2026 WATER AND WASTEWATER BUDGET SUBMISSION

Cornwall
ONTARIO CANADA

Table of Contents

List of Abbreviations ... 3
City of Cornwall – 2026 Water and Wastewater Budget ... 4
Mission Statement ... 4
Alignment to Strategic Plan ... 5
Regulatory Requirements and Best Practices ... 7
Cornwall's Water and Wastewater Services at a glance ... 8
Environmental Services – Water ... 10
Environmental Services – Wastewater ... 11
Environmental Initiatives ... 13
Asset Management Planning Regulation ... 19
Asset Management Planning ... 21
Financial and Management Framework ... 22
Financially Sustainable Water and Wastewater Systems ... 24
Council Direction ... 25
Strong Mayor Budget ... 25
Rate Overview ... 25
Reserves ... 28
2025 Municipal Study ... 30
Long-Term Debt ... 31
Organizational Chart and Staffing Complement ... 33
Operating and Capital Financial Summary ... 34
2026 Operating Budget ... 35
2026 Capital Budget and Plan ... 36
Capital Assets to Deliver Services ... 38
Asset Management for Core Infrastructure (addressing the backlog) ... 39
Secondary Raw Water Intake – Reserve Contribution ... 45
2026 Capital Budget Summary ... 46
2026 Capital Project Sheets ... 47
2026 Ten Year Capital Forecasts ... 62
Appendix A – Municipal Comparators ... 65
Appendix B – Key Financial Assumptions ... 68
Appendix C – State of Infrastructure Report Cards ... 69

List of Abbreviations

After the first occurrence, abbreviations are used in this document in order to improve readability. This list is provided in case the reader is unfamiliar with these abbreviations.

AMI .... Advanced Metering Infrastructure
AMP .... Asset Management Plan(s)
AOP .... Advanced Oxidation Process
BAF .... Biological Aerated Filters
BOSMP .... Biosolids, Organics and Septage Master Plan
CAP .... Climate Action Plan
CPI .... Consumer Price Index
CRC .... Climate Resilient Cornwall
CSO .... Combined Sewer Overflow(s)
CCTV .... Closed-Circuit Television
DSS .... Decision Support System
GHG .... Greenhouse Gas
EA .... Environmental Assessment
ECA .... Environmental Compliance Approval
ECDMP .... Energy Conservation and Demand Management Plan
GAC .... Granular Activated Carbon
IC&I .... Industrial, Commercial, and Institutional
LOS .... Level(s) of Service
LTFP .... Long-Term Financial Plan
MBBR .... Moving Bed Biofilm Reactor
MCC .... Motor Control Centers
MECP .... Ministry of the Environment, Conservation, and Parks
MMAH .... Ministry of Municipal Affairs and Housing
PLOS .... Proposed Levels of Service
RFP .... Request for Proposal
SDWA .... Safe Drinking Water Act
SSO .... Source Separated Organics
UV .... Ultraviolet
VFD .... Variable Frequency Drive
WCSMP .... Water Conservation and Servicing Master Plan
WPP .... Water Purification Plant
WWTP .... Wastewater Treatment Plant

City of Cornwall – 2026 Water and Wastewater Budget

The City of Cornwall is responsible for delivering critical water and wastewater services, including water treatment and supply, wastewater collection and treatment, and stormwater management throughout the municipality. The Water and Wastewater Budget provides the financial framework to sustain these essential services.

The 2026 Water and Wastewater Budget ensures the continued operation and maintenance of the Water Purification Plant (WPP) and the water distribution network, guaranteeing the delivery of clean, safe drinking water to residents and businesses. It also funds stormwater management and supports the operation and maintenance of the Wastewater Treatment Plant (WWTP) and the sewer collection system, comprising sanitary, combined, and storm sewers, to ensure the safe conveyance and treatment of wastewater.

Every day treated drinking water flows from the WPP through the City's watermains to homes and businesses. Likewise, wastewater is transported through the sewer network to the WWTP, where it undergoes enhanced secondary treatment before being discharged into the St. Lawrence River. Stormwater is conveyed through storm sewers, either directly or indirectly, to the river.

Safe drinking water and effective wastewater management are cornerstones of a healthy, sustainable community and environment. These services operate under defined Levels of Service (LOS), infrastructure standards, and financial frameworks, and are subject to stringent provincial regulations and guidelines.

The 2026 Water and Wastewater Budget continues to advance financial sustainability, moving toward full cost recovery in accordance with the Safe Drinking Water Act (SDWA), Municipal Drinking-Water Licence, Water and Wastewater Financial Plan Regulation, and the Sustainable Water and Sewage Systems Act. Despite these efforts, significant challenges remain, including aging infrastructure, critical repair backlogs, climate change impacts, funding gaps, and the need for increased public awareness.

Mission Statement

The Water and Wastewater Budget aims to ensure the provision of clean, safe drinking water and effective wastewater management for the community. We are committed to protecting public health, safety, and the environment through sustainable practices, efficient infrastructure, and responsible resource management. Our goal is to support a resilient and thriving community by delivering high-quality water and wastewater services in a fiscally responsible manner.

Alignment to Strategic Plan

The 2026 Water and Wastewater Budget plays a critical role in advancing the City of Cornwall's Strategic Plan, which emphasizes delivering effective services and resilient infrastructure to create a welcoming, healthy, and sustainable community. By allocating resources to water and wastewater systems, the City ensures that essential infrastructure remains reliable, compliant, and capable of supporting growth.

This budget continues to invest in modern, efficient water and wastewater infrastructure, ensuring uninterrupted delivery of safe drinking water and effective wastewater treatment. It also addresses long-term sustainability through strategic planning, asset management, and climate resilience initiatives.

In alignment with the Strategic Plan's pillars, the budget emphasizes the following priorities:

1. **Housing for All**: By ensuring that the necessary infrastructure and associated capacity is in place to accommodate new housing developments, including the construction and maintenance of watermains and sewer systems, the City can support growth and create livable, sustainable communities. By investing in these critical infrastructure projects, the City helps to facilitate the development of affordable housing and improve the overall quality of life for residents.

2. **Community Connections**: The budget fosters strong community connections by maintaining high standards for water and wastewater services, which are crucial for public health and safety. By ensuring reliable and efficient water and wastewater services, the City not only protects the health of its residents but also supports the development of vibrant and connected communities. These services enable public spaces, businesses, and homes to thrive, creating an environment where people can come together and build lasting relationships.

3. **Achieve Net Zero by 2050**: The infrastructure capital budget is crucial in advancing the goal of Achieve Net-Zero by 2050. The budget includes initiatives to enhance water conservation and management, such as continuing to support the ongoing implementation of water meters, which will continue to contribute to the City's goal of achieving net zero emissions. These efforts are essential in maintaining the functionality of the City's infrastructure and protecting the well-being of its residents in the face of a changing climate. Additionally, the City considers sustainable design and construction practices in its infrastructure capital projects, minimizing the projects' impact on the environment and further advancing the goal of becoming net zero by 2050. Furthermore, the department's efforts in maintaining and upgrading infrastructure contribute to reducing the City's

carbon footprint and enhancing its resilience to climate change. By prioritizing these initiatives, the department ensures that Cornwall is well-prepared to meet future challenges and opportunities, positioning the City as a leader in sustainability and innovation.

4. **Cornwall - Future Ready**: Investing in resilient and sustainable infrastructure prepares the City for future challenges and ensures long-term service reliability. The budget supports the development of smart city initiatives, such as the use of advanced technologies for infrastructure management and the integration of sustainable practices in all projects. Additionally, the process for planning future growth involves comprehensive infrastructure planning, which includes engineering services, capital planning, project design, and construction administration to ensure that the City's infrastructure can accommodate future demands.

Overall, the Water and Wastewater budget submission is a critical component in realizing the City of Cornwall's strategic priorities and ensuring a healthy and sustainable future for the community. The following is recent achievements:

- Watermain Rehabilitation Program: Completed lining and replacement projects on aging cast iron mains to improve water quality and system reliability.

- Universal Water Metering Rollout: Initiated city-wide installation of advanced water meters, with over 9,580 units installed to date. This program supports conservation, accurate billing, operational efficiency and future growth.

- Secondary Water Intake Project: Advanced environmental assessment and secured reserve contributions for detailed design. The City has invested approximately $1 million in preliminary work and is pursuing provincial funding under the Health and Safety Water Stream program.

- Asset Management Updates: Updated the Asset Management Plan and Strategic Asset Management Policy to align with Ontario Regulation 588/17 and climate adaptation goals.

- Infrastructure Renewal: Continued combined sewer separation and stormwater upgrades as part of major road reconstruction projects, reducing environmental risk and improving service levels.

The Environmental Initiatives section highlights the City’s ongoing commitment to sustainability and climate resilience. Key efforts include the continued implementation of water meters to promote conservation, planning for a new secondary water intake system to strengthen supply security, and initiatives focused on preserving non-renewable resources while responsibly managing renewable ones. These actions ensure long-term reliability of water services and reinforce the City’s dedication to environmental stewardship.

Regulatory Requirements and Best Practices

Ontario's Ministry of the Environment, Conservation, and Parks (MECP) provides a guide for municipal Councils to help them understand their responsibilities under the SDWA and provide them with information on how Ontario's drinking water is safeguarded. Through the Standard of Care provisions of Section 19 of the SDWA, Council has a statutory duty as the ultimate decision-making authority over municipal drinking water systems. This does not require technical oversight, but rather to be informed and vigilant.

Generally, the water and wastewater industry continues to experience increased legislative and regulatory reform. There are several requirements that steer how the municipality conducts water and wastewater treatment. As noted, water and wastewater are regulated services and must meet legislated requirements: Drinking Water Systems (Ontario Regulation 170/03); Ontario Drinking Water Quality Standards (Ontario Regulation 169/03); Drinking Water Testing Services (Ontario Regulation 248/03); Drinking Water Quality Management Standards; Ontario Water Resources Act, R.S.O 1990, C.O. 40; Wastewater Systems Effluent Regulations (SOR/2012-139); Water Works and Sewage Works (Ontario Regulation 435/93); Certification of Drinking Water System Operators and Water Quality Analyst (Ontario Regulation 128/04); Licensing of Sewage Works Operators (Ontario Regulation 129/04); and Asset Management Planning for Municipal Infrastructure (Ontario Regulation 588/17).

The purpose of the Acts and Licence are to protect human health through regulation to ensure safe drinking water is supplied and delivered to customers. It also regulates how a municipality is to conduct its wastewater treatment. Compliance must always be ensured at the minimum. Minimum LOS describe the minimum achievement the City must deliver through its water and wastewater treatment systems as directed by regulations.

At each new term of Council, the City invites the Walkerton Clean Water Centre to provide Standard of Care training for the Mayor, Councillors, and municipal staff with oversight responsibility for drinking water treatment and distribution systems. Council and Administration attended this training session on September 11, 2023. The Standard of Care – Safe Drinking Water Act training course was developed by the MECP and the Walkerton Clean Water Centre with significant guidance and input from an Advisory Group of municipal councillors and mayors. It is designed to inform municipal councillors and officials of their oversight responsibilities under Section 19 of the SDWA, effective December 31, 2012. Severe penalties are possible for municipal officials who fail to act in good faith and do not exercise honesty, competence, and integrity to ensure the protection and safety of the users of municipal drinking water systems. Several examples of waterborne disease outbreaks are examined which highlight the importance of competent oversight. The course provides general information about drinking water systems, describes the multiple barrier approach to drinking water treatment and identifies the basic risks associated with drinking water production and distribution. The presentation material provided sources for additional training along with reference materials concerning drinking water. The course is comprised of four modules:

Module 1 – Recognizing Your Duty
Module 2 – Staying Informed
Module 3 – Exercising Vigilance
Module 4 – Case Studies

The Management Review Report, Annual Drinking Water Quality Report, Long-Term Financial Plan (LTFP) and the annual Water and Wastewater budget are Council's most important reports to ensure Standard Duty of Care.

Cornwall's Water and Wastewater Services at a glance

- Serves more than 49,200 residents, as well as businesses in Cornwall; approximately 18,000 residential, institutional, commercial and industrial (IC&I) properties.
- Water and wastewater services are funded through the water and wastewater billing revenue from approximately 18,000 flat rate customer accounts (approximately 17,100 residential and 900 IC&I) and approximately 275 metered accounts (high volume IC&I).
- Water and wastewater user fees (billings) and other revenue sources are used to fund water and wastewater operating and capital.
- Operates 24 hours a day, 365 days per year.
- The services provided are grouped into four service areas:
    1. Water Supply and Distribution – The water system provides water for residential, and IC&I customers, as well as for fire protection. The system serves the City's population as well as some customers from outside the city limits. Treatment, storage, and distribution of over 29,639 cubic meters of potable water is delivered daily to industrial, commercial, institutional, and residential water users, to over 16,000 service connections.

       Staff strive to develop, maintain, and operate the facilities necessary to provide a plentiful supply of high-quality drinking water for our customers. The Department continually monitors regulatory changes and adapts to ensure compliance.
    2. Wastewater Collection and Treatment – The wastewater system collects wastewater from residential, and IC&I customers in the City and treats wastewater in accordance with the provincial and federal governments' environmental regulations and industry standards. Over 43,057 cubic meters of wastewater is collected and treated per day,

from both residential and non-residential properties in Cornwall and returned as clean water to the St. Lawrence River.

3. Stormwater Collection and Flood Protection – The stormwater drainage system is designed to collect stormwater runoff from private and public properties which is generated from rainfall and melting snow in the City. The stormwater collection system is comprised of a network of storm sewers, culverts, roadside ditches, catch basins, maintenance holes, drains, etc., which convey stormwater to local waterways. Additionally, the City also maintains stormwater management ponds, oil/grit separators, etc., which provide stormwater quantity and/or quality control.

4. Customer Service – Customer service is a critical component of the Water and Wastewater budget, ensuring that residents and businesses receive the support they need regarding their water and wastewater services. This service area is divided into two main elements:

    - Utility Billing: This involves the production and collection of utility bills. The goal is to ensure that billing is done efficiently, accurately, and in a timely manner. This includes generating bills, processing payments, and managing accounts. The billing team works diligently to maintain accurate records and provide clear, understandable bills to customers. They also handle any billing inquiries or disputes, ensuring that all issues are resolved promptly and fairly.

      As part of the City's ongoing water meter installation project, bi-monthly billing will be introduced starting January 2026. This will establish the billing framework required for the future implementation of billing based on actual water consumption through metered rates, ensuring a smooth transition to a usage-based system. The transition to bi-monthly billing will be communicated to all customers through multiple channels, including bill inserts, the City's website, and social media. Customer Service staff will be available to assist with inquiries and provide guidance during this change.

    - Communications: This element focuses on being responsive to customer inquiries and needs. It involves maintaining open lines of communication with customers to address their questions, concerns, and feedback. Staff are responsible for providing information about water and wastewater services, including service interruptions, maintenance activities, and new initiatives. They also engage with the community through various channels, such as phone, email, social media, and public meetings, to ensure that customers are well-informed, and their voices are heard.

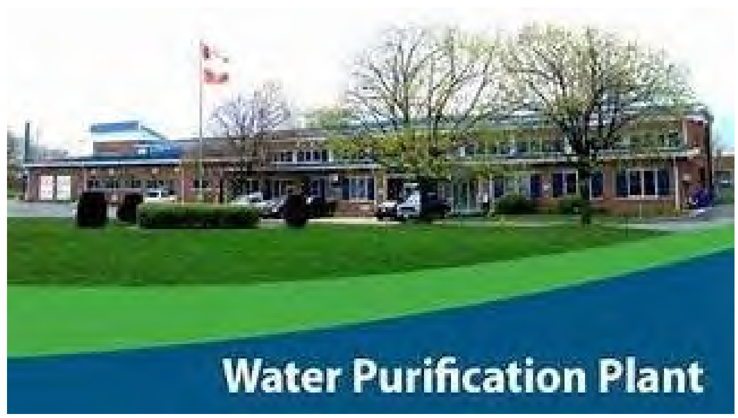
By prioritizing customer service, the City aims to build trust and satisfaction among its residents and businesses, ensuring that they feel supported and valued in all their interactions with staff.

Environmental Services – Water

The primary objective in operating the water system is to provide a continuous supply of clean, safe, and reliable water to Cornwall's homes and businesses. In doing so, all quality, quantity, and environmental standards put forth by City Council, and provincial and federal agencies must be adhered to.

The WPP draws water from the St. Lawrence River at the Robert Saunders Dam through a 3.7 km, 1,050 mm diameter reinforced concrete pipe running along Second Street West and through the Riverdale area to the WPP.

The WPP uses chemically assisted coagulation and flocculation to remove particles suspended in the raw water. These particles clump together and are allowed to settle in tanks that are automatically cleaned at regular intervals. The water is then filtered through anthracite media and treated with ultraviolet (UV) light and chlorine to disinfect any of the remaining harmful pathogens.



The water distribution system (275 km – 2025) is maintained by the Municipal Works, Water Distribution Department. The City has completed an assessment of the water distribution system. The majority of pipes up until 1970 were primarily cast iron. Unlined cast iron watermains are problematic for a number of reasons including but not limited to: tuberculation build-up on the inside of these pipes which creates problems in maintaining minimum chlorine residual levels and reduces available fire flow and are prone to leakage and breaks due to reduced wall thickness and pipe integrity. From 1970 to 1990, ductile iron was the prevalent pipe material and beyond 1990, PVC became the preferred pipe material in most cases. The system is a complex network of pipes, storage facilities, valves, fire hydrants, reservoirs, and an elevated storage tank. In order to meet demands, sufficient pressure is maintained throughout the distribution system by pumps at the WPP and the Boundary Road Reservoir as well as static head pressure provided by the elevated water storage tank located on Tollgate Road East.

The Municipal Works Department has addressed an average of 38 watermain failures per year over the past five years (40 failures to date in 2025). When a watermain failure occurs, a repair can be lengthy and disruptive for the affected water customers, local traffic, and pedestrians. Through proactive asset renewal programs, priority areas can be identified, and steps taken to renew infrastructure to ensure a continued reliable service.

The operations of both the treatment and distributions systems are rigorously inspected annually and, in 2024, earned a 95.30% compliance rating from the MECP. The MECP 2025 inspection occurred in November, and the inspection report is expected in the coming weeks.

Environmental Services – Wastewater

One of the City of Cornwall's largest responsibilities involves the collection and treatment of wastewater. This is accomplished through an extensive sewer network, and the WWTP and pumping station on Montreal Road in the east end of the City. The main objective of the wastewater system is to collect, treat, and dispose of effluents without danger to human health or unacceptable damage to the natural environment. The City strives to maintain high standards in wastewater treatment to ensure there is minimum effect on the environment of the St. Lawrence River.

At the WWTP, primary treatment consists of temporarily holding the sewage in a quiescent basin where heavy solids can settle to the bottom while oil, grease and lighter solids float to the surface. With the assistance of chemicals, solids are separated from wastewater in four settling tanks (clarifiers). The settled and floating materials are removed and the remaining liquid is discharged to secondary treatment. The wastewater leaving the clarifiers is directed to Biological Aerated Filters (BAF) where secondary treatment occurs. The water leaving these filters is disinfected with UV radiation prior to discharge to the St. Lawrence River. The solids portion is sent to a thickening facility prior to digestion and dewatering, after which the material is transported to an outside facility for processing into a beneficial reuse material, rather than being disposed of at the City's landfill.

The Biosolids, Organics and Septage Master Plan (BOSMP) was completed and was adopted by Council at the August 13, 2024, meeting. The BOSMP identified 'Processing by Others' as the Recommended Alternative to address the long-term management of WWTP biosolids in a sustainable manner. Under this plan, the biosolids generated from the WWTP are now diverted from the landfill and utilized in a resource recovery process (i.e. to make fertilizer). This approach offers multiple benefits, including conserving valuable landfill space, being the most cost-effective option, minimizing impacts on current operations, and promoting circular economy practices.

The wastewater collection system (416 km – 2025) is maintained by the Municipal Works, Wastewater Collection Department (storm, sanitary, and combined sewers) including associated appurtenances, such as: catch basins, maintenance holes and sewer laterals. This department is also responsible for pumping stations, urban drainage maintenance, and flood control.

Municipal Works has addressed an average of 68 sewer lateral repairs per year over the past five years (64 repairs to date in 2025).

The stormwater management system functions to control flooding and help filter out sediments collected by stormwater flow before it reaches waterways.

The combined sewer network is a sewer system which accepts both stormwater and sanitary sewage. Combined sewers are part of the original municipal wastewater collection system and are typically found in the oldest sections of the City. When the opportunity arises through road reconstruction, combined sewers are separated by installing a second pipe in order to provide a dedicated pipe for stormwater collection and a dedicated pipe for domestic sewage collection.

When combined sewer systems experience higher than normal flows, relief systems cause discharges containing human and industrial waste to flow untreated directly into the St. Lawrence River. These events are known as Combined Sewer Overflows (CSO). The City has experienced 7 CSO events to date in 2025 which has resulted in 77,107 cubic meters of diluted wastewater discharged directly to the St. Lawrence River.

Combined sewers can cause serious water pollution problems during CSO events when combined sewage and surface runoff flows exceed the treatment capacity of the WWTP. Although it is acknowledged that CSO events are serious concerns which can cause both negative environmental and lifestyle consequences, it must be understood that in Cornwall, CSO events only occur primarily as a result of heavy rainfall events and/or rapid snow melt occurrences when the wastewater collection system reaches storage capacity. As a result, the effluent discharged into the river is heavily diluted with stormwater. As further perspective, the WWTP treated 15,715,809 cubic meters of wastewater in 2024. During 2024, the WWTP experienced 11 CSO events comprised of a total volume of 97,637 cubic meters of effluent which represents approximately 0.62 percent of the total volume of wastewater treated. The MECP requires that each CSO event is reported to the MECP as well as made publicly available. Also, between April 1 and October 31, that all dry weather flow and 90 percent of wet weather flow is treated at the WWTP. The City has met all MECP CSO requirements in 2025.

Environmental Initiatives

Biosolids, Organics, and Septage Master Plan (BOSMP)

In 2018, the Provincial Government of Ontario released the Food and Organic Waste Policy Statement which requires municipalities with populations between 20,000 and 50,000 to implement an organic food waste collection program by 2025, capturing at least fifty percent of organics from single-family dwellings. In response, Cornwall began planning for compliance. In October 2023, Council directed Administration to include multi-residential and IC&I properties, ensuring maximum diversion and maintaining existing collection routes. This directive set the stage for a comprehensive approach to organics management.

Over the past several years, the City has undertaken extensive studies and planning efforts to meet evolving regulatory requirements. In 2021, feasibility studies examined co-digestion and energy generation at the WWTP and assessed the potential for curbside organics collection.

These studies informed the development of the BOSMP, awarded to GHD Limited in March 2023. Presented to Council in August 2024, the BOSMP provided a holistic strategy for managing these material streams, evaluating technical and financial feasibility, and identifying preferred solutions based on cost, scalability, and environmental impact. The preferred management of BOSMP alternatives addressed the following short-term and long-term goals:

- Extend the overall operating lifespan of the landfill through diversion of biosolids, source separated organics (SSO) and potential other waste stream materials;
- Reduce the overall amount of Greenhouse Gas (GHG) emissions through diversion from landfill and potential utilization of resource recovery technologies;
- Flexibility to accommodate changes in waste stream feedstock composition/tonnage over time and processing adaptability to recover additional waste process products such that the solution is easily scalable;
- Optimize operational, financial and environmental benefits of biosolids, SSO and septage from collection phases to end use/disposal phases;
- Adhere to all required and relevant environmental legislation on local, provincial and federal levels, while also taking advantage of potential grants and funding opportunities; and
- Protect public health and the environment.

