

**Key Points to Cover at
August 21st South Huron Council Meeting**

- 1) 20 Year Fixed Term Debenture on Utility Bill
- 2) 20 % Future Development Cost Recover (if on Utility Bill)
- 3) Reserve Funds to Reduce Homeowner Costs
- 4) I.C.I. Household Equivalencies Release
- 5) 2 stage Cost Recovery Bylaws
- 6) Future Plant Operating cost increases plus Capital Replacement Reserve Costs
- 7) Land Lease Household Uniqueness

1) 20 Year Fixed Debenture On Utility Bill

For the last few years council has been advised that the Grand Cove residents generally prefer the 20 year debenture rather than a shorter term or pay up front options.

Most of the residents at the Grand Cove are seniors on fixed incomes with many Single family units, but no more than 2 persons per residence.

During presentations at a few Grand Cove Homeowners Association meetings our ward Councilors and Mayor indicated support for the 20 year debenture on our utility bills.

With regards to the pay up front option this is a matter that the various IC.I. properties in the GBASTF service area may want to consider as well as some of our younger residents. We have no objections to this option as long as how the remaining 20% to be recovered by all sewer users is explained. Will they be getting a second hit?

2) 20% Future Development Cost Recover (If On Utility Bill)

20% Cost Recovery for future growth is proposed to be recovered by all sewer users in the community. We suggest that this 20% should be recovered from all other sewer users, and that this amount be shown as an item on the other's utility bills similar to the pipeline debt.

We strongly encourage that this future development cost be a separate item on the utility bill of all other sewer users, not all sewer users as those paying the 80% (direct benefitting households) would be experiencing a second hit. Similarly, if direct benefitting householders opt to pay up front, they would be liable for a share of the future development cost recovery if all sewer users are charged. If council votes for the alternative that the 20% will be financed and the principal and interest payments would be paid by all sewer system users across the municipality through user fees we withdraw our previous concern.

3) Reserve Funds to Reduce Homeowner Costs

We were advised in the past that there were some reserved funds that Council would consider to reduce resident's costs. This was not considered during the July 11, 2017 Committee of the Whole Meeting.

We find it deplorable that a project of such a large scale (\$19.13 Million) which was being reviewed by South Huron Council over the past several years, that some existing reserves are not being considered now. We request that these reserves be used to reduce homeowner costs as F.C.M. financing and potential small Grant is no longer an option. Also due to the lower household equivalency (673 to 629), the cost per household increased the cost an additional 7%.

4) ICI Household Equivalencies Release

Based on earlier reports from municipal staff, the total household equivalencies was estimated at 673. In the report for the committee meeting July 11, 2017 this total number is now 629. Since the methodology for determining household equivalences was approved by Council we have asked how the total was determined.

As the Consultant has completed their study and presented it to Council, there is a reluctance from Council/Staff to release this report. As the consultant's costs are considered part of the recovery cost, then this is public information that should be available if requested.

We are also advised that the household equivalency breakdown will not be known until the Draft Cost Recovery By-Law is presented to Council.

We feel this information should be released earlier so not only S.F. households but I.C.I. properties would have an opportunity to express their concerns. If any, prior to Council voting on recovery and instructing staff to prepare a draft bylaw.

5) 2 Stages of Cost Recovery By-Laws

In discussions with staff it appears 2 stages would be a less complicated method than doing it in a one stage.

1st Stage Draft By-Law

Confirm the final costs which is known with an estimate of the 20 year, fixed term debenture.

Under this scenario residents and ICI properties would know what their up front payment would be (interest free) and have about 32 days to pay this amount if desired.

It is our understanding that the treasurer would notify all direct benefiting property owners by mail and that this letter will also confirm that the debenture option could not be prepaid before the end of the 20 year term. This letter should also indicate how the 20% of cost deferred for future development will be recovered. i.e. All sewer users in the community or all other sewer users. Need to clarify that once a commitment is made by those paying the 80% cost will not be getting a second hit by incurring an additional cost of part of the 20% future development recovery.

2nd Stage

Once municipality knows the balance to be debentured, then they could proceed for funding through Infrastructure Ontario (I

When I. O. confirms loan amount and interest then staff can prepare 2nd Draft Recover By-Law to include the cost per household/resident on their quarterly utility bill for the households who opt for this option.

Municipal staff may have ideas on how to shorten the time to carry out this process. We agree that delays in settling this matter will lead to increased costs due to potential increase in financing interest cost.

6) Future Plant Operating Cost Increases plus Capital Replacement Reserve Costs

A review of Lagoon/Plant operating Costs are as follows :

Lagoon 2015	Plant 2016	Plant 2017
Budget \$66,051.	\$387,734.	\$424,00.
Actual \$53,156.	\$425,443.	

The above costs do not include any amount for Capital Replacement Reserves. These may be considered by the GBASTF board for possible inclusion in their 2018 budget.

The above figures could potentially double when reserves are included, depending on advice from financial consultants in establishing the capital replacement amounts.

Therefore these costs should be spread over the total community in the sewer operating and base rates as has been done to date.

If not, this would be a horrible cost to benefitting property owners.

Also in the past, Councilors have said words to the effect that "This plant will be an asset to the total Community as it will assist with future growth."

Thus total community responsibility, not just our westerly portion of Stephen Township.

7) Land Lease Household Consideration

We have been informed that Council will direct a consultant to do a rate review for water and sewer in the fall of 2017 for implementation in 2018.

The last study was done in 2012.

All households in Grand Cove are now metered for water and have been for several years. Municipal staff advise that total water consumption in Grand Cove had been reduced considerably since the meter installation.

We wish the Consultant in their study for council will consider our unique situation of our land lease home owners.

We pay directly on our utility bills the same rate for water consumption and sewage and base rate as all other households in South Huron. Our landowner (Capreit) passes on additional cost billed to them as part of their annual rent increase to each household. Is this a double hit?

Hopefully your rate review consultant will find time to meet with our Homeowners Board to receive further insight on Land Lease homeowners prior to submitting their report to council later this fall.

In Closing:

Thank you for the opportunity to express our concerns on behalf of the Grand Cove Homeowners.

I will be pleased to answer any questions you may have or to expand on any of my statements.

Depending on the results of your deliberation on this matter later in this evenings agenda, we may be back.

Thanks again !