

**City of Port Colborne
Special Committee of the Whole Meeting 08-19
Minutes**

Date: March 4, 2019

Time: 5:30 p.m.

Place: Council Chambers, Municipal Offices, 66 Charlotte Street, Port Colborne

Members Present: M. Bagu, Councillor
E. Beauregard, Councillor
G. Bruno, Councillor
R. Bodner, Councillor
F. Danch, Councillor
A. Desmarais, Councillor
D. Kalailieff, Councillor
W. Steele, Mayor (presiding officer)
H. Wells, Councillor

Staff Present: M. Evely, Recording Clerk
A. Grigg, Director of Community & Economic Development
A. LaPointe, Manager of Legislative Services/City Clerk
C. Lee, Director of Engineering & Operations
S. Luey, Chief Administrative Officer
T. Rogers, Chief Building Inspector
P. Senese, Director of Corporate Services

Also in attendance were interested citizens, members of the news media and WeeStream.

1. Call to Order:

Mayor Steele called the meeting to order.

2. Introduction of Addendum Items:

Nil.

3. Confirmation of Agenda:

Moved by Councillor H. Wells
Seconded by Councillor R. Bodner

That the agenda dated March 4, 2019 be confirmed, as circulated or as amended.
CARRIED.

4. Disclosures of Interest:

Nil.

5. Delegations:

Nil.

6. Item(s) for Consideration:

**1. Corporate Services Department, Finance Division, Report 2019-29,
Subject: Proposed 2019 Water and Wastewater Rates**

Moved by Councillor H. Wells
Seconded by Councillor E. Beauregard

That the 2019 Water and Wastewater Rates be approved as follows:

Water Usage Rate	\$ 1.311	per m ³
Water Service Fixed Charge	\$384.65	annual fixed rate
Wastewater Usage Rate	\$1.336	per m ³
Wastewater Service Fixed Charge	\$504.86	annual fixed rate

That the 2019 Water and Wastewater budgets as presented in Corporate Services Department, Finance Division Report 2019-29, be approved; and

That the Water and Wastewater Rates by-laws be approved.

The Director of Corporate Services presented the water and wastewater budget to Council, as attached. The Director informed Council that the proposed budget has been reduced to reflect a vacancy of a Water Operator and reduces the water usage rate to \$1.291 and the wastewater usage rate to \$1.327.

Moved by Councillor G. Bruno
Seconded by Councillor E. Beauregard

That the motion be amended to include the following:

That the Director of Engineering and Operations initiate a lateral water service leak detection testing program on all water laterals both on the public and private side of the curb stop within the calendar year 2019; and

That the Director of Engineering and Operations establish a financing strategy for capital replacements of water laterals.

CARRIED

Moved by Councillor A. Desmarais
 Seconded by Councillor M. Bagu

Council resolved to waive the procedure by-law to allow Ron Barta, 5474 Firelane 22, to speak regarding the water distribution system in Port Colborne.

CARRIED.

Moved by Councillor H. Wells
 Seconded by Councillor E. Beauregard

That the 2019 Water and Wastewater Rates be approved as follows:

Water Usage Rate	\$ 1.291	per m ³
Water Service Fixed Charge	\$384.65	annual fixed rate
Wastewater Usage Rate	\$1.327	per m ³
Wastewater Service Fixed Charge	\$504.86	annual fixed rate

That the 2019 Water and Wastewater budgets as presented in Corporate Services Department, Finance Division Report 2019-29, be approved; and That the Water and Wastewater Rates by-laws be approved.

That the Director of Engineering and Operations initiate a lateral water service leak detection testing program on all water laterals both on the public and private side of the curb stop within the calendar year 2019; and

That the Director of Engineering and Operations establish a financing strategy for capital replacements of water laterals.

CARRIED.

2. Memorandum from Chris Lee, Director of Engineering and Operations and Darlene Suddard, Environmental Compliance Supervisor Re: Summary of 2018 Distribution System Unbilled Water

Moved by Councillor E. Beauregard
 Seconded by Councillor H. Wells

That the memorandum from Chris Lee, Director of Engineering and Operations and Darlene Suddard, Environmental Compliance Supervisor Re: Summary of 2018 Distribution System Unbilled Water, be received for information.

CARRIED.

