

**TOWNSHIP OF SOUTH GLENGARRY
SPECIAL MEETING OF COUNCIL
Council Chambers, Municipal Office
Wednesday, April 18, 2018 5:00 PM**

Page

- 1. CALL TO ORDER**
- 2. APPROVAL OF AGENDA**
 - a) Additions, Deletions or Amendments
All matters listed under For Information Only, are considered to be routine and will be enacted by one motion. Should a Council member wish an alternative action from the proposed recommendation, the Council member shall request that this matter be moved to the appropriate section at this time.
- 3. DECLARATION OF PECUNIARY INTEREST**
 - a) [Pecuniary Interest Form](#) 2
- 4. NEW BUSINESS**
 - a) [Draft Water Budget](#) 3 - 7
 - b) [Water Budget Discussion - Financial Plan](#) 8 - 21
- 5. ADJOURNMENT**



DECLARATION OF PECUNIARY INTEREST

I, _____, declare a pecuniary interest on Agenda Item(s) for the meeting of _____:

Signature

Sum of Amount	Labels					Notes:
	2016		2017		2018	
	Budget	Actual	Budget	Actual	Budget	
GLEN WALTER						
Revenue						
Fees & User Charges - Glen Walter System						
1404520452 Glen Walter Water Revenue	(260,000)	(286,705)	(275,000)	(307,078)	(285,000)	
1404520453 Glen Walter Sewer Revenue	(80,000)	(92,989)	(90,000)	(97,490)	(90,000)	
1404520455 Glen Walter Long Term Debt Prepayment	0	0	0	0	0	
1404520456 Glen Walter Sewer/Water Interest Revenue	(6,500)	(1,478)	(1,000)	(1,678)	(500)	
1404520457 Glen Walter Service Connection Fee	0	(133,130)	0	(33,600)	0	
1404520459 Glen Walter S/W System Misc. Revenue	(500)	(1,907)	(500)	(203)	(500)	
Fees & User Charges - Glen Walter System Total	(347,000)	(516,208)	(366,500)	(440,050)	(376,000)	
Revenue Total	(347,000)	(516,208)	(366,500)	(440,050)	(376,000)	
Expenses						
Glen Walter Water/Sewers						
1545221099 Shared Payroll Costs	135,000	131,345	135,000	141,512	139,000	
1545222010 Conferences	1,500	1,058	1,500	1,372	1,600	
1545222030 Memberships, Subscriptions	300	415	1,000	489	1,050	
1545222080 Training & Development	1,500	1,703	1,500	2,106	1,600	
1545222100 Equipment Maintenance & Leases	50,000	24,580	45,000	22,150	73,450	2017: Sewer Cleaning and CCTV (23K)
1545222114 Supplies - Mechanical - Tools & Parts	15,000	20,100	20,000	26,409	20,000	& 2018: Diver & Leak Repair (50K)
1545222130 Misc. Equipment Purchase & Rentals	15,000	7,433	18,000	11,744	28,000	2017: Pump & 2018 Sulzer (8K)
1545222140 Postage, Courier & Freight	200	145	200	174	200	
1545222150 Telephone, Internet & Alarm	5,500	6,568	5,500	6,880	6,000	2017: SCADA
1545222160 Advertising	50	198	100	0	100	
1545222220 Vehicle & Travel Expense	13,500	9,996	14,000	8,893	25,000	2018: Lease Buyout
1545222250 Consultants	0	14,216	20,000	15,043	25,000	
1545223120 Property, Bldg & System Repairs	15,000	3,015	15,000	2,587	20,000	2018 Office Window (5K)
1545223170 Hydro, Heat, Water & Sewer	65,000	71,554	73,000	69,705	75,000	
1545223175 Property Taxes	5,300	5,054	0	4,662	0	
1545223180 Insurance	5,500	1,437	5,500	525	6,000	
1545223500 Contracts & Equipment Rental	0	26,349	10,000	2,544	10,000	
1545223504 Lab Testing	12,000	16,731	12,500	17,183	12,500	
1545223505 Sludge Removal	8,000	7,783	8,000	5,742	8,000	
1545223999 Sundry & Miscellaneous	3,000	2,221	4,000	2,189	4,000	
1545224199 Transfer from Work in Process	0	0	0	0	0	
1545224200 Capital Expenditures	0	6,146	120,000	86,775	0	2017: Chlorine Conversion
1545224201 Capital Maintenance	0	0	0	23,863	10,000	
1545225100 Transfer to Reserve	0	133,130	0	33,600	0	
1545226000 Transfer/Adjustment to Surplus/Deficit	(4,350)	23,410	(143,300)	(46,097)	(90,500)	
Glen Walter Water/Sewers Total	347,000	514,584	366,500	440,050	376,000	
Expenses Total	347,000	514,584	366,500	440,050	376,000	

GREEN VALLEY	2016		2017		2018	Notes:
	Budget	Actual	Budget	Actual	Budget	
Revenue						
Taxation - Other Charges - Green Valley						
1400440145 Green Valley Sewers Local Improvement	0	0	0	0	0	
1400440150 Green Valley Sewers User Charges	(76,000)	(75,966)	(85,000)	(82,253)	(85,000)	
Taxation - Other Charges - Green Valley Total	(76,000)	(75,966)	(85,000)	(82,253)	(85,000)	
Revenue Total	(76,000)	(75,966)	(85,000)	(82,253)	(85,000)	
Expenses						
Green Valley Sewers						
1545241099 Shared Payroll Costs	33,000	31,291	35,000	33,713	36,000	
1545242010 Conferences	300	252	300	327	300	
1545242030 Memberships, Subscriptions	100	99	100	117	100	
1545242080 Training & Development	350	406	400	502	400	
1545242100 Equipment Maintenance & Leases	2,000	1,219	2,000	2,070	22,950	2018: Sewer Cleaning & CCTV (23K)
1545242114 Supplies - Mechanical - Tools & Parts	6,000	4,871	6,000	5,415	6,000	
1545242130 Misc. Equipment Purchase & Rentals	7,000	213	12,500	12,393	22,000	2017: Pump (9K) + Flow Monitor (5K) & 2018 Raw Sewage Sampler (8K)
1545242140 Postage- Courier & Freight	50	35	50	41	50	
1545242150 Telephone, Internet & Alarm	2,300	2,706	2,500	2,189	2,600	
1545242160 Advertisint	10	47	100	0	100	
1545242220 Vehicle & Travel Expense	3,500	2,381	3,500	2,119	3,500	
1545242250 Consultants	0	0	0	0	0	
1545243120 Property, Bldg & System Repairs	2,000	1,058	10,000	1,439	10,500	2017: Sludge Removal
1545243170 Hydro & Heat	4,500	5,031	5,000	4,856	5,500	
1545243180 Insurance	1,500	342	1,500	125	1,500	
1545243500 Contracts & Equipment Rental	0	509	500	0	500	
1545243504 Lab Testing	3,500	2,455	2,500	3,467	2,500	
1545243999 Sundry & Miscellaneous	500	50	1,000	34	1,000	
1545244200 Capital Expenditures	0	0	0	0	0	
1545244201 Capital Maintenance	0	0	0	0	0	
1545245100 Transfer to Reserve	0	0	0	0	0	
1545246000 Transfer/Adjustment to Surplus/Deficit	11,390	0	2,050	13,448	(30,500)	
Green Valley Sewers Total	78,000	52,964	85,000	82,253	85,000	
Expenses Total	78,000	52,964	85,000	82,253	85,000	