The BOSMP identified the following preferred solutions based on alignment with the City’s objectives, ability to divert waste from the City’s landfill to conserve space, and the lowest net present value on a cost per tonne basis over a 20-year project lifecycle:

- Biosolids: proceed with Request for Proposal (RFP) to third-party vendors for haulage of material off-site and for re-use as a beneficial material (solid amendment, compost bulking, etc.) since it is the lowest cost over a 20-year lifecycle and requires no significant capital investment at the WWTP;
    - ➢ RFP awarded and implemented in 2025, included in 2026 operating budget.
- Organics:
    - o Proceed with design and construction of a new transfer station at the existing landfill site; and
        - ➢ design completed, construction pending ECA amendments
    - o Proceed with RFP to third-party vendors for haulage of organic material from the new transfer station to an alternative site for beneficial re-use. It requires the least capital investment, and the lowest cost per tonne over a 20-year lifecycle for the project.
        - ➢ RFP awarded and implemented in 2025, included in 2026 operating budget.
- Septage:
    - o Proceed with capital project to implement a septage receiving station at the WWTP;
        - ➢ As part of the BOSMP, the City reviewed alternatives for a septage receiving station. The City's septage receiving station is currently located on the landfill property, which accepts septage into the leachate collection system and is ultimately sent to the WWTP for treatment. Previous directions from the MECP have concluded that this method of septage receiving is not acceptable moving forward, and an alternate process to receive septage at a location outside of the landfill and leachate collection system must be implemented. The existing process of disposing septage at the landfill into the leachate collection system is not desirable for the City either and could potentially compromise the leachate collection system at the landfill as well as the sewer collection system downstream. The BOSMP recommended that a septage receiving facility be implemented at the WWTP.
        - ➢ Design included in 2025 capital budget. Construction included in the proposed 2026 budget.

Implementation milestones in 2025 included transitioning biosolids to third-party processing for beneficial reuse, awarding contracts for organics haulage and processing, and completing the design for a septage receiving facility at the WWTP.

In alignment with recommendations from the BOSMP and the 2019 Landfill Financial Sustainability Report, the City implemented incremental tipping fee increases for IC&I waste generators to ensure full cost recovery and encourage diversion. The first increase, approved in August 2022, raised the fee from $85 per tonne to $125 per tonne effective January 1, 2023. A second increase to $164 per tonne was approved in September 2023 and took effect January 1, 2024, achieving full cost recovery. In 2025, fees were adjusted by Consumer Price Index (CPI). For 2026, the tipping fee for IC&I waste generators will increase from $165 per tonne to $170 per tonne, while residential tipping fees will rise from $100 per tonne to $105 per tonne. Future increases will be considered as part of the City's tax base budget process. These adjustments have reduced IC&I waste volumes and accelerated the diversion of biosolids, which previously accounted for up to 26% of IC&I waste at the landfill.

The City has achieved significant progress in advancing sustainable waste management practices. These initiatives have delivered measurable benefits. The implementation of a suite of diversion initiatives over the last number of years, including the transition to off-site biosolids processing, the launch of curbside organics collection, the adoption of a clear bag policy, and incremental increases to tipping fees, has had a transformative effect on the landfill's projected lifespan. These initiatives have substantially increased the residential diversion rate, reduced the volume of IC&I waste, and preserved valuable landfill capacity. Through strategic investments and policy changes, the projected landfill closure date has been extended by fifteen years, from 2032 to 2047, marking a major milestone in environmental stewardship and financial sustainability. This accomplishment reflects the City's commitment to meeting provincial mandates, protecting public health, and supporting climate action goals. The City's commitment to maximizing diversion and optimizing operational practices ensures that the landfill will continue to serve the community for years to come, while supporting broader climate action and environmental goals.

<u>Water Conservation and Water Metering</u>

In 2021, the City completed a Water Conservation and Servicing Master Plan (WCSMP). The WCSMP assessed the impacts of utilizing water demand initiatives such as the implementation of city-wide water meters, rate structure alternatives, and rebate programs to promote water conservation. By collectively reducing the amount of water we use as a community, the City can save money by reducing treatment costs, reserving treatment plant capacity to accommodate future growth, extending life of underground infrastructure, and limiting opportunities for untreated or partially treated wastewater to be discharged back to the St. Lawrence River. Council approved the recommendations set forth in the WCSMP at its September 21, 2021, meeting.

In 2022, the City began offering rebates of $50 towards the replacement of high-water-use toilets with high-efficiency WaterSense© labeled units (4.8 litres per flush or less). Rebates are only available for the installation of qualifying toilets in homes and businesses built prior to 1997, with a limit of two rebates per customer.

Over the past several years, the City has allocated a total of $100,000 towards the toilet rebate program. This program is continuing into 2026. Moreover, the City has contracted the St. Lawrence River Institute to offer free residential water-use audits to identify water saving opportunities and specific retrofit opportunities to reduce water use. Audits address indoor and outdoor water use. The audit program launched in the Fall of 2022 and will continue in 2026. As the implementation of metered billing approaches, it is anticipated that there will be an increase in requests for water-use audits, as well as greater utilization of the toilet rebate program.

Also in 2022, the City engaged the services of a consulting firm, Diameter Services, through an RFP process to provide expertise and project management services for the design, procurement, and installation of a universal water metering system and AMI.

As part of the scope of work, Diameter Services completed the Findings and Recommendations Report which culminated Phase 1 of the project and presented Diameter's findings and recommendations, and the estimated costs to successfully implement universal water metering in the community. The Findings and Recommendations Report adopted by Council at the June 26, 2023, meeting, provided the background information and the business case to support 14 key recommendations to guide the decisions relating to the universal water metering project. The Financial Plan prepared by Diameter Services provided a summary of the anticipated capital and ongoing operating costs associated with the implementation of the project. This report provided a financial comparison of two key AMI technologies: a Standalone AMI Fixed Network (estimated $17.0 million), and a Cellular AMI Network (estimated $17.5 million).

At the May 28, 2024, meeting, the RFP for the implementation of universal water metering in the City was awarded to Neptune Technology Group Canada (Neptune). The scope of work being undertaken by Neptune encompasses the supply, installation, and implementation of a Universal Water Metering and Advanced Metering Infrastructure (AMI) System. Neptune is responsible for supplying and installing water meters with radio transmitters at all water service connections within the City, establishing an AMI data collection network with comprehensive service area coverage, and delivering a fully functional AMI meter data collection, analysis, and management software along with the necessary training. The implementation phase of the project commenced at the end of 2024 and was projected to span 29 months, with the City transitioning to a consumptive rate structure by 2027.

As of November 2025, the City's universal water metering program is progressing steadily, with over 50% of all planned installations completed and approved. Neptune is proceeding with installations across residential, commercial, and industrial properties. To date, 15,332 accounts have been released to Neptune, and 9,580 meters have been installed and approved as of the end of November, with additional appointments booked and the remaining accounts to be released in the coming months. The last area to be released to Neptune for installation is

Eamer's Corners, which will be released later this year. The City is actively engaging residents through public information sessions, direct mail and social media. The project remains on track for completion by Fall 2026, with metered billing for all customers scheduled to begin in 2027. Residents will soon have access to a customer portal for real-time water usage monitoring and leak detection, supporting the transition to fair, consumption-based billing and enhanced water conservation.

Implementing water metering will offer numerous benefits, including enhanced water conservation, fair and equitable billing for consumers, and improved leak detection within the water distribution system. Additionally, it will facilitate operational ease and cost savings at both the WPP and WWTP, conserve capacity at these facilities to accommodate future growth, and increase opportunities for government grants and funding that require water metering data as well as a system which promotes water conservation.

Water Purification Plant Secondary Raw Water Intake

In 2020 and 2021, to ensure redundancy of the raw water supply to the WPP, a Municipal Class Environmental Assessment (EA) was conducted to identify alternatives for a secondary raw water intake. EVB Engineering, in collaboration with Jacobs Engineering, was awarded RFP 20-P02 to carry out the EA, which involved evaluating alternative designs and developing a recommended solution for the secondary raw water intake. Currently, the City has only one (1) existing gravity raw water intake which is approaching the end of its useful life which poses a significant risk to the municipality. The existing intake to convey raw water by gravity from the St. Lawrence River to the WPP is a 3.7km long, 1,050mm diameter pipe that was constructed in 1955 and is reaching the end of its expected life. Additionally, the intake pipe has previously had blockage issues due to zebra mussels and frazil ice. As a result of not having intake redundancy, any pipe blockage or infrastructure failure would result in the City not receiving any incoming raw water and the City's reservoirs only have four to six hours of storage in this event. After this time, critical services such as hospitals and fire protection, as well as all residents, would be without water.

A long list of potential alternative solutions were developed as part of the EA process. These alternative solutions were screened to identify a shortlist for further evaluation using a multi-criteria analysis tool developed by the project steering committee.

The EA identified solutions to address the risks associated with the City's single raw water intake infrastructure. Council received the report at its November 1, 2021, meeting. The multi-criteria analysis yielded two preferred solutions for the project. A new intake near King Street and a new intake near the former Domtar site. Considering their similarities, both alternatives were recommended to move forward until supplementary studies have been undertaken and the land acquisition was completed.

The EA included a 10-year plan that the City should follow to ensure the successful completion of the project. The tasks outlined in the 10-year plan have commenced, with the geotechnical, natural environment, and archaeological studies of the preferred site alternative (King Street location) now completed. The remainder of the 10-year plan tasks includes detailed design, funding applications, permits, approvals, tendering, and construction.

In the 2026 Water & Wastewater budget submission, Administration is continuing to contribute to a reserve for the municipal component of the project with the intent of securing funding from the provincial and federal governments in the future for the design and construction phase of the project.

Over the coming years, the goal is to incrementally increase the annual contribution to the reserve until it matches the expected annual financing payments associated with the municipal component of the project in order to minimize the impact to ratepayers upon completion of the project.

The Raw Water Intake Redundancy capital project is estimated at $42.3 million in 2022, increasing to $51.6 million in 2027 and $65.9 million in 2032. The municipal component of the project, assumed to be one-third of eligible project costs, is included in the 10-year financial plan. The EA has been finalized, and the preferred location has been identified. The City has been lobbying for senior government funding to support the project's completion. This process has already commenced with delegations to ministers at the AMO, ROMA, and Good Roads conferences, a visit to the WPP from the MECP minister, and direct advocacy with the premier's office as well as ministers' offices. Funding for design and construction has been allocated in the 10-year capital forecast, with the intention to apply for provincial and federal grants as applicable; an application to the Health and Safety Water Stream has been submitted. The purpose of a secondary raw water intake is to provide the necessary redundancy of raw water supply to the WPP.

<u>2023 Emergency Management Mandatory Training Scenario – Water Intake</u>

The City has identified that a failure of the raw water intake would present a serious risk and have significant financial impact on the community. To proactively prepare for any potential raw water intake failure, the City has focused on developing contingency plans to mitigate the impact of such an event. As part of the Secondary Raw Water Intake EA, a detailed Emergency Response Plan for a Catastrophic Failure of the Raw Water Intake System was prepared. These plans involve identifying alternative water sources, implementing emergency pumping systems, and establishing communication protocols to ensure prompt response and coordination. Although an Emergency Response Plan has been developed, it is still anticipated to take a minimum of ten days before full drinking water service is restored.

In 2023, the emergency control group selected a failure of the raw water intake system as the basis of a mandatory test scenario. The City has since implemented the lessons learned from this scenario into the Emergency Response Plan. By investing in comprehensive planning, the City aims to safeguard the community's water needs and maintain uninterrupted access to safe and clean drinking water, even in the face of unexpected challenges. This planning is being undertaken with the long-term goal of having a secondary raw water intake available. A secondary raw water intake will ensure the redundancy of a critical piece of infrastructure and safeguard the health and safety of the citizens of Cornwall.

Climate Action Plan & Climate Adaptation Plan

The City of Cornwall declared a climate emergency in 2021, recommending the adoption of a GHG reduction target and the development of a Climate Action Plan (CAP). At the June 27, 2022 Council meeting, the CAP was awarded to Pinna Sustainability Consulting through an RFP process. The CAP was presented and endorsed by Council on April 11, 2023. It outlines a path forward for a zero-carbon community resilient to climate change, identifying various projects and policy initiatives to achieve climate change adaptation goals and overall GHG reductions. The CAP also guides the development of existing green initiatives within the City, providing a GHG reduction goal with clearly defined targets, including a baseline year and a target year. These targets have been publicly presented, ensuring transparency, accountability, and credibility in the target-setting process. The City will strategically implement the CAP's recommendations with Council approval.

In June 2025, Council endorsed the City's Climate Adaptation Plan, titled Climate Resilient Cornwall (CRC). This ten-year plan provides a framework for preparing Cornwall for the impacts of climate change, focusing on building resilience across municipal operations, infrastructure, and the community. Developed through extensive consultation, CRC identifies local climate risks, such as extreme heat, flooding, and severe storms, and sets out strategic actions in areas including energy resilience, health and safety, infrastructure, natural environment, and planning. The plan aligns with the CAP and supports City's goal to achieve net zero emissions by 2050, while ensuring the City is equipped to adapt to future climate challenges.

The proposed 2026 Water and Wastewater budget aligns with the goals of the CAP and CRC by incorporating measures that support GHG reduction and climate resilience. This alignment ensures that the City's water and wastewater infrastructure projects contribute to the overall objectives of the CAP and CRC, promoting sustainability and environmental stewardship.

Asset Management Planning Regulation

The Infrastructure for Jobs and Prosperity Act, 2015 in section 6(2) sets out principles for the provincial government to regulate asset management planning for the 444 municipalities in Ontario.

Ontario Regulation 588/17, under the Infrastructure for Jobs and Prosperity Act, sets out phased requirements for municipal asset management planning. The regulation aims to ensure municipalities plan for the sustainable management of infrastructure, balancing service delivery, risk, and financial capacity.

Due to the significant operational and financial impacts of the COVID-19 pandemic, the Province of Ontario amended O. Reg 588/17 in March 2021, extending all upcoming compliance deadlines by one year. This extension was in response to advocacy from municipal organizations and allowed municipalities additional time to meet regulatory requirements.

Ontario Regulation 588/17 also requires municipalities to discuss a process for aligning their asset management planning with their water financial plans prepared under the *Safe Drinking Water Act, 2002.*

The City’s 2022 Asset Management Plan (AMP) for core municipal infrastructure assets was prepared by GM BluePlan Engineering Ltd. and endorsed by Council, ensuring compliance with Phase 2 of Ontario Regulation 588/17. In 2024, the City expanded its asset management planning with a corporate-wide AMP developed by GEI Consulting Canada Inc., which was adopted by Council and submitted to the Ministry of Infrastructure in compliance with Phase 3.

In the summer of 2025, City staff initiated Phase 4 of its asset management planning work under Ontario Regulation 588/17, partnering with GEI Consulting to advance the development of its comprehensive AMP. This phase focuses on establishing proposed levels of service (PLOS), lifecycle management strategies, and robust financial planning for all municipal infrastructure assets, in alignment with provincial requirements. Throughout the process, GEI Consulting has worked closely with City staff to ensure the AMP reflects best practices, community priorities, and Council's strategic objectives. The completed 2025 Asset Management Plan will be presented to Council at its December 8, 2025 meeting, alongside the updated Asset Management Policy, marking a significant milestone in the City's commitment to sustainable infrastructure management and regulatory compliance.

The regulation ensures municipalities have robust, evidence-based asset management plans that inform infrastructure investment decisions, support long-term financial sustainability, and align with provincial funding requirements. The phased approach allowed municipalities to gradually build capacity and improve their asset management practices. In 2030 and every five years thereafter, municipalities will review and update the AMP and Policy to ensure ongoing compliance with the regulation.

Compliance with Ontario Regulation 588/17 is required for senior government capital funding programs like the Canada Community-Building Fund, formerly the Federal Gas Tax Fund.

Asset Management Planning

The City has an established asset management program which consists of asset management practices and integrated processes that work together to manage the assets that provide municipal services. These processes are in place to balance the lifecycle activities that need to be performed on assets to ensure that the City provides a LOS that meets public expectation.

Asset management is a process that involves continuous monitoring of the assets' condition, costs, risks, age, performance, and estimated useful lives to systematically identify and prioritize the City's investment needs.

The importance of asset management planning includes:

1. Maximizing Benefits: By strategically planning and managing assets, the City can maximize the benefits derived from its infrastructure investments. This includes extending the lifespan of assets and ensuring they perform efficiently.

2. Risk Management: Asset management helps in identifying potential risks associated with infrastructure assets and developing strategies to mitigate these risks. This proactive approach reduces the likelihood of unexpected failures and associated costs.

3. Sustainable Service Delivery: Effective asset management ensures that the City can provide consistent and reliable services to the public. This involves balancing lifecycle activities such as maintenance, renewal, and replacement of assets.

4. Financial Planning: It involves strategic financial planning and priority setting to align long-term capital plans with available financial resources. This ensures that the City will be able to fund necessary infrastructure projects without compromising financial stability.

5. Informed Decision-Making: AMPs are crucial for making informed decisions about building, operating, maintaining, renewing, replacing, and disposing of infrastructure assets. These plans provide a clear framework for managing assets over their entire lifecycle.

Asset management plans form the cornerstone of an effective asset management system. The basic building blocks of the step-by-step methodology are founded upon the WERF (Water Environment Research Foundation) SIMPLE (Sustainable Infrastructure Management Program Learning Environment) process. The objective of SIMPLE is "*to drive a broad range of benefits to the industry by providing a systematic rationalization for determining where the most cost-effective investment in the asset portfolio is, over the lifecycle of the asset portfolio (that is, directing limited dollars toward the optimal application in any given budget cycle)*".

The five major, generally recognized components of an AMP include:

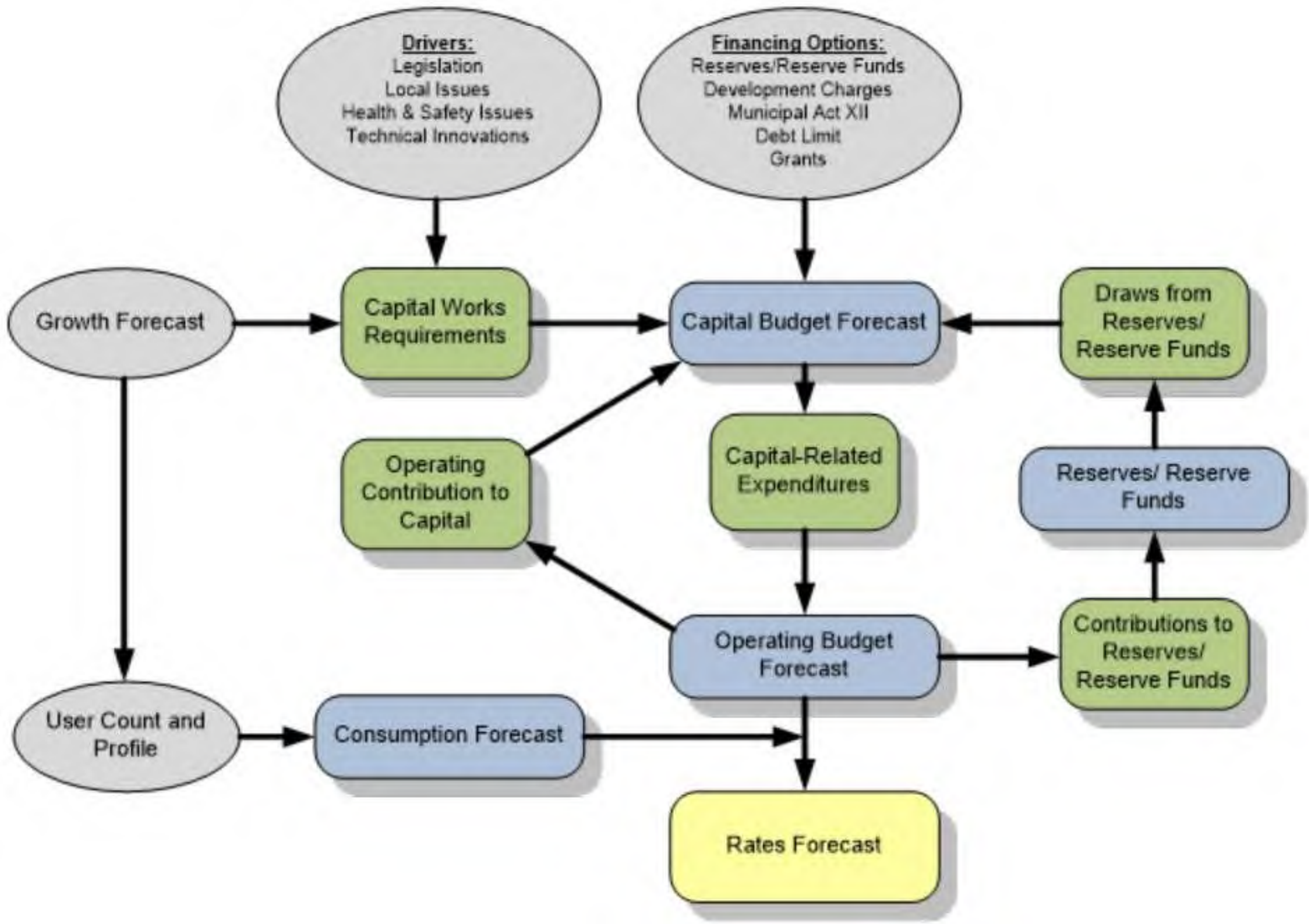
- Current State of Assets: Conducting an inventory and condition assessment of the municipality's assets.
- Defining LOS and PLOS: Establishing the LOS that the municipality aims to provide.
- Lifecycle Costs: Determining the costs associated with the entire lifecycle of assets.
- Long-Term Funding Strategies: Developing strategies to fund the maintenance and replacement of assets over the long term.
- Implementation Plan: Creating a detailed plan for implementing asset management practices.

Improved municipal asset management planning is a vital step in Ontario's Municipal Infrastructure Strategy. Municipalities have been required to demonstrate a progressively greater commitment to asset management in order to request infrastructure funding as asset management guides municipalities in making informed infrastructure investment decisions for today and the future.

Financial and Management Framework

The Water and Wastewater budget represents a component of the City's operations that are supported by user fees. The City charges water and wastewater fees to property owners based on water fixtures (residential, small commercial) as well as water consumption (non-residential metered). The annual fees are intended to ensure that there is full cost recovery to the City for providing safe drinking water and maintaining the water and wastewater infrastructure.

The 2026 budget is based on a financial framework which provides a roadmap, endorsed by City Council, to proactively ensure the long-term integrity of these essential services.



The elements of the framework are based on the Water Conservation and Servicing Master Plan (Watson, 2021), 2022 Asset Management Plan for Core Infrastructure Assets (GM BluePlan), Water and Wastewater Financial Plan (Waston, 2025), Asset Management Plan (GEI Consulting Canada, 2025), and the Long-Term Financial Plan (KPMG, 2025).

Through the financial framework, the process is designed to address full cost recovery principles and reflects the guiding principles toward sustainable financial planning.

