

**Minutes of an Amherstburg Municipal Council
Wednesday, April 13, 2011 at 6:30 p.m.
United Communities Credit Union Complex**

PRESENT

Mayor Wayne Hurst
Deputy Mayor Ron Sutherland
Councillor Carolyn Davies
Councillor Bart DiPasquale
Councillor Robert (Bob) Pillon
Councillor Diane Pouget
Councillor John Sutton

ALSO PRESENT

Charlene Watson, Acting EA to CAO and Clerk
Paul Beneteau, Treasurer
Lou Zarlenga, Director of Engineering & Infrastructure
Antonietta Giofu, Environmental Services Engineer
Terry Hearn, CH2MHill
Ed Posliff, Mousseau Deluca McPherson Prince, Solicitors

ABSENT

Pamela Malott, Chief Administrative Officer
Brenda Percy, Manager of Council & Leg. Services/Clerk

CALL TO ORDER

The Mayor called the meeting to order at 6:38 p.m.

DISCLOSURE OF PECUNIARY INTEREST & GENERAL NATURE THEREOF

Councillor DiPasquale declared pecuniary interest in Report # 2 on Wastewater Rate Harmonization as he resides within that sewage system area.

REPORTS

Report # 1 – A report by Lou Zarlenga dated April 11, 2011 regarding Water and Wastewater Rates - Billing Rate Increases - Signing of By-law 2011-48

A report by Lou Zarlenga regarding Water and Wastewater Rates Billing Rate Increases. Lou Zarlenga addressed Council on the proposed water and wastewater rates for the next five years. Terry Hearn presented the water and wastewater rates, copy of the presentation is attached hereto and forms an addendum to the minutes.

The Mayor welcomed comments from the public. Comments made by the public included:

- Discussion with regard to how the formula is created.
- Lowering the capital budget by \$500,000.
- Questioning of \$900,000 increase in the water tower project.
- If the water rates are based on the new water plant.
- All residents paying the same rate.
- If a resident is not connected to any of the water facilities, will they be charged.
- Concerns on the 30% projection off the first dollar figure.
- The 5%, 5%, 5% proposed increase format.
- New plant versus an upgrade to plant.
- Comparison to Kingsville who just upgraded from a lagoon to a sewage plant and assessments.
- Hookup charge and requirement to pay frontage charges.
- New percentages.
- Strategy for managing capital costs for both water and wastewater.
- Applying same practices used in other areas of Ontario when Amherstburg is unique in its number of treatment centres.
- Disparity between the zones and harmonization.
- Covering the future deferred costs and need to increase fees again to cover the project or future increases in 2015.
- Deferring of safety feature, water pressure and work on water mains.
- \$8,000,000 debt that exists after the grant and pressure on development charges in next few years.
- Industrial rates.
- Why those not using the sewer system are required to pay.

Councillor Sutton moved the recommendation contained the Administrative Report that Council concur with the recommendation to implement a water and wastewater rate increase effective June 1, 2011 pursuant to the 2009 Water and Wastewater Rate Study and that Council consider both the water and wastewater rates annually and adjust them such that the reconsidered rates are effective on June 1st of each successive year. There was no seconder to the motion.

Report # 2 - A report by Lou Zarlenga dated April 11, 2011 regarding Wastewater Rate Harmonization

Lou Zarlenga reviewed the report regarding wastewater rate harmonization. Mr. Zarlenga reviewed the previous motion passed by Council on January 10, 2011 being:

That Administration be instructed to bring back to Council information regarding the feasibility and effects of the following:

- 1. Spreading balance of costs associated with the Big Creek and McLeod wastewater treatment facilities as of September 11, 2006 across all rate payers in the entire system;*
- 2. How best to rebate the users of those systems for costs associated with the payment of the Big Creek and McLeod wastewater treatment facilities solely borne by them during the period from September 11, 2006 to present;*
- 3. How best to rebate those users who paid up front for the same associated costs noted above;*
- 4. How best to rebate users in the case of change of home ownership in the Big Creek/McLeod treatment area, either during the September 11, 2006 to present time frame or in future ownership changes;*
- 5. And further that Administration report back on other funding sources and continue to apply for government funding to offset the costs.*

