

**THE CORPORATION OF THE TOWNSHIP OF TAY
SPECIAL COUNCIL MEETING
HELD AT THE OAKWOOD COMMUNITY CENTRE
TUESDAY, NOVEMBER 6TH, 2007
7:00 P.M.**

PRESENT: Mayor Scott Warnock
Deputy Mayor Mike Ladouceur
Councillor Rick Black
Councillor Nelson Baumgardner
Councillor Axel Frandsen
Councillor James Pearsall
Councillor Bill Rawson

STAFF PRESENT: Simone Latham, C.A.O.
Mara Burton, Director of Planning & Development
Joanne Sanders, Director of Finance
Herb Proudley, Director of Public Works
Jamey Adams, Environmental Superintendent
Cyndi Bonneville, Acting Deputy Clerk

1. CALL TO ORDER:

Mayor Warnock called this special meeting of Council to order at 7:00 p.m.

2. INTRODUCTIONS:

Mayor Warnock thanked the members of the public for attending tonight's meeting and introduced members of Council and staff in attendance.

Mayor Warnock reviewed the purpose of the meeting and outlined the procedure for same.

3. PRESENTATION OF THE REPORT:

Mayor Warnock called on Mr. Andrew Grunda of Watson and Associates to make a presentation of the water and wastewater rate study.

Mr. Grunda addressed the public and provided a synopsis of the study purpose and the methodology utilized to determine the calculations while satisfying the stringent requirements of the Ministry of the Environment.

Mr. Grunda identified current and future capital needs and potential options and tools available to the Township for capital costs recovery.

Mr. Grunda provided a brief summary of the key elements of the regulations. The Safe Drinking Water Regulation which mandates a water licensing program. The Sustainable Water and Sewage Systems Act requires the submission and approval of two reports to the Ministry of Environment, the reports being; full operating cost of services and the cost recovery plan to provide the service.

An analysis of the asset inventory, replacement needs based on the lifecycle of the system and service delivery was presented. Mr. Grunda identified the number of users on the water and wastewater systems including consumption forecast, potential growth projection and the demand forecast of the system.

At this point Mr. Grunda spoke on infrastructure and how imperative it is to the municipality to establish long-term lifecycle reserves for replacement of the aging system. A chart depicting the water and wastewater system lifecycle capital replacement and reserves forecast was viewed.

Mr. Grunda outlined the operating expenditures forecast and reviewed available sources of capital funding such as development charges, grants, reserves and debt.

An illustration of the forecast water and wastewater rate scenario was provided.

Option 1 reflects a phased-in rate increase to provide sufficient funding for capital needs and to temporarily finance Development Charge Reserves. Selecting this method the rates would increase gradually over the forecast period to address issues of affordability and intergenerational equity through the use of debt financing. Selecting Option 1 the impact to the ratepayer is an initial increase from current charges of \$1,300.00 annually to \$1,409.00 annually per residential user.

Option 2 reflects an initial increase from current charges of \$1,300.00 annually to \$2,174.00 annually per residential user. This method provides for an immediate increase to full cost recovery but not the best solution financially.

Option 3 reflects an initial increase from current charges of \$1,300.00 to \$1,461.00 annually per residential user (approximately \$15/month). This method provides for a greater initial increase in the rate to utilize rate based capital funding sources and freeing up some financial flexibility of the municipality.

In conclusion Mr. Grunda recommended that Council consider adopting the financial plans for Option 3 and that Council provide for the recovery of all water and wastewater costs through full cost recovery rates.

4. PUBLIC INPUT:

Daniel McIsaac/159 George Street – How does Council propose people pay for such excessive water rates?

The C.A.O. responded that as a result of the 93 recommendations resulting from the Walkerton mishap legislation requirements have financially impacted the municipality. Legislation requirements forced the Township to undertake work to oversee the requirements in the amount of \$8 million. The C.A.O. continued to speak of the redundancy in plants and the denial of grant monies from the Province.

