

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
AGENDA OF REGULAR COUNCIL MEETING – NOVEMBER 23, 2020 AT 7:00 P.M.
VIA WEB CONFERENCING**

HOW TO JOIN

Join from a PC, Mac, iPad, iPhone or Android device:

Please click this URL to join. <https://us02web.zoom.us/j/83924086011>

Or join by phone:

Canada: +1 855 703 8985 (Toll Free)

Webinar ID: 839 2408 6011

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	PAGE NUMBER
CALLING TO ORDER	
ADOPTION OF THE AGENDA	
Recommendation: <i>THAT the Agenda for the November 23, 2020 Regular Meeting of Council be accepted and passed.</i>	
DISCLOSURE OF PECUNIARY INTEREST	
PRESENTATIONS	
1. Adam McNabb, Director of Finance <ul style="list-style-type: none"> 2021 Budget Presentation (to be sent under separate cover) 	
RECESS TO MOVE INTO PUBLIC MEETING	
Recommendation: <i>THAT the Council of the Corporation of the Township of Wellington North recess the November 23, 2020 Regular Meeting of Council for the purpose of holding a Public Meeting under the Planning Act:</i> <ul style="list-style-type: none"> <i>Public Meeting, Cachet Developments (Arthur) Inc.</i> 	
RESUME REGULAR MEETING OF COUNCIL	
Recommendation: <i>THAT the Council of the Corporation of the Township of Wellington North resume the November 23, 2020 Regular Meeting of Council at : .</i>	
ADOPTION OF MINUTES OF COUNCIL AND PUBLIC MEETING	
1. Public Meeting, November 9, 2020	001
2. Regular Meeting of Council, November 9, 2020	006
Recommendation: <i>THAT the minutes of the Public Meeting and the Regular Meeting of Council held on November 9, 2020 be adopted as circulated.</i>	

BUSINESS ARISING FROM PREVIOUS MEETINGS OF COUNCIL	
ITEMS FOR CONSIDERATION	
1. MINUTES	
<p>a. Mount Forest District Chamber of Commerce, October 14, 2020</p> <p>Recommendation: <i>THAT the Council of the Corporation of the Township of Wellington North receive the minutes of the Mount Forest District Chamber of Commerce meeting held on October 14, 2020.</i></p>	019
<p>b. Safe Communities Wellington County Leadership Table, September 16, 2020</p> <p>Recommendation: <i>THAT the Council of the Corporation of the Township of Wellington North receive the minutes of the Safe Communities Wellington County Leadership Table meeting held on September 16, 2020.</i></p>	022
2. FINANCE	
<p>a. Cheque Distribution Report, November 13, 2020</p> <p>Recommendation: <i>THAT the Council of the Corporation of the Township of Wellington North receive the Cheque Distribution Report dated November 13, 2020.</i></p>	025
<p>b. Report TR 2020-17 - Development Charge Interest Rate Policy and Alternative Payment Agreements</p> <p>Recommendation: <i>THAT the Council of the Corporation of the Township of Wellington North receive Report TR 2020-17 being a report on Development Charge Interest Rate application;</i> <i>FURTHER THAT Council adopt a new Council Policy entitled "Development Charge Interest Rate Policy" to establish a framework for determining the interest rate that can be applied to Development Charges for certain development types;</i> <i>AND FURTHER THAT Council approve and authorize a Development Charges Alternative Payment Agreement template to provide for the alternative payment of Development Charges for developments that qualify for deferred Development Charge payments to be made under Section 27 of the Development Charges Act, 1997 S.O. 1997, c. 27, as amended; and to delegate the authority to enter into such Agreements to the Township Treasurer or delegate.</i></p>	030
<p>c. Report TR 2020-18 Being a report on the external auditor's (RLB LLP) audit plan for the 2020 calendar year</p> <p>Recommendation: <i>THAT the Council of the Corporation of the Township of Wellington North receive Report TR 2020-18 being a report on the external auditor's (RLB LLP) audit plan for the 2020 calendar year;</i> <i>FURTHER THAT Council direct staff to execute the agreement (engagement letter) to confirm the mutual understanding of the terms of the engagement with RLB for the purposes of auditing the consolidated statements of the Township of Wellington North.</i></p>	045

3. OPERATIONS	
<p>a. 2020 Water and Wastewater Rate Study & O.Reg 453/07 Financial Plan</p> <p>Recommendation: <i>THAT the Council of the Corporation of the Township of Wellington North approve the revised O.Reg 453/07 Water System Financial Plan No.113-301A (2021-2026) and Wastewater Financial Plan prepared by DFA Infrastructure International Inc. dated November 13, 2020;</i></p> <p><i>AND FURTHER THAT Council approve the 2020 Water and Wastewater Rate Study prepared by DFA Infrastructure International Inc. dated November 13, 2020;</i></p> <p><i>AND FURTHER THAT Council direct staff to post a copy of the revised O.Reg 453/07 Water System Financial Plan No.113-301A (2021-2026) and Wastewater System Financial Plan dated November 13, 2020, on the Township website;</i></p> <p><i>AND FURTHER THAT Council direct staff to submit a copy of the revised O.Reg 453/07 Water System Financial Plan No.113-301A (2021-2026) and Wastewater System Financial Plan dated November 13, 2020 to the Ministry of Municipal Affairs and Housing;</i></p> <p><i>AND FURTHER THAT the resolution of Council approving the revised O.Reg 453/07 Water System Financial Plan No.113-301A (2021-2026) and Wastewater System Financial Plan dated November 13, 2020, be submitted to the Ministry of Environment, Conservation and Parks, as required, as part of the municipal drinking water licence renewal application.</i></p>	064
IDENTIFICATION OF ITEMS REQUIRING SEPARATE DISCUSSION	
ADOPTION OF ALL ITEMS NOT REQUIRING SEPARATE DISCUSSION	
<p>Recommendation: <i>THAT all items listed under Items for Consideration on the November 23, 2020 Council agenda, with the exception of those items identified for separate discussion, be approved and the recommendations therein be adopted:</i></p>	
CONSIDERATION OF ITEMS FOR SEPARATE DISCUSSION AND ADOPTION	
NOTICE OF MOTION	
COMMUNITY GROUP MEETING PROGRAM REPORT	
<p>Councillor Yake (Ward 1):</p> <ul style="list-style-type: none"> • North Wellington Health Care Corporation – Louise Marshall Hospital • Lynes Blacksmith Shop Committee • Wellington North Safe Communities Committee • Upper Grand Trailway Wellington Sub Committee • Wellington North Power • Recreation, Parks and Leisure Committee • Mount Forest Homecoming Committee (inactive) 	

<p>Councillor Burke (Ward 2):</p> <ul style="list-style-type: none"> • Mount Forest Aquatic Ad Hoc Advisory Committee • Wellington North Wellness & Team Building Committee • Mount Forest Business Improvement Area <p>Councillor Hern (Ward 3):</p> <ul style="list-style-type: none"> • Wellington North Cultural Roundtable • Mount Forest & District Chamber of Commerce • Arthur & District Chamber of Commerce • Arthur Business Improvement Area • Arthur BMX/Skateboard Park Advisory Committee • EarlyON Child and Family Services Committee <p>Councillor McCabe (Ward 4):</p> <ul style="list-style-type: none"> • Recreation, Parks and Leisure Committee • Saugeen Valley Conservation Authority • Wellington North Health Professional Recruitment Committee • Upper Grand Trailway Wellington Sub Committee <p>Mayor Lennox:</p> <ul style="list-style-type: none"> • Wellington North Power • Ex Officio on all committees 	
CONFIRMING BY-LAW	148
<p>Recommendation:</p> <p><i>THAT By-law Number 099-20 being a By-law to Confirm the Proceedings of the Council of the Corporation of the Township of Wellington North at its Regular Meeting held on November 23, 2020 be read a First, Second and Third time and enacted.</i></p>	
ADJOURNMENT	
<p>Recommendation:</p> <p><i>THAT the Regular Council meeting of November 23, 2020 be adjourned at __: p.m.</i></p>	

MEETINGS, NOTICES, ANNOUNCEMENTS		
Recreation, Parks and Leisure Committee	Tuesday, December 8, 2020	8:30 a.m.
Regular Council Meeting – via video conference	Monday, December 14, 2020	7:00 p.m.

The following accessibility services can be made available to residents upon request with two weeks' notice:

Sign Language Services – Canadian Hearing Society – 1-877-347-3427
- Kitchener location – 1-855-656-3748

TTY: 1-877-843-0368 Documents in alternate forms CNIB – 1-800-563-2642

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
PUBLIC MEETING - NOVEMBER 9, 2020 @ 7:00 P.M.
VIA WEB CONFERENCING <https://www.youtube.com/watch?v=DAjFHwBg4CY&t=143s>

Members Present:

Mayor: Andrew Lennox
Councillors: Sherry Burke
 Lisa Hern
 Steve McCabe
 Dan Yake

Staff Present:

Chief Administrative Officer:	Michael Givens
Director of Legislative Services/Clerk:	Karren Wallace
Deputy Clerk:	Catherine Conrad
Director of Finance:	Adam McNabb
Economic Development Officer:	Dale Small
Human Resources Manager:	Chanda Riggi
Director of Fire Services:	Chris Harrow
Fire Prevention Officer:	Marco Guidotti
Director of Operations:	Matthew Aston
Manager of Transportation Services:	Dale Clark
Community Recreation Coordinator:	Mandy Jones
Manager of Recreation Services:	Tom Bowden
Manager, Environmental and Developmental Services:	Corey Schmidt
Senior Planner:	Michelle Innocente
Emergency Manager/CEMC:	Hurania Melgar

CALLING TO ORDER - Mayor Lennox

Mayor Lennox called the meeting to order.

DISCLOSURE OF PECUNIARY INTEREST

Mayor Lennox declared a pecuniary interest with the portion the Public Meeting pertaining to the application for Zoning By-law amendment by Harry John Mulder as the subject property is immediate across the road from his property.

OWNERS/APPLICANT

Harry John Mulder

Mayor Lennox left the meeting for this portion of the meeting, by muting his microphone and camera, as he had previously declared a potential pecuniary interest and Councillor McCabe assumed the chair.

LOCATION OF THE SUBJECT LAND

The land subject to the proposed amendment is described as Part Lot 3, Concession 6 and known Municipally as 8131 Line 6. The property is 40.85 ha (100.9 ac) in size.

PURPOSE AND EFFECT OF THE APPLICATION

The purpose and effect of the proposed amendment is to rezone the subject lands from Agricultural (A) zone to Site Specific Agricultural (A-2). The rezoning would prohibit a residential dwelling on the retained agricultural portion of the property. This rezoning is a condition of severance application B50/20, that was granted provisional approval by the Wellington County Land Division Committee. The consent will sever a 0.518 ha (1.28 ac) parcel with an existing dwelling. A vacant 40.5 ha (100 ac) agricultural parcel with two sheds would be retained.

NOTICE

Notices were mailed to property owners within 120 m of the subject property as well as the applicable agencies and posted on the subject property on October 16th, 2020.

PRESENTATIONS

- Michelle Innocente, presented comments provided by Matthieu Daoust, Planner, County of Wellington, Township of Wellington North
 - Planning Report dated October 21, 2020

PLANNING OPINION

The purpose of this zoning amendment is to prohibit future residential development on the retained agricultural portion of the subject lands. This rezoning is a condition of severance application B50/20, that was granted provisional consent by the Wellington County Land Division Committee. The consent will sever a 0.518 ha (1.28 ac) parcel with an existing dwelling from the retained 40.5 ha (100 ac) agricultural parcel with an existing storage shed.

We have no objections to the zoning amendment. Both the PPS and County Official Plan provide for surplus farm dwelling severances, provided the agricultural lands are rezoned to prohibit future residential. This rezoning would satisfy a condition for consent application B50/20.

INTRODUCTION

The property subject to the proposed amendment is described as Part Lot 3, Concession 6, Geographic Township of West Luther, with a civic address of 8131 Line 6. The proposal is a condition of a recent severance application on the property B50/20. The proposed severed parcel is 0.518 ha (1.28 ac) and the retained parcel is 40.5 ha (100 ac) in size.

PROPOSAL

The purpose of the application is to rezone the subject lands to restrict future residential development on the retained agricultural lot. This rezoning is a condition of severance application B50/20, that was granted provisional approval by the Wellington County Land Division Committee. The consent will sever the existing dwelling from the agricultural parcel under the surplus farm dwelling policies.

PROVINCIAL POLICY STATEMENT (PPS)

The subject property is considered to be within a PRIME AGRICULTURAL area. Section 2.3.4.1(c) of the PPS provides consideration for the severance of a surplus residence, provided that new residential dwellings are prohibited on the remnant parcel of farmland.

WELLINGTON COUNTY OFFICIAL PLAN

The subject lands are designated PRIME AGRICULTURE, CORE GREENLANDS, and GREENLANDS. This application is required as a result of a severance application B50/20. Section 10.3.4 of the Official Plan implements the PPS and requires that the remnant parcel be rezoned to prohibit dwellings. The intention of this policy is to allow farmers to reduce their costs of acquiring additional farm parcels where the impact on existing and future farm operations can be kept to a minimum.

WELLINGTON NORTH ZONING BY-LAW

The subject lands are zoned Agricultural (A) and Natural Environment (NE). Permitted uses in the Agricultural zone include agricultural uses, single detached dwellings and accessory uses, buildings and structures. This zoning amendment will apply the standard A-2 exception to the retained agricultural parcel, which restrict any future residential development.

DRAFT ZONING BY-LAW AMENDMENT

A draft zoning by-law amendment has been prepared and attached to this report for Council's consideration.

CORRESPONDENCE FOR COUNCIL'S REVIEW

- Laura Warner, Resource Planner, Grand River Conservation Authority
 - Letter and Map dated October 29 2020 (No Objection)

REQUEST FOR NOTICE OF DECISION

The by-law will be considered at the regular council meeting following the public meeting. Persons wishing notice of the passing of the by-law must submit a written request.

MAYOR OPENS FLOOR FOR ANY COMMENTS/QUESTIONS

Nancy Shoemaker of Black, Shoemaker, Robinson & Donaldson Limited, Applicant's Agent, was present to answer questions related to the application.

COMMENTS/QUESTIONS FROM COUNCIL

There were no comments or questions from Council.

Mayor Lennox returned to the meeting and resumed the chair.

DISCLOSURE OF PECUNIARY INTEREST

No pecuniary interest was declared.

OWNERS/APPLICANT

John & Mary Beth Van Veen

LOCATION OF THE SUBJECT LAND

The land subject to the proposed amendment is described as Part Lot 13, Concession 14 and known Municipally as 9569 Sideroad 13. The property is 40 ha (98.8 ac) in size.

PURPOSE AND EFFECT OF THE APPLICATION

The purpose and effect of the proposed amendment is to rezone the subject lands to prohibit future residential development on the retained agricultural portion of property and permit a reduced side yard setback and increase the maximum ground floor area for the accessory buildings on the severed parcel. This rezoning is a condition of severance application B29/20, that was granted provisional approval by the Wellington County Land Division Committee. The consent will sever the 1.1 ha (2.71 ac) rural residential parcel from the retained 39 ha (96.37 ac) vacant agricultural parcel.

NOTICE

Notices were mailed to property owners within 120 m of the subject property as well as the applicable agencies and posted on the subject property on October 16th, 2020.

PRESENTATIONS

- Michelle Innocente, presented comments provided by Matthieu Daoust, Planner, County of Wellington, Township of Wellington North
 - Planning Report dated October 23, 2020

PLANNING OPINION

The purpose of this zoning amendment is to prohibit future residential development on the retained agricultural portion of the subject lands and permit a reduced side yard setback and increase the maximum ground floor area for the accessory buildings on the severed lands. This rezoning is a condition of severance application B29/20, that was granted provisional consent by the Wellington County Land Division Committee. The consent will sever a 1.1 ha (2.71 ac)

parcel containing a dwelling and accessory structure from the retained 39 ha (96.37 ac) vacant agricultural parcel.

We have no objections to the zoning amendment. Both the PPS and County Official Plan provide for surplus farm dwelling severances, provided the agricultural lands are rezoned to prohibit future development dwellings.

INTRODUCTION

The property subject to the proposed amendment is described as Part Lot 13, Concession 14 S with a civic address of 9569 Sideroad 13. The proposal is a condition of a recent severance application on the property, B29/20. The proposed severed parcel is 1.1 ha (2.71 ac) and the retained parcel is 39 ha (96.37 ac) in size.

PROPOSAL

The purpose of the application is to rezone the subject lands to restrict future residential development on the retained agricultural lot and permit a reduced side yard setback and increase the maximum ground floor area for the accessory structure on the severed parcel. This rezoning is a condition of severance application B29/20, that was granted provisional approval by the Wellington County Land Division Committee. The consent will sever the existing dwelling and accessory structure from the agricultural parcel under the surplus farm dwelling policies.

PROVINCIAL POLICY STATEMENT (PPS)

The subject property is considered to be within a PRIME AGRICULTURAL area. Section 2.3.4.1(c) of the PPS provides consideration for the severance of a surplus residence, provided that new residential dwellings are prohibited on the remnant parcel of farmland.

WELLINGTON COUNTY OFFICIAL PLAN

The subject lands are designated PRIME AGRICULTURE and CORE GREENLANDS. The identified environmental features include a provincially significant wetland and a Saugeen Valley regulated hazard lands. This application is required as a result of a severance application B29/20. Section 10.3.4 of the Official Plan implements the PPS and requires that the remnant parcel be rezoned to prohibit dwellings. The intention of this policy is to allow farmers to reduce their costs of acquiring additional farm parcels where the impact on existing and future farm operations can be kept to a minimum.

WELLINGTON NORTH ZONING BY-LAW

The subject lands are zoned Agricultural (A) and Natural Environment (NE). Permitted uses in the Agricultural zone include agricultural uses, single detached dwellings and accessory uses, buildings and structures. This zoning amendment will apply the standard A-2 exception to the retained agricultural parcel, which restrict any future residential development.

The applicants are also proposing a reduced side yard setback for the accessory structure on the severed parcel to be 1.5 m (4.9 ft) whereas Section 6.1.2b) of the By-law requires 3 m (9.8 ft). In addition, the applicant is seeking relief for the maximum ground floor area of the accessory building on the severed parcel to be 550 m² (5920.2 ft²) whereas Section 6.1.4b of the By-law permits a maximum ground floor area of 227.6 m² (2449.9 ft²). The applicant has indicated the accessory structure will be continued to be used as a storage of supplies.

DRAFT ZONING BY-LAW AMENDMENT

A draft zoning by-law amendment has been prepared and attached to this report for Council's consideration.

CORRESPONDENCE FOR COUNCIL'S REVIEW

No correspondence was received.

REQUEST FOR NOTICE OF DECISION

The by-law will be considered at the regular council meeting following the public meeting. Persons wishing notice of the passing of the by-law must submit a written request.

MAYOR OPENS FLOOR FOR ANY COMMENTS/QUESTIONS

John Van Veen, Applicant and Jeff Buisman, Applicant's Agent, were present to answer questions and were supportive of planning staff conditions.

COMMENTS/QUESTIONS FROM COUNCIL

There were no comments or questions from Council.

ADJOURNMENT

RESOLUTION: 005-2020

Moved: Councillor McCabe

Seconded: Councillor Burke

THAT the Public Meeting of November 9, 2020 be adjourned at 7:30 p.m. pm.

CLERK

MAYOR

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
MINUTES OF REGULAR COUNCIL MEETING – NOVEMBER 9, 2020 AT 7:00 P.M.
CLOSED SESSION TO FOLLOW OPEN SESSION
VIA WEB CONFERENCING <https://www.youtube.com/watch?v=DAjFHwBg4CY&t=143s>

Members Present:

Mayor: Andrew Lennox
Councillors: Sherry Burke
 Lisa Hern
 Steve McCabe
 Dan Yake

Staff Present:

Chief Administrative Officer:	Michael Givens
Director of Legislative Services/Clerk:	Karren Wallace
Deputy Clerk:	Catherine Conrad
Director of Finance:	Adam McNabb
Economic Development Officer:	Dale Small
Human Resources Manager:	Chanda Riggi
Director of Fire Services:	Chris Harrow
Fire Prevention Officer:	Marco Guidotti
Director of Operations:	Matthew Aston
Manager of Transportation Services:	Dale Clark
Community Recreation Coordinator:	Mandy Jones
Manager of Recreation Services:	Tom Bowden
Manager, Environmental and Developmental Services:	Corey Schmidt
Senior Planner:	Michelle Innocente
Emergency Manager/CEMC:	Hurania Melgar

CALLING TO ORDER

Mayor Lennox called the meeting to order.

ADOPTION OF THE AGENDA

RESOLUTION: 2020-335

Moved: Councillor McCabe

Seconded: Councillor Burke

THAT the Agenda for the November 9, 2020 Regular Meeting of Council be accepted and passed.

CARRIED

DISCLOSURE OF PECUNIARY INTEREST

Mayor Lennox declared a potential pecuniary interest with the following as the property is immediate across the road from his property:

- Public Meeting – application for Zoning By-law amendment by Harry John Mulder.
- Council Meeting – By-law Number 095-20 being a by-law to amend By-law 66-01, being a Zoning By-law for the Township of Wellington North (Part Lot 3, Concession 6, geographic Township of West Luther, 8131 Line 6 – Harry John Mulder)

COUNTY COUNCIL UPDATE

Campbell Cork, County of Wellington Councillor, Ward 3

Riverstown landfill: The new cell will open next year and is the first engineered sanitary landfill site in the County. The original cell only has about a year left. Rivertown is the only landfill in Wellington County and serves the entire County. Cell two is basically ready to go. It has been excavated to fifteen feet below grade, which is well below the water table. When it is full, approximately 2043, maybe beyond 2050, the mound will end up about thirty feet above grade.

The bottom liner is an impermeable fabric liner with pipes on top of the fabric, similar to weeping tile. The pipes will collect any leachate that gets down that far to keep it out of the water table or surface water runoff. The plan is to construct a force main from Riverstown to move the collected leachate to the Mount Forest Wastewater Treatment Plant. There are many details to work out; but there is time for those negotiations as it will be a couple years before the material begins to produce leachate. Until that time the water runoff can be handled on site. Ontario landfill sites have an average of thirteen years left. One third of the waste goes to the United States. If that option closes Ontario landfill capacity drops to nine years. There is no plan to permit those outside of the County to use the Riverstown site. Wellington County's landfill is in a good position.

Traffic and Photo radar: There are a lot of concerns about traffic problems. The OPP report that the four big traffic problems are speeding, impaired driving, distracted driving, and seatbelts. The OPP have a cruiser equipped with an automated licence plate reader. Thirty-three hours of patrolling with this cruiser in August resulted in thirty-nine charges under the Highway Traffic Act. The OPP have fifty to sixty areas in the County where they are trying to address identified traffic problems. Each member of Council has submitted the areas they feel are problems, identified mainly by citizen calls. When the complaints come in, or an area is identified, they look at how real the problem is that is being reported. That is where the use of Black Cat cameras come in. Wellington County has approved the purchase of seven Black Cat cameras at a cost of \$4,000 each. When the Black Cat is installed on a problem street, or potential problem street or area, the police will get full information on what is going on with the traffic. They will get read outs of the number of speeders, types of vehicles, time of day and direction of travel to give them a real picture of what is happening and can determine if the problem is legitimate or not. With this information they can consider various solutions such as lowering speed limits, installing four way stops, bollards in the middle of the road, digital speed sign read outs and possibly traditional cruisers with radar. We cannot afford to bring in police officers and cruisers doing traffic radar for every problem area. There are not enough officers or cruisers to be in every area, and if we did, we could not afford them. One of the possible solutions is a type of photo radar that might be brought on at a cost of \$50,000 per camera, which is less expensive than the estimated \$200,000 for an officer and car. Each Wellington municipality will need to decide if they want this type of automated speed enforcement in their municipality. Automated speed enforcement is only used in school zones and community safety zones where the speed limit is under 80 kilometers an hour on County roads and municipal roads, not on Provincial highways.

RECESS TO MOVE INTO PUBLIC MEETING

RESOLUTION: 2020-336

Moved: Councillor Burke

Seconded: Councillor McCabe

THAT the Council of the Corporation of the Township of Wellington North recess the November 9, 2020 Regular Meeting of Council for the purpose of holding a Public Meeting under the Planning Act:

- Harry John Mulder
- John and Mary Beth Van Veen

CARRIED

RESUME REGULAR MEETING OF COUNCIL

RESOLUTION: 2020-337

Moved: Councillor Hern

Seconded: Councillor Yake

THAT the Council of the Corporation of the Township of Wellington North resume the November 9, 2020 Regular Meeting of Council.

CARRIED

PASSAGE OF BY-LAWS ARISING FROM PUBLIC MEETING

Mayor Lennox left the meeting for this portion of the meeting, by muting his microphone and camera, as he had previously declared a potential pecuniary interest and Councillor McCabe assumed the chair.

- a. By-law Number 095-20 being a by-law to amend By-law 66-01, being a Zoning By-law for the Township of Wellington North be read a First, Second and Third time and enacted. (Part Lot 3, Concession 6, geographic Township of West Luther, 8131 Line 6 – Harry John Mulder)

RESOLUTION: 2020-338

Moved: Councillor Burke

Seconded: Councillor Hern

THAT By-law Number 095-20 being a by-law to amend By-law 66-01, being a Zoning By-law for the Township of Wellington North be read a First, Second and Third time and enacted. (Part Lot 3, Concession 6, geographic Township of West Luther, 8131 Line 6 – Harry John Mulder)

CARRIED

Mayor Lennox returned to the meeting and resumed the chair.

- b. By-law Number 097-20 being a by-law to amend By-law 66-01, being a Zoning By-law for the Township of Wellington North be read a First, Second and Third time and enacted. (Part Lot 13, Concession 14 S with a civic address of 9569 Sideroad 13 - John and Mary Beth Van Veen)

RESOLUTION: 2020-339

Moved: Councillor Yake

Seconded: Councillor Hern

THAT By-law Number 097-20 being a by-law to amend By-law 66-01, being a Zoning By-law for the Township of Wellington North be read a First, Second and Third time and enacted. (Part Lot 13, Concession 14 S with a civic address of 9569 Sideroad 13 - John and Mary Beth Van Veen)

CARRIED

PRESENTATIONS

1. Hurania Melgar, Emergency Manager/CEMC

- Report EM2020-002 – 2020 Annual Emergency Management Programme Report

Ms. Melgar presented the 2020 Annual Emergency Management Programme Report. The report outlines how Wellington North met the municipal requirements set out in the Emergency Management and Civil Protection Act and Ontario Regulation 380/04. The Wellington North Emergency Management Programme Committee met virtually on June 18th to review the Township's Emergency Management Programme including its Hazard Identification and Risk Assessment, Emergency Response Plan, training needs, proposed annual exercise and Public Education. A new Emergency Response Plan was presented for consideration and adopted at the September 14th Council meeting and will be submitted to the Office of the Fire Marshall and Emergency Management. Primary and alternate members of the Township's Municipal Emergency Control Group have satisfied the required prescribed training for 2020. Training on the new EOC software tool took place virtually on August 26th and September 10th. Municipalities are exempt from participating in the annual exercise requirement of Regulation 380/04 of the Emergency Management and Civil Protection Act. During the COVID-19 response for 2020 Emergency Management staff worked with Communications staff and Member Municipal Communications staff to provide targeted education material to residents. Messages were delivered on all platforms including the Wellington Advertiser, local radio stations, websites, and

social media. Staff worked closely with WDG Public Health to coordinate messages being delivered.

RESOLUTION: 2020-340

Moved: Councillor Burke

Seconded: Councillor McCabe

THAT Council of the Township of Wellington North receive report number EM2020-002 – 2020 Annual Emergency Management Programme Report regarding the status of the Township's Emergency Management Programme for 2020 for information.

AND FURTHER THAT Council accepts the annual status report of the Township's Emergency Management Programme for 2020.

CARRIED

2. Adam McNabb, Director of Finance

- 2021 Budget Overview

The 2021 Budget Overview included:

- 2021 Operating Budget Changes since Meeting of October 26, 2020
- Operating Budget Comparison – 2020 Vs. 2021
- Operating Budget Summary Analysis by Segment (Same Transfers)
- Capital Considerations
- 2021 Capital Program (Draft)
- Draft Capital Program impact on Levy
- Direction Required

Changes to the Operating Budget since the October 26, 2020 meeting include an increase in the Conservation Authority levy based on discussion at the previous meeting, a decrease in group benefit costs based on revised negotiated rates from the plan administrator, and the incorporation of the 2021 OMPF Allocation announced into the 2021 operating budget. Updates since the prior meeting have been incorporated for comparison 2020 Vs. 2021 and include updated contributions to/from Reserves and Reserve Funds; does not include contributions to capital; revised Inter-functional Transfers have been implemented but no material differences identified. FIR categories of general government, protection services, transportation services, health services, recreation and cultural services, planning, economic development, and municipal drains were reviewed. The year over year increase of \$517,562 represents a 9.7% increase in the Operating Budget.

The Capital contributions levy trend since 2018 has been just over \$2,000,000. To maintain a 1.52% levy increase for 2021 (equal to estimated in-year organic growth) the levy capital program contributions will have to be cut from \$2,347,967 to \$1,947,005. The Capital Program in draft form reviewed project costs and funding models including Council directed projects, 20 in 20 initiatives, development driven projects, departmental projects, and projects identified for deferral. The current 2021 Draft Capital Program would suggest a requirement of contributions from levy amounting to \$2,546,980. Council directed projects, while identified, remain unfunded.

To maintain a modest levy increase Council direction is required to prioritize Council directed projects for 2021; identify funding sources for Council directed projects, such as debt, additional deferral of staff recommended projects, and utilization of reserve/reserve funds; and identify areas of opportunity for the utilization of reserves to fund staff identified projects to decrease reliance on levy.

Council discussed prioritizing Council directed projects and funding sources. Options regarding the Queen Street East, Mount Forest project were discussed and determined to continue applying for Connecting Link funding. Council members will review the budget information and discuss with

staff to provide insight into projects to include in the budget. Consideration was given to the possibility of extending the budget deadline previously set and the notice provisions for passing the budget and timing of a public meeting.

ADOPTION OF MINUTES OF COUNCIL AND PUBLIC MEETING

1. Special Meeting of Council, October 26, 2020
2. Regular Meeting of Council, October 26, 2020

RESOLUTION: 2020-341

Moved: Councillor Hern

Seconded: Councillor Yake

THAT the minutes of the Special Meeting of Council and the Regular Meeting of Council held on October 26, 2020 be adopted as circulated.

CARRIED

BUSINESS ARISING FROM PREVIOUS MEETINGS OF COUNCIL

No business arising from previous meetings of Council.

DEPUTATIONS

1. Dr. Stephanie Sobek-Swant and Dr. Tom Woodcock
rare Charitable Research Reserve
 - rare's Land Securement Strategy

Dr. Sobek-Swant and Dr. Woodcock appeared before Council to introduce the rare Charitable Research Reserve, and the raresites land securement strategy, and determine how they can be a community partner with the Township to ensure more land is protected for conservation in Wellington County, including north Wellington. rare is a land trust and is an environmental institute with conservation being a priority since the organization was founded in 2001. The organization currently owns 989 acres of conservation land in Waterloo Region and Wellington County and their environmental education programs continue to grow. They are finalizing a five-year strategy and plan and implementing the raresites land securement strategy. Wellington County is home to more than 90,000 people and expected to grow by 85% over the next 30 years. There are a number of other organizations in the area that have an environmental focus that relates to the protection of land; however, many are not actively acquiring new lands for conservation or their focus is different, i.e. the Ontario Farmland Trust is focused on farming easements. Many of the organizations have become partners in their efforts and are also members of the raresites land securement team. The purpose of a land securement strategy is to identify parcels of interest for conservation. In this case it meant applying a watershed perspective as natural lands and ecosystems do not end at municipal boundaries and protecting the tributaries and headwaters of the Grand will have a positive impact on ecosystems downstream as well. The main criteria being applied included ecological significance, connectivity, and size of parcels. They determined desirable characteristics of conservation land, such as wet lands, woodland and flood plains and their proximity to existing secured land; and was followed by considering the threat of urbanization, the potential for funding, the geographic dispersion to ensure they can serve every lower tier municipality within the Region of Waterloo and Wellington County, and limit to a reasonable number of landowner contacts that can be approached within a five year program. This allowed for a modelling process called the rare score that was undertaken in a geographic information system (GIS) to identify desirable conservation land. They identified 17 target areas with 365 properties. In Wellington North the Luther Marsh was identified. The GRCA also has properties in that area. rare identified 13 additional properties that could be of

potential interest for conservation and further protection, which adds up to just over 1,000 acres that could be potentially protected in this area. The goal of the strategy is 400 ha of additional land protected in the next five years. They are currently working with several land owners with properties that are under consideration. Most landowners only know of two disposition options for their land: sell it or leave it to their children. Depending on the conservation mindset of the owners, and often they feel very strongly about protecting their property for future generations, neither of these options are the best long-term option. Many of the lands come to rare as a land donation but there are other methods of land securement such as split receipt, conservation severance, bequest, life interest agreement and conservation easement agreement. rare is certified to receive land as ecogift donations under the Federal Ecogifts Program.

IDENTIFICATION OF ITEMS REQUIRING SEPARATE DISCUSSION

1e, 2b, 6a, 6b, 7a, 8a

ADOPTION OF ALL ITEMS NOT REQUIRING SEPARATE DISCUSSION

RESOLUTION: 2020-342

Moved: Councillor McCabe

Seconded: Councillor Burke

THAT all items listed under Items For Consideration on the November 9, 2020 Council agenda, with the exception of those items identified for separate discussion, be approved and the recommendations therein be adopted:

THAT the Council of the Corporation of the Township of Wellington North receive the Grand River Conservation Authority Summary of the General Membership Meeting held on October 23, 2020 and the 2021 Board Meeting Schedule.

THAT the Council of the Corporation of the Township of Wellington North receive the minutes of the Arthur Chamber of Commerce Directors Meeting held on October 14, 2020.

THAT the Council of the Corporation of the Township of Wellington North receive the minutes of the Mount Forest Business Improvement Association meeting held on October 20, 2020.

THAT the Council of the Corporation of the Township of Wellington North receive the minutes of the Wellington North Cultural Roundtable meeting held on October 22, 2020.

THAT the Council of the Corporation of the Township of Wellington North receive DC Report 2020-029 being a report on Consent Application (Severance) B76-20 known as Part Lot 18, Concession 2 in the former Township of West Luther.

