

**Loyalist Township Staff Report
Water and Wastewater Financial
Plans and Response to Public
Comments
Regular Council Meeting**



Report Number: SR- 1227

Meeting:	Regular Council - 25 Nov 2019
Type:	Regular Council
Department:	Business Services Department
Report Date:	November 15, 2019
Author:	Brianne MacNevin
Attachments:	Yes
Number of Attachments:	4

Executive Summary:

The drinking water licenses for the Bath and Fairfield water systems expire on June 15, 2020. The application for license renewal date is December 15, 2019. An updated financial plan that satisfies the requirements prescribed in O.Reg 453/07 must be submitted to the Ministry of Municipal Affairs and Housing prior to this date. Hemson Consulting Ltd. has completed this financial plan and additionally, has completed a wastewater financial plan, which are attached to this report.

Several comments, questions, and perceptions were presented to Council during the public meeting held on November 12, 2019. Attached, as appendix A and B to this report, are staff's responses to these deputations.

Recommendation:

That the report from the Senior Financial Analyst, November 15, 2019 re: Water and Wastewater Financial Plans and Response to Public Comments, be received and the following be adopted:

1. That the financial plan as presented for the Fairfield and Bath water systems be approved by Council as reflective of financial viability based on current conditions, information, and assumptions used;
 2. That the financial plan as presented for the Loyalist East and Bath sewer systems be approved by Council;
 3. That the water financial plan be filed with the Ministry of Municipal Affairs and Housing by the December 15, 2019 deadline. AND
 4. That by-law 2019-099 Water and Sewage Establishing Fees and Charges - Capital Costs and By-law 2019-100 Water and Sewage User Rates and Service Charges be enacted and passed and that the Mayor and Clerk be authorized to sign and seal.
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Background:

The drinking water license for both water systems will expire on June 15, 2020. The application for license renewal is due by December 15, 2019. An updated financial plan that satisfies the requirements prescribed in O.Reg. 453/07 must be submitted to the Ministry of Municipal Affairs and Housing prior to this date.

As part of the user rate study workplan, a communication and consultation process was implemented, including public meetings on August 26 for developers and September 23 for the general public where the draft charges and rate scenarios were presented. The presentations were delivered by Hemson Consulting Ltd. and several questions were posed and metrics were provided. Staff Report-1171 documented all questions and concerns from this consultation period to Council.

Status:

The water and wastewater financial plans were completed by Hemson Consulting Ltd. as scoped into the water and sewer rate study. This study yielded recommendations for new connection charges and user rates. The financial plans reflect projections over the next 10 years under the current user rate model.

Staff have documented all significant comments and compiled responses from public on November 12, 2019.

Financial Considerations:

The financial plans incorporate various assumptions while still adhering to the requirements as outlined in the regulation. Annual operating surpluses are forecast throughout the planning period that is used to replace non-growth capital, repay principal portion of debt, and transfer to reserve funds in order to incur unforeseen or increased capital replacement costs and/or stabilize user rates during major fluctuations in consumption patterns.

Accumulated surplus represents the sum of total projected net book value of tangible capital assets and reserve fund balances, less issued debt.

To ensure financial viability of the water and sewer systems, it is imperative that reserve funds are available in the case of major consumption fluctuations throughout the planning period, especially since there is a continuing reduction in cost recovery through fixed charges, as proposed. Despite significant fluctuations in the reserve funds, net financial debt is still projected for some years in both systems. This means that total debt owing exceeds financial assets (i.e. reserve fund balances). This position will vary from year to year depending on the capital fluctuations and need for replacement in specific years, which is ultimately determined by assessed condition and risk individually associated with each asset.

Detailed financial considerations associated with the user rate model and correlating financial plan were outlined in past staff reports throughout the user rate study process and more specifically, Staff Report-1216.

All financial implications referenced in responses to public questions and comments in appendix A of this report have been previously noted in past staff reports as well as in presentations made by Hemson.

Operational Impact:

The Township's drinking water systems must hold a current license in order to be permitted to be operated by the Ministry of Environment and Climate Change.

The preparation of the financial plans assists public, staff, and Council in understanding the requirements of the systems and revenues necessary to ensure sustainability in operations, capital maintenance and management.

Regulatory/Policy Compliance Implications:

Required to meet Ontario Regulation 453/07.

Link to Strategic Plan:

Address the Township's Municipal Infrastructure Needs, Provide a Well-Managed and Effective Municipal Government

Attachments:

[Draft Water Financial Plan](#)

[Draft Sewer Financial Plan](#)

[Appendix A - Response to Public Comment on Nov. 12 2019](#)

[Appendix B - Public Engagement Process - Water Rate Review](#)

[2019-099 - Water and Sewage Establishing Fees and Charges - Capital Costs](#)

[2019-100 - Water and Sewage User Rates and Service Charges](#)

Approved By:

Stephen Dickey, Director of Business
Services/Treasurer

Steven Silver, Chief Administrative Officer

Status:

Approved - 18 Nov 2019

Approved - 18 Nov 2019

WATER FINANCIAL PLAN



HEMSON Consulting Ltd

November, 2019

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I INTRODUCTION

In December 2014, Loyalist Township approved the Water Financial Plan prepared as one of the submission requirements necessary in renewing its municipal drinking water licence under the *Safe Drinking Water Act, 2002 (SDWA)*. The Township is now again required to update the Financial Plan to renew their drinking water license. This Township of Loyalist Water Financial Plan applies to all water servicing areas in the Township. The Financial Plan is defined in section 30(1) of the SDWA as follows:

- (a) Financial plans that satisfy the requirements of subsection (2), but only if,
 - (i) Bill 175 (Sustainable Water and Sewage Systems Act, 2002) receives Royal Assent, and
 - (ii) Sections 3 and 9 of Bill 175 (Sustainable Water and Sewage Systems Act, 2002) are in force, or
- (b) Financial plans that satisfy the requirements prescribed by the Minister, in any other case, 2002, c. 32, s. 30(1).

At this time, Bill 175 (Sustainable Water and Sewage Systems Act, 2002) as noted above, is not in force however, the specific requirements of s.30 (1) part b are outlined in O.Reg. 453/07.

The *SDWA* and *O. Reg. 453/07* includes the following general requirements for a financial plan:

- mandatory for all municipal water systems and recommended for wastewater systems;
- include a planning horizon of at least six years (commencing when the system first serves the public, for new systems);
- completed and approved by the later of July 1, 2010 and the date that is six months after the first license is issued;
- may be amended and additional information may be included beyond what is prescribed, as necessary;
- be approved by Council resolution indicating that the drinking water system is financially viable.

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As noted, in December 2014 the Council of the Township of Loyalist approved the Financial Plan and passed a resolution deeming the Bath and Fairfield water systems to be financially viable. Furthermore, the Financial Plan was made public and submitted to the Ministry of Municipal Affairs and Housing as prescribed under the regulation. The Township is now required to update the Financial Plan to renew their drinking water license. The financial plan requirement for a licence renewal generally mirrors those to obtain a licence for a new system under the SDWA. In accordance with the regulation, this Financial Plan will apply to the first year to which the drinking water system's existing municipal drinking water licence would expire. The plan references 2019 as the base year of analysis with 2020 as the first year of the 10-year projection under this plan.

In addition to the above noted general requirements, the following specific statements are required in the financial plan:

STATEMENT OF OPERATIONS

This statement includes details on the projected financial operations itemized by total revenues, total expenses, annual surplus/deficit, and the cumulative surplus/deficit for each year in which the financial plan applies. An annual surplus represents funds available to the Township to fund non-operating expenses such as the acquisition of tangible capital assets, principal payments on debt, and transfers to replenish or grow the reserve funds. The Statement of Operations is discussed in more detail later in this report, and is included as Table 1.

STATEMENT OF FINANCIAL POSITION

This statement provides information on the Township's assets and liabilities, including details on the financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets. The recording of tangible capital assets for municipalities requires the capitalization of assets to account for their ability to provide for future benefits.

A net financial asset position on this statement indicates that the water system has the financial resources required to fund its future operations. The Statement of Financial Position is discussed in more detail later in this report, and is included as Table 2.

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STATEMENT OF CASH FLOW

This statement provided information on the generation and use of cash resources. The gross cash receipts/payments are itemized by: operating; capital; investing and financial transactions. By itemizing the cash receipts and payments by category allows the reader to understand where the cash is being generated (i.e. Operating water rates), and how the cash is being used (ie. Capital and operating expenses). The Statement of Cash Flow is discussed in more detail later in this report, and is included as Table 3.

STATEMENT OF NET FINANCIAL ASSETS/DEBT

This statement is not required under O. Reg 453/07; however, it does provide further information about the financial performance of the Township's water system. The Statement of Net Financial Assets/Debt provides information on whether the revenue generated is sufficient to support the operating and tangible capital asset costs. The statement also reconciles the difference between the annual surplus/deficit and the change in net financial assets/debt for the period. The Statement of Net Financial Assets/Debt is discussed in more detail later in this report, and is included as Table 4.

The remainder of this study sets out the information and analysis upon which the statements were prepared.

Section II includes a discussion on the key inputs and documents used to develop the Financial Plan consistent with the governing legislation.

Section III includes the Statement of Operations, Statement of Financial Position, Statement of Cash Flows, and Statement of Change in Net Financial Assets/Debt that form the Financial Plan for the Bath and Fairfield Water System in Loyalist.

Section IV includes the Notes and Assumptions to the Financial Plan. As the Township does not maintain all financial information separately for water services, assumptions used in the preparation of the statements are included in this section.

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II KEY INPUTS

This chapter discusses the key inputs and documents used to develop the Financial Plan consistent with the governing legislation. The costs, revenues and assumptions used in preparing the financial projections are based on Township data such as the 2019 operating and capital plan, year-end reserve fund continuity schedules and other relevant information provided by staff. The prescribed statements required under O.Reg 453/07 are based on the key inputs determined below.

1. Expenditure and Revenue Forecast

The expenditure and revenue forecast is based upon information obtained from the Township's 2019 operating budget and 10-year capital plan. Adjustments were made to the base 2019 budget to forecast expenditures and revenues to 2029 including a provision for annual contributions to reserve funds for asset repair and replacement. The Township recovers most of its costs through user fees charged to its customers that include an annual fixed fee in addition to a variable rate charged for each cubic metre of water consumed. The forecast of expenditures and revenues is included as Table 1 in Appendix A.

Main assumptions used to derive the operating cost and revenue projections are as follows:

- Expenditures will increase annually as follows:
 - Salaries & Wages – 2 per cent per annum;
 - Internal Allocations – 2 per cent per annum;
 - Contracted Services – 2 per cent per annum;
 - Insurance – 2 per cent per annum;
 - Utilities – 5 per cent per annum; and
 - Materials, Supplies & Expenses – 2 per cent per annum.
- Most non-metered water revenues will remain constant annually, with the exception of Water Meter Sales and Interest & Penalties increasing at 2 per cent per annum.
- Due to an adjustment in the rate structure to provide a transition to a more volumetric based rate for customers; the fixed water charges have decreased in the first year and will remain constant for the following three years. The rate will then increase at a declining rate over the remainder of the period, with a 3 per cent increase in 2024, a 2 per cent increase in 2025, 2026 and 2027, and a 1 per cent increase in 2028 and 2029.

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- Conversely, variable water rates are increasing by approximately 10 per cent for the first five years before retreating to an annual increase of 8 per cent in 2024. The rate will increase at a declining rate for the remainder of the period, with a 5 per cent increase in 2025, a 4 per cent increase in 2026 and 2027 and a 3 per cent increase in 2028 and 2029.

2. Capital Expenditures

The Township’s capital budget forecast used in preparing the Financial Plan is outlined in Table 2 in Appendix A. This table identifies the cumulative cost for all in-year capital asset repair and replacement capital projects over the planning period and identifies the annual funding sources as outlined by Township staff. The capital forecast reflects the lifecycle needs of each water asset based on the Township’s asset management program.

3. Reserve Fund Statements

The Township’s transfers to and from water related reserve funds have been obtained from available year-end reserve fund statements. Actual year-end 2018 figures as well as the projected transfers to and from these reserve funds are outlined in Table 3 in Appendix A. The statements account for all funds in the Township’s Water reserve fund, which contains funds accumulated for asset repair and replacement as well as the funds contributed from the club fee charges.

The Water reserve fund is used to fund non-growth related capital projects as well as the repair and replacement of water assets. Additionally, these funds can be used to address revenue shortfalls which can arise from fluctuating annual water consumption (i.e. less water is billed during wet summers).

4. Debt Repayment

As of year-end 2018, the Township had \$2.8 million outstanding debt related to its water system. It should be noted that the exact funding sources can be reexamined when capital works are emplaced. A breakdown of the anticipated debenture can be found in Table 4 in Appendix A.

5. Tangible Capital Asset Analysis (TCA)

The following assumptions were made in regard to tangible capital assets:

- Amortization of assets was calculated using a straight-line approach with amortization commencing in the year that it was acquired or constructed.
- The useful life of each asset was included in the calculation of amortization as provided by the Township.
- No write-offs occurred in any of the years.

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- No gains or losses on the disposal of assets (assets where disposed when they had reached the end of their useful life and therefore the historic cost is equal to accumulated depreciation).
- Contributed assets were unknown and therefore not included in the forecast. Any capital paid for by Correctional Service Canada is not incorporated into the rate calculation.
- A summary of the tangible capital asset balances for the 10 year plan (in \$000's) follows:

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Opening Tangible Capital Assets	\$54,852	\$56,199	\$60,685	\$63,450	\$64,125	\$65,021	\$72,972	\$75,884	\$77,510	\$79,562	\$81,670
Plus: Acquisitions - Repair/Replacement	\$1,347	\$4,486	\$2,765	\$675	\$896	\$7,951	\$2,912	\$1,627	\$2,052	\$2,107	\$2,096
Plus: Acquisitions - Growth Related	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Tangible Capital Assets	\$56,199	\$60,685	\$63,450	\$64,125	\$65,021	\$72,972	\$75,884	\$77,510	\$79,562	\$81,670	\$83,766
Opening Accumulated Amortization	\$17,487	\$18,497	\$19,508	\$20,518	\$21,528	\$22,538	\$23,548	\$24,559	\$25,569	\$26,579	\$27,589
Plus: Amortization Expense	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010
Less: Amortization of Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Accumulated Amortization	\$18,497	\$19,508	\$20,518	\$21,528	\$22,538	\$23,548	\$24,559	\$25,569	\$26,579	\$27,589	\$28,599
Net Book Value	\$37,702	\$41,177	\$42,932	\$42,597	\$42,483	\$49,424	\$51,325	\$51,942	\$52,984	\$54,081	\$55,167

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III WATER FINANCIAL PLAN

This section summarizes the complete Financial Plan for the Loyalist water system. The plan represents a forecast or projection of the system’s future financial position. The statements included in this study are not audited documents and contain estimates and assumptions as described in section IV of this report.

A. STATEMENT OF OPERATIONS – TABLE 1

The Statement of Operations provides information on the revenues and expenses generated from the water systems in each year. An annual surplus will be generated where annual revenues exceed annual expenses for the year. Conversely, where the expenses exceed the revenues, an annual deficit will result. The annual surplus is available to fund non-operating expenses such as the acquisition of tangible capital assets, principal payments on debt, and transfers to replenish or grow the reserve funds.

In 2020, the anticipated revenue for the Township’s water system is \$5.2 million with expenditures of approximately \$3.8 million. As revenues exceed expenses, an annual surplus of approximately \$1.4 million is projected. It is anticipated that an annual surplus will occur in each year the Financial Plan.

Using the 2019 budget as the reference point, the beginning period accumulated surplus of approximately \$36.1 million is equal to the opening reserve fund balances, plus tangible capital assets, and less any debt obligations and deferred revenue. The accumulated surplus is anticipated to grow over the planning period to \$59.8 million. These funds will support the Township’s need to grow its reserve funds to pay for the repair and ultimate replacement of the tangible capital assets. Additionally, these funds can be used to address revenue shortfalls which can arise from fluctuating annual water consumption (i.e. less water is billed during wet summers).

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**TABLE 1
TOWNSHIP OF LOYALIST
STATEMENT OF OPERATIONS
IN \$000'S**

	Budget 2019	FORECAST									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenues											
<i>Water Sales</i>											
Water Billing	\$4,592	\$4,965	\$5,216	\$5,490	\$5,790	\$6,124	\$6,365	\$6,580	\$6,807	\$6,983	\$7,158
Other	\$170	\$171	\$171	\$172	\$172	\$173	\$174	\$175	\$175	\$176	\$177
Interest Earned	\$0	\$16	\$14	\$30	\$49	\$35	\$35	\$51	\$65	\$79	\$94
Earned Impost Fee Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$4,762	\$5,151	\$5,401	\$5,693	\$6,011	\$6,332	\$6,574	\$6,806	\$7,047	\$7,238	\$7,429
Expenditures											
Amortization Expense	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010
In-Year Asset Disposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest on Debt Expense	\$114	\$103	\$197	\$205	\$190	\$179	\$306	\$285	\$271	\$256	\$240
Operating Expense	\$2,517	\$2,671	\$2,835	\$2,698	\$2,754	\$2,812	\$2,871	\$2,931	\$2,992	\$3,055	\$3,119
Total Expenditures	\$3,640	\$3,784	\$4,042	\$3,913	\$3,954	\$4,000	\$4,187	\$4,226	\$4,273	\$4,321	\$4,370
Annual Surplus/(Deficit)	\$1,122	\$1,368	\$1,359	\$1,779	\$2,057	\$2,332	\$2,387	\$2,580	\$2,774	\$2,917	\$3,059
Annual Surplus/(Deficit)	\$1,122	\$1,368	\$1,359	\$1,779	\$2,057	\$2,332	\$2,387	\$2,580	\$2,774	\$2,917	\$3,059
Accumulated Surplus, Beginning of Period	\$36,073	\$37,195	\$38,561	\$39,921	\$41,700	\$43,757	\$46,089	\$48,475	\$51,056	\$53,830	\$56,747
Accumulated Surplus, End of Period	\$37,194	\$38,562	\$39,921	\$41,700	\$43,757	\$46,089	\$48,476	\$51,055	\$53,829	\$56,747	\$59,806

Note: Accumulated Surplus at the end of the period includes tangible capital assets and does not relate to a cash surplus. Please refer to Table 2 & Table 5.

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B. STATEMENT OF FINANCIAL POSITION – TABLE 2

The Statement of Financial Position provides information on the assets and liabilities of the water system. Net Financial Assets/(Debt) is the difference between assets and liabilities. A position of net financial assets occurs when assets are greater than liabilities and implies that the system has the financial resources required to fund future operations. Conversely, net financial debt occurs when liabilities exceed assets and indicates that future revenues will be required to pay for past transactions. The Township’s water system is in net financial debt position in for most of the forecast period, with the exception of a financial asset position from 2023 and 2027 to 2029. The net debt position over the period is related to the debenture financing required to carry out the capital asset repair and replacement program for various water assets. Despite the debenture requirements to carry out the program, the Townships year-end reserve fund position remains positive throughout the planning period.

The Statement of Financial Position also provides information on the Township’s tangible capital assets. The reporting of tangible capital assets is a requirement under PS3150 of the Public Sector Accounting Board. Previous to 2009, the costs to acquire or construct capital assets were expensed in the year in which they occur. Effective in 2009, municipalities are required to capitalize their assets and to account for their ability to provide future benefits. An increase in the tangible capital asset balance suggests that new assets have been acquired, and a decrease in the balance indicates the disposal, write down or use of assets.

C. STATEMENT OF CASH FLOW – TABLE 3

The Statement of Cash Flow provides information on the generation and use of cash resources in the following categories: operating; capital; investments; and financing activities. The difference between the total cash generated and cash used results in an increase or decrease in cash and cash equivalents. Using 2020 as the reference, the statement describes how the cash from operations (\$2.4 million) will be used to support any capital transactions, financing transactions or new debt. Furthermore, the Township is projected to see fluctuations in cash and cash equivalents for the remainder of the planning period.

Using the 2019 budget as the starting point, the beginning of period cash and cash equivalents is equal to the reserve funds on hand and club fee component. The Township’s cash position is anticipated to increase to \$9.5 million by 2029.

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TABLE 2
TOWNSHIP OF LOYALIST
STATEMENT OF FINANCIAL POSITION
IN \$000'S

	Budget 2019	2020	2021	2022	2023	FORECAST					
						2024	2025	2026	2027	2028	2029
Financial Assets											
Cash	\$2,300	\$1,644	\$1,393	\$3,077	\$4,949	\$3,532	\$3,582	\$5,180	\$6,534	\$7,964	\$9,534
Total Assets	\$2,300	\$1,644	\$1,393	\$3,077	\$4,949	\$3,532	\$3,582	\$5,180	\$6,534	\$7,964	\$9,534
Liabilities											
Debt	\$2,808	\$4,261	\$4,405	\$3,974	\$3,675	\$6,867	\$6,432	\$6,066	\$5,688	\$5,298	\$4,895
Deferred Revenue (Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$2,808	\$4,261	\$4,405	\$3,974	\$3,675	\$6,867	\$6,432	\$6,066	\$5,688	\$5,298	\$4,895
Net Financial Assets/(Debt)	(\$508)	(\$2,616)	(\$3,011)	(\$897)	\$1,274	(\$3,335)	(\$2,849)	(\$886)	\$846	\$2,666	\$4,639
Non-Financial Assets											
Tangible Capital Assets	\$37,702	\$41,177	\$42,932	\$42,597	\$42,483	\$49,424	\$51,325	\$51,942	\$52,984	\$54,081	\$55,167
Accumulated Surplus/(Deficit)	\$37,194	\$38,561	\$39,921	\$41,700	\$43,757	\$46,089	\$48,476	\$51,056	\$53,830	\$56,747	\$59,806

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TABLE 3
TOWNSHIP OF LOYALIST
STATEMENT OF CASH FLOW
IN \$000'S

	Budget	FORECAST									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operating Transactions											
Annual Surplus/(Deficit)	\$1,122	\$1,368	\$1,359	\$1,779	\$2,057	\$2,332	\$2,387	\$2,580	\$2,774	\$2,917	\$3,059
Add: Amortization of TCA's	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010
Less: Interest Proceeds	\$0	(\$16)	(\$14)	(\$30)	(\$49)	(\$35)	(\$35)	(\$51)	(\$65)	(\$79)	(\$94)
Add: In-year Asset Disposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Provided by Operating	\$2,132	\$2,361	\$2,356	\$2,759	\$3,018	\$3,307	\$3,362	\$3,539	\$3,719	\$3,848	\$3,975
Capital Transactions											
Proceeds on Sale of Tangible Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Cash Used to Acquire Tangible Capital Assets	(\$1,347)	(\$4,486)	(\$2,765)	(\$675)	(\$896)	(\$7,951)	(\$2,912)	(\$1,627)	(\$2,052)	(\$2,107)	(\$2,096)
Cash Applied to Capital	(\$1,347)	(\$4,486)	(\$2,765)	(\$675)	(\$896)	(\$7,951)	(\$2,912)	(\$1,627)	(\$2,052)	(\$2,107)	(\$2,096)
Investing Transactions											
Proceeds from Investments	\$0	\$16	\$14	\$30	\$49	\$35	\$35	\$51	\$65	\$79	\$94
Less: Cash Used to Acquire Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Provided by Investing	\$0	\$16	\$14	\$30	\$49	\$35	\$35	\$51	\$65	\$79	\$94
Financing Transactions											
Proceeds from Debt Issues	\$0	\$1,850	\$600	\$0	\$0	\$3,500	\$0	\$0	\$0	\$0	\$0
Less: Debt Repayment (principal only)	(\$390)	(\$397)	(\$456)	(\$431)	(\$299)	(\$308)	(\$435)	(\$366)	(\$378)	(\$390)	(\$403)
Cash Applied to Financing	(\$390)	\$1,453	\$144	(\$431)	(\$299)	\$3,192	(\$435)	(\$366)	(\$378)	(\$390)	(\$403)
Increase/(Decrease) in Cash and Cash Equivalents	\$395	(\$655)	(\$251)	\$1,683	\$1,872	(\$1,417)	\$51	\$1,598	\$1,354	\$1,430	\$1,570
Cash and Cash Equivalents											
Beginning of Period	\$1,905	\$2,300	\$1,644	\$1,393	\$3,077	\$4,949	\$3,532	\$3,582	\$5,180	\$6,534	\$7,964
Increase/(Decrease)	\$395	(\$655)	(\$251)	\$1,683	\$1,872	(\$1,417)	\$51	\$1,598	\$1,354	\$1,430	\$1,570
End of Period	\$2,300	\$1,644	\$1,393	\$3,077	\$4,949	\$3,532	\$3,582	\$5,180	\$6,534	\$7,964	\$9,534

Note: Includes Club Fees

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D. STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/DEBT – TABLE 4

The Statement of Change in Net Financial Assets/Debt provides information on whether the revenue generated is sufficient to support the operating and tangible capital assets costs. The statement also reconciles the difference between the annual surplus/deficit and the change in net financial assets/debt for the period. The statement outlines that the Township is anticipated to be in a net deficit position for the year 2020, as the annual surplus of \$1.4 million and amortization of \$1.0 million do not exceed the net in-year capital expenditures. With the exception of 2020, 2021 and 2024, which represent the three years where debenture financing is required to undertake the capital program, the Township will be in a net surplus position throughout the remainder of the planning period. It should be noted that the exact funding sources can be reexamined when capital works are emplaced. It is prudent that the Township consider funds in reserve funds in order to offset unplanned operating expenses in capital costs in the future.

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TABLE 4
TOWNSHIP OF LOYALIST
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(DEBT)
IN \$000'S

	Budget 2019	FORECAST									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Annual Surplus/(Deficit)	\$1,122	\$1,368	\$1,359	\$1,779	\$2,057	\$2,332	\$2,387	\$2,580	\$2,774	\$2,917	\$3,059
Amortization of Tangible Capital Assets	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010	\$1,010
Less: Acquisition of Tangible Capital Assets	(\$1,347)	(\$4,486)	(\$2,765)	(\$675)	(\$896)	(\$7,951)	(\$2,912)	(\$1,627)	(\$2,052)	(\$2,107)	(\$2,096)
Change in Net Financial Assets/(Debt)	\$785	(\$2,108)	(\$395)	\$2,114	\$2,171	(\$4,609)	\$486	\$1,964	\$1,732	\$1,820	\$1,973
Net Financial Assets/(Debt)											
Beginning of Period	(\$1,292)	(\$507)	(\$2,616)	(\$3,011)	(\$896)	\$1,275	(\$3,334)	(\$2,849)	(\$885)	\$847	\$2,667
Increase/(Decrease)	\$785	(\$2,108)	(\$395)	\$2,114	\$2,171	(\$4,609)	\$486	\$1,964	\$1,732	\$1,820	\$1,973
End of Period	(\$507)	(\$2,616)	(\$3,011)	(\$896)	\$1,275	(\$3,334)	(\$2,849)	(\$885)	\$847	\$2,667	\$4,640

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IV OTHER NOTES AND ASSUMPTIONS TO FINANCIAL PLAN

Section 3(2) of O Reg. 453/07 states that information is required only if known to the owner at the time a financial plan prepared. The assumptions used in preparing the Financial Plan are noted below.

1. Cash

The beginning of period Cash and Cash equivalents contained in the Statement of Cash Flow is the opening balance of reserve funds. The 2019 opening balance was audited at the time the Financial Plan was prepared, although, the forecast presents unaudited statements.

2. Receivables and Payables

It is assumed that the water receivables and payables are not significant and therefore have not been identified.

3. Debt

As of 2019, there was \$2.8 million in outstanding debt. It is anticipated that the Township will incur new debt for various water assets over the planning period, although, the annual principal and interest payments will be funded through user rates. It should be noted that the terms of the debt are subject to change relative to the financial conditions at the time of debt issuance.

4. Deferred Revenue

Deferred revenue represents the impost fee reserve fund balance. For financial reporting purposes, impost fees are deemed a liability until they are used to acquire or construct the infrastructure for which they were collected. The future growth portion of impost fees are excluded from this plan altogether.

5. Accumulated Surplus

The accumulated surplus for all years in the forecast period is contained in Table 5.

6. Lead Pipes

The Regulation requires municipalities to include costs associated with replacing lead pipes that are part of the drinking water system in a financial plan. Currently, the Township does not have any lead pipes in the water system nor is it expected to emplace any in the future. Therefore, no provision for lead pipe replacement is required for this plan.

