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**THE REGIONAL MUNICIPALITY OF NIAGARA  
JOINT MEETING OF  
CORPORATE AND FINANCIAL SERVICES COMMITTEE  
AND  
PUBLIC WORKS AND UTILITIES COMMITTEE  
REPORT CFS 1/PW 2-2004**

Minutes of a joint meeting of the Corporate and Financial Services Committee and Public Works and Utilities Committee held in Committee Room 4, Regional Municipal Building, Thorold, Ontario, on Wednesday, January 14, 2004, commencing at 9:15 a.m.

**ATTENDANCE**

Committee: Councillors Martin, Co-Chair; Rigby, Co-Chair; Partington, Regional Chair; Bailey; Bodner; Burroughs; Eke; Heit; Hildreth; Leavens; Redekop; Saracino; Salci; Zimmerman.

Staff: Mr. Trojan, Chief Administrative Officer; Mr. Bacchus, Commissioner of Corporate Services; Mr. Neville, Commissioner of Public Works; Mr. Brcic, Director, Water and Wastewater Services; Ms. Williams, Senior Financial Analyst; Ms. Reilly, Legislative Assistant.

Staff  
(Part-time): Mr. J. Murphy, Manager, Policy & Development; Mr. Roach, Manager, Financial Services, P.W.

**PRESENTATION**

1. 2004 Water and Wastewater and Water Uniform Wholesale Rates  
Mr. Bacchus, Commissioner, Corporate Services and Mr. Brcic, Director, Wastewater and Water Services Division, provided an overview of the proposed Wastewater & Water Uniform Wholesale Rates for 2004. Mr. Bacchus advised that Report CSD 01/PWA02-2004, January 14, 2003, is intended to establish the uniform wholesale rates to be charged to the Area Municipalities for the Regional Water and Wastewater Systems for the year 2004. These rates are designed to ensure each of the systems remain self-sufficient. Mr. Bacchus advised that several parameters are analyzed to determine the uniform rates such as flow projections, capital requirements based on Master Plans for the Water and Wastewaters systems and operational costs. Mr. Brcic highlighted the Regulatory Impacts, Master Plan Impacts and other impacts, current and long term, on the wholesale rates. Mr. Brcic detailed Wastewater and Water Flows, noting that Water demand shows downward Trend and Wastewater flows shows light upward trend. Past

projections Use 5 Year Average and General Trend as per the Master Plan (Water at 0.5% per year and wastewater at 0% change).

The Wastewater and Water Capital Programs were presented as follows:

Wastewater Capital Program

- \$30.37 million (\$3.57 million increase over 2003)

Water Capital Program

- \$30.45 million (\$7.25 million increase over 2003)

Includes Master Servicing Plan Update Recommendations (minimum) for

- Capital Needs
- Asset Management

In summary:

Wastewater Capital Budget: \$30,368,000

- \$25 million to be financed from debenture issue in 2005 and 2005
- \$5.4 million to be financed from reserves

Water Capital Budget: \$30,450,000

- \$25.8 million to be financed from debenture issue in 2005 and 2006
- \$4.6 million to be financed from reserves

Potential to reduce amounts through funding programs (SuperBuild, etc.)

Master Plan recommendations respecting minimum reserves used.

A summary of the 2004 Operating Costs was presented as follows:

- Wastewater - \$49.4 million
- Water - \$31.0 million

Mr. Bacchus provided an overview of the relevant financing strategies, assumptions, reserve fund levels and debt financing proposed. He noted that the Master Plan recommendations for the Reserve levels are that of the water system should have a reserve level of \$15 million and wastewater \$17 million. However, for 204 these levels will be at \$5.8 million and \$5.2 million respectively.

Mr. Bacchus advised that the following recommendations for the wastewater and water uniform wholesale rates for 2004 are proposed:

- Wastewater rate established at \$0.547 per cu. m. representing a 5% change
- Water rate established at \$0.400 per cu. m. representing a 10% change
- Adopt in principle the rate changes for the years 2005 and 20056 as part of the multi-year budget plan

- That similar increases be included as part of the Multi-year Financial Plan.

