

Town of Pelham 2026 Water and Wastewater Budget



Town of Pelham

2026 Water and Wastewater Budgets



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Background

Water is provided in the Town of Pelham (Town) in a two-tiered system. The Niagara Region (Region) is responsible for the treatment and supply of water while the Town is responsible for distribution, billing, and collection. Water is wholesaled to the Town, which then subsequently distributes it to the users. The Town has two main service areas, those being Fenwick and Fonhill. The Town also owns a water hauling station.

Wastewater collection is provided in a similar two-tiered system. The Town provides collection and transmission of wastewater while the Region provides treatment. Similar to water, there are two main service areas: Fenwick and Fonhill. Not all water users in these areas have municipal wastewater service.

Most customers on the system are metered and they are billed six times a year. The bill includes a fixed charge based on meter size and a variable charge based on the volume of water consumed.

A Water & Wastewater Long-Range Financial Plan was completed in 2023 by BMA Management Consulting Inc. The study looked at the required Financial Plan for both Water and Wastewater over a six-year period from 2024 to 2030. The 2026 Mayor's budget follows the recommendations that were set out in the long-range financial plan. Closely following the recommendations of the long-range financial plan is crucial to ensure that future capital needs of water and wastewater assets are met. Furthermore, Ontario Water Regulation 453/07 requires municipalities to have these long-range financial plans for at least a six-year period. The Town has always followed the recommendations of these plans in the past and the only major difference has been the timing and deferral of some capital projects to future years from the original plan. This has impacted the reserve balances as well as the potential issuance of debt for some of these capital projects.

The rate increases have allowed the Town to build up its water and wastewater reserves. The annual reserves allocation has increased from a budget of \$1,397,387 in 2025 to \$1,519,302 in 2026. This increase to the reserves is critical to meet the future capital needs of the Town and it supports the Reserve and Reserve Fund Policy.

The Water and Wastewater Long-Range Financial Plan recommends a rate increase of 5% for Water and 9.5% for Wastewater. However, the 2026 Mayor's budget proposed a 4% rate increase for Water and a 9.0% rate increase for Wastewater. This was achieved by adjusting reserve contributions, and other operational efficiencies. These rate increases are required to meet the infrastructure and operating requirements of the Water and Wastewater services in Pelham. Pelham has the highest household income in the Niagara Region, with second lowest water and wastewater rates in the Niagara Region.



Niagara Region Rate Increases

The rate increases from the Region have a major impact on the rate increases for the Town. The Region bills the Town for water based on a combination of fixed and variable charges. The fixed charge accounts for 25% of the Region’s water bill for the Town, and the remaining 75% is a variable charge that depends on the actual cubic meters of water purchased from the Region. For 2026, the Region has approved a combined water rate increase of 8.78%. However, the rate increase for each lower-tier municipality differs based on historical volume and growth within that municipality. As a result of these factors, Pelham will be paying 9.96% more for the fixed component and 13.13% more for the variable component to purchase water in 2026. The purchase of water from the Region is the largest component of the Town’s water budget, accounting for over 36% of the total water budget. Table 1 below summarizes the rate increase from the Region.

Table 1: Region Water Rate Increase	2025 Budget	2026 Budget	\$ Change	% Change	Notes
Fixed Rate - 25%	\$ 377,500	\$ 415,087	\$ 37,587	9.96%	
Variable Rate - 75%	\$ 1,122,820	\$ 1,270,231	\$ 147,411	13.13%	(1)
Total Cost to Town	\$ 1,500,320	\$ 1,685,318	\$ 184,998	12.33%	

Notes:
 (1) The variable rate increase from the Region is 8.3%. However, the 2026 budget is based on the purchase of 1,562,400 cubic meters of water, and the 2025 budget is based on the purchase of 1,495,100 cubic meters of water. The Town uses a 3-year average to budget the anticipated volume of water needed by the Town.