3. Engineering and Operations Department, Engineering Division, Report 2019-30 Subject: Memo on the Proposed Roadside Ditching Program and Associated Funding Methods

Moved by Councillor H. Wells
Seconded by Councillor G. Bruno

That a pilot project be initiated in 2019 to establish the validity of our estimated costs; and

That the necessary equipment be rented as required; and

That the funds to cover the Roadside Ditching program costs by Municipal Staff, (rental equipment, materials and Staffing costs) be covered by the existing budgeted funds for 2019, they being:

0-500-73430 -- Roadside Ditching - \$236,000.00

0-500-73320 -- Culvert Repairs - \$ 34,810

Total 2019 budget request - \$270,810.

CARRIED.

7. Presentation

**(a) Continuation of 2019 Draft Budget Deliberations
Peter Senese, Director of Corporate Services**

The Director reviewed details of the 2019 operating budget with Council. An overview Agenda was provided to Council, as attached. It was noted that with the proposed Regional tax rate and no change to the Education tax rate (unavailable), that the blended tax increase to an average residential property is approximately 3.67%.

Council continued deliberation of a few outstanding items as follows:

P&H (Goderich) Lease Revenue

Moved by Councillor G. Bruno
Seconded by Councillor R. Bodner

That Council approve the lease revenue of \$63,000 be transferred to the Goderich Reserve and added to the levy.

CARRIED

Marina Surplus

Moved by Councillor G. Bruno
Seconded by Councillor R. Bodner

That Council approve the marina surplus of \$10,000 be transferred to the Marina Capital Reserve and added to the levy.

CARRIED

Canal Days New Initiatives

That Council has consensus that \$45,000 be added to the levy and transferred to the Canal Days Reserve and that spending of such funds would require Council approval; and

That \$5,000 from the OMPF funds be allocated to the Canal Days Reserve

The Director provided an update on the tax levy increase at 6.14% with a blended tax increase (no change to the Education tax rate) of 4.02% or \$124 to the average residential property.

After much discussion, Council reconfirmed the Storm Sewer Fees as originally proposed.

Moved by Councillor E. Beauregard
Seconded by Councillor F. Danch

That Council remove \$30,000 for Firefighters Memorial from the 2019 capital levy budget.

CARRIED.

Moved by Councillor G. Bruno
Seconded by Councillor R. Bodner

That Council remove \$73,000 from the 2019 capital levy budget.

LOST.

Moved by Councillor R. Bodner
Seconded by Councillor A. Desmarais

That Council reconsider the following motion:

That Council remove \$30,000 for Firefighters memorial from 2019 capital budget.

CARRIED.

Moved by Councillor R. Bodner

Seconded by Councillor A. Desmarais

That Council add \$30,000 into the 2019 capital budget to fund the Firefighters Memorial.

CARRIED.

Moved by Councillor A. Desmarais

Seconded by Councillor H. Wells

That Council approved a 4.02% blended tax increase to the average residential property.

CARRIED.

6. Adjournment:

Moved by Councillor F. Danch

Seconded by Councillor H. Wells

That the Committee of the Whole meeting be adjourned at approximately 9:11p.m.

CARRIED.

AL/me



PORT COLBORNE

AGENDA

General Operating Budget Recap

1/ Proposed Roadside Ditching Program

2/ **Council approved** - the Storm Sewer Utility Budget and removal of the storm operations - \$185,425 - reducing tax levy

3/ **Council approved** - to fund OPS Centre debt from Fire Hall matured debt - \$114,094 - reducing tax levy

4/ **Council approved** - the funding allocations of OMPF and OCIF (OMPF funds subject to Provincial allocation to the City) (pages 7 & 8)

5/ **Council approved** - Grant Programs/Groups/Services review (pg 36)

- Increased Community Grants by \$10,000
- Reduced Feral Cat grant by \$5,000

6/ **Council concensus** - for a capital levy increase-\$257,000

7/ **Council concensus** - Unfinanced Staff requests (pages 3 & 4)

8/ Review of Operating tax levy increase and average residential property tax increase (with Region tax rates-subject to any changes in tax policy and/or tax ratios)

9/ Outstanding Decisions

- P&H (Goderich) lease – net revenue \$63,000 to reserve
- Canal Days funding - \$50,000 to reserve for new initiatives
- Marina surplus - \$10,000 to Marina capital reserve

Council Approval of Operating Budget (subject to OMPF funding and any tax room created from the Education tax rates) – Report to Council

Capital Budget

1/ **Council approved** - Capital Budget (pages 37 to 39)
(subject to the capital levy increase of \$257,000)

