

**Minutes
Public Utilities Commission
Regular Meeting**

**Chatham-Kent PUC
Electronic Meeting**

**Thursday, October 17, 2024
3:00 pm**

Present: Mayor Darrin Canniff, Commissioners Lauren Anderson, Marjorie Crew, Morena McDonald, Acting CAO, Bruce McAllister, General Manager Darren Galbraith, Director Engineering & Compliance Rob Bernardi, Director Operations Karen Burgess, Director Planning Services Ryan Jacques, CFO/Treasurer Gord Quinton, Manager Compliance & Monitoring Scott Sparling, Operations Manager Central Dave Paulovics, Operations Manager Northeast Stew Bechard, Operations Manager West Mike Vandermaden; Project Engineer Dhana Niriella, Project Engineer Ali Akl, Project Manager, Sarah Minard, Financial Analyst Victor Ferreira, Guest: Byron Tan (Watson & Associates)

Regrets: Chairperson Carmen McGregor, CAO Michael Duben, Commissioners Ryan Doyle, Jamie McGrail, General Manager, Edward Soldo

1. Call To Order

Chairperson Marjorie Crew called the meeting to order at 3:02 pm.

**2. Disclosures of Pecuniary Interest (Direct or Indirect) for Open Session
Agenda Items and the General Nature There Of**

- None

3. Approval of Agenda

Moved by Commissioner McDonald and seconded by Commissioner Anderson

“That the Agenda for the Regular Meeting of October 17, 2024 be approved.”

Motion Carried

4. Approval of Minutes

a) September 19, 2024 (Regular Meeting)

Moved by Mayor Canniff and seconded by Commissioner Anderson

“That the minutes of the September 19, 2024 Regular Meeting be approved.”

Motion Carried

5. Reports

a) Surplus Property Sale - 42 Lyon Ave. N., Tilbury

To: PUC Chairperson and Commission Members
From: Ali Akl, P.Eng. PMP

Date: Project Engineer
October 17, 2024
Subject: Surplus Property Sale - PIN 007940022, 42 Lyon Ave. N., Tilbury

Recommendations

It is recommended that:

1. The offer to purchase PIN 007940022 Zoned UC(HC1), with civic address of 42 Lyon Ave. North, Tilbury, by 2089679 Ontario Inc. in the amount of \$45,000.00, be accepted in the negotiation process on an "As is, where is" basis.
2. The Chatham-Kent Public Utilities Commission (CK PUC) Chairperson and General Manager be authorized to sign the necessary agreements.

Background

As Administration determines there is no value in keeping land for present day use or future planning, parcels are declared surplus to municipal needs and marketed for sale on the open market through the aid of the realtor on contract with the Municipality of Chatham-Kent.

The Property at 42 Lyon Ave. N, Tilbury (Property) was formerly occupied by a bulk water station that has since been removed, and CK PUC does not actively use or require a need for the Property. The Property was declared as a surplus to the needs of the Municipality of Chatham-Kent and PUC in the August 3, 2023 Commission meeting. To reduce municipal liability and maintenance costs, CK PUC proposes to sell the identified surplus property.

Comments

The Property was advertised for sale in 2023 and two (2) offers were submitted in December that were contingent on the rezoning of the property. These offers expired prior to the rezoning approval.

Rezoning By-law number 48-2024 changed the Property from Institutional (I) to Urban Commercial (Highway Commercial First Density UC(HC1)) zoning and was approved in May 2024. One (1) new offer has been received to purchase the Property for \$45,000. The offer did not provide details on the intended use of the Property. The offer is conditional upon approval by Commission within 60 days of PUC signing the offer.

The offer included a condition for the buyer to complete their own due diligence on the property. The Notice of Fulfilment of the Due Diligence was signed by the buyer and provided to Chatham-Kent's legal team on September 20, 2024. The closing date for the Property is November 19, 2024.

Consultations

Chatham-Kent Legal Services is assisting in the process for disposing the Property.
Building Services confirmed the zoning of the Property.

Financial Implications

The proceeds from the sale will cover the legal costs associated with the land transfer. Any remaining surplus will be added to the revenue line 50363.97062.GEN.

Prepared by:

Reviewed by:

Ali Akl, P.Eng. PMP
Manager, Engineering

Rob Bernardi, P. Eng.
Director, Engineering & Compliance

Reviewed by: Finance

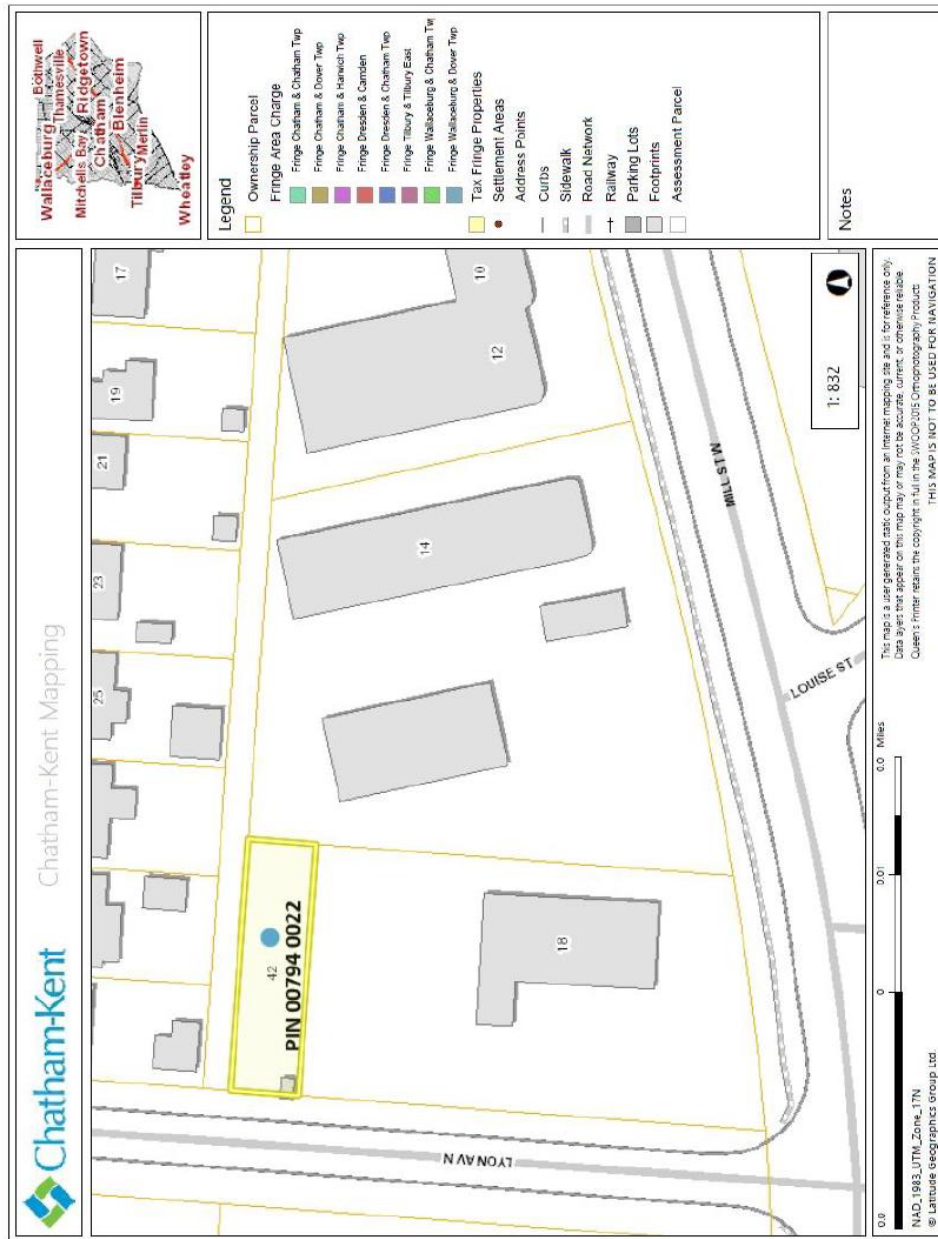
Victor Ferreira, CPA, CGA
Finance & Business Solutions Analyst
Financial Services

Finance Comments

Reviewed by:

Darren Galbraith, C.E.T
General Manager

Attachment: GIS mapping of 42 Lyon Ave.



Moved by Commissioner Anderson and seconded by Commissioner McDonald

“That the Chatham-Kent Public Utilities Commission;

1. Accept the offer to purchase PIN 007940022 Zoned UC(HC1), with civic address of 42 Lyon Ave. North, Tilbury, by 2089679 Ontario Inc. in the amount of \$45,000.00, in the negotiation process on an “As is, where is” basis.
2. Authorize the Chatham-Kent Public Utilities Commission (CK PUC) Chairperson and General Manager to sign the necessary agreements.

Motion Carried

b) St. Clair Road, Heritage Line and Murray Street Watermain Project, Community of Chatham Township

To: PUC Chairperson and Commission Members
From: Sarah Minard, P.Eng.
 Project Manager, Engineering
Date: October 17, 2024
Subject: St. Clair Road, Heritage Line and Murray Street Watermain Project, Community of Chatham Township

Recommendations

It is recommended that:

1. The proposed St. Clair Road, Heritage Line, and Murray Street Watermain Project not proceed at this time.
2. The property owners be informed by letter of the vote results and the Chatham-Kent Public Utilities Commission (CK PUC) action.

Background

In April 2024, a petition was submitted to CK PUC requesting consideration for municipal water located along St. Clair Road, Heritage Line and Murray Street, in the Community of Chatham Township.