The Region also provides wastewater treatment for the Town. The Region bills the town for wastewater treatment on a 100% fixed charge which is based on actual treatment volume from the previous 3 years. This amount is re-calculated by the region on a rolling basis and any difference between actual and budgeted treatment volume is charged (or credited) back to the Town. For 2026, the Region has approved a combined wastewater rate increase of 9.74%, however the rate increase for each lower-tier municipality differs based on historical volume and growth within the municipality. As a result of these factors, Pelham will be paying \$294,492 or 13.08% more for wastewater treatment in 2026. Furthermore, the reconciliation of actual consumption from prior years adds another \$131,604 to the Town’s 2026 wastewater treatment bill from the Region. As a result of these changes the Town will be paying \$2,846,979 for wastewater treatment in 2026, which is \$329,340 or 13.08% higher than the 2025 budgeted amount. Similar to the Town’s water budget, the purchase of wastewater treatment from the Region is the largest component of the Town’s wastewater budget, accounting for over 69% of the total wastewater budget. Table 2 below summarizes the Wastewater rate increases from the Region.



Table 2: Region Wastewater Rate Increase	2025 Budget	2026 Budget	\$ Change	% Change	Notes
Fixed Rate - 100%	\$ 2,420,883	\$ 2,715,375	\$ 294,492	12.16%	
Reconciliation Adjustment	\$ 96,756	\$ 131,604	\$ 34,848	36.02%	(1)
Total Cost to Town	\$ 2,517,639	\$ 2,846,979	\$ 329,340	13.08%	

Notes:

(1) Reconciliation adjustment refers to the update in 3 year average volume of wastewater treatment purchased by the Town and this amount is payable by the town in 2026.

Recommendations:

The Mayor's budget proposes a 4% increase in water rates and a 9% increase in wastewater rates, effective for 2026. This is equivalent to a combined annual rate increase of 6.48% or \$83.13 per average household for the most common consumption of 33 M3 per billing cycle. These figures are slightly below the recommendations from the BMA study.

The Town has been following the BMA study recommendation for reserve fund contributions to both water and wastewater reserves as closely as possible. However, significant rate increases from the Region have put additional pressure on the Town's water and wastewater budgets. Furthermore, the timing of capital expenditure has shifted over the past few years, and as a result, reserve fund contributions have fallen below the recommendations in the BMA study.



Water

Water rates have been set by the Town based on a fixed charge component and a rate for consumption usage. This methodology benefits those who conserve water usage and ensures that the infrastructure is factored into the rate setting structure. Sustainability costs include the costs to maintain the water distribution system with infrastructure repairs, replacements, or renewals. These costs together with administrative costs are considered in determining the budget requirements.

Currently, the Town recovers its water budget with a 31.6% fixed rate, a 63.2% volumetric rate and 5.2% from other revenues. As the Town is proactive in energy conservation efforts and the promotion of these environmental initiatives, the Town feels it prudent to reward those that follow these practices. This is done by setting the fixed rate at a minimum level and ensuring users pay more when they consume more.

Base Fixed Rate Calculation

Total Water Budget	\$4,679,538	
31.6% Fixed Revenues	(\$1,478,619)	(1)
Subtotal	\$3,200,919	
Less: Other Revenues	(\$243,650)	
Revenue Required for Consumption	\$2,957,269	(2)



(1) Fixed rates are paid based on the meter size. Most customers with a 5/8" meter will pay \$38.50 per billing.

Meter Size	# of Meters	Rate (per billing)	Revenue
5/8"	5523	\$38.50	\$1,275,893
1"	51	\$76.98	\$23,555
1.4"	33	\$107.78	\$21,341
2"	42	\$153.94	\$38,793
3"	3	\$384.90	\$6,928
4"	4	\$641.71	\$15,401
6"	5	\$1,283.07	\$38,492
8"	3	\$2,053.46	\$36,962
10"	0	\$2,833.77	\$0
12"	1	\$3,542.21	\$21,253
Total Revenue			\$1,478,619

(2) Consumption Rate Calculation

The consumption rate is calculated by taking the Town’s proposed water budget net of fixed and other revenues above and dividing it by the forecasted consumption of water (i.e., water to be billed). For 2026, the Town anticipates billing 1,327,700 cubic meters of water, and the total budget requirement (excluding fixed and other revenue) is \$2,957,269. Therefore, the consumption rate of \$2.227 per cubic meter of water is required.

