

**THE CORPORATION OF THE TOWN OF GEORGINA**

**REPORT NO. DCAO-2024-0013**

**FOR THE CONSIDERATION OF COUNCIL  
September 11, 2024**

**SUBJECT: ADOPTION OF WATER FINANCIAL PLAN AND RATE STUDY**

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**1. RECOMMENDATION:**

- 1. That Council receive Report No. DCAO-2024-0013 prepared by the Financial Strategy and Planning Division, Deputy Chief Administrative Officer Department dated September 11, 2024, respecting the Adoption of the Water Financial Plan and Rate Study;**
- 2. That Council approve the Water Financial Plan presented as Attachment 1 of Report No. DCAO-2024-0013, acknowledge that the drinking water system is financially viable, and authorize submission to the Ministry of Municipal Affairs and Housing (MMAH) as mandated under the Safe Drinking Water Act and Ontario Regulation 453/07;**
- 3. That Council approve the Water and Wastewater Rate Study presented as Attachment 2 of Report No. DCAO-2024-0013, subject to annual budget deliberations and bylaw approvals; and**
- 4. That Council authorize staff to submit the Municipal Drinking Water Licence Renewal Application to the Ministry of the Environment, Conservation and Parks (MECP), confirming the Owner as “The Corporation of the Town of Georgina”, and the Operating Authority as “The Town of Georgina”.**

**2. PURPOSE:**

The purpose of this report is to present to Council the Water Financial Plan and associated Water and Wastewater Rate Study for their approval and adoption.

**3. BACKGROUND:**

Following the tragic events that occurred in Walkerton, the Safe Drinking Water Act was passed in December 2002. The Act included a requirement of mandatory licencing of municipal water providers.

In order to become licensed, a municipality had to satisfy five (5) key requirements:

1. Obtain a Drinking Water Works Permit
2. Develop an Operational Plan based on the Drinking Water Quality Management Standard
3. Accreditation of the Operating Authority
4. Prepare and provide a Financial Plan (Attachment 1)
5. Obtain a Permit to Take Water (This is the Region of York's responsibility).

The Town of Georgina (the "Town") last completed a comprehensive Water and Wastewater Rate Study in 2020. Since the completion of the last rate study, the Town has experienced some changes in service delivery costs, capital costs, financing costs, and water usage. In addition, the Town's current Municipal Drinking Water Licence is set to expire in 2026 and is required to be renewed.

#### **4. ANALYSIS:**

Ontario Regulation 453/07 provides the following parameters with regards to Section 30, Financial Plans, of the Safe Drinking Water Act, 2002 for water systems:

- Financial Plans must be approved by Council Resolution indicating that the Drinking Water System is financially viable.
- Financial Plans must include a Statement that the financial impacts have been considered and apply for a minimum six (6) year period.
- Financial Plans must include details regarding proposed or projected financial operations itemized by total revenues, total expenses, annual surplus/deficits and accumulated surplus/deficits (i.e. components of a "Statement of Operations" as per Public Sector Accounting Board) for each year the financial plans apply.
- Financial Plans are to be made available to the public upon request at no charge.
- Financial Plans are to be made available to the public through a website. Notice of availability of the Financial Plan is to be given to the public.
- The Financial Plan is to be submitted to the Municipal Affairs and Housing and the Ministry of the Environment.

#### **Obligations of Staff and Council:**

##### Roles, Responsibilities and Authorities

The Drinking Water Quality Management Standard requires that roles, responsibility and authorities be defined in a Quality Management System Operational Plan. The current Operational Plan was updated in January 2024. The roles, responsibilities, authorities and required competencies of the Owner, Council, Top Management (CAO and Director of Operations and Infrastructure), Treasurer, Operational staff, and required support staff are described. The Operational Plan is available on the Town's Website.

**Statutory Standard of Care:**

Section 19 of the Safe Drinking Water Act, 2002 requires those who oversee a municipal drinking water system (Councillors and municipal officials) to apply a 'Statutory Standard of Care' to their oversight. Section 19 was proclaimed in May 2007 and came into force on January 1st, 2013.

Under this Act it is Council's responsibility as Owner to:

"Exercise the level of care, diligence and skill in respect of a municipal drinking water system that a reasonably prudent person would be expected to exercise in a similar situation; and act honestly, competently and with integrity, with a view to ensuring the protection and safety of the users of the municipal drinking water system".

It is expected that fulfilling the requirements of the Licencing program will help ensure this statutory standard of care is met.