Ed Posliff, Solicitor, Mousseau Deluca McPherson Prince reported on the provisions within the Municipal Act (Sections 414 and 424) being debentures - restrictions on By-law and diversion of funds. He clarified that because the Town has borrowed money to fund these projects, the Town must maintain the rates in order to pay the debentures. The Municipal Act prohibits the rebate of money or reduction of money that is required to support that debt.

There was discussion with respect to harmonized rates, impact of eliminating harmonized rates, development charges, suggestion of a rebate, impact on residents, level of income required to support the debt, and provincial regulations.

The Mayor welcomed comments from the public. Comments made by the public included:

- Creation of a two-tiered system.
- Rebate and provisions within the Municipal Act.
- 30% increase.
- Cost for water before harmonization and cost after harmonization.
- Building of sewer system and why taxpayers are required to pay and not the Town.
- Factoring in the inflation rate.
- Payment for the Big Creek/Macleod sewage treatment plant.
- Request to change the Municipal Act.
- Find a new user proceed to use other then use the residents to pay.
- Two different rates are not harmonization.

- Secondary part of the treatment plant was a replacement, upgrade or new.
- Harmonizing the cost of the original plant.
- Debenture and the terms.
- What is new versus an upgrade.

Councillor Pillon moved, Councillor Sutton seconded:

That Council receive the report from Lou Zarlenga dated April 11, 2011 providing information on the 2006 harmonization of wastewater rates;

And further that Council concur with Administration's recommendation that the Town continue to use a unified or harmonized rate structure in setting its wastewater rates and that the provision of local sewers including lot connections to these sewers and the first time cost of construction and connecting to the municipal sewage treatment works continue to be paid for by the benefitting property owner.

Councillor Pillon asked for a recorded vote.

The Mayor put the Motion.

| | Yes/Concur | No/Not Concur |
|-------------------------|--|---------------|
| Councillor Davies | x | |
| Council DiPasquale | <i>(Declared a pecuniary interest in the matter)</i> | |
| Councillor Pillon | x | |
| Councillor Pouget | x | |
| Deputy Mayor Sutherland | | x |
| Councillor Sutton | x | |
| Mayor Wayne Hurst | x | |

Motion Carried

Council reconsidered Report #1 regarding Water and Wastewater rates.

Report # 1

Councillor Pillon moved, Councillor Sutton seconded:

That Council receive the report dated April 8, 2011 from CH2MHill and concur with the recommendation to implement a water and wastewater rate increase effective June 1, 2011 pursuant the 2009 Water and Wastewater Rate Study CH2MHill the Public Works Department and Treasury.

And further that Council considers both the water and wastewater rates annually and adjusts them such that the reconsidered rates are effective on June 1st each successive year.

The Mayor put the Motion.

Motion Carried

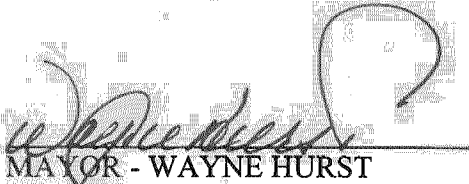
ADJOURNMENT

Councillor Sutton moved, Councillor Pillon seconded:

That Council rise and adjourn at 8:29 p.m.

The Mayor put the Motion.