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TABLE 5
TOWNSHIP OF LOYALIST
RECONCILIATION OF ACCUMULATED SURPLUS
IN \$000'S

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Accumulated surplus consists of:											
Opening Reserve Balance											
<i>Water Reserve</i>	\$1,905										
Total Reserve Balance	\$1,905										
<i>Less: Debt Obligations and Deferred Revenue</i>	(\$3,197)										
<i>Add: Tangible Capital Assets</i>	\$37,365										
Total Opening Balance	\$36,073	\$37,195	\$38,561	\$39,921	\$41,700	\$43,757	\$46,089	\$48,475	\$51,056	\$53,830	\$56,747
Add: Contributions to/(from) Reserves (Excl. Impost Fees)											
<i>Water Reserve</i>	\$395	(\$656)	(\$251)	\$1,683	\$1,872	(\$1,417)	\$50	\$1,598	\$1,354	\$1,430	\$1,570
Total Change in Reserve	\$395	(\$656)	(\$251)	\$1,683	\$1,872	(\$1,417)	\$50	\$1,598	\$1,354	\$1,430	\$1,570
Add: Changes in TCA During the Year											
<i>Capital Assets Acquired/Disposed</i>	\$1,347	\$4,486	\$2,765	\$675	\$896	\$7,951	\$2,912	\$1,627	\$2,052	\$2,107	\$2,096
<i>Amortization of Capital Assets</i>	(\$1,010)	(\$1,010)	(\$1,010)	(\$1,010)	(\$1,010)	(\$1,010)	(\$1,010)	(\$1,010)	(\$1,010)	(\$1,010)	(\$1,010)
Total Changes in Tangible Capital Assets	\$337	\$3,476	\$1,754	(\$335)	(\$114)	\$6,941	\$1,901	\$616	\$1,042	\$1,097	\$1,086
Subtract Changes in Debt Position											
<i>New Debt</i>	\$0	(\$1,850)	(\$600)	\$0	\$0	(\$3,500)	\$0	\$0	\$0	\$0	\$0
<i>Debt Repayment</i>	\$390	\$397	\$456	\$431	\$299	\$308	\$435	\$366	\$378	\$390	\$403
Total Change in Debt	\$390	(\$1,453)	(\$144)	\$431	\$299	(\$3,192)	\$435	\$366	\$378	\$390	\$403
Total Ending Balance	\$37,195	\$38,561	\$39,921	\$41,700	\$43,757	\$46,089	\$48,475	\$51,056	\$53,830	\$56,747	\$59,806

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APPENDIX A

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APPENDIX A
TABLE 1

TOWNSHIP OF LOYALIST
OPERATING BUDGET FORECAST
IN \$000'S

	Budget 2019	FORECAST									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Expenditures											
Operating Costs											
General Expenditures	\$2,325	\$2,479	\$2,643	\$2,698	\$2,754	\$2,812	\$2,871	\$2,931	\$2,992	\$3,055	\$3,119
Existing Debt	\$503	\$500	\$455	\$394	\$248	\$245	\$242	\$152	\$149	\$147	\$144
New Debt	\$0	\$0	\$198	\$242	\$242	\$242	\$499	\$499	\$499	\$499	\$499
Transfer to Reserves - Internal Loan	\$192	\$192	\$192	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Costs	\$3,020	\$3,171	\$3,487	\$3,334	\$3,243	\$3,298	\$3,612	\$3,582	\$3,641	\$3,701	\$3,763
Capital Related Costs											
Non-Growth Capital	\$1,347	\$4,486	\$2,765	\$675	\$896	\$7,951	\$2,912	\$1,627	\$2,052	\$2,107	\$2,096
Transfer from Reserve (For Capital)	\$0	(\$900)	(\$700)	\$0	\$0	(\$700)	\$0	\$0	\$0	\$0	\$0
Capital Related Debt	\$0	(\$1,850)	(\$600)	\$0	\$0	(\$3,500)	\$0	\$0	\$0	\$0	\$0
Total Capital Related Costs	\$1,347	\$1,736	\$1,465	\$675	\$896	\$3,751	\$2,912	\$1,627	\$2,052	\$2,107	\$2,096
Reserve Contribution											
Transfers to (from) Reserves	\$395	\$228	\$435	\$1,653	\$1,823	(\$752)	\$15	\$1,546	\$1,289	\$1,351	\$1,476
Total Expenditures	\$4,762	\$5,135	\$5,387	\$5,662	\$5,962	\$6,298	\$6,538	\$6,755	\$6,982	\$7,159	\$7,335
Revenues											
Water Billing Revenue	\$4,592	\$4,965	\$5,216	\$5,490	\$5,790	\$6,124	\$6,365	\$6,580	\$6,807	\$6,983	\$7,158
Water Meter Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Misc. Revenues	\$139	\$139	\$139	\$139	\$139	\$139	\$139	\$139	\$139	\$139	\$139
Interest & Penalties	\$31	\$32	\$32	\$33	\$34	\$34	\$35	\$36	\$36	\$37	\$38
Operating Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$4,762	\$5,135	\$5,387	\$5,662	\$5,962	\$6,298	\$6,538	\$6,755	\$6,982	\$7,159	\$7,335

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TABLE 2

TOWNSHIP OF LOYALIST
CAPITAL BUDGET FORECAST
IN \$000'S

	Budget 2019	FORECAST									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Capital Program											
Non-Growth Related - Rate Funded	\$1,347	\$4,486	\$2,765	\$675	\$896	\$7,951	\$2,912	\$1,627	\$2,052	\$2,107	\$2,096
Total	\$1,347	\$4,486	\$2,765	\$675	\$896	\$7,951	\$2,912	\$1,627	\$2,052	\$2,107	\$2,096
Revised Total	\$1,347	\$4,486	\$2,765	\$675	\$896	\$7,951	\$2,912	\$1,627	\$2,052	\$2,107	\$2,096
Funding Sources											
Operating Contributions	\$1,347	\$1,736	\$1,465	\$675	\$896	\$3,751	\$2,912	\$1,627	\$2,052	\$2,107	\$2,096
Transfer from Reserve (For Capital)	\$0	\$900	\$700	\$0	\$0	\$700	\$0	\$0	\$0	\$0	\$0
Non-Growth Related - Debt	\$0	\$1,850	\$600	\$0	\$0	\$3,500	\$0	\$0	\$0	\$0	\$0
Total Funding	\$1,347	\$4,486	\$2,765	\$675	\$896	\$7,951	\$2,912	\$1,627	\$2,052	\$2,107	\$2,096
Operating Contributions for Capital	\$1,347	\$1,736	\$1,465	\$675	\$896	\$3,751	\$2,912	\$1,627	\$2,052	\$2,107	\$2,096
Transfers to (from) Reserves (Excl. Club Fee Contributions)	\$55	(\$210)	\$3	\$1,226	\$1,401	(\$1,172)	(\$403)	\$1,133	\$877	\$937	\$1,067
Net Operating Contributions	\$1,402	\$1,526	\$1,467	\$1,902	\$2,297	\$2,579	\$2,509	\$2,759	\$2,929	\$3,044	\$3,163

Note: In years of high capital expenditures, transfers from reserves are used to offset operating contributions.

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TABLE 3

TOWNSHIP OF LOYALIST
RESERVE AND RESERVE FUND CONTINUITY
IN \$000'S

	Budget 2019	FORECAST									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Water Reserve											
Opening Balance	\$1,905	\$2,300	\$1,644	\$1,394	\$3,077	\$4,950	\$3,532	\$3,583	\$5,180	\$6,534	\$7,964
Transfer to/(from) Reserves	\$395	(\$672)	(\$265)	\$1,653	\$1,823	(\$1,452)	\$15	\$1,546	\$1,289	\$1,351	\$1,476
Interest	\$0	\$16	\$14	\$30	\$49	\$35	\$35	\$51	\$65	\$79	\$94
Ending Balance	\$2,300	\$1,644	\$1,394	\$3,077	\$4,950	\$3,532	\$3,583	\$5,180	\$6,534	\$7,964	\$9,534
Debtenture Requirements	\$0	\$1,850	\$600	\$0	\$0	\$3,500	\$0	\$0	\$0	\$0	\$0

Interest on Positive Balances	1.00%
Interest on Negative Balances	3.00%

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TABLE 4

TOWNSHIP OF LOYALIST
NON-GROWTH RELATED DEBENTURE SCHEDULE
IN \$000'S

	2019		2020		2021		2022		2023		2024	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
New Debt	\$0	\$0	\$0	\$0	\$90	\$107	\$114	\$128	\$118	\$123	\$123	\$118
Existing Debt	\$390	\$114	\$397	\$103	\$366	\$90	\$317	\$78	\$180	\$67	\$185	\$60
Total	\$390	\$114	\$397	\$103	\$456	\$197	\$431	\$205	\$299	\$190	\$308	\$179

	2025		2026		2027		2028		2029		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
New Debt	\$246	\$254	\$255	\$244	\$266	\$233	\$276	\$223	\$287	\$212	\$1,776	\$1,642
Existing Debt	\$190	\$52	\$111	\$42	\$112	\$37	\$114	\$33	\$115	\$28	\$2,476	\$704
Total	\$435	\$306	\$366	\$285	\$378	\$271	\$390	\$256	\$403	\$240	\$4,252	\$2,346

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SEWER FINANCIAL PLAN



HEMSON Consulting Ltd

November, 2019

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Appendix A Supporting Tables

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I INTRODUCTION

The purpose of this document is to present a Sewer Financial Plan that corresponds to the proposed sewer rates. This sewer plan has been prepared in a similar form and content as the mandatory Water Financial Plan requirements outlined in the *Safe Drinking Water Act* (the *SDWA*) and its associated regulation *Ontario Regulation 453/07 (O.Reg 453/07)*. Although under this regulation, only a Water Financial Plan is mandatory while a Sewer Financial Plan is recommended. The preparation of a financial plan requires a thorough analysis of operating and capital needs, as well as consideration of available funding sources. The results of the Water Financial Plan are documented under a separate cover.

This financial plan applies to all areas of the Township serviced by the sewer system. For information purposes, Water Financial Plans are defined in section 30(1) of the *SDWA* as follows:

- (a) Financial plans that satisfy the requirements of subsection (2), but only if,
 - (i) Bill 175 (Sustainable Water and Sewage Systems Act, 2002) receives Royal Assent, and
 - (ii) Sections 3 and 9 of Bill 175 (Sustainable Water and Sewage Systems Act, 2002) are in force, or
- (b) Financial plans that satisfy the requirements prescribed by the Minister, in any other case, 2002, c. 32, s. 30(1).

At this time, Bill 175 (*Sustainable Water and Sewage Systems Act, 2002*) is not in force, however the specific requirements of s.30 (1) part b are outlined in *O.Reg. 453/07*.

The *SDWA* and *O. Reg. 453/07* include the following general requirements for a financial plan:

- mandatory for all municipal water systems and recommended for sewer systems;
- include a planning horizon of at least six years (commencing when the system first serves the public, for new systems);
- completed and approved by the later of July 1, 2010 and the date that is six months after the first licence is issued;

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- may be amended and additional information may be included beyond what is prescribed, as necessary; and
- be approved by Council resolution indicating that the drinking water system is financially viable.

In December 2014 the Council of the Township of Loyalist approved the Water Financial Plan and passed a resolution deeming the Bath and Fairfield water systems to be financially viable. Furthermore, the Financial Plan was made public and submitted to the Ministry of Municipal Affairs and Housing as prescribed under the regulation. The Township is now required to update the Water Financial Plan to renew their drinking water license, and is also updating the Sewer Financial Plan in tandem. The plan references 2019 as the base year of analysis with 2020 as the first year of the 10-year projection under this plan.

In addition to the above noted general requirements, the following specific statements are required in the financial plan:

STATEMENT OF OPERATIONS

This statement includes details on the projected financial operations itemized by total revenues, total expenses, annual surplus/deficit, and the cumulative surplus/deficit for each year in which the financial plan applies. An annual surplus represents funds available to the Township to fund non-operating expenses such as the acquisition of tangible capital assets, principal payments on debt, and transfers to replenish or grow the reserve funds. The Statement of Operations is discussed in more detail later in this report, and is included as Table 1.

STATEMENT OF FINANCIAL POSITION

This statement provides information on the Township's assets and liabilities, including details on the financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets. The recording of tangible capital assets for municipalities requires the capitalization of assets to account for their ability to provide for future benefits.

A net financial asset position on this statement indicates that the sewer system has the financial resources required to fund its future operations. The Statement of Financial Position is discussed in more detail later in this report, and is included as Table 2.

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STATEMENT OF CASH FLOW

This statement provides information on the generation and use of cash resources. The gross cash receipts/payments are itemized by: operating; capital; investing and financial transactions. Itemizing the cash receipts and payments by category allows the reader to understand where the cash is being generated (i.e. operating sewer rates), and how the cash is being used (ie. capital and operating expenses). The Statement of Cash Flow is discussed in more detail later in this report, and is included as Table 3.

STATEMENT OF NET FINANCIAL ASSETS/DEBT

This statement is not required under *O. Reg 453/07*; however, it does provide further information about the financial performance of the Township's sewer system. The Statement of Net Financial Assets/Debt provides information on whether the revenue generated is sufficient to support the operating and tangible capital asset costs. The statement also reconciles the difference between the annual surplus/deficit and the change in net financial assets/debt for the period. The Statement of Net Financial Assets/Debt is discussed in more detail later in this report, and is included as Table 4.

The remainder of this study sets out the information and analysis upon which the statements were prepared.

Section II includes a discussion on the key inputs and documents used to develop the Financial Plan consistent with the governing legislation.

Section III includes the Statement of Operations, Statement of Financial Position, Statement of Cash Flows, and Statement of Change in Net Financial Assets/Debt that form the Financial Plan for the Bath and Loyalist East Sewer Systems in Loyalist.

Section IV includes the Notes and Assumptions to the Financial Plan. As the Township does not maintain all financial information separately for sewer services, assumptions used in the preparation of the statements are included in this section.

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II KEY INPUTS

This chapter discusses the key inputs and documents used to develop the Sewer Financial Plan. The costs, revenues and assumptions used in preparing the financial projections are based on Township data such as the 2019 operating budget and capital plan, year-end reserve fund continuity schedules and other relevant information provided by staff. The statements are based on the key inputs determined below.

1. Expenditure and Revenue Forecast

The expenditure and revenue forecast is based upon information obtained from the Township's 2019 operating budget and 10-year capital plan. Adjustments were made to the base 2019 budget to forecast expenditures and revenues to 2029 including a provision for annual contributions to reserve funds for asset repair and replacement. The Township recovers most of its costs through user fees charged to its customers that include an annual fixed fee in addition to a variable rate charged for each cubic metre consumed. The forecast of expenditures and revenues is included as Table 1 in Appendix A.

Main assumptions used to derive the operating cost and revenue projections are as follows:

- Expenditures will increase annually at the following rates:
 - Salaries & Wages – 2 per cent per annum;
 - Internal Allocations – 2 per cent per annum;
 - Contracted Services – 2 per cent per annum;
 - Insurance – 2 per cent per annum;
 - Utilities – 5 per cent per annum; and
 - Materials, Supplies & Expenses – 2 per cent per annum.
- Most non-metered sewer revenues will remain constant, with the exception of Interest & Penalties, which will increase at 2 per cent per annum.
- Due to an adjustment in the rate structure to provide a transition to a more volumetric-based rate for customers, the fixed sewer charges have decreased in the first year and will remain constant for the following three years. The rate will then increase at a declining rate over the remainder of the period, with a 3 per cent increase in 2024 and 2025, and a 2 per cent increase from 2026 to 2029.
- Conversely, variable sewer rates are increasing by 14 per cent in 2021, 12 per cent in 2022 and 9 per cent in 2023 before retreating to an annual increase of 8 per cent in 2024. The rate will increase at a declining rate over the remainder

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of the period, with a 5.5 per cent increase in 2025 and 2026, a 5 per cent increase in 2027 and 2028, and a 4.5 per cent increase in 2029.

2. Capital Expenditures

The Township's capital budget forecast used in preparing the Financial Plan is outlined in Table 2 in Appendix A. This table identifies the cumulative cost for all in-year capital asset repair and replacement capital projects over the planning period and identifies the annual funding sources as outlined by Township staff. The capital forecast reflects the lifecycle needs of each sewer asset based on the Township's asset management program.

3. Reserve Fund Statements

The Township's transfers to and from sewer-related reserve funds have been obtained from available year-end reserve fund statements. Actual year-end 2018 figures as well as the projected transfers to and from these reserve funds are outlined in Table 3 in Appendix A. The statements account for all funds in the Township's Sewer reserve fund, which contains funds accumulated for asset repair and replacement, non-growth capital projects, as well as funds contributed from the Township's club fee charges. These funds can also be used to address revenue shortfalls that can arise from fluctuating annual sewer consumption.

4. Debt Repayment

As of year-end 2018, the Township had \$4.0 million outstanding debt related to its sewer system. It should be noted that the exact funding sources can be reexamined when capital works are emplaced. A breakdown of the anticipated debenture can be found in Table 4 in Appendix A.

5. Tangible Capital Asset Analysis (TCA)

The following assumptions are made in regard to tangible capital assets:

- Amortization of assets is calculated using a straight-line approach with amortization commencing in the year that it was acquired or constructed.
- The useful life of each asset as provided by the Township is included in the calculation of amortization.
- No write-offs occurred in any years.
- No gains or losses on the disposal of assets (assets assumed to be disposed when they reach the end of their useful life and therefore the historic cost is equal to accumulated depreciation).

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- Contributed assets are unknown and therefore not included in the forecast. Any capital paid for by Correctional Service Canada is not incorporated into the rate calculation.
- A summary of the tangible capital asset balances for the 10 year plan (in \$000's) follows:

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Opening Tangible Capital Assets	\$46,949	\$47,399	\$49,797	\$50,240	\$50,774	\$51,088	\$51,848	\$52,378	\$56,252	\$56,576	\$57,091
Plus: Acquisitions - Repair/Replacement	\$450	\$2,398	\$443	\$535	\$313	\$761	\$529	\$3,874	\$324	\$515	\$1,141
Plus: Acquisitions - Growth Related	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Tangible Capital Assets	\$47,399	\$49,797	\$50,240	\$50,774	\$51,088	\$51,848	\$52,378	\$56,252	\$56,576	\$57,091	\$58,232
Opening Accumulated Amortization	\$12,656	\$13,560	\$14,465	\$15,369	\$16,274	\$17,178	\$18,082	\$18,987	\$19,891	\$20,796	\$21,700
Plus: Amortization Expense	\$904	\$904	\$904	\$904	\$904	\$904	\$904	\$904	\$904	\$904	\$904
Less: Amortization of Disposals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Closing Accumulated Amortization	\$13,560	\$14,465	\$15,369	\$16,274	\$17,178	\$18,082	\$18,987	\$19,891	\$20,796	\$21,700	\$22,605
Net Book Value	\$33,839	\$35,332	\$34,871	\$34,501	\$33,910	\$33,766	\$33,391	\$36,361	\$35,780	\$35,391	\$35,627

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III SEWER FINANCIAL PLAN

This section summarizes the complete Financial Plan for the Loyalist sewer system. The plan represents a forecast or projection of the system’s future financial position. The statements included in this study are not audited documents and contain estimates and assumptions as described in section IV of this report.

A. STATEMENT OF OPERATIONS – TABLE 1

The Statement of Operations provides information on the revenues and expenses generated from the sewer systems in each year. An annual surplus is generated where annual revenues exceed annual expenses for the year. Conversely, where the expenses exceed the revenues, an annual deficit results. The annual surplus is available to fund non-operating expenses such as the acquisition of tangible capital assets, principal payments on debt, and transfers to replenish or grow reserve funds.

In 2020, the anticipated revenue for the Township’s sewer system is \$4.2 million with expenditures of approximately \$3.7 million. As revenues exceed expenses, an annual surplus of approximately \$443,000 is projected. It is anticipated that an annual surplus will occur in each year the Financial Plan.

Using the 2019 budget as the reference point, the beginning period accumulated surplus of approximately \$32.8 million is equal to the opening reserve fund balances, plus tangible capital assets, and less any debt obligations and deferred revenue. The accumulated surplus is anticipated to grow over the planning period to \$45.0 million. These funds will support the Township’s need to grow its reserve fund to pay for the repair and ultimate replacement of the tangible capital assets. Additionally, these funds can be used to address revenue shortfalls which can arise from fluctuating annual water consumption (i.e. less water is billed during wet summers).

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TABLE 1
TOWNSHIP OF LOYALIST
STATEMENT OF OPERATIONS
IN \$000'S

	Budget 2019	FORECAST										
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Revenues												
Sewer Sales												
Sewer Billing	\$3,864	\$4,086	\$4,354	\$4,617	\$4,845	\$5,119	\$5,350	\$5,574	\$5,794	\$6,025	\$6,247	
Other	\$45	\$46	\$47	\$47	\$48	\$49	\$49	\$50	\$51	\$52	\$53	
Interest Earned	\$2	\$35	\$40	\$46	\$55	\$65	\$78	\$70	\$88	\$106	\$120	
Earned Impost Fee Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Revenue	\$3,911	\$4,167	\$4,441	\$4,710	\$4,949	\$5,233	\$5,478	\$5,695	\$5,933	\$6,183	\$6,419	
Expenditures												
Amortization Expense	\$904	\$904	\$904	\$904	\$904	\$904	\$904	\$904	\$904	\$904	\$904	
In-Year Asset Disposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Interest on Debt Expense	\$119	\$111	\$172	\$158	\$144	\$130	\$122	\$112	\$142	\$130	\$119	
Operating Expense	\$2,567	\$2,709	\$2,859	\$2,924	\$2,991	\$3,059	\$3,130	\$3,202	\$3,276	\$3,353	\$3,431	
Total Expenditures	\$3,591	\$3,724	\$3,935	\$3,987	\$4,040	\$4,094	\$4,156	\$4,218	\$4,323	\$4,387	\$4,454	
Annual Surplus/(Deficit)	\$319	\$443	\$506	\$723	\$909	\$1,138	\$1,322	\$1,476	\$1,611	\$1,796	\$1,965	
Annual Surplus/(Deficit)	\$319	\$443	\$506	\$723	\$909	\$1,138	\$1,322	\$1,476	\$1,611	\$1,796	\$1,965	
Accumulated Surplus, Beginning of Period	\$32,714	\$33,033	\$33,475	\$33,982	\$34,705	\$35,614	\$36,752	\$38,074	\$39,550	\$41,160	\$42,957	
Accumulated Surplus, End of Period	\$33,033	\$33,476	\$33,981	\$34,705	\$35,614	\$36,752	\$38,074	\$39,550	\$41,160	\$42,956	\$44,922	

Note: Accumulated Surplus at the end of the period includes tangible capital assets and does not relate to a cash surplus. Please refer to Table 2 & Table 5.

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B. STATEMENT OF FINANCIAL POSITION – TABLE 2

The Statement of Financial Position provides information on the assets and liabilities of the sewer system. Net Financial Assets/(Debt) is the difference between assets and liabilities. A position of net financial assets occurs when assets are greater than liabilities and implies that the system has the financial resources required to fund future operations. Conversely, net financial debt occurs when liabilities exceed assets and indicates that future revenues will be required to pay for past transactions. The Township's sewer system is in a net financial debt position for the first two years of the forecast (2020-2021), and then is in a positive position for the remainder of the period. The net debt position at the beginning of the period is related to the debenture financing required to carry out the capital asset repair and replacement program for various sewer assets.

The Statement of Financial Position also provides information on the Township's tangible capital assets. The reporting of tangible capital assets is a requirement under PS3150 of the Public Sector Accounting Board. Previous to 2009, the costs to acquire or construct capital assets were expensed in the year in which they were incurred. Effective in 2009, municipalities are required to capitalize their assets and to account for their ability to provide future benefits. An increase in the tangible capital asset balance suggests that new assets have been acquired, and a decrease in the balance indicates the disposal or write down of assets.

C. STATEMENT OF CASH FLOW – TABLE 3

The Statement of Cash Flow provides information on the generation and use of cash resources in the following categories: operating; capital; investments; and financing activities. The difference between the total cash generated and cash used results in an increase or decrease in cash and cash equivalents. Using 2020 as the reference, the statement describes how the cash from operations (\$1.3 million in 2020) will be used to support any capital transactions, financing transactions or new debt. The Township is projected to see fluctuations in cash and cash equivalents for the remainder of the planning period, though all years with the exception of 2026 will see an increase in cash or cash equivalents.

Using the 2019 budget as the starting point, the beginning of period cash and cash equivalents is equal to the reserve funds on hand and club fee component. The Township's sewer cash position is anticipated to increase to \$12.1 million by 2029.

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TABLE 2
TOWNSHIP OF LOYALIST
STATEMENT OF FINANCIAL POSITION
IN \$000'S

	Budget 2019	2020	2021	2022	2023	FORECAST					
						2024	2025	2026	2027	2028	2029
Financial Assets											
Cash	\$3,212	\$3,536	\$4,010	\$4,602	\$5,592	\$6,525	\$7,898	\$7,069	\$8,882	\$10,725	\$12,126
Total Assets	\$3,212	\$3,536	\$4,010	\$4,602	\$5,592	\$6,525	\$7,898	\$7,069	\$8,882	\$10,725	\$12,126
Liabilities											
Debt	\$4,018	\$5,392	\$4,899	\$4,398	\$3,888	\$3,539	\$3,214	\$3,879	\$3,501	\$3,159	\$2,831
Deferred Revenue (Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$4,018	\$5,392	\$4,899	\$4,398	\$3,888	\$3,539	\$3,214	\$3,879	\$3,501	\$3,159	\$2,831
Net Financial Assets/(Debt)	(\$806)	(\$1,857)	(\$890)	\$204	\$1,704	\$2,986	\$4,683	\$3,190	\$5,381	\$7,566	\$9,295
Non-Financial Assets											
Tangible Capital Assets	\$33,839	\$35,332	\$34,871	\$34,501	\$33,910	\$33,766	\$33,391	\$36,361	\$35,780	\$35,391	\$35,627
Accumulated Surplus/(Deficit)	\$33,033	\$33,476	\$33,981	\$34,705	\$35,613	\$36,752	\$38,074	\$39,550	\$41,161	\$42,957	\$44,922

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TABLE 3
TOWNSHIP OF LOYALIST
STATEMENT OF CASH FLOW
IN \$000'S

	Budget 2019	FORECAST									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operating Transactions											
Annual Surplus/(Deficit)	\$319	\$443	\$506	\$723	\$909	\$1,138	\$1,322	\$1,476	\$1,611	\$1,796	\$1,965
Add: Amortization of TCA's	\$904	\$904	\$904	\$904	\$904	\$904	\$904	\$904	\$904	\$904	\$904
Less: Interest Proceeds	(\$2)	(\$35)	(\$40)	(\$46)	(\$55)	(\$65)	(\$78)	(\$70)	(\$88)	(\$106)	(\$120)
Add: In-year Asset Disposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Provided by Operating	\$1,222	\$1,312	\$1,370	\$1,582	\$1,758	\$1,978	\$2,148	\$2,311	\$2,427	\$2,594	\$2,750
Capital Transactions											
Proceeds on Sale of Tangible Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Cash Used to Acquire Tangible Capital Assets	(\$450)	(\$2,398)	(\$443)	(\$535)	(\$313)	(\$761)	(\$529)	(\$3,874)	(\$324)	(\$515)	(\$1,141)
Cash Applied to Capital	(\$450)	(\$2,398)	(\$443)	(\$535)	(\$313)	(\$761)	(\$529)	(\$3,874)	(\$324)	(\$515)	(\$1,141)
Investing Transactions											
Proceeds from Investments	\$2	\$35	\$40	\$46	\$55	\$65	\$78	\$70	\$88	\$106	\$120
Less: Cash Used to Acquire Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Provided by Investing	\$2	\$35	\$40	\$46	\$55	\$65	\$78	\$70	\$88	\$106	\$120
Financing Transactions											
Proceeds from Debt Issues	\$0	\$1,800	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0	\$0	\$0
Less: Debt Repayment (principal only)	(\$421)	(\$426)	(\$493)	(\$501)	(\$510)	(\$349)	(\$325)	(\$335)	(\$378)	(\$342)	(\$328)
Cash Applied to Financing	(\$421)	\$1,374	(\$493)	(\$501)	(\$510)	(\$349)	(\$325)	\$665	(\$378)	(\$342)	(\$328)
Increase/(Decrease) in Cash and Cash Equivalents	\$353	\$323	\$474	\$592	\$990	\$933	\$1,373	(\$829)	\$1,813	\$1,843	\$1,401
Cash and Cash Equivalents											
Beginning of Period	\$2,859	\$3,212	\$3,536	\$4,010	\$4,602	\$5,592	\$6,525	\$7,898	\$7,069	\$8,882	\$10,725
Increase/(Decrease)	\$353	\$323	\$474	\$592	\$990	\$933	\$1,373	(\$829)	\$1,813	\$1,843	\$1,401
End of Period	\$3,212	\$3,536	\$4,010	\$4,602	\$5,592	\$6,525	\$7,898	\$7,069	\$8,882	\$10,725	\$12,126

Note: Includes Club Fees

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D. STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/DEBT – TABLE 4

The Statement of Change in Net Financial Assets/Debt provides information on whether the revenue generated is sufficient to support the operating and tangible capital asset costs. The statement also reconciles the difference between the annual surplus/deficit and the change in net financial assets/debt for the period. The statement outlines that the Township is anticipated to be in a net deficit position for the year 2020, as the annual surplus of \$443,000 and amortization of \$904,000 do not exceed the net in-year capital expenditures. With the exception of 2020 and 2026, which is the year where debenture financing is required to undertake the capital program, the Township will be in a net surplus position throughout the remainder of the planning period. It should be noted that the exact funding sources can be reexamined when capital works are emplaced. It is prudent that the Township consider funds in reserve funds in order to offset unplanned operating expenses in capital costs in the future.

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TABLE 4
TOWNSHIP OF LOYALIST
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(DEBT)
IN \$000'S

	Budget 2019	FORECAST									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Annual Surplus/(Deficit)	\$319	\$443	\$506	\$723	\$909	\$1,138	\$1,322	\$1,476	\$1,611	\$1,796	\$1,965
Amortization of Tangible Capital Assets	\$904	\$904	\$904	\$904	\$904	\$904	\$904	\$904	\$904	\$904	\$904
Less: Acquisition of Tangible Capital Assets	(\$450)	(\$2,398)	(\$443)	(\$535)	(\$313)	(\$761)	(\$529)	(\$3,874)	(\$324)	(\$515)	(\$1,141)
Change in Net Financial Assets/(Debt)	\$774	(\$1,051)	\$967	\$1,093	\$1,500	\$1,282	\$1,698	(\$1,494)	\$2,191	\$2,185	\$1,729
Net Financial Assets/(Debt)											
Beginning of Period	(\$1,580)	(\$806)	(\$1,856)	(\$889)	\$204	\$1,704	\$2,986	\$4,684	\$3,190	\$5,381	\$7,566
Increase/(Decrease)	\$774	(\$1,051)	\$967	\$1,093	\$1,500	\$1,282	\$1,698	(\$1,494)	\$2,191	\$2,185	\$1,729
End of Period	(\$806)	(\$1,856)	(\$889)	\$204	\$1,704	\$2,986	\$4,684	\$3,190	\$5,381	\$7,566	\$9,295

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IV OTHER NOTES AND ASSUMPTIONS TO FINANCIAL PLAN

Section 3(2) of O Reg. 453/07 states that information is required only if known to the owner at the time a financial plan prepared. The assumptions used in preparing the Sewer Financial Plan are noted below.

1. Cash

The beginning of period cash and cash equivalents contained in the Statement of Cash Flow is the opening balance of reserve funds. The 2019 opening balance was audited at the time the Financial Plan was prepared; however, the forecast presents unaudited statements.

2. Receivables and Payables

It is assumed that the sewer receivables and payables are not significant and therefore have not been identified.

3. Debt

As of 2019, the Township has \$4.0 million in outstanding debt. It is anticipated that the Township will incur new debt for various sewer assets over the planning period, although the annual principal and interest payments will be funded through user rates. It should be noted that the terms of the debt are subject to change relative to the financial conditions at the time of debt issuance.

4. Deferred Revenue

Deferred revenue represents the impost fee reserve fund balance. For financial reporting purposes, impost fees are deemed a liability until they are used to acquire or construct the infrastructure for which they were collected. The future growth portion of impost fees are excluded from this plan altogether.

5. Accumulated Surplus

The accumulated surplus for all years in the forecast period is contained in Table 5.

