

2026 Proposed Water & Wastewater

Council-in-Budget Committee - AMENDED

Report CBC-03-2026 | December 3, 2025

Agenda

1. Service Delivery Overview
2. Budget – Inputs
3. Budget – Rate Setting
4. Risks & Opportunities
5. Questions





Service Delivery Overview

System

- Customers: 14,580 with 95% residential + 5% ICI
- System: 354km watermains, 202km sanitary sewers
- Safe Drinking Water Act
- Legislated Full Cost Recovery
- Reliable system (safety, availability, flow & pressure)
- Quality of Life (eliminate basement flooding/sewer backups, protect natural environment, cost control)



Service Delivery Overview

Operational Challenges

Geography & Geology:

- Relatively low customer density to support vast infrastructure.
- High bedrock and low-lying areas relative to lake water levels.

Watermain Breaks:

- 64 ytd in 2025, 34 in 2024, 25 in 2023, based on weather, hot dry summer in 2025, contributed to watermains being more susceptible to breaks leading to increased costs and lost revenue.



Service Delivery Overview

Operational Challenges

Meter Program:

- Aging meters increase apparent losses.
- Meter by-passes.
- **Mitigation:** New ultrasonic cellular technology being deployed to provide instant accurate reads with temperature and pressure monitoring systems that can detect meter breaks. CityWide system helping to manage work orders.



Service Delivery Overview

Operational Challenges

Legislative Requirements:

- CLI/ECA Wastewater Storm Sewers, Excess Soils (O.Reg 406/19), Getting Ontario Connected Act (Bill 93).
- Always changing, growing, require more reporting, training – for example to avoid environmental hazards.

Regional billing methodology:

- Fort Erie's proportionate costs are much higher using the variable rates, resulting in inequitable allocations of costs.

Risk of Collections:

- Responsible for risk of collections and volumes (e.g., system losses).

Service Delivery Overview

Operational Initiatives

✓ Reduce ‘Non-Revenue’ Water Volumes

- Capital investment (e.g., Water Meter Exchange program).
- Leak detection, tracking, maintenance programs, and acoustic detection, and preventative maintenance plans.
- Report IS-14-2025 commented on American Works Association audit that provides information on water loss.



Service Delivery Overview

Operational Initiatives

✓ Legislative Compliance

- Conformance and Maintenance of Accreditation.

✓ Reduce Infiltration to Sanitary Sewer System

- Capital investment with extraneous flow programs (e.g., targeted sewer and maintenance hole relining, maintenance hole surface rehabilitation).
- Capturing new development issues before they start.
- Sewer flow monitoring.

Budget – Inputs

Operational Initiatives



Regional billing methodology:

- To be reviewed as per Regional Report CSD 59-2024.
- Goal is to ensure fair, equitable and stable allocation of costs to Local Area Municipalities.
- Variable allocation method does not properly reflect cost drivers.

Budget – Inputs

Overview

Customer rates are a function of:

1. Expenses & Other Revenues
    a) Region – Treatment Costs
    b) Town – Expenses (i.e., wages, materials, billing) and Other Revenues
    c) Town – Financing & Transfers
2. Rate Setting
    a) Customer volumes
    b) Town's billing methodology

