

THE MUNICIPALITY OF LAMBTON SHORES

Report DPW 15-2022

Council Meeting Date: October 18, 2022

TO: Mayor Weber and Members of Council
FROM: Nick Verhoeven, Director of Public Works
RE: Grand Bend Area Joint Sewage Board Draft 2023 Budget

RECOMMENDATION:

THAT Report DPW 15-2022 regarding the Grand Bend Area Joint Sewage Board Draft 2023 Budget be received.

SUMMARY

This report presents the draft 2023 budget of the Grand Bend Area Joint Sewage Board for review and comment by Council.

BACKGROUND

Under the Tri-Party Agreement, Lambton Shores is a Participating Municipality in the Grand Bend Area Sewage System and is entitled to comment on annual budgets prior to the Joint Area Sewage Board recommending approval of the budget.

The 2023 draft budget of the Grand Bend Area Joint Sewage Board is attached for the Council's review. The financial budget portion includes the 2022 Budget and year-to-date as of August 31, 2022, as well as 2022 budget projections.

The Flow Calculation attached forms the basis for calculating the cost sharing for each municipality. For the purposes of budgeting, flows are calculated on a three (3) year rolling average. In the case of the 2023 budget, flows from 2020, 2021, 2022 are used. In order to calculate an entire year of flows for 2022, actual flows are used up to and including August flows, with the remaining flows based on actual 2021 flows for their respective months.

Based on the average flows calculated, the percentage split for the plant and for PS2 is calculated and shown in the Municipal Flow Apportionment Table.

The Revenue Calculation table shows the revenue required to be collected from each municipality based on the proposed 2023 budget. It is important to note that the actual amount billed to each municipality is based on actual monies spent and actual flows in the budget year.

General the 2023 draft budget maintains the level of fund previously set in the 2022 budget with the following notes:

- Taxes and Administration charges have been adjusted by 2% of budget

- The Transfer to Capital Replacement has increased by 2% as per the Boards direction.
- Insurance has been adjusted by 15% to reflect recent trending in that expense
- A Capital program budget has been created to reflect capital replacement items. The capital budget will be populated in future years as lifecycle items become needed as the plant ages

The draft 2023 GBAJSB Budget shows a net increase of \$15,837.87 representing an increase of 2.2% over 2022.

ALTERNATIVES TO CONSIDER

The 2023 GBAJSB budget is being presented to Council for comment; no other alternative are being presented at this time.

RECOMMENDED ACTIONS

Council should review the attached budget and provide any comments to the board. The Grand Bend and Area Joint Sewage Board will consider comments received from Lambton Shores and South Huron Councils at a future meeting prior to recommending a final budget. The final GBAJSB budget can then be incorporated into Lambton Shores budget by Lambton Shores Council during 2023 budget deliberations.

FINANCIAL IMPACT

The total estimated 2023 draft budget is \$733,880.04, which includes a transfer to reserve of \$226,336.56 for Capital replacement. Based on the estimated flow data to date, the municipal split is as follows:

Lambton Shores: \$ 487,250.77 – An increase of \$18,753.56 over 2022
South Huron : \$ 246,629.28 – A decrease \$2,915.68 over 2022

Actual municipal invoicing is based on actual flows realized at the end of the year.

CONSULTATION

Grand Bend Area Joint Sewage Board