

BILL 175, SUSTAINABLE WATER & SEWAGE SYSTEMS ACT - UPDATE

Recommendation

The Commissioner of Finance & Corporate Services and the Commissioner of Engineering and Public Works in consultation with the Director of Finance recommends:

That staff be authorized to retain consulting services through a two stage Request for Qualifications/Request for Proposal process, for the purposes of developing the City's water and wastewater Infrastructure Management Systems as a result of the legislative requirements of Bill 175 – "Sustainable Water & Sewage Systems Act 2002"; and the necessary funding be provided from the Water and Wastewater Reserves.

Purpose

To update Council on Bill 175 (hereafter referred to as "the Act") and to authorize staff to retain consulting services to assist in developing the required water and wastewater Infrastructure Management Systems (IMS). The Act will move municipalities to full cost recovery for their water and wastewater services.

Background - Analysis and Options

Bill 175 requires all regulated entities that provide water and wastewater services to the public to prepare a report regarding the full cost for the provision of those water and wastewater services and submit this report to the Ministry of the Environment. This legislation has received Royal Assent however the regulations, which provide the necessary framework or details of the Act, have not yet been prepared. This comprehensive report will include information as specified by regulation the infrastructure needed to provide these services, full costing and revenue obtained to provide those services. Specifically the following three areas will be addressed:

A. **Infrastructure Management Systems**

Inventory of the current infrastructure system
Management plan for the long-term, maintenance, renewal and expansion of the systems

B. **Full Cost Recovery**

Each regulated entity is required to prepare a cost recovery plan describing how it intends to pay the full cost of providing the services. The contents of the plan must meet the requirements set out in the regulations. The regulations may specify the sources of revenue that a regulated entity is, or is not, permitted to use in the plan. The regulations may also specify the maximum amount of any increase in the amounts payable by customers.

- Operating costs
- Financing costs
- Renewal and replacement costs
- Improvement costs

C. Required Approvals

- Council Approval of plan
- Municipal Auditors opinion of the plan
- Certification by a Professional Engineer
- Possibly Ministry of Environment's approval of the plan

The regulations are not available as yet, therefore the timeframe involved for submission of the report is unknown and to what extent or degree that full cost will be mandated is also unknown. It is important to note that substantial staff time in Engineering, Finance and Public Works will be required in order to respond to the requirements of this wide ranging new legislation and accompanying regulations. The vast array of matters potentially affected and the complexity of some of the matters and issues addressed (particularly financial reporting and justification requirements, new approaches to protecting the water supply and sources, etc) will necessitate staff working teams for a more thorough review, to develop appropriate implementation steps or guidelines and, where required, to make recommendations as it relates to 1) Staffing requirements for asset management and operational requirements, 2) Amendments to City by-laws, policies and user charges, and 3) water and wastewater rates.

Consulting Services

Staff will advertise a Request For Qualifications (RFQ) to solicit Letters of Interest from qualified consultants – then select a maximum of four (4) consultants who will be issued a Request for Proposal (RFP).

The consulting team experienced in asset/infrastructure management retained to review and report on the City's water and wastewater infrastructure operational requirements as it relates to Bill 175 will carry out its work in two stages. Since the regulations have not been issued the timing is unknown as this point. Therefore Stage One on the consultant's review will consist of a preliminary analysis of the current and future infrastructure needs so that the maintenance and estimated replacement costs can be determined as soon as possible. This will provide staff with the necessary data quickly to arrive at an estimated cost for delivering water and wastewater services in order to meet the expected Ministry of Environment timeframe. Stage Two will be a more comprehensive analysis providing much greater detail. The cost will be funded from the Water and Wastewater capital budget as provided.

Conclusion

The Act, Bill 175, requires that municipalities approve and submit to the Ministry of Environment an Auditor approved and Engineer certified full cost recovery plan to provide Water & Wastewater services to the Public. This type of consulting service is unique and has not been required previously by the City therefore at this point it is difficult with any certainty to estimate a cost. However once determined through the RFQ Process, staff if required will report back to Council for approval of consulting services.

Attachments

None

Respectfully submitted,

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