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To: Chair and Members
Lambton Area Water Supply System Joint Board of Management

From: Clinton Harper
General Manager

Subject: Municipal Drinking Water Licence Renewal - Financial Plan

Recommendation

It is recommended that the LAWSS Board:

1. Approve the LAWSS Financial Plan prepared by Watson & Associates Economists Ltd. dated March 17, 2020.
2. Provide notice that the Financial Plan be advertised.
3. Submit the approved Financial Plan dated March 17, 2020 to the Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, section 3 (1) 6).
4. Submit the approved Financial Plan and the Board resolution approving the Financial Plan to the Ministry of the Environment, Conservation and Parks, satisfying the requirements under the Safe Drinking Water Act. (S.D.W.A. section 32 (5) 2.ii.).

Background:

On December 4, 2019, staff received a notice from the Ministry of the Environment Conservation and Parks (MECP) Re: Municipal Drinking Water Renewal. LAWSS was required to apply for renewal for their Municipal Drinking Water Licence by April 13, 2020. The notice is attached to this report.

While the bulk of the renewal documentation was prepared by OCWA on LAWSS behalf, a copy of a Board approved financial plan must be submitted with the application. The financial plan must meet the requirements of O. Reg. 453/07 and must apply for a period of at least six years that includes the year that our current licence would expire. This requirement is 2 years beyond the existing LAWSS Financial Plan.

A detailed LAWSS Financial Plan Update is scheduled for 2022 and will require a significant amount of Board approved time and financial investment to complete. The Master Water Plan and the Asset Management Plan will be critical components of the detailed Financial Plan. In the interim, a Financial Plan Update will allow LAWSS to move forward with the Municipal Drinking Water Licence Renewal.

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At the recommendation of staff, in February 2020, the LAWSS Board hired Watson and Associates to complete a Financial Plan Update to satisfy Ministry of Environment Conservation and Parks requirements for a drinking water license renewal.

Comments:

On March 17, 2020, a finalized Financial Plan Update was provided to LAWSS staff for review. The recommendation from the report are as follows:

1. The Lambton Area Water Supply System Water Financial Plan prepared by Watson & Associates Economists Ltd. dated March 17, 2020 be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan dated March 17, 2020 be submitted to the Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, section 3 (1) 6).
4. The Financial Plan and the Board resolution approving the Financial Plan be submitted to the Ministry of the Environment, Conservation and Parks, satisfying the requirements under the Safe Drinking Water Act. (S.D.W.A. section 32 (5) 2.ii.).

When the March 26, 2020 meeting of the LAWSS Board was canceled due to the COVID-19 situation, LAWSS staff contacted the MECP and advised them of the situation. At their direction the LAWSS renewal application was submitted with a letter indicating that an approved Financial Plan would be submitted as soon as possible.

Due to the situation with COVID-19, and the Board's inability to meet in March, LAWSS was not able to include a Board approved Financial Plan with the application by the April 13, 2020 deadline. Instead a letter detailing the situation was provided. The MECP responded positively to the letter and requested that a Board approved Financial Plan be submitted at its earliest convenience.

Consultation:

OCWA Operational staff were consulted in the development of this report.

Financial Implications:

There is no cost to submit a Municipal Drinking Water Licence Renewal Application to the Province of Ontario.

This report was prepared by Clinton Harper, General Manager

Attachment(s): Water Ontario Regulation 453/07 Financial Plan Lambton Area Water Supply System