Comments

The proposed water distribution system would have met present and future demands associated with the service area derived from the request received. There were two watermain in the area that CK PUC reviewed for possible extension. Pressure and flow testing was conducted on these existing watermain and CK PUC ran computer modelling to determine which watermain could be extended to support this request.

The system would have connected to the existing 150mm diameter watermain in front of 851 Murray Street and continued south on Murray Street and St. Clair Road for approximately 2,702 metres using 100mm diameter watermain. It would then have traveled southwest on Heritage Line for approximately 1540 meters using a 50mm diameter watermain.

Water service connections, 25mm (1") diameter, from the mainline pipe to the road limit would have been provided for each existing occupied and vacant residential, commercial, and industrial lots and occupied agricultural properties along the proposed watermain route.

A total of twenty-seven (27) occupied and vacant residential, commercial, and industrial lots and occupied agricultural lots exist within the proposed water distribution area. One of these properties contains two houses and would have been assessed at 125% assessment. A total of eleven (11) vacant agricultural properties exist along the route.

The estimated cost for the watermain installation, including engineering, Ministry of Environment, Conservation and Parks (MECP) approvals and HST was \$2,198,292. The estimated cost per connection for properties assessed at 100% assessment including the 2024 residential Part XII Charge was \$79,539. The estimated assessment for the residential property with two houses was \$97,858, including the 2024 Part XII Charge. The occupied industrial parcel would have been assessed at \$77,364 which included the industrial Part XII charges. Vacant agricultural properties would have been assessed \$18,319.

Due to the number of properties involved in the petition, CK PUC held a virtual public information center on the Chatham-Kent Municipal Projects website. The webpage included information on the project and a PowerPoint presentation to further explain the project details and costs. The public information center ran from September 16 to October 4, 2024. A vote package was also distributed to the benefitting property owners by mail, including a ballot with a return due date of October 4, 2024.

Sixty-four percent (64%) of the property owners returned their ballots and the ballot results were sixteen percent (16%) in favour of proceeding with the project and eighty-four percent (84%) in favour of not proceeding with the project.

Based on the approved Waterline Assessment Policy requiring sixty-six percent (66%) support for the project to proceed, it is Administration's recommendation that CK PUC not proceed with providing water servicing to the properties within the project boundaries and that the property owners be notified of this decision by letter, which will include the vote results and the CK PUC action.

Consultation

CK PUC General Manager
 CK PUC Director, Engineering and Compliance
 The Engineering and Transportation division prepared the preliminary engineering information
 CK Public Works conducted the pressure and flow testing on the existing watermain

Financial Implications

There are no financial implications with the recommendations of this report.

Prepared by:

Reviewed by:

Sarah Minard, P.Eng.
 Project Manager, Engineering

Rob Bernardi, P.Eng.
 Director, Engineering & Compliance

Reviewed by: Finance

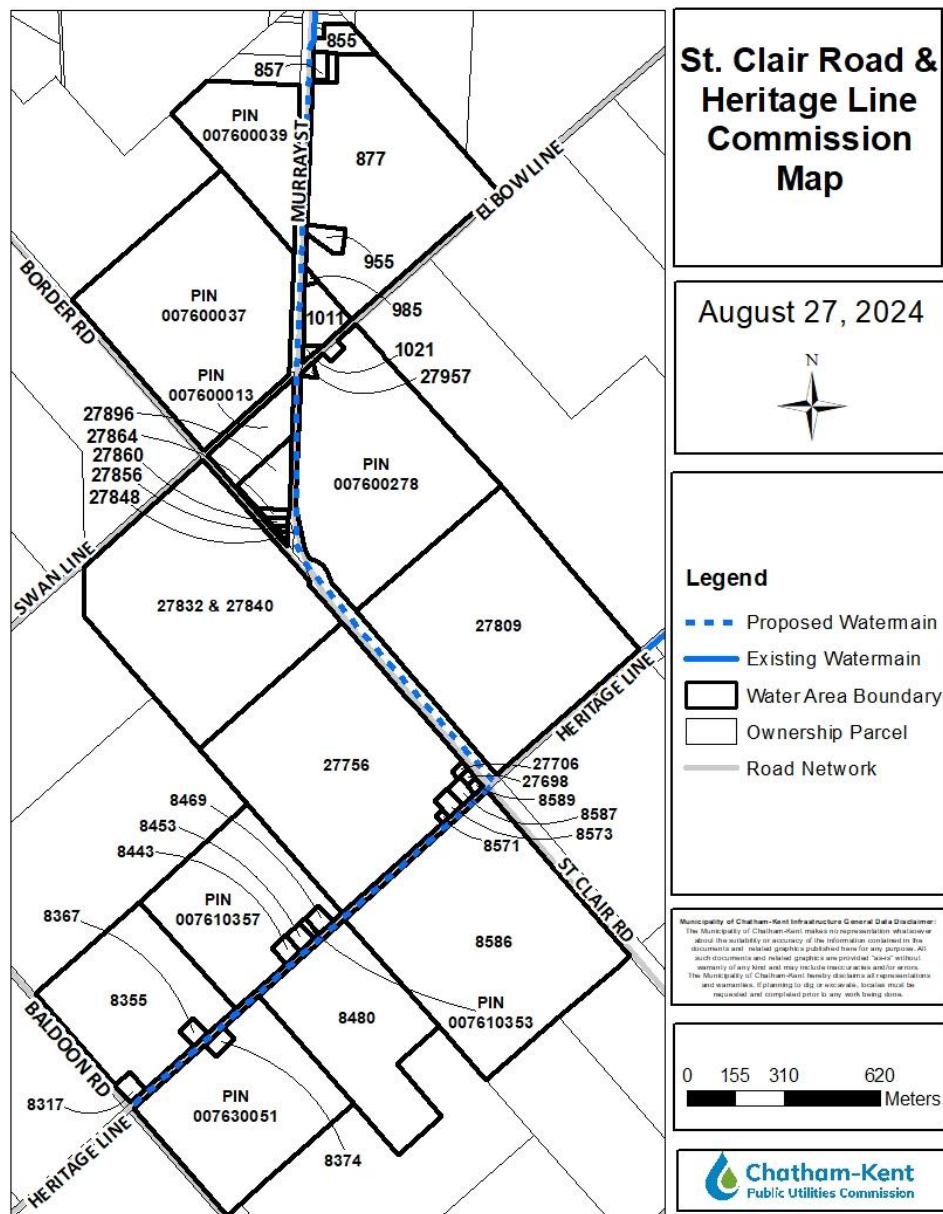
Finance Comments

Victor Ferreira, CPA, CGA
Finance & Business Solutions Analyst
Financial Services

Reviewed by:

Darren Galbraith, C.E.T.
General Manager

Attachment: Proposed St. Clair Road, Heritage Line, and Murray Street Watermain Project Map



Moved by Mayor Canniff and seconded by Commissioner McDonald

“That the Chatham-Kent Public Utilities Commission;

1. **Not proceed with the proposed St. Clair Road, Heritage Line and Murray Street Watermain Project at this time.**
2. **Notify the property owners by letter of the vote results and the CK PUC action.**

Motion Carried

c) Nature's Finest Produce Private Sanitary Station and Force Main, Community of Dover

To: PUC Chairperson and Commission Members
From: Sarah Minard, P.Eng.
 Project Manager, Engineering
Date: October 17, 2024
Subject: Nature's Finest Produce Private Sanitary Pump Station and Force Main, Community of Dover

Recommendations

It is recommended that:

1. Chatham-Kent Public Utilities Commission (CK PUC) authorize Administration to enter into an agreement with Nature's Finest Produce (Proponent) for the occupancy and construction of private linear sanitary infrastructure within the municipal right-of-way along Pain Court Line and to allow a connection into the municipal wastewater collection system.
2. The CK PUC Chairperson and General Manager be authorized to sign the necessary agreements.

Background

Over the past few years, CK PUC and the Proponent had been in discussions regarding the possibility of a municipal sanitary sewer extension along Pain Court Line to service their property at 6874 Pain Court Line. In February 2022, Commission approved to cancel the project due to limited community interest and the Proponent indicating that they were no longer interested due to the estimated costs.

The Proponent processes carrots and other vegetables that are locally grown within the Municipality of Chatham-Kent and employs a large workforce. Currently, they treat their own vegetable cleaning process wash water with on-site holding ponds/lagoons and utilize private septic systems for their domestic wastewater.

Comments

In May 2024, Jayden Construction, working on behalf of the Proponent, approached CK PUC about the possibility to install their own private sanitary pump station on their property with a force main along Pain Court Line. The force main would discharge into the municipal sanitary sewers that currently end approximately 615 meters east of their property in front of 7062 Pain Court Line. They have indicated only domestic waste from their plant and bunkhouses will be discharged and they will continue to recycle their process wastewater onsite. The Proponent also plans to expand their operation which would include additional bunkhouses and employees.

The Engineering and Transportation division within the Infrastructure & Engineering Services (IES) department, has reviewed the anticipated domestic flows and the existing sewer capacities and have indicated that this request can be supported with minimal impact to the system.

The Proponent and their consultant/contractor are responsible for the design, contract administration, and construction of this project. The Proponent will retain ownership and responsibility for all operation and maintenance associated with this infrastructure. They are currently working on the detailed design for this system. Once complete, representatives from CK PUC, IES, and Public Works will review the drawings and information.

The Proponent will require approval from the Municipality of Chatham-Kent to install the infrastructure in the municipal right-of-way. Public Works has been consulted regarding this proposal. A similar process was used previously for the private pump station and force main installed along Middle Line to service Peeters Mushrooms (8267 Middle Line) just outside the community of Charing Cross. Commission approved the Peeters Mushrooms property connection at the May 20, 2021 Commission Meeting.

