

**Minutes of an Amherstburg Municipal Council Special Public Meeting  
Held in Council Chambers at 12:00 p.m. on Tuesday, April 6, 2010**

**PRESENT:**

Mayor Wayne Hurst  
Deputy Mayor Robert Bailey  
Councillor Rick Fryer  
Councillor Robert (Bob) Pillon  
Councillor John Sutton  
Councillor William (Bill) Wark  
Councillor Rosa White

**ALSO PRESENT:**

Pamela Malott, Chief Administrative Officer  
Brenda Percy, Manager of Council & Leg. Services/Clerk  
Paul Beneteau, Treasurer  
Ivano Fregonese, Supervisor of Budget Services  
Antonietta Giofu, Environmental Services Engineer  
Lou Zarlenga, Manager of Public Services  
Dwayne Grondin, Sewer and Water main Superintendent  
  
Terry Hearn, CH2MHill

**CALL TO ORDER**

The Mayor called the meeting to order.

**DISCLOSURE OF PECUNIARY INTEREST**

There were no disclosures of pecuniary interest.

**PRESENTATION**

Ivano Fregonese, Supervisor of Budget Services, made a presentation to Council regarding the Water and Wastewater Operations and Capital Budget.

Deputy Mayor Bailey asked if the debenture loans allowed early repayment. Ivano Fregonese advised that the debentures are not in place yet and that the provision of early repayment could be considered.

In response to a question from Councillor Pillon, Ivano Fregonese explained the reasons for the increases being construction costs and projected growth that did not materialize. These things were beyond the Town's control. Ivano Fregonese also noted that Administration has requested an increase to the grant funding due to the unforeseen construction costs. Should the request to the Province for further funding be declined, a

further increase will be required to the rates. Administration is looking to mitigate the impact on the user rate.

There was discussion with regard to the 25% debt threshold, projected overage in the years 2011 and 2012 and a request from Ministry to allow overage.

Councillor Fryer asked if the government has been contacted to ask for additional funding under COMRIF. Pamela Malott advised that Administration would provide the date the request was made to the government for an increase in the grant due to unforeseen increase in construction costs.

There was discussion with respect to unforeseen costs, moving ahead with construction and information provided at budget sessions based on information known at that time.

Ivano Fregonese explained that the group has reviewed extensively all options. There is a plan in place, subject to Council's approval. Should the plan not work and the necessary approvals not be received from the Ministry, Administration will return to Council for further direction. Other options may include increase to user rates.

There was no one from the public present.

Terry Hearn provided an overview of the Water and Wastewater Rate study. A copy of the PowerPoint presentation is attached and forms an Addendum to these minutes.

There was discussion with regard to a water conservation/management plan, comparison of water and sewage charges with neighbouring municipalities, and lawn watering.

#### **REPORTS OF MUNICIPAL OFFICERS**

Councillor White moved, Deputy Mayor Bailey seconded:

**That the report by Pamela Malott, Paul Beneteau and Ivano Fregonese, dated April 5, 2010 regarding the 2010 Water and Wastewater Budget be received;**

**And further that Council adopt the 2010 Water & Waste Water Budget totaling \$32,836,496 in expenditures and \$34,401,373 in sources of financing;**

The Mayor put the Motion.

**Motion Carried**

There was discussion with regard to a required amendment to By-law 2010-41 to change the effective timeframe of the new rates from "June 1<sup>st</sup>, 2010 up to and including May 31<sup>st</sup>, 2011" to "June 1<sup>st</sup>, 2010 up to and including December 31<sup>st</sup>, 2010".

Councillor White moved, Deputy Mayor Bailey seconded:

**That Council receive the report from Lou Zarlenga, dated April 1, 2010 regarding Water and Wastewater Rates, Billing Increases, Review of Financial Requirements and Rate Calculations;**

**That Council concur with the recommendation to implement a water and wastewater rate increase pursuant to the Water and Wastewater Rate Study performed by CH2MHill;**

**And further that By-law 2010-41 being a by-law for fixing rates for the supply of water and for fixing rates for the collection and treatment of wastewater, as amended by Council, be taken as read a first, second and third time, be finally passed and the Mayor and the Clerk be authorized to sign same and affix the Corporate seal thereto.**

The Mayor put the Motion.

**Motion Carried**

## **BY-LAWS**

### **Confirmatory By-Law**

Councillor Sutton moved, Deputy Mayor Bailey seconded:

**That By-Law 2010-42 being a By-Law to confirm all resolutions of the Municipal Council Meeting held on April 6, 2010 be taken as having been read a first, second and third time, be finally passed and the Mayor and the Clerk be authorized to sign same and affix the Corporate Seal thereto.**

The Mayor put the Motion.

