



Staff Report

Report To: Dan Best, Chief Administrative Officer
From: **Don Giberson, Environmental Services Director**
Date: October 16 2017
Report: ESD.17.28
Subject: Proposed DRAFT 2018 Operating and Capital Budget for Grand Bend Area Sewage Treatment System

Recommendations:

That South Huron Council receive the report from D. Giberson, ESD Director RE: Proposed DRAFT 2018 Operating and Capital Budget for Grand Bend Area Sewage Treatment System and provide comments to the Administering Municipality and the Grand Bend Joint Sewage Board.

Purpose:

The purpose of this staff report is to advise Council of the proposed DRAFT 2018 Operating and Capital Budget for Grand Bend Area Sewage Treatment System.

Background and Analysis:

In accordance with the Joint Agreement a draft operating and capital budget is required to be prepared and submitted to the Participating Municipality by September 30th of each year for the next calendar year. Each Participating Municipality may within 30 days after receipt of the draft operating and capital budget make written comments to the Administering Municipality and the Joint Sewage Board.

The Grand Bend Area Joint Sewage Board shall take all steps necessary to have draft budgets completed and approved by November 30th in each

preceding year, then submit it to the respective Municipal Councils of the Participating Municipalities for approval before December 31st.

The specific requirements of the operating budget, such as the format and methodology are set out in the Joint Agreement. The draft budget is only for the jointly owned assets administered by the Sewage Board (eg. Grand Bend Area Sewage Treatment Facility; Main Pumping Station PS-2; and 350mm forcemain from PS-2 to the GBSTF). The Grand Bend sewer system has other assets that are entirely owned/operated by South Huron and the associated operating costs are in addition to the operating costs of the shared assets.

Accordingly, a proposed DRAFT 2018 operating and capital budget was presented to the Grand Bend Joint Sewage Board on October 6, 2017. The Joint Sewage Board received the report and directed the Administating Municipality to circulate the DRAFT 2018 Budget to the respective Municipal Councils for comments.

The proposed DRAFT 2018 operating budget represents a 21.5% increase over the 2017 budget, mainly due to increased costs for hydro, natural gas and water. There are minor increases for insurance, property taxes, chemicals and contract operator costs.

The Joint Sewage Board directed the Administating Municipality to consider adding \$20,000 to the DRAFT Operating budget to perform an energy audit to determine if energy savings could be realized. This cost is currently not in the attached DRAFT 2018 Operating Budget.

The Joint Sewage Board has not yet made a decision regarding a Capital Replacement Reserve. However, this will have a major impact on the operating budget, depending on the options selected by the Board. Lambton Shores, as the Administating Municipality, retained BM Ross Engineers to prepare a report on Capital Replacement Reserve options and will present this report at a future Sewage Board meeting.

The proposed DRAFT 2018 Capital Budget was presented for one project: the replacement of a section of the Mollard Line Forcemain, in the amount of \$801,436.05. This cost will be shared equally between Lambton Shores and South Huron, in accordance with the Joint Agreement.

Operational Considerations:

There were no alternatives considered.

South Huron's Strategic Plan:

Section 6.2.2 of the Municipality of South Huron 2015- 2019 Strategic Plan identifies key objectives that are reflective of the collective perspectives of the strategic planning process.

The recommendations and actions outlined in this report are reflective of the following strategic objectives:

Administrative Efficiency and Fiscal Responsibility

The proposed DRAFT 2018 Budget was prepared by Lambton Shores, as the Administating Municipality on behalf of the Grand Bend Area Joint Sewage Board. The Budget is based on known historical costs, contract obligations and estimated costs.

Increased Communications and Municipal Leadership

Council has been informed of the budget process and through Minutes issued by the Administating Municipality on behalf of the Joint Grand Bend Area Sewage Board.

Notice was given and the Agenda for Joint Grand Bend Area Sewage Board Meetings were provided by Lambton Shores, as the Adminitering Municipality. The Joint Sewage Board meetings are open to the public to ensure full transparency.

Dedicated Economic Development Effort

Providing an adequate operating budget for the Grand Bend Sewage system ensures proper operation of this facility; regulatory compliance and that capacity for future development is readily available.

Financial Impact:

The Staff proposed 2018 South Huron Sewers Operating Budget includes the amount of \$242,909.75 under a separate line item for the operating costs of the joint Grand Bend sewer assets.

The Staff proposed 2018 South Huron Sewers Capital Budget includes the amount of \$386,005.56 for South Huron's share of the Mollard Line Forcemain project.

Legal Impact:

There are no legal implications for the Corporation resulting from the proposed recommendation.

Staffing Impact:

There are no staffing implications for the Corporation resulting from the proposed recommendation.

Policies/Legislation:

1. Grand Bend Area Sewage Treatment Plant Joint Agreement
2. Environmental Compliance Approval #0149-9M4JKA
3. Ontario Water Resources Act

Consultation:

Financial Services Manager/Treasurer

Related Documents:

October 6, 2017 – Report to the Grand Bend Area Joint Sewage Board
“Grand Bend Area Sewage System proposed 2018 Budget”

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Don Giberson', enclosed within a large, loopy oval shape. The signature is written in a cursive, fluid style.

Don Giberson, Environmental Services Director