Total Town of Pelham estimated consumption costs related to water	\$2,957,269
Divided by forecasted water flows (M3) for 2026	1,327,700
2026 Proposed Water Consumption Rate Charge	\$ 2.227/M3



Wastewater

The Town is using the 2023 Water and Wastewater Rate Study as prepared by BMA Management Consulting Inc. to set its annual rates for wastewater as well. The methodology proposed for wastewater in the study involves establishing both a fixed rate and a volumetric rate for user fees. Using this methodology, the Town is proposing the following rate structure for wastewater in 2026:

Total Wastewater Budget	\$4,096,752	
47.33% Fixed Revenues	(\$1,939,024)	(1)
Subtotal	\$2,157,728	
Less: Other Revenues	(\$30,800)	
Revenue Required for Consumption	\$2,126,928	(2)

(1) Fixed Rate Calculation

Meter Size	# Of Meters	Rate (per billing)	Revenue
5/8"	5100	\$54.80	\$1,676,844
1"	41	\$109.58	\$26,957
1.4"	25	\$153.44	\$23,016
2"	35	\$219.16	\$46,025
3"	2	\$547.97	\$6,576
4"	4	\$913.60	\$21,926
6"	5	\$1,826.67	\$54,800
8"	3	\$2,923.44	\$52,622
10"	0	\$4,034.35	\$0
12"	1	\$5,042.94	\$30,258
Total Revenue			\$ 1,939,024



(2) Consumption Rate Calculation

The consumption rate is calculated by taking the Town’s proposed wastewater budget net of fixed and other revenues above and dividing it by the forecasted treatment of water (i.e., wastewater to be billed). For 2026, the Town anticipates billing 1,153,900 cubic meters of wastewater, and the total budget requirement (excluding fixed and other revenue) is \$2,126,928. Therefore, the consumption rate of \$1.843 per cubic meter of wastewater is required.

Total Town of Pelham estimated consumption costs related to wastewater	\$2,126,928
Divided by forecasted water flows (M ³) for 2026	1,153,900
2026 Proposed Wastewater Consumption Rate Charge	\$ 1.843/M3

Consumption levels for wastewater are forecasted to be less than water consumption since there are fewer sewer accounts, as well as higher water flow generated from water hauler usage. It should also be noted that although the rates are based on usage within the Town, the Region’s requisition to the Town for wastewater is fixed.

The Region reports that water conservation efforts are levelling off as members of the community have been diligent in their efforts to conserve water. Originally, the excessive use of water led to a methodology of charging 100% of the water and wastewater costs based on consumption. However, as the water consumption levels decrease, the revenues being generated are no longer able to cover the fixed costs, resulting in large deficits in this area. The need to cover fixed costs has become paramount for sustaining the wastewater infrastructure.

SUMMARY

Attached to this report is a summary of sample water billings for a two-month billing period, which includes the proposed 4% increase in the water and 9% increase in the wastewater rates effective for 2026. For the average household, this is a \$83.13 increase to the annual water and wastewater bill.

Finally, the 2026 Water and Wastewater Budgets are provided for Council's information and reference.

Water Distribution System



The Water division is responsible for the distribution of the Town's water supply supplied by Niagara Region.