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TABLE 5
TOWNSHIP OF LOYALIST
RECONCILIATION OF ACCUMULATED SURPLUS
IN \$000'S

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Accumulated surplus consists of:											
Opening Reserve Balance											
<i>Sewer Reserve</i>	\$2,859										
Total Reserve Balance	\$2,859										
<i>Less: Debt Obligations and Deferred Revenue</i>	(\$4,439)										
<i>Add: Tangible Capital Assets</i>	\$34,294										
Total Opening Balance	\$32,714	\$33,033	\$33,475	\$33,982	\$34,705	\$35,614	\$36,752	\$38,074	\$39,550	\$41,160	\$42,957
Add: Contributions to/(from) Reserves (Excl. Impost Fees)											
<i>Sewer Reserve</i>	\$353	\$323	\$475	\$592	\$990	\$933	\$1,372	(\$829)	\$1,813	\$1,844	\$1,401
Total Change in Reserve	\$353	\$323	\$475	\$592	\$990	\$933	\$1,372	(\$829)	\$1,813	\$1,844	\$1,401
Add: Changes in TCA During the Year											
<i>Capital Assets Acquired/Disposed</i>	\$450	\$2,398	\$443	\$535	\$313	\$761	\$529	\$3,874	\$324	\$515	\$1,141
<i>Amortization of Capital Assets</i>	(\$904)	(\$904)	(\$904)	(\$904)	(\$904)	(\$904)	(\$904)	(\$904)	(\$904)	(\$904)	(\$904)
Total Changes in Tangible Capital Assets	(\$455)	\$1,493	(\$462)	(\$370)	(\$591)	(\$144)	(\$375)	\$2,970	(\$580)	(\$390)	\$236
Subtract Changes in Debt Position											
<i>New Debt</i>	\$0	(\$1,800)	\$0	\$0	\$0	\$0	\$0	(\$1,000)	\$0	\$0	\$0
<i>Debt Repayment</i>	\$421	\$426	\$493	\$501	\$510	\$349	\$325	\$335	\$378	\$342	\$328
Total Change in Debt	\$421	(\$1,374)	\$493	\$501	\$510	\$349	\$325	(\$665)	\$378	\$342	\$328
Total Ending Balance	\$33,033	\$33,475	\$33,982	\$34,705	\$35,614	\$36,752	\$38,074	\$39,550	\$41,160	\$42,957	\$44,922

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APPENDIX A

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APPENDIX A
TABLE 1
TOWNSHIP OF LOYALIST
OPERATING BUDGET FORECAST
IN \$000'S

	Budget	FORECAST									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Expenditures											
Operating Costs											
General Expenditures	\$2,567	\$2,709	\$2,859	\$2,924	\$2,991	\$3,059	\$3,130	\$3,202	\$3,276	\$3,353	\$3,431
Existing Debt	\$540	\$537	\$532	\$527	\$522	\$347	\$315	\$314	\$314	\$266	\$240
New Debt	\$0	\$0	\$132	\$132	\$132	\$132	\$132	\$132	\$206	\$206	\$206
Transfer to Reserve Fund - Internal Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Costs	\$3,108	\$3,246	\$3,523	\$3,583	\$3,645	\$3,539	\$3,577	\$3,649	\$3,796	\$3,824	\$3,877
Capital Related Costs											
Non-Growth Capital	\$450	\$2,398	\$443	\$535	\$313	\$761	\$529	\$3,874	\$324	\$515	\$1,141
Transfer from Reserve (For Capital)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Related Debt	\$0	(\$1,800)	\$0	\$0	\$0	\$0	\$0	(\$1,000)	\$0	\$0	\$0
Total Capital Related Costs	\$450	\$598	\$443	\$535	\$313	\$761	\$529	\$2,874	\$324	\$515	\$1,141
Reserve Contribution											
Transfers to (from) Reserves	\$352	\$288	\$435	\$547	\$935	\$869	\$1,294	(\$899)	\$1,725	\$1,737	\$1,281
Total Expenditures	\$3,909	\$4,132	\$4,401	\$4,664	\$4,893	\$5,168	\$5,400	\$5,625	\$5,845	\$6,077	\$6,299
Revenues											
Sewer Billing Revenue	\$3,864	\$4,086	\$4,354	\$4,617	\$4,845	\$5,119	\$5,350	\$5,574	\$5,794	\$6,025	\$6,247
Misc. Revenues	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12
Interest & Penalties	\$34	\$34	\$35	\$36	\$36	\$37	\$38	\$38	\$39	\$40	\$41
Operating Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$3,909	\$4,132	\$4,401	\$4,664	\$4,893	\$5,168	\$5,400	\$5,625	\$5,845	\$6,077	\$6,299

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APPENDIX A
TABLE 2

TOWNSHIP OF LOYALIST
CAPITAL BUDGET FORECAST
IN \$000'S

	Budget 2019	FORECAST									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Capital Program											
Non-Growth Related - Rate Funded	\$450	\$2,398	\$443	\$535	\$313	\$761	\$529	\$3,874	\$324	\$515	\$1,141
Total	\$450	\$2,398	\$443	\$535	\$313	\$761	\$529	\$3,874	\$324	\$515	\$1,141
Revised Total	\$450	\$2,398	\$443	\$535	\$313	\$761	\$529	\$3,874	\$324	\$515	\$1,141
Funding Sources											
Operating Contributions	\$450	\$598	\$443	\$535	\$313	\$761	\$529	\$2,874	\$324	\$515	\$1,141
Transfer from Reserve (For Capital)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-Growth Related - Debt	\$0	\$1,800	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0	\$0	\$0
Total Funding	\$450	\$2,398	\$443	\$535	\$313	\$761	\$529	\$3,874	\$324	\$515	\$1,141

Operating Contributions for Capital	\$450	\$598	\$443	\$535	\$313	\$761	\$529	\$2,874	\$324	\$515	\$1,141
Transfers to (from) Reserves (Excl. Club Fee Contributions)	\$36	(\$77)	\$71	\$184	\$574	\$509	\$935	(\$1,257)	\$1,367	\$1,379	\$925
Net Operating Contributions	\$486	\$520	\$514	\$719	\$887	\$1,270	\$1,464	\$1,618	\$1,691	\$1,894	\$2,066

Note: In years of high capital expenditures, transfers from reserves are used to offset operating contributions.

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APPENDIX A
TABLE 3

TOWNSHIP OF LOYALIST
RESERVE AND RESERVE FUND CONTINUITY
IN \$000'S

	Budget 2019	FORECAST									
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Sewer Reserve											
Opening Balance	\$2,859	\$3,213	\$3,536	\$4,011	\$4,603	\$5,593	\$6,527	\$7,899	\$7,070	\$8,883	\$10,727
Transfer to/(from) Reserves	\$352	\$288	\$435	\$547	\$935	\$869	\$1,294	(\$899)	\$1,725	\$1,737	\$1,281
Interest	\$2	\$35	\$40	\$46	\$55	\$65	\$78	\$70	\$88	\$106	\$120
Ending Balance	\$3,213	\$3,536	\$4,011	\$4,603	\$5,593	\$6,527	\$7,899	\$7,070	\$8,883	\$10,727	\$12,128
Debtenture Requirements	\$0	\$1,800	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0	\$0	\$0

Interest on Positive Balances	1.00%
Interest on Negative Balances	3.00%

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APPENDIX A
 TABLE 4
 TOWNSHIP OF LOYALIST
 NON-GROWTH RELATED DEBT SCHEDULE
 IN \$000'S

	2019		2020		2021		2022		2023		2024	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
New Debt	\$0	\$0	\$0	\$0	\$60	\$72	\$63	\$70	\$65	\$67	\$68	\$64
Existing Debt	\$421	\$119	\$426	\$111	\$432	\$100	\$438	\$89	\$444	\$77	\$281	\$66
Total	\$421	\$119	\$426	\$111	\$493	\$172	\$501	\$158	\$510	\$144	\$349	\$130

	2025		2026		2027		2028		2029		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
New Debt	\$71	\$62	\$74	\$59	\$110	\$96	\$114	\$92	\$119	\$87	\$745	\$668
Existing Debt	\$255	\$60	\$261	\$53	\$268	\$46	\$227	\$38	\$209	\$32	\$3,662	\$791
Total	\$325	\$122	\$335	\$112	\$378	\$142	\$342	\$130	\$328	\$119	\$4,407	\$1,459

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Appendix A – response to public comment on November 12, 2019

How does the proposed change in rate structure impact rates overall?

Current rates are calculated based on projected costs, number of customers, and consumption levels in order to recover 60% of required user revenue from fixed charges, and 40% of required revenue from consumption charges. Depending on where your consumption falls, your bill would have a higher fixed component if you're a lower user, and a high consumption component if you're a high user.

The proposed change will transition the rates so that required revenue will be raised 40% from fixed charges and 60% from consumption charges by 2029. In 2020, this transition begins at 50:50, which is why the fixed rate in the model is projected to remain constant until 2024 to offset inflationary costs, and the consumption rate will continue to increase until the 40:60 fixed/consumption ratio is achieved. This method would further assist lower volume users. Furthermore, commercial and industrial's fixed charges are based on consumption of an equivalent residential unit to spread the fixed proportion of costs more evenly between user groups. Multi-residential's fixed charges will follow that model starting in 2020.

Revenue that must be raised to operate and maintain the water and sewer systems remains constant regardless of what rate structure is chosen, therefore the proportion of decrease and increase in fixed and consumption charges respectively represent the projected consumption patterns and number of customers. These individual rate changes do not translate directly to your bill.

The rates itself do not increase as more consumption is used. The rates are constant. The more consumption used, the higher your bill.

Do the proposed rates mean residential user bills will increase by a minimum of 6%?

No. If you use less than or equal to 27 m3 bimonthly, you will see between a 16% decrease (if you consume little to nothing) and a 7% increase in your bill. Based on current consumption levels measured in the Township, approximately 70% of customers will see a 7% or less increase, or even a decrease in their bill. The remaining 30% currently using more than 27 m3 bimonthly will see over a 7% increase in their bill. If Council decided to keep the rate structure at status quo, all users would have seen a 6% increase regardless of usage.

Why doesn't the Township implement a consumption-only charge with no fixed charge?

Further to the rate structure explained above, the consumption charge alone does not represent the total cost to provide water and sewer. As is the case in billing structures used by most utilities services, a rate that includes a fixed component ensures all service addresses that have access to municipal water are charged to some extent to alleviate the burden to other users. Furthermore, up to 90% of water and sewer system costs are fixed. If the Township adopted a consumption-only charge and no fixed rate, the projected per m3 rate would be approximately \$4.84 for water and \$4.07 for sewer, therefore almost doubling the consumption rates. This would result in an increase to a medium user's bill (27 m3 bimonthly) by 12%, and a high user's bill (50 m3 bimonthly) by 54%, compared to what is proposed.

Why are we reviewing water and sewer rates currently?

It is common for municipalities to review water and sewer rates every 3 to 5 years and to have it align with the water financial plan that must be submitted to Provincial Government. Over time, growth projections and cost forecasts may change. For example, the non-residential

construction price index had an annual increase of 6.8% from 2017 to 2018, resulting in significant increases in capital costs to maintain and replace utilities infrastructure. This index is prescribed in Legislation. If growth and consumption patterns change over time in relation to the initial study, rates should be adjusted accordingly. The last rate study occurred in 2014 which increased rates beginning in January 2015.

How did the township inform rate payers of the water and sewer rate review process underway in 2019?

Refer to the attached public engagement process detail in appendix B of this report.

Has Loyalist looked at ways to improve efficiencies and decrease costs for operating and maintaining our water and sewer systems?

Procurement of services and equipment is in accordance with the Township's procurement policy and procedures: an open and competitive process. The cost of energy and chemicals is out of the Township's control; however staff constantly make adjustments to the operation of these facilities to optimize energy consumption and chemical use while producing water that is safe to consume and treated sewage that will not adversely affect the environment. Recent operational changes at one treatment plant has shown a reduction of 40% in hydro charges. Often the type of equipment and chemical is dictated by the treatment system that has been selected as a whole and procurement cannot necessarily be done competitively. Most treatment equipment and spare parts are considered proprietary. A full cost benefit analysis is required by provincial law whenever a new treatment system is considered, where capital, operating and life cycle costs are evaluated. Standardization of equipment is common practice in this municipality to take advantage of purchasing volume discounts and decrease the number of spares required. The hiring of maintenance staff has significantly reduced the need to contract maintenance work and the amount of after-hour calls to operations staff.

Why are new staff projected to be added to the utilities services when consumption per household is projected to decline over time?

Salaries have increased by approximately 3.8% on average annually between 2017 and 2019. These increases are in accordance with CUPE agreements and the non-union compensation review that was approved by Council in 2018. To a certain degree, staffing level is not directly related to consumption levels as once the facilities and underground infrastructure are in place, they must be operated and maintained. The Township is developing a comprehensive asset management program complimenting an already effective preventive maintenance program to ensure that the initial investment made in its facilities and equipment is protected and the life of the equipment is extended as much as possible. An apprenticeship program for the maintenance technicians is one of the positions proposed in this rate study to ensure the program is maintained albeit upcoming staff retirement. The download of regulatory work from the Province to the municipality has been ongoing over the past 15 years. Upcoming changes are expected to overload the one compliance position in the municipality. One of the positions proposed is to augment compliance staff. A thorough review of operating staffing level versus increased regulated requirements and expected service level was undertaken in 2016. The review identified that operational staff should be increased by two operators. Only one was hired based on available budget, with the expectation that staffing level would be reviewed as part of the rate study. The timing to add all these positions is dictated by the budget process and priorities.

Why aren't developers paying a larger share of the costs of operating and maintaining existing utilities infrastructure?

Under Legislation, Loyalist can pass by-laws to collect charges from developers towards the construction of infrastructure, including utilities assets, required to service new growth in the municipality. For costs related to existing operations and maintenance, rates are set for each type of customer to fairly reflect what it costs to service them.

Why does Loyalist want to have an internal target of 4% of infrastructure replacement cost in Reserve Funds by 2024?

The 4% target is not an annual contribution to reserve funds of 4%. Through annual contributions to and withdrawals from Reserve Funds between 2020 and 2024, the draft plans project that Reserve Fund balances will reach approximate 3.7% of projected replacement cost of water and sewer infrastructure by 2024. The Township has a sophisticated asset management database that allows for both manual and automated functions. This database generates an annual requirement based on each asset's projected useful life to determine how much should be transferred to reserve funds annually in order to eventually fund the replacement, better manage assets and adhere to the Ontario Regulation 588/17. This annual contribution is well over \$3 million, in which the Township is nowhere near reaching as useful lives may change due to various factors. Condition assessments are routinely completed by staff and third-party evaluators, where applicable, in order to defer any projects that have an extended useful life and risk of failure has been mitigated. The Township does not automatically replace assets based on the database alone but overall assists in tracking asset inventory and overall condition and risk.

This target wasn't necessarily used as the Townships target for the purposes of the rate study. The reserve funds need to be monitored over time and should be revaluated at the next study.

Hemson Consulting Ltd. has compared other municipalities, such as Guelph, that have 2% to 3% targets based on the asset replacement value but also incorporate rate stabilization reserve fund contributions, which Loyalist is not including in the rate calculations. The reserve fund is used to fund capital as well as provide stabilization for any unanticipated operational expenditures or revenue shortfall as a result of lower than anticipated consumption (which the Township is more at risk of now with the change in structure to a more volumetric based approach).

How are rates for our bulk water haulers set?

In 2012, Council granted water haulers a 23% discount from the average consumption rate in recognition of the lower reliance on distribution assets to deliver this water. Since 2012, the rate has increased similarly to other user rates while maintaining the 23% discount. The bulk water rate is proposed to be \$3.58 for 2020 at the 23% discount Level. Any further reduction in rates for water haulers would increase the rate to other users as this projected revenue source offsets revenue to be funded from all user rates. An average truck load is 10 m³, which means the water hauler pays \$35.80 for the water being delivered.

What efforts are being made to encourage conservation of Loyalists water resources?

The Township currently provides indoor and outdoor tips to conserve water on its website. Additionally, a seasonal outdoor water usage restriction is in place from May 1 to September 30 according to property address. Staff Report-1200 in the October 28 agenda further discusses future options for the Township to encourage conservation.

The transition to a higher volumetric rate structure is a step forward in encouraging conservation. If users can reduce consumption whether by habit or installation of high-efficiency

appliances, their bill will continually decrease more-so than the current rate structure. This will assist in managing peak flows and deferring the need for future plant expansions.

For more information, please refer to the user rate presentation prepared by Hemson Consulting Ltd. at <http://www.loyalistship.ca/index.cfm/residents/public-consultation/>

If you have any further questions, or would like to know how it will affect your bill in correlation with your current consumption levels, please call 613-386-7351 ext. 154 or email info@loyalist.ca

Appendix B - Public Engagement Process

Water and Sewer Rate Review

14 Social Media Posts - 13,450 impressions

Social Media		
Date	Outlet	Impressions/reach
Aug. 16	Twitter	486
Sept. 5	Twitter	527
Sept. 13	Twitter	599
Sept. 17	Facebook	2270
Sept. 21	Twitter	481
Sept. 23	Twitter	372
Oct. 15	Twitter	342
Oct. 28	Twitter	379
Nov. 1	Twitter	629
Nov. 1	Facebook	1588
Nov. 5	Facebook	2663
Nov. 5	Twitter	741
Nov 13	Facebook	1982
Nov. 13	Twitter	391

2059 Total website views*

Website	
Webpage	Total Visits
Public Consultation	512
News: Public Consultation	181
Notice: Public Open House	61
Notice: Public Meeting Connection Charges	49
Water & Sewer Billing and Information	985
Utilities Water Information	271

Approx. 5300 total printed utility newsletter inserts. Additional copies via e-billing.

Utility Inserts		
Date	Outlet	Impressions/Reach
August 2019	Township Newsletter – Bill Insert	Bath WTP Customers 1500 Hard Copies and PDF to e-billing customers.
September 2019	Township Newsletter – Bill Insert	Fairfield WTP Customers 2300 Hard Copies and PDF to e-billing
October 2019	Township Newsletter – Bill Insert	Bath WTP Customers 1500 Hard Copies and PDF to e-billing customers.

**Does not include Civicweb statistics*

Two newspaper ads with total delivery of 6918 per occurrence

Newspaper				
Date	Outlet	Reach/Impressions		
		Area	FSA	Total Qty
September 19	Napanee Guide	Bath	KOH	1581
		Odessa	KOH	1170
September 19	Kingston This Week	Amherstview/Collins Bay	K7N	3305
		Nicholson Point	KOH	85
		Loyalist Township Rural	KOH	598
		Stella	KOH	179
November 7	Napanee Guide	Bath	KOH	1581
		Odessa	KOH	1170
November 7	Kingston This Week	Amherstview/Collins Bay	K7N	3305
		Nicholson Point	KOH	85
		Loyalist Township Rural	KOH	598
		Stella	KOH	179

705 total email newsletters deliveries

Miscellaneous				
Medium	Dates	Approx. Reach		
August Newsletter – Email	Aug 14	233		
September Newsletter- Email	Sep 13	236		
October Newsletter - Email	Oct. 18	236		
Newsletters on office literature rack	Monthly	N/A		

THE CORPORATION OF LOYALIST TOWNSHIP

BY-LAW NO. 2019-099

A BYLAW ESTABLISHING FEES AND CHARGES TO PAY FOR THE CAPITAL COST OF WATER WORKS AND SEWAGE WORKS IN THE FAIRFIELD WATER SERVICE AREA, LOYALIST EAST SEWAGE SERVICE AREA AND BATH SERVICE AREA

WHEREAS the Municipality owns and operates within the Fairfield Water and Loyalist East Sewage Area a water treatment plant and a water pollution control plant, and their appurtenant facilities, equipment and distribution and collection systems;

WHEREAS the Municipality owns and operates within the Bath Service Area a water treatment plant and a water pollution control plant, and their appurtenant facilities, equipment and distribution and collection systems;

AND WHEREAS the owners of property located within Registered Plan No. 1081 previously entered into an agreement with the former Township of Ernestown for the provision of water and sewage services;

AND WHEREAS KoSa Canada Company, Bombardier Inc., and NPIF Kingston Cogen Corporation previously entered into agreements with the Township for the provision of water services;

AND WHEREAS Section 391 of the *Municipal Act, 2001*, authorizes Council to pass a by-law imposing fees and charges on any class of persons who derive a benefit from the water and sewer services provided by the municipality, for the purpose of contributing to the capital cost of providing those services;

AND WHEREAS Council has determined that every person who owns property in the Fairfield Water and Loyalist East Sewage Area derives, or will derive, a benefit from the municipality's water and sewer works and therefore should contribute to the capital cost of those works when the property is first connected to the works;

AND WHEREAS Council has determined that every person who owns property in the Bath Service Area derives, or will derive, a benefit from the municipality's water and sewer works and therefore should contribute to the capital cost of those works when the property is first connected to the works;

NOW THEREFORE the Council of the Corporation of Loyalist Township hereby enacts as follows:

1. For the purpose of this by-law
 - (a) "Actual Average Daily Flow Rate" means the actual water flow, measured in cubic meters, supplied to a lot during a calendar year divided by 365;
 - (b) "Alter" includes an increase in gross floor area for a non-residential use building or the non-residential use portion of a mixed-use building and the addition of one or more dwelling units to a residential use building or the residential use portion of a mixed use building, and "alteration" has a similar meaning;
 - (c) Not Used
 - (d) Not Used

- (e) "Bath Service Area" means that area of the Municipality receiving municipal sewer and/or water service from the Bath Sewage works or Bath Water works respectively;
- (f) "Bath Sewage Service Area" means the area of the Municipality receiving sewage services from the Bath Sewage Works
- (g) Not Used
- (h) "Bath Sewage Works" means the sewage treatment plant located in Part Lot 14, Concession Broken Front, being Part 1, Plan 29R5184, and being further described as being located in the geographic area of the former Village of Bath now known as Loyalist Township, including pumping stations, sanitary sewers and force mains, serviced by the Bath Water Pollution Control Plant;
- (i) "Bath Sewer Impost Fees Reserve Fund" means the reserve fund established by the municipality in respect of fees and charges collected to pay for the capital cost of sewage works that relate to growth or past growth;
- (j) "Bath Water Impost Fees Reserve Fund" means the reserve fund established by the municipality in respect of fees and charges collected to pay for the capital cost of water works that relate to growth or past growth;
- (k) "Bath Water Service Area" means that area of the Municipality receiving municipal water from the Bath Water Works;
- (l) Not Used
- (m) "Bath Water Works" means the water filtration plant located in Broken Front Concession, Part of Lots 11 and 16, Plan 77, geographic area of the former Village of Bath and now known as Loyalist Township, including pumping stations, distribution mains and water storage facilities serviced by the Bath Water Treatment Plant;
- (n) "Bedroom" means a habitable room larger than seven square meters, including a den, study, or other similar area, but does not include a living room, dining room or kitchen;
- (o) "Bombardier Agreement" means the agreement between the Township and Bombardier Inc. dated July 9, 2002;
- (p) "Capital Cost" means the cost of constructing sewage works or water works, inclusive of all items of cost usually and properly chargeable to capital account, and where applicable, the interest amounts payable on the debentures to be issued for the works and the imputed interest costs;
- (q) "Charges" means any or all of Water Works Charge and/or Sewage Works Charge
- (r) "Council" means the Council of the Corporation of Loyalist Township;
- (s) "Culinary facility" means facilities designed or intended for the preparation of food, which include any combination of two or more of the following: a sink, counter, storage space, refrigerator, stove, microwave or cooking apparatus dedicated to food preparation;
- (t) "Current Value" means the value established by the Municipality in its sole discretion from time to time;
- (u) "Designated Heritage Property" means a property designated to be of cultural heritage value or interest by the Municipality under Part IV of the, Ontario Heritage Act, R.S.O. 1990, c. O. 18 or a property found within a heritage conservation district designated by the Municipality under Part V of the Ontario Heritage Act.
- (v) Not Used

- (w) "Dwelling unit" means a room or suite of rooms used, or designed or intended for use by, one person or persons living together, in which culinary and sanitary facilities are provided for the exclusive use of such person or persons on a single lot;
- (x) Not Used
- (y) "Estimated Average Daily Flow" means the estimated daily flow of water, averaged over an annual basis, measured in cubic meters, supplied to a lot;
- (z) "Factory Street Works Charges" shall mean the water works and/or sewer works charges calculated in accordance with this by-law;
- (aa) "Factory Street Works Service Area" shall mean those properties listed in schedule "G" to this bylaw and described as Plan 91, Part of Lot 104 and Plan 91, Part of Lots 136 and 139 RP29R-2097 Part 1;
- (bb) "Factory Street Works" shall mean servicing laterals from the water main and sewer mains to the property lines for the benefit of the Factory Street service area;
- (cc) "Fairfield Water and Loyalist East Sewage Service Area" means that area of the Municipality receiving municipal sewer and/or water service from the Loyalist East Sewage System and/or the Fairfield Water Works respectively;
- (dd) "Fairfield Water Impost Fees Reserve Fund" means the reserve fund established by the municipality in respect of fees and charges collected to pay for the capital cost of water works that relate to growth or past growth;
- (ee) "Fairfield Water Service Area" means that area of the Municipality receiving municipal water service from the Fairfield Water Works;
- (ff) Not Used
- (gg) "Fairfield Water Works" means the Fairfield Water Filtration Plant located in part of Lots 40 and 41, Broken Front Concession, geographic area of the former Township of Ernestown and now known as Loyalist Township, and related pumping stations, distribution mains and water storage facilities;
- (hh) "Grade" means the average level of finished ground adjoining a building or structure at all exterior walls;
- (ii) "Historic flow demand" means non-residential uses and the non-residential portion of mixed uses, the average daily flow of water, measured in cubic meters, supplied to a lot measured over the most recent past 60 months from when flow measurements taken by the Township are available, or the average daily flow of water measured during the highest occupancy period at the lot by the Township where the lot has not been fully occupied within the most recent 60 month period;
- (jj) "KoSa Agreement" means the agreement between the Township and KoSa Canada Limited dated July 3, 2002;
- (kk) "Lot" means a parcel of land, including land exempt from taxation under the Assessment Act that is under distinct and separate ownership, is separately assessed according to the most current Assessment Roll, and the title to which may be transferred without contravening the Planning Act;
- (ll) "Loyalist East Sewage Impost Fees Reserve Fund" means the reserve fund established by the municipality in respect of fees and charges collected to pay for the capital cost of sewage works that relate to growth or past growth;
- (mm) "Loyalist East Sewage Service Area" means that area of the Municipality receiving municipal sewer service from the Loyalist East Sewage System;

- (nn) "Loyalist East Sewage System" means that area of the Municipality receiving municipal sewer service from the Loyalist East Sewage Works;
- (oo) Not Used
- (pp) "Loyalist East Sewage Works" means the water pollution control plant (sewage treatment plant) located in Part Lot 37, Concession 1, being Part 1 on Plan 29R6932, and being further described as being located in the geographic area of the former Township of Ernestown now known as Loyalist Township, including pumping stations, sanitary sewers and force mains serviced by the Amherstview Water Pollution Control Plant;
- (qq) "Mixed-use" means a building or structure that uses water and sewer services for both residential and non-residential uses.
- (rr) "Multiple dwelling" means all dwellings other than single detached dwellings, semi-detached dwellings, secondary units, and multi-residential units;
- (ss) "Multi-Residential Unit" means residential units where there is more than one fully serviced dwelling unit on an individual property and excludes secondary units as defined in this by-law.
- (tt) "Municipality" means The Corporation of Loyalist Township;
- (uu) "Non-Residential Uses" means lands, buildings or structures or portions thereof used, or designed or intended for any use other than for residential uses;
- (vv) "NPIF Kingston Cogen agreement" means the agreement between the Township and NPIF Limited Partnership and NPIF Kingston Cogen Corporation dated August 14, 2007;
- (ww) "Odessa Trunk Water Service Area" means those lots within the municipality described as "Eligible" in Schedule "D" to this by-law, the owners or occupants of which derive or will or may derive a benefit from the Fairfield Water Works;
- (xx) "Odessa Trunk Water Works Charge" shall mean the water works charge calculated in accordance with this by-law;
- (yy) "Odessa Trunk Water Works" shall mean the transmission water mains, water booster pumping station, drain chambers, diversion chambers and appurtenances constructed by the municipality and approved in Ministry of the Environment and Energy Certificate of Approval Water #7-0006-96-006, dated February 21, 1996, the location of which is more particularly described in Schedule "D" to this by-law;
- (zz) "Owner" means every person who is a registered owner of land located with the Fairfield Water Service Area, Loyalist East Sewage Service Area and Bath Service Area and any reference in this by-law to an owner in the singular shall be deemed to include the plural, where applicable;
- (aaa) "Parrott's Bay West Water Works" means the portion of the Fairfield Water Works located along Highway 33 west of Parrott's Bay;
- (bbb) "Plan 1081 Agreement" means the agreement dated October 1, 1975 between Loyalist Farms and the former Township of Ernestown as may be amended from time to time;
- (ccc) "Residential uses" means lands, buildings or structures or portions thereof used, or designed or intended for use as a home or residence of one or more individuals, and shall include a single detached dwelling, a semi-detached dwelling, a multi-residential unit, a secondary unit, and the residential portion of a mixed-use building or structure;
- (ddd) "Secondary Units" shall mean a dwelling unit, whether contained within a single detached dwelling, a semi-detached dwelling or a multiple dwelling, or ancillary to a single detached dwelling, a semi-detached dwelling or a multiple dwelling including but not limited to a stand-alone structure (i.e. coach house or laneway suite) or structure constructed above an existing garage or other structure separate from the primary dwelling unit which:

- Is secondary to the primary dwelling unit and smaller in gross floor area than the primary dwelling unit;
 - Cannot be conveyed as a separate parcel from the primary dwelling unit;
- (eee) "Semi-detached dwelling" means a unit that shares one common wall with one adjacent dwelling unit. The common wall defines the property line that separates the two lots;
- (fff) "Single detached dwelling" means a completely detached building containing only one dwelling unit;
- (ggg) Sewage Works Charge means a charge on account of the capital cost of the Fairfield Water Works or Bath Water Works imposed in accordance with this by-law;
- (hhh) "Timmerman Street Service Area" means those properties listed in Schedule "F" to this By-law and described as Part 1 to 5 of plan 29R768 and Part 1 of 29R2853 and Part 1 of 29R329 connected to either the Fairfield Water Works and/or the Loyalist East Sewage Works as defined by 'bb' and 'b' respectively;
- (iii) "Timmerman Street Works Charge" shall mean the water works charge calculated in accordance with this by-law;
- (jjj) "Timmerman Street Works" shall mean the water main, sanitary sewer main and related service connections installed by the municipality on Timmerman Street for the benefit of the Timmerman Street Service Area;
- (kkk) "User fees" means fees charged by the Township on a regular basis for the supply and maintenance of ongoing sewage and water supply operations and non-growth-related capital replacement;
- (lll) Water Works Charge means a charge on account of the capital cost of the Bath Water Works or the Fairfield Water Works;
- (mmm) "Works" includes the Bath Water Works, the Bath Sewage Works, the Fairfield Water Works and the Loyalist East Sewage Works.
2. This by-law shall apply to every person who is an Owner of property located in Loyalist Township.

Sewage

3. Sewage Works Charge, being an amount to pay a portion of the capital cost of the Loyalist East Sewage System and the Bath Sewage Works is hereby imposed on each Owner or occupant of a lot in the Loyalist East Sewage Area and the Bath Service Area.
4. Not Used
5. Every person who is an Owner of a property located in Loyalist Township shall pay the Sewage Works Charge where the building or structure is altered or where a new building or structure is constructed, in accordance with the following:
1. a residential use building or the residential use portion of a mixed-use building, the Sewage Works Charge shall be calculated by multiplying the number of dwelling units of each type by the corresponding charge for the dwelling unit type, as set out in Schedule "A"; and
 2. for a non-residential use building or the non-residential use portion of a mixed-use building, the Sewage Works Charge shall be calculated by multiplying the Estimated Average Daily Flow of the building by the charge in the Non-Residential column of Schedule "A".
6. Subject to section 57, where an existing residential use building or the residential use portion of a mixed-use building is altered, the Owner is entitled to a credit against the Sewage Works Charge equal to the number of dwelling units of each type that existed immediately prior to the alteration multiplied by the corresponding charge for the dwelling unit type, as set out in Schedule "A".

