

THE UNION WATER SUPPLY SYSTEM
JOINT BOARD OF MANAGEMENT
MINUTES OF MEETING
HELD NOVEMBER 16, 2016 AT 9 AM
IN KINGSVILLE COMMUNITY ROOM - KINGSVILLE ARENA

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

Members Absent: Councillor Dunn - Leamington
Councillor Diemer - Lakeshore

Staff Present: Shannon Belleau - Leamington
Chris Nepszy, Andy Graf - Essex

OCWA Staff
Present: Dale Dillen, Ken Penney

Call to Order: 9:03 am

Disclosures of Pecuniary Interest: None

Adoption of Council Minutes:

No. UW-50-16

Moved by: Mayor Paterson

Seconded by: John Jacobs

That Minutes of the UWSS Joint Board of Management meeting of Wednesday, October 19, 2016 be received.

Carried

Business Arising Out of the Minutes:

The Manager notes that during the last meeting there was a brief discussion regarding the Federal Clean Water and Waste Water Fund and hopes that UWSS could quickly apply for some grant monies. The Manager advises members that he did follow up on this matter and that the UWSS is not eligible for the grant money as any application would have to go through the municipalities. Realistically no grants monies will be available to UWSS unless the structure of the UWSS is amended.

Report UW/29/16 Re: Status Update of the UWSS Operations & Maintenance Activities and Capital Works to November 10, 2016, dated November 10, 2016

The Manager informs members that the use of the new coagulant Hyperion +ION had been discontinued on October 24th and UWSS is now back on DelPAC 2020, with MOECC being informed of the change. He further explains that he has also been in contact with representatives from Windsor Regional Hospital (WRH) with their concerns over higher aluminum levels in our water. Particularly a concern for home dialysis patients. He notes that UWSS is not trying to change the process for WRH, but rather work with them to determine a good solution for those patients. He explains that higher aluminum levels requires dialysis patients to attend the local hospital for treatment rather than in home. He confirms that UWSS meets all the requirements under the SDWA.

The Board asks approximately how many people are on home dialysis and whether or not an in home purification system would solve their issues. The Manager explains that there are approximately 50 patients and further that the type of purification system required would be very costly to the patients. There is a further discussion on the new coagulant regarding the temperature of the water and the late season warm temperatures this area is experiencing. The Manager explains that the temperature of the water is now low enough that the original coagulant is working well.

The Manager continues the review of his report explaining that Watech services will be attending to reservoir #2 to repair expansion joints. He notes that OCWA staff Management as well as UWSS staff met on October 24th to meet their yearly obligation of having a Management Review. This is part of the DWQMS and gives both sides an opportunity to discuss operational issues and improvements.

He notes that a new concrete pad outside the maintenance shop has now been poured; Clarifiers #1 and #4 have been taken out of service for winter cleaning; a new valve actuator has been installed on the raw water line #2; Low Lift wells #1 and #2 were drained and cleaned; the removal of the microstrainer #1 is almost complete and the work required to cover the floor cavity will be completed in January 2017; and finally he notes that Filters #2 and #4 will be out of service later in November.

The Manager then discusses the Water Quality Masterplan (WQMP) noting that Associated Engineering (AE) has conducted a workshop with a second one planned on December 7th. He is hoping to receive some pricing options for upgrades that might be necessary to the WTP. He also confirms that Summa Engineering has attended the WTP to begin the review process of the SCADA system.

The Manager notes the flows are still up over last year and the four year average, but they have dropped off to their regular patterns.

The Board asks if the Manager sees larger costs in the near future due to all of the studies and investigations that have been taking place. The Manager explains that he will discuss further when his budget report is discussed, but that there will be substantial costs over the next ten (10) years.

No. UW-51-16

Moved by: Thomas Neufeld

Seconded by: Mayor Paterson

That report UW/29/16 dated November 10, 2016 re: Status Update of the UWSS Operations & Maintenance Activities and Capital Works to November 10, 2016 is received.

Carried (UW/29/16)

Report UW/30/16 dated November 10, 2016 re: UWSS 2017 Preliminary Operational and Capital Budget

The Manager reviews his report with Board members. He provides updated sheets (pages 11 and 12 in the agenda package) to board members. Initially, the Manager reviews the 2016 budget and the forecasted income which is expected to be approximately \$550,000 above the initial 2016 budget. He explains that going forward for 2017 he will be using an average of the flows over 5 years, as he feels that the 2016 flows might be an anomaly.

The Manager turns to the capital budget and reminds members that there had been a board approved revision to the 2016 budget in July; removing the lagoon cleanout, as well as the Clarifier painting. He continues his explanation by indicating that the carbon scrubber project will be pushed off until 2017.

The Manager asks member to turn to the Budget Summary page, while he continues noting that UWSS is able to input many of the fixed prices, such as the cost of the OCWA Contract, Sunlife Debt repayment and several others. He has increased the budget for electricity as it appears that each year there have been notable increases in the rates.