2/ **Council approved** - Fire Dept Equipment replacement (page 39A)

3/ **Council approved** - Reserves transfers (page 41)

4/ **Council approved** - Repurpose Main St CIP matured debt to fund the Vale Health & Wellness Centre debt in 2020 to 2023
(subject to extension agreement with Vale)

Storm Sewer Budget

1/ **Council approved** - Storm Sewer Fees (page 49)

2/ **Council approved** - Storm Sewer Capital funding (page 50)
(subject to annual approval of Storm Sewer budget)

Business Improvement Areas Budgets

1/ Main St. BIA (page 303)

2/ Downtown BIA (page 303A)

Council Approved both BIA Budgets

The City of Port Colborne

2019

PROPOSED WATER AND WASTEWATER BUDGET AND RATES

3/20/2019

1

Fixed vs Usage Charge

- Water and Wastewater operations incur both fixed and usage (variable) costs. The only true usage cost is related to the purchase of water that flows through a customers meter and the treatment of wastewater which is billed to the customer.
- City Operating Cost - 29% allocated to usage rate although are fixed costs
- City Capital/Debt Cost - 24% allocated to the fixed charge
- Region Water Purchases - 47% - 52% are a fixed cost and unbilled water - 48% is actually a true usage cost

2

Water Budget Costs

• City Operating	\$1,504,796	29%
• City Capital/Debt	\$1,217,630	24%
• Region fixed/unbilled	\$1,231,740	24%
• <u>Region Usage(billed)</u>	<u>\$1,143,600</u>	<u>23%</u>
➤ Total Fixed Costs	\$2,449,370	48%
➤ <u>Total Variable Costs</u>	<u>\$2,648,396</u>	<u>52%</u>

Average Resident Usage of .75 m3 per day

❖ Annual fixed charge	\$384.65	52%
❖ Annual usage charge	<u>\$358.89</u>	48%
	\$743.54	

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Issues Affecting 2019 Budget

- 2018 water deficit funded – \$281,000 budgeted capital not allocated to capital reserves
- 2018 wastewater deficit funded – \$435,000 budgeted capital not allocated to capital reserves (\$160,000 Wastewater Reconciliation)
- Increasing annual capital allocation of funds by 2% to 5% - no increase in 2019
- Region's budget increase – water 2.77% and wastewater 6.65%
- Increased costs – Region increase for water purchases 2.47% and wastewater treatment 4.01% - City water operator for 9 months phased in from 2018 plus 2.5% cost of living

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Issues Affecting 2019 Budget

- Actual annual water revenue not meeting projected annual revenue - \$275,000 - water rates too low (water sales declined)
- Wastewater Rate Stabilization Reserve - \$200,000 allocated to 2019 budget
- Wastewater flows are very unpredictable – extraneous flows are mainly due to weather and are lost revenue
- Wastewater revenues currently not meeting projected revenue - \$673,000 – rates are too low
- Wastewater meter sales have declined from 1.8m³ to 1.2m³

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Issues Affecting 2019 Budget

- Industrial facilities reducing/eliminating wastewater flows – from 50% to 6%
- Impacts rates to generate revenues which offset extraneous flows cost
- Major industrial customer came off the wastewater system in 2017 - \$600,000 – 2018 effect is \$900,000
- More extensive Storm Sewer Systems may reduce sources of extraneous flows
- New 10 year Water Financial Plan required in 2019

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Mitigation of Changes

- Staff ongoing monitoring of flows and planning infrastructure replacements, meter installations, private service leakage and Region trunk mains review
- Phasing in actual unbilled water and extraneous flows in wastewater
- Phasing in known sales revenue shortfalls
- No increase to capital contributions
- Phased in the addition of one Certified Water/Wastewater Operator to operating budget – 2018 (3 months) and 2019 (9 months)
- Applying Wastewater rate stabilization reserve to capital for \$200,000
- Cost of living increase at 2.5% for City portion of operations

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Operating Budget Water and Wastewater

- ❖ Total annual increase to an average residential user
is \$69.42 or \$5.78 a month – 4.49%
- Water fixed and usage increase – 3.54%
Annual increase is \$25.42 or \$2.12 a month
- Wastewater fixed and usage increase – 5.33%
Annual increase is \$44.00 or \$3.66 a month

