

THE UNION WATER SUPPLY SYSTEM
JOINT BOARD OF MANAGEMENT
MINUTES OF MEETING
HELD JUNE 21, 2017 AT 9 AM
IN KINGSVILLE COMMUNITY ROOM - KINGSVILLE ARENA

Members Present: Deputy Mayor MacDonald (Chair); Mayor Paterson, Councillors
Dunn, Jacobs, Hammond, Verbeke - Leamington
Mayor Nelson Santos (Vice-Chair); Councillors Gaffan, Neufeld,
Patterson - Kingsville
Councillor Diemer - Lakeshore

Members Absent: Mayor McDermott - Essex

UWSS Staff: Rodney Bouchard, Union Water Supply System Manager
Khristine Johnson, Recording Secretary

OCWA Staff Present: Dave Jubenville, Dale Dillen, Ken Penney

Municipal Staff Present: Shannon Belleau - Leamington

Call to Order: 9:02 am

Disclosures of Pecuniary Interest: None

Adoption of UWSS Joint Board of Management Minutes:

Minutes of the Union Water Supply System Joint Board of Management Board meeting
of May 31, 2017.

No. UW-34-17

Moved by: Mayor Paterson
Seconded by: Councillor Gaffan

That Minutes of the UWSS Joint Board of Management of the meeting of May 31,
2017 be adopted.

Carried

Business Arising Out of the Minutes:

The recording secretary notes that Councillor Dunn's name was omitted from the attendance list of the minutes. She will make the correction to note that Councillor Dunn was absent at the May 31, 2017 meeting.

Report UW/17/17 June 16, 2017 re: Status of UWSS Operations & Maintenance and Capital Works to June 16, 2017.

The Manager reviews his report with the board noting that many projects have been on the go since the last meeting. He explains that the new Municipal Drinking Water Licence (MDWL) and Drinking Water Works Permit (DWWP) have been issued by the MOECC. He further explains that UWSS/OCWA have been working with the MOECC since April to incorporate the new Province wide changes to items such as de-chlorination of waste water and also the allowance to make the DWWP and MDWL slightly more generic. This allows for old pumps (considered obsolete) to be changed out for new ones without the worry of finding exactly the same pumps. He notes that the UWSS waste lagoons had a little bit of chlorine leaving in the waste water but we are already working on reducing this number and meeting the new requirement. He indicates that the December 9th deadline to comply with the changes should not be an issue. The Board asks whether or not the UWSS still requires a Permit to Take Water (PTTW) and the Manager notes that yes UWSS still requires a PTTW but it was not up for renewal at the same time.

The Manager continues with his report noting that the new HL pump #4 has been installed, commissioned and is operational. The gear box on Clarifier #3 has been rehabilitated and should be installed today. Associated Engineering (AE) has completed additional DAF pilot testing using CO₂. The aluminum levels are higher than is recommended and AE is working to make the clarification process better. The Manager further explains that the primary results indicate that the CO₂ is readily available and lowers the pH and reduces aluminum levels. He confirms that AE is preparing a report and there is potential to have a new system in place by next year.

The Manager explains that the valve chamber #117 at the new Leamington High School location is right in the path of the "drop off" lane. The valve chamber has been assessed by Stantec Consulting Ltd and it has been determined that the chamber is not capable of handling the loads that will be going over top of the chamber. Therefore the engineering firm in charge of this project will be providing drawings to our engineers so that the chamber can be reinforced. UWSS will not bear any costs. This work is expected to be completed in a timely manner.

The Manager reports that on June 6 at approximately 2 am a watermain break occurred along the 12 inch watermain running east to west along Seacliff Drive (CR 20). He further explains that usually this isn't a problem however this location is pure sand and caused a geyser effect. He confirms that all necessary personnel responded quickly to assess and contain the problem, however the road had to be closed for approximately 2 days while repairs were made. He notes that there has been some property damage and he has referred those claims to the UWSS's insurance company. The Manager shows pictures of the events. He confirms that no boil water advisory was called.

The Manager indicates that Flowmetrix is looking at the water meter#4 for Highbury CanCo in order to determine the correct size meter required in that location.

The Manager then reports on the Essex Water Tower (EWT) rehabilitation project. He notes that OCWA Engineering Services has been retained as well as PW Makar to conduct paint testing to ensure that the new paint will adhere properly. It has been determined that the current paint layers are too thick to allow for new paint to adhere effectively. There is a possibility of the new paint shearing off. Therefore it has been recommended that full removal of the existing exterior coat is recommended which would require full encapsulation of the EWT take place. Tendering should take place prior to the next meeting and he will then report back with the results of this process. He further notes that the current budget is \$850,000 and he expects this to increase to \$1 million. He will know more information by the next meeting.

The Manager informs members of the Board of the website overhaul and demonstrates the updated design.

