



## **LAKESHORE COLLECTION & SEWAGE PLANT COSTS**

### **Frequently Asked Questions**

**If the amount borrowed from the Hay Water Reserve Fund to pay for the 2006 Sewer Master Plan was repaid, why is \$600,000.00 still owing?**

The invoices for this project were paid as they were received from the general bank account (which holds the working funds and reserves). At year-end the costs were moved to a balance sheet account for unfinanced capital projects (work in progress).

**Why is the debt of the Lakeshore Collection & Sewage Plant not identified on the financial statements as a liability?**

As part of the 2015 year-end audit of the municipal records the costs for the Lakeshore Sewage Project were removed from the capital project account (work in progress) and the costs were placed on the Balance Sheet as an accounts receivable.

**How much joint funding from the Build Canada Fund did Bluewater receive?**

The Grand Bend Sewage Treatment Plant Upgrade Project received funding from the Provincial and Federal governments in the amount of \$15M. The Distribution Project for Bluewater did not receive funding. This is why Council chose to withdraw from the project.

**If Bluewater withdrew from the project December 7, 2011 why did they negotiate to continue, and were the costs incurred for the project only up until 2011?**

The costs for the project were incurred over a period from 2004 - 2015. The 2014 - 2015 costs were for legal bills to protect Bluewater's interest and to negotiate an agreement for a term whereby Bluewater could opt back into the project.

**Why did it take municipal staff an extended period of time to process the billing to recover the costs for the project?**

It took staff a considerable amount of time to accurately determine the total cost of the project. When direction was given to the Finance Department by Council in August 2015, the costs per property were based on estimates of the property count and the total costs. Staff needed to confirm the total cost of the project, whether or not an oversized pipe had been installed as proposed, and the final property count for properties within the study area. In addition, staff turnover severely limited the capacity/time needed to determine the property count and to proceed with the billing.

**Is HST being charged on the fees charged to the property owners?**

No, HST is not being charged on the fees assessed to the property owners.

**How can Council pass a by-law which contravenes the Fees and Charges section of the Municipal Act?**

Passage of the by-law under the Fees & Charges section of the Municipal Act requires that there be an ongoing benefit. The EA for the collection system was dated November 2011 and the EA for the plan was amended to exclude Bluewater with the final appeals resolved in September, 2013.

The ongoing benefit of these projects are the existing EA's and the negotiated participation agreement with the protected interest of Bluewater to participate in the plant.

**Why was the information for the Lakeshore Collection & Sewage Plant costs not included in the Strategic Asset Management Plan?**

If Bluewater had participated and completed these projects through to operational status, Bluewater's share in the Plant and the capital costs for the collection system would have been capitalized over the useful life of these physical assets. Staff continually tracked all components of the capital cost in anticipation of completion of these projects. Once it was determined that these projects were not going to be completed, there were no "physical" assets that could be depreciated. As such, the costs to date had to be removed from the capital project account and placed as receivable on the Balance Sheet. In addition, there were no "physical" assets to be added to the Strategic Asset Management Plan.

**When Council went over budget on projects in Hensall and Bayfield why did the entire Municipality pay for the costs?**

The entire municipality was not charged for over budget projects in Hensall and Bayfield. Residents in Bayfield and Hensall were assessed capital charges to pay for the municipal water and sewer projects.

**Were the costs for the project certified by an engineer and were the engineering costs considered?**

Yes. Dillon Consulting were appointed as the project engineers for both the Grand Bend Sewage Treatment Plant Upgrade Project and the Class EA for the Bluewater Sewage Distribution System.

Public information sessions and reports to Council were provided pertaining to the total project costs including engineering costs.

**Why are the costs for the project being allocated to benefitting properties on a per property basis?**

During the Preliminary Design stage of the project, Dillon Consulting communicated to the public that the costs at this stage would be funded by a per property basis. If the project had continued, the costing and construction costs would have been refined to consider other eligibility factors such as whether lots were buildable/serviceable.

An appeal process was not established as no other eligibility requirements were identified. The Sewer Master Plan determined the benefitting properties.

**Why were no reserve funds applied against the project?**

The Municipality of Bluewater has water and sewer reserves that are collected on utility billings.

The residents in the benefitting area currently receive a water bill and contribute to the Bluewater Water Reserve. However, the properties in the benefitting area do not pay to contribute to the Bluewater Sewer Reserve.

**Why was a statement regarding the project costs not included on tax, zoning or utility statements for new property owners?**

A statement regarding a pending capital project is usually identified on a tax, zoning or utility statement if the list of affected properties and an estimate of costs is known. These factors were not known for this project. Furthermore, there are properties involved in this project whose utility billings are issued by the Municipality of South Huron not Bluewater.