



GBSTF and PS₂ Projects

Questions and ANSWERS

Revision 2 –August 30, 2017



Questions and Answers



Q1: Why the difference between household costs presented in May 2015 and today?

A1: The per household costs were based on the estimated construction costs known at that time, reduced by the FCM grant. It would appear non-eligible costs were not presented at that time.

Q2: There are not to be any reserves applied, and no FCM grant benefit for the citizens either?

A2: Available existing reserves are for capital replacement. FCM grant does not appear to be viable and has associated risks; therefore it does not make sense to include it in the per household costs.



Questions and Answers

Q3: How will Mollard Line be financed?

A3: It would be anticipated that South Huron's 50% share of Mollard Line forcemain will be funded from Grand Bend Sewers Capital Replacement Reserve. This is subject to the total cost of the project. Which is unknown at this time

Q4: Why the difference in the number of household equivalencies?

A4: The household equivalencies used at the May 11, 2015 meeting was the best available information at that time. GM BluePlan was hired in 2015 (results post-May) to validate the household equivalencies and provided their preliminary report on August 21, 2015. The household equivalencies used in the July 11, 2017 report are based on the Engineers final report adopted by Council in September 2015.



Questions and Answers



Q5: Both motion 297-2014 and 430-2015 speak to capital costs from will be from benefiting property owners, but 297 says to proceed with option of 80% capital cost recovery and 20% deferred to future development. Is the development in the area of the GBSTF.

A5: The 20% deferred amount would be repaid by new development in the Grand Bend Service Area.

Q6: To clarify, is the 20% paid by all sewer system users across the municipality through user fees.

A6: Initially all sewer users in the Municipality would pay the principle and interest charges on the 20% deferred amount, until it is repaid by future development in the Grand Bend Service Area.



Questions and Answers



Q7: According to the Backgrounder, there are 629 household equivalents, on GB so do we know what the number would be for the rest of wards 1, 2 and 3.

A7: We do not have wastewater household equivalencies for Wards 1, 2 & 3. However, we do have the number of wastewater households based on our utility billing system

Ward 1- approximately 1145 wastewater households in Ward 1 (Crediton, Centralia, Huron Park, Grand Bend, west side of London Road south of Waterloo Street).

Ward 2- approximately 2395 wastewater households in Ward 2 (Exeter)

Ward 3- approximately 14 wastewater households in Ward 3 (East side of side of London Road south of Waterloo Street).



Questions and Answers



Q8: Would the principal and interest payments on the 20% also include GB? Would it be expected that the 20% to be paid in the 5 years too, and is there a debt cost associated with that?

A8: The principle and interest payments on the 20% deferred amount would be paid by all sewer users (including GB) in the user fee.

Q9: Are there different costs by ward, for sewer and water?

A9: The rates for water and wastewater are the same across all Wards with the exception for the Exeter-Hensall pipeline debt charge (Residential Rate for Exeter is \$83.90 per quarter and \$4.80 for Stephen).



Questions and Answers

Q10: There was a concern from HP re water rates, and so I compared home prices. Water consumption is 1.76 for all SH Sewer charge is 1.81 for all of SH Water base quarterly is 60.70 for all of SH sewer base quarterly is 20.20 for all of SH Pipeline debt is 83.90 for Exeter, and 4.80 for Stephen and Usborne

A10: These charges are all the correct Residential Rates, with the only exception being that Usborne users are charged the Exeter-Hensall pipeline debt charge for Exeter, as they are serviced by the Exeter water system



Questions and Answers

Q11: If the GB capital costs are put on homeowner bills, Would it say something like GBSTF capital cost recovery, and future development?

A11: Proposed wording would be - “GBSTF & PS2 Debt Charge”

Q12: There is a proposal for a 5-Year Cost recovery. Why not a 20 year debenture?

A12: This would be a decision of Council. Council will need to take into account its current debt balance, ARL limits and future projects



Questions and Answers

Q13: Concerns related to the methodology of the household equivalents and ICI calculation:

Q13: The methodology of the household equivalents and the ICI calculation has been validated through our municipal engineer and has been previously approved by Council resolution.



Questions and Answers

Q14: In previous discussions, we were advised that residents would have the option of paying in full or pay a 20 year debenture to be a separate item on our quarterly utility bill.

A14: A 20 year debenture was noted in previous reports to Council, as the minimum term for the FCM loan was 20 years. The Option to pay on the utility bill was also part of previous Council discussions. However, it was previously noted by Administration that this would not be final until the Cost Recovery By-law was adopted by Council.