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Water Operations

Usage Rates

- Usage rate increase \$1.274 to \$1.311 – 2.89%
- Water Financial Plan rate for 2019 – \$1.348
- Ave annual increase - \$10.09 or \$0.84 a month

Fixed Service Charge

- Capital rate increase \$369.33 to \$384.65 – 4.15%
- Ave annual increase - \$15.33 or \$1.28 a month

Blended Change

- Water fixed and usage increase – 3.54%
- Annual increase is \$25.42 or \$2.12 a month

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Water Operations

- Regional water purchase increase - \$58,583 to \$2,375,340 (47% of budget)
- City operating increase - \$108,170 (new operator) at \$1,455,196 (29% of budget)
- City capital decrease - \$100 to \$1,217,630 (24% of budget)
- Total Net Increase in Operating/Capital Costs is 3.41% (\$166,653)
- Non billable water loss between 27% & 40% - budgeted 36%
- 3 year average water volume purchase 3,080,817m³
- Budgeted fixed costs at 48%
- Budgeted Regional costs fixed at 52%

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Water Rates Comparison for 2019

	Water Financial Plan	Proposed Rates
Usage Cost per m3	1.348	1.311
Annual Usage Cost - 0.75 m3 per day	369.02	358.89
Annual Fixed Charge	<u>345.01</u>	<u>384.65</u>
Total Annual Cost	714.03	743.54

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Water Rate Calculation

	Total Costs	Consumption Costs	Fixed Costs
Amortization/Capital	497,320		497,320
Rate Stabilization/Capital	285,930		285,930
Contract Services	153,729	153,729	
Salaries and benefits	785,775	785,775	
Regional Water Purchases	2,375,340	1,143,600	1,231,740
Interdepartmental			
Administration	264,060	180,942	83,118
Fleet Charges	61,701	61,701	
Long term debt	70,000		70,000
New Long term debt	364,380	68,791	295,589
General Admin	43,459	43,459	
Materials and supplies			
Utilities and telephone	8,721	8,721	
Repairs and Maintenance	109,738	109,738	
Materials, parts and supplies	49,513	49,513	
Other	10,000	10,000	
Small Tools/Equipment	18,100	18,100	
	5,097,766	2,634,069	2,463,697
Other Revenues	- 49,600	- 49,600	-
	5,048,166	2,584,469	2,463,697
Estimated Annual Water Sold - m3		1,971,723	
Total Customers			6,405
Water Usage Rate		1.311	
Annual Water Service Fixed Charge			384.65