7. Subject to section 57, where an existing non-residential use building or the non-residential use portion of a mixed-use building is altered the Owner is entitled to a credit against the Sewage Works Charge equal to the Historic Flow Demand of the building multiplied by the charge in the non-residential column of Schedule "A".
8. Subject to section 57, where an existing building is altered such that all or a portion of the building is converted from residential use to non-residential use or vice versa, the Owner is entitled to a credit against the Sewage Works Charge that is equal to:
 1. the number of dwelling unit types, if any, that existed on the day immediately prior to the alteration multiplied by the corresponding charge for the dwelling unit type, as set out in Schedule "A"; and
 2. the Historic Flow Demand, if any, for the non-residential use portion of the building multiplied by the charge in the non-residential column of Schedule "A".
9. Subject to section 57, and despite anything to the contrary in this By-law, where an existing building is altered or converted from residential use to non-residential use or vice versa, and the Actual Average Daily Flow Rate data includes both residential and non-residential flow data that cannot be separated, the credit available to the Owner shall be calculated as if the existing use were non-residential in accordance with section 7 above.
10. Despite sections 3 and 5, lots covered by the Registered Plan 1081 Agreement are exempt from the payment of the Sewage Works Charge.
11. Despite sections 3 and 5, lots covered by the KoSa Agreement, the Bombardier Agreement and the NPIF Kingston Cogen Agreement are exempt from the payment of the Sewage Works Charge up to the maximum flow rates assigned to these facilities as per the agreements, as amended.
12. Despite sections 3 and 5, any previously undeveloped vacant lot for which the Owner or occupant of the lot has previously paid a sewage connection fee to the Municipality, as documented by the Owner or occupant in a form satisfactory to the Treasurer, or has made a payment on account of municipal sewage services under a by-law passed in accordance with the Local Improvement Act is exempt from the Sewage Works Charge unless the Estimated Average Daily Flow exceeds 480 litres per day. The existence of a connection at the property line does not alone justify waiving the Sewage Works Charge applicable pursuant to this By-law.
13. If the Sewage Works Charge calculated in accordance with Schedule "A" based on the Actual Average Daily Flow for any non-residential use property or the non-residential portion of a mixed use property over any 12 month period is greater than 115% of the Sewage Works Charge previously paid, the Owner or occupant of the property shall pay the difference between the Sewage Works Charge previously paid and the Sewage Works Charge calculated based on the Sewage Works Charge for lot calculated using the historic flow demand.
14. In no circumstance will the Township provide a credit which results in a net payment by the Township to the lot Owner.

Water

15. The Water Works Charge, being an amount to pay a portion of the capital cost of the Fairfield Water Works and the Bath Water Works, is hereby imposed on each Owner or occupant of a lot in the Fairfield Water Area and Bath Service Area.
16. Not Used

17. Every person who is an Owner of a property located in Loyalist Township shall pay the Water Works Charge where the building or structure is altered or where a new building or structure is constructed, in accordance with the following:
 1. a residential use building or the residential use portion of a mixed-use building, the Water Works Charge shall be calculated by multiplying the number of dwelling units of each type by the corresponding charge for the dwelling unit type, as set out in Schedule "A"; and
 2. for a non-residential use building or the non-residential use portion of a mixed-use building, the Water Works Charge shall be calculated by multiplying the Estimated Average Daily Flow of the building by the charge in the Non-Residential column of Schedule "A".
18. Subject to section 57, where an existing residential use building or the residential use portion of a mixed-use building is altered, the Owner is entitled to a credit against the Water Works Charge equal to the number of dwelling units of each type that existed immediately prior to the alteration multiplied by the corresponding charge for the dwelling unit type, as set out in Schedule "A".
19. Subject to section 57, where an existing non-residential use building or the non-residential use portion of a mixed-use building is altered the Owner is entitled to a credit against the Water Works Charge equal to the Historic Flow Demand of the building multiplied by the charge in the non-residential column of Schedule "A".
20. Subject to section 57, where an existing building is altered such that all or a portion of the building is converted from residential use to non-residential use or vice versa, the Owner is entitled to a credit against the Water Works Charge that is equal to:
 1. the number of dwelling unit types, if any, that existed on the day immediately prior to the alteration multiplied by the corresponding charge for the dwelling unit type, as set out in Schedule "A"; and
 2. the Historic Flow Demand, if any, for the non-residential use portion of the building multiplied by the charge in the non-residential column of Schedule "A".
21. Subject to section 57, and despite anything to the contrary in this By-law, where an existing building is altered or converted from residential use to non-residential use or vice versa, and the Actual Average Daily Flow Rate data includes both residential and non-residential flow data that cannot be separated, the credit available to the Owner shall be calculated as if the existing use were non-residential in accordance with section 19 above.
22. Despite sections 15 and 17 lots covered by the Registered Plan 1081 Agreement are exempt from the payment of the Water Works Charge.
23. Despite sections 15 and 17 lots covered by the KoSa Agreement, the Bombardier Agreement and the NPIF Kingston Cogen Agreement are exempt from the payment of the Water Works Charge up to the maximum flow rates assigned to these facilities as per the agreements as amended.
24. Despite sections 15 and 17 any previously undeveloped vacant lot for which the Owner or occupant of the lot has previously paid a water connection fee to the Municipality, as documented by the Owner or occupant in a form satisfactory to the Treasurer, or has made a payment on account of municipal water services under a by-law passed in accordance with the Local Improvement Act is exempt from the Water Works Charge unless the Estimated Average Daily Flow exceeds 480 liters per day. The existence of a connection at the property line does not alone justify waiving the Water Works Charge applicable pursuant to this By-law.
25. If the Water Works Charge calculated in accordance with Schedule "A" based

on the Actual Average Daily Flow for any non-residential use property or the non-residential portion of a mixed use property over any 12 month period is greater than 115% of the Water Works Charge previously paid, the Owner or occupant of the property shall pay the difference between the Water Works Charge previously paid and the Water Works Charge calculated based on the Water Works Charge for lot calculated using the historic flow demand.

26. In no circumstance will the Township provide a credit which results in a net payment by the Township to the lot Owner.

Special Works Charges

Odessa Trunk Service Area

27. Generally, lots along the County Road 6 between the Canadian National Railway track crossing and Shane Street in Odessa fronting the watermain can only connect to the Fairfield Water Works if there was a dwelling unit on the lot prior to January 1, 1999.
28. For those lots listed in Schedule "D", only those lots identified as "Eligible" may connect to the Fairfield Water Works by paying the appropriate charges.
29. Residential lots along the Parrott's Bay West Water Works watermain can only connect to the Fairfield Water Works if there was a dwelling unit on the lot prior to January 1, 2002 and the existing supply of water to the lot does not meet the standards in the Safe Drinking Water Act, 2002, as amended.
30. Loyalist Township By-law 99-45 (Odessa Trunk) and By-law 99-61 (Harewood Brooklands) included an additional construction cost relating to the installation of water laterals to properties and those properties were assessed an additional construction cost charge. Schedule "E" lists the properties and their respective works charges to recover the construction costs.
31. The Odessa Trunk Water Works Charge as set out in Schedule "E" to this By-law, being an amount sufficient to pay a portion of the capital costs of the Odessa Trunk Water Works, is hereby imposed upon each Owner or occupant of an eligible lot in the Odessa Trunk Service Area as set out in Schedule "D" to this By-law.
32. If a new lot is created within an existing eligible lot lying south of the CNR mainline in the Odessa Trunk Service Area, the new lot shall be deemed to be an eligible lot and the Owner or occupant of the new lot shall be liable for and pay the Odessa Trunk Water Works Charge.

Timmerman Street Service Area

33. The construction of Timmerman Street included an additional construction cost relating to the installation of water and/or sewer laterals to properties and those properties were assessed an additional construction cost charge. Schedule "F" lists the benefitting properties and their respective works charges to recover the construction costs.
34. A Timmerman Street Water Works and Timmerman Street Sewage Works charge sufficient to pay a portion of the capital costs of the Works shall be imposed upon the Owner or occupant of each lot in the Timmerman Street Service Area to which this by-law applies.
35. If a new lot is created within an existing lot in the Timmerman Street Service Area, including within an existing lot to which this by-law does not apply, the Owner or occupant of the new lot shall be liable for and pay a Timmerman Street Water Works Charge and a Timmerman Street Sewage Works Charge equal to the charge in Schedule "F."

Factory Street Service Area

36. For those lots listed in Schedule "G" related to "Factory Street service area" only these specific charges noted apply as these lots were previously serviced prior to the 2009 re-construction of Factory Street. This charge is for construction costs relating to the installation of new water and sewer laterals to the properties listed on the schedule. Charges on schedule "A" do not apply to these lots.
37. The Factory Street Water and Sewage Works Charge shall be imposed upon the Owner or occupant of each lot in the Factory Street Service Area to which this by-law applies.

Developer Credit Allowance (Bath Service Area)

38. The Owners of the properties for which the developers prepaid for Water Treatment pursuant to an agreement dated March 11, 1996 with the predecessor municipality Village of Bath shall be entitled to a credit as outlined in Schedule "B" to this By-law until they have developed units which have a water demand equivalent to the water capacity purchased.
39. The Owners of the properties for which the developers prepaid for Sewer Treatment pursuant to an agreement dated February 12, 1990 with the predecessor municipality Village of Bath shall be entitled to a credit as outlined in Schedule "C" to this By-law until they have developed units which have a sewage demand equivalent to the sewage capacity purchased.

General

40. Charges payable in accordance with this by-law shall be calculated and paid in full on the date that a building permit is issued in relation to a building or structure to be constructed on the property.
41. Where charges apply to property in relation to which a building permit is required, the building permit shall not be issued until the charges have been paid in full.
42. Despite sections 40 and 41, the Municipality may enter into an agreement with an Owner of a Designated Heritage Property that provides for payment of all or part of the Charges payable in accordance with this By-law upon occupancy being achieved in accordance with section 11 of the Building Code Act, 1992, S.O. 1992, c.23, or two years after a building permit is issued with respect to the Designated Heritage Property, whichever date comes first. The agreement shall be to the Municipality's satisfaction and shall include provisions respecting payment of Charges, default provisions, and provisions regarding the payment of interest where payments are not made in accordance with the agreement, amongst other things. A building permit shall not be issued in respect of a Designated Heritage Property until either an agreement is made between the Owner and the Municipality in accordance with this section, or Charges have been paid in full in accordance with section 41.
43. Despite sections 37 and 38, every Owner of a property outside of the urban area designation of the Township's Official Plan, who meets the criteria defined in the Official Plan for servicing of development outside of the urban area for connection to municipal water supply for remedial or water quality reasons, may elect to pay the applicable works Charge, together with interest at the rate of 8% per annum, calculated semi- annually, in ten (10) equal annual installments of blended principal and interest, in which event the Treasurer shall add the unpaid balance owing to the tax roll of the Owner's property and collect each annual payment in the same manner as municipal taxes.

44. Legal fees incurred by the Township, if any, associated with defining the terms and conditions for repayment provided for in section 39 above and for registering the lien against the property shall be included in the cost to be recovered by the property Owner. The legal fees shall be repaid on the same terms and conditions elected for the underlying Works Charge.
45. Every Owner who elects to pay the applicable works Charge and associated legal fees in accordance with sections 39 and 40 may at any time thereafter commute and pay in cash the outstanding principal balance of the Charge and legal fees and any accrued and unpaid interest.
46. Charges payable in accordance with this by-law shall be deposited in the Loyalist East Sewage Impost Reserve Fund, the Fairfield Water Impost Reserve Fund, the Bath Sewer Impost Reserve Fund or the Bath Water Impost Reserve Fund respectively and shall be maintained within separate sub-accounts within these Reserve Funds, to be used to cover past growth costs and fund growth related infrastructure capital costs.
47. Where an Owner applies for a building permit for the construction of a new single detached dwelling or semi-detached dwelling that is being purpose-built to contain a secondary unit, no charge shall be imposed to the secondary unit provided that:
 - (a) The secondary unit is permitted by and meets the regulations of the applicable zoning by-law; and
 - (b) The secondary unit meets the criteria set out in the Township's Official Plan
48. Notwithstanding Sections 5 and 17 above, no Charge shall be imposed under this by-law with respect to the following:
 - (a) the enlargement of an existing residential dwelling unit;
 - (b) the creation of one or two additional residential dwelling units in an existing single detached dwelling where the total gross floor area of each additional unit does not exceed the gross floor area of the existing dwelling unit; or
 - (c) the creation of one additional dwelling unit in any other type of existing residential use building provided the gross floor area of the additional unit does not exceed the gross floor area of the smallest existing dwelling unit already in the building.
49. Not Used
50. Not Used
51. The growth portion of Charges payable in accordance with Schedules "A", and the Charges payable in accordance with Schedules, "D", "E", "F", and "G" shall be adjusted annually without amendment to this by-law, commencing on January 1, 2021 and annually thereafter in accordance with the most recent twelve month change in the Statistics Canada Quarterly, Non-Residential Construction Price Index, Table 18-10-0135.
52. The Charges payable in accordance with Schedules "B" and "C" are updated annually based on the original agreements in place, uncommitted reserve capacity calculations and the most recent Statistics Canada Quarterly, Non-Residential Construction Price Index, Table 18-10-0135-01.
53. The Charges payable in accordance with this by-law shall be paid over and above all other rates or charges as Council may impose by by-law from time to time.
54. The Charges payable by an Owner in accordance with this by-law shall constitute a debt of the Owner to the Municipality and any amount owing shall

bear interest at the rate of 1.25% per month (15% per annum) calculated from the due date to the date of payment in full.

55. In addition to any other remedy available to the Municipality, the Treasurer may add any amount owing on account of the Charges to the tax roll for the property in respect of which the charge was payable and may collect the amount owing in the same manner as municipal taxes.
56. If any provision or requirement of this by-law or the application of this by-law to any person shall to any extent be held to be invalid or unenforceable, the remainder of the by-law or the application of such provisions or requirements to all persons other than those to which it is held to be invalid or unenforceable, shall not be affected thereby and each provision and requirement of the by-law shall be separately valid and enforceable to the fullest extent permitted by law.
57. Where a previously connected property has not paid water or sewer user rates for a period in excess of 5 years this property will be required to pay the full applicable water and sewer works charges as applicable for that location even if a physical water and or sewer connection exists to the property line despite any exemption that might otherwise be available pursuant to this By-law.
58. Schedules "A", "B", "C", "D", "E", "F", and "G" attached hereto shall form an integral part of this by-law.
59. This by-law may be cited as the "Water and Sewage Works Charges By-law."
60. This by-law repeals By-law 2018-023 and any and all by-laws or portions thereof conflicting with this by-law are hereby repealed.
61. In the event of a conflict between the provisions of this by-law and any other by-law of the municipality, the provisions of this by-law shall prevail.
62. This by-law shall come into force and take effect on November 25, 2019.

ENACTED AND PASSED THIS 25TH DAY OF NOVEMBER 2019.

MAYOR

CLERK

INDEX OF SCHEDULES TO BY-LAW 2019-099

- Schedule A Water Works and Sewage Works Charges
- Schedule B Credit to Developers for Prepaid Water Treatment
- Schedule C Credit to Developers for Prepaid Sewage Treatment
- Schedule D Odessa Trunk Service Area Definitions
- Schedule E Odessa Trunk, Harewood and Brooklands Additional Works Charges
- Schedule F Timmerman Street Additional Works Charges
- Schedule G Factory Street Water and Sewage Works Charges

**BY-LAW 2019-099
SCHEDULE "A"**

**Water Works Charges and Sewage Works Charges
Effective January 1, 2020**

Service	Residential Single-Detached Dwelling and Semi- Detached Dwelling	Residential Multi-Residential	Residential Other Multiples	Non-Residential per daily m3
Water – Growth portion	\$4,655	\$2,823	\$3,613	\$9,312
Water – Club fee	\$2,890	\$1,753	\$2,243	\$6,248
Total Water	\$7,545	\$4,576	\$5,856	\$15,560
Sanitary sewer – Growth portion	\$2,032	\$1,232	\$1,577	\$4,067
Sanitary sewer – Club fee	\$3,548	\$2,152	\$2,754	\$7,670
Total Sanitary sewer	\$5,580	\$3,384	\$4,331	\$11,737
Total combined charge	\$13,125	\$7,960	\$10,187	\$27,297

**BY-LAW 2019-099
SCHEDULE "B"**

**Credit to Developers for Prepaid Water Treatment
Effective January 1, 2020**

Service	Residential Single-Detached Dwelling and Semi-Detached Dwelling	Residential Multi- Residential	Residential Other Multiples	Non- Residential per daily m3
J. A. Pye (Ontario) Ltd.	\$1,668	\$1,308	\$1,476	\$3,870
Loyalist Residential Estates (Kaitlin Group)	\$1,297	\$1,018	\$1,147	\$3,010
Total	\$2,965	\$2,326	\$2,623	\$6,880

**BY-LAW 2019-099
SCHEDULE "C"**

**Credit to Developers for Prepaid Sewer Treatment
Effective January 1, 2020**

Service	Residential Single-Detached Dwelling and Semi-Detached Dwelling	Residential Multi- Residential	Residential Other Multiples	Non- Residential per daily m3
J. A. Pye (Ontario) Ltd.	\$1,597	\$1,252	\$1,412	\$3,705
Loyalist Residential Estates (Kaitlin Group)	\$1,597	\$1,252	\$1,412	\$3,705
Total	\$3,194	\$2,505	\$2,825	\$7,410

**BYLAW 2019-099
SCHEDULE "D"**

**ODESSA TRUNK SERVICE AREA
Effective January 1, 2020**

Bldg.	Eligible	Parcel	Location Description
Part 1 - Hwy #33 (Speers Blvd. to County Road 6)			
North side			
x	x	110401008001500	4595 Bath Road
	x	110401008002001	4621 Bath Road
Part 2 - County Road #6 (Bath Rd. to CNR Tracks)			
East Side			
	x	110401008003100	Con 1 Pt. Lot 35 (vacant)
	x	110401008003000	35 County Rd 6, Con BF Pt. Lot 35
	x	110401008003600	Con 1 Pt. Lot 35(vacant)
	x	110401008017801	Con 1 Pt. Lot 35, E of Cty Rd 6 (vacant)
	x	110401008003800	Con 1 Pt. Lot 35, Cty Rd. 6 E/S
x	x	110401008004000	211 County Rd. 6 N
x	x	110401008004102	4450 Taylor Kidd Blvd, Con 1 Pt. Lot 35
x	x		245 County Rd. 6 N (Water Pumping Station)
West Side			
	x	110401008005100	Vacant
Part 3 - County Road #6 (CNR Tracks to Shane Street)			
East Side			
	Not eligible		Bell Canada Bldg.
	Not eligible	110401008004400	Con 1 Pt. Lot 35 (vacant)
x	x	110401008004300	365 County Rd. 6 N
x	x	110401009012100	559 County Rd. 6 N
x	Not eligible	110401009012601	473 Caton Road
	Not eligible	110401009013700	486 Shane St.
	Not eligible	110401009013301	807 County Rd. 6, Con 3 Pt Lot 33
West Side			
x	x	110401008005002	304 County Rd. 6 N
x	x	110401008005001	320 County Rd. 6 N
x	x	110401008005000	332 County Rd. 6 N
x	x	110401008004600	410 County Rd. 6 N
x	x	110401008012200	434 County Rd. 6 N
x	x	110401009012300	534 County Rd. 6 N
	Not eligible	110401009012310	554 County Rd. 6, Con 2 Pt Lot 34 (vacant)
	Not eligible	110401009012500	Con 2 Lot 34
	Not eligible	110401009013630	Con 3 Pt Lot 33
	Not eligible	110401009013620	Con 3 Pt Lot 32

**BYLAW 2019-099
SCHEDULE "E"**

**ODESSA TRUNK WATERMAIN AND HAREWOOD AND BROOKLANDS
WORKS CHARGE FOR ADDITIONAL CONSTRUCTION COSTS
Effective January 1, 2020**

Odessa Trunk

Civic Address	Assessment Roll #	Works Charge
365 County Rd 6 N	110401008004300	\$2,628

Harewood, Brooklands

Civic Address	Assessment Roll #	Works Charge
4696 Bath Road	110401008005400	\$718
4705 Bath Road	110401008018100	\$1,510
4750 Bath Road	110401008005720	\$604
4754 Bath Road	110401008005900	\$565
4756 Bath Road	110401008006000	\$586
4760 Bath Road	110401008006100	\$909
4787 Bath Road	110401008019400	\$889
4791 Bath Road	110401008019300	\$812
4809 Bath Road	110401008019800	\$775
4825 Bath Road	110401008019890	\$378
4860a Bath Road – severance		\$11,699

**BYLAW 2019-099
SCHEDULE "F"**

**TIMMERMAN STREET WORKS CHARGE
FOR ADDITIONAL CONSTRUCTION COSTS
Effective January 1, 2020**

Timmerman Street Water Works

Civic Address	Assessment Roll #	Water Works Charge
3 Timmerman St.	110401009008314	\$2,360
7 Timmerman St.	110401009008312	\$4,349
403 Millhaven Rd.	110401009008310	\$13,665

Timmerman Street Sewage Works

Civic Address	Assessment Roll #	Sewage Works Charge
3 Timmerman St.	110401009008314	\$8,560
5 Timmerman St.	110401009008313	\$8,560
7 Timmerman St.	110401009008312	\$8,560
403 Millhaven Rd.	110401009008310	\$8,560

**BYLAW 2019-099
SCHEDULE "G"**

**FACTORY STREET WORKS CHARGES
IN LIEU OF SCHEDULE "A"**

Effective January 1, 2020

Factory Street Water Works

Civic Address	Assessment Roll #	Water Works Charge
19 Factory St., Odessa	110401017013000	\$3,002
150 Main St., Odessa	110401017010100	\$3,290

Factory Street Sewage Works

Civic Address	Assessment Roll #	Sewage Works Charge
19 Factory St., Odessa	110401017013000	\$3,002
150 Main St., Odessa	110401017010100	\$2,667

THE CORPORATION OF LOYALIST TOWNSHIP

BY-LAW NO. 2019-100

A By-law Respecting Water and Sewage user rates and Service Charges in Loyalist Township

WHEREAS The Corporation of Loyalist Township (the "Township") owns, operates and maintains the Fairfield Water Works and the Bath Water Works;

AND WHEREAS the Township owns, operates and maintains the Loyalist East Sewage Works and the Bath Sewage Works;

AND WHEREAS Section 11(2) of the *Municipal Act, 2001*, S.O. 2001, Chapter 25 authorizes the Township to pass by-laws respecting public utilities that includes water and sewage works and services;

AND WHEREAS the Council of the Township deems it desirable and expedient to pass a by-law respecting water and sewage services in order to ensure a continued supply of water and sewage services to those persons in Loyalist Township to whom such services are supplied by the Township;

AND WHEREAS Section 391(1) of the *Municipal Act, 2001*, authorizes the Township to pass by-laws imposing fees or charges on any class of persons for services or activities provided or done by or on behalf of the Township and for capital costs payable by the Township for sewage and water services which the Township will provide to those persons after the fees and charges are imposed;

AND WHEREAS section 81(1) of the *Municipal Act, 2001*, authorizes the municipality to shut off the supply of a public utility to land if fees or charges payable by the owners or occupants of the land for the supply of the utility are overdue;

AND WHEREAS section 83 of the *Municipal Act, 2001*, authorizes a municipality to require, as a condition of supplying or continuing to supply a public utility, reasonable security be given for the payment of fees and charges for the supply of the public utility;

AND WHEREAS Section 398 of the *Municipal Act, 2001*, authorizes the Treasurer to add fees and charges imposed by the municipality to the tax roll for a property to which a public utility has been supplied and to collect them in the same manner as municipal taxes;

AND WHEREAS Ontario Regulation 581/06 made under the *Municipal Act, 2001*, authorizes that fees and charges imposed by the municipality to the tax roll have priority lien status;

AND WHEREAS Council of the Township wishes to impose fees and charges to recover the costs of providing water and sewage services to the users thereof;

NOW THEREFORE The Corporation of Loyalist Township hereby enacts as follows:

1. Definitions

- 1.1. "Bath Water Works" shall mean the water filtration plant located in Broken Front Concession, Part of Lots 11 and 16, Plan 77, geographic area of the former Village of Bath and now known as Loyalist Township, including pumping stations, distribution mains and water storage facilities serviced by the Bath Water Treatment Plant.
- 1.2. "Bath Sewage Works" shall mean the sewage treatment plant located in Part Lot 14, Concession Broken Front, being Part 1, Plan 29R5184, and being further described as being located in the geographic area of the former Village of Bath now known as Loyalist Township, including pumping stations, sanitary sewers and force mains, serviced by the Bath Water Pollution Control Plant.
- 1.3. "Bill date" shall mean the date on which a bill for a water user rate and/or service charge and/or sewer user rate and/or service charge is rendered.
- 1.4. "Council" shall mean the Council of The Corporation of Loyalist Township.
- 1.5. "Dwelling Unit" shall mean a room or suite of rooms used, or designed or intended for use by, one person or persons living together, in which culinary and sanitary facilities are provided for the exclusive use of such person or persons;
- 1.6. "Equivalent Residential Unit" or "ERU" means the sum of the equivalent number of residential units deemed to exist on multi-residential, industrial, commercial and institutional properties in the service areas to which water or sewage services are provided, as determined in accordance with this by-law.
- 1.7. "Fairfield Water Works" shall mean the Fairfield Water Treatment plant located in part of Lots 40 and 41, Broken Front Concession, geographic area of the former Township of Ernestown and now known as Loyalist Township, and related pumping stations, distribution mains and water storage facilities.
- 1.8. "Loyalist Sewage Works" means the sewage treatment plant located in Part Lot 37, Concession 1, being Part 1 on Plan 29R6932, and being further described as being located in the geographic area of the former Township of Ernestown now known as Loyalist Township, including pumping stations, sanitary sewers and force mains serviced by the Amherstview Water Pollution Control Plant.
- 1.9. "Multi-residential units" shall mean residential units where there is more than one fully serviced dwelling unit on an individual property and excludes secondary units as defined by the Development Charges Act as amended.
- 1.10. "Occupant" means any person other than the Owner who occupies property, and any reference in this by-law to an occupant in the singular shall be deemed to include the plural, where applicable
- 1.11. "Owner" means the registered owner or owners of a property and any reference in this by-law to an owner in the singular shall be deemed to include the plural, where applicable.
- 1.12. "Penalty date" means the date that is 20 days after the bill date.
- 1.13. "Secondary Units" shall mean additional units developed in existing buildings or ancillary structures consistent with the definition for Secondary Units as per the Development Charges Act, as amended,
- 1.14. "Sewage Works" shall mean all sewage treatment, collection, transmission, pumping and disposal systems now or in the future owned and operated by or for the Township.
- 1.15. "Single family unit" shall mean all residential properties consisting of only one dwelling unit.

- 1.16. "Township" shall mean The Corporation of Loyalist Township.
- 1.17. "Water Works" shall mean all water treatment, distribution, storage and pumping systems now or in the future owned and operated by or for the Township.
- 1.18. "Works" for the purpose of this by-law shall mean "Water Works" and/or "Sewage Works".

2. Authority

- 2.1. Council shall be responsible for the operation of the Works, including the setting of fees and charges, the engaging of employees, the payment of accounts and all other things necessary for the successful operation of the Works.

3. Water user rates

- 3.1. Every Owner and Occupant of property to which the Township supplies water from the Water Works shall be jointly and severally responsible for payment of a water user rate for the property consisting of a monthly flat rate and a consumption rate determined in accordance with this by-law, with the exception that properties which have never been occupied and for which no occupancy permit has been issued are exempt from Water user rates.
- 3.2. The consumption rate component of the water user rate for a property shall be calculated by multiplying the metered amount of water consumed in cubic metres by the consumption rate in Schedule '1' to this by-law.
- 3.3. The monthly flat fee for water user rates for one single family unit shall be calculated by multiplying one times the equivalent residential units ("ERUs") on the property by the monthly flat rate charge in Schedule '1' to this by-law.
- 3.4. The monthly flat rate component of the water user rate for industrial, commercial, institutional and multi-residential properties shall be calculated by multiplying the equivalent residential units ("ERUs") on the property by the monthly flat rate charge in Schedule '1' to this by-law.
- 3.5. The ERUs for an industrial, commercial, institutional or multi-residential property shall be calculated annually by dividing the three year average daily amount of metered water supplied to the property by the average daily amount of metered water supplied to single family residential properties in the same water area during the immediately preceding twelve (12) month period as determined by the Township.
- 3.6. Residential properties shall not be considered multi-residential units if the property contains only a single residence plus secondary unit(s).
- 3.7. If the three year average daily amount of metered water supplied to a commercial, industrial, institutional or multi-residential property is not available, or if there is a change in use of the property that, in the opinion of the Township, will result in a significant change in the quantity of water that will be supplied to the property in future, the Township may estimate the number of ERUs for the property based on the amount of water supplied to the property to date and to comparable properties with comparable uses in the Township.
- 3.8. If there has been a significant reduction in the quantity of water supplied to a commercial, industrial, institutional or multi-residential property in a particular year, the Township may, upon request of the property Owner, recalculate the number of ERUs for the property based on the reduced amount of water consumed and adjust the flat rate component of the water user rate payable by the Owner of the property.
- 3.9. Miscellaneous fees and charges associated with water services are listed in Schedule '3' of this by-law.

4. Sewer user rates

- 4.1. Every Owner and Occupant of property to which the Township supplies sanitary sewage services from the Sewage Works shall be jointly and severally responsible for payment of a sewage user rate for the property consisting of a monthly flat rate and a consumption rate determined in accordance with this by-

law, with the exception that properties which have never been occupied and for which no occupancy permit has been issued are exempt from Sewer user rates.

- 4.2. The consumption rate component of the sewage user rate for a property shall be calculated by multiplying the metered amount of water in cubic metres by the consumption rate in Schedule '2' to this by-law.
- 4.3. The monthly flat fee for water user rates for one single family unit shall be calculated by multiplying one times the equivalent residential units ("ERUs") on the property by the monthly flat rate charge in Schedule '1' to this by-law.
- 4.4. The monthly flat rate component of the sewer user rate for industrial, commercial, institutional and multi-residential properties shall be calculated by multiplying the equivalent residential units ("ERUs") on the property by the monthly flat rate charge in Schedule '2' to this by-law.
- 4.5. The provisions of sections 3.5, 3.6, 3.7, and 3.8 of this by-law shall apply, with necessary modifications, to the calculation of the number of ERUs for the purpose of determining the flat rate component of the sewage user rate for commercial, industrial, institutional and multi-residential properties.
- 4.6. Miscellaneous fees and charges associated with sewer services are listed in Schedule '3' of this by-law.

5. Billing, Payment and Security Deposits

- 5.1. A water and/or sewage user rate and/or service charge payable in accordance with this by-law shall be billed to the Owner of the property on a bi-monthly basis at the Owner's address as shown on the last revised assessment roll and shall be deemed to have been received on the third business day after the date on which the bill was mailed.
- 5.2. Despite section 5.1, the Treasurer may, if requested in writing by the Owner, send the bill for payment of a water and/or sewage user rate and/or service charge to the Occupant of the property at the address of the property, but nothing herein relieves the Owner or Occupant of their joint and several obligations to pay the bill when due.
- 5.3. All amounts owing on account of a water and/or sewage user rate and/or service charge shall be paid to the Township on the due date at the Odessa Municipal Offices or at such other place as may be set out on the bill.
- 5.4. If the Township is requested to send the bill for water and sewage services to a person who is a new Occupant of the property, the Treasurer may, as a condition of the Township supplying water to the property, require the Occupant to post security for payment of future water and/or sewage user rate and/or service charge, or both.
- 5.5. The amount of security that the Treasurer may request be posted in accordance with section 5.4 shall equal the amount of the water and/or sewage user rate and/or service charge for two months for the property as estimated by the Treasurer based on previous levels of consumption on the property or, if the Township has not previously supplied water to the property, the levels of consumption for similar properties elsewhere in Loyalist Township.
- 5.6. If the Township has shut off the supply of water to a property, or if the Treasurer has reasonable grounds to believe based on past payment history that an Owner or Occupant of a property may be unable to pay or continue paying a water and/or sewage user rate and/or service charge when due, the Treasurer may, as a condition of the Township supplying or continuing to supply water to the property, require the Owner or Occupant, as the case may be, to post security for payment of future water and/or sewage user rate and/or service charge, or both.
- 5.7. The amount of security that the Treasurer may request be posted in accordance with section 5.6 shall equal the greater of:
 - 5.7.1. \$150.00, or
 - 5.7.2. the amount of the water and/or sewage user rate and/or service charge for two months for the property as estimated by the Treasurer based

on previous levels of consumption on the property.

