

**PUBLIC MEETING
MINUTES**

A Public Meeting was held on Wednesday June 12, 2013 at the North Middlesex Community Centre Parkhill. The purpose of the meeting was to introduce the new 2013 Water Rates.

Council Present: Mayor Don Shipway
Deputy Mayor Chuck Hall
Councillor Ward One – Doreen McLinchey
Councillor Ward Two – Brian Ropp
Councillor Ward Three – Gord Moir
Councillor Ward Four – Andrew Hemming

Staff Present: CAO – Linda Creaghe
Clerk Jackie Tiedeman
Treasurer – Chuck Daigle
Finance Co-ordinator – Martha Gawley
Water Manager – Glen Bullock

Others Present: Mike Watson – Davis Martindale

Mayor Shipway welcomed everyone to the meeting.

Treasurer Chuck Daigle then made his presentation to the public. Mr. Daigle advised that the water lines running through the municipality range in size from 2” – 16”. There are 2,264 water customers on 233 miles of water line. In addition to servicing North Middlesex residents, we also have lines servicing Lambton Shores, Lucan Biddulph, South Huron and Adelaide-Metcalf. The municipality also has 162 water hydrants. Mr. Daigle further advised that the municipality has a pumping station in West Williams as well as reservoirs in Parkhill and Mt. Carmel. The equipment used is expensive to purchase, maintain and repair. Anytime there is an unforeseen waterline break, the municipality is mandated by legislation to address and correct the issue immediately. The last water rate increase was in August of 2009. At the time this rate was set at \$1.40/ cubic meter for three years, and would be subject to yearly analysis of costs. On February 24, 2011, the MOE began issuing municipal drinking water licenses under Section 44 of the Safe Drinking Water Act. To obtain a license, a municipal residential drinking water system owner must have the following five criteria:

- 1) A Drinking Water Works Permit – compliant
- 2) An Acceptable Operation Plan – Quality Management System – compliant
- 3) An Accredited Operating Authority – presently working on
- 4) An Approved Financial Plan (outstanding) – presently working on
- 5) A Permit to take water – Not applicable as North Middlesex obtain our water from a distribution system.

The Ontario Regulation 453/07 requires Municipalities to prepare a financial plan which is mandatory for water systems and it does require that the system be deemed “financially viable”

The recommendation from the Ministry of the Environment’s Inspection dated January 16, 2013 stated:

“That the most recent Ministry of the Environment Inspection, for the third time, restated that a financial plan must be completed for relicensing of the North Middlesex Water Operating System.”

Treasurer Chuck Daigle then reviewed the spreadsheet with the audience. Mr. Daigle presented the 2013 budgeted figures for the current operating budget and the capital

operations. He then further explained the proposed user rates. Based on the current consumption, the rates need to be increased to \$1.58/m³ in 2013 to cover our costs. Mr. Daigle provided projected figures for the upcoming years, however this will be reviewed on a yearly basis. The current quarterly minimum bill based on 48m³ of will no longer be in effect. The water consumption, will be the water which you are billed. Residents that are low water users will most likely notice a decrease in their bill, as they are no longer charged for the full 48m³ whether they are used or not. Something that is new will be a \$7.07/mo infrastructure fee.

Mayor Shipway invited questions from the floor.

Q – How many dollars being lost in leaks?

A- approximate loss is 25%

Q- Between water leaks and flushing – which causes the greatest loss?

A-Likely the leaks

Q- There is presently a shortfall with water – where does this come from?

A-It has been covered by the general budget

Q- How long have we had the water deficit?

A-An unplanned major break happened on Main Street in Ailsa Craig a few years ago which cost 1.4 million dollars to repair.

Q-The monthly rates are increasing by 33%. The water rate is above the tax rate and we still don't know what the sewer rate is going to be?

A-Yes, that is correct - this is why a user pay system needs to be implemented and the water rate is the only mandated rate at this time.

Q- According to my calculations, it's a 36% increase over last year- Is this due to the debt?

A-No, we are not trying to recover the debt by this rate we are trying to ensure the expenses are covered. Last year water operations had a surplus which we used to help pay down the debt. The debt is approximately One million dollars.

Q-last year there was a surplus and reserves, how come the water is separated? The rural services are not the same as urban.

A-The reserves are proposed to be funded through the flat rate. We are trying to keep down the reserves portion however recognizing the need to build this up so that future repairs can be financed partially by this means. The \$127,000 debt repayment has already been taken into account within the proposed expenditures. We also want to ensure that new users pay their share towards the system. As far as the sewer costs, the municipality is carefully considering this as well.

Q-the projected flat rate figure in 2022 indicate a +/- 300% increase.

A-the financial plan requires the projection figures however each year the rates need to be reviewed. This will change each year depending on the year-end results.

Q-when do you anticipate the new rates coming into effect?

A-They will be in effect when approved by Council and on the third quarter billing cycle.

Q-what happens if not passed?

A-the municipality has been given a third warning about approving a financial plan – If the municipality does not comply a rate may be set for us by the Ministry and could be higher than what we are proposing.

Q-total capital expenditures indicate \$150,000 and then in 2015 doubles to \$300,000?

A-\$150,000 is a very modest estimate for capital work. We have lots of dead end lines that need looping which would in turn minimize water shut offs for customers. Dead lines have to be chlorinated and is expensive. Each year Council will have to look at the water budget and make a decision on how much they want to spend.

Q-If the financial plan is approved in 2013, does the projected figures to 2022 get locked in?

A-No, each year the rates and projects need to be reviewed and approved. Also, this does not take into account possible future grants that may be available.

Auditor Mike Watson again emphasized the responsibility that council has and that financial plans are a “best guess” and require constant review. If the municipality does not approve a viable financial plan, then one might be done for them with no input from the public. There is very stiff regulations and liability that Council has to take into account and they have to abide by the provincial regulations.

Q-If water rates go to high, farmers will revert back to wells.

A-this is part of the review to keep rates reasonable but recover expenses.

Q-it is concerning to know that water leaks are estimated to be at a 25% loss.

A-that is why we have a plan in place to get this under control. This is part of what the \$150,000 is being budgeted for.

A couple of comments from the public asked for Council to not set the rate this evening but to wait and have time to consider the comments received tonight.

The Mayor thanked the public for their input and the following motion was then brought forth.

ROPP/MOIR: That the decision of setting the 2013 water rates be deferred until the regular council meeting of June 17, 2013.

CARRIED

ROPP/MCLINCHEY: That the meeting adjourn at 8:20 p.m.

MAYOR

CLERK