AND FURTHER THAT the Council of the Township of Wellington North supports consent application B76-20 as presented with the following conditions:

- *THAT the Owner satisfy all the requirements of the local municipality, financial and otherwise (included but not limited to Taxes paid in Full; a Fee of \$130.00 for Township Clearance Letter of conditions — or whatever fee is applicable at the time of clearance under the municipal Fees and Charges by-law) which the Township of Wellington North may deem to be necessary at the time of issuance of the Certificate of Consent for the proper and orderly development of the subject lands;*
- *THAT the Owner satisfy the requirements of the Township of Wellington North in reference to parkland dedication of \$1,000.00 (or whatever fee is applicable at the time of clearance under the municipal Fees and Charges by-law) as provided for in the Planning Act, R.S.O. 1990;*

- *THAT the owner enter into an agreement apportioning future maintenance costs on the Mainland Municipal Drain; and the owner shall provide a \$500.00 deposit to cover the cost of the re-apportionment of the above mentioned drain.*
- *THAT driveway access can be provided to the retained lands to the satisfaction of the local municipality; and*
- *THAT the retained lands be rezoned to restrict the residential development to the satisfaction of the Local Municipality and the County of Wellington Planning and Development Department.*

AND FURTHER THAT Council authorizes the Development Clerk to file with the Secretary-Treasurer of the Planning and Land Division Committee at the County of Wellington, a letter of clearance of these conditions on completion of same.

THAT the Council of the Corporation of the Township of Wellington North receive Report DC 2020-031 being a report on Consent Application (Severance) B79-20 known as Part Park Lot 3, s/s Wellington St., Plan Town of Mount Forest.

AND FURTHER THAT the Council of the Township of Wellington North supports consent application B79-20 as presented with the following conditions:

- *THAT the Owner satisfy all the requirements of the local municipality, financial and otherwise (included but not limited to Taxes paid in Full; a Fee of \$130.00 for Township Clearance Letter of conditions — or whatever fee is applicable at the time of clearance under the municipal Fees and Charges by-law) which the Township of Wellington North may deem to be necessary at the time of issuance of the Certificate of Consent for the proper and orderly development of the subject lands;*
- *THAT the Owner satisfy the requirements of the Township of Wellington North in reference to parkland dedication of \$1,000.00 (or whatever fee is applicable at the time of clearance under the municipal Fees and Charges by-law) as provided for in the Planning Act, R.S.O. 1990;*
- *THAT the applicant enters into a development agreement with the local municipality for the servicing of both the severed and retained lands to the satisfaction of the local municipality; and,*
- *THAT safe driveway access is provided to the severed lands to the satisfaction of the local municipality.*

AND FURTHER THAT Council authorizes the Development Clerk to file with the Secretary-Treasurer of the Planning and Land Division Committee at the County of Wellington, a letter of clearance of these conditions on completion of same.

THAT the Council of the Corporation of the Township of Wellington North receive Report DC 2020-032 being a report on Consent Application (Severance) B80-20 known as Part Park Lot 3, s/s Wellington St., Plan Town of Mount Forest.

AND FURTHER THAT the Council of the Township of Wellington North supports consent application B80-20 as presented with the following conditions:

- *THAT the Owner satisfy all the requirements of the local municipality, financial and otherwise (included but not limited to Taxes paid in Full; a Fee of \$130.00 for Township Clearance Letter of conditions — or whatever fee is applicable at the time of clearance under the municipal Fees and Charges by-law) which the Township of Wellington North may deem to be necessary at the time of issuance of the Certificate of Consent for the proper and orderly development of the subject lands;*
- *THAT the Owner satisfy the requirements of the Township of Wellington North in reference to parkland dedication of \$1,000.00 (or whatever fee is applicable at the time of clearance under the municipal Fees and Charges by-law) as provided for in the Planning Act, R.S.O. 1990;*

- *THAT the applicant enters into a development agreement with the local municipality for the servicing of both the severed and retained lands to the satisfaction of the local municipality; and,*
- *THAT safe driveway access is provided to the severed lands to the satisfaction of the local municipality.*

AND FURTHER THAT Council authorizes the Development Clerk to file with the Secretary-Treasurer of the Planning and Land Division Committee at the County of Wellington, a letter of clearance of these conditions on completion of same.

THAT the Council of the Corporation of the Township of Wellington North receive Report DC 2020-33 being a report on Consent Application (Severance) B81-20 known as Part Park Lot 3, s/s Wellington St., Plan Town of Mount Forest.

AND FURTHER THAT the Council of the Township of Wellington North supports consent application B81-20 as presented with the following conditions:

- *THAT the Owner satisfy all the requirements of the local municipality, financial and otherwise (included but not limited to Taxes paid in Full; a Fee of \$130.00 for Township Clearance Letter of conditions — or whatever fee is applicable at the time of clearance under the municipal Fees and Charges by-law) which the Township of Wellington North may deem to be necessary at the time of issuance of the Certificate of Consent for the proper and orderly development of the subject lands;*
- *THAT the Owner satisfy the requirements of the Township of Wellington North in reference to parkland dedication of \$1,000.00 (or whatever fee is applicable at the time of clearance under the municipal Fees and Charges by-law) as provided for in the Planning Act, R.S.O. 1990;*
- *THAT the applicant enters into a development agreement with the local municipality for the servicing of both the severed and retained lands to the satisfaction of the local municipality; and,*
- *THAT safe driveway access is provided to the severed lands to the satisfaction of the local municipality.*

AND FURTHER THAT Council authorizes the Development Clerk to file with the Secretary-Treasurer of the Planning and Land Division Committee at the County of Wellington, a letter of clearance of these conditions on completion of same.

THAT the Council of the Corporation of the Township of Wellington North receive Report CBO 2020-13 being the Building Permit Review for the period ending September 30th, 2020.

THAT the Council of the Corporation of the Township of Wellington North receive Report CBO 2020-14 being the Building Permit Review for the period ending October 31st, 2020.

THAT the Council of the Corporation of the Township of Wellington North receive Report EDO 2020-028 being an update on the Industrial Land Sale to OK Construction,

AND FURTHER THAT Council approve a six-month extension to the start and completion dates for development as contained in the Agreement of Purchase and Sale.

THAT the Council of the Corporation of the Township of Wellington North receive for information Report TR2020-16 being a report on the status of Tax Arrears.

CARRIED

CONSIDERATION OF ITEMS FOR SEPARATE DISCUSSION AND ADOPTION

RESOLUTION: 2020-343

Moved: Councillor McCabe

Seconded: Councillor Burke

THAT the Council of the Corporation of the Township of Wellington North receive the minutes of the Recreation, Parks & Leisure Committee meeting held on November 3, 2020.

THAT the Council of the Corporation of the Township of Wellington North appoint Larissa Lamont as a member of the Mount Forest Aquatics Ad-Hoc Advisory Committee, as recommended by the Recreation, Parks & Leisure Committee.

CARRIED

Council directed the Recreation, Parks & Leisure Committee to bring a recommendation back to Council endorsing the trail upgrades to support active transportation.

RESOLUTION: 2020-344

Moved: Councillor Hern

Seconded: Councillor Yake

THAT the Council of the Corporation of the Township of Wellington North receive DC Report 2020-030 being a report on Consent Application (Severance) B78-20 known as Part Lot 3, Concession EOSR, Divisions 3 & 4 in the former Township of Arthur.

AND FURTHER THAT the Council of the Township of Wellington North does not support consent application B78-20 as presented;

AND FURTHER THAT; should the Planning & Land Division Committee approve the consent as proposed on application B78-20, the following matters are to be addressed as conditions of approval:

- THAT the Owner satisfy all the requirements of the local municipality, financial and otherwise (included but not limited to Taxes paid in Full; a Fee of \$130.00 for Township Clearance Letter of conditions — or whatever fee is applicable at the time of clearance under the municipal Fees and Charges by-law) which the Township of Wellington North may deem to be necessary at the time of issuance of the Certificate of Consent for the proper and orderly development of the subject lands;*
- THAT the Owner satisfy the requirements of the Township of Wellington North in reference to parkland dedication of \$1,000.00 (or whatever fee is applicable at the time of clearance under the municipal Fees and Charges by-law) as provided for in the Planning Act, R.S.O. 1990;*
- THAT site servicing can be accommodated on the site to the satisfaction of the local municipality;*
- THAT the retained lands be rezoned to remove the second dwelling permission; and,*
- THAT the severed lands be rezoned to Agricultural (A) zone.*

AND FURTHER THAT Council authorizes the Development Clerk to file with the Secretary-Treasurer of the Planning and Land Division Committee at the County of Wellington, a letter of clearance of these conditions on completion of same.

CARRIED

RESOLUTION: 2020-345

Moved: Councillor McCabe

Seconded: Councillor Burke

THAT the Council of the Corporation of the Township of Wellington North receive Report DFC 2020-005 being a report on Northern Wellington Fire Services Partnership Agreement.

AND FURTHER THAT Council authorizes the Mayor and Clerk to sign the four-year agreement between Minto and Wellington North for a shared fire services partnership for the term January 1, 2021 to December 31, 2024.

CARRIED

RESOLUTION: 2020-346

Moved: Councillor Yake

Seconded: Councillor Hern

THAT the Council of the Corporation of the Township of Wellington North receive the Wellington North Fire Services Update June – October 2020.

CARRIED

Council provided direction to Wellington North Fire Service to provide a report every second month.

RESOLUTION: 2020-347

Moved: Councillor Burke

Seconded: Councillor McCabe

THAT the Council of the Corporation of the Township of Wellington North receive Report OPS 2020-032 being a report on the Township of Wellington North's Water and Wastewater Rate Study;

AND FURTHER THAT Council approve a 0% rate increase for water and wastewater rates for the fiscal year 2021;

AND FURTHER THAT Council direct staff to bring a revised water and wastewater rate study and O.Reg 453/07 Water System Financial Plan No.113-301A (2021-2026) and Wastewater System Financial Plan to a future meeting of Council for final approval.

CARRIED

RESOLUTION: 2020-348

Moved: Councillor McCabe

Seconded: Councillor Burke

THAT the Council of the Corporation of the Township of Wellington North receive Report CAO 2020-008 being a report on AMO Board of Directors 2020-2022;

AND FURTHER THAT Council supports Chief Administrative Officer Mike Givens pursuing the Rural Caucus vacancy on the AMO Board of Directors for the term 2020-2022.

CARRIED

NOTICE OF MOTION

No notice of motion tabled.

COMMUNITY GROUP MEETING PROGRAM REPORT

Councillor Hern (Ward 3):

- Mount Forest Chamber of Commerce and Arthur Chamber of Commerce meetings to be held the evening of Tuesday, November 10
- Arthur BIA Annual General meeting to be held the evening of Wednesday, November 18

- Arthur Lions Chicken BBQ will be held on November 26
- Tree lighting at the Arthur cenotaph on November 27
- Christmas market in Arthur planned for November 28

Mayor Lennox:

- Remembrance Day services have been modified to limit attendance
- The Christmas season is coming up and the pandemic will make things like parades challenging.

BY-LAWS

- a. By-law Number 078-20 being a Provisional Drain By-law to provide for the repair of the Vos Drainage Works

RESOLUTION: 2020-349

Moved: Councillor Yake

Seconded: Councillor Hern

THAT By-law Number 078-20 being a Provisional Drain By-law to provide for the repair of the Vos Drainage Works be read a Third time and enacted.

CARRIED

- b. By-law Number 093-20 being a by-law to authorize the execution of an Agreement for Fire Chief Services between the Corporation of the Town of Minto and the Corporation of the Township of Wellington North
- c. By-law Number 096-20 being a by-law to authorize the termination of a Joint Use Agreement between the Corporation of the Township of Wellington North and Upper Grand District School Board (formally the Wellington County Board of Education)

RESOLUTION: 2020-350

Moved: Councillor Burke

Seconded: Councillor McCabe

THAT By-law Number 093-20 and 096-20 be read a First, Second and Third time and enacted.

CARRIED

CULTURAL MOMENT

Remembrance Day 2020, Remembering Nursing Sister Alice Cook

Alice Cook of Mount Forest was the only female from Wellington County to die while serving in World War I.

She was born in 1893, the daughter of JJ and Annie Cook, prominent businesspeople in the town.

On deciding to enter nursing, Alice trained at Sick Children's Hospital in Toronto. She was called on almost immediately to serve her country when war was declared in 1914. As the fighting advanced, many injured soldiers returned home to Canada for treatment in such institutions as the Hospital for Invalid Soldiers on Isabella Street in downtown Toronto.

Alice Cook volunteered for service at this hospital where her compassion and skills as a nurse eased the suffering of the severely wounded soldiers. Unhappily, as the influenza pandemic grew in the winter of 1918, Alice contracted it in the hospital and developed pneumonia. A week later, on New Year's Eve, two days after her 25th birthday, she died.

For her heroic work, Nursing Sister Alice Cook was awarded a medal by Mount Forest citizens. It reads: "Presented to N.S. A. Cook by the citizens of Mt. Forest for gallant services, Great War 1914-1918." Her nephew, Bill Cockburn, gathered information about her in later years and located the medal which, with a photo of Alice, he donated to Mount Forest Legion Branch 134. Copies hang in Mount Forest Archives and the Wellington County Museum and Archives.

Submitted by Gail Donald; Wellington North Cultural Roundtable with special thanks to Campbell Cork. The information and some of the wording for this Cultural Moment were taken from his article on Alice Cook in Homer XVIII, 2011.

CLOSED MEETING SESSION

The meeting is closed pursuant to Section 239 (2) of the Municipal Act, 2001, specifically:

(c) a proposed or pending acquisition or disposition of land by the municipality or local board;

RESOLUTION: 2020-351

Moved: Councillor McCabe

Seconded: Councillor Burke

THAT the Council of the Corporation of the Township of Wellington North go into a meeting at 9:45 p.m. that is closed to the public under subsection 239 (2) of the Municipal Act, 2001, specifically:

(c) a proposed or pending acquisition or disposition of land by the municipality or local board;

1. REPORTS

a. *EDO 2020-030 Municipal Land Wells Street, Arthur*

b. *EDO 2020-029 Industrial Land Sale*

c. *CAO 2020-009 Joint County/Township Operations Facility - Arthur*

d. REVIEW OF CLOSED SESSION MINUTES

a. *October 13, 2020*

b. *October 26, 2020 Special Meeting*

2. RISE AND REPORT FROM CLOSED MEETING SESSION

CARRIED

RESOLUTION: 2020-352

Moved: Councillor Hern

Seconded: Councillor Yake

THAT the Council of the Corporation of the Township of Wellington North rise from a closed meeting session at 10:48 p.m.

CARRIED

RESOLUTION: 2020-353

Moved: Councillor McCabe

Seconded: Councillor Burke

THAT the Council of the Corporation of the Township of Wellington North receive Report EDO 2020-030 Municipal Land Wells Street, Arthur;

AND FURTHER THAT Council approve the confidential direction to staff.

CARRIED

RESOLUTION: 2020-354

Moved: Councillor Yake

Seconded: Councillor Hern

THAT the Council of the Corporation of the Township of Wellington North receive Report EDO 2020-029 Industrial Land Sale;

AND FURTHER THAT Council approve the confidential direction to staff.

CARRIED

RESOLUTION: 2020-355

Moved: Councillor Burke

Seconded: Councillor McCabe

THAT the Council of the Corporation of the Township of Wellington North receive Report CAO 2020-009 Joint County/Township Operations Facility – Arthur;

AND FURTHER THAT Council approve the confidential direction to staff.

CARRIED

RESOLUTION: 2020-356

Moved: Councillor Hern

Seconded: Councillor Yake

THAT the Council of the Corporation of the Township of Wellington North approve the Closed Meeting Minutes of the October 13, 2020 Council Meeting and the October 26, 2020 Special Council Meeting.

CARRIED

CONFIRMING BY-LAW

RESOLUTION: 2020-357

Moved: Councillor McCabe

Seconded: Councillor Burke

THAT By-law Number 098-20 being a By-law to Confirm the Proceedings of the Council of the Corporation of the Township of Wellington North at its Regular Meeting held on November 9, 2020 be read a First, Second and Third time and enacted.

CARRIED

ADJOURNMENT

RESOLUTION: 2020-358

Moved: Councillor Yake

Seconded: Councillor Hern

THAT the Regular Council meeting of November 9, 2020 be adjourned at 10:50 p.m.

CLERK

MAYOR

Mount Forest District Chamber of Commerce

Meeting Minutes

October 14th, 2020

Roll Call

Members in attendance to the meeting were:

- | | |
|--------------------|----------------------------------|
| • Shawn McLeod | President |
| • Sharon Wenger | Secretary |
| • Krista Blenkhorn | Director |
| • Callee Rice | Director |
| • Stacey Stevenson | Administrator |
| • Corbin Peter | Administrator |
| • Dale Small | Township Economic Development |
| • Steve McCabe | Township Council Representative |
| • Mandy Jones | Community Recreation Coordinator |

I. Call to Order

Shawn McLeod called to order the regular meeting of the Mount Forest Chamber of Commerce at 7:03 pm on October 14th, 2020 on a virtual Zoom Meeting.

II. Economic Development Report – Dale Small

Wellington North, in partnership with Minto and Mapleton has received a six month grant as part of the Digital Main Street program to help small businesses in the downtown enhance their use of digital tools. Ashley Noble was hired for this position. Ashley and Stacey are to visit as many businesses as they can, the week of Oct 19th and offer these no cost services. Chamber was asked to promote this service for duration of Ashley's contract. Wifi in our Downtowns – On Sept 30th, they met with representatives from Center Wellington and discussed installing wifi through the downtowns in both Mount Forest and Arthur. Plans will be discussed over the next few months and the possibility of installation in 2021. Chamber was asked to provide a letter of support and possible use of the office during the planning process.

Farmer's Market – Best season by far, great outcome with moving the market to the side streets.

Live2Lead – Will be held virtually on Oct 20 and November 20th.

Recreation Signage (Mandy Jones) – Designing and installing new recreation directional signage for both Arthur and Mount Forest. Facilities are working on reopening while working with public health. They are also working with Festivals of Ontario for events.

III. **Council Notes – Steve McCabe**

New business approved in Mount Forest – Gas station and Mr. Sub will be built on Main St and Sligo.

November 11th- Protocols have been put into place for the Remembrance Day celebration. Wreaths are to be ordered the same as always but there will be no dinner or parade of wreaths. Council is unsure of the crowd structure at this point. Chamber is to look into placing their wreath as they do every year.

Halloween – suggestions for this year are to have an easter egg hunt, distribute candy in individual bags, and to wear masks even under your Halloween masks.

IV. **Approval of Minutes From September Meeting**

Krista motioned

2nd Callee

All in Favour

V. **Treasurer's Report/ Monthly Cheque Log Review and Approval for September –**

Sharon motioned

2nd Callee

All in favour

VI. **Open Issues**

a. Office Operations – October 27, Kevin is to be done the board room renovations.

- Plumber was back to replace faucets in Dean's unit.

b. Social Media Update – Corbin stated that everything is going well online. The Eco Den contest created a lot of attention vs. the Saugeen Fitness giveaway. We are now up to 485 followers on Instagram.

- Corbin to start posting the nomination information for the Excellence Awards

c. Fireworks Festival Update – Meeting being held on October 20 – To see how everyone feels about moving forward with the festival next year.

d. Mount Forest Guide Update – Nothing more has been heard in regards to complaints since the last meeting. Durkalec was featured in the October Wightman's segment and they were very happy with the results – They were disappointed with the incorrect ad that was used in the Guide.

e. Shop Wellington North Update – Due to service various service fees and a few gazebos that were sold without tax, we are short \$727.84 since starting the website. Dale at the Township has reminded us that they will cover half of the cost for the gift cards. Stacey will send an invoice. Hoping to have more businesses added for the holidays.

f. Covid-19 Update – The \$40,000 loan was deposited into the account.

VII. New Business

- a. Ladies Night** – Need to make an official statement to announce that the Chamber will not be endorsing the gatherings of Ladies Night. Stores are still able to host their own following protocols. Stacey to advise businesses/members on final decision and Corbin to announce on social media. BIA has agreed to donate the \$1000.00 again for shop local – to be given away over the holidays.
- b. Community and Business Recognition Awards** - Corbin to post nomination information online. Discussions on how to hold the awards such as virtual or hand delivering.
- c. Recruitment of New Board Members** – We need to start promoting the recruiting of new board members including the president. Stacey to reach out to members and Corbin can post online.
- d. Round Table** –
 - Stacey** – Our proof of the Shop Local guide in in and approved by the board. Has been reduced to a ¼ page and is \$215.00.
 - Stacey to create Corbin a separate email and change the name on the main one.
 - Krista** – Working on getting through to get the CRA information. She has the proper paperwork but not the account information – Last updated in 2018
 - Callee** – To reach out about the board room table again.
 - Andrew Molok wishes to contribute to the Chamber and help in any way that he can.
 - AGM** - BIA said they would sponsor this year as well as the Township. Need to set a date and decide on how we will be holding the event. We should use this as an opportunity to recruit as well.

Safe Communities Wellington County Leadership Table Meeting

Zoom Call

9:30 a.m., September 16, 2020

In Attendance

Pasquale Costanzo, County of Wellington, Roads
Gregg Davidson, Wellington County Councillor
Angelle Eybel, Chair, Minto Safe Communities
Stephen Dewar, Guelph Wellington Paramedic Service
Blaine Burman, County of Wellington
Heather Lawson, County of Wellington EM
Sarah Bowers-Peter, Crimestoppers Guelph Wellington
Don Senek, Minto Safe Communities
Helen Edwards, Seniors Centre for Excellence
Sara Bailey, Puslinch Council
Joanne Ross-Zuj, Police Services Board
Karen Armstrong, Rural Wellington
Kristen Drexler, Big Brothers and Big Sisters of Centre Wellington
Quinn Foerter, Town of Minto
Harry Niemi, Guelph/Eramosa Township
Barb Evoy, Fergus Educational Services
Jessica Rowden, Upper Grand District School Board
Cathy Sweeny, County of Wellington EM
Hurania Melgar, County of Wellington EM
Jim Petrik, Guelph/Eramosa Fire Department
Adrienne Crowder, Wellington Guelph Drug Strategy

Call to Order – Co-Chair Angelle Eybel called the meeting to order at 9:35 am.

1. Approval of Minutes – June 17, 2020 - It was Moved by Barb Evoy, Seconded by Gregg Davidson that the minutes of the meeting held June 17, 2020 be approved. **CARRIED**

2. Business Arising

I. Safe Communities Day October 1, 2020 & October 22, 2020

- (1) We are running 2 safe Communities Days – One focussing on educating the public through social media, radio and print, and October 22, focusing on educating the students on a virtual platform.
- (2) We will use the Google Meet platform to accommodate all of the schools
- (3) The filming was great! We are waiting on the final products from Wightman
- (4) Wightman will also be broadcasting the recordings during the week of Safe Kids Week on October 22.

- (5) We will be using the What is 10 minutes campaign along with Safe Communities Day messaging. Our initial campaign worked amazing for back to school, so, we are going to harness the momentum.

II. What is 10 Minutes? Campaign

- (1) The campaign was picked up by The Grand 101.1 and we had the opportunity to do a story.
- (2) We will be running on Instagram, Facebook and Twitter 4 times throughout the day: 9:00am, 12:00 pm, 3:00 pm and 5:00 pm

III. Remaining Meeting Dates for 2020

- (1) November 18, 2020 – We will continue to have meetings on Wednesday's
- (2) As requested, Leadership Table meetings for 2021 are:
 - (a) January 20, 2021
 - (b) March 17, 2021
 - (c) May 19, 2021
 - (d) June 16, 2021
 - (e) September 15, 2021
 - (f) November 17, 2021

3. New Business

I. National Teen Driver Safety Week – October 18 – October 24

- (1) We are unable to go into the schools this year, but we can utilize radio, paper and social media to speak about the dangers of Aggressive, distracted and impaired driving
- (2) This year the focus is on Aggressive driving.
- (3) We will be utilizing all of the key messages from Parachute Canada
- (4) We will be using Instagram, twitter and facebook. Please share, tweet and like so that we have the reach and impact we need to have.

4. Reports From the Floor

I. Sarah Bowers-Peter – Crime Stoppers Guelph Wellington

- i. Focusing on Cyber Safety – Online
- ii. The Tips have remained the same throughout Covid
- iii. Offering a suite of safety presentations – EPACT/Crime Stoppers 101
- iv. Shredding event was great - \$3900.00
- v. People had more time. The recycling centre in Guelph has been closed, so the shredding event was great!

III. Barb Evoy - Intentional Self Harm Action Group

- a. Looking forward to Safe Communities Day – We would be interested in submitting a video.

- b. Figuring out the direction and how we are going to proceed in this climate
- c. #'s of deaths by suicide are both in the older population and youth.
- d. Here4hope is doing a fantastic job – new – postvention resources
- e. Katie Pope is joining the ISH PAG

5) Adjournment

The Next Leadership Table meeting is scheduled for Wednesday, November 18, 2020 at 9:30 a.m. (Leadership Table).

2020-11-13

Township of Wellington North
VENDOR CHEQUE REGISTER REPORT
Payables Management

Cheque Number	Vendor Cheque Name	Cheque Date	Amount
76427	Arbro Excavating 2001 Ltd.	2020-10-22	\$4,068.00
76428	Bluewater Fire & Security	2020-10-22	\$3,868.20
76429	Broadline Equipment Rental Ltd	2020-10-22	\$1,106.27
76430	Chalmers Fuels Inc	2020-10-22	\$16.76
76431		2020-10-22	\$131.00
76432	Corporate Express Canada Inc.	2020-10-22	\$186.17
76433	Garage Doors-Sales and Service	2020-10-22	\$5,465.81
76434	Grand Flags	2020-10-22	\$839.03
76435	Liftec Slabjacking Inc	2020-10-22	\$3,390.00
76436	Mount Forest Foodland	2020-10-22	\$29.90
76437	The Murray Group Limited	2020-10-22	\$697,699.26
76438		2020-10-22	\$4,000.00
76439	OnePromo.ca	2020-10-22	\$287.59
76440	Orkin Canada Corporation	2020-10-22	\$50.85
76441	Perfectmind Inc	2020-10-22	\$6,780.00
76442	Reliance Home Comfort	2020-10-22	\$77.55
76443	R. J. Burnside & Assoc. Ltd.	2020-10-22	\$895.23
76444		2020-10-22	\$228.83
76445	Suncor Energy Inc.	2020-10-22	\$4,256.47
76446	Telizon Inc.	2020-10-22	\$777.78
76447	Twp of Wellington North	2020-10-22	\$177.98
76448	Wellington Advertiser	2020-10-22	\$1,129.72
76449	Wightman Telecom Ltd.	2020-10-22	\$675.93
EFT0001130	ABC Recreation Ltd.	2020-10-22	\$565.00
EFT0001131	ALS Laboratory Group	2020-10-22	\$5,146.70
EFT0001132	Arthur Home Hardware Building	2020-10-22	\$708.40
EFT0001133	B & I Complete Truck Centre	2020-10-22	\$184.48
EFT0001134	B M Ross and Associates	2020-10-22	\$14,681.09
EFT0001135	CARQUEST Arthur Inc.	2020-10-22	\$395.42
EFT0001136	Carson Supply	2020-10-22	\$239.56
EFT0001137	CIMA Canada Inc.	2020-10-22	\$16,933.05
EFT0001138	Clark Bros Contracting	2020-10-22	\$7,322.40
EFT0001139	Claussen Farms Custom Farming	2020-10-22	\$28,749.95
EFT0001140	ClearTech Industries Inc.	2020-10-22	\$544.75
EFT0001141	CMT Engineering Inc.	2020-10-22	\$4,356.18
EFT0001142		2020-10-22	\$66.35
EFT0001143	Decker's Tire Service	2020-10-22	\$180.80
EFT0001144	Delta Elevator Co. Ltd.	2020-10-22	\$887.09
EFT0001145	Central Square Canada Software	2020-10-22	\$1,761.39
EFT0001146	Eric Cox Sanitation	2020-10-22	\$51.98
EFT0001147	FOSTER SERVICES/822498 ONT INC	2020-10-22	\$4,520.00

Cheque Number	Vendor Cheque Name	Cheque Date	Amount
EFT0001148	Frey Communications	2020-10-22	\$169.49
EFT0001149	G & H Small Engines	2020-10-22	\$52.33
EFT0001150	H Bye Construction Limited	2020-10-22	\$706.25
EFT0001151	Innovative Access Technologies	2020-10-22	\$655.40
EFT0001152	K Smart Associates Limited	2020-10-22	\$7,818.98
EFT0001153	Lange Bros.(Tavistock) Ltd	2020-10-22	\$4,548.25
EFT0001154	Maple Lane Farm Service Inc.	2020-10-22	\$384.71
EFT0001155	Marcc Apparel Company	2020-10-22	\$491.65
EFT0001156	Mt Forest Business Improvement	2020-10-22	\$2,100.00
EFT0001157	New-Lift Hydraulics	2020-10-22	\$164.98
EFT0001158	North Wellington Co-op Service	2020-10-22	\$296.74
EFT0001159	PACKET WORKS	2020-10-22	\$169.50
EFT0001160	Print One	2020-10-22	\$84.75
EFT0001161	Pryde Truck Service Ltd.	2020-10-22	\$4,820.25
EFT0001162	Purolator Inc.	2020-10-22	\$11.92
EFT0001163	Reeves Construction Ltd	2020-10-22	\$6,045.56
EFT0001164	Stephen Hale	2020-10-22	\$1,638.50
EFT0001165	Technical Standards & Safety A	2020-10-22	\$567.65
EFT0001166	Viking Cives Ltd	2020-10-22	\$163.22
EFT0001167	Wellington North Power	2020-10-22	\$57,467.44
EFT0001168	WJF Instrumentation (1990) Ltd	2020-10-22	\$689.30
76451	Broadline Equipment Rental Ltd	2020-11-05	\$2,252.94
76452		2020-11-05	\$800.00
76453	Chalmers Fuels Inc	2020-11-05	\$327.18
76454		2020-11-05	\$418.03
76455	DFA Infrastructure Internation	2020-11-05	\$9,158.65
76456		2020-11-05	\$79.30
76457	Duncan, Linton LLP, Lawyers	2020-11-05	\$4,606.16
76458	Everything Asphalt	2020-11-05	\$12,610.79
76459		2020-11-05	\$475.00
76460		2020-11-05	\$800.00
76461		2020-11-05	\$400.00
76462	Hydro One Networks Inc.	2020-11-05	\$2,685.32
76463	Municipal Information Network	2020-11-05	\$977.45
76464		2020-11-05	\$258.27
76465	Kronos Canadian Systems Inc.	2020-11-05	\$1,130.01
76466	Larry Gibson's Custom Sandblas	2020-11-05	\$3,672.50
76467		2020-11-05	\$800.00
76468	Leslie Motors Ltd.	2020-11-05	\$310.70
76469	M&M Family Acres Inc.	2020-11-05	\$11,300.00
76470	Manulife Financial	2020-11-05	\$29,122.03
76471		2020-11-05	\$1,900.00
76472		2020-11-05	\$520.00
76473		2020-11-05	\$800.00
76474		2020-11-05	\$186.44
76475		2020-11-05	\$1,541.00

Cheque Number	Vendor Cheque Name	Cheque Date	Amount
76476		2020-11-05	\$100.00
76477	Mount Forest Foodland	2020-11-05	\$14.54
76478	Mt Forest & District Chamber o	2020-11-05	\$432.50
76479	Michelin North America (Canada	2020-11-05	\$1,015.33
76480	Royal Bank Visa	2020-11-05	\$5,135.75
76481	Royal Canadian Legion - Ontari	2020-11-05	\$570.00
76482		2020-11-05	\$282.50
76483	Suncor Energy Inc.	2020-11-05	\$7,345.98
76484	TD Wealth	2020-11-05	\$797.44
76485	Township of Centre Wellington	2020-11-05	\$2,079.08
76486	Enbridge Gas Inc.	2020-11-05	\$4,967.72
76487	Ward & Uptigrove Consulting &	2020-11-05	\$5,876.00
76488	Wellington Advertiser	2020-11-05	\$974.90
76489	Wightman Telecom Ltd.	2020-11-05	\$135.36
76490	Workplace Safety & Ins Board	2020-11-05	\$7,210.04
76491	WW Canada Ltd.	2020-11-05	\$212.16
76492		2020-11-05	\$800.00
76493	Young's Home Hardware Bldg Cen	2020-11-05	\$442.71
EFT0001169	ABC Recreation Ltd.	2020-11-05	\$5,289.87
EFT0001170	Agdrain Inc.	2020-11-05	\$8,537.51
EFT0001171	Agrisan SC Pharma	2020-11-05	\$4,985.42
EFT0001172	ALS Canada Ltd.	2020-11-05	\$522.06
EFT0001173	Arthur Home Hardware Building	2020-11-05	\$102.96
EFT0001174	Balaklava Audio	2020-11-05	\$15,783.07
EFT0001175	Barclay Wholesale	2020-11-05	\$1,450.92
EFT0001176	Blackline Consulting	2020-11-05	\$14,975.41
EFT0001177	B M Ross and Associates	2020-11-05	\$2,031.18
EFT0001178	CARQUEST Arthur Inc.	2020-11-05	\$54.43
EFT0001179	Carson Supply	2020-11-05	\$1,135.10
EFT0001180	CIMA Canada Inc.	2020-11-05	\$34,673.38
EFT0001181	Cimco Refrigeration	2020-11-05	\$3,832.77
EFT0001182	C-Max Fire Solutions	2020-11-05	\$756.76
EFT0001183	CMT Engineering Inc.	2020-11-05	\$637.89
EFT0001184	County of Wellington	2020-11-05	\$600.00
EFT0001185	Canadian Union of Public Emplo	2020-11-05	\$1,653.33
EFT0001186	Decker's Tire Service	2020-11-05	\$5,526.83
EFT0001187	Delta Elevator Co. Ltd.	2020-11-05	\$878.83
EFT0001188	Dewar Services	2020-11-05	\$103.72
EFT0001189	Eric Cox Sanitation	2020-11-05	\$998.41
EFT0001190	FOSTER SERVICES/822498 ONT INC	2020-11-05	\$678.00
EFT0001191	FOXTON FUELS LIMITED	2020-11-05	\$592.82
EFT0001192	Frey Communications	2020-11-05	\$9,822.44
EFT0001193	Hach Sales & Service Canada Lt	2020-11-05	\$410.31
EFT0001194	Hort Manufacturing (1986) Ltd.	2020-11-05	\$119.55
EFT0001195	Ideal Supply Inc.	2020-11-05	\$816.31
EFT0001196	International Trade Specialist	2020-11-05	\$175.42

