

Report to Council

Report Title: Water and Wastewater Financial Plans

Prepared By: Gregg Furtney, Director of Operations

Department: Utilities

Date: August 11, 2020

Report Number: UT2020-12

File Number: C11UT

Attachments:

Recommendation:

That the Council of the Municipality of Brockton hereby receives Utilities Report Number UT2020-12 - Water and Wastewater Financial Plans, prepared by Gregg Furtney, Director of Operations, and further approves proceeding with the proposal submitted by BM Ross and Associates in the amount of \$19,500 plus H.S.T. that will be taken from the Utilities Capital Reserve Budget.

Report:

Background:

Financial Plans for municipal drinking water systems are mandated by Ontario Regulation 453/07. There is no such parallel mandate for wastewater systems. Regardless, many municipalities, including Brockton, recognize the linkage ratepayers make between water and wastewater charges and also recognize the benefits of long-term financial planning for all municipal services and thus prepare Financial Plans for the wastewater system as well as the water system. Brockton did this for the period 2012 to 2017 and 2016 to 2021. The proposed Plan is required because of a renewal requirement for the Municipal Drinking Water License. Brockton's renewal license is due February 4, 2021.

Staff from BM Ross have previously supplied Brockton with the required Five (5) Year Water and Wastewater Financial Plans. Those recommendations were presented to Council. Council ultimately decided on the annual increases that they felt were appropriate. In the 2016 to 2021 Financial Plans, prepared by BM Ross and Associates, they recommended a 6% increase annually and Brockton Council decided that 3% was more appropriate. Annual budgets have reflected Council's decision.

BM Ross and Associate's Scope of Work is as follows:

A) Financial Plans – related to the Municipal Drinking License Renewal

1. Request background information:
 - a. PSAB data base

- b. Capital plan
 - c. 2017, 2018 and 2019 actual expenditures
 - d. 2020 budget and costs to date.
 - e. 2021 budget or ideas for changes from 2020.
 - f. Debt and debenture information
2. Compare actual performance to previous Plan's projections.
 3. Review the data and identify any missing information.
 4. Review expenditures and project costs into future.
 5. Determine revenue requirements (typically 2 or 3 options for each Plan).
 6. Develop draft water and wastewater Financial plans (essentially a spreadsheet/financial statement).
 7. We will send you the spreadsheet with an email explaining:
 - Potential rate adjustments required.
 - Variables that need looking at
 - Assumptions that need looking at.
 - Revenue requirements for recovering depreciation
 - Revenue requirements for building reserves to replace works at future costs.
 8. Incorporate comments into draft water and wastewater Memos summarizing 1 to 5. There would be separate memos for water and sewage.
 9. Incorporate comments from staff into final Memos and prepare for Council.
 10. Revise memos once Council has adopted one of the Options.

B) Raw Water Assessment

1. Request and Review all of the accumulated quality data (last 5 years).
2. Prepare a summary of the data for each well.
3. Review the relevant Source Water Protection documents and summarize.
4. Prepare a Raw Water Assessment Report per Appendix C of the Renewal Guide including:
 - A brief description of the works
 - Comments on the quality vs Standards
 - Comments on trends
 - Potential issues as per SWP
 - Summary and conclusions.
5. We would provide a report detailing the above.

C) MDWL Renewal Application - Assemble Data and Complete Application Form – This is due to the MOECP by February 4, 2021.

The cost breakdown for the proposal is as follows:

- Wastewater Financial Plan - \$6,000
- Water Financial Plan - \$6,000
- Raw Water assessment - \$4,500
- Assemble data and package up the Application for MDWL Renewal - \$1,500
- Review draft DWWP's and MDWL's and respond with comments to the MECP - \$1,500

The Financial Plans and the Raw Water Assessment will take between three (3) and four (4) months to complete and must be adopted by Council.

The Municipal Drinking Water Licence Renewal Application is due no later than February 4, 2021.

Analysis:

Based on the fact that BM Ross has successfully partnered on this project with the Municipality of Brockton the last 2 cycles and that they have the experience and knowledge to complete the task on time and within budget with extensive knowledge of Brockton infrastructure, staff recommends that Council approve this proposal. Once approved, staff will make arrangements to meet with BM Ross staff and commence the project.

The current 3% annual increase will remain in affect for the 2021 budget cycle and then the approved increase will move forward in the 2022 budget cycle.

Sustainability Checklist:

What aspect of the Brockton Sustainable Strategic Plan does the content/recommendations in this report help advance?

- | | |
|---|-----|
| • Do the recommendations help move the Municipality closer to its Vision? | Yes |
| • Do the recommendations contribute to achieving Cultural Vibrancy? | N/A |
| • Do the recommendations contribute to achieving Economic Prosperity? | Yes |
| • Do the recommendations contribute to Environmental Integrity? | Yes |
| • Do the recommendations contribute to the Social Equity? | Yes |

Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective? Yes

This project was included in the 2020 budget for \$19,500 plus HST. This project will be funded by the Brockton Utilities Capital Reserve Fund.

Reviewed By:



Trish Serratore, Chief Financial Officer

Respectfully Submitted by:



Gregg Furtney, Director of Operations

Reviewed By:



Sonya Watson, Chief Administrative Officer