Daniel McIsaac commented that the water has a chlorine smell and is not suitable for drinking. The Environmental Superintendent responded that the Township is mandated to maintain a certain level of chlorine in the system but the water is safe for consumption.

Daniel McIsaac spoke on water restrictions and the need for installation of water meters. Mayor Warnock spoke on this matter and advised that staff provided a report to council and concluded that it would be a costly undertaking to install meters. It would cost the homeowner a minimum \$500 to \$600 for installation of a meter. In addition to a metered consumption there would still be a flat rate charge for being on the system.

Paula Barber/354 McNicoll Street – Water supply insufficient and there is too much iron in the water. The Environmental Superintendent addressed this question outlining the amount of work being carried out in Port McNicoll and suggested that a specific test of her water be taken. Mrs. Barber was directed to contact the office.

No name provided – house beside firehall in Port McNicoll - Two water meters have been installed in her home and to this date the Township has not taken a single reading. Also commented that the water is full of brown rust. Mayor Warnock advised the resident to contact the office with her concerns.

Bill Milling/448 West Street - Thanked council for the opportunity to speak, displayed a jar of tap water and stated he felt that he was paying the high costs of a Cadillac but receiving a Volkswagen. His concern is the low water pressure in the area and reiterated previous conversations with the Environmental Superintendent in this regard.

Sue Van Riet Paap/39 Georgias Walk – questioned if the options recommended within the report consider equity to both the metered and flat rate users? Mr. Grunda responded to the question and advised that the proposed metered rate increase is the same as the flat rate increase.

Sue Van Riet Paap further questioned if the reserve fund budget reflects interest on accumulated money. The C.A.O. confirmed that it does.

Cathy Goode/61 Georgias Walk – expressed concern that the rates continue to increase however the municipality does not offer jobs to support the community or entice younger families to the area. There is no future development to compensate the increase and with the anticipated growth of only 40 residential units annually it will be the rich people retiring to the area reaping the benefits that the people living here have been hit with daily. The Director of Planning & Development spoke to the matter and the township's proposed measures to attract new business and future growth building a stronger tax base. The Director welcomed any suggestions from the residents in this regard.

Patrick Charlebois/495 Mary Street - Made a comment that his family is unable to drink the water - it smells and taste like swamp water. Mr. Charlebois continued to comment that there is so much rust in the system that it destroys their laundry and they experience this more when a hydrant is disturbed.

George (last name unknown) - Why is a homeowner required to pay a full 12-month rate if they are out of the county for 4 to 5 months. Suggested consideration of a metered rate be implemented therefore people are paying for their actual usage.

The C.A.O. advised that we have a lot of seasonal water users that too find it unfair that they are billed for 12 months of the year. However, testing/sampling, maintenance and debt recovery is still required to be carried out – these things do not go away just because the water isn't being utilized. Property owners that front on an adequate water main are required to pay full water rates. It is an economic requirement – customers have elected not to collect the service but are still required to pay operating costs.

Greg Bertram – commented that he has a water meter in his basement that he has been monitoring the usage. Mr. Bertram provided a water sample taken from his home and remarked on the discoloration and questioned where the Township takes water samples from.

The Environmental Superintendent responded that regular test are mandated by the government and include daily, weekly and monthly monitoring of water samples. The location of water sampling varies and are not typically taken from a resident's home. The Township refrain's from water testing in private dwellings as the Township can not be held responsible for home plumbing. The Township is required to take water samples from locations where the water sits the longest.

The Environmental Superintendent spoke on the matter of coloured water and again reiterated that the township is in the process of replacing cast iron water mains that have been in place for the past 40 – 50 years and that this process is both costly and time consuming.

Mr. Bertram spoke on a matter involving Mayor Warnock and advised that he lodged a complaint about his water quality and felt that the Mayor was dishonest with his reply. Mayor Warnock reiterated the scenario and denied that he was dishonest in his dealing with Mr. Bertram and felt that Mr. Bertram received proper direction and staff responded to his concerns in a timely fashion.