Cheque Number	Vendor Cheque Name	Cheque Date	Amount
EFT0001197	J J McLellan & Son	2020-11-05	\$4,782.42
EFT0001198	K Smart Associates Limited	2020-11-05	\$13,643.62
EFT0001199	Lange Bros.(Tavistock) Ltd	2020-11-05	\$4,350.50
EFT0001200	M & L Supply, Fire & Safety	2020-11-05	\$603.48
EFT0001201	Maple Lane Farm Service Inc.	2020-11-05	\$842.73
EFT0001202	Marcc Apparel Company	2020-11-05	\$7,939.50
EFT0001203	Martin Drainage	2020-11-05	\$350.30
EFT0001204	Martins TLC	2020-11-05	\$271.20
EFT0001205		2020-11-05	\$275.00
EFT0001206	Minto Truck Centre	2020-11-05	\$389.38
EFT0001207	Moorefield Excavating Limited	2020-11-05	\$8,332.27
EFT0001208	New-Lift Hydraulics	2020-11-05	\$136.73
EFT0001209	North Wellington Co-op Service	2020-11-05	\$1,132.62
EFT0001210	Ont Mun Employee Retirement	2020-11-05	\$41,170.46
EFT0001211	Ontario One Call	2020-11-05	\$133.59
EFT0001212	PETRO-CANADA	2020-11-05	\$2,985.71
EFT0001213	Purolator Inc.	2020-11-05	\$23.44
EFT0001214	REALTAX Inc.	2020-11-05	\$113.00
EFT0001215	Reeves Construction Ltd	2020-11-05	\$13,168.25
EFT0001216	Resurfs Corporation	2020-11-05	\$470.76
EFT0001217	ROBERTS FARM EQUIPMENT	2020-11-05	\$2,297.06
EFT0001218	Rural Routes Pest Control Inc.	2020-11-05	\$84.75
EFT0001219	Sanigear	2020-11-05	\$2,146.05
EFT0001220	Saugeen Community Radio Inc.	2020-11-05	\$809.08
EFT0001221	Stephen Hale	2020-11-05	\$1,621.55
EFT0001222	Saugeen Valley Conservation	2020-11-05	\$436.00
EFT0001223	Tacoma Engineers	2020-11-05	\$3,022.75
EFT0001224	Teviotdale Truck Service & Rep	2020-11-05	\$3,011.96
EFT0001225	Triton Engineering Services	2020-11-05	\$44,984.73
EFT0001226	Viking Cives Ltd	2020-11-05	\$159.23
EFT0001227	Wellington North Machine	2020-11-05	\$185.05
EFT0001228	Yake Electric Ltd	2020-11-05	\$1,785.10
76494	B & L Farm Service Ltd.	2020-11-12	\$1,015.87
76495	Bell Canada	2020-11-12	\$762.76
76496	Bluewater Fire & Security	2020-11-12	\$320.36
76497	Broadline Equipment Rental Ltd	2020-11-12	\$161.36
76498	Chalmers Fuels Inc	2020-11-12	\$283.04
76499	Corporate Express Canada Inc.	2020-11-12	\$166.15
76500		2020-11-12	\$79.30
76501	Randolph Foreman	2020-11-12	\$400.00
76502	Zach Hess	2020-11-12	\$430.60
76503	Hydro One Networks Inc.	2020-11-12	\$742.23
76504		2020-11-12	\$41.53
76505		2020-11-12	\$200.00
76506	Matthew's Tree Removal Inc.	2020-11-12	\$379.68
76507	McGill Plumbing, Heating & Air	2020-11-12	\$1,719.58

Cheque Number	Vendor Cheque Name	Cheque Date	Amount
76508	Mt Forest Memorials	2020-11-12	\$485.90
76509	Minister of Finance	2020-11-12	\$6,793.40
76510	MOLOK NORTH AMERICA LTD	2020-11-12	\$243.25
76511		2020-11-12	\$400.00
76512		2020-11-12	\$400.00
76513	Twp of Wellington North	2020-11-12	\$2,286.83
76514	Waste Management	2020-11-12	\$10.17
76515	Wellington Advertiser	2020-11-12	\$558.79
76516	Young's Home Hardware Bldg Cen	2020-11-12	\$318.88
EFT0001229	Arthur Home Hardware Building	2020-11-12	\$126.25
EFT0001230	Artic Clear 1993 Inc.	2020-11-12	\$7.60
EFT0001231		2020-11-12	\$200.00
EFT0001232	Brandt Cambridge	2020-11-12	\$1,658.54
EFT0001233	CARQUEST Arthur Inc.	2020-11-12	\$47.91
EFT0001234	Carson Supply	2020-11-12	\$718.40
EFT0001235	CMT Engineering Inc.	2020-11-12	\$1,750.95
EFT0001236	County of Wellington	2020-11-12	\$877.80
EFT0001237	CW AND COMPANY	2020-11-12	\$262.73
EFT0001238	DeBoer's Farm Equipment Ltd.	2020-11-12	\$84.14
EFT0001239	Decker's Tire Service	2020-11-12	\$976.32
EFT0001240	Delta Elevator Co. Ltd.	2020-11-12	\$887.09
EFT0001241	Eric Cox Sanitation	2020-11-12	\$282.50
EFT0001242	Excel Business Systems	2020-11-12	\$213.44
EFT0001243	Frey Communications	2020-11-12	\$213.55
EFT0001244	KORE Mechanical Inc.	2020-11-12	\$3,986.79
EFT0001245	Kraemer LLP	2020-11-12	\$2,219.89
EFT0001246	Martins TLC	2020-11-12	\$1,690.48
EFT0001247		2020-11-12	\$686.48
EFT0001248	MRC Systems Inc	2020-11-12	\$3,473.94
EFT0001249	North Wellington Co-op Service	2020-11-12	\$615.19
EFT0001250	Ont Clean Water Agency	2020-11-12	\$22,503.01
EFT0001251	Purolator Inc.	2020-11-12	\$7.29
EFT0001252	Resurfice Corporation	2020-11-12	\$1,504.31
EFT0001253	ROBERTS FARM EQUIPMENT	2020-11-12	\$830.55
EFT0001254	Superior Tire Sales & Service	2020-11-12	\$824.76
EFT0001255	Wellington North Power	2020-11-12	\$11,690.08
EFT0001256	WJF Instrumentation (1990) Ltd	2020-11-12	\$689.30

Total Amount of Cheques:			\$1,394,035.51
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WELLINGTON NORTH

SEMPER PORRO

Staff Report

To: Mayor and Members of Council
Meeting of November 23, 2020

From: Adam McNabb, Director of Finance

Subject: Report TR2020-17 Development Charge Interest Rate Policy & Alternative Payment Agreements

RECOMMENDATION

THAT the Council of the Corporation of the Township of Wellington North receive Report TR 2020-17 being a report on Development Charge Interest Rate application;

FURTHER THAT Council adopt a new Council Policy entitled “Development Charge Interest Rate Policy” to establish a framework for determining the interest rate that can be applied to Development Charges for certain development types;

AND FURTHER THAT Council approve and authorize a Development Charges Alternative Payment Agreement template to provide for the alternative payment of Development Charges for developments that qualify for deferred Development Charge payments to be made under Section 27 of the Development Charges Act, 1997 S.O. 1997, c. 27, as amended; and to delegate the authority to enter into such Agreements to the Township Treasurer or delegate.

PREVIOUS PERTINENT REPORTS / BY-LAWS / RESOLUTIONS

TR2020-04 – DC & CBC Preparation

TR 2020-13 – DC & CBC Update – Bill 197

BACKGROUND

The Minister of Municipal Affairs and Housing introduced *Bill 108, More Homes, More Choice Act, 2019* on May 2, 2019. The Bill proposes several amendments to 13 different statutes, including the *Development Charges Act* (DCA), as part of the Provincial Government’s Housing Supply Action Plan. The Bill received Royal Assent on June 6, 2019 and certain portions of the Bill have been proclaimed and are in force and effect.

The changes to the DCA resulting from Bill 108 that are now in force and effect include the following:

- When Development Charges Are Calculated

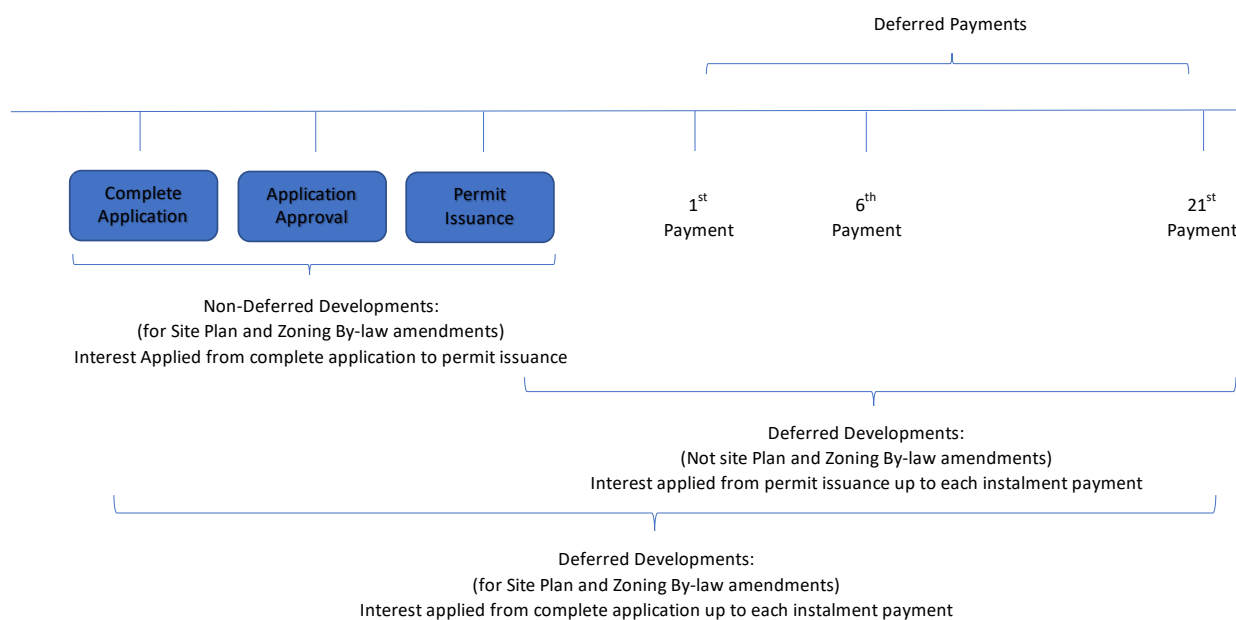
The current Development Charge By-law requires development charges to be calculated and paid at the time of building permit issuance. Bill 108 changes the timing of when a development charge is calculated at an earlier point in time. Bill 108 requires the development charge to be calculated on the day a complete application is received for site plan, or if this does not apply, the day a complete application is received for a zoning bylaw amendment, **or absent the first two options, calculated and paid when building permit is issued.** The development charge rate would remain 'frozen' for up to two years from the date the application is approved, after which will revert to time of building permit issuance.

Although the development charge rate would be calculated at an earlier point in time, the Township may charge interest from the date a complete application is received to the date the development charge is payable.

- Deferred Payment of Development Charges

Bill 108 amends the DCA so that certain types of development qualify for deferred payment of development charges. Rental Housing that is not non-profit, Institutional development and non-profit housing are classified as eligible development types. Development charges for these types of development are to be deferred as follows:

- Rental Housing that is not non-profit and Institutional development are to pay development charges in 6 annual instalments, and
- Non-Profit Housing is to pay development charges in 21 annual instalments.



FINANCIAL CONSIDERATIONS

Since the DCA now allows municipalities to charge interest from the point that development charges are calculated until time of payment, establishing an interest rate policy will provide a consistent and transparent approach. Ensuring that interest is applied to development charges until time of payment is critical to ensure that development charges reserve funds have the cash flows and appropriate funding needed to support future growth-related infrastructure needs across the Township.

While the DCA allows for interest to be charged on development charges, there is no guidance provided for what the interest rate should be or how the interest rate is to be determined. The DCA does not prescribe a maximum interest rate which gives municipalities the flexibility to establish and design an interest rate program that is applied to development charges.

Policy Consideration:

Township staff are recommending that the attached policy (Appendix “A”) be approved by Council. Since determining development charge rates at an earlier point in time will lower the amount of development charge levies and deferring payments for certain qualifying development types impacts cash flows, applying interest will be essential to ensure that funds are available and that required growth infrastructure can be built when planned. Staff are recommending that the interest rate applied to ‘frozen’ development charge rates and deferred payments be established at the time development charges are calculated. This locked-in interest rate would be based on the average annual historical five-year Statistics Canada Non-residential Building Construction Price Index for Toronto year over year change as of September 30th. This approach is recommended for the following reasons:

- Presently, the DCA restricts the types of costs that can be recovered through development charges to capital costs. The Non-residential Building Construction Price Index provides inflationary increases for non-residential construction, which is aligned with the types of costs that are included in the development charges rates.
- Using a five-year average will help smooth year-to-year fluctuations in the index so that the interest rate applied to development charges will be less susceptible to significant changes to the rate.
- Provides a consistent and transparent approach for the administration of development charge interest for both deferral scenarios.

This approach provides an objective rate setting process that supports the ‘growth pays for growth’ model while providing a balance between affordability and the need to fund growth projects.

Alternative Payment Agreements:

The DCA requires that eligible development types for deferred payment must pay development charges over the stipulated period. However, the DCA also allows for development charges to be paid at an earlier or later date than would otherwise be payable. Section 27(1) of the DCA states:

A municipality may enter into an agreement with a person who is required to pay a development charge providing for all or any part of a development charge to be paid before or after it would otherwise be payable.

Prior to the Bill 108 amendments to the DCA, the requirement to consider alternative payment agreements by the Township was not given a tremendous amount of consideration; however, now that the DCA requires that certain types of development charges be paid in deferred installments, it is likely that the volume of alternative payment arrangements under Section 27 of the DCA will increase.

This report recommends the provision of alternative payment options for those developments subject to deferred payment rules. There are several drivers that support introducing a proposed development charges alternative payment agreement template at this time – including, but not limited to:

- Provides greater flexibility for those parties required to pay development charges over an extended period so that earlier payment options are available;
- The interest costs charged on deferred payments may be avoided by earlier payment;
- Reduces the administrative burden that would be required each time Section 27 of the DCA is exercised; and
- Provides a consistent and transparent approach for handling alternative payment agreements.

Township Staff are recommending that the by-law and Development Charges Alternative Payment Agreement Template attached as Appendix “B” to this report be approved by Council and that the Township Treasurer or designate be delegated the authority to enter into such agreements.

The following alternative payment options are recommended:

1. Rental Housing that is not non-profit and Institutional development that are required to pay development charges in 6 annual instalments be given an alternative payment option to pay at building permit issuance (the same time as non-deferred developments);
2. Non-Profit Housing that is required to pay development charges in 21 annual instalments be given the following alternative payment options:
 - a) Full development charge payable at time of building permit issuance; or
 - b) Full development charge payable at either 1 or 2 years after building permit issuance.

The 1- or 2-year payment alternatives for non-profit housing development is recommended since some non-profit housing providers receive senior government funding that is used to support the development. However, it is common that this funding is not released until a building permit has been issued. This creates a cash flow problem that is predicated on the timing of the release of the senior government funding. By providing non-profit housing developments with the ability to pay development charges 1 or 2 years after building permit issuance, allows flexibility so that these cash flow constraints are addressed.

ATTACHMENTS

Appendix A - Draft Development Charge Interest Rate Policy

Appendix B - Draft Development Charges Alternative Payment Agreement Template

STRATEGIC PLAN 2019 – 2022

Do the report's recommendations align with our Strategic Areas of Focus?

☒ Yes

☐ No

☐ N/A

Which priority does this report support?

☒ Modernization and Efficiency

☐ Partnerships

☒ Municipal Infrastructure

☐ Alignment and Integration

Prepared By:	Adam McNabb, Director of Finance		<i>Adam McNabb</i>
Recommended By:	Michael Givens, Chief Administrative Officer		<i>Michael Givens</i>



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Development Charge Interest Rate Policy

DEPARTMENT	Finance	POLICY NUMBER	TBD
EFFECTIVE DATE	TBD	LEGISLATIVE AUTHORITY	Development Charges Act, Bill 108 More Homes More Choice Act, Bill 197 the COVID-19 Economic Recovery Act.
APPROVED BY:	BY-LAW OR RESOLUTION OR DEPARTMENT HEAD		

BACKGROUND:

The Township of Wellington North collects development charges under the authority of the Development Charge Act, 1997 S.O. 1997, c 27 (DCA) to fund growth related capital expenditures resulting from new development. The introduction of Bill 108, More Homes, More Choices Act and Bill 197 the COVID-19 Economic Recovery Act amends twenty different pieces of legislation including the DCA. The Development Charge (DC) amendments include changes to when the DC charge is determined, when it becomes payable and gives municipalities the authority to apply interest to DC amounts owing.

PURPOSE:

1. To preserve the Township's ability to fund the cost of growth-related capital needs with DC's and promote the Township's goal for growth to pay for growth as much as the Development Charge Act (DCA) allows.
2. To establish the form and timing of interest applicable to Development Charges (DC) payable in the absence of guidance from the DCA on what the interest rate should be or how the interest rate is to be determined.

POLICY STATEMENT:

The fundamental principle of funding growth-related capital costs is that 'Growth should pay for Growth'. This policy serves to ensure that there is compensating interest income to fund the lost development charges (DCs) that will result from the DC rate freeze and deferred payment requirements.

Section 26.2 (3) of the DCA permits a municipality to charge interest from the date the DC is calculated to the date the DC is paid in full.

Section 26.1 (7) of the DCA permits a municipality to charge interest on the instalments required by subsection (3) from the date the DC would have been payable in accordance with section 26 to the date the instalment is paid.

GUIDELINES:

DEVELOPMENT CHARGE RATE FREEZE:

The current Development Charge By-law requires development charges to be calculated and paid at the time of building permit issuance. However, Bill 108 now requires the development charge to be calculated on:

- a) The day a complete application is received for site plan control under subsection 41 (4) of the Planning Act, or
- b) if clause a) does not apply, the day a complete application is received for a zoning by-law amendment under subsection 34 of the Planning Act.
- c) If neither a) nor b) applies, the rate would be calculated the day the DC is payable according to subsection 26. Subsection 26 provides a DC is payable for a development upon a building permit being issued.

The development charge rate would remain “frozen” for up to two years from the date the application is approved, after which will revert to time of building permit issuance.

APPLICATION OF INTEREST:

This policy applies only to Development Charges administered in compliance with the current Development Charges By-law enacted under the authority of the Development Charges Act that are subject to interest charges.

The average annual historical five-year Statistics Canada Non-residential Building Construction Price Index for Toronto year over year change as of September 30th shall be the mechanism used as the foundation for establishing the interest rate.

The interest rate shall be established at the earlier of when the Development Charge is calculated or when the first payment is due. The established interest rate shall remain in effect until the final payment is received.

Interest accruing on the unpaid balance of the Development Charge shall be compounded annually.

The Township Treasurer, or designate, is authorized to execute the administrative actions necessary to implement the Development Charge interest rate.

DEFERRED PAYMENT OF DEVELOPMENT CHARGES:

Bill 108 amends the DCA so that certain types of development qualify for deferred payment of development charges. Rental Housing that is not non-profit, institutional development and non-profit housing are classified as eligible to be deferred as follows:

- Rental Housing that is not non-profit and institutional development are to pay development charges in 6 annual instalments; and
- Non-Profit Housing is to pay development charges in 21 annual instalments.

The DC shall be paid in equal instalments beginning on the earlier of the date of the issuance of a permit under the Building Code Act, 1992 authorizing occupation of the building and the date the building is first occupied, and continuing on each instalment date. The interest rate shall be charged on the outstanding balance as at each instalment date, until the DCs are paid in full.

EARLY PAYMENT AGREEMENTS:

Section 27 (1) of the DCA allows for development charges to be paid at an earlier date than would otherwise be payable. Early payment agreements will be offered where the owner of a development would prefer to pay the full DC owing at time of building permit issuance.

Township Treasurer or designate has delegated authority of Council to enter into such agreements.

The following alternative payment options are recommended:

1. Rental Housing that is not non-profit and Institutional development that are required to pay development charges in 6 annual instalments be given an alternative payment option to pay at building permit issuance (the same time as non-deferred developments);
2. Non-Profit Housing that is required to pay development charges in 21 annual instalments be given the following alternative payment options:
 - a. Full development charge payable at time of building permit issuance; or
 - b. Full development charge payable at either 1- or 2-years after building permit issuance.

NON-COLLECTION OF PAYMENTS:

The DCA does not explicitly permit the Township to secure payments from a developer but does provide that if any part of the development charges owing remain unpaid after it is payable, the amount unpaid, including any interest payable, shall be added to the tax roll and shall be collected in the same manner as taxes.

DEFINITIONS:

Deferred Developments Types:

Rental housing development - the construction, erection or placing of one or more buildings or structures for or the making of an addition or alteration to a building or structure for residential purposes with four or more self-contained units that are intended for use as rented residential premises

Non-profit housing development - the construction, erection or placing of one or more buildings or structures for or the making of an addition or alteration to a building or structure for residential purposes by a non-profit corporation.

Institutional development - the construction, erection or placing of one or more buildings or structures for or the making of an addition or alteration to a building or structure for:

- Long-term care homes;
- Retirement homes;
- Universities and colleges;
- Memorial homes; clubhouses; or athletic grounds of the Royal Canadian Legion; and
- Hospices

Early Payment Agreement – an agreement with a person or business who is required to pay a DC providing for all or any part of the DC to be paid before it would otherwise be payable.

Interest Rate – the average annual historical five-year Statistics Canada Non-residential Building Construction Price Index for Toronto year over year change as of September 30th. The interest rate will be established at the earlier of when the DC is calculated or when the first payment is due. The established interest rate shall remain in effect until the final payment is received. Interest accruing on the unpaid balance of the DC shall be compounded annually.

Occupancy – the earliest of either (1) the date on which an Occupancy Permit or Partial Occupancy Permit is issued by the member municipality, or (2) the earliest date on which the use or intended use of a building or part of a building for the shelter or support of persons, animals or property commences.

APPENDIX B

DEVELOPMENT CHARGES ALTERNATIVE PAYMENT AGREEMENT

THIS AGREEMENT made this xx day of , 20xx.

BETWEEN:

APPLICANT NAME

(hereinafter referred to as the "Applicant")

-and-

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH (hereinafter referred to as the "Township")

WHEREAS the Applicant has represented to the Township that the lands described in Schedule "A" hereto (the "Lands") are owned by it, as stated in the Solicitor's Certificate attached to this Agreement hereto as Schedule "B"

AND WHEREAS pursuant to the Township's Development Charge By-law, a development charge is payable by the Applicant to the Township in xx annual instalments;

AND WHEREAS the *Development Charges Act, 1997, S.O. 1997, c. 27*, as amended provides that a municipality may enter into an agreement with persons who are required to pay a development charge, to authorize that all or a portion of the development charge be paid before or after it would otherwise be payable;

NOW THEREFORE IN CONSIDERATION OF the foregoing, the parties agree as follows:

RECITALS

1. The Recitals are confirmed by the Applicant and the Township (the "Parties") to be correct and to constitute the basis for this Agreement.

REQUEST TO ADVANCE PAYMENT OF DEVELOPMENT CHARGE

2. The Applicant acknowledges its obligation to pay a development charge in accordance with Section 26 of the *Development Charges Act, 1997*, as amended. The Applicant has requested that it be permitted, pursuant to Section 27 of the *Development Charges Act, 1997*, as amended, to pay the development charge before it would otherwise be payable.

"DUE DATE" FOR PAYMENT PURSUANT TO THIS AGREEMENT

3. The Applicant hereby covenants and agrees to pay the applicable development charge to the Township with interest, on MM DD YYY (the "Due Date").

ANTICIPATED DEVELOPMENT CHARGE

4. The anticipated amount of the development charge payable by the Applicant has been calculated on the basis of the following information:

Type	Units / m2 of Gross Floor Area (A)	Development Charges Rate (B)	Development Charges Payable (A) * (B)
Single / Semi Detached			
Apartments – 2 Bedroom +			
Apartments – Bachelor and 1 Bedroom			
Other Multiples			
Institutional			
TOTAL			

TIMING OF DEVELOPMENT CHARGE CALCULATION

5. The actual amount of the development charge will be determined on the basis of prevailing rates and rules in accordance with Section 26 of the *Development Charges Act, 1997*, as amended. If, before any building permit is issued, the Township's Development Charge By-law is amended or is repealed and replaced or the information set out above is revised, the applicable development charge will be revised to reflect these changes and the Parties agree that this Agreement will apply to that revised information and amount. Once any building permit has been issued, the amount of the applicable development charge shall be calculated in accordance with Section 26 of the *Development Charges Act, 1997*, as amended.

REGISTRATION ON TITLE

6. It is the intention of the Parties that this Agreement create an interest in the Lands in favor of the Township, to the extent of the deferred development charge identified herein. To this end, the Parties intend that Notice of this Agreement, including its schedules, be registered on title to the Lands. The Applicant agrees to pay all costs associated with registration of Notice of this Agreement. If Notice of this Agreement is not accepted by the Registrar for registration, the parties agree that the development agreement under section 41 of the *Planning Act*, R.S.O. 1990, c.P. 13, as amended, for the residential development that is subject to the development charge, will make reference to the Agreement and its relevant particulars.

REMOVAL OF AGREEMENT FROM TITLE

7. Once the Applicant has satisfied all provisions of this Agreement, the Township shall not unreasonably withhold its consent to removal of Notice concerning this Agreement at the Applicant's expense from Title and shall execute such documents as may be required.

COLLECTION OF CHARGES

8. The Applicant acknowledges that if any amount owing to the Township under this Agreement remains unpaid after the Due Date, the Township may, in addition to any other rights it may have, add the unpaid amount to the tax roll for the Lands, without notice, and collect such amount in the same manner as property tax.

INTEREST ON AMOUNT OWING BEFORE DUE DATE

9. The Applicant agrees to pay interest to the Township at the rate of **xx**% per annum on the amount of the development charge, in accordance with Section 26 of the *Development Charges Act, 1997*, as amended and the Township's Development Charge Interest Rate Policy.

10. The Applicant agrees to pay interest after the Due Date at the rate often percent (10%) per annum on the amount outstanding from time to time, until all amounts, including accrued interest and charges, have been paid in full.

11. Any notices required or permitted to be given pursuant to the terms of this Agreement shall be given in writing sent by prepaid registered post, addressed in the case of notice given by the Township, to:

Township Clerk

The Corporation of The Township of Wellington North

7490 Sideroad 7W, PO Box 125

Kenilworth, ON N0G2E0

And in the case of notice given by the Applicant, to:

Applicant Name

Applicant Address

WARRANTY

12. The Applicant represents and warrants to the Township as follows:

12.1 The Applicant is a corporation validly subsisting under the laws of Ontario and has full corporate power and capacity to enter in this Agreement; and

12.2 All necessary corporate action has been taken by the Applicant to authorize the execution and delivery of this Agreement.

BINDING ON SUCCESSORS

13. It is agreed by and between the Parties hereto that this Agreement shall be enforceable by and against the Parties hereto, their heirs, executors, administrators, successors and assigns and that the Agreement and all the covenants by the Applicant herein contained shall run with the Lands for the benefit of the Township.

IN WITNESS WHEREOF the Parties hereto have hereunto affixed their corporate seals duly attested by the hands of their proper signing officers in that behalf.

SIGNED, SEALED AND DELIVERED)	
)	APPLICANT NAME
)	_____ c/s
)	Name:
)	Title:
)	I have the authority to bind the corporation.
)	
)	THE CORPORATION OF THE TOWNSHIP OF
)	WELLINGTON NORTH
)	
)	_____
)	Treasurer

SCHEDULE "A"

DESCRIPTION OF "LANDS"

SCHEDULE “B”

SOLICITOR’S CERTIFICATE



WELLINGTON NORTH

SEMPER PORRO

Staff Report

To: Mayor and Members of Council
Meeting of November 23, 2020

From: Adam McNabb, Director of Finance

Subject: Report TR2020-18 Being a report on the external auditor's (RLB LLP) audit plan for the 2020 calendar year

RECOMMENDATION

THAT the Council of the Corporation of the Township of Wellington North receive Report TR 2020-18 being a report on the external auditor's (RLB LLP) audit plan for the 2020 calendar year;

FURTHER THAT the Council direct staff to execute the agreement (engagement letter) to confirm the mutual understanding of the terms of the engagement with RLB for the purposes of auditing the consolidated statements of the Township of Wellington North.

PREVIOUS PERTINENT REPORTS / BY-LAWS / RESOLUTIONS

By-Law 073-19 – A By-Law appointing and confirming the appointment of Auditors of the Corporation of the Township of Wellington North.

BACKGROUND

On August 12, 2019 Council passed By-law Number 073-19 to appoint RLB LLP of Fergus as the Township of Wellington North's External Auditors for the years 2019 – 2020.

RLB's 2020 Pre-Audit Letter, provides Management and Council with detailed communication of the 2020 audit plan.

RLB's 2020 engagement letter confirms the mutual understanding of the terms of the engagement to audit the consolidated statements of the Township of Wellington North.

Interim testing had transpired on November 16th, and year-end testing period is currently scheduled for the week of April 12 – 16, 2021.

FINANCIAL CONSIDERATIONS

The 2020 audit fee remains static at \$27,900, which is exclusive of HST and inclusive of the preparation of the Financial Information Return (FIR), and all out of pocket expenses required to complete the engagement. RLB has also included a reasonable amount of time for reconciliations, support and entries for closing equity, WNP, and the BIA into the above pricing based on their recent experience with the audit of the Township of Wellington North.

ATTACHMENTS

RLB Pre-Audit Communication Letter to Council

RLB Audit engagement Letter, and agreement

STRATEGIC PLAN 2019 – 2022

Do the report's recommendations align with our Strategic Areas of Focus?

☐ Yes

☐ No

☒ N/A

Which priority does this report support?

☐ Modernization and Efficiency

☐ Partnerships

☐ Municipal Infrastructure

☐ Alignment and Integration

Prepared By:	Adam McNabb, Director of Finance	<i>Adam McNabb</i>
Recommended By:	Michael Givens, Chief Administrative Officer	<i>Michael Givens</i>



November 18, 2020

The Corporation of the Township of Wellington North
7490 Sideroad 7 West
P.O. Box 125
Kenilworth, ON
N0G 2E0

Dear Members of Council:

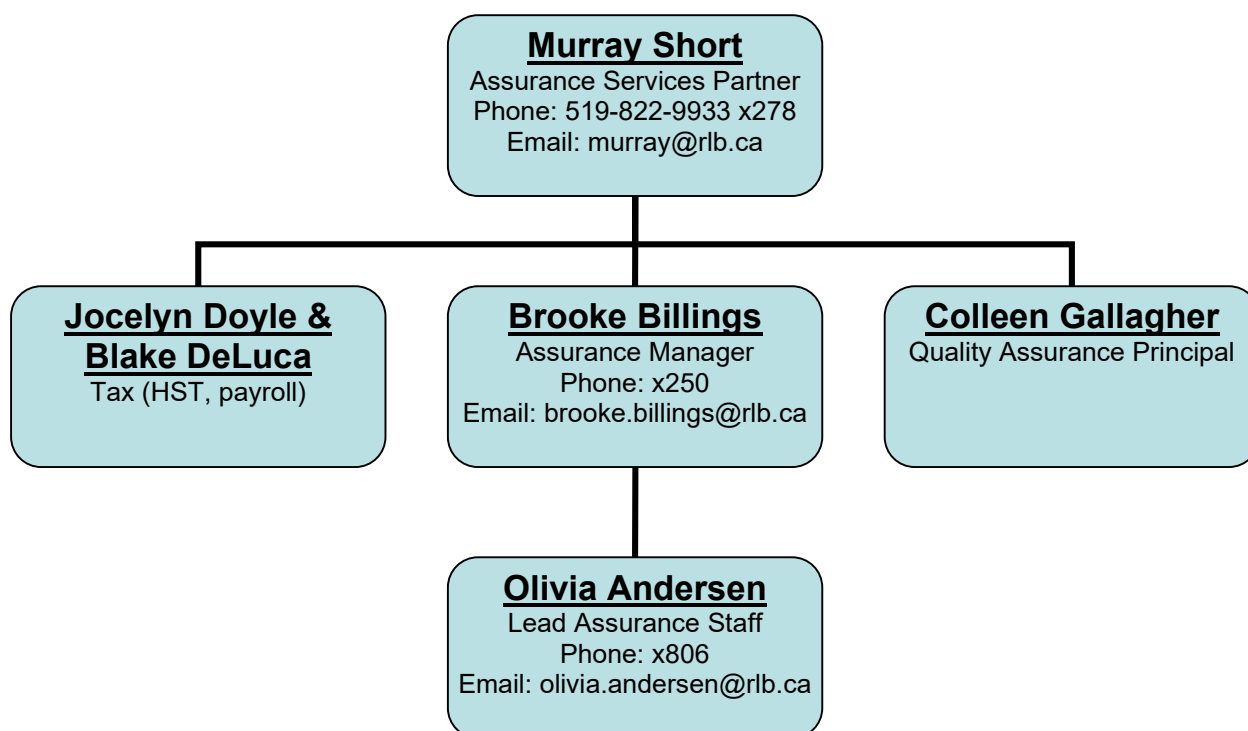
Thank you for re-appointing RLB LLP as auditors of The Corporation of the Township of Wellington North for the year ended December 31, 2020. The purpose of this letter is to communicate our 2020 audit plan for The Corporation of the Township of Wellington North and to ensure that management and Council are aware of the following:

- Objectives and scope of our audit
- Planned approach for the 2020 financial statement audit
- Update on issues that may impact the audit in current and future years
- Areas of emphasis

RLB LLP's Objective and Scope of our Audit

- Obtain reasonable assurance that the financial statements are free of material misstatement.
- Evaluate the fairness of presentation of the financial statements in conformity with accounting standards established by the Chartered Professional Accountants of Canada.
- Report to management and Council:
 - Significant internal control weaknesses,
 - Matters required under Canadian Auditing Standards,
 - Matters we believe should be brought to your attention.

RLB LLP's Assurance Service Team

**Financial Reporting Responsibilities***Council*

- Set strategic objectives
- Provide effective corporate governance
- Ensure accurate financial reporting and sound internal controls
- Review performance measures

Management

- Maintain cost-effective internal control environment
- Provide timely and accurate disclosure of financial results
- Report results on a fair and consistent basis
- Exercise care in establishing accounting estimates
- Apply appropriate accounting principles

RLB LLP

- Perform cost-effective audits
- Review the effectiveness and reliability of key internal controls
- Assess accounting principles, estimates and financial disclosures
- Provide year end reporting to Council
- Audit report on the financial statements

Management Deliverables

- Prepare required information as agreed with RLB LLP to be able to perform the audit
- Provide documentation and support for accounting used by management for all significant or unusual transactions and estimates
- Identify related parties, if applicable
- Provide representation letter

RLB LLP Deliverables

- Communicate with management and Council to review audit plan
- Review financial statements and management letter findings with management and Council
- Provide audit opinion on financial statements
- Prepare and file Financial Information Return
- Report to Council as required under CAS 260, 265 and 580
- Seek pre-approval from management or Council for all additional services

Audit Approach

- Examine accounting systems and controls for all significant transaction cycles
- Adopt a control reliance strategy where appropriate to increase audit efficiency
 - Taxation revenue, cash receipts, taxes receivable
 - Purchases, disbursements, payables
 - Payroll
 - General computer controls
- Substantive testing of year end balances including grant revenue and receivables
- Search for unrecorded liabilities
- Independence reporting

Audit Timeline

Interim Audit Testing	November 16, 2020
Communication of Audit Plan to Management/Council	November 18, 2020
Year-end Testing	April 12-16, 2021
Reporting to Council	TBD
Issuance of Audit Report and Financial Statements	To follow Council approval

Annual Inquiry Related to the Risk of Fraud

Please consider the following questions to help determine the specific risks of fraud and error with the municipality. We will provide the annual representation letter for signature by a member of Council and management with the audited Financial Statements, where representation will be made regarding the assessment of fraud at the municipality.

