

MINUTES

PUBLIC UTILITIES COMMISSION

PUC BOARDROOM
325 GRAND AVE E

NOVEMBER 16, 2006
4:00 PM

PRESENT: Chairman Bryon Fluker, Commissioners Frank Vercouteren, Jim Brown, Joe Faas, and Tom McGregor, Acting CAO Gerry Wolting, General Manager Scott Prail, Senior Level Advisor Jack Sonneveld and Facility Systems Manager Rob Bernardi.

ABSENT: Mayor Diane Gagner and Commissioner Janet McGuigan.

1. **CALL TO ORDER**

Chairman Bryon Fluker called the meeting to order at 4:00 PM.

2. **DECLARATION OF PECUNIARY INTEREST**

NONE

3. **APPROVAL OF MINUTES**

a) October 19, 2006

Moved by Commissioner Vercouteren and seconded by Commissioner Brown.

“That the minutes of October 19, 2006 Regular Meeting be approved.”

Motion carried

4. **REPORTS**

a) 2207 Water & Wastewater Rates/Charges By-law

**MUNICIPALITY OF CHATHAM-KENT
Public Utilities Commission**

TO PUC Chairperson and Commissioners
FROM Scott Prail
General Manager, Chatham-Kent PUC
DATE November 16, 2006
RE 2007 Water and Wastewater Rates/Charges By-law

RECOMMENDATION

It is recommended that:

1. The Water and Sewer Rates By-Law No. 07-001 for 2007 be approved.
2. That the wastewater customers in the communities of Charing Cross and Merlin, as well as the wastewater customers in St Clair Community Estates Mobile Home Park, be included with the regular billings based on the water consumption, effective January 01, 2007

BACKGROUND

The Municipal Act 2001, Ontario Regulation 244/02, came into force on January 1, 2003. Part XII of the Act provides the power for the municipality or a local board to impose fees or charges for the use of a sewage system or the consumption of water. The by-laws must be renewed prior to December 31 each year.

The Municipal Act, 2001, Part XII states that **“A by-law, if not repealed earlier, expires on December 31 of the year following the year in which the by-law was passed.” (O.Reg. 244/02, s.12(3)).** The definition of “by-law” includes a resolution for the purpose of a local board.

Before passing a by-law under Part XII of the Act, the PUC is required to:

- Hold at least one public meeting at which any person who attends has an opportunity to make representation with respect to the matter.
- ensure that a minimum of 21 days notice of the public meeting is given.
- Prior to adoption, make available information regarding service description, cost of service, amount of the charge and rationale for imposing the charge

The Chatham-Kent Public Utilities Commission retained C.N. Watson Associates to review the multiple water/wastewater rate structures from the former utilities and municipalities and provide a forecast of rates for water and wastewater services for the future in 2000.

The water and wastewater rates adopted in 2001 addressed the following issues:

- Equity for all consumers in Chatham-Kent.
- Standardized rate structure.
- Minimum billing requirements.
- Full recovery of operating /maintenance costs.
- Funding the capital costs, as outlined in the Water/Wastewater Master Plan.
- Allocation of costs associated with the growth/expansion into the rural areas.
- Implement Life Cycle Replacement Funding for the costs associated with the water and wastewater treatment, collection/distribution systems

The uniform, declining block, rate structure provides an equitable charge across all users in Chatham-Kent. In addition, the rate structure is compatible with the Chatham-Kent Economic Development Strategy in attempting to make the area more competitive and attractive for development. The declining block rate provides a cost relief to the very high system users, such as major industries.

Chatham-Kent will be dependent on debenturing, reserves and contributions from the operating budget to fund the capital works. A copy of the revised Capital Cash Flow Projections is attached.

In order to smooth out the impacts on rates, it has been necessary to use funds from the reserves for both operating (debt payments) and payment for projects.

The projected annual debt charges (including principle and interest), to be recovered from rates, have been calculated at \$4.5M for water and \$2.6M for wastewater in 2007.

COMMENTS

The required Notice of the Chatham-Kent PUC Meeting to consider the Water and Wastewater Rates Report was placed in C-K Matters during the week of October 25, 2006.