	2023	2024	2025	2026	Budget Change		
	Actual	Actual	Approved Budget	Approved Budget	Dollar	Percent	Notes
Revenues							
Consumption Charges	\$ 2,305,156	\$ 2,490,422	\$ 2,733,445	\$ 2,957,269	\$ 223,824	8.19%	
Flat Rate Charge	1,187,550	1,299,250	1,391,141	1,478,619	87,478	6.29%	
Consumption Charges Water Haulers	180,147	197,023	175,000	175,000	-	-%	
Meter Installations	100,458	50,248	40,000	40,000	-	-%	
Other Revenues	50,779	29,258	28,649	28,650	1	-%	
Transfer from Reserve	34,489	18,149	-	-	-	-%	
Total Revenues	3,858,579	4,084,350	4,368,235	4,679,538	311,303	7.13%	
Expenditures							
Salaries and Benefits	932,874	1,029,305	1,176,673	1,218,647	41,974	3.57%	
Materials and Supplies	402,162	351,255	363,082	364,153	1,071	0.29%	
Insurance	26,537	23,813	29,212	29,212	-	-%	
Contract Services	233,606	242,377	207,100	207,100	-	-%	
Transfer to Reserve	921,012	1,000,535	1,091,848	1,175,108	83,260	7.63%	
Total Expenditures before Region Costs	2,516,191	2,647,285	2,867,915	2,994,220	126,305	4.40%	
Niagara Region Volumetric Costs	1,342,388	1,437,065	1,500,320	1,685,318	184,998	12.33%	(1)
Total Expenditures	3,858,579	4,084,350	4,368,235	4,679,538	311,303	7.13%	(1)
Net Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	-%	

Notes:

(1) 2026 Regional approved rate increase for purchase of water is 9.96% for fixed component and 8.3% for variable component. 2026 budget is based on the estimated purchase of 1,562,400 cubic meters of water (3 year average) .

Wastewater Distribution System



The wastewater division is responsible for the collection of wastewater and distribution to the Region's wastewater collection and treatment system.

	2023	2024	2025	2026	Budget Change		
	Actual	Actual	Approved Budget	Approved Budget	Dollar	Percent	Notes
Revenues							
Consumption Charges	\$ 1,571,504	\$ 1,757,403	\$ 1,912,247	\$ 2,126,929	\$ 214,682	11.23%	
Flat Rate Charge	1,398,778	1,577,107	1,737,045	1,939,024	201,979	11.63%	
Other Revenues	131,482	115,286	20,000	30,800	10,800	54.00%	
Total Revenues	3,101,764	3,449,796	3,669,292	4,096,753	427,461	11.65%	
Expenditures							
Salaries and Benefits	607,174	665,411	791,350	850,587	59,237	7.49%	
Materials and Supplies	9,772	7,604	11,542	11,770	228	1.98%	
Insurance	2,949	2,646	3,222	3,222	-	-%	
Contract Services	4,310	50,618	40,000	40,000	-	-%	
Transfer to Reserve	512,235	535,869	305,539	344,195	38,656	12.65%	
Total Expenditures before Region Costs	1,136,440	1,262,148	1,151,653	1,249,774	98,121	8.52%	
Niagara Region Volumetric Costs	1,965,324	2,187,648	2,517,639	2,846,979	329,340	13.08%	(1)
Total Expenditures	3,101,764	3,449,796	3,669,292	4,096,753	427,461	11.65%	
Net Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	-%	

Notes:

(1) 2026 Regional approved rate for purchase of wastewater treatment is 13.08% which includes the 3-year rolling average reconciliation adjustment.