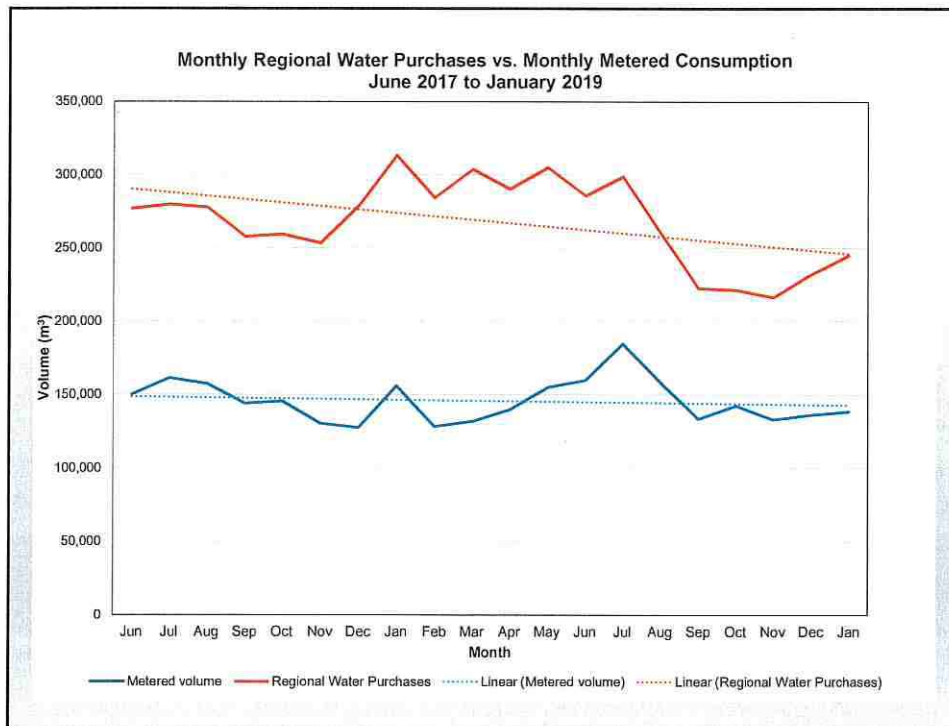
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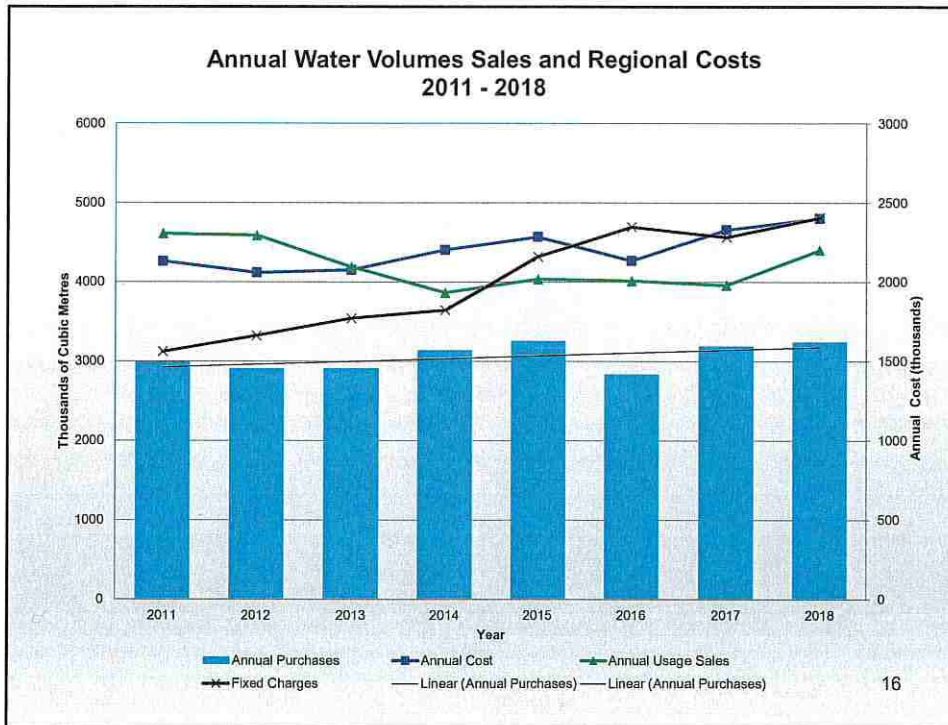
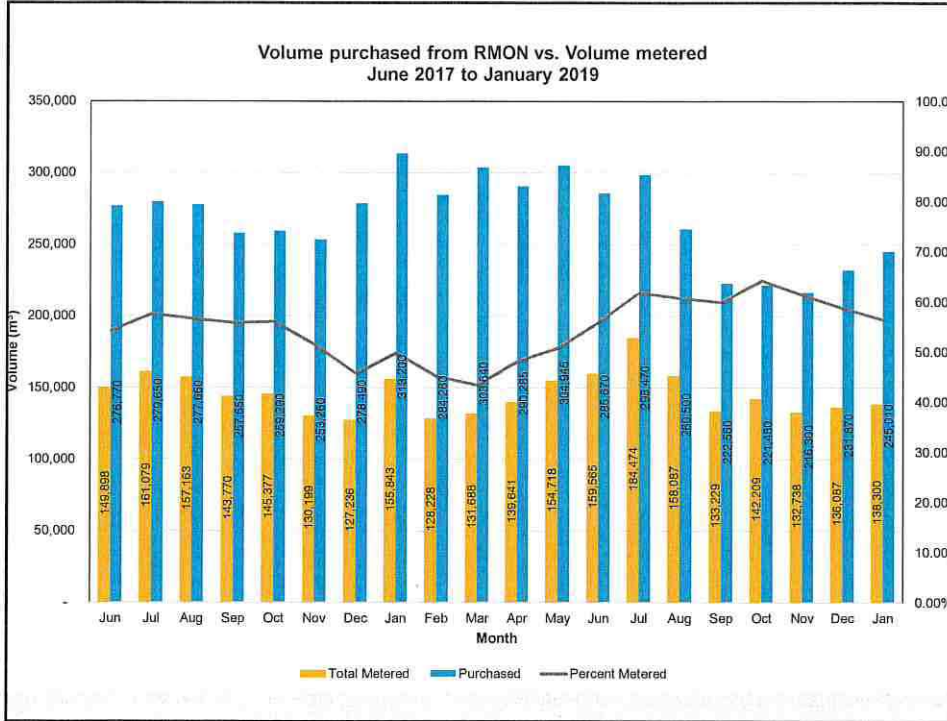
Water Capital Program