KENNEDY REDWOOD	2016		2017		2018
	Budget	Actual	Budget	Actual	Budget
Revenue					
Ontario Grants					
1409450533 Grants (CWWF)	0	0	(160,000)	(160,218)	0
Ontario Grants Total	0	0	(160,000)	(160,218)	0
Taxation - Other Charges - Kennedy Water					
1400450155 Kennedy Redwod Water User Charges	(26,700)	(28,417)	(32,000)	(32,679)	(32,000)
Taxation - Other Charges - Kennedy Water Total	(26,700)	(28,417)	(32,000)	(32,679)	(32,000)
Revenue Total	(26,700)	(28,417)	(192,000)	(192,897)	(32,000)
Expenses					
Kennedy Redwood Subdivision Water					
1545251099 Shared Payroll Costs	5,500	5,022	5,500	5,411	5,000
1545252010 Conferences	50	40	50	52	50
1545252030 Memberships, Subscriptions	20	16	20	19	20
1545252080 Training & Development	70	65	100	81	100
1545252100 Equipment Maintenance & Leases	3,500	2,466	3,000	1,271	3,100
1545252114 Supplies - Mechanical - Tools & Parts	1,000	325	1,000	513	1,000
1545252130 Misc. Equipment Purchase & Rentals	500	34	500	4,444	500
1545252140 Postage- Courier & Freight	10	6	20	7	20
1545252150 Telephone, Internet & Alarm	1,300	1,225	1,300	2,034	1,300
1545252160 Advertising	0	557	100	0	100
1545252220 Vehicle & Travel Expense	500	382	500	767	500
1545252250 Consultants	35,000	27,828	10,000	5,091	2,000
1545253120 Property, Bldg & System Repairs	1,000	0	1,000	1,328	1,000
1545253170 Hydro & Heat	4,500	4,493	5,000	4,573	500
1545253180 Insurance	250	55	250	20	300
1545253500 Contracts & Equipment Rental	0	0	0	0	0
1545253504 Lab Testing	0	1,939	1,800	2,001	2,000
1545253999 Sundry & Miscellaneous	500	8	500	5	500
1545254200 Capital Expenditures	0	7,116	225,000	220,224	0
1545254201 Capital Maintenance	0	0	0	2,191	0
1545254500 Amortization Expense - PSAB	0	0	0	0	0
1545256000 Transfer/Adjustment to Surplus/Deficit	(29,000)	(23,161)	(63,640)	(57,134)	14,010
Kennedy Redwood Subdivision Water Total	24,700	28,417	192,000	192,897	32,000
Expenses Total	24,700	28,417	192,000	192,897	32,000

Notes:

2017: Water Treatment Plant Upgrades

LANCASTER	2016		2017		2018	Notes
	Budget	Actual	Budget	Actual	Budget	
Revenue						
Fees & User Charges - Lancaster System						
1404530452 Lancaster Water Revenue	(335,000)	(356,122)	(340,000)	(414,298)	(350,000)	
1404530453 Lancaster Sewer Revenue	(133,000)	(138,958)	(140,000)	(141,440)	(140,000)	
1404530456 Lancaster Sewer/Water Interest Revenue	(15,500)	(3,792)	(3,000)	(4,565)	(3,000)	
1404530457 Lancaster S/W Service Connection Fee	0	(26,825)	0	0	0	
1404530459 Lancaster Sewer/Water Misc. Revenue	(500)	(570)	(500)	53,185	(500)	
Fees & User Charges - Lancaster System Total	(484,000)	(526,267)	(483,500)	(507,118)	(493,500)	
Taxation - Other Charges - Lancaster W/S						
1400420120 Lancaster S/W (1976) Loc. Improvement	(33,500)	0	0	0	0	
Taxation - Other Charges - Lancaster W/S Total	(33,500)	0	0	0	0	
Revenue Total	(517,500)	(526,267)	(483,500)	(507,118)	(493,500)	
Expenses						
Lancaster/South Lancaster Water/Sewers						
1545231099 Share Payroll Costs	201,000	195,085	210,000	210,187	220,000	
1545232010 Conferences	2,000	1,571	2,000	2,037	2,100	
1545232030 Memberships, Subscriptions	400	616	500	727	500	
1545232080 Training & Development	2,000	2,529	2,000	3,128	2,100	
1545232100 Equipment Maintenance & Leases	25,000	38,430	25,000	31,561	85,800	2018: Sewer Cleaning & CCTV (51K)
1545232114 Supplies - Mechanical - Tools & Parts	27,000	34,221	20,000	41,529	20,000	& 2018: Diver (2.5K)
1545232130 Misc Equipment Purchase & Rentals	5,000	1,720	5,000	19,172	5,000	& 2018: Water Tower Repair
1545232140 Postage- Courier & Freight	250	215	500	258	500	& 2018: Filter Media (8K)
1545232150 Telephone, Internet & Alarm	8,000	9,484	8,000	9,916	8,000	& 2018: Raw Sewage Sampler (9K)
1545232160 Advertising	50	293	100	0	100	
1545232220 Vehicle & Travel Expense	19,000	14,847	20,000	13,209	20,000	
1545232250 Consultants	20,000	8,538	10,000	0	20,000	
1545233120 Property, Bldg & System Repairs	25,000	11,996	12,000	13,528	12,000	2017: Tower Inspection (6K)
1545233170 Hydro & Heat	61,000	71,145	75,000	65,021	75,000	
1545233175 Property Taxes	6,800	6,616	6,800	6,385	7,000	
1545233180 Insurance	8,100	2,134	8,000	780	8,000	
1545233500 Contracts & Equipment Rental	4,000	4,175	5,000	2,519	5,000	
1545233504 Lab Testing	13,000	18,773	15,000	20,475	15,000	
1545233999 Sundry & Miscellaneous	4,000	28,715	4,000	4,783	4,000	
1545234200 Capital Expenditures	0	0	0	0	0	
1545234201 Capital Maintenance	0	0	0	0	50,000	2018: Roofs for Plant and Blower Room
1545235100 Transfer to Reserve	0	26,825	0	0	0	
1545236000 Transfer/Adjustment to Surplus/Deficit	85,900	71,340	54,600	61,903	(66,600)	
Lancaster/South Lancaster Water/Sewers Total	517,500	549,269	483,500	507,118	493,500	
Expenses Total	517,500	549,269	483,500	507,118	493,500	

