

MEMORANDUM

TO: Mayor and Council

AND TO:

FROM: Alisa Craddock CPA, CMA Director of Corporate Services/Treasurer

DATE: August 3, 2018

RE: Railway Street sewer main

During the previous special meeting of Council, it was uncertain if the developer's comments of \$40,000 of infrastructure included all of the expenses related to the sewer main. I requested and received the quotes related to this project. I was not provided with a quote on the ECA fees and have estimated a cost based on recent approval process for municipal infrastructure.

Installation of sewer main and associated infrastructure	17,000.00	
Engineering	3,555.50	
Survey/Drafting	2,670.00	
ECA fees	1,100.00	*estimate only
Total costs	24,325.50	

These costs reflect the additional costs associated with the installation of the sewer main and do not reflect the developer's costs for severances, service lines, etc.

The financial sustainability of water and sewer systems has been considered through two pieces of legislation and numerous government reports and initiatives in the last 15 years. As a result of the Walkerton Inquiry, municipalities have been moved towards a full cost recovery model, including long term plans for operating and capital replacement of all infrastructure. Funding that the Municipality receives for water and sewer infrastructure is tied both to the Municipal Asset Management Plan (AMP) and to the five year Water forecast that are approved by Council. Both of these documents address expected service levels, priorities, and are based on a full cost recovery model in the Municipality of West Nipissing's water and sewer system. Subsidizing infrastructure expansion for the profit of individual developers is poor asset management planning, poor fiscal planning, and moves the Municipality further from full cost recovery. Staff does not recommend that course of action.

However, as Council had inquired about the cost and consequences of funding this development, in whole or in part, I am providing an analysis of the potential impact, if Council feels that there are exceptional circumstances. Based on 2018 rate revenue, 1% of rate revenue is \$54,973.94. The total

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cost of \$24,325.50 represents a 0.44% increase to ratepayers. Though not a mid-year adjustment to the levy, the costs would need to be recovered through future budgets. At budget time next year, if the Water & Sewer department requests a 3% increase to cover increases in operating costs, the actual increase would be 3.44%. Based on the 2018 rates, each household with single water and sewer service would see a \$5.92 increase to cover this development. Owners of apartments or commercial enterprises would see a greater increase.

In order to fund an additional \$24,325.50 in this budget year, Council will need to review its 2018 capital plan. As the majority of capital funds are tied to large scale infrastructure projects, there is very little that is easy to transfer. The Sturgeon Falls water treatment plant had \$40,000 earmarked for facility repairs and the Field wastewater treatment plant had \$20,000 earmarked for a heated storage shed. These projects would need to be delayed or scaled back. Alternatively, Council could transfer funds from the Water & Sewer reserve, with the commitment to transfer the funds back into reserve during the 2019 budget process.