Dana Wright/36 Lovejoy - Made a comment that we continue to pay for the Walkerton mishap and questioned as a ratepayer how much longer will this continue. Dana commented on the state of the water at the Victoria Harbour government dock. In the past it was a very popular swimming area but today you wouldn't think of swimming there as it is so dirty. Further the amount of pesticides applied to lawns is also damaging our water supply.

Denis Baxter/718 First Ave – Commented that there are a lot of young couples raising families and how are they to come up with money to pay the water bill? End result is that the water will get disconnected.

John Cole - Commented that the concern with the water in Port McNicoll is old news - this has been ongoing since 1993. Mr. Cole spoke of the Ontario Clean Water Agency which operated the system up to the mid 1990's and stated that the Victoria Harbour plant was originally created to serve Victoria Harbour not the entire township of Tay and that is why we have to upgrade our current system. Mr. Cole strongly expressed that the Province created Tay and felt that they have a responsibility financially to all of Tay Township and should be providing funding for the 8 million dollars worth of work required and any future work.

Art Miles/Paradise Point - Why is the Township so persistent to install water and sewer to the Paradise Point and Grandview Beach area. The residents have excellent water and do not appreciate the Township forcing this outrageously costly service on them. The residents are content with what they have and requested that Council leave things the way they are.

Mayor Warnock spoke to the matter and reviewed the anticipated cost to carry out the project.

Tammy Wright/316 Park Street – made a comment that the water rates have increased four times since moving to Victoria Harbour three years ago. Tammy is a single income family and can not afford the increasing water rates and purposely moved here for their children to have a better quality of life.

Nick VanNes – spoke on the concerns of past tendering procedures for the operation of the water treatment plant and questioned if Council will consider the tendering of operations of the water system in the future.

Mayor Warnock provided a synopsis of when OCWA was responsible for the Township's water systems and that companies have expressed a great interest to run the system but whether it will be cheaper is unknown. Mayor Warnock commented that he can not speak for all of council but maybe it is time to look at the option of having an outside firm operate the system.

Art Miles – commented that the Township has unsuccessfully requested financial assistance of the government and questioned if there is anything possible that the residents can do to get their attention such as hold back taxes. It was suggested that citizens address their concerns to the local MPP.

Paul Brunelle – Assiniboia Street – Ratepayers were already hit with an increase for the upgrade to the sewer plant in Port McNicoll and now are being hit with an increase for brown water. Mr. Brunelle questioned if the development of the waterfront in Port McNicoll reflects the growth charts?

The C.A.O. commented that 50% of the financing of the wastewater plant in 2001 was paid through development charges and remaining 50% of expenditures were divided amongst the existing customers. The purpose of the rate study is to determine how we are going to finance for significant capital expenditures and attempting to avoid continuous impact to the customers.

The C.A.O. further commented that the sewage treatment plant needed to be replaced and the funding had to come from existing customers in Port McNicoll. The C.A.O. advised that Council tries to make the best decision at that point of time. It was during the amalgamation and council made the decision with good intentions. When water mains first come to an area the benefiting property owners pay for them.

It was questioned who is paying for the proposed development of the waterfront in Port McNicoll? The C.A.O. advised that the numbers are reflected in the capital needs forecast to facilitate new development - it should not be borne by the residents.

Bill Milling – stated he would like to hear from the other members of council on their choice of options. Mayor Warnock stated the motions will be presented for consideration following the public input session.

Cathy Goode – Questioned if the local population opted not to pay anymore what would happen. Are we actually going to see the rate reflect the growth forecast or is this nothing but a cash trap.

Kathy Phinney – stated that she lives in a 700 sq. ft. home and is away working during the day and felt it was unfair that she is subjected to the same rates as her neighbour who has a pool and 6 people residing in their home. Kathy questioned the installation of water meters. Mayor Warnock spoke to the matter and again reiterated that residents will still be subjected to a capital rate component.