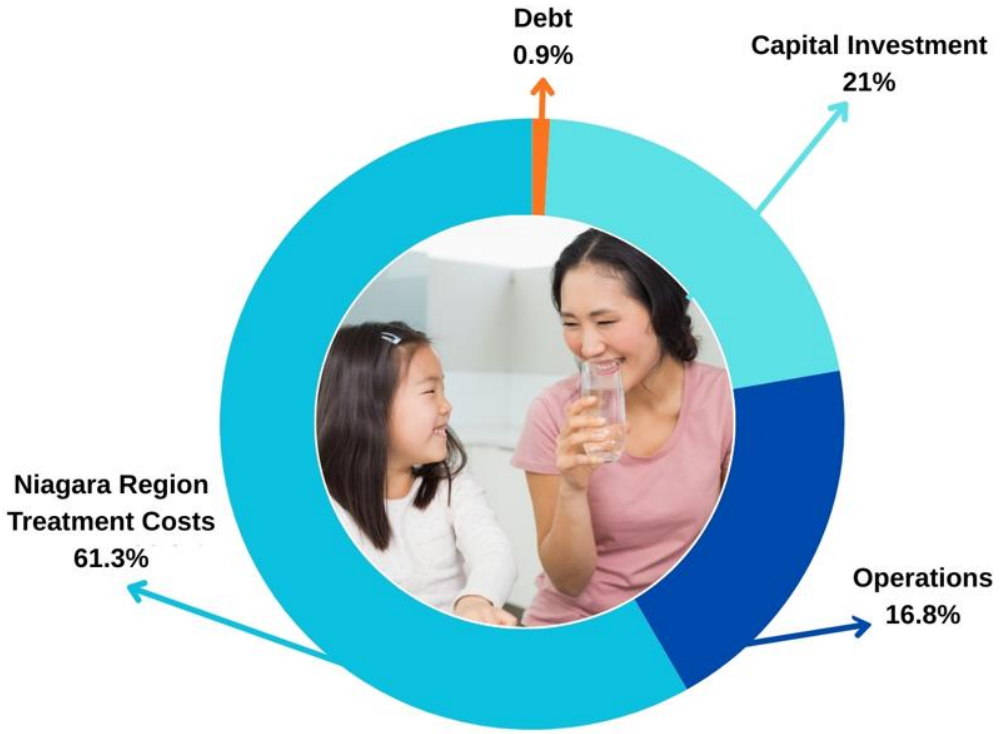


Budget – Inputs

Total Expenses

Proposed ~~$27.6~~ $27.4 million Water and Wastewater Budget to support ongoing operations, asset needs, customer services and regulatory requirements.

Town's service is a team-effort that involves multiple departments and functions (e.g., customer services, billing/collections, IT, engineering, operations).



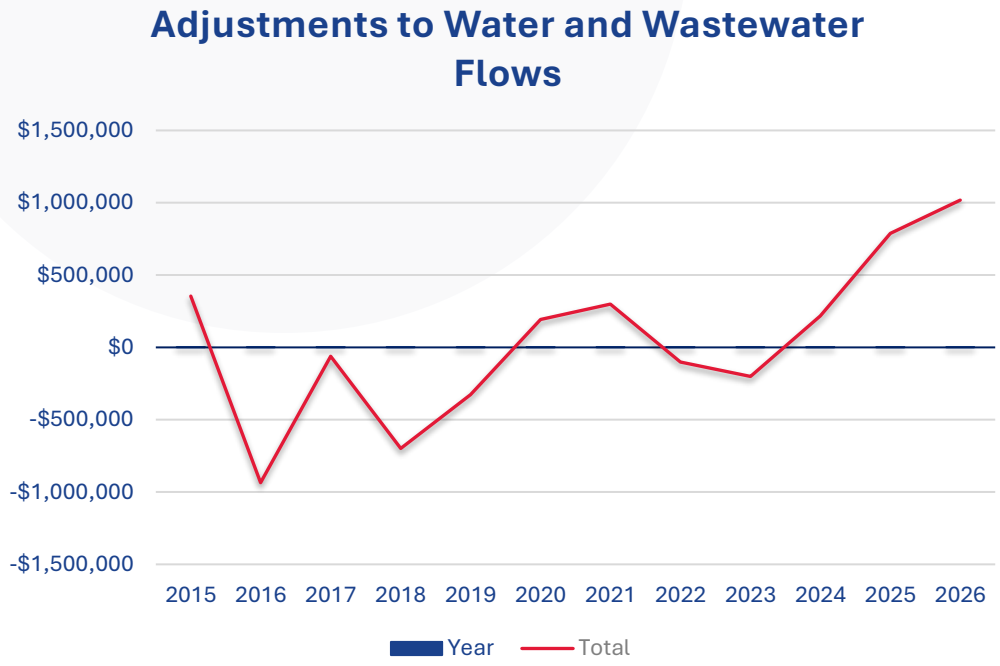
NOTE: CBC-03-2026 Appendix 1 contains the above information with prior actual and budget and forecast periods. Appendix 2 contains highlights of budget changes.

