Reserves - previous year						\$ (2,767,977)
<b>Base Adjustments</b>						
1	0	Environment and Infrastructure Water System		Management Recommended Reductions To Expense/Increases To Revenue That Do Not Affect Service Levels or User Rates	Miscellaneous adjustments to expense and revenue items that do not affect the level of service. This is based on a comprehensive review by management and staff.	\$ 950
2	0	Environment and Infrastructure Water System		Salaries, Wages, Benefits, Legal and Other	Salaries, wages and benefits; Council approved or negotiated settlements.	\$ 58,092
3	0	Environment and Infrastructure Water System		Base Budget Adjustments Expenses	Base budget adjustments required to maintain service levels; includes material and contract inflation increases as well as the removal of one-time items from the 2020 budget. 2020 Expense Budget - \$4,156,153	\$ 36,876
<b>Preapproved/Committed</b>						
4	1	Environment and Infrastructure Water System		User Fees	Council approved water rate increases which results in a revenue increase of \$649,512. 2020 Revenue Budget - \$6,924,130	\$ (649,512)
5	1	Environment and Infrastructure Water System		Electronic Notebooks - Licensing	As a result of Council-approved Capital Budgets, an operating impact was provided as part of the project to upgrade compliance reporting through electronic notebooks. This increase was for support and licensing of the product. 2020 Expense Budget - \$19,000	\$ 5,000
<b>Revenue Increases</b>						
6	2	Environment and Infrastructure Water System		Area Service Recoveries	Increased development within the City has increased water and wastewater revenue through the collection of outstanding local improvement charges. This reflects the current revenue being received. 2020 Revenue Budget - \$33,737	\$ (12,000)

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<b>Savings Proposals</b>						
7	2	Environment and Infrastructure Water System		Natural Gas	The cost for natural gas has decreased with a more efficient boiler resulting in a lower expected cost for this utility. 2020 Expense Budget - \$27,000	\$ (6,000)
<b>Revenue Decreases</b>						
8	3	Environment and Infrastructure Water System		Energy Incentives	The Water Filtration Plant (WFP) participated in a Demand-Response Energy program with Rodan Energy Solutions whereby the City would be paid to shut off utility power at this plant and run on back-up generator power to shave power off the utility grid in times of high peak energy demand. With improved energy efficiency at the WFP through equipment replacements, the payments for the Demand-Response Energy program significantly decreased in late 2019 to below the costs to manage this program. The contract was therefore cancelled in 2020. 2020 Revenue Budget - \$10,300	\$ 10,300

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<b>Cost to Maintain Level of Service - Expenses</b>						
9	3	Environment and Infrastructure Water System		Turbidity Meter	The current lab turbidimeter at the WFP is obsolete and finding replacement parts, including calibration standards, is proving to be more difficult. This equipment is essential to understanding drinking water quality and any process adjustments that are needed. This is a one-time budget request. 2020 Expense Budget - \$6,500	\$ 2,000
10	3	Environment and Infrastructure Water System		Water Distribution	In 2020 the City completed a communication system upgrade that transitioned all of the fleet to digital communications. The Municipal Operations Centre has a base and repeater system that communicates with staff conducting work in the field that requires upgrading. Staff evaluated the options available to complete this transition and are recommending that portable radios be purchased that will allow for access from any location, whether within the building or remotely. This was also the most economical option moving forward rather than replacing the base station and repeater with an upgraded system. 2020 Expense Budget: \$10,700	\$ 2,500
11	3	Environment and Infrastructure Water System		Lab Contract	As part of the City's new Permit to Take Water for the Drinking Water System, additional water level monitoring is required in the City's sentinel and other monitoring wells. These wells are used to determine the water levels in the aquifers. The extra cost is \$2,600. An additional \$400 is requested for an expected lab contract price increase. 2020 Expense Budget - \$19,000	\$ 3,000
12	3	Environment and Infrastructure Water System		Heat, Light and Power	Recent power costs have increased for supplying drinking water to the distribution system. The proposed increase is meant to offset the recent increase. 2020 Expense Budget - \$301,637	\$ 16,000
13	3	Environment and Infrastructure Water System		Water and Sewer	With continued growth and increased water usage due to hot and dry summers, the water production at the WFP continues to increase. As such, the filter backwashing also continues to increase, a necessary step to maintaining proper operation and disinfection. The backwash discharges to the sanitary sewers. 2020 Expense Budget - \$319,200	\$ 20,000

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<b>New Level of Service/Projects - General</b>						
14	4	Environment and Infrastructure Water System		Software Upgrade	This new internal lease charge would be for an XC2 software upgrade to a cloud-based program, which will allow the backflow inspection contractors to enter test reports and certificate updates remotely. This will improve overall efficiencies by alleviating City staff from manually entering in this information. A four year internal lease is recommended by the IT Division, and is proposed here. 2020 Expense Budget - \$630	\$ 1,806
15	4	Environment and Infrastructure Water System		Facility Maintenance Management	The Environment and Infrastructure Services Department is responsible for all City of Orillia building assets. As the City prioritizes asset management and proactive maintenance of these facilities, addressing the ongoing requirements for cleaning and maintaining the asset becomes a priority. With the addition of new facilities and upgrades to existing facilities within the water and wastewater system within the City, as well as maintaining the current infrastructure, the need for additional custodial/maintenance staffing is required. An evaluation of the facilities was undertaken to understand the time spent at all facilities and where best to apportion this increased cost. It is recommended that it would be appropriate to fund these costs on an annual basis from the water and wastewater reserve due to the significant amount of time spent on annual maintenance contracts, emergency repairs and replacements, and cleaning requirements. 2020 Expense Budget: \$652,541 <b>See Attached Schedule I-18.</b>	\$ 39,075

**2021 Proposed Increase to Contribution to Reserves** \$ (471,914)

**2021 Proposed Contribution to Reserves** (3,239,891)

Total Category 0	\$ 95,918
Total Category 1	\$ (644,512)
Total Category 2	\$ (18,000)
Total Category 3	\$ 53,800
Total Category 4	\$ 40,881
Total Category 5	\$ -
	<b>\$ (471,914)</b>