St Clair Community Estates Mobile Home Park:

There are 349 active accounts in the St. Clair Community Estates Mobile Home Park. Each unit has their water meter. The wastewater charges are calculated based on a formula that includes the entire water consumption for the mobile home park. The owners of the mobile home park are billed on an annual basis.

The owners of the Park have informed us that they intend to make application to add the sewer assessment to the individual tenant's monthly rent but would prefer that the PUC bill each individual unit based on their water consumption.

It is recommended that all customers in St Clair Community Estates Mobile Home Park be billed individually based on their actual water consumption as part of the regular utility bill.

Merlin and Charing Cross:

The property owners are currently billed for the sewer charges on their tax bills. This was put in place since the residents did not have a municipal potable water supply at the time of the sanitary sewer installations. Municipal water servicing has been completed in both areas and the overwhelming majority of the property owners are connected to the potable water supply and are being billed based on water consumed.

The proposed changes will affect 193 properties in Charing Cross and 280 properties in Merlin.

It is recommended that the sewer charges be collected along with the regular water billing from the Chatham-Kent PUC. This will ensure that the property owners are paying based on their actual consumption. A flat rate wastewater charge of \$26.25 has been included in the Schedule of Charges for customers not connected to the municipal potable water supply.

Lifecycle Reserve Contributions:

The Water/Wastewater Rate Report, approved in 2002, recommended that the PUC adopt a policy of setting aside funds for the future replacement of water and sewer infrastructure.

Sewers:

The existing sanitary sewer system will require approximately \$17.8 million in lifecycle replacements during the next twenty (20) years. This amount does not include the costs associated with the storm sewer separation programs. Administration will be recommending that \$1,600,000 be allocated to the Sanitary Sewer Lifecycle Reserves account in 2007. This is consistent with the recommendations contained in the Water/Wastewater Rate Report, which recommended a phasing of increases to an annual contribution of \$2,173,868.

Water:

The Water and Wastewater Rate Report (2001) reviewed the watermain lifecycle replacement requirements. In order to meet the recommended immediate replacement plans, the PUC completed approximately \$1.2M in annual waterline replacements and in excess of \$1.7 million in 2006. The PUC also approved the establishing of a Watermain Lifecycle Reserve Account in 2003 for future projects. \$200,000 was approved for the Watermain Lifecycle Reserve Fund in 2006.

Recommended Changes for 2007:

The changes from the 2006 rates for water and wastewater rates by-law are summarized as follows:

Water:

- Increase the fixed monthly charge by:
 - \$1.00 in 2007
- Increase the 1st block water rate by :
 - \$0.04/m3 in 2007
- Increase the 2nd block rate by:
 - \$0.03.m3 in 2007
- Increase the monthly charge for flat rate water customers to:
 - \$37.50 in 2007

Wastewater:

- Increase the fixed monthly charge by
 - \$1.00 in 2007
- Increase the 1st block wastewater rate by:
 - \$0.04/m3 in 2007
- Increase the 2nd block wastewater rate by:
 - \$0.03/m3 in 2007
- Implementation of a Flat Rate Wastewater Charge for residents not connected to the municipal potable water supply of \$26.25 per month.

Customer Impacts:

Residential:

The impact on a standard residential customer, based on an average of 25 m3 per month consumption, is summarized in the following charts. The monthly charge for "Flat Rate Customers" has also been adjusted. The charts include:

- water rate impacts,
- wastewater rate impacts
- the total impact for the residents that have both services.
- flat rate customer impacts

Chart "A"

Water Rate Impacts				
Year:	Monthly cost:	\$/month change:	Annual cost	Annual increase
2007	\$28.75	\$2.00	\$345	+\$24

Chart "B"

Wastewater Rate Impacts				
Year:	Monthly cost:	\$/month change:	Annual Cost	Annual Cost
2007	\$26.25	\$2.00	\$315	+\$24

Chart "C"

Summary of Impacts on Residential Customers (monthly & annual)				
Year:	Water (monthly)	Wastewater (monthly)	Total Monthly	Total Annual
2007	\$2.00	\$2.00	+\$4.00	+\$48.00