Budget – Inputs

Region Treatment Costs

Wastewater charge:

- 100% variable allocation based on rolling 3-year volumes. Reconciled annually, resulting in a credit or charge with Niagara Region.
- 2026 reconciliation adjustment for 2024 actual flows is a **credit** of **$1,018,238** as volumes were proportionately lower than previous averages.
- Reconciliation amounts are transferred to/from the Sewer Stabilization reserve to reflect uncertainty and support future costs.



Budget – Inputs

Region Treatment Costs

Net increase in Regional treatment costs = $1,072,439 or 4.20%

- Increased $1,508,255 based on Region budget:
  - Combined increase of **9.42%**, or **8.78%** Water and **9.74%** Wastewater.
  - Fort Erie Budget includes **9.42%** for 2027 and all future forecasts.
  - Region Budget review Dec 4 & 11 with By-laws to follow. Report suggests Regional budget change be repurposed to address Fort Erie's capital gap.
- Decreased $435,816 to reflect volumes:
  - FE water volume share: down **3.0%**.
  - FE wastewater volume share: down **2.5%**.
- >62% of Town's budget.

Budget – Inputs

Town Expenses & Other Revenue

Decrease in budget of $22,407 or 0.10%

- ⬆ in revenues of $6.5K that includes arrears interest and unmetered construction billings.
- ⬆ wages & benefits of $134K, with no staffing complement changes. The collective agreement expires at the end of 2027.
- ⬇ in materials & services of $90K, significantly affected by reduced flow monitoring, sanitary sewer inspection programs and equipment purchases.
- ⬇ in debt charges by $70K, due to matured Crescent Park Improvements debt which is reallocated to the infrastructure reserve in accordance with Reserve Policy. Next debt matures in 2031 for Wastewater (Frenchman's Creek).

Budget – Inputs

Town Program Expenses



Financial Assistance Programs

- Water Emergency Relief Fund (WERF): **$12,000** for low-income families.
- Seniors Utility Relief Fund (SURF): **$33,000** for low-income seniors (increased credit from $125 to $140 in 2025).
- Extraneous Flow Reduction Program: increase from $40,000 to **$50,000** for customer subsidy for works to reduce inflow and infiltration.

Budget – Inputs

Town Financing & Transfers

Increase in budget of ~~$860,842~~ or ~~3.38%~~ $610,842 or 2.40%

- Net ~~de~~increase in Rate Stabilization Reserve (RSR) transfers of ~~$80,000~~ $170,000 re: changes in reserve-funded programs (e.g., flow monitoring, CCTV inspections).
- Increase in capital contributions of $784,298 or 3.08% to address AMP gap:
  - $3,456 New asset amortization
  - $63,076 Matured debt
  - $287,766 AMP amount based on prior
  - $430,000 AMP strategic with volume adjustments
- Capital Budget presented to Council November 19.

Budget – Inputs

Town Financing & Transfers

AMP Financial Strategy

- Draft in development. To be presented to Council in 2026 with financial scenarios and funding options with rate impacts for water and wastewater.
- Will assess reserves, grants, debt, long-term capital needs, lifecycle requirements and non-financial metrics such as levels of service.
- Overview from early stages of the current model:
  - Costs and capital needs rising, aging infrastructure.
  - Reserves not sufficient to sustain long-term needs.
  - Higher reliance on debt is likely.

