

MINUTES

PUBLIC UTILITIES COMMISSION

**PUC BOARDROOM
325 GRAND AVE E**

MAY 28, 2009

PRESENT: Chairman Bryon Fluker, Commissioners Steve Pinsonneault, Frank Vercouteren, Steve Pickard, Mayor Randy Hope, CAO Rob Browning, General Manager Tom Kissner, Senior Level Advisor Jack Sonneveld, Facility Systems Manager Rob Bernardi and Supervisor Monitoring & Compliance Lilly Snobelen.

Commissioner Sheldon Parsons arrived at 3:10 PM.

ABSENT: Commissioner Joe Faas.

1. CALL TO ORDER

Chairman Bryon Fluker called the meeting to order at 3:02 PM.

2. PECUNIARY INTEREST

Commissioner Frank Vercouteren declared pecuniary interest on item 5 (b) Water/Wastewater Delinquent Accounts.

3. APPROVAL OF MINUTES

a) April 23, 2009

Moved by Mayor Hope and seconded by Commissioner Vercouteren.

“That the Regular Meeting of April 23, 2009 be approved.”

Motion carried

4. REPORTS

a) Tender Award: Port Road Waterline Extension

MUNICIPALITY OF CHATHAM-KENT

Public Utilities Commission

TO: PUC Chairperson and Commissioners

FROM: Tom Kissner
General Manager, Chatham-Kent PUC

DATE: May 15, 2009

SUBJECT: Tender Award: Contract No. T08-227, Port Road Waterline Extension, Community of Tilbury East

RECOMMENDATIONS

It is recommended that:

1. The tender in the amount of \$108,150.00, including GST for the Port Road Waterline Extension in the Community of Tilbury, Contract T08-227 be awarded to Delway Contractors Ltd.
2. The Chairperson and General Manager be authorized to complete the necessary contracts.

BACKGROUND

The Chatham-Kent Public Utilities Commission (PUC) was requested by Union Gas Limited to supply municipal water to the property located at 4656 Gray Line, because the water well on the property is no longer suitable for drinking water due to complications with the water well and a natural gas well on the property.

Union Gas is prepared to pay for the engineering, installation, and construction of the project that includes a 100mm diameter watermain.

The new water line will be connected to an existing 150mm diameter end at Port Road approximately 200 metres south of Middle Line. The length of the waterline would extend 1.3km to 4656 Gray Line (see attached map on page 6).

The Chatham-Kent PUC required this line to be 150mm diameter for future use, development, and looping and would pay for the oversizing cost from a 100mm to a 150mm diameter watermain.

It was agreed with Union Gas that the Chatham-Kent PUC would manage the project. Union Gas has retained the services of Dillon Consulting Limited to provide preliminary costing and engineering. The estimated costing associated for this project was \$176,300, which included the construction of a 150mm diameter watermain.

The costing for a 100mm diameter watermain was estimated at \$115,200 and therefore oversizing and costing associated to the Chatham-Kent PUC was estimated at \$61,100.

At the regular PUC meeting on July 21, 2008, the Commission approved that the Port Road waterline project proceed.

COMMENTS

Dillon Consulting Limited carried out the project engineering. The Purchasing Officer received and opened tenders for the contract on Thursday April 30, 2009.

A total of six (6) tenders were received and they are summarized in the following table:

Port Road Waterline Extension Contract T08-227		
Tenderer	Quotation amount (including 5% GST)	Provisional Amount
Delway Contractors Ltd.	\$94,500.00	\$13,650.00
Marchand Excavating Contractors Ltd.	\$110,775.40	\$8,012.13
Mark G Contractors Ltd.	\$125,319.60	\$0.00
Murray Mills Excavating & Trucking (Sarnia) Ltd.	\$125,710.85	\$8,158.50
Rivard Excavating Ltd.	\$134,475.07*	\$9,082.50
Sherway Contracting (Windsor) Limited	\$138,909.75	\$19,272.75

* Note: Corrected due to arithmetic error

Dillon Consulting Limited has reviewed the tenders and advised that the tenders are complete in all respects with the exception of the Rivard Excavating Ltd bid, in which an arithmetic error was corrected. The error did not change the tender ranking. Dillon Consulting Limited recommendation letter dated May 7, 2009 is attached.

The tender price for the construction is below the engineer's estimate. It is recommended that the Chatham-Kent PUC award Contract No. T08-227 to Delway Contractors Ltd. at the tender price of \$108,150.00, including GST and that the Chairperson and General Manager be authorized to complete the necessary agreements. The award of this project is subject to receipt of the appropriate approvals from the Ministry of the Environment.