**Motion Carried**

# Town of Amherstburg Water & Wastewater Rate Study

Council Meeting  
April 6, 2010

CH2M Hill Limited  
& Mike Fortin Consulting Economist

## Study Purpose

- Identify all current and future wastewater system capital needs
- Identify cost recovery options for capital
- Estimate future operating costs over next 10 years
- Recommend new rates to recover the cost of the Water and Wastewater systems

# Present Rate Structures (2009)

## Volumetric Charge

Water Rate – Water \$0.66/m<sup>3</sup>

Sewer Rate – 1.24/m<sup>3</sup>

## Base Monthly Charge

Meter Size (inches)	Monthly Base Charge	
	Water	Wastewater
5/8 and 3/4	\$12.50	\$ 18.36
1	\$16.63	\$ 24.48
1-1/4 and 1-1/2	\$20.81	\$ 30.60
2	\$31.21	\$ 45.90
3	\$40.88	\$ 63.75
4	\$78.03	\$ 114.75
6	248.81	\$ 306.00
8 and 10	\$312.12	\$ 459.00

# Water Use

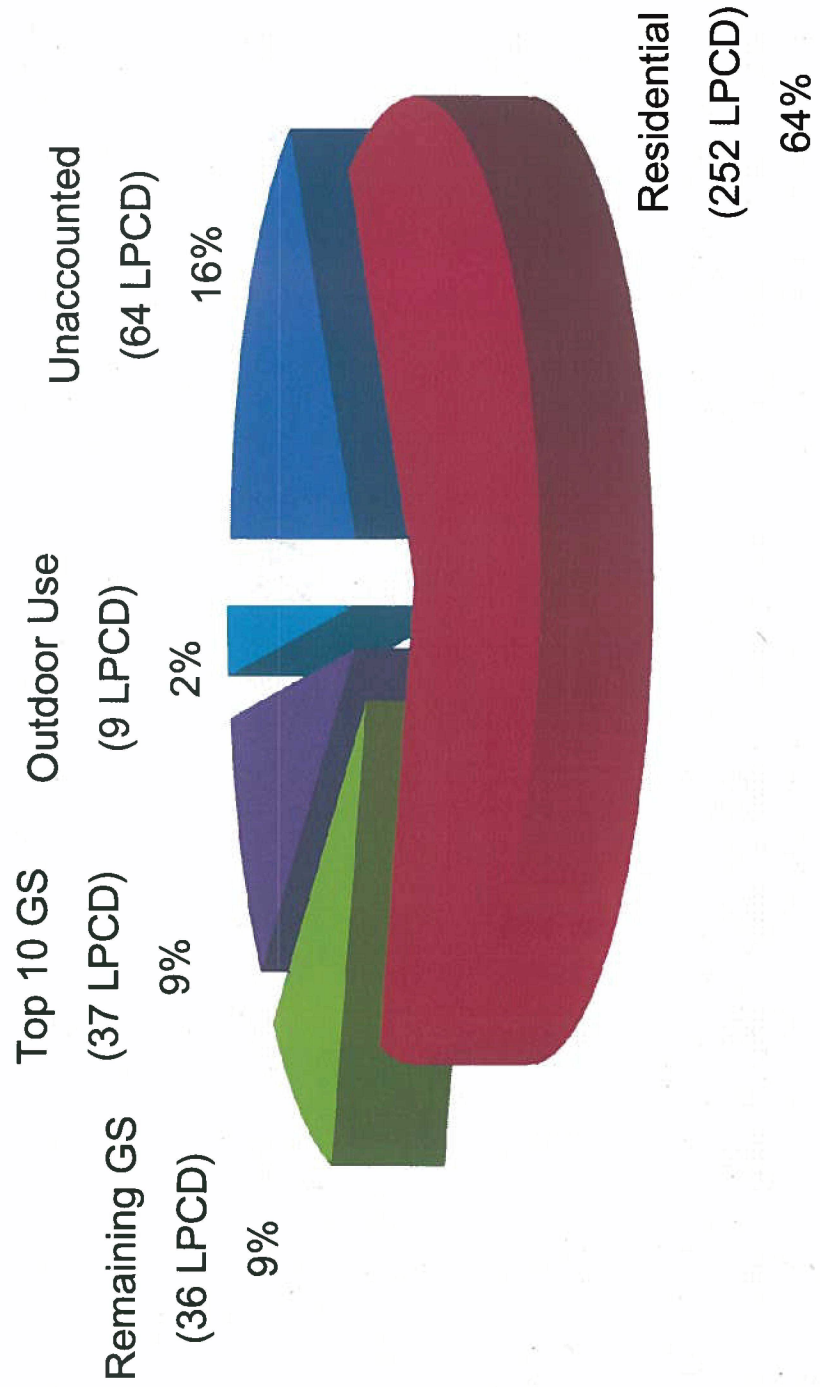
## Number of Services and Volume of Water Sold in 2008

Sector	Number of Services	Water Sold (m <sup>3</sup> )
Residential	7,922	2,153,557
General Service	330	636,638
Totals	8,252	2,790,195