Financially Sustainable Water and Wastewater Systems

Water and wastewater services continue to strive towards efficient and effective systems while achieving financial sustainability. Achieving financial sustainability requires long-term planning, securing sufficient revenue to recover system costs, safeguarding against unexpected circumstances, managing service debts, and saving for future capital needs. As experienced in other municipalities, this is challenged by a significant infrastructure backlog. The term backlog refers to an accumulation of overdue capital work that has not been addressed due to resource limitations. The accumulation of backlog can lead to a decline in asset performance, increased risk of asset failures, decreased overall operational efficiencies, and reduced ability to meet public expectations and LOS.

The LTFP and the Water and Wastewater Financial Plan established a comprehensive revenue framework which seeks to sustain continued operations and infrastructure investment while ensuring healthy Water and Wastewater Reserve balances. The key assumptions in the LTFP are reviewed and updated annually reflect changes to the financial operating environment.

The *Municipal Act, 2001* requires that all municipal user fees be established in a way that there is a transparent and direct relationship between the fees being charged and the full cost accounting of the service being provided. Revenue collected must be utilized to meet the needs of these services - and not other services.

Water and wastewater operational costs are fully funded through direct fees and service charges from water and wastewater billings. The water and wastewater billings fund both operating and capital expenditures. The City does not fund any costs associated with providing water or wastewater services from tax levies.

A detailed Water Financial Plan was endorsed by Council at the September 22, 2025, Council meeting. The Financial Plan is part of the required documentation to be submitted to the MECP and the Ministry of Municipal Affairs and Housing as part of the City’s renewal application for its Municipal Drinking Water Licence to operate the water system. The City's previous Financial Plans were filed with the Province in 2010, 2015, and 2020. Following adoption of the 2025 Water Financial Plan, it was submitted to the MECP and Ministry of Municipal Affairs and Housing (MMAH) as part of the City’s water license renewal application. The review process can take up to six months to complete.

At its meeting of November 23, 2020, Council received an update on the 2019–2023 Energy Conservation and Demand Management Plan (ECDMP). A goal of the ECDMP is to continuously reduce the energy requirements of City facilities (including the WPP and WWTP) to lower operating costs and energy consumption. Initiatives of the ECDMP are included in the financial plan and the capital planning process, and they also form part of the goals of the City’s Climate Action Plan and Climate Adaptation Plan.

Council Direction

Council has directed a move towards full cost recovery for the Water and Wastewater budget to ensure the system's financial stability. This approach aligns the true cost of service provision with the fees charged to users, reflecting the actual costs of providing services, including direct operation, maintenance, and infrastructure capital costs. The goal is to provide a stable financial base, ensuring the long-term sustainability and reliability of these critical systems. This model is a commitment to responsible utility service management, benefiting both current and future generations.

Strong Mayor Budget

This 2026 Water and Wastewater Budget has been prepared and proposed by the Mayor under Ontario's Strong Mayor framework, in accordance with Part VI.1 of the *Municipal Act, 2001* and Ontario Regulations 530/22 (Special powers and duties of the head of council) and 580/22 (Provincial priorities). In keeping with the applicable legislation, the Mayor's budget is subject to Council's statutory review, amendment, veto, and override timelines (30-day amendment window; 10-day mayoral veto period; 15-day Council override period by two-thirds vote), ensuring alignment with provincial priorities while preserving Council's role in oversight and accountability.

In accordance with this authority, the Mayor has made the following changes to the staff proposed budget:

Water Budget Reduction - $336,460

- Delete provisional items associated with Water Network Improvements capital project ($260,000)
- Reduce contracted services for backhoes in the water section. Administration to purchase a backhoe through capital budget ($75,000)
- Elimination of the dumpster at the WPP ($1,460)

Wastewater Budget Reduction - $227,718

- Reduce contribution to Reserve to align with LTFP balance ($226,316)
- Reduce car allowance ($1,402)

Rate Overview

Through the WCSMP, the water and wastewater rates have been forecasted such that revenue will be sufficient to fund the long-term capital needs of the systems, providing for the sustainable replacement of infrastructure and the ongoing operation and maintenance of the systems. Aligning the budget with the WCSMP would also address the existing inequity between the flat (per fixture) customers and the metered (consumptive) customers.

The WCSMP forecasted the flat (per fixture) rates to increase by 5% annually over the 2022-2024 period, while the metered (consumptive) rates have been forecasted to increase by 10% in 2022 and 2023 and 5.9% in 2024.

The initial plan for the implementation of a universal metering system was to have it go live in 2025. The timeline was adjusted. The installation of water meters began in January 2025, starting with the East End areas as part of the city-wide rollout. The program is being implemented in phases across neighborhoods, with completion targeted for Fall 2026 and metered billing for all users (residential and non-residential) scheduled to start in early 2027.

In 2022 and 2023, the City in trying to reduce the financial impacts caused by the COVID pandemic, supported its water and wastewater budget from reserves (2022 - $600,000; 2023 - $1,200,000). In 2024, Council approved a budget that realigned the 2024 budget with the 2024 WCSMP and in 2025, Council approved the budget as submitted. Over the four year period, the budget was realigned with the WCSMP.

The following table provides a comparison of the total water and wastewater billings outlined in the WCSMP to the approved 2022, 2023,2024, and 2025 budgets.

	Water & Sewer Conservation Plan			Approved Budgets			Variance to Plan		
Year	Water	Wastewater	Total Billings	Water	Wastewater	Total Billings	Water	Wastewater	Total Variance
2022	8,997,513	11,544,260	20,541,773	8,797,513	11,144,260	19,941,773	(200,000)	(400,000)	(600,000)
2023	9,574,632	12,266,048	21,840,680	8,974,632	11,666,048	20,640,680	(600,000)	(600,000)	(1,200,000)
2024	10,190,690	12,982,269	23,172,959	10,129,120	12,917,307	23,046,427	(61,570)	(64,962)	(126,532)
2025	10,935,017	13,403,199	24,338,216	11,635,659	14,488,256	26,123,915	700,642	1,085,057	1,785,699
All years	39,697,852	50,195,776	89,893,628	39,536,924	50,215,871	89,752,795	(160,928)	20,095	(140,833)

Based on the 2026 budget submission, flat (per fixture) customers would see a 5.49% increase. In the sample properties illustrated in the following chart, the annual increase would range between $48.11 to $68.56 depending on the number of fixtures. The average cost would increase by 15₵ per day from $2.95 to $3.10. In 2026, metered customers would see a 24.91% increase. In the samples properties illustrated in the chart, the increase would range between $2,387.32 to $9,549.27 depending on volume consumed. Currently, metered customers pay 80.3₵ per cubic meter plus the sewer surcharge at 138.81%. Applying the new rate would increase the charge to 98.97₵ per cubic meter. The sewer surcharge would increase to 141.94%.

FLAT (PER FIXTURE) RATES				
Sample Property	**2025**	**2026**	**$ Inc**	**% Inc**
1 bath, outside tap, no pool	$875.66	$923.78	$48.11	5.49%
1-1/2 bath, outside tap, no pool	$1,095.66	$1,155.86	$60.20	5.49%
2 full bath, outside tap, pool	$1,247.92	$1,316.48	$68.56	5.49%

NON-RESIDENTIAL (METERED) CONSUMPTIVE RATES				
Sample Property	**2025**	**2026**	**$ Inc**	**% Inc**
5,000 m^3	$9,584.83	$11,972.15	$2,387.32	24.91%
10,000 m^3	$19,169.66	$23,944.30	$4,774.64	24.91%
20,000 m^3	$38,339.32	$47,888.59	$9,549.27	24.91%

If Council adopts the budget as presented, water billings would increase by $841,233 or 7.23% and wastewater billings would increase by $938,418 or 6.48%. Overall, utility billings would increase by $1,779,651 or a blended billing increase of 6.81%.

The following table provides the increases to billings and rates that were approved by Council for the years 2022, 2023, 2024, and 2025, and the proposed rate increases for 2026.

	Water Billings			Wastewater Surcharge		
Year	Billings	$ Change	% Change	Surcharge	$ Change	% Change
2022 Flat 2022 Meter	8,797,513	340,276	4.02%	11,144,260	237,961	2.18%
2023 Flat 2023 Meter	8,974,632	177,119	2.01%	11,666,048	521,788	4.68%
2024 Flat 2024 Meter	10,129,120	1,154,488	12.86%	12,917,307	1,251,259	10.73%
2025 Flat 2025 Meter	11,635,659	1,506,539	14.87%	14,488,256	1,570,949	12.16%
2026 Flat *2026 Meter*	*12,476,892*	*841,233*	*7.23%*	*15,426,674*	*938,418*	*6.48%*

	Combined Water and Wastewater					
Year	Combined	$ Change	Combined	Rate Inc	% Change	WCSMP
2022 Flat 2022 Meter	19,941,773	578,237	2.99%	$13-$19	1.92% 6.77%	5.00% 10.00%
2023 Flat 2023 Meter	20,640,680	698,907	3.50%	$21-$30	2.99% 7.89%	5.00% 10.00%
2024 Flat 2024 Meter	23,046,427	2,405,747	11.66%	$75-$108	10.61% 16.36%	5.00% 5.90%
2025 Flat *2025 Meter*	*26,123,915*	*3,077,488*	*13.35%*	*$89-$126*	*11.25%* *17.96%*	
2026 Flat *2026 Meter*	*27,903,566*	*1,779,651*	*6.81%*	*$48-$69*	*5.49%* *24.91%*	

The City has engaged Watson & Associates Economists Ltd. to complete an updated Water and Wastewater Rate Study in 2026. This study will review current rate structures and financial forecasts to ensure alignment with the City's 2025 AMP, universal metering implementation, and full cost recovery objectives. The analysis will incorporate updated consumption data, customer profiles, lifecycle costs, and capital requirements, including major projects such as the Secondary Raw Water Intake. The Rate Study will provide recommendations to support sustainable funding, equitable rate structures incorporating a consumptive rate, and compliance with provincial regulations.

Upon Council approval of the updated Water and Wastewater Rate Study, Administration will inform the public about the proposed rate structure to be implemented as part of the transition to metered billing in 2027. Completing the study will enable the City to better support this transition by increasing public communication throughout 2026 and integrating the information into the rollout of the City's new water portal, which will allow residents to track and monitor their water consumption before metered billing begins. The study's findings will guide future budgets and rate-setting decisions, ensuring financial stability and reliable service for current and future users.

Reserves

The Reserve and Reserve Fund Policy establishes targeted levels for the Water Works Reserve and the Wastewater Works Reserve to ensure financial stability and the ability to maintain service levels during unforeseen events. These reserves provide funding to mitigate the impact of significant rate increases or unexpected issues and to fund annual deficits. These policy balances typically represent minimum or target levels rather than actual year end projections.

By contrast, the LTFP provides a multi-year roadmap, outlining planned contributions and withdrawals for capital projects, operating needs, and strategic priorities. Because the LTFP accounts for future spending commitments, projected balances may temporarily fall below policy targets, reflecting the timing of planned investments. The LTFP incorporates a lifecycle costing model to fund projects that are not typically financed through long-term debt, and reserves are managed to maintain positive balances during major capital spending years.

Staff have reviewed both reserve balances to identify opportunities to reduce borrowing requirements and minimize impacts on user rates. The following schedule shows planned contributions to and withdrawals from the Water Works and Wastewater Works Reserves through December 31, 2026.

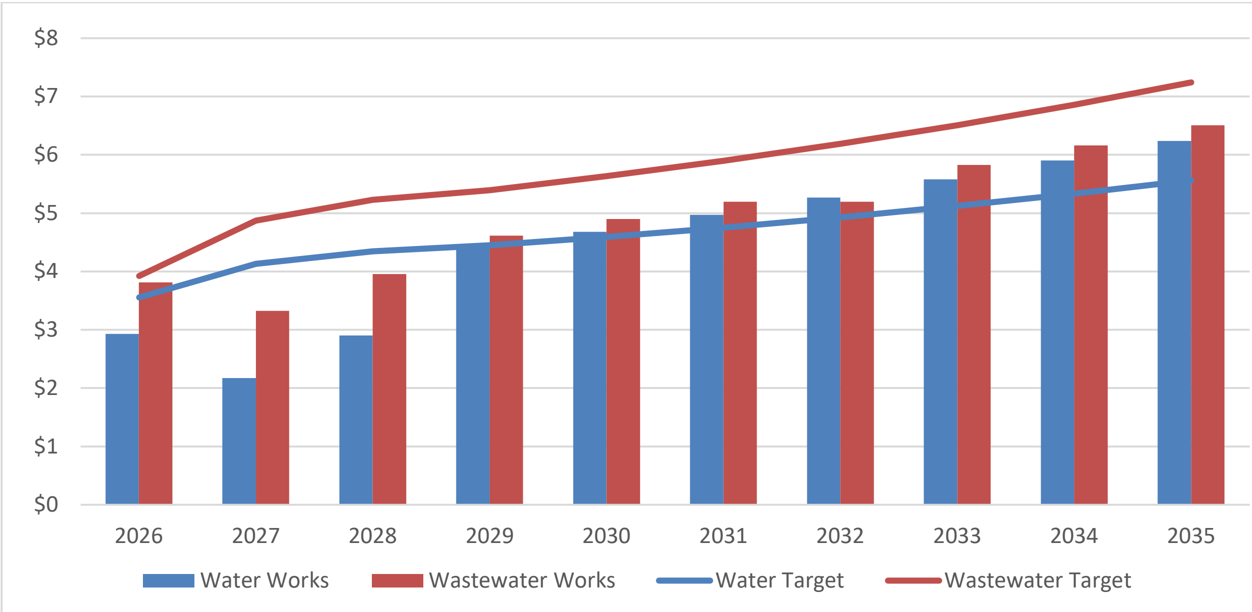
2026 Detail of Reserves
Estimated December 31, 2026

	Opening Balance	Withdrawals	Additions	Ending Balance	Target Balance at Dec 31/26	2017 LTFP at Dec 31/26
Water Works Reserve	**3,476,271**	**(6,885,000)**	**6,337,500**	**2,928,771**	**3,559,189**	**4,046,198**
Budgeted Contribution			5,740,000			
Second Raw Water Intake			500,000			
Interest Earned			97,500			
Instrumentation Upgrades		-100,000				
Valve Replacement Programs		-50,000				
System Improvements		-2,840,000				
Filter 3&4 Media Replacement		-2,200,000				
Filter Backwash Pump and Valve Replacement		-120,000				
First St W Cumberland to Bedford		-700,000				
First St W Adolphus to Gloucester		-650,000				
Outfall Engineering Study		-75,000				
Victoria Ave First St. E to South Limits		-150,000				
Wastewater Works Reserve	**4,661,785**	**(6,185,000)**	**5,335,184**	**3,811,969**	**3,924,167**	**6,774,466**
Budgeted Contribution			5,208,684			
Interest Earned			126,500			
Sewer Network Improvements		-1,175,000				
Combined Sewer Seperation		-775,000				
Dewatering Building Odour Control Unit		-1,650,000				
Septage Receiving Station		-875,000				
Outfall Engineering Study		-75,000				
BAF Cell #2 Conversion to Duostyr MBBR		-85,000				
Obsolete MCC/VFD Replacements		-50,000				
First St W Cumberland to Bedford		-700,000				
First St W Adolphus to Gloucester		-650,000				
Victoria Ave First St. E to South Limits		-150,000				

Currently, the Water Works Reserve is trending under the target balance based on the City's Reserve and Reserve Fund Policy. The Wastewater Works Reserve is close to its target balance. Maintaining a minimum reserve balance can help a municipality manage the costs of unplanned expenditures when they arise, can mitigate increases to user rates, and could eliminate (or reduce) the municipality's use of debt to pay for capital works. City Administration will continue to monitor the reserve balances to ensure that there is sufficient funding for capital projects that are budgeted to be funded through reserves.

The following chart shows the ten–year (2026-2035) forecasted balance (shown in the millions) for the Water Works and the Wastewater Works Reserves based on the City's Reserve and Reserve Fund Policy and updated requirements of the 10-year capital plan.

Reserve Balances (estimated 2026-2035)



(shown in the millions)

For the ten years forecasted, the lines on the chart illustrate the targeted reserve balances from the Reserve and Reserve Fund Policy. Based on the 10-year capital plan, it is expected that the Wastewater Works Reserves will continue to be below its targeted balance, while the Waterworks Reserve will stabilize.

As noted, an updated Water and Wastewater Rate Study will be completed in 2026. This study will review current rate structures and financial forecasts and provide LTFP reserve balances for the forecasted years of the study.

Reserves are a critical component of the City’s LTFP. Continued infrastructure renewal investment will ensure that water and wastewater services are sustainable in the future and meet the citizen’s LOS expectations. Adequate reserves will position the City to be able to meet these future infrastructure requirements.

2025 Municipal Study

For over twenty years, BMA Management Consulting Inc. has annually completed a municipal comparative study on behalf of participating Ontario municipalities. This report brings together a group of indicators to give an overall snapshot for each municipality. Each year, the City of Cornwall participates in this study.

Currently, the completion of the 2025 Municipal Study is in draft format and currently being reviewed by the participating municipalities. The following information is from the draft 2025 Municipal Study.

In 2025, over 125 Ontario municipalities participated, representing in excess of 85% of the Province's population.

Comparison with Other Municipalities:

The draft 2025 Municipal Study indicates that annual user fees for water and wastewater services in Cornwall are among the lowest when compared to the other participating municipalities:

- Residential - Cornwall: $1,062; BMA average $1,469
- Commercial 10,000 m3 - Cornwall: $19,169; BMA average $47,617
- Industrial 30,000 m3 - Cornwall: $57,508; BMA average $137,762

The average percentage of household income spent on water and wastewater costs across municipalities is 1.2%, with a median of 1.1%. Cornwall's combined water and wastewater costs represent about 1.4% of household income, which is in line with the average.

Further comparative information can be found in Appendix A.

Long-Term Debt

Borrowing allows the City to spread out a capital cost over an asset's useful life and allows infrastructure costs to be paid not just by today's ratepayer, but by future users of the asset as well.

The City's LTFP recommends the types of projects the City should borrow for. One of the principles in the LTFP states that debt financing should be used where appropriate. More specifically, debt financing should only be considered for new, non-recurring infrastructure requirements, programs and facilities which are self-supporting and projects where the cost of deferring expenses exceeds debt servicing costs. The LTFP recommends that the City only borrow for assets where costs are greater than $2.5 million and have a useful life of more than 20 years.

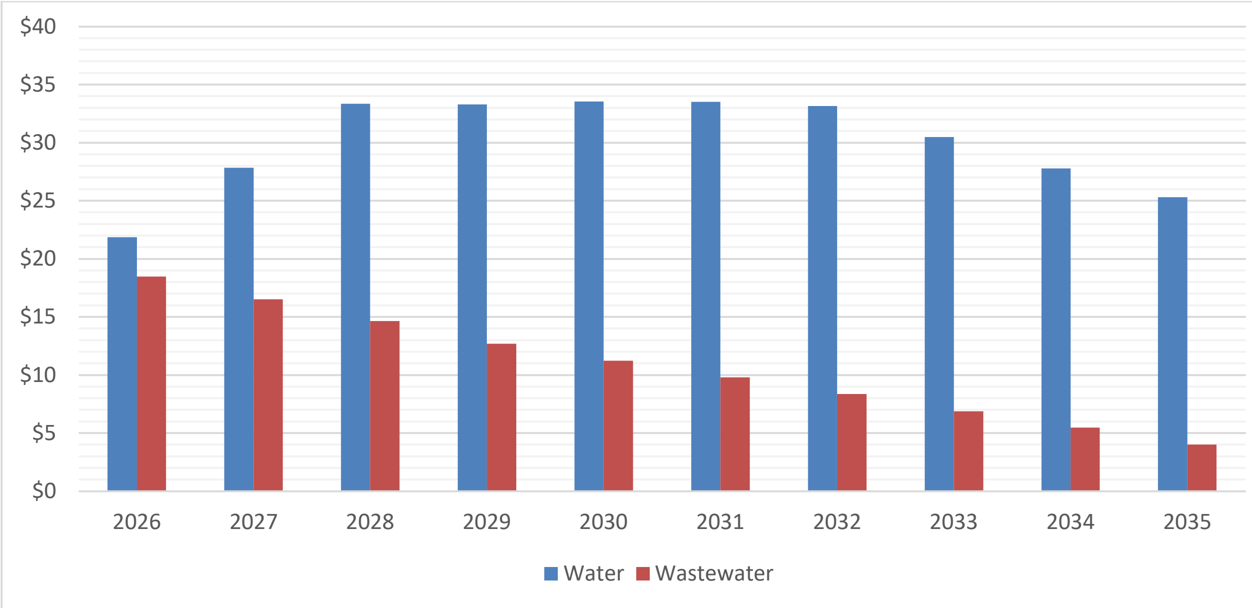
Debt is an important part of the City's strategy for investment in assets. It is important to note that while debt is a funding source for capital, debt charges (principal and interest) have an impact on future operating budgets.

To support wastewater infrastructure needs, in prior years the City has borrowed for the Brookdale North Channel Bridge project (underground infrastructure during the road reconstruction project), joint infrastructure projects, and the Secondary WWTP.

The outstanding debt at the beginning of the 2026 fiscal year for Water and Wastewater is estimated at $15.8 million, with an additional $24.4 million of approved financing not yet borrowed for infrastructure projects.

The 10-year financial plan includes borrowing for various infrastructure projects. The following chart shows the ten–year (2026-2035) forecasted balance (shown in the millions) of long-term debt.

Long-Term Debt Balances (estimated 2026-2035)



(shown in the millions)

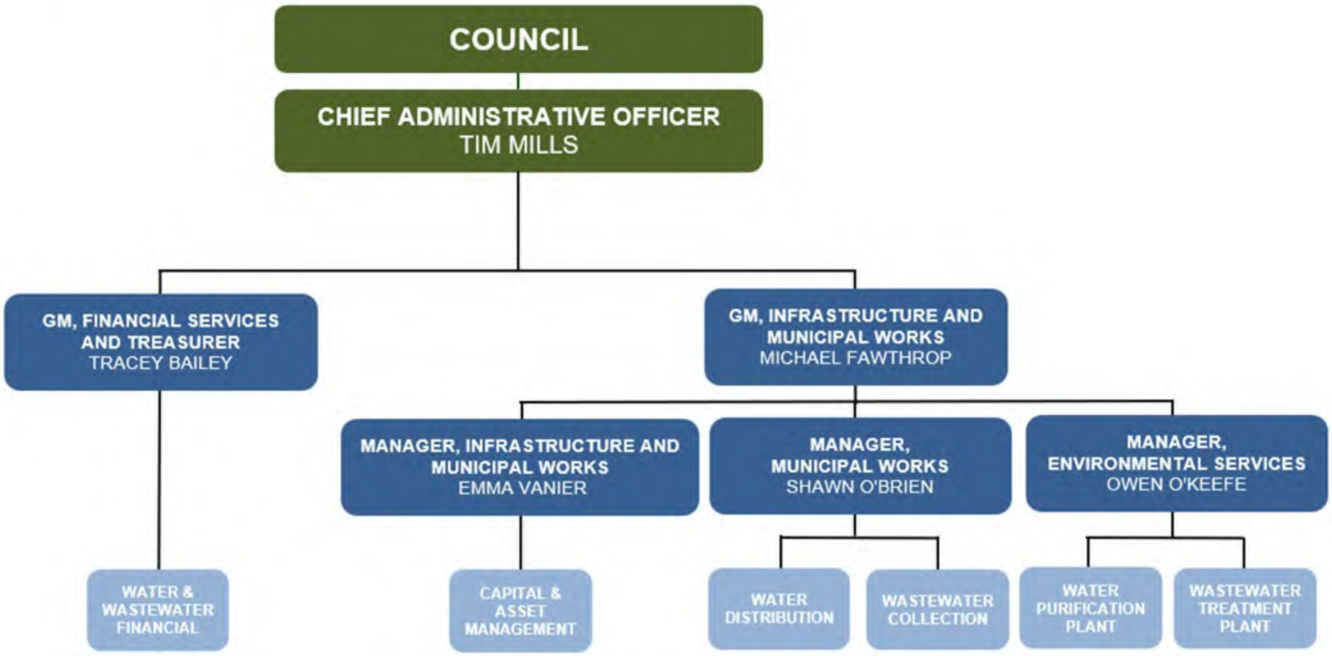
The 10-year capital plan includes two large water distribution projects. The estimated cost of Phase 2 of the Pitt Street – Tollgate Road to Cornwall Centre Road project is $3.0 million, currently planned for 2027. The estimated cost of Vincent Massey Drive – Tollgate Road to City Limits project is estimated at $10 million, currently planned for 2027 and 2028.