- Current contributions - \$1,217,630
- Rate Stabilization - \$285,930
- Capital Projects - \$356,851
- Debt - \$434,380
- Equipment - \$53,101
- Water Meters - \$87,368
- Proposed annual increase of \$ NIL
- Annual requirement based on replacement cost is \$2.3 million
- Annual Amortization of capital assets is \$600,000

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Wastewater Operations

Usage Rates

- Usage rate increase \$1.295 to \$1.336 – 3.14%
- Ave annual increase - \$11.13 or \$0.93 a month

Fixed Service Charge

- Capital rate increase \$471.98 to \$504.86
- Ave annual increase - \$32.88 or \$2.74 a month

Blended Change

- Wastewater fixed and usage increase – 5.33%
Annual increase is \$44.01 or \$3.67 a month

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Wastewater Operations

- Regional fixed cost increase - \$167,079
to \$4,076,742 (72% of budget)
- City operating increase - \$17,789
to \$863,584 (15% of budget)
- City capital increase - \$0
to \$751,930 (13% of budget)
- Total Net Increase in Operating/Capital Costs is 3.36% (\$184,868)
- Regional 3 year rolling average of flows 3,944,000 m3
- Non billable flows estimated between 45% and 68%
- budgeted 56%
- Budgeted City costs at 28%
- Budgeted Regional costs fixed at 72%

3/20/2019

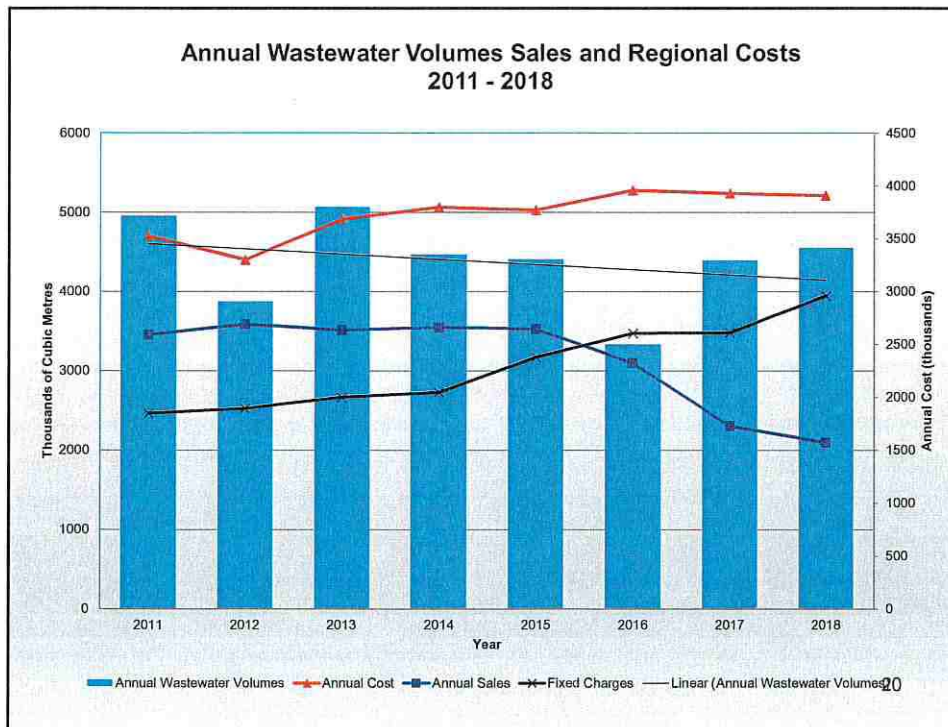
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Wastewater Capital Program

- Current contributions - \$751,930
- Rate Stabilization - \$206,357
- Capital Projects - \$508,853
- Equipment - \$36,720
- Proposed annual increase of \$ NIL
- Annual requirement based on replacement cost is \$1.2 million
- Annual Amortization for capital assets is \$400,000

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CITY OF PORT COLBORNE
RESERVES AND RESERVE FUNDS
December 31, 2018