Therefore, it is recommended that CK PUC authorize Administration to enter into an agreement with the Proponent for this private pump station and sanitary force main to allow the Proponent to discharge into the municipal sanitary collection system in Pain Court.

Consultations

CK Engineering and Transportation division will review the engineering drawings and sanitary sewer capacity
 CK Public Works was consulted about the encroachment requirements
 CK Legal department will prepare the necessary agreement

Financial Implications

All costs associated with this private sanitary system will be the responsibility of the Proponent.

Part XII Charges will be applicable on the existing bunkhouses and the facility areas discharging domestic waste (ie. offices, washrooms, lunchrooms, etc.) at the applicable rate at the time of connection. The new facility areas and bunkhouses will be charged the applicable Development Charge rate at the time of the building permit.

Prepared by:

Reviewed by:

 Sarah Minard, P.Eng.
 Project Manager, Engineering

 Rob Bernardi, P.Eng.
 Director, Engineering & Compliance

1. **Authorize Administration to enter into an agreement with Nature's Finest Produce (Proponent) for the occupancy and construction of private linear sanitary infrastructure within the municipal right-of-way along Pain Court Line and to allow a connection into the municipal wastewater collection system.**
2. **Authorize the CK PUC Chairperson and General Manager to sign the necessary agreements.**

Motion Carried

d) Chatham-Kent PUC Water and Wastewater Rates Study

To: PUC Chairperson and Commission Members
From: Darren Galbraith, C.E.T.
 General Manager
Date: October 17, 2024
Subject: Chatham-Kent PUC Water and Wastewater Rates Study

Recommendations

It is recommended that:

1. That Commission provide for the recovery of all water and wastewater costs through full cost recovery rates.
2. Commission approve the Capital Plan and the associated Capital Financing Plan for water and wastewater as provided in the Water and Wastewater Rates Study.
3. Commission approve the base charges as provided in the Water and Wastewater Rates Study.
4. That Commission approve the 2-step decreasing block volume rates for water (urban and rural) and wastewater as provided in the Water and Wastewater Rates Study.

Background

Since 2001, Watson and Associates Economists Ltd. has assisted Chatham-Kent Public Utilities Commission (CK PUC) in developing long range financial plans and associated rates for water and wastewater services. The long range financial plans have addressed future capital works associated with master plan recommendations as well as lifecycle replacement of aging assets.

Over the years, water and wastewater rate studies have been conducted by Administration in 2006, 2010 and 2019 along with Watson and Associates Economists Ltd. In May 2024, Watson and Associates were retained again to develop another water and wastewater rate study for CK PUC. The Water and Wastewater Rate Study information is used for the development of the CK PUC Financial Plan submitted to the Ministry of Municipal Affairs and Housing as part of the process for renewing the CK PUC Municipal Drinking Water License for the operation of the Chatham-Kent drinking water systems. The CK PUC Business Plan also uses the Rate Study information to project a shorter plan for the utility.

Comments

The objectives of the Water and Wastewater Rate Study are:

- Identify all current and future water and wastewater system capital needs to assess the immediate and longer-term implications
- Identify potential methods of cost recovery from the capital needs listing. These recovery methods may include other statutory authorities (e.g. Development Charges, Municipal Act, etc.) as an offset to recovery through the water and wastewater rates;
- Identify existing operating costs by component and an estimate future operating costs over the next ten (10) years. This assessment identifies fixed and variable costs in order to project those costs sensitive to changes to existing infrastructure inventory, as well as costs which may increase subsequent to growth; and
- Provide staff and Commission the findings to assist in gaining approval of the rates for future years.

The Study is comprised of the following sections:

1. **Introduction**
The Introduction contains background information with regards to the facilities and systems owned and operated by CK PUC. The study process as well as pertinent water and wastewater legislation is also addressed in this section. Servicing requirements due to growth are also referenced.
2. **Capital Infrastructure Needs**
Capital forecasts by year are provided for each water and wastewater system in this section. Some of these capital works are new infrastructure while other capital works are attributed to expansions, upgrades and/or rehabilitation.
3. **Lifecycle Costing**
Lifecycle costs are all the costs which are incurred during the lifecycle of a physical asset, from the time its acquisition is first considered, to the time it is taken out of service for disposal or redeployment. This section of the study deals with the financing costs of assets, costing methods and the impacts to the CK PUC budgets.

4. Capital Cost Financing Options

The methods of capital cost recovery available to municipalities are outlined in section 4. A capital budget forecast has been developed as well as a recommended approach for recovery of capital costs.

5. Overview of Expenditures and Revenues

In the study, expenditures were based on 2019 figures with future expenditures calculated with forecast inflationary adjustments. Revenues were based on growth in the case of base charges as well as volume charges.

6. Pricing Structures

Alternative pricing structures are reviewed, assessed and compared to other rate structures that exist in Ontario. As well, a recommended rate structure is discussed in this section.