Both watermain projects are for the rehabilitation of large diameter trunk watermains which have been failing prematurely. Due to the size of the watermain, pipe material, etc., the cost to repair each break is very high. Although the City would like to complete both projects soon, the projects will require senior levels of government funding and/or financing to proceed.

It is hoped that the City will receive further grant funding to support the completion of both projects, but until funding is approved, we have included the Vincent Massey Drive project to be funded from debt financing in the 10-year financial plan.

Also, included in the 10-year capital plan is the Raw Water Intake Redundancy project (estimated at $42 million over a 7 year period, 2022 costing). The City has been actively seeking collaboration with the provincial government to secure the necessary funding for this critical infrastructure project. This strategic investment is crucial for maintaining a reliable and safe water supply for the residents of Cornwall.

Organizational Chart - Leadership



Staffing Complement

	Water Financial
	Full Time
2025	3
2026	2.5
Change	-0.5

Municipal Works	
Full Time	Part Time
26.5	1,639
26.5	1,639
0	0

Environmental Services	
Full Time	Part Time
23	0
22.5	0
-0.5	0

Operating and Capital Financial Summary

	2025 Budget	2026 Submission	$ Variance	% Variance	Plan 2027	Plan 2028	Plan 2029
EXPENDITURES							
Salaries and Benefits	$5,362,760	$5,747,473	$384,713	7.17%	$5,891,160	$6,038,439	$6,189,400
Purchase of Goods	$3,448,144	$3,517,341	$69,197	2.01%	$3,693,208	$3,877,868	$4,071,762
Services & Rent	$2,899,714	$2,987,315	$87,601	3.02%	$3,076,934	$3,169,242	$3,264,320
Financial	$323,285	$385,343	$62,058	19.20%	$396,903	$408,810	$421,075
Contribution to Reserves	$9,917,500	$11,448,684	$1,531,184	15.44%	$13,115,500	$16,020,500	$17,535,200
Total Expenditures	**$21,951,403**	**$24,086,156**	**$2,134,753**	**9.72%**	**$26,173,706**	**$29,514,860**	**$31,481,756**
REVENUE							
User Fees & Misc Revenue	$361,000	$336,300	($24,700)	(6.84%)	$343,026	$349,887	$356,884
Net Operating Expenditures	**$21,590,403**	**$23,749,856**	**$2,159,453**	**10.00%**	**$25,830,680**	**$29,164,973**	**$31,124,872**
Financing LTD Principal & Interest	$2,733,365	$2,475,033	($258,332)	(9.45%)	2,475,029	4,732,993	5,375,129
Corporate Costs	$1,399,689	$1,266,444	($133,245)	(9.52%)	$1,304,437	$1,343,570	$1,383,878
Insurance Premiums	$400,458	$412,233	$11,775	2.94%	$453,456	$498,802	$548,682
Operating Water & Wastewater Billings	**$26,123,915**	**$27,903,566**	**$1,779,651**	**6.81%**	**$30,063,603**	**$35,740,339**	**$38,432,560**
Gross Capital	$9,300,000	$13,070,000	$3,770,000	40.54%	$28,630,000	$25,875,000	$21,150,000
Capital Funding							
Government Grants	$0	$0	$0	0.00%	$0	$0	$0
Financing	$0	$0	$0	0.00%	$14,000,000	$11,000,000	$6,000,000
Development Charges	$81,700	$0	($81,700)	(100.00%)	$0	$0	$0
Other Recoveries	$0	$0	$0	0.00%	$0	$0	$0
Water Works Reserve	$4,982,500	$6,885,000	$1,902,500	38.18%	$8,125,000	$7,100,000	$7,150,000
Wastewater Works Reserve	$4,235,800	$6,185,000	$1,949,200	46.02%	$6,505,000	$7,775,000	$8,000,000
Capital Water & Wastewater Billings	**$0**	**$0**	**$0**	**0.00%**	**$0**	**$0**	**$0**
WATER AND WASTEWATER BILLINGS	**$26,123,915**	**$27,903,566**	**$1,779,651**	**6.81%**	**$30,063,603**	**$35,740,339**	**$38,432,560**

The table above details the 2026 operating budget of $27.9 million in net expenditures and $13 million in capital works. The 2026 budget submission is compared to the 2025 Council approved budget. Together, the Water and Wastewater budget increased by $1,779,651 or 6.81%.

The City currently budgets on an annual basis. However, over the past several years the City has adopted several long-term strategic plans. The annual budgeting process may no longer be sufficient for the City to achieve its long-term strategic priorities. Thus, a fully integrated multi-year budget may be an optimal way to better link longer-term plans and resources. Appendix B provides keys assumptions for the years 2027-2029.

The 2025 LTFP recommends consolidating and updating core financial policies, adopting a four-year rolling budget aligned with Council terms, and continuing the practice of lifecycle costing to ensure sustainable asset management. Annual contributions to reserves and reserve funds are emphasized as essential for funding future capital investments and providing flexibility to respond to unforeseen events.

Transitioning to multi-year budgeting, beginning with the 2027 budget cycle, will enable Council and Administration to more effectively anticipate future financial pressures, align resources with strategic priorities, and enhance fiscal transparency and accountability. By adopting multi-year budgeting, the City will strengthen its ability to plan proactively, respond to emerging challenges, and maintain long-term financial resilience. Administration will bring a report to Council outlining the proposed framework and implementation plan for this transition in advance of the 2027 budget cycle.

2026 Operating Budget

The 2026 budget for operating expenditures was prepared with management's projections and cost estimates to deliver existing service levels to the ratepayers.

Salaries and Benefits: The increase in salaries and benefits of $384,713 or 7.17% is related to market wage adjustments for union staff, staff realignment, and incremental and contractual increases for staff.

Purchase of Goods: The increase in purchase of goods of $69,197 or 2.01% is related to the increase costs for parts and equipment ($28,034), utilities ($18,983), and chemicals ($17,960).

Services and Rents: The projected budget for services and rents is expected to increase by $87,601 or 3.02%. The increase is in costs for City equipment rental ($126,873), contracted services ($29,244), and disposal services ($16,980). It is estimated that hired equipment costs will decrease by $77,520.

Financial: The increase in Financial is $62,058 or 19.2%. The 2026 budget includes the SaaS fees for the City's new water portal ($64,405).

Contributions to Reserves: The increase in contributions to reserves of $1,531,184 or 15.44% includes the third contribution to the Water Works Reserve in the amount of $500,000. These contributions are being made to support the future secondary raw water intake.

The City contributes to its reserves and utilizes reserves to fund capital projects. Total contributions to reserves excluding the $500,000 contribution noted above is $10,948,684. The City is utilizing $13,070,000 from reserves to fund capital. The 2026 budget is withdrawing $2,121,316 more from reserves than it is contributing.

It is forecasted that the City will have less funds in its Water and Wastewater Reserves in the first several years of the 10-year planning period. Additional contributions to both the Water Works Reserve and Wastewater Works Reserve should be considered in future budget years. The practice of planning through reserves will ensure that the City does not find itself in a situation in which it has limited funds available to address infrastructure requirements and is forced to borrow, increase billings, or reduce service levels.

Revenue: Revenue has decreased by $24,700 or 6.84%. Revenues are budgeted based on trends. For the 2026 budget, revenue from the sale of water is estimated to decrease by $30,000

Financing LTD Principal & Interest: The City's financing costs for principal and interest related to capital project loans have decreased by $258,332 (9.45%). This reduction is due to the maturing of loans for the Flood Reduction Program in 2025. Additionally, the City does not plan to borrow funds in 2026 until year end. As a result, principal and interest costs will increase in 2027 and beyond, based on the applicable loan rates and terms.

Corporate Costs: Corporate costs are allocated to various departments based on their usage and benefit from central administrative services. These costs include expenses for the CAO's office, finance, human resources, ITT services, and engineering and environmental services. Allocation methods can be direct, based on specific usage, or indirect, using formulas or percentages. The decrease of $133,246 or 9.52% represents the share of other supporting departments to Water and Wastewater.

Insurance Premiums: Excluding Housing Services where the City is seeing insurance premiums stabilizing, insurance costs across the City will increase by approximately 5%. The increase for insurance premiums for water and wastewater is estimated at $11,775 or 2.94%.

2026 Capital Budget and Plan

The 2026 capital budget includes the cost to purchase, construct, repair and renew assets that support service delivery. The 2026 gross capital budget is $13,070,000 (2025 - $9,300,000). The 2026 capital budgeted is funded from the Water Works Reserve ($6,885,000) and the Wastewater Works Reserve ($6,185,000).

The City's long-term infrastructure requirements have been planned through a 10-year capital plan. The 2026-2035 10-year capital plan, updated annually, has been developed for the water and wastewater systems to address capital maintenance, replacement, and expansionary needs across the systems.

The 10-year capital budget is based on the City's AMPs which forms the foundation for prioritizing long-term capital project requirements. Capital priorities and spending are forecasted through the preparation of lifecycle management strategies, taking factors such as risk, condition, and service levels into account. This mirrors many of the decisions made when preparing a capital budget and long-term forecast each year as part of the budget process.

As in prior years, the 2026 capital budget is focused on the maintenance and replacement of current infrastructure and addressing the backlog. Major capital projects in 2026 include regular on-going watermain rehabilitation improvements, WPP upgrades, sewer network improvements, combined sewer separation, and

WWTP system upgrades. Three joint infrastructure projects are included in the 2026 budget, the reconstruction of First St. W. – Cumberland St. to Bedford St., the reconstruction of First St. E. – Adolphus St. to Gloucester St., and the reconstruction of Victoria Ave. – First St. E. to South Limits. Joint infrastructure projects typically include the rehabilitation of sewer, water, and roadway infrastructure. The 2026 capital projects are summarized on page 46, followed by capital projects sheets describing each project in detail and its recommended funding source.

Past inflation and material and labour shortages have led to increases in construction costs. The City has seen increases in tender costs for certain types of work and purchases of goods, such as architectural and engineering services, material, labour, and transportation. Current tenders are being closely monitored.

Capital works projects at the WPP and the WWTP are managed by the Environmental Services department and are determined by:

- A preventative maintenance program;
- Regulatory requirements for the Drinking Water Works Permit for the Treatment Section of the Cornwall Drinking Water System;
- Regulatory requirements for the Environmental Certificate of Approval at the WWTP;
- Maintaining effluent quality below Provincial effluent limits;
- Maintaining drinking water quality requirements of the SDWA;
- Combined Sewer Overflow volume and time;
- Risk management through the Drinking Water Quality Management System.

Linear capital works projects are managed by the Infrastructure Planning department which completes:

- Detailed designs for municipal infrastructure projects including road, streetscaping, watermain, sanitary and storm sewers, culverts, and bridges;
- Pre-engineering surveying services for detailed design projects;
- Project management and inspection services for the construction of approved capital projects;
- Cost estimates;
- Liaison with regulatory agencies and utilities to obtain permits and approvals and to coordinate design and construction activities; and
- Review services for Ministry of the Environment approvals relating to the design and construction of watermains, sanitary sewers, and storm sewers.

Capital Assets to Deliver Services

The City's water and wastewater services has stewardship of an inventory of capital assets valued at $1.7 billion (based on the City's 2025 AMP – replacement values).

WASTEWATER - $736.81 million

- Wastewater Treatment Plant
- 217 km of sanitary sewers
- 50 km of combined sewers
- 3,429 maintenance holes
- 6 lift stations
- Approximately 16,000 sewer laterals

STORM SYSTEMS - $252.18 million

- 148 km of storm sewers
- 2,234 maintenance holes
- 5,237 catch basins and ditch inlets
- 9 storm water retention ponds
- 15 oil and grit separators

WATER - $716.78 million

- Water Purification Plant
- 2 reservoirs and 1 elevated storage tank
- 275 km of distribution watermains
- 2,074 valves
- 1,353 hydrants
- More than 16,000 water laterals

- Asset values based on 2025 AMP and updated to include capital projects completed in 2024. Will be further updated following conclusion of 2025 construction season
- Core infrastructure asset quantities as of December 31, 2024

As presented in the City's 2022 AMP for Core Assets, generally the City's utility assets are in good condition. Although the majority of these assets are in good condition, expenditures are required for lifecycle strategies to address poor and very poor assets, prevent other assets from reaching poor condition, and to maintain service levels.

Effective and resilient water, storm, and wastewater infrastructure is critical to the public and the environment. Maintenance and proper asset management are crucial to maintaining and sustaining the services.

Asset Management for Core Infrastructure (addressing the backlog)

As part of the development of the 2022 AMP for Core Infrastructure Assets, various forecasting analyses were completed which provided insight on the City's spending needs with respect to asset renewals. The forecasting analyses included a backlog analysis for each asset class, where a backlog is considered to be the amount of immediate work that is required (not including additional work that may occur over the forecast periods) to meet LOS targets. The backlog analyses evaluated the cost to address all asset needs, including existing backlogs, assuming unlimited funding is available. These analyses assist the City in understanding infrastructure needs based on asset lifecycles.

The backlog analyses identified that although the City has made considerable progress in addressing various backlogs, additional investments will be required to meet established LOS targets.

Building on the foundation established in the 2022 AMP for Core Infrastructure Assets, the 2025 AMP incorporates updated analyses to ensure continuity and alignment with previous planning efforts. The forecasting work completed in 2022 provided critical insight into long-term renewal needs and backlog conditions, forming the baseline for the 2025 update. In this latest AMP, the backlog analysis has been refreshed using current replacement costs and refined LOS and PLOS targets, while maintaining the methodology introduced in 2022. This approach ensures that the City's asset management strategy remains consistent over time, enabling informed decisions that reflect both historical trends and present-day realities.

The results of the backlog analyses from the 2025 AMP for water and wastewater assets are summarized in the following tables. Each table summarizes replacement values, current backlogs and backlogs as a percentage of replacement values for each asset class.

Replacement Value and Backlog Summary – Wastewater

Asset Subservice	Replacement Value	Current Backlog	Backlog as % of Replacement Value
Sanitary Linear	$337,350,000	$15,800,000	5%
Sanitary Vertical	$9,400,000	$0	0%
Combined Linear	$155,790,000	$18,670,000	12%
Storm Linear	$249,020,000	$7,969,000	31%
Storm Vertical	$3,150,000	$22,000	1%
Total Wastewater	**$754,710,000**	**$42,461,000**	**6%**

Replacement Value and Backlog Summary – Water

Asset Subservice	Replacement Value	Current Backlog	Backlog as % of Replacement Value
Linear	$548,700,000	$98,766,000	18%
Total Water	**$548,700,000**	**$98,766,000**	**18%**

In recent years, the City has incrementally increased funding for water and wastewater renewal projects in each budget year to reach the recommended allocations indicated in the 2016 AMP for addressing backlogs over the long term. However, although progress in funding the renewal of water and wastewater assets has been made, further investments will be required to meet established LOS targets.

The 2022 AMP included updated recommendations to address backlogs for water and wastewater assets, as further described below. The 2025 AMP integrates the recommendations from the 2022 AMP.

<u>Water Assets</u>

Water Distribution

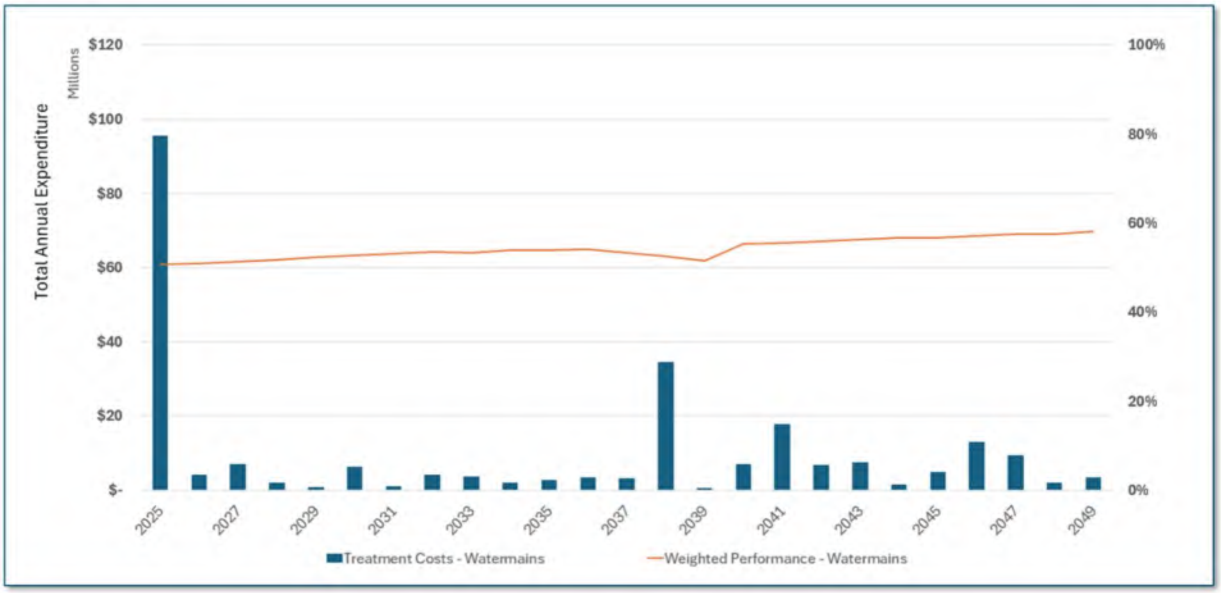
The City's goal is to provide a reliable, high quality, and safe water distribution network to all its residents and businesses. This is achieved by minimizing service disruptions, ensuring the water is safe for consumption by complying with water quality regulations, and being able to protect the communities with adequate fire flow. This corresponds with an established LOS target of 100% of assets in fair or better condition.

The backlog analysis indicated that in 2024, a 54 km ($92 million) backlog was present in Water Distribution assets. It also revealed that additional assets will require intervention over the 25-year forecast period. It should be noted that the City has succeeded in reducing the watermain backlog by 18 km over an eight-year period, as a backlog of 72 km was indicated in the 2016 AMP.

The backlog analysis that was completed for the 2022 AMP for Water Network assets resulted in the expenditure distribution and average performance illustrated in the graph below.

Note that the following graph indicates that the weighted average performance decreases over time. Average performance is calculated as the average condition (performance) rating of all assets, weighted by replacement value. Average performance declines in this scenario due to the fact that the ratio of very good/good assets to fair assets is decreasing. More assets in fair condition will result in the average performance value declining, even though service levels are improving since poor and very poor assets are being replaced.

Water Distribution Backlog Analysis



- 2024 Watermain Rehabilitation Projects reflected only
- Next database update to be completed following conclusion of 2025 construction season

The results of the forecasting analyses indicate that the City's current planned budget will result in an improvement in service levels over the next 10 years. Nevertheless, to meet established LOS targets of 100% of assets in fair or better condition, the City will require additional investment over the 10 and 25-year forecast periods.

The recommendations included in the 2025 AMP indicate that the City should proceed with meeting established LOS targets over a 25-year period, which is an investment of $8.69 million annually (2026 budget submission, $3.74 million). This will ensure that service levels are sustained in both the medium and long-term. It will also address the backlog in the forecast period.

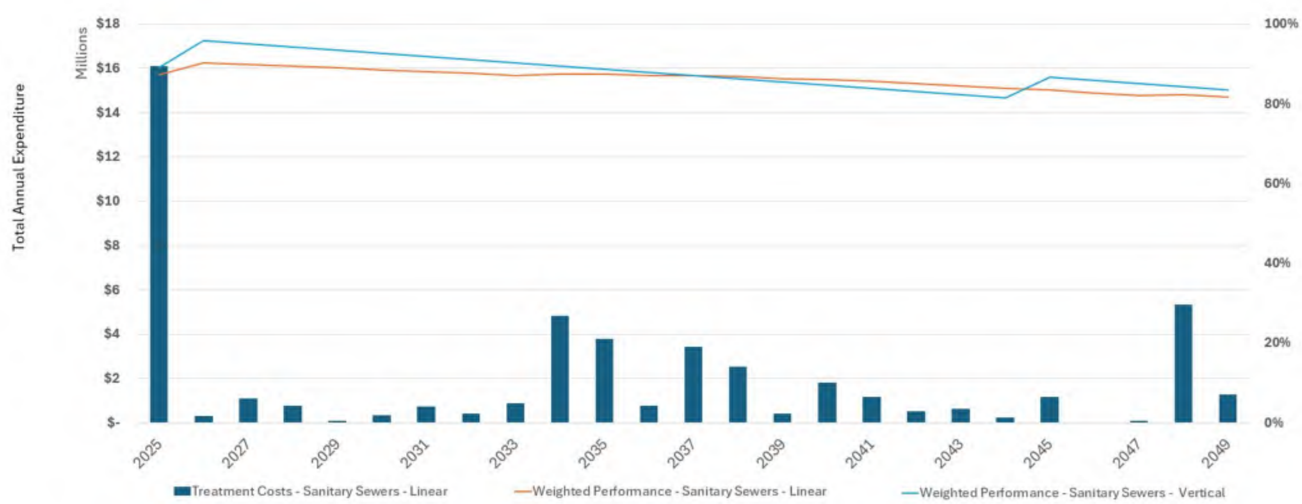
Wastewater Assets

Sanitary Sewer Collection:

The City's goal is to provide reliable, operational, and environmentally sustainable sanitary collection services to all its residents and businesses. This means ensuring minimal service disruptions, ensuring all assets remain in a state of good repair by performing regular maintenance, and minimizing environmental impacts on the St. Lawrence River, all while optimizing lifecycle costs. This corresponds with an established LOS target of 100% of assets in fair or better condition.

The backlog analysis in the 2025 AMP indicated that a 10.7 km ($16 million) backlog was present for Sanitary Sewer Collection assets. It also revealed that additional assets will require intervention over the 25-year forecast period. The backlog analysis resulted in the expenditure distribution and average performance illustrated in the graph below.

Sanitary Sewer Collection Backlog Analysis



- 2024 Sanitary Sewer Projects reflected only
- Next database update to be completed following conclusion of 2025 construction season

The results of the forecasting analyses indicate that the City's current planned budget over the next 10 years is slightly lower than the budget needed to meet its proposed LOS target of 100% of assets in fair or better condition over the next 10-years. To meet established LOS targets of 100% of assets in fair or better condition, the City will require additional investment over the 10-year forecast period.

The recommendations included in the 2025 AMP indicate that the City should proceed with meeting established LOS targets over a 10-year period, which is an investment of $9.24 million annually (2026 budget submission, $1.18 million). This will ensure that service levels are sustained in both the medium and long-term. It will also address the backlog in the forecast period.