Budget – Inputs

Town Financing & Transfers

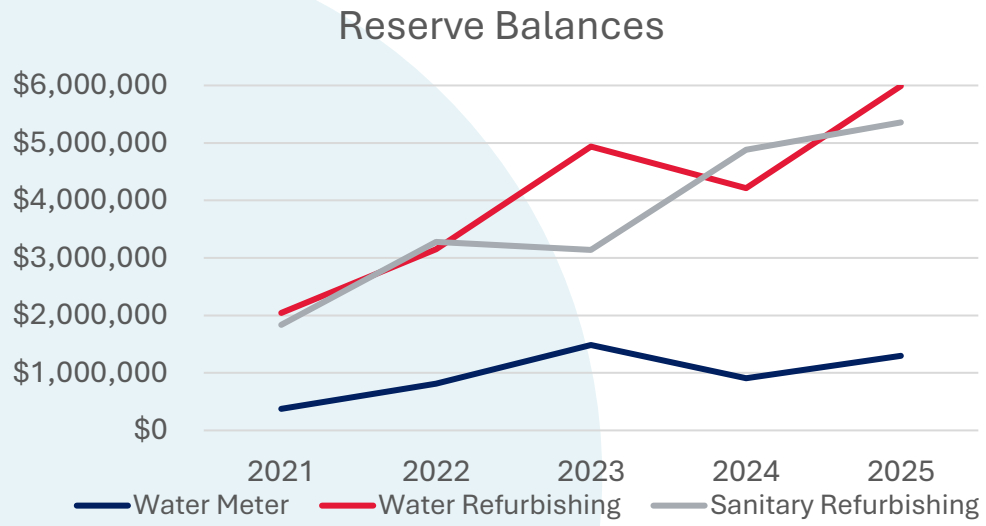
Reserve Trends

- Council has made strong, sustained investments in water and wastewater infrastructure over many years.
- Even with these efforts, the required annual investment to maintain the system with approved levels of service is approximately $15 million per year.
- Water and wastewater reserves total ~$13 million but are not expected to keep pace with increasing investment needs.

Capital Investment Needs*

Rate Funded Services

Asset Category	2023$	2025$
Water	$5,021,837	$5,472,385
Wastewater	$8,728,111	$9,511,177
Total	**$13,749,948**	**$14,983,562**

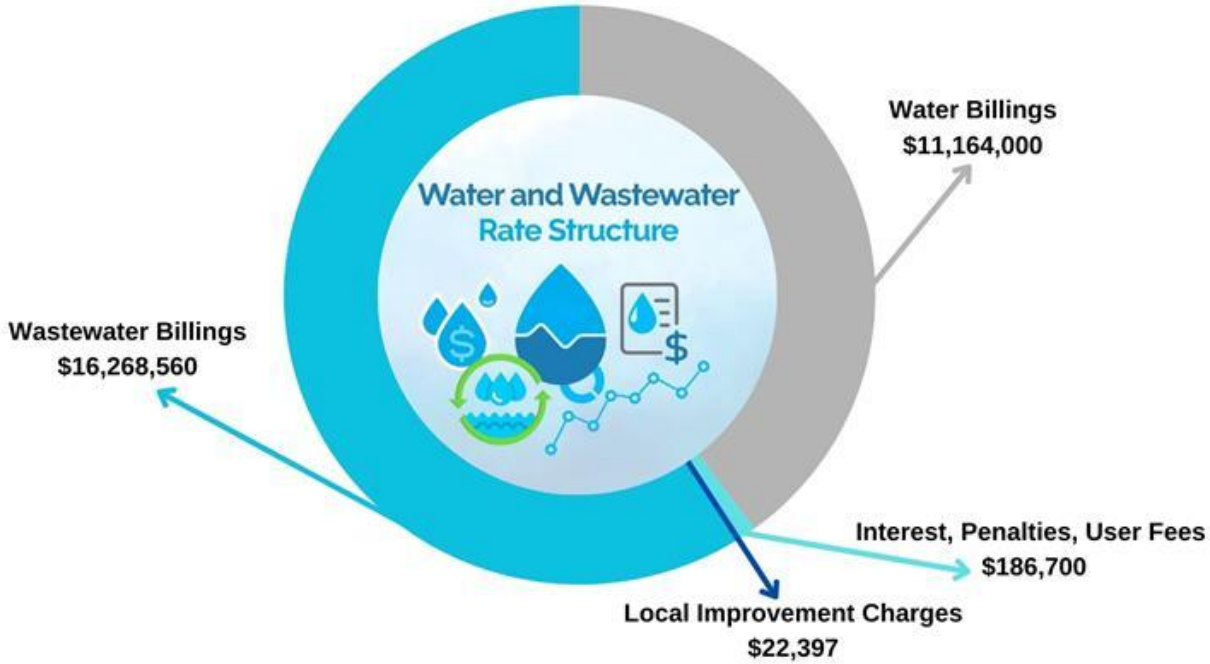


***** Values represent the average annual cost as per PLOS, sourced from the Town's 2024 Asset Management Plan, inflated to 2025 dollars using the NRBCPI.