Motion Carried


MAYOR - WAYNE HURST


CLERK - BRENDA M. PERCY

Town of Amherstburg 2011 Water & Wastewater Rates

Council Meeting
April 13, 2011

CH2M Hill Limited
& Mike Fortin Consulting Economist

CH2MHILL

Present Rate Structures (2010)

Volumetric Charge

Water Rate – \$0.79/m³

Sewer Rate – \$1.61/m³

Base Monthly Charge

| Meter Size 1. (Inches) | Monthly Base Charge | |
|---------------------------|---------------------|------------|
| | Water | Wastewater |
| 5/8 and 3/4 | \$15.00 | \$ 23.87 |
| 1 | \$19.96 | \$ 31.82 |
| 1-1/4 and 1-1/2 | \$24.97 | \$ 39.78 |
| 2 | \$37.45 | \$ 59.67 |
| 3 | \$49.06 | \$ 82.88 |
| 4 | \$93.64 | \$ 149.18 |
| 6 | \$298.57 | \$ 397.80 |
| 8 and 10 | \$374.54 | \$ 596.70 |

CH2MHILL

Purpose of Review

- 2009 Study of Water & Wastewater Rates Study recommended that rates be reviewed annually and forecast:
 - That water rates would need to be increased by 15% in 2011 and 10% in 2012 with annual increases thereafter to keep pace with inflation;
 - That wastewater rates would need to be increased by 15% in 2011 and 15% in 2012 with annual increases to keep pace with inflation thereafter.

CH2M HILL

Purpose of Review (Cont'd)

- At the Council meeting held January 10th, 2011 Council passed a resolution directing Administration to investigate imposing 5% increases over 6 years instead of 15% increases over two years and report back to Council.

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Water Rate - Highlights of Review

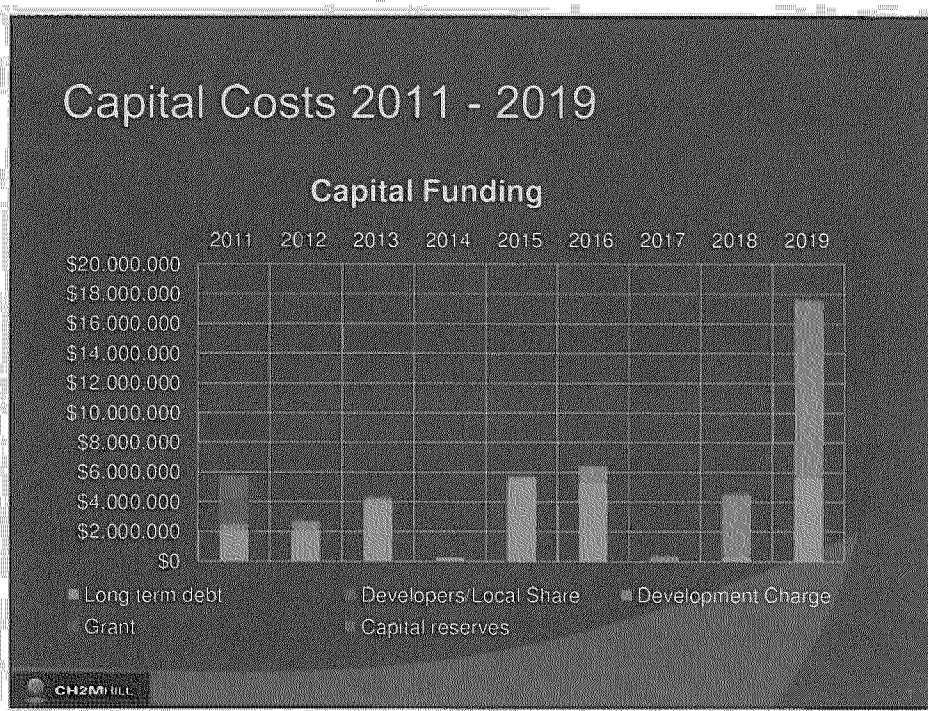
- Water Use Forecasts were updated to reflect 2010 actual use.
 - Metered flows for 2010 were 2,610,915 m³ down about 1.25% from 2009
- Operations Costs were updated to reflect 2010 actual costs and 2011 budgeted cost.
 - 2011 Operations budgeted costs are \$3,050,236 down about 0.80% from 2010 actual and about 3% less than used in the previous study forecast