SHAREABLE COSTS	2016		2017		2018	Notes:
	Budget	Actual	Budget	Actual	Budget	
Expenses						
Water/Sewer Plants Sharable Operations						
1545001000 Regular Salaries & Wages	0	235,203	0	245,503	0	
1545001003 Training, Meeting & Conference Wages	0	1,883	0	0	0	
1545001005 Part-Time Salaries & Wages	0	0	0	1,778	0	
1545001006 Part-Time Vacation Pay	0	262	0	270	0	
1545001010 Full-Time Overtime	0	13,005	0	20,694	0	
1545001011 Part-Time Overtime	0	0	0	0	0	
1545001015 Sick Leave & Statutory Holidays	0	13,568	0	17,483	0	
1545001016 Holidays & Time Off	0	18,273	0	18,525	0	
1545001020 Other Payroll Payments & Bonuses	0	378	0	5,450	0	
1545001054 Boot & Clothing Allowance	0	1,494	0	1,425	0	
1545002010 Conferences	0	2,922	0	3,788	0	
1545002030 Memberships & Subscriptions	0	1,146	0	1,351	0	
1545002080 Training & Development	0	4,702	0	5,816	0	
1545002100 Equipment Maintenance & Leases	0	4,857	0	4,852	0	
1545002114 Supplies - Mechanical - Tools & Parts	0	8,238	0	9,272	0	
1545002140 Postage, Courier & Freight	0	400	0	480	0	
1545002150 Telephone, Internet & Alarm	0	4,340	0	4,465	0	
1545002160 Advertising	0	546	0	0	0	
1545002220 Vehicle & Travel Expense	0	27,606	0	24,560	0	
1545002250 Consultant Fees	70,000	3,968	0	1,450	0	
1545003180 Insurance	0	12,098	0	12,202	0	
1545003500 Contracts & Equipment Rental	0	0	0	270	0	
1545003504 Lab Testing	0	0	0	0	0	
1545003999 Sundry & Miscellaneous	0	583	0	124	0	
1545004500 Amortization Expense - PSAB	0	0	0	0	0	
1545005051 Transfer Account to Various Plants	(70,000)	(436,620)	0	(459,454)	0	
Water/Sewer Plants Sharable Operations Total	0	(0)	0	(0)	0	
Expenses Total	0	(0)	0	(0)	0	

Summary:

Scenario 1 Items Under 10K Not Included and Items > 500K will Start Only with 1/3, 1/3, 1/3 Funding 2.5% Increase in Rates / Year	Scenario 2 All items Paid for By Township 2.5% Increase in Rates / Year
<ul style="list-style-type: none"> In the near term Glen Walter, Green Valley, and RW Estates projected reserves will not meet projected near term capital expenses with 2.5% annual increases In the near term Lancaster projected reserves will cover projected near term capital expenses with 2.5% annual increases In the mid-term all systems’ projected reserves will not cover projected mid-term capital expenses with 2.5% annual increases In the long term Glen Walter projected reserves will not meet projected long term capital expenses with 2.5% annual increases In the long term Green Valley, Lancaster, RW Estates projected reserves will cover projected long term capital expenses with 2.5% annual increases 	<ul style="list-style-type: none"> In the near term all systems’ projected reserves will not meet projected near term capital expenses with 2.5% annual increases In the mid-term all systems’ projected reserves will not cover projected mid-term capital expenses with 2.5% annual increases In the long term Glen Walter, Lancaster, RW Estates projected reserves will not meet projected long term capital expenses with 2.5% annual increases In the long term RW Estates projected reserves will cover projected long term capital expenses with 2.5% annual increases

	Glen Walter	Green Valley	Lancaster	RW Estates
Post Budget Reserves	\$ 473,348	\$ 15,347	\$ 559,120	(\$ 42,175)
Immediate (2018-2022) – Scenario 1				
• Expected Capital Requirement	\$ 1,741,881	\$ 141,609	\$797,662	\$24,332
• Forecasted Reserve	\$ 828,289	\$ 111,790	\$961,319	(\$ 34,734)

The numbers (expense side) were reviewed by Ewen MacDonald and Shawn Killoran. The expected/forecasted reserve was based on the average annual change of the reserve position between 2017 and 2010 x 2.5%.

Reviewing the TSH Report vs. actual spending (chart just below) there are two outcomes:

- 1) We have accumulated a capital works deficit (i.e. we’ve delayed necessary work)
- 2) The TSH Report over-costed the requirements to run our facility (i.e. anecdotally: a report can say to paint a building every 5 years but it may not be required)

Sum of Cost				
	Actual	Replacement Forecast	% Spent vs. Forecast	Difference
Glen Walter	\$903,014	\$ 3,822,387	24%	2,919,373
Green Valley	\$ 45,388	\$ 149,000	30%	103,612
Lancaster	\$ 66,110	\$ 567,033	12%	500,923
Redwood Estates	\$238,079	\$ 377,125	63%	139,046

An assumption was made that because former budgets accommodated capital works that we could use past reserve contributions to forecast future reserves.

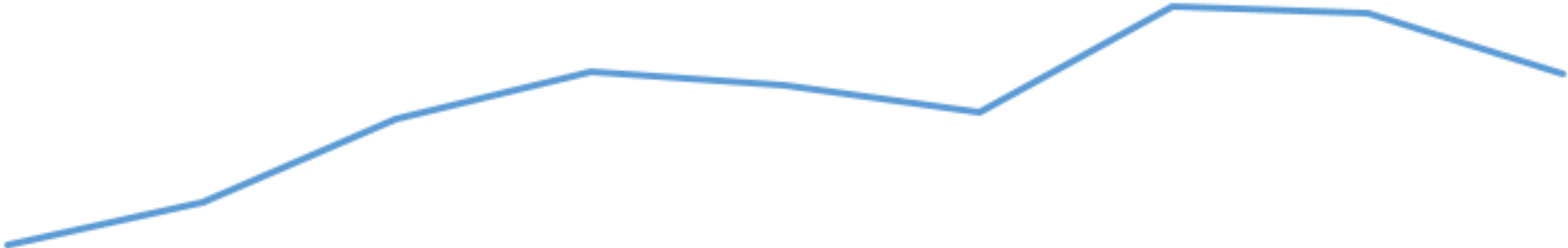
There will be an electronic document at the meeting to demonstrate the impact of changing the interest rate and inflation rate (i.e. view what an X% increase/decrease would look like).