Budget – Rate Setting

Total Revenue

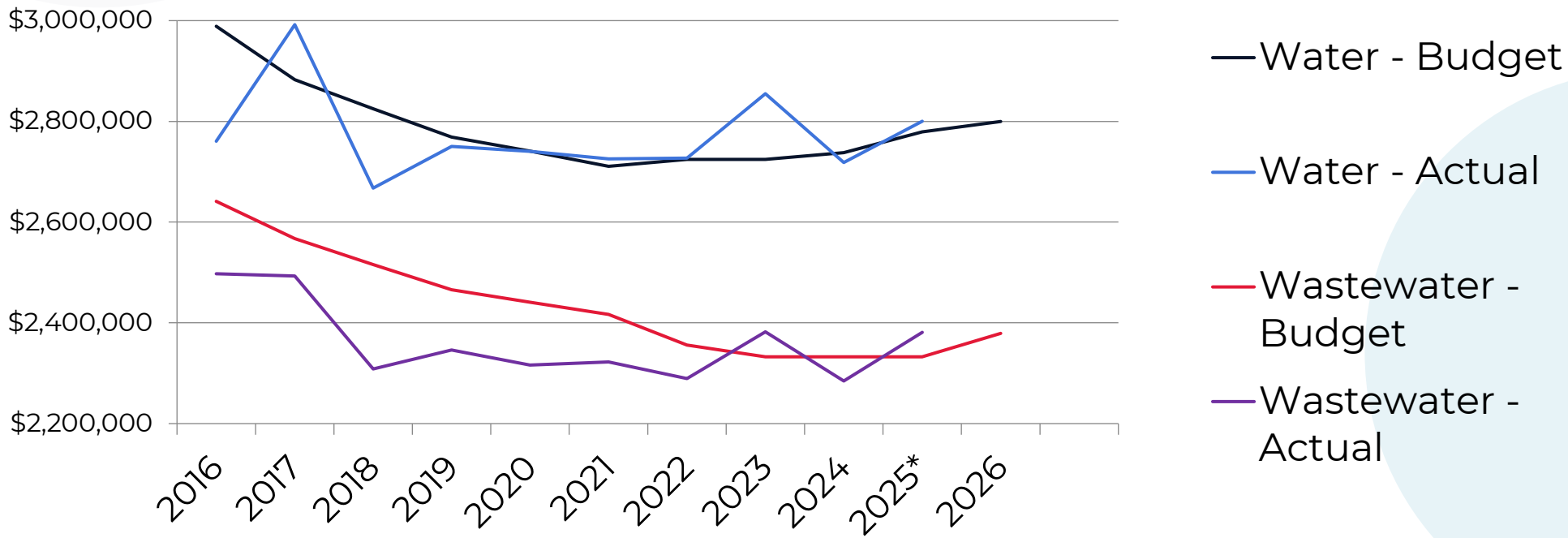
Rates are calculated by determining how much revenue is needed to operate, maintain, and invest in the system. Customer volumes are projected each year and align the rate to recover the cost of ~~$27.6~~ $27.4 million. This ensures the system remains financially sustainable while minimizing customer impacts.



NOTE: CBC-03-2026 Appendix 1 contains the above information for prior actual/budget and forecast periods. Appendix 2 contains highlights of budget changes.

Budget – Rate Setting

Volume Budget vs. Actual (m^3)



2026 volume increase: Water 1.5%, Wastewater 1.0%

***2025 is estimated using YTD volumes**

Budget – Rate Setting

Base Charge

Base charge for stability and sufficiency:

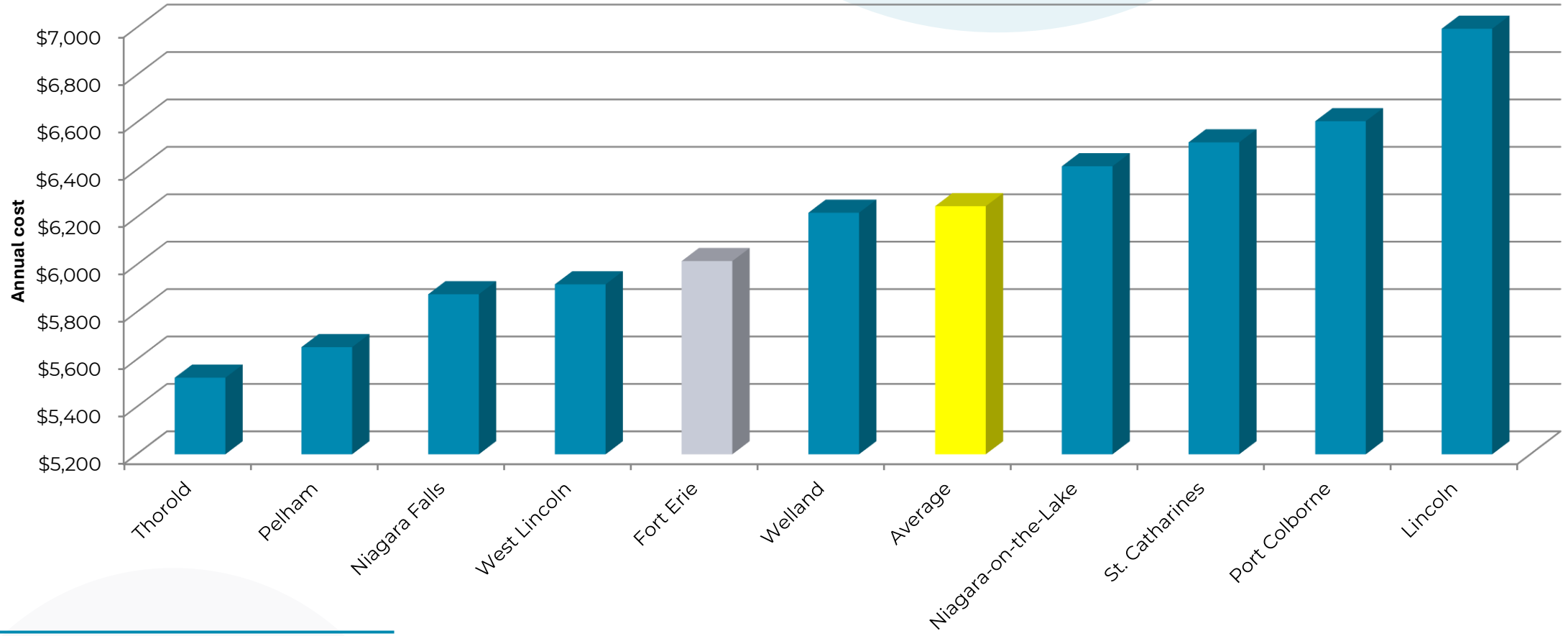
- 2026 combined monthly base of ~~$78.55~~ $78.05.
- 3.7% Water increase over 2025.
- ~~5.0%~~ 3.95% Wastewater increase over 2025.

Niagara base average is 46% of monthly bill

- Fort Erie 2025 was 49%; 2026 is 48%. 5-yr forecast decreases to 47%.
- Fort Erie was 2nd highest in Niagara in 2025.
- Challenge due to low customers per km of infrastructure.

Budget – Rate Setting

Municipal Burden Comparison



Source: BMA Municipal Study 2025

Budget – Rate Setting

Volumetric Rate



Volumetric Rates for control & conservation

Fort Erie:

- **$4.912/m³** 2025 combined rate.
- ~~**$5.275/m³**~~ **$5.210/m³** 2026 proposed combined rate, or ~~7.4%~~ 6.1% increase.

Niagara:

- Combined 2025 volumetric rate average of **$4.269/m³**, min of **$1.771/m³**, max of **$7.151/m³**.

Budget – Rate Setting

Rate Summary

Average household cost of ~~$5.36~~ $5.31 per day
or a ~~$0.30/day~~ $0.25/day increase
based on average consumption of 16m³/month

2026 Water/Wastewater Rates

	Monthly Fixed Charges	Consumption Charges
Water	$29.56	$1.960/m³
Wastewater	$48.49	$3.250/m³

