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# HALDIMAND COUNTY

## Report FIN-01-2021 Haldimand County's Water Systems Financial Plan For Consideration by Special Council on January 26, 2021

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### OBJECTIVE:

To approve Haldimand County's Water System Financial plan, to meet the drinking water system licence requirements as per Ontario Regulation 453/07, and for submission to the Ministry of Municipal Affairs and Housing (MMAH).

### RECOMMENDATIONS:

1. THAT Report FIN-01-2021 Haldimand County's Water System Financial Plan as per O.Reg. 453/07 be received;
2. AND THAT the Haldimand County's Water System Financial Plan, prepared by DFA Infrastructure International Inc. and included as Attachment #1 to Report FIN-01-2021, be approved for submission to the Ministry of Municipal Affairs and Housing (MMAH) in accordance with the Drinking Water System licence requirements and Ontario Regulation 453/07;
3. AND THAT the approved Water System Financial Plan be posted on Haldimand County's website and made available for public review at no charge with the appropriate public notification of its availability.

**Prepared by:** Angela Cifani, Supervisor Budgets & Financial Planning

**Reviewed by:** Charmaine Corlis, Treasurer

**Respectfully submitted:** Mark Merritt, CPA, CA, General Manager of Financial & Data Services

**Approved:** Craig Manley, MCIP, RPP, Chief Administrative Officer

### EXECUTIVE SUMMARY:

Haldimand County provides potable drinking water to approximately 10,000 customers through its various municipal drinking water systems. The costs associated with these systems are recovered 100% from the users with no financial support from property taxes. The County is required to obtain a Drinking Water Licence from the Province to operate these systems. Currently, there are three separate licences for the Dunnville, Lake Erie Industrial Park and Caledonia/Cayuga drinking water systems.

The County received its current drinking water system licenses on July 15, 2016 which are valid for a period of 5 years. As such, the existing drinking water system licences are due to expire on July 15, 2021. A condition of the application for renewal of the licences is submission of an updated water system financial plan in accordance with Ontario Regulation 453/07. Once Council approval is received, staff will submit the financial plan to the Ministry of Municipal Affairs and Housing.

## **BACKGROUND:**

As part of the licence renewal process, Haldimand County must include a Financial Plan in the submission. The Water Systems financial plan must cover a minimum six year period, projected into the future, in order to demonstrate financial sustainability of the water system. The application and required financial plan must be submitted six months before the expiry of the current license. As such, the financial plan must be approved by Council and submitted to the Ministry of Municipal Affairs and Housing (MMAH) no later than January 14, 2021. However, due to COVID, the submission deadline has been extended 30 days to February 14, 2021.

In order to meet the legislative requirements, the County retained DFA Infrastructure International Inc. (DFA) to prepare a Water System Financial Plan for Council's review and approval. DFA also prepared the County's financial plan in 2012 and 2016 to meet the licensing requirements at that time.

## **ANALYSIS:**

The proposed Haldimand County Water System Financial Plan is included as Attachment 1 to this report for Council's review. It is a comprehensive plan covering the financing of all three of Haldimand County's water supply systems/licences. The financial plan covers the years 2021 to 2026 inclusively and adheres to Council's "full cost recovery" principles adopted during the 2013 Water and Wastewater Rate Study.

The 2021 financial information is consistent with the Draft 2021 Rate Supported Operating and Capital Budgets, while years 2022 through 2026 are estimates/projections based on current information and expected future costs. Years 2022 to 2026 take into account high level estimates for Phase 1 and 2 of water supply to Norfolk County, based on the financial feasibility analysis performed by Watson & Associates. Generally, it assumes incremental net revenue is to be used to offset future capital financing needs over the first 6 years. It should be noted that actual revenues/recoveries will be determined by a final agreement to be approved and enacted jointly by both Haldimand and Norfolk Councils. Staff are also investigating, as directed by Council, the feasibility of supplying water to other municipalities and/or Six Nations, which is the subject of a further feasibility study. Any impacts associated with this future study have not been incorporated into the Financial Plan.

The consultant will present this plan, in detail, at the Committee of the Whole session on January 26<sup>th</sup>.

## **FINANCIAL/LEGAL IMPLICATIONS:**

As noted, the 2021 financial information presented in the plan is consistent with the budgeted revenues and expenditures contained in the Draft 2021 Rate Supported Operating and Capital Budgets being reviewed by Council at the same meeting as this report. The proposed Water System Financial Plan follows Council's "full cost recovery" principles as established during the 2013 Water and Wastewater Rates Study, as amended from time to time, and maintained in subsequent years.

As part of the regulatory requirements for the issuance of municipal drinking water licences, Council must adopt a Water System Financial Plan. This report presents the Plan, as prepared by DFA International Inc. in conjunction with staff, and is consistent with the financial information presented in the Draft 2021 Rate Supported Operating and Capital Budgets being reviewed at the January 26, 2021 meeting. The deadline for submission of the Council approved plan to the Province is February 14, 2021, which is five months prior to expiry. As noted above, this would normally be required six months prior to expiry of the current licences, however due to COVID, the County obtained a 30 day extension.

## **STAKEHOLDER IMPACTS:**

Environmental Operations is involved with the submission of the Water System Financial Plan as a requirement of the Drinking Water System Licence.

## **REPORT IMPACTS:**

Agreement: No

By-law: No

Budget Amendment: No

Policy: No

## **ATTACHMENTS:**

1. Haldimand County O.Reg. 453/07 Water System Financial Plan No. 066-301A, dated January 19, 2021, prepared by DFA Infrastructure International Inc.