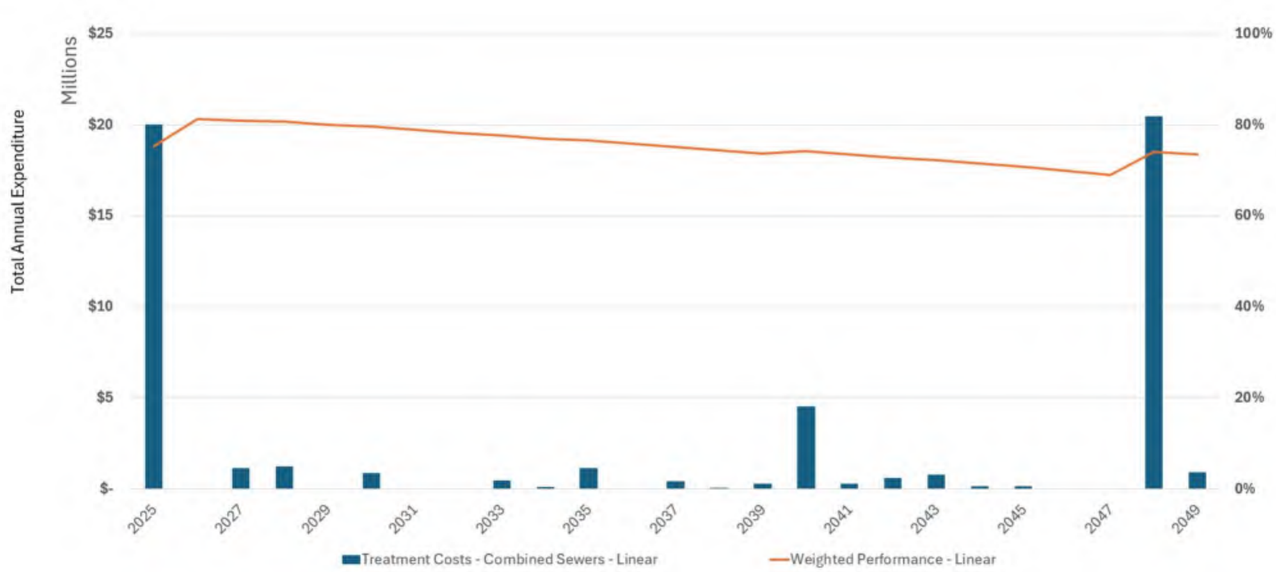
Combined Sewer Collection:

The City's goal is to provide fair or better wastewater collection services to all its residents and businesses. This is achieved by minimizing odours and sewer backups, ensuring all assets remain in a state of good repair by performing regular maintenance, and minimizing environmental impacts by meeting MECP requirements, all while optimizing lifecycle costs. This corresponds with established LOS targets of 100% of assets in fair or better condition and separating all combined sewers over the long term.

The City is generally working towards eliminating combined sewers, as they present some risks that are not present in a separated system. The main risks include increased chance of flooding during heavy precipitation events, as well as CSO which cause excess stormwater and sanitary flows to be discharged into water bodies.

The backlog analysis in the 2025 AMP indicated that an 8.4 km ($18.7 million) backlog was present in Combined Sewer Collection assets. It also revealed that additional assets will require intervention over the 25-year forecast period. The backlog analysis resulted in the expenditure distribution and average performance illustrated in the graph below.

Combined Sewer Collection Backlog Analysis



- 2024 Combined Sewer Separation Projects reflected only
- Next database update to be completed following conclusion of 2025 construction season

The results of the forecasting analyses indicate that based on current anticipated budget forecasts, the City is projected to achieve the PLOS target of separating (i.e. eliminating) all combined sewers over a 56-year period. The equivalent annual costs increase drastically if the time required to meet these targets is accelerated to 10 or 25 years.

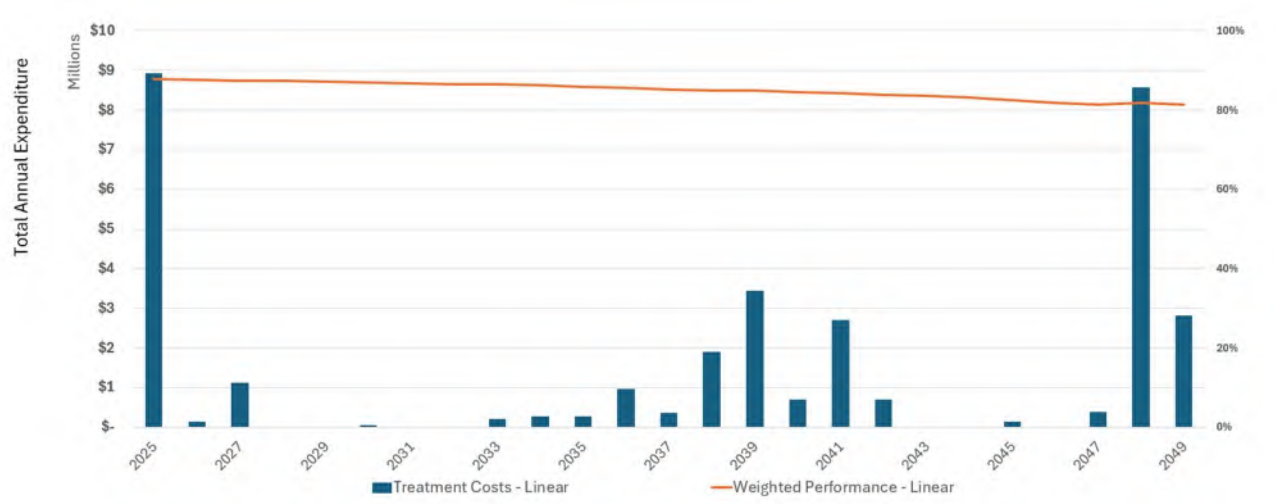
The recommendations included in the 2025 AMP indicate that the City should continue with its current planned spending of $1.5 million annually to separate combined sewers, which will allow the City to continue to separate combined sewers as part of its corridor replacement program.

Storm Sewer Collection:

The City's goal is to provide a reliable, operational, and environmentally sustainable storm sewer collection system to all its residents and businesses. This means protecting all properties from flood waters, ensuring all assets remain in a state of good repair by performing regular maintenance, and minimizing environmental impacts, all while optimizing lifecycle costs. This corresponds with an established LOS target of 100% of assets in fair or better condition.

The backlog analysis in the 2025 AMP indicated that a 6.1 km ($7.96 million) backlog was present for linear Storm Sewer Collection assets. It also revealed that additional assets will require intervention over the 25-year forecast period. The backlog analysis resulted in the expenditure distribution and average performance illustrated in the graph below.

Storm Sewer Collection Backlog Analysis



- 2024 Storm Sewer Collection Projects reflected only
- Next database update to be completed following conclusion of 2025 construction season

The results of the forecasting analyses indicate that the City's current planned budget over the next 10 years is slightly lower than the budget needed to meet its PLOS target of 100% of assets in fair or better condition over the next 10-years. To meet established LOS targets of 100% of assets in fair or better condition, the City will require additional investment over the 10-year forecast period.

The recommendations included in the 2022 AMP indicate that the City should proceed with meeting established LOS targets over a 10-year period, which is an investment of $1.26 million annually (2026 budget submission, $0). This will ensure that service levels are sustained in both the medium and long-term. It will also address the backlog in the forecast period.

Note that over time, storm sewer replacement will become a major part of the City's budget, as the proportion of combined sewers further decreases in favour of dedicated storm sewers. As a result, the portion of the City's budget currently committed to combined sewer separation will transfer to stormwater to address these anticipated increased needs.

<u>**CONTRIBUTION TO RESERVES (NOT CAPITAL)****</u>**

PROJECT NAME: **Secondary Raw Water Intake- <u>Reserve Contribution</u>**

FUNDING SOURCE(S):
$ 500,000 Water Billings
$ 500,000 Contributed to the Reserve in 2024
<u>$ 500,000</u> Contributed to the Reserve in 2025
$ 1,500,000 Total Funding

In 2020, EVB Engineering in collaboration with Jacobs Engineering were awarded RFP 20-P02 to undertake a Municipal Class Environmental Assessment (EA) for the determination and location of a secondary raw water intake supply for the Cornwall Drinking Water System. Currently, the City has only one (1) existing gravity raw water intake which is approaching the end of its useful life which poses a significant risk to the municipality. A long list of potential alternative solutions was developed as part of the EA process and evaluated using a multi-criteria analysis tool developed by the EA project steering committee.

The multi-criteria analysis yielded two preferred solutions for the project: a new intake near King Street and a new intake near the former Domtar site. Considering their similarities, both alternatives were recommended to move forward until supplementary studies had been undertaken and the land acquisition process was completed. The EA included a 10-year plan that the City should follow in order to see the successful completion of the project.

In 2024, the City began contributing to a reserve for the municipal component of the project with the intent of securing funding from the Provincial and Federal governments in the future for the design and construction phase of the project.

Over the coming years, the goal is to incrementally increase the annual contribution to the reserve until it matches the expected annual financing payments associated with the municipal component of the project in order to minimize the impact to the rate payers upon completion of the project.

The City has submitted for grant funding from the Ontario Health and Safety Water Stream. Further Federal grant opportunities shall be explored to compliment the potential Provincial funding allocation.

2026 CAPITAL BUDGET SUBMISSION

*Please note all figures are in 000s of dollars

DESCRIPTION	2025 GROSS BUDGET	2026 GROSS SUBMISSION	EXTERNAL FUNDING		OTHER REVENUE	RESERVES		
			GRANTS	FINANCING		DEV. CHARGES	WASTE WATER	WATER
<u>WATER CAPITAL</u>								
Water Distribution								
Watermain Rehabilitation	3,050.00	2,840.00						2,840.00
Water Purification Plant								
Filter 3&4 Media Replacement		2,200.00						2,200.00
Filter Backwash Pump And Valve Replacement		120.00						120.00
Instrumentation Upgrades	100.00	100.00						100.00
Valve Replacement Program	150.00	50.00						50.00
Boundary Road Reservoir Booster Pump Rehabilitation	150.00							
<u>WASTEWATER CAPITAL</u>								
Sewer Collection Program								
Sewer Network Improvements - Various Locations	1,150.00	1,175.00					1,175.00	
Pumping Station Backup Power System Engineering Services	60.00							
Combined Sewer Separation	750.00	775.00					775.00	
Fifth St W - Brookdale Ave to Yates Ave								
Gulf St - Third St W to Fifth St W								
Third St W - Brookdale Ave to Yates Ave								
Wastewater Treatment Plant								
Dewatering Building Odour Control Unit Construction	650.00	1,650.00					1,650.00	
Septage Receiving Station Construction		875.00					875.00	
Outfall Engineering Study		150.00					75.00	75.00
BAF Cell #2 Conversion to Duostyr MBBR		85.00					85.00	
Obsolete MCC/VFD Replacements		50.00					50.00	
WWTP Administration Building HVAC Upgrades	50.00							
Biological Aerated Filter (BAF) Concrete Repairs	50.00							
Septage Receiving Station Engineering Services	75.00							
Digesters: Relining, Roof Replacement, And Methan Gas Train Upgrades								
<u>JOINT INFRASTRUCTURE CAPITAL</u>								
First St W from Cumberland St to Bedford St		1,400.00					700.00	700.00
First St E from Adolphus St to Gloucester St		1,300.00					650.00	650.00
Victoria Ave from First St E to South Limits		300.00					150.00	150.00
Bedford St from First St W to Second St W	1,400.00							
Seymour Av From Water St W to First St W	1,600.00							
Confined Space Entry and Rescue Equipment	65.00							
Water, Wastewater, and Joint Infrastructure Capital	**9,300.00**	**13,070.00**	**0.00**	**0.00**	**0.00**	**0.00**	**6,185.00**	**6,885.00**

COUNCIL APPROVED CAPITAL BUDGETS FROM PRIOR YEARS

DESCRIPTION	GROSS BUDGET	EXTERNAL FUNDING		RESERVES		BILLINGS/RESERVES	
		GRANTS	FINANCING	DEV. CHARGES	SPECIFIC RESERVE	WASTE WATER	WATER
2025 Council Approved Capital	9,300.00			81.70		4,235.80	4,982.50
2024 Council Approved Capital	14,480.00		5,000.00		81.70	3,933.30	5,465.00
2023 Council Approved Capital	29,200.00	2,200.00	17,700.00	125.00	30.50	3,694.50	5,450.00
2022 Council Approved Capital	11,085.00	350.00	3,400.00	29.40		3,005.60	4,300.00
2021 Council Approved Capital	9,120.00		1,100.00	500.00	1,020.00	3,200.00	3,300.00

PROJECT NAME: **Watermain Rehabilitation**

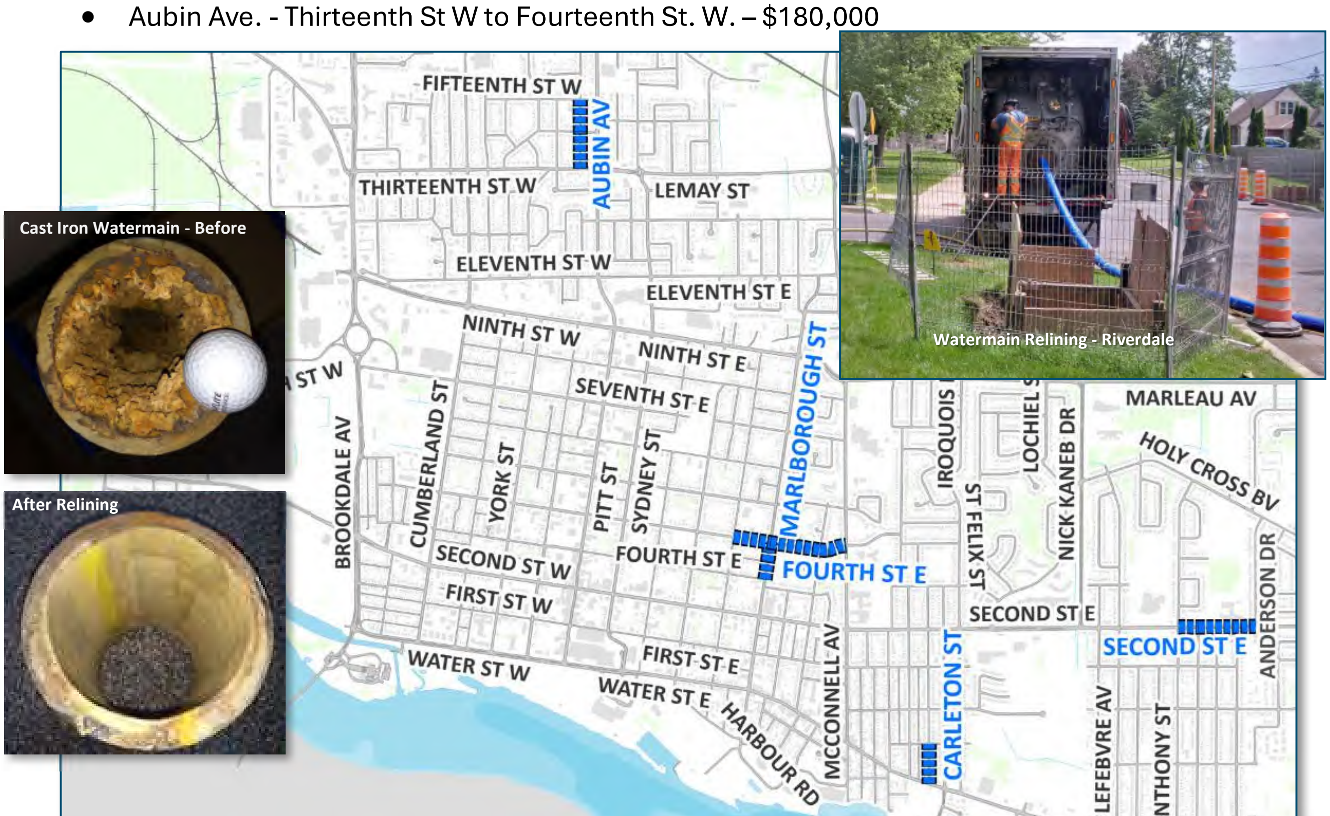
FUNDING SOURCE(S): $ 2,840,000 Water Works Reserve

The objectives of the watermain rehabilitation program are to improve water quality and system reliability. Numerous cast iron unlined watermains throughout the City require improvements in order to maximize water quality in the distribution system. Tuberculation build-up on the inside of these pipes creates problems in maintaining minimum chlorine residual levels. It also reduces available fire flow because the inside diameter is reduced and has a rough texture which increases energy loss. In addition, some portions of the system are prone to leakage and breaks which, if reduced, will decrease operational costs.

The annual watermain rehabilitation program is aligned with the City's ongoing Infrastructure Strategy and Linear Asset Management Plan and is an ongoing annual capital program.

The proposed Watermain Rehabilitation projects for 2026 are as follows:

- Fourth St. E. - Marlborough St. to Baldwin Ave. – $850,000
- Fourth St. E.- Baldwin Ave. to McConnell Ave. – $280,000
- Fourth St. E. - Gloucester St. to Marlborough St. – $150,000
- Second St. E. - Anderson Dr. to Anthony St. – $620,000
- Marlborough St. - Fourth St. E. to Third St. E. – $350,000
- Carleton St. - Montreal Rd. to Easton Ave. – $220,000
- Aubin Ave. - Fourteenth St W Fifteenth St. W. – $190,000
- Aubin Ave. - Thirteenth St W to Fourteenth St. W. – $180,000



PROJECT NAME: **Filter 3 & 4 Media Replacements**

FUNDING SOURCE(S): $ 2,200,000 Water Works Reserve

In 2005, an Advanced Oxidation Process (AOP) system was installed at the Water Purification Plant (WPP) to address taste and odour issues caused by seasonal algae events. A first of its kind pilot system was integrated into the existing plant infrastructure. The AOP system involves small doses of hydrogen peroxide injected ahead of the UV disinfection system. However, due to limitations caused by the existing infrastructure layout, system operation has been problematic. As the AOP system has proven difficult to operate and is now at the end of its service life, replacement is required.

In 2024, as part of the engineering study completed for the UV system upgrade, alternatives for taste and odour removal were evaluated. Additional to the AOP system, the anthracite filter media in two of the existing four filters is slated for replacement. This project leverages a holistic approach to address both the need to replace the filter media as well as finding an alternative to the AOP system.

The 2024 evaluation identified Granular Activated Carbon (GAC) as the preferred replacement alternative for both the AOP system and the end-of-life media, offering cost effective contaminants and taste and odour removal.

This phased upgrade ensures continued protection against taste and odour events, enhances water quality, and supports the City's long-term sustainability goals.

WPP Filter Gallery

PROJECT NAME: **Filter Backwash Pump and Valve Replacement Engineering Services**

FUNDING SOURCE(S): $ 120,000 Water Works Reserve

The main backwash pump supporting the cleaning of four anthracite filters at the water purification plant has been in continuous operation since its installation in 2005. As outlined in the asset management plan, the pump and its associated check and control valves have reached the end of their expected service life. A technical review is recommended to maintain the reliability of operations.

This funding request proposes an engineering assessment to evaluate the current condition of the pump and mechanical systems, determine whether a rebuild or full replacement is most cost-effective, examine the control system with the intention of upgrading to an energy-efficient variable frequency drive (VFD). This evaluation will conclude in a detailed cost estimate to guide future capital investment.

Following the engineering assessments, the next steps would include detailed design work and contract administration for the selected solution, along with tender preparation to secure a qualified general contractor. The capital works associated with the pump renewal or replacement would be scheduled in future budget cycles.

This initiative reflects our commitment to responsible infrastructure renewal, sustainable asset management, and energy-efficient operations.

Existing Filter Backwash Pump

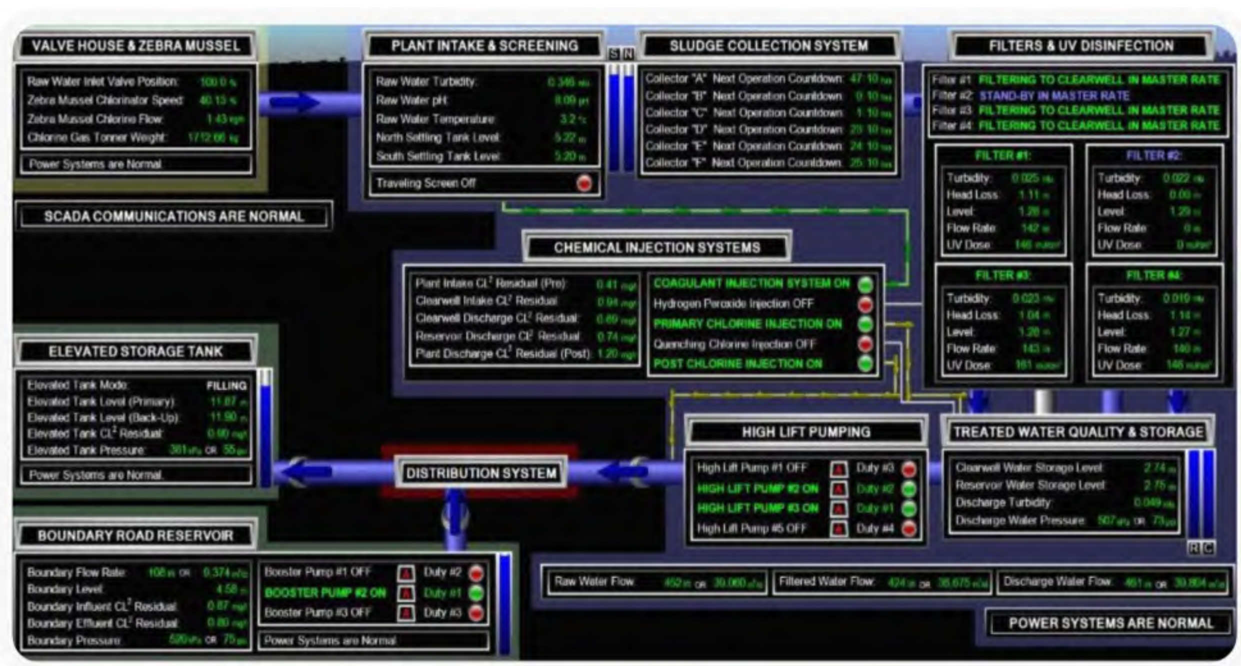
PROJECT NAME: **Instrumentation Upgrades**

FUNDING SOURCE(S): $ 100,000 Water Works Reserve

Sensing instrumentation at the Water Purification Plant are essential tools used for monitoring, controlling, and ensuring the quality and efficiency of the water treatment process. These instruments serve to indicate, measure, and record real-time telemetry such as system flows, tank levels, pressures, temperatures, pH, turbidity, UV transmittance, and free chlorine residuals throughout different stages of the system. These values are then displayed and recorded by the Water Purification Plant SCADA system.

Many of the components that were installed during the Water Purification Plant's upgrades in 2005 are approaching their end of life. This multi-year program would see the replacement of obsolete sensing instruments and control devices with new state-of-the-art or leading-edge technologies throughout the Water Purification Plant, thus ensuring it can continue to provide safe and clean drinking water to the residents of City of Cornwall.