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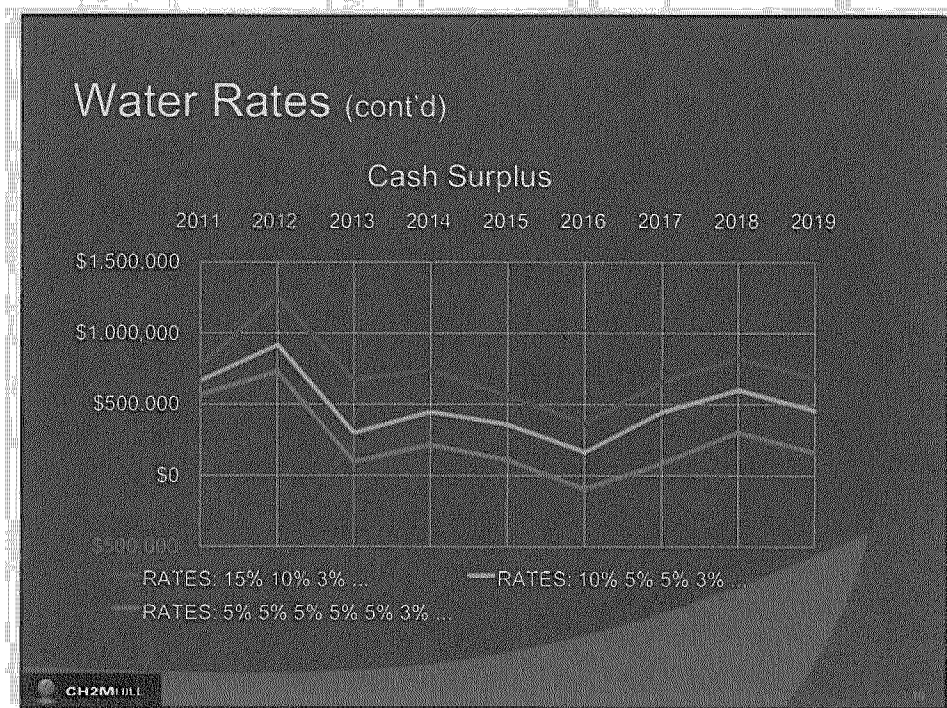
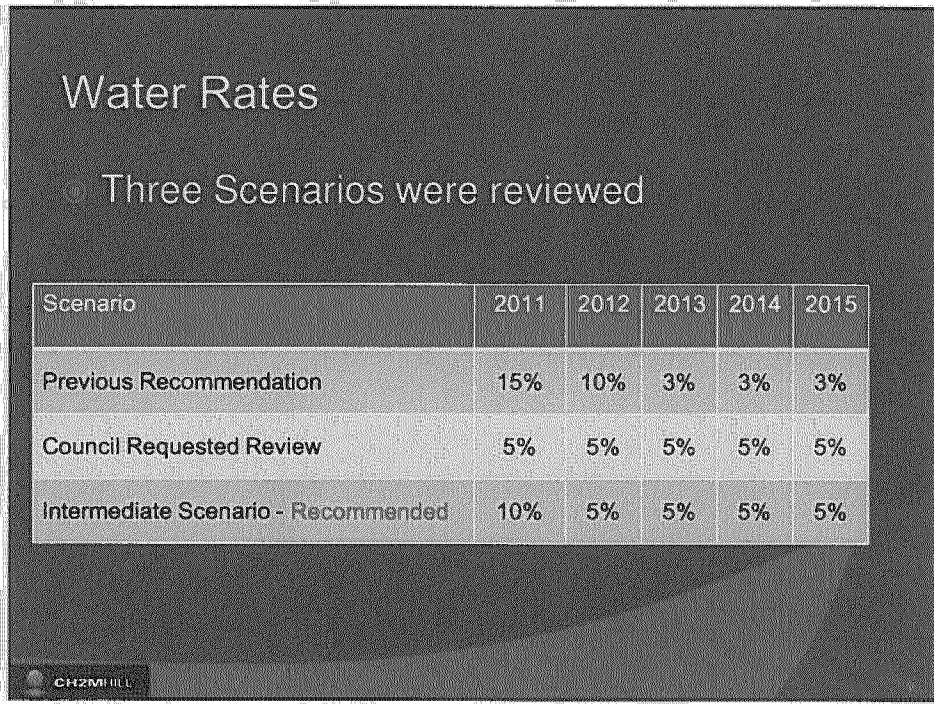
Water Rate - Highlights of Review (cont'd)

