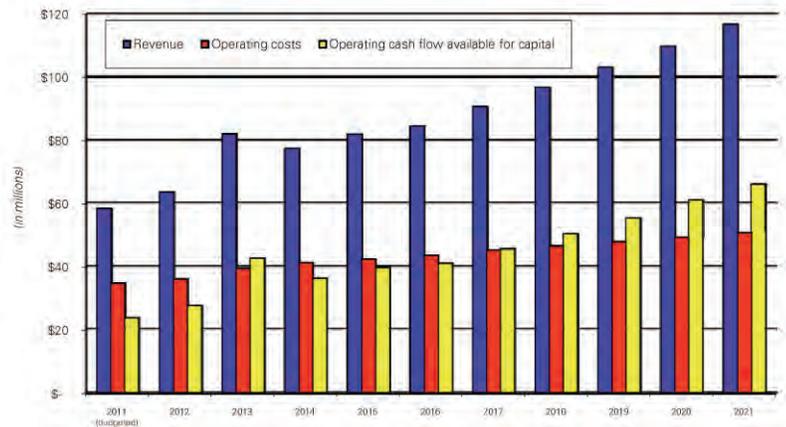


Towards Financial Sustainability: 10-year Plan for Water/Wastewater



As part of the City of Greater Sudbury's commitment to long-term fiscal sustainability and to infrastructural renewal and revitalization, a 10-year financial plan for water and wastewater services is in place.

Developed in 2010 and based on assumptions developed from historical data and professional judgement about future events, the plan presents a financial picture of the City's Water and Wastewater operations and infrastructure renewal over the next ten years. As new regulations are established, infrastructure is revitalized, and decisions are made, the the financial forecast will evolve. The below graph illustrates the projected revenues, the operating costs, and the operating cash flow available for capital over the next ten years.



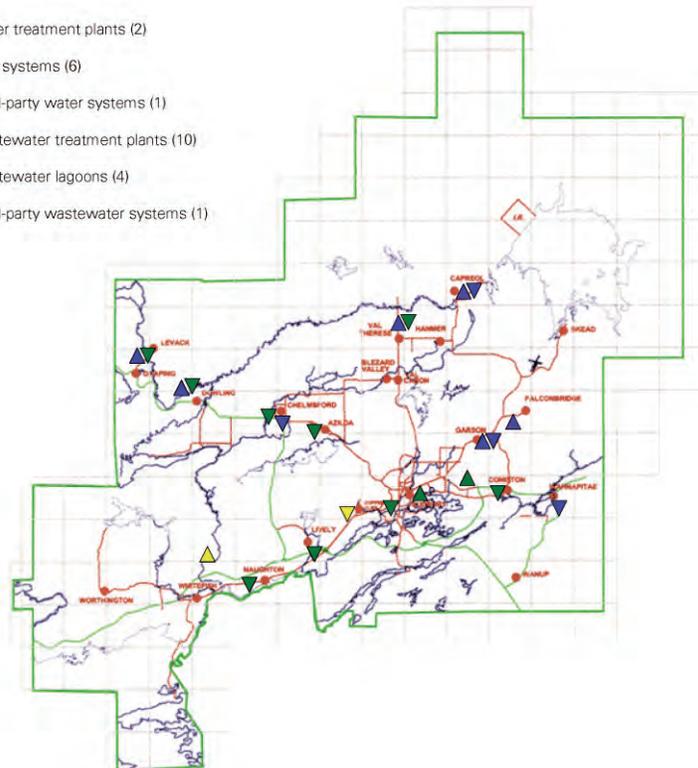
It is projected that the infrastructure replacement value for the city's water and wastewater assets is approximately \$2.3 billion, requiring an annual capital investment today of \$46 million. It is anticipated that in ten years, inflation, regulatory requirements, and infrastructure expansion will increase annual capital investments to \$64 million.



Some of the highlights of the plan include:

- \$56 million in 2011 to \$116 million in 2021;
- Total replacement value of water/wastewater assets at December 31, 2009 is approximately \$2.3 billion and is projected to be \$3.3 billion at the end of 2021;
- \$65 million in capital funding is required to support debt servicing and infrastructure renewals by 2021;
- Financial sustainability attained by 2021;
- Replacement cycle of water/wastewater infrastructure assets will decrease from its current level of 110 years to the average industry expected life cycle of 50 years;
- Projected average annual increase to water and wastewater rates to achieve financial sustainability over next ten years is 7.4 percent.

- ▲ Water treatment plants (2)
- ▲ Well systems (6)
- ▲ Third-party water systems (1)
- ▼ Wastewater treatment plants (10)
- ▼ Wastewater lagoons (4)
- ▼ Third-party wastewater systems (1)



The water/wastewater financial plan includes forecasting for water consumption, funding for capital projects, operating costs, allocated costs for fire protection, inflation and known future events.

In 2001, Greater Sudbury Council approved a progressive policy that has seen capital funding grow from \$10 million in 2001 to a recommended \$21.5 in 2011.

In determining the level of capital funding required to achieve total sustainability, the financial plan considers a number of factors, including the replacement value of the City's water and wastewater assets, the potential impacts of growth and regulatory changes on capital investment requirements, the traditional practice of funding some infrastructure-related operating costs through capital envelopes and the potential for grant revenues to offset some portion of capital expenditures.

The plan will be submitted to the Province as is required by Ontario Regulation 453/07 to provide them with insight into our community's infrastructure needs over the next decade.

The financial plan does not constitute a formal budget for water/wastewater services for the next ten years. Instead it provides a strategy for long term financial sustainability and can be used to guide Council's budget decisions over the next decade. The financial plan will be updated annually to reflect Council decisions and priorities.