- Are you aware of any instances of fraud perpetrated against the municipality by any of its employees, management, or Council?
- Are you aware of any instances of fraud perpetrated by the municipality against creditors, suppliers, lenders, investors, funders, government agencies, or any other business associates?
- Do you believe there is a high level of risk of fraud being perpetrated against or by the municipality – specifically, which risks are classified as the highest risk, and what specifically is management or those charged with governance doing to mitigate these risks?
- Has Council made an assessment of the entity's susceptibility to fraud?
- Does management have a process for identifying and responding to fraud risk factors?

If you have any information to report to us on the above, please contact Murray Short or Brooke Billings at 519-822-9933.

New Public Sector Accounting Standards

There are no significant impacts anticipated from new standards on the financial reporting of your municipality for 2020.

These are effective for fiscal years beginning on or after April 1, 2022:

- PS1201: Financial Statement Presentation – expands the requirements for financial statement presentation and disclosure for various categories: financial assets, non-financial assets, revenues, expenses, and losses arising from asset impairment and changes in valuation allowances
- PS2601: Foreign Currency Translation – describes accounting treatment for foreign currency transactions, and how they should be presented and disclosed
- PS3041: Portfolio Investments – defines portfolio investments, and describes accounting treatment and disclosure requirements
- PS3450: Financial Instruments – requires additional disclosure in the notes to the Financial Statements to include the various risk components of financial instruments: credit risk, currency risk, interest rate risk, liquidity and market risk
- PS3280: Asset Retirement Obligations – describes criteria if there is a legal obligation to remove the tangible capital asset and if the entity controls the tangible capital asset to be retired

These are effective for fiscal years beginning on or after April 1, 2023:

- PS3400: Revenue – describes how to account for and report on revenue and specifically differentiates between revenue arising from transactions including and excluding performance obligations

2019 Audit Plan: Materiality

When establishing the overall audit strategy, materiality is determined for assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures.

- Planning Materiality - \$1,000,000
- Materiality
 - Professional judgment that is made in the context of our knowledge, assessment of risk and reporting requirements
 - Very significant in determining the scope of our work
 - We will review all errors in excess of 2% of materiality

Areas of Emphasis

- Taxation revenue and receivables - collectability
- Grant revenue and receivables - completeness and existence
- Operating expenses - completeness and existence
- Tangible capital assets - completeness, existence and valuation
- Reserve, reserve funds and amounts set aside by Council - completeness and existence

If you have any questions about these or other matters relating to any of our professional services, we would be pleased to discuss them further with you.

Yours truly,

RLB LLP

Per:



Murray Short, MBA, CPA, CA, C. Dir.
Engagement Partner



November 5, 2020

The Corporation of the Township of Wellington North
P.O. Box 125
7490 Sideroad 7 West
Kenilworth, ON
N0G 2E0

Attention: Mr. Adam McNabb, Director of Finance

Dear Mr. McNabb:

Thank you for re-appointing RLB LLP as auditors of The Corporation of the Township of Wellington North for the year ended December 31, 2020. The purpose of this letter is to confirm our mutual understanding of the terms of our engagement to audit the consolidated financial statements of The Corporation of the Township of Wellington North. Our statutory function as auditor of The Corporation of the Township of Wellington North is to report to the Members of Council, Inhabitants and Ratepayers by expressing an opinion on The Corporation of the Township of Wellington North's annual consolidated financial statements. Therefore, our audit will be conducted with the objective of our expressing an opinion on these consolidated financial statements.

Our Objective, Scope and Limitations of the Audit

We will audit the consolidated statement of financial position at December 31, 2020 and the related consolidated statements of operations and change in net financial assets and cash flows, and a summary of significant accounting policies and other explanatory information for the year then ended prepared in accordance with Canadian public sector accounting standards. Upon completion of our audit, we will provide The Corporation of the Township of Wellington North with our audit report on those consolidated financial statements in accordance with Canadian public sector accounting standards.

We will be responsible for performing the audit of The Corporation of the Township of Wellington North in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements, plan and perform the audit to attain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and, where appropriate, those charged with governance, as well as evaluating the overall presentation of the consolidated financial statements.

It is important to recognize that an auditor cannot obtain absolute assurance that material misstatements in the consolidated financial statements will be detected because of:

- a) Factors such as use of judgment, and the use of testing of the data underlying the consolidated financial statements;
- b) Inherent limitations of internal control; and
- c) The fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature.

Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit that is designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. Further, while effective internal control reduces the likelihood that misstatements will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

In making our risk assessments, we consider internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the consolidated financial statements that we have identified during the audit.

Unless unanticipated difficulties are encountered, our report will be substantially in the form as set out in Appendix A.

The form and content of our report may require amendment in light of our audit findings.

Any specific restrictions on the use or intended users of the auditor's report, and statement(s) (if appropriate) about the specific restriction(s), will be set out in the auditor's report.

If our opinion on the consolidated financial statements is other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form, or have not formed, an opinion, we may decline to express an opinion as a result of this engagement.

Our Responsibilities

We will perform the audit in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement. Accordingly, we will plan and perform our audit to provide reasonable, but not absolute, assurance of detecting fraud and errors that have a material effect on the consolidated financial statements taken as a whole, including illegal acts whose consequences have a material effect on the consolidated financial statements.

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Accordingly, except for information that is in, or enters, the public domain, we will not provide any third party with confidential information concerning the affairs of The Corporation of the Township of Wellington North without The Corporation of the Township of Wellington North's prior consent, unless required to do so by legal authority, or the Rules of Professional Conduct/Code of Ethics of the Chartered Professional Accountants of Ontario.

The objective of our audit is to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. However, if we identify any of the following matters, they will be communicated to the appropriate level of management (and the audit committee or equivalent):

- a) Misstatements, resulting from error, other than trivial errors;
- b) Fraud or any information obtained that indicates that a fraud may exist;
- c) Any evidence obtained that indicates that an illegal or possibly illegal act, other than one considered inconsequential, has occurred;
- d) Significant deficiencies in the design or implementation of internal controls to prevent and detect fraud or error; and
- e) Related-party transactions identified by us that are not in the normal course of operations and that involve significant judgments made by management and, where appropriate, those charged with governance concerning measurement or disclosure.

The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management and those charged with governance in discharging their responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.

Use and Distribution of our Report

The examination of the consolidated financial statements and the issuance of our audit opinion are solely for the use of The Corporation of the Township of Wellington North and those to whom our report is specifically addressed by us. We make no representations of any kind to any third party in respect of these consolidated financial statements and we accept no responsibility for their use by any third party. The audit will not be planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements

Our audit will be conducted on the basis that management and, where appropriate, those charged with governance, acknowledge and understand that they have responsibility for:

Consolidated Financial Statements

- a) The preparation and fair presentation of The Corporation of the Township of Wellington North's consolidated financial statements in accordance with Canadian public sector accounting standards.

Completeness of Information

- a) Providing us with and making available complete financial records and related data, and copies of all minutes of meetings of Members of Council, Inhabitants and Ratepayers and committees of directors and other matters;
- b) Providing us with information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements;
- c) Providing us with information relating to any illegal or possibly illegal acts, and all facts related thereto;
- d) Providing us with information regarding all related parties and related-party transactions;
- e) Any additional information that we may request from management and, where appropriate, those charged with governance for the purpose of this audit; and
- f) Providing us with unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

Fraud and Error

- a) Internal control that management and, where appropriate, those charged with governance determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- b) An assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud;
- c) Providing us with information relating to fraud or suspected fraud affecting the entity involving:
 - i) management and, where appropriate, those charged with governance,
 - ii) employees who have significant roles in internal control, or
 - iii) others, where the fraud could have a non-trivial effect on the consolidated financial statements;
- d) Providing us with information relating to any allegations of fraud or suspected fraud affecting the entity's consolidated financial statements communicated by employees, former employees, analysts, regulators or others; and
- e) Communicating its belief that the effects of any uncorrected consolidated financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.

Recognition, Measurement and Disclosure

- a) Providing us with its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the consolidated financial statements;
- b) Providing us with any plans or intentions that may affect the carrying value or classification of assets or liabilities;
- c) Providing us with information relating to the measurement and disclosure of transactions with related parties;
- d) Providing us with an assessment of all areas of measurement uncertainty known to management and, where appropriate, those charged with governance that are required to be disclosed in accordance with Measurement Uncertainty, CPA Canada Handbook – Accounting, Section 1508;
- e) Providing us with information relating to claims and possible claims, whether or not they have been discussed with The Corporation of the Township of Wellington North's legal counsel;
- f) Providing us with information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which The Corporation of the Township of Wellington North is contingently liable;
- g) Providing us with information on whether The Corporation of the Township of Wellington North has satisfactory title to assets, liens or encumbrances on existing assets, or assets that are pledged as collateral;
- h) Providing us with information relating to compliance with aspects of contractual agreements that may affect the consolidated financial statements;
- i) Providing us with information concerning subsequent events; and
- j) Providing us with written representations on specific matters communicated to us during the engagement.

Written Confirmation of Significant Representations

- a) Providing us with written confirmation of significant representations provided to us during the engagement on matters that are:
 - i) Directly related to items that are material, either individually or in the aggregate, to the consolidated financial statements,
 - ii) Not directly related to items that are material to the consolidated financial statements but are significant, either individually or in the aggregate, to the engagement, and
 - iii) Relevant to your judgments or estimates that are material, either individually or in the aggregate, to the consolidated financial statements.

We ask that our name be used only with our consent and that any information to which we have attached a communication be issued with that communication unless otherwise agreed to by us.

Reproduction of Audit Report

If reproduction or publication of our audit report (or reference to our report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document should be submitted to us in sufficient time for our review before the publication or posting process begins.

Management and, where appropriate, those charged with governance are responsible for the accurate reproduction of the consolidated financial statements, the auditor's report and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either the full or summarized consolidated financial statements that we have audited.

We are not required to read the information contained in your website, or to consider the consistency of other information in the electronic site with the original document.

Use of Information

It is acknowledged that we will have access to all personal information in your custody that we require to complete our engagement. Our services are provided on the basis that:

- a) You represent to us that management and, where appropriate, those charged with governance has obtained any required consents for collection, use and disclosure to us of personal information required under applicable privacy legislation; and
- b) We will hold all personal information confidential in compliance with our Firm's Privacy Statement.

Use of Electronic Communications

Unless we are advised to the contrary, the services may be conducted and obligations performed by the electronic transmission of information, documents and data, including confidential and sensitive information by Internet e-mail. If the communication relates to a matter of significance and there are concerns about possible effects of electronic transmission, a hard copy of such transmission should be requested of us.

Terms and Conditions Supporting the Fee

Our fees will be determined on the basis of the time spent at our standard billing rates, plus any out-of-pocket disbursements incurred. Each billing is due for payment when received. Our fee estimates take into account that the corporation will provide clerical assistance to the extent practicable, including the preparation of various schedules in advance of the year end audit. If, for any reason, The Corporation of the Township of Wellington North is unable to provide such schedules, information and help, RLB LLP and The Corporation of the Township of Wellington North will mutually revise the fee to reflect additional services, if any, required of us to achieve these objectives.

Interest will be charged on overdue balances at the rate of 1.17%, compounded monthly. Overdue balances are defined as those balances which remain outstanding 60 days from the date of the invoice.

In providing our services, we will consult with The Corporation of the Township of Wellington North about matters of accounting, financial reporting or other significant business issues. Accordingly, our fee reflects the time necessary for a reasonable amount of such consultation. However, should a matter require research, consultation or audit work beyond that amount, RLB LLP and The Corporation of the Township of Wellington North will agree to an appropriate revision in services and fee.

Limitation of Liability

The liability of RLB LLP to The Corporation of the Township of Wellington North for a claim related to professional services provided pursuant to this agreement in either contract or tort is limited to the extent that such liability is covered by errors and omissions insurance in effect from time to time including the deductible therein, which is available to indemnify the chartered professional accountant at the time the claim is made.

In any action, claim, loss or damage arising out of the engagement, The Corporation of the Township of Wellington North agrees and understands that RLB LLP's liability will be several, and not joint and several, and The Corporation of the Township of Wellington North may only claim payment from RLB LLP's proportionate share of the total liability based on degree of fault.

In no event shall RLB LLP be liable to The Corporation of the Township of Wellington North whether the claim be in tort, contract or otherwise, for an amount in excess of the professional fees paid by The Corporation of the Township of Wellington North for the engagement to RLB LLP during the twelve month period commencing from the date of this letter.

Indemnification for Misrepresentation

The Corporation of the Township of Wellington North hereby agrees to release and indemnify RLB LLP and its partners and employees, and hold them harmless from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of The Corporation of the Township of Wellington North's management, regardless of whether such person was acting in The Corporation of the Township of Wellington North's interest. This release and indemnification will survive termination of this engagement letter.

Working Papers

All working papers and files, other materials, reports and work created, developed or performed by RLB LLP during the course of the audit are the property of RLB LLP, constitute confidential information and will be retained by us in accordance with our Firm's policies and procedures.

File Inspections

In accordance with professional regulations (and by our Firm's policy), our client files may periodically be reviewed by practice inspectors, [including the Canadian Public Accountability Board (CPAB)] and by other file quality reviewers to ensure that we are adhering to professional and our Firm's standards. File reviewers are required to maintain the confidentiality of client information.

Costs of Responding to Government or Legal Processes

In the event we are requested or authorized by The Corporation of the Township of Wellington North or required by government regulation, subpoena, or other legal process to produce our working papers or our personnel as witnesses with respect to our engagement for The Corporation of the Township of Wellington North, The Corporation of the Township of Wellington North will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such a request.

Governing Law

This engagement letter is subject to and governed by the laws of the Province of Ontario, Canada. The Province of Ontario, Canada will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum, or to claim that those courts do not have jurisdiction.

Timely Performance

RLB LLP will use all reasonable efforts to complete within any agreed upon time frame the performance of the services described in this engagement letter. However, RLB LLP shall not be liable for failures or delays in performance that arise from causes beyond its control, including the untimely performance by The Corporation of the Township of Wellington North of its obligations.

Termination

Management and, where appropriate, those charged with governance acknowledges and understands that failure to fulfill its obligations as set out in this engagement letter will result, upon written notice, in the termination of the engagement. Either party may terminate this agreement for any reason upon providing written notice to the other party [not less than 30 calendar days before the effective date of termination]. If early termination takes place, The Corporation of the Township of Wellington North shall be responsible for all time and expenses incurred up to the termination date.

If we are unable to complete the engagement or are unable to form an opinion on the consolidated financial statements, we may withdraw from the engagement before issuing the audit report, or we may issue a denial of opinion on the consolidated financial statements. If this occurs, we will communicate the reasons and provide details.

Other Matters

The foregoing comments deal only with our engagement as your corporation's auditor. In the fields of taxation, management accounting and other financial matters, we would be pleased to be of further service.

Normally, our work in the area of HST and other commodity taxes is limited to that appropriate to ensure the consolidated financial statements are not materially misstated. Accordingly, the audit process may not detect situations where you are incorrectly collecting HST or incorrectly claiming input tax credits, unless material. As you are aware, failure to properly account for the HST could result in you or your corporation becoming liable for tax, interest or penalties. These situations may also arise for provincial sales taxes, custom duties and excise taxes. Accordingly, only upon your written request, will we undertake a special engagement to perform detailed work in the area of HST and other commodity taxes, as allowed by the Rules of Professional Conduct/Code of Ethics.

Our engagement cannot be relied on to uncover errors or irregularities in the underlying information incorporated in the income tax returns, should any exist. However, we will inform you of any such matters that come to our attention.

We look forward to being of service to you. The arrangements outlined in this letter will be reviewed with you annually but will continue in effect from year to year unless changed by either party in writing. If these arrangements are in accordance with your understandings, please sign the letter in the space provided and return one copy to us. If you have any questions about these or other matters relating to any of our professional services, we would be pleased to discuss them further with you.

Yours truly,



M. D. P. Short, MBA, CPA, CA, C. Dir, is responsible for the engagement and its performance, and for the report that is issued on behalf of RLB LLP, and who, where required, has the appropriate authority, from a professional, legal or regulatory body.

I agree with your understanding of the terms of your engagement as auditors of The Corporation of the Township of Wellington North as set out in this letter.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH

Per:

Adam McNabb

Date: _____

APPENDIX A

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of: The Corporation of the Township of Wellington North

Opinion

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Wellington North, which comprise the statement of financial position as at December 31, 2020 and the statements of operations and change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Wellington North as at December 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of The Corporation of the Township of Wellington North in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the corporation's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Guelph, Ontario

Chartered Professional Accountants
Licensed Public Accountants

Township of Wellington North

2020 Water and Wastewater Rate Study & O. Reg 453/07 Financial Plan



DFA Infrastructure International Inc.

November 13, 2020

**DFA Infrastructure International Inc.**

33 Raymond Street St. Catharines Ontario Canada L2R 2T3

Telephone: (905) 938 -0965 Fax: (905) 937-6568

November 13, 2020

Mathew Aston
Director of Operation
Township of Wellington North
7490 Sideroad 7 W
Kenilworth, Ontario
N0G 2E0

Re: 2020 Water and Wastewater Rate Study and O. Reg 453/07 Financial Plan

Dear Matt:

We are pleased to submit to you the above noted report entitled: "Water and Wastewater Rate Study and O. Reg 453/07 Financial Plan". Please note, this report takes into consideration the November 9th direction from Township Council that no increase in rates occur in the year 2021.

Yours truly,

DFA Infrastructure International Inc.

Derek Ali, MBA, P.Eng.
President

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1 Introduction

1.1 Background

The Township of Wellington North (Township) has a population of approximately 12,600 with the Township providing water services to approximately 3378, and wastewater services to approximately 3,258 residential and non-residential customers.

The Township operates two water and wastewater systems, with one in Arthur and one in Mount Forest. The total cost of the Township's water and wastewater systems are recovered from operating (non-rate) revenues (e.g. administrative fees, etc.) and through direct billing to customers (rate revenues). Rate revenues consist of revenues from flat rate water and wastewater charges to residential customers, and base charges and metered rate charges to non-residential users.

DFA Infrastructure International Inc. (DFA) was retained by the Township to conduct a comprehensive Water and Wastewater Rate Review. The study includes an evaluation of the existing rate structure the determination of the full cost of service for water and wastewater over ten (10) years from 2021 to 2030 inclusive, and the calculation of rates that adequately fund the cost of service, while treating ratepayers in a fair and equitable manner.

1.2 Purpose

The primary purpose of this Water and Wastewater Rate Study is to:

- Identify the full costs of managing the Township's water and wastewater systems based on the most recent available information;
- Update the Township's current rates and charges to its customers that will recover the full costs of supplying and distributing drinking water, and collection and treatment of wastewater.
- Prepare an updated Water System Financial Plan in accordance with the requirements of O.Reg. 453/07 for the May 19th 2021 renewal of the licence for the Township's water distribution system; and
- Prepare a Wastewater System Financial Plan similar to that required for water under O.Reg 453/07.

2 Regulatory Requirements

2.1 Provincial Regulations

Provincial requirements governing water and wastewater services primarily include the following:

- The Environmental Assessment Act (EAA);
- The Safe Drinking Water Act (SDWA);
- The Municipal Act (MA);
- The Development Charges Act (DCA);
- The Sustainable Water and Sewage Systems Act, 2002 (SWSA); and
- The Water Opportunities and Conservation Act, 2010 (WOA).

The first two (2) set out the technical requirements related to service delivery. The EA Act applies to expansion of existing facilities and establishment of new capacity such as the installation of new pipes to service growth in customers.

The Safe Drinking Water Act, 2002 (SDWA) has significant implications to the daily operations as it sets out the water sampling and other operational requirements (in O. Reg. 170/03) for ensuring that the water delivered to consumers is of high quality and safe for consumption. The SDWA has been a major influence over the past decade in terms of adjustments to operational practices and water quality assurance. In addition, there is also a requirement under this Act (O.Reg. 188/07) for drinking water providers to establish a Drinking Water Quality Management System (DWQMS) and obtain licences for their respective water systems. As part of the DWQMS, and as required under O. Reg. 453/07 (Financial Plans Regulation), operating authorities must submit a financial plan for their respective water systems as a condition of licensing. There are also many regulations and guidelines that deal with design and operation standards that mandate certain activities be undertaken as part of service delivery.

The Municipal Act, Part VII, Section 293 requires municipalities to establish reserves for dealing with long-term liabilities. This applies directly to the water systems and the future liabilities associated with their age and condition. The Municipal Act also permits the municipalities to establish fees for cost recovery and requires public input prior to any fee adjustments. The Development Charges Act and regulations establishes the requirements for the recovery of portions of future growth-related capital expenditures to be incurred by municipalities. The Sustainable Water and Sewage Systems Act, 2002 requires that water systems be financially sustainable. The Water Opportunities and Conservation Act, 2010 is the most recent legislation to be enacted influencing water system management. It requires sustainability plans to be prepared for water systems and overlaps somewhat with the SWSA.

The Sustainable Water and Sewage Systems Act, 2002

One of the main recommendations contained in Justice O'Connor's report on the Walkerton incident is the need for municipalities to identify the full cost of water services and to develop a sustainable plan to finance these costs. This resulted in the establishment of the Sustainable Water and Sewage Systems Act, 2002 in December 2002 which requires operators of Water systems to report full costs and the method of cost recovery to the Province of Ontario. However, the Sustainable Water and Sewage Systems Act, 2002 was never proclaimed into force, nor were the regulations necessary for the act to operate ever developed. Under the Sustainable Water and Sewage Systems Act, 2002, the municipalities are required to submit to the Province of Ontario:

- A report prepared by a Professional Engineer, identifying the full cost of water services;
- A report identifying a sustainable method by which municipalities would recover these costs;
- The comments made by the Town's Auditor following a review of both reports; and
- Copies of Council resolutions accepting the recommendation of reports.

The Water Opportunities and Conservation Act, 2010

The WOA was enacted in November 2010 and the regulations are pending. This legislation promotes water conservation and requires municipalities to develop:

- Water conservation plans;
- Sustainability plans for water, wastewater & stormwater management; and
- Asset management plans.

Financial plans are required as a component of the water sustainability and asset management plans.

The DWQMS Requirements

Regulation 188/07 under the Safe Drinking Water Act requires Ontario municipalities to apply for and obtain Drinking Water System Licences as part of their overall DWQMS. One of the requirements to obtain a drinking water licence is to prepare and submit a financial plan in accordance with O.Reg. 453/07.

2.2 Township of Wellington North By-Law

Township By-law No. 114-19 establishes the water and wastewater rates and charges that apply to the various customer classes in 2020. Schedule B of By-law 114-19 is attached as Appendix A.

3 Methodology

The Rate Study gives consideration to the full costs (or the required investment) associated with managing the Township's water and wastewater systems over a ten (10) year period from 2021 to 2030 inclusive, and the recovery of those costs (or revenue plan) through proposed rates and charges to customers. Life cycle costs of assets from the Township's Capital Asset Inventory were also considered to determine the full replacement and/or rehabilitation needs given that some water and wastewater system assets (e.g. water mains and sewer mains) can have life expectancies in the 50 to 100 year range. Rates are then developed that recover the full costs of water and wastewater services.

3.1 Full Cost Considerations

Calculation of the Township's full cost of managing the water and wastewater systems is based on the draft 2020 budgets related to the primary activities required to deliver water and wastewater services to Township customers. Higher costs are generally expected in the future as the water and wastewater business environment changes. The impact can be mitigated however by fully understanding, assessing and planning for future water and wastewater system costs.

Determination of the full cost of managing the Township's water and wastewater systems takes into account the factors that have a bearing on the cost of providing reliable water and wastewater services to the customers over the long-term. These included both current and future considerations that would influence the cost of managing the systems (and the revenues required to sustain them). Table 3-1 notes the main drivers of cost. The assumptions made are noted in the respective sections of this report.

Table 3-1: Cost Components and Drivers

Cost Component	Cost Drivers	Future Cost Implications
Water and Wastewater systems operations and maintenance (O&M)	<p>This is the annual cost of operating and maintaining the current system including direct (e.g. operations staff) and indirect costs (e.g overhead, charge backs etc).</p> <p>Changes in regulations can result in additional (O&M) activities and added costs. This was evident when the regulations under the Safe Drinking Water Act took effect. Municipalities were required to undertake specific activities in the interest of water quality management (e.g sampling, analysis and reporting of water quality). More recently, the DWQMS meant additional costs for water system operational plans and licensing albeit not annually. It is expected that pending regulations under the Water Opportunities Act and greater enforcement of compliance requirements by the Ministry of the Environment and Climate Change (MOECC) would require more actions to be undertaken (and increased costs) by municipalities.</p>	<p>This is a direct annual cost that is reasonably consistent (fixed) from year to year but requires adjustment to account for non-recurring items, operational changes, variable cost (e.g. chemical use) changes and inflation. Non-rate revenues from administrative fees and grants offset these costs.</p> <p>The long term impact of new regulations on costs are difficult to predict. However, the costs are expected to rise as more stringent requirements are established and compliance enforcement by the MOECC increases.</p> <p>Operating costs are assumed to increase by 2% annually.</p>
Customer Growth	<p>As the existing urban areas are developed, the addition of new customers would increase the total demand for water . A corresponding rise in wastewater volume requiring treatment would also be expected</p>	<p>The increase in demand, if significant, would increase volumes of water consumed and wastewater treated, and variable costs in the year the new customers are added.</p> <p>Customer Growth is based on projections contained on the Wellington North 2018 Development Charges Background Study</p>
Consumption Volume (m3)	<p>Consumption is a function of the number of customers (existing and new growth), weather conditions and the economic environment. The weather conditions have a significant influence on how much water is consumed in a given year. For example, lower temperatures and wet weather tend to result in less water consumption. Dry weather and higher temperatures increase water consumption. Wet weather would also mean more stormwater entering the wastewater system (known as inflow and infiltration) The loss of large (commercial or industrial) customers perhaps due to economic climate would reduce demand.</p>	<p>The annual consumption volume is unpredictable. Fluctuations can result in higher than anticipated costs or lower revenues and lead to budget deficits. An operating reserve would minimize the risk of deficits and stabilize rates (i.e. minimize rate spikes) It is assumed that consumption will continue to increase as a result of new customer growth.</p>
New growth related services	<p>This refers to installation of new assets to increase the system capacity to facilitate new development and build out of the approved service areas within the Township</p>	<p>Would result in capital investments in the year the new infrastructure is needed. Note that financing of these costs can be through debt or cash from</p>

Cost Component	Cost Drivers	Future Cost Implications
		<p>reserves after third party contributions are considered (e.g. grants, developer contributions etc.)</p> <p>Growth related capital investments are as provided from the Township's 2021 - 2029 capital forecast and the 2018 Development Charges Background Study</p>
Asset preservation and renewal	This is mainly the replacement of aging Tangible Capital Assets (TCA) e.g. old water mains, plant components, well components etc. that have exceeded their service life.	<p>Would result in future capital expenditures in the year in which the assets require replacement or rehabilitation to extend their useful lives. Allowances must be made as part of the annual costs to account for the future replacement of these assets. Financing can be through a combination of debt and reserve funds.</p> <p>Asset renewal needs are as provided from the Township's 2021-2029 Capital forecast, and supplemented with additional lifecycle needs as determined by the Township's 2019 Tangible Capital Asset Inventory.</p>
Other capital expenditures	These are capital expenditures other than those needed for growth and asset renewal. These would include cost of studies and implementation of operational improvements of the water and wastewater systems such as water loss reduction measures and wastewater I & I reduction programs.	<p>Would increase costs in the year the expenditure is required. Financing can be through a combination of debt and reserves.</p> <p>Other capital investments are as provided from the Township's 2021 - 2029 capital forecast.</p>
Capital Financing	Capital financing for projects can be from four (4) main sources: Debt financing, reserves, annual rates and third party contributions (grants etc.). Grant funding is available only when approved and is therefore not a predictable source of financing for financial planning purposes. The greater the debt financing, the higher the annual amount (costs) needed to repay the principal and interest on any current or future debt. Financing from reserves can only be used if sufficient funds are available. Therefore annual contributions to reserves are required to build balances for use in future years. Financing from rates do not increase annual costs but tend to drive up rates in the year the capital expenditure is required.	<p>Annual costs would increase to provide for reserve contributions and debt repayment. It should be noted that using debt financing would minimize spikes in funding required for capital projects and allocates cost to future users</p> <p>It is assumed that debt financing will be used when funds from other sources (reserves, grants, etc) are insufficient to finance the current year's capital program</p>

Cost Component	Cost Drivers	Future Cost Implications
Inflation	This is the annual rate of inflation as reported by Statistics Canada for the provision for cost of living adjustments each year.	Annual inflation is assumed to be 2%
Market competition and pricing	The level of competition within the market place depends on the number of service providers available. Additionally, the capacity of industry service providers to meet the increasing demand for their services may tend to increase prices. Tender prices for future capital projects would be influenced by the market conditions at the time of tendering.	Potential higher prices depending on the future behaviour of the industry.

3.2 Full Cost Assessment

The full cost assessment identifies the current and future costs (i.e. the full costs) associated with the management of the water and wastewater systems over the next ten (10) years (2021 to 2030). The key cost areas include:

- Operations & Maintenance (O&M) cost projections;
- Capital Budget based on the capital forecast provided by the Township;
- Tangible Capital Asset (TCA) projections including asset replacement needs;
- Debt servicing requirements; and
- Reserve fund requirements.

The non-rate revenues associated with the systems are also identified. These are defined as revenues that are routinely generated each year by the daily operations and include administrative revenues such as service connection fees, penalties, operating grants and other direct user fees and service charges. It is important to note that the non-rate revenues do not include the revenues generated by the water and wastewater user rates. The full cost developed through the various analyses in this study identify the revenue requirements for the water and wastewater systems and form the basis for the future rates and charges.

3.3 Data Sources

The primary sources of data used in this review are listed in Table 3-2. In addition, information was also developed from discussions with input from Township staff, as required.

Table 3-2: Data Sources

Item	Data Source
Asset Life Expectancy	<ul style="list-style-type: none"> Township's TCA Policy Information Provided by the Township
Asset Replacement Costs	<ul style="list-style-type: none"> Township's TCA Policy Historical Costs Provided by the Township indexed to 2020
Asset Values	<ul style="list-style-type: none"> Township's TCA Policy Information Provided by the Township
O & M Costs and Revenue Projections	<ul style="list-style-type: none"> Township's 2020 Water Operating Budget
Capital Cost Projections	<ul style="list-style-type: none"> Township's 2020 Water Capital Budget and 2021-2029 Capital Forecasts
Debt	<ul style="list-style-type: none"> Township's 2020 Water and Wastewater Operating Budgets and 2021-2029 Capital Budget Forecasts
Investments, Reserve balances etc.	<ul style="list-style-type: none"> Information provided by the Township
Existing Customers	<ul style="list-style-type: none"> Town's Customer count Provided by the Township
Growth	<ul style="list-style-type: none"> Information as contained in the Township 2018 Development Charges Background Study
Water and Wastewater Volumes	<ul style="list-style-type: none"> Township's actual historical Consumption Volumes provided by the Township

4 Customer Growth

The cost of service depends on the number and type of customers and corresponding demand. Although most costs are fixed, variable costs such as annual chemical use and hydro costs can increase depending on the level of customer growth and water consumption and wastewater treated. Capital costs related to increasing system capacity to accommodate customer growth can also be influenced by growth and demand. In addition, the rate structure to be considered is comprised of a fixed charge for residential customers, and a fixed (base charge) per non-residential customer plus a consumption charge based on the metered volume of water consumed (billed wastewater flows). Therefore forecasting customer growth and annual water consumption volumes is essential to projecting future costs, revenue requirements and rates.

4.1 Current Customers

There are currently approximately 3,378 water customers and 3,258 wastewater customers based on information provided by the Township. This number is expected to increase over the 2021 – 2030 forecast period. Table 4-1 shows the current total number of residential and commercial customers.

Table 4-1: 2020 Customer Count

System/Customer Type	Number of Customers (Water)	Number of Customers (Wastewater)
Arthur Residential	918	904
Mount Forest Residential	2,110	2,022
Arthur Non-Residential	111	104
Mount Forest Non-Residential	239	228
Total	3,378	3,258

4.2 Customer Growth Projections

Table 4-2 shows the increase in total customers over the 2021-2030 forecast period. Customer growth projections reflect the customer growth as provided by the Township's 2018 Development Charges Background Study. Customer growth over the forecast period is projected to be 812 units. Detailed customer growth projections by year over the forecast period are presented in Appendix B.

Table 4-2: Customer Growth Projection

Water Customers	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total	3,459	3,540	3,621	3,702	3,783	3,864	3,945	4,026	4,108	4,190

Wastewater Customers	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total	3,339	3,420	3,501	3,582	3,663	3,744	3,825	3,906	3,988	4,070

5 Volume Projections

5.1 2020 Water Consumption (Billed Wastewater) Volumes

Table 5-1 details the projected 2020 metered water consumption and billed wastewater flows as determined from billing records provided by the Township. It should be noted that only non-residential customers are metered.

Table 5-1: 2020 Water and Wastewater Volumes (m³)

System/Customer Type	Water Volume (m ³)	Wastewater Volume (m ³)
Arthur Residential	n/a	n/a
Mount Forest Residential	n/a	n/a
Arthur Non-Residential	162,968	147,121
Mount Forest Non-Residential	118,398	117,622
Total	281,366	264,743

5.2 Projected Water Consumption and Billed Wastewater Volume

Projected water consumption and billed wastewater flow increases are based on projected customer growth by customer type/system multiplied by the estimated average customer consumption in that customer type/system. The 2021-2041 volume projections are shown below in Table 5-3. Appendix C presents the detailed water and wastewater volume projections by customer class/system over the forecast period.

Table 5-2: 2020-2030 Water and Wastewater Projected Volumes (m³)

		Water Billing Volume Projection								
Water Customers	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total	284,321	287,275	290,229	293,184	296,138	299,092	302,047	305,001	306,965	308,928

		Wastewater Billing Volume Projection								
Wastewater Customers	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total	267,698	270,652	273,606	276,561	279,515	282,469	285,424	288,378	290,342	292,305

6 Capital Budget Requirements

The future water and wastewater capital budget requirements are presented in Appendices D and E respectively. These appendices reflect the projects identified by the Township in its 2020 Capital Budget and 2021 to 2029 forecast, and the 2018 Development Charges Background Study. Additional asset management lifecycle needs provisions as determined by an age-based analysis of the Township's tangible capital asset inventory were also included thereby ensuring that sufficient annual capital funding is being provided from rates to address the average annual capital lifecycle needs. It should be noted that the additional asset management lifecycle provisions were adjusted to reflect asset management related projects already contained in the Township's capital forecast.