## Number of Services by Meter Size

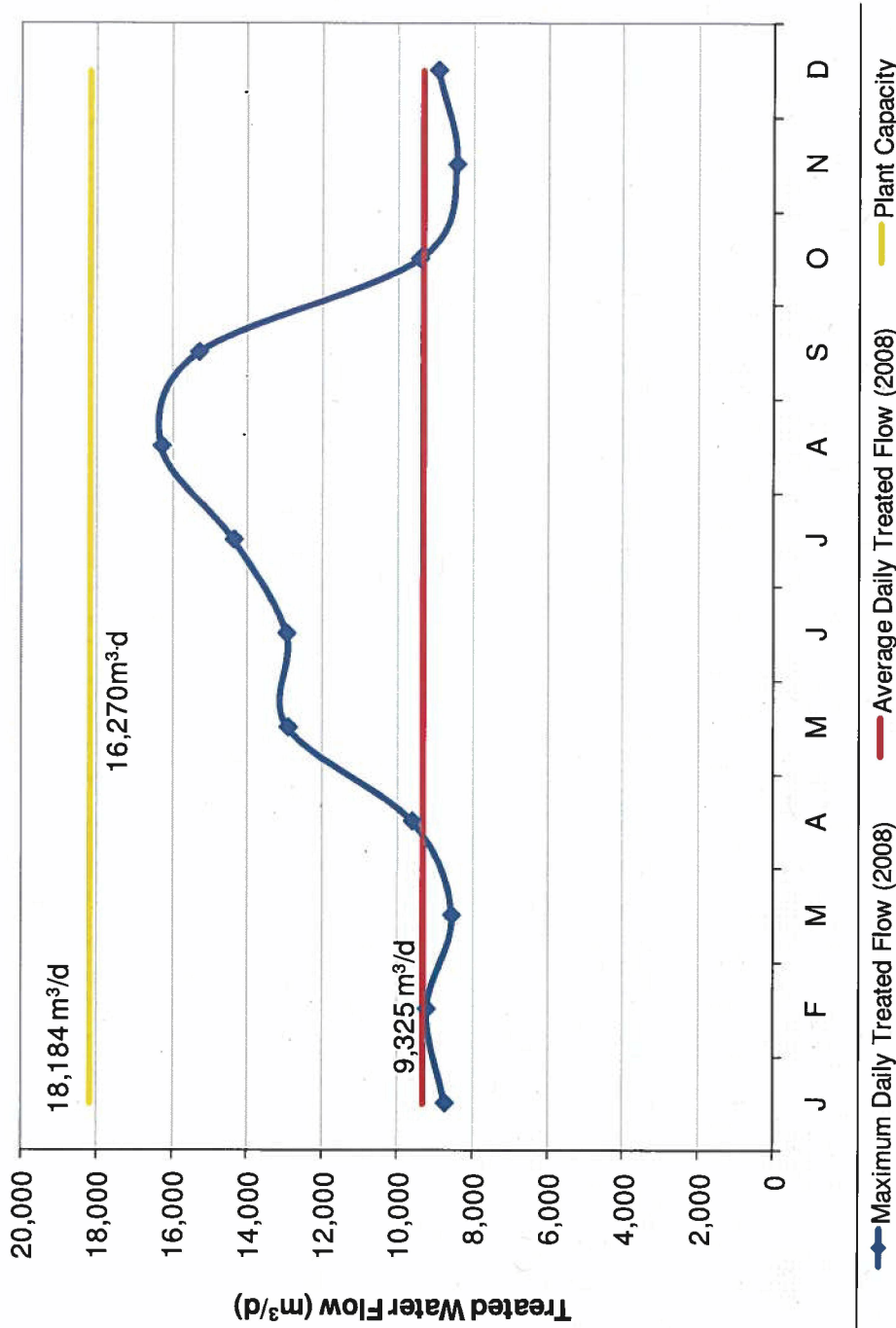
	1"	1 1/4" & 1 1/2"	2"	3"	4"	6"	8" & 10"	Total
5/8" & 3/4"								
8,043	115	6	78	0	5	3	2	8,252

# Water Use – Yearly Volume





# Water Use – Peak Day



## Water Revenues (2009)

Water Sales Revenue in 2009			
Source of Revenue	Residential	General Service	Totals
Base Charges	\$1,203,163	\$78,077	\$1,281,240
Volumetric Charges	\$1,388,980	\$410,612	\$1,799,592
Totals	\$2,624,511	\$498,258	\$3,080,832

## Water Costs (2009)

Water Systems Cost 2009	
Operating Expenses	\$2,778,177
Cost of Servicing Existing Debt	\$537,425
Total Expense	\$3,315,602

