



City of Kenora
Minutes
Public Consultation on Sewer & Water Rate Increase
Monday, December 5, 2011
Recreation Centre Rotary Room
7:30 p.m.

Present:

Councillor R. McKay, Chair, Mayor D. Canfield, Councillor C. Drinkwalter, Councillor R. Lunny, Councillor R. McMillan, Councillor L. Roussin, Councillor S. Smith.

Staff:

Charlotte Edie, Treasurer, Rick Perchuk, Operations Manager, Warren Ortlieb, Water & Sewer Supervisor, Bill Ranger, Customer Services and Collections Supervisor, and Joanne McMillin, City Clerk

Other:

Blair Hutchings, Q104FM, Tim Davidson, 89.5FM, Reg Clayton, Miner News/Enterprise

Public in Attendance:

Andrew Poirier
Darcy Wolframe

Councillor McKay called the meeting to order and provided an overview on the purpose of tonight's meeting and that we would be calling Jim Bruzzese of BMA Consulting for a conference call to review his PowerPoint presentation regarding sewer and water rates as it relates to Ontario Regulation #453/07 (report is attached to and forms part of these Minutes.)

Following the conference call at 7:53 p.m. with Mr. Bruzzese Councillor McKay opened the floor for questions.

Darcy Wolframe questioned if it would be cheaper to do the work upfront and to borrow the money do it all and amortize it say over a ten year period for less money. Mr. Bruzzese commented this was taken into consideration but these projects require resources to be managed (internal and external) so by doing it all upfront there is a difficulty to manage doing this project as well as other ones that are required to be done in a single year so it is recommended to be done over a number of years. Jim explained it really can't be done over three or four years as it is a substantial amount of debt and if the City proceeded with issuing that amount of debt it could put the rest of the municipal projects in jeopardy.

Mayor Canfield explained that it's great in theory but it's not politically correct as Council has to be practical and accountable. Rick Perchuk gave an overview of how historically the former three municipalities received more than 50% of infrastructure dollars in the form of a northern grant. What's happening now is the infrastructure has varying degrees of age for example from a year old to over one hundred years old and without sufficient dollars in reserve we were able to access two-thirds funding but we don't have that luxury anymore. He noted that other projects besides this one

have to be completed such as storm sewers, paving, sidewalks, and that the underground infrastructure has to be corrected before starting to work on the layers above those projects so it isn't counter-productive.

Andrew Poirier questioned the affordability of this project and that the water rates are almost going to double as they are compounded over the next seven years. He expressed concern for both businesses and residences. He also questioned why the City can't take some of the increases and leverage the dollars over a 25 or 30 year period to have proper water and wastewater lines and pay for it over several years rather than current residents having to pay for all of it now and nothing will be paid for by future residents. He mentioned a 70% increase is fine in theory but will be difficult for residents to pay. With money being rather cheap at this time he asked why not try and do it over say 5 years so rates don't double in 7 years.

Councillor Roussin commented that as long as leveraging is positive it is great, but eventually with the cost analysis there is 'over leveraging' and it can become negative. Councillor McKay asked Mr. Bruzzese if we go with this model will people use less water and he indicated that if residents start conserving and there is a reduction in water usage it will have an additional impact on the rates.

Mayor Canfield indicated that this is the City's system and it is to replace the system in our community for the benefit of our residents. He noted we have kept our costs down over the last ten or fifteen years but with a couple large projects the reserves have gone down.

Andrew Poirier commented that his preference would be for the City to debt finance the project, but he commended Council and staff, noting that this is something that has to be done but he hopes other options are considered to reach a happy medium; perhaps a combination with debt financing and cash reserves and taxation as a final option; he believes the City would be further ahead to take on some good debt for this necessity.

Councillor McKay asked if we start doing our planning and budgeting for next year can we find out if there are any dollars available from the province and Mayor Canfield responded that AMO is working on it but there are other items such as roads and bridges that we have to deal with as well. Rod thanked Jim for his call tonight.

Mayor Canfield commented that a lot of the costs are related to what happened in Walkerton and the City is liable if we don't provide safe clean drinking water to our community.

It was questioned what the average residential water Bill Ranger indicated approximately between \$75 and \$80 per month.

Councillor McKay thanked Jim Bruzzese for his presentation and those in attendance and mentioned the presentation will be posted on the City's Portal.

The meeting was declared closed at 8:25 p.m.