💧 2026 Water Rate Increase Report

Introduction

We're committed to providing safe, reliable water service while keeping costs fair and transparent. This report explains the 2026 rate increases, what's driving them, and how they affect you.

📈 Budget Summary

Category	2025 Budget	2026 Budget	Change
Operating Expenses	321,859	348,044	+26,186
Capital Reserve Contribution	48,279	52,207	+3,928
Media Replacement Savings	12,000	15,000	+3,000
Total Budget	382,137	415,251	+33,114

The 2026 budget reflects an overall increase of **~9%** compared to 2025.

🔍 Major Cost Drivers

Cartridge Filters

- **2025 Budget**: $14,000 → **2026 Budget**: $22,500
- Switched to the more expensive name-brand product (Harmsco) as the only off-brand alternative is no longer effective in our plant.
- Anticipated price hikes.

Treatment Plant

- **2025 Budget**: $11,300 → **2026 Budget**: $15,000
- Annual replacement of UV parts (sensors, lamps, sleeves)
- Ongoing replacement of components with expected lifespans of 5–10 years.

Wages & Benefits

- Reflect actual hours worked and inflation.
- Includes administrative and labor wages, benefits, and deductions.
- Benefits introduced in 2025 to improve employee retention and job attractiveness.
- Increased labor at treatment plant for
    - Cartridge washing.
    - Extra hours needed for Ion Exchanger as backwash is not automated.
    - Chlorine fluctuations resulting from old equipment require many extra hours for repeated testing and adjustments.
- Increased administrative costs for treatment plant planning, operation, and maintenance.

Audit

- DMD has retired from auditing; new accountant has higher fees.

🛠 Capital Planning & Ionex Media

- **Ion Exchanger Media**: A specialized material used to remove dissolved solids from filtered water, ensuring effective UV disinfection. The media has an expected lifespan of five years. Replacement of the original media was completed in 2025 at a cost of $70,000, with annual savings of $15,000 to be set aside to prepare for the next replacement.
- **Capital Reserve**: 15% of budget (rises as budget increases).

💸 Rate Changes by Customer Category

Category	2025	2026	Notes
Residential – Flat Toll	748.77	879.81	17.5% increase for Tolls
Commercial – Metered Rate	$102.00/40 m³	$117.30/40 m³	15% increase for minimum amount.
Mixed Use (Residential/ Commercial) – Metered Rate	$2.75/m³	$3.61/m³	Now contributes to leak treatment costs
Parcel Tax (Groups A–D)	Varies	Slight increase	Based on Parcel size.
Flat Toll + Parcel Tax A	$1,159.41	$1,308.92	13% total increase for typical resident

⚖️ Fairness & Equity

- **Leak-Related Costs:** The cost of treating water lost through system leaks must be shared equitably among all users.
- **Metered vs. Flat Rate:** Previously, metered users on the Mixed Use (Residential/Commercial) rate paid only for the water they consumed, while flat-rate customers bore most of the leak-related treatment costs. The 2026 metered rate has been adjusted to fairly include a portion of these costs.
- **Leak Cost Distribution:** The cost of treating leaked water is now built into both mixed-use and residential rates to ensure a balanced and fair distribution.
- **Parcel Tax Adjustments**: Parcels C and D will see a smaller increase, as their existing rates are significantly higher than those of Parcels A and B.

❓ Customer FAQ

Why did my bill go up more than inflation?

Because of rising costs in water treatment consumables, equipment replacement, and the additional labor needed to maintain operations. We've kept increases modest where possible.

What's being done to control costs?

We're controlling costs by optimizing backwash frequency to extend media lifespan, stabilizing major capital expenses such as Ionex media replacement, automating treatment plant processes to reduce labor needs, and continuing cartridge cleaning procedures to extend cartridge life.
Improved leak detection resulting from universal metering will also help control costs.
The new sand filter which is expected to be online in 2026 will decrease the need for cartridge filters and save costs by extending the life of the ion exchange media.

How are leak costs handled?

Leak-related costs are shared across flat-rate tolls and metered rates to ensure fairness and system sustainability.

Will rates keep rising?

We aim to stabilize rates by investing in efficient infrastructure and managing operating costs carefully.