SCADA System Overview Operator Display

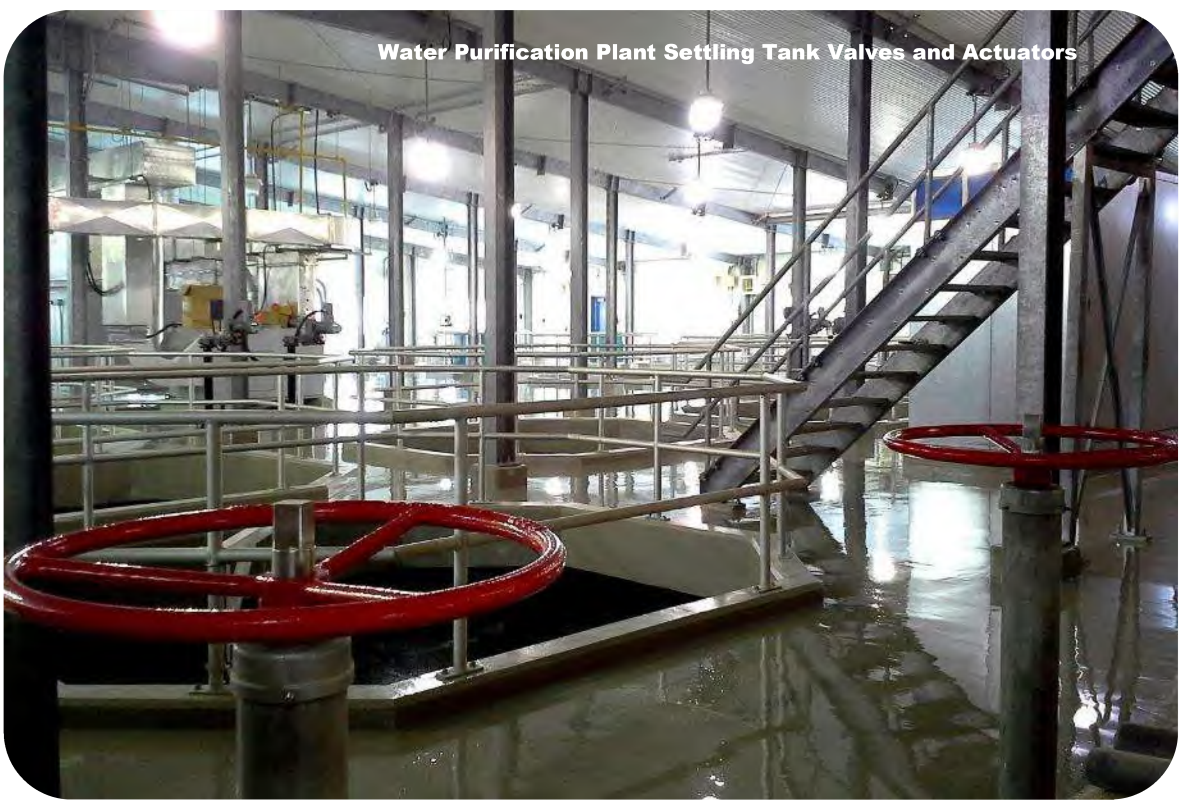


PROJECT NAME: **Valve Replacement Program**

FUNDING SOURCE(S): $ 50,000 Water Works Reserve

In 2005, the Water Purification Plant underwent an upgrade project that saw the installation and replacement of various processes. During this upgrade, new valves and valve actuators were installed throughout the plant. The valves serve to start, stop and control the flow of water at various points throughout the treatment system. The valves can be controlled manually, locally or automatically by the plant's SCADA system and valve statuses such as open, closed or percentage open can also be monitored by operators remotely.

Many of the automated valves installed in 2005 are approaching their end of life. A replacement program in line with the Asset Management Plan has been implemented. This multi-year program sees the replacement of obsolete valves and actuators throughout the Water Purification Plant, thus ensuring the plant can continue to provide clean and safe drinking water to the City's residents.


Water Purification Plant Settling Tank Valves and Actuators

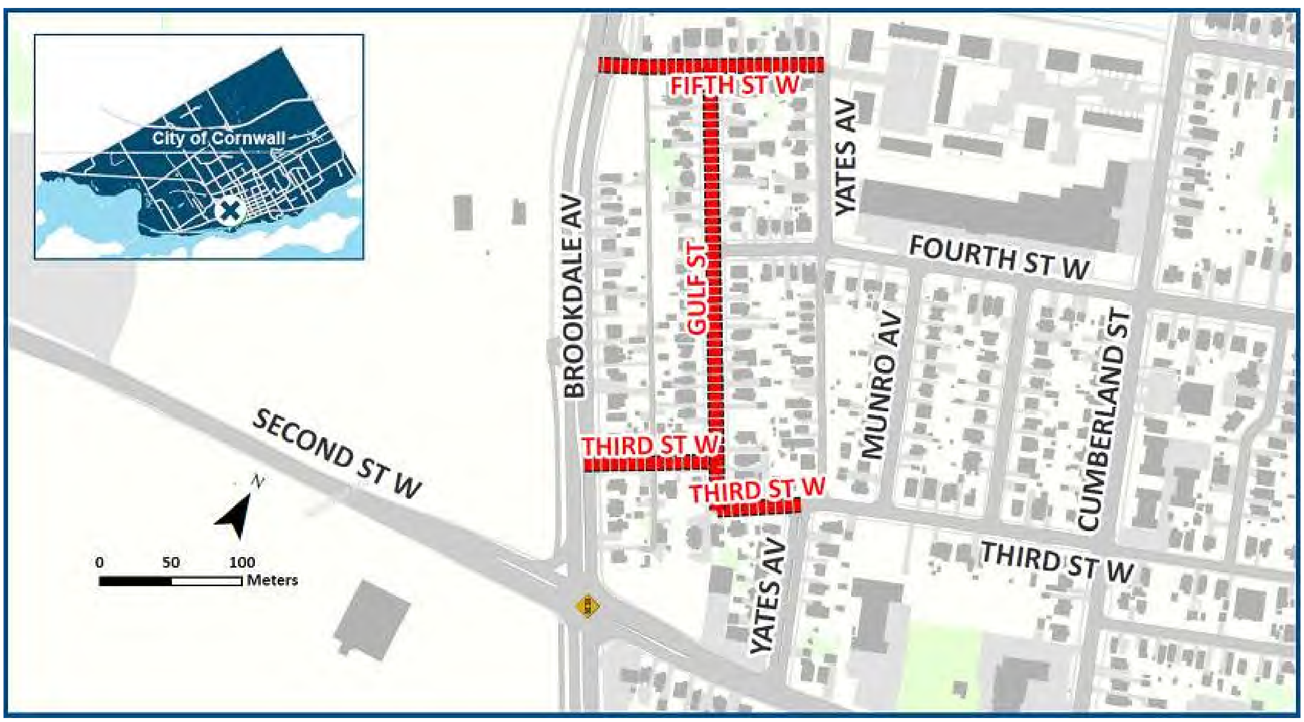
PROJECT NAME: **Sewer Network Improvements – Various Locations**

FUNDING SOURCE(S): $ 1,175,000 Wastewater Works Reserve

The objective of the annual Sanitary Sewer Network Improvements program is to replace/repair deficient storm and sanitary sewers in various locations throughout the City, which have been identified through closed-circuit television (CCTV) sewer inspections, to have broken, collapsed or have other structural deficiencies.

The following Sewer Network Improvement projects are proposed for 2026:

- Fifth St. W. – Brookdale Ave. to Yates Ave. - $175,000
- Gulf St. – Third St. W. to Fifth St. W. - $675,000
- Third St. W. – Brookdale Ave. to Yates Av. - $150,000
- Storm Sewer Spot Repairs on Various Asphalt Resurfacing Streets - $35,000
- Sanitary Sewer Spot Repairs on Various Asphalt Resurfacing Streets - $65,000
- Various Sewer Network Improvements locations via CCTV investigations - $75,000



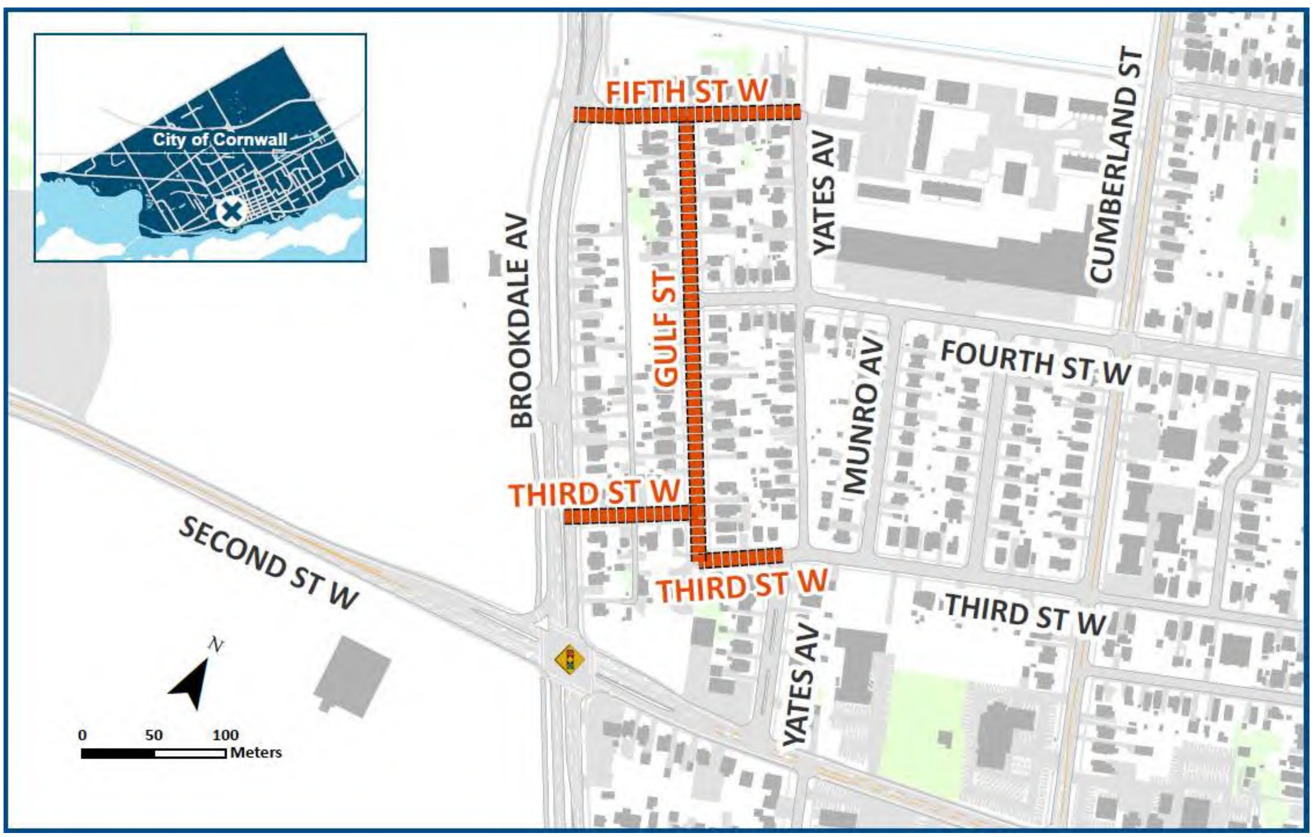
PROJECT NAME: **Combined Sewer Separation**

FUNDING SOURCE(S): $ 775,000 Wastewater Works Reserve

The separation of combined sewers has the objective of reducing wet weather flows in the sewage system and to the Wastewater Treatment Plant. It reduces the potential for basement flooding because flows are lowered in the pipe that houses are directly connected to. Sewer separation also reduces Combined Sewer Overflow (CSO) volumes and the potential for bypasses from the Wastewater Treatment Plant to the St. Lawrence River. It is achieved by constructing new storm sewers so that the combined sewer can be converted into a sanitary sewer. Projects are prioritized based on the roadway surface condition so that the sewer works can be completed before resurfacing the roadway.

The following Combined Sewer Separation projects are proposed for 2026:

- Fifth St. W. – Brookdale Ave. to Yates Ave. – $225,000
- Gulf St. – Third St. W. to Fifth St. W. – $350,000
- Third St. W. – Brookdale Ave. to Yates Ave. – $200,000



PROJECT NAME:	**Dewatering Building Odour Control Unit Construction**
FUNDING SOURCE(S):	$ 1,650,000 Wastewater Works Reserve *$ 650,000 approved in prior year*

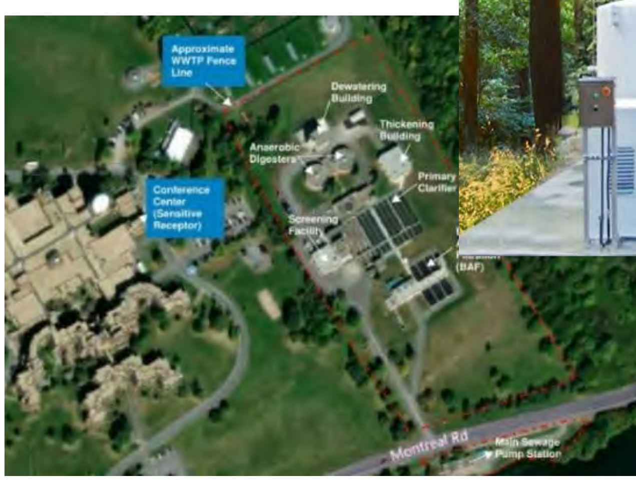
Odour mitigation has increasingly become a higher priority at the Cornwall Wastewater Treatment Plant (WWTP), due to residential neighbourhoods gradually developing closer to the WWTP, decreasing the buffer zone between the residential developments and the WWTP. Particularly, a new multi-phased development is anticipated to result in residences within close proximity to the north and west boundaries of the WWTP site. In terms of sensitive receptors, the Dev Hotel and Conference Centre, is located immediately west of the WWTP.

Jacobs Engineering was retained to develop a comprehensive odour study that was used by the City to create a capital improvement plan that focuses on cost-effective and sustainable odour mitigation strategies to mitigate offsite odour nuisances to an acceptable level.

Through this comprehensive study equipment pre-selection was undertaken and a detailed design package for an odour control unit for the Dewatering building was created.

This is the second of a three-year capital funding stream to be utilised for the equipment supply and construction of an odour control unit that would mitigate odours generated by the dewatering facility.

Two Stage Carbon Odour Control Unit



Aerial View of WWTP Showing Sensitive Receptor

PROJECT NAME: **Septage Receiving Station Construction**

FUNDING SOURCE(S): $ 875,000 Wastewater Works Reserve

The City of Cornwall's Solid Waste Division has historically accepted septage. Septage is liquid waste generated from septic tanks and portable washrooms not connected to the municipal sanitary sewer system via a manhole linked to the leachate collection system at the City's Landfill Site.

Following a review, the Ministry of the Environment, Conservation and Parks (MECP) determined that this method does not align with current environmental best practices and directed the City to pursue an alternate disposal approach.

In response, the City retained WSP Engineering in 2023 to assess the long-term viability of receiving septage at the headworks of the Wastewater Treatment Plant (WWTP). The study confirmed that this approach is indeed feasible and identified several infrastructure siting options to support implementation.

The results of the study were subsequently provided to GHD for inclusion in the City's Biosolids, Organics and Septage Master Plan (BOSMP). This integrated evaluation confirmed the recommendation to proceed with the design and construction of septage receiving infrastructure at the WWTP.

With the detailed design scheduled to be completed in 2025, the proposed capital project funding will support the construction phase of the septage receiving station.

Example of a Septage Receiving Station

PROJECT NAME: **Outfall Engineering Study**

FUNDING SOURCE(S):
$ 75,000 Water Works Reserve
$ 75,000 Wastewater Works Reserve
$ 150,000 Total Funding

As part of the City's commitment to sustainable growth and responsible infrastructure management, a targeted evaluation of the existing wastewater outfall system servicing the municipality is proposed.

Currently, final treated effluent is discharged through a reinforced concrete pipe system terminating in a submerged manifold 650 meters offshore in the St. Lawrence River. While the plant's treatment capacity was upgraded in 2013 to handle up to 149,000 m^3/day, the original outfall structure — dating back to 1965 — has not been modernized. During periods of elevated flow, its hydraulic limitations pose challenges to operational reliability and environmental compliance.

To address these concerns, we are seeking capital funding to:

- Hire a specialized engineering firm with expertise in hydraulic and in-water assessment
- Evaluate current outfall performance and future capacity requirements
- Develop recommendations for remediation or replacement of the outfall structure

Investing in this assessment will allow the City to proactively plan for infrastructure renewal, safeguard public health and the environment, and ensure the long-term resilience of our wastewater management system.

ENVIRONMENTAL SERVICES WASTEWATER

2026 Budget
Capital Project Sheet

PROJECT NAME:	**BAF Cell #2 Conversion to Duostyr MBBR**
FUNDING SOURCE(S):	$ 85,000 Wastewater Works Reserve

The Wastewater Treatment Plant (WWTP) currently operates a secondary Biological Aerated Filter (BAF) system, which integrates biological treatment and filtration using plastic and polystyrene media. These provide surfaces for beneficial microorganisms to break down organic pollutants prior to discharge into the river ecosystem.

Of the six BAF cells commissioned in 2013, five are outfitted with standard polystyrene media, while one uses dual media. This dual media cell has consistently demonstrated superior effluent quality and increased resilience to seasonal shifts in water density.

During colder months, the BAF system faces increased head loss due to denser water. As a result, the five standard media cells are more susceptible to clogging under high flow, leading to frequent, energy-intensive backwashes and potential by-passes of the secondary process.

To promote long-term operational sustainability, the proposed upgrade involves installing honeycomb-style Moving Bed Biofilm Reactor (MBBR) media in BAF Cell #2. This media offers an expanded surface area, lower hydraulic head loss and enhanced absorption capacity.

This targeted retrofit will significantly boost winter operational flexibility, reduce energy consumption, allow for increased hydraulic capacity, and support consistent treatment performance advancing both environmental stewardship and system resilience.

The long-term plan shall be to phase in MBBR Duostyr media in all six of BAF cells.

WWTP BAF

Polystyrene Media above MBBR

MBBR Media

ENVIRONMENTAL SERVICES
WASTEWATER

2026 Budget
Capital Project Sheet

PROJECT NAME: **Obsolete MCC/VFD Replacements**

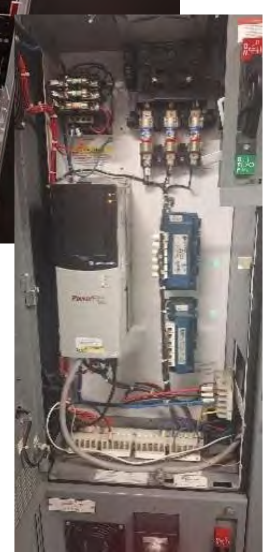
FUNDING SOURCE(S): $ 50,000 Wastewater Works Reserve

The Wastewater Treatment Plant (WWTP) depends on Motor Control Centers (MCC) and Variable Frequency Drives (VFDs) to operate and manage essential process equipment. Some of this infrastructure, installed during the 2013 plant upgrade, has since been discontinued by manufacturers, making replacement parts scarce and limiting technical support.

As these components age and fail, process downtime and repair delays have become increasingly common due to the lack of compatible replacements and integration support.

To mitigate risk and maintain operational continuity, this multi-year capital initiative proposes the phased replacement of obsolete MCC/VFD components. New, manufacturer-supported components will be retrofitted into existing control panels, improving system reliability, reducing downtime, and ensuring ongoing serviceability.

Motor Control Center (MCC)

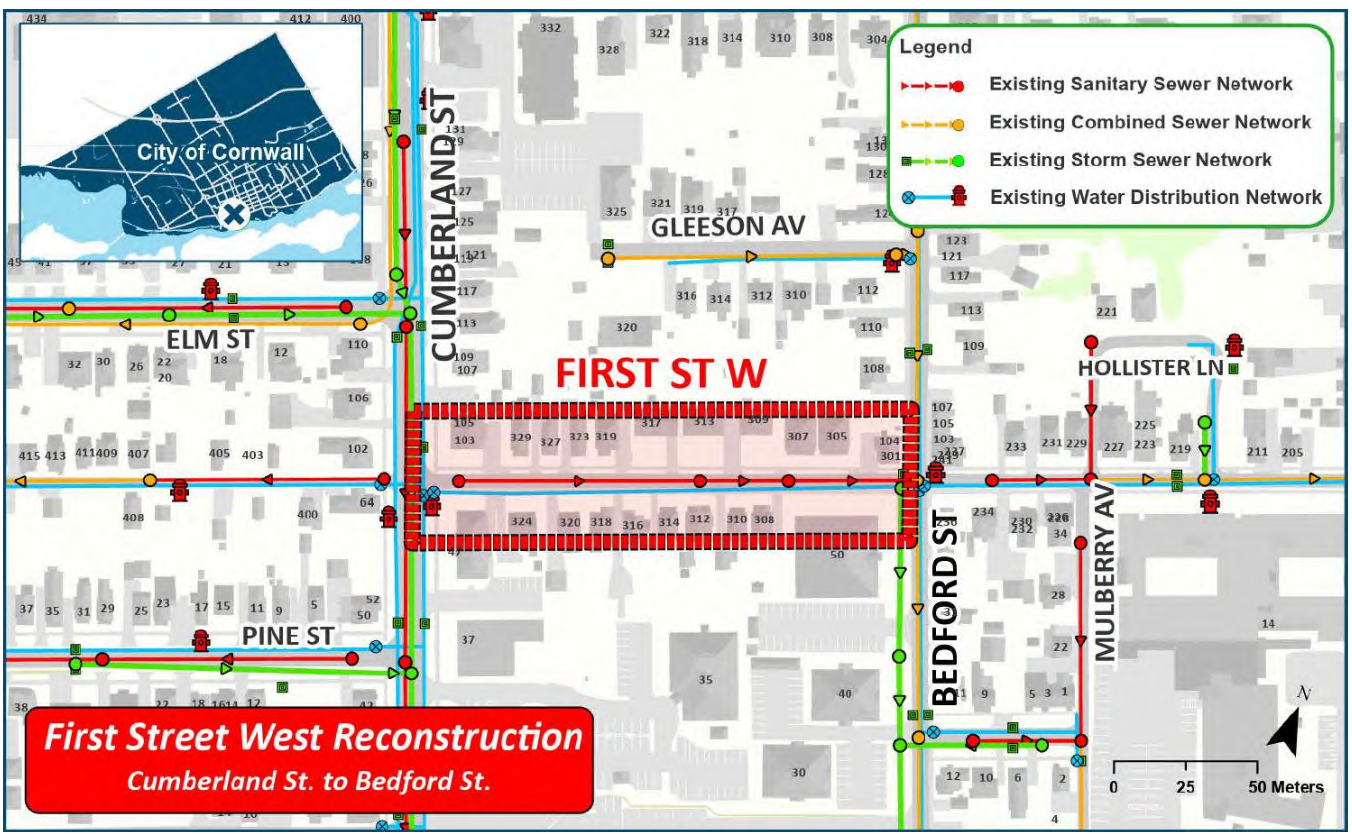


PROJECT NAME: **First St W from Cumberland St to Bedford St**

FUNDING SOURCE(S): $700,000 Water Works Reserve
$700,000 Wastewater Works Reserve
$1,400,000 Total Funding

Joint infrastructure projects typically include the rehabilitation of sewer, water, and roadway infrastructure. Project candidates are selected based on the state of underground infrastructure; locations where sewer separation is required; watermain improvements are necessary and are considered priorities. Project candidates are further narrowed based on locations where the road corridor is also in poor condition, as the roadway will be rehabilitated as part of the restoration works following the replacement of the underground infrastructure.

