

MUNICIPALITY OF LEAMINGTON

AGENDA



SPECIAL COUNCIL MEETING

**MONDAY, JUNE 14, 2010
COMMENCING AT 6:00 P.M.
IN THE COUNCIL CHAMBERS**

(A) **CALL TO ORDER:**

(B) **DISCLOSURES OF PECUNIARY INTEREST:**

(C) **REPORTS OF STAFF & DELEGATIONS:**

1. Report LWS 04/10 dated June 8, 2010 re: Financial Plan - Leamington Water Services (Water Rate Study prepared by Watson & Associates Economists Ltd. dated June 8, 2010 available under separate cover)
Pages 2-4
 - Gary Scanlan, Watson & Associates Economists Ltd.

(D) **ADJOURNMENT:**

JB

REPORT

TO: MAYOR AND MEMBERS OF COUNCIL

FROM: Kit Woods, Manager of Environmental Services

DATE: June 8, 2010

RE: Financial Plan - Leamington Water Services

AIM:

To recommend that Council approve the Financial Plan developed for Leamington's municipal drinking water distribution system

BACKGROUND:

Previously reports have provided council with updates on the activities that have been undertaken to address the requirements of the Safe Drinking Water Act 2002, specifically that all municipal drinking water systems must obtain a licence from the Ontario Ministry of Environment (MOE). In order to obtain a licence the following elements must be in place:

1. A Permit to Take Water
2. A Drinking Water Works Permit
3. An Operational Plan
4. An Accredited Operating Authority
5. Financial Plan

The Municipality of Leamington obtained its first Drinking Water Works Permit (Item 2 above) and the overall Municipal Drinking Water License for its water distribution system on August 28th 2009. A Permit to Take Water (Item 1 above) is not needed since the Water Supply Systems are responsible for providing these permits.

The municipality also received, through Leamington Water Services, accreditation as the municipality's Operating Authority, on August 28th 2009. The initial accreditation was a "Limited Scope - Entire DWQMS" accreditation. This option recognized that the Plan was complete but had not yet been implemented. The administration anticipates making application for full scope accreditation in July, having completed one year's implementation. Approval is based on a successful audit of the Operational Plan and its implementation.

The remaining element required therefore to satisfy the requirements is the Financial Plan. Ontario Regulation 453/07 details the requirements for a water distribution system's Financial Plan.

This Plan must be submitted for a minimum of a six year period, prior to July 1, 2010.

COMMENTS:

Watson & Associates Economists Ltd. was retained to prepare the Financial Plan. It is being prepared in conjunction with the plans for the Union Water Supply System and Kingsville Water Distribution System.

The Financial Plan must:

- be approved by a Council resolution
- include a statement that the financial impacts of the Leamington Water System have been considered
- apply for a period of at least six years
- Include details of proposed or projected financial operations itemized by total revenues, total expenses, annual surplus or deficit, and accumulated surplus or deficit.
- Include details of proposed or projected financial position itemized by total financial assets, total liabilities, net debt, and non-financial assets that are tangible capital assets, tangible capital assets under construction, inventories of supplies and prepaid expenses, and changes in tangible capital assets that are additions, donations, write downs and disposals
- Include details of proposed or projected gross cash receipts and gross cash payments itemized by operating transactions, capital transactions, investing transactions, and financing transactions
- Include changes in cash and cash equivalents during the year, and cash and cash equivalents at the beginning and end of the year
- Detail the extent to which the information described above relates directly to the replacement of lead service pipes as defined in section 15.1- 3 of Schedule 15.1 to Ontario Regulation 170/03 (Drinking Water Systems), made under the Act.

With regard to lead service piping, the Water division is unaware of any specific lead service piping in the municipal water system. However a statement will be made indicating that when older portions of the water main system are replaced as part of the ongoing replacement program, any lead service pipes will be replaced if and when found.

Once the Plan is prepared and approved it must be made available, on request, to members of the public who are served by the Leamington Water Services without charge, and also made available to members of the public without charge through publication on the Internet. The municipality must also provide notice advising the public of the availability of the Financial Plan in a manner that will bring the notice to the attention of members of the public who are served by Leamington Water Services.

A copy of the Financial Plan must also be forwarded to the Ministry of Municipal Affairs and Housing. Further, a copy of the Council resolution approving the Financial Plan must be forwarded to the Ministry of the Environment.

It does not appear that any approval will be issued by the Province. The Financial Plan will be the municipality's document and it will be reviewed and updated on an ongoing basis, based on operating and capital budgeting.

FINANCIAL IMPLICATIONS:

Watson & Associates will be making a presentation to Council outlining the implications of the Financial Plan on the rate structure for water in the municipality. The Rate Report, which is the basis for the Financial Plan, is provided under separate cover.

It is not intended that Council approve any particular water rates at this time. A further report will be forthcoming prior to the 2011 budget recommending rates for both Water and Wastewater,

based on Watson's analysis of both systems. Watson is currently in the process of completing the Water and Wastewater Rate Study (forecast) as part of the Fiscal Impact Assessment Study being undertaken.

RECOMMENDATION:

That Council approve a Water Financial Plan based on the Municipality of Leamington Water Rate Study dated June 8th 2010, prepared by Watson & Associates Economists Ltd. for the Municipality of Leamington, and further

That Council authorize the administration to forward a copy of the Municipality of Leamington Water Rate Study, Water Financial Plan and a copy of the Council resolution approving the Water Financial Plan to the Ministry of Municipal Affairs and Housing and the Ministry of the Environment.

All as described in LWS 4/10

Signed: _____
Kit Woods
Manager, Environmental Services

Signed: _____
John Tofflemire
Director of Community Services