- 5.8. The Treasurer may accept security in the form of cash or any other type of negotiable security suitable to the Treasurer.

6. Remedy if Default of Payment

- 6.1. If an amount owing on account of a water and/or sewage user rate and/or service charge is not paid on or before the penalty date, a penalty of 3.25% of the amount owing shall be added to the amount owing and be payable to the Township.
- 6.2. If the original amount owing on account of a water and/or sewage user rate and/or service charge is not paid on or before the subsequent bill date, an additional penalty of 6.5% of the original amount owing shall be added to the amount owing and be payable to the Township.
- 6.3. A water and/or sewage user rate and/or service charge payable by the Owner and Occupant of a property constitutes a joint and several debt of the Owner and Occupant to the Township.
- 6.4. If a water and/or sewage user rate and/or service charge is not paid within 60 days from the penalty date, the Treasurer may, in addition to any other remedies available to the Township, add the amount owing including the added penalty to the tax roll of the property to which the utility was supplied and the Township may proceed to collect it in the same manner as municipal taxes.
- 6.5. Any amount owing on account of a water and/or sewage user rate and/or service charge that is added to the tax roll of a property shall bear interest at the rate of 1.25% per month (15% per annum) from the first day of the month after the date on which the amount is added to the tax roll to the date of payment.

If an Owner or Occupant fails to pay a water and/or sewage user rate and/or service charge when due, the Township may, in addition to any other remedies available to it, shut off the supply of water to the property.
- 6.6. If the supply of water to a property is shut off by the Township in accordance with section 6.5, it shall not be turned on until after payment of all amounts owing to the Township, including any charge for turning off and on the supply of water as set out on Schedule 3 to this by-law.

7. Validity

- 7.1. It is declared that notwithstanding that any Part or Parts of this by-law, or sections thereof, that may be found by any court of law to be invalid or illegal or beyond the power of the Township to enact, such Part or Parts or sections thereof shall be deemed to be severable and that all other Parts or sections of this by-law are separate and independent there from and enacted as such.

8. By-law Administration

- 8.1. The Treasurer shall be responsible for the administration of this by-law.

9. By-laws Repealed

- 9.1. Loyalist Township By-law 2018-116 and any and all by-laws or portions thereof conflicting with this by-law are hereby repealed.

10. Short Title

- 10.1. This by-law may be referred to as the "Water and Sewage user rates and Service Charges By-law".

11. Effective Date

- 11.1. This by-law shall be in force and take effect on the date of its passing.

ENACTED AND PASSED THIS 25TH DAY OF NOVEMBER 2019.

MAYOR

CLERK

**SCHEDULE 1 TO BY-LAW 2019-100
LOYALIST TOWNSHIP
SCHEDULE OF WATER SERVICE FEES**

	Effective Billing Period Ending	Consumption Rate (per cubic meter)	Flat Rate per Month (per residential unit or equivalent residential unit)
Fairfield Water Works – Amherstview users	February 15, 2020	\$2.52	\$28.50
Fairfield Water Works – Odessa, Harewood & Brooklands Users	January 15, 2020	\$2.52	\$28.50
Bath Water Works	January 15, 2020	\$2.52	\$28.50
Bulk Water Hauler	<u>Beginning</u> January 1, 2020	\$3.58	

**SCHEDULE 2 TO BY-LAW 2019-100
LOYALIST TOWNSHIP
SCHEDULE OF SEWAGE SERVICE FEES**

	Effective Billing Period Ending	Consumption Rate (per cubic meter)	Flat Rate per Month (per residential unit or equivalent residential unit)
Loyalist East Sewage Works – Amherstview users	February 15, 2020	\$2.05	\$25.50
Loyalist East Sewage Works – Odessa Users	January 15, 2020	\$2.05	\$25.50
Bath Sewage Works	January 15, 2020	\$2.05	\$25.50

**SCHEDULE 3 TO BY-LAW 2019-100
LOYALIST TOWNSHIP**

**SCHEDULE OF MISCELLANEOUS WATER AND SEWER SERVICE CHARGES
(subject to tax where applicable)**

WATERWORKS SYSTEM

1. Water service permit	Per connection - \$35
2. Water meter	Residential - \$400 Industrial, commercial, institutional - cost of meter plus \$50 administration fee
3. Testing water meter at customer's request	Regular hours - \$150 per meter
4. Turning water service on/off for maintenance and/or repair	Regular hours - no charge After hours - \$200
5. Turning water service on/off due to non-payment of account	Turning water off - \$75 Turning water on - no charge
6. Water service request requiring attendance by Township staff	After hours - \$200 plus the cost of plumbing contractor
7. Stock premium fee for water service material not listed in Schedule A of the Waterworks By-Law	Per connection - \$250
8. Service pipe leak repair	Per repair - actual cost plus 20%
9. Water hauler key deposit*	Per set of keys (1 meter and 1 gate) - \$100
10. Water hauler usage deposit*	Per account - \$200

*See also Township Policy Bulk Water Haulers.

SEWAGE SYSTEM

1. Sewer service permit	Per connection - \$35**
2. Sewer service request requiring attendance by Township staff	After hours - \$200 plus the cost of plumbing contractor
3. Service pipe leak repair	Per repair - actual cost plus 20%

**If application is for water service connection also, only one permit fee applies.

**Loyalist Township Staff Report
Water and Sewer Charges and
Rates - Public Meeting and By-laws
Public Meeting Meeting**



Report Number: SR- 1216

Meeting: Regular Council - 12 Nov 2019
Type: Public Meeting
Department: Business Services Department
Report Date: November 1, 2019
Author: Brianne MacNevin
Attachments: Yes
Number of Attachments: 2

Executive Summary:

Loyalist Township entered an agreement with Hemson Consulting Ltd. ("Hemson") to undertake a review of connection charges and water and sewer rates. The results of this rate study were presented to Council on July 29, 2019 with consultations with developers and public occurring on August 26 and September 23, 2019. The results of the public consultation were documented and reported to Council on October 15, 2019. The attached by-laws modify the connection charges and water and sewer user rates as directed by Council.

Recommendation:

That the report from the Senior Financial Analyst, November 1, 2019 re: Water and sewer charges and rates - public meeting and by-laws, be received and the following be approved:

1. That by-law 2019-100, a by-law respecting water and sewage user rates and services charges in Loyalist Township, intend to be adopted at next regular Council meeting occurring on November 25, 2019 and thereby repealing by-law 2018-116 and any and all by-laws of portions thereof conflicting with this by-law; and
2. That by-law 2019-099, a by-law establishing fees and charges to pay for the capital cost of water works and sewage works in the Fairfield water service area, the Loyalist East sewage service area, and Bath service area, intend to be adopted at next regular Council meeting occurring on November 25, 2019 and thereby repealing by-law 2018-023 and any and all by-laws or portions thereof conflicting with this by-law

Background:

Various reports to Council in relation to this rate study resulted in the passing of the following resolutions from Council:

Resolution SP.2019.09 - July 29, 2019

Moved by Deputy Mayor Hegadorn and Seconded by Councillor Townend that the report from the Senior Financial Analyst, July 24, 2019, re: Draft Results of Water and Sewer Rates Study, be received and the following be adopted:

1. That the findings of Hemson Consulting Ltd. be received and accepted in principle.
2. That staff be directed to coordinate a meeting with the development community to review the connection charge scenario as directed by Council.
3. That staff be directed to coordinate an open house with the ratepayer community, to review the water and sewer user rates scenarios as directed by Council with two scenarios being: Option 1 (remain status quo: 60:40 fixed/consumption ratio); and Option 2 (change the ratio more heavily to consumption at a 40:60 fixed/consumption transition).
4. That the outcome of the meeting with developers and public open house be reported back to Council for direction before preparing the by-laws to establish the connection charges and user rates.

Resolution 2019.17.4 - October 15, 2019

Moved by Deputy Mayor Hegadorn and Seconded by Councillor Budarick that the report from the Senior Financial Analyst, October 9, 2019, re: Water and Sewer Charges and Rates - Results of Developer and Public Consultations, be received and the following be adopted:

1. That Council direct staff to bring a draft by-law reflecting the proposed connection charges.
2. That Council direct staff to bring two draft by-laws for consideration, reflecting the following user rate scenarios brought to public consult:
 - a. Status quo 60:40 fixed/consumption cost recovery with annual increases as outlined in the scenario.
 - b. Transitional 40:60 fixed/consumption cost recovery over the planning period as outlined in the scenario.
3. That Council approve the following changes to the upcoming draft connection charge by-law:
 - a. Exemption for intensification of new housing through a building permit application for the construction of a second residential unit on an existing lot where a principal residential dwelling has already been established.
 - b. Exemption for intensification of existing housing through creation of one or two additional residential dwelling units in an existing residential dwelling where the total gross floor area of the additional unit does not exceed the gross floor area of the existing dwelling unit.
4. That Council approve the following changes to the upcoming draft user rate by-law:
 - a. Multi-residential units shall be charged the fixed portion of the rate by number of equivalent residential units ("ERUs") to correlate with consumption patterns, rather than number of units.

Resolution 2019.17.5 - October 15, 2019

Moved by Councillor Porter and Seconded by Councillor Parks that staff bring a report back to Council that outlines options for large families with regards to water and sewer rates and how the Township can provide relief to residents with large families.

Resolution 2019.7.6 - October 15, 2019

Moved by Councillor Porter and Seconded by Councillor Budarick that staff bring a report back to Council regarding bulk water rates, with a comparison of the Township rates to other surrounding municipalities.

Resolution 2019.18.9 - October 28, 2019

Moved by Councillor Townend and Seconded by Councillor Budarick that the report from the Senior Financial Analyst, October 23, 2019 re: Water and Sewer Rate Study - Draft By-laws and Update, be received and that staff are directed to bring a final version of connection charges by-law to November 12 meeting.

Resolution 2019.18.10 - October 28, 2019

Moved by Councillor Porter and Seconded by Councillor Gordon that staff are directed to bring a final version of user rate by-law to November 12 meeting reflecting a transition to 40:60 fixed/consumption over 10 years with annual rates as outlined in Appendix A of Staff Report-1200 and to also bring additional information to Council in regards to how multi-residential rates can be looked at in the future.

Resolution 2019.18.11 - October 28, 2019

Moved by Councillor Budarick and Seconded by Councillor Townend that bulk water rates remain at status quo with annual increases correlating with general user rates.

Resolution 2019.18.12 - October 28, 2019

Moved by Councillor Budarick and Seconded by Councillor Townend that staff be directed to post public notice for comment to occur on November 12.

Status:

The attached by-laws were prepared for adoption by Council based on direction received to date. Further to the changes outlined in Staff Report-1200 and as a result of Hemson's review, Section 1(ddd) was further defined to conform with standard wording specific to secondary units.

Analysis:

Overall impact to various user groups with respect to all water and sewer rate scenarios were outlined to Council in previous staff reports and presentations prepared by Hemson. These included commercial/industrial/institutional users with low to high equivalent residential units ("ERUs") and consumption volume, multi-residential units at various ERU levels, and residential users with low to high volume consumption. Additionally, service addresses were analyzed to determine where the majority fall in terms of current consumption patterns.

Financial Considerations:

The proposed connection charges and user rates are crucial in ensuring the financial sustainability of the Township's water and sewer systems.

Council is reminded of the following financial implications outlined in previous staff reports with respect to the water and sewer user rate by-law attached to this report:

- Debt issuances forecasted approximate \$6 million and \$2.8 million for water and sewer respectively over 10 years
- Annual repayment limit (limit being 25% of own-source revenue) specific to only the water system is projected to range between 9% and 14%, with the limit at 10% by 2029
- Annual repayment limit (limit being 25% of own-source revenue) specific to only the sewer system is projected to range between 8% and 17%, with the limit at 8% by 2029
- Accumulation of reserve funds by 2024 is forecasted to reach 3.6% of projected replacement cost in that year which will assist with the following:
 - Smoothing of annual rate adjustments while projecting significant spikes in capital costs in some years
 - Cash-flow for unexpected capital costs
 - Future potential rebate programs to encourage conservation (subject to Council approval of program and funding method)
 - Further adherence to asset management regulation (O.Reg. 588/17) by contributing towards annual capital requirements of current asset inventory and securing future grants that require this compliance

Options:

Several options have been presented to Council in previous staff reports.

Consultation:

In addition to Hemson's calculations, the rate study process was completed in consultation with the Director of Business Services, the Director of Economic Growth & Community Development, the Director of Community & Customer Services (former Utilities Manager), and the Utilities Manager.

Regulatory/Policy Compliance Implications:

The Township is required to submit a water financial plan in order to retain its drinking water license as per Ontario Regulation 453/07.

Link to Strategic Plan:

Address the Township's Municipal Infrastructure Needs, Provide a Well-Managed and Effective Municipal Government, Strengthen the Township's Financial Position

Attachments:

[By-Law 2019-099 - Water and Sewage Establishing Fees and Charges - Capital Costs](#)

[By-Law 2019-100 - Water and Sewage User Rates and Service Charges](#)

Approved By:

Stephen Dickey, Director of Business
Services/Treasurer
Steven Silver, Chief Administrative Officer

Status:

Approved - 05 Nov 2019
Approved - 05 Nov 2019

THE CORPORATION OF LOYALIST TOWNSHIP

BY-LAW NO. 2019-099

A BYLAW ESTABLISHING FEES AND CHARGES TO PAY FOR THE CAPITAL COST OF WATER WORKS AND SEWAGE WORKS IN THE FAIRFIELD WATER SERVICE AREA, LOYALIST EAST SEWAGE SERVICE AREA AND BATH SERVICE AREA

WHEREAS the Municipality owns and operates within the Fairfield Water and Loyalist East Sewage Area a water treatment plant and a water pollution control plant, and their appurtenant facilities, equipment and distribution and collection systems;

WHEREAS the Municipality owns and operates within the Bath Service Area a water treatment plant and a water pollution control plant, and their appurtenant facilities, equipment and distribution and collection systems;

AND WHEREAS the owners of property located within Registered Plan No. 1081 previously entered into an agreement with the former Township of Ernestown for the provision of water and sewage services;

AND WHEREAS KoSa Canada Company, Bombardier Inc., and NPIF Kingston Cogen Corporation previously entered into agreements with the Township for the provision of water services;

AND WHEREAS Section 391 of the *Municipal Act, 2001*, authorizes Council to pass a by-law imposing fees and charges on any class of persons who derive a benefit from the water and sewer services provided by the municipality, for the purpose of contributing to the capital cost of providing those services;

AND WHEREAS Council has determined that every person who owns property in the Fairfield Water and Loyalist East Sewage Area derives, or will derive, a benefit from the municipality's water and sewer works and therefore should contribute to the capital cost of those works when the property is first connected to the works;

AND WHEREAS Council has determined that every person who owns property in the Bath Service Area derives, or will derive, a benefit from the municipality's water and sewer works and therefore should contribute to the capital cost of those works when the property is first connected to the works;

NOW THEREFORE the Council of the Corporation of Loyalist Township hereby enacts as follows:

1. For the purpose of this by-law
 - (a) "Actual Average Daily Flow Rate" means the actual water flow, measured in cubic meters, supplied to a lot during a calendar year divided by 365;
 - (b) "Alter" includes an increase in gross floor area for a non-residential use building or the non-residential use portion of a mixed-use building and the addition of one or more dwelling units to a residential use building or the residential use portion of a mixed use building, and "alteration" has a similar meaning;
 - (c) Not Used
 - (d) Not Used

- (e) "Bath Service Area" means that area of the Municipality receiving municipal sewer and/or water service from the Bath Sewage works or Bath Water works respectively;
- (f) "Bath Sewage Service Area" means the area of the Municipality receiving sewage services from the Bath Sewage Works
- (g) Not Used
- (h) "Bath Sewage Works" means the sewage treatment plant located in Part Lot 14, Concession Broken Front, being Part 1, Plan 29R5184, and being further described as being located in the geographic area of the former Village of Bath now known as Loyalist Township, including pumping stations, sanitary sewers and force mains, serviced by the Bath Water Pollution Control Plant;
- (i) "Bath Sewer Impost Fees Reserve Fund" means the reserve fund established by the municipality in respect of fees and charges collected to pay for the capital cost of sewage works that relate to growth or past growth;
- (j) "Bath Water Impost Fees Reserve Fund" means the reserve fund established by the municipality in respect of fees and charges collected to pay for the capital cost of water works that relate to growth or past growth;
- (k) "Bath Water Service Area" means that area of the Municipality receiving municipal water from the Bath Water Works;
- (l) Not Used
- (m) "Bath Water Works" means the water filtration plant located in Broken Front Concession, Part of Lots 11 and 16, Plan 77, geographic area of the former Village of Bath and now known as Loyalist Township, including pumping stations, distribution mains and water storage facilities serviced by the Bath Water Treatment Plant;
- (n) "Bedroom" means a habitable room larger than seven square meters, including a den, study, or other similar area, but does not include a living room, dining room or kitchen;
- (o) "Bombardier Agreement" means the agreement between the Township and Bombardier Inc. dated July 9, 2002;
- (p) "Capital Cost" means the cost of constructing sewage works or water works, inclusive of all items of cost usually and properly chargeable to capital account, and where applicable, the interest amounts payable on the debentures to be issued for the works and the imputed interest costs;
- (q) "Charges" means any or all of Water Works Charge and/or Sewage Works Charge
- (r) "Council" means the Council of the Corporation of Loyalist Township;
- (s) "Culinary facility" means facilities designed or intended for the preparation of food, which include any combination of two or more of the following: a sink, counter, storage space, refrigerator, stove, microwave or cooking apparatus dedicated to food preparation;
- (t) "Current Value" means the value established by the Municipality in its sole discretion from time to time;
- (u) "Designated Heritage Property" means a property designated to be of cultural heritage value or interest by the Municipality under Part IV of the, Ontario Heritage Act, R.S.O. 1990, c. O. 18 or a property found within a heritage conservation district designated by the Municipality under Part V of the Ontario Heritage Act.
- (v) Not Used

- (w) "Dwelling unit" means a room or suite of rooms used, or designed or intended for use by, one person or persons living together, in which culinary and sanitary facilities are provided for the exclusive use of such person or persons on a single lot;
- (x) Not Used
- (y) "Estimated Average Daily Flow" means the estimated daily flow of water, averaged over an annual basis, measured in cubic meters, supplied to a lot;
- (z) "Factory Street Works Charges" shall mean the water works and/or sewer works charges calculated in accordance with this by-law;
- (aa) "Factory Street Works Service Area" shall mean those properties listed in schedule "G" to this bylaw and described as Plan 91, Part of Lot 104 and Plan 91, Part of Lots 136 and 139 RP29R-2097 Part 1;
- (bb) "Factory Street Works" shall mean servicing laterals from the water main and sewer mains to the property lines for the benefit of the Factory Street service area;
- (cc) "Fairfield Water and Loyalist East Sewage Service Area" means that area of the Municipality receiving municipal sewer and/or water service from the Loyalist East Sewage System and/or the Fairfield Water Works respectively;
- (dd) "Fairfield Water Impost Fees Reserve Fund" means the reserve fund established by the municipality in respect of fees and charges collected to pay for the capital cost of water works that relate to growth or past growth;
- (ee) "Fairfield Water Service Area" means that area of the Municipality receiving municipal water service from the Fairfield Water Works;
- (ff) Not Used
- (gg) "Fairfield Water Works" means the Fairfield Water Filtration Plant located in part of Lots 40 and 41, Broken Front Concession, geographic area of the former Township of Ernestown and now known as Loyalist Township, and related pumping stations, distribution mains and water storage facilities;
- (hh) "Grade" means the average level of finished ground adjoining a building or structure at all exterior walls;
- (ii) "Historic flow demand" means non-residential uses and the non-residential portion of mixed uses, the average daily flow of water, measured in cubic meters, supplied to a lot measured over the most recent past 60 months from when flow measurements taken by the Township are available, or the average daily flow of water measured during the highest occupancy period at the lot by the Township where the lot has not been fully occupied within the most recent 60 month period;
- (jj) "KoSa Agreement" means the agreement between the Township and KoSa Canada Limited dated July 3, 2002;
- (kk) "Lot" means a parcel of land, including land exempt from taxation under the Assessment Act that is under distinct and separate ownership, is separately assessed according to the most current Assessment Roll, and the title to which may be transferred without contravening the Planning Act;
- (ll) "Loyalist East Sewage Impost Fees Reserve Fund" means the reserve fund established by the municipality in respect of fees and charges collected to pay for the capital cost of sewage works that relate to growth or past growth;
- (mm) "Loyalist East Sewage Service Area" means that area of the Municipality receiving municipal sewer service from the Loyalist East Sewage System;

- (nn) "Loyalist East Sewage System" means that area of the Municipality receiving municipal sewer service from the Loyalist East Sewage Works;
- (oo) Not Used
- (pp) "Loyalist East Sewage Works" means the water pollution control plant (sewage treatment plant) located in Part Lot 37, Concession 1, being Part 1 on Plan 29R6932, and being further described as being located in the geographic area of the former Township of Ernestown now known as Loyalist Township, including pumping stations, sanitary sewers and force mains serviced by the Amherstview Water Pollution Control Plant;
- (qq) "Mixed-use" means a building or structure that uses water and sewer services for both residential and non-residential uses.
- (rr) "Multiple dwelling" means all dwellings other than single detached dwellings, semi-detached dwellings, secondary units, and multi-residential units;
- (ss) "Multi-Residential Unit" means residential units where there is more than one fully serviced dwelling unit on an individual property and excludes secondary units as defined in this by-law.
- (tt) "Municipality" means The Corporation of Loyalist Township;
- (uu) "Non-Residential Uses" means lands, buildings or structures or portions thereof used, or designed or intended for any use other than for residential uses;
- (vv) "NPIF Kingston Cogen agreement" means the agreement between the Township and NPIF Limited Partnership and NPIF Kingston Cogen Corporation dated August 14, 2007;
- (ww) "Odessa Trunk Water Service Area" means those lots within the municipality described as "Eligible" in Schedule "D" to this by-law, the owners or occupants of which derive or will or may derive a benefit from the Fairfield Water Works;
- (xx) "Odessa Trunk Water Works Charge" shall mean the water works charge calculated in accordance with this by-law;
- (yy) "Odessa Trunk Water Works" shall mean the transmission water mains, water booster pumping station, drain chambers, diversion chambers and appurtenances constructed by the municipality and approved in Ministry of the Environment and Energy Certificate of Approval Water #7-0006-96-006, dated February 21, 1996, the location of which is more particularly described in Schedule "D" to this by-law;
- (zz) "Owner" means every person who is a registered owner of land located with the Fairfield Water Service Area, Loyalist East Sewage Service Area and Bath Service Area and any reference in this by-law to an owner in the singular shall be deemed to include the plural, where applicable;
- (aaa) "Parrott's Bay West Water Works" means the portion of the Fairfield Water Works located along Highway 33 west of Parrott's Bay;
- (bbb) "Plan 1081 Agreement" means the agreement dated October 1, 1975 between Loyalist Farms and the former Township of Ernestown as may be amended from time to time;
- (ccc) "Residential uses" means lands, buildings or structures or portions thereof used, or designed or intended for use as a home or residence of one or more individuals, and shall include a single detached dwelling, a semi-detached dwelling, a multi-residential unit, a secondary unit, and the residential portion of a mixed-use building or structure;
- (ddd) "Secondary Units" shall mean a dwelling unit, whether contained within a single detached dwelling, a semi-detached dwelling or a multiple dwelling, or ancillary to a single detached dwelling, a semi-detached dwelling or a multiple dwelling including but not limited to a stand-alone structure (i.e. coach house or laneway suite) or structure constructed above an existing garage or other structure separate from the primary dwelling unit which:

- Is secondary to the primary dwelling unit and smaller in gross floor area than the primary dwelling unit;
 - Cannot be conveyed as a separate parcel from the primary dwelling unit;
- (eee) "Semi-detached dwelling" means a unit that shares one common wall with one adjacent dwelling unit. The common wall defines the property line that separates the two lots;
- (fff) "Single detached dwelling" means a completely detached building containing only one dwelling unit;
- (ggg) Sewage Works Charge means a charge on account of the capital cost of the Fairfield Water Works or Bath Water Works imposed in accordance with this by-law;
- (hhh) "Timmerman Street Service Area" means those properties listed in Schedule "F" to this By-law and described as Part 1 to 5 of plan 29R768 and Part 1 of 29R2853 and Part 1 of 29R329 connected to either the Fairfield Water Works and/or the Loyalist East Sewage Works as defined by 'bb' and 'b' respectively;
- (iii) "Timmerman Street Works Charge" shall mean the water works charge calculated in accordance with this by-law;
- (jjj) "Timmerman Street Works" shall mean the water main, sanitary sewer main and related service connections installed by the municipality on Timmerman Street for the benefit of the Timmerman Street Service Area;
- (kkk) "User fees" means fees charged by the Township on a regular basis for the supply and maintenance of ongoing sewage and water supply operations and non-growth-related capital replacement;
- (lll) Water Works Charge means a charge on account of the capital cost of the Bath Water Works or the Fairfield Water Works;
- (mmm) "Works" includes the Bath Water Works, the Bath Sewage Works, the Fairfield Water Works and the Loyalist East Sewage Works.
2. This by-law shall apply to every person who is an owner of property located in Loyalist Township.

Sewage

3. Sewage Works Charge, being an amount to pay a portion of the capital cost of the Loyalist East Sewage System and the Bath Sewage Works is hereby imposed on each owner or occupant of a lot in the Loyalist East Sewage Area and the Bath Service Area.
4. Not Used
5. Every person who is an owner of a property located in Loyalist Township shall pay the Sewage Works Charge where the building or structure is altered or where a new building or structure is constructed, in accordance with the following:
1. a residential use building or the residential use portion of a mixed-use building, the Sewage Works Charge shall be calculated by multiplying the number of dwelling units of each type by the corresponding charge for the dwelling unit type, as set out in Schedule "A"; and
 2. for a non-residential use building or the non-residential use portion of a mixed-use building, the Sewage Works Charge shall be calculated by multiplying the Estimated Average Daily Flow of the building by the charge in the Non-Residential column of Schedule "A".
6. Subject to section 57, where an existing residential use building or the residential use portion of a mixed-use building is altered, the owner is entitled to a credit against the Sewage Works Charge equal to the number of dwelling units of each type that existed immediately prior to the alteration multiplied by the corresponding charge for the dwelling unit type, as set out in Schedule "A".

7. Subject to section 57, where an existing non-residential use building or the non-residential use portion of a mixed-use building is altered the owner is entitled to a credit against the Sewage Works Charge equal to the Historic Flow Demand of the building multiplied by the charge in the non-residential column of Schedule "A".
8. Subject to section 57, where an existing building is altered such that all or a portion of the building is converted from residential use to non-residential use or vice versa, the owner is entitled to a credit against the Sewage Works Charge that is equal to:
 1. the number of dwelling unit types, if any, that existed on the day immediately prior to the alteration multiplied by the corresponding charge for the dwelling unit type, as set out in Schedule "A"; and
 2. the Historic Flow Demand, if any, for the non-residential use portion of the building multiplied by the charge in the non-residential column of Schedule "A".
9. Subject to section 57, and despite anything to the contrary in this By-law, where an existing building is altered or converted from residential use to non-residential use or vice versa, and the Actual Average Daily Flow Rate data includes both residential and non-residential flow data that cannot be separated, the credit available to the owner shall be calculated as if the existing use were non-residential in accordance with section 7 above.
10. Despite sections 3 and 5, lots covered by the Registered Plan 1081 Agreement are exempt from the payment of the Sewage Works Charge.
11. Despite sections 3 and 5, lots covered by the KoSa Agreement, the Bombardier Agreement and the NPIF Kingston Cogen Agreement are exempt from the payment of the Sewage Works Charge up to the maximum flow rates assigned to these facilities as per the agreements, as amended.
12. Despite sections 3 and 5, any previously undeveloped vacant lot for which the owner or occupant of the lot has previously paid a sewage connection fee to the Municipality, as documented by the owner or occupant in a form satisfactory to the Treasurer, or has made a payment on account of municipal sewage services under a by-law passed in accordance with the Local Improvement Act is exempt from the Sewage Works Charge unless the Estimated Average Daily Flow exceeds 480 litres per day. The existence of a connection at the property line does not alone justify waiving the Sewage Works Charge applicable pursuant to this By-law.
13. If the Sewage Works Charge calculated in accordance with Schedule "A" based on the Actual Average Daily Flow for any non-residential use property or the non-residential portion of a mixed use property over any 12 month period is greater than 115% of the Sewage Works Charge previously paid, the owner or occupant of the property shall pay the difference between the Sewage Works Charge previously paid and the Sewage Works Charge calculated based on the Sewage Works Charge for lot calculated using the historic flow demand.
14. In no circumstance will the Township provide a credit which results in a net payment by the Township to the lot owner.

Water

15. The Water Works Charge, being an amount to pay a portion of the capital cost of the Fairfield Water Works and the Bath Water Works, is hereby imposed on each owner or occupant of a lot in the Fairfield Water Area and Bath Service Area.
16. Not Used

17. Every person who is an owner of a property located in Loyalist Township shall pay the Water Works Charge where the building or structure is altered or where a new building or structure is constructed, in accordance with the following:
 1. a residential use building or the residential use portion of a mixed-use building, the Water Works Charge shall be calculated by multiplying the number of dwelling units of each type by the corresponding charge for the dwelling unit type, as set out in Schedule "A"; and
 2. for a non-residential use building or the non-residential use portion of a mixed-use building, the Water Works Charge shall be calculated by multiplying the Estimated Average Daily Flow of the building by the charge in the Non-Residential column of Schedule "A".
18. Subject to section 57, where an existing residential use building or the residential use portion of a mixed-use building is altered, the owner is entitled to a credit against the Water Works Charge equal to the number of dwelling units of each type that existed immediately prior to the alteration multiplied by the corresponding charge for the dwelling unit type, as set out in Schedule "A".
19. Subject to section 57, where an existing non-residential use building or the non-residential use portion of a mixed-use building is altered the owner is entitled to a credit against the Water Works Charge equal to the Historic Flow Demand of the building multiplied by the charge in the non-residential column of Schedule "A".
20. Subject to section 57, where an existing building is altered such that all or a portion of the building is converted from residential use to non-residential use or vice versa, the owner is entitled to a credit against the Water Works Charge that is equal to:
 1. the number of dwelling unit types, if any, that existed on the day immediately prior to the alteration multiplied by the corresponding charge for the dwelling unit type, as set out in Schedule "A"; and
 2. the Historic Flow Demand, if any, for the non-residential use portion of the building multiplied by the charge in the non-residential column of Schedule "A".
21. Subject to section 57, and despite anything to the contrary in this By-law, where an existing building is altered or converted from residential use to non-residential use or vice versa, and the Actual Average Daily Flow Rate data includes both residential and non-residential flow data that cannot be separated, the credit available to the owner shall be calculated as if the existing use were non-residential in accordance with section 19 above.
22. Despite sections 15 and 17 lots covered by the Registered Plan 1081 Agreement are exempt from the payment of the Water Works Charge.
23. Despite sections 15 and 17 lots covered by the KoSa Agreement, the Bombardier Agreement and the NPIF Kingston Cogen Agreement are exempt from the payment of the Water Works Charge up to the maximum flow rates assigned to these facilities as per the agreements as amended.
24. Despite sections 15 and 17 any previously undeveloped vacant lot for which the owner or occupant of the lot has previously paid a water connection fee to the Municipality, as documented by the owner or occupant in a form satisfactory to the Treasurer, or has made a payment on account of municipal water services under a by-law passed in accordance with the Local Improvement Act is exempt from the Water Works Charge unless the Estimated Average Daily Flow exceeds 480 liters per day. The existence of a connection at the property line does not alone justify waiving the Water Works Charge applicable pursuant to this By-law.
25. If the Water Works Charge calculated in accordance with Schedule "A" based

on the Actual Average Daily Flow for any non-residential use property or the non-residential portion of a mixed use property over any 12 month period is greater than 115% of the Water Works Charge previously paid, the owner or occupant of the property shall pay the difference between the Water Works Charge previously paid and the Water Works Charge calculated based on the Water Works Charge for lot calculated using the historic flow demand.