He notes flows are still up slightly over last year.

The Board briefly discusses testing of watermains with acoustical equipment to determine lifespan. The Manager notes that this type of work is budgeted for in the 2018 budget.

No. UW-35-17

Moved by: Councillor Dunn

Seconded by: Councillor Neufeld

That the report UW/17/17 dated June 16, 2017 re: Status Update of the UWSS Operations & Maintenance Activities and Capital Works to June 16, 2017.

Carried

Report UW/18/17 dated June 14, 2017 re: UWSS Combined Heat and Power (CHP) Cogeneration Plant Detailed Engineering Study Update

The Manager reminds members of the Board his past discussions regarding this potential project. He notes that a grant application had been submitted and up until this point had heard nothing. Recently Hydro One has contacted UWSS and is interested in this project. On June 5th of this year the Manager received notification that the UWSS has been approved for \$40,100 to conduct a study based on sharing our steam energy with a greenhouse. An Agreement has been signed and the consultant is moving ahead with this study. He feels that draft will be completed by July and can then be presented to the Board. UWSS is responsible for paying out the invoices to FVB Energy, but will in turn be reimbursed. He further notes that UWSS cannot give steam energy to the greenhouses but rather enter into an agreement.

No. UW-36-17

Moved by: Councillor Hammond

Seconded by: Councillor Gaffan

That report UW/18/17 dated June 14, 2017 re: UWSS Combined Heat and Power (CHP) Cogeneration Plant Detailed Engineering Study Update is received.

Carried

Report UW/19/17 dated June 14, 2017 re: Proposed Financial Analysis and Development of a Business Case for Restructuring UWSS into a Municipal Service Corporation

The Manager reminds members that this issue has been spoken on for many years. Over the years the Manager has spoken to Board members and other municipalities and staff on how best to move forward. He is now looking at financially restructuring the UWSS to a corporate entity to allow UWSS to obtain grants and borrowing power.

The Manager asks members to consider that UWSS is now at a point where it should consider a financial review to determine what is best. He indicates that he has spoken to the legal team and in turn the legal team spoke to various financial entities that could develop a financial case and the legal team determined that Price Waterhouse Cooper (PwC) was best suited for this project. The Manager has met with PwC and the legal team to begin initial discussions and based on those discussions it seems best to move the UWSS, with its existing assets, into a Municipal Service Corporation.

The Manager indicates that PwC will be speaking with all parties involved such as (but not limited to) the municipal staffs (including CAOs, managers, directors, etc), OCWA staff, MOECC and others deemed necessary.

This review and potential changeover to MSC will allow UWSS to transfer debt from the Municipalities back to the UWSS. At this point the Municipality of Leamington would still be used for UWSS's administration.

The Manager notes that PwC is proposing using their Windsor rates vs Toronto rates and then he notes the timeline being suggested for potential changeover. He also confirms a \$150,000 budget funded from the reserves is needed to get this work completed.

The Board asks if this is a prelude to "source to tap" and the Manager indicates that it really it up to the Board but the future potential is there.

There is a discussion on why the Manager did not put the financial analysis out to tender. The Manager indicated that this is a very specialized service and he further noted that the UWSS legal team determined which financial service company would be best suited for providing the UWSS with the best services.

No. UW-37-17

Moved by: Mayor Paterson
Seconded by: Councillor Jacobs

That the UWSS Board approves a budget of \$150,000 to be funded from UWSS Reserves to complete a financial analysis and development of a Business Case for the restructuring of Union Water Supply System (UWSS) and associated assets into a Municipal Services Corporation under Section 203 and Ontario Regulation 599/06 of the Municipal Act 2001; and

That the UWSS Board authorizes the UWSS General Manager to retain PwC Canada (Price Waterhouse Coopers) to complete the Financial Analysis and development of the Business Case for UWSS Restructuring into Municipal Service Corporation; and Further;

That the UWSS Board directs the UWSS General Manager to consult with the Municipality of Leamington, Town of Kingsville, Town of Essex and Town of Lakeshore, as owners in common of the Union Water Supply System, to seek and secure their support as part of the financial analysis and development of a Business Case for UWSS Restructuring into a Municipal Service Corporation.

Carried

Report UW/20/17 dated June 16, 2017 re: Payments from May 19 to June 16, 2017

No. UW-38-17

Moved by: Councillor Jacobs
Seconded by: Councillor Patterson

That report UW/20/17 dated June 16, 2017 re: Payments from May 19 to June 16, 2017 is received.

Carried

New Business:

There is none.

Adjournment

No. UW-39-17

Moved by: Councillor Patterson

Seconded by: Councillor Diemer

That the meeting adjourn at 9:54 am

Carried

Date of Next Meeting: August 2, 2017 at 9:00 am in the Kingsville Community Room, Kingsville Arena

/kmj