7. Analysis of Water and Wastewater Rates and Policy Matters

This section of the study provides for the calculation and recommendation of water and wastewater rates over the next ten (10) year period.

8. Recommendations

The recommendations contained in this report are reflective of the recommendations contained in this section of the study.

The following tables contain the recommended future rates for water and wastewater:

Table A - Water Rate Summary - Urban
Annual Customer Water Bill - Based on 188 m³ of usage and 5/8" or 3/4" meter

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Monthly Base Rate	\$28.14	\$29.27	\$30.44	\$31.65	\$32.92	\$34.24	\$35.61	\$37.03	\$38.51	\$40.05	\$41.65
Step 1 Rate	\$1.42	\$1.63	\$1.88	\$2.16	\$2.38	\$2.61	\$2.87	\$3.02	\$3.17	\$3.33	\$3.49
Step 2 Rate	\$0.87	\$1.23	\$1.48	\$1.76	\$1.98	\$2.21	\$2.47	\$2.62	\$2.77	\$2.93	\$3.09
Annual Base Rate Bill	\$337.68	\$351.19	\$365.23	\$379.84	\$395.04	\$410.84	\$427.27	\$444.36	\$462.14	\$480.62	\$499.85
Step 1 (<67 m ³ per day)	188	188	188	188	188	188	188	188	188	188	188
Step 2 (Balance)	-	-	-	-	-	-	-	-	-	-	-
Annual Volume Bill	\$266.96	\$307.00	\$353.05	\$406.01	\$446.61	\$491.28	\$540.40	\$567.42	\$595.79	\$625.58	\$656.86
Total Annual Bill	\$604.64	\$658.19	\$718.29	\$785.86	\$841.65	\$902.11	\$967.68	\$1,011.79	\$1,057.93	\$1,106.21	\$1,156.71
%Increase - Base Rate		4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
%Increase - Volume Rate		15%	15%	15%	10%	10%	10%	5%	5%	5%	5%
%Increase - Total Annual Bill		9%	9%	9%	7%	7%	7%	5%	5%	5%	5%

Table B - Water Rate Summary - Rural Customers
Annual Customer Water Bill - Based on 188 m³ of usage and 5/8" or 3/4" meter

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Monthly Base Rate	\$29.14	\$30.27	\$31.44	\$32.65	\$33.92	\$35.24	\$36.61	\$38.03	\$39.51	\$41.05	\$42.65
Step 1 Rate	\$1.42	\$1.63	\$1.88	\$2.16	\$2.38	\$2.61	\$2.87	\$3.02	\$3.17	\$3.33	\$3.49
Step 2 Rate	\$0.87	\$1.23	\$1.48	\$1.76	\$1.98	\$2.21	\$2.47	\$2.62	\$2.77	\$2.93	\$3.09
Annual Base Rate Bill	\$349.68	\$363.19	\$377.23	\$391.84	\$407.04	\$422.84	\$439.27	\$456.36	\$474.14	\$492.62	\$511.85
Step 1 (<67 m ³ per day)	188	188	188	188	188	188	188	188	188	188	188
Step 2 (Balance)	-	-	-	-	-	-	-	-	-	-	-
Annual Volume Bill	\$266.96	\$307.00	\$353.05	\$406.01	\$446.61	\$491.28	\$540.40	\$567.42	\$595.79	\$625.58	\$656.86
Total Annual Bill	\$616.64	\$670.19	\$730.29	\$797.86	\$853.65	\$914.11	\$979.68	\$1,023.79	\$1,069.93	\$1,118.21	\$1,168.71
%Increase - Base Rate		4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
%Increase - Volume Rate		15%	15%	15%	10%	10%	10%	5%	5%	5%	5%
%Increase - Total Annual Bill		9%	9%	9%	7%	7%	7%	5%	5%	5%	5%

Table C - Wastewater Rate Summary
Annual Customer Wastewater Bill - Based on 188 m³ of usage and 5/8" or 3/4" meter

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Monthly Base Rate	\$29.76	\$30.95	\$32.19	\$33.48	\$34.81	\$36.21	\$37.66	\$39.16	\$40.73	\$42.36	\$44.05
Step 1 Rate	\$1.45	\$1.67	\$1.92	\$2.21	\$2.43	\$2.67	\$2.94	\$3.08	\$3.24	\$3.40	\$3.57
Step 2 Rate	\$0.86	\$1.27	\$1.52	\$1.81	\$2.03	\$2.27	\$2.54	\$2.68	\$2.84	\$3.00	\$3.17
Annual Base Rate Bill	\$357.12	\$371.40	\$386.26	\$401.71	\$417.78	\$434.49	\$451.87	\$469.95	\$488.74	\$508.29	\$528.62
Step 1 (<67 m ³ per day)	188	188	188	188	188	188	188	188	188	188	188
Step 2 (Balance)	-	-	-	-	-	-	-	-	-	-	-
Annual Volume Bill	\$272.60	\$313.49	\$360.51	\$414.59	\$456.05	\$501.65	\$551.82	\$579.41	\$608.38	\$638.80	\$670.74
Total Annual Bill	\$629.72	\$684.89	\$746.77	\$816.30	\$873.83	\$936.15	\$1,003.69	\$1,049.36	\$1,097.12	\$1,147.09	\$1,199.37
%Increase - Base Rate		4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
%Increase - Volume Rate		15%	15%	15%	10%	10%	10%	5%	5%	5%	5%
%Increase - Total Annual Bill		9%	9%	9%	7%	7%	7%	5%	5%	5%	5%