## Water Cost Balance Results (2009)

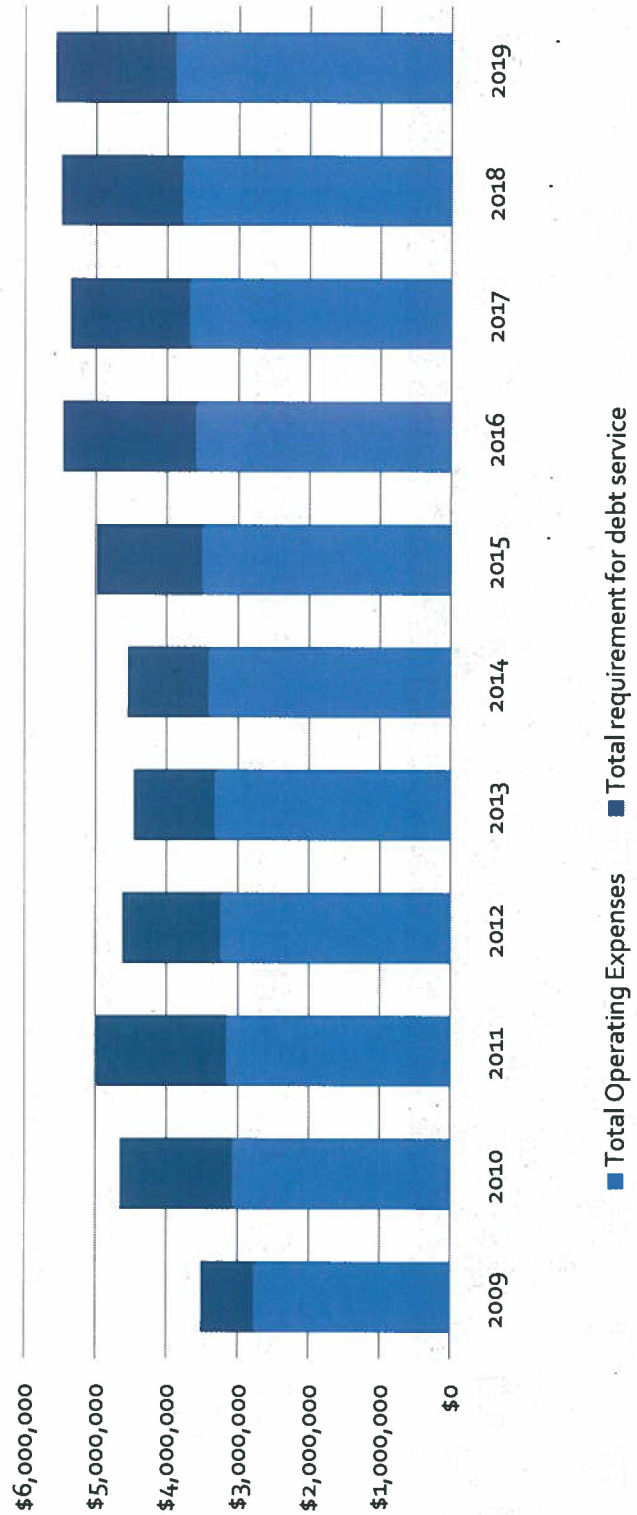
Water Systems Balance 2009	
Water System Expenses	\$3,315,602
Water System Revenues	\$3,080,832
Shortfall	\$234,770

Existing Water Revenues are not Sufficient to Cover Costs

# Forecasted Water System Costs

- Operating Costs Inflated at 2% per Year
- Capital Costs as presented in the 2010 Capital Budget and Capital Forecast inflated at 5% per year

Water System Costs (\$/year)



## Forecasted Water System Costs

- Strategy for Managing Water System Capital Costs
  - Complete necessary upgrades and repairs to existing infrastructure (i.e. Water Tower – Water Reservoir)
  - Use Water Demand Management to Defer Growth Related Capital Costs until Growth Related Revenues cover these costs (Defer WTP plant expansion to 2015 and beyond)