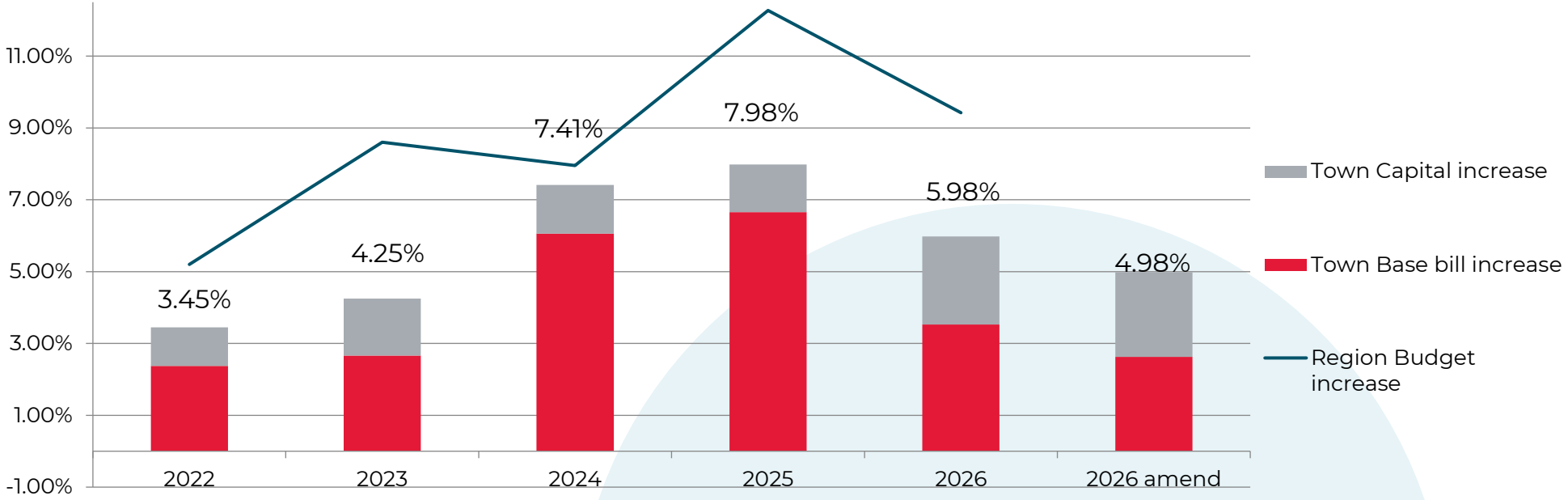
Example: Total Water/Wastewater Bill

	2026	2025	Difference
Residential average monthly consumption 16m³/mos	$161.41	$153.75	$7.66
Residential average annual consumption 192m³/yr	$1,937	$1,845	$92

Budget – Rate Setting

Rate History & Forecast

Water & Wastewater Bill Increase by Year



Forecast for 2027-2031 is approx. 6.5% per year and includes Region increase of 9.42% annual increase

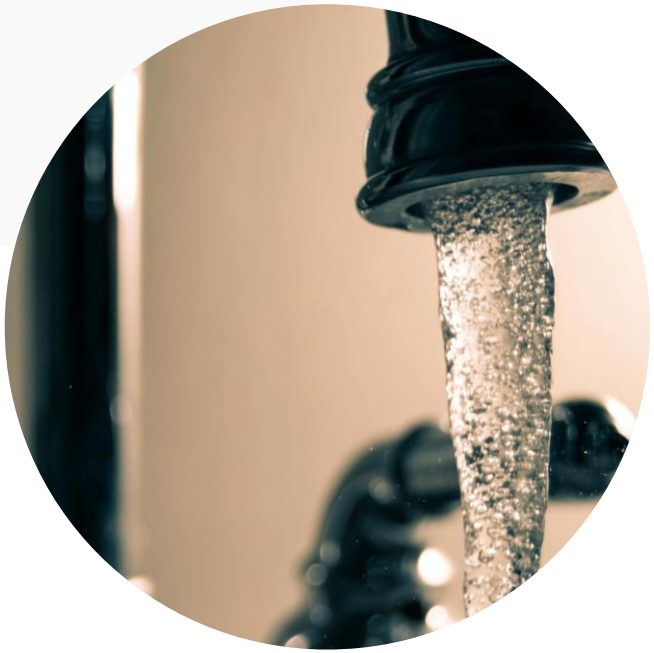
Risks - Uncertainties

- **Volumetric rate:** revenue risk from volume variances impacted by consumer shifts (e.g., large consumer changes, aging population usage).
- **Weather:** impacts to consumption, treatment volumes & maintenance costs.
- **Reserve reliance:** High level of reserve transfers to stabilize rates which has sustainability issues.
- **Billing frequency:** monthly using AWWA best practice (e.g., improved leak detection, customer cash flow).
- **AMP:** annual funding gap compounded by inflation.