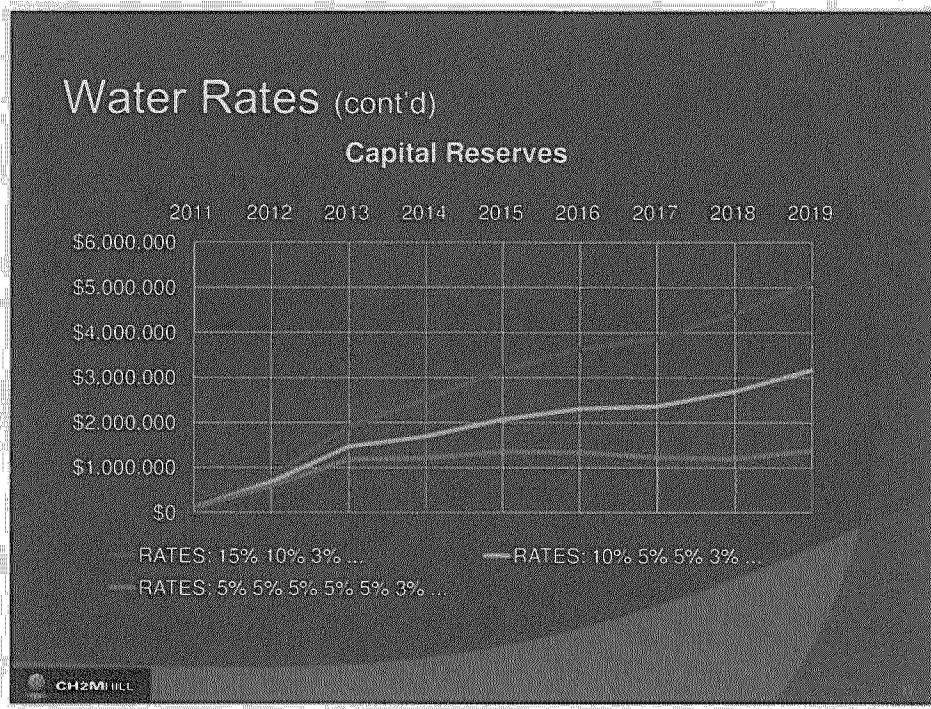
- Capital Budget for 2011 decreased about \$500,000 from the amount forecast previously in 2010.
 - Certain works like meter replacements were completed at costs lower than previously forecast.
 - A number of items in the capital forecast have been deferred to future years
 - Water Tower construction costs increased by about \$900,000 above the previous forecast
 - A new project to upgrade or replace the fluoridation system at the WTP in an amount of \$200,000 was added to the 2011 project list.

CH2MHILL



- ### 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)
- CH2M HILL





Water Rates (cont'd)

- The recommended 'intermediate scenario' of 10% in 2011 and 5% each year from 2012 to 2015 avoids the cash deficit in 2016 and generates capital reserves that will help fund large finance investments in 2019.