# Recommended Water Rates

## 2010 Recommended Water Rates

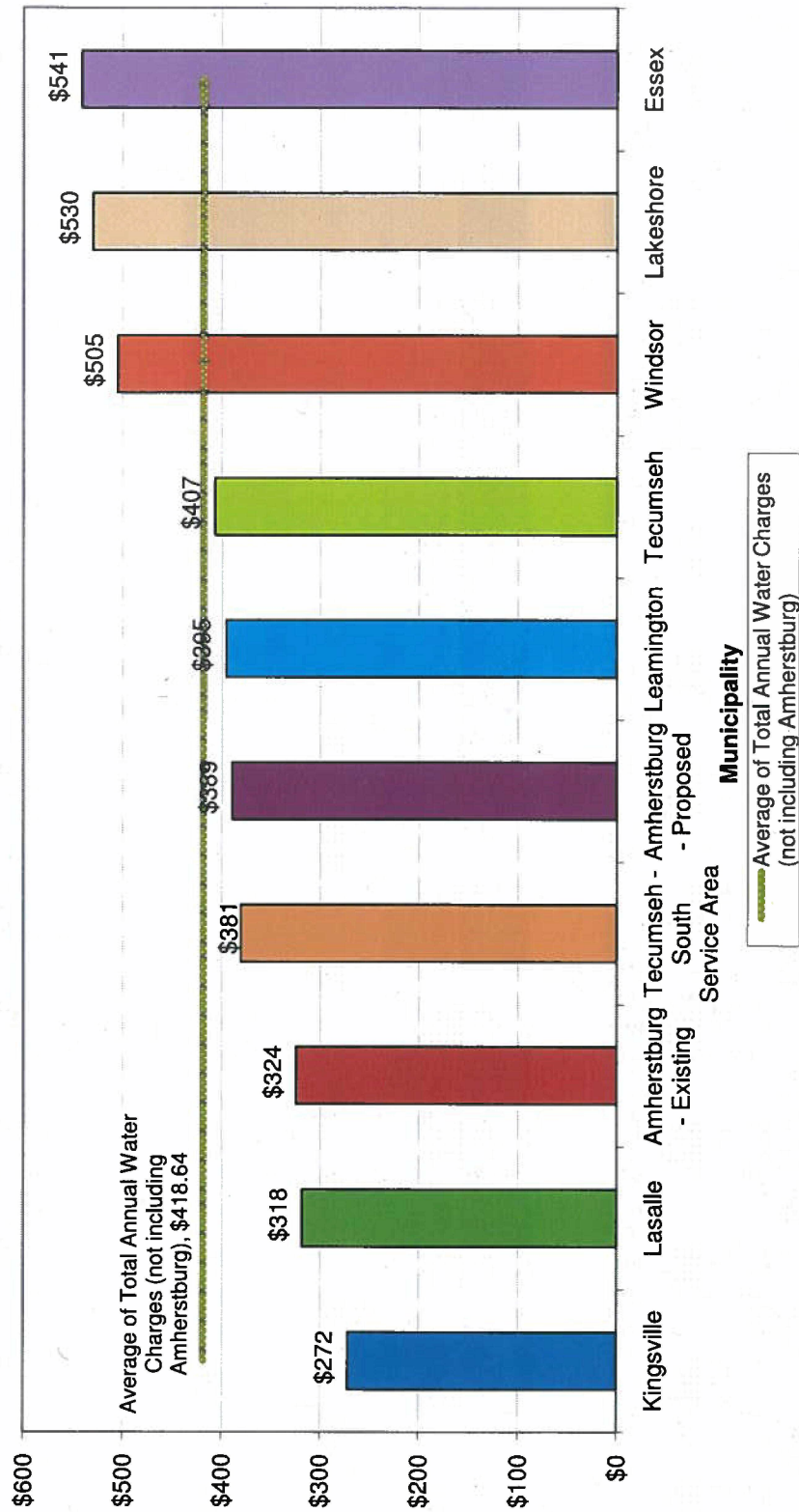
Volumetric Rate of \$0.79/m<sup>3</sup>

Meter Size (inches)	5/8 & 3/4	1	1 1/4 & 1 1/2	2	3	4	6	8 & 10
Fixed Monthly Rate	\$15.00	\$19.96	\$24.97	\$37.45	\$49.06	\$93.64	\$298.57	\$374.54

- Recommend Rates be increased by 15% in 2011 and 10% in 2012
- Rates should be reviewed annually

# Comparison of Recommended Water Rates with those in Neighbouring Municipalities

Water Charges Per 3/4" Connection (consuming 264 m<sup>3</sup>/year)





# Sewage Use

## Number of Services and Volume of Sewage Treated in 2008 (based on metered water use)

Sector	Number of Services	Sewage Collection & Treatment Sold (m <sup>3</sup> )
Residential	5,753	1,536,399
General Service	260	490,789
<b>Totals</b>	<b>6,013</b>	<b>2,027,188</b>

## Number of Services by Meter Size

	1"	1 1/4" & 1 1/2"	2"	3"	4"	6"	8" & 10"	Total
5/8" & 3/4"								
5,866	88	5	48	0	3	2	1	6,013

## Sewage Revenues (2009)

Water Sales Revenue in 2009			
Source of Revenue	Residential	General Service	Totals
Base Charges	\$1,280,059	\$83,466	\$1,363,505
Volumetric Charges	\$1,905,135	\$608,578	\$12,513,713
Totals	\$3,185,194	\$692,024	\$3,877,218

## Sewage Costs (2009)

Sewage Systems Cost 2009	
Operating Expenses	\$2,313,340
Cost of Servicing Existing Debt	\$491,631
Total Expense	\$2,804,971