**Appendix 1
TOWN OF PELHAM
2026 Water and Wastewater Rates
as per 2 Month Billing**

	2025 Rates	2026 Rates	\$ INCREASE	% INCREASE
WATER				
Bi-Monthly Base Charge (up to 19 mm Meter)	\$ 37.02	\$ 38.50	\$ 1.48	4.00%
Bi-Monthly Base Charge (25mm Meter)	74.02	\$ 76.98	2.96	4.00%
Bi-Monthly Base Charge (37mm Meter)	103.64	\$ 107.78	4.15	4.00%
Bi-Monthly Base Charge (50mm Meter)	148.02	\$ 153.94	5.92	4.00%
Bi-Monthly Base Charge (75mm Meter)	370.10	\$ 384.90	14.80	4.00%
Bi-Monthly Base Charge (100mm Meter)	617.03	\$ 641.71	24.68	4.00%
Bi-Monthly Base Charge (150mm Meter)	1,233.72	\$ 1,283.07	49.35	4.00%
Bi-Monthly Base Charge (200mm Meter)	1,974.48	\$ 2,053.46	78.98	4.00%
Bi-Monthly Base Charge (300mm Meter)	3,405.97	\$ 3,542.21	136.24	4.00%
Usage Charge, Per Cubic Meter	2.142	2.227	0.086	4.00%
WATER HAULERS				
Usage Charge, Per Cubic Meter	\$2.4692	\$2.5680	\$ 0.0988	4.00%
WASTEWATER				
Bi-Monthly Base Charge (up to 19 mm Meter)	\$ 50.27	\$ 54.80	\$ 4.52	9.00%
Bi-Monthly Base Charge (25mm Meter)	100.53	\$ 109.58	9.05	9.00%
Bi-Monthly Base Charge (37mm Meter)	140.77	\$ 153.44	12.67	9.00%
Bi-Monthly Base Charge (50mm Meter)	201.07	\$ 219.16	18.10	9.00%
Bi-Monthly Base Charge (75mm Meter)	502.73	\$ 547.97	45.25	9.00%
Bi-Monthly Base Charge (100mm Meter)	838.16	\$ 913.60	75.43	9.00%
Bi-Monthly Base Charge (150mm Meter)	1,675.84	\$ 1,826.67	150.83	9.00%
Bi-Monthly Base Charge (200mm Meter)	2,682.06	\$ 2,923.44	241.39	9.00%
Bi-Monthly Base Charge (300mm Meter)	4,626.55	\$ 5,042.94	416.39	9.00%
Usage Charge, Based on Cubic Meters for Sewer	1.691	1.843	0.152	9.00%

**Appendix 2
TOWN OF PELHAM
2026 Water and Wastewater Rates
as per 2 Month Consumption**

	Usage in Cubic Meters (M ³)					
	33		50		75	
	2025	2026	2025	2026	2025	2026
WATER						
Base Charge	\$ 37.02	\$ 38.50	\$ 37.02	\$ 38.50	\$ 37.02	\$ 38.50
Usage Charge	70.68	73.50	107.08	111.37	160.63	167.05
	\$ 107.70	\$ 112.01	\$ 144.11	\$ 149.87	\$ 197.65	\$ 205.55
Year-to-Year Increase	\$ 6.57	\$ 4.31	\$ 8.80	\$ 5.76	\$ 12.06	\$ 7.91

	Usage in Cubic Meters (M ³)					
	33		50		75	
	2025	2026	2025	2026	2025	2026
WASTEWATER						
Base Charge	\$ 50.27	\$ 54.80	\$ 50.27	\$ 54.80	\$ 50.27	\$ 54.80
Usage Charge	55.80	60.82	84.55	92.16	126.82	138.24
	\$ 106.08	\$ 115.62	\$ 134.82	\$ 146.96	\$ 177.10	\$ 193.03
Year-to-Year Increase	\$ 9.20	\$ 9.55	\$ 11.68	\$ 12.12	\$ 15.35	\$ 15.93

TOTAL WATER AND WASTEWATER CHARGES	33 M ³		50 M ³		75 M ³	
	2025	2026	2025	2026	2025	2026
		\$ 213.77	\$ 227.63	\$ 278.93	\$ 296.83	\$ 374.74

\$ INCREASE OVER 2025 RATES (per billing)		\$ 13.86		\$ 17.90		\$ 23.86
\$ INCREASE OVER 2025 RATES (per month)		\$ 6.93		\$ 8.95		\$ 11.93
% INCREASE OVER 2025 RATES		6.48%		6.42%		6.37%
\$ INCREASE OVER 2025 RATES (per year)		\$ 83.13		\$ 107.39		\$ 143.13