Appreciatively,

Lachlan

Glen Walter: Reserve Position

Glen Walter



	2010	2011	2012	2013	2014	2015	2016	2017	2018
Glen Walter	220,273	281,782	409,037	477,717	458,071	418,181	576,345	563,848	473,348

- There are major near to mid-term repairs - re: pumping station, line repair (hopefully decreases capacity issues), potential water tower, potential plant retrofit (re: extraneous flows)

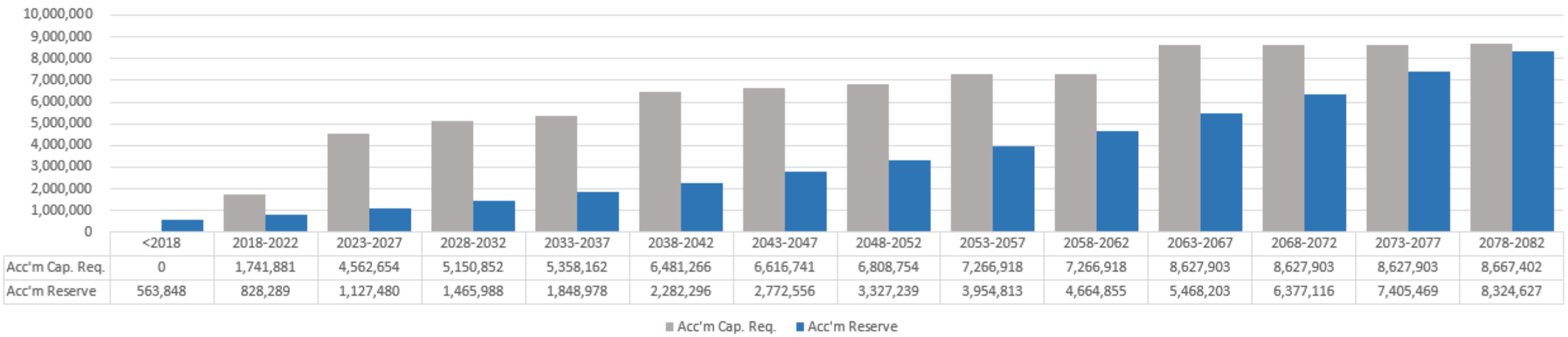
Glen Walter – Forecast Future Reserve Position vs. Capital

Assumptions:

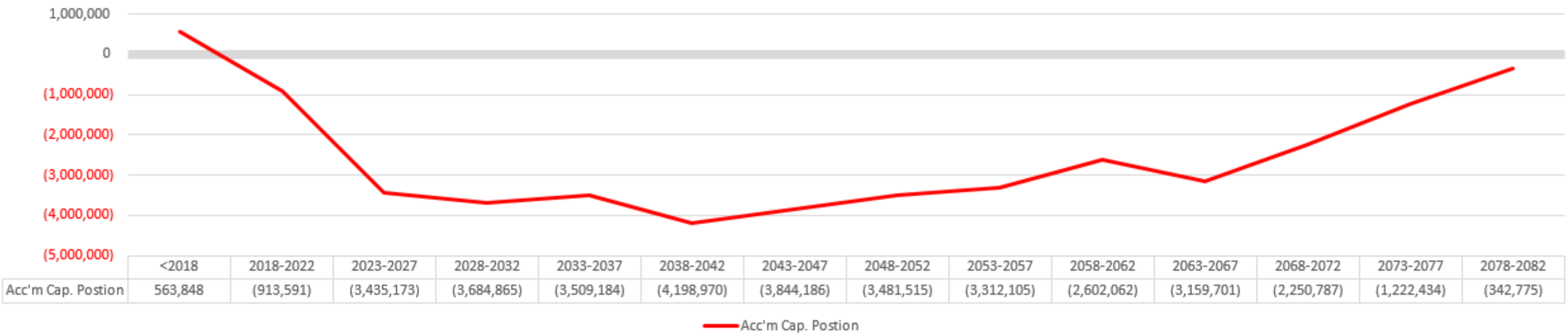
- \$ 49,082.10 is the average increase in reserve position per year (between 2010 and 2017)
- We'll assume a 2.5% increase price to citizen (i.e. rates go up 2.5%)
- We'll assume inflation at 2.5%

Scenario 1: Items under \$10,000 don't count as capital and any projects over \$500,000 will not proceed without 1/3, 1/3, 1/3 funding:

Glen Walter

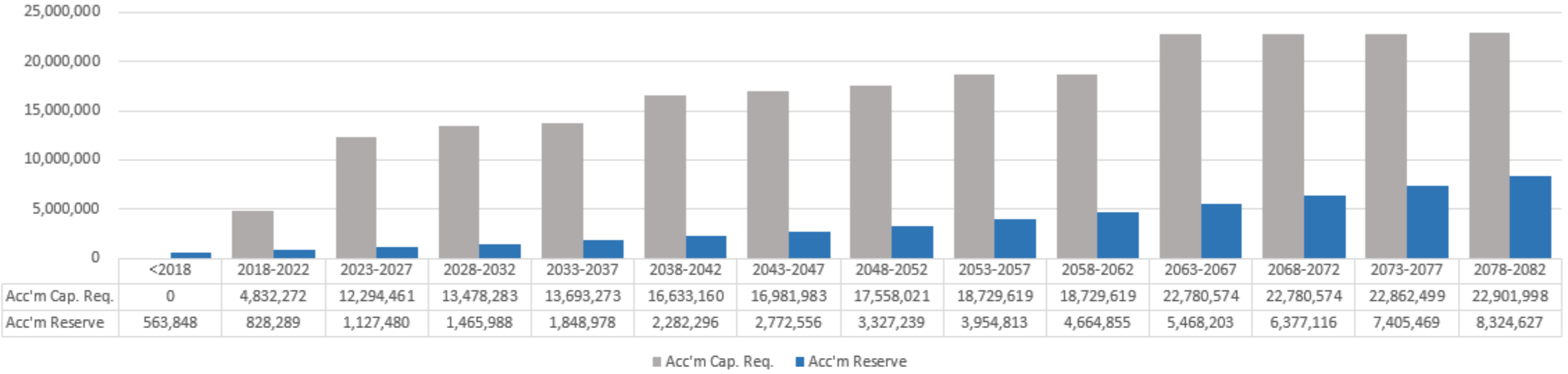


Glen Walter

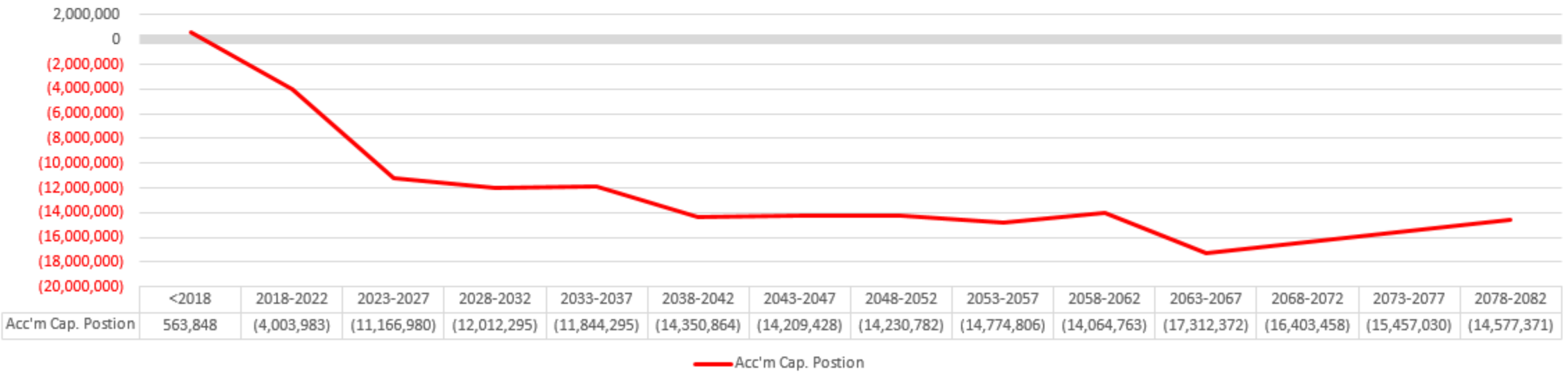


Scenario 2: Township pays everything

Glen Walter



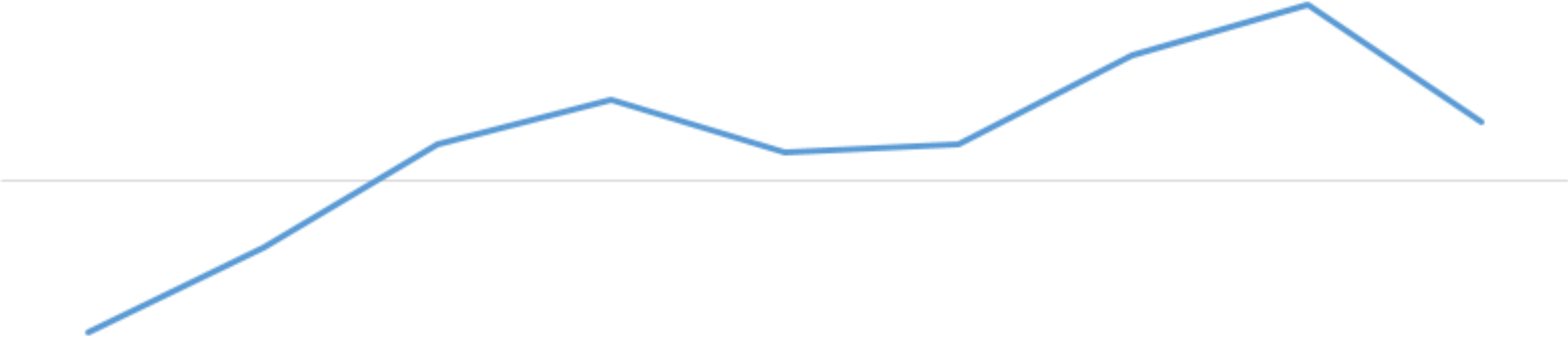
Glen Walter



Green Valley:

Reserve Position

Green Valley



	2010	2011	2012	2013	2014	2015	2016	2017	2018
Green Valley	(39,828)	(17,901)	9,102	21,140	7,001	9,398	32,399	45,847	15,347

- Some major lagoon work was done pre-2010 (hence starting at a deficit) – the system, on the most part is funded soundly

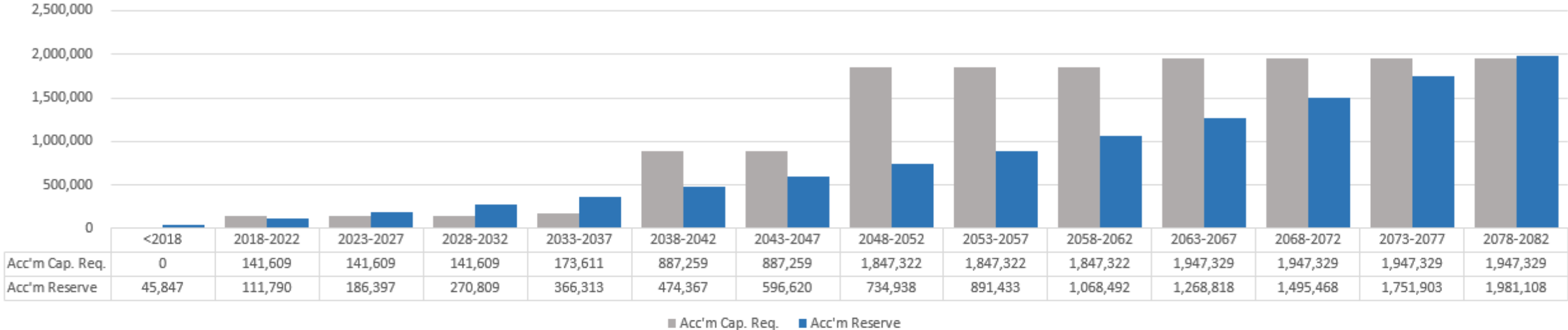
Green Valley – Forecast Future Reserve Position vs. Capital

Assumptions:

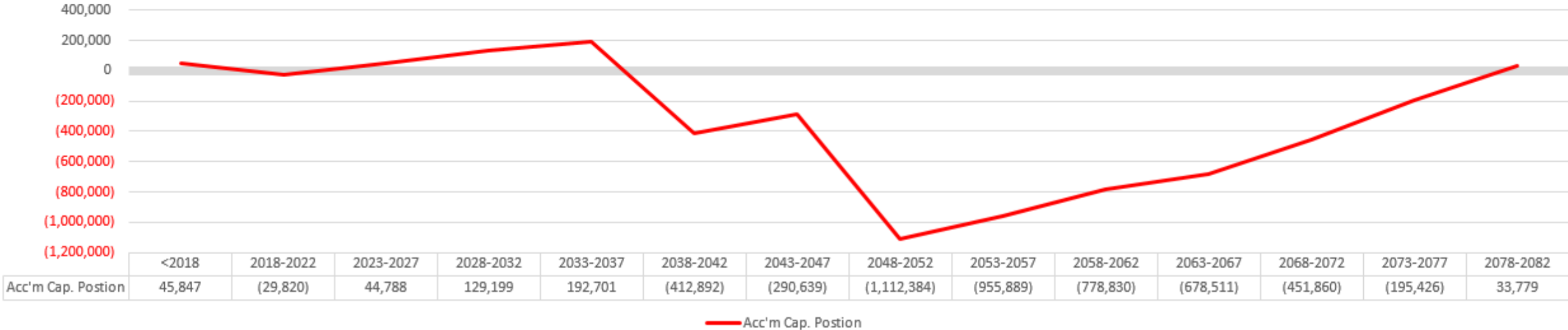
- \$ 12,239.12 is the average increase in reserve position per year (between 2010 and 2017)
- We’ll assume a 2.5% increase in the average reserve position based on minimum increases of 2.5% run the water system
- We’ll assume inflation at 2.5%

Scenario 1: Items under \$10,000 don't count as capital and any projects over \$500,000 will not proceed without 1/3, 1/3, 1/3 funding:

Green Valley

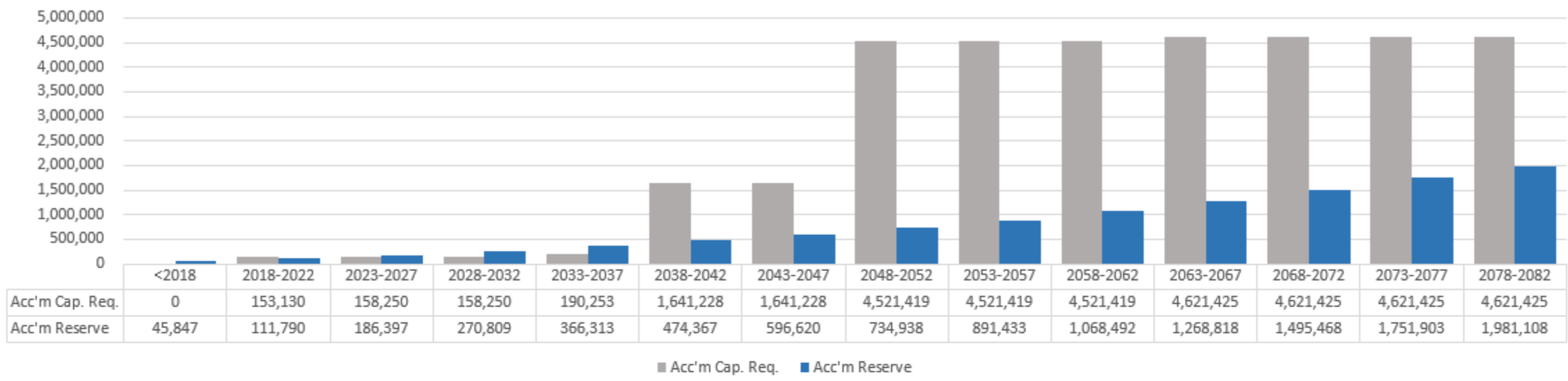


Green Valley

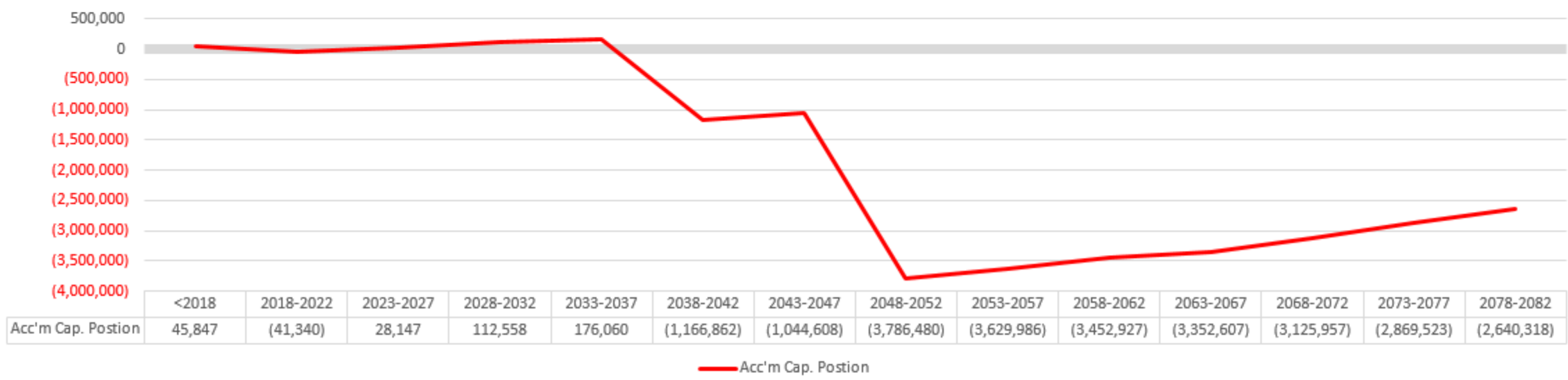


Scenario 2: Township pays everything

Green Valley



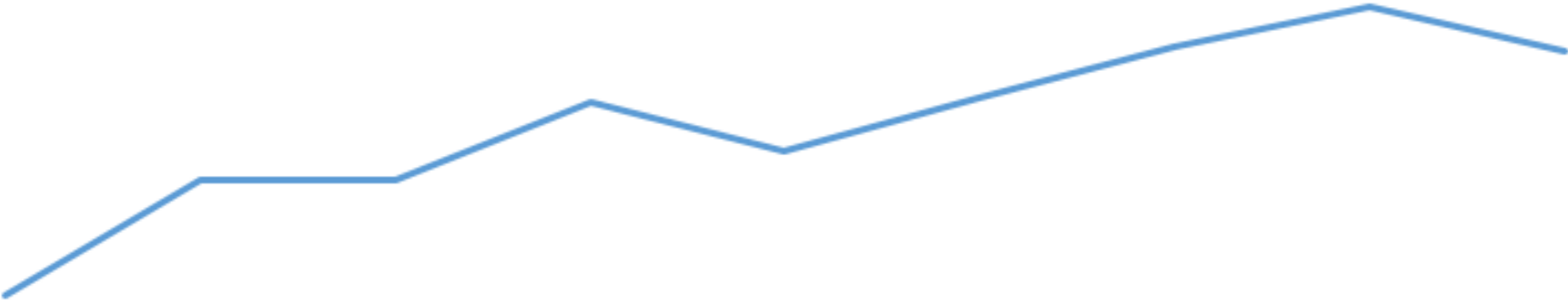
Green Valley



Lancaster:

Reserve Position

Lancaster



	2010	2011	2012	2013	2014	2015	2016	2017	2018
Lancaster	189,695	363,502	363,502	481,010	406,828	488,653	563,817	625,720	559,120

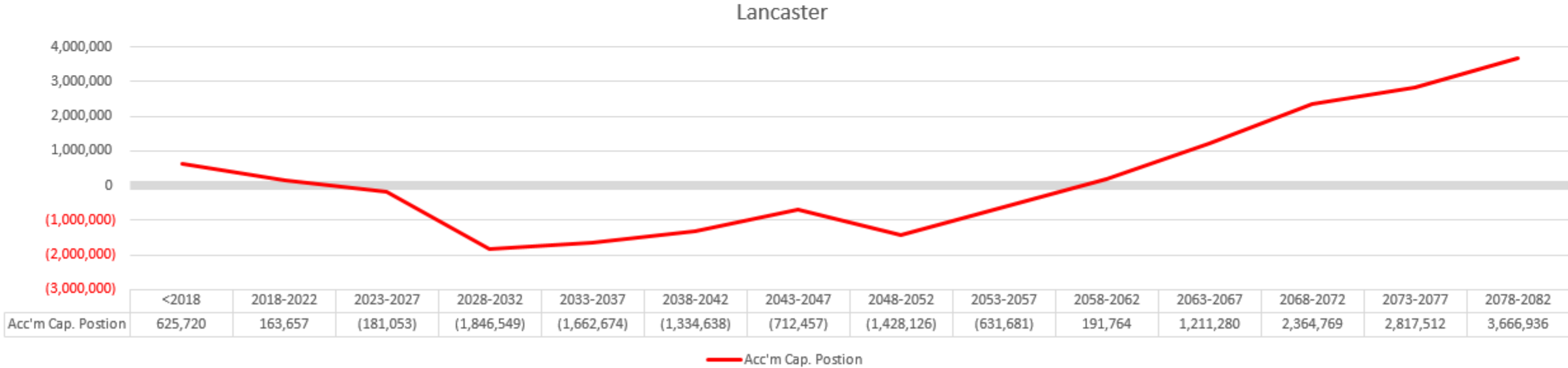
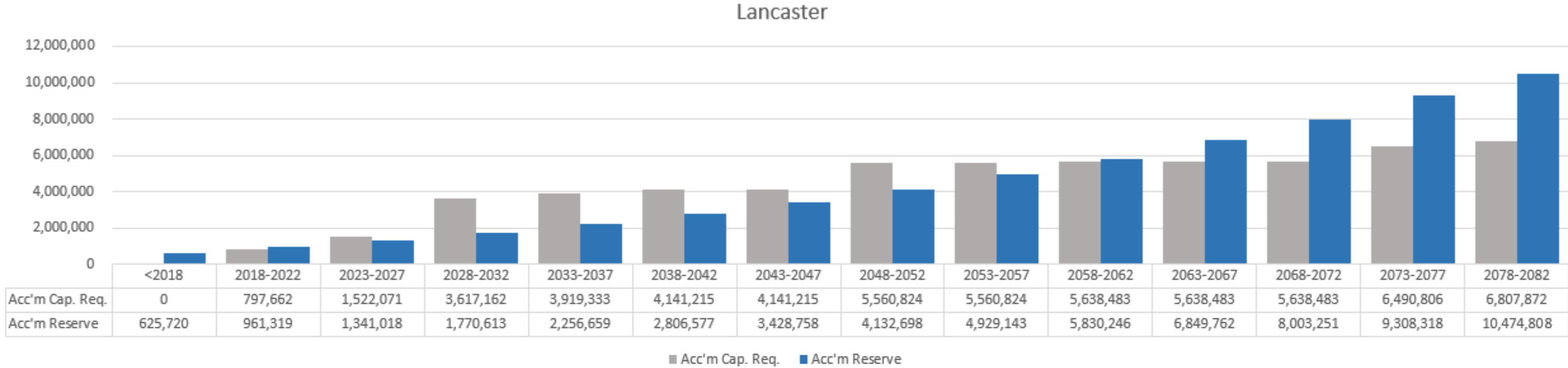
- In 2017 the reserve amount would have increased ~ 50,000 more but we reimbursed for years of double charging significantly impacting revenues
- Costly upgrade (re: safety of tower, cameras on the lines, etc. incoming)