Don King/Georgias Walk – spoke on the changes in government and agreed that the Township does not have any choice but to adhere to the regulations set out. Mr. King stated that privatization of water systems resulted in deaths (Walkerton). Due to the complaint the chlorination levels were lowered and people died. There was a bacteria build up as the water mains were not being cleaned. We are all suffering from the changes in government and with new regulations wells are also under threat of government regulations. Mr. King stated that he drinks chlorinated water to feel safe and spoke on the bottled water scenario which can also cause illness.

Robin Gratrix – Why should the residents be responsible to pay \$600 – \$700 for a water meter when the new smart meter through hydro was installed at no cost to the homeowner? Mayor Warnock stated there is a rumour that the province is going to mandate meters and hopefully there will be a program to install the meters at a cheaper rate to the homeowner. Mayor Warnock also commented that not all smart meters were installed at no cost. The Town of Midland did not receive financing and had to pay for installation of smart meters.

Mrs. Gratrix question if the recommendations from the Ontario government are not in fact legislation? Mr. Grunda referred to the legislation context of the study and stated that two pieces of the legislation has been passed however, not yet in force. In the year 2010 the Township will need to renew the licence and obtain Ministry approval to operate the system.

Mrs. Gratrix commented that council is attempting to put in place a contingency plan for future development that should have been put in place years ago.

Jack Bertram - Would like to know the length of watermain replacement over the past 3 years. The Environmental Superintendent responded that in 2005 approximately 850 meters (bulk of McNicoll Street), 2006 approximately 480 meters (Wardell Street) and two water mains were converted along Seventh Avenue and in 2007 approximately 500 meters of watermain was replaced at the top end of Hayes. The Environmental Superintendent stated that the Township will continue \$500,000.00 worth each year however, every year we receive a little less meters as the material and construction expenses increases. Another area that requires attention is the aging water mains in Victoria Harbour.

Dawn Lacroix – Complimented council in their attempts to receive financing from the government and reiterated from experience that it is difficult for a small municipality to receive funding. Mrs. Lacroix suggested that of the options available either one or three be selected. Although it is still very difficult financially, option three presents the best long-term solution. Mrs. Lacroix commented that upon reviewing the Township's Development Charges she noted that non-residential development within the Township is exempted and suggested that consideration be taken to include same.

Barry Leduc – Expressed his disappointment with another rate increase and commented that if the ratepayers do not have a vote on the options presented why host a public meeting.

Clayton Watts/O'Leary Lane - Commented that the rates in Toronto are only \$300.00 and if the residents are expected to pay a certain amount of money they expect to receive a certain level of service in return.

Rosalie Pratt/Waubashene – Commented that the water and water pressure is good in Waubashene and expressed that the most important factor is if the water is safe to drink and she stated regardless of the color and smell it is safe drinking water.

Mrs. Pratt spoke on the rate study and stated from an accounting point of view option 3 is a sound option however, questioned if the Township shopped around for a rate better than 7%? The C.A.O. stated that the province made financing more affordable for small municipalities and the Township was successful in borrowing at a fixed rate of 5% for 15 years.

Paula Barker – Does anybody take into account the people residing in the area and the level of income they generate? Most people anticipate a rate increase but it should be one that retired people or families of fixed income can handle. A lot of homeowners are going to be forced to sell their homes because they can no longer afford the water rates.

Ron (last name unknown)– Commented on the three month water and sewer billing for the Town of Midland and questioned what it is that Midland is doing differently than Tay to warrant cheaper rates? Mayor Warnock spoke to the question and commented that the customer base is larger and their water system is a well not a surface treated system, therefore the cost to operate their system is less. Midland is in the process of building a new water tower and if they do not receive funding the debt will be borne on the water users of Midland. Mayor Warnock also commented that the Town of Penetanguishene also needs to build a new sewage treatment plant that may ultimately impact their residents.