COMMUNITY STRATEGIC PLAN

The recommendations in this report support the following objectives and strategic directions:

B. Economy-We are a prosperous community

B3: Maintain and enhance new and existing infrastructure to support economic and smart growth opportunities

Desired Outcomes / Proposed Activities

- Advocate for essential provincial and federal investment and equitable tax policies to support financing and effective operation of sustainable transportation systems, water, sewer and waste management services.
- Support new infrastructure investments and modernize existing infrastructure.
- Maintain and improve the quantity and quality of ground and surface waters

The recommendations will not adversely impact the remainder of the Community Strategic Plan.

CONSULTATION

Dillon Consulting Limited reviewed the tenders and a copy of their letter recommending the award of the tender is attached.

FINANCIAL IMPLICATIONS

Union Gas and Chatham-Kent PUC has agreed that the PUC will manage the project and the PUC will pay for the whole project and will bill Union Gas their portion when the project is complete.

The revised estimated cost of \$33,585 for oversizing will be allocated to the PUC.

All other costs associated with the project will be recovered by Union Gas.

Prepared by:

Jeannie Medeiros
Technical Assistant/Projects Coordinator

Reviewed by:

Reviewed by:

Tom Kissner
General Manager
Chatham-Kent PUC

Rob Browning
Chief Administrative Officer

Moved by Mayor Hope seconded by Commissioner Pinsonneault.

“That the tender in the amount of \$108,150.00, including GST for the Port Road Waterline Extension in the Community of Tilbury, Contract T08-227 be awarded to Delway Contractors Ltd.

The Chairperson and General Manager be authorized to complete the necessary contracts.”

Motion carried

b) Direct Buried Water Meter Replacement Policy

MUNICIPALITY OF CHATHAM-KENT
Public Utilities Commission

TO: PUC Chairperson and Commissioners

FROM: Tom Kissner
General Manager
Chatham-Kent Public Utilities Commission

DATE: May 1, 2009

SUBJECT: Direct Buried Water Meter Replacement Policy

RECOMMENDATION

It is recommended that:

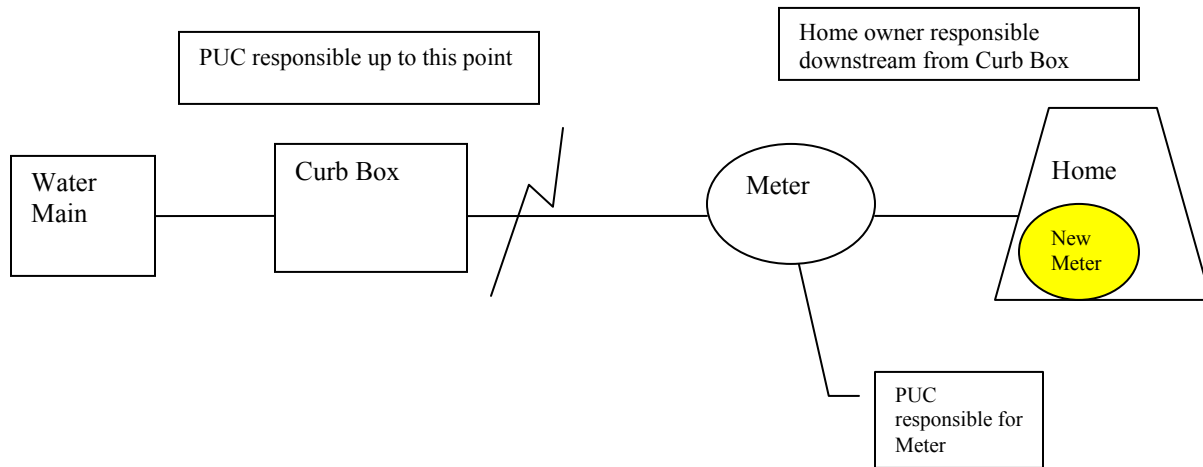
1. Commission approve the replacement of direct buried meters through Option 2 or Option 3 as listed below.
2. The implementation of Option 2 or Option 3 in the replacement of direct buried meters is left to the homeowner's discretion.
3. The PUC reimburse the homeowner to a maximum of \$900 to help cover the costs of the required work, upon receipt of invoicing from, and proof of payment to, a PUC approved contractor that performed the installation of a new water service or modifications to an existing service.