26. In no circumstance will the Township provide a credit which results in a net payment by the Township to the lot owner.

Special Works Charges

Odessa Trunk Service Area

27. Generally, lots along the County Road 6 between the Canadian National Railway track crossing and Shane Street in Odessa fronting the watermain can only connect to the Fairfield Water Works if there was a dwelling unit on the lot prior to January 1, 1999.
28. For those lots listed in Schedule "D", only those lots identified as "Eligible" may connect to the Fairfield Water Works by paying the appropriate charges.
29. Residential lots along the Parrott's Bay West Water Works watermain can only connect to the Fairfield Water Works if there was a dwelling unit on the lot prior to January 1, 2002 and the existing supply of water to the lot does not meet the standards in the Safe Drinking Water Act, 2002, as amended.
30. Loyalist Township By-law 99-45 (Odessa Trunk) and By-law 99-61 (Harewood Brooklands) included an additional construction cost relating to the installation of water laterals to properties and those properties were assessed an additional construction cost charge. Schedule "E" lists the properties and their respective works charges to recover the construction costs.
31. The Odessa Trunk Water Works Charge as set out in Schedule "E" to this By-law, being an amount sufficient to pay a portion of the capital costs of the Odessa Trunk Water Works, is hereby imposed upon each owner or occupant of an eligible lot in the Odessa Trunk Service Area as set out in Schedule "D" to this By-law.
32. If a new lot is created within an existing eligible lot lying south of the CNR mainline in the Odessa Trunk Service Area, the new lot shall be deemed to be an eligible lot and the owner or occupant of the new lot shall be liable for and pay the Odessa Trunk Water Works Charge.

Timmerman Street Service Area

33. The construction of Timmerman Street included an additional construction cost relating to the installation of water and/or sewer laterals to properties and those properties were assessed an additional construction cost charge. Schedule "F" lists the benefitting properties and their respective works charges to recover the construction costs.
34. A Timmerman Street Water Works and Timmerman Street Sewage Works charge sufficient to pay a portion of the capital costs of the Works shall be imposed upon the owner or occupant of each lot in the Timmerman Street Service Area to which this by-law applies.
35. If a new lot is created within an existing lot in the Timmerman Street Service Area, including within an existing lot to which this by-law does not apply, the owner or occupant of the new lot shall be liable for and pay a Timmerman Street Water Works Charge and a Timmerman Street Sewage Works Charge equal to the charge in Schedule "F."

Factory Street Service Area

36. For those lots listed in Schedule "G" related to "Factory Street service area" only these specific charges noted apply as these lots were previously serviced prior to the 2009 re-construction of Factory Street. This charge is for construction costs relating to the installation of new water and sewer laterals to the properties listed on the schedule. Charges on schedule "A" do not apply to these lots.
37. The Factory Street Water and Sewage Works Charge shall be imposed upon the owner or occupant of each lot in the Factory Street Service Area to which this by-law applies.

Developer Credit Allowance (Bath Service Area)

38. The owners of the properties for which the developers prepaid for Water Treatment pursuant to an agreement dated March 11, 1996 with the predecessor municipality Village of Bath shall be entitled to a credit as outlined in Schedule "B" to this By-law until they have developed units which have a water demand equivalent to the water capacity purchased.
39. The owners of the properties for which the developers prepaid for Sewer Treatment pursuant to an agreement dated February 12, 1990 with the predecessor municipality Village of Bath shall be entitled to a credit as outlined in Schedule "C" to this By-law until they have developed units which have a sewage demand equivalent to the sewage capacity purchased.

General

40. Charges payable in accordance with this by-law shall be calculated and paid in full on the date that a building permit is issued in relation to a building or structure to be constructed on the property.
41. Where charges apply to property in relation to which a building permit is required, the building permit shall not be issued until the charges have been paid in full.
42. Despite sections 40 and 41, the Municipality may enter into an agreement with an owner of a Designated Heritage Property that provides for payment of all or part of the Charges payable in accordance with this By-law upon occupancy being achieved in accordance with section 11 of the Building Code Act, 1992, S.O. 1992, c.23, or two years after a building permit is issued with respect to the Designated Heritage Property, whichever date comes first. The agreement shall be to the Municipality's satisfaction and shall include provisions respecting payment of Charges, default provisions, and provisions regarding the payment of interest where payments are not made in accordance with the agreement, amongst other things. A building permit shall not be issued in respect of a Designated Heritage Property until either an agreement is made between the owner and the Municipality in accordance with this section, or Charges have been paid in full in accordance with section 41.
43. Despite sections 37 and 38, every owner of a property outside of the urban area designation of the Township's Official Plan, who meets the criteria defined in the Official Plan for servicing of development outside of the urban area for connection to municipal water supply for remedial or water quality reasons, may elect to pay the applicable works Charge, together with interest at the rate of 8% per annum, calculated semi- annually, in ten (10) equal annual installments of blended principal and interest, in which event the Treasurer shall add the unpaid balance owing to the tax roll of the owner's property and collect each annual payment in the same manner as municipal taxes.

44. Legal fees incurred by the Township, if any, associated with defining the terms and conditions for repayment provided for in section 39 above and for registering the lien against the property shall be included in the cost to be recovered by the property owner. The legal fees shall be repaid on the same terms and conditions elected for the underlying Works Charge.
45. Every owner who elects to pay the applicable works Charge and associated legal fees in accordance with sections 39 and 40 may at any time thereafter commute and pay in cash the outstanding principal balance of the Charge and legal fees and any accrued and unpaid interest.
46. Charges payable in accordance with this by-law shall be deposited in the Loyalist East Sewage Impost Reserve Fund, the Fairfield Water Impost Reserve Fund, the Bath Sewer Impost Reserve Fund or the Bath Water Impost Reserve Fund respectively and shall be maintained within separate sub-accounts within these Reserve Funds, to be used to cover past growth costs and fund growth related infrastructure capital costs.
47. Where an owner applies for a building permit for the construction of a new single detached dwelling or semi-detached dwelling that is being purpose-built to contain a secondary unit, no charge shall be imposed to the secondary unit provided that:
 - (a) The secondary unit is permitted by and meets the regulations of the applicable zoning by-law; and
 - (b) The secondary unit meets the criteria set out in the Township's Official Plan
48. Notwithstanding Sections 5 and 17 above, no Charge shall be imposed under this by-law with respect to the following:
 - (a) the enlargement of an existing residential dwelling unit;
 - (b) the creation of one or two additional residential dwelling units in an existing single detached dwelling where the total gross floor area of each additional unit does not exceed the gross floor area of the existing dwelling unit; or
 - (c) the creation of one additional dwelling unit in any other type of existing residential use building provided the gross floor area of the additional unit does not exceed the gross floor area of the smallest existing dwelling unit already in the building.
49. Not Used
50. Not Used
51. The growth portion of Charges payable in accordance with Schedules "A", and the Charges payable in accordance with Schedules, "D", "E", "F", and "G" shall be adjusted annually without amendment to this by-law, commencing on January 1, 2021 and annually thereafter in accordance with the most recent twelve month change in the Statistics Canada Quarterly, Non-Residential Construction Price Index, Table 18-10-0135.
52. The Charges payable in accordance with Schedules "B" and "C" are updated annually based on the original agreements in place, uncommitted reserve capacity calculations and the most recent Statistics Canada Quarterly, Non-Residential Construction Price Index, Table 18-10-0135-01.
53. The Charges payable in accordance with this by-law shall be paid over and above all other rates or charges as Council may impose by by-law from time to time.
54. The Charges payable by an owner in accordance with this by-law shall constitute a debt of the owner to the Municipality and any amount owing shall

bear interest at the rate of 1.25% per month (15% per annum) calculated from the due date to the date of payment in full.

- 55. In addition to any other remedy available to the Municipality, the Treasurer may add any amount owing on account of the Charges to the tax roll for the property in respect of which the charge was payable and may collect the amount owing in the same manner as municipal taxes.
- 56. If any provision or requirement of this by-law or the application of this by-law to any person shall to any extent be held to be invalid or unenforceable, the remainder of the by-law or the application of such provisions or requirements to all persons other than those to which it is held to be invalid or unenforceable, shall not be affected thereby and each provision and requirement of the by-law shall be separately valid and enforceable to the fullest extent permitted by law.
- 57. Where a previously connected property has not paid water or sewer user rates for a period in excess of 5 years this property will be required to pay the full applicable water and sewer works charges as applicable for that location even if a physical water and or sewer connection exists to the property line despite any exemption that might otherwise be available pursuant to this By-law.
- 58. Schedules "A", "B", "C", "D", "E", "F", and "G" attached hereto shall form an integral part of this by-law.
- 59. This by-law may be cited as the "Water and Sewage Works Charges By-law."
- 60. This by-law repeals By-law 2018-023 and any and all by-laws or portions thereof conflicting with this by-law are hereby repealed.
- 61. In the event of a conflict between the provisions of this by-law and any other by-law of the municipality, the provisions of this by-law shall prevail.
- 62. This by-law shall come into force and take effect on November 25, 2019.

ENACTED AND PASSED THIS 25TH DAY OF NOVEMBER 2019.

MAYOR

CLERK

INDEX OF SCHEDULES TO BY-LAW 2019-099

Schedule A Water Works and Sewage Works Charges

Schedule B Credit to Developers for Prepaid Water Treatment

Schedule C Credit to Developers for Prepaid Sewage Treatment

Schedule D Odessa Trunk Service Area Definitions

Schedule E Odessa Trunk, Harewood and Brooklands Additional Works Charges

Schedule F Timmerman Street Additional Works Charges

Schedule G Factory Street Water and Sewage Works Charges

**BY-LAW 2019-099
SCHEDULE "A"**

**Water Works Charges and Sewage Works Charges
Effective January 1, 2020**

Service	Residential Single-Detached Dwelling and Semi- Detached Dwelling	Residential Multi-Residential	Residential Other Multiples	Non-Residential per daily m3
Water – Growth portion	\$4,655	\$2,823	\$3,613	\$9,312
Water – Club fee	\$2,890	\$1,753	\$2,243	\$6,248
Total Water	\$7,545	\$4,576	\$5,856	\$15,560
Sanitary sewer – Growth portion	\$2,032	\$1,232	\$1,577	\$4,067
Sanitary sewer – Club fee	\$3,548	\$2,152	\$2,754	\$7,670
Total Sanitary sewer	\$5,580	\$3,384	\$4,331	\$11,737
Total combined charge	\$13,125	\$7,960	\$10,187	\$27,297

**BY-LAW 2019-099
SCHEDULE "B"**

**Credit to Developers for Prepaid Water Treatment
Effective January 1, 2020**

Service	Residential Single-Detached Dwelling and Semi-Detached Dwelling	Residential Multi- Residential	Residential Other Multiples	Non- Residential per daily m3
J. A. Pye (Ontario) Ltd.	\$1,668	\$1,308	\$1,476	\$3,870
Loyalist Residential Estates (Kaitlin Group)	\$1,297	\$1,018	\$1,147	\$3,010
Total	\$2,965	\$2,326	\$2,623	\$6,880

**BY-LAW 2019-099
SCHEDULE "C"**

**Credit to Developers for Prepaid Sewer Treatment
Effective January 1, 2020**

Service	Residential Single-Detached Dwelling and Semi-Detached Dwelling	Residential Multi- Residential	Residential Other Multiples	Non- Residential per daily m3
J. A. Pye (Ontario) Ltd.	\$1,597	\$1,252	\$1,412	\$3,705
Loyalist Residential Estates (Kaitlin Group)	\$1,597	\$1,252	\$1,412	\$3,705
Total	\$3,194	\$2,505	\$2,825	\$7,410

**BYLAW 2019-099
SCHEDULE "D"**

**ODESSA TRUNK SERVICE AREA
Effective January 1, 2020**

Bldg.	Eligible	Parcel	Location Description
Part 1 - Hwy #33 (Speers Blvd. to County Road 6)			
North side			
x	x	110401008001500	4595 Bath Road
	x	110401008002001	4621 Bath Road
Part 2 - County Road #6 (Bath Rd. to CNR Tracks)			
East Side			
	x	110401008003100	Con 1 Pt. Lot 35 (vacant)
	x	110401008003000	35 County Rd 6, Con BF Pt. Lot 35
	x	110401008003600	Con 1 Pt. Lot 35(vacant)
	x	110401008017801	Con 1 Pt. Lot 35, E of Cty Rd 6 (vacant)
	x	110401008003800	Con 1 Pt. Lot 35, Cty Rd. 6 E/S
x	x	110401008004000	211 County Rd. 6 N
x	x	110401008004102	4450 Taylor Kidd Blvd, Con 1 Pt. Lot 35
x	x		245 County Rd. 6 N (Water Pumping Station)
West Side			
	x	110401008005100	Vacant
Part 3 - County Road #6 (CNR Tracks to Shane Street)			
East Side			
	Not eligible		Bell Canada Bldg.
	Not eligible	110401008004400	Con 1 Pt. Lot 35 (vacant)
x	x	110401008004300	365 County Rd. 6 N
x	x	110401009012100	559 County Rd. 6 N
x	Not eligible	110401009012601	473 Caton Road
	Not eligible	110401009013700	486 Shane St.
	Not eligible	110401009013301	807 County Rd. 6, Con 3 Pt Lot 33
West Side			
x	x	110401008005002	304 County Rd. 6 N
x	x	110401008005001	320 County Rd. 6 N
x	x	110401008005000	332 County Rd. 6 N
x	x	110401008004600	410 County Rd. 6 N
x	x	110401008012200	434 County Rd. 6 N
x	x	110401009012300	534 County Rd. 6 N
	Not eligible	110401009012310	554 County Rd. 6, Con 2 Pt Lot 34 (vacant)
	Not eligible	110401009012500	Con 2 Lot 34
	Not eligible	110401009013630	Con 3 Pt Lot 33
	Not eligible	110401009013620	Con 3 Pt Lot 32

**BYLAW 2019-099
SCHEDULE "E"**

**ODESSA TRUNK WATERMAIN AND HAREWOOD AND BROOKLANDS
WORKS CHARGE FOR ADDITIONAL CONSTRUCTION COSTS
Effective January 1, 2020**

Odessa Trunk

Civic Address	Assessment Roll #	Works Charge
365 County Rd 6 N	110401008004300	\$2,628

Harewood, Brooklands

Civic Address	Assessment Roll #	Works Charge
4696 Bath Road	110401008005400	\$718
4705 Bath Road	110401008018100	\$1,510
4750 Bath Road	110401008005720	\$604
4754 Bath Road	110401008005900	\$565
4756 Bath Road	110401008006000	\$586
4760 Bath Road	110401008006100	\$909
4787 Bath Road	110401008019400	\$889
4791 Bath Road	110401008019300	\$812
4809 Bath Road	110401008019800	\$775
4825 Bath Road	110401008019890	\$378
4860a Bath Road – severance		\$11,699

**BYLAW 2019-099
SCHEDULE "F"**

**TIMMERMAN STREET WORKS CHARGE
FOR ADDITIONAL CONSTRUCTION COSTS
Effective January 1, 2020**

Timmerman Street Water Works

Civic Address	Assessment Roll #	Water Works Charge
3 Timmerman St.	110401009008314	\$2,360
7 Timmerman St.	110401009008312	\$4,349
403 Millhaven Rd.	110401009008310	\$13,665

Timmerman Street Sewage Works

Civic Address	Assessment Roll #	Sewage Works Charge
3 Timmerman St.	110401009008314	\$8,560
5 Timmerman St.	110401009008313	\$8,560
7 Timmerman St.	110401009008312	\$8,560
403 Millhaven Rd.	110401009008310	\$8,560

**BYLAW 2019-099
SCHEDULE "G"**

**FACTORY STREET WORKS CHARGES
IN LIEU OF SCHEDULE "A"**

Effective January 1, 2020

Factory Street Water Works

Civic Address	Assessment Roll #	Water Works Charge
19 Factory St., Odessa	110401017013000	\$3,002
150 Main St., Odessa	110401017010100	\$3,290

Factory Street Sewage Works

Civic Address	Assessment Roll #	Sewage Works Charge
19 Factory St., Odessa	110401017013000	\$3,002
150 Main St., Odessa	110401017010100	\$2,667

THE CORPORATION OF LOYALIST TOWNSHIP

BY-LAW NO. 2019-100

A By-law Respecting Water and Sewage User Rates and Service Charges in Loyalist Township

WHEREAS The Corporation of Loyalist Township (the "Township") owns, operates and maintains the Fairfield Water Works and the Bath Water Works;

AND WHEREAS the Township owns, operates and maintains the Loyalist East Sewage Works and the Bath Sewage Works;

AND WHEREAS Section 11(2) of the *Municipal Act, 2001*, S.O. 2001, Chapter 25 authorizes the Township to pass by-laws respecting public utilities that includes water and sewage works and services;

AND WHEREAS the Council of the Township deems it desirable and expedient to pass a by-law respecting water and sewage services in order to ensure a continued supply of water and sewage services to those persons in Loyalist Township to whom such services are supplied by the Township;

AND WHEREAS Section 391(1) of the *Municipal Act, 2001*, authorizes the Township to pass by-laws imposing fees or charges on any class of persons for services or activities provided or done by or on behalf of the Township and for capital costs payable by the Township for sewage and water services which the Township will provide to those persons after the fees and charges are imposed;

AND WHEREAS section 81(1) of the *Municipal Act, 2001*, authorizes the municipality to shut off the supply of a public utility to land if fees or charges payable by the owners or occupants of the land for the supply of the utility are overdue;

AND WHEREAS section 83 of the *Municipal Act, 2001*, authorizes a municipality to require, as a condition of supplying or continuing to supply a public utility, reasonable security be given for the payment of fees and charges for the supply of the public utility;

AND WHEREAS Section 398 of the *Municipal Act, 2001*, authorizes the Treasurer to add fees and charges imposed by the municipality to the tax roll for a property to which a public utility has been supplied and to collect them in the same manner as municipal taxes;

AND WHEREAS Ontario Regulation 581/06 made under the *Municipal Act, 2001*, authorizes that fees and charges imposed by the municipality to the tax roll have priority lien status;

AND WHEREAS Council of the Township wishes to impose fees and charges to recover the costs of providing water and sewage services to the users thereof;

NOW THEREFORE The Corporation of Loyalist Township hereby enacts as follows:

1. Definitions

- 1.1. "Bath Water Works" shall mean the water filtration plant located in Broken Front Concession, Part of Lots 11 and 16, Plan 77, geographic area of the former Village of Bath and now known as Loyalist Township, including pumping stations, distribution mains and water storage facilities serviced by the Bath Water Treatment Plant.
- 1.2. "Bath Sewage Works" shall mean the sewage treatment plant located in Part Lot 14, Concession Broken Front, being Part 1, Plan 29R5184, and being further described as being located in the geographic area of the former Village of Bath now known as Loyalist Township, including pumping stations, sanitary sewers and force mains, serviced by the Bath Water Pollution Control Plant.
- 1.3. "Bill date" shall mean the date on which a bill for a water user rate and/or service charge and/or sewer user rate and/or service charge is rendered.
- 1.4. "Council" shall mean the Council of The Corporation of Loyalist Township.
- 1.5. "Dwelling Unit" shall mean a room or suite of rooms used, or designed or intended for use by, one person or persons living together, in which culinary and sanitary facilities are provided for the exclusive use of such person or persons;
- 1.6. "Equivalent Residential Unit" or "ERU" means the sum of the equivalent number of residential units deemed to exist on multi-residential, industrial, commercial and institutional properties in the service areas to which water or sewage services are provided, as determined in accordance with this by-law.
- 1.7. "Fairfield Water Works" shall mean the Fairfield Water Treatment plant located in part of Lots 40 and 41, Broken Front Concession, geographic area of the former Township of Ernestown and now known as Loyalist Township, and related pumping stations, distribution mains and water storage facilities.
- 1.8. "Loyalist Sewage Works" means the sewage treatment plant located in Part Lot 37, Concession 1, being Part 1 on Plan 29R6932, and being further described as being located in the geographic area of the former Township of Ernestown now known as Loyalist Township, including pumping stations, sanitary sewers and force mains serviced by the Amherstview Water Pollution Control Plant.
- 1.9. "Multi-residential units" shall mean residential units where there is more than one fully serviced dwelling unit on an individual property and excludes secondary units as defined by the Development Charges Act as amended.
- 1.10. "occupant" means any person other than the owner who occupies property, and any reference in this by-law to an occupant in the singular shall be deemed to include the plural, where applicable
- 1.11. "owner" means the registered owner or owners of a property and any reference in this by-law to an owner in the singular shall be deemed to include the plural, where applicable.
- 1.12. "Penalty date" means the date that is 20 days after the bill date.
- 1.13. "Secondary Units" shall mean additional units developed in existing buildings or ancillary structures consistent with the definition for Secondary Units as per the Development Charges Act, as amended,
- 1.14. "Sewage Works" shall mean all sewage treatment, collection, transmission, pumping and disposal systems now or in the future owned and operated by or for the Township.
- 1.15. "Single family unit" shall mean all residential properties consisting of only one dwelling unit.

- 1.16. "Township" shall mean The Corporation of Loyalist Township.
- 1.17. "Water Works" shall mean all water treatment, distribution, storage and pumping systems now or in the future owned and operated by or for the Township.
- 1.18. "Works" for the purpose of this by-law shall mean "Water Works" and/or "Sewage Works".

2. Authority

- 2.1. Council shall be responsible for the operation of the Works, including the setting of fees and charges, the engaging of employees, the payment of accounts and all other things necessary for the successful operation of the Works.

3. Water User Rates

- 3.1. Every owner and occupant of property to which the Township supplies water from the Water Works shall be jointly and severally responsible for payment of a water User Rate for the property consisting of a monthly flat rate and a consumption rate determined in accordance with this by-law, with the exception that properties which have never been occupied and for which no occupancy permit has been issued are exempt from Water User Rates.
- 3.2. The consumption rate component of the water user rate for a property shall be calculated by multiplying the metered amount of water consumed in cubic metres by the consumption rate in Schedule '1' to this by-law.
- 3.3. The monthly flat fee for water user rates for one single family unit shall be calculated by multiplying one times the equivalent residential units ("ERUs") on the property by the monthly flat rate charge in Schedule '1' to this by-law.
- 3.4. The monthly flat rate component of the water user rate for industrial, commercial, institutional and multi-residential properties shall be calculated by multiplying the equivalent residential units ("ERUs") on the property by the monthly flat rate charge in Schedule '1' to this by-law.
- 3.5. The ERUs for an industrial, commercial, institutional or multi-residential property shall be calculated annually by dividing the three year average daily amount of metered water supplied to the property by the average daily amount of metered water supplied to single family residential properties in the same water area during the immediately preceding twelve (12) month period as determined by the Township.
- 3.6. Residential properties shall not be considered multi-residential units if the property contains only a single residence plus secondary unit(s).
- 3.7. If the three year average daily amount of metered water supplied to a commercial, industrial, institutional or multi-residential property is not available, or if there is a change in use of the property that, in the opinion of the Township, will result in a significant change in the quantity of water that will be supplied to the property in future, the Township may estimate the number of ERUs for the property based on the amount of water supplied to the property to date and to comparable properties with comparable uses in the Township.
- 3.8. If there has been a significant reduction in the quantity of water supplied to a commercial, industrial, institutional or multi-residential property in a particular year, the Township may, upon request of the property owner, recalculate the number of ERUs for the property based on the reduced amount of water consumed and adjust the flat rate component of the water user rate payable by the owner of the property.
- 3.9. Miscellaneous fees and charges associated with water services are listed in Schedule '3' of this by-law.

4. Sewer User Rates

- 4.1. Every owner and occupant of property to which the Township supplies sanitary sewage services from the Sewage Works shall be jointly and severally responsible for payment of a sewage user rate for the property consisting of a monthly flat rate and a consumption rate determined in accordance with this by-

law, with the exception that properties which have never been occupied and for which no occupancy permit has been issued are exempt from Sewer User Rates.

- 4.2. The consumption rate component of the sewage user rate for a property shall be calculated by multiplying the metered amount of water in cubic metres by the consumption rate in Schedule '2' to this by-law.
- 4.3. The monthly flat fee for water user rates for one single family unit shall be calculated by multiplying one times the equivalent residential units ("ERUs") on the property by the monthly flat rate charge in Schedule '1' to this by-law.
- 4.4. The monthly flat rate component of the sewer user rate for industrial, commercial, institutional and multi-residential properties shall be calculated by multiplying the equivalent residential units ("ERUs") on the property by the monthly flat rate charge in Schedule '2' to this by-law.
- 4.5. The provisions of sections 3.5, 3.6, 3.7, and 3.8 of this by-law shall apply, with necessary modifications, to the calculation of the number of ERUs for the purpose of determining the flat rate component of the sewage user rate for commercial, industrial, institutional and multi-residential properties.
- 4.6. Miscellaneous fees and charges associated with sewer services are listed in Schedule '3' of this by-law.

5. Billing, Payment and Security Deposits

- 5.1. A water and/or sewage user rate and/or service charge payable in accordance with this by-law shall be billed to the owner of the property on a bi-monthly basis at the owner's address as shown on the last revised assessment roll and shall be deemed to have been received on the third business day after the date on which the bill was mailed.
- 5.2. Despite section 5.1, the Treasurer may, if requested in writing by the owner, send the bill for payment of a water and/or sewage user rate and/or service charge to the occupant of the property at the address of the property, but nothing herein relieves the owner or occupant of their joint and several obligations to pay the bill when due.
- 5.3. All amounts owing on account of a water and/or sewage user rate and/or service charge shall be paid to the Township on the due date at the Odessa Municipal Offices or at such other place as may be set out on the bill.
- 5.4. If the Township is requested to send the bill for water and sewage services to a person who is a new occupant of the property, the Treasurer may, as a condition of the Township supplying water to the property, require the occupant to post security for payment of future water and/or sewage user rate and/or service charge, or both.
- 5.5. The amount of security that the Treasurer may request be posted in accordance with section 5.4 shall equal the amount of the water and/or sewage user rate and/or service charge for two months for the property as estimated by the Treasurer based on previous levels of consumption on the property or, if the Township has not previously supplied water to the property, the levels of consumption for similar properties elsewhere in Loyalist Township.
- 5.6. If the Township has shut off the supply of water to a property, or if the Treasurer has reasonable grounds to believe based on past payment history that an owner or occupant of a property may be unable to pay or continue paying a water and/or sewage user rate and/or service charge when due, the Treasurer may, as a condition of the Township supplying or continuing to supply water to the property, require the owner or occupant, as the case may be, to post security for payment of future water and/or sewage user rate and/or service charge, or both.
- 5.7. The amount of security that the Treasurer may request be posted in accordance with section 5.6 shall equal the greater of:
 - 5.7.1. \$150.00, or
 - 5.7.2. the amount of the water and/or sewage user rate and/or service charge for two months for the property as estimated by the Treasurer based

on previous levels of consumption on the property.

- 5.8. The Treasurer may accept security in the form of cash or any other type of negotiable security suitable to the Treasurer.

6. Remedy if Default of Payment

- 6.1. If an amount owing on account of a water and/or sewage user rate and/or service charge is not paid on or before the penalty date, a penalty of 3.25% of the amount owing shall be added to the amount owing and be payable to the Township.
- 6.2. If the original amount owing on account of a water and/or sewage user rate and/or service charge is not paid on or before the subsequent bill date, an additional penalty of 6.5% of the original amount owing shall be added to the amount owing and be payable to the Township.
- 6.3. A water and/or sewage user rate and/or service charge payable by the owner and occupant of a property constitutes a joint and several debt of the owner and occupant to the Township.
- 6.4. If a water and/or sewage user rate and/or service charge is not paid within 60 days from the penalty date, the Treasurer may, in addition to any other remedies available to the Township, add the amount owing including the added penalty to the tax roll of the property to which the utility was supplied and the Township may proceed to collect it in the same manner as municipal taxes.
- 6.5. Any amount owing on account of a water and/or sewage user rate and/or service charge that is added to the tax roll of a property shall bear interest at the rate of 1.25% per month (15% per annum) from the first day of the month after the date on which the amount is added to the tax roll to the date of payment.

If an owner or occupant fails to pay a water and/or sewage user rate and/or service charge when due, the Township may, in addition to any other remedies available to it, shut off the supply of water to the property.
- 6.6. If the supply of water to a property is shut off by the Township in accordance with section 6.5, it shall not be turned on until after payment of all amounts owing to the Township, including any charge for turning off and on the supply of water as set out on Schedule 3 to this by-law.

7. Validity

- 7.1. It is declared that notwithstanding that any Part or Parts of this by-law, or sections thereof, that may be found by any court of law to be invalid or illegal or beyond the power of the Township to enact, such Part or Parts or sections thereof shall be deemed to be severable and that all other Parts or sections of this by-law are separate and independent there from and enacted as such.

8. By-law Administration

- 8.1. The Treasurer shall be responsible for the administration of this by-law.

9. By-laws Repealed

- 9.1. Loyalist Township By-law 2018-116 and any and all by-laws or portions thereof conflicting with this by-law are hereby repealed.

10. Short Title

- 10.1. This by-law may be referred to as the "Water and Sewage User Rates and Service Charges By-law".

11. Effective Date

- 11.1. This by-law shall be in force and take effect on the date of its passing.

ENACTED AND PASSED THIS 25TH DAY OF NOVEMBER 2019.

MAYOR

CLERK

SCHEDULE 1 TO BY-LAW 2019-100
LOYALIST TOWNSHIP
SCHEDULE OF WATER SERVICE FEES

	Effective Billing Period Ending	Consumption Rate (per cubic meter)	Flat Rate per Month (per residential unit or equivalent residential unit)
Fairfield Water Works – Amherstview users	February 15, 2020	\$2.52	\$28.50
Fairfield Water Works – Odessa, Harewood & Brooklands Users	January 15, 2020	\$2.52	\$28.50
Bath Water Works	January 15, 2020	\$2.52	\$28.50
Bulk Water Hauler	<u>Beginning</u> January 1, 2020	\$3.58	

**SCHEDULE 2 TO BY-LAW 2019-100
LOYALIST TOWNSHIP
SCHEDULE OF SEWAGE SERVICE FEES**

	Effective Billing Period Ending	Consumption Rate (per cubic meter)	Flat Rate per Month (per residential unit or equivalent residential unit)
Loyalist East Sewage Works – Amherstview users	February 15, 2020	\$2.05	\$25.50
Loyalist East Sewage Works – Odessa Users	January 15, 2020	\$2.05	\$25.50
Bath Sewage Works	January 15, 2020	\$2.05	\$25.50

**SCHEDULE 3 TO BY-LAW 2019-100
LOYALIST TOWNSHIP**

**SCHEDULE OF MISCELLANEOUS WATER AND SEWER SERVICE CHARGES
(subject to tax where applicable)**

WATERWORKS SYSTEM

1. Water service permit	Per connection - \$35
2. Water meter	Residential - \$400 Industrial, commercial, institutional - cost of meter plus \$50 administration fee
3. Testing water meter at customer's request	Regular hours - \$150 per meter
4. Turning water service on/off for maintenance and/or repair	Regular hours - no charge After hours - \$200
5. Turning water service on/off due to non-payment of account	Turning water off - \$75 Turning water on - no charge
6. Water service request requiring attendance by Township staff	After hours - \$200 plus the cost of plumbing contractor
7. Stock premium fee for water service material not listed in Schedule A of the Waterworks By-Law	Per connection - \$250
8. Service pipe leak repair	Per repair - actual cost plus 20%
9. Water hauler key deposit*	Per set of keys (1 meter and 1 gate) - \$100
10. Water hauler usage deposit*	Per account - \$200

*See also Township Policy Bulk Water Haulers.