Rodger Hubbard - Has a proper survey been carried out to determine if metered water is beneficial? Feels that council's mind is made up regardless of tonight's public meeting and would like to see the ratepayer's opinion reflected in the vote.

Mr. Hubbard also commented that the water fountain in the front lobby was not functioning.

Ron Lundy – Is the outfall pipe that comes from the plant in the budget and where is it going to go? The Director of Public Works spoke to the question and advised that the outfall pipe will be replaced as part of the expansion and the location will be determined as part of the environmental study which is included in the 2008 budget.

Mr. Lundy commented that the study tonight commenced about two years ago and the water levels have dropped substantially and questioned if there will be an adjustment to the study to reflect the water level, if so, will cost go up? Mr. Grunda stated that the study is a living document.

Carl Watts/514 O'Leary Lane - Commented that it is unfair that seasonal people are expected to pay the same rate as full-time residents. Mr. Watts stated that he is building a new home and not using the water but was billed as soon as the lines were installed.

Jack Hunter – Thanked Council for recognizing the concerns and calling a meeting for information purposes, however, was surprised to discover that Council will be making a choice on options presented this evening. Mr. Hunter outlined the increase differences as outlined in option 1 and option 3 and urged council to take great care in deliberations. Mr. Hunter felt that the recommendation of the consultant, being option #3, is the best option by far for the users.

This concluded the public input session. Mayor Warnock advised that written comments will continue to be received at the office to November 16th, 2007; as a result in the delay of receiving the report. Mayor Warnock thanked Andrew for coming out this evening and providing an informative presentation and responding to the questions of the citizens.

5. MOTIONS:

**MOVED BY: COUNCILLOR JIM PEARSALL
SECONDED BY: COUNCILLOR BILL RAWSON
THAT THE WATER AND WASTEWATER RATE STUDY PREPARED BY
WATSON & ASSOCIATES ECONOMISTS LTD. BE RECEIVED.
CARRIED.**

**MOVED BY: COUNCILLOR RICK BLACK
SECONDED BY: COUNCILLOR NELSON BAUMGARDNER
THAT WHEREAS THE SUSTAINABLE WATER AND SEWAGE
SYSTEMS ACT REQUIRES MUNICIPALITIES TO PREPARE A REPORT
CALCULATING THE FULL COST OF PROVIDING WATER AND
SEWER SERVICES;
AND WHEREAS A WATER AND SEWER RATE STUDY HAS BEEN
PREPARED BY WATSON & ASSOCIATES ECONOMISTS LTD. WITH A
RECOMMENDATION THAT OPTION 3 BE IMPLEMENTED;
AND WHEREAS THE COUNCIL OF THE CORPORATION OF THE
TOWNSHIP OF TAY HAS A CONCERN REGARDING THE LONG TERM
IMPACT THAT SELECTING THE APPROPRIATE RATE HAS ON THE
FINANCIAL HEALTH OF THE WATER AND SEWER SYSTEMS;
NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE
TOWNSHIP OF TAY SELECTS RATE OPTION 3 AND DIRECTS STAFF
TO PREPARE THE NECESSARY RATE BY-LAW.
CARRIED.**

Councillor Frandsen spoke of the flexibility of debt rate and as shown on the report option #3 allows for a slow decline in the rate increase as opposed to option #1, resulting with the ratepayer saving money overtime.

6. CLOSING COMMENTS:

Mayor Warnock thanked the residents for attending and stated that comment sheets are available.

7. ADJOURNMENT:

**MOVED BY: COUNCILLOR NELSON BAUMGARDNER
SECONDED BY: COUNCILLOR RICK BLACK
THAT THIS SPECIAL MEETING OF COUNCIL ADJOURN AT 9:39 P.M.
CARRIED.**

MAYOR

CLERK