There is approximately \$29.2 million in projected water related capital expenditures and approximately \$20.8 million in projected wastewater related capital related expenditures required between 2021 and 2030.

Appendices D and E also show the projected sources of financing for the annual water and wastewater capital requirements. The level of water and wastewater rates have a direct impact on the mix of capital financing. The Township will continue to finance its' non-growth capital requirements mainly through cash from capital reserves. The Township will not be required to incur debt to cashflow non-growth capital projects as sufficient capital reserve funds are projected to be available over the forecast period. The Township will however be required to incur debt for financing growth-related water capital. Debt servicing for the growth-related water debt will be funded from water development charges revenues generated from the new growth anticipated in the Township and therefore will not impact on the user rates. Wastewater growth-related capital will be funded from the wastewater development charges reserves as sufficient fund balances are projected to be available over the forecast period in the wastewater development charges reserve fund.

6.1 Debt Financing

Issuance of debt allows for funds to be available in the year the project is required to proceed, with repayment of the debt occurring in future years. This approach supports the principle of user pay such that the beneficiaries of the new assets pay for their use through the debt repayment. Financing from capital reserve requires that sufficient funds be available in the reserve in the year the project is undertaken, through annual contributions from the operating budget to the reserve in prior years. Therefore, without debt or reserve financing, major rate increases, or "spikes" would be required in the project year to raise sufficient funds to cover the project expenditures.

The Township has used debt in the past as a source of capital financing, most notably the Township's new Wastewater Treatment Plant. As previously noted, the Township will be looking at borrowing \$16.1 million over the 2021-2030 forecast period to finance the water growth-related capital program. This debt will be serviced from future development charge revenues and will not impact on future water and wastewater rates. Appendix F shows the debt continuity for both water and wastewater debt from 2021 - 2030.

6.2 Reserve Requirements

There are two (2) separate reserve/reserve funds identified in this study for both water and wastewater for which projections are made:

- The Water and Wastewater Reserve Funds; and
- Water and Wastewater Development Charges Reserve Funds.

The water and wastewater reserve funds are funded annually by operating budget transfers. Funds contained in these reserve funds are used in funding the annual non-growth capital needs reflected in the capital budget projections, and to provide an account to transfer any projected revenue surpluses, as well as to offset any projected operating deficits in the operating budget.

The water and wastewater development charge reserve funds required to be established under the *Development Charges Act 1997*. Development charges revenues generated from future anticipated growth are

credited to each respective development charge reserves. The development charges reserve fund balances are used in financing the growth-related component of future capital expenditures, or used in the servicing of debt that was required to finance past growth-related capital.

Appendix G shows the continuity schedule for each reserve fund projection. These schedules show the transfers to and from the respective reserves and the opening and closing balances. Reserve funds are assumed to earn 1.25 % annual interest on balances. Reserve balances do not earn interest.

7 Operations & Maintenance (O&M) Cost Projections

The annual operating budgets are based on the operations and maintenance needs of the Township's water and wastewater systems. These include operations and maintenance costs related to the water system (i.e. water treatment and water distribution), and the wastewater system (i.e. wastewater treatment and wastewater collection). These costs generally include the staffing, materials, utilities and other costs related to the following:

- Administration;
- Contracted Services;
- Minor Capital; and
- Maintenance.

Transfers to reserves and debt servicing are typically included in the annual O&M budgets. These costs have however been addressed separately for the purposes of this report and are noted in Section 6.

A portion of the O&M costs is offset by non-rate revenues. These include:

- Penalties and late payment charges;
- Administrative service fees and charges;
- Service Connection Fees; and
- Recoveries.

The projection of the gross costs and non-rate revenues over the study period is based on the Township's 2020 Operating Budget. It has been assumed that for 2021 and beyond, O&M costs (not including non-recurring costs, reserve transfers and debt servicing) will increase annually by 2%; and

Table 7.1 and Table 7.2 shows the Township's 2021 projected operating budgets for water and wastewater services including the net amount to be recovered from customers.

Table 7-1: 2021 Water Operating Budget Forecast

2021 Water Operating Budget Forecast	
Operating Expenditures	
WW-Salaries - Supt.	34,936
WW-ADM Salaries/Wages	217,299
WW-Training Salaries/Wages	15,955
WW-Locates Salaries/Wages	99,217
WW-Well Operation Salaries/Wages	129,145
WW-Main/Service/Mtce Salaries/Wages	14,091
WW-Hydrant Mtce Salaries/Wages	450
WW-Benefits	6,355
WW - Group Benefits	49,878
WW - ADM - Benefits	38,784
WW - Training Benefits	2,848
WW - Locates Benefits	17,709
WW - Well Operation Benefits	23,051
WW - Main/Service/Mtce Benefits	2,515
WW - Hydrant Mtce Benefits	1,398
WW-Materials & Supplies	178,500
WW-Meters & Hardware	3,162
WW-Testing/Sampling	25,500
WW - Water Tower Inspection & Mtce	33,966
WW-Backflow Preventer Testing	27,030
WW - Meter/Backflow preventer maintenance	5,100
WW-Water Testing (Lead)	510
WW - Leak Detection	4,080
WW - Property Expense	10,098
WW - Well Maintenance	51,000
WW - Locates (Ontario One)	1,224
WW - Advertising	1,020
WW - Computer	9,180
WW-Insurance	53,858
WW-Consulting/Engineering	25,500
WW - Drinking Water Quality Management Standards	5,100
WW - Memberships	1,530
WW-Conferences, training & travel	20,400
WW-Safety Clothing Allowance	2,244
WW-Telephone	5,100
WW-Services & Rents (HEC Billings)	56,610
WW-Truck Mtce - Truck #1 -New 2020	4,437
WW -Source Water Protection Expense	19,890
MF WW-Well #3 (Mtce & hydro)	14,790
MF WW-Well #4 (Mtce & hydro)	9,690
MF WW-Well #5 (Mtce & hydro)	10,200
MF WW-Well #6 (Mtce & hydro)	8,160
AV WW-Well #1 (Mtce & hydro)	2,856
AV WW-Well #5 (Mtce & hydro)	4,335
AV WW-Well #7 & 7B (Mtce & hydro)	10,200
WW - AV WW - Well #8A & 8B Mtce/Utilities	18,360
WW - Equipment Mtce Oil & Gas	18,870
WW - Truck Mtce - Truck #2 (2019 Dodge)	2,550
WW - Truck Mtce - Truck #3 (2008 GM)	4,437
Ww - Truck Mtce - Truck #4 (2007 Dodge)	4,437
Sub Total Operating Expenditures	1,307,556
Capital-Related	
Transfer to Reserve Fund	1,406,340
Total Expenditures	2,713,897
Non-Rate Revenues	
WW - Meter & Backflow Fee	51,000
WW-Service Connection Fees	15,300
WW-Meters & Hardware	510
WW-Interfunctional Transfer	17,768
Total Operating Revenue	84,578
Net Water Costs To Be Recovered From Users	2,629,318

Table 7-2: 2021 Wastewater Operating Budget Forecast

2021 Wastewater Operating Budget Forecast	
Operating Expenditures	
SS-Salaries Corey, Ed, Supt.	49,929
SS-Benefits	8,912
SS - Group Benefits	1,326
SS-Materials/Supplies/Rent	40,800
SS-Testing/Sampling	1,020
SS - Sewer Inspections (Camera)	7,650
SS - Line Flushing	15,300
SS-Pumping Stn -Utilities & Mtce - A & MF	61,200
SS- Property Expense	78,407
SS-Arthur Disposal Mtce	257,550
SS-MF New Disposal/Storage/Utilities/Mtce	262,732
SS - Locates (Ontario One)	1,224
SS - Computer	510
SS-Insurance	1,867
SS-Consultants Fees	20,400
SS-Conferences, training & travel	-
SS-Safety Clothing Allowance	-
SS-Telephone	9,180
SS-Services (WNP Billing only)	47,834
SS-Truck Mtce - Truck #1 (2012 Ford)	-
SS - Inflow & Infiltration Improvements	10,200
SS-Salaries (Works Employees)	2,912
SS - Benefits (Works Employees)	562
SS-Arthur MOE Operating (OCWA)	260,638
SS-MF MOE Operating (OCWA)	270,306
SS - Equipment Oil & Gas	-
SS - Truck Mtce - Truck #2 (2010 Dodge)	-
SS - Truck Mtce - Truck #3 (2008 GM)	-
SS - Truck Mtce - Truck #4 (2007 Dodge)	-
SS-Interfunctional Transfer	26,826
Sub Total Operating Expenditures	1,437,284
Capital-Related	
Existing Debt (Principal) - Non-Growth Related	272,670
Existing Debt (Interest) - Non-Growth Related	73,739
Existing Debt (Principal) - Growth Related	374,955
Existing Debt (Interest) - Growth Related	136,070
Transfer to Reserve Fund	1,249,002
Sub Total Capital Related Expenditures	2,106,437
Total Expenditures	3,543,721
Non-Rate Revenues	
SS - Misc Revenue	2,040
SS-Service Connection Fees	15,300
Contributions from Development Charges Reserve Fund	511,026
Total Operating Revenue	528,366
Net Wastewater Costs To Be Recovered From Users	3,015,355

Appendix H summarizes the projected 2021 – 2030 water systems gross operating & maintenance costs, non-rate revenues and net costs to be recovered from customers through the Township's water rates and charges. The net annual costs of the water system are expected to increase from \$2.6 million in 2021 to approximately \$3.5 million by 2030.

Appendix I summarizes the projected 2021 – 2030 wastewater systems gross operating & maintenance costs, non-rate revenues and net costs to be recovered from customers through the Township's wastewater rates and charges. The net annual costs of the wastewater system are expected to increase from approximately \$3.0 million in 2021 to \$4.0 million by 2041.

8 Sustainable User Rates and Charges

The sustainable water and wastewater rates and charges are based on the Township's current water and wastewater rate structure, and includes the November 9th direction from Council that there be a 0% increase in water and wastewater rates for the fiscal year 2021.

The capital costs and sources of capital financing contained in Section 6 (Capital Budget Requirements) and costs and revenues contained in Section 7 (Operating & Maintenance Cost Projections), and the projected growth contained in Section 4 (Customer Growth) and Section 5 (Volume Projections) were considered in calculating the sustainable user rates and charges as presented in this section.

8.1 Current Rates and Charges

The Township's current rate structure and rates are shown in Table 8-1. The rate structure includes:

- A (Flat) Base Charge for Residential Customers
- A Base Charge and Uniform Volumetric Rate for Non-Residential Customers

Table 8-8-1: Current 2020 Water and Wastewater Rates and Charges

Category	Water 2020 Approved	Wastewater 2020 Approved
Residential Annual (Flat) Base Charge	\$ 558.96	\$ 687.48
Non-Residential Annual Base Charge	\$ 670.14	\$ 824.16
Non-Residential Volumetric Rate (per m ³)	\$ 2.05	\$ 2.52

8.2 Water Rates and Charges Projection

Table 8-2 presents the projected sustainable water rates and charges for the six (6) year period 2021 – 2026. The ten (10) year projection of water rates and charges is detailed in Appendix J. The water rates and charges as projected are required to ensure a sustainable level of water funding over the forecast period.

Table 8-2: Projected Water Rates and Charges

Category	Water					
	2021 Proposed	2022 Proposed	2023 Proposed	2024 Proposed	2025 Proposed	2026 Proposed
Annual Increase (Percent)	0.00%	1.50%	1.50%	1.50%	1.50%	1.50%
Residential Annual (Flat) Base Charge	\$ 558.96	\$ 567.34	\$ 575.85	\$ 584.49	\$ 593.26	\$ 602.16
Non-Residential Annual Base Charge	\$ 670.14	\$ 680.19	\$ 690.39	\$ 700.75	\$ 711.26	\$ 721.93
Non-Residential Volumetric Rate (per m ³)	\$ 2.05	\$ 2.08	\$ 2.11	\$ 2.14	\$ 2.18	\$ 2.21

8.3 Wastewater Rates and Charges Projection

Table 8-3 presents the current and projected sustainable wastewater rates and charges for the six (6) year period 2021 – 2026. The ten (10) year projection of wastewater rates and charges is detailed in Appendix K. The wastewater rates and charges as projected are required to ensure a sustainable level of wastewater funding over the forecast period.

Table 8-3: Projected Wastewater Rates and Charges

Category	Wastewater					
	2021 Proposed	2022 Proposed	2023 Proposed	2024 Proposed	2025 Proposed	2026 Proposed
Annual Increase (Percent)	0.00%	1.50%	1.50%	1.50%	1.50%	1.50%
Residential Annual (Flat) Base Charge	\$ 687.48	\$ 697.79	\$ 708.26	\$ 718.88	\$ 729.67	\$ 740.61
Non-Residential Annual Base Charge	\$ 824.16	\$ 836.52	\$ 849.07	\$ 861.81	\$ 874.73	\$ 887.85
Non-Residential Volumetric Rate (per m ³)	\$ 2.52	\$ 2.56	\$ 2.60	\$ 2.64	\$ 2.67	\$ 2.71

8.4 Water and Wastewater Cost Comparison

Table 8-4 provides a comparison of the Township's water and wastewater costs on a typical residential customer that consumes 180 cubic metres of water a year based on the proposed 2021 water and wastewater rates and charges.

While difficult to compare the appropriateness of water and wastewater costs given the many differences that can exist among the different water and wastewater systems, Table 8-4 would indicate that the Township's water costs are reasonable when compared to the other municipalities listed, whereas the Township's wastewater costs could be seen on the high side.

Table 8-4: Comparison of Rate Impacts

Water & Wastewater Annual Cost Comparison with Other Municipalities - For Residential Consumption of 180m3 or Less						
Municipality	ANNUAL RESIDENTIAL WATER CHARGES			ANNUAL RESIDENTIAL WASTEWATER CHARGES		
	Base Charge (\$/year)	Consumption Charge (\$/year)	Total Water (\$/year)	Base Charge (\$/year)	Consumption Charge (\$/year)	Total Wastewater (\$/year)
Owen Sound	\$297.24	\$251.82	\$549.060	\$368.58	\$312.26	\$680.83
Georgian Bluffs - Oxende	\$1,267.71	\$579.60	\$1,847.31			
Georgian Bluffs - East Linton	\$690.58	\$340.20	\$1,030.78			
Georgian Bluffs - Pottawatomi	\$2,079.78	\$1,026.00	\$3,105.78			
Georgian Bluffs - Shallow Lake	\$1,638.13	\$808.20	\$2,446.33			
Wasaga Beach	\$167.28	\$70.20	\$237.48	\$196.44		\$196.44
Orangeville	\$115.92	\$381.60	\$497.52	\$115.32		\$115.32
Brockton	\$215.00	\$241.20	\$456.20	\$238.00		\$238.00
Hanover	\$148.80	\$163.80	\$312.60	\$193.44		\$193.44
Collingwood	\$269.52	\$120.60	\$390.12	\$633.36		\$633.36
Clearview	\$178.00	\$432.00	\$610.00	\$473.97		\$473.97
Blue Mountain	\$317.76	\$325.80	\$643.56	\$276.24		\$276.24
Shelburne	\$301.68	\$127.80	\$429.48	\$351.00		\$351.00
Meaford- Meaford System	\$528.72	\$387.00	\$915.72	\$449.40		\$449.40
Southgate (3/4 inch meter)	\$322.44	\$322.20	\$644.64	\$750.24		\$750.24
Saugeen Shores	\$270.90	\$183.60	\$454.50	\$304.32		\$304.32
Average	\$550.59	\$360.10	\$910.69	\$362.53	\$312.26	\$388.55
Median	\$299.46	\$324.00	\$579.53	\$327.66	\$312.26	\$327.66
Wellington North Proposed 2021 Rates	\$558.96	\$0.00	\$558.96	\$687.48	\$0.00	\$687.48

9 2020 O.Reg 453/07 Water System Financial Plan No. 113-301A and Wastewater System Financial Plan

Regulation 188/07 under the Safe Drinking Water Act requires Ontario municipalities to apply for and obtain Drinking Water System Licences as part of their overall DWQMS. One of the requirements of holding a valid drinking water licence is preparing and submitting to the Province an updated financial plan in accordance with O.Reg. 453/07. The financial plan must include financial statements on the following:

- The proposed or projected financial position of the drinking water systems;
- The proposed or projected gross cash receipts and gross cash payments;
- The proposed or projected financial operations of the drinking water system; and
- Details on the extent to which the above information applies to the replacement of lead service pipes, if applicable.

The financial plan must apply to a period of at least six (6) years with the first year being the year the existing license expires. In the Township's case an updated Water System Financial Plan is required for the period 2021 to 2026. While not mandatory, but in keeping with best practice, a Wastewater System Financial Plan has also

been prepared in accordance with the requirements of O.Reg 453/07. It should be noted that the financial plans are based on the results of the rate analysis and rate recommendations contained in this report.

Upon Council's approval the financial plans would be made available to the public at no charge and posted on the Township's website. The financial plans will also be submitted to the Province as part of the Township's drinking water license renewal application.

Appendix L presents the updated water system and wastewater system financial plans as defined in O.Reg. 453/07, thereby allowing the Township to fulfil its obligations under the drinking water licensing regulations for the renewal of its drinking water systems license. The financial outlook for both the water and wastewater systems over the 6-year period from 2021-2026 are excellent.

10 Conclusions & Recommendations

The following are the main conclusions regarding the water system:

1. Approximately \$29.2 million in water capital expenditures is identified between 2021 and 2030, with \$13.1 million in capital financing coming from the capital reserves and \$16.1 million in capital financing coming from growth-related debt.
2. The net annual water expenditures are expected to increase approximately \$2.3 million, from \$0.9 million in 2021 to \$3.5 million by 2030.
3. The financial statements for the water system are prepared based on the results of the rate study analyses and projections, indicate the following:
 - The accumulated surplus is projected to increase from approximately \$22.1 million in 2021 to approximately \$29.5 million by 2026.
 - The operating surplus ratio is projected to increase from approximately 39% in 2021 to 48% in 2026.
 - The cash position is projected to increase from \$5.6 million in 2021 to a \$7.0 million in 2026.

These indicate that the financial outlook for the water system over the 6-year period 2021 to 2026 is excellent.

The following are the main conclusions regarding the wastewater system:

4. Approximately \$20.8 million in wastewater capital expenditures is identified between 2021 and 2030. Approximately 12.1 million in capital financing will be required from the wastewater capital reserve and \$8.6 million in capital financing from development charges.
5. The net annual wastewater expenditures are expected to increase approximately \$1.0 million, from \$3.0 million in 2021 to \$4.0 million by 2030.

6. The financial statements for the wastewater system are prepared based on the results of the rate study analyses and projections, indicate the following:
- The accumulated surplus is projected to increase from approximately \$26.3 million in 2021 to approximately \$38.9 million by 2026.
 - The operating surplus ratio is projected to decrease from approximately 59% in 2021 to 53% in 2026
 - The cash position is projected to increase from \$6.0 million in 2022 to \$6.5 million in 2026.

These indicate that the financial outlook for the wastewater system over the 6-year period 2021 to 2026 is excellent.

The following are the main recommendations resulting from the water and wastewater rate study:

7. That implementation of Water Rates and Charges as contained in Appendix J be approved to achieve full cost recovery and long-term sustainable financing of the Township's water system.
8. That implementation of Wastewater Rates and Charges as contained in Appendix K be approved to achieve full cost recovery and long-term sustainable financing of the Township's wastewater system.
9. That the O.Reg. 453/07 Water System Financial Plan No. 113-301A including the Financial Statements contained in Appendix L be approved by Council and submitted to the Province of Ontario in accordance with the Drinking Water System License renewal requirements and O. Reg. 453/07.
10. That the Wastewater System Financial Plan including the Financial Statements contained in Appendix L be received by Council.
11. That a copy of the Water Financial Plan No. 113-301A and the Wastewater Financial Plan as contained in Appendix L be posted on the Township's website and made available to the public at no charge.

APPENDICIES

Appendix A

2020 Water and Wastewater Rate By-Law No. 114-19

SCHEDULE "B"

WATER & SEWER RATES

Effective January 1, 2020

DESCRIPTION	
Water	
Residential (flat rate)	
Residential - monthly	\$46.58
Residential - annually	\$558.96
Non-residential Customers – Annual Flat Rate	\$670.14
Non-residential	
Rate per cubic metre	\$2.05
Meter Maintenance Fee (Commercial / Industrial) - monthly	\$17.34
Wastewater (Sewer)	
Residential (flat rate)	
Residential - monthly	\$57.29
Residential - annually	\$687.48
Non-residential Customers – Annual Flat Rate	\$824.16
Non-residential	
Rate per cubic metre	\$2.52
Water Account Set up	\$25.00
Sewer Account Set up	\$25.00

Appendix B

2021-2030 Water and Wastewater Customer Growth Projections

APPENDIX B: 2021 – 2030 Water and Wastewater Customer Growth Projections

Water Customers	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Arthur Residential	945	972	999	1,026	1053	1080	1107	1134	1164	1194
Mount Forest Residential	2,160	2,210	2,260	2,310	2360	2410	2460	2510	2560	2610
Arthur Non-Residential	112	113	114	115	116	117	118	119	120	121
Mount Forest Non-Residential	242	245	248	251	254	257	260	263	264	265
Total	3,459	3,540	3,621	3,702	3,783	3,864	3,945	4,026	4,108	4,190

Wastewater Customers	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Arthur Residential	931	958	985	1,012	1,039	1,066	1,093	1,120	1,150	1,180
Mount Forest Residential	2,072	2,122	2,172	2,222	2,272	2,322	2,372	2,422	2,472	2,522
Arthur Non-Residential	105	106	107	108	109	110	111	112	113	114
Mount Forest Non-Residential	231	234	237	240	243	246	249	252	253	254
Total	3,339	3,420	3,501	3,582	3,663	3,744	3,825	3,906	3,988	4,070

Appendix C

2021-2030 Water and Wastewater Volume Projections

APPENDIX C: 2021 – 2030 Water and Wastewater Volume Projections

Water Billing Volume Projection										
Water Customers	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Arthur Residential	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mount Forest Residential	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Arthur Non-Residential	164,436	165,905	167,373	168,841	170,309	171,777	173,245	174,714	176,182	177,650
Mount Forest Non-Residential	119,884	121,371	122,857	124,343	125,829	127,315	128,801	130,288	130,783	131,278
Total	284,321	287,275	290,229	293,184	296,138	299,092	302,047	305,001	306,965	308,928

Wastewater Billing Volume Projection										
Wastewater Customers	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Arthur Residential	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mount Forest Residential	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Arthur Non-Residential	148,589	150,058	151,526	152,994	154,462	155,930	157,398	158,867	160,335	161,803
Mount Forest Non-Residential	119,108	120,595	122,081	123,567	125,053	126,539	128,025	129,512	130,007	130,502
Total	267,698	270,652	273,606	276,561	279,515	282,469	285,424	288,378	290,342	292,305

Appendix D

2021-2030 Capital Forecast - Water

APPENDIX D: 2021 – 2030 Capital Forecast - Water

Township of Wellington North Water Service 2020 Capital Budget and 2021 - 2030 Forecast										
Description	Forecast									
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
-	-	-	-	-	-	-	-	-	-	-
Capital Forecast	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	1,825,133	-	-	-
2027 Rate Study	-	-	-	-	-	-	22,814	-	-	-
Master Study Update	-	-	-	-	35,791	-	-	-	-	-
Mount Forest Stand-Pipe	1,007,000	-	-	-	-	-	-	-	-	-
2017 Ford F150 Replacement	-	-	-	-	-	34,407	-	-	-	-
2017 Ford F150 Replacement	-	-	-	-	-	34,407	-	-	-	-
2019 Dodge Ram 1500 Replacement	-	-	-	-	-	-	-	37,598	-	-
2020 Ford F150 Replacement	-	-	-	-	-	-	-	-	38,726	-
Arthur Spheroid Rehab	-	-	-	579,145	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
Clarke - Mid-Block to Domville	-	-	393,594	-	-	-	-	-	-	-
Domville - Conestoga to Preston	-	491,310	-	-	-	-	-	-	-	-
Frederick W - George to Edward	-	-	-	-	-	430,091	-	-	-	-
Adelaide - Clarke to Conestoga	-	-	-	-	-	-	456,283	-	-	-
Fergus - Wellington to Birmingham	-	-	393,594	-	-	-	-	-	-	-
Fergus - Birmingham to Durham	-	-	-	405,402	-	-	-	-	-	-
Fergus - Durham to Sligo	-	-	-	-	417,564	-	-	-	-	-
King - Main to Fergus	-	-	-	-	-	430,091	-	-	-	-
King - Fergus to east of Egremont	-	-	-	-	-	-	456,283	-	-	-
Queen - Main to White's Bridge	535,300	-	-	-	-	-	-	-	-	-
South Water Street	-	-	-	231,658	-	-	-	-	-	-
John - Waterloo to Queen	-	382,130	-	-	-	-	-	-	-	-
Valve Exerciser/Vac Trailer	-	-	97,603	-	-	-	-	-	-	-
Wellhouse HM's	42,400	-	-	-	-	-	-	-	-	-
Connecting Link Water Upgrades	238,500	-	-	-	-	-	-	-	-	-
Edward St (Frederick St. to Charles St.)	-	-	-	-	477,216	-	-	-	-	-
Walton St. (Clarke St. to Tucker St.)	-	-	-	405,402	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
Growth Capital	-	-	-	-	-	-	-	-	-	-
Water Tower - Arthur	-	-	-	-	4,772,157	-	-	-	-	-
Wells St (Domville St to Macauley St)	-	836,243	-	-	-	-	-	-	-	-
Macauley St (Wells St. To Eliza St)	-	-	-	-	-	-	753,320	-	-	-
Durham St (London Road Westerly)	-	44,534	-	-	-	-	-	-	-	-
Sligo Road Reconstruction (Church St to London Rd)	-	-	337,652	-	-	-	-	-	-	-
London Road Reconstruction (Sligo Rd to Durham)	-	-	-	413,401	-	-	-	-	-	-
Birmingham St. Reconstruction (London Rd. to Westerly)	156,132	-	-	-	-	-	-	-	-	-
New Street (East of HWY #6)	-	-	-	-	-	445,538	-	-	-	-
Coral Lea Drive (Main St. Westerly)	-	-	-	-	662,360	-	-	-	-	-
Internal Road – Industrial Park – (Coral Lea Dr. to Industrial Dr.)	-	-	-	-	75,698	-	-	-	-	-
Cork St. (Waterloo St. to Princess St.)	197,567	-	-	-	-	-	-	-	-	-
Murphy Lands (Bristol St/Bentley St.)	318,269	-	-	-	-	-	-	-	-	-
Mount Forest Water Tower	-	-	-	-	-	-	-	-	6,915,298	-
Edward St (Frederick St. to Charles St.)	-	-	-	-	477,216	-	-	-	-	-
Eliza St (Macauley St. to Tucker St)	-	219,898	-	-	-	-	-	-	-	-
Draper St. (Eliza to Anderson St.)	-	151,834	-	-	-	-	-	-	-	-
Anderson St. (Draper St. to Farrell Lane)	-	431,942	-	-	-	-	-	-	-	-
Trunk Watermain, Existing System to new Elevated Tank	-	693,366	-	-	-	-	-	-	-	-
Water Vehicle	-	-	-	-	-	-	-	-	-	-
Water Vehicle	-	46,292	-	-	-	-	-	-	-	-
Water Vehicle	-	-	-	-	-	-	-	-	-	-
Arthur Water Supply	-	-	-	1,158,291	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures - Capital Program	2,495,168	3,297,550	1,222,442	3,193,298	6,918,002	1,374,534	3,513,833	37,598	6,954,024	-
Additional Lifecycle Needs	13,564	13,971	14,390	14,822	15,266	15,724	16,196	16,682	17,182	17,698
Total Capital Expenditures	2,508,732	3,311,521	1,236,833	3,208,120	6,933,268	1,390,258	3,530,030	54,280	6,971,206	17,698
Capital Financing	-	-	-	-	-	-	-	-	-	-
Development Charges	-	-	-	-	-	-	-	-	-	-
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-
Growth Related Debenture Requirements	348,487	2,289,054	168,826	1,364,991	4,033,720	445,538	527,324	-	6,915,298	-
Water Reserve Fund	2,160,246	1,022,466	1,068,007	1,843,129	2,899,548	944,720	3,002,706	54,280	55,908	17,698
Total Capital Financing	2,508,732	3,311,521	1,236,833	3,208,120	6,933,268	1,390,258	3,530,030	54,280	6,971,206	17,698

Appendix E

2021-2030 Capital Forecast - Wastewater

APPENDIX E: 2021 – 2030 Capital Forecast - Wastewater

Township of Wellington North Wastewater Service 2020 Capital Budget and 2021 - 2030 Forecast										
Description	Forecast									
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Capital Forecast	-	-	-	-	-	-	-	-	-	-
Clarke - Mid-Block to Domville	-	-	393,594	-	-	-	-	-	-	-
Domville - Conestoga to Preston	-	491,310	-	-	-	-	-	-	-	-
Walton - Tucker to Clarke	-	-	-	405,402	-	-	-	-	-	-
Edward - Charles to Frederick	-	-	-	-	477,216	-	-	-	-	-
Adelaide - Clarke to Conestoga	-	-	-	-	-	-	456,283	-	-	-
Fergus - Wellington to Birmingham	-	-	393,594	-	-	-	-	-	-	-
Fergus - Birmingham to Durham	-	-	-	405,402	-	-	-	-	-	-
Fergus - Durham to Sligo	-	-	-	-	417,564	-	-	-	-	-
King - Main to Fergus	-	-	-	-	-	430,091	-	-	-	-
King - Fergus to east of Egremont	-	-	-	-	-	-	456,283	-	-	-
Queen - Main to White's Bridge	386,900	-	-	-	-	-	-	-	-	-
John - Waterloo to Queen	-	382,130	-	-	-	-	-	-	-	-
Master Plan Update	-	-	-	-	35,791	-	-	-	-	-
2027 Rate Study	-	-	-	-	-	-	22,814	-	-	-
2017 Ford F150 Replacement	-	-	-	-	-	34,407	-	-	-	-
2017 Ford F150 Replacement	-	-	-	-	-	34,407	-	-	-	-
2019 Dodge Ram 1500 Replacement	-	-	-	-	-	-	-	37,598	-	-
2020 Ford F150 Replacement	-	-	-	-	-	-	-	-	38,726	-
Growth Capital	-	-	-	-	-	-	-	-	-	-
Murphy Lands Bristol St/Bentley St S.P.S.	629,627	-	-	-	-	-	-	-	-	-
Coral Lea Drive SPS and Forcemain	-	-	-	-	1,837,620	-	-	-	-	-
Sligo Road Reconstruction (Church St to London Rd)	-	-	561,351	-	-	-	-	-	-	-
London Road Reconstruction (Sligo to Durham)	-	-	-	856,763	-	-	-	-	-	-
Birmingham St. Reconstruction (London Rd. to Westerly)	424,888	-	-	-	-	-	-	-	-	-
Internal Road – Industrial Park – (Coral Lea Dr. to Industrial Dr.)	-	-	-	-	816,153	-	-	-	-	-
New Street, East of Hwy #6)	-	-	-	-	-	1,130,921	-	-	-	-
Bentley St.	750,069	-	-	-	-	-	-	-	-	-
Bristol St.	724,009	-	-	-	-	-	-	-	-	-
Arthur Wastewater Treatment Plant Upgrades Phase 2	-	-	-	-	-	-	-	-	-	-
Anderson St. (Draper to Farrell Lane)	-	392,675	-	-	-	-	-	-	-	-
Wells St. (CPR to Macauley St.)	-	848,325	-	-	-	-	-	-	-	-
Macauley St. (Wells St. to Eliza St.)	-	-	-	-	-	-	398,101	-	-	-
Mount Forest WWTP Upgrade	-	-	-	-	-	-	-	-	-	1,424,551
South Water SPS	-	-	-	-	-	-	-	-	-	-
South Water Street	-	-	-	-	-	-	-	-	-	-
New Vehicle	-	-	-	-	-	-	-	-	-	-
Cork - Waterloo to Princess	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditures - Capital Program	2,915,492	2,114,440	1,348,539	1,667,566	3,584,345	1,629,826	1,333,481	37,598	38,726	1,424,551
Additional Lifecycle Needs	406,162	418,347	430,898	443,824	457,139	470,853	484,979	499,528	514,514	529,950
Total Capital Expenditures	3,321,654	2,532,787	1,779,436	2,111,391	4,041,484	2,100,679	1,818,460	537,126	553,240	1,954,501
Capital Financing										
Development Charges	2,253,185	1,241,000	449,081	428,382	2,225,166	1,130,921	358,291	-	-	527,084
Non-Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-
Growth Related Debenture Requirements	0	(0)	-	-	-	-	-	-	-	-
Wastewater Reserve Fund	1,068,469	1,291,787	1,330,355	1,683,009	1,816,318	969,759	1,460,170	537,126	553,240	1,427,417
Total Capital Financing	3,321,654	2,532,787	1,779,436	2,111,391	4,041,484	2,100,679	1,818,460	537,126	553,240	1,954,501

Appendix F

2021-2030 Water and Wastewater Debt Continuity Schedules

APPENDIX F: 2021 – 2030 Water and Wastewater Debt Continuity Schedules

Note: There is no non growth-related water debt projected over the forecast period

<i>Water Growth-Related Debt Continuity</i>										
Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Annual Debt Charges	\$0	\$41,903	\$317,142	\$337,441	\$501,570	986,590	1,040,162	1,103,568	1,103,568	1,935,073
Total Annual Interest Expense	\$0	\$12,197	\$91,274	\$89,278	\$128,367	256,485	246,525	237,204	206,881	417,533
Total Annual Principal Repayments	\$0	\$29,706	\$225,867	\$248,164	\$373,203	730,105	793,637	866,364	896,687	1,517,540
New Debt Issues	\$348,487	\$2,289,054	\$168,826	\$1,364,991	\$4,033,720	445,538	527,324	-	6,915,298	-
Total Annual Outstanding Debt	\$348,487	\$2,607,835	\$2,550,794	\$3,667,622	\$7,328,139	7,043,572	6,777,259	5,910,895	11,929,506	10,411,966

<i>Wastewater Non Growth-Related Debt Continuity</i>										
Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Annual Debt Charges	\$346,409	\$346,409	\$346,409	\$346,409	\$90,181	90,181	90,181	90,181	90,181	-
Total Annual Interest Expense	\$73,739	\$59,187	\$43,830	\$27,620	\$14,251	11,593	8,843	5,996	3,050	-
Total Annual Principal Repayments	\$272,670	\$287,222	\$302,580	\$318,789	\$75,930	78,588	81,338	84,185	87,131	-
New Debt Issues	\$0	\$0	\$0	\$0	\$0	-	-	-	-	-
Total Annual Outstanding Debt	\$1,315,763	\$1,028,541	\$725,961	\$407,172	\$331,242	252,654	171,316	87,131	(0)	(0)

