

Mayor & Members of Council

Municipality of South Huron

Re: Council Meeting Tuesday, September 4, 2018

Item 5.1 Delegation by Bob Sharen

Re: Grand Bend Area Sewage Treatment Facility: Lack of Audit on Reserve

I was surprised that no council members had any questions for Mr. Sharen during or after his verbal presentation. Although he did not have details itemized or a point form presentation, what I gathered from his presentation is that he has data showing that the administrative municipality, Lambton Shores, did not properly handle reserves when the two municipalities assumed responsibility for the Sewage facility around the year 2000.

I agree that by not providing more details, it was a bit difficult to understand enough to ask questions.

My take from his presentation is that approximately \$2.75 million of reserve funds for the facility has been lost due to fraud, and that approximately 50% of funds could have been available to South Huron to reduce its share of the Capital cost of the new sewage facility.

Under Cost Recovery By-Law #50-2017, no reserves were included to assist with the cost recovery for the 629 household equivalents who were assessed for the total cost of \$2,174,031.50 by South Huron.

This resulted in a cost per household equivalent of \$3,456.33.

If we calculate the 50% of the \$2.75 million as being the South Huron potential reserve then we arrive at the following potential reduction to each homeowner.

Cost recovery for 629 household equivalent	\$2,174,031.50
Potential Lost Reserves	<u>1,375,000.00</u>
Total Cost to households	\$ 799,031.50

Or \$1,270.32 per household or a potential savings of \$2,186. Per household.

I realize that Mr. Sharen's figures need to be confirmed. The potential to recover any of these "lost" funds also needs to be determined.

The above calculation indicates there is a significant potential to reduce homeowner costs already assessed to each homeowner using the facility.

Is Council interested in finding out more on this matter or is the silence when Mr. Sharen asked if Council had any questions an indication that Council wishes to ignore this matter.

During his discussion he also mentioned Development Charges which I understand is part of the 2.75 million. I believe we need to know if any of these Development Charges relate to South Huron's potential "Lost" reserves

Any information that could lead to a potential cost reduction of up to 60% should be investigated further either by Council or Municipal staff.

Your thoughts would be appreciated.

Sincerely,

Ernie Lane

E. H. Lane