Questions and Answers

Q15: We note in the document that the estimate for household equivalency is now estimated at 629 whereas, in all previous documents, it was estimated to be 673. A higher number for the household equivalencies would be a benefit to our residents as it would relate to a lower cost per household.

A15: Response: The previous total household equivalencies of 673 was based on the best available information at the time. The total household equivalencies used in the July 11, 2017. report are based on the Council approved “Methodologies for ICI Properties per Household Equivalencies” and the Engineers final calculations.



Questions and Answers



Q16: If the 373 M3 per year is used then the S.F. home household equivalencies should be reduced by about 50%.

A16: The ICI equivalencies are based on the Council approved “Methodologies for ICI Properties per Household Equivalencies”, as recommended and validated by GM BluePlan.

The September 15, 2015 Report to Council further clarifies the following:

- a) 373m³ per year flows used to compare allocated capacity, theoretical capacity and actual sewage flows was based on the per household design flows used for the GBSTF.
- b) 200m³ per year flow used to compare water consumption to sewage flows was based on the Stephen Ward average water consumption of 250m³ per year set out in Watson & Associates 2012 Water & Wastewater Rate Study and was reduced by 20% to more accurately reflect sewage flows. (ie. $250 \times 80\% = 200\text{m}^3$).



Questions and Answers



Q17: What does PS2 stand for?

A17: PS2 is an acronym for Pumping Station 2

Q18: How did the 629 household equivalencies get calculated?

A18: 629 household (residential) equivalencies as used in cost recovery calculations represent all the users on the system derived by the methodology of the engineer. Household equivalencies were calculated as follows:

- Each single family lot = one household
- A lot in a plan of condominium = one house hold
- Each home site in a land lease = one household
- Each vacant lot or home site = one household
- ICI Equivalencies



Questions and Answers



Q19: Are Grand Cove residents paying 2/3 of the total project?

A19: Grand Cove residents are paying 2/3 of the 80% capital cost. The remaining 20% deferred capital cost recovery will be borne by development in the Grand Bend service area. Further clarification see answer to Q5 and Q6.

Q20: How many properties are zoned/assessed Industrial, Commercial and Institutional (ICI)?

A20: Six



Questions and Answers



Q21: What is the history of this cost recover methodology? Is this the first time affected customers had to pay for a special project?

A21: No, all past similar projects used similar methodology

Q22: Has Council discussed people that can't afford the costs?

A22: Yes, this discussion is what has been a major struggle for council and Staff.

Q23: Were vacant lots included in the 629 household equivalencies used in the calculations?

A23: Yes, vacant lots were incorporated into the calculation.



Questions and Answers



Q24 Why are the tenants rather than the property owner paying these costs?

A24: at a stage in the process, Grand Cove Estates residents requested that they be billed directly.

Q25: Will customers receive a tax receipt?

A25: No, this is not a tax, it is a utility cost.

Q26: When was it tabled to put this as a utility bill – Grand Cove residents had no input

A26: At the request of Grand Cove Estates residents Council considered direct billing at the meeting of October 20, 2014.

Q27: Will 80% cost on utility bill get rid of existing Exeter-Hensall charge?

A27: No, this is not related to this project.



Questions and Answers

Q28: Can I pay my share of the debt off earlier?

A28: No. This is consistent with previous projects.

Q29: What if I sell my house

A29: The capital cost recovery charge stays with the property.

Q30: Can it be a local improvement charge?

A30: No. There are specific requirements around this methodology and it would have been required to be implemented very early on in the process.



Questions and Answers

Q31: Do I have to pay it by October 16?

A31: Yes, or you will automatically default to the 20 year debenture payment.

Q32: Can we have two-three months to pay?

A32: The longer we wait the greater the risk of a higher interest rate and higher costs. At the meeting there was no definitive consensus. As a result, the approved methodology will remain in effect.



Questions and Answers



Q33: Will interest rate stay the same?

A33: Yes- locked in for 20 years

Q34: Will there be another capital project requiring debt financing?

A34: Yes. At the present time Council is looking at two recreation projects. The Mollard Line project will not require debt financing.

Q35: What is the appeal process?

A35: There is no appeal process.



Questions and Answers

Q36: Is there government programs to help people pay?

A36: Staff continue to explore options on behalf of the residents.

Q37: How do others in Grand Cove know about this. If not through the homeowners association?

A37: Media release, Hub etc. Minutes, website, public meetings, council agendas/meetings, radio, news paper, social media, info meetings.