#### 2003 Billing

Mr. Bacchus advised that a flat billing method was approved by Council and tested in 2003. Each municipality was billed the same amount each month based on a five year average of flows in their municipality. As a result, when a comparison was made to what would have been paid on actual usage, some municipalities overpaid and others underpaid. Larger municipalities have been billed for amounts greater than what would have been generated by actual flows and smaller municipalities have been billed less. The Commissioner advised that a reconciliation of the billing method and actual flows is necessary to ensure compliance with the User Pay principle. There it is recommended that the area municipalities include the final reconciliation amounts in their 2004 budget. Mr. Bacchus commented that, these concerns were expressed by local Treasurers and there is a recommendation in report CSD 01-PWA 01-2004 that the method of billing each area municipality on the basis of actual flows used reinstated.

Committee discussed the advantages and disadvantages of the existing billing which is based on a five year average of flows in their municipality.

Following review of Report CSD 01-2004/PWA 01-2004, January 14, 2004, it was:

Moved by Councillor Hildreth  
Seconded by Councillor Burroughs

That Report CSD 01-2004/PWA 01-2004, January 14, 2004, respecting 2004 Wastewater and Water Uniform Wholesale Rates, be approved, **save and except recommendation D) respecting method of billing each area municipality, which was referred to staff for a further report on a proposal for reconciliation of the costs and to solicit the views of the Area Treasurers on a permanent method for billing beginning in 2004.**

That these Committees recommend to Regional Council that the following be approved:

#### A) Wastewater System

1. The Wastewater Works expenditure totalling \$49,440,000 be approved for 2004.
2. The Wastewater Works capital expenditure totalling \$30,368,000 be approved for 2004.
3. The uniform rate charged to area municipalities for wastewater treatment for 2004 be established at \$0.547 per cubic meter,

representing a 5.0% change, for the period January 1, 2004 to December 31, 2004.

4. Regional Development Charges, totalling \$2.5 million, be used towards financing growth-related capital costs as identified for the wastewater capital program.
5. Substitution of unfunded debt with contributions from reserve fund totalling \$178 thousand be approved as part of the Financial Plan for the Wastewater Capital Program

B) Water System

6. Waterworks expenditures totalling \$31,036,000 be approved for 2004.
7. The Water Works capital expenditure totalling \$30,450,000 be approved for 2004.
8. The uniform rate charged to the area municipalities for the production of water be established at \$0.400 per cubic meter, representing an increase of 10%, for the period January 1, 2004 to December 31, 2004.
9. Regional Development Charges, totalling \$2 million, be used towards financing growth-related capital costs as identified for the water capital program.
10. A debenture issue of \$15.4 million be approved.
11. Substitution of unfunded debt with contributions from reserve fund totalling \$6.3 million be approved as part of the Financial Plan for the Water Capital Program
12. In accordance with the financing strategies adopted by Council for the water and wastewater systems, a \$4.0 million loan repayment to the wastewater reserve be approved as part of the Financial Plan recommended for the water system for 2004.

C) The Regional Clerk be directed to ensure that the appropriate by-laws be prepared for presentation to Regional Council.

D) **That the method of billing each area municipality on the basis of actual flows used be reinstated. (Subject to a further report from staff.)**

- E) This report be circulated to the Area Municipal Treasurers and Clerks for information.

Carried.

**STAFF DIRECTIONS**

That staff be directed to:

- (i) Provide further detailed information on "Chargebacks"
- (ii) Request area municipalities to provide written comments regarding their views on the billing methodology and what each would recommend.

**ADJOURNMENT**

Committee adjourned at 11:30 a.m. to meet again on Wednesday, January 28, 2004 at 9:00 a.m.

Doug Martin  
Co-Chair

Gail Reilly  
Legislative Assistant

Tim Rigby  
Co-Chair

Pam Gilroy  
Acting Regional Clerk