If the overall budget increased ~9%, why has the combined water toll and parcel tax for a house on a small lot increased by ~13%?

Our overall water system budget rises by about 9% for 2026. Parcel taxes—which fund pipes and 30% of shared costs—rise by 4.5% for most properties and only 1% for the largest parcels, to gradually narrow the large gap between parcel classes and improve fairness.

Water tolls and metered rates cover treatment and 70% of shared costs. These increase more sharply because production costs have risen. Metered users will now help cover leak-related production for the first time, but because households make up most connections, their toll must still rise more than the system average. This results in a ~13% increase for a standard home on a small lot.

Read on for a fuller explanation ….

Why the overall budget increased ~9%, but the household water toll increased ~17.5% (and how parcel taxes fit into fairness)

1. The water system is funded in two parts

To keep things fair and transparent, costs are split between:

- **Parcel Tax – pays for the pipe network + 30% of shared costs**
  Covers:
  - water mains and distribution pipes
  - capital reserves
  - 30% of shared operating costs (labour, insurance, audit, admin)
- **Water Tolls & Metered Rates – pay for treatment + 70% of shared costs**
  Covers:
  - chemicals, power, consumables
  - plant operation
  - leak-related production
  - 70% of shared operating costs

The combined increase to the **total system budget** for 2026 is **about 9%**.

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2. Parcel tax increases differently depending on the property group

In 2026, parcel taxes increase **4.5% for most properties**, but **only 1% for the largest parcels**.

Why?

Large-parcel taxes are already **much higher** than small parcels. The tiny (1%) increase for the biggest group is intended to help **reduce the gap** between property classes over time, improving fairness **without shocking any one group**.

This fairness adjustment means:

- Group A & B parcels see ~4.5% increase
- Group C & D (large lots) sees only ~1%

Parcel tax is only **30% of total system funding**, so even with these adjustments, tolls remain the main driver of yearly cost changes.

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3. Metered users at Rate 3 - Mixed residential/commercial will now contribute to leak-related costs

2026 is the **first** year that Mixed rate metered customers will pay their share for leak-driven water production.

Previously:

- These metered users paid only for their actual consumption
- Leak-related treatment costs fell mostly on **flat-rate homes (Toll 1)**

In 2026:

- Rate 3 includes a **leak-cost contribution.**
- Other metered rates are increased to match production costs

This reduces, but does not eliminate, the pressure on flat-rate homes.

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4. So why does the "House on a Small Lot" toll rise ~13%, not 9%?

Even with new fairness measures, several factors push Toll 1 higher:

a. **Households make up most connections**
   They still carry the largest share of the toll-funded portion of the budget (treatment + 70% shared).
b. **Leak-related production costs remain high**
   Metered users now share part of the cost, but not enough to bring the Toll 1 increase down to the system-wide average.
c. **Some categories are fixed or already at cost-of-service**
   - School rate unchanged
   - Commercial accounts tend to use less water than their allocation

   This limits where increases can be applied.
d. **Parcel taxes and tolls rise at different rates**
   Parcel tax increase (~4.5% for most) is lower than toll-side increases, because tolls bear the cost of treatment, chemicals, production, and leaks.

Relationship between **leak %, delivered water, surcharge %, and % of lost water recovered**.

Leak Fraction (L)	Delivered Water Fraction (1-L)	Surcharge on Delivered Water (S)	% of Lost Water Cost Recovered	Comments
33% (0.33)	67% (0.67)	50%	50% of leak cost recovered	Minimum to partially recover lost water
33%	67%	75%	~75% of leak cost recovered	More realistic recovery, still smooth
50% (0.5)	50% (0.5)	50%	50% of leak cost recovered	Too low — half of lost water cost not recovered
50%	50%	75%	75% of lost water cost recovered	Balanced compromise; chosen value
50%	50%	100%	100% of lost water cost recovered	Full recovery, but doubles rates → probably too high

✅ How to read this table

- **Leak fraction (L)** = % of water produced that is lost.
- **Delivered water** = water actually reaching customers.
- **Surcharge (S)** = % added to customer bill to recover lost water costs.
- **% of lost water recovered** = how much of the financial impact of the lost water is actually covered by the surcharge.
- Choosing **75% surcharge** means you **recover most of the lost water cost**, without creating a huge rate jump.