The Manager notes that at the end of this year any surplus income will be transferred over to the reserves. The savings will give aid to the large capital program that is anticipated over the next ten (10) years.

The Board asks the Manager if there will be higher costs by moving several projects into 2017. The Manager indicates that there could be slightly higher costs, but reminds members that maintenance is always taking place and therefore the items were more proactive in nature than reactive.

The Board again asks if there has been any thought or advancement on the idea of cogeneration. The Manager indicates that the government has not moved forward with any applications for co-generation and at this point it is not looking like a possibility. The Manager has been in contact with OCWA's energy consultant and is hopeful that there are other possibilities to aid UWSS with energy management.

There is a brief discussion on UWSS's energy invoices and whether UWSS is using more or less than in previous years. The Manager indicates that UWSS is using slightly less power, but costs are continuing to go up. The Manager vows to continue improving in this area.

The Manager then returns to his budget discussion. He indicates that he is anticipating a rate increase in the wholesale water rate, as well as, the rate for Highbury Canco, for the 2017 budget. He then lists several capital items necessary in 2017, such as:

- Rehabilitation of the Essex Water Tower, \$850,000, as the last two inspections indicate that there is work that needs to be done. He indicates that this is a preliminary figure.
- Pump Upgrades
- Carbon Scrubber
- Microstrainer Floor - moved from 2016 Budget
- Filter Meter Replacement Program continues, finishing in 2017
- Filters #5 and #7 require media replacement, hasn't been done since 1994 and beyond life expectancy,
- Turbidity Meter Replacement Program will continue
- Chlorine Analyzers Replacement Program finishes in 2017
- High Lift Pump Rehabilitation
- Window Replacement Program finishes in 2017
- Front foyer upgrades
- Asphalt sealing at three (3) locations: Low Lift, WTP and Cottam Booster Station
- Cleaning out south waste lagoon as well as hauling waste away
- Security system upgrades to include a swipe card
- SCADA system upgrades, \$250,000 has been earmarked for this project
- Communications systems upgrades to provide billing meter information directly to the plant
- Distribution system valves and master meters.

The Manager notes that his budget is coming in at \$2.18 million, studies and programs is coming in at \$345,000 and further that he has set aside \$75,000 for the restructuring discussion/governance of the UWSS. He also discusses a few of the larger items over the next ten (10) years, such as the watermain from the WTP to Cottam, possible upgrades to the disinfection process as well as the possible restructuring of the UWSS. As well he informs members of the board that he is hoping to have a presentation from the legal team to discuss a business case to move to a municipal service board under the Municipal Act.

Finally the Manager indicates that he has been reviewing UWSS' investment funds; He indicates that the UWSS investments are currently in various diversified funds offered by LAS' One Fund program. The Manager is concerned that some of these investments, specifically corporate bonds and equity funds might be too risky for the existing market and possible market adjustments next year in the US. The Manager indicates that he has been in discussion with WFCU and that they are offering a good solution for placing investments with them. The Manager is of the opinion that the risky funds should be moved and asks for direction from the UWSS Board. There is some discussion back and

forth and the Board agrees that the risky investments should be moved to more secure investments.

No. UW-52-16

Moved by: Larry Patterson

Seconded by: Mayor McDermott

That the UWSS General Manager seeks proposals from financial institutions with a strong local presence in regards to investment of UWSS reserve funds; and that the UWSS General Manager is given authority to relocate UWSS reserve funds to a financial institution that would provide the best balance of investment return and investment security for the UWSS.

Carried

The Manager finishes his report by noting that UWSS is still looking at a surplus this year and possibility next year. He will also be presenting a rate increase over the next several years as there is a need to put money into reserves to cover the larger items that will be necessary over the next ten (10) years.

No. UW-53-16

Moved by: Mayor Santos

Seconded by: John Jacobs

That report UW/30/16 dated November 10, 2016 re: UWSS 2017 Preliminary Operational and Capital Budget is received.

Carried (UW/30/16)

Report UW/31/16 dated November 16, 2016 re: Payments from October 14 to November 10, 2016

No. UW-54-16

Moved by: Mayor Paterson

Seconded by: Tony Gaffan

That report UW/31/16 dated November 16, 2016 re: Payments from October 14 to November 10, 2016 is received.

Carried (UW/31/16)

New Business

Mayor McDermott asks the Manager for clarification regarding the possibility of UWSS becoming a Municipal Services Corporation. The Manager explains that he will be meeting with the legal team and then in the New Year that team will be presenting a business case to demonstrate UWSS's options. Then the Board can choose to move ahead or not.

Adjournment:

No. UW-55-16

Moved by: Mayor Paterson

Seconded by: Thomas Neufeld

That the meeting adjourn at 10:06 am.

Carried

Date of Next Meeting: Wednesday, December 21, 2016 at 9:00 am, Kingsville Community Room, Kingsville Arena

/kmj