## Sewage Cost Balance Results (2009)

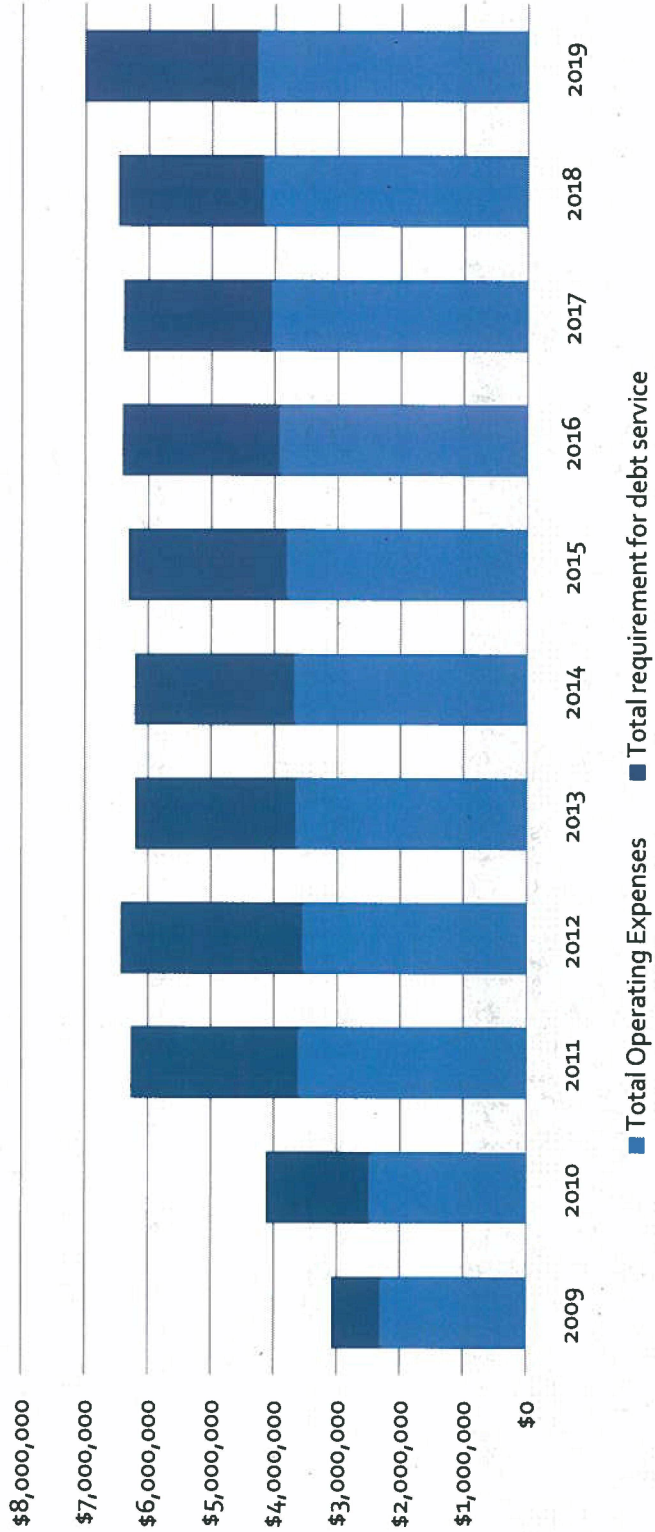
Sewage Systems Balance 2009	
Sewage System Expenses	\$2,804,971
Sewage System Revenues	\$3,877,218
Surplus	\$1,072,247

Existing Sewage Rates are Sufficient to Cover existing Costs but they are not sufficient to cover the financing costs of the Amherstburg Sewage Treatment Plant construction that will be completed over the next three years

# Forecasted Sewage System Costs

- Operating Costs Inflated at 2% per Year
- Capital Costs as presented in the 2010 Capital Budget and Capital Forecast inflated at 5% per year

Wastewater System Costs (\$/year)



## Forecasted Sewage System Costs

- Strategy for Managing Sewage System Capital Costs
  - Complete necessary upgrades, expansions and repairs to existing infrastructure ( Amherstburg Sewage Treatment Plant and related works to connect Edgewater area)
  - Defer all Growth Related Capital Costs (except those related to the Upgrade of the Amherstburg Sewage Treatment plant) until Growth Related Revenues cover these costs

# Recommended Sewage Rates

## 2010 Recommended Sewage Rates

Volumetric Rate of \$1.61 /m<sup>3</sup>

Meter Size (inches)	5/8 & 3/4	1	1 1/4 & 1 1/2	2	3	4	6	8 & 10
Fixed Monthly Rate	\$23.87	\$31.82	\$39.78	\$59.67	\$82.88	\$149.18	\$397.80	\$596.70

- Recommend Rates be increased by 15% in 2011 and 15% in 2012
- Rates should be reviewed annually