Chart "D"

Flat Rate Water Customer Impacts		
Year:	Monthly cost:	\$/ month change:
2007	\$37.50	\$2.50
2008	\$40.00	\$2.50

Chart "E"

Flat Rate (new) Wastewater Customer Impacts		
Year:	Monthly cost:	\$/ month change:
2007	\$26.25	
2008	\$28.75	\$2.50

Industrial/Commercial:

The rate structure is compatible with the Chatham-Kent Economic Development Strategy in attempting to make the area more competitive and attractive for industrial/commercial development. The declining block rate provides a cost relief to the very large system users, such as major industries.

Although Recommendation 8.2 of the Watertight Report includes banning the declining block rate in the future, the Province has not adopted the report. Administration has recommended water and wastewater rates for 2007 include a small increase (\$0.03/M3) in the second block rate. The declining block rate accommodates the large industrial users and major greenhouse operations. It should be noted that only 8% of the total water billed is billed at the 2nd step rate.

The 2007 impacts on industrial, commercial and institutional operations are outlined in the following chart. The impacts are summarized in Chart "E".

"Chart 'E'"

Industrial/Commercial Water Rate Impacts:					
		Community	Average Monthly consumption	2006 Monthly Water Cost	2007 Monthly Water Cost
Commercial Customer	3/4"	Chatham	90	\$72.90	\$78.50
Industrial Customer	2"	Chatham	189	\$175.69	\$184.25
		Tilbury	6,433	\$2,928.09	\$3,142.28
	2"	Chatham	5,383	\$2,581.69	\$2,764.28
	6"	Dresden	42,838	\$15,051.84	\$16,359.08
	6"	Chatham	50,973	\$17,736.39	\$19,287.68
Industrial/Commercial Wastewater Rate Impacts:					
		Community	Average Monthly consumption	2006 Monthly W/W Cost	2007 Monthly W/W Cost
Commercial Customer	3/4"	Chatham	90	\$ 56.10	\$60.70
Industrial Customer	2"	Chatham	189	\$ 124.61	\$133.17
		Tilbury	6,433	\$1,778.31	\$1,982.90
	2"	Chatham	5,383	\$1,590.31	\$1,772.90
	6"	Dresden	42,838	\$8,002.66	\$9,307.90
	6"	Chatham	50,973	\$9,385.61	\$10,934.90

Raw Water Customers:

The charges for raw water taken from the line from Erie Beach to Chatham have not been adjusted since before amalgamation. There are ten (10) active accounts. The current charge is \$0.125170 per M3. Due to the significant costs associated with upgrading the raw water pumps and increases in electrical costs, it is recommended that the raw water charges be increased to \$0.15 per M3 for 2007.

Revenue Changes:

The anticipated changes in annual revenue have been calculated and are summarized in the following tables:

Water Rate Revenue Changes			
Table 1			
Year	Fixed Charge:	Consumption:	Total:
2007	\$456,000	\$605,460	\$1,063,467.00

Wastewater Rate Revenue Changes			
Table 2			
Year	Fixed Charge:	Consumption:	Total:
2007	\$337,219	\$453,311	\$792,537.00

Administration will continue to pursue grants/funding with both levels of senior government and the water and sewer rates will be adjusted on an annual basis to reflect any changes.

It is recommended that the Chatham-Kent PUC approve the Water and Wastewater Rates and Charges for 2007 as outlined in Schedule "A" and Schedule "B" of attached by-law.

CONSULTATION

Chatham-Kent Financial Services provided information on the debentures.

FINANCIAL IMPLICATIONS

The proposed water and sewage rates, in conjunction with the Development Charges and Part XII Municipal Act Charges, will provide sufficient funding for the operations, maintenance, lifecycle issues and payment of capital project costs/debenture costs.

Prepared by:

Reviewed by:

 Jack Sonneveld
 Senior Level Advisor,
 Chatham-Kent PUC

 Scott Prail, C.E.T., B.Comm.
 General Manager,
 Chatham-Kent PUC

Reviewed by:

 Gerry Wolting, B.Math., CA
 Acting CAO, Chatham-Kent

Moved by Commissioner Faas and seconded by Commissioner McGregor.