<i>Wastewater Growth-Related Debt Continuity</i>										
Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Annual Debt Charges	\$511,026	\$511,026	\$511,026	\$511,026	\$511,026	511,026	511,026	511,026	511,026	-
Total Annual Interest Expense	\$136,070	\$122,947	\$109,364	\$95,306	\$80,756	65,696	50,110	33,978	17,281	-
Total Annual Principal Repayments	\$374,955	\$388,079	\$401,662	\$415,720	\$430,270	445,329	460,916	477,048	493,745	-
New Debt Issues	\$0	\$0	\$0	\$0	\$0	-	-	-	-	-
Total Annual Outstanding Debt	\$3,512,769	\$3,124,690	\$2,723,028	\$2,307,308	\$1,877,038	1,431,709	970,793	493,745	(0)	(0)

Appendix G

2021-2030 Reserve Funds Projections

APPENDIX G: 2021 – 2030 Water and Wastewater Reserve Funds Projections

Township of Wellington North Water Service Water Reserve Fund										
Description	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Opening Balance	5,287,563	4,590,329	5,105,613	5,652,188	5,493,504	4,337,730	5,223,124	4,114,099	6,056,627	8,101,464
Transfer from Operating	1,406,340	1,474,719	1,544,802	1,616,624	1,690,222	1,765,631	1,842,890	1,922,035	2,000,727	2,081,313
Transfer to Capital	2,160,246	1,022,466	1,068,007	1,843,129	2,899,548	944,720	3,002,706	54,280	55,908	17,698
Transfer to Operating										
Closing Balance	4,533,658	5,042,581	5,582,408	5,425,683	4,284,178	5,158,641	4,063,308	5,981,854	8,001,446	10,165,079
Interest	56,671	63,032	69,780	67,821	53,552	64,483	50,791	74,773	100,018	127,063

Township of Wellington North Water Service Water Development Charges Reserve Fund										
Description	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Opening Balance	566,782	1,033,584	1,477,588	1,704,064	1,928,692	2,006,296	1,610,628	1,173,118	701,165	259,842
Development Charge Proceeds	454,042	467,664	522,580	538,258	554,405	571,038	588,169	622,959	659,037	678,808
Transfer to Capital										
Transfer to Operating	-	41,903	317,142	337,441	501,570	986,590	1,040,162	1,103,568	1,103,568	1,935,073
Closing Balance	1,020,824	1,459,346	1,683,027	1,904,881	1,981,527	1,590,744	1,158,635	692,509	256,634	(996,423)
Interest	12,760	18,242	21,038	23,811	24,769	19,884	14,483	8,656	3,208	(12,455)

Township of Wellington North Wastewater Service Wastewater Reserve Fund										
Description	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Opening Balance	1,381,871	1,581,934	1,640,854	1,746,002	1,582,060	1,629,343	2,625,385	3,230,613	4,873,562	6,616,276
Transfer from Operating	1,249,002	1,330,450	1,413,947	1,499,535	1,843,486	1,933,388	2,025,513	2,119,908	2,214,272	2,401,110
Transfer to Capital	1,068,469	1,291,787	1,330,355	1,683,009	1,816,318	969,759	1,460,170	537,126	553,240	1,427,417
Transfer to Operating										
Closing Balance	1,562,404	1,620,597	1,724,446	1,562,528	1,609,228	2,592,973	3,190,729	4,813,395	6,534,594	7,589,969
Interest	19,530	20,257	21,556	19,532	20,115	32,412	39,884	60,167	81,682	94,875

Township of Wellington North Wastewater Service Wastewater Development Charges Reserve Fund										
Description	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Opening Balance	5,927,440	4,441,471	3,998,925	4,502,398	5,075,889	3,881,356	3,825,186	4,597,336	5,836,780	7,190,150
Development Charge Proceeds	1,223,409	1,260,111	1,407,994	1,450,233	1,493,740	1,538,553	1,584,709	1,678,411	1,775,628	1,828,897
Transfer to Capital	2,253,185	1,241,000	449,081	428,382	2,225,166	1,130,921	358,291	-	-	527,084
Transfer to Operating	511,026	511,026	511,026	511,026	511,026	511,026	511,026	511,026	511,026	-
Closing Balance	4,386,638	3,949,556	4,446,813	5,013,224	3,833,438	3,777,962	4,540,579	5,764,721	7,101,382	8,491,963
Interest	54,833	49,369	55,585	62,665	47,918	47,225	56,757	72,059	88,767	106,150

Appendix H

2021-2030 Operating Budget Forecast - Water

APPENDIX H: 2021 – 2030 Operating Budget Forecast - Water

Township of Wellington North Water Service Operating Budget Forecast										
Description	Forecast									
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Operating Expenditures										
WW-Salaries - Supt.	34,936	35,635	36,347	37,074	37,816	38,572	39,344	40,131	40,933	41,752
WW-ADM Salaries/Wages	217,299	221,645	226,078	230,599	235,211	239,915	244,714	249,608	254,600	259,692
WW-Training Salaries/Wages	15,955	16,274	16,599	16,931	17,270	17,615	17,968	18,327	18,694	19,068
WW-Locates Salaries/Wages	99,217	101,202	103,226	105,290	107,396	109,544	111,735	113,970	116,249	118,574
WW-Well Operation Salaries/Wages	129,145	131,728	134,363	137,050	139,791	142,587	145,439	148,347	151,314	154,341
WW-Main/Service/Mtce Salaries/Wages	14,091	14,373	14,661	14,954	15,253	15,558	15,869	16,186	16,510	16,840
WW-Hydrant Mtce Salaries/Wages	450	459	468	477	487	497	507	517	527	538
WW-Benefits	6,355	6,482	6,611	6,744	6,878	7,016	7,156	7,299	7,445	7,594
WW - Group Benefits	49,878	50,876	51,893	52,931	53,990	55,069	56,171	57,294	58,440	59,609
WW - ADM - Benefits	38,784	39,560	40,351	41,158	41,982	42,821	43,678	44,551	45,442	46,351
WW - Training Benefits	2,848	2,905	2,963	3,022	3,083	3,144	3,207	3,271	3,337	3,403
WW - Locates Benefits	17,709	18,063	18,425	18,793	19,169	19,552	19,943	20,342	20,749	21,164
WW - Well Operation Benefits	23,051	23,512	23,982	24,462	24,951	25,450	25,959	26,478	27,008	27,548
WW - Main/Service/Mtce Benefits	2,515	2,566	2,617	2,669	2,723	2,777	2,833	2,889	2,947	3,006
WW - Hydrant Mtce Benefits	1,398	1,426	1,455	1,484	1,514	1,544	1,575	1,606	1,638	1,671
WW-Materials & Supplies	178,500	182,070	185,711	189,426	193,214	197,078	201,020	205,040	209,141	213,324
WW-Meters & Hardware	3,162	3,225	3,290	3,356	3,423	3,491	3,561	3,632	3,705	3,779
WW-Testing/Sampling	25,500	26,010	26,530	27,061	27,602	28,154	28,717	29,291	29,877	30,475
WW - Water Tower Inspection & Mtce	33,966	34,645	35,338	36,045	36,766	37,501	38,251	39,016	39,797	40,593
WW-Backflow Preventer Testing	27,030	27,571	28,122	28,684	29,258	29,843	30,440	31,049	31,670	32,303
WW - Meter/Backflow preventer maintenance	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858	5,975	6,095
WW-Water Testing (Lead)	510	520	531	541	552	563	574	586	598	609
WW - Leak Detection	4,080	4,162	4,245	4,330	4,416	4,505	4,595	4,687	4,780	4,876
WW - Property Expense	10,098	10,300	10,506	10,716	10,930	11,149	11,372	11,599	11,831	12,068
WW - Well Maintenance	51,000	52,020	53,060	54,122	55,204	56,308	57,434	58,583	59,755	60,950
WW - Locates (Ontario One)	1,224	1,248	1,273	1,299	1,325	1,351	1,378	1,406	1,434	1,463
WW - Advertising	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195	1,219
WW - Computer	9,180	9,364	9,551	9,742	9,937	10,135	10,338	10,545	10,756	10,971
WW-Insurance	53,858	54,935	56,034	57,155	58,298	59,464	60,653	61,866	63,103	64,365
WW-Consulting/Engineering	25,500	26,010	26,530	27,061	27,602	28,154	28,717	29,291	29,877	30,475
WW - Drinking Water Quality Management Standards	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858	5,975	6,095
WW - Memberships	1,530	1,561	1,592	1,624	1,656	1,689	1,723	1,757	1,793	1,828
WW-Conferences, training & travel	20,400	20,808	21,224	21,649	22,082	22,523	22,974	23,433	23,902	24,380
WW-Safety Clothing Allowance	2,244	2,289	2,335	2,381	2,429	2,478	2,527	2,578	2,629	2,682
WW-Telephone	5,100	5,202	5,306	5,412	5,520	5,631	5,743	5,858	5,975	6,095
WW-Services & Rents(HEC Billings)	56,610	57,742	58,897	60,075	61,276	62,502	63,752	65,027	66,328	67,654
WW-Truck Mtce -Truck #1 -New 2020	4,437	4,526	4,616	4,709	4,803	4,899	4,997	5,097	5,199	5,303
WW -Source Water Protection Expense	19,890	20,288	20,694	21,107	21,530	21,960	22,399	22,847	23,304	23,770
MF WW-Well #3 (Mtce & hydro)	14,790	15,086	15,388	15,695	16,009	16,329	16,656	16,989	17,329	17,675
MF WW-Well #4 (Mtce & hydro)	9,690	9,884	10,081	10,283	10,489	10,699	10,913	11,131	11,353	11,580
MF WW-Well #5 (Mtce & hydro)	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951	12,190
MF WW-Well #6 (Mtce & hydro)	8,160	8,323	8,490	8,659	8,833	9,009	9,189	9,373	9,561	9,752
AV WW-Well #1(Mtce & hydro)	2,856	2,913	2,971	3,031	3,091	3,153	3,216	3,281	3,346	3,413
AV WW-Well #5 (Mtce & hydro)	4,335	4,422	4,510	4,600	4,692	4,786	4,882	4,980	5,079	5,181
AV WW-Well #7 & 7B(Mtce & hydro)	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951	12,190
WW - AV WW - Well #8A & 8B Mtce/Utilities	18,360	18,727	19,102	19,484	19,873	20,271	20,676	21,090	21,512	21,942
WW - Equipment Mtce Oil & Gas	18,870	19,247	19,632	20,025	20,425	20,834	21,251	21,676	22,109	22,551
WW - Truck Mtce - Truck #2 (2019 Dodge)	2,550	2,601	2,653	2,706	2,760	2,815	2,872	2,929	2,988	3,047
WW - Truck Mtce - Truck #3 (2008 GM)	4,437	4,526	4,616	4,709	4,803	4,899	4,997	5,097	5,199	5,303
Ww - Truck Mtce - Truck #4 (2007 Dodge)	4,437	4,526	4,616	4,709	4,803	4,899	4,997	5,097	5,199	5,303
Sub Total Operating Expenditures	1,307,556	1,333,707	1,360,382	1,387,589	1,415,341	1,443,648	1,472,521	1,501,971	1,532,011	1,562,651
Capital-Related										
Existing Debt (Principal) - Non-Growth Related	-	-	-	-	-	-	-	-	-	-
Existing Debt (Interest) - Non-Growth Related	-	-	-	-	-	-	-	-	-	-
Existing Debt (Principal) - Growth Related	-	-	-	-	-	-	-	-	-	-
Existing Debt (Interest) - Growth Related	-	-	-	-	-	-	-	-	-	-
New Non-Growth Related Debt (Principal)	-	-	-	-	-	-	-	-	-	-
New Non-Growth Related Debt (Interest)	-	-	-	-	-	-	-	-	-	-
New Growth Related Debt (Principal)	-	29,706	225,867	248,164	373,203	730,105	793,637	866,364	896,687	1,517,540
New Growth Related Debt (Interest)	-	12,197	91,274	89,278	128,367	256,485	246,525	237,204	206,881	417,533
Transfer to Reserve Fund	1,406,340	1,474,719	1,544,802	1,616,624	1,690,222	1,765,631	1,842,890	1,922,035	2,000,727	2,081,313
Sub Total Capital Related Expenditures	1,406,340	1,516,621	1,861,943	1,954,065	2,191,792	2,752,221	2,883,051	3,025,603	3,104,295	4,016,386
Total Expenditures	2,713,897	2,850,329	3,222,325	3,341,655	3,607,133	4,195,869	4,355,572	4,527,574	4,636,306	5,579,037
Non-Rate Revenues										
WW - Meter & Backflow Fee	51,000	52,020	53,060	54,122	55,204	56,308	57,434	58,583	59,755	60,950
WW - Misc Revenue	-	-	-	-	-	-	-	-	-	-
WW-Service Connection Fees	15,300	15,606	15,918	16,236	16,561	16,892	17,230	17,575	17,926	18,285
WW-Meters & Hardware	510	520	531	541	552	563	574	586	598	609
WW-Interfunctional Transfer	17,768	18,124	18,486	18,856	19,233	19,618	20,010	20,410	20,819	21,235
Total-Non Rate Revenues	84,578	86,270	87,995	89,755	91,550	93,381	95,249	97,154	99,097	101,079
Operating Subsidies										
Contributions from Development Charges Reserve Fund	-	41,903	317,142	337,441	501,570	986,590	1,040,162	1,103,568	1,103,568	1,935,073
Contributions from Reserves	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	84,578	128,173	405,137	427,197	593,120	1,079,971	1,135,411	1,200,722	1,202,665	2,036,152
Net Water Costs To Be Recovered From Users	2,629,318	2,722,156	2,817,188	2,914,458	3,014,012	3,115,898	3,220,161	3,326,852	3,433,641	3,542,885

Appendix I

2021-2030 Operating Budget Forecast - Wastewater

APPENDIX I: 2021 – 2030 Operating Budget Forecast - Wastewater

Township of Wellington North Wastewater Service Operating Budget Forecast										
Description	Forecast									
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Operating Expenditures										
SS-Salaries Corey, Ed, Supt.	49,929	50,928	51,946	52,985	54,045	55,126	56,228	57,353	58,500	59,670
SS-Benefits	8,912	9,090	9,272	9,457	9,646	9,839	10,036	10,237	10,442	10,650
SS - Group Benefits	1,326	1,353	1,380	1,407	1,435	1,464	1,493	1,523	1,554	1,585
SS-Materials/Supplies/Rent	40,800	41,616	42,448	43,297	44,163	45,046	45,947	46,866	47,804	48,760
SS-Testing/Sampling	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195	1,219
SS - Sewer Inspections (Camera)	7,650	7,803	7,959	8,118	8,281	8,446	8,615	8,787	8,963	9,142
SS - Line Flushing	15,300	15,606	15,918	16,236	16,561	16,892	17,230	17,575	17,926	18,285
SS-Pumping Stn -Utilities & Mlce - A & MF	61,200	62,424	63,672	64,946	66,245	67,570	68,921	70,300	71,706	73,140
SS- Property Expense	78,407	79,976	81,575	83,207	84,871	86,568	88,299	90,065	91,867	93,704
SS-Arthur Disposal Mlce	257,550	262,701	267,955	273,314	278,780	284,356	290,043	295,844	301,761	307,796
SS-MF New Disposal/Storage/Utilities/Mlce	262,732	267,986	273,346	278,813	284,389	290,077	295,878	301,796	307,832	313,989
SS - Locates (Ontario One)	1,224	1,248	1,273	1,299	1,325	1,351	1,378	1,406	1,434	1,463
SS - Computer	510	520	531	541	552	563	574	586	598	609
SS-Insurance	1,867	1,904	1,942	1,981	2,020	2,061	2,102	2,144	2,187	2,231
SS-Consultants Fees	20,400	20,808	21,224	21,649	22,082	22,523	22,974	23,433	23,902	24,380
SS-Telephone	9,180	9,364	9,551	9,742	9,937	10,135	10,338	10,545	10,756	10,971
SS-Services (WNP Billing only)	47,834	48,791	49,766	50,762	51,777	52,813	53,869	54,946	56,045	57,166
SS - Inflow & Infiltration Improvements	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951	12,190
SS-Salaries (Works Employees)	2,912	2,970	3,030	3,090	3,152	3,215	3,279	3,345	3,412	3,480
SS - Benefits (Works Employees)	562	573	585	596	608	621	633	646	658	672
SS-Arthur MOE Operating (OCWA)	260,638	265,850	271,167	276,591	282,122	287,765	293,520	299,391	305,378	311,486
SS-MF MOE Operating (OCWA)	270,306	275,712	281,226	286,851	292,588	298,440	304,409	310,497	316,707	323,041
SS-Interfunctional Transfer	26,826	27,363	27,910	28,468	29,037	29,618	30,210	30,815	31,431	32,060
Sub Total Operating Expenditures	1,437,284	1,466,030	1,495,350	1,525,257	1,555,762	1,586,878	1,618,615	1,650,988	1,684,007	1,717,687
Capital-Related										
Existing Debt (Principal) - Non-Growth Related	272,670	287,222	302,580	318,789	75,930	78,588	81,338	84,185	87,131	-
Existing Debt (Interest) - Non-Growth Related	73,739	59,187	43,830	27,620	14,251	11,593	8,843	5,996	3,050	-
Existing Debt (Principal) - Growth Related	374,955	388,079	401,662	415,720	430,270	445,329	460,916	477,048	493,745	-
Existing Debt (Interest) - Growth Related	136,070	122,947	109,364	95,306	80,756	65,696	50,110	33,978	17,281	-
New Non-Growth Related Debt (Principal)	-	-	-	-	-	-	-	-	-	-
New Non-Growth Related Debt (Interest)	-	-	-	-	-	-	-	-	-	-
New Growth Related Debt (Principal)	-	-	-	-	-	-	-	-	-	-
New Growth Related Debt (Interest)	-	-	-	-	-	-	-	-	-	-
Transfer to Reserve Fund	1,249,002	1,330,450	1,413,947	1,499,535	1,843,486	1,933,388	2,025,513	2,119,908	2,214,272	2,401,110
Sub Total Capital Related Expenditures	2,106,437	2,187,885	2,271,382	2,356,970	2,444,693	2,534,595	2,626,720	2,721,115	2,815,479	2,401,110
Total Expenditures	3,543,721	3,653,915	3,766,732	3,882,228	4,000,456	4,121,473	4,245,335	4,372,102	4,499,486	4,118,797
Non-Rate Revenues		0.03110	0.03088	0.03066	0.03045	0.03025				
SS - Misc Revenue	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343	2,390	2,438
SS-Service Connection Fees	15,300	15,606	15,918	16,236	16,561	16,892	17,230	17,575	17,926	18,285
Total-Non Rate Revenues	17,340	17,687	18,041	18,401	18,769	19,145	19,528	19,918	20,317	20,723
Operating Subsidies										
Contributions from Development Charges Reserve Fund	511,026	511,026	511,026	511,026	511,026	511,026	511,026	511,026	511,026	-
Total Operating Revenue	528,366	528,713	529,066	529,427	529,795	530,171	530,553	530,944	531,342	20,723
Net Wastewater Costs To Be Recovered From Users	3,015,355	3,125,202	3,237,666	3,352,800	3,470,661	3,591,302	3,714,782	3,841,158	3,968,144	4,098,075

Appendix J

Projected 2021-2030 Sustainable Water Rates and Charges

APPENDIX J: 2021 – 2030 Sustainable Water Rates and Charges

WATER BASE RATE CALCULATION

Projected Number of Accounts

Customer Type	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Arthur Residential	945	972	999	1,026	1,053	1,080	1,107	1,134	1,164	1,194
Mount Forest Residential	2,160	2,210	2,260	2,310	2,360	2,410	2,460	2,510	2,560	2,610
Arthur Non-Residential	112	113	114	115	116	117	118	119	120	121
Mount Forest Non-Residential	242	245	248	251	254	257	260	263	264	265
Total	3,459	3,540	3,621	3,702	3,783	3,864	3,945	4,026	4,108	4,190

Projected Annual Base Charges

Customer Type	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual Increase % Increases	0.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Arthur Residential	\$ 558.96	\$ 567.34	\$ 575.85	\$ 584.49	\$ 593.26	\$ 602.16	\$ 611.19	\$ 620.36	\$ 629.66	\$ 639.11
Mount Forest Residential	\$ 558.96	\$ 567.34	\$ 575.85	\$ 584.49	\$ 593.26	\$ 602.16	\$ 611.19	\$ 620.36	\$ 629.66	\$ 639.11
Arthur Non-Residential	\$ 670.14	\$ 680.19	\$ 690.39	\$ 700.75	\$ 711.26	\$ 721.93	\$ 732.76	\$ 743.75	\$ 754.91	\$ 766.23
Mount Forest Non-Residential	\$ 670.14	\$ 680.19	\$ 690.39	\$ 700.75	\$ 711.26	\$ 721.93	\$ 732.76	\$ 743.75	\$ 754.91	\$ 766.23
Meter Maintenance Fee-Arthur	\$ 208.08	\$ 211.20	\$ 214.37	\$ 217.58	\$ 220.85	\$ 224.16	\$ 227.52	\$ 230.94	\$ 234.40	\$ 237.92
Meter Maintenance Fee-Mount Forest	\$ 208.08	\$ 211.20	\$ 214.37	\$ 217.58	\$ 220.85	\$ 224.16	\$ 227.52	\$ 230.94	\$ 234.40	\$ 237.92

Projected Annual Revenue Generated from Base Charges

Customer Type	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Arthur Residential	528,217	551,459	575,279	599,689	624,703	650,331	676,588	703,487	732,929	763,096
Mount Forest Residential	1,207,354	1,253,831	1,301,431	1,350,177	1,400,093	1,451,202	1,503,530	1,557,101	1,611,941	1,668,075
Arthur Non-Residential	75,056	76,862	78,705	80,586	82,506	84,466	86,466	88,506	90,589	92,714
Mount Forest Non-Residential	162,174	166,647	171,218	175,888	180,661	185,536	190,518	195,607	199,296	203,051
Meter Maintenance Fee-Arthur	23,305	23,866	24,438	25,022	25,618	26,227	26,848	27,481	28,128	28,788
Meter Maintenance Fee-Mount Forest	50,355	51,744	53,164	54,614	56,096	57,609	59,156	60,736	61,882	63,048
Total	2,046,461	2,124,409	2,204,235	2,285,977	2,369,677	2,455,372	2,543,106	2,632,919	2,724,764	2,818,773

WATER UNIFORM RATE CALCULATION

Projected Annual Water Consumption in Cubic Metres

Consumption	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Arthur Non-Residential	164,436	165,905	167,373	168,841	170,309	171,777	173,245	174,714	176,182	177,650
Mount Forest Non-Residential	119,884	121,371	122,857	124,343	125,829	127,315	128,801	130,288	130,783	131,278
Projected Annual Consumption	284,321	287,275	290,229	293,184	296,138	299,092	302,047	305,001	306,965	308,928

Projected Annual Uniform Rates

Volumetric Rates	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual Increase % Increases	0.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Arthur Non-Residential	\$ 2.05	\$ 2.08	\$ 2.11	\$ 2.14	\$ 2.18	\$ 2.21	\$ 2.24	\$ 2.28	\$ 2.31	\$ 2.34
Mount Forest Non-Residential	\$ 2.05	\$ 2.08	\$ 2.11	\$ 2.14	\$ 2.18	\$ 2.21	\$ 2.24	\$ 2.28	\$ 2.31	\$ 2.34

Projected Annual Volumetric

Revenues	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Arthur Non-Residential	337,095	345,206	353,485	361,934	370,558	379,358	388,340	397,505	406,858	416,403
Mount Forest Non-Residential	245,763	252,542	259,469	266,546	273,778	281,167	288,716	296,428	302,018	307,710
Projected Annual Uniform Rate Revenues	582,857	597,748	612,953	628,481	644,336	660,525	677,056	693,933	708,877	724,112

Total Water User Revenues	2,629,318	2,722,156	2,817,188	2,914,458	3,014,012	3,115,898	3,220,161	3,326,852	3,433,641	3,542,885
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Appendix K

Projected 2021-2030 Sustainable Wastewater Rates and Charges

APPENDIX K: 2021 – 2030 Sustainable Wastewater Rates and Charges

WASTEWATER BASE RATE CALCULATION

Projected Number of Accounts

Customer Type	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Arthur Residential	931	958	985	1,012	1,039	1,066	1,093	1,120	1,150	1,180
Mount Forest Residential	2,072	2,122	2,172	2,222	2,272	2,322	2,372	2,422	2,472	2,522
Arthur Non-Residential	105	106	107	108	109	110	111	112	113	114
Mount Forest Non-Residential	231	234	237	240	243	246	249	252	253	254
Total	3,339	3,420	3,501	3,582	3,663	3,744	3,825	3,906	3,988	4,070

Projected Annual Base Charges

Customer Type	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual Increase % Increases	0.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Arthur Residential	\$ 687.48	\$ 697.79	\$ 708.26	\$ 718.88	\$ 729.67	\$ 740.61	\$ 751.72	\$ 763.00	\$ 774.44	\$ 786.06
Mount Forest Residential	\$ 687.16	\$ 697.47	\$ 707.93	\$ 718.55	\$ 729.33	\$ 740.27	\$ 751.37	\$ 762.64	\$ 774.08	\$ 785.69
Arthur Non-Residential	\$ 824.16	\$ 836.52	\$ 849.07	\$ 861.81	\$ 874.73	\$ 887.85	\$ 901.17	\$ 914.69	\$ 928.41	\$ 942.34
Mount Forest Non-Residential	\$ 824.16	\$ 836.52	\$ 849.07	\$ 861.81	\$ 874.73	\$ 887.85	\$ 901.17	\$ 914.69	\$ 928.41	\$ 942.34

Projected Annual Revenue Generated from Base Charges

Customer Type	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Arthur Residential	640,044	668,485	697,635	727,510	758,123	789,492	821,630	854,556	890,607	927,548
Mount Forest Residential	1,423,796	1,480,026	1,537,623	1,596,614	1,657,030	1,718,899	1,782,251	1,847,117	1,913,527	1,981,515
Arthur Non-Residential	86,537	88,671	90,851	93,075	95,346	97,664	100,030	102,445	104,910	107,426
Mount Forest Non-Residential	190,381	195,746	201,230	206,834	212,560	218,412	224,392	230,502	234,888	239,353
Total	2,340,757	2,432,928	2,527,338	2,624,033	2,723,059	2,824,466	2,928,303	3,034,619	3,143,933	3,255,843

WASTEWATER UNIFORM RATE CALCULATION

Projected Annual Billed Wastewater Flows

Consumption	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Arthur Non-Residential	148,589	150,058	151,526	152,994	154,462	155,930	157,398	158,867	160,335	161,803
Mount Forest Non-Residential	119,108	120,595	122,081	123,567	125,053	126,539	128,025	129,512	130,007	130,502
Projected Annual Consumption	267,698	270,652	273,606	276,561	279,515	282,469	285,424	288,378	290,342	292,305

Projected Annual Uniform Rates

Volumetric Rates	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual Increase % Increases	0.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Arthur Non-Residential	\$ 2.52	\$ 2.56	\$ 2.60	\$ 2.64	\$ 2.67	\$ 2.71	\$ 2.76	\$ 2.80	\$ 2.84	\$ 2.88
Mount Forest Non-Residential	\$ 2.52	\$ 2.56	\$ 2.60	\$ 2.64	\$ 2.67	\$ 2.71	\$ 2.76	\$ 2.80	\$ 2.84	\$ 2.88

Projected Annual Volumetric Revenues

Revenues	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Arthur Non-Residential	374,445	383,817	393,386	403,156	413,130	423,313	433,708	444,320	455,152	466,210
Mount Forest Non-Residential	300,153	308,457	316,942	325,612	334,471	343,523	352,771	362,219	369,059	376,022
Projected Annual Uniform Rate Revenues	674,598	692,274	710,328	728,768	747,601	766,836	786,479	806,539	824,211	842,232

Total Wastewater User Revenues	3,015,355	3,125,202	3,237,666	3,352,800	3,470,661	3,591,302	3,714,782	3,841,158	3,968,144	4,098,075
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Appendix L

**2020 O.Reg Water System Financial Plan No.
113-301A and Wastewater Financial Plan (Final)**

Township of Wellington North

**2020 O.Reg 453/07 Water System Financial Plan No. 113-301A
and Wastewater System Financial Plan (Final)**



DFA Infrastructure International Inc.

November 13, 2020

**DFA Infrastructure International Inc.**

33 Raymond Street St. Catharines Ontario Canada L2R 2T3

Telephone: (905) 938 -0965 Fax: (905) 937-6568

November 13, 2020

Matthew Aston
Director of Operations
Township of Wellington North
7490 Sideroad 7 W
Kenilworth, Ontario
N0G 2E0

Re: 2020 O.Reg 453/07 Water System Financial Plan No. 113-301A and Wastewater System Financial Plan (Final)

Dear Matt:

We are pleased to submit to you the above noted report entitled: "2020 O. Reg 453/07 Water System Financial Plan and Wastewater System Financial Plan (Final)". The water and wastewater financial plans are based on the results of the Township's water and wastewater rate study that will be presented to your Council at the November 23rd Council meeting.

Yours truly,

DFA Infrastructure International Inc.

Derek Ali, MBA, P.Eng.
President

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Transmittal Letter

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1 Introduction

1.1 Background

Regulation 188/07 under the Safe Drinking Water Act requires Ontario municipalities to apply for and obtain Drinking Water System Licences as part of their overall DWQMS. One of the requirements of holding a valid drinking water licence is preparing and submitting to the Province an updated financial plan in accordance with O.Reg. 453/07. The financial plan must include financial statements on the following:

- The proposed or projected financial position of the drinking water systems;
- The proposed or projected gross cash receipts and gross cash payments;
- The proposed or projected financial operations of the drinking water system; and
- Details on the extent to which the above information applies to the replacement of lead service pipes, if applicable.

Appendix A lists each requirement of the regulation and references the respective financial statements and other relevant information required under each regulatory requirement. The financial plan must apply to a period of at least six (6) years with the first year being the year the existing license expires. In the Township's case an updated Water System Financial Plan is required for the period 2021 to 2026.

It is important to note that the water system financial plan, along with the accompanying wastewater system financial plan are based on the results of the Township's 2020 Water and Wastewater Rate Study and O. Reg 453/07 Financial Plan.

Upon Council's approval, the financial plans will be made available to the public at no charge and posted on the Township's website. The plans will also be submitted to the Province as part of the Township's drinking water license renewal application.

2 O.Reg 453/07 Water System Financial Plan No. 113-301A

This section presents an updated water system financial plan as defined in O.Reg. 453/07, thereby allowing the Township to fulfil its obligations under the drinking water licensing regulations for the renewal of its drinking water systems license. The number for the updated financial plan is 113-301A

2.1 Water Tangible Capital Assets (TCA) Analysis

As noted in the introduction the results of the 2020 Water and Wastewater Rate Study are used as the basis for preparing the water system financial plan. The Township's Tangible Capital Asset inventories were also used in the preparation of the water system financial plan. The amortization of the tangible capital assets is shown as a "non-cash" annual cost that reflects the annual "use" of assets until the end of their respective useful lives.

Allowances are made to finance the replacement and/ or rehabilitation of the existing assets once they “expire” and can no longer play a role in providing the required drinking water service to customers. It should be noted however that since amortization is based on the original (historical) cost at the time the asset was placed in service it does not account for inflation since the year of installation. Therefore, basing asset replacement costs on amortization alone is not sufficient to cover the future replacement needs.

The TCA projections contained in the Township’s water system financial plan are based on the following assumptions:

- Amortization of existing assets is based on the Township’s Tangible Capital Assets Policies and Procedures. Amortization of new infrastructure investments is based on straight line depreciation with half year depreciation charged in the year of acquisition;
- Historical costs, life expectancy and remaining useful life are as identified in the TCA data provided by the Township;
- Fully depreciated assets continue to be used in service i.e. no asset removals; and
- New assets to be acquired are based on the capital forecast presented. The forecast includes projects in the Township’s Capital Budget Forecast, 2018 Development Charges Study and asset replacement projections based on an analysis of the Township’s tangible capital asset inventories.

Water Asset Value

The water system is comprised of the following asset classes:

- Wells and Storage, and
- Watermains

Table 2-1 shows the current capital asset value based on historical cost and accumulated amortization to 2021. This is reflected as the net book value (NBV) i.e. the “accounting” value, and indicates that the water system as a whole is approximately 33% depreciated or has approximately 67% remaining life based on the TCA data. This suggests that the water system assets are relatively new.

Table 2-1: Water – Asset Amortization and Book Value (NBV)

2021 Water Asset Details			
Historical Cost	\$	26,775,219	100%
Accumulated Amortization	\$	8,835,962	33%
Net Book Value	\$	17,939,257	67%

2.2 Water Financial Statements

This financial plan involves the review, analysis and assessment of financial information contained in the rate study including costs, revenues, debt, cash transactions and Tangible Capital Assets (TCA) to prepare the following three (3) financial statements covering the period 2021 – 2026 as required under O.Reg 453/07:

- Statement of Financial Position;
- Statement of Operations; and
- Statement of Cash Flow

2.2.1 Water - Statement of Financial Position

The Statement of Financial Position is presented in Table 2-2. This statement summarizes the Township's water-related financial and non-financial assets i.e. Tangible Capital Assets (TCA) and liabilities, and provides the net financial asset (or net debt) position and accumulated surplus related to managing the water system. The financial assets are primarily cash balances in the water reserves and reserve funds. Liabilities consist of the water deferred revenues and long-term debt. The non-financial assets (TCA) include the Township's water infrastructure. The historical costs are amortized over the asset life to arrive at the net book value each year from 2021 to 2026. New assets are added in the years acquired, developed or built. Contributed assets are primarily new infrastructure and facilities that would be transferred to the Township's ownership and control by developers as they are completed. However this is assumed to be zero. It is also assumed that other non-financial assets such as inventory and prepaid expenses are zero.

Contained within the Statement of Financial Position are important indicators, the first being net financial assets (or net debt) which is defined as the difference between financial assets and liabilities. This indicator provides a measure of the water system's "future revenue requirement". Table 2-2 indicates that in 2021, the Township's water system will be in a financial asset position of \$4.2 million. This will decrease to a net debt position of \$1.6 million by 2026. The net debt position indicates that additional financial resources will be required to fund future operations. The trend to the net debt position is due to a significant increase of long-term debt and increase deferred revenues, offset by an increase of cash balances.

The next important indicator contained in the Statement of Financial Position is the net book value of TCA. Table 2-2 shows that net TCA are expected to increase over the forecast period by about \$13.2 million. This indicates that the Township has plans to invest in tangible capital assets greater than the consumption of existing assets. Further, a consumption ratio consisting of the accumulated amortization of the Township's TCA as a percent of historical cost ratio highlights the aged condition of the assets and their potential replacement needs. The Township's Water Asset Consumption Ratio decreases over the forecast period from 33% to 18%, suggesting that the water system would be less than a quarter through its life expectancy by 2026. As this percentage is decreasing over time, it indicates the Township is allocating adequate funds to finance the replacement or rehabilitation of aging assets as they expire.