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Water Rates (cont'd)

- 2011 Recommended Water rates
 - Volumetric Rate of \$0.87/m³
 - A Base Monthly Fixed Charge as follows:

| Meter Size (Inches) | 5/8 & 3/4 | 1 | 1 1/4 & 1 1/2 | 2 | 3 | 4 | 6 | 8 & 10 |
|---------------------|-----------|---------|---------------|---------|---------|----------|----------|----------|
| | \$16.50 | \$21.95 | \$27.47 | \$41.20 | \$53.96 | \$103.00 | \$328.43 | \$412.00 |

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Wastewater Rate - Highlights of Review

- Metered Use Forecasts were updated to reflect 2010 actual use.
 - Metered flows for 2010 were 1,919,585 m³ up about 1.40% from 2009 (it should be noted that 2009 flows were 8% less than those in 2008)
- Operations Costs were updated to reflect 2010 actual costs and 2011 budgeted cost.
 - 2011 Operations budgeted costs are \$2,551,420 up about 2.3% from 2010 actual but 1% less than used in the previous study forecast

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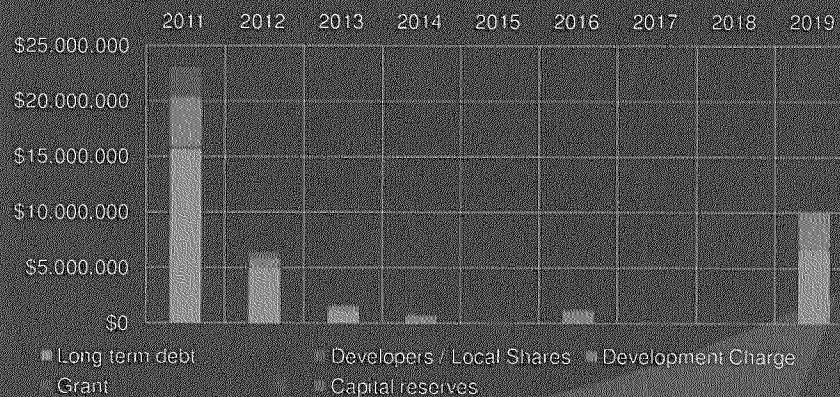
Wastewater Rate -Highlights of Review (cont'd)

- Capital Budget for 2011 decreased about \$625,000 from the amount forecast previously in 2010.
 - A number of items in the capital forecast have been deferred to future years
- The Town received a better rate on the loan for the Upgrade & Expansion of the Amherstburg STP (3.89% vs. 4.86%) reducing annual payment expense by about \$120,000 per year.

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Capital Costs 2011 - 2019

Capital Funding



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Forecasted Wastewater 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