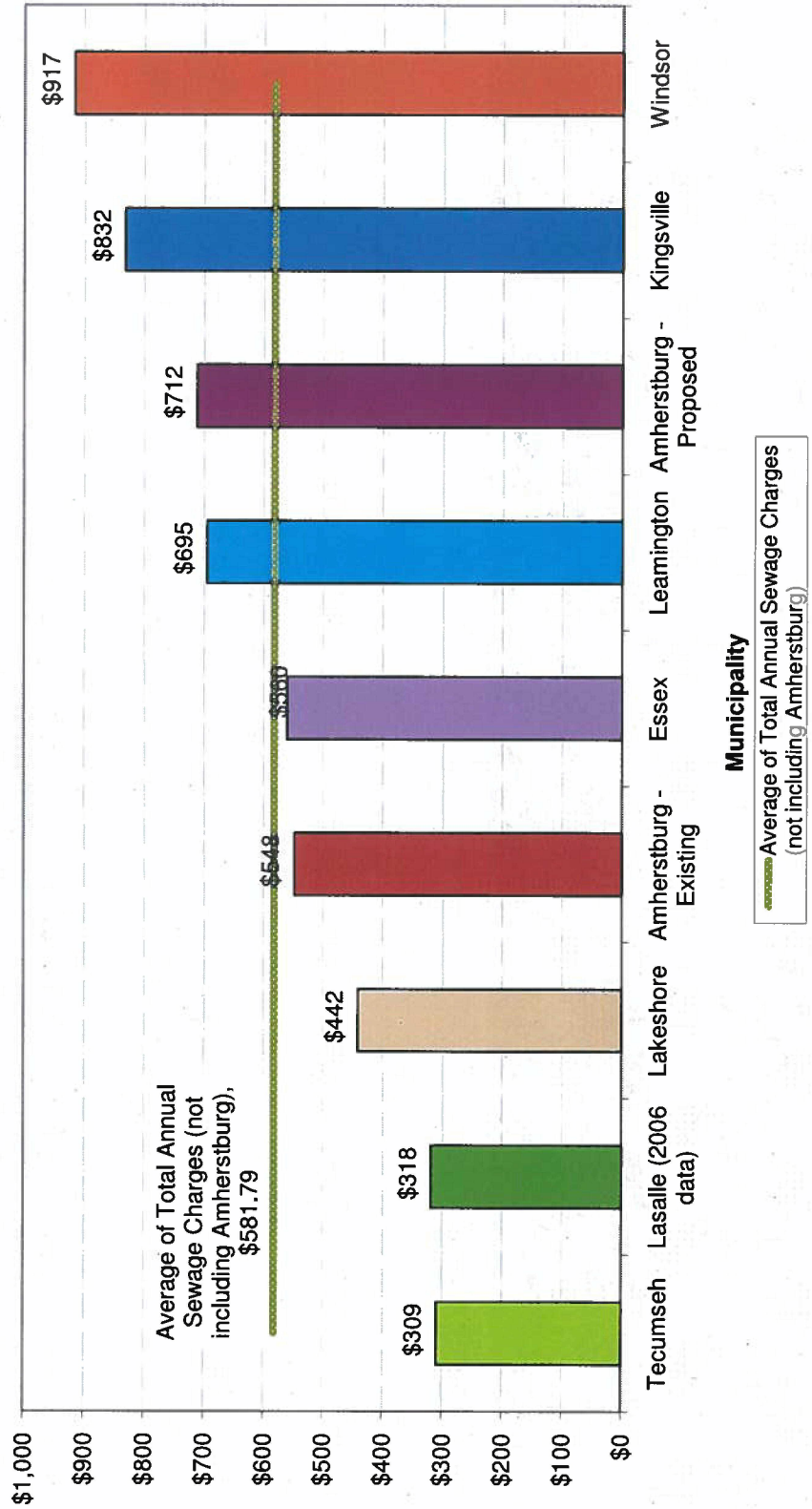
## Areas of Concern

- Cost Recovery & Debt Load



# Comparison of Recommend Sewage Rates with those in Neighbouring Municipalities

Sewage Charges Per 3/4" Connection (discharging 264 m<sup>3</sup>/year)