Hemson Consulting Ltd. (Hemson) has been retained to conduct a study to analyze the water and wastewater operations and capital costing, reserve requirements and other expenditures, and to propose reasonable and fair water and wastewater rates for the Town that meets the full cost recovery model.

The recommended rates are calculated based on the following needs:

- Full recovery of operating costs
- Full recovery of annual capital needs
- Contribution to Reserve for future asset replacement

Staff provided an update to Council on the progress of the study on August 14, 2024 with Report DCAO-2024-0011 to seek endorsement on proposed rate increases and discontinuation of the early payment discount.

The payment terms will be adjusted, starting April 2025 to remove the early payment discount and impose a late payment charge for payments received past 21 days. Residents will be able pay up to 21 calendar days (not business days) after they have been billed (bill date) to benefit from the council approved rates.

Staff recognized council asked to investigate the feasibility of monthly billing and monitoring of water consumption via an app or online portal. These options can only be made available once the residents are equipped with meters with radio frequency technology and the data collectors are installed to enable the Town to have automated meter readings. Due to the timing required to implement the proposed water meter replacement project, which will be presented as part of the 2025 budget, staff will investigate the feasibility of the monthly billing option in three years time. There may be an opportunity to implement the monitoring of water consumption via an app or online portal in gradual phases starting in 2026 (subject to budget approval).

Per the Council direction received (Resolution No C-2024-0255), Hemson completed the rate study and the financial plan which are included in attachments 1 and 2 of this report.

## **5. RELATIONSHIP TO STRATEGIC PLAN:**

The water and wastewater financial plan and rate study support the below strategic pillars in the 2023-2027 Corporate Strategic Plan:

- **Delivering Services Excellence**  
Proactively manage infrastructure and assets to ensure service continuity.
- **Ensuring Balanced Growth**  
Promote and ensure responsible growth and long-term planning by completing a water and wastewater fee study.

## **6. FINANCIAL AND BUDGETARY IMPACT:**

Hemson Consulting Ltd. (Hemson) has been retained to undertake a long-term water financial plan and a water and wastewater rate study for the Town.

The scope of the assignment is to deliver a long-term water and wastewater financial recovery plan to fund current and future operations (direct and indirect), growth related capital expansion (and associated financing costs), and the rehabilitation and eventual replacement of existing infrastructure.

In undertaking the analysis, a long-term financial planning model covering a ten-year period from 2025 to 2034 was developed, with 2024 as a budget base year.

The study recommends that utility rates increase to fund operating costs, the non-growth capital program and also makes a provision to reserves for future asset repair and replacement. Table 1 and chart 1 below summarize the recommended rate increases over a period of 10 years.



The attached Financial Plan (Attachment 1) includes specific statements such as: statement of operations, statement of financial position, and statement of cash flow. In addition, a statement of net financial assets/debt has been prepared. Although this statement is not required under O. Reg 453/07, it does provide further information about the financial performance of the Town's water system.

## **7. PUBLIC CONSULTATION AND NOTICE REQUIREMENTS:**

There is no specific requirement to have public consultations or notice requirements when completing a rate study, however, the Water Financial Plan must be made available upon request to the public and provide notice of availability to those served by the system. The Town's Water Financial Plan will be posted on the Town's website [www.georgina.ca](http://www.georgina.ca) and hard copies will also be available upon request through the Office of the Clerk.

Each year, staff will report back during budget deliberations with a bylaw to enact the anticipated rates for that budget year. The Town provides several options for public engagement into the overall budget process, including the water and wastewater budgets.

## **8. CONCLUSION:**

The Water and Wastewater Rate Study along with a financial plan will satisfy regulatory requirements, ensure the municipal drinking water licence is renewed on time, and ensure that the Town's Water and Wastewater system are financially sustainable.

## **APPROVALS**

Prepared By:	Alison Yu, CPA, CMA Senior Financial Analysis
Reviewed By:	Dina Havkin, CPA, CMA Manager of Financial Strategy and Planning / Deputy Treasurer
	Geoff Harrison Manager of Tax and Revenue
Recommended By:	Rob Wheeler, CPA, CA Deputy Chief Administrative Officer / Treasurer
Approved By:	Ryan Cronsberry Chief Administrative Officer

***Attachments:***

*Attachment 1: Water Financial Plan – Prepared by Hemson Consulting Inc.*

*Attachment 2: Water & Wastewater Rate Study – Prepared by Hemson Consulting Inc.*