“That the Water and Sewer Rates By-Law No. 07-001 for 2007 be approved.

That the wastewater customers in the communities of Charing Cross and Merlin, as well as the wastewater customers in St Clair Community Estates Mobile Home Park, be included with the regular billings based on the water consumption, effective January 01, 2007.”

Motion carried

b) Raw Water Quality Monitoring System – Wallaceburg WTP**MUNICIPALITY OF CHATHAM-KENT
Public Utilities Commission**

TO: PUC Chairperson and Commissioners

FROM: Tom Kissner
Area Manager (North)
Chatham-Kent Public Utilities Commission

DATE: November 10, 2006

SUBJECT: Raw water quality monitoring system – Wallaceburg Water Treatment Plant

RECOMMENDATION

It is recommended that:

1. The Chatham-Kent Public Utilities Commission authorize Administration to hire an Environmental Consultant to complete a report with regards to raw water quality monitoring for the Wallaceburg Water Treatment Plant, which will include high-risk contamination sources and parameters that should be analyzed to minimize the possibility of contaminated raw water from entering into the treatment process.

BACKGROUND

Protecting source waters from contaminants is a major priority in the protection of public health through ensuring a clean, safe drinking water supply. All drinking water sources are vulnerable to a variety of contaminants from a variety of activities. The source water supply for the Wallaceburg Water Treatment Plant is possibly at a greater risk to contamination due to the industrial operations that are located upstream from Wallaceburg on the St. Clair River. Dealing effectively with risks to drinking water requires constant evaluation of the water quality. Because of this, a quote was requested from Clarion Systems for a continuous raw water quality monitoring system. The system that was quoted involves the monitoring of dissolved oxygen, pH, Oxygen Reduction Potential, conductivity, and hydrocarbon-based chemicals. The capital cost of this system is \$98,100 with an estimated annual operating cost of \$50,000. Presently, there is a raw water monitoring station at Courtwright that is operated by the Sarnia Lambton Environmental Association. PUC staff relies on the operation of this station to detect any contamination in the raw water as it passes the station.

COMMENTS

The system that was quoted is only one of numerous systems, analyzers and/or technologies that can be utilized in the monitoring of raw water quality. The chemicals that can be detected as well as minimum detection levels vary greatly between equipment. There are an unlimited number of physical and chemical parameters that can have an adverse effect on raw water and unfortunately, it would be impossible for any monitoring system to be set up to analyze for every parameter that may exist. It is for this reason that you must look at potential contamination sources to determine which parameters the system will analyze. This would necessitate an evaluation to be conducted by qualified personnel in order to determine the best overall equipment to be used. It is also very important that the analysis that is conducted produces accurate, true and useable data. An extensive Quality Assurance and Quality Control (QA/QC) program must be part of the operations of any equipment that is utilized. PUC staff does not have the expertise to determine the types of contamination sources or the type of equipment that is necessary to detect contamination from the sources. A proper QA/QC program would have to be run by an outside agency that has the capability and laboratory equipment to perform sample analysis.

A request to Chatham-Kent staff of Partnership and Development to investigate the possibility of funding of a raw water quality monitoring system through grants and/or partnerships has been initiated with preliminary results indicating that the possibility of partial funding for the capital cost of the equipment seems to exist but will not be known until an application has been completed and processed.

CONSULTATIONS

Mr. Larry Najjar, Manager, Partnership and Development provided information with regards to funding and grant programs that may fit the raw water quality monitoring system initiative.

FINANCIAL IMPLICATIONS

An estimate of \$6,000 would be needed in order to hire an Environmental Consultant to produce a report as outlined in the Recommendations. This money has been included in the 2007 budget. If it is determined that the cost would be greater than \$6,000, a Consultant would not be hired without prior approval from Commission.

Prepared by:

Reviewed by:

Tom Kissner,
Area Manager (North)
Chatham-Kent PUC

Scott Praill, C.E.T., B.Comm.
General Manager,
Chatham-Kent PUC

Reviewed by:

Reviewed by:

Jack Sonneveld
Senior Level Advisor
Chatham-Kent PUC

Gerry Wolting, B.Math, CA.
Acting Chief Administrative Officer
Municipality of Chatham-Kent

Moved by Commissioner McGregor and seconded by Commissioner Brown.