BACKGROUND

Currently, residential water meters within Chatham-Kent are located in meter pits, inside homes or are buried directly in the ground. Meters should be located in warm, dry and easily accessible places and for these reasons, PUC staff prefers that meters be located inside homes. Presently, the majority of residential meters within Chatham-Kent are inside homes, however, there are a small number (approximately 12) that are direct buried meters. These direct buried meters are in need of replacement because of inaccuracy due to age. Because direct buried meters are obsolete, meter relocation will be necessary at the time of replacement.

COMMENTS

The following diagram depicts who is responsible for what part of the water line (service) from the water main to the home:



There are a number of options available for consideration with the replacement and relocation of the direct buried water meters:

Option 1- Replace Direct Buried Meter with Pit Meter:

This would require the replacement of the existing direct buried meter with a pit meter. The pit meter expense (\$900 - \$1200) would be the responsibility of the PUC. The following issues relating to this option have been identified as:

- The installation of pit meters is often difficult because of the location of trees, cement driveways, landscaping, etc.
- The majority of the services that are metered by direct buried meters are older galvanized pipe which have a high risk of damage in the replacement of the buried meter. The cost to replace the galvanized service would be the responsibility of the homeowner. In the process of replacing the buried meter with a pit meter, the PUC would take on the responsibility of damage to the water service.

- This type of replacement would apply more stress on the service during installation, increasing the risk of damage to older galvanized water services.

Option 2 – Renew Service:

This would require the homeowner to replace the existing water service from the curb box, located at the property line, to inside the home where a new meter would be installed. The following issues relating to this option have been identified as:

- The cost to replace the service would be the responsibility of the homeowner.

Option 3 – Abandon Direct Buried Meter and Install a New Meter in the House:

This would require the homeowner to select a location in the home where the existing water service comes into the house and connect a new meter. There would be no charge to the homeowner for the new meter or the actual installation of the meter, however, plumbing modifications that may be necessary to accommodate the new meter would be the responsibility of the homeowner. The homeowner would assume the responsibility for the direct buried meter as part of the homeowners existing service. The following issues relating to this option have been identified as:

- The risk associated with the direct buried meter “leaking” would cause two problems:
 - ❖ Upon confirmation that the leak is downstream of the curb box, including the direct buried meter, it would be the responsibility of the homeowner to repair
 - ❖ The potential for property damage

If Option 1 is followed, the PUC would be responsible for costs of \$900 - \$1200 in order for the direct buried meter to be replaced with a pit meter. Pit meters require additional maintenance to keep pits free from water as well as being more susceptible to freezing in winter months. In order to maintain customer satisfaction, the PUC cost to install pit meters could be applied to help offset the costs incurred by the homeowners with the relocation of the water meter to an inside location.

CONSULTATIONS

Hugh Bridgen, Director, Meter and Technical Services, Chatham-Kent Energy Inc.
Garry Symons, Director, Corporate Services, Chatham-Kent Energy Inc.

FINANCIAL IMPLICATIONS

With Commission’s approval of the recommendations contained in this report, an estimated cost of \$10,800 would be realized by the PUC upon the replacement of all direct buried meters in Chatham-Kent. These costs will be funded from the 2009 meter replacement budget.

Prepared by:

Reviewed by:

Tom Kissner,
General Manager
Chatham-Kent PUC

Jack Sonneveld
Senior Level Advisor
Chatham-Kent PUC

Moved by Commissioner Vercouteren seconded by Commissioner Pinsonneault.

“That Commission approve the replacement of direct buried meters through Option 2 or Option 3.

The implementation of Option 2 or Option 3 in the replacement of direct buried meters is left to the homeowner’s discretion.

The PUC reimburse the homeowner to a maximum of \$900 to help cover the costs of the required work, upon receipt of invoicing from, and proof of payment to, a PUC approved contractor that performed the installation of a new water service or modifications to an existing service.

Motion carried

Information Report 5 (b) was brought forward.

MUNICIPALITY OF CHATHAM-KENT
PUBLIC UTILITIES COMMISSION
INFORMATION REPORT

TO: PUC Chairperson and Commissioners
FROM: Tom Kissner
General Manager, Chatham-Kent PUC
DATE: May 5, 2009
SUBJECT: Water/Wastewater Delinquent Accounts

RECOMMENDATIONS

It is recommended that:

1. Commission approves an increase in the required deposit for a new water/wastewater tenant account from \$50.00 to \$125.00 for bi-monthly billed accounts.
2. Commission approves the implementation of the attached "Procedure for Disconnection Due to Unpaid Bill".