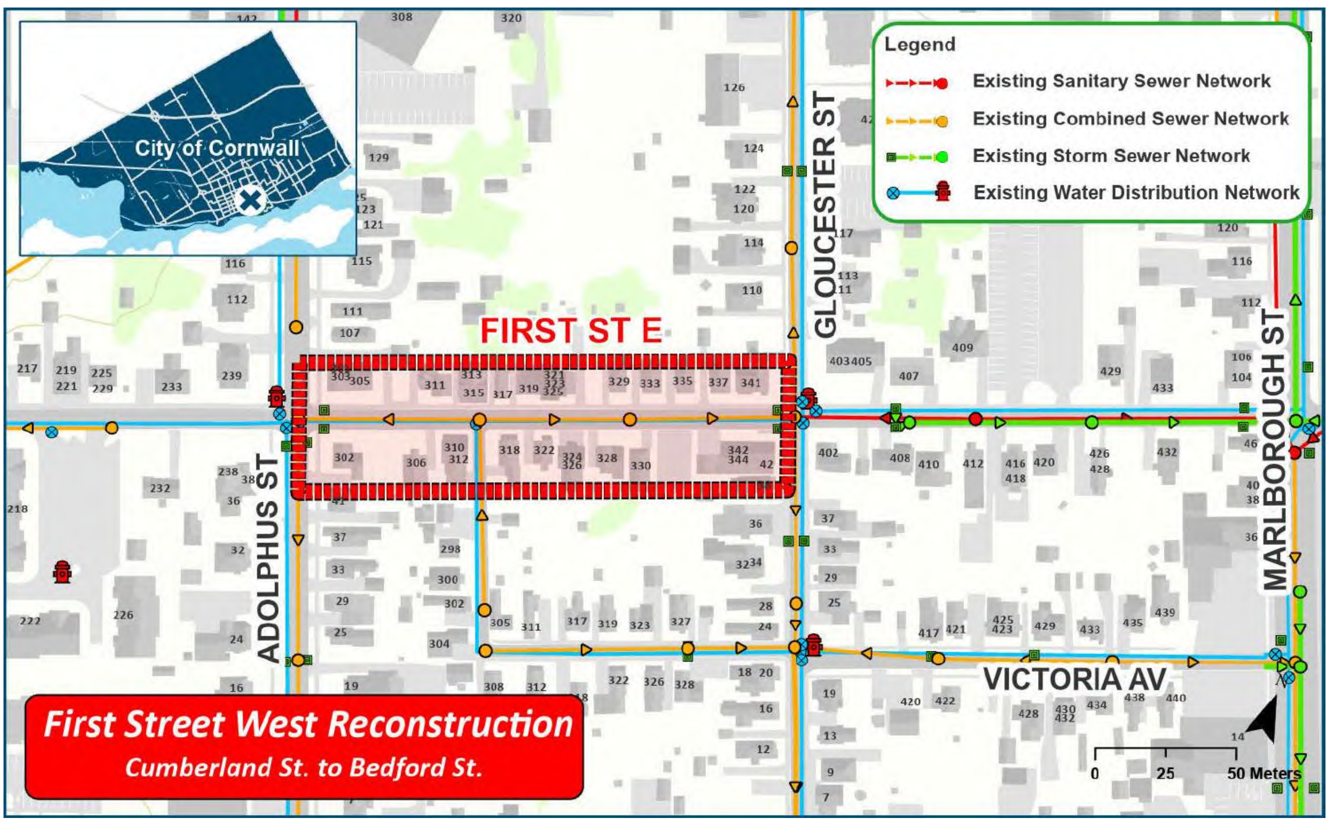
The reconstruction of First St. W. – Cumberland St. to Bedford St. is recommended as a joint infrastructure project as the underground infrastructure has reached the end of its service life and is in poor condition. The existing watermain was constructed in 1886 and is in need of replacement. The street is currently serviced with combined sewers which require separation through the installation of new dedicated storm and sanitary sewers as part of the City's long-term sewer separation plan. In addition, the road corridor has a pavement condition rating of 47 or "Poor" and requires rehabilitation.



PROJECT NAME:	**First St E from Adolphus St to Gloucester St**
FUNDING SOURCE(S):	\$ 650,000 Water Work Reserve \$ 650,000 Wastewater Work Reserve **\$1,300,000 Total Funding**

Joint infrastructure projects typically include the rehabilitation of sewer, water and roadway infrastructure. Project candidates are selected based on the state of underground infrastructure; locations where sewer separation is required; watermain improvements are necessary and are considered priorities. Project candidates are further narrowed based on locations where the road corridor is also in poor condition, as the roadway will be rehabilitated as part of the restoration works following the replacement of the underground infrastructure.

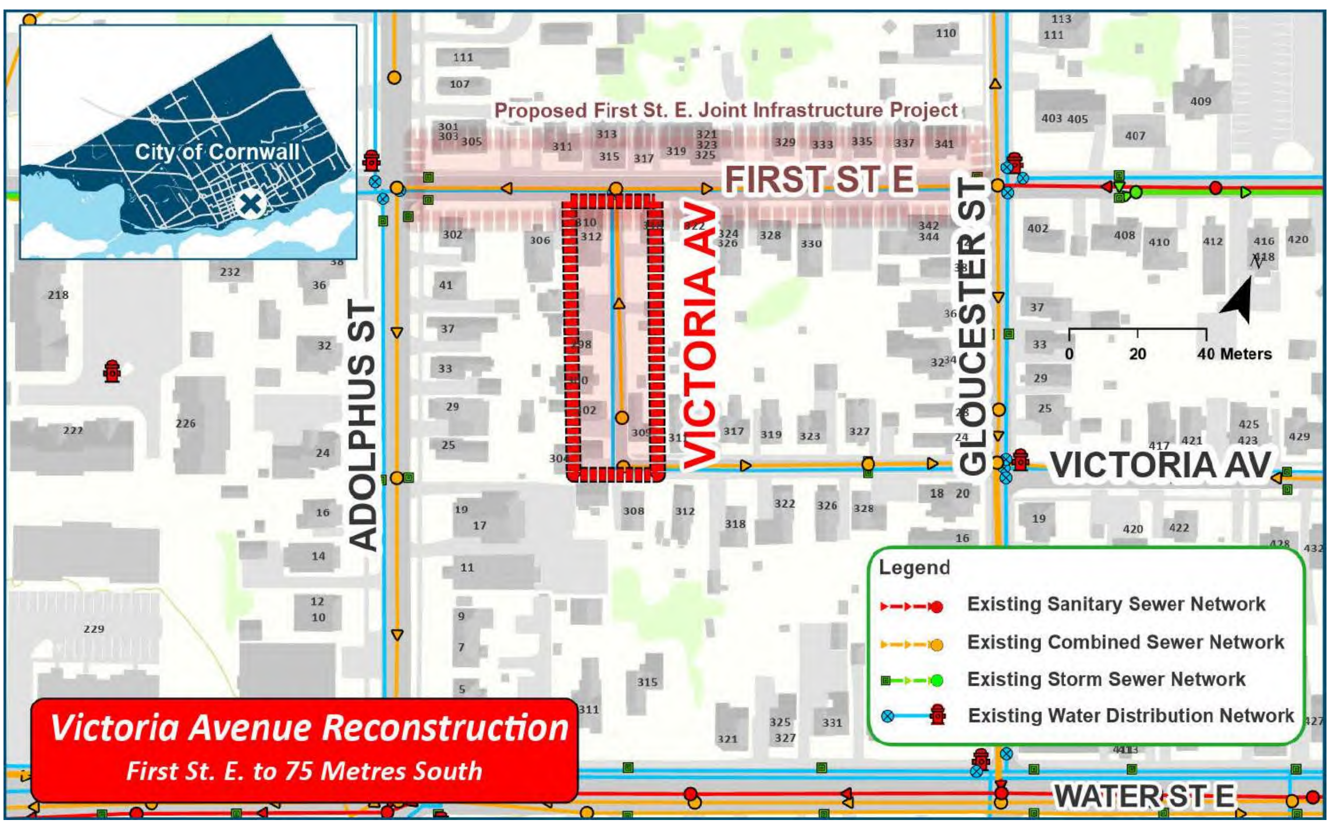
The reconstruction of First St. E. – Adolphus St. to Gloucester St. is recommended as a joint infrastructure project as the underground infrastructure has reached the end of its service life and is in poor condition. The existing watermain was constructed in 1923 and is in need of replacement. The street is currently serviced with a combined sewer that was constructed in 1920 and requires separation through the installation of new dedicated storm and sanitary sewers as part of the City's long-term sewer separation plan. In addition, the road corridor has a pavement condition rating of 44 or "Poor" and is in need of rehabilitation.



PROJECT NAME:	**Victoria Ave from First St E to South Limits**
FUNDING SOURCE(S):	$150,000 Water Works Reserve $150,000 Wastewater Works Reserve **$300,000 Total Funding**

Joint infrastructure projects typically include the rehabilitation of sewer, water and roadway infrastructure. Project candidates are selected based on the state of underground infrastructure; locations where sewer separation is required and watermain improvements are necessary are considered priorities. Project candidates are further narrowed based on locations where the road corridor is also in poor condition, as the roadway will be rehabilitated as part of the restoration works following the replacement of all buried infrastructure.

The reconstruction of Victoria Ave. – First St. E. to South Limits is recommended as a joint infrastructure project as the underground infrastructure has reached the end of its service life and is in poor condition. The existing watermain was constructed in 1925 and is in need of replacement. The street is currently serviced with combined sewers which require separation through the installation of new dedicated storm and sanitary sewers as part of the City's long-term sewer separation plan. In addition, the road corridor has a pavement condition rating of 51 or "fair" and requires rehabilitation.



2026 / 10-YEAR CAPITAL FORECAST

CAPITAL FORECAST
FOR THE YEARS 2026 - 2035
WATER DISTRIBUTION

LOCATION	FROM	TO	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Watermain Rehabilitation												
Improvements to system throughout the City			2,840	2,650	2,700	2,750	2,800	2,850	2,900	2,950	2,950	3,000
Pitt Street	Tollgate Road	Cornwall Centre Road		3,000								
Vincent Massey Drive	Tollgate Road	City Limits		5,000	5,000							
System Growth - New Watermain												
- Other System Growth/Projection Projects				500	500	500	500	500	500	500	500	500
		Total Capital:	$ 2,840	$11,150	$ 8,200	$ 3,250	$ 3,300	$ 3,350	$ 3,400	$ 3,450	$ 3,450	$ 3,500

2026 / 10-YEAR CAPITAL FORECAST

CAPITAL FORECAST
FOR THE YEARS 2025 - 2034
WATER PURIFICATION PLANT

DESCRIPTION	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Filter 3 & 4 Media Replacements GAC Media	2,200									
Submersible Filter Backwash Pump and Valve Replacement	120	700								
Instrumentation Upgrades	100	100				150				150
Outfall Repairs or New	75									
Valve Replacement Program	50	50			250	250				100
Raw Water Intake Redundancy		6,000	6,000	6,000	6,000	6,000	6,000	6,000		
High Lift Pump Rehabilitation		50								
Building and Grounds Project				50	50	50				150
Concrete Rehabilitation/Renewal		200	200		200					
Filter 1 & 2 Media Replacements		2,200								
Clearwell Sluice Gate Replacement		150								
Water Dispensing Station Sytem Upgrades			75							
High Lift Pump Replacement			1,000	1,000	1,000			1,000		
Elevated Storage Tank Upgrades			400			250			1,500	
SCADA Equipment			300	500		150			150	150
Expansion Joint Repairs			400							
Building Exterior Brickwork				800						
Roof Repairs					500					100
Concrete Storage Tanks Condition Assessment					50	150				
Removal of Hydrogen Peroxide System						300				
Intake Structure Engineering and Rehabilitation							700			
Electrical System Upgrades								700		
Rehab/Replacement of Air Flow Unit # (1-2)									700	
Rehab/Replacement of Diesel Fuel Bulk Storage Tank										130
Rehab/Replacement of Sodium Hypo Tank #1										130
Total Capital:	$ 2,545	$ 9,450	$ 8,375	$ 8,350	$ 8,050	$ 7,300	$ 6,700	$ 7,700	$ 2,350	$ 910

2026 / 10-YEAR CAPITAL FORECAST

CAPITAL FORECAST
FOR THE YEARS 2026 - 2035
WASTEWATER COLLECTION

DESCRIPTION	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Wastewater Collection Program										
Sewer Network Improvements	1,175	1,200	1,225	1,250	1,275	1,275	1,300	1,300	1,325	1,325
Fifth St. W. – Brookdale Ave. to Yates Ave.										
Gulf St. – Third St. W. to Fifth St. W.										
Third St. W. – Brookdale Ave. to Yates Av.										
Various Storm and Sanitary Spot Repair Locations										
CCTV Sewer Inspections - Various locations										
Storm & Combined Sewer Separation	775	775	825	825	850	850	875	875	900	900
Total Capital:	**$ 1,950**	**$ 1,975**	**$ 2,050**	**$ 2,075**	**$ 2,125**	**$ 2,125**	**$ 2,175**	**$ 2,175**	**$ 2,225**	**$ 2,225**

2026 / 10-YEAR CAPITAL FORECAST

CAPITAL FORECAST
FOR THE YEARS 2025 - 2034
WASTEWATER TREATMENT PLANT

DESCRIPTION	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Dewatering Building Odour Control Unit	1,650	1,000								
Septage Receiving Station	875									
Outfall Repairs or New	75	800	800							
BAF Cell # 2 Conversion to Duostyr	85									
Obsolete MCC/VFD Replacements	50	50	50	50	50	50				
Chlorine Building Demolition		75	250							
Roof Replacement for All Buildings		200	200	225	70		110		350	200
BAF Cells 3,4,5,6 Conversion to Duostyr		800								
BAF Backwash Header Modifications		80	750	750						
Pumphouse Secondary Forcemain to Main Plant			750	750	750					
Fine screens 1&2 Overhaul			200							
RDT Overhaul			100							
Brookdale Gate Replacement			1,000							
Primary Clarifiers 1-4 and Header Rehabilitation			100	2,500						
Pumphouse Suction and Discharge Header				100	1,800					
Primary Boiler 1 & 2 Replacement					75	800	800			
Instrumentation Replacements					215	215	215	215	215	215
Rehab/Replacement of Primary Gate					300					
UV System Replacement						1,600		1,600		
Exterior Building Rehabilitation							1,550			
Pumphouse Pump Replacement									1,900	
Grit Tank Rehabilitation and Equipment Upgrade									150	2,500
Total Capital:	**$ 2,735**	**$ 3,005**	**$ 4,200**	**$ 4,375**	**$ 3,260**	**$ 2,665**	**$ 2,675**	**$ 1,815**	**$ 2,615**	**$ 2,915**

2026 / 10-YEAR CAPITAL FORECAST

CAPITAL FORECAST

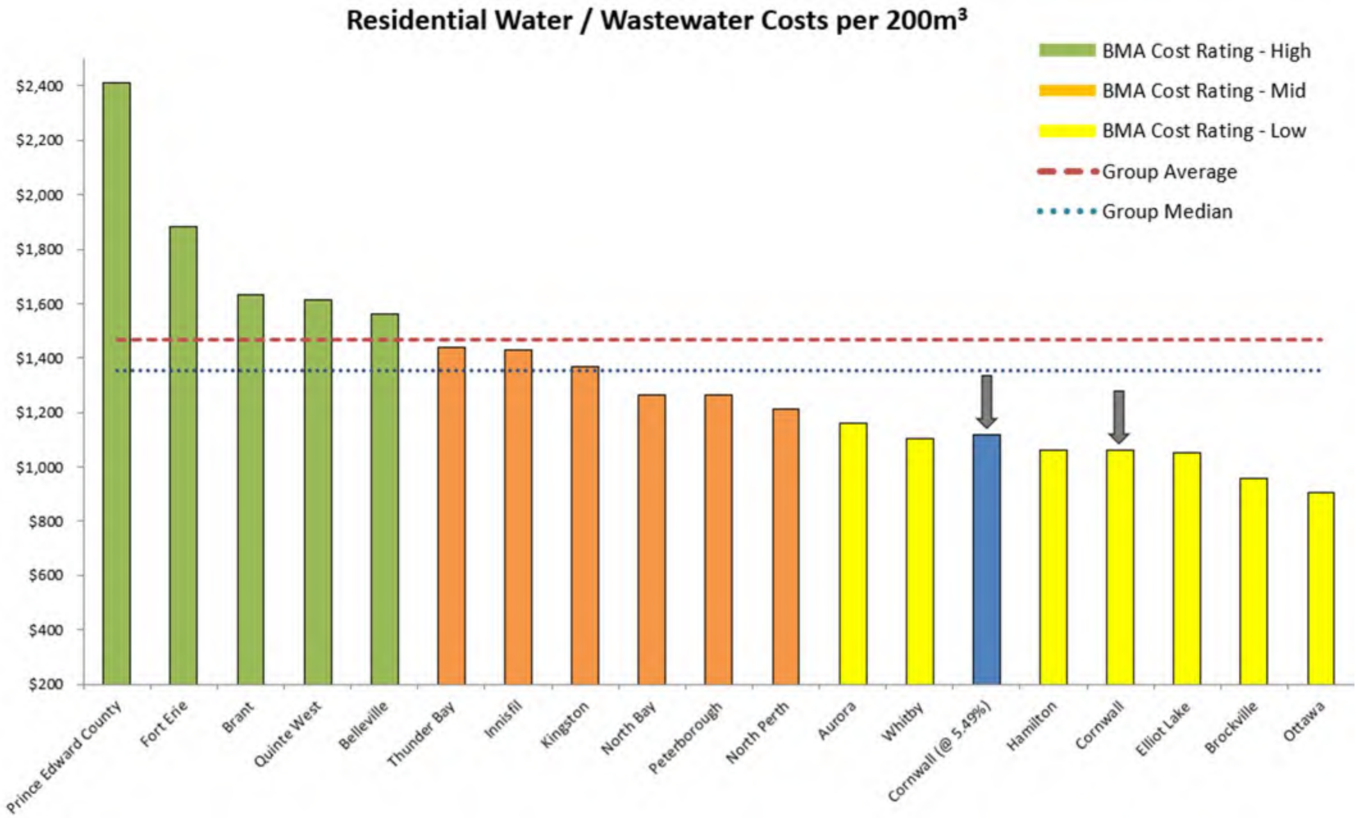
FOR THE YEARS 2026 - 2035

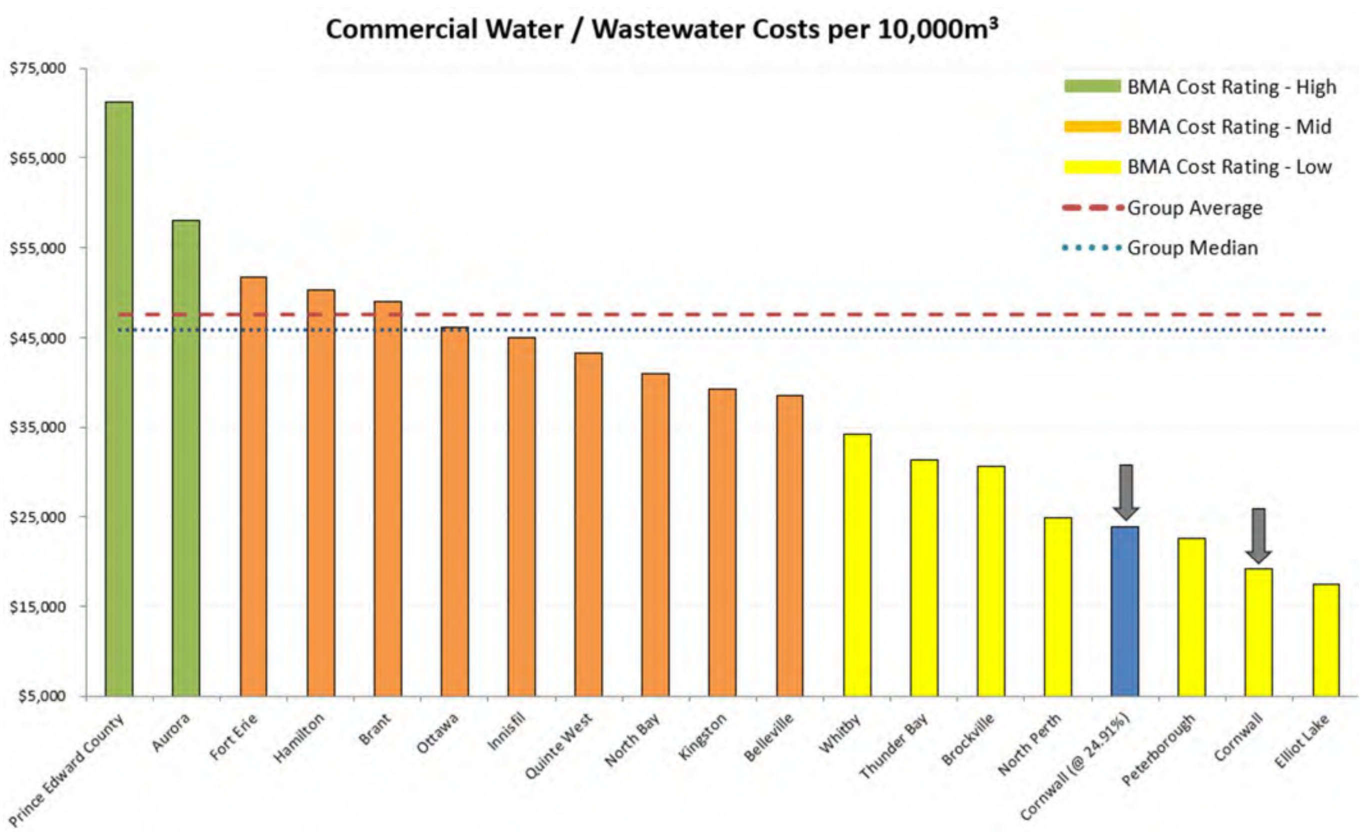
JOINT INFRASTRUCTURE PROJECTS - (WATER / WASTEWATER)

LOCATION	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
First St E - Adolphus St to Gloucester St	1,400									
First St E - Cumberland St to Bedford St	1,300									
Victoria St - First St E to South Limits	300									
Sixth St E - Pitt St to Sydney St		1,850								
Sixth St W - Pitt St to Augustus St		1,200								
First St E - Alice St to Carleton St			1,950							
Sixth St W - Augustus St to York St			1,100							
Sixth St W - York St to Cumberland St				3,100						
Eighth St E - Gloucester St St to Marlborough St.					1,400					
Eighth St E - Adolphus St to Gloucester S.					1,700					
Timothy Av - Cumberland St to Bedford St						1,750				
Bedford St - Fourth St to Fifth St						1,400				
Gloucester St - Second St to Aberdeen Ave							1,850			
First St E - Baldwin Av to McConnell Ave							1,300			
Sixth St E - Adolphus St to Gloucester S								1,775		
Sixth St E - Gloucester S to Marlborough St								1,425		
Lefebvre Av - Easton Av to Montreal Road									3,200	
Future Projects										3,250
Total Capital:	**$ 3,000**	**$ 3,050**	**$ 3,050**	**$ 3,100**	**$ 3,100**	**$ 3,150**	**$ 3,150**	**$ 3,200**	**$ 3,200**	**$ 3,250**