Lancaster – Forecast Future Reserve Position vs. Capital

Assumptions:

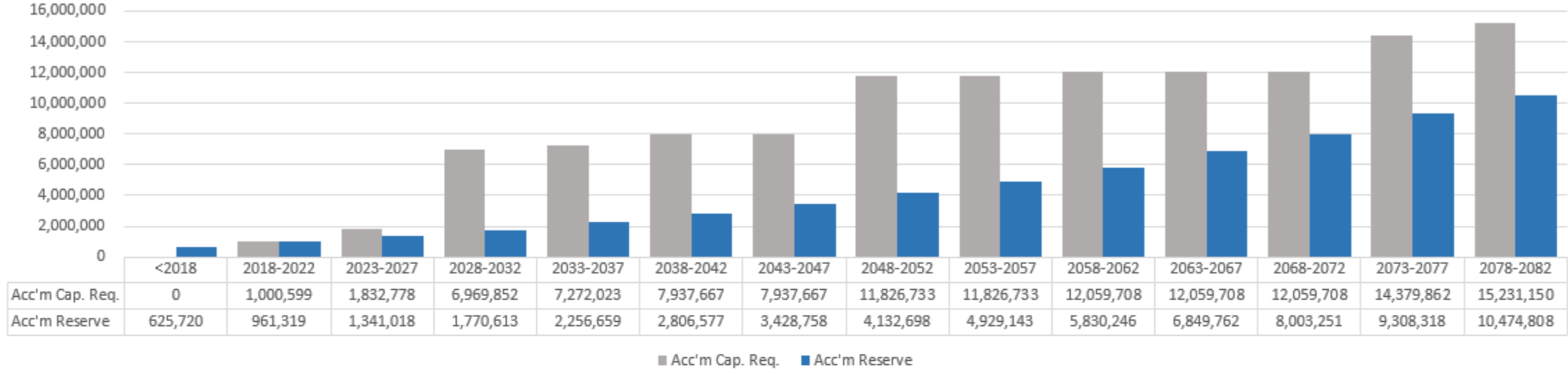
- \$ 62,289.34 is the average increase in reserve position per year (between 2010 and 2017)
- We'll assume a 2.5% increase in the average reserve position based on minimum increases of 2.5% run the water system
- We'll assume inflation at 2.5%

Scenario 1: Items under \$10,000 don't count as capital and any projects over \$500,000 will not proceed without 1/3, 1/3, 1/3 funding:

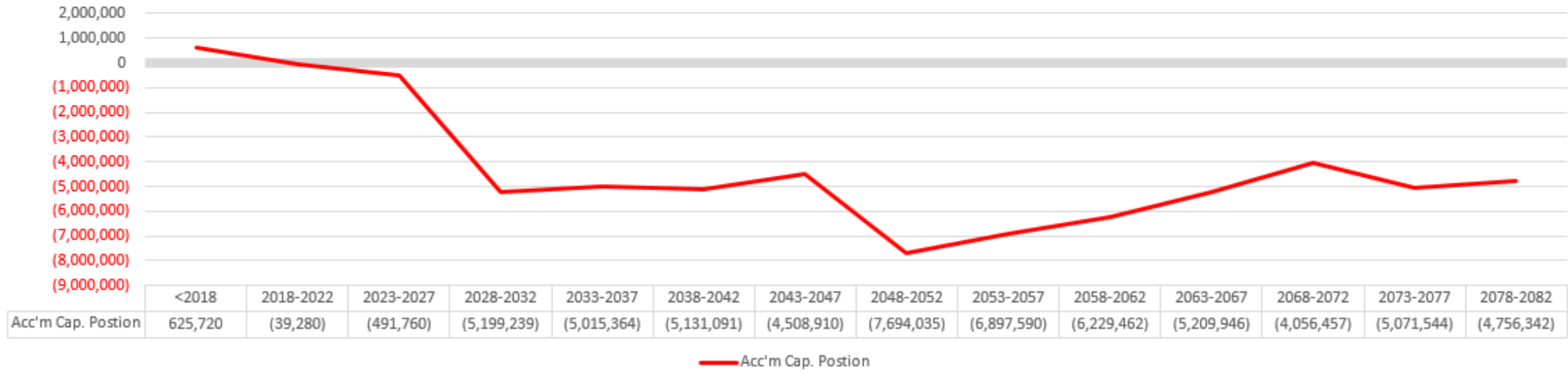


Scenario 2: Township pays everything

Lancaster



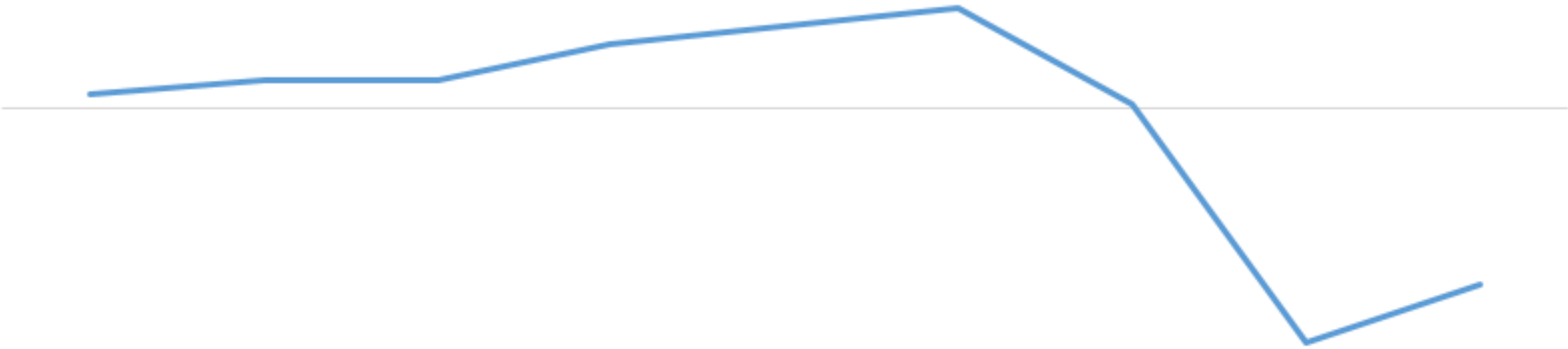
Lancaster



Redwood Estates:

Reserve Position

RW Estates

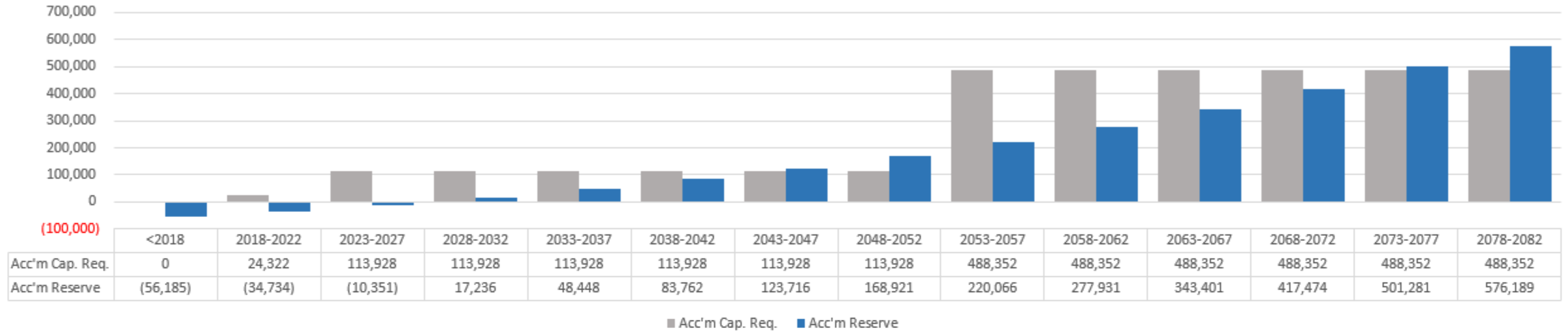


	2010	2011	2012	2013	2014	2015	2016	2017	2018
RW Estates	3,412	6,913	6,913	15,395	20,082	24,111	950	(56,185)	(42,175)

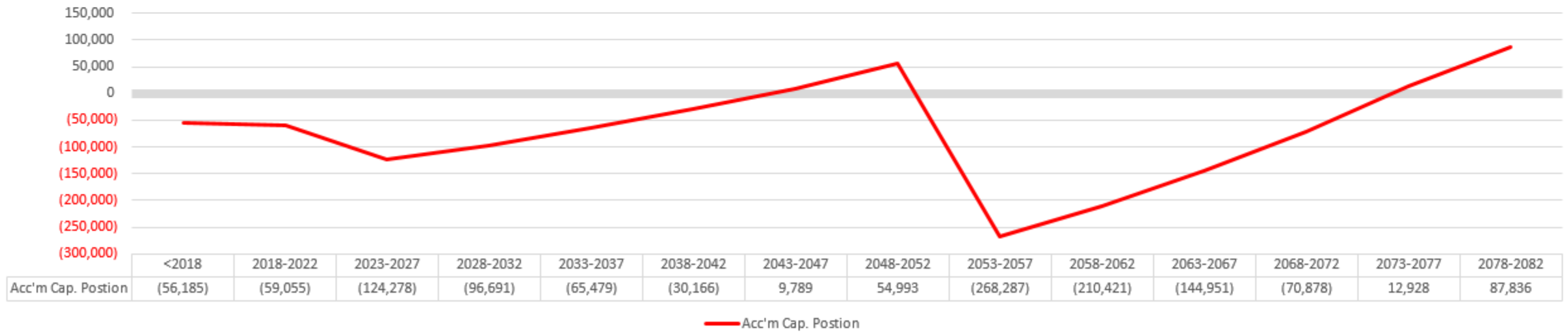
- Basically got a new plant in 2017 – there should be little to no costs mechanically but lines and the next fix should be planned. Note: it went into a deficit position.

Scenario 1: Items under \$10,000 don't count as capital and any projects over \$500,000 will not proceed without 1/3, 1/3, 1/3 funding:

RW Estates

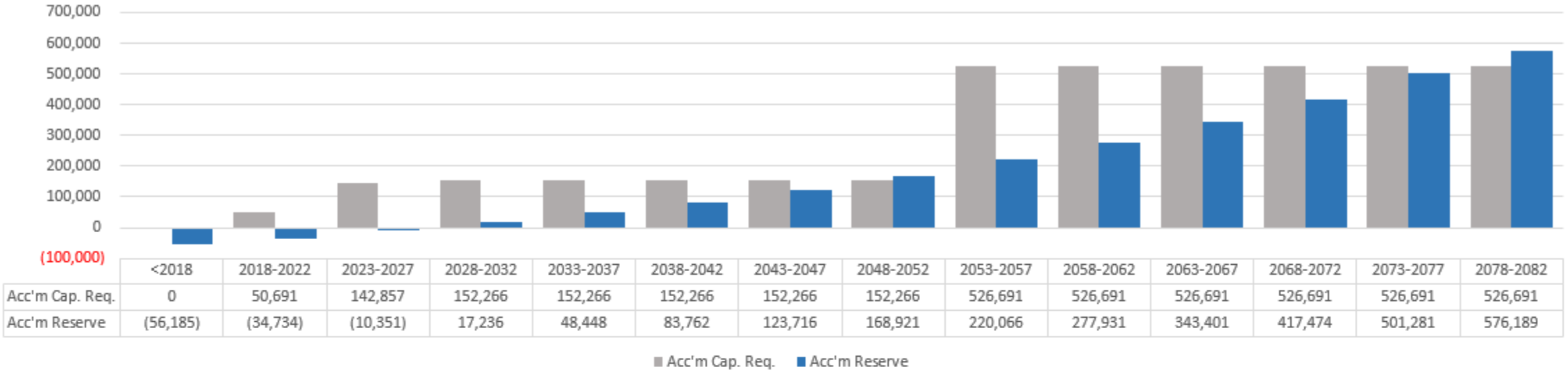


RW Estates



Scenario 2: Township pays everything

RW Estates



RW Estates