BACKGROUND

The Chatham-Kent PUC, at its regular meeting held April 23, 2009, received a report that provided historical information relating to delinquent accounts and the status of revenue collection relating to 2009 information. After reviewing the report, Commission requested PUC Administration to prepare a more detailed report with regards to delinquent accounts as well as the process for bad debt recoveries. The information contained in this report is based on 2007 and 2008 data and current collection policy.

COMMENTS

The table below is summary bad debt information for 2007 and 2008:

Chatham-Kent PUC				
Bad Debt details for 2007 and 2008				
2007 total bad debts to credit bureau, tax roll or through bankruptcy				
			%	%
Water	gross bad debt	Non-Residential	Non-Residential	Residential
	\$50,289	\$11,590	23.05%	76.95%
	Sewer	\$44,910	\$7,515	16.73%
\$95,199		\$19,105	20%	80%
Recoveries	-\$35,913			-38%
2008 total bad debts to credit bureau, tax roll or through bankruptcy				
			%	%
Water	gross bad debt	Non-Residential	Non-Residential	Residential
	\$42,578	\$4,390	10.31%	89.69%
	Sewer	\$38,774	\$3,618	9.33%
\$81,352		\$8,008	10%	90%
Recoveries	-\$28,502			-35%

**Two significant non-residential bankruptcies were experienced in 2007. C-K Utility Services suggests that 90% residential would be the normal.

The table below is a summary of the residential bad debt accounts:

Chatham-Kent PUC					
Residential Account Breakdown					
	Total	Owner Accts.	Owner %	Tenant Accts.	Tenant%
2007	358	108	30%	250	70%
2008	466	161	34%	305	66%

In summary, approximately 90% of bad debt accounts are attributed to residential customers with approximately 70% of the residential accounts being comprised of tenant accounts.

Attached is the Chatham-Kent Hydro Procedure for Disconnection due to unpaid bills. This procedure is followed for hydro bills as well as water/wastewater bills. By following the current procedure, a lapse of approximately 180 days can occur before landlords are aware of tenant delinquent accounts that become the landlord's responsibility due to transfer to the property tax roll. Currently, C-K Utility Services is prohibited from contacting the landlords due to restrictions under the Privacy Act. C-K Legal Services has advised that if landlords are listed as an account contact by the individual requesting the account, it is allowable for the contacts listed on the account to be contacted with regards to accounts that are in arrears. With the approval of Recommendation # 2, landlords would be aware of tenant delinquent accounts and the possible transfer to the property tax roll 39 days after the billing date of the account. This would provide the necessary information to the landlord in order that accounts in arrears could be paid from deposit money held by the landlord on behalf of the tenant.

Presently, the security deposit that is required by the PUC when requesting a water/wastewater account is \$50.00 for all accounts (residential, residential – tenant involved, non-residential). The purpose of the security deposit is to protect the PUC from financial loss. A security deposit is required as a condition of service and is assessed on or before the date the Customer becomes responsible for the account. On average, the monthly bill for residential water and wastewater services is \$63.75. By increasing the required deposit from \$50.00 to \$125.00, the average account in arrears can be fully paid by utilizing the customer deposit. Accounts that remain in arrears after the application of the deposit will follow the present procedure of being forwarded to a credit agency for collection. If the credit agency is unsuccessful in the collection process, the amount owing for water/wastewater charges will continue to be transferred to the tax roll for collection from property owners.

PUC Administration is not suggesting that any procedural changes be implemented for collection of accounts in arrears pertaining to residential accounts which do not involve landlord/tenants or non-residential accounts.

CONSULTATIONS

Senior Level Advisor, Chatham-Kent PUC
 Carol Holling, Paralegal, Chatham-Kent Legal Services.
 Garry Symons, Director of Corporate Services, Chatham-Kent Utility Services.
 Chatham-Kent Utility Services prepared the summaries of bad debt information.
 Mr. Ken McIntyre, President, Chatham-Kent Landlords Association is supportive of the recommendations of this report.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report. It is estimated, based on 2007 and 2008 data that the collection success rate would increase to greater than 90% if the recommendations in this report are approved by Commission.

Prepared by:

Reviewed by:

 Tom Kissner
 General Manager
 Chatham-Kent PUC

 Jack Sonneveld
 Senior Level Advisor
 Chatham-Kent PUC

Moved by Commissioner Parsons seconded by Mayor Hope.