“That the Chatham-Kent Public Utilities Commission authorize Administration to hire an Environmental Consultant to complete a report with regards to raw water quality monitoring for the Wallaceburg Water Treatment Plant, which will include high-risk contamination sources and parameters that should be analyzed to minimize the possibility of contaminated raw water from entering into the treatment process.”

Motion carried

5. INFORMATION

a) Bothwell Water Supply Water Cost

MUNICIPALITY OF CHATHAM-KENT

PUBLIC UTILITIES COMMISSION

“INFORMATION REPORT”

TO: PUC Chairperson and Commissioners
FROM: Jack Sonneveld
Senior Level Advisor, Chatham-Kent PUC
DATE: November 16, 2006
SUBJECT: Bothwell Water Supply Water Costs

For information of the Commission.

BACKGROUND

The Chairperson of the Chatham-Kent PUC requested information on the cost of the potable water purchased from Southwest Middlesex for the community of Bothwell and the recovery of those costs at the regular meeting on October 19, 2006.

Prior to the implementation of the single rate structure, Bothwell residents were charged \$25.00 per month, which included 14M3, and \$1.33 per M3 for the balance of the consumption. Based on the average consumption of 19M3 per month the water bill would have been \$31.65 per month in 1998.

The 2007 Chatham-Kent proposed water charge is \$0.75 per m3 and a monthly service charge of \$10.00.

The potable water that is purchased for Bothwell includes the cost of the water at \$1.35 per m3 and a 3% charge by the Village of Newbury for a total of \$1.39 per m3.

COMMENTS

The cost of the purchased potable water for 2005 was \$149,213.56. In addition, there were operating and maintenance costs associated with the Bothwell Water System that totaled \$40,457.65. The total Bothwell water cost for 2005 was \$189,671.21

The 2005 revenue collected from the Bothwell customers was \$106,485.43. The net deficit for 2005 was \$83,185.78.

Based on 435 customers, the average annual deficit amount per connection for 2005 was \$191.23.

The deficits for 2006 and 2007 (assuming no rate change from SW Middlesex) are estimated at \$65,000 and \$50,000 respectively.

1998 vs. 2007 Cost Comparison

Based on the average consumption of 19 m3 per connection, the average water bill for 2007 @ \$24.25 will be \$7.40 less than the customers were paying at the time of amalgamation (1998).

It should also be noted that the minimum bill in 1998 was \$25.00 and is \$10.00 in the 2007 rates.

CONSULTATIONS

Chatham-Kent Utility Services provided the water billing information.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

Prepared by:

Reviewed by:

Jack Sonneveld
Senior Level Advisor
Chatham-Kent PUC

Scott Praill, C.E.T., B.Comm.
General Manager,
Chatham-Kent PUC

Reviewed by:

Gerry Wolting, B. Math, CA.
Acting Chief Administrative Officer

b) PUC Newsletter

Moved by Commissioner Brown and seconded by Commissioner Vercouteren.

“To receive the information.”

Motion carried

6. NEW BUSINESS

General Manager Scott Praill thanked the Commission for their hard work the past three years in setting lifecycle plans, rates, close circuit tv in water intakes, separating sanitary and storm sewers in different areas of the Municipality, approval of 160 km of watermain and 32 km of sewer main to be installed, water and sewer plants being built and upgraded, being proactive in the sewer masterplan as well as many, many other important issues that were brought to the Boardroom table every meeting.

7. NEXT MEETING

Moved by Commissioner Brown and seconded by Commissioner McGregor to hold the PUC Commission Meetings on the third Thursday of each month.

Motion carried

The next PUC Commission meeting is scheduled for Thursday, January 18, 2007 at 4:00 PM at the PUC boardroom.

8. **ADJOURNMENT**

Moved by Commissioner Vercouteren and seconded by Commissioner Brown.

“That the Regular meeting be adjourned at 4:35 PM.”

Motion carried