Opportunities

- **Grant funding:** applying for available programs (HEWSF, HECS, CSO).
- **Extraneous flows:** reduction of extraneous flows, including sewer relining efforts. Reflected in wastewater volume changes.
- **Non-revenue water (NRW):** pg 3 of report.
- **Treatment cost:** methodology review to enhance LAM cost structure with greater fairness, equity and stability.
- **Condition assessments:** more precise capital investments.



Conclusion

Key Messages

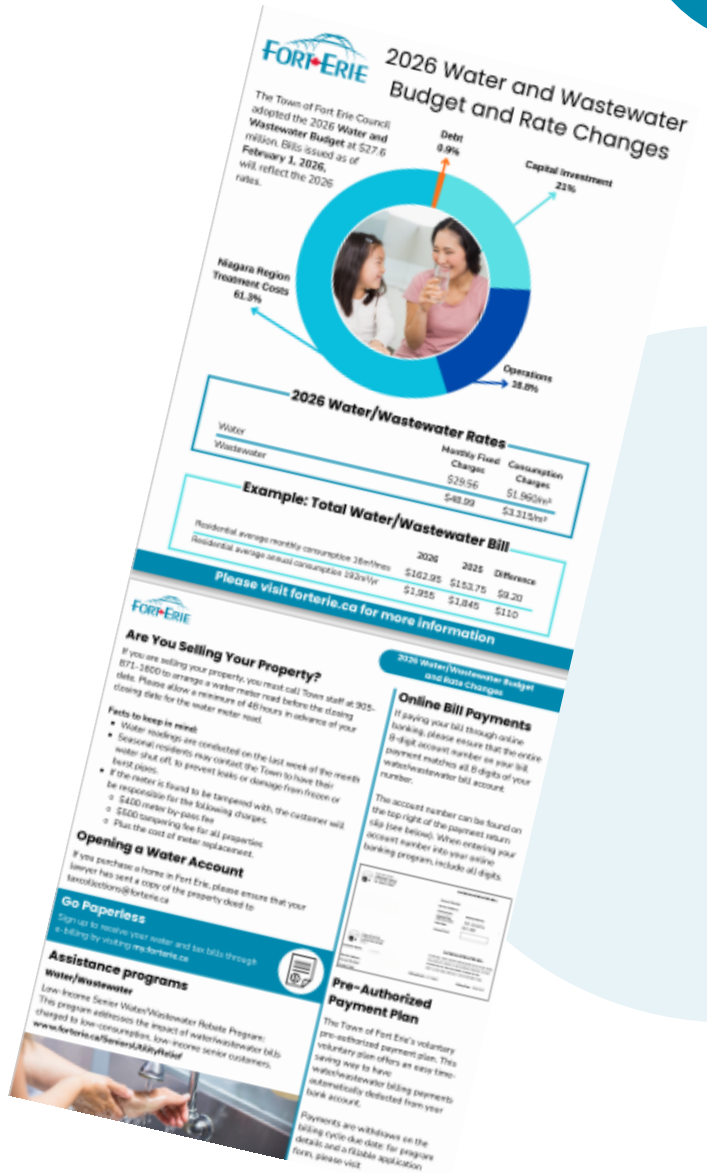
- **Rates:** When distributed over estimated 2026 volumes, total increase is ~~**5.98%**~~ **4.98%** for the average household.
- **Region impact:** The 9.42% Region budget increase represents 79% of the Town's increase.
- **Supplementary:** None proposed for 2026.
- **Capital:** Infrastructure funded with reserve transfers. Water and wastewater was presented and adopted November 19.
- **Debt:** No new debt. However, lower forecasted DC collections and AMP Financial Strategy will pressure.



Conclusion

Communications

- **FAQ:** Related resources available on Town website, including 20 “Frequently Asked Questions”.
- **Online resources:** “Let’s Talk Fort Erie” will continue to be updated.
- **Flyer:** New Water & Wastewater information flyer is available and will be distributed with January 2026 bills (mailed in February) to communicate changes, promote services, and highlight digital billing options.



Questions



Please refer to Council Report CBC-03-2026 for further details.