“That Commission approves an increase in the required deposit for a new water/wastewater tenant account from \$50.00 to \$125.00 for bi-monthly billed accounts.

Commission approves the implementation of the attached “Procedure for Disconnection Due to Unpaid Bill”.

Moved by Mayor Hope seconded by Commissioner Pinsonneault.

“To amend the recommendations by adding:

When the bi-monthly billing changes to monthly billing, the deposits will be cut in half and tenants who have paid the \$125 deposit will have their account credited with \$62.50.

Motion carried

c) Replacement of a Wheel Loader

MUNICIPALITY OF CHATHAM-KENT
INFRASTRUCTURE AND ENGINEERING SERVICES
DRAINAGE, ENVIRONMENTAL AND FLEET DIVISION

TO: P.U.C. Chairperson and Commissioners
FROM: Ann-Marie Millson,
Manager, Fleet Services
DATE: May 20, 2009
SUBJECT: Replacement of a Wheel Loader

RECOMMENDATIONS

It is recommended that:

1. Unit 77LD001 be replaced due to extensive repair issues.
2. Fleet Services be authorized to investigate the availability to purchase a used loader unit at an estimated cost of \$80,000 with no more than 5000 hours

BACKGROUND

The Public Utilities Commission (P.U.C.) approved the 2009 vehicle replacement list at the November 2008 meeting. At the time of the report the used wheel loader unit stationed at the Irwin site was not included in the 2009 replacement list. Since that report, several repair issues have come forward and it is the opinion of Fleet Services that this unit be removed from active duty and be replaced.

COMMENTS

Fleet Services rotated a used wheel loader unit from the Wallaceburg Transfer Site the PUC in 2004

This unit has performed reasonably well until this year. A condition report was received from the operators at the Irwin Street Water Pollution Plant in Chatham with a list of 18 issues. A Fleet Technician was dispatched to review the unit in question and to determine which repairs would be deemed safety and which repairs were purely mechanical issues. This review added 11 more repair issues to the original 18.

Repairs to bring this unit back to proper operating condition would exceed \$30,000, and based on current lifecycle depreciation and cost of replacement, it is recommended to retire unit 77LD001 due to age and condition.

It is further recommended that Fleet Services be authorized to investigate the availability of purchasing a used loader.

COMMUNITY STRATEGIC PLAN

The recommendations in this report do not support, negatively or positively, a specific objective of the Community Strategic Plan. It is a neutral issue.

CONSULTATIONS

Staff members of the PUC as well as the Managers and the General Manager, Chatham-Kent PUC, were consulted and are in agreement with the recommendations of this report.

FINANCIAL IMPLICATIONS

The PUC reserve for vehicle replacements has the funding in place to replace this vehicle. In speaking with several suppliers a reasonable estimate for budget purposes has been set at \$80,000 accepting units no older than 5 model years and no more than 5000 hours.

The PUC Vehicle and Equipment Reserve is estimated at \$327,917 which takes into account the 2009 vehicles currently on order.

Prepared by:

Reviewed by:

Ann-Marie Millson,
Manager, Fleet Services

Tom Kissner
General Manager,
Chatham-Kent, PUC

Reviewed by:

Rob Browning
Chief Administrative Officer

Moved by Mayor Hope seconded by Commissioner Pickard.

“That Unit 77LD001 be replaced due to extensive repair issues.

Fleet Services be authorized to investigate the availability to purchase a used loader unit at an estimated cost of \$80,000 with no more than 5000 hours.”

Motion carried

5. INFORMATION

a) Automated Meter Reading

Senior Level Advisor Jack Sonneveld did a power point presentation informing the Commission of the AMR pilot project to begin in June 2009.

Moved by Mayor Hope seconded by Commissioner Vercooterren.

“To receive item 5 (a) for information.”

Motion carried

b) Moved to Regular Reports (Water/Wastewater Delinquent Accounts)

c) PUC Spring Newsletter
d) 2008 Unexplained Water Loss

MUNICIPALITY OF CHATHAM-KENT
PUBLIC UTILITIES COMMISSION

“INFORMATION REPORT”

TO: PUC Chairperson and Commissioners
FROM: Lily Snobelen
Supervisor, Compliance & Quality Standards,
DATE: May 22, 2008
SUBJECT: 2008 Unexplained Water Loss

For information of the Commission.