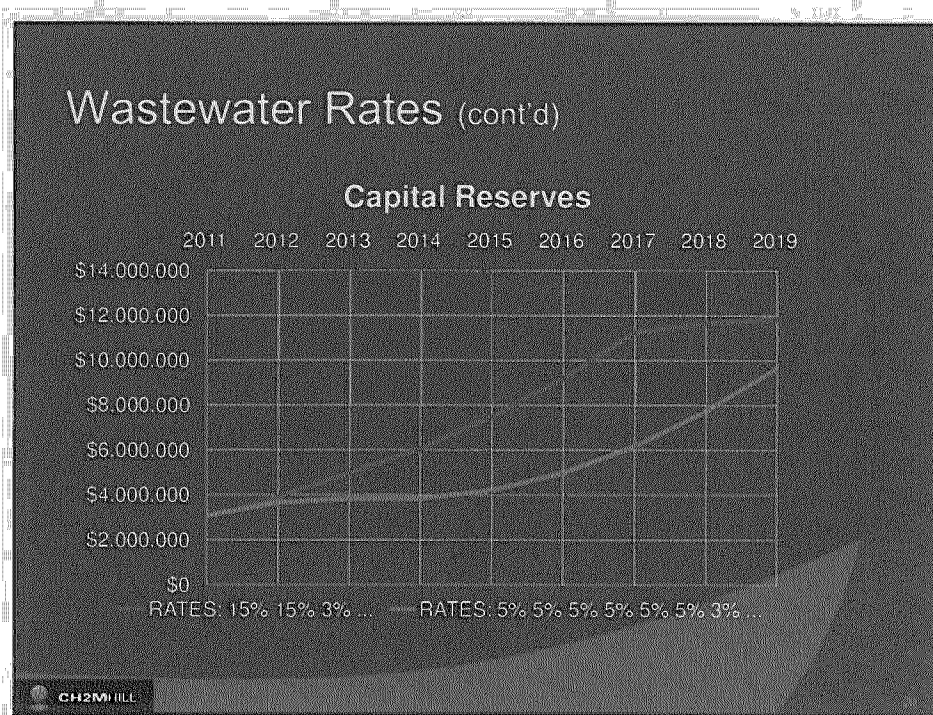
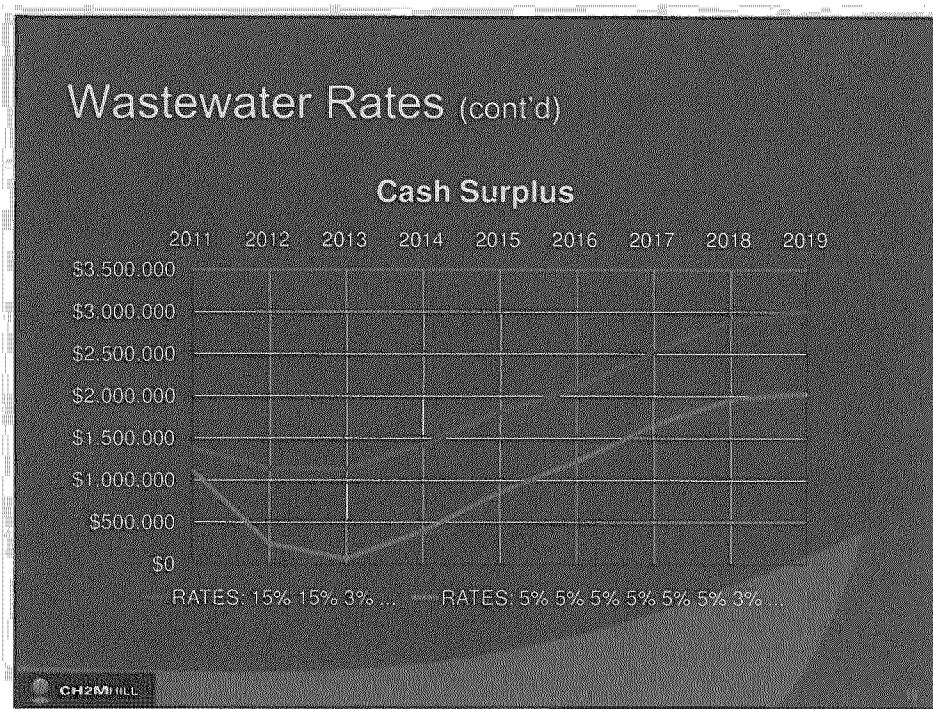
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Wastewater Rates

- Two Scenarios were reviewed

| Scenario | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|------|------|------|------|------|
| Previous Recommendation | 15% | 10% | 3% | 3% | 3% |
| Council Requested Scenario - Recommended | 5% | 5% | 5% | 5% | 5% |

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Wastewater Rates (cont'd)

- The recommended 'Council requested scenario' of 5% in 2011 and 5% each year from 2012 to 2015 generates sufficient revenue to prevent a cash deficit over the forecast period

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Wastewater Rates (cont'd)


- 2011 Recommended Wastewater rates
 - Volumetric Rate of \$1.69/m³
 - A Base Monthly Fixed Charge as follows:

| Meter Size (inches) | 5/8 & 3/4 | 1 | 1 1/4 & 1 1/2 | 2 | 3 | 4 | 6 | 8 & 10 |
|---------------------|-----------|---------|---------------|---------|---------|----------|----------|----------|
| | \$25.06 | \$33.42 | \$41.77 | \$62.65 | \$87.02 | \$156.63 | \$417.69 | \$626.54 |

CH2M HILL


Areas of Concern

- Cost Recovery & Debt Load



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Questions and Comments



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