SEWAGE SYSTEM

1. Sewer service permit	Per connection - \$35**
2. Sewer service request requiring attendance by Township staff	After hours - \$200 plus the cost of plumbing contractor
3. Service pipe leak repair	Per repair - actual cost plus 20%

**If application is for water service connection also, only one permit fee applies.

Loyalist Township Water & Sewer Rates Study Public Information Session



Monday, September 23, 2019

HEMSON
Consulting Ltd.



Study Objectives

1. Rate Structure Review
2. Rate Setting and Financial Analysis
3. Rate Results and Impact Per User – Status Quo Rate Structure
4. Rate Results and Impact Per User – 40:60 Rate Structure (transition)



BACKGROUND INFORMATION

Background Information

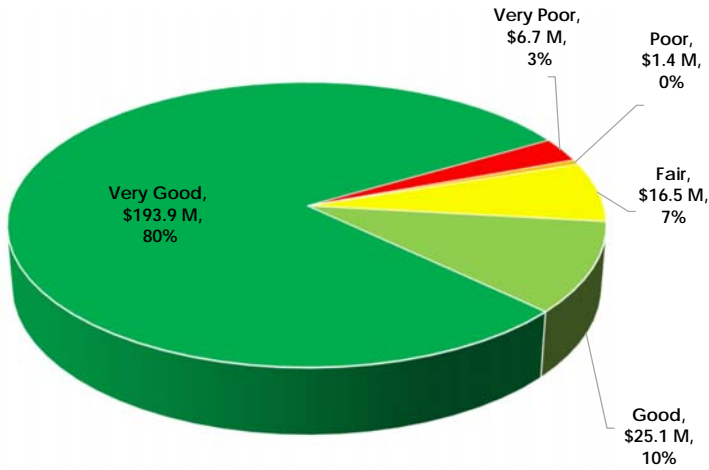
- Since 2014, Township has increased water and sewer rates generally in accordance with the rates outlined in the 2014 Rate Study

- Rates were calculated to ensure the Township generates sufficient revenues to fund costs

- The 2014 Study calculated water and sewer rates for a 10-year period (to 2024) with a view to update the study in 3 to 5 years.
 - Given the 5-year timeframe is near complete, the Township initiated this update rate study

Summary of Water and Sewer Infrastructure

Water and Sewer Infrastructure
Total = \$243.6 Million



- Financial statements indicate historical value of assets to be about \$71.3 million
- Actual replacement value estimated over \$243 million
 - Water: \$144.4 million
 - Sewer: \$99.2 million
- Township has done a good job of maintaining assets in state of good repair and saving for future replacement

2019 Bimonthly Water and Sewer Rates:

1. Water Fixed Charge	
Description	Rate (bimonthly)
Flat charge per ERU	\$68.08

1. Sewer Fixed Charge	
Description	Rate (bimonthly)
Flat charge per ERU	\$60.44

2. Water Consumption Charge	
Description	Rate (per m ³)
All consumption – constant rate	\$1.71

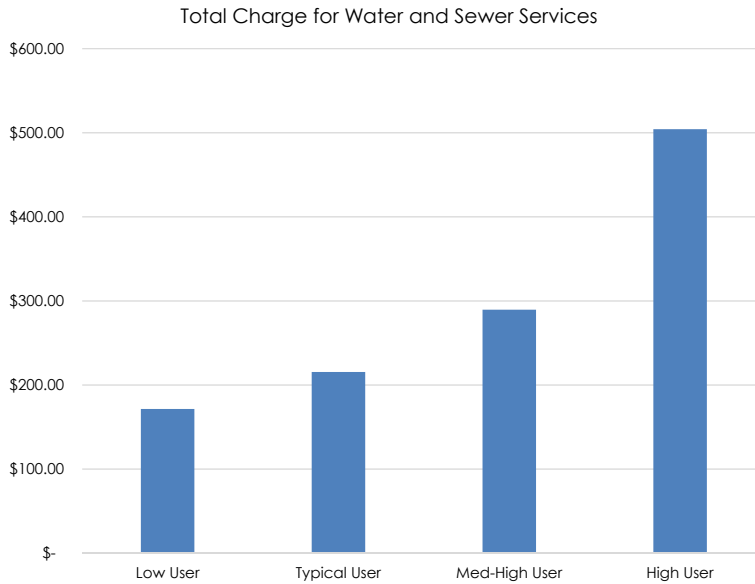
2. Sewer Consumption Charge	
Description	Rate (per m ³)
All consumption – constant rate	\$1.51

***Fixed Cost Recovery: 60%**
Variable Cost Recovery: 40%

***Fixed Cost Recovery: 60%**
Variable Cost Recovery: 40%

**Identified cost recovery target*

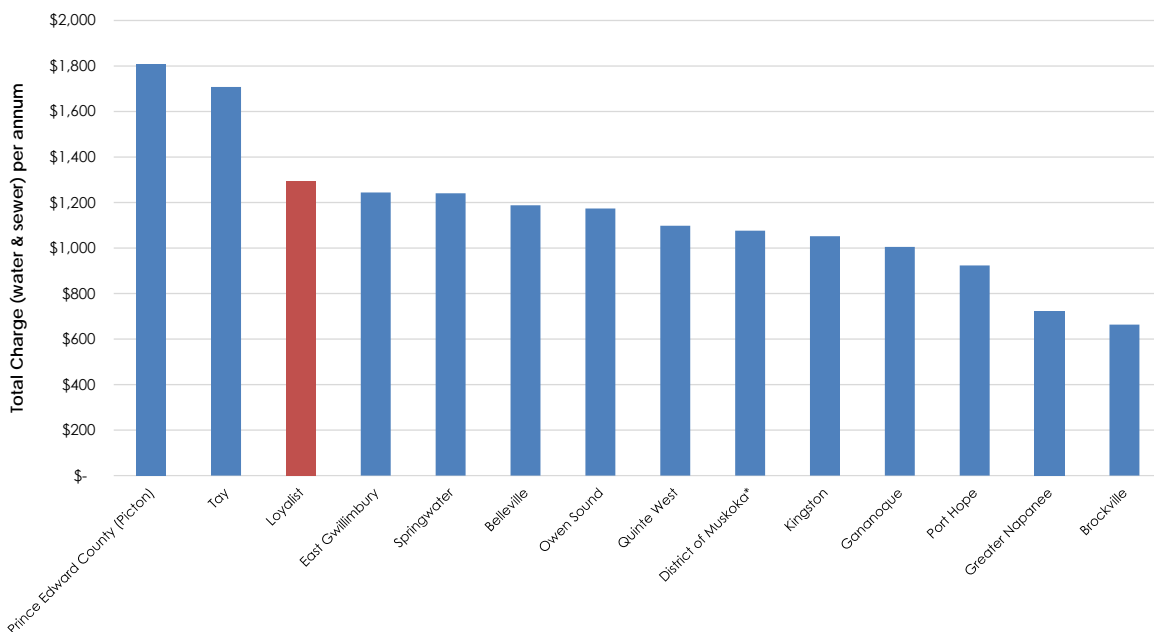
Total Bimonthly Charge for a Range of Household Users (in 2019):



- Total charge dependent on the amount of water consumed
- Residents have control over their total bill
- Existing structure encourages conservation

High User: 117m³ per 2 months
 Med-High User: 50m³ per 2 months
 Typical User: 27m³ per 2 months
 Low User: 13m³ per 2 months

Benchmarking Analysis: Cost per Typical Household (162 m³)



Note*: Rate applies to all communities in the District of Muskoka
 All rates illustrated include both water and sewer services



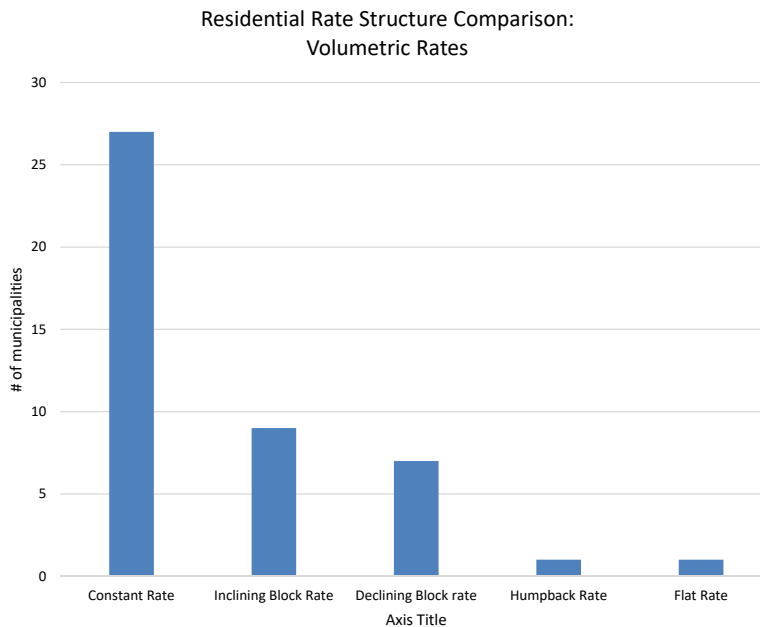
RATE STRUCTURE REVIEW



Rate Structure Review

- Hemson and Township staff have examined a variety of rate structures
- Intention is to examine the current rate structure and provide options that reflect changing consumption patterns and demographic trends
- Ensure fiscal stability and sustainability from a service delivery standpoint

Benchmarking Analysis: Rate Structure Review



- Survey of 45 municipalities in Ontario that range in population from 15,000 to 25,000 people were considered (plus direct neighbours)
- About 60% of communities (including Loyalist) employ a constant rate structure for consumption based component
- Inclining and declining block structures are also common

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Rate Structure Review: Key Township Objectives

- The rate structure should consider the following factors:
 - Cost recovery;
 - Equity;
 - Conservation;
 - Administration;
 - Transparency and efficiency; and
 - Economic Development

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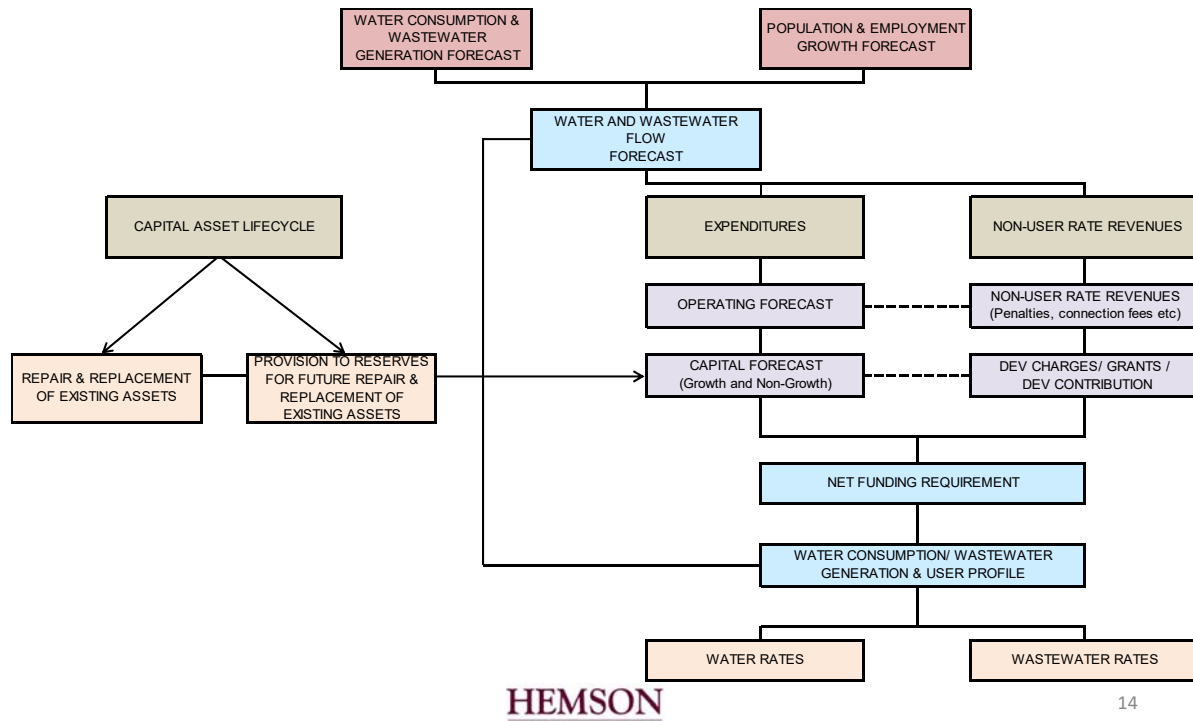
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Rate Structures Considered Under This Study

Rate Structure Alternatives	General Impact and assessment
<p>Scenario 1. Adjust the Fixed vs. Variable Rate Cost Recovery to 40:60 in 2020</p>	<p>Bill would be reduced for low volume water users.</p> <p>Typical households would pay marginally more relative to status quo scenario (60:40 Structure)</p> <p>The burden would largely be shifted to water users above the typical household. Non-residential users would also see higher rate increases.</p>
<p>Scenario 2. Adjust the Fixed vs. Variable Rate Cost Recovery to 40:60 over the planning period</p>	<p>Bill would be reduced for low volume water users but the impact would be captured over a longer horizon relative to scenario 1 (40:60 Structure).</p> <p>Impact on a typical household would be moderated in early years relate to Scenario 1 (40:60 Structure)</p> <p>The burden would largely be shifted to water users above the typical household. Non-residential users would also see higher rate increases.</p>
<p>Scenario 3. Minimum Bill (includes 20m³ every 2 months)</p> <p>Each cubic meter charged above the minimum would be equal to the minimum bill \$/m³</p>	<p>Bill would be reduced for low and typical volume water users relative to status quo (60:40 Structure)</p> <p>The burden would be shifted to water users above the typical household. High volume non-residential users would see higher rate increases.</p>

RATE SETTING AND FINANCIAL ANALYSIS

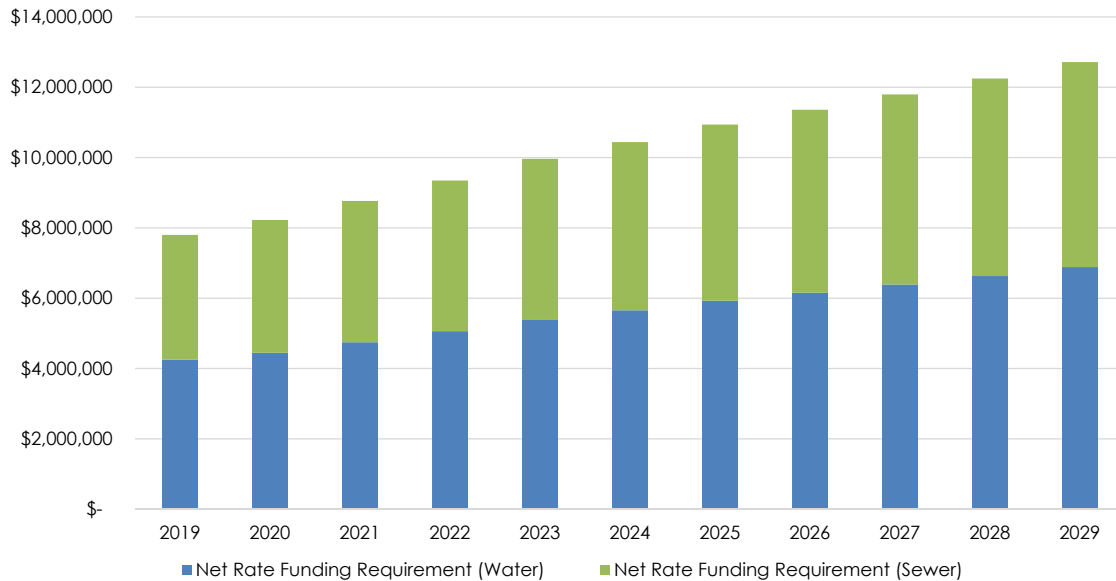
Rate Setting Approach



Rate Setting Approach

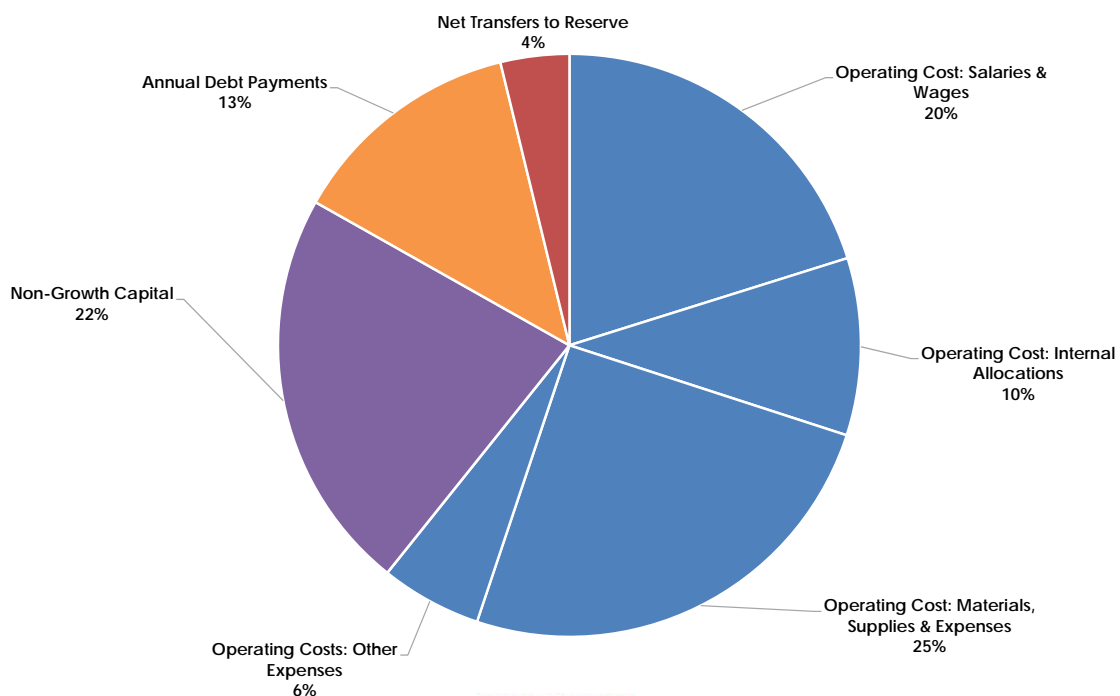
- Rates calculated based on the following:
 1. Full recovery of operating costs
 - Based on the Township's 2019 budget
 - Costs have been adjusted to account for inflation
 2. Full recovery of annual capital needs
 - In-year capital requirements identified by the 10-year capital plan and discussions with staff
 - Financing costs required to carry out the capital plan have been included (where applicable)
 - Only non-growth related costs have been included
 3. Provision for future asset replacement

How much Revenue Needs to be Collected from Water & Sewer Rates?



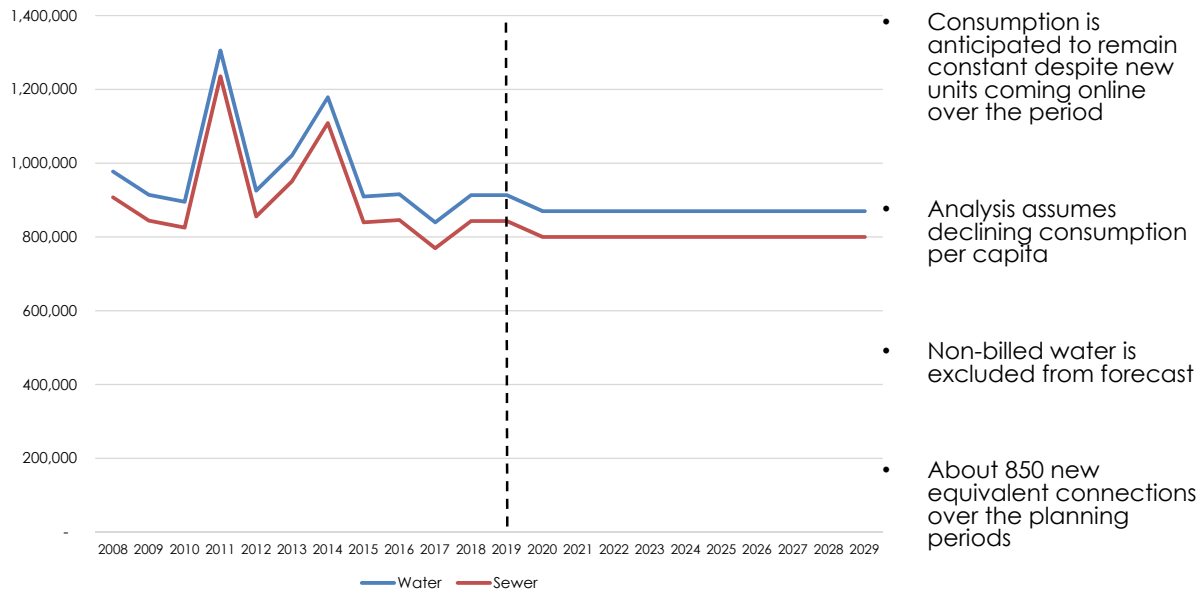
Note: The net rate funding requirement represents the amount of funds that must be funded through the water & sewer rates

Allocation of Water and Sewer Expenditures – 2019 Budget



Note: Other expenses include: contracted services, insurance and utility costs

Projected Consumption



Note 1: For the purposes of setting a utility rate, only the water that is distributed to the end-user is used to determine the rate. This is referred to as "billable" water.
 Note 2: Sewer generation is based on water consumption billed by sewer users connected to the water system.

RATE RESULTS AND IMPACT PER USER – STATUS QUO RATE STRUCTURE (60:40)

Rates Required to fund the 10-year Program (Status Quo)

Water & Sewer:

- Fixed & Variable Rates:
 - 6% annual increase from 2020 to 2023
 - 4% annual increase from 2024 to 2025
 - 3% annual increase from 2026 to 2029
- An adjustment to the way the Township bills multi-unit customers is assumed for 2020.
 - Transition to “Actual ERUs”

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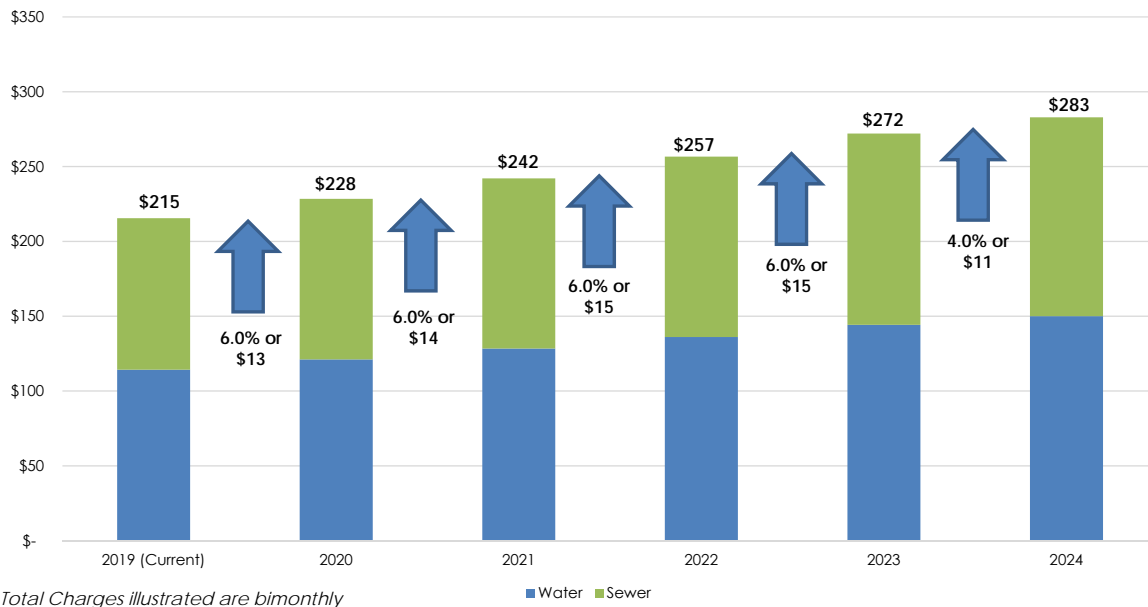
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Status Quo: 60:40 Structure

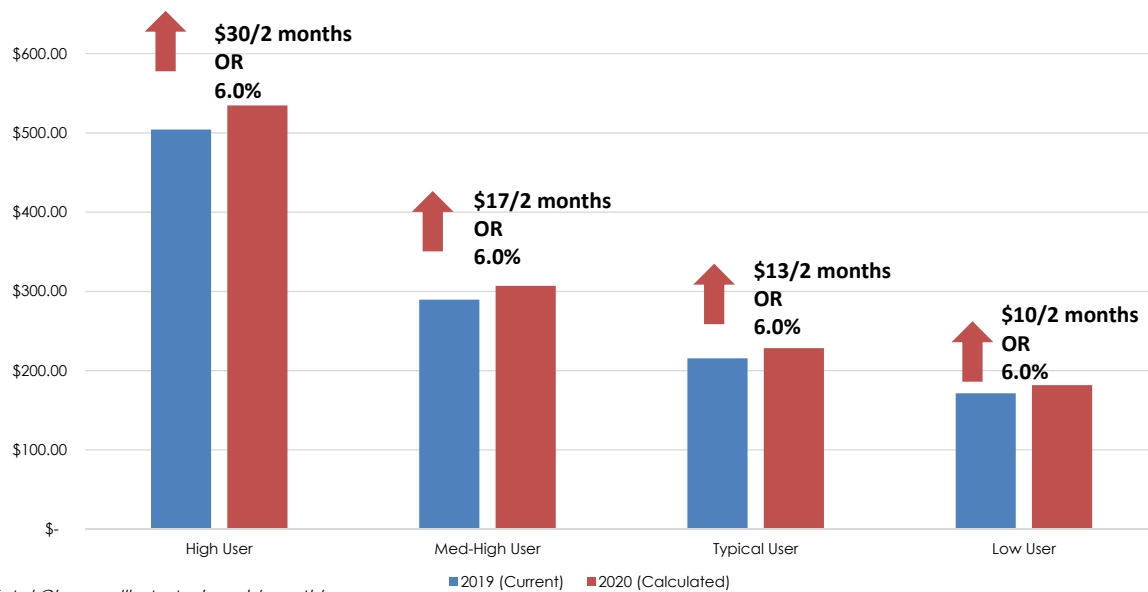
	2019	2020	2021	2022	2023	2024
Fixed Charge Bimonthly – Water	\$68.08	\$72.16	\$76.48	\$81.06	\$85.92	\$89.36
<i>% Change</i>		6.0%	6.0%	6.0%	6.0%	4.0%
Fixed Charge Bimonthly– Sewer	\$60.44	\$64.06	\$67.90	\$71.98	\$76.30	\$79.36
<i>% Change</i>		6.0%	6.0%	6.0%	6.0%	4.0%
Charge per Cubic Meter – Water	\$1.710	\$1.813	\$1.922	\$2.037	\$2.159	\$2.245
<i>% Change</i>		6.0%	6.0%	6.0%	6.0%	4.0%
Charge per Cubic Meter – Sewer	\$1.510	\$1.601	\$1.697	\$1.799	\$1.907	\$1.983
<i>% Change</i>		6.0%	6.0%	6.0%	6.0%	4.0%

Bimonthly Charge per Typical User (27m ³)	2019	2020	2021	2022	2023	2024
Bimonthly Charge – Water	\$114	\$121	\$128	\$136	\$144	\$150
Bimonthly Charge – Sewer	\$101	\$107	\$114	\$121	\$128	\$133
Total Bimonthly Charge	\$215	\$228	\$242	\$257	\$272	\$283
<i>\$ Change</i>		\$13	\$14	\$15	\$15	\$11
<i>% Change</i>		6.0%	6.0%	6.0%	6.0%	4.0%

Status Quo: Typical Household Charge (1)

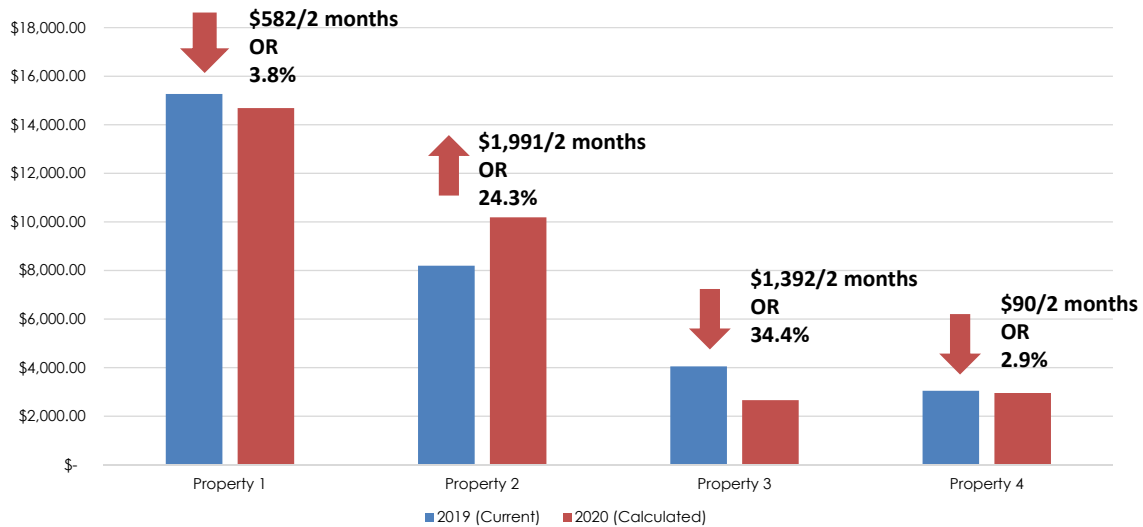


Calculated Utility Rates (Water & Sewer) Range of Residential Users (Status Quo)



High User: 117m³ per 2 months
 Med-High User: 50m³ per 2 months
 Typical User: 27m³ per 2 months
 Low User: 13m³ per 2 months

Calculated Utility Rates (Water & Sewer) Range of Apartment Users (Status Quo)



Total Charges illustrated are bimonthly

Property 1: 1,908m³ per 2 months – 71 ERUs (2019) – 60 ERUs (2020)

Property 2: 1,148m³ per 2 months – 35 ERUs (2019) – 46 ERUs (2020)

Property 3: 300m³ per 2 months – 24 ERUs (2019) – 12 ERUs (2020)

Property 4: 347m³ per 2 months – 15 ERUs (2019) – 13 ERUs (2020)