# Summary of Recommended Water & Sewage Rates

## 2010 Recommended Sewage Rates

### Volumetric Rate

Water – \$0.79 /m<sup>3</sup>

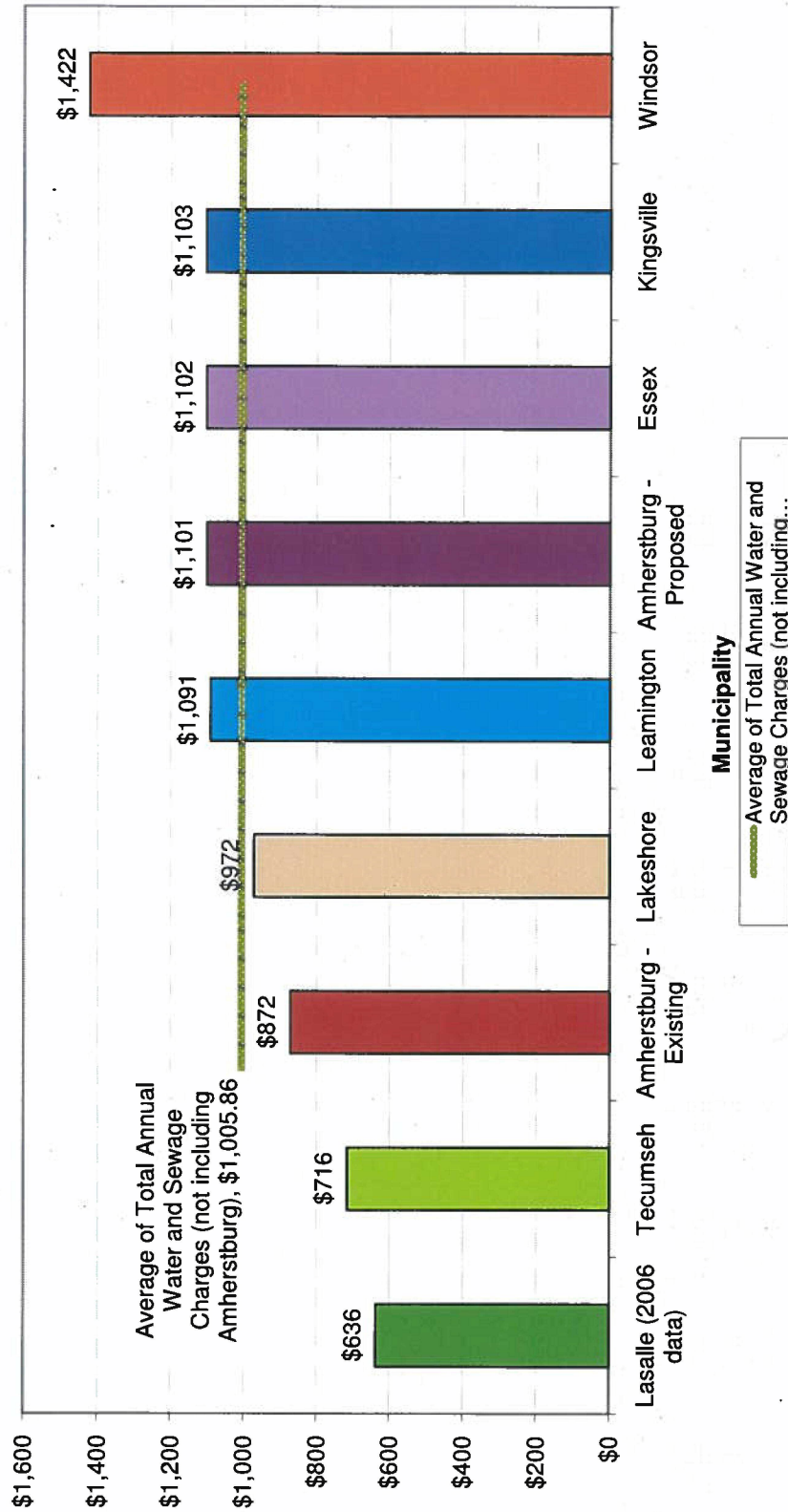
Sewage - \$1.61 m<sup>3</sup>

Meter Size (inches)	5/8 & 3/4	1	1 1/4 & 1 1/2	2	3	4	6	8 & 10
Fixed – water	\$15.00	\$19.96	\$24.97	\$37.45	\$49.06	\$93.64	\$298.57	\$374.54
Fixed – Sewage	\$23.87	\$31.82	\$39.78	\$59.67	\$82.88	\$149.18	\$397.80	\$596.70

- Recommend Water Rates be increased by 15% in 2011 and 10% in 2012
- Recommend Sewage Rates be increased by 15% in 2011 and 15% in 2012
- Rates should be reviewed annually

# Comparison of Recommended Water & Sewage Charges with those in Neighbouring Municipalities

Water and Sewage Charges Per 3/4" Connection (discharging 264 m<sup>3</sup>/year)



# Questions and Comments

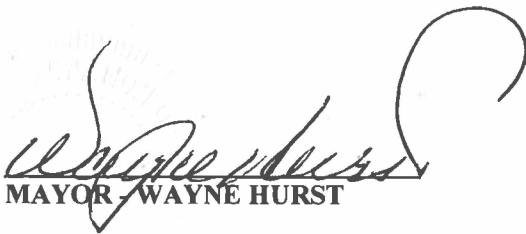
**ADJOURNMENT**

Councillor Sutton moved, Councillor White seconded:

**That we rise and adjourn at 2:16 p.m.**

The Mayor put the Motion.

**Motion Carried**

  
MAYOR - WAYNE HURST

  
CLERK - BRENDA M. PERCY