Another important indicator in the Statement of Financial Position is the accumulated surplus. This indicator provides a measure of the resources available to the Township for managing its water system. The accumulated surplus is projected to increase from approximately \$22.2 million in 2021 to approximately \$29.5 million by 2026. The accumulated surplus consists of non-financial assets that are made up of the net TCA balance representing past investments in water infrastructure, offset by the net debt balances.

Table 2-2: Water – Statement of Financial Position

	2021	2022	2023	2024	2025	2026
Financial Assets						
Cash, Receivables and Investment	\$5,623,913	\$6,536,908	\$7,309,960	\$7,377,862	\$6,299,693	\$7,045,904
Total Financial Assets	\$5,623,913	\$6,536,908	\$7,309,960	\$7,377,862	\$6,299,693	\$7,045,904
Financial Liabilities						
Accounts Payable & Deferred Revenue	\$1,033,584	\$1,477,588	\$1,704,064	\$1,928,692	\$2,006,296	\$1,610,628
Long-term Liabilities	\$348,487	\$2,607,835	\$2,550,794	\$3,667,622	\$7,328,139	\$7,043,572
Total Financial Liabilities	\$1,382,071	\$4,085,423	\$4,254,859	\$5,596,313	\$9,334,435	\$8,654,200
Net Financial Assets (Net Debt)	\$4,241,842	\$2,451,485	\$3,055,101	\$1,781,548	(\$3,034,742)	(\$1,608,295)
Non-Financial Assets						
Tangible Capital Assets	\$26,775,219	\$29,467,552	\$30,033,771	\$32,413,880	\$37,071,228	\$38,199,384
Accumulated Amortization	(\$8,835,962)	(\$8,665,797)	(\$8,477,039)	(\$8,173,065)	(\$6,549,605)	(\$7,044,867)
Total Non-Financial Assets	\$17,939,257	\$20,801,755	\$21,556,733	\$24,240,814	\$30,521,622	\$31,154,518
Accumulated Surplus	\$22,181,099	\$23,253,239	\$24,611,834	\$26,022,363	\$27,486,881	\$29,546,222
Financial Indicators						
Increase (Decrease) in Net Financial Assets	(\$1,045,722)	(\$1,790,357)	\$603,617	(\$1,273,553)	(\$4,816,290)	\$1,426,446
Increase (Decrease) in Tangible Capital Assets	\$2,111,594	\$2,862,498	\$754,978	\$2,684,081	\$6,280,808	\$632,895
Increase (Decrease) in Accumulated Surplus	\$1,065,872	\$1,072,141	\$1,358,595	\$1,410,529	\$1,464,518	\$2,059,342
Water Asset Consumption Ratio	33%	29%	28%	25%	18%	18%

2.2.2 Water - Statement of Operations

The Statement of Operations is presented in Table 2-3. It summarizes the annual revenues and expenses associated with managing the Township's water system. It provides a report on the transactions and events that have an influence on the accumulated surplus. The main revenue items included are:

- Revenues from water rates and charges;
- Earned revenues, and
- Other Revenues (meter and backflow fees, service connection fees, miscellaneous fees and charges).

The main expense items are:

- The annual cost of operating and maintaining the water systems;
- Interest on long-term debt; and
- Amortization expenses on existing and added TCA.

The operating surplus (or deficit) is an important indicator contained in the Statement of Operations. An operating surplus (deficit) measures whether operating revenues generated in a year were sufficient to cover operating expenses incurred in that year. It is important to note that an annual surplus is necessary to ensure funds will be available to address non-expense items such as TCA acquisitions over and above amortization expenses, reserve/reserve fund contributions for asset replacement and rate stabilization, and repayment of

outstanding debt principal. A ratio of operating surplus to total revenue is shown in Table 2-3 and reflects the percent of total revenue that can be allocated to funding the non-expense items noted above.

Table 2-3: Water – Statement of Operation

	2021	2022	2023	2024	2025	2026
Water Revenue						
Rate Revenue	\$2,629,318	\$2,722,156	\$2,817,188	\$2,914,458	\$3,014,012	\$3,115,898
Earned Revenue	\$0	\$41,903	\$317,142	\$337,441	\$501,570	\$986,590
Other Revenue	\$141,249	\$149,302	\$157,775	\$159,535	\$145,103	\$157,864
Total Revenues	\$2,770,567	\$2,913,361	\$3,292,105	\$3,411,435	\$3,660,685	\$4,260,352
Water Expenses						
Operating Expenses	\$1,307,556	\$1,380,000	\$1,360,382	\$1,387,589	\$1,415,341	\$1,443,648
Interest on Debt	\$0	\$12,197	\$91,274	\$89,278	\$128,367	\$0
Amortization	\$397,139	\$449,023	\$481,854	\$524,039	\$652,460	\$757,363
Total Expenses	\$1,704,695	\$1,841,220	\$1,933,510	\$2,000,906	\$2,196,168	\$2,201,010
Annual Surplus/(Deficit)	\$1,065,872	\$1,072,141	\$1,358,595	\$1,410,529	\$1,464,517	\$2,059,341
Accumulated Surplus/(Deficit), Beginning of Year	\$21,115,226	\$22,181,099	\$23,253,240	\$24,611,835	\$26,022,363	\$27,486,881
Accumulated Surplus/ (Deficit), End of Year	\$22,181,099	\$23,253,240	\$24,611,835	\$26,022,363	\$27,486,881	\$29,546,222
Financial Indicators						
Increase (Decrease) in Total Revenues	\$45,660	\$142,794	\$378,744	\$119,330	\$249,250	\$599,667
Increase (Decrease) in Total Expenses	\$27,978	\$136,525	\$92,290	\$67,396	\$195,261	\$4,843
Increase (Decrease) in Annual Surplus	\$17,681	\$6,269	\$286,454	\$51,934	\$53,989	\$594,824
Operating Surplus Ratio	38.5%	36.8%	41.3%	41.3%	40.0%	48.3%

2.2.3 Water - Statement of Cash Flows

The Statement of Cash Flow is presented in Table 2-4. This statement summarizes the main cash inflows and outflows related to the water system in four (4) main areas - operating, capital, investing and financing, and shows the annual changes in cash.

The operating cash transactions begin with the surplus or deficit identified in the Statement of Operations. This figure is adjusted to add or subtract non-cash items that were included as revenues or expenses (e.g. amortization expenses and earned revenues). It is assumed that there are no “investing activities” over the period. The capital section indicates the amounts to be spent to acquire capital assets (TCA) or to be received from the sale of assets. In the Township’s case, it is assumed that there are no assets to be sold to generate cash. The financing section identifies funds external sources, proceeds from the issuance of debenture as cash inflows, and the portion of debt repaid as cash outflows.

Table 2-4 indicates that cash is being generated from operations, which is used in funding the acquisition of TCA and towards building internal reserves. The Town's cash position is projected to increase over the forecast period from \$5.6 million in 2021 to a \$7.0 million in 2026.

Table 2-4: Water – Statement of Cash Flow

	2021	2022	2023	2024	2025	2026
Cash Provided by:						
Operating Activities						
Annual Surplus/(Deficit)	\$1,065,872	\$1,072,141	\$1,358,595	\$1,410,529	\$1,464,517	\$2,059,341
Non-Cash Items						
Amortization	\$397,139	\$449,023	\$481,854	\$524,039	\$652,460	\$757,363
Earned Revenue	\$0	(\$41,903)	(\$317,142)	(\$337,441)	(\$501,570)	(\$986,590)
Net Change in Cash Provided by Operating Activities	\$1,463,011	\$1,479,262	\$1,523,308	\$1,597,126	\$1,615,407	\$1,830,114
Capital Activities						
Purchase of TCA	(\$2,508,732)	(\$3,311,521)	(\$1,236,832)	(\$3,208,121)	(\$6,933,268)	(\$1,390,258)
Net Change in Cash Used in Capital Activities	(\$2,508,732)	(\$3,311,521)	(\$1,236,832)	(\$3,208,121)	(\$6,933,268)	(\$1,390,258)
Financing Activities						
DC Collections	\$466,803	\$485,906	\$543,618	\$562,069	\$579,174	\$590,922
External Financing	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds From Long-Term Debt	\$348,487	\$2,289,054	\$168,826	\$1,364,991	\$4,033,720	\$445,538
Repayment of Long-Term Debt	\$0	(\$29,706)	(\$225,867)	(\$248,164)	(\$373,203)	(\$730,105)
Net Change in Cash Used in Financing Activities	\$815,290	\$2,745,254	\$486,577	\$1,678,896	\$4,239,692	\$306,355
Net Change in Cash and Cash Equivalents	(\$230,432)	\$912,995	\$773,052	\$67,902	(\$1,078,169)	\$746,211
Cash and Cash Equivalents, Beginning of the Year	\$5,854,345	\$5,623,913	\$6,536,908	\$7,309,960	\$7,377,862	\$6,299,693
Cash and Cash Equivalents, End of the Year	\$5,623,913	\$6,536,908	\$7,309,960	\$7,377,862	\$6,299,693	\$7,045,904

2.3 Lead Service Pipe Removal

The financial plan is also required to detail the extent to which the information described above relates directly to the replacement of lead service pipes. There are no known lead service pipes in the Township. There is no dedicated lead service pipe removal program in place. If lead pipe is discovered during normal operations, it is replaced accordingly. Therefore, there are no significant material financial costs associated with lead pipe removal.

3 Wastewater System Financial Plan

Preparing a wastewater system financial plan is not mandatory but has become a municipal best practice over the past few years. It is typically prepared in accordance with the requirements of O.Reg 453/07 which applies to water systems.

This financial plan involves the review, analysis and assessment of financial information contained in the 2020 water and wastewater rate study including costs, revenues, debt, cash transactions and Tangible Capital Assets (TCA) to prepare the following three (3) financial statements covering the period 2021 to 2026 as required under O.Reg. 453/07:

- Statement of Financial Position;
- Statement of Operations; and
- Statement of Cash Flow.

The wastewater system financial plan applies to a period of (6) six years from 2021 to 2026 to be consistent with the period covered by the water system financial plan. It is anticipated that the financial plan would be made available to the public at no charge on the Town's website following final approval of the rate study and financial plan by Council.

3.1 Wastewater Tangible Capital Assets (TCA) Analysis

As in the preparation of the water system financial plan, the results of the 2020 water and wastewater rate study are used as the basis for preparing the wastewater system financial plan. The Township's Asset Inventories were also used in the preparation of the wastewater system financial plan. The amortization of the tangible capital assets is shown as a "non-cash" annual cost that reflects the annual "use" of assets until the end of their respective useful lives. Allowances are made to finance the replacement and/ or rehabilitation of the existing assets once they "expire" and can no longer play a role in providing the required wastewater service to customers. However, it should be noted that since amortization is based on the original (historical) cost at the time the asset was placed in service it does not account for inflation since the year of installation. Therefore, basing asset replacement costs on amortization alone is not sufficient to cover the future replacement needs.

The TCA projections contained in the Township's wastewater financial plan are based on the following assumptions:

- Amortization of existing assets is based on the Township's Tangible Capital Assets policies and procedures. Amortization of new infrastructure investments is based on straight line depreciation with half year depreciation charged in the year of acquisition.
- Historical costs, life expectancy and remaining useful life as per the TCA data provided by the Township;
- Fully depreciated assets continue to be used in service i.e. no asset removals; and
- New assets to be acquired are based on the capital forecast. The forecast includes projects in the Township's Capital Budget Forecast, 2018 Development Charges Study and asset replacement projections based on an analysis of the Township's tangible capital asset inventories.

Wastewater Asset Value

The wastewater system is comprised of the following asset classes:

- Pump Stations and Lagoons
- Forcemains
- Sanitary Mains, and
- Wastewater Treatment Plant

Table 3-1 shows the current capital asset value based on historical cost and accumulated amortization to 2021. This is reflected as the net book value (NBV) i.e. the "accounting" value, and indicates that the wastewater

system as a whole is approximately 31% depreciated or has approximately 69% remaining life based on the TCA data. This suggests that the water system assets are relatively new.

Table 3-1: Wastewater – Asset Amortization and 2020 Net Book Value (NBV)

2021 Wastewater Asset Details			
Historical Cost	\$	42,562,906	100%
Accumulated Amortization	\$	12,999,913	31%
Net Book Value	\$	29,562,993	69%

3.2 Wastewater Financial Statements

This financial plan involves the review, analysis and assessment of financial information contained in the rate study including costs, revenues, debt, cash transactions and Tangible Capital Assets (TCA) to prepare the following three (3) financial statements covering the period 2021 – 2026 as required under O.Reg 453/07:

- Statement of Financial Position;
- Statement of Operations; and
- Statement of Cash Flow.

3.2.1 Wastewater - Statement of Financial Position

The Statement of Financial Position is presented in Table 3-2. This statement summarizes the Township's wastewater related financial and non-financial assets (Tangible Capital Assets – TCA) and liabilities and provides the net financial asset/ (net debt) position and accumulated surplus related to managing the wastewater system. The financial assets are primarily cash balances in the wastewater reserves and reserve funds. Liabilities consist of wastewater deferred revenues and long-term debt. The non-financial assets (TCA) include the Township's wastewater infrastructure. The historical costs are amortized over the asset life to arrive at the net book value each year from 2021 to 2026. New assets are added in the years acquired, developed or built. Contributed assets are primarily new infrastructure that would be transferred to the Township's ownership and control by developers as they are completed. However, this is assumed to be zero. It is also assumed that other non-financial assets such as inventory and prepaid expenses are zero.

Contained within the Statement of Financial Position are important indicators, the first being net financial assets (or net debt) which is defined as the difference between financial assets and liabilities. This indicator provides a measure of the wastewater system's "future revenue requirement". Table 3.2 indicates that in 2021, the Township's wastewater system will be in a net debt position in the amount of \$3.2 million. There will be change to a net financial asset position of \$1.0 million by 2026. The net financial asset position indicates that financial resources will be available to fund future operations. The change to a net financial asset position is due to a combination of a decrease liabilities through a decrease in long-term debt with a decrease in deferred revenues, and an increase in the cash position.

The next important indicator contained in the Statement of Financial Position is the net book value of TCA. Table 3-2 shows that net TCA are expected to grow by \$8.4 million over the forecast period, or from \$29.6 million in 2021 to \$37.9 million in 2026. This indicates that the Township has plans to invest in tangible capital assets in excess of the consumption of existing assets. Further, a consumption ratio consisting of the accumulated amortization of the Township's TCA as a percent of historical cost ratio highlights the aged condition of the assets and their potential replacement needs. The Township's Wastewater Asset Consumption Ratio will decrease from 31% in 2021 to 28% in 2026. As this percentage is decreasing over time, it indicates the Township is allocating adequate funds to finance the replacement or rehabilitation of aging assets as they expire.

Another important indicator in the Statement of Financial Position is the accumulated surplus. This indicator provides a measure of the resources available to the Township for managing its water system. The accumulated surplus is projected to increase from approximately \$26.3 million in 2021 to approximately \$38.9 million by 2026. The accumulated surplus consists of non-financial assets that are made up of the net TCA balance representing past investments in wastewater infrastructure, and net financial assets that consist of cash balances, offset by deferred revenues and long-term debt.

Table 3-2: Wastewater - Statement of Financial Position

	2021	2022	2023	2024	2025	2026
Financial Assets						
Cash, Receivables and Investment	\$6,023,404	\$5,639,779	\$6,248,399	\$6,659,972	\$5,512,722	\$6,529,884
Total Financial Assets	\$6,023,404	\$5,639,779	\$6,248,399	\$6,659,972	\$5,512,722	\$6,529,884
Financial Liabilities						
Accounts Payable & Deferred Revenue	\$4,441,471	\$3,998,925	\$4,502,398	\$5,075,889	\$3,881,356	\$3,825,186
Long-term Liabilities	\$4,828,531	\$4,153,231	\$3,448,989	\$2,714,480	\$2,208,280	\$1,684,363
Total Financial Liabilities	\$9,270,002	\$8,152,156	\$7,951,387	\$7,790,369	\$6,089,636	\$5,509,550
Net Financial Assets (Net Debt)	(\$3,246,598)	(\$2,512,377)	(\$1,702,988)	(\$1,130,398)	(\$576,914)	\$1,020,335
Non-Financial Assets						
Tangible Capital Assets	\$42,562,906	\$44,631,124	\$46,081,959	\$47,802,853	\$51,093,078	\$52,799,541
Accumulated Amortization	(\$12,999,913)	(\$13,329,323)	(\$13,812,792)	(\$14,249,447)	(\$14,369,043)	(\$14,889,555)
Total Non-Financial Assets	\$29,562,993	\$31,301,801	\$32,269,167	\$33,553,406	\$36,724,035	\$37,909,987
Accumulated Surplus	\$26,316,395	\$28,789,425	\$30,566,179	\$32,423,009	\$36,147,121	\$38,930,321
Financial Indicators						
Increase (Decrease) in Net Financial Assets	\$847,689	\$734,221	\$809,388	\$572,591	\$553,484	\$1,597,249
Increase (Decrease) in Tangible Capital Assets	\$2,569,493	\$1,738,808	\$967,366	\$1,284,239	\$3,170,629	\$1,185,952
Increase (Decrease) in Accumulated Surplus	\$3,417,181	\$2,473,029	\$1,776,754	\$1,856,830	\$3,724,112	\$2,783,200
Water Asset Consumption Ratio	31%	30%	30%	30%	28%	28%

3.2.2 Wastewater - Statement of Operations

The Statement of Operations is presented in Table 3-3. It summarizes the annual revenues and expenses associated with managing the Township's wastewater system. It provides a report on the transactions and events that have an influence on the accumulated surplus. The main revenue items included are:

- Revenues from wastewater rates and charges;
- Earned Revenues; and
- Other Revenues (service connection fees, and miscellaneous fees and charges).

The main expense items are:

- The annual cost of operating and maintaining the wastewater system;
- Interest on long-term debt; and
- Amortization expenses on existing and new TCA.

The operating surplus/ (deficit) is an important indicator contained in the Statement of Operations. An operating surplus/ (deficit) measures whether operating revenues generated in a year were sufficient to cover operating expenses incurred in that year. It is important to note that an annual surplus is necessary to ensure funds will be available to address non-expense items such as TCA acquisitions over and above amortization expenses, reserve/reserve fund contributions for asset replacement and rate stabilization, and repayment of outstanding debt principal. A ratio of operating surplus to total revenue is shown in Table 3-3 and reflects the percent of total revenue that can be allocated to funding the non-expense items noted above.

Table 3-3: Wastewater - Statement of Operations

	2021	2022	2023	2024	2025	2026
Water Revenue						
Rate Revenue	\$3,015,355	\$3,125,202	\$3,237,666	\$3,352,800	\$3,470,661	\$3,591,302
Earned Revenue	\$2,764,211	\$1,752,026	\$960,106	\$939,407	\$2,736,192	\$1,641,947
Other Revenue	\$36,870	\$37,944	\$39,596	\$39,957	\$38,885	\$51,557
Total Revenues	\$5,816,436	\$4,915,172	\$4,237,368	\$4,332,165	\$6,245,737	\$5,284,806
Water Expenses						
Operating Expenses	\$1,437,284	\$1,466,030	\$1,495,350	\$1,525,257	\$1,555,762	\$1,586,878
Interest on Debt	\$209,809	\$182,134	\$153,194	\$122,926	\$95,007	\$0
Amortization	\$752,161	\$793,979	\$812,070	\$827,152	\$870,855	\$914,728
Other	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$2,399,255	\$2,442,143	\$2,460,614	\$2,475,335	\$2,521,624	\$2,501,605
Annual Surplus/(Deficit)	\$3,417,181	\$2,473,029	\$1,776,754	\$1,856,830	\$3,724,113	\$2,783,200
Accumulated Surplus/(Deficit), Beginning of Year	\$22,899,214	\$26,316,395	\$28,789,425	\$30,566,179	\$32,423,009	\$36,147,121
Accumulated Surplus/ (Deficit), End of Year	\$26,316,395	\$28,789,425	\$30,566,179	\$32,423,009	\$36,147,121	\$38,930,321
Financial Indicators						
Increase (Decrease) in Total Revenues	\$2,319,656	(\$901,264)	(\$677,804)	\$94,796	\$1,913,572	(\$960,931)
Increase (Decrease) in Total Expenses	\$42,888	\$42,888	\$18,471	\$14,721	\$46,289	(\$20,019)
Increase (Decrease) in Annual Surplus	(\$938,752)	(\$944,152)	(\$696,275)	\$80,076	\$1,867,283	(\$940,912)
Operating Surplus Ratio	58.8%	50.3%	41.9%	42.9%	59.6%	52.7%

3.2.3 Wastewater - Statement of Cash Flows

The Statement of Cash Flow is presented in Table 3-4. This statement summarizes the main cash inflows and outflows related to the wastewater system in four (4) main areas - operating, capital, investing and financing, and shows the annual changes in cash.

The operating cash transactions begin with the surplus or deficit identified in the Statement of Operations. This figure is adjusted to add or subtract non-cash items that were included as revenues or expenses (e.g. amortization expenses and earned revenues). It is assumed that there are no "investing activities" over the period. The capital section indicates the amounts to be spent to acquire capital assets (TCA) or to be received from the sale of assets. In the Township's case, it is assumed that there are no assets to be sold to generate cash. The financing section identifies funds external sources, proceeds from the issuance of debenture as cash inflows, and the portion of debt repaid as cash outflows.

Table 3-4 indicates that cash is being generated from operations, which is used in funding the acquisition of TCA and towards building internal reserves. The Township's cash position is projected to increase over the forecast period from \$6.0 million in 2021 to a \$6.5 million in 2026.

Table 3-4: Wastewater - Statement of Cash Flows

	2021	2022	2023	2024	2025	2026
Cash Provided by:						
Operating Activities						
Annual Surplus/(Deficit)	\$3,417,181	\$2,473,029	\$1,776,754	\$1,856,830	\$3,724,113	\$2,783,200
Non-Cash Items						
Amortization	\$752,161	\$793,979	\$812,070	\$827,152	\$870,855	\$914,728
Earned Revenue	(\$2,764,211)	(\$1,752,026)	(\$960,106)	(\$939,407)	(\$2,736,192)	(\$1,641,947)
Net Change in Cash Provided by Operating Activities	\$1,405,132	\$1,514,983	\$1,628,718	\$1,744,574	\$1,858,776	\$2,055,981
Capital Activities						
Purchase of TCA	(\$3,321,654)	(\$2,532,787)	(\$1,779,436)	(\$2,111,391)	(\$4,041,484)	(\$2,100,679)
Net Change in Cash Used in Capital Activities	(\$3,321,654)	(\$2,532,787)	(\$1,779,436)	(\$2,111,391)	(\$4,041,484)	(\$2,100,679)
Financing Activities						
DC Collections	\$1,278,242	\$1,309,480	\$1,463,579	\$1,512,899	\$1,541,658	\$1,585,777
External Financing	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds From Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0
Repayment of Long-Term Debt	(\$647,626)	(\$675,301)	(\$704,241)	(\$734,509)	(\$506,200)	(\$523,917)
Net Change in Cash Used in Financing Activities	\$630,616	\$634,180	\$759,337	\$778,390	\$1,035,458	\$1,061,860
Net Change in Cash and Cash Equivalents	(\$1,285,906)	(\$383,625)	\$608,619	\$411,573	(\$1,147,249)	\$1,017,162
Cash and Cash Equivalents, Beginning of the Year	\$7,309,310	\$6,023,404	\$5,639,779	\$6,248,399	\$6,659,972	\$5,512,722
Cash and Cash Equivalents, End of the Year	\$6,023,404	\$5,639,779	\$6,248,399	\$6,659,972	\$5,512,722	\$6,529,884

4 Conclusions & Recommendations

The following are the main conclusions regarding the water system:

1. The financial statements for the water system are prepared based on the results of the rate study analyses and projections, indicate the following:
 - The accumulated surplus is projected to increase from approximately \$22.1 million in 2021 to approximately \$29.5 million by 2026.
 - The operating surplus ratio is projected to increase from approximately 39% in 2021 to 48% in 2026.
 - The cash position is projected to increase from \$5.6 million in 2021 to a \$7.0 million in 2026.

These indicate that the financial outlook for the water system over the 6-year period 2021 to 2026 is excellent.

The following are the main conclusions regarding the wastewater system:

2. The financial statements for the wastewater system are prepared based on the results of the rate study analyses and projections, indicate the following:
 - The accumulated surplus is projected to increase from approximately \$26.3 million in 2021 to approximately \$38.9 million by 2026.
 - The operating surplus ratio is projected to decrease from approximately 59% in 2021 to 53% in 2026
 - The cash position is projected to increase from \$6.0 million in 2022 to \$6.5 million in 2026.

These indicate that the financial outlook for the wastewater system over the 6-year period 2021 to 2026 is excellent.

The following are the main recommendations resulting from the O. Reg 453.07 water system and wastewater financial plans:

3. That the O.Reg. 453/07 Water System Financial Plan No. 113-301A including the Financial Statements contained herein be approved by Council and submitted to the Province of Ontario in accordance with the Drinking Water System License renewal requirements and O. Reg. 453/07.
4. That the Wastewater System Financial Plan including the Financial Statements contained herein be received by Council.
5. That a copy of the Water Financial Plan No. 113-301A and the Wastewater Financial Plan be posted on the Township's website and made available to the public at no charge.

Appendix A

Requirements of O. Reg. 453/07

Requirements		How Requirements are Met
1.	The financial plans must be approved by a resolution that is passed by,	
	i. The council of the municipality, if the owner of the drinking water system is a municipality.	<ul style="list-style-type: none"> It is expected the Council will approve the Updated Financial Plan 6 months prior to the expiry of the drinking water licence – May 19, 2021)
	ii. The governing body of the owner, if the owner of the drinking water system has a governing body and is not a municipality.	<ul style="list-style-type: none"> N/A
2.	The financial plans must apply to a period of at least six years.	<ul style="list-style-type: none"> Applies for 6 years from 2021 to 2026 inclusive.
3.	The first year to which the financial plans must apply must be the year determined in accordance with the following rules:	
	i. If the financial plans are required by subsection 2, the first year to which the financial plans must apply must be the year in which the drinking water system's existing municipal drinking water licence would otherwise expire.	<ul style="list-style-type: none"> The licence expires in 2021 for the water systems (No. 113-301A). Therefore, the first year of the Updated Financial Plan is 2021
	ii. If the financial plans are required by a condition that was included in a municipal drinking water licence under subsection 1 (3), the first year to which the financial plans must apply must be the later of 2010 and the year in which the first licence for the system was issued.	<ul style="list-style-type: none"> N/A
4.	Subject to subsection (2), for each year to which the financial plans apply, the financial plans must include the following:	
	i. Details of the proposed or projected financial position of the drinking water system itemized by:	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan.
	a. Total financial assets	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan.
	b. Total liabilities	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan.
	c. Net financial assets (debt)	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan.
	d. Non-financial assets that are tangible capital assets, tangible capital assets under construction, inventories of supplies and prepaid expenses.	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan. TCA Projections in Financial Plan.

		e. Changes in tangible capital assets that are additions, donations, write downs and disposals.	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan. TCA Projections in Financial Plan.
	ii.	Details of the proposed or projected financial operations of the drinking water system itemized by,	<ul style="list-style-type: none"> See Statement of Operations for all water systems combined in Financial Plan.
		a. Total revenues, further itemized by water rates, user charges and other revenues.	<ul style="list-style-type: none"> See Statement of Operations for all water systems combined in Financial Plan.
		b. Total expenses, further itemized by amortization expenses, interest expenses and other expenses	<ul style="list-style-type: none"> See Statement of Operations for all water systems combined in Financial Plan.
		c. Annual surplus or deficit, and	<ul style="list-style-type: none"> See Statement of Operations for all water systems combined in Financial Plan.
		d. Accumulated surplus or deficit	<ul style="list-style-type: none"> See Statement of Operations for all water systems combined in Financial Plan.
	iii.	Details of the drinking water system's proposed or projected gross cash receipts and gross cash payments itemized by,	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		a. Operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges, - done in full cost report	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		b. Capital transactions that are proceeds on the sale of tangible capital assets and cash used to acquire capital assets,	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		c. Investing transactions that are acquisitions and disposal of investments,	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		d. Financing transactions that are proceeds from the issuance of debt and debt repayment.	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		e. Changes in cash and cash equivalents during the year,	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		f. Cash and cash equivalents at the beginning and end of the year.	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
	iv.	Details of the extent to which the information described in subparagraphs i, ii and iii relates directly to the replacement of lead service pipes as defined in section 15.1- 3 of Schedule 15.1 to Ontario Regulation 170/03 (Drinking Water Systems), made under the Act.	<ul style="list-style-type: none"> There is no dedicated lead service pipe removal program in place. If lead pipe is discovered during normal operations, it is replaced accordingly. Therefore, there are no significant material financial costs associated with lead pipe removal.
5.	The owner of the drinking water system must.		
	i.	Make the financial plans available, on request, to members of the public who are served by the drinking water system without charge,	<ul style="list-style-type: none"> This will be done by the municipality following Council approval.

	ii.	Make the financial plans available to members of the public without charge through publication on the Internet, if the owner maintains a website on the Internet,	<ul style="list-style-type: none"> The Financial Plan will be posted on the municipality's website and made available for public review at no charge.
	iii.	Provide notice advising the public of the availability of the financial plans under subparagraphs i and ii, if applicable, in a manner that, in the opinion of the owner, will bring the notice to the attention of members of the public who are served by the drinking water system.	<ul style="list-style-type: none"> A notice will be issued following Council approval.
6.		The owner of the drinking water system must give a copy of the financial plans to the Ministry of Municipal Affairs and Housing. O. Reg. 453/07, s. 3 (1).	<ul style="list-style-type: none"> Will be submitted following Council approval.
		Each of the following sub-subparagraphs applies only if the information referred to in the sub-subparagraph is known to the owner at the time the financial plans are prepared.	<ul style="list-style-type: none"> The Financial Plan was prepared using available information at the time of preparation and may not contain all desired items. Reasonable assumptions were made and these are noted in the Financial Plan.
	1.	Sub-subparagraphs 4 i A, B and C of subsection (1).	<ul style="list-style-type: none"> The Financial Plan was prepared using available information at the time of preparation and may not contain all desired items. Reasonable assumptions were made and these are noted in the Financial Plan.
	2.	Sub-subparagraphs 4 iii A, C, E and F of subsection (1). O. Reg. 453/07, s. 3 (2).	<ul style="list-style-type: none"> The Financial Plan was prepared using available information at the time of preparation and may not contain all desired items. Reasonable assumptions were made and these are noted in the Financial Plan.

Township of Wellington North

**2020 O.Reg 453/07 Water System Financial Plan No. 113-301A
and Wastewater System Financial Plan (Final)**



DFA Infrastructure International Inc.

November 13, 2020

**DFA Infrastructure International Inc.**

33 Raymond Street St. Catharines Ontario Canada L2R 2T3

Telephone: (905) 938 -0965 Fax: (905) 937-6568

November 13, 2020

Matthew Aston
Director of Operations
Township of Wellington North
7490 Sideroad 7 W
Kenilworth, Ontario
N0G 2E0

Re: 2020 O.Reg 453/07 Water System Financial Plan No. 113-301A and Wastewater System Financial Plan (Final)

Dear Matt:

We are pleased to submit to you the above noted report entitled: "2020 O. Reg 453/07 Water System Financial Plan and Wastewater System Financial Plan (Final)". The water and wastewater financial plans are based on the results of the Township's water and wastewater rate study that will be presented to your Council at the November 23rd Council meeting.

Yours truly,

DFA Infrastructure International Inc.

Derek Ali, MBA, P.Eng.
President

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Transmittal Letter

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1 Introduction

1.1 Background

Regulation 188/07 under the Safe Drinking Water Act requires Ontario municipalities to apply for and obtain Drinking Water System Licences as part of their overall DWQMS. One of the requirements of holding a valid drinking water licence is preparing and submitting to the Province an updated financial plan in accordance with O.Reg. 453/07. The financial plan must include financial statements on the following:

- The proposed or projected financial position of the drinking water systems;
- The proposed or projected gross cash receipts and gross cash payments;
- The proposed or projected financial operations of the drinking water system; and
- Details on the extent to which the above information applies to the replacement of lead service pipes, if applicable.

Appendix A lists each requirement of the regulation and references the respective financial statements and other relevant information required under each regulatory requirement. The financial plan must apply to a period of at least six (6) years with the first year being the year the existing license expires. In the Township's case an updated Water System Financial Plan is required for the period 2021 to 2026.

It is important to note that the water system financial plan, along with the accompanying wastewater system financial plan are based on the results of the Township's 2020 Water and Wastewater Rate Study and O. Reg 453/07 Financial Plan.

Upon Council's approval, the financial plans will be made available to the public at no charge and posted on the Township's website. The plans will also be submitted to the Province as part of the Township's drinking water license renewal application.

2 O.Reg 453/07 Water System Financial Plan No. 113-301A

This section presents an updated water system financial plan as defined in O.Reg. 453/07, thereby allowing the Township to fulfil its obligations under the drinking water licensing regulations for the renewal of its drinking water systems license. The number for the updated financial plan is 113-301A

2.1 Water Tangible Capital Assets (TCA) Analysis

As noted in the introduction the results of the 2020 Water and Wastewater Rate Study are used as the basis for preparing the water system financial plan. The Township's Tangible Capital Asset inventories were also used in the preparation of the water system financial plan. The amortization of the tangible capital assets is shown as a "non-cash" annual cost that reflects the annual "use" of assets until the end of their respective useful lives.

Allowances are made to finance the replacement and/ or rehabilitation of the existing assets once they “expire” and can no longer play a role in providing the required drinking water service to customers. It should be noted however that since amortization is based on the original (historical) cost at the time the asset was placed in service it does not account for inflation since the year of installation. Therefore, basing asset replacement costs on amortization alone is not sufficient to cover the future replacement needs.

The TCA projections contained in the Township’s water system financial plan are based on the following assumptions:

- Amortization of existing assets is based on the Township’s Tangible Capital Assets Policies and Procedures. Amortization of new infrastructure investments is based on straight line depreciation with half year depreciation charged in the year of acquisition;
- Historical costs, life expectancy and remaining useful life are as identified in the TCA data provided by the Township;
- Fully depreciated assets continue to be used in service i.e. no asset removals; and
- New assets to be acquired are based on the capital forecast presented. The forecast includes projects in the Township’s Capital Budget Forecast, 2018 Development Charges Study and asset replacement projections based on an analysis of the Township’s tangible capital asset inventories.

Water Asset Value

The water system is comprised of the following asset classes:

- Wells and Storage, and
- Watermains

Table 2-1 shows the current capital asset value based on historical cost and accumulated amortization to 2021. This is reflected as the net book value (NBV) i.e. the “accounting” value, and indicates that the water system as a whole is approximately 33% depreciated or has approximately 67% remaining life based on the TCA data. This suggests that the water system assets are relatively new.