NOTE:

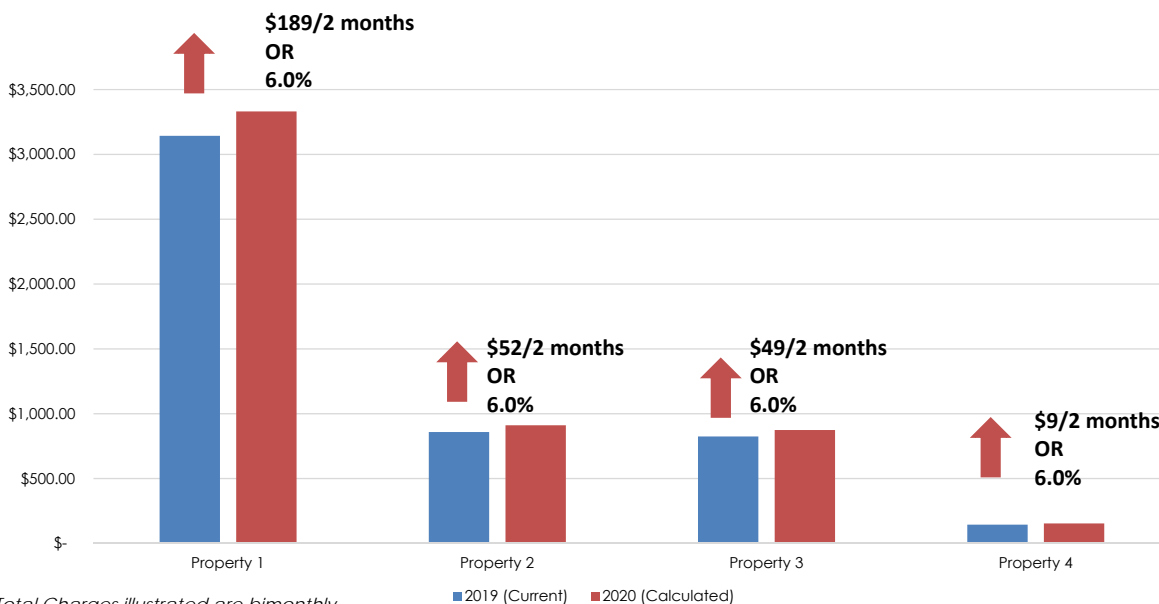
2019 ERUs are units billed

2020 ERUs represent actual ERUs based on an average

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Calculated Utility Rates (Water & Sewer) Range of Commercial Users (Status Quo)



Total Charges illustrated are bimonthly

Property 1: 377m³ per 2 months – 15 ERUs

Property 2: 107m³ per 2 months – 4 ERUs

Property 3: 96m³ per 2 months – 4 ERUs

Property 4: 5m³ per 2 months – 1 ERU

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PREFERRED SCENARIO TO 40:60 GRADUALLY

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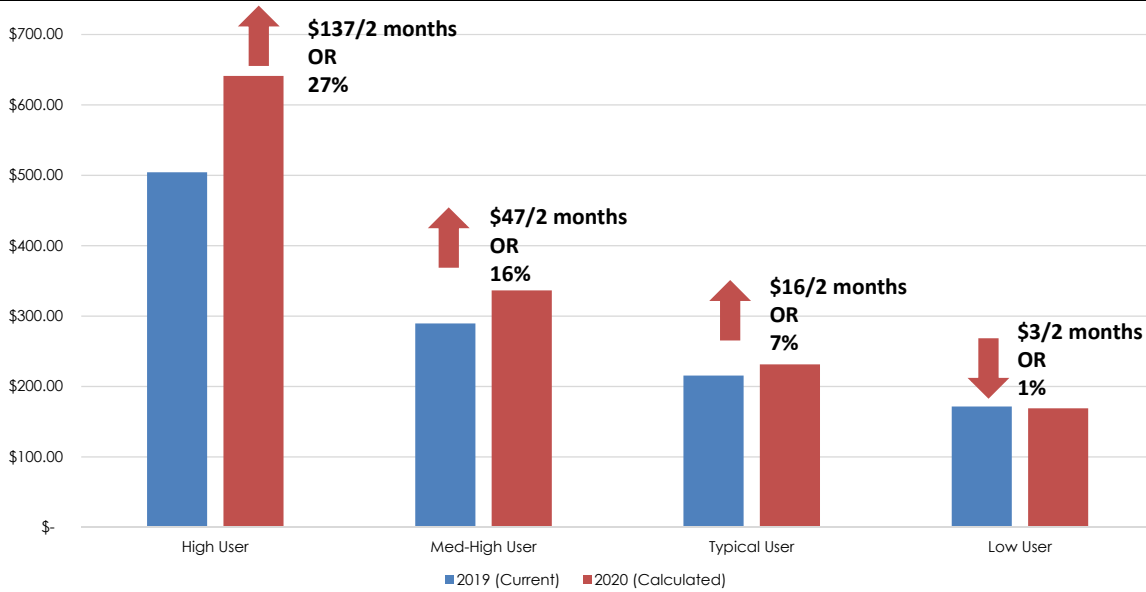
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Preferred Scenario: 60:40 to 40:60 (Gradual)

	2019	2020	2021	2022	2023	2024
Fixed Charge Bimonthly – Water	\$68.08	\$57.00	\$57.00	\$57.00	\$57.00	\$58.71
<i>% Change</i>		-16.3%	0.0%	0.0%	0.0%	3.0%
Fixed Charge Bimonthly– Sewer	\$60.44	\$51.00	\$51.00	\$51.00	\$51.00	\$52.54
<i>% Change</i>		-15.6%	0.0%	0.0%	0.0%	3.0%
Charge per Cubic Meter – Water	\$1.710	\$2.520	\$2.772	\$3.049	\$3.354	\$3.622
<i>% Change</i>		47.4%	10.0%	10.0%	10.0%	8.0%
Charge per Cubic Meter – Sewer	\$1.510	\$2.050	\$2.337	\$2.617	\$2.853	\$3.081
<i>% Change</i>		35.8%	14.0%	12.0%	9.0%	8.0%

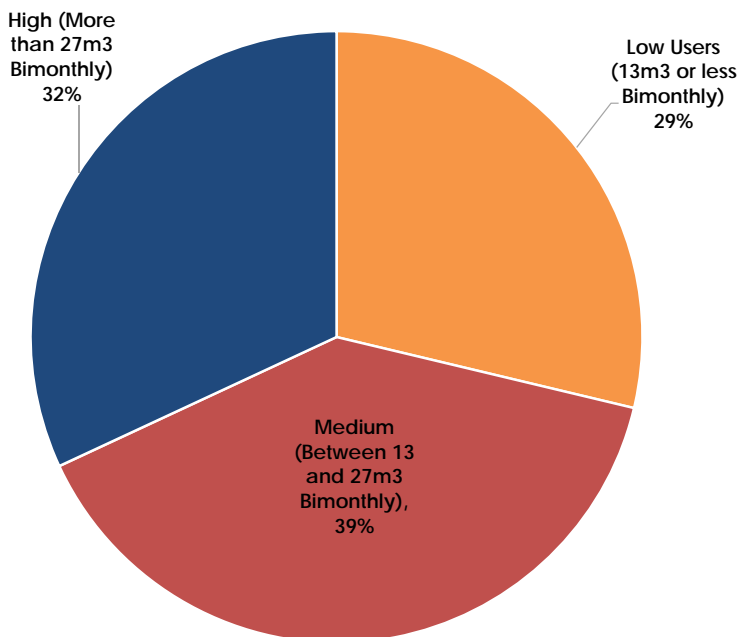
Bimonthly Charge per Typical User (27m ³)	2019	2020	2021	2022	2023	2024
Bimonthly Charge – Water	\$114	\$125	\$132	\$139	\$148	\$157
Bimonthly Charge – Sewer	\$101	\$106	\$114	\$122	\$128	\$136
Total Bimonthly Charge	\$215	\$231	\$246	\$261	\$276	\$292
<i>\$ Change</i>		\$16	\$15	\$15	\$15	\$17
<i>% Change</i>		7.4%	6.3%	6.1%	5.6%	6.0%

Calculated Utility Rates (Water & Sewer) Range of Residential Users (Preferred)



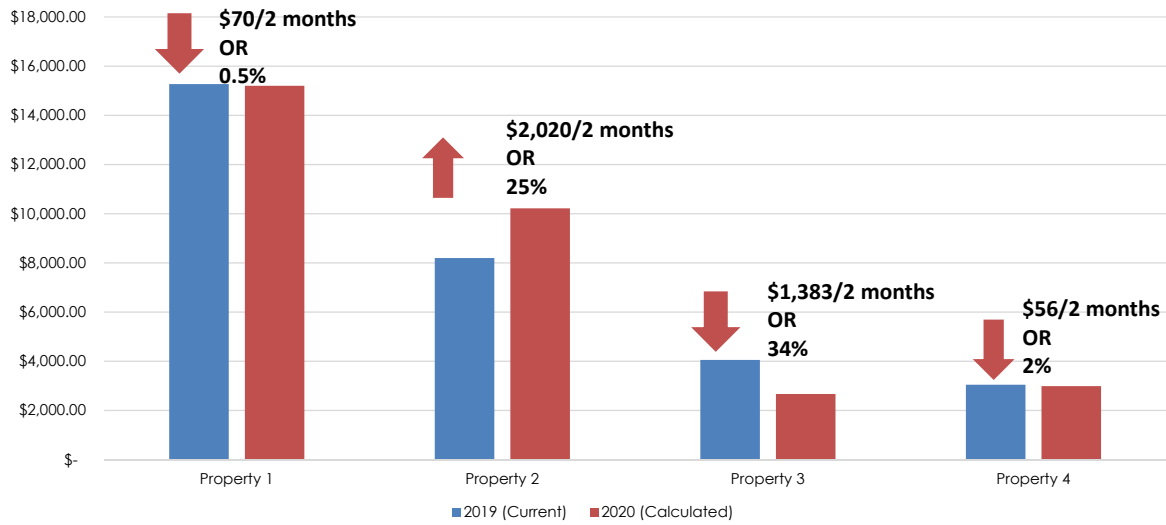
Total Charges illustrated are bimonthly
 High User: 117m³ per 2 months
 Med-High User: 50m³ per 2 months
 Typical User: 27m³ per 2 months
 Low User: 13m³ per 2 months

Customer Profiles: Quantifying the # of accounts in each category



- About 70% of accounts consume 162m³ per year or less
- About 30% of customers will see a decrease in their total bill (from 2019)

Calculated Utility Rates (Water & Sewer) Range of Apartment Users (Preferred)



Total Charges illustrated are bimonthly

Property 1: 1,908m³ per 2 months – 71 ERUs (2019) – 60 ERUs (2020)

Property 2: 1,148m³ per 2 months – 35 ERUs (2019) – 46 ERUs (2020)

Property 3: 300m³ per 2 months – 24 ERUs (2019) – 12 ERUs (2020)

Property 4: 347m³ per 2 months – 15 ERUs (2019) – 13 ERUs (2020)

Calculated Utility Rates (Water & Sewer) Range of Commercial Users (Preferred)



Total Charges illustrated are bimonthly

Property 1: 377m³ per 2 months – 15 ERUs

Property 2: 107m³ per 2 months – 4 ERUs

Property 3: 96m³ per 2 months – 4 ERUs

Property 4: 5m³ per 2 months – 1 ERUs

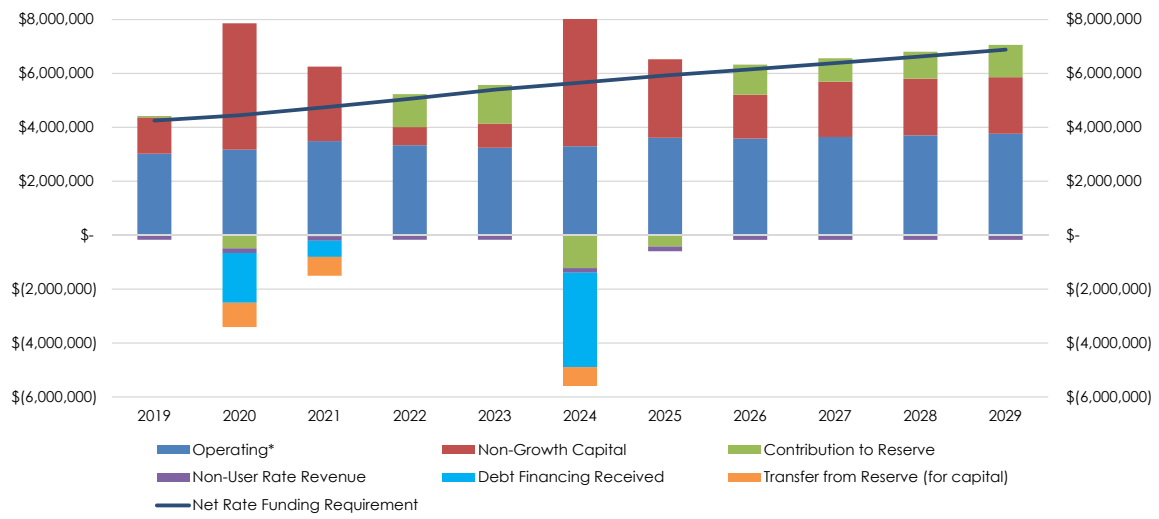
Summary of Key Outcomes and Concluding Comments

- Any rate structure adjustment will lead to changes in customers total bills – the total revenue requirement remains **constant** in all scenarios
- Calculated rates continue to provide Township with sufficient revenue to fund costs
- This study should be reviewed every 3-5 years (or earlier depending on the rate of growth, significant cost adjustments or changes to the pattern of consumption)

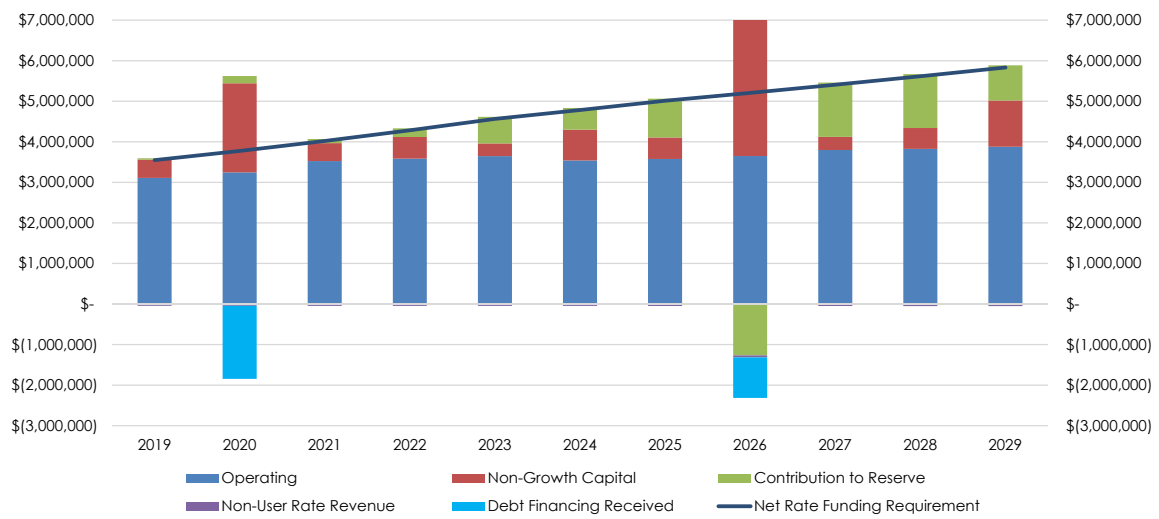


SUPPLEMENTARY SLIDES

How much Revenue Needs to be Collected from Water Rates?



How much Revenue Needs to be Collected from Sewer Rates?



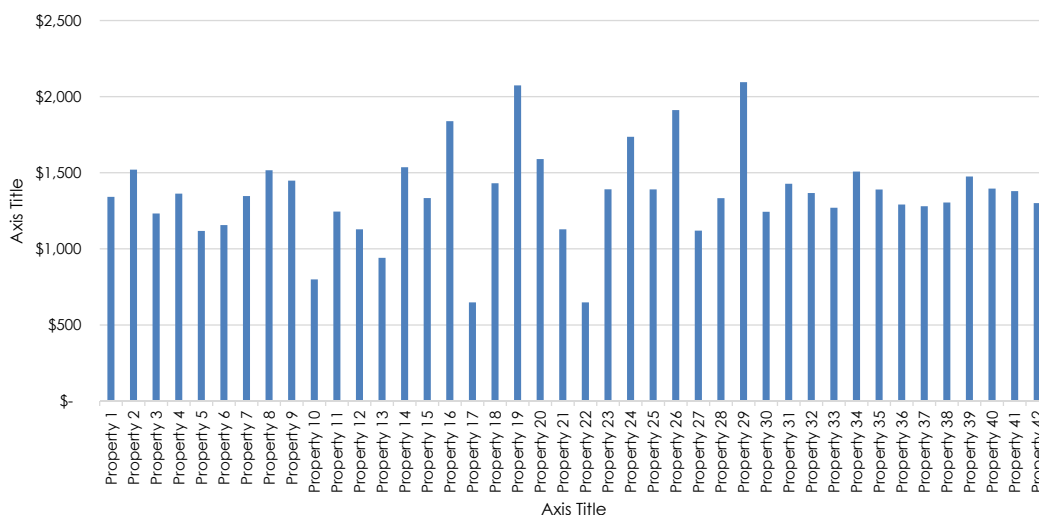
Status of Reserve Funds: Short-term Snapshot

Service	2018 Year-End Balance	2024 Year-End Projected Balance	Relationship to Replacement Value*
Water	\$2.30 M	\$3.18 M	1.9% (of \$168.1 M)
Sewer	\$.3.21 M	\$6.97 M	6.3% (of \$109.7 M)
Total Combined	\$5.51 M	\$10.15 M	3.7% (of \$277.8 M)

*The current replacement value of water and sewer infrastructure has been provided by the Township of Loyalist and inflated to 2024\$ for comparison purposes.

- Summary of reserve funds in the short-term:
 - **Water:** reserves are projected to increase, although, the projected balance is less than 2% of the total water system replacement value in 5-years.
 - **Sewer:** reserves are projected to increase and the projected balance is about 6% of the total sewer system replacement value in 5-years.

Average Cost per Actual ERU by Multi-Unit Property



Loyalist Township Water & Sewer Rates Study Developer Information Session



Monday, August 26, 2019

HEMSON
Consulting Ltd.

Loyalist
TOWNSHIP

Study Background

- Township has been fiscally prudent in the management of water and wastewater services
- Assignment is two-fold exercise:
 1. Capital Connection Charges/Impost Fees (levied under the *Municipal Act*)
 2. Water and Wastewater Rate Study and corresponding Financial Plans (O.Reg. 453/07)
- Township-wide development charges are not being reviewed as part of this process
 - DC by-law expires June 28th 2020

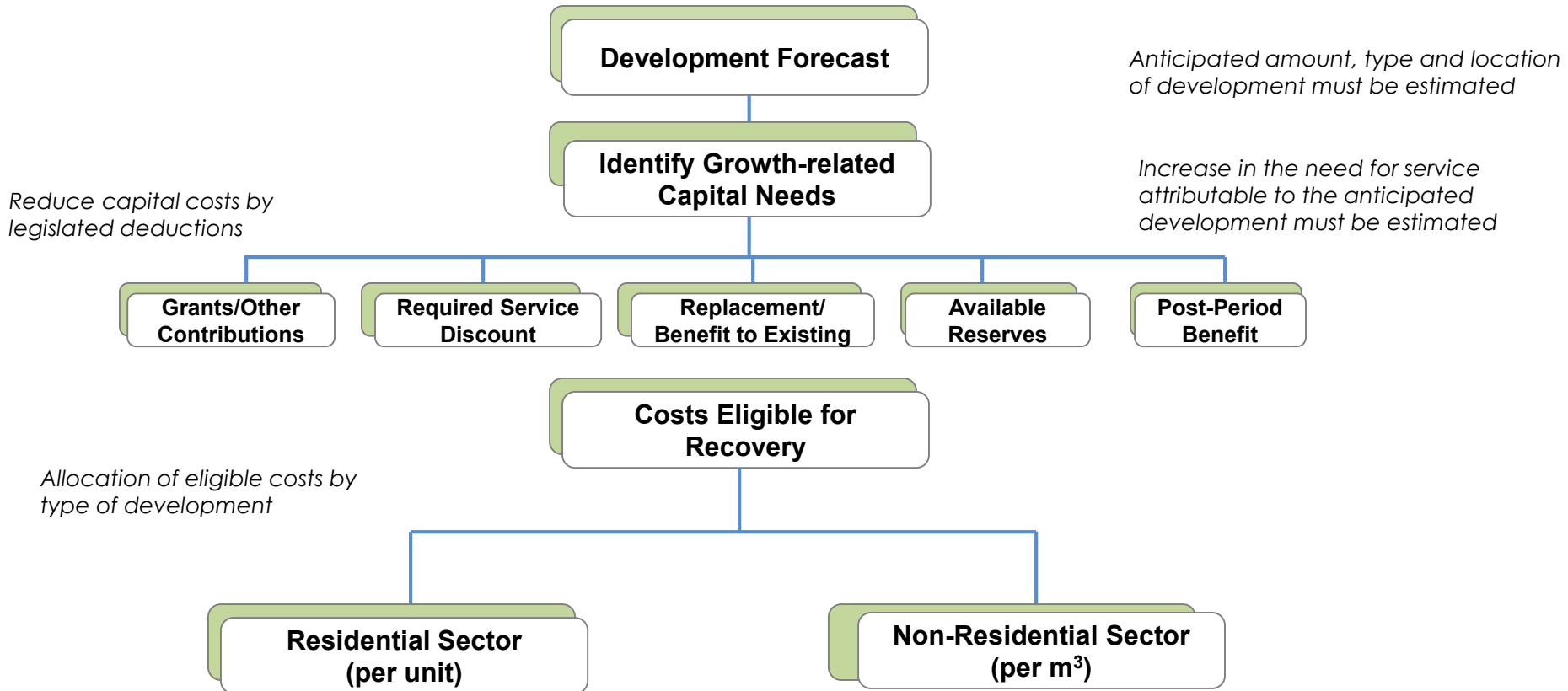
Capital Connection Charges

1. Connection Charges to recover the capital costs associated with new development
2. Connection Charges to recover the costs associated with capacity in the existing infrastructure (i.e. club fee)
 - Calculation is based on the historical cost of infrastructure

Summary of Existing Capital Connection Charges

Water Services	Single-Detached Semi/Duplex	Multiples	Apartments	Non-Residential (\$/m ³)
Growth Component	\$3,816	\$3,376	\$2,994	\$8,855
Club Fee Component	\$2,879	\$2,547	\$2,259	\$6,880
Total Water Connection Charge	\$6,695	\$5,923	\$5,253	\$15,535
Sewer Services	Single-Detached Semi/Duplex	Multiples	Apartments	Non-Residential (\$/m ³)
Growth Component	\$3,294	\$2,914	\$2,585	\$7,643
Club Fee Component	\$2,921	\$2,584	\$2,292	\$6,778
Total Sewer Connection Charge	\$6,215	\$5,498	\$4,877	\$14,421
Total Connection Charge	\$12,910	\$11,421	\$10,130	\$29,956

Overview of Study Process



Summary of Development Projections

- Forecast based on *Population, Housing and Employment Projections to 2046 Report (July 2019)*
- 2019 – 2028 10-year Growth Summary:
 - *Census Population of approx. 2,000 people*
 - *About 1,180 new households*
 - *Approximately 550 employees (excl. work at home)*

Summary of Key Capital Projects Included for Recovery

- **Water*:**

- Watermain oversizing (or upsizing) and other linear works
- Additional Fleet and office storage design/construction
- Outstanding Debt (principal and interest)
- Plant expansion construction (Bath)

- **Sewer*:**

- Plant expansion design and EA
- Additional Fleet and office storage/design
- Outstanding Debt (principal and interest)
- Oversizing works
- Dewatering equipment

*Detailed capital project listing
attached separately

Summary of Water Development Related Expenditures

Total Gross Cost (\$millions)	\$ 17.30
<i>Less: Grants & Subsidies</i>	\$ 0.00
<i>Less: Benefit to Existing Share</i>	\$ 4.02
<i>Less: Available Reserves</i>	\$ 0.54
<i>Less: Post-Period Benefit Share</i>	\$ 7.37
Growth Eligible Share (In-Period)	\$ 5.37

Summary of Sewer Development Related Expenditures

Total Gross Cost (\$millions)	\$ 18.28
<i>Less: Grants & Subsidies</i>	<i>\$ 0.00</i>
<i>Less: Benefit to Existing Share</i>	<i>\$ 1.50</i>
<i>Less: Available Reserves</i>	<i>\$ 0.79</i>
<i>Less: Post-Period Benefit Share</i>	<i>\$ 13.50</i>
Growth Eligible Share (In-Period)	\$ 2.49

Draft Calculated Impost Fees: Growth Component

Service	Residential Unit Type			Non- Residential (\$/m3/day)
	Single / Semi- Detached / Duplex	Other Multiples	Apartments	
Water	\$ 4,655	\$ 3,613	\$ 2,823	\$ 9,312
Sewer	\$ 2,032	\$ 1,577	\$ 1,232	\$ 4,067
TOTAL Charge	\$ 6,687	\$ 5,190	\$ 4,055	\$ 13,379

Draft Calculated Impost Fees: Club Fee Component

Service	Residential Unit Type			Non-Residential (\$/m3/day)
	Single / Semi-Detached / Duplex	Other Multiples	Apartments	
Water	\$ 2,890	\$ 2,243	\$ 1,753	\$ 6,248
Sewer	\$ 3,548	\$ 2,754	\$ 2,152	\$ 7,670
TOTAL Charge	\$ 6,438	\$ 4,997	\$ 3,905	\$ 13,918

- Calculation based on the historical cost of Infrastructure (net of developer and CSC contributions)
- Net recoverable from club fee: **\$14.8 Million**
 - Water - \$6.7 Million
 - Sewer - \$8.2 Million

Draft Calculated Impost Fees: Combined Rates

Service	Residential Unit Type		
	Single / Semi-Detached / Duplex	Other Multiples	Apartments
Water	\$ 7,545	\$ 5,856	\$ 4,576
Sewer	\$ 5,580	\$ 4,331	\$ 3,384
TOTAL Charge	\$ 13,125	\$ 10,187	\$ 7,960

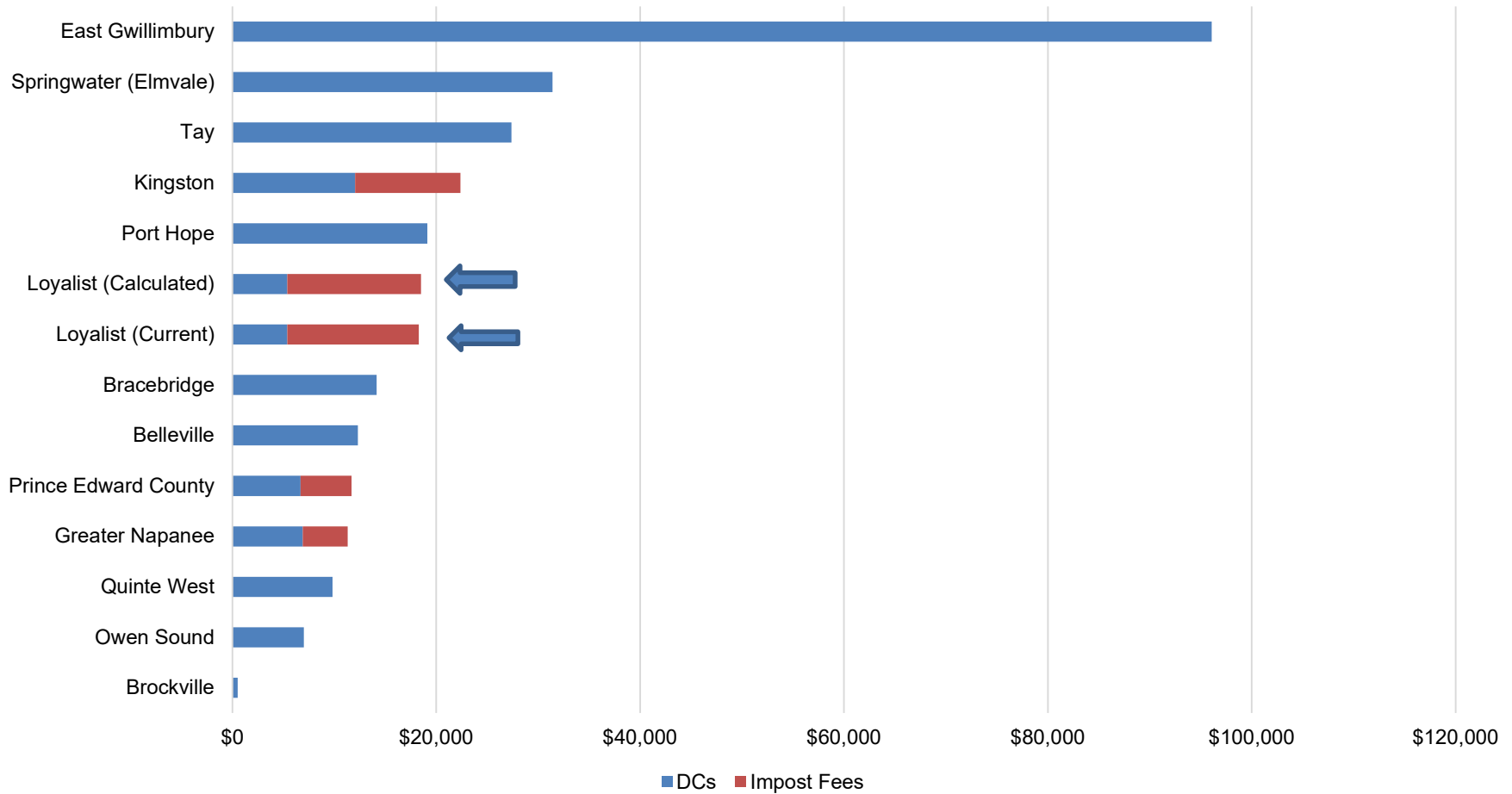
Non-Residential (\$/m ³ /day)
\$ 15,560
\$ 11,737
\$ 27,297

Comparison of Current vs. Calculated (Combined)

Service	Current SFD	Calculated	Difference	
		SFD	\$	%
Water	\$ 6,695	\$ 7,545	\$ 850	13%
Sewer	\$ 6,215	\$ 5,580	\$ -635	-10%
Total	\$ 12,910	\$ 13,125	\$ 215	2%

Service	Current Non-Residential (\$/m3/day)	Calculated Non-Residential (\$/m3/day)	Difference	
			\$	%
Water	\$ 15,535	\$ 15,560	\$ 25	0%
Sewer	\$ 14,421	\$ 11,737	\$ (2,684)	-19%
Total	\$ 29,956	\$ 27,297	\$ (2,659)	-9%

Connection Charges: Rate Comparison



Note 1: For municipalities with impost fees related to water and wastewater services, these are identified separately. Those communities which water and wastewater are captured under a development charges are incorporated into the DC component.

Note 2: Excludes EDCs

By-law Considerations

- Secondary units to be exempt from the payment of Impost Fees at the time of permit
- Deferral agreements
- Other factors to consider?

Next Steps

- Hemson to receive comments and feedback
- Refine analysis
- Further Council consultation
- Adoption of updated rates