WATER		
Development charges	-	
SCADA Water Study	39,935	
Water Rate Stabilization	4,248	
Water Equipment Replacement	70,109	
Drainage Water Quality	80,420	
Bulk Water Station Replacement	269,692	
Water Meter Replacements	67,515	
Meter Pits	174,361	
Water Capital Projects	<u>214,442</u>	
		<u>920,722</u>
WASTEWATER		
Development charges	6,581	
Sewer Rate Stabilization	72,554	
Sewer Operations-TV Inspections	160,290	
Sewer Equipment Replacement	49,743	
CSO Sewer Program	344,997	
Sewer Capital Projects	<u>284,210</u>	
		<u>918,375</u>

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Proposed Annual 2019 Rates

2018 annual cost	2018 rate	Item	2019 rate	2019 annual cost	Annual Increase	Increase
\$	\$		\$	\$	\$	%
1544.55				1613.97	69.42	4.49
348.74	1.274/m ³	Water usage rate	1.311/m ³	358.82	10.09	2.89
369.33	369.33	Water fixed charge	384.65	384.65	15.33	4.15
354.50	1.295/m ³	Sewer usage rate	1.336/m ³	365.64	11.13	3.14
471.98	471.98	Sewer fixed charge	504.86	504.86	32.88	6.97

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Proposed Quarterly 2019 Rates

2018 cost per quarter	2018 rate	Item	2019 rate	2019 cost per quarter	Quarterly Increase	Increase
\$	\$		\$	\$	\$	%
386.14				403.49	17.35	4.49
87.18	1.274/m ³	Water usage rate	1.311/m ³	89.71	2.53	2.89
92.33	369.33	Water fixed charge	384.65	96.16	3.83	4.15
88.63	1.295/m ³	Sewer usage rate	1.336/m ³	91.41	2.78	3.14
118.00	471.98	Sewer fixed charge	504.86	126.21	8.21	6.97

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Proposed Monthly 2019 Rates

2018 cost per month	2018 rate	Item	2019 rate	2019 cost per month	Monthly Increase	Increase
\$	\$		\$	\$	\$	%
128.71				134.50	5.79	4.49
29.06	1.274/m ³	Water usage rate	1.311/m ³	29.90	0.84	2.89
30.78	369.33	Water fixed charge	384.65	32.05	1.28	4.15
29.54	1.295/m ³	Sewer usage rate	1.336/m ³	30.47	0.93	3.14
39.33	471.98	Sewer fixed charge	504.86	42.07	2.74	6.97

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Average User	.75 Cubic Meter Per Day	Original Proposed Budget		Proposed Budget	
		Add Operator Cost for 9 mths		Reduced Operator Cost for Vacancy	
Annual Change		\$ 69.42	4.49%	\$ 61.54	3.98%
Water Usage Rate		\$ 10.09	2.89%	\$ 4.68	1.34%
Water Service Fixed Charge		\$ 15.33	4.15%	\$ 15.33	4.15%
Sewer Usage Rate		\$ 11.13	3.14%	\$ 8.65	2.44%
Sewer Service Fixed Charge		\$ 32.88	6.97%	\$ 32.88	6.97%
2018					
Annual Cost Rate					
Annual Cost		\$1,613.97		\$1,606.09 \$1,544.55	
Water Usage Rate		\$1.311	\$358.82	\$1.291	\$353.42 \$348.74 \$1.274
Water Service Fixed Charge		\$384.65	\$384.65	\$384.65	\$384.65 \$369.33 \$369.33
Sewer Usage Rate		\$1.336	\$365.64	\$1.327	\$363.16 \$354.50 \$1.295
Sewer Service Fixed Charge		\$504.86	\$504.86	\$504.86	\$504.86 \$471.98 \$471.98

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Proposed Quarterly 2019 Rates

2018 cost per quarter	2018 rate	Item	2019 rate	2019 cost per quarter	Quarterly Increase	Increase
\$	\$		\$	\$	\$	%
386.14				401.52	15.38	3.98
87.18	1.274/m ³	Water usage rate	1.291/m ³	88.35	1.17	1.34
92.33	369.33	Water fixed charge	384.65	96.16	3.83	4.15
88.63	1.295/m ³	Sewer usage rate	1.327/m ³	90.79	2.16	2.44
118.00	471.98	Sewer fixed charge	504.86	126.22	8.22	6.97

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