Appendix A

Municipal Comparators





Comparison of Water/Wastewater Costs – Residential (sorted lowest to highest)

Volume Meter Size	Residential 200 m³ 5/8"	Residential 200 m³ Ranking
Brampton	$ 782	Low
Mississauga	$ 782	Low
Caledon	$ 782	Low
Ottawa	$ 908	Low
Toronto	$ 937	Low
Brockville	$ 960	Low
Petawawa	$ 973	Low
Grimsby	$ 1,004	Low
Markham	$ 1,023	Low
Stratford	$ 1,039	Low
Elliot Lake	$ 1,050	Low
Brantford	$ 1,053	Low
Erin	$ 1,055	Low
London	$ 1,057	Low
Hamilton	$ 1,062	Low
Cornwall	$ 1,062	Low
Vaughan	$ 1,077	Low
Oakville	$ 1,091	Low
Halton Hills	$ 1,091	Low
Burlington	$ 1,091	Low
Milton	$ 1,091	Low
Aylmer	$ 1,092	Low
Pickering	$ 1,102	Low
Clarington	$ 1,102	Low
Ajax	$ 1,102	Low
Oshawa	$ 1,102	Low
Scugog	$ 1,102	Low
Brock	$ 1,102	Low
Whitby	$ 1,102	Low
Tillsonburg	$ 1,108	Low
Richmond Hill	$ 1,124	Low
Waterloo	$ 1,128	Low
Guelph	$ 1,136	Low
Collingwood	$ 1,140	Low
Aurora	$ 1,160	Low
Windsor	$ 1,164	Low
Hanover	$ 1,168	Low
Sault Ste. Marie	$ 1,176	Low
Timmins	$ 1,185	Low
Haldimand	$ 1,186	Low

Volume Meter Size	Residential 200 m³ 5/8"	Residential 200 m³ Ranking
North Perth	$ 1,211	Mid
Essex	$ 1,214	Mid
Orangeville	$ 1,217	Mid
St. Thomas	$ 1,224	Mid
Sarnia	$ 1,233	Mid
West Perth	$ 1,258	Mid
Peterborough	$ 1,264	Mid
North Bay	$ 1,265	Mid
New Tecumseth	$ 1,270	Mid
Pelham	$ 1,290	Mid
Orillia	$ 1,298	Mid
The Blue Mountains	$ 1,298	Mid
Barrie	$ 1,301	Mid
Whitchurch-Stouffville	$ 1,302	Mid
Wellington North	$ 1,323	Mid
Strathroy-Caradoc	$ 1,324	Mid
Ingersoll	$ 1,325	Mid
Kitchener	$ 1,325	Mid
Niagara Falls	$ 1,326	Mid
Cambridge	$ 1,344	Mid
Kincardine	$ 1,353	Mid
Gravenhurst	$ 1,365	Mid
Huntsville	$ 1,365	Mid
Bracebridge	$ 1,365	Mid
Kingston	$ 1,369	Mid
West Grey	$ 1,372	Mid
St. Catharines	$ 1,373	Mid
Chatham-Kent	$ 1,383	Mid
Lakeshore	$ 1,397	Mid
Wilmot	$ 1,411	Mid
Innisfil	$ 1,431	Mid
Thunder Bay	$ 1,437	Mid
Penetanguishene	$ 1,446	Mid
Southgate	$ 1,448	Mid
Centre Wellington	$ 1,449	Mid
West Lincoln	$ 1,453	Mid
Newmarket	$ 1,461	Mid
Espanola	$ 1,464	Mid
Niagara-on-the-Lake	$ 1,484	Mid
Thorold	$ 1,487	Mid

Volume Meter Size	Residential 200 m³ 5/8"	Residential 200 m³ Ranking
Wellesley	$ 1,504	High
North Dumfries	$ 1,504	High
Saugeen Shores	$ 1,508	High
Amherstburg	$ 1,525	High
Woolwich	$ 1,540	High
Georgina	$ 1,542	High
East Gwillimbury	$ 1,548	High
Belleville	$ 1,560	High
Quinte West	$ 1,612	High
Owen Sound	$ 1,622	High
Brant	$ 1,633	High
Welland	$ 1,655	High
King	$ 1,668	High
Lincoln	$ 1,669	High
Guelph-Eramosa	$ 1,671	High
Renfrew	$ 1,680	High
Greater Sudbury	$ 1,682	High
Port Hope	$ 1,770	High
Thames Centre	$ 1,824	High
Minto	$ 1,853	High
Springwater	$ 1,855	High
Fort Erie	$ 1,884	High
Lambton Shores	$ 1,898	High
Middlesex Centre	$ 1,919	High
Dryden	$ 1,977	High
Mapleton	$ 2,049	High
Norfolk	$ 2,075	High
Parry Sound	$ 2,080	High
Kenora	$ 2,103	High
Port Colborne	$ 2,126	High
North Middlesex	$ 2,137	High
Grey Highlands	$ 2,173	High
Central Elgin	$ 2,234	High
Greenstone	$ 2,329	High
Prince Edward County	$ 2,413	High
South Bruce Peninsula	$ 2,506	High
Meaford	$ 2,659	High
North Grenville	$ 2,844	High
Ramara	$ 2,941	High
Whitewater Region	$ 3,167	High
Tay	$ 3,379	High
Average	**$ 1,469**	
Median	**$ 1,353**	

Comparison of Water/Wastewater Costs - Commercial (sorted lowest to highest)

Volume Meter Size	Commercial 10,000 m³ 2"	Commercial 10,000 m³ Ranking
West Perth	$ 16,680	Low
Elliot Lake	$ 17,412	Low
West Grey	$ 18,922	Low
Cornwall	$ 19,169	Low
Espanola	$ 19,479	Low
Collingwood	$ 21,897	Low
Peterborough	$ 22,583	Low
North Perth	$ 24,905	Low
Tillsonburg	$ 27,515	Low
Ingersoll	$ 28,122	Low
Brockville	$ 30,574	Low
Kincardine	$ 30,611	Low
London	$ 30,977	Low
Thunder Bay	$ 31,342	Low
Stratford	$ 31,985	Low
Sarnia	$ 33,185	Low
Grimsby	$ 33,246	Low
Grey Highlands	$ 33,260	Low
Essex	$ 33,358	Low
Caledon	$ 33,584	Low
Mississauga	$ 33,584	Low
Brampton	$ 33,584	Low
Hanover	$ 34,183	Low
Oshawa	$ 34,279	Low
Scugog	$ 34,279	Low
Ajax	$ 34,279	Low
Whitby	$ 34,279	Low
Clarington	$ 34,279	Low
Brock	$ 34,279	Low
Pickering	$ 34,279	Low
Chatham-Kent	$ 34,888	Low
St. Thomas	$ 35,270	Low
Haldimand	$ 35,590	Low
Windsor	$ 36,063	Low
Halton Hills	$ 36,887	Low
Oakville	$ 36,887	Low
Milton	$ 36,887	Low
Burlington	$ 36,887	Low
Niagara-on-the-Lake	$ 37,077	Low
Mapleton	$ 37,919	Low
Niagara Falls	$ 38,362	Mid
Belleville	$ 38,504	Mid
Kingston	$ 39,188	Mid
Lakeshore	$ 39,813	Mid
Toronto	$ 39,841	Mid
Saugeen Shores	$ 40,112	Mid
Pelham	$ 40,425	Mid
Amherstburg	$ 40,463	Mid
North Bay	$ 40,908	Mid
Kenora	$ 42,082	Mid
Erin	$ 42,141	Mid
Quinte West	$ 43,224	Mid
Thorold	$ 43,480	Mid
West Lincoln	$ 44,380	Mid
Southgate	$ 44,800	Mid
Innisfil	$ 44,928	Mid
Aylmer	$ 44,985	Mid
Port Colborne	$ 45,547	Mid
Petawawa	$ 45,649	Mid
Minto	$ 45,747	Mid
St. Catharines	$ 45,986	Mid
Ottawa	$ 46,085	Mid
Sault Ste. Marie	$ 46,324	Mid
Orangeville	$ 46,449	Mid
Guelph	$ 46,519	Mid
Owen Sound	$ 47,199	Mid
Brantford	$ 47,236	Mid
Orillia	$ 48,728	Mid
Timmins	$ 48,887	Mid
Brant	$ 48,985	Mid
Wellington North	$ 50,086	Mid
Strathroy-Caradoc	$ 50,112	Mid
Hamilton	$ 50,312	Mid
Barrie	$ 50,529	Mid
Markham	$ 51,147	Mid
Bracebridge	$ 51,570	Mid
Huntsville	$ 51,570	Mid
Gravenhurst	$ 51,570	Mid
Fort Erie	$ 51,735	Mid
The Blue Mountains	$ 52,217	Mid
Newmarket	$ 52,590	High
Vaughan	$ 53,843	High
Penetanguishene	$ 54,215	High
Greater Sudbury	$ 54,299	High
Waterloo	$ 54,629	High
Renfrew	$ 55,644	High
Dryden	$ 55,848	High
Richmond Hill	$ 56,215	High
Welland	$ 57,143	High
Wilmot	$ 57,384	High
Cambridge	$ 57,626	High
Aurora	$ 58,000	High
Centre Wellington	$ 58,417	High
Whitchurch-Stouffville	$ 60,233	High
East Gwillimbury	$ 60,680	High
Thames Centre	$ 61,016	High
Norfolk	$ 61,408	High
Central Elgin	$ 61,488	High
Woolwich	$ 61,538	High
Wellesley	$ 61,676	High
North Dumfries	$ 61,676	High
New Tecumseth	$ 63,500	High
South Bruce Peninsula	$ 64,068	High
Parry Sound	$ 64,975	High
Kitchener	$ 66,269	High
Guelph-Eramosa	$ 68,409	High
Springwater	$ 68,769	High
Tay	$ 69,241	High
Georgina	$ 70,436	High
Lincoln	$ 71,108	High
Prince Edward County	$ 71,197	High
Meaford	$ 75,335	High
Lambton Shores	$ 76,032	High
King	$ 76,554	High
Middlesex Centre	$ 76,588	High
Port Hope	$ 79,422	High
Ramara	$ 79,744	High
Greenstone	$ 86,229	High
North Middlesex	$ 89,395	High
North Grenville	$ 108,936	High
Average	**$ 47,617**	
Median	**$ 45,867**	

Key Financial Assumptions

Following the key assumptions outlined for the City's 2017 LTFP, the financial forecast for the years 2027-2029 (multi-year budget) encompasses a number of key assumptions that are used to project the City's anticipated financial performance, including the following:

Operating expenses

Salary and benefit related costs are projected to increase at an average rate of 2.5% per year based upon our financial model. This reflects settlements under the City's collective bargaining agreements, corresponding increases for non-union personnel, and increases in benefit costs and other staffing adjustments.

Costs for materials and goods are projected to increase at a rate of 5.0% per year, which represents an assumed increase due to past inflation and the impact of saving initiatives undertaken by the City.

Other operating expenses are projected to increase at a rate of 3.0% per year, which represents the assumed general rate of increase in operating costs due to inflation and the impact of regulatory changes.

Insurance is projected to increase by 10% per year.

Capital

Projected capital expenditures and associated funding (based on financial policy recommendations) for the years 2027 to 2035 are based on the City's AMP, which is reviewed annually.

City of Cornwall

2025 – State of Infrastructure Report Cards

Note: In the State of Infrastructure section of this book, the following report cards are generated from the City's Decision Support System (DSS) software and are based on the asset database and associated replacement costs as of year end 2024, whereas the 2025 AMP reflects replacement costs at the time the analysis was completed.

2024 - City of Cornwall State of Infrastructure Report Card

Service: Utilities

Sanitary Sewer Collection System

Linear

Asset Inventory:

Asset Class	Inventory	Unit
Forcemains	7.34	KM
Sanitary Sewers	209.90	KM

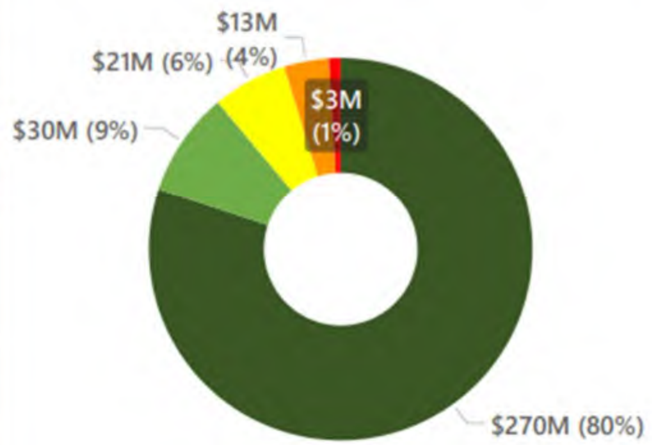
Replacement Cost: $337.35M

Overall Condition: **Very Good**

Annual Average Funding: $1.56M

Annual Funding required to meet Target Performance (10 Year): $2.80M

Current Condition by Replacement Cost ($)



Performance Forecast with Anticipated Budget

2024 - City of Cornwall
State of Infrastructure Report Card

Cornwall ONTARIO CANADA

Service: Utilities

Sanitary Sewer Collection System

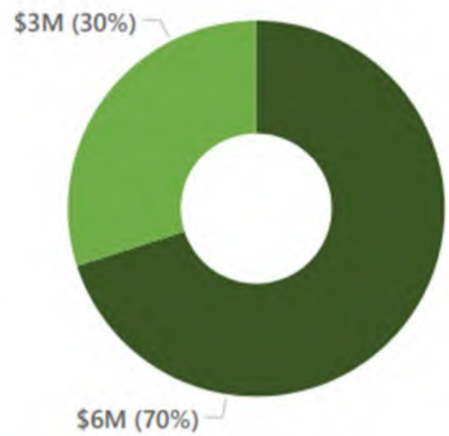
Vertical

Asset Inventory:

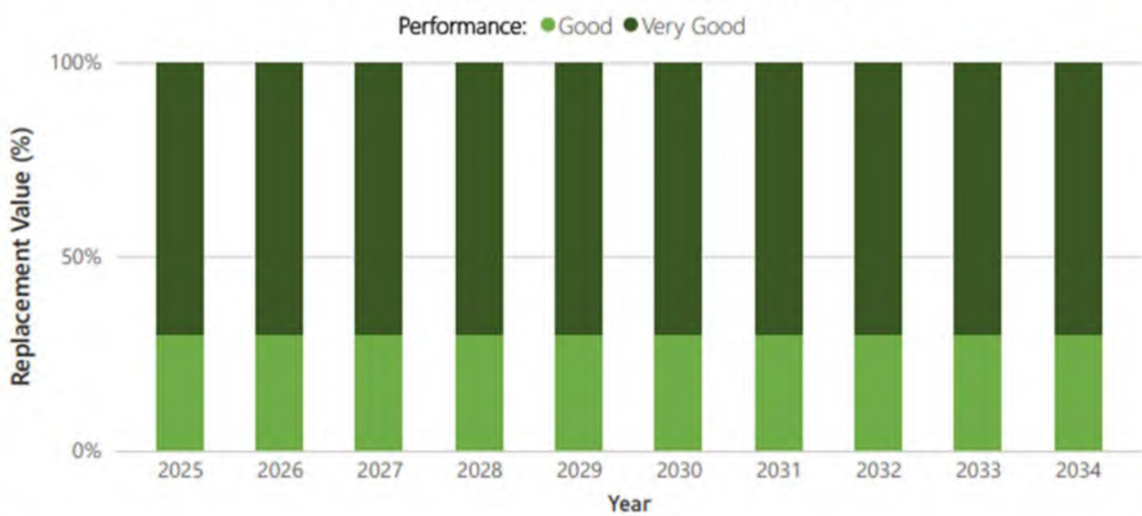
Asset Class	Inventory	Unit
Sanitary Pumping Stations	6.00	Structures

Replacement Cost:	$9.04M
Overall Condition:	**Very Good**
Annual Average Funding:	$0.00
Annual Funding required to meet Target Performance (10 Year):	$0.00

Current Condition by Replacement Cost ($)



Performance Forecast with Anticipated Budget



2024 - City of Cornwall State of Infrastructure Report Card

Cornwall ONTARIO CANADA

Service: Utilities

Combined Sewer Collection System

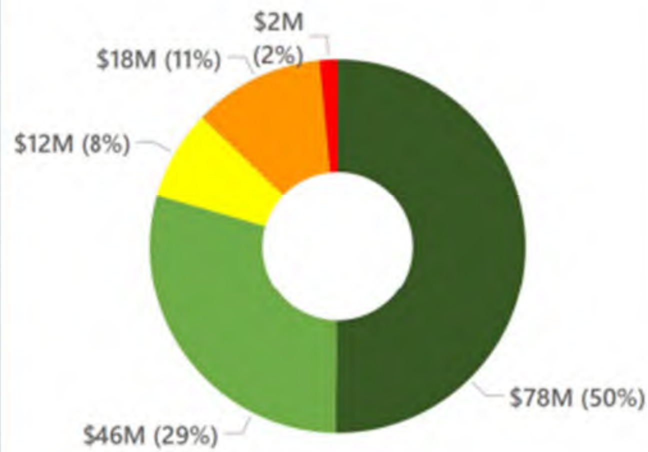
Linear

Asset Inventory:

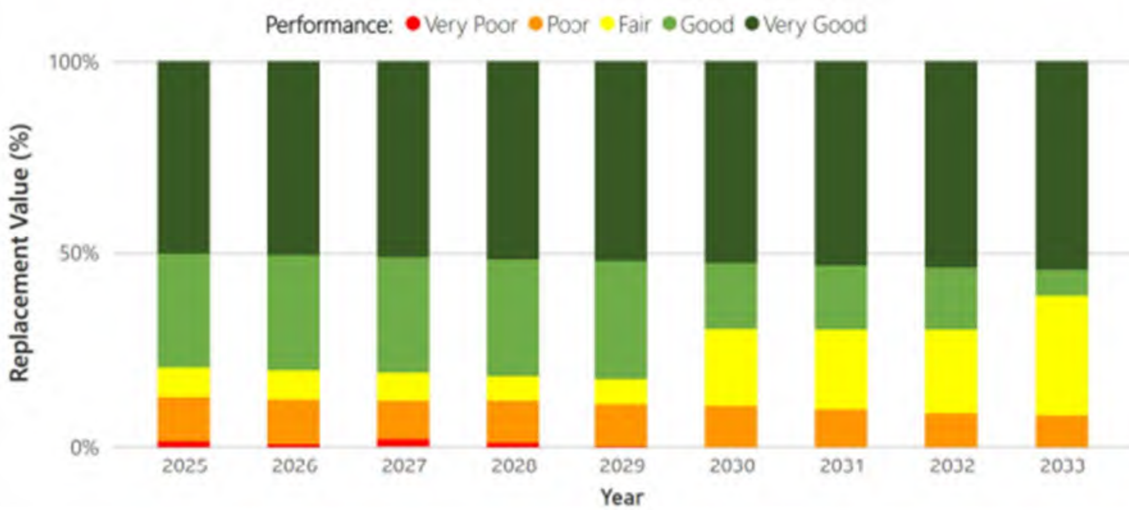
Asset Class	Inventory	Unit
Combined Sewers	50.34	KM

Replacement Cost:	$155.81M
Overall Condition:	**Good**
Annual Average Funding:	$1.53M
Annual Funding required to meet Target Performance by 2078	$1.53M

Current Condition by Replacement Cost ($)



Performance Forecast with Anticipated Budget



Cornwall
ONTARIO CANADA

2024 - City of Cornwall
State of Infrastructure Report Card

Service: Utilities

Storm Sewer Collection System

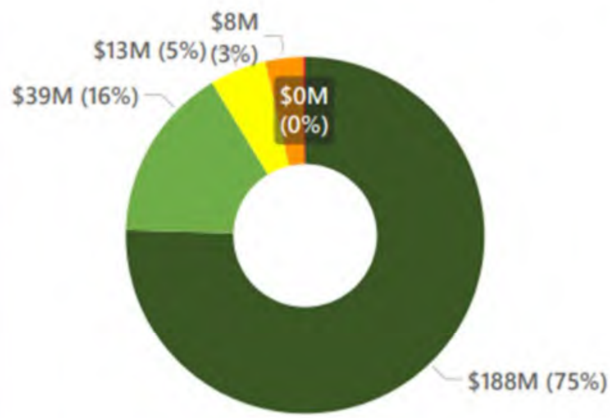
Linear

Asset Inventory:

Asset Class	Inventory	Unit
Storm Sewers	148.12	KM

Replacement Cost:	$249.02M
Overall Condition:	**Very Good**
Annual Average Funding:	$0.00
Annual Funding required to meet Target Performance (10 Year):	$1.18M

Current Condition by Replacement Cost ($)



Performance Forecast with Anticipated Budget

2024 - City of Cornwall State of Infrastructure Report Card

Service: Utilities

Storm Sewer Collection System

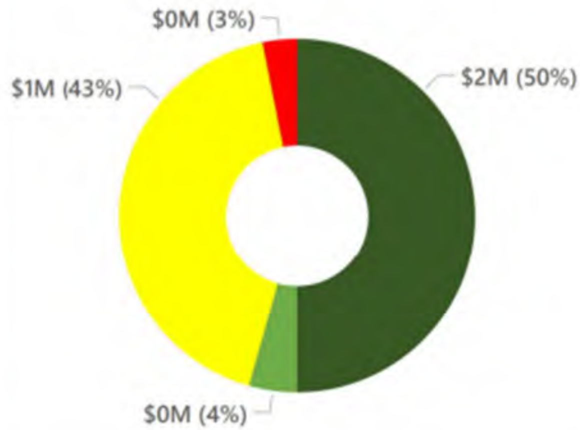
Vertical

Asset Inventory:

Asset Class	Inventory	Unit
Oil Grit Separators	15.00	Structures
Stormwater Retention Ponds	9.00	Structures

Replacement Cost:	$3.15M
Overall Condition:	**Good**
Annual Average Funding:	$0.00
Annual Funding required to meet Target Performance (10 Year):	$168.00K

Current Condition by Replacement Cost ($)



Performance Forecast with Anticipated Budget

Cornwall
ONTARIO CANADA

2024 - City of Cornwall State of Infrastructure Report Card

Service: Utilities

Water Distribution Network

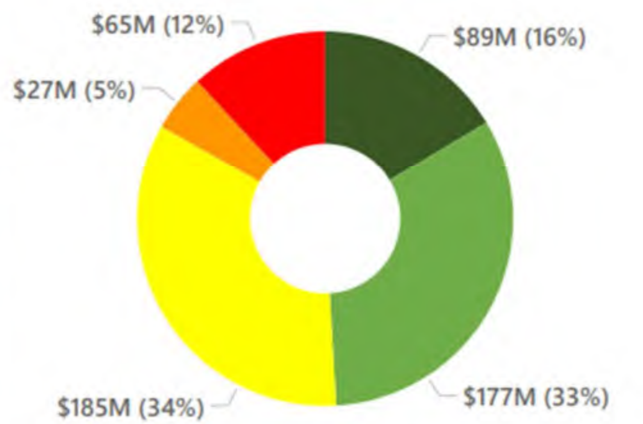
Linear

Asset Inventory:

Asset Class	Inventory	Unit
Watermains	274.84	KM

Replacement Cost:	$543.23M
Overall Condition:	Fair
Annual Average Funding:	$3.81M
Annual Funding required to meet Target Performance (25 Year):	$9.30M

Current Condition by Replacement Cost ($)



Performance Forecast with Anticipated Budget