Table D - Water Rate Summary - Urban Large User
Annual Customer Water Bill - Based on 50,000 m³ of usage and 6" meter

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Monthly Base Rate	\$277.49	\$288.59	\$300.13	\$312.14	\$324.62	\$337.61	\$351.11	\$365.16	\$379.76	\$394.95	\$410.75
Step 1 Rate	\$1.42	\$1.63	\$1.88	\$2.16	\$2.38	\$2.61	\$2.87	\$3.02	\$3.17	\$3.33	\$3.49
Step 2 Rate	\$0.87	\$1.23	\$1.48	\$1.76	\$1.98	\$2.21	\$2.47	\$2.62	\$2.77	\$2.93	\$3.09
Annual Base Rate Bill	\$3,329.88	\$3,463.08	\$3,601.60	\$3,745.66	\$3,895.49	\$4,051.31	\$4,213.36	\$4,381.89	\$4,557.17	\$4,739.46	\$4,929.04
Step 1 (<67 m ³ per day)	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Step 2 (Balance)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Annual Volumes	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000
Annual Volume Bill	\$77,580	\$100,842	\$118,968	\$139,814	\$155,795	\$173,374	\$192,712	\$203,347	\$214,515	\$226,241	\$238,553
Total Annual Bill	\$80,910	\$104,305	\$122,570	\$143,559	\$159,690	\$177,426	\$196,925	\$207,729	\$219,072	\$230,980	\$243,482
% Increase - Base Rate		4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
% Increase - Volume Rate		30%	18%	18%	11%	11%	11%	6%	5%	5%	5%
% Increase - Total Annual Bill		29%	18%	17%	11%	11%	11%	5%	5%	5%	5%

The proposed water and wastewater rate structure allows for full cost recovery of all future new projects while remaining competitive with other major urban centers. The proposed rate structure will also enable CK PUC to move towards becoming fully sustainable.

Consultations

Watson and Associates Economists Ltd.
 General Manager, CFO/Treasurer- Finance, Budget and Information Technology and Transformation
 Financial and Business Solutions Analyst
 Director, Engineering and Compliance CK PUC
 Director, Operations Water and Wastewater CK PUC

Financial Implications

The proposed water and wastewater rates will provide sufficient funding for the operations, maintenance and payment of capital project costs and debt financing costs. The lifecycle reserve funds will provide for sufficient funding for infrastructure upgrading/replacement in the future.

Prepared by:

 Darren Galbraith, C.E.T.
 General Manager

Attachment: Water and Wastewater Rate Study, dated October 15, 2024

Moved by Commissioner McDonald and seconded by Commissioner Anderson

“That the Chatham-Kent Public Utilities Commission;

- 5. Provide for the recovery of all water and wastewater costs though full cost recovery rates.**
- 6. Approve the Capital Plan and the associated Capital Financing Plan for water and wastewater as provided in the Water and Wastewater Rates Study.**
- 7. Approve the base charges as provided in the Water and Wastewater Rates Study.**
- 8. Approve the 2-step decreasing block volume rates for water (urban and rural) and wastewater as provided in the Water and Wastewater Rates Study.**

Motion Carried

6. Information Reports

a) Housing-Enabling Water Systems Fund – PS#11 Relocation

To: PUC Chairperson and Commission Members
From: Ali Akl, P.Eng. PMP
 Project Engineer
Date: October 17, 2024
Subject: Housing-Enabling Water Systems Fund – PS#11 Relocation

This report is for the information of Commission

Background

The Housing-Enabling Water Systems Fund (HEWSF) is a competitive application-based funding program for projects that improve and construct core water infrastructure across Ontario that will support new housing. In Ontario's 2023 Fall Economic Statement (FES), Ontario announced the

HESWF, which invests a total of \$200 million over three years towards the repair, rehabilitation, and expansion of core water, wastewater, and stormwater infrastructure to promote growth and enable new housing development. At the 2024 Rural Ontario Municipal Association Conference, the Honourable Minister Kinga Surma announced that applications will open. In late January 2024, Ontario released Program Guidelines for the HEWSF 2024 intake.

The first application intake closed on April 19, 2024. Under the first intake, the Ontario government is investing \$970 million in 54 water infrastructure projects across 60 municipalities that will help enable the construction of more than 500,000 new homes across Ontario.