BACKGROUND

The PUC was provided with a verbal report on the unexplained water loss of 17% for 2006 in 2007. A number of municipalities in the province have reported unexplained water loss figures around 30%.

The 2007 unexplained water loss was 11.5%.

COMMENTS

Compliance staff and the operations staff have completed a top down audit of the 8 water systems operated under O. Reg. 170/03. The task was essentially a "desk top" exercise. The gathering of these volumes involved the cooperative efforts of the PUC, Chatham-Kent Utility Services (Billing), the Public Works Department and the Fire Department.

Continuous improvement has been applied to the initial Unexplained Water Loss Reports, which were prepared in 2006 and 2007. The 2006 Report compared only the volumes produced with the volumes billed.

The 2007 and 2008 Reports include Authorized Consumption under the following categories:

1. billed metered
2. unbilled metered
3. unbilled un-metered.

Starting in 2007, Public Works reported water used in sweepers, vectors, sewer flushers and for dust control. Additional volumes reported by the PUC staff included losses through operational flushing. Not included in the Authorized Consumption for 2007 is un-metered use by Parks and Recreation, or Horticulture. Un-metered service water volume, for the South WTP only, is included.

The Fire Department endorsed the use of Hydrant Use Forms, developed by the PUC in 2007, for reporting hydrant usage volumes starting in 2008.

Volumes for which there is currently no accounting include main breaks and unauthorized contractor use.

Overall, the average unexplained water loss volume for Chatham-Kent PUC in 2008 was 7.2%. In reality, this includes both apparent and real losses, and should not be construed to mean that 7.2% of the water produced is physically lost from infrastructure, mains, valves or service lines.

There are a number of other possibilities that could account for a significant portion of the unaccounted for water. They include:

- the calibration of metering which has a tolerance of plus or minus up to %5;
- Flat Rate water customers.(C-K has only 33)

CONSULTATIONS

Chatham-Kent Utility Services (Billing), the Public Works Department and the Fire Department were consulted during the preparation of this report.

FINACIAL IMPLICATIONS

There are no financial impacts associated with this report.

Prepared by:

Reviewed by:

Lilly Snobelen
Supervisor, Compliance & Quality Standards
Chatham-Kent PUC

Tom Kissner
General Manager,
Chatham-Kent PUC

e) Water/Wastewater Revenue & Expenditure

MUNICIPALITY OF CHATHAM-KENT
Public Utilities Commission

"INFORMATION REPORT"

TO: PUC Chairperson and Commissioners

FROM: Jack Sonneveld
Senior Level Advisor, Chatham-Kent PUC

DATE: May 22, 2009

SUBJECT: Water/Wastewater Revenues and Expenditures

For information of the Commission.

BACKGROUND

The Summary of Revenues and Expenditures for water and wastewater are prepared monthly for the Commission's review and information.

COMMENTS

The year-to-date revenues and expenditures (April, 2009) are on historical usage patterns and no significant variances are projected in 2009. We have also included a copy of the annual summary of Water and Wastewater Revenue and Expenditures to provide historical information for the current year.

The debt payments have been reported on a monthly basis to provide a better overview of the monthly revenues and expenditures.

There was a journal entry of \$596,310 posted to transfer the St Clair Street Watermain Project costs to the 2009 Lifecycle Replacement account. This project was constructed in 2008 and the costs are part of the 2008 Lifecycle Watermain costs. Administration has contacted Engineering and Finance to move these costs.

The adjusted YTD Net income for water is approximately \$120,000 less than the same period in 2008 but the YTD income for wastewater is approximately \$175,000 higher for the same period.

CONSULTATIONS

Chatham-Kent Utility Services prepared the monthly summaries of budget information.

FINANCIAL IMPLICATIONS

No budget impacts are anticipated at this time.

Prepared by:

Reviewed by:

Jack Sonneveld
Senior Level Advisor,
Chatham-Kent PUC

Tom Kissner
General Manager,
Chatham-Kent PUC

Moved by Commissioner Vercouteren seconded by Commissioner Pickard.

“To received items 5 C, D, and E for information.”

Motion carried

6. NEW BUSINESS

Infrastructure Stimulus Fund project application grants have not been announced yet.

7. NEXT MEETING

The next PUC Commission Meeting is scheduled for Thursday June 18, 2009 at 3:00 PM in the PUC Boardroom.

8. ADJOURN

Moved by Commissioner Vercouteren seconded by Commissioner Pinsonneault.

“That the Regular meeting be adjourned at 3:55 PM”.

Motion carried