Table 2-1: Water – Asset Amortization and Book Value (NBV)

2021 Water Asset Details			
Historical Cost	\$	26,775,219	100%
Accumulated Amortization	\$	8,835,962	33%
Net Book Value	\$	17,939,257	67%

2.2 Water Financial Statements

This financial plan involves the review, analysis and assessment of financial information contained in the rate study including costs, revenues, debt, cash transactions and Tangible Capital Assets (TCA) to prepare the following three (3) financial statements covering the period 2021 – 2026 as required under O.Reg 453/07:

- Statement of Financial Position;
- Statement of Operations; and
- Statement of Cash Flow

2.2.1 Water - Statement of Financial Position

The Statement of Financial Position is presented in Table 2-2. This statement summarizes the Township's water-related financial and non-financial assets i.e. Tangible Capital Assets (TCA) and liabilities, and provides the net financial asset (or net debt) position and accumulated surplus related to managing the water system. The financial assets are primarily cash balances in the water reserves and reserve funds. Liabilities consist of the water deferred revenues and long-term debt. The non-financial assets (TCA) include the Township's water infrastructure. The historical costs are amortized over the asset life to arrive at the net book value each year from 2021 to 2026. New assets are added in the years acquired, developed or built. Contributed assets are primarily new infrastructure and facilities that would be transferred to the Township's ownership and control by developers as they are completed. However this is assumed to be zero. It is also assumed that other non-financial assets such as inventory and prepaid expenses are zero.

Contained within the Statement of Financial Position are important indicators, the first being net financial assets (or net debt) which is defined as the difference between financial assets and liabilities. This indicator provides a measure of the water system's "future revenue requirement". Table 2-2 indicates that in 2021, the Township's water system will be in a financial asset position of \$4.2 million. This will decrease to a net debt position of \$1.6 million by 2026. The net debt position indicates that additional financial resources will be required to fund future operations. The trend to the net debt position is due to a significant increase of long-term debt and increase deferred revenues, offset by an increase of cash balances.

The next important indicator contained in the Statement of Financial Position is the net book value of TCA. Table 2-2 shows that net TCA are expected to increase over the forecast period by about \$13.2 million. This indicates that the Township has plans to invest in tangible capital assets greater than the consumption of existing assets. Further, a consumption ratio consisting of the accumulated amortization of the Township's TCA as a percent of historical cost ratio highlights the aged condition of the assets and their potential replacement needs. The Township's Water Asset Consumption Ratio decreases over the forecast period from 33% to 18%, suggesting that the water system would be less than a quarter through its life expectancy by 2026. As this percentage is decreasing over time, it indicates the Township is allocating adequate funds to finance the replacement or rehabilitation of aging assets as they expire.

Another important indicator in the Statement of Financial Position is the accumulated surplus. This indicator provides a measure of the resources available to the Township for managing its water system. The accumulated surplus is projected to increase from approximately \$22.2 million in 2021 to approximately \$29.5 million by 2026. The accumulated surplus consists of non-financial assets that are made up of the net TCA balance representing past investments in water infrastructure, offset by the net debt balances.

Table 2-2: Water – Statement of Financial Position

	2021	2022	2023	2024	2025	2026
Financial Assets						
Cash, Receivables and Investment	\$5,623,913	\$6,536,908	\$7,309,960	\$7,377,862	\$6,299,693	\$7,045,904
Total Financial Assets	\$5,623,913	\$6,536,908	\$7,309,960	\$7,377,862	\$6,299,693	\$7,045,904
Financial Liabilities						
Accounts Payable & Deferred Revenue	\$1,033,584	\$1,477,588	\$1,704,064	\$1,928,692	\$2,006,296	\$1,610,628
Long-term Liabilities	\$348,487	\$2,607,835	\$2,550,794	\$3,667,622	\$7,328,139	\$7,043,572
Total Financial Liabilities	\$1,382,071	\$4,085,423	\$4,254,859	\$5,596,313	\$9,334,435	\$8,654,200
Net Financial Assets (Net Debt)	\$4,241,842	\$2,451,485	\$3,055,101	\$1,781,548	(\$3,034,742)	(\$1,608,295)
Non-Financial Assets						
Tangible Capital Assets	\$26,775,219	\$29,467,552	\$30,033,771	\$32,413,880	\$37,071,228	\$38,199,384
Accumulated Amortization	(\$8,835,962)	(\$8,665,797)	(\$8,477,039)	(\$8,173,065)	(\$6,549,605)	(\$7,044,867)
Total Non-Financial Assets	\$17,939,257	\$20,801,755	\$21,556,733	\$24,240,814	\$30,521,622	\$31,154,518
Accumulated Surplus	\$22,181,099	\$23,253,239	\$24,611,834	\$26,022,363	\$27,486,881	\$29,546,222
Financial Indicators						
Increase (Decrease) in Net Financial Assets	(\$1,045,722)	(\$1,790,357)	\$603,617	(\$1,273,553)	(\$4,816,290)	\$1,426,446
Increase (Decrease) in Tangible Capital Assets	\$2,111,594	\$2,862,498	\$754,978	\$2,684,081	\$6,280,808	\$632,895
Increase (Decrease) in Accumulated Surplus	\$1,065,872	\$1,072,141	\$1,358,595	\$1,410,529	\$1,464,518	\$2,059,342
Water Asset Consumption Ratio	33%	29%	28%	25%	18%	18%

2.2.2 Water - Statement of Operations

The Statement of Operations is presented in Table 2-3. It summarizes the annual revenues and expenses associated with managing the Township's water system. It provides a report on the transactions and events that have an influence on the accumulated surplus. The main revenue items included are:

- Revenues from water rates and charges;
- Earned revenues, and
- Other Revenues (meter and backflow fees, service connection fees, miscellaneous fees and charges).

The main expense items are:

- The annual cost of operating and maintaining the water systems;
- Interest on long-term debt; and
- Amortization expenses on existing and added TCA.

The operating surplus (or deficit) is an important indicator contained in the Statement of Operations. An operating surplus (deficit) measures whether operating revenues generated in a year were sufficient to cover operating expenses incurred in that year. It is important to note that an annual surplus is necessary to ensure funds will be available to address non-expense items such as TCA acquisitions over and above amortization expenses, reserve/reserve fund contributions for asset replacement and rate stabilization, and repayment of

outstanding debt principal. A ratio of operating surplus to total revenue is shown in Table 2-3 and reflects the percent of total revenue that can be allocated to funding the non-expense items noted above.

Table 2-3: Water – Statement of Operation

	2021	2022	2023	2024	2025	2026
Water Revenue						
Rate Revenue	\$2,629,318	\$2,722,156	\$2,817,188	\$2,914,458	\$3,014,012	\$3,115,898
Earned Revenue	\$0	\$41,903	\$317,142	\$337,441	\$501,570	\$986,590
Other Revenue	\$141,249	\$149,302	\$157,775	\$159,535	\$145,103	\$157,864
Total Revenues	\$2,770,567	\$2,913,361	\$3,292,105	\$3,411,435	\$3,660,685	\$4,260,352
Water Expenses						
Operating Expenses	\$1,307,556	\$1,380,000	\$1,360,382	\$1,387,589	\$1,415,341	\$1,443,648
Interest on Debt	\$0	\$12,197	\$91,274	\$89,278	\$128,367	\$0
Amortization	\$397,139	\$449,023	\$481,854	\$524,039	\$652,460	\$757,363
Total Expenses	\$1,704,695	\$1,841,220	\$1,933,510	\$2,000,906	\$2,196,168	\$2,201,010
Annual Surplus/(Deficit)	\$1,065,872	\$1,072,141	\$1,358,595	\$1,410,529	\$1,464,517	\$2,059,341
Accumulated Surplus/(Deficit), Beginning of Year	\$21,115,226	\$22,181,099	\$23,253,240	\$24,611,835	\$26,022,363	\$27,486,881
Accumulated Surplus/ (Deficit), End of Year	\$22,181,099	\$23,253,240	\$24,611,835	\$26,022,363	\$27,486,881	\$29,546,222
Financial Indicators						
Increase (Decrease) in Total Revenues	\$45,660	\$142,794	\$378,744	\$119,330	\$249,250	\$599,667
Increase (Decrease) in Total Expenses	\$27,978	\$136,525	\$92,290	\$67,396	\$195,261	\$4,843
Increase (Decrease) in Annual Surplus	\$17,681	\$6,269	\$286,454	\$51,934	\$53,989	\$594,824
Operating Surplus Ratio	38.5%	36.8%	41.3%	41.3%	40.0%	48.3%

2.2.3 Water - Statement of Cash Flows

The Statement of Cash Flow is presented in Table 2-4. This statement summarizes the main cash inflows and outflows related to the water system in four (4) main areas - operating, capital, investing and financing, and shows the annual changes in cash.

The operating cash transactions begin with the surplus or deficit identified in the Statement of Operations. This figure is adjusted to add or subtract non-cash items that were included as revenues or expenses (e.g. amortization expenses and earned revenues). It is assumed that there are no “investing activities” over the period. The capital section indicates the amounts to be spent to acquire capital assets (TCA) or to be received from the sale of assets. In the Township’s case, it is assumed that there are no assets to be sold to generate cash. The financing section identifies funds external sources, proceeds from the issuance of debenture as cash inflows, and the portion of debt repaid as cash outflows.

Table 2-4 indicates that cash is being generated from operations, which is used in funding the acquisition of TCA and towards building internal reserves. The Town's cash position is projected to increase over the forecast period from \$5.6 million in 2021 to a \$7.0 million in 2026.

Table 2-4: Water – Statement of Cash Flow

	2021	2022	2023	2024	2025	2026
Cash Provided by:						
Operating Activities						
Annual Surplus/(Deficit)	\$1,065,872	\$1,072,141	\$1,358,595	\$1,410,529	\$1,464,517	\$2,059,341
Non-Cash Items						
Amortization	\$397,139	\$449,023	\$481,854	\$524,039	\$652,460	\$757,363
Earned Revenue	\$0	(\$41,903)	(\$317,142)	(\$337,441)	(\$501,570)	(\$986,590)
Net Change in Cash Provided by Operating Activities	\$1,463,011	\$1,479,262	\$1,523,308	\$1,597,126	\$1,615,407	\$1,830,114
Capital Activities						
Purchase of TCA	(\$2,508,732)	(\$3,311,521)	(\$1,236,832)	(\$3,208,121)	(\$6,933,268)	(\$1,390,258)
Net Change in Cash Used in Capital Activities	(\$2,508,732)	(\$3,311,521)	(\$1,236,832)	(\$3,208,121)	(\$6,933,268)	(\$1,390,258)
Financing Activities						
DC Collections	\$466,803	\$485,906	\$543,618	\$562,069	\$579,174	\$590,922
External Financing	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds From Long-Term Debt	\$348,487	\$2,289,054	\$168,826	\$1,364,991	\$4,033,720	\$445,538
Repayment of Long-Term Debt	\$0	(\$29,706)	(\$225,867)	(\$248,164)	(\$373,203)	(\$730,105)
Net Change in Cash Used in Financing Activities	\$815,290	\$2,745,254	\$486,577	\$1,678,896	\$4,239,692	\$306,355
Net Change in Cash and Cash Equivalents	(\$230,432)	\$912,995	\$773,052	\$67,902	(\$1,078,169)	\$746,211
Cash and Cash Equivalents, Beginning of the Year	\$5,854,345	\$5,623,913	\$6,536,908	\$7,309,960	\$7,377,862	\$6,299,693
Cash and Cash Equivalents, End of the Year	\$5,623,913	\$6,536,908	\$7,309,960	\$7,377,862	\$6,299,693	\$7,045,904

2.3 Lead Service Pipe Removal

The financial plan is also required to detail the extent to which the information described above relates directly to the replacement of lead service pipes. There are no known lead service pipes in the Township. There is no dedicated lead service pipe removal program in place. If lead pipe is discovered during normal operations, it is replaced accordingly. Therefore, there are no significant material financial costs associated with lead pipe removal.

3 Wastewater System Financial Plan

Preparing a wastewater system financial plan is not mandatory but has become a municipal best practice over the past few years. It is typically prepared in accordance with the requirements of O.Reg 453/07 which applies to water systems.

This financial plan involves the review, analysis and assessment of financial information contained in the 2020 water and wastewater rate study including costs, revenues, debt, cash transactions and Tangible Capital Assets (TCA) to prepare the following three (3) financial statements covering the period 2021 to 2026 as required under O.Reg. 453/07:

- Statement of Financial Position;
- Statement of Operations; and
- Statement of Cash Flow.

The wastewater system financial plan applies to a period of (6) six years from 2021 to 2026 to be consistent with the period covered by the water system financial plan. It is anticipated that the financial plan would be made available to the public at no charge on the Town's website following final approval of the rate study and financial plan by Council.

3.1 Wastewater Tangible Capital Assets (TCA) Analysis

As in the preparation of the water system financial plan, the results of the 2020 water and wastewater rate study are used as the basis for preparing the wastewater system financial plan. The Township's Asset Inventories were also used in the preparation of the wastewater system financial plan. The amortization of the tangible capital assets is shown as a "non-cash" annual cost that reflects the annual "use" of assets until the end of their respective useful lives. Allowances are made to finance the replacement and/ or rehabilitation of the existing assets once they "expire" and can no longer play a role in providing the required wastewater service to customers. However, it should be noted that since amortization is based on the original (historical) cost at the time the asset was placed in service it does not account for inflation since the year of installation. Therefore, basing asset replacement costs on amortization alone is not sufficient to cover the future replacement needs.

The TCA projections contained in the Township's wastewater financial plan are based on the following assumptions:

- Amortization of existing assets is based on the Township's Tangible Capital Assets policies and procedures. Amortization of new infrastructure investments is based on straight line depreciation with half year depreciation charged in the year of acquisition.
- Historical costs, life expectancy and remaining useful life as per the TCA data provided by the Township;
- Fully depreciated assets continue to be used in service i.e. no asset removals; and
- New assets to be acquired are based on the capital forecast. The forecast includes projects in the Township's Capital Budget Forecast, 2018 Development Charges Study and asset replacement projections based on an analysis of the Township's tangible capital asset inventories.

Wastewater Asset Value

The wastewater system is comprised of the following asset classes:

- Pump Stations and Lagoons
- Forcemains
- Sanitary Mains, and
- Wastewater Treatment Plant

Table 3-1 shows the current capital asset value based on historical cost and accumulated amortization to 2021. This is reflected as the net book value (NBV) i.e. the "accounting" value, and indicates that the wastewater

system as a whole is approximately 31% depreciated or has approximately 69% remaining life based on the TCA data. This suggests that the water system assets are relatively new.

Table 3-1: Wastewater – Asset Amortization and 2020 Net Book Value (NBV)

2021 Wastewater Asset Details			
Historical Cost	\$	42,562,906	100%
Accumulated Amortization	\$	12,999,913	31%
Net Book Value	\$	29,562,993	69%

3.2 Wastewater Financial Statements

This financial plan involves the review, analysis and assessment of financial information contained in the rate study including costs, revenues, debt, cash transactions and Tangible Capital Assets (TCA) to prepare the following three (3) financial statements covering the period 2021 – 2026 as required under O.Reg 453/07:

- Statement of Financial Position;
- Statement of Operations; and
- Statement of Cash Flow.

3.2.1 Wastewater - Statement of Financial Position

The Statement of Financial Position is presented in Table 3-2. This statement summarizes the Township's wastewater related financial and non-financial assets (Tangible Capital Assets – TCA) and liabilities and provides the net financial asset/ (net debt) position and accumulated surplus related to managing the wastewater system. The financial assets are primarily cash balances in the wastewater reserves and reserve funds. Liabilities consist of wastewater deferred revenues and long-term debt. The non-financial assets (TCA) include the Township's wastewater infrastructure. The historical costs are amortized over the asset life to arrive at the net book value each year from 2021 to 2026. New assets are added in the years acquired, developed or built. Contributed assets are primarily new infrastructure that would be transferred to the Township's ownership and control by developers as they are completed. However, this is assumed to be zero. It is also assumed that other non-financial assets such as inventory and prepaid expenses are zero.

Contained within the Statement of Financial Position are important indicators, the first being net financial assets (or net debt) which is defined as the difference between financial assets and liabilities. This indicator provides a measure of the wastewater system's "future revenue requirement". Table 3.2 indicates that in 2021, the Township's wastewater system will be in a net debt position in the amount of \$3.2 million. There will be change to a net financial asset position of \$1.0 million by 2026. The net financial asset position indicates that financial resources will be available to fund future operations. The change to a net financial asset position is due to a combination of a decrease liabilities through a decrease in long-term debt with a decrease in deferred revenues, and an increase in the cash position.

The next important indicator contained in the Statement of Financial Position is the net book value of TCA. Table 3-2 shows that net TCA are expected to grow by \$8.4 million over the forecast period, or from \$29.6 million in 2021 to \$37.9 million in 2026. This indicates that the Township has plans to invest in tangible capital assets in excess of the consumption of existing assets. Further, a consumption ratio consisting of the accumulated amortization of the Township's TCA as a percent of historical cost ratio highlights the aged condition of the assets and their potential replacement needs. The Township's Wastewater Asset Consumption Ratio will decrease from 31% in 2021 to 28% in 2026. As this percentage is decreasing over time, it indicates the Township is allocating adequate funds to finance the replacement or rehabilitation of aging assets as they expire.

Another important indicator in the Statement of Financial Position is the accumulated surplus. This indicator provides a measure of the resources available to the Township for managing its water system. The accumulated surplus is projected to increase from approximately \$26.3 million in 2021 to approximately \$38.9 million by 2026. The accumulated surplus consists of non-financial assets that are made up of the net TCA balance representing past investments in wastewater infrastructure, and net financial assets that consist of cash balances, offset by deferred revenues and long-term debt.

Table 3-2: Wastewater - Statement of Financial Position

	2021	2022	2023	2024	2025	2026
Financial Assets						
Cash, Receivables and Investment	\$6,023,404	\$5,639,779	\$6,248,399	\$6,659,972	\$5,512,722	\$6,529,884
Total Financial Assets	\$6,023,404	\$5,639,779	\$6,248,399	\$6,659,972	\$5,512,722	\$6,529,884
Financial Liabilities						
Accounts Payable & Deferred Revenue	\$4,441,471	\$3,998,925	\$4,502,398	\$5,075,889	\$3,881,356	\$3,825,186
Long-term Liabilities	\$4,828,531	\$4,153,231	\$3,448,989	\$2,714,480	\$2,208,280	\$1,684,363
Total Financial Liabilities	\$9,270,002	\$8,152,156	\$7,951,387	\$7,790,369	\$6,089,636	\$5,509,550
Net Financial Assets (Net Debt)	(\$3,246,598)	(\$2,512,377)	(\$1,702,988)	(\$1,130,398)	(\$576,914)	\$1,020,335
Non-Financial Assets						
Tangible Capital Assets	\$42,562,906	\$44,631,124	\$46,081,959	\$47,802,853	\$51,093,078	\$52,799,541
Accumulated Amortization	(\$12,999,913)	(\$13,329,323)	(\$13,812,792)	(\$14,249,447)	(\$14,369,043)	(\$14,889,555)
Total Non-Financial Assets	\$29,562,993	\$31,301,801	\$32,269,167	\$33,553,406	\$36,724,035	\$37,909,987
Accumulated Surplus	\$26,316,395	\$28,789,425	\$30,566,179	\$32,423,009	\$36,147,121	\$38,930,321
Financial Indicators						
Increase (Decrease) in Net Financial Assets	\$847,689	\$734,221	\$809,388	\$572,591	\$553,484	\$1,597,249
Increase (Decrease) in Tangible Capital Assets	\$2,569,493	\$1,738,808	\$967,366	\$1,284,239	\$3,170,629	\$1,185,952
Increase (Decrease) in Accumulated Surplus	\$3,417,181	\$2,473,029	\$1,776,754	\$1,856,830	\$3,724,112	\$2,783,200
Water Asset Consumption Ratio	31%	30%	30%	30%	28%	28%

3.2.2 Wastewater - Statement of Operations

The Statement of Operations is presented in Table 3-3. It summarizes the annual revenues and expenses associated with managing the Township's wastewater system. It provides a report on the transactions and events that have an influence on the accumulated surplus. The main revenue items included are:

- Revenues from wastewater rates and charges;
- Earned Revenues; and
- Other Revenues (service connection fees, and miscellaneous fees and charges).

The main expense items are:

- The annual cost of operating and maintaining the wastewater system;
- Interest on long-term debt; and
- Amortization expenses on existing and new TCA.

The operating surplus/ (deficit) is an important indicator contained in the Statement of Operations. An operating surplus/ (deficit) measures whether operating revenues generated in a year were sufficient to cover operating expenses incurred in that year. It is important to note that an annual surplus is necessary to ensure funds will be available to address non-expense items such as TCA acquisitions over and above amortization expenses, reserve/reserve fund contributions for asset replacement and rate stabilization, and repayment of outstanding debt principal. A ratio of operating surplus to total revenue is shown in Table 3-3 and reflects the percent of total revenue that can be allocated to funding the non-expense items noted above.

Table 3-3: Wastewater - Statement of Operations

	2021	2022	2023	2024	2025	2026
Water Revenue						
Rate Revenue	\$3,015,355	\$3,125,202	\$3,237,666	\$3,352,800	\$3,470,661	\$3,591,302
Earned Revenue	\$2,764,211	\$1,752,026	\$960,106	\$939,407	\$2,736,192	\$1,641,947
Other Revenue	\$36,870	\$37,944	\$39,596	\$39,957	\$38,885	\$51,557
Total Revenues	\$5,816,436	\$4,915,172	\$4,237,368	\$4,332,165	\$6,245,737	\$5,284,806
Water Expenses						
Operating Expenses	\$1,437,284	\$1,466,030	\$1,495,350	\$1,525,257	\$1,555,762	\$1,586,878
Interest on Debt	\$209,809	\$182,134	\$153,194	\$122,926	\$95,007	\$0
Amortization	\$752,161	\$793,979	\$812,070	\$827,152	\$870,855	\$914,728
Other	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$2,399,255	\$2,442,143	\$2,460,614	\$2,475,335	\$2,521,624	\$2,501,605
Annual Surplus/(Deficit)	\$3,417,181	\$2,473,029	\$1,776,754	\$1,856,830	\$3,724,113	\$2,783,200
Accumulated Surplus/(Deficit), Beginning of Year	\$22,899,214	\$26,316,395	\$28,789,425	\$30,566,179	\$32,423,009	\$36,147,121
Accumulated Surplus/ (Deficit), End of Year	\$26,316,395	\$28,789,425	\$30,566,179	\$32,423,009	\$36,147,121	\$38,930,321
Financial Indicators						
Increase (Decrease) in Total Revenues	\$2,319,656	(\$901,264)	(\$677,804)	\$94,796	\$1,913,572	(\$960,931)
Increase (Decrease) in Total Expenses	\$42,888	\$42,888	\$18,471	\$14,721	\$46,289	(\$20,019)
Increase (Decrease) in Annual Surplus	(\$938,752)	(\$944,152)	(\$696,275)	\$80,076	\$1,867,283	(\$940,912)
Operating Surplus Ratio	58.8%	50.3%	41.9%	42.9%	59.6%	52.7%

3.2.3 Wastewater - Statement of Cash Flows

The Statement of Cash Flow is presented in Table 3-4. This statement summarizes the main cash inflows and outflows related to the wastewater system in four (4) main areas - operating, capital, investing and financing, and shows the annual changes in cash.

The operating cash transactions begin with the surplus or deficit identified in the Statement of Operations. This figure is adjusted to add or subtract non-cash items that were included as revenues or expenses (e.g. amortization expenses and earned revenues). It is assumed that there are no “investing activities” over the period. The capital section indicates the amounts to be spent to acquire capital assets (TCA) or to be received from the sale of assets. In the Township’s case, it is assumed that there are no assets to be sold to generate cash. The financing section identifies funds external sources, proceeds from the issuance of debenture as cash inflows, and the portion of debt repaid as cash outflows.

Table 3-4 indicates that cash is being generated from operations, which is used in funding the acquisition of TCA and towards building internal reserves. The Township's cash position is projected to increase over the forecast period from \$6.0 million in 2021 to a \$6.5 million in 2026.

Table 3-4: Wastewater - Statement of Cash Flows

	2021	2022	2023	2024	2025	2026
Cash Provided by:						
Operating Activities						
Annual Surplus/(Deficit)	\$3,417,181	\$2,473,029	\$1,776,754	\$1,856,830	\$3,724,113	\$2,783,200
Non-Cash Items						
Amortization	\$752,161	\$793,979	\$812,070	\$827,152	\$870,855	\$914,728
Earned Revenue	(\$2,764,211)	(\$1,752,026)	(\$960,106)	(\$939,407)	(\$2,736,192)	(\$1,641,947)
Net Change in Cash Provided by Operating Activities	\$1,405,132	\$1,514,983	\$1,628,718	\$1,744,574	\$1,858,776	\$2,055,981
Capital Activities						
Purchase of TCA	(\$3,321,654)	(\$2,532,787)	(\$1,779,436)	(\$2,111,391)	(\$4,041,484)	(\$2,100,679)
Net Change in Cash Used in Capital Activities	(\$3,321,654)	(\$2,532,787)	(\$1,779,436)	(\$2,111,391)	(\$4,041,484)	(\$2,100,679)
Financing Activities						
DC Collections	\$1,278,242	\$1,309,480	\$1,463,579	\$1,512,899	\$1,541,658	\$1,585,777
External Financing	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds From Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0
Repayment of Long-Term Debt	(\$647,626)	(\$675,301)	(\$704,241)	(\$734,509)	(\$506,200)	(\$523,917)
Net Change in Cash Used in Financing Activities	\$630,616	\$634,180	\$759,337	\$778,390	\$1,035,458	\$1,061,860
Net Change in Cash and Cash Equivalents	(\$1,285,906)	(\$383,625)	\$608,619	\$411,573	(\$1,147,249)	\$1,017,162
Cash and Cash Equivalents, Beginning of the Year	\$7,309,310	\$6,023,404	\$5,639,779	\$6,248,399	\$6,659,972	\$5,512,722
Cash and Cash Equivalents, End of the Year	\$6,023,404	\$5,639,779	\$6,248,399	\$6,659,972	\$5,512,722	\$6,529,884

4 Conclusions & Recommendations

The following are the main conclusions regarding the water system:

1. The financial statements for the water system are prepared based on the results of the rate study analyses and projections, indicate the following:
 - The accumulated surplus is projected to increase from approximately \$22.1 million in 2021 to approximately \$29.5 million by 2026.
 - The operating surplus ratio is projected to increase from approximately 39% in 2021 to 48% in 2026.
 - The cash position is projected to increase from \$5.6 million in 2021 to a \$7.0 million in 2026.

These indicate that the financial outlook for the water system over the 6-year period 2021 to 2026 is excellent.

The following are the main conclusions regarding the wastewater system:

2. The financial statements for the wastewater system are prepared based on the results of the rate study analyses and projections, indicate the following:
 - The accumulated surplus is projected to increase from approximately \$26.3 million in 2021 to approximately \$38.9 million by 2026.
 - The operating surplus ratio is projected to decrease from approximately 59% in 2021 to 53% in 2026
 - The cash position is projected to increase from \$6.0 million in 2022 to \$6.5 million in 2026.

These indicate that the financial outlook for the wastewater system over the 6-year period 2021 to 2026 is excellent.

The following are the main recommendations resulting from the O. Reg 453.07 water system and wastewater financial plans:

3. That the O.Reg. 453/07 Water System Financial Plan No. 113-301A including the Financial Statements contained herein be approved by Council and submitted to the Province of Ontario in accordance with the Drinking Water System License renewal requirements and O. Reg. 453/07.
4. That the Wastewater System Financial Plan including the Financial Statements contained herein be received by Council.
5. That a copy of the Water Financial Plan No. 113-301A and the Wastewater Financial Plan be posted on the Township's website and made available to the public at no charge.

Appendix A

Requirements of O. Reg. 453/07

Requirements		How Requirements are Met
1.	The financial plans must be approved by a resolution that is passed by,	
	i. The council of the municipality, if the owner of the drinking water system is a municipality.	<ul style="list-style-type: none"> It is expected the Council will approve the Updated Financial Plan 6 months prior to the expiry of the drinking water licence – May 19, 2021)
	ii. The governing body of the owner, if the owner of the drinking water system has a governing body and is not a municipality.	<ul style="list-style-type: none"> N/A
2.	The financial plans must apply to a period of at least six years.	<ul style="list-style-type: none"> Applies for 6 years from 2021 to 2026 inclusive.
3.	The first year to which the financial plans must apply must be the year determined in accordance with the following rules:	
	i. If the financial plans are required by subsection 2, the first year to which the financial plans must apply must be the year in which the drinking water system's existing municipal drinking water licence would otherwise expire.	<ul style="list-style-type: none"> The licence expires in 2021 for the water systems (No. 113-301A). Therefore, the first year of the Updated Financial Plan is 2021
	ii. If the financial plans are required by a condition that was included in a municipal drinking water licence under subsection 1 (3), the first year to which the financial plans must apply must be the later of 2010 and the year in which the first licence for the system was issued.	<ul style="list-style-type: none"> N/A
4.	Subject to subsection (2), for each year to which the financial plans apply, the financial plans must include the following:	
	i. Details of the proposed or projected financial position of the drinking water system itemized by:	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan.
	a. Total financial assets	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan.
	b. Total liabilities	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan.
	c. Net financial assets (debt)	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan.
	d. Non-financial assets that are tangible capital assets, tangible capital assets under construction, inventories of supplies and prepaid expenses.	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan. TCA Projections in Financial Plan.

		e. Changes in tangible capital assets that are additions, donations, write downs and disposals.	<ul style="list-style-type: none"> See Statement of Financial Position for all water systems combined in Financial Plan. TCA Projections in Financial Plan.
	ii.	Details of the proposed or projected financial operations of the drinking water system itemized by,	<ul style="list-style-type: none"> See Statement of Operations for all water systems combined in Financial Plan.
		a. Total revenues, further itemized by water rates, user charges and other revenues.	<ul style="list-style-type: none"> See Statement of Operations for all water systems combined in Financial Plan.
		b. Total expenses, further itemized by amortization expenses, interest expenses and other expenses	<ul style="list-style-type: none"> See Statement of Operations for all water systems combined in Financial Plan.
		c. Annual surplus or deficit, and	<ul style="list-style-type: none"> See Statement of Operations for all water systems combined in Financial Plan.
		d. Accumulated surplus or deficit	<ul style="list-style-type: none"> See Statement of Operations for all water systems combined in Financial Plan.
	iii.	Details of the drinking water system's proposed or projected gross cash receipts and gross cash payments itemized by,	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		a. Operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges, - done in full cost report	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		b. Capital transactions that are proceeds on the sale of tangible capital assets and cash used to acquire capital assets,	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		c. Investing transactions that are acquisitions and disposal of investments,	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		d. Financing transactions that are proceeds from the issuance of debt and debt repayment.	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		e. Changes in cash and cash equivalents during the year,	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
		f. Cash and cash equivalents at the beginning and end of the year.	<ul style="list-style-type: none"> See Statement of Cash Flow for all water systems combined in Financial Plan.
	iv.	Details of the extent to which the information described in subparagraphs i, ii and iii relates directly to the replacement of lead service pipes as defined in section 15.1- 3 of Schedule 15.1 to Ontario Regulation 170/03 (Drinking Water Systems), made under the Act.	<ul style="list-style-type: none"> There is no dedicated lead service pipe removal program in place. If lead pipe is discovered during normal operations, it is replaced accordingly. Therefore, there are no significant material financial costs associated with lead pipe removal.
5.	The owner of the drinking water system must.		
	i.	Make the financial plans available, on request, to members of the public who are served by the drinking water system without charge,	<ul style="list-style-type: none"> This will be done by the municipality following Council approval.

	ii.	Make the financial plans available to members of the public without charge through publication on the Internet, if the owner maintains a website on the Internet,	<ul style="list-style-type: none"> The Financial Plan will be posted on the municipality's website and made available for public review at no charge.
	iii.	Provide notice advising the public of the availability of the financial plans under subparagraphs i and ii, if applicable, in a manner that, in the opinion of the owner, will bring the notice to the attention of members of the public who are served by the drinking water system.	<ul style="list-style-type: none"> A notice will be issued following Council approval.
6.		The owner of the drinking water system must give a copy of the financial plans to the Ministry of Municipal Affairs and Housing. O. Reg. 453/07, s. 3 (1).	<ul style="list-style-type: none"> Will be submitted following Council approval.
		Each of the following sub-subparagraphs applies only if the information referred to in the sub-subparagraph is known to the owner at the time the financial plans are prepared.	<ul style="list-style-type: none"> The Financial Plan was prepared using available information at the time of preparation and may not contain all desired items. Reasonable assumptions were made and these are noted in the Financial Plan.
	1.	Sub-subparagraphs 4 i A, B and C of subsection (1).	<ul style="list-style-type: none"> The Financial Plan was prepared using available information at the time of preparation and may not contain all desired items. Reasonable assumptions were made and these are noted in the Financial Plan.
	2.	Sub-subparagraphs 4 iii A, C, E and F of subsection (1). O. Reg. 453/07, s. 3 (2).	<ul style="list-style-type: none"> The Financial Plan was prepared using available information at the time of preparation and may not contain all desired items. Reasonable assumptions were made and these are noted in the Financial Plan.

**THE CORPORATION OF THE
TOWNSHIP OF WELLINGTON NORTH**

BY-LAW NUMBER 099-20

**BEING A BY-LAW TO CONFIRM THE PROCEEDINGS OF THE
COUNCIL OF THE CORPORATION OF THE TOWNSHIP OF
WELLINGTON NORTH AT ITS REGULAR MEETING HELD ON
NOVEMBER 23, 2020**

WHEREAS Section 5 of the Municipal Act, S.O. 2001 c.25 (hereinafter called "the Act") provides that the powers of a Municipal Corporation shall be exercised by its Council;

AND WHEREAS Section 5(3) of the Act states, a municipal power, including a municipality's capacity, rights, powers and privileges under Section 9, shall be exercised by by-law, unless the municipality is specifically authorized to do otherwise;

NOW THEREFORE the Council of The Corporation of the Township of Wellington North hereby **ENACTS AS FOLLOWS:**

1. The action of the Council of the Corporation of the Township of Wellington North taken at its meeting held on November 23, 2020 in respect of each motion and resolution passed and other action taken by the Council of the Corporation of the Township of Wellington North at its meeting, is hereby adopted and confirmed as if all such proceedings were expressly embodied in this By-law.
2. That the Mayor and the proper officials of the Corporation of the Township of Wellington North are hereby authorized and directed to do all things necessary to give effect to the action of the Council of the Corporation of the Township of Wellington North referred to in the proceeding section hereof.
3. The Mayor and the Clerk are authorized and directed to execute all documents necessary in that behalf and to affix thereto the Seal of the Corporation of the Township of Wellington North.

**READ A FIRST, SECOND AND THIRD TIME AND FINALLY PASSED
THIS 23RD DAY OF NOVEMBER, 2020.**

ANDREW LENNOX, MAYOR

KARREN WALLACE, CLERK