In response to the high demand for funding, the government announced in August 2024, that it is investing an additional \$250 million for a second intake of applications, bringing the total investment for the program to \$1.2 billion.

For projects to be eligible for the HEWSF, they must meet the following:

- Project must include a capital component;
- Enable growth and new housing development;
- Project must have clear start and end point;
- Project must be in the process of or completed the design and planning phase;
- Asset types: drinking water assets, wastewater assets or stormwater assets;
- Project must start before September 30, 2025 and be completed by March 31, 2028.

Eligible applicants include all municipalities that own water, waste, and stormwater infrastructure and can nominate one project provincially funded up to 73%, up to a maximum \$35 million, with the municipality required to fund the remaining 27% of eligible project costs.

If approved, funding will flow to successful recipients through a milestone-based approach. The deadline for application submission for HEWSF Intake 2, is November 1, 2024. Notice of success will be sent early 2025, which will allow for approved projects to commence as early as the 2026 construction season. The HEWSF is intended to complement the Ministry of Municipal Affairs and Housing's Building Faster Fund.

Comments

For the HEWSF application, administration is recommending the relocation of Sanitary Pump Station #11 (SPS#11). SPS#11 is located at the intersection of Oxley Drive and Sandys Street in Chatham. SPS #11 services northwest Chatham and was originally constructed in 1973 as a temporary measure to accommodate the development needs of the area. Its capacity limitations affect the Municipality's ability to provide quality sanitary servicing in a way that balances sustainable growth and development.

An Environmental Assessment (EA) Schedule B study was completed in 2016 by CIMA+ consulting to evaluate alternatives for expanding the service area of SPS#11. Construction of SPS #11 at a new location per standards and guidelines applicable nowadays is required to continue servicing the northwest catchment area it currently serves as well as upcoming development in northwest area within the urban boundary of Chatham. The selected alternative is to rebuild SPS#11 at the intersection of Gregory Drive West and Orangewood Boulevard and decommission the existing structure.

Administration posted a Request for Proposals (RFP) for engineering consulting services for the EA amendment, design, and contract administration services. Once the proposals are evaluated, a report to commission will be presented for assigning an engineering design consultant in late 2024. A construction tender award will be brought back to Commission in late 2025 and construction is tentatively planned for early 2026.

Consultations

Financial Services
Planning Services
CIMA+

Financial Implications

The cost estimate for the project, from the EA in 2016, was \$6.07M. Administration is working with the consultant of the EA (CIMA+) to update the cost estimate for the HEWSF Intake 2 application. More detailed estimates will be provided after the RFP award during the EA amendment and detailed design phases.

Prepared by:

Ali Akl, P.Eng. PMP
Manager, Engineering

Reviewed by: Finance

Victor Ferreira, CPA, CGA
Finance & Business Solutions Analyst
Financial Services

Finance Comments

Reviewed by:

Reviewed by:

Rob Bernardi, P. Eng
Director, Engineering & Compliance

Darren Galbraith, C.E.T.
General Manager

Attachment: none

Received

7. Verbal Reports

a) Wheatley Water Treatment Plant Rehabilitation (Darren General Manager)

8. New Business

- Notice of Motion – Anderson
 - Whereas, the Public Utilities Commission (PUC) recently approved a Master Plan guiding capital expenditures of \$1.2B over the next ten years;
And whereas, the operating costs will result in large rate increases annually over the next decade;
Therefore be it resolved that the PUC Chair write letters to the MPP's and MP's in CK detailing the \$1.2 Billion of capital needs in the 10 year Master Plans and the dire need for Federal and Provincial financial funding to enable future growth in Chatham-Kent.
- Notice of Motion – Mayor Canniff
 - Whereas, the costs of operating the PUC will likely result in large rate increases annually over the next decade;
And whereas, the technical knowledge requirements of those directing staff at the PUC are increasing;
And whereas, Chatham-Kent is experiencing high growth in residential, commercial and industrial water use stretching capacity;
I, Darrin Canniff, hereby move that the CKPUC request Municipal Administration to bring a report to a future Chatham-Kent Council meeting, with a recommendation for Council to direct Administration to enter into a contract with an appropriate consulting firm, in compliance with purchase bylaw processes, to perform a Public Utilities Commission Governance Review to provide a detailed report explaining options and providing recommendations to Council on the ideal governance composition and legal structure of water and wastewater utility in Chatham-Kent, with the cost of the consultant paid from PUC Water and Wastewater Reserves.

9. Resolution Regular Meeting and Adjournment

That Chatham-Kent Public Utilities Commission adjourn, its next Regular Meeting to be held on **Thursday, November 21, 2024** in a format to be determined and that the PUC Commission authorize itself to meet in closed session on that day to discuss any matters permitted by the Municipal Act.

Moved by Commissioner Anderson and seconded by Mayor Canniff

“That the Regular Meeting be adjourned at 4:32 pm.

Motion Carried